

August 2024

Investing in the future of supply chain with GXO



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 CAGR, adjusted earnings before interest, taxes and amortization ("adjusted EBITA"), adjusted EBITA, net of income taxes paid, adjusted diluted earnings per share ("EPS") CAGR, free cash flow, free cash flow conversion, organic revenue CAGR and return on invested capital ("ROIC"). We believe that the above adjusted financial measures facilitate analysis of our ongoing business operations because they exclude items that may not be reflective of, or are unrelated to, GXO's core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying businesses. Other companies may calculate these non-GAAP financial measures differently, and therefore our measures may not be comparable to similarly titled measures used by other companies. GXO's non-GAAP financial measures should only be used as supplemental measures of our operating performance. Adjusted EBITDA, adjusted EBITA 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 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 and adjusted EBITA, 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 EPS improves 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 calculate ROIC as our 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 2027 financial targets of organic revenue CAGR, adjusted EBITDA, adjusted EBITDA CAGR, adjusted diluted EPS CAGR, free cash flow conversion and ROIC, 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.

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 2027 financial targets of organic revenue CAGR, adjusted EBITDA, adjusted EBITDA CAGR, adjusted diluted EPS CAGR, free cash flow conversion and ROIC; and the expected impact of the acquisition of Wincanton on our results of operations. 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.

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

The GXO investment case

Compelling financial profile

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

+

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

=

Maximizing shareholder returns

GXO by the numbers

#1

Pure-play contract logistics provider

27

Countries of operation

>970

Facilities

>1,200

Global customers

~130K

Global team members

~30%

of Fortune 100 companies served⁽¹⁾

\$9.8B

2023 revenue

\$741M

2023 adjusted EBITDA⁽²⁾

>30%

2023 FCF conversion⁽²⁾

>30%

2023 operating ROIC⁽²⁾



We operate at the heart of the global supply chain



How we win



Our value creation framework

1

Outsized growth driven by secular tailwinds

Complexity, e-commerce, outsourcing and automation

2

Global scale

Blue-chip customer base; global footprint; “land and expand” commercial strategy

3

Leadership in technology and automation

Design of robotics- and AI-enabled solutions; “operational incubator” R&D approach; data-backed insights

4

Customer-centric culture

Global operational excellence standards; commitment to lean operations and continuous improvement

5

Effective capital allocation

Invest for organic growth; strategic M&A in high-growth verticals and geographies, with proven synergy realization; return capital to shareholders

6

Compelling financial profile and long-term growth algorithm

Compounding organic growth; long-term contractual customer relationships; resilient margins; high returns with strong free cash flows

The outsourced market is growing

Core trends

Complexity

Supply chains are becoming more time-sensitive and complicated, driven by reshoring, capacity constraints, and geopolitical risks

Ecommerce

Long-term share shifts to ecommerce and DTC require businesses to re-think their fulfillment strategies

Supply chain as a strategy

Supply chain is increasingly recognized by brands as a driver of growth and efficiency, vs. commoditized manual operations



Market response

Outsourcing

Customers recognize that operating a cost-efficient supply chain requires scale, experience and tech expertise

Why we win: The GXO Difference

Strategy

In action

Customer-centric culture

New customer relationships turn into long-term strategic partnerships

- ~5-year average contract length
- >15-year relationship length for top 15 customers
- Recognized as part of FreightTech 100 in 2022, 2023, 2024

Global scale

Leading market positions in North America, UK and Europe, enable us to scale our customers' supply chain strategies

- About 50% of revenue comes from customers we serve in more than one country
- Strategic M&A expansion into target markets

