



**NATIONAL ASSOCIATION OF
WHOLESALE-DEALERS**

**Trucking Industry and Driver Update: How to
beat the Capacity Crunch!**

May 2, 2018

Matthew Penley
National Account Executive
Old Dominion Freight Line, Inc

Philip Condron
Manager, Transportation and Logistics North America
Composites One, LLC

Forward-looking Statements



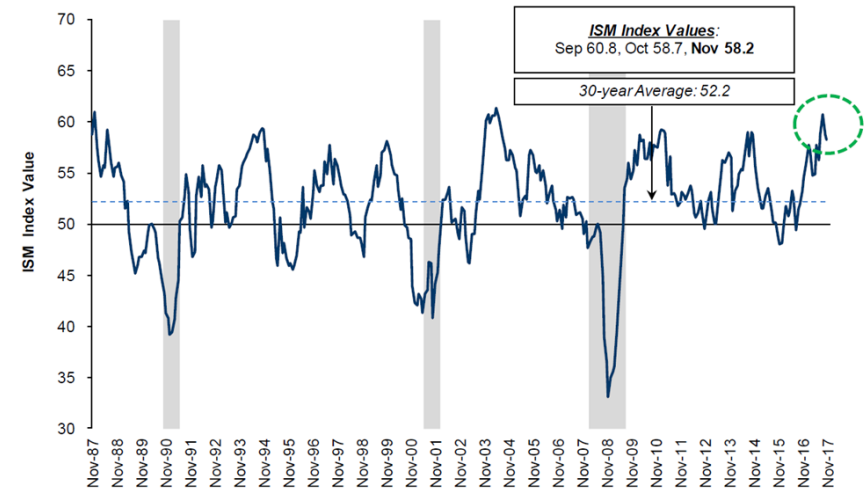
Today's discussion may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “anticipates,” “intends,” “estimates” or similar expressions are intended to identify these forward-looking statements. These statements are based on Old Dominion Freight Line’s current plans and expectations and involve risks and uncertainties that could cause future activities and results of operations to be materially different from those set forth in the forward-looking statements. ***For further information, please refer to Old Dominion Freight Line’s filings with the Securities and Exchange Commission.***

Stars are Aligned



STIFEL
Transportation & Logistics
Global Equity Research

Manufacturing performing well - ISM at peak levels



4

MANUFACTURING AT A GLANCE

January 2018

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction
PMI*	59.1	59.3	-0.2	Growing
New Orders	65.4	67.4	-2.0	Growing
Production	64.5	65.2	-0.7	Growing
Employment	54.2	58.1	-3.9	Growing
Supplier Deliveries	59.1	57.2	+1.9	Slowing
Inventories	52.3	48.5	+3.8	Growing
Customers' Inventories	45.6	42.9	+2.7	Too Low
Prices	72.7	68.3	+4.4	Increasing
Backlog of Orders	56.2	54.9	+1.3	Growing
New Export Orders	59.8	57.6	+2.2	Growing
Imports	58.4	56.5	+1.9	Growing
OVERALL ECONOMY				Growing
Manufacturing Sector				Growing

★ **ELD Mandate**

+

★ **Tax Bill**

+

★ **Health of Economy**

+

★ **Ongoing Driver Shortage**

= Capacity Crunch

Capacity Crunch!

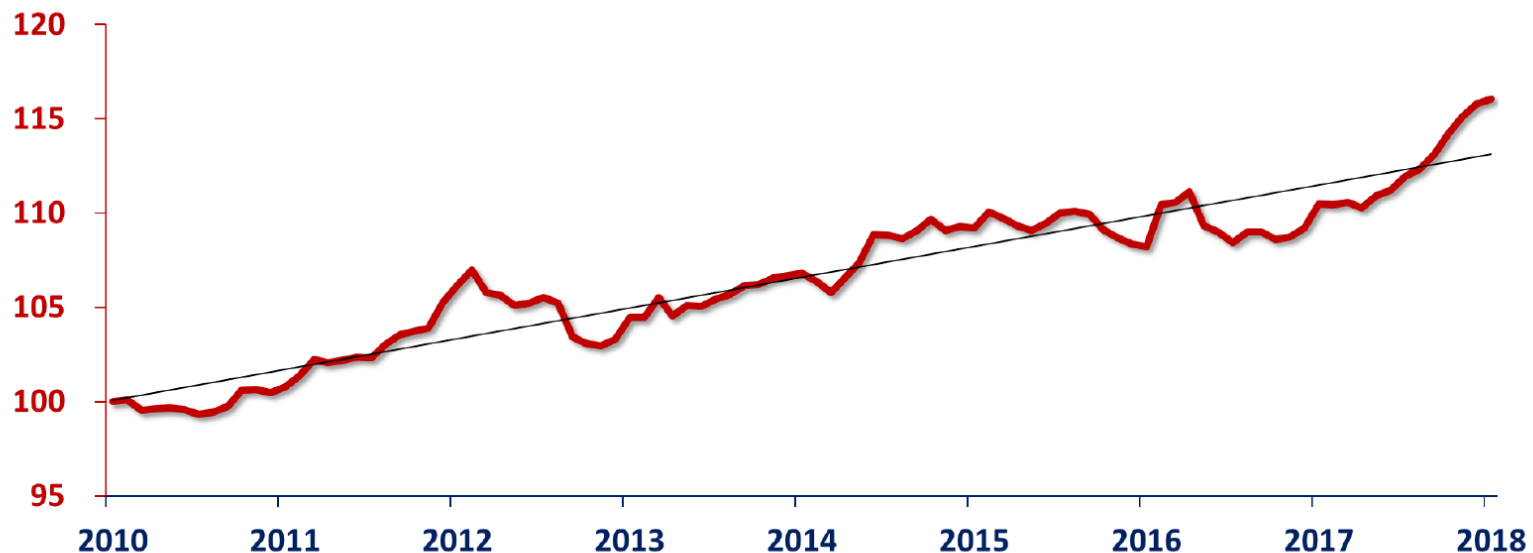


Believe it - “It is Real”

- 70% of Consumables move by Truck
- 1 to 12 ratio
- Average Age – 55 (and increasing)
- Not a “Desirable” occupation

