



Earnings Conference Call – First Quarter 2020  
April 29, 2020

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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; changes in relationships with existing contracted truck, rail, ocean, and air carriers; changes in our customer base due to possible consolidation among our customers; our ability to successfully integrate the operations of acquired companies with our historic operations; risks associated with litigation, including contingent auto liability and insurance coverage; risks associated with operations outside of the United States; risks associated with the potential impact of changes in government regulations; risks associated with the produce industry, including food safety and contamination issues; fuel price increases or decreases, or fuel shortages; cyber-security related risks; the impact of war on the economy; changes to our capital structure; risks related to the elimination of LIBOR; changes due to catastrophic events including pandemics such as COVID-19; and other risks and uncertainties detailed in our Annual and Quarterly Reports.



# Q1 2020 Opening Remarks

- Three key pillars as guideposts for our decision-making:
  - Ensuring the health and safety of our employees
  - Providing supply chain continuity for our customers and carriers
  - Protecting the economic security of our people to the greatest extent possible
- High-single-digit truckload volume increase in Q1 while industry volumes were down high-single digits
- Over \$1.2 billion of liquidity



# Results Q1 2020

*in thousands, except per share amounts and headcount*

Three Months Ended March 31

	2020	2019	% Change
Total Revenues	\$3,805,008	\$3,751,210	1.4%
Total Net Revenues	\$567,953	\$678,800	(16.3%)
<i>Net Revenue Margin %</i>	14.9%	18.1%	(320 bps)
Personnel Expenses	\$330,220	\$340,098	(2.9%)
Selling, General, and Admin	\$128,293	\$114,152	12.4%
Income from Operations	\$109,440	\$224,550	(51.3%)
<i>Operating Margin %</i>	19.3%	33.1%	(1,380 bps)
Depreciation and Amortization	\$24,393	\$24,560	(0.7%)
Net Income	\$78,146	\$161,788	(51.7%)
Earnings Per Share (Diluted)	\$0.57	\$1.16	(50.9%)
Average Headcount	15,450	15,381	0.4%

- Decline in net revenues driven primarily by margin compression in truckload
- Decrease in personnel expenses driven by a decline in variable compensation expense
- The largest contributors to the higher SG&A expense were increased technology spending and purchased services related to accelerating our growth and cost savings initiatives



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# Q1 2020 Other Income Statement Items

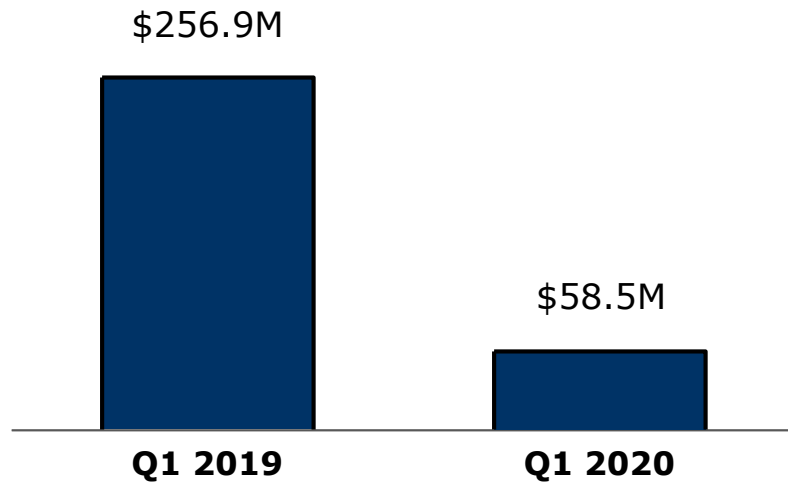
- Q1 effective tax rate of 17.1% vs. 22.0% in Q1 2019
  - Lower tax rate due to benefit from stock-based compensation
  - Expect full-year 2020 effective tax rate to be on the lower end of the 22.0-24.0% range
- \$2.9 million unfavorable impact from currency revaluation, versus a \$5.0 million unfavorable impact in Q1 2019
- Interest expense declined by \$1.1 million versus Q1 2019 due to lower average debt balance



