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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 10, 2020

**XPO LOGISTICS, INC.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation)

001-32172  
(Commission File Number)

03-0450326  
(I.R.S. Employer  
Identification No.)

Five American Lane, Greenwich, Connecticut 06831  
(Address of principal executive offices)

(855) 976-6951  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.001 per share	XPO	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 7.01. Regulation FD Disclosure.**

On February 10, 2020, XPO Logistics, Inc. (the “Company”) released a slide presentation expected to be used by the Company in connection with certain future investor presentations, together with a corresponding script. Copies of the script and slide presentation are attached as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K.

The slide presentation and script should be read together and with the Company’s filings with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

The information furnished in this Item 7.01, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Exchange Act or the Securities Act of 1933, as amended, except to the extent that the registrant specifically incorporates any such information by reference.

**Item 9.01. Financial Statements and Exhibits.**

*(d) Exhibits*

<u>Exhibit No.</u>	<u>Exhibit Description</u>
<a href="#">99.1</a>	<a href="#">Investor Presentation Script, dated February 10, 2020</a>
<a href="#">99.2</a>	<a href="#">Investor Presentation, dated February 10, 2020</a>
104.1	Cover Page Interactive Data (embedded within the Inline XBRL document)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 10, 2020

XPO LOGISTICS, INC.

By: /s/ Kurt M. Rogers

Kurt M. Rogers

Chief Legal Officer and Corporate Secretary

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February 10, 2020

## Presentation Script and Slides

*The following script should be read in conjunction with the accompanying slide presentation, which contains, among other information, source data for certain information set forth in the script.*

*On January 15, 2020, XPO Logistics announced that its board of directors authorized a review of strategic alternatives, including the possible sale or spin-off of one or more of our business units. There can be no assurance of any specific outcome. The company has not set a timetable for completion of the review process and has not determined which, if any, business units would be sold or spun off. However, the company does not intend to sell or spin off its North American less-than-truckload unit. This document does not take into consideration any effects from the strategic review process or a possible sale or spin-off of any of the company's business units.*

Thank you for joining us. We'll start with an overview of XPO Logistics today, and our strategy for driving growth, competitive differentiation and financial returns. We'll discuss a number of significant profit improvement opportunities specific to our operations. And we'll give you the details of our 2019 financial performance and our 2020 targets.

XPO is a top ten global logistics company with about \$17 billion in annual revenue and an integrated network of people, technology and physical assets. We operate under the single brand of XPO Logistics. We use our network to help our customers manage their goods most efficiently throughout their supply chains.

As context, we have two reporting segments: transportation and logistics. Approximately 64% of our 2019 revenue came from transportation. The other 36% was logistics, which we sometimes refer to as "supply chain" or "contract logistics."

Our markets are highly diversified. The more than 50,000 customers we serve span every major industry and touch every part of the economy. Our revenue comes from a mix of key verticals, such as retail and e-commerce, food and beverage, consumer packaged goods and industrial.

About 59% of our revenue in 2019 was generated in the United States, 12% came from France and 12% from the United Kingdom. Of the balance, Spain was the next largest at 5% of revenue. In total, we operate in 30 countries with 1,504 locations and approximately 100,000 employees.

### Investor Highlights

These are the key factors driving our growth and returns companywide:

- We hold leading positions in the fastest growing areas of transportation and logistics. More than 60% of our revenue comes from sectors that are growing at 2-4x GDP.

- Our rapid pace of innovation differentiates XPO's services and makes the most of the talent and assets within our organization.
- Our combination of scale, density, expertise and technology is critically important in e-commerce and omnichannel supply chains, where we have a strong global presence.
- Currently, we hold less than 2% share of the total addressable market opportunity. Our share growth complements opportunities for further consolidation of fragmented markets.
- Our scale also propels operating leverage, cross-selling, purchasing power and capacity to innovate.
- Our business model is optimized for free cash flow generation in all parts of the cycle: about 70% of our revenue is asset-light and 77% of our cost basis is variable.
- We serve customers in different verticals with diverse economic cycles and the vast majority of our revenue is generated under long-term contracts, making our performance more resilient in a downturn.
- Our maintenance capex is low, and we have the ability to adjust our capex and turn working capital into a source of cash in an economic downturn.
- Our secret sauce has always been the world-class people we've attracted to XPO — not just our 35 executives, but also the 2,500 professionals at the next level, with blue-chip industry experience: our technologists, managers, engineers, logisticians and operators.
- Importantly, we're executing on 10 profit initiatives that are specific to XPO. In total, these initiatives represent an estimated \$700 million to \$1 billion of potential profit improvement by 2022.

In addition, our business units have growth drivers that are specific to the services they provide. These drivers range from secular tailwinds to internal initiatives for sales and margin expansion. All are summarized in the Company Overview.

#### **XPO's Self-Driven Profit Growth Opportunity**

Looking at the 10 cost and revenue initiatives that, in total, represent up to \$1 billion of potential profit growth opportunity by 2022, all are specific to our company and largely independent of the macro. Six of the 10 are driven directly by our technology. They exist because we've invested in innovation for years, and our investments are bearing fruit across our operations.

We estimate that 40% of the potential opportunity is related to revenue initiatives: advanced pricing analytics and revenue management tools, our digital freight platform, our shared distribution network and cross-selling our services within transportation and logistics in North America and Europe. The other 60% is related to cost initiatives: LTL process improvements, contract logistics automation, workforce productivity, European margin expansion, global procurement and further back-office optimization.

Operationally, we estimate that approximately 50% of the potential profit improvement opportunity to our current operations in global logistics, with a modest slant toward North America. Another 30% of the opportunity applies to North American less-than-truckload, and the remaining 20% applies to all other transportation lines, with a modest slant toward North America.

Our technology is the single most important driver of these profit improvement levers. For example, our proprietary algorithms are key to our plan for LTL process improvements, as well as our advances in logistics automation — we're targeting more than \$100 million of incremental profit improvement in each of these areas. We're applying data science to capture pricing opportunities across our transportation modes. We're building elasticity models to optimize mix, and while it's still early, we're seeing positive results.

Beyond the P&L, our technology is a way for us to strengthen our relationships with customers and serve them as completely as possible. The industry is evolving, and customers want to future-proof their supply chains — we offer that. We have the ability to solve complex problems with sophisticated, customized solutions underpinned by our digitalization and data science.

Behind these initiatives is a global technology team of approximately 1,800 experts assigned to different areas of the business, and with a common understanding of our goals. Their ability to apply cutting-edge thinking to commercial practices distinguishes XPO from other technology efforts in our industry.

We've structured our technology organization to deliver a number of important advantages:

First, there are no sacred cows in our business. For a number of years now, we've made one of the largest tech investments in our industry — in 2019, the size of that investment was about \$550 million. We're determined to disrupt the marketplace and, where necessary, disrupt ourselves to drive long-term earnings growth.

Second, our technology team is embedded in North America and in Europe. This provides a way to address opportunities in real time, with constant feedback loops that engage our operators and customers.

Third, we can deploy innovations globally across multiple operations in a relatively short time. We've built a highly scalable platform on the cloud to speed the development of new ways to increase efficiency, control costs and leverage our footprint. It's a major reason why customers trust us with 160,000 ground shipments and more than 7 billion inventory units daily.

We offer customers efficiencies that would be difficult or impossible to find elsewhere. For example, our customers can type a single number into Google to follow their goods through our warehouses and across our modes of transportation. This gives our large accounts an added incentive to use XPO for multiple solutions. The supply chain industry is wide open for disruptive thinking like this.

And fourth, we can take an innovation developed for one of our operations and create value from it in other service lines. XPO Smart™ is a case in point.

#### *XPO Smart™*

XPO Smart™ is proprietary to our company and a critical lever in our profit improvement plan. It's a suite of intelligent tools and analytics that self-adjusts site by site to drive productivity across our business units. We designed XPO Smart™ to incorporate dynamic data science and machine learning into the decision-making process for our managers. One of the most powerful aspects of the technology is its ability to generate both real-time and predictive insights.

Prior to XPO Smart™ we were managing warehouse labor spend through a combination of tribal knowledge and reactive analytics, like most of the industry. Workers would receive reports on a Wednesday letting them know how they did on Monday. The benefits of moving to real-time visibility have been significant, even at this early stage. They're quantified in the sections on LTL and logistics that follow — these are the areas of the business where we believe XPO Smart™ will deliver the greatest benefit.

The economics of rolling out XPO Smart™ are compelling: the payback is measured not in months or years, but in days. We're able to show customers how real-time insights into productivity can drive allocation of resources and cost reductions.

All of this information is interpreted using machine learning, so that our software becomes continually smarter at site-specific modeling. Our managers use the tools to make informed decisions about the optimal shift length, the mix of LTL dock workers and drivers, the ratio of full-time to part-time warehouse labor, and the use of overtime.

The data also teaches our managers about infrastructure — sometimes it's the physical space that creates inefficiencies. Our analytics track how goods flow through our warehouses and freight moves around our docks. We use that information to make improvements.

## **Company Overview**

We created XPO in 2011 to provide exceptional value for customers while generating meaningful returns for our shareholders. The supply chain industry has strong fundamentals for value creation: it's vast, growing, fragmented and ripe for innovation, with underpenetrated market sectors.

Supply chains are unique by nature — each one is a network spanning every step a company must take to move its goods from the origin to the end-user. Our customers typically have supply chains that include vendors, manufacturers, labor, assets, technologies, data and other resources. There are secular industry trends in our favor, including the ongoing growth in e-commerce, just-in-time inventory management and the globalization of supply chains by multinational companies.

Our service offering is asset-light overall, with assets accounting for just under a third of revenue. In 2019, our net capex was 2.1% of revenue — a notably lower percentage than asset-intensive competitor groups in our industry, such as less-than-truckload, truckload, parcel and rail carriers. The assets we do own or lease are critical components of the customer services we provide: 764 contract logistics facilities, 494 cross-docks, trucking assets of 15,500 tractors and 40,000 trailers, and intermodal assets of 10,000 53-ft. boxes and 5,000 chassis.

We market our service offerings using a two-pronged sales strategy: earn a greater share of wallet with our existing customer base and further penetrate high-growth verticals where our expertise and track record give us an advantage.

Over the past three years, we beefed up our senior sales talent and sales support organization, raised incentive compensation and invested in new training and analytics. We also added sales associates and sales support personnel for our North American LTL organization. In Europe, we deepened our European bench strength of senior-level sales talent in transportation and also in logistics.

The scope of our services gives us the opportunity to engage with many different types of customers. We are:

- The second largest contract logistics provider worldwide, and the largest outsourced e-fulfillment provider in Europe;
- A top three LTL provider in North America, and a leading LTL provider in Western Europe;
- The second largest freight broker worldwide, with one of the largest owned road fleets in Europe;
- The largest last mile logistics provider for heavy goods in North America;
- The third largest provider of intermodal freight services in North America;
- The largest manager of expedited shipments in North America;
- A global provider of managed transportation solutions, with technology-enabled control towers, managed expedite capabilities and dedicated capacity; and
- A global freight forwarder with an integrated network of ocean, air, ground and cross-border services.

In addition, we create value through the cross-fertilization of best practices. We're sharing knowledge across our service range with an emphasis on high-impact areas of operation, such as customer service, sales, safety, training, warehouse management, cross-dock operations, equipment maintenance and human resources.

### **Overview of Logistics Operations**

XPO is at the forefront of a \$120 billion logistics industry that's estimated to grow at 2-4x GDP. Our logistics footprint stands at approximately 200 million square feet of facility space — this makes us attractive to multinational customers, as does our vertical expertise, technology and sophisticated engineering capabilities.

Within our logistics segment, our two main regional distinctions are Europe and North America. North America is managed together with Asia and Latin America. In North American logistics, we've identified five key drivers of growth and margin expansion. They are:

- XPO is the logistics partner of choice for large customers, in part because of our ability to develop sophisticated solutions and drive efficiencies through automation;
- Our proprietary technology excels at visibility, speed, accuracy, agility, forecasting and control;
- Our XPO Direct™ network is a unique distribution offering that appeals to manufacturers, retailers and e-tailers;
- Our broad range of vertical expertise capitalizes on outsourcing, omnichannel retail and e-commerce tailwinds; and



- Our business in North America is in a strong position for growth, with a high contract renewal rate, substantial new business wins and a \$1 billion pipeline as of year-end 2019.

While these attributes also apply to our European logistics business, Europe has its own unique growth drivers:

- We have the largest outsourced e-fulfillment platform in Europe;
- Our robust multinational capabilities meet customers' high expectations for service quality across Europe;
- Our bespoke, technology-enabled solutions are high-margin and create stickiness with key customers;
- We have a large base of customer relationships that have a significant upside in share of wallet; and
- Our targeted sales strategy and macro-independent margin initiatives are already underway.

### *Contract Logistics*

Contract logistics is an asset-light business characterized by long-term contractual relationships, low cyclicity and a high-value-add component that deters commoditization. It has low capex requirements as a percentage of revenue, which leads to strong free cash flow conversion and ROIC.

We see a large, ongoing opportunity to expand our margins in logistics through disciplined cost management, labor rightsizing, reduction of loss-makers, peak management and greater efficiency through automation. Together, these initiatives contributed significantly to margin in the fourth quarter of 2019.

The majority of our top contract logistics customers have investment-grade credit ratings. They represent the preeminent names in retail and e-commerce, food and beverage, technology, aerospace, wireless, industrial and manufacturing, chemical, agribusiness, life sciences and healthcare. We also have strong positions in fast-growing sub-verticals: for example, XPO is the number one provider of fashion logistics in Italy. There are very few logistics companies with our breadth of vertical expertise — most of our competitors specialize in one or two verticals.

When we secure a new logistics contract, the initial tenure of that contract, globally, is approximately five years on average with a historical renewal rate around 95%. These relationships can lead to a wider use of our services, such as inbound and outbound logistics.

Our logistics offering encompasses a range of services for the purpose of helping our customers control costs and increase efficiency. XPO Smart™ is brilliant at both of these objectives. On average, we're seeing productivity improvements of at least 5%— much higher at some sites — from rightsizing our labor resources. To date, we've implemented the tools in over 100 of our warehouses in North America, with roll-outs ongoing on both sides of the Atlantic.

Here's a real-life example: a large customer had been let down by another 3PL and needed us to take on 25% more volume for the peak season. It was coming up fast in 60 days. XPO Smart™ helped us manage the surge. We organized shift schedules, moved the customer's inventory closer to the fulfillment stations and increased employee engagement. The customer's experience was so positive, they've since asked us to take on 50% more volume.

We also provide value-added warehousing and distribution, e-commerce and omnichannel fulfillment, cold-chain solutions, reverse logistics, packaging and labeling, factory support, aftermarket support, inventory management and order personalization services, such as laser etching. In addition, we provide highly engineered solutions and optimization services, such as production flow management.

Our competitive positioning in logistics is as a technology leader. We're innovative and agile, with the ability to handle complex implementations, and we're a huge proponent of advanced automation. With robotics, for instance, we work with about 30 of the top robotics companies in the world, culled from hundreds of suppliers.

Reverse logistics, also called returns management, is a fast-growing area of contract logistics and one where we have a high profile as a quality provider. In 2019, we managed about 170 million returns. It's a multifaceted service that includes inspections, repackaging, refurbishment, resale or disposal, refunds and warranty management. These are high-value services for any company with consumer end-markets, because consumers are increasingly test-driving the products they buy online. Our technology is a major differentiator.

One of our largest contract logistics wins to date is an omnichannel reverse logistics facility we began ramping up in mid-2018. Our customer is a large footwear and apparel company; we've partnered on a 1.1 million square foot returns processing center in the US. The site has been custom-designed to dramatically improve the processing time it takes to get products back into the supply chain once they're returned through retail, wholesale and e-commerce channels.

In another omnichannel win, we recently signed one of our largest logistics contracts in Europe with Waitrose & Partners, a national supermarket chain in the UK. We'll operate two key distribution hubs for Waitrose, managing the picking and dispatch of an estimated 143 million cases per year. In their press statement, Waitrose commented that they chose XPO for our expertise in omnichannel distribution.

We're leveraging our complementary strengths in Europe and North America to make inroads with new verticals. For example, in Europe, we're a specialist in food and beverage logistics, which includes staples that are less sensitive to economic cycles. Our European food and beverage experts are helping us build this business in North America. In the US, we're strong in aerospace and other high-tech sectors; this is opening new doors for us overseas.

#### *Logistics Automation*

Contract logistics processes are ripe for transformation through technology. Order fulfillment times are compressing, most notably in the direct-to-consumer space. What used to be a five-day process is now down to one day or less. The most cost-effective way to meet customer expectations is through advanced automation and intelligent machines — robots and cobots (collaborative robots), automated sortation systems, automated guided vehicles (AGVs) and goods-to-person systems.

These technologies deliver critical improvements in speed, control, accuracy and productivity. Importantly, robots are also a way to enhance worker safety and overall quality of employment. Our US warehouse safety record for OSHA reportable incidents is running at approximately 25% of the industry average. That's come down from last year as we continue to add more automation.

We've found that goods-to-person systems improve employee productivity by 4-5x. Cobots have a 2x benefit to productivity. And autonomous goods-to-person systems take automation even further, bringing inventory to workers at pick-and-pack stations. Stationary robot arms repeat demanding tasks with absolute precision 3x faster than would be possible manually. Robotics are particularly valuable in tight labor markets where wage inflation and labor shortages can erode customer margins.

Another major driver of logistics automation is consumer demand for speed, particularly in e-commerce. Increasingly, people want their goods in one or two days, or even the same day. The crescendos to peak periods are steeper and the peaks themselves are higher. We use automation to help manage these demands. We've also developed analytics that predict future peaks based on data histories and forecasted customer spend. And it's notable that about 10% to 35% of all e-commerce orders result in returned goods, which creates reverse peaks at certain times of year. We've been able to shave several days off the reverse process through automation, enabling customers to get product back on the shelf for resale.

We've differentiated XPO from other logistics providers through our ability to create a synchronized environment across automation platforms. In 2018, we launched WMx, our proprietary warehouse management platform; it integrates robotics and other advanced automation into our operations with a high degree of control, even when complex, third-party software is involved. Our warehouse platform is a key competitive advantage, particularly in multichannel environments.

Other differentiators for XPO are our order management tool (OMx), which gives customers deep visibility into fulfillment flows, and our business analytics dashboard (BMx), which gives customers XPO tools to manage their supply chains. Our connection management software (CMx) facilitates the seamless integration of SAP, Oracle and other customer systems, allowing us to engage in sophisticated demand planning.

Numerous blue-chip companies entrust us with the satisfaction of their customers. By mid-year, we'll begin operating an exciting warehouse of the future we co-developed in UK with Nestlé, the world's largest food and beverage company. Nestlé indicated to us that only two companies could execute on the goals they set, and we were seen as the most innovative and the fastest moving of the two.

The Nestlé warehouse will be fully automated and is expected to process more than a million pallets per year. It will have the highest throughput of any facility in Nestlé's fulfillment network. Our European innovation lab is being relocated to this site, where it will function as both a think tank and a launch pad.

### **Overview of Transportation Operations**

Our other segment — transportation — includes our services for truck brokerage and truckload; less-than-truckload; last mile; intermodal and drayage; expedite; managed transportation; and global forwarding. We offer these services in both our North American and European regions with the exception of intermodal/drayage, which is strictly North America, and truckload, which is in Europe. Within each region, the complementary transportation services we provide represent a strong lever for profitable growth through cross-selling.

In North America, the key drivers of growth and margin in our transportation segment are:

- Multimodal solutions with critical mass and leadership positions in fast-growing sectors;
- Our XPO Connect™ digital freight marketplace, which provides superior shipper and carrier experiences;
- Automation and analytics that drive productivity and share gains;
- Transformative solutions for tier-one customers, with an opportunity to penetrate tier-two and tier-three;
- Trends in outsourcing, e-commerce and digitization, which play to our strengths; and
- Our asset-light model, with high cash conversion and strong cash flow generation.

The exception to this last point in North America is our asset-based LTL business. Our opportunities in LTL have more to do with our national scale, favorable long-term industry fundamentals and the technology-driven path we're forging to capture further margin upside beyond the considerable progress we've already made.

Our European service offering has its own unique growth drivers, including:

- An expansive transportation platform with strong positions across Europe;
- Established, long-term relationships with limited customer concentration;
- Multiple avenues to grow the core, enter adjacent countries such as Germany, and expand our last mile offering through consolidation;
- A unique value proposition as a provider of pan-European, multimodal solutions; and
- The roll-out of our proprietary XPO Connect™ platform, Drive XPO™ carrier app and Freight Optimizer capacity procurement engine.

#### *XPO Connect™*

XPO Connect™ is our company's proprietary digital freight marketplace. It has a shipper interface, a pricing engine, a carrier interface and a driver mobile app called Drive XPO™. The core of the platform is our powerful, proprietary Freight Optimizer system, which is the backbone of our brokerage operation. We're capitalizing on years of tech investments, market know-how and big data.

The platform provides visibility across multiple transportation modes; this has established the groundwork to continually improve service, capture share and reduce costs. In essence, our technology is positioning XPO for the future of transportation, where shipper and carrier activities become increasingly automated.

The current capabilities of XPO Connect™, as well as the tremendous potential of future applications, establishes this technology as a competitive moat encircling our transportation service lines.

### *Truck Brokerage and Truckload*

XPO utilizes a blended transportation model of brokered, owned and contracted capacity for truck transportation. The non-asset portion of our model is variable cost and gives us extensive flexibility. It includes brokered transportation services, as well as contracted capacity with independent owner-operators.

Brokerage is compelling to us for a number of reasons. In addition to low fixed costs, it has high free cash flow conversion and minimal capex requirements, with tailwinds from outsourcing and supplier consolidation. Trucking is a core supply chain service – many XPO customers who use our other lines of business need truckload brokerage as well. Examples of brokered freight include industrial flows of raw materials and finished goods, consumer goods, sensitive or high-value freight, and freight that requires high security.