Total For-Hire TL Loads

Index: January 2010=100; 3-Month Moving Average



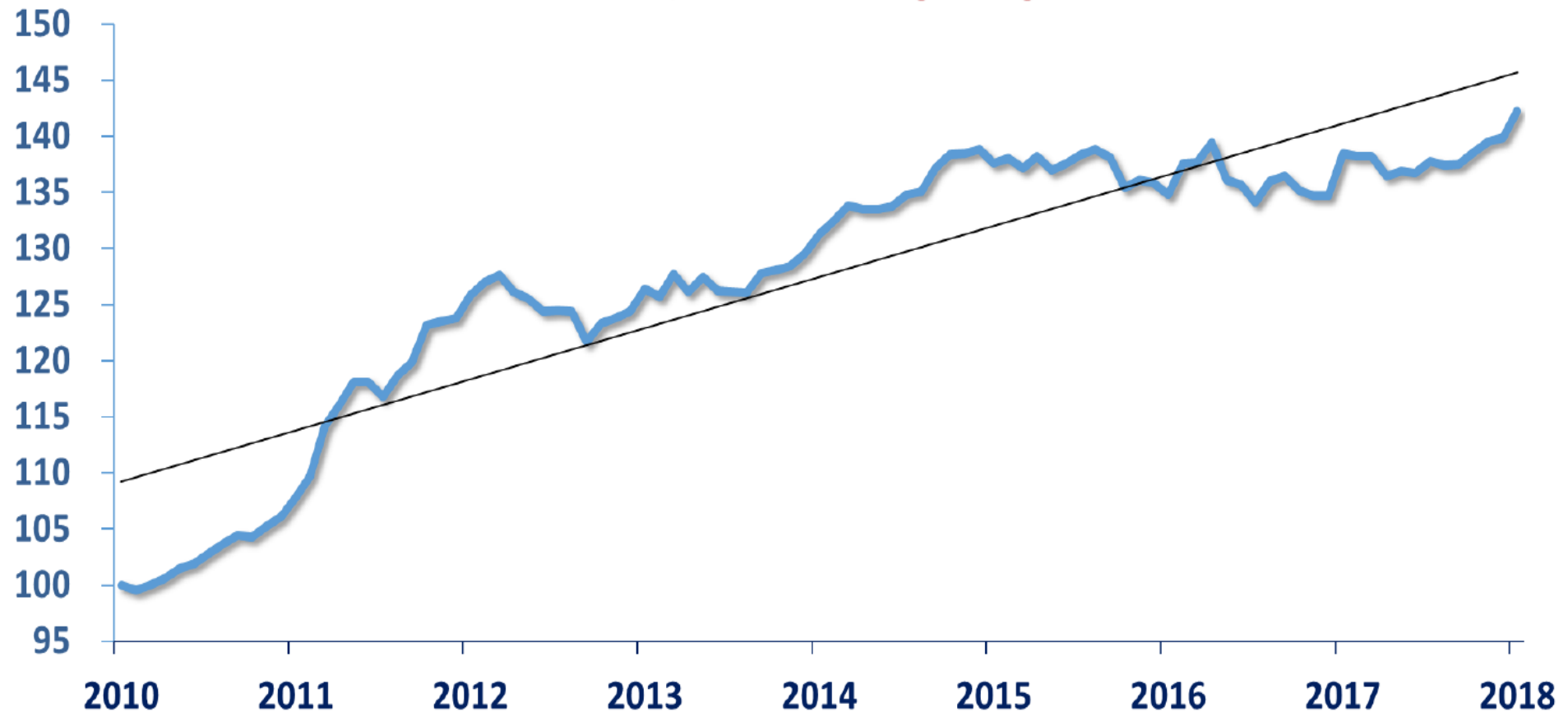
Includes Dry Van, Flatbed, Temp Controlled, and Tank Truck

Trucking: Tonnage Increasing



LTL Tonnage

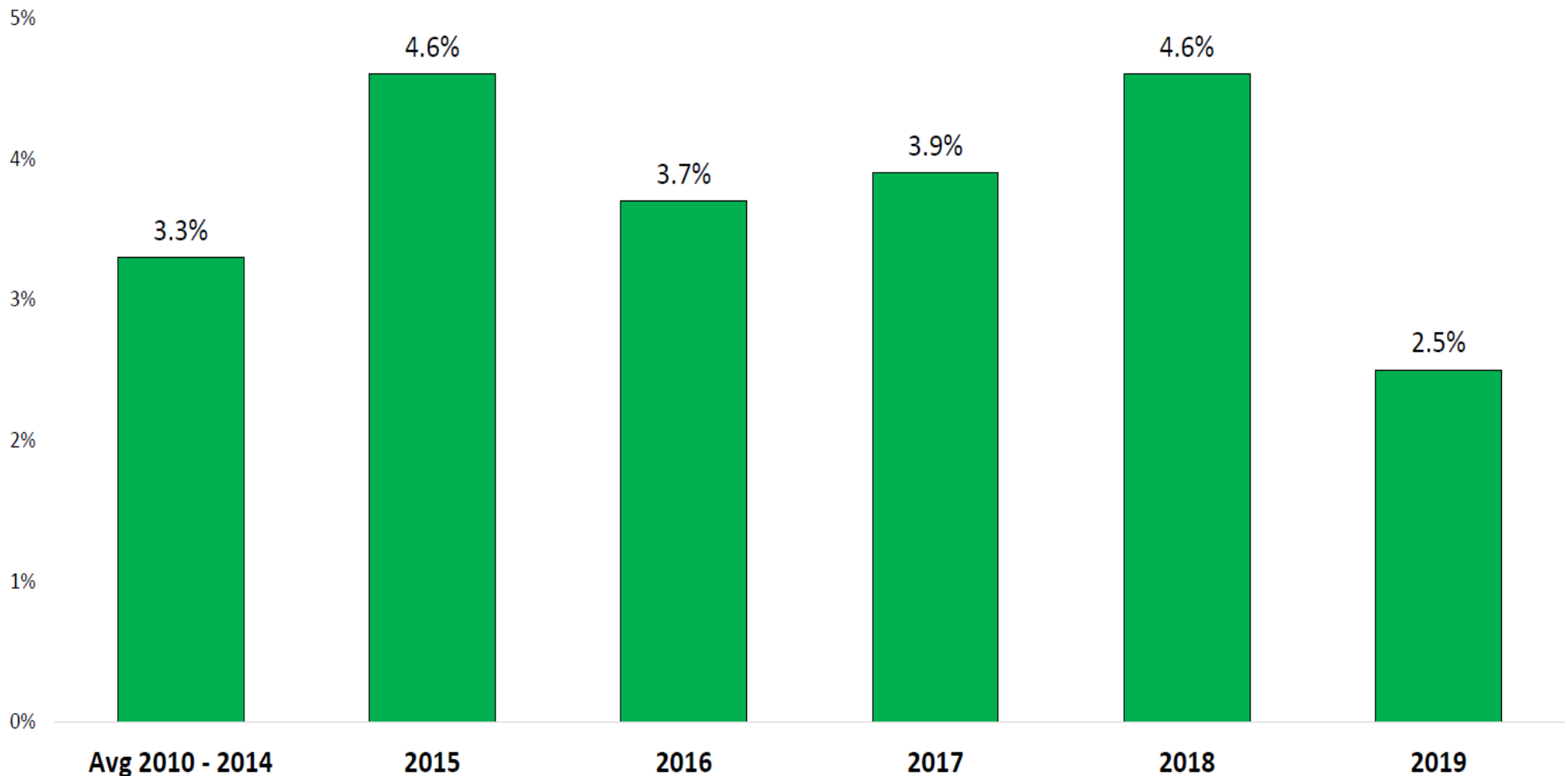
Index: 2010=100; 3-Month Moving Average



Drivers of Freight Demand: Consumer Spending



Real Personal Consumption Growth (Goods Only)

