



HD LOGISTICS

2019 ANNUAL RESULTS

March 18, 2020

SPEAKERS



ERIC HEMAR
Chairman and
Chief Executive Officer



CHRISTOPHE SATIN
Deputy Chief Executive



YANN PEROT
Deputy Chief Executive Officer
and Chief Financial Officer

2019 KEY FIGURES



+10.0%
€1,534.2m M€

REVENUES
(LIKE-FOR-LIKE)

+14.2%
€54.0m

UNDERLYING
OPERATING INCOME

X1.1
Low indebtedness

NET DEBT/ EBITDA

AGENDA

01

A PURE PLAYER STRATEGY

02

2019 ANNUAL RESULTS

03

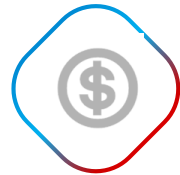
OUTLOOK



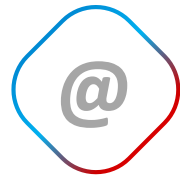
01

A PURE PLAYER STRATEGY

3 DRIVERS IN CONTRACT LOGISTICS



Logistics organizations have become of crucial importance in major clients' strategies



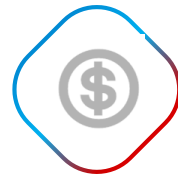
E-commerce has led to rapid process industrialization



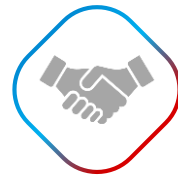
Multi-country deployment is part of all our clients' strategies

These drivers are leading to the growth and structuring of the market

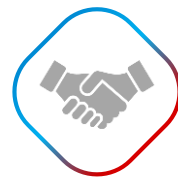
INTENSIFICATION OF CONSOLIDATION OPERATIONS



Acquisition to expand the range of services



Acquisition to strengthen the critical size and global presence



Acquisition to enhance fields of expertise

LATEST KEY OPERATIONS WITHIN THE SECTOR

CMA CGM finalise avec succès l'Offre Publique d'Achat sur CEVA Logistics et confirme sa position de leader mondial du transport et de la logistique

09 avril 2020

Partager sur

- CMA CGM détient 97,89% des actions à l'issue de l'OPA amicale sur CEVA Logistics
- Avec CEVA, CMA CGM concrétise un plan de transformation ambitieux dans le domaine de la logistique, au service de ses clients
- Création d'un centre opérationnel à Marseille pour regrouper les équipes managériales et accélérer le retour à la profitabilité de CEVA Logistics

CMA CGM's takeover bid on CEVA Logistics



Expand its range of services

DSV finalise l'acquisition de Panalpina

Toutes les conditions et exigences de la transaction sont maintenant remplies.

19-08-2019

DSV finalizes the acquisition of Panalpina



Strengthen its critical size in freight forwarding

XPOLogistics Investor Resources Financial Information Corporate Governance News & Events Contacts

NEWS RELEASE

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XPO LOGISTICS ANNOUNCES EXPLORATION OF STRATEGIC ALTERNATIVES FOR ONE OR MORE BUSINESS UNITS TO FURTHER ENHANCE SHAREHOLDER VALUE

PDF Version

Greenwich, Conn., Jan. 15, 2020 (GLOBE NEWSWIRE) – XPO Logistics, Inc. (NYSE: XPO) today announced that its board of directors has authorized a review of strategic alternatives, including the possible sale or spin-off of one or more of XPO's business units.

Bradley Jacobs, chairman and chief executive officer of XPO Logistics, said, "XPO is the 7th best performing stock of the last decade on the Fortune 500, based on Bloomberg market data. The share price has increased more than ten-fold since our investment in 2011. Still, we continue to trade at well below the sum of our parts and at a significant discount to our pure-play peers. That's why we believe the best way to continue to maximize shareholder value is to explore our options, while remaining intensely committed to the satisfaction of our customers and employees."

In making the announcement, XPO noted that there can be no assurance of any specific outcome. The company has not set a timetable for completion of the review process and has not determined which, if any, business units would be sold or spun off. However, the company does not intend to sell or spin off its North American less-than-truckload unit.

XPO has retained Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC as its financial advisors and Wachtell, Lipton, Rosen & Katz as its legal advisor to assist with the review process.

XPO wants to divest NORBERT DENTRESSANGLE



Become a pure player again
Create value for shareholders

XPOLogistics

XPO Logistics va acquérir la majorité des activités logistiques de Kuehne + Nagel au Royaume-Uni

LYON, FRANCE — 9 mars 2020 — XPO Logistics a annoncé aujourd'hui avoir conclu un accord définitif en vue de l'acquisition de la majorité des activités logistiques de Kuehne + Nagel au Royaume-Uni. Ces activités regroupent une large gamme de services logistiques, notamment la distribution amont et aval, la gestion des retours et la gestion des stocks. En 2019, ces activités ont généré un chiffre d'affaires total d'environ 500 millions de livres sterling dans les secteurs boissons, technologie et e-commerce et alimentation.

