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PRESENTATION

Operator

Good afternoon, ladies and gentlemen, thank you for standing by. Welcome to TFI International's Fourth Quarter 2019 Results Conference Call.

(Operator Instructions)

Before turning the call over to management, please be advised that this conference call will contain several statements that are forward-looking in nature and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated.

Also, last year, the company adopted the new accounting standards under IFRS 16, and as a result, certain numbers are not directly comparable with past results. All dollar amounts are in Canadian dollars. In addition, the company has filed today a prospectus supplement and a registration statement to issue common shares and list the company's common shares on the New York Stock Exchange. This presentation is meant to discuss the company's latest results and is not made in furtherance of the offering or to solicit investors in connection with the offering.

Following the advice of the company's securities counsel, the company will not discuss the offering, the prospective supplements or the registration statement or comments beyond the scope of its publicly filed materials. Q&A will be limited to the same scope for this call.

Lastly, I would like to remind everyone that this conference call is being recorded on Monday, February 10, 2020.

I will now turn the call over to Alain Bédard, Chairman, President and Chief Executive Officer of TFI International. Please go ahead, sir.

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Well, thank you for that, operator. And I appreciate everyone joining us this afternoon. Within the past hour, we released our fourth quarter and full year 2019 results. If you need a copy of the release, please visit our website.

Our fourth quarter performance capped a very strong year for TFI International, driven by our continued attention to the basic fundamentals of the business regardless of capacity concerns across the industry and other fluctuating business conditions. This consistent focus allows us to produce strong and consistent free cash flow and earnings per share, which we then use to optimize our operation, grow our business and create long-term shareholder value.

We employed this consistent approach to the business during the fourth quarter, and in fact, throughout all of 2019. Specifically, we pursued an asset-light business model. We capitalized on the opportunity to enhance efficiencies. We maintain a strong balance sheet and in a highly disciplined manner, we completed 8 accretive acquisitions during the year. At TFI International, it's our ultimate goal to create and unlock shareholder value, and whenever possible, return excess capital to our shareholders.

Therefore, as we've often said, we look to generate not just growth, but profitable growth. And you'll see that philosophy has worked with our fourth quarter results, which I will cover now.

So total revenue was down 1% compared to the prior year's fourth quarter at [$1.3 billion], however, our operating income increased a robust 20% to $124 million while our adjusted EPS on a diluted basis was $0.95. Our operating results are a strong example of our primary focus on profitability.

Another priority of ours is cash flow performance. And during the quarter, we generated net cash from continuing operating activities of $176 million, similar to the year ago figure. For the full year 2019, we produced net cash from continuing operating activity of $665 million, up 22% over the prior year period.

Let's turn to our 4 business segment, each of which we believe has performed well, especially given the freight (sic) [rate] environment, I mean, the soft rate environment in 2019. Starting with our P&C, this segment represents [15%] of total revenue. And in the year ago -- and in the year ago quarter, experienced a onetime benefit related to the Canada Post strike making for a more challenging year-over-year comparison.

Revenue before fuel surcharge was down 5% from the prior year fourth quarter. Operating income was $30 million compared to $34 million in the corresponding prior year quarter, and the segment operating margin was 17.8% relative to $19.4 million. Given the weaker business conditions versus a year earlier and the prior year benefit from Canada Post, we believe that we outperformed the industry, and we will continue to deploy cutting-edge technology, optimize our business mix and asset utilization and leverage our strong network to capitalize on e-commerce growth opportunity regardless of macro factors.

Less -- LTL, Less-Than-Truckload, okay, represent 18% of total segment revenue and generated revenue before fuel surcharge of $200 million relative to $232 million in the prior year period. Our operating income, however, was $25 million, which was up a healthy 9% versus a year earlier, and our operating margin climbed to a robust 270 basis points to 12.8%. This improved profitability despite a 4.4% decrease in our revenue per hundredweight reflects strong cost management and our continued focus on the quality of our freight. Our Truckload segment represents 47% of total segment revenue and generated revenue before fuel surcharge of $545 million, which was 3% higher than the prior year period. Our truckload operating income was [$61] million, up 17% relative to $52 million a year earlier, and our operating margin of 11.2% was up a solid 130 basis points compared to the prior year fourth quarter.

