



3Q 2019 EARNINGS PRESENTATION

October 24, 2019

DISCLOSURE STATEMENT

This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements are based on information presently available to the Company's management and are current only as of the date made. Actual results could also differ materially from those anticipated as a result of a number of factors, including, but not limited to, those discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

For those reasons, undue reliance should not be placed on any forward-looking statement. The Company assumes no duty or obligation to update or revise any forward-looking statement, although it may do so from time to time as management believes is warranted or as may be required by applicable securities law. Any such updates or revisions may be made by filing reports with the U.S. Securities and Exchange Commission, through the issuance of press releases or by other methods of public disclosure.



WERNER OVERVIEW, 3Q 2019 HIGHLIGHTS



Derek Leathers
President and Chief Executive Officer

WERNER OVERVIEW

Premium Truckload Transportation & Logistics Services Provider

Headquarters

Omaha, NE

Market Cap¹

\$2.6B

Dedicated Fleet Size¹

4,620

One-Way Fleet Size¹

3,435

Associates²

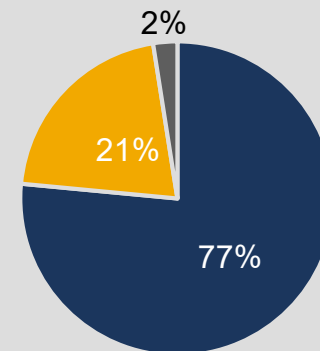
13,659

Dividend Yield¹

1.0%

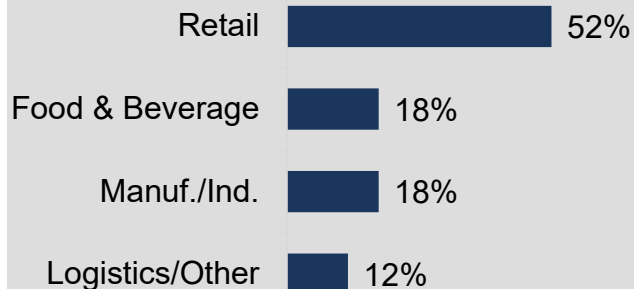
2018 Revenues by Segment

- Truckload Transportation Services (TTS)*
- Werner Logistics
- Schools/Other

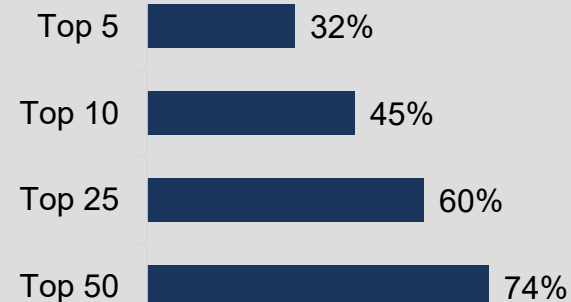


2018 Revenues by Vertical

Top 50 Customers



2018 Revenues by Customer



¹ As of 10/23/19 for Market Cap and Dividend Yield, and as of 9/30/19 for Dedicated Fleet Size and One-Way Truckload Fleet Size.

² Associates as of 9/30/19 includes approximately 13,084 employees and 575 independent contractor drivers.

*TTS includes Dedicated and One-Way Truckload.

3Q 2019 AND YTD 2019 HIGHLIGHTS

3Q19 Financial Highlights

- Revenues decreased 2% to \$618M
 - GAAP EPS decreased 15% to \$0.56
 - Adj. EPS decreased 11% to \$0.57
 - Adj. operating income decreased 12% to \$54.2M
 - Adj. operating margin decreased ~90 bps to 8.8%
-

YTD 2019 Financial Highlights

- Revenues increased 2% to \$1,842M
 - GAAP EPS increased 8% to \$1.69
 - Adj. EPS increased 6% to \$1.72
 - Adj. operating income increased 5% to \$162.5M
 - Adj. operating margin improved ~20 bps to 8.8%
-

Strategic Updates and Other Developments

- Freight demand for our One-Way Truckload fleet was seasonably below average for the quarter, but began to show slight seasonal improvement in September and October
- At 9/30/19, 8,055 total trucks in TTS, up 305 YoY and up 120 sequentially
- Second highest third quarter earnings in our history



