



Earnings Conference Call – First Quarter 2018
May 2, 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.



Q1 2018 – Key Themes

- Created Chief Operating Officer role to drive operating efficiencies and accelerate digital transformation
- Strong demand and tight capacity driving robust freight market
- Double-digit increase in truckload cost and price
- Acceleration in spot market freight opportunities
- Emphasis on award management



Results Q1 2018

in thousands, except per share amounts and headcount

Three Months Ended March 31

	2018	2017	% Change
Total Revenues	\$3,925,327	\$3,415,125	14.9%
Total Net Revenues	\$625,925	\$568,566	10.1%
<i>Net Revenue Margin %</i>	15.9%	16.6%	(70 bps)
Personnel Expenses	\$328,297	\$290,504	13.0%
Selling, General, and Admin	\$106,043	\$90,104	17.7%
Income from Operations	\$191,585	\$187,958	1.9%
<i>Operating Margin %</i>	30.6%	33.1%	(250 bps)
Depreciation and Amortization	\$24,241	\$22,431	8.1%
Net Income	\$142,297	\$122,080	16.6%
Earnings Per Share (Diluted)	\$1.01	\$0.86	17.4%
Average Headcount	15,088	14,279	5.7%

- Total revenues increase driven by higher pricing, volume and fuel costs
- Operating expenses growth driven by increases in headcount, variable compensation and bad debt expense. Prior year period included a \$8.75M favorable legal settlement.
- Net income and earnings per share increases include favorable impact of U.S. corporate tax reform



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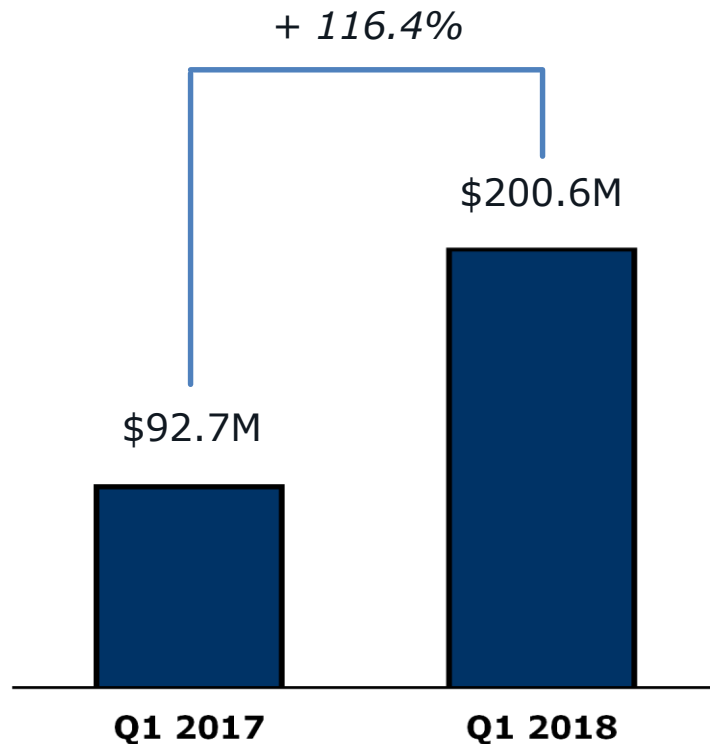
Q1 2018 Other Income Statement Items

- Q1 effective tax rate of 21.3% vs. 31.7% last year
- Adopted new revenue recognition accounting policy in 2018 Q1
- Interest expense increase due to higher debt levels and an increase in variable interest rates
- Weighted average diluted shares outstanding is approximately flat



Q1 2018 Cash Flow and Capital Distribution

Q1 Operating Cash Flow



- \$107.9 million increase in cash flow driven by improved working capital
- \$134.7 million of net income returned to shareholders
 - \$65.4 million cash dividends
 - Dividend payout ratio of 45.9%
 - \$69.3 million in share repurchases
 - 750,130 shares repurchased in the first quarter at an average price of \$92.37 per share
- \$15.5 million in capital expenditures