# Q1 2020 Cash Flow and Capital Distribution

## Cash Flow from Operations

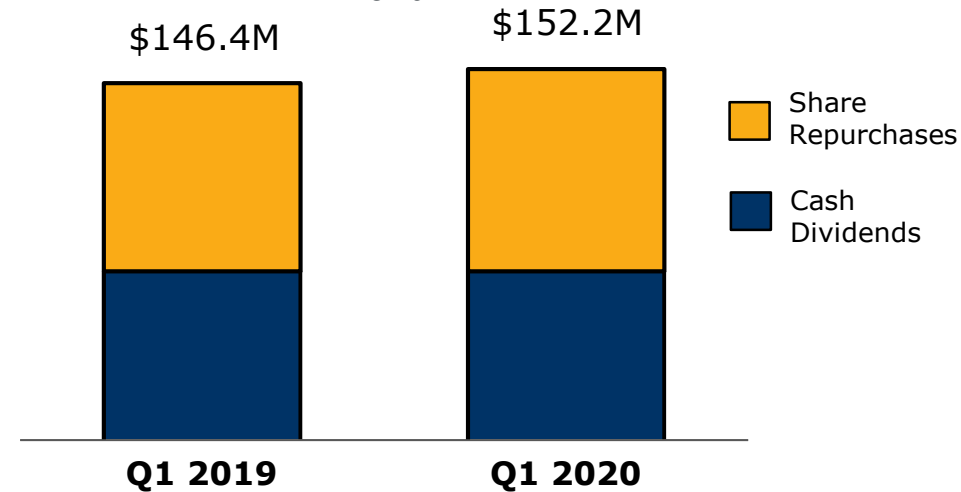
(77.2%)



- \$198.4 million decrease in cash flow primarily driven by changes in working capital and lower net income
- \$14.7 million in capital expenditures
- Expect full-year 2020 capital expenditures to be \$60-70 million

## Capital Distribution

4.0%



- \$152.2 million returned to shareholders
  - \$69.9 million in cash dividends
  - \$82.4 million in share repurchases
    - 1,161,896 shares repurchased in the first quarter at an average price of \$70.88 per share



# Q1 2020 Balance Sheet

*in thousands*

	March 31, 2020	March 31, 2019	% Change
Accounts Receivable, Net <sup>(1)</sup>	\$2,216,171	\$2,223,487	(0.3%)
Accounts Payable <sup>(2)</sup>	\$1,244,454	\$1,186,658	4.9%
<b>Net Operating Working Capital<sup>(3)</sup></b>	<b>\$971,717</b>	<b>\$1,036,829</b>	<b>(6.3%)</b>

- Total debt balance \$1.41 billion
  - \$600 million senior unsecured notes maturing April 2028, 4.20% coupon
  - \$500 million private placement debt, 4.28% average coupon
    - \$175M maturing in August 2023, \$150M maturing in August 2028 and \$175M maturing in August 2033
  - \$250 million accounts receivable securitization debt facility maturing December 2020, 2.06% average interest rate (one-month LIBOR + 65 bps)
  - \$71 million drawn on credit facility maturing October 2023, 2.39% average interest rate (one-month LIBOR + 113 bps)
  - 3.9% weighted average interest rate in the quarter

(1) Accounts receivable amount includes contract assets.

