



XPO Logistics Announces First Quarter 2019 Results

May 1, 2019



Clases \$1.1 billion of new business, up 15% year-over-year, and grows sales positive to a record \$4.1 billion
Improves LTL yield by 3% year-over-year, excluding fuel, compared with 1.1% improvement in the prior quarter
Achieves logistics segment revenue growth of 3.2%; organic revenue growth of 8.1%

Reaffirms 2019 targets for adjusted EBITDA and free cash flow

GREENWICH, Conn., May 1, 2019 XPO Logistics, Inc. (NYSE: XPO) today announced financial results for the first quarter 2019. First quarter revenue was \$4.1 billion, compared with \$4.14 billion for the same period in 2018. Net income attributable to common shareholders was \$43 million for the quarter, compared with \$67 million for the same period in 2018. Diluted earnings per share was \$0.37 for the quarter, compared with \$0.50 for the same period in 2018. First quarter 2019 financial results were adversely impacted by a reduction in business from the company's largest customer, foreign currency exchange, higher interest expense year-over-year, partially offset by share repurchase activity, and a higher effective tax rate of 27% in 2019, compared with 19% in 2018.

Adjusted net income attributable to common shareholders, a non-GAAP financial measure, was \$59 million for the first quarter 2019, compared with \$81 million for the same period in 2018. Adjusted diluted earnings per share, a non-GAAP financial measure, was \$0.51 for the first quarter 2019, compared with \$0.61 for the same period in 2018. Adjusted diluted EPS for 2019 reflects a higher tax rate in the first quarter 2019, compared with the same period in 2018.
Adjusted net income attributable to common shareholders and adjusted diluted earnings per share for the first quarter 2019 exclude: \$13 million, or \$9 million after-tax, of restructuring costs, primarily severance; a non-cash charge of \$6 million, or \$4 million after-tax, related to the impairment of customer relationship intangibles; and \$5 million, or \$4 million after-tax, of debt extinguishment costs, \$2 million, or \$1 million after-tax, of non-cash unrealized losses on foreign currency contracts; and \$1 million, or \$1 million after-tax, of transaction, 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 \$343 million for the first quarter 2019, compared with \$330 million for the same period in 2018. Adjusted EBITDA for the first quarter 2019 excludes: \$13 million of restructuring costs, primarily severance; and \$1 million of transaction, integration and rebranding costs.
For the first three months of 2019, cash flow from operations was a cash usage of \$96 million. Free cash flow, a non-GAAP financial measure, was a cash usage of \$96 million. Free cash flow favorability was driven by lower net capex and lower bonus payments year-over-year.

Financial Targets
The company's full-year 2019 targets are:
Revenue growth of 3% to 5%, which corresponds to organic revenue growth of 5.5% to 7.5% year-over-year;
Adjusted EBITDA in the range of \$1.655 billion to \$1.725 billion, an increase of 6% to 10% year-over-year;
Free cash flow in the range of \$525 million to \$625 million;
Net capital expenditures in the range of \$400 million to \$450 million;
Depreciation and amortization in the range of \$762 million to \$785 million;
Effective tax rate in the range of 26% to 29%; and
Cash taxes in the range of \$162 million to \$190 million.

Effective first quarter 2019, the company excluded direct postal injection revenue from its calculation of organic revenue growth, and continues to exclude fuel and foreign currency exchange. The company ceased offering direct postal injection revenue in its last mile business in the first quarter 2019. The 5% to 7.5% target for full-year organic revenue growth equates to the 4% to 6% target issued in February 2019, adjusted for the exclusion of direct postal injection revenue.
The company's 2019 targets for free cash flow and cash taxes assume cash interest expense of \$275 million to \$315 million. The company expects an incremental benefit to free cash flow of \$125 million to \$150 million from trade receivables programs in 2019.
\$2.5 Billion Share Repurchase Program
From December 14, 2018, through April 30, 2019, the company repurchased 35.2 million shares of XPO common stock at a \$53.4 average price per share, for a total cost of approximately \$1.9 billion. The company is not obligated to repurchase any specific number of shares, and can suspend or discontinue the program at any time.

