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An Empirical Investigation of Financial Health and Financial Performance of Logistic Companies in the United Kingdom. A Critical Analysis Pre and Post Covid-19 Era

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ABSTRACT: After the pandemic, things are very different from how they were before the COVID-19 outbreak. Companies that had been performing well before the epidemic also saw their performance suffer during the COVID-19 era, especially those in the transportation industry due to the lockdown. The authors behind this paper hopes to learn more about and gain a better understanding of organizations by delving into their histories, structures, goals, challenges, solutions, and foci.

To address and investigate the financial performance of logistic companies, the paper utilized a quantitative methodology. Annual audited financial statement of three logistic companies from 2013 to 2022. These include FeDex, DHL and XPO.

The financial health of the selected companies is evaluated with the aforementioned criteria. While these businesses show stability, the analysis suggests that the market in which they operate is highly volatile. Increases in freight costs, tax increases, inflation, and other macroeconomic factors all contribute to this uncertainty, but well-planned improvements and emergency events also play a role.

The research looked at the goals so that the audience could rest assured that the analysis was thorough and considered every angle of the organization. It's generally agreed that a company's success is measured by more than its bottom line. This research provides a thorough evaluation to aid business owners in identifying the features that set apart firms in terms of their potential for growth.

KEYWORDS: Financial Health, Financial Performance, Logistic Market, Covid-19 Pandemic, Macroeconomy

INTRODUCTION

The contemporary corporate landscape is distinguished by heightened competition, rapid technological advancements, and constantly evolving consumer preferences. The amalgamation of these three variables contributes to the inherent complexity of the contemporary corporate landscape. In order to not only endure but also prosper in the highly competitive contemporary market, enterprises across all sectors must embrace innovative strategies. Ensuring both survival and growth is crucial in this context. The logistics business, which plays a pivotal role in the movement of goods and services, has undergone substantial growth and transformation in recent years, particularly in the context of the United Kingdom. The rise in importance placed on innovative approaches to logistics and supply chain management can be attributed to both the globalization of the economy and the rapid growth of internet commerce. The increase in significance can be attributed to both of these variables. The main aim of this study is to gather data that can be utilized and implement a comprehensive examination of the financial performance of the most successful logistics companies operating inside the United Kingdom.

Logistics is an essential component of contemporary organizations since it has a considerable impact, not only on the degree to which those businesses are profitable, but also on the effectiveness with which those companies are able to keep their expenses under control. According to Christopher (2016), the profitability of a company and its capacity to compete in the market are two aspects that are significantly influenced by the efficacy and efficiency of the logistics system that the firm use. When one examines the crucial role that logistics plays in ensuring the productive and economical movement of products, services, and information connected to those items, it is possible to have a greater understanding of the significance of logistics. According to Bowersox, Closs, and Cooper (2002), this process begins with the procurement of raw materials, continues with the production of

intermediate and final commodities, and comes to a conclusion with the delivery of final products to the customer. In other words, the process begins with the acquisition of raw materials and ends with the delivery of final items to the customer. These actions are directed toward accomplishing one overarching purpose, which is to meet the expectations of the client. This is the single most important goal that these activities are geared toward reaching.

An organization obtains a competitive advantage over its rivals when it is able to deliver its goods and services to customers in a prompt, effective, and cost-efficient way thanks to a well-oiled logistics system. This gives the company a distinct advantage over the other businesses in its industry. According to Christopher (2016), if a company is able to increase both their competitiveness and their revenues as a direct consequence of better management of its supply chains and logistics, then the company stands to earn a large amount from such management and stands to benefit significantly from it. The United Kingdom's (UK's) economy relies heavily on the logistics sector, which is widely considered to be one of the most sophisticated in the world. The industry is also responsible for a sizeable portion of the country's exports. According to projections made by the Freight Transport Association (2021), the whole market for this sector is worth a combined amount of 124 billion pounds each and every year. The market has shown a remarkable potential for resilience by surmounting enormous challenges, such as the fallout from the Brexit vote and the extensive repercussions of the COVID-19 epidemic.

The resiliency of the United Kingdom may be directly attributed, in large part, to the contributions made by the most successful logistics enterprises in that nation. They were able to prosper despite the turbulent nature of the business climate because they were adaptive, imaginative, and clever in their thinking, as stated by Mangan, Lalwani, and Lalwani (2020). In other words, they were smart in their thinking. The COVID-19 epidemic has hastened a movement that was already taking place in a substantial way toward online platforms, which has further contributed to the growth of e-commerce. The demand for logistics services such as storage, shipping, and distribution skyrocketed as a direct consequence of this (De Vos, 2020).

The United Kingdom's withdrawal from the European Union (Brexit) brought about new trade agreements and restrictions, which in turn required a major reorganization of supply networks during this period. Businesses involved in logistics were presented with a number of obstacles as well as possibilities as a result of this predicament. This underscores the need of well formulated strategies for logistics management (Gripsrud, Olsson, & Silkoset, 2020). Those companies who were successful in adapting to the new environment because they have the vision and the competence necessary to do so acquired a competitive edge. In addition, the sector of logistics is now going through a phase in which it is experiencing a period of substantial digital revolution. Artificial intelligence (AI), blockchain technology, and the Internet of Things (IoT) are just a few examples of the cutting-edge technology that businesses are starting to gradually incorporate into their normal operations in order to stay competitive. These technologies are just a few instances of the cutting-edge technology that businesses are beginning to gradually incorporate into their usual procedures in order to remain competitive. Ivanov (2018) states that the use of these technologies helps to improve supply chain visibility, operational efficiency, and the quality of the experience that is offered to clients.

Artificial intelligence has the potential to make significant breakthroughs in a multitude of sectors, including but not limited to demand forecasting, route optimization, and warehouse management, as stated by Russo, Marsilio, Cappelli, and D'Andrea (2020). These domains include but are not limited to. According to Abeyratne and Monfared (2016), blockchain technology may boost supply chain visibility and traceability, which in turn minimizes the risk of fraud and counterfeiting in the supply chain. Last but not least, Internet of Things devices may be able to provide real-time monitoring of objects, which, according to Meyer, Ruppert, and Mager (2020), may improve both the dependability of products and the satisfaction that users get from using them.

These renowned firms in the UK logistics industry have been able to maintain their growth and profitability in spite of the obstacles that the industry as a whole has been forced to contend with. According to Gupta and Lei (2019), they were able to successfully accomplish their aim as a consequence of a combination of professional supply chain management, environmentally responsible corporate practices, and careful financial management. In other words, all of these factors worked together to help them achieve their objective. Those individuals who are just starting out in the logistics sector and who have the capacity to learn from their mistakes will be extremely appreciative. The future of the logistics firm in the UK seems to be pretty promising despite the fact that there are still a great deal of challenges to be conquered. It is projected that there would be a continuous high demand for logistics services as a result of the ongoing digital revolution and the rising significance of online shopping. For instance, Mintel anticipates that by the year 2024, the amount of money spent on online shopping in the United Kingdom will have increased by more than thirty percent from its current level. As a consequence of this expansion, there will be an increased need for logistics services like as storage, shipping, and delivery to the last mile.

