



Earnings Conference Call – Fourth Quarter 2014
February 4, 2015

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Safe Harbor Statement

Except for the historical information contained herein, the matters set forth in this presentation and the accompanying earnings release are forward-looking statements that represent our expectations, beliefs, intentions or strategies concerning future events. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience or our present expectations, including, but not limited to such factors as changes in economic conditions, including uncertain consumer demand; changes in market demand and pressures on the pricing for our services; competition and growth rates within the third party logistics industry; freight levels and increasing costs and availability of truck capacity or alternative means of transporting freight, and changes in relationships with existing truck, rail, ocean and air carriers; changes in our customer base due to possible consolidation among our customers; our ability to integrate the operations of acquired companies with our historic operations successfully; risks associated with litigation and insurance coverage; risks associated with operations outside of the U.S.; risks associated with the potential impacts of changes in government regulations; risks associated with the produce industry, including food safety and contamination issues; fuel prices and availability; changes to our share repurchase activity; the impact of war on the economy; and other risks and uncertainties detailed in our Annual and Quarterly Reports.

Results Q4 2014

in thousands, except per share amounts

Three months ended December 31

Twelve months ended December 31

	2014	2013	% Change	2014	2013	% Change
Total revenues	\$3,357,202	\$3,152,882	6.5%	\$13,470,067	\$12,752,076	5.6%
Total net revenues	\$501,816	\$444,465	12.9%	\$2,007,652	\$1,836,095	9.3%
Income from operations	\$187,728	\$155,113	21.0%	\$748,418	\$682,650	9.6%
Net income	\$112,947	\$92,952	21.5%	\$449,711	\$415,904	8.1%
Earnings per share (diluted)	\$0.77	\$0.62	24.2%	\$3.05	\$2.65	15.1%
Weighted average shares outstanding	146,650	151,130	-3.0%	147,542	157,080	-6.1%
Average headcount	11,532	11,605	-0.6%	11,617	11,316	2.7%
Ending headcount	11,521	11,676	-1.3%	11,521	11,676	-1.3%

- Net revenue growth in the fourth quarter was primarily driven by double digit net revenue increases in the truckload and global forwarding services
- Income from operations growth in the fourth quarter was driven by net revenue growth and a year over year decline in SG&A expenses, more than offsetting higher personnel expenses
- Share repurchases positively impacted EPS growth in the fourth quarter

Transportation Results Q4 2014

TRANSPORTATION in thousands

	Three months ended December 31			Twelve months ended December 31		
	2014	2013	% Change	2014	2013	% Change
Total revenues	\$3,010,291	\$2,767,550	8.8%	\$11,921,974	\$11,069,710	7.7%
Total net revenues	\$474,306	\$416,020	14.0%	\$1,879,724	\$1,698,395	10.7%
Net revenue margin	15.8%	15.0%	4.8%	15.8%	15.3%	2.8%

TRANSPORTATION NET REVENUE MARGIN PERCENTAGE

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Q1	17.4%	18.3%	20.2%	18.2%	22.6%	17.4%	17.2%	16.9%	16.2%	15.3%
Q2	16.3%	17.1%	17.9%	15.4%	20.6%	15.8%	16.2%	14.9%	15.3%	15.9%
Q3	16.3%	17.5%	18.0%	15.9%	19.8%	16.6%	16.4%	15.6%	14.9%	16.1%
Q4	15.7%	18.3%	17.7%	19.0%	18.3%	17.6%	16.3%	15.8%	15.0%	15.8%
Year	16.3%	17.8%	18.4%	17.0%	20.2%	16.8%	16.5%	15.8%	15.3%	15.8%

- Net revenue growth exceeded total revenue growth as a result of margin expansion, declining fuel prices and a change in our mix of business
- Transportation net revenue margin improvement in the fourth quarter of 2014 when compared to the fourth quarter of 2013 was driven primarily by the truckload, ocean and air results

Truckload Results Q4 2014

TRUCKLOAD NET REVENUES in thousands

Three months ended Dec 31 Twelve months ended Dec 31

2014	2013	% Change	2014	2013	% Change
\$295,216	\$256,117	15.3%	\$1,177,990	\$1,054,565	11.7%

Year over year change

North America Truckload	Year over year change	
	Quarter	YTD
Volume	3%	2%
Approximate pricing*	12%	11%
Approximate cost*	11%	10%
Net revenue margin	↑	↑

*Pricing and cost measures exclude the estimated impact of the change in fuel

- Truckload net revenue margins expanded in the fourth quarter when compared to the fourth quarter of 2013 driven by increased pricing and a change in our mix of freight
- The truckload capacity environment remained constrained in the fourth quarter of 2014
- Total truckload volume increased approximately four percent in the fourth quarter when compared to the fourth quarter of 2013