Tech and automation leadership

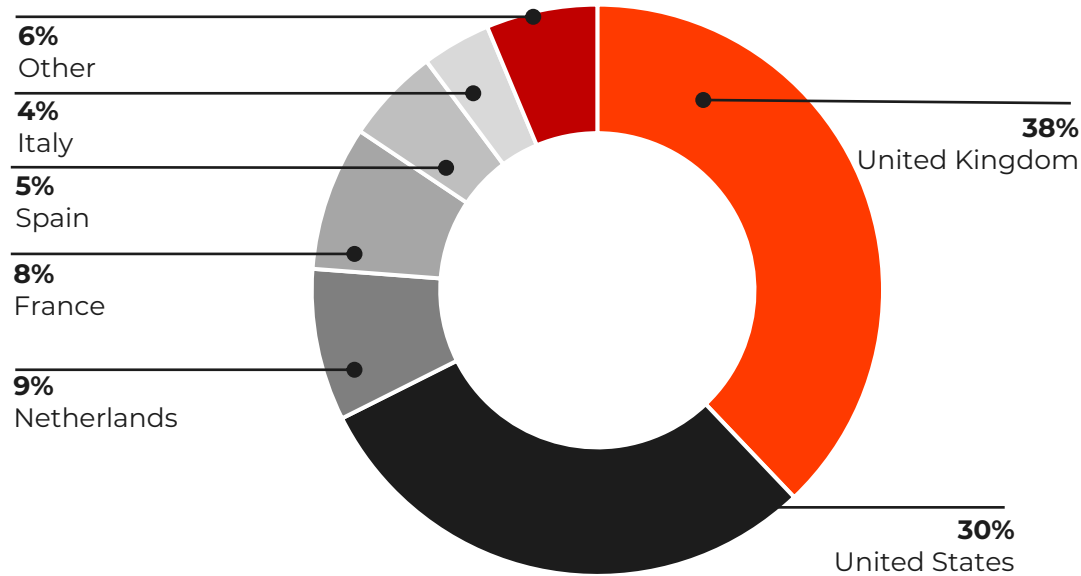
Need for increased productivity drives demand for tech-driven solutions

- AI deployments up 10x year over year for FY 2024
- >40 projects for scalable tech and automation in development
- Margin expansion of 200+ bps on automated operations

