XPO LOGISTICS EUROPE
A Limited Company (société anonyme) with an Executive Board and Supervisory Board
Share capital: €19,672,482
Registered Office: 192 avenue Thiers, 69006 Lyon, France

Trade and Companies Registry NO. 309 645 539

HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2016

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FINANCIAL REPORT ON THE FIRST HALF OF 2016

1.1. CONSOLIDATED RESULTS TO 30 JUNE 2016

1.1.1. Consolidated Income Statement

€000	30 June 2016	30 June 2015	Difference
Revenue	**2,681,564**	**2,650,306**	***1.2%***
EBITDA	127,794	122,818	*4.1%*
As a % of revenue	*4.8%*	*4.6%*	
EBITA	**67,723**	**54,944**	***23.3%***
As a % of revenue	*2.5%*	*2.1%*	
Customer relationships amortization	(9,749)	(9,954)	
Earnout adjustments	24,039	1,000	
EBIT	**82,012**	**45,989**	***78.3%***
As a % of revenue	*3.1%*	*1.7%*	
Net financial expense	**(35,742)**	**(25,457)**	***(40.4%)***
Income before tax and share of associates	46,271	20,533	*125.3%*
As a % of revenue	*1.7%*	*0.8%*	
Income Tax	(16,621)	(2,288)	
CVAE (French Corporate Tax)	(7,039)	(6,860)	
Investments in associates	23	(98)	
Non-controlling interests	(2,026)	(1,083)	
NET PROFIT (Group's Share)	**20,608**	**10,204**	***102%***
As a % of revenue	*0.8%*	*0.4%*	

XPO Logistics Europe (the "Group") Financial Highlights for the First Six Months of 2016:

Revenue for the first half of 2016 was to €2,682 million, an increase of 1.2% from the first half of 2015, despite a year-over-year decline in diesel prices. At constant exchange rates*, revenue growth was 3.3%, primarily driven by 7.2% revenue growth in the Supply Chain Europe business unit and, to a lesser extent, 3.0% business volumes growth in the Transport Solutions business unit.

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) was €160.3 million, or 6.0% of revenue. Adjusted EBITDA excludes €32.5 million non-recurring integration, rebranding and restructuring costs, as well as other non-recurring expenses.

** Constant currency presentation: The Group evaluates its results of operations on both an as reported and a constant currency basis. The constant currency presentation excludes the impact of fluctuations in foreign currency exchange rates. The Group calculates constant currency percentages by converting its prior-period local currency financial results using the current period exchange rates and comparing these adjusted amounts to its current period reported results.*

Adjusted EBITA (earnings before interest, taxes and amortization) for the first half of 2016 was €102.6 million, or 3.8% of revenue, an increase of 13.5%. Adjusted EBITA excludes the aforementioned costs and other non-recurring expenses amounting to €34.9 million in total, and mainly consisting of major litigation costs (€11.0 million), restructuring and related costs (€9.1 million), and rebranding costs (€3.5 million).

Including these expenses, EBITA was €67.7 million for the first half months of 2016, a 23.3% increase compared with the same period a year ago.

Amortization of customer relationships was €9.7 million for the first half 2016. During this period, the Group recorded the release of an earn-out accrual related to the 2014 acquisition of the Jacobson companies, as well as additional indemnities, for a total amount of €24.0 million.

EBIT (earnings before interest and taxes) for the first six months of 2016 was €82.0 million, or 3.1% of revenue, a 78% increase compared to €46.0 million, or 1.7% of revenue, for the first half of 2015.

Net financial expense was €35.7 million for the first half of 2016, an increase of €10.3 million from €25.5 million a year earlier. €7.8 million of the increase is due to a currency loss of €4.3 million currency for the first half of 2016, compared to a currency gain of €3.4 million for the same period in 2015. Net financial expense for the first half of 2015 included €8 million related to the unwinding of interest rate swaps and the accelerated amortization of loan issue costs due to the early repayment of corporate bank loans following the change in majority shareholder.

The **corporate income tax** charge for the first half of 2016 was €23.7 million, including €7.0 million of earnings-based taxes that included the CVAE business value added tax in France.

Including **minority interests** of €2.0 million, net income for the first half of 2016 was €20.6 million, or 0.8% of revenue, compared with net income of €10.2 million, or 0.4% of revenue, for the same period in 2015.

1.1.2. Consolidated Balance Sheet

As of 30 June 2016, **shareholders' equity**, including minority interests, was €711 million, a year-over-year increase of €1 million, primarily reflecting:

- Net income of €22.6 million for the first six months of 2016, including minority interests;
- A €2.6 million net gain on revaluation of hedging instruments;
- A €22.7 million net loss arising from exchange rate differences, mainly due to fluctuations in GBP versus EUR during the first half of 2016;
- Share-based remuneration totaling €0.3 million; and
- A negative tax impact of €1.9 million.

Non-current assets were €2,055 million as of 30 June 2016, a decrease of €84 million compared with 31 December 2015. The decrease is primarily attributable to currency effects, which reduced non-current assets by €74 million for the period. Fixed assets increased by €38 million, excluding currency gains/losses, primarily due to a more extensive fleet renewal program in 2016 compared to 2015 and to a higher proportion of purchases and finance leases to operating leases.

€30 million of the decrease in non-current assets (excluding currency gains/losses) was due to the use of deferred tax assets, primarily in France.

The **net working capital** was €75 million as of 30 June 2016, compared with €79 million as of 31 December 2015, and €113 million as of 30 June 2015. The reduction in working capital as of 30 June 2016 compared to the same period of 2015 was mainly due to improved management of customer collections.

Net debt was €1,067 million as of 30 June 2016 consisting of gross debt of €1.143 million less net cash of €76 million.
As of 30 June 2016, the total amount of loans containing covenants was €12 million.

Long-term and short-term provisions were €216 million as of 30 June 2016, compared with €238 million as of 31 December 2015. This €22 million reduction was mainly due to €14 million of currency movements.

1.1.3. Cash Flow Statement

Cash flow generated during the first half of 2016 increased to €128.7 million, compared with €44.1 million for the first half of 2015. The improvement was primarily due to better management of working capital.

Investing activities utilised €70 million for the first half of 2016, compared with €66 million for the first half of 2015.

