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Acquisition of ReedTMS Logistics

November 7, 2022





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. Such statements are by nature subject to uncertainties and risks, including but not limited to, the impact of the coronavirus pandemic (COVID-19) and the operational, financial and legal risks detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, and subsequently filed Quarterly Reports on Form 10-Q. These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated.

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.

INCREASING DURABILITY AND RESILIENCE AS WE GROW

2016

- Derek Leathers named President and CEO
- Launched 5Ts Strategy
- Increased CapEx to:
  - Further lower fleet age, enhance truck features, improve service and our driver experience
  - Strengthen our terminal network
- Began implementing balanced revenue portfolio

2017

- Announced new metrics-based management performance pay program
- Reinvested in vertically integrated, owned driver training school network focusing on driver quality
- Expanded Dedicated fleet to create more durable and resilient revenue and income streams

2018

- Established quarterly earnings calls in 4Q18, including guidance metrics
- Continued to intentionally focus on alignment with customers who are winning in their vertical and who view their supply chain as a competitive advantage

2019

- Achieved lower fleet age; 2019 CapEx normalized and targeted net CapEx at 11% - 13% of annual revenues
- Furthered our journey toward a more balanced revenue portfolio
- Maintained modestly higher debt; serving to reduce overall cost of capital

2020

- Announced Werner EDGE, commitment to technology & innovation and Cloud First, Cloud Now strategy
- Introduced sustainability as a new core strategy component of 5Ts + S
- Began diversifying and strengthening our board of directors
- Established new long-term TTS operating margin % goals
- Partnered with Mastery Logistics

2021

- Sold Werner Global Logistics
- Acquired ECM and NEHDS
- Published inaugural CSR report
- Raised long-term TTS operating margin % goals

2022

- Expanded driver training school network locations from 13 (as of 12/20) to 22 (as of 3/22)
- Published CSR Update
- Acquired Baylor Trucking and ReedTMS Logistics
- Launched Werner DRIVE



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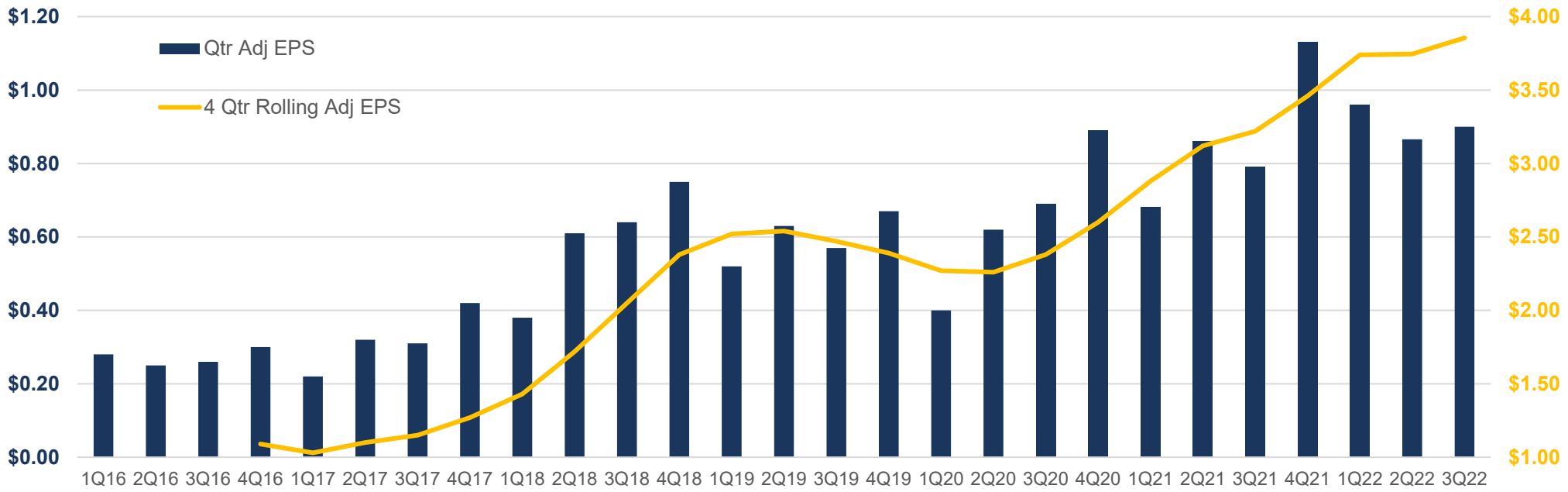
EARNINGS GROWTH

