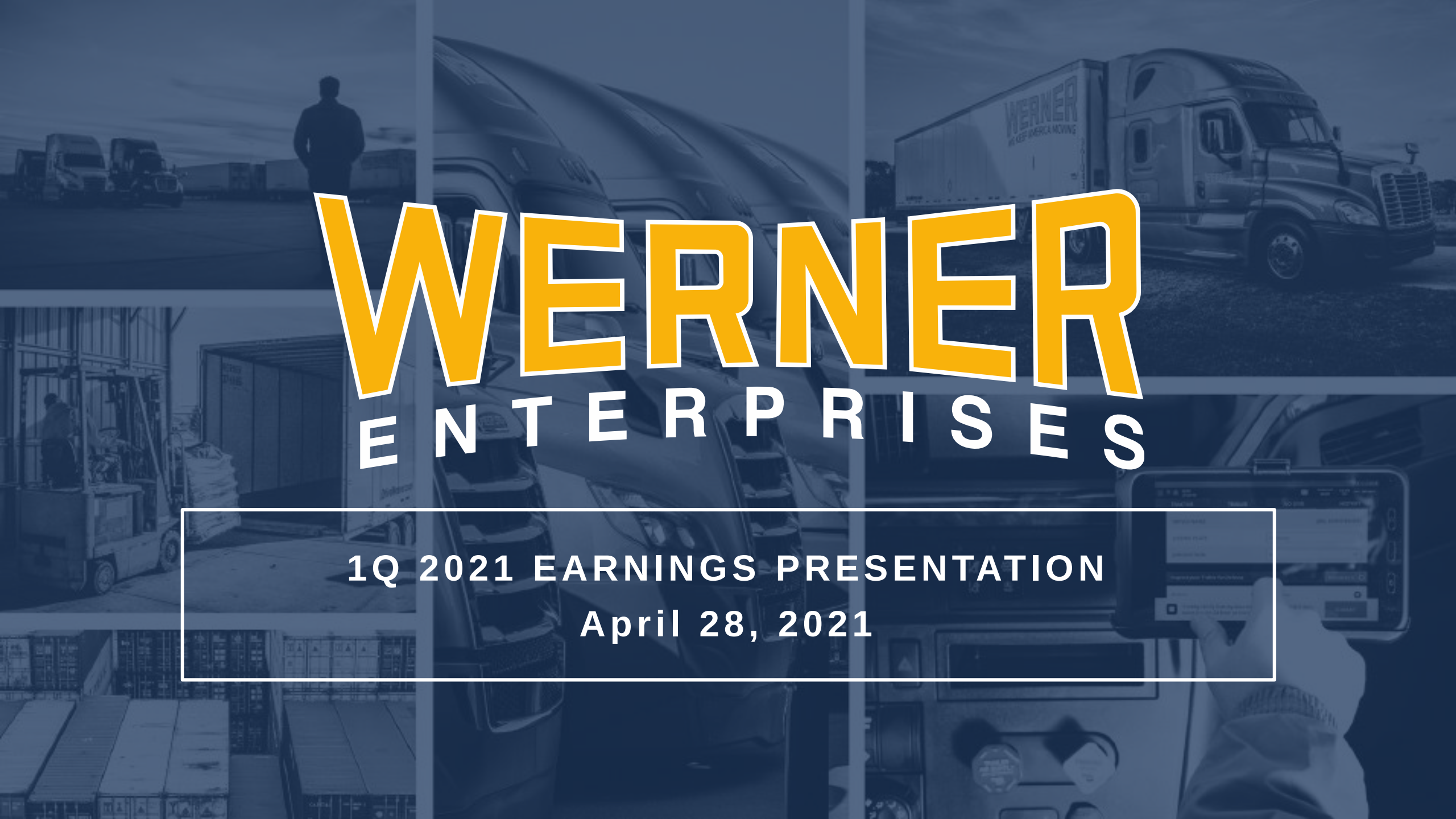


WERNER ENTERPRISES

1Q 2021 EARNINGS PRESENTATION

April 28, 2021

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, 2020. 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.





