



MISSION: POSSIBLE

2019 NATIONAL SALES MEETING

Loews Ventana Canyon Resort

Tucson, AZ | February 24-26, 2019



TRANSPORTATION: A CHANGING LANDSCAPE

Trucking – Did You Know?

- A World without Trucks?
 - 24 Hours
 - 72 Hours
 - 1 Week



Trucking – Did You Know?



- 70% of all cargo is transported by a truck
 - Approximately \$720 Billion in total freight value
- There are over 500,000 trucking companies in the United States
 - 80% of these trucking companies are regarded as small businesses totaling 6 trucks or less
- There are 15.5 million trucks in the US, enough stacked end to end could reach the moon

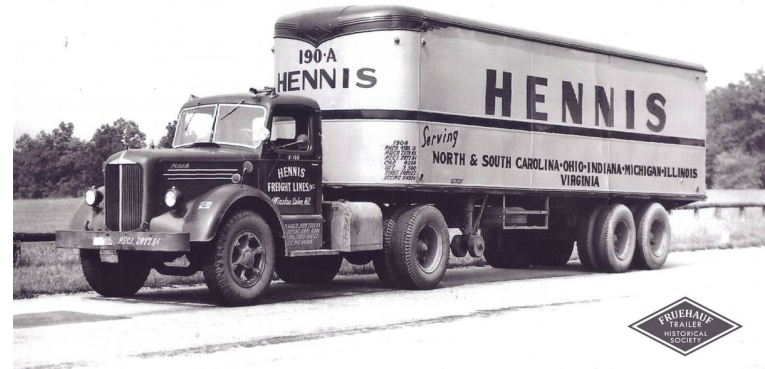
Trucking – Did You Know?

- How many truck drivers are in the US?
- Average age of a driver?
- Average hours worked per week?
- What is the most deadly job in the United States?



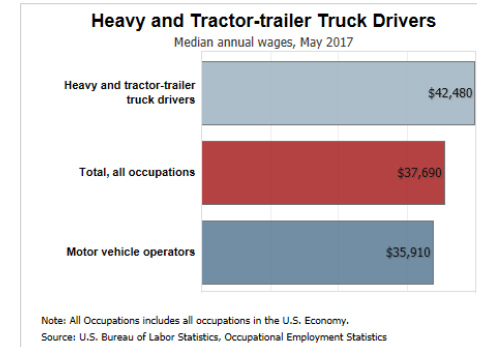
The History of Trucking

- Interstate Highway System
 - Federal-Aid Highway Act of 1944
 - Federal-Aid Highway Act of 1952
 - Federal-Aid Highway Act of 1956
- “The Good Old Days”
 - 1970’s Trucking Culture
- Deregulation
 - The Motor Carrier Act of 1980



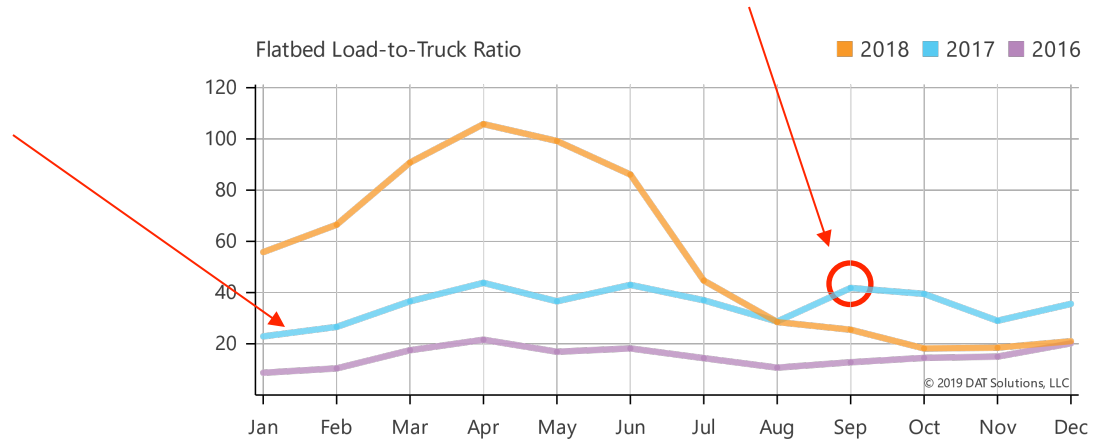
Current Transportation Market

- A Truck Driver – The Human Impact
 - Social Stigma
 - Lifestyle
 - Pay
 - Technology & Government Regulation



Current Transportation Market

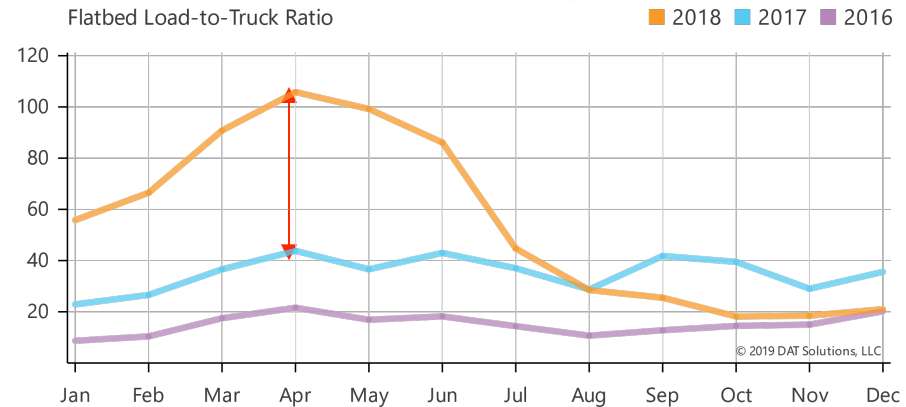
- 2017 – Hurricanes and Political Winds
 - US Presidential Election
 - Hurricanes Harvey, Irma, and Maria