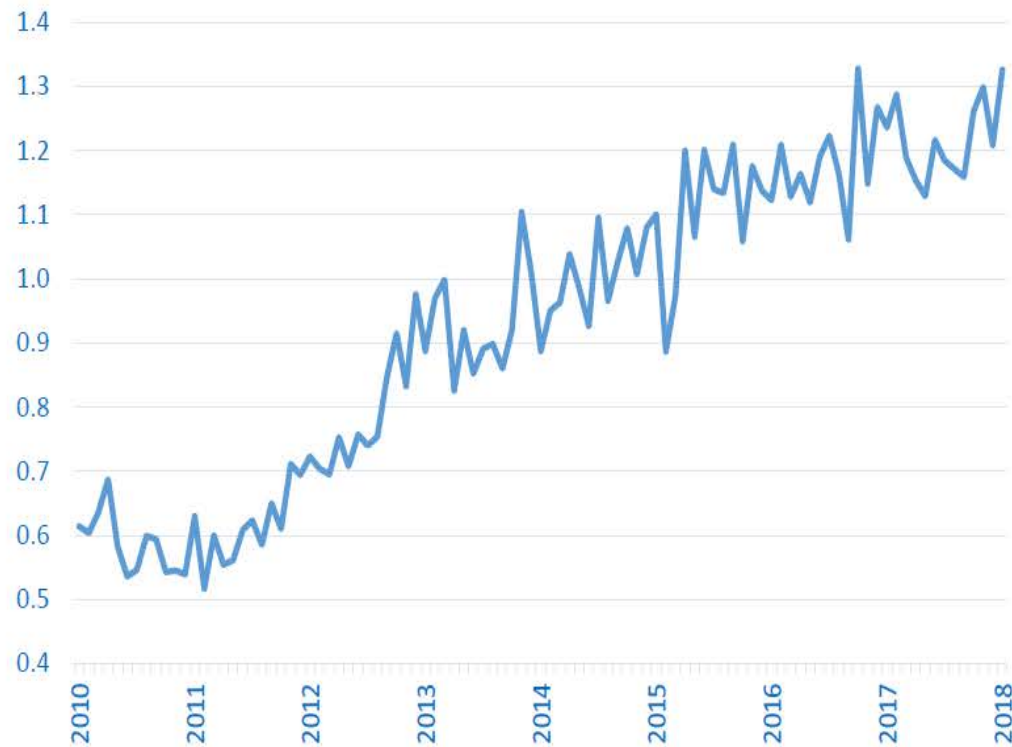


Drivers of Freight Demand: Housing Starts

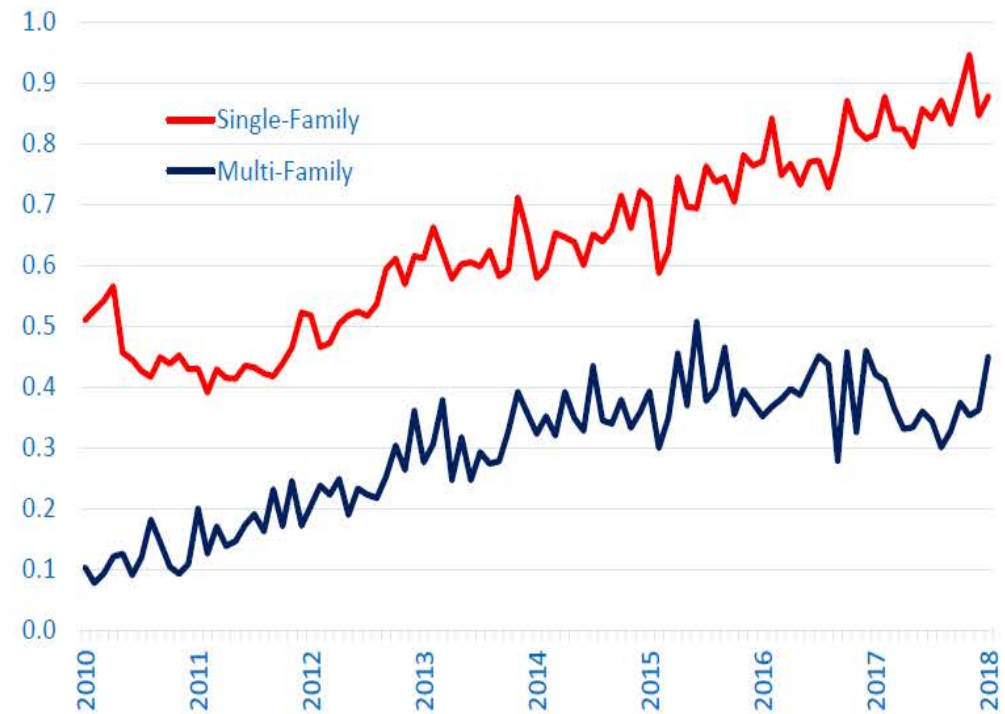


Single-Family Housing Starts Will Continue Their Upward Climb

Total Housing Starts
(Monthly; Annualized Rate; Millions)



Single-Family vs Multi-Family Units
(Monthly; Annualized Rate; Millions)