TOTAL COMPANY AND SEGMENT FINANCIAL RESULTS

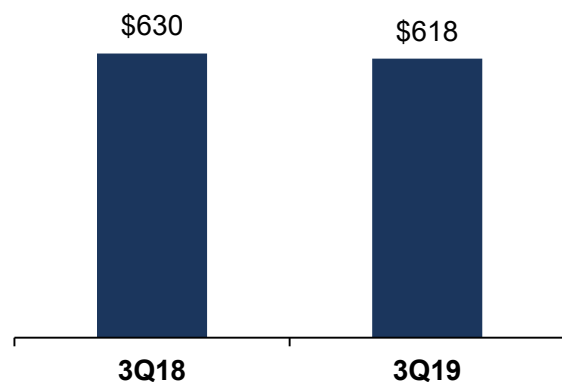


John Steele
*Executive Vice President, Treasurer and
Chief Financial Officer*

3Q 2019 FINANCIAL PERFORMANCE

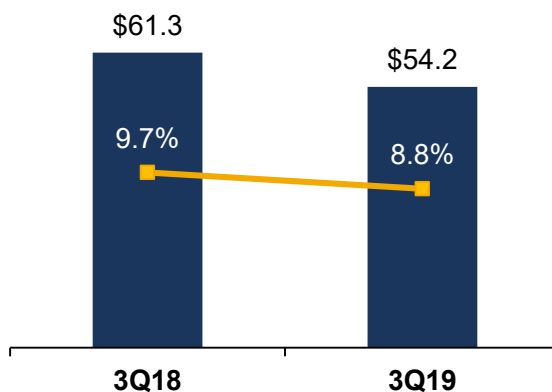
(\$M)

Total Revenues



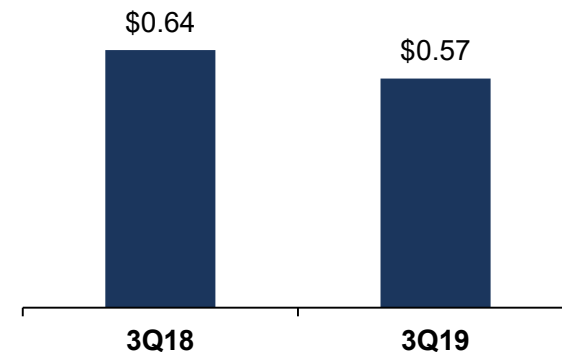
- 2% total revenues decline
- (1.5%) TTS revenues per truck per week¹, due to lower miles per truck
- +3.6% TTS average trucks
- Logistics revenues declined 6%

Adjusted Operating Income and Operating Margin



- 12% lower Adj. operating income
- Adj. TTS operating margin declined 140 bps
- Logistics operating margin declined 120 bps

