



Earnings Conference Call – Second Quarter 2020
July 29, 2020

Bob Biesterfeld, CEO
Mike Zechmeister, CFO
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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; changes in relationships with existing contracted truck, rail, ocean, and air carriers; changes in our customer base due to possible consolidation among our customers; our ability to successfully integrate the operations of acquired companies with our historic operations; risks associated with litigation, including contingent auto liability and insurance coverage; risks associated with operations outside of the United States; risks associated with the potential impact of changes in government regulations; risks associated with the produce industry, including food safety and contamination issues; fuel price increases or decreases, or fuel shortages; cyber-security related risks; the impact of war on the economy; changes to our capital structure; risks related to the elimination of LIBOR; changes due to catastrophic events including pandemics such as COVID-19; and other risks and uncertainties detailed in our Annual and Quarterly Reports.



Q2 2020 Opening Remarks

- Solid performance from all business segments despite unprecedented volatility
- Continued market share gains in NAST
- Results benefited from diverse portfolio of logistics services
- Productivity improvements driven by technology investments and cost control
- Improved liquidity to \$1.6 billion from strong Q2 cash flow



Results Q2 2020

in thousands, except per share amounts and headcount

Three Months Ended June 30

Six Months Ended June 30

	2020	2019	% Change	2020	2019	% Change
Total Revenues	\$3,627,846	\$3,908,840	(7.2%)	\$7,432,854	\$7,660,050	(3.0%)
Total Net Revenues	\$614,453	\$695,216	(11.6%)	\$1,182,406	\$1,374,016	(13.9%)
Net Revenue Margin %	16.9%	17.8%	(90 bps)	15.9%	17.9%	(200 bps)
Personnel Expenses	\$300,483	\$338,886	(11.3%)	\$630,703	\$678,984	(7.1%)
Selling, General, and Admin	\$125,183	\$128,795	(2.8%)	\$253,476	\$242,947	4.3%
Income from Operations	\$188,787	\$227,535	(17.0%)	\$298,227	\$452,085	(34.0%)
Operating Margin %	30.7%	32.7%	(200 bps)	25.2%	32.9%	(770 bps)
Depreciation and Amortization	\$25,758	\$25,082	2.7%	\$50,151	\$49,642	1.0%
Net Income	\$143,939	\$169,180	(14.9%)	\$222,085	\$330,968	(32.9%)
Earnings Per Share (Diluted)	\$1.06	\$1.22	(13.1%)	\$1.64	\$2.39	(31.4%)
Average Headcount	15,294	15,712	(2.7%)	15,338	15,557	(1.4%)
Average Full-Time Equivalents ⁽¹⁾	14,620	15,340	(4.7%)	14,772	15,199	(2.8%)

- Decline in net revenues driven primarily by margin compression in truckload and less-than-truckload (LTL), partially offset by margin expansion in airfreight
- Decrease in operating expenses driven by approximately \$40 million of short-term cost reductions and a decline in variable compensation expense, partially offset by an \$11.5 million loss on the sale-leaseback of a company-owned data center