Cette acquisition permettra à XPO d'enrichir son offre logistique au Royaume-Uni grâce à une expertise complémentaire, 75 nouveaux sites et des clients renommés. XPO intégrera les opérations acquises sur sa plateforme technologique afin d'optimiser les synergies au sein de son réseau européen.

La transaction devrait être finalisée au cours du second semestre 2020, sous réserve de la levée des conditions suspensives habituelles et de l'obtention des autorisations réglementaires. Toutes les parties ont convenu de ne pas divulguer les détails financiers de l'opération. J.P. Morgan Securities LLC est le conseiller financier de XPO.

A propos de XPO Logistics

XPO Logistics, Inc. (NYSE : XPO) fait partie du Top 10 mondial des prestataires supply chain, offrant des solutions à la pointe de l'innovation aux entreprises les plus performantes dans le monde. L'entreprise opère un réseau très intégré de personnes, de technologies et d'équipements dans 30 pays, avec environ 100 000 collaborateurs et 1 504 sites. XPO met ce réseau au service de plus de 50 000 clients pour accroître l'efficacité de leur supply chain. Le siège de l'entreprise est situé à Greenwich, Connecticut (Etats-Unis) et son siège européen est basé à Lyon, France. XPO conduit l'essentiel de ses opérations en Europe au travers de sa filiale XPO Logistics Europe, cotée sous le code « XPO » sur Euronext Paris – Iain FR0000052870 eu.xpo.xpo.com

