



XPO Logistics Announces Second Quarter 2018 Results

August 1, 2018



Reports second quarter records for revenue, net income, adjusted EBITDA, cash flow from operations and free cash flow

Grows net income by 178% and adjusted EBITDA by 18% year-over-year

Closes \$2.1 billion of new business in the first six months

GREENWICH, Conn. - August 1, 2018 - XPO Logistics, Inc. (NYSE: XPO) today announced financial results for the second quarter 2018. Revenue increased 16.0% year-over-year to \$4.36 billion. Net income attributable to common shareholders was \$137.5 million for the quarter, compared with net income attributable to common shareholders of \$47.6 million for the same period in 2017. Earnings per diluted share was \$1.03 for the quarter, compared with \$0.38 for the same period in 2017.

Adjusted net income attributable to common shareholders, a non-GAAP financial measure, was \$131.8 million for the quarter, compared with \$75.0 million for the same period in 2017. Adjusted earnings per diluted share, a non-GAAP financial measure, was \$0.98 for the quarter, compared with \$0.60 for the same period in 2017. Adjusted net income attributable to common shareholders and adjusted earnings per diluted share for the second quarter 2018 exclude: a \$15.7 million benefit, or \$11.5 million after-tax, of non-cash unrealized gains on foreign currency contracts; and \$7.8 million, or \$5.8 million after-tax, of integration and rebranding costs. Reconciliations of non-GAAP financial measures used in this release are provided in the attached financial tables.

Adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), a non-GAAP financial measure, increased to \$436.7 million for the second quarter 2018, excluding integration and rebranding costs of \$7.8 million. This compared with \$370.8 million of adjusted EBITDA for the same period in 2017.

For the second quarter 2018, the company generated \$267.4 million of cash flow from operations and \$192.9 million of free cash flow.

Reaffirms Financial Targets

The company reaffirmed its full year 2018 target for adjusted EBITDA of at least \$1.6 billion, and 2017-2018 target for cumulative free cash flow of approximately \$1 billion.

CEO Comments

Bradley Jacobs, chairman and chief executive officer of XPO Logistics, said, "Our strong second quarter performance was highlighted by record results for revenue, net income, adjusted EBITDA, cash flow from operations and free cash flow. We grew profitability faster than revenue, with a 178% increase in net income and an 18% increase in adjusted EBITDA on organic revenue growth of 11%.

"In logistics, we implemented a record 37 customer start-ups in three months - and once again, the big driver was e-commerce. In transportation, we increased freight brokerage net revenue by 46% with a lower headcount. North American last mile and European transport were also standouts. In our North American less-than-truckload business, we achieved the best adjusted operating ratio in 30 years at 84.3%."

Jacobs continued, "Our expanded sales force signed \$2.1 billion of new business this year through June. We have innovations underway in every corner of the company. They include the ramp-up of our XPO Direct distribution network, the build-out of our digital freight marketplace, the expansion of our last mile footprint, and the deployment of dynamic analytics for workforce planning. These are secular growth drivers that create sustainable value for our customers and shareholders."

Second Quarter 2018 Results by Segment

- **Transportation:** The company's transportation segment generated revenue of \$2.89 billion for the quarter, a 14.5% increase from the same period in 2017. Segment revenue growth was led by increases in freight brokerage and last mile in North America, as well as dedicated truckload transportation in the UK and France. A revenue benefit of 2.2% came from favorable foreign exchange rates.

Operating income for the transportation segment increased to \$205.4 million in the quarter, compared with \$165.0 million for the same period in 2017. Adjusted EBITDA for the segment improved to \$335.1 million, an increase of 13.7% from a year ago. The increases in operating income and adjusted EBITDA primarily were due to revenue growth and were broad-based across the segment, led by improved profitability in freight brokerage and last mile in North America, and dedicated truckload and less-than-truckload in Europe. Within the North American less-than-truckload unit, the operating ratio was 85.9%. The adjusted operating ratio was 84.3%, an improvement from 84.6% for the same period in 2017.

- **Logistics:** The company's logistics segment generated revenue of \$1.51 billion for the quarter, a 19.1% increase from the same period in 2017. Segment revenue growth was led by growing demand for e-commerce logistics globally, as well as by the consumer packaged goods and technology sectors in North America and the fashion sector in Europe. A revenue benefit of 4.7% came from favorable foreign exchange rates.

Operating income for the logistics segment increased to \$67.3 million, compared with \$49.4 million for the same period in 2017. Adjusted EBITDA for the segment improved to \$134.0 million, an increase of 20.6% from a year ago. The increases in operating income and adjusted EBITDA primarily were due to revenue growth and site productivity improvements, partially offset by higher direct operating costs related to a record number of quarterly contract startups: 19 in North America and 18 in Europe.

- **Corporate:** Corporate operating expense was \$44.7 million for the quarter, compared with \$39.3 million for the same period in 2017. The increase in corporate expense primarily reflects an increase in share-based compensation expense tied to the increase in the share price of XPO stock.

Six Months 2018 Financial Results

For the six months ended June 30, 2018, the company reported total revenue of \$8.56 billion, a 17.2% increase from the same period in 2017. Net income attributable to common shareholders was \$204.4 million for the first six months of 2018, compared with \$67.1 million for the same period in 2017. Earnings per diluted share was \$1.53 for the first six months of 2018, compared with \$0.54 for the same period in 2017.

