



WERNER

ENTERPRISES

2Q 2021 EARNINGS PRESENTATION

July 29, 2021

DISCLOSURE STATEMENT

This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements are based on information presently available to the Company's management and are current only as of the date made. Such statements are by nature subject to uncertainties and risks, including but not limited to, the impact of the coronavirus pandemic (COVID-19) and the operational, financial and legal risks detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated.

For those reasons, undue reliance should not be placed on any forward-looking statement. The Company assumes no duty or obligation to update or revise any forward-looking statement, although it may do so from time to time as management believes is warranted or as may be required by applicable securities law. Any such updates or revisions may be made by filing reports with the U.S. Securities and Exchange Commission, through the issuance of press releases or by other methods of public disclosure.



WERNER OVERVIEW, 2Q 2021 HIGHLIGHTS

Derek Leathers

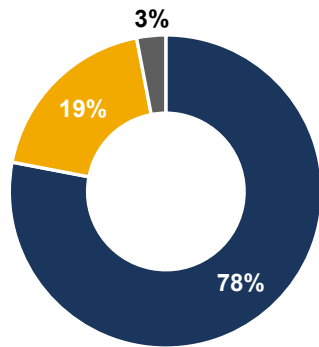
Chairman, President and Chief Executive Officer

WERNER + ECM PRO FORMA

Premium Truckload Transportation & Logistics Services Provider

Omaha, NE Headquarters	\$3.0B Market Cap ¹	5,040 Dedicated Fleet Size ¹	3,105 One-Way Fleet Size ¹	13,319 Associates ²	1.1% Dividend Yield ¹
----------------------------------	--	--	--	--	--

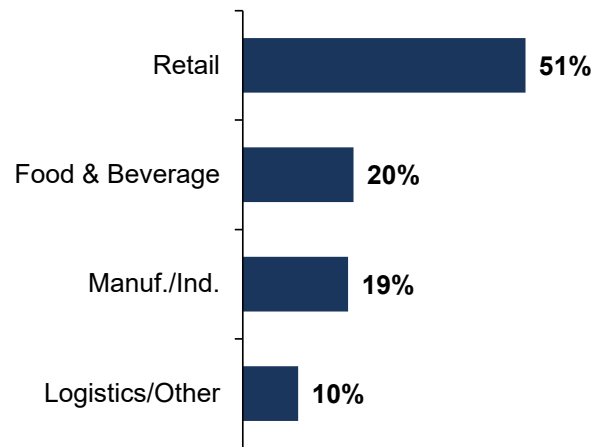
2020 Revenues by Segment



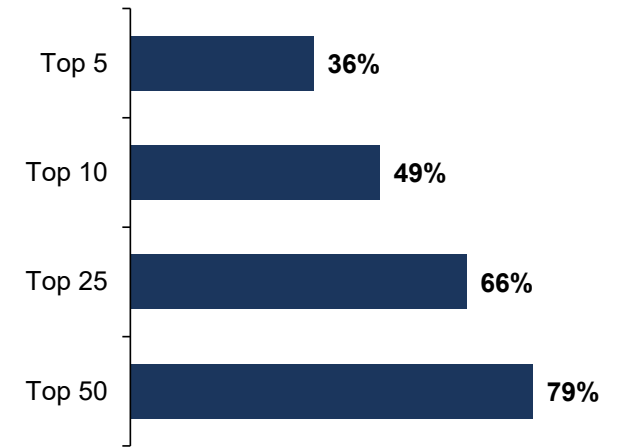
- Truckload Transportation Services (TTS)³
- Werner Logistics
- Driver Training Schools and Other

2020 Revenues by Vertical

Top 50 Customers



2020 Revenues by Customer



2Q 2021 HIGHLIGHTS

Financial Highlights

Revenues	↑ 14% to \$650M
GAAP EPS	↑ 87% to \$1.06
Adjusted EPS	↑ 40% to \$0.86
Adjusted operating income	↑ 37% to \$79.1M
Adjusted TTS operating margin ¹	↑ 340 bps to 17.1%

Strategic Updates and Other Developments

Comparisons to prior year quarter unless otherwise noted

- Record second quarter operating income and EPS
- Continued strong freight demand and operating execution in Dedicated, One-Way Truckload and Logistics
- Opened 3 driver training school locations in 2021 to address increasingly difficult driver recruiting market
- Generated equipment gains of \$13.5M, reflecting accelerating pricing and strong sales demand for used trucks and trailers
- Mark-to-market of investment in TuSimple resulted in non-operating income of \$20.2M (excluded from non-GAAP adjusted EPS)
- Purchased 80% equity ownership interest in elite regional carriers ECM Transport Group on 7/1/21 (500 trucks)
- Inaugural Corporate Social Responsibility report issued 7/27/21



