



XPO Logistics Announces Second Quarter 2022 Results and Raises Full Year 2022 Financial Outlook

Reports second quarter records for revenue, net income from continuing operations and adjusted EBITDA

Improves North American LTL operating ratio to 82.5%, and improves adjusted operating ratio by 70 basis points year-over-year to 80.4%

Achieves North American truck brokerage year-over-year volume growth of 16%

Reduces net leverage to 1.8x

GREENWICH, Conn. — August 4, 2022 — [XPO Logistics, Inc.](#) (NYSE: XPO) today announced its financial results for the second quarter 2022.

Revenue increased to \$3.23 billion for the second quarter, compared with \$3.19 billion for the same period in 2021. Net income from continuing operations attributable to common shareholders was \$141 million for the second quarter, compared with \$113 million for the same period in 2021. Operating income was \$230 million for the second quarter, compared with \$191 million for the same period in 2021. Diluted earnings from continuing operations per share was \$1.22 for the second quarter, compared with \$1.00 for the same period in 2021.

Adjusted net income from continuing operations attributable to common shareholders, a non-GAAP financial measure, increased to \$209 million for the second quarter, compared with \$138 million for the same period in 2021. Adjusted diluted earnings from continuing operations per share, a non-GAAP financial measure, was \$1.81 for the second quarter, compared with \$1.22 for the same period in 2021.

Adjusted earnings before interest, taxes, depreciation and amortization (“adjusted EBITDA”), a non-GAAP financial measure, increased to \$405 million for the second quarter, compared with \$330 million for the same period in 2021.

For the second quarter 2022, the company generated \$199 million of cash flow from operating activities and \$73 million of free cash flow, a non-GAAP financial measure.

Reconciliations of non-GAAP financial measures used in this release are provided in the attached financial tables.

Raises 2022 Financial Outlook

The company raised its full year targets for adjusted EBITDA, adjusted diluted EPS and free cash flow, and updated the underlying metrics:

- Adjusted EBITDA of \$1.40 billion to \$1.43 billion, an increase from the prior target of \$1.35 billion to \$1.39 billion:
 - Includes third quarter adjusted EBITDA of \$330 million to \$345 million, excluding gains on sales of real estate;
 - North American less-than-truckload (LTL) expected to generate at least \$1 billion of full year adjusted EBITDA, including gains on sales of real estate of up to \$50 million in the fourth quarter;
- Year-over-year improvement of more than 100 basis points in North American LTL adjusted operating ratio, excluding gains on sales of real estate, unchanged;
- Depreciation and amortization of approximately \$385 million, excluding amortization of acquisition-related intangible assets, unchanged;
- Interest expense of \$145 million to \$150 million, a decrease from the prior target of \$150 million to \$160 million;
- Effective tax rate of 24% to 25%, unchanged; and
- Adjusted diluted EPS of \$5.55 to \$5.90, an increase from the prior target of \$5.20 to \$5.60; excludes amortization of acquisition-related intangible assets, and assumes 117 million diluted shares outstanding at year-end 2022.

With respect to 2022 cash flows, the targets are:

- Gross capital expenditures of \$500 million to \$550 million, unchanged;
- Net capital expenditures of \$425 million to \$475 million, unchanged; and
- Free cash flow of \$425 million to \$475 million, excluding all transaction-related impacts, an increase from the prior target of \$400 million to \$450 million.

The outlook does not take into account the intended spin-off of the company's tech-enabled brokered services platform or the divestiture of the European business.

CEO Comments

Brad Jacobs, chairman and chief executive officer of XPO Logistics, said, "In the second quarter, all of our reported metrics were ahead of guidance and consensus. It was our company's ninth straight quarterly beat on adjusted EBITDA. Our North American less-than-truckload network and our tech-enabled brokered transportation platform have tremendous momentum heading into the spin-off, when we expect to separate these businesses into independent companies.

"In LTL, Mario Harik led his team to record second quarter revenue, as well as an operating ratio of 82.5% and an adjusted operating ratio of 80.4%. It was our best quarterly adjusted operating ratio to date, excluding real estate, with a year-over-year improvement of 70 basis points, on track for more than 100 basis points of improvement this year. Yield, excluding fuel, accelerated year-over-year by 11%. We maintained the highest level of network fluidity since 2020, and won a record amount of new business in the quarter. We also doubled our trailer manufacturing output year-over-year.

"In our North American transportation division, led by Drew Wilkerson, our truck brokerage business again sharply outperformed the industry. We delivered our seventh consecutive quarter of double-digit volume growth in truck brokerage, up year-over-year by 16%. Our XPO Connect digital platform is the force behind this growth, with a 74% year-over-year increase in weekly average carrier users, and 80% of orders created or covered digitally, up from 74% in the first quarter."

Jacobs continued, “Today, we reported the highest adjusted EBITDA of any quarter in our history, and raised our 2022 full year guidance. Our company has a 38% return on invested capital, net leverage of 1.8x, and multiple catalysts for value creation largely independent of the macro. Following the planned fourth quarter spin-off, we’ll become two strong, standalone companies with long runways for earnings growth.”

Results by Business Segment

Second Quarter 2022 Summary Segment Results

| Three months ended June 30, (in millions) | Revenue | | Operating Income (Loss) | | Adjusted EBITDA ⁽¹⁾ | |
|--|--|----------|-------------------------|--------|--------------------------------|--------|
| | 2022 | 2021 | 2022 ⁽²⁾ | 2021 | 2022 | 2021 |
| | North American Less-Than-Truckload Segment | \$ 1,239 | \$ 1,081 | \$ 216 | \$ 187 | \$ 294 |
| Brokerage and Other Services Segment | 2,067 | 2,161 | 93 | 67 | 152 | 130 |
| Corporate and Intersegment Eliminations | (74) | (56) | (79) | (63) | (41) | (58) |
| Total ⁽³⁾ | \$ 3,232 | \$ 3,186 | \$ 230 | \$ 191 | \$ 405 | \$ 330 |

| Six months ended June 30, (in millions) | Revenue | | Operating Income (Loss) | | Adjusted EBITDA ⁽¹⁾ | |
|--|--|----------|-------------------------|--------|--------------------------------|--------|
| | 2022 | 2021 | 2022 ⁽²⁾ | 2021 | 2022 | 2021 |
| | North American Less-Than-Truckload Segment | \$ 2,344 | \$ 2,043 | \$ 348 | \$ 332 | \$ 499 |
| Brokerage and Other Services Segment | 4,499 | 4,232 | 193 | 131 | 316 | 255 |
| Corporate and Intersegment Eliminations | (138) | (100) | 314 | (133) | (89) | (118) |
| Total ⁽³⁾ | \$ 6,705 | \$ 6,175 | \$ 855 | \$ 330 | \$ 726 | \$ 609 |