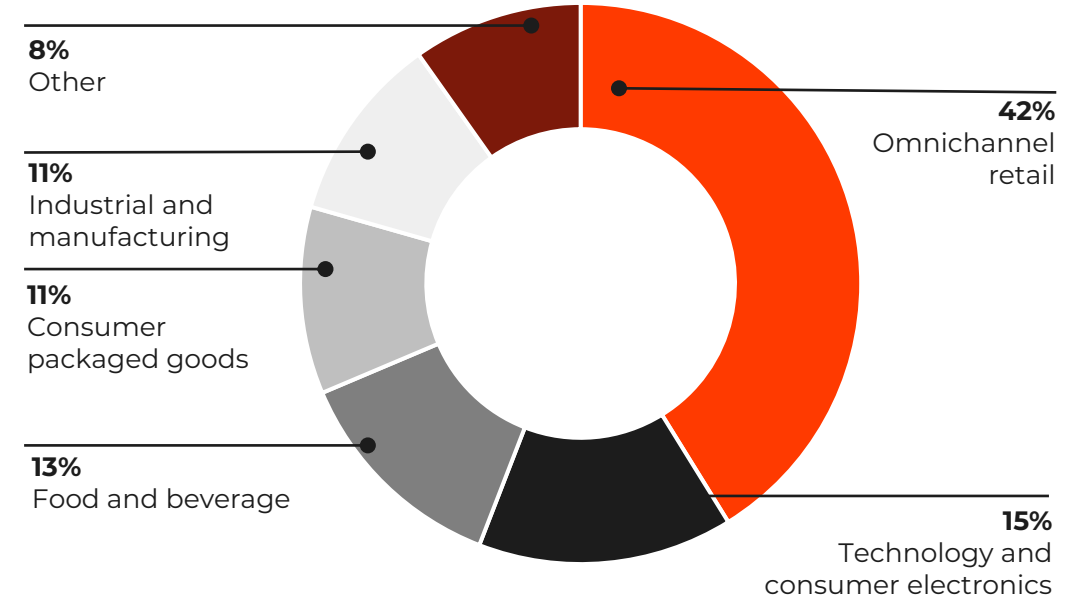


Enabling supply chain success across regions and verticals

Revenue by region⁽¹⁾



Revenue by vertical⁽¹⁾



3 of 5 largest tech companies⁽²⁾
15+ year relationships

2 of 5 largest telecom companies⁽³⁾
20+ year relationships

3 of 5 largest aerospace companies⁽⁴⁾
15+ year relationships

3 of 5 leading apparel brands⁽⁵⁾
12+ year relationships



(1) For trailing twelve months ended June 30, 2024
 (2) Forbes: The World's Largest Tech Companies In 2023
 (3) Investopedia: 10 Biggest Telecommunications (Telecom) Companies
 (4) Aerotime: Top 10 largest aircraft manufacturers in the world today
 (5) Statista: Value of the leading 10 apparel brands worldwide in 2023

Our blue-chip customer base



Market leader in tech-enabled solutions

Our automation strategy

Large-scale automation

- Bespoke design and implementation
- LSA sites produce margins >200bps above group average

Standardized adaptive tech

- Retrofit of existing operations increases capacity

Warehouse AI

- Predictive accuracy supercharges efficiency
- 40 AI deployments in FY 2024, up 10x year over year

Global R&D

- Operational incubator program shapes future of supply chain
- Project-level operating ROIC of >30%

GXO's automation toolkit

	Large-scale automation	Adaptive tech	Software and AI
Definition	Large-scale integrated solutions, typically implemented at startup of new operation, that process 50% or more of end-to-end product flow	Modular tech deployed to address specific operational needs or perform discrete tasks	Rolling out various analytics and AI-backed applications to deliver insights across warehouse processes
Expertise required	Capability to design and implement highly customized solutions	Vertical knowledge, depth and breadth of experience	Ability to apply digital solutions to physical operations
Best for	Customers who want an operational transformation	Customers who want to improve existing operations	Any customer with goods to move
Payback	2-5 years	0.5-3 years	<1 year



GXO and humanoid robotics



Why invest?



