



NIT LEAGUE TRANSPORTATION SUMMIT

*Embrace the Future:
Developing Your
Transportation Survival Kit*

January 29-31, 2018 • InterContinental® Dallas





NIT LEAGUE TRANSPORTATION SUMMIT

OPENING KEYNOTE SPEAKER



Derek J. Leathers
President and CEO
Werner Enterprises

WERNER

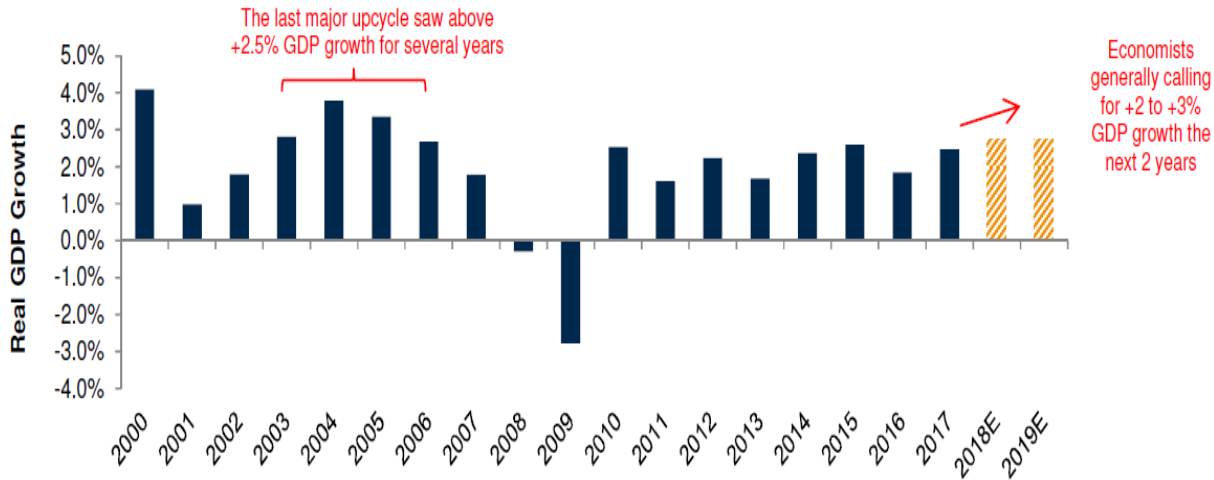
- Founded in 1956; grown from one-truck operation to a \$2 billion company
- Among five largest U.S. truckload carriers
- Largest truckload carrier serving Mexico
- Fleet includes more than 7,300 trucks, 24,000 trailers & 16,000 alliance carriers
- Conducting business in more than 150 countries with offices in U.S., Canada, Mexico, China & Australia



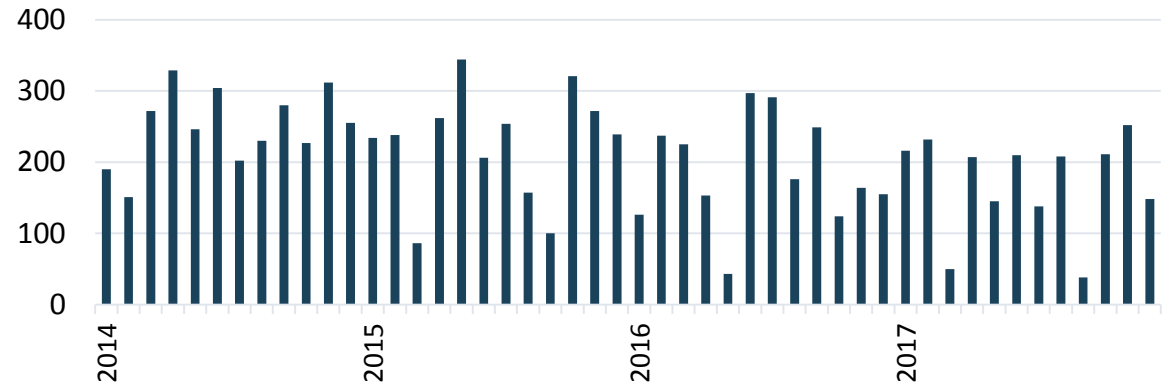
Derek Leathers // Developing a Strategic Plan in Times of Uncertainty

ECONOMIC ENVIRONMENT

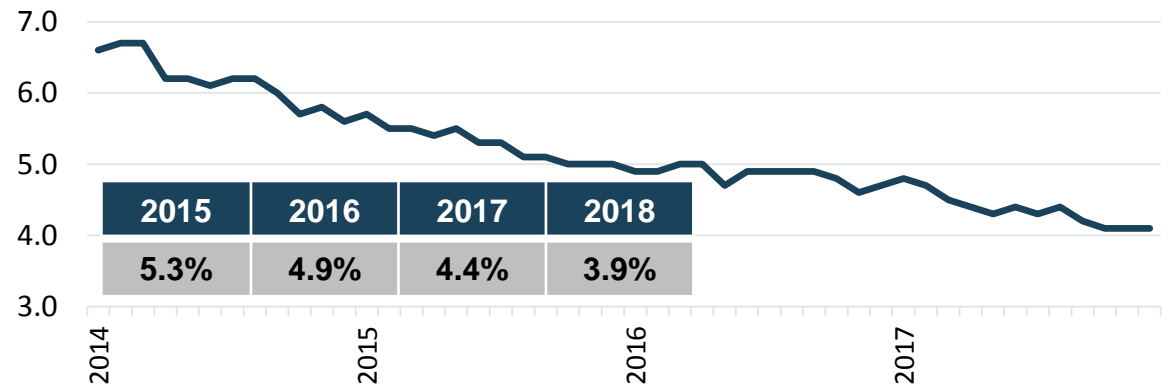
U.S. Real GDP Growth is Expected to Continue at Healthiest Clip Since 2004-05 Upcycle



Monthly Job Changes (Thousands)



Unemployment Rate (Percent)



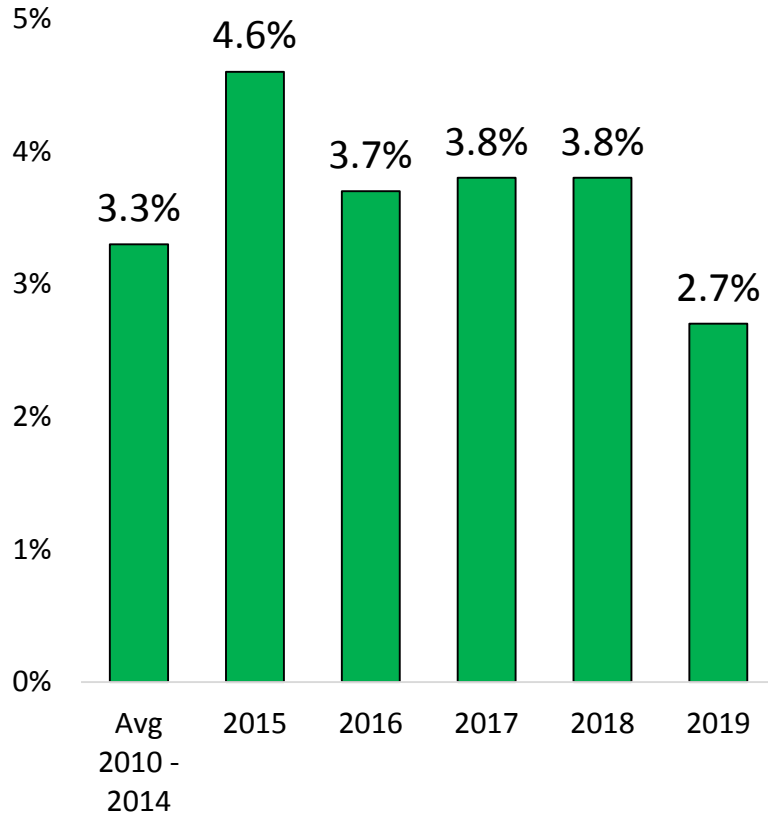
Source(s): U.S. Bureau of Economic Analysis, U.S. Bureau of the Census, Stephens Inc., BLS, ATA



