August 6, 2024

# 2Q 2024 results

# 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, adjusted earnings before interest, taxes and amortization ("adjusted EBITA"), adjusted EBITA margin, adjusted EBITA, net of income taxes paid, adjusted net income, adjusted net income attributable to GXO, adjusted earnings per share (basic and diluted) ("adjusted EPS"), free cash flow, free cash flow conversion, organic revenue, organic revenue growth, net leverage ratio, net debt, return on invested capital ("ROIC") and net capital expenditures ("net capex"). 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 EBITA, adjusted net income attributable to GXO and adjusted EPS 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. Litigation expenses primarily relate to the settlement of ongoing legal matters. Restructuring costs primarily relate to severance costs associated with business optimization initiatives. We believe that free cash flow and free cash flow conversion are important measures 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 cash flows from operations less net capex; we calculate net capex as capital expenditures plus proceeds from sale of property and equipment. We calculate free cash flow conversion as free cash flow divided by adjusted EBITDA, expressed as a percentage. We believe that adjusted EBITDA, adjusted EBITDA margin, adjusted EBITA, adjusted EBITA margin, and adjusted EBITA, net of income taxes paid 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 adjusted net income, adjusted net income attributable to GXO and adjusted EPS improve the comparability of our operating results from period to period by removing the impact of certain costs and gains, which management has determined are not reflective of our core operating activities, including amortization of acquisition-related intangible assets. 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 disposed business. We believe that net leverage ratio and net debt are important measures of our overall liquidity position and are calculated by adding bank overdrafts and removing cash and cash equivalents from our total debt and net debt as a ratio of our adjusted EBITDA. We calculate ROIC as our trailing twelve months adjusted EBITA, net of income taxes paid, divided by the average 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 full-year 2024 organic revenue growth, adjusted EBITDA, adjusted diluted EPS, and free cash flow conversion, a 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.

**Non-GAAP Valuation Measure:** Adjusted EBITDAR is a valuation measure that is not specified in GAAP. Adjusted EBITDAR excludes rent expense from adjusted EBITDA and is useful to management and investors in evaluating GXO's relative performance because adjusted EBITDAR considers the performance of GXO's operations, excluding decisions made with respect to capital investment, financing and other non-recurring charges. Adjusted EBITDAR is also a measure commonly used by management, research analysts and investors to value companies in the logistics industry. Since adjusted EBITDAR excludes interest expense and rent expense, it allows research analysts and investors to compare the value of different companies without regard to differences in capital structures and leasing arrangements. As such, our presentation of Adjusted EBITDAR should not be construed as a financial performance or operating measure. With respect to our target for full-year 2024 adjusted EBITDAR, a reconciliation of this non-GAAP measure to the corresponding GAAP measure is not available without unreasonable effort due to the variability and complexity of the reconciling items described above that we exclude from this non-GAAP target measure. The variability of these items may have a significant impact on our future GAAP financial results and, as a result, we are unable to prepare the forward-looking statement of income, 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 full year 2024 financial targets of organic revenue growth, adjusted EBITDA, adjusted diluted EPS and adjusted EBITDA to free cash flow conversion; the expected incremental revenue in 2024 and 2025; our 2024 valuation target for adjusted EBITDAR; our expected net leverage in 2024 and 2025; the expected impact of the acquisition of Wincanton on our results of operations and growth in Germany. 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: economic conditions generally; supply chain challenges, including labor shortages; competition and pricing pressures; our ability to align our investments in capital assets, including equipment, service centers and warehouses, to our respective customers' demands; our ability to successfully integrate and realize anticipated benefits, synergies, cost savings and profit improvement opportunities with respect to acquired companies, including the acquisition of Wincanton; 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 indebtedness; 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; our ability to attract or retain necessary talent; the increased costs associated with labor; fluctuations in currency exchange rates; fluctuations in fixed and floating interest rates; fluctuations in customer confidence and spending; issues related to our intellectual property rights; governmental regulation, including environmental laws, 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; damage to our reputation; a material disruption of the company'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; failure in properly handling the inventory of our customers; the impact of potential cyber -attacks and information technology or data security breaches; and the inability to implement technology initiatives or business systems successfully; our ability to achieve Environmental, Social and Governance goals; and a determination by the IRS that the distribution or certain related spin-off transactions should be treated as taxable transactions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. 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.

