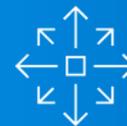




Uniting the People and
Technology that Move the World.

Network. Applications. Community.



Descartes – Uniting Business in Commerce

September 2019

NASDAQ: DSGX
TSX: DSG

Safe Harbor Statement

Certain statements to be made today and in this presentation, and that may be made in response to questions, constitute forward-looking information for the purposes of applicable securities laws ("forward-looking statements"), including, but not limited to: statements using the words "believe," "plan," "expect," "anticipate," "intend," "continue," "may," "will," "should" or the negative of such terms and similar expressions; or statements in relation to any of the following topics: addressing economic uncertainty; investment in areas of our business with high strategic value and growth potential; our future operating performance; software-as-a-service business model; strategy, market opportunity and vision; our position and opportunity to lead our industry with our business model; solution functionality and benefits derived therefrom; network penetration; ability to complete acquisitions and contribution of completed acquisitions to our operations; anticipated churn in revenues; and competition.

The material assumptions made in making these forward-looking statements include, but are not limited to, the following: global shipment volumes continuing to increase at levels consistent with the average growth rates of the global economy; countries continuing to implement and enforce existing and additional customs and security regulations relating to the provision of electronic information for imports and exports; countries continuing to implement and enforce existing and additional trade restrictions and sanctioned party lists with respect to doing business with certain countries, organizations, entities and individuals; our continued operation of a secure and reliable business network; the stability of general economic and market conditions, currency exchange rates, and interest rates; equity and debt markets continuing to provide us with access to capital; our continued ability to identify and source attractive and executable business combination opportunities; our ability to develop solutions that keep pace with the continuing changes in technology, and our continued compliance with third party intellectual property rights. While management believes these assumptions to be reasonable under the circumstances, they may prove to be inaccurate.

These forward-looking statements are also subject to risks, uncertainties and assumptions that may cause future results to differ materially from those expected. Factors that may cause such differences include, but are not limited to: departures of key customers; the ability to attract and retain key personnel and transition when key personnel depart; variances in our revenues from quarter to quarter; our ability to integrate acquired companies and personnel; fluctuations in fuel prices or shipment volumes; fluctuations in international currency exchange rates; exposure to greater than anticipated tax liabilities; changes in electronic customs filing regulations and other factors discussed under the headings "Risk Factors" or "Certain Factors That May Affect Future Results" in documents filed with applicable securities regulatory authorities under our profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, including the documents incorporated by reference into such documents. If any of such risks actually occur, they could materially adversely affect our business, financial condition or results of operations. In that case, the trading price of our common shares could decline, perhaps materially.

We provide forward-looking statements solely for the purpose of providing information about management's current expectations and plans relating to the future. You are cautioned that such information may not be appropriate for other purposes. Except as required by law, we do not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in our expectations or any change in events, conditions, assumptions or circumstances on which any such statement is based.

Investment Highlights

World's Largest Multi-Modal and Neutral Logistics Network

Cloud-Based Software Applications and Data Content

Automating and Optimizing the Increasingly Complex Logistics Market

Strong Market Position with Significant Competitive Barriers

Disciplined M&A Strategy

Highly-Experienced Management Team

Proven Record of Financial Success

Descartes at a Glance

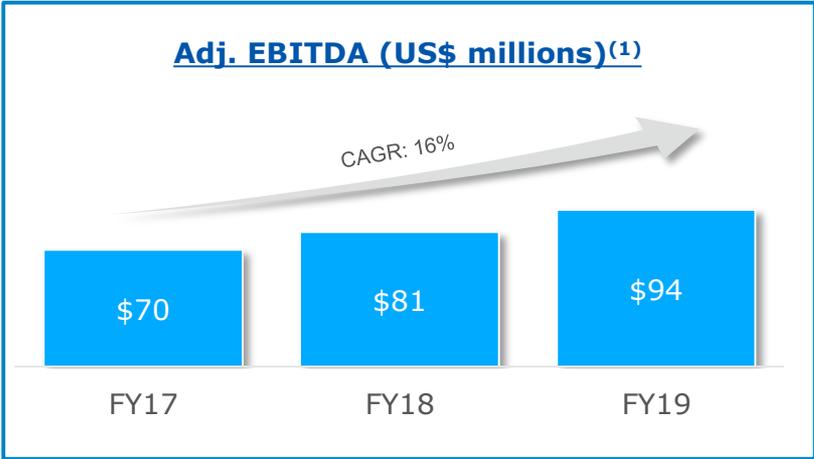
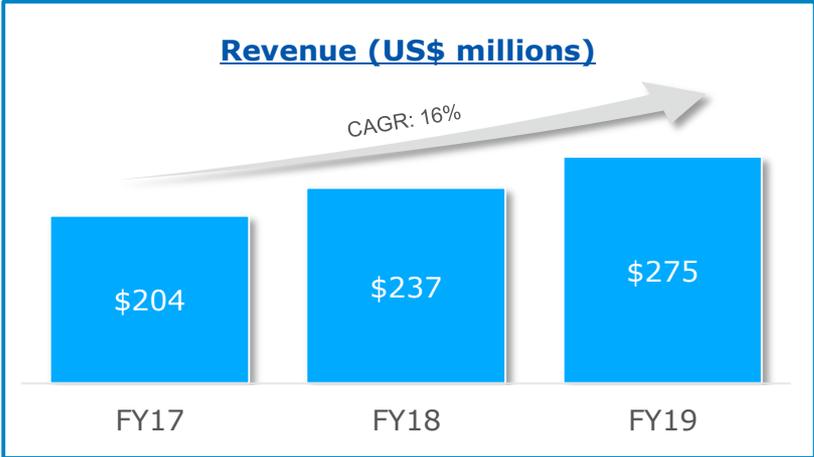
- **Leader in providing SaaS solutions for logistics-intensive businesses**
- Global presence in Canada, US, EMEA, APAC and South America
- ~1,500 employees
- Proven 'Total Growth' model supported by disciplined acquisition strategy
- Highly-recurring revenue profile
- **Delivering profitable growth and free cash flow generation**