The GXO investment case

Compelling financial profile

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

+

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

=

Maximizing shareholder returns

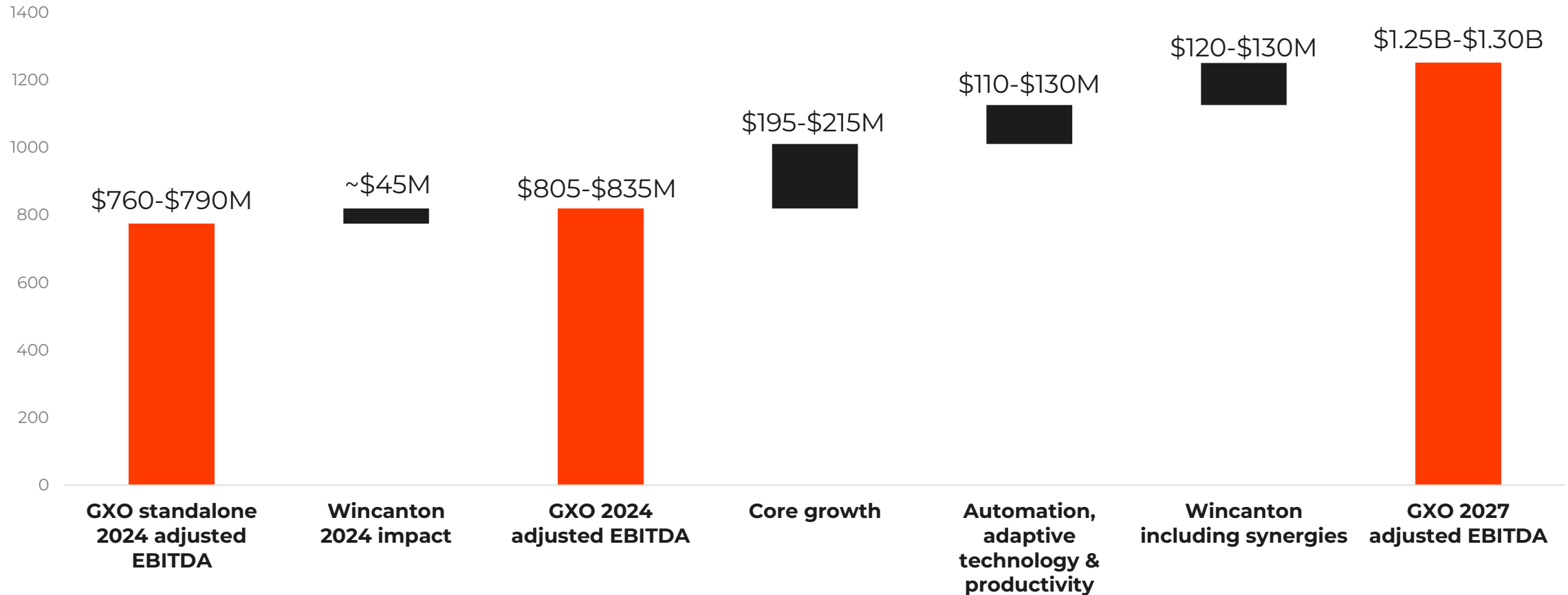
Where we're going

	2027 targets ⁽¹⁾
Revenue ⁽²⁾	\$15.5-16.0 billion
Adjusted EBITDA ^(2,3)	\$1.25-1.30 billion
Organic revenue CAGR ^(3,4)	~10%
Adjusted EBITDA CAGR ^(3,4)	~15%
Adjusted diluted EPS CAGR ^(3,4)	>15%
FCF conversion ⁽³⁾	>30%
Operating ROIC ⁽³⁾	>30%

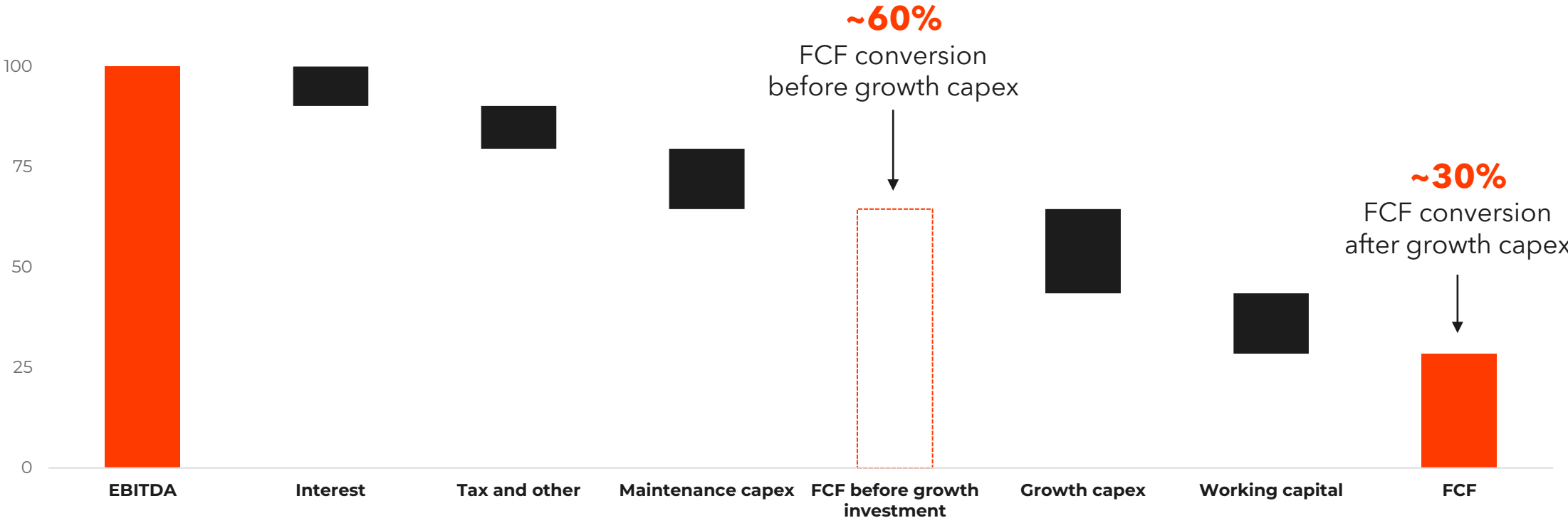
Compelling growth algorithm drives long-term value creation.



