

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: July 27, 2021  
(Date of earliest event reported)



C.H. ROBINSON WORLDWIDE, INC.

(Exact name of registrant as specified in its charter)

Commission File Number: 000-23189

Delaware  
(State or other jurisdiction of  
incorporation or organization)

41-1883630  
(I.R.S. Employer  
Identification No.)

14701 Charlson Road  
Eden Prairie, Minnesota 55347  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: 952-937-8500

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
Common Stock, \$0.10 par value

Trading Symbol(s)  
CHRW

Name of each exchange on which registered  
Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 2.02 Results of Operations and Financial Condition.**

The following information is being "furnished" in accordance with the General Instruction B.2 of Form 8-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Furnished herewith as Exhibits 99.1 and 99.2, respectively, and incorporated by reference herein are the text of C.H. Robinson Worldwide, Inc.'s announcement regarding its financial results for the quarter ended June 30, 2021 and its earnings conference call slides.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits	<b>Number</b>	<b>Description</b>
	99.1	<a href="#">Press Release dated July 27, 2021 of C.H. Robinson Worldwide, Inc.</a>
	99.2	<a href="#">Earnings conference call slides dated July 27, 2021</a>
	104	The cover page from the Current Report on Form 8-K formatted in Inline XBRL

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

C.H. ROBINSON WORLDWIDE, INC.

By: /s/ Ben G. Campbell  
Ben G. Campbell  
Chief Legal Officer and Secretary

Date: July 27, 2021



**C.H. ROBINSON**

C.H. Robinson  
14701 Charlson Rd.  
Eden Prairie, MN 55347  
www.chrobinson.com

**FOR INQUIRIES, CONTACT:**  
Chuck Ives, Director of Investor Relations  
**Email:** chuck.ives@chrobinson.com

**FOR IMMEDIATE RELEASE**

### **C.H. Robinson Reports 2021 Second Quarter Results**

MINNEAPOLIS, MN, July 27, 2021 - C.H. Robinson Worldwide, Inc. ("C.H. Robinson") (Nasdaq: CHRW) today reported financial results for the quarter ended June 30, 2021.

#### **Second Quarter Key Metrics:**

- **Total revenues increased 52.5% to \$5.5 billion**
- **Gross profits increased 21.9% to \$744.4 million**
- **Adjusted gross profits<sup>(1)</sup> increased 21.9% to \$749.2 million**
- **Income from operations increased 38.0% to \$260.6 million**
- **Adjusted operating margin<sup>(1)</sup> increased 410 basis points to 34.8%**
- **Diluted earnings per share (EPS) increased 35.8% to \$1.44**
- **Cash flow from operations decreased \$297.8 million to \$149.3 million**

<sup>(1)</sup> Adjusted gross profits and adjusted operating margin are Non-GAAP financial measures. The same factors described in this release that impacted these Non-GAAP measures also impacted the comparable GAAP measures. Refer to page 10 for further discussion and a GAAP to Non-GAAP reconciliation.

"During the second quarter, we delivered record financial results by staying focused on serving the needs of our customers and keeping their global supply chains moving in a capacity-constrained environment," said Bob Biesterfeld, Chief Executive Officer of C.H. Robinson. "Our largest services delivered both year-over-year and sequential growth in total volumes, revenues and adjusted gross profit, which resulted in quarterly highs for Robinson in total volumes, revenues, adjusted gross profit and operating income. I believe the team at Robinson is the most capable team of supply chain experts in the world, and I'm incredibly proud of how our team has helped thousands of customers navigate globally disrupted supply chains and delivered strong results for our shareholders."

## Second Quarter Results Summary

- **Total revenues** increased 52.5% to \$5.5 billion, driven primarily by higher pricing and higher volume across most of our services.
- **Gross profits** increased 21.9% to \$744.4 million. **Adjusted gross profits** increased 21.9% to \$749.2 million, primarily driven by higher volume in our ocean, truckload, less than truckload ("LTL") and air services and higher adjusted gross profit per shipment in our ocean and truckload services.
- **Operating expenses** increased 14.8% to \$488.6 million, due to higher personnel expenses. **Personnel expenses** increased 20.8% to \$362.9 million, primarily due to higher incentive compensation costs and also due to the benefit realized in the second quarter of 2020 from our short-term cost reduction initiatives. Average headcount increased 0.7%. **Selling, general and administrative ("SG&A") expenses** of \$125.7 million increased 0.4%.
- **Income from operations** totaled \$260.6 million, up 38.0% due to the increase in adjusted gross profits. **Adjusted operating margin** of 34.8% increased 410 basis points.
- **Interest and other expenses** totaled \$13.5 million, consisting primarily of \$12.7 million of interest expense, which increased \$0.4 million versus last year due to a higher average debt balance. The second quarter also included a \$1.9 million unfavorable impact from foreign currency revaluation and realized foreign currency gains and losses.
- The **effective tax rate** in the quarter was 21.6% compared to 19.4% in the second quarter last year. The rate increase was due primarily to a tax benefit in the second quarter of 2020 from delivery of a one-time deferred stock award that was granted to the company's prior Chief Executive Officer in 2000.
- **Net income** totaled \$193.8 million, up 34.6% from a year ago. **Diluted EPS** of \$1.44 increased 35.8%.

#### Year-to-Date Results Summary

- **Total revenues** increased 39.1% to \$10.3 billion, driven primarily by higher pricing and higher volume across most of our services.
- **Gross profits** increased 22.8% to \$1.4 billion. **Adjusted gross profits** increased 22.8% to \$1.5 billion, primarily driven by higher adjusted gross profit per shipment in our ocean and truckload services and higher volume in our ocean, less than truckload ("LTL") and air services.
- **Operating expenses** increased 9.4% to \$1.0 billion. **Personnel expenses** increased 14.8% to \$723.7 million, primarily due to higher incentive compensation costs and also due to the benefit realized in 2020 from our short-term cost reduction initiatives. **SG&A expenses** decreased 3.8% to \$243.9 million, primarily due to lower credit losses and travel expenses.
- **Income from operations** totaled \$483.9 million, up 62.3% from last year, primarily due to the increase in adjusted gross profits. **Adjusted operating margin** of 33.3% increased 810 basis points.
- **Interest and other expenses** totaled \$24.8 million, which primarily consists of \$24.9 million of interest expense. The six-month period also included a \$4.8 million unfavorable impact from foreign currency revaluation and realized foreign currency gains and losses. These expenses were partially offset by a \$2.9 million local government subsidy in Asia for achieving specified performance criteria that was almost entirely offset by a reduction in foreign tax credits within the provision for income taxes.
- The **effective tax rate** for the six months was 20.1% compared to 18.6% in the year-ago period. The rate increase was due primarily to a tax benefit in 2020 from delivery of a one-time deferred stock award that was granted to the company's prior Chief Executive Officer in 2000.
- **Net income** totaled \$367.1 million, up 65.3% from a year ago. **Diluted EPS** of \$2.71 increased 65.2%.