WERNER OVERVIEW, 1Q 2021 HIGHLIGHTS

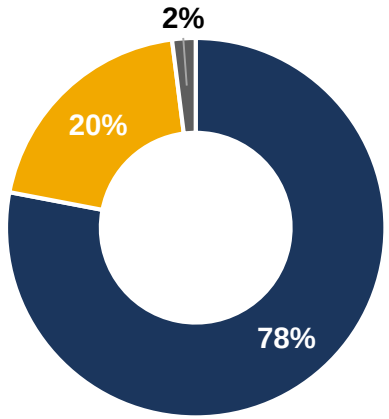
Derek Leathers
Vice Chairman, President and Chief Executive Officer

WERNER OVERVIEW

Premium Truckload Transportation & Logistics Services Provider

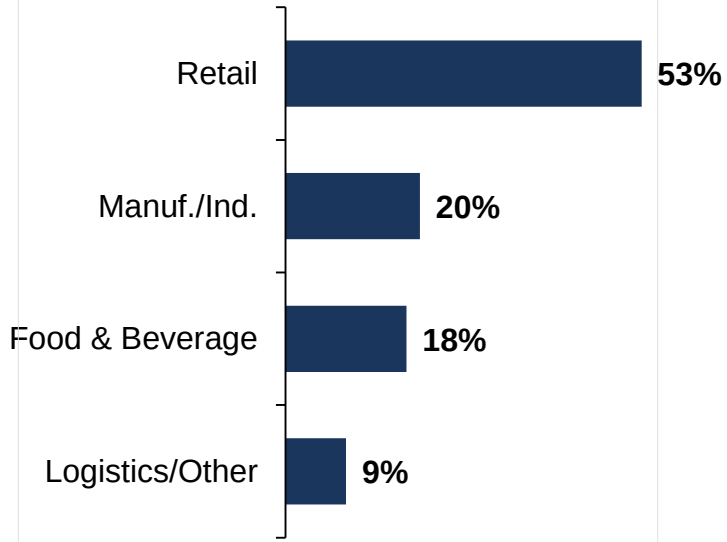
Omaha, NE	$3.1B	4,920	2,815	12,639	0.9%
Headquarters	Market Cap[1]	Dedicated Fleet Size[1]	One-Way Fleet Size[1]	Associates[2]	Dividend Yield[1]

2020 Revenues by Segment

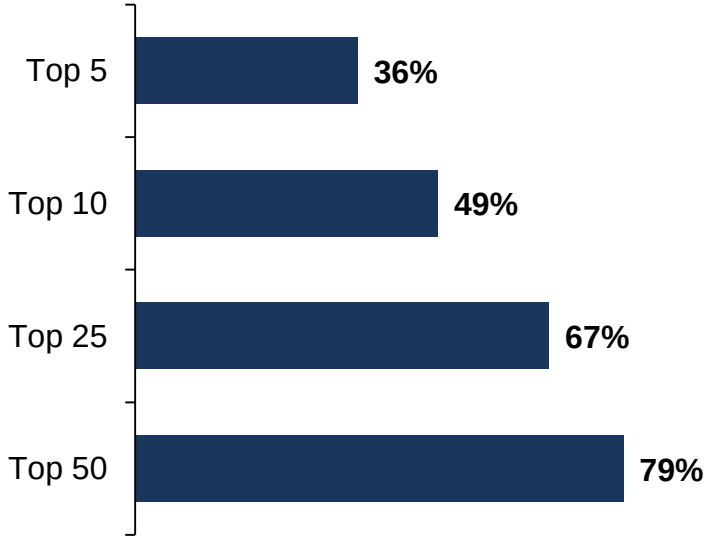


- Truckload Transportation Services (TTS)[3]
- Werner Logistics
- Driver Training Schools and Other

2020 Revenues by Vertical



2020 Revenues by Customer



WERNER WE KEEP AMERICA MOVING®

[1] As of 4/23/21 for Market Cap and Dividend Yield and as of 3/31/21 for Dedicated Fleet Size and One-Way Truckload Fleet Size. [2] Associates as of 3/31/21 includes 12,264 employees and 375 independent contractor drivers. [3] TTS includes Dedicated and One-Way Truckload.

1Q 2021 HIGHLIGHTS

Financial Highlights		
	Revenues	↑ 4% to $616M
	GAAP EPS	↑ 106% to $0.68
	Adjusted EPS	↑ 72% to $0.68
	Adjusted operating income	↑ 68% to $62.7M
	Adjusted TTS operating margin[1]	↑ 570 bps to 14.2%

Strategic Updates and Other Developments

Comparisons to prior year quarter unless otherwise noted

- **Record first quarter operating income and EPS**
- **Raised driver pay** by ~7% per company truck mile to attract and retain the highest-quality talent
- **Strong freight demand** during 1Q21 in Dedicated, One-Way Truckload and Logistics
- **Strong used truck and trailer pricing** and higher units sold generated equipment gains of $10.5M
- **Severe winter weather** in February and March reduced miles, increased expenses and reduced operating income by an estimated $6.1 million, or $0.07 per share
- **Proactive safety actions** avoided significant weather-related accidents; chargeable DOT reportable accident rate per million miles decline of 10%
- Completed **sale of Werner Global Logistics** freight forwarding services for international ocean and air shipments in February ($53M of revenues in 2020); gain of $1.0M, or $0.01 per share