XPO Connect™ is continually improving our brokerage service through automation, making us more productive and differentiating our service. We're able to customize the customer experience based on freight requirements and business-specific rules. KPIs can be filtered by factors like delayed shipments, weather or traffic.

On the carrier side, drivers use the Drive XPO™ app to interact with XPO Connect™ and book loads in the marketplace. They can “buy it now” at the published price or place a counteroffer on a load. They can post their capacity, submit e-paperwork and set preferences that trigger the automatic allocation of loads based on size, type and geography, all from their truck.

In North America, over 40,000 of the independent truckload carriers in our brokerage network are already registered on XPO Connect™, with carrier adoption gaining traction every month. The network itself represents close to a million trucks. This capacity is vitally important to shippers — they value our ability to find them trucks and drivers under all kinds of market conditions.

In Europe, the largest components of our transportation operations are LTL, dedicated transport and brokerage. In 2019, these three service lines combined accounted for about three-quarters of our European transportation EBITDA. We also have a non-dedicated truckload business in Europe that provides on-demand capacity for our customers.

#### *Less-Than-Truckload (LTL)*

Our LTL business in North America is asset-based; it utilizes employee drivers, a fleet of tractors and trailers for linehaul, pickup and delivery of pallets, and a national network of terminals. We're a top three LTL provider in the US, with a network that covers about 99% of all zip codes.

In Western Europe, where we're a leading LTL provider, we utilize the optimal model for each national market. In the UK, for example, we own the trucks and employ the drivers, whereas in Spain, we contract with independent carriers for capacity. In France, we use a blended model. In areas where we use independent carriers, we support those relationships with XPO terminals and staff.

Our LTL team is laser-focused on on-time, damage-free performance. Using one of the industry's most modern fleets, we deliver more than 20 billion pounds of freight a year. We have over 20,000 LTL customers in North America alone, primarily local accounts, and we've significantly increased the number of salespeople dedicated to serving and growing this base. We're also diversifying our base by selling LTL across more verticals.

We've doubled EBITDA in LTL in the four years since we acquired this business, and we've brought the operations a long way forward. In the fourth quarter of 2019, we realized an operating ratio of 83.9% and an adjusted operating ratio of 82.3% — this is our best fourth quarter adjusted operating ratio in our history. We remain on track to generate at least \$1 billion of EBITDA in LTL in 2021.

Our technology roadmap for LTL focuses on the main components of the LTL service lifecycle: linehaul, pickup-and-delivery, and pricing. We also use XPO Smart™ to enhance productivity in yard and dock operations. In the short time since we've had XPO Smart™ rolled out to our US LTL network, we're averaging approximately 9% more motor moves per dock, and our employees are more highly engaged in turning in a winning performance.

Our linehaul network is how we move LTL freight across the country. To put it in perspective, we move freight 2.5 million miles a day on average, or about 640 million miles a year. Currently, only about 15% of our volume travels direct. With intelligent route-building, such as bypass optimization, we can reduce empty miles, improve load factor and mitigate cargo damage, shaving our \$1.3 billion of annual linehaul spend. The process lets us deploy trucks deeper into the network and the freight is handled fewer times, which saves time and costs.

Our linehaul bypass models work with massive amounts of data, including shipment details, customer information, ride-by times, service level agreements and hazmat designations. The data is passed through three proprietary optimization models; most other LTL carriers use one model or none. Bypass recommendations are based on volume and density, taking freight dimensions into account to identify gaps in trailer utilization. We estimate that every percentage point increase in trailer utilization translates into about \$10 million of EBITDA.

Our technology optimizes other areas of linehaul as well. Compliance and exception management information can be easily accessed by our planners and freight flow teams. Decisions are supported by key metrics, such as must-arrive-by times. Our linehaul team has the ability to look at real-time trailer-building images from service centers in our network, confirming optimal trailer counts. And we use proprietary algorithms to analyze photos of errant pallets, identify the product and reroute it. We launched this application just months ago, and it's already on track to help us save around \$3 million in freight recovery costs this year.

The second major component of LTL optimization is pickup-and-delivery. We currently have \$650 million of annual P&D spend ripe for optimization. The new routing and visualization tools we've developed help our dispatchers improve route density, which reduces miles per stop and cost per stop.

Our P&D optimization plan focuses on adjusting to traffic realities in real time, accommodating late-breaking customer requests and generally managing surprises. We've created a more intuitive interface for our dispatchers, and we use machine learning to predict loading and unloading windows based on customer service histories.

The tools give our dispatchers visibility into the profit impact of route adjustments and help them act more efficiently. For example, two stops near each other could be moved to the same route and handled by a single truck and driver. Our drag-and-drop tools show the dispatcher whether a contemplated adjustment will make the plan better or worse. Sometimes a route change looks reasonable on the surface but has a negative impact on cost or service.

The third area of LTL optimization is pricing. Here, we're using elasticity models to adjust for current lane conditions. The goal is to price as intelligently as possible to balance the network. Most often, but not always, this also improves yield.

For larger accounts, we're using modeling to create "sticky" pricing proposals. Our algorithms incorporate data from past customer behavior and real-time market conditions to make the proposals as relevant as possible for our customers. For small to mid-sized accounts, we've greatly improved the software that our local account executives use to price lanes. Our salespeople can now price in real time, which aids our ability to capture share.

While each component of our plan delivers its own benefits, we also expect a strong synergistic effect on LTL as a whole. For example, when we optimize truck routes, this benefits asset utilization, driver utilization, customer service and yield, and should reduce our carbon footprint by decreasing empty miles.

### *Last Mile Logistics*

Our last mile services are predominantly asset-light: we use independent contractors to perform transportation and over-the-threshold deliveries and installations. In North America, these services are supported by a network of 85 hubs that extend our last mile footprint to within positioned within 125 miles of approximately 90% of the US population.

XPO is the largest facilitator for the home delivery of heavy goods in North America, and yet we hold less than 8% share of this sector in the US. Our last mile customers include big-box retailers that sell appliances, furniture, exercise equipment, large electronics and other heavy or bulky items. There's an ongoing shift toward consumers buying these items online, and given our specialization in heavy goods, home-delivery demand is a significant growth opportunity for us.

Last mile for heavy goods is a service-intensive business that we do very well. We have a cohesive network that we launched in 2013, when we bought the leading last mile company in North America; we then integrated another three highly regarded last mile providers over 18 months. Our retail and e-commerce customers benefit from the tens of millions of dollars we've invested in last mile technology.

In Europe, which is another fragmented last mile landscape, there's a large opportunity for us to apply our technology and best practices. We've established last mile operations for heavy goods in several European countries and won some sizable contracts. These are small but growing operations in a sector where our expertise is valued.

We recently launched XPO Connect™ in our last mile service for heavy goods and we've moved our first large customer onto the platform. We expect to have the technology pushed out to all last mile customers in early 2020, providing real-time ETAs for home deliveries, and enabling custom notifications and e-rescheduling.

These features enhance our consumer-friendly capabilities already in place, such as feedback loops, voice tracking of shipments with Google Home® and Amazon Alexa®, and augmented reality, which shows an item inside the home before it's delivered. The key in last mile is to keep consumer satisfaction as high as possible. We're the only last mile provider for heavy goods to invest in digital consumerization to this degree.

### *Intermodal and Drayage*

Intermodal involves the long-haul portion of containerized freight movements. This is an additional growth opportunity for us within our freight brokerage unit. Services include rail brokerage, local drayage performed by independent trucking contractors, and on-site operational services. XPO has one of the largest drayage networks in the US, with more than 2,400 independent owner-operators and access to over 25,000 drayage trucks.

The nature of intermodal is that demand is influenced by external factors, such as the availability of truck capacity. When truck capacity is relatively tight, that's good for intermodal — the same is true of high fuel prices. In general, intermodal can be a much less expensive mode for freight that is not time-sensitive. The main drivers of customer satisfaction are cost effectiveness, ready capacity and service performance.

Our proprietary Rail Optimizer technology is a growth engine and a competitive advantage for us in intermodal; it enables constant communication with the railroads and provides a high level of visibility into the door-to-door movements of long-haul freight. We use sensors on our containers that tell us where a container is located, whether it's full or empty, and whether the door is open. These are just some of the ways we add value for our intermodal customers.

### *Expedite*

We offer expedited transportation, a non-asset business, as part of our freight brokerage operations in North America. Expedited shipments are time-critical goods or raw materials that have to get somewhere very quickly, typically on little notice.

We use a network of contracted owner-operators to handle expedited ground transportation, and an electronic bid platform to assign air charter loads. A large and separate component of our expedite operations is our proprietary transportation management platform, which awards loads electronically based on online carrier bids. These transactions primarily happen on a machine-to-machine basis. The technology initiates a new auction on the internet every few seconds, and we take a fee for facilitating the process.

One key driver of expedite demand is the trend toward just-in-time (JIT) urgent shipments. JIT is a supply chain strategy that requires 3PL support for both manufacturing production and inventory management. As the largest manager of expedited shipments in North America, we can act very quickly, often saving our customers from disastrous monetary loss.

Our expedite group serves other XPO service lines as well. For example, if a track repair stalls a rail container, we can off-load those goods to an expedite ground carrier in our network or put them on a chartered aircraft. This ability to find solutions to almost any challenge is a major advantage of using XPO.

### *Managed Transportation*

XPO is a top five global provider of managed transportation. We provide this non-asset service to shippers who want to outsource some or all of their transportation modes and related activities. These activities can include freight handling, such as consolidation and deconsolidation, labor planning, inbound and outbound shipment facilitation, documentation and customs management, claims processing and 3PL supplier management, among other services.



The three arms of XPO's managed transportation offering are control tower solutions, managed expedite and dedicated capacity. Our control tower experts are trained in operations, analytics, procurement and customer service. They design the optimal routes for a given supply chain, source the most efficient carriers and ensure a high level of performance. They also apply lean-based analysis to shipping patterns and oversee vendor performance, freight audits and payments, claims, charge-back notifications and other processes.

Our dedicated managed transportation service is a turnkey solution we tailor for each customer. It includes drivers, tractors, trailers, maintenance, management, fuel and KPI reporting. The service is facilitated by our proprietary, web-based system for the digital procurement and tracking of time-critical freight. We have thousands of vetted ground carriers in our independent expedite network with equipment ranging from cargo vans to flatbeds, as well as domestic and international air options.

In 2019, we signed a multi-year dedicated transportation agreement in the UK with British Gypsum. This is the largest contract in the history of our European transportation business. We've transformed British Gypsum's UK supply chain into a single, digitally managed transportation network with all downstream operations managed through XPO Connect™. It's a state-of-the-art solution that uses dedicated capacity, with a modern fleet fitted with telematics and advanced safety technology. Managed transportation is still a small part of our revenue, but as this win shows, it's a promising growth avenue for us.

### *Global Forwarding*

In North America and Europe, we provide non-asset-based, global freight forwarding services. Global forwarding is a \$150 billion sector where shippers depend on our domestic, cross-border and international expertise. The shipments we forward may have origins and destinations within the same country or move between countries or continents. Shipments may travel by ground, air, ocean or some combination of these modes.

XPO has a network of independent market experts and licensed customs brokers that provide local oversight in thousands of key trade areas worldwide, and we operate a subsidiary as a non-vessel operating common carrier (NVOCC). We have an opportunity to grow market share in freight forwarding through our forwarding offices on four continents.

### **A Culture with Purpose**

In conveying our strengths, we believe that equal weight should be given to the human face of XPO. Our company employs approximately 100,000 extraordinary individuals who have great insights about our customers and our business.

Our culture is about being safe, respectful, entrepreneurial, innovative and inclusive — it's about having compassion, being honest and respecting diverse points of view, while operating as a team. We reinforce our culture through diverse worksites, open-door management, the XPO University training curriculum, our Workplace virtual community and equal opportunity hiring policies. We also support causes important to our employees, such as the Susan G. Komen Foundation's fight against breast cancer. XPO was a proud participant in the 2019 International Pride celebration in New York City.

In addition, we have robust ethical guidelines that clearly define prohibited behavior, such as harassment, dishonesty, discrimination, workplace violence, bullying, conflicts of interest, insider trading and human trafficking, and foster physical and emotional safety at work. Our insistence on safety in the workplace continues to be a pillar of our culture. In 2019, our logistics team in North America achieved a recordable incident rate of 1.176; this is dramatically lower than the industry average of 5.000.

Our Pregnancy Care Policy, developed over the course of 2018 and introduced in 2019, is a gold standard not just for our industry, but for any industry. Any employee of XPO, female or male, who becomes a new parent through birth or adoption can qualify for six weeks of 100% paid leave as the infant's primary caregiver, or two weeks paid leave as the secondary caregiver. In addition, a woman receives up to 20 days of 100% paid prenatal leave for health and wellness and other preparations for her child's arrival.

Our female employees can request pregnancy accommodations without fear of discrimination, including "automatic yes" accommodations, such as changes to work schedules and the timing or frequency of breaks, or assistance with certain tasks. More extensive accommodations are easily determined with input from a doctor. Furthermore, we guarantee that a woman will continue to be paid her regular base wage rate while her pregnancy accommodations are in effect, even if her duties need to be adjusted, and she will remain eligible for wage increases while receiving alternate work arrangements.

We've also partnered with a leading healthcare network for women and families to offer supplemental health services from over 1,400 practitioners in 20 specialties via a virtual clinic. In total, more than 30 quality benefits are available to XPO women and families in the US. These include fertility services, prenatal and postpartum care, paid family bonding and a return-to-work program.

Sustainability is another priority for us. It's an area where XPO has already set an example in the industry, giving us an opportunity to build on that position. Our company has been named a Top 75 Green Supply Chain Partner by *Inbound Logistics* for four consecutive years.

In 2016, we were awarded the label "Objectif CO<sub>2</sub>" for outstanding environmental performance of transport operations in Europe by the French Ministry of the Environment and the French Environment and Energy Agency. In 2019, we renewed our pledge to the CO<sub>2</sub> Charter in France, extending our commitment to a smaller environmental footprint into its second decade.

The warehouse of the future that we're creating with Nestlé in the UK is expected to begin operating mid-year. This amazing facility is sited on man-made plateaus, with landscaping to minimize the visual impact to nearby settlements. Additional sustainability measures include environmentally friendly ammonia refrigeration systems, energy-saving LED lighting, air-source heat pumps for administration areas and rainwater harvesting.

A number of our logistics facilities are ISO14001-certified, which ensures environmental and other regulatory compliances. We monitor fuel emissions from forklifts in our warehouses, and we have protocols in place to take immediate corrective action if needed. Our packaging engineers ensure that the optimal carton size is used for each product slated for distribution, and when feasible, we purchase recycled packaging. As a byproduct of our reverse logistics operations, we recycle millions of electronic components and batteries each year.

In transportation, we've made substantial capex investments in fuel-efficient Freightliner Cascadia tractors in North America; these use EPA 2013-compliant and GHG14-compliant SCR technology. Our North American LTL locations have numerous energy-saving policies in place and are implementing a phased upgrade to LED lighting.

In Europe, we own one of the industry's most modern road fleets: 98% compliant with Euro V, EEV and Euro VI standards, and with an average truck age of approximately three years. We also own a large fleet of natural gas trucks operating in France, the UK, Spain and Portugal. We also made a significant investment in 100 new Stralis Natural Power Euro VI tractors for our less-than-truckload network in France. These tractors use a combination of liquified and compressed natural gas (LNG/CNG) to generate lower NOx emissions than the Euro VI standard and reduce noise in densely populated areas.

We've also begun piloting electric vehicles for last mile deliveries in urban areas, reducing emissions to zero. And we use government-approved mega-trucks in Spain — these can significantly reduce CO<sub>2</sub> emissions due to their larger carrying capacity. This year, XPO will embark on a collaborative research and development project with the General State Administration of Spain. We'll be testing a duo-trailer vehicle in real-life circumstances and capturing data about its environmental and safety performance. The data we provide will help the Administration determine the viability of duo-trailers for commercial freight transportation.

The development of our culture will continue to be a steady march forward, as it has since our founding in 2011. In the coming months, we plan to publish our next Sustainability Report, a global document that covers 2019 data and initiatives. In addition, we publish a Corporate Social Responsibility Report for our European operations. Both documents can be found at <https://sustainability.xpo.com>.

#### Fourth Quarter 2019 Financial Highlights<sup>1</sup>

We reported the following results for the fourth quarter 2019, compared with the same period in 2018 year-over-year:

- \$4.14 billion of revenue, down 6%
- (2.7%) organic revenue<sup>2</sup>
- \$96 million of net income<sup>3</sup>, up 14%
- \$0.93 diluted earnings per share, up 50%
- \$115 million of adjusted net income<sup>4</sup>, up 17%
- \$1.12 adjusted diluted earnings per share, up 56%
- \$432 million of adjusted EBITDA, up 14%
- \$349 million of cash flow from operations, down 38%
- \$221 million of free cash flow, down 54%

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<sup>1</sup> Reconciliations of non-GAAP financial measures used in this document are provided in the accompanying slide presentation.

<sup>2</sup> Commencing in the first quarter of 2019, the company excludes direct postal injection revenue in its last mile business from its calculation of organic revenue growth and continues to exclude fuel and foreign currency exchange. The company ceased offering its direct postal injection service in the first quarter of 2019.

<sup>3,4</sup> Net income attributable to common shareholders.

## **\$2.5 Billion Share Repurchase Program**

For the full year 2019, our share repurchase activity was accretive to adjusted EPS by \$0.37, reflecting our ability to make highly effective capital allocation decisions on behalf of our stockholders.

From December 14, 2018, through December 31, 2019, we repurchased 35.2 million shares of XPO common stock at a \$53.42 average price per share, for a total cost of approximately \$1.9 billion. We didn't purchase any stock in the third or fourth quarters of 2019. The company is not obligated to repurchase any specific number of shares and can suspend or discontinue the program at any time.

## **2020 Financial Targets**

Our full year 2020 financial targets are as follows. They do not reflect any potential impact to our future financial performance from the exploration of strategic alternatives we announced in January:

- Organic revenue growth of 3% to 5% year-over-year;
- Adjusted EBITDA in the range of \$1.785 billion to \$1.835 billion, an increase of 7% to 10% year-over-year;
- Free cash flow in the range of \$600 million to \$700 million;
- Net capital expenditures in the range of \$475 million to \$525 million;
- Depreciation and amortization in the range of \$700 million to \$750 million;
- Effective tax rate in the range of 24% to 27%; and
- Cash taxes in the range of \$155 million to \$180 million.

Our 2020 targets for free cash flow and cash taxes assume cash interest expense of \$285 million to \$305 million. Our 2020 target for free cash flow includes an incremental benefit to free cash flow of \$50 million to \$70 million from trade receivables programs.

## **Multiple Avenues for Maximizing Shareholder Value**

In summary, we're continuing to execute our growth strategy while exploring strategic alternatives. We're running the business as efficiently and profitably as possible so that our investors, customers and employees can benefit. This disciplined focus on results is a major reason why nearly 70% of Fortune 100 companies use XPO.

When we receive awards for excellence from world-class companies, such as Dow Chemical, Boeing, Diebold, Ford, GM, Nissan, Nordstrom, Raytheon, The Home Depot and Whirlpool, we know we're doing our job. Last July, we were awarded a contract extension through 2024 by the Tour de France as their official transportation partner. This will be the 40th consecutive year we've partnered with the Tour, and we take great pride in supporting the race participants on the world stage.

In 2016, we made the Fortune 500 list for the first time, and one year later, XPO was named the fastest-growing transportation company on the list. In 2018, *Fortune* named us to their Fortune Future 50 list. Gartner has ranked us as a Magic Quadrant 3PL leader for three consecutive years. Recently, we were named a Winning “W” Company by 2020 Women on Boards for the gender diversity of our board of directors.

In Italy, we were awarded Logistics Company of the Year for innovation two years in a row. *Logistics Manager* named us 3PL of the Year. And in the UK, we were voted one of Glassdoor’s top three Best Places to Work. *Forbes* ranked us as the top-performing US company on the Global 2000 and one of America’s Best Employers. In March, *Forbes* named us one of the best companies to work for in Spain. We thank our employees for creating the culture that has led to these recognitions.

*Fortune* just named us one of the World’s Most Admired Companies for the third straight year and ranked us first in our category of trucking, transportation and logistics. Another recognition that speaks to our culture is our recent ranking by *Newsweek* in the top 100 of America’s Most Responsible Companies. And we’ve partnered with Massachusetts Institute of Technology in their Industrial Liaison Program – the first global logistics company to collaborate on industry innovation with the top minds and research facilities at MIT.

Importantly for our investors, XPO was the 7th highest performing stock of the last decade on the Fortune 500. Our share price has increased more than ten-fold since we invested in the company in 2011. We’ll continue to explore every opportunity to maximize shareholder value, while remaining intensely committed to the satisfaction of our customers and employees.

Thank you for your interest!

### **Non-GAAP Financial Measures**

As required by the rules of the Securities and Exchange Commission (“SEC”), we provide reconciliations of the non-GAAP financial measures contained in this documents to the most directly comparable measure under GAAP, which are set forth in the financial tables attached to the accompanying slide presentation.

XPO’s non-GAAP financial measures for the three and twelve months ended December 31, 2019 used in this document include: earnings before interest, taxes, depreciation and amortization (“EBITDA”) and adjusted EBITDA on a consolidated basis; free cash flow; adjusted net income attributable to common shareholders and adjusted earnings per share (basic and diluted) (“adjusted EPS”); adjusted operating income and adjusted operating ratio for our North American less-than-truckload business; and organic revenue and organic revenue growth on a consolidated basis.

We believe that the above adjusted financial measures facilitate analysis of our ongoing business operations because they exclude items that may not be reflective of, or are unrelated to, XPO and its business segments’ core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying businesses. Other companies may calculate these non-GAAP financial measures differently, and therefore our measures may not be comparable to similarly titled measures of other companies. These non-GAAP financial measures should only be used as supplemental measures of our operating performance.

