

Baird Industrial Conference

November 6, 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.

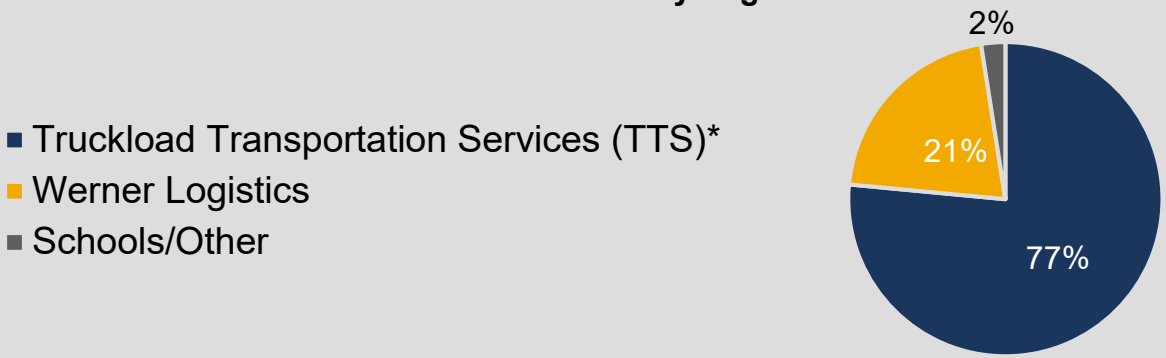
For those reasons, undue reliance should not be placed on any forward-looking statement. The Company assumes no duty or obligation to update or revise any forward-looking statement, although it may do so from time to time as management believes is warranted or as may be required by applicable securities 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

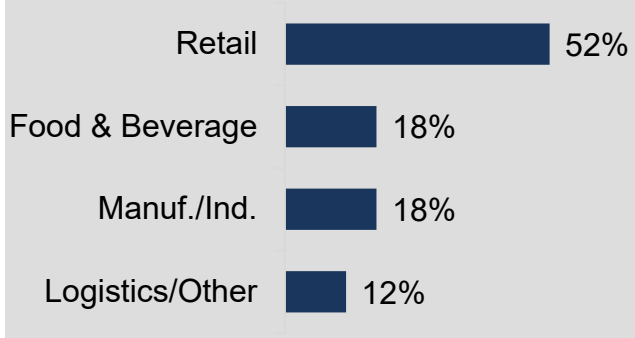
Premium Truckload Transportation & Logistics Services Provider

Headquarters	Omaha, NE
Market Cap[1]	$2.6B
Dedicated Fleet Size[1]	4,620
One-Way Fleet Size[1]	3,435
Associates[2]	13,659
Dividend Yield[1]	1.0%

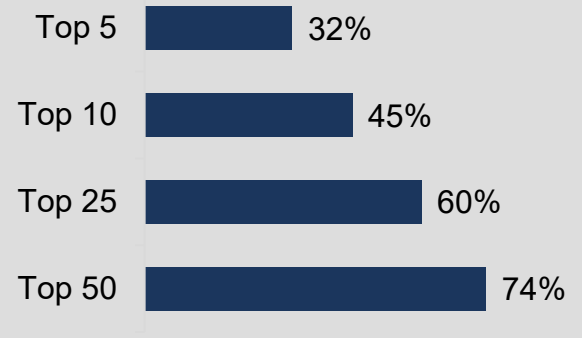
2018 Revenues by Segment



2018 Revenues by Vertical
Top 50 Customers



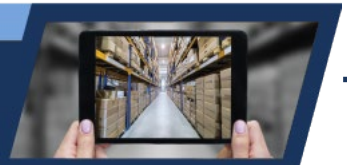
2018 Revenues by Customer



1 As of 10/30/19 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.*

COMPREHENSIVE, CUSTOMER FOCUSED SOLUTIONS

FREIGHT MANAGEMENT



FREIGHT MOVEMENT



WERNER ONE-WAY TRUCKLOAD

3,435 Trucks (43%)