2024-2027: ~15% adjusted EBITDA CAGR



High conversion of adjusted EBITDA to cash flow



Strong balance sheet and predictable cash flows drive capital allocation strategy.



Capital allocation framework: Maximizing shareholder returns

Invest in growth and innovation

- Drive future organic growth (Capex ~3% of sales: 1% maintenance, 2% growth)
- Invest in data productization through AI
- Maintain investment grade balance sheet

Strategic M&A

- Enable growth in target verticals and geographies
- Attractive valuations that drive strong returns
- Improved GXO resilience through acquisitions in tough-to-penetrate markets
- Track record of accelerated synergy realization

Return capital to shareholders

Proven track record of executing strategic M&A

Clipper Logistics

- Expanded geographic presence in Germany and Poland
- Added vertical presence in life sciences
- Added expertise in premium services, including reverse logistics and repairs



PFSweb

- Expanded US offering into high-growth verticals, including Cosmetics, Jewelry and Luxury
- Added high-value services of:
 - Payments and fraud protection
 - Customer care
 - Distributed orchestration systems



Wincanton plc

- Expands offering and customer base in high-growth UK verticals
- Leverages GXO's market-leading US platform and technology to grow with European Aerospace, Utilities and Industrial customers



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

ESG: A commitment and competitive advantage

E

Environmental

We collaborate with our customers to support their sustainability ambitions as we innovate ways to minimize our own environmental footprint

S

Social

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

G

Governance

Our ESG principles are embedded in our governance framework, benefiting our team members, shareholders, customers and partners worldwide

2023 Performance Highlights

78%

expansion of energy-efficient LED lighting across leased and owned global operations

13.5%

of electricity sourced from renewable sources, globally

81.9%

of waste associated with global operations diverted from landfill

29%

reduction in total recordable incident rate in the Americas & Asia Pacific from 2022

11%

reduction in lost time incident rate across UK & Europe from 2022

1.3M

learning hours provided to GXO employees for development & education

6 of 9

Board members are independent⁽¹⁾

100%

of standing committee members are independent

44%

of Board members are women



Appendix

Resilient contracts generate predictable cash flows and returns

~45%

of revenue¹

Open-book contracts

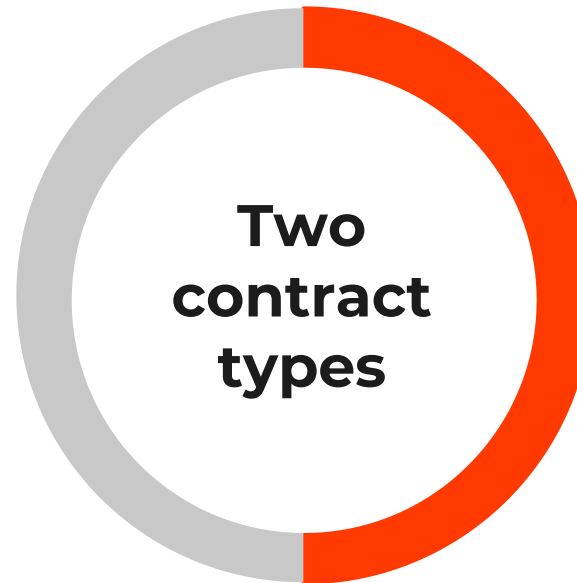
- Cost-plus structure where all costs are passed through to customers with a mark-up
- Lower initial investment boosts operating return on invested capital
- EBITDA margins stay broadly fixed regardless of macro volatility