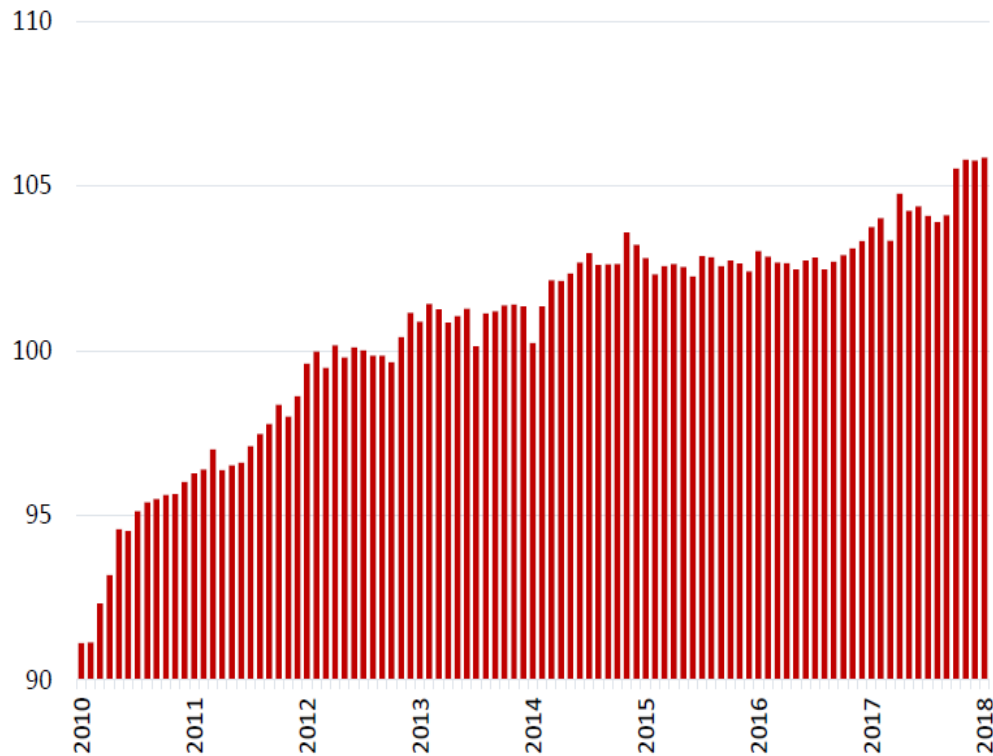
	2015	2016	2017	2018	2019
H.S.	1.11 M	1.18 M	1.21 M	1.29 M	1.40 M

Drivers of Freight Demand: Factory Output



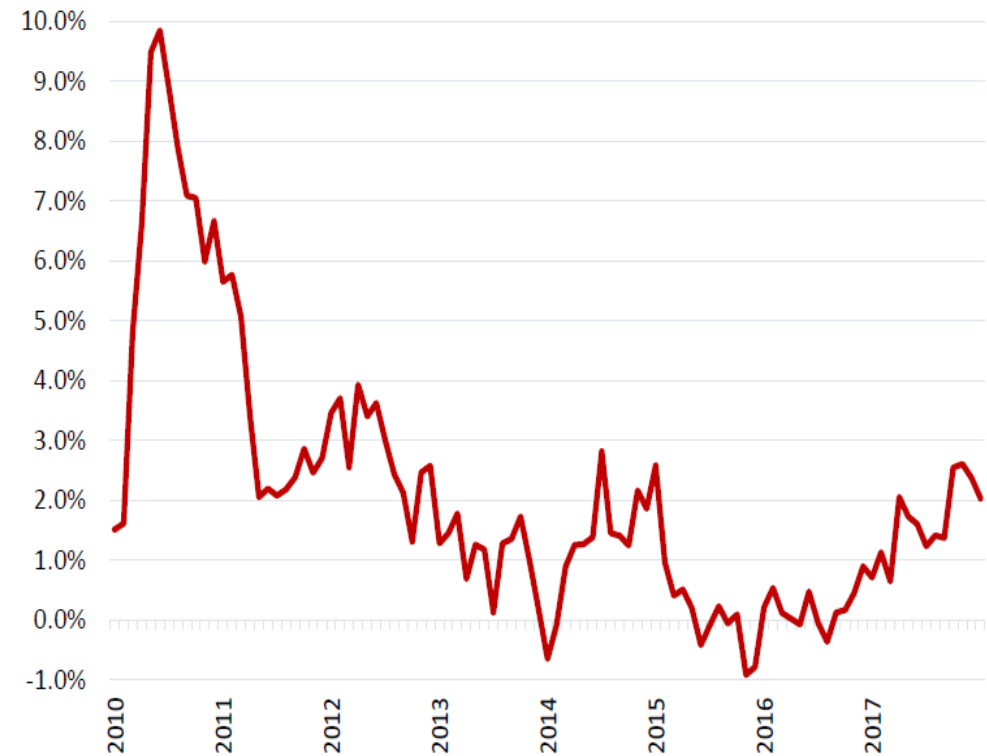
Factory Output is Improving

Factory Output
(Index)



	2015	2016	2017	2018	2019
Output	0.2%	0.2%	1.7%	3.3%	3.0%

Factory Output
(Year-over-Year Percent)



Sources: Federal Reserve & ATA

Drivers of Freight Demand: Inventory to Sales



Total Business Inventory-to-Sales Ratio

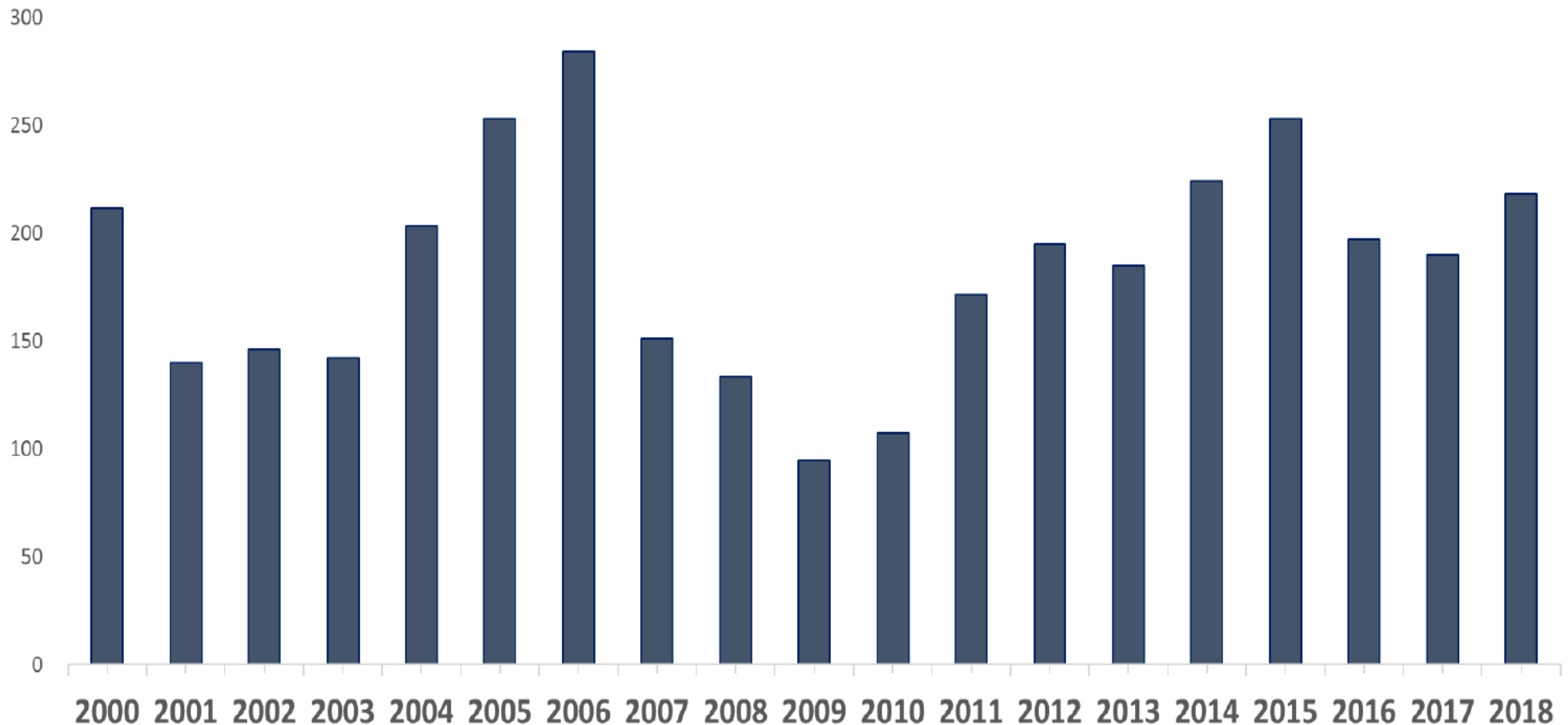
(Data adjusted for seasonal, holiday, and trading-day differences, but not price changes)