Q2 2020 Other Income Statement Items

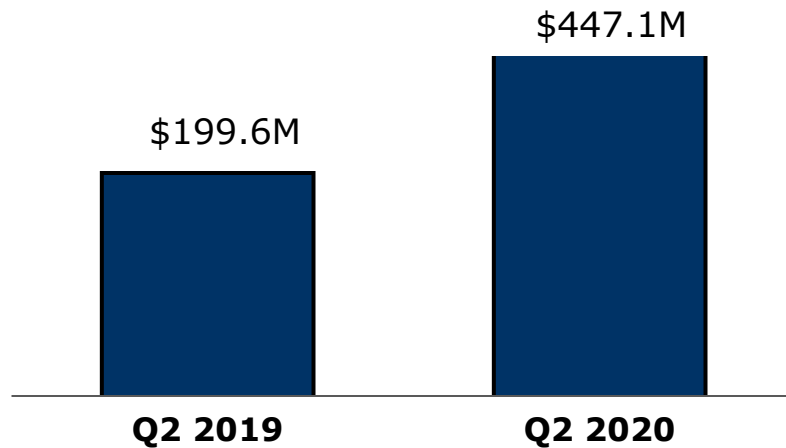
- Q2 effective tax rate of 19.4% vs. 23.4% in Q2 2019
 - Lower tax rate due to tax benefit from delivery of a one-time deferred stock award granted to prior CEO in 2000
 - Expect full-year 2020 effective tax rate to be 20.0%-22.0%
- \$1.8 million favorable impact from currency revaluation, versus a \$2.8 million favorable impact in Q2 2019
- Interest expense declined modestly versus Q2 2019 due to lower average interest rates



Q2 2020 Cash Flow and Capital Distribution

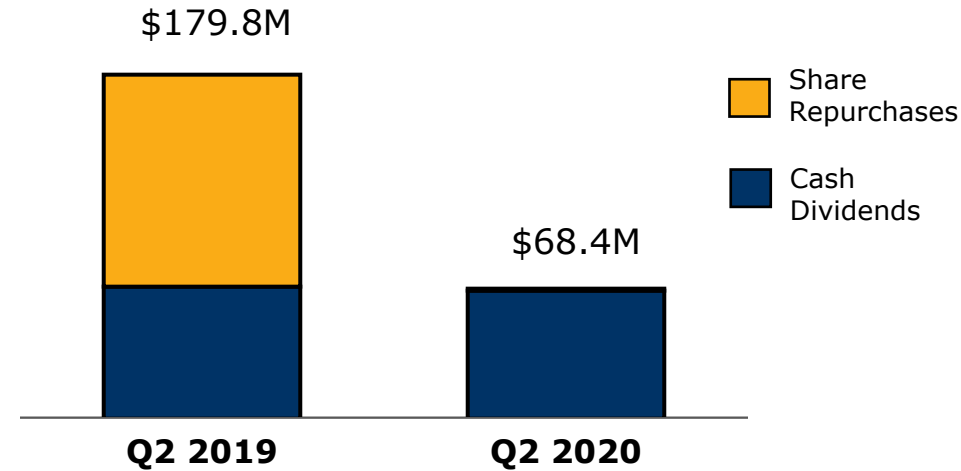
Cash Flow from Operations

124.0%



Capital Distribution

(61.9%)



- \$247.5 million increase in cash flow driven by changes in working capital
- \$10.3 million in capital expenditures
- Expect 2020 full-year capital expenditures to be on the low end of the \$60-70 million range

- \$68.4 million returned to shareholders
- Opportunistic share repurchase program suspended in March; expected to resume in Q4
- Committed to maintaining dividend



Q2 2020 Balance Sheet

in thousands

	June 30, 2020	June 30, 2019	% Change
Accounts Receivable, Net ⁽¹⁾	\$2,172,606	\$2,279,261	(4.7%)
Accounts Payable ⁽²⁾	\$1,409,614	\$1,261,615	11.7%
Net Operating Working Capital⁽³⁾	\$762,992	\$1,017,646	(25.0%)

- Total debt balance \$1.09 billion
 - \$600 million senior unsecured notes maturing April 2028, 4.20% coupon
 - \$500 million private placement debt, 4.28% average coupon
 - \$175 million maturing in August 2023, \$150 million maturing in August 2028 and \$175 million maturing in August 2033
 - 3.9% weighted average interest rate in the quarter, including
 - 1.18% average interest rate (LIBOR + 65 bps) on \$125 million average balance for \$250 million accounts receivable securitization debt facility maturing December 2020
 - 1.68% average interest rate (LIBOR + 112.5 bps) on \$12 million average balance for \$1 billion credit facility maturing October 2023

(1) Accounts receivable amount includes contract assets.

