

ANNUAL
MEAT 2019
CONFERENCE



March 3-5, 2019 | Hilton Anatole | Dallas, TX



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TODAY'S Truck Load MARKET AND WAVES TO WATCH

Is There A New Normal?



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Agenda:

- Changing US Truckload market demographics
- Market Drivers: Supply & Demand Forecast
- Spot Market Trends
- Pricing and Capacity Themes
- Future Strategies for Consideration

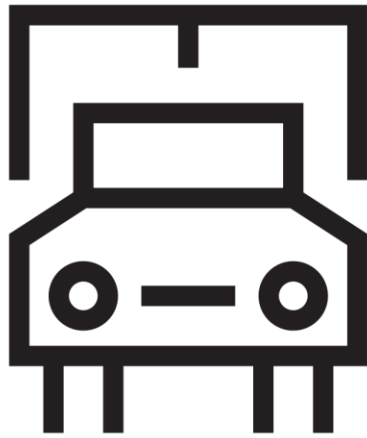


U.S. TRUCKLOAD CAPACITY IS HIGHLY FRAGMENTED

58%
of carriers in the U.S. are
owner/operator capacity

247,296 for-hire motor carriers

1,459,319 truck tractors



1-5 Trucks

6-50 Trucks

51-399 Trucks

400-3,999 Trucks

4000+ Trucks

Carriers

212,634

86.0%

30,998

12.5%

3,470

1.0%

181

0.1%

13

0.0%

Power units

340,362

23.3%

451,126

30.9%

389,777

26.7%

163,846

11.2%

114,208

7.8%

¹MCMIS: Motor Carrier Master Information System. Federal Motor Carrier Safety Administration's (FMCSA) dataset of carrier registrations.

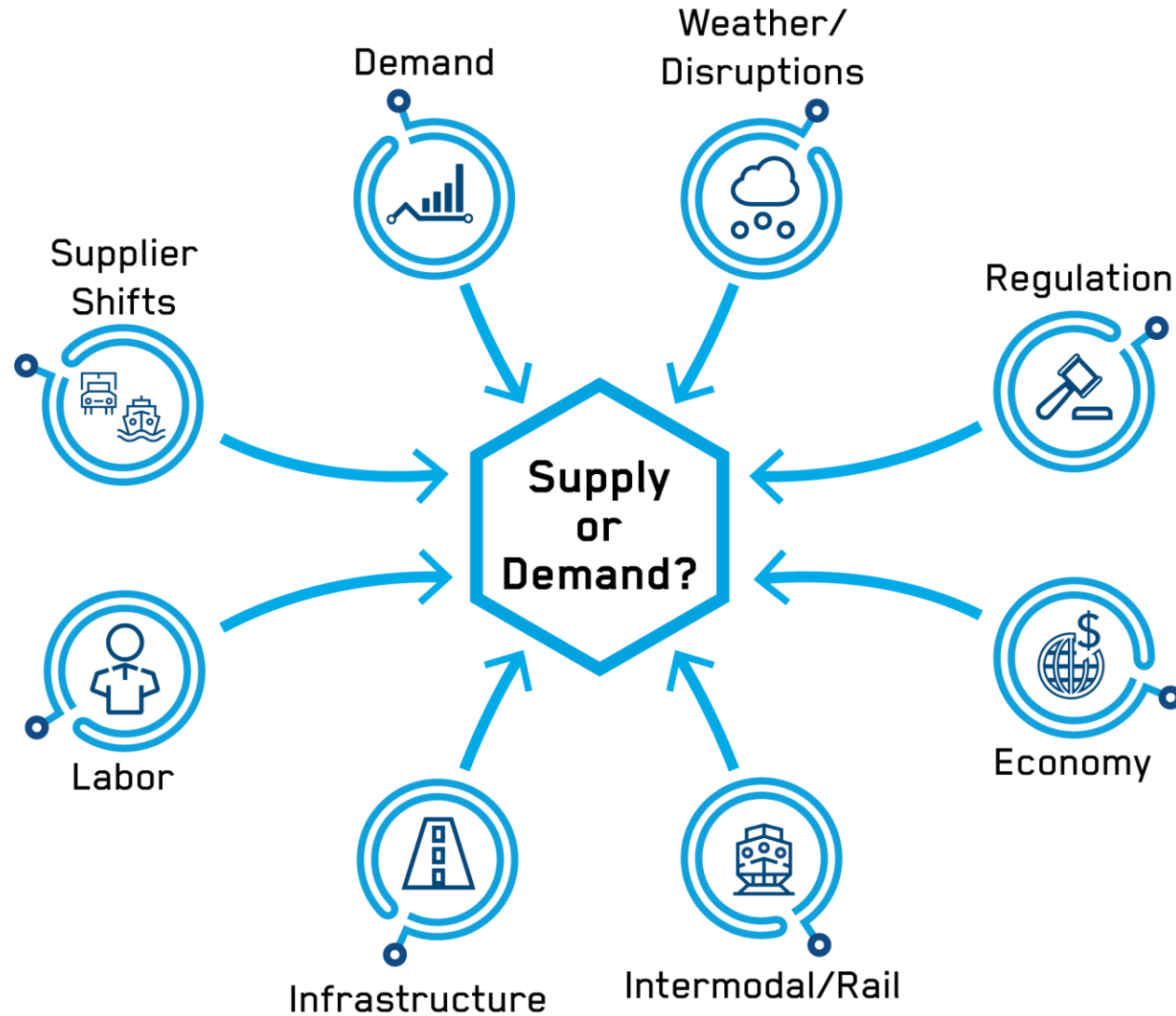
- Carriers Included: For Hire, USA 48 state, active status
- Carriers Excluded: Bus companies, LTL carriers, parcel, government vehicles, private, interstate only operating authority, waste haulers, forwarders and brokers (audit performed on carriers of 400 tractors and greater)



