



Earnings Conference Call – Third Quarter 2019
October 30, 2019

Bob Biesterfeld, CEO
Mike Zechmeister, CFO
Bob 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; 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; and other risks and uncertainties detailed in our Annual and Quarterly Reports.



Q3 2019 – Key Themes

- Results below our long-term expectations
- Price and cost declines in most service lines
- Low-single-digit growth in truckload contractual volume



Results Q3 2019

in thousands, except per share amounts and headcount

	Three Months Ended September 30			Nine Months Ended September 30		
	2019	2018	% Change	2019	2018	% Change
Total Revenues	\$3,856,132	\$4,291,900	(10.2%)	\$11,516,182	\$12,493,264	(7.8%)
Total Net Revenues	\$633,431	\$694,044	(8.7%)	\$2,007,447	\$1,991,452	0.8%
<i>Net Revenue Margin %</i>	16.4%	16.2%	20 bps	17.4%	15.9%	150 bps
Personnel Expenses	\$320,563	\$335,299	(4.4%)	\$999,547	\$1,004,226	(0.5%)
Selling, General, and Admin	\$111,783	\$112,772	(0.9%)	\$354,730	\$330,660	7.3%
Income from Operations	\$201,085	\$245,973	(18.2%)	\$653,170	\$656,566	(0.5%)
<i>Operating Margin %</i>	31.7%	35.4%	(370 bps)	32.5%	33.0%	(50 bps)
Depreciation and Amortization	\$25,480	\$23,923	6.5%	\$75,122	\$72,402	3.8%
Net Income	\$146,894	\$175,895	(16.5%)	\$477,862	\$477,355	0.1%
Earnings Per Share (Diluted)	\$1.07	\$1.25	(14.4%)	\$3.45	\$3.39	1.8%
Average Headcount	15,782	15,291	3.2%	15,582	15,189	2.6%

- Decline in net revenues driven primarily by margin compression in truckload
- Decrease in personnel and SG&A expenses includes a decline in variable compensation expense and increased IT spend



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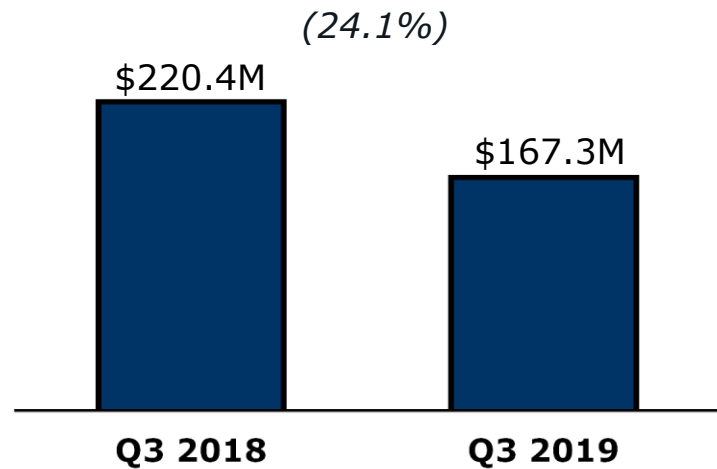
Q3 2019 Other Income Statement Items

- Q3 effective tax rate of 21.8% vs. 26.5% last year
 - \$2.7 million reduction in income tax provision in Q3
 - Expect full-year 2019 effective tax rate to be 23.0-24.0%
- \$5.8 million gain from office building sale included in All Other and Corporate operating income
- \$1.1 million unfavorable impact from currency revaluation
- Interest expense decline due to lower debt levels
- Weighted average diluted shares outstanding down 1.9 percent



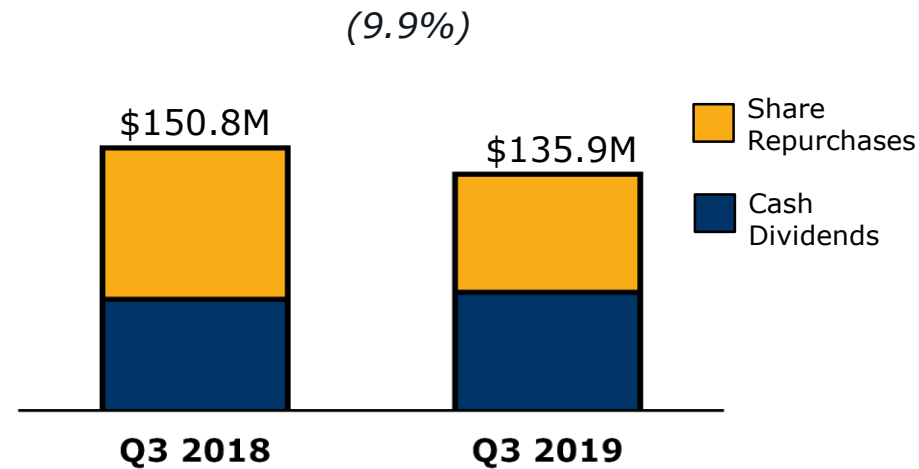
Q3 2019 Cash Flow and Capital Distribution

