

# *Driving the Future*

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# If trucks stopped...

## The first 24 hours

- Delivery of medical supplies will cease and hospitals will run out of basic supplies.
- Service stations will begin to run out of fuel.
- Postal services will cease within one day.
- Food shortage will begin to develop.
- Auto fuel availability and delivery will be impacted and could lead to price increase.

## 2-3 days

- Food shortage will escalate, creating consumer panic.
- Supplies of essentials such as bottled water, milk, meats will disappear.
- ATM's will run out of money.
- Service stations will completely run out of fuel.
- Garbage will start piling up.
- Container ships will idle in ports and rail transport will be disrupted as well.

## 1<sup>st</sup> week

- Automobile travel will cease due to no fuel.
- Hospitals will begin to exhaust oxygen supply.

# By the numbers

## Economic impact

Share of Canadian GDP: \$19 Billion

Share of NB GDP: \$1.5 Billion

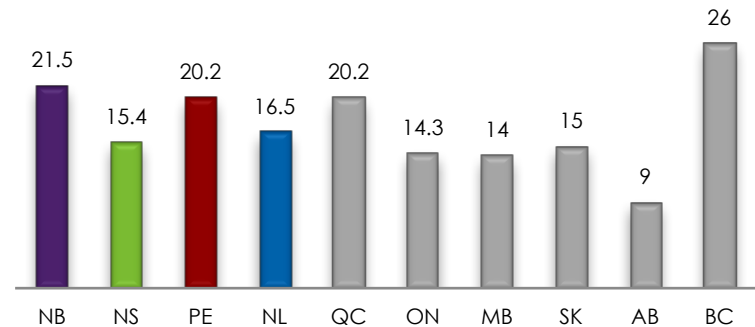
For every \$1 million of revenue generated by a trucking company creates 6.8 full time jobs

20 million tons/day of freight moves by road in Atlantic Canada

# of the largest trucking firms in Canada are based in NB

## Trade to the US

\$17B/year in Exports from Atlantic Canada, \$7B is by road











Overall value of the trucking industry to Canada.



Of all consumer products & foodstuffs is shipped by truck in Canada.

# Current industry issues

|  | <i><b>Issue</b></i>   | <i><b>TL</b></i> | <i><b>LTL</b></i> |  |
|--|---|------------------|-------------------|--|
|    | Shortage of skilled people leading to rising labour costs   | ●                | ●                 |  |
|    | Electronic Logging Device (ELD) legislation in US constraining driver hours on x-border runs. Similar legislation expected in Canada in 2019.                             | ●                | ●                 |  |
|    | Operating expenses are increasing (labour, insurance, equipment, repair and maintenance). Companies focused on becoming more efficient.                                   | ●                | ●                 |  |
|    | Companies adversely impacted by 2008-09 slowdown did not invest in equipment or technology. Now facing higher operating costs, driver shortages and capacity constraints. | ●                | ●                 |  |
|    | Recent increase in rates increasing working capital needs as fuel, labour and equipment are funded in advance.  | ●                | ●                 |  |
|   | Expansion into new sectors/lines of service.  | ●                | ◐                 |  |
|  | National companies expanding into regional markets.   | ●                | ●                 |  |
|  | Fast pace of technological change and high cost of investment. Need to be able to adapt to changing customer needs.   | ●                | ●                 |  |

# Some challenges in Atlantic Canada

- Carbon Tax
- Cost of equipment (US dollar)
- Labor Shortage
- Federal Labor changes announced recently
- Infrastructure
  - Completion of Twinning highway 185
  - Lack of Rest Areas
  - Port of Halifax
  - LCV access



# Impact from issues.....opportunities

- Shipping rates on the rise
- Safer companies with technology
- Companies are looking at opportunities to be more efficient.
  - ELD's
  - Automation
  - Big Data
- Companies are expanding their scope on how to recruit drivers and retain them as well.
  - Bonus based on driver productivity



# Changes.....making us better

1. Growth in **e-commerce** and its impact.
2. Trucking companies now need to provide **integrated logistics services**.
3. More stringent **regulations (eld's)**
4. Technology is providing opportunities in the sector by responding to these changing needs.
5. LCV's are a viable option and make us more efficient



