

RYDER SYSTEM INC
Form 8-K
April 30, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 30, 2019

RYDER SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Florida 1-4364 59-0739250

(State or other jurisdiction (Commission (I.R.S. Employer
of incorporation) File Number) Identification No.)

11690 NW 105th Street 33178

Miami, Florida

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (305) 500-3726

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

On April 30, 2019, we issued a press release reporting our financial results for the three months ended March 31, 2019 (the “Press Release”). We will also host a conference call and webcast on April 30, 2019 during which we will make a presentation on our financial results for the three months ended March 31, 2019 (the “Presentation”). The Press Release and the Presentation are available on our website at <http://investors.ryder.com>.

The Press Release includes information regarding non-GAAP financial measures, as defined by SEC regulations, as well as a reconciliation of each non-GAAP financial measure to the nearest GAAP measure in the tables following the press release. Set forth in the table below is an explanation of each non-GAAP financial measure and why management believes that presentation of each measure provides useful information to investors:

Operating Revenue Measures:

Operating Revenue	Operating
FMS Operating Revenue	revenue is
DTS Operating Revenue	defined as total
SCS Operating Revenue	revenue for
FMS EBT as a % of FMS Operating Revenue	Ryder System,
DTS EBT as a % of DTS Operating Revenue	Inc. or each
SCS EBT as a % of SCS Operating Revenue	business
	segment (FMS,
	DTS and SCS),
	respectively,
	excluding any
	(1) fuel and (2)
	subcontracted
	transportation.
	We believe
	operating
	revenue
	provides useful
	information to
	investors as we
	use it to
	evaluate the
	operating
	performance of
	our core
	businesses and
	as a measure of
	sales activity at
	the
	consolidated
	level for Ryder
	System, Inc.,
	as well as for
	each of our
	business
	segments. We
	also use
	segment EBT
	as a percentage

of segment
operating
revenue for
each business
segment for the
same reason.

Note: FMS
EBT, DTS
EBT and SCS
EBT, our
primary
measures of
segment
performance,
are not
non-GAAP
measures.

Fuel: We
exclude FMS,
DTS and SCS
fuel from the
calculation of
our operating
revenue
measures, as
fuel is an
ancillary
service that we
provide our
customers,
which is
impacted by
fluctuations in
market fuel
prices, and the
costs are
largely a
pass-through to
our customers,
resulting in
minimal
changes in our
profitability
during periods
of steady
market fuel
prices.

However,
profitability
may be
positively or

negatively
impacted by
rapid changes
in market fuel
prices during a
short period of
time, as
customer
pricing for fuel
services is
established
based on
trailing market
fuel costs.
Subcontracted
transportation:
We also
exclude
subcontracted
transportation
from the
calculation of
our operating
revenue
measures, as
these services
are also
typically a
pass-through to
our customers
and, therefore,
fluctuations
result in
minimal
changes to our
profitability.
While our DTS
and SCS
business
segments
subcontract
certain
transportation
services to
third party
providers, our
FMS business
segment does
not engage in
subcontracted
transportation

and, therefore,
this item is not
applicable to
FMS.

Comparable Earnings Measures:

Comparable earnings before income tax (EBT)

Comparable earnings

Comparable earnings per diluted common share (EPS)

Comparable EPS Forecast

Comparable Tax Rate

Comparable
EBT,
comparable
earnings,
comparable
EPS,
comparable
EPS forecast
and
comparable tax
rate are
defined,
respectively, as
GAAP EBT,
earnings, EPS,
EPS forecast
and effective
tax rate, all
from
continuing
operations,
excluding (1)
non-operating
pension costs
and (2) any
other items that
are not
representative
of our business
operations. We
believe these
comparable
earnings
measures
provide useful
information to
investors and
allow for better
year-over-year
comparison of
operating
performance.

Non-Operating
Pension Costs:
Our

comparable
earnings
measures
exclude
non-operating
pension costs,
which include
the
amortization of
net actuarial
loss, interest
cost and
expected return
on plan assets
components of
pension and
postretirement
costs. We
exclude
non-operating
pension costs
because we
consider these
to be impacted
by financial
market
performance
and outside the
operational
performance of
our business.

Other
Significant
Items: Our
comparable
earnings
measures also
exclude other
significant
items that are
not
representative
of our business
operations as
detailed in the
reconciliation
on pages 17-22
of the Press
Release
furnished as

Exhibit 99.1 to
this Report on
Form 8-K.
These other
significant
items vary
from period to
period and, in
some periods,
there may be
no such
significant
items.

