

**ArcBest**

*More Than Logistics*



**4Q'18 INVESTOR PRESENTATION**

# 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; 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 loss or reduction of business from large customers; the cost, timing, and performance of growth initiatives; competitive initiatives and pricing pressures; 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; greater than expected funding requirements for our nonunion defined benefit pension plan; availability and cost of reliable third-party services; our ability to secure independent owner operators and/or operational or regulatory issues related to our use of their services; governmental regulations; environmental laws and regulations, including emissions-control regulations; the cost, integration, and performance of any recent or future acquisitions; not achieving some or all of the expected financial and operating benefits of our corporate restructuring or incurring additional costs or operational inefficiencies as a result of the restructuring; union and nonunion employee wages and benefits, including changes in required contributions to multiemployer plans; litigation or claims asserted against us; 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; 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; maintaining our intellectual property rights, brand, and corporate reputation; 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 the 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  
**1.0X**  
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



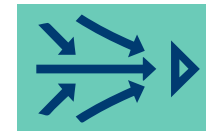
- 31% of revenue from logistics versus 7% in 2012



- Four key acquisitions since 2012



- Innovative asset-based space-based pricing



- One-company realignment beginning in 2017

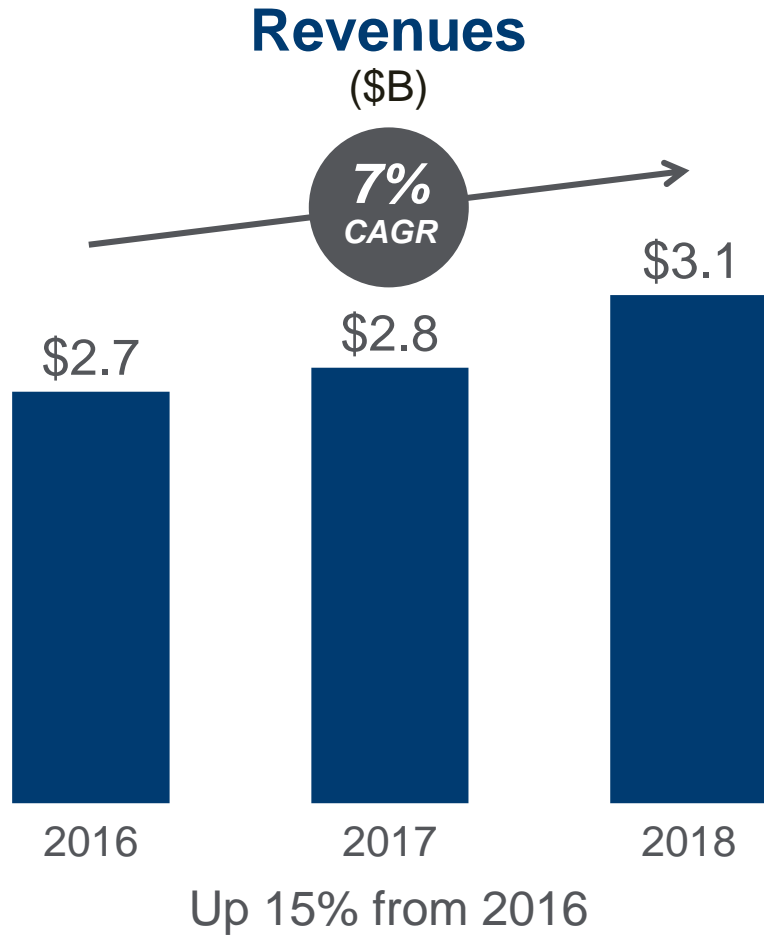


- Investments in technology and equipment

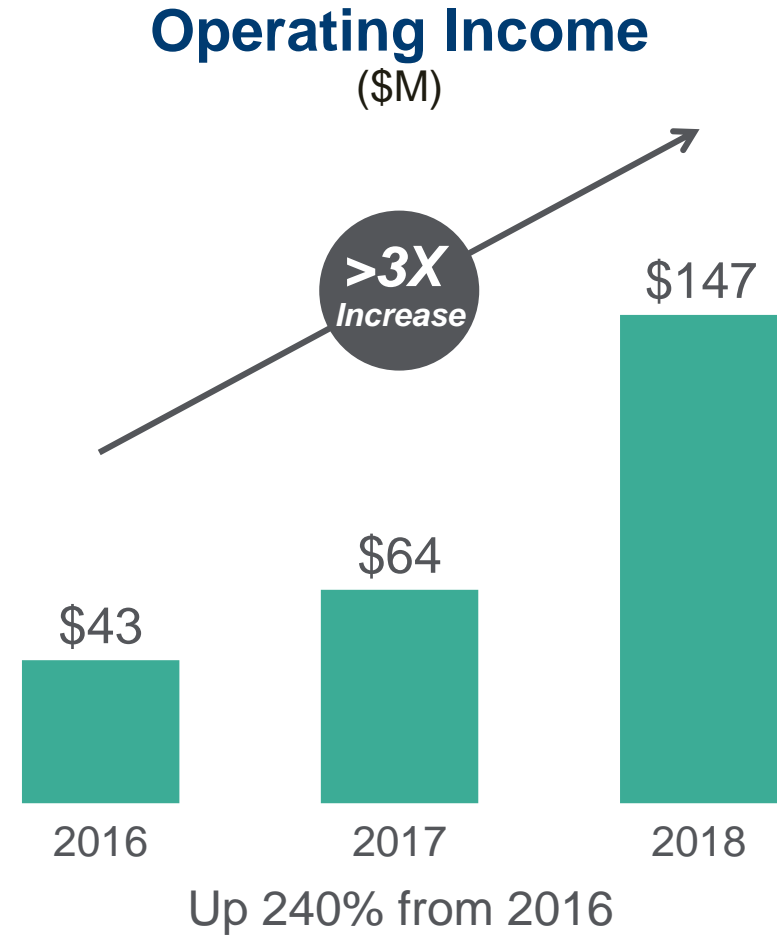


- Creative problem solvers with a strong focus on best-in-class customer experience

