

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.

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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 ROC: Adjusted ROC is defined as adjusted net earnings divided

Adjusted Return on Average Capital (ROC)  
Adjusted ROC Spread

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.

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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.

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