## North American Surface Transportation Results

Summarized financial results of our NAST segment are as follows (dollars in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% change	2021	2020	% change
Total revenues	\$ 3,585,481	\$ 2,475,292	44.9 %	\$ 6,796,904	\$ 5,299,037	28.3 %
Adjusted gross profits <sup>(1)</sup>	436,596	379,556	15.0 %	857,704	752,334	14.0 %
Income from operations	151,092	136,846	10.4 %	287,876	235,372	22.3 %

<sup>(1)</sup> Adjusted gross profits is a non-GAAP financial measure explained later in this release. The difference between adjusted gross profits and gross profits is not material.

Second quarter total revenues for C.H. Robinson's NAST segment totaled \$3.6 billion, an increase of 44.9% over the prior year, primarily driven by higher truckload pricing and an increase in LTL and truckload shipments. NAST adjusted gross profits increased 15.0% in the quarter to \$436.6 million. Adjusted gross profits in truckload increased 13.6% due to a 7.0% increase in adjusted gross profit per load and a 6.0% increase in shipments. Our average truckload linehaul rate per mile charged to our customers, which excludes fuel surcharges, increased approximately 42.0% in the quarter, while truckload linehaul cost per mile, excluding fuel surcharges, increased approximately 47.5%. LTL adjusted gross profits increased 21.6% versus the year-ago period, as LTL volumes grew 23.5%. NAST overall volume growth was approximately 16.0%. Operating expenses increased 17.6% primarily due to higher incentive compensation and also due to the benefit realized in 2020 from our short-term cost reduction initiatives. Income from operations increased 10.4% to \$151.1 million, and adjusted operating margin declined 150 basis points to 34.6%. NAST average headcount was down 5.5% in the quarter.

Global Forwarding Results

Summarized financial results of our Global Forwarding segment are as follows (dollars in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% change	2021	2020	% change
Total revenues	\$ 1,450,794	\$ 707,820	105.0 %	\$ 2,606,833	\$ 1,238,204	110.5 %
Adjusted gross profits <sup>(1)</sup>	238,754	162,960	46.5 %	453,054	291,274	55.5 %
Income from operations	108,212	58,775	84.1 %	198,801	70,734	181.1 %

<sup>(1)</sup> Adjusted gross profits is a non-GAAP financial measure explained later in this release. The difference between adjusted gross profits and gross profits is not material.

Second quarter total revenues for the Global Forwarding segment increased 105.0% to \$1.5 billion, primarily driven by higher pricing in ocean services and higher volume in both our ocean and air services, reflecting the strong demand environment, market share gains and strained capacity. Adjusted gross profits increased 46.5% in the quarter to \$238.8 million. Ocean adjusted gross profits increased 91.7%, driven by higher adjusted gross profit per shipment and a 29.0% increase in volumes. Adjusted gross profits in air increased 1.2% driven by a 42.5% increase in metric tons shipped. Customs adjusted gross profits increased 31.1%, primarily driven by a 34.0% increase in transaction volume. Operating expenses increased 25.3%, primarily driven by increased salaries, technology and incentive compensation expenses and partially offset by lower amortization expense. Second quarter average headcount increased 3.9%. Income from operations increased 84.1% to \$108.2 million, and adjusted operating margin expanded 920 basis points to 45.3% in the quarter.



## **All Other and Corporate Results**

Total revenues and adjusted gross profits for Robinson Fresh, Managed Services and Other Surface Transportation are summarized as follows (dollars in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% change	2021	2020	% change
Total revenues	\$ 496,451	\$ 444,734	11.6 %	\$ 932,858	\$ 895,613	4.2 %
Adjusted gross profits <sup>(1)</sup> :						
Robinson Fresh	\$ 29,940	\$ 30,202	(0.9)%	\$ 54,888	\$ 57,660	(4.8)%
Managed Services	26,234	23,503	11.6 %	51,790	46,030	12.5 %
Other Surface Transportation	17,652	18,232	(3.2)%	34,120	35,108	(2.8)%

<sup>(1)</sup> Adjusted gross profits is a non-GAAP financial measure explained later in this release. The difference between adjusted gross profits and gross profits is not material.

Second quarter Robinson Fresh adjusted gross profits decreased 0.9% to \$29.9 million, primarily due to a decline in profit per case, partially offset by an 8.0% increase in volume. Managed Services adjusted gross profits increased 11.6% in the quarter, primarily due to an 18.5% increase in volume. Other Surface Transportation adjusted gross profits decreased 3.2% to \$17.7 million, primarily due to a 5.2% decline in Europe truckload adjusted gross profits.

## **Other Income Statement Items**

The second quarter effective tax rate was 21.6%, up from 19.4% last year. We expect our 2021 full-year effective tax rate to be 20% to 22%.

Interest and other expenses totaled \$13.5 million, consisting primarily of \$12.7 million of interest expense, which increased \$0.4 million versus last year due to a higher average debt balance. The second quarter also included a \$1.9 million unfavorable impact from foreign currency revaluation and realized foreign currency gains and losses.

Diluted weighted average shares outstanding in the quarter were down 0.6% due primarily to share repurchases over the prior nine months.

**Cash Flow Generation and Capital Distribution**

Cash from operations totaled \$149.3 million in the second quarter, compared to \$447.1 million of cash generated in the second quarter of 2020. The \$297.8 million decrease in cash flow was driven primarily by an outsized improvement in operating working capital in second quarter of 2020. Sequentially, operating working capital increased by \$81.8 million or 5.6% in the second quarter of 2021, compared to a sequential increase of 6.7% in total adjusted gross profits.

In the second quarter of 2021, \$204.8 million of cash was returned to shareholders, with \$135.1 million in total repurchases of common stock and \$69.7 million in cash dividends.

Capital expenditures totaled \$16.3 million in the quarter. We continue to expect 2021 capital expenditures to be \$55 million to \$65 million, with the majority dedicated to technology.

**Outlook**

"Our record results demonstrated the strength of our non-asset-based business model that includes a diverse portfolio of services. Given the current structural constraints around expansion of supply, coupled with a continued reopening of the economy and other factors, we expect the current market conditions to persist through 2021," Biesterfeld stated. "Within NAST, we expect to grow our truckload and LTL volume during the remaining quarters of this year. Within our Global Forwarding business, there continues to be a robust pipeline of business and, as we move toward the peak holiday season, we expect ocean and air demand to remain strong into early 2022. Overall, we'll stay the course with our strategy of pursuing market share gains that align with our profitability expectations. And we'll continue to invest back into the business, in order to drive innovation, improve service to our customers and carriers, and drive growth across our global suite of modes and services."

**About C.H. Robinson**

C.H. Robinson solves logistics problems for companies across the globe and across industries, from the simple to the most complex. With \$21 billion in freight under management and 19 million shipments annually, we are one of the world's largest logistics platforms. Our global suite of services accelerates trade to seamlessly deliver the products and goods that drive the world's economy. With the combination of our multimodal transportation management system and expertise, we use our information advantage to deliver smarter solutions for our 105,000 customers and 73,000 contract carriers. Our technology is built by and for supply chain experts to bring faster, more meaningful improvements to our customers' businesses. As a responsible global citizen, we are also proud to contribute millions of dollars to support causes that matter to our company, our Foundation and our employees. For more information, visit us at [www.chrobinson.com](http://www.chrobinson.com) (Nasdaq: CHRW).