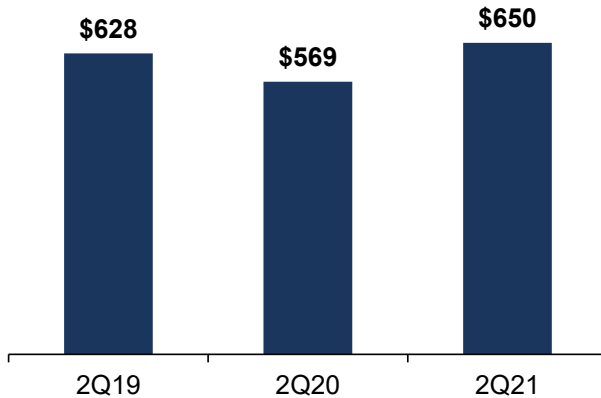
2Q 2021 COMPANY AND SEGMENT FINANCIAL RESULTS

John Steele

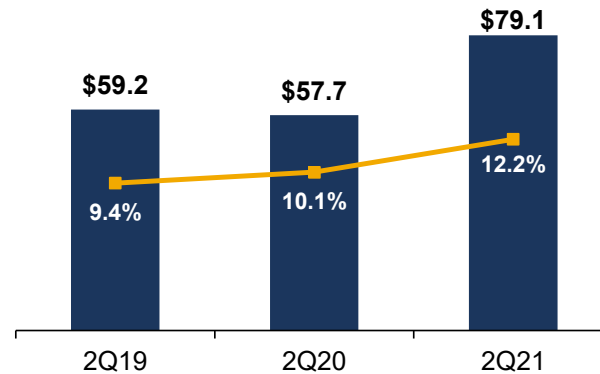
EVP, Treasurer and Chief Financial Officer

2Q 2021 FINANCIAL PERFORMANCE

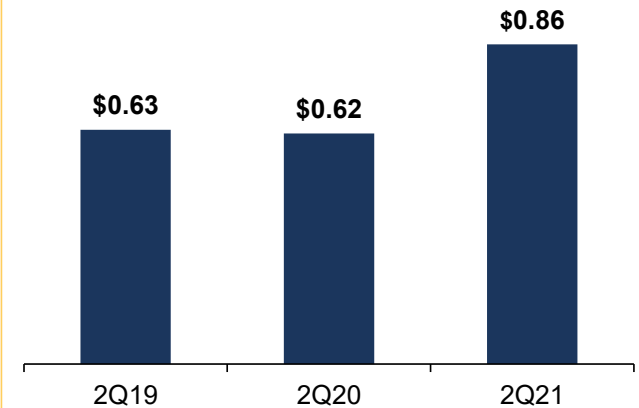
Total Revenues (\$M)



Adjusted Operating Income (\$M) and Operating Margin



Adjusted EPS



YoY Commentary (2Q21 vs. 2Q20)

- \$81M increase in total revenues
- 6.7% higher TTS revenues per truck per week¹, due to higher revenues per total mile and lower miles per truck (fleet mix changes and fewer team drivers)
- 1.3% lower TTS average trucks
- 29% higher Logistics revenues

- 37% growth in adjusted operating income, or \$21.4M
- Adjusted TTS operating income increased \$18.3M, or 33%
- Logistics operating income increased \$0.8M, or 25%
- Adjusted Corporate and Other operating income increased \$2.3M

- 40% growth in adjusted EPS

TRUCKLOAD TRANSPORTATION SERVICES (TTS) RESULTS

	2Q19	2Q20	2Q21	2Q21 vs. 2Q20
Revenues (\$M)	\$480.0	\$445.1	\$491.2	10%
Adjusted Operating Income (\$M)	\$52.4	\$56.1	\$74.4	33%
Adjusted Operating Margin¹	12.6%	13.7%	17.1%	340 bps
Adjusted Operating Ratio¹	87.4%	86.3%	82.9%	(340) bps

YoY Commentary (2Q21 vs. 2Q20)

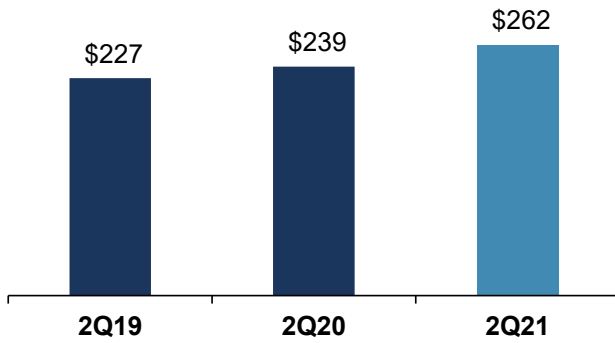
- Revenues increased 10% due to higher rates and fuel surcharges, offset by 1% fewer trucks and lower miles per truck
- Strong execution by both Dedicated and One-Way Truckload in a capacity-constrained market

¹ Net of fuel surcharge revenues.