⁽¹⁾ Reconciliations of adjusted EBITDA are provided in the attached financial tables

⁽²⁾ Corporate operating income (loss) includes a \$16 million loss and \$434 million gain, respectively, for the three and six months ended June 30, 2022 related to the sale of our intermodal operation

⁽³⁾ See the Non-GAAP Financial Measures section in this release

- **North American Less-Than-Truckload (LTL):** The segment generated revenue of \$1.2 billion for the second quarter 2022, compared with \$1.1 billion for the same period in 2021. The year-over-year growth in revenue primarily reflects an increase in yield.

Operating income for the segment was \$216 million for the second quarter 2022, compared with \$187 million for the same period in 2021. Adjusted EBITDA for the second quarter 2022, which had no real estate sales, was \$294 million; compared with adjusted EBITDA for the second quarter 2021 of \$258 million, or \$253 million, excluding gains on real estate sales.

Second quarter 2022 operating ratio was 82.5%. Adjusted operating ratio, excluding gains on real estate sales, improved 70 basis points year-over-year to 80.4%.

- **Brokerage and Other Services:** Revenue for the segment was \$2.07 billion for the second quarter 2022, compared with \$2.16 billion for the same period in 2021. The decrease in revenue was due primarily to the sale of our North American intermodal operation in March 2022, which impacted revenue by \$266 million, and to foreign currency exchange rates, which impacted revenue by approximately \$72 million. Revenue in the second quarter of 2022 benefited from a year-over-year increase in North American truck brokerage volume, facilitated by our digital platform, as well as strong pricing across the segment.

Operating income for the segment was \$93 million for the second quarter 2022, compared with \$67 million for the same period in 2021. Adjusted EBITDA was \$152 million for the second quarter 2022, compared with \$130 million for the same period in 2021. The year-over-year increases in adjusted EBITDA were primarily driven by higher revenue in North American truck brokerage and other brokerage services, partially offset by higher third-party

transportation and compensation costs and by the sale of the intermodal operation.

Truck brokerage revenue in North America increased 24% to \$755 million for the second quarter 2022, compared with \$607 million for the same period in 2021. The increase in revenue was primarily driven by a year-over-year increase in volume of 16%.

- *Corporate:* Corporate expense was \$79 million for the second quarter 2022, compared with \$63 million for the same period in 2021. Excluding \$38 million of expense, primarily related to the upcoming spin-off and to working capital adjustments for the sale of the intermodal operation, corporate adjusted EBITDA was an expense of \$41 million for the second quarter 2022, compared with \$58 million for the second quarter 2021.

Liquidity and Deleveraging

As of June 30, 2022, the company had \$1.4 billion of total liquidity, including \$436 million of cash and cash equivalents and approximately \$1.0 billion of available borrowing capacity. The net leverage ratio as of June 30 was 1.8x, down from 2.0x as of March 31, 2022, and within the company's target range of 1.0x – 2.0x.

Net leverage ratio is calculated as net debt of \$2.48 billion, divided by adjusted EBITDA of \$1.36 billion for the trailing 12 months ended June 30, 2022.

RXO Spin-Off Brand Announcement

In July, XPO announced that the planned spin-off of its tech-enabled brokered transportation platform in North America will be named RXO and will go to market with the tagline "Massive capacity. Cutting-edge technology." The new brand is displayed on a landing page, [RXO.com](https://rxo.com), where visitors can register to receive news about upcoming milestones. XPO expects to complete the spin-off transaction in the fourth quarter of 2022.

Conference Call

The company will hold a conference call on Friday, August 5, 2022, at 8:30 a.m. Eastern Time. Participants can call toll-free (from US/Canada) 1-877-269-7756; international callers dial +1-201-689-7817. A live webcast of the conference will be available on the investor relations area of the company's website, xpo.com/investors. The conference will be archived until September 5, 2022. To access the replay by phone, call toll-free (from US/Canada) 1-877-660-6853; international callers dial +1-201-612-7415. Use participant passcode 13731410.

About XPO Logistics

XPO Logistics, Inc. (NYSE: XPO) is a leading provider of freight transportation services, primarily less-than-truckload (LTL) and truck brokerage. XPO uses its proprietary technology, including the cutting-edge XPO Connect® automated freight marketplace, to move goods efficiently through supply chains. The company's global network serves 50,000 shippers with approximately 749 locations and 43,000 employees, and is headquartered in Greenwich, Conn., USA. Visit xpo.com and europe.xpo.com for more information, and connect with XPO on [Facebook](https://www.facebook.com/xpologistics), [Twitter](https://twitter.com/xpologistics), [LinkedIn](https://www.linkedin.com/company/xpologistics), [Instagram](https://www.instagram.com/xpologistics) and [YouTube](https://www.youtube.com/channel/UCv3v3v3v3v3v3v3v3v3v3v3).

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

XPO’s non-GAAP financial measures in this press release include: adjusted earnings before interest, taxes, depreciation and amortization (“adjusted EBITDA”) on a consolidated basis and for corporate and intersegment eliminations; adjusted EBITDA margin on a consolidated basis; adjusted net income from continuing operations attributable to common shareholders and adjusted diluted earnings from continuing operations per share (“adjusted EPS”); margin (revenue less cost of transportation and services) and margin as a percentage of revenue (margin % of revenue) by service offering; free cash flows; adjusted operating income (including and excluding gains on real estate transactions) for our North American less-than-truckload segment; adjusted operating ratio (including and excluding gains on real estate transactions) for our North American less-than-truckload segment; adjusted EBITDA excluding gains on real estate transactions for our North American less-than-truckload segment; return on invested capital (ROIC) on a consolidated basis; net leverage and net debt.