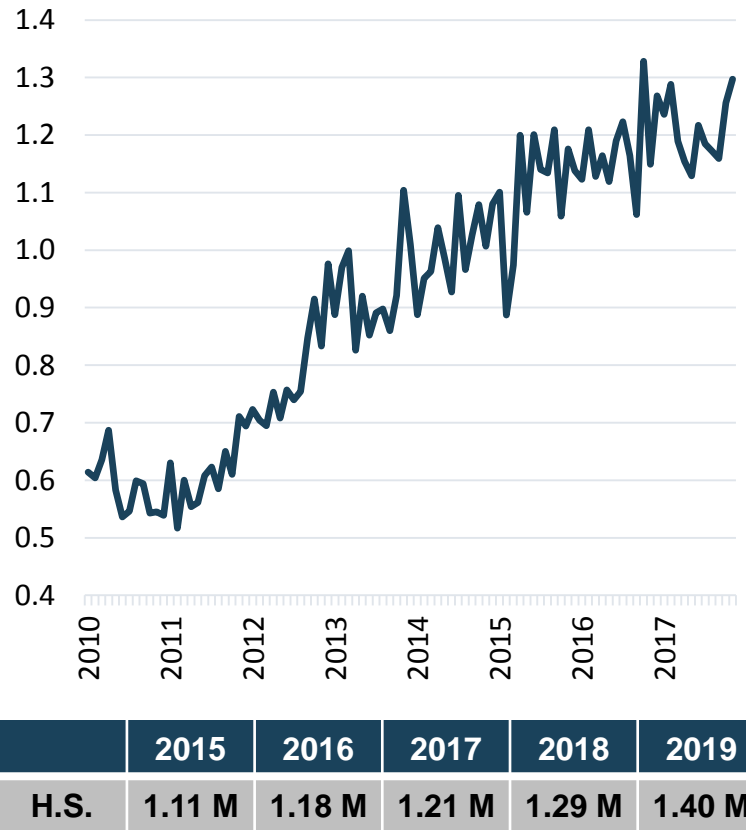
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ECONOMIC ENVIRONMENT *(cont.)*

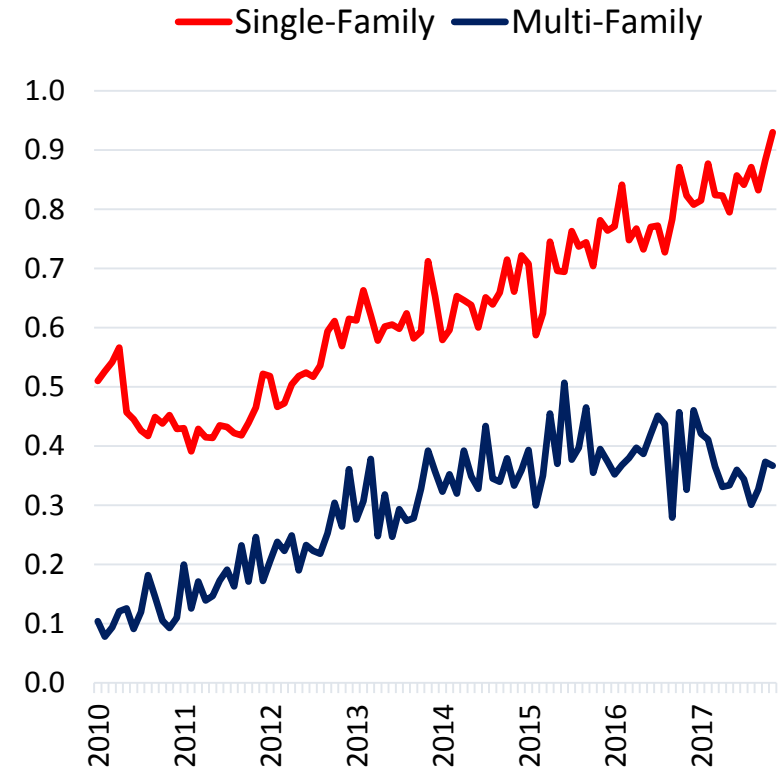
Real Personal Consumption Growth
(Goods Only)



Total Housing Starts
(Monthly; Annualized Rate; Millions)



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



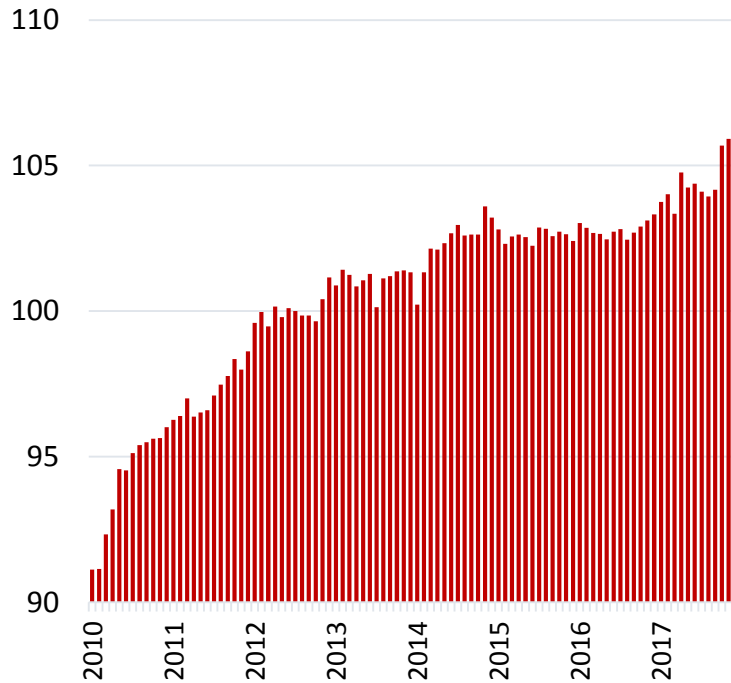
Source(s): BEA, ATA, Census Bureau, Federal Reserve



