



# Investor Supplement

Segment Overview, Innovation,  
Financials and ESG



# Safe Harbor and Non-GAAP Financial Measures

## Note Regarding Forward-Looking Statements:

Certain statements and information included in this news release are “forward-looking statements” under the Federal Private Securities Litigation Reform Act of 1995, including our forecast, expectations regarding market trends and economic environment; impact of the COVID-19 pandemic on market conditions, e-commerce trends, freight environment, earnings, depreciation, commercial rental demand and utilization, and used vehicle sales volume and pricing, expected benefits from our strategic initiatives and our multi-year maintenance cost-savings initiatives; expected benefits of lease pricing initiatives; implementation of our asset management strategy; performance, including sales and revenue growth, in our product lines and segments; residual values and depreciation expense; used vehicle inventory; rental utilization; free cash flow; operating cash flow; capital expenditures; fleet growth; and profitability of our Ryder Last Mile operations. Our forward-looking statements also include our estimates of the impact of our changes to residual value estimates on earnings and depreciation expense. The expected impact of the change in residual value estimates is based on our current assessment of the residual values and useful lives of revenue-earning equipment based on multi-year trends and our outlook for the expected near-term used vehicle market. Our assessment is subject to risks, uncertainties, and assumptions as to future events that may not prove to be accurate. Factors that could cause actual results related to vehicle residual values to materially differ from estimates include changes in supply and demand, competitor pricing, regulatory requirements, driver shortages, changes in customer requirements and preferences, as well as changes in underlying assumption factors.

All of our forward-looking statements should be evaluated by considering the many risks and uncertainties inherent in our business that could cause actual results and events to differ materially from those in the forward-looking statements. Important factors that could cause such differences include, the effect of the COVID-19 pandemic; our ability to adapt to changing market conditions, lower than expected contractual sales, decreases in commercial rental demand or utilization or poor acceptance of rental pricing, declining market demand for or excess supply of used vehicles impacting current or estimated pricing and our anticipated proportion of retail versus wholesale sales; declining customer demand for our services; higher than expected maintenance costs; lower than expected benefits from our cost-savings initiatives; lower than expected benefits from our sales, marketing and new product initiatives; higher than expected costs related to our ERP implementation; setbacks in the economic market or in our ability to retain profitable customer accounts; impact of changing laws and regulations, difficulty in obtaining adequate profit margins for our services; inability to maintain current pricing levels due to soft economic conditions, business interruptions or expenditures due to labor disputes, severe weather or natural occurrences; competition from other service providers and new entrants; driver and technician shortages resulting in higher procurement costs and turnover rates; impact of worldwide semiconductor shortage, higher than expected bad debt reserves or write-offs; decrease in credit ratings; increased debt costs; adequacy of accounting estimates; higher than expected reserves and accruals particularly with respect to pension, taxes, insurance and revenue; impact of changes in our residual value estimates and accounting policies, including our depreciation policy; unanticipated changes in fuel prices; unanticipated currency exchange rate fluctuations; our ability to manage our cost structure; and the risks described in our filings with the Securities and Exchange Commission (SEC). The risks included here are not exhaustive. New risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risks on our business. Accordingly, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**Note Regarding Non-GAAP Financial Measures:** This news release includes certain non-GAAP financial measures as defined under SEC rules, including:

**Comparable Earnings Measures**, including comparable earnings from continuing operations; comparable earnings per share from continuing operations; comparable earnings before income tax; comparable earnings before interest, income tax, depreciation and amortization for Ryder and its business segments; and comparable tax rate. Additionally, our adjusted ROE (ROE) measure is calculated based on adjusted earnings items.

**Operating Revenue Measures**, including operating revenue for Ryder and its business segments and segment EBT as a percentage of operating revenue.

**Cash Flow Measures**, including total cash generated and free cash flow.

Refer to Appendix - Non-GAAP Financial Measures for reconciliations of the non-GAAP financial measures contained in this presentation to the nearest GAAP measure. Additional information regarding non-GAAP financial measures as required by Regulation G and Item 10(e) of Regulation S-K can be found in our most recent Form 10-K, Form 10-Q, and our Form 8-K filed with the SEC as of the date of this presentation, which are available at <http://investors.ryder.com>.

**All amounts subsequent to January 1, 2017 have been recast to reflect the impact of the lease accounting standard, ASU 2016-02, Leases. Amounts throughout the presentation may not be additive due to rounding.**

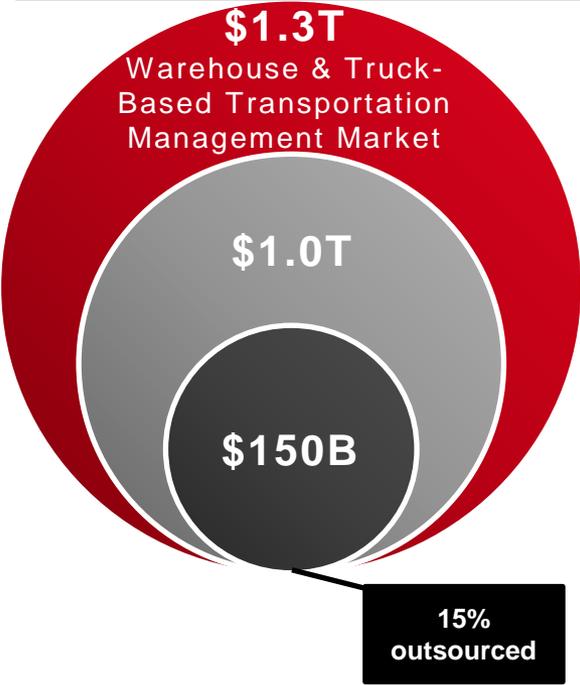


## Segment Overview

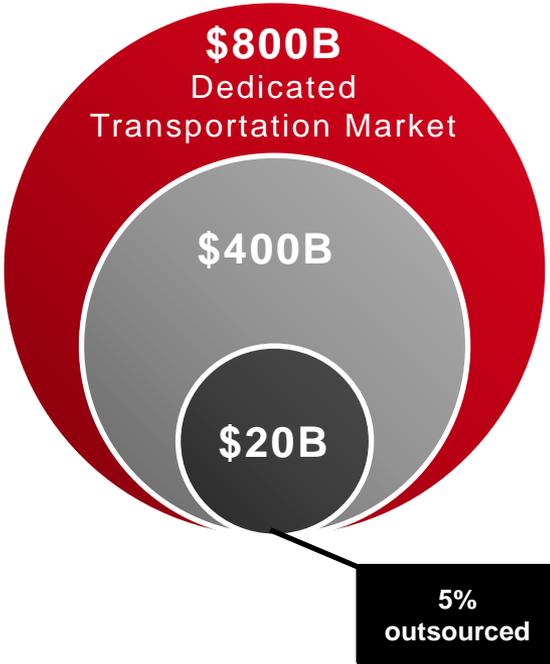


# \$1.5 Trillion Addressable Market Provides Significant Growth Opportunities

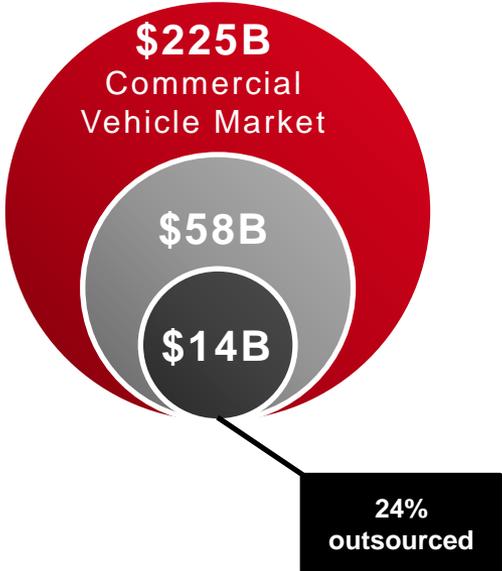
## Supply Chain Solutions - SCS



## Dedicated Transportation Solutions - DTS



## Fleet Management Solutions - FMS



● Total Market Size    
 ● Addressable Non-Outsourced Market (Market Opportunity)    
 ● Currently Outsourced

**Growth opportunity to penetrate large, non-outsourced market**

Sources: Polk/HIS, Armstrong & Associates, Ryder estimates.

# SCS – Design and Execute Optimized Logistics Solutions

## Supply Chain Solutions

(25% of 2020 RSI Operating Revenue)

Distribution Management (39% SCS revenue)	Dedicated (33% SCS revenue)	Transportation Management (14% SCS revenue)	Ryder Last Mile (10% SCS revenue)	Professional Services (4% SCS revenue)
<ul style="list-style-type: none"> <li>Warehouse/distribution center operations (63M sq. ft.)</li> <li>Inbound materials management</li> <li>Outbound product support</li> <li>Kitting, packaging &amp; refurbishment</li> <li>Just-in-time replenishment</li> <li>Reverse logistics</li> <li>E-commerce network support</li> </ul>	<ul style="list-style-type: none"> <li>Transportation component of integrated logistics solution</li> <li>Includes drivers, vehicles, routing &amp; scheduling and management &amp; administrative support</li> </ul>	<ul style="list-style-type: none"> <li>Procure and execute over \$6.1B in freight moves as customer's agent</li> <li>Shipment planning and execution</li> <li>Freight brokerage</li> <li>Freight bill audit and payment</li> <li>Origin/destination services</li> </ul>	<ul style="list-style-type: none"> <li>E-commerce fulfillment provider</li> <li>Last mile delivery provider of big &amp; bulky goods</li> <li>National network able to reach ~95% of US consumers within 2-days</li> </ul>	<ul style="list-style-type: none"> <li>Strategic consulting &amp; decision support</li> <li>Solutions engineering</li> <li>Network modeling &amp; optimization</li> <li>Total landed cost</li> <li>Lean Six Sigma</li> </ul>

## Supported by: IT Solutions

- Transportation & warehouse management systems
- Network optimization tools
- Inventory & shipment visibility tools

Sample Clients:



Includes Non-GAAP Financial Measures, such as Operating Revenue. Please see Appendix – Non GAAP Financial Measures for the reconciliation to the GAAP Financial Measure.

