

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): July 26, 2017

RYDER SYSTEM, INC.  
(Exact name of registrant as specified in its charter)

Florida  
(State or other jurisdiction  
of incorporation)

1-4364  
(Commission  
File Number)

59-0739250  
(I.R.S. Employer  
Identification No.)

11690 NW 105th Street  
Miami, Florida  
(Address of principal executive offices)

33178  
(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. ☐

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## Item 2.02 Results of Operations and Financial Condition

On July 26, 2017, we issued a press release reporting our financial results for the three months ended June 30, 2017 (the Press Release). We will also host a conference call and webcast on July 26, 2017 during which we will make a presentation on our financial results for the three months ended June 30, 2017 (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:

Non-GAAP Financial Measures	
Operating Revenue Measures:	
Operating Revenue	Operating revenue is defined as total revenue for Ryder System, Inc. or each 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.
FMS Operating Revenue	
DTS Operating Revenue	
SCS Operating Revenue	
FMS EBT as a % of FMS Operating Revenue	<u>Fuel</u> : 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.
DTS EBT as a % of DTS Operating Revenue	<u>Subcontracted transportation</u> : 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.
SCS EBT as a % of SCS Operating Revenue	
Operating Revenue Growth Excluding Foreign Exchange	Operating revenue growth excluding foreign exchange is calculated by dividing the results for the current and prior year periods by the exchange rates in effect on June 30, 2016, which was the last day of the prior year period, rather than the actual exchange rates in effect as of June 30, 2017. Ryder's period-over-period operating revenue growth excluding foreign exchange excludes the effects of changes in foreign currency exchange rates from our operating revenue financial measures. Due to the variability of foreign exchange rates from period to period, we believe operating revenue growth excluding foreign exchange is useful to investors to evaluate period-over-period operating performance.

Comparable Earnings Measures:	
Comparable Earnings Before Income Tax (EBT)	<p>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.</p> <p><u>Non-Operating Pension Costs</u> : Our comparable earnings measures exclude non-operating pension costs, which include the amortization of net actuarial loss and prior service cost, 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.</p> <p><u>Other Significant Items</u> : Our comparable earnings measures also exclude other significant items that are not representative of our business operations. These other significant items vary from period to period and, in some periods, there may be no such significant items. In this reporting period, we exclude the following other significant items from our comparable earnings measures in this Form 8-K:</p> <p>(1) <u>Restructuring</u> : In the second quarter of 2017, we recorded restructuring credits related to the gains on sale of certain UK facilities.</p> <p>(2) <u>Operating tax adjustment</u> : In the first quarter of 2017, we recorded a one-time charge of \$2.2 million related to operating tax expenses that had not been recognized in prior period earnings.</p> <p>(3) <u>Pension-related adjustments</u> : In the second quarter of 2016, it was determined that certain pension benefit improvements made in 2009 were not fully reflected in our projected benefit obligation, resulting in a charge to reflect those pension benefits.</p> <p><u>Calculation of comparable tax rate</u> : 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.</p>
Comparable Earnings	
Comparable Earnings per Diluted Common Share (EPS)	
Comparable EPS Forecast	
Comparable Tax Rate	
Adjusted Return on Average Capital (ROC)	<p><u>Adjusted ROC</u> : 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).</p>
Adjusted ROC Spread	<p><u>Adjusted ROC Spread</u> : 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.</p>
Cash Flow Measures:	
Total Cash Generated	<p>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.</p> <p><u>Total Cash Generated</u> : 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 (3) operating property and equipment, (4) collections on direct finance leases and (5) 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.</p> <p><u>Free Cash Flow</u> : 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 (3) operating property and equipment, (4) collections on direct finance leases and (5) other cash inflows from investing activities, less (6) 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.</p>
Free Cash Flow	

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 July 26, 2017 during which we will make a presentation on our financial results for the three months ended June 30, 2017 (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 July 26, 2017, relating to Ryder System, Inc.'s financial results for the three months ended June 30, 2017.
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**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: July 26, 2017

RYDER SYSTEM, INC.  
(Registrant)

By: /s/ ART A. GARCIA  
Art A. Garcia, Executive Vice President and Chief Financial Officer

## News Release

**FOR IMMEDIATE RELEASE**

**Contacts:**      **Media:**                      **Investor Relations:**  
                     David Bruce                      Bob Brunn  
                     (305) 500-4999                      (305) 500-4053

**Ryder Reports Second Quarter 2017 Results**

- *Q2 GAAP EPS from Continuing Operations Down \$0.41 or 30% to \$0.97 , Primarily Impacted by Lower Used Vehicle Sales Results*
- *Q2 Comparable EPS (non-GAAP) from Continuing Operations Down \$0.56 or 36% to \$1.00 , Primarily Impacted by Above Item*
- *Record Q2 Total Revenue Grows 5% to \$1.8 Billion ; Record Q2 Operating Revenue (non-GAAP) Up 2% to \$1.5 Billion*
- *Revised Full-Year 2017 GAAP EPS Forecast Range of \$4.03 to \$4.23 vs. Prior Forecast of \$3.90 to \$4.20*
- *Revised Full-Year 2017 Comparable EPS Forecast Range (non-GAAP) of \$4.38 to \$4.58 vs. Prior Forecast of \$4.25 to \$4.55*

**MIAMI, July 26, 2017** - Ryder System, Inc. (NYSE: R), a leader in commercial [fleet management](#), [dedicated transportation](#), and [supply chain](#) solutions, today reported second quarter earnings and revenue. Results for the three months ended June 30 were as follows:

	<b>Earnings Before Taxes</b>			<b>Earnings</b>			<b>Diluted Earnings Per Share</b>		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
<i>(dollars in millions, except EPS)</i>									
GAAP	\$ 80.7	116.8	(31)%	\$ 51.3	74.0	(31)%	\$ 0.97	1.38	(30)%
Non-operating pension costs	6.6	7.8		3.8	4.4		0.07	0.09	
Pension related adjustment	—	7.7		—	4.8		—	0.09	
Restructuring	(2.6)	—		(2.1)	—		(0.04)	—	
Comparable (non-GAAP)	\$ 84.7	132.2	(36)%	\$ 53.1	83.3	(36)%	\$ 1.00	1.56	(36)%