Net cash flows from financing activities for the first half of 2016 reflect a €46 million net deleverage.

1.1.4. Operating Performances of the Group's Business Units

The Group's four business units achieved the following EBITA in the first half of 2016 compared to the first half of 2015:

In €m	H1 2016	H1 2015	Change 2016/2015
Transport Solutions	36.6	29.9	*+22.6%*
Supply Chain Europe	49.8	45.0	*+10.7%*
Supply Chain US	17.1	15.0	*+14.1%*
Global Forwarding	(0.9)	0.6	*(248)%*
Adjusted EBITA	102.6	90.4	*+13.5%*
Integration and restructuring costs and non-recurring expenses (net)	(34.9)	(35.5)	(1.7%)
TOTAL EBITA	**67.7**	**54.9**	***+23.3%***

a) Supply Chain Europe Business Unit

For the first half of 2016, revenue for the **Supply Chain Europe** business unit was €1,201 million, an increase of 4.2% compared with €1,155 million for the same period in 2015.

On a constant currency basis, revenue increased by 7.2% year-over-year to €81.1 million.

In the **United Kingdom**, first half 2016 revenue grew by 14.1%, primarily due to the start-up of a significant number of new customer operations in the last half of 2015 and first six months of 2016.

In **France**, first half 2016 revenue decreased by 3.6%, primarily due to the 2015 restructuring of loss-making operations.

In the **Netherlands**, first half 2016 revenue grew by 28.6%, benefiting from the start-up of new operations, and higher volumes in existing operations.

In **Spain**, first half 2016 revenue grew by 3.7%, primarily driven by increased business with e-commerce customers.

In **Italy**, first half 2016 revenue grew by 8.2%, driven in part by contracts established in late 2015.

Supply Chain Europe generated first half 2016 adjusted EBITA of €49.8 million, or 4.1% of revenue, compared with €45.0 million, or 3.9% of revenue, for the same period in 2015. The increase in EBITA margin was primarily due to the restructuring of loss-making operations carried out in 2015.

b) Supply Chain US Business Unit

For the first half of 2016, revenue for the **Supply Chain US** business unit was €333 million, a 1.1% decrease at constant exchange rates, reflecting a decline in transportation volumes, partially offset by growth in contract logistics revenue.

Supply Chain US generated first half 2016 adjusted EBITA of €17.1 million, compared with €15.0 million for the first half of 2015.

c) Transport Solutions Business Unit

For the first half of 2016, revenue for the **Transport Solutions** business unit was €1,114 million, an increase of €8 million compared with the first half of 2015, despite significantlly unfavorable developments in GBP rates and diesel prices.

Based on neutralizing the effects of the number of days worked, £/€ conversion and diesel price changes, the growth in activity in terms of volume/price increased 3.3% year-over-year.

Turnover by business line for the first six months was as follows:

	June 2016	June 2015	June 2014
FTL (Full Truckload)	57,6%	60,3%	62,1%
LTL (Less than Truckload – Pallet Distribution)	31,9%	29,9%	29,2%
KeyPL (4PL / Transport Organization)	8,2%	8,2%	7,2%
Warehousing	2,4%	1,6%	1,5%
TOTAL	**100,0%**	**100,0%**	**100,0%**

Data not restated for the effect of exchange rate.

Adjusted EBITA for the first half of 2016 was €36.6 million, an increase of €6.7 million compared with the first half of 2015. The increase in EBITA was primarily the result of revenue growth, optimization of operations and reductions in infrastructure costs.

d) Global Forwarding Business Unit

For the first half of 2016, revenue for the **Global Forwarding** business unit was €82.4 million, compared with €98.9 million for the same period in 2015, a decrease of 17%.

The decline in revenue is mainly attributable to the discontinuation of business in Russia and India, the restructuring of branches in China, and lower volumes and rates in general, particularly for sea shipments out of Asia.

Net margin as a percentage of revenue was 21.6%, a significant improvement from the same period the prior year, when net margin was 20.1%. Net margin for the first half of 2016 was €17.8 million, a decrease from €19.9 million in 2015, primarily due to the decline in revenue.

Adjusted EBITA was a loss of €0.9 million for the first half of 2016, compared with positive adjusted EBITA of €0.7 million the prior year. The decrease in EBITA was primarily due to lower revenue and higher bad debt expense, partially offset by improvements in profitability from restructuring activities in China.

1.1.5. Human Resources

	XPO Logistics Europe	Transport Solutions	Supply Chain Europe	Supply Chain US	Global Forwarding	Corporate
Total workforce as of 30 June 2016	45,638	14,293	26,841	3,913	481	110

The total workforce increased by 3.1% from 30 June 2015 to 30 June 2016.

1.2. OTHER INFORMATION

1.2.1. Major Transactions with Related Parties

During the first half of 2016, a new short-term financing agreement was entered into with XPO Logistics, Inc., the majority shareholder of XPO Logistics Europe SA. This loan (“Intercompany Note”) granted to XPO Logistics Europe is repayable on demand and, in any event, no later than 28 February 2017. The loan is subject to 0.56% interest per annum. The balance under the Intercompany Note was $110 million as of 30 June 2016.

In addition, XPO Logistics, Inc. extended its authorization allowing the Group to use the “XPO Logistics” brand at no charge, until 8 June 2017.

1.2.2. Significant Events During the First Six Months of 2016 and Their Impact on the Interim Financial Statements

Update on the Litigation Relating to International Transport Sub-Contracting
Following the hearing and after ruling on several procedural matters in this case, on 26 May 2016, the Valence Criminal Court fully endorsed the arguments of the defendants in this case, including those of the Group's, and acquitted all of the companies and individuals involved. The prosecution has appealed this ruling. However, in light of the decision of the Valence Criminal Court, the Group has decided not to record any provisions in relation to this litigation.

Release of Earn-out Obligations with Respect to the Jacobson Companies
Pursuant to an agreement reached with the seller of the Jacobson companies related to the 2014 acquisition, the Group recorded a release of the earn-out accrual in the income statement for the first half of 2016, as well as additional compensation, for a total amount of €24.0 million.

1.2.3. Principal Risks and Uncertainties

The principal risks and uncertainties to which the Group may be exposed in the second half of 2016 are detailed in Chapter 6.2 of the 2015 Annual Report.