CEO Comments
Bradley Jacobs, chairman and chief executive officer of XPO Logistics, said, "In the first quarter, we delivered on expectations and beat on adjusted EBITDA and free cash flow. We also closed a record \$1.1 billion of new business, up 15% year-over-year. Our sales pipeline stands at more than \$4 billion of active bids - a new high-water mark for us.
In our logistics segment, we generated organic growth in e-commerce, food and beverage, consumer packaged goods and aerospace verticals. We using our XPO Smart labor productivity tools in our logistics operations, including the XPO Connect in Europe, which was implemented in the first quarter. In transportation, we increased freight brokerage net revenue by 8.5% year-over-year and grew our net revenue margin by 420 basis points. We're automating key touchpoints in brokerage on our XPO Connect digital platform, with large uplays to customer service and productivity. We've rolled out our XPO Connect in Europe, and last month we launched new capabilities for last mile on the platform."
Jacobs continued, "In less-than-truckload, we accelerated our year-over-year yield improvement to 3% in the first quarter, from 1.1% in the fourth quarter 2018, while delivering high levels of service for customers. Our LTL Technology Initiatives are resulting in significant improvements in on-time delivery and overall customer satisfaction ratings. We're deploying dynamic route optimization, AI-based load-building and a new Inhaul pickup yards model, and implementing our labor productivity tools in all 296 LTL service centers."

First Quarter 2019 Results by Segment
Transportation: The company's transportation segment generated revenue of \$2.66 billion for the quarter, compared with \$2.77 billion for the same period in 2018. Segment revenue primarily reflects lower freight brokerage and last mile direct postal injection revenue from the company's largest customer, as well as the adverse impact of foreign currency exchange, partially offset by growth in North American less-than-truckload (LTL) and European transport.
Operating income for the transportation segment was \$128 million for the quarter, compared with \$139 million for the same period in 2018. Adjusted EBITDA for the segment was \$264 million, compared with \$266 million for the same period in 2018. In North America LTL, yield improved by 3% year-over-year, excluding fuel, compared with 1.1% improvement in the prior quarter. The first quarter operating ratio for LTL was 89.4% and the adjusted operating ratio was 87.6%, the best first quarter adjusted operating ratio in 59 years.
Logistics: The company's logistics segment generated revenue of \$1.45 billion for the quarter, a 3.2% increase from the same period in 2018. Organic revenue growth was 8.1%. Segment revenue was led by significant growth in the company's e-commerce, food and beverage, consumer packaged goods and aerospace verticals, partially offset by the adverse impact of foreign currency exchange.
Operating income for the logistics segment was \$46 million, compared with \$46 million for the same period in 2018, primarily reflecting higher depreciation expense related to prior capital investments in new business lines. Adjusted EBITDA for the segment was \$113 million, an increase of 0.5% from a year ago. The increase in adjusted EBITDA primarily reflects growth from existing customers and from startups in recent quarters.
Corporate: Corporate SG&A expense was \$42 million for the quarter, compared with \$46 million for the same period in 2018. The year-over-year change in corporate expense primarily reflects a decrease in purchased services, as well as lower share-based compensation expense.

