



**ArcBest**<sup>SM</sup>

**ARCBEST**<sup>SM</sup>

*February 14, 2017*



**Stifel 2017  
Transportation & Logistics  
Conference**

**THE SKILL & THE WILL**

# 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 forward-looking 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; union and nonunion employee wages and benefits, including changes in required contributions to multiemployer plans; competitive initiatives and pricing pressures; governmental regulations; environmental laws and regulations, including emissions-control regulations; the cost, integration, and performance of any future acquisitions; relationships with employees, including unions, and our ability to attract and retain employees and/or independent owner operators; 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; 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; potential impairment of goodwill and intangible assets; availability and cost of reliable third-party services; litigation or claims asserted against us; self-insurance claims and insurance premium costs; 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; the loss of key employees or the inability to execute succession planning strategies; the impact of our brands and corporate reputation; the cost, timing, and performance of growth initiatives; default on covenants of financing arrangements and the availability and terms of future financing arrangements; timing and amount of capital expenditures; seasonal fluctuations and adverse weather conditions; regulatory, economic, and other risks arising from our international business; and other financial, operational, and legal risks and uncertainties detailed from time to time in our Securities and Exchange Commission public filings.

For additional information regarding known material factors that could cause our actual results to differ from our projected results, refer to “Risk Factors” in Part I, Item 1A in our 2015 Annual Report on Form 10-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

# Logistics Leader



1923

Founded

13,000

Employees

\$2.7 billion

Revenue in 2016

# Who Are We?



**One logistics enterprise** with assets and guaranteed capacity options

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With **The Skill & The Will** to creatively offer integrated logistics solutions

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**We'll find a way** to deliver:

- Knowledge
- Expertise
- A can-do attitude with every shipment and supply chain solution, household move or vehicle repair
- An exceptional customer experience



# Vision





## OUR VALUES

### **CREATIVITY**

*We create solutions.*

### **GROWTH**

*We grow our people and our business.*

### **INTEGRITY**

*We do the right thing.*

### **EXCELLENCE**

*We exceed expectations.*

### **COLLABORATION**

*We work together.*

### **WELLNESS**

*We embrace total health.*

# Key Elements

## A Logistics Company with the Skill & The Will to Grow

- 1 Improving The Customer Experience
- 2 Capitalize On Opportunities
- 3 Maintain A Solid Financial Foundation

# Improving The Customer Experience

## Supply Chains Are More Complex

*Supply chains are evolving rapidly due to faster customer demand for products, lean inventory levels, transportation capacity, speed of fulfillment and cost volatilities*

- 1 Global product sourcing requires unique distribution models offering ease of visibility and efficient coordination of multiple transportation resources
- 2 Growing need for real-time information and data to facilitate flexible, logistics decision-making
- 3 Evolving focus on customer service to meet more demanding transportation requirements and to offer an exceptional customer experience
- 4 The rising need for personnel with superior analytical skills and industry knowledge in order to craft cost-effective solutions





### Effective January 1, 2017, ArcBest Implemented a New Corporate Structure to Better Serve Customers

#### Goal:

Differentiate ArcBest from our competition by becoming one fully integrated logistics enterprise that provides our customers with a superior, industry leading total customer experience.



#### Objectives:

- Ensure ease of doing business
- Ensure customers feel good about their experience
- Deliver product benefits and features that bring the most value to the customer as well as to ArcBest
- Offer multi-channel options with varying service levels and appropriate effort
- Create and deliver competitive value offerings

## Who We Are

- ArcBest is one logistics enterprise with assets and guaranteed capacity options with creative problem solvers who deliver integrated logistics solutions.

## What We Are Doing

- We are shaping our organization and processes to efficiently provide the absolute best customer experience possible to differentiate ArcBest from a crowded field of competitors.
- We are focusing our identity on the ArcBest brand, which was unveiled in 2014 and has been well received.
  - Most logistics services are now simply offered as ArcBest.
  - ArcBest offers a full array of asset-based less-than-truckload services through the  brand.
  - ArcBest offers best-in-class expedited services through the  brand.