LTL Results Q4 2014

LTL NET REVENUES in thousands

Three months ended Dec 31			Twelve months ended Dec 31		
2014	2013	% Change	2014	2013	% Change
\$63,402	\$58,839	7.8%	\$258,884	\$239,477	8.1%

LTL	Year over year change	
	Quarter	YTD
Volume	4%	7%
Pricing	↑	↑
Net revenue margin	↓	↓

- Total shipments increased approximately four percent in the fourth quarter of 2014 when compared to the fourth quarter of 2013
- LTL net revenue growth primarily driven by volume growth and increased customer pricing partially offset by higher capacity costs

Intermodal Results Q4 2014

INTERMODAL NET REVENUES in thousands

Three months ended Dec 31			Twelve months ended Dec 31		
2014	2013	% Change	2014	2013	% Change
\$10,235	\$9,861	3.8%	\$40,631	\$39,084	4.0%

INTERMODAL	Year over year change	
	Quarter	YTD
Volume	1%	-1%
Pricing	↑	↑
Net revenue margin	↑	↑

- Net revenue growth was primarily driven by operational improvements and increased customer pricing
- Intermodal volumes were negatively impacted by rail capacity and west coast port congestion
- The intermodal market continues to support price increases

Global Forwarding Results Q4 2014

Ocean, Air and Customs

NET REVENUES in thousands

	Three months ended Dec 31			Twelve months ended Dec 31		
	2014	2013	% Change	2014	2013	% Change
Ocean	\$56,944	\$46,367	22.8%	\$208,422	\$187,671	11.1%
Air	\$19,404	\$17,982	7.9%	\$79,125	\$73,089	8.3%
Customs	\$10,824	\$9,271	16.8%	\$41,575	\$36,578	13.7%

OCEAN	Year over year change	
	Quarter	YTD
Volume	↑	↑
Pricing	↑	↑
Net revenue margin	↑	↑

AIR	Year over year change	
	Quarter	YTD
Volume	↑	↑
Pricing	↓	↓
Net revenue margin	↑	↑

- Combined Global Forwarding services net revenues increased 18.4% in the fourth quarter when compared to the fourth quarter of 2013
- Global Forwarding net revenue growth was driven by margin expansion and volume growth
- Cross selling initiatives are producing the intended results

Other Logistics Services Results Q4 2014

NET REVENUES in thousands

Three months ended Dec 31			Twelve months ended Dec 31		
2014	2013	% Change	2014	2013	% Change
\$18,281	\$17,583	4.0%	\$73,097	\$67,931	7.6%

- Other Logistics Services net revenues include transportation management services, warehousing and small parcel
- Managed Services provided continued growth in Other Logistics Services

Sourcing Results Q4 2014

SOURCING NET REVENUES in thousands

	Three months ended Dec 31			Twelve months ended Dec 31		
	2014	2013	% Change	2014	2013	% Change
Total revenues	\$342,951	\$382,098	-10.2%	\$1,533,555	\$1,669,134	-8.1%
Total net revenues	\$24,005	\$25,799	-7.0%	\$115,546	\$126,950	-9.0%
Net revenue margin	7.0%	6.8%	3.7%	7.5%	7.6%	-0.9%

- Sourcing net revenues were impacted by a change in customer, product, and service mix

Summarized Income Statement

in thousands

	Three months ended December 31			Twelve months ended December 31		
	2014	2013	% Change	2014	2013	% Change
Total revenues	\$3,357,202	\$3,152,882	6.5%	\$13,470,067	\$12,752,076	5.6%
Total net revenues	501,816	444,465	12.9%	2,007,652	1,836,095	9.3%
Personnel expenses	235,117	203,619	15.5%	939,021	826,661	13.6%
Selling, general & admin	78,971	85,733	-7.9%	320,213	326,784	-2.0%
Total operating expenses	314,088	289,352	8.5%	1,259,234	1,153,445	9.2%
Income from operations	\$187,728	\$155,113	21.0%	\$748,418	\$682,650	9.6%
Percent of net revenue	37.4%	34.9%	7.2%	37.3%	37.2%	0.3%

- Growth in personnel expense in the fourth quarter was primarily the result of our variable compensation plans that are driven by changes in net revenue and profitability
- Average headcount was down approximately .6 percent when compared to the fourth quarter of 2013
- SG&A expenses decreased 7.9 percent when compared to the fourth quarter of 2013, primarily driven by a decrease in our allowance for bad debt, travel, and claims expenses

Other Financial Information

in thousands

CASH FLOW DATA

Three months ended Dec 31

	2014	2013	% Change
Net cash provided by operating activities	\$208,104	\$164,848	26.2%
Capital expenditures, net	\$4,366	\$13,970	-68.7%