ADJUSTED EPS[1] TRENDING



FOCUSED ON SHAREHOLDER VALUE CREATION

Consistent earnings growth following implementation of 5Ts + S strategy

Record third quarter 2022 adjusted EPS, the **ninth consecutive quarter of record quarterly adjusted EPS**

[1] See attached Reconciliation of Non-GAAP Financial Measures

DYNAMIC TRACK RECORD OF SUCCESSFUL ACQUISITIONS

		ECM TRANSPORT, LLC	NE HDS LOGISTICS	Baylor TRUCKING	ReedTMS LOGISTICS
	Acquired Date	July 1, 2021	November 22, 2021	October 1, 2022	November 5, 2022
	Acquisition Price[1]	$141.3M (80% ownership stake with option to buy remaining 20%)	$62.3M	$95M (including $15M earnout)	$112.4M (including $7.5M earnout)
	Business	Regional Truckload	Final Mile Home Delivery	Truckload	Brokerage and Truckload
	Annual Revenues, TTM[2]	$108M	$71M	$82M	$372M
	Trucks; Trailers	500; 2,000	400 Company & Contractor 28-foot trucks	200; 980	130; 775
STRATEGIC FILTERS	Growth, profitability	✓	✓	✓	✓
	Expands/deepens/enhances geographic footprint	✓	✓	✓	✓
	Additive to service offerings	✓	✓	✓	✓
	Similar customer- and safety-centric cultures	✓	✓	✓	✓
	Opportunity for synergies and cost savings	✓	✓	✓	✓
	Experienced management team	✓	✓	✓	✓
Strategic Overview of Acquisition		Grew terminal, fleet and driver footprint in the strategic Mid-Atlantic, Ohio and Northeast regions with an elite regional carrier	Expanded Dedicated Final Mile home delivery capabilities with a growing market leader primarily serving the Northeast and Midwest U.S. and expanding in the Mid-Atlantic and Southeast	Impeccable safety and service record and expertise with expedited and high-value shipments; adds scale to One-Way Truckload segment and adds expertise in pharmaceutical vertical	Expands and diversifies freight brokerage capabilities with a growing logistics leader; emphasis on food and beverage verticals; strong temperature controlled and produce delivery experience

[1] Prices may be subject to adjustments, refer to SEC filings; [2] Trailing twelve-month period prior to acquisition date (Revenues for ECM were 12 months ended 12/31/20, NEHDS were 12 months ended 9/30/21, Baylor were 12 months ended 8/31/22 and ReedTMS were 12 months ended 9/30/22),

TRANSACTION HIGHLIGHTS

Terms

- 100% equity ownership in Reed Transport Services, Inc and RTS-TMS Inc, doing business as ReedTMS Logistics (ReedTMS); corporate headquarters in Tampa, FL
- ReedTMS generated annual revenues of $372 million in the twelve months ended September 30, 2022

Financing & Closing

- Purchase price of $112.4 million, which includes a maximum $7.5 million earnout based on 2023 EBITDA
- Werner financed the transaction through its existing credit facilities
- Transaction closed November 5, 2022, and is expected to be accretive in 2023

Strategic Rationale

Strategic investment in growing freight brokerage business that expands and diversifies our capabilities in the food and beverage verticals

- ReedTMS has deep long-term customer relationships, a large carrier network and delivers superior customer service with two-thirds of freight brokerage revenues in the stable food and beverage verticals
- ReedTMS achieved a 28% annual compound growth rate of revenues over the last five years

Expands capabilities of our Werner Logistics service offerings

- Strong temperature control and produce delivery experience
- Very little overlap in the ReedTMS and Werner customer base; adding customers with significant growth potential