Our adjusted operating ratio was 85.9% for our Canadian Truckload, 89.3% for our Specialized Truckload, both similar to the prior year period, while the adjusted operating ratio of 92.4% for U.S. Truckload was a [90] basis point improvement.

We're proud of the growth, improved efficiency and operating expansion in our overall Truckload segment, especially in light of continuing -- continued challenge in the freight market. Logistics, which we previously referred to as Logistics and Last Mile represent 20% of total segment revenue and generated revenue before fuel surcharge of $263 million, reflecting double-digit growth over the $236 million in the prior year fourth quarter, and our operating income was $19 million. Within Logistics, as I mentioned last year, we implement -- we are implementing a margin improvement plan and are beginning to see some positive results.

Shifting gears, our approach to capital allocation remains balanced and disciplined. During 2019, we made 8 accretive business acquisition, all of which were completed with -- in the first 9 months of the year. Also during the fourth quarter, we returned $50 million to shareholders, including $20 million of dividend and $30 million in the form of a share repurchase. As we mentioned in October, after expanding the size of our buyback authorization twice during 2018. In late September, we received approval from the TSX to repurchase for cancellation an additional 7 million common shares through October of 2020. After our fourth quarter repurchase, there remained 6.3 million shares arise for repurchase.

I want to wrap it up with our capital allocation plan, which are unchanged. We plan to continue investing capital where we see the best risk-adjusted return via our quarterly dividend and extend our track record of identifying attractive acquisition opportunity and executing on them in a highly disciplined manner. In other words, it's business as usual here at TFI International.

And now operator, I'd like to take questions from the audience. If you could please open the lines.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) First question will come from the line of Jason Seidl of Cowen.

Jason H. Seidl - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

A couple of quick questions. One, I guess, I'll start on in Logistics. You talked about how you're starting to see some early benefits from that margin improvement story, I'm assuming, mostly in to the U.S. here. Can you give us a little more meat on the bones to understand what's going on, especially in the U.S.?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Yes. Well, you see Jason, I mean, our U.S. operation, don't forget when we bought Dynamex in 2011, those guys were 1% to 2% bottom line guys. What we were able to do over time is really our Canadian operation is really running like -- it's unbelievable what our team in Canada has done. Now the U.S. has always been a lagger and the delta between U.S. and Canada is like 8, 9, 10 points at one point. So we said, you know what, in the summer, with all these acquisitions also that we've done like Dicom and BeavEX, the team there was like, no, the team was no good. That's why they were losing money.

So we said, let's have our Canadian team help the U.S. team to perform better. And you're starting to see some improvement in Q4. And if you look at our plan for 2020, I'm sure that the team now with the support of the Canadian guys will definitely do way better in '20 versus '19. But it's always the plan at TFI. It's more of the same. Trying to do more with less, trying to do better, beat the plan. So I mean, we're really -- this is probably one of the diamond that we have that's going to be shine -- shining more at the end of '20 versus '19. Now the team is led by Scott Leveridge and Kal now as an EVP. We have some super regional RVPs there, Bow and Mike. I'm convinced that this is going to be a huge success for us in 2020.

Jason H. Seidl - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Well, you mentioned that 8 to 10-point delta, how quickly do you think you could sort of have the gap between the 2 of them?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Yes, it will take some time, okay? But if you look at what we've done with CFI, I mean, with the ['18] now that we have a CFI, we were able to turn that quite fast, right, took us about 18 to 24 months. And if you -- even now, if you look at our Q4 numbers, in a very soft rate environment, if you look at our peers in Q4 in the U.S. CL, most of them are down, okay, versus the previous year '18. Us, we're up a bit, not much, but we're up a bit. So I think that our Last Mile group there we'll definitely improve that and get to a point where we could be very proud of a double digit EBIT. To me, it's doable in the U.S., and we'll get there. Time wise, Jason, time-wise, it's not going to be done within 6 months. But you'll see, over time, very important improvement. I'll tell you also another story. If you go back when we bought Loomis or DHL Canada, that was in 2011, our EBIT went from [13%] down to about 6% or 7% at that time. And we said to the investors and -- "guys we'll be back double digit EBIT. It will take us some time.