*Except for the historical information contained herein, the matters set forth in this release are forward-looking statements that represent our expectations, beliefs, intentions or strategies concerning future events. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience or our present expectations, including, but not limited to, such factors such as changes in economic conditions, including uncertain consumer demand; changes in market demand and pressures on the pricing for our services; competition and growth rates within the third party logistics industry; freight levels and increasing costs and availability of truck capacity or alternative means of transporting freight; changes in relationships with existing contracted truck, rail, ocean, and air carriers; changes in our customer base due to possible consolidation among our customers; our ability to successfully integrate the operations of acquired companies with our historic operations; risks associated with litigation, including contingent auto liability and insurance coverage; risks associated with operations outside of the United States; risks associated with the potential impact of changes in government regulations; risks associated with the produce industry, including food safety and contamination issues; fuel price increases or decreases, or fuel shortages; cyber-security related risks; the impact of war on the economy; changes to our capital structure; risks related to the elimination of LIBOR; changes due to catastrophic events including pandemics such as COVID-19; and other risks and uncertainties detailed in our Annual and Quarterly Reports.*

*Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update such statement to reflect events or circumstances arising after such date. All remarks made during our financial results conference call will be current at the time of the call, and we undertake no obligation to update the replay.*

**Conference Call Information**

C.H. Robinson Worldwide Second Quarter 2021 Earnings Conference Call

Tuesday, July 27, 2021; 5:00 p.m. Eastern Time

Presentation slides and a simultaneous live audio webcast of the conference call may be accessed through the Investor Relations link on C.H. Robinson's website at [www.chrobinson.com](http://www.chrobinson.com).

To participate in the conference call by telephone, please call ten minutes early by dialing: 877-269-7756

International callers dial +1-201-689-7817

**Adjusted Gross Profit by Service Line**  
(in thousands)

This table of summary results presents our service line adjusted gross profits on an enterprise basis. The service line adjusted gross profits in the table differ from the service line adjusted gross profits discussed within the segments as our segments have revenues from multiple service lines.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% change	2021	2020	% change
Adjusted gross profits <sup>(1)</sup> :						
Transportation						
Truckload	\$ 308,027	\$ 278,366	10.7 %	\$ 608,050	\$ 543,292	11.9 %
LTL	129,868	106,956	21.4 %	251,421	220,865	13.8 %
Ocean	150,986	78,853	91.5 %	286,496	148,755	92.6 %
Air	53,057	52,405	1.2 %	98,951	80,743	22.6 %
Customs	25,513	19,461	31.1 %	49,735	40,654	22.3 %
Other logistics services	53,692	49,980	7.4 %	105,432	93,717	12.5 %
Total transportation	721,143	586,021	23.1 %	1,400,085	1,128,026	24.1 %
Sourcing	28,033	28,432	(1.4)%	51,471	54,380	(5.3)%
Total adjusted gross profits	\$ 749,176	\$ 614,453	21.9 %	\$ 1,451,556	\$ 1,182,406	22.8 %

<sup>(1)</sup> Adjusted gross profits is a non-GAAP financial measure explained later in this release. The difference between adjusted gross profits and gross profits is not material.

### GAAP to Non-GAAP Reconciliation

(unaudited, in thousands)

Our adjusted gross profit is a non-GAAP financial measure. Adjusted gross profit is calculated as gross profit excluding amortization of internally developed software utilized to directly serve our customers and contracted carriers. We believe adjusted gross profit is a useful measure of our ability to source, add value, and sell services and products that are provided by third parties, and we consider adjusted gross profit to be a primary performance measurement. Accordingly, the discussion of our results of operations often focuses on the changes in our adjusted gross profit. The reconciliation of gross profit to adjusted gross profit is presented below (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% change	2021	2020	% change
<b>Revenues:</b>						
Transportation	\$ 5,240,448	\$ 3,348,611	56.5 %	\$ 9,800,675	\$ 6,890,729	42.2 %
Sourcing	292,278	279,235	4.7 %	535,920	542,125	(1.1)%
Total revenues	5,532,726	3,627,846	52.5 %	10,336,595	7,432,854	39.1 %
<b>Costs and expenses:</b>						
Purchased transportation and related services	4,519,305	2,762,590	63.6 %	8,400,590	5,762,703	45.8 %
Purchased products sourced for resale	264,245	250,803	5.4 %	484,449	487,745	(0.7)%
Direct internally developed software amortization	4,802	3,991	20.3 %	9,449	7,736	22.1 %
Total direct expenses	4,788,352	3,017,384	58.7 %	8,894,488	6,258,184	42.1 %
Gross profit	\$ 744,374	\$ 610,462	21.9 %	\$ 1,442,107	\$ 1,174,670	22.8 %
Plus: Direct internally developed software amortization	4,802	3,991	20.3 %	9,449	7,736	22.1 %
Adjusted gross profit	\$ 749,176	\$ 614,453	21.9 %	\$ 1,451,556	\$ 1,182,406	22.8 %

Our adjusted operating margin is a non-GAAP financial measure calculated as operating income divided by adjusted gross profit. We believe adjusted operating margin is a useful measure of our profitability in comparison to our adjusted gross profit which we consider a primary performance metric as discussed above. The comparison of operating margin to adjusted operating margin is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% change	2021	2020	% change
Total revenues	\$ 5,532,726	\$ 3,627,846	52.5 %	\$ 10,336,595	\$ 7,432,854	39.1 %
Operating income	260,604	188,787	38.0 %	483,933	298,227	62.3 %
Operating margin	4.7 %	5.2 %	(50) bps	4.7 %	4.0 %	70 bps
Adjusted gross profit	\$ 749,176	\$ 614,453	21.9 %	\$ 1,451,556	\$ 1,182,406	22.8 %
Operating income	260,604	188,787	38.0 %	483,933	298,227	62.3 %
Adjusted operating margin	34.8 %	30.7 %	410 bps	33.3 %	25.2 %	810 bps

**Condensed Consolidated Statements of Income**  
(unaudited, in thousands, except per share data)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% change	2021	2020	% change
Revenues:						
Transportation	\$ 5,240,448	\$ 3,348,611	56.5 %	\$ 9,800,675	\$ 6,890,729	42.2 %
Sourcing	292,278	279,235	4.7 %	535,920	542,125	(1.1)%
Total revenues	5,532,726	3,627,846	52.5 %	10,336,595	7,432,854	39.1 %
Costs and expenses:						
Purchased transportation and related services	4,519,305	2,762,590	63.6 %	8,400,590	5,762,703	45.8 %
Purchased products sourced for resale	264,245	250,803	5.4 %	484,449	487,745	(0.7)%
Personnel expenses	362,901	300,483	20.8 %	723,736	630,703	14.8 %
Other selling, general, and administrative expenses	125,671	125,183	0.4 %	243,887	253,476	(3.8)%
Total costs and expenses	5,272,122	3,439,059	53.3 %	9,852,662	7,134,627	38.1 %
Income from operations	260,604	188,787	38.0 %	483,933	298,227	62.3 %
Interest and other expense	(13,497)	(10,211)	32.2 %	(24,757)	(25,439)	(2.7)%
Income before provision for income taxes	247,107	178,576	38.4 %	459,176	272,788	68.3 %
Provision for income taxes	53,318	34,637	53.9 %	92,082	50,703	81.6 %
Net income	\$ 193,789	\$ 143,939	34.6 %	\$ 367,094	\$ 222,085	65.3 %
Net income per share (basic)	\$ 1.45	\$ 1.07	35.5 %	\$ 2.74	\$ 1.64	67.1 %
Net income per share (diluted)	\$ 1.44	\$ 1.06	35.8 %	\$ 2.71	\$ 1.64	65.2 %
Weighted average shares outstanding (basic)	133,275	135,010	(1.3)%	133,888	135,241	(1.0)%
Weighted average shares outstanding (diluted)	134,856	135,610	(0.6)%	135,276	135,776	(0.4)%