Adjusted EPS



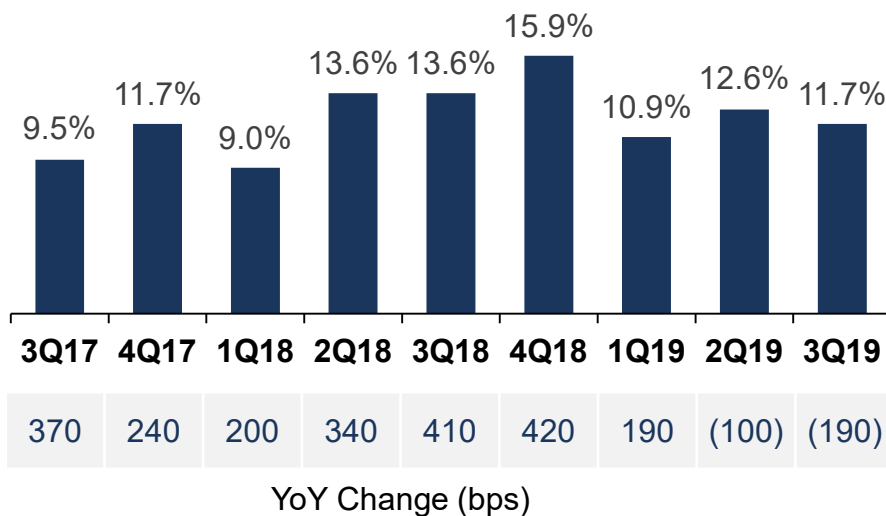
- 11% lower Adj. EPS

TRUCKLOAD TRANSPORTATION SERVICES (TTS) RESULTS

	3Q18	3Q19	Change YoY
Revenues (\$M)	\$484.8	\$480.4	(1%)
Adj. Op. Income (\$M)	\$56.8	\$49.7	(13%)
Adj. Op. Margin	11.7%	10.3%	(140) bps
Adj. Op. Margin, net FSC ¹	13.6%	11.7%	(190) bps

- TTS RPTPW¹ (1.5%)
- Dedicated RPTPW +4.1%
- One-Way TL RPTPW¹ (7.6%), including (5.6%) lower One-Way TL RPTM¹ and (2.0%) lower miles per truck.

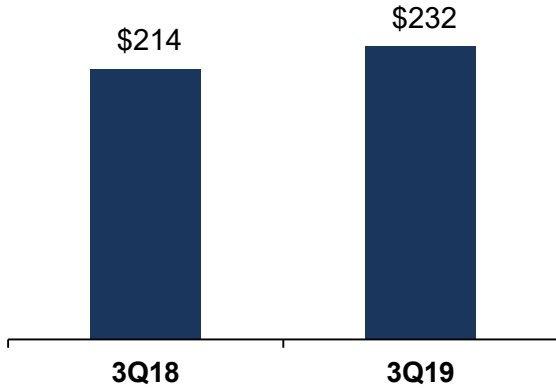
Adjusted TTS Operating Margin, Net of Fuel



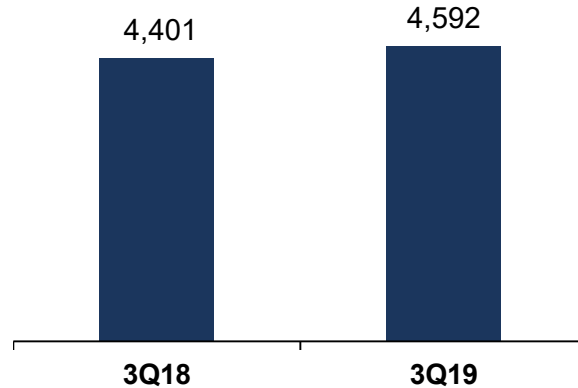
TTS² 3Q FLEET METRICS

Dedicated Truckload

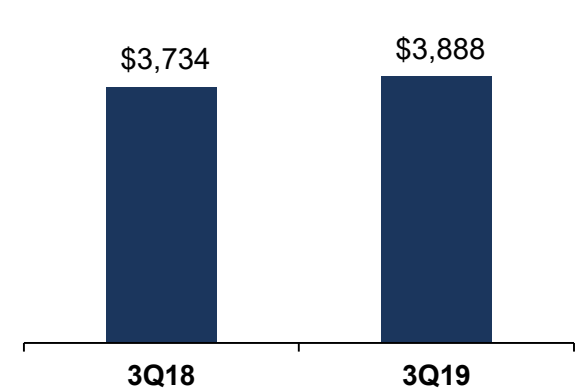
Trucking Revenues¹ (\$M)



