



Earnings Conference Call – Third Quarter 2014

October 29, 2014

John Wiehoff, Chairman & CEO

Chad Lindbloom, CFO

Tim Gagnon, Director, Investor Relations

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 Q3 2014

in thousands, except per share amounts

	Three months ended September 30			Nine months ended September 30		
	2014	2013	% Change	2014	2013	% Change
Total revenues	\$3,467,362	\$3,316,665	4.5%	\$10,112,865	\$9,599,194	5.4%
Total net revenues	\$527,564	\$463,306	13.9%	\$1,505,836	\$1,391,630	8.2%
Income from operations	\$203,337	\$176,355	15.3%	\$560,690	\$527,537	6.3%
Net income	\$124,981	\$107,737	16.0%	\$336,764	\$322,952	4.3%
Earnings per share (diluted)	\$0.85	\$0.69	23.2%	\$2.28	\$2.03	12.3%
Weighted average shares outstanding	146,856	157,044	-6.5%	147,819	158,884	-7.0%

- Net revenue growth in the third quarter was primarily driven by double digit net revenue increases in nearly all services
- Share repurchases positively impacted EPS growth in the third quarter
- Foreign tax credits increased earnings approximately \$.03 per share in the third quarter

Transportation Results Q3 2014

TRANSPORTATION in thousands

	Three months ended September 30			Nine months ended September 30		
	2014	2013	% Change	2014	2013	% Change
Total revenues	\$3,069,056	\$2,880,901	6.5%	\$8,911,683	\$8,302,160	7.3%
Total net revenues	\$493,987	\$429,978	14.9%	\$1,405,418	\$1,282,375	9.6%
Net revenue margin	16.1%	14.9%	7.8%	15.8%	15.4%	2.1%

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%	
Year	16.3%	17.8%	18.4%	17.0%	20.2%	16.8%	16.5%	15.8%	15.3%	

- Net revenue growth exceeded total revenue growth as a result of margin expansion and a change in our mix of business
- Transportation net revenue margin improvement driven primarily by Truckload, Ocean and Air results

Truckload Results Q3 2014

TRUCKLOAD NET REVENUES in thousands

Three months ended Sept 30

Nine months ended Sept 30

2014	2013	% Change	2014	2013	% Change
\$307,376	\$265,509	15.8%	\$882,774	\$798,448	10.6%

Year over year change

North America Truckload	Year over year change	
	Quarter	YTD
Volume	1%	2%
Approximate pricing*	10%	10%
Approximate cost*	8%	10%
Net revenue margin	↑	↑

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

- Truckload net revenue margins expanded in the third quarter when compared to the third quarter of 2013 driven by increased pricing and a change in our mix of freight
- North American Truckload price per mile, excluding the impact of the change in fuel, increased approximately ten percent in the third quarter when compared to the third quarter of 2013
- North American Truckload cost per mile, excluding the impact of the change in fuel, increased approximately eight percent in the third quarter when compared to the third quarter of 2013

LTL Results Q3 2014

LTL NET REVENUES in thousands

Three months ended Sept 30			Nine months ended Sept 30		
2014	2013	% Change	2014	2013	% Change
\$67,968	\$61,436	10.6%	\$195,482	\$180,638	8.2%

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

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

Intermodal Results Q3 2014

INTERMODAL NET REVENUES in thousands

Three months ended Sept 30			Nine months ended Sept 30		
2014	2013	% Change	2014	2013	% Change
\$10,593	\$10,202	3.8%	\$30,396	\$29,223	4.0%

INTERMODAL	Year over year change	
	Quarter	YTD
Volume	0%	-1%
Pricing	↑	↑
Net revenue margin	↑	↑

- Net revenue growth was primarily driven by increased operational efficiency and customer pricing
- The Intermodal operating environment remains challenging as rail service issues are ongoing

Global Forwarding Results Q3 2014

Ocean, Air and Customs

NET REVENUES in thousands

	Three months ended Sept 30			Nine months ended Sept 30		
	2014	2013	% Change	2014	2013	% Change
Ocean	\$57,380	\$49,692	15.5%	\$151,478	\$141,304	7.2%
Air	\$20,520	\$18,137	13.1%	\$59,721	\$55,107	8.4%
Customs	\$11,107	\$8,932	24.4%	\$30,751	\$27,307	12.6%

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 16.0% in the third quarter when compared to the third quarter of 2013
- Global Forwarding net revenue growth was driven by margin expansion and volume growth
- Operational uniformity and cross selling initiatives are producing the intended results