US Retail Class 8 Truck Sales

Thousands



Includes Tractors & Straight Trucks

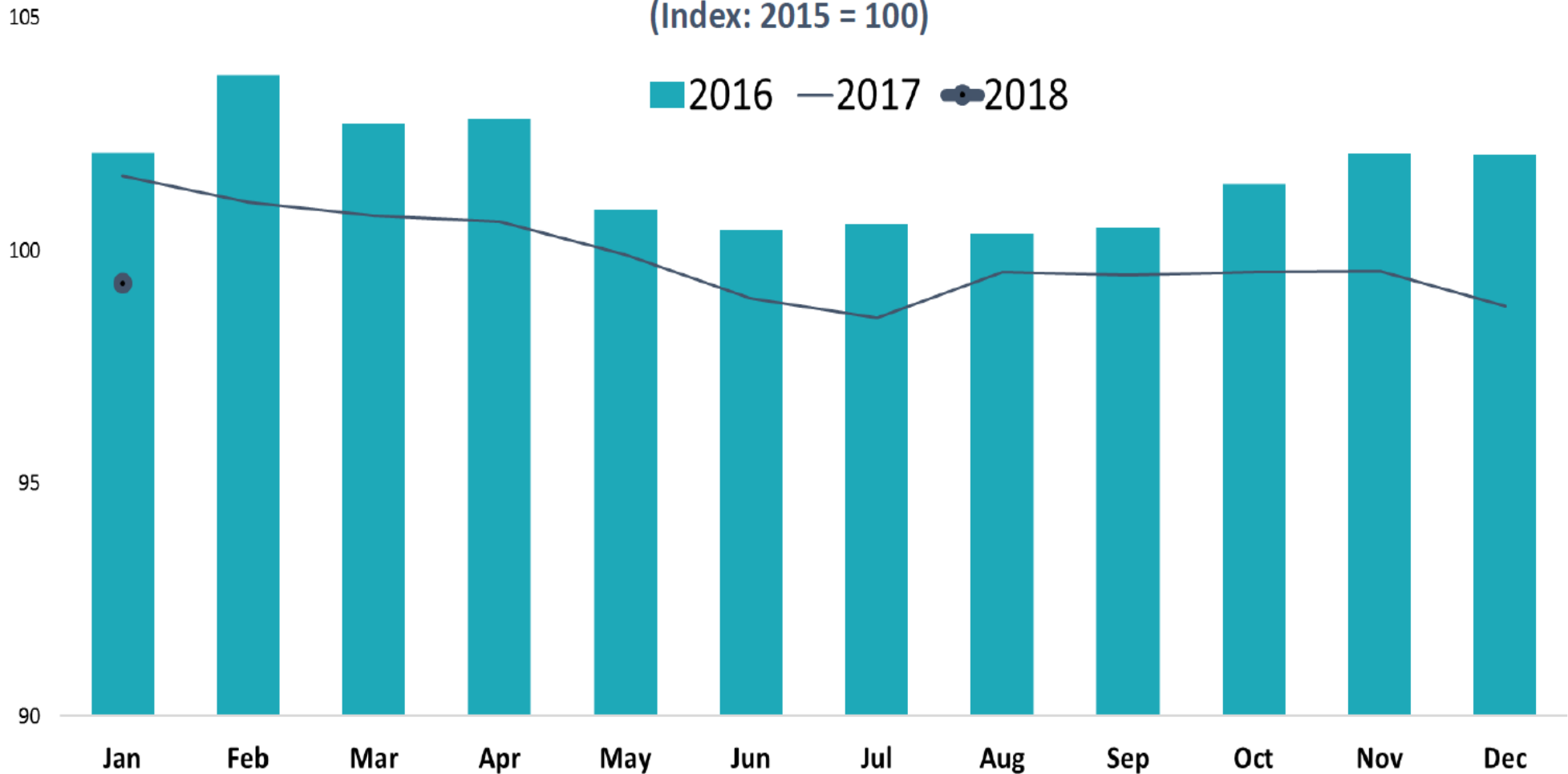
Source: ATA's American Trucking Trends 2016 & ACT Research

Truck Capacity



TL Truck Counts

(Index: 2015 = 100)