# OUR STRATEGY IS DELIVERING IMPRESSIVE RESULTS



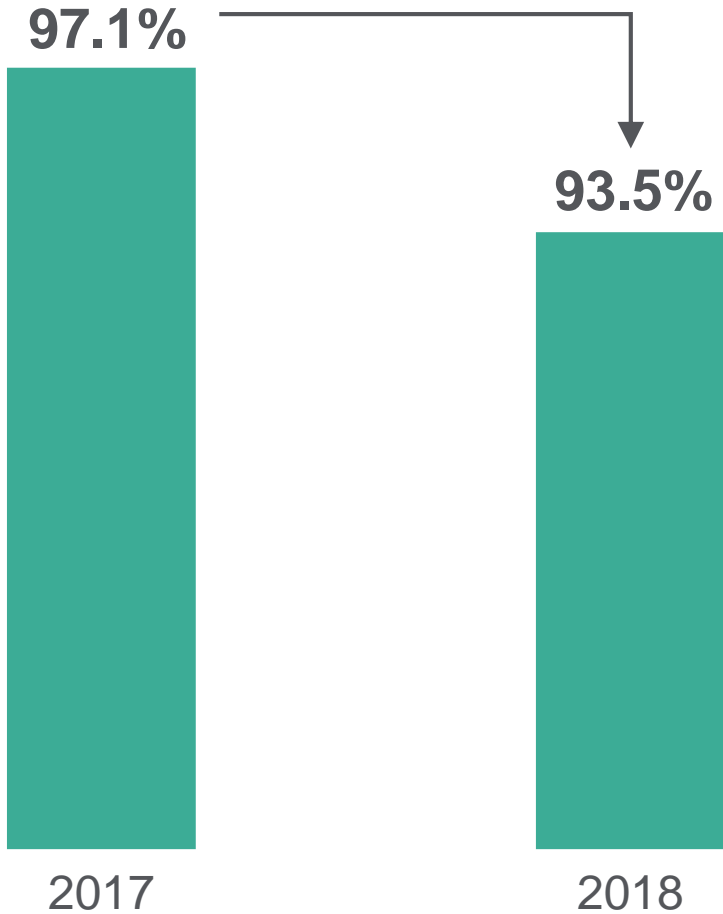
## ArcBest



Momentum is building

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

# 2018 HIGHLIGHTS 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.***

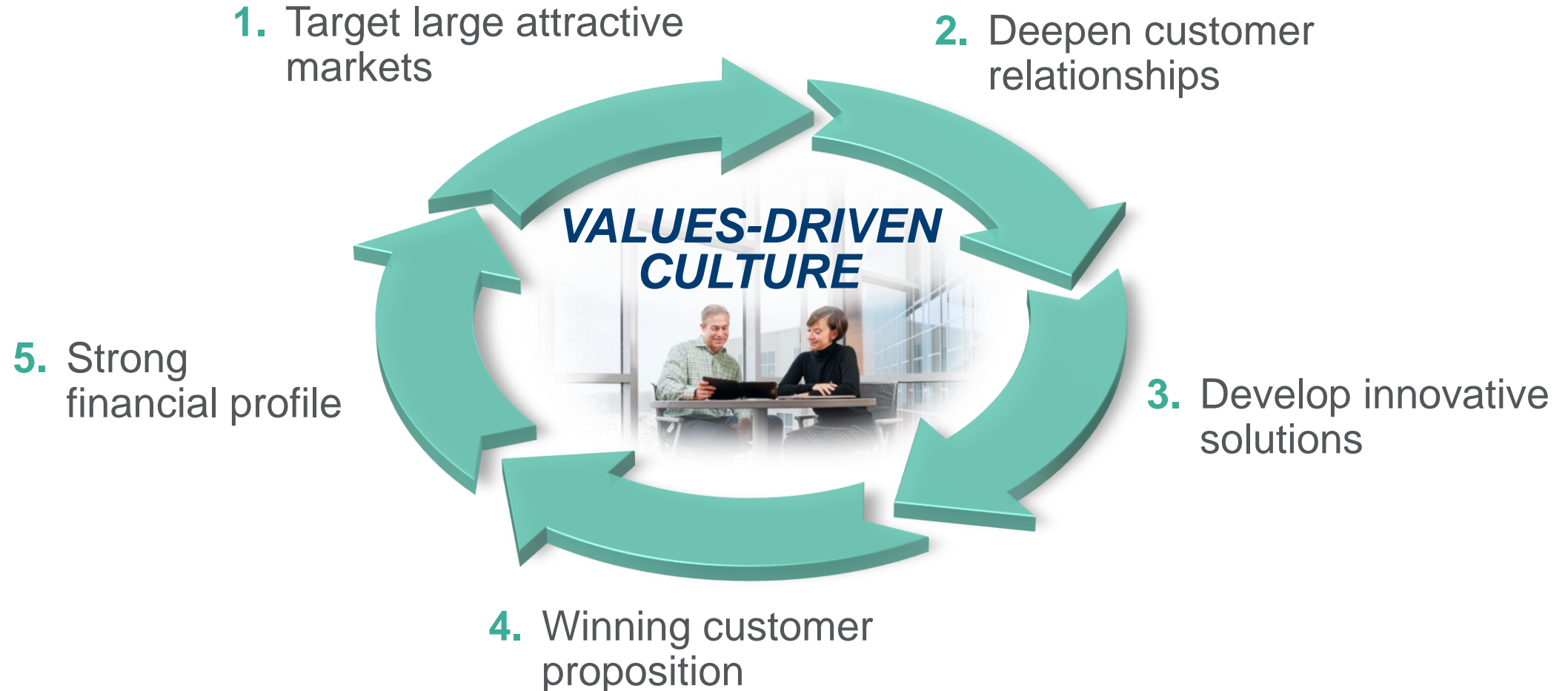
*A transformed company*

*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 with green hills in the background.

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 and cap pushing a hand truck next to a white semi-truck.

Maintenance & Repair

**\$43B**

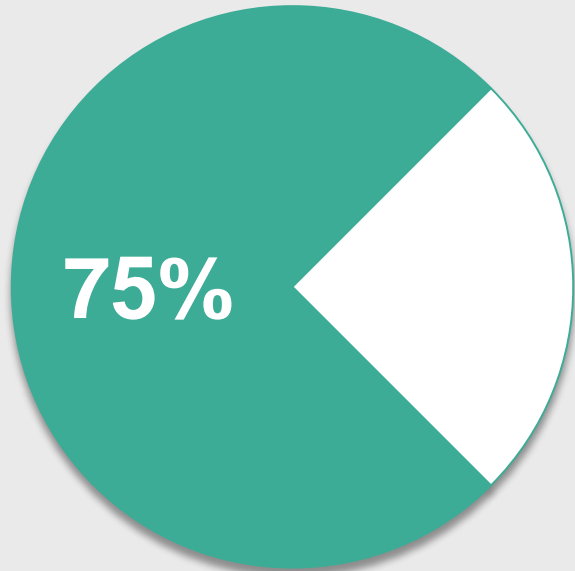
A white semi-truck on a road next to a stack of various sizes of wrenches.

ArcBest® Opportunity:  
**~\$305B**

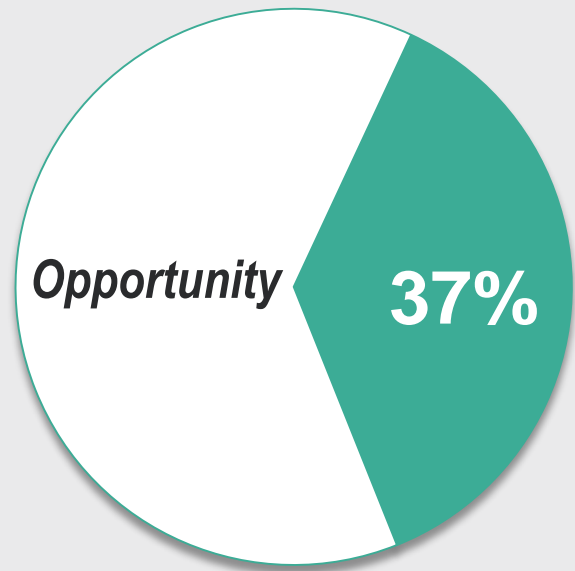
# DEEPEN CUSTOMER RELATIONSHIPS: LARGE CROSS-SELL OPPORTUNITY



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

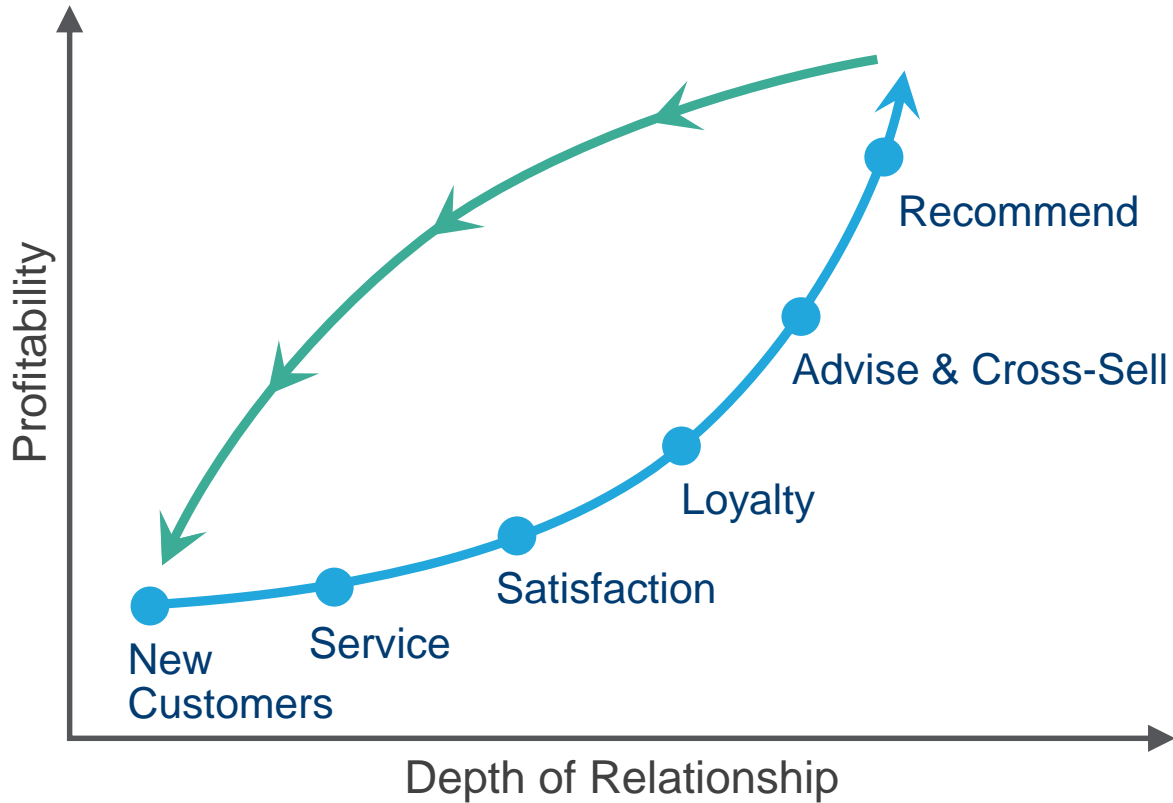


An increase to 40% adds ~\$30M revenue

# 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:

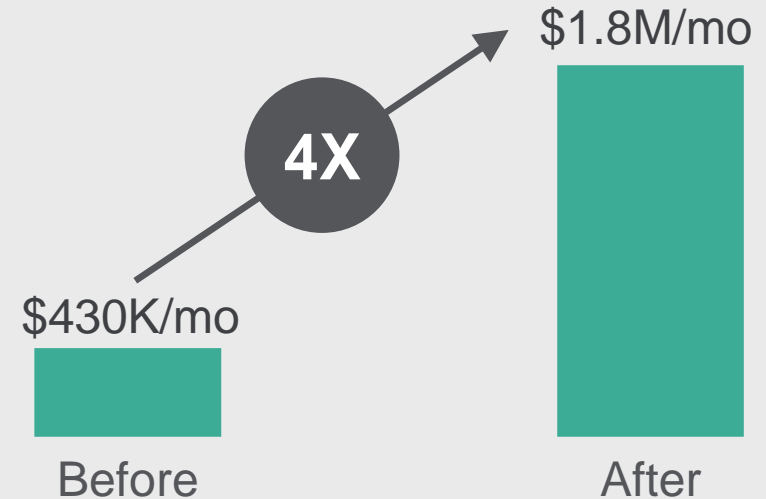
- Serve retailers: reduce damages, ensure on-time final mile home deliveries