Calculation of
comparable tax
rate: The
comparable
provision for
income taxes is
computed
using the same
methodology
as the GAAP
provision for
income taxes.
Income tax
effects of
non-GAAP
adjustments
are calculated
based on the
statutory tax
rates of the
jurisdictions to
which the
non-GAAP
adjustments
relate.

Comparable Earnings Before Interest, Taxes, Depreciation and Amortization (comparable EBITDA)

Comparable EBITDA is defined as earnings from continuing operations, net of tax, first adjusted to exclude the following items, all from continuing operations: (1) non-operating pension costs and (2) any other items that are not representative of our business operations (these items are the same items that are excluded from comparable earnings measures for the relevant periods and are described under Comparable Earnings Measures above) and then adjusted further for (1) interest expense, (2) income taxes, (3) depreciation, (4) losses from used vehicle fair value adjustments and (5) amortization.

We believe comparable EBITDA provides investors with useful information, as it is a standard measure commonly reported and widely used by analysts, investors and other interested parties to measure financial performance and our ability to service debt and meet our payment

obligations. In addition, we believe that the inclusion of comparable EBITDA provides consistency in financial reporting and enables analysts and investors to perform meaningful comparisons of past, present and future operating results. Other companies may calculate comparable EBITDA differently; therefore, our presentation of comparable EBITDA may not be comparable to similarly-titled measures used by other companies.

Comparable EBITDA should not be considered as an alternative to earnings from continuing operations before income taxes or earnings from continuing operations determined in accordance with GAAP, as an indicator of the Company's operating performance, as an alternative to cash flows from operating activities, determined in accordance with GAAP, as an indicator of cash flows, or as a measure of liquidity.

Adjusted Return on Average Capital (ROC)
Adjusted ROC Spread

Adjusted ROC:
Adjusted ROC is defined as adjusted net earnings divided

by average adjusted total capital and represents the rate of return generated by the capital deployed in our business. The adjustments represent the comparable items described above which are excluded, as applicable, from the calculation of net earnings and average shareholder's equity (a component of average total capital).

Adjusted ROC Spread: Adjusted ROC spread is defined as the difference between adjusted ROC and the weighted average cost of capital.

We use adjusted ROC and adjusted ROC spread as internal measures of how effectively we use the capital invested (borrowed or owned) in our operations.

Cash Flow Measures:
Total Cash Generated
Free Cash Flow
Free Cash Flow Forecast

We consider total cash generated and free cash flow to be important measures of comparative operating performance, as our principal sources of operating liquidity are cash from operations and proceeds from the sale of revenue earning equipment. Total Cash Generated: Total cash generated is defined as the sum of (1) net

cash provided by operating activities, (2) net cash provided by the sale of revenue earning equipment and operating property and equipment, and (3) other cash inflows from investing activities. We believe total cash generated is an important measure of total cash flows generated from our ongoing business activities.

Free Cash Flow: We refer to the net amount of cash generated from operating activities and investing activities (excluding changes in restricted cash and acquisitions) from continuing operations as “free cash flow”. We calculate free cash flow as the sum of (1) net cash provided by operating activities, (2) net cash provided by the sale of revenue earning equipment and operating property and equipment, (3) other cash inflows from investing activities, less (4) purchases of property and revenue earning equipment. We believe free cash flow provides investors with an important perspective on the cash available for debt service and

for shareholders, after making capital investments required to support ongoing business operations. Our calculation of free cash flow may be different from the calculation used by other companies and, therefore, comparability may be limited.

Additional information regarding non-GAAP financial measures can be found in the Press Release and our most recent Form 10-K and Form 10-Q filed with the SEC.

The information in this Report, including Exhibit 99.1, is being furnished pursuant to Item 2.02 of Form 8-K and General Instruction B.2 thereunder and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as expressly set forth by specific reference to such filing.

Item 7.01 Regulation FD Disclosure

The Company is hosting a conference call and webcast on April 30, 2019 during which we will make a presentation on our financial results for the three months ended March 31, 2019 (the Presentation). The Presentation has been made available on our website at <http://investors.ryder.com>.

Item 9.01(d) Exhibits

The following exhibit is furnished as part of this report on Form 8-K:

Exhibit 99.1 Press Release, dated April 30, 2019, relating to Ryder System, Inc.'s financial results for the three months ended March 31, 2019.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 30, 2019 RYDER SYSTEM, INC.
(Registrant)
By: Scott T. Parker
Scott T. Parker, Executive Vice President
and Chief Financial Officer