# Presenters

**Malcolm Wilson**
Chief Executive Officer

**Baris Oran**
Chief Financial Officer

**Kristine Kubacki**
Chief Strategy Officer

GXO is building the supply chain of the future.
We design and operate the most technologically advanced logistics solutions in the world.

# Our value creation framework

1. Outsized growth driven by secular tailwinds
2. Global scale
3. Leadership in technology and automation
4. Customer-centric culture
5. Effective capital allocation
6. Compelling financial profile and long-term growth algorithm

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# 2Q 2024 executive summary

Delivered record revenue and accelerated organic growth sequentially

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Completed Wincanton acquisition

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Grew business in German market

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Increased AI deployments planned for FY 2024 by 10x year over year

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Reaffirmed full-year guidance and confidence in 2027 targets



# 2Q 2024 financial highlights

| | | | | |
|---|---|---|---|---|
| **Revenue** | $2.8 billion | up 19% | **Organic revenue**[1] | up 2% |
| **Net income** | $39 million | | **Adjusted EBITDA**[1] | $187 million |
| **Operating cash flow** | $115 million | | **Free cash flow**[1] | $31 million |
| **Diluted EPS** | $0.32 | | **Adjusted diluted EPS**[1] | $0.55 |

## Key highlights

- Signed new business wins of approximately $270 million[2] in annualized revenue during 2Q 2024
- Pipeline has increased to $2.3 billion as of 2Q 2024[2]
- $796 million of new FY 2024 revenue won through 2Q 2024,[3] equivalent to 8% YoY revenue growth
- Operating return on invested capital of 32% in 2Q 2024[1]
- $54 million YoY increase in free cash flow for 1H 2024[1]

(1) Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.
(2) Based on closing June 30, 2024, FX rates of 1.26 GBP/USD and 1.07 EUR/USD.
(3) Based on 2024 average FX rates of 1.27 GBP/USD and 1.08 EUR/USD

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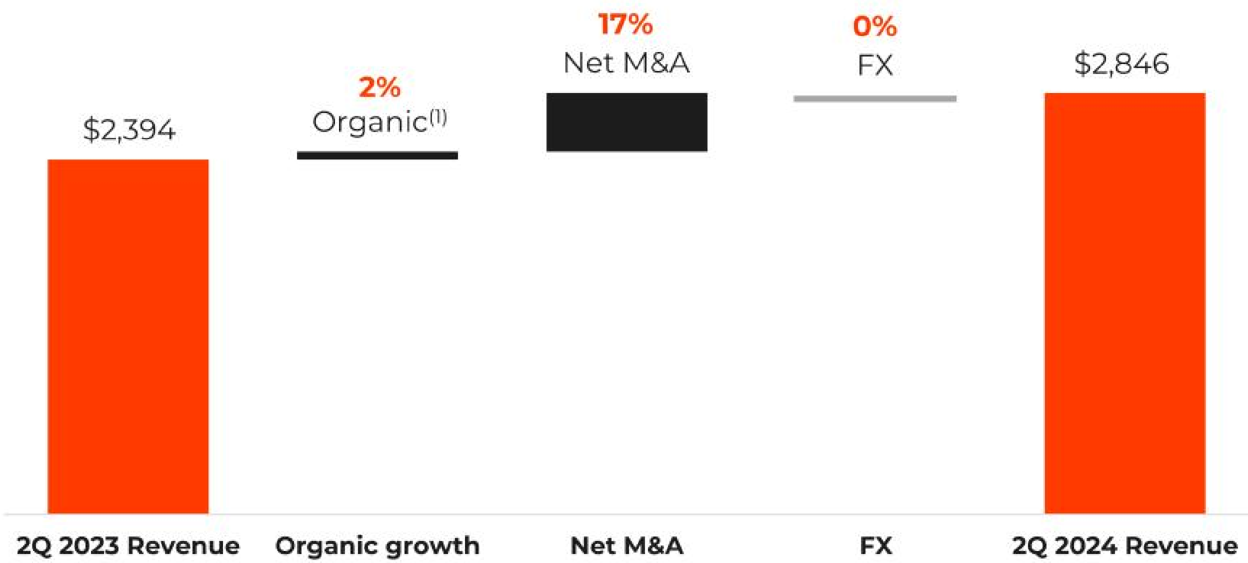
# 2Q 2024 revenue growth

