

XPOLogistics



Los Angeles Transportation Club
September 9, 2014

Secular Trends Driving Industry Growth



- Growth in e-commerce retailing
- Outsourcing of logistics services and capacity
- Conversion from over-the-road to intermodal rail
- Near-shoring of manufacturing in Mexico
- Just-in-time lean production
- Driver shortage
- Automation of the transportation logistics process

XPO's Plan: Embrace High-Growth Trends



XPO is a multi-modal, single-source provider in the fastest-growing transportation sectors

- Last mile is the new consumer connection (e-commerce)
- 3PLs cut costs for shippers and carriers (outsourcing)
- Intermodal is less expensive for long-haul (conversion from over-the-road to rail)
- Mexico compares favorably to China (near-shoring)
- Air charter and expedite solve supply chain delays (JIT)
- 3PLs can find trucks when others can't (driver shortage)

XPO Facilitates Over 31,000 Deliveries a Day

- #4 freight brokerage firm and Top 50 logistics company
- #3 provider of intermodal services
- #1 provider of cross-border Mexico intermodal
- #1 manager of expedited shipments
- #1 provider of last-mile logistics for heavy goods
- Leading provider of premium contract logistics
- Growing provider of global freight forwarding, managed transportation and less-than-truckload brokerage

Sources for rankings: Transport Topics, Journal of Commerce and company data

Technology Is King



- \$70 million IT budget for 2014
- Proprietary Freight Optimizer system is our secret sauce
- Proprietary last mile technology drives up end-customer satisfaction rates
- Proprietary XPO NLM blind auction portal meets fast-growing need for expedited
 - 123 people manage \$750 million gross transportation spend
- Acquisition of New Breed doubles XPO IT workforce to more than 600

Two Next Big Things



Autonomous trucks

- Perform better than best drivers
- Europe is testing green corridors
- U.S. is testing drone deliveries
- Aging driver demographic makes autonomous options attractive

3D printing

- Not perfect yet, but it will be
- Will have a role in reshaping the channels for future goods