XPO acquires Kuehne+Nagel's UK activities



Become a pure player again
Enhance its areas of expertise

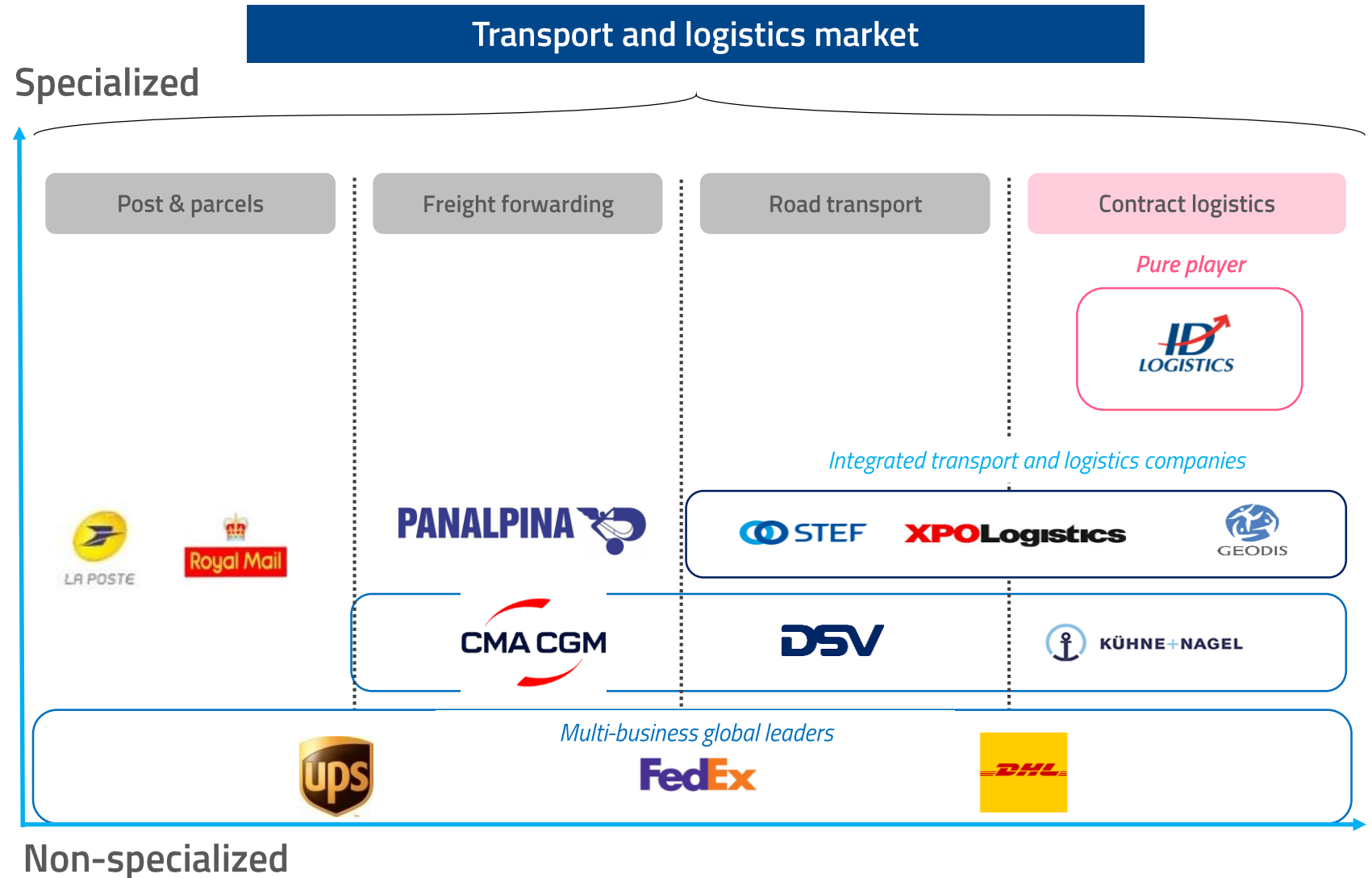
April 2019

August 2019

January 2020

March 2020

ID LOGISTICS: A LEADERSHIP POSITION IN CONTRACT LOGISTICS



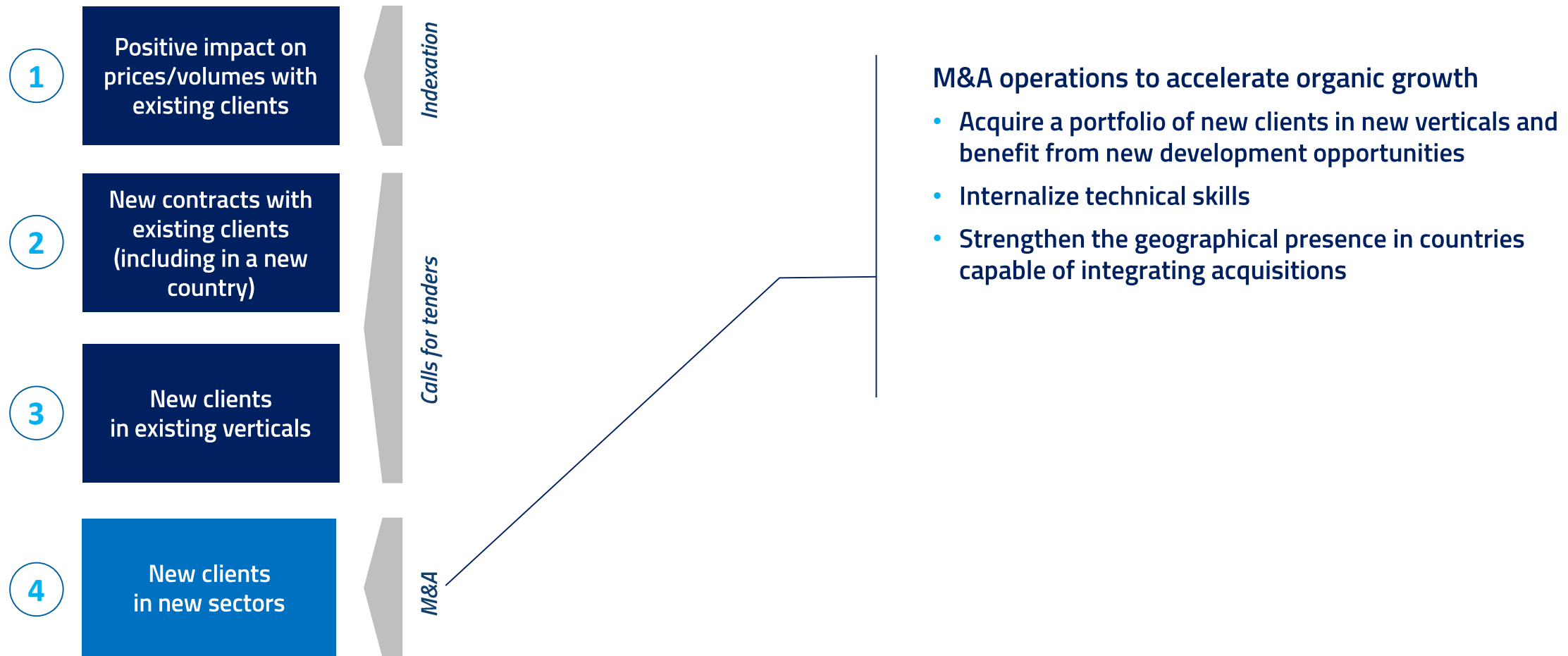
*Sources: Xerfi, Insee, and Supply Chain Magazine

