

2Q 2020 EARNINGS PRESENTATION

July 29, 2020

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, 2019 and Quarterly Report on Form 10-Q for the period ended March 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, 2Q 2020 HIGHLIGHTS

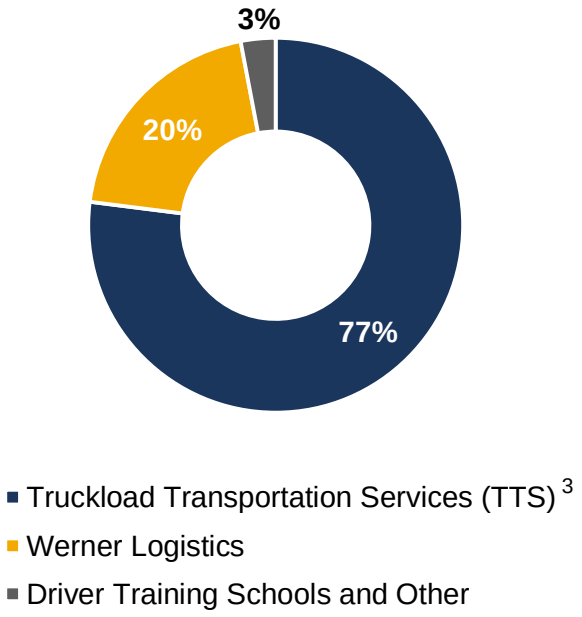
Derek Leathers
President and Chief Executive Officer

WERNER OVERVIEW

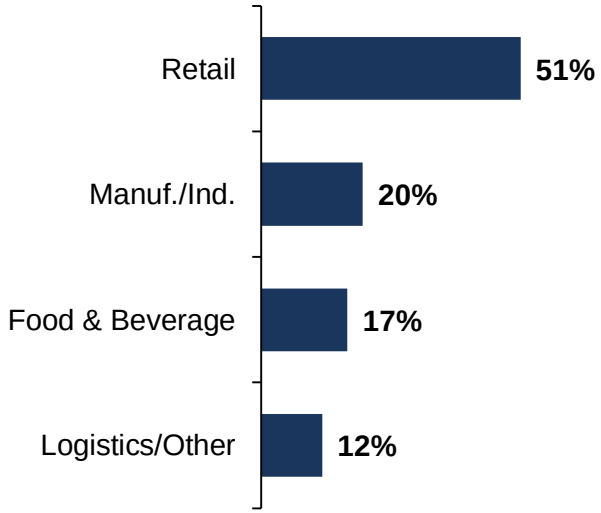
Premium Truckload Transportation & Logistics Services Provider

Omaha, NE	$3.1B	4,535	3,115	12,315	0.8%
Headquarters	Market Cap[1]	Dedicated Fleet Size[1]	One-Way Fleet Size[1]	Associates[2]	Dividend Yield[1]

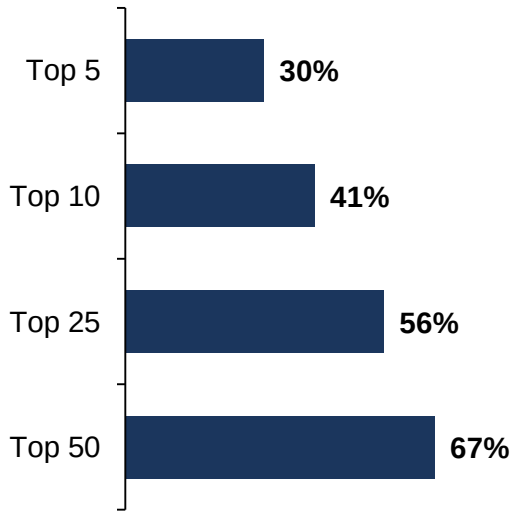
2019 Revenues by Segment



2019 Revenues by Vertical



2019 Revenues by Customer



[1] As of 7/24/20 for Market Cap and Dividend Yield and as of 6/30/20 for Dedicated Fleet Size and One-Way Truckload Fleet Size. [2] Associates as of 6/30/20 includes 11,830 employees and 485 independent contractor drivers. [3] TTS includes Dedicated and One-Way Truckload.