20,000 +
Customers
Worldwide

160 +
Countries
Served

40 million +
Routes
Managed / Year

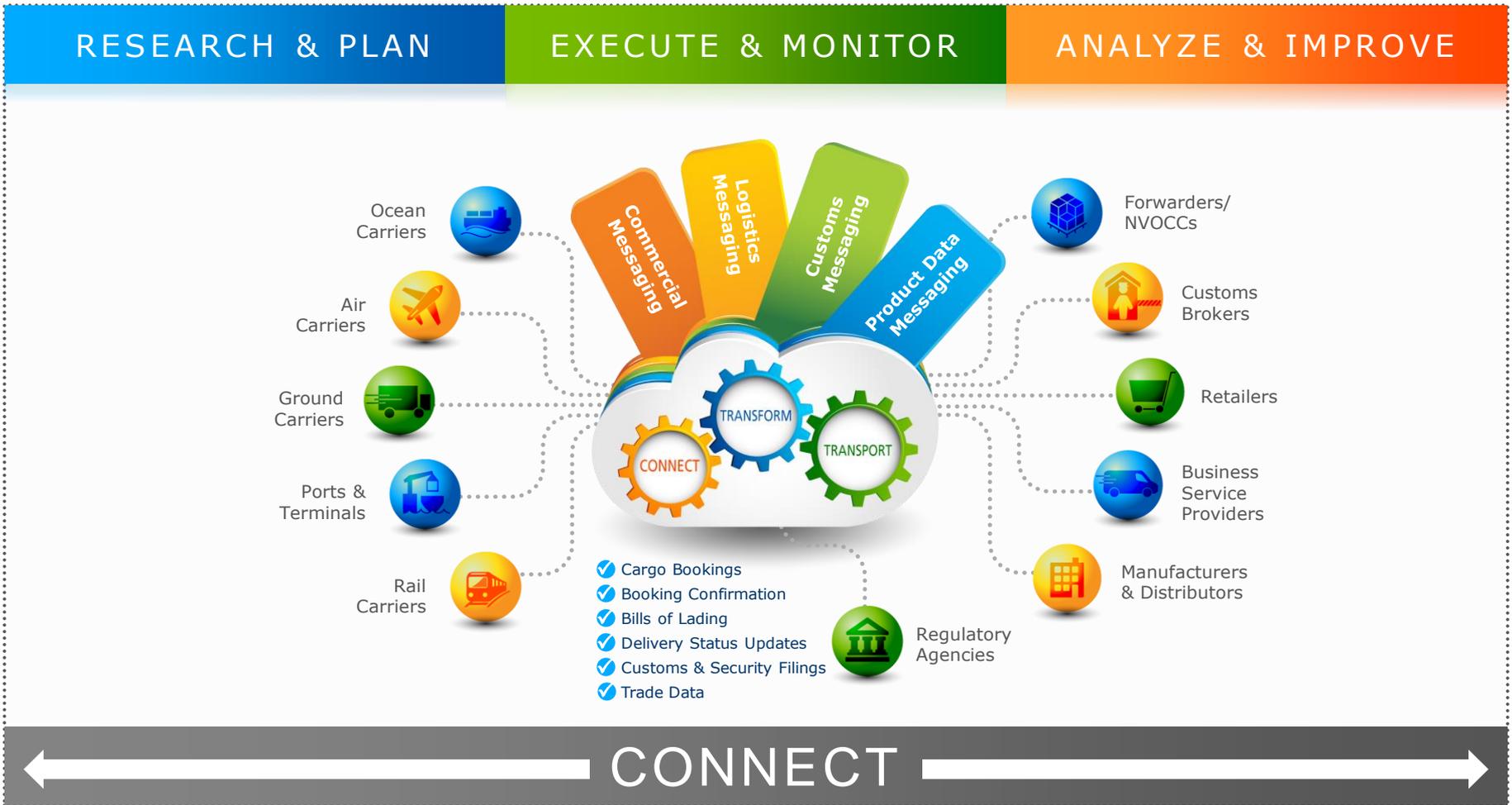
18.6 billion +
Messages
Processed / Year