" So in 2012, we were about 6%, 7% EBIT. Well, today, okay, you got to see, I think, it's 8 years ago. Well, now we're at 17% EBIT, all in, including DHL Canada.

Jason H. Seidl - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Well, you brought up the U.S. and some of the improvement that we've seen with what's going on at CFI, and that's obviously welcomed improvement. The U.S., once again, a lagger compared to the rest of the truckload operations that you have, Canada and also Specialty. Can you talk a little bit about where you think you can take that [OR] in 2020? And also what sort of an impact that fleet refresh is going to have on the numbers?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Yes, that's a very good question. I mean, when we talk to Greg, and we are so proud of what him and his team have done there. I think that we still have some improvement that needs to be done at TCA. And there's no reason why we cannot run on average, on average, a truckload operation in the U.S. with over 10 years period, at least a 10% to 12% EBIT contribution to the company. I mean, if you look at what we do in Canada, year in, year out, I mean, we're producing on our van division between 12% to 16% EBIT. Our Specialty Truckload, even with all the M&A that we're doing, buying companies with 4% EBIT, 3% EBIT, 6% EBIT, I mean, we're coming in with a 12%, 13% EBIT now in a soft rate environment. So I mean, our team is -- I'm telling you, in Canada, for sure, we're second to none. And in the U.S., I mean, we're beefing up the team. We're adding to our team. We just hired a new kind of a Ops guy that will help our team in the U.S. to beef up the team. So it's all good. We have the recipe. Now we have the people, and we'll deliver because never forget, Jason, us, we're in business for the shareholder. We're not in business to be big and just spin our wheels.

Operator

Our next question will come from the line of Jack Atkins of Stephens Inc.

Jack Lawrence Atkins - *Stephens Inc., Research Division - MD & Analyst*

So let me start off on the Truckload business for a moment. And there's definitely the expectation in the market that we're going to see a turn in the U.S. Truckload market at some point in 2020. Some are more bullish about it being towards the middle of the year than others. But I guess, I would just be curious to get your take on how you see the market developing in 2020 from your perspective within the truckload within your truckload operations? And sort of how you have positioned TFI and your various subsidiaries to capitalize on that?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

You know what, Jack, I'm in a tough position because of what we're doing with the equity offering. What I could tell you, though, is I concur, okay, with the guys that says probably the freight environment will be soft in the first 6 months, and it will probably get better because don't forget, last time I looked at it, there was about 60,000 to 70,000 trucks, too many, okay, on the road in the U.S. Too much supply versus the demand. Now every week, okay, this oversupply is being reduced. So this is why I think that the U.S. economy is doing well. We look at unemployment, we look at everything that you look things should get better. Now the problem is we created this overcapacity, we're stupid. We've created this overcapacity ourselves in '18 because we listen to customers, oh, add trucks, do this, buy trucks, lease trucks and then we oversupply the market, and then we'll stuck with our pants down, like it happened in '19. So I think that I tend to agree. I don't want to talk too much about TFI because I'm not really allowed to do that. But I concur with the feeling of what you just explained.

Jack Lawrence Atkins - *Stephens Inc., Research Division - MD & Analyst*

Okay, got you. Totally understand about being a little bit constrained there. Just with regards to the fourth quarter, was there any impact of the fourth quarter from the rail strike in Canada? Anything worth calling out there in terms of the impact that it may have had on results?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Well, the problem that we face all the time is, is that we use rail for LTL. And when we have a strike with CN or CP, it's always to our detriment because then we're stuck with the customer saying, well, where is my freight. Well, then we say, well, we don't control the [line]. It's stuck with this rail company that's on strike. So then we probably have to do something to help our customers. So we have to put it on the road. So we don't save anything. As a matter of fact, it's a negative in a sense to us. Because we're there, we have to protect the relationship we have with the customers. So I mean, it's not been huge for us. I mean, we're not in the business of excuse. So we never really talk about that, but it's not been a positive. The only positive we had, okay, versus '18 versus '19 in Q4 is that postal strike in Canada. So that was a little bit of a tailwind for our Loomis Canpar operation okay. And that's why we did not as good in Q4 this year versus last year.

