

# The Relationship Between Supply Chains, the Economy and Wall Street

2019 NITL Transportation Summit

January 23, 2019

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# Tax Reform + Accelerated Depreciation + Fewer Regs = a Stimulated Economy

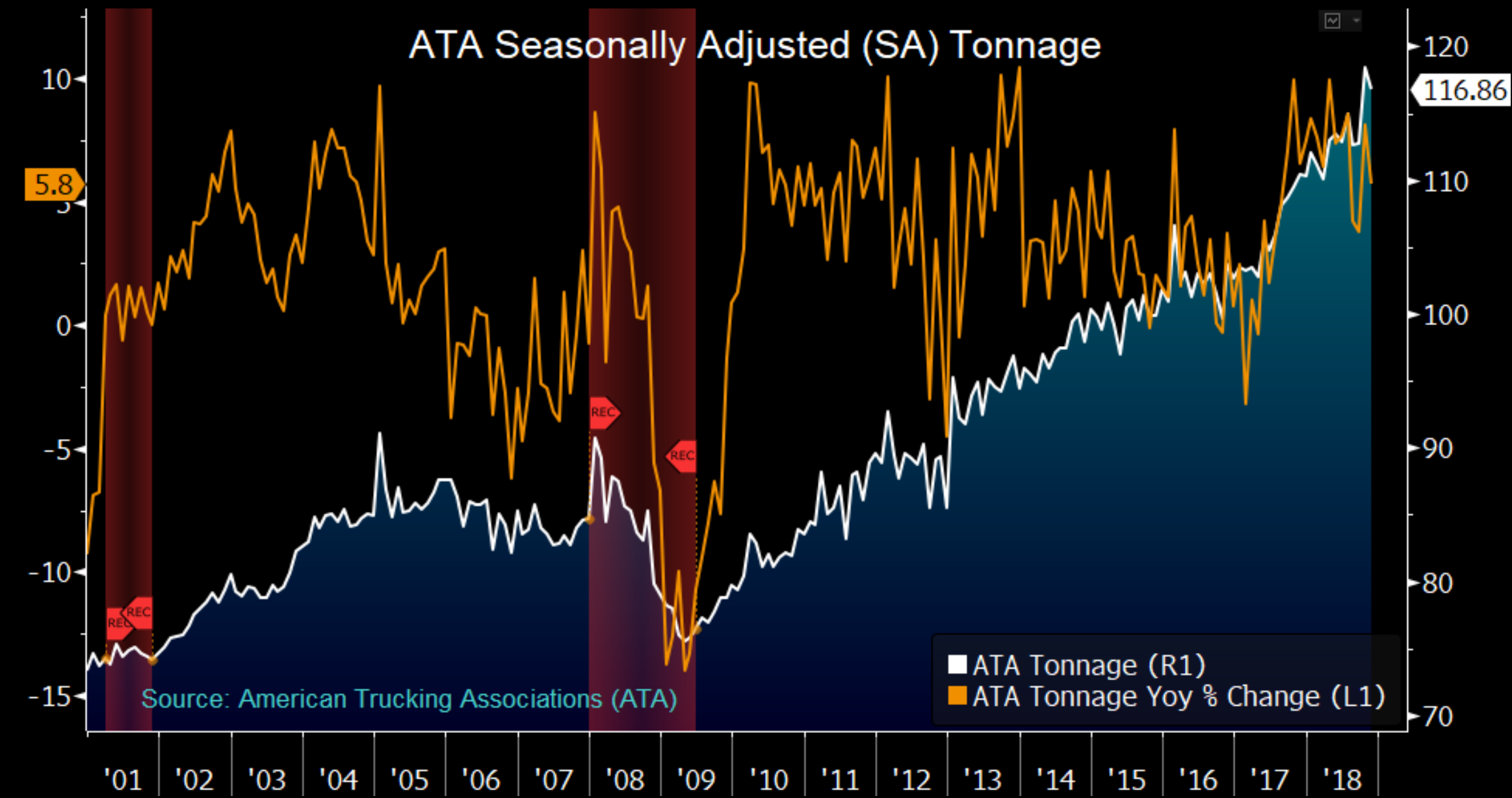
| Indicator                    | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------|------|------|------|------|------|------|------|------|------|------|
| <b>Economic Activity</b>     |      |      |      |      |      |      |      |      |      |      |
| ⊕ Real GDP (YoY%)            | 1.6  | 2.2  | 1.8  | 2.5  | 2.9  | 1.6  | 2.2  | 2.9  | 2.5  | 1.9  |
| Industrial Production (YoY%) | 3.1  | 3.0  | 2.0  | 3.1  | -1.0 | -1.9 | 1.6  | 3.9  | 2.6  | 1.9  |
| <b>Price Indices</b>         |      |      |      |      |      |      |      |      |      |      |
| CPI (YoY%)                   | 3.2  | 2.1  | 1.5  | 1.6  | 0.1  | 1.3  | 2.1  | 2.5  | 2.1  | 2.2  |
| ⊖ PCE Price Index (YoY%)     |      |      |      |      |      |      | 1.7  | 2.0  | 1.9  | 2.1  |
| └ Core PCE (yoy%)            | 1.6  | 1.9  | 1.5  | 1.6  | 1.3  | 1.7  | 1.6  | 1.9  | 2.0  | 2.1  |
| <b>Housing Market</b>        |      |      |      |      |      |      |      |      |      |      |
| Housing Starts (000s SAA...  |      |      |      |      |      |      | 1211 | 1262 | 1272 | 1294 |
| New Home Sales (000s S...    |      |      |      |      |      |      | 620  | 617  | 620  | 640  |
| Existing Home Sales (Mln...  |      |      |      |      |      |      | 5.5  | 5.4  | 5.4  | 5.5  |
| Building Permits (000s S...  |      |      |      |      |      |      | 1260 | 1309 | 1315 | 1325 |
| <b>Labor Market</b>          |      |      |      |      |      |      |      |      |      |      |
| Unemployment (%)             | 8.9  | 8.1  | 7.4  | 6.2  | 5.3  | 4.9  | 4.4  | 3.9  | 3.6  | 3.7  |
| Non Farm Payrolls (000s ...  |      |      |      |      |      |      | 175  | 204  | 160  | 120  |
| Average Hourly Earnings ...  | 2.0  | 2.1  | 1.9  | 2.0  | 2.6  | 2.7  | 2.7  | 3.2  | 3.2  | 3.1  |

Source: Bloomberg L.P.