# SCS – Industry and Execution Focus Drive Growth



## Current Customers

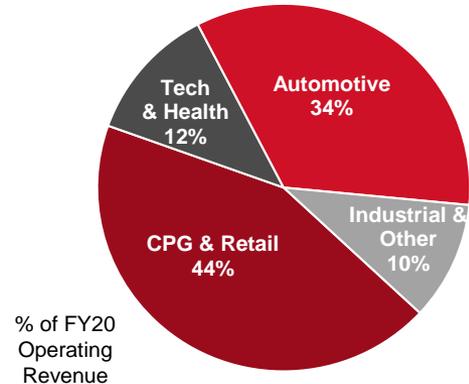
- Comprehensive solutions for over 350 customers
- Lease and operate 63 million square feet of warehouse space in North America
- Manage ~28,000 border crossings per month between the US, Mexico and Canada
- 9,400 vehicles from FMS are utilized to support SCS customers
- Focus is on customers with sophisticated logistics requirements – many require an integrated solution that combines two or more service offerings
- Opportunity to expand customer relationships to include fast growing offerings in e-commerce and last mile

## Market Size

- Outsourced supply chain logistics market in the US is estimated to be \$150 billion and is growing faster than the overall economy

**Companies continue to increase logistics outsourcing to reduce costs and focus on core competencies**

## Industry Vertical Focus

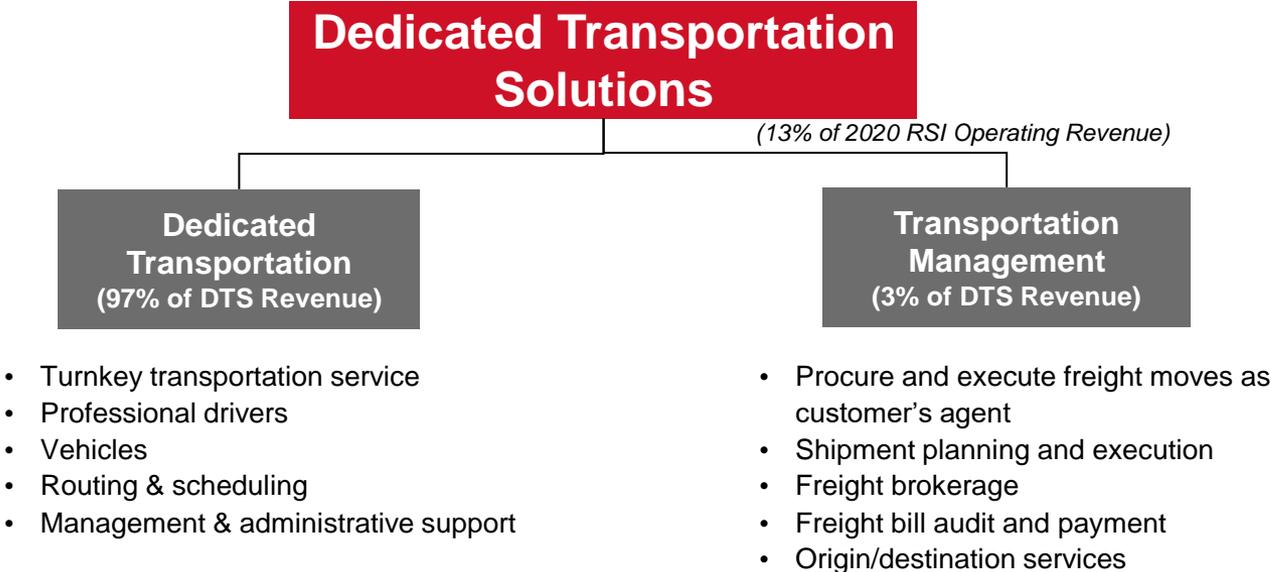


- Known for best execution
  - *Ranked among the top five companies by Inbound Logistics*
- Specialized capabilities and proactive solutions based on deep expertise

**Differentiated functional execution and deep industry expertise will result in higher growth**

Includes Non-GAAP Financial Measures, such as Operating Revenue. Please see Appendix – Non GAAP Financial Measures for the reconciliation to the GAAP Financial Measure.

# DTS - Providing Dedicated Fleets and Drivers



**Supported by: IT and Engineering Solutions**  
 Network optimization tools that efficiently allocate freight between a dedicated fleet and third-party common carriers

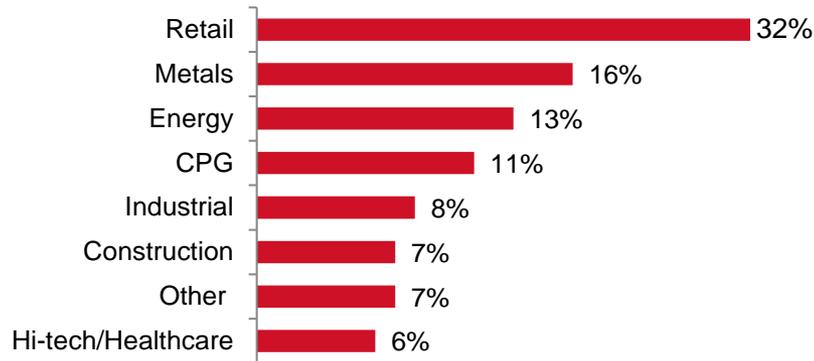
Sample Clients:



Includes Non-GAAP Financial Measures, such as Operating Revenue. Please see Appendix – Non GAAP Financial Measures for the reconciliation to the GAAP Financial Measure.

# DTS – Driving Customer Value with Flexible Solutions

## Diversified portfolio comprising 200+ customers



(Based on 2019 DTS Operating Revenue)

## Ryder's Dedicated Offering

- Focused on developing flexible solutions for customers
- Customer service capabilities include ability to flex with freight volumes; closed-loop, multi-stop shipments; tight delivery windows; high-value, time sensitive freight

## Driver Recruiting

- Ryder employ over 8,600 professional drivers and ~25 dedicated recruiters
- A key source for drivers has been former military personnel

## Integration

- 9,200 vehicles from FMS are utilized to support DTS customers
- DTS and SCS share engineering and IT resources

## Market Opportunity

- \$20B outsourced of \$400B highly, addressable DIY market
- Significant growth opportunity for DTS as most services in the large, highly addressable dedicated transportation services market are provided by customers themselves

## Growth Opportunities

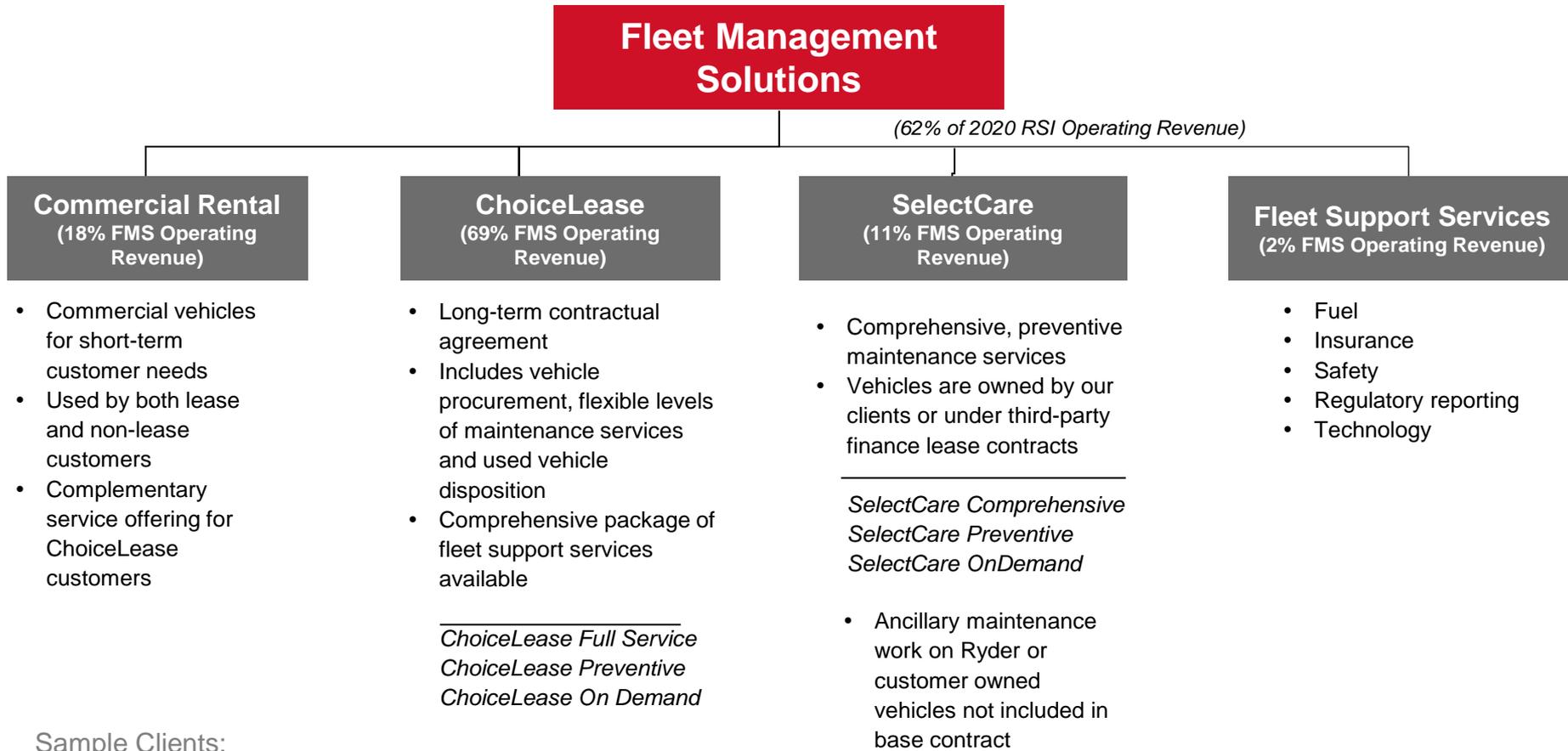
- Leverage secular outsourcing trends such as driver shortage, increased safety regulations and equipment cost/complexity
- Address market demand for flexible capacity
- Conversions from FMS and Private Fleets
  - Upsell targeted FMS customers to a dedicated solution - increases revenue 4-5x with increased margin, return on capital and customer retention – significant source of growth
- Continued Penetration of Target Markets
  - Ryder's dedicated offering differentiates itself from truckload carriers by its ability to provide more specialized services for customers across industries

## Safety Focus



- Safety is one of Ryder's core values
- DriveCam® technology is installed on all DTS and SCS vehicles and is aimed at improving safety, while also providing a cost-benefit to Ryder and its customers

# FMS - Maximizing Uptime for ~15,000 Contractual Customers



Sample Clients:

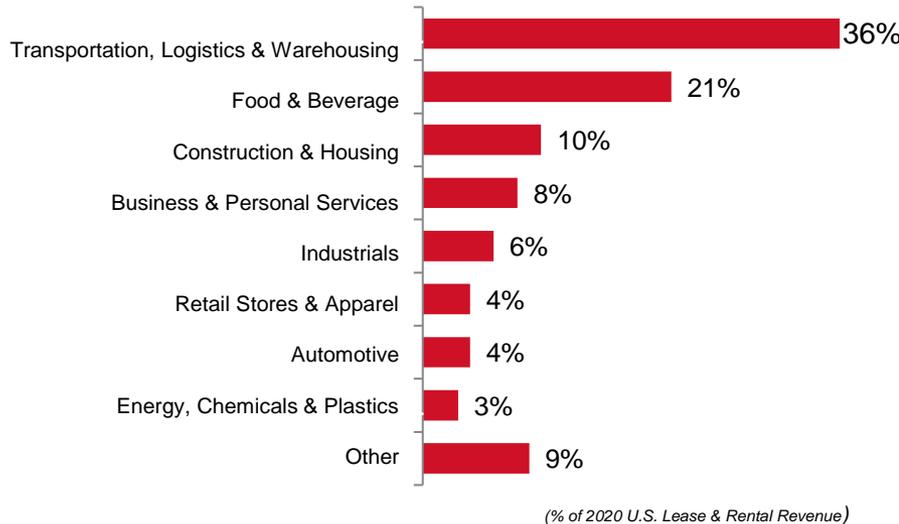


Note: Revenue percents based on segment operating revenue (excludes fuel).