Adjusted net income attributable to common shareholders, a non-GAAP measure, was \$212.7 million for the first six months of 2018, compared with \$112.6 million for the same period in 2017. Adjusted earnings per diluted share, a non-GAAP financial measure, was \$1.59 for the first six months of 2018, compared with \$0.90 for the same period in 2017. Adjusted net income attributable to common shareholders and adjusted earnings per diluted share for the first six months of 2018 exclude \$15.0 million, or \$11.0 million after-tax, of integration and rebranding costs; a benefit of \$12.2 million, or \$9.0 million after-tax, from non-cash unrealized gains on foreign currency contracts; and \$10.3 million, or \$7.5 million after-tax, of debt extinguishment costs related to the refinancing of an existing term loan.

Adjusted EBITDA for the first six months of 2018, a non-GAAP measure, improved to \$766.9 million, compared with \$660.8 million for the same period in 2017. Adjusted EBITDA for the first six months of 2018 excludes \$15.0 million of integration and rebranding costs.

Conference Call

The company will hold a conference call on Thursday, August 2, 2018, at 8:30 a.m. Eastern Time. Participants can call toll-free (from U.S./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, www.xpo.com/investors. The conference will be archived until September 2, 2018. To access the replay by phone, call toll-free (from U.S./Canada) 1-877-660-6853; international callers dial +1-201-612-7415. Use participant passcode 13681035.

About XPO Logistics

XPO Logistics, Inc. (NYSE: XPO) is a top ten global logistics provider of cutting-edge supply chain solutions to the most successful companies in the world. The company operates as a highly integrated network of people, technology and physical assets in 32 countries, with 1,505 locations and more than 97,000 employees. XPO uses its network to help more than 50,000 customers manage their goods more efficiently throughout their supply chains. XPO's corporate headquarters is in Greenwich, Conn., USA, and its European headquarters is in Lyon, France. www.xpo.com

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 document. This document contains the following non-GAAP financial measures: earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA for the three and six-month periods ended June 30, 2018 and 2017, on a consolidated basis and for our transportation and logistics segments; free cash flow for the three and six-month periods ended June 30, 2018 and 2017; adjusted net income attributable to common shareholders and adjusted earnings per share (basic and diluted) ("adjusted EPS") for the three and six-month periods ended June 30, 2018 and 2017; net revenue for the three and six-month periods ended June 30, 2018 and 2017 for our transportation and logistics segments and corporate and intersegment eliminations; adjusted operating income for our North American less-than-truckload business for the three and six-month periods ended June 30, 2018 and 2017; and organic revenue for the three-month periods ended June 30, 2018 and 2017, on a consolidated basis.

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

Adjusted EBITDA, adjusted net income attributable to common shareholders and adjusted EPS include adjustments for acquisition costs and related integration, transformation and rebranding initiatives. Transaction and integration adjustments are generally incremental costs that result from an actual or planned acquisition and include transaction costs, restructuring costs, acquisition and integration consulting fees, internal salaries and wages (to the extent the individuals are assigned full-time to integration and transformation activities) and certain costs related to integrating and converging IT systems. Rebranding adjustments primarily relate to the rebranding of the XPO Logistics name on our truck fleet and buildings. 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 believe that EBITDA and adjusted EBITDA improve comparability from period to period by removing the impact of our capital structure (interest and financing expenses), asset base (depreciation and amortization), tax impacts and other adjustments as set out in the attached tables that management has determined are not reflective of normalized operating activities.

We believe that adjusted net income attributable to common shareholders and adjusted EPS improve the comparability of our operating results from period to period by removing the impact of certain costs and gains that management has determined are not reflective of our core operating activities. We believe that net revenue improves 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 for our North American less-than-truckload business improves the comparability of our operating results from period to period by removing the impact of certain transaction, integration and rebranding costs and amortization and depreciation expenses incurred in the reporting period as set out in the attached tables. We believe that organic revenue is an important measure because it excludes the impact of the following items: foreign currency exchange rate fluctuations and fuel surcharges.

With respect to our 2018 financial target of adjusted EBITDA and our 2017-2018 cumulative target for free cash flow, each of which is a non-GAAP measure, a reconciliation of the non-GAAP measure to the corresponding GAAP measure is not available without unreasonable effort due to the variability and complexity of the reconciling items described below that we exclude from the non-GAAP target measure. The variability of these items may have a significant impact on our future GAAP financial results and, as a result, we are unable to prepare the forward-looking balance sheet, statement of income and statement of cash flow, prepared in accordance with GAAP that would be required to produce such a reconciliation.

Forward-looking Statements

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including our financial targets for our consolidated adjusted EBITDA and free cash flow. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target," "trajectory" or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances.