In the second quarter , the Company reported record total revenue and record operating revenue (a non-GAAP measure excluding all fuel and subcontracted transportation). Total revenue increased due to higher subcontracted transportation and operating revenue, reflecting new business and higher volumes. Total revenue also grew due to higher fuel costs passed through to customers, partially offset by negative impacts from foreign exchange. Operating revenue increased due to higher contractual ChoiceLease (lease) revenue and higher revenue in the supply chain solutions and dedicated transportation business segments, partially offset by lower transactional rental revenue and negative impacts from foreign

exchange. Total revenue and operating revenue for the three months ended June 30 were as follows:

(in millions)	Total Revenue				Operating Revenue (non-GAAP)			
	2017	2016	% Change	% Change excl. FX (non- GAAP)	2017	2016	% Change	% Change excl. FX
Total	\$ 1,793.2	1,703.7	5%	6%	\$ 1,483.2	1,449.7	2%	3%
FMS	\$ 1,163.6	1,151.5	1%	2%	\$ 998.6	995.2	—%	1%
DTS	\$ 272.6	258.3	6%	6%	\$ 199.8	194.3	3%	3%
SCS	\$ 470.7	402.1	17%	18%	\$ 358.7	331.6	8%	9%

Commenting on the Company's second quarter results, Ryder Chairman and CEO Robert Sanchez said, "We delivered earnings above the high end of our forecast range for the quarter, driven by our Fleet Management Solutions business segment. In FMS, we realized better than expected ChoiceLease and SelectCare results, as well as stronger rental performance. We're encouraged that rental utilization improved during the quarter, reflecting the benefit of our right-sizing actions and modestly better than expected demand. Although used vehicle sales pricing came in somewhat better than anticipated, overall results were lower than expected, driven by valuation adjustments made to better position inventory for sale.

"With the continuing benefit of secular trends that favor outsourcing, year-to-date we have grown our ChoiceLease fleet by 1,400 vehicles. We continue to tap into non-outsourced markets, with over 40% of our lease fleet growth now coming from customers that are new to outsourcing. We also grew the number of vehicles under SelectCare contracts by 2,700. Although down from a year ago, our Dedicated Transportation Solutions business performed in line with our expectations. Supply Chain Solutions results came in below expectations, due to lower than anticipated production volumes with certain automotive customers. During the quarter, we continued our anti-dilutive share repurchase program, including completing the repurchase of 500,000 shares that were not purchased under a prior plan. Additionally, we are raising our long-term target for debt to equity from a range of 225% to 275% to our historical target range of 250% to 300% which, based on our recent review, still maintains our solid investment grade credit ratings."

### Second Quarter Business Segment Operating Results

#### Fleet Management Solutions

In the Fleet Management Solutions (FMS) business segment, total revenue was \$1.16 billion , up 1% from

the year-earlier period. FMS operating revenue (a non-GAAP measure excluding fuel) was \$1.0 billion , consistent with the year-earlier period. Lease revenue increased by over 2% reflecting a larger average fleet size. The lease fleet (excluding U.K. trailers) increased by 1,100 vehicles year-to-date. As previously noted, in recent quarters the Company has had an elevated number of vehicles being prepared for sale. Adjusting for a reduction in these vehicles during the quarter, the lease fleet grew by approximately 1,400 units over the same period. [Commercial rental](#) revenue decreased by 7% from the year-earlier period due to lower demand.

FMS earnings before tax were \$68.1 million , down 39% compared with \$111.2 million in the same period of 2016 . Decreased earnings reflect lower used vehicle sales results, \$8 million of accelerated depreciation, and higher maintenance costs on certain older model year vehicles. [Used vehicle](#) results declined primarily due to a lower market pricing environment and increased inventory valuation adjustments to better position the fleet for sale. Commercial rental performance declined primarily due to lower demand, partially offset by improved utilization, reflecting the Company's fleet right-sizing actions. Rental power fleet utilization was 75.6% for the second quarter , up from 74.7% in the year-earlier period. FMS earnings before tax as a percentage of FMS total revenue and FMS operating revenue (a non-GAAP measure) were 5.9% and 6.8% , respectively, down 380 and 440 basis points , primarily reflecting lower used vehicle results.

### **Dedicated Transportation Solutions**

In the Dedicated Transportation Solutions (DTS) business segment, total revenue was up 6% to \$273 million and operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation) was up 3% to \$200 million compared with the year-earlier period. DTS total revenue and operating revenue growth reflect new business.

DTS earnings before tax of \$14.8 million decreased 10% compared with \$16.5 million in 2016 , primarily due to higher maintenance costs on certain older model year vehicles and higher insurance premiums. DTS earnings before tax as a percentage of DTS total revenue and operating revenue (a non-GAAP measure) were 5.4% and 7.4% , respectively, down 100 and 110 basis points from the year-earlier period.

### **Supply Chain Solutions**

In the Supply Chain Solutions (SCS) business segment, total revenue was up 17% to \$471 million and operating revenue (a non-GAAP measure excluding fuel and subcontracted transportation) was up 8% to \$359 million compared with the year-earlier period. SCS total revenue and operating revenue growth



reflect new business, increased volumes, and higher pricing.

SCS earnings before tax of \$25.9 million decreased 9% from \$28.4 million in 2016 , primarily related to higher costs incurred during the start-up phase of certain new accounts. SCS earnings before tax as a percentage of SCS total revenue and operating revenue (a non-GAAP measure) were 5.5% and 7.2% , respectively, down 160 and 140 basis points from the prior year.

## **Corporate Financial Information**

### **Central Support Services**

Central Support Services (CSS) are overhead costs incurred to support all business segments and product lines. Most CSS costs are allocated to the business segments. In the second quarter of 2017 , unallocated CSS costs were \$12 million , up from \$11 million in the year-earlier period.

### **Items Excluded from Segment and Comparable Earnings**

Non-operating components of pension costs are excluded from both segment earnings before tax and comparable earnings (a non-GAAP measure) in order to more accurately reflect the operating performance of the business. Non-operating pension costs totaled \$6.6 million ( \$3.8 million after tax) or \$0.07 per diluted share in the second quarter of 2017 , down from \$7.8 million ( \$4.4 million after tax) or \$0.09 per diluted share in the year-earlier period. Second quarter 2017 results also reflect a gain on sale of properties of \$2.6 million related to prior year restructuring activity.

### **Income Taxes**

The Company's effective income tax rate for the second quarter of 2017 decreased 20 basis points to 36.4% . The comparable income tax rate (a non-GAAP measure) from continuing operations increased 50 basis points to 37.4% , primarily due to the mix of earnings in higher tax rate jurisdictions.