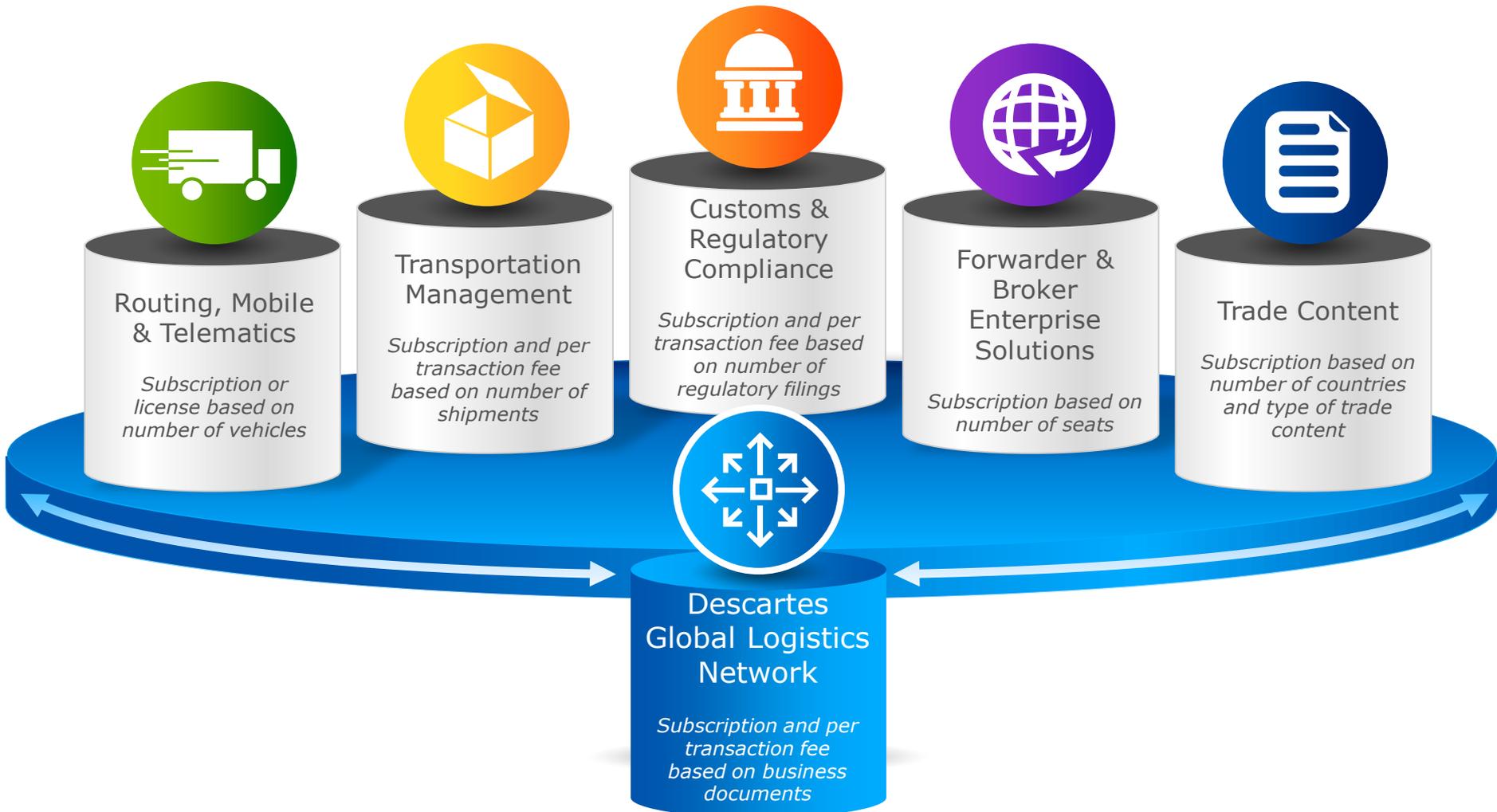
⁽¹⁾ See Reconciliation of Non-GAAP Financial Measures on slides 21 and 22 for a reconciliation of adjusted EBITDA.

Descartes' Global Logistics Network

One place to research, plan and execute shipments



Descartes' Broad Array of Logistics Management Solutions



Industry Leading Customers

 Air	 DELTA American Airlines   BRITISH AIRWAYS  virgin atlantic 
 Ocean	 MAERSK  MOL  Hapag-Lloyd 
 Truck	 SCHNEIDER NATIONAL ESTES England LOGISTICS 
 Intermediaries	 DHL GLOBAL FORWARDING  PANALPINA on 6 continents  SCHENKER  C.H. ROBINSON
 Retailers	 CVS pharmacy  JOHN LEWIS PARTNERSHIP  Hallmark JUMBO supermarkten  wayfair.com
 Manufacturers	 BASF The Chemical Company  Coca-Cola JVCKENWOOD  SAB MILLER  Del Monte Quality  MONDELÉZ International
 Distributors	 Core-Mark  Ferrellgas  don  SRS Distribution  DeliXL First for Foodservice

Customer Case Studies



Leverages Descartes' Advanced Home Delivery solution for:

- ❖ Real-time delivery appointment scheduling
- ❖ Route optimization and execution
- ❖ Mobile resource management solutions



Leverages many Descartes solutions across multiple DHL operating groups:

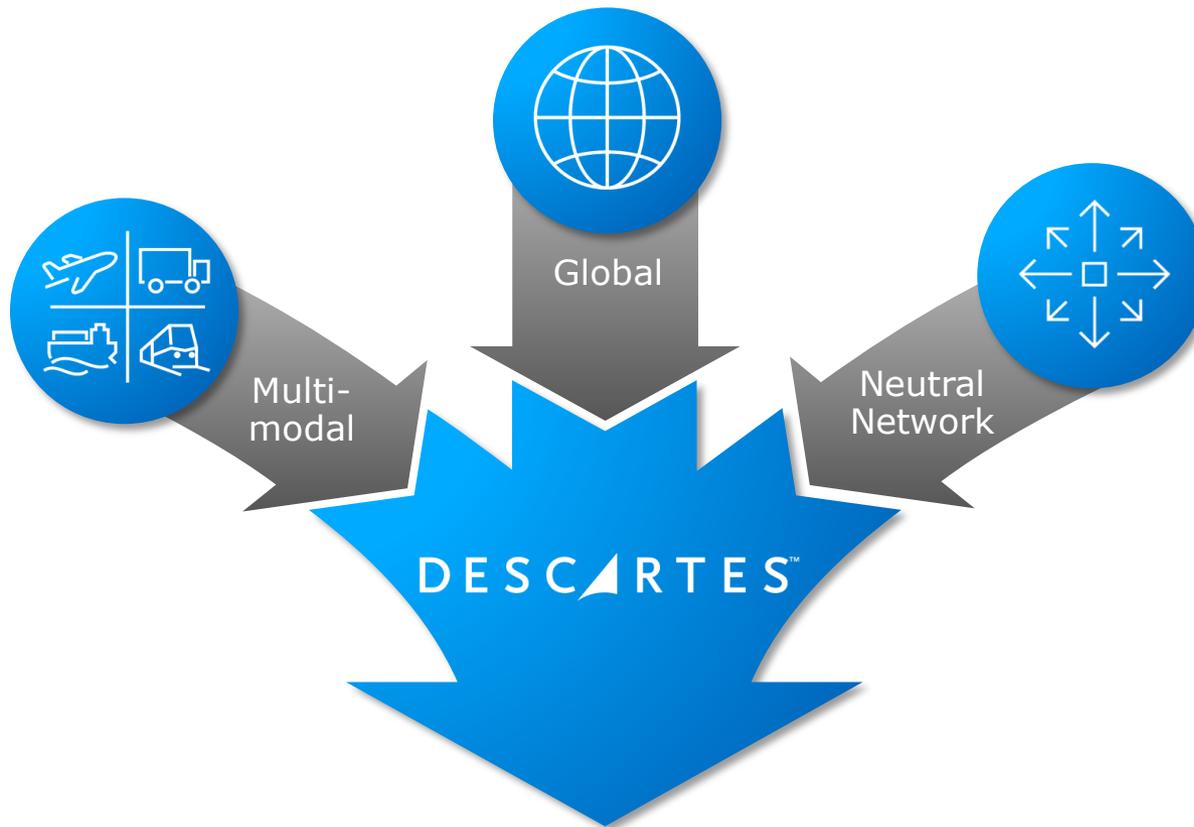
- ❖ Global Forwarding
- ❖ DHL Express (Parcels)
- ❖ Logistics and supply chain management



Descartes' solutions help Delta Airlines meet a growing number of logistic challenges across the globe:

- ❖ Numerous country-specific customs and security filings
- ❖ Provide cargo tracking and ULD global visibility solutions
- ❖ Operate air messaging network for Delta and its logistics partners

Why We Win



Pure play logistics technology provider with
compelling combination of network,
applications and data content

Market Drivers and Opportunities

Cloud Enables Increasing Automation

- Global Logistics Network (“GLN”) offers operational excellence, increased digitization of freight and higher precision through cloud integration and automation

Global Trade Becoming More Complex

- Heightened regulatory compliance requirements and shifting global trade patterns create favorable tailwinds

eCommerce and Final-mile Logistics

- Descartes solutions help retailers and logistics service providers respond to threat of Amazon, Google, eBay with real-time delivery route optimization and execution solutions

Mobility Enables Real-time Optimization and Visibility

- Real-time tracking and optimization made possible by ubiquitous mobile networks, internet-of-things and cloud-scale computing

Content/Data Monetization

- Customs Info, MK Data, Datamyne and Visual Compliance acquisitions illustrative of the opportunity to leverage logistics and trade data content on the GLN