**Business Segment Information**  
(unaudited, in thousands, except average headcount)

	NAST	Global Forwarding	All Other and Corporate	Consolidated
Three Months Ended June 30, 2021				
Total revenues	\$ 3,585,481	\$ 1,450,794	\$ 496,451	\$ 5,532,726
Adjusted gross profits <sup>(1)</sup>	436,596	238,754	73,826	749,176
Income from operations	151,092	108,212	1,300	260,604
Depreciation and amortization	6,534	6,276	10,127	22,937
Total assets <sup>(2)</sup>	3,278,540	1,852,473	775,551	5,906,564
Average headcount	6,580	4,909	3,916	15,405

	NAST	Global Forwarding	All Other and Corporate	Consolidated
Three Months Ended June 30, 2020				
Total revenues	\$ 2,475,292	\$ 707,820	\$ 444,734	\$ 3,627,846
Adjusted gross profits <sup>(1)</sup>	379,556	162,960	71,937	614,453
Income (loss) from operations	136,846	58,775	(6,834)	188,787
Depreciation and amortization	7,201	9,206	9,351	25,758
Total assets <sup>(2)</sup>	2,793,290	1,029,203	1,003,196	4,825,689
Average headcount	6,960	4,726	3,608	15,294

<sup>(1)</sup> Adjusted gross profits is a non-GAAP financial measure explained above. The difference between adjusted gross profits and gross profits is not material.

<sup>(2)</sup> All cash and cash equivalents are included in All Other and Corporate.

**Business Segment Information**  
(unaudited, in thousands, except average headcount)

	NAST	Global Forwarding	All Other and Corporate	Consolidated
Six Months Ended June 30, 2021				
Total revenues	\$ 6,796,904	\$ 2,606,833	\$ 932,858	\$ 10,336,595
Adjusted gross profits <sup>(1)</sup>	857,704	453,054	140,798	1,451,556
Income (loss) from operations	287,876	198,801	(2,744)	483,933
Depreciation and amortization	13,159	11,925	21,131	46,215
Total assets <sup>(2)</sup>	3,278,540	1,852,473	775,551	5,906,564
Average headcount	6,578	4,832	3,823	15,233

	NAST	Global Forwarding	All Other and Corporate	Consolidated
Six Months Ended June 30, 2020				
Total revenues	\$ 5,299,037	\$ 1,238,204	\$ 895,613	\$ 7,432,854
Adjusted gross profits <sup>(1)</sup>	752,334	291,274	138,798	1,182,406
Income (loss) from operations	235,372	70,734	(7,879)	298,227
Depreciation and amortization	12,455	18,355	19,341	50,151
Total assets <sup>(2)</sup>	2,793,290	1,029,203	1,003,196	4,825,689
Average headcount	6,981	4,763	3,594	15,338

<sup>(1)</sup> Adjusted gross profits is a non-GAAP financial measure explained above. The difference between adjusted gross profits and gross profits is not material.

<sup>(2)</sup> All cash and cash equivalents are included in All Other and Corporate.



**Condensed Consolidated Balance Sheets**  
(unaudited, in thousands)

	June 30, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 172,803	\$ 243,796
Receivables, net of allowance for credit loss	3,166,769	2,449,577
Contract assets, net of allowance for credit loss	292,760	197,176
Prepaid expenses and other	90,230	51,152
Total current assets	<u>3,722,562</u>	<u>2,941,701</u>
Property and equipment, net of accumulated depreciation and amortization	174,194	178,949
Right-of-use lease assets	299,313	319,785
Intangible and other assets, net of accumulated amortization	1,710,495	1,703,823
Total assets	<u>\$ 5,906,564</u>	<u>\$ 5,144,258</u>
<b>Liabilities and stockholders' investment</b>		
Current liabilities:		
Accounts payable and outstanding checks	\$ 1,689,368	\$ 1,283,364
Accrued expenses:		
Compensation	150,393	138,460
Transportation expense	226,741	153,574
Income taxes	29,711	43,700
Other accrued liabilities	153,092	154,460
Current lease liabilities	65,859	66,174
Current portion of debt	271,215	—
Total current liabilities	<u>2,586,379</u>	<u>1,839,732</u>
Long-term debt	1,095,798	1,093,301
Noncurrent lease liabilities	249,068	268,572
Noncurrent income taxes payable	25,968	26,015
Deferred tax liabilities	28,642	22,182
Other long-term liabilities	14,539	14,523
Total liabilities	<u>4,000,394</u>	<u>3,264,325</u>
Total stockholders' investment	1,906,170	1,879,933
Total liabilities and stockholders' investment	<u>\$ 5,906,564</u>	<u>\$ 5,144,258</u>

**Condensed Consolidated Statements of Cash Flow**  
(unaudited, in thousands, except operational data)

	Six Months Ended June 30,	
	2021	2020
Operating activities:		
Net income	\$ 367,094	\$ 222,085
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	46,215	50,151
Provision for credit losses	(36)	9,374
Stock-based compensation	53,150	22,351
Deferred income taxes	(2,474)	(729)
Excess tax benefit on stock-based compensation	(9,367)	(11,999)
Other operating activities	933	12,341
Changes in operating elements, net of acquisitions:		
Receivables	(717,340)	(48,937)
Contract assets	(96,154)	(22,451)
Prepaid expenses and other	(38,971)	8,744
Accounts payable and outstanding checks	406,875	220,276
Accrued compensation	12,115	12,312
Accrued transportation expenses	73,167	20,284
Accrued income taxes	(4,431)	14,423
Other accrued liabilities	210	(6,345)
Other assets and liabilities	1,612	3,763
Net cash provided by operating activities	92,598	505,643
Investing activities:		
Purchases of property and equipment	(12,856)	(11,621)
Purchases and development of software	(16,981)	(13,418)
Acquisitions, net of cash acquired	(14,749)	(223,230)
Other investing activities	—	5,525
Net cash used for investing activities	(44,586)	(242,744)
Financing activities:		
Proceeds from stock issued for employee benefit plans	36,674	20,295
Total repurchases of common stock	(285,987)	(83,529)
Cash dividends	(139,756)	(137,104)
Proceeds from short-term borrowings	1,661,000	979,600
Payments on short-term borrowings	(1,390,038)	(1,122,600)
Net cash used for financing activities	(118,107)	(343,338)
Effect of exchange rates on cash	(898)	(5,183)
Net change in cash and cash equivalents	(70,993)	(85,622)
Cash and cash equivalents, beginning of period	243,796	447,858
Cash and cash equivalents, end of period	\$ 172,803	\$ 362,236
	As of June 30,	
Operational Data:	2021	2020
Employees	15,705	15,113

