



Earnings Conference Call – Fourth Quarter 2018

January 30, 2019

John Wiehoff, Chairman & CEO
Andrew Clarke, CFO
Robert Biesterfeld, COO
Robert Houghton, VP of Investor Relations



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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; economic recessions; changes in market demand and pressures on the pricing for our services; fuel prices and availability; changes in the availability of equipment and services from third party providers, including the availability of contracted truckload carriers and changes in prices; changes in political and governmental conditions domestically and internationally; catastrophic events such as environmental events or terrorist attacks; failure to retain employees; failure of any of our technology or operating systems, including due to data security breaches or hacking; competition and growth rates within the third party logistics industry; risks associated with our decentralized operations; seasonality in the transportation industry; risks associated with litigation and insurance coverage; risks associated with operations outside of the U.S.; risks associated with the produce industry, including food safety and contamination issues; risk of unexpected or unanticipated events or opportunities that might require additional capital expenditures; our dependence on our largest customers; risks associated with identifying suitable acquisitions and investments and with integrating acquired companies; risks associated with our long-term growth and profitability; and other risks and uncertainties detailed in our Annual and Quarterly Reports.



Q4 2018 – Key Themes

- Strength of the business model is our ability to rebalance our portfolio
- Continued investment through the freight cycle
- Excellent fourth quarter and full-year financial performance



Results Q4 2018

in thousands, except per share amounts and headcount

Three Months Ended December 31

	2018	2017	% Change
Total Revenues	\$4,137,908	\$3,959,786	4.5%
Total Net Revenues	\$713,783	\$631,849	13.0%
<i>Net Revenue Margin %</i>	17.2%	16.0%	120 bps
Personnel Expenses	\$339,316	\$311,599	8.9%
Selling, General, and Admin	\$118,950	\$109,374	8.8%
Income from Operations	\$255,517	\$210,876	21.2%
<i>Operating Margin %</i>	35.8%	33.4%	240 bps
Depreciation and Amortization	\$24,327	\$23,637	2.9%
Net Income	\$187,150	\$152,556	22.7%
Earnings Per Share (Diluted)	\$1.34	\$1.08	24.0%
Average Headcount	15,243	15,036	1.4%

- Net revenues increase driven primarily by higher pricing
- Operating income growth includes increased variable compensation expense and moderating headcount growth



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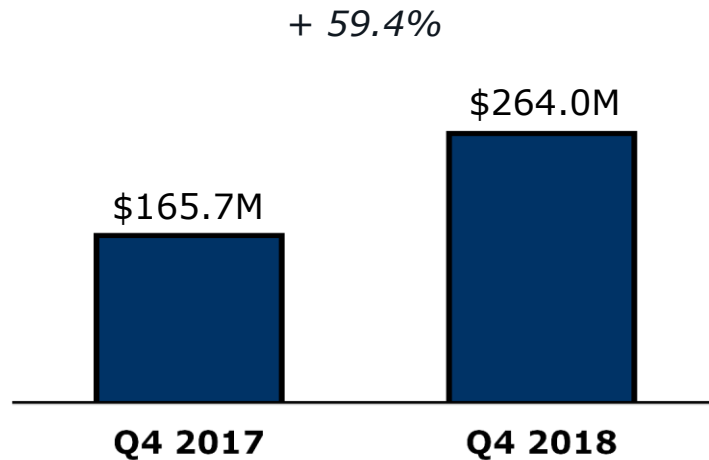
Q4 2018 Other Income Statement Items

- Q4 effective tax rate of 23.9% vs. 21.1% last year
 - \$28.4 million favorable impact of U.S. corporate tax reform in the quarter
 - Year-ago period included one-time tax benefits totaling \$31.8 million
- \$2.4 million favorable impact from currency revaluation
- Interest expense increase due to an increase in interest rates
- Weighted average diluted shares outstanding down 1.1 percent