New Sustainability Report
On April 22, 2019, the company released its inaugural Sustainability Report detailing initiatives related to safety, engagement, workplace inclusion, environmental protection and other key areas. XPO's global 2018 Sustainability Report, and its 2018 Corporate Social Responsibility Report for operations in Europe, can be found at https://sustainability.xpo.com.
Conference Call
The company will hold a conference call on Thursday, May 2, 2019, at 8:30 a.m. Eastern Time. Participants can call toll-free from the US/Canada 1-877-249-7796; international callers dial +1-201-693-7811. A live webcast of the conference will be available on the investor relations area of the company's website, www.xpo.com/investor. The conference will be archived until June 2, 2019. To access the replay by phone, call toll-free from the US/Canada 1-877-664-8833; international callers dial +1-201-693-7811. Use the webcast password: 13883333.
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 1,540 locations and approximately 100,000 employees. XPO uses its network to help more than 58,000 customers manage their goods most 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 measures under GAAP, which are set forth in the financial tables attached to this release.
XPO's non-GAAP financial measures for the quarter ended March 31, 2019 used in this release include: earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA on a consolidated basis and for our transportation and logistics segments; free cash flow; adjusted net income attributable to common shareholders and adjusted earnings per share (basic and diluted) ("Adjusted EPS"); net revenue for our transportation and logistics segments; and integrated administrative, adjusted operating income and adjusted operating ratio for our North American less-than-truckload business, all organic revenue growth on a consolidated basis and for our logistics business.
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 in prior periods and assessing trends in our underlying businesses. Other companies may calculate these non-GAAP financial measures differently and these non-GAAP measures may not be comparable to similarly titled measures of other companies. These non-GAAP financial measures should only be used as supplemental measures of our operating performance.
Adjusted EBITDA, adjusted net income attributable to common shareholders and adjusted EPS include adjustments for transaction, integration and rebranding costs, as well as adjustments for restructuring costs. Transaction and integration adjustments are generally incremental costs that result from an actual or planned acquisition and include transaction costs, acquisition and integration consulting fees, internal salaries and wages in the interim period, and other costs related to integration and transition activities and certain costs related to integration and corporate IT systems. Restructuring adjustments primarily relate to the restructuring of the XPO Logistics name on our truck fleet and buildings. 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 the cash flow is an important measure of our ability to repay existing debt or fund other uses of capital that we believe will enhance stockholder value. We calculate free cash flow as adjusted net cash used in operating activities, less payment for purchases of property and equipment plus proceeds from sale of property and equipment, with adjusted net cash used in operating activities defined as net cash in operating activities plus cash collected on structured purchase price transactions. We believe that EBITDA measures 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 that are not reflective of core operating activities and are not used in determining the availability of cash for debt service. The measure and adjusted net income attributable to common shareholders and adjusted EPS include adjustments for transaction, integration and rebranding costs and the impact of certain costs and gains that management has determined are not reflective of our core operating activities. We believe that net revenue represents the net revenue generated by our operations results from period to period by removing 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 for our North American less-than-truckload business measure the comparability of our operating results from period to period by removing the impact of certain transaction, integration, and rebranding costs and the impact of certain interest expense in the reporting period as set out in the attached tables. We believe that operating ratio for our North American less-than-truckload business reflects the impact of the following direct freight currency exchange rate fluctuations. The percentages are calculated as follows: (Net revenue less fuel costs) divided by (Net revenue less fuel costs minus fuel charges) times 100.

With respect to the 2019 financial targets for adjusted EBITDA, free cash flow and organic revenue growth, 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 release includes forward-looking statements within the meaning of Section 27E of the Securities Act of 1933, as amended and Section 27E of the Securities Exchange Act of 1934, as amended, including our 2019 financial targets for our consolidated revenue and organic revenue growth, adjusted EBITDA, free cash flow, net capital expenditures, depreciation and amortization, effective tax rate, cash taxes and the free cash flow benefit from our stock repurchase program, all statements other than statements of historical fact, are, as far as they relate to the forward-looking statements, if, some cases, forward-looking statements are limited to the use of forward-looking terms such as "expects," "believes," "anticipates," "could," "may," "might," "intends," "plans," "estimates," "projects," "should," "will," "seeks," "desires," "pursues," "targets," "aims," "pursues" or "will" 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 to 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 attract and retain customers and employees; 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 information technology systems and process changes as part 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 and securities class actions; labor relations; our ability to maintain our subcontractors and other dependents of our customers and attract labor contributions to complete our employees; risks associated with our self-insured retentions; risks associated with defined benefit plans for our current and former employees; fluctuations in currency and foreign interest rates; fuel prices and fuel surcharge charges; Russia; our reliance on our intellectual property rights; governmental regulation, including trade compliance laws; and governmental or political actions, including the United Kingdom's ability exit from the European Union. 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.

Investor Contact
XPO Logistics, Inc.
75-00 240th Street
Great Neck, NY 11040
www.xpo.com
Media Contact
Allison Lippert, Inc.
Eric Kurland
31-07 23rd Street
ast.kurland@apl.com

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

Table with 3 columns: 2019, 2018, and 2017. Rows include Revenue, Operating expenses, Cost of transportation and services, Direct operating expense, and various income and expense items.