~55%

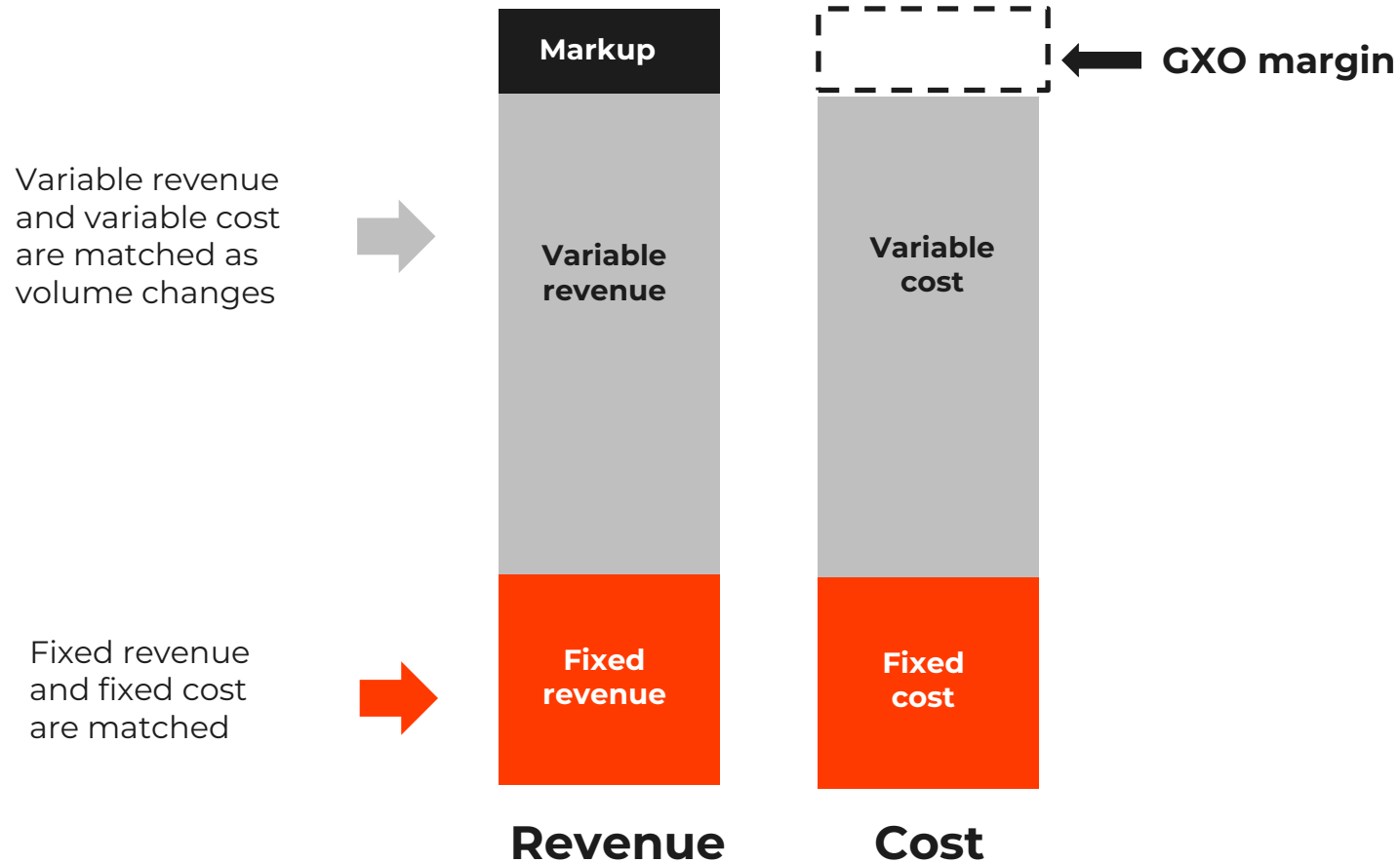
of revenue¹

Hybrid closed-book contracts

- Partly cost plus and partly fixed price
- Revenues matched to costs, protecting margins from volume swings, coupled with inflation pass-through mechanisms
- Generally higher EBITDA /margins and upside potential than open-book contracts