Jack Lawrence Atkins - *Stephens Inc., Research Division - MD & Analyst*

Okay. Understood. Let me ask a couple of quick questions about the LTL segment, if I could, then I'll turn it over. But your cross-border partner in the U.S. is going through a significant expansion of its footprint within the Northeast, and I've got to think that, that will help or has helped, maybe if we want to focus on 2019, some cross-border activity there. Could you maybe -- I mean, is that something we should be thinking about as a tailwind to 2019 and beyond, maybe if they continue to get traction with their initiatives in the Northeast?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Well, absolutely. I mean we've been really happy with the relationship that we have with our partner in the U.S. I mean, don't forget, we used to deal with one carrier for 20 years. After 20 years, they just said, hey, TFI, thanks, but no thanks, we're going to deal with a different guy in Toronto, cartage guy. And then we went with SIA. I can say we went with SIA at the time. And those guys were not big in the transborder business, but we worked with them, okay, like we did 20 years ago with the other guy. So -- and we're really proud because these guys, the volume has been growing in and out every, every month. And you're absolutely right, their expansion in New England, being so close to Ontario, Québec, it should be a positive down the road.

Operator

Your next question will come from the line of Walter Spracklin of RBC Capital.

Walter Noel Spracklin - *RBC Capital Markets, Research Division - MD & Analyst*

So just -- I don't know what you can kind of -- what you can share for us here in terms of 2020, but typically, it's around this time the year, you give us some indication in terms of what you're expecting in terms of EPS, free cash flow and Capex. Are you able to provide some insights there, top level on that -- those items?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

No, no. You see that's the problem, Walter, I can't see anything right now because of what's going on. So let's -- maybe, I don't know, maybe in a few weeks when we're allowed to explain a little bit where we're going. As soon as I can, Walter, we'll provide indication. What I can say, though, is that our team is really focused. And when these guys are focused, and they know the mission, and the mission is we're in business for the shareholders. We have to be more efficient. We have to do more with less. And we have to consolidate the real estate. How can we do -- if we do an acquisition, how fast can we turn these guys around, et cetera, et cetera. So it's the same kind of religion because it's like a religion at TFI. That same religion, Walter, is still there, okay? So as soon as I can, okay? We will be providing guidance, okay? But right now, I cannot say anything.

Walter Noel Spracklin - *RBC Capital Markets, Research Division - MD & Analyst*

Understood. Okay. And in terms of the -- you mentioned in your prepared remarks that you've been active on the acquisition front. When you look at the pipeline right now, what areas would you say either geographically or by segment would look the most appealing to you right now?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Well, there, again, on pipeline, I cannot say anything right now, Walter, but just look at history, what I was saying before, okay, I can say that, really -- is there anything that has changed? Probably not. Like we kept on saying, it's always the same religion at TFI. As soon as I can, Walter, we'll be able to talk more about 2020 and 2021.

