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XPO - Q1 2019 XPO Logistics Inc Earnings Call

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OVERVIEW:

XPO reported 1Q19 YoverY organic revenue growth of 2.3%.

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PRESENTATION

Operator

Welcome to the XPO Logistics First Quarter 2019 Earnings Conference Call and Webcast. My name is Rob, and I'll be your operated for today's call. (Operator Instructions) Please note that this conference is being recorded.

Before the call begins, let me read a brief statement on behalf of the company regarding forward-looking statements and the use of non-GAAP financial measures. During this call, the company may be making certain forward-looking statements within the meaning of applicable securities laws, which by their nature involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those projected in the forward-looking statements. A discussion of factors that could cause actual results to differ materially is contained in the company's SEC filings.

The forward-looking statements in the company's earnings release or made on this call are made only as of today, and the company has no obligation to update any of these forward-looking statements, except to the extent required by law.

During this call, the company also may refer to certain non-GAAP financial measures as defined under applicable SEC rules. Reconciliation of such non-GAAP financial measures to the most comparable GAAP measures are contained in the company's earnings release and the related financial tables. You can find a copy of the company's earnings release, which contains additional important information regarding forward-looking statements and non-GAAP financial measures in the Investors section of the company's website.

I will now turn the call over to Brad Jacobs. Mr. Jacobs, you may begin.

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Thank you, operator. Good morning, everyone. Thanks for joining the call. With me in Greenwich are Matt Fassler, our Chief Strategy Officer; and Tavio Headley, Senior Director of Investor Relations.

As you saw yesterday, we outperformed on our 2 key metrics. We delivered a solid beat on adjusted EBITDA in the quarter and even more so on free cash flow. Adjusted EBITDA at $343 million was a first quarter record for us. It was up 3.9% year over year on organic revenue growth of 2.3%.

Notably, this growth was after we absorbed a significant loss of business from our largest customer. In freight brokerage, we grew net revenue by 9.5% and increased net revenue margin by 420 basis points. We're leveraging XPO Connect, our digital freight marketplace, to source capacity at lower rates and, due to automation, we're producing greater results with fewer people. The number of U.S. carriers on XPO Connect has shot up to more than 18,000, up from 0 a year ago. We added as many downloads on our XPO Connect platform in the first quarter as we did in all of 2018, and we're in the process of rolling out XPO Connect in Europe and in North America last mile.

In LTL, we accelerated yield improvement. In the first quarter, year-over-year yield growth was 3%. That's almost triple the 1.1% yield growth we reported in the fourth quarter of 2018. We also generated our best quarter adjusted operating ratio in LTL in 20 years. We've nearly doubled EBITDA in LTL since we bought the operation in 2015. This year, we're investing in a whole raft of technology tools to further enhance network profitability and the customer experience in LTL.

We delivered a strong quarter in our logistics segment as well, generating year-over-year growth of 3.2% or organic revenue growth of 8.1%, excluding the impact of FX. We benefited from the record number of contracts we started up throughout 2018.

Company-wide, we closed a record $1.1 billion of new business in the quarter. That was up 15% year over year. And this is an acceleration from the 6% year-over-year growth we reported in the fourth quarter. And our global sales pipeline crossed the $4 billion mark for the first time. Last week, we issued our first sustainability report. It contains a slew of insights into our commitment to corporate responsibility. The report can be found on our website, and I strongly recommend reading it.

As you saw in the release, we reaffirmed our 2019 outlook. We're off to a solid start and, as I said in my annual shareholder letter, we believe we're more capable of creating significant shareholder value today than in any time in our history.

With that, I'll ask Matt to review the numbers in more detail.

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

Thanks, Brad. I'd like to walk you through the numbers, the backdrop and our strategic focus by business unit.

I'll start with our transportation segment, where we delivered solid profit margin improvement on 4% lower revenue. A decline in revenue from our largest customer weighed on this number by about 300 basis points, especially in freight brokerage, and FX had a 230 basis point impact. Adjusted EBITDA from transportation was flattish. However, our adjusted EBITDA margin rose by about 30 basis points to 9.9% from 9.6%, reflecting higher profitability in brokerage, intermodal and managed transportation and cost discipline across the organization.

In freight brokerage, as Brad mentioned, our net revenue increased 9.5% and our net revenue margin rose sharply. Our top-line revenue declined 13% as we cycled our toughest comparison of the year, a 30% increase in Q1 of '18, but the latest advancements in our algorithmic platform helped us to produce optimal bids and price intelligently. Intermodal showed the strongest revenue growth of all of our North American transportation businesses and sharp margin improvement as well.

Moving on to North American LTL. Revenue per hundredweight, excluding fuel, rose 3%, reflecting the success of our pricing initiatives, including good traction from our GRI increase. We also achieved a 3.7% rate increase with contract renewals. Our LTL tonnage declined 2% for the quarter, but improved from that trend in March despite a delayed start to the ag season.

Moving on to our last mile business. Revenue declined 6% year over year as we wound down our postal injection business as the quarter progressed. Last mile revenue outside of postal injection rose slightly. We improved our net revenue margin in this business to the highest levels we've delivered since entering last mile in 2013, and we've made excellent progress driving forward momentum. We had our highest ever quarterly new business wins in last mile, double the prior peak. Also, we rolled out XPO Connect to last mile. We now provide carriers automatic route planning and consumers can request personalized alerts, schedule or reschedule delivery times electronically, use augmented reality tools to visualize how they will place items inside their homes and track their orders in real-time using our web tools or Google Home, Amazon Echo or Google search.

Our European transportation business generated revenue growth of 0.6%. Organic growth was 6.3%, with the difference driven by FX. In France, our largest market in Europe, GDP growth has been modest. The operating environment there is still volatile, including strife that periodically disrupted commercial activity. On the plus side, our U.K. operation posted solid growth and significant market share gains.

