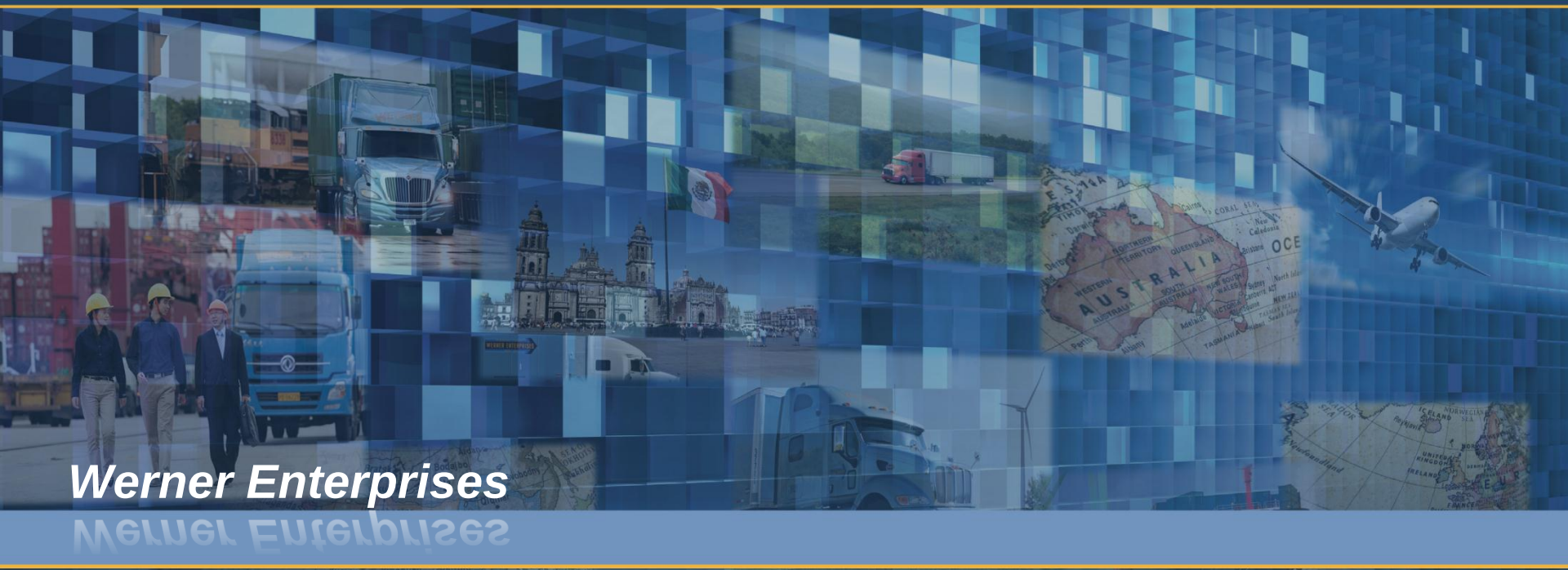


# *Werner Enterprises*

RAYMOND JAMES

**34th Annual Institutional Investors Conference**

**March 4, 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

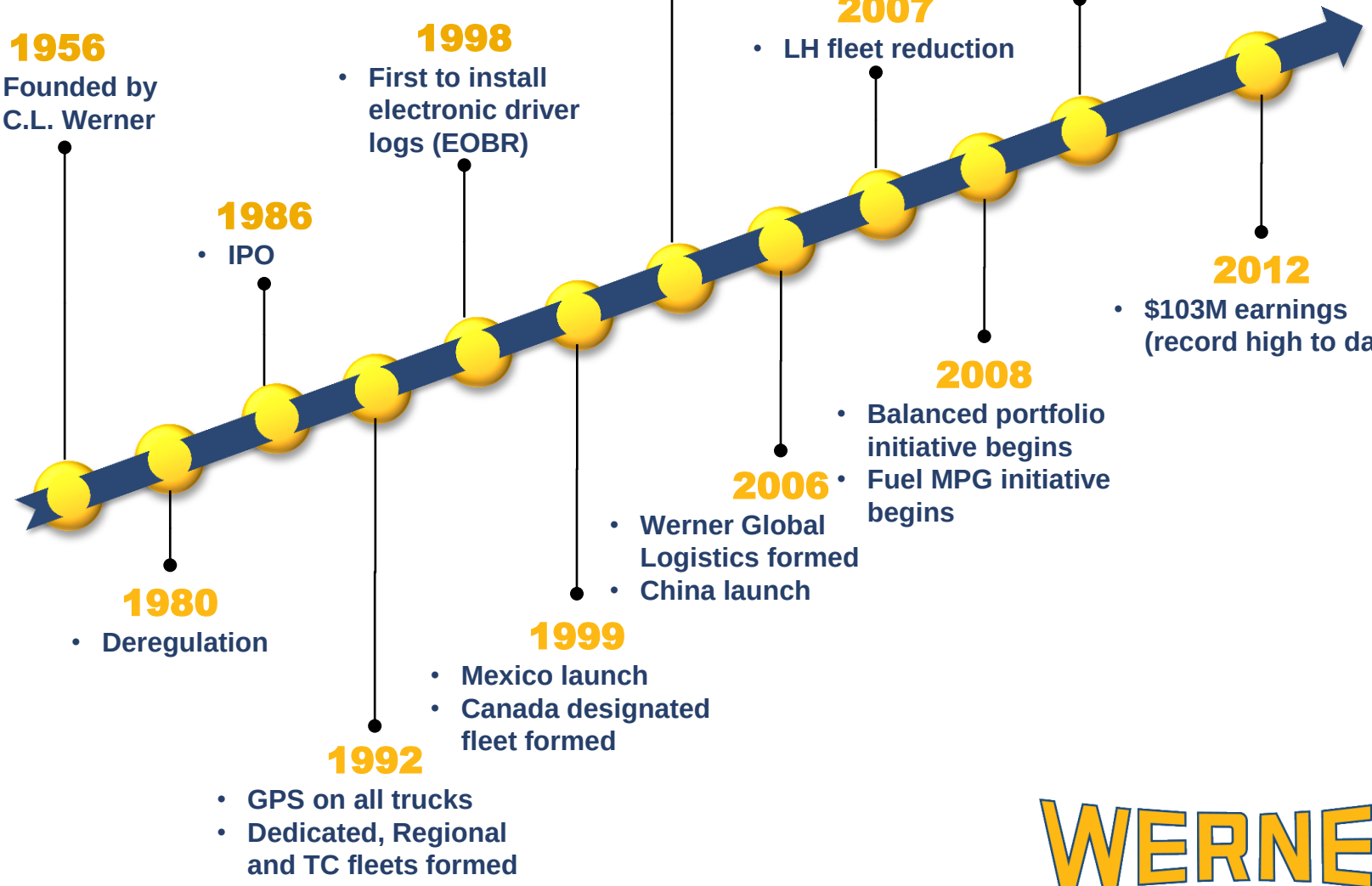
Market cap: $1.7 Billion