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

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenue	\$ 4,363.5	\$ 3,760.3	\$ 8,555.0	\$ 7,299.8
Operating expenses				
Cost of transportation and services	2,274.5	1,970.4	4,499.1	3,858.4
Direct operating expense	1,406.7	1,202.7	2,782.4	2,348.7
Sales, general and administrative expense	454.3	412.1	904.5	813.8
Total operating expenses	<u>4,135.5</u>	<u>3,585.2</u>	<u>8,186.0</u>	<u>7,020.9</u>
Operating income	<u>228.0</u>	<u>175.1</u>	<u>369.0</u>	<u>278.9</u>
Other expense (income)	(30.2)	(12.5)	(49.8)	(19.0)
Foreign currency (gain) loss	(10.0)	28.3	2.0	38.9
Debt extinguishment loss	-	-	10.3	9.0
Interest expense	54.9	74.3	114.3	149.9
Income before income tax provision	<u>213.3</u>	<u>85.0</u>	<u>292.2</u>	<u>100.1</u>
Income tax provision	54.2	27.8	54.0	18.0
Net income	<u>159.1</u>	<u>57.2</u>	<u>238.2</u>	<u>82.1</u>
Net income attributable to noncontrolling interests	(10.1)	(5.3)	(16.6)	(8.9)
Net income attributable to XPO	<u>\$ 149.0</u>	<u>\$ 51.9</u>	<u>\$ 221.6</u>	<u>\$ 73.2</u>
Net income attributable to common shareholders * [1]	\$ 137.5	\$ 47.6	\$ 204.4	\$ 67.1

Basic earnings per share [1]	\$	1.14	\$	0.43	\$	1.70	\$	0.60
Diluted earnings per share [1]	\$	1.03	\$	0.38	\$	1.53	\$	0.54
Weighted-average common shares outstanding								
Basic weighted-average common shares outstanding		120.7		111.8		120.4		111.6
Diluted weighted-average common shares outstanding		134.1		124.7		133.7		124.6

* Net income attributable to common shareholders reflects the following items:

Non-cash allocation of undistributed earnings	\$	10.8	\$	3.6	\$	15.8	\$	4.7
Preferred dividends		0.7		0.7		1.4		1.4

[1] The sum of quarterly net income attributable to common shareholders and earnings per share may not equal year-to-date amounts due to differences in the weighted-average number of shares outstanding during the respective periods and the impact of the two-class method of calculating earnings per share.

XPO Logistics, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(In millions, except per share data)

	June 30,	December 31,
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 361.4	\$ 396.9
Accounts receivable, net of allowances of \$45.9 and \$42.4, respectively	2,855.9	2,725.3
Other current assets	496.0	465.7
Total current assets	<u>3,713.3</u>	<u>3,587.9</u>
Property and equipment, net of \$1,334.1 and \$1,109.5 in accumulated depreciation, respectively	2,692.1	2,663.7
Goodwill	4,505.9	4,563.6
Identifiable intangible assets, net of \$632.7 and \$559.5 in accumulated amortization, respectively	1,340.5	1,435.3
Other long-term assets	367.9	351.1
Total long-term assets	<u>8,906.4</u>	<u>9,013.7</u>
Total assets	<u>\$ 12,619.7</u>	<u>\$ 12,601.6</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,209.2	\$ 1,250.7
Accrued expenses	1,501.8	1,525.8
Current maturities of long-term debt	84.9	103.7
Other current liabilities	144.2	116.9
Total current liabilities	<u>2,940.1</u>	<u>2,997.1</u>
Long-term debt	4,406.1	4,417.5
Deferred tax liability	422.8	418.8
Employee benefit obligations	159.5	162.1
Other long-term liabilities	551.5	596.1
Total long-term liabilities	<u>5,539.9</u>	<u>5,594.5</u>
Stockholders' equity:		
Convertible perpetual preferred stock, \$0.001 par value; 10.0 shares authorized; 0.07 of Series A shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	41.0	41.2
Common stock, \$0.001 par value; 300.0 shares authorized; 120.8 and 119.9 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	0.1	0.1
Additional paid-in capital	3,561.8	3,590.0
Retained earnings (accumulated deficit)	177.9	(42.6)
Accumulated other comprehensive (loss) income	(48.8)	15.7
Total stockholders' equity before noncontrolling interests	<u>3,732.0</u>	<u>3,604.4</u>
Noncontrolling interests	407.7	405.6
Total equity	<u>4,139.7</u>	<u>4,010.0</u>
Total liabilities and equity	<u>\$ 12,619.7</u>	<u>\$ 12,601.6</u>

XPO Logistics, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In millions)

	Six Months Ended	
	June 30,	
	2018	2017
Operating activities		
Net income	\$ 238.2	\$ 82.1
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	347.3	321.8
Stock compensation expense	45.2	33.5

Accretion of debt	7.7	9.7
Deferred tax expense (benefit)	8.1	(11.0)
Loss on extinguishment of debt	10.3	9.0
Unrealized (gain) loss on foreign currency option and forward contracts	(12.2)	40.4
Other	(43.7)	5.5
Changes in assets and liabilities:		
Accounts receivable	(178.7)	(112.5)
Other assets	(102.8)	(36.8)
Accounts payable	(44.2)	(11.6)
Accrued expenses and other liabilities	(27.2)	(104.2)
Net cash provided by operating activities	<u>248.0</u>	<u>225.9</u>
Investing activities		
Payment for purchases of property and equipment	(267.7)	(262.0)
Proceeds from sale of assets	61.5	42.2
Other	10.4	-
Net cash used by investing activities	<u>(195.8)</u>	<u>(219.8)</u>
Financing activities		
Proceeds from issuance of long-term debt	893.6	523.5
Repurchase of debt	(812.4)	(511.4)
Proceeds from borrowings on ABL facility	680.0	320.0
Repayment of borrowings on ABL facility	(780.0)	(350.0)
Repayment of long-term debt and capital leases	(59.4)	(60.3)
Payment for debt issuance costs	(6.4)	(8.9)
Change in bank overdrafts	8.4	3.4
Payment for tax withholdings for restricted shares	(45.5)	(14.2)
Dividends paid	(1.6)	(1.7)
Other	4.0	1.1
Net cash used by financing activities	<u>(119.3)</u>	<u>(98.5)</u>
Effect of exchange rates on cash, cash equivalents and restricted cash	(7.3)	5.7
Net decrease in cash, cash equivalents and restricted cash	(74.4)	(86.7)
Cash, cash equivalents and restricted cash, beginning of period *	449.0	399.8
Cash, cash equivalents and restricted cash, end of period *	<u>\$ 374.6</u>	<u>\$ 313.1</u>