### **Capital Expenditures**

Year-to-date capital expenditures decreased to \$933 million , compared with \$1.01 billion in 2016 . The decrease in capital expenditures reflects lower planned investments in the lease fleet, partially offset by higher planned investments to refresh the rental fleet. Proceeds, primarily from used vehicle sales, of \$206 million decreased 18% compared with \$252 million in 2016 , due to lower vehicle pricing and volumes. Net capital expenditures (including proceeds from the sale of assets) were \$727 million in 2017 , down from \$763 million in 2016 . The Company's full-year 2017 forecast for gross capital expenditures has been

revised from \$1.97 billion to \$1.87 billion primarily related to greater use of used vehicles to fulfill new lease sales.

### **Cash Flow and Leverage**

Year-to-date operating cash flow was \$732 million , down 4% from \$763 million in 2016 . Total cash generated (a non-GAAP measure that includes proceeds from used vehicle sales) was \$971 million , compared with \$1.06 billion in 2016 . Free cash flow (a non-GAAP measure) was \$115 million , compared with negative \$61 million in 2016 , reflecting lower net capital spending. The Company's full-year 2017 forecast for operating cash flow is \$1.6 billion . The Company's full-year free cash flow forecast remains unchanged at \$250 million .

Debt decreased by \$6 million compared with year-end 2016 . Debt to equity was 256% compared with 263% at year-end 2016 . The Company remains focused on maintaining a solid investment grade credit rating and periodically reviews the Company's long-term target range for debt to equity, which is currently 225% to 275% . Based on its most recent review, the Company has revised its target range to 250% to 300% , which is consistent with the Company's historical target range in effect prior to 2013. The year-end debt to equity forecast remains unchanged at 240% .

### **2017 Earnings Forecast**

Commenting on the Company's outlook, Mr. Sanchez said, "Our overall earnings outlook for the second half remains on track with our prior expectations. We anticipate a somewhat improved outlook for Fleet Management Solutions. We remain on track for ChoiceLease fleet growth of 3,500 vehicles for the full year. In commercial rental, we are expecting stronger utilization levels for the second half of the year. We anticipate Ryder's used vehicle inventories to be near the midpoint of our target range by year end, which will better position the Company for 2018. Our outlook for used vehicle sales pricing remains unchanged. Improved performance in FMS is anticipated to be offset by modestly lower performance in Supply Chain Solutions and Dedicated Transportation Solutions. In the second half, we expect SCS results to be impacted primarily by lower automotive production volumes and increased investments in technology. In DTS, we expect results to be impacted by higher insurance premiums. Based on these factors, our EPS expectation for the balance of the year remains unchanged."

In view of better than expected performance in the second quarter, Ryder is increasing its full-year 2017 GAAP EPS forecast to a range of \$4.03 to \$4.23 from a prior forecast of \$3.90 to \$4.20 . Additionally, the

Company's full-year 2017 comparable EPS forecast has been revised to a range of \$4.38 to \$4.58 from a prior range of \$4.25 to \$4.55 . The Company is also establishing a third quarter 2017 GAAP EPS forecast range of \$1.15 to \$1.25 , and a comparable EPS forecast range of \$1.25 to \$1.35 .

## Supplemental Company Information

### Second Quarter Net Earnings

(dollars in millions, except EPS)

	Earnings		Diluted EPS	
	2017	2016	2017	2016
Earnings from continuing operations	\$ 51.3	74.0	\$ 0.97	1.38
Discontinued operations	(0.5)	(0.3)	(0.01)	(0.01)
Net earnings	\$ 50.8	73.8	\$ 0.96	1.38

### Year-to-Date Operating Results

(in millions)

	Six months ended June 30		
	2017	2016	Change
Total revenue	\$ 3,541	3,333	6 %
Operating revenue (non-GAAP)	\$ 2,928	2,856	3 %
<hr/>			
Earnings from continuing operations	\$ 89.6	130.2	(31)%
Comparable earnings from continuing operations (non-GAAP)	\$ 97.3	143.5	(32)%
Net earnings	\$ 89.0	129.5	(31)%
<hr/>			
Earnings per common share (EPS) - Diluted			
Continuing operations	\$ 1.68	2.43	(31)%
Comparable (non-GAAP)	\$ 1.82	2.68	(32)%
Net earnings	\$ 1.67	2.42	(31)%

### Business Description

Ryder System, Inc. is a FORTUNE 500® commercial fleet management, dedicated transportation, and supply chain solutions company. Ryder's stock (NYSE: R) is a component of the Dow Jones Transportation Average and the S&P MidCap 400® index. The Company's financial performance is reported in the following three, inter-related business segments:

- **Fleet Management Solutions** - Ryder's FMS business segment provides a broad range of services to help businesses of all sizes, across virtually every industry, deliver for their customers. From leasing, maintenance, and fueling, to commercial rental and used vehicle sales, customers rely on Ryder's expertise to help them lower their costs, redirect capital to other parts of their business, and focus on what they do best - so they can grow.
- **Dedicated Transportation Solutions** - Ryder's DTS business segment combines the best of Ryder's leasing and maintenance capability with the safest and most professional drivers in the industry. With a dedicated transportation solution, Ryder helps customers increase their competitive position, reduce risk, and integrate their transportation needs with their overall supply chain.
- **Supply Chain Solutions** - Ryder's SCS business segment optimizes logistics networks to make them more responsive and able to be leveraged as a competitive advantage. Globally-recognized brands in the automotive, consumer goods, food and beverage, healthcare, industrial, oil and gas, technology, and retail industries rely on Ryder's leading-edge technologies and world-class logistics engineers to help them deliver the goods that consumers use every day.

## Notations

**Earnings Before Tax (EBT)** : Ryder's primary measurement of business segment financial performance, earnings before tax (EBT), allocates Central Support Services to each business segment and excludes restructuring and other items, as well as non-operating pension costs.

**Capital Expenditures:** In Ryder's business, capital expenditures are generally used to purchase revenue earning equipment (trucks, tractors, and trailers) primarily to support the full service lease product line and secondarily to support the commercial rental product line within Ryder's FMS business segment. The level of capital required to support the ChoiceLease product line varies directly with customer contract signings for growth and replacement vehicles. These contracts are long-term agreements that result in ongoing revenues and cash flows to Ryder, typically over a three- to ten-year term. The commercial rental product line utilizes capital for the purchase of vehicles to replenish and expand the Company's fleet available for shorter-term use by contractual or occasional customers.

For more information on Ryder System, Inc., visit <http://investors.ryder.com/>.