- Dry Van
- Expedited
- Cross Border
- Temp Control

WERNER DEDICATED

4,620 Trucks (57%)

- DC to store replenishment
- Engineered fleets
- Private fleet conversion
- Specialty equipment

WERNER LOGISTICS

- Brokerage
- Freight Management
- Intermodal
- Global
- Final Mile

GLOBAL IMPLEMENTATION



TECHNOLOGICAL ADVANTAGES



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 and retain 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

3Q 2019 AND YTD 2019 HIGHLIGHTS

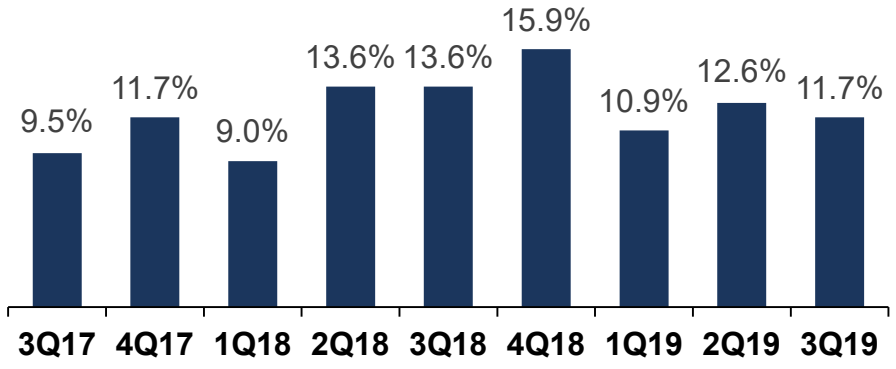
3Q19 Financial Highlights	▪ Revenues decreased 2% to $618M ▪ GAAP EPS decreased 15% to $0.56 ▪ Adj. EPS decreased 11% to $0.57 ▪ Adj. operating income decreased 12% to $54.2M ▪ Adj. operating margin decreased ~90 bps to 8.8%
YTD 2019 Financial Highlights	▪ Revenues increased 2% to $1,842M ▪ GAAP EPS 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

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 RPTPW[1] (1.5%)
- Dedicated RPTPW +4.1%
- One-Way TL RPTPW[1] (7.6%), including (5.6%) lower One-Way TL RPTM[1] and (2.0%) lower miles per truck.

Adjusted TTS Operating Margin, Net of Fuel



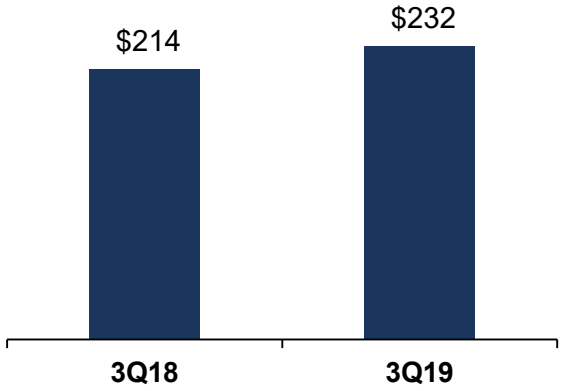
3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
370	240	200	340	410	420	190	(100)	(190)

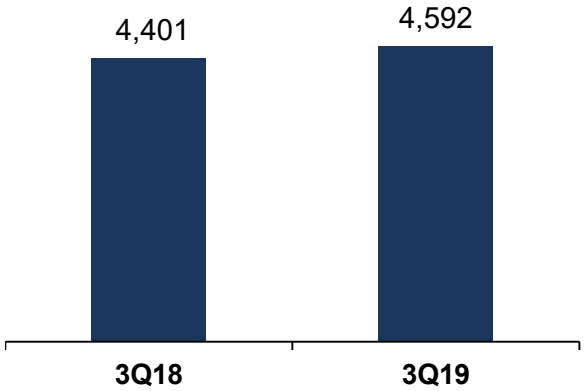
YoY Change (bps)