2Q 2020 HIGHLIGHTS

2Q20 Financial Highlights

- Revenues decreased 9% to $569M
- GAAP EPS declined 9% to $0.56
- Adjusted EPS decreased 2% to $0.62
- Adjusted operating income declined 3% to $57.7M
- Adjusted operating margin increased 70 bps to 10.1%

Strategic Updates and Other Developments

- One-Way Truckload and Logistics freight demand in 2Q20 was lower in April due to COVID-19 and certain non-essential products customer closings or curtailments. By mid-May and into June, many of these customers began to reopen their businesses which improved freight volumes as the quarter progressed
- Dedicated freight was strong during the quarter, as nearly three-quarters of our Dedicated revenues are with customers that ship essential products
- At 6/30/20, 7,650 total trucks in TTS, down 285 YoY (-4%) and down 185 sequentially (-2%)
- Updated 2020 guidance metrics (see page 17)
- CL Werner, founder, sold his 20% ownership stake in the Company in June 2020. This increased institutional ownership liquidity by 14.1M shares (or ≈ $600M)
- Derek Leathers, President and CEO, named to our board of directors as Vice Chairman



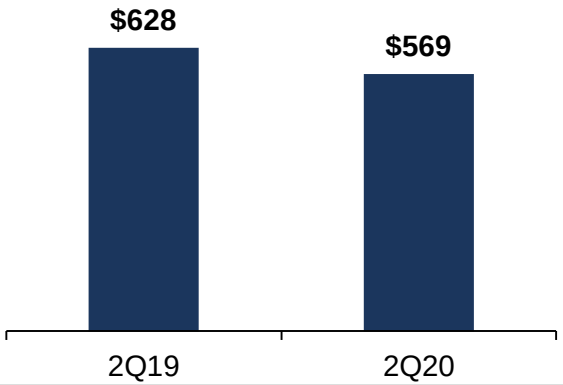


TOTAL COMPANY AND SEGMENT FINANCIAL RESULTS

John Steele
EVP, Treasurer and Chief Financial Officer

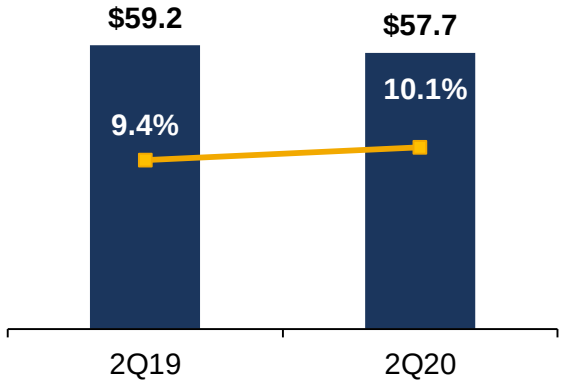
2Q 2020 FINANCIAL PERFORMANCE

Total Revenues ($M)



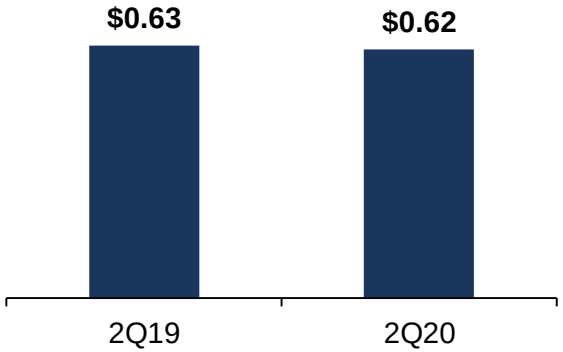
- $59M total revenues decline ($28M due to lower TTS fuel surcharges)
- 1.1% higher TTS revenues per truck per week[1], due to higher revenues per total mile, offset partially by lower miles per truck
- 2.2% lower TTS average trucks
- 16% lower Logistics revenues