Turning to logistics, we reported a quarter of strong organic growth. Segment revenue rose 3% globally, with organic growth up 8%. Adjusted EBITDA rose 1% to $113 million. In North America, our 11% revenue growth in logistics reflects ongoing strength in consumer package goods, food and beverage and aerospace. Margins in North America held steady year on year. We expect the scaled rollout of robotics for both new launches and existing relationships to expand our contract logistics margins over time. We're implementing these for select customers and new startups and the existing operations.

In Europe, logistics revenue declined 1%, with organic growth of 6.6%. We're continuing to see strong consumer-oriented demand for e-fulfillment in Europe, punctuated by stellar performance from our e-commerce franchise.

Addressing a few corporate items. We have raised or refinanced over $3 billion in debt from public and private investors since December 2018 to improve interest rates and other terms, while extending the company's maturity profile. Interest expense rose to $71 million from $59 million, reflecting our recent debt issuances.

Our GAAP effective tax rate was 27% versus 0% a year ago. Our tax rate in our adjusted net income calculation was 28%, consistent with our annual guidance range versus 6% a year ago. In the first quarter of 2018, our tax rate was lower based on equity compensation that did not repeat this year.

Our weighted average diluted share count declined to 117 million from 137 million in the fourth quarter. This primarily reflects our share repurchase activity. In the first quarter, we completed the $1 billion buyback authorized in December of 2018 and commenced the $1.5 billion buyback authorized this past February. All in, we have bought back 35.2 million shares at an average price of $53.42, for a total expenditure of $1.9 billion. Our buyback should prove nicely accretive for the year.

Cash flow from operations in the quarter was a use of $96 million and free cash flow was also a use of $96 million, better than expected. Our net CapEx was $71 million, down from $132 million in the prior year. This included gross CapEx of $118 million versus $142 million a year ago and sales of property and equipment of $47 million versus $10 million.

Looking at working capital, favorable trends in collections also helped our free cash flow. On a year-over-year basis, the pro forma contribution to cash flow from receivables sold during the quarter was $55 million, while on a sequential basis the contribution was $111 million less than Q4 2018.

Moving on to our full-year outlook, we're pleased to reaffirm guidance of adjusted EBITDA of $1.65 billion to $1.725 billion, which represents 6% to 10% growth over 2018. For the full year, we expect free cash flow in the range of $525 million to $625 million. With higher net CapEx and higher cash taxes in Q2, we expect free cash flow for the first half to look much like the first half of 2018.

We are optimistic about our record new business wins and pipeline, we're energized by our innovation and we should see benefits from our internal growth initiatives in the back half of the year.

With that, I'll turn it back to the operator, and we'll take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Chris Wetherbee with Citi.

Christian F. Wetherbee - *Citigroup Inc, Research Division - VP*

I'll just start on the LTL side. Just kind of curious if you could run -- if there was a gain in the quarter. I want to understand sort of where that falls. Is that in the LTL business? And I know you had some weather impacts there, but it does seem like that maybe the core profit of that business was down year over year. I was hoping you could help walk us through sort of what was going on in the first quarter? And what do you think happens from here?

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

Chris, it's Matt. We did experience a gain -- we did book a gain from sales of real estate. A substantial part of that emanated from LTL. As you look at LTL, we're very happy with our yield growth of 3%, that's versus 1% in the prior quarter. We are investing as we roll out the newest generation of our tech tools. We expect those to enhance labor productivity, to enhance P&D efficiency, to help our linehaul, and we'd expect to drive gains from this innovation over the course of the year. The weather did hit us as well. It impacts top line and people still come to work, so we delever there on the expense line, too. Our business improved in March sales-wise and profit-wise. That continued into April when our yield trends were similar, perhaps slightly better than what we saw in Q1. We expect -- we're running LTL for EBITDA not just OR, but we do think we can generate improvement in OR year on year in the second quarter.

Christian F. Wetherbee - *Citigroup Inc, Research Division - VP*

Okay. And trends in April would suggest that, that is on track?

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

Yes.

Christian F. Wetherbee - *Citigroup Inc, Research Division - VP*

Okay. Okay, that's helpful. And then, Brad, wanted to get a sense from you from a big picture standpoint about capital allocation. Obviously, you guys have been aggressive with the buyback. We're seeing that impact on the share count. I don't know if anything has really changed since the last time we talked on this -- in this form about how you see value in the market and what you maybe have capacity to do with the balance sheet where it stands today. But sort of what's the take focusing on XPO, buying the stock, thinking outside of the company or other opportunities out there? What are your thoughts now?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

We think about this all the time, Chris. It's a good problem to have, that we're throwing off oodles of cash flow and we have a question of how we're going to apply that cash flow. And we have several buckets, and we're constantly comparing one bucket to the other. One would be M&A., another would be paying down debt, another would be CapEx, another would be a stock buyback, and we'll just keep monitoring all those 4 choices as we go along and do whatever makes most sense from a return on capital point of view.

Christian F. Wetherbee - *Citigroup Inc, Research Division - VP*

But no clear message this morning about what you see more value in? There's still no value in the stock right now?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

I didn't say that. I said that we're going to continue to monitor the return on capital that we would get from M&A versus the stock versus CapEx and versus just paying down debt. And we'll continually look at that, and we'll make decisions that make sense at that time.

Operator

The next question is from the line of Amit Mehrotra with Deutsche Bank.

Amit Singh Mehrotra - *Deutsche Bank AG, Research Division - Director and Senior Research Analyst*

Brad, Matt, so I guess I just want to push back a little bit on the LTL performance because last year you guys invested a lot in kind of high-intensity salespeople or account managers -- strategic account managers, I think you call them, and here we are kind of 12 months later or less than that and there was a 200 basis point year-on-year degradation in the LTL margins, when all the other nonunionized comps had the same weather issues and are showing year-on-year improvement. So you've had kind of this long-term framework of 100 to 200 basis points of LTL margin improvement. Is that still intact for this year? Do you expect every quarter for the next 3 quarters to actually be better than that to catch up from the underlying performance in the first quarter?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Several good points in there, I'll address each of them. One is, in LTL, you can look at LTL, or any business for that matter, including real estate sales or not including real estate sales or including equipment sales or not including equipment sales. We look at it as that's an ongoing part of our business. Sometimes that's a good guy, sometimes a bad guy, sometimes it's favorable to us and a gain, sometimes we sell stuff and it's a loss, and it is what it is and just all comes out in the [wash] (corrected by company after the call) in the end. So we don't look at it internally that we had a -- the way you described the margin. We look at it that our margin improved and our OR was a record, our best first quarter OR in 20 years -- 87.6% -- and we feel really good about that.