[1] *Net of fuel surcharge revenues.*



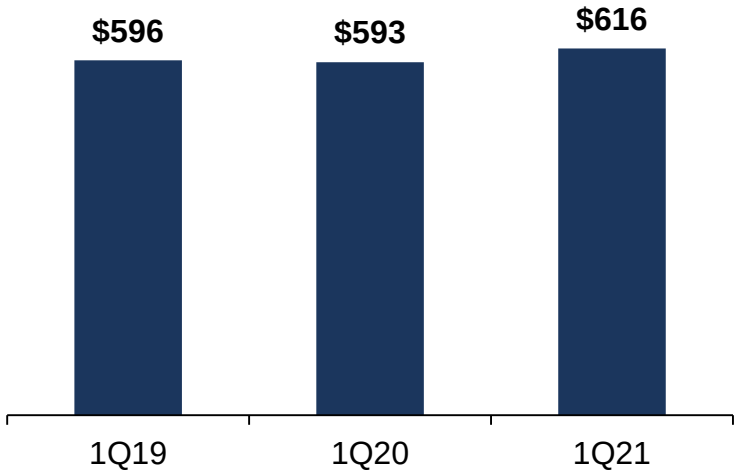


1Q 2021 COMPANY AND SEGMENT FINANCIAL RESULTS

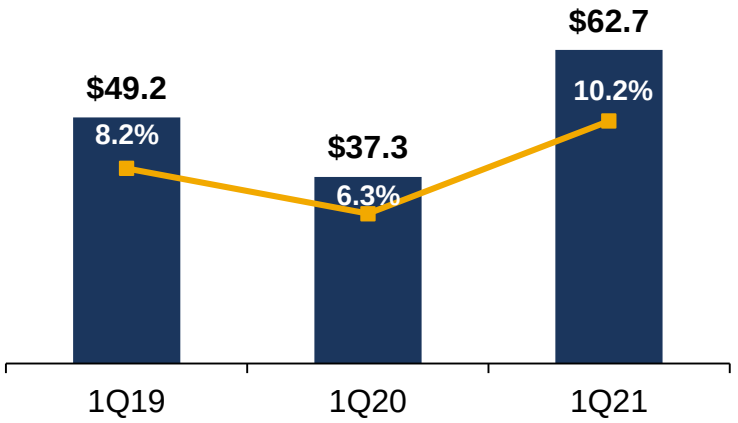
John Steele
EVP, Treasurer and Chief Financial Officer

1Q 2021 FINANCIAL PERFORMANCE

Total Revenues ($M)



Adjusted Operating Income ($M) and Operating Margin



Adjusted EPS



YoY Commentary (1Q21 vs. 1Q20)

- $23M increase in total revenues
- 1.3% higher TTS revenues per truck per week[1], due to higher revenues per total mile and lower miles per truck (winter weather, mix, fewer teams)
- 0.9% lower TTS average trucks
- 23% higher Logistics revenues

- 68% growth in adjusted operating income, or $25.4M
- Adjusted TTS operating income increased $23.6M, or 67%
- Adjusted Logistics operating income increased $2.5M, or 228%
- Adjusted Corporate and Other operating income decreased $0.7M

- 72% growth in adjusted EPS

[1] *Net of fuel surcharge revenues.*

TRUCKLOAD TRANSPORTATION SERVICES (TTS) RESULTS

	1Q19	1Q20	1Q21	1Q21 vs. 1Q20
Revenues ($M)	$462.9	$464.9	$462.9	Flat
Adjusted Operating Income ($M)	$44.1	$35.3	$58.9	67%
Adjusted Operating Margin[1]	10.9%	8.5%	14.2%	570 bps
Adjusted Operating Ratio[1]	89.1%	91.5%	85.8%	(570) bps

YoY Commentary (1Q21 vs. 1Q20)