Market Drivers: Supply & Demand Forecast



Market Forces: Supply and Demand



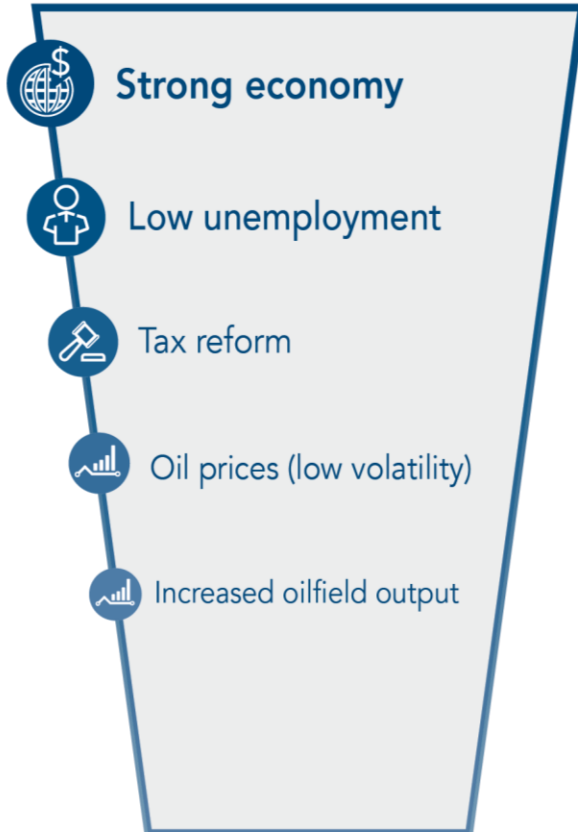


Market Forces

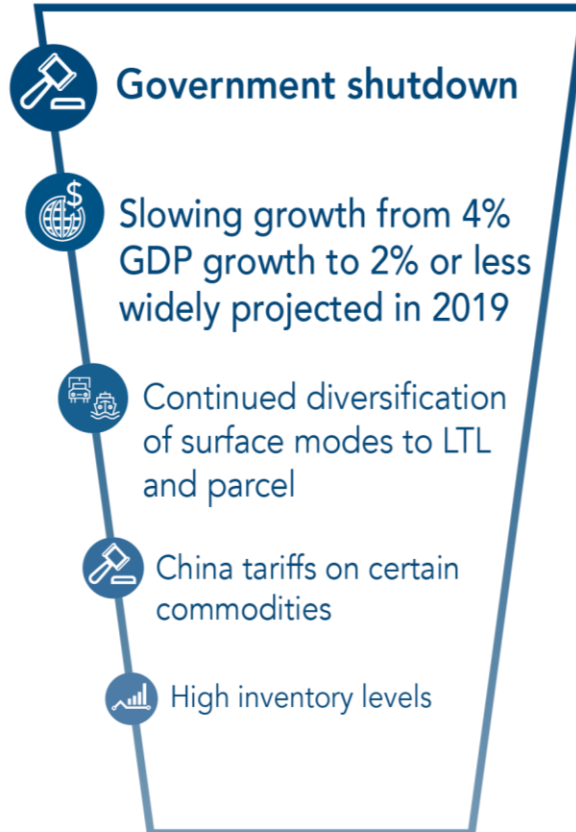
JANUARY 2019

DEMAND

↑ INCREASING



↓ DECREASING

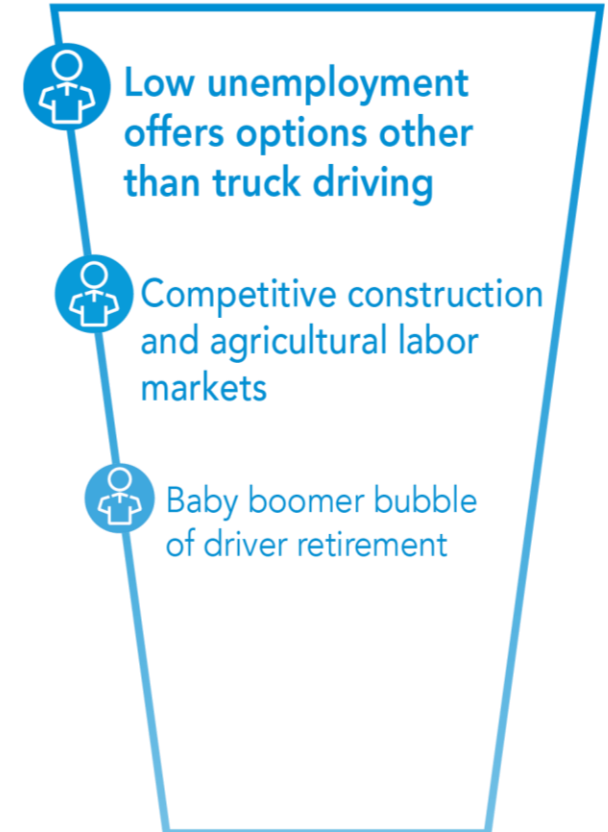


SUPPLY

↑ INCREASING



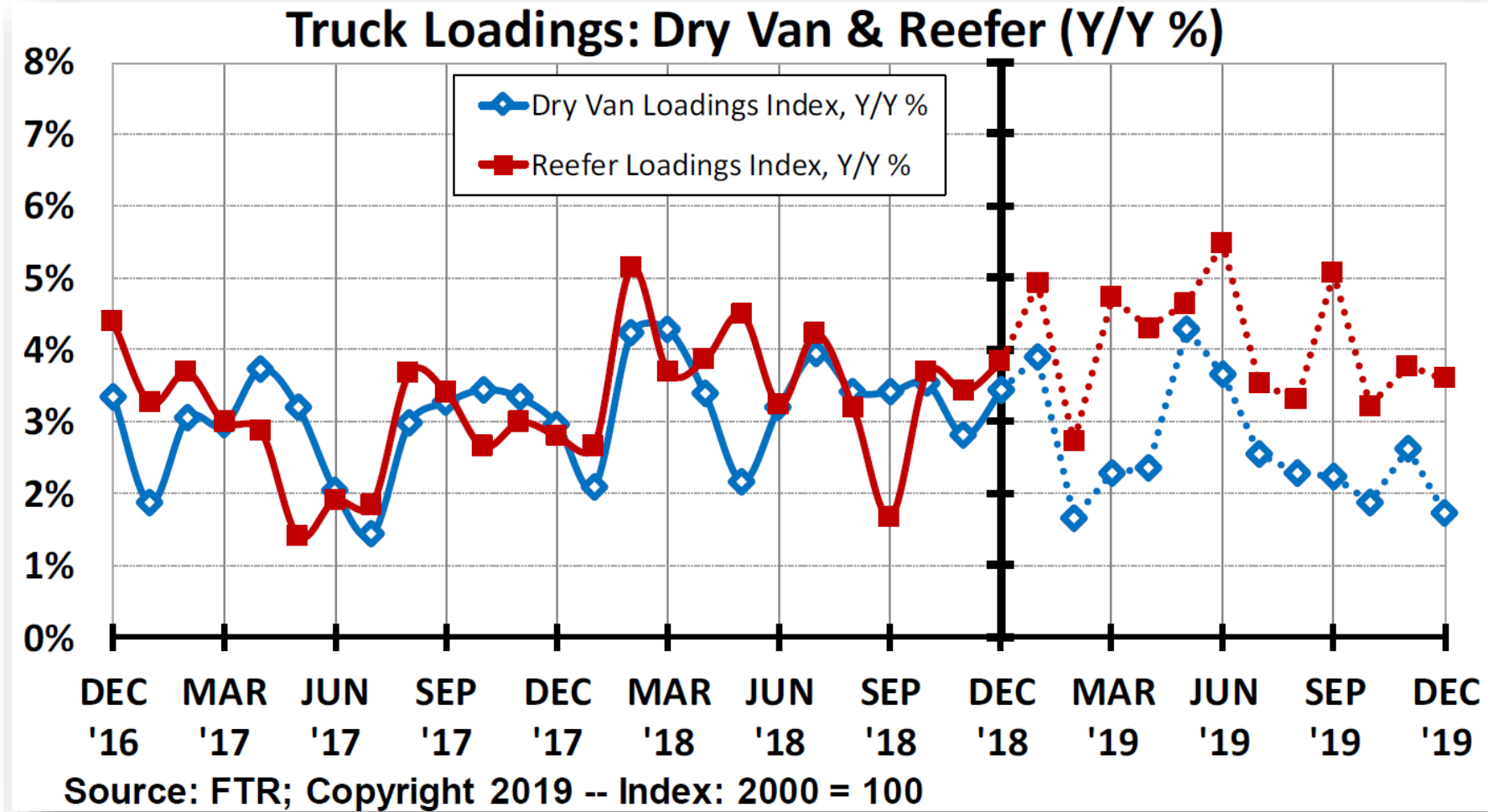
↓ DECREASING





Demand Forecast

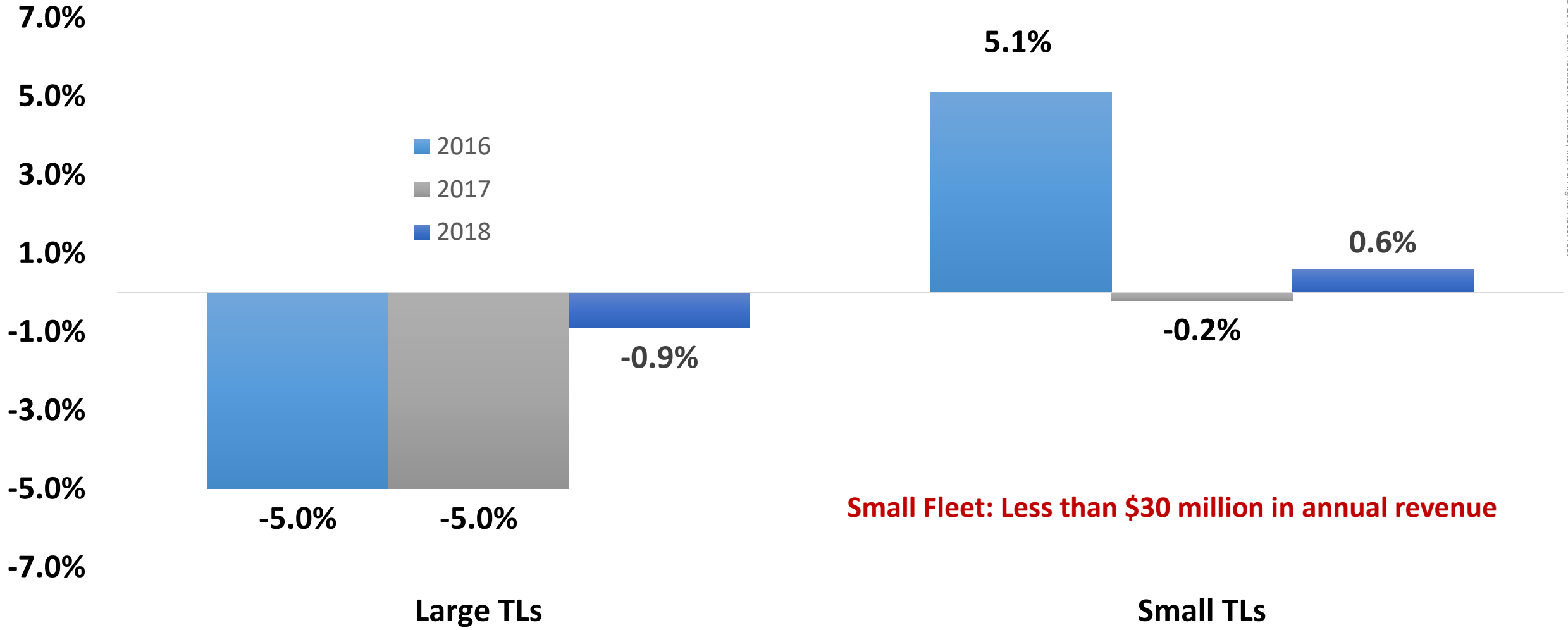
- FTR Forecast
- Growth in demand





Supply: For-Hire TL Tractor Changes – Large vs. Small Fleets

Includes company tractors and independent contractor equipment



