



Earnings Conference Call – Third Quarter 2018
October 31, 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; economic recessions; changes in market demand and pressures on the pricing for our services; fuel prices and availability; changes in the availability of equipment and services from third party providers, including the availability of contracted truckload carriers and changes in prices; changes in political and governmental conditions domestically and internationally; catastrophic events such as environmental events or terrorist attacks; failure to retain employees; failure of any of our technology or operating systems, including due to data security breaches or hacking; competition and growth rates within the third party logistics industry; risks associated with our decentralized operations; seasonality in the transportation industry; risks associated with litigation and insurance coverage; risks associated with operations outside of the U.S.; risks associated with the produce industry, including food safety and contamination issues; risk of unexpected or unanticipated events or opportunities that might require additional capital expenditures; our dependence on our largest customers; risks associated with identifying suitable acquisitions and investments and with integrating acquired companies; risks associated with our long-term growth and profitability; and other risks and uncertainties detailed in our Annual and Quarterly Reports.



Q3 2018 – Key Themes

- Strong financial performance including net revenue and operating margin expansion
- Double-digit increase in truckload cost and price
- Third quarter financial performance demonstrates the strength of our business model



Results Q3 2018

in thousands, except per share amounts and headcount

	Three Months Ended September 30			Nine Months Ended September 30		
	2018	2017	% Change	2018	2017	% Change
Total Revenues	\$4,291,900	\$3,784,451	13.4%	\$12,493,264	\$10,909,594	14.5%
Total Net Revenues	\$694,044	\$593,846	16.9%	\$1,991,452	\$1,736,201	14.7%
Net Revenue Margin %	16.2%	15.7%	50 bps	15.9%	15.9%	0 bps
Personnel Expenses	\$335,299	\$293,204	14.4%	\$1,004,226	\$867,928	15.7%
Selling, General, and Admin	\$112,772	\$106,177	6.2%	\$330,660	\$304,030	8.8%
Income from Operations	\$245,973	\$194,465	26.5%	\$656,566	\$564,243	16.4%
Operating Margin %	35.4%	32.7%	270 bps	33.0%	32.5%	50 bps
Depreciation and Amortization	\$23,923	\$23,963	(0.2%)	\$72,402	\$69,340	4.4%
Net Income	\$175,895	\$119,186	47.6%	\$477,355	\$352,337	35.5%
Earnings Per Share (Diluted)	\$1.25	\$0.85	47.1%	\$3.39	\$2.49	36.1%
Average Headcount	15,291	14,903	2.6%	15,189	14,590	4.1%

- Total revenues increase driven by higher pricing, volume and fuel costs
- Operating expenses growth driven by increases in variable compensation and average headcount
- Net income and earnings per share increases include favorable impact of U.S. corporate tax reform



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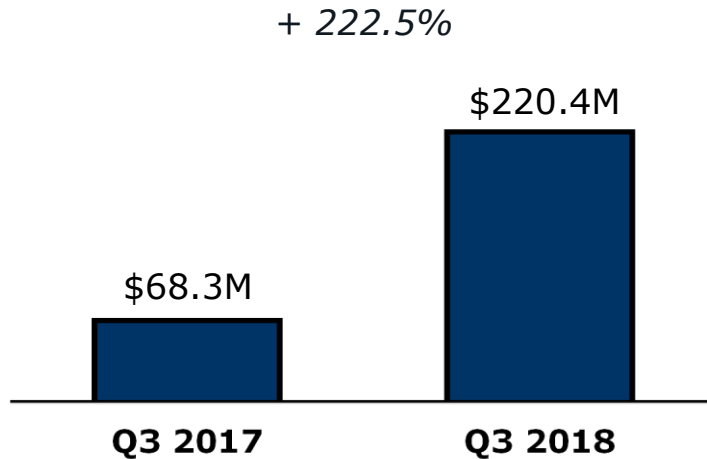
Q3 2018 Other Income Statement Items