Includes Non-GAAP Financial Measures, such as Operating Revenue. Please see Appendix – Non GAAP Financial Measures for the reconciliation to the GAAP Financial Measure.

# FMS – Operating in Large, Diverse Markets

## Diversified customer base represents a broad range of industries



## Customer Profile

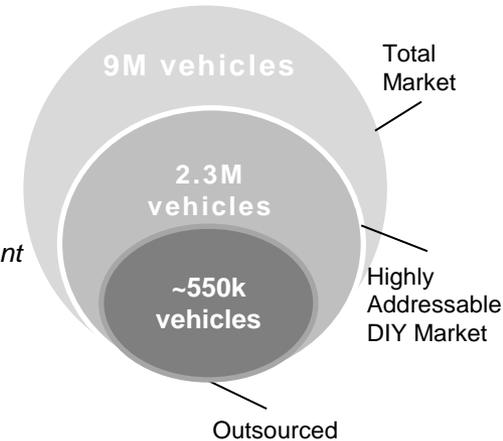
- Successful services large and small private fleets
- 14,700 ChoiceLease/SelectCare contractual customers
- 33,300 commercial rental customers

## Operating Locations

- ~800 operating locations (operates in U.S., Canada, U.K., Germany)
- Opportunity to leverage maintenance infrastructure with fleet growth

## Market Opportunity

Most vehicles in the large, highly addressable truck leasing, maintenance and rental market are owned and managed by customers themselves – *represents a significant growth opportunity for FMS*



## Sources of Growth

### Private Fleet & For-Hire Conversions

- Largest opportunity for growth

### Customer / Economic Expansion

- Fleet additions with existing customers by expanding geographies served and/or resulting from customer growth

### Share Gain

- Ability to leverage maintenance infrastructure enhances competitive position in existing outsourced rental/lease market in U.S., Canada and U.K.

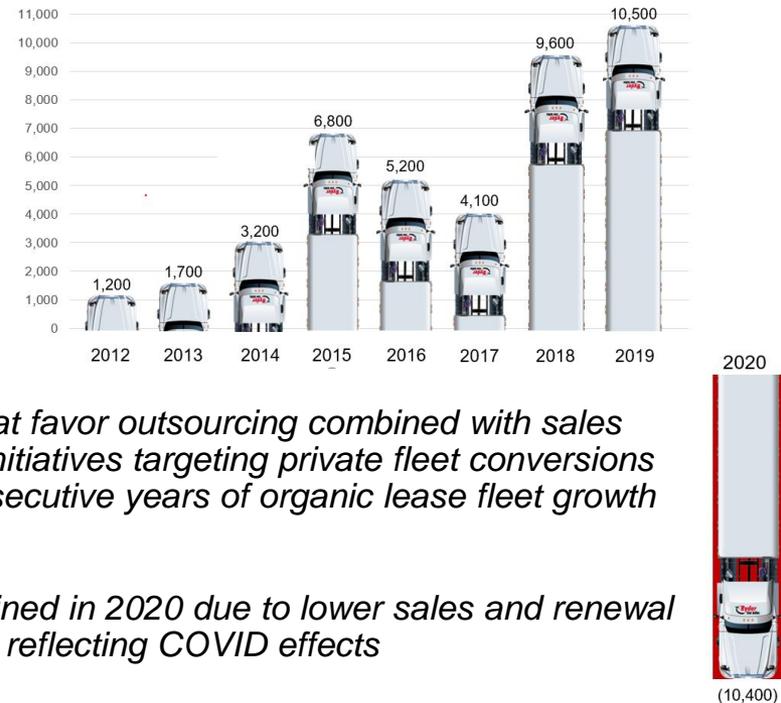
### Strategic Opportunities

- Supplement to organic growth where mutual interest exists
- Focused on accretive deals in core rental/leasing business to leverage existing facility infrastructure

# FMS – Strategy Shift to Moderate Lease Growth

- A key component of the Return Improvement Actions implemented by Ryder in late 2019 is the **moderation of FMS growth** and the **acceleration of growth in SCS and DTS**
- A strategy for moderate FMS growth targets **higher returns** and **positive free cash flow over the cycle**

## Historical Choice Lease Fleet Growth<sup>(1)</sup>



*Macro trends that favor outsourcing combined with sales and marketing initiatives targeting private fleet conversions drove eight consecutive years of organic lease fleet growth (2012-2019)*

*Lease fleet declined in 2020 due to lower sales and renewal activity primarily reflecting COVID effects*

***Contractual lease growth contributed to a significant increase in comparable EBITDA over the period, but pressured free cash flow during years with high lease fleet growth***

(1) Represents lease fleet growth excluding UK trailers 2012-2017; 2016 excludes a higher number of vehicles being prepared for sale (approximately 1,200)

# FMS – ChoiceLease Pricing Actions Expected to Drive Higher Returns

Year Leases Signed	% of Fleet	Projected Performance	
2018 - 2020	46%	Above Target	We expect returns <b>above our target levels</b> due to outperformance of maintenance costs and residual values
2014 - 2017	46%	Above Target	We expect returns <b>above our target levels</b> due to lower maintenance costs more than offsetting lower residuals. <b>Majority of power fleet will be replaced over the next three years</b>
2013	8%	Below Target	We expect returns <b>below our target levels</b> due to higher maintenance costs on new engine technology and lower residuals. <b>Majority of power fleet will be replaced by the end of 2021</b>

**Substantially all leases are expected to perform above target returns**

**Ongoing pricing actions are expected to further increase returns as lease portfolio turns over and new leases are priced at higher levels**

# FMS – Summary of Prior Accounting Residual Value Estimates Changes (2019 - present)

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- Ryder is **one of the largest retailers of used vehicles** in the country
  - 20k+ vehicles sold annually as lease contracts expire and rental fleet is refreshed
- Used vehicle sales **market is cyclical**
- **3Q19 re-evaluation of residual value estimates was triggered by** used tractor market conditions that began to soften in June 2019, continued to worsen in 3Q19 and were expected to decline further
  - Tractors were impacted to a greater extent than trucks by the 3Q19 changes
- **During 1H20, further reductions to residual value estimates were triggered** by anticipated impacts from COVID-19 on used vehicle market conditions
  - Trucks were impacted to a greater extent than tractors by the 2020 changes
- **In 2Q21, we incorporated a potential downturn into our used vehicle pricing outlook, which modestly reduced our accounting residual value estimates for certain tractors**

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***Average U.S. tractor and truck pricing is above residual values used for depreciation purposes***

***Depreciation headwinds expected to decline each year***

**Residual value estimate changes expected to reduce the likelihood and magnitude of negative earnings impact from used vehicle sales**



# Innovation Disruptive Trends & Technologies New Product Development



<b>Visibility &amp; Collaboration</b>	Connected Fleet	e-Commerce & Ryder Last Mile	Warehouse Automation	Asset Sharing	Advanced Vehicle Technology	RyderVentures
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 **RYDERSHARE™** : *The ultimate digital platform for real-time supply chain visibility and collaboration*

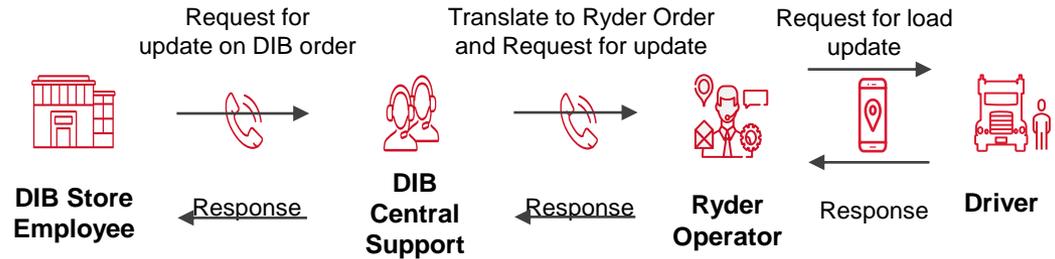
**Visibility:** Real-time visibility of customer freight across all modes of transportation on a single desktop or mobile device

**Performance:** Real-time tracking that enables prioritization and communication while providing email and text notifications

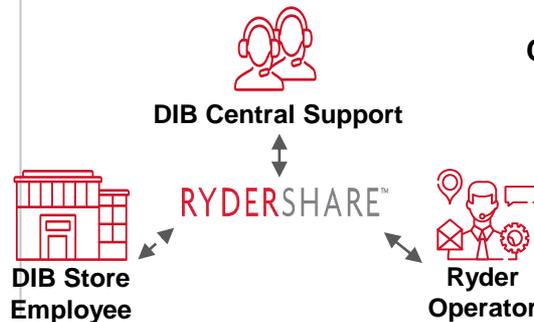
**Collaboration:** Allows all supply chain partners access to real time data at the same time, the ability to communicate within the platform, and assign tasks, tags, notes, and load level exceptions

Ryder Case Study: **Do it Best Corp.**

**BEFORE** • 6 steps and hours of calling



**AFTER** • 1 step in real-time – DIB store employee has load information at their fingertips



**Customer Benefits**

- Efficiency gain for central support team
- Improved labor planning at stores
- Higher service levels for store managers
- Reduced turnaround times
- Reduced touches
- Trustworthy data

Visibility & Collaboration	<b>Connected Fleet</b>	e-Commerce & Ryder Last Mile	Warehouse Automation	Asset Sharing	Advanced Vehicle Technology	RyderVentures
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# RYDERGYDE™ : Fleet management anywhere, anytime, and on any device

## RyderGyde Empowers Customers:



*RyderGyde™ is the only fleet platform that allows customers to manage all aspects of their fleet or a single vehicle*

## Many Users Leverage One Powerful Ecosystem:



+



+



- Roadside Assistance
- eDVIR
- Shop Check-in
- Fueling options
- Log Fuel Receipts
- Location finder
- Updates/Notifications

- Fleet Reporting
- Contracted Fuel Rates
- Maintenance Scheduling
- Reporting
- Vehicle Alerts
- Odometer Management

- Personal Assistance with Activation
- Extensive training documents and videos
- Regularly available webinars

Visibility & Collaboration	Connected Fleet	<b>e-Commerce &amp; Ryder Last Mile</b>	Warehouse Automation	Asset Sharing	Advanced Vehicle Technology	RyderVentures
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**Initiative**

**E-Commerce Fulfillment**

**Ryder Last Mile (RLM)**

Nationwide e-Fulfillment network capable of reaching 95% of U.S. within a two-day delivery window

Nationwide network of last mile locations servicing every zip code in the U.S. for home delivery of big & bulky goods

**Organic Geographic Expansion**

- Adding new nodes and expanding existing locations to improve ground coverage

- Expanding geographic footprint with two new fulfillment centers opening in 2021 in Philadelphia and Milwaukee

**Investing in Technology to Add/Enhance Capabilities**

- Enhancing order management and fulfillment software capabilities

- Planned enhancements to RyderView 2.0™ customer interface include:
  - Improved self-scheduling, re-scheduling, and point of sale scheduling option
  - Delivery route optimization
  - Offering a retailer branded customer experience

