



NEWS RELEASE

Schneider National, Inc. Reports Second Quarter 2017 Results

8/1/2017

- Operating Revenues of \$1.1 billion, an increase of 8.1% compared to second quarter 2016
- Net Income of \$46.5 million, an increase of 5.2% compared to second quarter 2016
- Diluted Earnings Per Share of \$0.27, compared to second quarter 2016 of \$0.28
- Adjusted Diluted Earnings Per Share of \$0.23, compared to second quarter 2016 of \$0.28
- Full year 2017 adjusted diluted earnings per share guidance of \$0.94 to \$1.02

GREEN BAY, Wis.--(BUSINESS WIRE)-- Schneider National, Inc. (NYSE:SNDR), ("Schneider" or the "Company"), a leading transportation and logistics services company providing a broad portfolio of premier truckload, intermodal and logistics solutions and operating one of the largest for-hire trucking fleets in North America, today announced results for the second quarter and six-months ended June 30, 2017.

"We are pleased with our performance in the second quarter and reported overall results that were in line with what we had expected across all three of our businesses, including a number of key customer wins that we anticipate will help set the stage for our results in the second half of 2017," commented Chris Lofgren, Chief Executive Officer of Schneider. "Freight market dynamics improved throughout the quarter. Much of what we've faced thus far in 2017 stemmed from customer contracts that were negotiated during 2016 and inflationary driver costs that persisted into the second quarter."

Lofgren continued, "The second quarter also marked the one-year anniversary of our acquisitions of Watkins & Shepard and Lodeso, which enhanced our first-to-final mile service offering. Over the past year we've worked with omnichannel retailers and manufacturing customers to reduce complexities in the supply chain and provide a premium delivery service. The positive impact these acquisitions have delivered relative to new customers in new markets and revenue growth is undeniable. We are actively engaged in improving the effectiveness of the "middle mile network," and fully implementing the operating contribution disciplines of our Quest platform to accelerate profitability and growth."

Results of Operations (unaudited)

The following table sets forth, for the periods indicated, the Company's results of operations:

| (in thousands, except per share amounts) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|------------|---------------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| Operating revenues | \$ 1,075,172 | \$ 994,573 | \$ 2,081,611 | \$ 1,922,676 |
| Adjusted enterprise revenue (excluding fuel surcharge) | \$ 982,615 | \$ 922,283 | \$ 1,898,804 | \$ 1,794,232 |
| Income from operations | \$ 79,002 | \$ 79,639 | \$ 122,552 | \$ 131,672 |
| Adjusted income from operations | \$ 67,702 | \$ 79,639 | \$ 112,552 | \$ 131,672 |
| Operating ratio | 92.7 % | 92.0 % | 94.1 % | 93.2 % |
| Adjusted operating ratio | 93.1 % | 91.4 % | 94.1 % | 92.7 % |
| Net income | \$ 46,473 | \$ 44,167 | \$ 69,042 | \$ 72,306 |
| Adjusted net income | \$ 39,693 | \$ 44,167 | \$ 63,042 | \$ 72,306 |
| Adjusted EBITDA | \$ 136,338 | \$ 143,482 | \$ 249,058 | \$ 259,410 |
| Diluted earnings per share | \$ 0.27 | \$ 0.28 | \$ 0.42 | \$ 0.46 |
| Adjusted diluted earnings per share | \$ 0.23 | \$ 0.28 | \$ 0.38 | \$ 0.46 |
| Weighted average diluted shares outstanding | 174,453 | 156,425 | 165,436 | 156,160 |

Results of Operations - Enterprise

Enterprise operating revenues for the three months ended June 30, 2017 were \$1,075.2 million, an increase of \$80.6 million, or 8.1%, compared to the three months ended June 30, 2016 primarily due to the June 2016 acquisition of Watkins & Shepard and Lodeso (WSL), higher fuel surcharge revenue, brokerage growth and revenue generated from the Company's equipment leasing business.

Adjusted enterprise revenue (excluding fuel surcharge) for the three months ended June 30, 2017 was \$982.6 million, an increase of \$60.3 million, or 6.5%, compared to the three months ended June 30, 2016. Truckload revenue (excluding fuel surcharge) increased 4.5% compared to second quarter 2016 primarily due to the acquisition and improving market conditions throughout the quarter. Intermodal revenue (excluding fuel surcharge) increased 3.8% compared to second quarter 2016 primarily due to higher volume offset by network mix changes and a weaker pricing environment. Logistics revenue (excluding fuel surcharge) increased 7.2% compared to second quarter 2016 primarily due to brokerage growth.

Enterprise income from operations for the three months ended June 30, 2017 was \$79.0 million, a decrease of \$0.6 million, or 0.8%, compared to the three months ended June 30, 2016 primarily due to inflationary driver costs and lower gain on sale of equipment. The Company recorded an adjustment to a contingent consideration liability related to its acquisition of WSL in the second quarter of 2017, resulting in an increase in income from operations. The adjustment was caused by a change in the fair value of the contingent liability, which reflected three-year growth targets established by the seller prior to the close of the acquisition.