Preferred dividends 1 ASSETS
March 31, 2019
December 31, 2018

Current assets		
Cash and cash equivalents	\$ 376	\$
Accounts receivable, net of allowance of \$5 and \$2, respectively	2,753	
Other current assets	554	
Total current assets	3,683	3,688
Property and equipment, net of \$1,709 and \$1,585 in accumulated depreciation, respectively	2,559	2,605
Operating lease assets	2,047	-
Goodwill identifiable	4,443	4,467
Intangible assets, net of \$736 and \$706 in accumulated amortization, respectively	1,204	1,253
Other long-term assets	260	257
Total long-term assets	10,513	8,582
Total assets	\$14,196	12,270
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,188	\$ 1,258
Accrued expenses	1,527	1,480
Short-term borrowings and current maturities of long-term debt	114	367
Operating lease liabilities	443	-
Other current liabilities	184	208
Total current liabilities	3,461	3,313
Long-term debt	5,362	3,902
Deferred tax liability	442	444
Employee benefit obligations	145	153
Operating lease liabilities	1,596	-
Other long-term liabilities	367	468
Total long-term liabilities	7,922	4,882
Stockholders' equity		
Convertible perpetual preferred stock, \$5.00 par value, 10 shares authorized, 0.07 of Series A, shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	41	41
Common stock, \$0.01 par value, 300 shares authorized, 93 and 116 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	-	-
Additional paid-in capital	2,122	3,311
Retained earnings	428	377
Accumulated other comprehensive loss	(153)	(154)
Total stockholders' equity before noncontrolling interests	2,438	3,575
Noncontrolling interests	395	395
Total equity	2,833	3,970

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

	Three Months Ended	
	2019	2018
Operating activities		
Net income	\$ 52	\$ 79
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	180	171
Stock compensation expense	13	22
Accretion of debt	5	4
Deferred tax benefits expense	(5)	7
Debt extinguishment loss	5	10
Unrealized loss on foreign currency option and forward contracts	2	4
Gains on sale of property and equipment	(21)	-
Other	13	(9)
Changes in assets and liabilities:		
Accounts receivable	(246)	(100)
Other assets	(24)	(90)
Accounts payable	(57)	(55)
Accrued expenses and other liabilities	(7)	(43)
Net cash used in operating activities	(106)	(119)
Investing activities		
Payments for purchase of property and equipment	(118)	(142)
Proceeds from sale of property and equipment	47	10
Cash collected on deferred purchase price receivable	71	-
Net cash used in investing activities	(132)	(132)
Financing activities		
Proceeds from issuance of debt	1,751	905
Repurchase of debt	-	(812)
Proceeds from borrowings on ABL facility	1,075	300
Repayment of borrowings on ABL facility	(1,075)	(330)
Repayment of long-term debt and capital leases	(534)	(97)
Payment for debt issuance costs	(24)	(6)
Repurchase of common stock	(1,227)	-
Change in bank overdrafts	6	56
Payment for tax withholdings for equity shares	(2)	(40)
Dividends paid	(1)	(1)
Other	12	1
Net cash (used) provided by financing activities	(29)	126
Exchange rate on cash, cash equivalents and restricted cash	-	8
Net decrease in cash, cash equivalents and restricted cash	(125)	(17)
Cash, cash equivalents and restricted cash, beginning of period	514	449
	432	469
Transportation		
Summary Financial Table		
(Unaudited)		
(in millions)		
Three Months Ended March 31,		
	2019	2018
	Revenue	\$ 2,699
	Cost of transportation and services	\$ 2,027
	Net revenue	\$ 672
	Direct operating expense	\$ 315
	Sales, general and administrative expense	\$ 358
	Cash, cash equivalents and restricted cash, end of period	\$ 389
	Change %	-4.1%
	Change %	-5.7%
	Change %	-6.3%