* In connection with the adoption of Accounting Standards Update 2016-18, the Company is required to reconcile to cash, cash equivalents and restricted cash in its cash flow statement. Restricted cash was \$13.2 million, \$52.1 million, \$21.7 million and \$26.4 million at June 30, 2018, December 31, 2017, June 30, 2017 and December 31, 2016, respectively. Prior period has been restated to reflect current period presentation.

**Transportation
Summary Financial Table
(Unaudited)
(In millions)**

	<u>Three Months Ended June 30,</u>				<u>Six Months Ended June 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>\$ Variance</u>	<u>Change %</u>	<u>2018</u>	<u>2017</u>	<u>\$ Variance</u>	<u>Change %</u>
Revenue	\$ 2,887.7	\$ 2,522.7	\$ 365.0	14.5%	\$ 5,661.8	\$ 4,914.5	\$ 747.3	15.2%
Cost of transportation and services	2,068.3	1,791.6	276.7	15.4%	4,095.4	3,518.8	576.6	16.4%
Net revenue [a]	819.4	731.1	88.3	12.1%	1,566.4	1,395.7	170.7	12.2%
Direct operating expense	339.8	311.9	27.9	8.9%	675.9	621.6	54.3	8.7%
Sales, general and administrative expense								
Salaries and benefits	152.9	133.4	19.5	14.6%	307.4	265.7	41.7	15.7%
Other sales, general and administrative expense	39.6	46.4	(6.8)	-14.7%	83.0	89.2	(6.2)	-7.0%
Purchased services	37.6	30.9	6.7	21.7%	68.6	63.3	5.3	8.4%
Depreciation and amortization	44.1	43.5	0.6	1.4%	87.1	85.6	1.5	1.8%
Total sales, general and administrative expense	<u>274.2</u>	<u>254.2</u>	<u>20.0</u>	<u>7.9%</u>	<u>546.1</u>	<u>503.8</u>	<u>42.3</u>	<u>8.4%</u>
Operating income	<u>\$ 205.4</u>	<u>\$ 165.0</u>	<u>\$ 40.4</u>	<u>24.5%</u>	<u>\$ 344.4</u>	<u>\$ 270.3</u>	<u>\$ 74.1</u>	<u>27.4%</u>
Other income (expense) [b]	10.4	5.0	5.4	108.0%	20.9	10.0	10.9	109.0%
Total depreciation and amortization	116.0	113.3	2.7	2.4%	229.9	221.5	8.4	3.8%
EBITDA [a]	<u>\$ 331.8</u>	<u>\$ 283.3</u>	<u>\$ 48.5</u>	<u>17.1%</u>	<u>\$ 595.2</u>	<u>\$ 501.8</u>	<u>\$ 93.4</u>	<u>18.6%</u>
Transaction and integration costs	1.8	5.8	(4.0)	-69.0%	4.0	10.4	(6.4)	-61.5%
Rebranding costs	1.5	5.5	(4.0)	-72.7%	1.5	16.2	(14.7)	-90.7%
Adjusted EBITDA [a] *	<u>\$ 335.1</u>	<u>\$ 294.6</u>	<u>\$ 40.5</u>	<u>13.7%</u>	<u>\$ 600.7</u>	<u>\$ 528.4</u>	<u>\$ 72.3</u>	<u>13.7%</u>

[a] See the "Non-GAAP Financial Measures" section of the Press Release.

[b] Other income (expense) consists of pension income and is included in Other expense (income) on the Condensed Consolidated Statement of Operations.

* For purposes of the summary financial table, adjusted EBITDA is reconciled to operating income and excludes gains and losses below operating income in the Condensed Consolidated Statements of Operations.

**Transportation
Key Data by Service Offering
(Unaudited)
(In millions)**

Three Months Ended June 30, Six Months Ended June 30,

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue				
<i>North America</i>				
Freight Brokerage	\$ 728.6	\$ 572.3	\$ 1,438.8	\$ 1,120.3
Less-Than-Truckload	988.5	946.1	1,908.5	1,825.3
Last Mile	268.5	230.4	506.9	437.4
Managed Transport	114.3	129.4	251.2	254.0
<i>Total North America</i>	<u>2,099.9</u>	<u>1,878.2</u>	<u>4,105.4</u>	<u>3,637.0</u>
<i>Europe</i>				
Freight Brokerage and Truckload	481.8	402.0	951.1	789.0
Less-Than-Truckload	258.3	212.7	511.0	424.8
<i>Total Europe</i>	<u>740.1</u>	<u>614.7</u>	<u>1,462.1</u>	<u>1,213.8</u>
<i>Global Forwarding</i>	85.6	72.5	167.3	144.1
<i>Eliminations</i>	<u>(37.9)</u>	<u>(42.7)</u>	<u>(73.0)</u>	<u>(80.4)</u>
Total Revenue	<u>\$ 2,887.7</u>	<u>\$ 2,522.7</u>	<u>\$ 5,661.8</u>	<u>\$ 4,914.5</u>