The findings of this research might give information that is helpful to organizations who are interested in the logistics industry. By analyzing and contrasting the activities of the top logistics companies stable in the UK, the study will highlight best practices

environmental stewardship and financial performance. The research may serve as a reference for new entrants in the market to design a company strategy that is lucrative and competitive at the same time. This research will shed light on the current state of the logistics business and the ways in which policymakers might enhance the prospects of the sector by altering the rules that are now in place.

This research objectives are:

1. Critically investigate the financial performance of logistic companies in the UK?
2. Compare and contrast the profitability indicators used by chosen logistics organizations and draw conclusions about their relative financial success.

The second section delves into the literature review, including concepts such as conceptual review, conceptual framework, theoretical review, and empirical review. Section three goes on the study's methodology. Section four covers statistical analysis, which includes data analysis and interpretation. Section five contains a summary, findings, and suggestions.

LITERATURE REVIEW

Profitability ratios are financial metrics that help assess a company's ability to generate profits and manage its resources. These ratios provide insights into a company's profitability, efficiency, and overall performance. By analyzing profitability ratios, stakeholders can evaluate the company's financial health and make informed decisions (Olayinka, 2022). Some commonly used profitability ratios include gross profit margin, net profit margin, return on assets (ROA), and return on equity (ROE). These ratios are calculated based on a company's income statement and balance sheet data (Alkhyeli et al.2021). Analyzing profitability ratios over time, comparing them with industry benchmarks, and benchmarking against competitors can provide valuable insights for performance evaluation and strategic decision-making (Osazefua, 2020). However, it is important to consider the limitations of profitability ratios, such as the lack of qualitative information and variations in accounting practices, in order to make accurate interpretations and avoid potential misjudgments. Overall, profitability ratios are essential tools in financial analysis and can provide valuable insights into a company's profitability and operating efficiency (Osazefua, 2020)

While these ratios provide valuable insight into a company's profitability, they do have certain limitations (Jihadi et al, 2021). Profitability ratios do not consider the size or scale of a company. For example, a small company may have lower profitability ratios compared to a large company, even if they are both equally profitable. Additionally, profitability ratios only provide a snapshot of a company's performance at a specific point in time and may not accurately reflect long-term trends (Husna & Satria2019). It is also important to note that profitability ratios do not consider external factors such as market conditions or industry dynamics. Therefore, it is crucial to use profitability ratios in conjunction with other financial metrics and qualitative analysis to get a comprehensive understanding of a company's profitability (Hirdinis, 2019)

A liquidity ratio is a financial metric that measures a company's ability to meet its short-term obligations. It assesses the company's ability to convert its current assets into cash to cover its current liabilities (Purba et al, 2020). There are different types of liquidity ratios, each focusing on a specific aspect of the company's liquidity position. The current ratio compares the company's current assets to its current liabilities, while the quick ratio measures the company's ability to meet its immediate obligations using its most liquid assets. The cash ratio indicates the proportion of a company's current liabilities that can be covered by its cash and cash equivalents (Yahya & Hidayat, 2020). Understanding and analyzing liquidity ratios is crucial for assessing a company's financial health and its ability to meet its short-term obligations. Additionally, these ratios help investors, creditors, and management in making informed decisions about the company's liquidity position and overall financial stability (Husna & Satria 2019).

Activity ratios are financial ratios used to assess a company's operational efficiency and effectiveness in utilizing its assets. These ratios provide insights into how well a company is utilizing its resources to generate sales and produce profits. By analyzing activity ratios, investors, analysts, and managers can evaluate the efficiency of inventory management, accounts receivable collection, and asset utilization within a company (Nguyen, 2022). Activity ratios help in identifying areas where improvements can be made to enhance productivity and profitability.

Activity ratios, also known as efficiency ratios, are financial metrics that measure the efficiency with which a company utilizes its assets to generate revenue (Arsyad et al.2021). They provide a quantitative measure of how well a company is managing its inventory, accounts receivable, and assets (Patin et al.2020). Some common activity ratios include inventory turnover ratio, accounts receivable turnover ratio, and asset turnover ratio. These ratios help in evaluating the effectiveness of a company's operational activities and identify areas where improvements can be made to enhance performance (Mangesti 2019).

Activity ratios play a crucial role in financial analysis as they provide valuable insights into a company's operational efficiency. By measuring the turnover and utilization of assets, activity ratios help in assessing the company's ability to generate revenue and profits. They assist investors, creditors, and managers in identifying potential inefficiencies and bottlenecks within a company's

operations. Additionally, activity ratios also aid in benchmarking performance against industry peers and historical data, enabling stakeholders to make informed decisions and take corrective actions to improve productivity and profitability. Moreover, these ratios allow for a comprehensive evaluation of the company's asset management practices, offering a deeper understanding of how effectively the company uses its resources to generate income. Furthermore, activity ratios provide a comparative analysis of different aspects of a company's operations, including inventory management, accounts receivable turnover, and asset turnover. This comprehensive evaluation gives stakeholders a holistic view of the company's performance, allowing for more accurate forecasting and strategic planning. Moreover, activity ratios can highlight potential areas of improvement within a company. For example, if the inventory turnover ratio is low compared to industry standards, it may indicate inefficient inventory management or excess inventory. Identifying and addressing such inefficiencies can lead to cost savings and increased profitability. Similarly, by analyzing the accounts receivable turnover ratio, stakeholders can identify any issues with the company's credit and collection policies. A low turnover ratio may suggest that the company is extending credit to customers who are slow to pay, impacting cash flow and overall profitability. Implementing changes to improve the credit and collection process can positively impact the company's financial health. In conclusion, activity ratios offer vital insights into a company's operational efficiency and provide a framework for evaluating its financial performance. These ratios help stakeholders identify inefficiencies, benchmark performance, and make informed decisions to enhance productivity and profitability. By analyzing different aspects of a company's operations, activity ratios enable stakeholders to take corrective actions and improve the company's overall financial health.

Debt ratios serve as a crucial metric in analyzing and assessing the financial health of individuals, businesses, and even nations. These ratios provide valuable insights into the levels of debt compared to assets, equity, or income (Khan et al, 2021). By examining debt ratios, one can gauge the level of financial leverage, the ability to repay debts, and the overall risk associated with borrowing. Debt ratios include measures such as debt-to-equity ratio, debt-to-assets ratio, and debt-to-income ratio. These ratios are extremely useful in making informed decisions regarding investments, lending, and fiscal policy (Sunardi et al, 2020). Understanding debt ratios is paramount in maintaining transparency and stability in financial systems, allowing for better risk management and strategic planning. By monitoring and analyzing debt ratios, individuals and organizations can effectively manage their finances and make sound decisions for the present and future (Güleç & Bektaş, 2019).

