



Werner Enterprises Reports Fourth Quarter and Annual 2021 Results

Fourth Quarter 2021 Highlights *(all metrics compared to fourth quarter 2020)*

- Total revenues of \$765.2 million, up 23%
- Operating income of \$98.5 million, up 21%; non-GAAP adjusted operating income of \$101.1 million, up 22%
- Operating margin of 12.9%, down 20 bps; non-GAAP adjusted operating margin of 13.2%, down 10 bps
- Diluted EPS of \$1.15, up 31%; non-GAAP adjusted diluted EPS of \$1.13, up 27%

OMAHA, Neb., February 3, 2022 -- Werner Enterprises, Inc. (Nasdaq: WERN), a premier transportation and logistics provider, today reported results for the fourth quarter and year ended December 31, 2021.

“Our fourth quarter results demonstrated meaningful progress and strong operational performance in both our truckload and logistics segments,” said Derek J. Leathers, Chairman, President and Chief Executive Officer. “Despite severe capacity challenges across our industry, we grew our truckload fleet and our logistics business with expanded capacity solutions to better serve our winning customers during fourth quarter.

“I am very proud of our Werner team for keeping America moving with a laser focus on our core values including safety first, while providing exceptional customer service. I am confident Werner is strategically positioned with a superior team to achieve sustainable performance improvement going forward.”

Total revenues for the quarter were \$765.2 million, an increase of \$144.9 million compared to the prior-year quarter, due primarily to Truckload Transportation Services revenues growth of \$88.2 million and Logistics revenues growth of \$54.9 million.

Operating income of \$98.5 million increased \$17.0 million, or 21%, while operating margin of 12.9% decreased 20 basis points. On a non-GAAP basis, adjusted operating income of \$101.1 million increased \$18.4 million, or 22%. Adjusted operating margin of 13.2% declined 10 basis points from 13.3% for the same quarter last year, due primarily to significant growth in Logistics (a higher return on assets and lower margin business segment).

Operating income in the Truckload Transportation Services segment increased \$9.6 million due to higher freight rates and gains on sale of equipment, offset by inflationary cost increases for driver pay and benefits, driver sourcing, equipment maintenance, and insurance and claims. Werner Logistics operating income increased \$9.1 million resulting from improved revenue growth and an expanded operating margin.

Interest expense of \$1.6 million increased from \$0.6 million due to higher average borrowings. The effective income tax rate during the quarter was 23.0%, compared to 25.4% in fourth quarter 2020.

During fourth quarter 2021, our strategic minority equity investments in autonomous technology companies had market valuation changes resulting in higher non-operating income in fourth quarter 2021 of \$4.0 million, or \$0.05 per share.

Net income attributable to Werner of \$76.8 million increased 27%. On a non-GAAP basis, adjusted net income attributable to Werner of \$75.6 million increased 23%. Diluted earnings per share ("EPS") for the quarter of \$1.15 increased 31%. On a non-GAAP basis, adjusted diluted EPS of \$1.13 increased 27%.

Key Consolidated Financial Metrics

| (In thousands, except per share amounts) | Three Months Ended December 31, | | | Year Ended December 31, | | |
|---|------------------------------------|-----------|------------|----------------------------|-------------|------------|
| | 2021 | 2020 | Y/Y Change | 2021 | 2020 | Y/Y Change |
| Total revenues | \$765,221 | \$620,302 | 23 % | \$2,734,372 | \$2,372,178 | 15 % |
| Truckload Transportation Services revenues | 563,227 | 475,037 | 19 % | 2,045,073 | 1,843,209 | 11 % |
| Werner Logistics revenues | 184,967 | 130,113 | 42 % | 622,461 | 469,791 | 32 % |
| Operating income | 98,488 | 81,451 | 21 % | 309,146 | 227,438 | 36 % |
| Operating margin | 12.9% | 13.1% | (20) bps | 11.3% | 9.6% | 170 bps |
| Net income attributable to Werner | 76,767 | 60,556 | 27 % | 259,052 | 169,078 | 53 % |
| Diluted earnings per share | 1.15 | 0.88 | 31 % | 3.82 | 2.44 | 57 % |
| Adjusted operating income ⁽¹⁾ | 101,098 | 82,710 | 22 % | 316,777 | 241,945 | 31 % |
| Adjusted operating margin ⁽¹⁾ | 13.2% | 13.3% | (10) bps | 11.6% | 10.2% | 140 bps |
| Adjusted net income attributable to Werner ⁽¹⁾ | 75,624 | 61,494 | 23 % | 234,280 | 179,886 | 30 % |
| Adjusted diluted earnings per share ⁽¹⁾ | 1.13 | 0.89 | 27 % | 3.45 | 2.59 | 33 % |

(1) See attached Reconciliation of Non-GAAP Financial Measures - Consolidated.

Update on NEHDS Logistics, LLC Acquisition

On November 22, 2021, Werner acquired a 100% equity ownership interest in NEHDS Logistics, LLC ("NEHDS") for a purchase price of \$64 million, which includes a \$4 million earnout. NEHDS, based in Monroe, Connecticut, is a growing final mile home delivery provider for big and bulky products with access to a network of 400 final mile delivery trucks serving customers primarily in the Northeast and Midwest U.S. markets. NEHDS achieved annual revenues of \$71.4 million for the twelve months ended September 30, 2021, and produced an average annual revenue growth rate of 27% for the three years then ended. NEHDS financial results for the last six weeks of fourth quarter 2021 were strong and are included in the Werner Logistics segment. NEHDS and Werner Logistics are combining their final mile businesses as Werner Final Mile. Integration activities are proceeding on schedule.

