

**ArcBest**

*More Than Logistics*



***BANK OF AMERICA MERRILL LYNCH  
2019 TRANSPORTATION AND INDUSTRIALS CONFERENCE***

May 15, 2019

# FORWARD LOOKING STATEMENTS

Certain statements and information in this presentation may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “foresee,” “intend,” “may,” “plan,” “predict,” “project,” “scheduled,” “should,” “would,” and similar expressions and the negatives of such terms are intended to identify forward-looking statements. These statements are based on management’s beliefs, assumptions, and expectations based on currently available information, are not guarantees of future performance, and involve certain risks and uncertainties (some of which are beyond our control). Although we believe that the expectations reflected in these forward-looking statements are reasonable as and when made, we cannot provide assurance that our expectations will prove to be correct. Actual outcomes and results could materially differ from what is expressed, implied, or forecasted in these statements due to a number of factors, including, but not limited to: a failure of our information systems, including disruptions or failures of services essential to our operations or upon which our information technology platforms rely, data breach, and/or cybersecurity incidents; untimely or ineffective development and implementation of new or enhanced technology; the loss or reduction of business from large customers; competitive initiatives and pricing pressures; relationships with employees, including unions, and our ability to attract and retain employees; unfavorable terms of, or the inability to reach agreement on, future collective bargaining agreements or a workforce stoppage by our employees covered under ABF Freight’s collective bargaining agreement; the cost, timing, and performance of growth initiatives; general economic conditions and related shifts in market demand that impact the performance and needs of industries we serve and/or limit our customers’ access to adequate financial resources; availability and cost of reliable third-party services; governmental regulations; environmental laws and regulations, including emissions-control regulations; union and nonunion employee wages and benefits, including changes in required contributions to multiemployer plans; our ability to secure independent owner operators and/or operational or regulatory issues related to our use of their services; litigation or claims asserted against us; maintaining our intellectual property rights, brand, and corporate reputation; the loss of key employees or the inability to execute succession planning strategies; default on covenants of financing arrangements and the availability and terms of future financing arrangements; timing and amount of capital expenditures; self-insurance claims and insurance premium costs; the cost, integration, and performance of any recent or future acquisitions; availability of fuel, the effect of volatility in fuel prices and the associated changes in fuel surcharges on securing increases in base freight rates, and the inability to collect fuel surcharges; increased prices for and decreased availability of new revenue equipment, decreases in value of used revenue equipment, and higher costs of equipment-related operating expenses such as maintenance and fuel and related taxes; potential impairment of goodwill and intangible assets; greater than anticipated funding requirements for our nonunion defined benefit pension plan; seasonal fluctuations and adverse weather conditions; regulatory, economic, and other risks arising from our international business; antiterrorism and safety measures; and other financial, operational, and legal risks and uncertainties detailed from time to time in ArcBest’s public filings with the Securities and Exchange Commission (“SEC”).

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see our filings with SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events, or otherwise.



THE ARCBEST STORY

# ***A TRANSFORMED COMPANY. PERFORMANCE ACCELERATING.***

*A transformed company*

*A differentiated business model*

*The future: performance accelerating*



# PROFILE OF AN INDUSTRY LEADER

Asset-Based service centers across North America  
**>240**

Years of transportation and logistics experience  
**>95**

Safety award winner in Industry  
**#1**

Coverage of U.S.  
**>98%**



Owned and operated assets  
**>27,000**

Approved contract carriers  
**>26,000**

Strong balance sheet  
**0.9X**  
debt to EBITDAR

2018 financial results  
**Record**



# BROAD SUITE OF LOGISTIC SOLUTIONS AND SERVICES

## TRUCKLOAD



A one-stop shop for dry van, flatbed, refrigerated, intermodal and special needs.

## PREMIUM LOGISTICS



Door-to-door reliability and visibility for high-value, mission-critical freight provided by Panther Premium Logistics.

## LTL FREIGHT



Less-than-truckload services through ABF Freight's innovative network with a history of excellence.

## MANAGED TRANSPORTATION



Best-in-industry freight management expertise combined with best-in-class technology.

## TIME CRITICAL & EXPEDITE



Guaranteed services or time-sensitive freight; reliability from the names you trust.

## PRODUCT LAUNCH



ArcBest offers a variety of customizable shipping services to ensure your product rollout goes exactly as planned.

## INTERNATIONAL SHIPPING



Ocean FCL and LCL services with global visibility, and reliable and flexible air services.

## SUPPLY CHAIN OPTIMIZATION



We combine supply chain expertise with powerful technology and robust data analytics to provide solutions that give you a competitive advantage.

## FINAL MILE



ArcBest offers customized final-mile services as a solution to complex shipping challenges.

## RETAIL LOGISTICS



To help overcome your retail logistics obstacles, we offer seamless transportation solutions – from pick-up to final delivery.

## TRADE SHOW SHIPPING



Ensure your trade show booth and promotional products arrive when and where you need them.

## WAREHOUSING & DISTRIBUTION



Supply chain services with a nationwide network of warehouses carriers and technology partners designed to lower costs and streamline operations.

