

C.H. Robinson Worldwide, Inc.

Recommendation **HOLD** ★★☆☆☆

Price
\$94.90 [as of Aug 10, 2018 4:00 PM ET]

12-Mo. Target Price
\$100.00

Report Currency
USD

Investment Style
Mid-Cap Value

Equity Analyst Jim Corridore

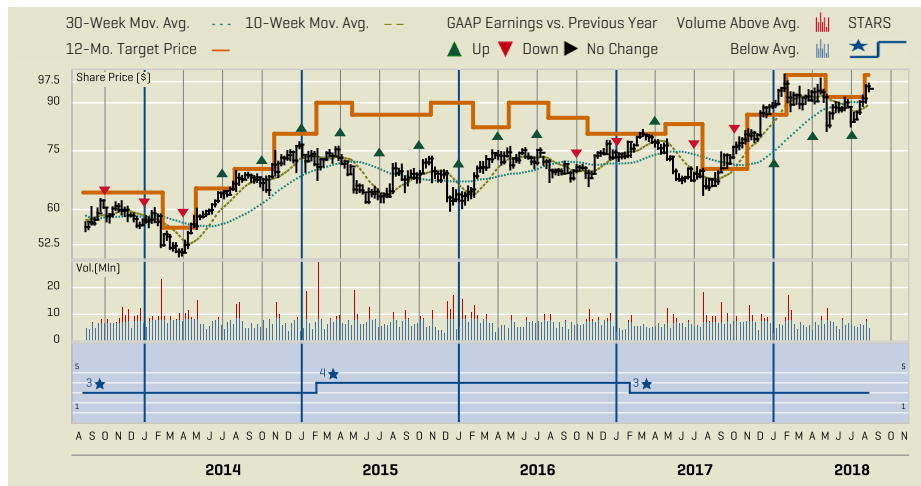
GICS Sector Industrials
Sub-Industry Air Freight & Logistics

Summary This global provider of multimodal transportation and logistics solutions has a network of more than 230 offices in North America, South America, Europe and Asia.

Key Stock Statistics [Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports]

52-Wk Range	\$100.18 - 65.57	Oper. EPS 2018E	4.49	Market Capitalization[B]	\$13.15	Beta	0.45
Trailing 12-Month EPS	4.06	Oper. EPS 2019E	4.88	Yield [%]	1.94	3-Yr Proj. EPS CAGR[%]	11
Trailing 12-Month P/E	23.33	P/E on Oper. EPS 2018E	21.14	Dividend Rate/Share	\$1.84	SPGMI's Quality Ranking	A
\$10K Invested 5 Yrs Ago	\$18,782	Common Shares Outstg.[M]	138.54	Institutional Ownership [%]	93		

Price Performance



Source: CFRA, S&P Global Market Intelligence

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **Jim Corridore** on Aug 01, 2018 01:28 PM, when the stock traded at **\$92.23**.

Highlights

- After a 13% gain in 2017, we see 12% growth in 2018 and 4% growth in 2019. We see improvement in pricing and accelerating volumes as the U.S. economic recovery has picked up steam, and we expect further improvement likely as we move through the year. CHRW will likely continue to gain market share as it increases penetration into existing accounts and adds new ones. However, we see net revenue growth of only about 8%-9% in 2018, reflecting likely higher purchased transportation costs.
- Operating margins in 2018 and 2019 are likely to be aided by leveraging SG&A costs over a larger revenue base, as well as by better overall pricing, partly offset by cost pressure from recent acquisitions and a higher overall labor force. We also see some pressure on purchased transportation costs and fuel costs. We see EBITDA margins of 5.8% in 2018 and 6.0% in 2019, versus 5.8% in 2017, but below the 6.9% margins CHRW reported in 2016.
- Our 2018 EPS estimate of \$4.49 represents a 34% gain over 2017 operating EPS of \$3.35, largely reflecting a lower tax rate due to tax reform. For 2019, we see EPS of \$4.88. Our estimates also reflect a lower share count due to a buyback program.