# Improving The Customer Experience

## Enhanced Market Approach

### Key Specific Organizational Changes

#### Sales

Unified ArcBest sales function

#### Yield Management

Unified ArcBest yield management function

#### Asset-light Operation

Unified ArcBest asset-light logistics operation, which encompasses expedite, truckload and moving operations

#### Customer Service

Unified customer service groups, including quotations, account development and fulfillment functions

#### Marketing and Customer Experience

Unified ArcBest marketing function and new ArcBest customer experience function

#### Training and Quality Awareness

Consolidation of training and quality awareness under ArcBest Human Resources

#### Capacity Sourcing

Unified ArcBest capacity sourcing function

# Brands and Services



Ocean and Air



Managed Transportation



LTL



Ground Expedite and Premium



Moving



Maintenance and Repair



Truckload



Warehousing



### Cost Savings & Charges

- The improved organizational structure, along with the consolidation of certain systems and facilities and other cost saving actions produce an estimated pre-tax annualized operating expense savings of \$15 million.
- ArcBest reorganization charges, the majority of which are non-cash, for impairment of software, contract and lease terminations and severance:
  - Totaling \$10.3 million, or \$0.24 per diluted share after-tax, recorded in the fourth quarter of 2016
  - Estimated to total approximately \$1 - \$2 million throughout 2017

# Improving The Customer Experience

## Benefits of Cross-Selling ArcBest Services

Compared to accounts using only one ArcBest service, accounts using multiple ArcBest services have:

- Higher retention rates
- Higher number of shipments
- Greater revenue
- Greater profit

# Improving The Customer Experience

## Impact of Innovation & Technology

Differentiating technologies and innovations have played a strong role in ArcBest's history and will help us seize our opportunities for growth. Current initiatives include:

- Enhancements and redesign to further optimize the less-than-truckload linehaul and street networks
- Replacement of all dock and street handhelds and tablets in the asset-based operation
- Implementation of systems across the ArcBest enterprise:
  - Customer Relationship Management (CRM)
  - Master Data Management (MDM)
  - Quotations System
  - Transportation Management System (TMS)
- January 2017 re-launch of the ArcBest corporate website (arcb.com) as a unified portal to all ArcBest logistics services



# Capitalize On Opportunities

## Market Potential

Approximate ArcBest<sup>SM</sup> Opportunity: **\$273B**



\$41 B

Less-Than-Truckload



\$5 B

Expedite Shipping




\$59 B

Domestic Transportation Management



\$20 B

Premium Logistics



\$47 B

International




\$38 B

Warehousing & Distribution



\$17 B

Moving Services



\$3 B

Final Mile



\$43 B

Maintenance & Repair

Source: Armstrong & Associates, ArcBest Technologies Business Insight & Analytics, management estimates – October 2015