### 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:

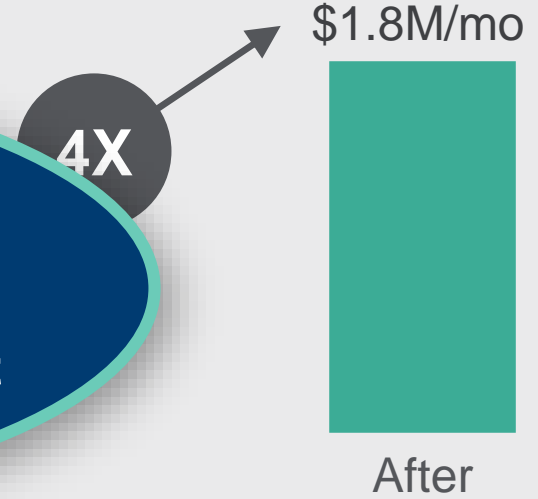
- Managed transportation
  - Mode optimization of LTL, time critical LTL, TL, expedite & final mile

*“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**



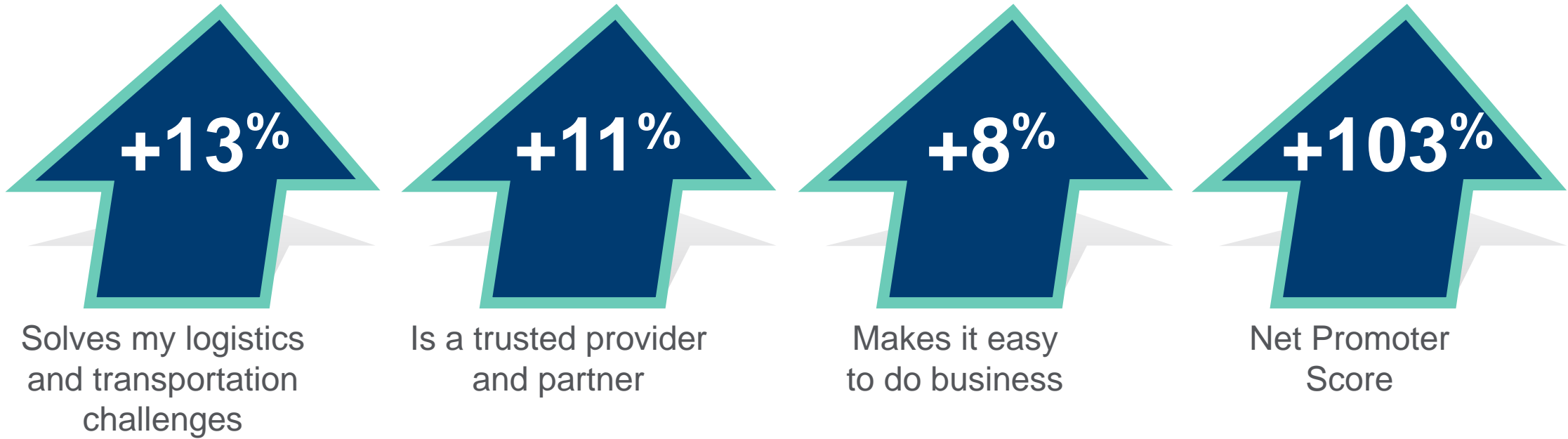
**Culture that empowers creative problem solvers**