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Reefer Trailer Fleet Forecast

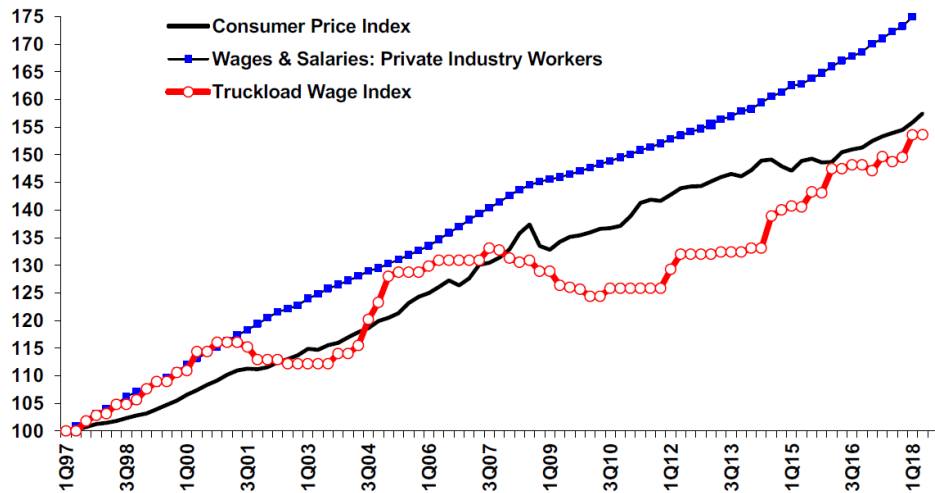
- **2018** +3.6%
- **2019** +3.7%





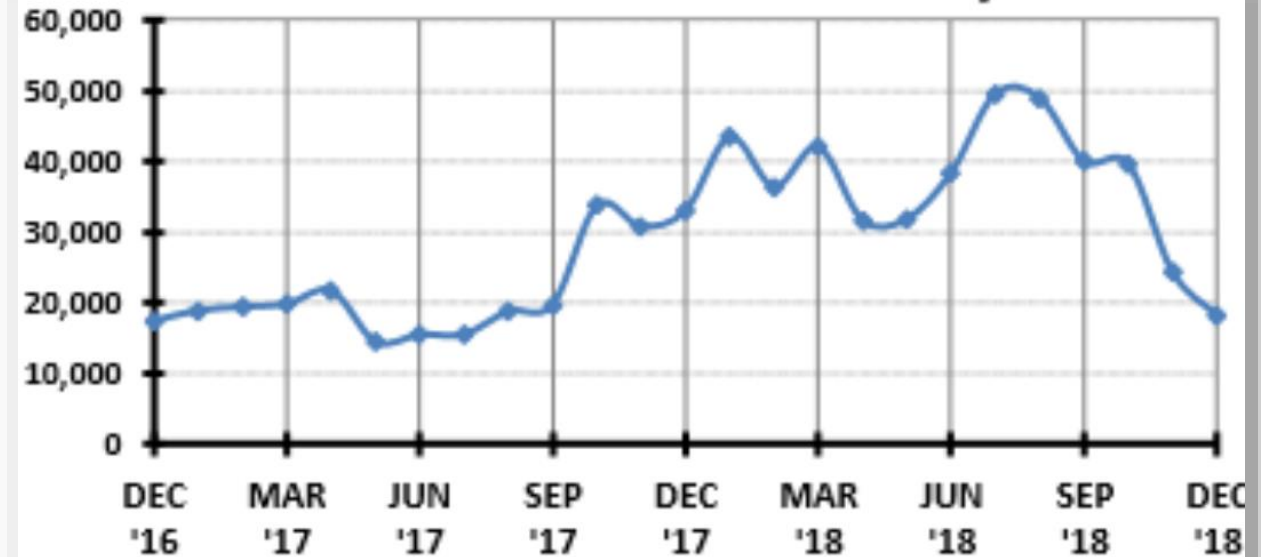
Supply: Tractors and Driver Insights

Exhibit 197: Base Driver Pay (Per Mile) for Drivers With 3 Years Experience vs. Inflation



Source: National Survey of Driver Wages, BLS, Morgan Stanley Research; Note: The Truckload Wage Index is calculated by MS and represents base pay per mile for a set subset of carriers and drivers, and does not include bonuses, incentive pay and other salary components.