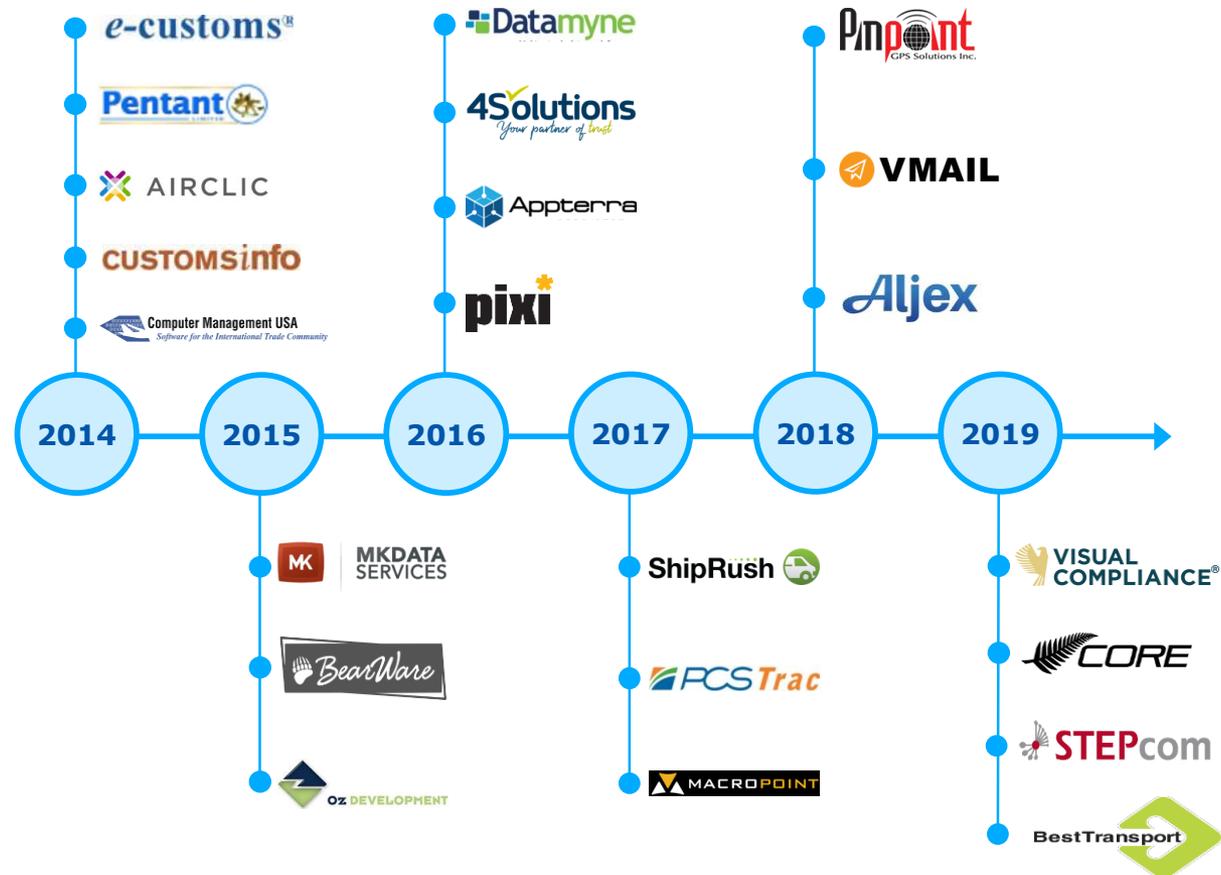
Highly Fragmented Industry

- Logistics and supply chain software markets remain highly fragmented, presenting a large consolidation opportunity

M&A is a Core Competency for Descartes

Descartes' acquisition strategy is a key enabler of its 'Total Growth' model

- Has completed 22 acquisitions since 2014 for a total consideration of ~US\$ 780 million
- Disciplined approach that is focused on complementary technologies, industry consolidation and close adjacencies across logistics
- Core competency in sourcing, acquiring and integrating high quality assets



Recent Acquisition Success



*Acquired May 2019
for ~\$22mm plus up to \$9mm in
performance-based consideration*

- ❖ Electronic transportation network providing global air carriers with shipment scanning and tracking solutions
- ❖ Strengthens Descartes' position in the growing domestic and global ecommerce market and enhances real-time tracking and visibility of air shipments
- ❖ Expands Descartes' community of air carriers, ground handlers and government postal authorities



*Acquired February 2019
for ~\$250mm*

- ❖ Cloud-based global trade data content provider
- ❖ Adds scale to the GLN with additional denied party screening and trade compliance transactions
- ❖ Strengthens Descartes' domain expertise and toolset for collecting and distributing trade compliance content
- ❖ Expands Descartes' compliance application footprint for denied party screening and adds new trade compliance functionality



*Acquired August 2017
for ~\$107mm*

- ❖ Electronic transportation network providing location-based truck tracking and predictive freight capacity data content
- ❖ Extends the reach of the GLN through real-time connections with over 2 million trucking assets
- ❖ Adds a large community of freight brokers, 3PLs, logistics service providers and market-leading shippers



Financial Overview

The Descartes Systems Group Inc. is a publicly traded company. Nasdaq:DSGX | TSX: DSG

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DESCARTES™

Financial Highlights



Strong and consistent revenue growth



Highly-recurring subscription and transaction-based revenue model



High-quality and diverse revenue profile



Continued margin expansion through cost control and operating efficiency



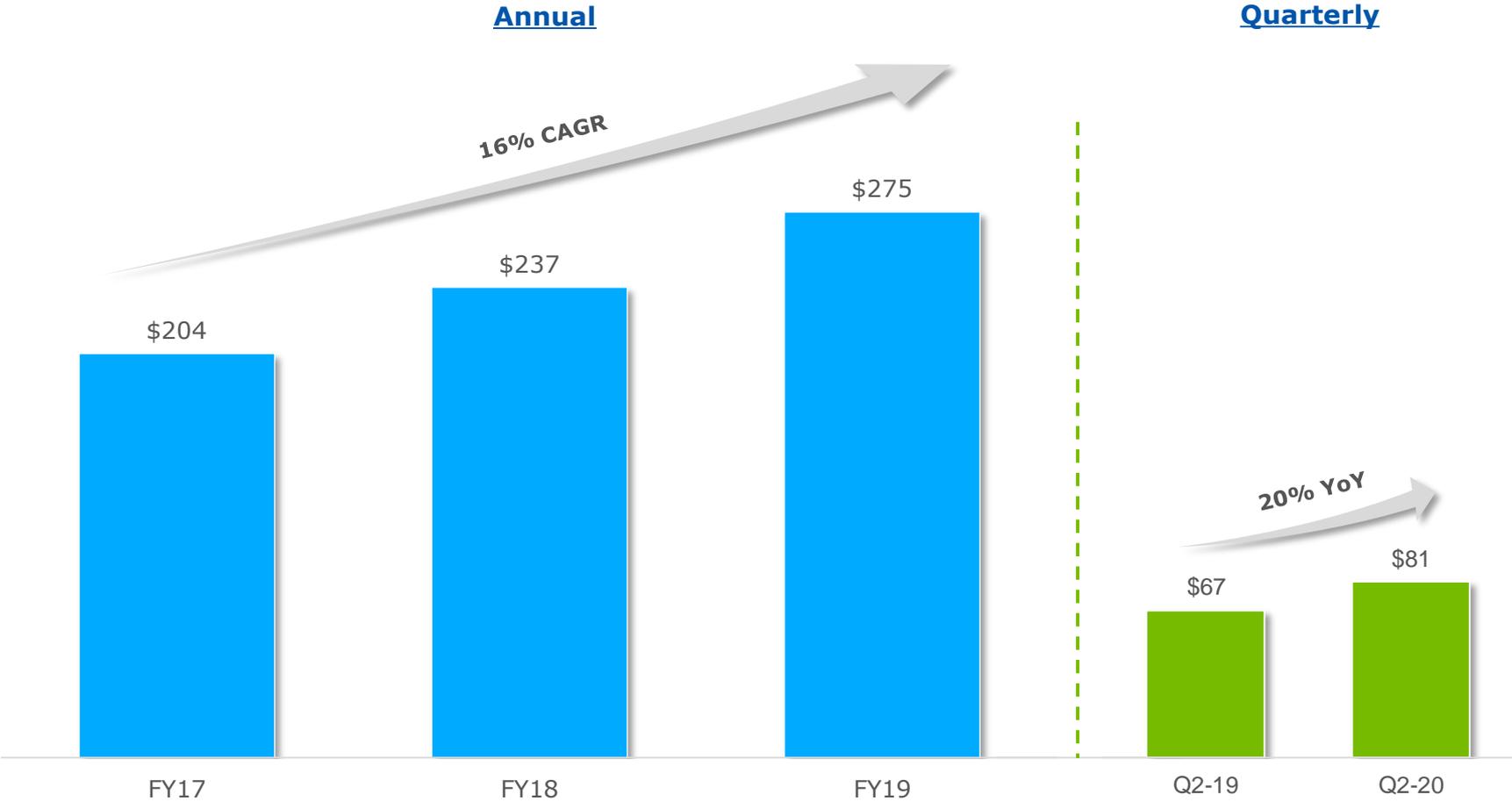
Robust cash generation and high conversion rates