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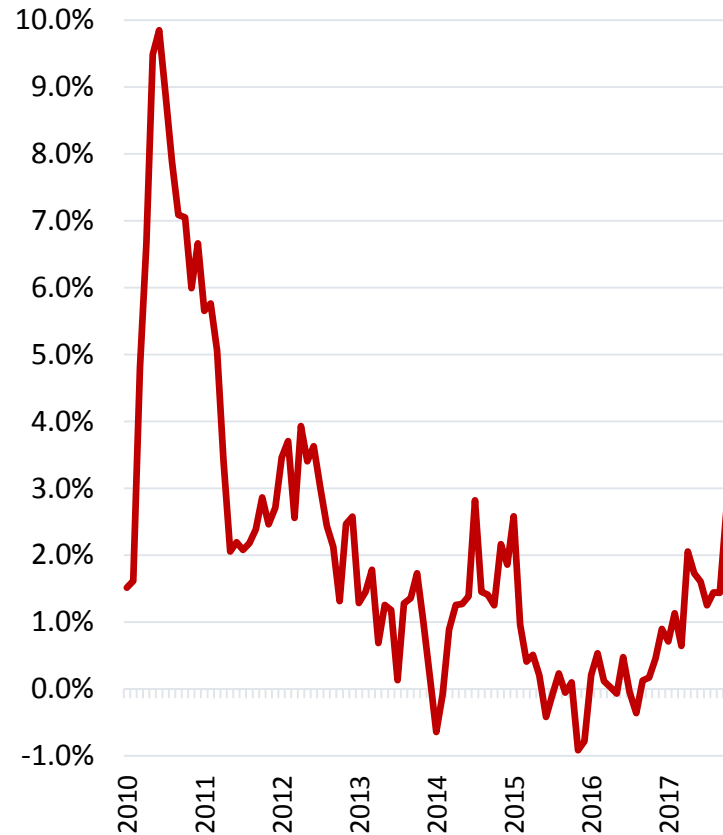
ECONOMIC ENVIRONMENT *(cont.)*

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)



Total Business Inventory-to-Sales Ratio
(Data adjusted for seasonal, holiday, and trading-day differences, but not price changes)



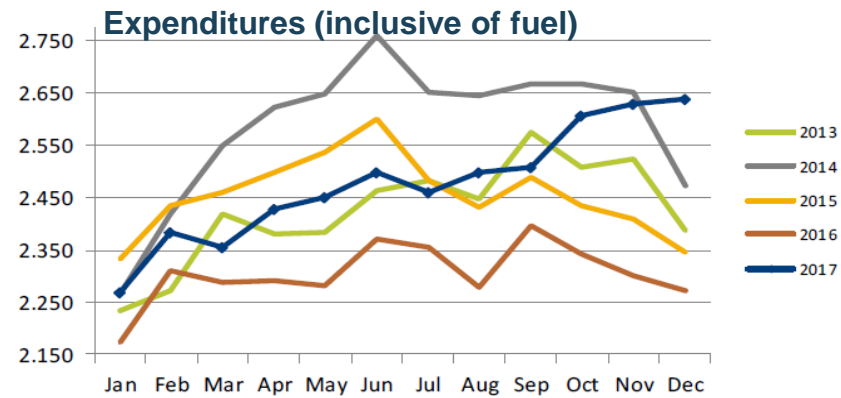
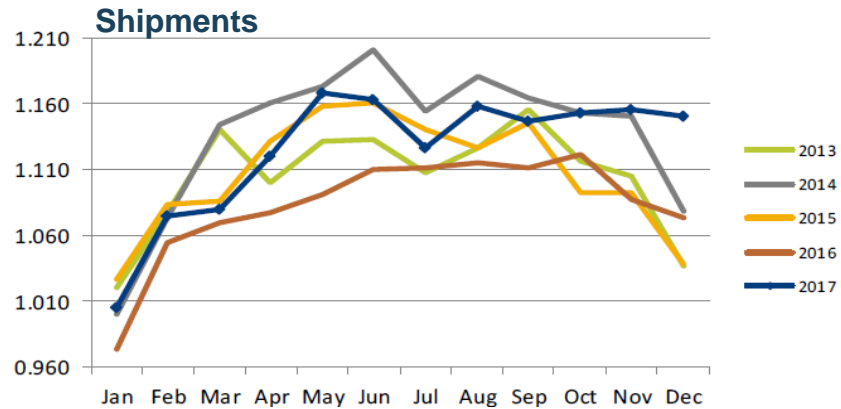
Source(s): ATA, Census Bureau, Federal Reserve



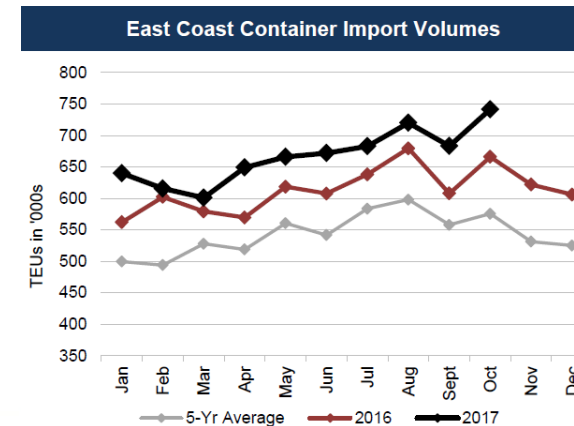
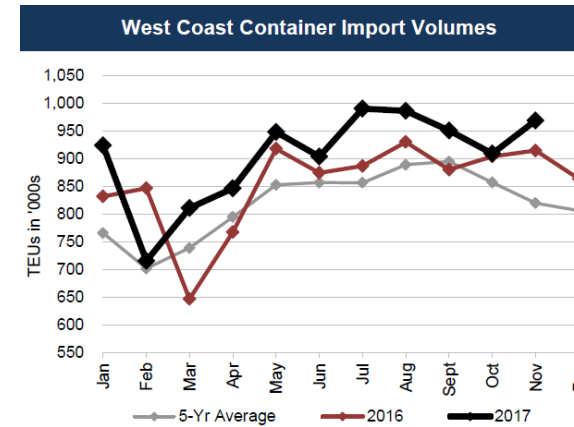
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ECONOMIC ENVIRONMENT *(cont.)*

Cass Freight Index: Economic Outlook from Freight's Perspective



Import Container Volumes



Source(s): Cass Information Systems, KeyBanc Capital Markets Inc.



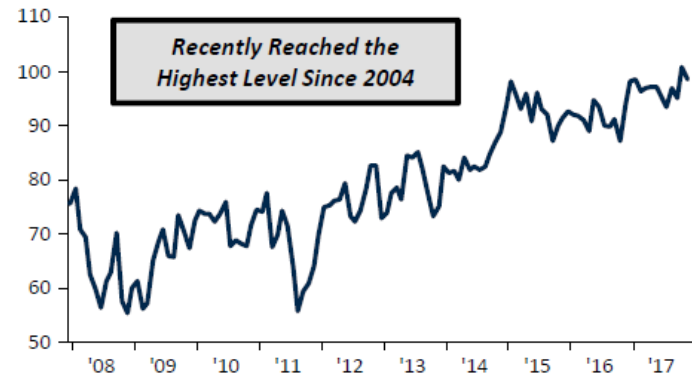
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ECONOMIC ENVIRONMENT *(cont.)*

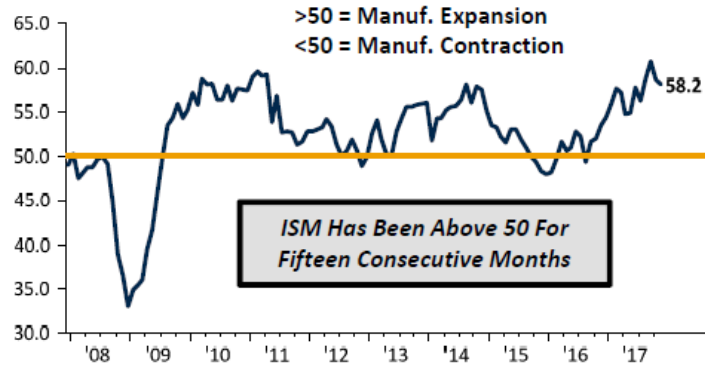
Conference Board Consumer Confidence Index



