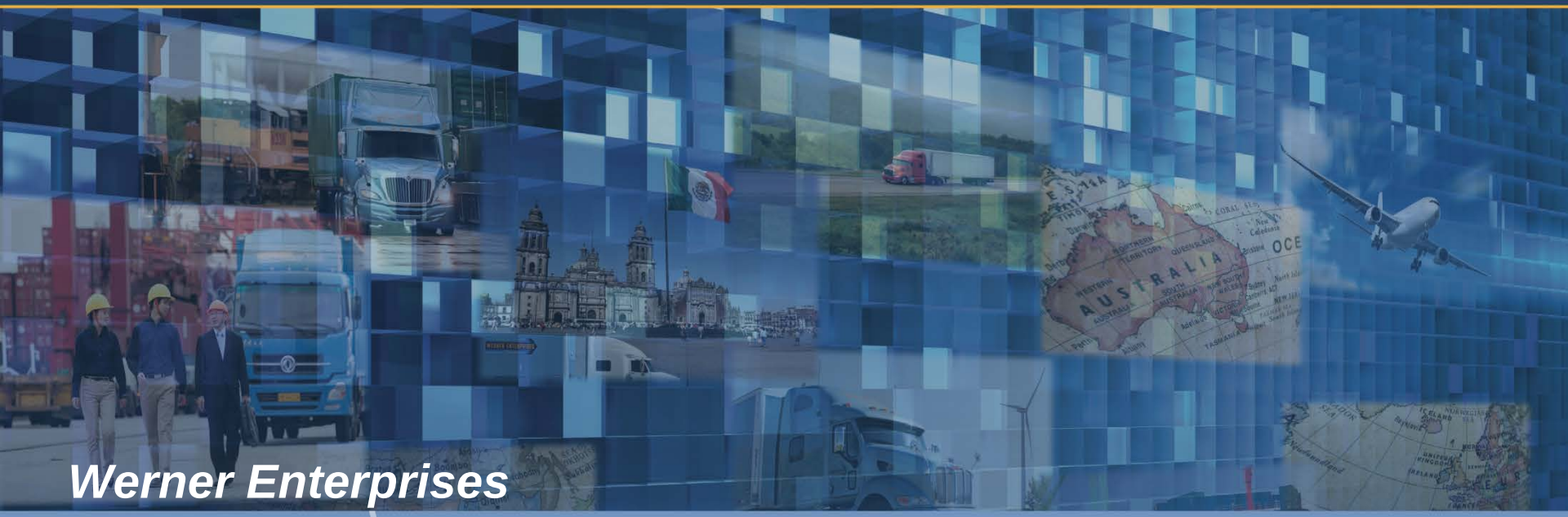


Werner Enterprises

BAIRD Great outcomes. Done well.

2013 Industrial Conference

November 5, 2013

WERNER

Disclosure Statement



This presentation includes forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on Werner Enterprises' current plans, and are not guarantees of future performance. They are subject to risk and uncertainties, that could cause actual results, and company plans and objectives, to differ materially from those expressed in the forward-looking statements. Such risks and uncertainties are discussed in the Company's Annual Report, on Form 10-K, filed with the SEC.

WERNER

About Werner Enterprises

Premium Truckload Transportation and Logistics Services Provider

2012 Revenue: $2.0 Billion

2012 Net Income: $103 Million

NASDAQ: WERN

Market Cap: $1.7 Billion

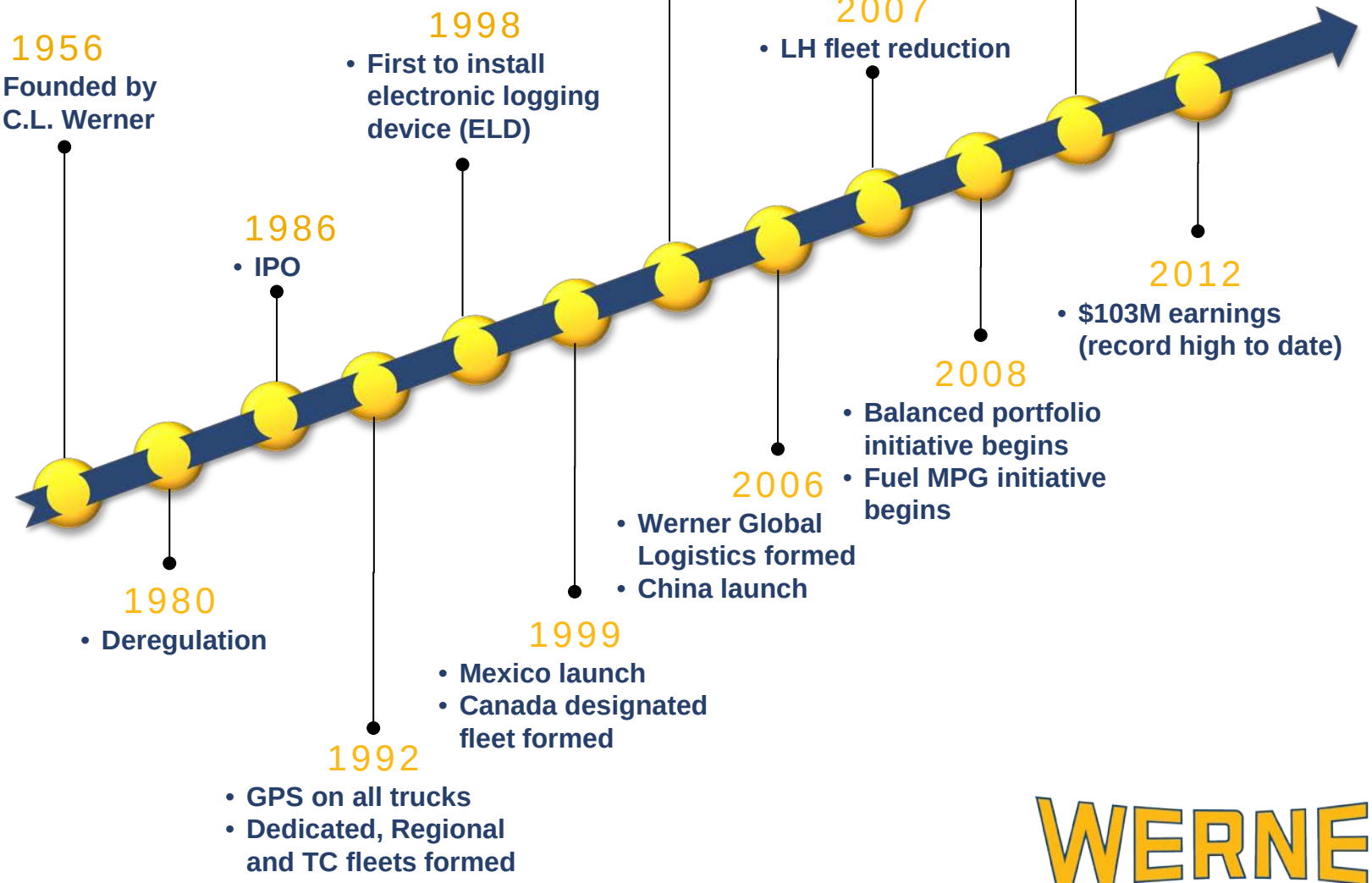
Avg Daily Trading Volume (3 mo. 9/13) 575K