Adjusted EBITDA, adjusted net income attributable to common shareholders and adjusted EPS include adjustments for transaction, integration and rebranding costs, restructuring costs, litigation costs for independent contractor matters and the gain on sale of an equity investment. Transaction and integration adjustments are generally incremental costs that result from an actual or planned acquisition and include transaction costs, acquisition and integration consulting fees, internal salaries and wages (to the extent the individuals are assigned full-time to integration and transformation activities) and certain costs related to integrating and converging IT systems. Rebranding adjustments primarily relate to the rebranding of the XPO Logistics name on our truck fleet and buildings. Restructuring costs primarily relate to severance costs associated with business optimization initiatives. Litigation costs refer to settlement and related costs associated with independent contractor claims in our last mile business. The gain on sale of an equity investment relates to the sale of a non-strategic equity ownership interest in a private company. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and evaluating XPO's and each business segment's ongoing performance.

We believe that free cash flow is an important measure of our ability to repay maturing debt or fund other uses of capital that we believe will enhance stockholder value. We calculate free cash flow as adjusted net cash provided by operating activities, less payment for purchases of property and equipment plus proceeds from sale of property and equipment, with adjusted net cash provided by operating activities defined as net cash provided by operating activities plus cash collected on deferred purchase price receivables. We believe that EBITDA, adjusted EBITDA and adjusted EBITDA excluding truckload improve comparability from period to period by removing the impact of our capital structure (interest and financing expenses), asset base (depreciation and amortization), tax impacts and other adjustments as set out in the attached tables that management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses. We believe that adjusted net income attributable to common shareholders and adjusted EPS improve the comparability of our operating results from period to period by removing the impact of certain costs and gains that management has determined are not reflective of our core operating activities. We believe that adjusted operating ratio for our North American less-than-truckload business improves the comparability of our operating results from period to period by (i) removing the impact of certain restructuring costs and amortization expenses and (ii) including the impact of pension income incurred in the reporting period as set out in the attached tables. We believe that organic revenue is an important measure because it excludes the impact of the following items: foreign currency exchange rate fluctuations, fuel surcharges and revenue associated with our direct postal injection service in last mile.

With respect to our 2020 financial target for adjusted EBITDA, free cash flow and organic revenue growth, as well as our 2021 target for EBITDA in our North American less-than-truckload business, each of which is a non-GAAP measure, a reconciliation of the non-GAAP measure to the corresponding GAAP measure is not available without unreasonable effort due to the variability and complexity of the reconciling items described below that we exclude from the non-GAAP target measure. The variability of these items may have a significant impact on our future GAAP financial results and, as a result, we are unable to prepare the forward-looking balance sheet, statement of income and statement of cash flow, prepared in accordance with GAAP that would be required to produce such a reconciliation.

## Forward-looking Statements

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including our 2020 financial targets for our organic revenue growth, adjusted EBITDA, free cash flow, net capital expenditures, depreciation and amortization, effective tax rate, cash taxes, cash interest expense and the free cash flow benefit from our trade receivables programs, as well as our 2021 target for EBITDA in our North American less-than-truckload business and our potential profit growth opportunity by 2022. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target," "trajectory" or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include the risks discussed in our filings with the SEC and the following: economic conditions generally; competition and pricing pressures; our ability to align our investments in capital assets, including equipment, service centers and warehouses, to our customers' demands; risks and uncertainties as to the timing, benefits and costs of our exploration of strategic alternatives, including whether any transactions will be completed; the impact of any sale or spin off of one or more business units on our remaining businesses; our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies; our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems; our substantial indebtedness; our ability to raise debt and equity capital; our ability to implement our cost and revenue initiatives; our ability to maintain positive relationships with our network of third-party transportation providers; our ability to attract and retain qualified drivers; litigation, including litigation related to alleged misclassification of independent contractors and securities class actions; labor matters, including our ability to manage our subcontractors, and risks associated with labor disputes at our customers and efforts by labor organizations to organize our employees; risks associated with our self-insured claims; risks associated with defined benefit plans for our current and former employees; fluctuations in currency exchange rates; fluctuations in fixed and floating interest rates; fuel price and fuel surcharge changes; issues related to our intellectual property rights; governmental regulation, including trade compliance laws, as well as changes in international trade policies and tax regimes; and governmental or political actions, including the United Kingdom's exit from the European Union. All forward-looking statements set forth in this document are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or our business or operations. Forward-looking statements set forth in this document speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except to the extent required by law.



FEBRUARY 2020

# Investor Presentation

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## Disclaimers

### NON-GAAP FINANCIAL MEASURES

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We believe that the above adjusted financial measures facilitate analysis of our ongoing business operations because they exclude items that may not be reflective of, or are unrelated to, XPO and its business segments' core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying businesses. Other companies may calculate these non-GAAP financial measures differently, and therefore our measures may not be comparable to similarly titled measures of other companies. These non-GAAP financial measures should only be used as supplemental measures of our operating performance.

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### FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including our 2020 financial targets for our organic revenue growth, adjusted EBITDA, free cash flow, net capital expenditures, depreciation and amortization, effective tax rate, cash taxes, cash interest expense and the free cash flow benefit from our trade receivables programs, as well as our 2021 target for EBITDA in our North American less-than-truckload business and our potential profit growth opportunity by 2022. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target," "trajectory" or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include the risks discussed in our filings with the SEC and the following: economic conditions generally; competition and pricing pressures; our ability to align our investments in capital assets, including equipment, service centers and warehouses, to our customers' demands; risks and uncertainties as to the timing, benefits and costs of our exploration of strategic alternatives, including whether any transactions will be completed; the impact of any sale or spin-off of one or more business units on our remaining businesses; our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies; our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems; our substantial indebtedness; our ability to raise debt and equity capital; our ability to implement our cost and revenue initiatives; our ability to maintain positive relationships with our network of third-party transportation providers; our ability to attract and retain qualified drivers; litigation, including litigation related to alleged misclassification of independent contractors and securities class actions; labor matters, including our ability to manage our subcontractors, and risks associated with labor disputes at our customers and efforts by labor organizations to organize our employees; risks associated with our self-insured claims; risks associated with defined benefit plans for our current and former employees; fluctuations in currency exchange rates; fluctuations in fixed and floating interest rates; fuel price and fuel surcharge changes; issues related to our intellectual property rights; governmental regulation, including trade compliance laws, as well as changes in international trade policies and tax regimes; and governmental or political actions, including the United Kingdom's exit from the European Union. All forward-looking statements set forth in this document are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or our business or operations. Forward-looking statements set forth in this document speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except to the extent required by law.

## Exploration of strategic alternatives

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On January 15, 2020, XPO Logistics announced that its board of directors authorized a review of strategic alternatives, including the possible sale or spin-off of one or more of our business units. There can be no assurance of any specific outcome. The company has not set a timetable for completion of the review process and has not determined which, if any, business units would be sold or spun off. However, the company does not intend to sell or spin off its North American less-than-truckload unit.

This document does not take into consideration any effects from the strategic review process or a possible sale or spin-off of any of the company's business units.

[Press release](#)

## Table of contents

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1	Investor highlights
2	Company overview
3	Financial highlights and key metrics
4	Business overview
	North American contract logistics
	European contract logistics
	North American less-than-truckload
	North American transportation
	European transportation
5	Supplemental materials

## Investor highlights: Key factors driving growth and returns

<b>1</b>	<b>Leading positions in the fastest growing sectors of transportation and logistics</b>	<ul style="list-style-type: none"> <li>▪ Top three industry positions across all major business units</li> <li>▪ Over 60% of XPO's revenues are in industry sectors that are growing at multiples of GDP</li> </ul>
<b>2</b>	<b>Cost and revenue initiatives represent large pool of potential profit drivers</b>	<ul style="list-style-type: none"> <li>▪ ~\$700 million to \$1 billion pool of profit growth opportunity largely independent of the macro</li> <li>▪ XPO-specific levers include labor productivity, process improvements, contract logistics automation, pricing optimization, digital transportation platform and European margin expansion</li> </ul>
<b>3</b>	<b>Strong, multimodal presence in high-growth e-commerce and omnichannel</b>	<ul style="list-style-type: none"> <li>▪ Largest e-fulfillment 3PL in Europe, leading provider of reverse logistics and largest last mile provider for heavy goods in North America</li> <li>▪ Combination of scale, expertise and proprietary technology drives high consumer satisfaction levels</li> </ul>
<b>4</b>	<b>Share growth complements opportunities for further consolidation of fragmented markets</b>	<ul style="list-style-type: none"> <li>▪ Less than 2% share across key global markets</li> <li>▪ Differentiated ability to provide complex logistics solutions on a global scale</li> </ul>
<b>5</b>	<b>Fast pace of technological innovation drives competitive advantage</b>	<ul style="list-style-type: none"> <li>▪ Proprietary technology optimizes talent and assets</li> <li>▪ Data-driven technology initiatives, including warehouse automation and digital freight marketplace</li> </ul>
<b>6</b>	<b>Substantial advantages of scale</b>	<ul style="list-style-type: none"> <li>▪ Platform propels operating leverage, purchasing power, cross-selling and capacity to innovate</li> <li>▪ Compelling ability to provide consistent, multinational solutions to global customers</li> </ul>
<b>7</b>	<b>Significant cash flow generation</b>	<ul style="list-style-type: none"> <li>▪ 69% of revenue is asset-light, 77% of cost basis is variable</li> <li>▪ Generated cash flow from operations of \$791 million and free cash flow of \$628 million in 2019</li> </ul>
<b>8</b>	<b>Ability to outperform the macro in all parts of the cycle</b>	<ul style="list-style-type: none"> <li>▪ Deep expertise in diverse verticals with different economic cycles</li> <li>▪ High mix of contracted business adds resilience in economic downturns</li> </ul>
<b>9</b>	<b>Expectation of free cash flow acceleration in an economic downturn</b>	<ul style="list-style-type: none"> <li>▪ Ability to modulate capex with cyclical fluctuations; low maintenance capex</li> <li>▪ Working capital becomes source of cash in economic slowdowns</li> </ul>
<b>10</b>	<b>35 top executives and 2,500 professionals at the next level with blue-chip experience</b>	<ul style="list-style-type: none"> <li>▪ Unduplicated moat of technologists, managers, engineers, logisticians and operators</li> <li>▪ Results-oriented innovators driving differentiation in every line of business</li> </ul>

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

## Large, addressable growth opportunity in each part of the business

	LOGISTICS SEGMENT 36% OF 2019 XPO REVENUE		TRANSPORTATION SEGMENT 64% OF 2019 XPO REVENUE		
	North American Contract Logistics	European Contract Logistics	North American Less-Than-Truckload	North American Transportation	European Transportation
	<ul style="list-style-type: none"> <li>Highly engineered and customized solutions</li> <li>Partner of choice for complex needs</li> <li>Reverse logistics</li> <li>High-value-add warehousing</li> <li>Factory and aftermarket support</li> <li>XPO Direct™</li> </ul>	<ul style="list-style-type: none"> <li>#1 outsourced e-fulfillment provider in Europe</li> <li>Omnichannel distribution</li> <li>Reverse logistics</li> <li>Pan-European multinational capabilities</li> <li>Broad expertise across key verticals</li> </ul>	<ul style="list-style-type: none"> <li>Top three LTL provider</li> <li>Time-definite service</li> <li>Linehaul, pickup and delivery</li> <li>Primarily asset-based capacity</li> <li>National network of terminals</li> </ul>	<ul style="list-style-type: none"> <li>Truck brokerage / expedite on XPO Connect™ platform</li> <li>Top three intermodal / drayage provider</li> <li>#1 in last mile for heavy goods</li> <li>Managed transportation</li> <li>Global forwarding</li> </ul>	<ul style="list-style-type: none"> <li>Truck brokerage and dedicated truckload</li> <li>#1 LTL provider in Western Europe</li> <li>One of the largest road fleets in Europe</li> <li>Last mile</li> <li>Managed transportation</li> <li>Global forwarding</li> </ul>
<i>\$ in billions</i>					
2019 XPO revenue <sup>1</sup>	~\$2.5	~\$3.6	~\$3.8	~\$4.2	~\$2.9
Industry size <sup>4</sup>	~\$50	~\$80	~\$43	~\$600 <sup>2</sup>	~\$460 <sup>3</sup>

<sup>1</sup> Company revenue data, excluding intersegment elimination, as of FY 2019

<sup>2</sup> North American transportation industry size includes entire for-hire US trucking industry

<sup>3</sup> European transportation industry size includes entire for-hire trucking industry

<sup>4</sup> Includes only North American and European markets. Sources include: Armstrong and Associates, Norbridge, Inc., EVE Partners LLC, FTR Associates, SJ Consulting Group, Inc., Bureau of Economic Analysis, U.S. Department of Commerce, A.T. Kearney, Transport Intelligence, American Trucking Associations, Technavio, Bain and Company, Wall Street research and management estimates

Note: Refer to the Glossary in this document for service definitions

**Global provider of significant capacity for customers**



**GROUND TRANSPORTATION ASSETS**

- 15,500** tractors
- 40,000** trailers
- 10,000** 53-ft. intermodal containers
- 5,000** chassis

**NON-ASSET TRANSPORTATION NETWORK**

- 10,000** trucks contracted via independent owner-operators
- 1,000,000+** brokered trucks

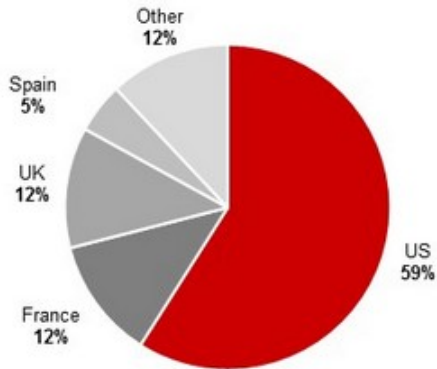
**FACILITY ASSETS**

- 494** cross-docks
- 764** contract logistics facilities
- 200** million sq. ft. warehouse space

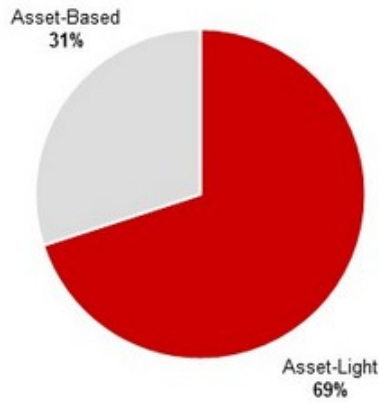
Note: Data as of FY 2019

## Key metrics

### REVENUE BY GEOGRAPHY<sup>1</sup>



### REVENUE BY MIX<sup>1</sup>



**Total Revenue 2019: \$16.6 billion**

**CUSTOMERS**  
Over 50,000

**EMPLOYEES**  
~100,000

**LOCATIONS**  
1,504

**COUNTRIES OF OPERATION**  
30

<sup>1</sup> Geographic and mix data as of FY 2019; key statistics as of December 31, 2019

## Superior platform to capitalize on high growth in e-commerce

WHAT E-COMMERCE SHIPPERS DEMAND	WHAT XPO PROVIDES
<p><b>Expertise developing customized e-commerce solutions</b></p>	<ul style="list-style-type: none"> <li>▪ Unique provider of combined, customized solutions: warehouse management, carrier management and reverse logistics for e-commerce and omnichannel companies</li> <li>▪ Largest e-fulfillment 3PL in Europe, with a strong position in North America</li> <li>▪ Expertise managing peak demand periods (e.g. Black Friday/Cyber Monday)</li> </ul>
<p><b>Ability to manage complex returns and aftermarket services</b></p>	<ul style="list-style-type: none"> <li>▪ Omnichannel and reverse logistics leader in North America</li> <li>▪ 170 million returns processed annually</li> <li>▪ Extensive experience with product returns, testing, refurbishment, warranty management and other value-added services</li> </ul>
<p><b>Reliable last mile logistics service with high-density network</b></p>	<ul style="list-style-type: none"> <li>▪ Largest North American provider of last mile logistics for heavy goods, a growing category of online purchases, with service launched in Europe</li> <li>▪ Industry-leading consumer satisfaction levels powered by scale and technology</li> <li>▪ Over 10 million deliveries annually; revenue ~2x the next competitor</li> </ul>
<p><b>Lean inventory management with ability to move small shipments in shorter-haul networks</b></p>	<ul style="list-style-type: none"> <li>▪ XPO Direct™ shared-space distribution network gives customers time-definite, fast and affordable order fulfillment</li> <li>▪ Companywide, tracking more than seven billion units of inventory daily</li> <li>▪ Managed transportation solutions: control tower, dedicated capacity and automated expedite</li> </ul>
<p><b>Sophisticated integration with customer technology infrastructures</b></p>	<ul style="list-style-type: none"> <li>▪ Customized logistics solutions, enabled by proprietary technology: predictive analytics, deployment of advanced warehouse automation and robotics</li> <li>▪ Predictive analytics and BI, value-added pattern analysis and strong reporting functionality</li> </ul>



## ~\$700 million to \$1 billion of potential profit growth opportunity by 2022

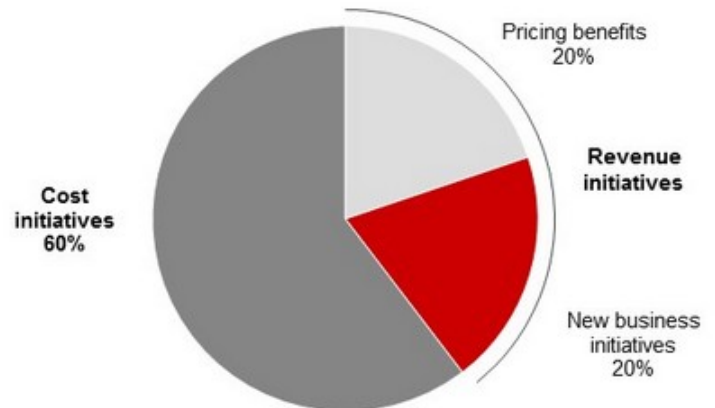
### POOL OF COST OPPORTUNITIES

- XPO Smart™ workforce productivity:
  - Optimize \$5 billion of costs related to variable labor spend
- LTL process improvements:
  - Optimize \$1.3 billion of linehaul spend and \$650 million of pickup-and-delivery (P&D) spend
- Contract logistics automation
- European logistics margin expansion
- Global procurement
- Further back-office optimization

### POOL OF REVENUE OPPORTUNITIES

- Advanced pricing analytics and revenue management tools
- XPO Connect™ digital freight marketplace
- XPO Direct™ shared distribution network
- European cross-selling to strategic accounts

### KEY INITIATIVES AS % OF TOTAL POTENTIAL



The profit improvement opportunity range provided above is expected to apply to current operations approximately as follows: 50% benefit to global logistics, with a modest slant toward North America; 30% benefit to North American LTL; and 20% benefit to all other transportation lines, with a modest slant toward North America.