(In millions USD)




Year-over-year revenue growth in 2Q was 19%, of which 2% was organic[1].





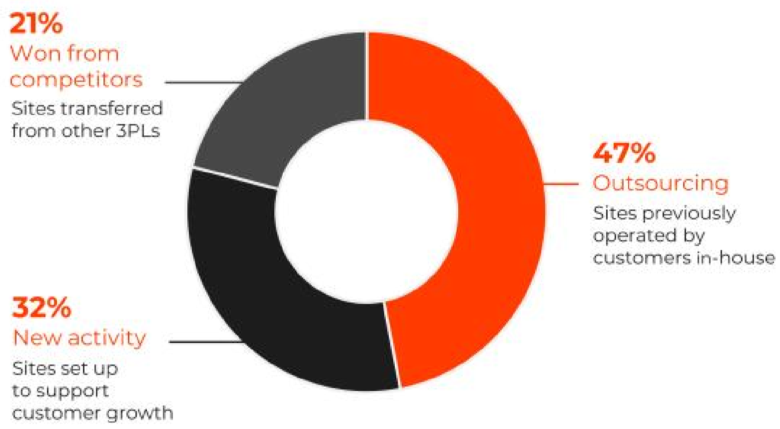
(1) Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information

# Recent wins and expansions

# New contract wins and outsourcing underpin long-term growth

Expected incremental revenue contributions from contracts won through 2Q 2024


2Q 2024 contract wins by source




Six-year average duration of 2Q wins builds revenue visibility.





(1) Based on 2024 average FX rates of 1.27 GBP/USD and 1.08 EUR/USD
(2) Based on closing June 30, 2024, FX rates of 1.26 GBP/USD and 1.07 EUR/USD

# Strong cash flow and investment grade balance sheet

### 1H 2024 cash flow and returns

Cash flows from operations
$165 million

1H 2023:
$100 million

Free cash flow[2]
$14 million

1H 2023:
$(40) million

Operating return on invested capital[2]
32%

Long-term target:
>30%

### 2Q 2024 balance sheet

Total debt[1]
$2,770 million

Mostly fixed-rate borrowings

Net debt[1,2]
$2,304 million

No debt maturities in 2024; $1,395 million liquidity available at end 2Q

Net leverage[2]
3.1x

Following Wincanton acquisition, net leverage expected to be ~2.5x at FY2024 and less than 2.0x at FY2025

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(1) Includes finance leases and other debt of $309 million as of June 30, 2024.
(2) Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.

# Reaffirmed FY 2024 guidance

| | 2024 guidance[1] |
|---|---|
| **Organic revenue growth[2]** | 2% – 5% |
| **Adjusted EBITDA[2]** | $805 – $835 million |
| **Adjusted EBITDA[2] to free cash flow conversion** | 30% – 40% |
| **Adjusted diluted EPS[2]** | $2.73 – $2.93 |
| **Adjusted EBITDAR[3]** | $1.95 – $2.0 billion |

**Guidance assumptions:**

- Forecasted quarterly adjusted EBITDA phasing in 2024 guidance: 1Q: c.19%; 2Q: c.23%; 3Q: c.27%; and 4Q: c.31%.
- Full year net interest expense: $80-90 million

(1) Based on current FX rates
(2) Refer to the 'Non-GAAP Financial Measures' section on slide 2.
(3) Adjusted EBITDAR is a valuation measure that is not specified in GAAP. Adjusted EBITDAR is commonly used by management, research analysts and Investors to value companies in the logistics industry. Adjusted EBITDAR should not be construed as a financial performance or operating measure. Refer to the 'Non-GAAP Valuation Measures' section on slide 2.