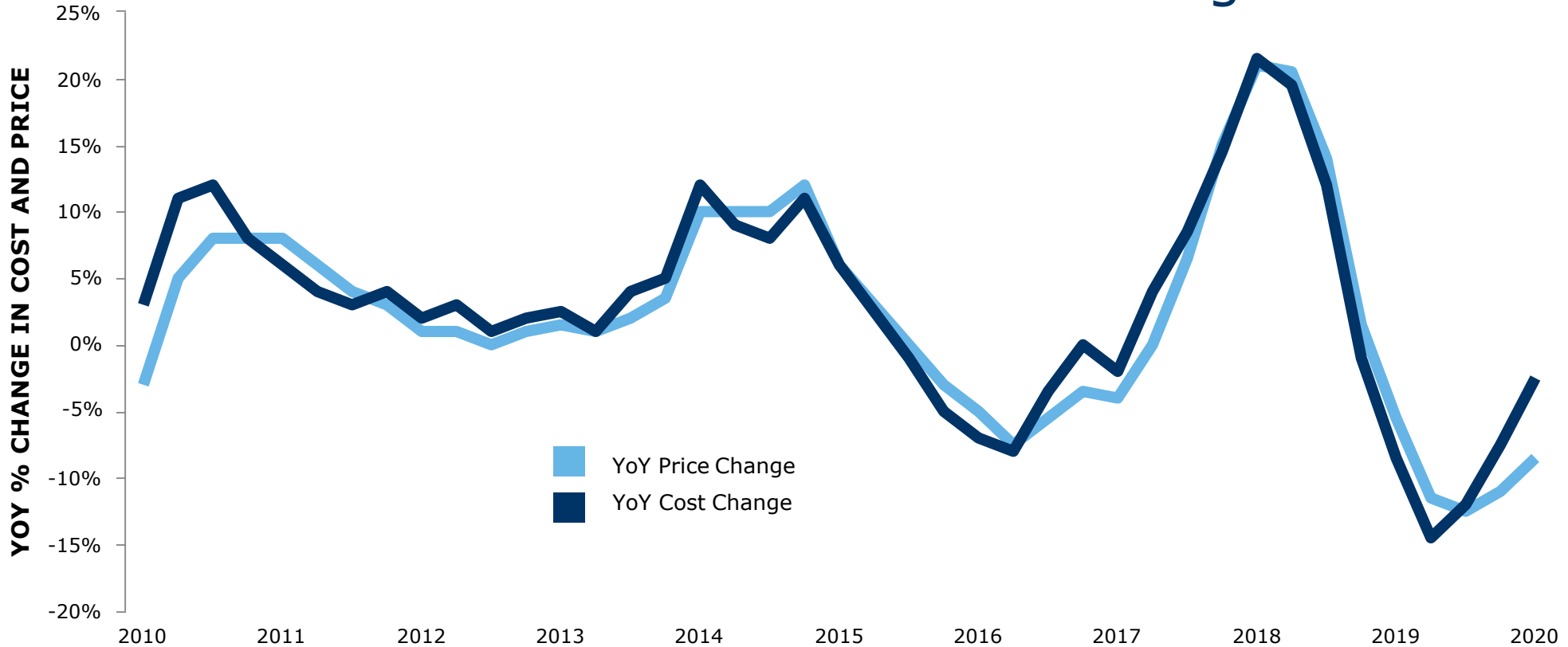
(2) Accounts payable amount includes outstanding checks and accrued transportation expense.

(3) Net operating working capital is defined as net accounts receivable less accounts payable.



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# NAST Truckload Cost and Price Change(1)(2)



- 65% / 35% truckload contractual to transactional volume mix
- Average routing guide depth from Managed Services business of 1.2 for the fifth consecutive quarter

(1) North American Surface Transportation ("NAST") truckload cost and price change chart represents truckload shipments in North America.

(2) Growth rates are rounded to the nearest 0.5 percent.

(3) Pricing and cost measures exclude the estimated impact of the change in fuel prices.

(4) Represents price and cost YoY change for North America shipments across all segments.

NAST Truckload	
	Q1
Volume <sup>(2)</sup>	7.5%
Pricing <sup>(2)(3)(4)</sup>	(8.5%)
Cost <sup>(2)(3)(4)</sup>	(2.5%)
Net Revenue Margin	↓



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# Q1 2020 NAST Results by Service Line

## Truckload, Less Than Truckload and Intermodal

*in thousands*

Three Months Ended March 31

Net Revenues	2020	2019	% Change
Truckload	\$243,686	\$359,031	(32.1%)
LTL	\$112,330	\$114,918	(2.3%)
Intermodal	\$7,312	\$5,976	22.4%
Other	\$9,450	\$6,625	42.6%
<b>Total Net Revenues</b>	<b>\$372,778</b>	<b>\$486,550</b>	<b>(23.4%)</b>
<i>Net Revenue Margin %</i>	<i>13.2%</i>	<i>17.4%</i>	<i>(420 bps)</i>

