

# GXO INVESTOR DAY

NEW YORK  
JANUARY 12, 2023



# Legal disclaimer

## 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 presentation to the most directly comparable measure under GAAP, which are set forth in the financial tables included in the attached appendix.

GXO's non-GAAP financial measures in this presentation include: adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), adjusted EBITDA margin, pro forma adjusted EBITDA, pro forma adjusted EBITDA margin, adjusted earnings before interest, taxes and amortization ("adjusted EBITA"), pro forma adjusted EBITA, free cash flow, organic revenue, organic revenue growth, net leverage, net debt and return on invested capital ("ROIC").

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, GXO's 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 used by other companies. GXO's non-GAAP financial measures should only be used as supplemental measures of our operating performance.

Adjusted EBITDA, adjusted EBITDA margin, pro forma adjusted EBITDA, pro forma adjusted EBITDA margin, adjusted EBITA and pro forma adjusted EBITA include adjustments for transaction and integration costs, as well as restructuring costs and other adjustments as set forth in the financial tables included in the attached appendix. 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, 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 separating IT systems. Restructuring costs primarily relate to severance costs associated with business optimization initiatives.

Pro forma adjusted EBITDA, pro forma adjusted EBITDA margin and pro forma adjusted EBITA include adjustments for allocated corporate expenses and public company standalone costs. Allocated corporate expenses are those expenses that were allocated to our combined financial statements on a carve-out basis in accordance with U.S. GAAP. Public company standalone costs are estimated costs of operating GXO as a public standalone company following its spin-off from XPO, Inc. effective as of August 2, 2021 and represents the midpoint of our estimated corporate costs.

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 less payment for purchases of property and equipment plus proceeds from sale of property and equipment. We believe that adjusted EBITDA, adjusted EBITDA margin, pro forma adjusted EBITDA, pro forma adjusted EBITDA margin, adjusted EBITA and pro forma adjusted EBITA 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, which management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses. We believe that organic revenue and organic revenue growth are important measures because they exclude the impact of foreign currency exchange rate fluctuations, revenue from acquired businesses and revenue from deconsolidated operations. 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 total debt and net debt as a ratio of our trailing twelve months adjusted EBITDA. We calculate ROIC as our trailing twelve months adjusted EBITA, net of income taxes paid, divided by invested capital. We believe ROIC provides investors with an important perspective on how effectively GXO deploys capital and use this metric internally as a high-level target to assess overall performance throughout the business cycle.

Management uses these non-GAAP financial measures in making financial, operating and planning decisions and evaluating GXO's ongoing performance.

With respect to our financial targets for (i) 2023 for organic revenue growth and adjusted EBITDA and (ii) 2027 for revenue, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDA CAGR, six-year organic average annual revenue growth, free cash flow and ROIC 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 statements of income and cash flows, prepared in accordance with GAAP, that would be required to produce such a reconciliation.

## Forward-Looking Statements

This presentation 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. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including our 2023 financial targets for organic revenue growth and adjusted EBITDA; our 2027 financial targets for revenue, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDA CAGR, six-year organic average annual revenue growth, free cash flow, ROIC and net cash balance sheet position; global outsourcing growth; outsourced eCommerce warehousing revenue growth; our expected efficiencies and investments by 2027; the anticipated cost synergies from our acquisition of Clipper Logistics; and our goals of (i) 80% global operations using LED lighting by 2025, (ii) 80% global landfill diversion rate by 2025, (iii) 50% renewable energy in global operations by 2030, (iv) reducing greenhouse gas emissions (Scopes 1&2) by 30% by 2030 vs. 2019 baseline, and (v) being 100% carbon neutral (Scopes 1&2) by 2040. 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 the company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors the company believes 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, but are not limited to, the risks discussed in our filings with the SEC and the following: the severity, magnitude, duration and aftereffects of the COVID-19 pandemic and government responses to the COVID-19 pandemic, including vaccine mandates; economic conditions generally; supply chain challenges, including labor shortages; competition and pricing pressures; our ability to align our investments in capital assets, including equipment, 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; acquisitions may be unsuccessful or result in other risks or developments that adversely affect our financial condition and results; our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems; our ability to raise debt and equity capital; litigation; labor matters, including our ability to manage our subcontractors, and risks associated with labor disputes at our customers' facilities and efforts by labor organizations to organize our employees; risks associated with defined benefit plans for our current and former employees; fluctuations in currency exchange rates; fluctuations in fixed and floating interest rates; inflationary pressures; issues related to our intellectual property rights; governmental regulation, including trade compliance laws, as well as changes in international trade policies and tax regimes; governmental or political actions, including the United Kingdom's exit from the European Union; natural disasters, terrorist attacks or similar incidents; a material disruption of GXO's operations; the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted; the impact of potential cyber-attacks and information technology or data security breaches; the inability to implement technology initiatives successfully; the expected benefits of the spin-off and uncertainties regarding the spin-off, including the risk that the spin-off will not produce the desired benefits; and a determination by the IRS that the distribution or certain related spin-off transactions should be treated as taxable transactions.

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

# Our agenda today



**Malcolm Wilson**  
Chief Executive Officer

**GXO investment highlights**



**Mark Manduca**  
Chief Investment Officer

**Market and GXO revenue growth**



**Bill Fraine**  
Chief Commercial Officer

**The GXO Difference**



**Marv Cunningham**  
Chief Operating Officer - Americas & Asia Pacific

**GXO's technology advantage**



**Richard Cawston**  
President - Europe

**Business overview & key verticals**



**Eduardo Pelleissone**  
President - Americas & Asia Pacific

**Business overview & key verticals**



**Meagan Fitzsimmons**  
Chief Compliance & ESG Officer

**How GXO wins with ESG**



**Baris Oran**  
Chief Financial Officer

**Drivers of shareholder value creation**

**Our industry-leading combination  
of **scale, technology** and **expertise**  
enables supply chain excellence for  
customers all over the world.**

# GXO at a glance

**27**

Countries  
of operation

**974**

Warehouse  
locations

**~200M**

Total warehouse  
space (sq. ft.)

**>1,200**

Global  
customers

**~130K**

Global team  
members

**\$8B**

2021  
Revenue

**8%<sup>1</sup>**

2017-2021 Organic  
revenue CAGR

**\$633M<sup>1</sup>**

2021 Pro forma  
adjusted EBITDA

**>30%<sup>1</sup>**

2021 FCF  
conversion

**>30%<sup>1</sup>**

2021 Operating return  
on invested capital

# Full-year 2022 and full-year 2023 outlook

## 2022 preliminary results

Revenue

**~\$9.0B**

Adjusted EBITDA

**\$720-730M<sup>1</sup>**

## 2023 preliminary outlook

Organic revenue growth

**6-8%<sup>1</sup>**

Adjusted EBITDA

**\$700-730M<sup>1</sup>**

# We solve complex supply chain problems for the world's largest companies.



ASOS



DOLCE & GABBANA



KERING

L'ORÉAL  
PARIS

LVMH



*Saks*

SAMSUNG



ZARA

## Customer benefits

~10x

Return on investment through lower costs, higher revenues and faster inventory turnover

~50%

Reduction in variable warehousing costs

# We're focused on the center of global supply chains.

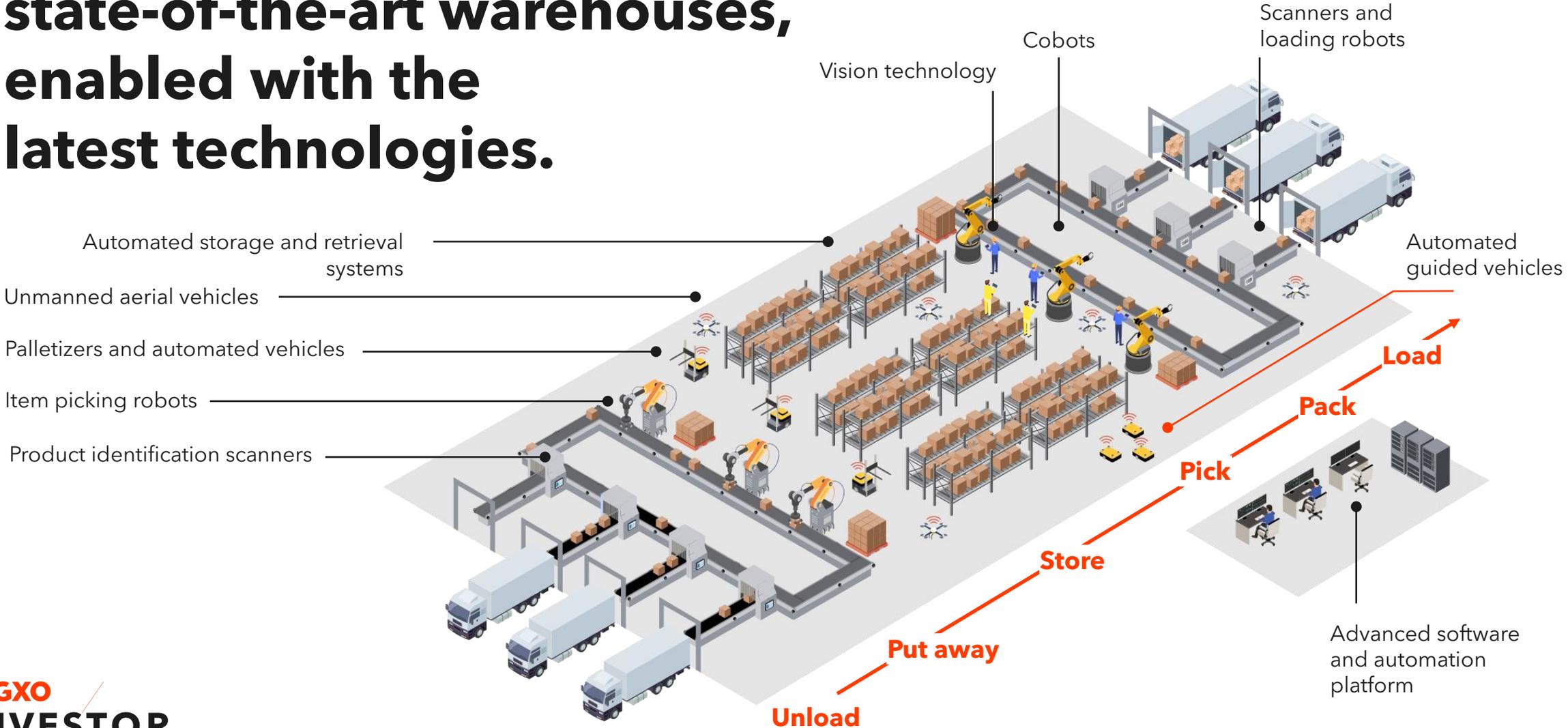


Supply/demand-driven pricing model

Contractual pricing model

Supply/demand-driven pricing model

# We design and operate state-of-the-art warehouses, enabled with the latest technologies.



# Our path to growth

1

Capitalizing on a **massive**  
and **rapidly growing**  
**market** opportunity

2

Leveraging **The GXO difference**  
to gain share and deliver outsized  
top- and bottom-line growth

# A massive and rapidly growing market opportunity

2021

TAM  
**\$456 billion<sup>1</sup>** **+45%**

Outsourced market  
**\$146 billion<sup>1</sup>** **+58%**  
*32% outsourced*

GXO Revenue  
**\$8 billion** **+115%**

2027

TAM  
**\$660 billion<sup>1</sup>**

Outsourced market  
**\$231 billion<sup>1</sup>**  
*35% outsourced*

Anticipated GXO Revenue  
**~\$17 billion**  
*GXO market share gain of outsourced market ~200bps*

# "The GXO Difference"

1

## Our Technology advantage

Industry-leading **automated solutions** that use **scalable** and **agile technology** to address customer needs at the right return.

2

## Our Global scale

**Leading market positions** throughout North America and Europe, with the ability to serve **multinational customers** across our core verticals.

3

## Our Trusted expertise

**Long-term relationships** with customers, rooted in **collaboration** and continuous **value creation**.

# GXO tomorrow: 2027 guidance<sup>1</sup>

at constant 2021 FX

**~\$17B<sup>1</sup>**

**Revenue**

**8-12%<sup>2</sup>**

**6-year organic average  
annual revenue growth  
range**

**~\$1.6B<sup>1,2</sup>**

**Adjusted EBITDA**

**30%+<sup>2</sup>**

**FCF conversion**

**30%+<sup>2</sup>**

**Operating ROIC**

**~17%<sup>2</sup>**

**Adjusted EBITDA  
CAGR**

1. 2027 Revenue of ~\$17B EBITDA of ~\$1.6B is based on FX rates of 1.38 and 1.18, 2027 Revenue would be ~\$16B and EBITDA would be ~\$1.5B at FX rates of 1.22 and 1.06

2. Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.

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Chief Executive Officer

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Chief Investment Officer

**Market and GXO revenue growth**



**Bill Fraine**  
Chief Commercial Officer

**The GXO Difference**



**Marv Cunningham**  
Chief Operating Officer - Americas & Asia Pacific

**GXO's technology advantage**



**Richard Cawston**  
President - Europe

**Business overview & key verticals**



**Eduardo Pelleissone**  
President - Americas & Asia Pacific

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**Meagan Fitzsimmons**  
Chief Compliance & ESG Officer

**How GXO wins with ESG**

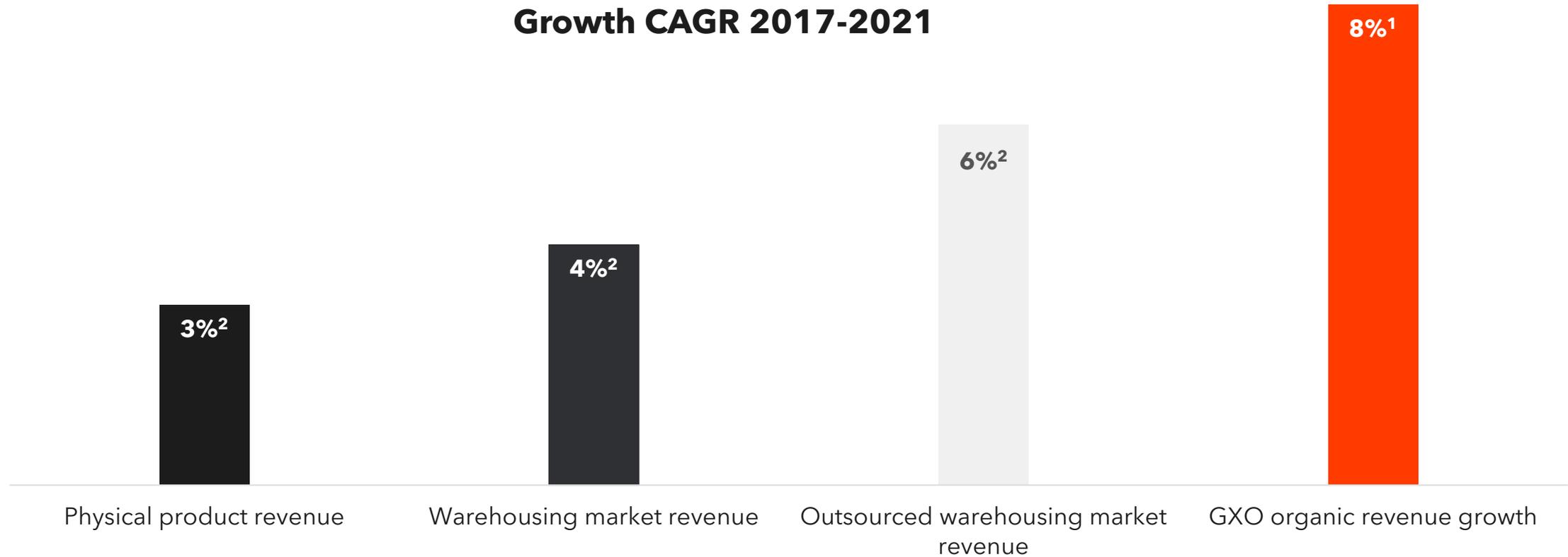


**Baris Oran**  
Chief Financial Officer

**Drivers of shareholder value creation**

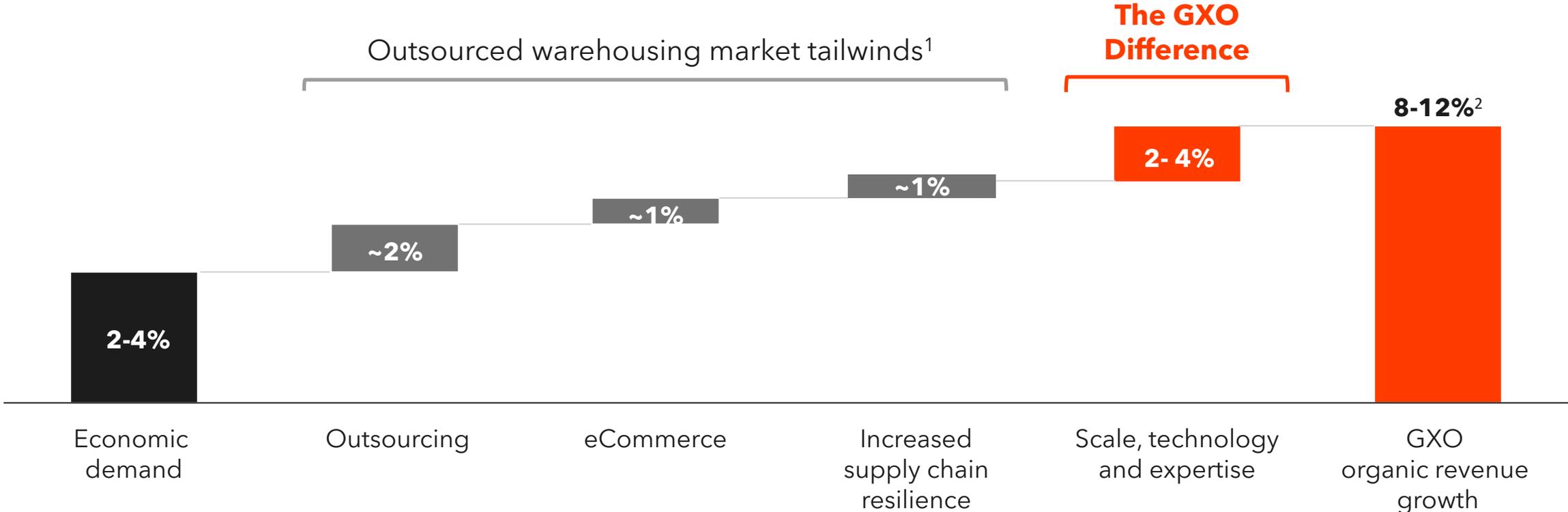
# GXO has consistently outperformed the industry

