

February 2019

LET'S DELIVER.

SCHNEIDER



**Investor Presentation
Fourth Quarter 2018**



Disclaimer and Forward-Looking Statements

Special Note Regarding Forward-Looking Statements

This presentation, and certain information that management may discuss in connection with this presentation, contains forward-looking statements, within the meaning of the United States Private Securities Litigation Reform Act of 1995, which are intended to come within the safe harbor protection provided by such Act. These forward-looking statements reflect our current expectations, beliefs, plans, or forecasts with respect to, among other things, future events and financial performance and trends in our business and industry. Forward-looking statements are often characterized by words or phrases such as “may,” “will,” “could,” “should,” “would,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “prospects,” “potential” and “forecast,” and other words, terms, and phrases of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks, and uncertainties. Readers are cautioned that a forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement.

Risks and uncertainties that could cause our actual results to differ materially from those contained in the forward-looking statements include, among others, those discussed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission (SEC) as well as in other sections of the Form 10-K and in our subsequently filed Quarterly Reports on Form 10-Q and other filings with the SEC.

Non-GAAP Financial Measures Reconciliation

This presentation, and certain information that management may discuss in connection with this presentation, references certain non-GAAP financial measures, including revenues (excluding fuel surcharge), adjusted income from operations, adjusted net income, adjusted diluted earnings per share (EPS), adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), and Free Cash Flow. Reconciliations of the non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are in an appendix to this presentation. Management believes the use of these non-GAAP measures assists investors in understanding our business. The non-GAAP information provided is used by our management and may not be comparable to similar measures disclosed by other companies. The non-GAAP measures used herein have limitations as analytical tools, and you should not consider them in isolation, or as substitutes, for analysis of our results as reported under GAAP.



Leading North American Transportation Services Company

Iconic Orange Brand

- A \$5.0 billion Company founded in 1935 in Green Bay, WI
- Brand reputation of operational excellence built on service, trust, and reliability
- Industry-leading safety, culture and performance
- Comprehensive presence throughout North America
- Broad Portfolio of businesses with different asset intensities
- Only known industry peer of size to have completed a comprehensive IT platform transformation
- Strong balance sheet, with access to capital, provides flexibility to pursue organic and acquisitive growth initiatives

Three Segments, all at scale – **Truckload**, **Intermodal** and **Logistics**

- Provides resiliency across market cycles
- Positioned for sustainable growth
- Utilize transformative Quest technology

Truckload:

- For-hire and Dedicated configurations
- Second largest carrier in North America¹

Intermodal:

- Owned container/chassis w/Company dray
- One of largest providers in North America¹

Logistics:

- Freight brokerage & logistics services
- Fastest growing segment

Notes:

¹ Rank based on 2017 Revenue as reported in SEC filings, adjusted for the impact of a 2017 merger of two peers on an estimated pro forma basis



4Q18 – Broad and Diversified Portfolio of Services Delivers Record Operating Earnings

Key Takeaways

- ✓ Revenues (xFSC) growth of 10% YoY driven by strong price in all three segments and volume growth in Intermodal and Logistics.
- ✓ Intermodal and Logistics combined to contribute 48% of Enterprise adjusted income from operations.
- ✓ Truckload Revenue per truck per week improved 5% YoY driven by increased contract price. Income from operations increased 23% YoY. Operating ratio of 86.7%.
- ✓ Intermodal Revenue per order improved 13% YoY. Income from operations increased 44%² due to strong price and volume, operational effectiveness, leveraging Quest, and owned chassis benefits. Operating ratio of 84.8%.
- ✓ Logistics Revenue growth of 14% YoY. Income from operations increased 27% YoY due to brokerage growth and effective net revenue management. Operating ratio of 94.1%.