# EXECUTION IS WELL-UNDERWAY TO TRANSFORM THE COMPANY

From: An LTL trucking company



**ArcBest**  
More Than Logistics

To: An innovative logistics company



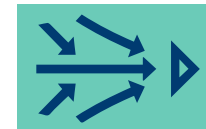
- 31% of revenue from logistics versus 7% in 2012



- Four key acquisitions since 2012



- Innovative asset-based space-based pricing



- Realignment and enhanced market approach under ArcBest brand in 2017

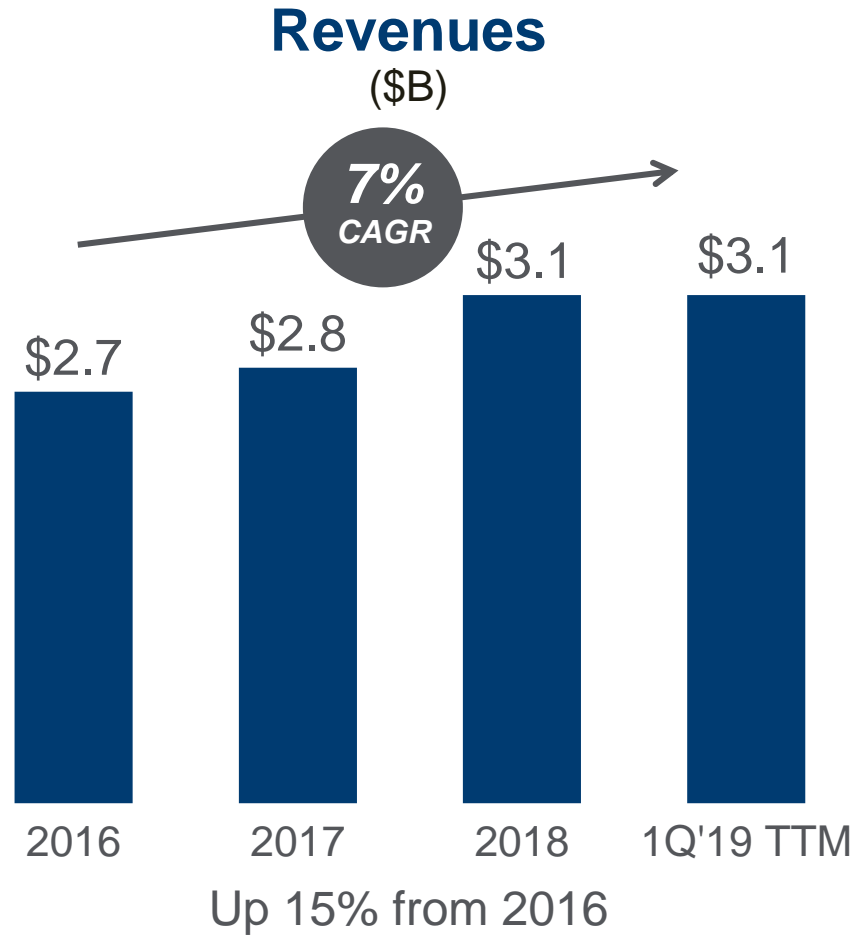


- Investments in technology and equipment

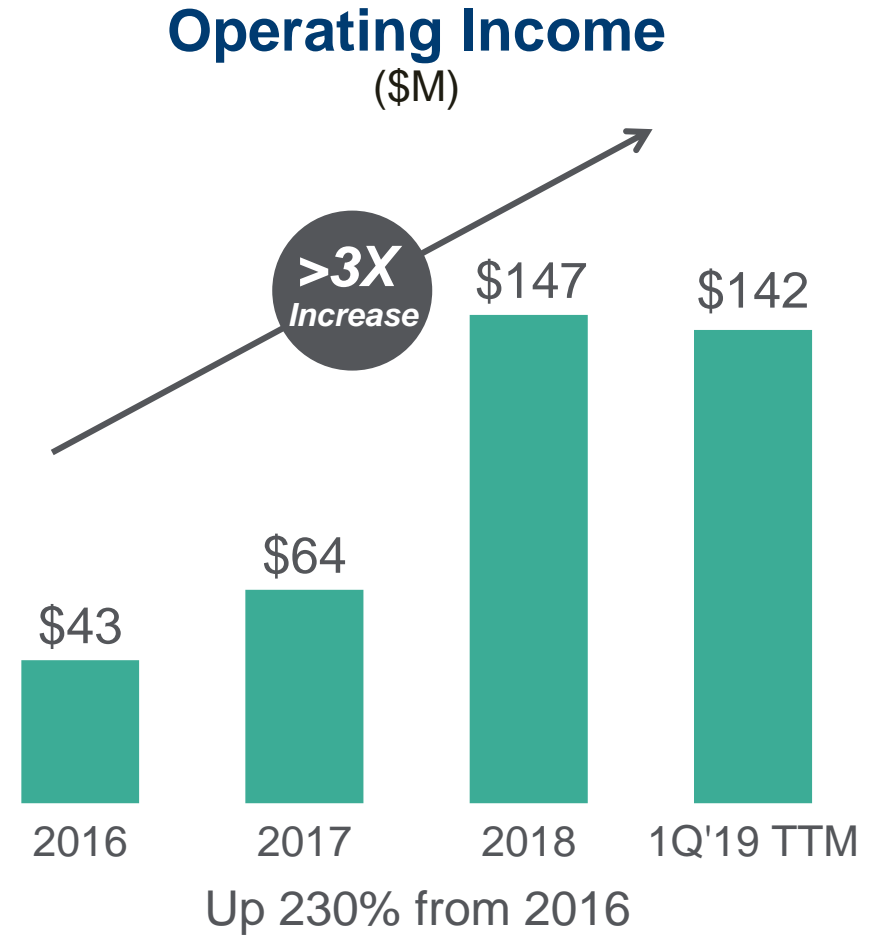


- Creative problem solvers with a strong focus on best-in-class customer experience