2012 Quest for Quality Multiple Award Winner in Truckload and 3PL Logistics



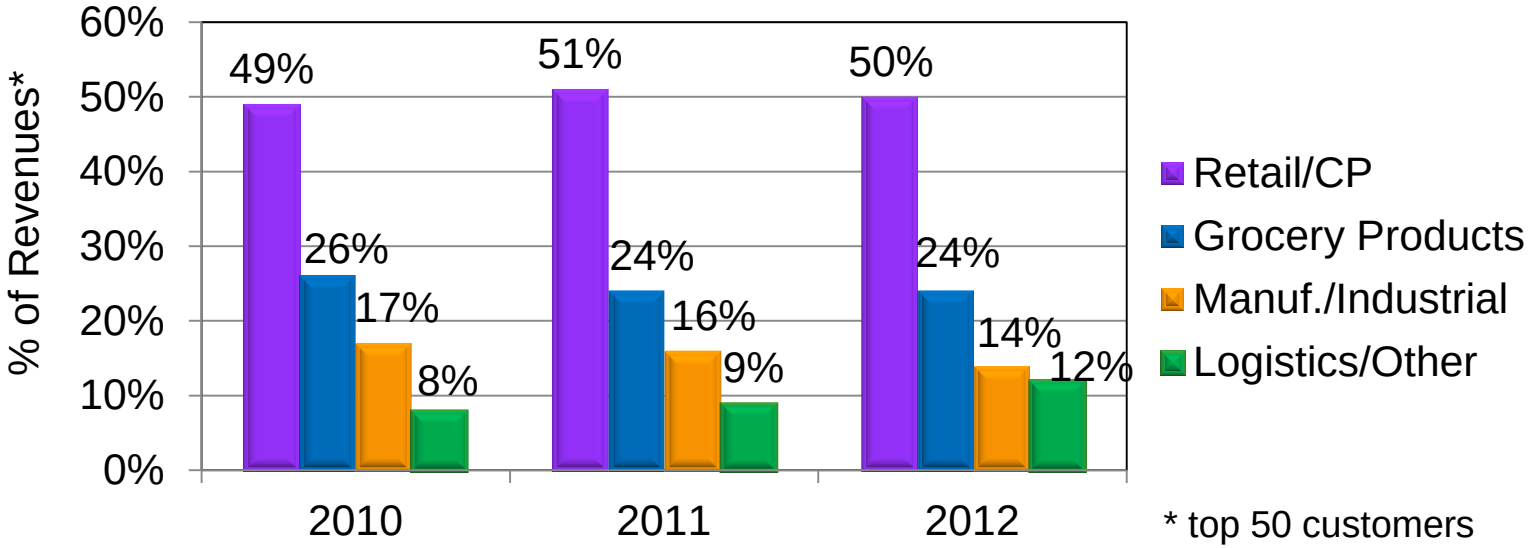

WERNER

# The Path of Werner Progress



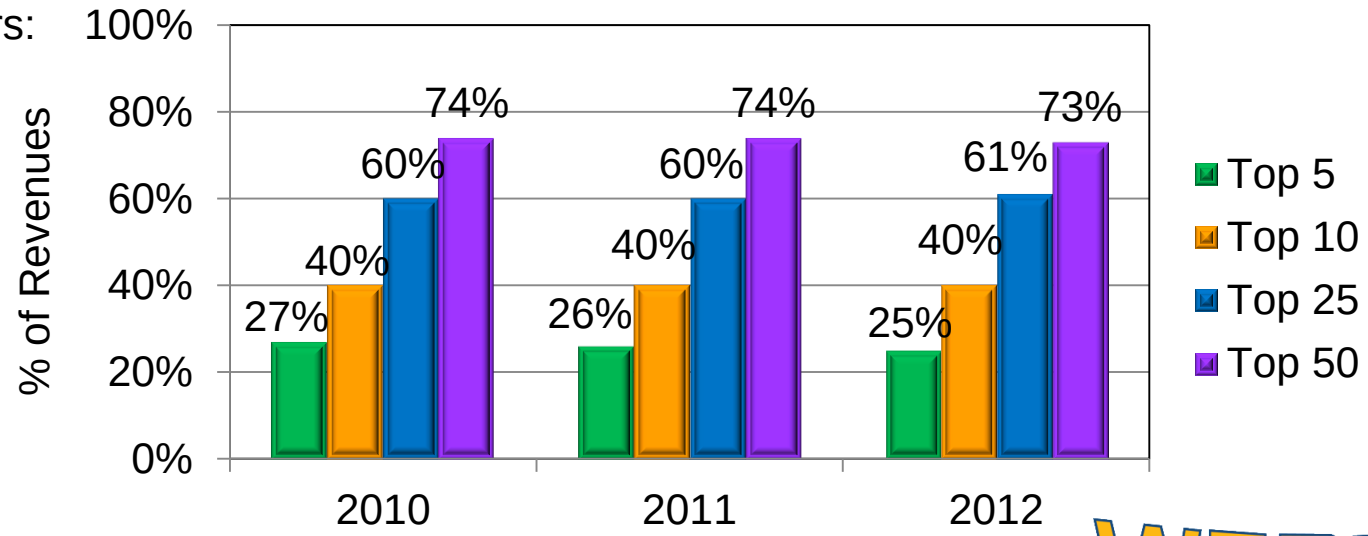
# Revenue Sources

Vertical:




* top 50 customers

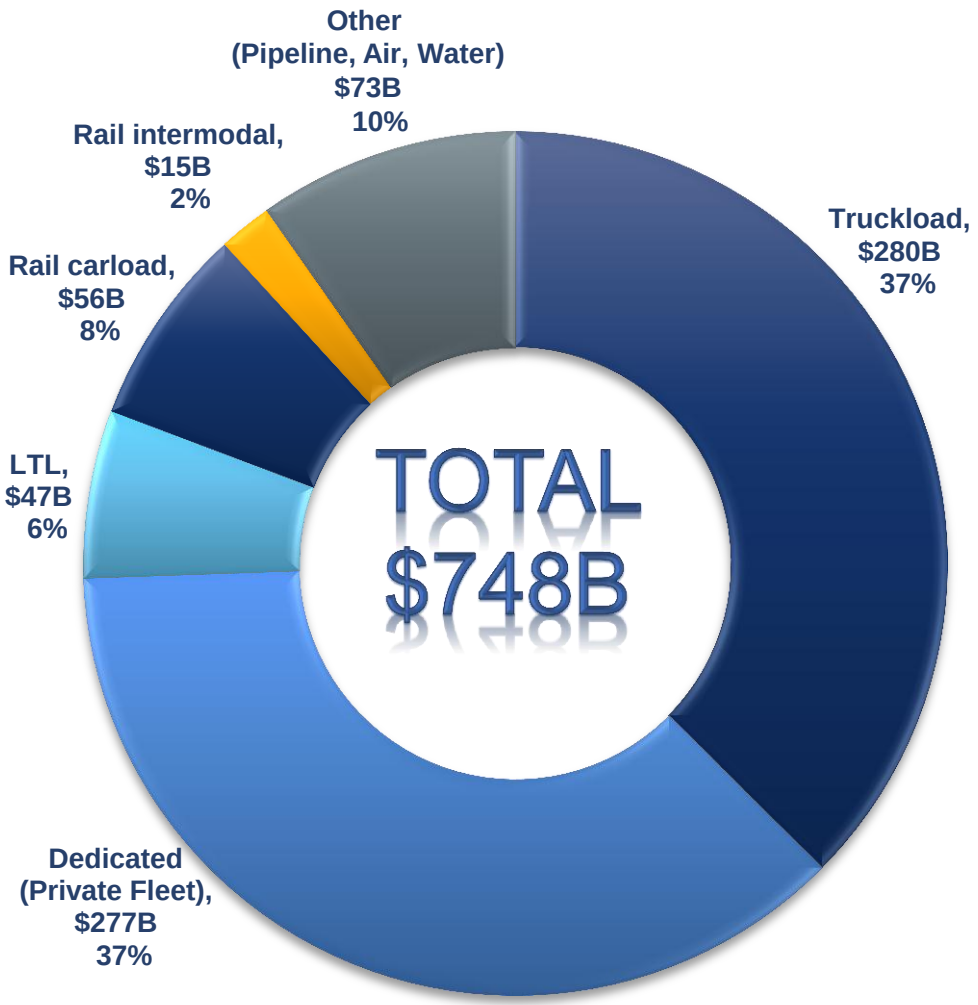
Customers:



# Domestic Freight Market: Market Share & Growth Opportunities

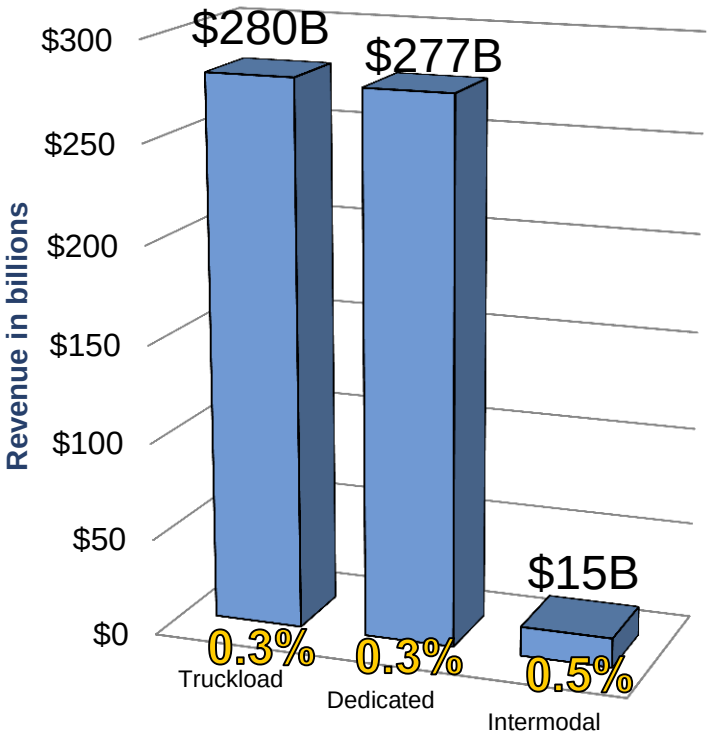
## U.S. Freight Market Revenues

in billions of $*

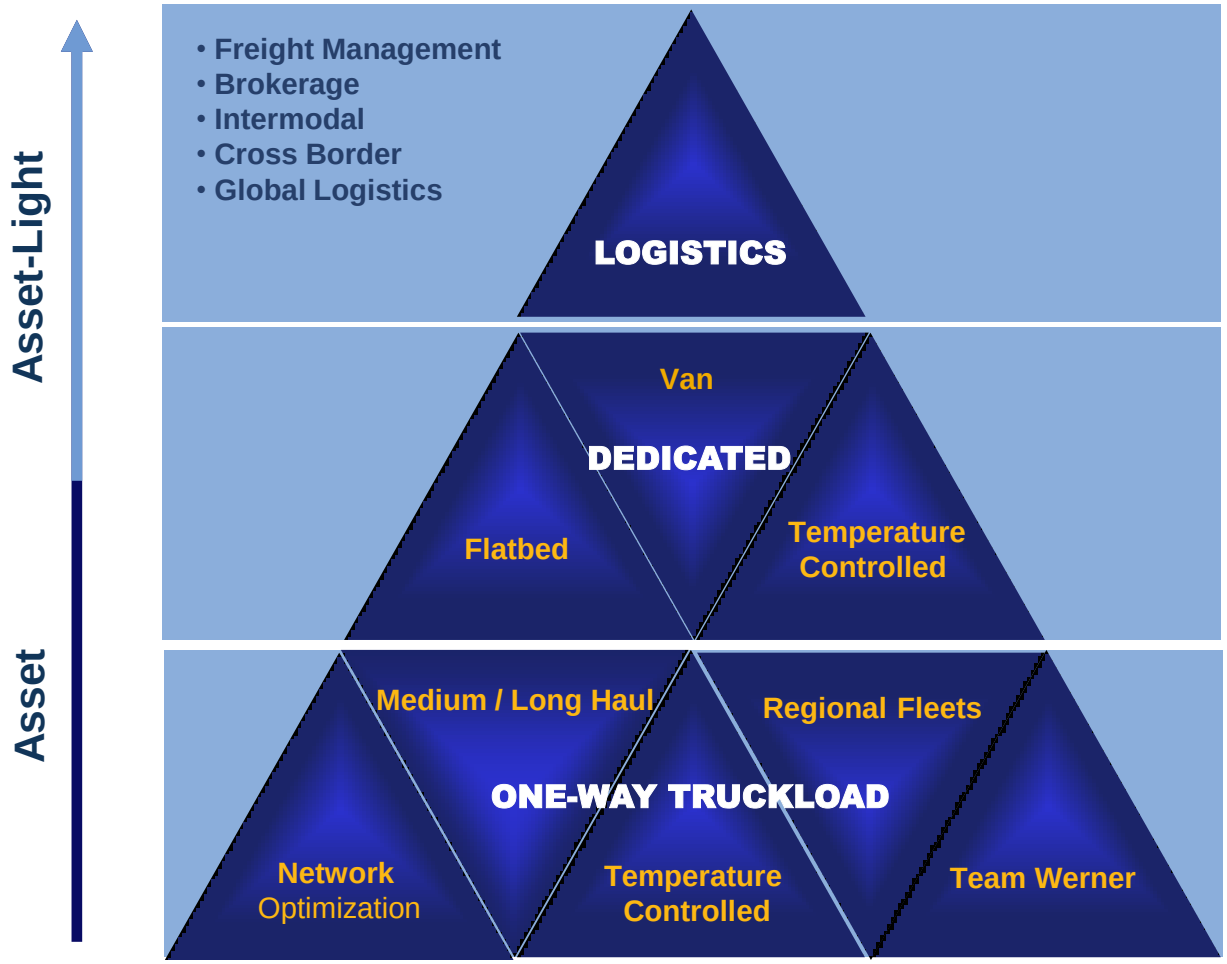



* Sources: ATA and Stifel Nicolaus estimates

## Werner Enterprises Growth Opportunities



# Revenue Profile




| | Goal | 4Q12 |
|---|---|---|
| | 1/3 | 26%* |
| | 1/3 | 38% |
| | 1/3 | 36% |

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

# FREIGHT MARKET UPDATE

ONE-WAY TRUCKLOAD







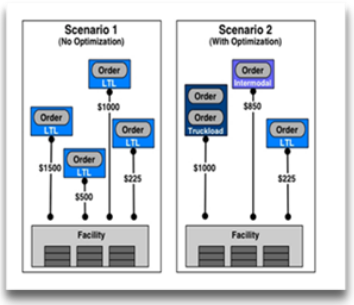





WERNER

# 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 7,150 trucks, 9,500 alliance carriers and ocean, air and rail companies, Werner provides unsurpassed delivery solutions worldwide.

## Global Implementation



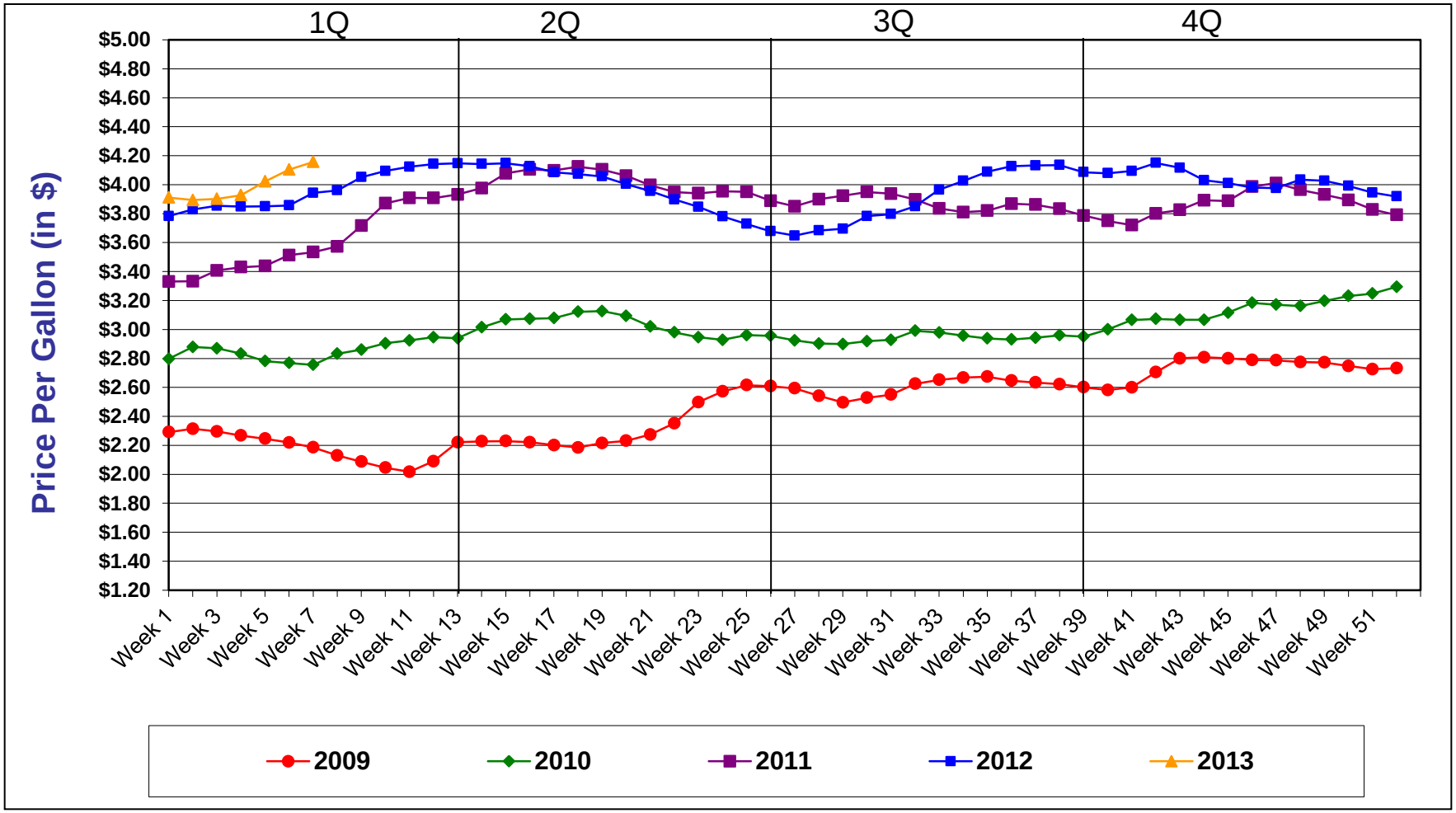
Providing door-to-door services for companies of all sizes and industries as they compete in today's global marketplace, sets us apart from our competition.

## Technological Advantages



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

# 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.

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# 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, including Espar heaters and APU's
- MPH optimization
- Out of route mile and empty mile reduction
- Trailer skirts
- Tire-inflation systems

Alternate Fuel Initiatives:

- Testing LNG and CNG trucks

SmartWay℠ Transport Partner
Getting There With Cleaner Air

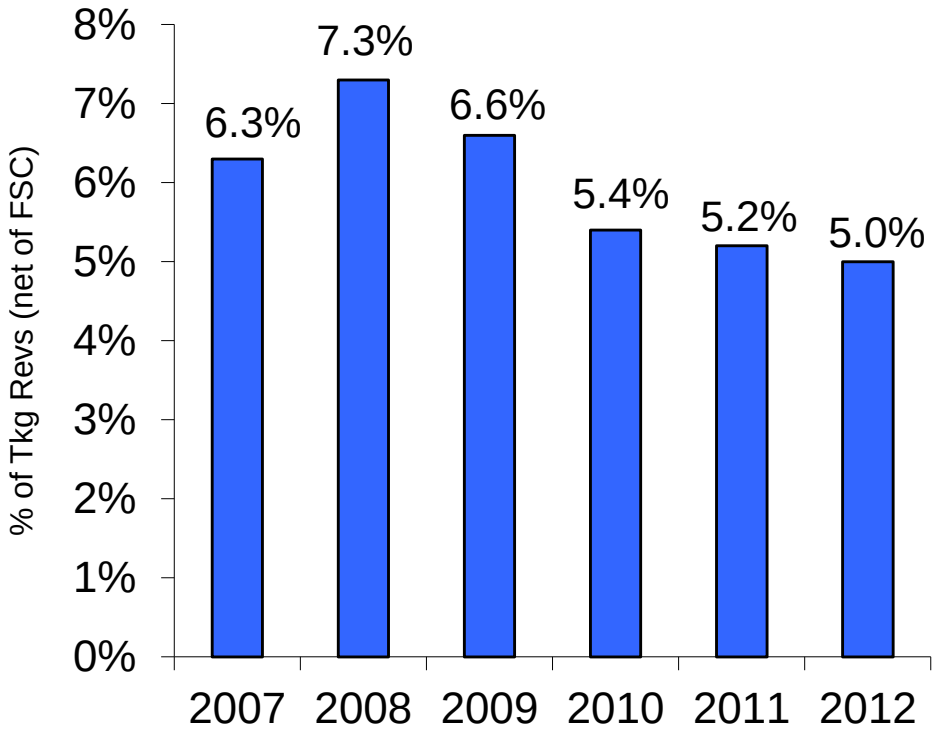
Werner's Impact:

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

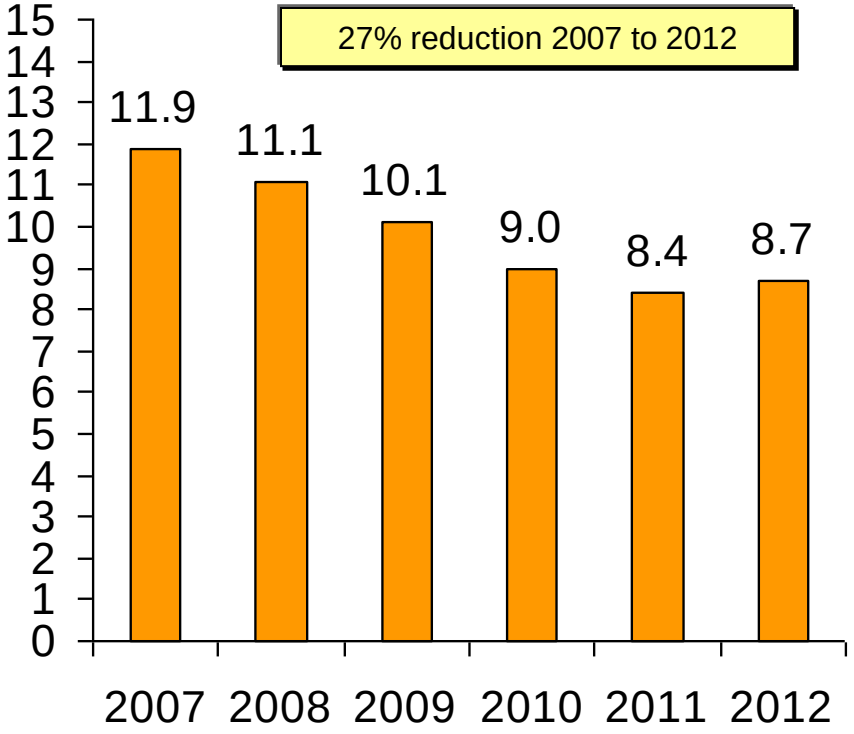
WERNER

# WERN SAFETY IMPROVEMENTS

## INS/CLAIMS % of REVENUES*




## ACCIDENTS PER MM




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

# REGULATORY – HOS AND EOBR

The FMCSA announced various changes effective February 2012, with a compliance date of July 2013.

Primary rule changes 34 hour restarts will now need to include two consecutive periods between 1 a.m. and 5 a.m. Mandatory break period.

| HOS impact on shippers | |
|---|---|
| | **Utilization decrease per tractor in the market** |
| | **Decreased driver wage potential** |
| | **Decreases capacity, increases the number of tractors needed to haul the same amount of goods** |
| | **Overall impact, higher transportation costs** |

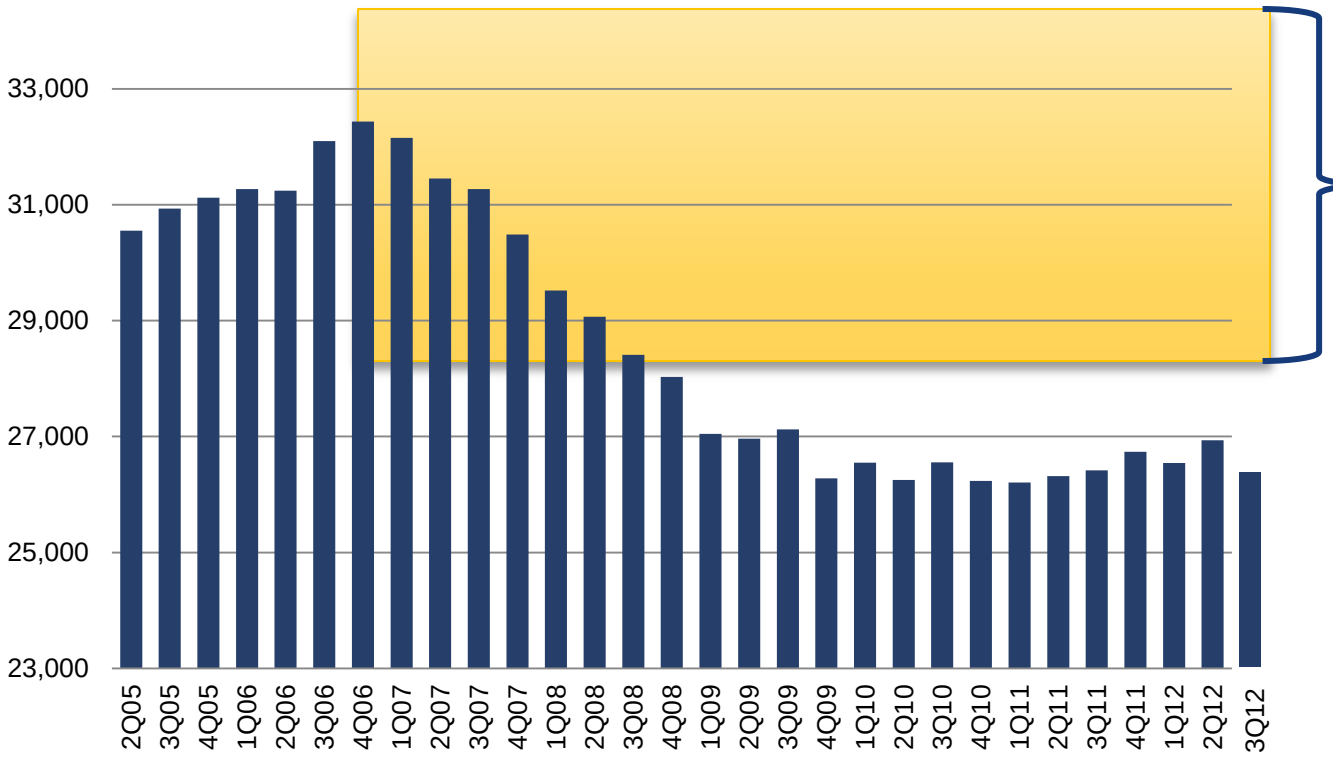



The latest highway reauthorization bill dubbed Moving Ahead for Progress in the 21st Century Act (MAP 21) was passed June 2012. EOBR mandates in this bill states that all motor carriers that must file a record of duty status (RODS), and will be required to do so with an electronic logging device.

WERNER

# SUPPLY – CAPACITY

## Total Public Truckload Fleet Capacity

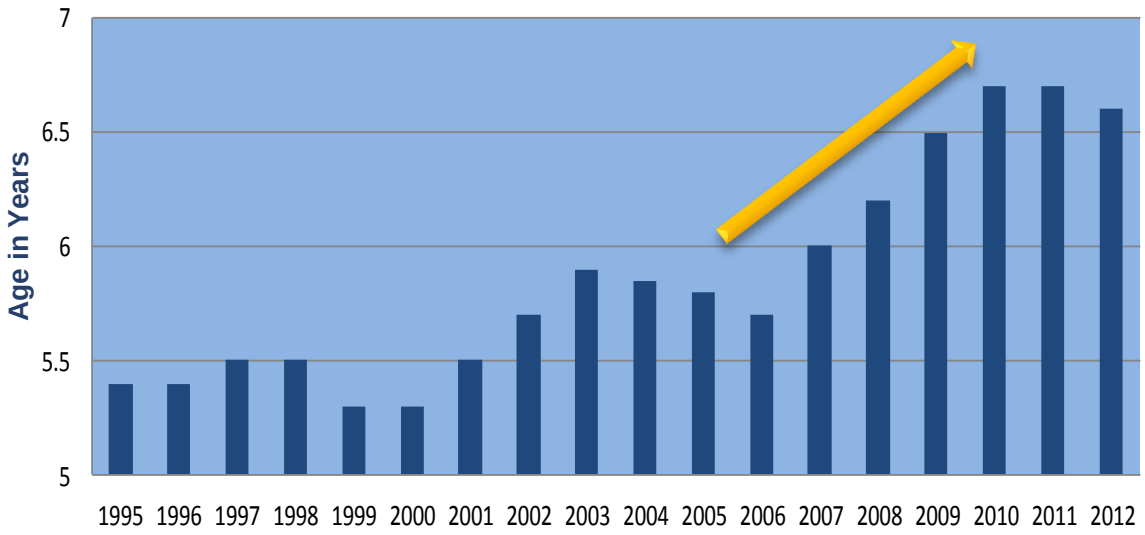



*Including owner operators, truckload capacity at public fleets is nearly **20 percent** below peak 4Q06 levels*