Investment Rationale/Risk

- Our recommendation is Hold. We have a positive view of CHRW's history of strong returns on assets and equity relative to most other transportation companies. However, we have become less positive due to recent pressure on purchased transportation and other costs, which we expect to persist through 2018. CHRW has been a strong generator of cash during the past few years, and we see the quality of earnings at CHRW as high relative to most peers. However, we see few near-term catalysts for the shares to outperform the S&P 500.
- Risks to our recommendation and target price include the possibility of investor rotation out of transportation stocks, a weakening of transport volumes and sharply lower pricing stemming from excess industry transportation capacity.
- Our 12-month target price of \$100 values the stock at 20.5X our 2019 EPS estimate of \$4.88. Our valuation is below the middle of CHRW's historical P/E range for the past 10 years of 14X to 36X earnings, and below its five-year average.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH
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Our risk assessment reflects CHRW's lack of long-term debt, and our favorable view of its quality of earnings and non-asset-based structure. This is only partially offset, in our view, by exposure to cyclical economic slowdowns and volatile transportation costs.

Revenue/Earnings Data

Revenue (Million U.S. \$)	1Q	2Q	3Q	4Q	Year
2018	3,925	4,276	--	--	--
2017	3,415	3,710	3,784	3,960	14,869
2016	3,074	3,300	3,356	3,415	13,144
2015	3,301	3,545	3,419	3,211	13,476
2014	3,143	3,503	3,467	3,357	13,470
2013	2,994	3,288	3,317	3,153	12,752

Earnings Per Share (U.S. \$)

	1Q	2Q	3Q	4Q	Year
2019	E 1.13	E 1.21	E 1.23	E 1.27	E 4.88
2018	1.01	1.13	E 1.16	E 1.19	E 4.49
2017	0.86	0.78	0.85	1.08	3.57
2016	0.83	1.00	0.90	0.86	3.59
2015	0.73	0.94	0.96	0.88	3.51
2014	0.63	0.80	0.85	0.77	3.05

Fiscal year ended Dec 31. Next earnings report expected: Late Oct. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.46	May 10	May 31	Jun 01	Jun 29 '18
0.46	Feb 08	Mar 01	Mar 02	Mar 30 '18
0.46	Dec 07	Dec 15	Dec 18	Dec 29 '17
0.45	Aug 10	Aug 30	Sep 01	Sep 29 '17

Dividends have been paid since 1997. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

Forecasts are not reliable indicator of future performance.

Business Summary August 01, 2018

CORPORATE OVERVIEW. With 2017 gross revenues of about \$14.9 billion, C.H. Robinson Worldwide is one of the largest third-party logistics companies in North America. In 2017, gross profits were divided as follows: 95% from transportation and 5% from sourcing. Within the transportation segment, CHRW offers several modes of service, including trucks [73% of gross profits in the transportation segment in 2017], intermodal [1%], ocean [13%], air [4%] and miscellaneous [9%].

Through contracts with about 73,000 transportation companies, including motor carriers, railroads, air freight and ocean carriers, the company maintains the largest network of motor carrier capacity in North America. One of the largest third-party providers of intermodal services in the U.S., it also provides air, ocean and customs services. In addition, CHRW operates value-added logistics services, including fresh produce sourcing, freight consolidation and cross-docking. In 2017 CHRW handled about 19 million shipments for more than 120,000 customers.

In addition to transportation, CHRW provide sourcing services under the trade name Robinson Fresh. Sourcing services consist primarily of the buying, selling, and/or marketing of fresh fruits, vegetables, and other value-added perishable items. CHRW supplies fresh produce through a network of independent produce growers and suppliers. Customers include grocery retailers, restaurants, foodservice distributors, and produce wholesalers.

CORPORATE STRATEGY. CHRW has developed global multimodal transportation and distribution networks designed to provide complete logistics services worldwide. As a result, the company can manage all parts of the supply chain on behalf of its customers. As a non-asset-based transportation provider, the company thinks it can focus on optimizing transportation solutions for its customers rather than on its own asset utilization, using established relationships with motor carriers, railroads (primarily intermodal service providers), air freight carriers, and ocean carriers.

