



Earnings Conference Call – Second Quarter 2018
August 1, 2018

John Wiehoff, Chairman & CEO

Andrew Clarke, CFO

Robert Biesterfeld, COO & President of NAST

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; 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; risk of unexpected or unanticipated events or opportunities that might require additional capital expenditures; the impact of war on the economy; and other risks and uncertainties detailed in our Annual and Quarterly Reports.



Q2 2018 – Key Themes

- Improved financial performance including net revenue and operating margin expansion
- Strong demand and tight capacity driving robust freight market
- Double-digit increase in truckload cost and price
- Disciplined approach to volume



Results Q2 2018

in thousands, except per share amounts and headcount

	Three Months Ended June 30			Six Months Ended June 30		
	2018	2017	% Change	2018	2017	% Change
Total Revenues	\$4,276,037	\$3,710,018	15.3%	\$8,201,364	\$7,125,143	15.1%
Total Net Revenues	\$671,483	\$573,789	17.0%	\$1,297,408	\$1,142,355	13.6%
<i>Net Revenue Margin %</i>	15.7%	15.5%	20 bps	15.8%	16.0%	(20 bps)
Personnel Expenses	\$340,630	\$284,220	19.8%	\$668,927	\$574,724	16.4%
Selling, General, and Admin	\$111,845	\$107,749	3.8%	\$217,888	\$197,853	10.1%
Income from Operations	\$219,008	\$181,820	20.5%	\$410,593	\$369,778	11.0%
<i>Operating Margin %</i>	32.6%	31.7%	90 bps	31.6%	32.4%	(80 bps)
Depreciation and Amortization	\$24,238	\$22,946	5.6%	\$48,479	\$45,377	6.8%
Net Income	\$159,163	\$111,071	43.3%	\$301,460	\$233,151	29.3%
Earnings Per Share (Diluted)	\$1.13	\$0.78	44.9%	\$2.14	\$1.65	29.7%
Average Headcount	15,229	14,620	4.2%	15,177	14,454	5.0%

- Total revenues increase driven by higher pricing, volume and fuel costs
- Operating expenses growth driven by increases in variable compensation and headcount
- Net income and earnings per share increases include favorable impact of U.S. corporate tax reform



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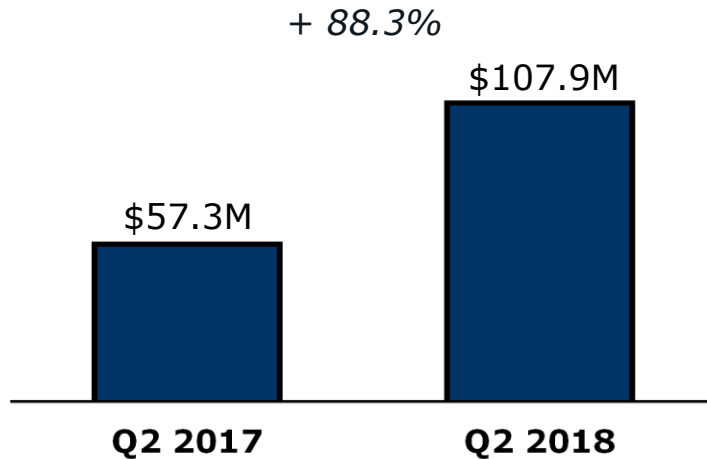
Q2 2018 Other Income Statement Items

- Q2 effective tax rate of 25.6% vs. 35.6% last year
- Interest expense increase due to higher debt levels and an increase in variable interest rates
- \$8 million favorable impact from currency revaluation
- Weighted average diluted shares outstanding down 0.7 percent