Update on Brexit
The Group expects minimal impact to its operations from Brexit (exit by the United Kingdom from the European Union). XPO Logistics Europe has leading positions in the supply chain and transportation sectors in the UK. The majority of the Group's business in the UK comes from contract logistics, and most of those agreements are long-term contracts. Almost three quarters of the business is on cost-plus terms that lock in profit. On the transport side, the Group has a substantial brokerage component that historically has done well in times of uncertainty. In addition, about 20% of revenue from the Group-owned fleet in the UK comes from long-term, cost-plus contracts for dedicated service. Furthermore, the Group has buy-back options in place with truck manufacturers that allow it to decrease fleet size by up to 25% a year at no penalty, should future circumstances warrant it.

1.3. TRENDS AT THE END OF THE FIRST HALF OF 2016

In the second half of 2016, the Group expects to continue the strong underlying operating performance demonstrated in the first six months if all business units maintain a favorable trading performance. However, the Group's operating performance may be adversely affected if exchange rates continue to fluctuate unfavorably, particularly in the UK, which is the Group's main country of operation outside the eurozone.
Lastly, the Group expects to continue to incur costs associated with its integration into the XPO Group, which may negatively impact the Group's operating profits.

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1. CONSOLIDATED INCOME STATEMENT

€000	Note	30 June 2016	30 June 2015
REVENUES	6.5.1	**2,681,564**	**2,650,307**
Other purchases and external costs		(1,645,012)	(1,646,898)
Staff costs		(855,870)	(832,892)
Taxes, levies and similar payments		(32,085)	(30,329)
Depreciation charges		(67,232)	(66,070)
Other operating expenses (income)		(10,457)	(12,569)
(Gains)/losses on sales of operating assets		4,276	1,726
Restructuring costs		(7,461)	(7,917)
Fixed assets gains or losses			(414)
EBITA	6.6.1.	**67,723**	**54,944**
Amortization of allocated customer relationships		(9,749)	(9,954)
Goodwill impairment		0	0
Earn-out adjustments	6.2	24,039	1,000
EBIT	6.6.1	**82,012**	**45,989**
Net interest expense	6.10.2	(28,583)	(27,374)
Net exchange gains/losses	6.10.2	(4,345)	3,413
Other financial items	6.10.2	(2,814)	(1,495)
COMPANY PRE-TAX INCOME		**46,271**	**20,533**
Income tax	6.12	(23,660)	(9,148)
Investment in associates		23	(98)
NET INCOME		**22,634**	**11,287**
Non-controlling interests		2,026	1,083
NET INCOME COMPANY SHARE		**20,608**	**10,204**
EARNINGS PER SHARE			
Basic EPS on net income for the year	6.13.3	**2.10**	**1.04**
Diluted EPS on net income for the year	6.13.3	**2.08**	**1.03**

The notes form an integral part of the condensed consolidated financial statements.

2.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000	30 June 2016	30 June 2015
NET INCOME	**22,634**	**11,287**
Translation adjustments	(22,699)	43,123
Gains and losses on revaluation of financial instruments	2,599	5,019
Tax effect	(1,876)	(483)
Other		(108)
Sub-total of items recyclable to profit or loss	**(21,976)**	**47,551**
Actuarial gains and losses on employee benefits		(20,864)
Tax effect		4,173
Sub-total of items not recyclable to profit or loss		**(16,691)**
OTHER ITEMS POSTED TO SHAREHOLDERS' EQUITY	**(21,976)**	**30,860**
TOTAL COMPREHENSIVE INCOME	**658**	**42,147**
Attributable to:		
Non-controlling interests	2,332	1,597
Parent company shareholders	(1,674)	40,550

The notes form an integral part of the condensed consolidated financial statements.

2.3. CONSOLIDATED BALANCE SHEET

ASSETS

€000	Note	30 June 2016	31 December 2015
Goodwill	6.8.1	1,013,737	1,057,011
Intangible assets	6.8.2	340,324	361,614
Fixed assets	6.8.3	572,932	549,936
Investments in associated companies	6.8.4	888	3,134
Other non-current financial assets		83,653	92,446
Deferred tax assets		43,338	74,414
NON-CURRENT ASSETS		**2,054,872**	**2,138,555**
Inventories		24,507	25,452
Trade receivables	6.6.2	993,406	975,092
Current tax receivables	6.6.2	33,137	51,072
Other receivables	6.6.2	244,993	181,207
Other current financial assets		39	1
Cash and cash equivalents	6.10.1	91,807	89,658
CURRENT ASSETS		**1,387,889**	**1,322,482**
TOTAL ASSETS		**3,442,761**	**3,461,037**

LIABILITIES AND SHAREHOLDERS' EQUITY

€000	Note	30 June 2016	31 December 2015
Share capital	6.13.1	19,672	19,672
Share premium		19,134	19,134
Translation adjustments		25,381	48,383
Consolidated reserves		597,855	580,066
Net income for the period		20,608	16,695
SHAREHOLDERS' EQUITY COMPANY SHARE		**682,650**	**683,950**
Non-controlling interests		28,634	26,302
SHAREHOLDERS' EQUITY		**711,284**	**710,252**
Long-term provisions	6.9.1	184,306	196,553
Deferred tax liabilities		108,178	118,757
Long-term borrowings	6.10.1	860,794	977,517
Other non-current liabilities		18,450	22,790
NON-CURRENT LIABILITIES		**1,171,728**	**1,315,617**
Short-term provisions	6.9.1	32,109	41,350
Short-term borrowings	6.10.1	282,267	183,478
Other current borrowings		8,483	29,774
Bank overdrafts	6.10.1	16,221	27,082
Trade payables	6.6.3	758,017	686,973
Current tax payables	6.6.3	30,505	27,461
Other debt	6.6.3	432,147	439,050
CURRENT LIABILITIES		**1,559,749**	**1,435,168**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,442,761**	**3,461,037**

The notes form an integral part of the condensed consolidated financial statements.