Proven acquisition integration success and synergy achievement

Strong and Consistent Revenue Growth

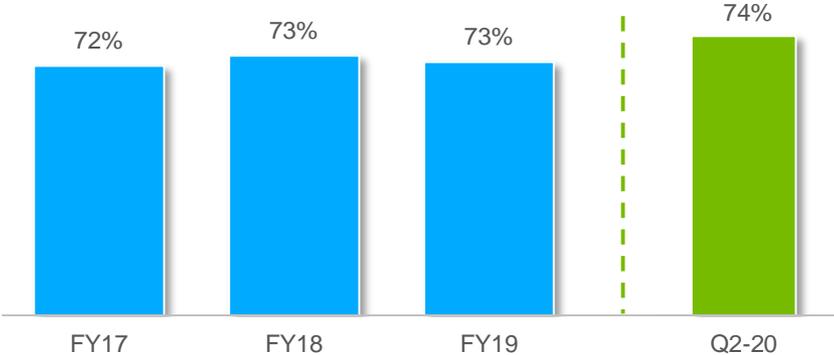
(US\$ in millions)



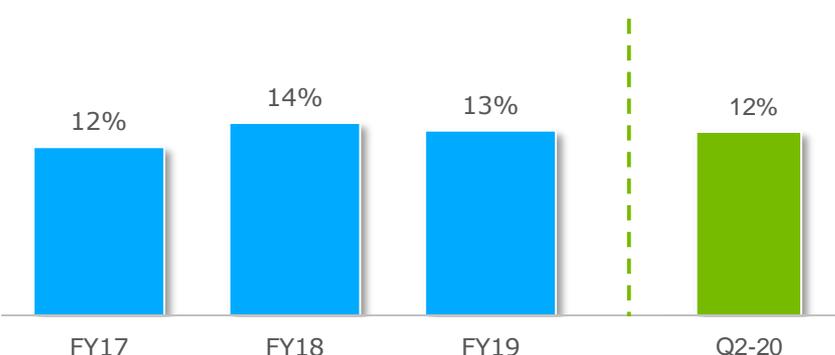
Efficient and Disciplined Operating Model

(% of revenues)

