



## Earnings Conference Call – First Quarter 2015

April 28, 2015

John Wiehoff, Chairman & CEO  
Chad Lindbloom, CFO & CIO  
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 Q1 2015

in thousands, except per share amounts

Three months ended March 31

	2015	2014	% Change
Total revenues	\$3,300,890	\$3,142,585	5.0%
Total net revenues	\$525,110	\$457,235	14.8%
Income from operations	\$181,925	\$156,971	15.9%
Net income	\$106,476	\$93,187	14.3%
Earnings per share (diluted)	\$0.73	\$0.63	15.9%
Weighted average shares outstanding (diluted)	146,383	149,008	-1.8%
Average headcount	12,565	11,690	7.5%
Ending headcount	12,632	11,703	7.9%

- Total revenue impacted by the decreased fuel prices in the first quarter of 2015.
- Freightquote added approximately 7 percentage points to our total company net revenue growth in the first quarter.

# Transportation Results Q1 2015

## TRANSPORTATION in thousands

Three months ended March 31

	2015	2014	% Change
Total revenues	\$2,947,257	\$2,806,777	5.0%
Total net revenues	\$495,145	\$430,389	15.0%
Net revenue margin	16.8%	15.3%	9.6%

## TRANSPORTATION NET REVENUE MARGIN PERCENTAGE

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Q1	18.3%	20.2%	18.2%	22.6%	17.4%	17.2%	16.9%	16.2%	15.3%	16.8%
Q2	17.1%	17.9%	15.4%	20.6%	15.8%	16.2%	14.9%	15.3%	15.9%	
Q3	17.5%	18.0%	15.9%	19.8%	16.6%	16.4%	15.6%	14.9%	16.1%	
Q4	18.3%	17.7%	19.0%	18.3%	17.6%	16.3%	15.8%	15.0%	15.8%	
Year	17.8%	18.4%	17.0%	20.2%	16.8%	16.5%	15.8%	15.3%	15.8%	

- The decrease in fuel prices increased Transportation net revenue margin in the first quarter of 2015.

# Truckload Results Q1 2015

## TRUCKLOAD NET REVENUES in thousands

Three months ended March 31

2015	2014	% Change
\$298,380	\$272,347	9.6%

Year over year change

North America Truckload	Quarter
Volume	6%
Approximate pricing*	6%
Approximate cost*	6%
Net revenue margin	↑

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

- Freightquote added approximately 3 percentage points to our truckload net revenue growth in the first quarter of 2015 when compared to the first quarter of 2014.
- North America truckload shipments increased approximately 6 percent in the first quarter when compared to the first quarter of 2014. Approximately half of this increase was due to the acquisition of Freightquote.
- North America truckload net revenue margins increased in the first quarter of 2015 when compared to the first quarter of 2014. This is largely the result of the decrease in the price of fuel.

# LTL Results Q1 2015

## LTL NET REVENUES in thousands

Three months ended March 31

2015	2014	% Change
\$85,370	\$60,138	42.0%

Year over year change

LTL	Quarter
Volume	28%
Pricing	↑
Net revenue margin	↑

- Freightquote added approximately 34 percentage points to our LTL net revenue growth in the first quarter of 2015 when compared to the first quarter of 2014.
- Freightquote added approximately 19 percentage points to our LTL volume growth in the first quarter of 2015 when compared to the first quarter of 2014.
- Net revenue margin increased in the first quarter of 2015 when compared to the first quarter of 2014. This is primarily the result of a change in our freight mix with more small customers from the Freightquote business.

# Intermodal Results Q1 2015

## INTERMODAL NET REVENUES in thousands

Three months ended March 31

2015	2014	% Change
\$10,512	\$8,940	17.6%

Year over year change

INTERMODAL	Quarter
Volume	14%
Pricing	↓
Net revenue margin	↑

- Freightquote added approximately 10 percentage points to our intermodal net revenue growth and to our intermodal volume growth in the first quarter of 2015 when compared to the first quarter of 2014.
- The West Coast port delays negatively impacted intermodal volumes in the first quarter of 2015.

# Global Forwarding Results Q1 2015

## Ocean, Air and Customs

### NET REVENUES in thousands

Three months ended March 31

	2015	2014	% Change
Ocean	\$50,190	\$43,612	15.1%
Air	\$20,639	\$17,454	18.2%
Customs	\$10,263	\$9,332	10.0%

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

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

- Combined Global Forwarding services net revenues increased 15.2% in the first quarter when compared to the first quarter of 2014.
- Global Forwarding net revenue growth was driven by margin expansion and volume growth.
- The West Coast port delays had a favorable impact on our global forwarding net revenues in the first quarter of 2015 as we assisted customers with alternative solutions to their ocean shipment needs.