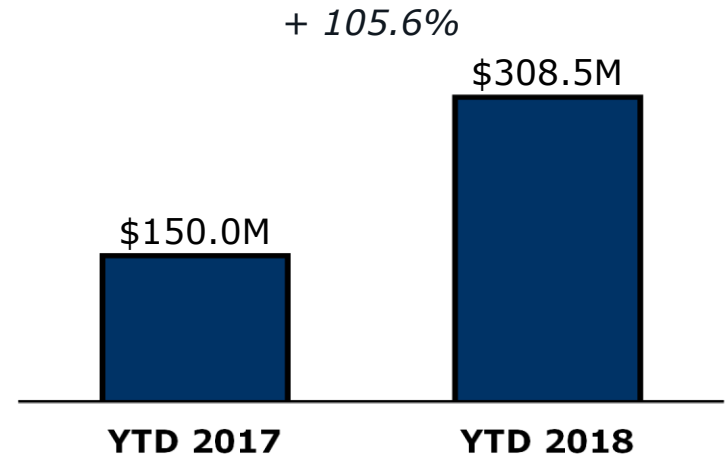
2018 Cash Flow

Q2 Cash Flow from Operations



- \$50.6 million increase in cash flow driven by higher net income
- \$14.6 million in capital expenditures

YTD Cash Flow from Operations

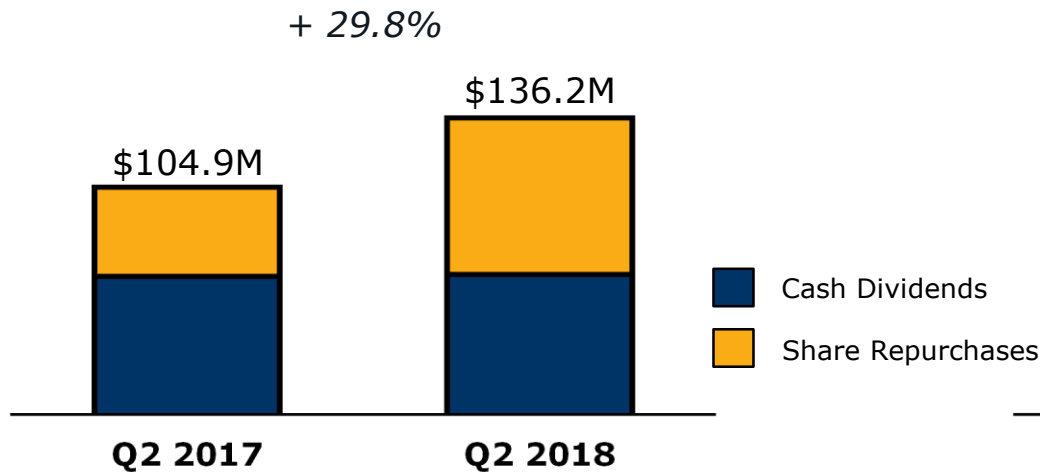


- \$158.5 million increase in cash flow driven by higher net income and improved working capital
- \$30.1 million in capital expenditures
- Continue to expect \$60-70 million in capital expenditures for the full year

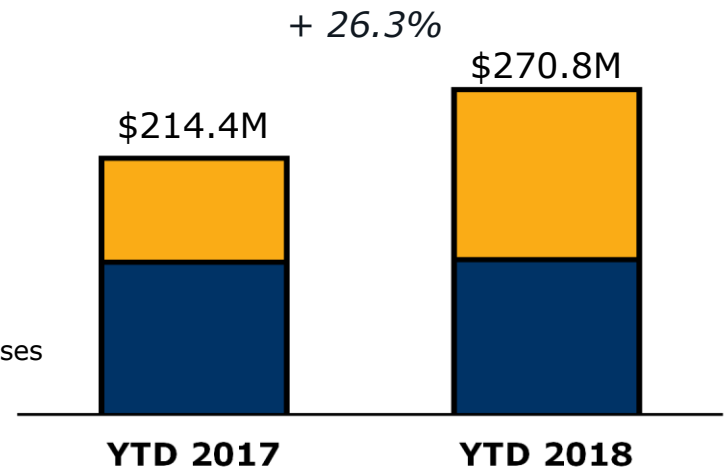


2018 Capital Distribution

Q2 Capital Distribution



YTD Capital Distribution



- \$136.2 million of net income returned to shareholders
 - \$65.2 million cash dividends
 - \$71.0 million in share repurchases
 - 792,312 shares repurchased in the second quarter at an average price of \$89.61 per share
- \$270.8 million of net income returned to shareholders
 - \$130.6 million cash dividends
 - \$140.3 million in share repurchases