Truckload Transportation Services (TTS) Segment

- Revenues of \$563.2 million increased \$88.2 million
- Operating income of \$88.2 million increased \$9.6 million; non-GAAP adjusted operating income of \$90.0 million increased \$10.2 million
- Operating margin of 15.7% decreased 80 basis points from 16.5%; non-GAAP adjusted operating margin of 16.0% decreased 80 basis points from 16.8%
- Non-GAAP adjusted operating margin, net of fuel, of 18.2% remained flat
- Average segment trucks in service totaled 8,313, an increase of 523 trucks year over year, or 6.7%
- Dedicated unit trucks at quarter end totaled 5,235 or 63% of the total TTS segment fleet, compared to 4,945 trucks, or 63%, a year ago
- 5.5% increase in TTS average revenues per truck per week

In our Dedicated and One-Way Truckload fleets, freight demand remained strong during fourth quarter 2021. Freight demand has continued to be strong so far in first quarter 2022. During fourth quarter, TTS company truck miles increased by approximately 0.6 million miles year over year, and independent contractor miles decreased by approximately 5.3 million miles.

Comparisons of key financial metrics for the TTS segment, including operating ratios (actual and net of fuel surcharge revenues), are shown in the table below.

Key Truckload Transportation Services Segment Financial Metrics

| (In thousands) | Three Months Ended December 31, | | | Year Ended December 31, | | |
|---|------------------------------------|------------|---------------|----------------------------|--------------|---------------|
| | 2021 | 2020 | Y/Y Change | 2021 | 2020 | Y/Y Change |
| Trucking revenues, net of fuel surcharge | \$ 488,593 | \$ 434,127 | 13 % | \$ 1,789,148 | \$ 1,667,394 | 7 % |
| Trucking fuel surcharge revenues | 68,501 | 36,563 | 87 % | 234,164 | 158,611 | 48 % |
| Non-trucking and other revenues | 6,133 | 4,347 | 41 % | 21,761 | 17,204 | 26 % |
| Total revenues | \$ 563,227 | \$ 475,037 | 19 % | \$ 2,045,073 | \$ 1,843,209 | 11 % |
| Operating income | \$ 88,231 | \$ 78,613 | 12 % | \$ 281,823 | \$ 222,007 | 27 % |
| Operating margin | 15.7% | 16.5% | (80) bps | 13.8% | 12.0% | 180 bps |
| Operating ratio | 84.3% | 83.5% | 80 bps | 86.2% | 88.0% | (180) bps |
| Adjusted operating income ⁽¹⁾ | \$ 90,044 | \$ 79,872 | 13 % | \$ 288,678 | \$ 236,514 | 22 % |
| Adjusted operating margin ⁽¹⁾ | 16.0% | 16.8% | (80) bps | 14.1% | 12.8% | 130 bps |
| Adjusted operating margin, net of fuel surcharge ⁽¹⁾ | 18.2% | 18.2% | — bps | 15.9% | 14.0% | 190 bps |
| Adjusted operating ratio ⁽¹⁾ | 84.0% | 83.2% | 80 bps | 85.9% | 87.2% | (130) bps |
| Adjusted operating ratio, net of fuel surcharge ⁽¹⁾ | 81.8% | 81.8% | — bps | 84.1% | 86.0% | (190) bps |

(1) See attached Reconciliation of Non-GAAP Financial Measures - Truckload Transportation Services (TTS) Segment.

Werner Logistics Segment

- Revenues of \$185.0 million increased \$54.9 million, or 42%
- Operating income of \$11.7 million increased \$9.1 million
- Operating margin of 6.3% increased 430 bps

Logistics revenues of \$185.0 million increased 42%. Logistics revenues increased 58%, when excluding Werner Global Logistics (WGL) revenues from fourth quarter 2020. Werner sold WGL in first quarter 2021.

Truckload Logistics revenues (68% of total Logistics revenues) increased 58%, driven by a 29% increase in revenues per shipment and a 23% increase in shipments.

Intermodal revenues (26% of Logistics revenues) increased 37%, supported by a 35% increase in revenues per shipment and a 1% increase in shipments.

Final Mile revenues (6% of Logistics revenues) increased \$8.8 million. This includes approximately six weeks of NEHDS Logistics, LLC which was acquired November 22, 2021.

Logistics operating income improved \$9.1 million in fourth quarter due to revenue growth and an expanded operating margin percentage in a strong freight market.