Salaries and benefits	173	156	18	11.6%
Other sales, general and administrative expense	45	43	2	4.7%
Purchased equipment	35	31	4	12.9%
Depreciation and amortization	50	50	0	20.0%
Total sales, general and administrative expense	303	272	33	12.1%
Operating income	\$ 128	\$ 139	(\$ 11)	-7.9%
Other income (expense) (1)	8	10	(2)	-20.0%
Total depreciation and amortization	116	114	2	1.8%
EBITDA (1)	\$ 252	\$ 263	(\$ 11)	-4.2%
Transaction, integration and restructuring costs	-	3	(3)	-100.0%
Restructuring costs	12	-	12	2.8%

(1) See the "Non-GAAP Financial Measures" section of the Press Release.
(2) Other income (expense) consists of pension income and is included in Other expense (income) on the Condensed Consolidated Statement of Income.
(3) For purposes of the summary financial table, adjusted EBITDA is reconciled to operating income in the Condensed Consolidated Statements of Income.

		Transportation Key Data by Service Offering (Unaudited) (In millions)	
		Three Months Ended March 31	
		2019	2018
Revenue			
North America			
Freight Brokerage	\$ 619		710
Less-Than-Truckload	826		820
Last Mile Managed	224		238
Transport	154		137
Total North America	1,823		2,005
Europe			
Freight Brokerage and Truckload	473		469
Less-Than-Truckload	253		253
Total Europe	726		722
Global			
Forwarding	77		82
Eliminations	(27)		(25)
Total Global	50		57
Total Revenue	\$ 2,650		2,774
Net Revenue			
North America			
Freight Brokerage	\$ 127		116
Less-Than-Truckload	348		367
Last Mile Managed	67		69
Transport	25		26
Total North America	567		588
Europe	197		185
Global	14		14
Forwarding	14		14
Total Net Revenue	\$ 782		747
Net Revenue %			
North America			
Freight Brokerage	20.5%		16.2%
Less-Than-Truckload	37.5%		38.8%
Last Mile Managed	30.7%		28.8%
Transport	15.2%		19.6%
Total North America	30.0%		28.3%
Europe	23.1%		22.8%
Global	1.9%		1.7%
Forwarding	1.8%		1.7%
Overall Net Revenue %	29.1%		26.9%
Direct Operating Expense			
North America			
Freight Brokerage	\$ 24		24
Less-Than-Truckload	151		168
Last Mile Managed	22		21
Transport	15		20
Total North America	212		233
Europe	100		100
Global	3		3
Forwarding	3		3
Total Direct Operating Expense	\$ 320		367

(1) 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.

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

		Three Months Ended March 31	
		2019	2018
Number of Working Days	63.0		63.5
Lbs. per Day (Thousands)	72,964		74,379
% Change in Lbs. per Day (1)	-2.0%		-1.1%
Shipments per Day	50,749		51,176
% Change in Shipments per Day (1)	-0.8%		-5.2%
Avg. Weight per Shipment (in pounds)	1,436		1,453
% Change in Weight per Shipment (1)	-1.2%		4.3%
Gross Revenue per Shipment	\$ 296.48		291.84
Gross Revenue per Hundred Weight (including fuel surcharges)	\$ 20.65		20.08
Gross Revenue per Hundred Weight (excluding fuel surcharges)	\$ 17.87		17.36
% Change in Gross Revenue per Hundred Weight (1)	2.8%		6.2%
Average Length of Haul (in Miles)	806.7		815.0
Total Average Load Factor (2)	22.674		23.315
			5.42

(1) Compared with the same quarter of the previous year.
(2) 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 March 31		Change %
		2019	2018	
Revenue (including fuel surcharge revenue)	\$ 786	\$ 779	7	0.9%
Fuel surcharge revenue	127	128	(1)	-0.8%
Revenue	\$ 913	\$ 907	6	0.7%
Salaries, wages and employee benefits	445	429	16	3.7%
Purchased transportation fuel and fuel-related taxes	100	97	3	3.1%
Depreciation and amortization	70	68	2	2.9%
Other operating expenses	58	59	(1)	-1.7%
Maintenance	102	119	(17)	-14.3%
Rents and leases	27	26	1	3.8%
Other	12	11	1	9.1%
Purchased labor	2	3	(1)	-33.3%
Total Direct Operating (2) Expense	\$ 315	\$ 315	\$ 0	5.42
Adjusted EBITDA (1)	\$ 264	\$ 264	\$ 0	0.0%