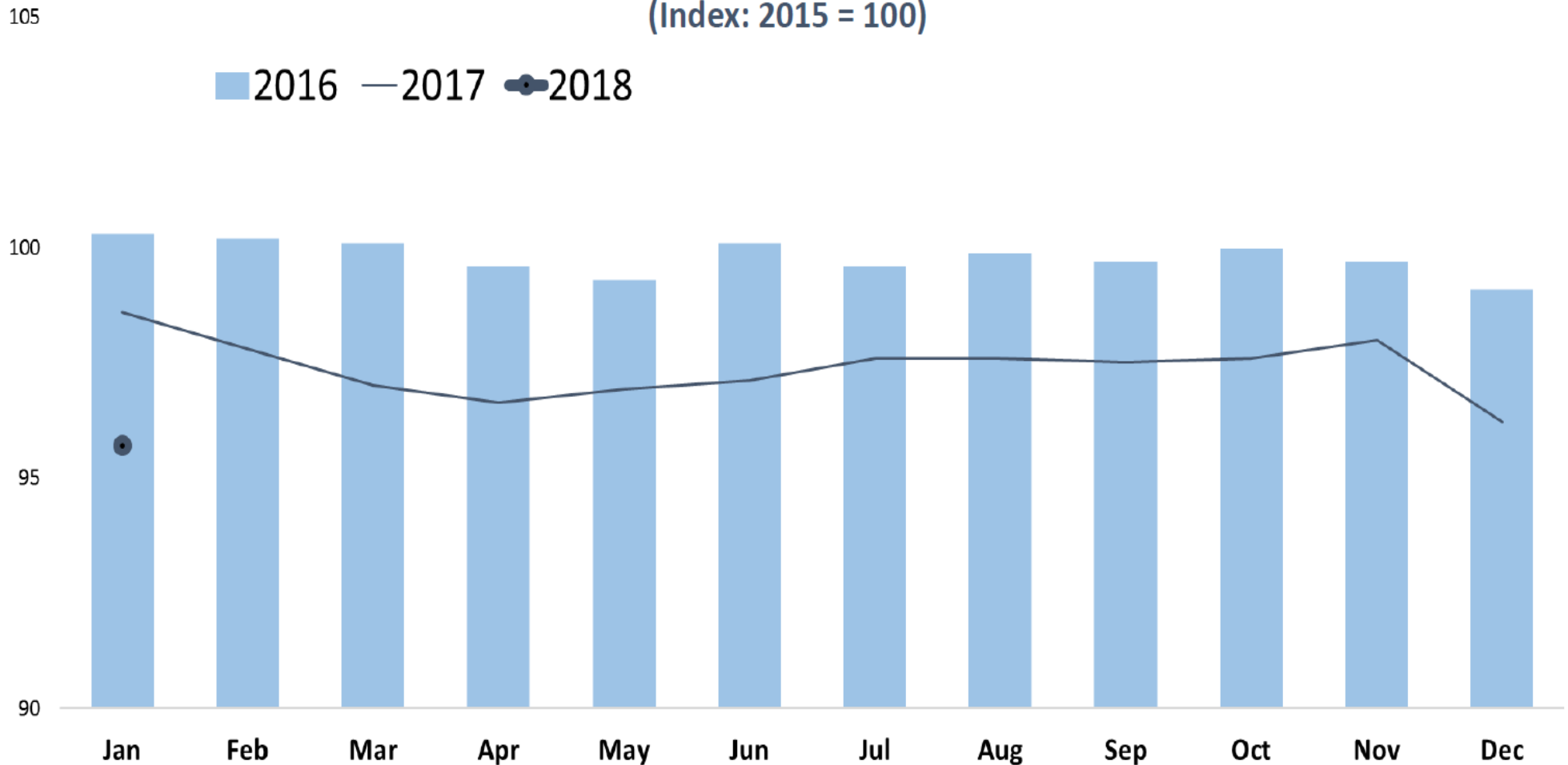


Truck Capacity



LTL Truck Counts

(Index: 2015 = 100)