# OUR STRATEGY IS DELIVERING IMPRESSIVE RESULTS

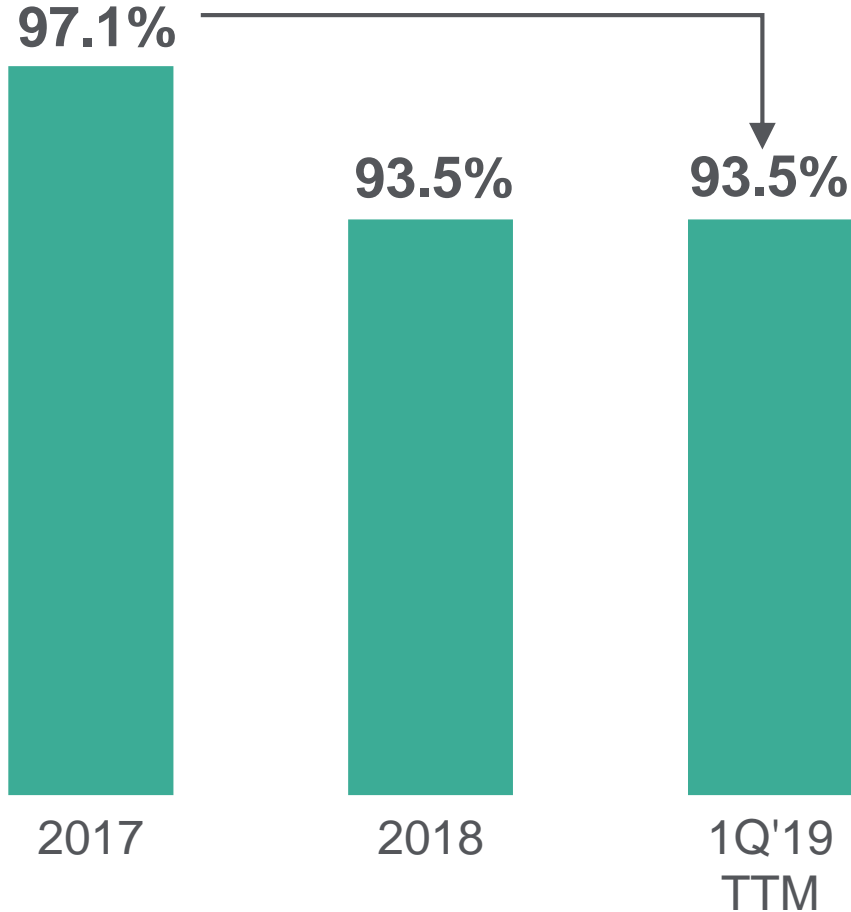


## ArcBest



\*Operating Income adjusted for certain unusual items. See Reconciliations of GAAP to non-GAAP Financial Measures in the Additional Information section of this presentation.

# IMPROVEMENT IN ASSET-BASED OPERATING RATIO\*



\*Operating Ratio adjusted for certain unusual items. See Reconciliations of GAAP to non-GAAP Financial Measures in the Additional Information section of this presentation.



