



Earnings Conference Call – Third Quarter 2015

October 28, 2015

John Wiehoff, Chairman & CEO

Andrew Clarke, 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 2015

in thousands, except per share amounts

	Three months ended September 30			Nine months ended September 30		
	2015	2014	% Change	2015	2014	% Change
Total revenues	\$3,419,253	\$3,467,362	-1.4%	\$10,265,231	\$10,112,865	1.5%
Total net revenues	\$588,575	\$527,564	11.6%	\$1,697,703	\$1,505,836	12.7%
Income from operations	\$232,711	\$203,337	14.4%	\$643,731	\$560,690	14.8%
Net income	\$139,432	\$124,981	11.6%	\$383,116	\$336,764	13.8%
Earnings per share (diluted)	\$0.96	\$0.85	12.9%	\$2.63	\$2.28	15.4%
Weighted average shares outstanding (diluted)	144,782	146,856	-1.4%	145,601	147,819	-1.5%
Average headcount	13,112	11,594	13.1%	12,838	11,642	10.3%
Ending headcount	13,156	11,542	14.0%	13,156	11,542	14.0%

- Organic net revenue increased 5 percent with Freightquote adding 6.5 percentage points to our net revenue growth in the third quarter of 2015 when compared to the third quarter of 2014.
- Earnings growth was driven by net revenue growth and network efficiencies.
- Freightquote represents approximately 9 percent of the average headcount growth in the third quarter of 2015.

Transportation Results Q3 2015

TRANSPORTATION in thousands

	Three months ended September 30			Nine months ended September 30		
	2015	2014	% Change	2015	2014	% Change
Total revenues	\$3,044,500	\$3,073,382	-0.9%	\$9,122,479	\$8,922,261	2.2%
Total net revenues	\$560,091	\$497,763	12.5%	\$1,603,584	\$1,414,295	13.4%
Net revenue margin	18.4%	16.2%	13.6%	17.6%	15.9%	10.9%

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%	16.3%	15.3%	16.8%
Q2	17.1%	17.9%	15.4%	20.6%	15.8%	16.2%	14.9%	15.4%	16.0%	17.5%
Q3	17.5%	18.0%	15.9%	19.8%	16.6%	16.4%	15.6%	15.0%	16.2%	18.4%
Q4	18.3%	17.7%	19.0%	18.3%	17.6%	16.3%	15.8%	15.1%	15.9%	
Year	17.8%	18.4%	17.0%	20.2%	16.8%	16.5%	15.8%	15.4%	15.9%	

- Net revenue margin expansion was the result of the following factors:
 - Lower transportation costs, including fuel.
 - Change in mix of business due to faster growth in shorter length of haul freight and the addition of Freightquote.

Truckload Results Q3 2015

TRUCKLOAD NET REVENUES in thousands

Three months ended Sept 30			Nine months ended Sept 30		
2015	2014	% Change	2015	2014	% Change
\$344,715	\$311,152	10.8%	\$977,641	\$891,651	9.6%

Year over year change

North America Truckload	Year over year change	
	Quarter	YTD
Volume	7%	7%
Approximate pricing*	0%	3%
Approximate cost*	-1%	2%
Net revenue margin	↑	↑

*Pricing and cost measures are a rate per mile and exclude the estimated impact of the change in fuel prices

- Organic net revenue increased approximately 8 percent with Freightquote adding approximately 3 percent to the increase in net revenues in the third quarter of 2015 when compared to the third quarter of 2014.
- North America Truckload volume, excluding Freightquote, increased approximately 4 percent in the third quarter of 2015 when compared to the third quarter of 2014.
- Volume growth in dry van and temperature controlled freight was partially offset by decreased flatbed volume.
- Second consecutive quarter with over 3,000 new contracted carriers.

LTL Results Q3 2015

LTL NET REVENUES in thousands

Three months ended Sept 30			Nine months ended Sept 30		
2015	2014	% Change	2015	2014	% Change
\$94,190	\$67,968	38.6%	\$271,084	\$195,482	38.7%

Year over year change

LTL	Year over year change	
	Quarter	YTD
Volume	32%	31%
Pricing	↓	↓
Net revenue margin	↑	↑

- Organic net revenues increased approximately 6 percent with Freightquote contributing approximately 33 percent to the increase in LTL net revenues in the third quarter of 2015.
- Organic LTL volume increased approximately 13 percent in the third quarter of 2015 when compared to the third quarter of 2014.

Intermodal Results Q3 2015

INTERMODAL NET REVENUES in thousands

Three months ended Sept 30 Nine months ended Sept 30

2015	2014	% Change	2015	2014	% Change
\$10,168	\$10,593	-4.0%	\$32,219	\$30,396	6.0%

Year over year change

INTERMODAL

	Quarter	YTD
Volume	-4%	5%
Pricing	↓	↓
Net revenue margin	↑	↑

- North America Intermodal net revenue, excluding Freightquote, decreased approximately 13 percent in the third quarter of 2015 when compared to the third quarter of 2014.
- Conversion to truckload from intermodal negatively impacted intermodal volumes and net revenues in the third quarter of 2015.

