

3Q 2020 EARNINGS PRESENTATION

October 28, 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 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.





WERNER OVERVIEW, 3Q 2020 HIGHLIGHTS

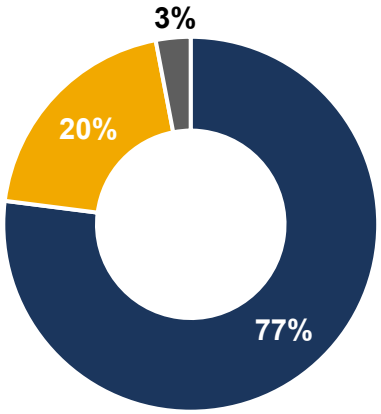
Derek Leathers
President and Chief Executive Officer

WERNER OVERVIEW

Premium Truckload Transportation & Logistics Services Provider

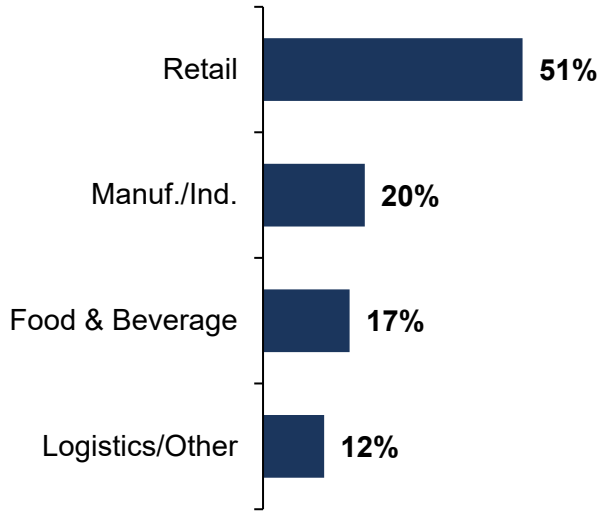
Omaha, NE	$2.8B	4,715	2,995	12,714	0.9%
Headquarters	Market Cap[1]	Dedicated Fleet Size[1]	One-Way Fleet Size[1]	Associates[2]	Dividend Yield[1]

2019 Revenues by Segment

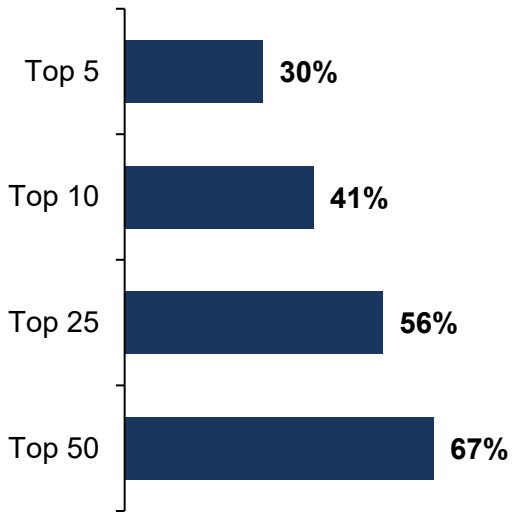


- Truckload Transportation Services (TTS)[3]
- Werner Logistics
- Driver Training Schools and Other

2019 Revenues by Vertical



2019 Revenues by Customer



[1] As of 10/23/20 for Market Cap and Dividend Yield and as of 9/30/20 for Dedicated Fleet Size and One-Way Truckload Fleet Size. [2] Associates as of 9/30/20 includes 12,249 employees and 465 independent contractor drivers. [3] TTS includes Dedicated and One-Way Truckload.

