

Investor Overview

Q3 2023

October 2023

XPO



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 statements relating to our full year 2023 expectations of gross capex, interest expense, pension income, effective tax rate, and diluted share count, and future financial targets of North American LTL revenue CAGR, adjusted EBITDA CAGR, and adjusted operating ratio improvement. 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. 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: the effects of business, economic, political, legal, and regulatory impacts or conflicts upon our operations; supply chain disruptions, the global shortage of certain components such as semiconductor chips, strains on production or extraction of raw materials, cost inflation and labor and equipment shortages; our ability to align our investments in capital assets, including equipment, service centers, and warehouses and other network facilities, to our customers’ demands; our ability to implement our cost and revenue initiatives; the effectiveness of our action plan, and other management actions, to improve our North American LTL business; our ability to benefit from a sale, spin-off or other divestiture of one or more business units; our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies; goodwill impairment, including in connection with a business unit sale or other divestiture; fluctuations in currency exchange rates; fuel price and fuel surcharge changes; the expected benefits of the spin-offs of GXO Logistics, Inc. and RXO, Inc. on the size and business diversity of our company; our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems; our indebtedness; our ability to raise debt and equity capital; fluctuations in fixed and floating interest rates; our ability to maintain positive relationships with our network of third-party transportation providers; our ability to attract and retain qualified drivers; labor matters; litigation; risks associated with our self-insured claims; governmental or political actions; and competition and pricing pressures.

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 except to the extent required by law.

Non-GAAP financial measures

This presentation contains non-GAAP financial measures. For a description of these non-GAAP financial measures, including a reconciliation to the most comparable measure under GAAP, see the Appendix to this presentation.

Third quarter 2023 highlights

Delivering solid results

\$1.98 billion of revenue, up 2% YoY

\$278 million of adjusted EBITDA, up 6% YoY

\$0.88 adjusted diluted earnings per share¹

LTL adjusted operating ratio of 86.2%, improving sequentially by 140 bps, outperforming seasonality by 370 bps

LTL shipments per day up 7.8% and tonnage per day up 3.1% YoY, outperforming seasonality

LTL yield, ex-fuel, up 6.4% YoY, significantly accelerating from Q2'23

LTL damage claims ratio of 0.4%, improved from 0.7% in Q2'23

Record service quality drove a significant improvement in operating results

¹ Adjusted diluted earnings from continuing operations per share
Refer to "Financial Reconciliations" and "Non-GAAP Financial Measures" sections in Appendix for related information

Third quarter 2023 performance

REVENUE	\$1.98 billion
OPERATING INCOME	\$154 million
NET INCOME¹	\$86 million
DILUTED EARNINGS PER SHARE²	\$0.72
ADJUSTED NET INCOME¹	\$105 million
ADJUSTED DILUTED EPS²	\$0.88
ADJUSTED EBITDA	\$278 million
CASH FLOW FROM OPERATING ACTIVITIES³	\$236 million

¹ Net income from continuing operations attributable to common shareholders

² Diluted earnings from continuing operations per share

³ Net cash provided by operating activities from continuing operations

Refer to “Financial Reconciliations” and “Non-GAAP Financial Measures” sections in Appendix for related information

BY SEGMENT

NORTH AMERICAN LTL

REVENUE	\$1.23 billion
ADJUSTED EBITDA	\$241 million
ADJUSTED OPERATING RATIO	86.2%

EUROPEAN TRANSPORTATION

REVENUE	\$752 million
ADJUSTED EBITDA	\$44 million

Four pillars of LTL 2.0 plan will drive significant margin and earnings expansion

1

Provide best-in-class service

2

Invest in network for the long-term

3

Accelerate yield growth

4

Drive cost efficiencies

Targets for LTL Growth, Profitability and Efficiency, 2021-2027

Revenue CAGR of 6% to 8%

Adjusted EBITDA CAGR of 11% to 13%

Adjusted operating ratio improvement of at least 600 bps

Note: Targets are for North American LTL only and assume 8% to 12% gross capex as a percent of revenue, on average, over the next several years
Refer to "Non-GAAP Financial Measures" section in Appendix for related information