- Q3 effective tax rate of 26.5% vs. 35.2% last year
- Interest expense increase due to higher debt levels and an increase in variable interest rates
- \$7 million favorable impact from currency revaluation
- Weighted average diluted shares outstanding down 0.6 percent



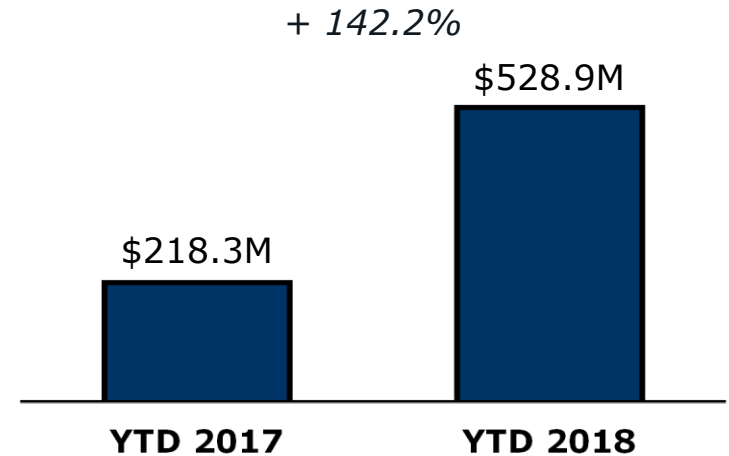
2018 Cash Flow

Q3 Cash Flow from Operations



- \$152.1 million increase in cash flow driven by improved working capital performance and higher net income
- \$19.5 million in capital expenditures

YTD Cash Flow from Operations



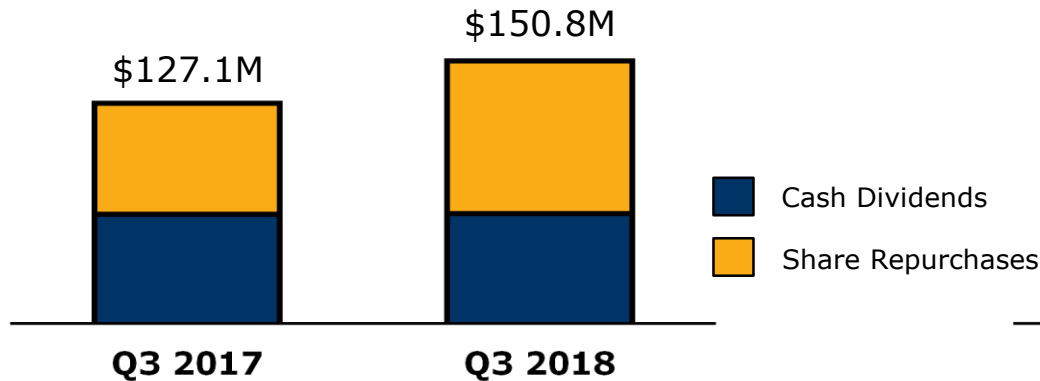
- \$310.6 million increase in cash flow driven by improved working capital performance and higher net income
- \$49.6 million in capital expenditures
- Continue to expect \$60-70 million in capital expenditures for the full year