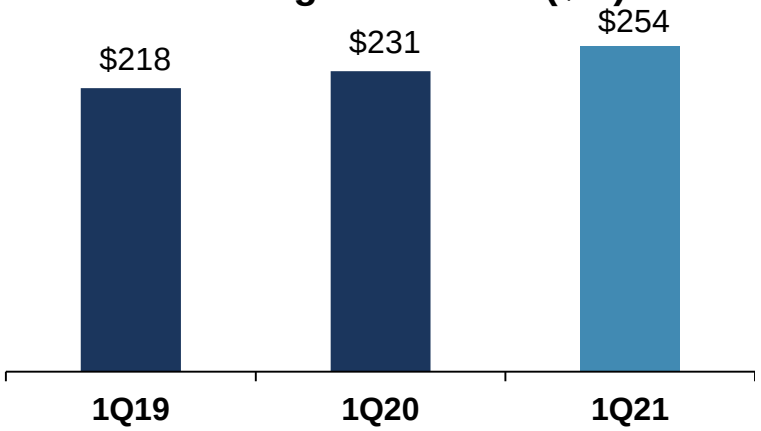
- Revenues were flat due to a high single-digit percentage increase in revenues per total mile, offset by a high single-digit percentage decrease in miles per truck (winter weather, mix, fewer teams)
- Strength of the operational execution of our Dedicated fleet (63% of average TTS trucks), improved One-Way Truckload performance and effective cost management programs produced 67% adjusted operating income growth

[1] *Net of fuel surcharge revenues.*

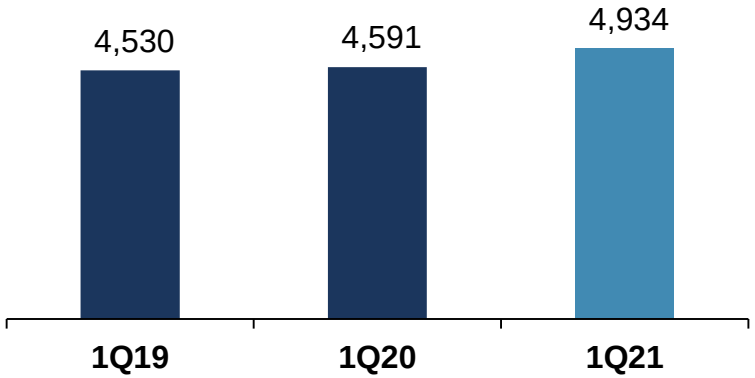
TTS[1] FLEET METRICS UPDATE

Dedicated Truckload

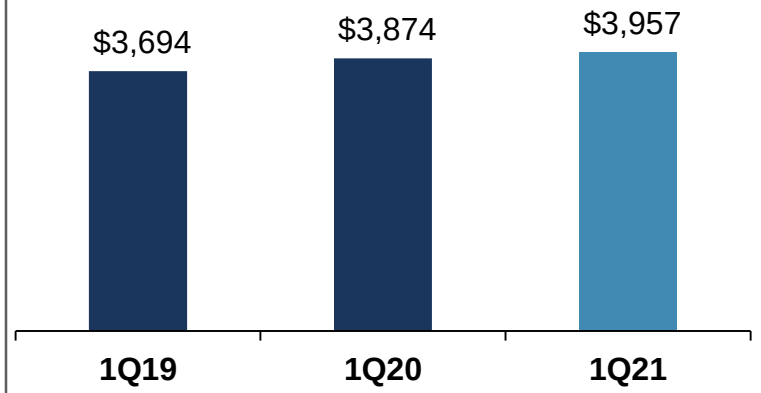
Trucking Revenues[2] ($M)



Average Trucks

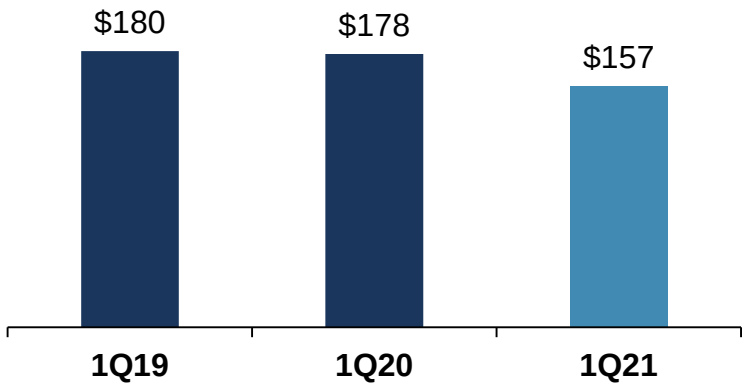


Revenues / Truck / Week[2]