Average Trucks

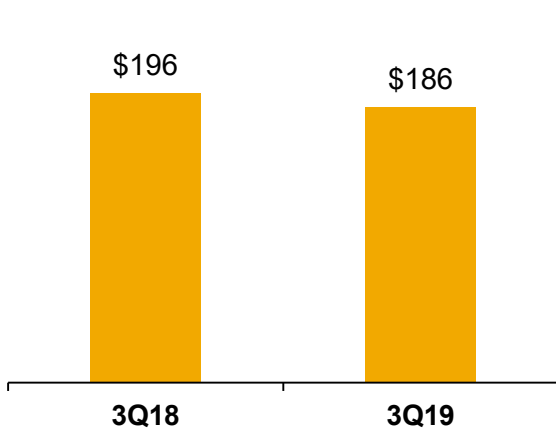


Revenues / Truck / Week¹

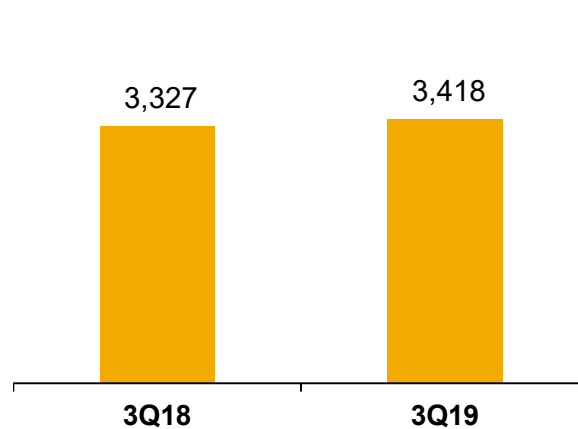


One-Way Truckload

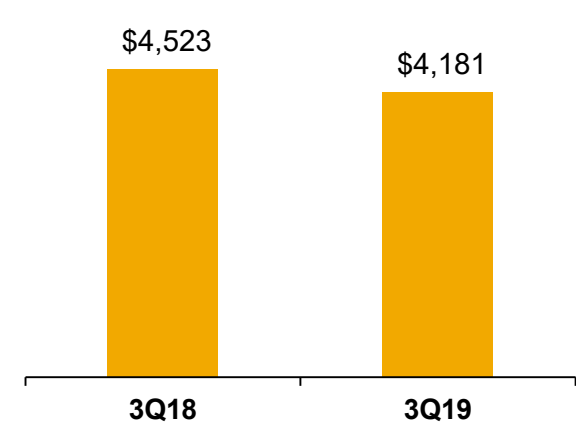
Trucking Revenues¹ (\$M)



Average Trucks



Revenues / Truck / Week¹



¹ Net of fuel surcharge revenues

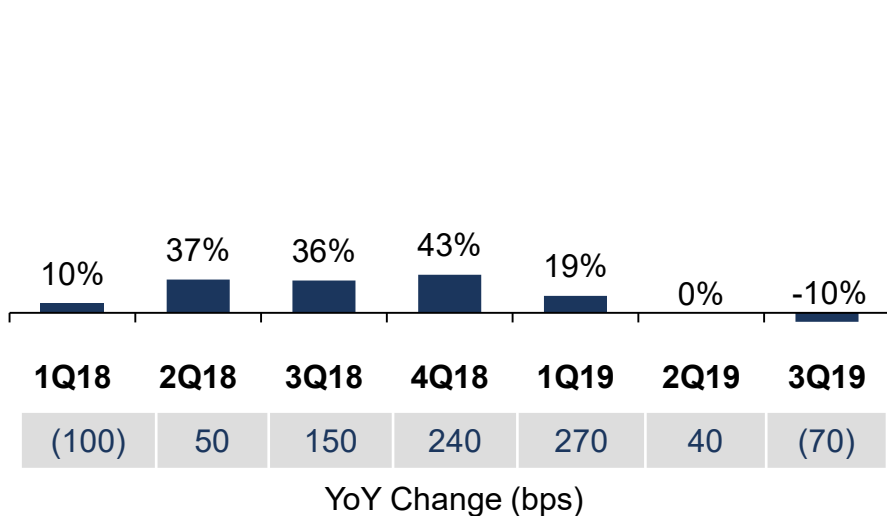
² TTS includes Dedicated and One-Way Truckload

