Investor presentation

August, 2022

GXO

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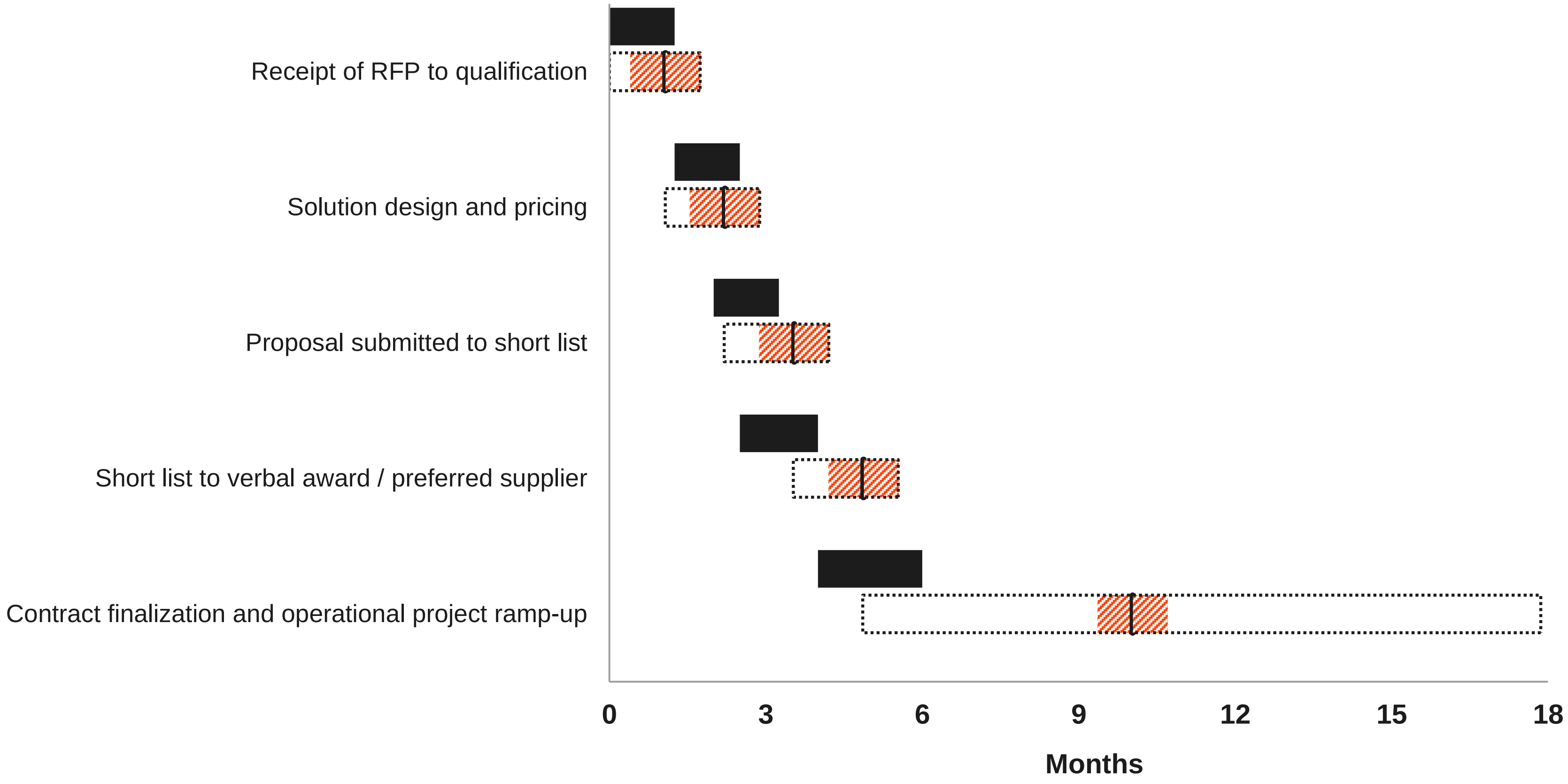
The following examples are for illustrative purposes only.

Process from RFP to go-live

GXO has the resources and flexibility to serve the full spectrum of client mandates – from quick scale ups to meet urgent needs, to long-term initiatives that require significant planning



Illustrative completion timelines

Quick scale-up

~3 months

Significant projects

~12-18 months

All GXO contracts are structured to manage risks by passing through costs

- Open book contracts are cost plus. Hybrid-closed book contracts are partly cost plus and partly fixed price. Margins are protected in both cases with a high degree of variable costs

- Hybrid-closed book contracts typically see higher upfront investment and higher depreciation expenses; this results in a higher EBITDA margins. Excluding passed through depreciation charges, EBITA margins on both open and hybrid-closed book contracts are broadly similar

*Includes the effect of the Clipper Logistics acquisition. Based on public disclosure of Clipper Logistics being 76% open book in FY2021.