*XPO carefully analyzes all opportunities on an ongoing basis to ensure that resources are focused on endeavors that potentially can return the most value.*

**Six of the ten profit growth initiatives are driven by technology**

## Technology blueprint focuses on innovation in four areas

### Digital freight marketplace

- Automated capacity management
- Customer self-service, multimodal flexibility
- Connectivity through APIs

### Automation and intelligent machines

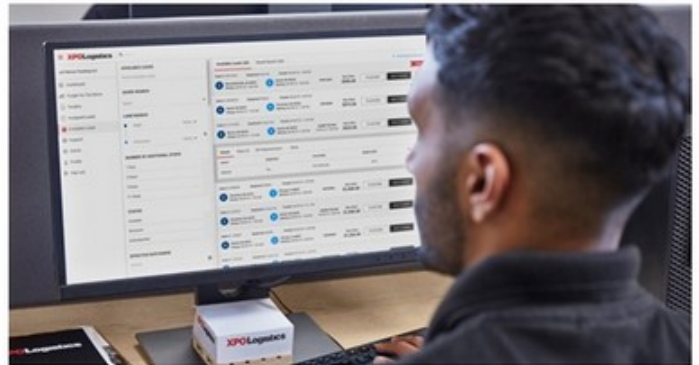
- Robots and cobots for picking and packing
- Goods-to-person autonomous robots, advanced sortation systems
- Warehouse AGVs (automated guided vehicles),
- Augmented reality

### Dynamic data science

- Artificial intelligence and machine learning
- Predictive analytics and BI
- Intelligent optimization and visualization

### Visibility and customer service

- Internet of Things
- Mobility
- Real-time tracking



**~\$550 MILLION**  
investment in  
technology  
in 2019

**~1,800**  
technology professionals,  
including over  
100 data scientists

**Singular technology platform propels efficiencies for customers and company**

## Pervasive focus on productivity and results

### MAJOR AREAS OF OPTIMIZATION THROUGH AUTOMATION AND DATA SCIENCE

#### CONTRACT LOGISTICS

- Proprietary WMx warehouse platform manages complex operations, assimilates automation and enables customized solutions
- Cloud-based solution speeds supply chain startups and robotics integration
- Provides real-time optimization of operations through proprietary analytics and machine learning, including XPO Smart™ tools for labor productivity
- Integrates last mile with contract logistics via XPO Direct™ network, a powerful value proposition for retail, e-commerce, omnichannel and manufacturing customers

#### LESS-THAN-TRUCKLOAD

- Network optimization tools improve LTL linehaul, pickup and delivery, and routing
- XPO Smart™ labor productivity tools improve efficiency of dock operations
- Comprehensive data capture feeds proprietary algorithms and machine learning
- Visibility facilitates selling LTL across more verticals to diversify base
- Dashboard provides full visibility of shipment status with end-to-end tracking
- Serves customers with user-friendly online tools for booking and managing freight

#### LAST MILE

- XPO Connect LM platform with intelligent analytics automates route planning and other service functions
- Digital management of home deliveries is seamless for consumers
- Self-service capabilities facilitate scheduling and change management
- Immediate feedback loops capture actionable consumer input post-delivery
- Augmented reality improves satisfaction by showing how items will look in the home pre-delivery

#### TRUCK BROKERAGE

- Proprietary XPO Connect™ marketplace drives end-to-end efficiency in digital freight transactions
- Fully automated, self-learning, multimodal platform links shippers and carriers in real time
- Proprietary Freight Optimizer technology underlies robust capabilities
- Deployment of new pricing tool on XPO Connect™ enhances carrier procurement
- Automated carrier matching leverages machine learning

**Customers trust us with 160,000 ground shipments and more than seven billion inventory units daily**

## XPO's proprietary technology is a springboard for profit improvements

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Cohesive suite of proprietary technology products address the most critical supply chain disciplines, providing mode-agnostic, intelligent and adaptive solutions

### **Connect** by XPOLogistics

#### **PRODUCTIVITY THROUGH DIGITALIZATION**

- Fully automated and self-learning marketplace for transportation transactions
- Dynamic pricing optimizes margins and drives share
- Supports expansion of managed transportation
- Brokerage automation integrates Freight Optimizer and Drive XPO™ carrier app
- Intermodal automation integrates Rail Optimizer and supports drayage network
- Last mile automation integrates XPO Connect LM and Ship XPO™

### **Smart** by XPOLogistics

#### **LABOR AND CAPACITY OPTIMIZATION**

- Intelligent, predictive optimization in warehouse and LTL dock operations
- Powerful tools for labor planning and analytics, slotting, order analytics, forecasting and inventory control
- Enhances decision-making with real-time analytics and meaningful BI
- Drives process improvements through machine learning

### **WMx**

#### **DATA-DRIVEN WAREHOUSE MANAGEMENT**

- Proprietary technology suite manages all distribution processes and warehouse operations
- Provides in-house control of intelligent automation, including robotics and goods-to-person systems
- Facilitates engineering of customized solutions in partnership with world-class suppliers
- Speeds startup of customer projects
- Supports management decision-making with data-driven insights

## XPO Connect™ is at the forefront of transportation automation

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### THE XPO CONNECT™ PLATFORM

- Single digital freight marketplace with multimodal offerings and one access point for customers
- More than 40,000 registered carriers; over 1,000 registered customers (2,000 individual users)
- Optimizes freight-matching by sourcing the best carriers for each load profile
- Aggregates capacity through cross-pollination between modes
- Propels digitalization through web and mobile interfaces
- Technology is easy to integrate with other transportation management systems

### VALUE CREATION OF XPO CONNECT™

#### Expands revenue and margins

- Accelerates transactions by automating load-tendering, pricing, bidding, buying and tracking
- Unlocks cross-selling opportunities across modes
- Penetrates tier-two and tier-three customer bases
- Increases engagement with customers and carriers
- Leverages almost a decade of industry data

#### Improves capacity management

- Provides deep visibility into available capacity for customers and income opportunities for carriers
- Enhances access through self-service dashboard tools, preferences and BI analytics
- Reduces empty miles (smart-matching, roundtrips)

#### Heightens internal efficiency

- Reduces need for redundant systems
- Establishes architecture for continuous innovation

**Achieved 40% increase in brokerage loads per head over past two years**

# XPO Smart™ is driving productivity through machine learning



## BENEFITS

- Interactive software manages warehousing and distribution processes in unison
- Proprietary XPO analytics show the future impact of contemplated management decisions
- Business intelligence drives productivity and operational effectiveness
- Rapid and real-time information
- Overview screen displays in 60-90 seconds, showing of-the-moment productivity
- Granular-level detail in two to three clicks

## CAPABILITIES

- Labor management and planning
- Attendance tracking
- Production management, inbound and outbound
- Productivity tracking
- SKU velocity
- Employee engagement
- Controlled by centralized planning team
- Online access from anywhere in the world via Office365 login

**XPO Smart™ is currently implemented in over 100 logistics warehouses and entire LTL network in North America, with roll-outs underway**

## WMx and integrated technology suite harmonize all logistics services

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- Enables sophisticated deployment of advanced automation
- Facilitates collaboration with world-class manufacturers to engineer customized solutions
- Provides in-house control of intelligent solutions, including robotics and goods-to-person systems
- Speeds startup of customer projects
- Supports management decision-making with data-driven insights

### **WMx**

#### **Warehouse management**

- Manages all distribution processes within warehouse walls

### **OMx**

#### **Order management**

- Centralizes customer order data, enables real-time visibility

### **CMx**

#### **Connection management**

- Integrates customer systems with XPO product suite

### **WCx**

#### **Warehouse controls**

- Provides control of automation and robotics fully integrated with warehouse management software

### **BAx**

#### **Business analytics**

- XPO algorithms generate reports, insights and forecasts

## Highly skilled management team

LEADERSHIP	PRIOR EXPERIENCE
<b>Bradley Jacobs</b> <i>Chief Executive Officer</i>	United Rentals, United Waste
<b>Lou Amo</b> <i>President, Brokerage and Expedite</i>	Electrolux, Odyssey Logistics
<b>Josephine Berisha</b> <i>Senior Vice President, Global Compensation and Benefits</i>	Morgan Stanley
<b>Tony Brooks</b> <i>President, Less-Than-Truckload – North America</i>	Sysco, PepsiCo, Roadway
<b>Erik Caldwell</b> <i>Chief Operating Officer, Supply Chain – Americas and Asia Pacific</i>	Hudson's Bay, Luxottica
<b>Richard Cawston</b> <i>Managing Director, Supply Chain – Europe</i>	Asda, Norbert Dentressangle
<b>Ashfaque Chowdhury</b> <i>President, Supply Chain – Americas and Asia Pacific</i>	New Breed
<b>Troy Cooper</b> <i>President</i>	United Rentals, United Waste
<b>Matthew Fassler</b> <i>Chief Strategy Officer</i>	Goldman Sachs
<b>Sarah Glickman</b> <i>Acting Chief Financial Officer; Senior Vice President, Corporate Finance</i>	Novartis, Honeywell, Bristol-Myers Squibb
<b>Luis-Angel Gómez Izaguirre</b> <i>Managing Director, Transport – Europe</i>	Norbert Dentressangle
<b>Mario Harik</b> <i>Chief Information Officer</i>	Oakleaf Waste Management

Note: Partial list in alphabetical order



## Highly skilled management team (cont.)

LEADERSHIP	PRIOR EXPERIENCE
<b>Tavio Headley</b> <i>Senior Director, Investor Relations</i>	Jefferies, American Trucking Associations
<b>Meghan Henson</b> <i>Chief Human Resources Officer</i>	Chubb, PepsiCo
<b>Erin Kurtz</b> <i>Senior Vice President, Communications</i>	Thomson Reuters, AOL
<b>Katrina Liddell</b> <i>Senior Vice President, Transportation Sales – North America</i>	Johnson Controls International
<b>John Mitchell</b> <i>Chief Information Officer, Supply Chain – Americas and Asia Pacific</i>	New Breed, Pep Boys, Lowe's
<b>Patrick Oestreich</b> <i>Senior Vice President, Strategic Sales and Account Management</i>	DB Schenker
<b>Greg Ritter</b> <i>Chief Customer Officer</i>	Knight Transportation, C.H. Robinson
<b>Kurt Rogers</b> <i>Chief Legal Officer</i>	Stericycle, Vonage, Latham & Watkins
<b>Daniel Walsh</b> <i>President, Last Mile</i>	Brambles, CHEP
<b>Drew Wilkerson</b> <i>President, Transportation – North America</i>	C.H. Robinson
<b>Malcolm Wilson</b> <i>Chief Executive Officer, XPO Logistics Europe</i>	Norbert Dentressangle, NYK Logistics
<b>David Wyshner</b> <i>Chief Financial Officer (effective March 2, 2020)</i>	Wyndham Worldwide, Avis

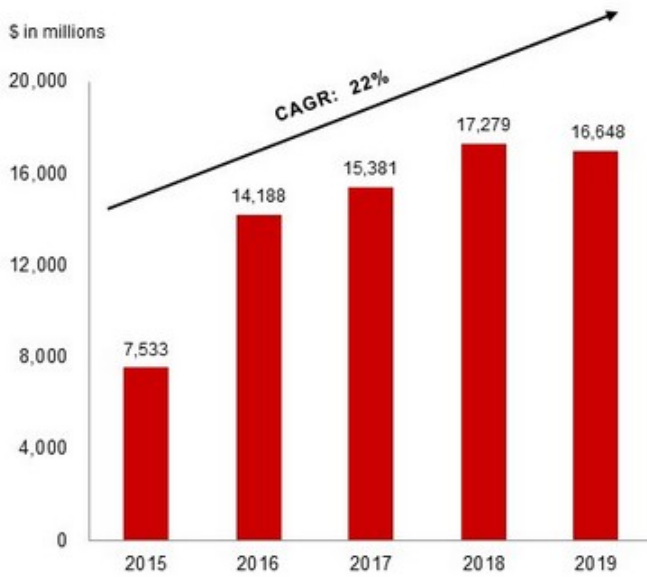
Note: Partial list in alphabetical order

# Financial highlights and key metrics

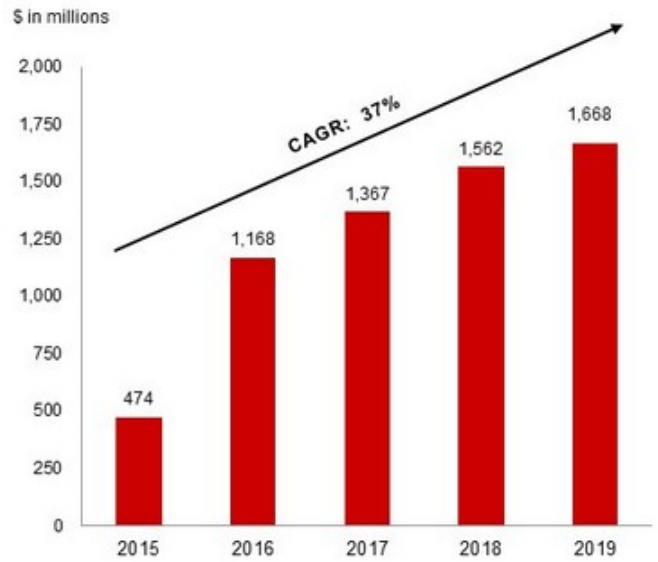
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## Industry-leading growth in revenue and adjusted EBITDA

### REVENUE



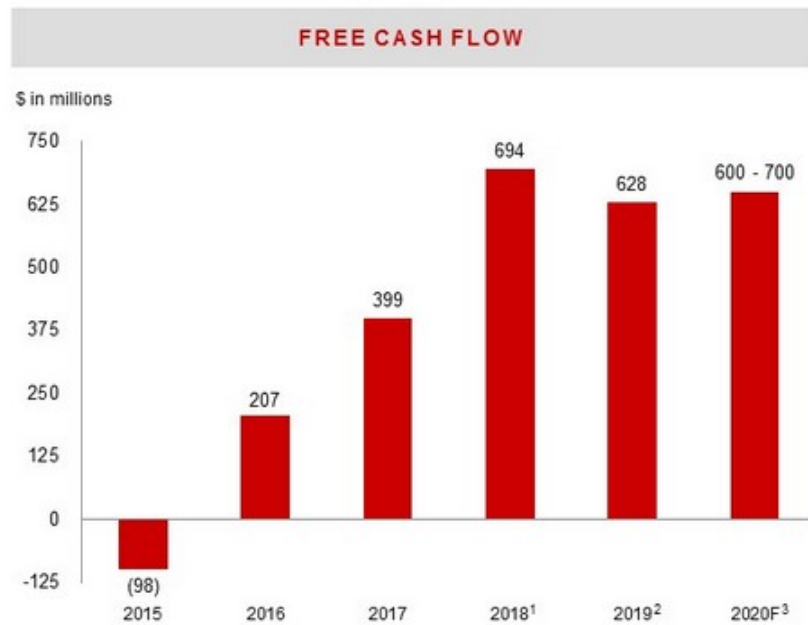
### ADJUSTED EBITDA



Note: Both charts exclude the impact of the North American truckload unit divested in October 2016. Refer to the "Non-GAAP Financial Measures" section on page 2 of this document.

## Strong free cash flow generation

Our 2020 free cash flow guidance reflects higher cash interest and higher cash taxes, along with disciplined capital expenditures and strong working capital management



1 2018 free cash flow includes an incremental benefit of approximately \$200 million from trade receivables programs

2 2019 free cash flow includes an incremental benefit of approximately \$110 million from trade receivables programs

3 2020 free cash flow reflects: 1) the company's adjusted EBITDA target of \$1.785 billion to \$1.835 billion; 2) the company's net capex target of \$475 million to \$525 million, including \$600 million to \$650 million of gross capex and \$150 million to \$175 million of asset sales; 3) anticipated cash interest expense of \$285 million to \$305 million; 4) a cash tax range of \$155 million to \$180 million, and 5) working capital as a use of cash, offset by an expected incremental benefit to free cash flow of \$50 million to \$70 million from trade receivables programs. For additional detail on the impact of our trade receivables programs on our free cash flow, please visit [www.investors.xpologistics.com](http://www.investors.xpologistics.com)

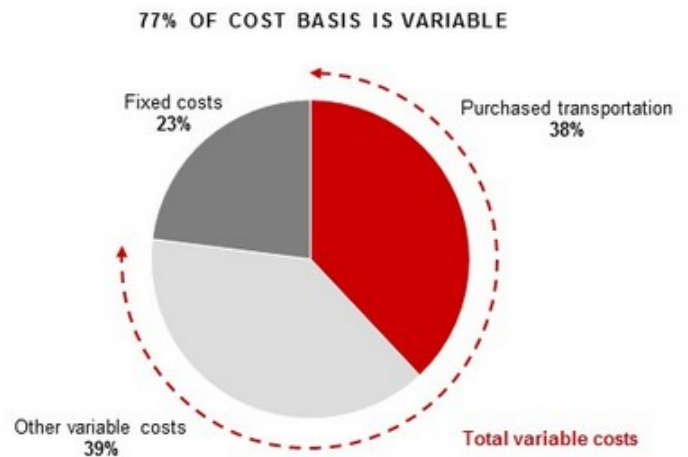
Note: 2016 and 2017 data have been recast to reflect the impact of Accounting Standards Update 2016-18

Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

## Operating flexibility across all economic environments

- Blended model of owned, contracted and brokered capacity for truck transportation
  - Non-asset portion is predominantly variable-cost and includes brokerage operations, as well as contracted capacity with independent providers
- Contracted businesses demonstrate greater resilience during an economic downturn
  - XPO's logistics relationships are characterized by long-term contractual agreements with an initial tenure of five years on average and historically strong renewal rates
  - Last mile core heavy goods business benefits from contracted revenue streams and non-asset model
- Potential volume declines in macro slowdown can be mitigated by margin expansion in brokerage and managed transportation as cost of capacity declines
- Ability to generate even stronger cash flows in economic downturns
  - Can flex capex with cyclical fluctuations; low growth and maintenance capex requirements
  - Working capital becomes source of cash
- Predecessor companies displayed strong resilience in last financial crisis
  - EBITDA minus capex as a % of revenue remained at ~5%<sup>1</sup> from 2007 through 2009

**SIGNIFICANT LEVERS TO EXPAND FREE CASH FLOW ACROSS CYCLES**



<sup>1</sup> Includes financial performance of Con-way, Jacobson (excluding Jacobson forwarding business), Norbert Dentressangle (pro forma for acquisition of Christian Salvesen) and New Breed

## Full-year 2020 financial targets

<b>ORGANIC REVENUE</b>	Organic revenue growth of 3.0% to 5.0%
<b>ADJUSTED EBITDA</b>	Adjusted EBITDA in the range of \$1.785 billion to \$1.835 billion, or year-over-year growth of 7% to 10%
<b>FREE CASH FLOW</b>	Free cash flow in the range of \$600 million to \$700 million
<b>NET CAPEX</b>	Net capital expenditures in the range of \$475 million to \$525 million
<b>DEPRECIATION AND AMORTIZATION</b>	Depreciation and amortization in the range of \$700 million to \$750 million
<b>EFFECTIVE TAX RATE</b>	Effective tax rate in the range of 24% to 27%
<b>CASH TAXES</b>	Cash taxes in the range of \$155 million to \$180 million

The company's full year 2020 targets do not reflect any potential impact to the company's future financial performance from its exploration of strategic alternatives

The company expects mid-single-digit growth in adjusted EBITDA in the first quarter of 2020

Notes: 2020 targets for free cash flow and cash taxes assume cash interest expense of \$285 million to \$305 million  
 2020 target for free cash flow includes an incremental benefit to free cash flow of \$50 million to \$70 million from trade receivables programs  
 Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

## Q4 2019 results, compared with Q4 2018

<b>REVENUE</b>	\$4.14 billion of revenue, down 6%
<b>ORGANIC REVENUE</b>	(2.7%) organic revenue
<b>NET INCOME<sup>1</sup></b>	\$96 million of net income, up 14%
<b>DILUTED EPS</b>	\$0.93 diluted earnings per share, up 50%
<b>ADJUSTED NET INCOME<sup>1</sup></b>	\$115 million of adjusted net income, up 17%
<b>ADJUSTED DILUTED EPS</b>	\$1.12 adjusted diluted earnings per share, up 56%
<b>ADJUSTED EBITDA</b>	\$432 million of adjusted EBITDA, up 14%
<b>CASH FLOW FROM OPERATIONS</b>	\$349 million of cash flow from operations, down 38%
<b>FREE CASH FLOW</b>	\$221 million of free cash flow, down 54%

<sup>1</sup>Net income attributable to common shareholders  
Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

## Full year 2019 results, compared with 2018

<b>REVENUE</b>	\$16.65 billion of revenue, down 4%
<b>ORGANIC REVENUE</b>	0.1% organic revenue growth
<b>NET INCOME<sup>1</sup></b>	\$379 million of net income, down 3%
<b>DILUTED EPS</b>	\$3.57 diluted earnings per share, up 24%
<b>ADJUSTED NET INCOME<sup>1</sup></b>	\$428 million of adjusted net income, down 1%
<b>ADJUSTED DILUTED EPS</b>	\$4.03 adjusted diluted earnings per share, up 26%
<b>ADJUSTED EBITDA</b>	\$1.67 billion of adjusted EBITDA, up 7%
<b>CASH FLOW FROM OPERATIONS</b>	\$791 million of cash flow from operations, down 28%
<b>FREE CASH FLOW</b>	\$628 million of free cash flow, down 10%

<sup>1</sup>Net income attributable to common shareholders  
Refer to the "Non-GAAP Financial Measures" section on page 2 of this document



## \$2.5 billion share repurchase program

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As of December 31, 2019, XPO had approximately 92 million shares of common stock outstanding, compared with 127 million shares outstanding on September 30, 2018.