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## **Note Regarding Forward-Looking Statements:**

Certain statements and information included in this news release are "forward-looking statements" under the Federal Private Securities Litigation Reform Act of 1995, including our expectations regarding market conditions, earnings performance,

revenue in our business segments, fleet size, growth in our contractual product lines, demand and pricing trends in commercial rental and used vehicle sales, free cash flow, capital expenditures, debt, adjusted ROC, and our 2017 outlook. Accordingly, these forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in our business that could cause actual results and events to differ materially from those in the forward-looking statements. Important factors that could cause such differences include, among others, our ability to adapt to changing market conditions, lower than expected lease and used vehicle sales, decreases in commercial rental demand, our ability to right-size our commercial rental fleet in line with demand, ability to redeploy our used vehicles and prepare them for sale in a cost efficient manner, ability to properly value the used vehicle fleet, worsening of market demand for used vehicles, higher than expected maintenance costs or lower than expected benefits from maintenance initiatives, decreases in freight demand or volumes, ability to execute new operations efficiently, our ability to obtain adequate profit margins for our services, our inability to maintain current pricing levels due to soft economic conditions, uncertainty and instability in the global economic market, business interruptions or expenditures due to severe weather or natural occurrences, competition from other service providers and new entrants, loss of key customers, unexpected bad debt reserves or write-offs, a decrease in credit ratings, increased debt costs, adequacy of accounting estimates, reserves and accruals particularly with respect to pension, taxes, depreciation, insurance and revenue, sudden or unusual changes in fuel prices, unanticipated currency exchange rate fluctuations, our ability to manage our cost structure and maintain access to capital markets, and the risks described in our filings with the Securities and Exchange Commission. The risks included here are not exhaustive. New risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risks on our business. Accordingly, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**Note Regarding Non-GAAP Financial Measures:** This news release includes certain non-GAAP financial measures as defined under SEC rules, including:

**Comparable Earnings Measures**, including comparable earnings from continuing operations, comparable earnings per share from continuing operations (as well as forecasts), comparable earnings before income tax and comparable tax rate. Additionally, our adjusted return on average capital (ROC) and adjusted return on capital spread (ROC spread) measures are calculated based on comparable earnings items.

**Operating Revenue Measures**, including operating revenue and operating revenue growth excluding foreign exchange for Ryder and its business segments, and segment EBT as a percentage of operating revenue.

**Cash Flow Measures**, including total cash generated and free cash flow.

Refer to Appendix - Non-GAAP Financial Measure Reconciliations at the end of the tables following this press release for reconciliations of the non-GAAP financial measures contained in this release to the nearest GAAP measure. Additional information regarding non-GAAP financial measures as required by Regulation G and Item 10(e) of Regulation S-K can be found in our most recent Form 10-K, Form 10-Q and our Form 8-K filed as of the date of this release with the SEC, which are available at <http://investors.ryder.com>.

### **Conference Call and Webcast Information:**

Ryder's earnings conference call and webcast is scheduled for Wednesday, July 26, 2017, from 11:00 a.m. to 12:00 noon Eastern Time. Speakers will be Chairman and Chief Executive Officer Robert Sanchez, and Executive Vice President and Chief Financial Officer Art Garcia. To join please click the below URL 5 minutes prior to the start of the webcast. You will need to complete the registration page to gain access to the webcast.

**Ryder Earnings Call Webcast URL:** [https://pgi.webcasts.com/starthere.jsp?ei=1152090&tp\\_key=476dd5f2d8](https://pgi.webcasts.com/starthere.jsp?ei=1152090&tp_key=476dd5f2d8)

If you do not have computer speakers or headphones and/or would like to dial-into the webcast, please dial into the phone bridge below. In addition, please click the "listen by phone" option on the webcast player for the optimal viewing experience.

### **LIVE AUDIO VIA PHONE**

Please dial the audio phone number approximately ten minutes prior to the start of the call.

Toll Free Number: 888-352-6803  
USA Toll Number: 323-701-0225  
Audio Passcode: Ryder  
Conference Leader: Bob Brunn

**AUDIO REPLAY VIA PHONE**

An audio replay of the call will be available one hour after call ends for 30 days.

Toll Free Number: 888-203-1112  
USA Toll Number: 719-457-0820  
Replay Passcode: 1420126

**AUDIO REPLAY VIA MP3 DOWNLOAD**

A podcast of the call will be available within 24 hours after the end of the call at <http://investors.ryder.com> . Interested listeners may download the audio file and either save or listen to it on their computer or any portable MP3 player. Go to <http://investors.ryder.com> , select Financials/Quarterly Reports and the date in order to access the file.

**AUDIO & SLIDE REPLAY VIA INTERNET**

An audio replay including the slide presentation will be available on the Internet within 2 hours following the call. Go to <http://investors.ryder.com> , select Financials/Quarterly Reports and the date in order to access the file.

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**RYDER SYSTEM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS - UNAUDITED**  
Periods ended June 30, 2017 and 2016  
(In millions, except per share amounts)

	Three Months		Six Months	
	2017	2016	2017	2016
Lease and rental revenues	\$ 797.0	798.4	\$ 1,564.6	1,566.1
Services revenue	871.0	785.8	1,722.9	1,544.9
Fuel services revenue	125.2	119.6	253.9	222.4
Total revenues	1,793.2	1,703.7	3,541.4	3,333.4
Cost of lease and rental	578.4	555.3	1,157.2	1,107.8
Cost of services	734.8	646.1	1,448.8	1,277.8
Cost of fuel services	121.6	115.5	247.5	214.4
Other operating expenses*	27.4	27.8	58.7	57.9
Selling, general and administrative expenses	201.6	207.0	403.4	411.4
Non-operating pension costs	6.6	15.4	13.9	22.2
Gains on used vehicles, net*	15.3	(12.0)	14.5	(31.1)
Interest expense	34.9	37.3	69.7	75.2
Miscellaneous income, net	(8.0)	(5.5)	(13.0)	(7.7)
	1,712.5	1,587.0	3,400.7	3,127.9
Earnings from continuing operations before income taxes	80.7	116.8	140.6	205.5
Provision for income taxes	29.3	42.7	51.0	75.3
Earnings from continuing operations	51.3	74.0	89.6	130.2
Loss from discontinued operations, net of tax	(0.5)	(0.3)	(0.7)	(0.7)
Net earnings	\$ 50.8	73.8	\$ 89.0	129.5
Earnings (loss) per common share - Diluted				
Continuing operations	\$ 0.97	1.38	\$ 1.68	2.43
Discontinued operations	(0.01)	(0.01)	(0.01)	(0.01)
Net earnings	\$ 0.96	1.38	\$ 1.67	2.42
Earnings per share information - Diluted				
Earnings from continuing operations	\$ 51.3	74.0	\$ 89.6	130.2
Less: Distributed and undistributed earnings allocated to unvested stock	(0.2)	(0.2)	(0.3)	(0.4)
Earnings from continuing operations available to common stockholders	\$ 51.2	73.8	\$ 89.3	129.8
Weighted-average shares outstanding - Diluted	52.9	53.4	53.2	53.4
EPS from continuing operations	\$ 0.97	1.38	\$ 1.68	2.43
Non-operating pension costs	0.07	0.09	0.15	0.16
Restructuring and other charges	(0.04)	—	(0.04)	—
Operating tax adjustment	—	—	0.03	—
Pension-related adjustments	—	0.09	—	0.09
Comparable EPS from continuing operations **	\$ 1.00	1.56	\$ 1.82	2.68