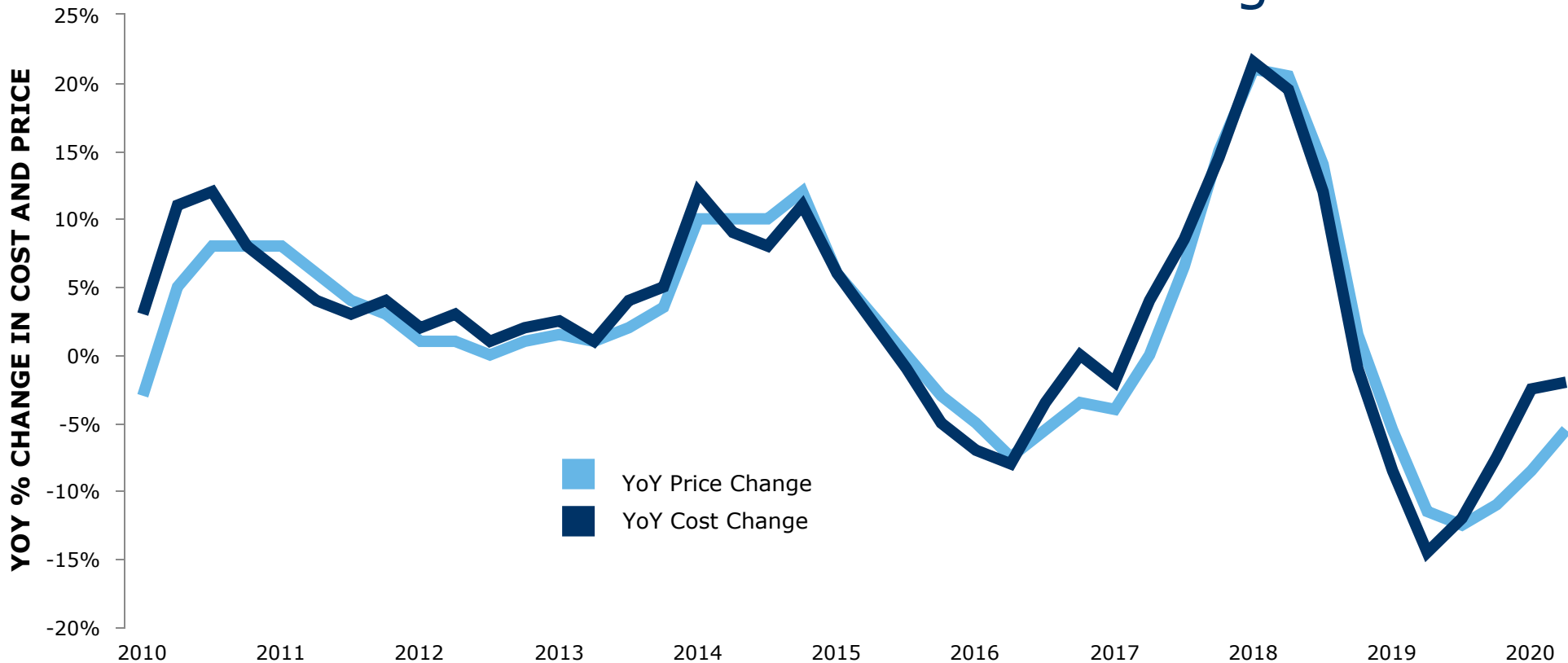
(2) Accounts payable amount includes outstanding checks and accrued transportation expense.

(3) Net operating working capital is defined as net accounts receivable less accounts payable.