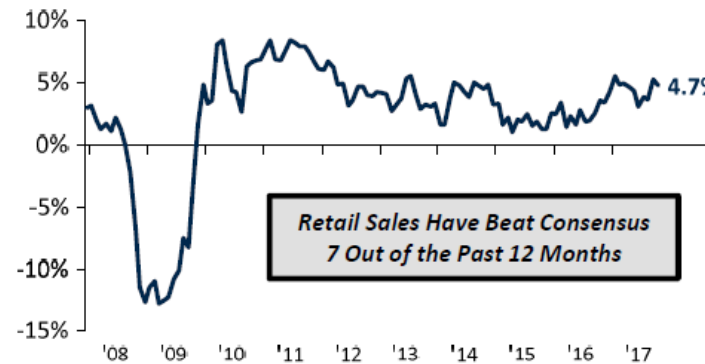
Michigan Consumer Sentiment Index (MSCI)



ISM – Manufacturing PMI



Retail Sales (Y/Y Change)





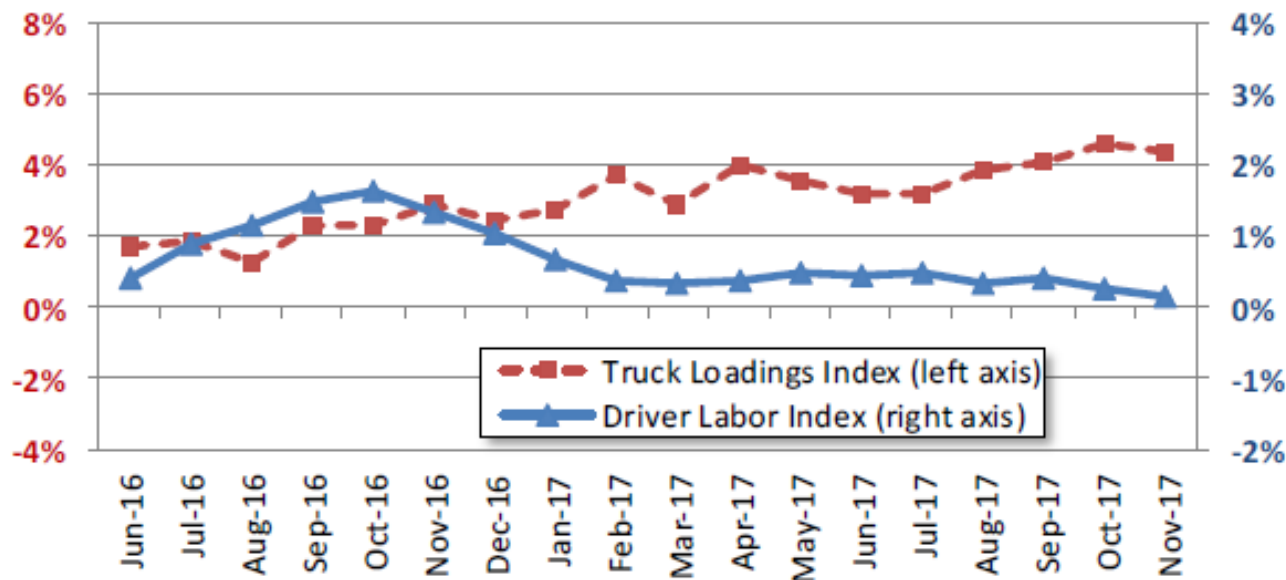
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EMPLOYMENT & DRIVER SHORTAGE