## Growth CAGR 2017-2021



# Our path to 8-12% annual organic revenue growth by 2027

## Key drivers of GXO 2021-2027 organic revenue growth



1. Based upon third-party forecasts  
2. Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.

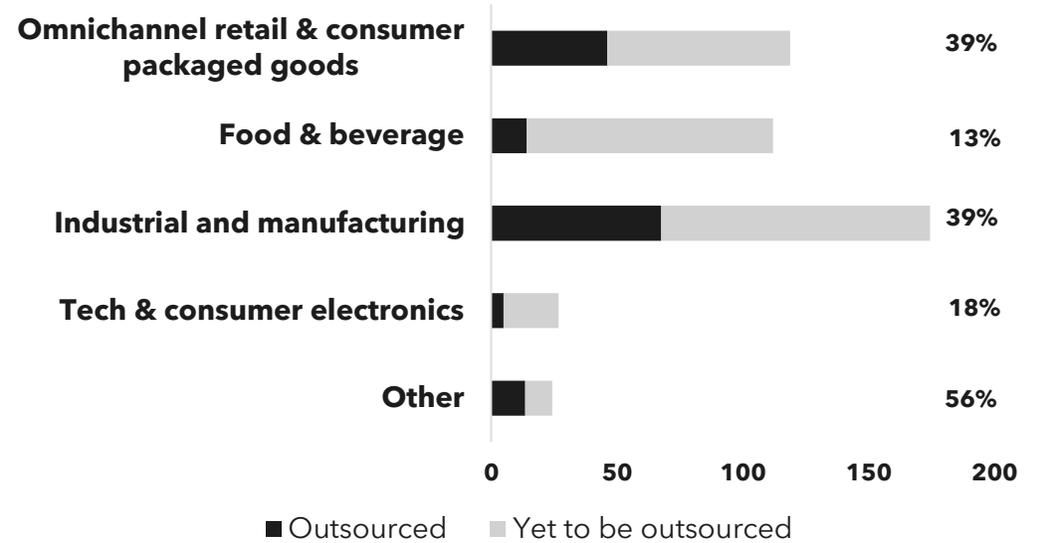
# Secular tailwind #1: Outsourcing<sup>1</sup>

Significant room for outsourcing to grow



■ GXO ■ Outsourced ■ Yet to be outsourced

GXO core verticals



■ Outsourced ■ Yet to be outsourced

Global outsourcing growth  
2021-2027



GXO's 2021  
market share:  
**5.4%**



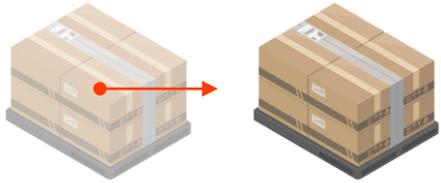
**~2.0%**

Annual incremental revenue  
growth

# Structural tailwind #2: eCommerce<sup>1</sup>

## Wholesale and retail:

Pallet in →  
pallet out

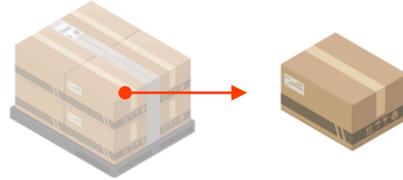


**~1X**

Revenue multiplier

## eCommerce:

Pallet in →  
single parcel out

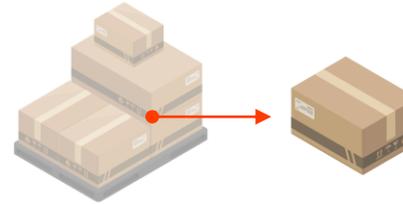


**~3X**

Revenue multiplier

## Reverse logistics:

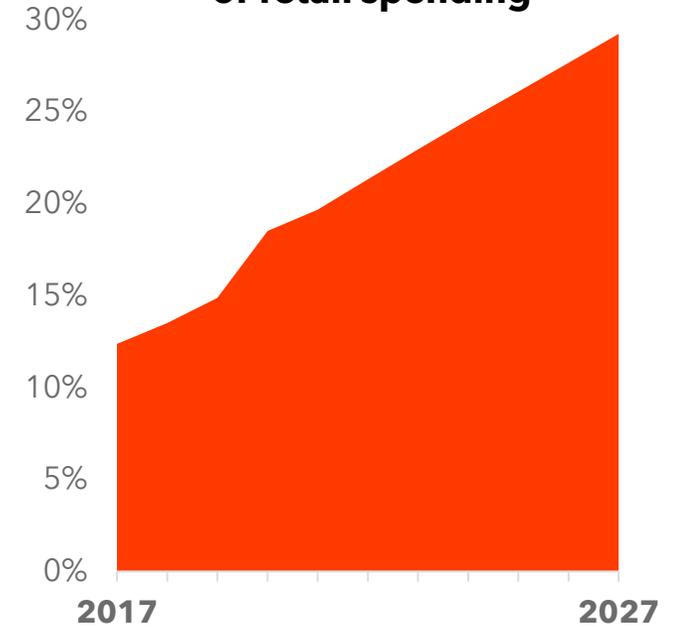
Different parcels in →  
uniform singles out



**~6X**

Revenue multiplier

## eCommerce penetration of retail spending<sup>1</sup>



Outsourced eCommerce warehousing  
revenue growth 2021-2027

×

GXO's 2021  
market share:  
**5.4%**

=

**~1.0%**

Annual incremental revenue  
growth

# Structural tailwind #3: Supply chain resilience

**Higher** levels of **inventory** to ensure product **availability** and **safeguard supply chains** and **production** lines

Global trade **rebalancing likely** due to **nearshoring** and re-shoring

~\$3.5T<sup>1</sup> of global trade could move to new countries before 2027



Each **1%** of trade that moves to Europe and North America represents a **\$1B** warehousing opportunity<sup>1</sup>



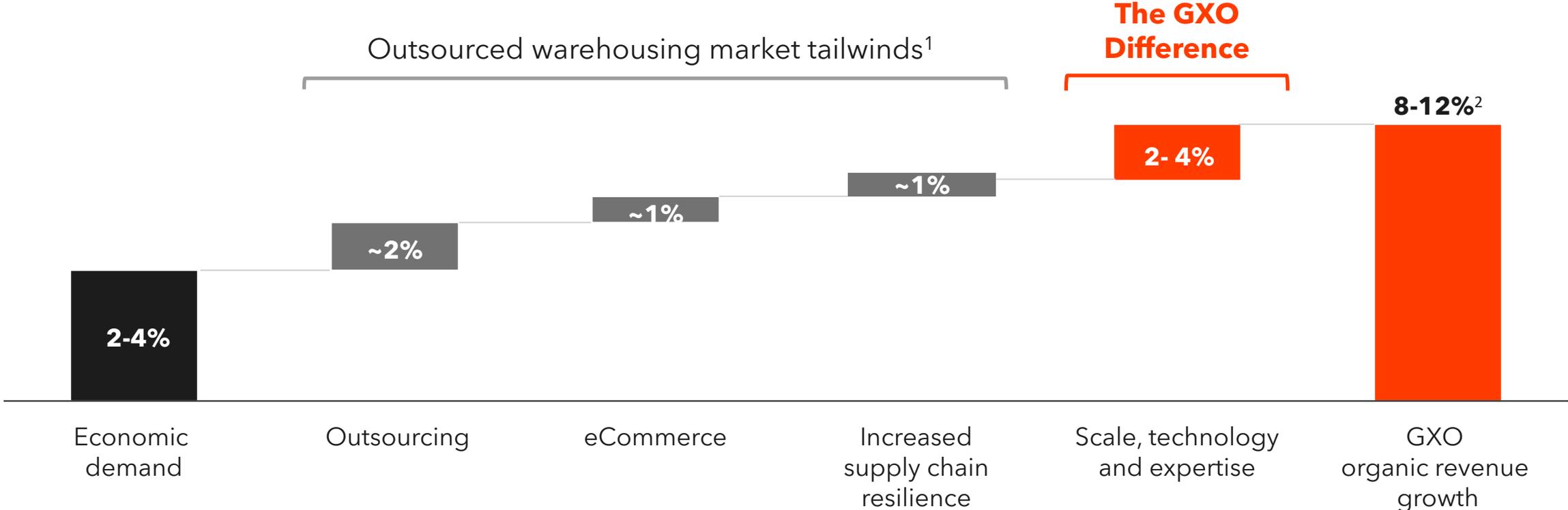
Impact of estimated **3-4% increase<sup>1</sup>** in just-in-case inventories



**~1.0%**  
**Annual incremental revenue growth**

# Our path to 8-12% annual organic revenue growth by 2027

## Key drivers of GXO 2021-2027 organic revenue growth



1. Based upon third-party forecasts  
2. Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.

# Our agenda today



**Malcolm Wilson**  
Chief Executive Officer

**GXO investment highlights**



**Mark Manduca**  
Chief Investment Officer

**Market and GXO revenue growth**



**Bill Fraine**  
Chief Commercial Officer

**The GXO Difference**



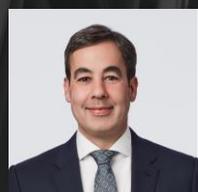
**Marv Cunningham**  
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**GXO's technology advantage**



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President - Europe

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**How GXO wins with ESG**



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Chief Financial Officer

**Drivers of shareholder value creation**

# The GXO Difference: Why customers choose GXO

We have a unique understanding of customer challenges and provide tailored solutions to address them.

## Our Technology advantage

- **>30%** of revenue from tech-enabled warehouses, vs. market at ~8%<sup>1</sup>
- **~7,600** pieces of technology operational in customer sites globally
- Site-level automation can drive **~80%** staff training time reduction

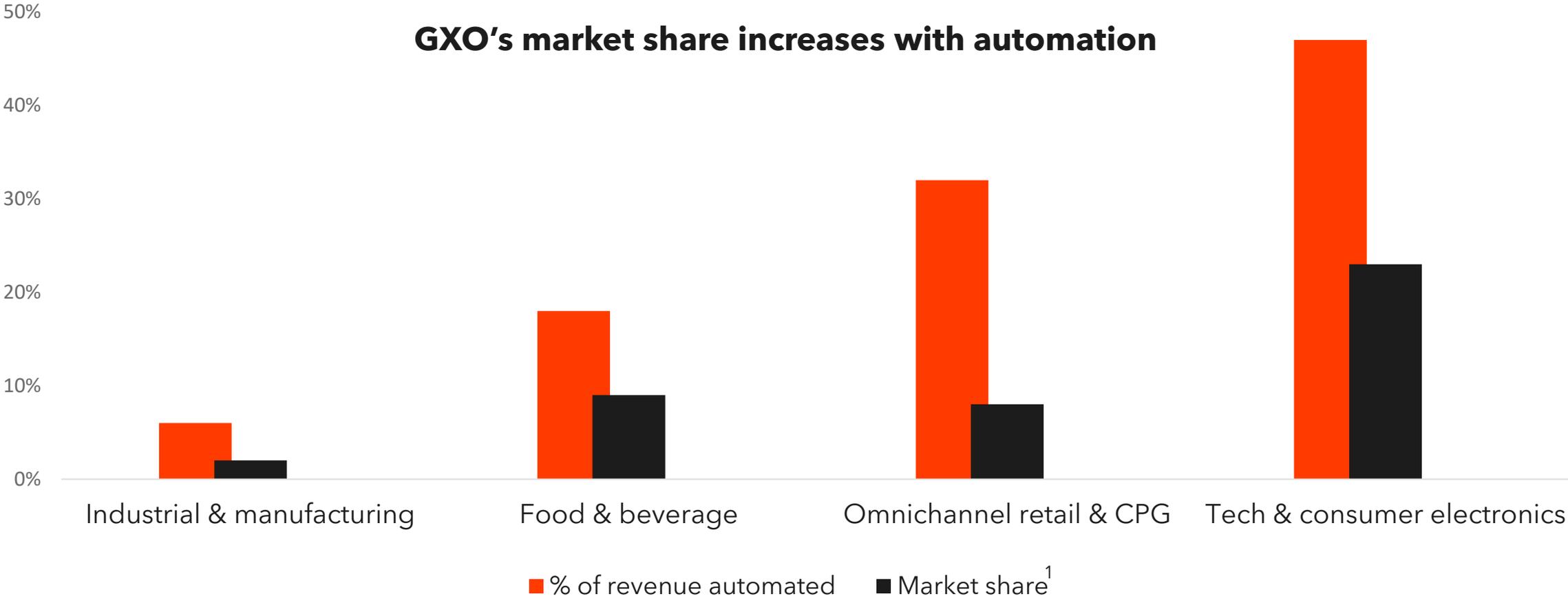
## Our Global scale

- **27** countries of operation
- **974** sites around the world
- **~200M** total warehouse square footage globally
- **~130K** team members

## Our Trusted expertise

- **15-year** average tenure with top 20 customers
- Decades of experience partnering with **blue-chip customers**
- **>95%** of revenue retained each year

# The GXO Difference: Our technology advantage



1. Based upon third-party research  
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# The GXO Difference: Our global scale

**84%<sup>1</sup>**

of revenue comes from customers working with GXO on **more than one site.**

**52%<sup>1</sup>**

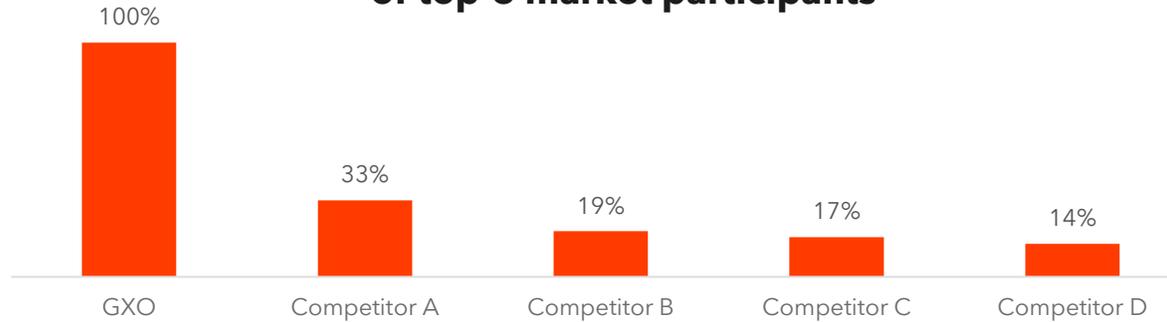
of revenue comes from customers working with GXO in **more than one country.**

**100%**

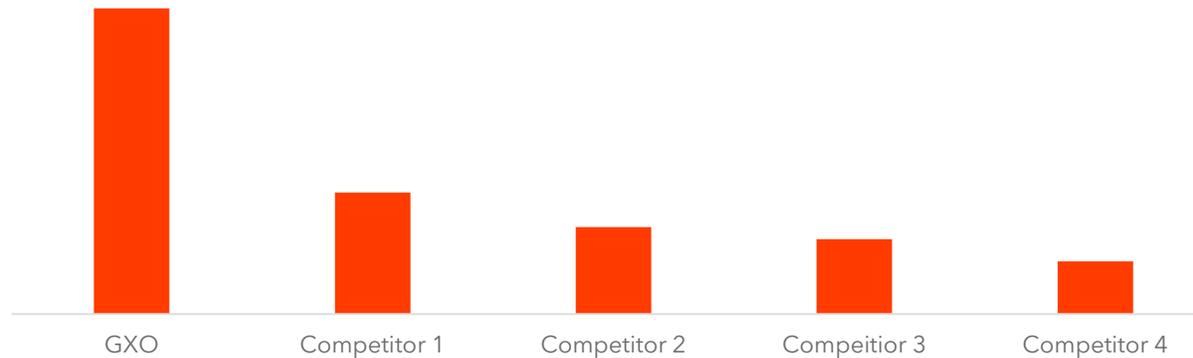
of GXO's focus is on contract logistics - making us **agile, focused** and **customer centric.**