**Reputation of excellence for 95 years**

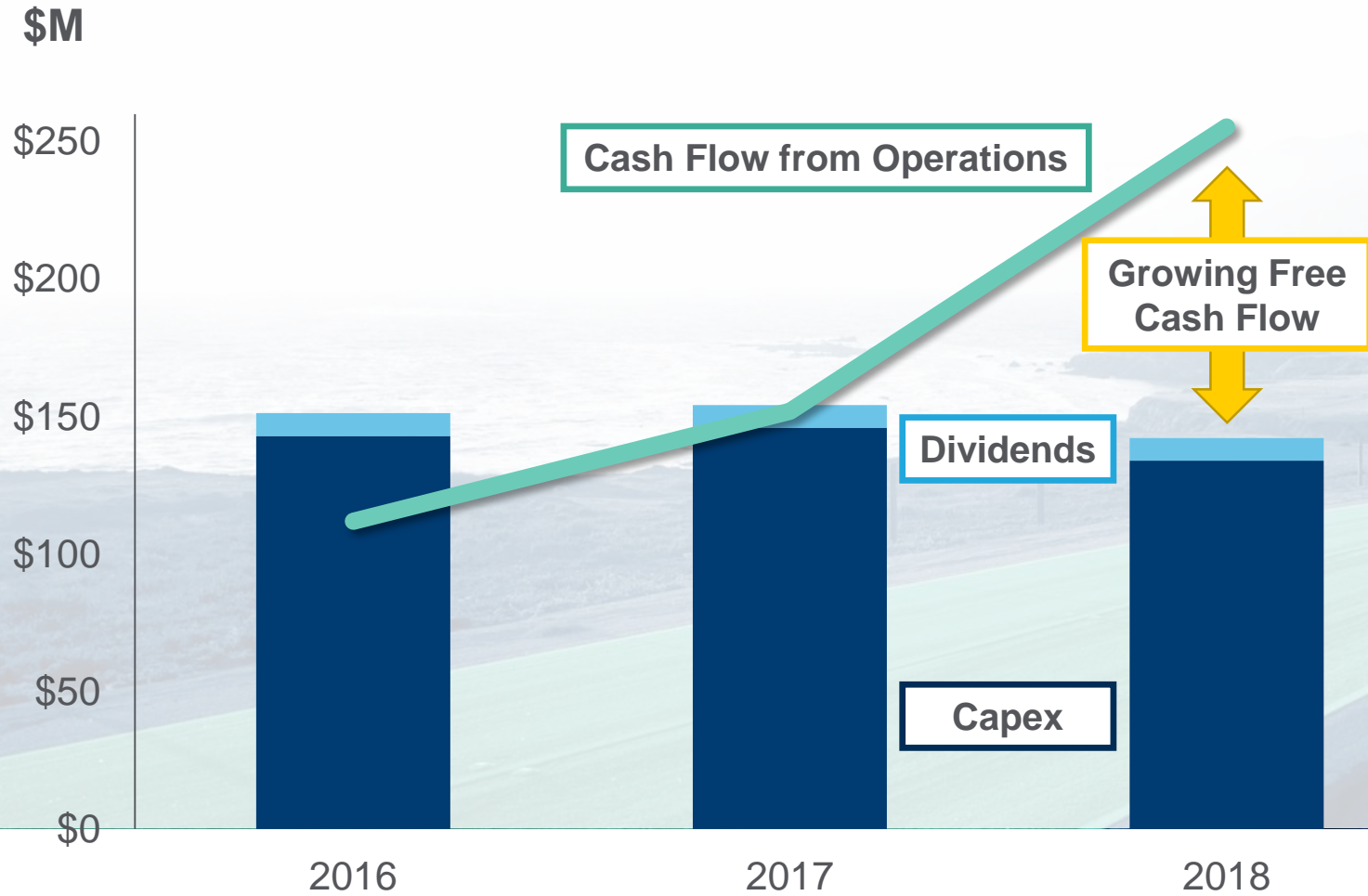
**WE'LL FIND A WAY**

# CUSTOMER EXPERIENCE IMPROVEMENT

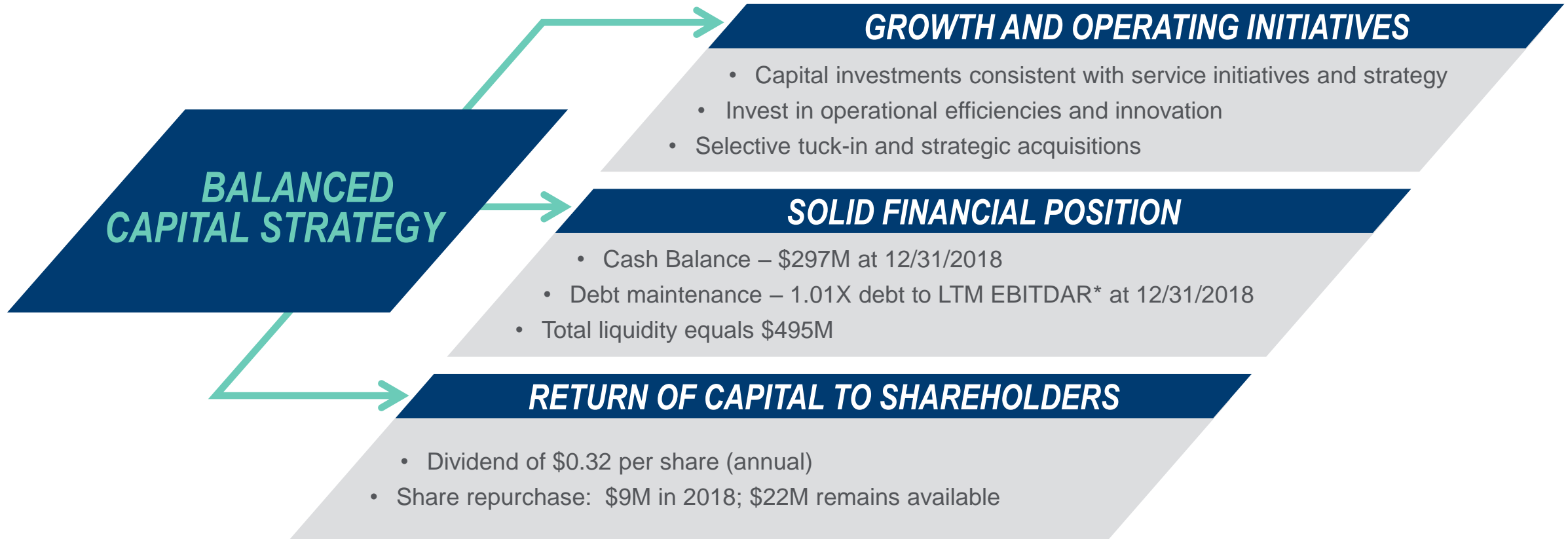


December 2018 versus December 2017

# 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

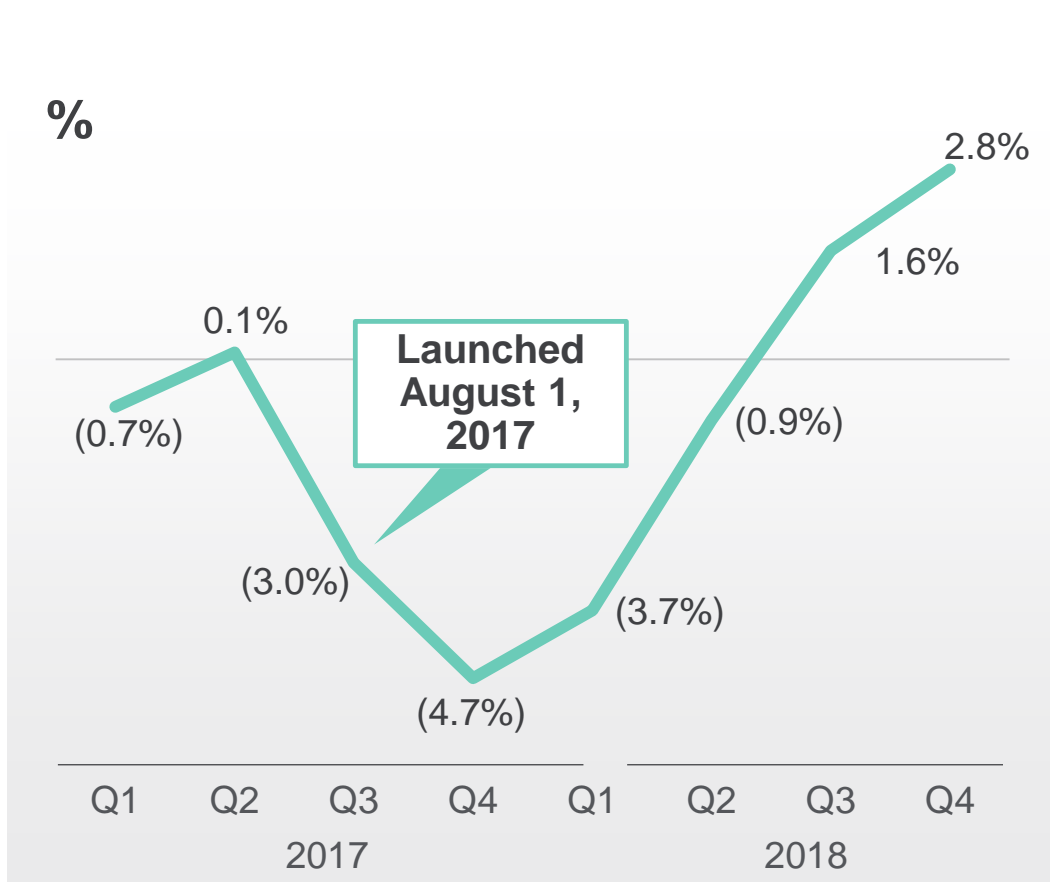
- Accelerate adaptation of innovative technologies



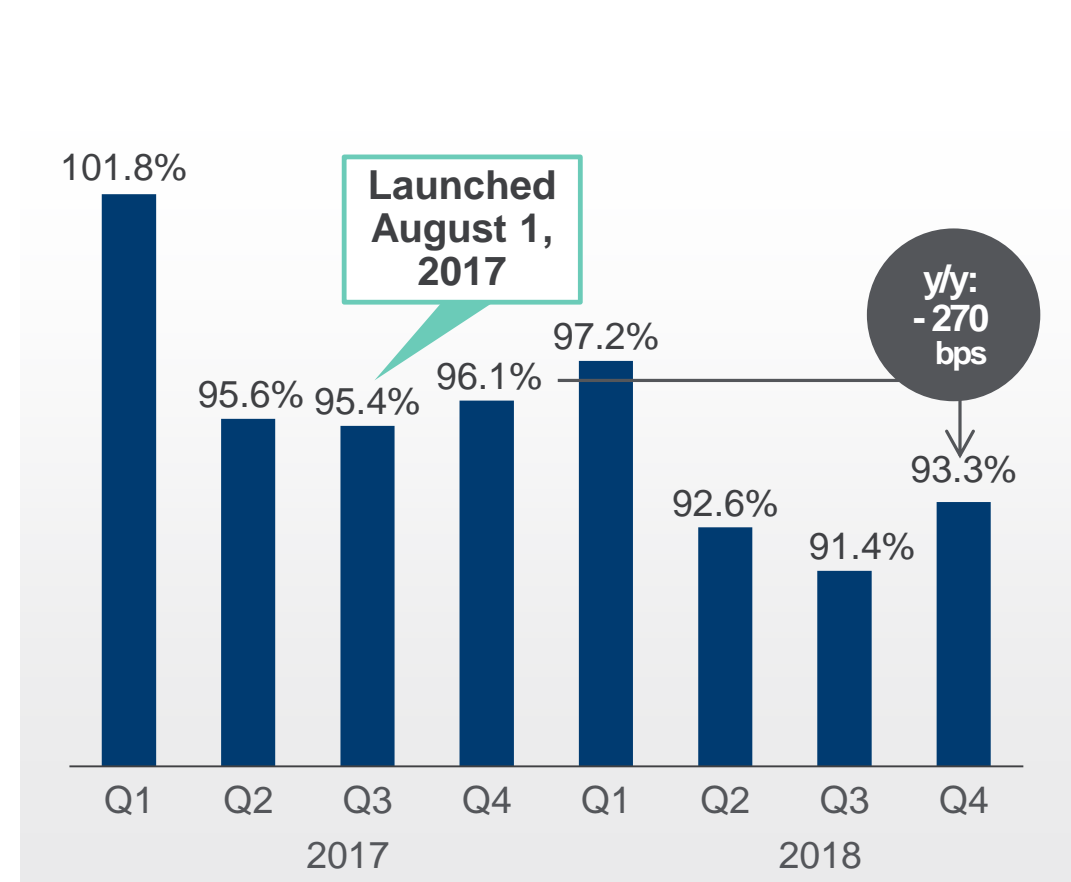
# SPACE-BASED PRICING IMPROVED MARGINS; RESETS THE FOUNDATION FOR CUSTOMER PRICING DISCUSSIONS

## Asset-Based

### Total Tons Per Day Growth



### LTL 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.

# 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

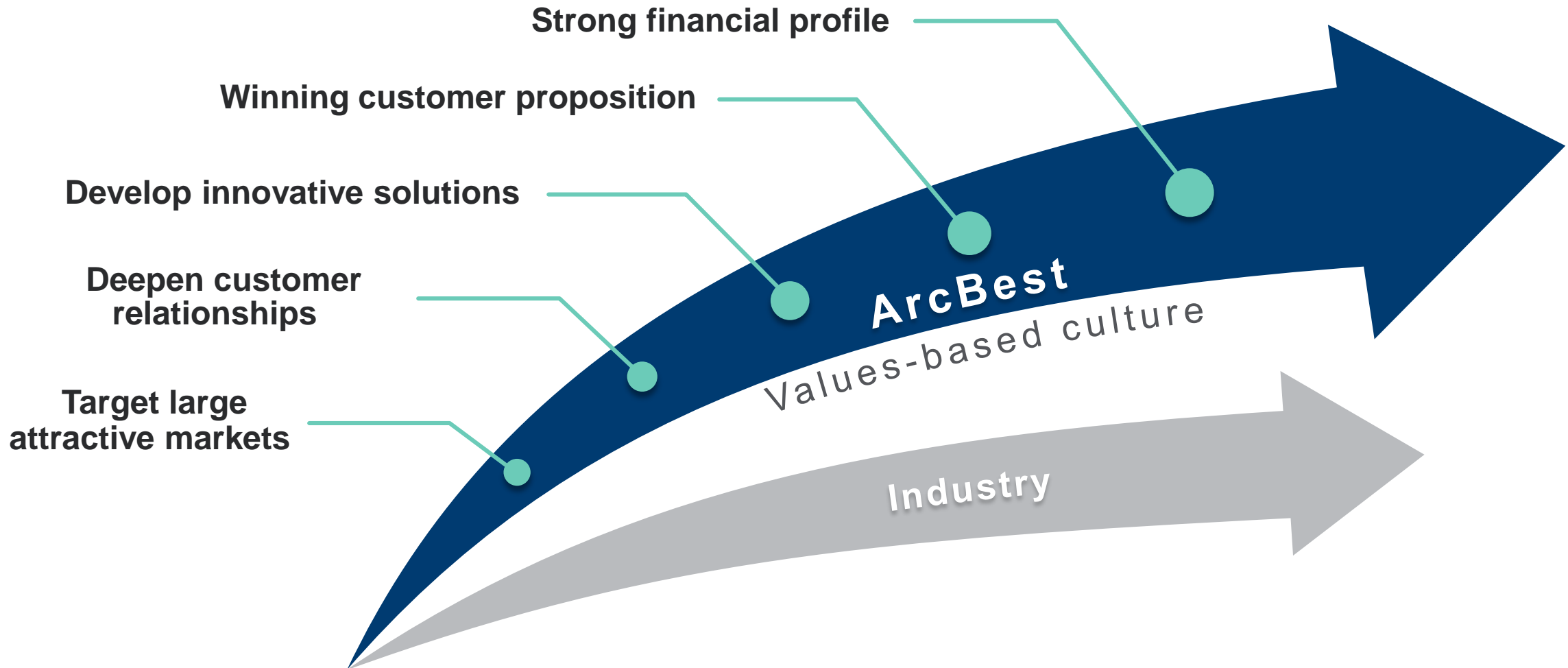
**P/E December 2018**  
(Based on FY2019 consensus estimates)