Driver Supply & Truck Loadings

Y/Y % Change

June 2016 to November 2017

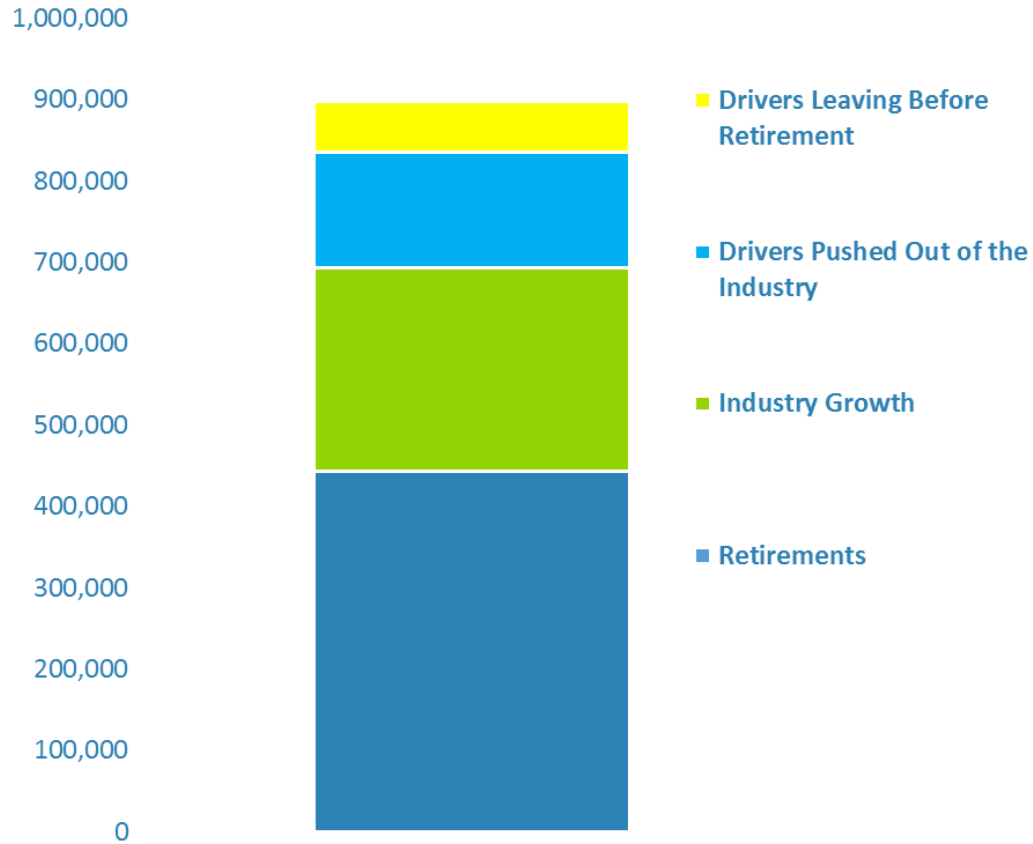




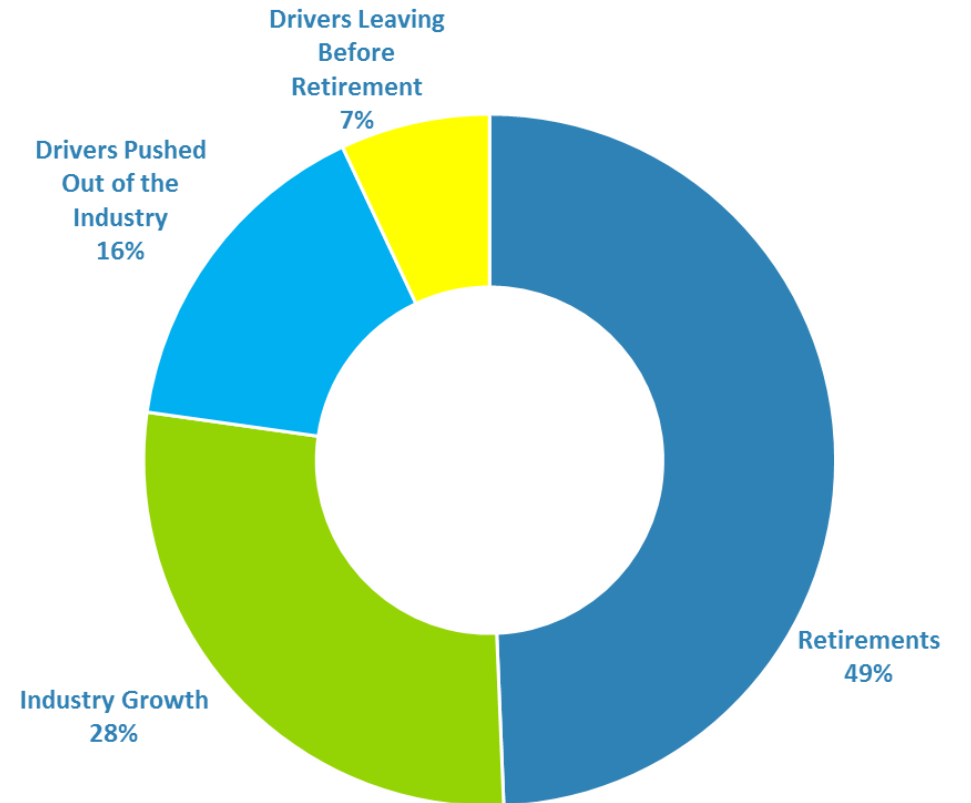
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EMPLOYMENT & DRIVER SHORTAGE (cont.)

Total Number of Drivers Needed Through 2026



Share of Drivers Needed Through 2026



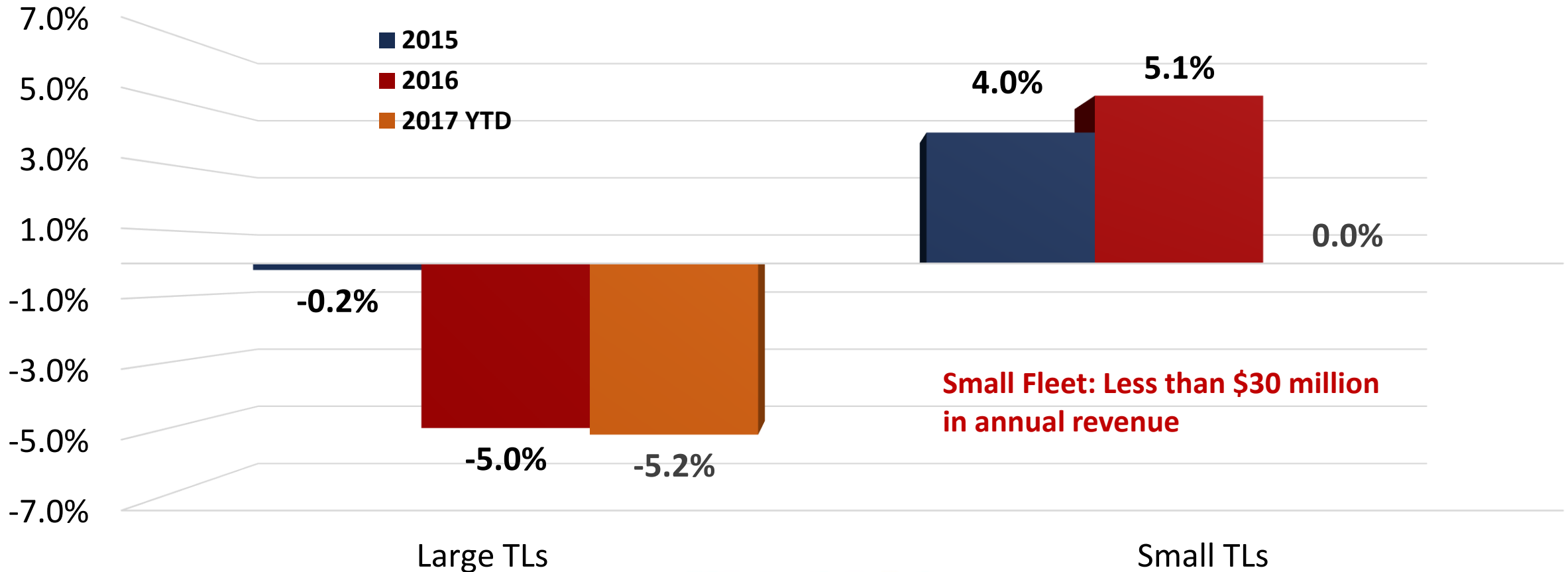
Source(s): ATA's Truck Driver Shortage Analysis 2017



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SUPPLY, DEMAND & CAPACITY

TL Tractor Changes: Large vs Small Fleets - Includes company tractors and independent contractor equipment

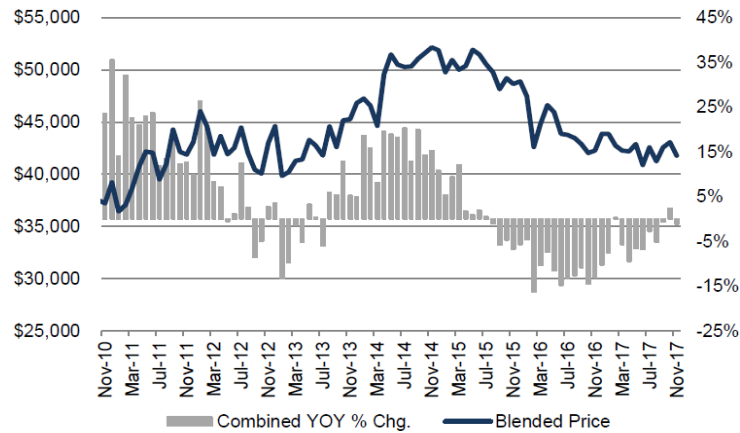




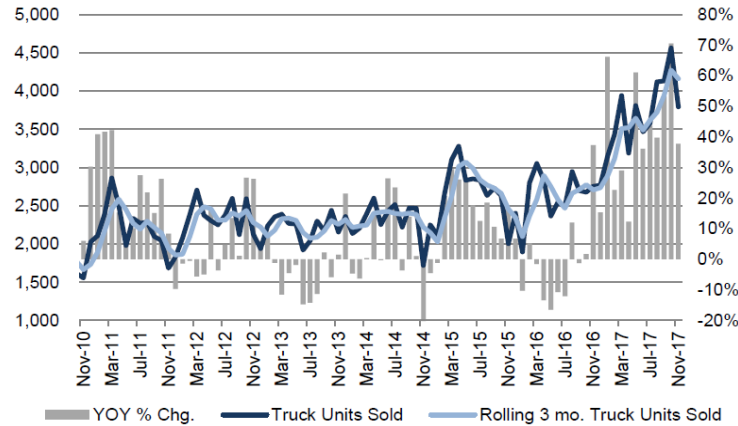
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SUPPLY, DEMAND & CAPACITY *(cont.)*