Depending on the needs of the customer and their supply chain requirements, CHRW selects the appropriate transportation for each shipment. This model enables us to be flexible and provide solutions that optimize service for customers. CHRW believes a flexible business model has been the main driver of its historical results. CHRW's branches are in close proximity to customers and transportation providers, which gives its employees knowledge of local markets and enables them to respond quickly to customers' and transportation providers' changing needs. A significant portion of most employees' compensation is performance-oriented, based on profitability and their contributions to the success of the company.

CHRW has historically grown through internal growth, by expanding current offices, opening new branch offices and hiring additional sales people. Growth has also been augmented through selective acquisitions, though in recent years CHRW had slowed the pace of acquisitions.

Each of CHRW's branches is responsible for its own growth and profitability. Branch salespeople are responsible for developing new business, negotiating and pricing services, receiving and processing service requests from customers and contracting with carriers to provide the transportation requested. Shipments to be transported by truck are priced at the branch level, and branches cooperate with each other to hire carriers to provide transportation. Multiple branches may also work together to service larger, national accounts where the expertise and resources of more than one are required to meet the customer's needs.

For its produce sourcing business, the company has developed a network of produce sources, and it maintains access to specialized equipment and transportation modes designed to ensure timely delivery of uniform quality produce. In response to demand from large grocery retailers and food service distributors, CHRW developed its own brand of produce, The Fresh 1, which is sourced through various relationships, and is packed to order through contract packing agreements.

IMPACT OF MAJOR DEVELOPMENTS. On August 31, 2017, CHRW bought Milgram & Co. for \$47.3 million in cash. On September 30, 2016, CHRW bought APC Logistics for \$229.4 million in cash. On January 1, 2015, CHRW bought Freightquote for \$398.6 million in cash.

On September 25, 2012, CHRW announced the acquisition of privately-held Phoenix International, for \$571.5 million in cash and about \$63.5 million in stock. Phoenix is a freight forwarder operating in the global ocean and air freight and customs brokerage sectors, with \$807 million of revenue and \$48 million of operating income in its fiscal year ended June 30, 2012.

In 2012, the company also acquired Apreo Logistics, a freight forwarding company based in Poland. In 2009, the company acquired Walker, an international freight forwarding company, for \$9.0 million; ITC, a customs brokerage, for \$7.0 million; and Rosemont Farms, a produce marketing company, for \$29.0 million. In 2008, the company acquired Transera International, a forwarding company, for \$52.7 million.

On October 16, 2012, CHRW announced that it had sold T-Chek for \$302.5 million in cash. T-Chek is a provider of a variety of management and information services, primarily to motor carriers, including fuel management, funds transfer, permit procurement, fuel and use tax reporting and driver funds transfer.

FINANCIAL TRENDS. In the 10 years through 2017, CHRW exhibited a gross revenue compound annual growth rate (CAGR) of 5.7%, an operating income CAGR of 3.1% and a net income CAGR of 3.5%. Total assets increased at a 10-year CAGR of 8.8% through 2017, while long-term debt, which was historically nil, ended 2017 at \$750 million, and increased to \$1.4 billion at the end of the second quarter of 2018. Return on assets has shown some deterioration, hitting 12.2% in 2017 from 15.2% a year earlier. Return on equity had shown improvement, with a high of 46% in 2015 and a low of 33% in 2007, but was 37.6% in 2017.

Corporate Information

Investor Contact

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Officers

Chairman, CEO & President

J. P. Wiehoff

Chief Financial Officer

A. C. Clarke

Chief Legal Officer & Secretary

B. G. Campbell

Chief Operating Officer

R. C. Biesterfeld

Board Members

B. P. Short

J. A. Kozlak

J. B. Stake

J. P. Wiehoff

M. S. Guilfoile

R. Ezrilov

S. P. Anderson

T. C. Gokey

W. M. Fortun

Domicile

Delaware

Auditor

Deloitte & Touche LLP

Founded

1905

Employees

15,074

Stockholders

140

C.H. Robinson Worldwide, Inc.