2018 Capital Distribution

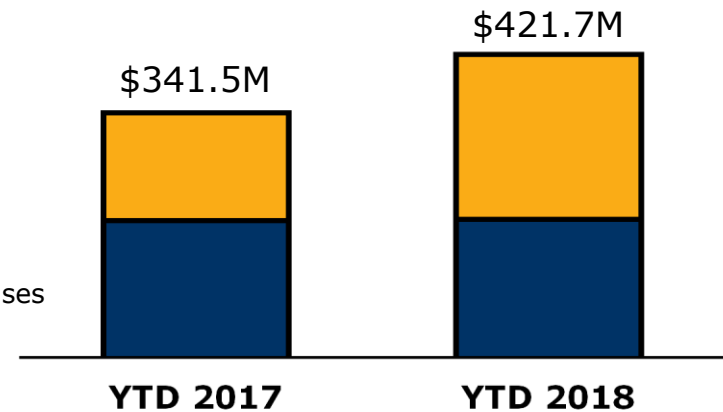
Q3 Capital Distribution

+ 18.7%



YTD Capital Distribution

+ 23.5%



- \$150.8 million of net income returned to shareholders
 - \$64.6 million in cash dividends
 - \$86.2 million in share repurchases
 - 909,904 shares repurchased in the third quarter at an average price of \$94.74 per share
- \$421.7 million of net income returned to shareholders
 - \$195.2 million cash dividends
 - \$226.5 million in share repurchases



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Q3 2018 Balance Sheet

in thousands

	September 30, 2018	December 31, 2017	% Change
Accounts Receivable, Net	\$2,251,944	\$2,113,930	
Contract Assets ⁽¹⁾	\$201,411	—	
Accounts Payable and O/S Checks	\$1,152,633	\$1,096,664	
Accrued Transportation Expense ⁽¹⁾	\$156,810	—	
Net Operating Working Capital⁽²⁾	\$1,143,912	\$1,017,266	12.4%

- Total debt balance \$1.34 billion⁽³⁾
 - \$600 million senior unsecured notes, 4.20% coupon
 - \$500 million private placement debt, 4.28% average coupon
 - \$250 million accounts receivable securitization debt facility, 2.98% average rate
 - Increased size of revolving credit facility to \$1 billion on October 25

(1) Balance sheet as of September 30, 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.

(3) There was no outstanding balance on the credit facility as of September 30, 2018. The average borrowing rate on the credit facility during the third quarter was 3.58%.



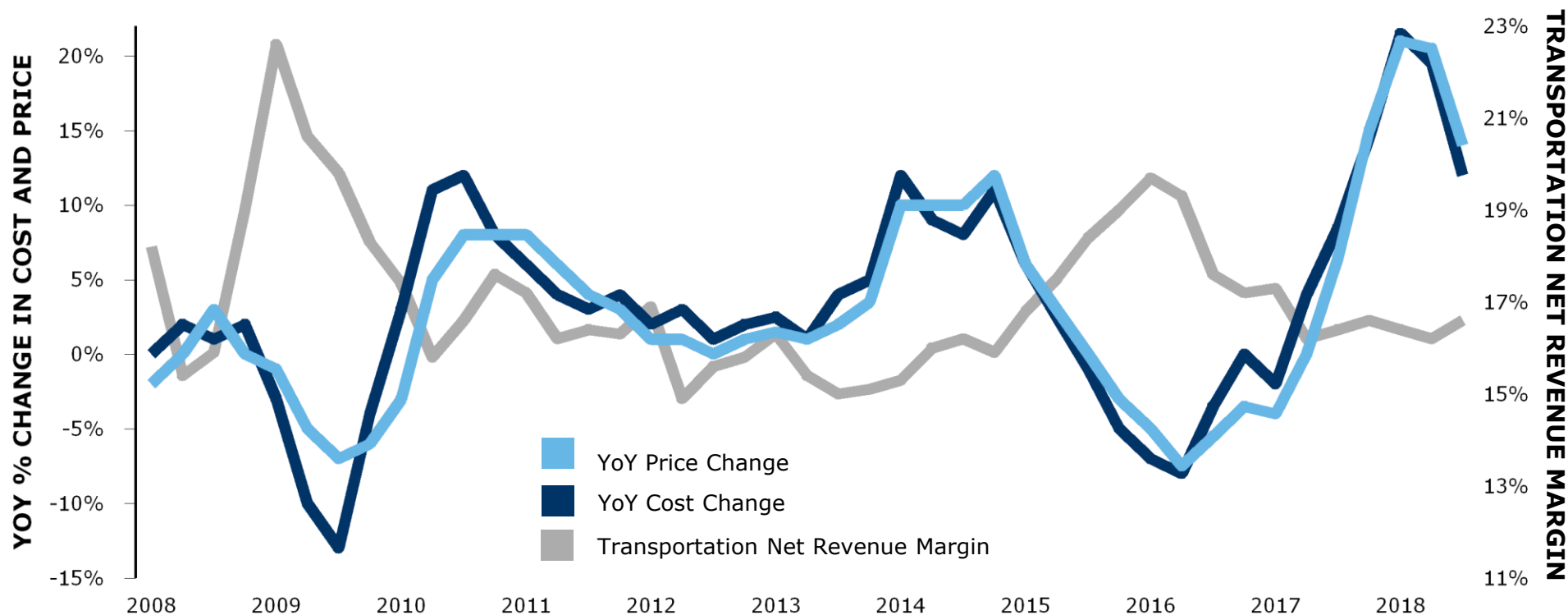
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Fourth Quarter 2018 Trends – October