\* Losses from fair value adjustments on our used vehicles were reclassified from "Other operating expenses" to "Gains on used vehicles, net" for the periods presented.

\*\* Non-GAAP financial measure. A reconciliation of GAAP EPS from continuing operations to comparable EPS from continuing operations is set forth in this table.

Note: Amounts may not be additive due to rounding.

**RYDER SYSTEM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED CONDENSED BALANCE SHEETS - UNAUDITED**  
(Dollars in millions)

	June 30, 2017	December 31, 2016
<b>Assets:</b>		
Cash and cash equivalents	\$ 55.4	58.8
Other current assets	1,121.3	1,042.8
Revenue earning equipment, net	8,206.8	8,147.7
Operating property and equipment, net	762.4	745.9
Other assets	978.9	907.3
	<u>\$ 11,124.8</u>	<u>10,902.5</u>
<b>Liabilities and shareholders' equity:</b>		
Current liabilities	\$ 1,028.5	952.7
Total debt	5,384.8	5,391.3
Other non-current liabilities (including deferred income taxes)	2,605.3	2,506.2
Shareholders' equity	2,106.1	2,052.3
	<u>\$ 11,124.8</u>	<u>10,902.5</u>

**SELECTED KEY RATIOS AND METRICS**

	June 30, 2017	December 31, 2016
Debt to equity	256%	263%
Effective interest rate (average cost of debt)	2.6%	2.7%
	Six months ended June 30,	
	2017	2016
Cash provided by operating activities from continuing operations	\$ 731.7	763.0
Free cash flow *	115.3	(61.2)
Capital expenditures paid	855.3	1,120.2
Capital expenditures (accrual basis)	\$ 933.0	1,014.7
Less: Proceeds from sales (primarily revenue earning equipment)	(206.0)	(252.0)
Net capital expenditures	<u>\$ 727.0</u>	<u>762.7</u>
	Twelve months ended June 30,	
	2017	2016
Return on average shareholders' equity	10.7 %	14.9%
Return on average assets	2.0 %	2.7%
Adjusted return on capital *	4.2 %	5.4%
Weighted average cost of capital	4.3 %	4.2%
Adjusted return on capital spread **	(0.1)%	1.2%

\* Non-GAAP financial measure. See reconciliation of the non-GAAP elements of this calculation reconciled to the corresponding GAAP measures included in the Appendix - Non-GAAP Financial Measures section at the end of this release.

\*\* Non-GAAP financial measure. Adjusted return on capital spread is calculated as the difference of the adjusted return on capital and the weighted average cost of capital.

Note: Amounts may not be additive due to rounding.





**RYDER SYSTEM, INC. AND SUBSIDIARIES**  
**BUSINESS SEGMENT REVENUE AND EARNINGS - UNAUDITED**  
Periods ended June 30, 2017 and 2016  
(Dollars in millions)

	Three Months			Six Months		
	2017	2016	B(W)	2017	2016	B(W)
<b>Total Revenue:</b>						
Fleet Management Solutions:						
ChoiceLease	\$ 662.5	646.3	2 %	\$ 1,318.8	1,269.2	4 %
SelectCare	117.4	113.9	3 %	231.0	228.3	1 %
Commercial rental	199.3	214.6	(7)%	373.3	419.4	(11)%
Other	19.4	20.4	(5)%	37.7	40.7	(7)%
Fuel services revenue	165.0	156.3	6 %	335.3	291.9	15 %
Total Fleet Management Solutions	1,163.6	1,151.5	1 %	2,296.0	2,249.4	2 %
Dedicated Transportation Solutions	272.6	258.3	6 %	539.3	503.1	7 %
Supply Chain Solutions	470.7	402.1	17 %	933.5	790.8	18 %
Eliminations	(113.7)	(108.1)	(5)%	(227.4)	(209.9)	(8)%
Total revenue	<u>\$ 1,793.2</u>	<u>1,703.7</u>	<u>5 %</u>	<u>\$ 3,541.4</u>	<u>3,333.4</u>	<u>6 %</u>
<b>Operating Revenue: *</b>						
Fleet Management Solutions	\$ 998.6	995.2	— %	\$ 1,960.8	1,957.6	— %
Dedicated Transportation Solutions	199.8	194.3	3 %	393.1	384.6	2 %
Supply Chain Solutions	358.7	331.6	8 %	720.5	654.0	10 %
Eliminations	(73.9)	(71.4)	(3)%	(146.1)	(140.4)	(4)%
Operating revenue	<u>\$ 1,483.2</u>	<u>1,449.7</u>	<u>2 %</u>	<u>\$ 2,928.3</u>	<u>2,855.7</u>	<u>3 %</u>
<b>Business segment earnings:</b>						
Earnings from continuing operations before income taxes:						
Fleet Management Solutions	\$ 68.1	111.2	(39)%	\$ 120.3	194.0	(38)%
Dedicated Transportation Solutions	14.8	16.5	(10)%	26.1	30.7	(15)%
Supply Chain Solutions	25.9	28.4	(9)%	53.3	48.1	11 %
Eliminations	(12.4)	(12.8)	3 %	(23.6)	(24.5)	4 %
	96.4	143.2	(33)%	176.1	248.4	(29)%
Unallocated Central Support Services	(11.7)	(11.0)	(6)%	(21.9)	(20.7)	(6)%
Non-operating pension costs	(6.6)	(7.8)	15 %	(13.9)	(14.6)	5 %
Other items	2.6	(7.7)	NM	0.4	(7.7)	NM
Earnings from continuing operations before income taxes	80.7	116.8	(31)%	140.6	205.5	(32)%
Provision for income taxes	29.3	42.7	31 %	51.0	75.3	32 %
Earnings from continuing operations	<u>\$ 51.3</u>	<u>74.0</u>	<u>(31)%</u>	<u>\$ 89.6</u>	<u>130.2</u>	<u>(31)%</u>

\* Non-GAAP financial measure. See reconciliation of GAAP total revenue to operating revenue in the Appendix - Non-GAAP Financial Measures section at the end of this release.