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, retention awards, and 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 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 net cash provided by operating activities from continuing operations, less payment for purchases of property and equipment plus proceeds from sale of property and equipment. We believe that adjusted EBITDA and adjusted EBITDA margin improve comparability from period to period by removing the impact of our capital structure (interest and financing expenses), asset base (depreciation and amortization), litigation settlements, 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 margin (revenue less cost of transportation and services) and margin as a percentage of revenue (margin % of revenue) improve the comparability of our operating results from period to period by removing the cost of transportation and services, in particular the cost of fuel, incurred in the reporting period 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 (i) removing the impact of certain transaction and integration costs and restructuring costs, as well as 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 return on invested capital (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) for a trailing twelve month period divided by invested capital as of the end of such period. NOPAT is calculated as adjusted EBITDA less depreciation expense, real estate gains and cash taxes plus operating lease interest. Invested capital is calculated as equity plus debt and operating lease liabilities less cash and goodwill and intangibles. We believe that net leverage and net debt are important measures of our overall liquidity position and are calculated by removing cash and cash equivalents from our reported total debt and reporting net debt as a ratio of our trailing twelve-month reported adjusted EBITDA.

With respect to our financial targets for full year 2022 adjusted EBITDA, adjusted diluted EPS and free cash flow, and our financial target for 2022 third quarter adjusted EBITDA, 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 prepared in accordance with GAAP that would be required to produce such a reconciliation.

Forward-looking Statements

This release 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 the planned spin-off of our tech-enabled brokered services platform and the sale or listing of our European business, the expected timing of these transactions and the anticipated benefits of these transactions; our full year 2022 financial targets of consolidated adjusted EBITDA, North American LTL adjusted EBITDA and adjusted operating ratio, depreciation and amortization (excluding amortization of acquisition-related intangible assets), interest expense, tax rate, adjusted diluted EPS (excluding amortization of acquisition-related intangible assets), gross capital expenditures, net capital expenditures and free cash flow; our 2022 third quarter financial target of adjusted EBITDA; our expectation of year-over-year improvement of more than 100 basis points in North American LTL adjusted operating ratio; and our 2022 financial target of at least \$1 billion of adjusted EBITDA in the North American LTL segment, including gains on sales of real estate of up to \$50 million in the 2022 fourth quarter. 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 our ability to effect the spin-off of our tech-enabled brokered services platform and meet the related conditions of the spin-off, our ability to complete the sale or listing of our European business, the expected timing of the completion of these transactions and the terms of the transactions, our ability to achieve the expected benefits of the transactions, our ability to retain and attract key personnel for the separate businesses, the risks discussed in our filings with the SEC, and the following: economic conditions generally; the severity, magnitude, duration and aftereffects of the COVID-19 pandemic, including supply chain disruptions due to plant and port shutdowns and transportation delays, 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, which may lower levels of service, including the timeliness, productivity and quality of service, and government responses to these factors; our ability to align our investments in capital assets, including equipment, service centers and warehouses, 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, and the impact of anticipated material compensation and other expenses, including expenses related to the acceleration of equity awards, to be incurred in connection with a substantial disposition; 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, spin-off or other divestiture; matters related to our intellectual property rights; fluctuations in currency exchange rates; fuel price and fuel surcharge changes; natural disasters, terrorist attacks, wars or similar incidents, including the conflict between Russia and Ukraine and increased tensions between Taiwan and China; risks and uncertainties regarding the expected benefits of the spin-off of our logistics segment or a future spin-off of a business unit, the impact of the spin-off of our logistics segment or a future spin-off of a business unit on the size and business diversity of our company; the ability of the spin-off of our logistics segment or a future spin-off of a business unit to qualify for tax-free treatment for U.S. federal income tax purposes; 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, 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 and independent contractors; litigation, including litigation related to alleged misclassification of independent contractors and securities class actions; risks associated with our self-insured claims; risks associated with defined benefit plans for our current and former employees; the impact of potential sales of common stock by our chairman; governmental regulation, including trade compliance laws, as well as changes in international trade policies, sanctions and tax regimes; governmental or political actions, including the United Kingdom's exit from the European Union; and competition and pricing pressures.

All forward-looking statements set forth in this release 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 release 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.

Where required by law, no binding decision will be made with respect to the divestiture of the European business other than in compliance with applicable employee information and consultation requirements.

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XPO Logistics, Inc.
Condensed Consolidated Statements of Income
(Unaudited)
(In millions, except per share data)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|----------------|------------------|----------------|
| | June 30, | | June 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | \$ 3,232 | \$ 3,186 | \$ 6,705 | \$ 6,175 |
| Cost of transportation and services (exclusive of depreciation and amortization) | 2,153 | 2,186 | 4,590 | 4,239 |
| Direct operating expense (exclusive of depreciation and amortization) | 365 | 358 | 750 | 692 |
| Sales, general and administrative expense | 324 | 324 | 668 | 662 |
| Depreciation and amortization expense | 115 | 120 | 231 | 239 |
| (Gain) loss on sale of business ⁽¹⁾ | 16 | - | (434) | - |
| Transaction and integration costs | 25 | 6 | 35 | 11 |
| Restructuring costs | 4 | 1 | 10 | 2 |
| Operating income | 230 | 191 | 855 | 330 |
| Other income | (15) | (10) | (29) | (26) |
| Debt extinguishment loss | 26 | - | 26 | 8 |
| Interest expense | 31 | 58 | 68 | 123 |
| Income from continuing operations before income tax provision | 188 | 143 | 790 | 225 |
| Income tax provision | 47 | 30 | 160 | 49 |
| Income from continuing operations | 141 | 113 | 630 | 176 |
| Income (loss) from discontinued operations, net of taxes | - | 45 | (1) | 100 |
| Net income | 141 | 158 | 629 | 276 |
| Net income from discontinued operations attributable to noncontrolling interests | - | (2) | - | (5) |
| Net income attributable to XPO | \$ 141 | \$ 156 | \$ 629 | \$ 271 |
| Net income (loss) attributable to common shareholders | | | | |
| Continuing operations | \$ 141 | \$ 113 | \$ 630 | \$ 176 |
| Discontinued operations | - | 43 | (1) | 95 |
| Net income attributable to common shareholders | \$ 141 | \$ 156 | \$ 629 | \$ 271 |
| Basic earnings (loss) per share attributable to common shareholders ⁽²⁾ | | | | |
| Continuing operations | \$ 1.23 | \$ 1.01 | \$ 5.49 | \$ 1.61 |
| Discontinued operations | - | 0.38 | (0.01) | 0.87 |
| Basic earnings per share attributable to common shareholders | \$ 1.23 | \$ 1.39 | \$ 5.48 | \$ 2.48 |
| Diluted earnings (loss) per share attributable to common shareholders ⁽²⁾ | | | | |
| Continuing operations | \$ 1.22 | \$ 1.00 | \$ 5.45 | \$ 1.56 |
| Discontinued operations | - | 0.38 | (0.01) | 0.84 |
| Diluted earnings per share attributable to common shareholders | \$ 1.22 | \$ 1.38 | \$ 5.44 | \$ 2.40 |
| Weighted-average common shares outstanding | | | | |
| Basic weighted-average common shares outstanding | 115 | 112 | 115 | 109 |
| Diluted weighted-average common shares outstanding | 116 | 113 | 116 | 113 |