Q2 2018 Balance Sheet

in thousands

	June 30, 2018	December 31, 2017	% Change
Accounts Receivable, Net	\$2,202,460	\$2,113,930	
Contract Assets ⁽¹⁾	\$182,247	—	
Accounts Payable and O/S Checks	\$1,133,837	\$1,096,664	
Accrued Transportation Expense ⁽¹⁾	\$140,231	—	
Net Operating Working Capital⁽²⁾	\$1,110,639	\$1,017,266	9.2%

- Total debt balance \$1.41 billion
 - \$600 million senior unsecured notes, 4.20% coupon
 - \$500 million private placement debt, 4.28% average coupon
 - \$66 million drawn on credit facility, 4.66% average rate
 - \$250 million accounts receivable securitization debt facility, 2.83% average rate

(1) Balance sheet as of June 30, 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.



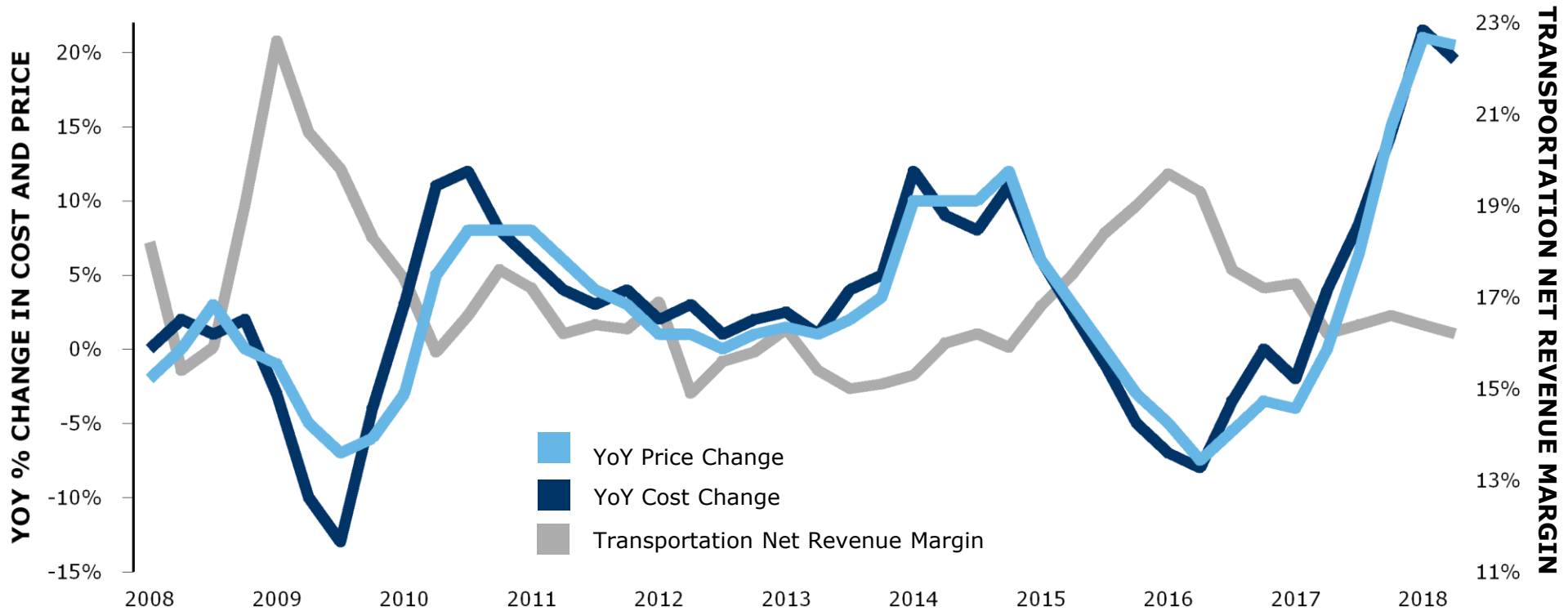
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Third Quarter Trends – July