- October to date total company net revenue per day has increased approximately 9 percent when compared to October 2017
- Truckload volume per day has declined approximately 2 percent on a year-over-year basis in October
- Fourth quarter 2017 items of note
 - 12.5 percent net revenue growth
 - \$31.8 million non-recurring tax benefit



North America Truckload Cost and Price Change⁽¹⁾



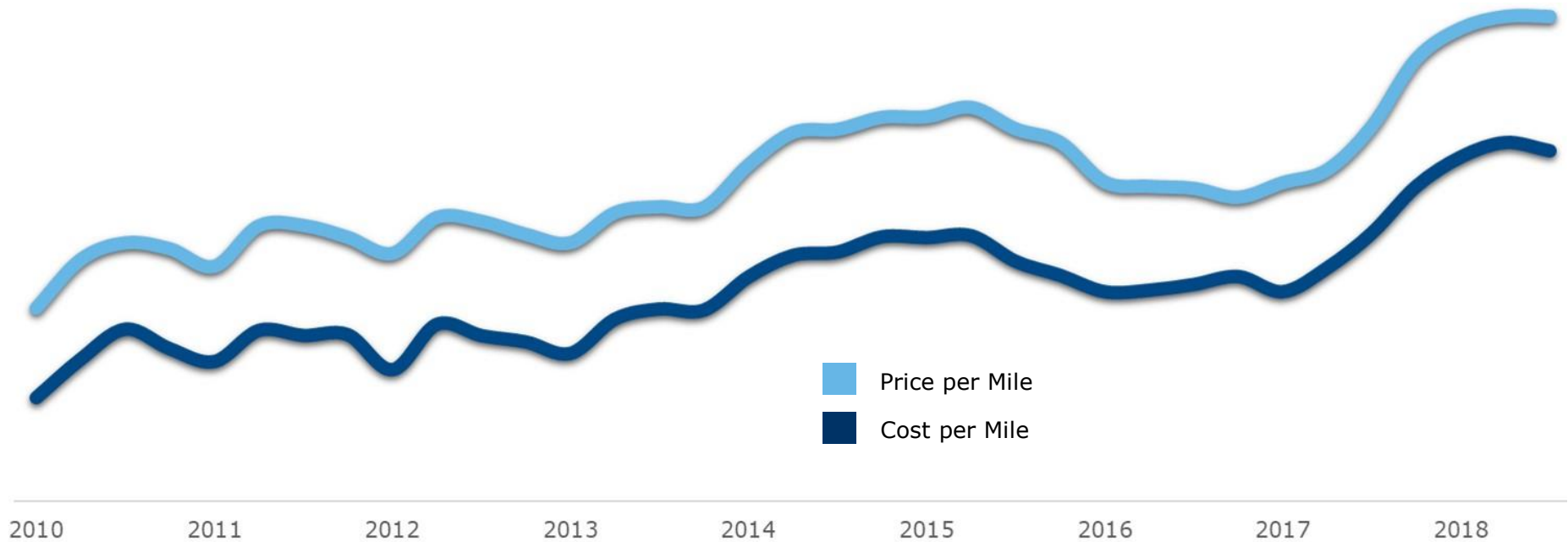
- North America Truckload cost and price change chart represents truckload shipments from all North America segments. Transportation net revenue margin represents total Transportation results from all segments.