THE ARCBEST STORY

# ***A TRANSFORMED COMPANY. PERFORMANCE ACCELERATING.***

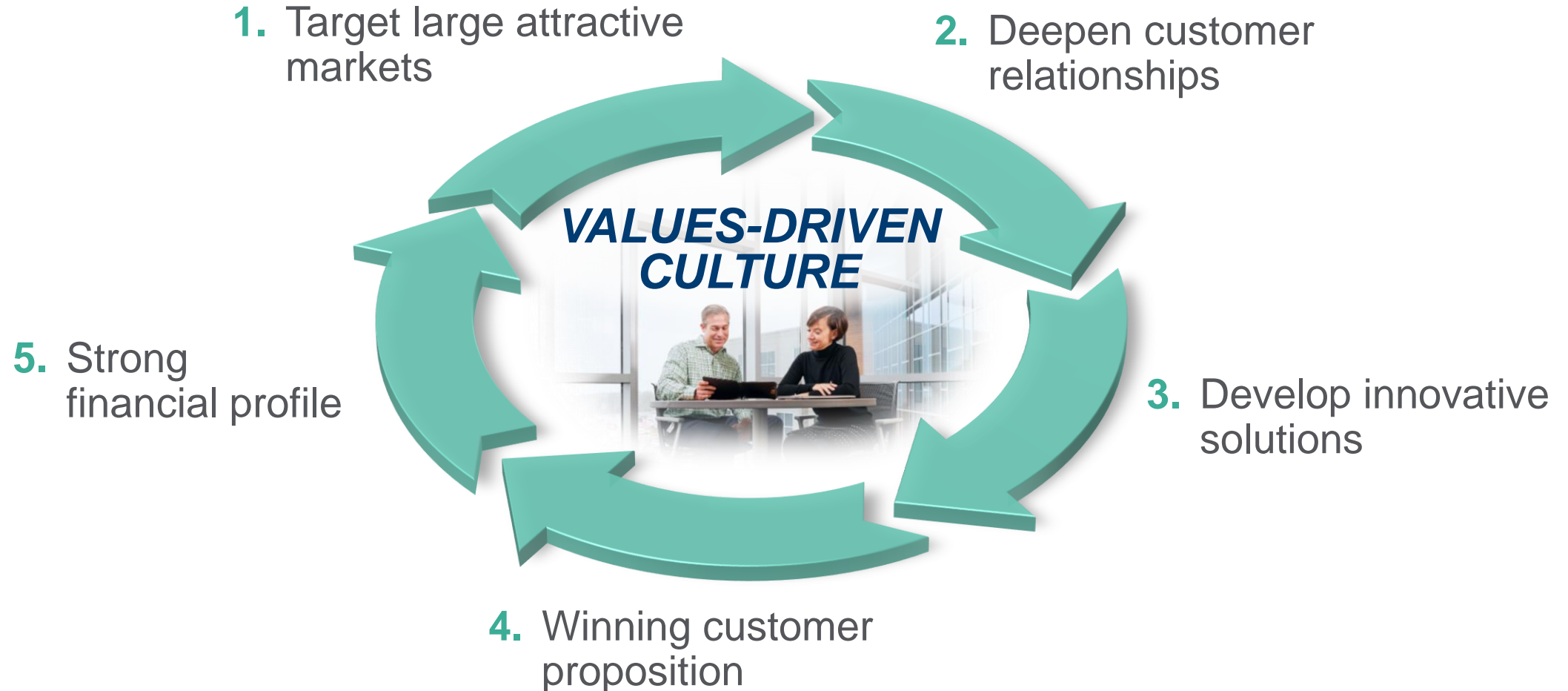
*A transformed company*

*A differentiated business model*

*The future: performance accelerating*



# LEVERAGING A DIFFERENTIATED BUSINESS MODEL





# AT THE CENTER OF OUR COMPANY: A VALUES DRIVEN CULTURE



# POSITIONED IN LARGE MARKETS



Less-Than-Truckload

**\$41B**

A green and white semi-truck with 'ABF' branding on the side, driving on a road.

Expedite Shipping

**\$5B**

A close-up of a silver stopwatch next to a white semi-truck.

Domestic Transportation Management

**\$72B**

A red semi-truck driving on a road through a green landscape.

Premium Logistics

**\$20B**

A white semi-truck with 'Parthen' branding on the side.

International

**\$54B**

A white airplane on a runway with a blue sky and ocean in the background.

Warehousing & Distribution

**\$40B**

The interior of a large, modern warehouse with high ceilings and industrial equipment.

Moving Services

**\$17B**

A person in a blue shirt moving boxes from the back of a white moving truck.

Final Mile

**\$13B**

A person in a blue shirt pushing a hand truck next to a white semi-truck.

Maintenance & Repair

**\$43B**

A white semi-truck on a road next to a stack of various wrenches.

ArcBest® Opportunity:  
**~\$305B**

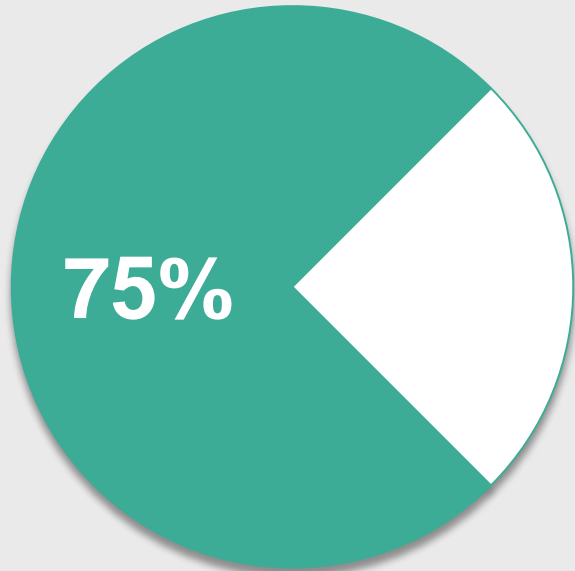
Source: Armstrong & Associates, US Department of Commerce, management estimates – December 2018



# DEEPEN CUSTOMER RELATIONSHIPS: LARGE CROSS-SELL OPPORTUNITY



Percent of customers *indicating a need of*  
**MORE THAN ONE**  
logistics service offered by ArcBest



