

**Conference Title: Ryder System Fourth Quarter 2025 Earnings Release Conference Call**

**Date: Wednesday, 11th February 2026**

Operator: Good morning and welcome to the Ryder System Fourth Quarter 2025 Earnings Release conference call. All lines are in a listen-only mode until after the presentation. Today's call is being recorded. If you have any objections, please disconnect at this time. I would now like to introduce Miss Calene Candela, Vice President, Investor Relations for Ryder. Miss Candela, you may begin.

Calene Candela: Thank you. Good morning, and welcome to Ryder's fourth quarter 2025 earnings conference call. I'd like to remind you that during this presentation, you'll hear some forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to changes in economic, business, competitive, market, political and regulatory factors. More detailed information about these factors and a reconciliation of each non-GAAP financial measure to the nearest GAAP measure is contained in this morning's Earnings release, Earnings call presentation and in Ryder's filings with the Securities and Exchange Commission, which are available on Ryder's website.

Presenting on today's call are Robert Sanchez, Chairman and Chief Executive Officer, John Diez, President and Chief Operating Officer, and Cristy Gallo-Aquino, Executive Vice President and Chief Financial Officer. Additionally, Tom Havens, President of Fleet Management Solutions, and Steve Sensing, President of Supply Chain Solutions and Dedicated Transportation Solutions, are on the call today and available for questions following the presentation. At this time, I'll turn the call over to Robert.

Robert Sanchez: Good morning, everyone, and thanks for joining us. Today I'll begin by providing you with an update on our balanced growth strategy, and share some highlights from our 2025 performance. Cristy will provide you with an overview of our fourth quarter results, which were in line with our

expectations, and will also discuss our capital spending and capital deployment capacity. John will then provide you with our outlook for 2026, and discuss the strategic initiatives that are the key drivers of expected earnings growth in 2026.

Before I get started, I'd like to provide a quick overview of our CEO succession plan that was announced in December. Effective March 31st, I will retire and John Diez will assume the role of Chief Executive Officer. I will remain on Ryder's board as executive chair. Many of you have had the opportunity to interact with John during his 20-plus-year career at Ryder, where he has held various leadership roles across the organization, including Chief Financial Officer, as well as President of FMS and President of DTS. John has been a key player in the development, execution and success of our balanced growth strategy and I am confident that he is the right leader to build upon the strength of our transformed business model and create incremental value for our customers, employees and shareholders. So with that, let's move to the strategic update on slide four.

We've made remarkable progress on our balanced growth strategy, and I continue to be extremely proud of the Ryder team for their consistent execution. Our journey has been transformative, enabling us to outperform prior cycles even during this prolonged freight downturn and providing us with a solid foundation for future growth. In order to establish our transformed foundation, we de-risked the business model by significantly reducing our reliance on used vehicle proceeds to achieve our target returns. We also exited underperforming geographies and services.

Our multiyear lease pricing and initial maintenance cost savings initiatives meaningfully contributed to increasing our return profile by delivering a combined annual pre-tax earnings benefit of over \$225 million, and also contributing to positive free cash flow over the cycle. In addition, we accelerated growth in our asset light supply chain and dedicated businesses, resulting in a more resilient business mix that is less capital intensive.

We continue to evolve our transformed foundation by executing on strategic priorities focused on operational excellence, customer-centric innovation, and profitable growth. We're expecting

another \$50 million in benefits from the next phase of our maintenance cost savings initiatives. We're optimizing our omnichannel retail warehouse network through continuous improvement and are better aligning our footprint with the demand environment. We're also taking cost actions to increase efficiencies. We're investing in customer-centric technology aimed at delivering our customers a proactive supply chain that gives them a competitive advantage. We're enhancing proprietary technologies such as RyderShare and RyderGyde by embedding AI to increase functionality and effectiveness.

Baton, a Ryder technology lab, is developing an AI-enabled software and data platform that will power next generation customer-facing technology at Ryder. We're leveraging AI from leading technology partners in various use cases, including increasing the effectiveness of our customer call centers. We continue to deploy automation and robotics in our warehouses to drive operating efficiencies. Technology and innovation, including how we deploy AI, is a key component of our strategy and will provide you with updates as our journey progresses.

We continue to pursue profitable growth opportunities and are focused on higher return segments and verticals, increasing our share of wallet with Port-to-Door solutions and generating acquisition synergies. Our transformed model has demonstrated the effectiveness of our balanced growth strategy by outperforming prior cycles. The earnings power and resiliency of our business continues to be supported by our high-quality contractual portfolio that generates over 90% of our revenue. Our significant, flexible capital deployment capacity further strengthens our position and ability to pursue strategic opportunities. We're proud of the strong performance of our transformed business model and believe that executing on our balanced growth strategy will continue to deliver higher highs and higher lows over the cycle.

Slide five illustrates how key financial and operating metrics have improved since 2018, reflecting the execution of our strategy. In 2018, prior to the implementation of our balanced growth strategy, the majority of our 8.4 billion of revenue was from FMS. Ryder generated comparable earnings per share of 5.95 and ROE of 13%. Operating cash flow was 1.7 billion. This was during peak freight cycle conditions.