Quantitative Evaluations						
Fair Value Rank	3	1	2	3	4	5
		LOWEST				HIGHEST
		Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued [1] to most undervalued [5].				
Fair Value Calculation	\$91.92	Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that CHRW is slightly overvalued by \$2.98 or 3.1%.				
Volatility		LOW	AVERAGE	HIGH		
Technical Evaluation	BULLISH	Since July, 2018, the technical indicators for CHRW have been BULLISH.				
Insider Activity		UNFAVORABLE	NEUTRAL	FAVORABLE		

Expanded Ratio Analysis				
	2017	2016	2015	2014
Price/Sales	0.85	0.80	0.67	0.82
Price/EBITDA	14.75	11.63	9.85	13.87
Price/Pretax Income	17.29	12.90	10.96	15.27
P/E Ratio	24.96	20.41	17.67	24.55
Avg. Diluted Shares Outsg. (M)	141	143	145	148

Figures based on fiscal year-end price

Key Growth Rates and Averages				
Past Growth Rate [%]	1 Year	3 Years	5 Years	
Sales	13.12	3.35	5.53	
Net Income	-1.65	3.93	-3.19	
Ratio Analysis (Annual Avg.)				
Net Margin [%]		NM	NM	NM
% LT Debt to Capitalization		25.94	NA	NA
Return on Equity [%]		37.63	NA	NA

Company Financials Fiscal year ending Dec. 31										
Per Share Data (U.S. \$)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tangible Book Value	-0.20	-1.20	-0.69	0.75	-0.15	3.28	5.22	4.92	4.14	4.46
Free Cash Flow	2.32	3.07	4.65	3.29	1.91	2.54	2.30	1.92	2.02	2.51
Earnings	3.57	3.59	3.51	3.05	2.65	3.67	2.62	2.33	2.13	2.08
Earnings (Normalized)	3.22	3.55	3.57	3.06	2.68	2.79	2.64	2.35	2.17	2.09
Dividends	1.81	1.74	1.57	1.43	1.40	1.34	1.20	1.04	0.97	0.90
Payout Ratio [%]	51	48	46	48	53	46	45	44	45	42
Prices: High	89.89	77.89	76.18	77.49	67.93	71.76	82.61	81.02	61.69	67.36
Prices: Low	63.41	60.31	59.71	50.21	53.74	50.81	62.30	51.16	37.36	36.50
P/E Ratio: High	23.4	21.4	26.7	26.2	24.7	29.1	36.6	33.4	29.1	34.7
P/E Ratio: Low	18.5	17.8	19.5	15.5	14.8	19.2	25.2	24.3	18.3	19.5

Income Statement Analysis (Million U.S. \$)										
Revenue	14,869	13,144	13,476	13,470	12,752	11,359	10,336	9,274	7,577	8,579
Operating Income	775	838	858	748	683	721	693	623	585	572
Depreciation + Amortization	79.1	63.3	56.8	48.1	48.1	30.6	27.3	25.3	26.6	26.9
Interest Expense	46.7	25.6	28.3	25.0	9.3	NA	NA	NA	NA	NA
Pretax Income	728	812	823	723	673	958	695	624	587	578
Effective Tax Rate	30.7	36.8	38.1	37.8	38.2	38.0	37.9	38.0	38.5	37.9
Net Income	505	513	510	450	416	594	432	387	361	359
Net Income (Normalized)	455	507	519	452	421	451	434	390	367	361

Balance Sheet and Other Financial Data (Million U.S. \$)										
Cash	334	248	168	129	162	210	374	408	386	497
Current Assets	2,511	2,008	1,731	2,105	1,664	1,672	1,612	1,482	1,307	1,348
Total Assets	4,236	3,688	3,184	3,214	2,803	2,804	2,138	1,996	1,834	1,816
Current Liabilities	1,987	1,846	1,449	1,576	1,270	1,232	877	772	732	698
Long Term Debt	750	500	500	500	500	NA	NA	NA	NA	NA
Total Capital	2,891	2,498	2,100	2,152	1,815	1,758	1,248	1,204	1,080	1,107
Capital Expenditures	40.1	73.5	28.1	22.4	40.4	36.1	35.9	17.7	30.4	23.0
Cash from Operations	384	529	718	513	348	460	430	345	373	448
Current Ratio	1.26	1.09	1.19	1.34	1.31	1.36	1.84	1.92	1.79	1.93
% Long Term Debt of Capitalization	25.9	20.0	23.8	23.2	27.6	NA	NA	NA	NA	NA
% Net Income of Revenue	3.40	3.91	3.78	3.34	3.26	5.23	4.18	4.17	4.76	4.19
% Return on Assets	12.2	15.2	16.8	15.5	15.2	18.2	20.9	20.3	20.0	19.7
% Return on Equity	37.6	42.6	46.4	45.3	34.0	43.1	35.2	33.9	33.0	33.4

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

C.H. Robinson Worldwide, Inc.