Adjusted Operating Income ($M) and Operating Margin



- 3% lower adjusted operating income
- Adjusted TTS operating margin increased 170 bps
- Logistics operating margin declined 120 bps
- Lower corporate and other operating income of $3.1M (primarily driving schools)

Adjusted EPS



- 2% lower adjusted EPS

[1] *Net of fuel surcharge revenues.*

TRUCKLOAD TRANSPORTATION SERVICES (TTS) 2Q RESULTS

	2Q19	2Q20	∆ YoY
Revenues ($M)	$480.0	$445.1	(7)%
Adjusted Op. Income ($M)	$52.4	$56.1	7%
Adjusted Op. Margin	10.9%	12.6%	170 bps
Adjusted OR, net FSC	87.4%	86.3%	(110) bps

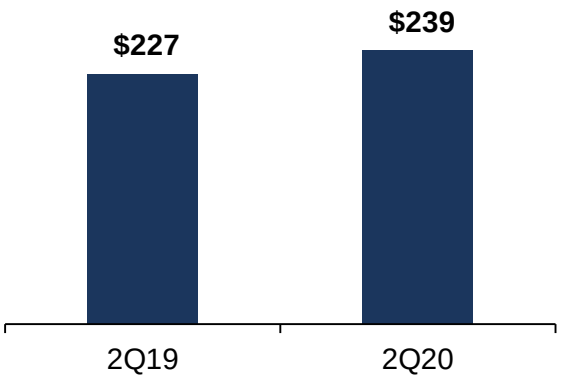
Commentary

- TTS RPTPW +1.1%
- Revenues reduction primarily due to lower fuel surcharges of $28M
- Strength of our operational execution of our Dedicated fleet (nearly 60% of total trucks) and effective cost management programs produced the adjusted operating income improvement

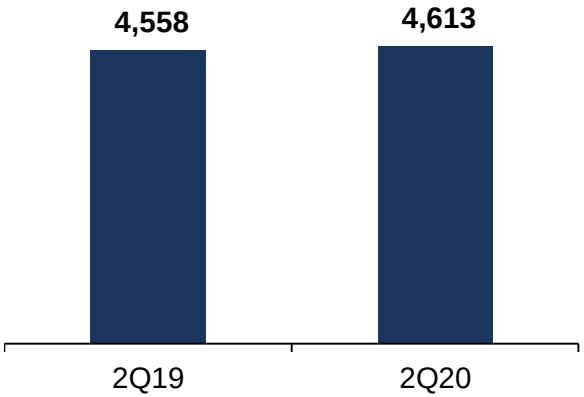
TTS[1] 2Q FLEET METRICS

Dedicated Truckload

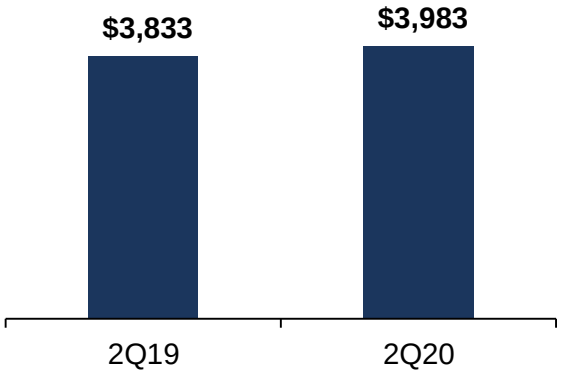
Trucking Revenues[2] ($M)