3Q 2020 HIGHLIGHTS

3Q20 Financial Highlights

- Revenues decreased 5% to $590M
- Sequentially, revenues increased 4% versus 2Q20
- GAAP EPS increased 19% to $0.67
- Adjusted EPS increased 21% to $0.69
- Sequentially, adjusted EPS grew 12% from 2Q20
- Adjusted operating income increased 19% to $64.3M
- Adjusted operating margin increased 210 bps to 10.9%

Strategic Updates and Other Developments

- One-Way Truckload and Logistics freight demand in 3Q20 was strong and consistently improved throughout the quarter
- Dedicated freight demand was strong during the quarter, with nearly three-quarters of our Dedicated revenues from customers that ship essential products*
- At 9/30/20, 7,710 total trucks in TTS, down 345 YoY (-4%) and up 60 sequentially (+1%)
- Updated 2020 guidance metrics (see page 18)
- Carmen Tapio appointed to Board of Directors, effective November 2020; her extensive knowledge and experience, including diversity matters, will provide valuable perspective to our Company

*Discount retail, food and beverage, home improvement retail, and consumer packaged goods

WERNER ENTERPRISES



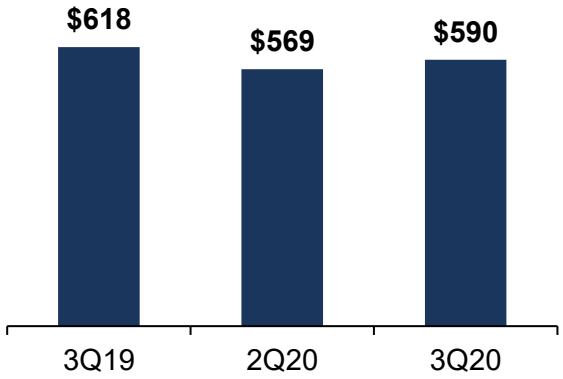


TOTAL COMPANY AND SEGMENT FINANCIAL RESULTS

John Steele
EVP, Treasurer and Chief Financial Officer

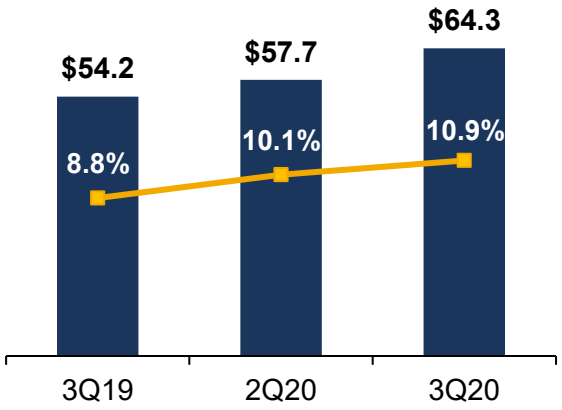
3Q 2020 FINANCIAL PERFORMANCE

Total Revenues ($M)



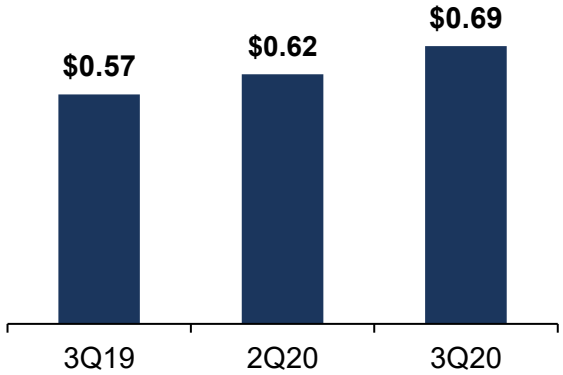
- $28M total revenues decrease YoY ($20M due to lower TTS fuel surcharges)
- 5.0% higher TTS revenues per truck per week[1] YoY, due to higher revenues per total mile and miles per truck
- 4.9% lower TTS average trucks YoY
- 3% lower Logistics revenues YoY

Adjusted Operating Income ($M) and Operating Margin



- 19% growth in adjusted operating income YoY
- Adjusted TTS operating margin increased 390 bps YoY
- Logistics operating margin decreased 320 bps YoY
- Corporate and other operating income decrease of $1.6M YoY (primarily equipment leasing and driving schools)