Cash Flow from Operations



- \$53.1 million decrease in cash flow primarily driven by lower net income
- \$19.4 million in capital expenditures
- Expect full-year capital expenditures to be \$65-75 million

Capital Distribution



- \$135.9 million returned to shareholders
 - \$68.9 million in cash dividends
 - \$67.0 million in share repurchases
 - 797,437 shares repurchased in the third quarter at an average price of \$84.04 per share



Q3 2019 Balance Sheet

in thousands

	September 30, 2019	September 30, 2018	% Change
Accounts Receivable, Net ⁽¹⁾	\$2,225,018	\$2,453,355	(9.3%)
Accounts Payable ⁽²⁾	\$1,191,095	\$1,309,443	(9.0%)
Net Operating Working Capital⁽³⁾	\$1,033,923	\$1,143,912	(9.6%)

- Total debt balance \$1.25 billion
 - \$600 million senior unsecured notes, 4.20% coupon
 - \$500 million private placement debt, 4.28% average coupon
 - \$161 million accounts receivable securitization debt facility, 2.9% borrowing rate
 - 4.1% 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, as described above, less accounts payable, as described above.



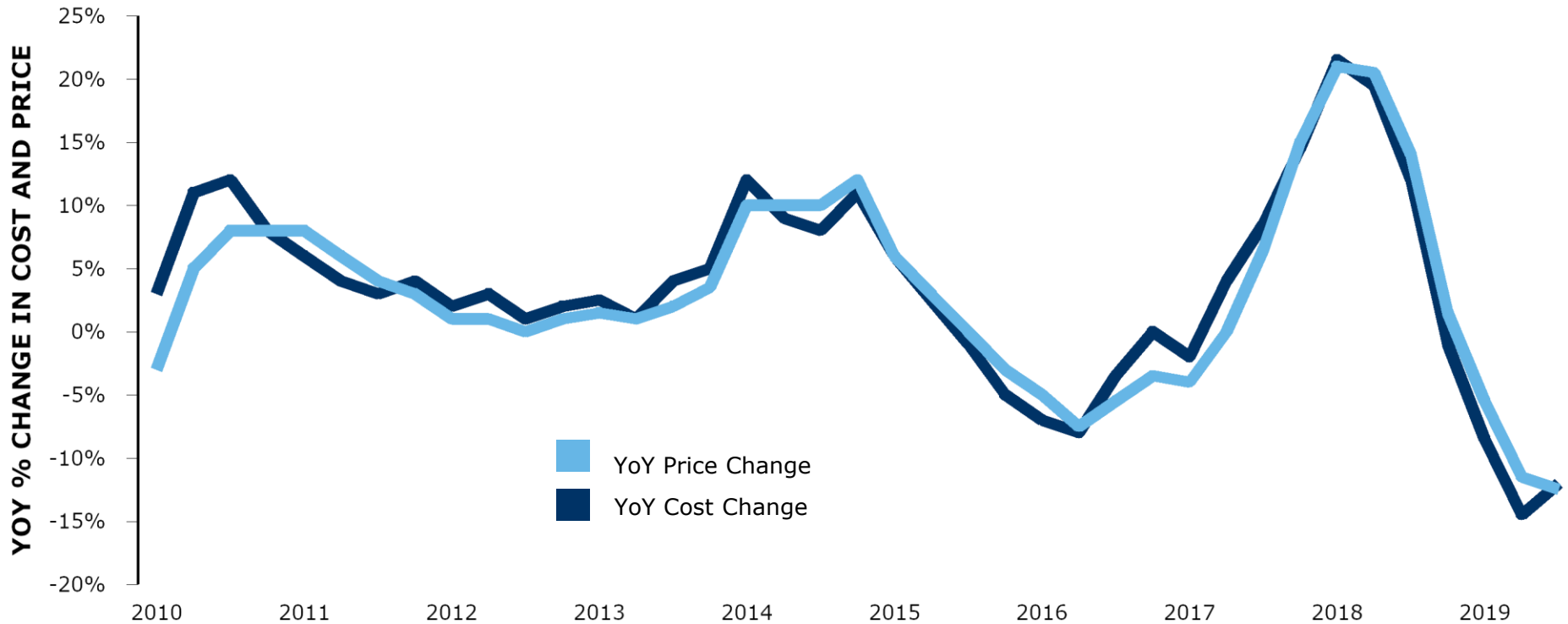
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Fourth Quarter 2019 Trends – October