2.4. CONSOLIDATED CASH FLOW STATEMENT

€000	Note	30 June 2016	30 June 2015
Net income Company share		**20,608**	**10,204**
Corporate income tax (income) / expense		23,653	9,148
Depreciation		52,924	75,008
Net financial costs on financing transactions		28,583	27,368
Minority interests		2,026	1,080
Provisions		(78)	20,734
Other financial items		6,390	(1,908)
Capital gains or losses on disposals of fixed assets		(4,172)	(1,188)
Investments in associates		(23)	98
Other adjustments		7	
Corporate income tax paid		(17,037)	(19,008)
Free cash flow after tax paid		**112,881**	**121,536**
Change in inventories		213	(1,349)
Trade receivables		(59,167)	(77,078)
Trade payables		77,109	16,290
Operating working capital		**18,155**	**(62,137)**
Social security receivables and payables		(5,469)	(10,436)
Tax receivables and payables		5,199	2,312
Other receivables and payables		3,665	(834)
Non-operating working capital (excl. corporate income tax)		**3,395**	**(8,958)**
Operating working capital (excl. corporate income tax)		**21,550**	**(71,095)**
Change in Pension Funds		(5,712)	(6,333)
NET CASH FLOW FROM OPERATIONS		**128,720**	**44,107**
Sales of intangible and tangible fixed assets		24,608	17,156
Acquisition of intangible and tangible fixed assets		(93,537)	(69,580)
Payables and receivables on fixed assets		(8,688)	(13,359)
Acquisition and/or disposal of subsidiaries, net of the cash acquired and/or disposed of		7,509	(412)
NET CASH FLOW USED BY INVESTMENT TRANSACTIONS		**(70,108)**	**(66,195)**
NET CASH FLOW		**58,611**	**(22,088)**
Paid dividends			(17,619)
Issuance of loans		131,168	665,250
Capital increase/(reduction)		(4)	(10)
Treasury shares			273
Other financial assets/liabilities		(2,813)	10,856
Repayment of loans		(141,271)	(709,453)
Net financial costs on financing transactions		(32,928)	(23,961)
NET CASH FLOW FROM FINANCING TRANSACTIONS		**(45,848)**	**(74,664)**
Exchange differences on foreign currency transactions		246	3,610
CHANGE IN CASH		**13,010**	**(93,142)**
Opening cash and cash equivalents		62,576	194,565
Closing cash and cash equivalents	6.6.10.	75,586	101,423
Change in cash (closing - opening)		**13,010**	**(93,142)**

The notes form an integral part of the condensed consolidated financial statements.

2.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€000	Share capital	Share premium	Undis-tributed reserves	Other reserves	Earnings	Translation adjust-ments	Share-holders' equity, Company share	Non-controlling interests	TOTAL Share-holders' equity
AT 31 DECEMBER 2014	**19,672**	**19,132**	**556,184**	**(11,946)**	**75,895**	**5,147**	**664,084**	**27,156**	**691,240**
Appropriation of earnings			75,895		(75,895)		0		
Dividends paid			(17,629)				(17,629)	(2,428)	(20,057)
Net profit for the year					10,204		10,204	1,083	11,287
Other items posted to shareholders' equity			(16,691)	4,428		42,609	30,346	514	30,860
(Acquisitions) disposals of treasury shares			278	(5)			273		273
Share-based remuneration			(4,858)				(4,858)		(4,858)
Impact of changes in consolidation			(142)				(142)	142	0
Other variations			40				40		40
AT 30 JUNE 2015	**19,672**	**19,132**	**593,077**	**(7,523)**	**10,204**	**47,756**	**682,318**	**26,467**	**708,785**
Dividends paid								(134)	(134)
Net income for the period					6,491		6,491	862	7,353
Other items posted to shareholders' equity			(6,674)	1,540		627	(4,507)	(639)	(5,146)
Share-based remuneration			41				41		41
Impact of changes in consolidation			142				142	(142)	
Other variations			(535)				(535)	(112)	(647)
AT 31 DECEMBER 2015	**19,672**	**19,132**	**586,051**	**(5,983)**	**16,695**	**48,383**	**683,950**	**26,302**	**710,252**
Appropriation of earnings			16,695		(16,695)				
Net income for the period					20,608		20,608	2,026	22,634
Other items posted to shareholders' equity			(4)	723		(23,001)	(22,282)	306	(21,976)
Share-based remuneration			374				374		374
AT 30 JUNE 2016	**19,672**	**19,132**	**603,191**	**(5,260)**	**20,608**	**25,307**	**682,650**	**28,634**	**711,284**

The notes form an integral part of the condensed consolidated financial statements.

2.6. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

2.6.1. General Information Regarding the Issuer

XPO Logistics Europe (the "Company") is a *Société Anonyme* (French Public Limited Company) with an Executive Board and a Supervisory Board, subject to the provisions of the French Commercial Code, which has its registered office at 192 Avenue Thiers - 69457 Lyon Cedex 06 - France.
The Company's stock is listed on the Paris Stock Exchange on the Euronext Market, in Compartment A.

The financial statements of the Company and its subsidiaries (the "Group") were approved by the Executive Board on 27 July 2016.
The financial statements of the Group have been fully consolidated within the XPO Logistics, Inc. group since 8 June 2015.
The Group's businesses are transport, logistics and freight forwarding.

2.6.2. Significant Events

Pursuant to an agreement reached with the seller of the Jacobson companies related to the 2014 acquisition, the Group recorded a release of the earn-out accrual in the income statement for the first half of 2016, as well as additional compensation, for a total amount of €24.0 million.

2.6.3. General Accounting Policies

a) Statement of Compliance and Basis of Preparation

The Group's financial statements have been prepared in accordance with IFRS as published by the International Accounting Standards Board ("IASB") and approved by the European Union. The standards can viewed on the European Commission's website at :
(http://ec.europa.eu/internal_market/accouting/ias/index_fr.htm).

The Group's condensed consolidated financial statements for the first half of 2016 were prepared in accordance with the provisions of IAS 34 – Interim Financial Reporting. They do not include all of the information and disclosures required in annual financial statements. Therefore, it is advisable to read the annual financial statements for the financial year ended 31 December 2015, in conjunction with these consolidated financial statements. The Group's consolidated financial statements for the financial year ended 31 December 2015 are available on request at the Company's registered office or on http://europe.xpo.com.