Key Werner Logistics Segment Financial Metrics

| (In thousands) | Three Months Ended December 31, | | | Year Ended December 31, | | |
|----------------------------------|------------------------------------|------------|---------------|----------------------------|------------|---------------|
| | 2021 | 2020 | Y/Y Change | 2021 | 2020 | Y/Y Change |
| Total revenues | \$ 184,967 | \$ 130,113 | 42 % | \$ 622,461 | \$ 469,791 | 32 % |
| Operating expenses: | | | | | | |
| Purchased transportation expense | 155,492 | 113,908 | 37 % | 535,379 | 407,308 | 31 % |
| Other operating expenses | 17,753 | 13,572 | 31 % | 59,209 | 56,478 | 5 % |
| Total operating expenses | 173,245 | 127,480 | 36 % | 594,588 | 463,786 | 28 % |
| Operating income | \$ 11,722 | \$ 2,633 | 345 % | \$ 27,873 | \$ 6,005 | 364 % |
| Operating margin | 6.3% | 2.0% | 430 bps | 4.5 % | 1.3% | 320 bps |

Cash Flow and Capital Allocation

Cash flow from operations in fourth quarter 2021 was \$79.5 million compared to \$99.5 million in fourth quarter 2020, an decrease of 20%. 2021 cash flow from operations was \$332.8 million compared to \$445.9 million in 2020.

Net capital expenditures in fourth quarter 2021 were \$30.3 million compared to \$79.0 million in fourth quarter 2020, a decrease of 62%. 2021 net capital expenditures were \$193.0 million compared to \$266.2 million in 2020. We plan to continue to invest in new trucks and trailers and our terminals to improve our driver experience, optimize operational efficiency and more effectively manage our maintenance, safety and fuel costs. The average ages of our truck and trailer fleets were 2.2 years and 4.5 years, respectively, as of December 31, 2021.

Gains on sales of equipment in fourth quarter 2021 were \$21.2 million, or \$0.24 per share, compared to \$4.0 million, or \$0.04 per share, in fourth quarter 2020. Year over year, we sold fewer trucks and trailers and realized substantially higher average gains per truck and trailer due to the significantly improved pricing market for our used equipment. Gains on sales of assets are reflected as a reduction of Other Operating Expenses in our income statement.

During the quarter, we repurchased 1,118,345 shares of common stock for a total cost of \$51.2 million, or an average price of \$45.76 per share. As of December 31, 2021, we had 5.0 million shares remaining under our share repurchase authorization.

As of December 31, 2021, we had \$54 million of cash and over \$1.3 billion of stockholders' equity. Total debt outstanding increased \$78 million during the quarter to \$428 million at December 31, 2021. After considering letters of credit issued, we had available liquidity consisting of cash and available borrowing capacity as of December 31, 2021 of \$169 million.

2021 and 2022 Guidance Metrics and Assumptions

The following table summarizes (1) our 2021 guidance and assumptions compared to actual results and (2) introduces our 2022 guidance and assumptions:

| 2021 and 2022 Guidance | Guidance (as of 10/28/21) | Actual (as of 12/31/21) | 2022 Guidance (as of 2/3/22) | Commentary |
|---|--------------------------------------|------------------------------------|---|---|
| TTS truck growth from BoY to EoY | 3% to 5% (annual) | 7% (2021) | 2% to 5% (annual) | Subject to driver availability and timing of delivery of new trucks from OEM's |
| Net capital expenditures | \$250M to \$275M (annual) | \$193.0M (2021) | \$275M to \$325M (annual) | Subject to timing of delivery of new trucks from OEM's |
| TTS Guidance | | | | |
| Dedicated RPTPW* growth | 1% to 2% (4Q21 vs 4Q20) | 5.2% (4Q21 vs. 4Q20) | 3% to 5% (annual) | Expect strong rate levels partially mitigated by lower miles per truck |
| One-Way Truckload RPTM* growth | 17% to 19% (4Q21 vs. 4Q20) | 19.2% (4Q21 vs. 4Q20) | 16% to 19% (1H22 vs. 1H21) | Strong contractual rate increases and elevated spot rates combined with fleet mix changes |
| Assumptions | | | | |
| Effective income tax rate | 24.5% to 25.5% (annual) | 23.0% (4Q21) | 24.5% to 25.5% (annual) | |
| Truck age Trailer age | 2.2 years 4.4 years | 2.2 years 4.5 years | 2.2 years 4.8 years | Reinvesting to maintain young fleet advantage, subject to timing of deliveries from OEM's |

* Net of fuel surcharge revenues

Call Information

Werner Enterprises, Inc. will conduct a conference call to discuss fourth quarter 2021 earnings today beginning at 4:00 p.m. CT. The news release, live webcast of the earnings conference call, and accompanying slide presentation will be available at werner.com in the “Investors” section under “News & Events” and then “Events Calendar.” To participate in the conference call, please dial (844) 701-1165 (domestic) or (412) 317-5498 (international). Please mention to the operator that you are dialing in for the Werner Enterprises call.

A replay of the conference call will be available on February 3, 2022 at approximately 6:00 p.m. CT through March 3, 2022 by dialing (877) 344-7529 (domestic) or (412) 317-0088 (international) and using the access code 4012420. A replay of the webcast will also be available at werner.com in the “Investors” section under “News & Events” and then “Events Calendar.”

About Werner Enterprises

Werner Enterprises, Inc. (Nasdaq: WERN) delivers superior truckload transportation and logistics services to customers across the United States, Mexico and Canada. With 2021 revenues of \$2.7 billion, an industry-leading modern truck and trailer fleet, over 13,500 talented associates and our innovative Werner EDGE technology, we are an essential solutions provider for customers who value the integrity of their supply chain and require safe and exceptional on-time service. Werner provides Dedicated and One-Way Truckload services as well as Logistics services that include truckload brokerage, freight management, intermodal and final mile. As an industry leader, Werner is deeply committed to promoting sustainability and supporting diversity, equity and inclusion.