- October to date total company net revenue per business day has decreased approximately 15 percent when compared to October 2018
- North America truckload volume per business day is approximately flat on a year-over-year basis in October



NAST Truckload Cost and Price Change⁽¹⁾



- North American Surface Transportation ("NAST") truckload cost and price change chart represents truckload shipments in North America.
- Includes the impact of the truckload service line previously reported in the Robinson Fresh segment.

⁽¹⁾ Growth rates are rounded to the nearest 0.5 percent.

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

⁽³⁾ Represents price and cost YoY change for North America shipments across all segments.

NAST Truckload	Q3
Volume ⁽¹⁾	(4.0%)
Pricing ⁽¹⁾⁽²⁾⁽³⁾	(12.5%)
Cost ⁽¹⁾⁽²⁾⁽³⁾	(12.0%)
Net Revenue Margin	↓



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Q3 2019 NAST Results by Service Line

Truckload, Less Than Truckload and Intermodal

in thousands

Three Months Ended September 30

Net Revenues	2019	2018	% Change
Truckload	\$299,065	\$362,115	(17.4%)
LTL	\$122,959	\$121,438	1.3%
Intermodal	\$6,878	\$8,178	(15.9%)
Other	\$4,858	\$7,732	(37.2%)
Total Net Revenues	\$433,760	\$499,463	(13.2%)
<i>Net Revenue Margin %</i>	<i>15.3%</i>	<i>15.5%</i>	<i>(20 bps)</i>

- Year-over-year price declines in truckload, LTL, intermodal and other
- Net revenue margin compression in truckload and LTL
- 4 percent volume increase⁽³⁾ in LTL
- Added 4,400 new carriers in the quarter

	Truckload	LTL	Intermodal
Pricing ⁽¹⁾⁽²⁾	↓	↓	↓
Cost ⁽¹⁾⁽²⁾	↓	↓	↓
Volume	↓	↑	↓
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.

(3) Growth rate is rounded to the nearest 0.5 percent.

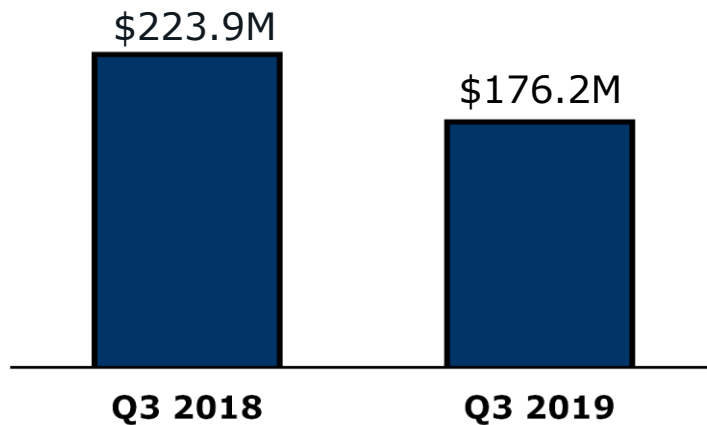


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Q3 2019 NAST Operating Income

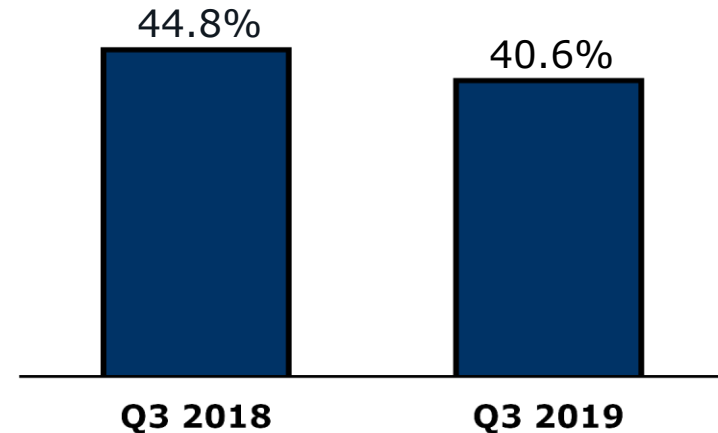
Q3 Operating Income

(21.3%)



Q3 Operating Margin %

(420 bps)