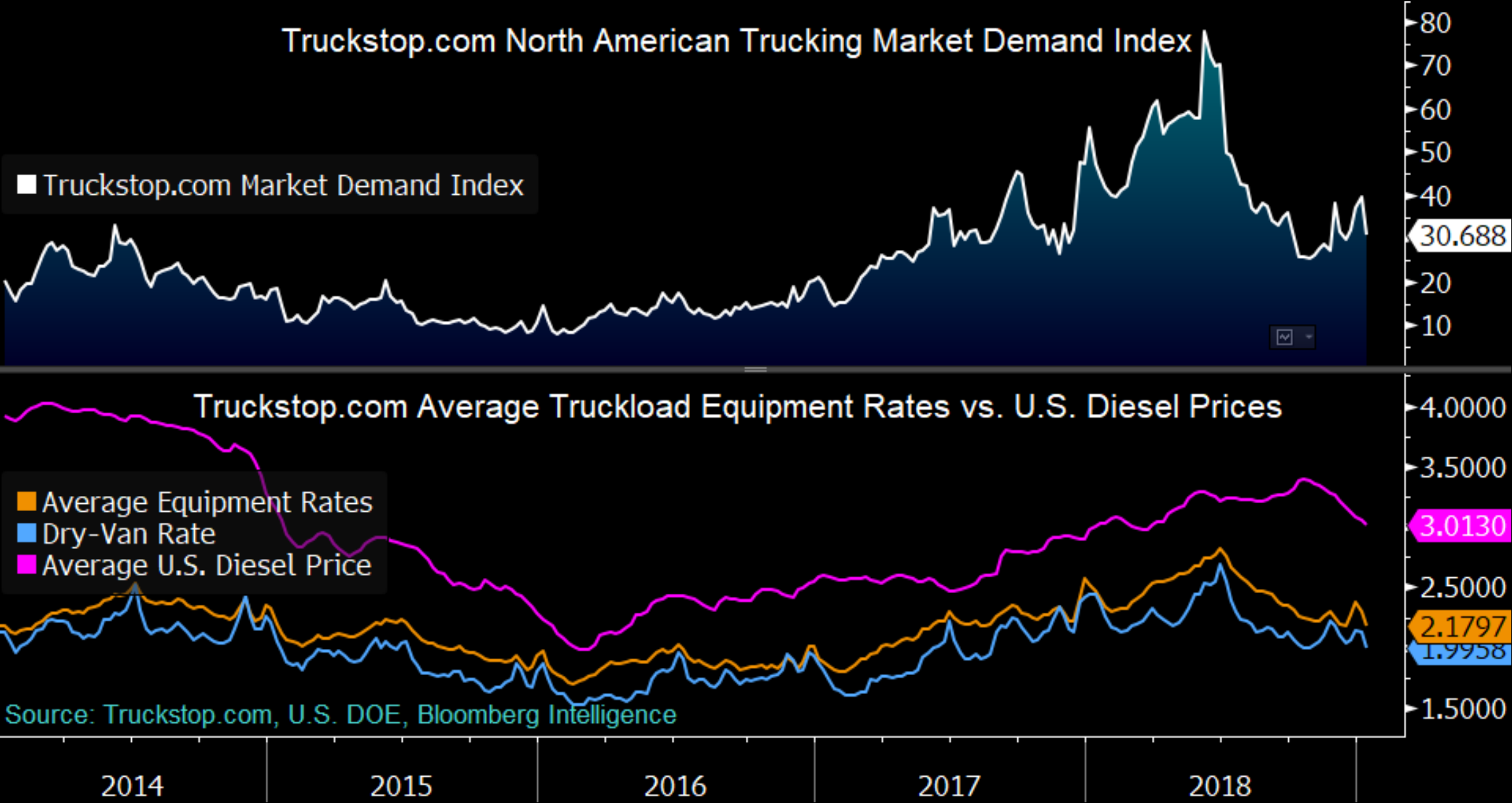
# Revenue and Earnings Expectations

|  | 2018E EPS<br>Growth | 2018E<br>Revenue<br>Growth | 2019E EPS<br>Growth | 2019E<br>Revenue<br>Growth |
|--|---------------------|----------------------------|---------------------|----------------------------|
| North American<br>Class I Railroads                | 29.8%               | 8.0%                       | 14.5%               | 5.8%                       |
| North American<br>Truckload Carriers               | 67.7%               | 18.0%                      | 16.1%               | 8.0%                       |
| North American<br>Less-Than-<br>Truckload Carriers | 77.9%               | 13.4%                      | 16.3%               | 6.8%                       |
| Global Integrated<br>Logistics Providers           | 12.7%               | 8.9%                       | 9.9%                | 5.4%                       |