Global Forwarding Results Q3 2015

Ocean, Air and Customs

NET REVENUES in thousands

	Three months ended Sept 30			Nine months ended Sept 30			
	2015	2014	% Change	2015	2014	% Change	
Ocean	\$58,322	\$57,380	1.6%	Ocean	\$167,578	\$151,478	10.6%
Air	\$20,248	\$20,520	-1.3%	Air	\$60,483	\$59,721	1.3%
Customs	\$12,012	\$11,107	8.1%	Customs	\$33,248	\$30,751	8.1%

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 1.8 percent in the third quarter when compared to the third quarter of 2014.
- Customs net revenues increased 8.1 percent due to an increase in transaction volume.
- Airfreight volume and customer count increased in the third quarter of 2015 when compared to the third quarter of 2014.

Other Logistics Services Results Q3 2015

NET REVENUES in thousands

Three months ended Sept 30			Nine months ended Sept 30		
2015	2014	% Change	2015	2014	% Change
\$20,436	\$19,043	7.3%	\$61,331	\$54,816	11.9%

- Other Logistics Services net revenues include transportation managed services, warehousing and small parcel.
- Net revenues increased in the third quarter when compared to the third quarter of 2014, primarily due to an increase in managed services.

Sourcing Results Q3 2015

SOURCING NET REVENUES in thousands

	Three months ended Sept 30			Nine months ended Sept 30		
	2015	2014	% Change	2015	2014	% Change
Total revenues	\$374,753	\$393,980	-4.9%	\$1,142,752	\$1,190,604	-4.0%
Total net revenues	28,484	\$29,801	-4.4%	\$94,119	\$91,541	2.8%
Net revenue margin	7.6%	7.6%	0.5%	8.2%	7.7%	7.1%

- Decreases in net revenue per case in two strategic vegetable categories resulted in year over year net revenue declines in the third quarter.
- Case volume grew 2.5 percent in the third quarter of 2015 when compared to the third quarter of 2014.

Summarized Income Statement

in thousands

	Three months ended Sept 30			Nine months ended Sept 30		
	2015	2014	% Change	2015	2014	% Change
Total revenues	\$3,419,253	\$3,467,362	-1.4%	\$10,265,231	\$10,112,865	1.5%
Total net revenues	588,575	527,564	11.6%	1,697,703	1,505,836	12.7%
Personnel expenses	264,077	244,621	8.0%	783,220	703,904	11.3%
Selling, general & admin	91,787	79,606	15.3%	270,752	241,242	12.2%
Total operating expenses	355,864	324,227	9.8%	1,053,972	945,146	11.5%
Income from operations	\$232,711	\$203,337	14.4%	\$643,731	\$560,690	14.8%
Percent of net revenue	39.5%	38.5%	2.6%	37.9%	37.2%	1.9%

- Operating income as a percent of net revenues increased versus prior year for the fifth consecutive quarter.
- Personnel expense growth was primarily the result of increased headcount as variable compensation was relatively flat.
- 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 and travel expenses.

Other Financial Information

in thousands

CASH FLOW DATA

Three months ended Sept 30

	2015	2014	% Change
Net cash provided by operating activities	\$213,247	\$176,954	20.5%
Capital expenditures, net	\$13,206	\$6,312	109.2%

BALANCE SHEET DATA

	September 30, 2015
Cash & investments	\$143,087
Current assets	\$1,856,211
Total assets	\$3,312,565
Debt	\$1,030,000
Stockholders investment	\$1,131,363

- Strong cash flow quarter
- Total debt balance \$1.030 billion
 - \$500 million, 4.28% average coupon
 - \$530 million drawn on new revolver, 1.32% current rate as of Sept. 30, 2015

Capital Distribution

in thousands

	2010	2011	2012 (a)	2013	2014	Q3 2015	YTD 2015
Net income	\$387,026	\$431,612	\$447,007	\$415,904	\$449,711	\$139,432	\$383,116
Capital distribution							
Cash dividends paid	\$168,902	\$194,697	\$219,313	\$220,257	\$215,008	\$56,931	\$171,448
Share repurchases	157,381	250,274	255,849	807,449 (b)	176,645	72,698	165,622
Subtotal	\$326,283	\$444,971	\$475,162	\$1,027,706	\$391,653	\$129,629	\$337,070
Percent of net income							
Cash dividends paid	44%	45%	49%	53%	48%	41%	45%
Open market share repurchases	41%	58%	57%	194%	39%	52%	43%
Subtotal	84%	103%	106%	247%	87%	93%	88%

(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
 - \$56.9 million cash dividend
 - \$72.7 million in cash for repurchase activity
 - 1,083,535 shares
 - Average price \$67.09 for shares repurchased
- Target is to return approximately 90% of net income to shareholders annually.

A look ahead

- October total company net revenue growth rate is consistent with the third quarter 2015 growth rate.
- Strategic priorities
 - Sales and Account Management initiatives
 - Talent acquisition and development
 - Technology development and innovation
 - M&A

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.