XPO

Strong position in North American LTL





A leading carrier in a compelling industry

6% North American LTL industry revenue CAGR

- \$59 billion bedrock industry for the US economy; with 77% of share held by top 10 LTL players
- Diverse demand across verticals, with secular growth drivers
- Attractive pricing environment, with industry pricing positive YoY each year for over a decade
- Strong service quality is key gating factor for share gains
- Industry service center capacity stayed nearly flat for a decade, while demand trended up¹

Sources: Third-party research; company filings

Note: Revenue CAGR for period 2010–2022

¹ US service centers, includes ARCB, FDX, ODFL, SAIA, XPO and YELL; total number of service centers includes zones with doors

XPO

A major player in the supply-chain ecosystem



\$4.6 billion
annual revenue

8%
2022 industry share

9%
2022 revenue allocated
to gross capex

34%
return on invested capital

30,000
customers served

620 million
linehaul miles run
per year

>12 million
shipments per year

18 billion
pounds of freight
per year

22,000
employees

13,000
drivers

32,000
trailers

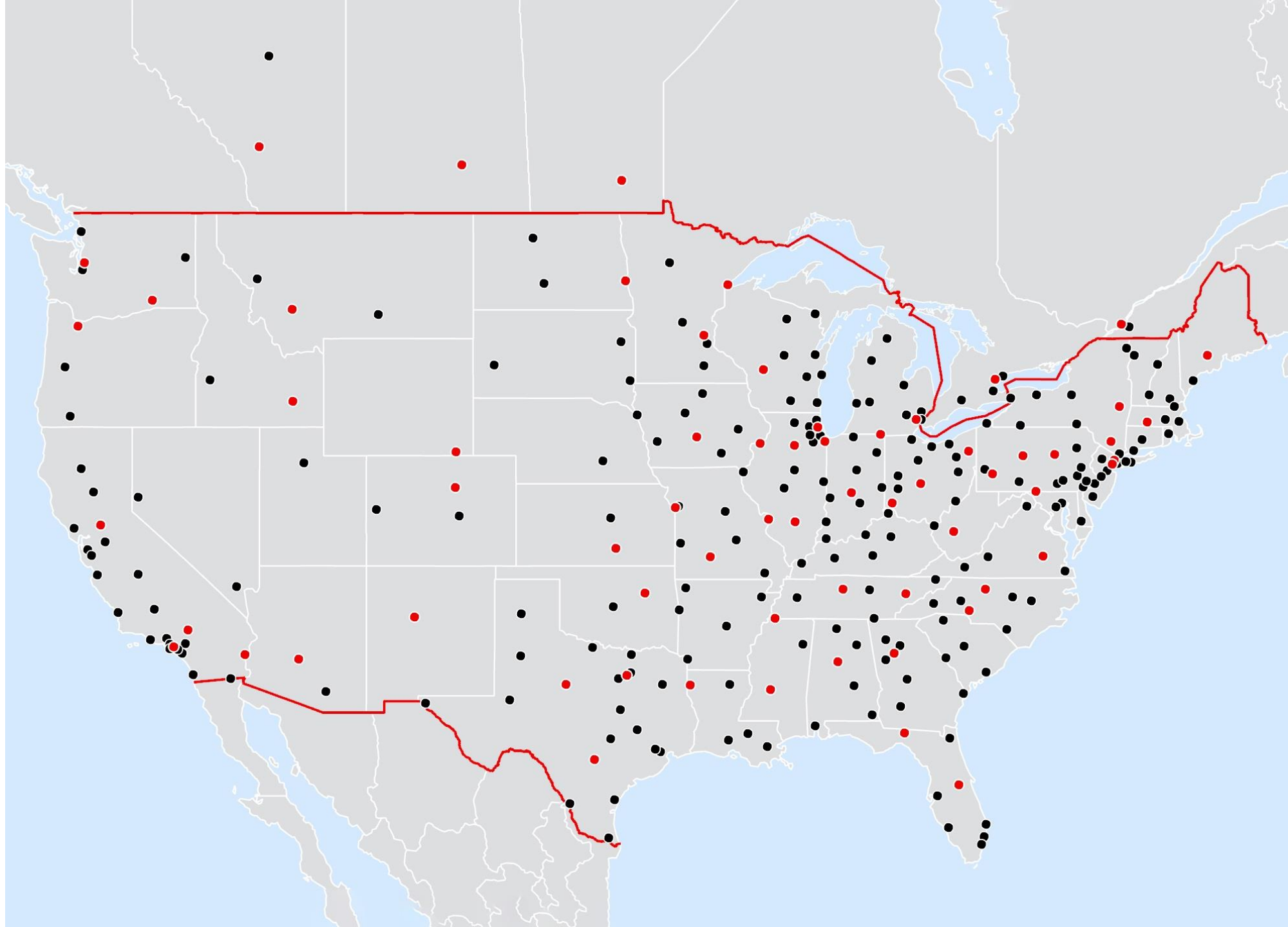
294
service centers

Note: Company data for North American LTL segment as of December 31, 2022, unless otherwise noted; customers, employees, drivers, trailers, and service centers are as of September 30, 2023
Refer to “Financial Reconciliations” and “Non-GAAP Financial Measures” sections in Appendix for related information