Results (dollars in \$M except EPS)

Metric ¹	4Q18	4Q17
Operating Revenues	\$1,322	\$1,191
Revenues (xFSC)	\$1,185	\$1,082
Adj Income from Operations	\$121	\$100
Adj Net Income	\$87	\$58
Adj Diluted EPS	\$0.49	\$0.33
Adj EBITDA	\$195	\$172
Free Cash Flow	\$41	\$43
Net CapEx	\$116	\$102

Note:

¹ See Appendix for non-GAAP reconciliations

² Adjusted for \$6.6 million of 2017 duplicate chassis costs



FY2018 – Portfolio Positioned to Delivered Record Returns

Key Takeaways

- ✓ Revenues (xFSC) growth of 11% YoY. Industrywide driver constraints resulted in increased price in all three segments and volume growth in Intermodal and Logistics.
- ✓ Intermodal and Logistics combined contributed 46% of Enterprise adjusted income from operations, 31% in 2017.
- ✓ Truckload Revenue per truck per week improved 6% YoY. Income from operations increased 23% YoY. Operating ratio of 89.4%. Effective execution and sustainable pricing.
- ✓ Intermodal Revenue per order improved 11% YoY. Income from operations increased 94%.² Operating ratio of 86.4%. Increased price and volume, container growth, operational effectiveness utilizing Quest platform, and owned chassis benefits.
- ✓ Logistics Revenue growth of 23% YoY. Income from operations increased 38%. Operating ratio of 95.4%. Brokerage volume growth and Quest revenue management capabilities.

Results (dollars in \$M except EPS)

Metric ¹	FY2018	FY2017
Operating Revenues	\$4,977	\$4,384
Revenues (xFSC)	\$4,454	\$3,997.3
Adj Income from Operations	\$384	\$282
Adj Net Income	\$275	\$161
Adj Diluted EPS	\$1.55	\$0.94
Adj EBITDA	\$675	\$561
Free Cash Flow	\$235	\$109
Net CapEx	\$332	\$352

Note:

¹ See Appendix for non-GAAP reconciliations

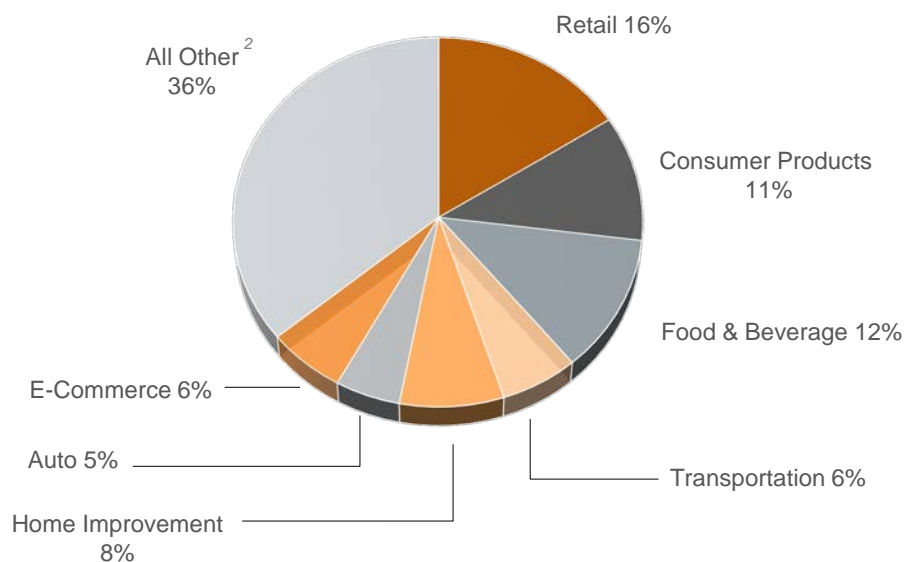
² Adjusted for \$14.9 million of 2017 duplicate chassis cost

Diversity of Customers and End-Markets Served Supports Stability and Growth Through Business Cycles