Source: C.H. Robinson  
CHRW-IR



**C.H. ROBINSON**

**Bob Biesterfeld, CEO**  
**Mike Zechmeister, CFO**  
**Chuck Ives, Director of IR**

**Q2 2021**

# **Earnings Presentation**

July 27, 2021

## → Safe Harbor Statement

Except for the historical information contained herein, the matters set forth in this presentation and the accompanying earnings release are forward-looking statements that represent our expectations, beliefs, intentions or strategies concerning future events. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience or our present expectations, including, but not limited to such factors as changes in economic conditions, including uncertain consumer demand; changes in market demand and pressures on the pricing for our services; competition and growth rates within the third party logistics industry; freight levels and increasing costs and availability of truck capacity or alternative means of transporting freight; changes in relationships with existing contracted truck, rail, ocean, and air carriers; changes in our customer base due to possible consolidation among our customers; our ability to successfully integrate the operations of acquired companies with our historic operations; risks associated with litigation, including contingent auto liability and insurance coverage; risks associated with operations outside of the United States; risks associated with the potential impact of changes in government regulations; risks associated with the produce industry, including food safety and contamination issues; fuel price increases or decreases, or fuel shortages; cyber-security related risks; the impact of war on the economy; changes to our capital structure; risks related to the elimination of LIBOR; changes due to catastrophic events including pandemics such as COVID-19; and other risks and uncertainties detailed in our Annual and Quarterly Reports.





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## → Q2 2021 Key Highlights

- Record quarter for Total Volumes, Revenues, Adjusted Gross Profit ("AGP") & Operating Income<sup>(1)</sup>
- Largest service lines delivered both year-over-year and sequential growth in total volumes, revenues & AGP
- Year-over-year volume growth in NAST Truckload & higher AGP/load
- Robust growth in Global Forwarding in a capacity-constrained environment
- Arun Rajan joining the company as Chief Product Officer to drive the next generation of innovation

(1) Adjusted gross profit is a non-GAAP financial measure. Adjusted gross profit is calculated as gross profit excluding amortization of internally developed software utilized to directly serve our customers and contracted carriers.



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## → Company Highlights

### NAST



Total NAST volume up 16% year-over-year and at an all-time high

Truckload volume up

**6.0%**

and AGP/load up 7.0%

Less-than-truckload volume up

**23.5%**

and AGP/order down 1.5%

### Technology Advancement

**290,000**

fully automated truckload bookings with our carriers

**90%**

of North America truckload freight is available to be booked in a fully digital manner

**27%**

increase in monthly average users of our customer platforms

**1,670**

basis point favorable spread in NAST Productivity Index

Quotes driven through our real-time pricing engine up

**85%**

Volume driven through our real-time pricing engine up

**160%**

Q2 2021



Highlights

**\$5.5B\***

of total revenues up 52.5% year-over-year

**\$749.2M\***

of adjusted gross profit up 21.9%

**\$260.6M\***

of income from operations up 38.0%

**\$1.44**

of diluted earnings per share up 35.8%

\*Record quarterly financial results



### Global Forwarding

Ocean volume up

**29.0%**

and AGP/shipment up 48.5%

Air volume (in metric tons) up

**42.5%**

and AGP/metric ton down 29.0%

Adjusted operating margin of

**45.3%**

AGP & Op Income per full-time equivalents up

**39% & 75%**

respectively



### Enterprise

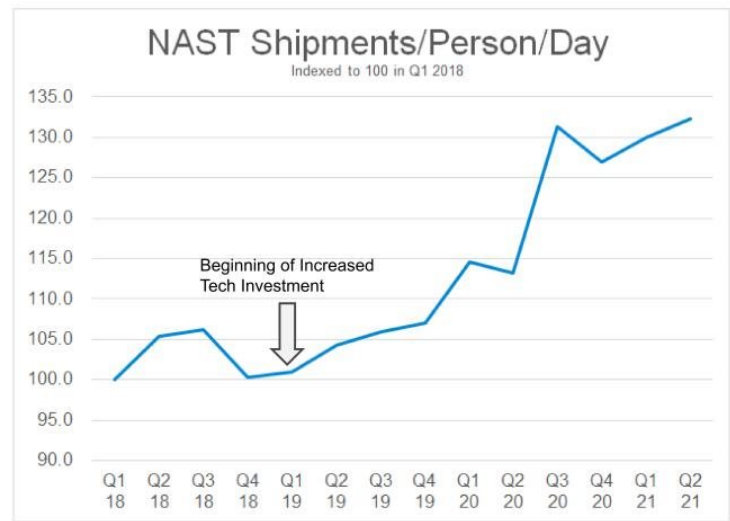
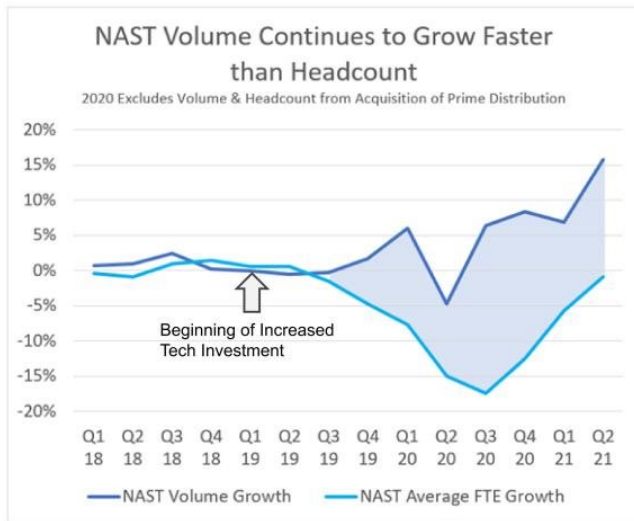
**\$6.7B**

of freight under management in Q2 up 54%



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## → Technology Advancements & Transformation Efforts Providing Meaningful Efficiencies