**GXO is the only pure-play provider with global scale.**

**% of revenues from contract logistics of top-5 market participants<sup>2</sup>**



**2021 revenue vs. pure-play peers<sup>2</sup>**



**#1 in:**

- UK
- Netherlands

**#2 in:**

- US

**#3 in:**

- France
- Spain
- Italy

1. Excludes Clipper acquisition  
2. Peers include: Deutsche Post, Kuehne & Nagel, Ryder, CMA-CGM, ID Logistics, Wincanton, Elanders

# The GXO Difference: Our trusted expertise

**Executive-led  
engagement**

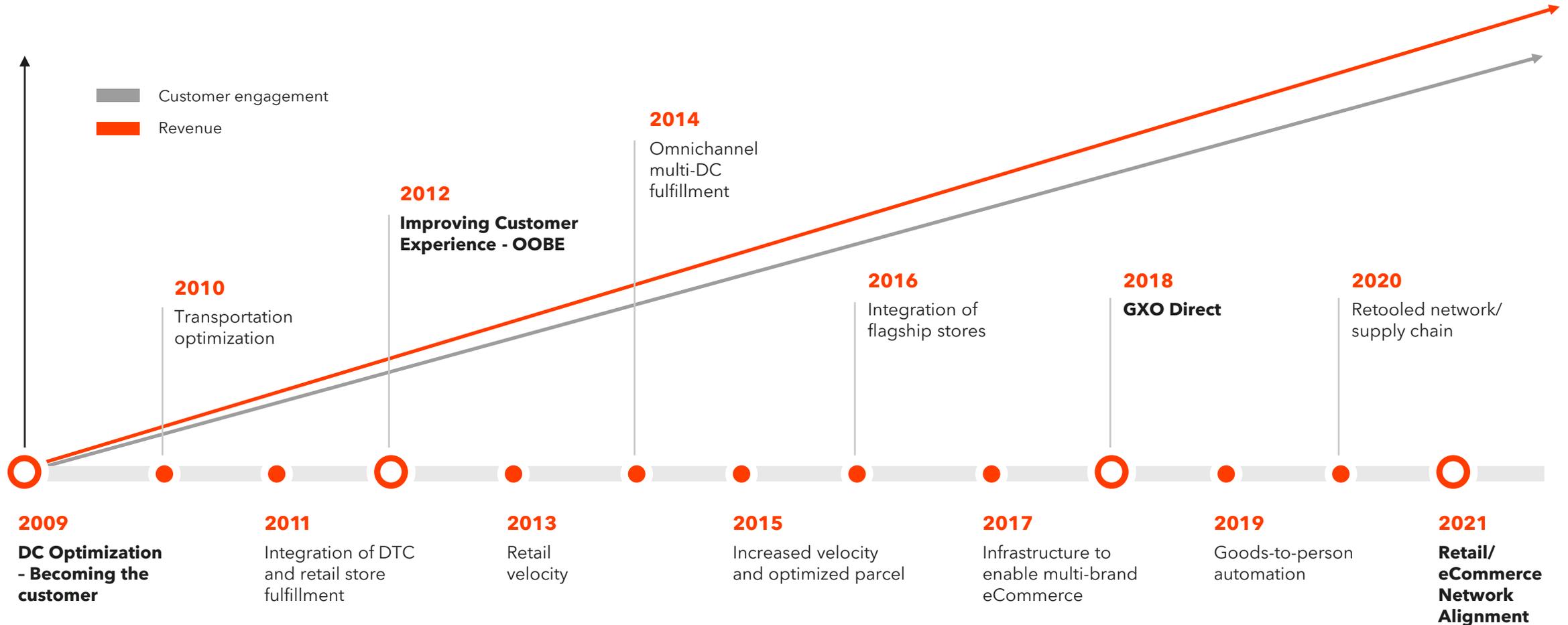
**Unmatched depth of  
industry knowledge**

**Proven implementation  
playbook**



# The GXO Difference in action

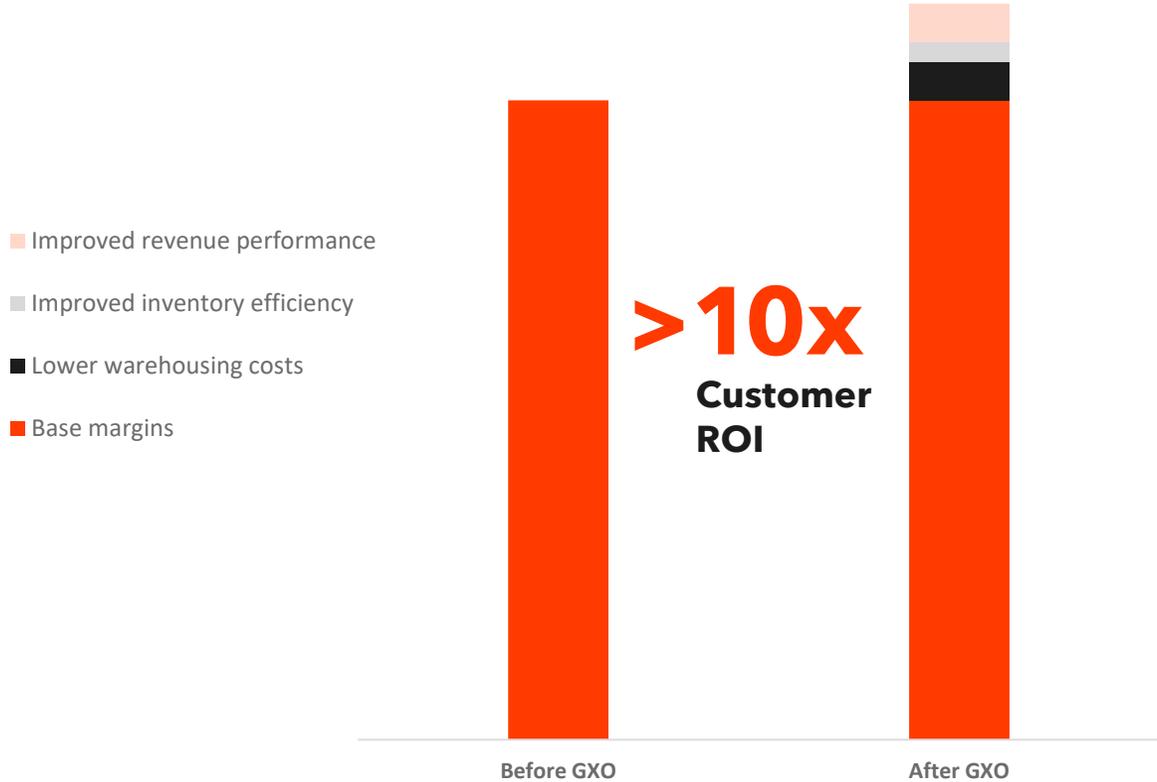
An **American multinational client** initially came to GXO looking for a DC Optimization project. After a successful initial project, our relationship with the client has expanded through many innovative new projects to optimize their supply chain network.



# The GXO Difference drives shareholder value

GXO enables customers to realize higher margins...<sup>1</sup>

...creating a flywheel effect.



<sup>1</sup> Illustrative example based upon sample of GXO contracts.  
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**The GXO Difference**



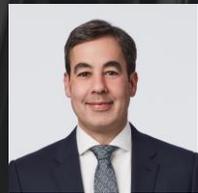
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**How GXO wins with ESG**



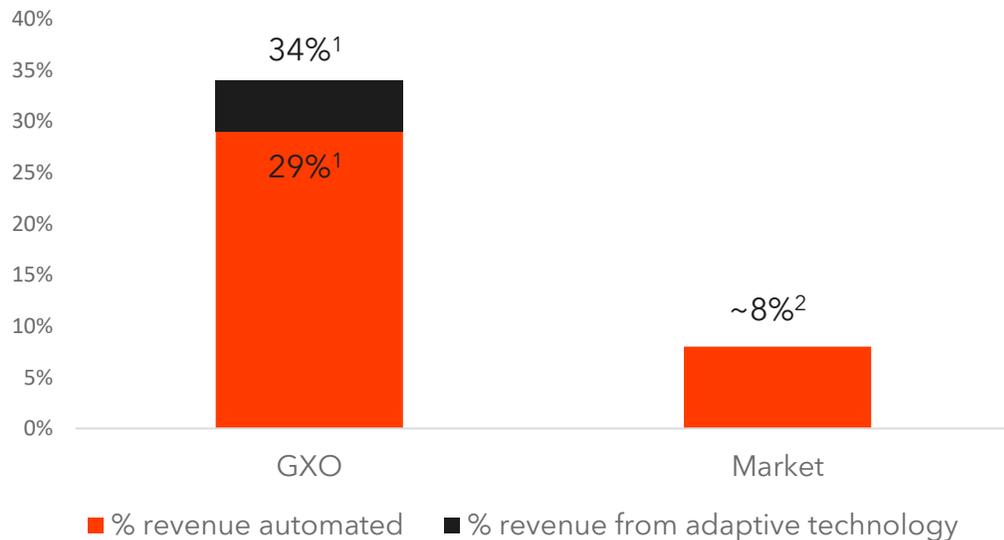
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**Drivers of shareholder value creation**

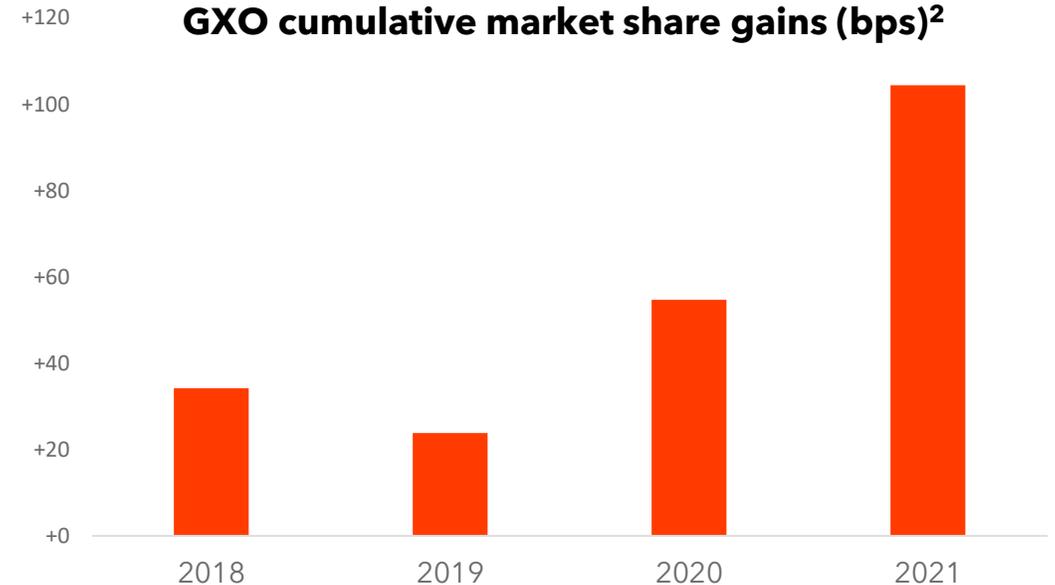
# Our automation leadership drives new business wins.

Our continuous investment in technology underpins our market share gains.

### GXO leads industry automation levels



### GXO cumulative market share gains (bps)<sup>2</sup>



# We create enormous value for our customers.<sup>1</sup>

**~50%**

Reduction in  
variable costs

**~10%**

Improved order  
accuracy

**~60%**

Reduction in  
inventory wastage

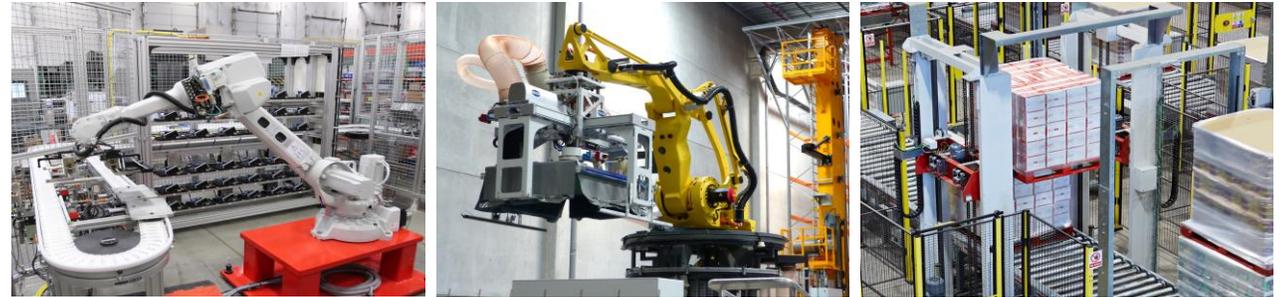
**Better customer outcomes =  
faster growth and higher margins.**

# The three components of GXO's technological advantage

## 1) Large-scale automation

**Expertise:** Industry leader in automated sites

**Differentiation:** Composite solutions based on multiple providers



## 2) Adaptive technology

**Expertise:** Scalable network effects; greenfield and retro-fit opportunities

**Differentiation:** Purchasing scale provides material cost advantages



## 3) Software

**Expertise:** Ability to scale learnings across solutions and verticals provides a superior customer proposition

**Differentiation:** Flexibility of customer integrations



# Automation: We're an industry leader in large infrastructure automation

## By the numbers<sup>1</sup>

- Project capex  
**\$10M-\$50M**  
on automation alone
- Startup time  
**12-18 months**

## GXO's advantages

- 1 Large infrastructure designed and built from day one, with majority of warehouse processes automated
- 2 Track record of standing up more automated warehouses than any other 3PL
- 3 Ability to leverage scale, software expertise and hardware knowledge to provide the best customer benefits in the shortest time period

**Customer benefits<sup>1</sup>**  
**>50% reduction**  
in cost per unit

Goods-to-person results in  
**4x productivity increase** vs. manual processes

**~50% improvement**  
in inventory efficiency

# Adaptive Tech: Our modular technology solutions optimize operations, reduce costs and improve safety

## By the numbers

- Project capex<sup>1</sup>  
**\$400-\$40K**
- Startup time  
**days to weeks**
- **~7,600**  
pieces of adaptive technology in operation at the end of 4Q 2022

## GXO's advantages

- 1 Small, flexible technology that can be retroactively fitted and focused on a specific warehouse process
- 2 Replicable across sites, driving continuous improvement
- 3 GXO gains a **>50% discount<sup>1</sup>** vs. retail prices on modular adaptive technology

## Customer benefits<sup>1</sup>

Machine vision tech drives an **~8% increase** in processing speed vs. manual processes

Cobots drive a **>2x increase** in productivity vs. manual processes

# Software: Customizable proprietary solutions and third-party integrations make it easy to manage customer data

## By the numbers<sup>1</sup>

- Project capex  
**\$80K-\$10M**
- Startup time  
**4 weeks-12 months**
- **6x** software complexity level of highly automated facilities

## GXO's advantages

- 1 Scaled cloud infrastructure, providing customers a more resilient service
- 2 Improved speed to market and ability to start up new customers on the GXO platform
- 3 Expertise across more processes and system/automation integrations than any other player
- 4 Scalable across, geographies, verticals and processes

## Customer benefits

- 1 More resilient warehouse performance
- 2 Ability to incorporate a wider range of automation and tech to meet customer needs
- 3 Implementation of new automation and warehouse startups reduced **from months to weeks**
- 4 Ability to support customer ambitions globally via repeatable system integrations



INBOUND

INBOUND STAGING

STORAGE

PICKING

PACKING

OUTBOUND STAGING

OUTBOUND

# Warehouse transformation drives productivity improvements

Productivity benefits achievable by stage —————>

Inbound staging

**2-3x**



Storage

**2-3x**



Picking

**4x**



Packing & sortation

**2-4x**



Outbound staging

**2x**



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**Bill Fraine**  
Chief Commercial Officer