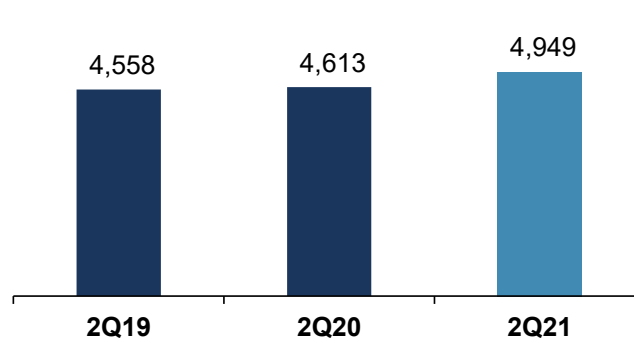
TTS¹ FLEET METRICS UPDATE

Dedicated Truckload

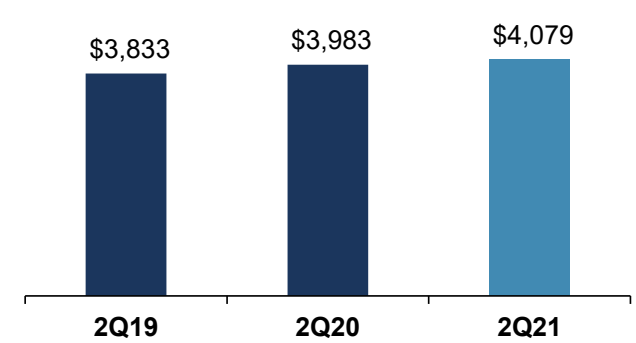
Trucking Revenues² (\$M)



Average Trucks

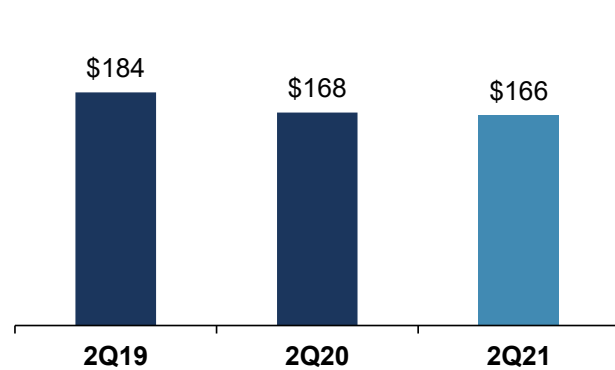


Revenues / Truck / Week²

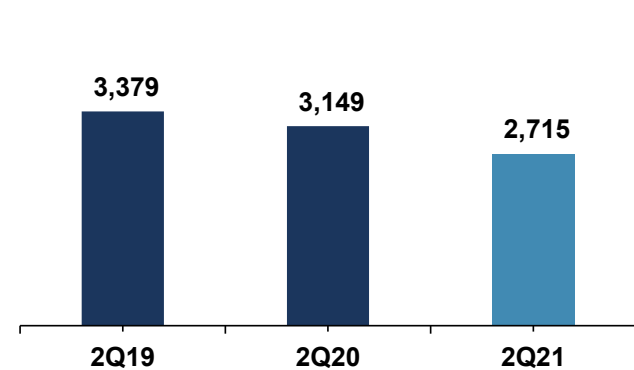


One-Way Truckload

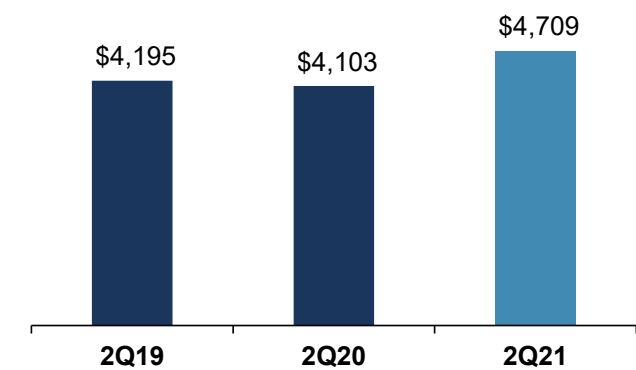
Trucking Revenues² (\$M)



Average Trucks



Revenues / Truck / Week²



WE KEEP AMERICA MOVING®

¹ TTS consists of the Dedicated and One-Way Truckload fleets. ² Net of fuel surcharge revenues.