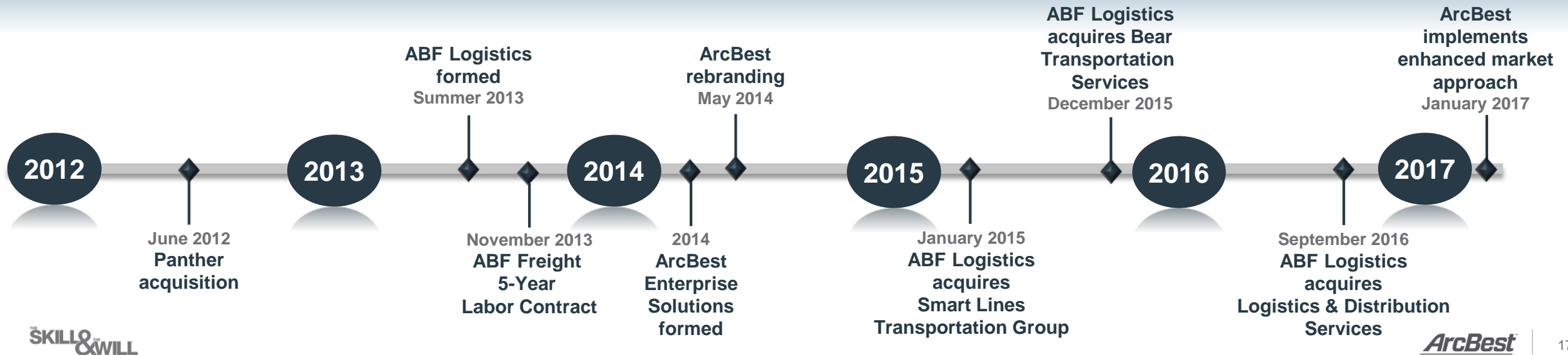
# Capitalize On Opportunities

ArcBest has conducted extensive research to better understand:

- The voice and needs of our diverse customer base
- The services we must offer to meet their needs
- How to effectively deliver those services as a trusted partner
- Current voids in the marketplace that ArcBest can fill

Organic investments in personnel and systems position ArcBest for future growth and improved profit margins.