Adjusted EPS



- 21% growth in adjusted EPS YoY
- 12% growth in adjusted EPS sequentially from 2Q20

[1] *Net of fuel surcharge revenues.*

TRUCKLOAD TRANSPORTATION SERVICES (TTS) 3Q RESULTS

	3Q19	3Q20	Δ YoY
Revenues ($M)	$480.4	$458.3	(5)%
Adjusted Op. Income ($M)	$49.7	$65.2	31%
Adjusted Op. Margin	10.3%	14.2%	390 bps
Adjusted OR, net FSC	88.3%	84.5%	(380) bps

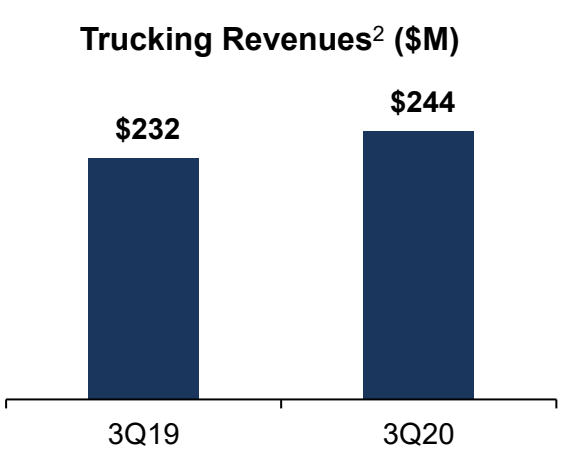
Commentary

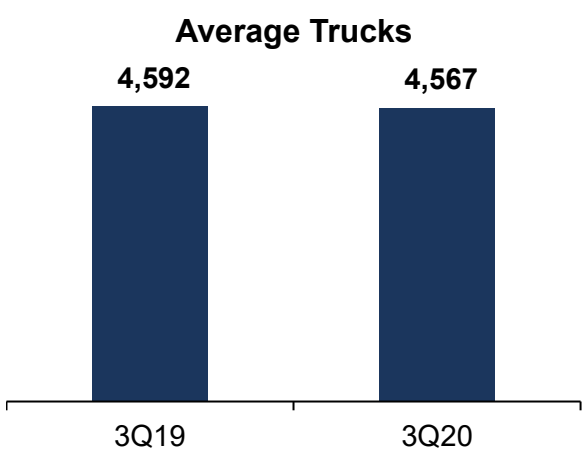
- TTS RPTPW +5.0%
- Revenues reduction primarily due to lower fuel surcharges of $20M
- Strength of the operational execution of our Dedicated fleet (61% of total TTS trucks), improved One-Way Truckload performance and effective cost management programs produced the adjusted operating income growth