Source: DAT

Current Transportation Market















- 2018 – A “Perfect” Storm
 - Increased GDP and Demand
 - Truck Capacity Effectively Removed
 - Transportation Related Expenses Skyrocket



Source: DAT

Current Transportation Market

- 2019 – What's Happening Today

U.S. ECONOMIC INDICATORS		
		Manufacturing ISM index has been volatile but remains solidly in growth territory.
		Construction Housing starts are basically flat at a so-so level.
		Housing Sales of existing single-family homes fell throughout 2018, but inventories are low. New home sales steady, but down y/y.
		Consumer Retail sales at highest level ever in November, up 4.2% y/y.
		Inventories Total business inventory-to-sales ratio stuck at around 1.34/1.35 for almost all of 2018.
		Employment Job creation still strong. Job openings highest ever recorded in December.
		Energy Fuel prices have been remarkably stable in recent weeks.

The Future of Transportation – Industry Changes








- Government Regulation
 - Hours of Service Reform
 - Drug and Alcohol Testing Clearinghouse
 - Entry-Level CDL Training Standards
 - DRIVESAFE Act



The Future of Transportation – Industry Changes

- Autonomous and Electric Vehicles







				
LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
FEET HANDS EYES BRAIN	FEET HANDS EYES BRAIN	FEET HANDS EYES BRAIN	FEET HANDS EYES BRAIN	FEET HANDS EYES BRAIN
RADAR-GUIDED CRUISE CONTROL	RADAR-CRUISE + LANE KEEPING	SELF-DRIVING AT SLOW SPEEDS	SELF-DRIVING IN MOST CASES	FULLY AUTONOMOUS
CURRENT USE	CURRENT USE	DEVELOPMENT	DEVELOPMENT	FUTURE

Source: freightwaves.com

The Future of Transportation – Industry Changes

- Autonomous and Electric Vehicles



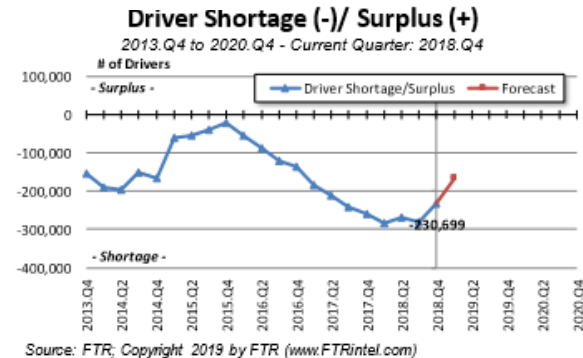
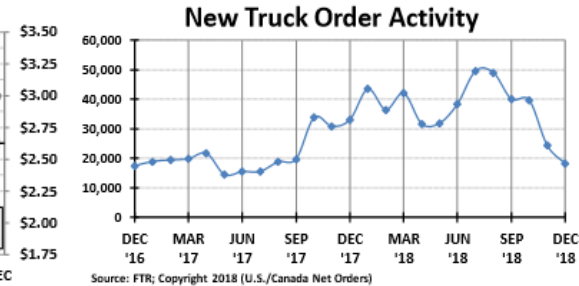
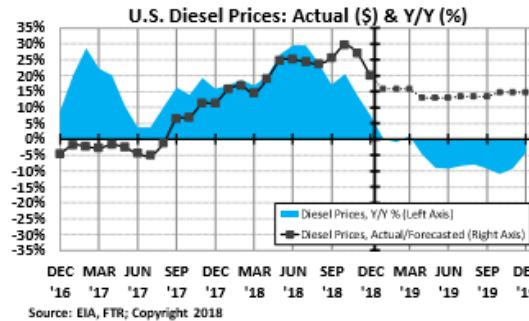
	MARKET ISSUES <ul style="list-style-type: none">• Predicting e-commerce• Experience dilemma• Vehicle life• Residual value of electric trucks• Residual value of diesel and gasoline baseline• Vehicle recycling/salvage• Diesel and gasoline fuel prices
	REGULATORY ISSUES <ul style="list-style-type: none">• Zero emission zone mandate• Incentives, grants, vouchers, subsidies, tax breaks
	BATTERY ISSUES <ul style="list-style-type: none">• Maintenance and repair• Fire• Raw materials• Weight• Battery life, range, replacement• Battery second life• Battery climate sensitivity• High voltage security
	POWER ISSUES <ul style="list-style-type: none">• Energy sourcing• Electric grid readiness• Scaling



Source: fleetowner.com

The Future of Transportation – Short Term Outlook

- What to expect in 2019
 - Economic Outlook
 - US GDP
 - Oil/Diesel Prices
 - New Truck Order Activity
 - Truck Capacity
 - Driver Shortage/Surplus
 - An Enhanced Customer Experience





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