⁽¹⁾ Gain (loss) on sale of business for the three and six months ended June 30, 2022 reflects a post-closing working capital adjustment of \$16 million related to the sale of our North American intermodal operation.

⁽²⁾ The sum of quarterly earnings (loss) per share may not equal year-to-date amounts due to differences in the weighted-average number of shares outstanding during the respective periods.

| XPO Logistics, Inc. | | | |
|--|-----------------|-----------|---------------------|
| Condensed Consolidated Balance Sheets | | | |
| (Unaudited) | | | |
| (In millions, except per share data) | | | |
| | June 30, | | December 31, |
| | 2022 | | 2021 |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 436 | \$ | 260 |
| Accounts receivable, net of allowances of \$47 and \$47, respectively | 2,190 | | 2,105 |
| Other current assets | 271 | | 286 |
| Current assets of discontinued operations | 19 | | 26 |
| Total current assets | 2,916 | | 2,677 |
| Long-term assets | | | |
| Property and equipment, net of \$1,823 and \$1,828 in accumulated depreciation, respectively | 1,799 | | 1,808 |
| Operating lease assets | 832 | | 908 |
| Goodwill | 2,284 | | 2,479 |
| Identifiable intangible assets, net of \$589 and \$612 in accumulated amortization, respectively | 522 | | 580 |
| Other long-term assets | 287 | | 255 |
| Total long-term assets | 5,724 | | 6,030 |
| Total assets | \$ 8,640 | \$ | 8,707 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Accounts payable | \$ 1,153 | \$ | 1,110 |
| Accrued expenses | 1,106 | | 1,107 |
| Short-term borrowings and current maturities of long-term debt | 55 | | 58 |
| Short-term operating lease liabilities | 142 | | 170 |
| Other current liabilities | 159 | | 69 |
| Current liabilities of discontinued operations | 19 | | 24 |
| Total current liabilities | 2,634 | | 2,538 |
| Long-term liabilities | | | |
| Long-term debt | 2,857 | | 3,514 |
| Deferred tax liability | 325 | | 316 |
| Employee benefit obligations | 118 | | 122 |
| Long-term operating lease liabilities | 689 | | 752 |
| Other long-term liabilities | 310 | | 327 |
| Total long-term liabilities | 4,299 | | 5,031 |
| Stockholders' equity | | | |
| Common stock, \$0.001 par value; 300 shares authorized; 115 issued and outstanding as of June 30, 2022 and December 31, 2021 | - | | - |
| Additional paid-in capital | 1,187 | | 1,179 |
| Retained earnings | 672 | | 43 |
| Accumulated other comprehensive loss | (152) | | (84) |
| Total equity | 1,707 | | 1,138 |
| Total liabilities and equity | \$ 8,640 | \$ | 8,707 |

| XPO Logistics, Inc. | | | |
|---|------------------|--|----------------|
| Condensed Consolidated Statements of Cash Flows | | | |
| (Unaudited) | | | |
| (In millions) | | | |
| | Six Months Ended | | |
| | June 30, | | |
| | 2022 | | 2021 |
| Cash flows from operating activities of continuing operations | | | |
| Net income | \$ 629 | | \$ 276 |
| Income (loss) from discontinued operations, net of taxes | (1) | | 100 |
| Income from continuing operations | 630 | | 176 |
| Adjustments to reconcile income from continuing operations to net cash from operating activities | | | |
| Depreciation, amortization and net lease activity | 231 | | 239 |
| Stock compensation expense | 18 | | 13 |
| Accretion of debt | 8 | | 10 |
| Deferred tax expense | 6 | | 10 |
| Debt extinguishment loss | 26 | | 8 |
| Gain on sale of business | (434) | | - |
| Gains on sales of property and equipment | (2) | | (30) |
| Other | 17 | | 11 |
| Changes in assets and liabilities | | | |
| Accounts receivable | (382) | | (223) |
| Other assets | 57 | | (45) |
| Accounts payable | 203 | | 19 |
| Accrued expenses and other liabilities | 21 | | 120 |
| Net cash provided by operating activities from continuing operations | 399 | | 308 |
| Cash flows from investing activities of continuing operations | | | |
| Proceeds from sale of business | 705 | | - |
| Payment for purchases of property and equipment | (267) | | (135) |
| Proceeds from sale of property and equipment | 7 | | 60 |
| Proceeds from settlement of cross currency swaps | 19 | | - |
| Net cash provided by (used in) investing activities from continuing operations | 464 | | (75) |
| Cash flows from financing activities of continuing operations | | | |
| Repayment of borrowings related to securitization program | - | | (24) |
| Repurchase of debt | (651) | | (1,200) |
| Proceeds from borrowings on ABL facility | 275 | | - |
| Repayment of borrowings on ABL facility | (275) | | (200) |
| Repayment of debt and finance leases | (32) | | (43) |
| Payment for debt issuance costs | - | | (5) |
| Change in bank overdrafts | 25 | | - |
| Payment for tax withholdings for restricted shares | (13) | | (22) |
| Other | (2) | | 5 |
| Net cash used in financing activities from continuing operations | (673) | | (1,489) |
| Cash flows from discontinued operations | | | |
| Operating activities of discontinued operations | (3) | | 231 |
| Investing activities of discontinued operations | - | | (70) |
| Financing activities of discontinued operations | - | | (159) |
| Net cash provided by (used in) discontinued operations | (3) | | 2 |
| Effect of exchange rates on cash, cash equivalents and restricted cash | (14) | | 1 |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 173 | | (1,253) |
| Cash, cash equivalents and restricted cash, beginning of period | 273 | | 2,065 |
| Cash, cash equivalents and restricted cash, end of period | 446 | | 812 |
| Less: Cash, cash equivalents and restricted cash of discontinued operations, end of period | - | | 318 |
| Cash, cash equivalents and restricted cash of continuing operations, end of period | \$ 446 | | \$ 494 |