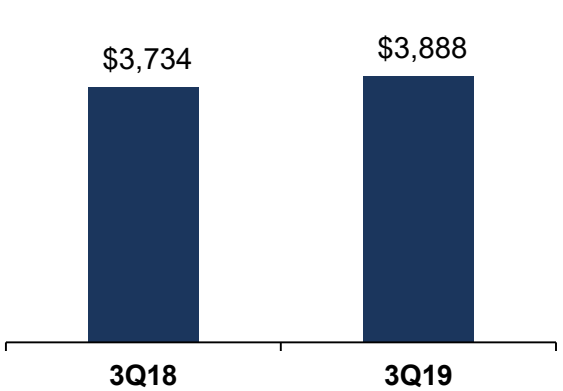
1 Net of fuel surcharge revenues

TTS[2] 3Q FLEET METRICS

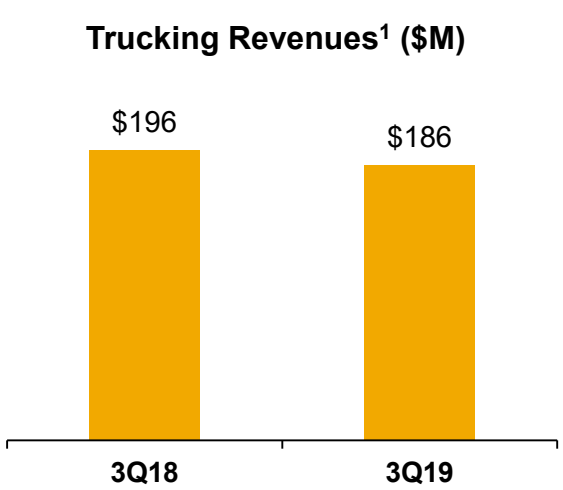
Dedicated Truckload

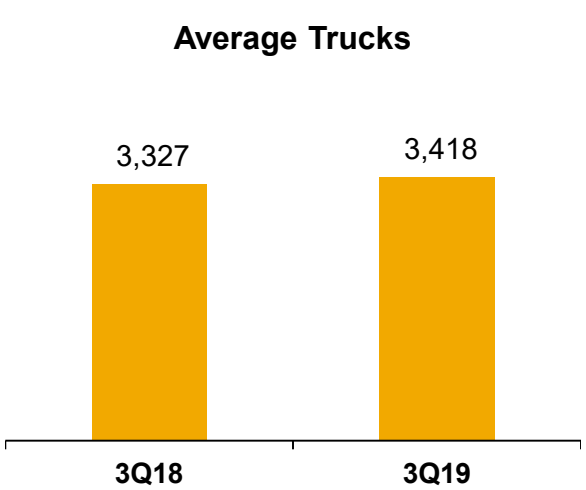


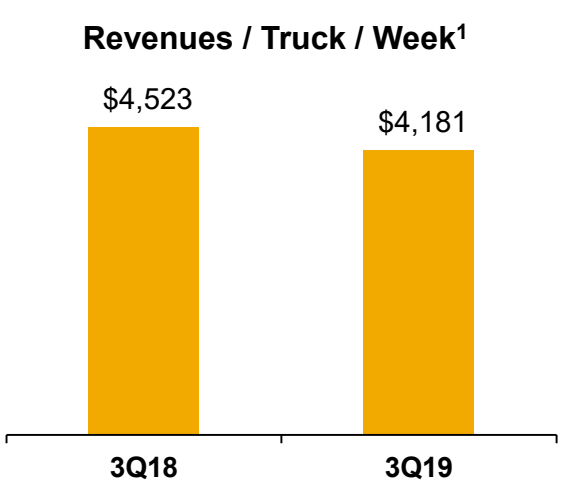




One-Way Truckload







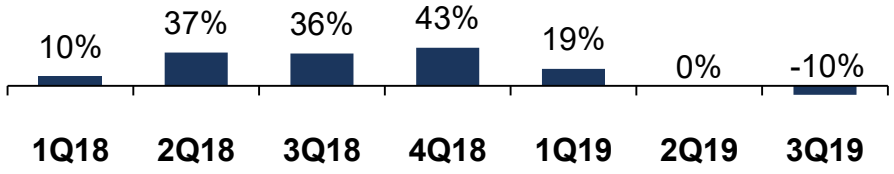