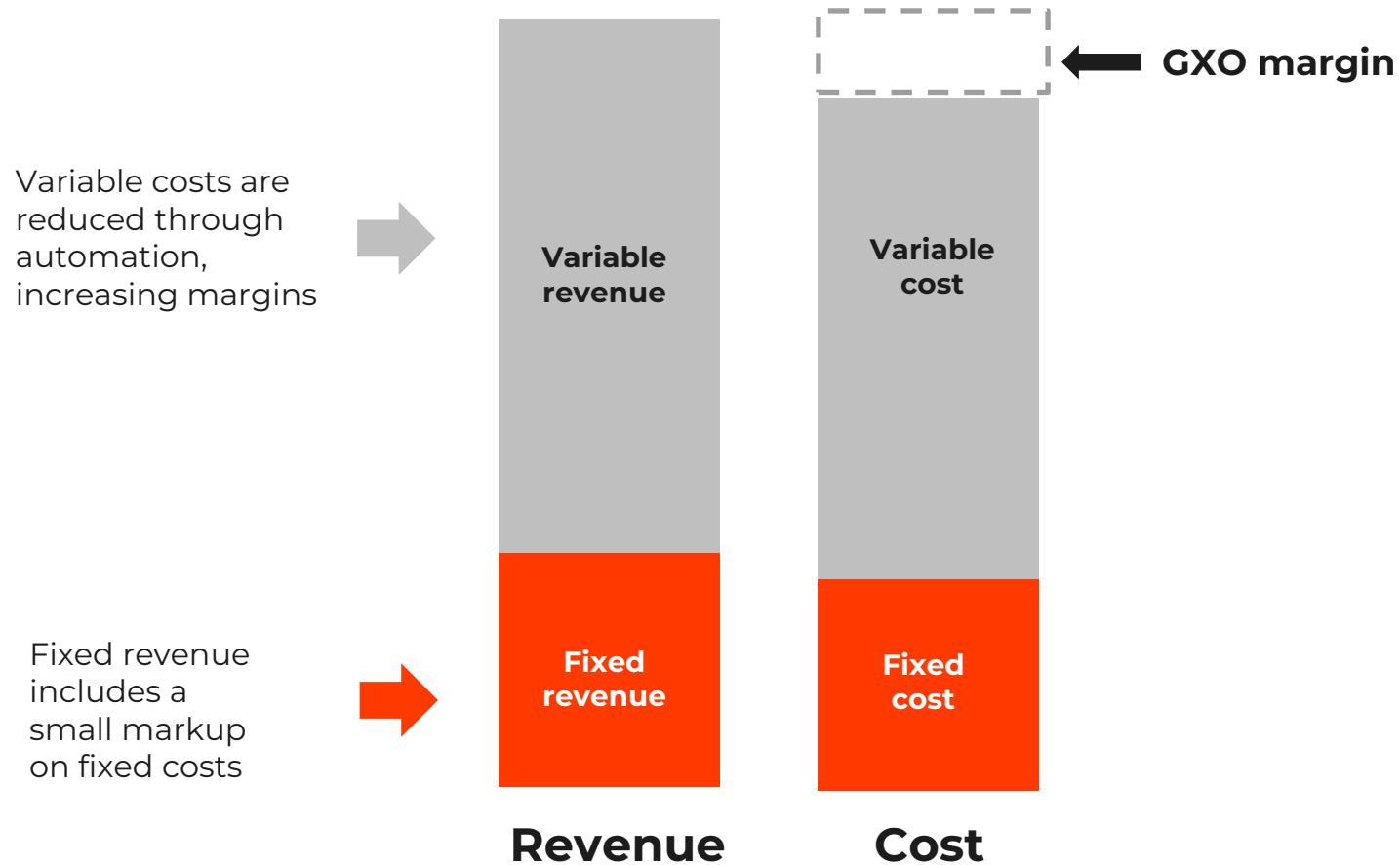
Example: Open-book contract



Benefits

- Open-book margins are resilient to drops in activity, with all costs passed through to the customer with a mark-up
- Margins are lower but fixed; profitability is protected, regardless of the macro environment
- Lower upfront costs boost return on invested capital

Example: Hybrid closed-book contract



Benefits

- Fixed revenue and fixed costs are closely matched, protecting margins from volume moves
- Automation increases efficiency, reducing variable costs and improving margins
- Inflation escalators are included to pass through costs to the end customer
- Higher upfront capex drives higher depreciation expense but offers greater margin upside via operational improvement

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

(In millions USD)	Year ended December 31, 2023
Net income attributable to GXO	\$ 229
Net income attributable to noncontrolling interest	4
Net income	\$ 233
Interest expense, net	53
Income tax expense	33
Depreciation and amortization expense	361
Transaction and integration costs	34
Restructuring costs and other	32
Unrealized gain on foreign currency options and other	(5)
Adjusted EBITDA⁽¹⁾	\$ 741

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

GXO Logistics, Inc.
Reconciliation of cash flows from operations to free cash flow
(unaudited)

(In millions USD)	Year ended December 31, 2023
Cash flows from operations⁽¹⁾	\$ 558
Capital expenditures	(274)
Proceeds from sales of property and equipment	18
Free cash flow⁽²⁾	<u>\$ 302</u>
Net income	\$ 233
Cash flows from operations to net income	239.5 %
Adjusted EBITDA ⁽²⁾	\$ 741