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NAST Truckload Cost and Price Change⁽¹⁾⁽²⁾



- 65% / 35% truckload contractual to transactional volume mix
- Average routing guide depth from Managed Services business of 1.2 for the sixth consecutive quarter

NAST Truckload		Q2
Volume ⁽²⁾		(4.5%)
Pricing ⁽²⁾⁽³⁾⁽⁴⁾		(5.5%)
Cost ⁽²⁾⁽³⁾⁽⁴⁾		(2.0%)
Net Revenue Margin		↓

(1) North American Surface Transportation ("NAST") truckload cost and price change chart represents truckload shipments in North America.

(2) Growth rates are rounded to the nearest 0.5 percent.

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

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



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Q2 2020 NAST Results by Service Line

Truckload, Less Than Truckload and Intermodal

in thousands

Three Months Ended June 30

Net Revenues	2020	2019	% Change
Truckload	\$252,165	\$352,912	(28.5%)
LTL	\$105,428	\$121,526	(13.2%)
Intermodal	\$7,588	\$6,021	26.0%
Other	\$14,375	\$5,959	141.2%
Total Net Revenues	\$379,556	\$486,418	(22.0%)
Net Revenue Margin %	15.3 %	16.9 %	(160 bps)

	Truckload	LTL	Intermodal
Pricing ⁽¹⁾⁽²⁾	↓	↓	↓
Cost ⁽¹⁾⁽²⁾	↓	↓	↓
Volume	↓	↓	↔
Net Revenue Margin	↓	↓	↑

- Net revenue margin compression in truckload and LTL
- Added 3,700 new carriers in the quarter
- Prime Distribution integration is going well
- Prime Distribution net revenue impact to NAST⁽³⁾:
 - LTL +4 ppt
 - Total NAST +3 ppt

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

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

(3) Growth rates are rounded to the nearest percent.



Q2 2020 NAST Operating Income

Operating Income

(33.2%)

\$204.7M



Q2 2019

\$136.8M



Q2 2020

Operating Margin %

(600 bps)

42.1%



Q2 2019

36.1%



Q2 2020

- Decrease in net revenues vs. historically high net revenue in Q2 2019
- Lower personnel expenses and reduced SG&A expenses
- Average headcount including furloughed employees decreased 7.6%
 - Prime Distribution acquisition contributed 4.5 percentage points to NAST headcount growth⁽¹⁾
 - Average full-time equivalents decreased 10.9%⁽²⁾

(1) Growth rates are rounded to the nearest 0.5 percent.

(2) Average full-time equivalents excludes furloughed employees and accounts for employees with reduced work hours.



Q2 2020 Global Forwarding Results by Service Line

Ocean, Air and Customs

in thousands

Three Months Ended June 30

Net Revenues	2020	2019	% Change
Ocean	\$78,734	\$85,389	(7.8%)
Air	\$51,541	\$25,212	104.4%
Customs	\$19,459	\$23,296	(16.5%)
Other	\$13,226	\$8,039	64.5%
Total Net Revenues	\$162,960	\$141,936	14.8%
<i>Net Revenue Margin %</i>	<i>23.0%</i>	<i>24.0%</i>	<i>(100 bps)</i>

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

- Air net revenue increase due to unusually high rates and market share gains
- Air market impacted by reduced air cargo capacity, increased charter flights and larger shipment sizes
- Ocean and customs net revenue declines due to lower volume