| North American Less-Than-Truckload Segment | | | | | | |
|---|-----------------------------|---------------|--------------|---------------------------|---------------|--------------|
| Summary Financial Table | | | | | | |
| (Unaudited) | | | | | | |
| (In millions) | | | | | | |
| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
| | 2022 | 2021 | Change % | 2022 | 2021 | Change % |
| Revenue (excluding fuel surcharge revenue) | \$ 948 | \$ 917 | 3.4% | \$ 1,846 | \$ 1,744 | 5.8% |
| Fuel surcharge revenue | 291 | 164 | 77.4% | 498 | 299 | 66.6% |
| Revenue | 1,239 | 1,081 | 14.6% | 2,344 | 2,043 | 14.7% |
| Salaries, wages and employee benefits | 524 | 486 | 7.8% | 1,019 | 939 | 8.5% |
| Purchased transportation | 134 | 116 | 15.5% | 270 | 210 | 28.6% |
| Fuel and fuel-related taxes | 121 | 71 | 70.4% | 215 | 134 | 60.4% |
| Other operating expenses | 159 | 145 | 9.7% | 327 | 279 | 17.2% |
| Depreciation and amortization | 60 | 57 | 5.3% | 115 | 112 | 2.7% |
| Rents and leases | 23 | 19 | 21.1% | 45 | 37 | 21.6% |
| Transaction and integration costs | 2 | - | NM | 2 | - | NM |
| Restructuring costs | - | - | NM | 3 | - | NM |
| Operating income | 216 | 187 | 15.5% | 348 | 332 | 4.8% |
| Operating ratio ⁽¹⁾ | 82.5% | 82.7% | | 85.1% | 83.7% | |
| Other income ⁽²⁾ | 15 | 14 | | 30 | 28 | |
| Amortization expense | 9 | 9 | | 17 | 17 | |
| Transaction and integration costs | 2 | - | | 2 | - | |
| Restructuring costs | - | - | | 3 | - | |
| Adjusted operating income ⁽³⁾ | \$ 242 | \$ 210 | 15.2% | \$ 400 | \$ 377 | 6.1% |
| Adjusted operating ratio ^{(3) (4)} | 80.4% | 80.6% | | 82.9% | 81.5% | |
| Depreciation expense | 51 | 48 | 6.3% | 98 | 95 | 3.2% |
| Other | 1 | - | NM | 1 | - | NM |
| Adjusted EBITDA ⁽⁵⁾ | \$ 294 | \$ 258 | 14.0% | \$ 499 | \$ 472 | 5.7% |
| Adjusted EBITDA margin ⁽⁶⁾ | 23.7% | 23.9% | | 21.3% | 23.1% | |
| Gains on real estate transactions | - | (5) | | - | (22) | |
| Adjusted EBITDA, excluding gains on real estate transactions ⁽³⁾ | 294 | 253 | 16.2% | \$ 499 | \$ 450 | 10.9% |
| Adjusted operating income, excluding gains on real estate transactions ⁽³⁾ | \$ 242 | \$ 205 | 18.0% | \$ 400 | \$ 355 | 12.7% |
| Adjusted operating ratio, excluding gains on real estate transactions ^{(3) (4)} | 80.4% | 81.1% | | 82.9% | 82.6% | |

NM - Not meaningful.

⁽¹⁾ Operating ratio is calculated as (1 - (Operating income divided by Revenue)).

⁽²⁾ Other income primarily consists of pension income.

⁽³⁾ See the "Non-GAAP Financial Measures" section of the press release.

⁽⁴⁾ Adjusted operating ratio is calculated as (1 - (Adjusted operating income divided by Revenue)); adjusted operating margin is the inverse of adjusted operating ratio.

⁽⁵⁾ Adjusted EBITDA is used by our chief operating decision maker to evaluate segment profit (loss) in accordance with ASC 280.

⁽⁶⁾ Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Revenue.

| North American Less-Than-Truckload Segment | | | | | | | |
|---|-----------------------------|-----------|----------|---------------------------|-----------|----------|--|
| Summary Data Table | | | | | | | |
| (Unaudited) | | | | | | | |
| | Three Months Ended June 30, | | | Six Months Ended June 30, | | | |
| | 2022 | 2021 | Change % | 2022 | 2021 | Change % | |
| Pounds per day (thousands) | 72,333 | 76,520 | -5.5% | 71,250 | 73,636 | -3.2% | |
| Shipments per day | 50,274 | 53,130 | -5.4% | 49,316 | 51,466 | -4.2% | |
| Average weight per shipment (in pounds) | 1,439 | 1,440 | -0.1% | 1,445 | 1,431 | 1.0% | |
| Gross revenue per shipment | \$ 398.21 | \$ 326.45 | 22.0% | \$ 383.44 | \$ 320.67 | 19.6% | |
| Gross revenue per hundredweight (including fuel surcharges) | \$ 27.68 | \$ 22.67 | 22.1% | \$ 26.54 | \$ 22.41 | 18.4% | |
| Gross revenue per hundredweight (excluding fuel surcharges) | \$ 21.34 | \$ 19.29 | 10.6% | \$ 21.05 | \$ 19.20 | 9.6% | |
| Average length of haul (in miles) | 826.3 | 836.3 | | 830.6 | 834.8 | | |
| Total average load factor ⁽¹⁾ | 23,955 | 24,406 | -1.8% | 24,086 | 24,408 | -1.3% | |
| Average age of tractor fleet (years) | 5.87 | 5.79 | | | | | |
| Number of working days | 64.0 | 63.5 | | 127.5 | 126.5 | | |

⁽¹⁾ Total average load factor equals freight pound miles divided by total linehaul miles.