Debt ratio, also known as the debt-to-assets ratio, is a financial ratio that measures the proportion of a company's assets that are financed through debt. It is calculated by dividing the company's total debt by its total assets. The debt ratio indicates the extent to which a company relies on debt to finance its operations and investments. A higher debt ratio implies a greater financial risk for the company, as it indicates a larger amount of debt relative to its assets. Conversely, a lower debt ratio signifies a lower level of financial risk as the company relies less on borrowing.

Debt ratio analysis plays a pivotal role in the assessment of a company's financial position and risk profile, making it absolutely indispensable for various stakeholders, namely investors, creditors, and managers. These stakeholders heavily rely on debt ratio analysis to gain valuable insights into the company's capital structure and its capacity to fulfill its debt obligations. With the help of meticulous scrutiny of the debt ratio, investors are able to thoroughly evaluate the company's risk-return tradeoff, thereby empowering them to make well-informed investment decisions. On the flip side, creditors utilize the debt ratio to meticulously assess the creditworthiness of the company, wielding its power to determine whether the extension of loans or credit facilities is viable. Furthermore, managers capitalize on the debt ratio as an effective tool to assess the financial performance of the company, enabling them to make strategic choices concerning capital structure and risk management. Given its multifaceted nature and the invaluable insights it offers, debt ratio analysis proves to be an indispensable tool for stakeholders in their pursuit of a thorough comprehension of a company's financial status and risk assessment.

Market ratios are financial metrics used by analysts and investors to assess the performance and value of a company. These ratios provide valuable insights into different aspects of a company's operations and financial health. By analyzing various market ratios, stakeholders can make informed decisions and gain a deeper understanding of a company's potential for growth and profitability. Market ratios, also known as financial ratios or performance ratios, are quantitative tools used to evaluate a company's financial performance. They measure the relationship between different financial variables and provide insights into the company's liquidity, profitability, efficiency, and solvency.

Market ratios play a crucial role in financial analysis as they provide valuable information about a company's financial health and performance. These ratios help stakeholders assess the company's profitability, efficiency, liquidity, and solvency, enabling them to make informed decisions regarding investments, credit analysis, and performance evaluation. By analyzing market ratios, investors can identify opportunities, evaluate risks, and gauge the financial stability of a company.

While market ratios are valuable tools in financial analysis, they also have their limitations. These ratios rely on financial data and may not capture the full picture of a company's performance or potential risks. Market ratios are based on historical data and do

not account for future uncertainties or market dynamics. Additionally, different industries may have varying benchmark ratios, making it important to consider industry-specific factors. Furthermore, market ratios should not be solely relied upon when making investment or credit decisions, as qualitative factors and qualitative analysis are also essential.

Overall, the section critically discussed the profitability, liquidity, activity, debt and market ratios. The section will examine the three logistics companies and its financial performance.

The UK Logistics Market and its Financial Performance

The logistics sector is notorious for being complicated and multifaceted, which is one of the reasons why it is essential to corporate operations on a worldwide scale. This section provides a review of the current body of literature in order to build a knowledge of the dynamics of the logistics business. The financial performance will be focuses of this study. DHL, FedEx, and XPO are going to be examined as a part of this research as three different logistic businesses. They are well-known businesses in the international logistics market and do a large amount of business in the United Kingdom.

The examination of the policies and initiatives of a company in terms of the effect such policies and initiatives have on the bottom line of the firm is referred to as the "financial performance" of the company. According to Palepu, Healy, and Peek (2010), it is essential for determining whether or not a company is capable of future development, whether or not it is profitable, and whether or not it is sustainable.

It is essential for organizations in the logistics industry to engage in strategic financial planning in order to successfully drive growth and weather unpredictability in market conditions. In spite of the fact that DHL, FedEx, and XPO each took a unique path to success, they all have one thing in common: a dedication to proactive financial planning.

DHL Financial Performance

DHL has never been plagued by a severe financial predicament during the whole of its history. Despite the ongoing issues with the global pandemic, the company was able to increase both its revenues and its EBIT in 2020 (DHL, 2023). DHL was able to accomplish this goal as a result of the company's adaptive and diversified business strategy, as well as its efficient handling of expanding e-commerce volumes and its continual attention on cost reduction (Tucker, 2020). This improvement may be attributed, in particular, to DHL's Post & Parcel Germany and Express divisions (DHL, 2022).

Strategic budgeting at DHL is focused on minimizing expenses and expanding income streams. In order to achieve these goals, DHL has made substantial investments in IT and physical infrastructure to improve the efficiency of logistical processes and the quality of customer service it provides. As a consequence of these improvements, operational efficiency has grown, resulting in lower costs and higher profits. DHL has reduced its financial exposure by diversifying its income sources via the development of a wide range of services and the penetration of new markets (Tucker, 2020).

FedEx Financial Performance

In the year 2020, FedEx's financial situation was unusually secure. Despite the detrimental influence that the global pandemic had on the market, FedEx was able to satisfy the ever-changing expectations of its customers and grow its financial position (FedEx, 2021). FedEx Ground capitalized on the increase in demand for home delivery services brought on by the pandemic-inspired e-commerce boom, which contributed considerably to FedEx's financial growth in 2020 (FedEx, 2021). This allowed FedEx Ground to make a considerable contribution to FedEx's overall growth in 2020. This business unit's average daily volume climbed by 25% in 2020, which had a significant influence on FedEx's overall revenue growth (FedEx, 2021). This information was obtained from FedEx. Because of the rise in the quantity of time-sensitive goods that were transported across international boundaries, FedEx Express also saw an increase in its profit margins. Year 2022 is considered one of the successful year for the organization with stable outcome throughout the year. So the relevant financial parameters for last 10 years is analyzed to dig out the trend and financial position among the companies.

XPO Financial Performance

Despite its relative infancy as a supplier of logistics services, XPO has already shown significant financial success. Mario Harik, chief executive officer of XPO on the financial statement said, “In the fourth quarter, we reported solid revenue growth and strong year-over-year increases in adjusted EBITDA, adjusted EPS and free cash flow”

Nearly $3.04 billion is XPO's entire income. It expects a year-over-year improvement of 50-100 basis points in its North American LTL adjusted operating ratio for full year 2022, excluding gains on sales of real estate in the fourth quarter, compared with its prior target of at least 100 basis points of improvement. With fuel costs remaining constant, the price of each ton of cargo has increased by almost 7% in the past year (XPO, 2022b).

Similarly, the growth of financial performance was reported exponential which states the developmental status of organization and was able to place itself in top 10 companies in the logistics sector. According to Gómez (2023), the company's focus on technological innovation and operational efficiency was also a contributing factor in the company's healthy financial state.
XPO, a major player in the industry, has devised a financial plan that strikes a good balance between rapid expansion and stringent cost management. XPO has taken this tack as part of its overall financial plan. To improve operational efficiency through the use of more efficient technology and processes, the company has made substantial expenditures in expanding both its customer base and the sorts of services it offers (Gómez, 2023). As a result of combining these two strategies, XPO has maintained a healthy financial position despite its relative youth in the industry.