WERNER LOGISTICS RESULTS

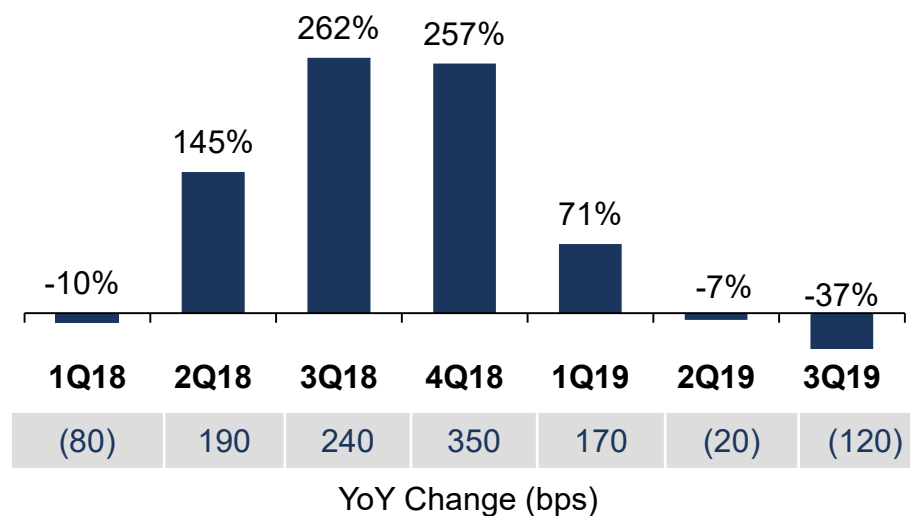
	3Q18	3Q19	Change YoY
Revenues (\$M)	\$129.4	\$121.3	(6%)
Gross Margin	15.9%	15.2%	(70) bps
Op. Income (\$M)	\$4.8	\$3.0	(37%)
Op. Margin	3.7%	2.5%	(120) bps

- Intermodal had significant volume and small price declines
- Truckload Logistics (transactional and contractual brokerage) had a double-digit volume increase and a double-digit price decrease. Pricing was down primarily due to a nearly 20% transactional spot pricing decline and very few project freight opportunities.

% Change in Gross Profit \$



% Change in Operating Income \$



The background features a collage of transportation-related images: a hand holding a smartphone displaying a Werner app, two men shaking hands, a satellite, two workers moving a large object, a blue Werner truck, a cargo ship, a green train, and another blue Werner truck. The logo is centered in the upper half.

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BUSINESS UPDATE AND FINANCIAL OUTLOOK



Derek Leathers
President and Chief Executive Officer

FIVE T'S STRATEGY EXECUTION

01 Tractors



- Maintained truck age at 1.8 years; keep at or near this level going forward

02 Trailers



- Lowered trailer age to 4.0 years, lowest level since 2000

03 Talent



- Utilizing performance pay and metrics to drive performance and attract high performing talent

04 Terminals



- Upgraded and expanded our terminal network to improve driver training, safety, equipment maintenance and throughput