Contract maturity curve*

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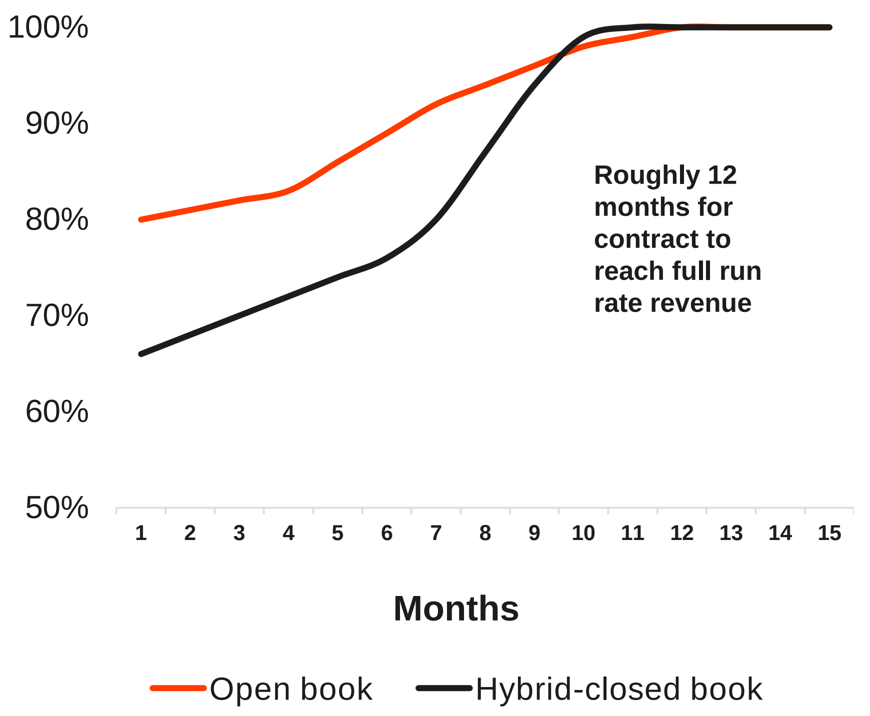
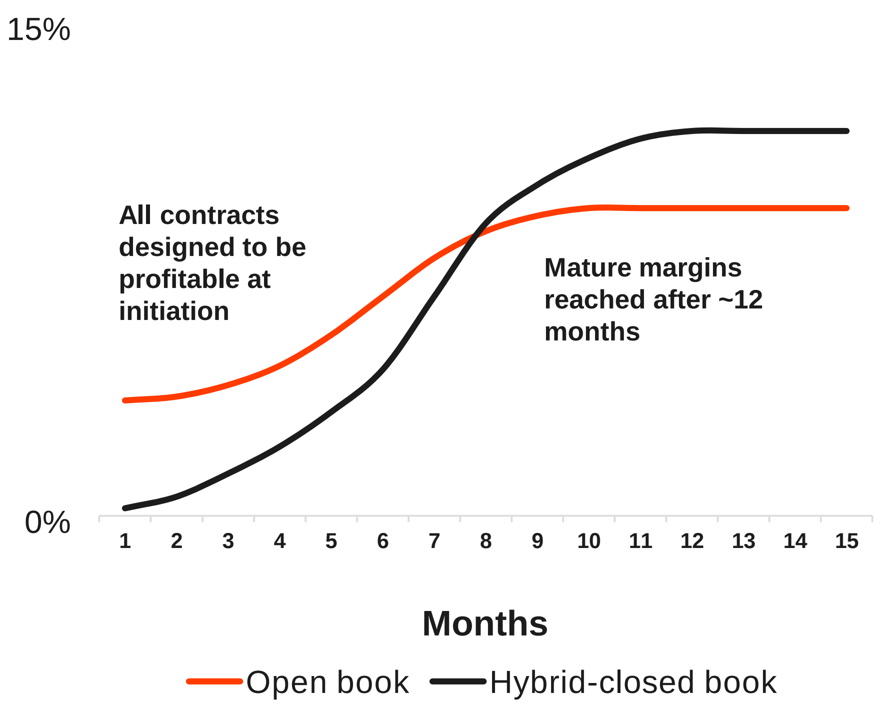
Revenue maturity curve



EBITDA margin maturity curve



- Open book contracts see faster margin maturity curves than hybrid-closed book contracts
- Both sets of contracts can take up to four quarters to reach full revenue run-rate
- Both sets of contracts can take around four quarters to reach full margin maturity as productivity and automation efficiencies become apparent

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* Examples are based off illustrative contracts and the analysis excludes any impact of seasonality. This is not representative of all contracts.