1 Net of fuel surcharge revenues
2 TTS includes Dedicated and One-Way Truckload

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.

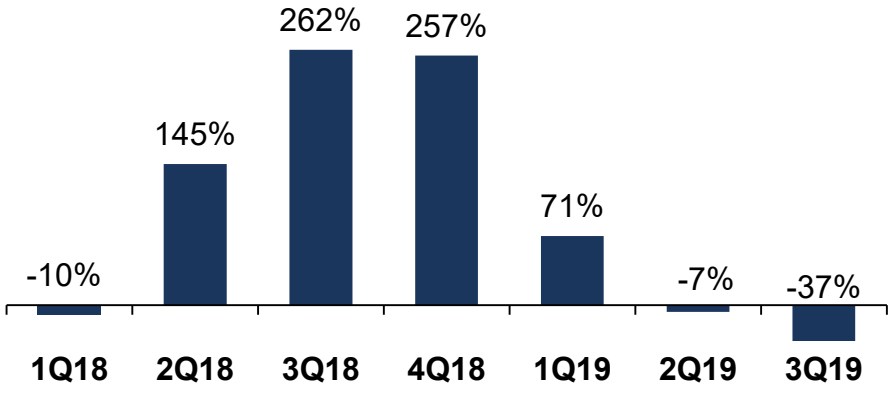
% Change in Gross Profit $



1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
(100)	50	150	240	270	40	(70)

YoY Change (bps)