**The GXO Difference**



**Marv Cunningham**  
Chief Operating Officer - Americas & Asia Pacific

**GXO's technology advantage**



**Richard Cawston**  
President - Europe

**Business overview & key verticals**



**Eduardo Pelleissone**  
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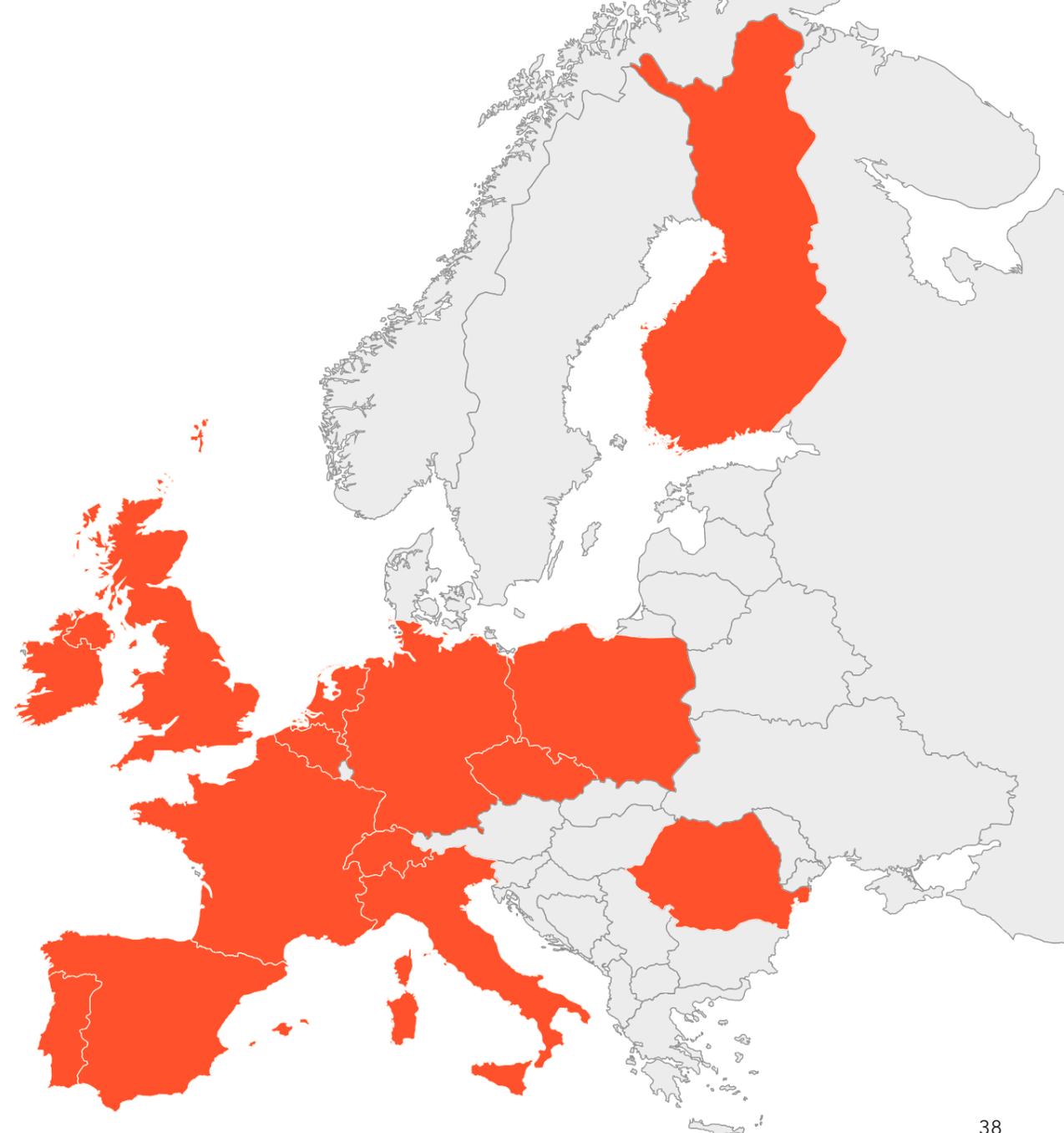
**Baris Oran**  
Chief Financial Officer

**Drivers of shareholder value creation**

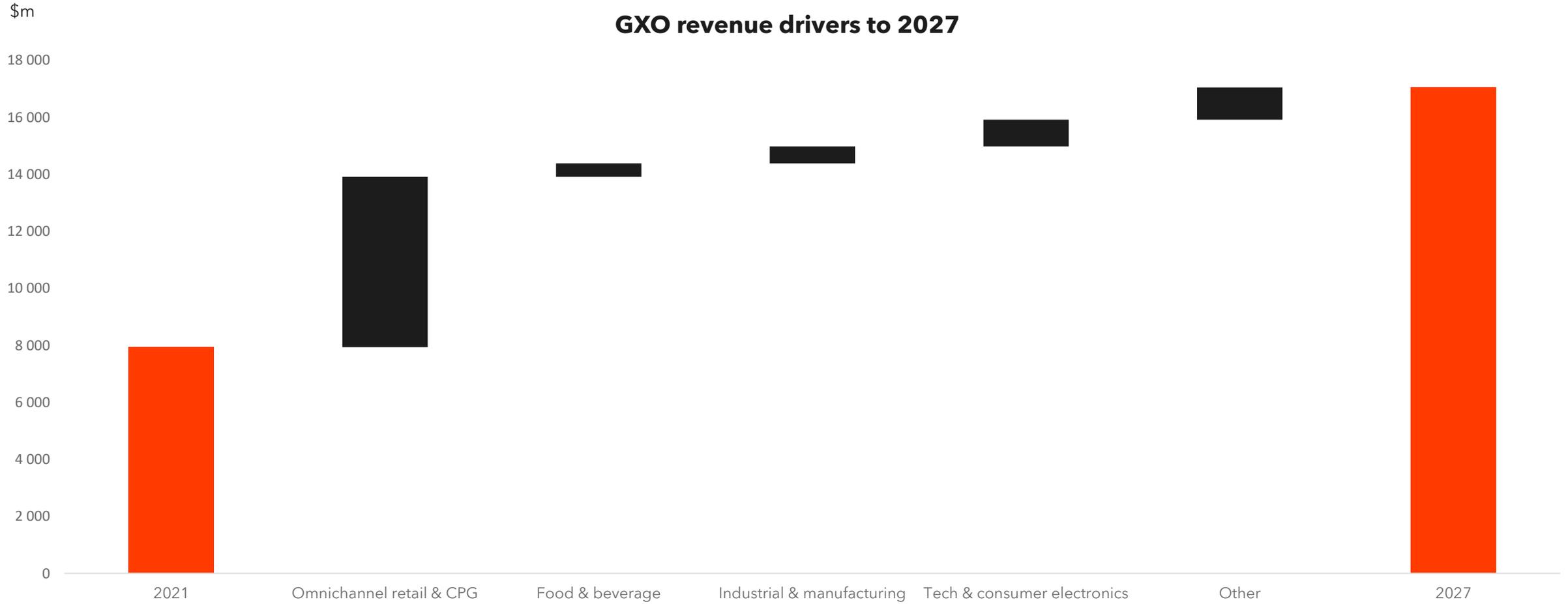
# GXO Europe overview

# \$221 billion

2021 TAM<sup>1</sup>



# Our core verticals



# Vertical overview: Omnichannel retail & CPG

## By the numbers today

**~9%<sup>1</sup>**

GXO 2021 market share

**~39%<sup>1</sup>**

% TAM outsourced 2021

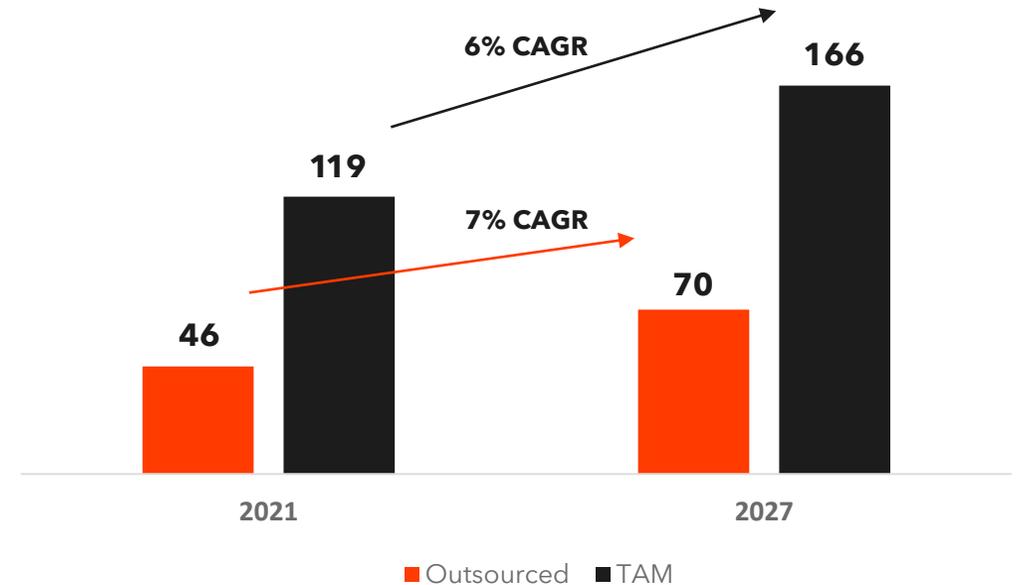
**\$3.9B**

GXO 2021 revenue

**7% CAGR<sup>1</sup>**

Outsourced revenue 2021-2027

## Market opportunity (\$B)<sup>1</sup>



# Market overview: Omnichannel retail & CPG

## Key drivers & opportunities

- eCommerce penetration rising to 29.2% by 2027, vs. 19.7% in 2021<sup>1</sup>
- eCommerce warehousing revenue multiplier: 3x activity vs. wholesale facilities
- Increased adoption of automation to handle high-volume, high-velocity warehouses
- Reverse logistics: More eCommerce items are returned, while outsourcing of reverse logistics is less developed than wider contract logistics

## Market challenges

**~40%<sup>1</sup>**

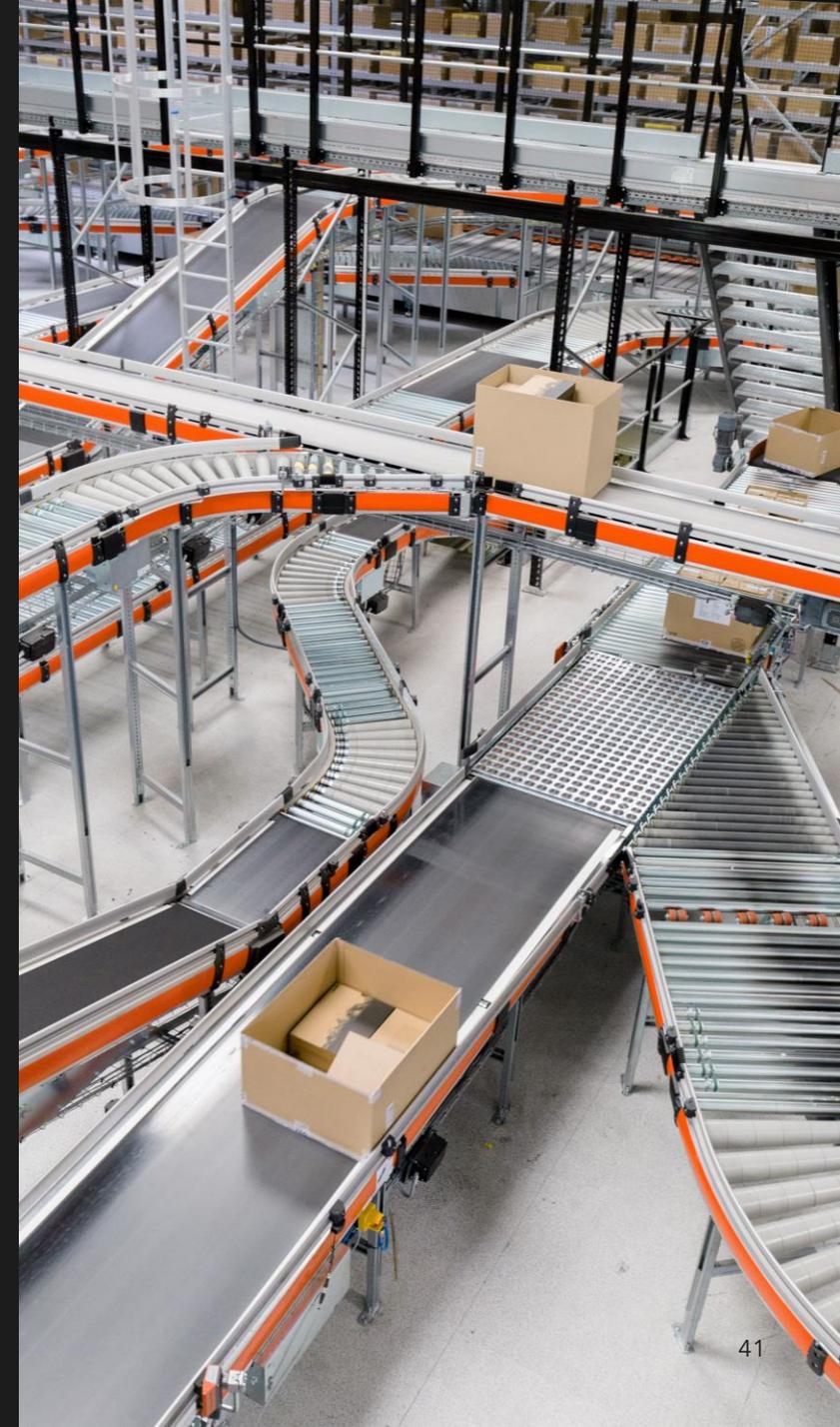
Inventory discounted by retailers

**~30%<sup>1</sup>**

eCommerce items returned

**~25%<sup>1</sup>**

Returned items sent to landfill



# The GXO Difference: Omnichannel retail & CPG

## Technology

Necessary breadth of product offering and speed to market necessitate automation

Customer financial performance linked to efficient inventory management

34% of 3Q 2022 revenue automated

**>50%** reduction in variable warehousing costs<sup>1</sup>

## Scale

~\$4B of 2021 revenue

252 sites around the world<sup>2</sup>

**+2-6pts** of EBITDA margin<sup>1</sup>

## Expertise

>40 years of experience

Leader in reverse logistics capabilities

Flexible offering via GXO Direct

Strong ESG credentials

Ability to share learnings across GXO's portfolio of sites

**~50%** reduction in inventory per product line<sup>1</sup>

# GXO in action: eCommerce apparel

## Situation

- Large global apparel customer
- Existing warehousing solution resulted in orders with long lead times, causing consumers to order from wholesale channels - which, in turn, reduced the customer's margins.

## GXO solution

- GXO reduced variable costs through cobot implementation and mezzanine extension, allowing for an additional SKU range.
- Returns processing time reduction to 48 hours, down from one week, coupled with next-day delivery, drove Net Promoter Score improvement.
- As a result of these outcomes, the customer subsequently awarded GXO a site in North America.

### GXO impact on apparel retailer:

↓ **40%** reduction in inventory per SKU

↓ **34%** reduction in variable costs

↑ **45%** increase in Net Promoter Score

# GXO in action: Reverse logistics

## Situation

- The average eCommerce apparel company has approximately 1/3 of products returned.
- Processing costs can be prohibitive, resulting in ~25% of returned products ending up in a landfill.

## GXO solution

- Accelerate processing to offer products for re-sale as soon as possible.
- Reduce the cost of handling, remove errors and drive faster inventory turnover.
- Offer repair services.