Sub-Industry Outlook

We have a positive fundamental outlook for the air freight and logistics sub-industry for the next 12 months. We think fundamentals in domestic shipping are likely to strengthen over the next year and think the valuations of many logistics companies are likely to expand on improved investor sentiment, should signs emerge that the U.S. and global economies are improving. Although the U.S. is currently imposing tariffs on China and other countries and is receiving retaliatory tariffs in return, we still think that global trade patterns are likely to continue to strengthen on growth in e-commerce and overall global economic growth. Tariffs, however, do raise risks to the sub-industry. We see improving volume and yield trends on expanding shipping demand and improved pricing during the next year. We expect demand for international shipping over the next several years to be driven by export activity out of Asia and developing economies. We also see growing e-commerce as a catalyst for rising volumes.

We think volumes related to e-commerce should continue to rise rapidly and act as a natural support to freight volumes during the next couple of years. We also think e-commerce is likely to grow much faster than brick-and-mortar retail sales in the coming years, as has been the case in the past few years. In addition, most carriers have been successful in pushing through price increases and recouping rising fuel costs through fuel surcharges. United Parcel Service and FedEx Corp. both increased their presence in China during the past few years by adding facilities and flights to and from Asia.

According to data from the U.S. Board of Transport Statistics, total cargo (measured in revenue ton-miles) rose 11.8% in 2017, with international up 12.9% and domestic up 10.0%. Year to date through March 2018, total cargo

rose 11.5%, with international up 12% and domestic up 8.8%.

We think the strongest performers in the industry will be those companies offering total logistics and information services to their customers. We think they are best positioned to capitalize on the strengthening demand we foresee and we think these companies would be able to offset higher fuel costs with rate increases and/or fuel surcharges.

Year to date through June 29, 2018, the S&P Air Freight and Logistics Index was down 7.6% versus a 2.0% rise for the S&P 1500. In 2017, the S&P Air Freight and Logistics Index rose 15.8% versus an 18.8% increase for the 1500.

/Jim Corridore

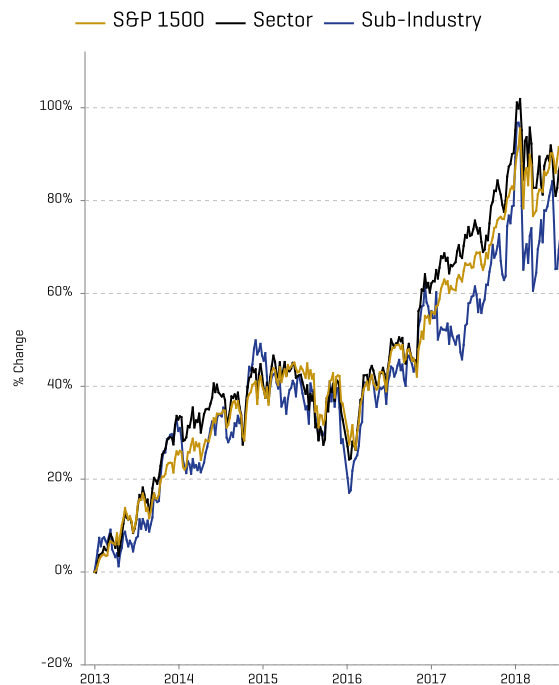
Industry Performance

GICS Sector: Industrials

Sub-Industry: Air Freight & Logistics

Based on S&P 1500 Indexes

Five-Year market price performance through Aug 10, 2018



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: S&P Global Market Intelligence