2013 Quest for Quality Repeat Award Winner



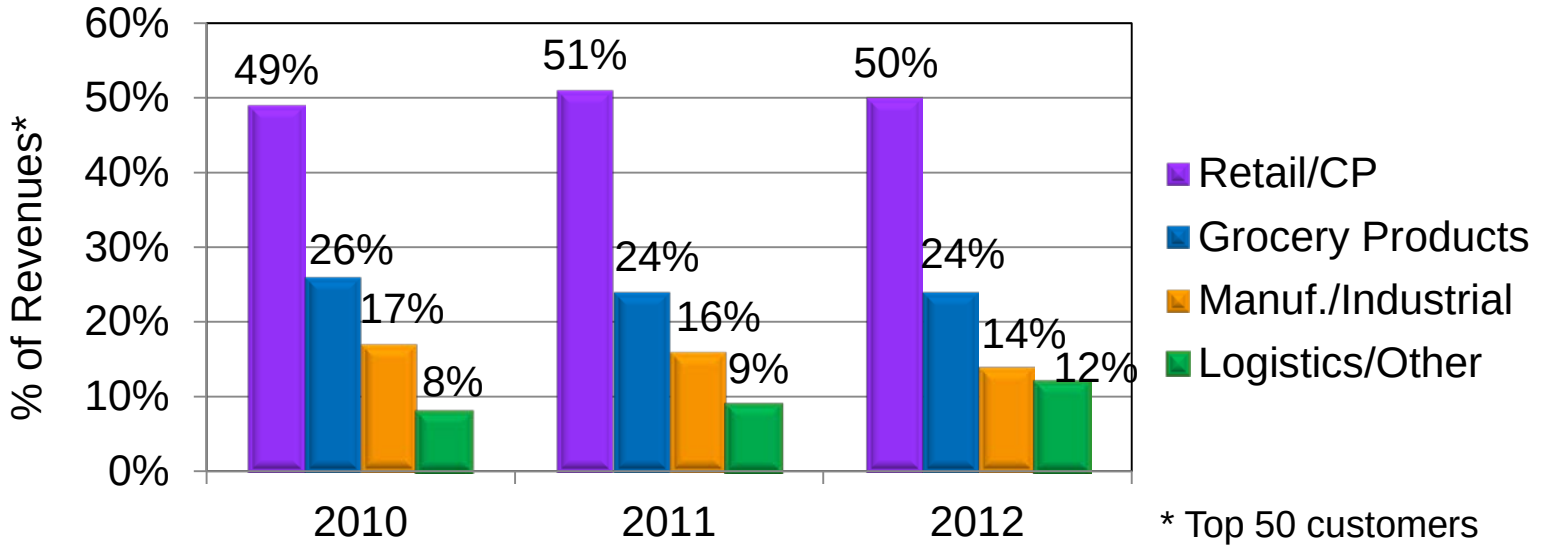
WERNER

The Path of Werner Progress



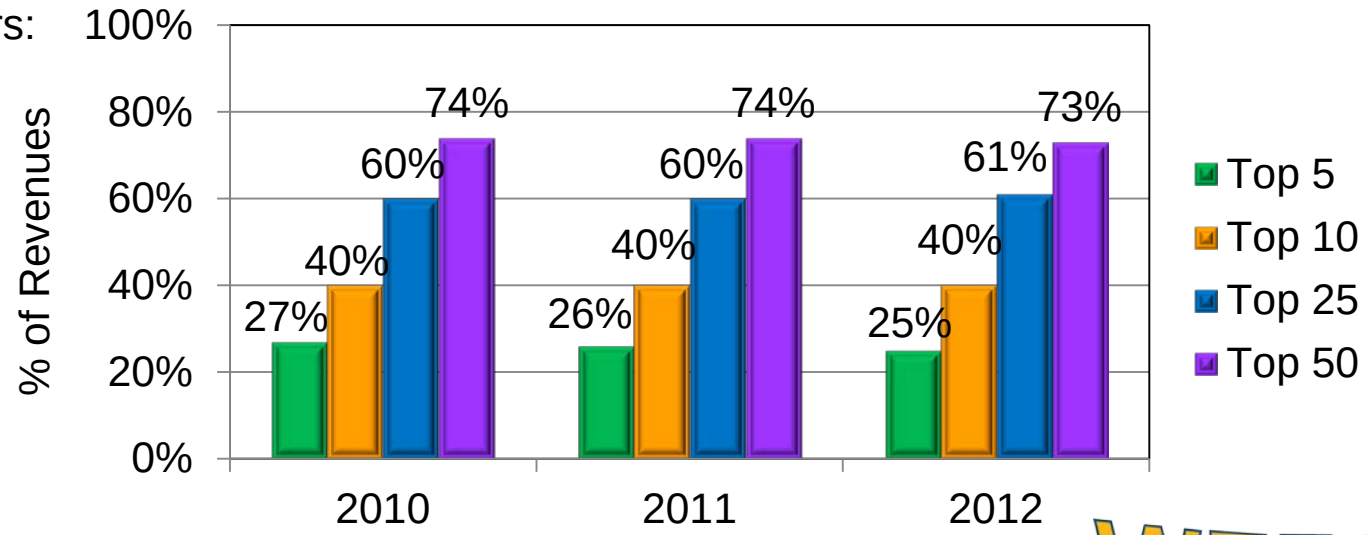
Revenue Sources

Vertical:



* Top 50 customers

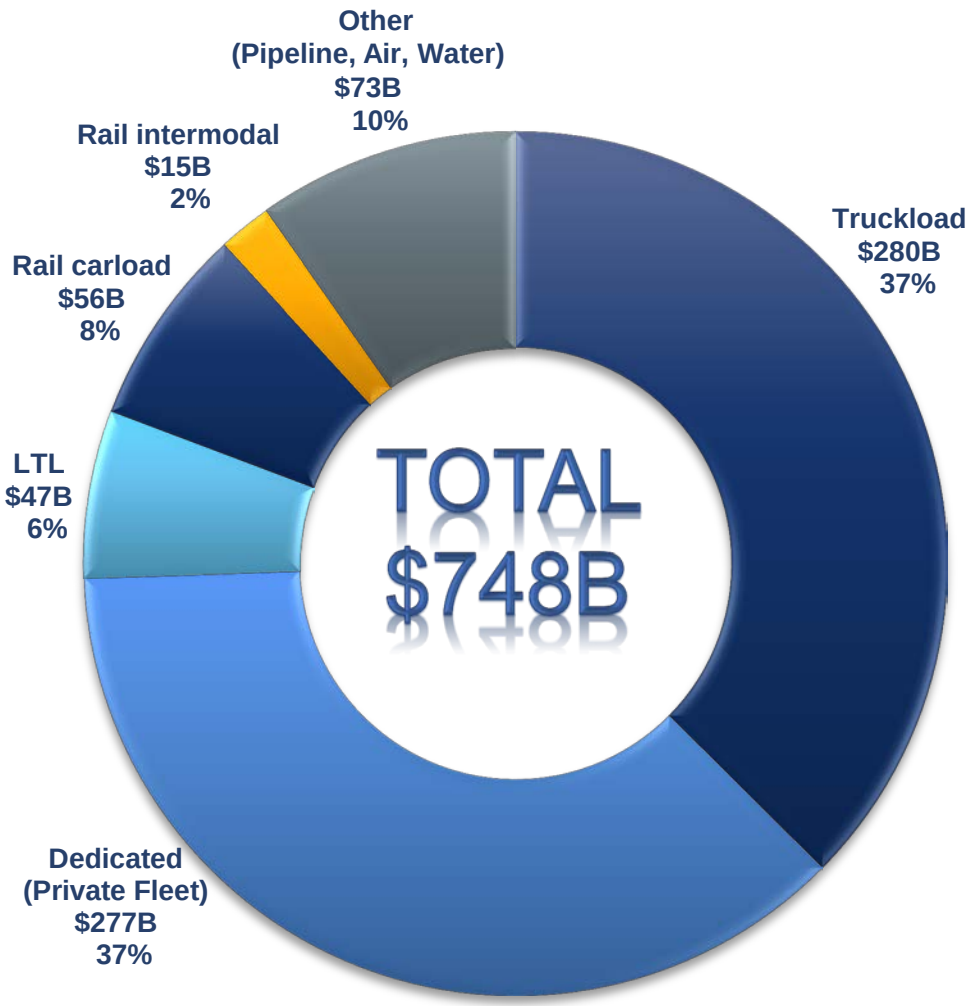
Customers:



Domestic Freight Market: Market Share & Growth Opportunities

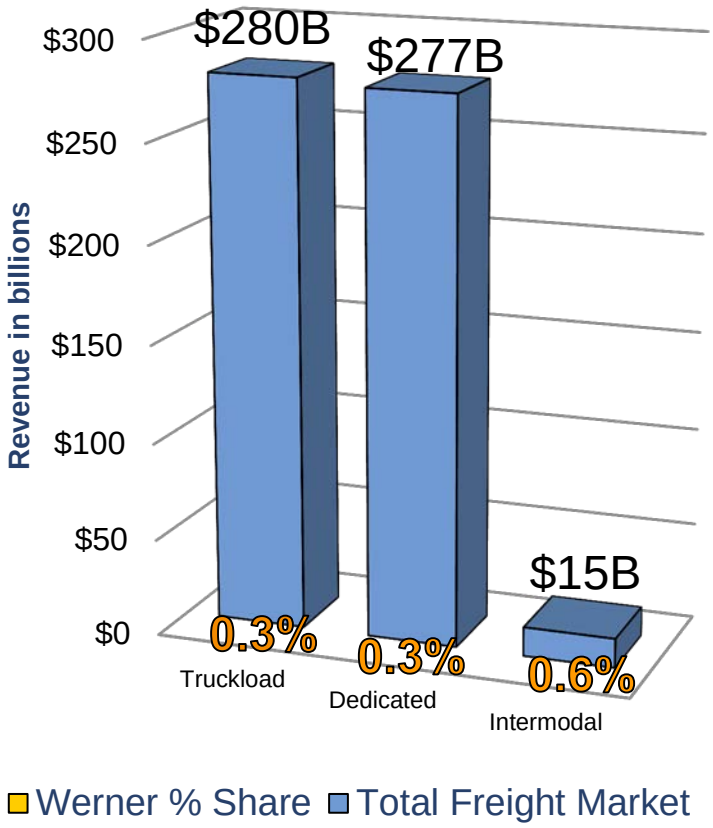
U.S. Freight Market Revenues

in billions of $*

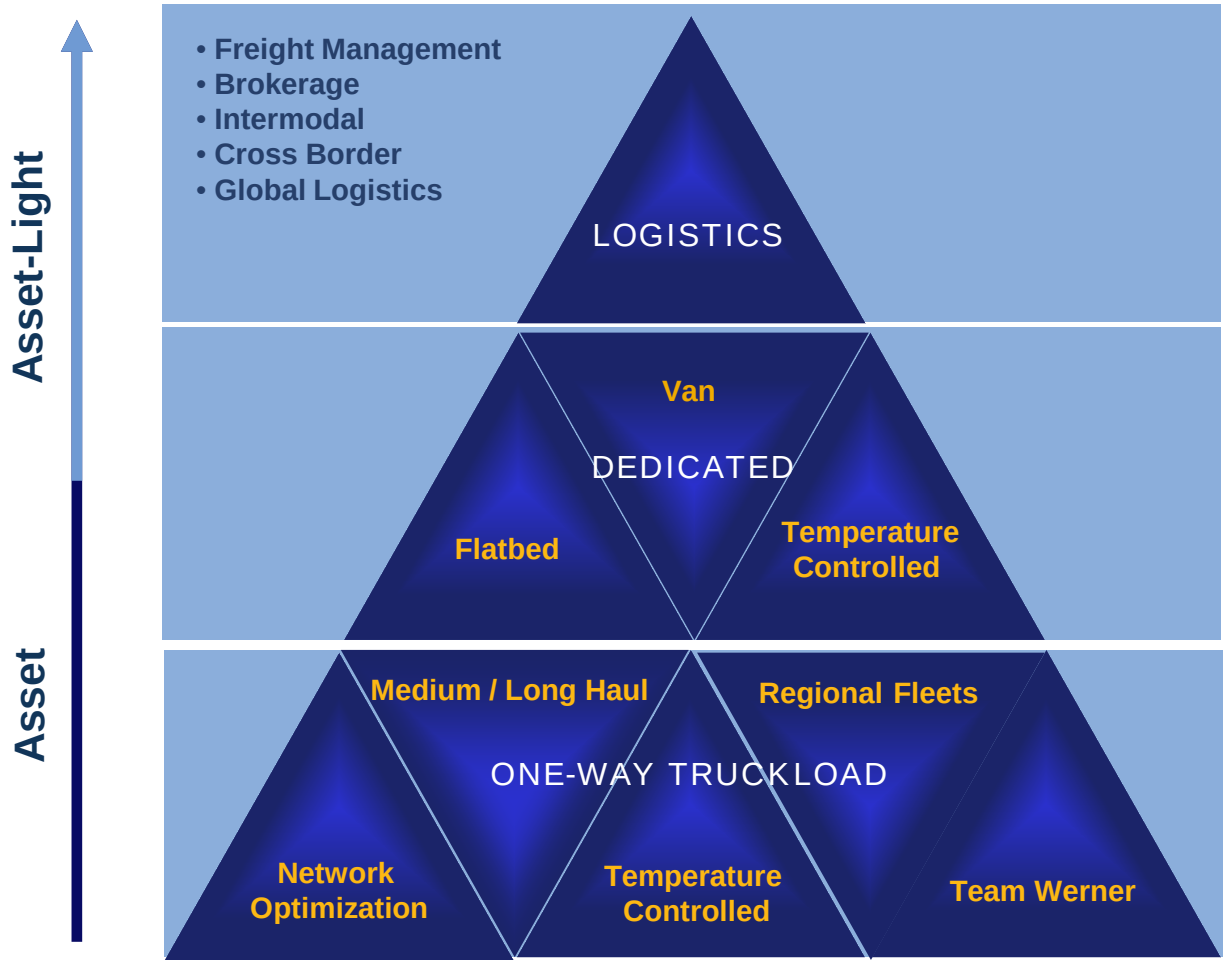


* Sources: ATA and Stifel Nicolaus estimates

Werner Enterprises Growth Opportunities



Revenue Profile



	Goal	3Q13
LOGISTICS	1/3	29%*
DEDICATED	1/3	39%
ONE-WAY TRUCKLOAD	1/3	32%

* Includes Cross Border Asset-Light (MX, CAN) >10% of Revenues

FREIGHT MARKET UPDATE

ONE-WAY TRUCKLOAD





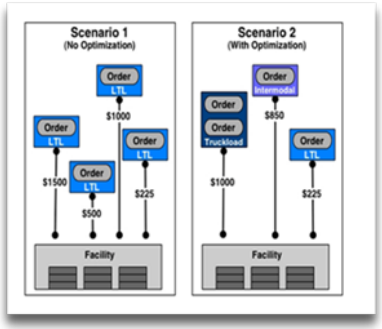




WERNER

Comprehensive Solutions

Freight Management



Werner provides complete 3PL supply chain solutions across all shipping modes and geographies, from network design through implementation.

Freight Movement



With an asset-backed network of 7,295 trucks, 10,000 alliance carriers and ocean, air and rail companies, Werner provides unsurpassed delivery solutions worldwide.

Global Implementation



Providing door-to-door services for companies of all sizes and industries as they compete in today's global marketplace, sets us apart from our competition.

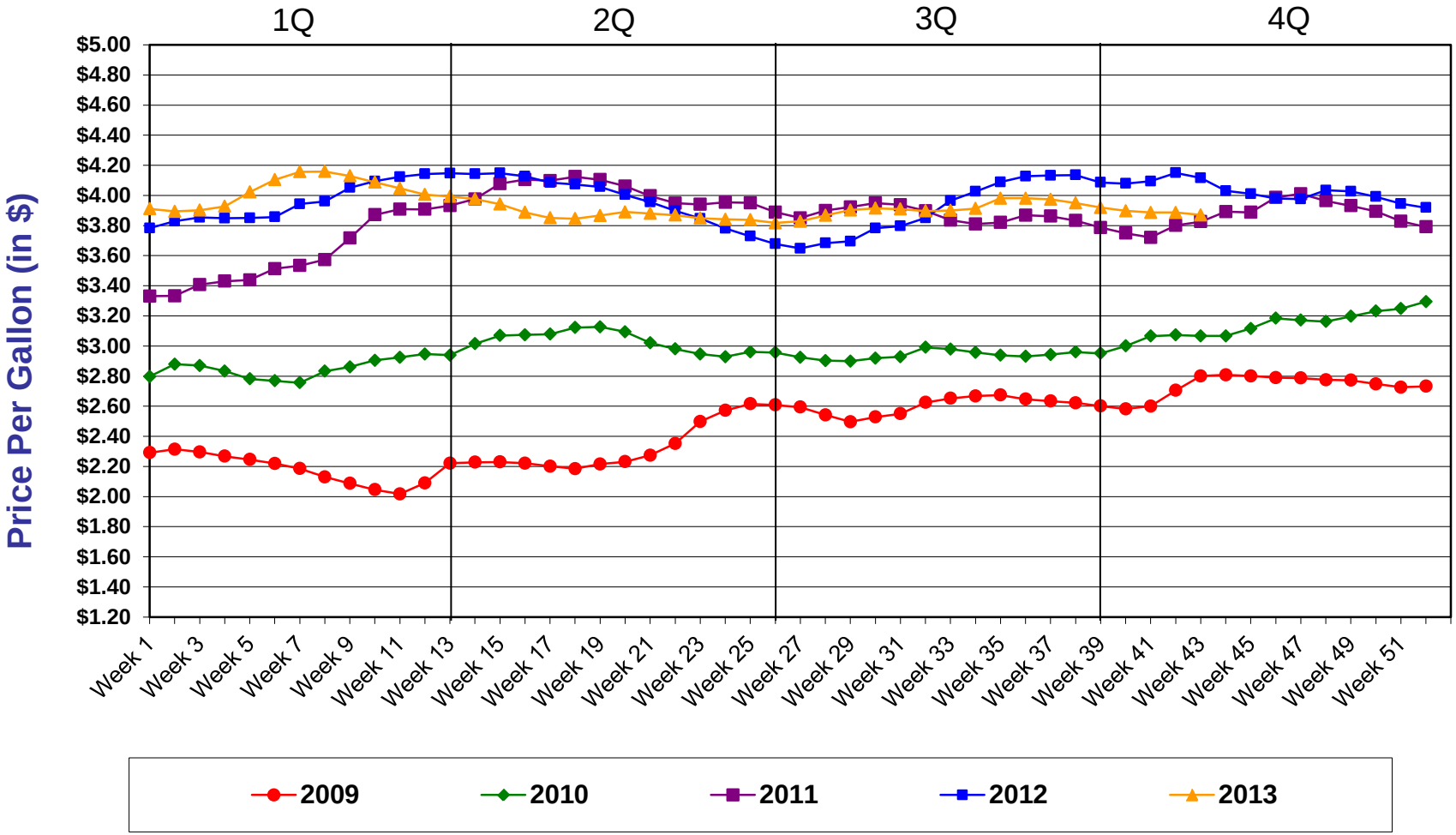
Technological Advantages



Sophisticated technology tools provide our customers instant visibility across their supply chain, which enables them to better manage their business.

WERNER

Fuel Price Trends



*** Dept. of Energy (DOE) fuel price survey (Nat'l avg.) of truck stops used by shippers/carriers for billing fuel surcharges. Fuel price includes fuel taxes.**

Green Initiatives

Werner Enterprises is a SmartWay℠ Transport partner. SmartWay is a collaboration between the EPA and the freight industry, to increase energy efficiency and reduce air pollution. Werner has earned a Shipper Index Factor score (SIF) of 1.25, the highest possible score.

Fuel Efficiency Initiatives:

- Aerodynamic Trucks
- Installation of fuel idling reduction equipment
- MPH optimization
- Out of route mile reduction (truck routing software)
- Trailer skirts
- Tire-inflation systems

Alternate Fuel Initiatives:

- Testing CNG trucks

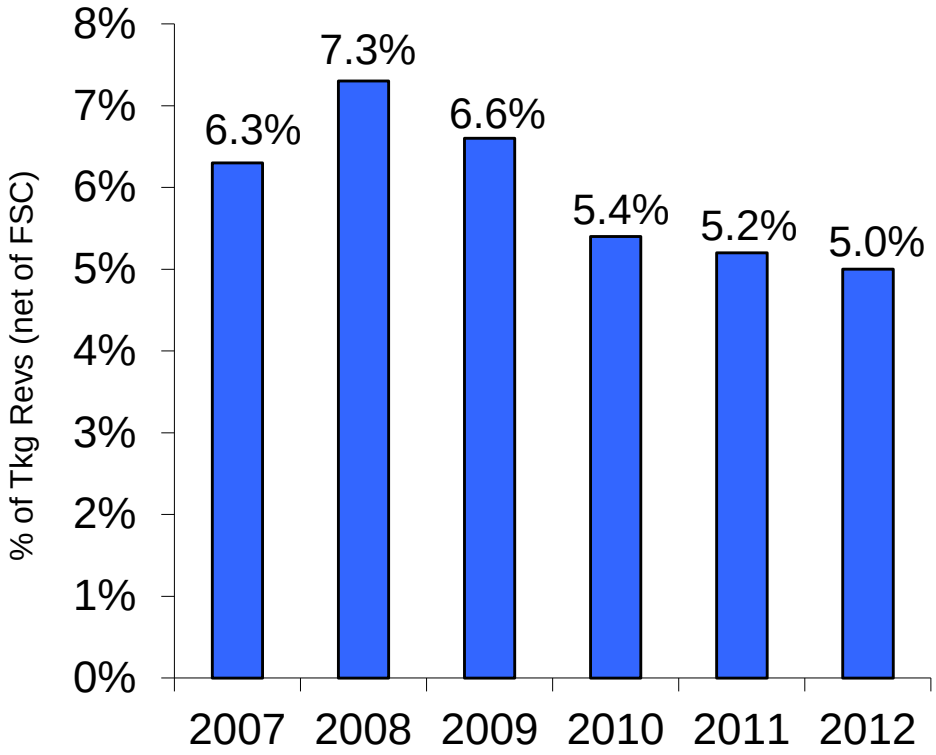
SmartWay℠ Transport Partner
Getting There With Cleaner Air