### GXO impact on returns:

**> 96%** of returns resold, avoiding landfills

**↑ 28%**<sup>1</sup> increase in revenue from returned product

**↑ 60%**<sup>1</sup> increase in gross profit from returned product

# Vertical overview: Food & beverage

## By the numbers today

**~10%<sup>1</sup>**

GXO 2021 market share

**~13%<sup>1</sup>**

% TAM outsourced 2021

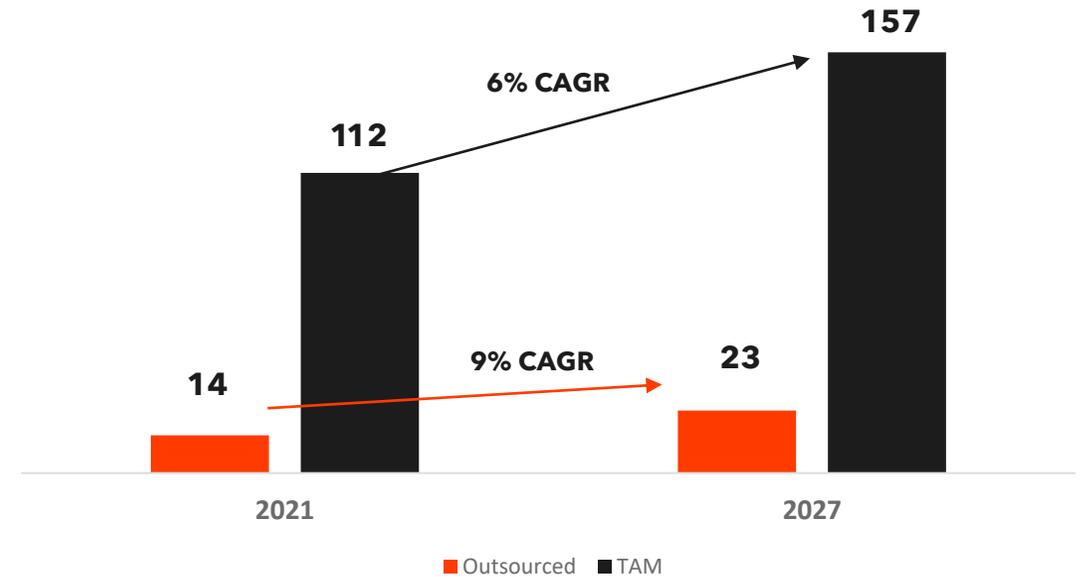
**\$1.3B**

GXO 2021 revenue

**9% CAGR<sup>1</sup>**

Outsourced revenue 2017-2021

## Market opportunity (\$B)<sup>1</sup>



# Market overview: Food & beverage

## Key drivers & opportunities

- Focus on reducing food waste and inefficiency
- Continued customer focus on costs
- Rising outsourcing as complexity increases
- Historically labor-intensive industry

## Market challenges

~4%<sup>1</sup>

product wastage at average food & beverage company

~3%<sup>1</sup>

of sales spent on warehousing by average food & beverage company



# The GXO Difference: Food & beverage

## Technology

Homogenous product offering enables high degree of automation

Technology improves accuracy of processes, reducing variable costs

18% of revenue automated

**>50%** reduction in variable warehousing costs<sup>1</sup>

## Scale

>\$1B 2021 revenue

153 sites around the world<sup>2</sup>

**>60%** reduction in inventory wastage within the warehouse<sup>1</sup>

## Expertise

25 years of experience

Leader in reverse logistics capabilities

Strong ESG credentials

Ability to share learnings across GXO's portfolio of sites

**+ ~2pts** of EBITDA margin<sup>1</sup>

# GXO in action: Global food group

## Situation

- Customer facing rising costs due to an inflationary environment
- Multiple small, entirely manual, warehouses
- Order inaccuracy and stock shrinkage contributing to margin drag

## GXO solution

- GXO combined all warehousing into one fully automated facility.
- Highly automated solution reduced variable costs and improved picking accuracy.
- Improved inventory management drove faster turnover of certain product lines, and inventory accuracy in others.

## GXO impact on global food group:

↑ **150%** increase in productivity<sup>1</sup>

↑ **1.5%** improvement in order accuracy

↓ **60%** reduction in variable costs

↓ **67%** reduction in inventory wastage

# Our agenda today



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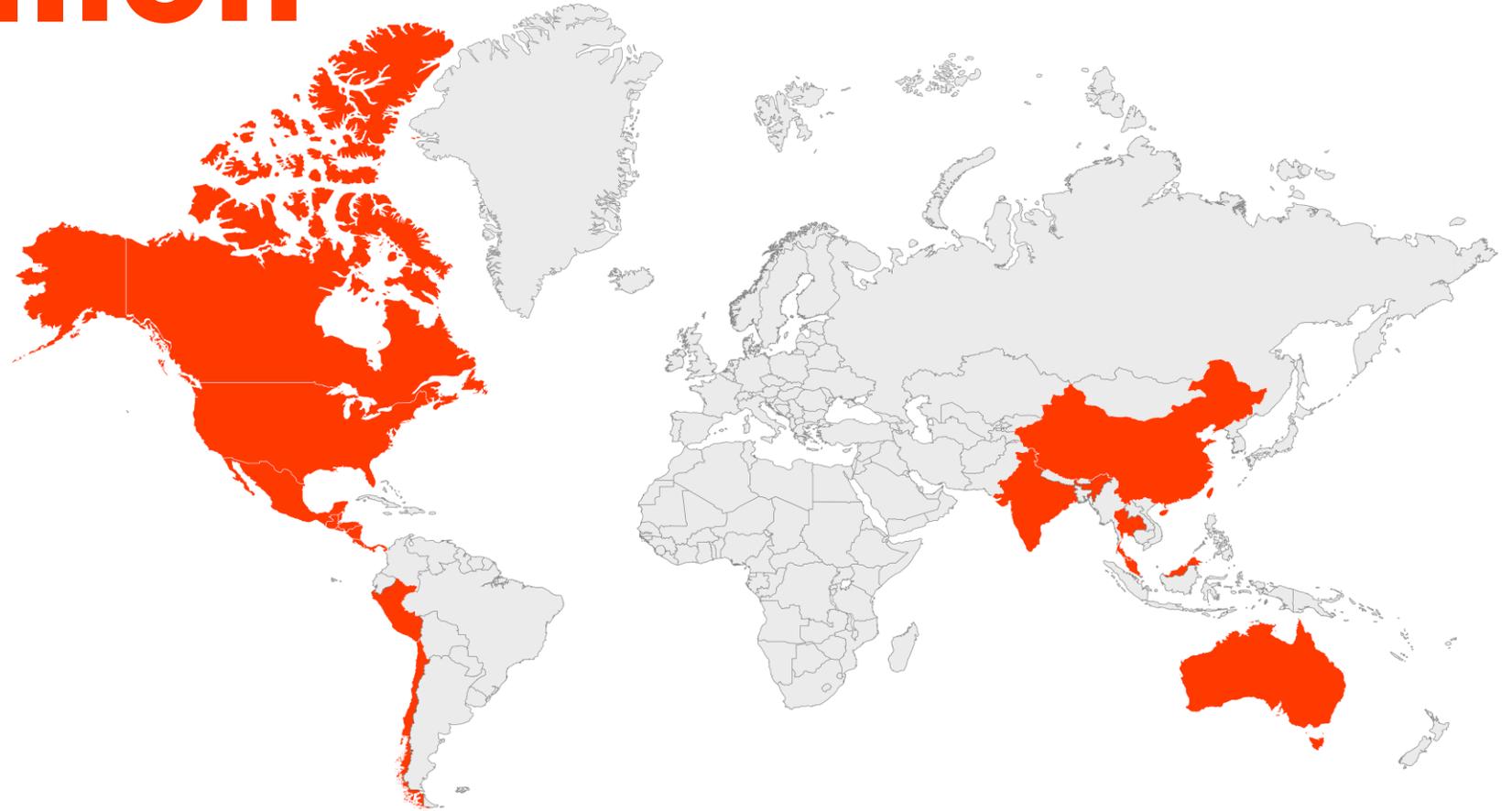
**Baris Oran**  
Chief Financial Officer

**Drivers of shareholder value creation**

# GXO Americas and Asia Pacific Overview

# \$235 billion

2021 TAM<sup>1</sup>



1. Based upon third-party research for North America only

# Vertical overview: Industrial & manufacturing

## By the numbers today

**~1%<sup>1</sup>**

GXO 2021 market<sup>2</sup> share

**~39%<sup>1</sup>**

% TAM outsourced 2021

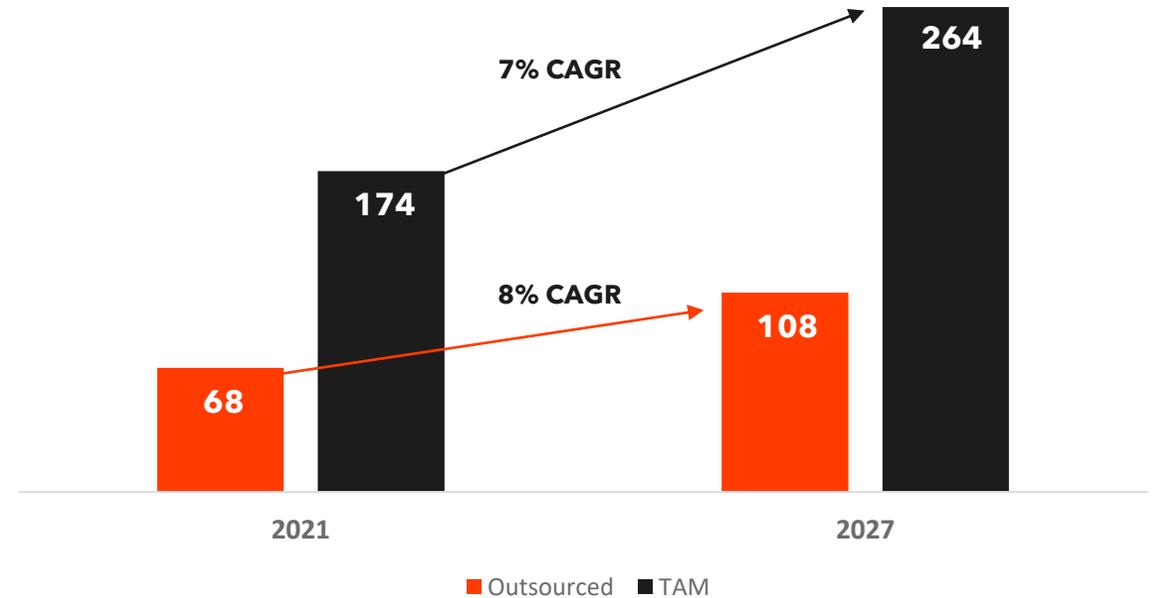
**\$1.0B**

GXO 2021 revenue

**8% CAGR<sup>1</sup>**

Outsourced revenue 2017-2021

## Market opportunity (\$B)<sup>1</sup>



# Market overview: Industrial & manufacturing

## Key drivers & opportunities

- Stringent regulatory requirements
- Inflationary pressures
- System complexity
- Supply chain complexity
- Nearshoring

## Market challenges

**3-24 months<sup>1</sup>**

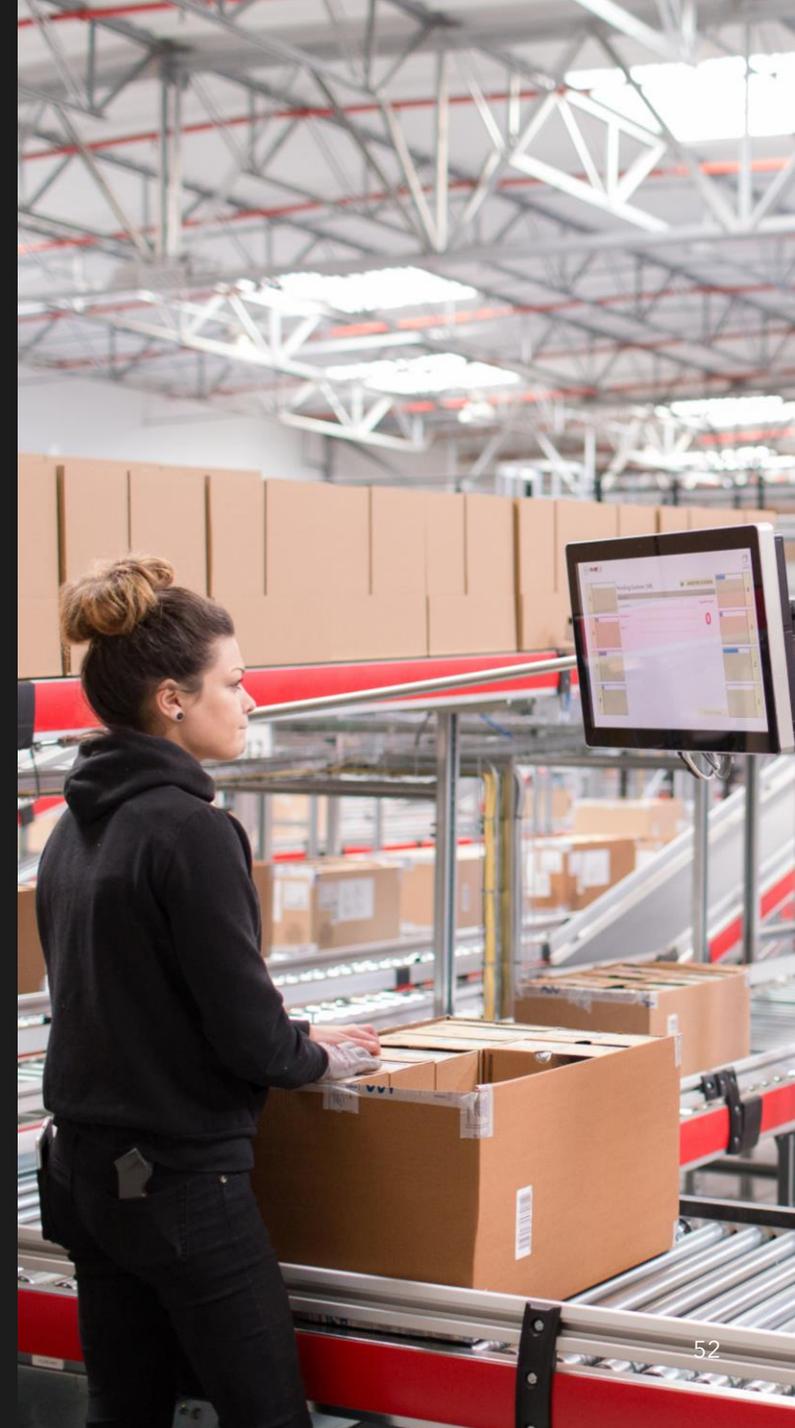
manufacturing lead times create duration mismatch between fast-moving end-market demand and slower-moving supply chains

**> 10,000<sup>1</sup>**

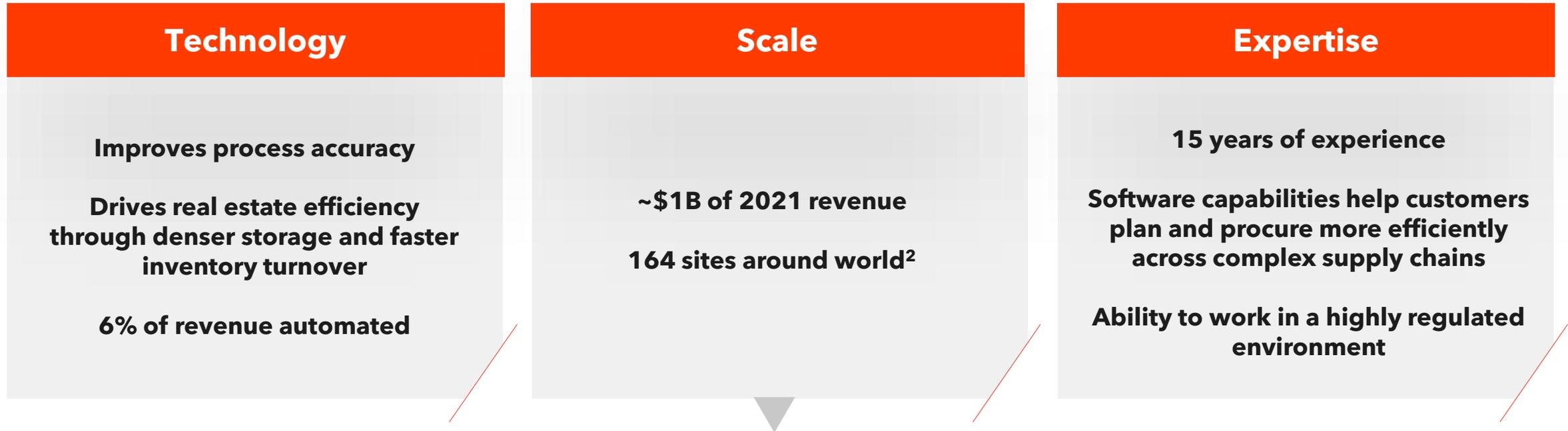
components parts sourced from supply chain

**~ 10%<sup>2</sup>**

inventory inaccuracy



# The GXO Difference: Industrial & manufacturing



**50%** reduction in variable warehousing costs<sup>1</sup>

**+1-2pts** of EBITDA margin<sup>1</sup>

1. Illustrative example based upon sample of GXO contracts.

2. Excludes Clipper acquisition

# GXO in action: Aerospace manufacturer

## Situation

- A major aerospace customer asked GXO to help reduce their overall footprint, increase efficiency and improve overall quality while maintaining just-in-time delivery and inventory accuracy.

## GXO solution

- GXO deployed industrial and facility engineers, IT personnel, program management and other resources to develop an inline system of storing, picking and kitting of standards (fasteners) to meet increased demand.
- GXO deployed various automation, including Vertical Lift Modules, to reduce the warehousing space.
- GXO also deployed cobots, driving higher labor productivity and process accuracy.
- Given the success of the GXO solution, we've secured further contracts with the customer.