**Strategic Acquisitions**

- New services, capabilities, locations, and customer verticals

**RLM Case Study:  NordicTrack**

**Operation Overview**

Provides white glove in-home delivery, assembly, and set-up

Ensures safety and the customer experience remain paramount in a rapidly changing environment

Leverage Ryder facilities to improve order cycle time and inventory management

**NordicTrack's Value Realized**

Reduced order cycle time to 3 days from 20 days in metro areas

Achieved > 97% on-time delivery

Average customer satisfaction rating of 4.7 out of 5

Reduced customer returns

100% visibility on item delivery

55k+ annual deliveries

Visibility & Collaboration	Connected Fleet	e-Commerce & Ryder Last Mile	<b>Warehouse Automation</b>	Asset Sharing	Advanced Vehicle Technology	RyderVentures
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## Wearable & Mobile



Customer Value:

- Real time location of resource and material handling equipment (MHE)
- Enables data insight of asset activity and performance
- High scalability and flexibility

*Examples: MHE and personnel tracking IoT devices*

## Autonomous Vehicles & Drones



Customer Value:

- Increases productivity with reduced travel requirement
- Improves pick and inventory accuracy
- Target investment payback in 3-years or less

*Examples: forklifts, tuggers, drones, etc.*

## Sensors & Automation



Customer Value:

- Increases visibility of people, equipment, and product
- Increases productivity and utilization with analytics
- Increases inventory and pick accuracy

*Examples: MHE and personnel tracking IoT devices*

## Robotics & Automation



Customer Value:

- Reduces resources for repetitive, constrained work or travel
- Improves accuracy and throughput
- Typically customized to address specific customer processes

*Examples: conveyors, sorters, palletizers, robot pickers, etc.*

**Ryder is transforming warehouse and distribution centers to deliver advanced automation, flexible and instantly scalable operations, real-time visibility, and a customer centric experience**

Visibility & Collaboration	Connected Fleet	e-Commerce & Ryder Last Mile	Warehouse Automation	Asset Sharing	Advanced Vehicle Technology	RyderVentures
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**Provides access to thousands of commercial trucks, tractors, and trailers available for rent**  
*for both fleet owners who have a commercial vehicle to rent, and businesses that want to rent a commercial vehicle*

BY RYDER



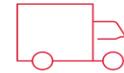
**Maximizes customers' fleet utilization**

- Customers can rent out commercial vehicles to carefully vetted businesses on the platform and generate revenue from each rental
- All COOP's renters meet operating and security standards determined by their DOT and FMCSA compliance
- COOP offers competitive rates on trucks, tractors and trailers

**Ryder Benefits:**

- Asset-light business for long-term rental model
- Leverage of lease clients
- Creation of new class of asset investors
- Tech and innovation leadership

**Supply Density and Diversification**



COOP is the **largest peer-to-peer commercial vehicle sharing platform** allowing fleet owners to safely **generate revenue from their idle vehicles**, and provide businesses with an alternative **source of rental vehicles**

**Scalability**



COOP is **active in nine states** with insurance for the units offered in 34 states

**Diversified Revenue Stream**



An **asset-light business model with high profit-margin** offering a one-stop shop for rental trucks by aggregating inventory from multiple sources nationally

Visibility & Collaboration	Connected Fleet	e-Commerce & Ryder Last Mile	Warehouse Automation	Asset Sharing	Advanced Vehicle Technology	RyderVentures
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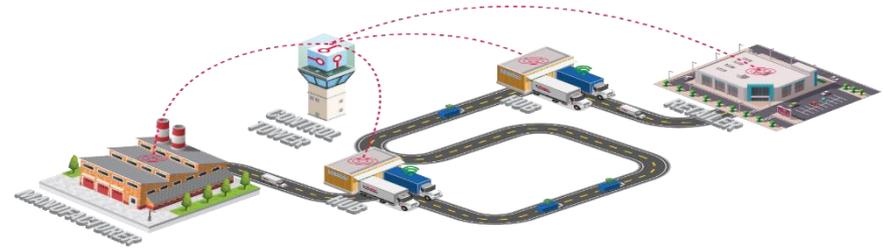
## Electric Vehicle (EV) Technology



**Ryder is leveraging strategic partnerships and adapting products and services as the EV market evolves:**

- **Vehicles:** Partnering with traditional OEMs and startups to pilot pre-production vehicles
- **Early Adoption:** Likely cargo vans and last mile trucks
- **Charging Infrastructure:** Strategic partnerships with charging infrastructure providers
- **Grants:** Identification and application partnership to accelerate adoption

## Autonomous Vehicle (AV) Technology



**Ryder is well positioned to deliver value in four key areas in the AV landscape :**

- **First/Final mile capacity:** Dedicated local fleets
- **Control tower:** RyderShare coordinates movements of all AV freight and capacity
- **Transfer Hubs:** Provide yard operations and captive maintenance services
- **Autonomous Fleet:** Operation of predictable capacity on behalf of shippers

**As leading provider of outsourced logistics and transportation solutions, Ryder is strategically positioned as a preferred partner and thought leader on these emerging technologies**

Visibility & Collaboration	Connected Fleet	e-Commerce & Ryder Last Mile	Warehouse Automation	Asset Sharing	Advanced Vehicle Technology	<b>RyderVentures</b>
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# RYDERVENTURES

## *Corporate venture capital fund*

Direct investments in start-up companies that are developing technologies to address disruptive trends in logistics and transportation - primarily where we can partner to develop new products and services

Recent investment areas include:

**e-Commerce  
micro-fulfillment**

**AI enabled dispatch for  
small/mid-sized fleets**

**Tech-enabled hub and  
spoke transportation  
network**

**Mobile carbon capture  
system**

# Supplementing Organic Growth through Strategic M&A

## SCS

**M&A strategy is focused on adding/expanding services, capabilities, and locations, as well as non-automotive vertical expansion**

- 2018 strategic acquisition of MXD Group launched Ryder Last Mile (RLM) offering
- Exploring additional M&A opportunities within the e-Commerce space

## DTS

**M&A strategy is focused on adding/expanding services and capabilities, as well as tuck-in acquisitions to build scale and density**

## FMS

**M&A strategy is focused primarily on tuck-in acquisitions**

- Since 2000, FMS has completed ~15 tuck-in acquisitions which have expanded their customer base and contributed to operating leverage

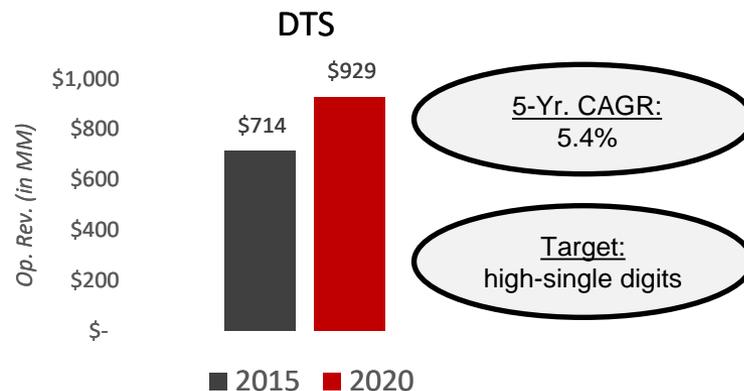
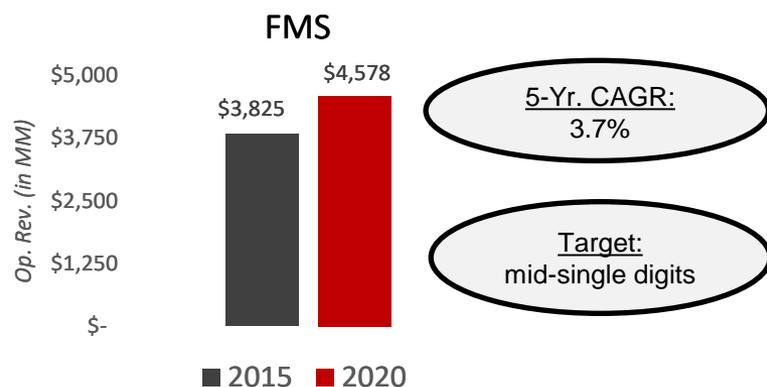
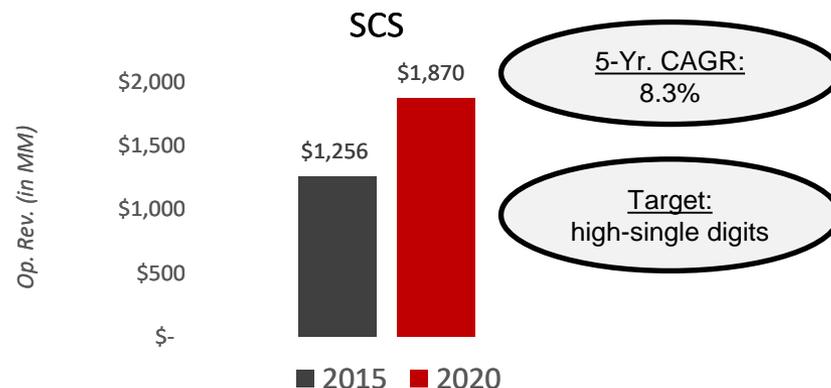
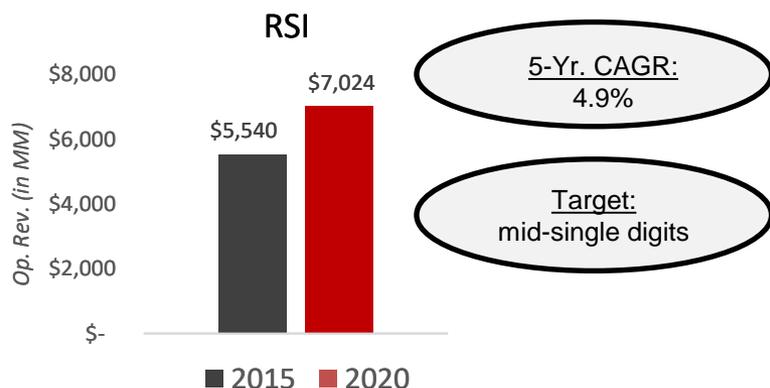
**Strong balance sheet provides flexibility for future strategic M&A activity**