- July to date total company net revenue per day has increased approximately 20 percent when compared to July 2017
- Truckload volume per day has declined approximately 2 percent on a year-over-year basis in July
- Expect net revenue per business day growth to moderate as we lap the tightening in the truckload market



North America Truckload Cost and Price Change⁽¹⁾



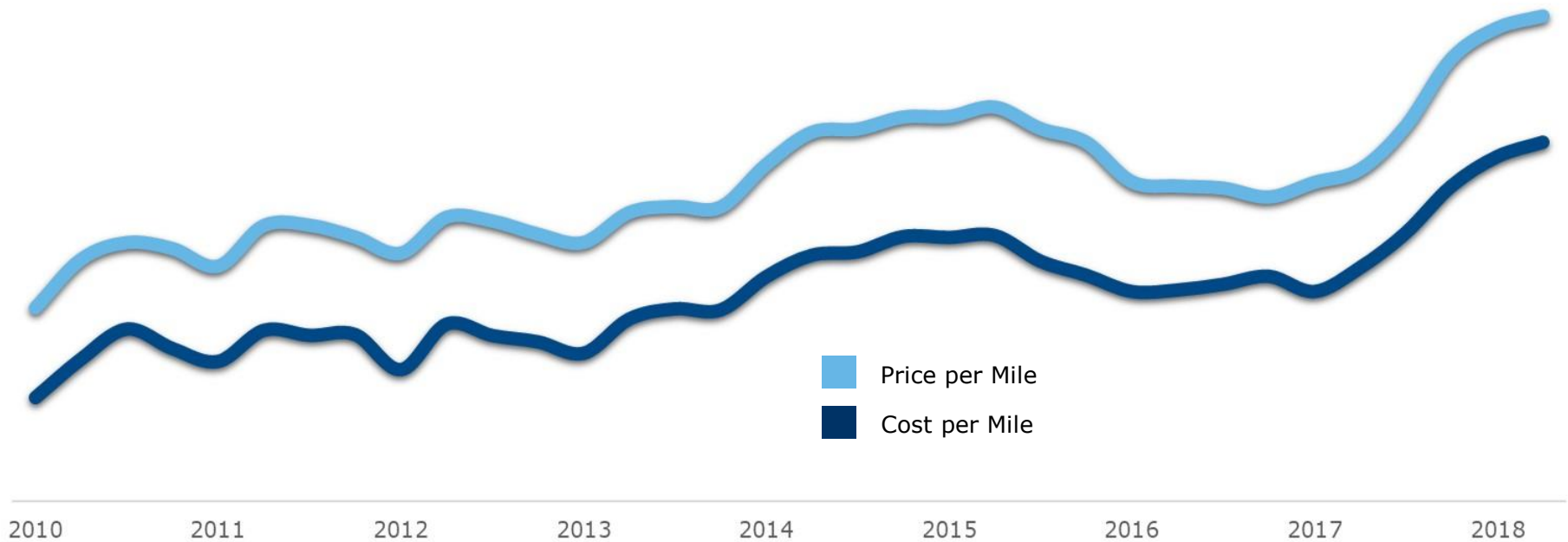
- North America Truckload cost and price change chart represents truckload shipments from all North America segments. Transportation net revenue margin represents total Transportation results from all segments.

North America Truckload	Q2
Volume	(5.0%)
Price	20.5%
Cost	19.5%
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 second quarter represents the fifth consecutive quarter of sequential cost and price increases
- 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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Q2 2018 NAST Results by Service Line

Truckload, Less Than Truckload and Intermodal

in thousands

Three Months Ended June 30

Net Revenues	2018	2017	% Change
Truckload	\$307,249	\$250,028	22.9%
LTL	\$114,400	\$97,136	17.8%
Intermodal	\$9,115	\$7,769	17.3%
Other	\$6,049	\$4,973	21.6%
Total	\$436,813	\$359,906	21.4%

- Double-digit price increases in truckload, LTL, and intermodal
- Volume increases in LTL and intermodal
- Added 4,400 new carriers in the quarter

