



**C.H. ROBINSON**  
WORLDWIDE, INC.

***Commodity Trends 2012***  
**September 21, 2011**  
**Bryan Foe, Vice President**

# Company Overview



We are a service company: we invest in people, technology, relationships and working capital

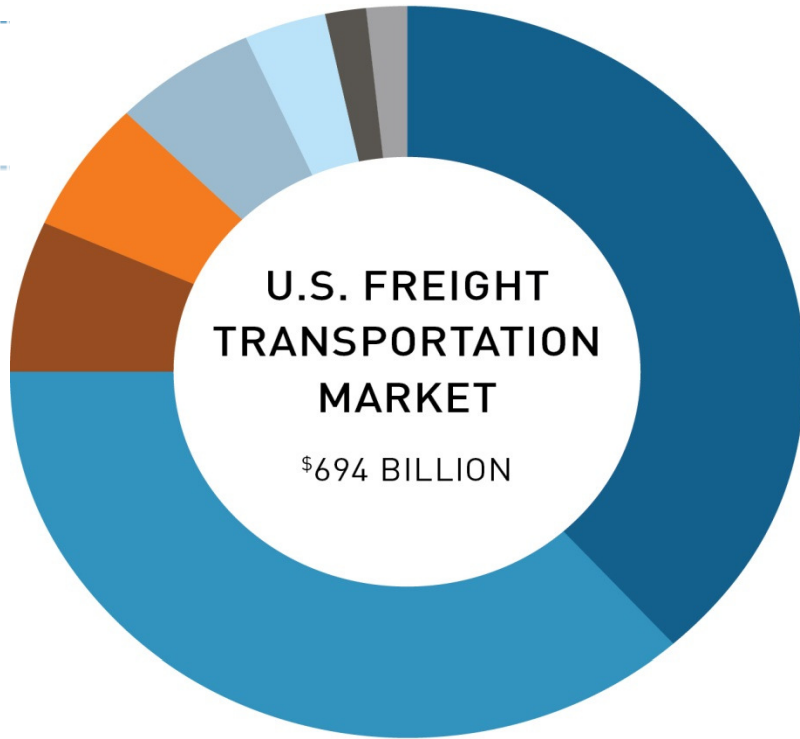
- + \$9.3 billion in annual gross revenues
- + 36,000 customers
- + 49,000 transportation providers
- + Global network of 8,000 employees in 230+ offices, 26 countries
- + Proprietary technology
- + Founded in 1905; publicly traded since 1997



# Core Transportation & Logistics Trends and Challenges

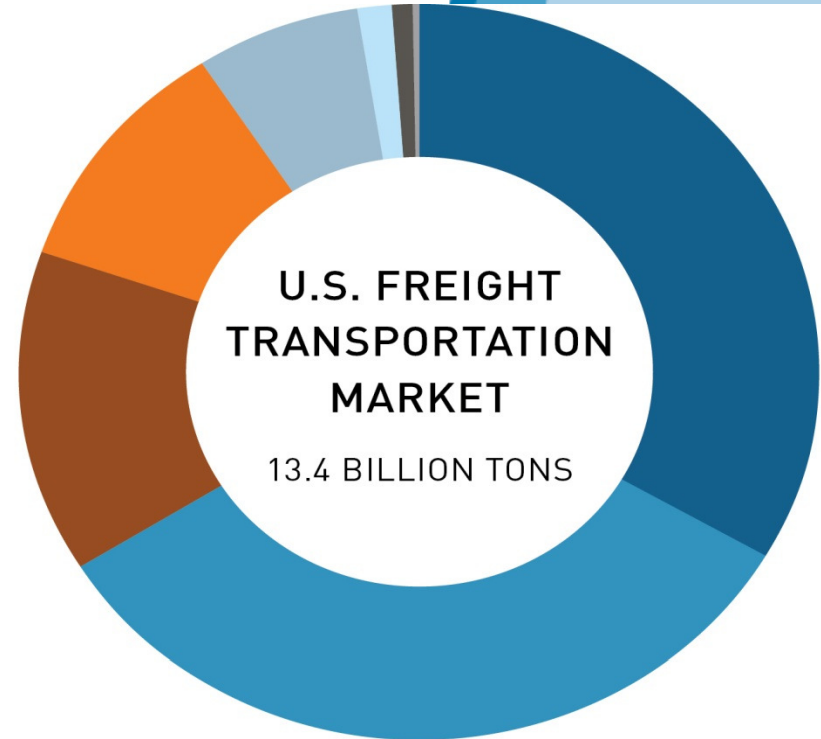


- + Transportation, logistics, and supply chain continue to increase as competitive differentiators
- + Increases in transportation supply vs. demand volatility are driving increased price volatility
- + Technology, information, and globalization are drivers



	<b>Private Fleet</b>	\$268	39%
	<b>Truckload</b>	\$255	37%
	<b>Rail Carload</b>	\$46	7%
	<b>LTL</b>	\$40	6%
	<b>Pipeline</b>	\$40	6%
	<b>Air</b>	\$24	3%
	<b>Rail Intermodal</b>	\$11	2%
	<b>Water</b>	\$11	2%

Figures in billions of dollars



	<b>Private Fleet</b>	4469	33%
	<b>Truckload</b>	4399	33%
	<b>Rail Carload</b>	1889	14%
	<b>Pipeline</b>	1428	11%
	<b>Water</b>	899	7%
	<b>Rail Intermodal</b>	158	1%
	<b>LTL</b>	129	1%
	<b>Air</b>	13	0%

Figures in billions of tons

Source: American Trucking Associations, Stifel Nicolaus Estimates | Estimates are based on 2010 market data

# Why is supply chain volatility increasing?



## Demand Factors

- + Recessions and emerging markets
- + Interdependencies: global consumers, currency fluctuations
- + Lean inventory management practices, more emphasis on capital management
- + Automated replenishment
- + Innovation focus, shorter product cycles, obsolescence
- + Sophisticated, automated shippers and consumers

# Why is supply chain volatility increasing?



## Supply Factors

- + Capacity production variances, financing challenges, complex ROI variables
- + TL capacity reductions – estimated decrease of 20%
- + Fluctuating fuel prices, energy strategies
- + Labor costs, driver shortages, pension and healthcare issues
- + Regulatory changes: emissions, HOS, safety, EOBR, trade agreements
- + Aggressive market share strategies and consolidation
- + Mode conversion and changing shipment sizes

## Impacts of these trends



- + Tighter capacity led to TL rate increases in last two years
- + Increased focus on mode conversion opportunities
- + Increased demand for outsourcing
- + New rate negotiation, contracting strategies
- + Less forward visibility on volumes and rates
- + Near-shoring/re-shoring

## Managing through increased volatility



- + More planning = be prepared
- + Know your key metrics = measure everything
- + Have flexibility = variable costs and multiple options, 3PL industry growth
- + Integrate supply chain and business strategies = competitive advantages
- + Be efficient = best practices & automation
- + Ensure alignment of strategic relationships = manage risk and share investments

Thank You