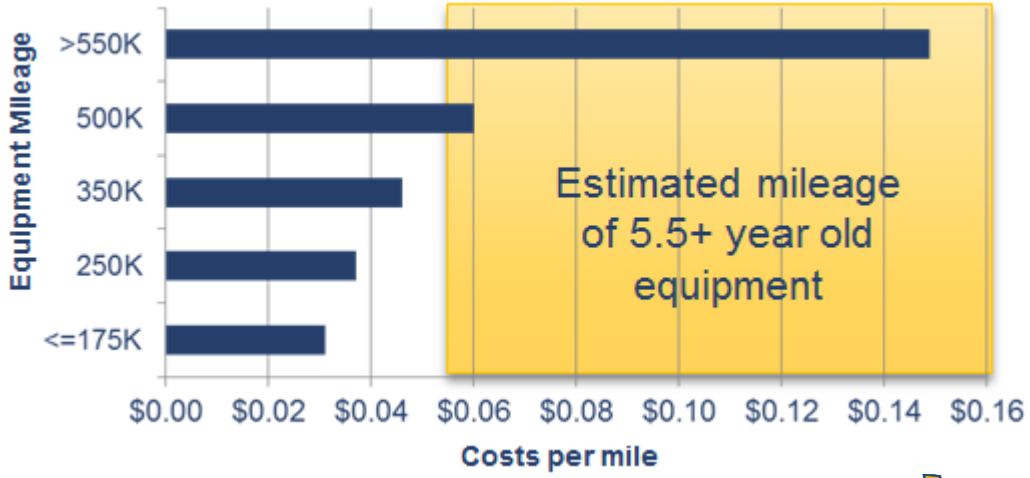
Source: KeyBanc

# Supply – Aging Fleets

## U.S. Class 8 Trucks Average Age

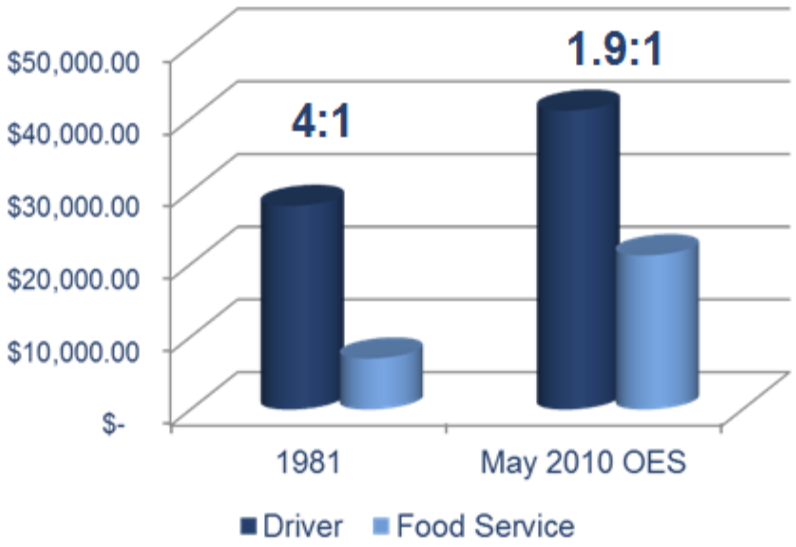



## Class 8 Tractor Maintenance Expense




Sources: ACT Research Co. and Wards

## Driver Wages Relative to Food Prep Workers



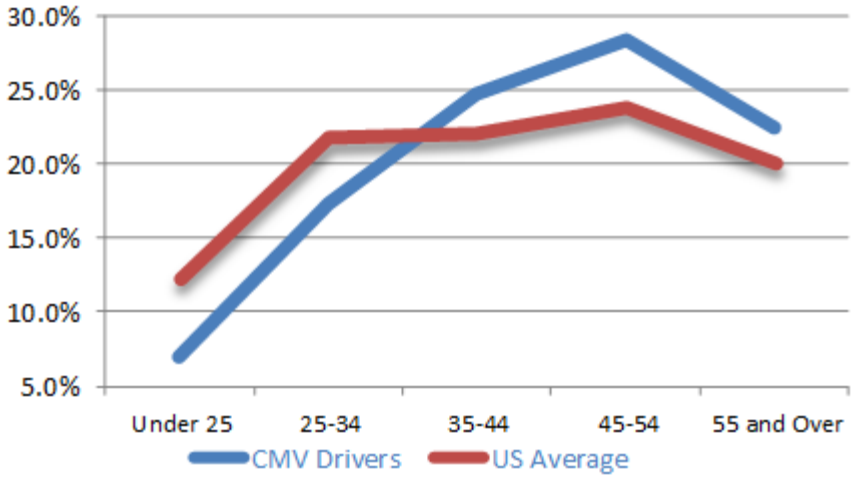

"Roughly 25 percent of the driver workforce has been eliminated from the industry during the past 10 years as a result of demographic and health issues... the largest group of drivers are aged 35 to 54."

- Logistics Management

"…to attract the higher share of workers needed for the 10 year growth projection, the trucking industry must return to the wage position that prevailed in the 1990s."

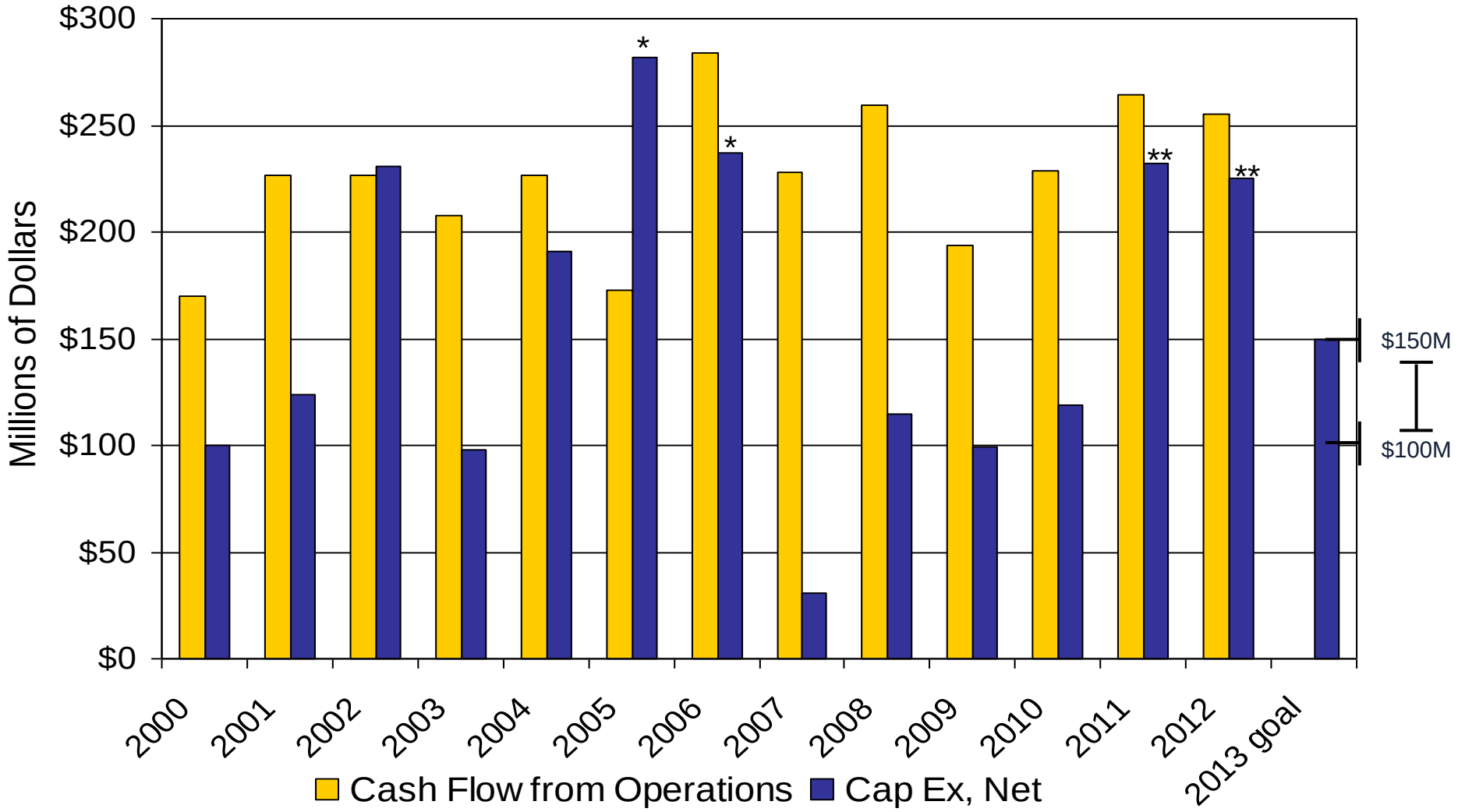
- ATA

## 2010 U.S. Census Driver Age




Sources: BLS OES, ACT Research Co.

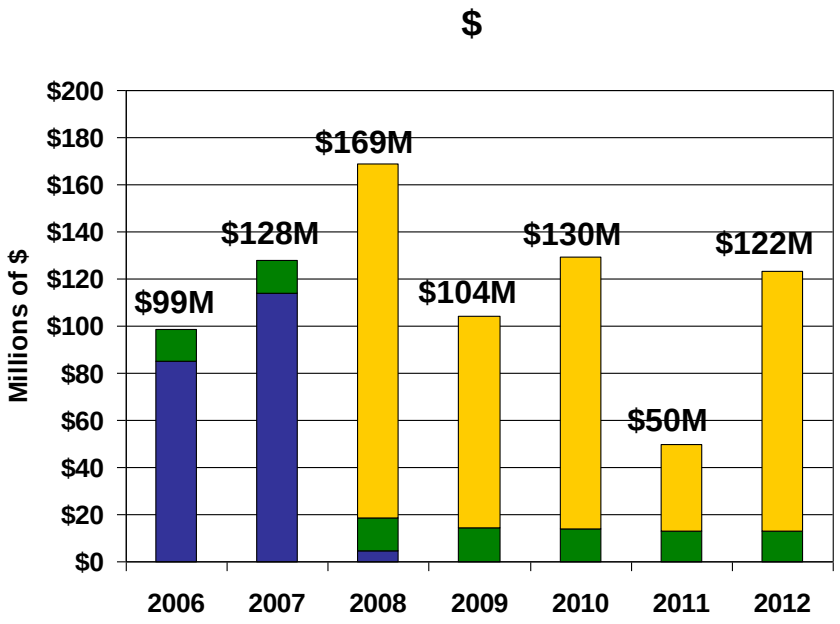
# Cash Flow and Cap Ex

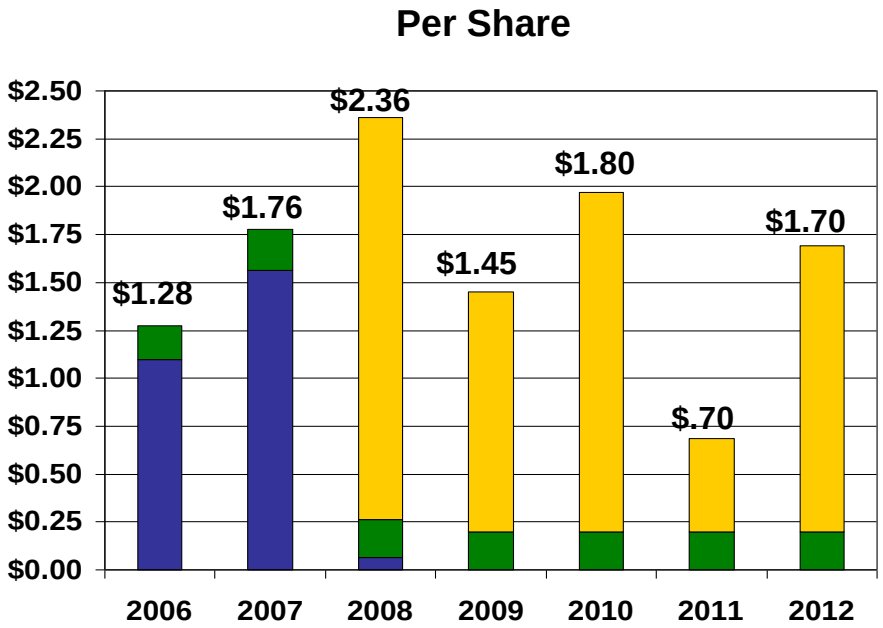



* Increased cap ex in 2006 and 2007 prior to 2007 EPA engine emission change.