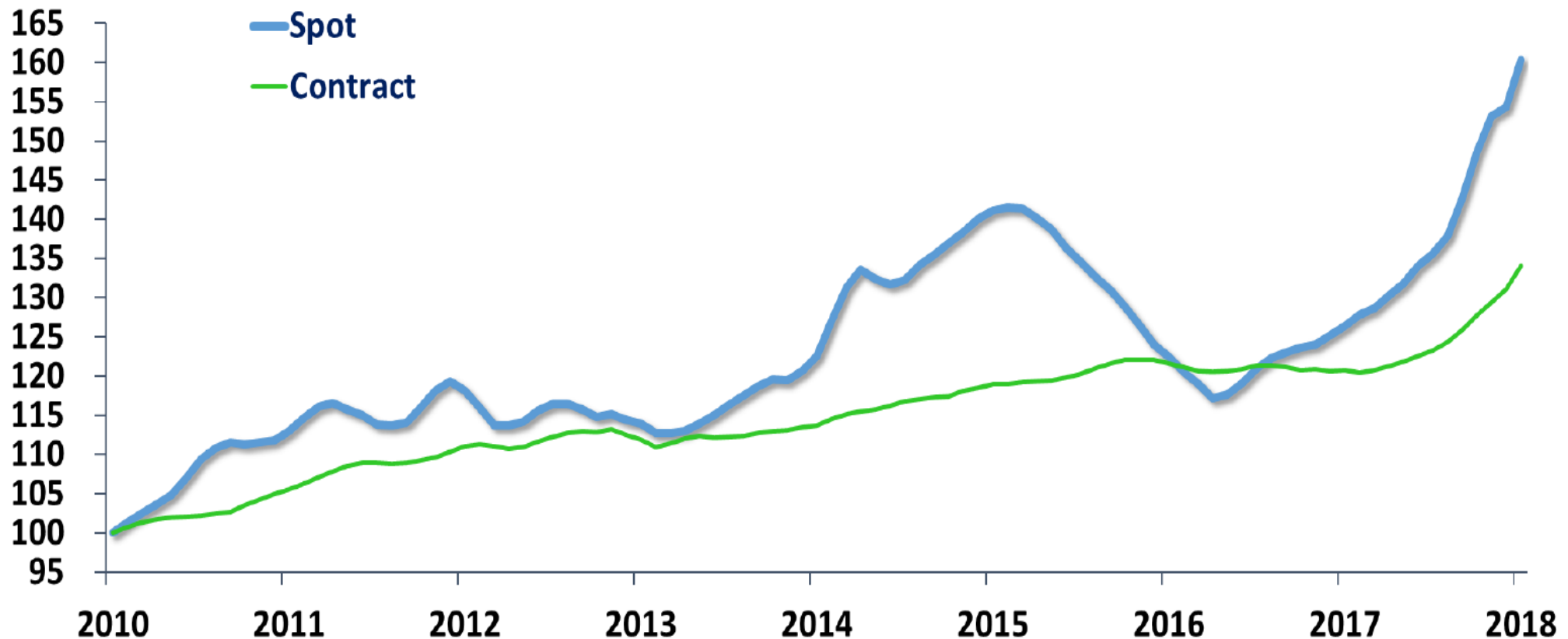


Capacity Effect on Pricing



Rates and Rate Proxies: Contract vs Spot

Index: January 2010=100; 3-Month Moving Average

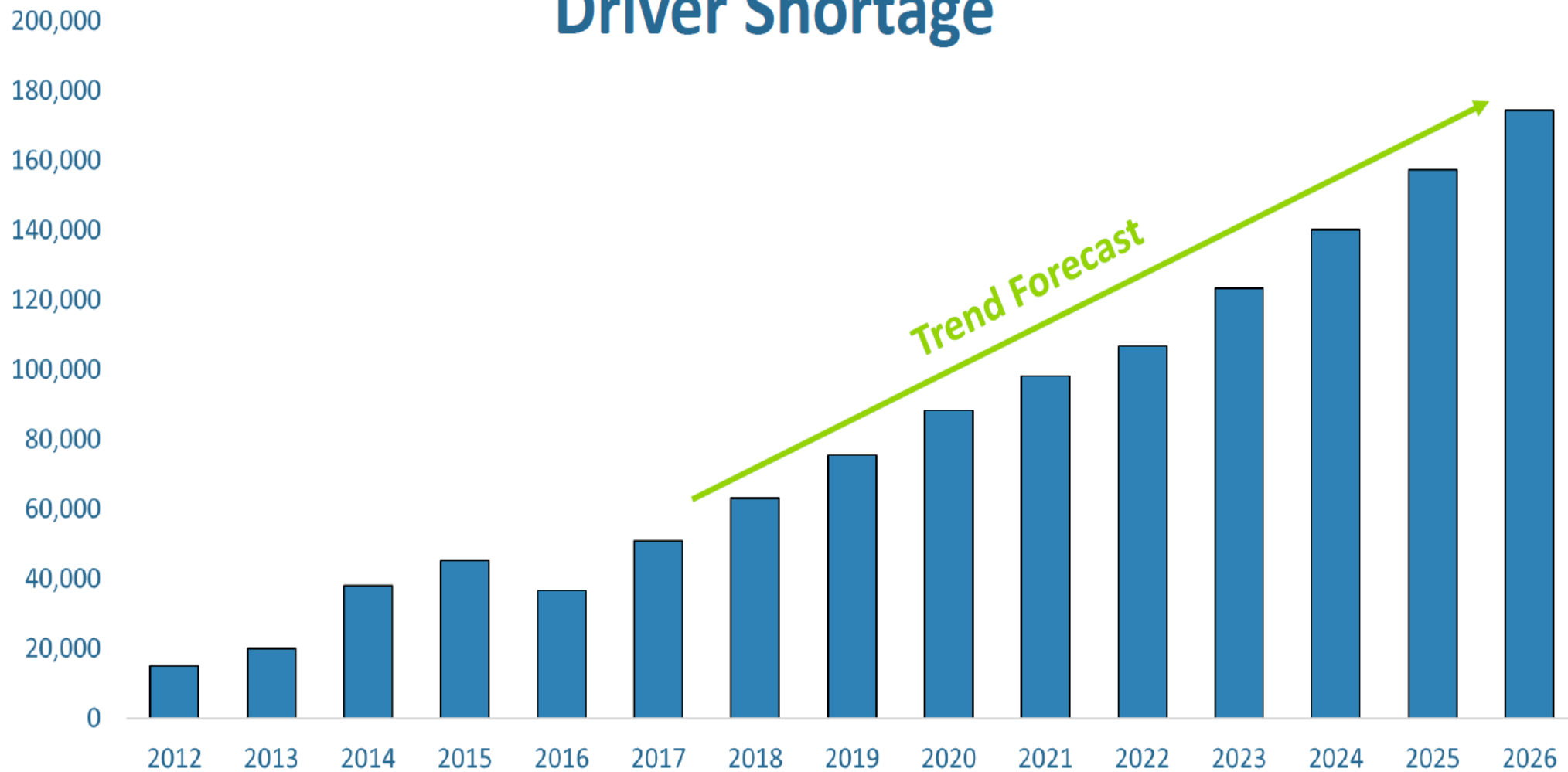


Includes Dry Van, Flatbed, Temp Controlled, and Tank Truck
Contract = For-Hire Truckload Average Revenue per Mile x FSC