Free cash flow conversion⁽²⁾⁽³⁾	40.8 %

(1) Net cash provided by operating activities.

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

(3) The Company calculates free cash flow conversion as free cash flow divided by adjusted EBITDA, expressed as a percentage.

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

(In millions USD)	Year ended December 31, 2023
Net income attributable to GXO	\$ 229
Net income attributable to noncontrolling interest	4
Net income	\$ 233
Interest expense, net	53
Income tax expense	33
Amortization expense	71
Transaction and integration costs	34
Restructuring costs and other	32
Unrealized gain on foreign currency options and other	(5)
Adjusted EBITA⁽¹⁾	\$ 451

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

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

Adjusted EBITA, net of income taxes paid:

(In millions USD)	Year ended December 31, 2023
Adjusted EBITA⁽¹⁾	\$ 451
Less: Cash paid for income taxes	(84)
Adjusted EBITA, net of income taxes paid⁽¹⁾	\$ 367

Return on invested capital (ROIC):

(In millions USD)	Year ended December 31,		Average
	2023	2022	
Selected assets:			
Accounts receivable, net	\$ 1,753	\$ 1,647	\$ 1,700
Other current assets	347	286	317
Property and equipment, net	953	960	957
Selected liabilities:			
Accounts payable	\$ (709)	\$ (717)	\$ (713)
Accrued expenses	(966)	(995)	(981)
Other current liabilities	(327)	(193)	(260)
Invested capital	\$ 1,051	\$ 988	\$ 1,020
Net income to average invested capital			22.8%
Operating return on invested capital⁽¹⁾⁽²⁾			36.0%

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

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