In terms of LTL as a whole, big picture, we really like what we've done with LTL. We've nearly doubled the EBITDA since we bought it from Con-way in 2015. It was doing -- if you take out the warehouse part of the business and the Menlo business, the Con-way Multimodal, and just look at the LTL business itself, it was doing $300-something million in EBITDA and today it's doing $700-something million in EBITDA. So it's a very, very, very big improvement and big success story. You are right, however. The first quarter had challenges to it. The biggest one of which was weather and that didn't just hit us, it hit other people as well. Nevertheless, I like the progress we're making on yield a lot. I like the fact that we had 3% yield improvement in the first quarter and only 1.1% improvement in the fourth quarter. It's a nice acceleration on yield, and I like the fact that GRI that we put out in January of 5.9% has stuck and over 90% has impacted revenues -- that's a really healthy pricing environment from our perspective. I'm a little disappointed that our price increases on contract renewals were 3.7%, even though 3.7% is nice, it's down. It's down from 4.9% in the fourth quarter. So there's some deceleration on the contract renewals, and we're going to have to watch that. But overall, rates are up, and we actually have some catch up to do. Our competitors have been raising rates faster than we have, and we've been a little behind on that and so a little catch up to do on that.

Now another thing I'd mention about LTL, Amit, in term of the big picture is, LTL is an amazing portal into XPO for our large accounts. If you look at our top 25 LTL accounts -- our 25 biggest LTL customers, they use on average 6 different XPO services. So 5 lines of business in addition to LTL. So it's a very big collateral benefit from our being in LTL business and having a broad range of customers.

The final point that you mentioned was about, we hired a bunch of salespeople last year and where is the results from that. I like the results. I think the results are -- the fact that we've got a better OR, the fact that we've been able to get yield improvement at a higher rate than we had in the fourth quarter, these were all positive things. When you hire hundreds of people and put them into a sales force, they need training, they need time and we're in the right direction on that. We're not where we want to be yet, but we are in the right direction there.

And then I think you also mentioned something about OR improvement. I want to make this clear, we don't myopically run the business, any business, including LTL, just for operating ratio, just for margin. We run it for improvement year over year on EBITDA. That's our main metric that we're looking at, and we're looking at return on capital. More often than not, improving margin by taking out cost, by growing revenue more than cost helps with that, gives us better return on capital, gives us more EBITDA going forward, but not always. Sometimes, for instance, in LTL, you can see a little margin degradation by taking on business that matches your network perfectly, but doesn't have as good OR, but adds to the overall fluidity of the network and increases the actual amount of the profit. So I can't promise you that every single quarter we're going to see improvement in OR because we're not managing the business specifically to that target. We very well may but that's not the main target that internally we look at. Does that answer all your questions?

Amit Singh Mehrotra - *Deutsche Bank AG, Research Division - Director and Senior Research Analyst*

Yes, that answers all the parts of my first question. I guess my follow-up, if I could, is...

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Don't get greedy, Amit, but go ahead. What's your next question?

Amit Singh Mehrotra - *Deutsche Bank AG, Research Division - Director and Senior Research Analyst*

I'm not, I'm not getting greedy. I think I just wanted you to talk about your ability to, I guess, backfill some of the lost business earlier this year. I mean, obviously, the new business wins are very strong, over $1 billion. I was wondering if you could parse that out between transportation and logistics so we can just get a sense of how much is maybe transactional that's going to replace the lost business and maybe how much is stickier or kind of contract logistics business? Any kind of color there on your ability to kind of reallocate or refocus resources that were dedicated to that account to other parts of the business?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Okay. Well, while I'm certainly not happy that we lost $600 million of business, it's never a good thing, I am happy that our sales force has refocused and reinvigorated from that and they delivered. We had a record new business pipeline. We had -- we crossed the $4 billion threshold for the very first time ever in the company, $4.1 billion in fact, crossed it healthily, so big improvement. Our pipeline is up 13% year over year and it's a nice sign. And the actual closing of business in the first quarter was rock solid at $1.1 billion, up 15% year over year. Now the fact that it's up 15% year over year in and of itself is a good point, but what's an even more interesting point is the acceleration from the fourth quarter. So in the fourth quarter, we had good new business wins and it was up 6% year over year. So the rate of growth in the first quarter is 2.5x what it was in the fourth quarter. So I feel very proud of what the sales force, supported by great operations, has been able to immediately generate in terms of replacing the lost revenue, but we have lost hundreds of millions of revenue, we still have wood to chop (sic) to get all that back.

With respect to the part of your question about where is all this new business coming from, it's all over the place. It's in Europe, it's in the United States, it's in every business line, it's spread throughout. The biggest parts of those would be LTL, managed trans and brokerage for that matter, too. Last mile, as Matt mentioned in his opening, last mile also has got a rebound, too. What you're seeing is places where we're challenged, you're seeing the resiliency of XPO, you're seeing the strength of XPO rising to the occasion when we have an incoming missile to defuse it and move on.

Operator

The next question comes from the line of Allison Landry with Crédit Suisse.