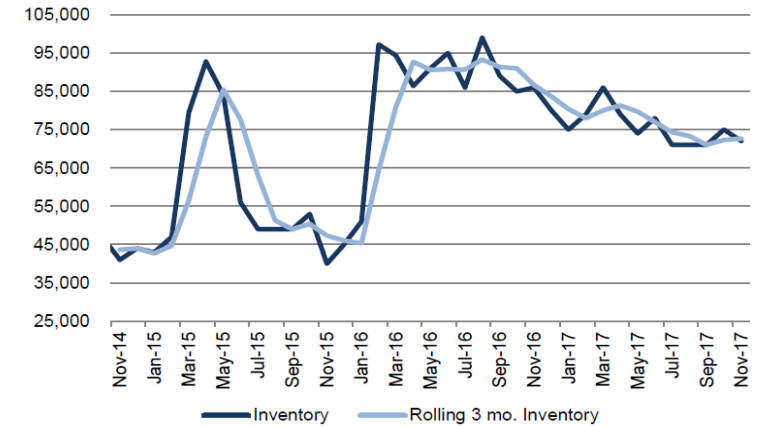
Used Truck Blended Wholesale & Retail Pricing



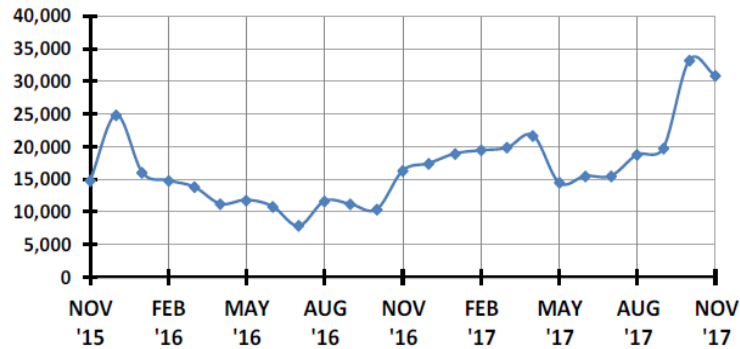
Used Truck Units Sold



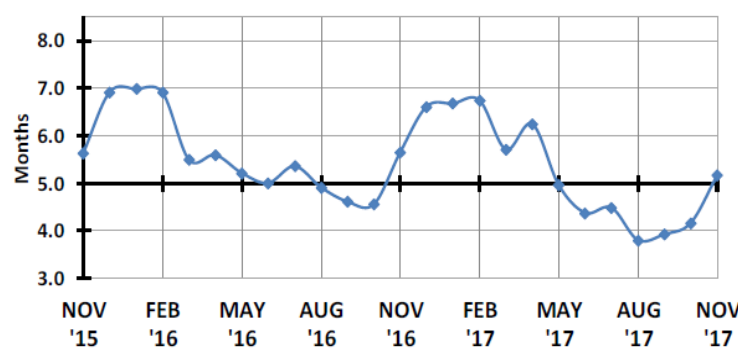
Used Truck Estimated Inventory



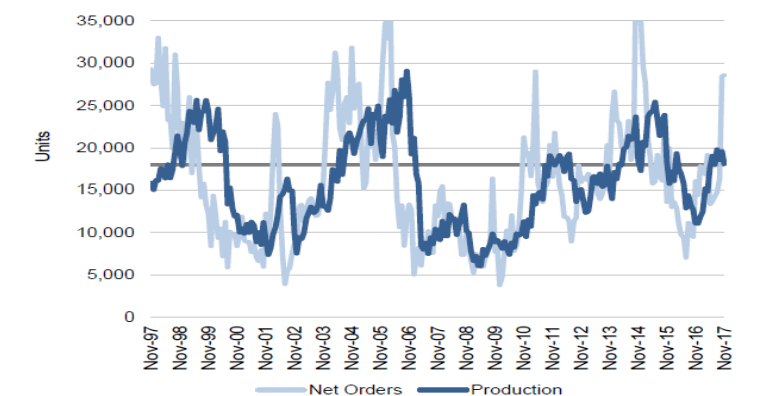
New Truck Order Activity



New Truck Lead Time



New Truck Net Orders & Production



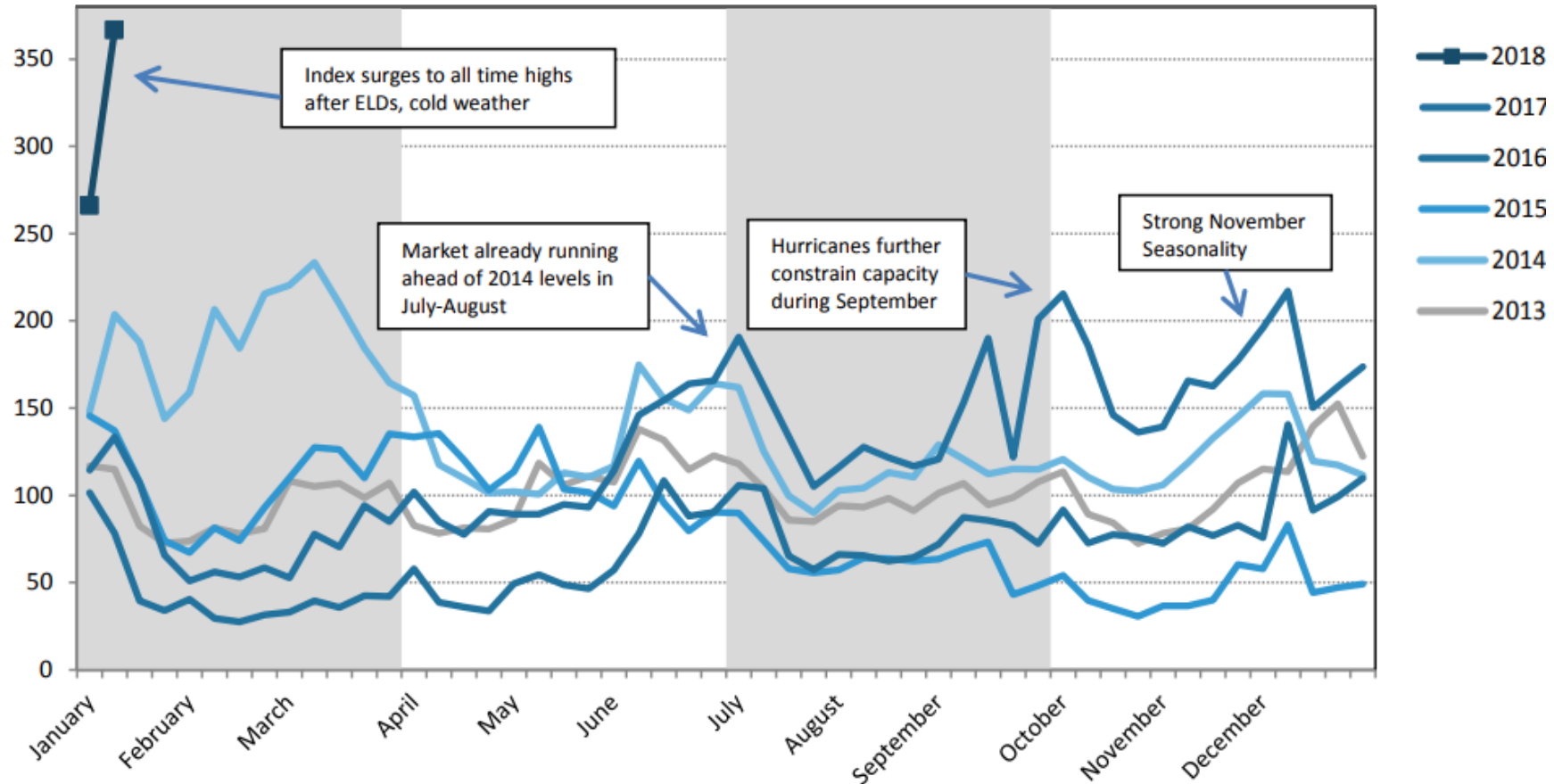
Source(s): ACT Research Co., KeyBanc Capital Markets Inc., FTR



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SUPPLY, DEMAND & CAPACITY (cont.)