Sub-Industry: Air Freight & Logistics Peer Group*: Air Freight & Logistics

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price (\$)	Stk. Mkt. Cap. (M \$)	30-Day Price Chg. (%)	1-Year Price Chg. (%)	P/E Ratio	Fair Value Calc. (\$)	Yield (%)	Return on Equity (%)	LTD to Cap (%)
C.H. Robinson Worldwide, Inc.	CHRW	NasdaqGS	USD	94.90	13,148	10.6	43.5	23	91.92	1.9	37.6	25.9
Air Transport Services Group, Inc.	ATSG	NasdaqGS	USD	20.37	1,203	-12.5	-11.1	14	17.74	Nil	6.0	57.1
Atlas Air Worldwide Holdings, Inc.	AAWW	NasdaqGS	USD	60.60	1,550	-13.9	-1.6	9	109.04	Nil	13.6	50.0
BEST Inc.	BSTI	NYSE	USD	8.670	3,356	-19.7	NM	NM	NA	Nil	-36.0	NA
Cosmos Group Holdings Inc.	COSG	OTCPK	USD	20.00	430	33.3	566.7	NM	NA	Nil	NM	NA
Echo Global Logistics, Inc.	ECHO	NasdaqGS	USD	32.90	939	13.1	134.2	33	26.61	Nil	3.5	37.0
Expeditors International of Washington, Inc.	EXPD	NasdaqGS	USD	73.08	12,740	0.8	33.5	23	74.09	1.2	25.5	NA
Forward Air Corporation	FWRD	NasdaqGS	USD	63.06	1,851	7.1	24.0	20	65.37	1.0	16.9	7.0
Hub Group, Inc.	HUBG	NasdaqGS	USD	51.90	1,784	1.3	48.5	11	88.84	Nil	19.3	20.0
XPO Logistics, Inc.	XPO	NYSE	USD	104.64	13,274	5.6	90.3	31	95.73	Nil	10.2	50.2
ZTO Express (Cayman) Inc.	ZTO	NYSE	USD	21.13	16,633	5.3	50.2	25	22.85	Nil	15.3	NA

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.

NA-Not Available NM-Not Meaningful.

Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

C.H. Robinson Worldwide, Inc.

Analyst Research Notes and other Company News

August 01, 2018

10:47 am ET... CFRA KEEPS HOLD OPINION ON SHARES OF CH ROBINSON WORLDWIDE [CHRW 92.23***]: We raise our 12-month target price to \$100 from \$92, valuing the shares at 20.5X our '19 EPS estimate of \$4.88 [unchanged today], towards the lower-end of CHRW's 10-year range, reflecting a rising purchased transport cost environment. We raise our '19 EPS estimate to \$4.49 from \$4.42. Second-quarter EPS of \$1.13 vs. \$0.78 beat our \$1.09 estimate and the consensus of \$1.07. Revenues rose 15% and were about 2% better than we expected, while net revenues rose 17% and operating margins widened. Results benefited from 21.3% effective tax rate vs. 35.6% a year ago. Surface transportation results were good in our view, but forwarding and Robinson Fresh saw operating margins contract. CHRW sees a healthy freight environment persisting for the remainder of the year, and we agree. However, we do see likely pressure on purchased transportation costs partly offsetting growth in volumes and pricing. We also note increased leverage as CHRW has almost doubled debt levels since year end. /Jim Corridore

May 02, 2018

02:17 pm ET... CFRA KEEPS HOLD OPINION ON SHARES OF C.H. ROBINSON WORLDWIDE [CHRW 90.65***]: We cut our 12-month target price to \$92 from \$100, 20.8X our '18 EPS estimate of \$4.42 [unchanged today], below CHRW's five-year average, and below peers, reflecting our concerns about rising purchased transportation costs and other expenses, which is impacting profits. We raise our '19 EPS estimate to \$4.88 from \$4.73. CHRW first-quarter adjusted EPS of \$1.01 vs. \$0.86 beat our \$0.97 estimate and the consensus of \$1.00. Gross revenues rose 15%, better than we expected, but net revenues, up 11%, were impacted by higher transportation costs. Operating income, up only 1.9%, was impacted by higher SG&A, depreciation, bad debt, maintenance and occupancy costs. Net income growth of 17% was mainly due to a lower corporate tax rate of 21.3% vs. 31.7% a year earlier. CHRW saw strong volumes and rates, like many other transportation companies that have already reported, but its forwarding unit was impacted by higher costs and its fresh produce unit was hurt by higher costs and lower revenues. /Jim Corridore