New Truck Order Activity



Source: FTR; Copyright 2018 (U.S./Canada Net Orders)



Spot Market Trends



Dial-A-Truck Load-to-Truck Ratio: Reefer

Quarter 1 - 2017

4.29

Load-to-Truck Ratio



Quarter 2 - 2017

6.09

Load-to-Truck Ratio



Quarter 3 - 2017

8.23

Load-to-Truck Ratio



Quarter 4 - 2017

9.13

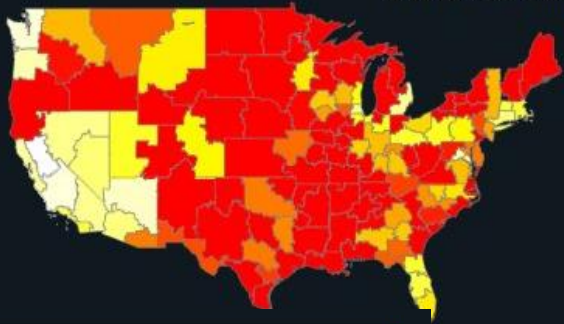
Load-to-Truck Ratio



Quarter 1 - 2018

9.10

Load-to-Truck Ratio



Quarter 2 - 2018

8.18

Load-to-Truck Ratio



Quarter 3 - 2018

6.16

Load-to-Truck Ratio



Quarter 4 - 2018

4.85

Load-to-Truck Ratio



DAT Load-to-Truck Ratio Scale



DAT

DAT Trendlines™

Powered by DAT RateView™



Dial-A-Truck Load-to-Truck Ratio: Dry Van

Quarter 1 - 2017

2.03

Load-to-Truck Ratio



Quarter 2 - 2017

3.12

Load-to-Truck Ratio



Quarter 3 - 2017

4.02

Load-to-Truck Ratio



Quarter 4 - 2017

4.56

Load-to-Truck Ratio



Quarter 1 - 2018

4.74

Load-to-Truck Ratio



Quarter 2 - 2018

4.47

Load-to-Truck Ratio



Quarter 3 - 2018

3.21

Load-to-Truck Ratio



Quarter 4 - 2018

2.41

Load-to-Truck Ratio



DAT Load-to-Truck Ratio Scale



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DAT Trendlines™
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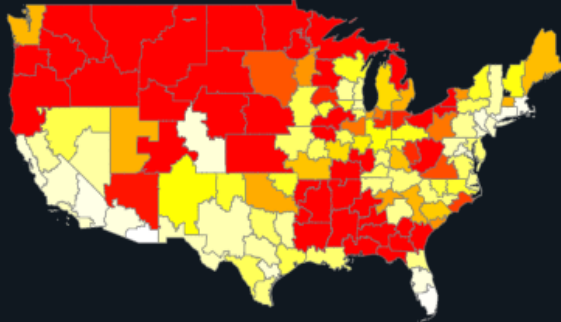