	Truckload ⁽¹⁾	LTL ⁽¹⁾	Intermodal ⁽¹⁾
Pricing ⁽²⁾	20.5%	↑	↑
Cost ⁽²⁾	19.5%	↑	↑
Volume	(4.5%)	6.0%	3.5%
Net Revenue Margin	↑	↓	↓

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

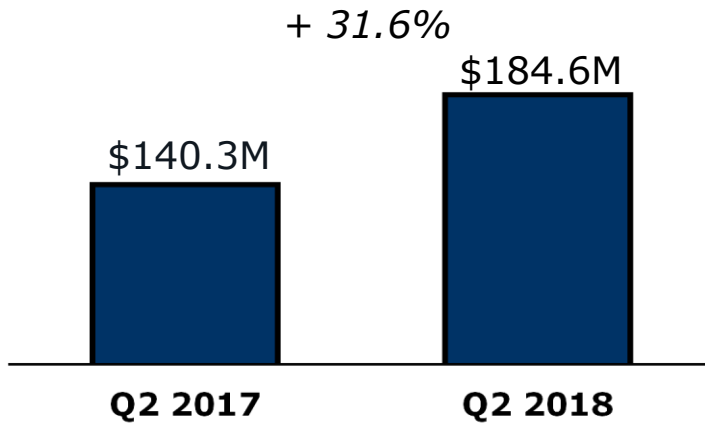
(2) Pricing and cost measures exclude the estimated impact of the change in fuel prices.



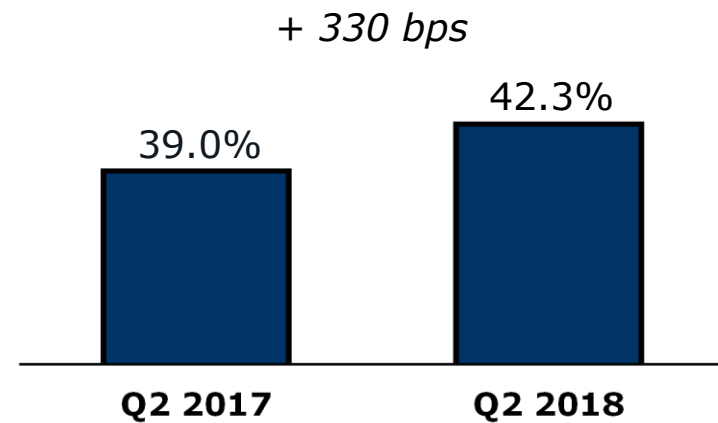
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Q2 2018 NAST Operating Income

Q2 Operating Income



Q2 Operating Margin %



- Increased net revenues
- Progress against productivity initiatives
- Optimizing network footprint
- Headcount down 0.7 percent



Q2 2018 Global Forwarding Results by Service Line

Ocean, Air and Customs

in thousands

Three Months Ended June 30

Net Revenues	2018	2017	% Change
Ocean	\$86,820	\$73,239	18.5%
Air	\$28,722	\$24,462	17.4%
Customs	\$20,793	\$16,308	27.5%
Other	\$7,696	\$7,014	9.7%
Total	\$144,031	\$121,023	19.0%

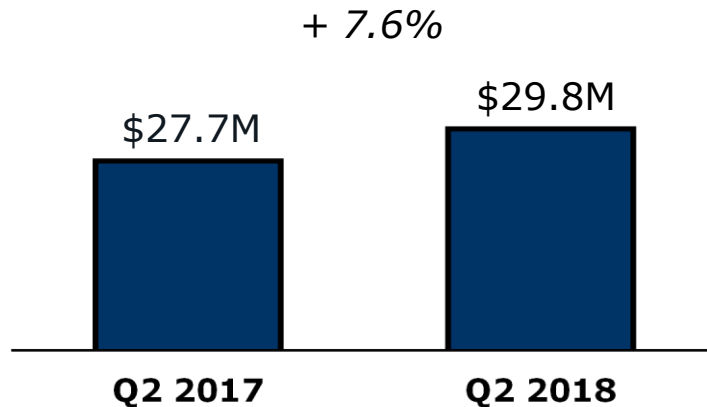
	Ocean	Air
Pricing	↑	↑
Volume	↑	↑
Net Revenue Margin	↔	↓