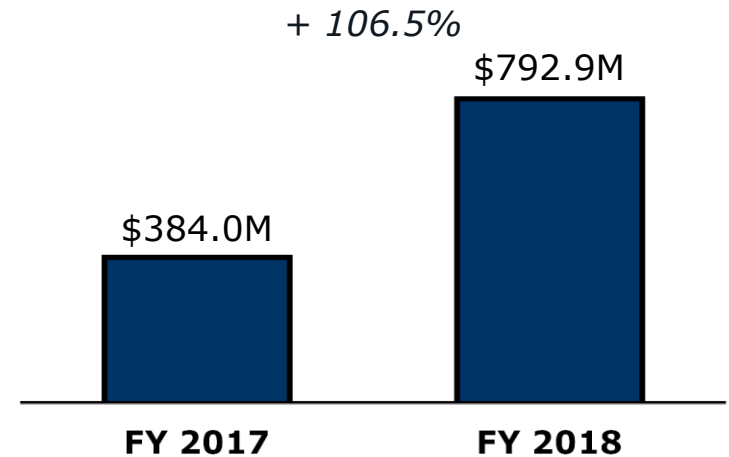
2018 Cash Flow

Q4 Cash Flow from Operations



- \$98.3 million increase in cash flow driven by higher net income and improved working capital performance
- \$14.3 million in capital expenditures

FY 2018 Cash Flow from Operations



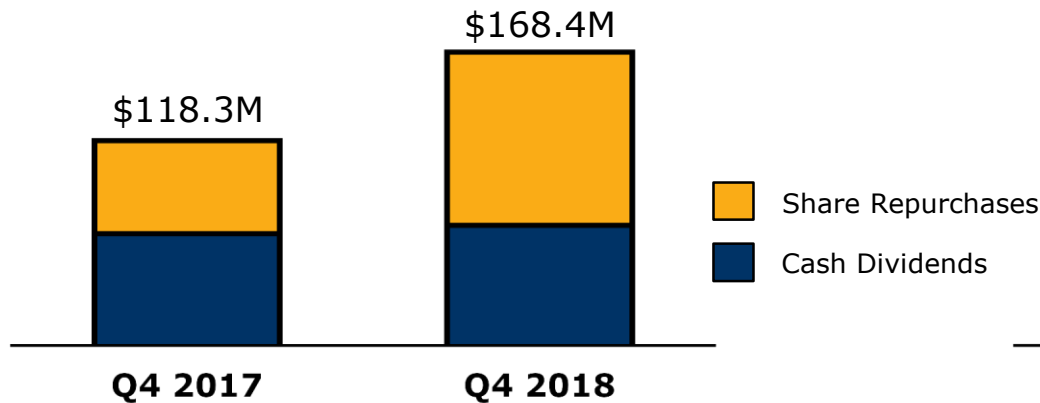
- \$408.9 million increase in cash flow driven by higher net income and improved working capital performance
- \$63.9 million in capital expenditures
- Expect \$80-90 million in capital expenditures in 2019



2018 Capital Distribution

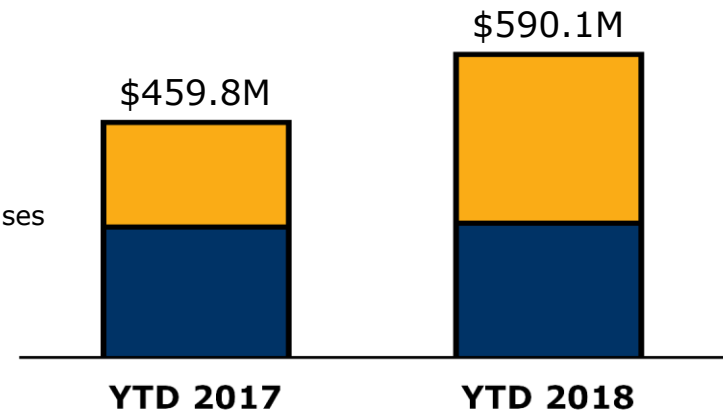
Q4 Capital Distribution

+ 42.4%



FY 2018 Capital Distribution

+ 28.3%



- \$168.4 million of net income returned to shareholders
 - \$70.0 million in cash dividends
 - \$98.4 million in share repurchases
 - 1,094,424 shares repurchased in the fourth quarter at an average price of \$89.78 per share
- \$590.1 million of net income returned to shareholders
 - \$265.2 million cash dividends
 - \$324.9 million in share repurchases