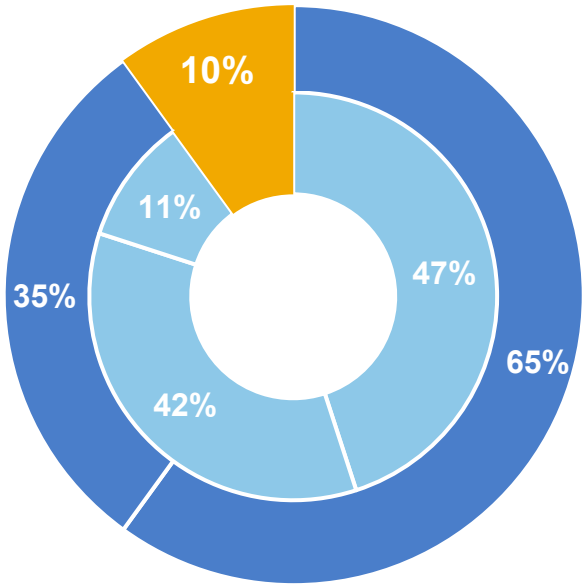
Combines similar cultures focused on talent, safety, customer service excellence, on-time service and innovation

- Experienced ReedTMS leadership team remains with the business, talented and highly motivated associates
- Committed to a culture focused on valuing the contributions of associates, customers and carriers
- Shared values working with winning customers with high expectations, establishing long-term mutual service and capacity objectives, and delivering best-in-class performance to stabilize volume and minimize churn

ReedTMS LOGISTICS OVERVIEW

1996	Tampa, FL	$372M
Founded	Headquarters	TTM Revenues

Revenues mix



- **Freight brokerage (90%)**
  - 65% contractual
    35% transactional
  - 47% temperature control
    42% dry van
    11% flatbed/other
- **Truckload (10%)**
  - 130 trucks/company drivers
  - 775 trailers
  - 2 operating centers





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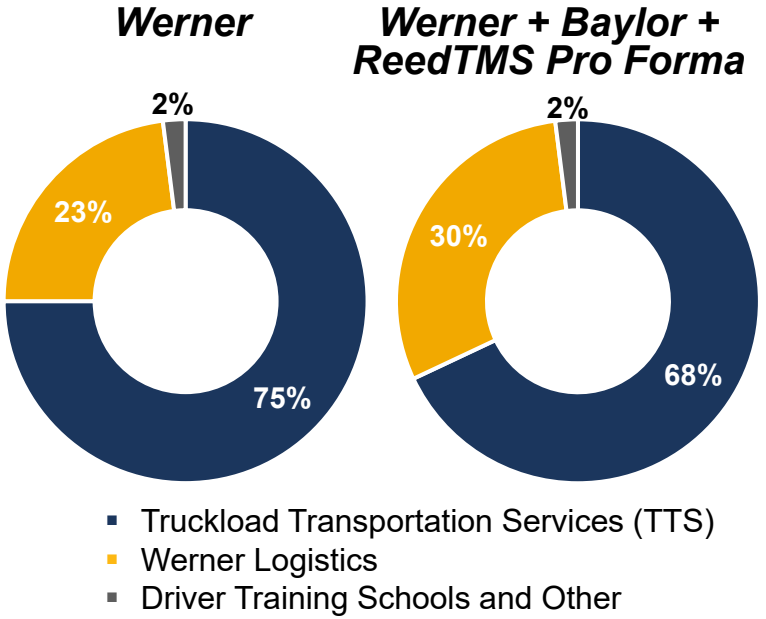
WERNER + BAYLOR + ReedTMS PRO FORMA