# The GXO investment case

### Compelling financial profile

- Structural organic growth
- Resilient margins
- Strong free cash flows
- High returns

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### Effective capital allocation framework

- Invest in innovation and organic growth
- Investment grade balance sheet
- Strategic M&A
- Return capital to shareholders

+

### The GXO Difference

- Tech and automation leadership
- Global scale
- Trusted expertise

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**Maximizing shareholder returns**

# Appendix

## GXO Logistics, Inc.
## Reconciliation of net income to adjusted EBITDA and adjusted EBITDA margins
## (unaudited)

| (In millions USD) | Three months ended June 30, 2024 | Three months ended June 30, 2023 | Six months ended June 30, 2024 | Six months ended June 30, 2023 | Year ended December 31, 2023 | Trailing twelve months ended June 30, 2024 |
|---|---|---|---|---|---|---|
| **Net income attributable to GXO** | $ 38 | $ 65 | $ 1 | $ 90 | $ 229 | $ 140 |
| Net income attributable to noncontrolling interest ("NCI") | 1 | 1 | 2 | 2 | 4 | 4 |
| **Net income** | $ 39 | $ 66 | $ 3 | $ 92 | $ 233 | $ 144 |
| Interest expense, net | 23 | 14 | 36 | 27 | 53 | 62 |
| Income tax expense | 14 | 20 | 4 | 23 | 33 | 14 |
| Depreciation and amortization expense | 99 | 84 | 191 | 167 | 361 | 385 |
| Transaction and integration costs | 15 | 6 | 34 | 19 | 34 | 49 |
| Restructuring costs and other | 1 | 3 | 17 | 24 | 32 | 25 |
| Litigation expense | (3) | — | 60 | — | — | 60 |
| Unrealized gain on foreign currency contracts and other | (1) | (3) | (4) | (4) | (5) | (5) |
| **Adjusted EBITDA[1]** | $ 187 | $ 190 | $ 341 | $ 348 | $ 741 | $ 734 |
| | | | | | | |
| **Revenue** | $ 2,846 | $ 2,394 | $ 5,302 | $ 4,717 | | |
| **Operating income** | $ 75 | $ 99 | $ 36 | $ 141 | | |
| **Operating income margin[2]** | 2.6 % | 4.1 % | 0.7 % | 3.0 % | | |
| **Adjusted EBITDA margin[1][3]** | 6.6 % | 7.9 % | 6.4 % | 7.4 % | | |

(1) See the "Non-GAAP Financial Measures" section for additional information.
(2) Operating income margin is calculated as operating income divided by revenue for the period.
(3) Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue for the period.

## GXO Logistics, Inc.
## Reconciliation of net income to adjusted EBITA and adjusted EBITA margins
## (unaudited)

| (In millions USD) | Three months ended June 30, 2024 | Three months ended June 30, 2023 | Six months ended June 30, 2024 | Six months ended June 30, 2023 | Year ended December 31, 2023 | Trailing twelve months ended June 30, 2024 |
|---|---|---|---|---|---|---|
| **Net income attributable to GXO** | $ 38 | $ 65 | $ 1 | $ 90 | $ 229 | $ 140 |
| Net income attributable to NCI | 1 | 1 | 2 | 2 | 4 | 4 |
| **Net income** | $ 39 | $ 66 | $ 3 | $ 92 | $ 233 | $ 144 |
| Interest expense, net | 23 | 14 | 36 | 27 | 53 | 62 |
| Income tax expense | 14 | 20 | 4 | 23 | 33 | 14 |
| Amortization expense | 22 | 19 | 41 | 36 | 71 | 76 |
| Transaction and integration costs | 15 | 6 | 34 | 19 | 34 | 49 |
| Restructuring costs and other | 1 | 3 | 17 | 24 | 32 | 25 |
| Litigation expense | (3) | — | 60 | — | — | 60 |
| Unrealized gain on foreign currency contracts and other | (1) | (3) | (4) | (4) | (5) | (5) |
| **Adjusted EBITA[1]** | $ 110 | $ 125 | $ 191 | $ 217 | $ 451 | $ 425 |
| | | | | | | |
| **Revenue** | $ 2,846 | $ 2,394 | $ 5,302 | $ 4,717 | | |
| **Adjusted EBITA margin[1][2]** | 3.9 % | 5.2 % | 3.6 % | 4.6 % | | |