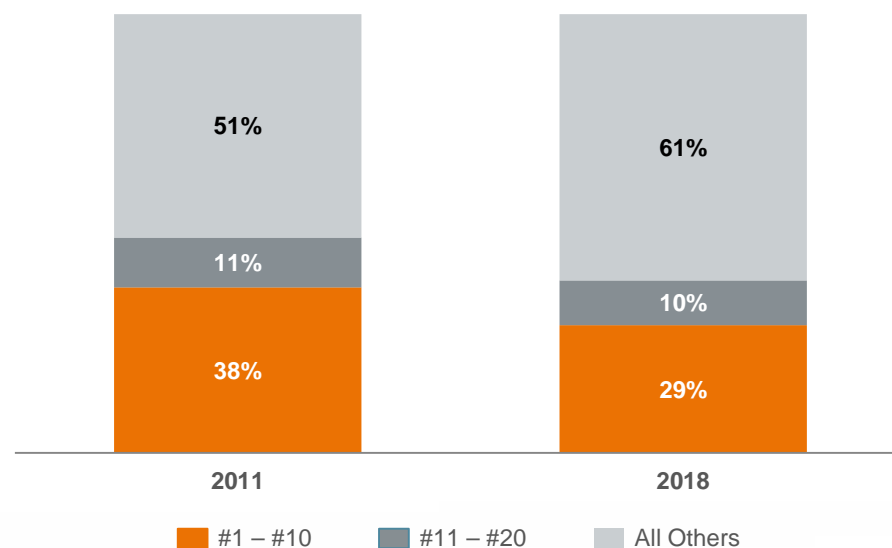
Diverse end-market footprint...

2018 Revenues (xFSC) ¹



...with a broadening customer base...

Change in Customer Concentration ¹



...that includes nearly 200 of the Fortune 500

Notes:

¹ Based on Enterprise Revenues (excluding fuel surcharge). See Appendix for non-GAAP reconciliation

² "All Other" includes Apparel, Electronics, Paper, Chemical, Construction, Energy, Furniture, Medical, Metal, Plastics, and other miscellaneous industries



Broad and Comprehensive Portfolio of Service Offerings

TRUCKLOAD			INTERMODAL		LOGISTICS	
STANDARD			FOR HIRE	DEDICATED	BROKERAGE	
DRY VAN					Temperature Control	Full Truckload
Long-Haul	Expedited		✓	✓	LTL	Flatbed
Regional/Short-Haul					Intermodal	Sole-Source
SPECIALTY			FOR HIRE	DEDICATED	SUPPLY CHAIN SERVICES (3PL)	
BULK					Supply Chain Management	Supplier Management
Long-Haul	Chemical		✓	✓	Supply Chain Design	Procurement
Regional/Short-Haul	Energy					Cross Border
	Expedited				IMPORT/EXPORT SERVICES	
TEMPERATURE CONTROL					Warehousing	Port Drayage
Freeze Protection	Reefer				Transloading	
E-COMMERCE/First-to-Final-Mile						
White Glove	Threshold		✓	✓		
Expedited	Large Parcel					
OTHER SPECIALTY						
Specialty Van	Multi-Stop					
Flatbed	Cross-Dock			✓		



DOOR-TO-DOOR



CONTAINER ON FLAT CAR (COFC)