Percent of customers *using ArcBest for*  
**MORE THAN ONE**  
logistics service

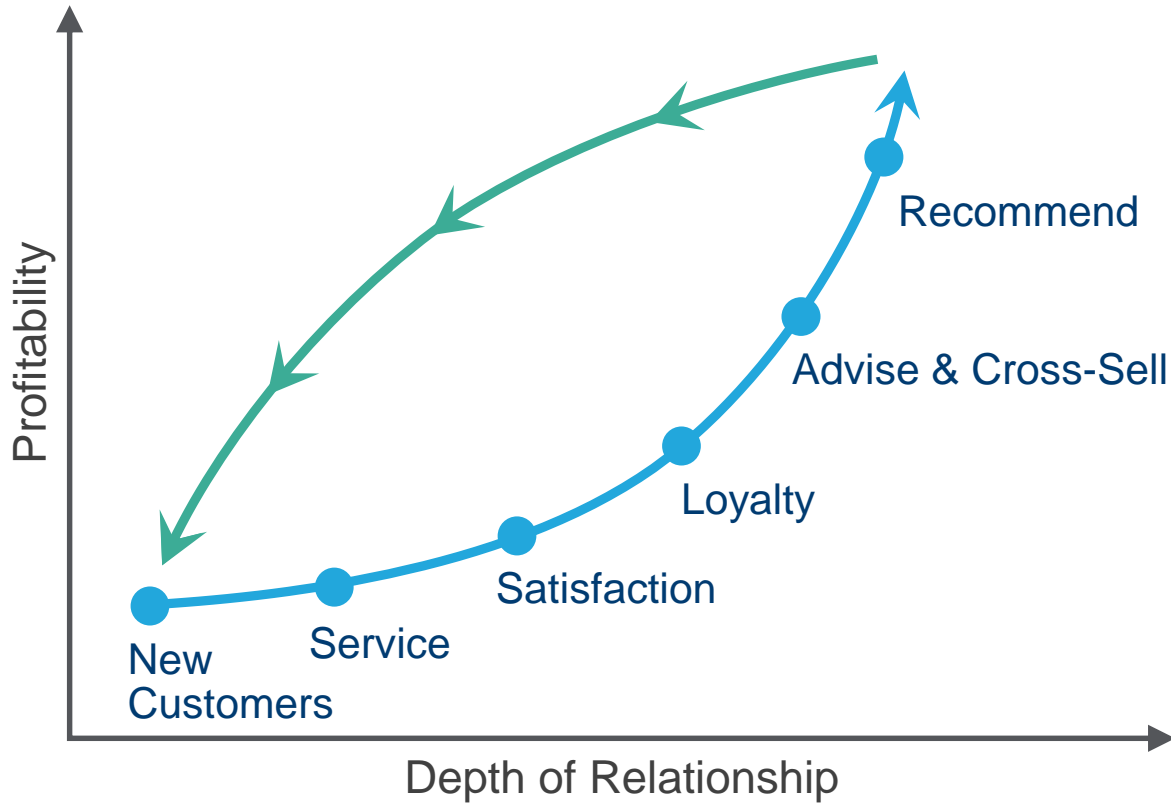


An increase to 40% adds ~\$30M revenue

# LASER FOCUS ON DEEPENING CUSTOMER RELATIONSHIPS



## Our Focus



## Advantages

- ✓ Higher customer retention rates
- ✓ Higher profitability
- ✓ Greater share of customer business
- ✓ Increased customer referrals
- ✓ Facilitates increased growth rates in primary service offering



# ALMOST \$3B CROSS-SELL OPPORTUNITY



We have identified “Ideal” customers = loyal and not price sensitive

# CROSS-SELL CASE STUDY DEMONSTRATES SUCCESS OF OUR APPROACH



## Situation

### Client:

- High-end home appliance manufacturer, revenues >\$15 billion

### Client Needs:

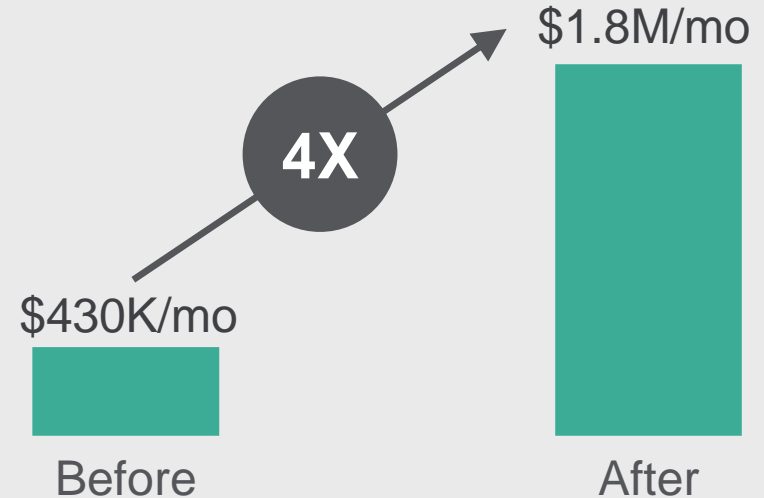
- Serve retailers: reduce damages, ensure on-time final mile home deliveries

### Our Solution:

- Managed transportation
  - Mode optimization of LTL, time critical LTL, TL, expedite & final mile

## Results/Benefits

### Increased Monthly Revenues



- ✓ Reduction of damages
- ✓ Creative coordination of specialized deliveries
- ✓ Enhanced reporting and visibility



# CROSS-SELL CASE STUDY DEMONSTRATES SUCCESS OF OUR APPROACH



## Situation

### Client:

- High-end home appliance manufacturer revenues >\$15 billion

### Client Needs:

- Serve retailers: reduce on-time final mile home

### Our Solution:

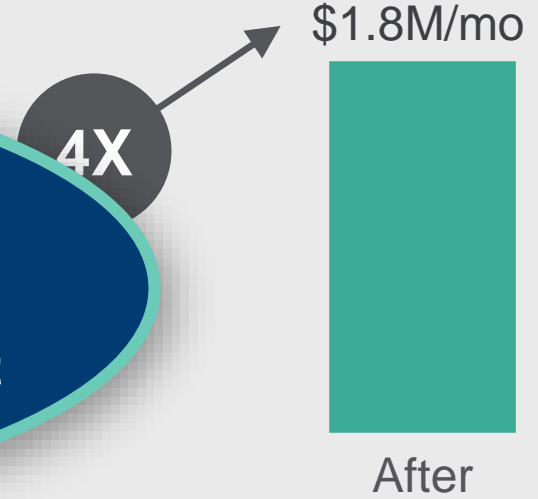
- Managed transportation
  - Mode optimization of LTL, time critical LTL, TL, expedite & final mile