## → Results Q2 2021

\$ in thousands, except per share amounts	Three Months Ended June 30			Six Months Ended June 30		
	2021	2020	% CHANGE	2021	2020	% CHANGE
Total Revenues	\$5,532,726	\$3,627,846	52.5 %	\$10,336,595	\$7,432,854	39.1 %
Total Adjusted Gross Profits <sup>(1)</sup>	\$749,176	\$614,453	21.9 %	\$1,451,556	\$1,182,406	22.8 %
Adjusted Gross Profit Margin %	13.5 %	16.9 %	(340 bps)	14.0 %	15.9 %	(190 bps)
Personnel Expenses	\$362,901	\$300,483	20.8 %	\$723,736	\$630,703	14.8 %
Selling, General, and Admin	\$125,671	\$125,183	0.4 %	\$243,887	\$253,476	(3.8)%
Income from Operations	\$260,604	\$188,787	38.0 %	\$483,933	\$298,227	62.3 %
Adjusted Operating Margin %	34.8 %	30.7 %	410 bps	33.3 %	25.2 %	810 bps
Depreciation and Amortization	\$22,937	\$25,758	(11.0)%	\$46,215	\$50,151	(7.8)%
Net Income	\$193,789	\$143,939	34.6 %	\$367,094	\$222,085	65.3 %
Earnings Per Share (Diluted)	\$1.44	\$1.06	35.8 %	\$2.71	\$1.64	65.2 %
Average Headcount	15,405	15,294	0.7 %	15,233	15,338	(0.7)%

- Increase in adjusted gross profits driven primarily by higher volume in our ocean, truckload, less than truckload ("LTL") and air service lines and higher profit per shipment in ocean and truckload service lines
- Increase in personnel expenses driven primarily by higher incentive compensation costs that are aligned with our expected 2021 results and the impact of short-term, pandemic-driven, cost reductions in Q2 of 2020

<sup>(1)</sup> Adjusted gross profit and adjusted gross profit margin are non-GAAP financial measures. Adjusted gross profit is calculated as gross profit excluding amortization of internally developed software utilized to directly serve our customers and contracted carriers.

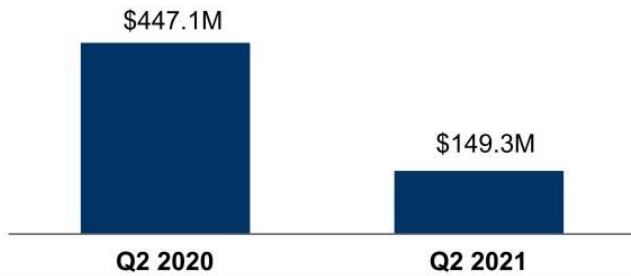


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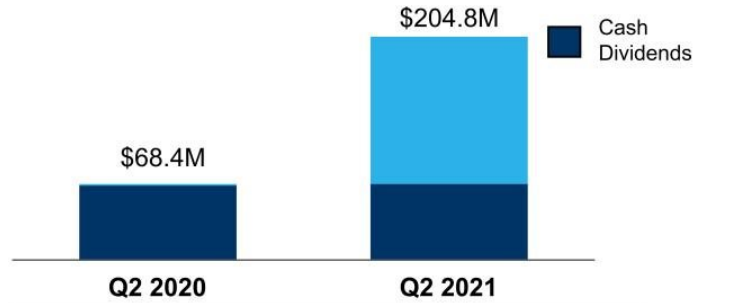
## → Q2 2021 Cash Flow and Capital Distribution

**Cash Flow from Operations**  
(67%)



- \$297.8 million decrease in cash flow driven primarily by an outsized improvement in operating working capital in second quarter of 2020
- \$16.3 million in capital expenditures
- Expect 2021 capital expenditures to be \$55-65 million

**Capital Distribution**  
199%



- \$204.8 million returned to shareholders
- \$69.7 million in cash dividends
- \$135.1 million in share repurchases
  - 1,385,735 shares repurchased at an average price of \$97.47 per share



## → Q2 2021 Balance Sheet

\$ in thousands	June 30, 2021	June 30, 2020	% CHANGE
Accounts Receivable, Net <sup>(1)</sup>	\$3,459,529	\$2,172,606	59.2%
Accounts Payable <sup>(2)</sup>	\$1,916,109	\$1,409,614	35.9%
<b>Net Operating Working Capital<sup>(3)</sup></b>	<b>\$1,543,420</b>	<b>\$762,992</b>	<b>102.3%</b>

- Increases in accounts receivable and accounts payable driven by increases in total revenues and the cost of purchased transportation, respectively
- Total debt balance \$1.37 billion
  - \$600 million senior unsecured notes maturing April 2028, 4.20% coupon
  - \$500 million private placement debt, 4.28% average coupon
    - \$175 million maturing in August 2023, \$150 million maturing in August 2028 and \$175 million maturing in August 2033
  - \$271 million outstanding on \$1.0 billion credit facility maturing October 2023, 1.20% average interest rate (LIBOR + 112.5 bps)
  - 3.7% weighted average interest rate in the quarter

(1) Accounts receivable amount includes contract assets, net of allowance for credit loss.

(2) Accounts payable amount includes outstanding checks and accrued transportation expense.

(3) Net operating working capital is defined as net accounts receivable less accounts payable.



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## → Truckload Price and Cost Change<sup>(1)(2)(3)</sup>



- 55% / 45% truckload contractual to transactional volume mix compared to 65% / 35% in Q2 last year
- Average routing guide depth of 1.7 in Managed Services business vs. 1.2 in Q2 last year

Truckload		Q2
Volume <sup>(2)(4)</sup>		+6.0%
Pricing <sup>(1)(2)(3)</sup>		+42.0%
Cost <sup>(1)(2)(3)</sup>		+47.5%
Adjusted Gross Profit <sup>(4)</sup>		+13.6%

(1) Price and cost change represents YoY change for North America truckload shipments across all segments.

(2) Growth rates are rounded to the nearest 0.5 percent.

(3) Pricing and cost measures exclude fuel surcharges and costs.

(4) Truckload volume and adjusted gross profit growth represents YoY change for NAST truckload.



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## → Q2 2021 NAST Results by Service

### Truckload, LTL and Other

Adjusted Gross Profits <sup>(1)</sup> (\$ in thousands)	Three Months Ended June 30		
	2021	2020	% Change
Truckload	\$286,574	\$252,165	13.6 %
LTL	\$128,155	\$105,428	21.6 %
Other	\$21,867	\$21,963	(0.4)%
<b>Total Adjusted Gross Profits</b>	<b>\$436,596</b>	<b>\$379,556</b>	<b>15.0 %</b>
Adjusted Gross Profit Margin %	12.2 %	15.3 %	(310 bps)

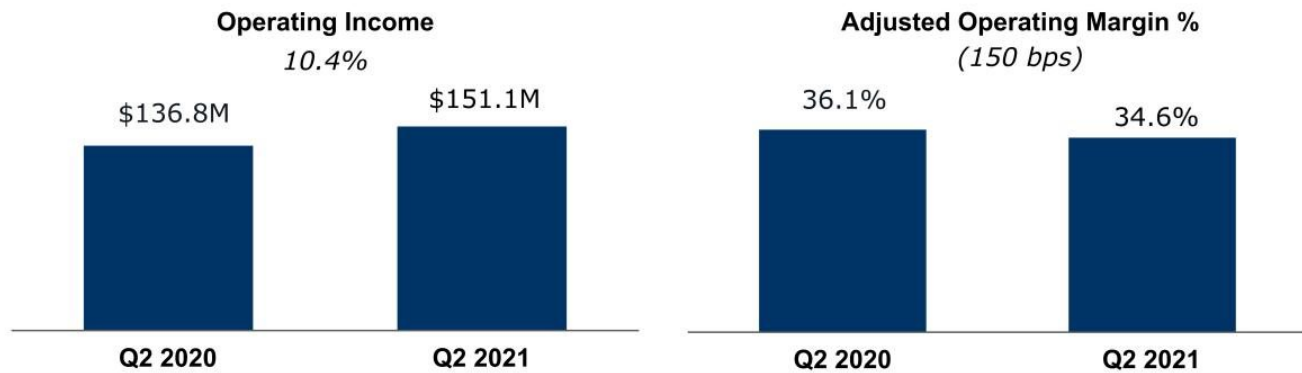
- Truckload volume up 6.0% and LTL volume up 23.5%<sup>(2)</sup>
- Truckload AGP per load increased 7.0% due to an increased mix of transactional volume and higher AGP per load on transactional volume<sup>(2)</sup>
- 290,000 fully automated truckload bookings
- Added 6,900 new carriers in the quarter