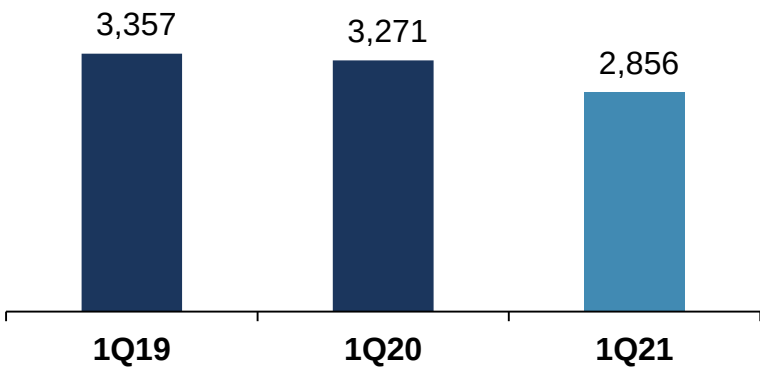


One-Way Truckload

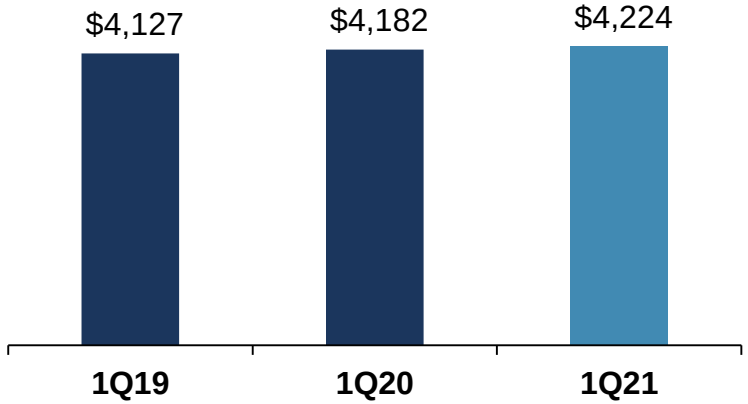
Trucking Revenues[2] ($M)



Average Trucks



Revenues / Truck / Week[2]



[1] TTS consists of the Dedicated and One-Way Truckload fleets. [2] Net of fuel surcharge revenues.