Comparative Analysis of Financial Performance

DHL, FedEx, and XPO are all in a strong financial position, according to their financial records, despite the adverse economic environment caused by the COVID-19 epidemic and Brexit. Their impressive financial success can be ascribed to a number of things, including their innovative business strategies, extensive product offerings, and careful budgeting.
While DHL, FedEx, and XPO may take slightly different approaches to strategic planning, all three have a commitment to putting an emphasis on innovation, customer satisfaction, and minimizing overhead costs. These parallels make it very evident that these considerations are crucial if you hope to make money in the logistics industry. Each company's financial results demonstrate how well their strategic financial planning has guided financial growth despite the tough economic climate.This section focused on the key ratios and the methodology chapter will identify and discuss the relevant ratios under the key ratios.

METHODOLOGY

This provides a comprehensive breakdown of the methodology that was used to the investigation of DHL, FedEx, and XPO, the three major logistics providers in the UK, with the goal of gaining insight into these companies and financial performance. The strategy that was decided upon is of a quantitative type and makes extensive use of secondary resources.
The data is secondary data collected from a wide range of sources, such as annual reports from firms, periodicals pertaining to the industry, and digital information that can be obtained on the official websites of companies. For more information, academic databases like JSTOR and ScienceDirect as well as search engines like Google Scholar were explored.
The financial Performance Analysis will focus on Profitability, liquidity, activity, debt, and market ratios are only few of the accounting metrics that are used to evaluate the company' financial performance using financial Data from 2013 to 2022.
The financial profitability and performance of the companies will be assessed using the following accounting ratios:

Table 1: Key Ratios Table Descriptions

Variables	Descriptions	Measurement
Profitability ratios	Profitability ratios evaluate a company's capacity to generate profits from sales or activities, balance sheet assets, or shareholders' equity. They show how well a firm creates profit and value for its owners (Owoeye, 2023)	
Gross Margin	The fraction of a company's revenue that remains after deducting direct costs. One of the most crucial indications of a company's financial performance is its gross margin. It is the fraction of commercial revenue that remains after deducting direct expenditures such as labour and raw materials (Owoeye, 2023)	This is mathematically expressed as: $Gross\ Margin = \frac{Gross\ Profit}{Sales\ Revenue}\ x\ 100$ In line with Owoeye (2023)
Operating Margin	The operational margin calculates how much profit a corporation generates on a pounds of sales after deducting variable production expenses such as salaries and raw materials but before deducting interest and tax. It is computed by dividing a	This is mathematically expressed as: $Operating\ Margin = \frac{Operating\ Income}{Sales\ Revenue}$

	company's net sales by its operational income.	In line with Owoeye (2023)
Return on Equity	This financial performance statistic is calculated using dividends on shareholders' equity. ROE is also known as return on net assets since it is determined by subtracting a company's debt from its assets. This is used to assess a company's profitability and ability to create earnings. The higher the ROE, the more effective a company's management is in generating revenue and growth from its equity investment.	This is mathematically expressed as: $ROE = \frac{Net\ Income}{Average\ Shareholder's\ Equity}\ x\ 100$ In line with Owoeye (2023)
Liquidity Ratios	The degree to which an item may be swiftly acquired or sold in the market at a price that reflects its true worth is referred to as liquidity. Cash is widely regarded as the most liquid asset since it can be transformed into other assets the most rapidly and efficiently. Real estate, fine art, and collectibles are all examples of tangible goods that are somewhat illiquid. Other financial assets, ranging from stocks to partnership units, are distributed over the liquidity spectrum (Owoeye, 2023)	
Current Ratio	The current ratio compares all of a company's current assets to its current liabilities. These are often characterised as assets that are cash or will be converted to cash in a year or less, and obligations that will be paid in a year or less.	This is mathematically expressed as: $CA = \frac{Current\ Assets}{Current\ Liabilities}$ In line with Owoeye (2023)
Acid-Test Ratio	This ratio assesses a company's ability to pay current creditors without selling inventory or obtaining extra financing. The ratio is a more conservative metric than the current ratio, which considers all current assets to be coverage for current liabilities.	This is mathematically expressed as: $Acid-Test = \frac{Cash + Accounts\ Receivables + Marketable\ Securities}{Current\ Liabilities}$ In line with Owoeye (2023)
Cash Ratio	The cash ratio pushes the liquidity test even farther. This ratio solely considers a company's most liquid assets, which are cash and marketable securities. They are the assets that a corporation has the most easily accessible to satisfy short-term commitments. In terms of how stringent the liquidity requirements are, the current ratio, quick ratio, and cash ratio are classified as easy, medium, and hard.	This is mathematically expressed as: $CA = \frac{Cash + Marketable\ Securities}{Current\ Liabilities}$ In line with Owoeye (2023)

Activity (Efficiency) Ratio	An efficiency ratio assesses a company's capacity to create income from its assets. It is used by analysts to assess a company's short-term or present performance.	
Average Collection Period	The average collection period is the time it takes for a company to obtain payments owing by its customers in terms of accounts receivable (AR). The average collection period is used by businesses to ensure that they have enough cash on hand to satisfy their financial obligations. The average collection duration is a measure of the efficacy of a company's AR management strategies and is a critical metric for businesses that rely largely on receivables for cash flow.	This is mathematically expressed as: $ACP = \frac{Average\ Accounts\ Receivables}{Net\ Credit\ Sales} X\ 365\ days$ In line with Owoeye (2023)
Asset Turnover	The asset turnover ratio compares the value of a company's sales or revenues to its assets. The asset turnover ratio may be used to determine how efficiently a firm uses its assets to produce income. The greater a company's asset turnover ratio, the more efficient it is in generating revenue from its assets. In contrast, a low asset turnover ratio implies that a corporation is not efficiently employing its assets to create sales.	This is mathematically expressed as: $AT = \frac{Sales\ Revenue}{Average\ Total\ Assets}$ In line with Owoeye (2023)
Receivable Turnover Ratio	The accounts receivable turnover ratio is an accounting metric that measures how effectively a firm collects receivables from its customers. The ratio counts the number of times receivables are converted to cash during a certain time period. A high ratio may imply that corporate collection efforts are effective, with high-quality consumers who pay their bills on time. A low ratio may be caused by ineffective collection operations, insufficient credit rules, or clients that are not financially viable or creditworthy.	This is mathematically expressed as: $AT = \frac{Net\ Credit\ Sales}{Average\ Accounts\ Receivable}$ In line with Owoeye (2023)
Debt ratios	This is a financial ratio that assesses the degree of a company's leverage. The debt ratio is defined as the decimal or percentage ratio of total debt to total assets. It is defined as the percentage of a company's assets that are funded by debt.	
Debt Ratio	A debt ratio quantifies a company's indebtedness in terms of total debt to total assets.	This is mathematically expressed as: $DR = \frac{Total\ Debt}{Total\ Assets}$