*“Working with ArcBest has been a wonderful experience”*

**Client Comment**

## Results/Benefits

### Increased Monthly Revenues



- ✓ Reduction of damages
- ✓ Creative coordination of specialized deliveries
- ✓ Enhanced reporting and visibility



## CUSTOMER EXPERIENCE

- Customer engagement focus
  - Voice of the customer
  - Customer analytics
- Online access to all ArcBest services through arcb.com
- Robust API/EDI connectivity



## ARCBEST

- Serving shippers and capacity providers in the channels they desire
- Seamless access to multiple service options quoted on one shipment request
- Pricing intelligence



## CAPACITY

- Digital connectivity to capacity sources
- Algorithmic matching of capacity sources to shipments
- Asset-based optimization





## Full Supply Chain Solutions

- 1 International shipping from warehouse to port
- 2 Managed transportation options for vendor consolidation at port
- 3 Multiple transportation options from port to warehouses
- 4 TL, LTL, and Expedite options from warehouse to customer locations
- 5 Final Mile services for end-customer deliveries



# WINNING CUSTOMER PROPOSITION



## ArcBest...

*Solves my logistics and transportation challenges*



*Is a trusted provider and partner*



*Makes it easy to do business*



**Customer visibility and access to vital information**



**Unmatched assured capacity options**



**Digital Channels & Tools**



**Broad logistics service offerings**



**Supply chain optimization**



**Personal Relationships**



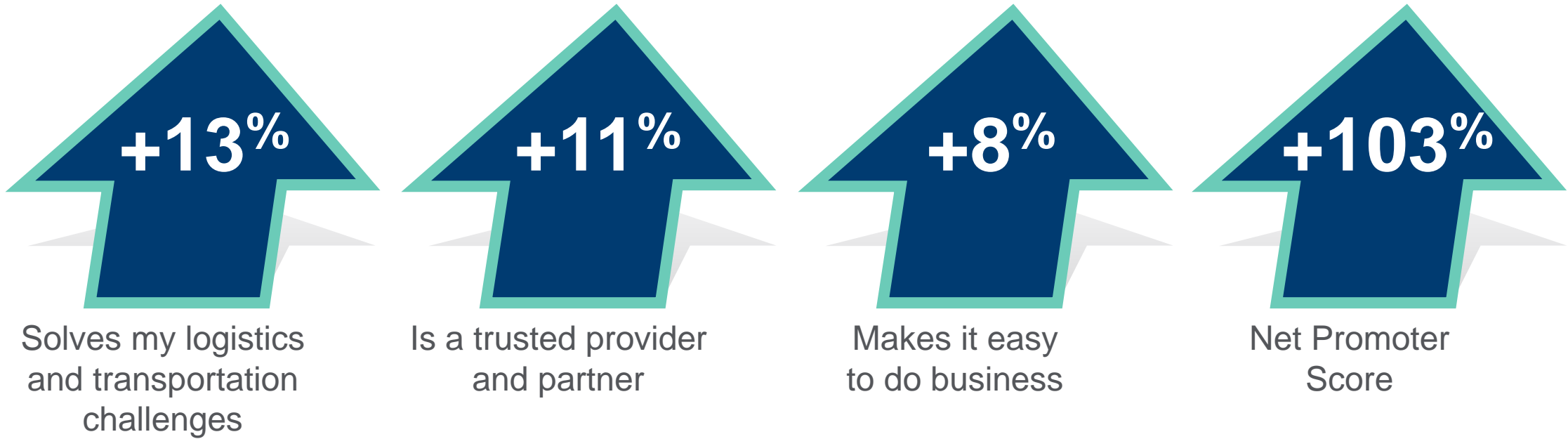
**Culture that empowers creative problem solvers**