The consolidated financial statements have been prepared in euros, which is the Group's functional currency, and are presented in thousands of euros.

b) Changes in Accounting Rules and Policies

The accounting rules and policies adopted for the preparation of the interim condensed consolidated financial statements are consistent with those used for the preparation of the Group's annual consolidated financial statements for the financial year ended 31 December 2015, with the exception of IFRS standards, amendments and interpretations as adopted by the European Union and issued by the IASB. The application of IFRS standards, amendments and interpretations, which are mandatory for annual periods beginning on or after 1 January 2016, had not been applied in advance by the Group.

These standards and amendments had no impact on the Group's condensed interim consolidated financial statements as of 30 June 2016.

The Group has not applied any standards, interpretations or amendments non entered into force inside the European Union, where the mandatory application date is later than 1 January 2016, such as:
- IFRS 15 : Revenue from contracts with customers
- IFRS 9 : Financial instruments
- IFRS 16 : Leases
- Amendments to IAS 12 : Income taxes : Recognition of deferred tax assets for unrealized losses
- Amendments to IAS7 : Disclosure initiative

The Group did not apply in advance those new standards, interpretations or amendments and is currently assessing the potential impact of the first year of application.

c) Estimates and Judgments

In order to report its financial performance, the Group must make certain estimates based on assumptions that can affect the financial statements. The Group periodically reviews its estimates and assessments, so as to take into account past experience and other factors considered to be relevant in light of economic conditions. The financial statements reflect best estimates based on the information available at the period-end date. Depending on the changes in these various assumptions or conditions, the estimated amounts shown in the Group's future financial statements may differ from current estimates.

The material estimates used and the assumptions applied in preparing the financial statements primarily relate to:
- measuring the recoverable amount of property, plant and equipment, and intangible assets including goodwill;
- estimating provisions, especially in order to measure the assets and liabilities relating to pension commitments;
- valuing customer relationships;
- valuing financial instruments; and
- recognizing deferred tax assets.

The financial statements have been prepared according to the historical cost principle, with the exception of certain items, including assets and liabilities measured at fair value.

d) Features Specific to the Preparation of the Interim Financial Statements

- **Income Tax Charge**

As part of the interim statements, the current and deferred tax charge is calculated by applying the current year's effective average tax rate as a whole to pre-tax income.

- **Pension and Other Employee Benefit Expenses**

Pension and other long-term employee benefit expenses are based on an actuarial valuation, which is updated at the beginning of the period. Where applicable, these valuations are adjusted for decreases, settlements or other material non-recurring developments during the period.

2.6.4. Scope of Consolidation

a) Change in the Scope of Consolidation

No significant change.

b) Off-Balance Sheet Commitments Related to the Consolidation Scope

€000	30 June 2016	31 December 2015
Commitments given		
Purchase of investments	n/a	n/a
Warranties against claims	24,198	27,249

€000	30 June 2016	31 December 2015
Commitments received		
Warranties against claims	42,776	57,775

- **Liability Guarantees Received**

The Group has been granted liability guarantees for the following acquisitions: TDG, Hopkinson, Daher's Global Forwarding business, Fiege's logistics and transport businesses in Italy and Spain, eight MGF businesses and the Jacobson Companies.

The liability guarantees received are:
- Amount of the excess: €0.5 million.
- Maximum cap on the guarantees as of 30 June 2016: €42.8 million, including €38.3 million expiring in 2018. This maximum cap may be increased by €20.1 million in the event of fraud.

The Group has been granted liability guarantees in relation to the APC acquisition: equivalent compensation in euros for all claims (no excess, cap, or time limit).

The Group has had the benefit of certain indemnities since its acquisition of the Jacobson Companies in 2014. A settlement was reached on 27 June 2016 which has reduced the responsibilities of both parties, but certain residual indemnities still remain, to the benefit of the Group, should they need to be called upon in the future.

2.6.5. Operating Segments

a) Key Indicators for Each Operating Segment

€m	Transport Solutions	Supply Chain Europe	Global Forwarding	Supply Chain US	Elimination of inter-segment transactions	Total
Revenue						
30 June 2015	1,105	1,155	99	337	(46)	**2,650**
30 June 2016	1,113	1,201	82	333	(47)	**2,682**

€m	Transport Solutions	Supply Chain Europe	Global Forwarding	Supply Chain US	Total
EBIT					
30 June 2015	18.1	18.8	0.4	8.7	**46.0**
30 June 2016	15.7	36.0	(2.4)	32.7	**82.0**

2.6.6. Operating Data

a) Operating Income

Reconciliation of EBITDA with EBIT:

€000		30 June 2016	30 June 2015
EBITDA	**a**	**127,794**	**122,818**
Items included in EBITDA to be eliminated in EBITA			
Currency gain (loss) and other financial items	b	(7,184)	1,911
Share of net income of equity associates	C	23	(98)
Subtotal (a – b – c)		134,955	121,005
Items excluded from EBITDA to be included in EBITA			
Depreciation charges		(67,232)	(66,070)
Change in impairment charges on fixed assets (*included in "Other operating income and expense"*)			8
EBITA		**67,723**	**54,944**
Amortization of customer relations		(9,749)	(9,954)
Goodwill impairment		0	0
Earn-out adjustment		24,039	1,000
EBIT		**82,012**	**45,989**

b) Trade and Other Receivables

€000	30 June 2016	31 Dec. 2015
Trade receivables	1,020,303	995,929
Impairment provisions	(26,897)	(20,837)
Trade receivables	**993,406**	**975,092**
Tax and social security receivables	134,694	89,498
Advances and down payments	13,513	9,856
Pre-paid expenses	79,016	63,271
Other miscellaneous receivables	17,770	18,582
Other receivables	**244,993**	**181,207**
Current tax receivables	**33,137**	**51,072**

Tax and payroll receivables primarily relate to deductible VAT and French CICE. CICE was included in 31 December 2015 in Current Tax Receivables in the amount of €37.4m.