# Other Logistics Services Results Q1 2015

NET REVENUES in thousands

Three months ended March 31

2015	2014	% Change
\$19,791	\$18,566	6.6%

- Other Logistics Services net revenues include transportation managed services, warehousing and small parcel.
- Freightquote added approximately 2 percentage points to our Other Logistics Services net revenue growth in the first quarter of 2015.
- Managed Services provided growth in Other Logistics Services.

# Sourcing Results Q1 2015

## SOURCING NET REVENUES in thousands

Three months ended March 31

	2015	2014	% Change
Total revenues	\$353,633	\$335,808	5.3%
Total net revenues	\$29,965	\$26,846	11.6%
Net revenue margin	8.5%	8.0%	5.3%

- Net revenue growth driven by a 9% case volume increase across a variety of commodities and services.
- Q1 2015 net revenue margin is consistent with expectations.
- Q1 2014 net revenue margin was low, due primarily to high commodity prices caused by weather issues.

# Summarized Income Statement

in thousands

Three months ended March 31

	2015	2014	% Change
Total revenues	\$3,300,890	\$3,142,585	5.0%
Total net revenues	525,110	457,235	14.8%
Personnel expenses	255,144	220,297	15.8%
Selling, general & admin	88,041	79,967	10.1%
Total operating expenses	343,185	300,264	14.3%
Income from operations	\$181,925	\$156,971	15.9%
Percent of net revenue	34.6%	34.3%	0.9%

- Personnel expense growth was primarily the result of increased equity vesting, profit sharing expenses and personnel expenses from the Freightquote acquisition.
- Other SG&A expenses increased primarily due to our acquisition of Freightquote, including amortization expenses of approximately \$1.9 million, and an increase in claims expenses.

# Other Financial Information

in thousands

## CASH FLOW DATA

Three months ended March 31

	2015	2014	% Change
Net cash provided by operating activities	\$100,395	\$14,440	595.3%
Capital expenditures, net	\$6,666	\$12,595	-47.1%

## BALANCE SHEET DATA

	March 31, 2015
Cash & investments	\$135,783
Current assets	\$1,846,915
Total assets	\$3,309,224
Debt	\$1,130,000
Stockholders investment	\$1,058,020

- Strong cash flow quarter
- Total debt balance \$1.130 billion
  - \$500 million, 4.28% average coupon
  - \$630 million drawn on new revolver, 1.30% current rate as of March 31, 2015

# Capital Distribution

in thousands

	2010	2011	2012 (a)	2013	2014	Q1 2015
<b>Net income</b>	<b>\$387,026</b>	<b>\$431,612</b>	<b>\$447,007</b>	<b>\$415,904</b>	<b>\$449,711</b>	<b>\$106,476</b>
<b>Capital distribution</b>						
Cash dividends paid	\$168,902	\$194,697	\$219,313	\$220,257	\$215,008	\$57,335
Share repurchases	157,381	250,274	255,849	807,449 (b)	176,645	47,254
<b>Subtotal</b>	<b>\$326,283</b>	<b>\$444,971</b>	<b>\$475,162</b>	<b>\$1,027,706</b>	<b>\$391,653</b>	<b>\$104,589</b>
<b>Percent of net income</b>						
Cash dividends paid	44%	45%	49%	53%	48%	54%
Open market share repurchases	41%	58%	57%	194%	39%	44%
<b>Subtotal</b>	<b>84%</b>	<b>103%</b>	<b>106%</b>	<b>247%</b>	<b>87%</b>	<b>98%</b>

(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
  - \$57.3 million cash dividend
  - \$47.3 million in cash for repurchase activity
    - 593,100 shares
    - Average price \$74.06 for shares repurchased
- Target is to return approximately 90% of net income to shareholders annually.

# A look ahead

- 2015 outlook is progressing as planned
  - Margin comparisons become more challenging
  - April to date, total company net revenue has increased approximately 6 percent per business day when compared to April to date in 2014
- Areas of focus in 2015
  - Freightquote performance and integration is going well
  - Sales and account management initiatives
  - Technology development, process efficiency and network optimization
  - Acquiring and developing the industries best talent

# 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
<b>Total net revenues</b>	<b>\$1,717,571</b>			<b>\$1,717,571</b>
Personnel expenses (1)	766,006	-385	-34,207	731,414
Other operating expenses (2)	276,245	-10,225	-379	265,641
<b>Total operating expenses</b>	<b>1,042,251</b>	<b>-10,610</b>	<b>-34,586</b>	<b>997,055</b>
<b>Income from operations</b>	<b>675,320</b>	<b>10,610</b>	<b>34,586</b>	<b>720,516</b>
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
<b>Net income</b>	<b>\$593,804</b>	<b>7,865</b>	<b>-\$154,662</b>	<b>\$447,007</b>
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.