Average Trucks

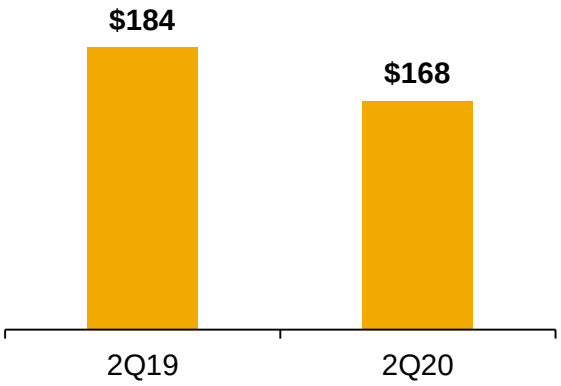


Revenues / Truck / Week[2]

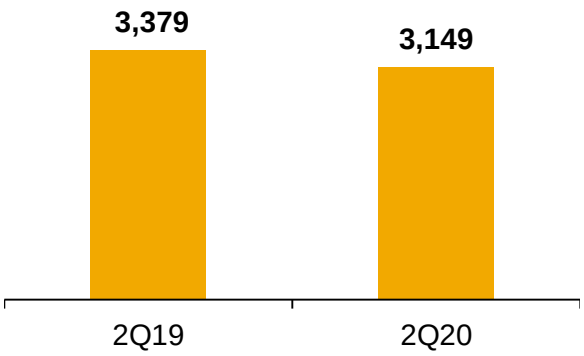


One-Way Truckload

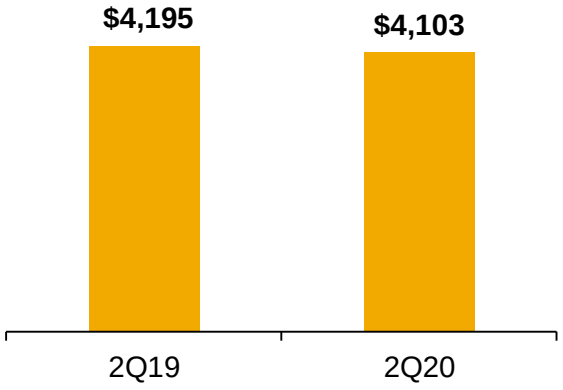
Trucking Revenues[2] ($M)



Average Trucks



Revenues / Truck / Week[2]



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

WERNER LOGISTICS 2Q RESULTS

	2Q19	2Q20	Δ YoY
Revenues ($M)	$130.9	$110.2	(16)%
Gross Margin	16.1%	15.7%	(40) bps
Operating Income ($M)	$5.2	$3.1	(39)%
Operating Margin	4.0%	2.8%	(120) bps

COMMENTARY

- Truckload Logistics revenues (60% of total Logistics revenues) declined by 24% in 2Q20 amid a softer freight market due to the pandemic, which reduced volumes by 9%. Lower rates and lower fuel prices reduced revenue per load by 15%. Intermodal revenues declined 10%. International revenues increased 20%
- Gross margin percentages were lower in 2Q20 for contractual brokerage business as the cost of capacity began to rise in May and June 2020 as the freight market began to improve

WERNER ENTERPRISES



UPDATE ON BUSINESS / COVID-19 & FINANCIAL OUTLOOK

Derek Leathers
President and Chief Executive Officer

SUCCESSFULLY EXECUTING OUR 5 T'S STRATEGY

01	Trucks		▪ Modern truck fleet at 2.0 years average age ▪ Intend to keep our truck age new
02	Trailers		▪ New trailer fleet at 4.1 years average age ▪ Intend to keep our trailer age new
03	Talent		▪ Remain committed to our rigorous hiring and retention processes to attract and retain industry-leading driver talent
04	Terminals		▪ Expansive network of terminals, dedicated locations, and 13 driving school locations ▪ 90% of U.S. population within 150 miles of our facilities
05	Technology		▪ Continuing to upgrade and modernize our IT infrastructure and data security ▪ Launched Werner EDGE to spearhead technology and innovation ▪ New CIO, Daragh Mahon, joined Werner in 2Q20

Best in Class Customer Service

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WERNER HAS TAKEN DECISIVE ACTIONS TO NAVIGATE THE COVID-19 PANDEMIC

Execution Agility

- **Proactively adapting and adjusting our approach** to address rapid changes resulting from COVID-19.
- **Our crisis management plans,** as well as our business continuity safeguards, are **designed to adapt to the changing COVID-19 environment.** We have deployed and executed our plans by being rational, logical and above all compassionate.