This press release 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. Actual results could also differ materially from those anticipated as a result of a number of factors, including, but not limited to, those discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 and subsequently filed Quarterly Reports on Form 10-Q.

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 (“SEC”), through the issuance of press releases or by other methods of public disclosure.

Contact:

John J. Steele
Executive Vice President, Treasurer
and Chief Financial Officer
(402) 894-3036

Source: Werner Enterprises, Inc.

Consolidated Financial Information

INCOME STATEMENT
(Unaudited)
(In thousands, except per share amounts)

| | Three Months Ended December 31, | | | | Year Ended December 31, | | | |
|--|------------------------------------|-------|------------|-------|----------------------------|-------|--------------|-------|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | \$ | % | \$ | % | \$ | % | \$ | % |
| Operating revenues | \$ 765,221 | 100.0 | \$ 620,302 | 100.0 | \$ 2,734,372 | 100.0 | \$ 2,372,178 | 100.0 |
| Operating expenses: | | | | | | | | |
| Salaries, wages and benefits | 245,814 | 32.1 | 197,718 | 31.9 | 895,012 | 32.7 | 795,847 | 33.6 |
| Fuel | 71,833 | 9.4 | 39,743 | 6.4 | 245,866 | 9.0 | 157,124 | 6.6 |
| Supplies and maintenance | 54,073 | 7.1 | 42,763 | 6.9 | 206,701 | 7.6 | 175,842 | 7.4 |
| Taxes and licenses | 24,699 | 3.2 | 24,911 | 4.0 | 96,095 | 3.5 | 95,746 | 4.0 |
| Insurance and claims | 28,161 | 3.7 | 24,656 | 4.0 | 98,658 | 3.6 | 109,816 | 4.6 |
| Depreciation and amortization | 71,269 | 9.3 | 63,799 | 10.3 | 267,700 | 9.8 | 263,286 | 11.1 |
| Rent and purchased transportation | 182,685 | 23.9 | 140,195 | 22.6 | 641,159 | 23.4 | 519,184 | 21.9 |
| Communications and utilities | 3,507 | 0.4 | 3,333 | 0.5 | 13,460 | 0.5 | 14,474 | 0.6 |
| Other | (15,308) | (2.0) | 1,733 | 0.3 | (39,425) | (1.4) | 13,421 | 0.6 |
| Total operating expenses | 666,733 | 87.1 | 538,851 | 86.9 | 2,425,226 | 88.7 | 2,144,740 | 90.4 |
| Operating income | 98,488 | 12.9 | 81,451 | 13.1 | 309,146 | 11.3 | 227,438 | 9.6 |
| Other expense (income): | | | | | | | | |
| Interest expense | 1,600 | 0.2 | 576 | — | 4,423 | 0.2 | 4,215 | 0.2 |
| Interest income | (293) | — | (308) | — | (1,211) | (0.1) | (1,634) | (0.1) |
| Gain on investments in equity securities, net | (4,036) | (0.5) | — | — | (40,317) | (1.5) | — | — |
| Other | 90 | — | 40 | — | 236 | — | 163 | — |
| Total other expense (income) | (2,639) | (0.3) | 308 | — | (36,869) | (1.4) | 2,744 | 0.1 |
| Income before income taxes | 101,127 | 13.2 | 81,143 | 13.1 | 346,015 | 12.7 | 224,694 | 9.5 |
| Income tax expense | 23,262 | 3.0 | 20,587 | 3.3 | 84,537 | 3.1 | 55,616 | 2.4 |
| Net income | 77,865 | 10.2 | 60,556 | 9.8 | 261,478 | 9.6 | 169,078 | 7.1 |
| Net income attributable to noncontrolling interest | (1,098) | (0.2) | — | — | (2,426) | (0.1) | — | — |
| Net income attributable to Werner | \$ 76,767 | 10.0 | \$ 60,556 | 9.8 | \$ 259,052 | 9.5 | \$ 169,078 | 7.1 |
| Diluted shares outstanding | 66,850 | | 69,052 | | 67,855 | | 69,427 | |
| Diluted earnings per share | \$ 1.15 | | \$ 0.88 | | \$ 3.82 | | \$ 2.44 | |