Now let's look at Ryder today. In 2025, a year in which freight market conditions remain at or near trough levels, our transformed business model has once again delivered meaningfully higher earnings and returns than it did during the 2018 peak. Through organic growth, strategic acquisitions and innovative technology, we have shifted our revenue mix towards supply chain and dedicated with 62% of our 2025 revenue generated by these asset light businesses, compared to 44% in 2018.

2025 comparable earnings per share of 12.92 are more than double 2018 comparable earnings per share of 5.95. ROE of 17% is well above the 13% generated during the 2018 cycle peak. As a result of profitable growth in our contractual lease, dedicated and supply chain businesses operating cash flow of 2.6 billion is up more than 50% from 2018. As shown here, in 2025, the business outperformed prior cycles even when comparing the pre-transformation peak to the current market environment.

Turning to slide six. I'll share key performance highlights for full year 2025. First, our resilient business model and benefits from our strategic initiatives delivered higher year over year earnings and solid returns in 2025. Comparable earnings per share was up 8% and ROE was solid at 17%, in line with our expectations given where we are in the freight cycle. Next, consistent execution on multi-year strategic initiatives delivered \$100 million in cumulative benefits through 2025. We now expect to outperform our initial estimate by 20 million, and expect to realize another 70 million in incremental benefits in 2026. This takes the total expected annual benefit to 170 million.

Finally, the earnings power of our high-quality contractual portfolio is driving higher operating cash flow, which continued to increase our capital deployment capacity in 2025. Our strong balance sheet and capital deployment capacity provide us with ample resources to support strategic growth opportunities while returning capital to shareholders. Since 2021, Ryder has generated \$3 billion in free cash flow, repurchased 24% of shares outstanding and increased the quarterly dividend by 57%. I'll now turn the call over to Cristy to review our fourth quarter performance.

Cristina Gallo-Aquino: Thanks, Robert. An overview of total company results for the fourth quarter is on page seven. Operating revenue of 2.6 billion in the fourth quarter was in line with prior year, as contractual revenue growth in SCS was offset by lower revenue in DTS and FMS. Comparable earnings per share from continuing operations were \$3.59 in the fourth quarter, up 4% from the prior year, reflecting benefits from share repurchases. Return on equity, our primary financial metric was 17%, up from prior year, as benefits from share repurchases and dividends were partially offset by lower rental demand and used vehicle sales results. Year to date free cash flow increased to \$946 million from \$133 million in the prior year, reflecting reduced capital expenditures, lower income tax payments due to the permanent reinstatement of tax bonus depreciation, as well as lower working capital needs.

Turning to fleet management results on page eight. Fleet Management Solutions operating revenue was down 1%, reflecting lower rental demand, partially offset by higher choice lease revenue. Pre-tax earnings in fleet management were \$136 million down versus prior year, reflecting weaker market conditions in rental and used vehicle sales. Our pricing and maintenance cost savings initiatives continue to benefit choice lease performance. Rental results for the quarter reflect market conditions that remain weak. Rental demand increased sequentially, but only in line with historical seasonal trends and not indicating any improvement in market conditions. Rental demand this quarter was below prior year.

Lower rental activity was partially offset by higher rental power fleet pricing, which was up 5% year over year. Rental utilization on the power fleet was 72%, down slightly from prior year of 73% on an average fleet that was 8% smaller. Fleet management EBT as a percent of operating revenue was 10.5% in the fourth quarter, below our long-term target of low teens over the cycle.

Page nine highlights used vehicle sales results for the quarter. Year over year, used tractor pricing increased 1% and truck pricing declined 9%. On a sequential basis, pricing increased for both tractors and trucks, with tractors up 6% and trucks up 4%. Sequential pricing benefited from a higher retail mix, as we realize better proceeds using the retail sales channel versus the wholesale channel. In the fourth quarter, 69% of our sales volume went through our retail sales channel, up

from 54% in the third quarter. Our retail mix was also above prior year levels of 64%. Pricing in our retail sales channel declined 2% sequentially for tractors and declined 8% for trucks.

During the quarter, we sold 3,600 used vehicles down sequentially and versus prior year. Used vehicle inventory of 9,500 vehicles is slightly above our targeted inventory range. Used vehicle pricing remained above residual value estimates used for depreciation purposes. Slide 23 in the appendix, provides historical sales proceeds, and current residual value estimates for used tractors and trucks for your information.

Turning to supply chain on page ten. Operating revenue increased 3%, driven by new business and volumes in omnichannel retail. Supply chain earnings decreased 8% from prior year as the benefits from operating revenue growth were more than offset by both lost business and extended customer production shutdowns in automotive. Supply chain EBT as a percent of operating revenue was 8% in the quarter at the segment's long-term target of high single digits.

Moving to dedicated on page 11. Operating revenue decreased 4% due to lower fleet count, reflecting the prolonged freight downturn. Dedicated EBT was above prior year, reflecting lower bad debt and benefits from acquisition synergies, partially offset by lower operating revenue. DTS results continued to benefit from pricing discipline, as well as favorable market conditions for recruiting and retaining our professional drivers. Dedicated EBT as a percent of operating revenue was 8.9% in the quarter at the segment's long-term high single digit target.