From December 14, 2018 through December 31, 2019, the company repurchased:

<b>NUMBER OF SHARES</b>	35.2 million shares of XPO common stock
<b>PRICE PER SHARE</b>	\$53.42 average price per share
<b>TOTAL COST</b>	\$1.9 billion approximate total cost of repurchases

**Share repurchase activity was accretive to adjusted EPS by \$0.37 in 2019**

XPO is not obligated to repurchase any specific number of shares and can suspend or discontinue the program at any time

# **Business overview: North American contract logistics**

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## #2 logistics provider in North America, with operations in Asia and Latin America

<p><b>Partner of choice for large customers as a full-service provider of highly engineered, custom solutions</b></p>	<ul style="list-style-type: none"> <li>▪ Steady gains in market share over the last three years</li> <li>▪ Consultative services add value and create long-term stickiness</li> <li>▪ Best-in-class ability to manage tight labor markets as an employer of choice</li> <li>▪ Top five industrial tenant, with significant real estate expertise</li> <li>▪ Expansive footprint and scale are competitive advantages</li> </ul>
<p><b>Proprietary technology excels at visibility, speed, accuracy, agility, automation and control</b></p>	<ul style="list-style-type: none"> <li>▪ XPO Smart™ tools are improving productivity across North American logistics network</li> <li>▪ Effective cost management, labor rightsizing, reduction of loss-makers and efficient peak management are making meaningful contributions to margin</li> <li>▪ Proprietary WMx warehouse platform controls advanced automation and analytics in-house</li> <li>▪ Drives site-specific efficiency, accuracy, speed, agility and mobility</li> <li>▪ Differentiated ability to provide a superior consumer experience</li> </ul>
<p><b>XPO Direct™ utilizes existing network as a flexible, shared distribution model for manufacturers, retailers and e-tailers</b></p>	<ul style="list-style-type: none"> <li>▪ Shared-space storage and distribution network positions XPO to capitalize on increasing demand for flexible, dynamic fulfillment and reverse logistics</li> <li>▪ Enables retailers to position and reposition inventory based on consumer demand and seasonal patterns; sites positioned to serve 99% of US population through one- to two-day ground delivery</li> <li>▪ Allows companies to improve their end-customer experience without large capital investments and fixed costs</li> </ul>
<p><b>Compelling range of vertical expertise capitalizes on outsourcing, omnichannel retail and e-commerce tailwinds</b></p>	<ul style="list-style-type: none"> <li>▪ Leading 3PL across verticals for consumer technologies, e-commerce and retail, food and beverage, aerospace and defense, consumer packaged goods and industrial and automotive<sup>1</sup></li> <li>▪ Diversification enhances economic resilience versus a strategy of specialization</li> <li>▪ Unique ability to deliver a consistently superior end-customer experience</li> <li>▪ Culture of continuous improvement leverages large knowledge bank of vertical experience</li> </ul>
<p><b>Significant opportunities for continued profitable growth and strong free cash flow generation</b></p>	<ul style="list-style-type: none"> <li>▪ 2020-21 growth streams from contract renewals, new business and a \$1 billion pipeline with active bids across diverse end markets</li> <li>▪ Targeted sales strategy focused on share of wallet and expansion of base</li> <li>▪ Significant runway for margin expansion via XPO Smart™ and other applications of AI and machine learning</li> <li>▪ Growth opportunities in Asia and Latin America via penetration of North American customer relationships</li> <li>▪ Highly integrated platform for bolt-on expansion</li> </ul>

<sup>1</sup> Based on number of customer relationships, per Armstrong & Associates

**Preeminent reputation for innovation, expertise and quality of performance**

**LEADING MARKET POSITION  
IN DIVERSE VERTICALS<sup>1</sup>**

	<b>XPO POSITION</b>
<b>Chemicals</b>	#1
<b>Consumer goods</b>	#1
<b>Food and beverage</b>	#1
<b>Industrial</b>	#1
<b>Retail and e-commerce</b>	#1
<b>Automotive</b>	#2
<b>Technological</b>	#2
<b>Healthcare</b>	#6

**KEY METRICS: NORTH AMERICAN LOGISTICS**

<b>Industry size</b>	~\$50 billion
<b>2019 revenue</b>	\$2.5 billion
<b>Countries</b>	14
<b>Locations</b>	401 (319 North America)
<b>Facility space</b>	~104 million sq. ft. (North America, Asia)
<b>Employees</b>	~22,000
<b>Average contract length</b>	~5 years

Source: Company information, industry research, Armstrong & Associates and public company filings  
<sup>1</sup> Based on number of global customer relationships

## XPO's footprint and scale are key competitive advantages








COUNTRIES OF OPERATION	WAREHOUSE SQ. FT. (millions)
United States	93
Canada	1
Mexico	1
Chile	<1
Peru	<1

COUNTRIES OF OPERATION	WAREHOUSE SQ. FT. (millions)
Singapore	2
India	1
China	1
Australia	<1
Hong Kong	<1
Japan	<1
Malaysia	<1
Taiwan	<1
Thailand	<1

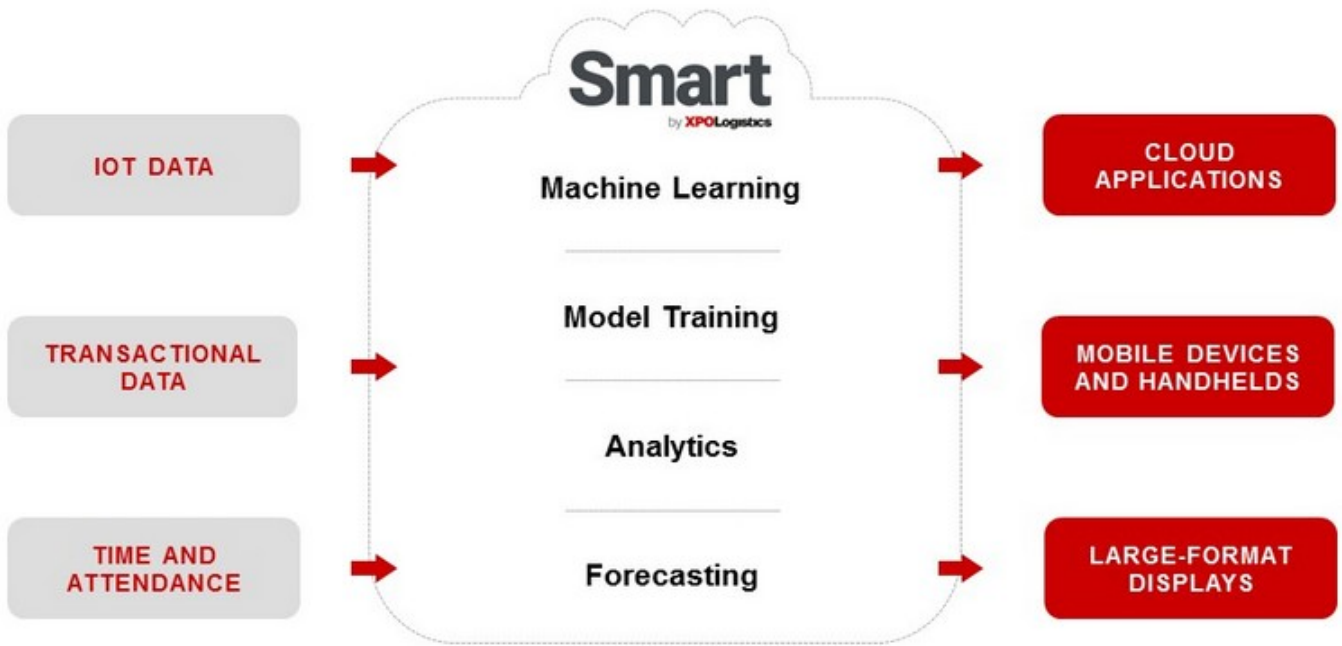
<sup>1</sup> Warehouse sq. ft. as of December 31, 2019 and includes both leased and customer square footage

## Sophisticated capabilities, deeply integrated with customer supply chains

ADVANCED AUTOMATION AND ROBOTICS	INBOUND LOGISTICS AND MANUFACTURING SUPPORT	REVERSE LOGISTICS AND AFTERMARKET SUPPORT	VALUE-ADDED SERVICES	WAREHOUSING	SUPPLY CHAIN OPTIMIZATION
					
<ul style="list-style-type: none"> <li>▪ Tech-enabled fulfillment continuously improved by AI, machine learning</li> <li>▪ Multichannel distribution services</li> <li>▪ Ongoing robot implementations in fulfillment operations</li> <li>▪ Peak activity management</li> <li>▪ Customer-specific quality assurance processes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Flow optimization</li> <li>▪ Space maximization</li> <li>▪ Automated replenishment of materials and parts</li> <li>▪ Inventory regulation through a vendor-management model</li> </ul>	<ul style="list-style-type: none"> <li>▪ A leading reverse logistics provider in North America, with the ability to implement national networks for blue-chip customers with complex supply chains</li> <li>▪ Customized, analytics-driven return-to-retail, refurbishment and disposal services</li> <li>▪ Aftermarket support for optimal service and stock levels</li> </ul>	<ul style="list-style-type: none"> <li>▪ Packaging</li> <li>▪ Co-packing</li> <li>▪ Kitting</li> <li>▪ Bundling</li> <li>▪ Collateral fulfillment</li> <li>▪ Channel-specific boxing and labeling</li> <li>▪ Retail compliance</li> <li>▪ Customizations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Gives customers the ability to shift between short-term and long-term needs and from fixed to variable costs with seasonal flexibility</li> <li>▪ Agility supported by XPO's technology and experienced operators</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cross-functional XPO technology platform that analyzes inventory patterns</li> <li>▪ Strategy formulation for speed-to-market and multichannel management</li> <li>▪ Demand forecasting and planning</li> </ul>

**XPO Smart™** proprietary tools drive productivity and profit improvement

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## Proprietary warehouse platform enhances productivity, visibility and control

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### **WMx**

#### **Warehouse management**

Manages all distribution processes within the warehouse walls

### **OMx**

#### **Order management**

Centralizes customer order data, enables real-time visibility

### **CMx**

#### **Connection management**

Integrates customer systems with XPO product suite

### **WCx**

#### **Warehouse controls**

Provides control of automation and robotics fully integrated with warehouse management software

### **BAx**

#### **Business analytics**

XPO algorithms generate reports, insights and forecasts

### **Special software layer enables customization**



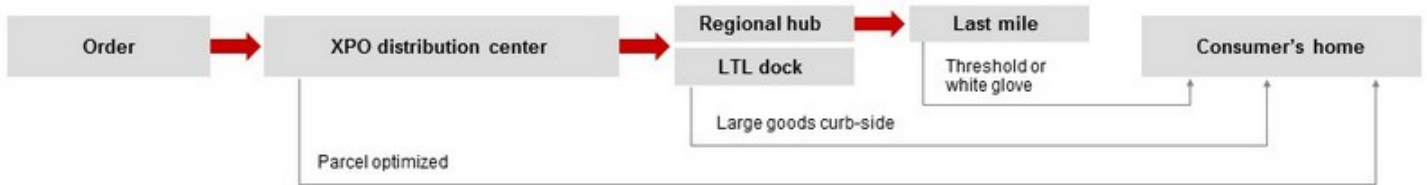
## XPO Direct™ transforms B2B and B2C distribution into a scaled, flexible-cost solution

- Agile “fulfillment as a service” (FaaS) model
- Utilizes existing XPO network to provide customers with shared warehouse capacity, inventory management, operations, technology and labor, as well as last mile logistics for heavy goods
- Provides flexible stockholding sites and cross-docks to be utilized by multiple customers at the same time
- Predictive analytics forecast future demand patterns for optimal planning of resources
- Solves challenges of seasonal peaks and fluid demand
- Enhances ability to cater to smaller customers
- Allows companies to improve their end-customer experience without large capital investments and fixed costs



**Positive growth trajectory throughout first 12 months following national network launch**

# XPO Direct™ is a game-changer for customers in today's on-demand economy



## SPEED AND LOW COST

- Scale and proximity** Speeds up store replenishment and home delivery; reaches 99% of population with one- to two-day ground
- Fully integrated** Provides a single tracking number from supplier to consumer, through XPO's network
- Shared space** Allows retailers to position and reposition inventory based on consumer demand and seasonal patterns
- All sizes fit** Parcel delivery for small items and white-glove, inside-the-home delivery for big and bulky items

## ONE TRACKING NUMBER END-TO-END

# **Business overview: European contract logistics**

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## Leading provider of technology-enabled, customized logistics in Europe

### #2 contract logistics provider in Europe, with the leading outsourced e-fulfillment platform

- Full-service positioning has led to consistent market share gains over the last three years
- Reaping the benefits of years of investment in technology
- Rigorous reverse logistics management is highly valued by retailers and e-tailers
- Strong track record of peak management across diverse SKUs with rapidly changing demand patterns
- Well-positioned in the fast-growing "click and collect" omnichannel sector

### Robust multinational capabilities that meet high expectations for service quality across Europe

- Extensive reach and integrated network give XPO and its customers important flexibility in managing production flows, growth initiatives and changes in volumes
- Sector-specific capabilities for inbound flows, storage, inventory management, fulfilment and returns
- Top five industrial tenant in Europe, with significant real estate expertise
- Proven ability to manage different types of front-line workforces in varying national labor environments

### Highly engineered, technology-driven solutions solve complex challenges

- Continued profit improvement through advanced automation and robotics
- Bespoke, technology-enabled solutions are high-margin and create stickiness with key customers
- Predictive analytics help manage ebbs and flows of seasonal and holiday demands
- Proprietary XPO Smart™ tools leverage machine learning to improve workforce productivity

### Existing customer base is perpetual gateway to growth opportunities

- Penetration of existing customer relationships and implementation of technology are gateways to growth and margin
- Sales strategy geared towards high-growth e-commerce opportunities and accounts with large share-of-wallet upside
- Large customers trust XPO to be reliable, consistent and agile

### Sales strategy and macro-independent margin initiatives underway

- Continue to execute on significant runway for margin expansion from ongoing roll-out of XPO Smart™ and other AI and machine learning, diligent cost management, labor rightsizing, reduction of loss-makers and efficient peak management
- Extensive reach and integrated network give XPO and its customers important flexibility in managing production flows, growth initiatives and peak volume management
- Roadmap of macro-independent initiatives with significant potential uplift in adjusted EBITDA
- Opportunity to take share in established specializations, such as food and beverage and omnichannel
- Robust team of experienced strategic account managers
- Opportunity to expand into Germany through M&A

## Leading provider of technology-enabled, customized logistics in Europe

### BUSINESS OVERVIEW

- Largest outsourced e-fulfillment provider in Europe
- Led by industry experts with outstanding record of change management and strategic and operating experience
- Proprietary technology manages complex warehouse operations, advanced automation, workforce productivity and fulfillment for superior speed and accuracy
- Competitive cost structure: European top five industrial real estate tenant; top procurer of temporary labor, material handling equipment and packaging
- Comprehensive R&D capabilities are a source of continual innovation opportunities
- Extensive expertise in inventory and capacity management, forecasting, industrial engineering, LEAN operations, automation, security and safety

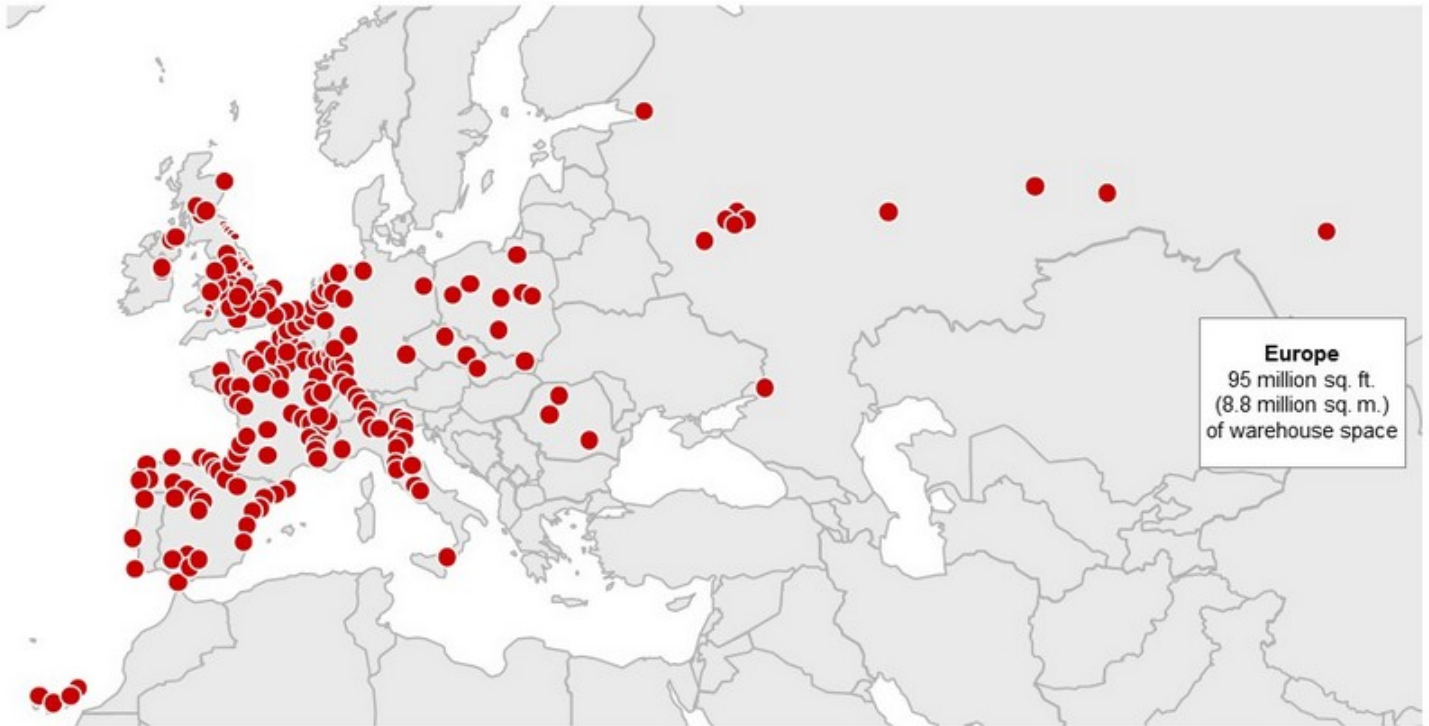
### KEY METRICS

<b>Industry size</b>	~\$80 billion
<b>2019 revenue</b>	\$3.6 billion
<b>Countries</b>	14
<b>Locations</b>	381
<b>Facility space</b>	~96 million sq. ft. (9 million sq. m.)
<b>Employees</b>	~34,000
<b>Average contract length</b>	~5 years

### SERVICE OFFERINGS

- Fulfillment
- Inbound logistics
- Manufacturing support
- Supply chain optimization
- Value-added services
- Warehousing
- Aftermarket support

**XPO's logistics network footprint and scale are major competitive advantages**



Belgium  
Italy  
Russia






Czech Republic  
Netherlands  
Spain

France  
Poland  
Switzerland

Germany  
Portugal  
United Kingdom

Ireland  
Romania

## Integrated network with strong positioning and extensive reach across Europe

FULFILLMENT	INBOUND LOGISTICS AND MANUFACTURING SUPPORT	REVERSE LOGISTICS AND AFTERMARKET SUPPORT	VALUE-ADDED SERVICES	WAREHOUSING	SUPPLY CHAIN OPTIMIZATION
					
<ul style="list-style-type: none"> <li>▪ Tech-enabled fulfillment continuously improved by AI and machine learning</li> <li>▪ Multichannel distribution services</li> <li>▪ Digital inventory management with predictive analytics</li> <li>▪ Peak activity management</li> <li>▪ Customer-specific quality assurance processes</li> <li>▪ Rigorous courier management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Flow optimization</li> <li>▪ Space maximization</li> <li>▪ Automated replenishment of materials and parts</li> <li>▪ Inventory regulation through a vendor-management model</li> </ul>	<ul style="list-style-type: none"> <li>▪ A leading reverse logistics provider in Europe, and the UK market leader specializing in retail and grocery asset management</li> <li>▪ Customized, analytics-driven return-to-retail, refurbishment and disposal services</li> <li>▪ Parts distribution and other aftermarket support</li> <li>▪ Expertise in sustainable waste management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Packaging</li> <li>▪ Co-packing</li> <li>▪ Kitting</li> <li>▪ Bundling</li> <li>▪ Collateral fulfillment</li> <li>▪ Channel-specific boxing and labeling</li> <li>▪ Retail compliance</li> <li>▪ Customizations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offers customers the ability to shift between short-term and long-term needs and from fixed to variable costs with seasonal flexibility</li> <li>▪ Agility supported by XPO's technology and experienced operators</li> <li>▪ Capability/ experience to manage and deploy large volumes of temporary workforce to manage customer peaks of volume</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cross-functional technology platform that analyzes inventory patterns</li> <li>▪ Strategy formulation for speed-to-market and multichannel management</li> <li>▪ Demand forecasting and planning</li> </ul>

## Leading e-commerce and omnichannel service capabilities

### COMPETITIVE ADVANTAGES

- Largest provider of outsourced e-fulfillment services in Europe
- Deep experience with deploying automation
- Flexible solutions to cover holiday peaks
- Efficient, accurate, customer-specific services enabled by automated infrastructure
- Sophisticated inventory management system optimizes lead times for customers
- Seamless reverse logistics management
- Sophisticated processes audit and repair merchandise, ensuring timely circulation back into the marketplace
- Highly valued services help retailers and e-tailers compete for consumer loyalty

### KEY SERVICE CAPABILITIES

#### Warehousing and value-added services

- Inbound quality assessment and inventory inspections
- Order pick, pack and customization, custom services, and pre-retailing
- Critical solutions for high-volume retail customers, such as ironing and dry cleaning
- In-demand e-commerce capabilities for food products

#### Carrier management

- 4PL carrier management
- Carrier label production (metapack, smart consign, etc.)
- Competitive service propositions – same day, next day, and standard deliveries

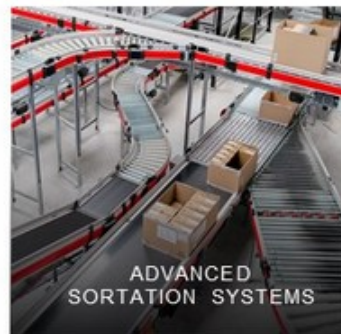
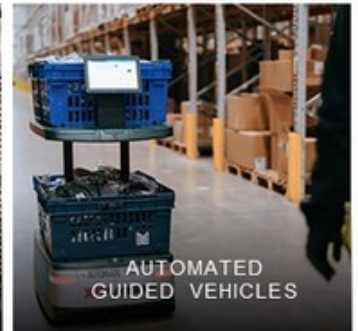
#### Returns management

- Product return processing and disposition
- Value added services, including garment care, spot cleaning of clothing and furniture, sewing repairs, QC inspection, diagnostic testing of electrical items re-labelling and label removal and re-kitting



## XPO is reaping the benefits of advanced automation and intelligent machines

- Superior visibility and control of advanced automation on proprietary platform
- Can perform several steps of a process by tying in multiple technologies, increasing fulfillment speed and accuracy
- Data transmits consistently to multiple systems, eliminating data silos
- Tailored robotics work cooperatively with humans or as standalone solutions
- Cobots and goods-to-person systems overcome space and labor constraints
- Automation mitigates safety risks



**4x productivity improvement with employees supported by goods-to-person systems**  
**2x productivity improvement with employees who work alongside cobots**

# **Business overview: North American less-than-truckload**

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## LTL has a clear path to at least \$1 billion of EBITDA in 2021

### Favorable long-term industry fundamentals

- Rational pricing dynamics
- Rapid growth of e-commerce driving retail shipments to LTL carriers

### National coverage offers advantages of scale

- Natural competitive advantage over regional counterparts, due to scale and visibility of volume flows
- Growing lane density continues to contribute to margin uplift, given operating leverage

### Proprietary network optimization with technology-driven path to further profit improvement

- Network optimization via intelligent load-building, yard management and route optimization through machine learning and AI
- XPO Smart™ tools driving process improvements and labor productivity to significantly reduce labor-related expenses

### Advanced pricing technology helps balance network for optimal mix

- Proprietary algorithms automate pricing for small to mid-sized accounts
- Elasticity models help inform pricing decisions for larger accounts
- Provides real-time cost visibility at shipment level