- Decreased net revenues
- Average headcount decreased 0.1 percent
- Lower variable compensation



Q3 2019 Global Forwarding Results by Service Line

Ocean, Air and Customs

in thousands

Three Months Ended September 30

Net Revenues	2019	2018	% Change
Ocean	\$77,777	\$74,700	4.1%
Air	\$26,195	\$28,228	(7.2%)
Customs	\$23,719	\$23,305	1.8%
Other	\$8,124	\$7,868	3.3%
Total Net Revenues	\$135,815	\$134,101	1.3%
<i>Net Revenue Margin %</i>	<i>22.7%</i>	<i>21.0%</i>	<i>170 bps</i>

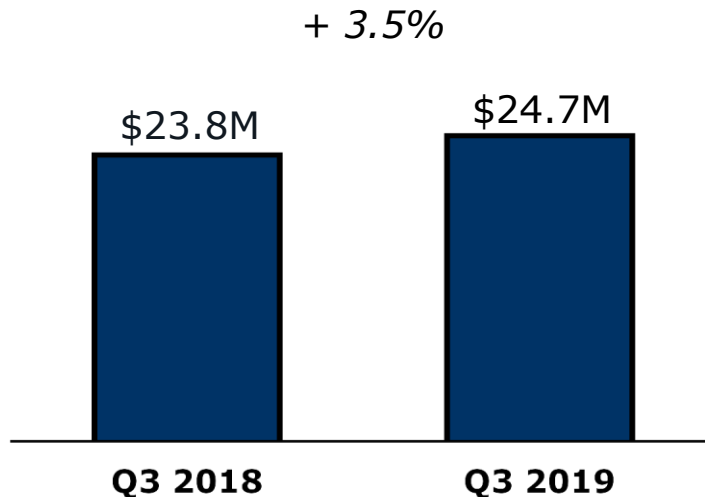
	Ocean	Air
Pricing	↓	↓
Volume	↔	↓
Net Revenue Margin	↑	↑

- Ocean net revenue increase due to margin expansion
- Air net revenue decline due to declines in pricing and volume
- Customs net revenue growth due to increased transaction volume
- Space Cargo acquisition net revenue impact to Global Forwarding⁽¹⁾:
 - Ocean +3 pts
 - Air +6 pts
 - Customs +1 ppt

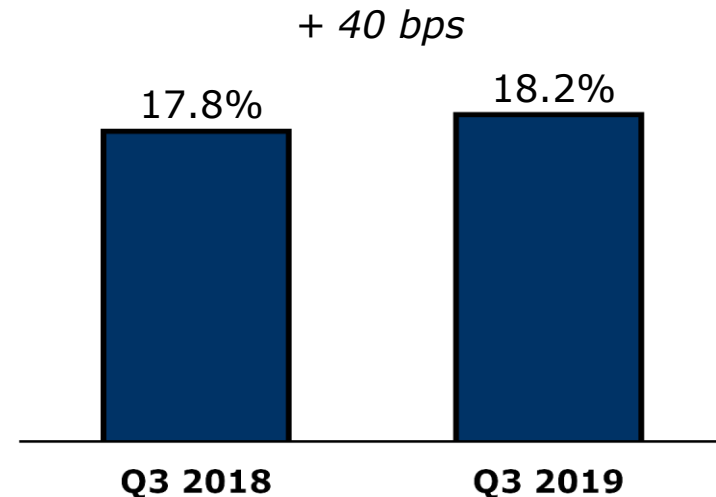


Q3 2019 Global Forwarding Operating Income

Q3 Operating Income



Q3 Operating Margin %



- Increased net revenues
- 2.3 percent increase in average headcount
 - Space Cargo acquisition contributed 3.5 percentage points to Global Forwarding headcount growth



Q3 2019 All Other and Corporate Results

Robinson Fresh, Managed Services and Other Surface Transportation

in thousands

Three Months Ended September 30

Net Revenues	2019	2018	% Change
Robinson Fresh	\$26,382	\$26,399	(0.1%)
Managed Services	\$21,574	\$20,080	7.4%
Other Surface Transportation	\$15,900	\$14,001	13.6%
Total	\$63,856	\$60,480	5.6%

Robinson Fresh

- Case volume decline of 2.5 percent⁽¹⁾

Managed Services

- \$4 billion in annual freight under management

Other Surface Transportation

- Dema Service acquisition added 13 percentage points of net revenue growth⁽¹⁾



Final Comments

- Expect current market conditions to continue
- Continued investments in technology
- Focused on long-term strategies of taking market share and improving operating leverage