## Logistics Peers Include

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

# WHY ARCBEST WILL CONTINUE TO OUTPERFORM



***ArcBest***

*More Than Logistics*

***ADDITIONAL INFORMATION***



Millions (\$000,000)	Three Months Ended 12/31/18	Three Months Ended 12/31/17	Per Day % Change	Twelve Months Ended 12/31/18	Twelve Months Ended 12/31/17	Per Day % Change
<b>Revenue</b>	\$ 774.3	\$ 710.7	8.9%	\$ 3,093.8	\$ 2,826.5	9.5%
<b>Operating Income <sup>(1)</sup></b>	38.1	19.0		146.7	64.2	
<b>Net Income <sup>(1)</sup></b>	\$ 26.9	\$ 11.2		\$ 103.0	\$ 35.5	
<b>Earnings per share <sup>(1)</sup></b>	\$ 1.01	\$ 0.42		\$ 3.86	\$ 1.34	

(1) Operating Income, Net Income and Earnings Per Share are adjusted for certain unusual items. See the following slide for a reconciliation to GAAP financial measures.



**ARCBEST CONSOLIDATED**

Millions (\$000,000)

	Three Months Ended 12/31/18	Three Months Ended 12/31/17	Twelve Months Ended 12/31/18	Twelve Months Ended 12/31/17
<b>Operating Income</b>				
Amounts on a GAAP basis	\$ 37.2	\$ 18.7	\$ 109.1	\$ 61.3
Multiemployer pension fund withdrawal liability charge, pre-tax <sup>(1)</sup>	-	-	37.9	-
Restructuring charges, pre-tax <sup>(2)</sup>	0.9	0.2	1.7	3.0
Gain on sale of subsidiaries <sup>(3)</sup>	-	-	(1.9)	(0.2)
<b>Non-GAAP amounts</b>	<b>\$ 38.1</b>	<b>\$ 19.0</b>	<b>\$ 146.7</b>	<b>\$ 64.2</b>
<b>Net Income</b>				
Amounts on a GAAP basis	\$ 15.3	\$ 36.6	\$ 67.3	\$ 59.7
Multiemployer pension fund withdrawal liability charge, after-tax <sup>(1)</sup>	-	-	28.2	-
Restructuring charges, after-tax <sup>(2)</sup>	0.7	0.1	1.2	1.8
Gain on sale of subsidiaries, after-tax <sup>(3)</sup>	-	-	(1.4)	(0.1)
Nonunion pension expense, including settlement, after-tax <sup>(4)</sup>	9.4	1.0	13.5	3.7
Life insurance proceeds/changes in CSV	2.3	(0.7)	-	(2.6)
Deferred tax adjustment for 2017 Tax Reform Act <sup>(5)</sup>	(0.3)	(24.5)	(3.8)	(24.5)
Impact of 2017 Tax Reform Act on current tax expense <sup>(5)</sup>	-	(1.3)	(0.1)	(1.3)
Tax expense (benefit) from vested RSUs <sup>(6)</sup>	(0.4)	-	(0.7)	(1.2)
Alternative fuel tax credit <sup>(7)</sup>	-	-	(1.2)	-
<b>Non-GAAP amounts</b>	<b>\$ 26.9</b>	<b>\$ 11.2</b>	<b>\$ 103.0</b>	<b>\$ 35.5</b>
<b>Diluted Earnings Per Share</b>				
Amounts on a GAAP basis	\$ 0.57	\$ 1.37	\$ 2.51	\$ 2.25
Multiemployer pension fund withdrawal liability charge, after-tax <sup>(1)</sup>	-	-	1.05	-
Restructuring charges, after-tax <sup>(2)</sup>	0.02	0.01	0.05	0.07
Gain on sale of subsidiaries, after-tax <sup>(3)</sup>	-	-	(0.05)	-
Nonunion pension expense, including settlement, after-tax <sup>(4)</sup>	0.35	0.04	0.51	0.14
Life insurance proceeds/changes in CSV	0.08	(0.03)	-	(0.10)
Deferred tax adjustment for 2017 Tax Reform Act <sup>(5)</sup>	(0.01)	(0.92)	(0.14)	(0.93)
Impact of 2017 Tax Reform Act on current tax expense <sup>(5)</sup>	-	(0.05)	-	(0.05)
Tax benefit from vested RSUs <sup>(6)</sup>	(0.01)	-	(0.03)	(0.05)
Alternative fuel tax credit <sup>(7)</sup>	-	-	(0.05)	-
<b>Non-GAAP amounts</b>	<b>\$ 1.01</b>	<b>\$ 0.42</b>	<b>\$ 3.86</b>	<b>\$ 1.34</b>

(1) ABF Freight, Inc. recorded a one-time charge in second quarter 2018 for the multiemployer pension plan withdrawal liability resulting from the transition agreement it entered into with the New England Teamsters and Trucking Industry Pension Fund.

(2) Restructuring charges relate to the realignment of the Company's organizational structure as announced on November 3, 2016.

(3) Gains recognized for the year ended December 31, 2018 and 2017 relate to the sale of the ArcBest segment's military moving businesses in December 2017 and 2016, respectively.

(4) Nonunion pension expense is presented as a non-GAAP adjustment with pension settlement expense, for all periods presented, because expenses related to the plan have been excluded from the financial information management uses to make operating decisions, as an amendment to terminate the nonunion defined benefit pension plan with a termination date of December 31, 2017 was executed in November 2017. Pension settlements related to the plan termination began in fourth quarter 2018 and are expected to be complete in first quarter 2019.

(5) Impact on current or deferred income tax expense as a result of recognizing the tax effects of the Tax Cuts and Jobs Act ("2017 Tax Reform Act") that was signed into law on December 22, 2017.

(6) The Company recognized the tax impact for the vesting of share-based compensation resulting in excess tax benefit during the three months and year ended December 31, 2018 and 2017.

(7) Represents the amount of the alternative fuel tax credit related to the year ended December 31, 2017 which was recorded in first quarter 2018 due to the February 2018 retroactive reinstatement.

(8) Non-GAAP EPS is calculated in total and may not foot due to rounding.

**ARCBEST CONSOLIDATED**

Trailing Twelve Month – December 31, 2018

**Consolidated Cash Flow****Cash and Short-term Investments, beginning of period***In Millions***TTM  
12/31/18****\$ 177**

Net Income

67

Depreciation and amortization <sup>(a)</sup>

109

Pension settlement expense and amortization of actuarial losses  
on benefit plans and share-based compensation and  
multiemployer fund withdrawal liability <sup>(b)</sup>

47

Net change in other assets and liabilities <sup>(c)</sup>

32

**Cash from operations****\$ 255**

Purchase of property, plant and equipment, net

(134)

Proceeds from Equipment Financings

94

Internally developed software

(10)

**Free Cash Flow****\$ 205**

Payment of debt

(71)

Purchase of treasury stock

(9)

Dividend

(8)

Other

3

**Cash and Short-term Investments, end of period****\$ 297**<sup>(a)</sup> Includes amortization of intangibles.<sup>(b)</sup> Reflects a \$22.6 million multiemployer pension withdrawal liability in June 2018 related to ABF Freight multiemployer pension plan resulting from the transition agreement entered into with the New England Teamsters and Trucking Industry Pension Fund. This line also reflects pension settlement expense of \$12.9 million.<sup>(c)</sup> Includes changes in working capital, timing of month end clearings, and income tax payments.