## GXO impact on customer:

↑ 3x

improvement in picking efficiency

↓ 60%

reduction in labor needs

↓ 70%

space requirement

# Vertical overview: Tech & consumer electronics

## By the numbers today

**~22%<sup>1</sup>**

GXO 2021 market share

**~18%<sup>1</sup>**

% TAM outsourced 2021

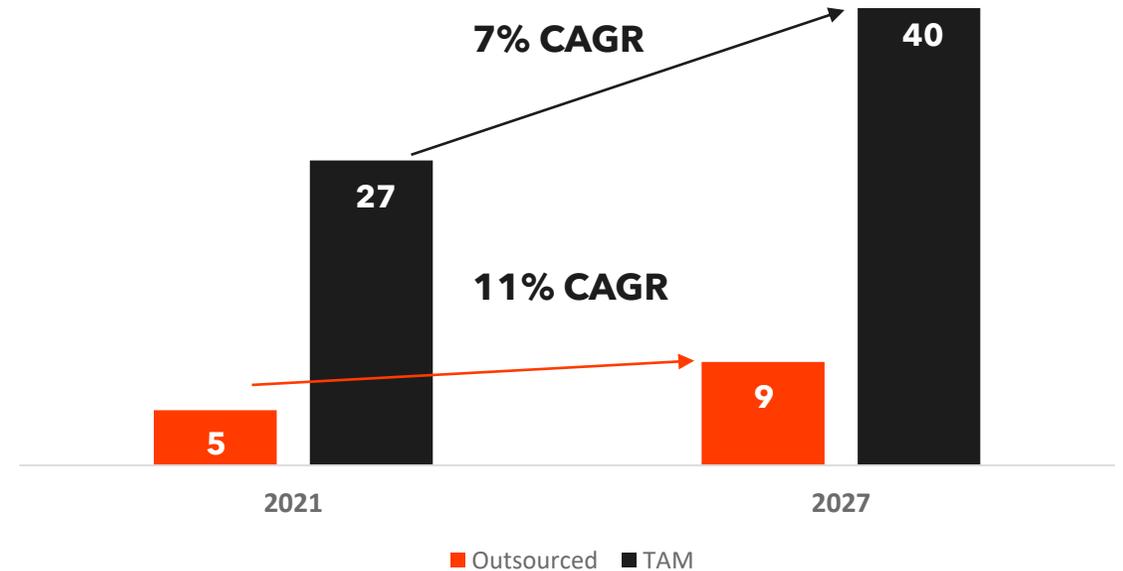
**\$1.1B**

GXO 2021 revenue

**11% CAGR<sup>1</sup>**

Outsourced revenue 2017-2021

## Market opportunity (\$B)<sup>1</sup>



# Market overview: Tech & consumer electronics

## Key drivers & opportunities

- Unattractive retail economics of dealing with electronic returns
- Rising outsourcing as complexity increases
- Nearshoring
- Reverse logistics and e-Waste

## Market challenges

**~\$25B<sup>1</sup>**

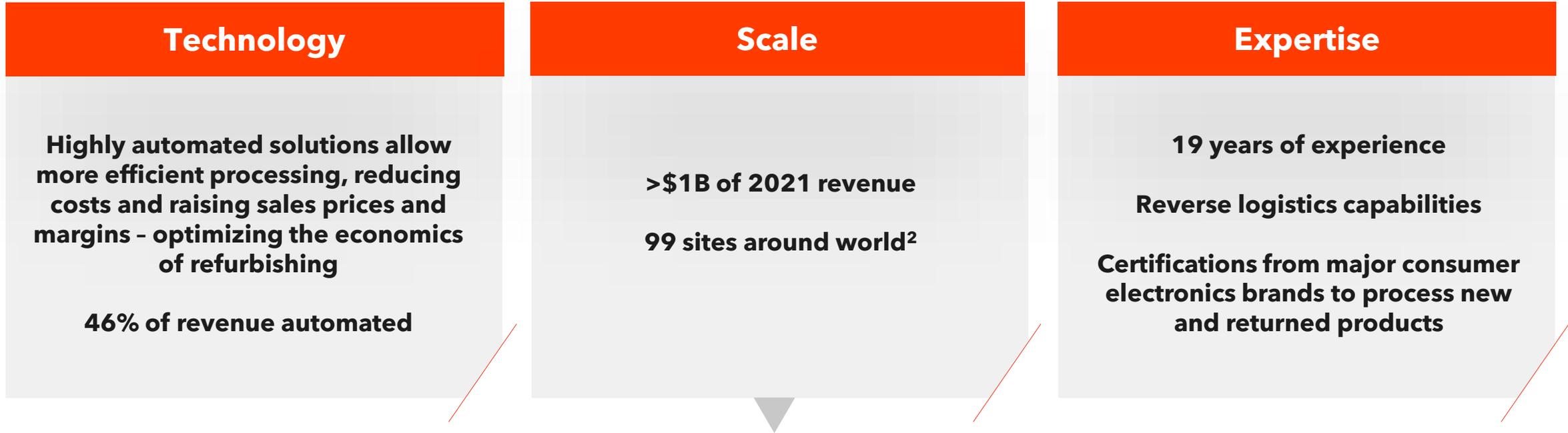
of capital tied up in ~300M returned cellphones annually in Europe and North America

**Only 17%<sup>1</sup>**

of electronic waste is formally collected and recycled due to unfavorable economics



# The GXO Difference: Tech & consumer electronics



**~30%** reduction in variable warehousing costs<sup>1</sup>

**+1-2pts** of EBITDA margin<sup>1</sup>

# GXO in action: Tech & consumer electronics

## Situation

- Long-term GXO customer was seeing a high return rate on consumer electronics products.
- Cost of processing the items was high, and the failure to manage returns was generating e-waste and emissions.
- Attractive profit pool if the process could be managed efficiently.

## GXO solution

- By leveraging data and applying consistent testing processes, GXO maximizes the resale value of refurbished electronics by prioritizing the most profitable items first.
- GXO's solution improves the economics of refurbishing handsets by reducing variable costs of handling the items within the warehouse.

### GXO impact on customer:

↓ **35%** Reduction in variable costs

↓ **89%<sup>1</sup>** Reduction in emissions for each re-used item

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## Environmental



**30%**

GHG emissions (Scopes 1&2) reduction by 2030 vs. 2019 baseline



**80%**

Global landfill diversion rate by 2025



**100%**

Carbon neutral (Scopes 1&2) by 2040



**80%**

Global operations using LED lighting by 2025



**50%**

Renewable energy globally by 2030



## Social

Being an **employer of choice** and creating a **safe workplace** is critical to reducing turnover and increasing productivity.



## Governance

- **Global Risk Committee** enhances Enterprise Risk Management (ERM)
- **'Speak Up'** program
- **Cybersecurity** controls and operating processes align to **ISO27001**
- **Board of Directors** is 50% **female** and 75% **independent**



# ESG guides our business

Investors



**Employees**



Customers



Industry-leading **safety** record

**Grow at GXO** participation driving  
~**10%** increase in retention

**7** inclusion-based **Business Resource  
Groups** launched in 2022

Continued expansion of **ESG  
Ambassador** program



**The majority of our employees are highly satisfied  
with their jobs as of our Q4 global pulse survey.**

# The GXO Difference: ESG creates more value for customers

1

One site powered by solar also provides over 7,600 MWh of energy back to the grid per year, and **total CO<sub>2</sub>e savings of 5,620 tons annually.**

2

Reduction of packaging at one fashion retailer site resulted in annual reductions of:

- **Transportation cost by 27%,** and
- **CO<sub>2</sub>e of 2.7 tons.**

3

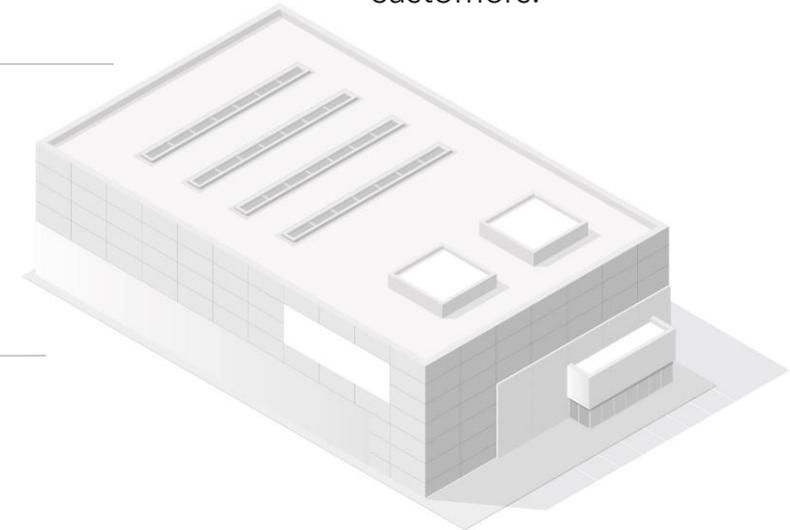
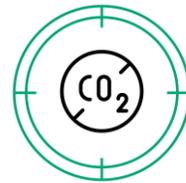
We're operating **multiple zero-waste sites**, with our first undergoing certification by Green Buildings Certification International.

4

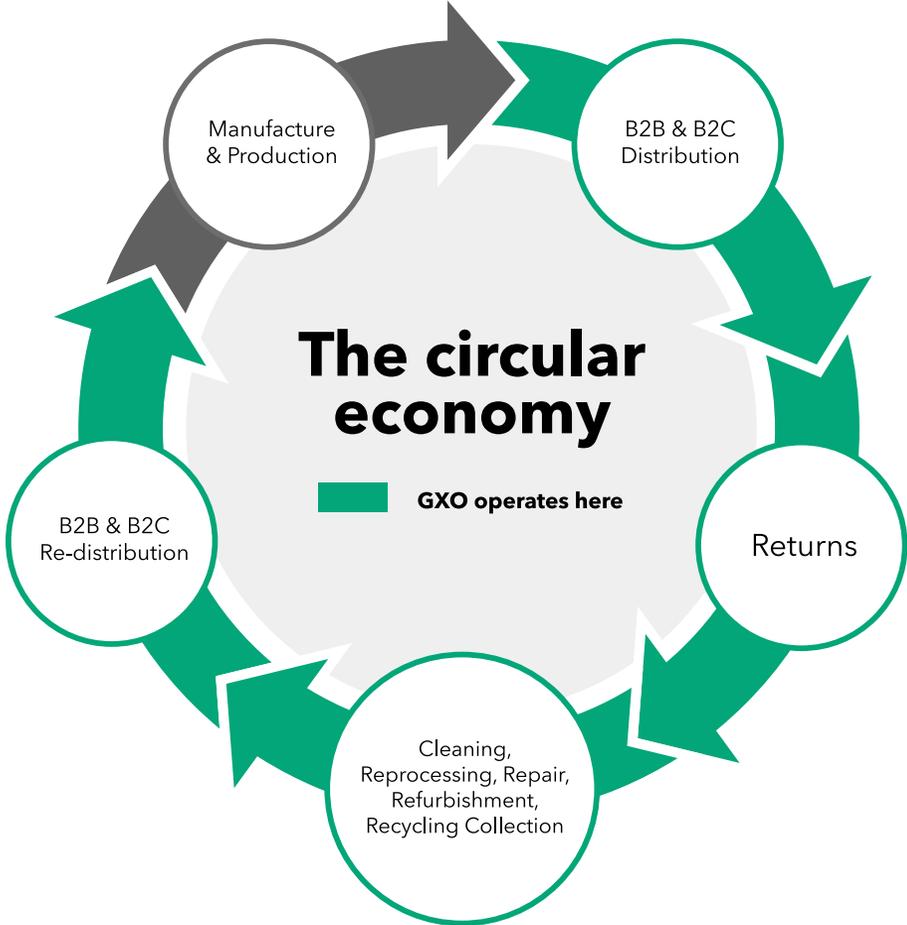
We're driving a **58% reduction of net emissions and \$12-13M in savings** starting in 2023 by managing distribution for a global technology provider.

5

We've reduced the volume of plastic pallet shrink wrap across numerous sites, **completely offsetting plastic tax costs** and **driving additional savings** for UK customers.



# Enabling the circular economy



## Our impact:

**\$30K and 440+ tons CO2e**

costs saved and emissions avoided when helping a customer convert expired medical gowns into grocery bag totes

**47.7 tons**

polyethylene waste captured for recycling on behalf of an Italian luxury fashion brand in 2022

**~30.4 tons**

materials refurbished by GXO employees since 2019 for a major US home appliance manufacturer

**>550K**

electronic items refurbished or recycled in 2022 through legacy Clipper operations alone



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# Key drivers of GXO's organic value creation

**1** High-quality growth through contracts that are **resilient** and **cash-generative**, and **provide high returns**

2021 results

**\$8B**

Revenue



**8-12%**

6-year organic average annual revenue growth range<sup>1</sup>



2027 outlook

**~\$17B**

Revenue

**2** Driving **productivity**, at the **site** level and in **overall support structure**

2021 results

**\$0.6B**

Pro forma adjusted EBITDA<sup>1</sup>



**17%**

CAGR



2027 outlook

**~\$1.6B**

Adjusted EBITDA<sup>1</sup>

<sup>1</sup> Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.

# High-quality growth: Diversified, contracted, blue chip

**Resilient,  
duration-matched  
contractual  
relationships**

**~5-year**  
average  
remaining  
lease length<sup>1</sup>

**Pricing driven by  
contractual  
relationships, not  
supply /demand**

**~5-year**  
average  
contract length<sup>2</sup>

**Diversified  
verticals, customers  
and geographies**

No customer  
represents  
more than **4%**  
of revenues<sup>2</sup>

**Blue-chip,  
investment-grade  
customer base**

**Vast majority** of  
our top 100  
customers with  
credit ratings are  
investment grade<sup>2</sup>

GXO works with  
**~30** of the  
Fortune 100<sup>2</sup>

# Resilient contracts generate predictable cashflows and returns

~45% of revenue<sup>1</sup>

### Open-book contracts:

- Cost-plus structure where all costs are passed through to customers with a mark-up
- Lower initial investment boosts operating return on invested capital, while EBITDA margins stay broadly fixed regardless of macro volatility



Two  
Contract  
types

~55% of revenue<sup>1</sup>

### Hybrid closed-book contracts:

- Partly cost-plus and partly fixed price
- Revenues matched to costs to protect margins from volume moves, with additional protection via inflation pass-through mechanisms
- Generally drive higher EBITDA margins and upside potential than open-book contracts

## Creating attractive economics for GXO

**Long-term, predictable revenues** with average contract duration of 5 years<sup>2</sup>

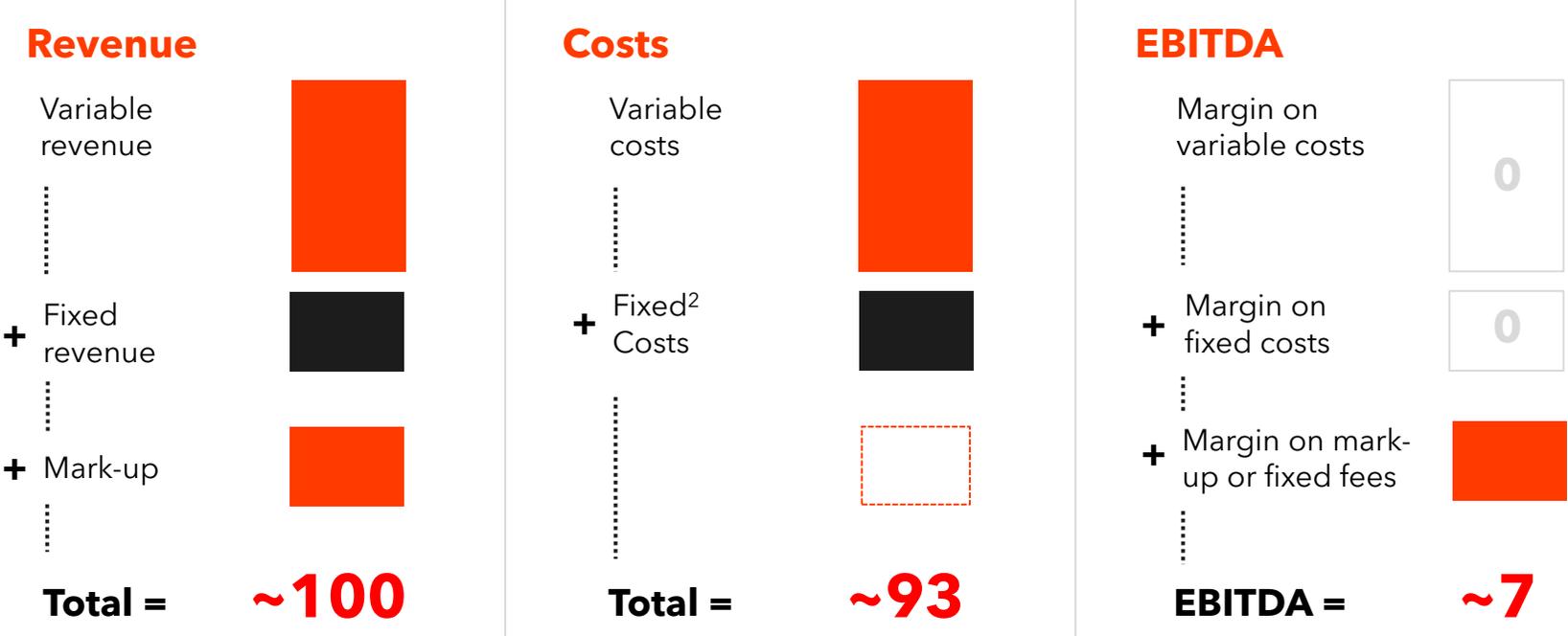
**Margins protected** by inflation pass-through mechanisms

**>30% return on operating invested capital<sup>3</sup>** with rigorous investment criteria

**Resilient cashflows** as a result of balanced risk-taking

1. Based on 3Q 2022  
2. Based on FY 2021  
3. Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information

# Example: Open-book contract<sup>1</sup>



### Open-book volume sensitivity

Volumes	-5%	0%	+5%
Revenue	-3.7%	0%	+3.7%
EBITDA margin	+0-20bps	-	-0-20bps

## Benefits

- Open-book margins are resilient to drops in activity, with all costs passed through to the customer with a mark-up.
- Margins stay broadly fixed; profitability is protected, regardless of the macro environment.
- Lower initial upfront cost boosts return on invested capital, while EBITDA margins are lower than hybrid-closed book contracts due to lower depreciation expense.