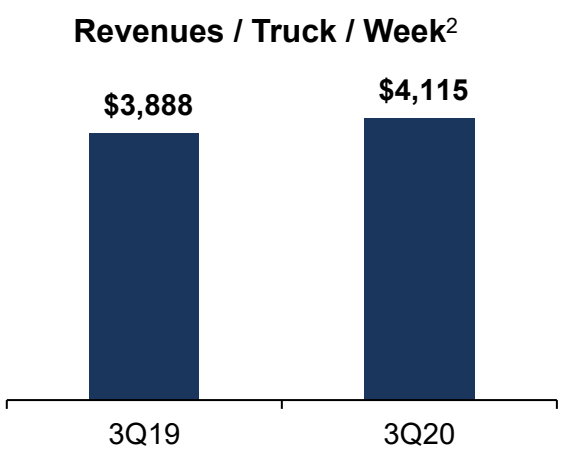
WERNER ENTERPRISES

TTS[1] 3Q FLEET METRICS

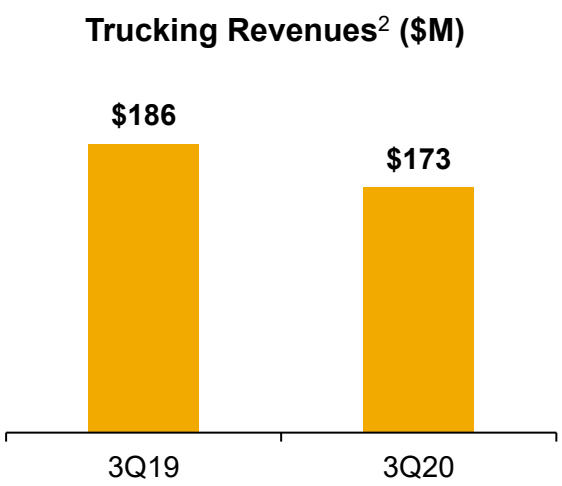
Dedicated Truckload

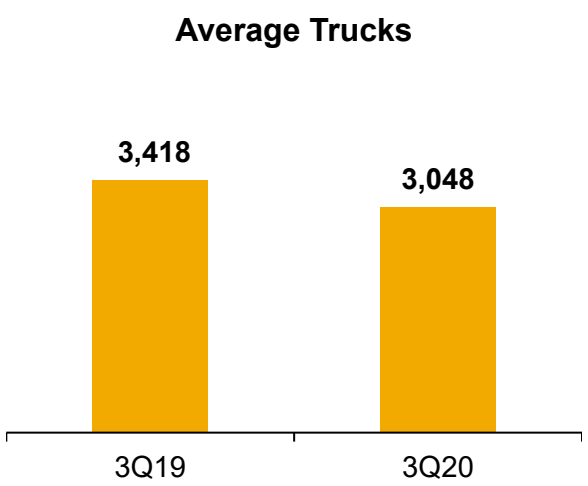


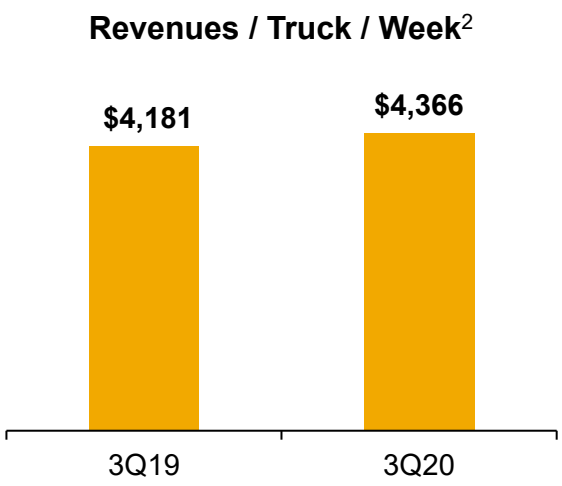




One-Way Truckload







WERNER ENTERPRISES

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

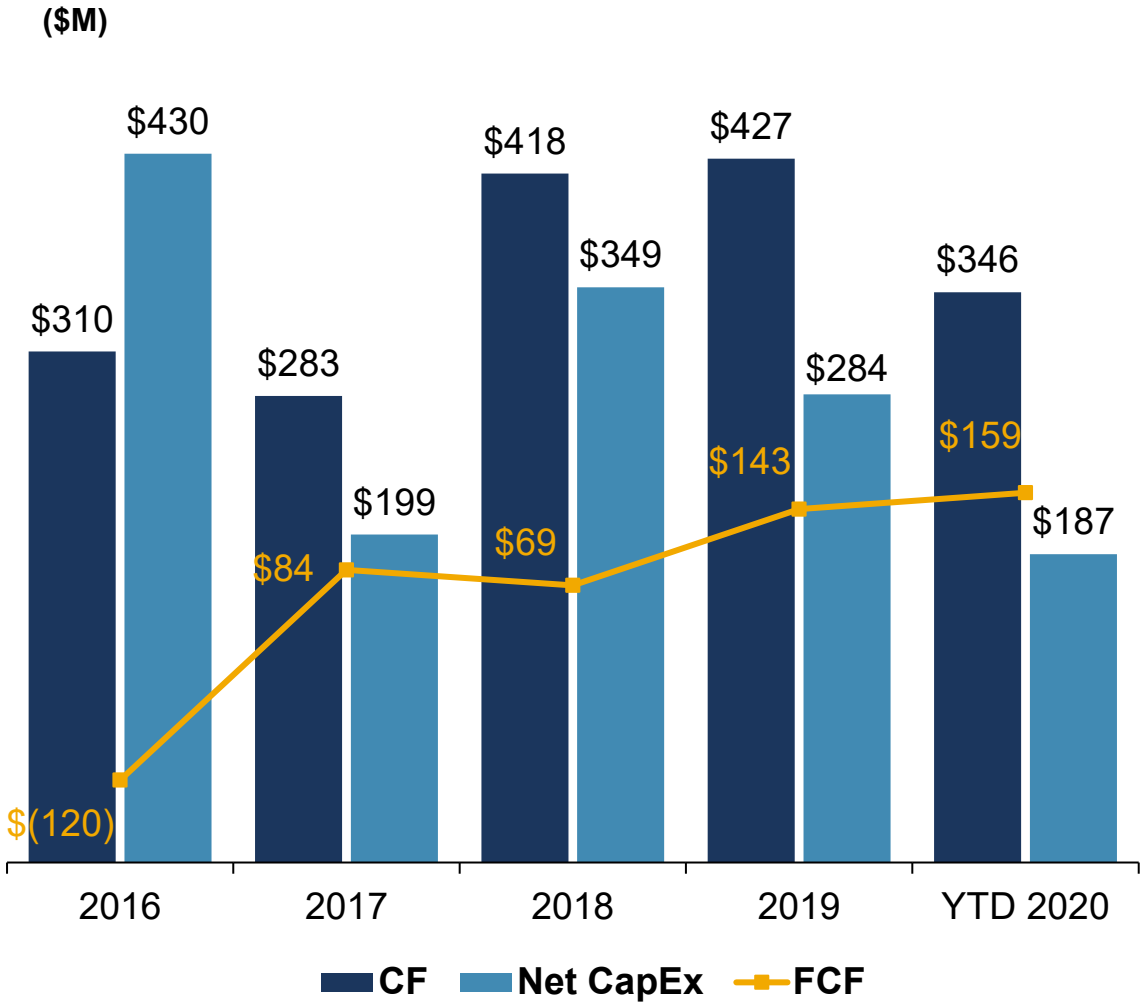
WERNER LOGISTICS 3Q RESULTS

	3Q19	3Q20	Δ YoY
Revenues ($M)	$121.3	$117.4	(3)%
Gross Margin	15.2%	10.8%	(440) bps
Operating Income ($M)	$3.0	$(0.9)	(128)%
Operating Margin	2.5%	(0.7)%	(320) bps

COMMENTARY

- Truckload Logistics revenues (60% of total Logistics revenues) decreased by 15% in 3Q20, and Intermodal revenues (28% of total Logistics revenues) grew by 31% in 3Q20
- Truckload Logistics volume decreased 15%, and revenue per load was unchanged (revenue per load strengthened as 3Q20 progressed); Intermodal volume grew 37%, and revenue per load decreased 5% from lower rates and fuel surcharges
- Due to the unprecedented large and rapid rise in spot truckload rates during 3Q20, the cost of truckload capacity for contractual brokerage shipments increased significantly which reduced Logistics gross margin and operating income

STRONG FCF GENERATION; EXPECTED TO CONTINUE



COMMENTARY

- 2020 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 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 $159M of FCF in YTD 9/20)