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

# ENHANCING SHAREHOLDER RETURN



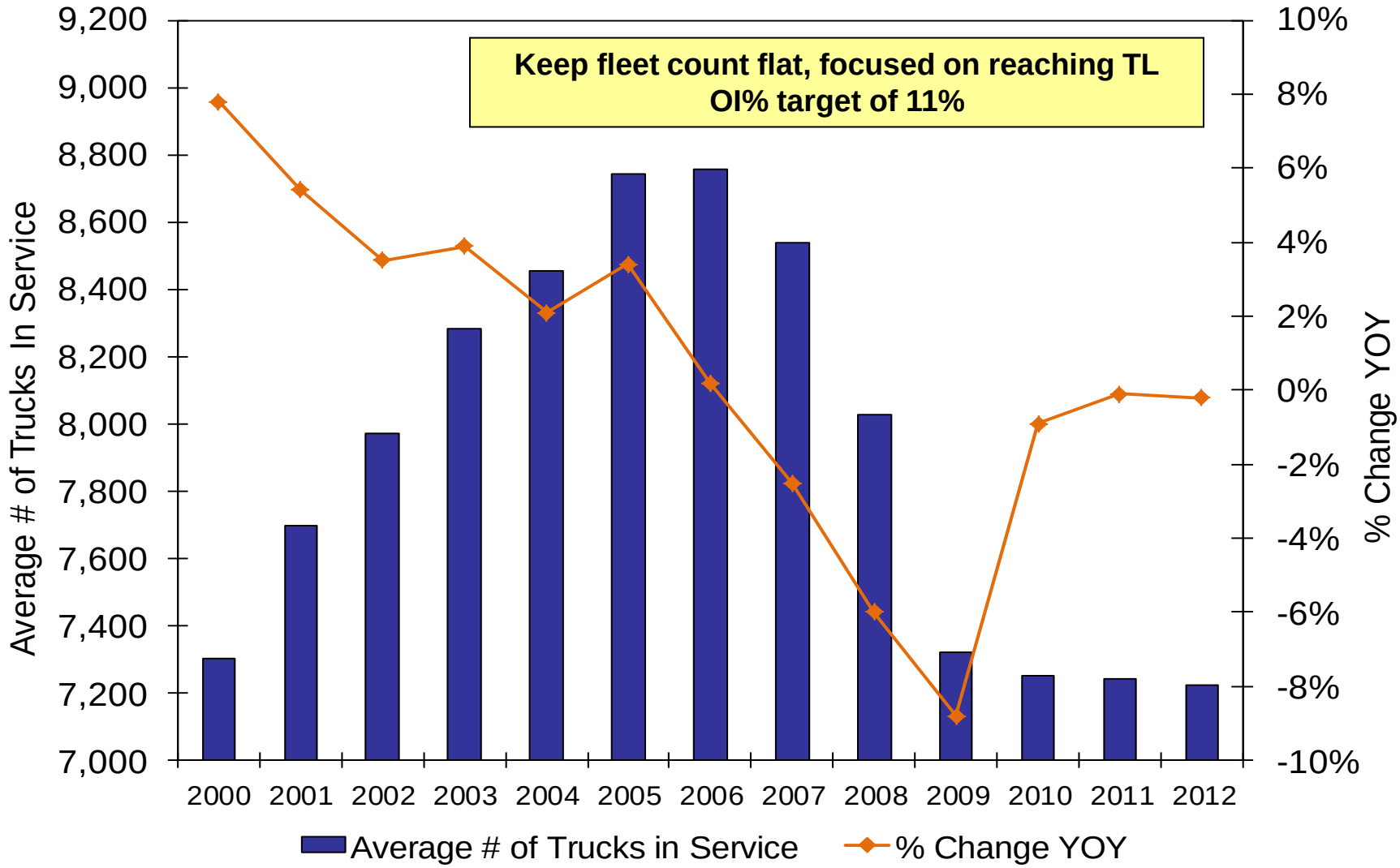

| Total 2006 - 2012: | $ | Per Share |
|---|---|---|
| Share repurchases | $203M | $2.72 |
| Dividends | $98M | $1.38 |
| Special Dividends | $501M | $6.95 |
| | $802M | $11.05 |