Q1 2018 Balance Sheet

in thousands

	March 31, 2018	December 31, 2017	% Change
Accounts Receivable, Net	\$2,019,333	\$2,113,930	
Contract Assets ⁽¹⁾	\$161,028	—	
Accounts Payable and O/S Checks	\$1,064,961	\$1,096,664	
Accrued Transportation Expense ⁽¹⁾	\$111,920	—	
Net Operating Working Capital⁽²⁾	\$1,003,480	\$1,017,266	(1.4%)

- Total debt balance \$1.40 billion
 - \$500 million long-term debt, 4.28% average coupon
 - \$651 million drawn on credit facility, 2.83% average rate
 - \$250 million accounts receivable securitization debt facility, 2.37% average rate

(1) Balance sheet as of March 31, 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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Inaugural Bond Offering

- Inaugural public debt offering on April 9, 2018
 - \$600 million of 10-year senior unsecured notes due April 2028
 - 4.2% fixed rate
- Investment grade rated by both S&P and Moody's
- Proceeds used to repay outstanding balance on credit facility
- Provides additional capital structure flexibility

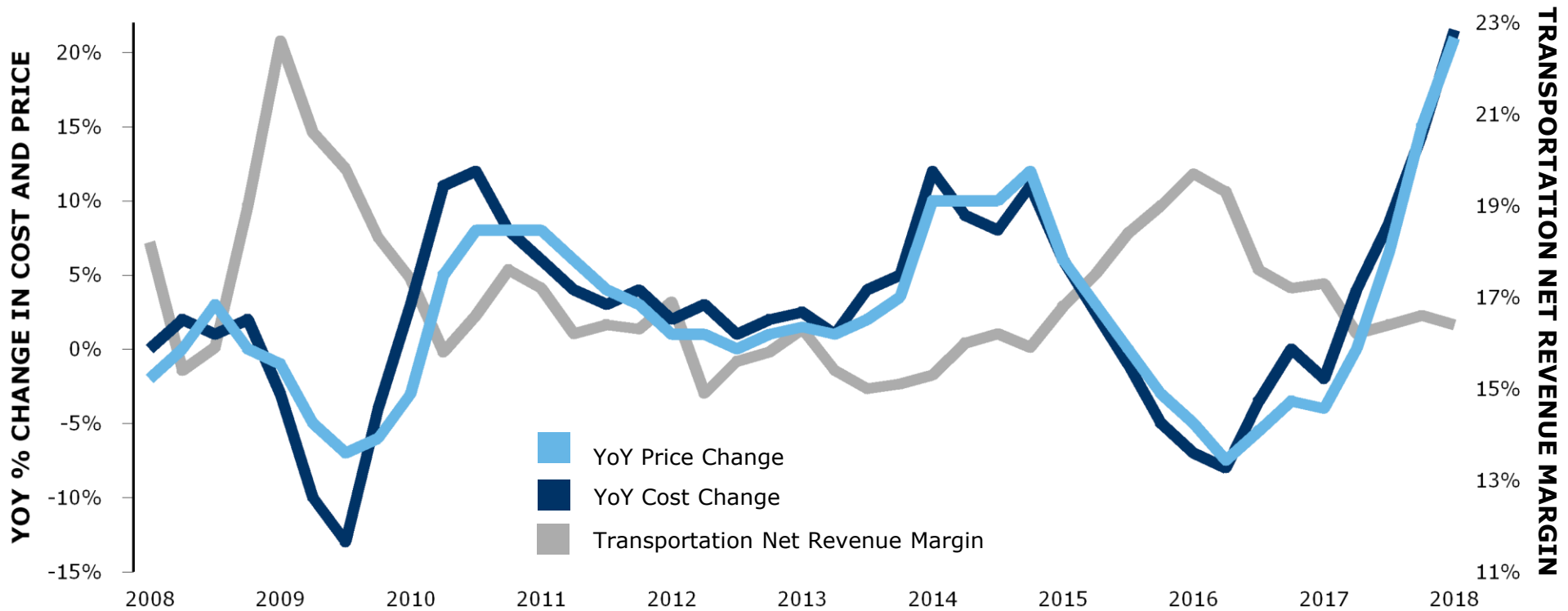


Second Quarter Trends – April

- April to date total company net revenue per day has increased approximately 11 percent when compared to April 2017
- Truckload volume has declined approximately 6 percent on a year-over-year basis in April



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	Q1
Volume	(7.0%)
Price	21.0%
Cost	21.5%
Net Revenue Margin	↓

⁽¹⁾ Cost and price change exclude the estimated impact of fuel.