Q4 2018 Balance Sheet

in thousands

	December 31, 2018	December 31, 2017	% Change
Accounts Receivable, Net	\$2,162,438	\$2,113,930	
Contract Assets ⁽¹⁾	\$159,635	—	
Accounts Payable and O/S Checks	\$1,063,107	\$1,096,664	
Accrued Transportation Expense ⁽¹⁾	\$119,820	—	
Net Operating Working Capital⁽²⁾	\$1,139,146	\$1,017,266	12.0%

- Total debt balance \$1.35 billion
 - \$600 million senior unsecured notes, 4.20% coupon
 - \$500 million private placement debt, 4.28% average coupon
 - \$250 million accounts receivable securitization debt facility, 3.17% average rate
 - \$5 million drawn on credit facility, 3.41% average rate

(1) Balance sheet as of December 31, 2018, includes contract assets and accrued transportation expense as the result of an accounting policy change that recognizes revenues for in-transit shipments.

(2) Net operating working capital is defined as net accounts receivable and contract assets less accounts payable, outstanding checks and accrued transportation expense.



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Results FY 2018

in thousands, except per share amounts and headcount

Twelve Months Ended December 31

	2018	2017	% Change
Total Revenues	\$16,631,172	\$14,869,380	11.8%
Total Net Revenues	\$2,705,235	\$2,368,050	14.2%
<i>Net Revenue Margin %</i>	16.3%	15.9%	40 bps
Personnel Expenses	\$1,343,542	\$1,179,527	13.9%
Selling, General, and Admin	\$449,610	\$413,404	8.8%
Income from Operations	\$912,083	\$775,119	17.7%
<i>Operating Margin %</i>	33.7%	32.7%	100 bps
Depreciation and Amortization	\$96,729	\$92,977	4.0%
Net Income	\$664,505	\$504,893	31.6%
Earnings Per Share (Diluted)	\$4.73	\$3.57	32.5%
Average Headcount	15,204	14,687	3.5%

- Net revenues increase driven primarily by higher pricing
- Operating income growth includes increased variable compensation expense and modest headcount growth
- Net income and earnings per share increases include an \$83.1 million favorable impact of U.S. corporate tax reform



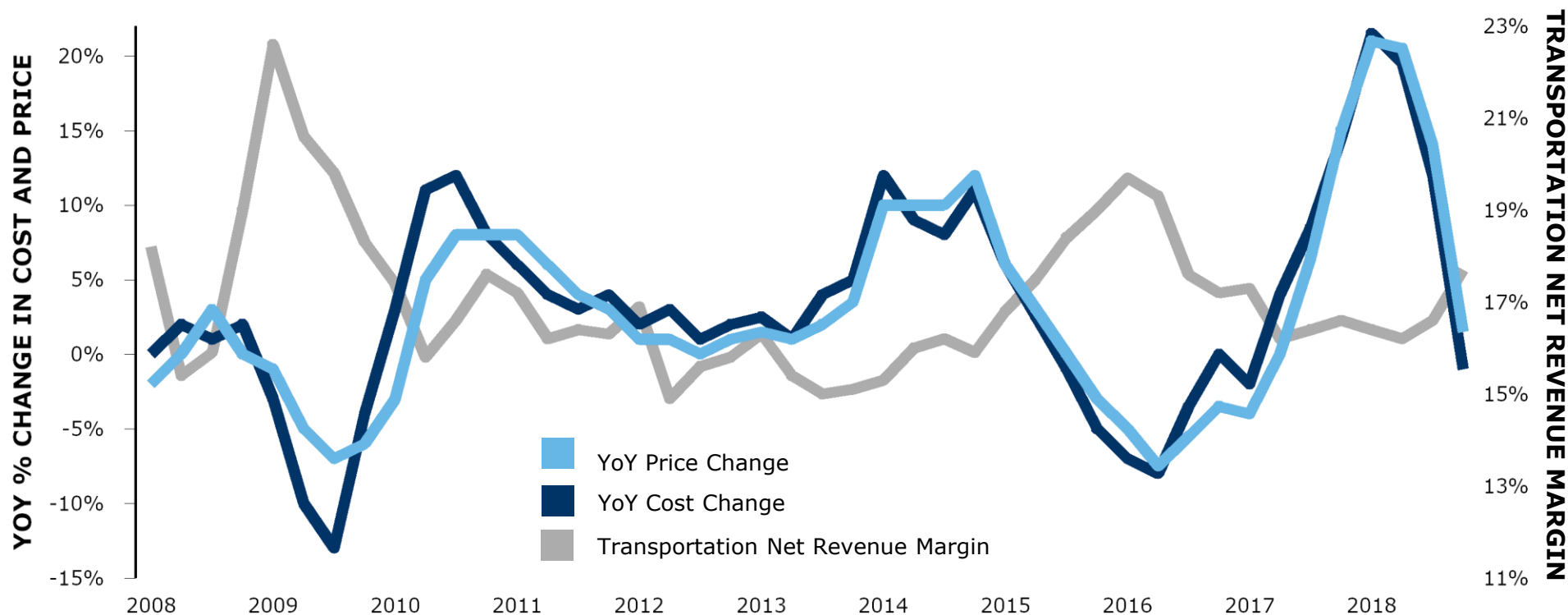
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First Quarter 2019 Trends – January