January 31, 2018

02:18 pm ET... CFRA KEEPS HOLD OPINION ON SHARES OF C.H. ROBINSON WORLDWIDE, INC. [CHRW 94.93***]: We raise our 12-month target price to \$100 from \$86, 22.6X our '18 EPS estimate of \$4.42 [raised from \$3.62], in line with CHRW's five-year average. We start our '19 EPS estimate at \$4.73. CHRW fourth quarter adjusted EPS of \$0.86 vs. \$0.86 was a penny off our forecast, but in line with consensus' view, despite sharply higher-than-expected revenue growth. Costs rose, partly on higher incentive comp pay. We see revenue growth in '18 of about 10%, driven by better demand and we see EPS aided by a lower tax rate. Yet, we also see the shares trading near our estimate of fair value. /Jim Corridore

November 01, 2017

11:30 am ET... CFRA KEEPS HOLD OPINION ON SHARES OF C.H. ROBINSON WORLDWIDE, INC. [CHRW 77.98***]: We raise our 12-month target price to \$86 from \$70, 23.8X our '18 EPS estimate of \$3.62 [cut from \$3.71], above CHRW's 5-year average of 21.7X, but below its longer-term average. We raise our '17 EPS estimate to \$3.36 from \$3.32. Q3 EPS of \$0.85 vs. \$0.90 beat our \$0.84 estimate and the consensus of \$0.82. Gross revenues grew 13%, but net revenue growth was only 6%, while operating expenses grew 15%. While we think the demand environment is improving -- CHRW has been acquisitive and investing in growth -- the level of expense growth limits our enthusiasm for the shares. /Jim Corridore

July 20, 2017

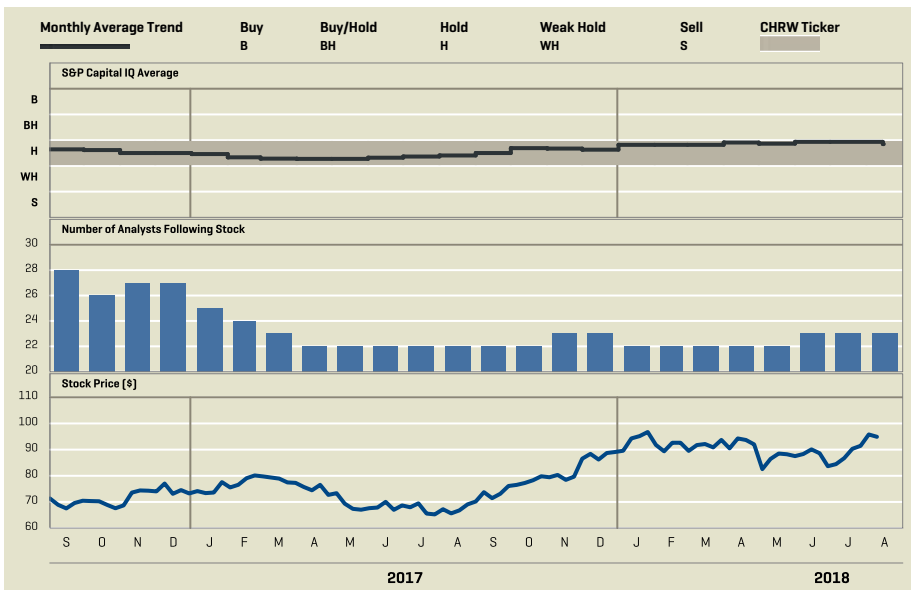
11:55 am ET... CFRA KEEPS HOLD OPINION ON SHARES OF C.H. ROBINSON WORLDWIDE [CHRW 64.98***]: We cut our 12-month target price to \$70 from \$83, 18.9X our '18 EPS estimate of \$3.71 [cut today from \$3.99], below CHRW's 5-year average of 20.7X and below peers, reflecting difficult operating climate, with pricing pressure and cost inflation. We cut our '17 EPS estimate to \$3.32 from \$3.75. Q2 EPS of \$0.78 vs. \$1.00 missed our \$0.98 estimate with net revenues down 3.4% on tough pricing, while at the same time operating expenses jumped by 9%. We think CHRW will eventually gain improved pricing, but given current tough climate, we don't see the shares outperforming the market. /J. Corridore