Werner's Impact:

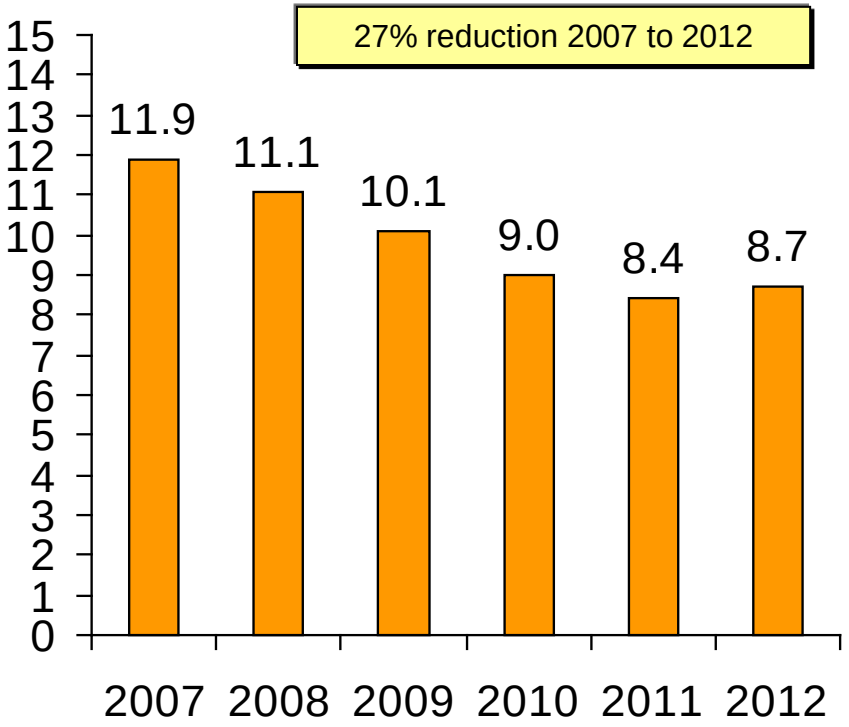
- 5 years of MPG improvement
- Continued MPG improvement opportunities
- 150,000 ton reduction in carbon footprint from MPG improvement, last 3 years

WERN SAFETY IMPROVEMENTS

INS/CLAIMS % of REVENUES*



ACCIDENTS PER MM



* Trucking revenues, less fuel surcharge revenues
MM – Million miles

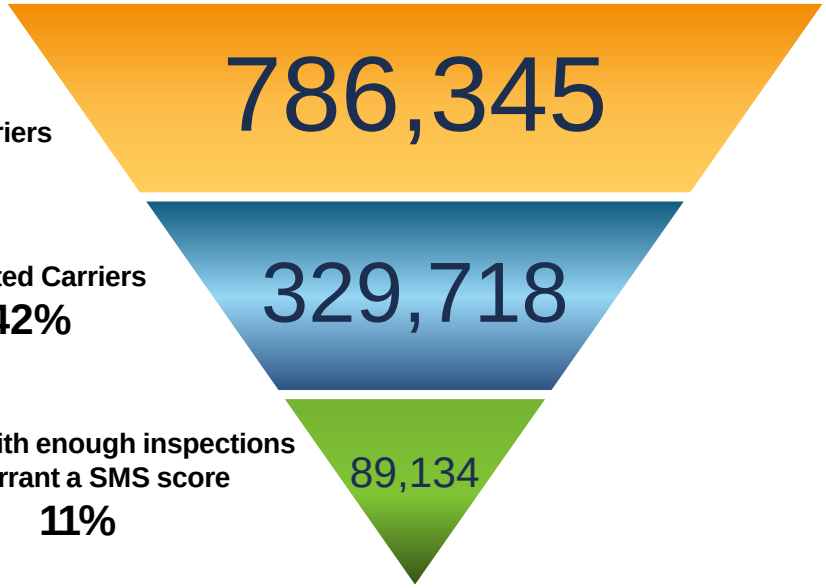
REGULATORY - CSA

September 2013

CSA BASIC	WERN	Def. Alert Threshold
Unsafe Driving	39	65
Fatigued Driving (HOS)	20	65
Driver Fitness	50	80
Controlled Sub/Alcohol	30	80
Vehicle Maintenance	52	80
HAZMAT (Non-Public)		
Crash Indicator (Non-Public)		

WERN well below the deficiency threshold in all 5 CSA Basics

CSA SMS Summary Data





Expected Impact

- Available pool of drivers will decrease
- Increase of compliance and insurance-related costs
- Inconsistent and incomplete data can greatly skew carrier scores
- Scores have no correlation with a carriers accident frequency
- Accident litigation expenses will increase

Sources: FTR and FMCSA

WERNER

REGULATORY - HOS

Implementation Date: July 1, 2013



Primary rule changes:

- 34-hour restarts, must include two periods between 1 a.m. and 5 a.m., and 1 week (168 hrs.) between 34-hour restarts
- New - requires a 30 minute break after 8 hours of driving

Overall impacts higher transportation costs through:

- Decreased equipment utilization
- Decreased driver wage potential
- Decreased capacity



2-3%

Estimated decrease to mileage productivity, depending on the network

Working with customers/drivers to minimize impact



75,000

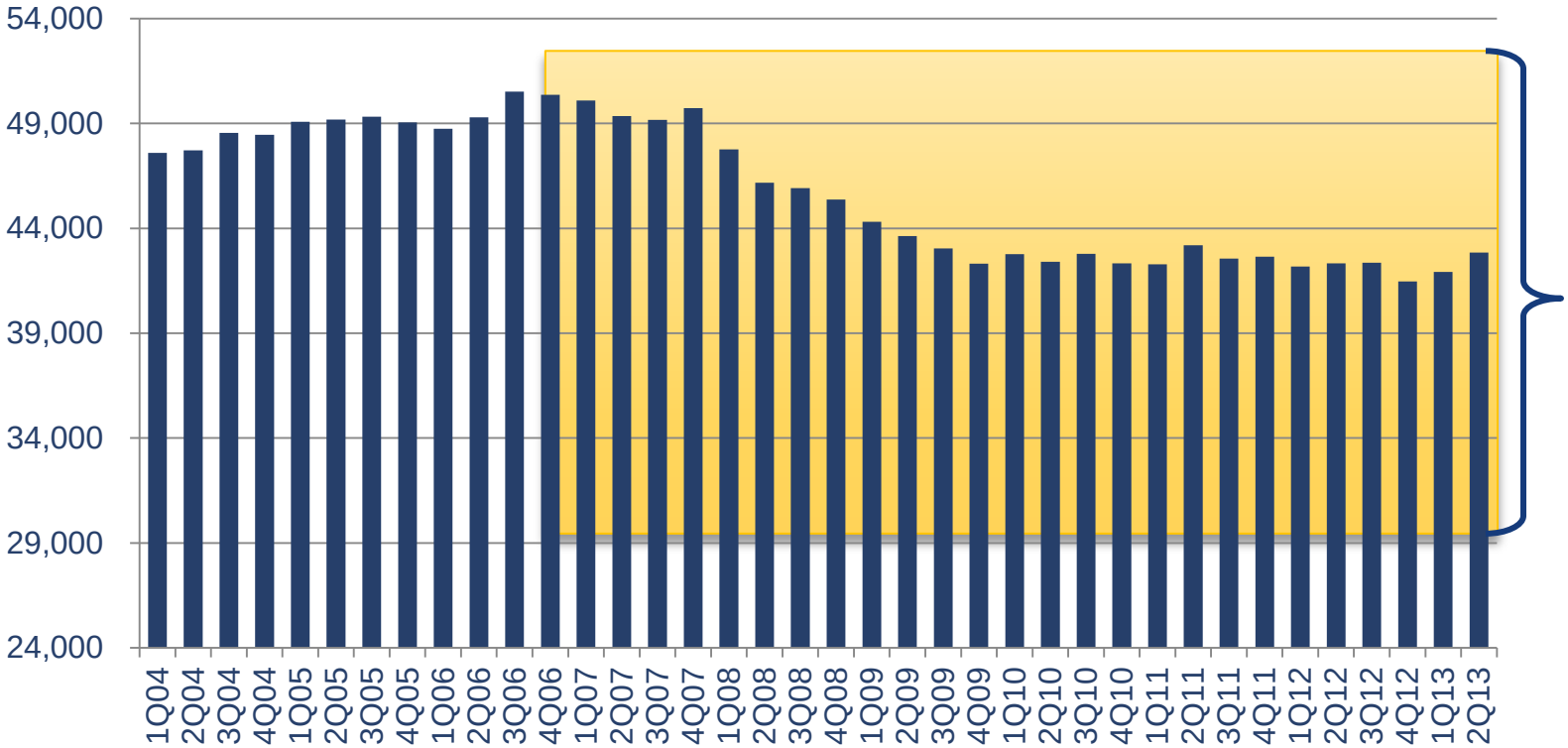
Estimated additional industry tractors needed to haul the same amount of freight, pre-HOS change