- January to date total company net revenue per business day has increased approximately 9 percent when compared to January 2018
- Truckload volume per business day has increased approximately 3 percent on a year-over-year basis in January



North America Truckload Cost and Price Change⁽¹⁾



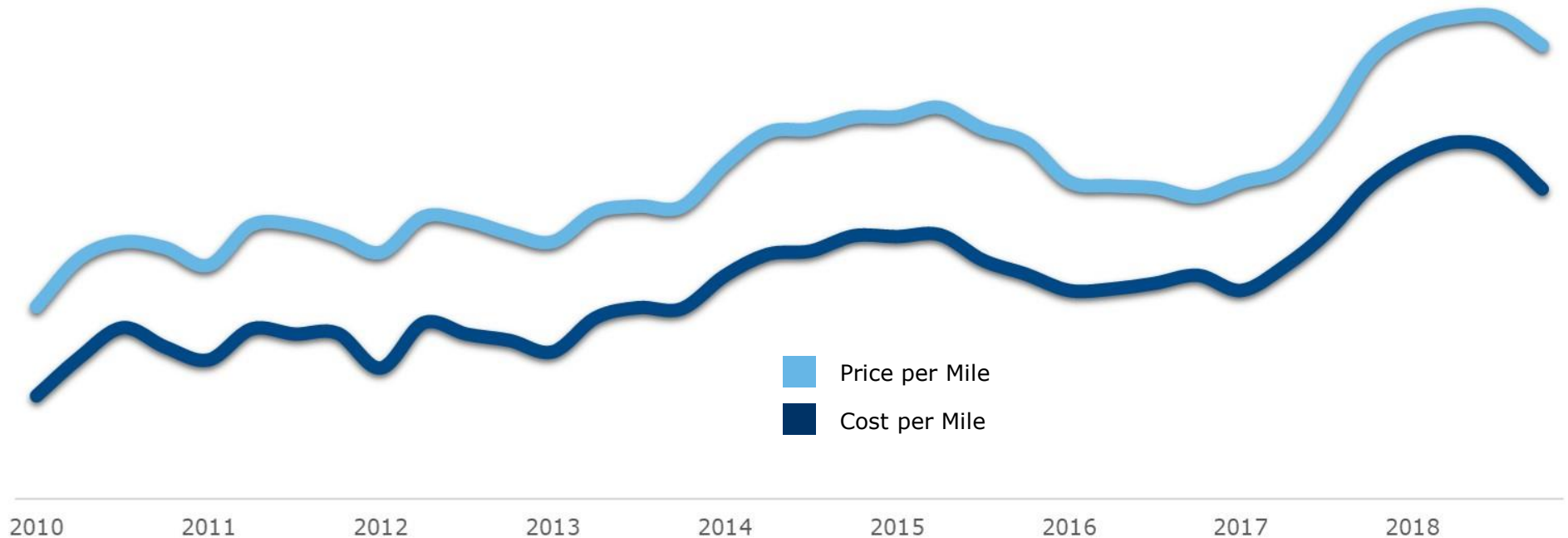
- North America Truckload cost and price change chart represents truckload shipments from all North America segments. Transportation net revenue margin represents total Transportation results from all segments.