ID LOGISTICS: A CONTRACT LOGISTICS PURE PLAYER STRATEGY



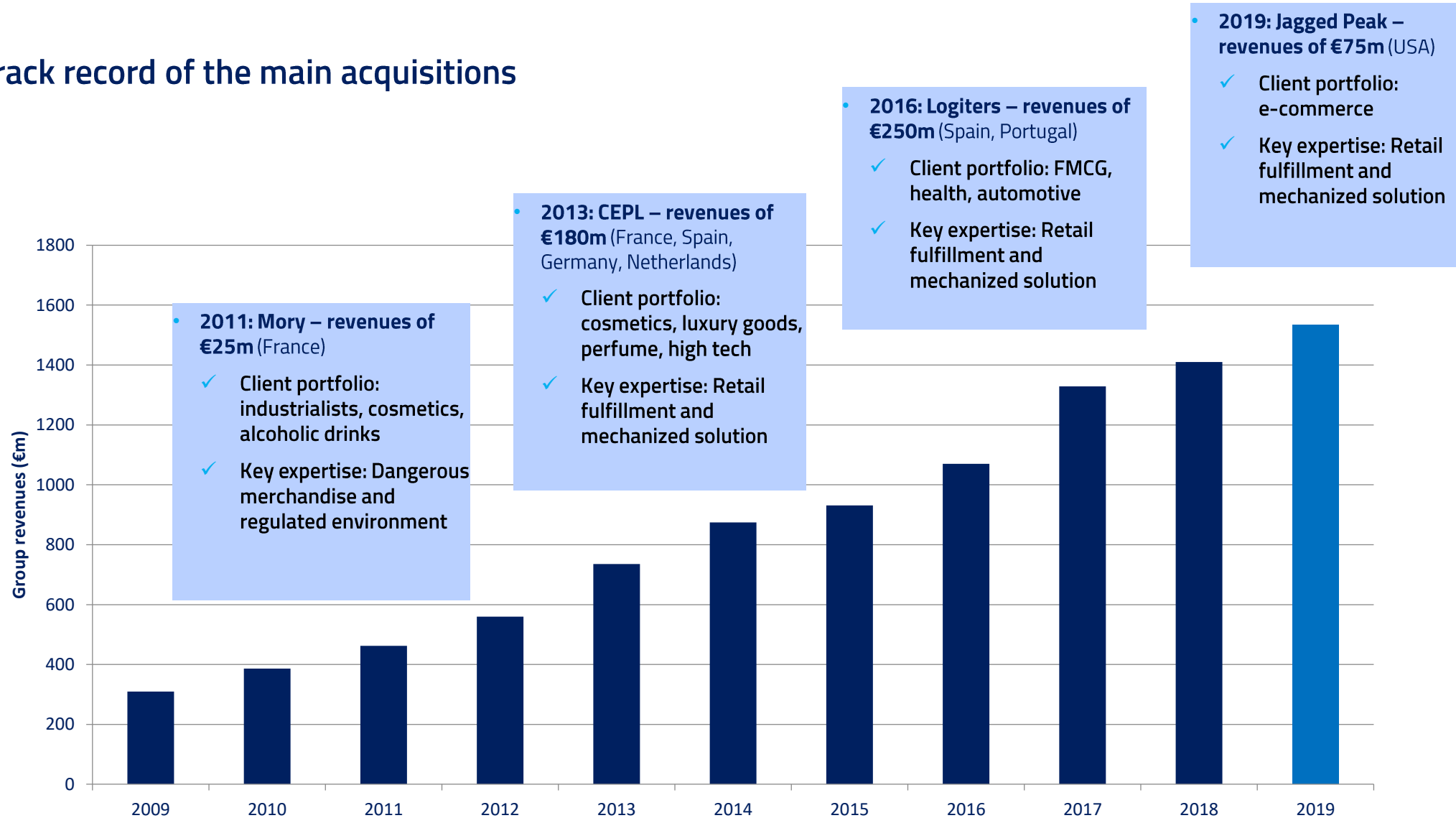
- 1 Client support with recognized expertise in e-commerce, retail and mass consumption
- 2 Asset-light and client-focused business model
- 3 Ability to invest in innovation
- 4 Ability to train teams in all aspects of logistics

A GROWTH STRATEGY BASED ON FOUR LEVERS



Tried & tested external/internal growth mix history: track record of the main acquisitions

Track record of the main acquisitions

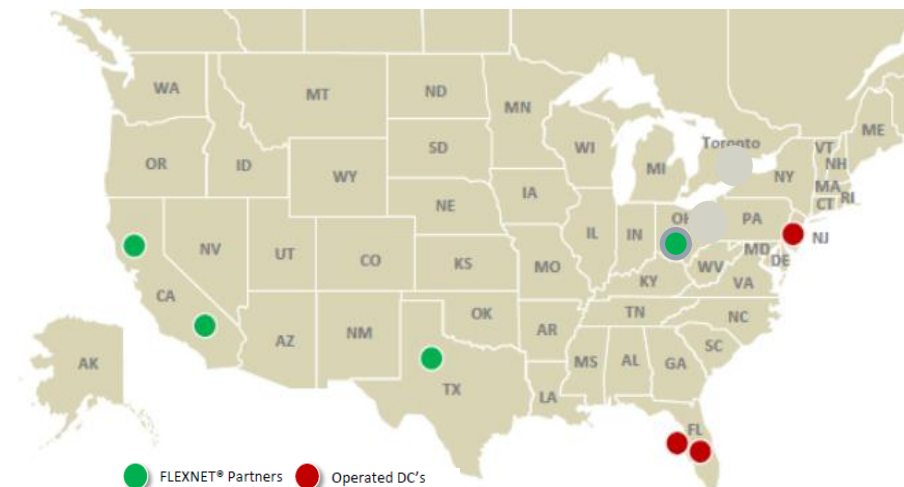


PRESENTATION OF JAGGED PEAK



- US-based contract logistics company
- Founded in 2000, a Singapore Post subsidiary since 2016
- 2018 revenues of \$81m
 - ✓ 100% e-commerce activity
 - ✓ 200 employees
- An asset-light business model
 - ✓ 3 rented warehouses totaling 40,000 m²
 - ✓ 4 logistics partners to cover the entire country
 - ✓ Proprietary supply chain management IT system