Walter Noel Spracklin - *RBC Capital Markets, Research Division - MD & Analyst*

Okay. Let me go to a strictly 2019 question. And perhaps you can give me some color on that. I could understand you're fairly limited. So I was at a conference last week, and there was some discussion in some of the centers that insurance rates have really spiked for truckers, particularly cross-border truckers. And that's leading to some movement of volume over onto the rail as some of the capacity tightens up there. Are you seeing those rates for you? I know you do a lot of self-insurance there. Is that an opportunity? Is it a cost item for you? Are you even seeing that? Or just any color on kind of the cross-border insurance costs that you're seeing recently?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Well, one thing is for sure, Walter, you're absolutely right. The insurance world is really tight right now. So if you talk to the U.S. domestic truckers, they're feeling the [pinch] and the pressure. Us, like you just said, I mean, in Canada, we're mostly self-insured, not in the U.S. So in the U.S., we have retention that are fairly high, but we have coverage from insurance company. And what we've done since we are involved in the U.S. is we spend a lot of money, first of all, in the aging of our fleet, so we replace a lot of trucks. So right now, if you look at the average age of our truck, we're just under 2 years, about 1.7 years, in the U.S., years old. So with that, so we have all the safety features of lane change assist, collision avoidance, we also have all the forward-facing camera. So really, if you look at our loss ratio, we're probably one of the best customer for the insurance company because our loss ratio is maybe like 10%, 15%, max 20% in the U.S. So I agree with you, probably a lot of these truckers that their loss ratio is [100%] to [150%], they will have to pay more. But for us, I don't think it's going to be an event because of our loss ratio and because of the all this equipment that we've invested in safety. Because we believe us, it's not just a claim, it's a safety of the citizens that are on the road, we're there to protect that. Now does this affect more the transborder world of trucking? I think it's all across. It's U.S. domestic, it's Canadian domestic, and it's also transborder. Now don't forget that us in Canada, we're slow. I mean, ELDs, we're still talking about that. It's still not in place, and that should help in the safety because then the guys don't cheat, they don't run hours and they get tired, and that's when it could become a problem.

Walter Noel Spracklin - *RBC Capital Markets, Research Division - MD & Analyst*

That was my last question is on the ELDs as it starts to come into force in Canada, you're mentioning, it will have a positive impact on safety. Do you think it will affect capacity the way that it did in the U.S.? Or is that really already kind of played itself out here in Canada?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

It's hard to say, Walter. Us, we believe safety will be much better because then the cheaters will be gone. Now will that affect capacity? Maybe, maybe a little bit. But us, like I said earlier, Walter, our focus is really how can we be more efficient. We don't really care about if there is a shortage of capacity for 6 months or 12 months. I mean just look at what happened in the U.S., I mean, '18 was fantastic, the ELD came in, the demand was high, the supply was less, and then we're stupid. We just add trucks to us. I mean the guys just add trucks and then we're short in '19. And if you look at Q4 of all the U.S. trucking company, I mean, they're all down 20% to 40%, but most of them beat consensus. How about that? It's not bad.

Operator

Your next question will come from the line of Mona Nazir of Laurentian Bank.

Mona Nazir - *Laurentian Bank Securities, Inc., Research Division - Director of Research and Transportation & Infrastructure Analyst*

Congratulations. So I understand that you're limited in the scope of what you can speak about. And I do appreciate your perspective. With that, it's easy for us to read comp results, which vary across the board but indicate softness or an industrial recession. I'm just wondering if you could just a bit more about your asset-light model and your mix of business, particularly the specialization and how much your model has shielded you from seeing the significant trend down in your business versus the peers?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Yes, Mona, that's a very good question because if you look at what we do us and our capital intensity is really low, why? It's because our focus, if you look at our Canadian operation, our Truckload Canadian operation, both on the specialized side or on the van side, is we're focusing us on return on invested capital. So we talked to executive saying, can you get more revenue, okay, without the assets? So can you guys hire more independent contractors? Can you guys do more, okay, in trying to sell, okay, to the sole truckers that has a truck and likes to have a truck. Me, if I could do more without truck, we'll do it. See, that's our focus, trying to do more with other trucks. So this shields us because I still remember about 2008, 2009, when we had this recession, big recession, our revenue went down 20%.