Aggressive Cost Management

- **Aggressively addressing non-essential discretionary costs** across the board and **proactively reduced discretionary controllable costs wherever possible,** including executive salary reductions.
- **Implemented a hiring freeze for almost all non-driver open positions.**

Thoughtful Talent Management

- Committed to **rigorous hiring and retention processes to attract and retain industry-leading driver talent** and **utilizing enhanced technology tools to orient and train our drivers.**
- **Working hard to remain safe and stay healthy, while safely delivering our customers' freight on time.** We are staying safe, productive and virtually connected.

DIVERSIFIED PORTFOLIO OF SERVICES WITH EXPOSURE TO 'ESSENTIAL' END MARKETS

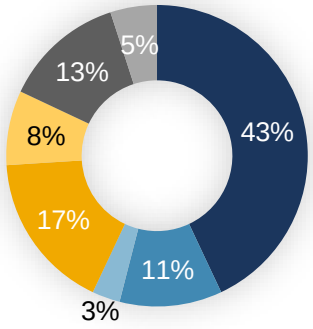
Total Company[1]

28%	11%	7%	18%	8%	16%	12%
Discount Retail	*Home Improvement Retail*	*Consumer Pkg. Goods*	*Food and Beverage*	*Other Retail*	*Manufacturing / Industrial*	*Logistics / Other*

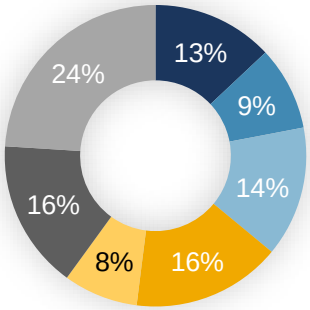
Accounts for 64% of Portfolio

Breakdown by Business Unit

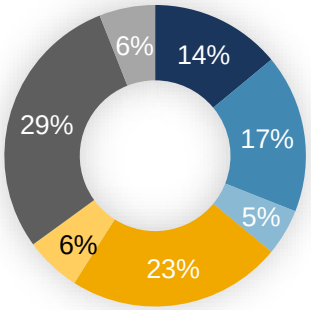
Dedicated



One-Way TL



Logistics



[1] *Top 100 Customers Account for 86% of Revenues in 1H20*

BALANCE SHEET AND LIQUIDITY UPDATE

As of June 30, 2020	
Available Cash	**$65M**
Total Debt Outstanding	**$175M**
Stockholders' Equity	**$1.1B**[1]
Total Net Debt Outstanding to LTM EBITDA	**0.2x**[1]

Credit Capacity and Liquidity	
Two Bank Credit Agreements that Expire in May 2024[2]	**$500M**
Less:	
Standby Letters of Credit	**(45M)**
Total Debt Outstanding	**(175M)**
Unused Credit Capacity	**$280M**
Available Cash	**65M**
Liquidity	**$345M**

Debt Covenants		
	Covenant	6/30/20
Total Funded Debt to LTM EBITDA	**≤ 2.5 to 1**	**0.5 to 1**[1]
Interest Coverage Ratio	**≥ 3.0 to 1**	**64 to 1**[1]