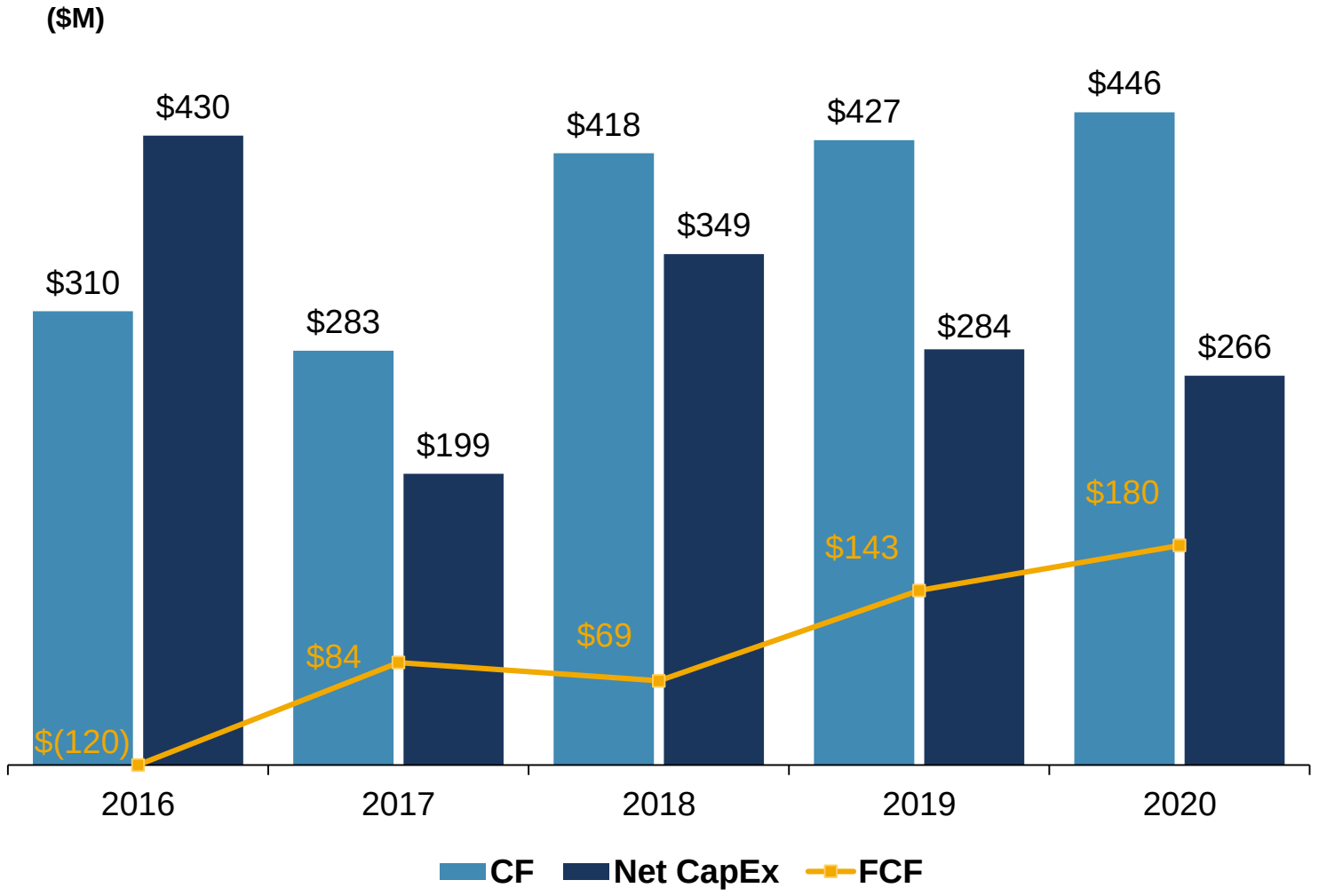
WERNER LOGISTICS RESULTS

	1Q19	1Q20	1Q21	1Q21 vs. 1Q20
Revenues ($M)	$117.4	$112.2	$137.9	23%
Gross Margin	17.3%	14.5%	12.6%	(190) bps
Adjusted Operating Income ($M)	$4.7	$1.1	$3.6	228%
Adjusted Operating Margin	4.0%	1.0%	2.6%	160 bps

YoY Commentary (1Q21 vs. 1Q20)

- Truckload Logistics revenues (63% of total Logistics revenues) increased 20% in 1Q21 (a 22% increase in revenues per load offset by a 1% decline in volume)
- Intermodal revenues (24% of total Logistics revenues) grew 30% in 1Q21 (6% increase in revenues per load and a 23% increase in volume)

STRONG FCF GENERATION; EXPECTED TO CONTINUE



COMMENTARY

- FCF generation of $180M in 2020
- 2021 Net CapEx expected to be in the range of $275M to $300M; over the long-term, targeting Net CapEx at 11-13% of annual revenues
- Investment focused on maintaining a new truck/trailer fleet with the latest safety/equipment technology, modern terminal network, investing in our driver training school network, continued IT modernization, and advancing truck technologies

DISCIPLINED CAPITAL ALLOCATION

Priorities

Continual and Consistent Investment in the Five T's + S

- Reinvestments in new, feature-rich trucks and trailers, including the latest safety technology, that extend sustainable competitive advantages for customers and drivers
- Two new full-service terminals opening in 1H21: Lake City, FL in February and Lehigh Valley, PA in June (replacing leased terminals)
- Werner Edge enhanced IT (better, faster, less expensive, more secure)

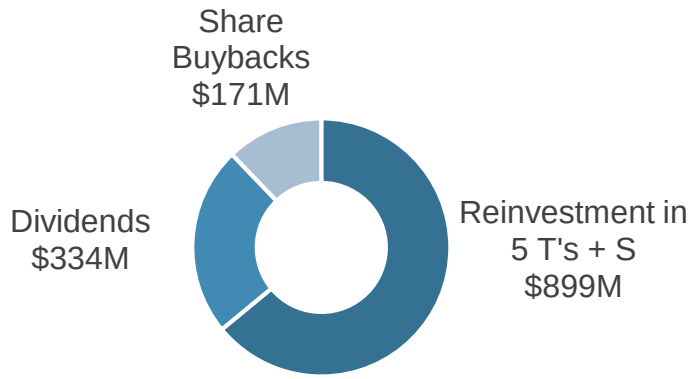
Committed to Return Value to Shareholders

- 130K shares purchased for $5.5M in 1Q21, average price per share of $42
- Continued quarterly dividends since July 1987; raised quarterly dividend by 11% in 1Q21
- Will consider strategic acquisitions

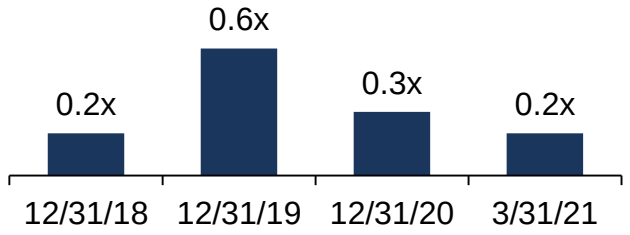
Maintain a Strong and Flexible Financial Position