05 Technology

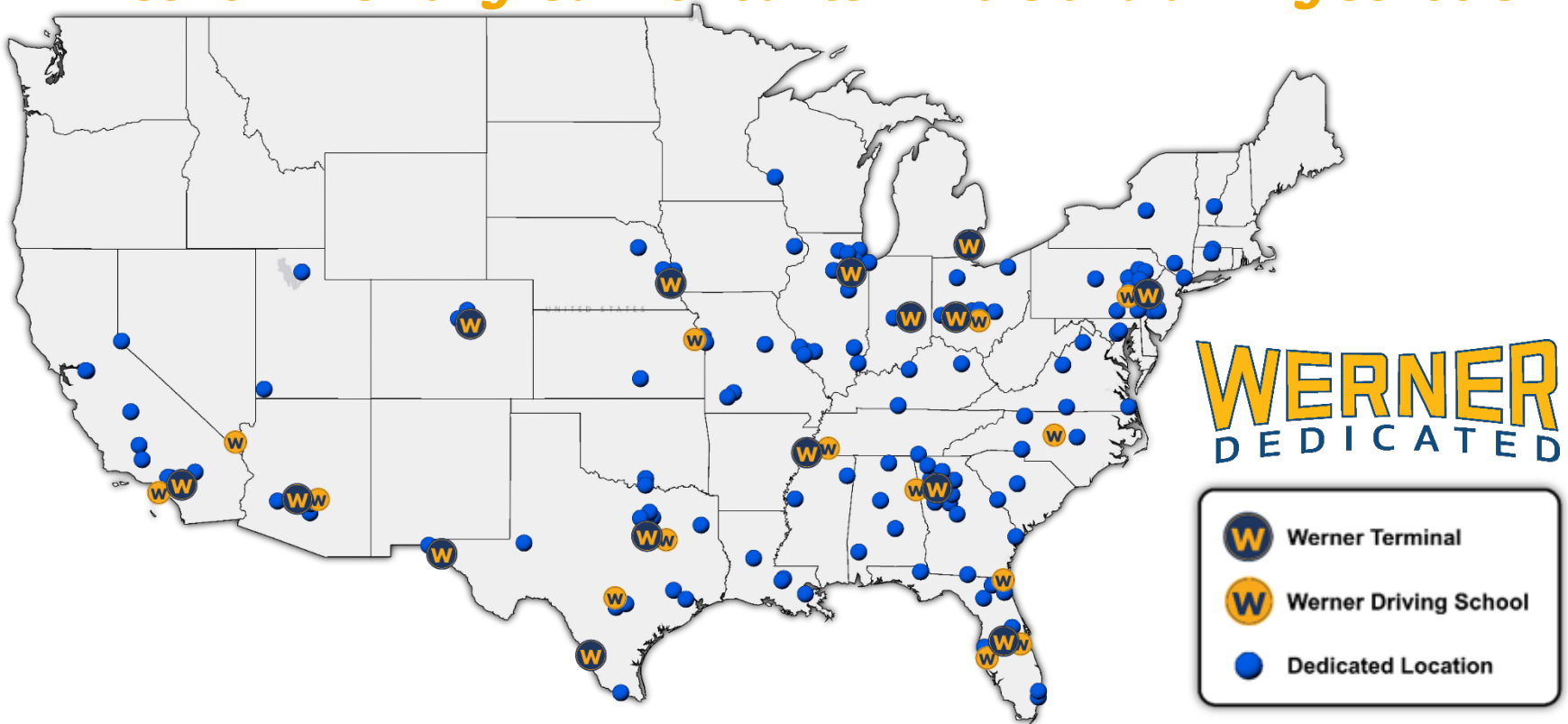


- Upgrading and modernizing IT infrastructure and data security; expanding driver mobility by strengthening our Drive Werner app and developing a new in-cab technology solution; enhancing logistics applications software to improve real-time execution and decision making

Best in Class Customer Service

WERNER DEDICATED FLEET NETWORK

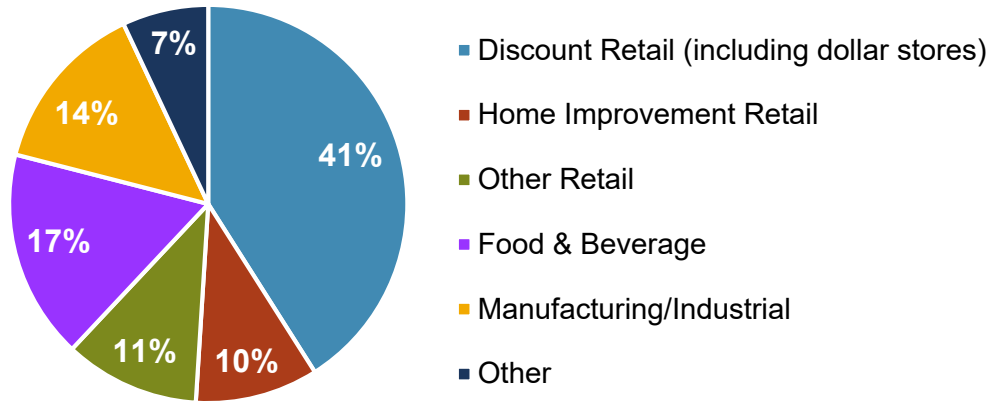
Network well-aligned with our terminals and driving schools



- Established in 1991; one of the nation's top 5 dedicated fleets
- Combined with our proprietary information systems to optimize freight solutions
- 4,620 trucks, more than 150 fleets
- Over 90% of the U.S. population is within 150 miles of a Werner dedicated fleet, terminal, or driving school