LONG-HAUL

REGIONAL



NORTH AMERICAN CROSS-BORDER

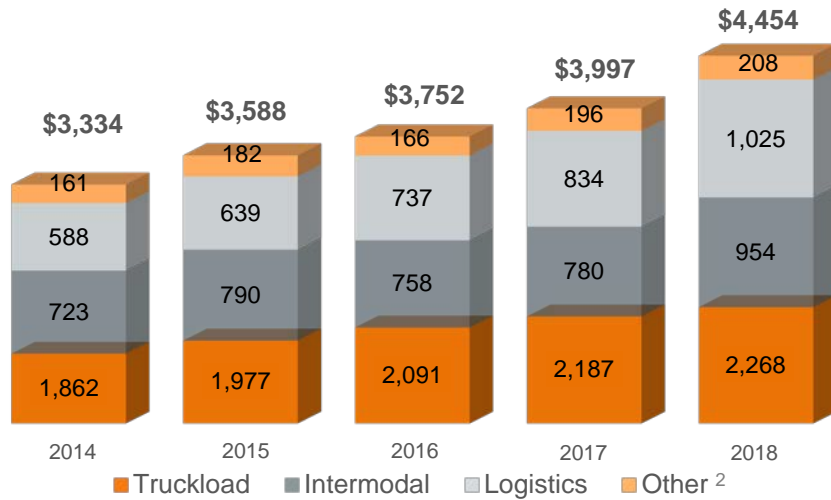
NORTH AMERICAN CROSS-BORDER / INTERNATIONAL FREIGHT





Significant Size and Scale in Each Business Segment

Enterprise Revenues (xFSC)¹



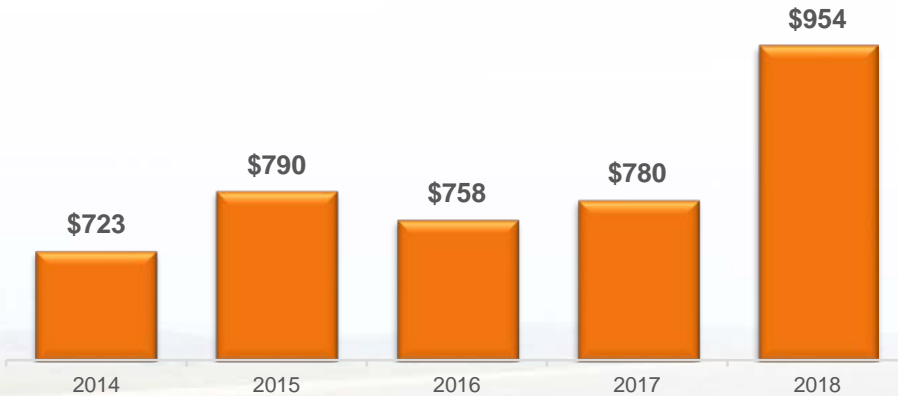
Truckload Revenues (xFSC)¹

Second Largest N.A. TL Provider³



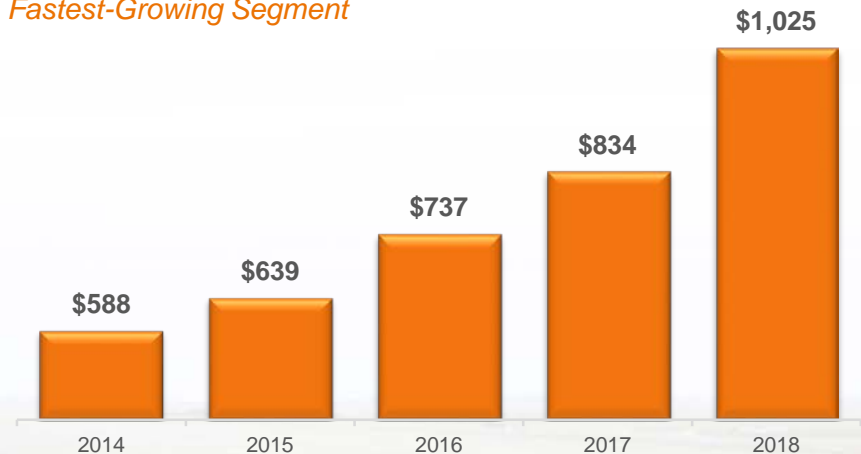
Intermodal Revenues (xFSC)¹

One of the Largest N.A. IM Providers³



Logistics Revenues (xFSC)¹

Fastest-Growing Segment



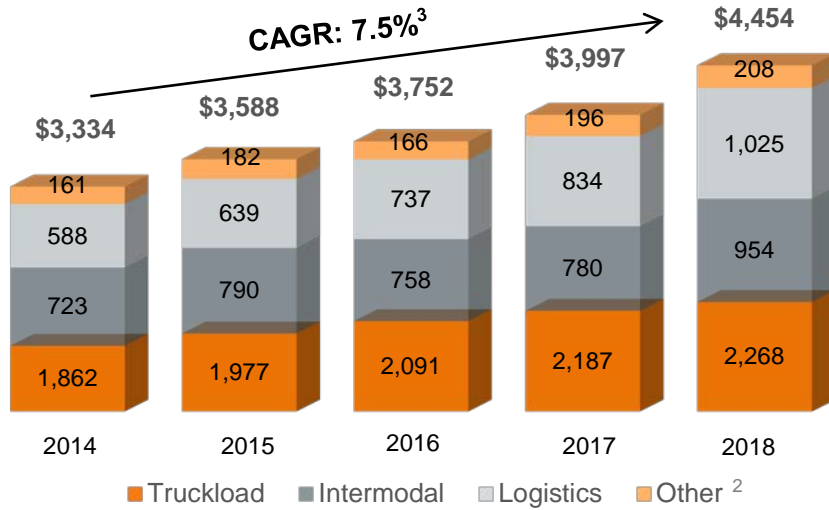
Notes:

- 1 Revenue excludes fuel surcharge, in millions. See appendix for reconciliation of Enterprise Revenues (xFSC)
- 2 Other is net of intercompany eliminations
- 3 Rank based on 2017 Revenue as reported in SEC filings, adjusted for the impact of a 2017 merger of two peers on an estimated pro forma basis