| Brokerage and Other Services Segment | | | | | | | |
|--|-----------------------------|----------|----------|---------------------------|----------|----------|--|
| Summary Financial Table | | | | | | | |
| (Unaudited) | | | | | | | |
| (In millions) | | | | | | | |
| | Three Months Ended June 30, | | | Six Months Ended June 30, | | | |
| | 2022 | 2021 | Change % | 2022 | 2021 | Change % | |
| Revenue ⁽¹⁾ | \$ 2,067 | \$ 2,161 | -4.3% | \$ 4,499 | \$ 4,232 | 6.3% | |
| Cost of transportation and services | 1,536 | 1,655 | -7.2% | 3,387 | 3,221 | 5.2% | |
| Direct operating expense | 165 | 180 | -8.3% | 355 | 356 | -0.3% | |
| Sales, general and administrative expense | 214 | 197 | 8.6% | 441 | 400 | 10.3% | |
| Depreciation and amortization | 54 | 60 | -10.0% | 114 | 120 | -5.0% | |
| Transaction and integration costs | 1 | 2 | -50.0% | 3 | 3 | 0.0% | |
| Restructuring costs | 4 | - | NM | 6 | 1 | 500.0% | |
| Operating income | \$ 93 | \$ 67 | 38.8% | \$ 193 | \$ 131 | 47.3% | |
| Other income | - | 1 | | - | - | | |
| Depreciation and amortization | 54 | 60 | | 114 | 120 | | |
| Transaction and integration costs | 1 | 2 | | 3 | 3 | | |
| Restructuring costs | 4 | - | | 6 | 1 | | |
| Adjusted EBITDA ⁽¹⁾⁽²⁾ | \$ 152 | \$ 130 | 16.9% | \$ 316 | \$ 255 | 23.9% | |
| Adjusted EBITDA margin ⁽³⁾ | 7.4% | 6.0% | | 7.0% | 6.0% | | |

NM - Not meaningful.

⁽¹⁾ The second quarter of 2021 includes \$266 million of revenue and \$11 million of adjusted EBITDA attributable to the intermodal operation.

⁽²⁾ Adjusted EBITDA is used by our chief operating decision maker to evaluate segment profit (loss) in accordance with ASC 280.

⁽³⁾ Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Revenue.

| XPO Logistics, Inc. | | | | |
|---|------------------------------------|-----------------|----------------------------------|-----------------|
| Key Data by Service Offering | | | | |
| (Unaudited) | | | | |
| (In millions) | | | | |
| | Three Months Ended June 30, | | Six Months Ended June 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | | | | |
| <i>North America</i> | | | | |
| Less-Than-Truckload | \$ 1,275 | \$ 1,098 | \$ 2,408 | \$ 2,074 |
| Truck Brokerage | 755 | 607 | 1,579 | 1,203 |
| Last Mile | 274 | 269 | 520 | 515 |
| Other Brokerage ⁽¹⁾ | 199 | 486 | 750 | 939 |
| <i>Total North America</i> | 2,503 | 2,460 | 5,257 | 4,731 |
| <i>Europe</i> | 807 | 791 | 1,594 | 1,554 |
| <i>Eliminations</i> | (78) | (65) | (146) | (110) |
| Total Revenue | \$ 3,232 | \$ 3,186 | \$ 6,705 | \$ 6,175 |
| Cost of Transportation and Services (exclusive of depreciation and amortization) | | | | |
| <i>North America</i> | | | | |
| Less-Than-Truckload | \$ 721 | \$ 600 | \$ 1,394 | \$ 1,142 |
| Truck Brokerage | 598 | 518 | 1,288 | 1,003 |
| Last Mile | 191 | 178 | 363 | 340 |
| Other Brokerage ⁽¹⁾ | 117 | 372 | 502 | 720 |
| <i>Total North America</i> | 1,627 | 1,668 | 3,547 | 3,205 |
| <i>Europe</i> | 604 | 583 | 1,189 | 1,144 |
| <i>Eliminations</i> | (78) | (65) | (146) | (110) |
| Total Cost of Transportation and Services (exclusive of depreciation and amortization) | \$ 2,153 | \$ 2,186 | \$ 4,590 | \$ 4,239 |
| Margin ^{(2) (4)} | | | | |
| <i>North America</i> | | | | |
| Less-Than-Truckload | \$ 554 | \$ 498 | \$ 1,014 | \$ 932 |
| Truck Brokerage | 157 | 89 | 291 | 200 |
| Last Mile | 83 | 91 | 157 | 175 |
| Other Brokerage ⁽¹⁾ | 82 | 114 | 248 | 219 |
| <i>Total North America</i> | 876 | 792 | 1,710 | 1,526 |
| <i>Europe</i> | 203 | 208 | 405 | 410 |
| Total Margin | \$ 1,079 | \$ 1,000 | \$ 2,115 | \$ 1,936 |
| Margin % of Revenue ⁽³⁾⁽⁴⁾ | | | | |
| <i>North America</i> | | | | |
| Less-Than-Truckload | 43.5% | 45.4% | 42.1% | 44.9% |
| Truck Brokerage | 20.8% | 14.7% | 18.4% | 16.6% |
| Last Mile | 30.2% | 33.9% | 30.1% | 34.0% |
| Other Brokerage ⁽¹⁾ | 41.3% | 23.5% | 33.1% | 23.3% |
| <i>Total North America</i> | 35.0% | 32.2% | 32.5% | 32.3% |
| <i>Europe</i> | 25.1% | 26.2% | 25.4% | 26.4% |
| Overall Margin % of Revenue | 33.4% | 31.4% | 31.5% | 31.4% |

⁽¹⁾ Other brokerage includes expedite, freight forwarding and managed transportation services, and intermodal through its date of sale in March 2022. Freight forwarding includes operations conducted outside of North America but managed by our North American entities.

⁽²⁾ Margin is calculated as Revenue less cost of transportation and services (exclusive of depreciation and amortization). We also refer to this measure as gross profit.

⁽³⁾ We also refer to margin % of revenue as gross profit margin.

⁽⁴⁾ See the "Non-GAAP Financial Measures" section of the press release.