Sources: FTR, FMCSA and JOC

WERNER

SUPPLY - CAPACITY

Total Public Truckload Fleet Capacity

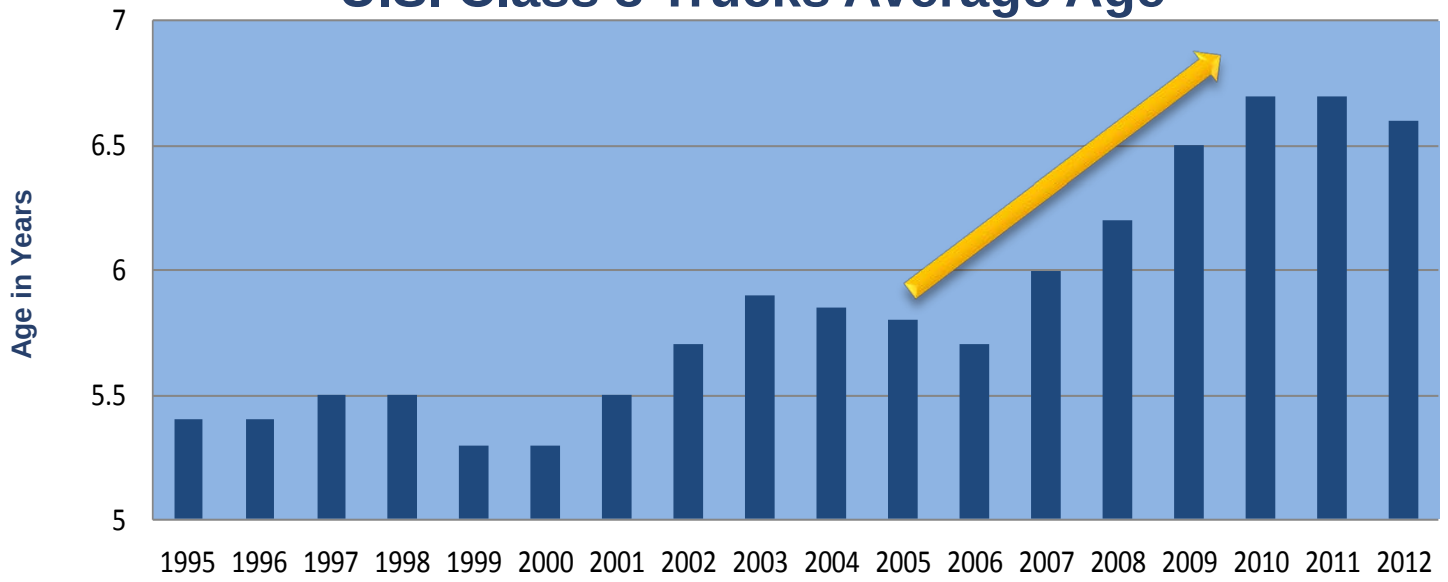


*Including owner operators, capacity at public fleets is nearly **20 percent** below peak 4Q06 levels*

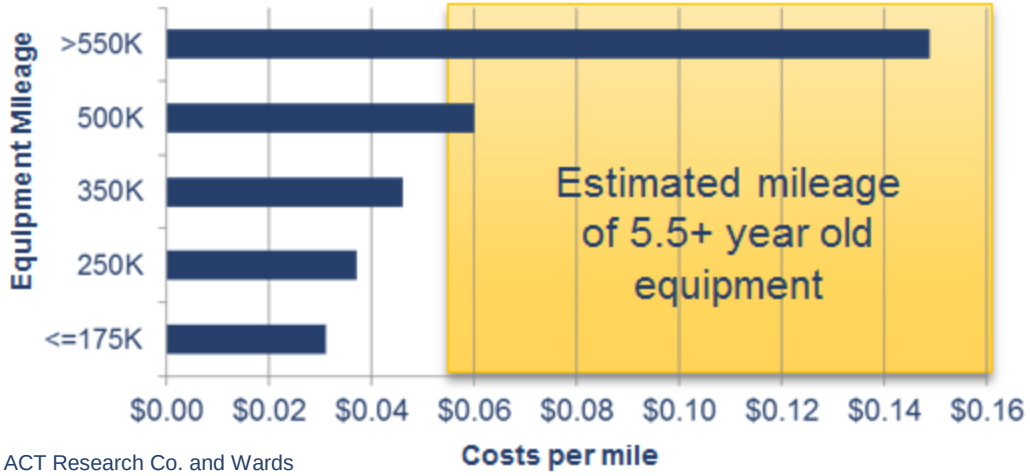
Source: KeyBanc

Supply – Aging Fleets

U.S. Class 8 Trucks Average Age



Class 8 Tractor Maintenance Expense



Sources: ACT Research Co. and Wards

Current Average Age of a U.S. Class 8 Truck Fleet

6.6 yrs

WERNER

Driver Market

September 2013

+148,000 Jobs created in the U.S. economy, in line with LTM avg.

+1,000 Jobs added in the "For-Hire Trucking" sector, in Sept. 2013

Headwinds

- Increased regulatory requirements
- Work/home balance
- Shrinking employment pool
- Career earning potential
- Physically demanding job

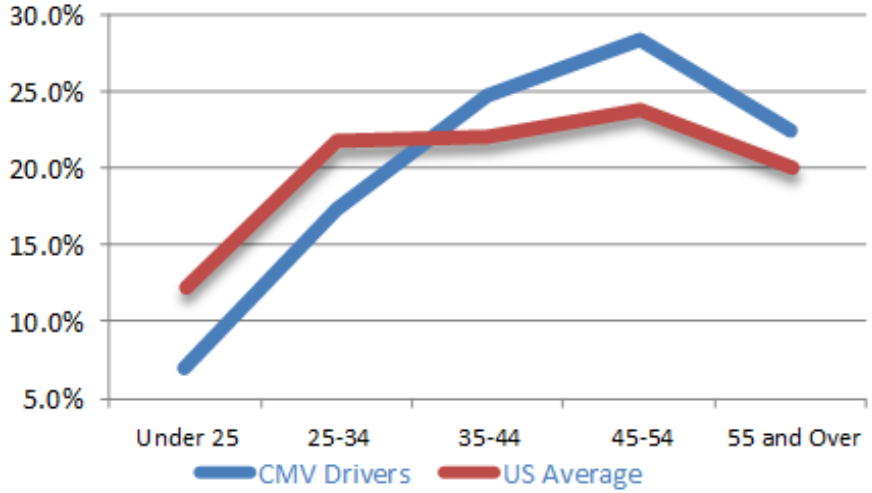
3rd

Most difficult U.S. job to fill in 2012

Difference in driver wages vs. U.S. average in 2011



2010 U.S. Census Driver Age Profiles

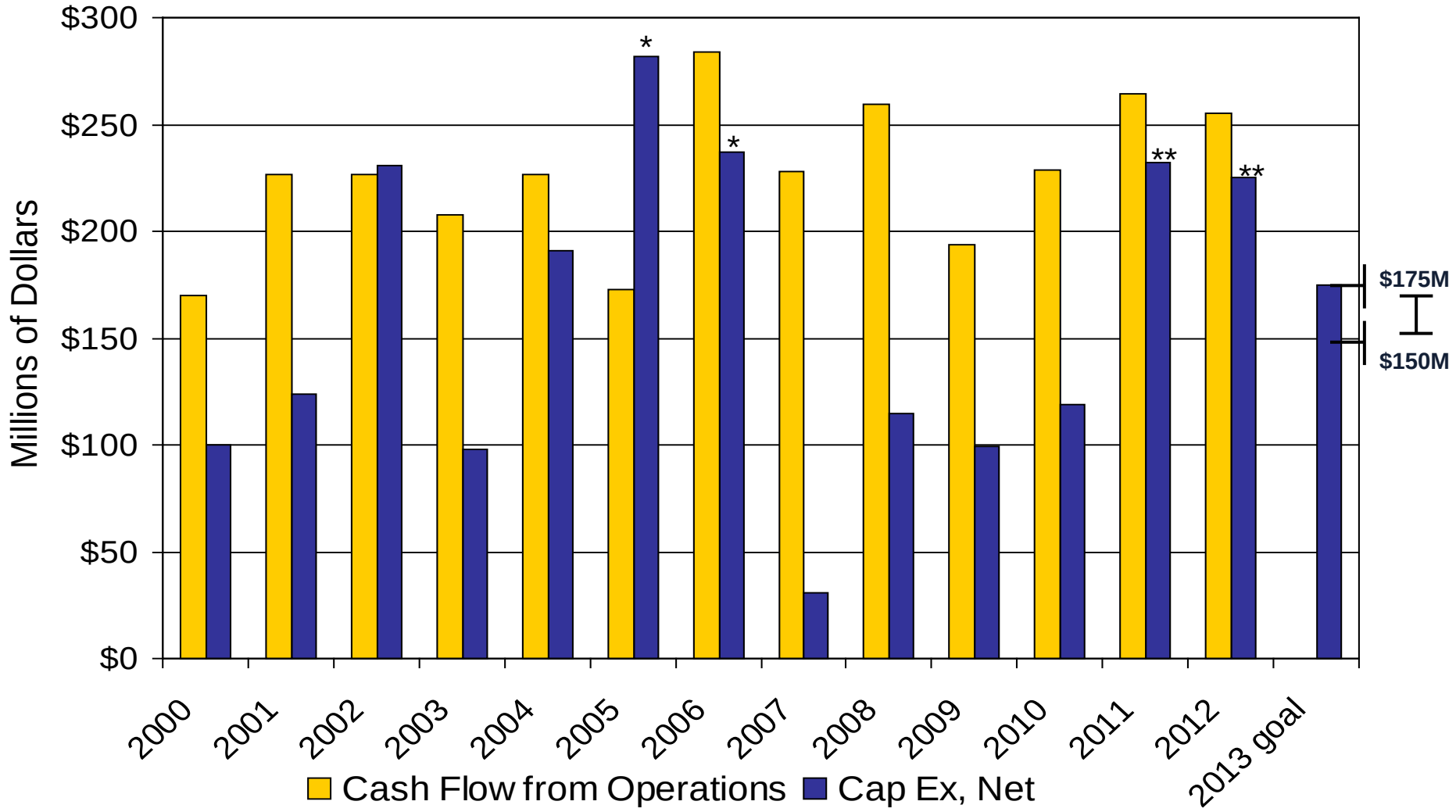


"Continued high turnover rates show that the market for qualified, experienced drivers remains extremely tight. The continued improvement in the freight economy, coupled with regulatory challenges will only serve to put a further squeeze on the market for drivers."
- ATA

Sources: BLS OES, ACT Research Co.