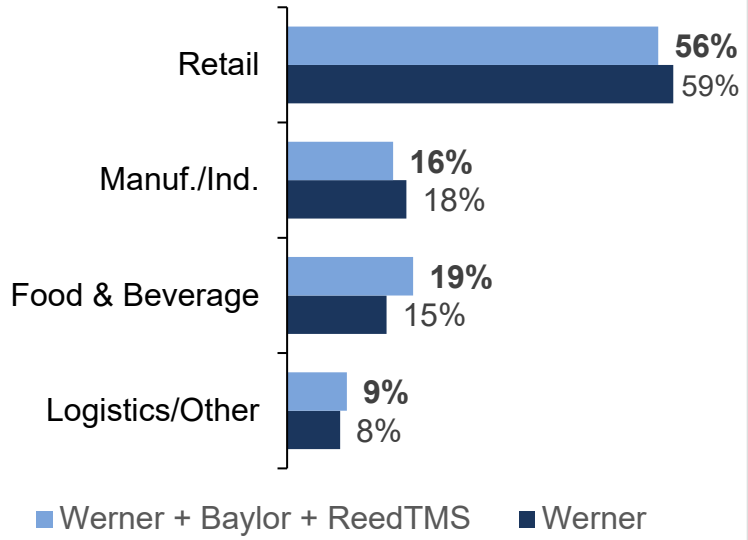
PREMIUM TRUCKLOAD TRANSPORTATION & LOGISTICS SERVICES PROVIDER

Omaha, NE	$2.4B	$3.6B Total revenues[1]		8,910	TTS Trucks
Headquarters	Market Cap[1]	$2.5B TTS[1]	$1.1B Logistics[1]	TTS Trucks[1]	5,560 Dedicated[1] 3,350 One-Way[1]

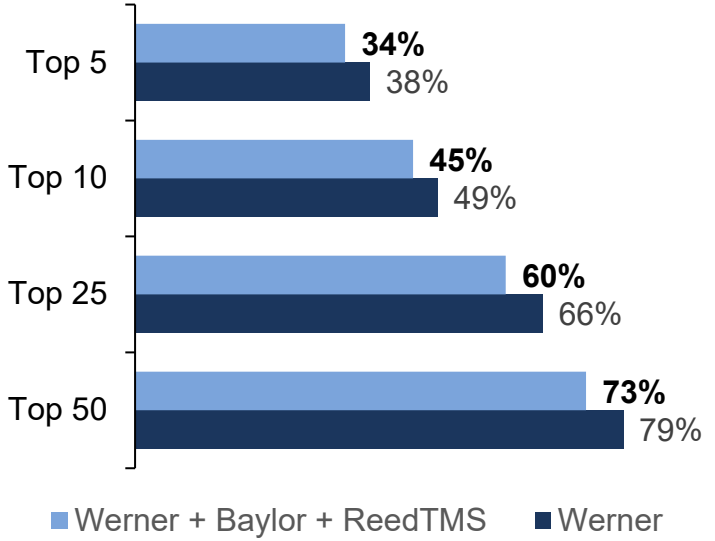
2021 REVENUES BY SEGMENT



2021 REVENUES BY VERTICAL



2021 REVENUES BY CUSTOMER



[1] As of 10/28/22 for Market Cap and Dividend Yield. As of and for the twelve months ended 9/30/22 for TTS, Dedicated and One-Way trucks, total revenues and logistics revenues, which includes pro-forma Baylor (acquired 10/1/22) and pro-forma ReedTMS (acquired 11/05/22).



Appendix

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – CONSOLIDATED
(unaudited)
(In thousands, except per share amounts)

Non-GAAP Adjusted Net Income Attributable to Werner and Non-GAAP Adjusted Diluted EPS [1]

	Quarter Ended							
	March 31 2016		June 30 2016		September 30, 2016		December 31, 2016	
	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS
Net income attributable to Werner and diluted EPS — (GAAP)	$ 20,092	$ 0.28	$ 18,306	$ 0.25	$ 18,920	$ 0.26	$ 21,811	$ 0.30
Non-GAAP adjustments - No Non-GAAP adjustments	-	-	-	-	-	-	-	-
Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS	$ 20,092	$ 0.28	$ 18,306	$ 0.25	$ 18,920	$ 0.26	$ 21,811	$ 0.30

	Quarter Ended							
	March 31, 2017		June 30, 2017		September 30, 2017		December 31, 2017	
	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS
Net income attributable to Werner and diluted EPS — (GAAP)	$ 16,019	$ 0.22	$ 23,219	$ 0.32	$ 22,517	$ 0.31	$ 141,134	$ 1.94
Non-GAAP adjustments:								
Deferred income tax adjustment for tax reform[6]	-	-	-	-	-	-	(110,508)	(1.52)
Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS	$ 16,019	$ 0.22	$ 23,219	$ 0.32	$ 22,517	$ 0.31	$ 30,626	$ 0.42