### Strategic focus on high-yielding freight

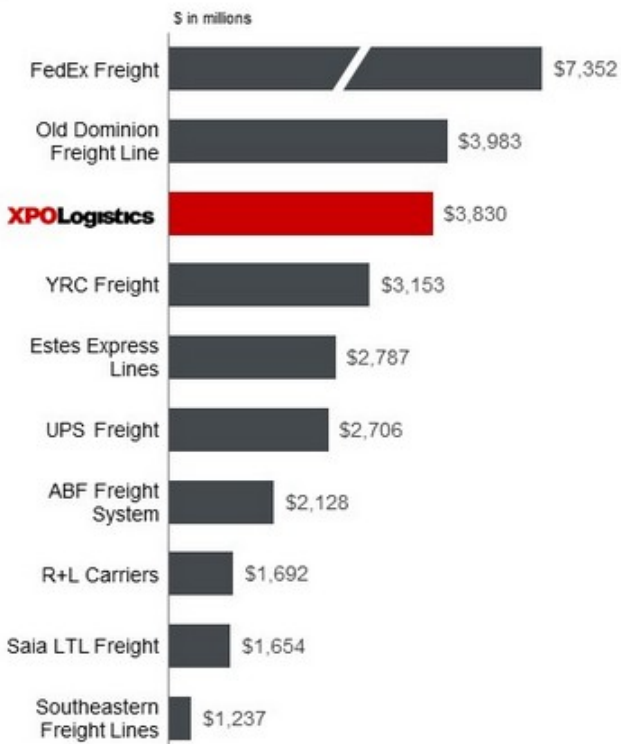
- Growing yields on both national accounts and local accounts, aided by dynamic pricing algorithms
- Diversified, high-yield customer base across industries, regions and types

### Track record of growth and margin expansion with significant upside

- Data science and machine learning harnessed to balance network, reduce cost and improve utilization
- Resilient cash flow generation across freight cycles due to disciplined yield performance, working capital management and ability to flex capex

## Top three provider of less-than-truckload (LTL) in North America

### TOP LTL PROVIDERS BY REVENUE 2018<sup>1</sup>



Source: SJ Consulting Group  
<sup>1</sup> Includes fuel surcharge

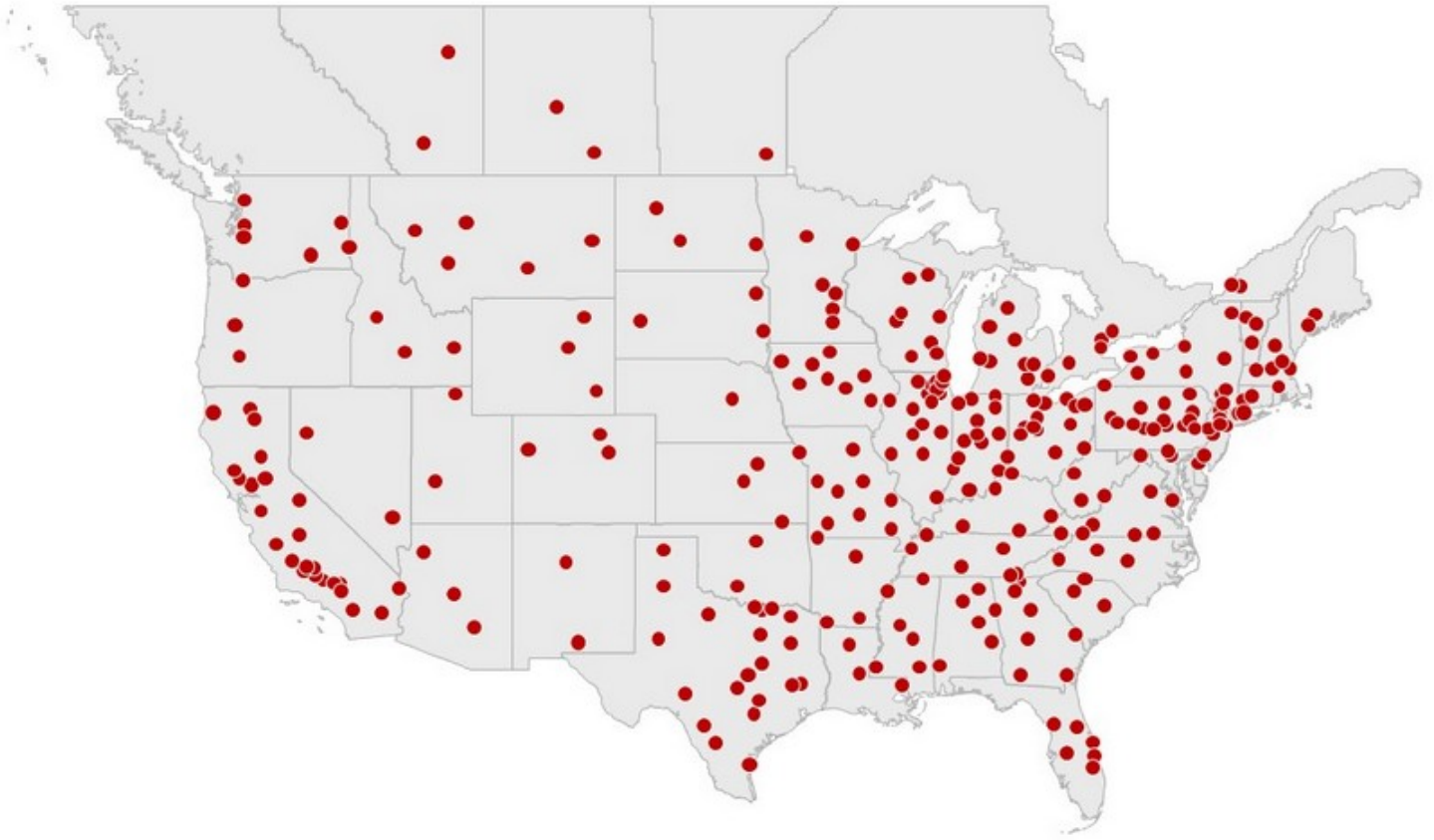
INVESTOR PRESENTATION FEBRUARY 2020

### KEY METRICS

<b>Industry size</b>	~\$43 billion
<b>2019 revenue</b>	\$3.8 billion
<b>Employees</b>	~20,000
<b>Cross-dock facilities</b>	290
<b>Number of tractors / trailers</b>	~8,000 / 25,000
<b>Average length of haul</b>	817.7 miles
<b>Average tractor fleet age</b>	4.98 years

**XPO's national LTL terminal coverage is a major advantage over regional providers**

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## Compelling LTL value proposition appeals to diverse customer types

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### COMPETITIVE ADVANTAGES

- Dynamic route optimization, intelligent load-building, advanced pricing algorithms and XPO Smart™ labor productivity represent a large profit improvement upside beyond significant gains already made
- Comprehensive services for customers with delivery needs in multiple markets
- Broad geographical coverage extends to every US state, including Alaska and Hawaii, and about 99% of all US postal codes
- Strong relationships in place for movements to and from Mexico, Puerto Rico and Canada
- Longer routes with better pricing dynamics
- Greater access to information and technology to generate insights to maintain competitiveness

### KEY SERVICE ATTRIBUTES

- Safety and reliability – One of the largest, most modern and safest-equipped fleets in industry
- Capacity – 8,000 tractors, 25,000 trailers and more than 13,000 professional drivers, operating out of 290 service centers
- Speed – Over 75,000 next-day and two-day lanes
- Flexibility – All types of commodities accepted
- Expertise – Over 30 years of experience as an LTL carrier
- Business intelligence – Data-driven reporting and custom analytics
- Responsiveness – Experienced team committed to superior outcomes for customers

## Technology prioritizes three areas of LTL network optimization

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### DYNAMIC ROUTE OPTIMIZATION

**Intelligent routing guidance and robust real-time visibility improve customer experience, efficiency of planning and dispatch functions**

- Reduces pickup and delivery miles per stop and cost per stop
- Increases pickup and delivery pounds per man-hour, stops per hour and weight per trip
- Improves service levels through route sequencing for better control of delivery times, and exception management

### INTELLIGENT LOAD-BUILDING

**Proprietary technology leverages machine learning and AI to automate load-building and optimize linehaul network flows**

- Real-time monitoring of compliance maximizes trailer utilization
- Bypass algorithm reduces multiple stops for trucks dedicated to direct movements
- Shipment dimensioning app in beta-test enhances linehaul optimization algorithms

### ADVANCED PRICING OPTIMIZATION

**Proprietary algorithms automate pricing for small to mid-sized accounts to help optimize mix**

- Speeds onboarding of more profitable local accounts
- Provides real-time cost visibility at the shipment level
- Balances the network, reducing cost and utilization inefficiencies, such as empty miles
- Elasticity models help inform pricing decisions

**Proprietary technology becomes continually smarter at automating operations for optimal results**

## XPO Smart™ productivity tools deployed in LTL cross-docks nationally

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- Averaging ~9% more motor moves per hour on LTL cross-dock, with high employee engagement through gamification
- Analytics provide deep visibility into scheduled versus active workers by role in real time
- Analyzes facility, teams and individuals
- Right-sizes shift scheduling and perm/temp labor mix, taking turnover and training time into account
- Site-specific modeling helps managers understand the future impacts of operational decisions



**Technology rolled out to all 290 LTL service centers in North America in fourth quarter 2019**



# **Business overview: North American transportation**

**Truck brokerage / expedite**

**Intermodal / drayage**

**Last mile**

**Managed transportation**

**Global forwarding**

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## Combination of scale, technology and service range is unique in North America

<p><b>Multimodal solutions with critical mass and leadership positions in fast-growing sectors</b></p>	<ul style="list-style-type: none"> <li>▪ Only provider with leading positions and real-time visibility across so many modes</li> <li>▪ Customers gain access to more transportation options, capacity and route density</li> <li>▪ Significant opportunities to grow wallet share by cross-selling services within the North American transportation unit, independent of the macro</li> </ul>
<p><b>XPO Connect™ digital freight marketplace provides superior shipper and carrier experiences</b></p>	<ul style="list-style-type: none"> <li>▪ Automates transaction flows by offering carriers easy-to-use tools for bidding and managing freight</li> <li>▪ Gives shippers a single access point to track, analyze, rate and buy transportation services online</li> </ul>
<p><b>Automation drives productivity and share gains, unlocks revenue and margin growth</b></p>	<ul style="list-style-type: none"> <li>▪ Technology provides best-in-class execution in brokerage, managed transportation, last mile and intermodal</li> <li>▪ Lowers cost-to-service</li> <li>▪ Advanced algorithms optimize pricing per customer</li> </ul>
<p><b>XPO excels at transformative solutions for tier-one customers, with opportunity to penetrate tier-two and tier-three</b></p>	<ul style="list-style-type: none"> <li>▪ Large customers need multiple XPO services and value flexibility</li> <li>▪ Strong management teams with mode-specific experience in each service offering under centralized leadership</li> <li>▪ Well-established expertise in retail, e-commerce, manufacturing, food and beverage, automotive, agribusiness, consumer goods and other verticals</li> </ul>
<p><b>Positioned to benefit from industry trends of outsourcing, e-commerce and digitization</b></p>	<ul style="list-style-type: none"> <li>▪ Brokerage 3PLs have gained steady share of for-hire trucking spend throughout economic cycles</li> <li>▪ As the #1 provider of last mile for heavy goods in North America, XPO is first in line to benefit from increasing demand for home delivery of large goods bought online</li> <li>▪ E-commerce growth also drives demand for XPO brokerage and intermodal</li> </ul>
<p><b>Asset-light business with high cash conversion and strong cash flow generation</b></p>	<ul style="list-style-type: none"> <li>▪ Scaled business with strong operating leverage and modest capital requirements</li> <li>▪ Working capital becomes source of cash in economic slowdowns</li> </ul>

## Truck brokerage is a vast opportunity to sell XPO's network capacity

### BUSINESS OVERVIEW

- Competitive advantages of extensive capacity, significant freight volumes and proprietary digital marketplace
- Benefits from secular trend toward outsourcing
- Non-asset business places shippers' freight with an established network of independent brokered carriers on a contractual or spot basis:
  - Pre-determined, contracted rates for specific origin and destination pairs
  - Transactional spot rates with capacity sourced on demand and subject to market conditions
  - Massive capacity and longstanding carrier relationships
- Combination of XPO Connect™ digital freight marketplace, Drive XPO™ carrier app and Freight Optimizer procurement engine differentiate XPO's digital freight marketplace
- Proprietary Dynamic Max Pay pricing algorithm procures transportation at rates consistently below market
- #1 provider of expedited solutions for urgent freight in North America

### KEY METRICS

<b>Industry size<sup>1</sup></b>	~\$375 billion
<b>2019 revenue<sup>2</sup></b>	\$1.66 billion
<b>Locations</b>	23
<b>Employees</b>	~1,000
<b>Carrier relationships</b>	38,000
<b>Accessible trucks</b>	Over 1,000,000

### SERVICE OFFERINGS

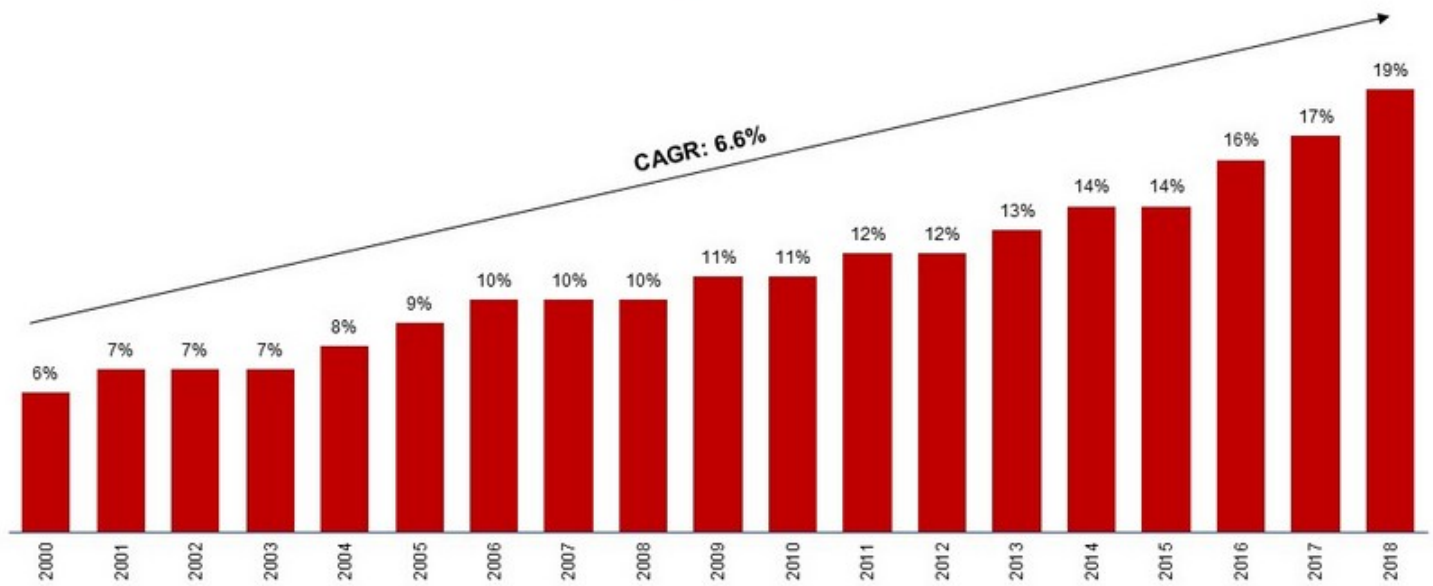
- Full truckload, domestic and cross-border
- Refrigerated
- Heavy haul
- Expedite
- High value, high security
- Specialized equipment

<sup>1</sup> Total truckload industry size, including brokerage component

<sup>2</sup> Includes truck brokerage and expedite, excluding intercompany eliminations

## Demand for XPO solutions driven by expansion of transportation outsourcing

US TRUCK BROKERAGE INDUSTRY PENETRATION OF TOTAL FREIGHT INDUSTRY (%)



**Freight brokers have consistently gained transportation market share across cycles**

Source: Armstrong and Associates; Industry research

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## XPO's brokerage value proposition is rooted in scale and disruptive technology

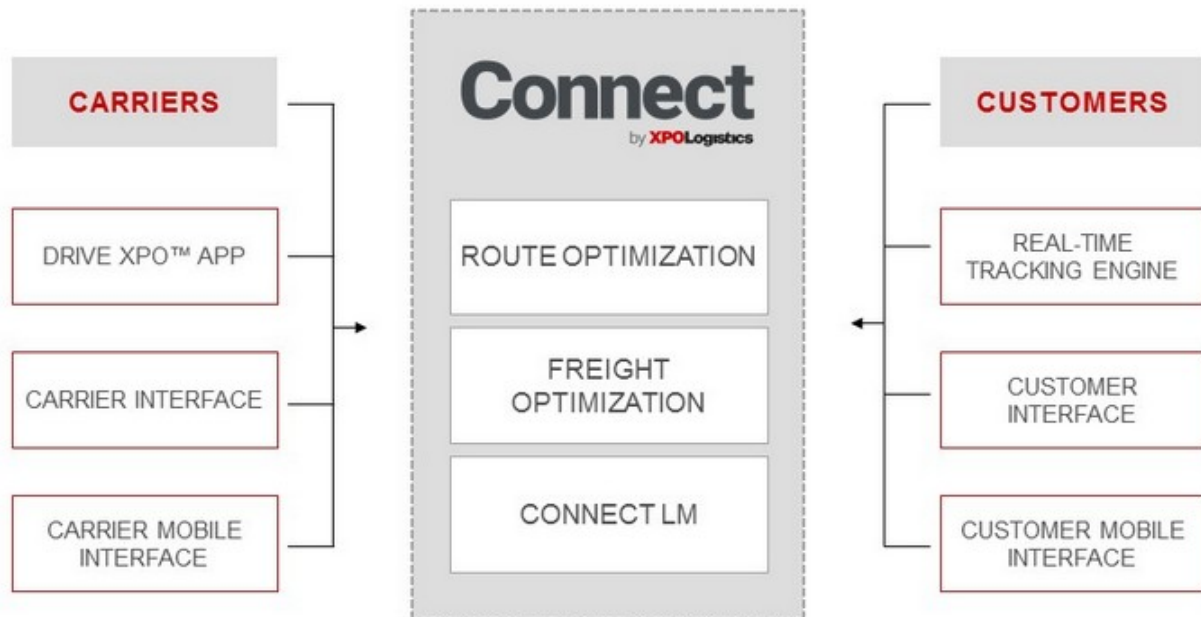
### KEY CAPABILITIES OF SCALE

- **Full truckload** – Dry vans, refrigerated trucks, flatbeds (specialized and permitted), dropdecks and oversized
- **Expedite** – Cargo vans, sprinters, straight trucks, tractor-trailers and lift gates, with options for pallet jacks and inside deliveries
- **Heavy haul** – Drop-decks, double drops, oversized/overweight, permitted and specialized
- **Expedite ground** – urgent freight pick-up and delivery arranged through service center or by proprietary, web-based auction system
- **Expedite air** – air freight and air charter, with or without road transport in combination, door-to-door domestic and international capabilities
- **Cross-border** – shipping in and out of Mexico and Canada with point-discharge options and warehousing capabilities
- **Specialized services** – temperature-controlled equipment, thermal-mapped trailers and anti-theft devices
- **Managed transportation** – end-to-end transit management and visibility, supply chain data intelligence, and EDI/XML capabilities

### KEY CAPABILITIES OF TECHNOLOGY

- Cloud-based, digital XPO Connect™ platform allows shippers to access capacity, assign loads and track freight movements; carriers use personalized dashboards to post capacity and find income opportunities
- Powerful Freight Optimizer technology and comprehensive carrier rating engine underpin brokerage processes
- Proprietary algorithms, pricing tools and market analytics provide visibility into current market conditions for spot rate negotiations and capacity decisions
- Truck capacity information channeled from multiple sources
- Dynamic load optimization for transactional shipments
- Robust track and trace technology
- Integration of ERP systems, warehouse management systems and supply chain management

Proprietary technology drives efficiency, volume and margin expansion



- MODE AGNOSTIC** – Shows shippers and carriers supply and demand in real time across truck, rail and ocean
- OPERATIONAL SYNERGIES** – Provides full visibility of customer relationships to facilitate up-sell and cross-sell
- CAPACITY OPTIMIZATION** – Connects with any TMS for seamless capacity management and cross-capacity integration
- ZERO-TOUCH AUTOMATION** – Gives shippers a single access point to track, analyze, rate and buy transportation services online

## Over 40,000 registered US truck carriers on XPO Connect™

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### Over 100,000 driver downloads of Drive XPO™ app helps propel industry adoption

- Single, digital solution for carriers to locate loads that match their capacity and routes
- Optimizes network capacity via proprietary freight matching for active and available drivers
- Increases service levels to customers by providing real-time location, arrival and departure information
- Provides options to “buy it now” for loads at the published price or place counteroffers
- Customized preferences trigger automatic allocation of loads based on freight size, type and geography.