Turning to slide 12, 2025 lease capital spending of 1.5 billion was below prior year, reflecting lower lease sales activity. In 2026, we're forecasting lease spending to increase to 1.9 billion, reflecting higher replacement activity. We expect the ending lease fleet to modestly decline in 2026. 2025 rental capital spending of 300 million was below prior year as expected. In 2026, we're forecasting lower rental capital spending of 100 million, reflecting lower planned replacement activity. Our ending rental fleet is expected to decrease 7%, and our average rental fleet is expected to be down 13%. The rental fleet remains well below peak levels as we manage through an extended market slowdown.

In rental, in recent years, we shifted capital spending to trucks versus tractors, as trucks have historically benefited from relatively stable demand and pricing trends. At year-end 2025, trucks represented approximately 60% of our rental fleet. Our full year 2026 capital expenditures forecast of approximately \$2.4 billion is above prior year. We expect approximately \$500 million in proceeds from the sale of used vehicles in 2026, in line with prior year, as we do not anticipate a meaningful recovery in market conditions. Full year 2026 net capital expenditures are expected to be approximately 1.9 billion.

Turning to page 13. In addition to increasing the earnings and return profile of the business, our transformed contractual portfolio is also generating significant operating cash flow. Improving the overall cash generation profile of the business is one of the essential elements of our balanced growth strategy. Better earnings performance is driving higher cash flow generation and in turn is delevering our balance sheet at a more rapid pace. This momentum is creating incremental debt capacity, given our target leverage range of between two and a half and three times.

As shown on the slide, over a three-year period, we expect to generate approximately \$10.5 billion from operating cash flow and used vehicle sales proceeds. Our operating cash flow will benefit from improving contractual earnings. This creates approximately \$3.5 billion of incremental debt capacity, resulting in \$14 billion available for capital deployment.

Over the same three year period, we estimate approximately \$9 billion will be deployed for the replacement of lease and rental vehicles and for dividends. This leaves around \$5 billion, which equates to more than 60% of our year-end market cap available for flexible deployment to support growth and return capital to shareholders. We estimate about half of our flexible deployment capacity will be used for growth CapEx, and the remaining will be available for discretionary share repurchases and strategic acquisitions and investments.

Our capital allocation priorities remain focused on profitable growth, strategic investments, and returning capital to our shareholders. Our top priority is to invest in organic growth. Aligned with

these priorities in 2025, we funded replacement CapEx of 1.8 billion and returned \$664 million to shareholders through buybacks and dividends.

In addition, earlier this year, we raised our quarterly dividend 12%, marking our third consecutive year with a double-digit increase. We also authorized a new discretionary repurchase program in the fourth quarter, and approved our 198th consecutive dividend payment last week. Our balance sheet remains strong, with leverage of 250% at year-end, at the lower end of our target range, and continues to provide ample capacity to fund our capital allocation priorities. With that, I'll turn the call over to John to discuss our outlook.

John Diez: Thanks, Cristy. Slide 14 highlights key aspects of our 2026 outlook. In terms of market assumptions, we're expecting modest US economic growth in 2026, and no meaningful change in freight market conditions. Our outlook also assumes US class 8 production declines 4%, in 2026. We remain confident that secular trends will continue to favor transportation, logistics, outsourcing, and that our operational expertise and strategic investments will continue to enable us to deliver increasing value to customers and shareholders.

In terms of our financial forecast for 2026, operating revenues expected to grow approximately 3% as revenue growth from new business in supply chain is offset by near-term pressures in dedicated and fleet management, reflective of the freight cycle. 2026 comparable EPS is expected to increase by 12% at the high end of our \$13.45 to \$14.45 forecast range, driven by 70 million of benefits from our strategic initiatives. Return on equity is expected to increase to a range between 17% and 18%, reflecting earnings growth and share repurchase activity.

We expect our transformed business model to deliver ROE in the low to mid 20s, when market conditions improve for our transactional rental and used vehicle sales businesses, which will enable us to achieve our over the cycle ROE target of low 20s. Free cash flow is expected to be between 700 to 800 million, down from prior year, primarily reflecting higher lease vehicle replacement CapEx. Overall, we expect to deliver earnings growth and increased returns in 2026, reflecting our

upsized strategic initiatives and the strength and durability of our transformed and cycle tested business model.

Slide 15 provides the outlook highlights for each of our business segments. In fleet management, operating revenue growth is expected to be below the segment's mid-single digit target, reflecting freight market conditions. FMS EBT as a percent of operating revenue is expected to be up year over year, reflecting benefits from strategic initiatives, but remains below the segment's low teens target, reflecting weak rental and used vehicle sales conditions. We're confident in our ability to reach our long-term EBT target in FMS over time, based on the demonstrated earnings power of our contractual portfolio and benefits from strategic initiatives, as well as the earnings uplift we expect when market conditions in rental and used vehicle sales normalize.

Supply chain operating revenue growth is expected to accelerate throughout the year, reflecting the timing of new sales, which will begin to benefit results mid-year. SCS is expected to exit 2026, with an operating revenue growth rate approaching the segment's low double-digit target. Supply chain EBT percent is expected to be at the segment's high single digit target, reflecting revenue growth as well as benefits from incremental operating efficiencies in our omnichannel retail network. In dedicated operating revenue growth is expected to be muted and below its high single digit target, reflecting freight market conditions.