- Debt of $175M, Equity of $1.228B (as of 3/31/21)
- Long-term goal of net debt to EBITDA of 0.5x to 1.0x (currently below this range during COVID-19)

Capital Allocation History 2018-2020 $1.4B



Net Debt to LTM EBITDA







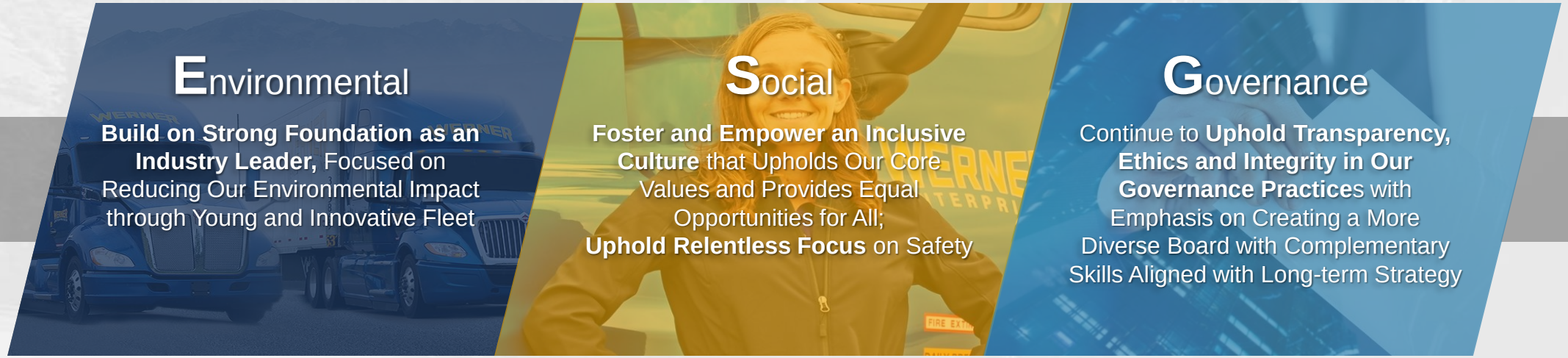
UPDATE ON BUSINESS & FINANCIAL OUTLOOK

Derek Leathers
Vice Chairman, President and Chief Executive Officer

5 T'S + S
ARE CORE COMPONENTS OF OUR STRATEGY
COMMITTED TO REMAINING AT THE FOREFRONT OF OUR INDUSTRY

	KEY FOCUS AREAS	1Q21 UPDATES
1. Trucks	▪ Maintain the age of our industry-leading modern truck fleet, which includes state-of-the-art safety technology	▪ Despite OEM production and delivery challenges, maintained the age of our new truck and trailer fleet
2. Trailers	▪ Remain at forefront of industry with young trailer fleet age	▪ 10% lower chargeable DOT reportable APMM in 1Q21 vs. 1Q20 despite more severe winter weather in 1Q21
3. Talent	▪ Rigorous hiring and retention processes to attract and retain industry-leading talent	▪ Opened new Lake City, FL terminal in Feb 2021, replaced leased facility; in process of expanding driver training school network from 14 to 18 locations
4. Terminals	▪ Expansive network of terminals, dedicated fleet locations, and driving schools	▪ Implemented successful HRMS and non-driver payroll conversions; making progress with Mastery implementation
5. Technology	▪ Continuously upgraded and modernized IT infrastructure and data security (e.g., Werner EDGE)	▪ TTS adjusted operating margin, net fuel, improved by 570 bps; Logistics adjusted operating margin improved by 160 bps
+ Sustainability	▪ Further develop our sustainability practices with specific milestone goals through a multi-phased strategy	▪ Will pilot 2 more electric trucks; named ESG leadership; adding 6 Associate Resource Groups

OUR FORMALIZED APPROACH TO SUSTAINABILITY



Building on our Foundation, Advancing Our Commitment to Sustainability, Good Corporate Citizenship and Governance with **Clearly Defined Milestones and Recent Accomplishments**

Carbon Emissions
55% Reduction by 2035

- ✓ **Collaborating with leading OEMs** to advance renewable energy technologies to power fleet
- ✓ **Conducting pilot program** of Class 8 electric truck in the Los Angeles metro area

Associate Resource Groups
+6 by End of 2021

- ✓ **Formed DEI council** to oversee ARG development
- ✓ **Started Veterans' ARG** in mid-March 2021; **five new ARGs planned** this year: Young Emerging Leaders; LGBTQ+; Asian and Middle Eastern; Hispanic; and African American Leadership Council

Formal Diversity and Sustainability Leadership Positions
Established by End of 1Q21