Q1 2018 NAST Results by Service Line

Truckload, Less Than Truckload and Intermodal
in thousands

Three Months Ended March 31

Net Revenues	2018	2017	% Change
Truckload	\$294,757	\$267,605	10.1%
LTL	\$107,348	\$93,517	14.8%
Intermodal	\$6,182	\$7,175	(13.8%)
Other	\$6,482	\$4,143	56.5%
Total	\$414,769	\$372,440	11.4%

- Double-digit price increases in most service lines
- Aggregate volume increase of 1 percent
- Volume increases in LTL and intermodal
- Added 4,200 new carriers in the quarter

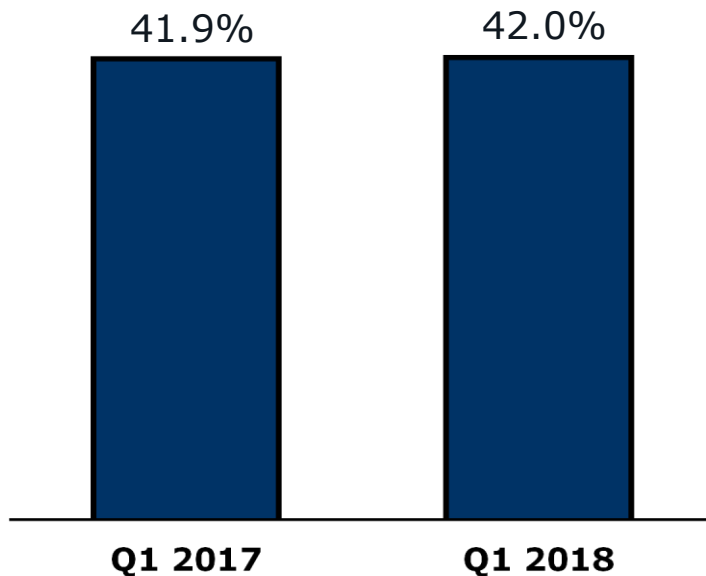
	Truckload ⁽¹⁾	LTL ⁽¹⁾	Intermodal ⁽¹⁾
Pricing ⁽²⁾	21.0%	↑	↑
Cost ⁽²⁾	21.5%	↑	↑
Volume	(7.0%)	8.0%	3.0%
Net Revenue Margin	↓	↓	↓



Q1 2018 NAST Operating Margin

Q1 Operating Margin

+ 10 bps



- Prior year period includes \$8.75 million favorable legal settlement
- Technology investments driving labor productivity
- Selective office consolidation
- Flat headcount



Q1 2018 Global Forwarding Results by Service Line

Ocean, Air and Customs

in thousands

Three Months Ended March 31

Net Revenues	2018	2017	% Change
Ocean	\$68,694	\$63,419	8.3%
Air	\$26,037	\$20,396	27.7%
Customs	\$20,655	\$16,077	28.5%
Other	\$7,651	\$6,654	15.0%
Total	\$123,037	\$106,546	15.5%