North America Truckload	Q3
Volume	(1.5%)
Price	14.0%
Cost	12.0%
Net Revenue Margin	↑

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



North America Truckload Cost and Price Per Mile⁽¹⁾



- North America Truckload cost and price per mile chart represents truckload shipments from all North America segments
- 2018 third quarter cost and price per mile remain above year-ago levels
- Continued price movements in response to changes in marketplace conditions

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



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Q3 2018 NAST Results by Service Line

Truckload, Less Than Truckload and Intermodal

in thousands

Three Months Ended September 30

Net Revenues	2018	2017	% Change
Truckload	\$334,665	\$266,632	25.5%
LTL	\$116,789	\$97,634	19.6%
Intermodal	\$7,877	\$7,109	10.8%
Other	\$6,191	\$6,028	2.7%
Total	\$465,522	\$377,403	23.3%

- Double-digit price increases in truckload, LTL and intermodal
- Volume increase in LTL
- Sequential improvement in truckload volume trends
- Added 5,000 new carriers in the quarter

	Truckload	LTL	Intermodal
Pricing ⁽¹⁾⁽²⁾	14.0%	↑	↑
Cost ⁽¹⁾⁽²⁾	12.0%	↑	↑
Volume	(0.5%)	4.5%	(6.0%)
Net Revenue Margin	↑	↓	↓

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

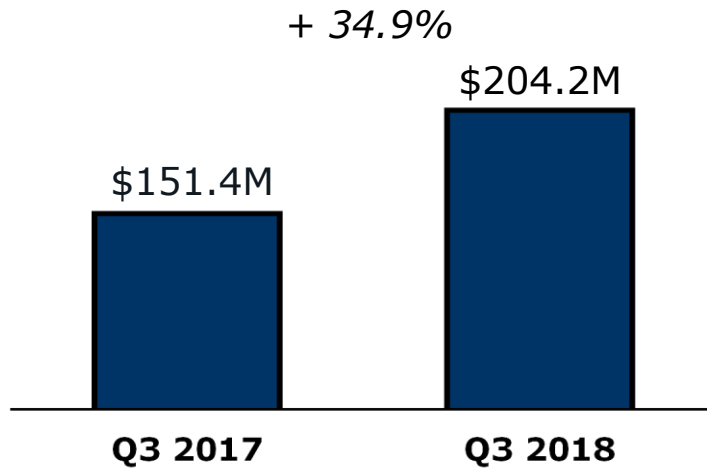
(2) Pricing and cost measures exclude the estimated impact of the change in fuel prices.



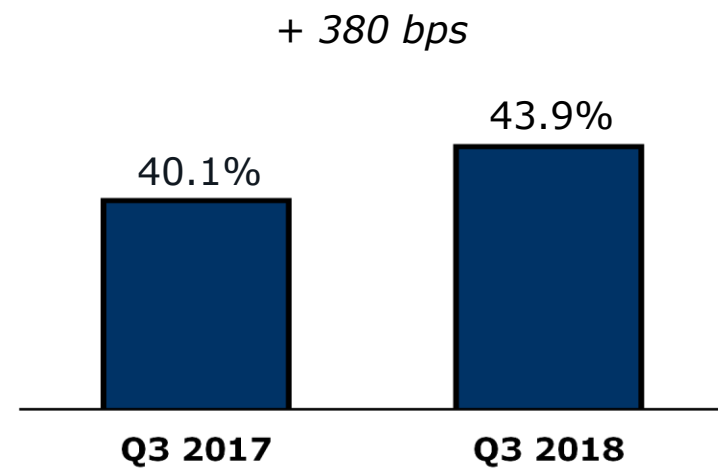
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Q3 2018 NAST Operating Income