Less-Than-Truckload revenue is before intercompany eliminations and includes revenue from the Company's trailer manufacturing business.

| Corporate and Intersegment Eliminations | | | | | | |
|--|-----------------------------|----------------|---------------|---------------------------|-----------------|---------------|
| Summary Financial Table | | | | | | |
| (Unaudited) | | | | | | |
| (In millions) | | | | | | |
| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
| | 2022 | 2021 | Change % | 2022 | 2021 | Change % |
| Sales, general and administrative expense | \$ 40 | \$ 55 | -27.3% | \$ 87 | \$ 117 | -25.6% |
| Depreciation and amortization | 1 | 3 | -66.7% | 2 | 7 | -71.4% |
| (Gain) loss on sale of business | 16 | - | NM | (434) | - | NM |
| Transaction and integration costs | 22 | 4 | 450.0% | 30 | 8 | 275.0% |
| Restructuring costs | - | 1 | -100.0% | 1 | 1 | 0.0% |
| Operating income (loss) ⁽¹⁾ | \$ (79) | \$ (63) | 25.4% | \$ 314 | \$ (133) | NM |
| Other income (expense) ⁽²⁾ | (1) | (3) | | (2) | (1) | |
| Depreciation and amortization | 1 | 3 | | 2 | 7 | |
| (Gain) loss on sale of business | 16 | - | | (434) | - | |
| Transaction and integration costs | 22 | 4 | | 30 | 8 | |
| Restructuring costs | - | 1 | | 1 | 1 | |
| Adjusted EBITDA ⁽³⁾ | \$ (41) | \$ (58) | -29.3% | \$ (89) | \$ (118) | -24.6% |

NM - Not meaningful.

⁽¹⁾ Corporate operating loss, excluding the (gain) loss on the sale of our intermodal operation, was \$63 million and \$120 million, respectively, for the three and six months ended June 30, 2022.

⁽²⁾ Other income (expense) consists of foreign currency gain (loss) and other income (expense).

⁽³⁾ See the "Non-GAAP Financial Measures" section of the press release.

Intersegment eliminations represent intercompany activity between the Company's reportable segments that is eliminated upon consolidation. The following table summarizes the intersegment eliminations by line item.

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|----------|------------------|----------|
| | June 30, | June 30, | June 30, | June 30, |
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | \$ (74) | \$ (56) | \$ (138) | \$ (100) |
| Cost of transportation and services (exclusive of depreciation and amortization) | (74) | (56) | (138) | (100) |

| XPO Logistics, Inc. | | | | | | |
|---|-----------------------------|---------------|--------------|---------------------------|---------------|--------------|
| Reconciliation of Non-GAAP Measures | | | | | | |
| (Unaudited) | | | | | | |
| (In millions) | | | | | | |
| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
| | 2022 | 2021 | Change % | 2022 | 2021 | Change % |
| Reconciliation of Net Income from Continuing Operations to Adjusted EBITDA | | | | | | |
| Net income from continuing operations attributable to common shareholders | \$ 141 | \$ 113 | 24.8% | \$ 630 | \$ 176 | 258.0% |
| Debt extinguishment loss | 26 | - | | 26 | 8 | |
| Interest expense | 31 | 58 | | 68 | 123 | |
| Income tax provision | 47 | 30 | | 160 | 49 | |
| Depreciation and amortization expense | 115 | 120 | | 231 | 239 | |
| Unrealized loss on foreign currency option and forward contracts | - | 2 | | - | 1 | |
| (Gain) loss on sale of business | 16 | - | | (434) | - | |
| Transaction and integration costs | 25 | 6 | | 35 | 11 | |
| Restructuring costs | 4 | 1 | | 10 | 2 | |
| Adjusted EBITDA ^{(1) (2)} | \$ 405 | \$ 330 | 22.7% | \$ 726 | \$ 609 | 19.2% |
| Revenue ⁽²⁾ | \$ 3,232 | \$ 3,186 | 1.4% | \$ 6,705 | \$ 6,175 | 8.6% |
| Adjusted EBITDA margin ^{(1) (3)} | 12.5% | 10.4% | | 10.8% | 9.9% | |

⁽¹⁾ See the "Non-GAAP Financial Measures" section of the press release.

⁽²⁾ The second quarter of 2021 includes \$266 million of revenue and \$11 million of adjusted EBITDA attributable to the intermodal operation.

⁽³⁾ Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Revenue.

| XPO Logistics, Inc. | | | | |
|--|---------------------------|----------------|-------------------------|----------------|
| Reconciliation of Non-GAAP Measures (cont.) | | | | |
| (Unaudited) | | | | |
| (In millions, except per share data) | | | | |
| | Three Months Ended | | Six Months Ended | |
| | June 30, | | June 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Reconciliation of Net Income from Continuing Operations and Diluted Earnings Per Share from Continuing Operations to Adjusted Net Income from Continuing Operations and Adjusted Earnings Per Share from Continuing Operations | | | | |
| Net income from continuing operations attributable to common shareholders | \$ 141 | \$ 113 | \$ 630 | \$ 176 |
| Debt extinguishment loss | 26 | - | 26 | 8 |
| Unrealized loss on foreign currency option and forward contracts | - | 2 | - | 1 |
| Amortization of acquisition-related intangible assets | 19 | 21 | 39 | 43 |
| (Gain) loss on sale of business | 16 | - | (434) | - |
| Transaction and integration costs | 25 | 6 | 35 | 11 |
| Restructuring costs | 4 | 1 | 10 | 2 |
| Income tax associated with the adjustments above ⁽¹⁾ | (22) | (5) | 48 | (14) |
| Adjusted net income from continuing operations attributable to common shareholders ⁽²⁾ | \$ 209 | \$ 138 | \$ 354 | \$ 227 |
| Adjusted diluted earnings from continuing operations per share ⁽²⁾ | \$ 1.81 | \$ 1.22 | \$ 3.06 | \$ 2.01 |
| Weighted-average common shares outstanding | | | | |
| Diluted weighted-average common shares outstanding | 116 | 113 | 116 | 113 |
| ⁽¹⁾ This line item reflects the aggregate tax (expense) benefit of all non-tax related adjustments reflected in the table above. The detail by line item is as follows: | | | | |
| Debt extinguishment loss | \$ 6 | \$ - | \$ 6 | \$ 2 |
| Amortization of acquisition-related intangible assets | 5 | 5 | 10 | 10 |
| (Gain) loss on sale of business | 4 | - | (74) | - |
| Transaction and integration costs | 6 | - | 8 | 2 |
| Restructuring costs | 1 | - | 2 | - |
| | \$ 22 | \$ 5 | \$ (48) | \$ 14 |
| The income tax rate applied to reconciling items excluding the (gain) loss on sale of business is based on the GAAP annual effective tax rate, excluding discrete items and contribution- and margin-based taxes. The income tax rate applied to the (gain) loss on the sale of business represents the actual tax expense impact which is considered a discrete item. | | | | |
| ⁽²⁾ See the "Non-GAAP Financial Measures" section of the press release. | | | | |
| | Three Months Ended | | Six Months Ended | |
| | June 30, | | June 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Reconciliation of Cash Flows from Operating Activities of Continuing Operations to Free Cash Flow | | | | |
| Net cash provided by operating activities from continuing operations | \$ 199 | \$ 231 | \$ 399 | \$ 308 |
| Payment for purchases of property and equipment | (130) | (61) | (267) | (135) |
| Proceeds from sale of property and equipment | 4 | 24 | 7 | 60 |
| Free Cash Flow ⁽¹⁾⁽²⁾ | \$ 73 | \$ 194 | \$ 139 | \$ 233 |
| ⁽¹⁾ The second quarter of 2022 includes \$28 million of cash outflows related to transaction costs. | | | | |
| ⁽²⁾ See the "Non-GAAP Financial Measures" section of the press release. | | | | |