## ASSET-BASED

Millions (\$000,000)	Three Months Ended 12/31/18	Three Months Ended 12/31/17	Per Day % Change	Twelve Months Ended 12/31/18	Twelve Months Ended 12/31/17	Per Day % Change
<b>Revenue</b>	\$ 548.9	\$ 497.0	10.4%	\$ 2,175.6	\$ 1,993.3	8.9%
<b>Operating Income</b>	36.9	19.7		141.8	58.2	
<b>Operating Ratio</b>	93.3%	96.1%		93.5%	97.1%	
<b>Total Tons/Day</b>	12,697	12,350	2.8%	12,647	12,657	(0.1%)
<b>Total Shipments/Day</b>	20,591	19,763	4.2%	20,078	20,749	(3.2%)

Operating Income and Operating Ratio adjusted for:

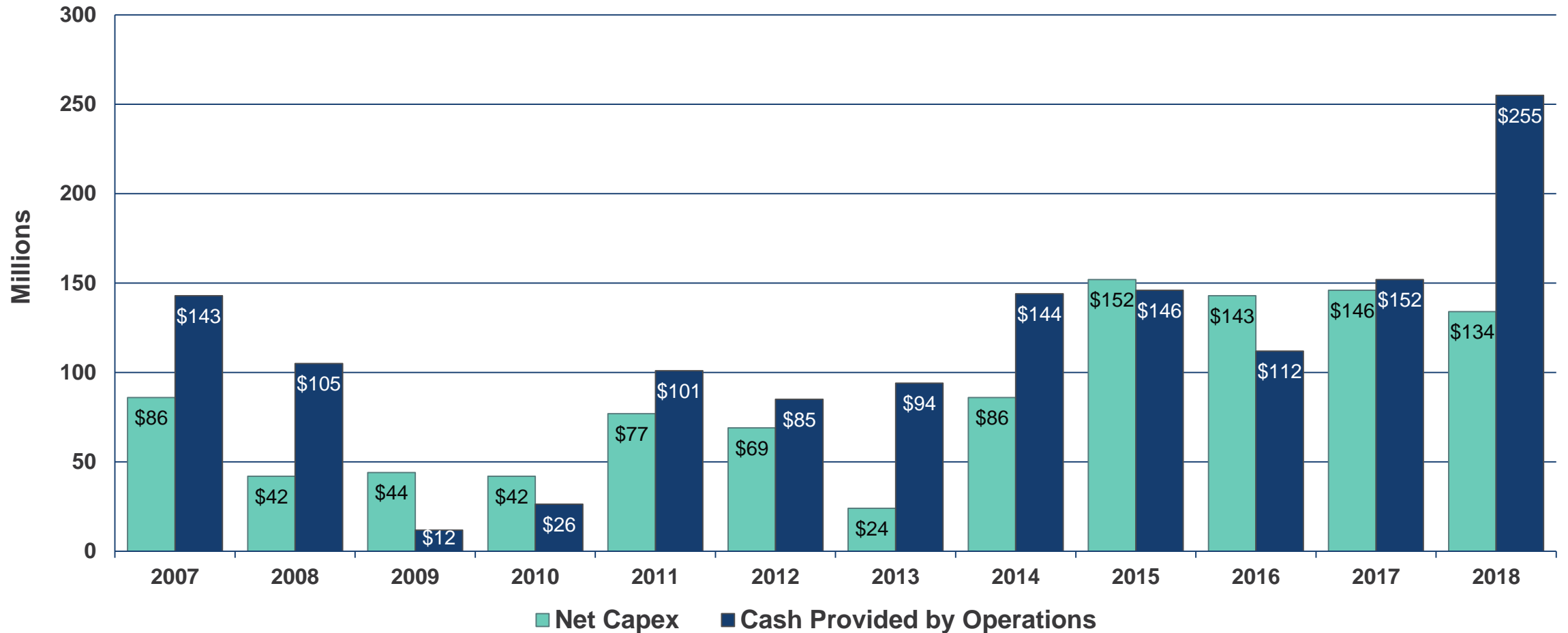
- Restructuring charges of \$ 76,000 (pre-tax) for the three months ended December 31, 2017.
- Restructuring charges of \$ 0.3 million (pre-tax) for the twelve months ended December 31, 2017.
- Multiemployer pension fund withdrawal liability charge of \$ 37.9 million (pre-tax) for the twelve months ended December 31, 2018.

Millions (\$000,000)		Three Months			Twelve Months		
		Ended 12/31/18	Ended 12/31/17	% Change	Ended 12/31/18	Ended 12/31/17	% Change
<b>ArcBest</b>							
	<b>Revenue</b>	\$ 193.8	\$ 182.1	6.4%	\$ 781.1	\$ 706.7	10.5%
	<b>Oper. Inc.</b>	7.1	4.7		22.1	20.2	
<b>FleetNet</b>							
	<b>Revenue</b>	\$ 50.1	\$ 40.0	25.3%	\$ 195.1	\$ 156.3	24.8%
	<b>Oper. Inc.</b>	0.7	0.8		4.4	3.5	
<b>Total Asset-Light</b>							
<b>Total</b>	<b>Revenue</b>	<b>\$ 243.8</b>	<b>\$ 222.2</b>	<b>9.7%</b>	<b>\$ 976.2</b>	<b>\$ 863.0</b>	<b>13.1%</b>
<b>Total</b>	<b>Oper. Inc.</b>	<b>7.8</b>	<b>5.5</b>		<b>26.5</b>	<b>23.7</b>	

**ArcBest** Operating Income adjusted for:

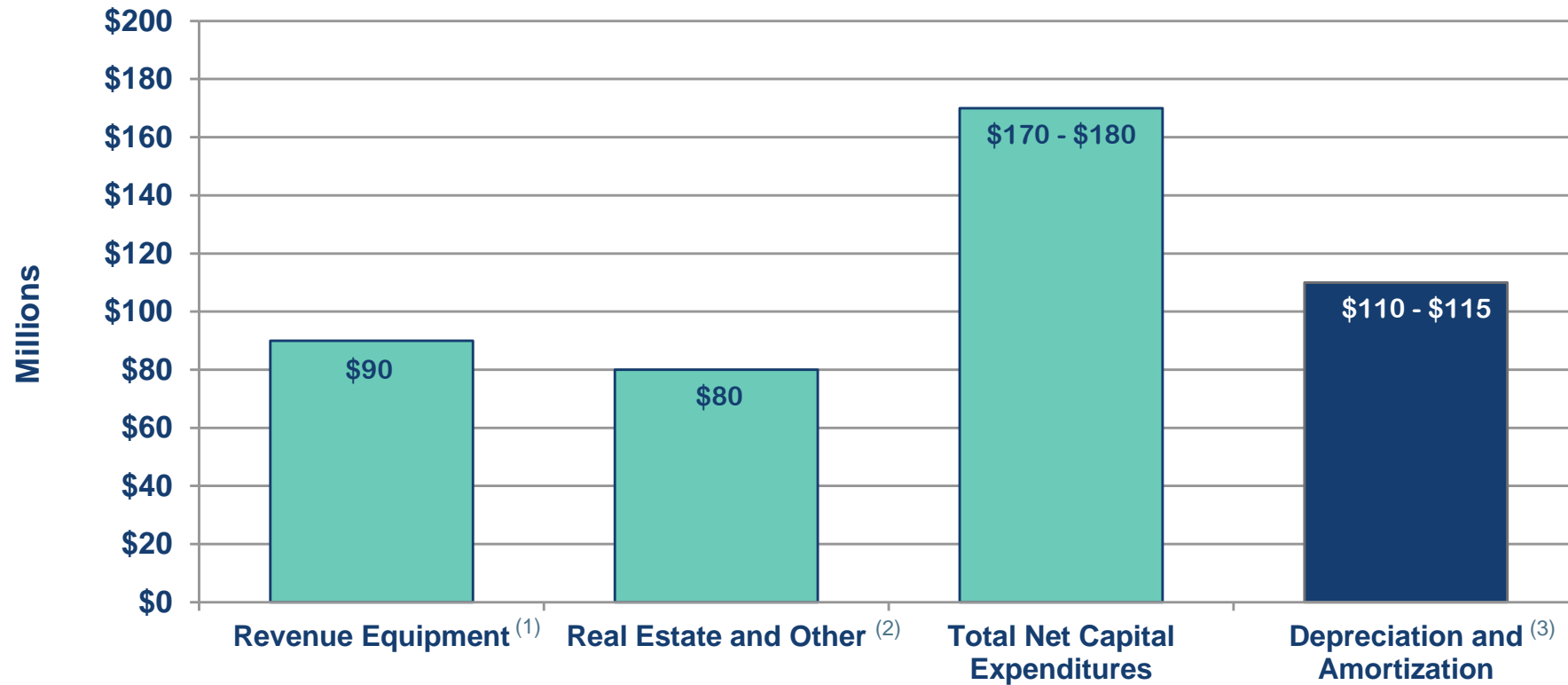
- Gain on sale of certain subsidiaries of \$1.9 million and \$152 thousand for the twelve months ended December 31, 2018 and 2017.
- Restructuring charges of \$ 0.3 million (pre-tax) for the three months ended December 31, 2018.  
Restructuring charges of \$ 0.5 million (pre-tax) and \$ 0.9 million (pre-tax) for the twelve months ended December 31, 2018 and 2017.