Allison M. Landry - *Crédit Suisse AG, Research Division - Director*

Going to have to ask another couple of questions on LTL. Just in terms of your earlier pricing comments, have you seen any pricing competition on the margin? I think one of your peers had talked about that last week. And then in terms of the weight per shipment, it looks like a decline for the first time in a number of quarters. So curious if that was weather-driven or a function of looser truckload or is it reflective of a shift in strategy in terms of the freight that you guys are targeting?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Thanks for the questions, Allison. On the weight per shipment, it's a bit lighter in Q2. It was down like 1-ish percentage, 1.2%. That's strictly due to mix moving away from the heavier freight like industrial or chem or ag or manufacturing and auto and getting a higher mix of lighter freight like retail, e-com, CPG, food and beverage. I wouldn't read a whole lot into it. That could go the other way in the next quarter, it could continue in that way, I don't think that's a big factor in what we're doing there. It's a little bit random. In terms of the yield and what we're seeing out in the marketplace, we did hear about those comments and because it came from a very good competitor who's very plugged in, we take them very seriously. At the same time, we're not seeing that internally in our business and that's shown by the numbers. Our yield was up 3% in the quarter and that's about 3x as much improved as it was in the fourth quarter. And in the second quarter our yield improvement is trending actually a little bit more than 3%. So we would characterize the pricing environment in our market that we're dealing with as a healthy one. And the only one thing that I'm slightly concerned about is that, that price increases on the renewals are only "3.7%." But still 3.7% is good enough.

Allison M. Landry - *Crédit Suisse AG, Research Division - Director*

Okay. And then in terms of the cash flow, should we be anticipating any further deferred purchase price receivables throughout the balance of the year? And Matt, maybe this is one for you, but could you help us think through the timing of the receivables factoring, how that will flow-through for the remaining 3 quarters?

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

Sure, Allison. So year on year, factoring contributed to cash flow by about $55 million. And consistent with the color that we gave as we entered the year, by the time we finished the year, we would expect that contribution to be somewhere between $125 million and $150 million. The DPP accounting convention is just another way we ultimately bring the cash onto the balance sheet from the sale of receivables. That can move around a little bit. We don't have a forecast for it, but something like the level that you saw this quarter is most likely what you'll see for the next quarter or 2 on the cash flow statement.

Allison M. Landry - *Crédit Suisse AG, Research Division - Director*

Okay. So we should see another roughly $70 million in the next -- each of the next 2 quarters. Is that what you're saying?

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

It's a number that's tough to forecast inter-quarter, but directionally, that's a decent sense of where it will be.

Operator

The next question is from the line of Brandon Oglenski with Barclays.

Brandon Robert Oglenski - *Barclays Bank PLC, Research Division - VP & Senior Equity Analyst*

Brad or Matt, can you talk about the pipeline? I think you said it's over $1 billion of new business in this quarter. But if I'm not mistaken, I think that's like a gross number. So for sure, there's going to be contracts that don't renew. So how do we put that in context of business that you're not getting back?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

So that's a gross number, and that $1.1 billion of new business in Q1, we do expect that to translate, for the most part, into revenue. You're right, customers' plans change, sometimes they get lower, sometimes they get higher, but that's a good approximation of what it will capitalize into.

Brandon Robert Oglenski - *Barclays Bank PLC, Research Division - VP & Senior Equity Analyst*

And, I guess, Brad, over what period of time, I mean, are these multiyear contracts? Or is that like a 4 or 12 month view that we've just signed up $1 billion of new revenue?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

It's a whole range. So in truck brokerage, sometimes you sign up a contact and the next day you're up and running. In supply chain, we may negotiate a contract --a logistics contract and it may be 18 months before we see $1 coming in. So it's a big range in terms of immediately or later, depending on which business unit it is. But that all plays itself out because over the years, every quarter we're always signing up new business and getting a layering in effect that accordions over the quarters and over the years.

Brandon Robert Oglenski - *Barclays Bank PLC, Research Division - VP & Senior Equity Analyst*

Okay. And then on logistics, can you talk to the FX impact on the quarter? I'm assuming the revenue impact would be a similar impact on reported earnings? And then in North America, if I'm not mistaken, I think Boeing could be a customer for you guys. So can you talk about the aerospace? And is there any near-term risk there with the 737 delays?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

I'll take the Boeing question and Matt can take FX. That is correct. Boeing is a top-20 customer for us. It's a long, long-term customer for us. It's a great customer. They think we're a great vendor because they keep giving us awards, you can look it up on their website, and we're proud of those awards, and it's hard to get those awards at Boeing, there's a lot of competition. The issues they've got with their various products have not affected us for the time being. We're going to watch it. We're going to see how it develops and it could potentially in the future, but it wouldn't be material to our overall results. It might affect that particular contract or that particular account, but in terms of our whole company, it's not enough money to move the needle.

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

And briefly on the FX part of your question. So we do have heavy -- a sizable European contract logistics business. We do hedge FX. We hedge primarily for EBITDA, not for revenue. So typically we blunt most of the impact of EBITDA -- most of the impact of FX on EBITDA. So there could have been a little bit of flow-through from FX pressure into EBITDA, but not to the extent that you saw to revenue.

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Brandon, I'd add also on Boeing. I think they've got a bum rap in the press. We do a lot of QBRs with lots of customers. I can't think of a single customer who spends more time on safety and quality and Lean Six Sigma than Boeing does in the quarterly reviews before we even start looking at the financial numbers. So I don't know the company that's got a higher emphasis on safety than Boeing.

Operator

The next question is from the line of Ravi Shanker with Morgan Stanley.

Ravi Shanker - *Morgan Stanley, Research Division - Executive Director*

If I can follow up on the backlog, on the pipeline question. I think hitting your new record in 1Q was pretty impressive just given the current macro environment, especially in Europe. Can you just give us a little more color on kind of what's some of the new pieces of business that you're pursuing that went into that backlog? Or are these a few large chunks of business that maybe you now have the ability to take on given the departure of a larger customer? And kind of how do we think of that pipeline building in the next couple of quarters? Is this big jump like a one-off? Or do you think there's like more opportunity that is out there?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

There is more opportunity because we're operating in a $1 trillion addressable market. We have less than 2% of that market. So regardless of what's going on externally, if we do our job right and we keep our service levels high and we have an invigorated sales force, we should be able to grow the business, we should be able to take the market share and take advantage of the fact that we're a leader in all the different business lines that we have and that we've got a great cross-selling going on, too. Look at the SAMs, our strategic account managers, look at the amazing job they've done here in the Unites States, where now we've got 90 of our top 100 customers using 2 or more of our services and 55 of our top 100 customers using 5 or more of our services. Both those numbers would be 0 or 1 3 years ago, not 2 and 5. If you look at our -- the tenure for our SAMs, we've layered our SAMs, our strategic account managers, in over the last few years, and now they've built up great familiarity with all our service offerings and able to develop the customers. So I'm optimistic about that. That single point of contact model for the larger customers, particularly the global customers, it very much resonates with those big customers.