Open book contract – example*

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Revenue

Variable revenue

\+ Fixed revenue

\+ Mark-up

Total = ~100

Costs

Variable costs

\+ Fixed** Costs

Total = ~93

EBITDA

Margin on variable costs: 0

\+ Margin on fixed costs: 0

\+ Margin on mark-up or fixed fees

EBITDA = ~7

Open book contract volume sensitivity

Volumes	-5%	+5%
Revenue	-3.7%	+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 costs boosts ROIC, EBITDA margins lower than hybrid-closed book contracts due to lower depreciation expense

Mark-up: Full variable cost base; margins constant irrespective of volumes

Fixed fee: Slight margin expansion as volumes contract; slight margin contraction as volumes increase

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** Excludes depreciation.

Hybrid-closed book contract – example*

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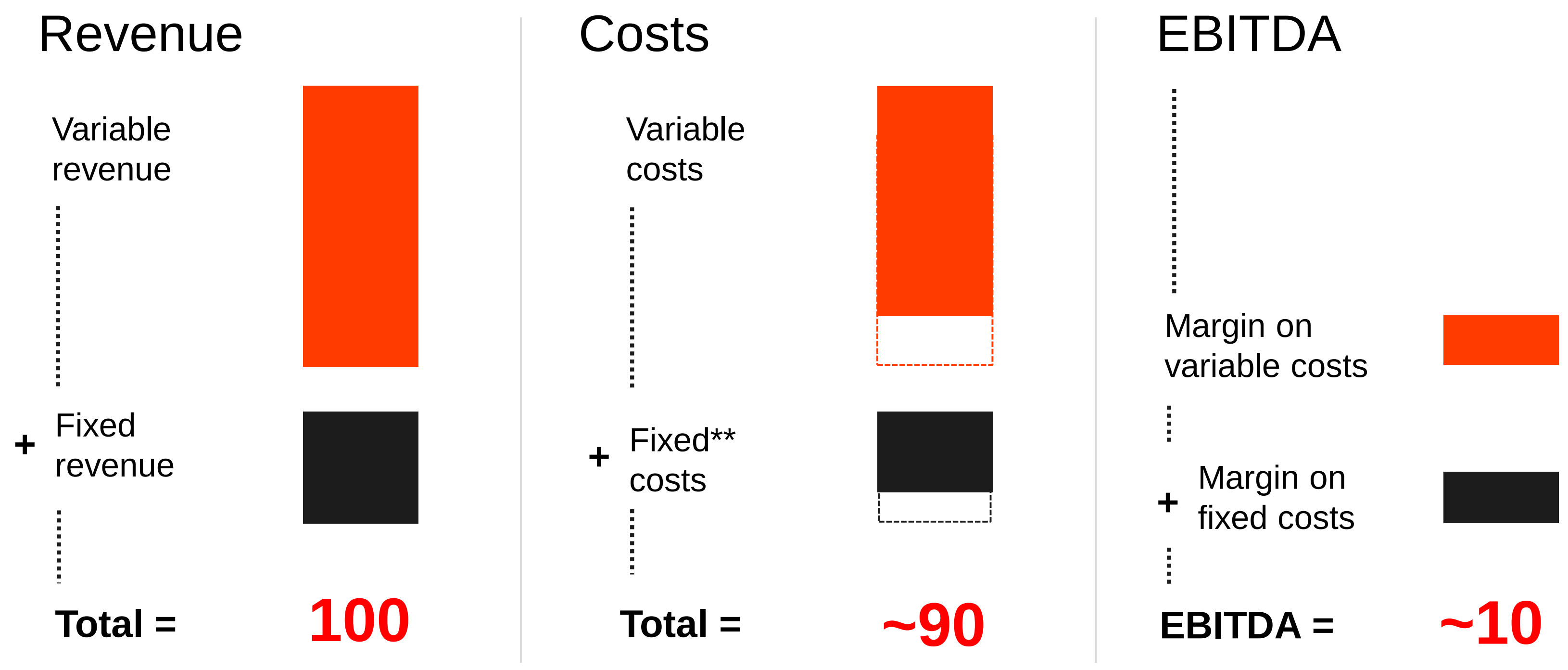

Hybrid-closed book contract volume sensitivity

Volumes	-5%	+5%
Revenue	-3.8%	+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 in the contracts to pass through costs to the end customer
- Higher upfront costs, lead to higher depreciation expense than open book contracts but also greater upside potential through contract outperformance
- Continuous, technology-driven operational improvements boost margins throughout the life of the contract

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** Excludes depreciation.

Project* based >30% return on invested capital

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	Open book	Hybrid-closed book
Revenue	~100	~100
- Fixed and variable costs		
EBITDA	~7	~10
- Depreciation	~1	~4
EBITA	~6	~6
- Tax	~1	~1
NoPat	~5	~5
Average PP&E	~3	~9
+ Working capital	~8	~8
Invested capital	11	17
Return on invested capital	~40%	~30%

Benefits

- Hybrid-closed book contracts have higher EBITDA margins than open book contracts reflecting higher upfront capital expenditure. Both contract 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

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*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.