Expansive network covering 99% of US zip codes

- Service Centers
- Freight Assembly Centers

- 294 service centers
- Cross-border and offshore capabilities
- Strategic investments in high-demand markets



Strategic mix of blue-chip and local customers



30,000

customers as of
September 30, 2023

2% revenue

from largest customer, low
concentration risk

16-year

average tenure of top 10
customers

Note: Company data for North American LTL segment as of December 31, 2022, unless otherwise noted; selected customers of XPO

LTL growth plan and levers



Strong momentum in executing LTL 2.0 growth plan

▶ Provide best-in-class service

- Building a customer-centric service organization
 - Incentivizing employees to drive service quality
 - Improved Q3'23 damage claims ratio to 0.4% from 1.2% at launch of LTL 2.0
-

▶ Invest in network for the long-term

- Expanding linehaul fleet with tractors and in-house trailer manufacturing
 - Adding new doors in capacity-constrained markets
 - Making disciplined investments to further improve service
-

▶ Accelerate yield growth

- Leveraging service excellence to earn price; Q3'23 contract renewal pricing up 9% YoY
 - Expanding accessorial revenue from value-added services
 - Growing share of higher-yielding local channel through growing local salesforce
-

▶ Drive cost efficiencies

- Insourcing more linehaul miles: reduced Q3'23 outsourced miles by 200 bps YoY
- Improving productivity of pickup-and-delivery and dock operations
- Rationalizing corporate cost structure