Our EBITDA went down 20%. My debt at that time was $800 million, went down to $675 million, but my stock was in that, all the way down to $3 because people thought that we would go bankrupt or whatever. So that's where it comes from is that, guys, let's do more with less. So that's why if you look at our P&C, the capital intensity of P&C, it's unbelievable. If you look at us versus our peers, okay, which are the big guys, I mean, our free cash flow conversion is like 80%, something like that, 80%, 85%, maybe 90%. And theirs is maybe 20% to 30%. Why is that? Well, because all the line hauls, okay, that we do either areas with Cargojet, if it's road, it's going to be a third-party trucker. So we don't do any line hauls, us, in our P&C. And our P&D operation is mostly done, okay, with third party, okay, owner operators. We have some of the P&D, let's say, Toronto, Montreal, Vancouver. We have own trucks where the density supports that. But if the density is not used, then we go with the owner-operator model. If you look at our LTL, we've diversified over time with the intermodal. So today, we've got about 35% of our revenue in LTL that is intermodal. And why? Because this is really an asset-light operation. So again, our Logistics with our Last Mile, I mean, it's [99.9] asset light. So if there's a store -- if there is a recession, I mean, the proof is in the pudding. Us, we're ready, we're ready. And that's a negative is that, okay, there's a recession, but that also creates opportunity for us on the M&A side because of our strong balance sheet. And this, I can't really talk about this offering, but for sure, if this is successful, okay, that's going to improve our flexibility. Right now, if you sum up the flexibility for M&A of TFI, it's official. Flexibility is about CAD 650 million, okay? And maybe with everything that we're doing, maybe we'll get all the way up to CAD 1 billion.

Operator

Your next question will come from the line of Konark Gupta of Scotia Bank.

Konark Gupta - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Just -- so let me start with the pricing here. So looking at the Q4 P&C, LTL and Truckload, it looks like the pricing was weaker in all 3 segments. And it seems like a bit of a reversal from what we saw in Q3. So just wanted to understand, is it just the overcapacity in the market that's kind of trickling down now, or the weaker demand is kind of showing up in pricing from Q4?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Yes, that's a very good question as well. So if you look at our LTL, okay, you look at the revenue per [100] weight and it's down, okay, like you said.

And there again, I mean, it's always a factor of the freight environment that is soft, no question about that. It's also has something to do with the average length of haul, okay, which is -- doesn't change much, though. And then you got the average weight of the shipment that you got to look into it. Now how can you guys with less revenue, a lower quality of revenue, you guys are still doing better than last year, right?

So it's because we're able to be more efficient. Right? So it's -- the LTL market in Canada, if you look at that, it will keep on shrinking. Why? Because most of our customers in LTL -- Industrial LTL have disappeared in Canada. Most of our LTL now supports the retail industry. The brick-and-mortar guys, the malls and all that. So we are losing, because our customers are losing to the e-commerce, okay? Now the other side of the coin, because us, we're so diversified that we're suffering on the LTL, absolutely. Okay? But we're still more profitable because we can shape costs faster than revenue. Now the other side of the coin is that our e-commerce guys in our Last Mile division. And those guys are growing. And the same thing with the P&C, now you've got to say, well, I mean, your P&C is flat or down a bit because of maybe the strike that last year, you guys were doing well. But there's -- it's a trade-off because even on the P&C, I'm losing to the brick-and-mortar guys, because if you look at -- as an example, Macy's shutting down over 100 stores in the U.S. The brick-and-mortar guys are suffering and Macy's was Truckload and LTL in the U.S. to support the store.

So that's the beauty of this TFI play that we play on the geography, we play also on the different line of products. And so yes, we had a little bit of pressure on rates, but we protected the margin though. Right.

Konark Gupta - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Right, no, that makes sense, Alain, for sure. I understand, obviously, the pricing is weak across the board, right? And I think you guys had some sort of a pricing initiatives before, right, that kind of held to some degree, obviously, so that's good. So on the Canada Post strike, you mentioned, right, obviously. So I'm like, if I look at the organic revenue growth or decline before fuel surcharge, I mean, it's quite evident that like it was down 9% in Q4 versus last year. And the first 9 months was down like 7%. So I'm like what do you think the organic environment would have been similarly weak compared to last 9 months, if you strip out the Canada Post strike? Or was there something else in Q4?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

No, no, no. I mean, if you remove -- because we're never sure about Canada Post strike. What was the benefit? So this is difficult to talk about, but exactly what was the benefit of the Post strike there. But I could tell you that, basically, if you look at P&C, the focus has been year in, year out above bottom line. Now you look at the future, then we'll talk about that as soon as we can.

