



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

Dear Shareholders:

As we look back on 2020, dealing with the effects of the COVID-19 pandemic created one of the toughest business environments in our 87 year history.

Our frontline employees and the teams that support them demonstrated a remarkable level of agility, enabling them to keep essential operations running, while protecting everyone's health and safety. Our customers relied on Ryder's logistics and transportation expertise to execute in a challenging and unpredictable business environment, and the importance of a resilient supply chain became a key consideration for businesses and consumers alike.

2020 Results

During 2020, we generated \$1.6 billion of free cash flow demonstrating the counter-cyclical nature of our cash flow model and aligning with our goal to deliver positive free cash flow over the cycle. Our strategy to moderate growth in our capital intensive fleet management business and accelerate growth in our asset-light and higher return supply chain and dedicated businesses benefitted free cash flow. We reduced debt outstanding and as a result year-end leverage was within our target range.

Earnings were negatively impacted by depreciation expense related to 2019 and 2020 residual value estimate changes and COVID effects on our rental and automotive supply chain businesses. The depreciation expense impact is expected to decline going forward and vehicle residual value estimates were reset at or near historic lows. Automotive activity supported by our supply chain segment was affected by production shutdowns due to COVID but returned to pre-pandemic levels by the third quarter. Rental demand and used vehicle sales were also adversely impacted by COVID effects but continued to recover as the year progressed. Year-end used vehicle inventory was significantly reduced from its mid-year peak, primarily reflecting improved sales as market conditions strengthened. We took timely actions to reduce the size of the rental fleet and implemented temporary, followed by permanent, cost reductions. Earnings headwinds were also partially offset by improved ChoiceLease results and SCS operating performance. Comparable EBITDA in 2020 increased 6% reflecting contractual growth and improved operating results.

Full year operating revenue declined 2% to \$7 billion, largely reflecting the economic impact from COVID on our commercial rental and automotive supply chain businesses.

Increasing Returns

We made important progress in 2020 on our actions to achieve return targets and expect that progress to continue in 2021. Declining depreciation impact from residual value estimate changes, cyclical recoveries in rental and used vehicle sales, and cost actions, including our multi-year maintenance cost savings initiative, are expected to increase returns in 2021. ChoiceLease pricing initiatives and reduced residual value estimates are expected to further benefit results.

Disciplined capital allocation that is aligned with our strategy to moderate growth in FMS and accelerate growth in SCS and DTS supports achieving our long-term Adjusted ROE target of 15%, as well as generating positive free cash flow over the cycle.

Investing in Our Future

We are enthusiastic about the growth prospects for logistics and transportation outsourcing. Accelerating trends in e-commerce fulfillment, last mile delivery, and onshoring and near-shoring of manufacturing operations have enhanced the potential opportunities we see, particularly for SCS and DTS. Increasing cost and complexity associated with vehicle technology and dynamic supply chains, coupled with labor shortages and regulatory issues, continue to present significant challenges for companies that perform logistics and transportation services on their own.

We are excited about the strategic investments we're making to develop innovative customer solutions, increase efficiencies, and create long-term sources of revenue and earnings growth. Highlights include:

- We launched **RyderShare™**, our digital platform for real-time freight visibility and collaboration. To-date, RyderShare has been used to track almost two million shipments for supply chain and dedicated customers, providing them with a new way to manage their logistics networks with greater efficiency and providing Ryder with a strategic advantage that is enabling us to win more business. Continued investment in **RyderShare** is also planned for 2021 and will further increase the capabilities of this innovative tool.
- After successful roll-outs in Georgia and Florida, **COOP by Ryder®**, the leading truck and trailer sharing platform, expanded into Texas during 2020 with additional market expansion into California, Tennessee, and North Carolina announced for 2021. Since its 2018 inception, COOP has experienced 250% annual growth in rental days and now has thousands of vehicles accessible in each state in which it operates.
- Among the initiatives supporting accelerated growth in SCS and DTS is the **Ever better™ World of Logistics advertising campaign**. Focused on raising brand awareness and driving sales leads, this national multimedia campaign highlights Ryder's e-commerce fulfillment, last-mile delivery, warehousing, transportation, and visibility technology solutions and will continue to run in 2021.
- Planned 2021 strategic investments include enhanced order management and fulfillment software which will position Ryder well to leverage trends towards increased **e-commerce** activity, as well as investments in a next generation technology platform to support **Ryder Last Mile**.

Corporate Responsibility

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 2020 include:

- Ryder was once again 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 for the eighth year in a row.
- For the second consecutive year, Ryder was recognized as a "**Top Company for Women to Work for in Transportation**" by Women in Trucking Association for our commitment to the employment of women in the trucking industry.
- Recognized for our veteran hiring initiatives, Ryder was named a "**Military Friendly Employer**" by G.I. Jobs Magazine for the second year in a row. Since 2011, Ryder has employed more than 9,800 veterans.
- Ryder was named one of "**America's Most Responsible Companies**" by Newsweek in its inaugural ranking of companies for our ongoing commitment to corporate social responsibility related to the environment, social causes, and corporate governance (ESG).
- For the 12th 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 remain 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 2021

This letter includes the following non-GAAP financial metrics: Operating revenue, total cash generated and free cash flow. For a reconciliation of these non-GAAP financial measures, see pages 55 – 62 of the accompanying Annual Report on Form 10-K.