- ✓ **Filled Key Sustainability Roles**: Kathy Peissig named *AVP-Diversity, Inclusion, and Learning;* Shawntell Kroese named *AVP-Sustainability and Sales Operations*
- ✓ **Nominated three new directors** for election to further strengthen our capabilities set and enhance our diversity

Developing inaugural Corporate Social Responsibility Report, to be published in 2H 2021

2021 GUIDANCE METRICS AND ASSUMPTIONS

	Prior (as of 2/4/21)	Actual (as of 3/31/21)	New (as of 4/28/21)	Commentary
2021 Guidance				
TTS truck growth from BoY to EoY	1% to 3% (annual)	(1)% (1Q21)	1% to 3% (annual)	Continue to expect modest fleet growth for full year 2021
Gains on sales of equipment	$12M to $15M (annual)	$10.5M (1Q21)	$7M to $10M (2Q21)	Strong pricing market; expect lower unit sales in 2Q21 vs. 1Q21
Net capital expenditures	$275M to $300M (annual)	$38M (1Q21)	$275M to $300M (annual)	
TTS Guidance				
Dedicated RPTPW[1] growth	3% to 5% (1H21 vs. 1H20)	2.1% (1Q21 vs. 1Q20)	3% to 5% (annual)	Temporary effect of winter weather lowered 1Q21 miles per truck
One-Way Truckload (OWT) RPTM[1] growth	7% to 10% (1H21 vs. 1H20)	9.5% (1Q21 vs. 1Q20)	13% to 16% (2Q21 vs 2Q20)	Pricing market strengthened during 1Q21; expect continued strong pricing and favorable YoY comparisons in 2Q21 vs. 2Q20
Assumptions				
Effective income tax rate	24.5% to 25.5% (annual)	24.9% (1Q21)	24.5% to 25.5% (annual)	
Truck age	2.0 years	2.0 years	2.0 years	Reinvesting to maintain young fleet
Trailer age	Low-to-mid “4” years	4.0 years	Low-to-mid “4” years	

[1] *Net of fuel surcharge revenues.*



Q&A



INVEST WITH US

- Consistent and flexible execution of 5 T's + S strategy during COVID enabled Werner to achieve **record first quarter adjusted operating income and adjusted EPS**
- **Strong freight demand expected in 2021**; balanced revenue portfolio and consumer-centric freight base with winning customers provides earnings and cash flow stability through the cycle
- **Expanding existing driver training school network** with four new locations by 3Q21; supports modest fleet growth augmented with asset-light logistics program
- **Committed to continuous improvement** in operational performance; **aligning with leading edge technology partners** to enhance Safety and Supply Chain Automation, Visibility and Productivity
- Management team firmly committed to achieving recently announced Environmental, Social, and Governance goals; **Corporate Social Responsibility (CSR) report to be issued in 2021**
- **Financially and operationally well-positioned** to grow earnings and free cash flow while achieving long-term, sustainable shareholder value creation



APPENDIX

GAAP to NON-GAAP RECONCILIATION
(UNAUDITED) (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended March 31,	
	2021	2020
Operating revenues	$ 616,446	$ 592,703
Operating expenses	553,975	561,637
Operating income	62,471	31,066
Total other expense (income)	583	1,010
Income before income taxes	61,888	30,056
Income tax expense	15,396	6,998
Net income	$ 46,492	$ 23,058
Diluted shares outstanding	68,223	69,609
Diluted earnings per share	$ 0.68	$ 0.33
Adjusted for:		
Operating expenses	$ 553,975	$ 561,637
Insurance and claims [1]	(1,258)	(1,198)
Gain on sale of Werner Global Logistics [2]	1,013	-
Depreciation [3]	-	(5,014)
Adjusted operating expenses	553,730	555,425
Adjusted operating income [4]	62,716	37,278
Total other expense (income)	583	1,010
Adjusted income before income taxes	62,133	36,268
Adjusted income tax expense	15,459	8,582
Adjusted net income [4]	$ 46,674	$ 27,686
Diluted shares outstanding	68,223	69,609
Adjusted diluted earnings per share [4]	$ 0.68	$ 0.40

(1) During first quarter 2021 and 2020, 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. Interest is accrued at $0.4 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. This item is included in the Truckload Transportation Services segment in our Segment Information table.

(2) During first quarter 2021, we sold Werner Global Logistics ("WGL") 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. This item is included in the Werner Logistics segment in our Segment Information table.

(3) 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. This item is included in the Truckload Transportation Services segment in our Segment Information table.

(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 interest accrual and the additional depreciation expense and add the gain on sale of WGL 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 GAAP 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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