Net Revenue				
<i>North America</i>				
Freight Brokerage	\$ 122.2	\$ 83.8	\$ 238.0	\$ 169.7
Less-Than-Truckload	407.4	394.4	764.8	732.5
Last Mile	81.4	69.6	150.0	131.1
Managed Transport	25.2	28.4	51.7	57.7
<i>Total North America</i>	<u>636.2</u>	<u>576.2</u>	<u>1,204.5</u>	<u>1,091.0</u>
<i>Europe</i>	168.2	142.4	332.9	279.9
<i>Global Forwarding</i>	15.0	12.5	29.0	24.8
Total Net Revenue [a]	<u>\$ 819.4</u>	<u>\$ 731.1</u>	<u>\$ 1,566.4</u>	<u>\$ 1,395.7</u>

Net Revenue %				
<i>North America</i>				
Freight Brokerage	16.8%	14.6%	16.5%	15.1%
Less-Than-Truckload	41.2%	41.7%	40.1%	40.1%
Last Mile	30.3%	30.2%	29.6%	30.0%
Managed Transport	22.0%	21.9%	20.6%	22.7%
<i>Total North America</i>	<u>30.3%</u>	<u>30.7%</u>	<u>29.3%</u>	<u>30.0%</u>
<i>Europe</i>	22.7%	23.2%	22.8%	23.1%
<i>Global Forwarding</i>	<u>17.5%</u>	<u>17.2%</u>	<u>17.3%</u>	<u>17.2%</u>
Overall Net Revenue %	<u>28.4%</u>	<u>29.0%</u>	<u>27.7%</u>	<u>28.4%</u>

Direct Operating Expense				
<i>North America</i>				
Freight Brokerage	\$ 23.2	\$ 22.1	\$ 46.6	\$ 43.6
Less-Than-Truckload	169.5	170.2	337.7	339.1
Last Mile	20.4	15.1	41.0	30.2
Managed Transport	17.5	14.5	37.8	30.3
<i>Total North America</i>	<u>230.6</u>	<u>221.9</u>	<u>463.1</u>	<u>443.2</u>
<i>Europe</i>	105.6	86.9	205.9	171.4
<i>Global Forwarding</i>	3.6	3.1	6.9	7.0
Total Direct Operating Expense	<u>\$ 339.8</u>	<u>\$ 311.9</u>	<u>\$ 675.9</u>	<u>\$ 621.6</u>

[a] 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.

Truckload revenue is before intercompany eliminations.

**XPO Logistics North American Less-Than-Truckload
Summary Data Table
(Unaudited)**

	<u>Three Months Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Number of Working Days	64.0	63.5
Lbs. per Day (Thousands)	78,178	78,646
% Change in Lbs. per Day*	-0.6%	7.1%
Shipments per Day	53,356	56,926
% Change in Shipments per Day*	-6.3%	3.2%
Avg. Weight per Shipment (in pounds)	1,465	1,382
% Change in Weight per Shipment*	6.1%	3.8%
Gross Revenue per Shipment	\$ 297.11	\$ 267.32
Gross Revenue per Hundred Weight (including fuel surcharges) \$	20.28	\$ 19.35

Gross Revenue per Hundred Weight (excluding fuel surcharges)\$	17.43	\$	17.09
% Change in Gross Revenue per Hundred Weight*			
Including fuel surcharges	4.8%		1.1%
Excluding fuel surcharges	2.0%		-0.3%
Average Length of Haul (in Miles)	797.2		803.8
Total Average Load Factor**	23,433		23,043
Average Age of Tractor Fleet (Years)	5.68		5.42

*Compared with the same quarter of the previous year.

**Total Average Load Factor equals freight pound miles divided by total linehaul miles.

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	\$ Variance	Change %	2018	2017	\$ Variance	Change %
Revenue (excluding fuel surcharge revenue)	\$ 833.9	\$ 821.2	\$ 12.7	1.5%	\$ 1,612.5	\$ 1,584.0	\$ 28.5	1.8%
Fuel surcharge revenue	142.6	112.9	29.7	26.3%	271.2	219.3	51.9	23.7%
Revenue	976.5	934.1	42.4	4.5%	1,883.7	1,803.3	80.4	4.5%
Salaries, wages and employee benefits	440.4	431.2	9.2	2.1%	869.7	846.0	23.7	2.8%
Purchased transportation	98.7	109.5	(10.8)	-9.9%	196.2	216.0	(19.8)	-9.2%
Fuel and fuel-related taxes	74.8	55.5	19.3	34.8%	142.6	113.3	29.3	25.9%
Depreciation and amortization	62.0	60.5	1.5	2.5%	120.6	117.3	3.3	2.8%
Other operating expenses	123.1	109.7	13.4	12.2%	242.0	223.9	18.1	8.1%
Maintenance	25.5	26.7	(1.2)	-4.5%	51.2	56.6	(5.4)	-9.5%
Rents and leases	11.2	10.2	1.0	9.8%	22.4	21.1	1.3	6.2%
Purchased labor	3.2	3.0	0.2	6.7%	6.4	6.1	0.3	4.9%
Operating income	137.6	127.8	9.8	7.7%	232.6	203.0	29.6	14.6%
Operating ratio [a]	85.9%	86.3%			87.7%	88.7%		
Transaction, integration and rebranding costs	-	5.0	(5.0)	-100.0%	-	13.9	(13.9)	-100.0%
Amortization expense	8.5	8.5	-	0.0%	16.9	16.9	-	0.0%
Other income	7.4	3.0	4.4	146.7%	14.7	6.0	8.7	145.0%
Adjusted operating income [b]	\$ 153.5	\$ 144.3	\$ 9.2	6.4%	\$ 264.2	\$ 239.8	\$ 24.4	10.2%
Adjusted operating ratio [c]	84.3%	84.6%			86.0%	86.7%		