	Quarter Ended							
	March 31 2018		June 30, 2018		September 30, 2018		December 31, 2018	
	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS
Net income attributable to Werner and diluted EPS — (GAAP)	$ 27,807	$ 0.38	$ 38,264	$ 0.53	$ 47,514	$ 0.66	$ 54,563	$ 0.77
Non-GAAP adjustments:								
Insurance and claims [2]	-	-	11,250	0.16	2,789	0.04	1,150	0.02
Gain on sale of real estate [7]	-	-	(3,495)	(0.05)			(2,432)	(0.04)
Property Tax Settlement [8]	-	-	-	-	(4,900)	(0.07)	-	-
Income tax effect of above adjustments [9]	-	-	(1,950)	(0.03)	531	0.01	322	-
Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS	$ 27,807	$ 0.38	$ 44,069	$ 0.61	$ 45,934	$ 0.64	$ 53,603	$ 0.75

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – CONSOLIDATED
(unaudited)
(In thousands, except per share amounts)

Non-GAAP Adjusted Net Income Attributable to Werner and Non-GAAP Adjusted Diluted EPS [1]

	Quarter Ended							
	March 31 2019		June 30 2019		September 30, 2019		December 31, 2019	
	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS
Net income attributable to Werner and diluted EPS — (GAAP)	$ 36,086	$ 0.51	$ 43,318	$ 0.62	$ 39,044	$ 0.56	$ 48,496	$ 0.70
Non-GAAP adjustments:								
Insurance and claims [2]	1,200	0.01	800	0.01	799	0.01	1,198	0.01
Gain on sale of real estate [7]	-	-	-	-	-	-	(3,439)	(0.05)
Income tax effect of above adjustments [9]	(340)	-	(227)	-	(202)	-	566	0.01
Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS	$ 36,946	$ 0.52	$ 43,891	$ 0.63	$ 39,641	$ 0.57	$ 46,821	$ 0.67

	Quarter Ended							
	March 31, 2020		June 30, 2020		September 30, 2020		December 31, 2020	
	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS
Net income attributable to Werner and diluted EPS — (GAAP)	$ 23,058	$ 0.33	$ 39,132	$ 0.56	$ 46,332	$ 0.67	$ 60,556	$ 0.88
Non-GAAP adjustments:								
Insurance and claims [2]	1,198	0.02	1,198	0.02	1,238	0.02	1,259	0.02
Depreciation [4]	5,014	0.07	3,679	0.06	921	0.01	-	-
Income tax effect of above adjustments [9]	(1,584)	(0.02)	(1,244)	(0.02)	(550)	(0.01)	(321)	(0.01)
Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS	$ 27,686	$ 0.40	$ 42,765	$ 0.62	$ 47,941	$ 0.69	$ 61,494	$ 0.89

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – CONSOLIDATED
(unaudited)
(In thousands, except per share amounts)

Non-GAAP Adjusted Net Income Attributable to Werner and Non-GAAP Adjusted Diluted EPS [1]

	Quarter Ended							
	March 31, 2021		June 30, 2021		September 30, 2021		December 31, 2021	
	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS
Net income attributable to Werner and diluted EPS — (GAAP)	$ 46,492	$ 0.68	$ 72,032	$ 1.06	$ 63,761	$ 0.94	$ 76,767	$ 1.15
Non-GAAP adjustments:								
Insurance and claims [2]	1,258	0.02	1,258	0.02	1,300	0.02	1,321	0.02
Acquisition expenses [3]	-	-	992	0.01	-	-	630	0.01
Amortization of intangible assets, net of amount attributable to noncontrolling interest [5]	-	-	-	-	981	0.02	560	0.01
(Gain)/Loss on investments in equity securities, net [10]	-	-	(20,191)	(0.30)	(16,090)	(0.24)	(4,036)	(0.06)
Gain on sale of Werner Global Logistics [11]	(1,013)	(0.02)	-	-	-	-	-	-
Income tax effect of above adjustments [9]	(61)	-	4,485	0.07	3,452	0.05	382	-
Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS	$ 46,676	$ 0.68	$ 58,576	$ 0.86	$ 53,404	$ 0.79	$ 75,624	$ 1.13