## NET CAPITAL EXPENDITURES VS. OPERATING CASH



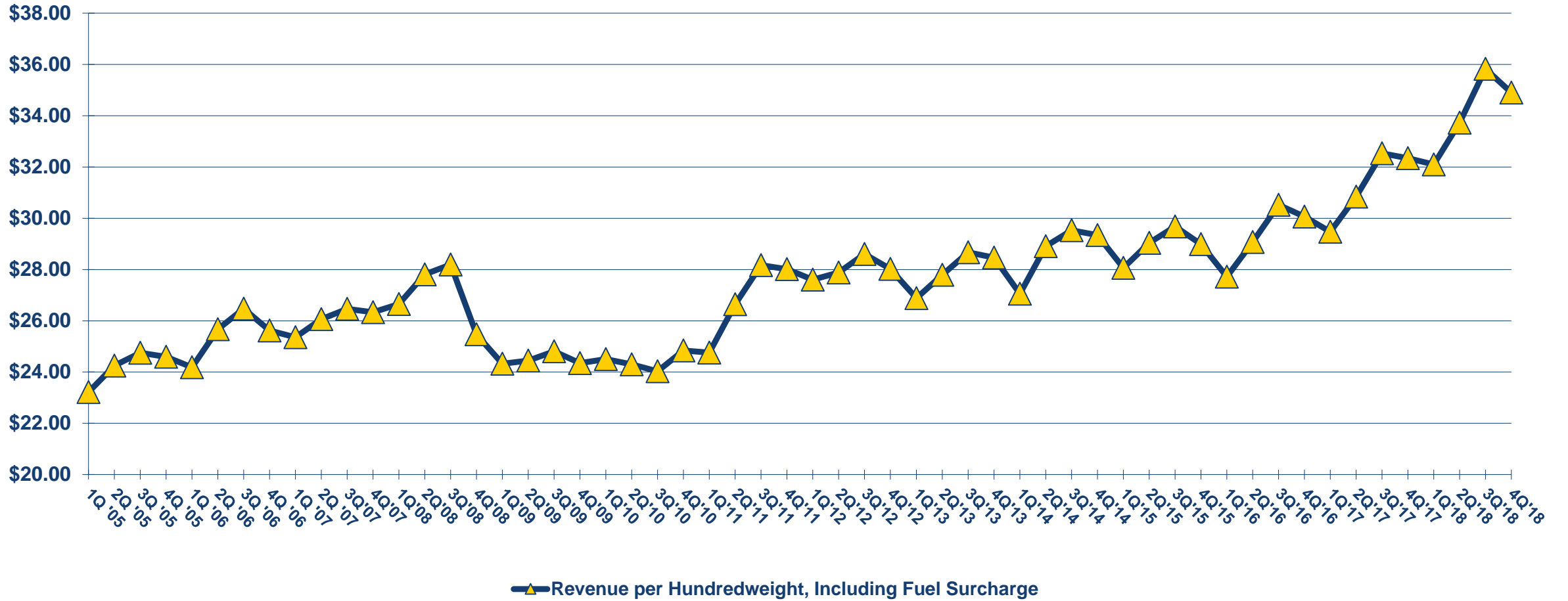
Note: Capital expenditures are presented net of proceeds from the sale of property, plant and equipment. Net Capex figures include ABF Freight's revenue equipment acquired through notes payable and capital leases.

## 2019 NET CAPITAL EXPENDITURES (estimated)



1. Revenue equipment purchases of \$90 million primarily in the asset-based operation.
2. The increase in the 2019 capital expenditure estimate is primarily associated with real estate projects, dock equipment, including forklifts, and technology investments.
3. Depreciation and amortization costs on property, plant and equipment in 2019 are estimated to range from \$110 million to \$115 million.

# ASSET-BASED BILLED REVENUE PER HUNDREDWEIGHT (INCLUDING FSC)



# ADDITIONAL INFORMATION PROVIDED ON JANUARY 30, 2019

*The following information was included in an exhibit of an ArcBest 8-K filed on 1/30/19.*

## Interest Expense

- Interest expense, net of interest income, was \$1.4 million in 4Q'18 and \$5.6 million in full year 2018. ArcBest expects 1Q'19 net interest expense to approximate \$1.5 million and \$8.0 million in full year 2019. The increase in the expected 2019 amounts is related to anticipation of higher interest rates and higher levels of revenue equipment expected to be financed during 2019.

## Tax Rate

- ArcBest's 4Q'18 effective GAAP tax rate was 26.0% which resulted in a GAAP tax rate of 20.3% for full year 2018. The "Effective Tax Rate Reconciliation" table on Page 10 of ArcBest's 4Q'18 earnings press release in Exhibit 99.1 shows the reconciliation of GAAP to non-GAAP effective tax rates. ArcBest currently expects the full year 2019 tax rate to be approximately 27%, while the effective rate in any quarter, may be impacted by items discrete to that period.



# ADDITIONAL INFORMATION PROVIDED ON JANUARY 30, 2019

The following information was included in an exhibit of an ArcBest 8-K filed on 1/30/19.

## Other, net

- The “Other, net” line of ArcBest’s income statement, primarily includes the costs associated with nonunion pension and postretirement plans and changes in cash surrender value of life insurance. The amount on this line was a net cost of \$15.1 million in 4Q’18 versus net cost of \$1.2 million in 4Q’17. After excluding non-GAAP items detailed in the following bullets, the remaining costs were \$0.3 million in 4Q’18 and \$0.3 million in 4Q’17. ArcBest expects the non-GAAP “Other net” expense to approximate \$0.3 million in 1Q’19 and \$1.2 million in full year 2019.
- The portion of the “Other, net” expense line that is associated with nonunion pension expense, including settlement charges, is excluded when presenting non-GAAP net income and EPS and totaled \$12.6 million in 4Q’18 versus \$1.6 million in 4Q’17. The increase over the previous year is due to settlement of plan obligations. As previously disclosed, ArcBest is in the process of terminating its nonunion pension plan which is expected to be completed in 1Q’19. In 1Q’19, nonunion pension expense, including settlement charges, is estimated to total approximately \$4 million. Cash funding of approximately \$7 million is expected in 1Q’19. The pension settlement charges and the actual amount required to fund the plan are dependent on several factors, including benefit elections made by plan participants, interest rates, value of plan assets and cost of annuity contracts.
- Changes in cash surrender value of life insurance reflected a decline of \$2.3 million in 4Q’18 compared to an increase of \$0.7 million in 4Q’17. This change was an indication of the 4Q’18 market declines experienced on these assets that are invested much like pension plan assets. ArcBest excludes changes in cash surrender value when presenting non-GAAP net income and EPS

# ADDITIONAL INFORMATION PROVIDED ON JANUARY 30, 2019

*The following information was included in an exhibit of an ArcBest 8-K filed on 1/30/19.*

## Other and Eliminations

- The loss reported in the “Other and eliminations” line was \$7.2 million in 4Q’18 compared to a loss of \$6.3 million in 4Q’17.
- In 2019, we expect the loss in this line to total approximately \$25 million. The 2019 estimated increase of approximately \$3 million versus 2018 is primarily related to investments in the design and development of digital business platforms. These types of investments to develop and design various technology and innovations occur within the ArcBest Technologies subsidiary which is included in the “Other and eliminations” line. These investments are required to be expensed when incurred. This line also includes expenses related to shared services for the delivery of comprehensive transportation and logistics services to ArcBest’s customers.
- We expect the quarterly loss in the “Other and eliminations” line to vary throughout 2019 as a majority of this item relates to our shared services which will primarily be allocated to the reporting segments based upon resource utilization-related metrics, such as shipment levels, and therefore will fluctuate with business levels. As a result, the loss in this line tends to be higher in periods when business levels are lower, typically the first and fourth quarters of the year. In 1Q’19, we estimate the loss in this line to approximate \$7.5 million.

# ADDITIONAL INFORMATION PROVIDED ON JANUARY 30, 2019

*The following information was included in an exhibit of an ArcBest 8-K filed on 1/30/19.*

## **Capital Expenditures**

- In 2018, total net capital expenditures, including equipment financed, equaled \$134 million which was below previous expectations reflecting shifts in the timing of some expenditures into 2019. 2018 revenue equipment totaled \$90 million, the majority of which was for ArcBest's Asset-Based operation. Depreciation and amortization costs on property, plant and equipment were \$104 million. In addition, amortization of intangible assets was \$4.5 million in 2018.
- For 2019, total net capital expenditures are estimated to range from \$170 million to \$180 million. This includes revenue equipment purchases of approximately \$90 million, primarily replacements for ArcBest's Asset-Based operation. The increase in the 2019 capital expenditure estimate is primarily associated with real estate projects, dock equipment, including forklifts, and technology investments. ArcBest's depreciation and amortization costs on property, plant and equipment in 2019 are estimated to range from \$110 million to \$115 million. This expense range does not include amortization of intangible assets which are estimated to be approximately \$4.5 million in 2019.

# ADDITIONAL INFORMATION PROVIDED ON JANUARY 30, 2019

The following information was included in an exhibit of an ArcBest 8-K filed on 1/30/19.

## Asset-Based Segment

- Excluding fuel surcharge, the increase in fourth quarter billed Rev/Cwt on Asset-Based, LTL-rated freight was in the mid-single digits. ArcBest secured an average 4.6% increase on Asset-Based customer contract renewals and deferred pricing agreements negotiated during the quarter. The full year 2018 average contract and deferred pricing increase was 4.7%.
- Asset-Based quarterly total tonnage per day increased 2.8% versus last year's fourth quarter. For 4Q'18, by month, Asset-Based daily total tonnage versus the same period last year increased by 2.3% in October, increased by 2.8% in November and increased by 3.3% in December. These total tonnage figures included the impact of solid LTL-rated tonnage gains whose monthly increases were in the upper single digit percentage range throughout the quarter. Truckload-rated shipments in the ABF Freight Asset-Based network were below the prior year by more than 10% in each month of the fourth quarter as availability of these shipments at acceptable price levels was more limited. In addition, with the growth in LTL-rated business, ArcBest is utilizing more of its available equipment and workforce capacity to serve the needs of LTL customers.