WERNER

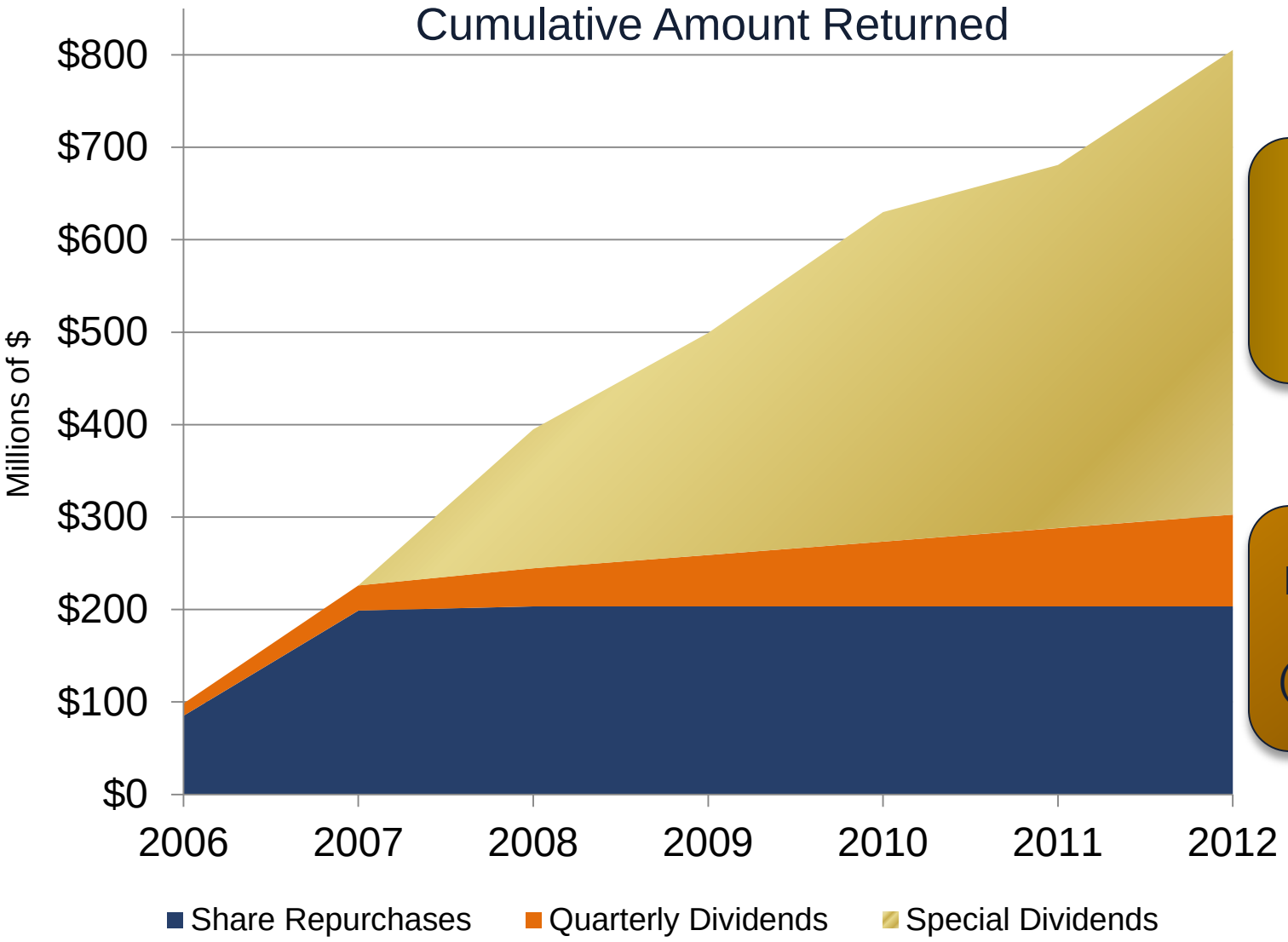
Cash Flow and Cap Ex



* Increased cap ex in 2006 and 2007 prior to 2007 EPA engine emission change.

**Higher cap ex in 2011 and 2012 as we reduced the average age of our fleet from 2.8 years to 2.3 years.

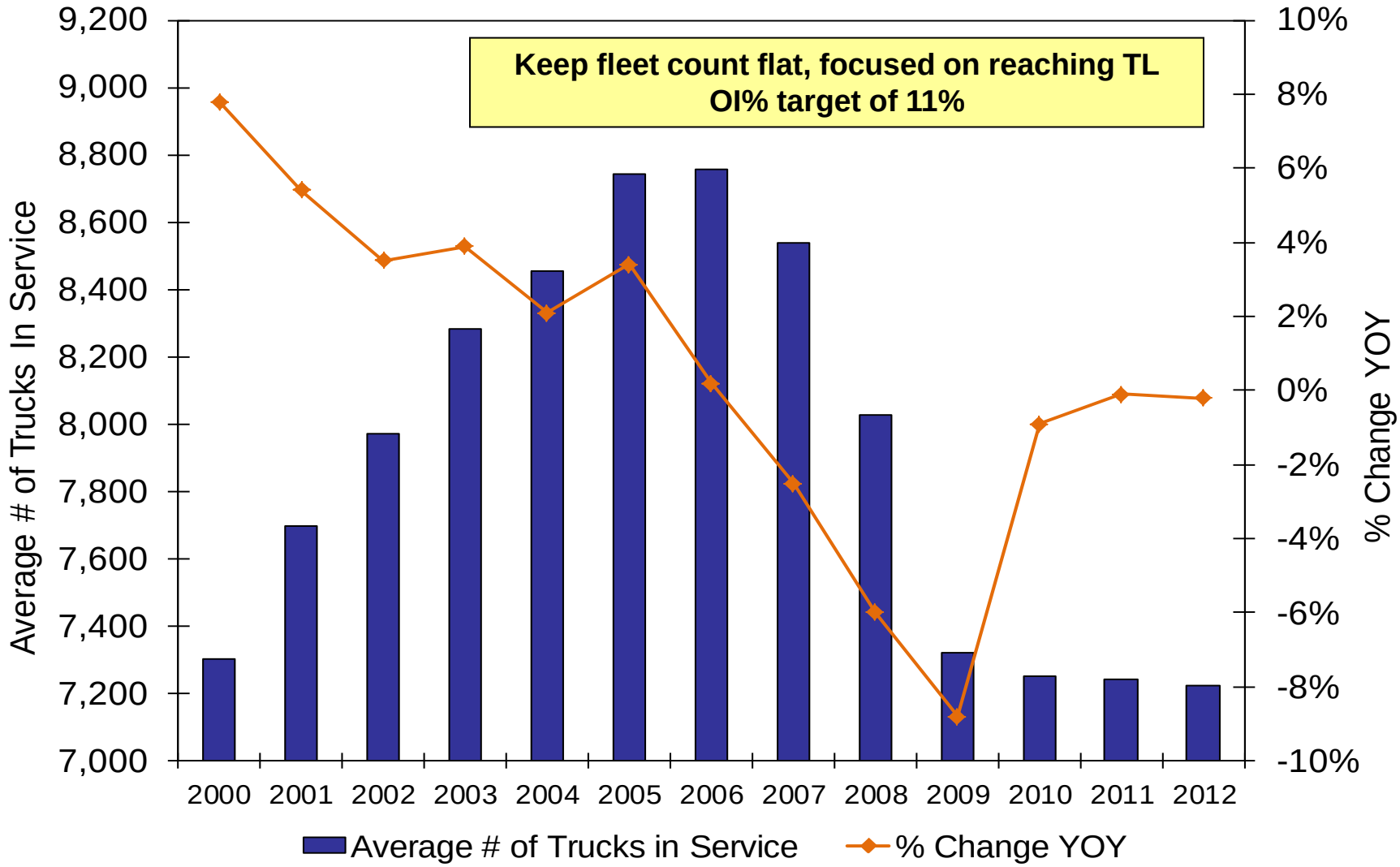
Returning Value to Shareholders



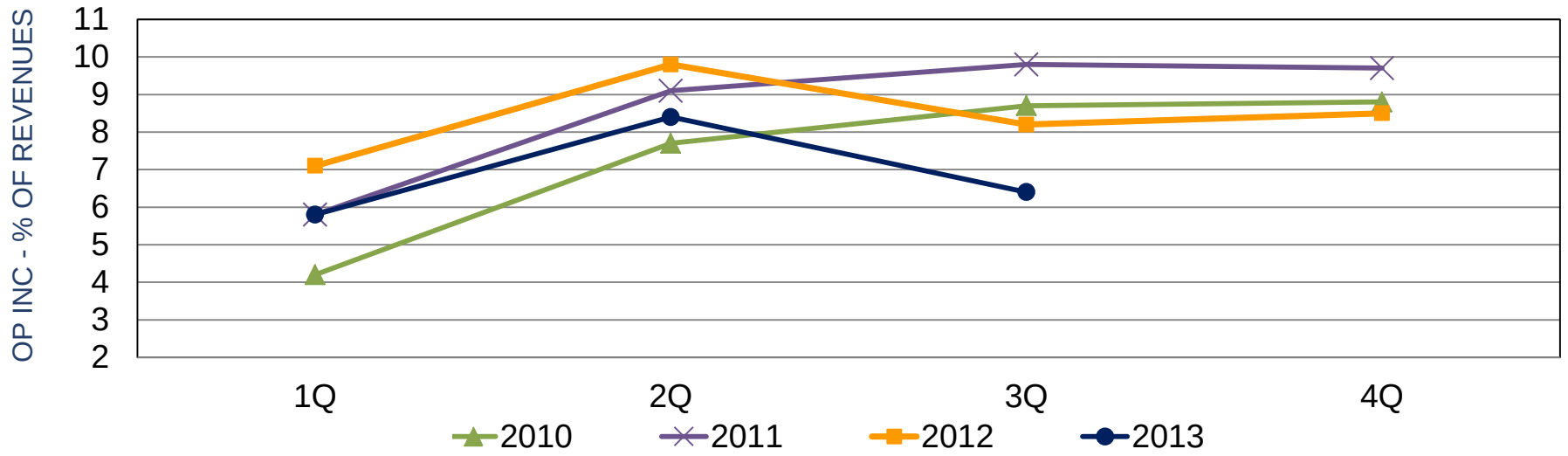
$800M returned over the last 7 yrs. (>$11/share)