Note: Amounts may not be additive due to rounding.

**RYDER SYSTEM, INC. AND SUBSIDIARIES**  
**BUSINESS SEGMENT INFORMATION - UNAUDITED**  
Periods ended June 30, 2017 and 2016  
(Dollars in millions)

	Three Months			Six Months		
	2017	2016	B(W)	2017	2016	B(W)
<b>Fleet Management Solutions</b>						
FMS total revenue	\$ 1,163.6	1,151.5	1 %	\$ 2,296.0	2,249.4	2 %
Fuel services revenue <sup>(a)</sup>	(165.0)	(156.3)	6 %	(335.3)	(291.9)	15 %
FMS operating revenue *	<u>\$ 998.6</u>	<u>995.2</u>	<u>— %</u>	<u>\$ 1,960.8</u>	<u>1,957.6</u>	<u>— %</u>
Segment earnings before income taxes	<u>\$ 68.1</u>	<u>111.2</u>	<u>(39)%</u>	<u>\$ 120.3</u>	<u>194.0</u>	<u>(38)%</u>
FMS earnings before income taxes as % of FMS total revenue	<u>5.9%</u>	<u>9.7%</u>		<u>5.2%</u>	<u>8.6%</u>	
FMS earnings before income taxes as % of FMS operating revenue *	<u>6.8%</u>	<u>11.2%</u>		<u>6.1%</u>	<u>9.9%</u>	
<b>Dedicated Transportation Solutions</b>						
DTS total revenue	\$ 272.6	258.3	6 %	\$ 539.3	503.1	7 %
Subcontracted transportation	(45.3)	(37.9)	19 %	(90.6)	(69.2)	31 %
Fuel <sup>(a)</sup>	(27.5)	(26.0)	6 %	(55.6)	(49.4)	12 %
DTS operating revenue *	<u>\$ 199.8</u>	<u>194.3</u>	<u>3 %</u>	<u>\$ 393.1</u>	<u>384.6</u>	<u>2 %</u>
Segment earnings before income taxes	<u>\$ 14.8</u>	<u>16.5</u>	<u>(10)%</u>	<u>\$ 26.1</u>	<u>30.7</u>	<u>(15)%</u>
DTS earnings before income taxes as % of DTS total revenue	<u>5.4%</u>	<u>6.4%</u>		<u>4.8%</u>	<u>6.1%</u>	
DTS earnings before income taxes as % of DTS operating revenue *	<u>7.4%</u>	<u>8.5%</u>		<u>6.6%</u>	<u>8.0%</u>	
<b>Supply Chain Solutions</b>						
SCS total revenue	\$ 470.7	402.1	17 %	\$ 933.5	790.8	18 %
Subcontracted transportation	(95.1)	(54.7)	74 %	(177.6)	(106.7)	67 %
Fuel <sup>(a)</sup>	(16.9)	(15.8)	7 %	(35.4)	(30.1)	18 %
SCS operating revenue *	<u>\$ 358.7</u>	<u>331.6</u>	<u>8 %</u>	<u>\$ 720.5</u>	<u>654.0</u>	<u>10 %</u>
Segment earnings before income taxes	<u>\$ 25.9</u>	<u>28.4</u>	<u>(9)%</u>	<u>\$ 53.3</u>	<u>48.1</u>	<u>11 %</u>
SCS earnings before income taxes as % of SCS total revenue	<u>5.5%</u>	<u>7.1%</u>		<u>5.7%</u>	<u>6.1%</u>	
SCS earnings before income taxes as % of SCS operating revenue *	<u>7.2%</u>	<u>8.6%</u>		<u>7.4%</u>	<u>7.4%</u>	

\* Non-GAAP financial measure. A reconciliation of (1) GAAP total revenue to operating revenue for each business segment (FMS, DTS and SCS) and (2) segment earnings before taxes (EBT) as % of segment total revenue to segment EBT as % of segment operating revenue for each business segment is set forth in this table.

Note: Amounts may not be additive due to rounding.

(a) Includes intercompany fuel sales from FMS to DTS and SCS.

**RYDER SYSTEM, INC. AND SUBSIDIARIES**  
**BUSINESS SEGMENT INFORMATION - UNAUDITED**  
**KEY PERFORMANCE INDICATORS**

	Three months ended June 30,		Six months ended June 30,		Change 2017/2016	
	2017	2016	2017	2016	Three Months	Six Months
<b>ChoiceLease</b>						
Average fleet count	138,000	133,800	137,500	133,200	3%	3%
End of period fleet count	137,200	134,300	137,200	134,300	2%	2%
Miles/unit per day change - % <sup>(a)</sup>	(1.7)%	2.5 %	(0.2)%	1.5 %		
<b>Commercial rental</b>						
Average fleet count	37,400	39,600	37,400	40,300	(6)%	(7)%
End of period fleet count	37,400	38,700	37,400	38,700	(3)%	(3)%
Rental utilization - power units	75.6 %	74.7 %	71.4 %	72.5 %	90 bps	(110) bps
Rental rate change - % <sup>(b)</sup>	0.8 %	(0.6)%	1.0 %	(0.3)%		
<b>Customer vehicles under SelectCare</b>						
Average fleet count	51,200	49,700	50,700	48,900	3%	4%
End of period fleet count	51,700	50,200	51,700	50,200	3%	3%
<b>Customer vehicles under on-demand maintenance <sup>(c)</sup></b>						
Fleet serviced during the period	9,800	7,600	15,900	14,700	29%	8%
<b>DTS</b>						
Average fleet count <sup>(d)</sup>	8,200	8,200	8,200	8,100	—%	1%
End of period fleet count <sup>(d)</sup>	8,100	8,300	8,100	8,300	(2)%	(2)%
<b>SCS</b>						
Average fleet count <sup>(d)</sup>	7,800	6,900	7,600	6,900	13%	10%
End of period fleet count <sup>(d)</sup>	7,900	7,300	7,900	7,300	8%	8%
<b>Used vehicle sales (UVS)</b>						
Average UVS inventory	6,800	8,800	6,900	8,600	(23)%	(20)%
End of period fleet count	7,500	9,100	7,500	9,100	(18)%	(18)%
Used vehicles sold	4,300	5,100	8,900	9,800	(16)%	(9)%
UVS pricing change - % <sup>(e)</sup>						
Tractors	(16)%	(15)%	(16)%	(12)%		
Trucks	(14)%	(4)%	(17)%	1 %		

## Notes:

(a) Represents the percentage change compared to prior year period in miles driven per vehicle per workday on US lease power units.