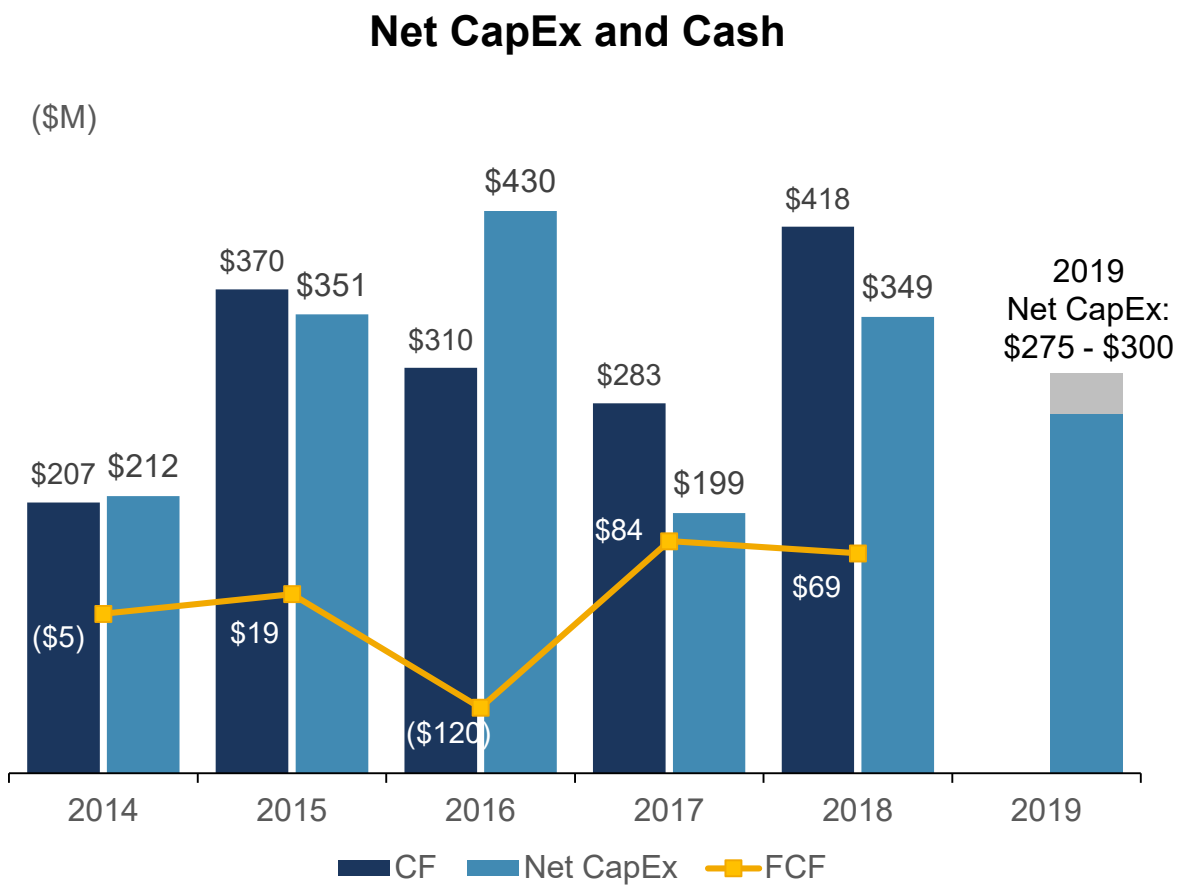
% Change in Operating Income $



1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
(80)	190	240	350	170	(20)	(120)

YoY Change (bps)

CAPEX MODERATING IN 2019; STRONG FCF GENERATION FORTHCOMING



Commentary

- 2019 Net CapEx normalizes in the range of $275M to $300M; over the long term, targeting Net CapEx of 11-13% of gross revenues
- Net CapEx expected to be at the low-end of the range for 2019
- Investment in 2019 focused on continued IT modernization, commercial and operational excellence initiatives and advancing truck technologies
- Free Cash Flow expected to be in excess of $100M in 2019

CAPITAL ALLOCATION STRATEGY

Continue to Invest in Growth and Productivity

- First priority remains continued investment in the business across cycles; operational and commercial excellence initiatives in place
- Fleet and terminal network improved; continuing upgrades to IT infrastructure, truck technology

Return Cash to Shareholders

- Long history of returning cash via dividends and share repurchases
- Quarterly cash dividend rate per common share of $0.09 per quarter ($0.36 per year)

May 2019 Capital Allocation Changes

- New expanded unsecured revolving credit facilities in May 2019 with existing lenders, $500M, 5-yr term
- New share repurchase authorization of 5M shares
- Special dividend of $261M ($3.75 per share) paid on 6/7/19
- Goal to maintain a higher but modest range of net debt to LTM EBITDA of 0.5x to 1.0x
- In July 2019, fixed the interest rate for $150M of debt through May 2024 at 2.34%

Flexible Balance Sheet

- Financial position remains strong
- As of September 30, 2019, $350M of debt outstanding, $14M of cash and over $1.0B of stockholders' equity; Net Debt to LTM EBITDA of 0.7x
- Provides flexibility to continue to invest in the business across cycles and opportunistically return capital to further drive shareholder value