(1) See the "Non-GAAP Financial Measures" section for additional information.
(2) Adjusted EBITA margin is calculated as adjusted EBITA divided by revenue for the period.

**GXO Logistics, Inc.**
**Reconciliation of net income to adjusted net income**
**and adjusted earnings per share**
**(unaudited)**

| (In millions USD, shares in thousands, except per share amounts) | Three months ended June 30, 2024 | Three months ended June 30, 2023 | Six months ended June 30, 2024 | Six months ended June 30, 2023 |
|---|---|---|---|---|
| **Net income** | $ 39 | $ 66 | $ 3 | $ 92 |
| Net income attributable to NCI | (1) | (1) | (2) | (2) |
| **Net income attributable to GXO** | $ 38 | $ 65 | $ 1 | $ 90 |
| Amortization expense | 22 | 19 | 41 | 36 |
| Transaction and integration costs | 15 | 6 | 34 | 19 |
| Restructuring costs and other | 1 | 3 | 17 | 24 |
| Litigation expense | (3) | — | 60 | — |
| Unrealized gain on foreign currency contracts and other | (1) | (3) | (4) | (4) |
| Income tax associated with the adjustments above[1] | (6) | (6) | (29) | (17) |
| Discrete tax benefit[2] | — | — | — | (5) |
| **Adjusted net income attributable to GXO[3]** | $ 66 | $ 84 | $ 120 | $ 143 |
| | | | | |
| **Adjusted basic EPS[3]** | $ 0.55 | $ 0.71 | $ 1.01 | $ 1.20 |
| **Adjusted diluted EPS[3]** | $ 0.55 | $ 0.70 | $ 1.00 | $ 1.20 |
| | | | | |
| **Weighted-average common shares outstanding** | | | | |
| Basic | 119,427 | 118,927 | 119,350 | 118,854 |
| Diluted | 119,683 | 119,415 | 119,680 | 119,323 |

(1) The income tax rate applied to items is based on the GAAP annual effective tax rate.
(2) Discrete tax benefit from intangible assets and the release of valuation allowances.
(3) See the "Non-GAAP Financial Measures" section for additional information.

## GXO Logistics, Inc.
## Other reconciliations
## (unaudited)

Reconciliation of cash flows from operations to free cash flow:

| (In millions USD) | Three months ended June 30, 2024 | Three months ended June 30, 2023 | Six months ended June 30, 2024 | Six months ended June 30, 2023 |
|---|---|---|---|---|
| **Cash flows from operations**[1] | $ 115 | $ 61 | $ 165 | $ 100 |
| Capital expenditures | (88) | (59) | (161) | (150) |
| Proceeds from sale of property and equipment | 4 | 1 | 10 | 10 |
| **Net capital expenditures ("Net capex")**[2] | (84) | (58) | (151) | (140) |
| **Free cash flow**[2] | $ 31 | $ 3 | $ 14 | $ (40) |

(1) Net cash provided by operating activities.
(2) See the "Non-GAAP Financial Measures" section for additional information.