The Group did not assign any trade or non-trade receivables to third parties at 30 June 2016 or at 31 December 2015.

c) Trade and Other Payables

€000	30 June 2016	31 Dec. 2015
Trade receivables	**758,017**	**686,973**
Current tax payables	**30,505**	**27,461**
Other tax payables	130,775	123,380
Other social security payables	239,751	243,431
Other current payables	61,621	72,239
Other debt	**432,147**	**439,050**

2.6.7. Employee Benefits and Costs

a) Officers and Directors' Remuneration (Related Parties)

- **Gross Remuneration Awarded to Managerial Bodies**

€000	30 June 2016	30 June 2015
Nature of expense		
Short-term staff benefits	1,000	2,086
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	0	0
Staff benefits in respect to stock options, share warrants and performance-based shares	930	1,369
Attendance fees	73	147

b) Off-balance Sheet Staff Commitments

€000	30 June 2016	31 Dec. 2015
Commitments given		
Contribution to UK and Ireland defined benefit pension schemes	99,077	117,623

Commitment to pay UK defined-benefit pension scheme contributions at the end of June 2016 (non-discounted amounts).

€000	
1 year	14,540
1 to 5 years	60,799
Over 5 years	23,737
Total	**99,077**

2.6.8. Tangible and Intangible Fixed Assets

a) Goodwill

Change in net book value (€000)	Global Forwarding	Transport Solutions	Supply Chain Europe	Supply Chain US	Total
Net value as of 31 Dec. 2015	53,435	236,393	340,957	426,226	1,057,011
Variation in goodwill for 2016	0	0	0	0	0
Impairment for 2016	0	0	0	0	0
Foreign-exchange change	(2,582)	(8,773)	(23,665)	(8,254)	(43,274)
Net value as of 30 June 2016	**50,853**	**227,620**	**317,292**	**417,972**	**1,013,737**
Of which impairment (accounted for in prior period)	**(11,999)**	**(5,500)**			**(17,499)**

The changes in value between the two financial periods are due solely to the impact of foreign exchange differences.

b) Other Intangible Assets

€000	Concessions, patents, licenses	Other intangible fixed assets	Total
Gross values			
Value as of 31 December 2015	**59,077**	**419,914**	**478,991**
Acquisitions	2,668	118	2,786
Disposals	(653)		(653)
Translation adjustments	(1,120)	(16,566)	(17,686)
Change in consolidation and reclassification	(552)	1	(551)
Value as of 30 June 2016	**59,420**	**403,467**	**462,887**
Amortization and depreciation			
Value as of 31 December 2015	**(49,537)**	**(67,840)**	**(117,377)**
Charge	(3,124)	(9,878)	(13,002)
Reversals	687		687
Translation adjustments	912	5,610	6,522
Change in consolidation and reclassification	607		607
Value as of 30 June 2016	**(50,454)**	**(72,109)**	**(122,563)**
Net value as of 31 December 2015	**9,540**	**352,074**	**361,614**
Net value as of 30 June 2016	**8,966**	**331,358**	**340,324**

Customer relationships and contracts with an indefinite term valued during the various acquisitions were grouped in the “Other intangible fixed assets” item for a total net amount of €330.9 million at 30 June 2016, compared with €351.7 million at 31 December 2015.

Fixed-term customer relationships amounted to €279.6 million, and indefinite customer relationships to €51.3 million at 30 June 2016.

c) Tangible Fixed Assets

€000	Land and building fixtures	Buildings	Equipment, plant and machinery	Carriage equipment	Other tangible fixed assets	Advances and down payments	Total
Gross values							
Value as of 31 December 2015	**37,684**	**197,314**	**249,314**	**560,758**	**159,357**	**15,353**	**1,219,780**
Acquisitions	30	7,742	3,512	75,650	7,035	12,967	106,936
Disposals	(782)	(2,179)	(6,616)	(51,929)	(3,964)		(65,470)
Translation adjustments	(1,186)	(5,614)	(8,247)	(11,399)	(2,876)	(506)	(29,828)
Change in consolidation and reclassification		4,857	15,891	1,363	1,010	(4,074)	19,046
Value as of 30 June 2016	**35,746**	**202,120**	**253,854**	**574,444**	**160,562**	**23,740**	**1,250,467**
Amortization and impairment							
Value as of 31 December 2015	**(6,286)**	**(125,051)**	**(161,966)**	**(256,973)**	**(119,569)**		**(669,845)**
Charges		(5,877)	(15,733)	(34,696)	(7,666)		(63,968)
Write-back	658	2,013	5,486	36,327	2,805		47,285
Translation adjustments	316	2,158	4,763	5,324	2,232		14,793
Change in consolidation and reclassification		(1,572)	(3,156)	(22)	(1,050)		(5,800)
Value as of 30 June 2016	**(5,312)**	**(128,329)**	**(170,606)**	**(250,040)**	**(123,248)**		**(677,535)**
Net value as of 31 December 2015	**31,398**	**72,263**	**87,348**	**303,785**	**39,788**	**15,353**	**549,936**
Net value as of 30 June 2016	**30,434**	**73,791**	**83,248**	**324,405**	**37,314**	**23,740**	**572,932**

d) Monitoring of the Value of Non-current Assets

The net book values of goodwill, customer relationships and other intangible assets are reviewed at least once a year and whenever events or circumstances indicate that a decrease in value is likely to have occurred. Such events or circumstances relate to material adverse changes of a permanent nature, which affect either the economic environment or the assumptions and targets used at the acquisition date. An impairment charge is recognized when the recoverable amount of the assets tested becomes permanently lower than their net book value.

At 30 June 2016, the Group conducted a review of impairment indicators likely to result in a reduction of the book value of goodwill and recognized customer relationships. The Group reviewed the growth and discount rate assumptions determined at 31 December 2015 in light of the current economic environment and of the performance achieved in the first half of the year, and determined that the assumptions and rates remained valid at 30 June 2016.