### COMPREHENSIVE FUNCTIONALITY

#### CAPACITY POSTING

Request loads for a specific lane and date and get notified when matching loads become available

#### FREIGHT MANAGEMENT

Access details about assigned loads, automatically track and clear stops, and submit paperwork to get paid faster

#### DRIVER ENGAGEMENT AND RECRUITMENT

Preview XPO's freight opportunities using the guest access feature and sign up to start booking

#### LOAD BOOKING

Search for available loads, place bids and immediately purchase loads to keep moving

**Rapid adoption by carriers with traction increasing each month**

## Drive XPO™ app fully mobilizes procurement process

- Carriers use Drive XPO™ self-service dashboard to access XPO Connect™ from their trucks
- Full-functioned transactional platform
- Intuitive tools for capacity posting, bidding, negotiation, load booking, tracking and electronic paperwork
- All-in-one tracking solution for drivers and carriers

**Drive**  
by XPOLogistics

### CAPACITY POSTING



### LOAD BOOKING



### FREIGHT MANAGEMENT



### CARRIER SCORE AND REWARDS





## Third largest intermodal provider in North America

### BUSINESS OVERVIEW

- 30-year relationships with railroads provide the long-haul portion of the shipment of containerized freight
- Provides container capacity, rail brokerage, local drayage, on-site operational services and door-to-door shipment management
- Near-shoring of manufacturing in Mexico creates strong cross-border tailwind

### COMPETITIVE ADVANTAGES

#### US drayage leader

- National network of terminals; container service to and from all major ports and ramps; 2,400 owner-operators; access to 25,000+ additional drayage trucks

#### Rigorous oversight

- Shipments managed with high visibility
- Customized plans for long-haul freight unlock efficiencies
- Coordination with rail and drayage providers in US, Mexico and Canada

#### Rail Optimizer technology

- Proprietary platform has reduced costs by reducing empty miles and enhancing customer satisfaction through on-time performance

### KEY METRICS

**Industry size** ~\$43 billion

**2019 revenue** \$948 million

**Locations** 37 terminals

**Employees** ~400

**Number of 53-ft. containers / chassis** ~10,000 / 5,000

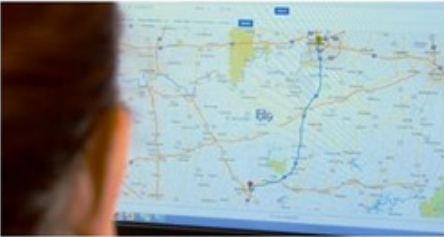
**Drayage trucks under contract** Over 25,000

Source: SJ Consulting Group

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58

## Unique competitive advantages differentiate intermodal service offering



### RAIL OPTIMIZER TECHNOLOGY

- Proprietary intermodal management system tracks door-to-door movements of long-haul freight with GPS on containers
- Communicates constantly with railroads to proactively identify any delays
- Fosters driver communication during drayage legs
- Monitors whether containers are full or empty, doors are open or closed
- Keeps shippers informed through EDI integration and an online, self-service portal



### CROSS-BORDER MEXICO SERVICE

- Decades of experience managing cross-border freight, with an extensive organization in both Mexico and US
- Longstanding relationships with the railroads, ramp operators and drayage drivers on both sides of the border
- Expedited, brokerage and global forwarding teams react quickly to help customers navigate accidental delays



### SERVICE CAPABILITIES

- Coverage at every key ramp and port
- Intermodal rail ramp drayage, TWIC-compliant port drayage
- Ocean drayage management services

## #1 provider of last mile logistics for heavy goods in North America

### BUSINESS OVERVIEW

- Fully integrated platform at scale, positioned within 125 miles of 90% of the US population
- National network of 85 hubs
- Consistently high customer satisfaction reinforced by proprietary technology developed exclusively for last mile
- One last mile tracking number and one tracking portal, providing customers with total visibility
- Point-of-sale appointment engine enables delivery and install scheduling at customer check-out
- Capacity management tools allow adjustments to available capacity, balancing route efficiency with customer availability
- High-quality, last mile leadership team with years of experience and deep industry relationships

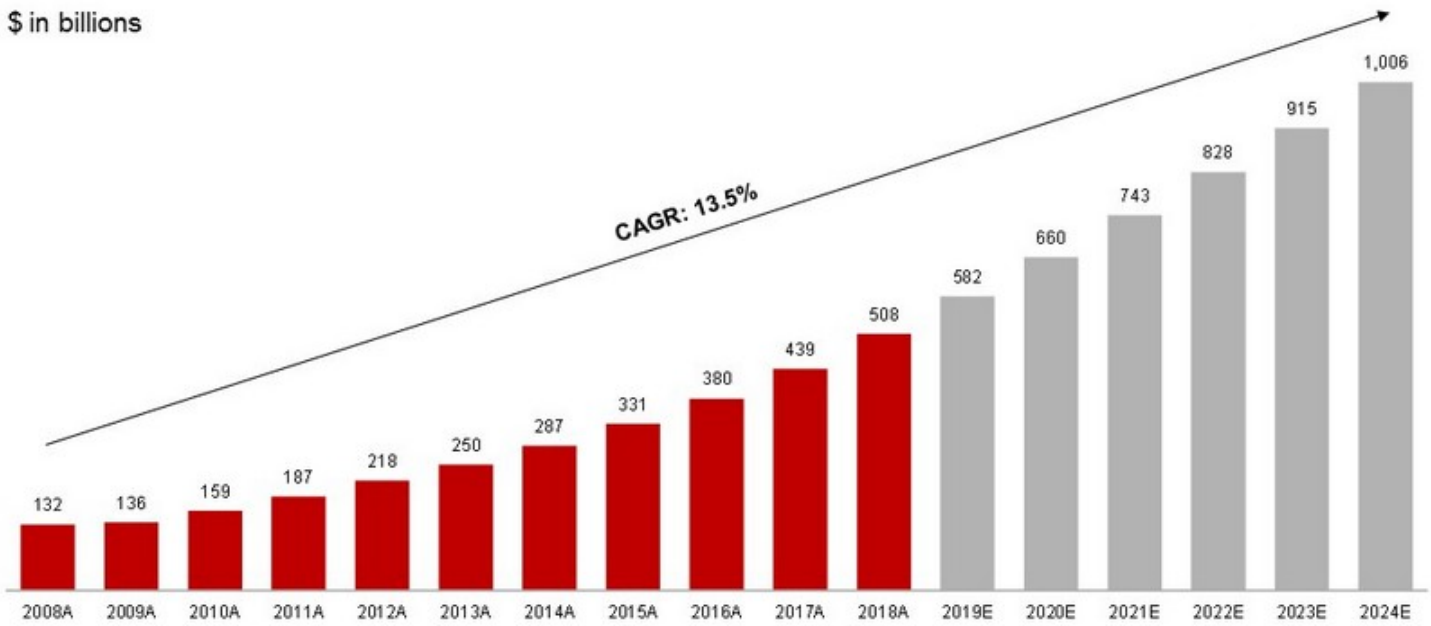
### KEY METRICS

<b>Industry size</b>	~\$13 billion
<b>2019 revenue</b>	\$873 million
<b>Hub locations</b>	85
<b>Employees</b>	~2,000
<b>Carriers / trucks</b>	~1,500 / ~3,600
<b>Annual deliveries</b>	Over 10 million

## Growth in online orders of large items increases demand for XPO's last mile service

E-COMMERCE SALES FORECASTED TO CONTINUE TO INCREASE

\$ in billions



Source: Wall Street research

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## Unmatched combination of scale, technology and last mile experience



### LARGE RUNWAY

- XPO is approximately 2x the size of nearest competitor, yet holds less than 8% US share
- Customers include big-box retailers that sell appliances, furniture, exercise equipment, large electronics and other heavy or bulky items
- Cohesive network led by last mile experts is the industry's partner of choice for heavy goods



### SATISFIED CONSUMERS

- Leading scale drives long-term relationships with best-in-class contract carriers
- Post-delivery feedback loops facilitate issue resolution and protect brand loyalty
- Flexible service options include standard delivery, threshold, room of choice, and white glove assembly and installation



### PROPRIETARY TECH

- All data regarding shipment visible in single proprietary platform
- Digital communication enhances the consumer experience, reduces not-at-home instances and captures signatures
- Poised to accelerate benefits from tens of millions of dollars invested in last mile technology since 2013, recently enhanced by integration with XPO Connect™ platform



### STRONG TAILWINDS

- Ongoing shift toward consumers buying large items online
- Large investment in new, proprietary core last mile technology
- 89% of eligible orders now scheduled via email or automated call
- 30% reduction in calls per delivery driven by automation and improved customer satisfaction

## Managed transportation provides optimal capacity procurement

### BUSINESS OVERVIEW

- Top five global provider of managed transportation in an estimated \$20 billion industry
- Services include freight handling, labor planning, facilitation of inbound and outbound shipments, cross-border customs management and documentation, claims processing and third-party logistics supplier management

### COMPETITIVE ADVANTAGES

- |   |   |
|---|---|
| <b>Leading integrated technology platform</b>         | <ul style="list-style-type: none"> <li>▪ Integrated with XPO Connect™</li> <li>▪ Proprietary tracking and visibility tool</li> <li>▪ Worry-free set-up and disaster recovery</li> </ul> |
| <b>Onsite control tower</b>                           | <ul style="list-style-type: none"> <li>▪ Account management</li> <li>▪ Carrier / supplier management</li> <li>▪ Freight planning</li> <li>▪ Business intelligence</li> </ul>            |
| <b>Business intelligence and actionable reporting</b> | <ul style="list-style-type: none"> <li>▪ Tech tools collect and decipher big data and turn it into actionable information for performance improvement</li> </ul>                        |
| <b>Low-risk transition/comprehensive integration</b>  | <ul style="list-style-type: none"> <li>▪ Successful deployment of complex solutions for large customers ramped up in the past two years</li> </ul>                                      |

### SERVICE OFFERINGS

#### Control tower solutions

- Global network of control towers provides door-to-door visibility into order status and freight tracking

#### Managed expedite

- Industry-leading expedite web technology automates procurement and tracking of time-critical freight
- Fulfillment averages 16 minutes from time of request

#### Dedicated transportation

- Tailored fleet solutions help customers optimize routes and lower costs
- Detailed reports help customers gauge success and strategize for the future

## Freight forwarding network of local market experts has global reach

### BUSINESS OVERVIEW

- Non-asset freight management solution for domestic, cross-border and international shipments
- Experienced team guides freight through customs points, providing local oversight at thousands of destinations in Asia, Europe and the UK
- Less than 1% share of \$150 billion industry
- Opportunity to grow share through network of dedicated offices on four continents

### COMPETITIVE ADVANTAGES

#### Strong technology capabilities

Integration with XPO Connect™ enhances visibility and efficiency

#### Centralized control

Global reach for customers, with rigorous oversight of pickup, delivery and freight in transit

#### Inter-company support

Provides valuable support to other XPO operations serving multinational and cross-border customers

### SERVICE OFFERINGS TO CUSTOMERS

#### Cross-border services

- Any size, weight or mode, including out-of-gauge cargo
- Export and import services, domestic-to-foreign and foreign-to-foreign
- Large carrier network provides service to and from the US, Mexico and Canada
- More than 30 years' experience in Mexico

#### High-value-add services

- Customs clearances, customs filings, ISF filings and facilitation of bonds, duties and taxes
- Operates subsidiary as a non-vessel operating common carrier (NVOCC)
- Documentation management: letters of credit, sight drafts and certificates of origin
- Asset value protection coverage available

#### Domestic services in North America

- Time-critical, time-sensitive, cost-sensitive and special handling
- Air charter, next-flight-out, deferred, ground expedite, truckload, LTL and intermodal
- Flexible options: next-day, two business days or three business days: morning or afternoon arrival

# **Business overview: European transportation**

**Truck brokerage**

**Dedicated truckload**

**Less-than-truckload**

**Managed transportation**

**Global forwarding**

**Last mile**

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## Leading positions in fast-growing sectors

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### **Expansive platform with strong positions across Europe**

- #1 transportation company by size across our primary geographical perimeter (UK, France, and Spain/Portugal/Morocco)
- Network of nearly 200 locations serving countries across Europe
- Mix of asset-based and non-asset over-the-road capacity optimized for each market

### **Established, long-term relationships with limited customer concentration**

- Preeminent customer base across a diverse range of industry verticals
- Over 50% of customers in Europe have used XPO for 10 years or more
- Customer base is diversified by geography, size, type and supply chain requirements

### **Broad service offering and footprint position XPO to capture a growing share of customer spend**

- Comprehensive, multimodal service offering capable of providing pan-European solutions
- Approximately half of top 100 customers use multiple XPO transportation services, with further opportunities to capture more share of wallet

### **Technology infrastructure delivers high service levels across offerings**

- Proprietary XPO Connect™ platform and Drive XPO™ app introduced in Europe in 2019, with roll-out continuing in 2020
- Scalable Freight Optimizer platform leverages machine learning to match shippers' freight with an established network of trucking carriers across Europe

### **Multiple avenues to grow the core and expand into adjacent countries**

- Expand account relationships by cross-selling services with the European transportation unit
- Consolidate the fast-growing last mile sector in operating regions
- Enter other key European regions, such as Germany and Eastern Europe

### **Track record of strong financial performance and robust free cash flow generation**

- Strong financial performance with a history of above-GDP growth
- Compelling future growth strategy across geographies and service offerings
- Robust free cash flow generation

## Leading provider of truck brokerage and LTL transportation in Europe

### COMPETITIVE ADVANTAGES

- Leading provider of truck brokerage in Europe
- Leading less-than-truckload (LTL) provider in the UK, France, Spain and Portugal, with daily service to 30 countries
- Dedicated truckload offering is a key differentiator in European markets
- Last mile presence in countries where fragmentation among regional providers represents a large growth opportunity
- Balanced non-asset and asset-based model, with one of Europe's largest ground transportation networks
- Strategic shift underway to rebalance the capacity mix toward non-asset brokerage, while optimizing one of the largest owned road fleets in Europe
- Green transport leader in Europe, with LNG fleet, electric last mile vehicles, mega-trucks and multimodal solutions
- Long track record of operational excellence with safety and driver training
- Substantial multinational capabilities, including deep knowledge of regulatory environments and cross-border requirements
- Global forwarding expertise valued by large customers

### KEY METRICS

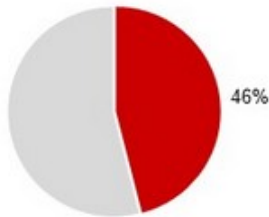
<b>Industry size</b>	~\$460 billion <sup>1</sup>
<b>2019 revenue</b>	\$2.9 billion
<b>Locations</b>	195
<b>Employees</b>	~15,000
<b>Trucks</b>	~7,500
<b>European countries served</b>	30

<sup>1</sup>Includes truckload and brokerage  
Source: Bain

## Business strategy tailored for key markets

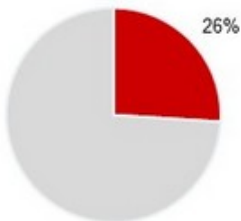
### LARGEST MARKETS BY % OF 2019 EUROPEAN TRANSPORTATION REVENUE

FRANCE



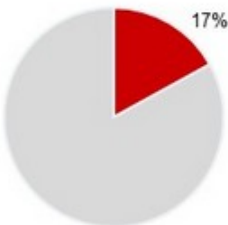
- Uses blended model of XPO-owned trucks and contracted independent carriers for less-than-truckload
- Established last mile logistics offering for heavy goods
- Non-dedicated truckload business being phased out and replaced by truck brokerage, which is demonstrating strong growth

UNITED KINGDOM AND IRELAND



- XPO-owned trucks and employee drivers
- Established last mile business
- Overnight distribution service to auto dealer networks
- Rapid growth of dedicated truckload being driven by increasing business from large contracts

SPAIN AND PORTUGAL



- Independent carrier contractors utilize XPO-branded equipment
- Established last mile as a subcontracted model
- LTL and brokerage model in strong deployment

Note: Data as of FY 2019

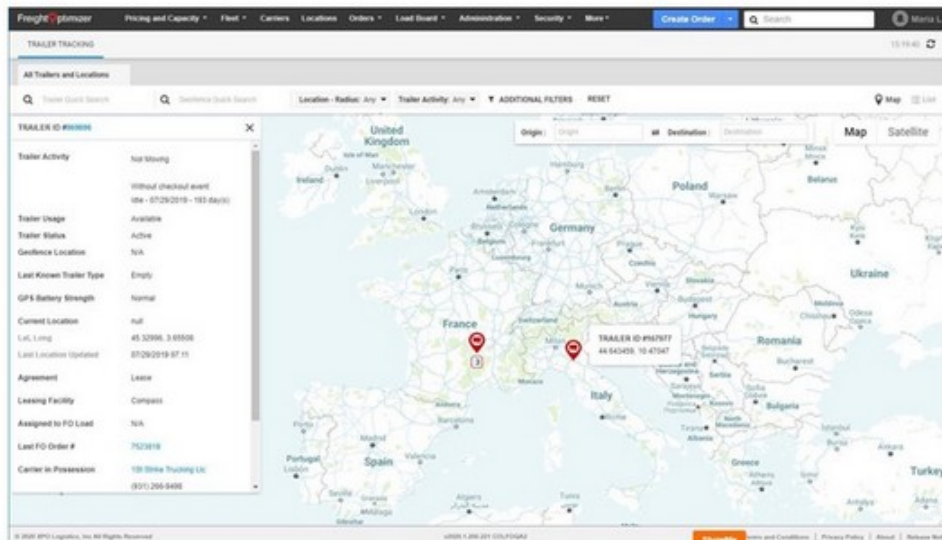
## Over 100 LTL locations serving countries across Europe

- Transportation capabilities from a single pallet to full truckloads
- ~60,000 pallets delivered daily over domestic networks
- ~9,800 pallets delivered daily over international networks
- Size and scale enable pan-European solutions for multinational customers



## Proprietary Freight Optimizer uses advanced analytics to optimize pricing strategy

- Leverages machine learning to match shippers' freight with an established network of trucking carriers
- Finds optimal capacity for each load by analyzing data from multiple sources, weighted by cost and performance
- Rapid load-to-carrier execution and tendering
- Uses predictive pricing algorithms that account for capacity and real-time market conditions
- Manages routing, carrier assignment and execution according to customer-specific business rules



## Comprehensive plan to grow revenue and expand margin

### EXPAND EXISTING PLATFORM



- Take advantage of fragmented industry to drive outsized growth
- Increase scale in last mile and brokerage businesses
- Grow share of wallet with key customers

### COLLABORATE ACROSS NETWORK



- Continued investment in pan-European solutions for existing and new multinational customers
- Technology-enabled price discovery tools optimize margins and market share

### EXECUTE PRICING INITIATIVES



- Rollout pricing excellence levers (using algorithms and data science) to European market and expand pricing indexation
- Improvement on accessorial and fuel surcharge recovery

### CONTINUE TO BUILD TECHNOLOGY ADVANTAGE



- Ongoing rollouts of XPO Connect™ and Freight Optimizer continually improve efficiency and reduce costs
- Focus on cost controls to drive operating leverage and expand margins

# Supplemental materials

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## XPO is widely recognized for performance and culture

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- Named one of the World's Most Admired Companies by Fortune, 2018, 2019, 2020
- Partnered with MIT as the first global logistics company to join the Industrial Liaison Program, 2019
- Named a Disruptive Technology Leader on the FreightWaves Freight.Tech 25, 2019
- Ranked in top 100 of America's Most Responsible Companies by Newsweek, 2019
- Recognized by Ford Motor Company with World Excellence Award for expedite innovation, 2019
- Named a Leader in the Magic Quadrant for 3PL Providers by Gartner, 2018, 2019
- Named a Winning "W" Company by 2020 Women on Boards for gender diversity of the board of directors, 2019
- Named one of Spain's Best Companies to Work For by Forbes, 2019
- Recognized by Dow Chemical Company with Gold Safety Excellence Award for drayage, 2019
- Recognized by General Motors with Supplier of the Year Award for aftermarket distribution, 2019
- Recognized by Raytheon Company with EPIC Supplier Excellence Award for on-time delivery, 2019
- Named a Top 100 3PL by Inbound Logistics, 2014, 2015, 2016, 2017, 2018, 2019
- Named to the Fortune Future 50 list of US companies best positioned for breakout growth, 2018
- Ranked #7 of the Glassdoor Top 20 UK companies with the best leadership and culture, 2018
- Recognized by Boeing Company with Performance Excellence Award, 2018
- Ranked #67 of Largest US Employers by Fortune, 2018
- CEO Jacobs ranked #10 on Barron's list of World's Best CEOs, 2018
- Awarded Company of the Year for innovation by Assologica (Italy), 2017, 2018
- Named a top-performing US company on the Global 2000 by Forbes, 2017
- Named one of America's Best Employers by Forbes, 2017



## Highlights of XPO's sustainability culture

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### IN 2019:

- Launched a partnership with a leading healthcare network for women and families to offer supplemental health services from over 1,400 practitioners in 20 specialties through a virtual clinic
- Achieved a Recordable Incident Rate (RIR) of 1.176 in North American logistics operations, dramatically lower than the industry average of 5.000
- Implemented five employee engagement surveys for hourly and salaried employees that generated 54,000 responses subsequently reviewed by management, with numerous suggestions adopted as action plans
- Introduced a tuition reimbursement benefit to provide up to \$5,250 annually for employees pursuing continuing education
- Partnered with the Susan G. Komen Foundation, a leading non-profit breast cancer organization, to engage employees and encourage them to do routine testing
- Continued robust recruitment initiatives and received more than 64,000 online job applications per month through the XPO career site
- Hired 50 young people from the XPO Graduate Program in Europe, bringing the total number of graduates hired through the program to over 300
- Participated in the 2019 International Pride celebration in New York City with a float piloted by an XPO driver

**XPO's sustainability reports are available online at [sustainability.xpo.com](https://sustainability.xpo.com)**

## Highlights of XPO's sustainability culture (cont.)

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### IN 2018:

- US warehouse employees received an average annual wage increase of 8%, with over 30% receiving an increase of 10% or more
- XPO drivers worldwide travelled more than 1.4 billion accident-free miles
- XPO's Road to Zero safety program reduced US distracted driving by 37% YOY through LTL in-truck technology and driver coaching
- 1.7 million training hours were invested in employee development worldwide
- 30% of all global hires were women

### XPO'S PREGNANCY CARE AND FAMILY BONDING BENEFITS ARE PROGRESSIVE IN ANY INDUSTRY

- Any XPO employee, male or female, receives up to six weeks of 100% paid postnatal leave as the primary caregiver
- Women receive up to 20 days of 100% paid prenatal leave for health and wellness
- "Automatic yes" pregnancy accommodations are granted on request: changes to work schedules, the timing or frequency of breaks, and assistance with certain tasks
- More extensive accommodations are easily arranged with input from a doctor
- XPO guarantees that a woman will continue to be paid her regular base wage rate, and will remain eligible for wage increases, while her pregnancy accommodations are in effect
- All program enhancements provided at no additional cost to employees