(b) Represents percentage change compared to prior year period in average global rental rate per day on power units using constant currency.

(c) Comprised of the number of vehicles serviced under on-demand maintenance agreements. Vehicles included in the end of period count may have been serviced more than one time during the respective period.

(d) These vehicle counts are also included within the average fleet counts for full service lease, commercial rental and contract maintenance.

(e) Represents percentage change compared to prior year period in average sales proceeds on used vehicle sales using constant currency.



**RYDER SYSTEM, INC. AND SUBSIDIARIES**  
**APPENDIX - NON-GAAP FINANCIAL MEASURE RECONCILIATIONS - UNAUDITED**

This press release and accompanying tables include “non-GAAP financial measures” as defined by SEC rules. As required by SEC rules, we provide a reconciliation of each non-GAAP financial measure to the most comparable GAAP measure. Non-GAAP financial measures should be considered in addition to, but not as a substitute for or superior to, other measures of financial performance prepared in accordance with GAAP.

Specifically, the following non-GAAP financial measures are included in this presentation:

Non-GAAP Financial Measure	Comparable GAAP Measure	Reconciliation in Section Entitled
<b>Operating Revenue Measures :</b>		
Operating Revenue	Total Revenue	Appendix - Non-GAAP Financial Measure Reconciliations
FMS Operating Revenue	FMS Total Revenue	Business Segment Information - Unaudited
DTS Operating Revenue	DTS Total Revenue	
SCS Operating Revenue	SCS Total Revenue	
Operating Revenue Growth Excluding Foreign Exchange	Total Revenue	Appendix - Non-GAAP Financial Measure Reconciliations
FMS EBT as a % of FMS Operating Revenue	FMS EBT as a % of FMS Total Revenue	Business Segment Information - Unaudited
DTS EBT as a % of DTS Operating Revenue	DTS EBT as a % of DTS Total Revenue	
SCS EBT as a % of SCS Operating Revenue	SCS EBT as a % of SCS Total Revenue	
<b>Comparable Earnings Measures :</b>		
Comparable Earnings Before Income Tax and Comparable Tax Rate	Earnings Before Income Tax and Tax Rate	Appendix - Non-GAAP Financial Measure Reconciliations
Comparable Earnings	Earnings from Continuing Operations	Appendix - Non-GAAP Financial Measure Reconciliations
Comparable EPS and Comparable EPS Forecast	EPS from Continuing Operations EPS Forecast from Continuing Operations	Consolidated Condensed Statements of Earnings - Unaudited Appendix - Non-GAAP Financial Measure Reconciliations (Forecast)
Adjusted Return on Average Capital (ROC) and Adjusted ROC Spread	Not Applicable. However, non-GAAP elements of the calculation have been reconciled to the corresponding GAAP measures. A numerical reconciliation of net earnings to adjusted net earnings and average total debt and average shareholders' equity to adjusted average total capital is provided.	Appendix - Non-GAAP Financial Measure Reconciliations
<b>Cash Flow Measures :</b>		
Total Cash Generated and Free Cash Flow	Cash Provided by Operating Activities	Appendix - Non-GAAP Financial Measure Reconciliations

**RYDER SYSTEM, INC. AND SUBSIDIARIES**  
**APPENDIX - NON-GAAP FINANCIAL MEASURE RECONCILIATIONS - UNAUDITED**  
(Dollars in millions)

**OPERATING REVENUE RECONCILIATION**

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Total revenue	\$ 1,793.2	1,703.7	\$ 3,541.4	3,333.4
Fuel	(169.6)	(161.4)	(344.9)	(301.9)
Subcontracted transportation	(140.4)	(92.6)	(268.2)	(175.8)
Operating revenue *	<u>\$ 1,483.2</u>	<u>1,449.7</u>	<u>\$ 2,928.3</u>	<u>2,855.7</u>

**OPERATING REVENUE GROWTH EXCLUDING FOREIGN EXCHANGE RECONCILIATION**

	Second Quarter			Year-to-Date		
	2017 vs 2016 Growth	Fx Impact (a)	Growth excl Fx*	2017 vs 2016 Growth	Fx Impact (a)	Growth excl Fx*
RSI Total Revenue	5 %	(1)%	6 %	6 %	(1)%	7 %
RSI Operating Revenue*	2 %	(1)%	3 %	3 %	(1)%	4 %
FMS Total Revenue	1 %	(1)%	2 %	2 %	(1)%	3 %
FMS Operating Revenue*	— %	(1)%	1 %	— %	(1)%	1 %
SCS Total Revenue	17 %	(1)%	18 %	18 %	(1)%	19 %
SCS Operating Revenue*	8 %	(1)%	9 %	10 %	(1)%	11 %
ChoiceLease Revenue	2 %	(2)%	4 %	4 %	(1)%	5 %
Commercial Rental Revenue	(7)%	(1)%	(6)%	(11)%	(1)%	(10)%

**TOTAL CASH GENERATED/FREE CASH FLOW RECONCILIATION**

	Six months ended June 30,	
	2017	2016
Net cash provided by operating activities from continuing operations	\$ 731.7	763.0
Proceeds from sales (primarily revenue earning equipment) <sup>(b)</sup>	206.0	252.0
Collections on direct finance leases and other items <sup>(b)</sup>	32.8	44.0
Total cash generated *	970.5	1,059.0
Purchases of property and revenue earning equipment <sup>(b)</sup>	(855.3)	(1,120.2)
Free cash flow **	<u>\$ 115.3</u>	<u>(61.2)</u>
Memo:		
Net cash provided by (used in) financing activities	\$ (122.0)	69.0
Net cash used in investing activities	\$ (616.2)	(823.3)

Notes:

- (a) FX impact was calculated by dividing the results for the current and prior year periods by the exchange rates in effect on June 30, 2016, which was the last day of the prior year period, rather than the actual exchange rates in effect as of June 30, 2017.
- (b) Included in cash flows from investing activities.