Q3 Operating Income



Q3 Operating Margin %



- Increased net revenues
- Progress against productivity initiatives
- Headcount approximately flat



Q3 2018 Global Forwarding Results by Service Line

Ocean, Air and Customs

in thousands

Three Months Ended September 30

Net Revenues	2018	2017	% Change
Ocean	\$74,700	\$81,110	(7.9%)
Air	\$28,228	\$23,992	17.7%
Customs	\$23,305	\$17,419	33.8%
Other	\$7,868	\$7,321	7.5%
Total	\$134,101	\$129,842	3.3%

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

- Volume increases in all service lines
- Ocean net revenues negatively impacted by increased transportation costs
- Milgram & Company acquisition net revenue impact to Global Forwarding:
 - Ocean +2 pts
 - Air +1 ppt
 - Customs +12 pts

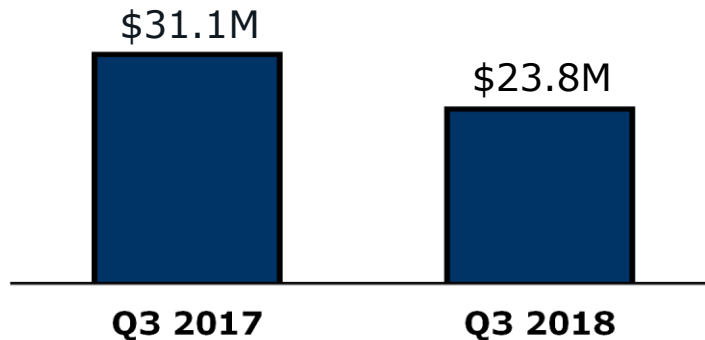


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Q3 2018 Global Forwarding Operating Income

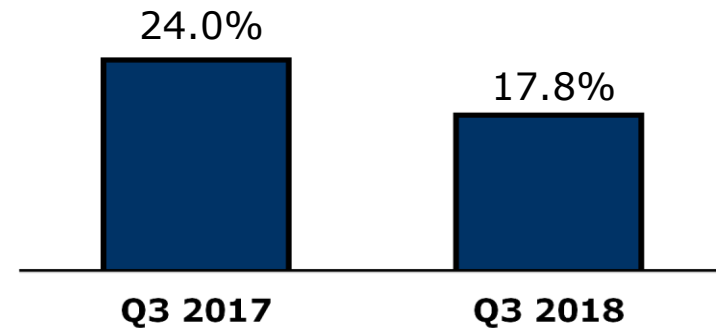
Q3 Operating Income

(23.4%)



Q3 Operating Margin %

(620 bps)



- Investments in headcount and increased variable compensation
- 8.9 percent increase in average headcount
 - Milgram headcount added 5 percentage points



Q3 2018 Robinson Fresh Results

Transportation and Sourcing

in thousands

Three Months Ended September 30

Sourcing	2018	2017	% Change
Total Revenues ⁽¹⁾	\$263,508	\$350,750	(24.9%)
Net Revenues	\$25,172	\$29,761	(15.4%)
<i>Net Revenue Margin %</i>	9.6%	8.5%	110 bps

Transportation	2018	2017	% Change
Total Revenues ⁽¹⁾	\$302,082	\$262,896	14.9%
Truckload	\$27,556	\$19,466	41.6%
Other	\$7,612	\$5,026	51.5%
Net Revenues	\$35,168	\$24,492	43.6%
<i>Net Revenue Margin %</i>	11.6%	9.3%	230 bps

- Sourcing case volume declined 9.5 percent
- Reduced Sourcing promotional activity
- Truckload volume decline of 9 percent
- Pricing reflective of marketplace conditions in Transportation