(1) Adjusted gross profit and adjusted gross profit margin are non-GAAP financial measures. Adjusted gross profit is calculated as gross profit excluding amortization of internally developed software utilized to directly serve our customers and contracted carriers.

(2) Growth rates are rounded to the nearest 0.5 percent.



## → Q2 2021 NAST Operating Income



- Improved operating income due to 15.0% increase in AGP
- Operating expenses increased 17.6%, primarily due to higher incentive compensation and the impact of short-term, pandemic-driven, cost reductions in Q2 of 2020
- Average headcount decreased 5.5%



## → Q2 2021 Global Forwarding Results by Service

### Ocean, Air, Customs and Other

Adjusted Gross Profits <sup>(1)</sup> (\$ in thousands)	Three Months Ended June 30		
	2021	2020	% Change
Ocean	\$150,916	\$78,734	91.7 %
Air	\$52,179	\$51,541	1.2 %
Customs	\$25,512	\$19,459	31.1 %
Other	\$10,147	\$13,226	(23.3)%
<b>Total Adjusted Gross Profits</b>	<b>\$238,754</b>	<b>\$162,960</b>	<b>46.5 %</b>
Adjusted Gross Profit Margin %	16.5 %	23.0 %	(650 bps)

- Continuing to add new commercial relationships with strategic, multi-national customers
- Benefiting from investments we have made in technology, data and analytics & our global network

- Ocean AGP increased due to an increase in profit per shipment and a 29.0% increase in shipments<sup>(2)</sup>
- Ocean market impacted by strong demand and capacity shortages
- Air AGP increased due to a 42.5% increase in metric tons shipped<sup>(2)</sup>
- Air market impacted by strong demand and air cargo capacity continues to be strained
- Customs AGP increased due to a 34.0% increase in transaction volume<sup>(2)</sup>

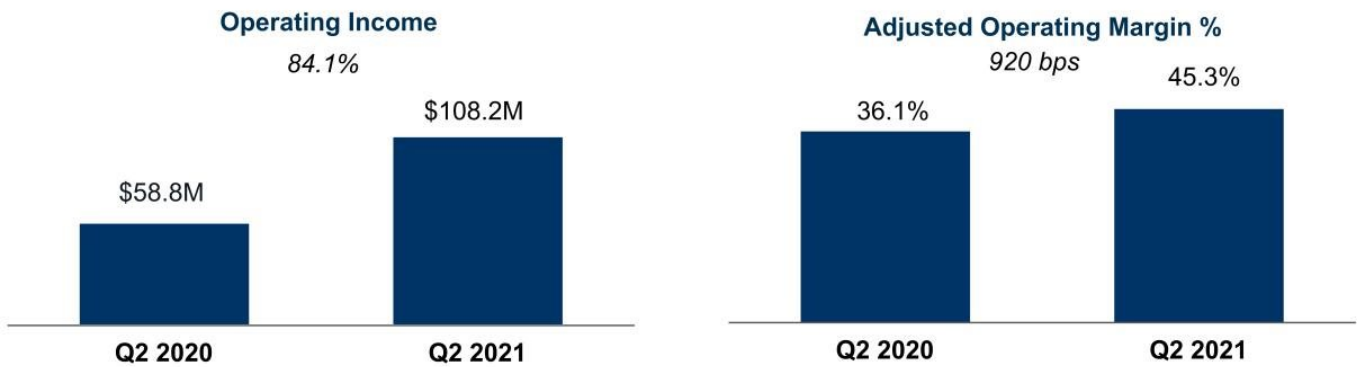
(1) Adjusted gross profit and adjusted gross profit margin are non-GAAP financial measures. Adjusted gross profit is calculated as gross profit excluding amortization of internally developed software utilized to directly serve our customers and contracted carriers.

(2) Growth rates are rounded to the nearest 0.5 percent.



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## → Q2 2021 Global Forwarding Operating Income



- Improved operating income due to 46.5% increase in AGP
- Operating expenses increased 25.3%, primarily due to higher salaries, technology and incentive compensation expenses, partially offset by lower amortization
  - 3.9% increase in average headcount and 5.4% increase in full-time equivalents





## → Q2 2021 All Other and Corporate Results

### Robinson Fresh, Managed Services and Other Surface Transportation

Adjusted Gross Profits <sup>(1)</sup> (\$ in thousands)	Three Months Ended June 30		
	2021	2020	% Change
Robinson Fresh	\$29,940	\$30,202	(0.9)%
Managed Services	\$26,234	\$23,503	11.6%
Other Surface Transportation	\$17,652	\$18,232	(3.2)%
<b>Total</b>	<b>\$73,826</b>	<b>\$71,937</b>	<b>2.6%</b>

#### Robinson Fresh

- Decline in profit per case partially offset by an 8.0% increase in case volume<sup>(2)</sup>
- Operating income up 5.3%, due to a 2.9% reduction in operating expenses, and operating margin up 150 bps

#### Managed Services

- 18.5% increase in transaction volume and 44.0% increase in total freight under management<sup>(2)</sup>
- Operating income up 19.9% and operating margin up 130 bps

#### Other Surface Transportation

- 5.2% decline in Europe truckload AGP, due to higher AGP margin in 2020 caused by COVID lockdowns in Europe

(1) Adjusted gross profit is a non-GAAP financial measure. Adjusted gross profit is calculated as gross profit excluding amortization of internally developed software utilized to directly serve our customers and contracted carriers.

(2) Growth rates are rounded to the nearest 0.5 percent.







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# Appendix

289.33

## → Q2 2021 Transportation Results<sup>(1)</sup>

Transportation (\$ in thousands)	Three Months Ended June 30			Six Months Ended June 30		
	2021	2020	% Change	2021	2020	% Change
Total Revenues	\$5,240,448	\$3,348,611	56.5%	\$9,800,675	\$6,890,729	42.2%
Total Adjusted Gross Profits <sup>(2)</sup>	\$721,143	\$586,021	23.1%	\$1,400,085	\$1,128,026	24.1%
Adjusted Gross Profit Margin %	13.8%	17.5%	(370 bps)	14.3%	16.4%	(210 bps)

Transportation Adjusted Gross Profit Margin %	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Q1	16.9%	16.3%	15.3%	16.8%	19.7%	17.3%	16.4%	18.6%	15.3%	14.9%
Q2	14.9%	15.4%	16.0%	17.5%	19.3%	16.2%	16.2%	18.3%	17.5%	13.8%
Q3	15.6%	15.0%	16.2%	18.4%	17.6%	16.4%	16.6%	16.9%	14.4%	
Q4	15.8%	15.1%	15.9%	19.0%	17.2%	16.6%	17.7%	15.6%	14.3%	
Total	15.8%	15.4%	15.9%	17.9%	18.4%	16.6%	16.7%	17.3%	15.3%	

(1) Includes results across all segments.