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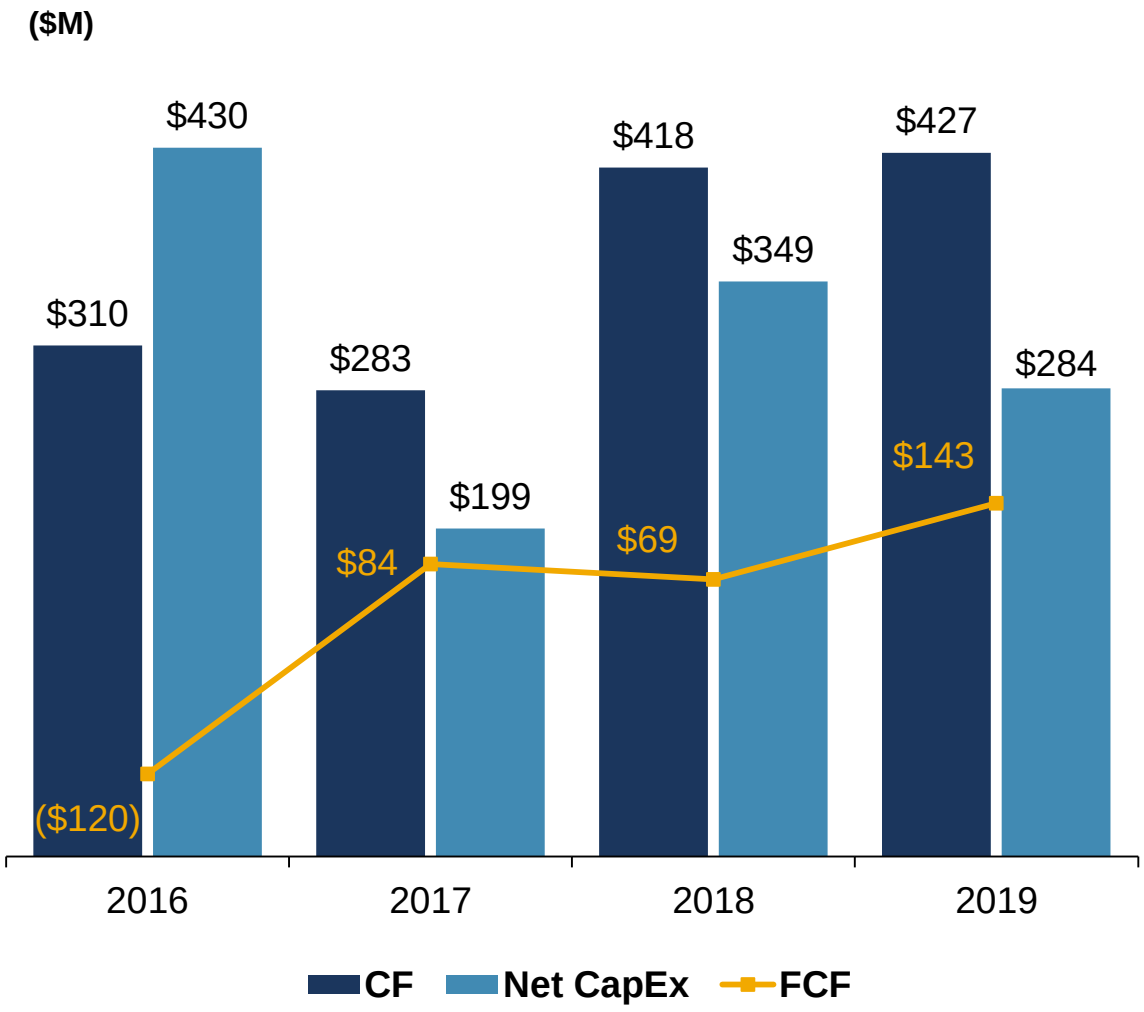
[1] *As of or for the twelve months ended June 30, 2020.*

[2] *Excludes the bank credit agreement of $75M which expired in July 2020.*

STRONG FCF GENERATION, EXPECTED TO CONTINUE



COMMENTARY

- 2020 Net CapEx expected to be in the range of $260M to $300M; over the long-term, targeting Net CapEx at 11-13% of annual revenues
- Investment focused on maintaining a new fleet, strengthening our terminal network, investing in our school network, continued IT modernization, and advancing truck technologies
- FCF expected to be in excess of $150M in 2020 (achieved $180M of FCF in 1H20)