I'd also talk to you about our customer concentration. Our customer concentration, it was too much. We made a mistake letting one customer get $900 million of business with us. It's just too much. It's too much concentration. Previously, if you looked at our top 5 customers, it was about 11% of revenue and then the biggest one was a little more than 1/2 of that. So it was just too much concentration. Going forward, we're going to be much more diversified. Our top 5 customers this year should be something around 7% of revenue and no customer will be more than 2% of revenue.

With respect to the part of your question about are we seeing more business with small- and medium-sized companies or are we seeing it more with large customers, it depends which business line. So in our LTL, our -- what we call our local account are booming, and we're seeing enormous growth in that, and that's something, if you look over the last several years, you've seen a big shift in the percent that we have with those smaller customers going up to where it is right now. So that will continue in LTL. We'll also get more national account business, but there's more growth in those smaller accounts. On the other end of the spectrum, if you look at our contract logistics business, I don't think we have any small customers, they're all large customers, mostly Fortune 200 and Global 500 customers. So there the business is going to be -- going to continue with large blue-chip customers.

Ravi Shanker - *Morgan Stanley, Research Division - Executive Director*

Got it. That's really helpful color. And just a follow up on the truck brokerage business. We have seen a lot of change in that business in the last few months. First, your largest customer pulling a bunch of revenue there. There's been reports recently of Amazon kind of going live with their operation, a bunch of other news items for the new digital brokers. I'm wondering if any of these changes have fundamentally transformed your view on that space? In the past you've been pretty open about the need to again transform and keep up with Silicon Valley when it came to their capabilities and tech spend. Again, just given some of the -- maybe a little bit of an arms race going on there, do you feel like you need to change your approach of truck brokerage at all?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

We're always changing our approach in all of our businesses, not just freight brokerage. We're constantly reinventing ourselves. We're constantly thinking what's going to be next, what's this business going to look like in 5 years and 10 years and 20 years and getting ahead of the curve. And the main way we get ahead of the curve is technology and applying technology and automation in every single part of our business, including freight brokerage, which your question was about. And apart from Freight Optimizer, which is our basic TMS, the introduction of XPO Connect has been revolutionary for us in freight brokerage. A year ago, we had almost no business being done electronically. We didn't have that app rolled out yet. We had 0 XPO Connect downloads a year ago. We have 18,000 downloads now. We had more downloads in this first quarter of this year than we had in all of last year. So all the new technology we're putting in to source capacity better, to buy below the market, to buy very competitively, to pass along a lot of those savings to our customers, to use advanced algorithms to assess the market-clearing levels, get our pricing just Goldilocks right so it's not so high that we're losing business, but it's not so low that we're losing money on the table. Just a fair price. I think we've made great, great strides in that and the progress going forward is just going to continue, it is mushrooming.

If you look at that digital platform we've got, we have a user retention rate of about 80%, which is significantly high for that kind of a product. So the market has spoken. XPO Connect is winning, and that's why we rolled it out, not just in freight brokerage, but rolled it into last mile, now we're rolling it out and in all of European transportation. Now you also mentioned about new entrants into freight brokerage. We don't have any proprietary inside look at that. We don't know anything other than what's been in the media.

Operator

The next question is from the line of Ari Rosa with Bank of America.

Ariel Luis Rosa - *BofA Merrill Lynch, Research Division - Associate*

So Brad, I wanted to circle back on this LTL question. I think at one point you'd put out a target of that business reaching $1 billion in EBITDA over, I think, you had said maybe a 3- to 5-year time horizon. Just wanted to get a sense of to what extent you think that's still achievable. And then within that, maybe you could address this question, which is when you look at a lot of these LTL carriers who have other lines of business and talk about cross-selling between those other lines of business, a lot of the time you'll see some margin degradation as a result of that because maybe they use their LTL business to subsidize those other areas. Maybe you could address the extent to which that may or may not be a concern at LTL? And if that presents any kind of barrier to moving towards a low 80s type of operating ratio or getting to that $1 billion EBITDA target?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Okay. Great questions. Yes, we are fully on track to achieve $1 billion of EBITDA in LTL in the next few years. EBITDA is going to go up every year in LTL and it's going to throw off a boatload of cash as well. It's a winning model. It's got a great service metrics, got a great installed customer base. It's functioning. It's functioning and it's going to keep growing and expanding, and we will hit that $1 billion EBITDA sooner than you may think.

In terms of pricing, we do not do loss-leading. We do not do bundling where we're losing money on something and making it back on something else. That's a strategy -- that's not our strategy though. Our strategy is we look at each service line and we want to make a fair profit as is customary and normal in that. And if we can bundle things together with fair market prices on all aspects, then we do that. But generally speaking, that's not the direction we go in. We go more in the pure cross-sell without discounting on price. Now where we are bundling, so to speak, LTL is with last mile and with supply chain in our XPO Direct concept. So in XPO Direct, that is something that is sharing space -- sharing our distribution network space with our customers, serving omnichannels, serving e-com, retail, manufacturing. And we really didn't start full national network operation till January of this year, and that's another part of the business where we see big growth -- big top-line growth, very significant increases in the weekly shipment volumes. And we continue to rapidly onboard a backlog of great blue-chip customers, some of whom are LTL customers, into that XPO Direct concept. And that's a place that you'll see LTL integrated with the rest of the organization through XPO Direct more than bundling at a loss.