**Mark-up model:** Full variable cost base; margins remain constant irrespective of volumes.

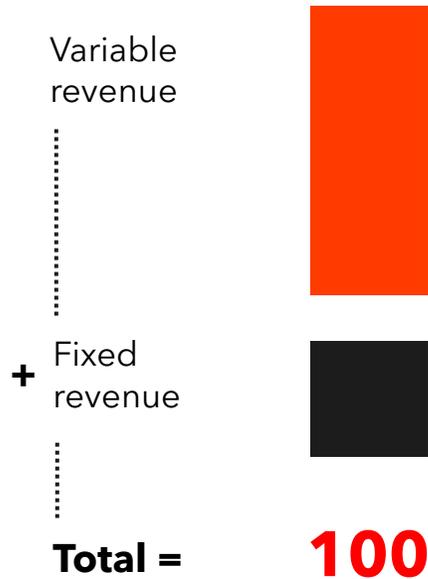
**Fixed-fee model:** Slight margin expansion as volumes contract; slight margin contraction as volumes increase.



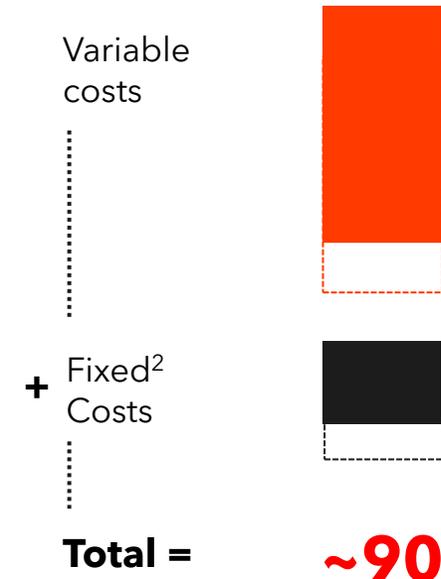
<sup>1</sup> Example is based on an illustrative contract and the analysis excludes any impact of seasonality. This is not representative of all contracts  
<sup>2</sup> Excludes depreciation.  
 ©2023 GXO Logistics, Inc.

# Example: Hybrid closed-book contract<sup>1</sup>

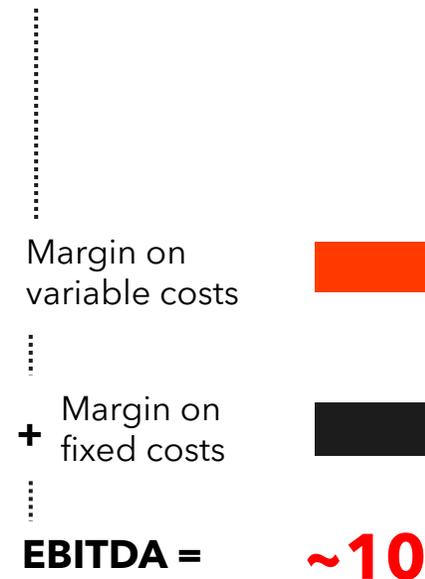
## Revenue



## Costs



## EBITDA



### Hybrid closed-book contract volume sensitivity

Volume	-5%	0%	+5%
Revenue	-3.8%	0%	+3.8%
EBITDA Margin	-30bps	-	+30bps

## Benefits

- Fixed and variable revenue closely matched to fixed and variable costs to protect margins from volume moves.
- Inflation escalators are included to pass through costs to the end customer.
- Higher depreciation expense due to higher upfront costs than open-book contracts, but also greater upside potential via contract outperformance.
- Continuous, tech-driven operational improvements boost margins throughout the life of the contract.

<sup>1</sup> Example is based on an illustrative contract and the analysis excludes any impact of seasonality. This is not representative of all contracts

<sup>2</sup> Excludes depreciation.

# Project-based >30% operating return on invested capital<sup>1</sup>

## Open-book

Revenue	~100
- Fixed and variable costs	
EBITDA	~7
- Depreciation	~1
EBITA	~6
- Tax	~1
NoPat	~5
Average PP&E	~3
+ Working Capital	~8
Invested Capital	11

Return on invested capital = ~40%

## Hybrid closed-book

Revenue	~100
- Fixed and variable costs	
EBITDA	~10
- Depreciation	~4
EBITA	~6
- Tax	~1
NoPat	~5
Average PP&E	~9
+ Working Capital	~8
Invested Capital	17

Return on invested capital = ~30%

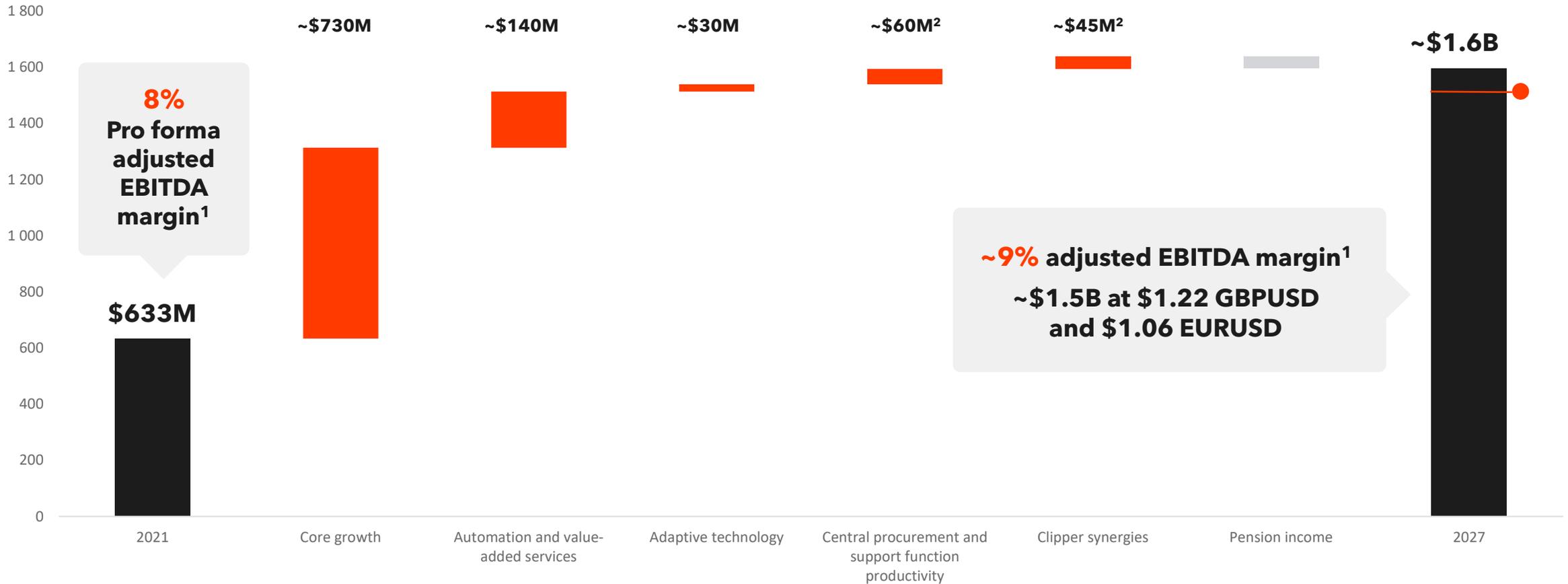
ILLUSTRATIVE

## Benefits

- Hybrid-closed book contracts have higher EBITDA margins than open-book contracts, reflecting higher upfront capital expenditure.
- Both contract types have similar EBITA margins.
- Reflecting the lower capital investment, open-book contracts have a higher return on invested capital.
- For both contract types, GXO targets a minimum floor of 30% average return on invested capital.

<sup>1</sup>This is based on illustrative contracts assuming five-year contract length, three-year payback on PP&E investment, receivable terms of 60 days and payment terms of 30 days. This is not representative of all contracts.

# 2027 Adjusted EBITDA outlook: Growth and efficiency



1. Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.

2. Based on GBPUSD of \$1.22

# Adjusted EBITDA growing faster than revenue<sup>1</sup>

## Automation & reverse logistics

Higher incremental margins on revenue growth (>9%) from 2021-2027, reflecting a higher level of automation and focus on higher-margin value-added services.

**>9% EBITDA margins on revenue growth**

## Adaptive technology

~\$30M EBITDA uplift from retro-fit opportunities for ~\$60M investment (>30% ROIC).

**~\$30M EBITDA uplift by 2027**

## Central efficiencies

\$60M uplift via optimization of:

- HR, finance and IT activities
- IT delivery model

**~\$60M EBITDA uplift by 2027**

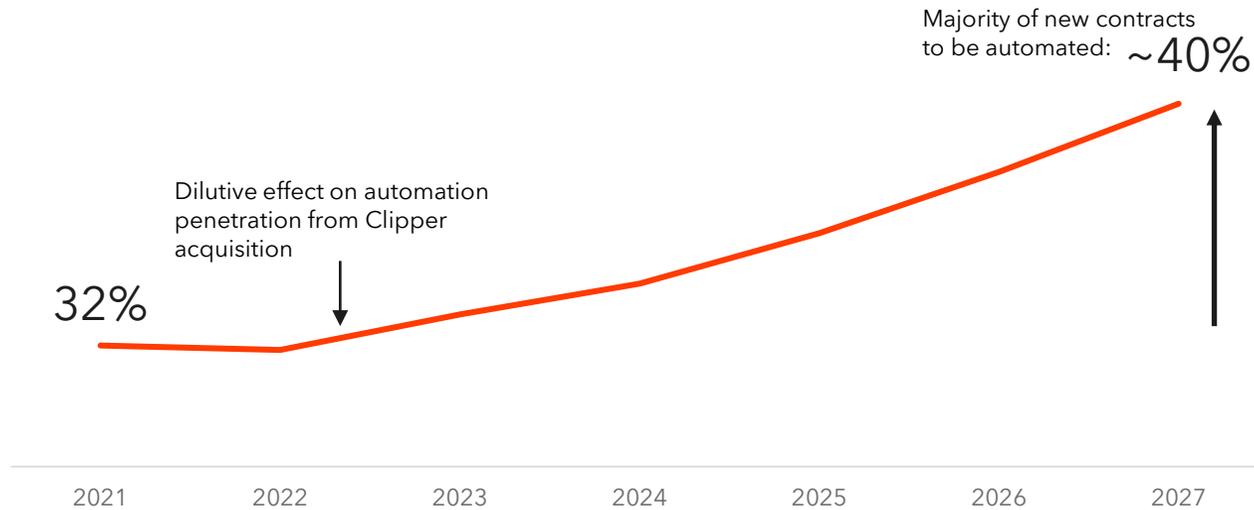
## Clipper cost synergies

Combine UK support functions, with major savings in procurement, IT and support functions.

**~£36M EBITDA uplift by 2025**

# 2027 Adjusted EBITDA margin outlook: Automation and mix

GXO % of automated revenue



**GXO to drive margins on revenue growth by focusing on differentiated and higher-value-add segments such as:**

- Automation
- Reverse logistics
- Other value-added services (including focus on consumer proximity)

**Automated contracts have +200bps margins on average.**

# 2027 Adjusted EBITDA margin outlook:

## Central efficiencies

### Economies of scale available for a larger pure-play contract logistics player:

- 1) Centralized approach to IT software, hardware and data center procurement
- 2) Standardized operating structures across verticals and focus on automating replicable processes
- 3) Streamlining processes in administrative functions such as payments and accounting
- 4) Global scale advantages across support functions

### Investment required to deliver savings:

- 1) Investment of ~\$80M expected from 2023
- 2) Exceeding GXO payback target of >30% return on invested capital

**~\$60M** of efficiencies expected by 2027

# 2027 Adjusted EBITDA margin outlook: Clipper synergies

- 1) Combining the UK support functions of Clipper and GXO and removing costs such as Clipper public company costs
- 2) Leveraging the support functions and infrastructure across the combined GXO and Clipper Continental European operations
- 3) Improving procurement and maintenance practices across the businesses
- 4) Other cost and procurement savings

**GXO also sees revenue synergy opportunities from cross-selling opportunities into new customers, geographies, verticals and services.**

**This is an earnings- and cash-flow-accretive deal, reflecting asset-light business model and low cost of financing.**

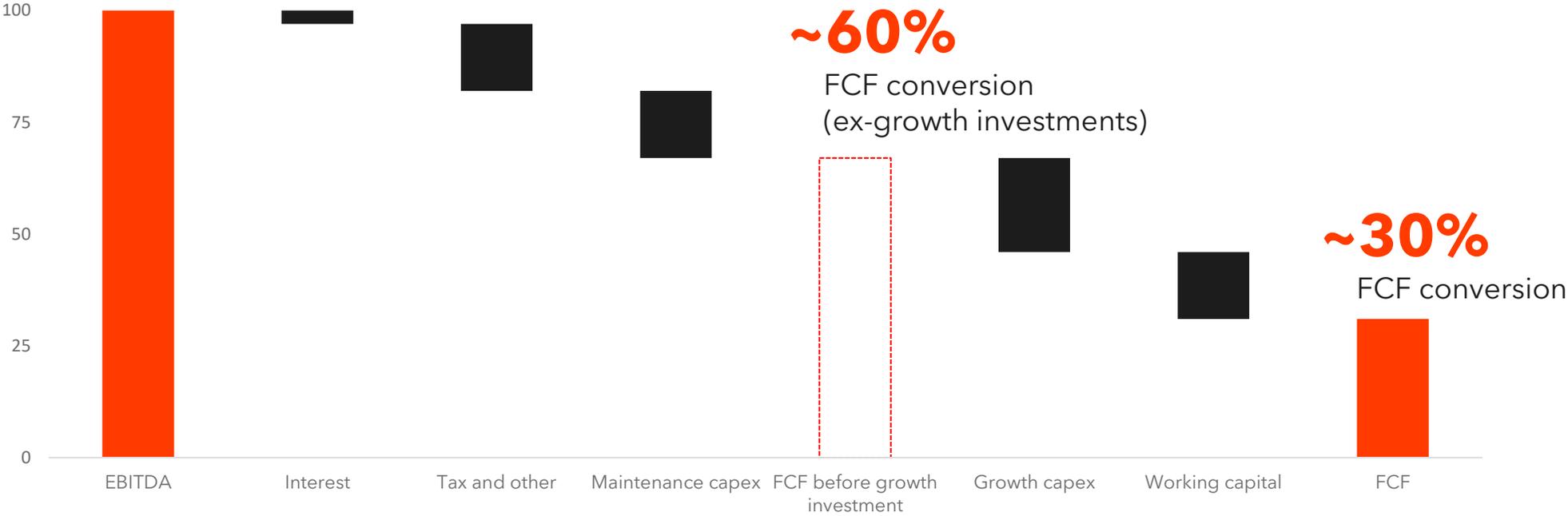
Source of cost synergies



- Combining UK support functions
- Leveraging support functions and infrastructure
- Procurement and maintenance
- Other cost and procurement savings

**£36M** of cost synergies expected within three years, following **£30M** of investment.

# Adjusted EBITDA → Free cash flow



**>\$2B<sup>1</sup>**  
 2021-2027 cumulative free cash flow

**~30%<sup>1</sup>**  
 FCF conversion by 2027

1. Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.  
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# Balance sheet financial flexibility:

>\$2B of balance sheet capacity by 2027

**Q3 2022:**

2.1x net debt/  
Adjusted EBITDA<sup>1</sup>

Cash generation drives  
balance sheet optionality

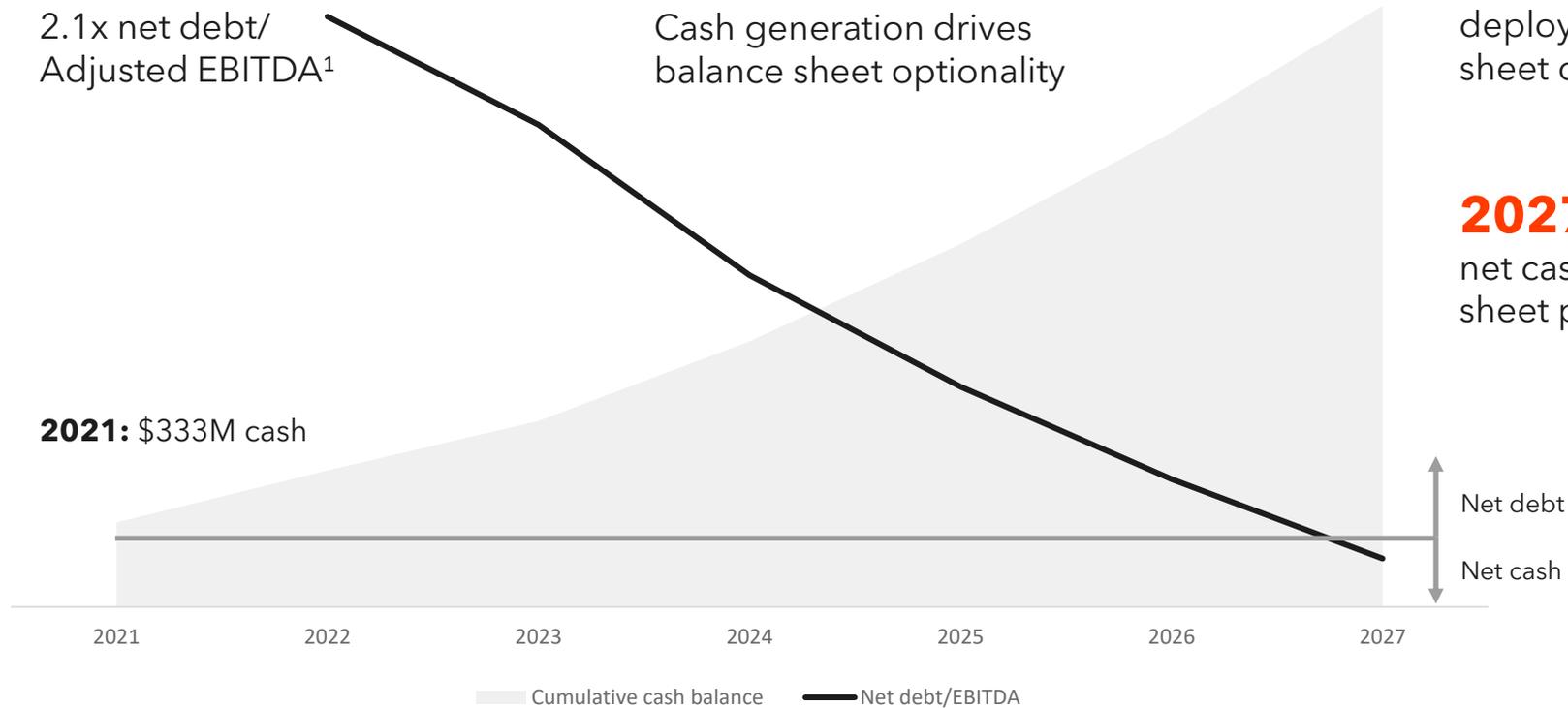
**>\$2B**

deployable balance  
sheet capacity by 2027

**2027 outlook:**

net cash balance  
sheet position

**2021:** \$333M cash

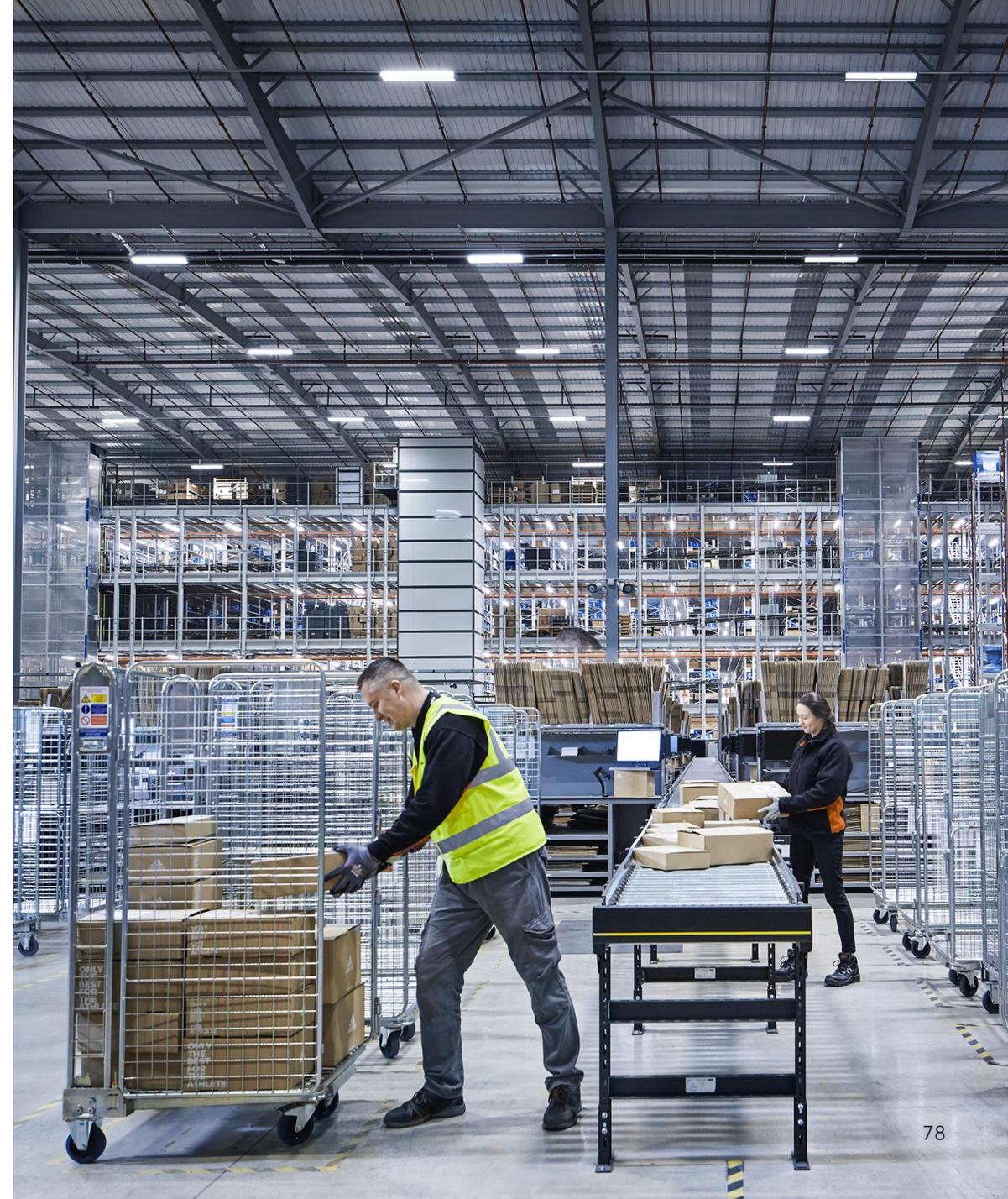


# Capital allocation

1 Accelerate organic growth

2 Invest in high-return retrofit adaptive technology and productivity

3 Opportunistically pursue accretive bolt-on M&A, and return excess free cash flow to shareholders



# **GXO: Growth, predictability and cash returns**

# A clear path to extraordinary growth

1

Capitalizing on a **massive** and **rapidly growing market** opportunity

2

Leveraging **The GXO difference** to gain share and deliver outsized top- and bottom-line growth

**~\$17B<sup>1</sup>**

Revenue

**8-12%<sup>2</sup>**

6-year organic average annual revenue growth range

**~\$1.6B<sup>1,2</sup>**

Adjusted EBITDA

**30%+<sup>2</sup>**

FCF conversion

**30%+<sup>2</sup>**

Operating ROIC

**~17%<sup>2</sup>**

Adjusted EBITDA CAGR

# Appendix



**GXO Logistics, Inc.**  
**Reconciliation of GAAP Revenue to Organic Revenue**  
**(Unaudited)**

*(In millions)*

Revenue Year Ended December 31, 2021	\$	7,940
Less: Revenue from acquired business		(605)
Less: Foreign exchange impact		(200)
Organic revenue <sup>(1)</sup> at 2017 Foreign exchange rates	\$	7,135
Revenue Year Ended December 31, 2017 <sup>(2)</sup>	\$	5,229
Organic revenue Compound Annual Growth Rate (CAGR) <sup>(1)</sup>		8 %

(1) See the “Non-GAAP Financial Measures” section for additional information.

(2) Derived from the consolidated financial statements and accounting records of XPO, Inc. (“XPO”).

**GXO Logistics, Inc.**  
**Reconciliation of Net Income to Adjusted EBITDA**  
**(Unaudited)**

<i>(In millions)</i>	Year Ended December 31,		
	2022	2021	
	Midpoint <sup>(1)</sup>	As Reported	Pro forma <sup>(2)</sup>
Net income attributable to GXO	\$ 194	\$ 153	\$ 162
Net income attributable to noncontrolling interest	3	8	8
Net income	\$ 197	\$ 161	\$ 170
Interest expense, net	29	21	25
Income tax expense (benefit)	64	(8)	(5)
Depreciation and amortization expense <sup>(3)</sup>	329	335	335
Transaction and integration costs	61	99	99
Restructuring costs and other	32	4	4
Unrealized (gain) loss on foreign currency options and other	13	(1)	(1)
Adjusted EBITDA <sup>(4)</sup>	<u>\$ 725</u>	<u>\$ 611</u>	<u>\$ 627</u>
Allocated corporate expense <sup>(5)</sup>			29
Public company standalone cost <sup>(6)</sup>			(23)
Pro forma Adjusted EBITDA <sup>(2)(4)</sup>			<u>\$ 633</u>
Revenue <sup>(7)</sup>	\$ 8,990	\$ 7,940	\$ 7,940
Adjusted EBITDA margin <sup>(4)(8)</sup>	8.1 %	7.7 %	8.0 %

(1) Reflects the midpoint of the preliminary estimates for the year ended December 31, 2022, derived from our internal records and based on the most current information available to management. Preliminary results may differ materially from actual results.

(2) Pro forma as prepared under combined financial statements for all periods before August 2, 2021, includes allocated expenses from XPO Corporate.

(3) Includes \$68 million, \$61 million and \$61 million of intangible assets amortization, respectively.

(4) See the “Non-GAAP Financial Measures” section for additional information.

(5) Excludes the impact of adjusted items and allocated interest expense, income tax, depreciation and amortization from XPO Corporate.

(6) Estimated costs of operating GXO as a standalone public company.

(7) For the year ended December 31, 2022, represents the midpoint of an expected range of \$8,980 million to \$9,000 million.

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

**GXO Logistics, Inc.**  
**Reconciliation of Cash Flows from Operating Activities to Free Cash Flow**  
**(Unaudited)**

<i>(In millions)</i>	<b>Year Ended December 31, 2021</b>
Net cash provided by operating activities	\$ 455
Less: Payment for purchases of property and equipment	(250)
Plus: Proceeds from sale of property and equipment	11
Free Cash Flow <sup>(1)</sup>	\$ 216

(1) See the “Non-GAAP Financial Measures” section for additional information.

**GXO Logistics, Inc.**  
**Return on Invested Capital**  
**(Unaudited)**

<i>(In millions)</i>	<b>Year Ended December 31, 2021</b>
Adjusted EBITA <sup>(1)(2)</sup>	\$ 374
Less: Cash paid for income taxes	(75)
Adjusted EBITA <sup>(1)(2)</sup> , net of income taxes paid	\$ 299

(1) Pro forma as prepared under combined financial statements for all periods before August 2, 2021, includes allocated expenses from XPO Corporate.

(2) See the “Non-GAAP Financial Measures” section for additional information.

<i>(In millions)</i>	<b>December 31, 2021</b>
Total Equity	\$ 2,390
Plus: Debt	961
Less: Cash and Cash equivalents	(333)
Less: Goodwill	(2,017)
Less: Intangible assets, net	(257)
Invested Capital	\$ 744

Ratio of Return on Invested Capital <sup>(1)(2)</sup>	40%
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(1) The ratio of return on invested capital is calculated as the trailing twelve months adjusted EBITA, net of income taxes paid, divided by invested capital.

(2) See the “Non-GAAP Financial Measures” section for additional information.

**GXO Logistics, Inc.**  
**Operating Return on Invested Capital**  
**(Unaudited)**

<i>(In millions)</i>	<b>Year Ended December 31, 2021</b>
Adjusted EBITA <sup>(1)(2)</sup>	\$ 374
Less: Cash paid for income taxes	(75)
Adjusted EBITA <sup>(1)(2)</sup> , net of income taxes paid	\$ 299

(1) Pro forma as prepared under combined financial statements for all periods before August 2, 2021, includes allocated expenses from XPO Corporate.

(2) See the “Non-GAAP Financial Measures” section for additional information.

<i>(In millions)</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>Average</b>
Total Assets	\$ 7,271	\$ 6,548	\$ 6,910
Less: Cash and equivalents	(333)	(328)	(331)
Less: Total long-term assets	(5,172)	(4,712)	(4,942)
Plus: Property and equipment, net	863	770	817
Less: Total current liabilities	(2,329)	(1,738)	(2,034)
Plus: Short-term borrowings and obligations under finance leases	34	58	46
Plus: Current operating lease liabilities	453	332	393
Invested Capital	\$ 787	\$ 930	\$ 859

Ratio of Operating Return on Invested Capital<sup>(1)(2)</sup> 35%

(1) The ratio of operating return on invested capital is calculated as the trailing twelve months adjusted EBITA, net of income taxes paid, divided by the average invested capital.

(2) See the “Non-GAAP Financial Measures” section for additional information.

**GXO Logistics, Inc.**  
**Reconciliation of Pro forma Net Income**  
**to Trailing Twelve Months Pro forma Adjusted EBITA**  
**(Unaudited)**

<i>(In millions)</i>	<b>Year Ended</b> <b>December 31, 2021</b> <b>Pro forma<sup>(1)</sup></b>	
Net income attributable to GXO	\$	162
Net income attributable to noncontrolling interest		8
Net income	\$	170
Interest expense, net		25
Income tax benefit		(5)
Amortization expense		61
Transaction and integration costs		99
Restructuring costs and other		4
Unrealized gain on foreign currency options and other		(1)
	\$	353
Depreciation expense <sup>(2)</sup>		15
Allocated corporate expense <sup>(3)</sup>		29
Public company standalone cost <sup>(4)</sup>		(23)
Pro forma Adjusted EBITA <sup>(1)(5)</sup>	\$	374

- (1) Pro forma as prepared under combined financial statements for all periods before August 2, 2021, includes allocated expenses from XPO Corporate.
- (2) Allocated depreciation from XPO Corporate for all periods prior to August 2, 2021.
- (3) Excludes the impact of adjusted items and allocated interest expense, income tax, depreciation and amortization from XPO Corporate.
- (4) Estimated costs of operating GXO as a standalone public company.
- (5) See the “Non-GAAP Financial Measures” section for additional information.

**GXO Logistics, Inc.**  
**Liquidity Reconciliation**  
**(Unaudited)**

**Reconciliation of Net Debt:**

*(In millions)*

**September 30, 2022**

Shor-term debt	\$ 94
Long-term debt	1,789
<b>Total Debt</b>	<b>\$ 1,883</b>
Less: Cash and cash equivalents	(434)
<b>Net debt</b>	<b>\$ 1,449</b>

**Reconciliation of Net Leverage:**

*(In millions)*

**September 30, 2022**

Net debt	\$ 1,449
Trailing twelve months adjusted EBITDA <sup>(1)</sup>	690
<b>Net Leverage<sup>(1)</sup></b>	<b>2.1 x</b>

(1) See the “Non-GAAP Financial Measures” section for additional information.

**GXO Logistics, Inc.**  
**Reconciliation of Net Income**  
**to Trailing Twelve Months Adjusted EBITDA**  
**(Unaudited)**

<i>(In millions)</i>	Nine Months Ended September 30,		Year Ended	Trailing Twelve
	2022	2021	December 31, 2021	Months Ended September 30, 2022
Net income attributable to GXO	\$ 151	\$ 97	\$ 153	\$ 207
Net income attributable to noncontrolling interest	3	7	8	4
Net income	\$ 154	\$ 104	\$ 161	\$ 211
Interest expense, net	19	16	21	24
Income tax expense (benefit)	51	(21)	(8)	64
Depreciation and amortization expense	242	259	335	318
Transaction and integration costs	57	82	99	74
Restructuring costs and other	14	5	4	13
Unrealized gain on foreign currency options and other	(14)	(1)	(1)	(14)
Adjusted EBITDA <sup>(1)</sup>	<u>\$ 523</u>	<u>\$ 444</u>	<u>\$ 611</u>	<u>\$ 690</u>

(1) See the “Non-GAAP Financial Measures” section for additional information.