11% to 13% adjusted EBITDA CAGR in North American LTL 2021-2027

Expected components and contributions

Combination of volume gains + pricing over inflation

▶ 6% to 7%

Operating costs optimized through technology

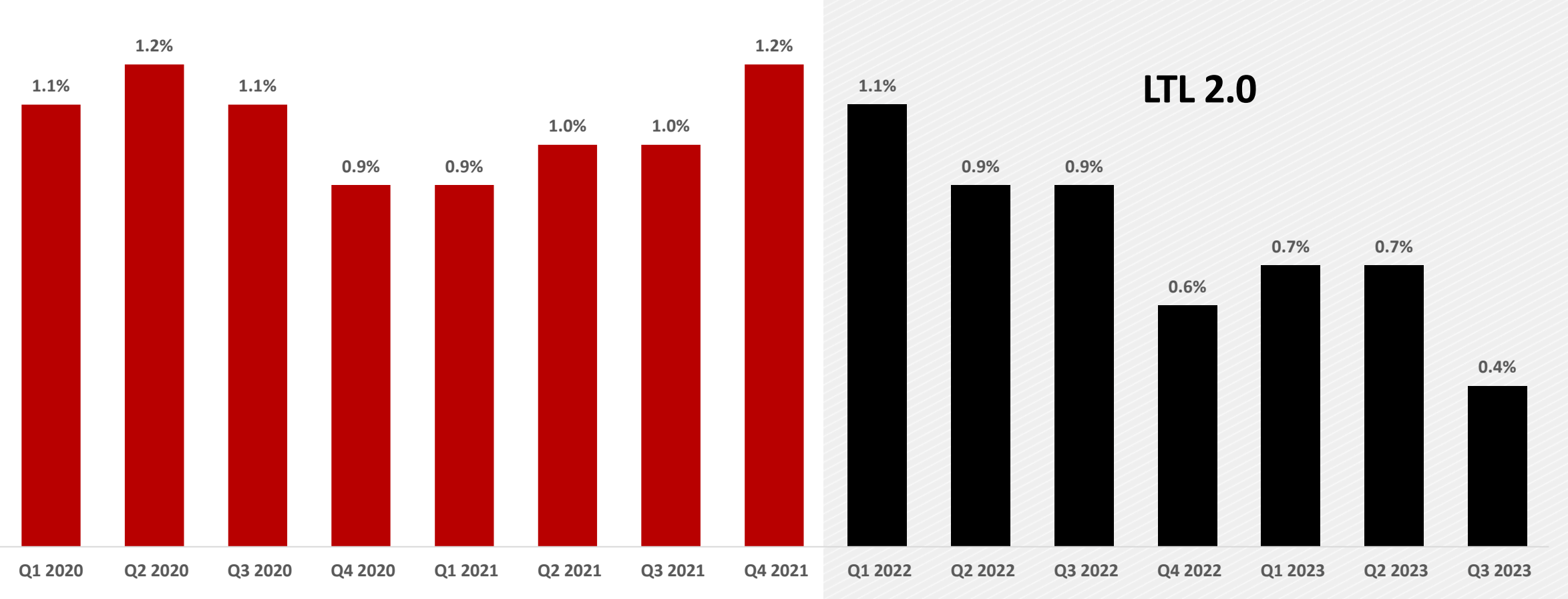
▶ 3% to 4%

Linehaul insourced from third parties

▶ 2%

11% to 13%

Damage claims ratio (as a % of LTL revenue)