As no evidence of a decrease in value has been identified, the Group has not carried out any impairment tests.

e) Fixed Asset and Leasing Off-balance Sheet Commitments

€000	30 June 2016	31 December 2015
Commitments given		
Real estate rent installments	1,084,436	1,151,729
Vehicle lease installments	153,945	162,914

Rent installment commitments relate to rent that falls due between 1 July 2016 and the earliest legally permissible lease cancellation date. They are payable as follows:

€000	Real estate rent	Vehicle lease installments
1 year	225,864	48,104
1 to 5 years	533,479	90,045
Over 5 years	325,094	15,796
Total	**1,084,436**	**153,945**

€000	30 June 2016	31 December 2015
Commitments received		
Real estate rent installments	3,281	3,439
Manufacturers' return commitment	168,075	163,846

2.6.9. Provisions for Risks and Charges and Contingent Liabilities

a) Provisions

€000	Value as of 31 Dec. 2015	Provisions	Reversals used	Reversals unused	Reclassification and other changes	Translation differences	Value as of 30 June 2016
Damages	**12,587**	2,882	(1,946)	(1,450)		(792)	**11,281**
Employee and tax disputes	**24,817**	14,114	(5,644)	(426)	(26)	(219)	**32,616**
Employee benefits	**112,838**	3,679	(6,332)		10	(8,527)	**101,668**
Restructuring	**16,482**	6,857	(4,513)	(1,213)		(26)	**17,587**
Refurbishment	**22,736**	941	(2,136)	(1,111)	638	(2,019)	**19,049**
Loss-making contracts	**24,224**	4,359	(7,154)		(6)	(1,454)	**19,969**
Environmental risks	**3,749**	3,466	(2,299)	(229)		(284)	**4,403**
Business litigation	**9,893**	3,335	(2,918)	(401)	(12)	(248)	**9,649**
Other provisions	**10,576**	30	(9,755)	(16)	(621)	(20)	**194**
Total	**237,902**	**39,663**	**(42,697)**	**(4,846)**	**(17)**	**(13,589)**	**216,415**

Employee benefits as of 30 June 2016 included benefits payable to UK employees (the former Christian Salvesen and TDG employees). This amounted to €65.8 million compared with €77.9 million at 31 December 2015.

The provisions for claims include the UK provision for claims incurred but not reported, which amounted to €5.9 million at 30 June 2016, compared with €6.8 million at 31 December 2015.

- **€9.8 Million Provision for French Competition Authority Risk**

Details of this litigation are provided in Paragraph 7.2.9 of the Notes to the 2015 Consolidated Financial Statements.

On 15 December 2015, the French Competition Authority (Autorité de la Concurrence) handed down a decision requiring Norbert Dentressangle Distribution (now XPO Distribution France) to pay a €9,718,000 penalty, including €2,876,000 jointly and severally with XPO Logistics Europe (former Norbert Dentressangle). This fine, which was fully covered by provisions as of 31 December 2015, was paid in April 2016. The Group has appealed the authority's ruling.

b) Contingent Liabilities

- **Update on the Litigation Relating to International Transport Sub-contracting**

Following the hearing, and after ruling on several procedural matters in this case, on 26 May 2016, the Valence Criminal Court fully endorsed the arguments of the defendants in this case, including those of the Group's, and acquitted all of the companies and individuals involved. The prosecution has appealed this ruling. However, in light of the decision of the Valence Criminal Court, the Group has decided not to record any provisions in relation to this litigation.

c) Post-Balance-Sheet Events

There are no significant events to report.

2.6.10. Debt and Financial Instruments

a) Financial Assets and Liabilities

Net Debt

€000	30 June 2016	31 Dec. 2015	Maturity dates		
			Less than 1 year	1 to 5 years	More than 5 years
NON-CURRENT					
Long-term borrowings	813,766	948,375		477,311	336,455
Finance leases	47,028	29,142		29,942	17,086
TOTAL NON-CURRENT	**860,794**	**977,517**	**0**	**507,253**	**353,541**
CURRENT					
Short-term borrowings	270,911	168,599	270,911		
Finance leases	11,356	14,879	11,356		
TOTAL CURRENT	**282,267**	**183,478**	**282,267**	**0**	**0**
TOTAL GROSS DEBT	**1,143,061**	**1,160,995**	**282,267**	**507,253**	**353,541**
Cash equivalents	(16)	(15)	(16)		
Cash	(91,791)	(89,643)	(91,791)		
Cash and cash equivalents	**(91,807)**	**(89,658)**	**(91,807)**		
Bank overdrafts	**16,221**	**27,082**	**16,221**		
TOTAL NET CASH	**(75,586)**	**(62,576)**	**(75,586)**	**0**	**0**
TOTAL NET DEBT	**1,067,475**	**1,098,419**	**206,681**	**507,253**	**353,541**

- **Financial Debt Ratios**

As of 30 June 2016, the €12 million Euro PP bond was the only Group debt outstanding that contained covenant obligations.

The two relevant financial ratios that the Group must comply with are calculated at the half-year stage, on the basis of the consolidated financial statements published in accordance with the contractual definitions, and on a 12-month rolling basis.

- The "Financial Debt" ratio, which is the ratio between Total Net Debt (Gross Financial Debt minus Cash) and consolidated Equity Capital; and
- The "Gearing" ratio, which is the ratio between Total Net Debt (Gross Financial Debt minus Cash) and EBITDA.

The Group complied with both ratios at 30 June 2016.

- **Financial Derivatives and Risk Management Policy**

Interest rate risk
In accordance with IAS 39, the fair value of the interest rate hedge was recognized in the balance sheet together with a €2,626 thousand increase in shareholders' equity as of June 2016 (a €6,901 thousand increase was recorded as of 31 December 2015).

€000	Nominal value	Fair value on balance sheet				Posted to	
		Opening balance		Closing balance		Earnings	Shareholders' Capital Equity
		Asset	Liability	Asset	Liability		
Int. rate swaps							
Year ended 31 Dec. 2015	255,080	0	13,568	0	7,265	(598)	6,901
Six months ended 30 June 2016	253,810	0	7,265	0	4,691	(52)	2,626

Liquidity Risk

The Group had confirmed overdraft facilities of €42 million, and unconfirmed overdraft facilities of €50.6 million, at 30 June 2016, as well as available cash of €92 million.

Cash flows from financial liabilities based on non-discounted contractual payments are as follows:

€000	Book value	Less than 1 year			1 to 5 years			More than 5 years		
		Fixed rate interest expense	Variable rate interest expense	Repay-ment of principal	Fixed rate interest expense	Variable rate interest expense	Repay-ment of principal	Fixed rate interest expense	Variable rate interest expense	Repay-ment of principal
Borrowings										
Borrowings	1,084,677	43,879	1,310	270,911	123,034	1,076	477,311	31,379	65	336,455
Finance lease liabilities	58,384	245	355	11,356	855	466	29,942	239	67	17,086
Bank overdrafts	16,221	0	0	16,221	0	0	0	0	0	0

The assumptions used for assessing the maturity schedule are as follows:
- Exchange rates used: closing rate.
- Interest rates used: rates applicable at 30 June 2016.