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

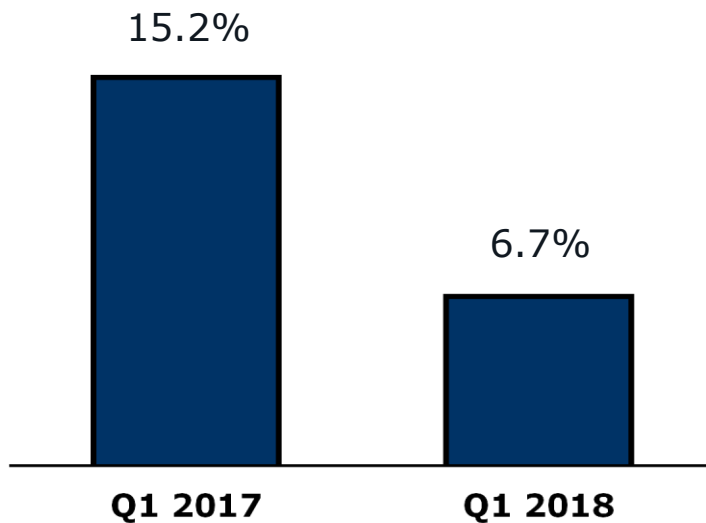
- Double-digit volume increases in all service lines
- Milgram & Company acquisition net revenue impact to Global Forwarding:
 - Ocean +3 pts
 - Air +2 pts
 - Customs +21 pts



Q1 2018 Global Forwarding Operating Margin

Q1 Operating Margin

(850 bps)



- Investments in headcount, technology and leased warehouses
- 21.4 percent headcount increase
 - Milgram headcount impact of 7.5 percentage points to Global Forwarding
- Margin improvement plan underway
 - Technology deployment
 - Process automation



Q1 2018 Robinson Fresh Results

Transportation and Sourcing

in thousands

Three Months Ended March 31

Sourcing	2018	2017	% Change
Total Revenues ⁽¹⁾	\$287,687	\$313,082	(8.1%)
Net Revenues	\$29,887	\$30,408	(1.7%)
<i>Net Revenue Margin %</i>	10.4%	9.7%	70 bps

Transportation	2018	2017	% Change
Total Revenues ⁽¹⁾	\$262,782	\$237,363	10.7%
Truckload	\$18,029	\$21,369	(15.6%)
Other	\$5,954	\$5,060	17.7%
Net Revenues	\$23,983	\$26,429	(9.3%)
<i>Net Revenue Margin %</i>	9.1%	11.1%	(200 bps)

- Sourcing net revenue decline due to strategic customer exiting fresh produce
- Sourcing case volume flat
- Truckload net revenue decline driven by lower volume
- Truckload volume decline of 9 percent

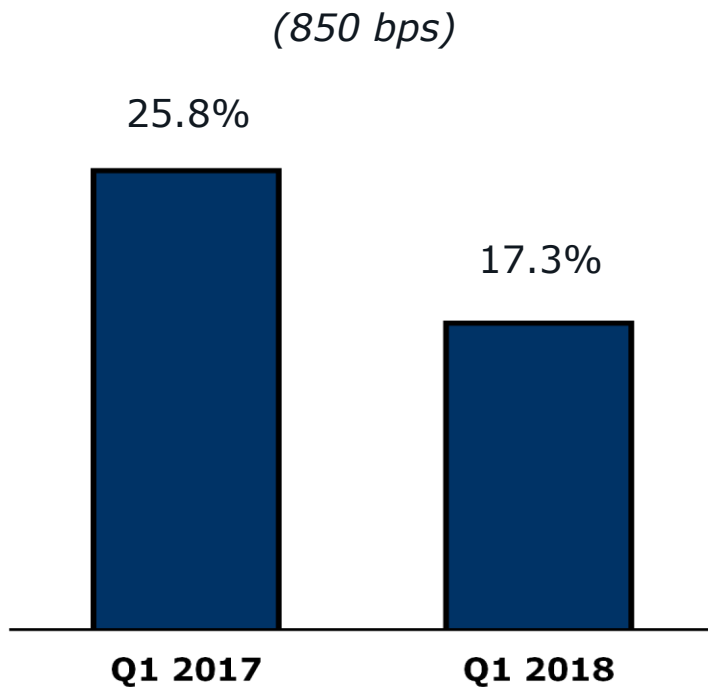
(1) Does not include intersegment revenues.