# Financial Overview



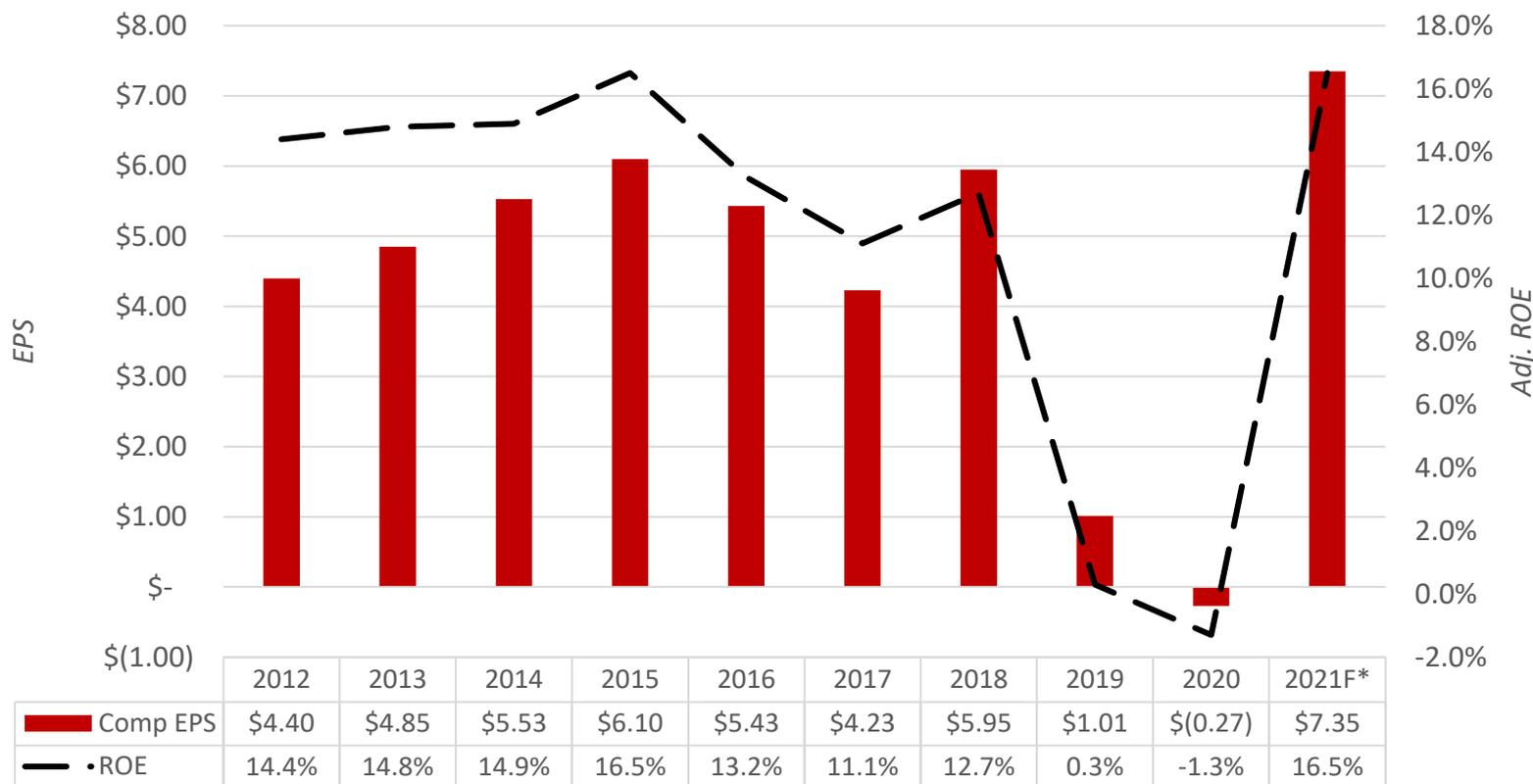
# Operating Revenue & CAGR



\*Note: See Appendix for reconciliations of non-GAAP financial measures including operating revenue

For FY21, all segments are expected to achieve operating revenue growth in their respective target ranges

# ROE and Comparable EPS

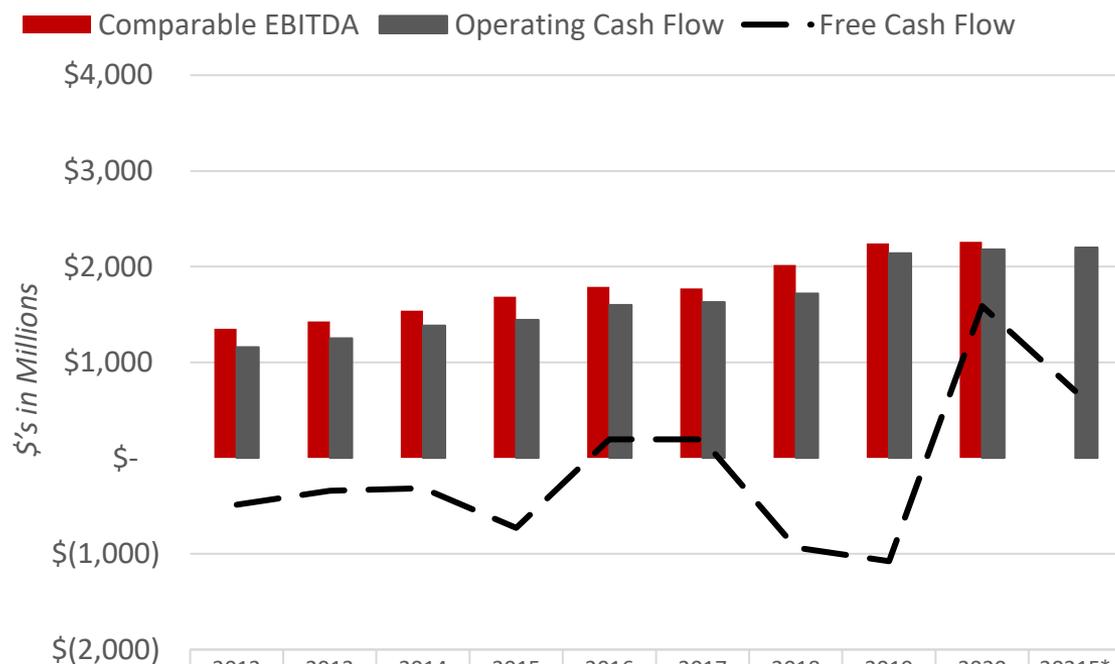


\* 2021F reflects forecast midpoint. See Appendix for reconciliations of non-GAAP financial measures including ROE and Comparable EPS

Expect to exceed 15% long-term ROE target in 2021

Declining depreciation impact from 2019 and 2020 residual value estimate changes is key driver to higher ROE and Comparable EPS. Strong lease and rental performance also contributed to improved results.

# Free Cash Flow and Comparable EBITDA



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F*
Comparable EBITDA	\$1,350	\$1,427	\$1,541	\$1,684	\$1,790	\$1,771	\$2,018	\$2,243	\$2,258	N/A
Operating Cash Flow	\$1,160	\$1,252	\$1,383	\$1,442	\$1,601	\$1,628	\$1,718	\$2,141	\$2,181	\$2,200
Free Cash Flow	\$(488)	\$(340)	\$(315)	\$(728)	\$194	\$197	\$(936)	\$(1,077)	\$1,587	\$700
Memo: Gross CAPEX	\$2,161	\$2,184	\$2,298	\$2,701	\$1,763	\$1,941	\$3,165	\$3,620	\$1,070	\$2,200

**Comparable EBITDA and operating cashflow** exhibit continued growth and stability due to revenue growth and improved operating performance

Capital expenditures pressure **free cash flow** (FCF) in the period of initial investment

Record FY20 FCF reflects lower capital spending due to COVID effects; FY21 FCF forecast assumes higher planned lease and rental spending

\* 2021F reflects forecast midpoint. See Appendix for reconciliations of non-GAAP financial measures including Free Cash Flow and Comparable EBITDA

Contractual growth supports higher EBITDA and operating cash flow



# ESG



# Ryder ESG Overview



*“By ensuring long-term viability as a profitable and thriving enterprise, we are better positioned to make an impact where our business intersects with our communities and stakeholders. At Ryder, we strive to integrate corporate responsibility and sustainability into every aspect of our business and understand that sustainability goes hand-in-hand with maintaining economic viability.”*

Robert Sanchez  
Chairman and CEO

	 <b>Protecting our Planet</b>	 <b>Safeguarding our People</b>
<b>Vision</b> 	<ul style="list-style-type: none"> <li>Safeguard our environment via innovation of services, technology, and operations</li> </ul>	<ul style="list-style-type: none"> <li>Safety of employees, customers and the public is our highest priority</li> </ul>
<b>Actions</b> 	<ul style="list-style-type: none"> <li>Reduce emissions and optimize efficiency across value chain with advanced technology and flexible transportation</li> </ul>	<ul style="list-style-type: none"> <li>Provide best in class training, practices, and technology.</li> <li>Track performance, and implement feedback</li> </ul>
<b>Goals</b> 	<ul style="list-style-type: none"> <li>Reduce emissions below 2018 baseline by 2024:                             <ul style="list-style-type: none"> <li>☐ Scope 1: down 10%</li> <li>☐ Scope 2: down 30%</li> <li>☐ Scope 3: down 15%</li> </ul> </li> <li>Evaluate renewable energy usage strategies and science-based targets for next emissions reduction strategy</li> <li>Train 10% of technicians to support alternative fuel vehicles within 5-years</li> </ul>	<ul style="list-style-type: none"> <li>10% reduction in vehicle accident and injury frequency within 5 years</li> <li>15% improvement in driver training effectiveness over 5-years</li> </ul>

# Ryder ESG Overview

	 <b>Fostering Talent, Diversity, Equality</b>	 <b>Transforming Communities</b>	 <b>Upholding Ethics &amp; Integrity</b>
<b>Vision</b> 	<ul style="list-style-type: none"> <li>Develop highly skilled and diverse workforce as it is the foundation of our success</li> </ul>	<ul style="list-style-type: none"> <li>Donate time, talent, and money to improve local communities</li> </ul>	<ul style="list-style-type: none"> <li>Uphold ethics and integrity to make a positive impact</li> </ul>
<b>Actions</b> 	<ul style="list-style-type: none"> <li>Foster a collaborative and inclusive work environment that embraces diversity and innovation</li> </ul>	<ul style="list-style-type: none"> <li>Promote positive impacts with charitable contributions and volunteer efforts</li> </ul>	<ul style="list-style-type: none"> <li>Operate with the highest integrity</li> <li>Foster culture of transparency</li> </ul>
<b>Goals</b> 	<ul style="list-style-type: none"> <li>Ensure &gt;90% of key talent completes leadership development activity within 3-years</li> <li>Provide leadership development for Black and women leaders through Black Leadership Forum and Ryder's Women's Leadership</li> </ul>	<ul style="list-style-type: none"> <li>Invest 10% of Ryder Charitable Foundation's budget by 2022 towards equality and diversity initiatives for the Black community</li> <li>Award 75 partial scholarships per year for women and minority students by 2025</li> </ul>	<ul style="list-style-type: none"> <li>100% of employees will complete compliance and ethics training each year</li> <li>100% of employees will review and agree to Principles of Business Conduct</li> </ul>

*In our Corporate Sustainability Report, you'll learn about Ryder's sustainability principles and goals, as well as some of the initiatives we are undertaking to protect our planet; ensure the safety of our employees, customers, and the public; foster talent, diversity, and equality in our workforce; improve the local communities where we live and work; and, of course, ensure that we do all of this while upholding the highest standards of ethics and integrity.*

**For more information visit [rydercsr.com](https://rydercsr.com)**



# Corporate Governance Best Practices

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- 10 of 11 Directors are independent; all Committee members are independent
- Strong Lead Independent Director with oversight of Board's annual evaluation process, CEO succession planning and search process for new directors
- 7 of 11 directors diverse by race, gender or ethnicity
- Robust board with significant oversight over key risks and overall corporate strategy, comprised of current and former CEOs of other companies; former Presidents and COOs and an academic expert in accounting/governance transparency
- No related party transactions; strict conflict of interest practices
- No stockholder rights plan
- Governance actions taken in recent years:
  - Commenced annual elections for all directors in 2018
  - Provided shareholders with meaningful participation rights, including adopting special meeting, written consent and proxy access rights
  - Eliminated all supermajority voting requirements
  - Adopted double trigger vesting upon a change of control in Ryder's equity plan
  - Adopted a clawback policy
  - Increased stock ownership guidelines (6x base salary for CEO and 3x for other officers)