DTS EBT as a percent of operating revenue is expected to be in the segment's high single digit target range in 2026, reflecting the strength of the contractual dedicated portfolio, which we expect will continue to benefit from pricing discipline in our strategic initiatives. We expect to continue share repurchase activity and are leveraging our zero-based budgeting process to manage discretionary spending and mitigate inflationary costs.

Supply chain is expected to be the key driver of our operating revenue growth. Overall, we expect the ongoing momentum from our strategic initiatives and high-quality contractual portfolio to drive 2026 earnings growth, with segment earnings in line with our expectations.

Slide 16 outlines the key changes from 2025 to reach the high end of our 2026 comparable EPS forecast. As previously noted, benefits from our strategic initiatives are the key driver of higher comparable EPS. Fleet management contractual businesses are expected to contribute \$0.70 in incremental EPS, primarily reflecting benefits from our lease pricing and maintenance cost saving initiatives.

Supply chain and dedicated are expected to contribute \$0.55 in incremental EPS, reflecting improved performance in omnichannel retail and the initial benefits from the flex operating structure in dedicated. Our transactional used vehicle sales and rental businesses are expected to deliver a net \$0.05 EPS benefit, due to improved rental performance, partially offset by lower used vehicle sales results.

In rental, we expect utilization to be higher than prior year on a 13% smaller average fleet. We also expect sequential demand to return to historical seasonal trends. 2026 used vehicle gains are expected to be slightly below 2025 levels. Our full year forecast assumes used vehicle prices begin to modestly improve in the second half of the year. We expect used vehicle prices to remain above residual value estimates used for depreciation purposes. A \$0.23 EPS net benefit is expected from a reduced share count, partially offset by a higher tax rate. This brings the high end of our 2026 comparable EPS forecast to \$14.45, with a range of \$13.45 to \$14.45.

The transformative changes we've made to the business model continue to deliver strong results. The earnings power of our contractual businesses and our strategic initiatives are more than offsetting near-term headwinds in the transactional parts of our business.

Turning to page 17. We expect 2026 earnings growth to be driven by incremental benefits from multi-year strategic initiatives, which began in 2024. These initiatives represent structural changes we're making to the business and are not dependent on a cycle upturn. We now expect to surpass our initial target of \$150 million in annual pre-tax earnings benefits from these initiatives, and have upsized our target to 170 million upon completion.

To date, we've realized 100 million in benefits, leaving 70 million of incremental benefits expected in 2026. In fleet management, we expect our multi-year lease pricing and maintenance cost saving initiatives to benefit 2026 results. In dedicated, we expect incremental benefits from acquisition synergies, as well as initial cost savings from our flex operating structure. In supply chain, we continue to focus on optimizing our omnichannel retail warehouse network through continuous improvement efforts and better aligning our warehouse footprint with the demand environment.

In 2025, we downsized and exited select locations and expect to recognize incremental savings from these actions in 2026. In addition to driving our outperformance relative to prior cycles, our transformed business model also provides a solid foundation for the business to meaningfully benefit from the eventual cycle upturn. We've increased our initial estimate for the annual pre-tax earnings benefit we expect to realize by the next cycle peak to at least 250 million, up from our prior estimate of at least 200 million. The majority of the 250 million benefit is expected to come from the cyclical recovery of rental and used vehicle sales in FMS, with additional benefits from higher omnichannel retail volumes, leveraging our rationalized footprint.

We expect to recognize these benefits over time as freight market conditions normalize. In addition to benefiting our transactional businesses, we also expect additional opportunities for profitable contractual growth as freight conditions normalize.

Supply chain achieved record sales in 2025, which is benefiting revenue and earnings in 2026. On the other hand, lease and dedicated have faced revenue growth headwinds as a result of the extended freight downturn. We expect contractual sales trends for these offerings to improve when the freight cycle recovers. We've been pleased by our resilience and performance during the prolonged freight market downturn, and are confident each of our business segments is well positioned to benefit from the cycle upturn.

Turning to page 18. We're forecasting a comparable EPS range of \$13.45 to \$14.45 versus \$12.92 and 2025. We're also providing a first quarter comparable EPS forecast range of \$2.10 to \$2.35, versus the prior year of \$2.46. As a reminder, the first quarter has historically been our lowest

earnings quarter, and in 2026, we expect it will represent the most difficult year over year comparison. Expected first quarter results reflect used vehicle sales and rental market conditions that remain weak and did not show improvement in January. Supply chain comparisons will also be challenged due to record first quarter performance in 2025.

We remain focused on our initiatives and expect to deliver another year of earnings growth and higher returns. We're confident that our transformed business model remains capable of performing across a range of business environments. At this time, I'll turn the call back over to Robert.

Robert Sanchez: Thanks, John. Turning to page 19. Our transformed business model continues to deliver value to our customers and our shareholders. We continue to outperform prior cycles, and our results are benefiting from consistent execution and the strength of our contractual portfolio. We continue to see significant opportunity for profitable growth supported by secular trends, our operational expertise and ongoing momentum from multi-year strategic initiatives. We remain committed to investing in products, capabilities and technologies that will deliver value to our customers and our shareholders. That concludes our prepared remarks. Please note that we expect to file our 10-K later today. At this time, I'll turn it over to the operator to open the call for questions.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press star one to ask a question. We'll pause for just a moment to allow everyone an opportunity to signal for questions. First, we'll go to Jordan Alliger with Goldman Sachs.