CONDENSED BALANCE SHEET
(In thousands, except share amounts)

| | December 31, 2021 (Unaudited) | December 31, 2020 |
|--|-------------------------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 54,196 | \$ 29,334 |
| Accounts receivable, trade, less allowance of \$9,169 and \$8,686, respectively | 460,518 | 341,104 |
| Other receivables | 24,449 | 23,491 |
| Inventories and supplies | 11,140 | 12,062 |
| Prepaid taxes, licenses and permits | 17,549 | 17,231 |
| Other current assets | 49,572 | 33,694 |
| Total current assets | <u>617,424</u> | <u>456,916</u> |
| Property and equipment | 2,557,825 | 2,405,335 |
| Less – accumulated depreciation | 944,582 | 862,077 |
| Property and equipment, net | <u>1,613,243</u> | <u>1,543,258</u> |
| Goodwill | 74,618 | — |
| Intangible assets, net | 55,315 | — |
| Other non-current assets ⁽¹⁾ | 229,324 | 156,502 |
| Total assets | <u>\$ 2,589,924</u> | <u>\$ 2,156,676</u> |
| LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 93,987 | \$ 83,263 |
| Current portion of long-term debt | 5,000 | 25,000 |
| Insurance and claims accruals | 72,594 | 76,917 |
| Accrued payroll | 44,333 | 35,594 |
| Accrued expenses | 28,758 | 25,032 |
| Other current liabilities | 24,975 | 28,208 |
| Total current liabilities | <u>269,647</u> | <u>274,014</u> |
| Long-term debt, net of current portion | 422,500 | 175,000 |
| Other long-term liabilities | 43,314 | 43,114 |
| Insurance and claims accruals, net of current portion ⁽¹⁾ | 237,220 | 231,638 |
| Deferred income taxes | 253,746 | 237,870 |
| Total liabilities | <u>1,226,427</u> | <u>961,636</u> |
| Temporary equity - redeemable noncontrolling interest | 35,947 | — |
| Stockholders' equity: | | |
| Common stock, \$.01 par value, 200,000,000 shares authorized; 80,533,536 shares issued; 65,790,112 and 67,931,726 shares outstanding, respectively | 805 | 805 |
| Paid-in capital | 121,904 | 116,039 |
| Retained earnings | 1,667,104 | 1,438,916 |
| Accumulated other comprehensive loss | (20,604) | (22,833) |
| Treasury stock, at cost; 14,743,424 and 12,601,810 shares, respectively | <u>(441,659)</u> | <u>(337,887)</u> |
| Total stockholders' equity | <u>1,327,550</u> | <u>1,195,040</u> |
| Total liabilities, temporary equity and stockholders' equity | <u>\$ 2,589,924</u> | <u>\$ 2,156,676</u> |

(1) Under the terms of our insurance policies, we are the primary obligor of the damage award in the previously mentioned adverse jury verdict, and as such, we have recorded a \$79.2 million receivable from our third-party insurance providers in other non-current assets and a corresponding liability of the same amount in the long-term portion of insurance and claims accruals in the unaudited condensed balance sheets as of December 31, 2021 and 2020.

SUPPLEMENTAL INFORMATION
(Unaudited)
(In thousands)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|-------------------------------|------------------------------------|-----------|----------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Capital expenditures, net | \$ 30,319 | \$ 78,978 | \$ 193,049 | \$ 266,241 |
| Cash flow from operations | 79,475 | 99,513 | 332,819 | 445,909 |
| Return on assets (annualized) | 12.2 % | 11.2% | 11.2% | 8.0% |
| Return on equity (annualized) | 23.0 % | 20.3% | 20.4% | 14.7% |

Segment Financial and Operating Statistics Information

SEGMENT INFORMATION
(Unaudited)
(In thousands)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|-------------------|----------------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | |
| Truckload Transportation Services | \$ 563,227 | \$ 475,037 | \$ 2,045,073 | \$ 1,843,209 |
| Werner Logistics | 184,967 | 130,113 | 622,461 | 469,791 |
| Other ⁽¹⁾ | 16,980 | 14,737 | 66,108 | 57,276 |
| Corporate | 407 | 467 | 1,629 | 2,009 |
| Subtotal | <u>765,581</u> | <u>620,354</u> | <u>2,735,271</u> | <u>2,372,285</u> |
| Inter-segment eliminations ⁽²⁾ | (360) | (52) | (899) | (107) |
| Total | <u>\$ 765,221</u> | <u>\$ 620,302</u> | <u>\$ 2,734,372</u> | <u>\$ 2,372,178</u> |
| Operating Income | | | | |
| Truckload Transportation Services | \$ 88,231 | \$ 78,613 | \$ 281,823 | \$ 222,007 |
| Werner Logistics | 11,722 | 2,633 | 27,873 | 6,005 |
| Other ⁽¹⁾ | 1,012 | 907 | 4,947 | 3,839 |
| Corporate | (2,477) | (702) | (5,497) | (4,413) |
| Total | <u>\$ 98,488</u> | <u>\$ 81,451</u> | <u>\$ 309,146</u> | <u>\$ 227,438</u> |

(1) Other includes our driver training schools, transportation-related activities such as third-party equipment maintenance and equipment leasing, and other business activities.

(2) Inter-segment eliminations represent transactions between reporting segments that are eliminated in consolidation.