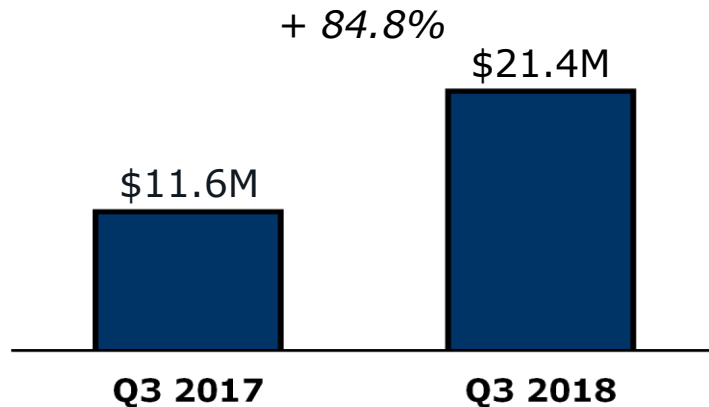
(1) Does not include intersegment revenues.



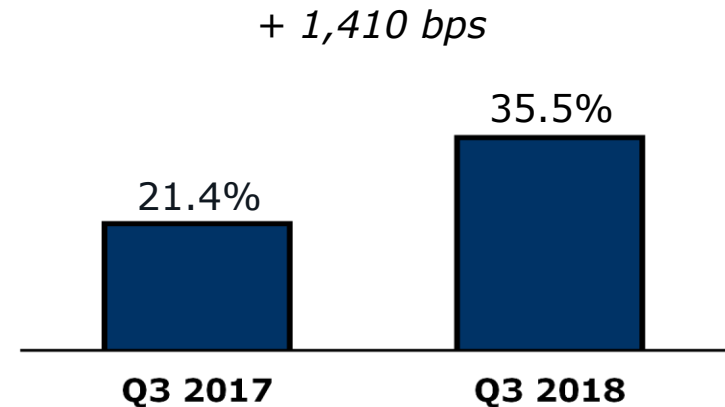
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Q3 2018 Robinson Fresh Operating Income

Q3 Operating Income



Q3 Operating Margin %



- Increased transportation net revenues
- Operating expense reduction initiatives continue
 - 8.8 percent reduction in operating expenses
 - 5.8 percent reduction in average headcount



Q3 2018 All Other and Corporate Results

Managed Services and Other Surface Transportation

in thousands

Three Months Ended September 30

Net Revenues	2018	2017	% Change
Managed Services	\$20,080	\$18,487	8.6%
Other Surface Transportation	\$14,001	\$13,861	1.0%
Total	\$34,081	\$32,348	5.4%

Managed Services

- On track for \$4 billion in freight under management in 2018

Europe Surface Transportation

- Volume growth



Final Comments

- Cost and price remain above year-ago levels
- Continued business model strength
- Escalating tariff activity
- Investing to deliver increased value to customers, carriers, employees and shareholders





Appendix



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Q3 2018 Transportation Results⁽¹⁾

in thousands

Transportation	Three Months Ended September 30			Nine Months Ended September 30		
	2018	2017	% Change	2018	2017	% Change
Total Revenues	\$4,028,392	\$3,433,701	17.3%	\$11,619,171	\$9,855,739	17.9%
Total Net Revenues	\$668,872	\$564,085	18.6%	\$1,904,853	\$1,640,883	16.1%
Net Revenue Margin %	16.6%	16.4%	20 bps	16.4%	16.6%	(20 bps)