Dial-A-Truck Load-to-Truck Ratio: Flatbed

Quarter 4 - 2016

12.23

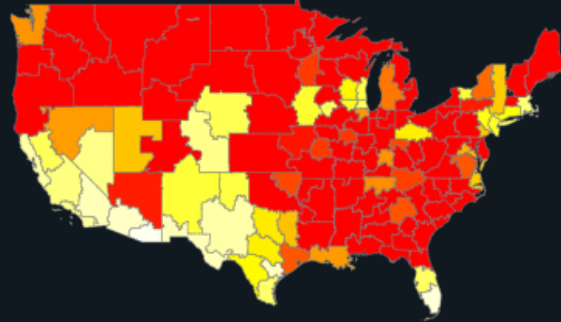
Load-to-Truck Ratio



Quarter 1 - 2017

24.39

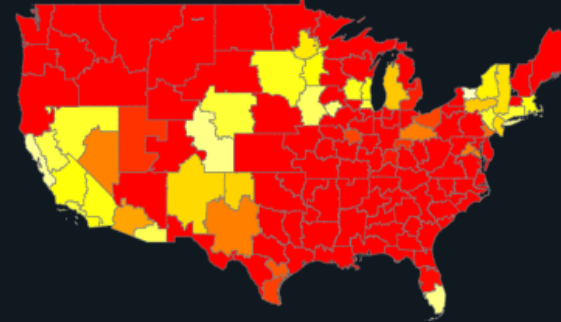
Load-to-Truck Ratio



Quarter 2 - 2017

39.52

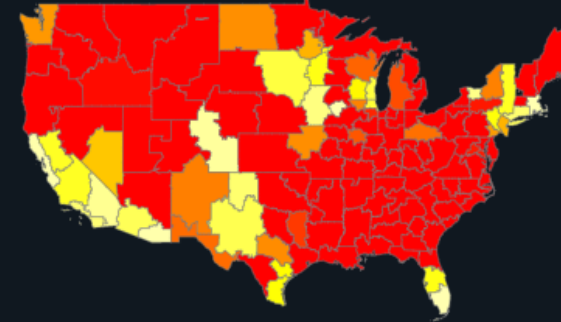
Load-to-Truck Ratio



Quarter 3 - 2017

32.29

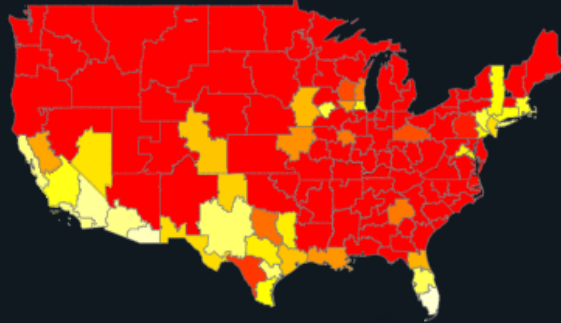
Load-to-Truck Ratio



Quarter 4 - 2017

30.82

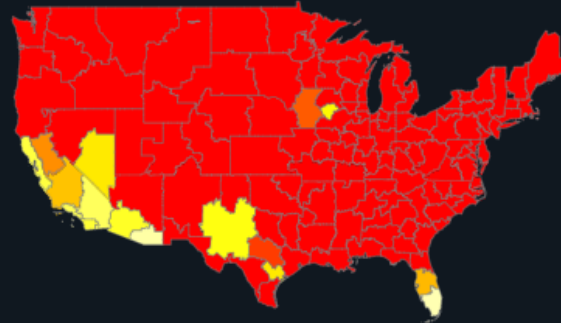
Load-to-Truck Ratio



Quarter 1 - 2018

64.80

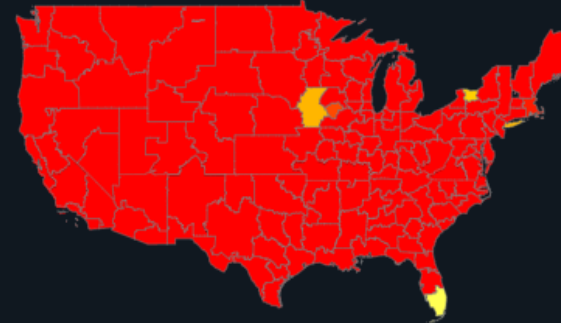
Load-to-Truck Ratio



Quarter 2 - 2018

88.96

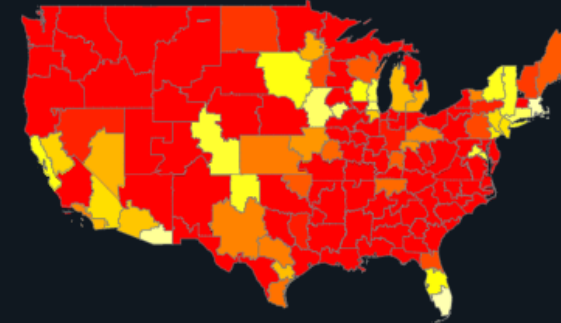
Load-to-Truck Ratio



Quarter 3 - 2018

27.57

Load-to-Truck Ratio



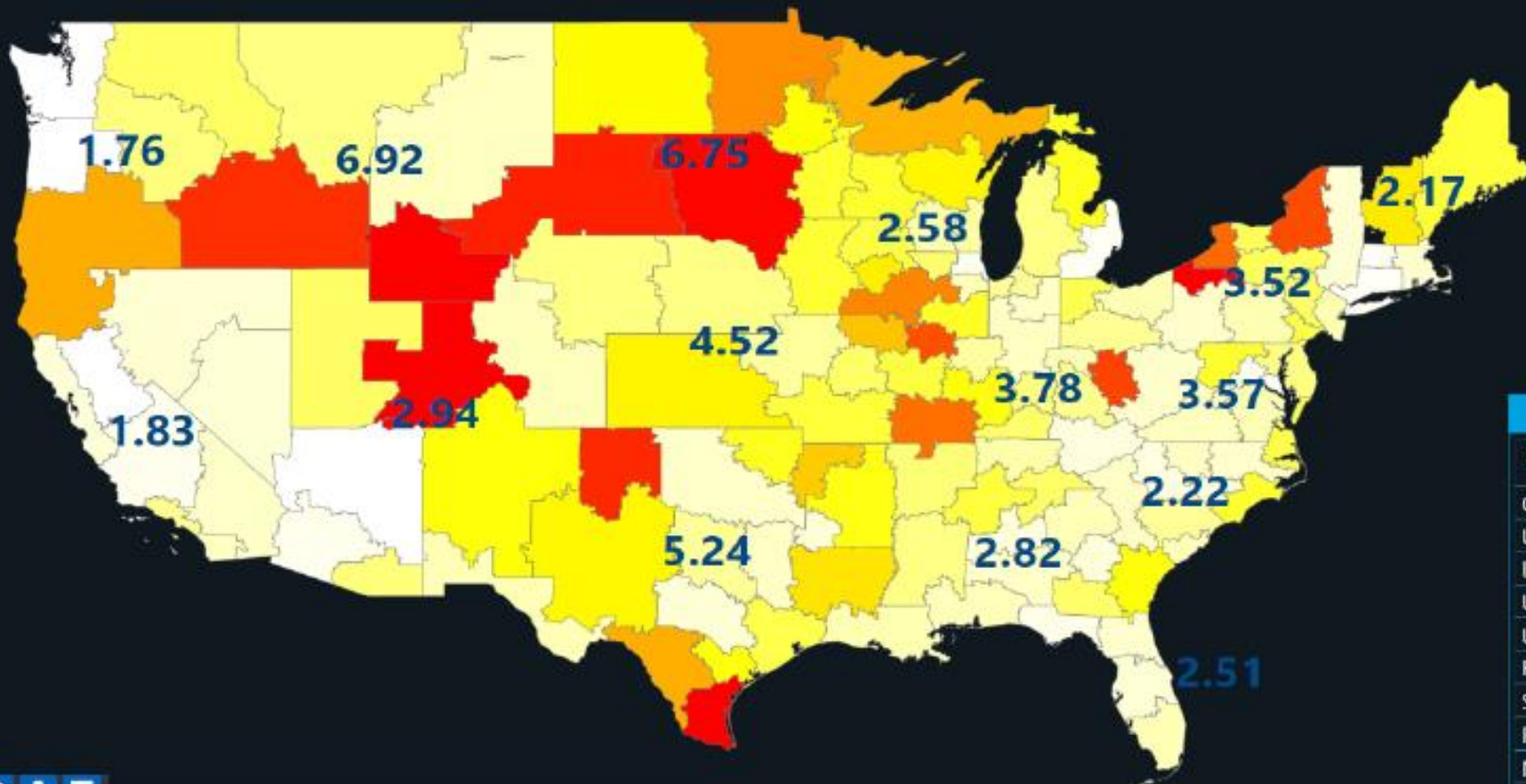
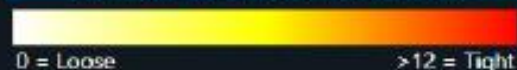
DAT Load-to-Truck Ratio Scale



DAT

DAT Trendlines™

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United States

Year	L/T Ratio
2014	16.17
2015	8.18
2016	1.67
2017	2.71
2018	6.47
2019	3.25

DAT Super Region Posting Data - Same Week - YoY

DAT Super Region	L/T Ratio	L/T Ratio Chg	Loads Chg	Trucks Chg
California	1.83	19%	30%	9%
Upper Mountain	6.92	-10%	31%	46%
Lower Mountain	2.94	-22%	-2%	26%
Upper Midwest	6.75	-30%	-9%	30%
Upper Atlantic	3.52	-43%	-30%	22%
Florida-So Georgia	2.51	-44%	-47%	-5%
South Central	5.24	-44%	-40%	8%
Pacific Northwest	1.76	-47%	11%	108%
New England	2.17	-47%	-32%	28%
Ohio River	3.78	-47%	-39%	14%
Great Lakes	2.58	-53%	-35%	38%
Lower Atlantic	3.57	-53%	-48%	12%
Lower Midwest	4.52	-55%	-49%	14%
Carolinas	2.22	-76%	-67%	40%
Southeast	2.82	-77%	-70%	31%
Total	3.25	-50%	-38%	24%