	Truckload	LTL	Intermodal
Pricing <sup>(1)(2)</sup>	↓	↓	↓
Cost <sup>(1)(2)</sup>	↓	↑	↓
Volume	↑	↑	↑
Net Revenue Margin	↓	↓	↑

- Net revenue margin compression in truckload and LTL
- Added 4,000 new carriers in the quarter
- Prime Distribution integration is going well
- Prime Distribution acquisition net revenue impact to NAST<sup>(3)</sup>:
  - LTL +2 pts
  - Total NAST +1 ppt

(1) Represents price and cost YoY change for North America shipments across all segments.

(2) Pricing and cost measures exclude the estimated impact of the change in fuel prices.

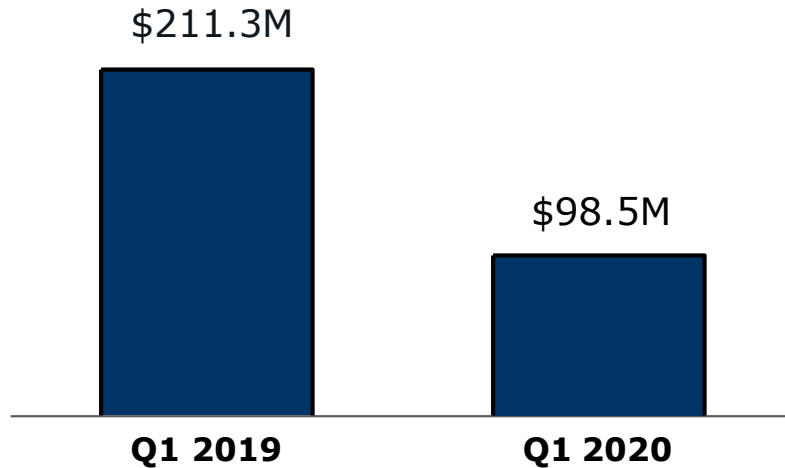
(3) Growth rates are rounded to the nearest percent.



# Q1 2020 NAST Operating Income

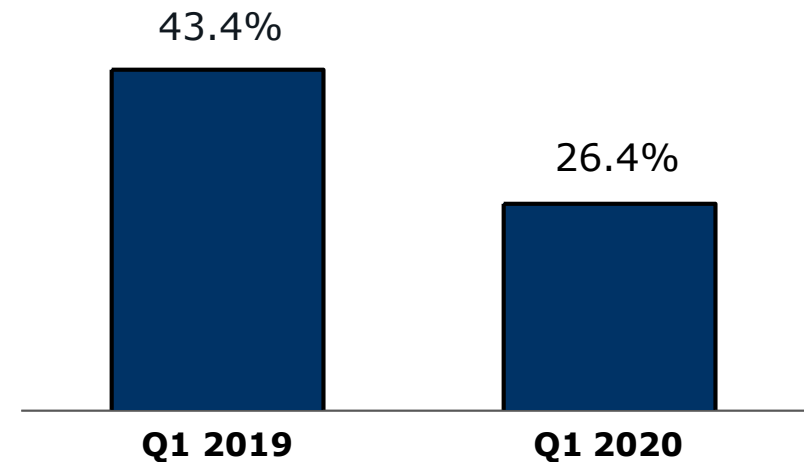
## Operating Income

(53.4%)



## Operating Margin %

(1,700 bps)



- Decreased net revenues
- Average headcount decreased 5.2 percent
  - Prime Distribution acquisition contributed 2.0 percentage points to NAST headcount growth<sup>(1)</sup>
- Lower variable compensation and increased SG&A expenses