**Reputation of excellence for 95 years**

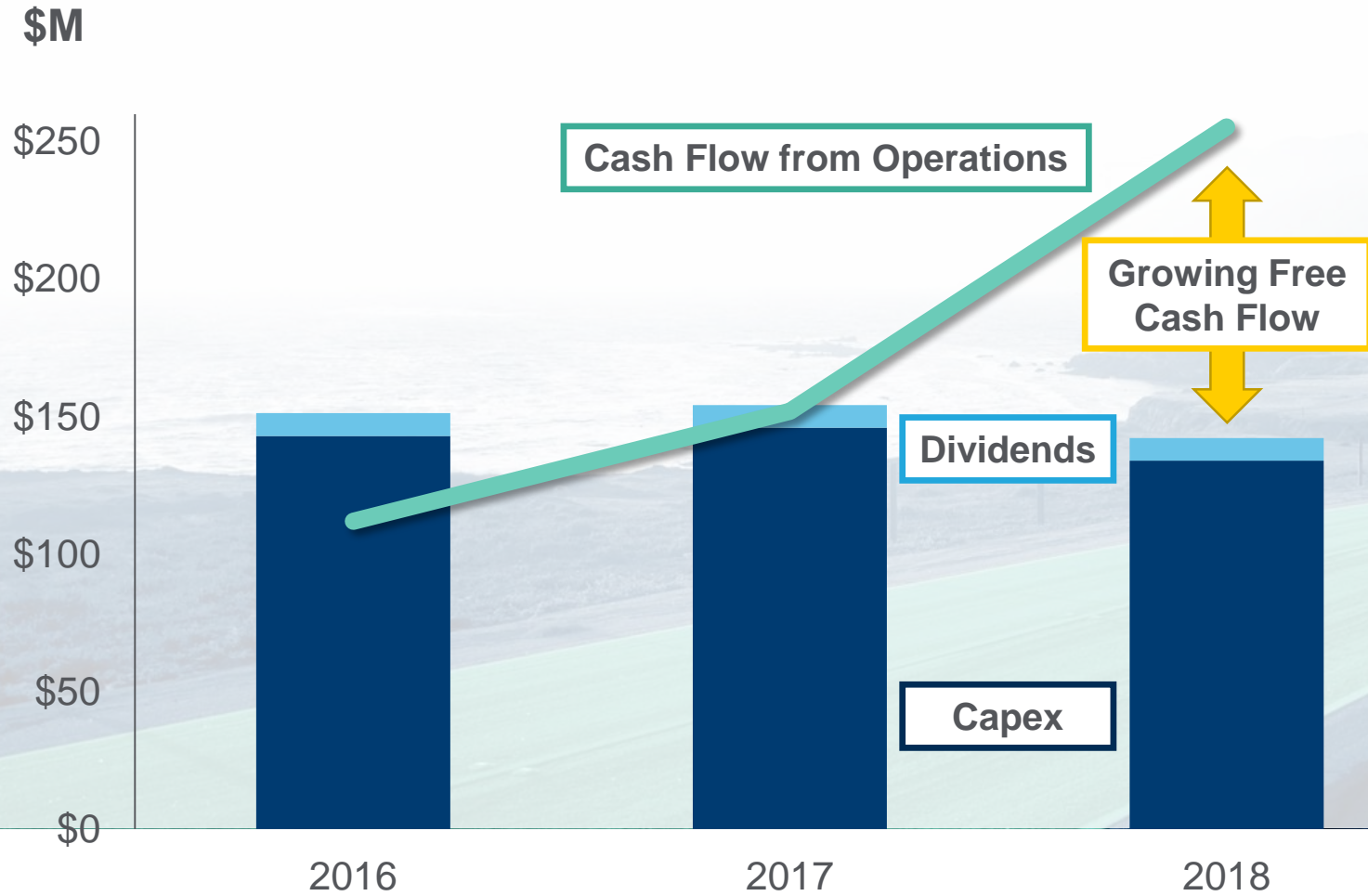
**WE'LL FIND A WAY**

# CUSTOMER EXPERIENCE IMPROVEMENT



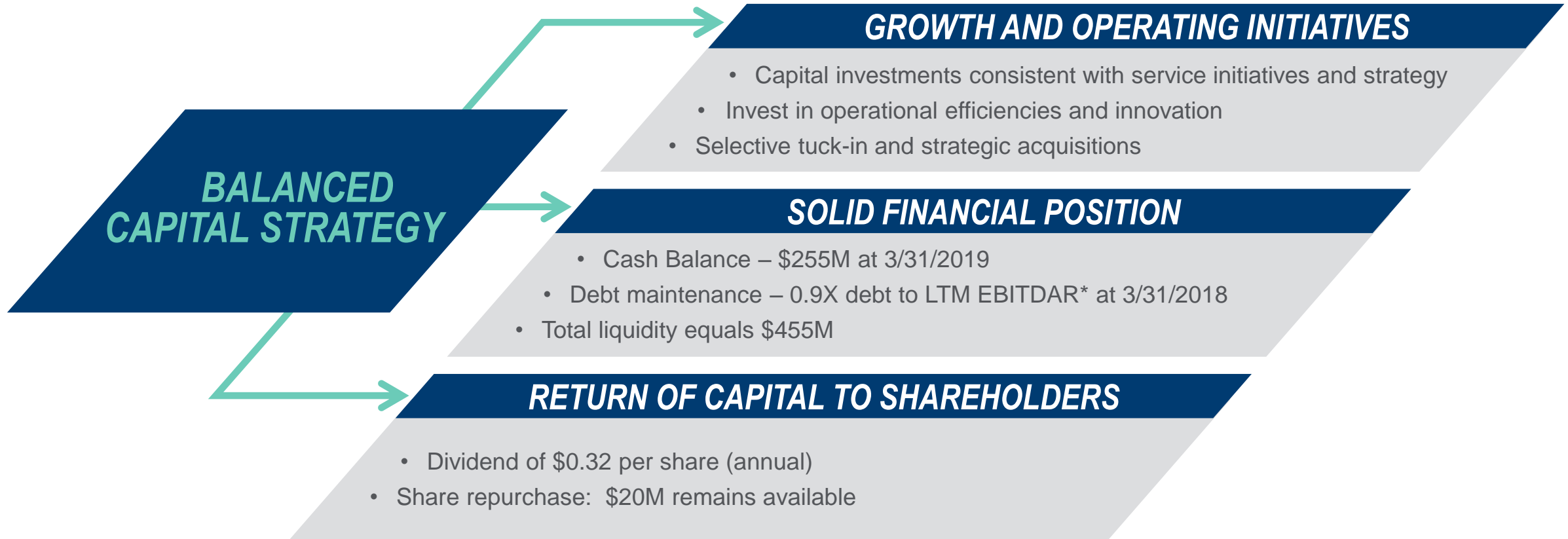
December 2018 versus December 2017

# IMPROVED FREE CASH FLOW BUSINESS MODEL





# BALANCED CAPITAL ALLOCATION



Adjusted EBITDA and EBITDAR are primary components of the financial covenants contained in ArcBest Corporation's Amended and Restated Credit Agreement. Management believes Adjusted EBITDA and EBITDAR to be relevant and useful information, as EBITDA and EBITDAR are standard measures commonly reported and widely used by analysts, investors, and others to measure financial performance and ability to service debt obligations. Furthermore, management uses EBITDA and Adjusted EBITDA as key measures of performance and for business planning. However, these non-GAAP financial measures should not be construed as better measurements than operating income (loss), operating cash flow, net income (loss), or earnings (loss) per share, as determined under GAAP. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, our reported results. Other companies may calculate EBITDA and EBITDAR differently; therefore, our Adjusted EBITDA and EBITDAR may not be comparable to similarly titled measures of other companies.

