



September 17-20
Long Beach, California
Long Beach Convention Center

Trucking Market Trends

September 18, 2017

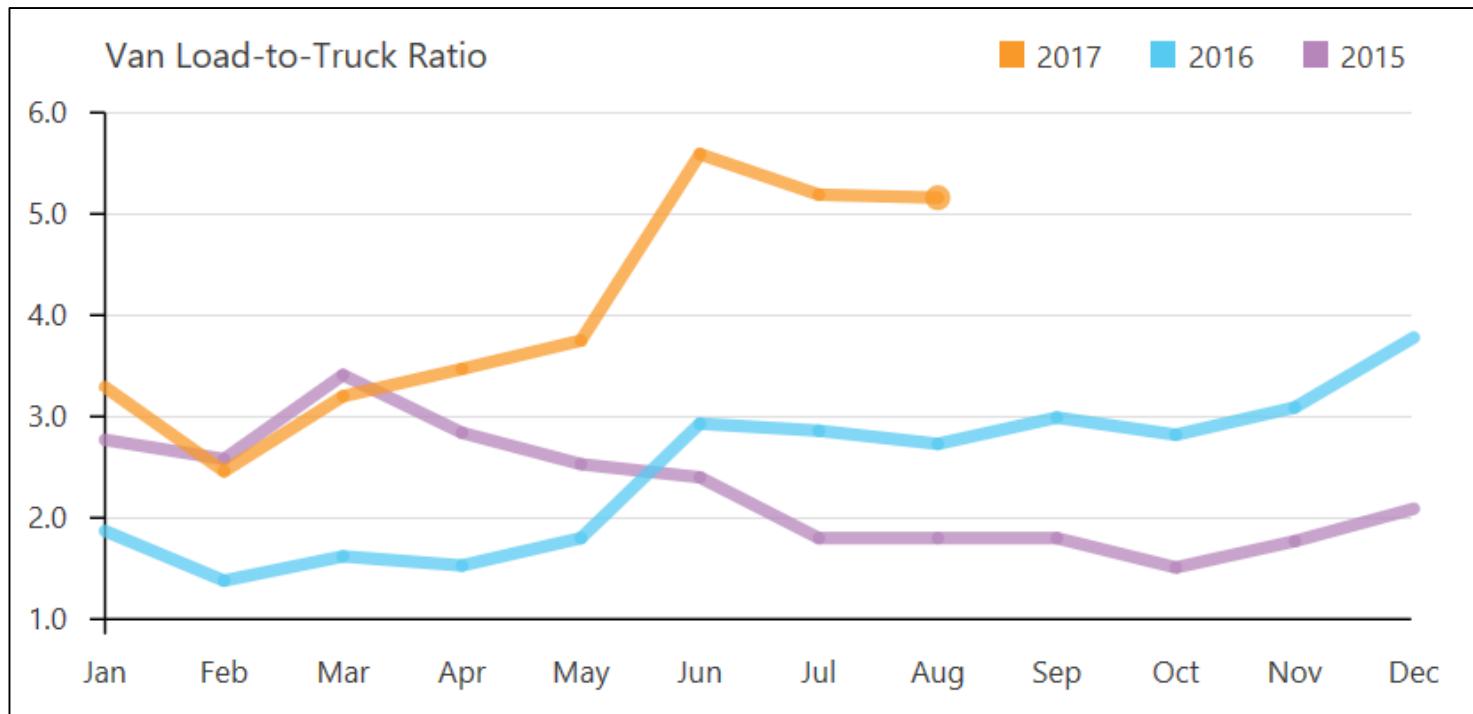
Transportation and Logistics Advisors, LLC

TandLA

Transportation & Logistics Advisors	Lee A. Clair
<ul style="list-style-type: none">• Niche consulting firm focused on helping clients make better decisions• Transport providers – all types• Shipper - supply chain strategy• Strategy, business planning, decision support, marketing, operations, litigation, M&A  	<ul style="list-style-type: none">• TandLA Managing Partner• 25+ years in transportation and logistics• Recognized expertise — top line growth, operations improvement, M&A• MBA, BS in transportation• Management Experience:<ul style="list-style-type: none">– IU International/Landstar– Union Pacific• Publications & Speeches• Northwestern University Transportation Center, Business Advisory Council• Stanford Law School Directors College