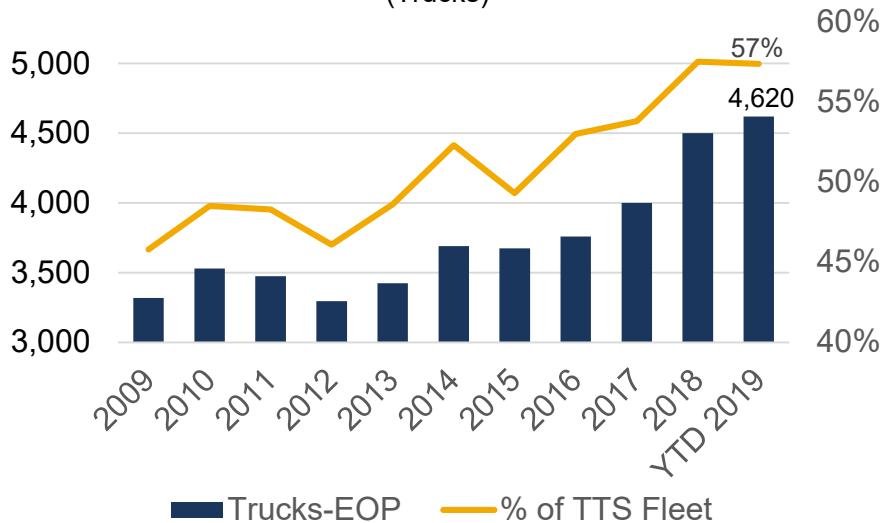
WERNER DEDICATED FLEET NETWORK

Revenues by Vertical YTD 2019

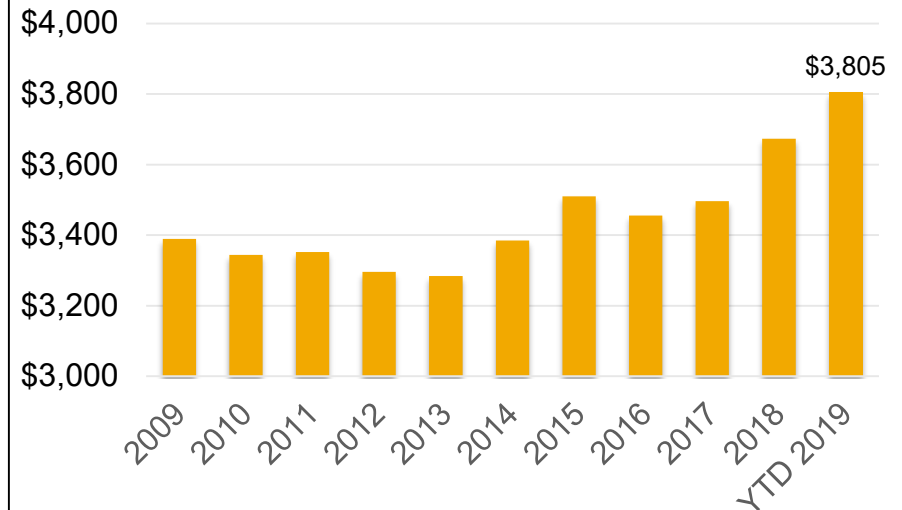


- 99%+ on-time, every time, safety-focused service
- 62% retail, with discount retail emphasis
- All-miles pricing
- Shorter-haul shipments
- Attractive and more consistent operating margins through the cycle
- Longer-duration contracts compared to One-Way

Dedicated Fleet Growth (Trucks)



Dedicated RTPW



FULL YEAR 2019 OUTLOOK

REAFFIRMED GUIDANCE	VALUES	COMMENTS
TTS Truck Growth from Year-End 2018	3% to 5% truck growth	Low end of range; continue to expect no truck growth in 4Q19
Gains on Sales of Equipment	\$18M to \$20M	Low end of range
Net Capital Expenditures	\$275M to \$300M	Low end of range
One-Way Truckload RPTM Full-year 2019 vs 2018	(3%) to 0%	Currently expect the percent change to moderate due to significant RPTM % increases and project activity in 4Q18
ASSUMPTIONS	VALUES	COMMENTS
Effective Tax Rate	25% to 26%	Low end of range
Truck and Trailer Age	Trucks: 1.8 years; Trailers: 4.0 years	Maintain at or near current levels
4Q19 Interest Expense	Approximately \$2.2M	Based on current debt levels and interest rates (variable and fixed)