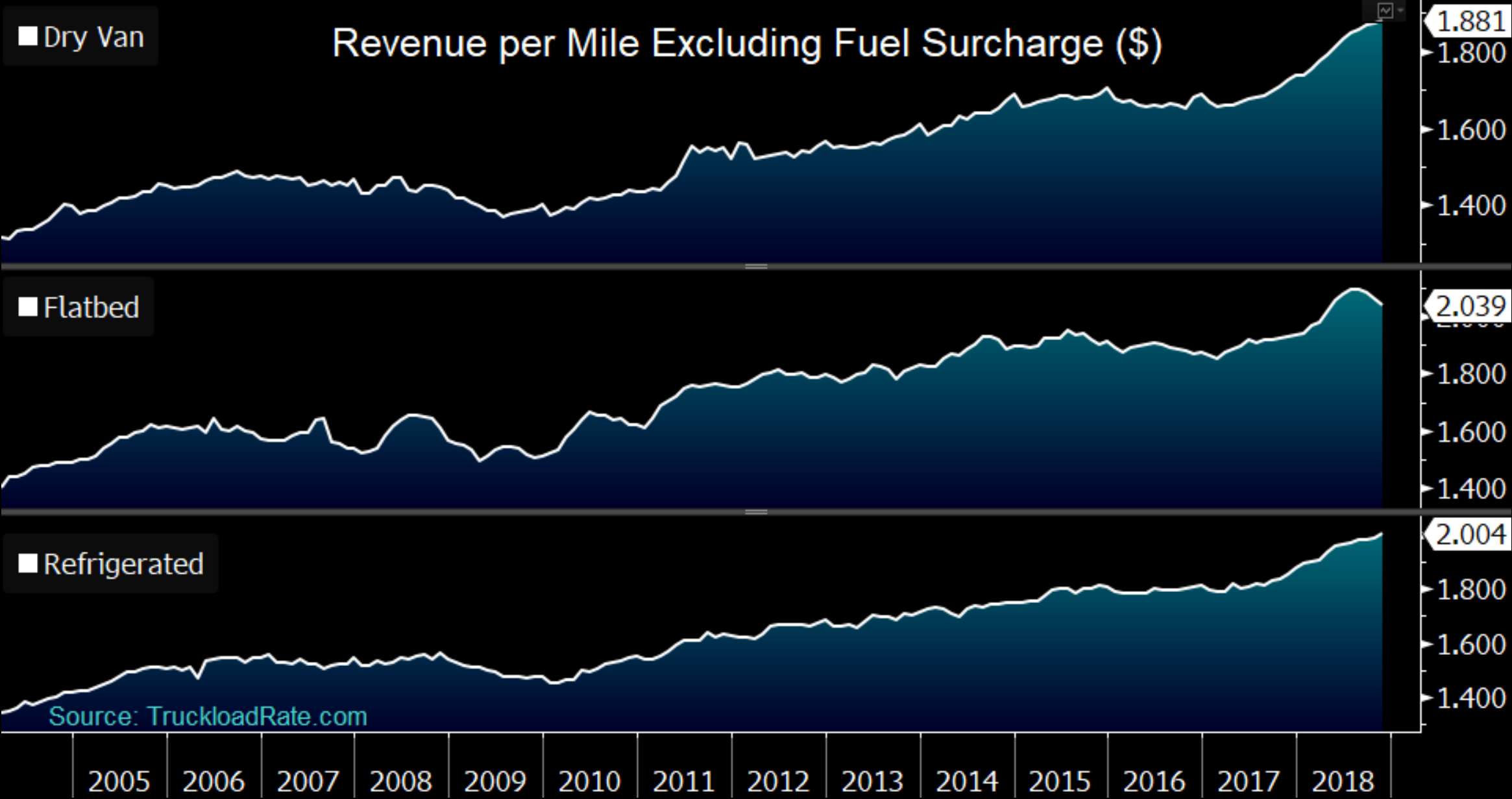
# Trucking Key Indicators Remain Positive



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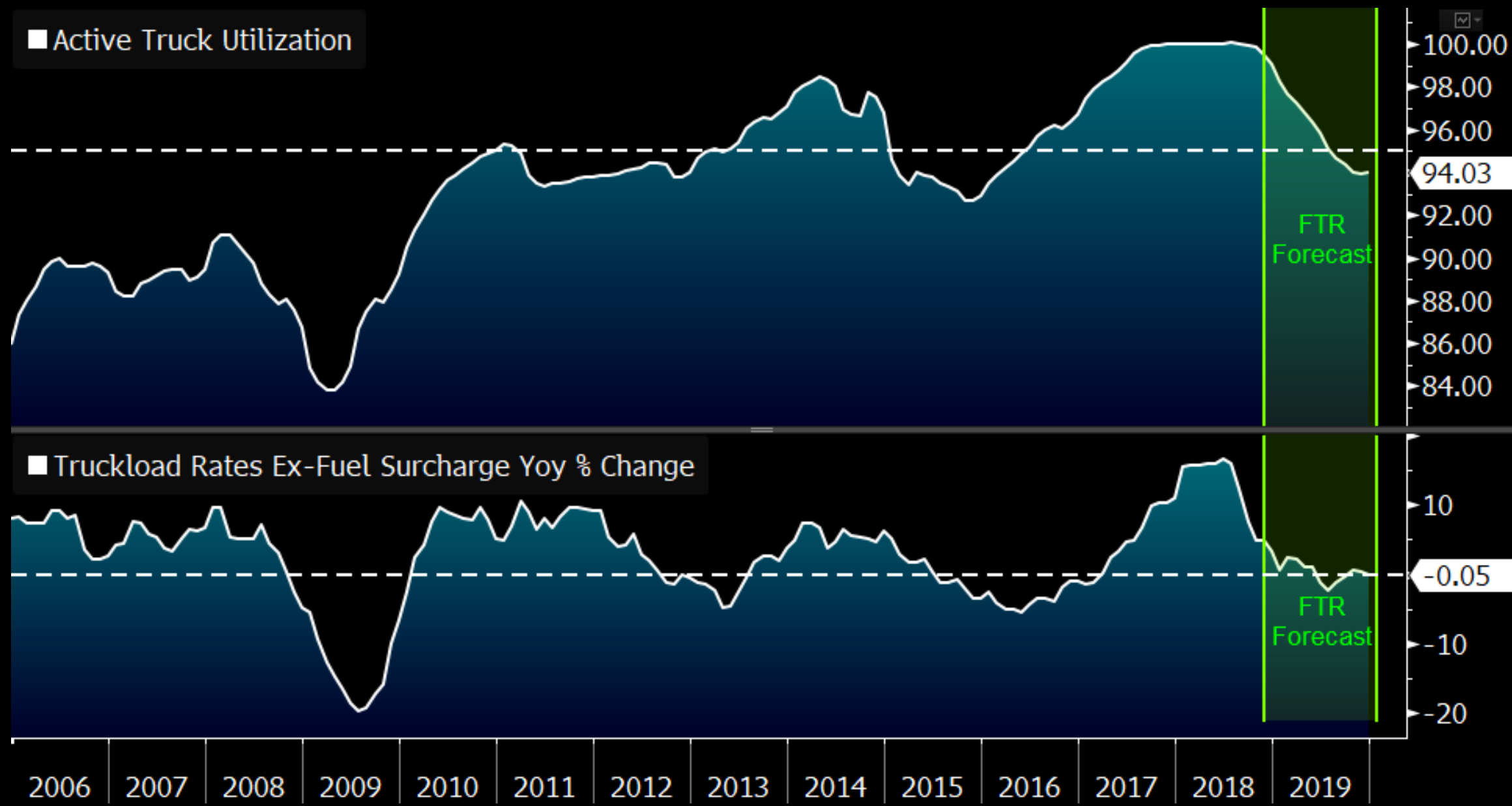