Adjusted income from operations for the three months ended June 30, 2017 was \$67.7 million, a decrease of \$11.9 million, or 15.0%, compared to second quarter 2016. The Company adjusted its income from operations by (\$12.9) million in the second quarter of 2017 for the WSL contingent consideration liability adjustment and by \$1.6 million for the duplicate chassis costs related to the cost of idle rental units due to its conversion to an owned chassis model. The Company remains on track with its conversion plan and expects to be completed by the end of 2017 to coincide with the expiration of the existing lease requirements. See the "Reconciliation of Non-GAAP Financial Measures" at the end of this release for additional details.

Interest expense (net) in the current quarter decreased \$0.5 million compared to second quarter 2016 due to lower

debt levels and increased interest income due to proceeds from the Company's initial public offering in April 2017 (the "IPO"). The effective income tax rate was 38.6% and 40.0% for the six months ended June 30, 2017 and 2016, respectively. The lower rate is due to resolution of tax credits claimed. The Company regularly claims tax credits which will impact the effective tax rate.

Net income for the three months ended June 30, 2017 was \$46.5 million, or \$0.27 on a weighted average diluted per share basis, an increase of \$2.3 million or 5.2%, compared to the three months ended June 30, 2016. Net income as a percent of operating revenues was 4.3% for second quarter 2017. Adjusted net income for second quarter 2017 was \$39.7 million, or \$0.23 on a weighted average diluted per share basis, a decrease of \$4.5 million, or 10.1% compared to second quarter 2016.

Adjusted EBITDA for the three months ended June 30, 2017 was \$136.3 million, a decrease of \$7.1 million or 5.0%, compared to the three months ended June 30, 2016. Adjusted EBITDA as a percentage of adjusted enterprise revenue (excluding fuel surcharge) was 13.9% for second quarter 2017 compared to 15.6% for second quarter 2016.

Cash Flow and Capitalization

At June 30, 2017, the Company had a total of \$449.6 million outstanding on various debt instruments compared to \$699.4 million as of December 31, 2016. At June 30, 2017, the Company had cash and cash equivalents of \$259.9 million compared to \$130.8 million at December 31, 2016. The Company's net increase in cash and cash equivalents of \$129.1 million was primarily due to proceeds from the IPO offset by debt repayments.

The Company's free cash flow increased \$23.2 million compared to the six months ended June 30, 2016. Capital expenditures decreased year over year due to lower purchases of transportation equipment, the result of a combination of factors including the acceleration of purchases in 2016. The used equipment market has stabilized in 2017, albeit at historically weak levels. Chassis capital expenditures for the six months ended June 30, 2017 were approximately \$69 million. Net cash provided by operating activities declined year over year due to a decrease in cash generated from income tax receivables and the timing of payables related to equipment purchases.

The Company declared a \$0.05 dividend payable to shareholders of record as of June 30, 2017. The dividend was paid on July 11, 2017. Additionally, the Company declared a \$0.05 dividend payable to shareholders of record as of September 20, 2017. This dividend is expected to be paid on October 2, 2017.

Results of Operations – Reportable Segments

Truckload

- Revenue (excluding fuel surcharge): \$543.0 million; an increase of 4.5% compared to second quarter 2016
- Income from Operations: \$53.2 million; a decrease of 13.7% compared to second quarter 2016

Truckload revenue (excluding fuel surcharge) increased 4.5% compared to second quarter 2016 primarily due to the acquisition of WSL in June 2016. Second quarter driver capacity, although stable, was below desired levels in

parts of the Truckload segment which partially offset the revenue attributed to the acquisition. The Company's operational focus on effective fleet sizing to freight volume and effective freight selection resulted in Truckload revenue per truck per week of \$3,608, an increase of \$103, or 2.9%, compared to second quarter 2016.

The Company's Truckload income from operations decreased 13.7% compared to second quarter 2016. Inflationary driver costs and lower gain on sale of equipment due to the continued weakness in the used equipment market were partially offset by earnings improvements from effective fleet sizing, freight selection through the Company's Quest platform and improving market conditions throughout the quarter.

Intermodal

- Revenue (excluding fuel surcharge): \$194.3 million; an increase of 3.8% compared to second quarter 2016
- Income from Operations: \$11.2 million; a decrease of 17.7% compared to second quarter 2016

Intermodal revenue (excluding fuel surcharge) increased 3.8% compared to second quarter 2016 due to a 10.6% increase in Intermodal volume partially offset by a 6.2% decrease in revenue per order. Intermodal revenue per order was \$1,858, a decrease of \$123 compared to second quarter 2016 due to growth in the East and Intra-West, which have shorter lengths of haul, and the continued competitive pricing environment.

The Company's Intermodal income from operations decreased 17.7% compared to second quarter 2016. Improved volume and tractor and container productivity were not able to overcome the impact of the competitive pricing environment and the increase in duplicative costs due to the conversion from leased to owned chassis. Duplicate chassis costs; which represent the cost of idle rented units, had a negative impact of \$1.6 million, or approximately 80 basis points on Intermodal's second quarter 2017 operating ratio. The Company remains on track with its conversion plan and expects to be completed by the end of 2017 to coincide with the expiration of the existing lease requirements. The full impact of reduced friction costs will not be realized until 2018; however, Intermodal has begun to realize decreased costs due to the new chassis in the areas of driver retention, safety and maintenance.

