



Robert E. Sanchez  
Chairman and Chief Executive Officer  
Ryder System, Inc.

Dear Shareholders,

Twenty nineteen was a year of significant progress for Ryder despite challenges faced in the used truck market.

In spite of these challenges, we continued to grow the business—achieving record revenue and record EBITDA. We saw revenue growth across all three of our business segments... a clear sign that companies see the immense value of outsourcing their transportation and logistics needs to Ryder.

### **Fleet Management Solutions (FMS)**

In FMS, we grew our operating revenue by 8%; however, we reported a loss in earnings before taxes in this segment due to the impact from a change in residual value estimates. We saw our lease fleet grow by a record 10,500 vehicles. This was our eighth consecutive year of lease fleet growth. The FMS team was successful in converting customers to outsourcing with Ryder, expanding our lease customer base by 400 new accounts in 2019 alone. These new customer relationships are expected to last decades, as we typically renew customers over successive lease terms and can expand into other services such as dedicated.

### **Supply Chain Solutions (SCS)**

In SCS, our operating revenue was up 6% and pre-tax earnings grew by 11%. These accomplishments are even more impressive despite various headwinds including customer labor strikes.

### **Dedicated Transportation Solutions (DTS)**

In DTS, we saw 12% operating revenue growth and an impressive 33% growth in our bottom line. The DTS team has done an outstanding job of ramping up a significant amount of new business after record sales in 2018.

### **2019 Business Environment**

We did face challenges to the overall business environment during the past year. We faced a slowing freight environment, economic uncertainty surrounding trade, and further weakening of a soft used vehicle market. In the third quarter, as a result of a weaker used vehicle market, we lowered the residual value estimates on our entire fleet of trucks and tractors. The increased depreciation resulting from this change lowered our earnings expectations, particularly for 2019 and 2020. However, we believe this change better positions us for the future.

### **Investing in our Business**

In FMS, we rolled out Ryder Assist Now, which gives FMS customers for the first time a single-source support center to quickly resolve issues and get questions answered. Through our Shop Modernization initiative, we are re-engineering our shop processes, reducing turnaround times for our customers, and freeing our technicians from administrative work so they can do what they do best—keep our customers' trucks running.

In SCS, we continued to deploy our start-up effectiveness teams that focus exclusively on how we onboard new business and make the start-up process smoother for our new customers. We also began implementation of our new warehouse tool, OpsBox, which provides performance and labor visibility and data automation within our warehouse operations.

In DTS, we continued to make great progress on behalf of our customers with the rollout of RyderShare™, which digitizes the entire supply chain and creates real-time visibility and collaboration for our customers. In addition, the deployment of our RyderDrive app is helping our drivers transition from paper-based systems and enabling them to focus more on customer uptime and delivery.

### **Looking Ahead – Improving Returns while Investing in Future Growth**

Our value proposition is strong, and customers continue to see the value of working with Ryder. However, there is still much work to be done. In 2020, we will focus on initiatives to improve the profitability of our business while investing in future growth opportunities.

We are moderating our top line growth targets for our more capital-intensive product line, ChoiceLease, to provide more balance between growth and free cash flow generation. We are also increasing our focus on accelerating growth in our higher return, dedicated and supply chain businesses.

In order to improve our profitability we continue to increase pricing on our new and renewed leases. We are also expanding our capacity to sell our used trucks in the retail market, where we get the best returns. We are driving efficiencies in our maintenance network as we roll out Shop Modernization across the network. We are also investing in additional sales and marketing resources for DTS and SCS to accelerate the growth of these businesses.

Also in 2020, we plan to continue making strategic investments and execute on initiatives that will further strengthen our ability to address disruptive trends in our industry. We expect to continue developing our truck-sharing platform—COOP by Ryder™—and expand further into Texas. In addition, we expect to build our pipeline and capabilities for our e-commerce fulfillment solution, giving businesses a channel to go direct to customers. And, we are regularly monitoring advanced and emerging vehicle technologies and working closely with tech start-ups and OEMs in areas such as autonomous and electric vehicles.

Businesses know that with Ryder they get something they can't get anywhere else. The source of our continued success and our number one competitive advantage continues to be our workforce of nearly 40,000 employees dedicated to the success of our customers.

### **Corporate Responsibility**

Ryder and its company-funded Charitable Foundation have a long legacy of building stronger communities where our employees live and work by supporting charitable organizations with our people, dollars, and expertise. Our giving priorities are aligned with our core values of Safety, Innovation, Expertise, and Community Collaboration. Today, we support more than 100 charitable organizations.

Ryder is proud to have been recognized by some of the most respected organizations in business with awards for our initiatives supporting the environment, diversity, military, and corporate governance. We are continuously striving for new ways to support our customers, employees, and the communities where we work and live. A few honors in 2019 include:

- For the seventh year in a row, Ryder was named one of FORTUNE® magazine’s “World’s Most Admired Companies,” ranking as one of the top five companies within the Trucking, Transportation, and Logistics industry.
- Ryder was recognized as a “Top Company for Women to Work for in Transportation” by Redefining the Road, the official magazine of the Women in Trucking Association.
- The U.S. Navy Reserve recognized Ryder as one of “America’s Outstanding Navy Reserve Employers” honoring civilian employers for their exceptional support of America's Navy Reserve Sailors. Since 2011, Ryder has employed more than 8,900 veterans across the U.S. and increased the percentage of veterans among its workforce to more than 10% in 2019.
- Ryder was named the “Mid-Cap Winner for Diversity & Inclusion Commitments” by the National Association of Corporate Directors for its NACD NXT™ 2019 recognition awards applauding exemplary board-leadership practices that promote greater diversity and inclusion, and ultimately foster long-term company value.
- For the 11th consecutive year, Ryder was named a “Green Supply Chain Partner” in the annual Inbound Logistics “G75” special section, which recognizes 75 leading companies that demonstrate a deep commitment to efficiency and sustainability.

In closing, I want to thank you for your continued confidence and investment in Ryder. We are committed to furthering Ryder’s success as an investment, a solutions provider, and a corporate citizen. On behalf of Ryder’s leadership team and our nearly 40,000 employees, we appreciate your support and interest in Ryder.

Sincerely,



Robert Sanchez  
Chairman and CEO  
March 2020

*This letter includes the following non-GAAP financial metrics: segment-operating revenue for our FMS, SCS and DTS business segments. For a reconciliation of these non-GAAP financial measures, starting on page 53 of the accompanying Annual Report on Form 10-K.*