# Key Takeaways

- **Large addressable markets and secular trends that favor outsourcing**
  - Accelerating trends in e-commerce fulfillment and last mile delivery, increased market awareness of supply chain reliability, high cost/complexity of vehicle technology, and driver/technician shortages support growth opportunities
- **Balanced growth strategy focused on increasing returns and generating positive free cash flow over the cycle:**
  - Moderating growth in capital intensive FMS segment and accelerating growth in higher return SCS and DTS
  - Declining depreciation impact from prior residual value estimate changes, cyclical recoveries in rental and used vehicle sales and cost actions are expected to increase returns
  - Pricing initiatives and reduced residual value estimates de-risk lease portfolio and benefit returns
- **Disciplined capital allocation supports achieving 15% long term target for Adjusted ROE and enhances our ability to invest in higher return opportunities**
  - Expecting to achieve 16-17% ROE in 2021, assuming economic and freight conditions remain strong and no change to current tax policy
- **Strategic investments focused on innovative customer solutions, driving efficiencies and generating long-term sources of revenue and earnings growth**

**Well positioned as a leading provider of outsourced solutions to leverage logistics and transportation trends in order to create long term value for customers and shareholders**

Note: See Appendix for reconciliations of non-GAAP financial measures including ROE

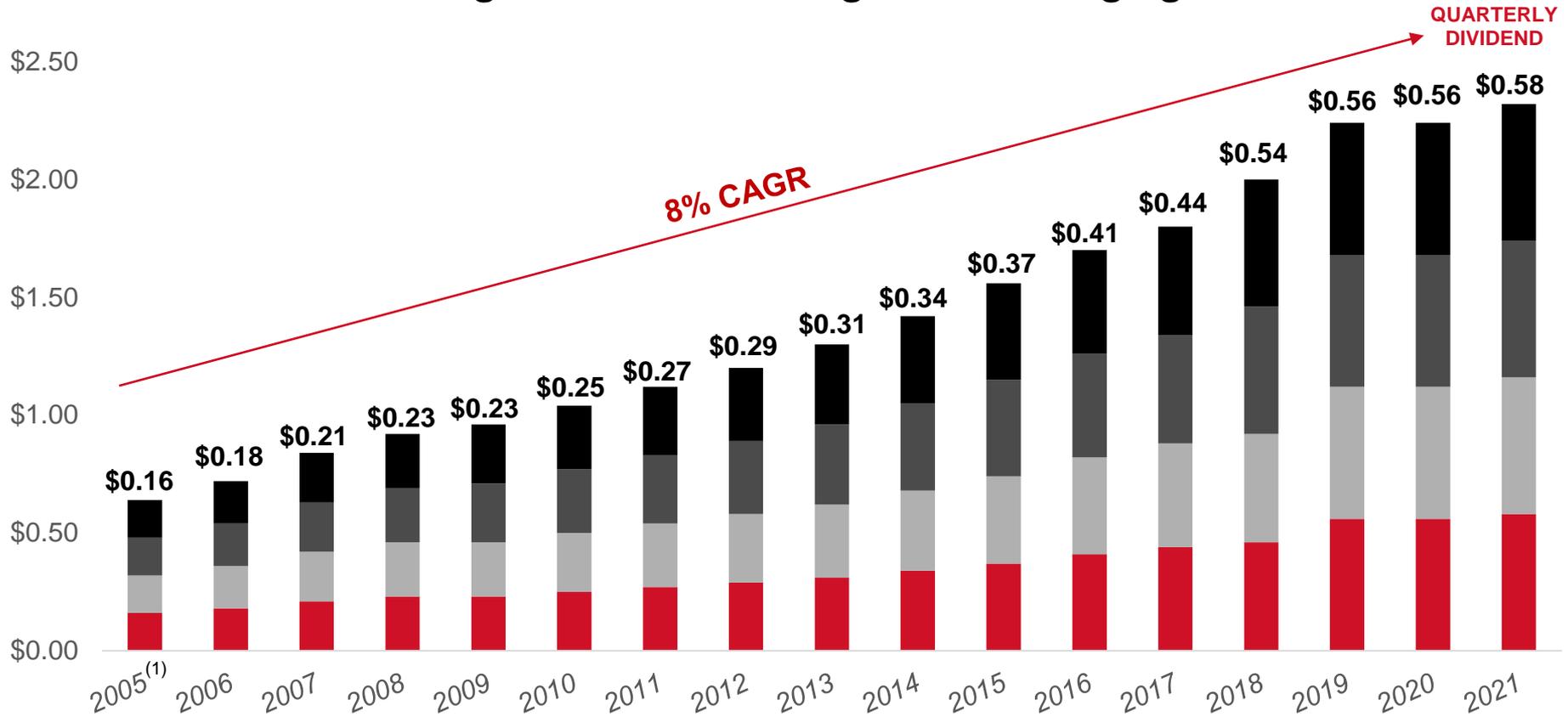


## Appendix



# Appendix: Dividend History

*Dividend growth reflects long term earnings growth*



(1) Dividend unchanged at \$0.15 per quarter from 1989 through 2004

# Appendix: Debt Ratings, Covenant Compliance & Availability

## Debt Ratings Summary

	Ratings Summary			
	Short-term	Short-term Outlook	Long-term	Long-term Outlook
Standard & Poor's Ratings Services	A2	-	BBB	Positive
Moody's Investors Service	P2	Stable	Baa2	Stable
Fitch Ratings	F2	-	BBB+	Negative
DBRS	R-1 (Low)	Stable	A (Low)	Stable

## Covenant Compliance - 2023 Global Revolving Credit Facility

	<u>06/30/2021</u>	<u>Maximum Allowable</u>
<b>Debt to Net Worth <sup>(1)</sup></b>	<b>177%</b>	<b>300%</b>

(1) Calculated per the facility agreement as amended in May 2020. For more information refer to the Debt footnote in our most recent Form 10-K.

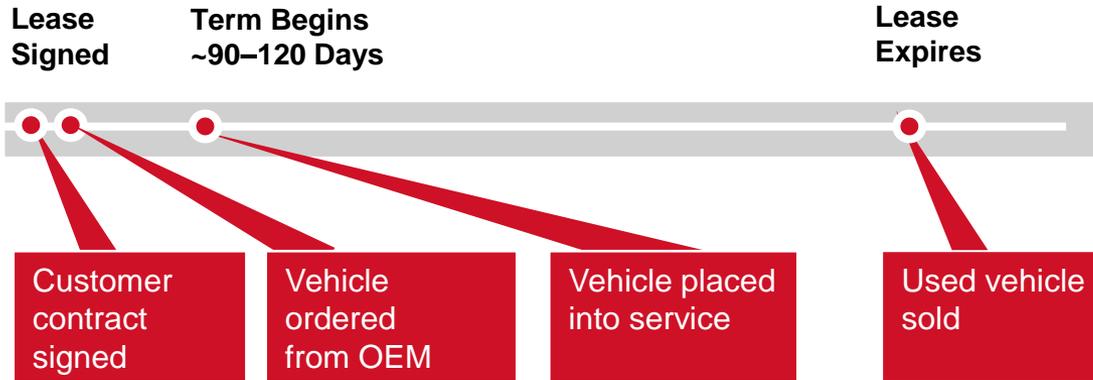
## Credit Facility Availability

As of 06/30/21, the following amounts were available to fund operations under the following facilities:

	<u>(in millions)</u>
Global revolving credit facility	\$1,300
Trade receivables program	\$ 300

# Appendix: FMS –Timing of ChoiceLease Revenue and Cash Flow

## Lease Term (Avg. Term: 5–7 years)



- Lease contract pricing based on DCF approach
- Pricing targeted at 100-150 bps above product line cost of capital (on a fully-costed basis)
- Sales compensation driven by deal profitability
- Higher vehicle investment and maintenance costs recovered in lease rate

## Illustrative cash flows for a ChoiceLease unit:

Time 0		Years 1–6	YE 6
Financial Impact	Capital Expenditure (avg. \$90K)	<b>Fixed Revenue:</b> ~85% based on fixed rate per month <b>Variable Revenue:</b> Remainder (~15%) based on rate per mile driven Maintenance, Depreciation and Interest Expense incurred Fuel costs passed through to customer <i>Note: Revenue escalates during contract life based on CPI index</i>	Sales Proceeds (historically represents ~20–30% of original cost)
Cash Flow	Negative	Positive	Positive

# Appendix: Key Leverage Statistics

(\$ Millions)

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<b>Total Debt</b>	\$ 6,236	\$ 6,610	\$ 8,148
<b>Equity <sup>(1)</sup></b>	\$ 2,418	\$ 2,256	\$ 2,159
<b>Debt to Equity</b>	258%	293%	377%

*Book Value of Revenue Earning Equipment = 1.4x Debt Balance*

(1) Includes impact of accumulated net pension related equity charge of \$644M as of 6/30/21, \$655 million as of 12/31/20, and \$659 million as of 6/30/20.

# Non-GAAP Financial Measures

This presentation includes “non-GAAP financial measures” as defined by SEC rules. As required by SEC rules, we provide a reconciliation of each non-GAAP financial measure to the most comparable GAAP measure. Non-GAAP financial measures should be considered in addition to, but not as a substitute for or superior to, other measures of financial performance prepared in accordance with GAAP. Specifically, the following non-GAAP financial measures are included in this presentation:

Non-GAAP Financial Measure	Comparable GAAP Measure	Reconciliation & Additional Information Presented on Slide Titled
<b>Operating Revenue Measures:</b>		
Operating Revenue	Total Revenue	Reconciliation of Total Revenue to Operating Revenue
FMS Operating Revenue, SCS Operating Revenue and DTS Operating Revenue	FMS Total Revenue, SCS Total Revenue and DTS Total Revenue	Reconciliation of Operating Revenue
<b>Comparable Earnings Measures:</b>		
Comparable Earnings (Loss) and Comparable EPS	Earnings (Loss) and EPS from Continuing Operations	Earnings (Loss) and EPS from Continuing Operations Reconciliation
Comparable EPS Forecast	EPS from Continuing Operations	Comparable EPS Forecast Reconciliation
Adjusted Return on Equity	Not Applicable. However, the non-GAAP elements of the calculation have been reconciled to the corresponding GAAP measures. A numerical reconciliation of net earnings to adjusted net earnings and average shareholders' equity to adjusted average equity is provided in the following reconciliations.	Adjusted Return on Equity Reconciliation
Comparable Earnings (Loss) Before Income Tax and Comparable Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization - (EBITDA)	Net Earnings (Loss) from Continuing Operations	Comparable EBITDA Reconciliation
<b>Cash Flow Measures:</b>		
Total Cash Generated and Free Cash Flow	Cash Provided by Operating Activities	Cash Flow Reconciliation

\*\*We believe comparable segment EBITDA provides investors with useful information, as it is a standard measure commonly reported and widely used by analysts, investors and other interested parties to measure financial performance by segment.