LTL 2.0 service initiatives drove company-best damage claims ratio in Q3'23

Note: Based on claims payment data

Employee engagement and satisfaction at record levels

17% better employee retention



Highest employee satisfaction in a decade

47% of drivers have 10+ years tenure



Experienced drivers are the #1 asset for service quality

100+ graduates in field management program



Strong leadership training programs drive career growth

54% of field management trainees are diverse



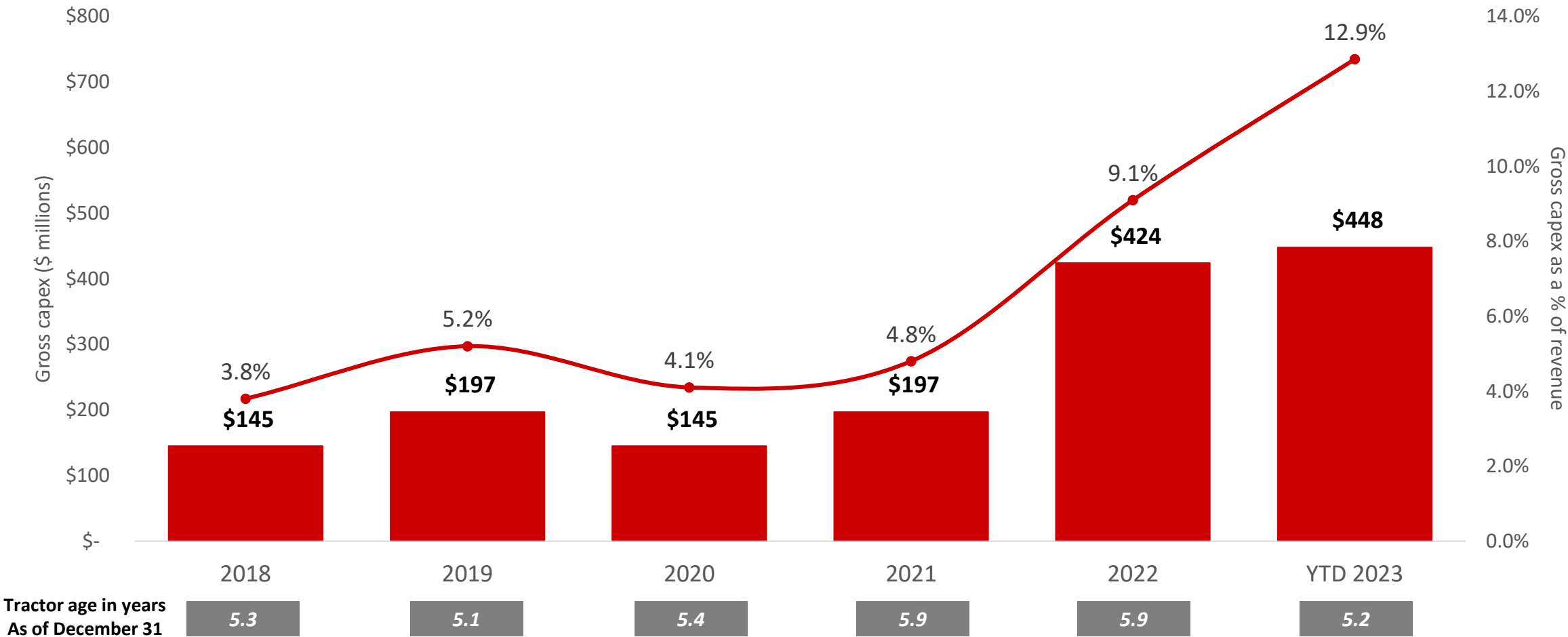
DE&I initiatives identify and advance high-potential talent

Employee satisfaction in Q3'23 up over 20% since starting LTL 2.0

Note: Data points are for full year 2022 unless otherwise specified



Disciplined investing in high-return projects



Growth plan anticipates gross capex of 8% to 12% of revenue on average for the next several years

In-house capabilities provide distinct competitive advantages



Trailer manufacturing facility in Arkansas

- Expanded linehaul trailer fleet by 4,700 units or 10% in 2022
- Self-sufficient for critical component of fleet capacity, instead of relying on OEMs
- Added second production line in January 2022 and third line in December 2022
- Maintains OEM parts inventories for maintenance shops in the XPO network
- On track to exceed production target of 6,000 trailers in 2023



National footprint of 130 commercial driver training schools

- Trained over 1,700 drivers in 2022, nearly double the 2021 count
- Unique advantage in combatting industrywide driver shortage
- XPO-trained drivers historically have better safety records and less turnover
- Dockworker-to-driver career paths and upskilling options enhance retention

Ability to control capacity and timing to best meet demand

Appendix



European Transportation segment

Unique pan-European transportation platform holds leading positions in key geographies

- In France: the #1 full truckload (FTL) broker and the #1 pallet network (LTL) provider
- In Iberia (Spain and Portugal): the #1 FTL broker and the #1 LTL provider
- In the UK: a top-tier dedicated truckload provider, and the largest single-owner LTL network
- Serves a diverse base of customers with consumer, trade and industrial markets, including many sector leaders that have long-tenured relationships with XPO
- Range of services includes dedicated truckload, LTL, FTL brokerage, managed transportation, last mile and freight forwarding, as well as multimodal solutions that are customized to reduce CO₂e emissions

Full year 2023 planning assumptions

The company provided the following updated expectations:

- Gross capex of \$675 million to \$725 million
- Interest expense of \$170 million to \$175 million
- Pension income of \$15 million to \$20 million
- Effective tax rate of 23% to 24%
- Diluted share count of 118 million



Financial reconciliations

The following table reconciles XPO's net income from continuing operations attributable to common shareholders for the periods ended September 30, 2023 and 2022 to adjusted EBITDA for the same periods.