Operating income	97	99	2	2.1%
Operating ratio (1)	89.4%	89.5%		
Restructuring costs	2	-	2	100.0%
Amortization expense	8	9	(1)	-11.1%
Other income	8	7	(1)	-12.5%
Adjusted operating income (2)	\$ 113	\$ 111	\$ 2	1.8%

(1) Operating ratio is calculated as (1 - (Operating income divided by Revenue)).
(2) See the "Non-GAAP Financial Measures" section of the Press Release.
(3) Adjusted operating ratio is calculated as (1 - (Adjusted operating income divided by Revenue)).

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

		\$		Three Months Ended March 31,		
		2019	2018	Variance		Change %
Revenue	\$ 1,494	\$ 1,443	46			3.2%
Cost of transportation and services	(215)	(226)	(13)			-5.7%
Net revenue (1)	1,279	1,217	62			5.1%
Direct operating expenses	1,091	1,040	51			4.9%
Salaries, general and administrative expenses	82	74	8			10.8%
Salaries and benefits	18	18	-			0.0%
Other sales, general and administrative expense	21	21	-			0.0%
Purchased services	21	19	2			10.5%
Depreciation and amortization	42	132	10			7.6%
Total sales, general and administrative expense	142	132	10			7.6%
Operating income	\$ 46	\$ 46	\$ (0)			-0.2%
Other income (expense) (2)	5	8	(3)			-37.5%
Total	61	55	6			10.9%
EBITDA (3)	\$ 113	\$ 111	\$ 2			1.8%
Transaction, integration and rebranding costs	-	1	(1)			-100.0%
Restructuring costs	1	-	1			100.0%
						0.9%

(1) See the "Non-GAAP Financial Measures" section of the Press Release.
(2) Other income (expense) consists of pension income and is included in Other expense (income) on the Condensed Consolidated Statement of Income.
(3) For purposes of the summary financial table, adjusted EBITDA is reconciled to operating income in the Condensed Consolidated Statements of Income.

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

		\$		Three Months Ended March 31,		
		2019	2018			
Revenue	\$ 598	\$ 541	57			10.5%
North America	598	541	57			10.5%
Europe	-	-	-			-
Total	598	541	57			10.5%
Net Revenue	529	516	13			2.5%
North America	529	516	13			2.5%
Europe	-	-	-			-
Total	529	516	13			2.5%
Direct Operating Expense	455	432	23			5.3%
North America	455	432	23			5.3%
Europe	-	-	-			-
Total	455	432	23			5.3%
Gross Margin	13.0%	13.0%	0.0%			0.0%
North America	13.0%	13.0%	0.0%			0.0%
Europe	-	-	-			-
Total	13.0%	13.0%	0.0%			0.0%

(1) See the "Non-GAAP Financial Measures" section of the Press Release.

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

		\$		Three Months Ended March 31,		
		2019	2018	Variance		Change %
Sales, general and administrative expense	\$ 26	\$ 27	(\$ 1)			-3.7%
Other sales, general and administrative expense	3	2	1			50.0%
Purchased services	10	15	(5)			-33.3%
Depreciation and amortization	3	2	1			50.0%
Total	42	46	(4)			-8.7%
Intersegment Eliminations	-	-	-			-
Total	\$ 42	\$ 46	(\$ 4)			-8.7%
Revenue	\$ (3)	\$ (3)	\$ (3)			100.0%
Cost of transportation and services	(30)	(30)	-			0.0%
Net revenue (1)	(33)	(33)	-			100.0%
Direct operating expenses	-	-	-			0.0%
Salaries, general and administrative expense	(1)	(1)	-			100.0%
Salaries and benefits	(1)	(1)	-			100.0%
Other sales, general and administrative expense	(2)	(1)	(1)			100.0%
Purchased services	-	1	(1)			-100.0%
Depreciation and amortization	-	-	-			0.0%
Total sales, general and administrative expense	(3)	(3)	-			100.0%

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 Income 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.