Nationwide coverage



Main clients



TOM FORD



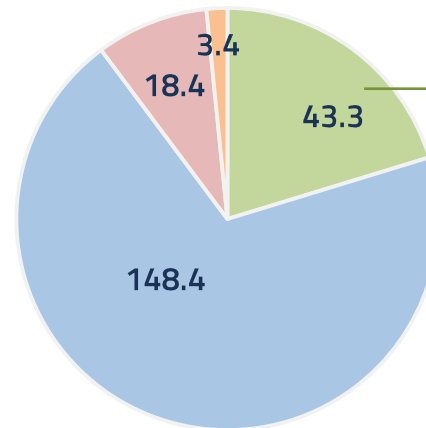
ASSOULINE

PRESENTATION OF THE AMERICAN CONTRACT LOGISTICS MARKET



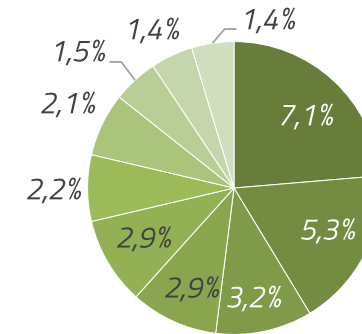
A \$43 billion market

American transport and logistics market (\$ billions)



- Storage & Distribution
- Transport management
- Specialized contract transport
- Logistics software

Top 10 in terms of market share (% m²)



- 1 DHL Supply Chain
- 2 XPO Logistics
- 3 Ryder Supply Chain Solutions
- 4 Geodis
- 5 NFI
- 6 Americold Logistics
- 7 FedEx Logistics
- 8 Kenco Logistics Services
- 9 Neovia Logistics
- 10 DB Schenker USA

- **Low level of outsourcing**
 - ✓ 30-35% of logistics are outsourced vs. 35-40% in France and over 50% in the UK
- **A highly fragmented market**
 - ✓ The top 20 players account for under 50% of the market

Source : Armstrong & Associates, Technavio, Transport Topics, company research

PRESENTATION OF THE ACQUISITION OF JAGGED PEAK'S ACTIVITIES



Strategic rationale

- **Entry into a new country with an existing client**
- **Compatible business model**
- **A unique opportunity to access the world's largest logistics market with development potential**
 - ✓ Additional sales with existing clients
 - ✓ New M&A operations

Presentation of the operation

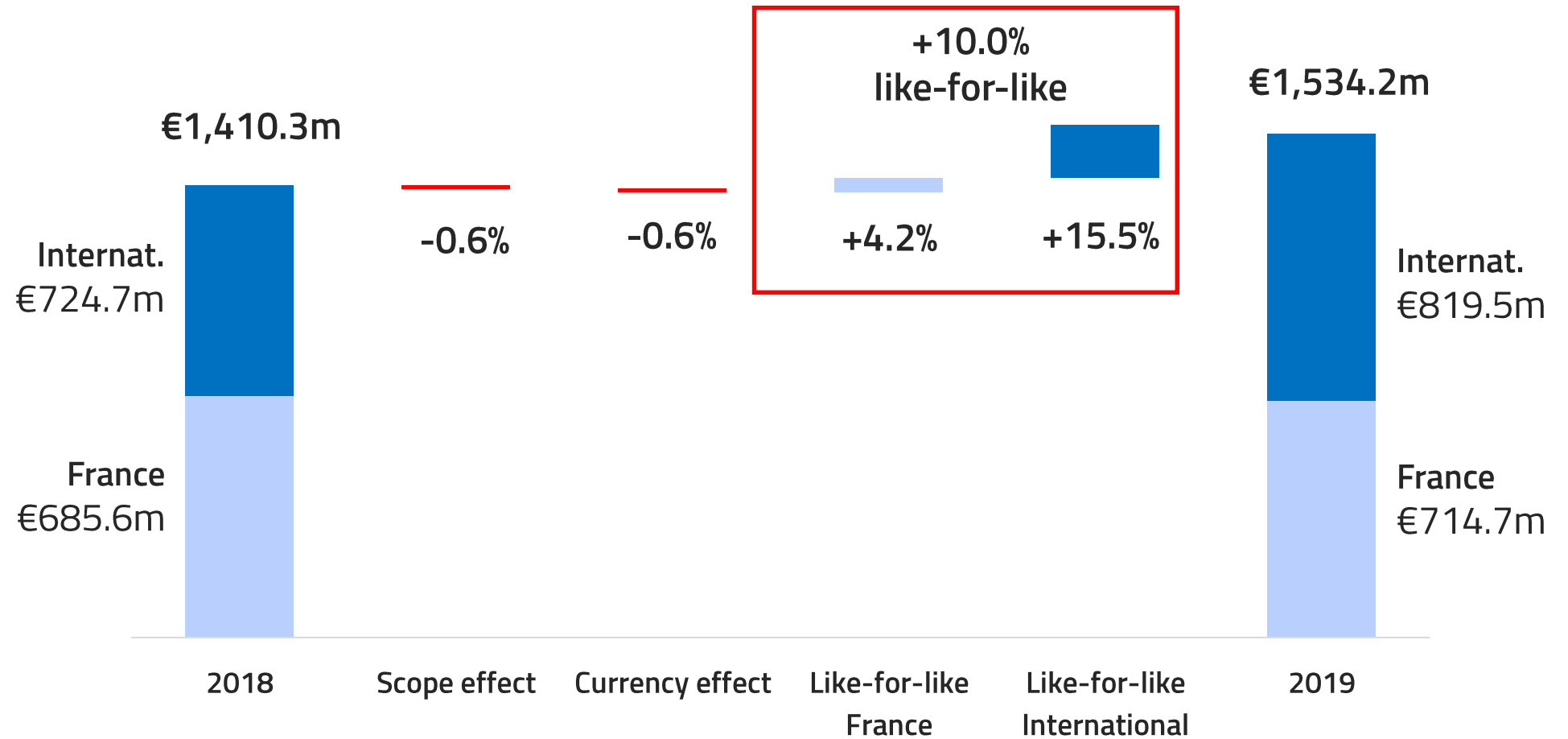
- **Acquisition of activities via the US bankruptcy court (Jagged Peak under Chapter 11)**
 - ✓ Choice of assets
 - ✓ Offer to employees
 - ✓ No financial debt assumption
- **A \$15m acquisition price with no additional price**
- **Immediate profitability**