Dividend Yield 7.7% (last 5 yr. avg.)

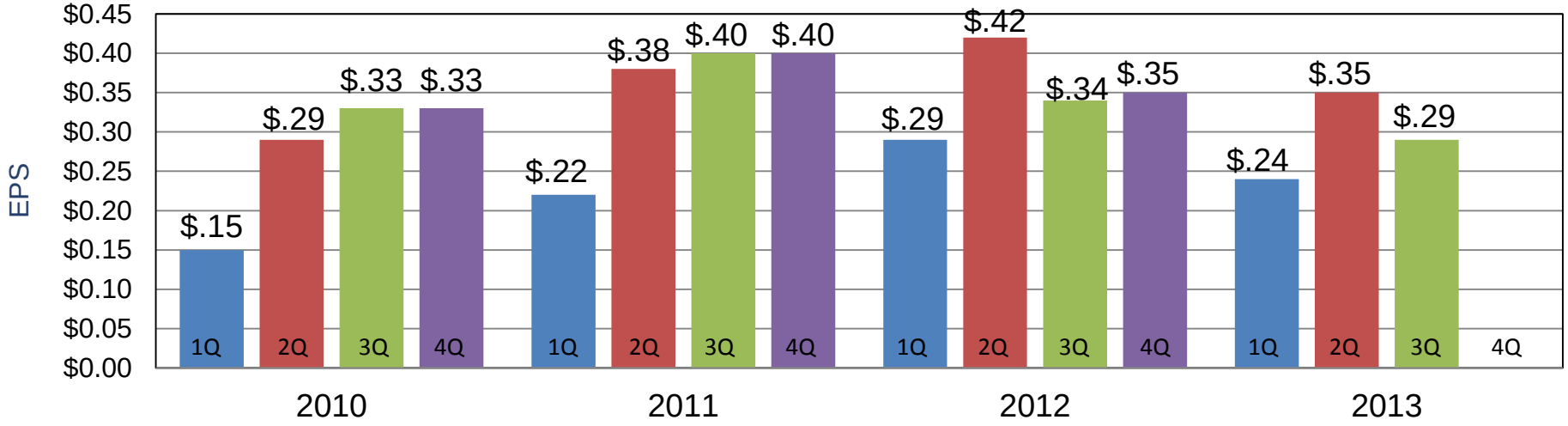
TRUCKS


Keep fleet count flat, focused on reaching TL OI% target of 11%
Average # of Trucks In Service
% Change YOY
9,200
9,000
8,800
8,600
8,400
8,200
8,000
7,800
7,600
7,400
7,200
7,000
10%
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012
Average # of Trucks in Service
% Change YOY