		In line with Owoeye (2023)
Debt to Equity Ratio	The debt-to-equity (D/E) ratio, which is determined by dividing a company's total liabilities by its shareholder equity, is used to assess financial leverage.	This is mathematically expressed as: $D/E = \frac{Total\ Liabilities}{Total\ Shareholders\ Equities}$ In line with Owoeye (2023)
Times Interest Earned Ratio	The ratio assesses a company's capacity to fulfil its debt commitments based on current earnings. The TIE number of a corporation is calculated by dividing earnings before interest and taxes (EBIT) by the total interest payments on bonds and other debt.	This is mathematically expressed as: $TIE = \frac{Earnings\ before\ Interest\ and\ Taxes}{Interest\ expenses}$ In line with Owoeye (2023)
Market Ratio	Market value ratios are financial measures that measure and analyse stock prices and compare them to rivals' prices as well as other facts and numbers. These ratios analyse the financial performance of public corporations in order to determine their market position.	
Earnings per share	Earnings per share (EPS) is determined by dividing a company's earnings by the number of outstanding shares of common stock. The resultant value is used to determine a company's profitability. It is typical for a corporation to announce earnings per share (EPS) that have been adjusted for unusual items and probable share dilution. The greater a company's EPS, the more profitable it is thought to be.	This is mathematically expressed as: $EPS = \frac{Net\ Income - Preferred\ Dividends}{End\ of\ period\ Common\ Shares\ Outstanding}$ In line with Owoeye (2023)
Price Earnings Ratio	The P/E ratio is derived by dividing the company's profits per share by its market value per share. A high P/E ratio indicates that a stock's price is high in relation to its earnings and may be overpriced. A low P/E ratio might imply that the present stock price is undervalued in comparison to earnings.	This is mathematically expressed as: $P/E = \frac{Share\ Price}{Earning\ per\ share}$ In line with Owoeye (2023)
Dividend yield	This metric displays how much a corporation pays out in dividends every year in relation to its stock price.	This is mathematically expressed as: $P/E = \frac{Dividends\ per\ share}{Share\ price}$ In line with Owoeye (2023)

Source: Compiled by the Authors

Financial Performance Analysis

From 2013 until 2022, three successful UK-based and international logistics firms are examined. The research covered pre and post 2019–2020 COVID period. Tables 2 to 6 displays the results of the ratio analyses performed, and ranks the companies annually according to each ratio in order to determine which has been the most efficient over the course of the past decade. The most efficient of the three companies shown below is the one that achieved the largest number of number-one finishes. The formulas used to conduct the analysis are provided in the methodology section and the results of the financial ratios are organized.
Below discussions are relevant analysis of the financial performance of selected companies in the United Kingdom.

Profitability Ratios

In spite of COVID conditions, both companies were able to retain a healthy gross profit margin throughout the reporting period. Compared to DHL and XPO, whose respective gross margins are 48% and 17%, respectively, FedEx's 72% average gross margin on sales and services over the years stands out. This demonstrates that FedEx has been able to keep its income stream steady. It is also possible to state that the margin of competition between businesses has stayed constant over time. Operating margin shows earnings per $1 of sales after direct costs. The bigger the margin, the higher the profit or the lower the production assets. This analysis demonstrates COVID arrival affects profit %. FedEx, DHL, and XPO were stable before and during the epidemic, while XPO lost money before 2016. Since 2016, XPO has made a profit, although the pandemic hampered its growth in 2019 and 2020. Post-pandemic, it maintained its average. DHL had a 2% greater operating margin than FedEx Post pandemic, its best margin in 10 years. DHL has rebounded and focused on direct sales to generate money. Unlike gross profit margin, net margin income incorporates all costs and shows actual profit. The data shows that all companies have margins similar to gross profit margin with lower %. Fedex had a base profit margin of 4% before the pandemic. Compared to Fedex, XPO and DHL exhibit exponential growth, though XPO saw a minor decrease during the pandemic but a significant increase afterward. This illustrates that operations for $1 invested sustain profit to reassure investors. DHL and FedEx have maintained a 4% profit rate over the past decade, whereas XPO has made required modifications and improved dramatically despite its 10-year average of 2%.
Returns on equity (ROE) measure a company's efficiency and profitability. If ROE is above average, peers invest in the company. Investors track ROE trends to determine profitability, hence the investigation indicated that DHL generated at least 20% ROE every year regardless of pandemic. FedEx's ROE fluctuates, and during the epidemic, it was much lower than usual. XPO's ROE has fluctuated post-pandemic, but it has grown exponentially in 10 years. DHL is growing better than XPO. Returns on assets show how asset-intensive a company is. On examining it, DHL's returns are very stable over years with an overall average of 6%, while XPO started from negative returns indicating poor asset management initially and later caught up and went up to 11% highest over both companies in year 2022 but its overall average is 1% making it last. FedEx ROA varies from year to year and is quite high during pandemics, as is XPO's. Fedex attempted to stabilize ROA but still ranked second with 5%. Returns On Capital (ROC) shows how well a company is leveraging its capital to retain and safeguard long-term earnings and market share. To demonstrate efficiency, this study must include each year's invested capital. From 2013 to 2016, XPO's ROC was very low, but from 2017 onward, it improved except during the pandemic. DHL and FedEx maintained properly, and the average has always been exponential except for FedEx's pandemic period. Compared to FedEx and XPO, DHL manages assets more efficiently to create revenues.
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Table 2: Profitability Ratio