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

[b] See the "Non-GAAP Financial Measures" section of the Press Release.

[c] Adjusted operating ratio is calculated as (1 - (Adjusted operating income divided by Revenue)).

**Logistics
Summary Financial Table
(Unaudited)
(In millions)**

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	\$ Variance	Change %	2018	2017	\$ Variance	Change %
Revenue	\$ 1,507.8	\$ 1,265.7	\$ 242.1	19.1%	\$ 2,955.9	\$ 2,441.2	\$ 514.7	21.1%
Cost of transportation and services	238.4	205.9	32.5	15.8%	466.6	393.1	73.5	18.7%
Net revenue [a]	1,269.4	1,059.8	209.6	19.8%	2,489.3	2,048.1	441.2	21.5%
Direct operating expense	1,067.1	882.7	184.4	20.9%	2,106.9	1,726.3	380.6	22.0%
Sales, general and administrative expense								
Salaries and benefits	76.4	62.2	14.2	22.8%	150.0	120.9	29.1	24.1%
Other sales, general and administrative expense	18.5	20.4	(1.9)	-9.3%	37.1	36.4	0.7	1.9%
Purchased services	20.7	26.0	(5.3)	-20.4%	41.6	44.2	(2.6)	-5.9%
Depreciation and amortization	19.4	19.1	0.3	1.6%	38.9	38.0	0.9	2.4%
Total sales, general and administrative expense	135.0	127.7	7.3	5.7%	267.6	239.5	28.1	11.7%
Operating income	\$ 67.3	\$ 49.4	\$ 17.9	36.2%	\$ 114.8	\$ 82.3	\$ 32.5	39.5%
Other income (expense) [b]	7.8	4.9	2.9	59.2%	15.8	9.7	6.1	62.9%
Total depreciation and amortization	57.8	49.6	8.2	16.5%	113.1	96.3	16.8	17.4%
EBITDA [a]	\$ 132.9	\$ 103.9	\$ 29.0	27.9%	\$ 243.7	\$ 188.3	\$ 55.4	29.4%
Transaction and integration costs	0.8	7.0	(6.2)	-88.6%	1.3	9.5	(8.2)	-86.3%
Rebranding costs	0.3	0.2	0.1	50.0%	0.9	0.6	0.3	50.0%
Adjusted EBITDA [a] *	\$ 134.0	\$ 111.1	\$ 22.9	20.6%	\$ 245.9	\$ 198.4	\$ 47.5	23.9%

[a] See the "Non-GAAP Financial Measures" section of the Press Release.

[b] Other income (expense) consists of pension income and is included in Other expense (income) on the Condensed Consolidated Statement of Operations.

* For purposes of the summary financial table, adjusted EBITDA is reconciled to operating income and excludes gains and losses below operating income in the Condensed Consolidated Statements of Operations.

**Logistics
Key Data by Geography
(Unaudited)
(In millions)**

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	2018	2017	2018	2017
Revenue				
North America	\$ 574.7	\$ 495.2	\$ 1,115.5	\$ 966.5
Europe	933.1	770.5	1,840.4	1,474.7
Total Revenue	<u>\$ 1,507.8</u>	<u>\$ 1,265.7</u>	<u>\$ 2,955.9</u>	<u>\$ 2,441.2</u>
Net Revenue				
North America	\$ 547.1	\$ 486.1	\$ 1,062.4	\$ 945.1
Europe	722.3	573.7	1,426.9	1,103.0
Total Net Revenue [a]	<u>\$ 1,269.4</u>	<u>\$ 1,059.8</u>	<u>\$ 2,489.3</u>	<u>\$ 2,048.1</u>
Direct Operating Expense				
North America	\$ 485.2	\$ 426.0	\$ 949.8	\$ 832.1
Europe	581.9	456.7	1,157.1	894.2
Total Direct Operating Expense	<u>\$ 1,067.1</u>	<u>\$ 882.7</u>	<u>\$ 2,106.9</u>	<u>\$ 1,726.3</u>
Gross Margin				
North America	\$ 61.9	\$ 60.1	\$ 112.6	\$ 113.0
Europe	140.4	117.0	269.8	208.8
Total Gross Margin	<u>\$ 202.3</u>	<u>\$ 177.1</u>	<u>\$ 382.4</u>	<u>\$ 321.8</u>
Gross Margin %				
North America	10.8%	12.1%	10.1%	11.7%
Europe	15.0%	15.2%	14.7%	14.2%
Total Gross Margin %	<u>13.4%</u>	<u>14.0%</u>	<u>12.9%</u>	<u>13.2%</u>

[a] See the "Non-GAAP Financial Measures" section of the Press Release.