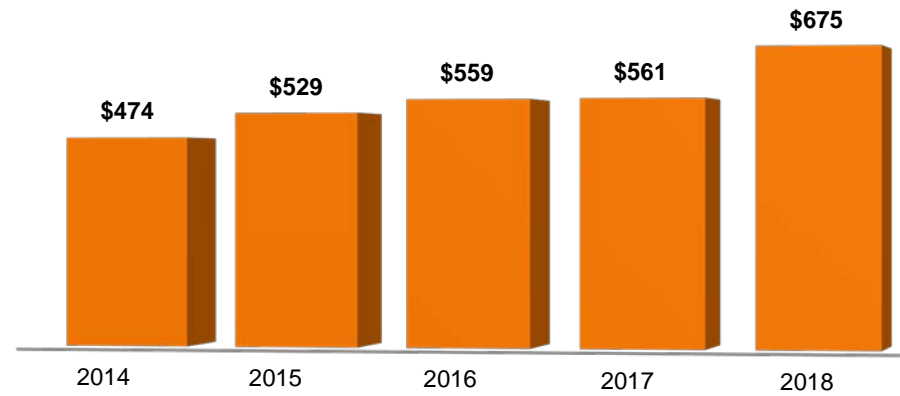


A Consistent Track Record of Financial Performance

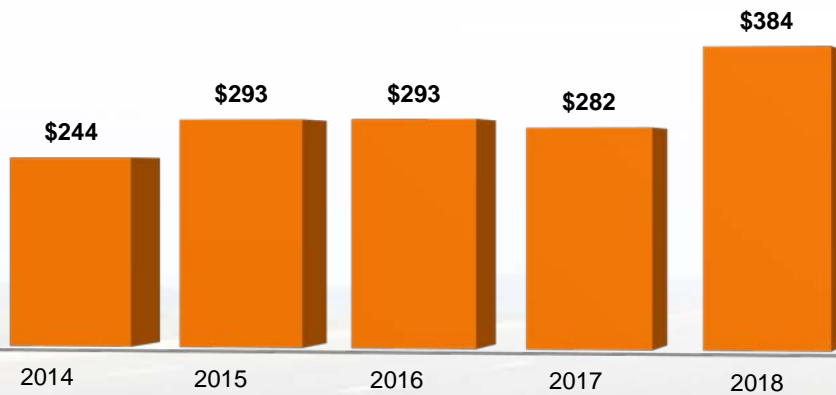
Enterprise Revenues (xFSC)¹