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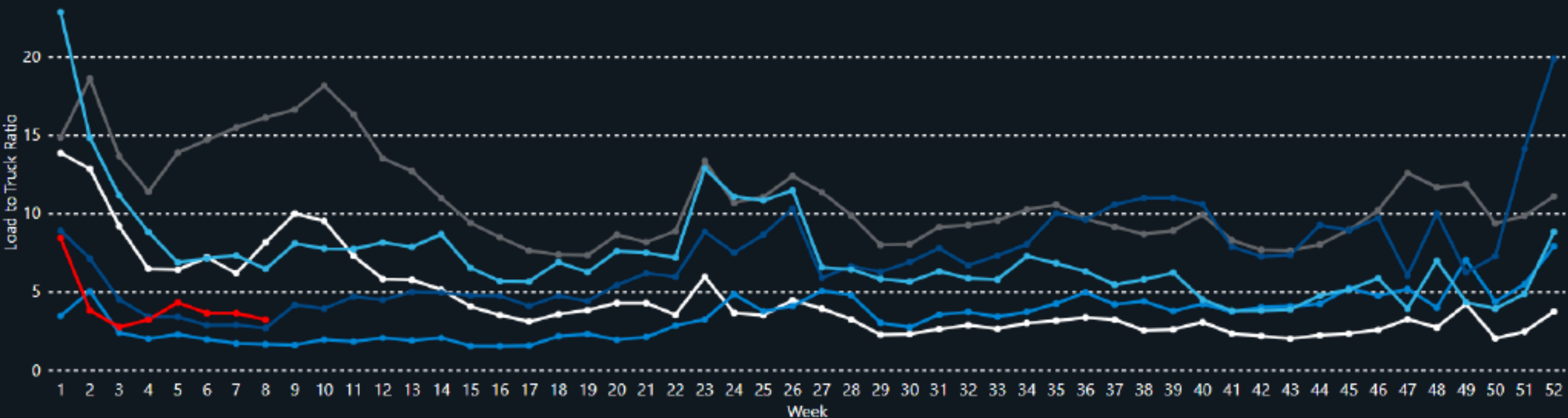
About the Load-to-Truck Ratio

Load-to-truck ratios represent the number of loads posted for every truck posted on DAT Load Boards. The load-to-truck ratio is a sensitive, real-time indicator of the balance between spot market demand and capacity. Changes in the ratio often signal impending changes in rates.

<https://www.dat.com/industry-trends/trendlines>

DAT Reefer Load-to-Truck Ratio - United States

Year ● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019



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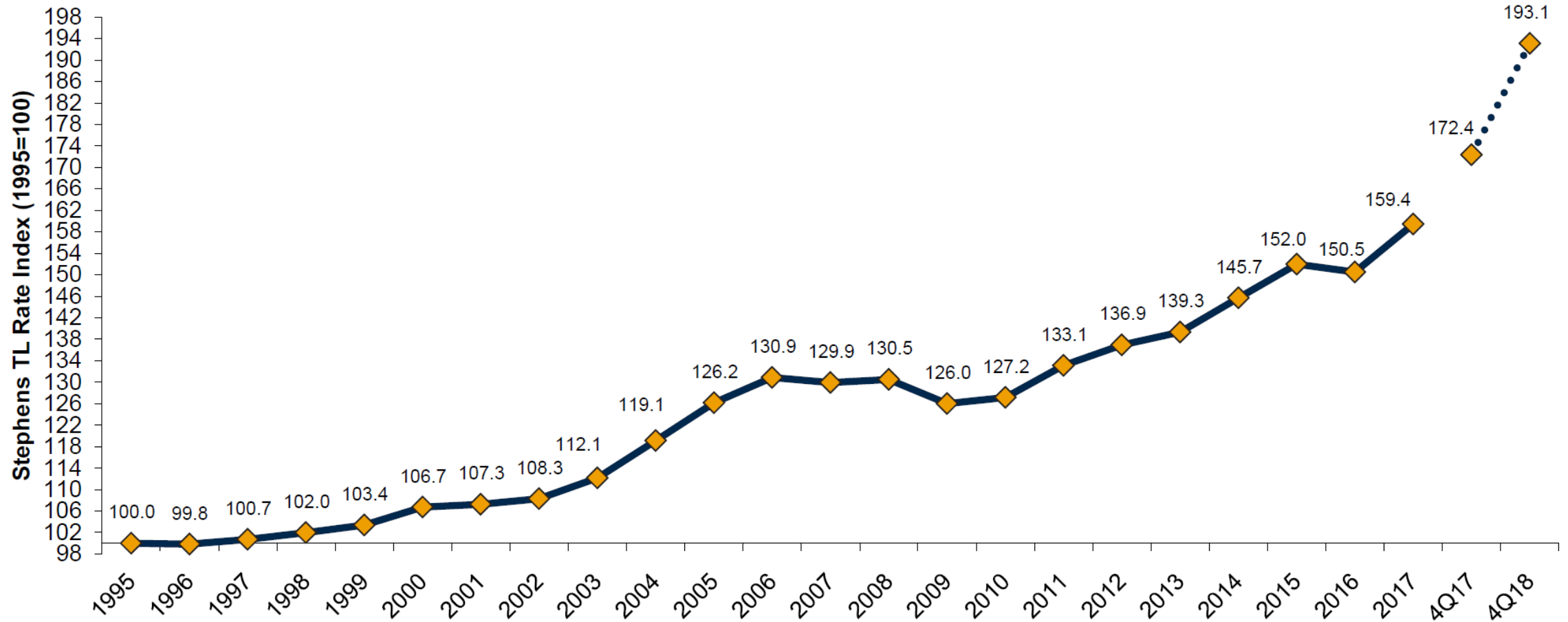
Pricing and Capacity Themes