Logistics

- Revenue (excluding fuel surcharge): \$191.8 million; an increase of 7.2% compared to second quarter 2016
- Income from Operations: \$6.6 million; a decrease of 18.6% compared to second quarter 2016

Logistics revenue (excluding fuel surcharge) increased 7.2% compared to second quarter 2016 primarily due to growth of the Company's brokerage business. Brokerage revenue (excluding fuel surcharge) was 73% of Logistics revenue (excluding fuel surcharge) for second quarter 2017 vs. 72% for second quarter 2016.

The Company's Logistics income from operations decreased 18.6% compared to second quarter 2016. Despite the growth in brokerage volume, market conditions resulted in increased third party transportation costs compared to second quarter 2016 as evidenced by a decline in gross margin. Brokerage gross margin, however, did increase as the quarter progressed.

Business Outlook

"The market pressures of the first quarter continued into the second quarter," said Lofgren. "However, in June indications of improving market conditions began to appear. July is always a challenging month, so we will have a better read by mid-August, but we are cautiously optimistic that the market will see strengthening in the second half of 2017. The market improvement, our efforts to increase driver capacity, new Dedicated contracts and our ongoing revenue management work positions us well for the second half of 2017. Last quarter, I discussed my commitment to be thoughtful and disciplined as to capital expenditures. In light of anticipated market improvement and new customer wins, we have increased our anticipated full year net capital expenditures range to \$350 million to \$400 million which includes \$100 million for chassis. Further, we anticipate full year 2017 adjusted diluted earnings per share in the range of \$0.94 to \$1.02, which includes the impact of increased share count from the IPO estimated at \$0.10 per share."

Non-GAAP Financial Measures

We have presented certain non-GAAP financial measures, including adjusted enterprise revenue (excluding fuel surcharge), adjusted income from operations, adjusted operating ratio, adjusted EBITDA, adjusted net income, adjusted diluted earnings per share and free cash flow. Management believes the use of non-GAAP measures assists investors in understanding our business as further described below. The non-GAAP information provided is used by our management and may not be comparable to similar measures disclosed by other companies. The non-GAAP measures used herein have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP.

A reconciliation of net income per share to adjusted diluted earnings per share as projected for 2017 is not provided. Schneider does not forecast net income per share as we cannot, without unreasonable effort, estimate or predict with certainty various components of net income. The components of net income that we cannot predict include expenses for items that do not relate to our core operating performance such as duplicate chassis costs or costs related to potential future acquisition as well as related tax impact of these items. Further, in the future, other items with similar characteristics to those currently included in adjusted net income, that have a similar impact on the comparability of periods, and which are not known at this time, may exist and impact adjusted net income.

About Schneider National, Inc.

We are a leading transportation and logistics services company providing a broad portfolio of premier truckload, intermodal and logistics solutions and operate one of the largest for-hire trucking fleets in North America. We believe we have developed a differentiated business model that is difficult to replicate due to our scale, breadth of complementary service offerings and proprietary technology platform. Our highly flexible and balanced business combines asset-based truckload services with asset-light intermodal and non-asset logistics offerings, enabling us to serve our customers' diverse transportation needs. Since our founding in 1935, we believe we have become an iconic and trusted brand within the transportation industry by adhering to a culture of safety "first and always" and upholding our responsibility to our associates, our customers and the communities that we serve.

Special Note Regarding Forward-Looking Statements

This earnings release contains forward-looking statements, within the meaning of the United States Private Securities Litigation Reform Act of 1995, which are intended to come within the safe harbor protection provided by such Act. These forward-looking statements reflect our current expectations, beliefs, plans, or forecasts with respect to, among other things, future events and financial performance and trends in our business and industry. Forward-looking statements are often characterized by words or phrases such as “may,” “will,” “could,” “should,” “would,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “prospects,” “potential” and “forecast,” and other words, terms, and phrases of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks, and uncertainties. We caution readers that a forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement.

Such risks and uncertainties include, among others, those discussed under the heading “Risk Factors” in our Prospectus dated April 5, 2017 filed with the Securities and Exchange Commission (SEC) pursuant to Rule 424(b) of the Securities Act of 1933, as amended, which is deemed to be part of our Registration Statement on Form S-1 (File No. 333-215244), as well other filings with the SEC. In addition to any such risks, uncertainties, and other factors discussed elsewhere herein, risks, uncertainties, and other factors that could cause or contribute to actual results differing materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following: economic and business risks inherent in the truckload industry, including competitive pressures pertaining to pricing, capacity, and service; risks associated with the loss of a significant customer or customers; fluctuations in the price or availability of fuel, the volume and terms of diesel fuel purchase commitments, and our ability to recover fuel costs through our fuel surcharge programs; our ability to attract and retain qualified drivers, including owner-operators, in the operation of our intermodal and trucking businesses; risks related to demand for our service offerings; our ability to recruit, develop, and retain our key associates; the impact of laws and regulations that apply to our business, including those that relate to the environment, taxes, employees, and owner-operators, our captive insurance company, and the increased costs of compliance with existing or future federal, state, and local regulations; significant systems disruptions, including those caused by cybersecurity breaches; negative seasonal patterns generally experienced in the trucking industry during traditionally slower shipping periods and winter months; exposure to claims and lawsuits in the ordinary course of our business and the risk of insurance claims through our captive insurance company; our ability to effectively manage and implement our growth and diversification strategies and cost saving initiatives; risks associated with acquisitions and other strategic transactions; risks associated with obtaining materials, equipment, and services from our vendors and suppliers; risks associated with cross-border operations and doing business in foreign countries; risks associated with financial and credit markets, including our ability to service indebtedness and fund capital expenditures and strategic initiatives; and risks associated with reliance on third parties with respect to certain of our businesses, including railroads with respect to our intermodal business and third-party capacity providers for our Logistics brokerage business.