# Appendix: Non-GAAP Financial Measures

(\$ Millions)

## Ryder System, Inc.

### Reconciliation of Operating Revenue

	<u>2015</u>	<u>2020</u>
<b>Total revenue</b>	\$6,571.9	\$8,420.1
<b>Subcontracted Transportation</b>	(288.1)	(785.8)
<b>Fuel</b>	(722.7)	(586.4)
<b>ChoiceLease Liability Insurance Revenue <sup>(1)</sup></b>	(20.7)	(23.8)
<b>Operating revenue</b>	<u>\$5,540.3</u>	<u>\$7,024.0</u>

*(1) In the first quarter of 2020, we announced our plan to exit the extension of our liability insurance coverage for ChoiceLease customers. The exit of this program was completed in the first quarter of 2021*

## Appendix: Non-GAAP Financial Measures

(\$ Millions)

### Fleet Management Solutions

#### Reconciliation of Operating Revenue

<u>Revenue</u>	<u>2015</u>	<u>2020</u>
ChoiceLease	\$ 2,386.0	\$ 3,159.9
SelectCare	421.7	514.3
Commercial Rental	940.0	834.2
Other	77.6	69.1
<b>FMS Operating Revenue</b>	<b>3,825.3</b>	<b>4,577.6</b>
<b>Fuel Services</b>	<b>699.6</b>	<b>569.1</b>
<b>ChoiceLease Liability Insurance Revenue <sup>(1)</sup></b>	<b>20.7</b>	<b>23.8</b>
<b>FMS Total Revenue</b>	<b>\$ 4,545.7</b>	<b>\$ 5,170.5</b>

*(1) In the first quarter of 2020, we announced our plan to exit the extension of our liability insurance coverage for ChoiceLease customers. The exit of this program was completed in the first quarter of 2021*

## Appendix: Non-GAAP Financial Measures

(\$ Millions)

### Supply Chain Solutions

#### Reconciliation of Operating Revenue

<u>Revenue</u>	<u>2015</u>	<u>2020</u>
Automotive	\$ 469.2	\$ 638.3
Technology & Healthcare	251.2	223.0
CPG & Retail	431.6	814.1
Industrial & Other	104.4	195.1
SCS Operating Revenue	1,256.3	1,870.4
Subcontracted Transportation	226.9	593.9
Fuel	64.6	80.1
SCS Total Revenue	<u>\$ 1,547.8</u>	<u>\$ 2,544.4</u>

## Appendix: Non-GAAP Financial Measures

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### Dedicated Transportation Solutions

### Reconciliation of Operating Revenue

<u>Revenue</u>	<u>2015</u>	<u>2020</u>
DTS Operating Revenue	\$ 714.5	\$ 929.2
Subcontracted Transportation	61.2	191.9
Fuel	120.0	108.2
DTS Total Revenue	<u>\$ 895.5</u>	<u>\$ 1,229.4</u>

# Appendix: Non-GAAP Financial Measure

	Comparable EPS										(\$ Earnings Per Share)
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F	
<b>GAAP EPS</b>	\$ 3.90	\$ 4.63	\$ 4.14	\$ 5.73	\$ 4.95	\$ 13.54	\$ 5.43	\$ (0.45)	(2.15)	\$7.40-7.70	
Non-operating pension costs	0.37	0.25	0.05	0.19	0.33	0.31	0.09	0.85	0.10	(0.06)	
Goodwill impairment	-	-	-	-	-	-	0.29	-	-	-	
Restructuring and other charges, net	0.11	(0.01)	0.03	0.23	0.06	0.15	0.08	0.51	0.84	0.23	
ERP Implementation Costs	-	-	-	-	-	-	0.01	0.30	0.49	0.19	
Tax reform-related and other tax adjustments, net	-	-	-	-	-	(9.62)	0.19	0.06	-	0.03	
Uncertain tax provision	-	-	-	-	-	-	(0.08)	-	-	-	
Pension lump sum settlement expense	-	-	1.16	-	-	-	-	-	-	-	
Pension-related adjustments	-	0.03	0.14	(0.01)	0.09	0.06	-	-	-	-	
Operating tax adjustment	-	-	-	-	-	0.03	-	-	0.42	-	
Gain on sale of property	-	-	-	-	-	(0.27)	-	(0.26)	(0.10)	(0.59)	
Acquisition-related tax adjustment	-	-	0.03	-	-	-	-	-	-	-	
Acquisition transaction costs	-	-	0.01	-	-	-	-	-	-	-	
Tax law changes	(0.08)	-	(0.03)	(0.04)	-	0.03	(0.06)	-	-	-	
Superstorm Sandy vehicle-related recoveries	0.10	(0.01)	-	-	-	-	-	-	-	-	
Foreign currency translation benefit	-	(0.04)	-	-	-	-	-	-	-	-	
Early redemption of medium-term notes	-	-	-	-	-	-	-	-	0.13	-	
<b>Comparable EPS</b>	<u>\$ 4.40</u>	<u>\$ 4.85</u>	<u>\$ 5.53</u>	<u>\$ 6.10</u>	<u>\$ 5.43</u>	<u>\$ 4.23</u>	<u>\$ 5.95</u>	<u>\$ 1.01</u>	<u>\$(0.27)</u>	<u>\$7.20-7.50</u>	

Note: Amounts may not recalculate due to rounding.

# Appendix: Non-GAAP Financial Measures

	<b>Adjusted Return on Equity Reconciliation <sup>(1)</sup></b>					<i>(\$ Millions)</i>
	2012	2013	2014	2015	2016	
Net earnings <sup>(2)</sup>	\$ 210	\$ 238	\$ 218	\$ 305	\$ 263	
Other items impacting comparability <sup>(7)</sup>	17	—	115	18	13	
Income taxes <sup>(3)</sup>	91	126	118	164	142	
Adjusted earnings before income taxes	317	363	451	486	418	
Adjusted income taxes <sup>(4)</sup>	(115)	(127)	(162)	(171)	(147)	
Adjusted net earnings [A]	\$ 202	\$ 236	\$ 289	\$ 315	\$ 271	
Average total shareholders' equity <sup>(5)</sup>	\$ 1,406	\$ 1,594	\$ 1,926	\$ 1,895	\$ 2,053	
Average adjustments to shareholders' equity <sup>(6)</sup>	(3)	(2)	8	11	2	
Adjusted average total equity [B]	\$ 1,403	\$ 1,592	\$ 1,934	\$ 1,906	\$ 2,055	
Adjusted Return on Equity [A]/[B]	14.4 %	14.8 %	14.9 %	16.5 %	13.2 %	

- 1) Non-GAAP elements of this calculation have been reconciled to the corresponding GAAP measures. A numerical reconciliation of net earnings to adjusted net earnings and average shareholders' equity to adjusted average total equity is provided on this slide.
- 2) Earnings calculated based on a 12-month rolling period.
- 3) Includes income taxes on discontinued operations.
- 4) Adjusted income taxes represents the tax provision on adjusted earnings before income taxes.
- 5) The average is calculated based on the GAAP balances.
- 6) Represents the impact of other items impacting comparability, net of tax, to equity for the respective period.
- 7) Other items impacting comparability are comprised of the following:

	2012	2013	2014	2015	2016
Restructuring and other, net	\$ 8.1	\$ (0.5)	\$ 3.4	\$ 18.1	\$ 5.1
Pension-related adjustments	—	2.8	12.6	(0.5)	7.7
Pension lump sum settlement expense	—	—	97.2	—	—
Acquisition-related tax adjustment	—	—	1.8	—	—
Superstorm Sandy vehicle-related (recoveries) losses	8.2	(0.6)	—	—	—
Foreign currency translation benefit	—	(1.9)	—	—	—
Acquisition transaction costs	0.4	—	—	—	—
Other items impacting comparability	\$ 16.7	\$ (0.2)	\$ 115.0	\$ 17.6	\$ 12.8

# Appendix: Non-GAAP Financial Measures

	(1)				(\$ Millions)
	<u>Adjusted Return on Equity Reconciliation</u>				
	2017	2018	2019	2020	
Net Earnings <sup>(2)</sup>	\$ 720	\$ 285	\$ (24)	\$ (122)	
Other items impacting comparability <sup>(7)</sup>	24	22	38	90	
Income taxes <sup>(3)</sup>	(423)	103	(19)	(18)	
Adjusted earnings before income taxes	321	409	(5)	(50)	
Adjusted income taxes <sup>(4)</sup>	(112)	(101)	13	21	
Adjusted net earnings [A]	<u>\$ 209</u>	<u>\$ 308</u>	<u>\$ 8</u>	<u>(29)</u>	
Average total shareholders' equity <sup>(5)</sup>	\$1,984	\$2,493	\$2,533	\$2,257	
Average adjustments to shareholders' equity <sup>(6)</sup>	(99)	(78)	15	60	
Adjusted average total equity [B]	<u>\$1,885</u>	<u>\$2,415</u>	<u>\$2,548</u>	<u>\$2,317</u>	
Adjusted Return on Equity	<u>11.1%</u>	<u>12.7%</u>	<u>0.3%</u>	<u>(1.3)%</u>	

- 1) Non-GAAP elements of this calculation have been reconciled to the corresponding GAAP measures. A numerical reconciliation of net earnings to adjusted net earnings and average shareholders' equity to adjusted average total equity is provided on this slide.
- 2) Earnings calculated based on a 12-month rolling period.
- 3) Includes income taxes on discontinued operations.
- 4) Adjusted income taxes represents the tax provision on adjusted earnings before income taxes.
- 5) The average is calculated based on the GAAP balances.
- 6) Represents the impact of other items impacting comparability, net of tax, to equity for the respective period.
- 7) Other items impacting comparability are comprised of the following:

	2017	2018	2019		2020
Restructuring and other, net	\$ 17.3	\$ 5.6	\$ 35.3	Restructuring and other, net	\$ 52.5
Pension-related adjustments	5.5	—	—	Gain on sale of property	(5.4)
Operating tax adjustment	2.2	—	—	Early redemption of medium-term notes	9.0
Tax reform-related and other tax adjustments, net	23.3	—	—	ERP implementation costs	34.3
Gain on sale of property	(24.1)	—	(18.6)	Other items impacting comparability	<u>\$ 90.4</u>
Goodwill impairment	—	15.5	—		
ERP implementation costs	—	0.7	21.3		
Other items impacting comparability	<u>\$ 24.2</u>	<u>\$ 21.8</u>	<u>\$ 38.0</u>		

# Appendix: Non-GAAP Financial Measures

	(\$ Millions)
	2021 Forecast
<b>Net earnings (loss) (12-month rolling period)</b>	\$ 310
<b>Other items impacting comparability, net <sup>(6)</sup></b>	(10)
<b>Income taxes <sup>(2)</sup></b>	105
<b>Adjusted earnings (loss) before income taxes</b>	405
<b>Adjusted income taxes <sup>(3)</sup></b>	(110)
<b>Adjusted net earnings (loss) [A]</b>	\$ 295
<b>Average shareholders' equity <sup>(4)</sup></b>	\$ 2,350
<b>Average adjustments to shareholders' equity <sup>(5)</sup></b>	20
<b>Adjusted average shareholders' equity [B]</b>	\$ 2,370
<b>Adjusted return on equity [A]/[B]</b>	12.5 %

1. Non-GAAP elements of this calculation have been reconciled to the corresponding GAAP measures. A numerical reconciliation of net ear shareholders' equity to adjusted average total equity is provided on this slide.
2. Includes income taxes on discontinued operations.
3. Adjusted income taxes represents the tax provision on adjusted earnings before income taxes.
4. The average is calculated based on the GAAP balances.
5. Represents the impact of other items impacting comparability, net of tax, to equity for the respective period.
6. Other items impacting comparability are comprised of the following:

	2021 Forecast
Restructuring and other, net	\$ 15.0
ERP implementation costs	10.0
Gains on sale of properties	(35.0)
Early redemption of medium-term notes	—
ChoiceLease liability insurance revenue	—
Other items impacting comparability	\$ (10.0)

Note: Amounts may not be additive due to rounding.