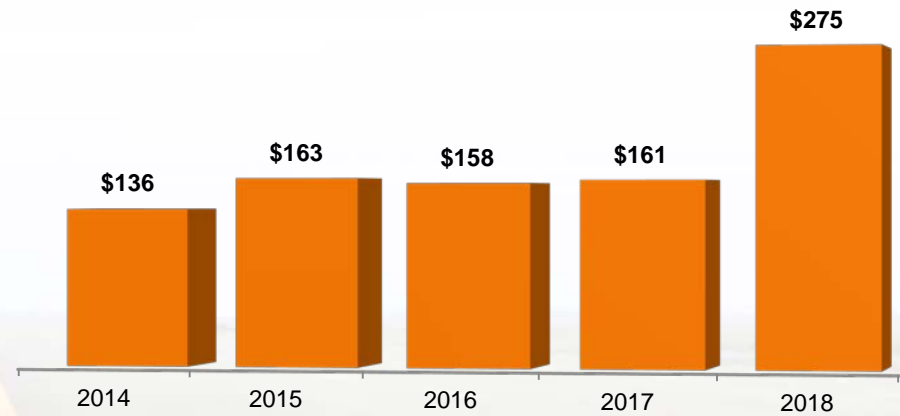
Adjusted EBITDA¹



Adjusted Income from Operations¹



Adjusted Net Income¹



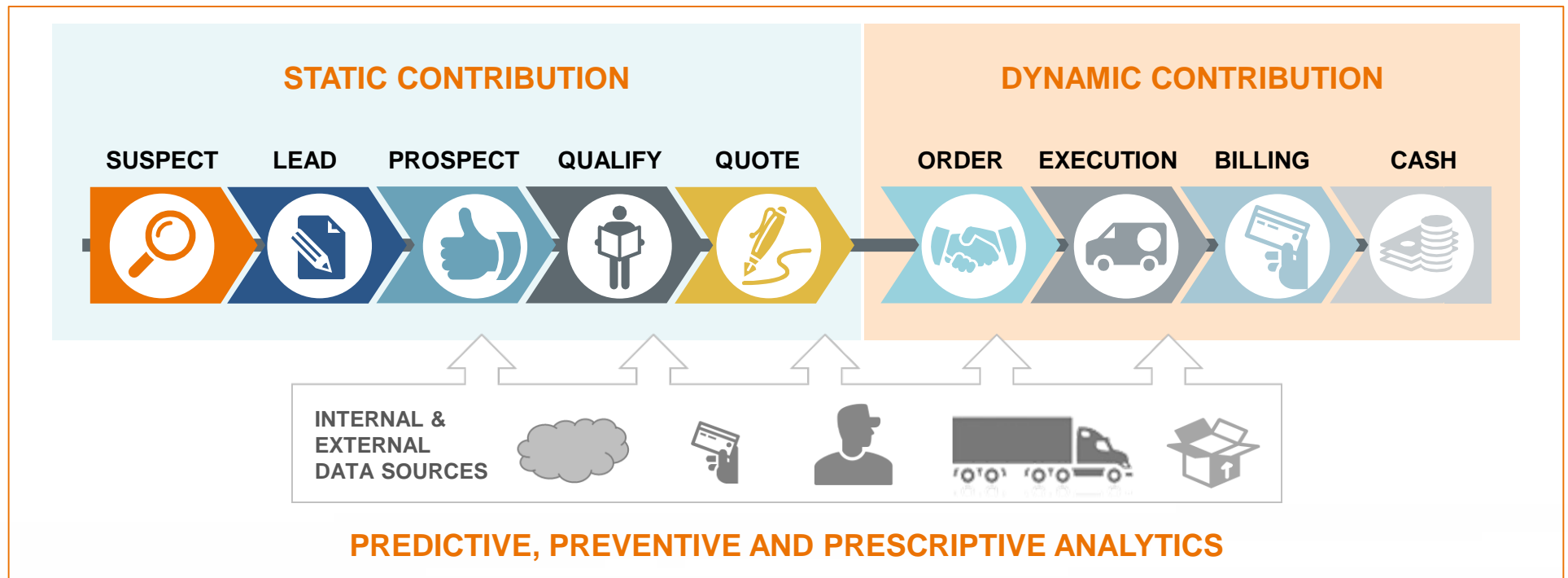
Note:

- 1 See Appendix for non-GAAP reconciliations, in millions
- 2 Other is net of intercompany eliminations
- 3 Based on most recent 4-year CAGR of Revenue (xFSC)



Quest Transformation: Digitizing Our Value Chain

\$250M technology investment differentiates us and enables optimized decisions that drive enhanced contribution



- ✓ Transformation of culture and business process
- ✓ Feedback loops to enhance performance over time

- ✓ Significant driver of margin expansion
- ✓ Turns “order takers” to “profit makers”

Driven by “One Version of the Truth”



Appendix

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Non-GAAP Reconciliation – Revenues (excluding fuel surcharge)¹

(\$M)	FY2014	FY2015	FY2016	FY2017	FY2018	4Q18	4Q17
Operating revenues	\$3,940.6	\$3,959.4	\$4,045.7	\$4,383.6	\$4,977.0	\$1,321.6	\$1,191.2
Less: Fuel surcharge revenues	606.9	371.2	294.0	386.3	522.8	137.0	109.5
Revenues (excluding fuel surcharge)	\$3,333.7	\$3,588.2	\$3,751.7	\$3,997.3	\$4,454.2	\$1,184.6	\$1,081.7

Notes:

1 Table may not sum due to rounding



Non-GAAP Reconciliation – Adjusted Income from Operations¹

(\$M)	FY2014	FY2015	FY2016	FY2017	FY2018	4Q18	4Q17
Income from operations	\$239.4	\$260.2	\$290.4	\$280.3	\$375.8	\$118.6	\$93.7
Litigation ²	4.9	26.7	–	–	5.8	–	–
Goodwill impairment ³	–	6.0	–	–	2.0	2.0	–
Duplicate chassis costs ⁴	–	–	–	14.9	–	–	6.6
WSL contingent consideration adjustment ⁵	–	–	–	(13.5)	–	–	(0.4)
Acquisition costs ⁶	–	–	1.4	–	–	–	–
IPO costs ⁷	–	–	1.3	–	–	–	–
Adjusted income from operations	\$244.3	\$292.9	\$293.1	\$281.7	\$383.6	\$120.6	\$ 99.9

Notes:

1 Table may not sum due to rounding.

2 2014/2015 - Costs associated with certain lawsuits challenging compliance with aspects of the Fair Labor Standards Act (FLSA); 2018 - Costs associated with the settlement of a lawsuit that challenged Washington state labor law compliance

3 As a result of our annual Goodwill impairment testing, the Company took an impairment charge for our Asia reporting unit in 2015 and 2018

4 As of December 31, 2017, the Company completed its migration to an owned chassis model, which required the replacement of rented chassis with owned chassis. Accordingly, the Company adjusted its income from operations for rental costs related to idle chassis as rented units were replaced

5 Represents a fair value adjustment to the contingent consideration related to the acquisition of Watkins Shepard, and Lodeso (WSL)