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%	16.2%
Q3	19.8%	16.6%	16.4%	15.6%	15.0%	16.2%	18.4%	17.6%	16.4%	16.6%
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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Q3 2018 NAST Results

in thousands, except headcount

Three Months Ended September 30

Nine Months Ended September 30

	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$2,931,461	\$2,469,420	18.7%	\$8,473,376	\$7,110,223	19.2%
Total Net Revenues	\$465,522	\$377,403	23.3%	\$1,317,104	\$1,109,749	18.7%
<i>Net Revenue Margin %</i>	15.9%	15.3%	60 bps	15.5%	15.6%	(10 bps)
Income from Operations	\$204,158	\$151,392	34.9%	\$562,802	\$447,553	25.8%
<i>Operating Margin %</i>	43.9%	40.1%	380 bps	42.7%	40.3%	240 bps
Depreciation and Amortization	\$6,096	\$5,808	5.0%	\$18,314	\$17,104	7.1%
Total Assets	\$2,515,823	\$2,297,980	9.5%	\$2,515,823	\$2,297,980	9.5%
Average Headcount	7,007	6,998	0.1%	6,931	6,921	0.1%

(1) Does not include intersegment revenues.



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Q3 2018 Global Forwarding Results

in thousands, except headcount

	Three Months Ended September 30			Nine Months Ended September 30		
	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$639,268	\$552,134	15.8%	\$1,810,619	\$1,549,742	16.8%
Total Net Revenues	\$134,101	\$129,842	3.3%	\$401,169	\$357,411	12.2%
<i>Net Revenue Margin %</i>	<i>21.0%</i>	<i>23.5%</i>	<i>(250 bps)</i>	<i>22.2%</i>	<i>23.1%</i>	<i>(90 bps)</i>
Income from Operations	\$23,835	\$31,125	(23.4%)	\$61,844	\$75,006	(17.5%)
<i>Operating Margin %</i>	<i>17.8%</i>	<i>24.0%</i>	<i>(620 bps)</i>	<i>15.4%</i>	<i>21.0%</i>	<i>(560 bps)</i>
Depreciation and Amortization	\$8,735	\$8,455	3.3%	\$26,397	\$24,574	7.4%
Total Assets	\$944,928	\$840,762	12.4%	\$944,928	\$840,762	12.4%
Average Headcount	4,684	4,301	8.9%	4,725	4,113	14.9%

(1) Does not include intersegment revenues.



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Q3 2018 Robinson Fresh Results

in thousands, except headcount

	Three Months Ended September 30			Nine Months Ended September 30		
	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$565,590	\$613,646	(7.8%)	\$1,737,083	\$1,821,094	(4.6%)
Total Net Revenues	\$60,340	\$54,253	11.2%	\$169,747	\$171,936	(1.3%)
<i>Net Revenue Margin %</i>	10.7%	8.8%	190 bps	9.8%	9.4%	40 bps
Income from Operations	\$21,411	\$11,586	84.8%	\$39,950	\$40,487	(1.3%)
<i>Operating Margin %</i>	35.5%	21.4%	1,410 bps	23.5%	23.5%	0 bps
Depreciation and Amortization	\$1,092	\$1,190	(8.2%)	\$3,409	\$3,534	(3.5%)
Total Assets	\$411,309	\$413,520	(0.5%)	\$411,309	\$413,520	(0.5%)
Average Headcount	914	970	(5.8%)	910	966	(5.8%)

(1) Does not include intersegment revenues.



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Q3 2018 All Other and Corporate Results

in thousands, except headcount

Three Months Ended September 30

Nine Months Ended September 30

	2018	2017	% Change	2018	2017	% Change
Total Revenues ⁽¹⁾	\$155,581	\$149,251	4.2%	\$472,186	\$428,535	10.2%
Total Net Revenues	\$34,081	\$32,348	5.4%	\$103,432	\$97,105	6.5%
Income from Operations	(\$3,431)	\$362	<i>NM</i>	(\$8,030)	\$1,197	<i>NM</i>
Depreciation and Amortization	\$8,000	\$8,510	(6.0%)	\$24,282	\$24,128	0.6%
Total Assets	\$620,662	\$623,326	(0.4%)	\$620,662	\$623,326	(0.4%)
Average Headcount	2,686	2,634	2.0%	2,623	2,590	1.3%

(1) Does not include intersegment revenues.



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