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



APPENDIX

GAAP TO NON-GAAP RECONCILIATION

(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

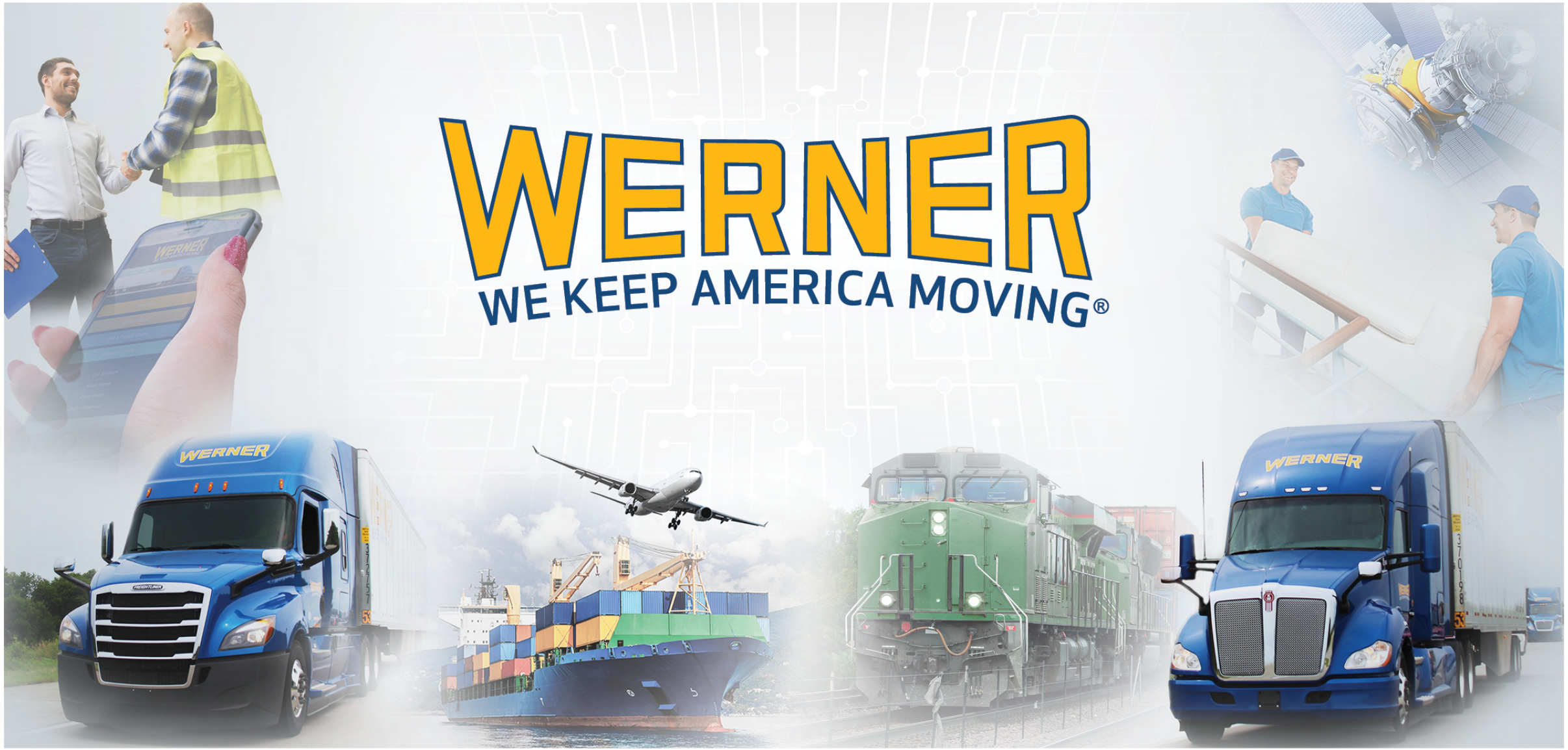
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating revenues	$ 618,264	$ 629,735	$ 1,841,914	$ 1,811,549
Operating expenses	564,907	566,349	1,682,096	1,662,265
Adjusted for:				
Insurance and claims[1]	(799)	(2,789)	(2,716)	(14,039)
Property tax settlement[2]	-	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
Adjusted operating income[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
Adjusted net income[4]	$ 39,641	$ 45,934	$ 120,478	$ 117,810
Diluted shares outstanding	69,600	71,752	70,053	72,300
Adjusted diluted earnings per share[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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