**GXO Logistics, Inc.**
**Other reconciliations**
**(unaudited)**

Reconciliation of revenue to organic revenue:

| (In millions USD) | Three months ended June 30, 2024 | Three months ended June 30, 2023 | Six months ended June 30, 2024 | Six months ended June 30, 2023 |
|---|---|---|---|---|
| **Revenue** | $ 2,846 | $ 2,394 | $ 5,302 | $ 4,717 |
| Revenue from acquired business[1] | (396) | — | (459) | — |
| Revenue from disposed business[1] | — | (3) | (1) | (7) |
| Foreign exchange rates | — | — | (50) | — |
| **Organic revenue[2]** | $ 2,450 | $ 2,391 | $ 4,792 | $ 4,710 |
| | | | | |
| **Revenue growth[3]** | 18.9 % | | 12.4 % | |
| **Organic revenue growth[2][4]** | 2.5 % | | 1.7 % | |

(1) The Company excludes revenue from acquired and disposed businesses for periods that are not comparable.
(2) See the "Non-GAAP Financial Measures" section for additional information.
(3) Revenue growth is calculated as the change in the period-over-period revenue divided by the prior period, expressed as a percentage.
(4) Organic revenue growth is calculated as the change in the period-over-period organic revenue divided by the prior period, expressed as a percentage.

**GXO Logistics, Inc.**
**Liquidity reconciliations**
**(unaudited)**

Reconciliation of total debt and net debt:

| (In millions USD) | | June 30, 2024 |
|---|---|---|
| Current debt | $ | 219 |
| Long-term debt | | 2,551 |
| **Total debt[1]** | $ | 2,770 |
| Plus: Bank overdrafts | | 3 |
| Less: Cash and cash equivalents | | (469) |
| **Net debt[2]** | $ | 2,304 |

Reconciliation of total debt to net income ratio:

| (In millions USD) | | June 30, 2024 |
|---|---|---|
| Total debt | $ | 2,770 |
| Trailing twelve months net income | $ | 144 |
| **Debt to net income ratio** | | 19.2x |

Reconciliation of net leverage ratio:

| (In millions USD) | | June 30, 2024 |
|---|---|---|
| Net debt | $ | 2,304 |
| Trailing twelve months adjusted EBITDA[1] | $ | 734 |
| **Net leverage ratio[1]** | | 3.1x |

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(1) Includes finance leases and other debt of $309 million as of June 30, 2024.
(2) See the "Non-GAAP Financial Measures" section for additional information.

**GXO Logistics, Inc.**
**Return on invested capital**
**(unaudited)**

Adjusted EBITA, net of income taxes paid:

| (In millions USD) | Six months ended June 30, 2024 | Six months ended June 30, 2023 | Year ended December 31, 2023 | Trailing twelve months ended June 30, 2024 |
|---|---|---|---|---|
| **Adjusted EBITA[1]** | $ 191 | $ 217 | $ 451 | $ 425 |
| Less: Cash paid for income taxes | (19) | (32) | (84) | (71) |
| **Adjusted EBITA, net of income taxes paid[1]** | $ 172 | $ 185 | $ 367 | $ 354 |

Return on invested capital:

| (In millions USD) | June 30, 2024 | June 30, 2023 | Average |
|---|---|---|---|
| **Selected assets:** | | | |
| Accounts receivable, net | $ 1,909 | $ 1,719 | $ 1,814 |
| Other current assets | 419 | 282 | 351 |
| Property and equipment, net | 1,093 | 965 | 1,029 |
| **Selected liabilities:** | | | |
| Accounts payable | (690) | (566) | (628) |
| Accrued expenses | (1,286) | (950) | (1,118) |
| Other current liabilities | (402) | (284) | (343) |
| **Invested capital** | $ 1,043 | $ 1,166 | $ 1,105 |

| | |
|---|---|
| **Trailing twelve months net income to average invested capital** | 13.0% |
| **Operating return on invested capital[1][2]** | 32.0% |

(1) See the "Non-GAAP Financial Measures" section for additional information.
(2) The ratio of operating return on invested capital is calculated as trailing twelve months adjusted EBITA, net of income taxes paid, divided by the average invested capital.