Andre: Hey, good morning. It's Andre on for Jordan. Thanks for taking our question. It's a helpful earnings walk on slide 16 to get to the high end of your EPS guide for 2026. Just curious, between the buckets you lay out in terms of the year over year earnings tailwind, if you could just share where the largest variability lies within those buckets with respect to getting to the low end versus the high

end. Then maybe what's driving that variability. Just the puts and takes there would be really helpful. Thanks.

Robert Sanchez: Sure.

John Diez: Hey Andre, it's John here. If you look at page 16, I would say the biggest variability there is really tied to our transactional business. When you look at the improved earnings of the businesses on the FMS side, a lot of it is coming from lease pricing and another year of maintenance strategic initiatives. I would say we feel really confident in our lease pricing based on the momentum we saw at the end of last year, and that will carry over into this year.

In maintenance, there is some variability there, but we see that the business continues to execute at a better level than we were previously. If you look at supply chain, clearly there, you do have the omnichannel optimization, and you heard in our prepared remarks, we took some actions last year that really set us up to deliver incremental benefits from both the omnichannel, as well as the dedicated flex structure activity that we made. So overall, I would say probably the biggest variability in our strategic initiatives is probably tied to our maintenance organization and some of it tied to our omnichannel optimization activity.

Clearly, rental and UVS, we have no meaningful improvement in those transactional businesses. The low end of our range does contemplate deterioration – further deterioration from Q4 if rental and UVS were to pull back, and that's what's contemplated in the 13.45 at the low end. We feel really good about the strong contractual portfolio performance and obviously, the confidence we have in executing again on our strategic initiatives.

Andre: Appreciate the color.

Operator: If you find that your question has been answered, you may remove yourself from the queue by pressing the star key followed by the digit two. We will go next to Ben Mohr with Citibank.

Ben Mohr: Hi. Yes. Good morning. I appreciate you taking our question. Great print on the used gain of 12 million in 4Q. I wanted to ask, what's your view on cadence for that? You mentioned 1Q

should be softer. Should we be looking at a step down, not too much from that 12 mil, and then gradually improving beyond that 12 mil throughout the year? Or what's your view on 1Q through 2026 for used gain, please?

John Diez: Yeah, Ben. Let me make a few remarks and then I'll turn it over to Tom. We do see the environment on the used vehicle sales side, kind of gradually improving as we get through the year. We do expect Q1 to be consistent with what we saw in Q4. We are expecting tractor pricing to improve as a lot of capacity keeps coming out of the market, and that will bode well for tractor pricing going into the second half of the year. Trucks, which is the majority of our inventory today, we do expect trucks to continue to be depressed at the current fourth quarter levels, which, if you recall, year over year, truck pricing was declining all of last year. It's going to make the comparables a little bit more difficult. We do expect to improve retail mix next year, but I'll let Tom talk about what he's seeing in the business.

Tom Havens: Yeah. I think your initial read on that was right. So what we saw in the fourth quarter, and I think you see it in the gain numbers where we did a lot less wholesaling in Q4. Cristy also mentioned in her opening comments that the retail pricing in Q4 actually fell a little bit. We're expecting that to continue into Q1. So the first part of the year, you see a little bit of decline in the pricing of retail.

And then, you get into second quarter and beyond, you start to see that pricing improve, which then leaves you full year that, that looks flat in gains year over year. That's what we're seeing. We're certainly not seeing any pickup in volumes or pickup in activity yet at our UTCs. We'll see how that develops throughout the quarter and the rest of the year, obviously.

Ben Mohr: Great. Really appreciate that. Maybe just a follow up on, what you mentioned. With capacity coming out of the market. The sense from the market with government enforcement of non-domiciled CDLS, English language proficiency, ELD devices, truck – trucker schools. We may see the capacity exiting, drivers exiting, driving more used trucks, flooding the market, depressing used truck pricing.

It seems like maybe there's puts and takes there. And then, maybe going into the second order effect where for private and private fleets or For-Hire carriers and private fleets would be buying trucks to pick up the associated freight from the operators who left, which could lift used truck prices. Can we get a sense of your views on that tying in with the cadence through 2026, tied in with this policy change?

John Diez: Yeah, Ben, I would say look, broadly, we do see evidence that capacity is coming out of the market, and we think even independent of those macro factors you talked about, we do expect that the capacity is going to get tighter as we look at 2026. As far as what we're seeing on the driver's side with immigration and some of the rules that have come out, I would just say that primarily impacts the For-Hire carrier market, which is primarily impacting our sleeper tractor class. If you look at our inventory, used vehicles today, it's predominantly a truck inventory.

The impact to used vehicles, even if we see a slight blip down, is going to be, I would say minimal for Ryder going forward. Clearly, for us, we continue to look for signs that the market will take an upturn. We think overall capacity exiting the market will be good for us long term to not only impact our transactional businesses, but also help grow our contractual businesses in both lease and dedicated services.