# Q1 2020 Global Forwarding Results by Service Line

## Ocean, Air and Customs

*in thousands*

Three Months Ended March 31

Net Revenues	2020	2019	% Change
Ocean	\$69,810	\$71,457	(2.3%)
Air	\$26,877	\$26,136	2.8%
Customs	\$21,193	\$21,877	(3.1%)
Other	\$10,434	\$7,766	34.4%
<b>Total Net Revenues</b>	<b>\$128,314</b>	<b>\$127,236</b>	<b>0.8%</b>
<i>Net Revenue Margin %</i>	<i>24.2%</i>	<i>23.7%</i>	<i>50 bps</i>

	Ocean	Air
Pricing	↓	↑
Volume	↓	↓
Net Revenue Margin	↑	↑

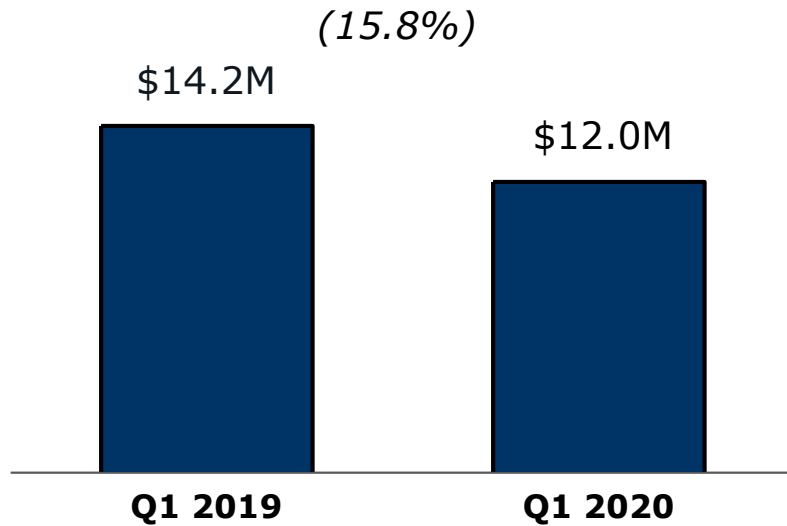
- Ocean and customs net revenue declines due to lower pricing and volume
- Air net revenue increase due to higher pricing
- Space Cargo acquisition net revenue impact to Global Forwarding<sup>(1)</sup>:
  - Ocean +2 pts
  - Air +3 pts
  - Customs +1 ppt
  - Total GF +2 pts

(1) Growth rates are rounded to the nearest percent.

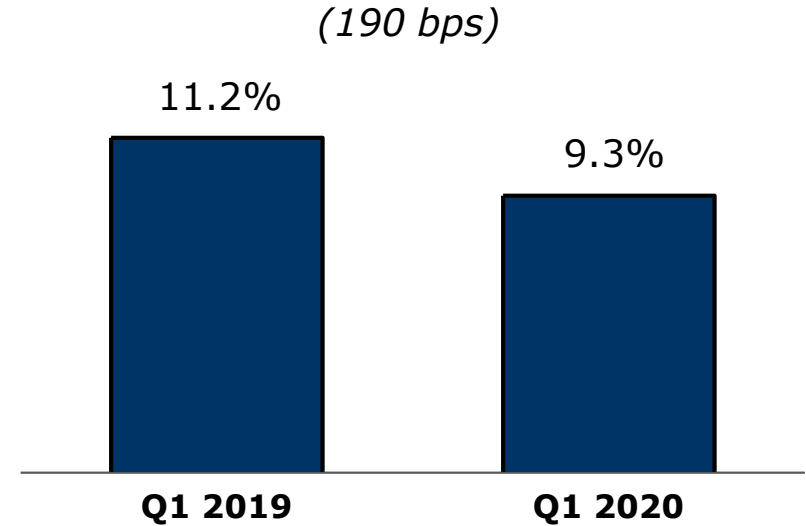


# Q1 2020 Global Forwarding Operating Income

## Operating Income



## Operating Margin %



- Modest increase in net revenues
- 2.5 percent increase in average headcount
  - Space Cargo acquisition contributed 2.0 percentage points to Global Forwarding headcount growth<sup>(1)</sup>
- Increased SG&A expenses