## ArcBest Steps Taken for Future Growth



# Capitalize On Opportunities

## Existing Opportunities:



Research indicates that nearly **75% of our less-than-truckload and expedite customers have two or more logistics needs** offered by the ArcBest enterprise.



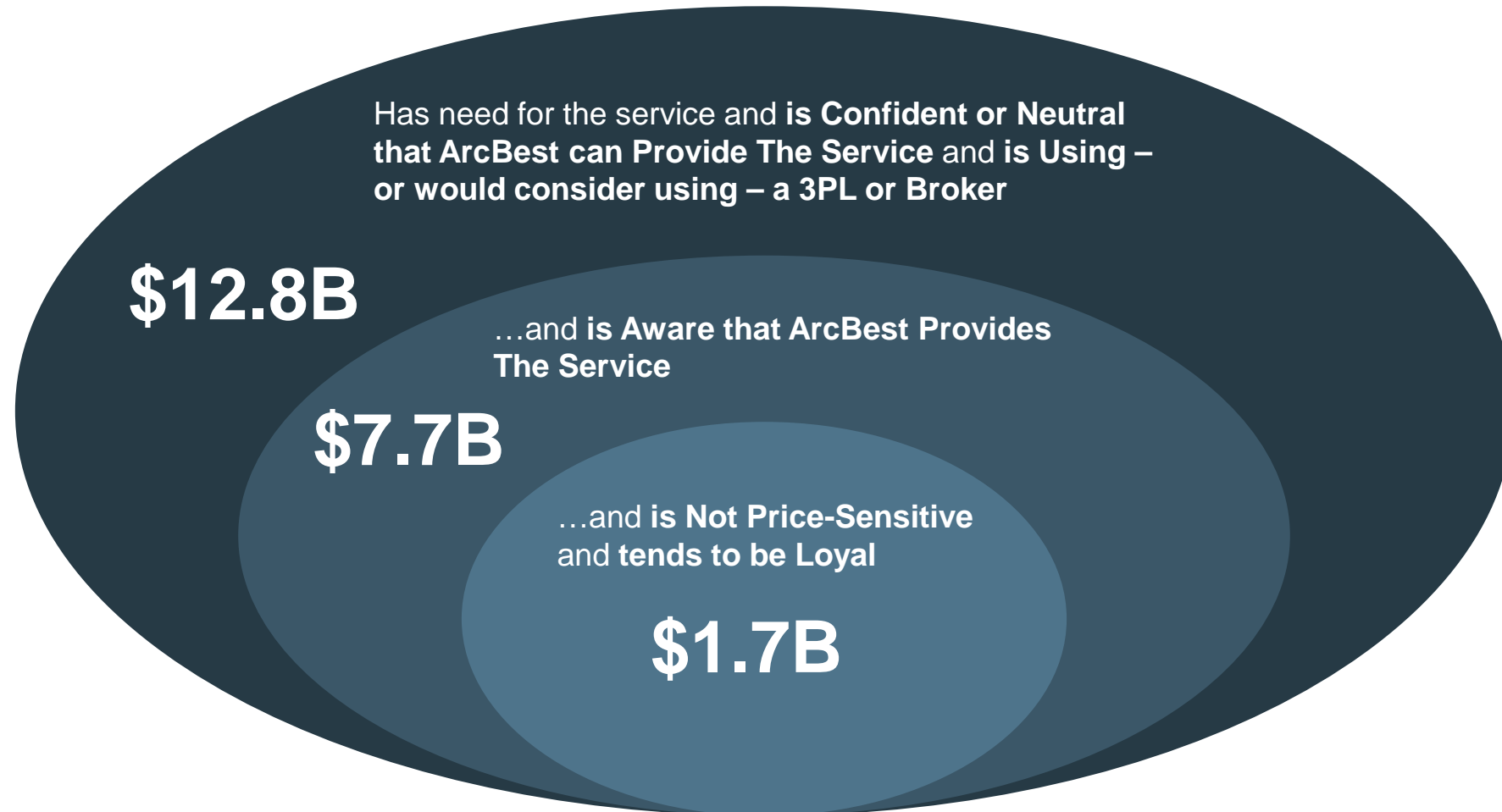
**Nearly 85% of our current less-than-truckload and expedite customers** would consider or strongly consider sourcing one or more of those additional logistics services from ArcBest.