OPERATING STATISTICS BY SEGMENT
(Unaudited)

| | Three Months Ended December 31, | | | Year Ended December 31, | | |
|--|------------------------------------|-----------|---------|----------------------------|------------|---------|
| | 2021 | 2020 | % Chg | 2021 | 2020 | % Chg |
| Truckload Transportation Services segment | | | | | | |
| Average trucks in service | 8,313 | 7,790 | 6.7 % | 7,982 | 7,757 | 2.9 % |
| Average revenues per truck per week ⁽¹⁾ | \$ 4,521 | \$ 4,287 | 5.5 % | \$ 4,311 | \$ 4,134 | 4.3 % |
| Total trucks (at quarter end) | | | | | | |
| Company | 8,050 | 7,390 | 8.9 % | 8,050 | 7,390 | 8.9 % |
| Independent contractor | 290 | 440 | (34.1)% | 290 | 440 | (34.1)% |
| Total trucks | 8,340 | 7,830 | 6.5 % | 8,340 | 7,830 | 6.5 % |
| Total trailers (at quarter end) | 25,760 | 23,125 | 11.4 % | 25,760 | 23,125 | 11.4 % |
| One-Way Truckload | | | | | | |
| Trucking revenues, net of fuel surcharge (in 000's) | \$197,346 | \$176,014 | 12.1 % | \$ 710,673 | \$ 694,868 | 2.3 % |
| Average trucks in service | 3,088 | 2,918 | 5.8 % | 2,942 | 3,096 | (5.0)% |
| Total trucks (at quarter end) | 3,105 | 2,885 | 7.6 % | 3,105 | 2,885 | 7.6 % |
| Average percentage of empty miles | 11.76 % | 11.69 % | 0.6 % | 11.25 % | 12.06 % | (6.7)% |
| Average revenues per truck per week ⁽¹⁾ | \$ 4,916 | \$ 4,638 | 6.0 % | \$ 4,645 | \$ 4,315 | 7.6 % |
| Average % change YOY in revenues per total mile ⁽¹⁾ | 19.2 % | 6.9 % | | 17.3 % | 0.9 % | |
| Average % change YOY in total miles per truck per week | (11.1)% | 0.3 % | | (8.2)% | 1.6 % | |
| Average completed trip length in miles (loaded) | 715 | 869 | (17.7)% | 786 | 852 | (7.7)% |
| Dedicated | | | | | | |
| Trucking revenues, net of fuel surcharge (in 000's) | \$291,244 | \$258,113 | 12.8 % | \$1,078,475 | \$ 972,526 | 10.9 % |
| Average trucks in service | 5,225 | 4,872 | 7.2 % | 5,040 | 4,661 | 8.1 % |
| Total trucks (at quarter end) | 5,235 | 4,945 | 5.9 % | 5,235 | 4,945 | 5.9 % |
| Average revenues per truck per week ⁽¹⁾ | \$ 4,287 | \$ 4,075 | 5.2 % | \$ 4,116 | \$ 4,012 | 2.6 % |
| Werner Logistics segment | | | | | | |
| Average trucks in service | 49 | 31 | 58.1 % | 41 | 31 | 32.3 % |
| Total trucks (at quarter end) | 55 | 31 | 77.4 % | 55 | 31 | 77.4 % |
| Total trailers (at quarter end) | 1,465 | 1,275 | 14.9 % | 1,465 | 1,275 | 14.9 % |

(1) Net of fuel surcharge revenues

Non-GAAP Financial Measures and Reconciliations

To supplement our financial results presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"), we provide certain non-GAAP financial measures as defined by the SEC Regulation G, including non-GAAP adjusted operating income; non-GAAP adjusted operating margin; non-GAAP adjusted operating margin, net of fuel surcharge; non-GAAP adjusted net income attributable to Werner; non-GAAP adjusted diluted earnings per share; non-GAAP adjusted operating expenses; non-GAAP adjusted operating expenses, net of fuel surcharge; non-GAAP adjusted operating ratio; and non-GAAP adjusted operating ratio, net of fuel surcharge. We believe these non-GAAP financial measures provide a more useful comparison of our performance from period to period because they exclude the effect of items that, in our opinion, do not reflect our core operating performance. Our non-GAAP financial measures are not meant to be considered in isolation or as substitutes for their comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. There are limitations to using non-GAAP financial measures. Although we believe that they improve comparability in analyzing our period to period performance, they could limit comparability to other companies in our industry if those companies define these measures differently. Because of these limitations, our non-GAAP financial measures should not be considered measures of income generated by our business. Management compensates for these limitations by primarily relying on GAAP results and using non-GAAP financial measures on a supplemental basis.

The following tables present reconciliations of each non-GAAP financial measure to its most directly comparable GAAP financial measure as required by SEC Regulation G. In addition, information regarding each of the excluded items as well as our reasons for excluding them from our non-GAAP results is provided below.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – CONSOLIDATED
(unaudited)
(In thousands, except per share amounts)

| | Three Months Ended December 31, | | Year Ended December 31, | | 2021 | | 2020 | |
|---|---------------------------------|---------------|-------------------------|---------------|-------------------|---------------|-------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Non-GAAP Adjusted Operating Income and Non-GAAP Adjusted Operating Margin ⁽¹⁾ | \$ | % of Op. Rev. | \$ | % of Op. Rev. | \$ | % of Op. Rev. | \$ | % of Op. Rev. |
| Operating income and operating margin – (GAAP) | \$ 98,488 | 12.9 % | \$ 81,451 | 13.1 % | \$ 309,146 | 11.3 % | \$ 227,438 | 9.6 % |
| Non-GAAP adjustments: | | | | | | | | |
| Insurance and claims ⁽²⁾ | 1,321 | 0.1 % | 1,259 | 0.2 % | 5,137 | 0.2 % | 4,893 | 0.2 % |
| Acquisition expenses ⁽³⁾ | 630 | 0.1 % | — | — % | 1,622 | 0.1 % | — | — % |
| Gain on sale of Werner Global Logistics ⁽⁴⁾ | — | — % | — | — % | (1,013) | (0.1)% | — | — % |
| Depreciation ⁽⁵⁾ | — | — % | — | — % | — | — % | 9,614 | 0.4 % |
| Amortization of intangible assets ⁽⁶⁾ | 659 | 0.1 % | — | — % | 1,885 | 0.1 % | — | — % |
| Non-GAAP adjusted operating income and non-GAAP adjusted operating margin | <u>\$ 101,098</u> | <u>13.2 %</u> | <u>\$ 82,710</u> | <u>13.3 %</u> | <u>\$ 316,777</u> | <u>11.6 %</u> | <u>\$ 241,945</u> | <u>10.2 %</u> |