North America Truckload	Q4
Volume	(2.5%)
Price	1.5%
Cost	(1.0%)
Net Revenue Margin	↑

⁽¹⁾ Cost and price change exclude the estimated impact of fuel.



North America Truckload Cost and Price Per Mile⁽¹⁾



- North America Truckload cost and price per mile chart represents truckload shipments from all North America segments
- 2018 fourth quarter cost and price per mile remain above historical average levels
- Continued price movements in response to changes in marketplace conditions

(1) Cost and price per mile exclude the estimated impact of fuel.



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Q4 2018 NAST Results by Service Line

Truckload, Less Than Truckload and Intermodal

in thousands

Three Months Ended December 31

Net Revenues	2018	2017	% Change
Truckload	\$343,978	\$304,525	13.0%
LTL	\$112,110	\$100,529	11.5%
Intermodal	\$8,253	\$4,679	76.4%
Other	\$7,053	\$5,582	26.4%
Total	\$471,394	\$415,315	13.5%

- Year-over-year price increases in truckload, LTL and intermodal
- Net revenue margin expansion in truckload, LTL and intermodal
- Volume increase in LTL
- Added 4,800 new carriers in the quarter

	Truckload	LTL	Intermodal
Pricing ⁽¹⁾⁽²⁾	1.5%	↑	↑
Cost ⁽¹⁾⁽²⁾	(1.0%)	↑	↑
Volume	(1.5%)	2.0%	(13.0%)
Net Revenue Margin	↑	↑	↑

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

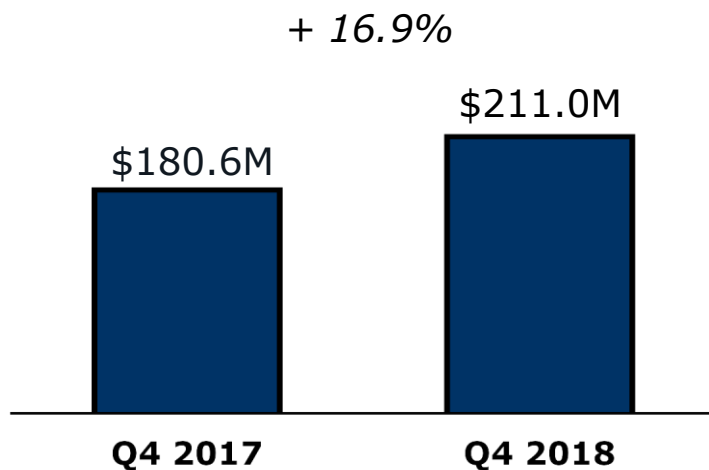
(2) Pricing and cost measures exclude the estimated impact of the change in fuel prices.



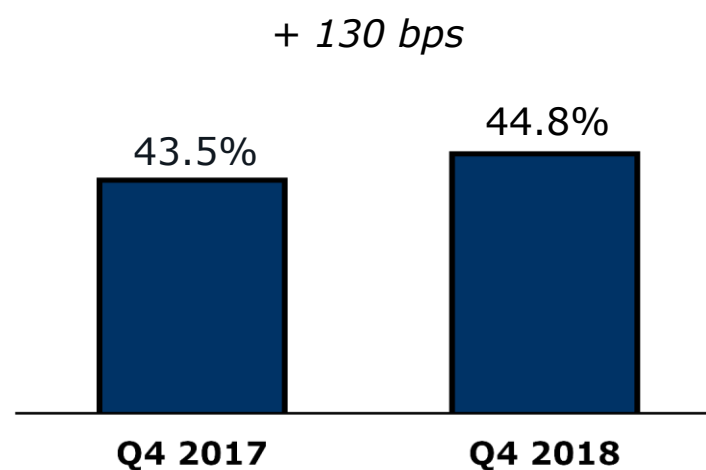
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Q4 2018 NAST Operating Income