Buckingham Research Group Dry Van Supply/Demand Index Surges to All-time High

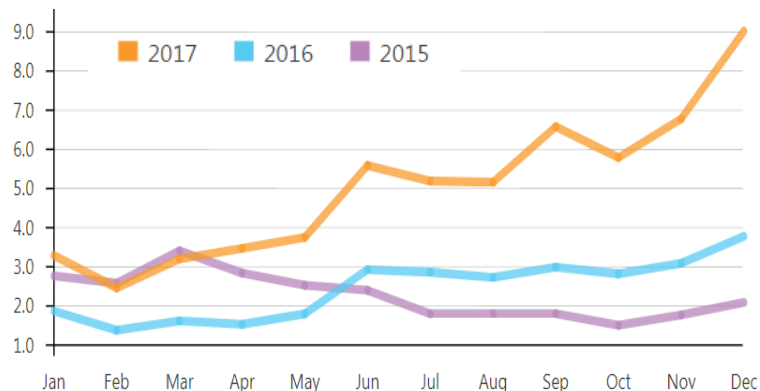




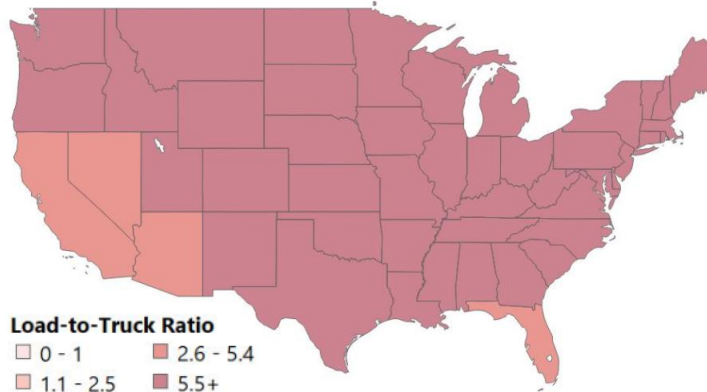
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SUPPLY, DEMAND & CAPACITY *(cont.)*