## 15 companies are part of the “Long Combination Vehicle” program in Atlantic Canada

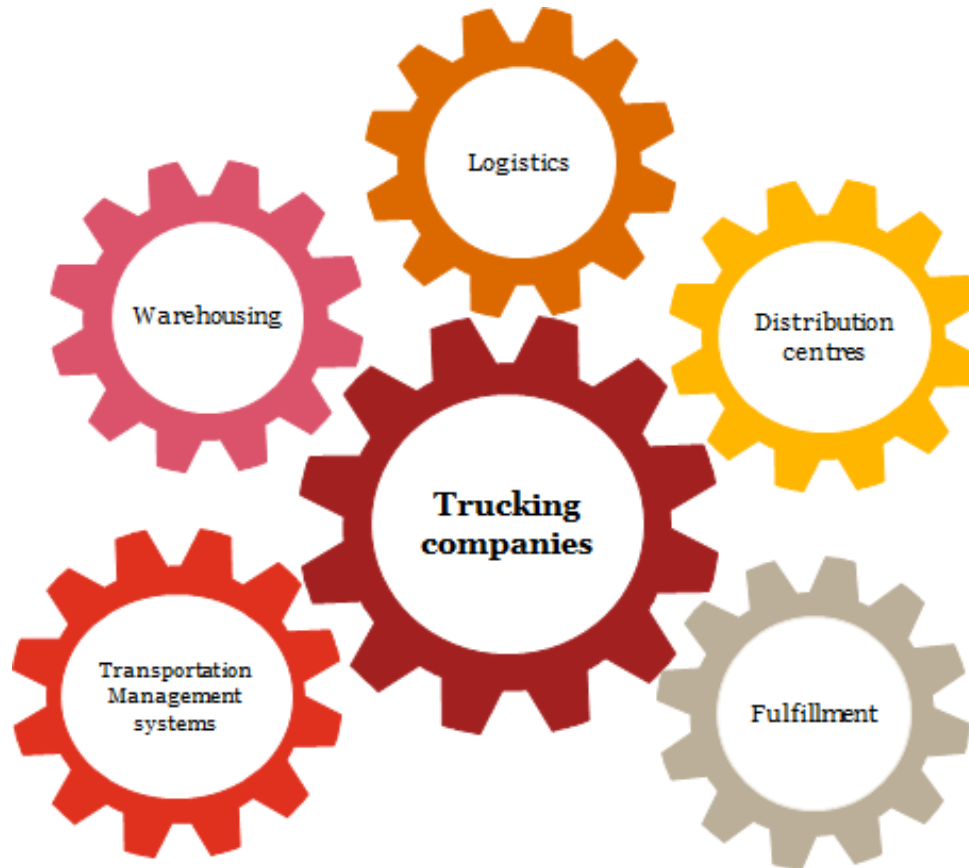




**After completion of Highway 185 – we could see that number double**



# Trucking - critical cog of an integrated supply chain



Trucking companies evolving for survival and growth.

Supply chains becoming increasingly integrated.

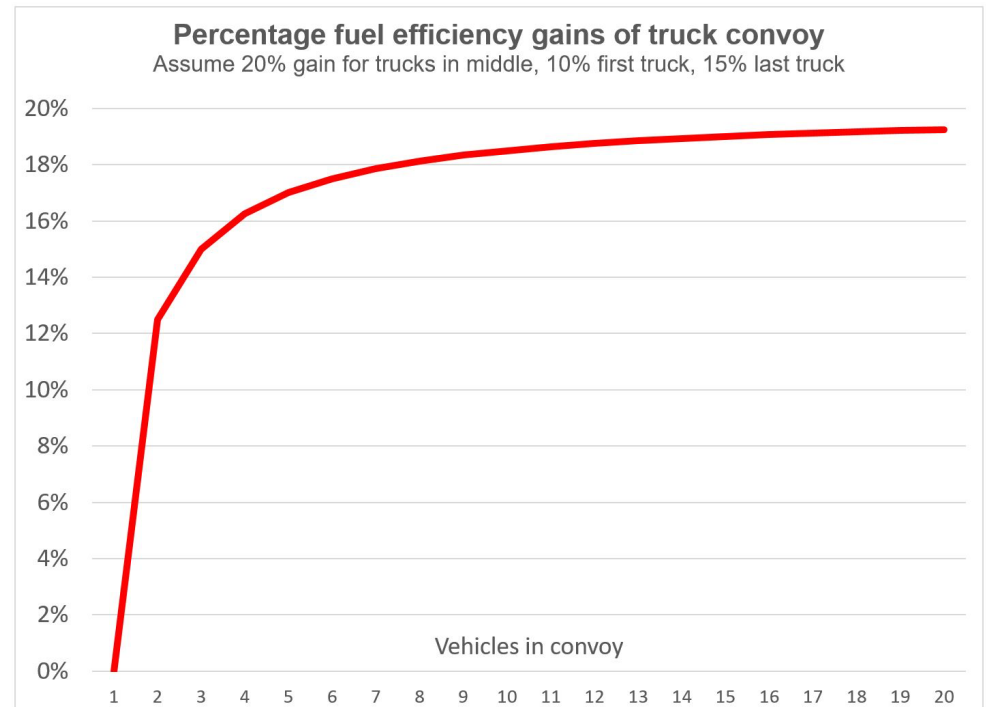
Businesses outsourcing more of their logistics, warehousing and fulfillment services to trucking companies.