XPO Logistics, Inc.
Other Reconciliations
(Unaudited)
(In millions)

| | June 30, 2022 | | March 31, 2022 | | December 31, 2021 | | | | | | | | | |
|---|---------------|--|----------------|---|-----------------------------------|--|---------------------------------------|--|----|-------|----|-----|----|----------------------------|
| Reconciliation of Net Debt | | | | | | | | | | | | | | |
| Total debt | \$ | 2,912 | \$ | 3,559 | \$ | | 3,572 | | | | | | | |
| Less: Cash and cash equivalents | | 436 | | 1,004 | | | 260 | | | | | | | |
| Net debt ⁽¹⁾ | \$ | 2,476 | \$ | 2,555 | \$ | | 3,312 | | | | | | | |
| | | Trailing Twelve Months Ended June 30, 2022 | | Trailing Twelve Months Ended March 31, 2022 | | Year Ended December 31, 2021 | | | | | | | | |
| Reconciliation of Net Leverage | | | | | | | | | | | | | | |
| Net debt | \$ | 2,476 | \$ | 2,555 | \$ | | 3,312 | | | | | | | |
| Adjusted EBITDA | \$ | 1,356 | \$ | 1,281 | \$ | | 1,239 | | | | | | | |
| Net leverage ⁽¹⁾ | | 1.8x | | 2.0x | | | 2.7x | | | | | | | |
| | | Trailing Twelve Months Ended June 30, ⁽²⁾ 2022 | | Trailing Twelve Months Ended March 31, ⁽³⁾ 2022 | | Twelve Months Ended December 31, 2021 | Six Months Ended June 30, 2021 | Three Months Ended March 31, 2021 | | | | | | |
| Reconciliation of Net Income from Continuing Operations to Adjusted EBITDA | | | | | | | | | | | | | | |
| Net income from continuing operations attributable to common shareholders | \$ | 777 | \$ | 630 | \$ | 749 | \$ | 489 | \$ | 323 | \$ | 176 | \$ | 63 |
| Debt extinguishment loss | | 72 | | 26 | | 46 | | - | | 54 | | 8 | | 8 |
| Interest expense | | 156 | | 68 | | 183 | | 37 | | 211 | | 123 | | 65 |
| Income tax provision | | 198 | | 160 | | 181 | | 113 | | 87 | | 49 | | 19 |
| Depreciation and amortization expense | | 468 | | 231 | | 473 | | 116 | | 476 | | 239 | | 119 |
| Unrealized (gain) loss on foreign currency option and forward contracts | | - | | - | | 2 | | - | | 1 | | 1 | | (1) |
| Gain on sale of business | | (434) | | (434) | | (450) | | (450) | | - | | - | | - |
| Litigation settlements | | 31 | | - | | 31 | | - | | 31 | | - | | - |
| Transaction and integration costs | | 61 | | 35 | | 42 | | 10 | | 37 | | 11 | | 5 |
| Restructuring costs | | 27 | | 10 | | 24 | | 6 | | 19 | | 2 | | 1 |
| Adjusted EBITDA | \$ | 1,356 | \$ | 726 | \$ | 1,281 | \$ | 321 | \$ | 1,239 | \$ | 609 | \$ | 279 |
| Return on Invested Capital | | | | | | | | | | | | | | |
| | | Trailing Twelve Months Ended June 30, 2022 | | | | | | | | | | | | As of June 30, 2022 |
| Select income statement items | \$ | 1,356 | | | Select balance sheet items | | | | \$ | 1,707 | | | | |
| Adjusted EBITDA | | 386 | | | (+) Debt | | | | | 2,912 | | | | |
| (-) Depreciation | | 40 | | | (+) Operating lease liabilities | | | | | 831 | | | | |
| (-) Real estate gains | | 31 | | | (-) Cash | | | | | 436 | | | | |
| (+) Operating lease interest | | 114 | | | (-) Goodwill and intangibles | | | | | 2,806 | | | | |
| (-) Cash taxes | | 847 | | | Invested capital | | | | \$ | 2,208 | | | | |
| Net operating profit after tax (NOPAT) ⁽⁴⁾ | | | | | | | | | | | | | | |
| | | 38% return on invested capital ⁽¹⁾⁽⁴⁾ | | | | | | | | | | | | |

⁽¹⁾ See the "Non-GAAP Financial Measures" section of the press release.

⁽²⁾ Trailing twelve months ended June 30, 2022 is calculated as the six months ended June 30, 2022 plus the twelve months ended December 31, 2021 less the six months ended June 30, 2021.

⁽³⁾ Trailing twelve months ended March 31, 2022 is calculated as the three months ended March 31, 2022 plus the twelve months ended December 31, 2021 less the three months ended March 31, 2021.

⁽⁴⁾ Excluding NOPAT related to the divested intermodal operation, return on invested capital would have decreased by approximately four percentage points.