Reconciliation of net income from continuing operations to adjusted EBITDA

\$ in millions (unaudited)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change %	2023	2022	Change %
Net income from continuing operations attributable to common shareholders	\$ 86	\$ 92	-6.5%	\$ 134	\$ 220	-39.1%
Debt extinguishment loss	-	-		23	26	
Interest expense	41	35		126	103	
Income tax provision	31	27		48	66	
Depreciation and amortization expense	110	99		318	289	
Transaction and integration costs	8	2		47	16	
Restructuring costs	1	7		35	15	
Other	1	-		1	-	
Adjusted EBITDA	\$ 278	\$ 262	6.1%	\$ 732	\$ 735	-0.4%

Refer to "Non-GAAP Financial Measures" section on page 25 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's net income from continuing operations attributable to common shareholders for the periods ended September 30, 2023 and 2022 to adjusted net income from continuing operations attributable to common shareholders for the same periods.

Reconciliation of adjusted net income and adjusted diluted earnings per share

\$ in millions, except per-share data (unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income from continuing operations attributable to common shareholders	\$ 86	\$ 92	\$ 134	\$ 220
Debt extinguishment loss	-	-	23	26
Amortization of acquisition-related intangible assets	15	13	42	40
Transaction and integration costs	8	2	47	16
Restructuring costs	1	7	35	15
Income tax associated with the adjustments above ⁽¹⁾	(5)	(4)	(28)	(22)
Adjusted net income from continuing operations attributable to common shareholders	\$ 105	\$ 110	\$ 253	\$ 295
Adjusted diluted earnings from continuing operations per share	\$ 0.88	\$ 0.95	\$ 2.15	\$ 2.55
Weighted-average common shares outstanding				
Diluted weighted-average common shares outstanding	119	116	118	116

¹ The income tax rate applied to reconciling items is based on the GAAP annual effective tax rate, excluding discrete items, non-deductible compensation, and contribution- and margin-based taxes
Refer to "Non-GAAP Financial Measures" section on page 25 of this document

Financial reconciliations (cont.)

The following table reconciles XPO’s operating income attributable to its North American less-than-truckload segment to adjusted operating income, adjusted operating ratio and adjusted EBITDA for the respective periods shown in the table below.

Reconciliation of North American less-than-truckload adjusted operating ratio and adjusted EBITDA

\$ in millions (unaudited)	Three Months Ended	
	September 30,	June 30,
	2023	2023
Revenue (excluding fuel surcharge revenue)	\$ 1,005	\$ 940
Fuel surcharge revenue	223	196
Revenue	1,228	1,136
Salaries, wages and employee benefits	616	573
Purchased transportation	97	87
Fuel, operating expenses and supplies ⁽¹⁾	244	226
Operating taxes and licenses	11	12
Insurance and claims	20	33
(Gains) losses on sales of property and equipment	4	1
Depreciation and amortization	75	71
Transaction and integration costs	-	-
Restructuring costs	-	4
Operating income	161	129
Operating ratio ⁽²⁾	86.8%	88.7%
Amortization expense	9	9
Transaction and integration costs	-	-
Restructuring costs	-	4
Gains on real estate transactions	-	-
Adjusted operating income	\$ 170	\$ 142
Adjusted operating ratio ⁽³⁾	86.2%	87.6%
Depreciation expense	66	62
Pension income	5	4
Gains on real estate transactions	-	-
Adjusted EBITDA ⁽⁴⁾	\$ 241	\$ 208

¹ Fuel, operating expenses and supplies includes fuel-related taxes

² Operating ratio is calculated as $(1 - (\text{operating income} / \text{revenue}))$

³ Adjusted operating ratio is calculated as $(1 - (\text{adjusted operating income} / \text{revenue}))$; adjusted operating margin is the inverse of adjusted operating ratio

⁴ Adjusted EBITDA is used by the company’s chief operating decision maker to evaluate segment profit (loss) in accordance with ASC 280

Refer to “Non-GAAP Financial Measures” section on page 25 of this document

Financial reconciliations (cont.)