Konark Gupta - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Right. Okay, that makes sense. And then lastly, on the share buyback. So I saw you did some 10% of your NCIB already in the first few months of the NCIB here. What do you think about the remaining 90%? I'm like, is that something that you are looking to do still here? Or you want to preserve some capital for M&A?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

This is a question that I can't really answer right now because of what's happening with the offering. So I can't really talk about that. Sorry.

Operator

Your next question comes from Cameron Doerksen of National Bank Financial.

Cameron Doerksen - *National Bank Financial, Inc., Research Division - Analyst*

So just one question for me. I'm just wondering if you could talk a bit about the, I guess, the Logistics Last Mile segment, I guess, you're just calling it Logistics now. But you talked a bit about it earlier, but you mentioned that you, obviously, you're looking to improve the bottom line there. Can you just talk a bit about where you are in the process of integrating some of the acquisitions that you've made on the Last Mile side? I mean, you mentioned the DICOM and the BeavEX. Where are we in that process? I mean, is there still -- did we see any of that sort of benefit of maybe rationalizing some of the operations in Q4? Or is most of that still to come?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Yes. You see, Cameron. I mean, we did those acquisitions just a few months ago. So you're right. I mean, there's more to come, okay. There's more to come in terms of pricing action when when you know those guys that didn't like to make money. They were not pricing business properly. So we're in discussion right now with customers. That you know what, guys, I mean, I understand that we have this -- you guys had a deal, sweet deal with BeavEX. But BeavEx is gone, BeavEX is bankrupt. I mean we bought that from a bankruptcy court. So it -- but you get a lot of pushback. Wait, wait, wait. It's this. So there's lots of negotiation. So there's still more room for improvement on the quality of the revenue. In terms of the real estate, those guys have signed leases for a year, 2 years, 3 years. So you're stuck with the real estate for some period of time. So it doesn't happen overnight. So to answer your question, on the real estate side, there's more to come. In terms of Driver Pay or owner-operator pay, this is more like, okay, this is in control right now, we control that. It's fair, it makes sense. But overall, when I said last quarter, I feel good that our Logistics operation in the U.S. will definitely improve by 200 basis points. I'm still feeling as good as I was 3 months ago.

Operator

Your next question will come from the line of Benoit Poirier of Desjardins Capital.

Benoit Poirier - *Desjardins Securities Inc., Research Division - VP and Industrials, Transportation, Aerospace, Industrial Products & Special Situation Analyst*

With respect to M&A, could you maybe reiterate your M&A criteria in terms of valuation multiples maybe a segment that you're looking at and the willingness to increase the leverage ratio up to a certain, Alain?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Yes, on that, Benoit, the only thing I could say is that it's going to be more of the same. TFI is always -- we spent -- we invested $200 million last year on M&A. We did about the same, okay, in the year before that, very accretive and just look at our track record of 20 years. So if somebody would have invested 20 years ago into a TFI stock, well, the return would be [above] [4800%]. Now that's quite good.

Benoit Poirier - *Desjardins Securities Inc., Research Division - VP and Industrials, Transportation, Aerospace, Industrial Products & Special Situation Analyst*

Okay. And looking at 2020, where do you see the greatest potential for margin improvement among your business segments, Alain?

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

On that one, Benoit, I can't really -- I'm stuck right now. I can't really talk about 2020 until this thing that's going on right now. As soon as I can, okay, we will come out with -- how do we see 2020, as soon as I can. But Benoit, you got a look at Q4, we did really good.

Operator

We have no further questions at this time. I'll now turn the call back over to Mr. Bédard for closing remarks.

Alain Bédard - *TFI International Inc. - Chairman, President & CEO*

Well, thank you very much, operator, and thank you, everyone, for joining this evening's call. We, at TFI International, very much appreciate your interest. We're pleased with our results in 2019 and look forward to delivering continued strong results in the new year by focusing on the business principle I outlined, specifically, we'll strive to find opportunities to create value, unlock it for our investors, and whenever possible, return excess capital to our shareholders.

Thank you, again, for your time. And we look forward to updating you on our progress throughout the year. Have a good evening. Thank you.

Operator

And this concludes today's conference call. You may now disconnect.