Ben Mohr: Great. Appreciate that. Maybe if I can just squeeze one more in related for your SCS division, you've noted having signed new SCS business starting to Q3 this year. Can you talk to the magnitude of that business dollar-wise, or percentage of revenue growth wise, and any new signings on for 1Q or 4Q or 2Q or 3Q since then?

Robert Sanchez: Ben, this is Robert. Look, I think the good news is, we had a very strong sales year in 2025, and supply chain, it was a record year considering all the challenges in the economy. I think it's a great story. Those new wins start getting layered in throughout the year, and you'll start to see the benefits of that more. As I mentioned in the last earnings call, probably more into Q2, Q3 is where you really start to see more of that layering. Steve, you can give them additional color there.

Steve Sensing: Yeah, I think if you as you think about it think about omnichannel retail where we're seeing an increase in sales. I think we're off to a really good start this year. At the end of the day, it's all about our people, the relationships that we've built, not only from the vertical leads and our sales team to the frontline operators, because as we execute that gains confidence from our customers. About 80% of our sales this year was expansion sales. I think that drives to that execution, continuous improvement and innovation that we bring to our customers. So, and on the backbone of our Port-to-Door strategy, you're seeing a good expansion across many of our service offerings.

Ben Mohr: Great. Really appreciate that. Thank you.

Robert Sanchez: Thanks.

Operator: We'll go next to Jeff Kauffman with Vertical Research Partners.

Jeffrey Kauffman: Thank you very much. Well, first of all, congratulations, Robert on a tremendous run. You really transformed the company, and also, congratulations, John, we look forward to your leadership. I guess two questions. All these trucking equities are going up and spot rates are up, and people are enthusiastic that maybe we're starting to see a bit of a turn. I know they're more focused on pricing and driver constriction as opposed to vehicle demand that's actually shown signs of increasing yet.

It seems like your forecast is a little more dour than that. Particularly when I look at the ratio of rental equipment to lease. Normally, you have like 25% rental trucks to lease trucks because you're going to need full service lease support, but you guys are down to 22% and it looks like you're headed toward 20%. Just based on the guide. So I guess, what are you seeing differently than the optimism that some of the freight carriers are seeing out there?

Robert Sanchez: Let me let John give you a little more color, but I'll just start by telling you that clearly, the range that we've given for the year, the top end of the range does not assume any significant pickup in the market. That's not because we have a different crystal ball than the rest of the market. We just haven't seen evidence of that yet in our business. So clearly, if things got better there's an

opportunity for things to get above that number. Given what we're seeing today, that's the guidance we're giving, but I'll let John give you a color on that.

John Diez: Yeah. Jeff, if you look at rental for us and we made mention of it. We looked at January even. We have seen the spot market tighten up a little bit. We've seen capacity exit. You saw the PMI print come out a few days back, which was fairly positive. We just haven't seen it as of yet. We typically see about a six-month lag before really our market conditions improve, show up in rental. So clearly, our guide, as you heard from Robert just now, does not reflect that. If market conditions do show signs of improvement, we will see that in the second half at earliest. The strength of that improvement also will dictate what we could see come through to the bottom line.

What we have done back to your question on the fleet and rental in particular, is we are looking to time the fleet as we get through the first half of the year. Then in the second half with no meaningful improvement, you should see us return back to historical utilization levels of high 70s, and that's where that self-improvement plan comes into play here. Clearly, if we see demand picking up, we could slow down some of that activity of de-fleeting and extend that equipment, and clearly we could go out and buy and look to buy additional equipment to introduce into the fleet.

Jeffrey Kauffman: And just one follow up if I can. You guys talk about Baton from time to time. I'm not so sure the rest of us really understand what differentiates it versus going out into the market and just looking for AI solutions or tech solutions. Can you talk a little bit about the advantage of Baton and what it means to the company?

John Diez: Yeah, Baton was initially a RyderVentures investment we made working with them for a few years. We realized there was significant value for them to really be the catalyst for us to optimize and create solutions for our customers through digital technologies and optimized fleets. So they had that business know how and some of the technology underpinnings.

We bought them, we've obviously had them look at our RyderShare platform and really improve on that platform from being just a visibility and event management tool to being a transportation optimization tool. With their capabilities – the Baton Group's capabilities, we feel we have not only

the skills to take advantage of even some of the emerging technologies in AI so that we could deliver greater value into the future for our transportation clients.

Jeffrey Kauffman: Okay. Thank you very much. Best of luck.

Robert Sanchez: Thanks, Jeff.

Operator: We'll go next to Rob Salmon with Wells Fargo.

Rob Salmon: Thanks, operator, and for taking our questions. Clearly, to piggyback on what was just being asked with regard to rental. Clearly, we're seeing some elevated spot rates in the market. It would be helpful if you provided us a little bit more context of what you're seeing across your rental customers, i.e., the FMS customers that traditionally have equipment down or they're having surge business and operating in the rental versus your standalone rental customers. Just to get a sense of how that business is trending here.

Robert Sanchez: I'll let Tom give you some color. I'll just tell you that the three, what we would call more like leading type indicators in our business are used vehicle sales, rental and our lease power miles. And we haven't really seen a meaningful move in those yet, our used vehicle retail pricing was actually sequentially down a bit as Tom had mentioned, rental utilization is stable but really not improving so far.