We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this report to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers

are cautioned not to place undue reliance on such forward-looking statements.

SCHNEIDER NATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(in thousands, except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|------------|---------------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| OPERATING REVENUES | \$ 1,075,172 | \$ 994,573 | \$ 2,081,611 | \$ 1,922,676 |
| OPERATING EXPENSES: | | | | |
| Purchased transportation | 387,541 | 358,197 | 754,869 | 696,396 |
| Salaries, wages, and benefits | 304,907 | 280,904 | 602,630 | 558,370 |
| Fuel and fuel taxes | 71,189 | 64,336 | 144,386 | 117,745 |
| Depreciation and amortization | 68,636 | 63,843 | 136,506 | 127,738 |
| Operating supplies and expenses | 127,667 | 104,720 | 233,901 | 203,983 |
| Insurance and related expenses | 20,252 | 18,599 | 42,083 | 37,268 |
| Other general expenses, net | 15,978 | 24,335 | 44,684 | 49,504 |
| Total operating expenses | 996,170 | 914,934 | 1,959,059 | 1,791,004 |
| INCOME FROM OPERATIONS | 79,002 | 79,639 | 122,552 | 131,672 |
| NONOPERATING EXPENSES: | | | | |
| Interest expense—net | 4,624 | 5,087 | 10,110 | 9,888 |
| Other—net | (221) | 941 | (88) | 1,274 |
| Total nonoperating expenses | 4,403 | 6,028 | 10,022 | 11,162 |
| INCOME BEFORE INCOME TAXES | 74,599 | 73,611 | 112,530 | 120,510 |
| PROVISION FOR INCOME TAXES | 28,126 | 29,444 | 43,488 | 48,204 |
| NET INCOME | \$ 46,473 | \$ 44,167 | \$ 69,042 | \$ 72,306 |
| Weighted average common shares outstanding | 174,424 | 156,295 | 165,422 | 156,000 |
| Basic earnings per share | \$ 0.27 | \$ 0.28 | \$ 0.42 | \$ 0.46 |
| Weighted average diluted shares outstanding | 174,453 | 156,425 | 165,436 | 156,160 |
| Diluted earnings per share | \$ 0.27 | \$ 0.28 | \$ 0.42 | \$ 0.46 |
| Dividends per share of common stock | \$ 0.05 | \$ — | \$ 0.10 | \$ — |

SCHNEIDER NATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(in thousands, except share data)

| | June 30, 2017 | December 31, 2016 |
|--|---------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 259,931 | \$ 130,787 |
| Marketable securities | 45,282 | 52,489 |
| Trade accounts receivable—net of allowance of \$3,928 and \$3,455, respectively | 449,174 | 443,984 |
| Other receivables | 21,918 | 41,807 |
| Current portion of lease receivables—net of allowance of \$1,493 and \$1,036, respectively | 94,917 | 100,211 |
| Inventories | 82,958 | 74,126 |
| Prepaid expenses and other current assets | 92,420 | 80,244 |
| Total current assets | 1,046,600 | 923,648 |
| NONCURRENT ASSETS: | | |
| Property and equipment: | | |
| Transportation equipment | 2,677,729 | 2,596,668 |
| Land, buildings, and improvements | 182,870 | 178,895 |
| Other | 174,479 | 191,664 |
| Total property and equipment | 3,035,078 | 2,967,227 |
| Accumulated depreciation | 1,222,664 | 1,209,172 |
| Net property and equipment | 1,812,414 | 1,758,055 |
| Lease receivables | 138,125 | 132,121 |
| Capitalized software and other noncurrent assets | 75,780 | 76,782 |
| Goodwill | 164,302 | 164,035 |
| Total noncurrent assets | 2,190,621 | 2,130,993 |
| TOTAL | \$ 3,237,221 | \$ 3,054,641 |

SCHNEIDER NATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands, except share data)