**XPO Corporate
Summary of Sales, General and Administrative Expense
(Unaudited)
(In millions)**

	<u>Three Months Ended June 30,</u>				<u>Six Months Ended June 30,</u>			
	2018	2017	\$ Variance	Change %	2018	2017	\$ Variance	Change %
Sales, general and administrative expense								
Salaries and benefits	\$25.6	\$19.4	\$ 6.2	32.0%	\$52.3	\$35.4	\$ 16.9	47.7%
Other sales, general and administrative expense	1.0	6.4	(5.4)	-84.4%	2.8	6.9	(4.1)	-59.4%
Purchased services	15.5	12.0	3.5	29.2%	30.8	27.4	3.4	12.4%
Depreciation and amortization	2.6	1.5	1.1	73.3%	4.3	4.0	0.3	7.5%
Total sales, general and administrative expense	<u>\$44.7</u>	<u>\$39.3</u>	<u>\$ 5.4</u>	<u>13.7%</u>	<u>\$90.2</u>	<u>\$73.7</u>	<u>\$ 16.5</u>	<u>22.4%</u>

**Intersegment Eliminations
Summary Financial Table
(Unaudited)
(In millions)**

	<u>Three Months Ended June 30,</u>				<u>Six Months Ended June 30,</u>			
	2018	2017	\$ Variance	Change %	2018	2017	\$ Variance	Change %
Revenue	\$ (32.0)	\$ (28.1)	\$ (3.9)	13.9%	\$ (62.7)	\$ (55.9)	\$ (6.8)	12.2%
Cost of transportation and services	<u>(32.2)</u>	<u>(27.1)</u>	<u>(5.1)</u>	<u>18.8%</u>	<u>(62.9)</u>	<u>(53.5)</u>	<u>(9.4)</u>	<u>17.6%</u>
Net revenue [a]	<u>0.2</u>	<u>(1.0)</u>	<u>1.2</u>	<u>-120.0%</u>	<u>0.2</u>	<u>(2.4)</u>	<u>2.6</u>	<u>-108.3%</u>
Direct operating expense	<u>(0.2)</u>	<u>8.1</u>	<u>(8.3)</u>	<u>-102.5%</u>	<u>(0.4)</u>	<u>0.8</u>	<u>(1.2)</u>	<u>-150.0%</u>
Sales, general and administrative expense								
Salaries and benefits	0.0	(6.2)	6.2	-100.0%	0.0	(2.2)	2.2	-100.0%
Other sales, general and administrative expense	(0.2)	(1.6)	1.4	-87.5%	(0.6)	(0.6)	(0.0)	0.0%
Purchased services	0.6	(1.3)	1.9	-146.2%	1.2	(0.4)	1.6	-400.0%
Depreciation and amortization	-	-	-	0.0%	-	-	-	0.0%
Total sales, general and administrative expense	<u>0.4</u>	<u>(9.1)</u>	<u>9.5</u>	<u>-104.4%</u>	<u>0.6</u>	<u>(3.2)</u>	<u>3.8</u>	<u>-118.7%</u>
Operating income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Note: Intersegment Eliminations represent intercompany activity between the Company's reportable segments that is eliminated upon consolidation. The difference between operating income component line items in the Condensed Consolidated Statements of Operations and the sum of the respective line items from the Transportation and Logistics Summary Financial Tables and Corporate Summary of Sales, General and Administrative Expense above represents intercompany eliminations between our reportable segments. The table above summarizes the intersegment eliminations

by line item.

[a] See the "Non-GAAP Financial Measures" section of the Press Release.

Reconciliation of Non-GAAP Measures
XPO Logistics, Inc.
Consolidated Reconciliation of Net Income to Adjusted EBITDA
(Unaudited)
(In millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	\$	Change	2018	2017	\$	Change
			Variance	%			Variance	%
Net income attributable to common shareholders [1]	\$ 137.5	\$ 47.6	\$ 89.9	188.9%	\$ 204.4	\$ 67.1	\$ 137.3	204.6%
Distributed and undistributed net income [1]	(11.5)	(4.3)	(7.2)	167.4%	(17.2)	(6.1)	(11.1)	182.0%
Noncontrolling interests	(10.1)	(5.3)	(4.8)	90.6%	(16.6)	(8.9)	(7.7)	86.5%
Net income	159.1	57.2	101.9	178.1%	238.2	82.1	156.1	190.1%
Loss on conversion of convertible senior notes	-	0.4	(0.4)	-100.0%	-	0.4	(0.4)	-100.0%
Loss on debt extinguishment	-	-	-	0.0%	10.3	9.0	1.3	14.4%
Other Interest expense	54.9	73.9	(19.0)	-25.7%	114.3	149.5	(35.2)	-23.5%
Income tax provision	54.2	27.8	26.4	95.0%	54.0	18.0	36.0	200.0%
Depreciation and amortization expense	176.4	164.4	12.0	7.3%	347.3	321.8	25.5	7.9%
Unrealized (gain) loss on foreign currency option and forward contracts	(15.7)	27.2	(42.9)	-157.7%	(12.2)	39.1	(51.3)	-131.2%
EBITDA [a]	\$ 428.9	\$ 350.9	\$ 78.0	22.2%	\$ 751.9	\$ 619.9	\$ 132.0	21.3%
Transaction and integration costs	5.9	14.2	(8.3)	-58.5%	12.6	23.9	(11.3)	-47.3%
Rebranding costs	1.9	5.7	(3.8)	-66.7%	2.4	17.0	(14.6)	-85.9%
Adjusted EBITDA [a]	\$ 436.7	\$ 370.8	\$ 65.9	17.8%	\$ 766.9	\$ 660.8	\$ 106.1	16.1%