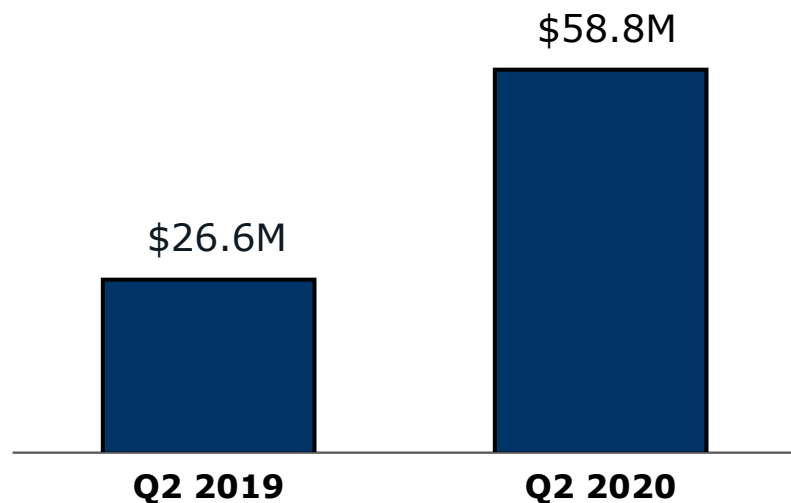


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Q2 2020 Global Forwarding Operating Income

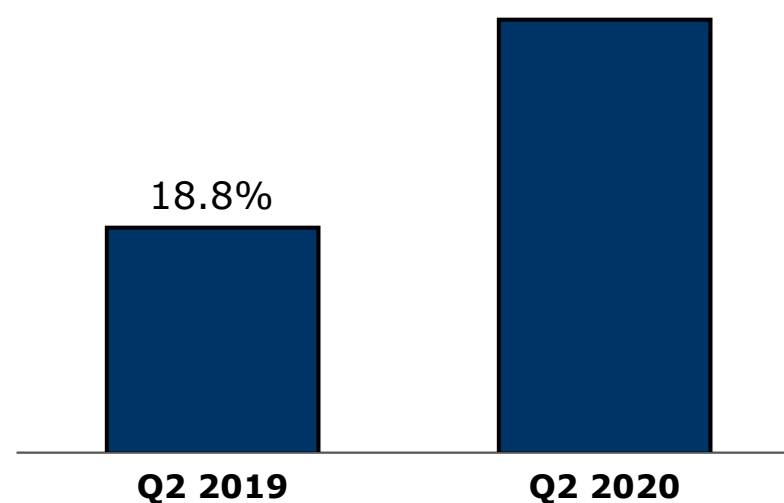
Operating Income

120.8%



Operating Margin %

1,730 bps 36.1%



- 14.8% increase in net revenues
- Lower personnel expenses and reduced SG&A expenses
- 0.9% decrease in average headcount including furloughed employees
 - 1.7% decrease in average full-time equivalents⁽¹⁾



Q2 2020 All Other and Corporate Results

Robinson Fresh, Managed Services and Other Surface Transportation

in thousands

Three Months Ended June 30

Net Revenues	2020	2019	% Change
Robinson Fresh	\$30,202	\$31,236	(3.3%)
Managed Services	\$23,503	\$20,099	16.9%
Other Surface Transportation	\$18,232	\$15,527	17.4%
Total	\$71,937	\$66,862	7.6%

Robinson Fresh

- Case volume decline of 13% driven by a decrease in restaurant demand⁽¹⁾
- Cost controls led to improved operating income

Managed Services

- Strong growth from new and existing customers

Other Surface Transportation

- 19% increase in Europe truckload net revenue
- Dema Service acquisition added 4.7 percentage points of net revenue growth⁽¹⁾



Final Comments

- Balancing continued investment in technology to drive growth with cost reductions
- Committed to emerging stronger from this time of uncertainty





Appendix



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Q2 2020 Transportation Results⁽¹⁾

in thousands

Three Months Ended June 30

Six Months Ended June 30

Transportation	Three Months Ended June 30			Six Months Ended June 30		
	2020	2019	% Change	2020	2019	% Change
Total Revenues	\$3,348,611	\$3,638,612	(8.0%)	\$6,890,729	\$7,143,544	(3.5%)
Total Net Revenues	\$586,021	\$665,614	(12.0%)	\$1,128,026	\$1,317,290	(14.4%)
Net Revenue Margin %	17.5%	18.3%	(80 bps)	16.4%	18.4%	(200 bps)