Profitability Ratios	Company	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Average of 10 years	Rank
Gross profit margin	DHL	46%	48%	51%	52%	50%	48%	49%	46%	45%	45%	48%	2
	XPO	21%	21%	21%	20%	15%	15%	14%	14%	16%	17%	17%	3
	FedEx	69%	71%	70%	71%	72%	73%	75%	74%	72%	73%	72%	1
Operating profit margin	DHL	9%	9%	7%	6%	5%	6%	6%	4%	5%	5%	6%	2
	XPO	5%	4%	2%	5%	4%	4%	3%	0%	-2%	-7%	2%	3
	FedEx	7%	7%	3%	6%	7%	8%	6%	4%	8%	10%	7%	1
Net profit margin	DHL	6%	6%	4%	4%	3%	4%	4%	2%	4%	4%	4%	2
	XPO	9%	5%	2%	4%	2%	2%	0%	-3%	-5%	-7%	1%	3
	FedEx	4%	6%	2%	1%	7%	5%	4%	2%	5%	6%	4%	1
Return on equity (ROE)	DHL	23%	26%	21%	18%	15%	21%	23%	14%	22%	21%	20%	1
	XPO	66%	30%	4%	14%	10%	8%	2%	-8%	-6%	-11%	11%	3
	FedEx	15%	22%	7%	3%	24%	19%	13%	7%	15%	16%	14%	2
Return on Assets	DHL	8%	8%	5%	5%	4%	7%	7%	4%	6%	6%	6%	1
	XPO	11%	4%	1%	3%	3%	2%	1%	-2%	-4%	-7%	1%	3
	FedEx	4%	6%	2%	1%	9%	6%	4%	3%	7%	8%	5%	2
Return on capital (ROC)	DHL	12%	11%	7%	7%	6%	11%	10%	6%	8%	8%	9%	1
	XPO	13%	4%	1%	4%	5%	4%	1%	-3%	-10%	-16%	0%	3
	FedEx	6%	9%	2%	1%	14%	9%	6%	5%	13%	17%	8%	2
	DHL	30%	30%	21%	21%	17%	41%	45%	30%	39%	41%	31%	1
Return on Capital Employed (ROCE)	XPO	19%	17%	5%	20%	24%	18%	16%	-1%	-4%	-41%	7%	3
	FedEx	14%	14%	6%	13%	13%	15%	11%	7%	16%	18%	13%	2
Cash Flow returns on investment (CFROI)	DHL	39%	37%	34%	31%	31%	36%	32%	43%	40%	42%	36%	1
	XPO	42%	27%	14%	23%	37%	24%	22%	3%	-2%	-24%	17%	2
	FedEx	22%	24%	13%	16%	15%	16%	20%	21%	18%	-2%	16%	3
Efficiency ratio	DHL	23%	28%	35%	32%	32%	18%	20%	21%	24%	20%	25%	3
	XPO	49%	70%	132%	75%	29%	36%	41%	90%	30%	32%	58%	1
	FedEx	50%	54%	65%	40%	36%	41%	48%	33%	27%	24%	42%	2
Net gearing	DHL	53%	51%	71%	73%	71%	11%	10%	7%	14%	4%	37%	3
	XPO	199%	289%	123%	166%	86%	100%	143%	163%	-4%	35%	130%	1
	FedEx	53%	56%	93%	81%	62%	68%	74%	23%	12%	-13%	51%	2
Basic Earning Power Ratio	DHL	12%	13%	9%	8%	6%	10%	9%	6%	8%	8%	9%	1
	XPO	6%	4%	1%	4%	6%	5%	4%	0%	-1%	-7%	2%	3
	FedEx	7%	7%	3%	8%	8%	9%	7%	5%	12%	13%	8%	2

Source: Compiled by Authors

Liquidity Ratios

Cash flow Analysis ratio the companies use assets above liabilities. Annual ratios above one suggest sufficient assets to cover liabilities. FedEx is less debt-dependent due to its improved efficiency every year.

Acid test ratio measures a company's capacity to pay off liabilities quickly. DHL and XPO always had at least one in the analysis, indicating steady assets to cover liabilities. With an average ratio of 1.46, FedEx always has more assets on hand to handle short payment periods.

Cash ratio shows the company's current liabilities covered by cash and cash equivalents. FedEx's usual average was 0.5, slightly lower during the epidemic, indicating it had enough cash to cover short-term commitments.

DHL and XPO maintained cash ratios of 0.26 and 0.33, respectively, while XPO grew exponentially in 10 years, requiring it to store more cash to pay off debts. FedEx has an edge because creditors prefer large cash ratios. We can determine the company's current obligations using cash ratio.

FedEx's average was 0.5 during the epidemic, indicating that business has enough cash to cover short-term commitments. DHL and XPO maintained stability in cash ratio to average 0.26 and 0.33, respectively, but XPO showed exponential increase in 10 years, which meant it started holding more cash to discharge liabilities or debts. FedEx benefits from creditors' preference for high cash ratios.

Table 3: Liquidity Ratio

Liquidity ratios	Company	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Average of 10 years	Rank
Current ratio (Working Capital Ratio)	DHL	0.99	1.09	1.05	0.89	0.95	1.02	0.95	1.02	1.04	1.02	1	3
	XPO	1.08	1.05	1.04	1.03	1.11	1.2	1.13	1.1	3.21	1.71	1.37	2
	FedEx	1.43	1.51	1.58	1.45	1.39	1.59	1.5	1.74	1.82	1.96	1.6	1
Acid test ratio (Quick ratio)	DHL	0.95	1.06	1.02	0.87	0.92	1	0.93	1	1.01	0.99	0.98	3
	XPO	1.08	1.05	1.04	1.03	1.11	1.2	1.13	1.1	3.21	1.67	1.36	2
	FedEx	1.31	1.4	1.45	1.27	1.22	1.46	1.35	1.59	1.67	1.83	1.46	1
Cash ratio	DHL	0.23	0.32	0.33	0.19	0.24	0.26	0.23	0.27	0.24	0.31	0.26	3
	XPO	0.31	0.09	0.34	0.12	0.15	0.13	0.14	0.11	1.69	0.22	0.33	2
	FedEx	0.48	0.52	0.47	0.26	0.34	0.5	0.44	0.63	0.55	0.86	0.5	1
Operating cash flow ratio	DHL	0.49	0.48	0.44	0.36	0.35	0.23	0.16	0.25	0.22	0.22	0.32	2
	XPO	0	0.19	0.06	0.19	0.33	0.26	0	0.03	-0.06	0	0.1	3
	FedEx	0.69	0.74	0.49	0.62	0.49	0.62	0.71	0.9	0.8	0.82	0.69	1

Sources: Compiled by Authors

Activity Ratios

DHL and FedEx had identical client collection times of 48 and 47 days, whereas most organizations aim to lower them to progress with preplanned activities. XPO averaged 72 days, delaying several planned tasks.

Operating leverage and risk increase with leverage. Sales fluctuations can have a big influence on operating income. On analysis, all firms strove to minimize leverage, however XPO lagged behind while DHL and FedEx maintained lower leverage degrees and reduced risk.

The asset turnover ratios remained parallel, showing that asset utilization for revenue generation was approximately equally efficient, with DHL performing somewhat better than the other two. DHL had the highest average at 1.45, followed by FedEx at 1.19 and XPO at 0.94, showing it needs to improve asset utilization.

Stock turnover ratio shows how quickly a corporation sells its inventory. DHL and XPO turn over stock four times a year, while FedEx turns it over twice, meaning inventory sits unprocessed for longer than typical. DHL and XPO are more efficient than FedEx.

DHL and FedEx's 10-year average receiving turnover percentages are 7.69 and 7.74, or 46 and 41 days, respectively. XPO's ratio averages 5.55, or 70 days.

DHL and FedEx benefit from lower collection periods because investors prefer them. Inventory turnover ratio and period analysis analyze the company's strong sales. DHL converts inventory 94.81 times a year, or every five days, indicating significant sales and intensity.

FedEx has a 33.74 times ratio and 11-day conversion period. For 10 years, XPO has sold finished goods or direct support without inventory. DHO sells inventory best. Cash conversion ratio tells us how long it takes a corporation to turn its inventory investment into cash.

DHL and Fedex had similar receivable conversion ratios of 48 days, but their payable outstanding days were nil, demonstrating their proficiency in zero debt maintenance or very quick clearance.