(2) Adjusted gross profits is a non-GAAP financial measure explained later in this presentation. The difference between adjusted gross profits and gross profits is not material.



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## → Q2 2021 NAST Results

\$ in thousands	Three Months Ended June 30			Six Months Ended June 30		
	2021	2020	% Change	2021	2020	% Change
Total Revenues	\$3,585,481	\$2,475,292	44.9%	\$6,796,904	\$5,299,037	28.3%
Total Adjusted Gross Profits <sup>(1)</sup>	\$436,596	\$379,556	15.0%	\$857,704	\$752,334	14.0%
Adjusted Gross Profit Margin %	12.2%	15.3%	(310 bps)	12.6%	14.2%	(160 bps)
Income from Operations	\$151,092	\$136,846	10.4%	\$287,876	\$235,372	22.3%
Adjusted Operating Margin %	34.6%	36.1%	(150 bps)	33.6%	31.3%	230 bps
Depreciation and Amortization	\$6,534	\$7,201	(9.3%)	\$13,159	\$12,455	5.7%
Total Assets	\$3,278,540	\$2,793,290	17.4%	\$3,278,540	\$2,793,290	17.4%
Average Headcount	6,580	6,960	(5.5%)	6,578	6,981	(5.8%)

(1) Adjusted gross profits is a non-GAAP financial measure explained later in this presentation. The difference between adjusted gross profits and gross profits is not material.



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## → Q2 2021 Global Forwarding Results

\$ in thousands	Three Months Ended June 30			Six Months Ended June 30		
	2021	2020	% Change	2021	2020	% Change
Total Revenues	\$1,450,794	\$707,820	105.0%	\$2,606,833	\$1,238,204	110.5%
Total Adjusted Gross Profits <sup>(1)</sup>	\$238,754	\$162,960	46.5%	\$453,054	\$291,274	55.5%
Adjusted Gross Profit Margin %	16.5%	23.0%	(650 bps)	17.4%	23.5%	(610 bps)
Income from Operations	\$108,212	\$58,775	84.1%	\$198,801	\$70,734	181.1%
Adjusted Operating Margin %	45.3%	36.1%	920 bps	43.9 %	24.3 %	1,960 bps
Depreciation and Amortization	\$6,276	\$9,206	(31.8%)	\$11,925	\$18,355	(35.0%)
Total Assets	\$1,852,473	\$1,029,203	80.0%	\$1,852,473	\$1,029,203	80.0%
Average Headcount	4,909	4,726	3.9%	4,832	4,763	1.4%

(1) Adjusted gross profits is a non-GAAP financial measure explained later in this presentation. The difference between adjusted gross profits and gross profits is not material.



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## → Q2 2021 All Other and Corporate Results

\$ in thousands	Three Months Ended June 30			Six Months Ended June 30		
	2021	2020	% Change	2021	2020	% Change
Total Revenues	\$496,451	\$444,734	11.6%	\$932,858	\$895,613	4.2%
Total Adjusted Gross Profits <sup>(1)</sup>	\$73,826	\$71,937	2.6%	\$140,798	\$138,798	1.4%
Income from Operations	\$1,300	(\$6,834)	NM	(\$2,744)	(\$7,879)	NM
Depreciation and Amortization	\$10,127	\$9,351	8.3%	\$21,131	\$19,341	9.3%
Total Assets	\$775,551	\$1,003,196	(22.7%)	\$775,551	\$1,003,196	(22.7%)
Average Headcount	3,916	3,608	8.5%	3,823	3,594	6.4%

(1) Adjusted gross profits is a non-GAAP financial measure explained later in this presentation. The difference between adjusted gross profits and gross profits is not material.



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## → Non-GAAP Reconciliations

Our adjusted gross profit and adjusted gross profit margin are non-GAAP financial measures. Adjusted gross profit is calculated as gross profit excluding amortization of internally developed software utilized to directly serve our customers and contracted carriers. Adjusted gross profit margin is calculated as adjusted gross profit divided by total revenues. We believe adjusted gross profit and adjusted gross profit margin are useful measures of our ability to source, add value, and sell services and products that are provided by third parties, and we consider adjusted gross profit to be a primary performance measurement. The reconciliation of gross profit to adjusted gross profit and gross profit margin to adjusted gross profit margin are presented below (in thousands):

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Revenues:				
Transportation	\$ 5,240,448	\$ 3,348,611	\$ 9,800,675	\$ 6,890,729
Sourcing	292,278	279,235	535,920	542,125
Total Revenues	5,532,726	3,627,846	10,336,595	7,432,854
Costs and expenses:				
Purchased transportation and related services	4,519,305	2,762,590	8,400,590	5,762,703
Purchased products sourced for resale	264,245	250,803	484,449	487,745
Direct internally developed software amortization	4,802	3,991	9,449	7,736
Total direct costs	4,788,352	3,017,384	8,894,488	6,258,184
<b>Gross profit &amp; Gross profit margin</b>	<b>744,374</b> 13.5 %	<b>610,462</b> 16.8 %	<b>1,442,107</b> 14.0 %	<b>1,174,670</b> 15.8 %
Plus: Direct internally developed software amortization	4,802	3,991	9,449	7,736
<b>Adjusted gross profit / Adjusted gross profit margin</b>	<b>749,176</b> 13.5 %	<b>614,453</b> 16.9 %	<b>1,451,556</b> 14.0 %	<b>1,182,406</b> 15.9 %



## → Non-GAAP Reconciliations

Our adjusted operating margin is a non-GAAP financial measure calculated as operating income divided by adjusted gross profit. We believe adjusted operating margin is a useful measure of our profitability in comparison to our adjusted gross profit which we consider a primary performance metric as discussed above. The reconciliation of operating margin to adjusted operating margin is presented below (in thousands):

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Total Revenues	\$ 5,532,726	\$ 3,627,846	\$ 10,336,595	\$ 7,432,854
Operating income	260,604	188,787	483,933	298,227
<b>Operating margin</b>	<b>4.7 %</b>	<b>5.2 %</b>	<b>4.7 %</b>	<b>4.0 %</b>
Adjusted gross profit	\$ 749,176	\$ 614,453	\$ 1,451,556	\$ 1,182,406
Operating income	260,604	188,787	483,933	298,227
<b>Adjusted operating margin</b>	<b>34.8 %</b>	<b>30.7 %</b>	<b>33.3 %</b>	<b>25.2 %</b>







**C.H. ROBINSON**

**Thank you**