- Volume increases in all service lines
- Milgram & Company acquisition net revenue impact to Global Forwarding:
 - Ocean +2 pts
 - Air +2 pts
 - Customs +21 pts

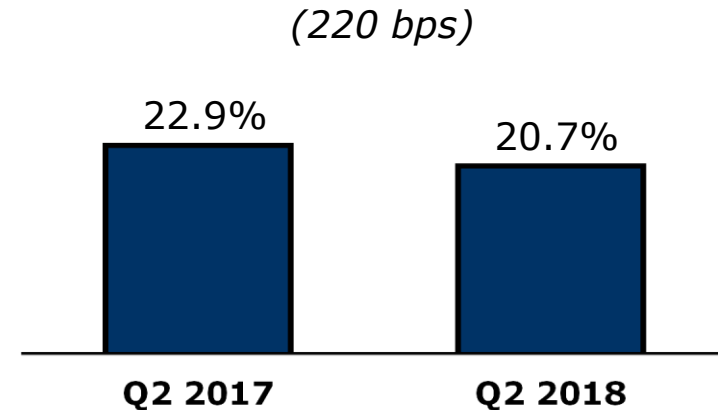


Q2 2018 Global Forwarding Operating Income

Q2 Operating Income



Q2 Operating Margin %



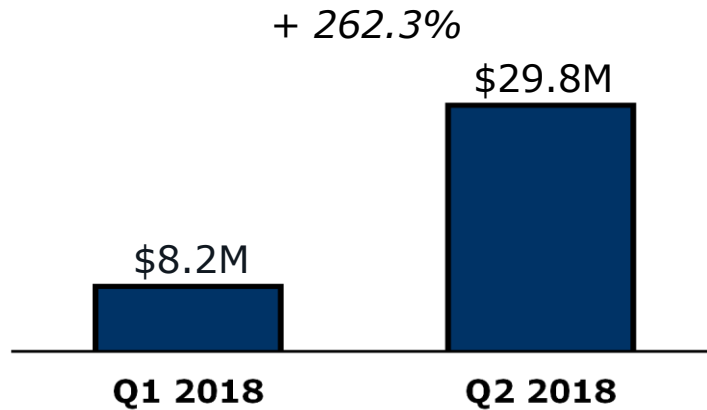
- Increased net revenues
- Investments in headcount and variable compensation
- 17.8 percent headcount increase
 - Milgram headcount impact of 7.5 percentage points to Global Forwarding



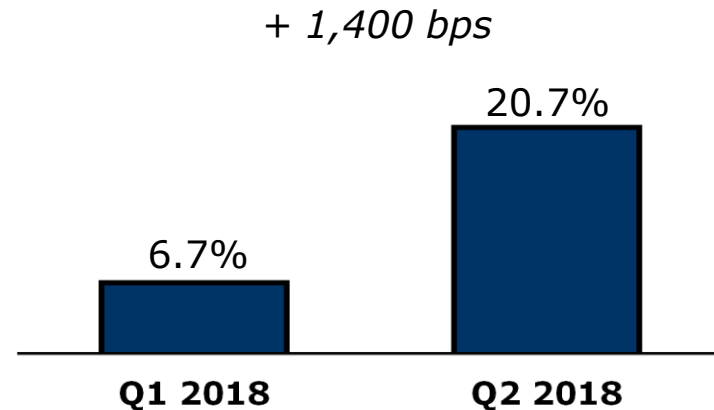
Q2 2018 Global Forwarding Operating Income

Sequential (Versus Q1 2018)

Q2 Operating Income



Q2 Operating Margin %



- Sequential net revenue increase in all service lines
- Average headcount down 31 people sequentially
- Sequential SG&A decline of 8 percent driven by lower allowance for doubtful accounts and tighter operating expense controls
- Includes \$8.8M of depreciation and amortization in the second quarter