As customers increasingly look to fewer providers for more logistics services, we are well-positioned to offer a holistic mix of asset-based and asset-light solutions.

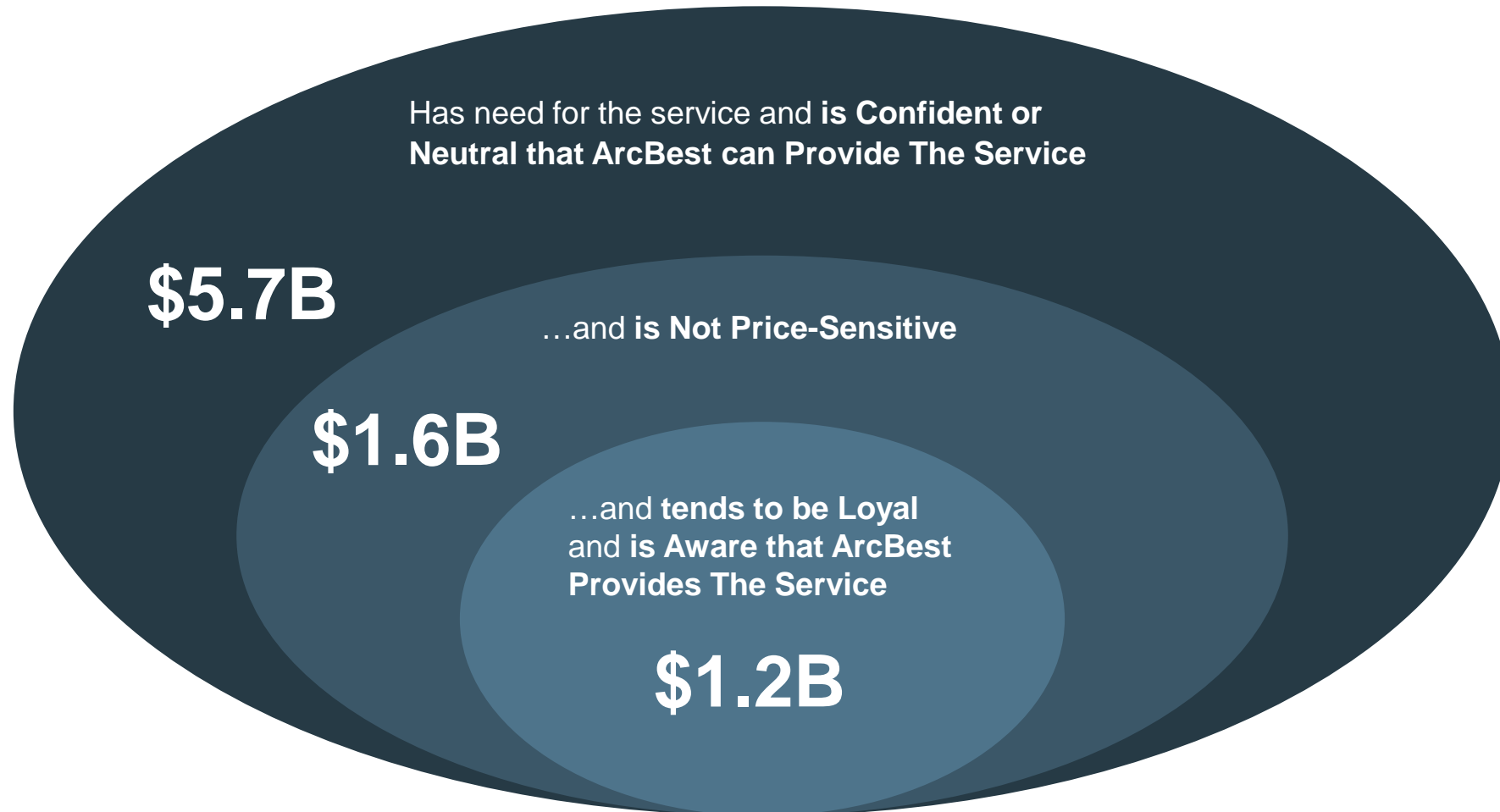
# Capitalize On Opportunities

## ArcBest Asset-Based Customers: Asset-Light Total Market Potential Revenue

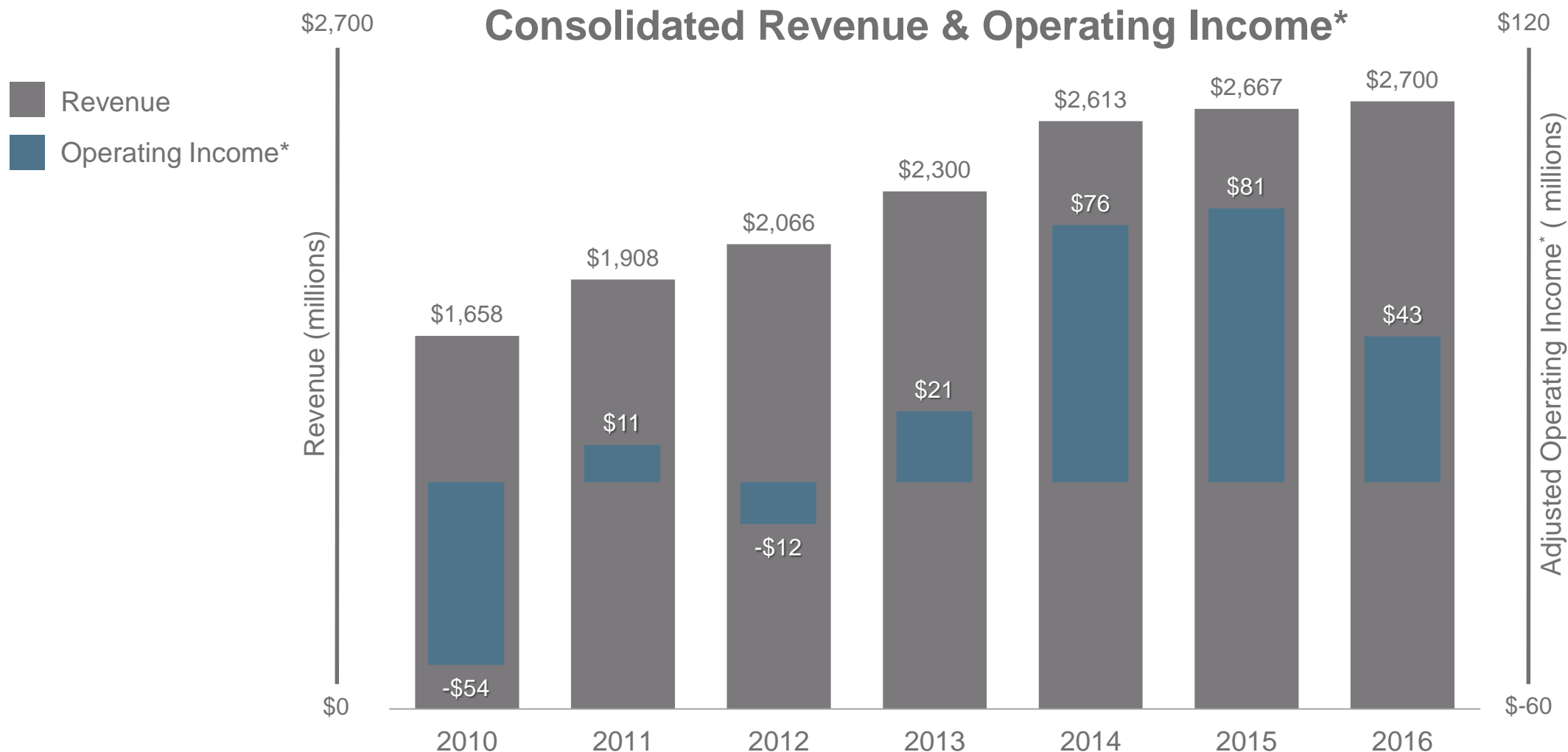


# Capitalize On Opportunities

ArcBest Expedite Customers: Expedited Total Market Potential Revenue



# Maintain A Solid Financial Foundation

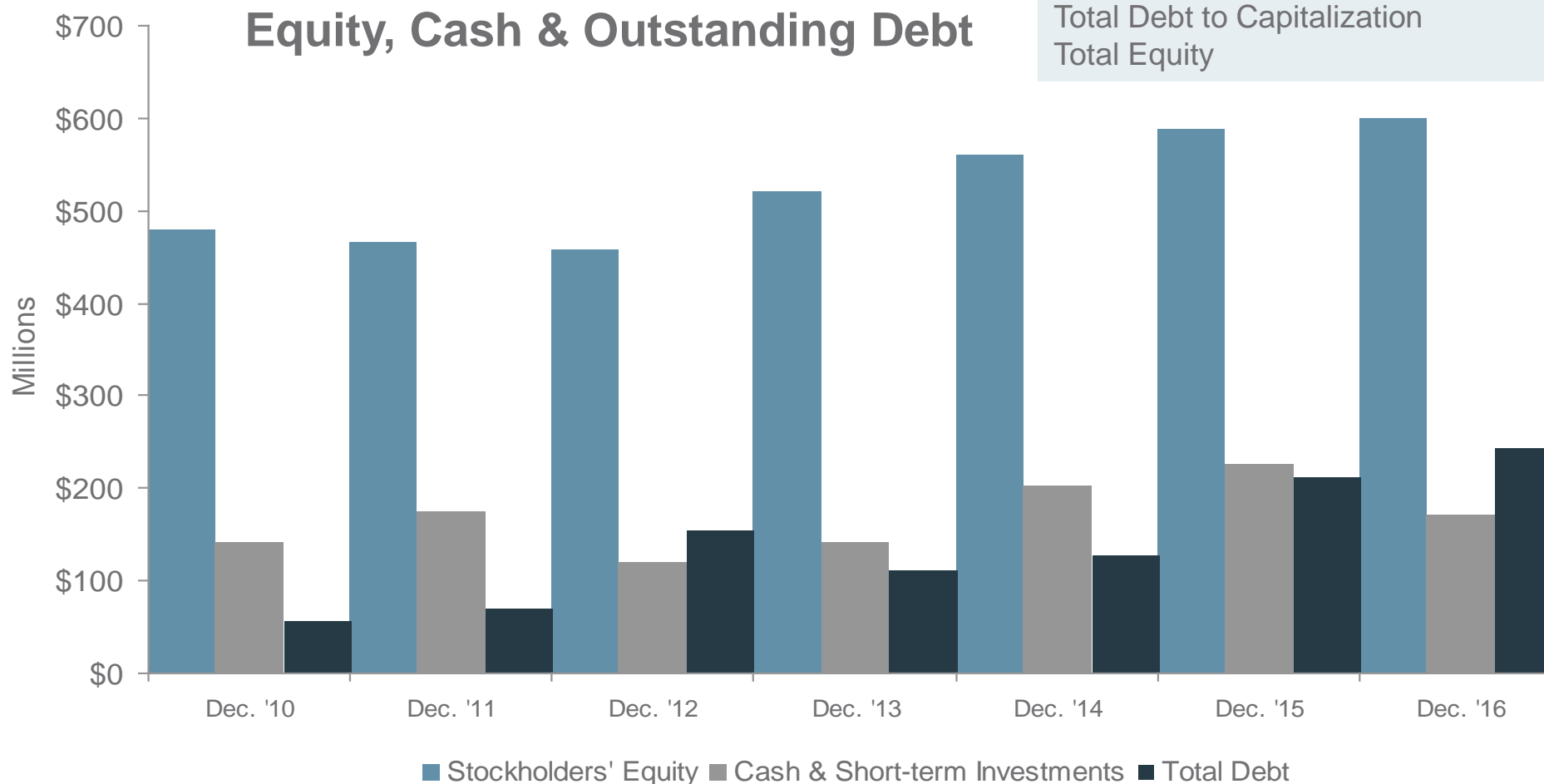


\*Operating Income adjusted for nonunion pension settlement expense, acquisition transaction costs, a FleetNet third-party casualty claim associated with a bankrupt customer (2015 only), and restructuring charges (2016 only). See Reconciliations of GAAP to non-GAAP Financial Measures in the Additional Information section of this presentation.

# Maintain A Solid Financial Foundation

As of December 31, 2016

Net Cash (Debt)	(\$73) Million
Total Debt to LTM EBITDAR*	1.34X
Total Debt to Capitalization	0.29X
Total Equity	\$599 Million



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.

# Maintain A Solid Financial Foundation

## Strategic and Operating Initiatives



### Balanced Capital Strategy

#### Growth and Operating Initiatives

- Capital investments consistent with service initiatives and strategy
- Invest in operational efficiencies and innovation
- Selective tuck-in and strategic acquisitions

#### Maintain Strong Balance Sheet

- Cash Balance – \$171M at 12/31/2016, (\$73M) net of debt
- Debt maintenance – 1.34X debt to LTM EBITDAR\* at 12/31/2016
- \$350M available debt capacity includes \$100M of accordion features