| | June 30, 2017 | December 31, 2016 |
|---|---------------------|----------------------|
| LIABILITIES, TEMPORARY EQUITY, AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade accounts payable | \$ 256,633 | \$ 227,253 |
| Accrued salaries and wages | 74,134 | 81,799 |
| Claims accruals - current | 54,477 | 52,216 |
| Current maturities of debt and capital lease obligations | 20,740 | 258,658 |
| Dividends payable | 8,842 | — |
| Other current liabilities | 52,826 | 57,342 |
| Total current liabilities | <u>467,652</u> | <u>677,268</u> |
| NONCURRENT LIABILITIES: | | |
| Long-term debt | 419,049 | 428,807 |
| Capital lease obligations | 8,873 | 10,820 |
| Claims accruals - noncurrent | 107,291 | 111,542 |
| Deferred income taxes | 575,029 | 538,624 |
| Other | 72,830 | 101,130 |
| Total noncurrent liabilities | <u>1,183,072</u> | <u>1,190,923</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| TEMPORARY EQUITY - REDEEMABLE COMMON SHARES | | |
| Redeemable common shares at December 31, 2016, Class A, no par value, shares authorized: 250,000,000, shares issued and outstanding: 83,029,500 | — | 563,217 |
| Redeemable common shares at December 31, 2016, Class B, no par value, shares authorized: 750,000,000, shares issued and outstanding: 73,294,560 | — | 497,175 |
| Accumulated earnings | — | 125,175 |
| Accumulated other comprehensive income | — | 883 |
| Total temporary equity | — | 1,186,450 |
| SHAREHOLDERS' EQUITY | | |
| Class A common shares at June 30, 2017, no par value, shares authorized: 250,000,000, shares issued and outstanding: 83,029,500 | — | — |
| Class B common shares at June 30, 2017, no par value, shares authorized: 750,000,000, shares issued and outstanding: 93,811,890 | — | — |
| Additional paid-in capital | 1,533,653 | — |
| Retained earnings | 52,384 | — |
| Accumulated other comprehensive income | 460 | — |
| Total shareholders' equity | <u>1,586,497</u> | <u>—</u> |
| TOTAL | <u>\$ 3,237,221</u> | <u>\$ 3,054,641</u> |

SCHNEIDER NATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

| | Six Months Ended June 30, | |
|---|---------------------------|------------------|
| | 2017 | 2016 |
| OPERATING ACTIVITIES: | | |
| Net income | \$ 69,042 | \$ 72,306 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 136,506 | 127,738 |
| Gain on sale of property and equipment | (6,114) | (10,977) |
| Deferred income taxes | 36,299 | 15,890 |
| WSL contingent consideration adjustment | (12,900) | — |
| Other noncash items | 1,616 | (661) |
| Changes in operating assets and liabilities: | | |
| Receivables | 15,026 | 36,573 |
| Other assets | (11,849) | (13,985) |
| Payables | 1,986 | 18,316 |
| Other liabilities | (2,919) | 20,166 |
| Net cash provided by operating activities | <u>226,693</u> | <u>265,366</u> |
| INVESTING ACTIVITIES: | | |
| Purchases of transportation equipment | (163,029) | (212,735) |
| Purchases of other property and equipment | (18,320) | (20,017) |
| Proceeds from sale of property and equipment | 34,595 | 24,141 |
| Proceeds from lease receipts and sale of off-lease inventory | 29,943 | 26,279 |
| Purchases of lease equipment | (51,993) | (45,998) |
| Sales of marketable securities | 7,232 | 3,096 |
| Purchases of marketable securities | — | (4,002) |
| Acquisition of businesses, net of cash acquired | — | (78,221) |
| Net cash used in investing activities | <u>(161,572)</u> | <u>(307,457)</u> |
| FINANCING ACTIVITIES: | | |
| Proceeds under revolving credit agreements | — | 75,000 |
| Payments under revolving credit agreements | (135,000) | (83,948) |
| Payments of debt and capital lease obligations | (114,751) | (13,255) |
| Payment of deferred consideration related to acquisition | (19,383) | — |
| Proceeds from IPO, net of issuance costs | 341,059 | — |
| Dividends on redeemable common shares | (7,816) | — |
| Redemptions of redeemable common shares | (86) | (16) |
| Proceeds from issuances of redeemable common shares | — | 2,298 |
| Net cash provided by (used in) financing activities | <u>64,023</u> | <u>(19,921)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>129,144</u> | <u>(62,012)</u> |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of period | <u>130,787</u> | <u>160,676</u> |

| | | | | | |
|--|----|----------|---------|-----------|--------|
| End of period | | \$ | 259,931 | \$ | 98,664 |
| ADDITIONAL CASH FLOW INFORMATION: | | | | | |
| Noncash investing and financing activity: | | | | | |
| Equipment purchases in accounts payable | \$ | 49,365 | \$ | 66,671 | |
| Dividends declared but not yet paid | \$ | 8,842 | \$ | — | |
| Costs in accounts payable related to our IPO | \$ | 412 | \$ | — | |
| Increase in redemption value of redeemable common shares | \$ | — | \$ | (109,961) | |
| Cash paid during the year for: | | | | | |
| Interest | \$ | 11,074 | \$ | 10,069 | |
| Income taxes—net of refunds | \$ | (13,546) | \$ | (32,432) | |

Schneider National, Inc.
Revenues and Income from Operations by Segment
(unaudited)

Revenues by Segment

| (in thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|----------------------------|-----------------------------|------------|---------------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| Truckload | \$ 543,004 | \$ 519,497 | \$ 1,065,114 | \$ 1,010,222 |
| Intermodal | 194,260 | 187,209 | 375,350 | 372,034 |
| Logistics | 191,751 | 178,847 | 375,655 | 345,597 |
| Other | 78,900 | 55,559 | 129,183 | 105,108 |
| Fuel surcharge | 92,557 | 72,290 | 182,807 | 128,444 |
| Inter-segment eliminations | (25,300) | (18,829) | (46,498) | (38,729) |
| Operating revenues | \$ 1,075,172 | \$ 994,573 | \$ 2,081,611 | \$ 1,922,676 |