02

2019 ANNUAL RESULTS

2019 REVENUES: +10.0%



2019 UNDERLYING OPERATING INCOME: +14.2%

(€m)	2019				TOTAL		2018				TOTAL	
	France		Internat.				France		Internat.			
	€m	% of rev.	€m	% of rev.	€m	% of rev.	€m	% of rev.	€m	% of rev.		
EBITDA	92.2	12.9%	112.9	13.8%	205.1	13.4%	46.0	6.7%	28.1	3.9%	74.1	5.3%
Underlying operating income	29.0	4.1%	25.0	3.1%	54.0	3.5%	33.5	4.9%	13.8	1.9%	47.3	3.4%

France

Decrease in underlying operating income to €29.0m

- Productivity gains on contracts that started up in 2017 & 2018
- Substantial start-up costs in H2 2019
- Negative base effect: World Cup and heatwave in H2 2018 vs. Paris transport strikes in H2 2019
- Conversion of the CICE tax credit: -€1.4m vs. 2018
- IFRS 16: +€48.2m on EBITDA and +€0.8m on underlying operating income vs. 2018

International

Increase in underlying operating income to €25.0m

- Productivity gains on contracts that started up in 2017 & H1 2018
- Effect of the 2019 action plans
- Cost of contracts that started in late 2018 / 2019
- Currency effect: -€0.3m vs. 2018
- IFRS 16: +€76.7m on EBITDA and +€4.5m on underlying operating income vs. 2018



CONSOLIDATED NET INCOME: NON-COMPARABLE ITEMS

(€m)	31/12/2019	31/12/2018
Underlying operating income	54.0	47.3
Amortization of client relationships	(1.3)	(1.3)
1 Non-recurring expenses	(7.3)	-
2 Financial expenses	(15.9)	(5.2)
3 Tax expense (income tax + CVAE)	(13.1)	(12.6)
Share in income of associates	0.5	0.5
Consolidated net income	16.9	28.7
<i>of which: non-controlling interest</i>	2.1	3.4
<i>of which: attributable to ID Logistics' shareholders</i>	14.8	25.3