Operating Margin Trends*

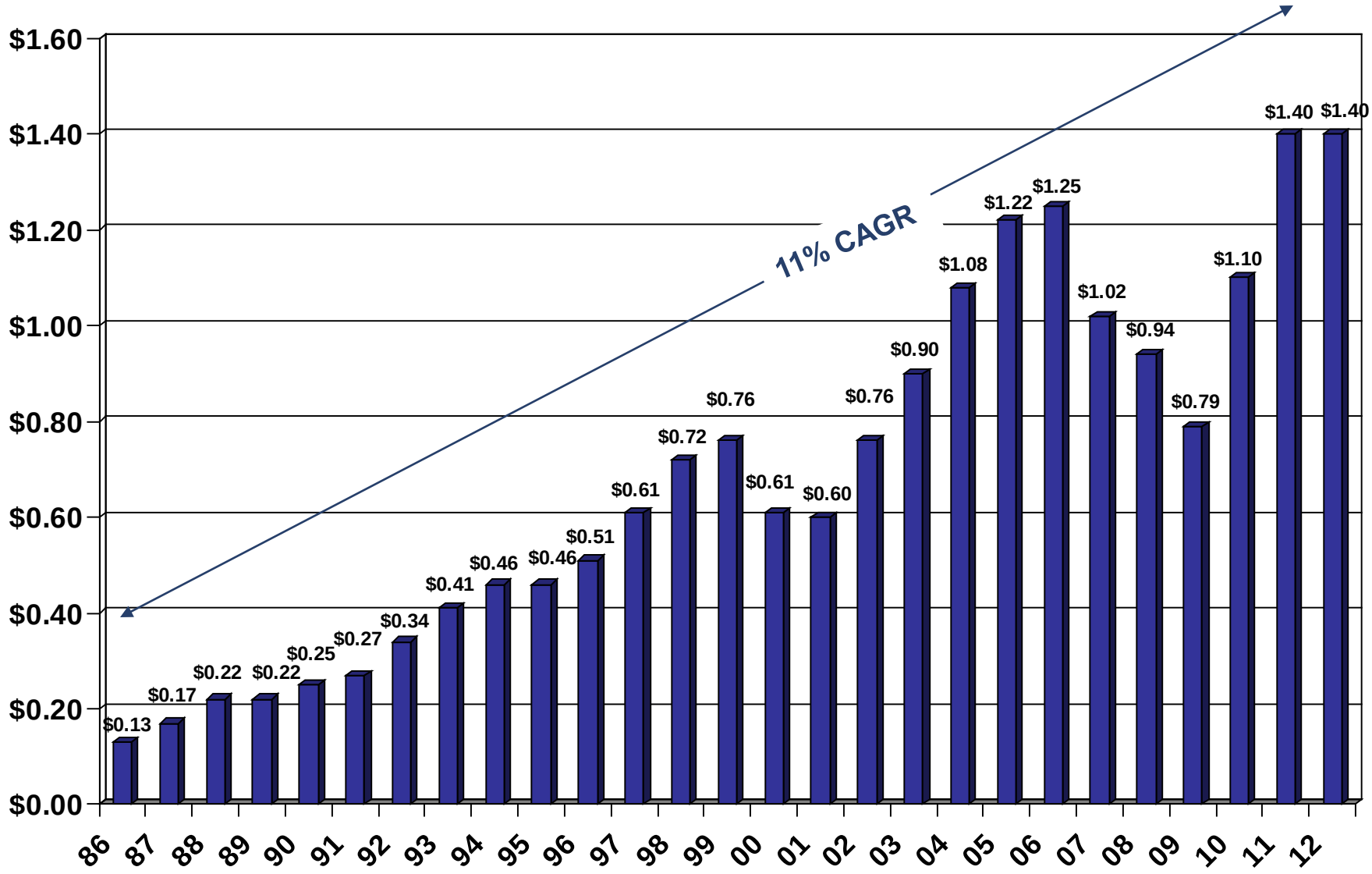


EPS Trends

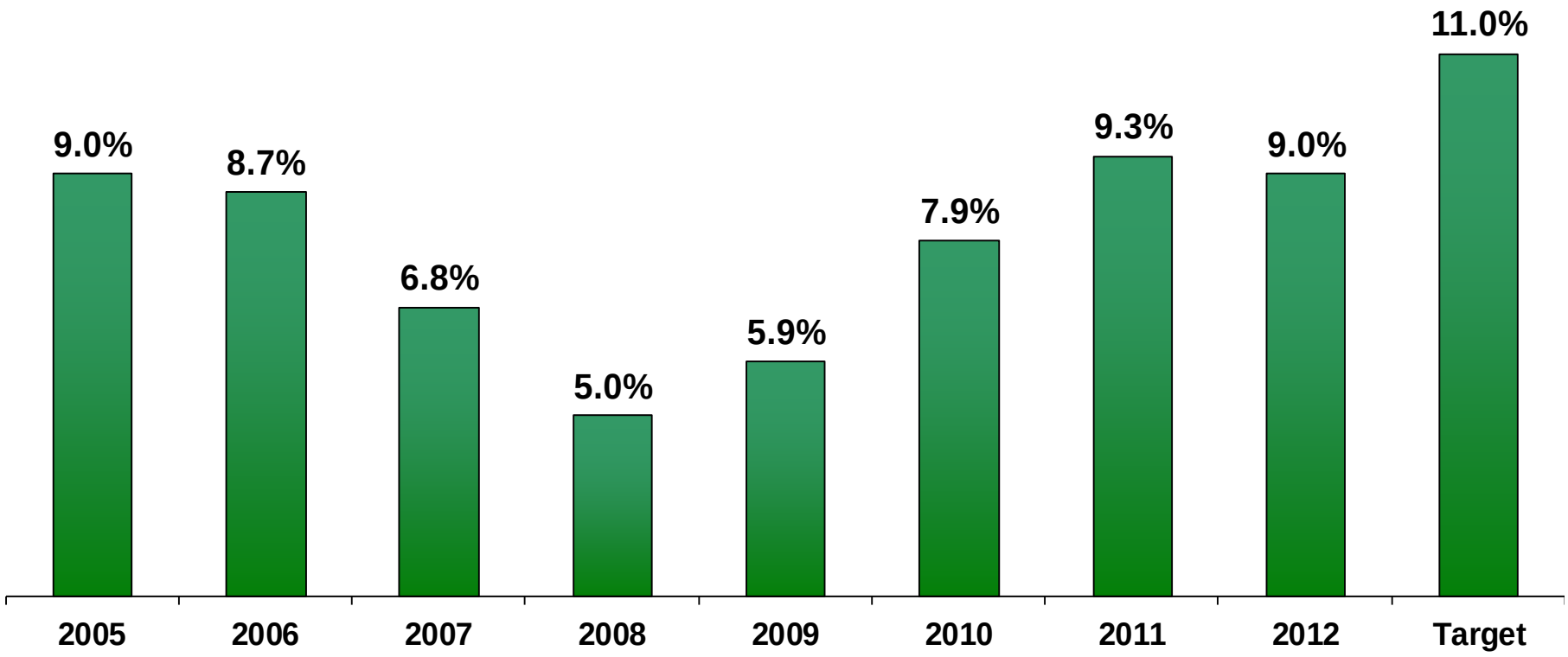


* Total Company (Trucking and Logistics)

EPS Trends


$1.60
$1.40
$1.20
$1.00
$0.80
$0.60
$0.40
$0.20
$0.00
11% CAGR
$0.13
$0.17
$0.22
$0.22
$0.25
$0.27
$0.34
$0.41
$0.46
$0.46
$0.51
$0.61
$0.72
$0.76
$0.61
$0.60
$0.76
$0.90
$1.08
$1.22
$1.25
$1.02
$0.94
$0.79
$1.10
$1.40
$1.40
86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12

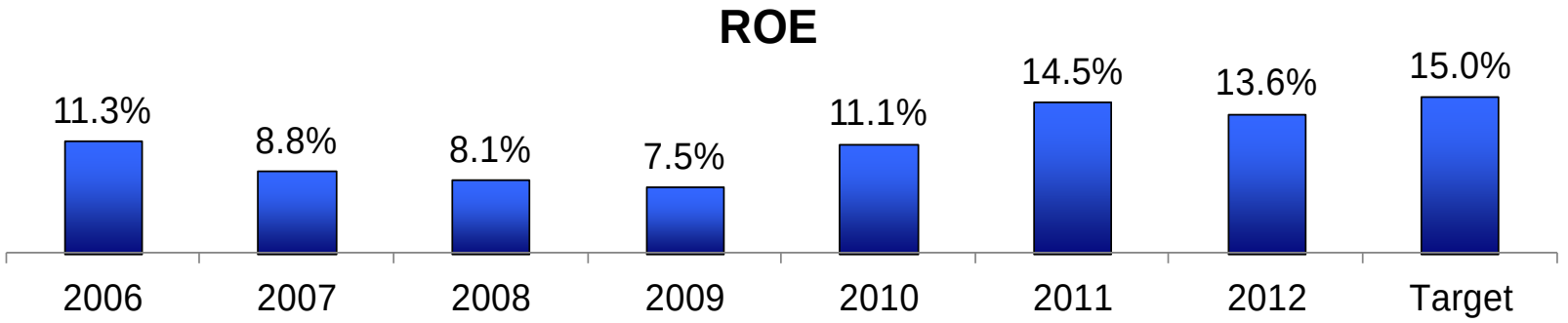
WERN TARGETING AN ANNUALIZED 11% TL*OPERATING MARGIN

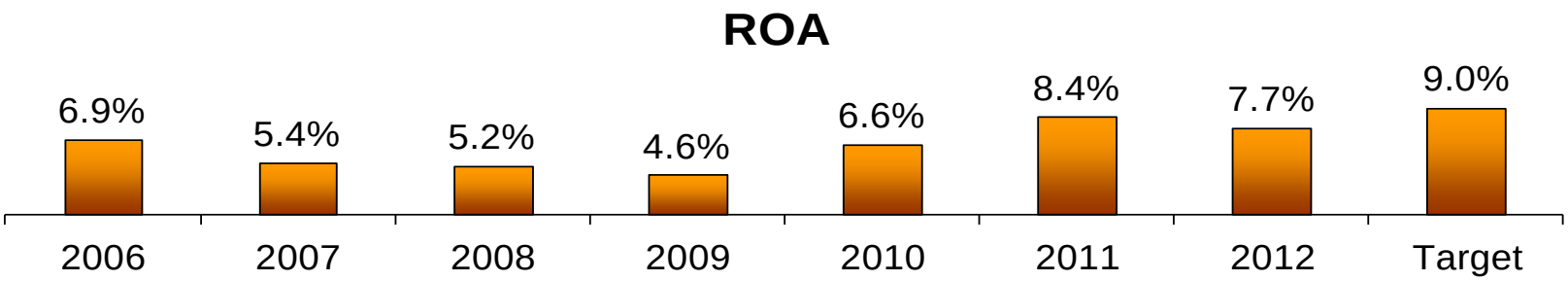


***** Truckload Transportation Services (includes One-Way TL and Dedicated). Above percentages include fuel (fuel surcharge revenues and fuel expense).

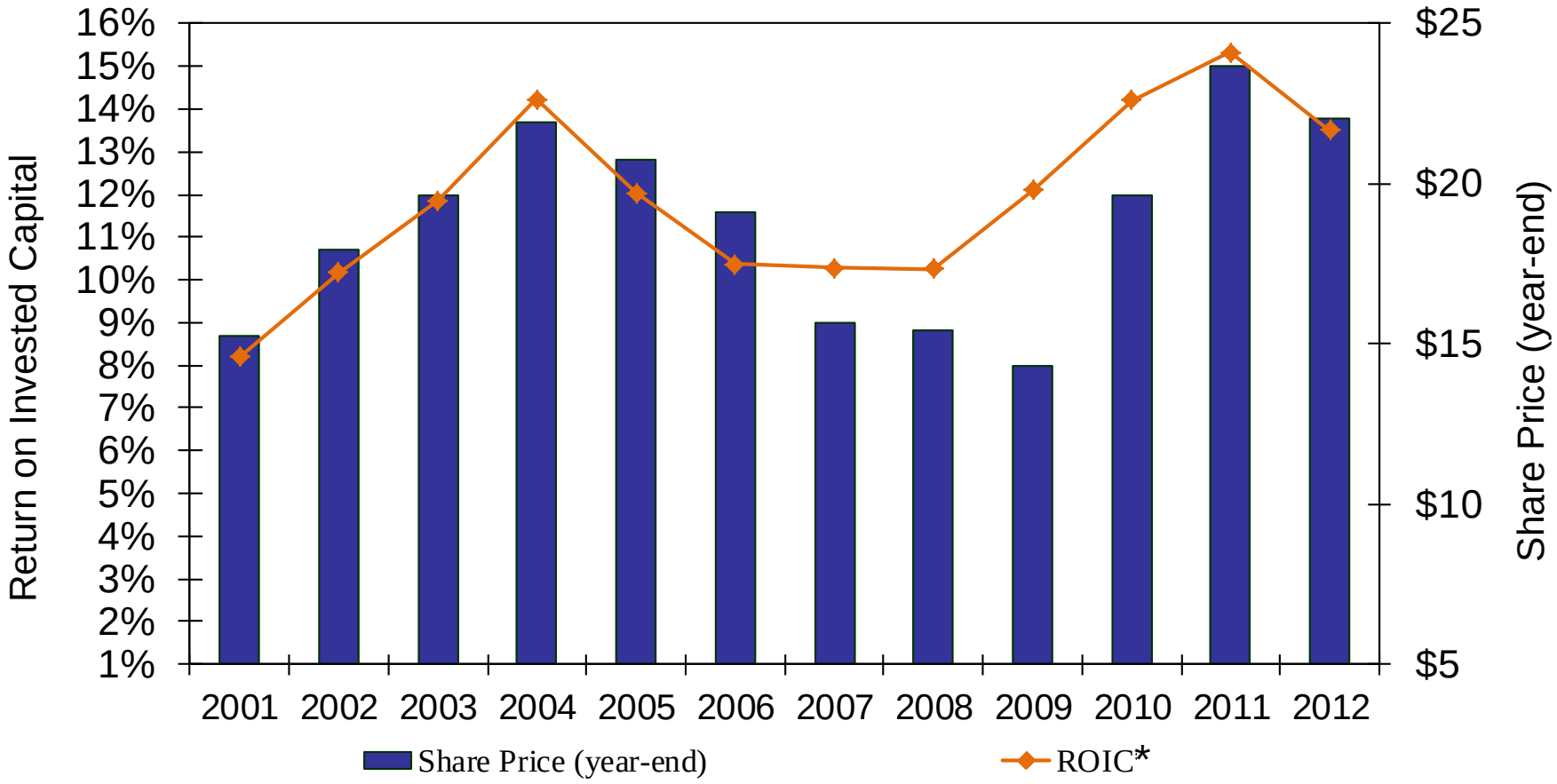
WERNER

WERN TARGETING A 15% ROE & 9% ROA





Return on Invested Capital (ROIC*) vs. Share Price Growth



*ROIC is a non-GAAP measure. Net income plus net interest expense, divided by average invested capital.


Global, Comprehensive Portfolio
Award-Winning Customer Service
Technology Driven
Customizable Logistics Strategies
Consistent, Credible and Conservative
This is WERNER.

WERNER