Q4 Operating Income



Q4 Operating Margin %



- Increased net revenues
- Progress against productivity initiatives
- Headcount increased approximately 1 percent



Q4 2018 Global Forwarding Results by Service Line

Ocean, Air and Customs

in thousands

Three Months Ended December 31

Net Revenues	2018	2017	% Change
Ocean	\$82,113	\$73,069	12.4%
Air	\$28,051	\$25,668	9.3%
Customs	\$23,762	\$21,145	12.4%
Other	\$8,811	\$7,987	10.3%
Total	\$142,737	\$127,869	11.6%

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

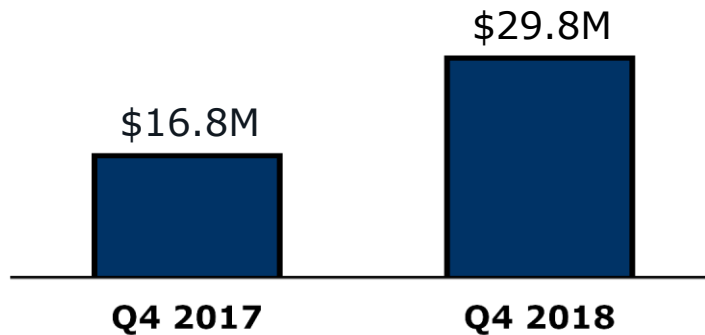
- Volume increases in ocean and customs
- Improved ocean net revenues due to pricing reflective of market conditions
- Air net revenue growth due to improved customer mix
- Customs net revenues reflect organic growth



Q4 2018 Global Forwarding Operating Income

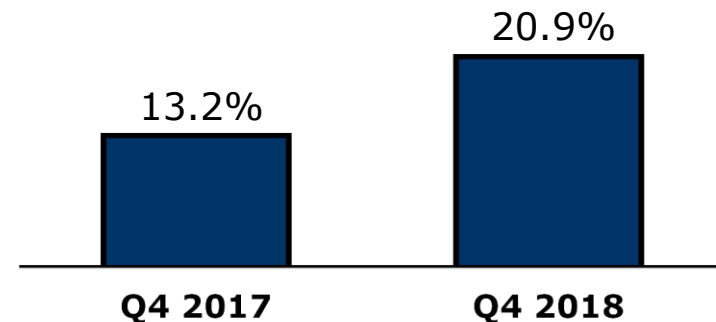
Q4 Operating Income

+ 76.9%



Q4 Operating Margin %

+ 770 bps



- Increased net revenues
- Improved employee productivity
- 0.4 percent decrease in average headcount



Q4 2018 Robinson Fresh Results

Transportation and Sourcing

in thousands

Three Months Ended December 31

Sourcing	2018	2017	% Change
Total Revenues ⁽¹⁾	\$241,158	\$312,619	(22.9%)
Net Revenues	\$24,892	\$27,116	(8.2%)
<i>Net Revenue Margin %</i>	<i>10.3%</i>	<i>8.7%</i>	<i>160 bps</i>

Transportation	2018	2017	% Change
Total Revenues ⁽¹⁾	\$290,659	\$282,027	3.1%
Truckload	\$32,098	\$19,848	61.7%
Other	\$7,309	\$7,159	2.1%
Net Revenues	\$39,407	\$27,007	45.9%
<i>Net Revenue Margin %</i>	<i>13.6%</i>	<i>9.6%</i>	<i>400 bps</i>

- Sourcing case volume declined 6.5 percent
- Truckload volume decline of 12.5 percent
- Pricing reflective of marketplace conditions in Transportation