Appendix



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Q3 2019 Transportation Results⁽¹⁾

in thousands

Three Months Ended September 30

Nine Months Ended September 30

Transportation	Three Months Ended September 30			Nine Months Ended September 30		
	2019	2018	% Change	2019	2018	% Change
Total Revenues	\$3,608,346	\$4,028,392	(10.4%)	\$10,751,890	\$11,619,171	(7.5%)
Total Net Revenues	\$608,367	\$668,872	(9.0%)	\$1,925,657	\$1,904,853	1.1%
<i>Net Revenue Margin %</i>	<i>16.9%</i>	<i>16.6%</i>	<i>30 bps</i>	<i>17.9%</i>	<i>16.4%</i>	<i>150 bps</i>

Transportation Net Revenue Margin %	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Q1	17.4%	17.2%	16.9%	16.3%	15.3%	16.8%	19.7%	17.3%	16.4%	18.6%
Q2	15.8%	16.2%	14.9%	15.4%	16.0%	17.5%	19.3%	16.2%	16.2%	18.3%
Q3	16.6%	16.4%	15.6%	15.0%	16.2%	18.4%	17.6%	16.4%	16.6%	16.9%
Q4	17.6%	16.3%	15.8%	15.1%	15.9%	19.0%	17.2%	16.6%	17.7%	
Total	16.8%	16.5%	15.8%	15.4%	15.9%	17.9%	18.4%	16.6%	16.7%	



Q3 2019 NAST Results

in thousands, except headcount

Three Months Ended September 30

Nine Months Ended September 30

	2019	2018	% Change	2019	2018	% Change
Total Revenues	\$2,826,308	\$3,224,906	(12.4%)	\$8,495,145	\$9,296,510	(8.6%)
Total Net Revenues	\$433,760	\$499,463	(13.2%)	\$1,406,728	\$1,397,571	0.7%
<i>Net Revenue Margin %</i>	<i>15.3%</i>	<i>15.5%</i>	<i>(20 bps)</i>	<i>16.6%</i>	<i>15.0%</i>	<i>160 bps</i>
Income from Operations	\$176,200	\$223,893	(21.3%)	\$592,215	\$591,774	0.1%
<i>Operating Margin %</i>	<i>40.6%</i>	<i>44.8%</i>	<i>(420 bps)</i>	<i>42.1%</i>	<i>42.3%</i>	<i>(20 bps)</i>
Depreciation and Amortization	\$5,734	\$6,286	(8.8%)	\$18,124	\$18,905	(4.1%)
Total Assets	\$2,649,259	\$2,739,569	(3.3%)	\$2,649,259	\$2,739,569	(3.3%)
Average Headcount	7,448	7,454	(0.1%)	7,436	7,375	0.8%



Q3 2019 Global Forwarding Results

in thousands, except headcount

	Three Months Ended September 30			Nine Months Ended September 30		
	2019	2018	% Change	2019	2018	% Change
Total Revenues	\$597,695	\$639,268	(6.5%)	\$1,727,745	\$1,810,619	(4.6%)
Total Net Revenues	\$135,815	\$134,101	1.3%	\$404,987	\$401,169	1.0%
<i>Net Revenue Margin %</i>	22.7%	21.0%	170 bps	23.4%	22.2%	120 bps
Income from Operations	\$24,676	\$23,835	3.5%	\$65,497	\$61,844	5.9%
<i>Operating Margin %</i>	18.2%	17.8%	40 bps	16.2%	15.4%	80 bps
Depreciation and Amortization	\$9,186	\$8,735	5.2%	\$27,427	\$26,397	3.9%
Total Assets	\$995,137	\$944,928	5.3%	\$995,137	\$944,928	5.3%
Average Headcount	4,790	4,684	2.3%	4,748	4,725	0.5%



Q3 2019 All Other and Corporate Results

in thousands, except headcount

Three Months Ended September 30

Nine Months Ended September 30

	2019	2018	% Change	2019	2018	% Change
Total Revenues	\$432,129	\$427,726	1.0%	\$1,293,292	\$1,386,135	(6.7%)
Total Net Revenues	\$63,856	\$60,480	5.6%	\$195,732	\$192,712	1.6%
Income from Operations	\$209	(\$1,755)	<i>NM</i>	(\$4,542)	\$2,948	<i>NM</i>
Depreciation and Amortization	\$10,560	\$8,902	18.6%	\$29,571	\$27,100	9.1%
Total Assets	\$992,153	\$808,225	22.8%	\$992,153	\$808,225	22.8%
Average Headcount	3,544	3,153	12.4%	3,398	3,089	10.0%





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