**Share repurchases**

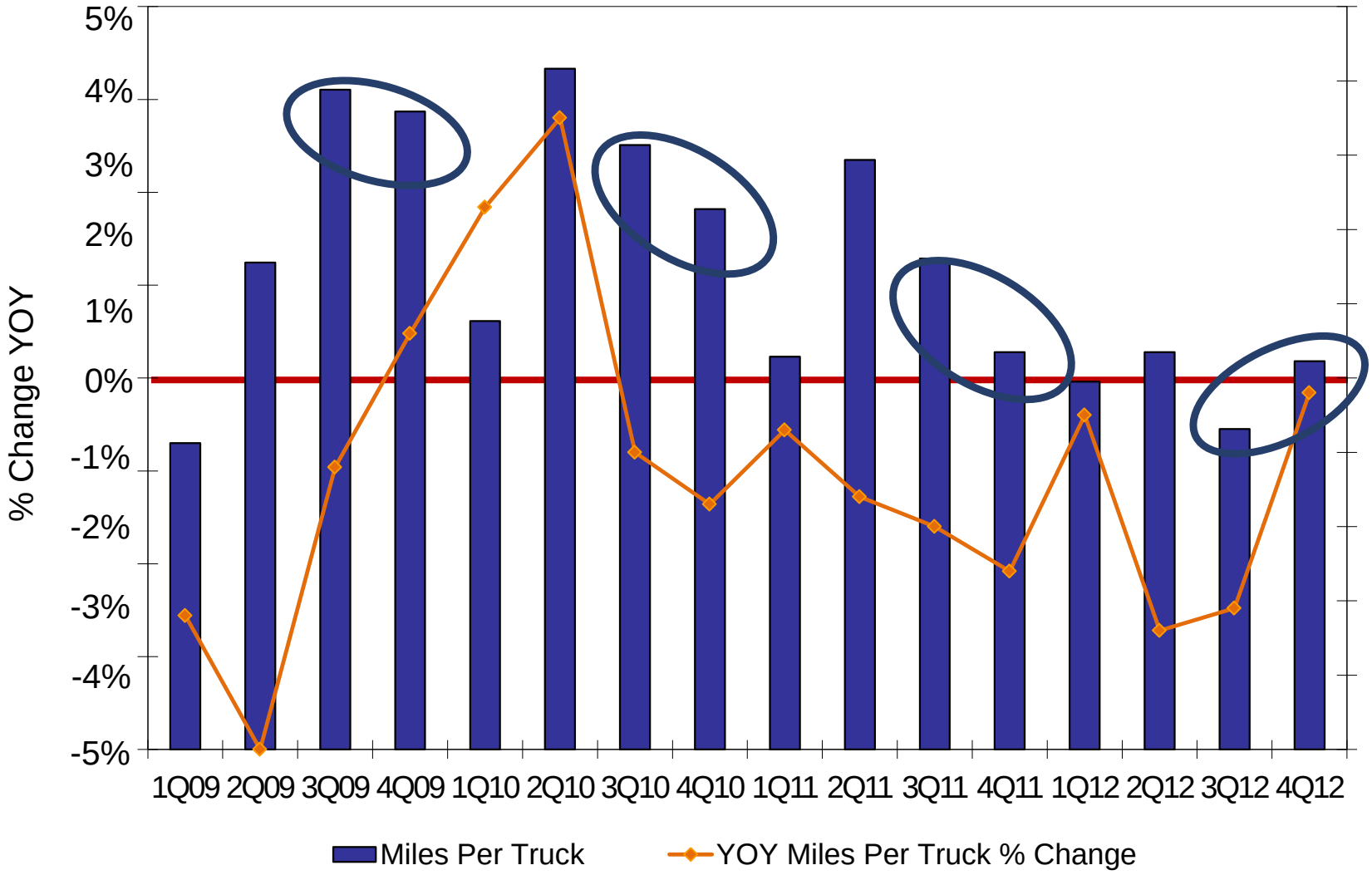
**Dividends**

**Special dividends**

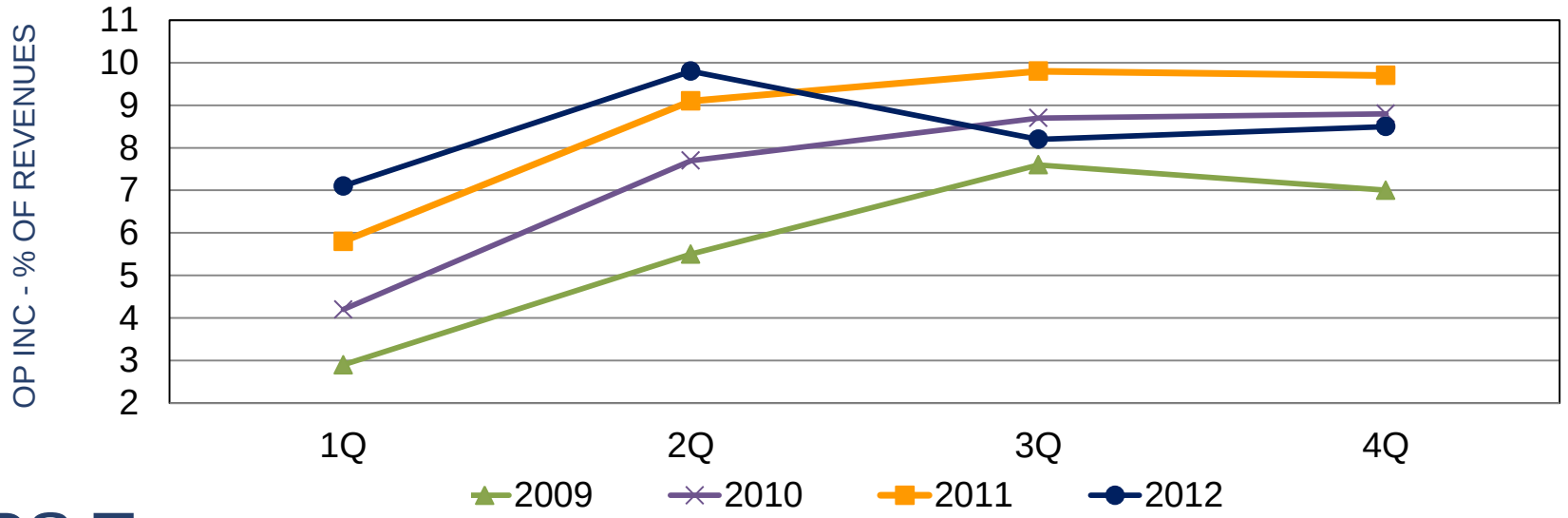
# TRUCKS


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

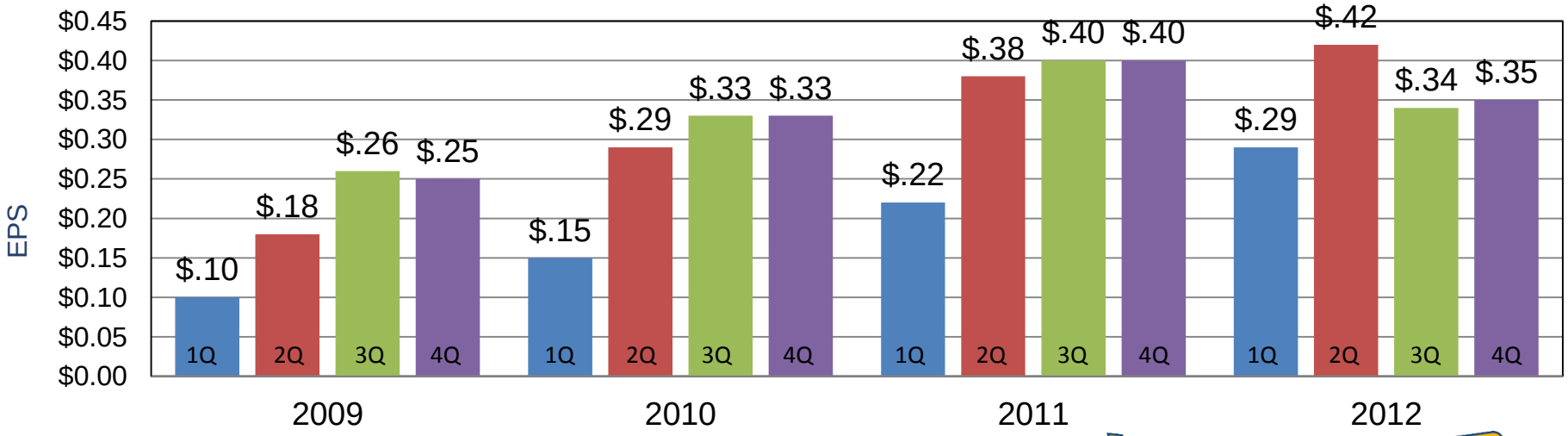
# Miles Per Truck Trends – Last 16 Quarters