Our lease miles were flattish. That that gives you a bit of color on what we're seeing today. Obviously, with some of the early indicators around PMI and the tightening of the For-Hire market. You could see some improvement later on in the year, but that's what we're seeing now, but Tom, you want to give some color around rental.

Tom Havens: Yeah, I'll give you a little color on the utilization that we're seeing and the demand. I know you guys can see the year over year comp, but we were down 1% on utilization on a smaller fleet. The demand in total was down. The December utilization landed at about 74%, and as we stepped off and rolled into January, that went down to 66%, which is pretty typical to what we see, but down a little bit worse than our historical seasonal trends.

What we've put in this forecast is a little bit lower seasonal trend in the first quarter. Then, for the balance of year, a very normal seasonal trend that we would see. Then to directly answer your question on the type of customers that we're seeing, I would say that our pure business or the non-lease customer down slightly year over year.

I would say that business has been somewhat stable throughout 2025, but really, what's been impacting our demand is our lease customers have not had the need for lease extras like we've historically seen. That's a trend that we've had for a couple of years here. I think I've mentioned it on previous earnings calls where the biggest impact to our lease fleet is customers have been downsizing their fleets and not growing their fleets.

That trend was the same in Q4, and, of course, if they're downsizing their lease fleet, there's certainly no need for rental. Those are the trends we've been seeing for quite some time, and we haven't seen any change to that yet. Hopefully, at some point this year that will change, but we have not seen it yet.

Rob Salmon: And just a quick follow up. I think you guys measure your rental on just total days. Was January – do we have an outsized impact in January because of storms driving that kind of worse than normal seasonality, or are you looking at on a weather adjusted basis?

Tom Havens: We didn't look at it as a weather adjusted basis, but it didn't seem that the weather impacted the utilization at all.

Rob Salmon: Helpful context there. I guess, taking a step back. Right now, kind of at the bottom of the market, DTS margins are at your target range over the cycle same with SCS. Should we be thinking that there's potential upside here relative to the longer-term targets, given some of the internal initiatives and acquisition cost outs that you guys have been executing on? Or are there offsets that we should be thinking about as we get into a better demand environment where maybe we're seeing higher turnover or higher investment that we should be cognizant of. Just your perspective on those two segments, longer-term margin opportunities?

John Diez: Yeah, Rob. For now, our long-term targets, I think are still appropriate. We have seen a margin expansion even within that high single digit target within the supply chain business. That business has scaled and continued to grow. Dedicated is the one part of the business that does ebb and flow depending on where we're at in the cycle and as you called out.

Typically, as we're growing that business initially, we're going to see some pressures and headwinds with higher driver cost because the level of turnover and cost to acquire drivers goes up typically. That will oscillate between the low end of the high single digits, and then in a weak environment, you'll see us climb up to the high single digits. What you should expect is more of that movement that we've seen historically on Dedicated and supply chain continues to really perform. We're seeing that it consistently has been performing at that high single digit level towards the upper end as of late.

Rob Salmon: Appreciate the color.

Robert Sanchez: Thanks, Rob.

Operator: We'll go next to David Zazula with Barclays.

David Zazula: Hey, thanks for taking the question. Can I just ask about the flex operating structure and the benefits you're expecting to see from that in Dedicated. If Dedicated sales ramp up and you start seeing some new contracts, could some of that structure offset some of the margin headwinds we might normally expect in an upswing in the Dedicated business?

Steve Sensing: Yeah, David, I think right now what we've seen is really optimization in the back office resources as John talked a little a bit ago about Baton, we are implementing some AI technology into the flex model that should allow us to reduce driver dwell time and better allocate drivers to the right operations. So certainly as the market comes back up density comes into the flex model, and there should be some upside growth on the on the top line.

David Zazula: Awesome. Very helpful. Then with respect to specifically, I mean we can see the global numbers, but to your auto customers, what is the conversation been like in trying to reduce the negative auto component to SCS in 2026?

Steve Sensing: Yeah, I think if you look at the diversity of our portfolio five or six years ago, we really focused on growing CPG and omnichannel retail, and we've done that. I think the diversity in our OEMs that we serve is very well balanced. What we were challenged with in Q4 was a microchip shortage that impacted a few of our customers, and we're going through a retooling effort right now with many OEMs as they're converting away from EV vehicles into more ICE vehicles. We expect that to get back to normal in the back half of the year.

David Zazula: Very helpful. Much appreciated.

Robert Sanchez: All right. Thanks, David.

Operator: We'll go next to Ravi Shanker with Morgan Stanley.

Nancy: Hi. This is Nancy on for Ravi. Thanks for taking my question. I just wanted to touch on your January commentary a bit more. Is the lackluster January we've seen so far, just because you're going to be seeing a delayed impact from the cycle? Just trying to hammer down the difference between what you're seeing and maybe others in the market.

Robert Sanchez: Yeah, I think, Nancy, it's really more the service offerings and the products that we have. We're not in the spot truckload business, so there is a lag when there's a tightening of the market between when you start to see that and you start to see an increase in our rental business and our used vehicle business. So part of it could just be that, that you're just not – we're just not seeing it yet. That's one of the reasons why we did not build into our full year guidance, any meaningful improvement in the market. Obviously, if that holds and it continues to move in that direction, that could give us some benefits in the back half of the year.