(1) 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 March 31,		
		2019	2018	Variance		Change %
Net income attributable to common shareholders	\$ 43	\$ 67	(\$ 24)			-35.8%
Distributed and undistributed net income	4	6	(2)			-33.3%
Net income attributable to noncontrolling interests	5	6	(1)			-16.7%
Net income	52	79	(27)			-34.2%
Debt extinguishment loss	5	10	(5)			-50.0%
Interest expense	71	59	12			20.3%
Provision for income tax	19	-	19			100.0%
Depreciation and amortization	180	171	9			5.3%
Unrealized loss on foreign currency option and forward contracts	2	4	(2)			-50.0%
EBITDA (1)	\$ 320	\$ 323	\$ 3			1.0%
Transaction, integration and rebranding costs	1	7	(6)			-85.7%
Restructuring costs	13	-	13			100.0%

(1) See the "Non-GAAP Financial Measures" section of the Press Release.

Adjusted operating ratio (1)	87.6%	87.8%				
Adjusted EBITDA (1)(2)	\$ 113	\$ 112	\$ 1			
Total Gross Margin %	12.5%	12.5%	0.0%			
Total sales, general and administrative expense	\$ 42	\$ 46	(\$ 4)			
Operating income	\$ -	\$ -	\$ -			

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

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	
	2019	2018
GAAP net income attributable to common shareholders	\$ 43	\$ 67
Debt extinguishment loss	5	10
Unrealized loss on foreign currency option and forward contracts	2	4
Impairment of customer relationship intangibles	6	-
Transaction, integration and restructuring costs	1	7
Income tax associated with the adjustments above (1)	(8)	(8)
Impact of noncontrolling interests on above	(1)	-
Unrealized earnings	(2)	(1)
Adjusted net income attributable to common shareholders (2)	\$ 59	\$ 81
Adjusted basic earnings per share (3)	\$ 0.55	\$ 0.67
Adjusted diluted earnings per share (3)	\$ 0.51	\$ 0.61
Weighted-average common shares outstanding basic	107	120
Weighted-average common shares outstanding Diluted	117	133

(1) This line item reflects the appropriate tax benefit of all income related adjustments reflected in the table above. The total to the line is as follows:

Debt extinguishment loss	\$ 1	3
Unrealized loss on foreign currency option and forward contracts	1	1
Impairment of customer relationship intangibles	2	-
Transaction, integration and restructuring costs	-	2
Restructuring costs	4	6

Reconciliation of Non-GAAP Measures
XPO Logistics, Inc.
Reconciliation of Cash Flows from Operating Activities to Free Cash Flow
(Unaudited)
(In millions)

	Three Months Ended	
	2019	2018
Net cash used in operating activities	\$ (96)	\$ (19)
Cash collected on deferred purchase price receivable	71	-
Adjusted net cash used in operating activities	(25)	(19)
Payment for purchases of property and equipment (118)	(118)	(142)
Proceeds from sale of property and equipment	47	10
	(71)	(151)

(1) See the "Non-GAAP Financial Measures" section of the Press Release.

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

	Three Months Ended		2018
	2019	2019	
Revenue	\$1,494	\$1,448	\$4,120
Fuel Direct postal	-	(418)	(425)
Revenue	-	(40)	(56)
Foreign exchange rates	72	134	-
Organic Revenue	\$1,566	\$1,464	\$3,739

(1) Organic revenue growth is calculated as the relative change in year-over-year organic revenue, expressed as a percentage of 2018 organic revenue. See "Non-GAAP Financial Measures" section of the Press Release.

XPO Q1 19
 Press Release
 TABLE

This information is incorporated into our consolidated financial statements and is available on our website at www.xpo.com. We are not providing this information to you as part of our public disclosure. We do not intend to update this information unless we are required to do so by law.

	2019	2018	2017
Free Cash Flow (1)	\$ 200	\$ 181	\$ 181
Organic Revenue Growth (1)	8.1%	2.3%	-

Adjusted EBITDA (1) \$363 \$330 \$13