Ariel Luis Rosa *- BofA Merrill Lynch, Research Division - Associate*

Great. That's helpful color. And then on my second question, just wanted to touch on the capital structure a bit and return, I think, we talked about earlier, but by my calculation, you guys are now at roughly 3x net debt-to-EBITDA and I think you had previously talked about the target range being somewhere in the 3 to 4x area. So just wanted to see, do you think there's capacity to further lever up and maybe M&A comes back on the table? Or do you see kind of buybacks is continuing to be an attractive opportunity? I think you have roughly $600 million remaining on your authorization. Is that something we should look maybe to continue and maybe the means to continue that is through a little bit further leverage?

Bradley S. Jacobs *- XPO Logistics, Inc. - Chairman & CEO*

Well, we could lever up. We certainly could lever up from the point of view of being able to service the debt very, very easily and comfortably even in a downturn because, as you know, in our business model, during a downturn, we cut back growth CapEx, working capital becomes a source instead of a use. We even trim back -- we'll even trim back maintenance CapEx a little bit, age the fleet a little bit, and we're going to throw off significantly more free cash flow during a downturn than we do ordinarily, while we're expanding and growing during this part of the cycle. But even in this part of the cycle, we're seeing growth. We got 3% GDP growth here. A little more than 3% GDP growth there. Got 1% to 2% GDP growth over Western Europe. So while we're seeing growth and we're investing in CapEx and we're growing the business and we're using working capital to grow the business and bridge the gap between when we get paid and when we pay our vendors, we're still going to throw off in the neighborhood of $575 million of cash flow this year. So that cash flow can be used for all the things that I talked about earlier in the call, one of which is a stock buyback. We'll look at that, and we'll compare that to, do we want to bring our debt levels down, in which case we'd apply it to just debt repayments. So we'll keep looking at that. We don't want to commit right now because we're not committed. What we are committed to is looking at the different options every quarter and then making a rational decision based on the numbers of what makes the best return for our capital.

Ariel Luis Rosa *- BofA Merrill Lynch, Research Division - Associate*

Great. Brad, if I could throw just one other quick one in there. I noticed Sarah isn't on the call. Just wanted to get your thoughts on progress in terms of finding a CFO -- a permanent CFO?

Bradley S. Jacobs *- XPO Logistics, Inc. - Chairman & CEO*

We are making progress, we are -- and the search is going well. We've seen a handful of candidates that we've been intrigued with. We haven't gotten to the finish line with any CFO candidate. We will. I can't tell you the time line on that because we don't know it. I will say that there's no urgency to immediately fill that with someone unless we really love them because Sarah's hands are a very steady pair of hands and the finance organization is working very smoothly. I'm not saying that just because she's sitting 15 feet away from me, it's the truth. So closing the books on time with clean numbers and SOX compliance and treasury and internal audit and tax and procurement, all the things that are in the CFO function is going along very well. And we'll get a permanent CFO when we have the right person in front of us, but I can't give you timing on it.

Operator

The next question is from the line of Scott Schneeberger with Oppenheimer.

Scott Andrew Schneeberger - *Oppenheimer & Co. Inc., Research Division - MD and Senior Analyst*

Logistics, really impressive organic revenue growth there. EBITDA not as strong in the quarter. Could you just address what were some of the headwinds there and -- perhaps, by geography? And then what you would expect as far as trend going forward, specifically in EBITDA on logistics?

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

Thanks, Scott. It's Matt. Supply chain growth, as I said -- supply chain profit growth, as I said, in North America looked a lot like revenue growth. We had 11% organic revenue growth and steady operating margins year on year. In Europe, we had, as I said, 6.6% organic revenue growth. We experienced a bit of operating margin decline. That reflected a couple of factors, the most prominent of which was some elevated levels of SG&A due to recent start-up, some implementations, some field expenses, some centralized business development, essentially the start-up to support new start-up activity. Also, we've spoken about the regional macroclimate in our different markets, and France is our toughest market of our largest markets and that did have some impact on profitability in European supply chain.

Scott Andrew Schneeberger - *Oppenheimer & Co. Inc., Research Division - MD and Senior Analyst*

Great. The free cash flow or cash flow usage in the first quarter was a good bit better than we had anticipated and I think it was Allison's question earlier on factoring. It was covered pretty well, but could you give us a feel for what other unique items may have occurred in the first quarter that may impact second quarter? I know you maintained full year guidance. But just a little bit of feel for how that might show up in the upcoming quarter.

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

Sure. There's 2 things to think about that relate to timing. The first is related to net CapEx and the second related to cash taxes. Both net CapEx and cash taxes were a bit lower in Q1 than we thought they'd be entering the year. We'd expect those to reverse to some degree in Q2. I think I made the comment during my earlier remarks that we thought the first half will look a lot like the first half last year, which would suggest a somewhat lower free cash flow number year on year in Q2 than we had a year ago. So the first half would be consistent year on year. And our free cash flow outlook for the overall $525 million to $625 million is unchanged.

Operator

The next question is from the line of Todd Fowler with KeyBanc Capital Markets.

Todd Clark Fowler - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

I'm not sure how granular you want to get with guidance on a quarterly basis, but I know you've got the comments from low to mid-single-digit EBITDA in the first half. The second quarter EBITDA comp is pretty difficult. Should we expect EBITDA growth to be in the same ranges what it was in 1Q or is it going to step down a little bit? And then do you also have any more gains factored into the guidance for the full year?

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

On the EBITDA growth in Q2, to your point, we indicated low to mid-single digits year over year for the first half. Q1 was up 4%, so low to mid-singles means low to mid-singles. I don't want to put too fine a point on it, but we have that color in there to give you some general indication. You're right about the second quarter compare. Those compares get easier later in the year. So we'd expect something in the low to mid-single-digit range in the second quarter. What was the second part of the question?

Todd Clark Fowler - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

Matt, I was asking if you had any more gains factored into your guidance on a full year basis?

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

I mean, we do have asset sales as part of our free cash flow guidance, and we'll see where the market is for those and if there's anything meaningful, we'll share that with you as we report.