| | Three Months Ended December 31, | | Year Ended December 31, | | 2021 | | 2020 | |
|---|---------------------------------|----------------|-------------------------|----------------|------------------|----------------|------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Non-GAAP Adjusted Net Income Attributable to Werner and Non-GAAP Adjusted Diluted EPS ⁽¹⁾ | \$ | Diluted EPS | \$ | Diluted EPS | \$ | Diluted EPS | \$ | Diluted EPS |
| Net income attributable to Werner and diluted EPS – (GAAP) | \$76,767 | \$ 1.15 | \$60,556 | \$ 0.88 | \$259,052 | \$ 3.82 | \$169,078 | \$ 2.44 |
| Non-GAAP adjustments: | | | | | | | | |
| Insurance and claims ⁽²⁾ | 1,321 | 0.02 | 1,259 | 0.02 | 5,137 | 0.08 | 4,893 | 0.07 |
| Acquisition expenses ⁽³⁾ | 630 | 0.01 | — | — | 1,622 | 0.02 | — | — |
| Gain on sale of Werner Global Logistics ⁽⁴⁾ | — | — | — | — | (1,013) | (0.02) | — | — |
| Depreciation ⁽⁵⁾ | — | — | — | — | — | — | 9,614 | 0.14 |
| Amortization of intangible assets, net of amount attributable to noncontrolling interest ⁽⁶⁾ | 560 | 0.01 | — | — | 1,541 | 0.02 | — | — |
| Gain on investments in equity securities, net ⁽⁷⁾ | (4,036) | (0.06) | — | — | (40,317) | (0.59) | — | — |
| Income tax effect of above adjustments ⁽⁸⁾ | 382 | — | (321) | (0.01) | 8,258 | 0.12 | (3,699) | (0.06) |
| Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS | <u>\$75,624</u> | <u>\$ 1.13</u> | <u>\$61,494</u> | <u>\$ 0.89</u> | <u>\$234,280</u> | <u>\$ 3.45</u> | <u>\$179,886</u> | <u>\$ 2.59</u> |

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – TRUCKLOAD TRANSPORTATION SERVICES (TTS) SEGMENT
(unaudited)
(In thousands)

| | Three Months Ended December 31, | | Year Ended December 31, | | 2021 | | 2020 | |
|---|---------------------------------|---------------|-------------------------|---------------|-------------------|---------------|-------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Non-GAAP Adjusted Operating Income and Non-GAAP Adjusted Operating Margin ⁽¹⁾ | \$ | % of Op. Rev. | \$ | % of Op. Rev. | \$ | % of Op. Rev. | \$ | % of Op. Rev. |
| Operating income and operating margin – (GAAP) | \$ 88,231 | 15.7 % | \$ 78,613 | 16.5 % | \$ 281,823 | 13.8 % | \$ 222,007 | 12.0 % |
| Non-GAAP adjustments: | | | | | | | | |
| Insurance and claims ⁽²⁾ | 1,321 | 0.2 % | 1,259 | 0.3 % | 5,137 | 0.2 % | 4,893 | 0.3 % |
| Depreciation ⁽⁵⁾ | — | — % | — | — % | — | — % | 9,614 | 0.5 % |
| Amortization of intangible assets ⁽⁶⁾ | 492 | 0.1 % | — | — % | 1,718 | 0.1 % | — | — % |
| Non-GAAP adjusted operating income and non-GAAP adjusted operating margin | <u>\$ 90,044</u> | <u>16.0 %</u> | <u>\$ 79,872</u> | <u>16.8 %</u> | <u>\$ 288,678</u> | <u>14.1 %</u> | <u>\$ 236,514</u> | <u>12.8 %</u> |

| | Three Months Ended December 31, | | | | Year Ended December 31, | | | |
|--|---------------------------------|---------------|------------------|---------------|-------------------------|---------------|--------------------|---------------|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| Non-GAAP Adjusted Operating Expenses and Non-GAAP Adjusted Operating Ratio ⁽¹⁾ | \$ | % of Op. Rev. | \$ | % of Op. Rev. | \$ | % of Op. Rev. | \$ | % of Op. Rev. |
| Operating expenses and operating ratio – (GAAP) | \$474,996 | 84.3 % | \$396,424 | 83.5 % | \$1,763,250 | 86.2 % | \$1,621,202 | 88.0 % |
| Non-GAAP adjustments: | | | | | | | | |
| Insurance and claims ⁽²⁾ | (1,321) | (0.2)% | (1,259) | (0.3)% | (5,137) | (0.2)% | (4,893) | (0.3)% |
| Depreciation ⁽⁵⁾ | — | — % | — | — % | — | — % | (9,614) | (0.5)% |
| Amortization of intangible assets ⁽⁶⁾ | (492) | (0.1)% | — | — % | (1,718) | (0.1)% | — | — % |
| Non-GAAP adjusted operating expenses and non-GAAP adjusted operating ratio | <u>\$473,183</u> | <u>84.0 %</u> | <u>\$395,165</u> | <u>83.2 %</u> | <u>\$1,756,395</u> | <u>85.9 %</u> | <u>\$1,606,695</u> | <u>87.2 %</u> |