1

Non-recurring expenses

- US acquisition costs: -€4.0m
- South African closure: -€3.3m

2

Financial expenses

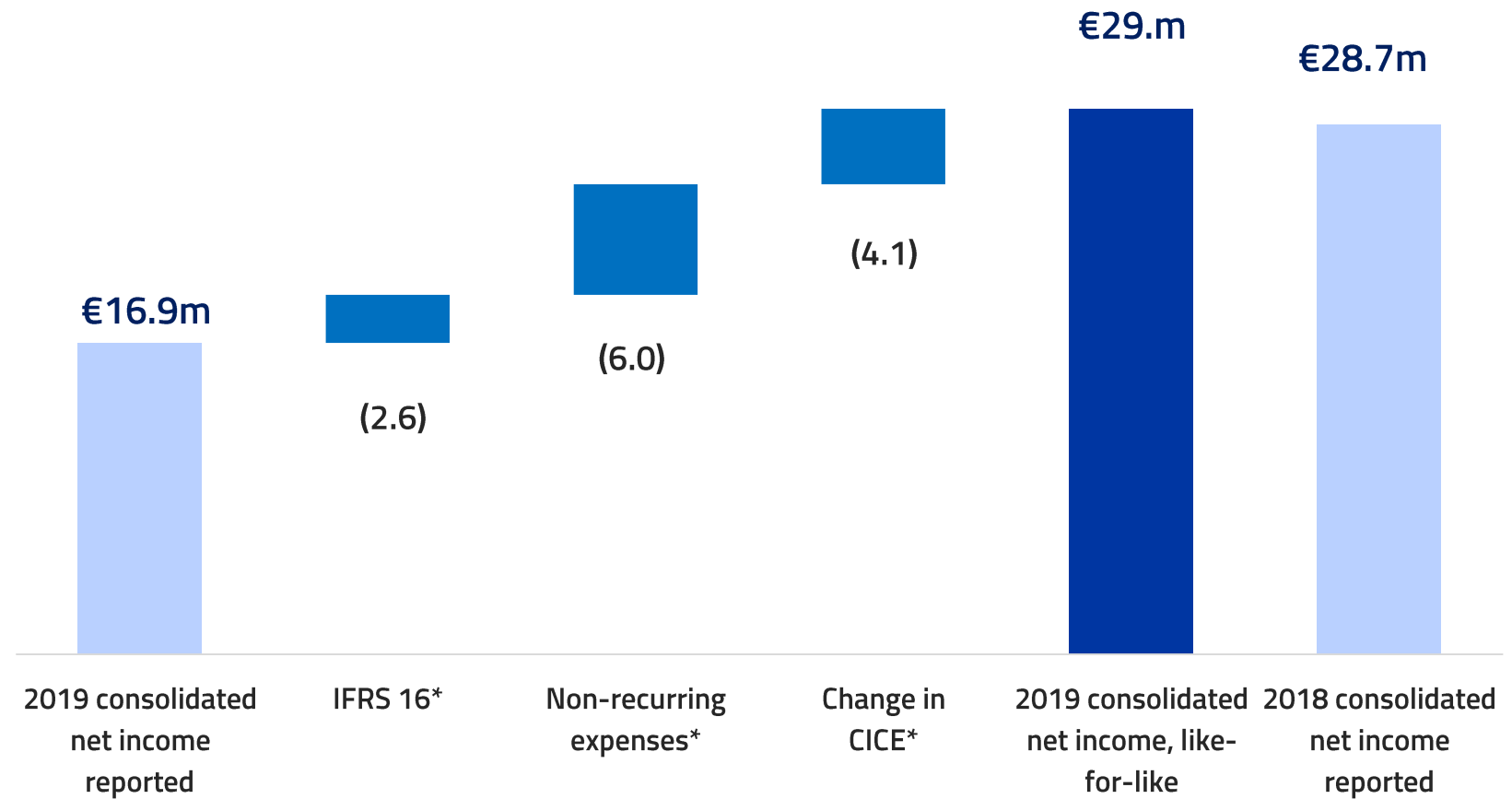
- IFRS 16 impact: -€8.9m vs. 2018
- Financing expense: -€1.2m vs. 2018
- Other (currency, etc.): -€0.6m

3

Tax expense

- CVAE stable at €5.9m
- Increase in the effective tax rate
 - reduction in taxable payroll charges vs. non-taxable CICE tax credit
 - Non-taxable non-recurring expenses

SLIGHT INCREASE IN NET INCOME EXCLUDING NON-COMPARABLE ITEMS



* impact on consolidated net income after tax and profit-sharing

CASH GENERATED REINVESTED IN ORGANIC GROWTH



(€m)		31/12/2019	31/12/2018
	EBITDA	205.1	74.1
①	Change in working capital requirements and others	(1.4)	(1.7)
②	Other changes (non recurring, tax, etc.)	(20.8)	(10.7)
③	Net investments	(60.8)	(59.3)
	Cash generated (used) by operating activities	122.1	2.4
④	Acquisition of subsidiary (price & fees)	(17.2)	-
	Net financing expenses	(4.7)	(3.5)
	Net issuance (repayment) of debt	10.8	16.1
	Reimbursement of lease liabilities (IFRS 16)	(124.4)	n/a
	Other changes (foreign exchange, BSA warrants, etc.)	(1.8)	0.6
	Increase (decrease) in cash	(15.2)	15.6
	Net cash at start of period	105.7	90.1
	Net cash at end of period	90.5	105.7

- ① Good WCR management despite the strong increase in activity
- ② Other changes: essentially non-recurring financial and tax
- ③ CAPEX down to 4.0% of revenues (4.9% in H1 & 3.1% in H2)
- ④ Acquisition of Jagged Peak including costs