	Quarter Ended					
	March 31, 2022		June 30, 2022		September 30, 2022	
	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS
Net income attributable to Werner and diluted EPS — (GAAP)	$ 53,749	$ 0.82	$ 72,290	$ 1.12	$ 55,051	$ 0.86
Non-GAAP adjustments:						
Insurance and claims [2]	1,321	0.02	1,321	0.02	1,365	0.02
Acquisition expenses [3]	-	-	-	-	468	0.01
Amortization of intangible assets, net of amount attributable to noncontrolling interest [5]	1,187	0.02	1,187	0.02	1,187	0.02
(Gain)/Loss on investments in equity securities, net [10]	9,806	0.15	(24,095)	(0.37)	(114)	-
Income tax effect of above adjustments [9]	(3,079)	(0.05)	5,397	0.08	(726)	(0.01)
Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS	$ 62,984	$ 0.96	$ 56,100	$ 0.87	$ 57,231	$ 0.90

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(1) Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted earnings per share should be considered in addition to, rather than as substitutes for, GAAP net income attributable to Werner and GAAP diluted earnings per share, which are their most directly comparable GAAP financial measures.

(2) We accrued pre-tax insurance and claims expense for interest 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. We continue to accrue pre-tax insurance and claims expense for interest at $0.5 million per month until such time as the outcome of our appeal is finalized. Management believes excluding the effect of this item provides a more useful comparison of our performance from period to period.

(3) We incurred business aquisition-related expenses including legal and professional fees. Acquisition-related expenses are excluded as management believes these costs are not representative of the costs of managing our on-going business.

(4) During first quarter 2020, we changed the estimated life of certain trucks expected to be sold in 2020 to more rapidly depreciate these trucks to their estimated residual values due to the weak used truck market. These trucks continued to depreciate at the same higher rate per truck, until all were sold. Management believes excluding the effect of this unusual and infrequent item provides a more useful comparison of our performance from period to period.

(5) Amortization expense related to intangible assets acquired in the ECM Associated, LLC ("ECM") and NEHDS Logistics, LLC ("NEHDS") acquisitions on July 1, 2021 and November 22, 2021, respectively, is excluded because management does not believe it is indicative of our core operating performance.

(6) During 2017, our results included a $110.5 million non-cash reduction in income tax expense, which resulted from the revaluation of net deferred income tax liabilities to reflect the lower federal income tax rate enacted on December 22, 2017. The Tax Cuts and Jobs Act of 2017 (The Tax Act) lowered the federal corporate income tax rate to 21% from 35% beginning in 2018. Management believes the exclusion of the tax reform benefit provides a more useful comparison of the Company's financial performance from period to period.

(7) During 2018, we sold two parcels of real estate which resulted in a pre-tax gain on sale and during fourth quarter 2019, we sold two parcels of real estate which resulted in a pre-tax gain on sale.

(8) During third quarter 2018, we reached a favorable settlement related to a property tax dispute that reduced taxes and licenses expense by $4.9 million, for property taxes that were previously expensed and paid over a multi-year period.

(9) The income tax effect of the non-GAAP adjustments is calculated using the incremental income tax rate excluding discrete items, and the income tax effect for 2021 has been updated to reflect the annual incremental income tax rate.

(10) Represents non-operating mark-to-market adjustments for unrealized gains/losses on our minority equity investments, which we account for under ASC 321, *Investments - Equity Securities*. We record changes in the value of our investments in equity securities in other expense (income) in our Income Statement. Management believes excluding the effect of gains/losses on our investments in equity securities provides a more useful comparison of our performance from period to period.

(11) During first quarter 2021, we sold Werner Global Logistics freight forwarding services for international ocean and air shipments to Scan Global Logistics Group, which resulted in the pre-tax gain on sale. Management believes excluding the effect of this unusual and infrequent item provides a more useful comparison of our performance from period to period.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