TL trucking has moved from a hub and bulk distribution model to goods delivery direct from warehouse to home.





Shippers want carriers that can accommodate spikes in volume and maintain a high level of service and performance during disruptions.

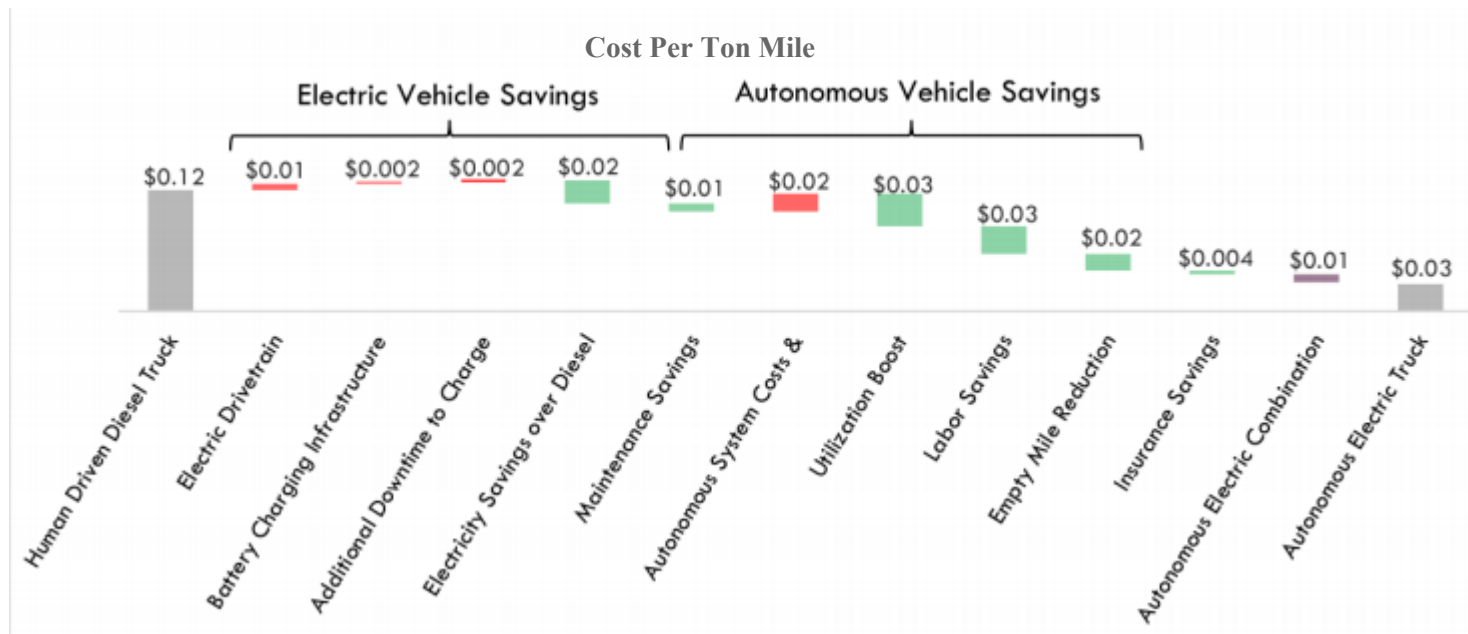
Decisions no longer based purely on cost.

# Trucking contributing to reduce greenhouse gas omissions – platooning



# Regulatory & industry changes pushing development of electric and autonomous vehicles

-  Reduced fuel emissions.
-  Safety - fewer accidents.
-  Increased utilization - no daily driving limit.
-  Lower operating cost - fuel, labour, maintenance, insurance.
-  Government offering grants/rebates to purchase electric vehicles.



Source: ARK Investment Management LLC

Note: Figures have been rounded to reflect inherent error-ranges in modeled estimates.

# ***The autonomous truck***

## **Changing how we move goods:**

Planning your week while driving.

Fuel savings (no aggressive driving).

Maintenance prevention.