Driver Shortage



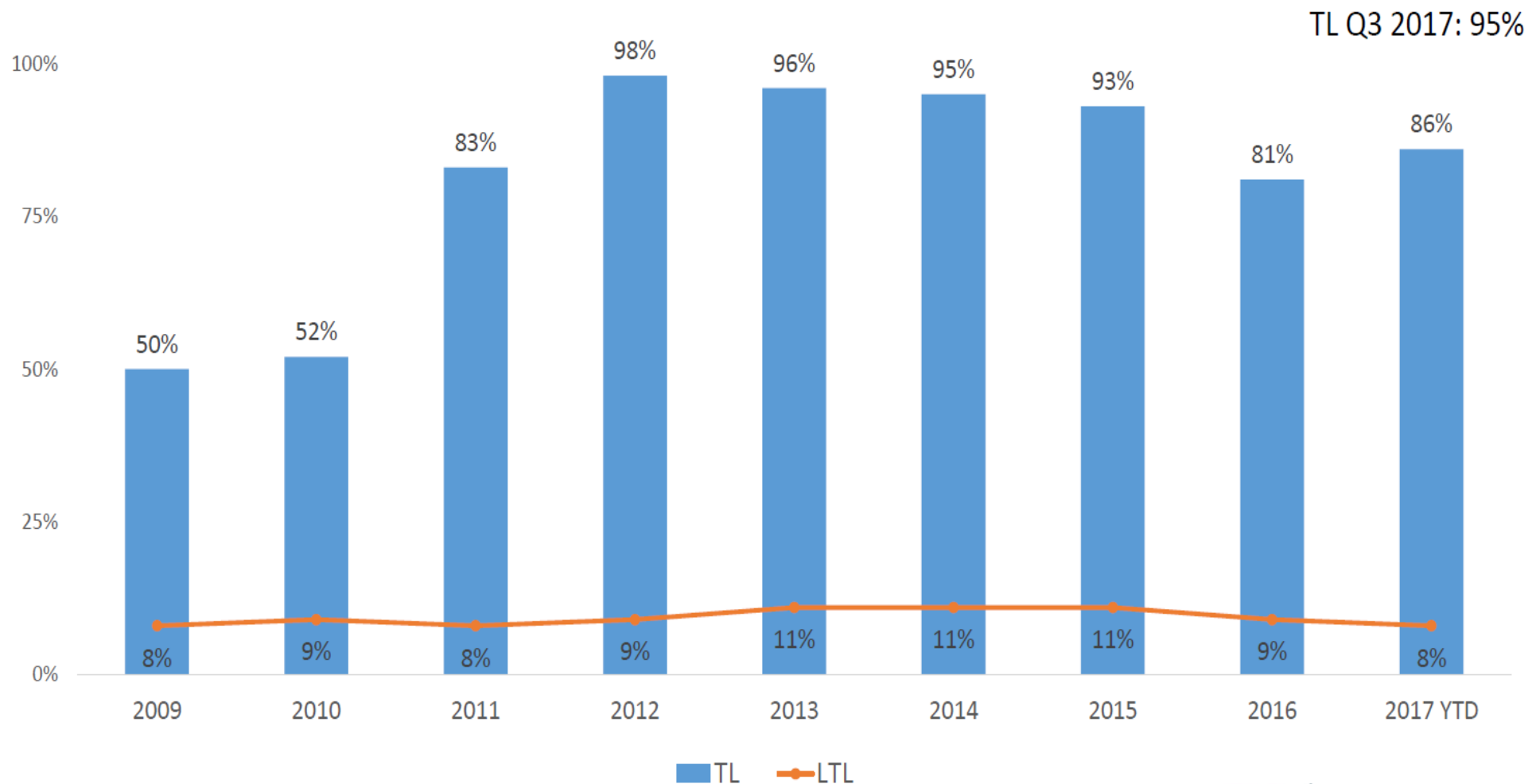
Driver Shortage



Driver Shortage: Turnover Rates



Truck Driver Turnover Rates



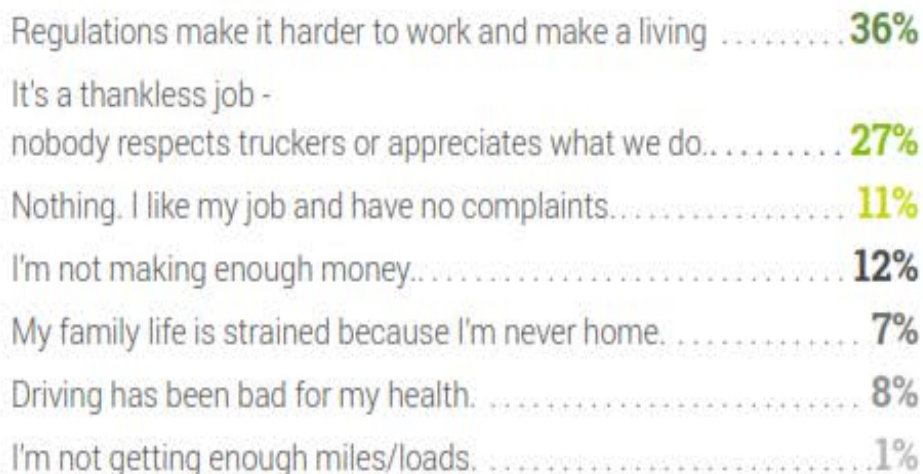
What is the one thing you dislike most about your job today?

All Respondents

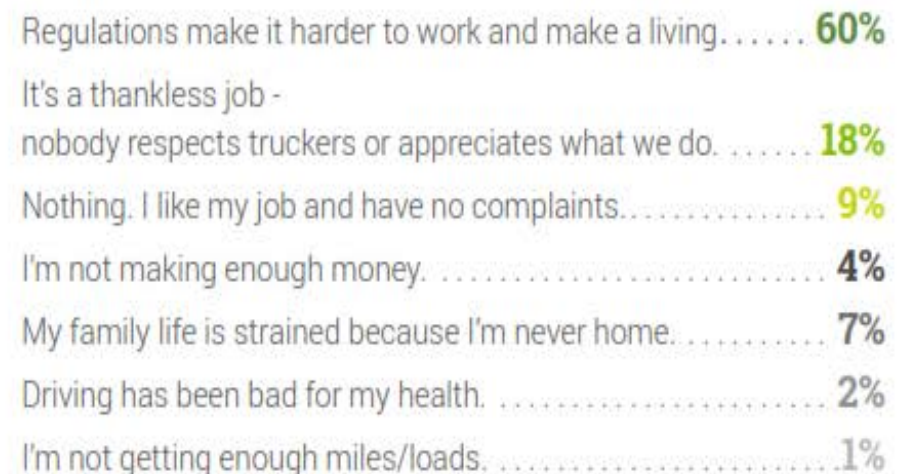


Surprisingly, only 9% rank low pay as the worst thing about driving.

Company Drivers



Leased Owner-Operators



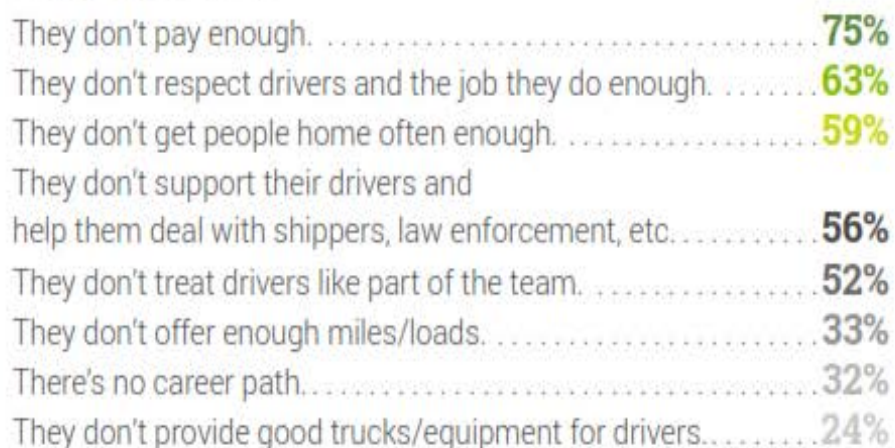
Why do you think fleets are having a hard time finding drivers today?

All Respondents

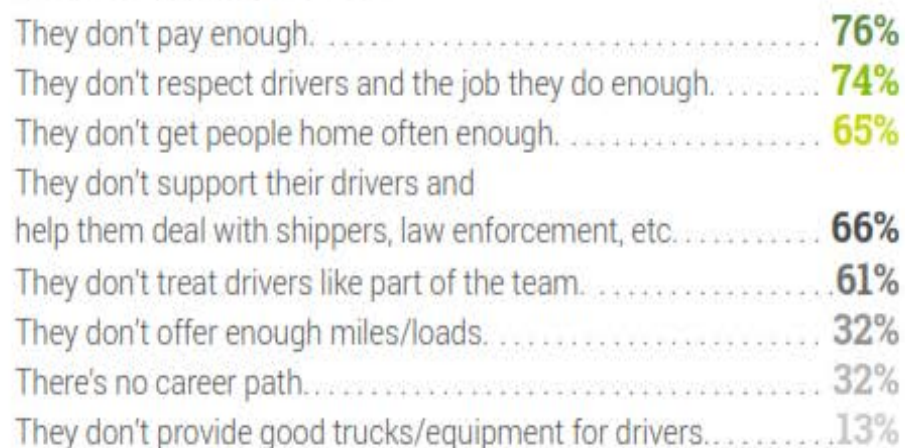


Pay is always important, but respect runs a close second.

Company Drivers



Leased Owner-Operators



Be a Shipper of Choice!



Focus on Partnership

- **View your Carrier as an Extension of your Business**
- **Synchronize Goals and Objectives**
- **What is Good for your Carrier is good for You**
- **Relationships Matter**



Focus on Partnership

- **Pre-Planning & Coordination is Key**
- **Flexible Hours and minimal delays**
- **Provide Attractive Payment terms**
- **Focus on Safety**

Thank you!



OD·DOMESTIC

OD·EXPEDITED

OD·PEOPLE

OD·GLOBAL

OD·TECHNOLOGY

**HELPING THE WORLD
KEEP PROMISES.®**