Income from Operations by Segment

| (in thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|-----------|---------------------------|------------|
| | 2017 | 2016 | 2017 | 2016 |
| Truckload | \$ 53,231 | \$ 61,705 | \$ 91,751 | \$ 103,893 |
| Intermodal (1) | 11,232 | 13,646 | 17,866 | 20,735 |
| Logistics | 6,592 | 8,103 | 11,775 | 13,280 |
| Other (2) | 7,947 | (3,815) | 1,160 | (6,236) |
| Income from operations | 79,002 | 79,639 | 122,552 | 131,672 |
| Adjustments: | | | | |
| Duplicate chassis cost (1) | 1,600 | — | 2,900 | — |
| WSL contingent consideration adjustment (2) | (12,900) | — | (12,900) | — |
| Adjusted income from operations | \$ 67,702 | \$ 79,639 | \$ 112,552 | \$ 131,672 |

- (1) By the end of 2017, the Company expects Intermodal to have completed its migration to an owned chassis model, which requires the replacement of rented chassis with owned chassis to improve safety and reliability and to increase driver retention. During 2017 we expect to add 10,000 to our owned chassis units, resulting in a total of more than 15,000 owned chassis. The existing lease requirements do not expire until December 31, 2017. Accordingly, the Company is adjusting its income from operations for rental costs related to idle chassis as rented units are replaced.
- (2) The Company recorded an adjustment to the contingent consideration liability in the second quarter of 2017, resulting in an increase in income from operations. The adjustment was caused by a change in the fair value of the contingent liability, which reflected three-year growth targets established by the seller prior to the close of the acquisition.

Schneider National, Inc.
Key Performance Indicators by Segment
(unaudited)

| Truckload | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------|---------------------------|------------|
| | 2017 | 2016 | 2017 | 2016 |
| Dedicated standard | | | | |
| Revenue (excluding fuel surcharge) (1) | \$ 71,615 | \$ 76,358 | \$ 143,279 | \$ 150,333 |
| Average trucks (2) (3) | 1,615 | 1,763 | 1,635 | 1,765 |
| Revenue per truck per week (4) | \$ 3,448 | \$ 3,357 | \$ 3,423 | \$ 3,314 |
| Dedicated specialty | | | | |
| Revenue (excluding fuel surcharge) (1) | \$ 104,537 | \$ 93,978 | \$ 200,591 | \$ 184,046 |

| | | | | | | | | |
|--|----|---------|----|---------|----|-----------|----|-----------|
| Average trucks (2) (3) | | 2,228 | | 1,988 | | 2,178 | | 2,000 |
| Revenue per truck per week (4) | \$ | 3,649 | \$ | 3,664 | \$ | 3,598 | \$ | 3,581 |
| For-hire standard | | | | | | | | |
| Revenue (excluding fuel surcharge) (1) | \$ | 285,848 | \$ | 297,339 | \$ | 563,799 | \$ | 586,405 |
| Average trucks (2) (3) | | 6,287 | | 6,744 | | 6,332 | | 6,766 |
| Revenue per truck per week (4) | \$ | 3,535 | \$ | 3,418 | \$ | 3,478 | \$ | 3,373 |
| For-hire specialty | | | | | | | | |
| Revenue (excluding fuel surcharge) (1) | \$ | 81,004 | \$ | 51,822 | \$ | 157,445 | \$ | 89,438 |
| Average trucks (2) (3) | | 1,574 | | 996 | | 1,619 | | 922 |
| Revenue per truck per week (4) | \$ | 4,003 | \$ | 4,032 | \$ | 3,799 | \$ | 3,773 |
| Total Truckload | | | | | | | | |
| Revenue (excluding fuel surcharge) (1) | \$ | 543,004 | \$ | 519,497 | \$ | 1,065,114 | \$ | 1,010,222 |
| Average trucks (2) (3) | | 11,704 | | 11,491 | | 11,764 | | 11,453 |
| Revenue per truck per week (4) | \$ | 3,608 | \$ | 3,505 | \$ | 3,537 | \$ | 3,432 |
| Average company trucks (3) | | 8,980 | | 8,846 | | 9,016 | | 8,811 |
| Average owner-operator trucks (3) | | 2,724 | | 2,645 | | 2,748 | | 2,642 |
| Trailers | | 37,790 | | 36,885 | | 37,790 | | 36,885 |
| Operating ratio (5) | | 90.2 % | | 88.1 % | | 91.4 % | | 89.7 % |

(1) Revenue (excluding fuel surcharge) in thousands

(2) Includes company trucks and owner-operator trucks

(3) Calculated based on beginning and ending month counts and represents the average number of trucks available to haul freight over the specified time frame

(4) Calculated excluding fuel surcharge, consistent with how revenue is reported internally for segment purposes, using weighted workdays

(5) Calculated as segment operating expenses divided by segment revenue (excluding fuel surcharge)

| Intermodal | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-----------------------|-----------------------------|----------|---------------------------|----------|
| | 2017 | 2016 | 2017 | 2016 |
| Orders (in thousands) | 104.5 | 94.5 | 200.6 | 185.0 |
| Containers | 17,577 | 17,368 | 17,577 | 17,368 |
| Trucks (1) | 1,231 | 1,279 | 1,231 | 1,279 |
| Revenue per order (2) | \$ 1,858 | \$ 1,981 | \$ 1,871 | \$ 2,011 |
| Operating ratio (3) | 94.2 % | 92.7 % | 95.2 % | 94.4 % |

(1) Includes company trucks and owner-operator trucks at the end of the period

(2) Calculated excluding fuel surcharge, consistent with how revenue is reported internally for segment purposes

(3) Calculated as segment operating expenses divided by segment revenue (excluding fuel surcharge)

| Logistics | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---------------------|-----------------------------|-------|---------------------------|-------|
| | 2017 | 2016 | 2017 | 2016 |
| Operating ratio (1) | 96.6% | 95.5% | 96.9% | 96.2% |

(1) Calculated as segment operating expenses divided by segment revenue (excluding fuel surcharge)

Schneider National, Inc.