While XPO receivable ratios are a month longer than both, its capital and payables match the other two corporations. DHL, FedEx, and XPO need 58, 59, and 69 days to convert inventories or assets to cash, respectively

Table 4: Activity Ratio

Activity Ratios	Company	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Average of 10 years	Rank
Average collection period	DHL	46	51	48	48	47	48	49	46	49	45	48	2
	XPO	45	46	99	85	55	65	58	109	84	70	72	3
	FedEx	46	52	53	48	47	46	53	44	44	42	47	1
Degree of operating leverage	DHL	-1.84	2.68	2.83	-13	-1.96	1.27	-11.7	2.62	1.29	5.07	-1.27	1
	XPO	2.91	13.22	1.96	0.53	1.7	4.88	-18.8	-0.13	-0.09	0.57	0.68	2
	FedEx	0.58	6.68	67.2	0.7	-0.76	2.45	10.56	-12.34	-4.83	10.4	8.06	3
Asset turnover	DHL	1.43	1.32	1.25	1.26	1.26	1.62	1.55	1.63	1.59	1.61	1.45	3
	XPO	1.23	0.83	0.38	0.76	1.41	1.22	1.25	0.6	0.86	0.9	0.94	1
	FedEx	1.09	1.01	0.94	1.28	1.25	1.24	1.1	1.3	1.38	1.32	1.19	2
Stock turnover ratio	DHL	4.17	4.28	3.86	3.69	3.92	4.09	3.9	3.89	4.31	3.94	4.01	2
	XPO	6.55	4.4	2.32	3.35	5.54	5.22	5.46	4.65	5.83	5.91	4.92	3
	FedEx	2.44	2.22	2.15	2.33	2.3	2.21	1.91	2.18	2.39	2.47	2.26	1
Receivables turnover ratio	DHL	7.95	7.19	7.67	7.67	7.7	7.62	7.47	8.01	7.49	8.1	7.69	2
	XPO	8.09	7.93	3.67	4.27	6.66	5.64	6.32	3.36	4.33	5.23	5.55	1
	FedEx	7.88	6.96	6.85	7.65	7.72	7.94	6.94	8.3	8.35	8.78	7.74	3
Inventory conversion ratio	DHL	66.5	85.7	81	72.8	82.4	109.9	110	97.8	87.2	154.9	94.8	3
	XPO	0	0	0	0	0	0	0	0	0	2.4	0.2	1
	FedEx	47.8	42.4	36.7	38.1	35.6	32.5	24.9	25.4	27.3	26.8	33.7	2
Inventory conversion period	DHL	8	5	5	4	5	4	3	4	5	6	5	2
	XPO	0	0	0	0	0	0	0	0	0	0	0	1
	FedEx	8	9	10	10	10	11	15	14	13	14	11	3
Receivable conversion period	DHL	46	51	48	48	47	48	49	46	49	45	48	2
	XPO	45	46	99	85	55	65	58	109	84	70	72	3
	FedEx	46	52	53	48	47	46	53	44	44	42	47	1
Payables conversion period	DHL	0	0	0	0	0	0	0	0	0	0	0	1
	XPO	4	6	0	0	1	4	0	0	10	3	3	3
	FedEx	0	0	0	0	0	0	0	0	0	0	0	1

Cash conversion cycle	DHL	112	56	52	52	53	52	52	49	53	51	58	1
	XPO	41	40	100	90	54	61	58	111	74	67	69	3
	FedEx	54	61	63	57	58	57	67	58	57	55	59	2

Sources: Compiled by the Authors

Debt Ratios (Leverage Ratios)

Debt ratio shows how assets reduce debt. DHL and XPO have 70% and 71% debt ratios, respectively, meaning they need 30% more assets to pay down obligations. FedEx has an average of 65% and the best part is that its debt ratio was constant even during the pandemic crisis.

A debt-to-equity ratio study indicates the business's capital structure. FedEx's debt-to-equity ratio is 0.14, while DHL and XPO's are 2.44 and 3.20, respectively, indicating that their debts are higher than their equity and need to be paid off. Investors will prefer FedEx based on this ratio.

Long-term debt-to-equity ratio DHL has the lowest average of 0.68, allowing investors to choose it since the prior ratio indicated 2.44 for long-term and short-term. As short-term loans are paid off quickly, investors prefer companies with lesser long-term debt. XPO had an average of 1.53, while FedEx, with a greater long-term debt-to-equity ratio, lost. The ratios make DHL and FedEx safer investments.

Table 5: Debt Ratios

Debt Ratios	Company	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Average of 10 years	Rank
Debt ratio	DHL	65%	69%	75%	72%	73%	67%	70%	70%	74%	72%	71%	3
	XPO	84%	87%	82%	80%	68%	68%	74%	76%	40%	42%	70%	2
	FedEx	71%	71%	75%	67%	63%	67%	70%	59%	54%	48%	65%	1
Debt to equity ratio	DHL	1.88	2.26	2.93	2.62	2.64	2	2.37	2.35	2.86	2.53	2.44	2
	XPO	5.19	6.66	4.68	3.88	2.09	2.14	2.85	3.13	0.66	0.71	3.2	3
	FedEx	0.15	0.22	0.07	0.03	0.24	0.19	0.13	0.07	0.15	0.16	0.14	1
Long term debt to equity (LT Debt to equity)	DHL	0.75	0.85	1.13	0.95	1	0.4	0.4	0.41	0.49	0.46	0.68	1
	XPO	2.44	3.09	1.84	1.79	0.98	1.1	1.56	1.72	0.35	0.4	1.53	3
	FedEx	0.81	0.86	1.2	0.94	0.79	0.93	1	0.48	0.31	0.16	0.75	2

Sources: Compiled by the Authors

Market Ratios

Earnings per share and payout ratio compare a company's financial success. DHL's payout ratio is 54%, signifying high dividends. FedEx's EPS is 9.8, which benefits investors, and its dividend payout is 29%, but during pandemics, it's larger and unfavorable. DHL's consistency raises EPS and payout ratio. Zero payout ratio lets XPO invest more. Dividend cover shows how often a corporation can pay dividends with net earnings. FedEx pays dividends 7.97 times its income, whereas DHL pays 2.94 times and XPO pays nil. FedEx has the greatest stock market value at $56.64, followed by DHL at $14.19 and XPO at $18.34. Investors should buy more DHL and XPO stocks than FedEx. The dividend yield helps investors identify a company that can pay dividends. DHL has 4% average dividend yield, FedEx 1%, and XPO none. DHL's yield is stable and higher than the rest, so investors check it before investing.

Because depreciation and other non-cash expenditures can affect earnings, the P/CF ratio is considered a superior investment value indicator than the P/E. FedEx's ratio was 8.52, higher than DHL and OPX's 2.48 and 0.99. Thus, FedEx is overvalued. Price to book (P/B) and Price to sales (P/S) show if a company's stock is overvalued or undervalued. The higher the ratio, the bigger the market premium over physical assets. XPO's ratio was low at first but came up with the others, according to the analysis. The

average stock market values of all three companies followed a similar path, indicating that they are valued equally or asymmetrically.