# ADDITIONAL INFORMATION PROVIDED ON JANUARY 30, 2019

*The following information was included in an exhibit of an ArcBest 8-K filed on 1/30/19.*

## **Technology Initiatives**

- As previously disclosed, technology investments have been made in ArcBest Technologies in a variety of areas to improve our customer experience and also optimize costs in our operating segments. For example, in the Asset-Based segment, we have described work to improve city pick-up and delivery productivity with enhanced tools such as barcoding, tablets and scanning equipment. In the ArcBest Asset-Light segment, common quoting systems and predictive analytics tools are currently in use and undergoing continuous development, all of which require ongoing investment.
- ArcBest Technologies serves as the incubator for the initial phases of technology development. Once a level of success is demonstrated, these initiatives may be transitioned into the field and operating segments for more extensive and live testing, feedback and ongoing development. As a result, we expect that our Asset-Based business will incur additional costs of approximately \$10 million during 2019. We estimate the cost impact to increase throughout the year, with approximately \$1.5 million estimated in 1Q'19. Such investments are important for us to continue meeting and exceeding our customers' expectations in a rapidly evolving marketplace. If successful, we expect there would be some future benefits from the broader application of these initiatives in our business.

# ADDITIONAL INFORMATION PROVIDED ON JANUARY 30, 2019

The following information was included in an exhibit of an ArcBest 8-K filed on 1/30/19.

## Annual Union Profit-Sharing Bonus

- As provided in ABF Freight's current Teamster labor contract, for the full years of 2019 through 2022, ABF Freight's Teamster employees would be eligible for an annual profit-sharing bonus, as shown in the following table. The operating ratio ("OR") used to calculate the bonus amount must include the related benefit expense estimated under this plan. The potential bonus would be based on union employee earnings for the full year. While impacted by business and associated labor levels, we estimate that 1% of ABF Freight's annual union employee earnings would equate to approximately \$5 million - \$6 million of union bonus expense.
- During years in which ArcBest's internal forecasts indicate an expectation of paying the union bonus, we will accrue for this expense throughout the year, generally in proportion of the quarterly results as a percentage of the annual projection. As we do not provide public updates on our projected operating ratio or our expectations for paying the union bonus, any details of amounts accrued will not be provided. If financial models reflect an operating ratio that meets the payout thresholds shown below, ArcBest encourages analysts to include expenses for the union bonus in quarterly and annual earnings per share projections for the company.

<b>ABF Freight Published Annual OR</b>	<b>Bonus Amount</b>
95.1 to 96.0	1%
93.1 to 95.0	2%
93.0 and below	3%

# **ADDITIONAL INFORMATION PROVIDED ON JANUARY 30, 2019**

*The following information was included in an exhibit of an ArcBest 8-K filed on 1/30/19.*

## **January 2019 Business Update – Asset-Based Segment**

Statistics for January 2019 have not been finalized. Preliminary Asset-Based financial metrics and business trends for the month of January 2019, compared to January 2018 are as follows:

- Daily Billed Revenue increased approximately 6%.
- Total Tonnage/Day was approximately flat with mid-single digit percentage increases in LTL-rated tonnage offset by double digit percentage decreases in TL-rated spot shipments moving in the Asset-Based network.
- Shipments/Day increased approximately 6%.
- Total Billed Revenue/CWT increased approximately 6%.
- Total Billed Revenue/Shipment was approximately flat with low-single digit percentage increases on LTL-rated shipments.
- Total Weight/Shipment decreased approximately 6%, with the weight/shipment on LTL-rated shipments down approximately 1%. The reduction in LTL-rated weight/shipment is the result of changes in freight profile and account mix, primarily impacted by business growth with a few specific accounts.

# ADDITIONAL INFORMATION PROVIDED ON JANUARY 30, 2019

*The following information was included in an exhibit of an ArcBest 8-K filed on 1/30/19.*

- In recent years, the historical average sequential change in ArcBest's Asset-Based operating ratio in the first quarter, versus the fourth quarter, has been an increase of approximately 350 - 400 basis points. The 4Q'17 to 1Q'18 Asset-Based operating income change was much better than the historical average, primarily due to the significant yield management improvements resulting from the implementation of our space-based pricing initiative. The prior year sequential operating ratio improvement also benefited from strong pricing on spot quoted truckload-rated shipments. The sequential change in 1Q'19 Asset-Based operating ratio will be positively impacted by the timing of ABF Freight's February 4th general rate increase, which will be in effect during the last two months of 1Q'19.
- As we have mentioned before, ABF Freight's current five year labor agreement, effective as of April 1, 2018, included a ratification bonus and additional vacation time for many union employees. Because the quarterly costs associated with the additional vacation increase through the first year of the contract, additional costs that will apply to 1Q'19, relative to 4Q'18, will equal approximately \$0.5 million. As described in the preceding "Technology Initiatives" bullets, the Asset-Based segment will incur incremental costs from technology development.
- There will be 63 working days in the first quarter compared to 63.5 days in the first quarter of 2018.



# **ADDITIONAL INFORMATION PROVIDED ON JANUARY 30, 2019**

*The following information was included in an exhibit of an ArcBest 8-K filed on 1/30/19.*

## **January 2019 Business Update – ArcBest Asset-Light Segment (Excluding FleetNet)**

- Statistics for January 2019 have not been finalized. For the ArcBest Asset-Light segment, not including FleetNet, preliminary revenue per day decreased slightly versus the same period in 2018. The year-over-year revenue decrease was related to lower average revenue per shipment and a slight reduction in daily shipments. However, net revenue per day increased approximately 5%, reflecting continued growth in managed transportation services and an improved ability to source capacity and drive yield due, in part, to enabling technologies.

## ARCBEST CONSOLIDATED

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES	(Unaudited)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018 <sup>(5)</sup>	
	(\$ millions)									
<b>ArcBest Corporation - Consolidated</b>										
<b>Operating Income</b>										
<b>Amounts on a GAAP basis</b>	\$ (54.5)	\$ 9.8	\$ (14.6)	\$ 19.1	\$ 69.2	\$ 75.5	\$ 29.0	\$ 53.5	\$ 109.1	
Restructuring charges, pre-tax <sup>(1)</sup>	-	-	-	-	-	-	10.3	3.0	1.6	
Transaction costs, pre-tax <sup>(2)</sup>	-	-	2.2	-	-	1.4	0.6	-	-	
Third-party casualty expense at FleetNet, pre-tax <sup>(3)</sup>	-	-	-	-	-	0.9	-	-	-	
Nonunion pension expense, including settlement, pre-tax <sup>(4)</sup>	0.1	1.1	-	2.1	6.6	3.2	3.1	6.1	-	
Multiemployer pension withdrawal liability charge	-	-	-	-	-	-	-	-	37.9	
Gain on sale of subsidiaries	-	-	-	-	-	-	-	-	(1.9)	
<b>Non-GAAP amounts</b>	\$ (54.4)	\$ 10.9	\$ (12.4)	\$ 21.2	\$ 75.8	\$ 81.0	\$ 43.0	\$ 62.6	\$ 146.7	

<sup>(1)</sup> Restructuring charges relate to the realignment of the Company's organizational structure announced on November 3, 2016.

<sup>(2)</sup> Transaction costs associated with the January 1, 2012 acquisition of Panther Expedited Services, Inc., the December 1, 2015 acquisition of Bear Transportation Group, LLC and the September 2, 2016 acquisition of Logistics & Distribution Services, LLC.

<sup>(3)</sup> Unfavorable third-party casualty claim associated with a bankrupt FleetNet customer (2015 only).

<sup>(4)</sup> Nonunion pension expense is presented as a non-GAAP adjustment with pension settlement expense, for 2010-2017, because expenses related to the plan have been excluded from the financial information management uses to make operating decisions, as an amendment to terminate the nonunion defined benefit pension plan with a proposed termination date of December 31, 2017 was executed in November 2017. Plan participants will have an election window in which they can choose any form of payment allowed by the plan for immediate commencement of payment or defer payment until a later date. Pension settlements related to the plan termination may occur in 2018.

<sup>(5)</sup> 2018 Operating Income adjusted for the January 1, 2018 adoption of an amendment to ASC Topic 715 which requires the components of net periodic benefit cost other than service cost to be presented within Other Income (Costs) in the consolidated financial statements and, therefore, excluded from Operating Income presented in this table.

**Note:** ArcBest Corporation reports its financial results in accordance with generally accepted accounting principles ("GAAP"). However, management believes that certain non-GAAP performance measures utilized for internal analysis provides analysts, investors, and others the same information that we use internally for purposes of assessing our core operating performance and provides meaningful comparisons between current and prior period results, as well as important information regarding performance trends. Accordingly, using these measures improves comparability in analyzing our performance because it removes the impact of items from operating results that, in management's opinion, do not reflect our core operating performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, our reported results. These 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.

**ArcBest**

*More Than Logistics*



**4Q'18 INVESTOR PRESENTATION**