Transportation Net Revenue Margin %	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Q1	17.2%	16.9%	16.3%	15.3%	16.8%	19.7%	17.3%	16.4%	18.6%	15.3%
Q2	16.2%	14.9%	15.4%	16.0%	17.5%	19.3%	16.2%	16.2%	18.3%	17.5%
Q3	16.4%	15.6%	15.0%	16.2%	18.4%	17.6%	16.4%	16.6%	16.9%	
Q4	16.3%	15.8%	15.1%	15.9%	19.0%	17.2%	16.6%	17.7%	15.6%	
Total	16.5%	15.8%	15.4%	15.9%	17.9%	18.4%	16.6%	16.7%	17.3%	



Q2 2020 NAST Results

in thousands, except headcount

Three Months Ended June 30

Six Months Ended June 30

	2020	2019	% Change	2020	2019	% Change
Total Revenues	\$2,475,292	\$2,872,053	(13.8%)	\$5,299,037	\$5,668,837	(6.5%)
Total Net Revenues	\$379,556	\$486,418	(22.0%)	\$752,334	\$972,968	(22.7%)
Net Revenue Margin %	15.3%	16.9%	(160 bps)	14.2%	17.2%	(300 bps)
Income from Operations	\$136,846	\$204,732	(33.2%)	\$235,372	\$416,015	(43.4%)
Operating Margin %	36.1%	42.1%	(600 bps)	31.3%	42.8%	(1,150 bps)
Depreciation and Amortization	\$7,201	\$6,131	17.5%	\$12,455	\$12,390	0.5%
Total Assets	\$2,793,290	\$2,685,477	4.0%	\$2,793,290	\$2,685,477	4.0%
Average Headcount	6,960	7,533	(7.6%)	6,981	7,486	(6.7%)
Average Full-Time Equivalents ⁽¹⁾	6,610	7,416	(10.9%)	6,710	7,376	(9.0%)



Q2 2020 Global Forwarding Results

in thousands, except headcount

Three Months Ended June 30

Six Months Ended June 30

	2020	2019	% Change	2020	2019	% Change
Total Revenues	\$707,820	\$592,483	19.5%	\$1,238,204	\$1,130,050	9.6%
Total Net Revenues	\$162,960	\$141,936	14.8%	\$291,274	\$269,172	8.2%
Net Revenue Margin %	23.0%	24.0%	(100 bps)	23.5%	23.8%	(30 bps)
Income from Operations	\$58,775	\$26,618	120.8%	\$70,734	\$40,821	73.3%
Operating Margin %	36.1%	18.8%	1,730 bps	24.3 %	15.2 %	910 bps
Depreciation and Amortization	\$9,206	\$9,315	(1.2%)	\$18,355	\$18,241	0.6%
Total Assets	\$1,029,203	\$1,014,235	1.5%	\$1,029,203	\$1,014,235	1.5%
Average Headcount	4,726	4,770	(0.9%)	4,763	4,728	0.7%
Average Full-Time Equivalents ⁽¹⁾	4,546	4,624	(1.7%)	4,599	4,582	0.4%



Q2 2020 All Other and Corporate Results

in thousands, except headcount

Three Months Ended June 30

Six Months Ended June 30

	2020	2019	% Change	2020	2019	% Change
Total Revenues	\$444,734	\$444,304	0.1%	\$895,613	\$861,163	4.0%
Total Net Revenues	\$71,937	\$66,862	7.6%	\$138,798	\$131,876	5.2%
Income from Operations	(\$6,834)	(\$3,815)	NM	(\$7,879)	(\$4,751)	NM
Depreciation and Amortization	\$9,351	\$9,636	(3.0%)	\$19,341	\$19,011	1.7%
Total Assets	\$1,003,196	\$984,397	1.9%	\$1,003,196	\$984,397	1.9%
Average Headcount	3,608	3,409	5.8%	3,594	3,343	7.5%
Average Full-Time Equivalents ⁽¹⁾	3,464	3,300	5.0%	3,463	3,241	6.9%





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