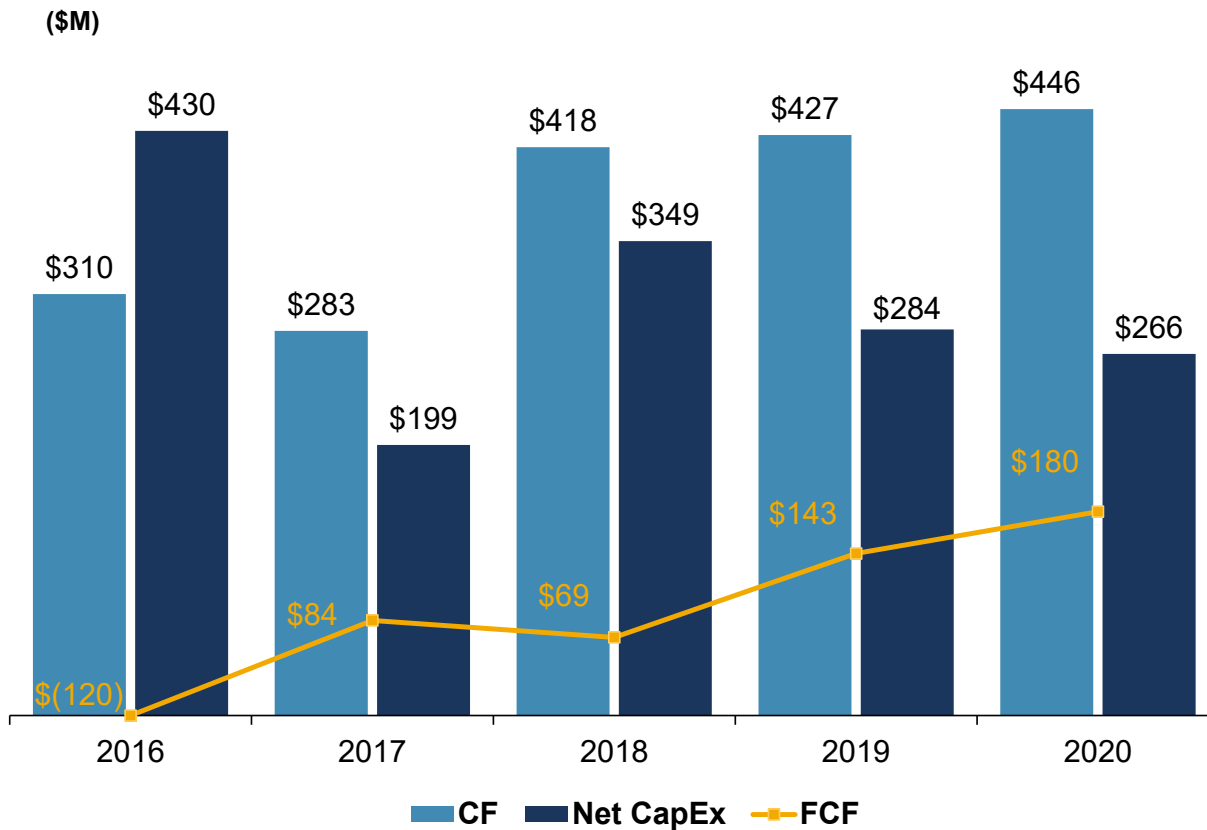
WERNER LOGISTICS RESULTS

	2Q19	2Q20	2Q21	2Q21 vs. 2Q20
Revenues (\$M)	\$130.9	\$110.2	\$141.7	29%
Gross Margin	16.1%	15.7%	12.2%	(350) bps
Operating Income (\$M)	\$5.2	\$3.1	\$3.9	25%
Operating Margin	4.0%	2.8%	2.8%	0 bps

YoY Commentary (2Q21 vs. 2Q20)

- Truckload Logistics revenues (69% of total Logistics revenues) increased 49%
- Intermodal revenues (29% of total Logistics revenues) grew 52%
- Sold Werner Global Logistics (WGL) in 1Q21 (\$17M of revenues in 2Q20); Logistics revenues increased 52% YOY excluding WGL revenues in 2Q20