WERNER ENTERPRISES





UPDATE ON BUSINESS & FINANCIAL OUTLOOK

Derek Leathers
President and Chief Executive Officer

INTRODUCING SUSTAINABILITY AS A CORE COMPONENT OF OUR STRATEGY

COMMITTED TO REMAINING AT THE FOREFRONT OF OUR INDUSTRY

	KEY FOCUS AREAS	2020 YTD RESULTS
1. Trucks	▪ Maintain our industry-leading modern truck fleet age, which includes state-of-the-art safety technology	▪ Delivered customer satisfaction with new and reliable fleet: **100% equipped with collision mitigation and automated manual transmissions**
2. Trailers	▪ Remain at forefront of industry with young trailer fleet age	▪ Improved fleet safety and performance: **Accident per MM declined by 18% YoY**
3. Talent	▪ Rigorous hiring and retention processes to attract and retain industry-leading talent	▪ Enabled our high-performing team: **Recognized in August by *Logistics Management*** for 2020 awards in truckload dry freight and 3PL categories
4. Terminals	▪ Expansive network of terminals, dedicated fleet locations, and driving schools	▪ **Covered 90% of U.S. population** within 150 miles of our facilities
5. Technology	▪ Continuously upgraded and modernized IT infrastructure and data security (e.g., Werner EDGE)	▪ Advanced performance and safety of our drivers, customers and trucks, while controlling costs: **operating margins improved by 90 bps YoY**
+ Sustainability NEW	▪ Further develop our sustainability practices through a multi-phased strategy	▪ **Launched a codified approach to Sustainability organization-wide** and unveiled key milestones across **E**, **S** and **G**

WERNER ENTERPRISES

INTRODUCING OUR FORMALIZED APPROACH TO SUSTAINABILITY



Building on our Foundation, Advancing Our Commitment to Sustainability, Good Corporate Citizenship and Governance

ANNOUNCING OUR ESG MILESTONES

Environmental

Carbon Emissions
55% Reduction by 2035



Social

Associate Resource Groups
+3 by End of 2021



Governance

Formal Diversity Leadership Position
Established by End of 1Q21



Committed to Publishing Our
Inaugural Corporate Social Responsibility Report in 2021

WERNER ENTERPRISES

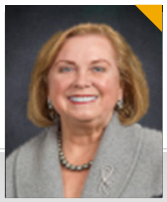
REFRESHING, DIVERSIFYING AND ADDING NEW CAPABILITIES TO OUR BOARD



Derek Leathers
Vice Chairman
President & CEO,
Werner Enterprises
Appointed: 2020



Kenneth Bird
President & CEO,
Avenue Scholars
Foundation
2002
△ ○



Diane Duren
Former EVP, CAO &
Corporate Secretary,
Union Pacific Corp.
2017
□ △ ○



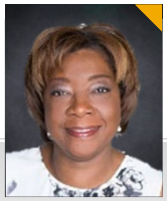
Michael Gallagher
Chairman Emeritus,
Law Firm of Gallagher &
Kennedy
2017
□ ○



Jack Holmes
Former President,
UPS Freight
2018
□ △ ○



Patrick Jung
Former COO,
Surdell & Partners;
Former Managing Partner,
KPMG
2003
□ △



Carmen Tapio
Owner, President & CEO,
North End Teleservices
2020
Welcoming Carmen to Our Board
△ ○



Gerald Timmerman
President,
Timmerman & Sons
Feeding Co., Inc.
1988 – 2011; 2016
□ ○

Commentary

- Experienced Board with 7 independent members
- CL Werner to serve as Chairman through May 2021, at which time it is expected that Derek Leathers will be named Chairman
- Under CEO Derek Leathers' leadership, Board diversity increased 25% with the addition of Diane Duren in 2017 and Carmen Tapio in 2020
- Committed to continuing to refresh and diversify our board, both in terms of skills and capabilities that support our long-term strategy and race, ethnicity and gender

Appointed while Derek Leathers has been CEO.

Committee Composition: □ Audit △ Compensation ○ Nominating and Corporate Governance

Note: Slide excludes CL Werner given retirement effective May 2021.