2020 GUIDANCE METRICS AND ASSUMPTIONS

2020 GUIDANCE	PRIOR ANNUAL GUIDANCE (AS OF 4/28/20)	2Q20 ACTUAL (AS OF 6/30/20)	CURRENT ANNUAL GUIDANCE (AS OF 7/29/20)	COMMENTARY
TTS Truck Growth from Y/E 2019 to Y/E 2020	(5)% to 0%	(4)%	(3)% to (1)%	Dedicated fleet startups in 2H20, social distancing continues at driver schools
Gains on Sales of Equipment	No Guidance	$0.9M (2Q20)	No Guidance	Gains in line with internal goals, used truck demand slightly improving, difficult to predict 2H20
Net Capital Expenditures	$260M to $300M	$107.6M (1H20)	$260M to $300M	OEM new truck delivery delays in 1H20, catch up in 2H20
ONE-WAY TRUCKLOAD RPTM GUIDANCE	1H20 vs. 1H19 GUIDANCE	1H20 vs. 1H19 ACTUAL	2H20 vs. 2H19 GUIDANCE	
One-Way Truckload RPTM	(7)% to (5)%	(2.7)%	(1)% to 2%	1H20: outperformance due to freight market improvement in May/June 2H20: assumes no round 2 of stay-at-home order programs in 2H20
ASSUMPTIONS				
Effective Tax Rate	25% to 26%	24.8% (2Q20)	24.5% to 25.5%	
Truck Age **Trailer Age**	Low “2” years Low-to-mid “4” years	2.0 years 4.1 years	2.0 years Low-to-mid “4” years	



Q&A

INVEST WITH US



Consistent execution of 5 T's business strategy has created structural and sustainable improvements across the organization	Balanced portfolio with exposure to diverse end-markets provides cash flow stability through the cycle	Financially and operationally well-positioned to capitalize on unique opportunities in the current environment	Committed and tenured management team prepared to take Werner to the next level	We are a stronger, better-positioned company than we were in the past; we will continue to deliver shareholder value



APPENDIX

GAAP TO NON-GAAP RECONCILIATION

(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Operating revenues	$ 568,959	$ 627,533	$ 1,161,662	$ 1,223,650
Operating expenses	516,141	569,091	1,077,778	1,117,189
Operating income	52,818	58,442	83,884	106,461
Total other expense (income)	807	498	1,817	337
Income before income taxes	52,011	57,944	82,067	106,124
Income tax expense	12,879	14,626	19,877	26,720
Net income	$ 39,132	$ 43,318	$ 62,190	$ 79,404
Diluted shares outstanding	69,435	69,893	69,531	70,229
Diluted earnings per share	$ 0.56	$ 0.62	$ 0.89	$ 1.13
Adjusted for:				
Operating expenses	516,141	569,091	1,077,778	1,117,189
Insurance and claims[1]	(1,198)	(767)	(2,396)	(1,917)
Depreciation[2]	(3,679)	-	(8,693)	-
Adjusted operating expenses	511,264	568,324	1,066,689	1,115,272
Adjusted operating income[3]	57,695	59,209	94,973	108,378
Total other expense (income)	807	498	1,817	337
Adjusted income before income taxes	56,888	58,711	93,156	108,041
Adjusted income tax expense	14,123	14,820	22,705	27,204
Adjusted net income[3]	$ 42,765	$ 43,891	$ 70,451	$ 80,837
Diluted shares outstanding	69,435	69,893	69,531	70,229
Adjusted diluted earnings per share[3]	$ 0.62	$ 0.63	$ 1.01	$ 1.15

(1) During second quarter 2020 and 2019, 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 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 first quarter 2020, we changed the estimated life of certain trucks currently 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 will continue to depreciate at the same higher rate per truck until the trucks are 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.

(3) 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 from (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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