[a] See the "Non-GAAP Financial Measures" section of the Press Release. Adjusted EBITDA was prepared assuming 100% ownership of XPO Logistics Europe.

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

Reconciliation of Non-GAAP Measures
XPO Logistics, Inc.
Consolidated Reconciliation of GAAP Net Income and Net Income Per Share to
Adjusted Net Income and Adjusted Net Income Per Share
(Unaudited)
(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	GAAP net income attributable to common shareholders	\$ 137.5	\$ 47.6	\$ 204.4
Loss on conversion of convertible senior notes	-	0.4	-	0.4
Loss on debt extinguishment	-	-	10.3	9.0
Unrealized (gain) loss on foreign currency option and forward contracts	(15.7)	27.2	(12.2)	39.1
Transaction and integration costs	5.9	14.2	12.6	23.9
Rebranding costs	1.9	5.7	2.4	17.0
Income tax associated with the adjustments above [1]	2.2	(16.7)	(3.6)	(32.3)
Discrete and other tax-related adjustments [2]	-	-	-	(5.8)
Impact of noncontrolling interests on above adjustments	(0.4)	(0.9)	(0.5)	(1.6)
Allocation of undistributed earnings	0.4	(2.5)	(0.7)	(4.2)
Adjusted net income attributable to common shareholders [a]	\$ 131.8	\$ 75.0	\$ 212.7	\$ 112.6
Adjusted basic earnings per share [a]	\$ 1.09	\$ 0.67	\$ 1.77	\$ 1.01
Adjusted diluted earnings per share [a]	\$ 0.98	\$ 0.60	\$ 1.59	\$ 0.90
Weighted-average common shares outstanding				
Basic weighted-average common shares outstanding	120.7	111.8	120.4	111.6
Diluted weighted-average common shares outstanding	134.1	124.7	133.7	124.6

[1] This line item reflects the aggregate tax benefit (provision) of all non-tax related adjustments reflected in the table above. The detail by line item is as follows:

Loss on conversion of convertible senior notes	\$ -	\$ 0.1	\$ -	\$ 0.1
Loss on debt extinguishment	-	(0.1)	2.8	3.3
Unrealized (gain) loss on foreign currency option and forward contracts	(4.2)	9.6	(3.2)	14.1
Transaction and integration costs	1.6	5.1	3.4	8.6
Rebranding costs	0.4	2.0	0.6	6.2

\$ (2.2) \$ 16.7 \$ 3.6 \$ 32.3

[2] Adjustments consist of \$2.5 million release of reserves related to uncertain tax positions and \$3.3 million release of a valuation allowance related to state tax matters for the six months ended June 30, 2017.

[a] See the "Non-GAAP Financial Measures" section of the Press Release.

The Company has evaluated the guidance in accordance with Compliance and Disclosure Interpretations of the U.S. Securities and Exchange Commission table to calculate the non-GAAP Adjusted Net Income and Adjusted Net Income Per Share. The table above includes the U.S. GAAP financial statement items that have been reconciled to arrive at Adjusted Net Income and Adjusted Net Income per share. The adjusted performance metrics are based on the GAAP annual effective rate, excluding discrete items. A corresponding noncontrolling interest has been calculated for those reconciling items reported within the acquired Norbert Dentressangle SA legal entities.

XPO Logistics, Inc.
Reconciliation of Cash Flows From Operating Activities to Free Cash Flow
(Unaudited)
(In millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Cash flows provided by operating activities	\$ 267.4	\$ 210.4	\$ 248.0	\$ 225.9
Payment for purchases of property and equipment	(125.6)	(139.6)	(267.7)	(262.0)
Proceeds from sales of assets	51.1	21.7	61.5	42.2
Free Cash Flow [a]	<u>\$ 192.9</u>	<u>\$ 92.5</u>	<u>\$ 41.8</u>	<u>\$ 6.1</u>

[a] See the "Non-GAAP Financial Measures" section of the Press Release.

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

	Consolidated	
	Three Months Ended June 30,	
	2018	2017
Revenue	\$ 4,363.5	\$ 3,760.3
Fuel	(446.9)	(334.6)
Foreign Exchange Rates	(116.8)	-
Organic Revenue [a]	<u>\$ 3,799.8</u>	<u>\$ 3,425.7</u>
Organic Revenue Growth	10.9%	

[a] Organic revenue is a non-GAAP measure. Organic Revenue reflects adjustments to (i) exclude the estimated revenue attributable to fuel and (ii) apply a constant foreign exchange rate to both periods (based on average rates during the monthly periods).

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