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|---------------------------------|------------------|-------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Non-GAAP Adjusted Operating Expenses, Net of Fuel Surcharge; Non-GAAP Adjusted Operating Margin, Net of Fuel Surcharge; and Non-GAAP Adjusted Operating Ratio, Net of Fuel Surcharge ⁽¹⁾ | \$ | \$ | \$ | \$ |
| Operating revenues – (GAAP) | \$ 563,227 | \$ 475,037 | \$ 2,045,073 | \$ 1,843,209 |
| Less: Trucking fuel surcharge ⁽⁹⁾ | (68,501) | (36,563) | (234,164) | (158,611) |
| Operating revenues, net of fuel surcharge – (Non-GAAP) | <u>494,726</u> | <u>438,474</u> | <u>1,810,909</u> | <u>1,684,598</u> |
| Operating expenses – (GAAP) | 474,996 | 396,424 | 1,763,250 | 1,621,202 |
| Non-GAAP adjustments: | | | | |
| Trucking fuel surcharge ⁽⁹⁾ | (68,501) | (36,563) | (234,164) | (158,611) |
| Insurance and claims ⁽²⁾ | (1,321) | (1,259) | (5,137) | (4,893) |
| Depreciation ⁽⁵⁾ | — | — | — | (9,614) |
| Amortization of intangible assets ⁽⁶⁾ | (492) | — | (1,718) | — |
| Non-GAAP adjusted operating expenses, net of fuel surcharge | <u>404,682</u> | <u>358,602</u> | <u>1,522,231</u> | <u>1,448,084</u> |
| Non-GAAP adjusted operating income | <u>\$ 90,044</u> | <u>\$ 79,872</u> | <u>\$ 288,678</u> | <u>\$ 236,514</u> |
| Non-GAAP adjusted operating margin, net of fuel surcharge | <u>18.2 %</u> | <u>18.2 %</u> | <u>15.9 %</u> | <u>14.0 %</u> |
| Non-GAAP adjusted operating ratio, net of fuel surcharge | <u>81.8 %</u> | <u>81.8 %</u> | <u>84.1 %</u> | <u>86.0 %</u> |

(1) Non-GAAP adjusted operating income; non-GAAP adjusted operating margin; non-GAAP adjusted operating margin, net of fuel surcharge; non-GAAP adjusted net income attributable to Werner; non-GAAP adjusted diluted earnings per share; non-GAAP adjusted operating expenses; non-GAAP adjusted operating expenses, net of fuel surcharge; non-GAAP adjusted operating ratio; and non-GAAP adjusted operating ratio, net of fuel surcharge should be considered in addition to, rather than as substitutes for, GAAP operating income; GAAP operating margin; GAAP net income attributable to Werner; GAAP diluted earnings per share; GAAP operating expenses; and GAAP operating ratio, which are their most directly comparable GAAP financial measures.

(2) During 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.

(3) During 2021, we incurred legal and professional fees related to our acquisitions of ECM and NEHDS. Acquisition-related expenses are excluded as management believes these costs are not representative of the costs of managing our on-going business. The expenses are included within other operating expenses in our Income Statement and in Corporate operating income in our Segment Information table.

(4) 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 our Werner Logistics segment in our Segment Information table.

(5) 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 our Truckload Transportation Services segment in our Segment Information table.

(6) Amortization expense related to intangible assets acquired in the ECM and NEHDS acquisitions is excluded because management does not believe it is indicative of our core operating performance. Amortization expense for ECM and NEHDS is included in our Truckload Transportation Services and Werner Logistics segments, respectively, in our Segment Information table.

(7) Represents non-operating mark-to-market adjustments for gains/losses on our minority equity investments, which we account for under ASC 321, Investments - Equity Securities. We record changes in the value of our investments in equity securities in other expense (income) in our Income Statement. Management believes excluding the effect of gains/losses on our investments in equity securities provides a more useful comparison of our performance from period to period.

(8) The income tax effect of the non-GAAP adjustments is calculated using the incremental income tax rate excluding discrete items, and the income tax effect for 2021 has been updated to reflect the annual incremental income tax rate.

(9) Fluctuating fuel prices and fuel surcharge revenues impact the total company operating ratio and the TTS segment operating ratio when fuel surcharges are reported on a gross basis as revenues versus netting the fuel surcharges against fuel expenses. Management believes netting fuel surcharge revenues, which are generally a more volatile source of revenue, against fuel expenses provides a more consistent basis for comparing the results of operations from period to period.