## Strongly committed to sustainability in transportation and logistics

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### TRANSPORTATION

- XPO begins 2020 collaborative research and development project with General State Administration of Spain to capture data about environmental and safety performance of duo-trailer vehicles
- Renews three-year commitment to the CO<sub>2</sub> Charter in France, extending 10-year commitment to sustainability
- Awarded the label "Objectif CO<sub>2</sub>" for outstanding environmental performance of transport operations by the French Ministry of the Environment and the French Environment and Energy Agency
- Named a Top 75 Green Supply Chain Partner by Inbound Logistics for 2016, 2017, 2018, 2019
- Large investments in fuel-efficient Freightliner Cascadia tractors in North America (EPA 2013-compliant and GHG14-compliant SCR technology); and 100 Stralis Natural Power Euro VI tractors in Europe, which combine liquified and compressed natural gas (LNG/CNG) to reduce NO<sub>x</sub> emissions below the Euro VI standard
- One of the most modern fleets in Europe: 98% compliant with Euro V, EEV and Euro VI standards, with an average truck age of approximately three years in 2018
- Government-approved mega-trucks in Spain can reduce CO<sub>2</sub> emissions up to 20%
- Drivers train in responsible eco-driving and fuel usage reduction techniques
- North American LTL locations implementing phased upgrades to LED lighting
- Experimenting with diesel alternatives such as diesel-electric hybrids; piloting zero-emission electric vans in Europe for last mile service

**CarbonNET, our proprietary, cloud-based calculator, helps our operations document emission sources, activity data and CO<sub>2</sub> calculations**

## Strongly committed to sustainability in transportation and logistics (cont.)

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### LOGISTICS

- By the end of 2020, nearly 75% of XPO's total space in Europe will operate LED lighting systems
- XPO's warehouse of the future for Nestlé in the UK will begin operating in 2020, equipped with environmentally friendly ammonia refrigeration systems, LED lighting, air-source heat pumps for administration areas and rainwater harvesting
- Numerous XPO facilities are ISO14001-certified to high standards for environmental management
- Waste mitigation measures, such as electronic waybills and documentation, are instilled in daily operations to reduce paper and other waste products
- Energy efficiency evaluations are performed prior to selecting warehouses to lease, and energy efficient equipment is purchased when feasible
- 79% of material handling devices used in our logistics sites operate on battery power instead of fuel
- Millions of electronic components and batteries are recycled annually as a byproduct of reverse logistics operations
- Packaging engineers ensure that the optimal carton size is used for each product slated for distribution
- Recycled packaging is purchased when feasible
- Reusable kitting tools are utilized for the installation of parts in customer operations, manufactured by XPO

**We operate our business with high regard for the environment and our stakeholders**

## Business glossary

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- **Contract Logistics:** An asset-light, technology-enabled business characterized by long-term contractual relationships with high renewal rates, low cyclicalities and a high-value-add component that minimizes commoditization. Contracts are typically structured as either fixed-variable, cost-plus or gain-share. XPO services include highly engineered solutions, e-fulfillment, reverse logistics, packaging, factory support, aftermarket support, warehousing and distribution for customers in aerospace, manufacturing, retail, life sciences, chemicals, food and beverage, and cold chain. Reverse logistics, also known as returns management, refers to processes associated with managing the flow of returned goods back through contract logistics facilities: for example, unwanted e-commerce purchases, food transport equipment or defective goods. Reverse logistics services can include cleaning, inspection, refurbishment, restocking, warranty processing and other lifecycle services.
- **Expedite:** A non-asset business that facilitates time-critical, high-value or high-security shipments, usually on very short notice. Revenue is either contractual or transactional, primarily driven by unforeseen supply chain disruptions or just-in-time inventory demand for raw materials, parts or goods. XPO provides three types of expedite service: ground transportation via a network of independent contract carriers; air charter transportation facilitated by proprietary, a web-based technology that solicits bids and assigns loads to aircraft; and a transportation management system (TMS) network that is the largest web-based expedite management system in North America.
- **Freight Brokerage:** A variable cost business that facilitates the trucking of freight by procuring carriers through the use of proprietary technology, typically referred to as a TMS (transportation management system). Freight brokerage net revenue is the spread between the price to the shipper and the cost of purchased transportation. In North America, XPO has a non-asset freight brokerage business, with a network of 38,000 independent carriers. In Europe, XPO generates over €1 billion in freight brokerage revenue annually, with capacity provided by an asset-light mix of owned fleet and independent carriers.
- **Global Forwarding:** A non-asset business that facilitates freight shipments by ground, air and ocean. Shipments may have origins and destinations within North America, to or from North America, or between foreign locations. Services are provided through a network of market experts who provide local oversight in thousands of key trade areas worldwide. XPO's global forwarding service can arrange shipments with no restrictions as to size, weight or mode, and is OTI and NVOCC licensed.

## Business glossary (cont.)

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- **Intermodal:** An asset-light business that facilitates the movement of long-haul, containerized freight by rail, often with a drayage (trucking) component at either end. Intermodal is a variable cost business, with revenue generated by a mix of contractual and spot market transactions. Net revenue equates to the spread between the price to the shipper and the cost of purchasing rail and truck transportation. Two factors are driving growth in intermodal in North America: rail transportation is less expensive and more fuel efficient per mile than long-haul trucking, and rail is a key mode of transportation in and out of Mexico, where the manufacturing base is booming due to a trend toward near-shoring.
- **Last Mile:** An asset-light business that facilitates the delivery of goods to their final destination, most often to consumer households. XPO specializes in two areas of last mile service: arranging the delivery and installation of heavy goods such as appliances, furniture and electronics, often with a white glove component; and providing logistics solutions to retailers and distributors to support their e-commerce supply chains and omnichannel distribution strategies. Capacity is sourced from a network of independent contract carriers and technicians.
- **Less-Than-Truckload (LTL):** The transportation of a quantity of freight that is larger than a parcel, but too small to require an entire truck, and is often shipped on a pallet. LTL shipments are priced according to the weight of the freight, its commodity class (which is generally determined by its cube/weight ratio and the description of the product), and mileage within designated lanes. An LTL carrier typically operates a hub-and-spoke network that allows for the consolidation of multiple shipments for different customers in single trucks.
- **Managed Transportation:** A service provided to shippers who want to outsource some or all of their transportation modes, together with associated activities. This can include freight handling such as consolidation and deconsolidation, labor planning, inbound and outbound shipment facilitation, documentation and customs management, claims processing, and 3PL supplier management, among other things.
- **Truckload:** The ground transportation of cargo provided by a single shipper in an amount that requires the full limit of the trailer, either by dimension or weight. Cargo typically remains on a single vehicle from the point of origin to the destination and is not handled en route. See Freight Brokerage on the prior page for additional details.

## Business glossary (cont.)

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- **XPO Connect™**: XPO's fully automated, self-learning digital freight marketplace connects shippers and carriers directly, as well as through company operations. XPO Connect™ gives customers comprehensive visibility across multiple transportation modes in real time, including fluctuations in capacity, spot rates by geography and digital negotiating through an automated counteroffer feature. Shippers can assign loads to carriers and track the freight through one, secure login. Carriers use the Drive XPO™ app from the road to interact with shippers and with XPO. The app also serves as a geo-locator and supports voice-to-text communications. XPO has deployed XPO Connect™ in North America and Europe for truckload freight, with additional capabilities for last mile customers and independent contractors engaged in the home delivery of heavy goods.
- **XPO Direct™**: XPO's national, shared-space distribution network gives retail, e-commerce, omnichannel and manufacturing customers new ways to distribute their goods. XPO Direct™ warehouses serve as stockholding sites and cross-docks that can be utilized by multiple customers at the same time. Transportation needs are supported by XPO's brokered, contracted and owned capacity. B2C and B2B customers essentially rent XPO's capacity for contract logistics, last mile, LTL, labor, technology, transportation and storage. They can position inventories fluidly across markets without the capital investment of adding distribution centers, while XPO uses its existing assets and supplier relationships as growth levers. The XPO Direct™ network encompasses over 90 facilities in North America.
- **XPO Smart™**: XPO's technology suite of optimization tools improve labor productivity, intelligent warehouse management and demand forecasting in the company's logistics and transportation operations. XPO Smart labor productivity tools interface with the company's proprietary warehouse management system to forecast optimal staffing levels day-by-day and shift-by-shift. In addition, the warehouse management system facilitates the integration of robotics and other advanced automation, enabling XPO to start up customer logistics projects or expand existing implementations with a high degree of efficiency. The integrated technology provides an intelligent, single solution that combines key supply chain applications, including unified order management and intuitive dashboard tools that analyze trends and guide decision-making.

## Financial reconciliations

The following table reconciles XPO's net income attributable to common shareholders for the periods ended December 31, 2019 and 2018 to EBITDA and adjusted EBITDA for the same periods.

Reconciliation of Non-GAAP Measures XPO Logistics, Inc. Consolidated Reconciliation of Net Income to Adjusted EBITDA (Unaudited) (In millions)								
	Three Months Ended December 31				Years Ended December 31			
	2019	2018	\$ Variance	Change %	2019	2018	\$ Variance	Change %
Net income attributable to common shareholders	\$ 96	\$ 84	\$ 12	14.3%	\$ 379	\$ 390	\$ (11)	-2.8%
Distributed and undistributed net income	11	7	4	57.1%	40	32	8	25.0%
Net income attributable to noncontrolling interests	-	-	-	0.0%	21	22	(1)	-4.5%
Net income	<u>107</u>	<u>91</u>	<u>16</u>	<u>17.6%</u>	<u>440</u>	<u>444</u>	<u>(4)</u>	<u>-0.9%</u>
Debt extinguishment loss	-	-	-	0.0%	5	27	(22)	-81.5%
Interest expense	74	52	22	42.3%	292	217	75	34.6%
Income tax provision	30	27	3	11.1%	129	122	7	5.7%
Depreciation and amortization expense	193	188	5	2.7%	739	716	23	3.2%
Unrealized loss (gain) on foreign currency option and forward contracts	4	(7)	11	-157.1%	9	(20)	29	-145.0%
EBITDA	<u>\$ 408</u>	<u>\$ 351</u>	<u>\$ 57</u>	<u>16.2%</u>	<u>\$ 1,614</u>	<u>\$ 1,506</u>	<u>\$ 108</u>	<u>7.2%</u>
Transaction, integration and rebranding costs	3	8	(5)	-62.5%	5	33	(28)	-84.8%
Restructuring costs	21	19	2	10.5%	49	21	28	133.3%
Litigation costs	-	26	(26)	-100.0%	-	26	(26)	-100.0%
Gain on sale of equity investment	-	(24)	24	-100.0%	-	(24)	24	-100.0%
Adjusted EBITDA	<u>\$ 432</u>	<u>\$ 350</u>	<u>\$ 82</u>	<u>23.7%</u>	<u>\$ 1,668</u>	<u>\$ 1,562</u>	<u>\$ 106</u>	<u>6.8%</u>
Revenue	<u>\$ 4,136</u>	<u>\$ 4,359</u>	<u>\$ (223)</u>	<u>-5.8%</u>	<u>\$ 16,648</u>	<u>\$ 17,279</u>	<u>\$ (631)</u>	<u>-3.7%</u>
Adjusted EBITDA margin <sup>(1)</sup>	<u>10.4%</u>	<u>8.7%</u>			<u>10.0%</u>	<u>9.0%</u>		

<sup>(1)</sup> Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Revenue.

Notes: The sum of quarterly net income attributable to common shareholders and distributed and undistributed net income may not equal year-to-date amounts due to the impact of the two-class method of calculating earnings per share

Adjusted EBITDA was prepared assuming 100% ownership of XPO Logistics Europe

Refer to the "Non-GAAP Financial Measures" section on page 2 of this document



## Financial reconciliations (cont.)

The table reconciles XPO's net income attributable to common shareholders for the periods ended December 31, 2019 and 2018 to adjusted net income attributable to common shareholders for the same periods.

Reconciliation of Non-GAAP Measures XPO Logistics, Inc. Consolidated Reconciliation of GAAP Net Income and Net Income Per Share to Adjusted Net Income and Adjusted Net Income Per Share (Unaudited) (In millions, except per share data)				
	Three Months Ended December 31,		Years Ended December 31,	
	2019	2018	2019	2018
GAAP net income attributable to common shareholders	\$ 96	\$ 84	\$ 379	\$ 380
Debt extinguishment loss	-	-	5	27
Unrealized loss (gain) on foreign currency option and forward contracts	4	(7)	9	(20)
Impairment of customer relationship intangibles	-	-	6	-
Transaction, integration and rebranding costs	3	8	5	33
Restructuring costs	21	19	49	21
Litigation costs	-	26	-	26
Gain on sale of equity investment	-	(24)	-	(24)
Income tax associated with the adjustments above	(6)	(6)	(18)	(15)
Impact of noncontrolling interests on above adjustments	(1)	(1)	(2)	(2)
Allocation of undistributed earnings	(2)	(1)	(5)	(4)
<b>Adjusted net income attributable to common shareholders</b>	<b>\$ 115</b>	<b>\$ 98</b>	<b>\$ 428</b>	<b>\$ 432</b>
<b>Adjusted basic earnings per share</b>	<b>\$ 1.25</b>	<b>\$ 0.78</b>	<b>\$ 4.46</b>	<b>\$ 3.51</b>
<b>Adjusted diluted earnings per share</b>	<b>\$ 1.12</b>	<b>\$ 0.72</b>	<b>\$ 4.03</b>	<b>\$ 3.19</b>
<b>Weighted-average common shares outstanding</b>				
Basic weighted-average common shares outstanding	92	128	96	123
Diluted weighted-average common shares outstanding	103	137	106	135

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

## Financial reconciliations (cont.)

The following table reconciles XPO's net cash provided by operating activities for the three months ended December 31, 2019 and 2018, and the years ended December 31, 2019, 2018, 2017, 2016 and 2015, to free cash flow for the same periods.

Reconciliation of Non-GAAP Measures XPO Logistics, Inc. Reconciliation of Cash Flows From Operating Activities to Free Cash Flow (Unaudited) (In millions)							
	Three Months Ended		Years Ended				
	December 31,		December 31,				
	2019	2018	2019	2018	2017	2016	2015
Net cash provided by operating activities	\$ 349	\$ 566	\$ 791	\$ 1,102	\$ 785	\$ 622	\$ 91
Cash collected on deferred purchase price receivable	-	-	186	-	-	-	-
Adjusted net cash provided by operating activities	349	566	977	1,102	785	622	91
Payment for purchases of property and equipment	(188)	(138)	(601)	(661)	(504)	(483)	(249)
Proceeds from sales of property and equipment	60	51	252	143	118	69	60
Free Cash Flow	\$ 221	\$ 479	\$ 628	\$ 684	\$ 399	\$ 208	\$ (98)

Notes: 2016 and 2017 data have been recast to reflect the impact of Accounting Standards Update 2016-18. Refer to the "Non-GAAP Financial Measures" section on page 2 of this document.

## Financial reconciliations (cont.)

The following table reconciles XPO's revenue attributable to its North American less-than-truckload business for the three months and years ended December 31, 2019 and 2018 to adjusted operating income and adjusted operating ratio for the same periods.

**XPO Logistics North American Less-Than-Truckload  
Adjusted Operating Ratio  
(Unaudited)  
(In millions)**

	Three Months Ended December 31,				Years Ended December 31,			
	2019	2018	\$ Variance	Change %	2019	2018	\$ Variance	Change %
Revenue (excluding fuel surcharge revenue)	\$ 777	\$ 791	\$ (14)	-1.8%	\$ 3,259	\$ 3,230	\$ 29	0.9%
Fuel surcharge revenue	128	138	(10)	-7.2%	532	552	(20)	-3.6%
<b>Revenue</b>	<b>905</b>	<b>929</b>	<b>(24)</b>	<b>-2.6%</b>	<b>3,791</b>	<b>3,782</b>	<b>9</b>	<b>0.2%</b>
Salaries, wages and employee benefits	438	442	(6)	-1.4%	1,788	1,754	32	1.8%
Purchased transportation	92	100	(8)	-8.0%	397	400	(3)	-0.8%
Fuel and fuel-related taxes	59	75	(16)	-21.3%	264	293	(29)	-9.9%
Other operating expenses	78	113	(35)	-31.0%	363	476	(113)	-23.7%
Depreciation and amortization	58	60	(2)	-3.3%	227	243	(16)	-6.6%
Maintenance	22	25	(3)	-12.0%	102	102	-	0.0%
Rents and leases	13	11	2	18.2%	49	44	5	11.4%
Purchased labor	1	3	(2)	-66.7%	6	12	(6)	-50.0%
<b>Operating income</b>	<b>146</b>	<b>100</b>	<b>46</b>	<b>46.0%</b>	<b>597</b>	<b>458</b>	<b>139</b>	<b>30.3%</b>
<b>Operating ratio <sup>(1)</sup></b>	<b>83.9%</b>	<b>89.2%</b>			<b>84.3%</b>	<b>87.9%</b>		
Restructuring costs	-	3	(3)	-100.0%	3	3	-	0.0%
Amortization expense	9	8	1	12.5%	34	33	1	3.0%
Other income <sup>(2)</sup>	5	7	(2)	-28.6%	22	29	(7)	-24.1%
<b>Adjusted operating income</b>	<b>\$ 160</b>	<b>\$ 118</b>	<b>\$ 42</b>	<b>35.6%</b>	<b>\$ 656</b>	<b>\$ 523</b>	<b>\$ 133</b>	<b>25.4%</b>
<b>Adjusted operating ratio <sup>(3) *</sup></b>	<b>82.3%</b>	<b>87.3%</b>			<b>82.7%</b>	<b>89.2%</b>		

<sup>(1)</sup> Operating ratio is calculated as  $(1 - (\text{Operating income} / \text{Revenue}))$ .

<sup>(2)</sup> Other income primarily consists of pension income and is included in Other expense (income) on the Consolidated Statement of Income.

<sup>(3)</sup> Adjusted operating ratio is calculated as  $(1 - (\text{Adjusted operating income} / \text{Revenue}))$ .

\* Less-Than-Truckload adjusted operating ratio improved year-over-year by 500 basis points for the three months and 350 basis points for the year ended December 31, 2019, with sales of real estate accounting for 350 basis points and 200 basis points, respectively.

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

## Financial reconciliations (cont.)

The following table reconciles XPO's net income (loss) attributable to common shareholders for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 to EBITDA, adjusted EBITDA, and adjusted EBITDA excluding the North American truckload business divested in 2016.

Reconciliation of Non-GAAP Measures XPO Logistics, Inc. Consolidated Reconciliation of Net Income (Loss) to Adjusted EBITDA excluding Truckload (Unaudited) (In millions)					
	Years Ended December 31,				
	2019	2018	2017	2016	2015
Net income (loss) attributable to common shareholders	\$ 379	\$ 390	\$ 312	\$ 63	\$ (246)
Preferred stock beneficial conversion charge	-	-	-	-	52
Distributed and undistributed net income	40	32	28	6	3
Net income (loss) attributable to noncontrolling interests	21	22	20	16	(1)
Net income (loss)	<u>440</u>	<u>444</u>	<u>360</u>	<u>85</u>	<u>(192)</u>
Debt commitment fees	-	-	-	-	20
Debt extinguishment loss	5	27	36	70	-
Other interest expense	292	217	284	361	187
Loss on conversion of convertible senior notes	-	-	1	-	10
Income tax provision (benefit)	129	122	(99)	22	(91)
Accelerated amortization of trade names	-	-	-	-	2
Depreciation and amortization expense	739	716	658	643	363
Unrealized loss (gain) on foreign currency option and forward contracts	9	(20)	49	(36)	3
<b>EBITDA</b>	<u>\$ 1,614</u>	<u>\$ 1,506</u>	<u>\$ 1,289</u>	<u>\$ 1,146</u>	<u>\$ 302</u>
Transaction, integration and rebranding costs	5	33	78	103	201
Restructuring costs	49	21	-	-	-
Litigation costs	-	26	-	-	-
Gain on sale of equity investment	-	-	-	-	-
Gain on sale of intermodal equipment	-	(24)	-	-	(10)
<b>Adjusted EBITDA</b>	<u>\$ 1,668</u>	<u>\$ 1,562</u>	<u>\$ 1,367</u>	<u>\$ 1,248</u>	<u>\$ 493</u>
Adjusted EBITDA divested NA Truckload business	-	-	-	80	19
<b>Adjusted EBITDA excluding Truckload</b>	<u>\$ 1,668</u>	<u>\$ 1,562</u>	<u>\$ 1,367</u>	<u>\$ 1,168</u>	<u>\$ 474</u>

Notes: Adjusted EBITDA was prepared assuming 100% ownership of XPO Logistics Europe  
Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

## Financial reconciliations (cont.)

The following table reconciles XPO's GAAP revenue to organic revenue and organic revenue growth for the three months and years ended December 31, 2019 and 2018 for the consolidated company.

**Reconciliation of Non-GAAP Measures**  
**XPO Logistics, Inc.**  
**Reconciliation of GAAP Revenue to Organic Revenue**  
**(Unaudited)**  
**(In millions)**

	Consolidated			
	Three Months Ended December 31,		Years Ended December 31,	
	2019	2018	2019	2018
Revenue	\$ 4,136	\$ 4,389	\$ 16,648	\$ 17,279
Fuel	(430)	(464)	(1,704)	(1,788)
Direct postal injection revenue	-	(84)	(40)	(253)
Foreign exchange rates	33	-	344	-
<b>Organic Revenue</b>	<b>\$ 3,738</b>	<b>\$ 3,841</b>	<b>\$ 15,248</b>	<b>\$ 15,238</b>
Organic Revenue Growth <sup>(1)</sup>	-2.7%		0.1%	

<sup>(1)</sup> Organic revenue growth is calculated as the relative change in year-over-year organic revenue, expressed as a percentage of 2018 organic revenue.

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document