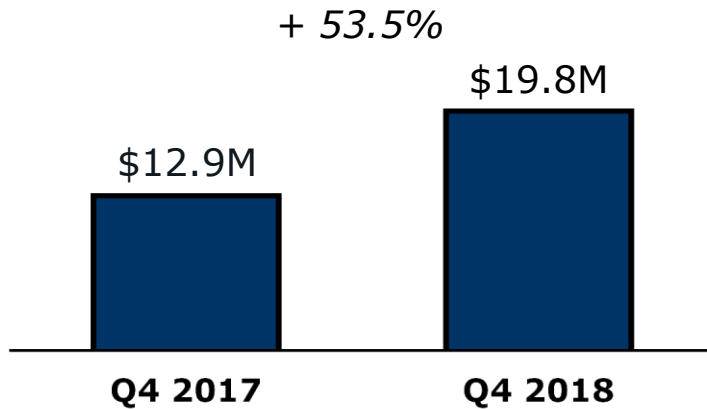
(1) Does not include intersegment revenues.



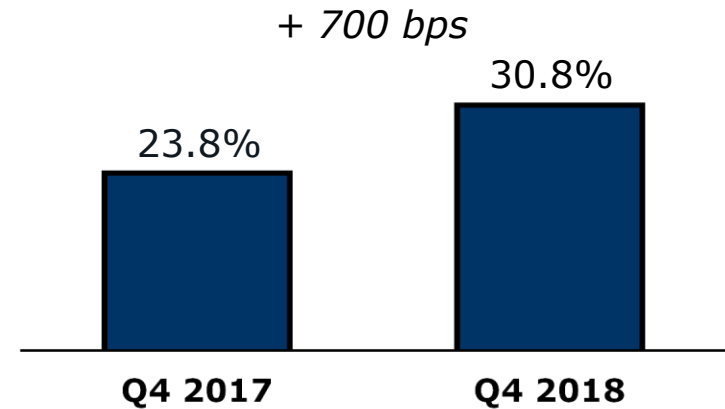
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Q4 2018 Robinson Fresh Operating Income

Q4 Operating Income



Q4 Operating Margin %



- Increased transportation net revenues
- Continued operating expense reduction initiatives
- 5.1 percent reduction in average headcount



Q4 2018 All Other and Corporate Results

Managed Services and Other Surface Transportation

in thousands

Three Months Ended December 31

Net Revenues	2018	2017	% Change
Managed Services	\$20,318	\$18,322	10.9%
Other Surface Transportation	\$15,035	\$16,220	(7.3%)
Total	\$35,353	\$34,542	2.3%

Managed Services

- \$4 billion in freight under management in 2018

Europe Surface Transportation

- Mid-single-digit volume growth



Final Comments

- Evidence of a balanced freight market
- Expect economic growth to continue
- Investing for future growth





Appendix



Q4 2018 Transportation Results⁽¹⁾

in thousands

Transportation	Three Months Ended December 31			Twelve Months Ended December 31		
	2018	2017	% Change	2018	2017	% Change
Total Revenues	\$3,896,750	\$3,647,167	6.8%	\$15,515,921	\$13,502,906	14.9%
Total Net Revenues	\$688,891	\$604,733	13.9%	\$2,593,744	\$2,245,616	15.5%
Net Revenue Margin %	17.7%	16.6%	110 bps	16.7%	16.6%	10 bps

Transportation Net Revenue Margin %	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Q1	22.6%	17.4%	17.2%	16.9%	16.3%	15.3%	16.8%	19.7%	17.3%	16.4%
Q2	20.6%	15.8%	16.2%	14.9%	15.4%	16.0%	17.5%	19.3%	16.2%	16.2%
Q3	19.8%	16.6%	16.4%	15.6%	15.0%	16.2%	18.4%	17.6%	16.4%	16.6%
Q4	18.3%	17.6%	16.3%	15.8%	15.1%	15.9%	19.0%	17.2%	16.6%	17.7%
Total	20.2%	16.8%	16.5%	15.8%	15.4%	15.9%	17.9%	18.4%	16.6%	16.7%

(1) Includes results across all segments.