The following table calculates XPO's return on invested capital (ROIC) attributable to its North American less-than-truckload segment for the periods presented. We believe that ROIC is an important metric, as it measures how effectively we deploy our capital base. ROIC is calculated as net operating profit after tax (NOPAT), divided by invested capital. NOPAT is calculated as adjusted EBITDA less depreciation expense, pension income, real estate gains and cash taxes plus operating lease interest. Invested capital is calculated as operating assets less non-debt liabilities.

North American less-than-truckload return on invested capital

				As of December 31,	
				2022	
\$ in millions (unaudited)					
Select income statement items		Year Ended		Select balance sheet items	
		December 31, 2022			
Adjusted EBITDA	\$	932		Total assets (excluding intercompany and investment in affiliates)	\$ 3,288
(-) Depreciation		205		(-) Cash	(5)
(-) Pension income		59		(-) Goodwill and intangibles	1,024
(-) Real estate gains		55		Operating assets	2,269
(+) Operating lease interest ⁽¹⁾		12		Total liabilities (excluding intercompany)	1,119
(-) Cash taxes ⁽²⁾		83		(-) Short-term debt	18
Net operating profit after tax (NOPAT)	\$	542		(-) Operating lease liabilities	417
				(-) Long-term debt	27
				Non-debt liabilities	657
				Invested capital	\$ 1,612
				Return on invested capital	34%

¹ Operating lease interest is calculated as period end operating lease assets multiplied by XPO's incremental borrowing rate, net of tax

² Cash taxes is calculated as the ratio of the North American less-than-truckload segment's adjusted EBITDA, excluding real estate gains, to XPO adjusted EBITDA, multiplied by XPO's cash paid for taxes

Refer to "Non-GAAP Financial Measures" section on page 25 of this document

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 document to the most directly comparable measure under GAAP, which are set forth in the financial tables attached to this document.

This document contains the following non-GAAP financial measures: adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") on a consolidated basis; adjusted diluted earnings from continuing operations per share ("adjusted EPS"); adjusted operating ratio for our North American less-than-truckload segment; adjusted net income from continuing operations attributable to common shareholders; adjusted operating income for our North American less-than-truckload segment; and return on invested capital ("ROIC") for our North American less-than-truckload segment.

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 from continuing operations attributable to common shareholders and adjusted EPS include adjustments for transaction and integration costs, as well as restructuring costs, and other adjustments as set forth in the attached tables. Transaction and integration adjustments are generally incremental costs that result from an actual or planned acquisition, divestiture or spin-off and may include transaction costs, consulting fees, stock-based compensation, retention awards, 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. Restructuring costs primarily relate to severance costs associated with business optimization initiatives. 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 adjusted EBITDA improves 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 from continuing operations 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, including amortization of acquisition-related intangible assets, transaction and integration costs, restructuring costs and other adjustments as set out in the attached tables. We believe that adjusted operating income and adjusted operating ratio improve the comparability of our operating results from period to period by removing the impact of certain transaction and integration costs and restructuring costs, as well as amortization expenses. We believe that ROIC is an important metric as it measures how effectively we deploy our capital base. ROIC is calculated as net operating profit after tax ("NOPAT"), divided by invested capital. NOPAT is calculated as adjusted EBITDA less depreciation expense, pension income, real estate gains and cash taxes plus operating lease interest. Invested capital is calculated as operating assets less non-debt liabilities.

With respect to our financial targets for the six-year period 2021 through 2027 of North American less-than-truckload adjusted EBITDA CAGR, and adjusted operating ratio, a reconciliation of these non-GAAP measures to the corresponding GAAP measures is not available without unreasonable effort due to the variability and complexity of the reconciling items described above that we exclude from these non-GAAP target measures. 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 statement of income and statement of cash flows in accordance with GAAP that would be required to produce such a reconciliation.