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# CONTINUING TO EXECUTE THREE POINT STRATEGY – A MULTI-YEAR PROFIT IMPROVEMENT PLAN

1

## Expand Revenue Opportunities

- Deepen customer relationships
- Secure new customers



2

## More Balanced Business Mix

- Continue to grow asset-light



3

## Optimize Cost Structure

- Accelerate adaptation of innovative technologies





# CLEAR LONG-TERM FINANCIAL GOALS

**Low 90s**

**Asset-Based  
Operating Ratio**

**50%**

**of Revenues from  
Asset-Light business  
(currently 31% of \$3B)**

**Expanded  
Earnings Multiple**



# 2019 INITIATIVES

## Priorities

- Deepen customer relationships – customers use multiple services
- Build on success of our CMC (space-based) pricing initiative
- Enhance and expand carrier relationships
- Improve customer experience and Net Promoter Score
- Further develop and integrate technology and innovation through seamless digital business platforms

# CURRENT LOW VALUATION – SET TO IMPROVE AS STRATEGY EXECUTION ADVANCES

## P/E March 2019

(Based on FY2019 consensus estimates)

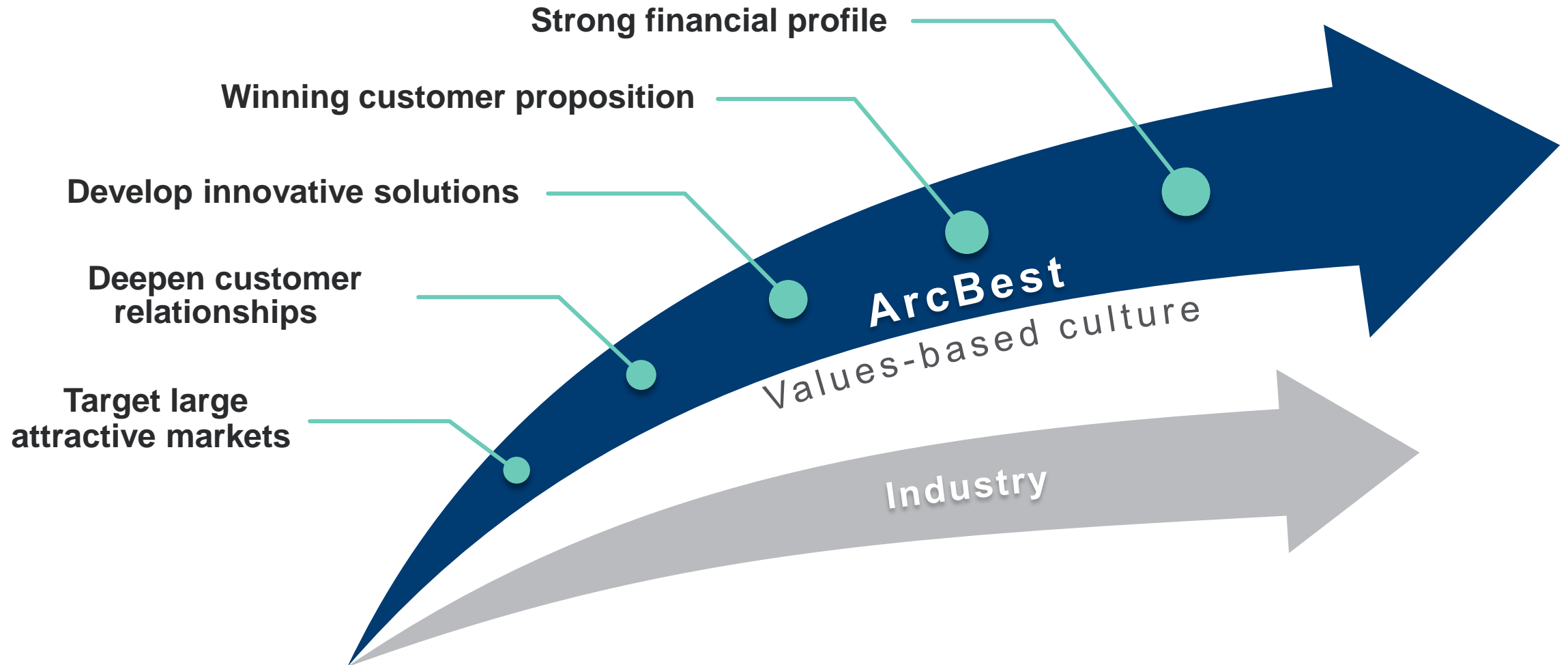


### Logistics Peers Include

- Landstar
- Echo
- C.H. Robinson
- Hub Group
- J.B. Hunt
- Schneider



# WHY ARCBEST WILL CONTINUE TO OUTPERFORM



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