



Earnings Conference Call – First Quarter 2016

April 27, 2016

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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 fourth 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 2016

in thousands, except per share amounts

Three months ended March 31

	2016	2015	% Change
Total revenues	\$3,073,943	\$3,300,890	-6.9%
Total net revenues	\$563,335	\$525,110	7.3%
Income from operations	\$198,952	\$181,925	9.4%
Net income	\$118,963	\$106,476	11.7%
Earnings per share (diluted)	\$0.83	\$0.73	13.7%
Weighted average shares outstanding (diluted)	143,658	146,383	-1.9%
Average headcount	13,251	12,565	5.5%
Ending headcount	13,343	12,632	5.6%

- Net revenue margin expansion and volume growth drove net revenue increases in the first quarter.
- Lower truckload pricing and fuel costs reduced total revenues in the first quarter of 2016 when compared to the first quarter of 2015.

Transportation Results Q1 2016

TRANSPORTATION in thousands

Three months ended March 31

	2016	2015	% Change
Total revenues	\$2,713,688	\$2,947,257	-7.9%
Total net revenues	\$534,066	\$495,145	7.9%
Net revenue margin	19.7%	16.8%	17.1%

TRANSPORTATION NET REVENUE MARGIN PERCENTAGE

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Q1	20.2%	18.2%	22.6%	17.4%	17.2%	16.9%	16.3%	15.3%	16.8%	19.7%
Q2	17.9%	15.4%	20.6%	15.8%	16.2%	14.9%	15.4%	16.0%	17.5%	
Q3	18.0%	15.9%	19.8%	16.6%	16.4%	15.6%	15.0%	16.2%	18.4%	
Q4	17.7%	19.0%	18.3%	17.6%	16.3%	15.8%	15.1%	15.9%	19.0%	
Year	18.4%	17.0%	20.2%	16.8%	16.5%	15.8%	15.4%	15.9%	17.9%	

- Net revenue margin expansion was the result of the following factors:
 - Lower transportation costs, including fuel.
 - Change in mix of services and faster growth in shorter length of haul freight.
- Net revenue margin increased across all transportation services.

Truckload Results Q1 2016

TRUCKLOAD NET REVENUES in thousands

Three months ended March 31

2016	2015	% Change
\$321,684	\$298,380	7.8%

Year over year change

North America Truckload	Quarter
Volume	4%
Approximate pricing*	-5%
Approximate cost*	-7%
Net revenue margin	↑

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

- The truckload volume increase was a result of growth in contractual business, partially offset by decreases in transactional volume in the first quarter of 2016 when compared to the first quarter of 2015.
- Added over 2,600 new contracted carriers in the first quarter.
- Contractual pricing bid activity increased in the first quarter when compared to the first quarter of 2015.

LTL Results Q1 2016

LTL NET REVENUES in thousands

Three months ended March 31

2016	2015	% Change
\$91,293	\$85,370	6.9%

Year over year change

LTL	Quarter
Volume	10%
Pricing*	↔
Net revenue margin	↑

*Pricing measure excludes the estimated impact of the change in fuel prices

- Fifth consecutive quarter with double digit volume growth.
- Contractual pricing bid activity increased in the first quarter when compared to the first quarter of 2015.

Intermodal Results Q1 2016

INTERMODAL NET REVENUES in thousands

Three months ended March 31

2016	2015	% Change
\$9,264	\$10,512	-11.9%

Year over year change

INTERMODAL	Quarter
Volume	-13%
Pricing	↓
Net revenue margin	↑

- Volume declines occurred in the transactional and small customer categories.
- Intermodal opportunities negatively impacted by the lower cost truck market.

Global Forwarding Results Q1 2016

Ocean, Air and Customs

NET REVENUES in thousands

Three months ended March 31

	2016	2015	% Change
Ocean	\$58,669	\$50,190	16.9%
Air	\$18,409	\$20,639	-10.8%
Customs	\$10,724	\$10,263	4.5%

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 8.3 percent in the first quarter when compared to the first quarter of 2015.
- Volumes increased in each global forwarding service in the first quarter of 2016 when compared to the first quarter of 2015.