# Trucking Key Indicators Remain Positive





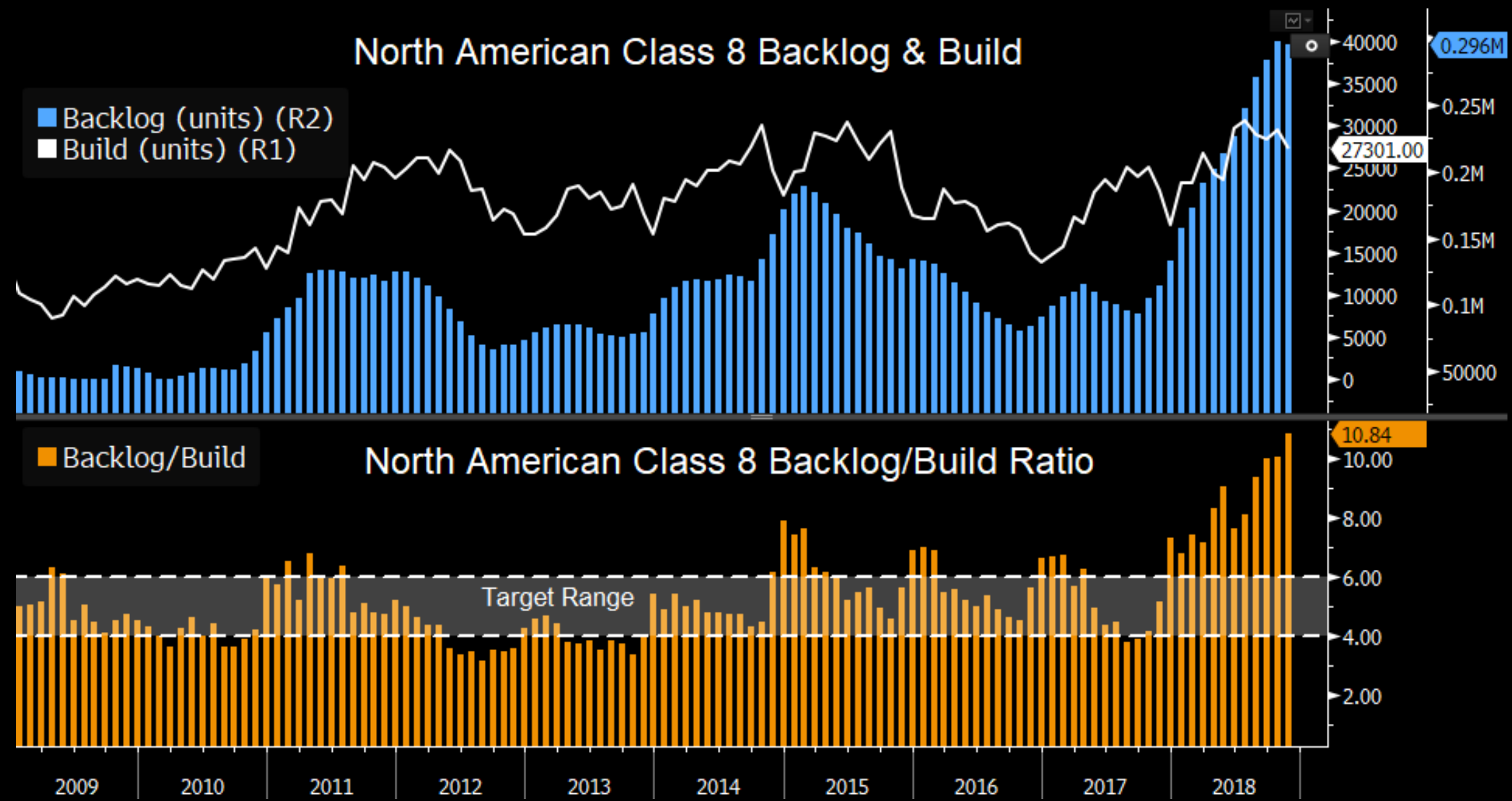
# Trucking Key Indicators Remain Positive



Source: FTR Associates, Bloomberg Intelligence

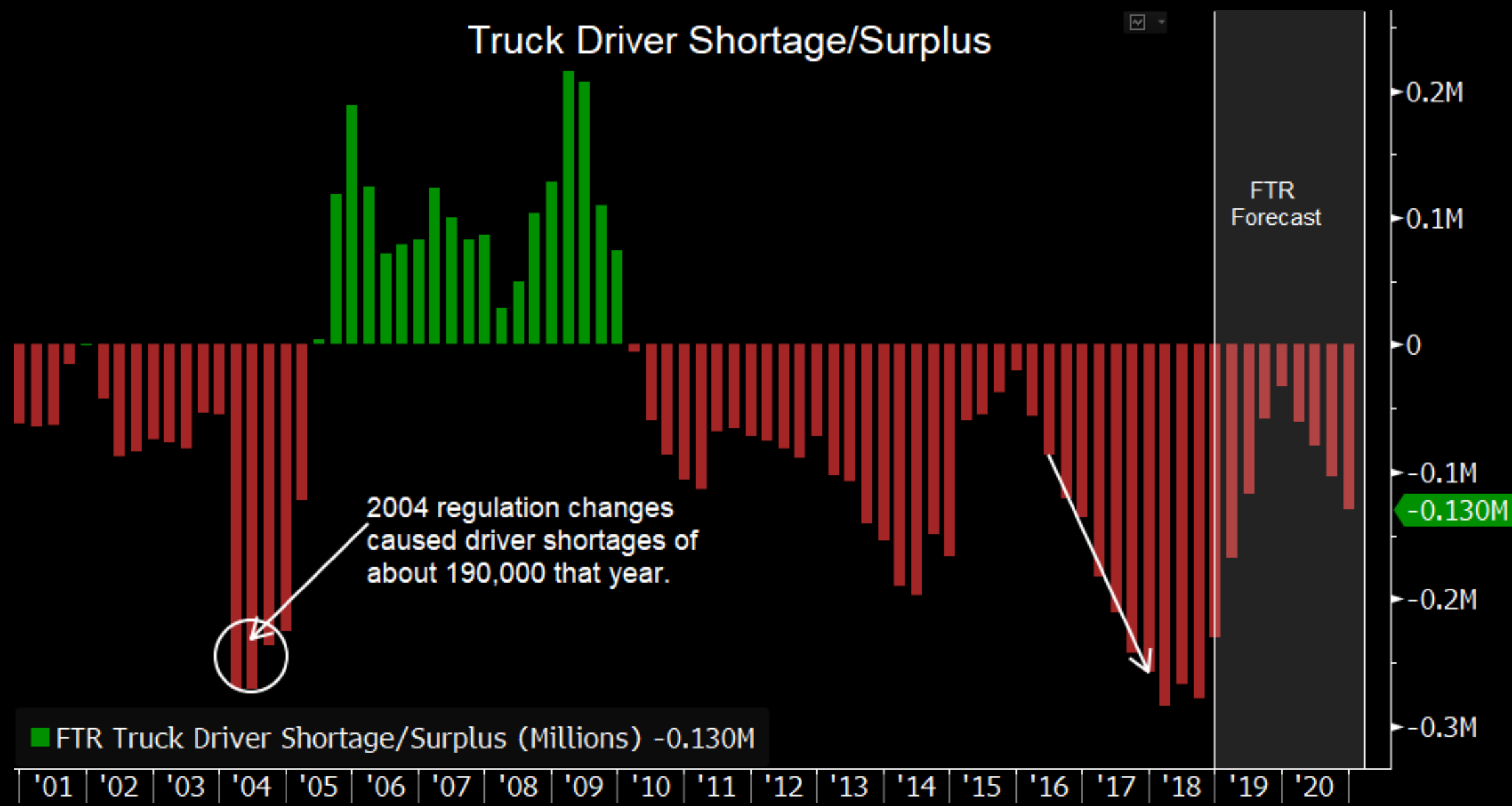
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# Orders a Mixture of Rush and Replacement