Q2 2018 Robinson Fresh Results

Transportation and Sourcing

in thousands

Three Months Ended June 30

Sourcing	2018	2017	% Change
Total Revenues ⁽¹⁾	\$322,898	\$390,023	(17.2%)
Net Revenues	\$31,540	\$35,149	(10.3%)
<i>Net Revenue Margin %</i>	9.8%	9.0%	80 bps

Transportation	2018	2017	% Change
Total Revenues ⁽¹⁾	\$298,126	\$266,980	11.7%
Truckload	\$17,722	\$19,249	(7.9%)
Other	\$6,275	\$6,448	(2.7%)
Net Revenues	\$23,997	\$25,697	(6.6%)
<i>Net Revenue Margin %</i>	8.0%	9.6%	(160 bps)

- Sourcing case volume decline of 6 percent
- Reduced Sourcing promotional activity
- Truckload volume decline of 14.5 percent

(1) Does not include intersegment revenues.

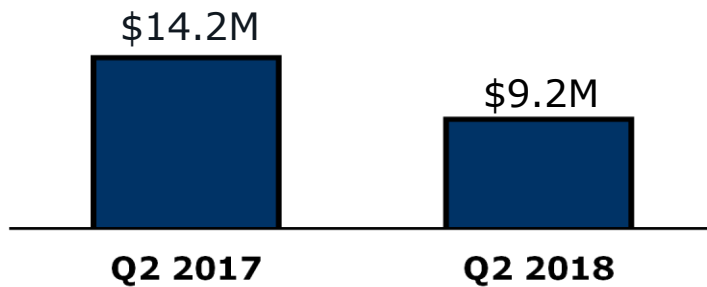


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Q2 2018 Robinson Fresh Operating Income

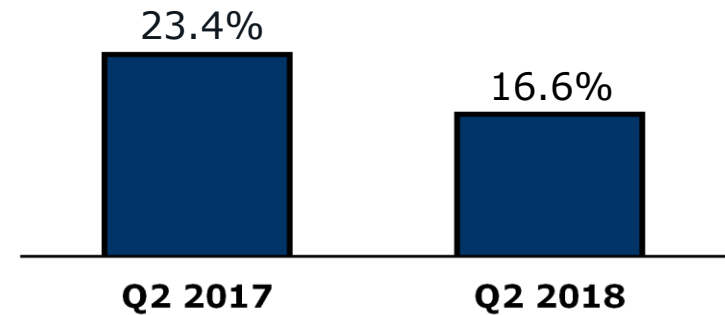
Q2 Operating Income

(35.2%)



Q2 Operating Margin %

(680 bps)



- Decline in net revenues
- Operating expense reduction initiatives underway
 - Headcount reduction
 - Service center closure
 - Operating expense controls



Q2 2018 All Other and Corporate Results

Managed Services and Other Surface Transportation

in thousands

Three Months Ended June 30

Net Revenues	2018	2017	% Change
Managed Services	\$20,074	\$18,164	10.5%
Other Surface Transportation	\$15,028	\$13,850	8.5%
Total	\$35,102	\$32,014	9.6%

Managed Services

- Nearly \$1 billion in freight under management in the second quarter
- 10 bps of operating margin expansion

Europe Surface Transportation

- Higher pricing in truckload



Final Comments

- Expect current freight market fundamentals to continue
- Closely monitoring tariff activity
- Continued investment in people, processes and technology





Appendix



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Q2 2018 Transportation Results⁽¹⁾

in thousands

Transportation	Three Months Ended June 30			Six Months Ended June 30		
	2018	2017	% Change	2018	2017	% Change
Total Revenues	\$3,953,139	\$3,319,995	19.1%	\$7,590,779	\$6,422,038	18.2%
Total Net Revenues	\$639,943	\$538,640	18.8%	\$1,235,981	\$1,076,798	14.8%
Net Revenue Margin %	16.2%	16.2%	0 bps	16.3%	16.8%	(50 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%	
Q4	18.3%	17.6%	16.3%	15.8%	15.1%	15.9%	19.0%	17.2%	16.6%	
Total	20.2%	16.8%	16.5%	15.8%	15.4%	15.9%	17.9%	18.4%	16.6%	

(1) Includes results across all segments.