\* Non-GAAP financial measure.

\*\* Non-GAAP financial measure. 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 net cash provided by operating activities and net cash provided by the sale of revenue earning equipment and operating property and equipment, collections on direct finance leases and other cash inflows from investing activities, less purchases of property and revenue earning equipment.

Note: Amounts may not be additive due to rounding.





**RYDER SYSTEM, INC. AND SUBSIDIARIES**  
**APPENDIX - NON-GAAP FINANCIAL MEASURE RECONCILIATIONS - UNAUDITED**  
(Dollars in millions)

**ADJUSTED RETURN ON CAPITAL RECONCILIATION**

	Twelve months ended June 30,	
	2017	2016
Net earnings (12-month rolling period)	\$ 221.2	297.0
+ Restructuring and other items	4.5	23.4
+ Income taxes	117.4	160.5
Adjusted earnings before income taxes	343.1	481.0
+ Adjusted interest expense <sup>(a)</sup>	142.6	149.9
- Adjusted income taxes <sup>(b)</sup>	(169.1)	(222.8)
= Adjusted net earnings for ROC (numerator) <b>[A]</b>	<u>\$ 316.6</u>	<u>408.1</u>
Average total debt	\$ 5,431.2	5,498.4
Average off-balance sheet debt	1.1	1.5
Average shareholders' equity	2,076.4	1,991.3
Adjustment to equity <sup>(c)</sup>	1.0	2.8
Adjusted average total capital (denominator) <b>[B]</b>	<u>\$ 7,509.7</u>	<u>7,494.0</u>
Adjusted ROC * <b>[A]/[B]</b>	<u>4.2%</u>	<u>5.4%</u>

Notes:

- (a) Represents reported interest expense plus imputed interest on off-balance sheet obligations.
- (b) Represents provision for income taxes plus income taxes on restructuring and other items and adjusted interest expense.
- (c) Represents the impact to equity of items to arrive at comparable earnings.

\* Non-GAAP financial measure. Non-GAAP elements of the calculation have been reconciled to the corresponding GAAP measures. A numerical reconciliation of net earnings to adjusted net earnings and average total debt and average shareholders' equity to adjusted average total capital set forth in this table.

Note: Amounts may not be additive due to rounding.

**RYDER SYSTEM, INC. AND SUBSIDIARIES**  
**APPENDIX - NON-GAAP FINANCIAL MEASURE RECONCILIATIONS - UNAUDITED**  
(In millions, except per share amounts)

**COMPARABLE EARNINGS/EARNINGS BEFORE INCOME TAX/TAX RATE RECONCILIATION**

	Consolidated Statements of Earnings Line Item	2017	
		Three Months	Six Months
Earnings from continuing operations before income taxes		\$ 80.7	140.6
Non-operating pension costs	SG&A	6.6	13.9
Restructuring		(2.6)	(2.6)
Operating tax adjustment		—	2.2
Comparable earnings from continuing operations before income taxes*		84.7	154.2
Provision for income taxes		(29.3)	(51.0)
Income tax effects of non-GAAP adjustments**		(2.3)	(5.9)
Comparable provision for income taxes**		(31.6)	(56.9)
Earnings from continuing operations		51.3	89.6
Non-operating pension costs	SG&A	3.8	8.0
Restructuring		(2.1)	(2.1)
Operating tax adjustment		—	1.7
Comparable earnings from continuing operations*		\$ 53.1	97.3
Tax rate on continuing operations		36.4%	36.3%
Income tax effects of non-GAAP adjustments**		1.0%	0.6%
Comparable tax rate on continuing operations**		37.4%	36.9%

  

	Consolidated Statements of Earnings Line Item	2016	
		Three Months	Six Months
Earnings from continuing operations before income taxes		\$ 116.8	205.5
Non-operating pension costs	SG&A	7.8	14.6
Pension-related adjustments	SG&A	7.7	7.7
Comparable earnings from continuing operations before income taxes*		132.2	227.7
Provision for income taxes		(42.7)	(75.3)
Income tax effects of non-GAAP adjustments**		(6.2)	(9.0)
Comparable provision for income taxes**		(48.9)	(84.2)
Earnings from continuing operations		74.0	130.2
Non-operating pension costs	SG&A	4.4	8.4
Pension-related adjustments	SG&A	4.8	4.8
Comparable earnings from continuing operations*		\$ 83.3	143.5
Tax rate on continuing operations		36.6%	36.6%
Income tax effects of non-GAAP adjustments**		0.3%	0.4%
Comparable tax rate on continuing operations**		36.9%	37.0%

\* Non-GAAP financial measure.

\*\* 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.

Note: Amounts may not be additive due to rounding.



**RYDER SYSTEM, INC. AND SUBSIDIARIES**  
**APPENDIX - NON-GAAP FINANCIAL MEASURE RECONCILIATIONS - UNAUDITED**

**COMPARABLE EARNINGS PER SHARE FORECAST RECONCILIATION**

	Third Quarter 2017	Full Year 2017
Comparable earnings per share from continuing operations forecast:*		
EPS from continuing operations	\$1.15 to \$1. 25	\$4.03 to \$4. 23
Non-operating pension costs, net of tax	0.07	0.30
Restructuring and other charges	0.03	0.06
Comparable EPS from continuing operations forecast*	<u>\$1.25 to \$1. 35</u>	<u>\$4.38 to \$4. 58</u>

Note: Amounts may not be additive due to rounding.

**TOTAL CASH GENERATED/FREE CASH FLOW FORECAST RECONCILIATION**

	2017 Forecast
Net Cash Provided by Operating Activities from Continuing Operations	\$ 1,600
Proceeds from sales (primarily revenue earning equipment) <sup>(1)</sup>	390
Collections of direct finance leases <sup>(1)</sup>	80
Total cash generated*	<u>2,070</u>
Capital expenditures <sup>(1)</sup>	<u>(1,820)</u>
Free cash flow **	<u>\$ 250</u>
Memo:	
Net cash used in financing activities	\$ 250
Net cash used in investing activities	\$ 1,300

<sup>(1)</sup> Included in cash flows from investing activities.

\* Non-GAAP financial measure.

\*\* Non-GAAP financial measure. 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 net cash provided by operating activities and net cash provided by the sale of revenue earning equipment and operating property and equipment, collections on direct finance leases and other cash inflows from investing activities, less purchases of property and revenue earning equipment.