Market Indicates Increased Loaded Rate Per Mile

Stephens Loaded Rate / Mile Index

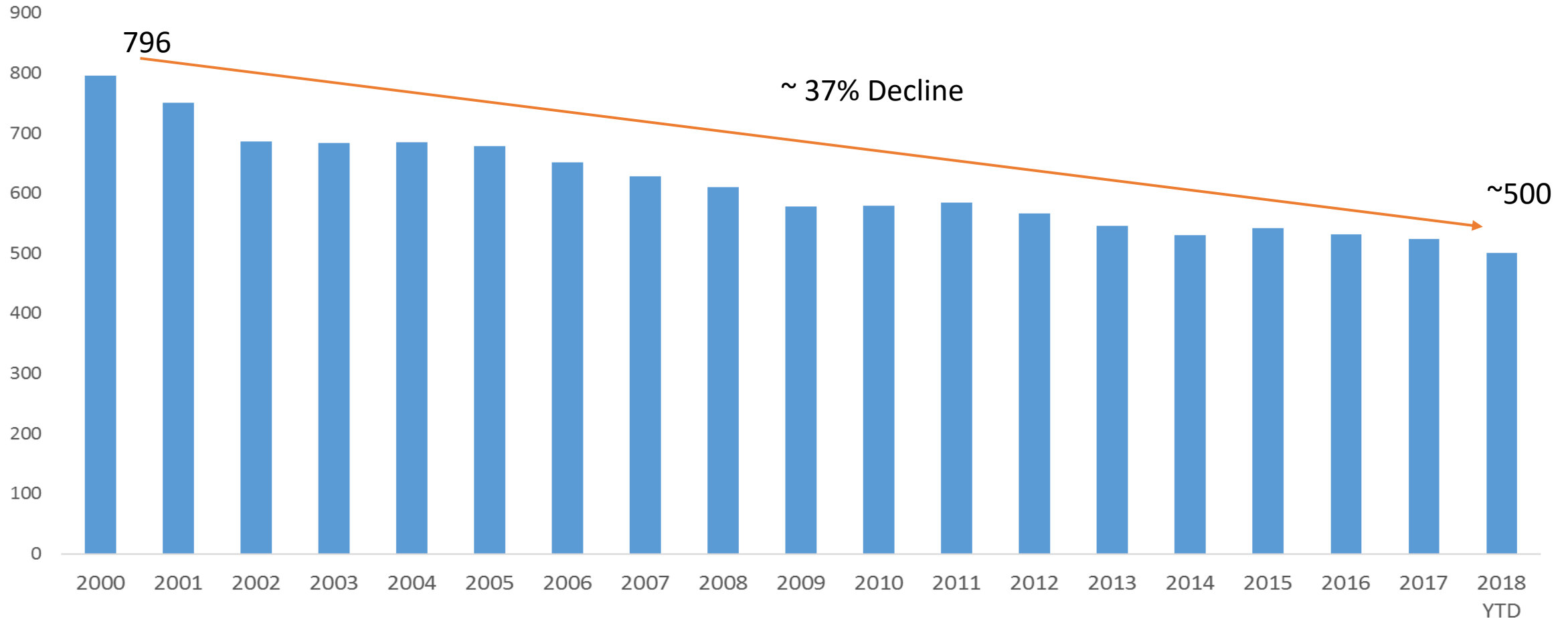
1995 – 4Q18, 1995 = 100



Source: Public company financial data and Stephens Inc
Note: TL Index includes CVTI, HTLD, JBHT, KNX, MRTN, USAK, and WERN.



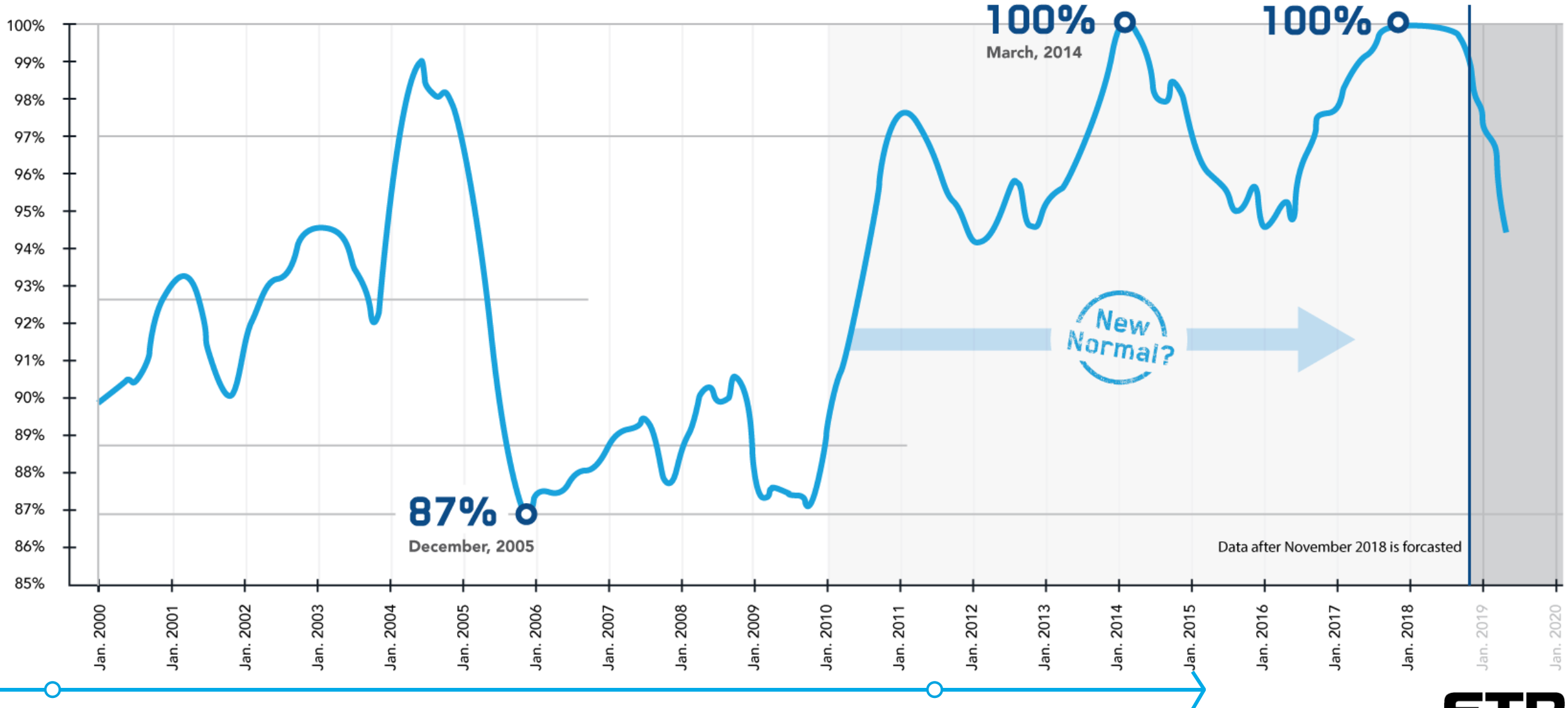
Dry Van Truckload Average Length-of-Haul Continues to Fall



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U.S. Truckload Utilization Is Cyclical