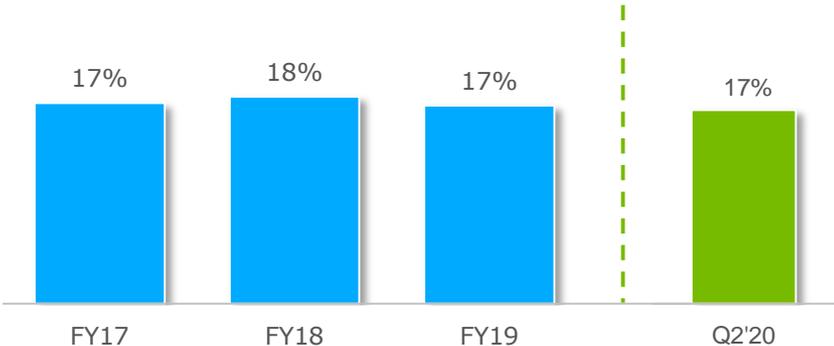
Gross Margin



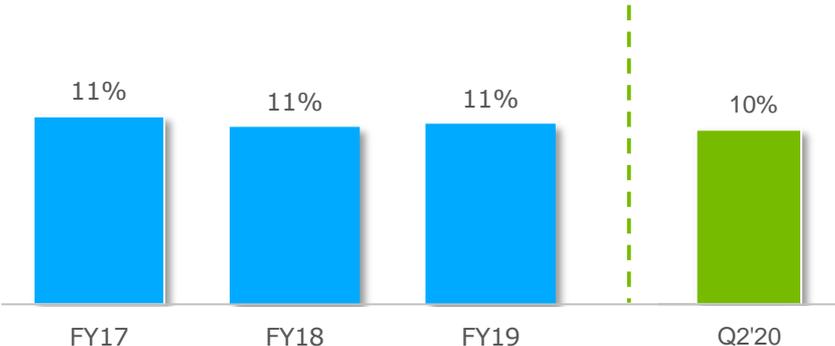
Sales & Marketing



Research & Development



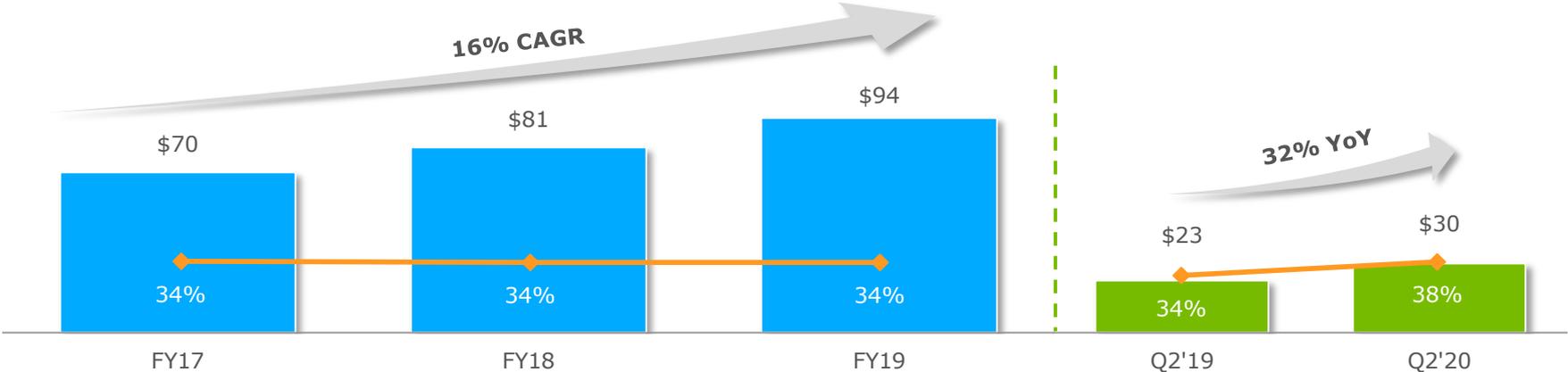
General & Administrative



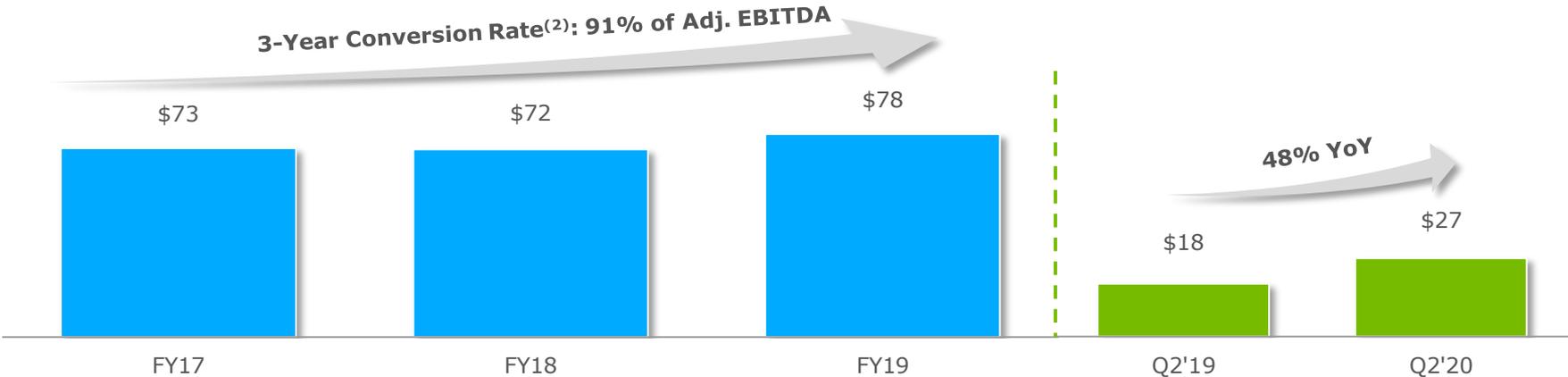
Driving Margin Expansion and Cash Generation

(US\$ in millions)

Adjusted EBITDA⁽¹⁾ and Adjusted EBITDA as a % of Revenues⁽¹⁾



Cash Flow from Operations



(1) See Reconciliation of Non-GAAP Financial Measures on slides 21 and 22 for a reconciliation of adjusted EBITDA and adjusted EBITDA as a percentage of revenues to net income.

(2) Cash conversion defined as cash flow from operations over adjusted EBITDA.

Capital Structure – July 31, 2019

- Common shares
 - 84.1 million – Outstanding
 - 81.1 million – Basic (weighted average)
 - 82.3 million – Fully diluted (weighted average)
- Mixed-Shelf filed on June 6, 2018 (up to \$750 million – approximately \$505 million unused)
- Cash and cash equivalents
 - \$US 27.4 million
- Acquisition line of credit
 - \$US 350.0 million with the potential to upsize to \$US 500.0 million
 - \$US 22.8 million drawn

Baseline Calibration

Figures per Qtr	Baseline	Actual	Actual % of Baseline
<u>Q3'19</u>			
Revenue	\$65.5	\$70.0	107%
Adj. EBITDA	\$18.8	\$24.0	128%
Adj. EBITDA % of Revenues ⁽¹⁾	28.7%	34.3%	
<u>Q4'19</u>			
Revenue	\$67.0	\$71.0	106%
Adj. EBITDA	\$19.7	\$25.0	127%
Adj. EBITDA % of Revenues	29.4%	35.2%	
<u>Q1'20</u>			
Revenue	\$74.0	\$78.0	105%
Adj. EBITDA	\$22.2	\$28.7	129%
Adj. EBITDA % of Revenues	30.0%	36.8%	
<u>Q2'20</u>			
Revenue	\$76.0	\$80.5	106%
Adj. EBITDA	\$23.8	\$30.2	127%
Adj. EBITDA % of Revenues	31.3%	37.5%	
<u>Q3'20</u>			
Revenue	\$78.2		
Adj. EBITDA	\$24.8		
Adj. EBITDA % of Revenues	31.7%		