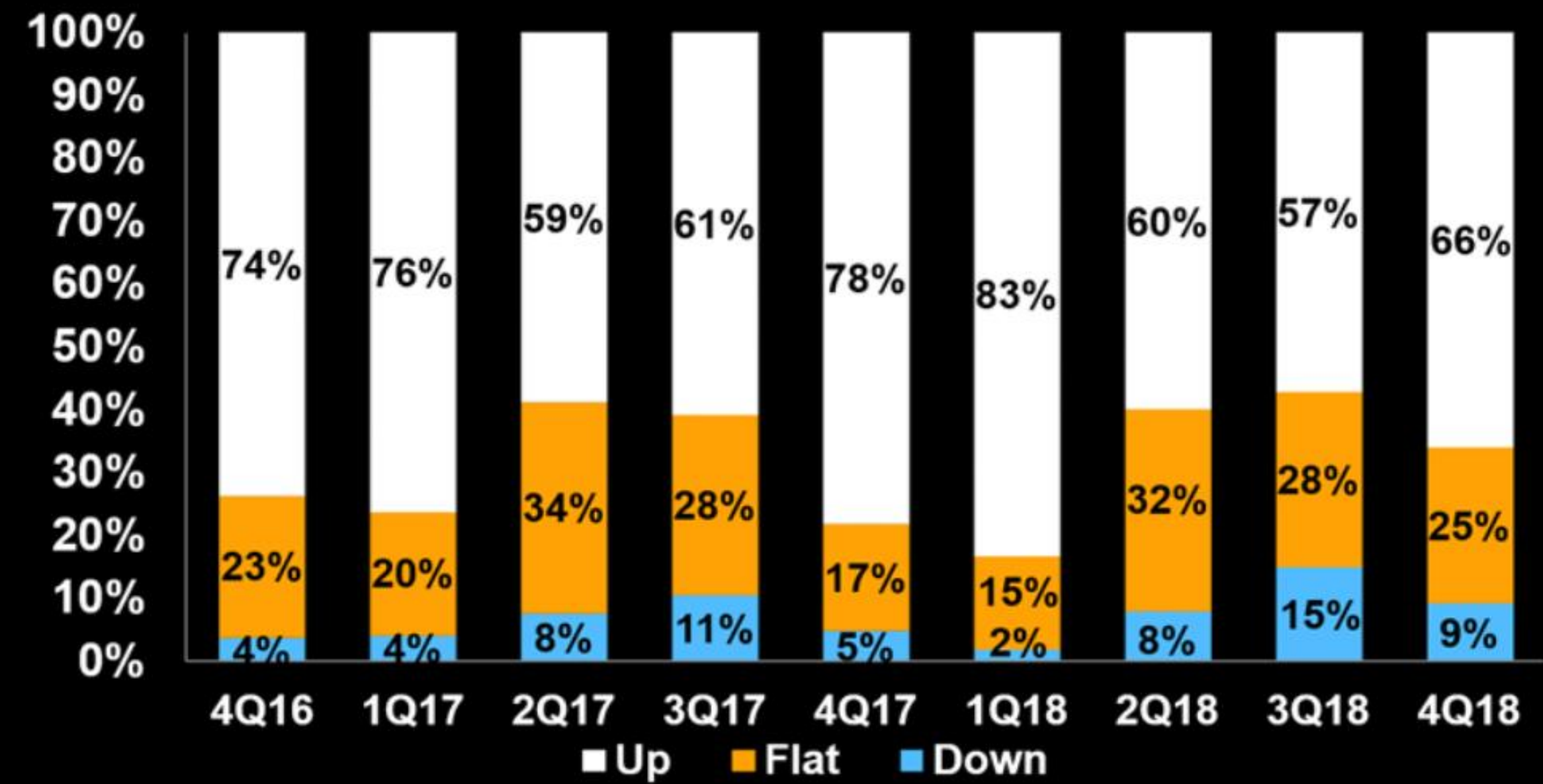
Source: FTR Associates, Bloomberg Intelligence