6 Costs related to the June 1, 2016 acquisition of WSL

7 Costs related to the Company's initial public offering (IPO)



Non-GAAP Reconciliation – Adjusted Net Income¹

(\$M)	FY2014	FY2015	FY2016	FY2017	FY2018	4Q18	4Q17
Net income	\$133.6	\$140.9	\$156.9	\$389.9	\$268.9	\$84.8	\$283.9
Litigation ²	4.9	26.7	–	–	5.8	–	–
Goodwill impairment ³	–	6.0	–	–	2.0	2.0	–
Duplicate chassis costs ⁴	–	–	–	14.9	–	–	6.6
WSL contingent consideration adjustment ⁵	–	–	–	(13.5)	–	–	(0.4)
Acquisition costs ⁶	–	–	1.4	–	–	–	–
IPO costs ⁷	–	–	1.3	–	–	–	–
Tax Cuts and Jobs Act ⁸	–	–	–	(229.5)	–	–	(229.5)
Income tax adjustment ⁹	(2.0)	(10.9)	(1.1)	(0.6)	(1.5)	–	(2.5)
Adjusted net income	\$136.5	\$162.7	\$158.5	\$161.2	\$275.2	\$86.8	\$58.1

Notes:

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- 2 2014/2015 - Costs associated with certain lawsuits challenging compliance with aspects of the Fair Labor Standards Act (FLSA); 2018 - Costs associated with the settlement of a lawsuit that challenged Washington state labor law compliance
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- 8 Represents the effect on deferred assets and liabilities of the change in the federal income tax rate from 35% to 21% as a result of the Tax Cuts and Jobs Act enacted in December 2017
- 9 Tax impacts are calculated using the applicable consolidated federal and state effective tax rate, modified to remove the impact of tax credits and adjustments (such as the Tax Cuts and Jobs Act in 2017) that are not applicable to the item in question. If the underlying item has a materially different tax treatment, the actual or estimated tax rate applicable to the adjustment is used



Non-GAAP Reconciliation – Adjusted EBITDA¹

(\$M)	FY2014	FY2015	FY2016	FY2017	FY2018	4Q18	4Q17
Net Income	\$133.6	\$140.9	\$156.9	\$389.9	\$268.9	\$84.8	\$283.9
Provision for (benefit from) income taxes	92.3	97.8	108.7	(126.5)	95.7	31.7	(193.7)
Interest expense – net	11.7	18.7	21.4	17.4	12.5	2.4	3.7
Depreciation and amortization	230.0	236.3	266.0	279.0	291.3	74.4	72.0
Other - net	1.8	2.8	3.4	(0.5)	(1.3)	(0.3)	(0.2)
Litigation ²	4.9	26.7	–	–	5.8	–	–
Goodwill impairment ³	–	6.0	–	–	2.0	2.0	–
Duplicate chassis costs ⁴	–	–	–	14.9	–	–	6.6
WSL contingent consideration adjustment ⁵	–	–	–	(13.5)	–	–	(0.4)
Acquisition costs ⁶	–	–	1.4	–	–	–	–
IPO costs ⁷	–	–	1.3	–	–	–	–
Adjusted EBITDA	\$474.3	\$529.2	\$559.1	\$560.7	\$674.9	\$195.0	\$171.9

Notes:

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Non-GAAP Reconciliation – Free Cash Flow¹

(\$M)	FY2017	FY2018	4Q18	4Q17
Net cash provided by operating activities	\$461.3	\$566.5	\$156.4	\$145.6
Purchases of transportation equipment	(388.5)	(385.1)	(117.0)	(114.4)
Purchases of other property and equipment	(33.4)	(36.9)	(14.6)	(6.1)
Proceeds from sale of property and equipment	<u>70.0</u>	<u>90.5</u>	<u>15.9</u>	<u>18.2</u>
Net capital expenditures	(351.9)	(331.5)	(115.7)	(102.3)
Free cash flow	\$109.4	\$235.0	\$40.7	\$43.3

Notes:

1 Table may not sum due to rounding



Non-GAAP Reconciliation – Adjusted Diluted Earnings per Share¹

	FY2017	FY2018	4Q18	4Q17
Diluted earnings per share	\$ 2.28	\$ 1.52	\$0.48	\$1.60
Non-GAAP adjustments, tax effected	(1.34)	0.03	0.01	(1.27)
Adjusted diluted earnings per share	\$ 0.94	\$ 1.55	\$0.49	\$0.33

Notes:

¹ Table may not sum due to rounding