STRONG FCF GENERATION; EXPECTED TO CONTINUE



COMMENTARY

- FCF generation of \$180M in 2020
- 2021 Net CapEx expected to be in the range of \$275M to \$300M; over the long-term, targeting Net CapEx at 11-13% of annual revenues
- Investment focused on maintaining a new truck/trailer fleet with the latest safety/equipment technology, modern terminal network, investing in our driver training school network, continued IT modernization, and advancing truck technologies

DISCIPLINED CAPITAL ALLOCATION

Priorities

Continual and Consistent Investment in the 5 Ts + S

- Reinvestments in new, feature-rich trucks and trailers, including the latest safety technology, that extend sustainable competitive advantages for customers and drivers
- Opened Lehigh Valley, PA terminal in July (replaced smaller leased terminal)
- Werner Edge enhanced IT (better, faster, less expensive, more secure)

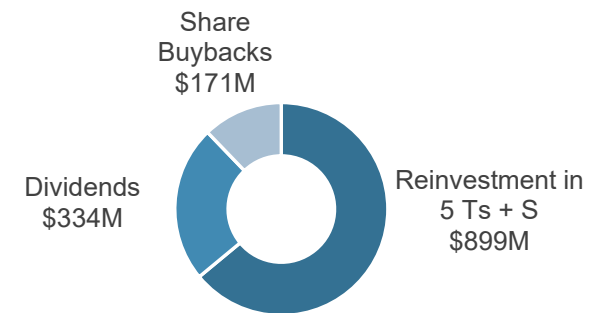
Committed to Return Value to Shareholders

- Continued quarterly dividends since July 1987; raised quarterly dividend by 11% in 1Q21 and another 20% in 2Q21
- Purchased 80% of elite regional truckload carriers ECM Transport Group 7/1/21 for \$142.4M; funded with cash, credit facility borrowing and a new \$100M term loan with a fixed interest rate of 1.3%
- Will consider additional strategic acquisitions that are additive and accretive

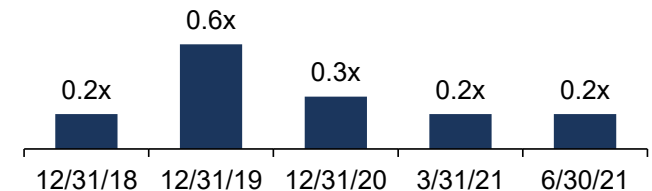
Maintain a Strong and Flexible Financial Position

- Debt of \$300M, Equity of nearly \$1.3B (as of 6/30/21)
- Long-term goal of net debt to EBITDA of 0.5x to 1.0x; pro-forma net debt to EBITDA increased to 0.4x after ECM acquisition