#### Return of Capital to Shareholders

- Dividend of \$0.32 per share (annual)
- Share repurchase: \$38M available

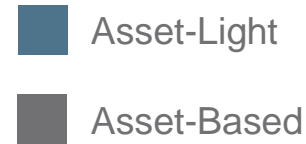
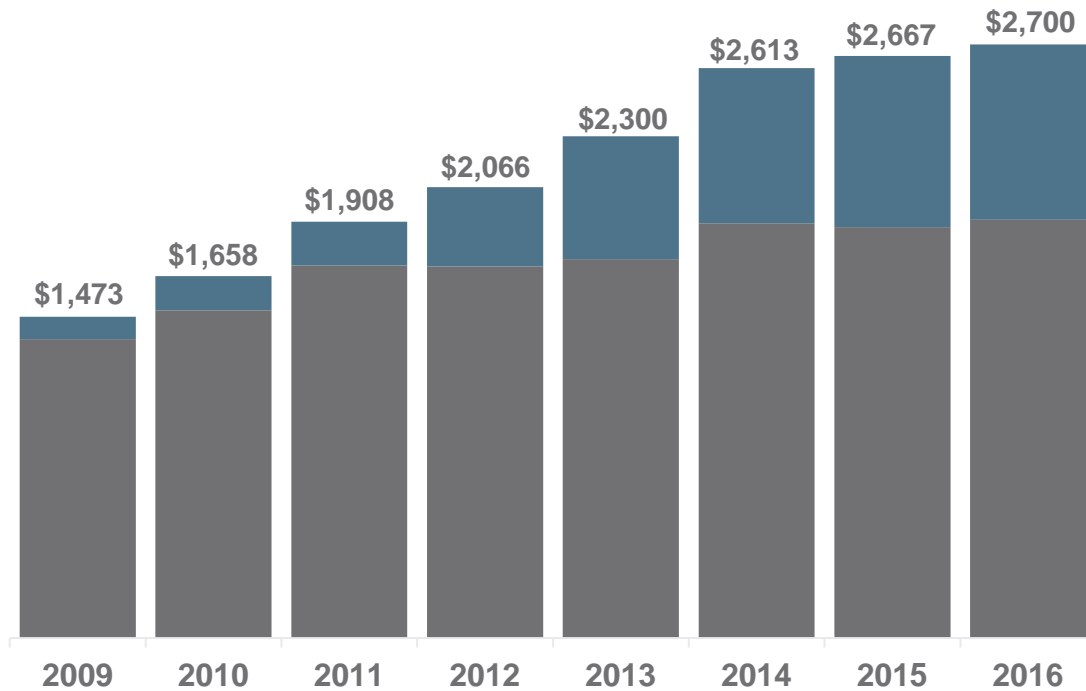
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# ArcBest Diversification

## Growth of the Asset-Light Businesses

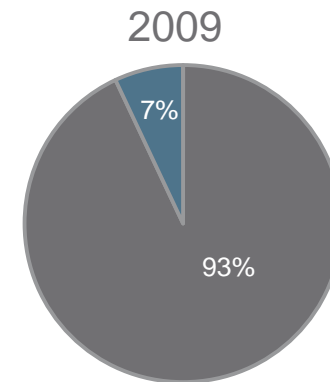
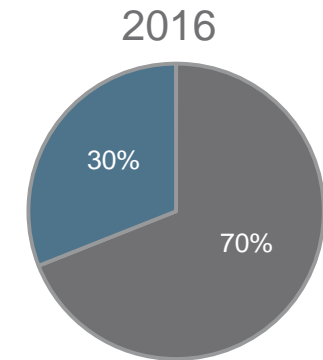
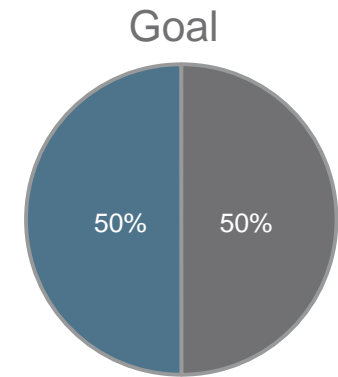
An Ever-Increasing Percentage of ArcBest's Revenue

ArcBest Revenue



Amounts shown are before other revenues and intercompany eliminations.

## Percent of ArcBest Revenue





# Strategies for Future Growth

How will ArcBest seek to grow its revenue to solve the logistics challenges of its customers?

1

Work toward **strengthening** the **asset-based foundation** of ArcBest

2

Sustained growth through **new customer additions and solutions selling with established base** of over 40,000 active ArcBest customers

3

Continued development of services and resources to **enhance growth in the fleet maintenance market**

4

Ongoing, **organic investment** in people, innovative technology and other resources throughout ArcBest

5

Consideration of **acquisition opportunities** that meet ArcBest's strategic goals and enhance the scale of services offered in the marketplace

# Key Takeaways

- ArcBest is a logistics company with creative problem solvers who deliver integrated supply chain solutions.
- We own and control assets and offer unique access to guaranteed transportation capacity.
- We consider the customer in everything we do through our focus on delivering a superior customer experience.

# Q&A



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