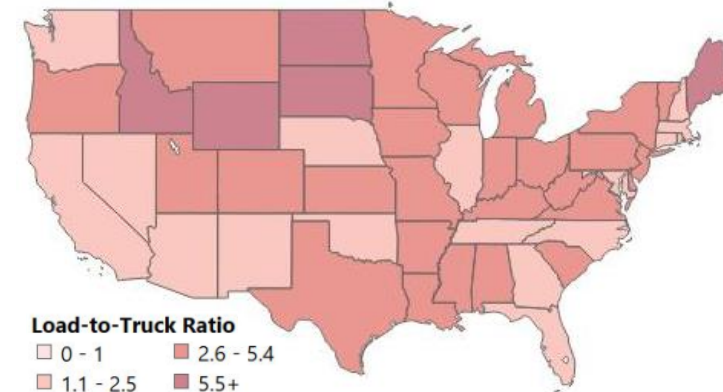
Van Load-to-Truck Ratio



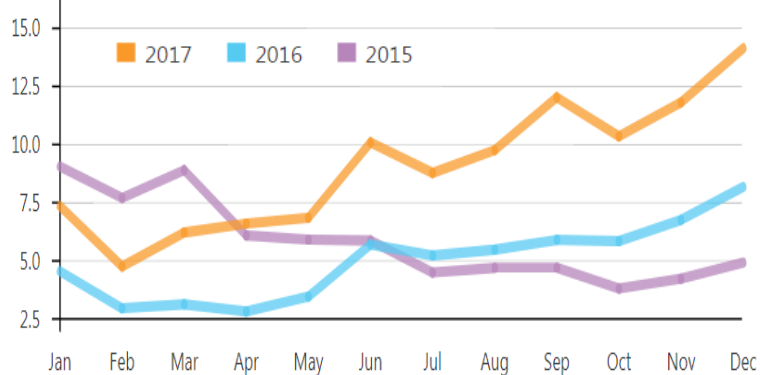
Van Hot States: Dec. 31 – Jan. 6, 2018



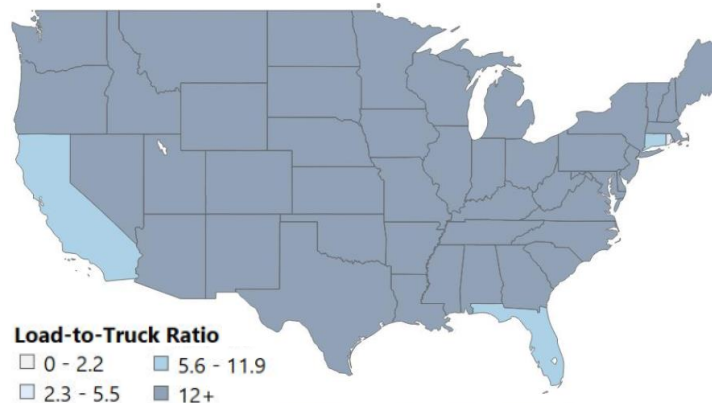
Van Hot States: Jan. 15-21, 2017



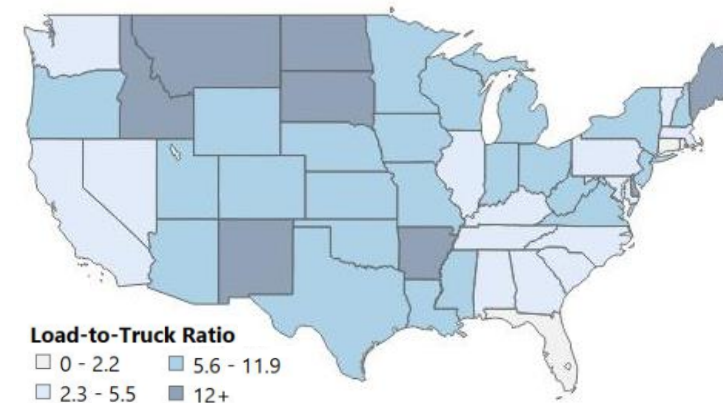
Reefer Load-to-Truck Ratio



Reefer Hot States: Dec. 31 – Jan. 6, 2018



Reefer Hot States: Jan. 15-21, 2017

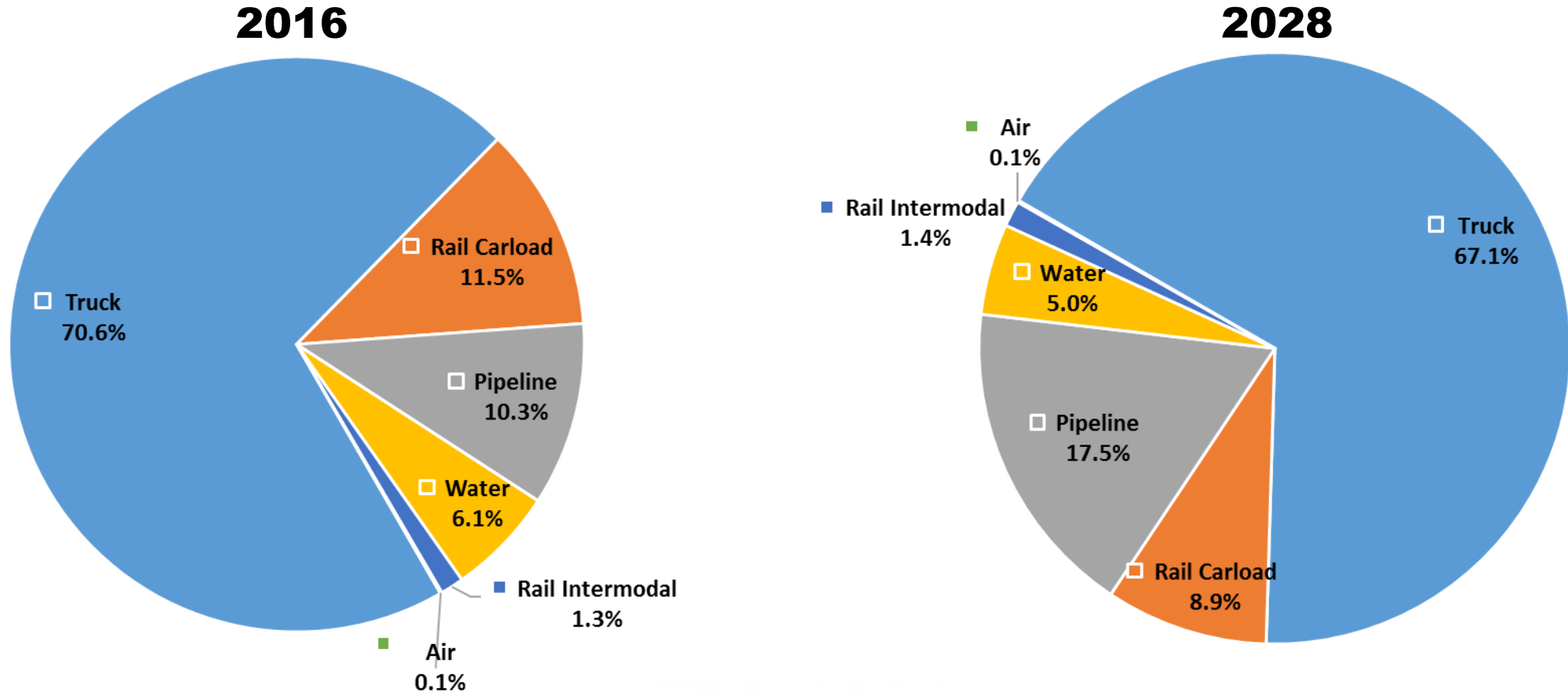




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SUPPLY, DEMAND & CAPACITY *(cont.)*

Distribution of Tonnage by Mode: 2016 vs 2028



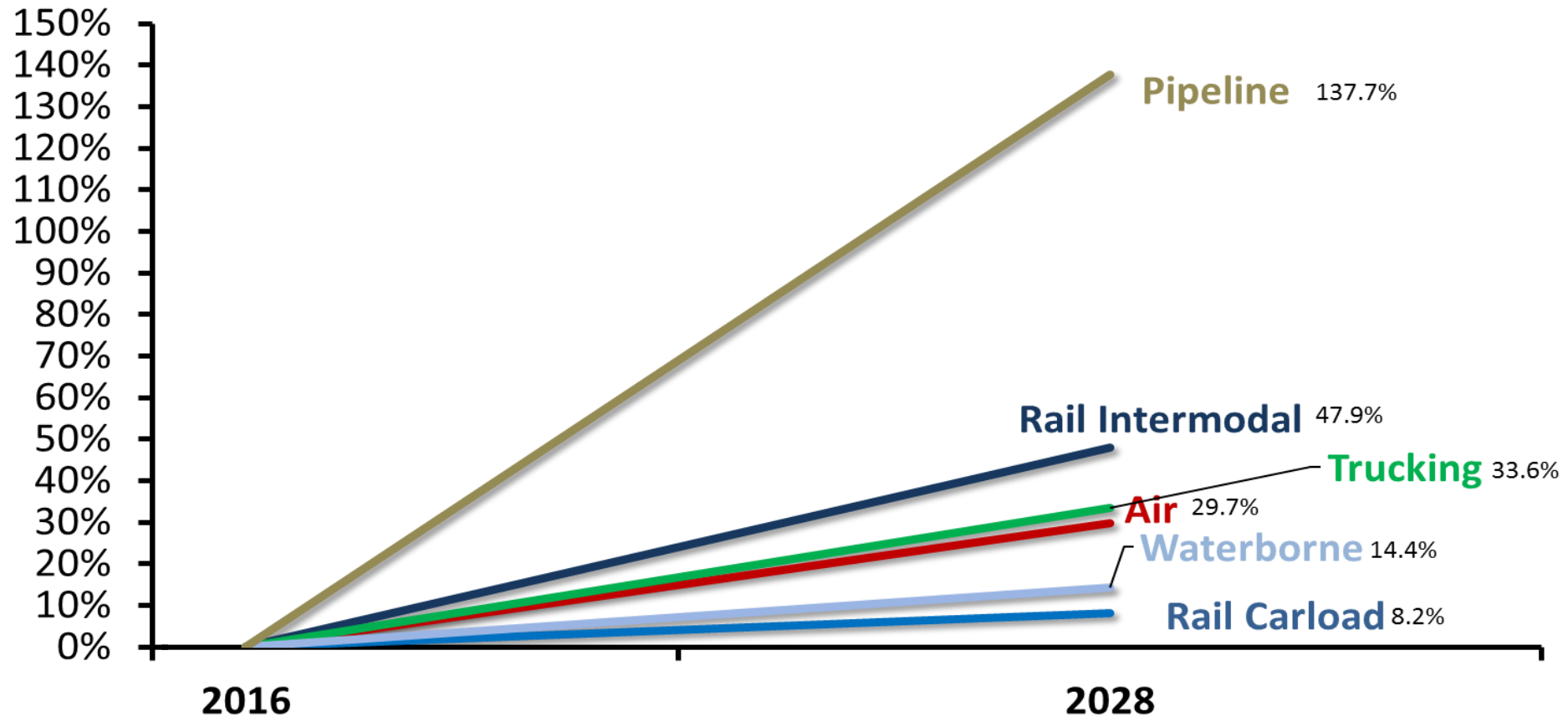
Source(s): ATA, U.S. Freight Transportation Forecast to 2028



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SUPPLY, DEMAND & CAPACITY (cont.)

All Modes of Freight Transportation Will Grow – Total Percentage Increase in Tonnage from 2016 to 2028



Source(s): ATA, U.S. Freight Transportation Forecast to 2028



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LEGISLATIVE/REGULATORY ENVIRONMENT

- Regulations / regulatory reform
- Federal Aviation Administration Authorization Act
- North American Free Trade Agreement
- Electronic logging devices
- Infrastructure development and funding





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TECHNOLOGY/INNOVATION

- Advanced safety systems
(ex. collision-mitigation)
- Autonomous, alternative fuel
trucks; platooning





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Werner Enterprises



werner.com