Capital Allocation History 2018-2020 \$1.4B



Net Debt to LTM EBITDA

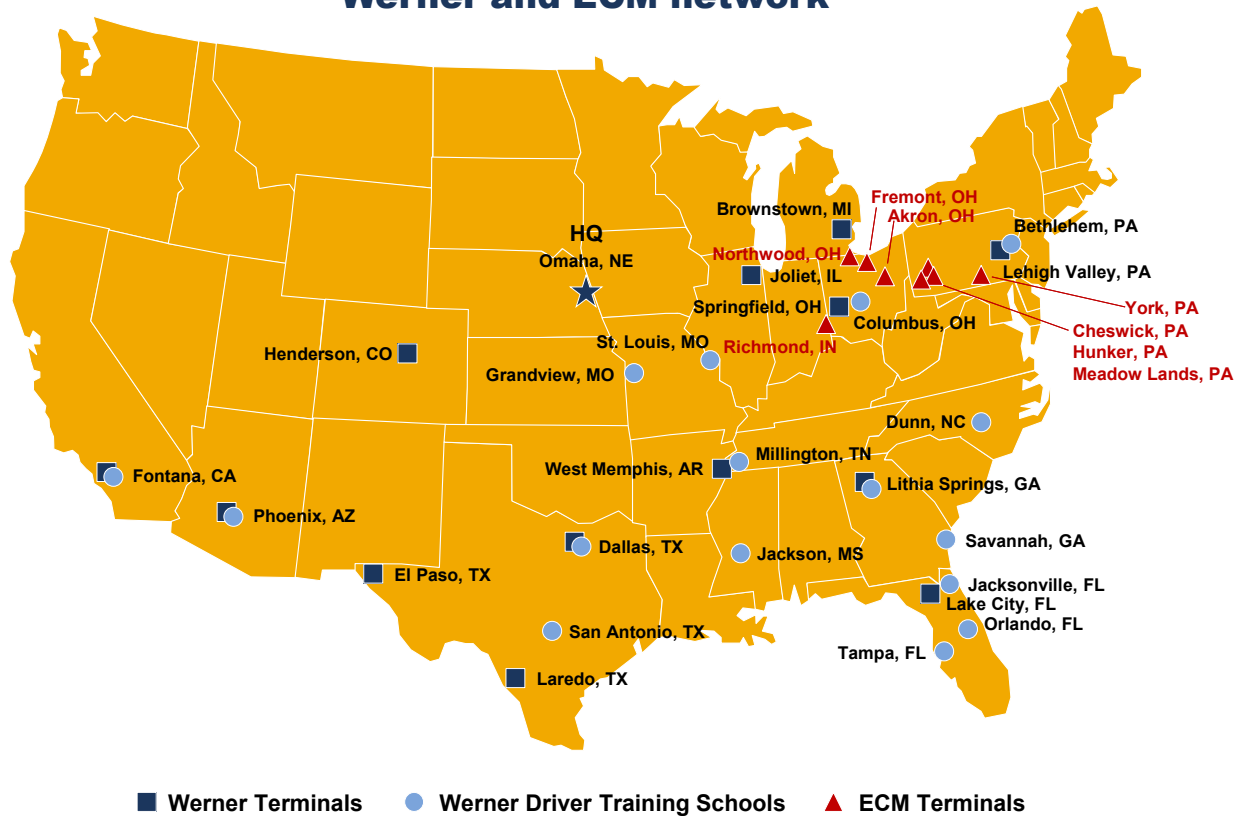


ECM STRATEGICALLY EXPANDS FOOTPRINT

Benefits of ECM Acquisition

- Expands terminal, fleet and driver footprint in the strategic Mid-Atlantic, Ohio and Northeast regions
 - ✓ 8 Terminals
 - ✓ 18 Drop yards
- Boosts fleet by nearly 7%; increases coverage for regional short-haul freight in key geographic markets
 - ✓ >500 Drivers
 - ✓ 500 Trucks
 - ✓ 2,000 Trailers
- Combines similar customer-centric cultures
 - ✓ Highest standards of safety and on-time service
 - ✓ Very low driver turnover
- Expected to be accretive to Adjusted EPS in Year 1
 - ✓ ECM 2020 revenues of \$108M
 - ✓ ECM 2020 operating margin of 19.8%

Werner and ECM network





UPDATE ON BUSINESS & FINANCIAL OUTLOOK

Derek Leathers

Chairman, President and Chief Executive Officer







5 Ts + S

ARE CORE COMPONENTS OF OUR STRATEGY

COMMITTED TO REMAINING AT THE FOREFRONT OF OUR INDUSTRY

KEY FOCUS AREAS

RELEVANT UPDATES

1. Trucks		<ul style="list-style-type: none"> ▪ Maintain the age of our industry-leading modern truck fleet, which includes state-of-the-art safety technology 	<ul style="list-style-type: none"> ▪ Maintained fleet age, despite OEM production and delivery challenges ▪ Expanded driver training school network from 13 to 16 locations in 2021 ▪ Opened new Lehigh Valley, PA terminal in July 2021 ▪ Rolled out Mastery's MasterMind transportation management system in certain Logistics offices ▪ Launched Inaugural Corporate Social Responsibility report 7/27/21; accessible at werner.com
2. Trailers		<ul style="list-style-type: none"> ▪ Remain at forefront of industry with young trailer fleet age 	
3. Talent		<ul style="list-style-type: none"> ▪ Rigorous hiring and retention processes to attract and retain industry-leading talent 	
4. Terminals		<ul style="list-style-type: none"> ▪ Expansive network of terminals, dedicated fleet locations, and driving schools 	
5. Technology		<ul style="list-style-type: none"> ▪ Continuously upgraded and modernized IT infrastructure and data security (e.g., Werner EDGE) 	
+ Sustainability		<ul style="list-style-type: none"> ▪ Further develop our sustainability practices with specific milestone goals through a multi-phased strategy 	

THE EVOLUTION OF OUR ESG EFFORT

“ While ESG concepts have long been woven into the fabric of Werner’s history, the release of our inaugural CSR report further elevates our commitment to conducting business in a socially and environmentally responsible manner. We are excited to demonstrate our ongoing commitment to Sustainability, and we fully anticipate transformative growth and positive impact enabled by our ESG endeavor in the years to come. ”

Derek J. Leathers, Chairman, President and Chief Executive Officer, Werner Enterprises