Other Logistics Services Results Q3 2014

NET REVENUES in thousands

Three months ended Sept 30			Nine months ended Sept 30		
2014	2013	% Change	2014	2013	% Change
\$19,043	\$16,070	18.5%	\$54,816	\$50,348	8.9%

- Other Logistics Services net revenues include transportation management services, warehousing and small parcel
- Transportation Management and Logistics Services, are providing continued growth in Other Logistics Services

Sourcing Results Q3 2014

SOURCING NET REVENUES in thousands

	Three months ended Sept 30			Nine months ended Sept 30		
	2014	2013	% Change	2014	2013	% Change
Total revenues	\$393,980	\$432,373	-8.9%	\$1,190,604	\$1,287,036	-7.5%
Total net revenues	\$29,801	\$30,553	-2.5%	\$91,541	\$101,151	-9.5%
Net revenue margin	7.6%	7.1%	7.0%	7.7%	7.9%	-2.2%

- Net revenue margin improvement to levels in line with historic ranges
- Declines in the business of one large customer offset the overall net revenue margin increase for the total service line

Summarized Income Statement

in thousands

	Three months ended September 30			Nine months ended September 30		
	2014	2013	% Change	2014	2013	% Change
Total revenues	\$3,467,362	\$3,316,665	4.5%	\$10,112,865	\$9,599,194	5.4%
Total net revenues	527,564	463,306	13.9%	1,505,836	1,391,630	8.2%
Personnel expenses	244,621	204,388	19.7%	703,904	623,042	13.0%
Selling, general & admin	79,606	82,563	-3.6%	241,242	241,051	0.1%
Total operating expenses	324,227	286,951	13.0%	945,146	864,093	9.4%
Income from operations	\$203,337	\$176,355	15.3%	\$560,690	\$527,537	6.3%
Percent of net revenue	38.5%	38.1%	1.3%	37.2%	37.9%	-1.8%

- Growth in personnel expense primarily the result of our variable compensation plans that are driven by changes in net revenue and profitability
- Average headcount was up approximately 1.6 percent when compared to the third quarter of 2013
- SG&A expenses decreased 3.6 percent when compared to the third quarter of 2013 primarily driven by reduced travel and claims expenses

Other Financial Information

in thousands

CASH FLOW DATA

Three months ended Sept 30

	2014	2013	% Change
Net cash provided by operating activities	\$176,954	\$124,658	42.0%
Capital expenditures, net	\$6,312	\$11,659	-45.9%

BALANCE SHEET DATA

	Sept 30, 2014
Cash & investments	\$127,716
Current assets	\$1,824,716
Total assets	\$2,941,784
Debt	\$845,000
Current liabilities	\$1,329,202
Stockholders' investment	\$1,018,717

- Strong cash flow quarter
- Total debt balance \$845 million
 - \$500 million, 4.28% average coupon
 - \$345 million drawn on revolver, 1.65% current rate

Capital Distribution

in thousands

	2009	2010	2011	2012 (a)	2013	Q3 2014	YTD 2014
Net income	\$360,830	\$387,026	\$431,612	\$447,007	\$415,904	\$124,981	\$336,764
Capital distribution							
Cash dividends paid	\$162,865	\$168,902	\$194,697	\$219,313	\$220,257	\$52,681	\$157,590
Share repurchases	266,906	157,381	250,274	255,849	807,449 (b)	76,762	136,919
Subtotal	\$429,771	\$326,283	\$444,971	\$475,162	\$1,027,706	\$129,443	\$294,509
Percent of net income							
Cash dividends paid	45%	44%	45%	49%	53%	42%	47%
Open market share repurchases	74%	41%	58%	57%	194%	61%	41%
Subtotal	119%	84%	103%	106%	247%	104%	87%

(a) 2012 Net Income is adjusted to excluded 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
 - \$52.7 million cash dividend
 - \$76.8 million in cash for repurchase activity
 - 1,127,100 shares
 - Average price \$66.36 of shares repurchased
- Target is to return approximately 90% of net income to shareholders annually

A look ahead

- The long term growth targets presented at the Investor Day, November 2013 outline our revenue and earnings targets
- We continue to execute on our long term growth strategies and initiatives focused on balanced growth
- North American Truckload net revenue growth in October has increased approximately 13% per business day when compared to October 2013
- We will invest in additional talent in 2015 and beyond

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.