# Operating Margin Trends*

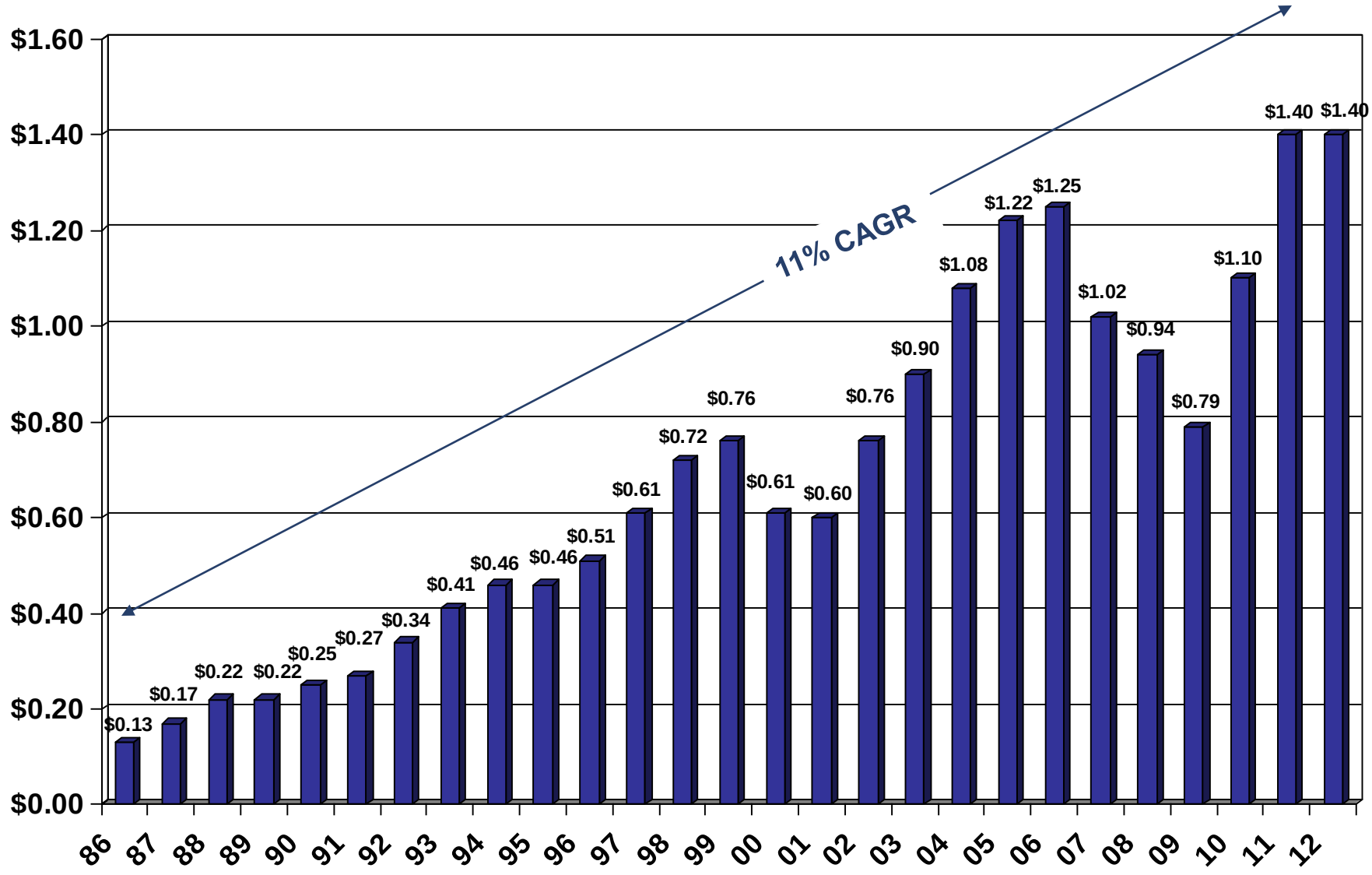



# EPS Trends

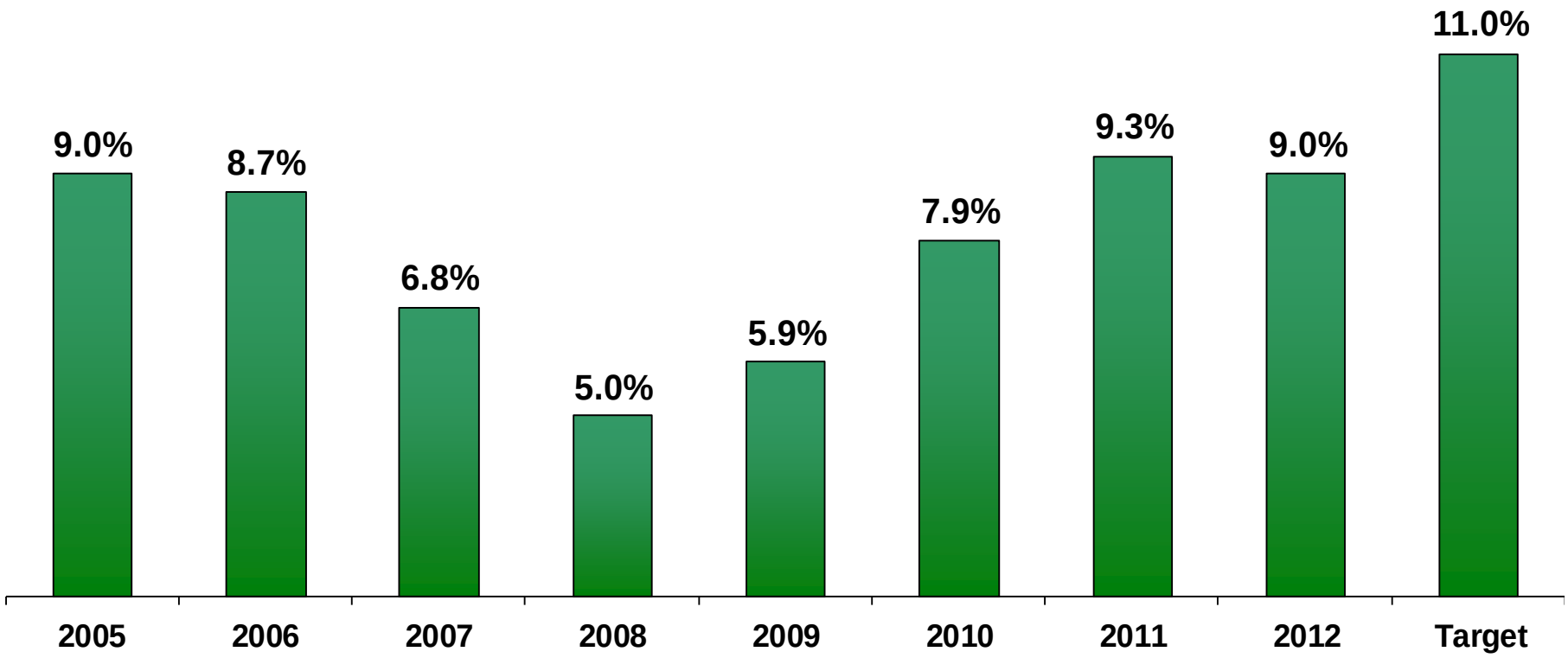



* Total Company (Trucking and Logistics)

# EPS Trends

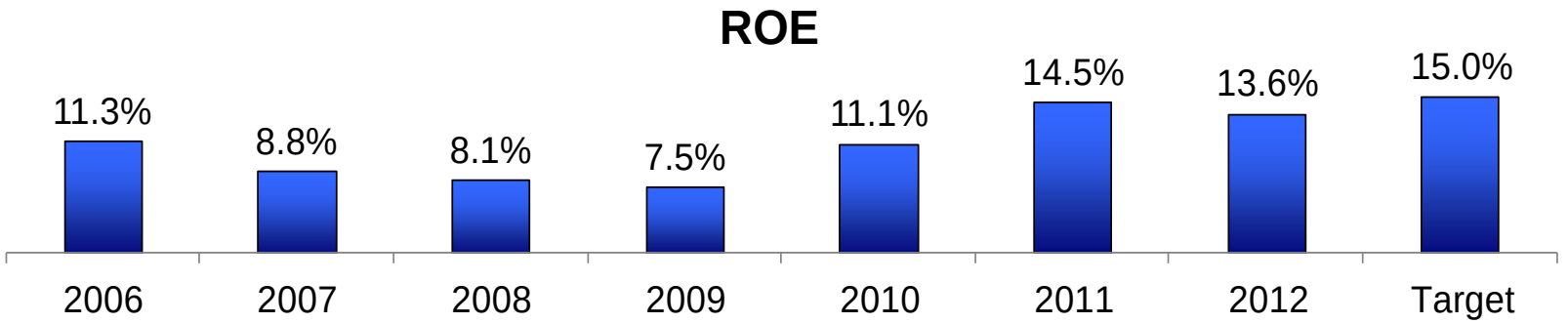

$1.60
$1.40
$1.20
$1.00
$0.80
$0.60
$0.40
$0.20
$0.00
11% CAGR
$0.13
$0.17
$0.22
$0.22
$0.25
$0.27
$0.34
$0.41
$0.46
$0.46
$0.51
$0.61
$0.72
$0.76
$0.61
$0.60
$0.76
$0.90
$1.08
$1.22
$1.25
$1.02
$0.94
$0.79
$1.10
$1.40
$1.40
86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11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

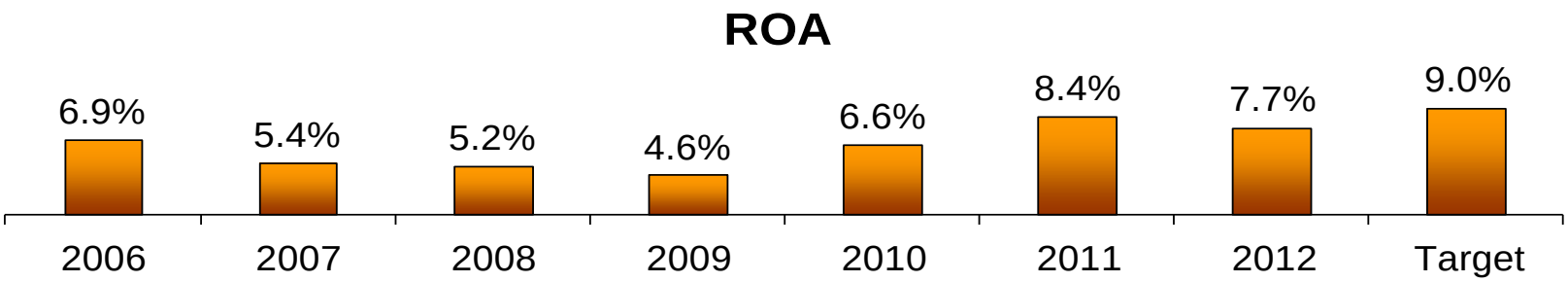
# WERN Targeting an Annualized 11% TL*Operating Margin



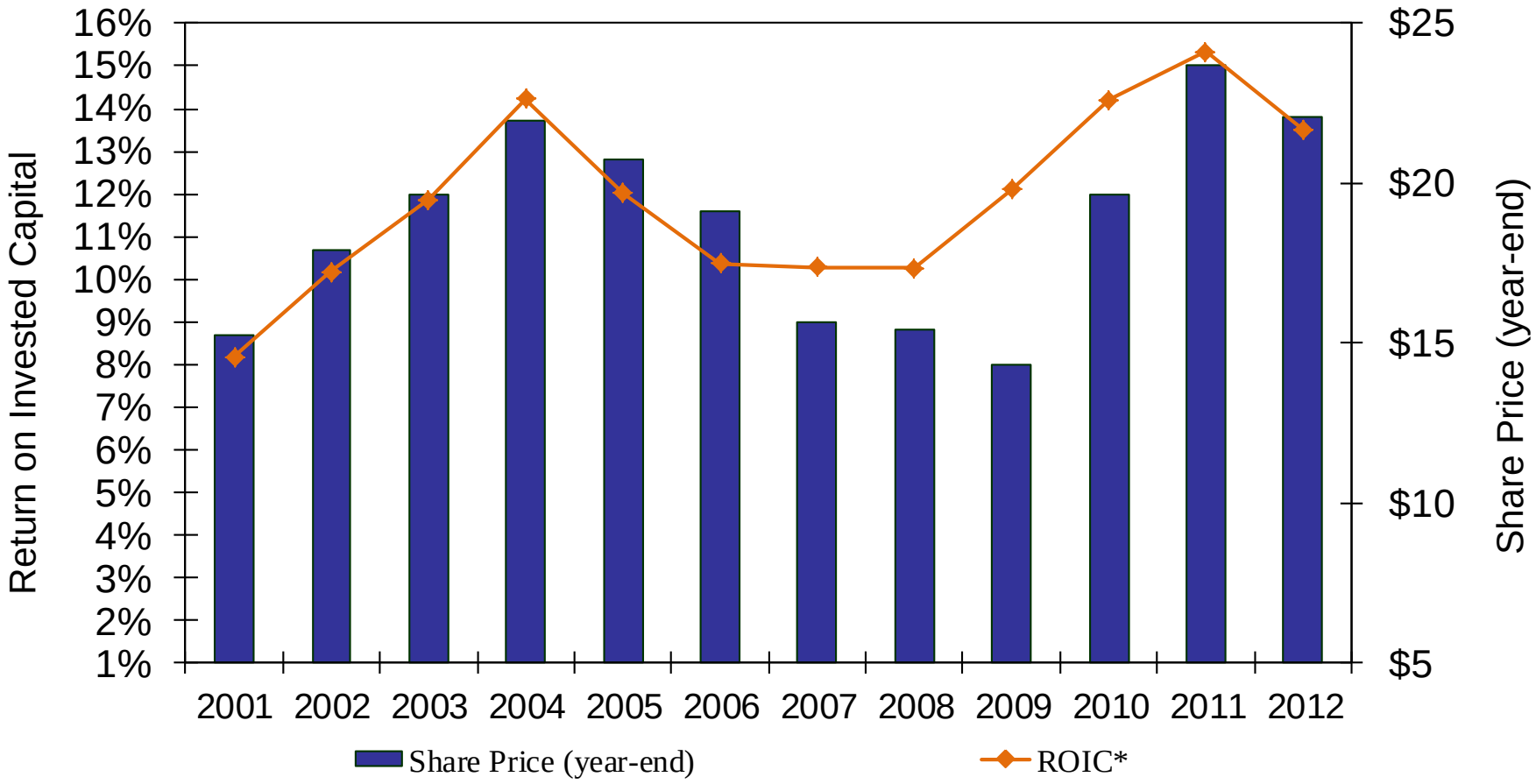

* Truckload Transportation Services (includes One-Way TL and Dedicated). Above percentages include fuel (fuel surcharge revenues and fuel expense).

# 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