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Q4 2018 NAST Results

in thousands, except headcount

Three Months Ended December 31

Twelve Months Ended December 31

	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$2,774,524	\$2,618,587	6.0%	\$11,247,900	\$9,728,810	15.6%
Total Net Revenues	\$471,394	\$415,315	13.5%	\$1,788,498	\$1,525,064	17.3%
<i>Net Revenue Margin %</i>	<i>17.0%</i>	<i>15.9%</i>	<i>110 bps</i>	<i>15.9%</i>	<i>15.7%</i>	<i>20 bps</i>
Income from Operations	\$211,044	\$180,557	16.9%	\$773,846	\$628,110	23.2%
<i>Operating Margin %</i>	<i>44.8%</i>	<i>43.5%</i>	<i>130 bps</i>	<i>43.3%</i>	<i>41.2%</i>	<i>210 bps</i>
Depreciation and Amortization	\$6,196	\$6,126	1.1%	\$24,510	\$23,230	5.5%
Total Assets	\$2,345,455	\$2,277,252	3.0%	\$2,345,455	\$2,277,252	3.0%
Average Headcount	6,964	6,878	1.3%	6,938	6,907	0.4%

(1) Does not include intersegment revenues.



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Q4 2018 Global Forwarding Results

in thousands, except headcount

	Three Months Ended December 31			Twelve Months Ended December 31		
	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$677,125	\$591,245	14.5%	\$2,487,744	\$2,140,987	16.2%
Total Net Revenues	\$142,737	\$127,869	11.6%	\$543,906	\$485,280	12.1%
<i>Net Revenue Margin %</i>	21.1%	21.6%	<i>(50 bps)</i>	21.9%	22.7%	<i>(80 bps)</i>
Income from Operations	\$29,782	\$16,836	76.9%	\$91,626	\$91,842	(0.2%)
<i>Operating Margin %</i>	20.9%	13.2%	<i>770 bps</i>	16.8%	18.9%	<i>(210 bps)</i>
Depreciation and Amortization	\$8,751	\$8,734	0.2%	\$35,148	\$33,308	5.5%
Total Assets	\$969,736	\$821,182	18.1%	\$969,736	\$821,182	18.1%
Average Headcount	4,664	4,683	(0.4%)	4,711	4,310	9.3%

(1) Does not include intersegment revenues.



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Q4 2018 Robinson Fresh Results

in thousands, except headcount

	Three Months Ended December 31			Twelve Months Ended December 31		
	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$531,817	\$594,646	(10.6%)	\$2,268,900	\$2,415,740	(6.1%)
Total Net Revenues	\$64,299	\$54,123	18.8%	\$234,046	\$226,059	3.5%
<i>Net Revenue Margin %</i>	12.1%	9.1%	300 bps	10.3%	9.4%	90 bps
Income from Operations	\$19,785	\$12,887	53.5%	\$59,735	\$53,374	11.9%
<i>Operating Margin %</i>	30.8%	23.8%	700 bps	25.5%	23.6%	190 bps
Depreciation and Amortization	\$1,097	\$1,196	(8.3%)	\$4,506	\$4,730	(4.7%)
Total Assets	\$401,561	\$434,080	(7.5%)	\$401,561	\$434,080	(7.5%)
Average Headcount	887	935	(5.1%)	903	957	(5.6%)

(1) Does not include intersegment revenues.



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Q4 2018 All Other and Corporate Results

in thousands, except headcount

Three Months Ended December 31

Twelve Months Ended December 31

	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$154,442	\$155,308	(0.6%)	\$626,628	\$583,843	7.3%
Total Net Revenues	\$35,353	\$34,542	2.3%	\$138,785	\$131,647	5.4%
Income from Operations	(\$5,094)	\$596	<i>NM</i>	(\$13,124)	\$1,793	<i>NM</i>
Depreciation and Amortization	\$8,283	\$7,581	9.3%	\$32,565	\$31,709	2.7%
Total Assets	\$710,660	\$703,320	1.0%	\$710,660	\$703,320	1.0%
Average Headcount	2,728	2,540	7.4%	2,652	2,513	5.5%

(1) Does not include intersegment revenues.



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