Q&A

SUMMARY – INVEST WITH US



We have balanced our revenue portfolio toward more consistent revenue streams which positions us well across various freight markets

Heavy capex period behind us; Current capex normalized; Free cash flow generation likely to strengthen

New fleet, updated terminal network, enhanced fleet and logistics technology, and experienced drivers produces excellent on-time service

Long-term margin and return expectations going forward are higher than the past

We are a stronger, better positioned company than we were in the past; we will deliver shareholder value



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APPENDIX

GAAP TO NON-GAAP RECONCILIATION

(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating revenues	\$ 618,264	\$ 629,735	\$ 1,841,914	\$ 1,811,549
Operating expenses	564,907	566,349	1,682,096	1,662,265
Adjusted for:				
Insurance and claims ⁽¹⁾	(799)	(2,789)	(2,716)	(14,039)
Property tax settlement ⁽²⁾	-	4,900	-	4,900
Gain on sale of real estate ⁽³⁾	-	-	-	3,495
Adjusted operating expenses	564,108	568,460	1,679,380	1,656,621
<i>Adjusted operating income</i> ⁽⁴⁾	54,156	61,275	162,534	154,928
Total other expense (income)	1,699	265	2,036	(65)
Adjusted income before income taxes	52,457	61,010	160,498	154,993
Adjusted income tax expense	12,816	15,076	40,020	37,183
<i>Adjusted net income</i> ⁽⁴⁾	\$ 39,641	\$ 45,934	\$ 120,478	\$ 117,810
Diluted shares outstanding	69,600	71,752	70,053	72,300
<i>Adjusted diluted earnings per share</i> ⁽⁴⁾	\$ 0.57	\$ 0.64	\$ 1.72	\$ 1.63

(1) During third quarter 2019, we accrued \$799 of pre-tax insurance and claims expense for interest, and during third quarter 2018, we accrued \$2,789 of pre-tax insurance and claims expense for interest and legal fees related to a previously disclosed excess adverse jury verdict rendered on May 17, 2018 in a lawsuit arising from a December 2014 accident. The Company is appealing this verdict. Additional information about the accident was included in our Current Report on Form 8-K dated May 17, 2018. Under our insurance policies in effect on the date of this accident, our maximum liability for this accident is \$10.0 million (plus pre-judgment and post-judgment interest) with premium-based insurance coverage that exceeds the jury verdict amount. Interest is accrued at \$0.4 million per month until such time as the outcome of our appeal is finalized, excluding the months of June and July 2019 where the plaintiffs requested an extension of time to respond to our appeal. Management believes excluding the effect of this item provides a more useful comparison of our performance from period to period. This item is included in the Truckload Transportation Services segment in our Segment Information table.

(2) During third quarter 2018, we reached a favorable settlement related to a property tax dispute that reduced taxes and licenses expense by \$4,900, for property taxes that were previously expensed and paid over a multi-year period. This item is included in the Truckload Transportation Services segment in our Segment Information table.

(3) During second quarter 2018, we sold a parcel of real estate which resulted in a \$3,495 pre-tax gain on sale. This item is included in our Segment Information table in "Corporate" operating income.

(4) Our definition of the non-GAAP measures adjusted operating income, adjusted net income and adjusted diluted earnings per share begins with (a) operating expenses, the most comparable GAAP measure. We subtract the insurance and claims jury verdict expense accrual and related interest and add the gain on sale of real estate and the property tax settlement to (a) to arrive at adjusted operating expenses, which we subtract from operating revenues to arrive at (b) adjusted operating income. We subtract (c) total other expense (income) from (b) adjusted operating income to arrive at (d) adjusted income before income taxes. We calculate adjusted income tax expense by applying the incremental income tax rate excluding discrete items to the net pre-tax adjustments and adding this additional income tax to actual income tax expense. We then subtract adjusted income tax expense from adjusted income before income taxes to arrive at adjusted net income. The adjusted net income is divided by the diluted shares outstanding to calculate the adjusted diluted earnings per share.

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