# Appendix: Non-GAAP Financial Measures

(\$ Millions)

**Comparable EBITDA Reconciliation** <sup>(1)</sup>

	2012	2013	2014
Net earnings (loss)	\$ 209.8	\$ 237.9	\$ 218.3
Loss (earnings) from discontinued operations, net of tax	(9.1)	5.4	1.9
Provision for income taxes	102.1	125.7	118.1
Earnings (loss) before income taxes from continuing operations	302.8	369.0	338.3
Non-operating pension costs	31.4	22.2	5.5
Restructuring and other, net	8.1	(0.5)	3.4
Pension-related adjustments	—	2.8	109.8
Superstorm Sandy vehicle-related (recoveries) losses	8.2	(0.6)	—
Foreign currency translation benefit	—	(1.9)	—
Acquisition transaction costs	0.4	—	1.8
Comparable earnings before income taxes	350.9	391.1	458.7
Interest expense	140.6	140.5	144.7
Depreciation	939.7	967.2	1,047.0
Used vehicle sales, net	(89.1)	(79.8)	(116.2)
Amortization	8.4	7.9	6.9
Comparable EBITDA	\$ 1,350.4	\$ 1,426.9	\$ 1,541.3

(1) Comparable EBITDA has been recast to exclude gains/losses from the sale of used vehicles. Periods prior to 2017 do not reflect the impact from the lease accounting standard adopted in 2019. Non-GAAP elements of this calculation have been reconciled to the corresponding GAAP measure. A numerical reconciliation of earnings before income taxes from continuing operations to comparable earnings before income taxes from continuing operations is provided on this slide.

Note: Amounts may not be additive due to rounding.

# Appendix: Non-GAAP Financial Measures

(\$ Millions)

## Comparable EBITDA Reconciliation <sup>(1)</sup>

	2015	2016	2017	2018
Net earnings (loss)	\$ 304.8	\$ 263.1	\$ 719.6	\$ 284.6
Loss (earnings) from discontinued operations, net of tax	1.2	2.2	0.5	2.3
Provision (benefit) for income taxes	163.2	142.0	(423.7)	102.5
Earnings (loss) before income taxes	469.2	407.3	296.4	389.5
Non-operating pension costs	17.8	29.9	27.7	7.5
Restructuring and other, net	18.1	5.1	17.3	5.6
Pension-related adjustments	(0.5)	7.7	5.5	—
ERP implementation costs	—	—	—	0.7
Operating tax adjustment	—	—	2.2	—
Tax reform-related and other tax adjustments, net	—	—	23.3	—
Gain on sale of property	—	—	(24.1)	—
Goodwill impairment	—	—	—	15.5
Comparable earnings before income taxes	504.6	449.9	348.3	418.9
Interest expense	150.4	147.8	141.9	180.5
Depreciation	1,122.0	1,187.1	1,257.7	1,388.6
Used vehicle sales, net	(99.9)	(1.0)	17.0	22.3
Amortization	6.8	5.8	5.8	7.6
Comparable EBITDA	\$ 1,684.0	\$ 1,789.6	\$ 1,770.6	\$ 2,017.9

(1) Comparable EBITDA has been recast to exclude gains/losses from the sale of used vehicles. Periods prior to 2017 do not reflect the impact from the lease accounting standard adopted in 2019. Non-GAAP elements of this calculation have been reconciled to the corresponding GAAP measure. A numerical reconciliation of earnings before income taxes from continuing operations to comparable earnings before income taxes from continuing operations is provided on this slide.

Note: Amounts may not be additive due to rounding.

# Appendix: Non-GAAP Financial Measures

(\$ Millions)

## Comparable EBITDA Reconciliation <sup>(1)</sup>

	<u>2019</u>	<u>2020</u>
Net earnings (loss)	\$ (24.4)	\$ (122.3)
Loss (earnings) from discontinued operations, net of tax	1.1	10.3
Provision (benefit) for income taxes	(19.0)	(18.4)
Earnings (loss) before income taxes	<u>(42.3)</u>	<u>(130.4)</u>
Non-operating pension costs	60.4	11.2
Restructuring and other, net	35.3	52.5
ERP implementation costs	21.3	34.3
Gain on sale of property	(18.6)	(5.4)
Early redemption of medium-term notes	<u>—</u>	<u>9.0</u>
Comparable earnings (loss) before income taxes	56.1	(28.8)
Interest expense	241.4	252.3
Depreciation	1,878.9	2,027.4
Used vehicle sales, net	58.7	(0.4)
Amortization	8.3	7.7
Comparable EBITDA	<u>\$ 2,243.4</u>	<u>\$ 2,258.3</u>

(1) Comparable EBITDA has been recast to exclude gains/losses from the sale of used vehicles. Periods prior to 2017 do not reflect the impact from the lease accounting standard adopted in 2019. Non-GAAP elements of this calculation have been reconciled to the corresponding GAAP measure. A numerical reconciliation of earnings before income taxes from continuing operations to comparable earnings before income taxes from continuing operations is provided on this slide.

Note: Amounts may not be additive due to rounding.

# Appendix: Non-GAAP Financial Measures

## Cash Flow Reconciliation

(\$ Millions)

	2012	2013	2014	2015
<b>Cash Provided by Operating Activities from Continuing Operations</b>	\$ 1,160	\$ 1,252	\$ 1,383	\$ 1,442
<b>Proceeds from Sales (Primarily Revenue Earning Equipment) <sup>(1)</sup></b>	413	452	497	427
<b>Collections of Direct Finance Leases <sup>(1)</sup></b>	72	71	66	71
<b>Other, net <sup>(1)</sup></b>	—	8	(1)	—
<b>Total Cash Generated</b>	1,645	1,783	1,944	1,940
<b>Capital Expenditures <sup>(1), (2)</sup></b>	(2,133)	(2,123)	(2,259)	(2,668)
<b>Free Cash Flow <sup>(3)</sup></b>	\$ (488)	\$ (340)	\$ (315)	\$ (728)
<b>Memo:</b>				
<b>Depreciation Expense <sup>(4)</sup></b>	\$ 944	\$ 967	\$ 1,047	\$ 1,122
<b>Net Cash Used in Investing Activities</b>	(1,635)	(1,604)	(1,705)	(2,161)
<b>Net Cash Provided by (Used in) Financing Activities</b>	438	347	312	731

Note: Amounts may not be additive due to rounding.

- Included in cash flows from investing activities.
- Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment.
- Non-GAAP financial measure. We refer to the net amount of cash generated from operating activities and investing activities (excluding changes in restricted cash and acquisitions) from continuing operations as "free cash flow". We calculate free cash flow as the sum of net cash provided by operating activities from continuing operations and net cash provided by the sale of revenue earning equipment and operating property and equipment, collections on direct finance leases and other cash inflows from investing activities, less purchases of revenue earning equipment and property.
- Includes adjustment to reclassify losses from fair value adjustments on our used vehicles to "Used Vehicles Sales, Net".

# Appendix: Non-GAAP Financial Measures

## Cash Flow Reconciliation

(\$ Millions)

	<u>2016</u>	<u>2017 <sup>(5)</sup></u>	<u>2018 <sup>(5)</sup></u>	<u>2019</u>
<b>Cash Provided by Operating Activities from Continuing Operations</b>	\$ 1,601	\$ 1,628	\$ 1,718	\$ 2,141
<b>Proceeds from Sales (Primarily Revenue Earning Equipment)<sup>(1)</sup></b>	421	429	396	518
<b>Collections of Direct Finance Leases <sup>(1)</sup></b>	<u>77</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Total Cash Generated</b>	2,099	2,057	2,114	2,659
<b>Capital Expenditures <sup>(1), (2)</sup></b>	<u>(1,905)</u>	<u>(1,860)</u>	<u>(3,050)</u>	<u>(3,735)</u>
<b>Free Cash Flow <sup>(3)</sup></b>	<u>\$ 194</u>	<u>\$ 197</u>	<u>\$ (936)</u>	<u>\$ (1,077)</u>

### Memo:

<b>Depreciation Expense <sup>(4)</sup></b>	\$ 1,187	\$ 1,258	\$ 1,389	\$ 1,879
<b>Net Cash Used in Investing Activities</b>	(1,406)	(1,439)	(2,821)	(3,217)
<b>Net Cash Provided by (Used in) Financing Activities</b>	(186)	(162)	1,086	1,084

Note: Amounts may not be additive due to rounding.

- Included in cash flows from investing activities.
- Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment.
- Non-GAAP financial measure. We refer to free cash flow as the sum of net cash provided by operating activities from continuing operations and net cash provided by the sale of revenue earning equipment and operating property and equipment, collections on direct finance leases and other cash inflows from investing activities, less purchases of revenue earning equipment and property.
- Includes adjustment to reclassify losses from fair value adjustments on our used vehicles to "Used Vehicles Sales, Net".
- These amounts have been recast to reflect the impact of the lease accounting standard adopted in 2019. Prior full year periods do not reflect the impact from the lease accounting standard.

## Appendix: Non-GAAP Financial Measures

### Cash Flow Reconciliation

(Millions)

	<u>2020</u>	<u>2021 Forecast</u>
Cash Provided by Operating Activities from Continuing Operations	\$ 2,181	\$ 2,200
Proceeds from Sales (Primarily Revenue Earning Equipment) <sup>(1)</sup>	552	700
<b>Total Cash Generated</b>	<b>2,734</b>	<b>2,900</b>
Capital Expenditures <sup>(1), (2)</sup>	(1,147)	(2,250 - 2,150)
<b>Free Cash Flow<sup>(3)</sup></b>	<b>\$ 1,587</b>	<b>\$650M - \$750M</b>
<b>Memo:</b>		
Depreciation Expense	\$ (601)	\$ (1,600)
<b>Net Cash Used in Investing Activities</b>	<b>\$ (1,507)</b>	<b>\$ (700)</b>
<b>Net Cash Provided by (Used in) Financing Activities</b>		

Note: Amounts may not be additive due to rounding.

- (1) Included in cash flows from investing activities.
- (2) Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment.
- (3) Non-GAAP financial measure. We refer to free cash flow as the sum of net cash provided by operating activities from continuing operations, net cash provided by the sale of revenue earning equipment and operating property and equipment and other cash inflows from investing activities, less purchases of revenue earning equipment and property.



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