# Q1 2020 All Other and Corporate Results

## Robinson Fresh, Managed Services and Other Surface Transportation

*in thousands*

Three Months Ended March 31

<b>Net Revenues</b>	<b>2020</b>	<b>2019</b>	<b>% Change</b>
Robinson Fresh	\$27,458	\$28,658	(4.2%)
Managed Services	\$22,527	\$20,312	10.9%
Other Surface Transportation	\$16,876	\$16,044	5.2%
<b>Total</b>	<b>\$66,861</b>	<b>\$65,014</b>	<b>2.8%</b>

### Robinson Fresh

- Case volume decline of 2.5 percent<sup>(1)</sup>

### Managed Services

- Over \$4 billion in annual freight under management

### Other Surface Transportation

- Dema Service acquisition added 8.5 percentage points of net revenue growth<sup>(1)</sup>
- 13 percent increase in Europe truckload volume



# Final Comments

- Continue to monitor impacts of COVID-19
- Balancing cost reductions with continued investment in technology
- Committed to our vital role in the global supply chain, especially in this time of crisis





# Appendix



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# Q1 2020 Transportation Results(1)

*in thousands*

Three Months Ended March 31

Transportation	2020	2019	% Change
Total Revenues	\$3,542,118	\$3,504,932	1.1%
Total Net Revenues	\$542,005	\$651,676	(16.8%)
Net Revenue Margin %	15.3%	18.6%	(330 bps)

Transportation Net Revenue Margin %	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Q1	17.2%	16.9%	16.3%	15.3%	16.8%	19.7%	17.3%	16.4%	18.6%	15.3%
Q2	16.2%	14.9%	15.4%	16.0%	17.5%	19.3%	16.2%	16.2%	18.3%	
Q3	16.4%	15.6%	15.0%	16.2%	18.4%	17.6%	16.4%	16.6%	16.9%	
Q4	16.3%	15.8%	15.1%	15.9%	19.0%	17.2%	16.6%	17.7%	15.6%	
<b>Total</b>	<b>16.5%</b>	<b>15.8%</b>	<b>15.4%</b>	<b>15.9%</b>	<b>17.9%</b>	<b>18.4%</b>	<b>16.6%</b>	<b>16.7%</b>	<b>17.3%</b>	





# Q1 2020 NAST Results

*in thousands, except headcount*

Three Months Ended March 31

	2020	2019	% Change
Total Revenues	\$2,823,745	\$2,796,784	1.0%
Total Net Revenues	\$372,778	\$486,550	(23.4%)
<i>Net Revenue Margin %</i>	<i>13.2%</i>	<i>17.4%</i>	<i>(420 bps)</i>
Income from Operations	\$98,526	\$211,283	(53.4%)
<i>Operating Margin %</i>	<i>26.4%</i>	<i>43.4%</i>	<i>(1,700 bps)</i>
Depreciation and Amortization	\$5,254	\$6,259	(16.1%)
Total Assets	\$2,942,719	\$2,693,668	9.2%
Average Headcount	7,038	7,424	(5.2%)



# Q1 2020 Global Forwarding Results

*in thousands, except headcount*

Three Months Ended March 31

	2020	2019	% Change
Total Revenues	\$530,384	\$537,567	(1.3%)
Total Net Revenues	\$128,314	\$127,236	0.8%
<i>Net Revenue Margin %</i>	24.2%	23.7%	50 bps
Income from Operations	\$11,959	\$14,203	(15.8%)
<i>Operating Margin %</i>	9.3%	11.2%	(190 bps)
Depreciation and Amortization	\$9,149	\$8,926	2.5%
Total Assets	\$934,625	\$1,001,881	(6.7%)
Average Headcount	4,824	4,707	2.5%



# Q1 2020 All Other and Corporate Results

*in thousands, except headcount*

Three Months Ended March 31

	2020	2019	% Change
Total Revenues	\$450,879	\$416,859	8.2%
Total Net Revenues	\$66,861	\$65,014	2.8%
Income from Operations	(\$1,045)	(\$936)	NM
Depreciation and Amortization	\$9,990	\$9,375	6.6%
Total Assets	\$970,976	\$1,001,895	(3.1%)
Average Headcount	3,588	3,250	10.4%





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