# Who is Going to be in the Seat?



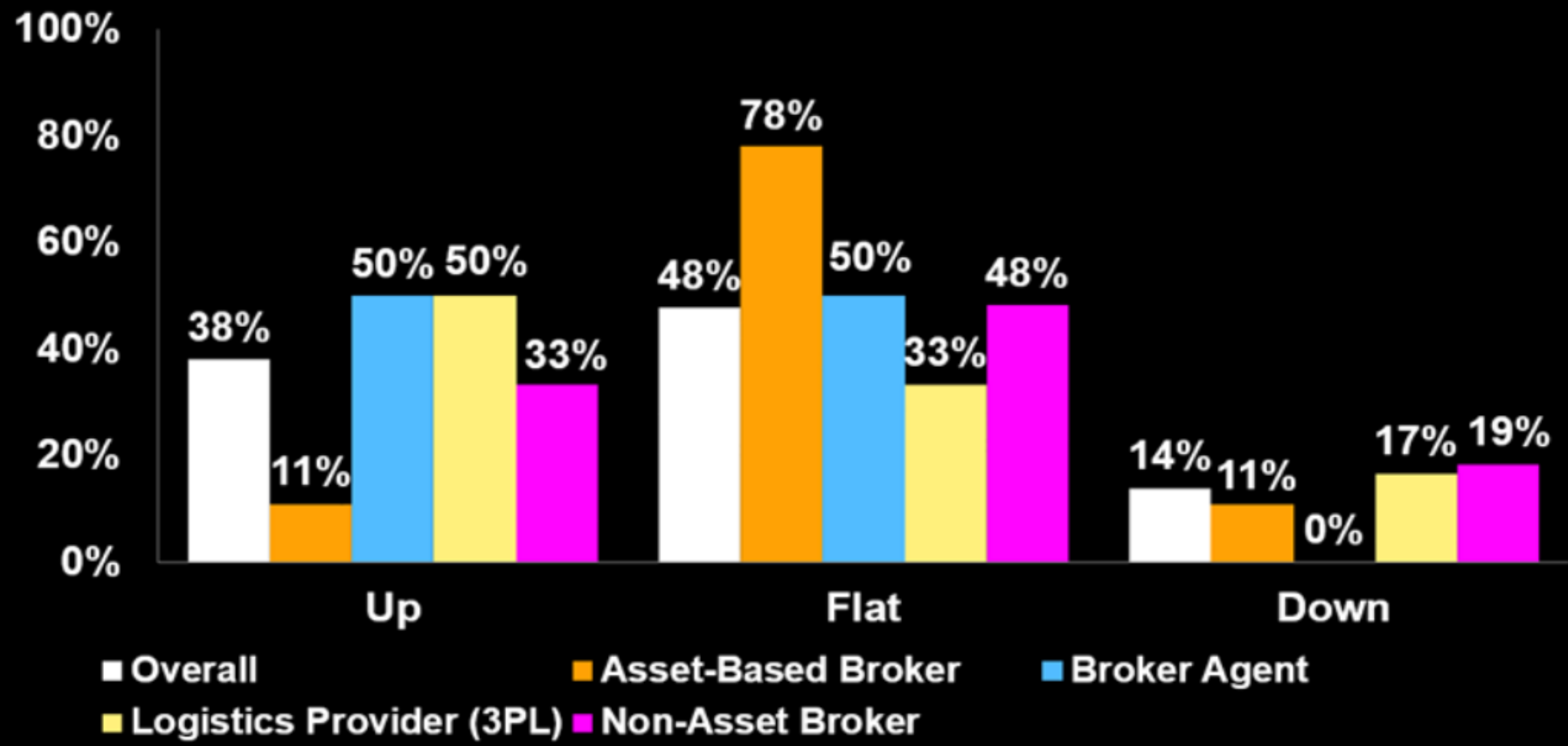
Source: FTR Associates, Bloomberg Intelligence

# Truckload Demand Outlook Over the Next Six Months



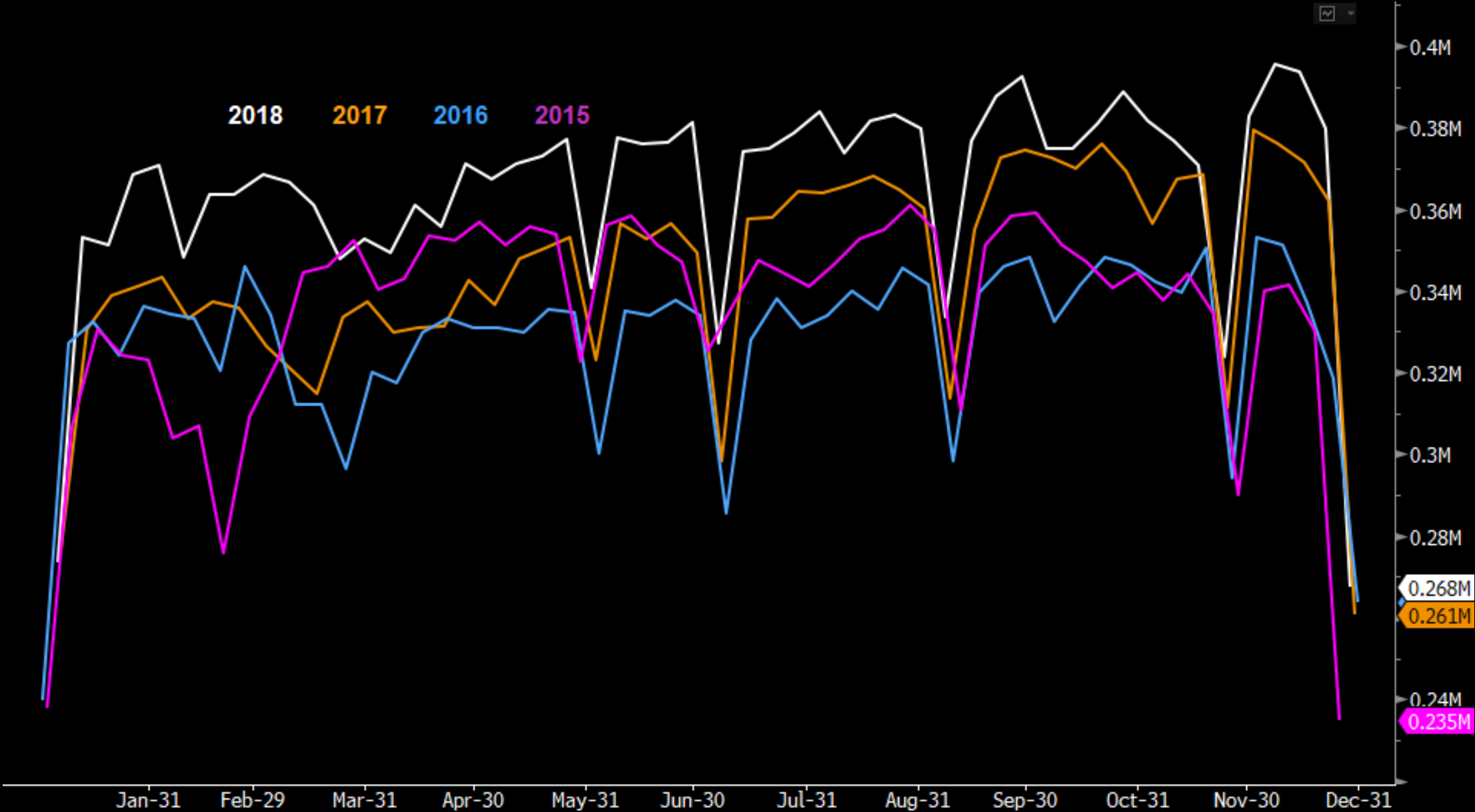
Source: Bloomberg Intelligence, Truckstop.com