Reconciliation of Non - GAAP Financial Measures

(unaudited)

In this earnings release, we present the following non-GAAP financial measures: (1) adjusted enterprise revenue

(excluding fuel surcharge), (2) adjusted income from operations, (3) adjusted operating ratio, (4) adjusted net income, (5) adjusted diluted earnings per share, (6) adjusted EBITDA and (7) free cash flow. We also provide below reconciliations of these measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Management believes the use of each of these non-GAAP measures assists investors in understanding our business by (a) removing the impact of items from our operating results that, in our opinion, do not reflect our core operating performance, (b) providing investors with the same information our management uses internally to assess our core operating performance and (c) presenting comparable financial results between periods. In addition, in the case of adjusted enterprise revenue (excluding fuel surcharge), we believe the measure is useful to investors because it isolates volume, price, and cost changes directly related to industry demand and the way we operate our business from the exogenous factor of fluctuating fuel prices and the programs we have in place to manage fuel price fluctuations. Fuel-related costs and their impact on our industry are important to our results of operations, but they are often independent of other, more germane factors affecting our results of operations and our industry. With respect to free cash flow, we believe the measure provides investors with an important perspective on the cash available to fund our business after payment of capital expenditures related to the necessary components of ongoing operations. Free cash flow does not represent the residual cash flow available for discretionary expenditures as it excludes certain mandatory expenditures such as repayment of maturing debt. We use free cash flow as a measure to assess overall liquidity.

Although we believe these non-GAAP measures are useful to investors, they have limitations as analytical tools and may not be comparable to similar measures disclosed by other companies. You should not consider the non-GAAP measures in this report in isolation or as substitutes for, or alternatives to, analysis of our results as reported under GAAP. The exclusion of unusual or non-recurring items or other adjustments reflected in the non-GAAP measures should not be construed as an inference that our future results will not be affected by unusual or non-recurring items or by other items similar to such adjustments. Our management compensates for these limitations by relying primarily on our GAAP results in addition to using the non-GAAP measures.

Adjusted enterprise revenue (excluding fuel surcharge)

Adjusted enterprise revenue (excluding fuel surcharge) is a non-GAAP financial measure and is defined as operating revenues less fuel surcharge revenue. The following is a reconciliation of operating revenues, the most closely comparable GAAP financial measure, to adjusted enterprise revenue (excluding fuel surcharge).

| (in thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|------------|---------------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| Operating revenues | \$ 1,075,172 | \$ 994,573 | \$ 2,081,611 | \$ 1,922,676 |
| Less: Fuel surcharge revenue | 92,557 | 72,290 | 182,807 | 128,444 |
| Adjusted enterprise revenue (excluding fuel surcharge) | \$ 982,615 | \$ 922,283 | \$ 1,898,804 | \$ 1,794,232 |

Adjusted income from operations

Adjusted income from operations is a non-GAAP financial measure and is defined as income from operations, adjusted to exclude material items that do not reflect our core operating performance. For the periods shown, excluded items consist of duplicate chassis costs and the adjustment of a contingent liability related to the WSL acquisition, which are explained below. The following is a reconciliation of income from operations, which is the most directly comparable GAAP measure, to adjusted income from operations.

| (in thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|-----------|---------------------------|------------|
| | 2017 | 2016 | 2017 | 2016 |
| Income from operations | \$ 79,002 | \$ 79,639 | \$ 122,552 | \$ 131,672 |
| Duplicate chassis costs (1) | 1,600 | — | 2,900 | — |
| WSL contingent consideration adjustment (2) | (12,900) | — | (12,900) | — |
| Adjusted income from operations | \$ 67,702 | \$ 79,639 | \$ 112,552 | \$ 131,672 |

- (1) By the end of 2017, the Company expects Intermodal to have completed its migration to an owned chassis model, which requires the replacement of rented chassis with owned chassis to improve safety and reliability and to increase driver retention. During 2017 we expect to add 10,000 to our owned chassis units, resulting in a total of more than 15,000 owned chassis. The existing lease requirements do not expire until December 31, 2017. Accordingly, the Company is adjusting its income from operations for rental costs related to idle chassis as rented units are replaced.
- (2) The Company recorded an adjustment to the contingent consideration liability in the second quarter of 2017, resulting in an increase in income from operations. The adjustment was caused by a change in the fair value of the contingent liability, which reflected three-year growth targets established by the seller prior to the close of the acquisition.