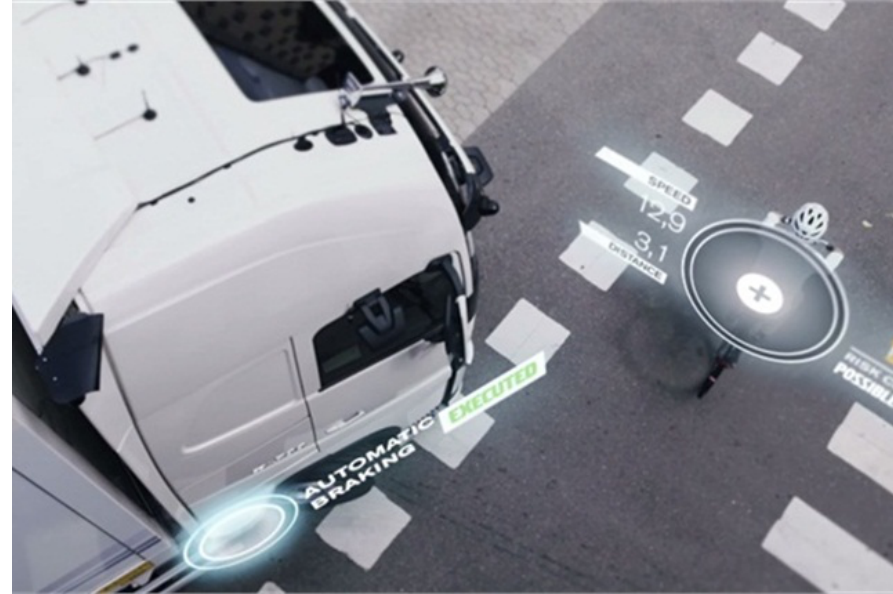


# ***“Semi”-Automated trucks***

## **5 different levels of automation**

Level 0: No-Automation to

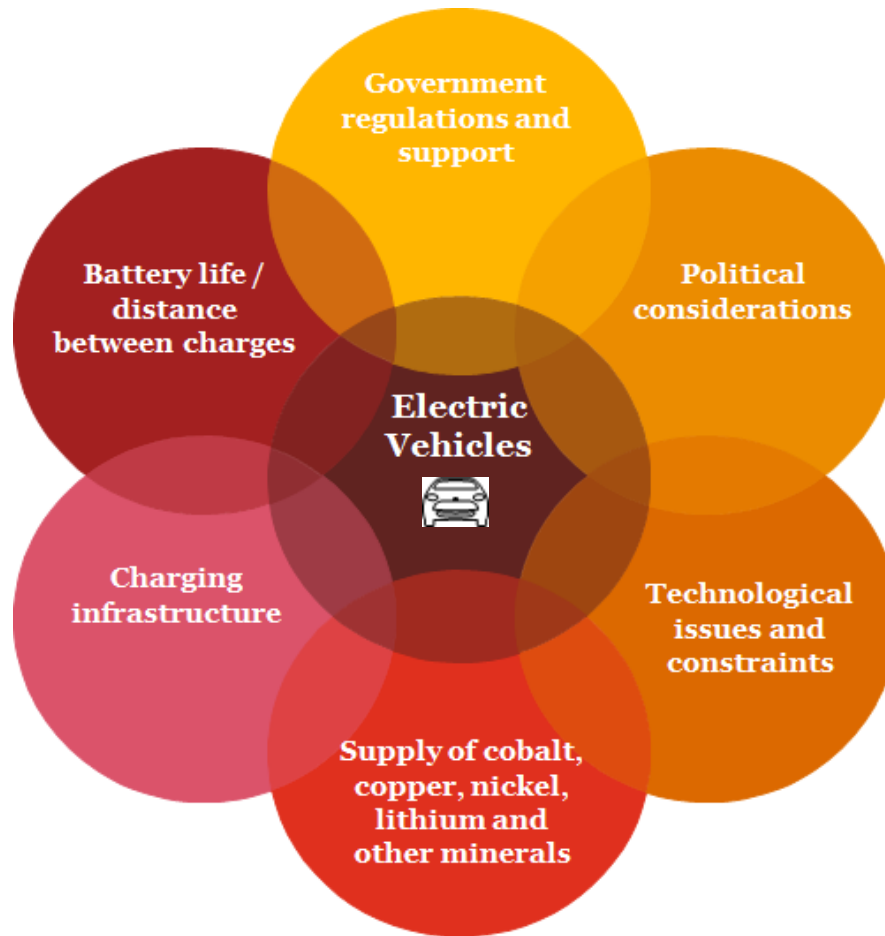
Level 4: Automation, which allows for, but does not require, a driver providing navigational input



- Fully automated trucks are still a few years away but technology is moving faster than planned and semi-automation systems are here today and have major benefits.
  - Sensors and cameras around trucks.
  - Brake assist systems are 10x faster than human.
  - Lane changing sensors and accelerator assist systems.



# ***Electric/autonomous vehicle uptake – challenges***



*While not yet burning issues of today, these are challenges to be considered as electric vehicles become mainstream and autonomous vehicles are more common on our roads and highways.*

## ***The road ahead...***

- Trucking industry is critical to the Canadian economy.
- The industry is expected to grow.
- Challenges are in the forecast – breadth and depth of services of trucking companies is increasing, driver shortages, more stringent regulatory standards, and technology development.
- An exciting time and opportune time in adapting to the changing customer needs and technology advances.





TESLA





# Thank you



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