# Freight Brokers' Outlook Moderates from Last Year



Source: Bloomberg Intelligence, Truckstop.com

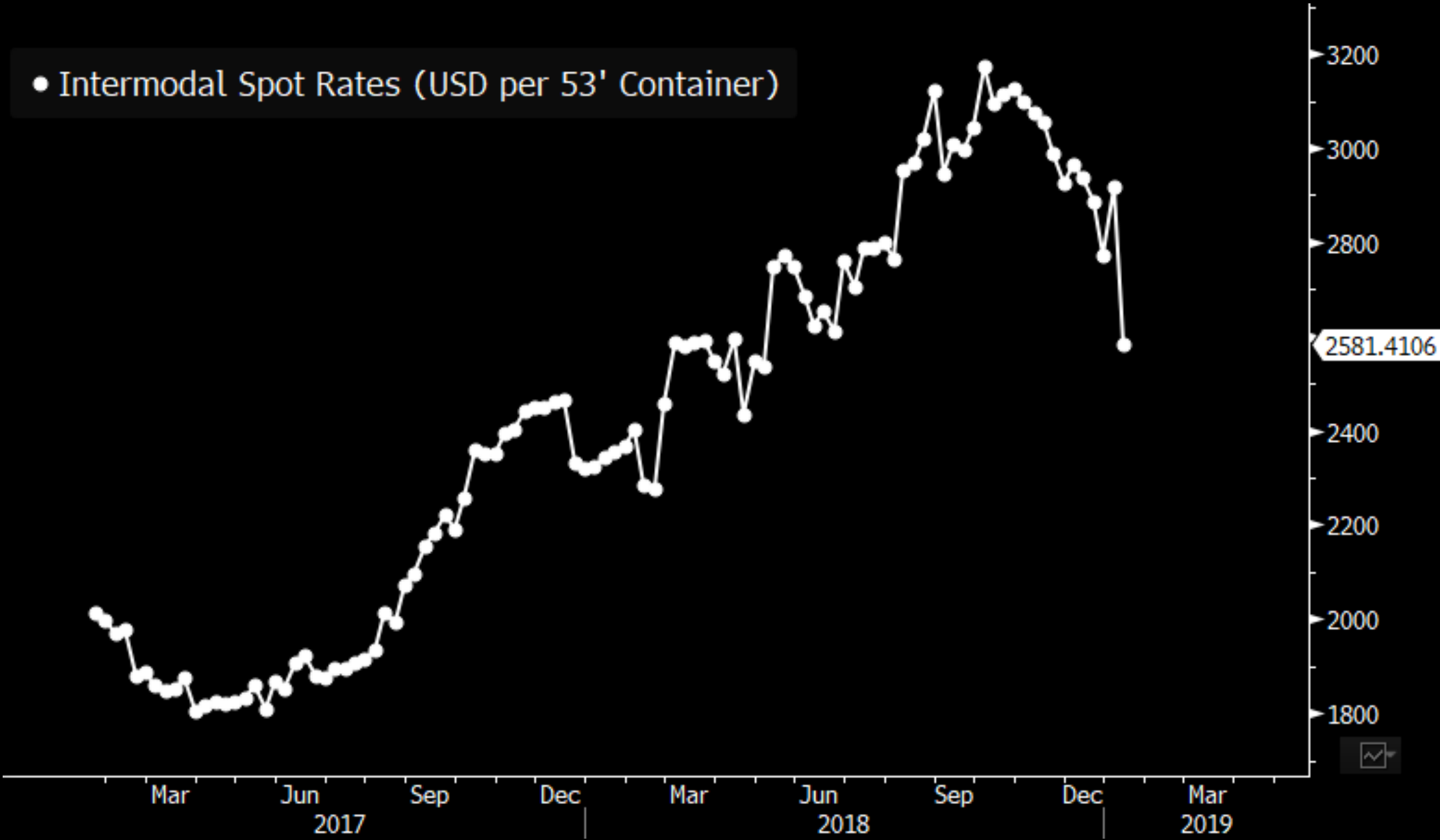
# Intermodal Volume is Trending Higher



Source: Association of American Railroads, Bloomberg Intelligence

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# So Are Intermodal Rates



Source: InTek Freight and Logistics, Bloomberg Intelligence

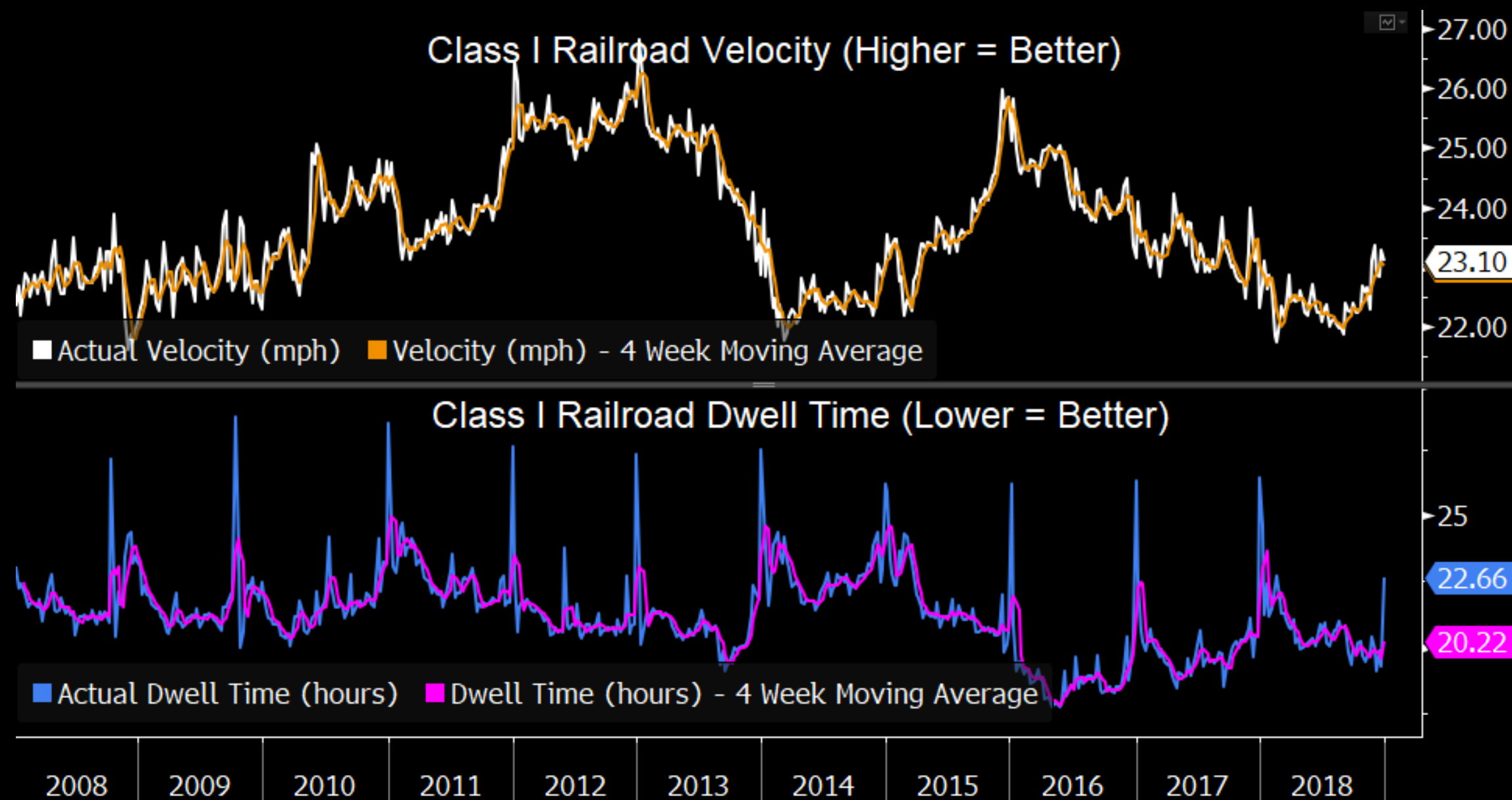
# Intermodal Driving Railroad Carloads

|                          | Week 52 YoY<br>Change | 4 Wk Moving Avg<br>Yoy Change | QTD YoY<br>Change | YTD YoY<br>Change |
|--------------------------|-----------------------|-------------------------------|-------------------|-------------------|
| Agriculture              | 10.5%                 | 1.1%                          | -0.7%             | 1.7%              |
| Chemicals                | 20.3%                 | 12.2%                         | 12.0%             | 8.1%              |
| Coal                     | 11.9%                 | 4.3%                          | 2.7%              | 0.1%              |