Nancy: Got it. Thank you. Then, in regards to the full year guidance, how do you think Ryder will perform if any inflection is predominantly supply side driven rather than demand and rates go up because of supply rather than demand? Just helpful to hear your expectations if that's the case.

John Diez: Yeah, Nancy, we're still going to benefit whether it's supply driven or demand driven. I would say, especially on the used vehicle sales side, if there's less vehicles out there to be had, you should see a lift in used vehicle pricing over time. Clearly, the catalyst to the \$250 will be dictated primarily by demand driven improvement. Certainly, supply continuing to tighten up will also be helpful for us and really start driving hopefully sales activity in both our lease and dedicated space.

Nancy: Very helpful. Thank you.

Robert Sanchez: Thanks, Nancy.

Operator: We'll go next to Harrison Bauer with Susquehanna.

Harrison Bauer: Great. Thank you for taking my question. Robert, John, congrats on the upcoming transition here. I wanted to revisit UVS, but maybe in the context of what some of your fleet strategy is for the year, you discussed a dynamic where both your lease and rental fleet are likely to come down throughout or end the year to end of year with maybe a little bit more punitive coming down in the beginning part of the year. We've seen some other freight companies take some decisive actions through large impairments on some underutilized assets. Is your UVS certainly being negative in the upside of your case. Does that include the potential for, maybe Ryder taking some more decisive actions on moving some of that underutilized fleet into the wholesale channel in the first half of this year? We could potentially see something similar to the losses that we saw in 2Q of 2025. Thank you.

John Diez: Yeah, Harrison. On the UVS environment, as we look forward, we do see a stabilizing environment. As I mentioned earlier, we do expect actually tractor pricing to improve. We're not expecting any dramatic downturn on the upper end of our guidance. Clearly, if there is some

pullback and pricing does continue to move downward, we do not expect to have to take any sort of impairment charges. We think our residual values are appropriately set. Any level pullback that's out there will be in our opinion will be low single digits. That being said, we do expect UVS to – or I would say perform in line with what we saw in 2025. Yeah. You may see some unevenness as we go through the year depending on the retail wholesale mix that we implement in any one quarter. You're going to see some performance similar to what you saw in 2025. That's what's in the guide that we put out.

Harrison Bauer: Thanks. Maybe as a quick follow up. Curious if maybe you could answer this, that you participated in bidding for – one of your dedicated competitors made a pretty recent sizable acquisition. Firstly, I know you guys have been hunting or considering more opportunities on M&A as a way to deploy capital. Curious if that's a process that you participated in and just maybe an updated appetite on where you might see M&A and the size of that as a potential way to deploy capital from all the cash we're driving. Thank you.

Robert Sanchez: Yeah, we don't comment on any particular deal, but obviously, we're in the market and we're going to continue to be looking for well-run companies in the target areas that we've outlined. When we find the right ones, as you know, based on our balance sheet, we've got plenty of capacity to do the types of acquisitions that we're looking for.

Harrison Bauer: Thanks.

Operator: We'll go next to Scott Group with Wolfe Research.

Scott Group: Hey, thanks. Good morning or good afternoon. We've seen a pickup in the Class 8 orders the last couple of months. Are you seeing pickup in leasing demand, leasing activity? What's your sense? Is this just replacement or is there some growth? Do you think there's a big pre-buy coming this year? That was first question. Then just secondly, the comment in the bridge about lease pricing increases is that an incremental tailwind this year or is that more so carry over from last year?

John Diez: Okay. Scott, let me answer the second question. I'll make a remark on the first question and turn it over to Tom. The lease pricing and the reason for the upsize from the 150 to the 170, it's largely due to the pricing initiative where we've seen that has come in stronger, and obviously, the replacement cycle of our existing portfolio has extended out to 2026. So the 20 million is predominantly the pricing initiative as being incremental, and that's the reason for the upsize from 150 to 170. As far as what we're seeing in the Class 8 sales numbers, most of that, as we understand it, is coming from the For-Hire carriers for the first time, kind of coming back into the market and planning ahead for 2026. They may be getting their orders in. We're not seeing any pre-buy activity from our customers on our lease side. I'll let Tom maybe provide a little bit more color, but that's what we're seeing.

Tom Havens: Yeah, not much more to add, really. Not seeing any meaningful change in customer behavior out there that maybe the only thing I could say is that our sales pipeline is at near record levels, which might suggest some pent up activity could be coming. Other than that, I would say, no change to customer behavior and no change to incremental demand or activity at this point.

Scott Group: Thank you, guys. Appreciate it.

Operator: Thank you. At this time, there are no additional questions. I'd like to turn the call back over to Mr. Robert Sanchez for closing remarks.

Robert Sanchez: Okay. The only thing I'll bring you back to is clearly, as we did in 2025, 2026 is another year of initiatives-based earnings growth. If we get help from the market, that'll be an upside positive. We're certainly focusing on the things that we can control, continue to do that and continue to execute on that. So thank you all for your interest in Ryder. Have a great day.

Operator: That concludes today's conference. We thank you for your participation.