€000	30 June 2016	Confirmed		Not Confirmed	
		Drawn	Undrawn	Drawn	Undrawn
Lines of credit available					
Borrowings	1,084,677	1,084,677			
Finance lease liabilities	58,384	58,384			
Bank overdrafts	92,600	1,917	40,083	14,305	36,295

The Group has carried out a specific review of its liquidity risk, and considers that it is able to meet the installments due within the coming twelve months.

b) Financial Profit or Loss

€000	30 June 2016	30 June 2015
Interest and similar financial income	3,759	2,270
Interest and similar expenditure	(32,342)	(29,643)
NET INTEREST EXPENSE	**(28,583)**	**(27,374)**
NET EXCHANGE GAINS / LOSSES	**(4,345)**	**3,413**
Interest income on pension funds & other provisions	0	68
Interest expense on pension funds & other provisions	(3,693)	(1,254)
Other financial items	878	(310)
OTHER FINANCIAL ITEMS	**(2,814)**	**(1,495)**
TOTAL	**(35,742)**	**(25,457)**

c) Group Debt Off-balance-Sheet Commitments

€000	30 June 2016	30 June 2015
Commitments given		
Sureties and guarantees	87,426	90,384

2.6.11. Information Relating to Related Parties

1. The transactions entered into at arm's length terms between the Group and companies directly or indirectly owned by XPO Logistics Europe SA's majority shareholder are as follows:

On 8 June 2015, XPO Logistics, Inc. became the majority shareholder of XPO Logistics Europe SA. Income and expenses with Dentressangle Initiatives are calculated based on the period between 1 January 2015 and 8 June 2015.

€000	Nature	Income or (expense)		Balance sheet debit or (credit) balance	
Company		30 June 2016	30 June 2015	30 June 2016	31 Dec. 2015
Dentressangle Initiatives	Administrative services	0	(648)	0	0
Dentressangle Initiatives	Miscellaneous services	0	78	0	0
Other companies directly or indirectly owned by Dentressangle Initiatives	Rent	0	(7,875)	0	0
	Rental and miscellaneous expenses	0	(190)		
XPO Logistics, Inc.	Financial debt			(894,753)	(863,828)
XPO Logistics, Inc.	Financial Expense	(23,024)	(1,912)	(3,750)	(3,985)
XPO Logistics, Inc.	Administrative services Supply Chain US	(4,370)	0	(4,392)	(3,558)

2. Transactions with companies, over which Norbert Dentressangle exercises significant influence, and which are recognized in accordance with the equity method, are solely day-to-day transactions performed at arm's length, and for amounts that are non-material in view of the Group's business activities. The balance sheet balances at the end of the financial year were also non-material.

2.6.12. Income Tax

Tax Reconciliation

€000	30 June 2016	31 December 2015
CONSOLIDATED INCOME BEFORE TAX AND BEFORE CVAE	**46,294**	**44,774**
National tax rate	(34.43%)	(34.43%)
THEORETICAL TAX CHARGE	**(15,939)**	**(15,416)**
CICE	6.89%	14.50%
CVAE	5.23%	10.17%
Tax deductibility cap	(1.85%)	(6.14%)
Other permanent differences	(0.91%)	(15.51%)
Impairment of goodwill		(6.52%)
Correction of tax and tax without basis	(8.53%)	(0.55%)
Change of deferred tax assets unrecognized	(4.38%)	3.54%
Impact of tax rate differences	2.08%	5.32%
Effective tax rate excluding CVAE	**(35.90%)**	**(29.63%)**
TAX CHARGE EXCLUDING CVAE	**(16,621)**	**(13,266)**
CVAE	(7,039)	(13,220)
TAXES AND CVAE RECOGNISED	**(23,660)**	**(26,487)**
Effective tax rate	**51.11%**	**59.16%**

2.6.13. Shareholders' Equity and Earnings Per Share

a) Issued Share Capital and Reserves

Year	Nature of transaction	Change in share capital			Share capital following transaction	
		Number of shares	Nominal value in euros	Share premiums in euros	Amount in euros	Number of shares
As of 31 December 2013					19,672,482	9,836,241
As of 31 March 2014					19,672,482	9,836,241
As of 22 October 2014	Share warrants	30,000	2	1,759,200	19,732,482	9,866,241
As of 22 October 2014	Capital reduction	30,000	2	1,702,110	19,672,482	9,836,241
As of 31 December 2014					19,672,482	9,836,241
As of 30 June 2016					19,672,482	9,836,241

b) Number of Shares

	30 June 2016	30 June 2015
Number of shares in issue	9,836,241	9,836,241
Number of treasury shares	(44,447)	(44,447)
Number of shares	**9,791,794**	**9,791,794**
Share warrants	110,000	110,000
Stock options	0	0
Number of diluted shares	**9,901,794**	**9,901,794**

c) Earnings Per Share

	30 June 2016	30 June 2015
Net income, Company share	20,608	10,204
Number of shares	9,791,794	9,791,794
Earnings per share	**2.10**	**1.04**
Net income, Company share	20,608	10,204
Number of diluted shares	9,901,794	9,901,794
Net diluted earnings per share	**2.08**	**1.03**

CERTIFICATION FROM THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Lyon, 30 September 2016

Certification of Half-Year Financial Report

I hereby confirm that the condensed interim financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the Group's assets, financial position and results and the undertakings included in the consolidation, and that the interim management report attached hereto presents a true picture of the important events during the first six months of the financial year; the impact of those events on the financial statements; the main transactions between related parties; and a description of the principal risks and uncertainties for the remaining six months of the year.

Troy Cooper
CEO of XPO Logistics Europe

REPORT FROM THE STATUTORY AUDITORS ON THE HALF-YEAR FINANCIAL INFORMATION

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Membre de la compagnie
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

XPO Logistics Europe
Period from 1 January to 30 June 2016

Statutory auditors' review on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you, on:

- the review of the accompanying condensed half-yearly consolidated financial statements of XPO Logistics Europe, for the period from 1 January to 30 June 2016,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the executive board. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material, respects in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Lyon, 28 September 2016

The statutory auditors
French original signed by

KPMG S.A.
Stéphane Devin

ERNST & YOUNG et Autres
Nicolas Perlier