LEVERAGING OUR CORE STRENGTHS AND SUSTAINABLE COMPETITIVE ADVANTAGES

Core Strengths

- **Breadth:** Diversified truckload transportation portfolio (Dedicated TL, One-Way TL, Logistics)
- **Scale:** Top 5 TL carrier, Top 5 Dedicated carrier and growing logistics provider
- **One-Way TL:** Industry-leading MX cross-border and Team Expedited carrier
- **High-service Fleet:** New and modern-equipped trucks and trailers
- **Talent:** Access to top driver talent through large, vertically-integrated school network; highly qualified drivers with extensive safety training

Sustainable Competitive Advantages

Deep, long-term customer relationships delivering superior, award-winning **on-time service**

Enhanced value-added technology platform, **Werner EDGE**, further improves customer, driver, non-driver and supplier experience

Performance-driven, accountable culture led by **seasoned leadership**; transparent, **one-voice communications**

Durable financial position sustained with **strong free cash flow** and **industry-leading revenue per truck per week**

Industry leader committed to **continuously reducing our environmental impact** (e.g., alternative fuels and electric truck exploration and integration)

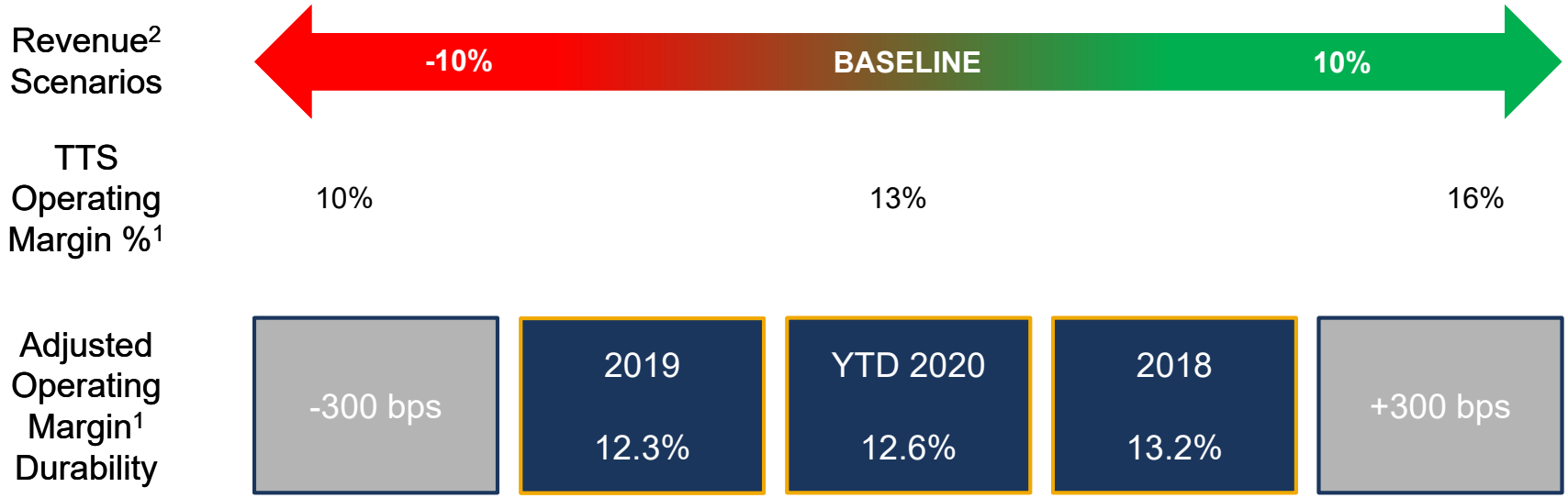
WERNER ENTERPRISES

2020 GUIDANCE METRICS AND ASSUMPTIONS

2020 GUIDANCE	PRIOR ANNUAL GUIDANCE (AS OF 7/29/20)	3Q20 ACTUAL (AS OF 9/30/20)	4Q20 GUIDANCE (AS OF 10/28/20)	COMMENTARY
TTS Truck Growth from Y/E 2019 to Y/E 2020	(3)% to (1)%	(4)%	(3)% to (1)%	Currently expect 4Q20 modest truck growth; expect to be at the bottom end of full year guidance range
Gains on Sales of Equipment	No Guidance	$3.9M (3Q20)	$2M to $3M (4Q20)	Improving used equipment market
Net Capital Expenditures	$260M to $300M	$187M (YTD20)	$88M to $113M (4Q20)	$275M to $300M for full year 2020
ONE-WAY TRUCKLOAD RPTM GUIDANCE	**2H20 vs. 2H19 GUIDANCE**	**3Q20 vs. 3Q19 ACTUAL**	**4Q20 vs. 4Q19 GUIDANCE**	
One-Way Truckload RPTM	(1)% to 2%	2.9%	3% to 5%	Assumes a continued strong peak season
ASSUMPTIONS				
Effective Tax Rate	24.5% to 25.5%	24.6% (3Q20)	25.0% to 25.5% (4Q20)	
Truck Age	2.0 years	2.0 years	2.0 years	
Trailer Age	Low-to-mid “4” years	4.0 years	Low-to-mid “4” years	

WERNER'S TTS RESILIENCE IN A VARIETY OF FREIGHT ECONOMY SCENARIOS

NEW LONG TERM TTS OPERATING MARGIN %[1] GOAL OF 13%