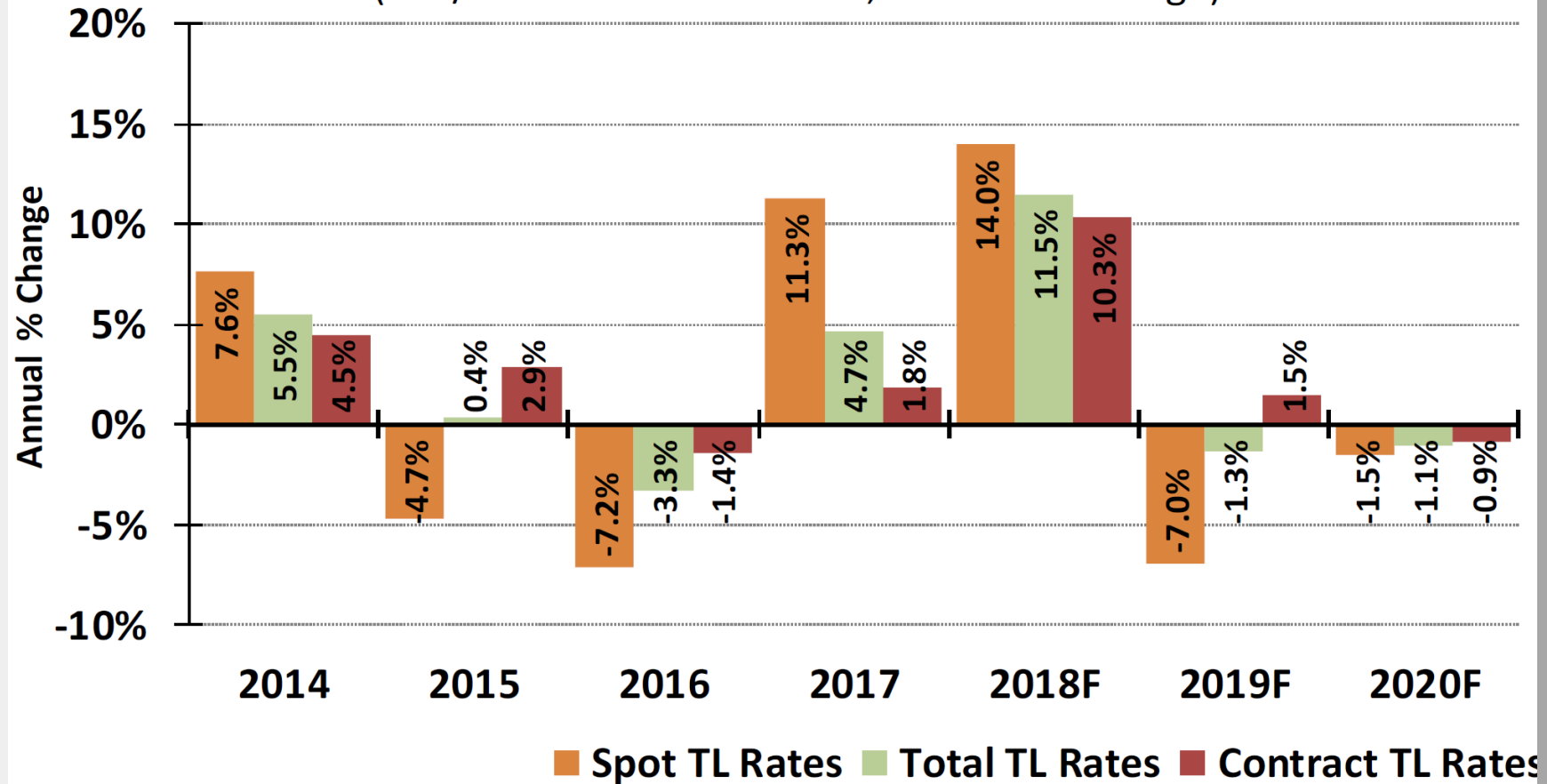


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Truckload Markets

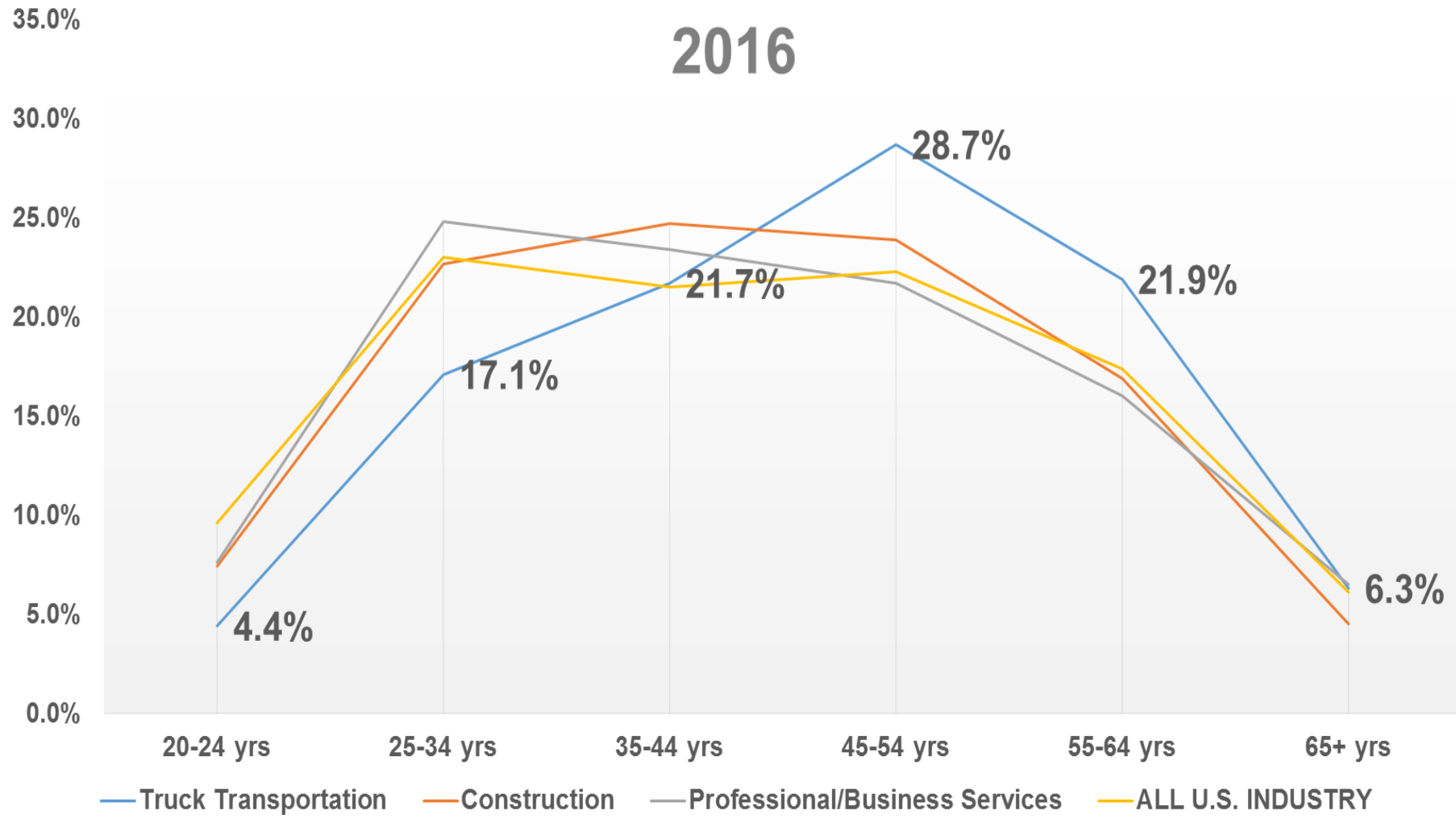
(Rev/Loaded Mile excl. FSC, Annual % Change)



Source: FTR; Copyright 2018



Truck Driver Age Demographics



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Future Strategies for Consideration



Four Pillars to a Successful Transportation Strategy

Portfolio Strategy



Segment supply chain(s) by role and requirements

Identify business and process attributes

Plan for "best case" and "stressed case"

3 primary classes

- 1 Dedicated/private
- 2 Asset carrier award
- 3 3PL/broker/NVOCC



Align transportation needs with mode and carrier segments

Transportation Strategies



Maximize financial result

Differentiate your business

Route guide performance



Apply researched transportation strategies

Supply Chain Collaboration



Align processes of discrete functions all the way through to transportation



Invite transportation into supply chain planning

TMS and Business Processes



Best in class companies use a TMS

TMS technologies and services are the most key way to achieving freight savings



- 1 Accelerates quality business processes
- 2 Required to execute best in class strategies

Thank you!

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Please feel free to reach out to me directly with additional inquiries.



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