Other Logistics Services Results Q1 2016

NET REVENUES in thousands

Three months ended March 31

2016	2015	% Change
\$24,023	\$19,791	21.4%

- Other Logistics Services net revenues include transportation managed services, warehousing, and small parcel.
- The increase in net revenues the first quarter of 2016, when compared to the first quarter of 2015, was primarily due to growth in managed services.

Sourcing Results Q1 2016

SOURCING NET REVENUES in thousands

	Three months ended March 31		
	2016	2015	% Change
Total revenues	\$360,255	\$353,633	1.9%
Total net revenues	\$29,269	\$29,965	-2.3%
Net revenue margin	8.1%	8.5%	-4.1%

- Sourcing net revenue decrease in the first quarter of 2016 primarily due to high commodity pricing in the key category caused by the adverse effects of weather.
- Case volume increased 8.4 percent in the first quarter of 2016 when compared to the first quarter of 2015.

Summarized Income Statement

in thousands

Three months ended March 31

	2016	2015	% Change
Total revenues	\$3,073,943	\$3,300,890	-6.9%
Total net revenues	563,335	525,110	7.3%
Personnel expenses	277,497	255,144	8.8%
Selling, general & admin	86,886	88,041	-1.3%
Total operating expenses	364,383	343,185	6.2%
Income from operations	\$198,952	\$181,925	9.4%
Percent of net revenue	35.3%	34.6%	1.9%

- Personnel expense increase was primarily driven by average headcount growth of 5.6 percent.
- Additional payroll tax expense in the first quarter 2016 of approximately \$2.6 million related to the delivery of previously vested restricted equity awards.
- Selling, general, and administrative expenses decreased due to lower provision for bad debt, partially offset by an increase in travel expenses.

Other Financial Information

in thousands

CASH FLOW DATA

Three months ended March 31

	2016	2015	% Change
Net cash provided by operating activities	\$104,150	\$100,395	3.7%
Capital expenditures, net	\$17,825	\$6,666	167.4%

BALANCE SHEET DATA

	March 31, 2016
Cash & investments	\$179,406
Current assets	\$1,705,716
Total assets	\$3,162,245
Debt	\$970,000
Stockholders investment	\$1,191,806

- Strong cash flow quarter
- Total debt balance \$970 million
 - \$500 million, 4.28% average coupon
 - \$470 million drawn on revolver, 1.43% current rate as of March 31, 2016

Capital Distribution

in thousands

	2011	2012 (a)	2013	2014	2015	Q1 2016
Net income	\$431,612	\$447,007	\$415,904	\$449,711	\$509,699	\$118,963
Capital distribution						
Cash dividends paid	\$194,697	\$219,313	\$220,257	\$215,008	\$235,615	\$63,888
Share repurchases (b)	250,274	255,849	807,449 (c)	176,645	241,231	53,519
Subtotal	\$444,971	\$475,162	\$1,027,706	\$391,653	\$476,846	\$117,407
Percent of net income						
Cash dividends paid	45%	49%	53%	48%	46%	54%
Open market share repurchases	58%	57%	194%	39%	47%	45%
Subtotal	103%	106%	247%	87%	93%	99%

(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 shares withheld for taxes upon delivery of previously vested restricted equity.

(c) Includes a \$500 million accelerated share repurchase.

- Capital returned to shareholders during the quarter
 - \$63.9 million cash dividend
 - \$21.2 million in cash for repurchase activity, excluding shares withheld for taxes upon delivery of previously vested restricted equity.
 - 302,022 shares
 - Average price \$72.84 for shares repurchased
- Target is to return approximately 90% of net income to shareholders annually.

Final Comments

- April to date total company net revenue growth rate per day is approximately 6 percent when compared to April 2015.
- Contractual bid activity has normalized in the early part of the second quarter.
- The North America truck market continues to have a high level of available capacity.
- Investment priorities will continue to be:
 - People, process and technology
 - Expand and optimize our global network
 - Select M&A opportunities

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 fourth 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.