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Q1 2018 Robinson Fresh Operating Margin

Q1 Operating Margin



- Increased variable compensation expenses
- Write-off of a supplier advance
- Operating expense reduction initiatives underway
 - Headcount reduction
 - Service center closure
 - Operating expense controls



Q1 2018 All Other and Corporate Results

Managed Services and Other Surface Transportation

in thousands

Three Months Ended March 31

Net Revenues	2018	2017	% Change
Managed Services	\$18,317	\$17,193	6.5%
Other Surface Transportation	\$15,932	\$15,550	2.5%
Total	\$34,249	\$32,743	4.6%

Managed Services

- \$1 billion in freight under management in Q1 (19 percent increase versus first quarter of 2017)
- 40 bps of operating margin expansion

Europe Surface Transportation

- Volume growth in truckload and LTL



Final Comments

- Expect current freight market fundamentals to continue
 - Strong demand
 - Tight capacity
 - Increased costs and pricing
- Continued investment in people, processes and technology
 - Digital transformation
 - Increased insights and capabilities
 - Improved efficiency





Appendix



Q1 2018 Transportation Results⁽¹⁾

in thousands

Three Months Ended March 31

Transportation	2018	2017	% Change
Total Revenues	\$3,637,640	\$3,102,043	17.3%
Total Net Revenues	\$596,038	\$538,158	10.8%
<i>Net Revenue Margin %</i>	16.4%	17.3%	<i>(90 bps)</i>

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%	
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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Q1 2018 NAST Results

in thousands, except headcount

Three Months Ended March 31

	2018	2017	% Change
Total Revenues ⁽¹⁾	\$2,663,011	\$2,259,252	17.9%
Total Net Revenues	\$414,769	\$372,440	11.4%
<i>Net Revenue Margin %</i>	15.6%	16.5%	<i>(90 bps)</i>
Income from Operations	\$174,078	\$155,877	11.7%
<i>Operating Margin %</i>	42.0%	41.9%	10 bps
Depreciation and Amortization	\$6,133	\$5,590	9.7%
Total Assets	\$2,383,229	\$2,126,900	12.1%
Average Headcount	6,855	6,844	0.2%

(1) Does not include intersegment revenues.



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Q1 2018 Global Forwarding Results

in thousands, except headcount

Three Months Ended March 31

	2018	2017	% Change
Total Revenues ⁽¹⁾	\$553,754	\$468,788	18.1%
Total Net Revenues	\$123,037	\$106,546	15.5%
<i>Net Revenue Margin %</i>	22.2%	22.7%	(50 bps)
Income from Operations	\$8,221	\$16,206	(49.3%)
<i>Operating Margin %</i>	6.7%	15.2%	(850 bps)
Depreciation and Amortization	\$8,909	\$8,020	11.1%
Total Assets	\$805,184	\$699,139	15.2%
Average Headcount	4,767	3,926	21.4%

(1) Does not include intersegment revenues.



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Q1 2018 Robinson Fresh Results

in thousands, except headcount

Three Months Ended March 31

	2018	2017	% Change
Total Revenues ⁽¹⁾	\$550,469	\$550,445	0.0%
Total Net Revenues	\$53,870	\$56,837	(5.2%)
<i>Net Revenue Margin %</i>	9.8%	10.3%	(50 bps)
Income from Operations	\$9,307	\$14,652	(36.5%)
<i>Operating Margin %</i>	17.3%	25.8%	(850 bps)
Depreciation and Amortization	\$1,173	\$1,146	2.4%
Total Assets	\$412,415	\$409,972	0.6%
Average Headcount	907	961	(5.6%)

(1) Does not include intersegment revenues.



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Q1 2018 All Other and Corporate Results

in thousands, except headcount

Three Months Ended March 31

	2018	2017	% Change
Total Revenues ⁽¹⁾	\$158,093	\$136,640	15.7%
Total Net Revenues	\$34,249	\$32,743	4.6%
Income from Operations	(\$21)	\$1,223	<i>NM</i>
Depreciation and Amortization	\$8,026	\$7,675	4.6%
Total Assets	\$706,948	\$539,733	31.0%
Average Headcount	2,559	2,548	0.4%

(1) Does not include intersegment revenues.



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