4Q 2020

Formally launched ESG program, adding **Sustainability** as a strategic pillar

5Ts + S Strategy

Trucks
Trailers
Talent
Terminals
Technology
+
Sustainability

1Q 2021

Created two new roles and named diverse leaders

- AVP of Sustainability
- AVP of Diversity, Inclusion, and Learning

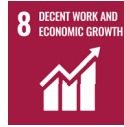
Created 3 initial Associate Resource Groups (ARGs)



2Q 2021



- Adopted SASB Disclosure Framework
- Signed UN Global Compact and aligned with specific SDGs that support Werner values, strategy, and aspirations



July 2021



- Published inaugural CSR Report
- Launched WernerBlue, our branded Sustainability endeavor
- Set new ESG goals and milestones



WernerBlue

SETTING NEW ESG GOALS AND MILESTONES¹



By

2022		<ul style="list-style-type: none"> • Create an advancement and retention plan to increase and elevate women and diverse talent in the management pipeline • Institute an employee volunteer hours program 	<ul style="list-style-type: none"> • Create a standalone ESG board committee • Form a task force made up of senior leadership, associates and board members to further the goals of WernerBlue
2025	<ul style="list-style-type: none"> • Disclose Scope 1 and Scope 2 greenhouse gas emissions 	<ul style="list-style-type: none"> • Double Blue Brigade volunteer hours to +3,300 annually • Double associate training hours devoted to human trafficking awareness 	
2030	<ul style="list-style-type: none"> • Double intermodal usage, thereby further reducing emissions 		
2035	<ul style="list-style-type: none"> • Achieve 55% reduction in greenhouse gas emissions¹ 		

2021 GUIDANCE METRICS AND ASSUMPTIONS

	Prior (as of 4/28/21)	Actual (as of 6/30/21)	New (as of 7/29/21)	Commentary
2021 Guidance				
TTS truck growth from BoY to EoY	1% to 3% (annual)	(2)% (YTD21)	1% to 4% (annual)	Includes ECM acquisition of 500 trucks
Gains on sales of equipment	\$7M to \$10M (2Q21)	\$13.5M (2Q21)	\$9M to \$13M (3Q21)	Guidance based on lower sales volume, higher pricing, and subject to timing of OEM new truck and trailer deliveries
Net capital expenditures	\$275M to \$300M (annual)	\$103M (YTD21)	\$275M to \$300M (annual)	Larger net CapEx in 2H21 due to timing of OEM deliveries
TTS Guidance				
Dedicated RPTPW¹ growth	3% to 5% (annual)	2.4% (2Q21 vs. 2Q20)	3% to 5% (annual)	Rates in 2Q21 vs. 2Q20 above guidance range, miles per truck lower due to fleet mix
One-Way Truckload (OWT) RPTM¹ growth	13% to 16% (2Q21 vs 2Q20)	16.7% (2Q21 vs. 2Q20)	16% to 19% (2H21 vs. 2H20)	New guidance includes the favorable impact of the ECM acquisition in 2H21 (16% of OWT fleet)
Assumptions				
Effective income tax rate	24.5% to 25.5% (annual)	25.5% (2Q21)	24.5% to 25.5% (annual)	
Truck age	2.0 years	2.0 years	2.0 years	Reinvesting to maintain young fleet advantage, subject to timing of OEM deliveries
Trailer age	Low-to-mid "4" years	4.1 years	Low-to-mid "4" years	





Q&A



INVEST WITH US

- ✓ **Executing in strong freight market; expected to continue well into 2022**
 - Achieved record Q2 Adjusted operating income and Adjusted EPS
 - Positioned to deliver cash flow stability through the cycle
- ✓ **Focused on operational excellence and our performance**
 - Aligning with leading edge technology partners
 - Expanding driver training school network
- ✓ **Achieving ESG goals, backed by committed management team**
 - Issued inaugural Corporate Social Responsibility (CSR) report July 27, 2021
- ✓ **Positioned to continue growing earnings and free cash flow**
 - While achieving long-term, sustainable shareholder value creation