Todd Clark Fowler - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

In the sustainability report, you talk about the wage increases for the U.S. warehouse workers, it was high single-digit increases, which is pretty notable. Can you talk about how the contracts are structured to recapture some of those increases, is that all contractually set where you are going to recover those costs, or if you do have more wage inflation, how that impacts profitability for some of those agreements?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

So thank you for giving a plug for our sustainability report. It's an amazing report. I strongly endorse everyone to download that from our website. It has a slew of statistics, I learned something new about our company. The fact that we drive 1.4 billion accident free miles around the world last year, the fact that we reduced distracted driving by 37%, the fact that 80% of our material handling devices, like forklifts, are powered by batteries, the fact that we reduced water consumption by 18%, and, to your point, the fact that our U.S. warehouse employees received an average wage increase of 8% in 2018, over 30% received an increase of over 10% of more. And that we're investing in our employees' development by giving them 1.7 million hours of training courses last year. Now specifically to your question about wage inflation. We are definitely seeing wage inflation globally. No question about that. Wages have been up and have been up significantly. Here in the United States, we see wage growth of over 4% coast-to-coast throughout business lines. Of course, that compares to the real inflation of less than half of that, but still significant wage growth. In Europe, gradually, not as much as in the United States, but you're seeing wage growth in France of 0.5%, 1%, in that kind of range. U.K., you're seeing 3%, 4%, Spain you're seeing 1% or 2%. So there is greater wage pressure here and in the U.K. and that's specifically because you have unemployment at less than 4% in both of those places. Having said that, we're a very attractive employer, and I can say a statement very authoritatively because the numbers support it. We get about 80,000 job applications a month. We approach 1 million job application a year. People wanting to work at XPO Logistics. We have a good brand in the marketplace. We've a stronger recruiting organization and that whole talent recruitment machine is very, very well oiled and working very well. In terms of specifically in the amounts of money that we pay our employees, it's usually not multiyear contracts with increases for future years. It's usually year-by-year basis.

Todd Clark Fowler - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

Okay. So basically your ability to sustain the margins or recover the cost, I mean, you feel comfortable with that given the wage inflation and the benefit programs that you've put in place?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

I think so. I think if wage inflation stays at these levels, we can pass along prices to our customers, they understand it. They're seeing the same wage inflation for the most part. They'll accept that. And then we're always going to work on productivity. I mean, our job is to help our customers reduce their costs of transportation and logistics. So we're constantly looking at ways that we can take inefficiencies and waste out of the organization and pass along much of those savings to our customers. One way that we're doing that is investing in technology, specifically in our Smart Program. Our Smart Program is our labor management tools and they work so well in our contract logistics business that we're now rolling them out in LTL. And in LTL, we have about $1.7 billion in labor costs. Really, we have a vision to be able to run the set of business we have right now at $100 million to $300 million less labor costs over time. How we're going to that? By using the smart labor tools. The smart labor tools allow us, in an objective way, in a mathematical way, using predictive analytics, by using AI, to say, what's the right amount of headcount we want? Not too much, not too little, but just the ideal headcount for the project, and we have to use predictive analytics in order to understand what the tonnage is likely to be the next day. And then we use the Smart technology to know what's the right ratio between full-time workers and part-time workers, what's the right ratio between dockworkers and drivers, what's the right amount of overtime. So these questions that I just mentioned that Smart helps us solve have very big ramifications in terms of our wage costs, and we think that we can more than offset wage inflation as we rollout these tools in LTL.

Todd Clark Fowler - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

Got it. In fairness, I only read the cliff notes of the report, but maybe at one point I'll get through the whole report.

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Don't burst my bubble. I thought you read it from the beginning to end.

Operator

The next question is from the line of Brian Ossenbeck with JPMorgan.

Brian Patrick Ossenbeck - *JP Morgan Chase & Co, Research Division - Senior Equity Analyst*

I had a real quick one on SG&A. I know you had some severance in there and that looks like it will continue throughout this year. But it looks like the step-up in percentage of revenue even picking that out year over year and sequentially. So you can give a little bit more color, what are the major components, excluding the severance and other one-times in that line? And where do you except that to be trending through the rest of this year?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

You're asking about the restructuring charge?

Brian Patrick Ossenbeck - *JP Morgan Chase & Co, Research Division - Senior Equity Analyst*

Yes, the SG&A, excluding the restructuring. I think you had about $10 million or so in there. So just looking at the overall SG&A of the business. And if you're going to go by segment and corporate, maybe that will be helpful, but just trying to get a sense of excluding restructuring where that line will be? And what are some of the components that are driving that? I know you have got depreciation, salaries and other things in there. So just a sense of where that's going because it did step up a bit even including -- excluding, rather, the restructuring.

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

I'll let Matt talk about SG&A. In terms of the restructuring part of your question, you recall, in Q4, we had a restructuring charge of $19 million. That was the best $19 million we spent or amongst the best $19 million we ever spent because that should generate annual savings of about $50 million. So very good ROI on that. In the first quarter, we did do some rationalization of the workforce based on various volumes and different parts of our business, and we incurred a restructuring charges of $13 million. It was mostly due to the decreased business with our large customer, but there were a few other things in it as well. Controlling cost to confront cost inflation is a high priority for us, and as I was just saying, we're going to offset inflation with productivity, it's not just rightsizing the workforce. Matt, you want to take the question about SG&A, please?

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

Sure. There's a bunch of small things that are in there. Some of it is salary, some of it is bonus accrual, some of it's investment in sales force, a little bit of it is stock comp, and then we have a number of investments in IT and in infrastructure that we think will drive productivity over time, and happy if we talk off-line to talk about modeling that number over the course of the year.

Brian Patrick Ossenbeck - *JP Morgan Chase & Co, Research Division - Senior Equity Analyst*

Okay. Just one quick follow-up on the backlog, I mean, on the new awards. Does FX have any impact on that? Or the other things like labor, fuel, perhaps, they make that number move around? Or should we see any volatility on that? Or is it a pretty good core number when you just look at that as an indication of what the new business wins are doing and what the potential looks like across your various end markets and verticals?