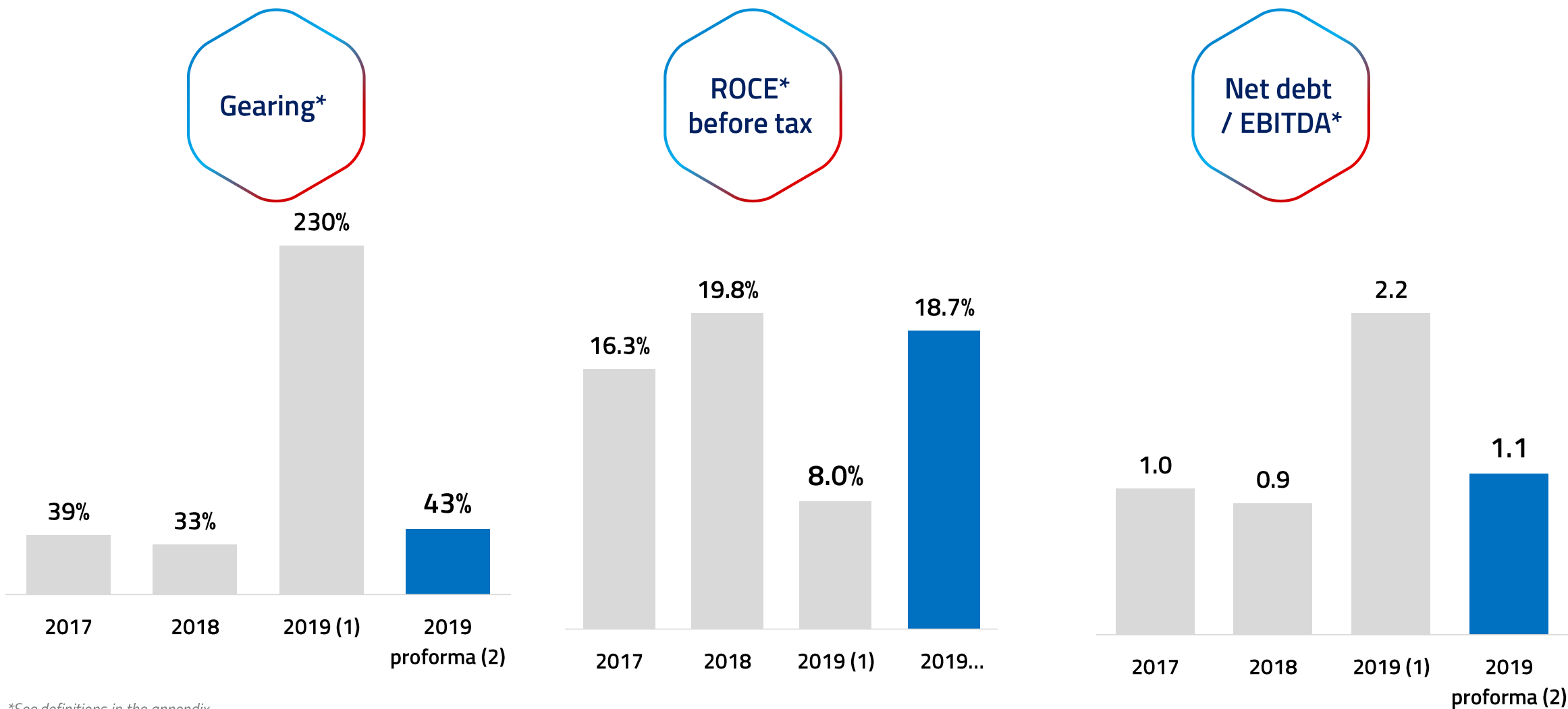
SOLID FINANCIAL STRUCTURE



(€m)	31/12/2019	31/12/2018
Goodwill	174.7	172.7
Other non-current assets	183.2	148.7
Rights of use (IFRS 16)	377.5	n/a
Non-current assets	735.4	321.4
(Negative) working capital requirements	(62.5)	(68.6)
Net financial debt	89.1	63.0
Lease liabilities (IFRS 16)	379.7	n/a
Net debt	468.8	63.0
Shareholders' equity	204.1	189.8

- Working capital resources representing 14 days of revenue, versus 16 days at end-2018
- Increase in net financial debt in line with CAPEX and acquisition

HIGH INVESTMENT CAPACITY POST ACQUISITION



**See definitions in the appendix*
(1) including the impact of IFRS 16 – leases applied effective January 1, 2019 without restating the amounts reported for 2018
(2) pro forma excluding the impact of IFRS 16 – leases applied effective January 1, 2019 without restating the amounts reported for 2018

03

OUTLOOK

CORONAVIRUS UPDATE



A situation that needs to be regularly reassessed and that the Group is monitoring closely

- 1 Positioning: 40% food mass retail and health/personal care sectors, 20% e-commerce sector
- 2 Purely domestic logistics flows and absence of freight forwarding
- 3 Good financing capacity following the Q1 2020 refinancing of the acquisition debts and revolving credit

2020 OUTLOOK



01

**Return to a
normative level
of start-ups
(~15 projects)**

02

**Productivity gains
on projects started
up and action plans**

03

**Strengthening of
leadership
position in
e-commerce**

04

**First full year of
activity for
Jagged Peak and
development in
the US**



APPENDIX



LIKE-FOR-LIKE REVENUES

Organic sales performance excluding the impact of:

- acquisitions and disposals: the revenue contribution of companies acquired during the period is excluded from the same period, and the revenue contribution made by companies sold during the previous period is also excluded from that period;
- changes in the applicable accounting principles;
- changes in exchange rates (revenues in the various periods calculated based on identical exchange rates, so that the reported figures for the previous period are translated using the exchange rates for the current period).



EBITDA

Underlying operating income before net depreciation of property, plant and equipment and amortisation of intangible assets



NET FINANCIAL DEBT

Gross debt plus bank overdrafts minus cash and cash equivalents



NET DEBT

Net financial debt plus rent liabilities (IFRS 16)



GEARING

Ratio of net financial debt to consolidated equity



ROCE

Return On Capital Employed – ratio of underlying income to capital employed (non-current assets minus working capital requirement resources)