APPENDIX

GAAP to NON-GAAP RECONCILIATION (UNAUDITED) (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating revenues	\$ 649,814	\$ 568,959	\$ 1,266,260	\$ 1,161,662
Operating expenses	572,951	516,141	1,126,926	1,077,778
Operating income	76,863	52,818	139,334	83,884
Total other expense (income)	(19,770)	807	(19,187)	1,817
Income before income taxes	96,633	52,011	158,521	82,067
Income tax expense	24,601	12,879	39,997	19,877
Net income	\$ 72,032	\$ 39,132	\$ 118,524	\$ 62,190
Diluted shares outstanding	68,216	69,435	68,237	69,531
Diluted earnings per share	\$ 1.06	\$ 0.56	\$ 1.74	\$ 0.89
Adjusted for:				
Operating expenses	\$ 572,951	\$ 516,141	\$ 1,126,926	\$ 1,077,778
Insurance and claims ⁽¹⁾	(1,258)	(1,198)	(2,516)	(2,396)
Acquisition expenses ⁽²⁾	(992)	-	(992)	-
Gain on sale of Werner Global Logistics ⁽³⁾	-	-	1,013	-
Depreciation ⁽⁴⁾	-	(3,679)	-	(8,693)
Adjusted operating expenses	570,701	511,264	1,124,431	1,066,689
Adjusted operating income ⁽⁵⁾	79,113	57,695	141,829	94,973
Total other expense (income)	(19,770)	807	(19,187)	1,817
Adjusted for:				
Gain on equity investment ⁽⁶⁾	20,191	-	20,191	-
Adjusted income before income taxes	78,692	56,888	140,825	93,156
Adjusted income tax expense	20,026	14,123	35,485	22,705
Adjusted net income ⁽⁵⁾	\$ 58,666	\$ 42,765	\$ 105,340	\$ 70,451
Diluted shares outstanding	68,216	69,435	68,237	69,531
Adjusted diluted earnings per share ⁽⁵⁾	\$ 0.86	\$ 0.62	\$ 1.54	\$ 1.01

(1) During second quarter 2021 and 2020, we accrued pre-tax insurance and claims expense for interest related to a previously disclosed excess adverse jury verdict rendered on May 17, 2018 in a lawsuit arising from a December 2014 accident. The Company is appealing this verdict. Additional information about the accident was included in our Current Report on Form 8-K dated May 17, 2018. Under our insurance policies in effect on the date of this accident, our maximum liability for this accident is \$10.0 million (plus pre-judgment and post-judgment interest) with premium-based insurance coverage that exceeds the jury verdict amount. Interest is accrued at \$0.4 million per month until such time as the outcome of our appeal is finalized. Management believes excluding the effect of this item provides a more useful comparison of our performance from period to period. This item is included in the Truckload Transportation Services segment in our Segment Information table.

(2) During second quarter 2021, we incurred legal and professional fees related to the acquisition of ECM Transport Group, which was finalized on July 1, 2021. The expenses are included within other operating expenses in the Income Statement and in Corporate operating income in our Segment Information table.

(3) During first quarter 2021, we sold Werner Global Logistics ("WGL") freight forwarding services for international ocean and air shipments to Scan Global Logistics Group, which resulted in the pre-tax gain on sale. Management believes excluding the effect of this unusual and infrequent item provides a more useful comparison of our performance from period to period. This item is included in the Werner Logistics segment in our Segment Information table.

(4) During first quarter 2020, we changed the estimated life of certain trucks expected to be sold in 2020 to more rapidly depreciate these trucks to their estimated residual values due to the weak used truck market. These trucks continued to depreciate at the same higher rate per truck, until all were sold. Management believes excluding the effect of this unusual and infrequent item provides a more useful comparison of our performance from period to period. This item is included in the Truckload Transportation Services segment in our Segment Information table.

(5) Our definition of the non-GAAP measures adjusted operating income, adjusted net income and adjusted diluted earnings per share begins with (a) operating expenses, the most comparable GAAP measure. We subtract the insurance and claims jury verdict interest accrual, the acquisition expenses, and the additional depreciation expense and add the gain on sale of WGL to (a) to arrive at adjusted operating expenses, which we subtract from operating revenues to arrive at (b) adjusted operating income. We subtract (c) total other expense (income) adjusted to remove the gain on equity investment from (b) adjusted operating income to arrive at (d) adjusted income before income taxes. We calculate adjusted income tax expense by applying the incremental income tax rate excluding discrete items to the net pre-tax adjustments and adding this additional income tax to GAAP income tax expense. We then subtract adjusted income tax expense from adjusted income before income taxes to arrive at adjusted net income. The adjusted net income is divided by the diluted shares outstanding to calculate the adjusted diluted earnings per share.

(6) Non-operating, mark-to-market gain on our ownership interest in TuSimple, an autonomous technology company. TuSimple completed its initial public offering in April 2021. Upon completion, our equity investment was converted to Class A common shares. We account for our interest, which represents less than 1%, under ASC 321, Investments - Equity Securities. We record changes in the value of our investment, based on the share price reported by Nasdaq, in other expense (income) in the Income Statement. Management believes excluding the effect of this item provides a more useful comparison of our performance from period to period.



WERNER

ENTERPRISES

FOR MORE INFORMATION, VISIT WERNER.COM