Sturdy Business Structure	✓ Dedicated (61%) and One-Way TL (39%) fleet mix @ 9/30/20 ✓ Essential products revenue base focused on the consumer (65% of revenues, YTD 2020) ✓ Variable (2/3) vs fixed (1/3) cost structure ✓ Experienced and capable leadership team

[1] Adjusted Operating Margin percentage, net FSC
[2] TTS revenue, less FSC



Q&A



INVEST WITH US

1. **Consistent execution of 5 T's strategy** has resulted in structural and durable improvements across Werner; **adding Sustainability to our strategy**
2. **Balanced revenue portfolio with exposure to diverse end markets** provides earnings and cash flow stability through the cycle
3. An industry leader, **committed to continuous improvement** in our operational performance and reduction of emissions and waste
4. **Management team firmly committed to achieving diversity, equity and inclusion throughout our entire company** to take Werner to the next level
5. **Financially and operationally well-positioned** to succeed and achieve long-term, sustainable shareholder value creation



APPENDIX

GAAP TO NON-GAAP RECONCILIATION

(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating revenues	$ 590,214	$ 618,264	$ 1,751,876	$ 1,841,914
Operating expenses	528,111	564,907	1,605,889	1,682,096
Operating income	62,103	53,357	145,987	159,818
Total other expense (income)	619	1,699	2,436	2,036
Income before income taxes	61,484	51,658	143,551	157,782
Income tax expense	15,152	12,614	35,029	39,334
Net income	$ 46,332	$ 39,044	$ 108,522	$ 118,448
Diluted shares outstanding	69,449	69,600	69,500	70,053
Diluted earnings per share	$ 0.67	$ 0.56	$ 1.56	$ 1.69
Adjusted for:				
Operating expenses	$ 528,111	$ 564,907	$ 1,605,889	$ 1,682,096
Insurance and claims[1]	(1,238)	(799)	(3,634)	(2,716)
Depreciation[2]	(921)	-	(9,614)	-
Adjusted operating expenses	525,952	564,108	1,592,641	1,679,380
Adjusted operating income[3]	64,262	54,156	159,235	162,534
Total other expense (income)	619	1,699	2,436	2,036
Adjusted income before income taxes	63,643	52,457	156,799	160,498
Adjusted income tax expense	15,702	12,816	38,407	40,020
Adjusted net income[3]	$ 47,941	$ 39,641	$ 118,392	$ 120,478
Diluted shares outstanding	69,449	69,600	69,500	70,053
Adjusted diluted earnings per share[3]	$ 0.69	$ 0.57	$ 1.70	$ 1.72

(1) During third 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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