Adjusted operating ratio

Adjusted operating ratio is a non-GAAP financial measure and is defined as operating expenses, adjusted to exclude material items that do not reflect our core operating performance, divided by adjusted enterprise revenue (excluding fuel surcharge). For the periods shown, excluded items consist of duplicate chassis costs and the adjustment of a contingent liability related to the WSL acquisition, which are shown below. The following is a reconciliation of operating ratio, which is the most directly comparable GAAP measure, to adjusted operating ratio.

| (in thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|------------|---------------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| Total operating expenses | \$ 996,170 | \$ 914,934 | \$ 1,959,059 | \$ 1,791,004 |
| Divide by: Operating revenues | 1,075,172 | 994,573 | 2,081,611 | 1,922,676 |
| Operating ratio | 92.7 % | 92.0 % | 94.1 % | 93.2 % |
| Operating revenues | \$ 1,075,172 | \$ 994,573 | \$ 2,081,611 | \$ 1,922,676 |
| Less: Fuel surcharge revenue | 92,557 | 72,290 | 182,807 | 128,444 |
| Adjusted enterprise revenue (excluding fuel surcharge) | \$ 982,615 | \$ 922,283 | \$ 1,898,804 | \$ 1,794,232 |
| Total operating expenses | \$ 996,170 | \$ 914,934 | \$ 1,959,059 | \$ 1,791,004 |
| Adjusted for: | | | | |
| Fuel surcharge revenue | (92,557) | (72,290) | (182,807) | (128,444) |
| Duplicate chassis costs | (1,600) | — | (2,900) | — |
| WSL contingent consideration adjustment | 12,900 | — | 12,900 | — |
| Adjusted total operating expenses | \$ 914,913 | \$ 842,644 | \$ 1,786,252 | \$ 1,662,560 |
| Adjusted operating ratio | 93.1 % | 91.4 % | 94.1 % | 92.7 % |

Adjusted net income and adjusted diluted earnings per share

Adjusted net income and adjusted diluted earnings per share are non-GAAP financial measures and are defined as net income and diluted earnings per share, adjusted to exclude material items that do not reflect our core

operating performance. For the periods shown, excluded items consist of duplicate chassis costs and the adjustment of a contingent liability related to the WSL acquisition, which are shown below. The following is a reconciliation of net income, which is the most directly comparable GAAP measure, to adjusted net income.

| (in thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|------------------|---------------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net income | \$ 46,473 | \$ 44,167 | \$ 69,042 | \$ 72,306 |
| Duplicate chassis costs | 1,600 | — | 2,900 | — |
| WSL contingent consideration adjustment | (12,900) | — | (12,900) | — |
| Income tax effect of non-GAAP adjustments | 4,520 | — | 4,000 | — |
| Adjusted net income | <u>\$ 39,693</u> | <u>\$ 44,167</u> | <u>\$ 63,042</u> | <u>\$ 72,306</u> |

The following is a reconciliation of diluted earnings per share, which is the most directly comparable GAAP measure, to adjusted diluted earnings per share.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-------------------------------------|-----------------------------|----------------|---------------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Diluted earnings per share | \$ 0.27 | \$ 0.28 | \$ 0.42 | \$ 0.46 |
| Non-GAAP adjustments, tax effected | (0.04) | — | (0.04) | — |
| Adjusted diluted earnings per share | <u>\$ 0.23</u> | <u>\$ 0.28</u> | <u>\$ 0.38</u> | <u>\$ 0.46</u> |

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure and is defined as net income, plus provision for income taxes, interest expense and depreciation and amortization, and is further adjusted to exclude other non-operating expenses, and other material items that do not reflect our core operating performance. For the periods shown, excluded items consist of duplicate chassis costs and the adjustment of a contingent liability related to the WSL acquisition, which are shown below. The following is a reconciliation of net income, which is the most directly comparable GAAP measure, to adjusted EBITDA.

| (in thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|-------------------|---------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net income | \$ 46,473 | \$ 44,167 | \$ 69,042 | \$ 72,306 |
| Provision for income taxes | 28,126 | 29,444 | 43,488 | 48,204 |
| Interest expense - net | 4,624 | 5,087 | 10,110 | 9,888 |
| Depreciation and amortization | 68,636 | 63,843 | 136,506 | 127,738 |
| Other - net | (221) | 941 | (88) | 1,274 |
| Duplicate chassis cost | 1,600 | — | 2,900 | — |
| WSL contingent consideration adjustment | (12,900) | — | (12,900) | — |
| Adjusted EBITDA | <u>\$ 136,338</u> | <u>\$ 143,482</u> | <u>\$ 249,058</u> | <u>\$ 259,410</u> |

Free cash flow

Free cash flow is a non-GAAP financial measure and is defined as net cash provided by operating activities less net cash used for capital expenditures. The following is a reconciliation of net cash provided by operating activities, which is the most directly comparable GAAP measure, to free cash flow.

(in thousands)

| | Six Months Ended June 30, | |
|--|---------------------------|------------|
| | 2017 | 2016 |
| Net cash provided by operating activities | \$ 226,693 | \$ 265,366 |
| Purchases of transportation equipment | (163,029) | (212,735) |
| Purchases of other property and equipment | (18,320) | (20,017) |
| Proceeds from sale of property and equipment | 34,595 | 24,141 |
| Net capital expenditures | (146,754) | (208,611) |
| Free cash flow | \$ 79,939 | \$ 56,755 |

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