- Baseline revenues = visible, contracted and recurring revenues at the beginning of each quarter. Baseline revenues is not a revenues projection as it excludes sales concluded in the period
- Baseline Adjusted EBITDA = Baseline revenue less operating expenses (excluding investment income, interest expense, income tax expense, depreciation, amortization, stock-based compensation, restructuring expenses, acquisition related expenses and executive departure expenses)

(1) See Reconciliation of Non-GAAP Financial Measures on slides 21 and 22 for a reconciliation of adjusted EBITDA and adjusted EBITDA as a percentage of revenues to net income.

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Proven Record of Financial Success

Reconciliation of Non-GAAP Financial Measures - Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues – Q2-20

We prepare and release quarterly unaudited and annual audited financial statements prepared in accordance with GAAP. We also disclose and discuss certain non-GAAP financial information, used to evaluate our performance, in this and other earnings releases and investor conference calls as a complement to results provided in accordance with GAAP. We believe that current shareholders and potential investors in our company use non-GAAP financial measures, such as Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues, in making investment decisions about our company and measuring our operational results.

The term "Adjusted EBITDA" refers to a financial measure that we define as earnings before certain charges that management considers to be non-operating expenses and which consist of interest, taxes, depreciation, amortization, stock-based compensation (for which we include related fees and taxes) and other charges (for which we include restructuring charges and acquisition-related expenses). Adjusted EBITDA as a percentage of revenues divides Adjusted EBITDA for a period by the revenues for the corresponding period and expresses the quotient as a percentage.

Management considers these non-operating expenses to be outside the scope of Descartes' ongoing operations and the related expenses are not used by management to measure operations. Accordingly, these expenses are excluded from Adjusted EBITDA, which we reference to both measure our operations and as a basis of comparison of our operations from period-to-period. Management believes that investors and financial analysts measure our business on the same basis, and we are providing the Adjusted EBITDA financial metric to assist in this evaluation and to provide a higher level of transparency into how we measure our own business. However, Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues are non-GAAP financial measures and may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues should not be construed as a substitute for net income determined in accordance with GAAP or other non-GAAP measures that may be used by other companies, such as EBITDA. The use of Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues does have limitations. In particular, we have completed three acquisitions since the beginning of fiscal 2020 and may complete additional acquisitions in the future that will result in acquisition-related expenses and restructuring charges. As these acquisition-related expenses and restructuring charges may continue as we pursue our consolidation strategy, some investors may consider these charges and expenses as a recurring part of operations rather than expenses that are not part of operations.

The table below reconciles Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues to net income reported in our unaudited Consolidated Statements of Operations for Q2FY20, Q1FY20, Q4FY19, Q3FY19 and Q2FY19, which we believe is the most directly comparable GAAP measure.

(US dollars in millions)	Q2 FY20	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19
Net income, as reported on Consolidated Statements of Operations	8.6	7.3	7.9	7.9	8.5
Adjustments to reconcile to Adjusted EBITDA:					
Interest expense	1.4	2.2	0.5	0.6	0.5
Investment income	-	(0.1)	(0.1)	-	-
Income tax expense	3.1	2.5	2.4	2.3	1.2
Depreciation expense	1.1	0.9	1.5	1.1	1.0
Amortization of intangible assets	14.1	12.8	10.3	10.4	10.0
Stock-based compensation and related taxes	1.3	1.0	1.0	1.2	1.0
Other charges	0.6	2.1	1.5	0.5	0.6
Adjusted EBITDA	30.2	28.7	25.0	24.0	22.8
Revenues	80.5	78.0	71.0	70.0	67.1
Net income as % of revenues	11%	9%	11%	11%	13%
Adjusted EBITDA as % of revenues	38%	37%	35%	34%	34%

For more information on the reconciliation of Non-GAAP financial measures please refer to our press release dated September 4, 2019:

<https://www.descartes.com/news-events/financial-news>

Reconciliation of Non-GAAP Financial Measures - Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues – 1HFY20

We prepare and release quarterly unaudited and annual audited financial statements prepared in accordance with GAAP. We also disclose and discuss certain non-GAAP financial information, used to evaluate our performance, in this and other earnings releases and investor conference calls as a complement to results provided in accordance with GAAP. We believe that current shareholders and potential investors in our company use non-GAAP financial measures, such as Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues, in making investment decisions about our company and measuring our operational results.

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The table below reconciles Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues to net income reported in our unaudited Consolidated Statements of Operations for 1HFY20 and 1HFY19, which we believe is the most directly comparable GAAP measure.

(US dollars in millions)	1H FY20	1H FY19
Net income, as reported on Consolidated Statements of Operations	15.9	15.5
Adjustments to reconcile to Adjusted EBITDA:		
Interest expense	3.6	1.0
Investment income	(0.1)	(0.1)
Income tax expense	5.6	3.5
Depreciation expense	2.0	2.0
Amortization of intangible assets	26.9	19.5
Stock-based compensation and related taxes	2.3	1.8
Other charges	2.7	1.7
Adjusted EBITDA	58.9	44.9
Revenues	158.5	134.1
Net income as % of revenues	10%	12%
Adjusted EBITDA as % of revenues	37%	33%

For more information on the reconciliation of Non-GAAP financial measures please refer to our press release dated September 4, 2019:
<https://www.descartes.com/news-events/financial-news>