The enterprise value to earnings before interest, taxes, depreciation, and amortization ratio (EV/EBITDA) compares a company's debt to its cash earnings less non-cash expenses. It helps investors evaluate companies for investment. DHL and FedEx had higher values before the pandemic than after, but they maintained a consistent average of 9.92 and 11.42 over several years, reassuring investors.

XPO is a strong valuation pick because it started with a negative valuation and outperformed the others even in average, 17.48. EV/sales value followed EV/EBIDTA valuation. DHL is valued lower than XPO and FedEx. Investors may be encouraged by a high EV-to-sales ratio. Low EV-to-sales can also indicate poor sales prospects

Table 6: Market Ratios

Market Ratios	Company	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Average of 10 years	Rank
Earnings per share	DHL	4.56	4.74	2.7	2.34	1.96	2.43	2.32	1.35	2.18	2.21	2.68	2
	XPO	5.76	2.93	0.87	3.57	2.88	2.45	0.53	-2.65	-2	-2.26	1.21	3
	FedEx	12.76	18.15	9.2	0.39	18.37	10.86	6.89	3.94	8.95	8.81	9.83	1
Pay-out ratio	DHL	39.47 %	28.48 %	42.59 %	49.15 %	58.67 %	43.21 %	36.64 %	62.96 %	36.70 %	31.67 %	0.43	3
	XPO	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	1
	FedEx	9.01%	4.13%	7.07%	16.67 %	3.54%	4.60%	5.81%	6.35%	2.23%	1.70%	0.06	2
Dividend cover (the inverse of Pay-out Ratio)	DHL	3.08	3.66	2.89	2.67	2.35	2.95	3.28	2.33	2.96	3.19	2.94	2
	XPO	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	3
	FedEx	5.82	8.63	2.89	1.79	9.55	8.04	7.57	5.63	13.43	16.34	7.97	1
Price Earnings ratio (P/E) ratio	DHL	10.52	12.44	15.04	14.65	12.18	16.44	13.35	19.48	12.49	15.3	14.19	1
	XPO	5.78	26.43	81.03	13.2	11.71	22.11	48.17	-6.08	-12.09	-6.88	18.34	2
	FedEx	14.03	12.26	29.79	385.74	11.54	19.55	25.29	36.28	17.86	14.05	56.64	3
Dividend yield	DHL	4.56%	3.02%	3.51%	4.08%	6.06%	3.12%	3.28%	3.86%	4.09%	2.97%	0.04	1
	XPO	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	3
	FedEx	1.67%	1.15%	0.95%	1.71%	0.93%	0.74%	0.57%	0.55%	0.38%	0.45%	0.01	2
Cashflow ratio or Price/cash flow ratio	DHL	4.17	5.29	4.85	5.04	3.45	9.51	9.79	6.51	6.31	-30.16	2.48	2
	XPO	4.69	18.01	21.91	7.94	4.13	8.75	5.01	16.02	-70.96	-5.65	0.99	3
	FedEx	4.48	5.51	12.43	6.33	11.07	10.7	8.12	7.34	11.13	8.07	8.52	1
Price to book value ratio (P/B or PBV)	DHL	2.38	3.23	3.19	2.67	1.82	3.46	3.1	2.65	2.7	0.91	2.61	2
	XPO	3.82	7.76	2.28	1.73	1.15	1.73	1.03	0.49	0.79	0.46	2.12	3
	FedEx	1.87	2.36	3.45	2.11	2.87	3.34	3.2	2.63	2.91	2.2	2.69	1

Price/sales ratio	DHL	-0.58	-0.75	-0.65	-0.58	-0.4	-0.71	-0.59	-0.49	-0.44	-0.56	-0.58	2
	XPO	-0.5	-1.23	-1.05	-0.47	-0.26	-0.45	-0.21	-0.2	-0.55	-0.51	-0.54	1
	FedEx	-0.51	-0.71	-1.04	-0.57	-0.88	-0.95	-0.97	-0.86	-1.09	-0.89	-0.85	3
EV/EBITDA	DHL	7.6	8.54	9.27	9.34	8.98	12.77	12.05	12.93	11.49	6.26	9.92	3
	XPO	11.26	23.21	38.07	15.42	8.7	12.2	10.32	32.09	30.59	-7.09	17.48	1
	FedEx	9.96	11.52	18.89	9.49	11.27	11.35	13.54	13.13	10.06	5.02	11.42	2
EV/Sales	DHL	0.98	1.19	1.17	1.11	0.91	1.06	0.99	0.86	0.85	0.46	0.96	3
	XPO	1.12	2.25	2.93	1.48	0.71	0.98	0.78	1.42	0.75	0.32	1.27	2
	FedEx	1.09	1.32	1.76	1.06	1.33	1.42	1.53	1.24	1.41	0.77	1.3	1

Sources: Compiled by the Authors

DHL, FedEx, and XPO's exceptional financial success is more evidence of their profitability and operational efficiency. This is inevitable given that they are all rivals for customers in the same market. When a company's financial statistics are above average, it's a good sign that things are going well and investors may be interested in funding future growth.

By maintaining most of the needed ratios despite its competitors' efforts, DHL's financial record (shown in Tables 2 to 6) demonstrates that the company is sufficiently prepared for calamities such as the current pandemic and the future Brexit. In contrast, XPO's expansion started out slowly but has picked up steam in recent years. In a relatively short period of time, the company has also gained considerable acclaim. This demonstrates that it is expanding in a planned and controlled manner. Since XPO's profits in 2019 and 2020 were so hard to predict, the pandemic constituted a severe blow. FedEx can also be considered a relatively stable player given that its growth was consistent before the COVID session, slowed during the event, and then accelerated afterwards. FedEx's best feature is the extraordinary efficiency with which it uses its resources. DHL has a lot going for them in this respect. Several charts showing relative performance over the past decade for DHL are provided. Growth and performance for XPO have stalled, but the company continues to attract investors thanks to its capable management and operations. By specializing in one sector at a time, rather than trying to compete with FedEx across all sectors where logistics are needed, it is growing more efficiently. DHL is the safest investment of the two companies because its stock price and productivity have remained stable over time. Investors will continue to carefully consider XPO, but the company's growth has convinced them to pick it above the alternatives.

SUMMARY AND CONCLUSION

The security of a company's finances is a major consideration for investors. Here, a comparison of several investments shows that DHL is the most stable option overall. In addition, DHL's market performance typically results in similar ROIs. FedEx has proven time and time again that it can keep its investors happy. There have been some dips in performance, too, and it's crucial to recognise that factors like Brexit and the current pandemic have had major impacts on the transportation sector. It became clear that only well-known organisations with solid reputations and close ties to the government could weather the storm and contribute meaningfully to finding a solution. XPO is a major player in the business that has just relaunched as GXO to reflect the success it has had with its investment activities and its rise to prominence. There was a sudden uptick in the market that met all the requirements for a thriving logistics business. A new entrepreneur's chances of success improve if they adopt the same precise planning practises as XPO, use technology to their advantage like FedEx, and model their operations after the efficiency of DHL.

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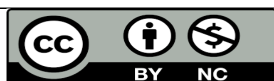

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