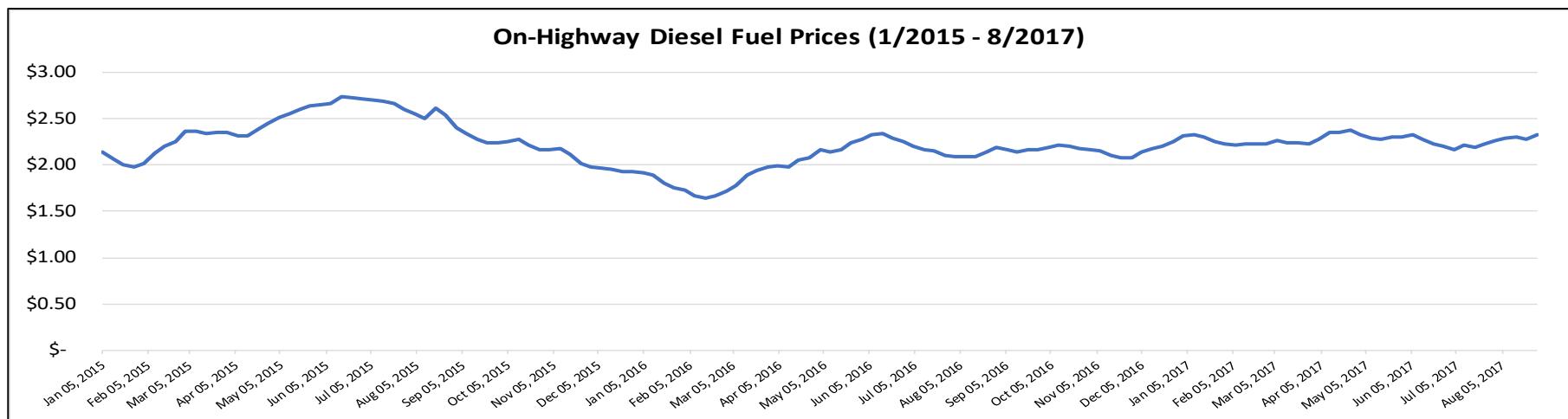
Overall 2017 trucking environment has been improving

- Call it what it was - 2016 was a recession!
- 2017 is improving - truck shipments and rates up slowly



Driver base and fuel are constant issues, but currently stable

Drivers Ongoing Issue, But Stable	Fuel Not a Problem FOR NOW
<ul style="list-style-type: none">• Shortage estimated at 40,000+• Carriers raising pay, still shortage• Regulations cutting productivity• Limitations on who can be a truck driver	<ul style="list-style-type: none">• Fuel prices relatively stable• Low diesel mean low surcharges• Engine MPG increasing, at a cost• Fuel still ~25% of trucking cost



Truckload – benefiting slowly from the changing economy

Tailwinds	Headwinds
<ul style="list-style-type: none">Increased overall volume soaks up excess capacityMultiplier effect<ul style="list-style-type: none">Domestic Manufacturing: Inbound parts/commodities + outbound finished goodsConstruction: every part in the houseCost escalation: driver shortage, etc. excuse for price increases	<ul style="list-style-type: none">eCommerce supply chain is taking away from truckload<ul style="list-style-type: none">Shifting TL to LTL & ParcelIncreasing drop shipChanging trade patterns<ul style="list-style-type: none">Shorter LOHIncreasing imbalancesCost escalation – new trucks, drivers, lower productivityELD's/HOS – uneven impact, none for most, dramatic for othersHighway infrastructure cost and capacity

LTL - improving, but not without issues

Tailwinds	Headwinds	Better Tools/ Decision-Making
<ul style="list-style-type: none">• Growth in economy• eCommerce• Terminal capacity shortage• Brokerage channel	<ul style="list-style-type: none">• Labor• Terminal capacity shortage• Brokerage channel	<ul style="list-style-type: none">• Dimensionalizers• Routing• Shipment automation• Load planning and dock management• “Big Data”

Longer-term, platooning and self-driving trucks could significantly impact the market

Opportunity	Potential Benefit
Platooning	<ul style="list-style-type: none">• Greater driver productivity• Already being tested
Self-Driving Trucks	<ul style="list-style-type: none">• Big cost savings<ul style="list-style-type: none">– Potentially replaces the driver related costs– ~40% of operating cost• Major productivity gain<ul style="list-style-type: none">– Can run 24-hours, much higher truck productivity• Should mean fewer accidents, (insurance ~6% of cost)• Technology capability vs. societal acceptance?

- Likely to benefit large carriers
- Business opportunity to serve smaller carriers?
- Make real estate and infrastructure more important?
- Benefits passed through to the shippers?



Transportation and Logistics Advisors, LLC

Lee A. Clair

Managing Partner

312-961-4403

1910 First Street
Suite 300
Highland Park, IL 60035

TandLA.net