April 25, 2017

04:43 pm ET... CFRA KEEPS HOLD OPINION ON SHARES OF C.H. ROBINSON WORLDWIDE [CHRW 77.7***]: We raise our 12-month target to \$83 from \$80, 22.1X our '17 EPS estimate of \$3.75 [raised today from \$3.71], slightly above its 3 year average of 21.5X. CHRW first quarter EPS was \$0.86 vs. \$0.83 beat our \$0.82 estimate, on revenues that were better than we expected. Total revenues rose 11%, but net revenues (after purchased transportation costs) were up less than 1%, reflecting weak pricing amid industry overcapacity and higher fuel costs. We see CHRW as well positioned in the third party logistics space, but see the operating environment as likely to remain challenging. /J. Corridore

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

Analysts' Recommendations



Wall Street Consensus Opinion

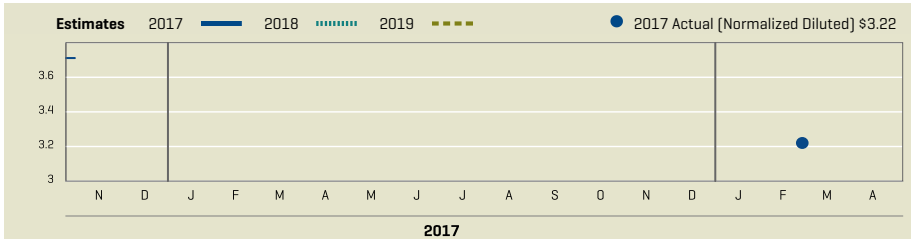
HOLD

Wall Street Consensus vs. Performance

For fiscal year 2018, analysts estimate that CHRW will earn USD \$4.45. For the 2nd quarter of fiscal year 2018, CHRW announced earnings per share of USD \$1.13, representing 25.4% of the total revenue estimate. For fiscal year 2019, analysts estimate that CHRW's earnings per share will grow by 11% to USD \$4.93.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	6	26	7	6
Buy/Hold	0	0	0	0
Hold	14	61	13	13
Weak Hold	2	9	2	2
Sell	1	4	1	1
No Opinion	0	0	0	0
Total	23	100	23	22

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2019	4.93	5.40	4.37	23	19.3
2018	4.45	4.55	4.30	23	21.3
2019 vs. 2018	▲11%	▲19%	▲2%	0%	▼-9%
Q3'19	1.28	1.34	1.23	7	74.2
Q3'18	1.16	1.19	1.11	21	81.9
Q3'19 vs. Q3'18	▲10%	▲13%	▲11%	▼-67%	▼-9%

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

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Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index [S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index]), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

CFRA Equity Research

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Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
 CAPEX - Capital Expenditures
 CY - Calendar Year
 DCF - Discounted Cash Flow
 DDM - Dividend Discount Model
 EBIT - Earnings Before Interest and Taxes
 EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
 EPS - Earnings Per Share
 EV - Enterprise Value
 FCF - Free Cash Flow
 FFO - Funds From Operations

FY - Fiscal Year
 P/E - Price/Earnings
 P/NAV - Price to Net Asset Value PEG Ratio - P/E-to-Growth Ratio PV - Present Value
 R&D - Research & Development ROCE - Return on Capital Employed ROE - Return on Equity
 ROI - Return on Investment
 ROIC - Return on Invested Capital
 ROA - Return on Assets
 SG&A - Selling, General & Administrative Expenses
 SOTP - Sum-of-The-Parts
 WACC - Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARs (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★★ 4-STARs (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★★★ 3-STARs (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★★★★ 2-STARs (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price is not anticipated to show a gain.

★★★★★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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STARS Stock Reports:

Qualitative STARS recommendations are determined and assigned by equity analysts. For reports containing STARS recommendations refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of June 30, 2018

Ranking	North America	Europe	Asia	Global
Buy	39.1%	31.9%	37.3%	36.1%
Hold	54.6%	53.6%	50.6%	52.9%
Sell	6.3%	14.5%	12.1%	11.0%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

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