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Q2 2018 NAST Results

in thousands, except headcount

Three Months Ended June 30

Six Months Ended June 30

	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$2,878,904	\$2,381,551	20.9%	\$5,541,915	\$4,640,803	19.4%
Total Net Revenues	\$436,813	\$359,906	21.4%	\$851,582	\$732,346	16.3%
<i>Net Revenue Margin %</i>	15.2%	15.1%	10 bps	15.4%	15.8%	(40 bps)
Income from Operations	\$184,566	\$140,284	31.6%	\$358,644	\$296,161	21.1%
<i>Operating Margin %</i>	42.3%	39.0%	330 bps	42.1%	40.4%	170 bps
Depreciation and Amortization	\$6,085	\$5,706	6.6%	\$12,218	\$11,296	8.2%
Total Assets	\$2,470,743	\$2,189,711	12.8%	\$2,470,743	\$2,189,711	12.8%
Average Headcount	6,957	7,003	(0.7%)	6,921	6,926	(0.1%)

(1) Does not include intersegment revenues.



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Q2 2018 Global Forwarding Results

in thousands, except headcount

	Three Months Ended June 30			Six Months Ended June 30		
	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$617,597	\$528,820	16.8%	\$1,171,351	\$997,608	17.4%
Total Net Revenues	\$144,031	\$121,023	19.0%	\$267,068	\$227,569	17.4%
<i>Net Revenue Margin %</i>	23.3%	22.9%	40 bps	22.8%	22.8%	0 bps
Income from Operations	\$29,788	\$27,675	7.6%	\$38,009	\$43,881	(13.4%)
<i>Operating Margin %</i>	20.7%	22.9%	(220 bps)	14.2%	19.3%	(510 bps)
Depreciation and Amortization	\$8,753	\$8,099	8.1%	\$17,662	\$16,119	9.6%
Total Assets	\$861,080	\$741,443	16.1%	\$861,080	\$741,443	16.1%
Average Headcount	4,736	4,021	17.8%	4,743	3,977	19.3%

(1) Does not include intersegment revenues.



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Q2 2018 Robinson Fresh Results

in thousands, except headcount

	Three Months Ended June 30			Six Months Ended June 30		
	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$621,024	\$657,003	(5.5%)	\$1,171,493	\$1,207,448	(3.0%)
Total Net Revenues	\$55,537	\$60,846	(8.7%)	\$109,407	\$117,683	(7.0%)
<i>Net Revenue Margin %</i>	8.9%	9.3%	(40 bps)	9.3%	9.7%	(20 bps)
Income from Operations	\$9,232	\$14,249	(35.2%)	\$18,539	\$28,901	(35.9%)
<i>Operating Margin %</i>	16.6%	23.4%	(680 bps)	16.9%	24.6%	160 bps
Depreciation and Amortization	\$1,144	\$1,198	(4.5%)	\$2,317	\$2,344	(1.2%)
Total Assets	\$445,926	\$455,214	(2.0%)	\$445,926	\$455,214	(2.0%)
Average Headcount	909	980	(7.2%)	913	971	(6.0%)

(1) Does not include intersegment revenues.



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Q2 2018 All Other and Corporate Results

in thousands, except headcount

Three Months Ended June 30

Six Months Ended June 30

	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$158,512	\$142,644	11.1%	\$316,605	\$279,284	13.4%
Total Net Revenues	\$35,102	\$32,014	9.6%	\$69,351	\$64,757	7.1%
Income from Operations	(\$4,578)	(\$388)	<i>NM</i>	(\$4,599)	\$835	<i>NM</i>
Depreciation and Amortization	\$8,256	\$7,943	3.9%	\$16,282	\$15,618	4.3%
Total Assets	\$675,535	\$579,521	16.6%	\$675,535	\$579,521	16.6%
Average Headcount	2,627	2,616	0.4%	2,600	2,580	0.8%

(1) Does not include intersegment revenues.



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