BALANCE SHEET DATA

	Dec 31, 2014
Cash & investments	\$128,940
Restricted cash	\$359,388
Current assets	\$2,105,459
Total assets	\$3,214,338
Debt	\$1,105,000
Stockholders' investment	\$1,047,015

- Strong cash flow quarter
- Total debt balance \$1.105 billion
 - \$500 million, 4.28% average coupon
 - \$605 million drawn on new revolver, 1.29% current rate as of 12/31/14

Capital Distribution

in thousands

	2009	2010	2011	2012 (a)	2013	Q4 2014	YTD 2014
Net income	\$360,830	\$387,026	\$431,612	\$447,007	\$415,904	\$112,947	\$449,711
Capital distribution							
Cash dividends paid	\$162,865	\$168,902	\$194,697	\$219,313	\$220,257	\$57,418	\$215,008
Share repurchases	266,906	157,381	250,274	255,849	807,449 (b)	39,726	176,645
Subtotal	\$429,771	\$326,283	\$444,971	\$475,162	\$1,027,706	\$97,144	\$391,653
Percent of net income							
Cash dividends paid	45%	44%	45%	49%	53%	51%	48%
Open market share repurchases	74%	41%	58%	57%	194%	35%	39%
Subtotal	119%	84%	103%	106%	247%	86%	87%

(a) 2012 Net Income is adjusted to exclude transaction-related gains and expenses. A reconciliation of adjusted results appears in Appendix A. 2012 Dividends exclude the fifth dividend payment made during the year.

(b) Includes a \$500 million accelerated share repurchase.

- Capital returned to shareholders during the quarter
 - \$57.4 million cash dividend
 - \$39.7 million in cash for repurchase activity
 - 517,000 shares
 - Average price of \$69.41 for shares repurchased
- Target is to return approximately 90% of net income to shareholders annually

A look ahead

- Truckload performance is important to our success in 2015
- Strategic initiatives in 2015 and beyond
 - Freightquote integration
 - Global trade expansion
 - Sales execution with all types of customers
- We will continue to invest in our business
 - Talent
 - Technology
 - Network
- Driving towards our long term growth goals
 - Double digit E.P.S. growth
 - Growing market share

Appendix A: 2012 Summarized Adjusted Income Statement

In thousands, except per share amounts

Twelve months ended December 31, 2012

	2012 Actual	Non-recurring Acquisition Impacts	Non-recurring Divestiture Impacts	Adjusted
Total net revenues	\$1,717,571			\$1,717,571
Personnel expenses (1)	766,006	-385	-34,207	731,414
Other operating expenses (2)	276,245	-10,225	-379	265,641
Total operating expenses	1,042,251	-10,610	-34,586	997,055
Income from operations	675,320	10,610	34,586	720,516
Investment & other income (3)	283,142		-281,551	1,591
Income before taxes	958,462	10,610	-246,965	722,107
Provision for income taxes	364,658	2,745	-92,303	275,100
Net income	\$593,804	7,865	-\$154,662	\$447,007
Net income per share (diluted)	3.67			2.76
Weighted average shares (diluted)	161,946	185 (4)	92 (5)	161,669

To assist investors in understanding our financial performance, we supplement the financial results that are generated in accordance with the accounting principles generally accepted in the United States, or GAAP, with non-GAAP financial measures, including non-GAAP operating expenses, non-GAAP income from operations, non-GAAP net income and non-GAAP diluted net income per share. We believe that these non-GAAP measures provide meaningful insight into our operating performance excluding certain event-specific charges, and provide an alternative perspective of our results of operations. We use non-GAAP measures to assess our operating performance for the quarter. Management believes that these non-GAAP financial measures reflect an additional way of analyzing aspects of our ongoing operations that, when viewed with our GAAP results, provides a more complete understanding of the factors and trends affecting our business.

- 1) The adjustment to personnel consists of \$33 million of incremental vesting expense of our equity awards triggered by the gain on the divestiture of T-Chek. The balance consists of transaction related bonuses.
- 2) The adjustments to other operating expenses reflect fees paid to third parties for:
 - a) Investment banking fees related to the acquisition of Phoenix
 - b) External legal and accounting fees related to the acquisitions of Apreo and Phoenix and the divestiture of T-Chek.
- 3) The adjustment to investment and other income reflects the gain from the divestiture of T-Chek.
- 4) The adjustment to diluted weighted average shares outstanding relates to the shares of C.H. Robinson stock issued as consideration paid to the sellers in the acquisition of Phoenix.
- 5) The adjustment to diluted weighted average shares outstanding relates to the additional vesting of performance-based restricted stock as a result of the gain on sale recognized from the divestiture of T-Chek.