| Forest Products          | -4.5%                 | -2.2%                         | -0.9%             | 0.5%              |
| Metals                   | 9.1%                  | 3.0%                          | 3.1%              | 2.5%              |
| Automotive               | 6.9%                  | 1.6%                          | -0.9%             | -0.7%             |
| Minerals                 | -4.6%                 | -7.3%                         | -8.6%             | 0.3%              |
| Total Commodity Carloads | 9.4%                  | 3.1%                          | 1.9%              | 2.0%              |
| Intermodal               | 2.6%                  | 4.8%                          | 3.2%              | 4.8%              |
| Total Traffic            | 6.1%                  | 3.9%                          | 2.6%              | 3.4%              |

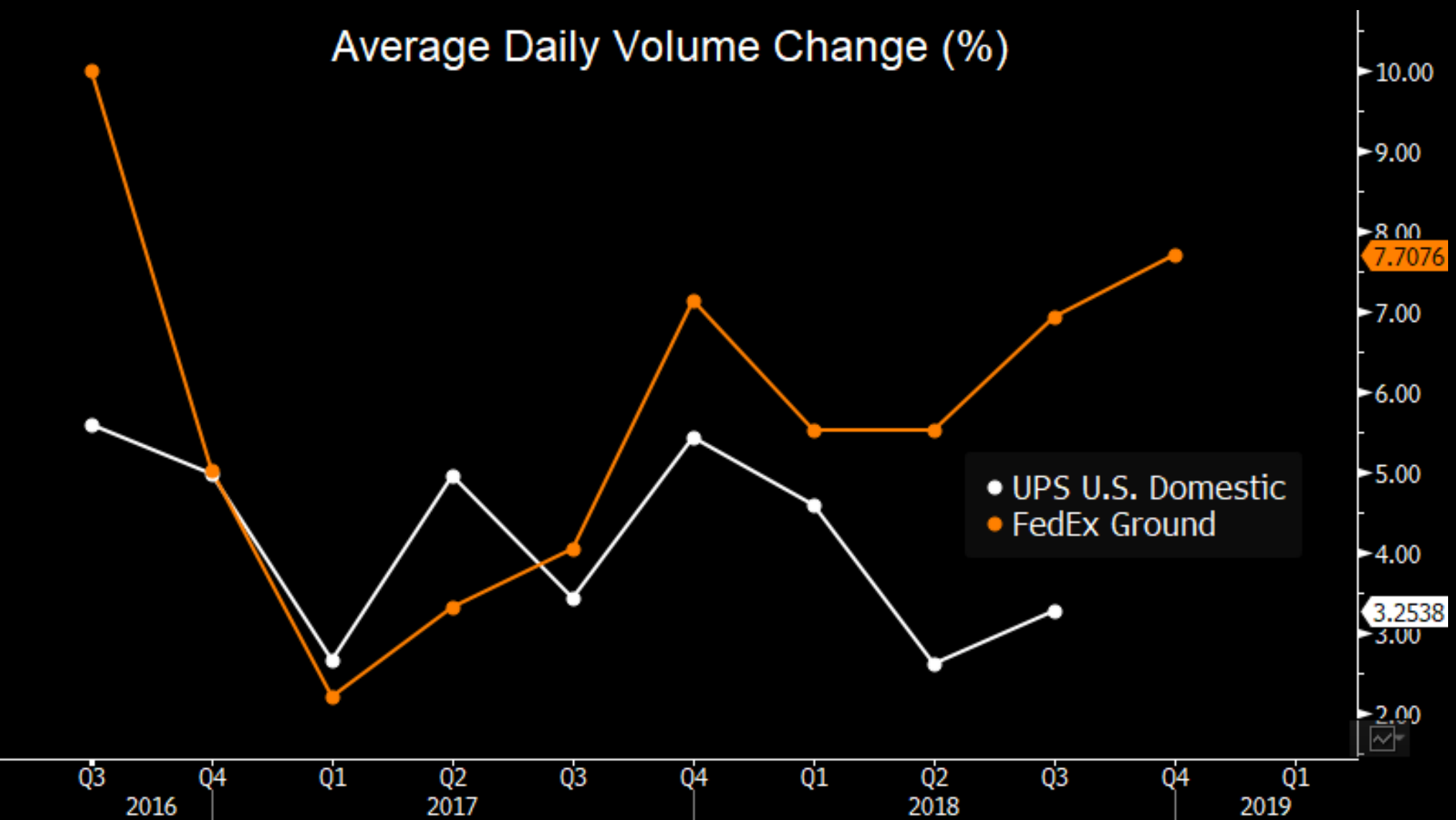
Source: AAR, Bloomberg Intelligence



# Railroads Trying to Improve Service



# E-Commerce Fueling Parcel Volume Growth



Source: Company Reports, Bloomberg Intelligence

# Transportation Peer Groups Outpacing the Broader Market



Source: Bloomberg, L.P.