Matthew Jeremy Fassler - *XPO Logistics, Inc. - Chief Strategy Officer*

If you're talking about the pipeline and the new business won numbers, FX has no appreciable impact on that number. You should read that as a clean number. That's a good underlying indication of the new businesses won, which we expect to convert at a pretty high rate, and then the pipeline of the business where we have visibility from a bidding perspective, which reveals our opportunity set going forward. So those are clean apples-to-apples numbers.

Operator

The next question is from the line of Kevin Sterling with Seaport Global.

Kevin Wallace Sterling - *Seaport Global Securities LLC, Research Division - MD & Senior Analyst*

Brad, let me dig -- I know you addressed somewhat about the truck brokerage industry, but if I can dig a little bit deeper, if you don't mind. Now we've got some players in here just in the space that are willing to lose money essentially and -- for market share gains. Where do you see this industry in 3 to 5 years? Is it going to be an industry where there's just a few larger players that are left or -- and/or could it create some M&A opportunity to some of the smaller players looking to exit the business before you? Just love to get your thoughts how this industry may change in the next 3 to 5 years. Is it just going to -- is it just going to be left with just a handful of larger brokerage players?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Kevin, your question is specifically about brokerage?

Kevin Wallace Sterling - *Seaport Global Securities LLC, Research Division - MD & Senior Analyst*

Yes.

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Okay. Great. I think brokerage is going pretty much along the way that we thought it was going to go years ago. It's becoming more automated, bigger impact of technology, more and more digital interactions, electronic interaction rather than human interactions. I think long term, margins come down. I don't necessarily think short-term margins come down, but long term, I think, as costs come out of the way brokers do business, a good chunk of that cost savings is going to get passed along to customers and that's going to degrade margins. Now having said that, lower margins on a much larger amount of business with lower SG&A can still be a beautiful thing and you can still create a lot of value from that. And I think there will be a shrinking of the number of players. There's not going to be 10,000 or 20,000 brokers 5, 10 years from now. I think it will be a smaller number of larger brokers who have very significant investments in technology and are tightly integrated electronically with both customers and carriers.

And the other part of your questions, do we plan to buy truck brokers in terms of our long-term growth plans? I don't know. We always wanted to buy truck brokers. We bought a few small ones. We never -- the reason we mainly didn't buy many more truck brokers is because the valuations are really high. In the private market, the larger truck brokers don't come on the market very often and when they do, they go for very big multiples. And we're very conscious about the price we pay in M&A. For us, M&A -- the purchase price is critical because that's the I in ROI for -- in M&A. So it's the same reason we haven't gone big in M&A in Asia, you have scarcity value and then when properties come out in the market, the multiples get very, very rich. So I don't know. I don't see brokerage multiples coming down any time soon. So I don't know and I don't see us returning to the M&A market immediately either. So I don't see -- I don't want to telegraph to you that we got a truck brokerage M&A in sight because we don't.

Kevin Wallace Sterling - *Seaport Global Securities LLC, Research Division - MD & Senior Analyst*

Gotcha. No. That's very helpful. And just kind of sticking along that theme, I know there's been a lot of talk about the LTL industry pricing, can you just share with us, give us your thoughts on what you're seeing in truckload pricing? We all know the spot market has just been under significant pressure, but some of the asset-based carriers seem to be holding in there with our contract renewals. How are you thinking about the truckload market? And maybe share with us some trends you've seen through April?

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Well, the biggest trend we've seen over the last year is we've seen spot market come down a lot in terms of pricing and in terms of volume. And you've seen the contract market -- you've seen those volumes shift over to contract. So ironically, lower -- a weaker spot market is good for us and the other large brokers who have most of their business on contract because we're getting paid based on a rate that we firm up at a point in time and then we're covering that in the spot market every month for the next 12 months at lower prices. So it helps to expand margins and take more money to the bottom line. Look, look at our numbers in freight brokerage, bring it down to numbers and forget words. Look at the numbers, net revenue margin -- net revenue itself up 9.5% year over year. Net revenue margin up 420 basis points year over year. So we've got lower purchased transpiration cost, we've got new technology to source capacity, we have XPO Connect in freight brokerage. I'm bullish on what we're doing in freight brokerage. I do think, ultimately, that's going to become more efficiently done business and the margins will be lower.

Operator

At this time, we have reached the end of our question-and-answer session. And I'll turn the floor back to management for closing remarks.

Bradley S. Jacobs - *XPO Logistics, Inc. - Chairman & CEO*

Well, thank you for joining the call. I would say this, I don't think we're 100% out of the wood yet from the curveballs we had in the last year, but we're making excellent progress, faster progress than I would've expected 3 months ago. Brexit is not going away, France is not going away, our biggest customer's 2/3 of their business has gone away. So these are 3 significant challenges. But look at what we did this quarter. A solid beat on EBITDA and even bigger beat on free cash flow, a record Q1 EBITDA, EBITDA up 3.9% year over year even after losing the bulk of our largest customer's business, a record new business win of $1.1 billion, up 15% year-over-year, accelerating from 6% up in the fourth quarter. A global sales pipeline that's hit a new high watermark of over $4 billion, growing freight brokerage in terms of margins, in terms of actual revenues. XPO Connect, our digital freight marketplace on fire, having gone from 0 to 18,000 in a year, more downloads in the first quarter than all of 2018. Expanding XPO Connect to last mile in Europe will pay nice dividends over the time. Yield up in LTL 3% and almost triple what it was up in the fourth quarter. Our best OR in LTL for a first quarter in 20 years, having nearly doubled EBITDA in LTL since we bought that business. Rolling out tons of new tech tools in LTL to improve the business even more, chief of which is our smart labor management tools, our dynamic pricing as well. Look at the organic revenue growth and logistics after you take out FX, 8.1%, still nice healthy growth in what is a segment that's about 40% of our business and bottom line, given all the rebound that we've done over the last few months, we're very comfortable reaffirming the guidance that we've given for 2019. With that, I'd like to thank for your attention and look forward at seeing you at some of the upcoming investor conferences. Have a great day.

Operator

Thank you, everyone. That will conclude today's conference. You may disconnect your lines at this time. Thank you for your participation.