



OLD DOMINION FREIGHT LINE, INC.  
2019 | ANNUAL REPORT



# STAYING THE COURSE

At Old Dominion Freight Line, whether we are facing economic growth or softness, investing in our future is always a priority. Our investments are focused in several key areas: our OD Family of employees, expansion and upgrades to our service center network, development of new technology, and improvement of our business processes. This commitment to investment has OD well-positioned to produce shareholder value and continue to provide premium service to our customers at a fair price.





**OD DOMESTIC** OD strategically invests in our domestic service center network to increase capacity and improve service times. As a result, we can support customer growth, meet the demands of important delivery schedules for our customers, and win additional market share over the long term without sacrificing our operational strength. We provide industry-leading service to our customers through the management of their national LTL transportation needs. Our superior customer service and commitment to excellence earned OD the Mastio Quality Award\* for an unprecedented 10<sup>th</sup> year in a row in 2019.

**OD EXPEDITED** OD is the trusted service for time-sensitive and highly critical shipments. Today, supply chains are tightening, and delivery windows are shrinking. OD Expedited offers highly customizable solutions to meet the needs of our customers, including a range of services like Guaranteed, On Demand and Air Freight, or Weekend Promise with Friday pick-up and Monday delivery. In addition, OD's Must Arrive By Date service helps meet our retail customers' increasingly complex supply chain demands.

**OD PEOPLE** Our dedicated team of employees is what sets us apart as an industry leader. We continue to invest in the future of our OD People through continuous education and training programs, such as our OD Driver Training and OD Management Trainee programs. These investments improve our ability to attract and retain exceptional talent, which helps us improve all aspects of our business and deliver superior customer service. Because of our efforts, Forbes named Old Dominion as one of America's Best Employers of 2019\*\*.

**OD GLOBAL** OD Global utilizes door-to-door freight visibility to provide a wide range of services within the global supply chain. Our LTL services extend into Canada and Mexico through strategic alliances. We also offer container delivery services that include less-than-container-load and full-container-load shipments. Connecting our customers' freight to global markets requires the complex coordination of data and equipment, as well as the personalized attention of our people throughout the process.

**OD TECHNOLOGY** OD Technology solutions provide customers with real-time information on their shipments and gives them the tools to streamline their shipping programs. Our technology enables our employees to manage our equipment and shipments more efficiently to help ensure our customers' shipments are delivered on time and damage free.

\* Source: 2019 Mastio and Company National LTL Carrier Report  
 \*\* Source: Forbes, LLC

# FELLOW SHAREHOLDERS

Old Dominion Freight Line finished 2019 with solid financial results that included new Company records for revenue and earnings per diluted share. Our revenue totaled \$4.1 billion and earnings per diluted share increased 3.8% to \$7.66.

While we expected more growth in 2019, our results were positive in a challenging macroeconomic environment. They also give us many reasons to be proud of both our short-term achievements for 2019 as well as our long-term achievements over this past decade.

Old Dominion differentiated itself during the Great Recession leading into this past decade, and our financial results over the past ten years validate our long-term strategic plan. Revenue grew an average of 12.5% each year since 2009, while the average increase in earnings per diluted share was 33.7% over the same period. This long-term financial performance drove the 30.1% average annual increase in our share price and ultimately our addition to the S&P 500 during 2019. We were also recognized by Barron's magazine as one of the top ten performing stocks for the decade within the S&P 500.

Our financial performance over this past decade was attributable to our consistent execution of a strategic plan that has guided us for many years, through periods of both economic expansion and contraction. While our strategic plan may sound relatively simple, our value proposition and strong long-term financial results distinguish us from our industry.

The plan begins with an unwavering commitment to providing industry-leading superior service to our customers. While we offer this superior service at a fair price, we focus on obtaining price increases each year that offset our cost inflation and support continued investment in our business at rates that exceed industry investment. These expenditures provide our service center network with the capacity to accommodate additional growth in market share. We also consistently invest in our fleet and technology, which has helped improve our operating efficiency and minimize our cost inflation each year. The final and most important part of our strategic plan is the investment in our employees. With consistent improvements in our wage and benefit programs that reward employees for our financial success, we have

a motivated team that allows this strategic plan to build on itself each year to create additional opportunities for growth.

While we are consistently focused on long-term investments and opportunities, the foundation of our long-term success is the consistent day-to-day execution of our plan. Our ability to improve revenue and earnings in 2019 exemplifies the power of our plan execution, as the freight environment became challenging very quickly and unexpectedly. We entered the year expecting growth in volumes, and our capital expenditure plan was based on that expectation. The sluggishness of the domestic economy and resulting competitiveness of the pricing environment, however, resulted in a reduction in volumes that persisted throughout the year. Our LTL tons per day and LTL shipments per day decreased 4.4% and 2.2%, respectively, as compared to 2018 – yet we still improved both revenue and earnings. We are especially proud of the OD team's disciplined response to the changing environment.

In 2019, we maintained our focus on superior customer service with 99% on-time deliveries and a claims ratio of only 0.2%. We know these two metrics are important to our customers, especially as supply chains tighten and delivery windows shrink. This level of commitment is what earned us the Mastio Quality Award in 2019. Notably, this is the tenth year in a row that Old Dominion has earned this distinctive honor.

Our commitment to service supports our ability to maintain pricing discipline. Revenue per hundredweight increased 6.5% in 2019, which more than offset the decrease in LTL tons to support our revenue growth. The variance between our actual revenue growth and our expectations contributed to the slight increase in our operating ratio to 80.1% for the year. Our operating ratio still led the industry and included costs associated with the investment in capacity that we expect to leverage in future periods.

Capital expenditures in 2019 totaled \$479.3 million, and included an increase in our service center network capacity. We now have approximately 25% excess capacity in our service center network – which is where we like to be – and we believe our network can support further growth in market



share. Given the unexpected decrease in volumes during 2019, we likely overinvested in our fleet. While this increased our short-term costs for depreciation and maintenance expenses, we expect to grow into our fleet in 2020 and have significantly reduced our capital expenditures for equipment in 2020.

The decisive actions described above are nothing new for the OD Family of employees. Our team’s commitment to superior service has led to the long-term improvement in shareholder value. We achieved total shareholder returns, including cumulative dividends, of 30.7%, 19.8%, and 30.2% for the previous three-year, five-year, and ten-year periods, respectively. In addition, we initiated our quarterly dividend program in 2017 and have increased the per share dividend 35.3%, 30.8%, and 30.0% in 2020, 2019, and 2018, respectively. During 2019, we also repurchased \$241.0 million of our common stock pursuant to our share repurchase programs, and we expect to produce additional shareholder value through the continued execution of our share repurchase program in 2020.

Our OD Family of employees is special, and we recognize that they are the primary reason for our continued success. We remain committed to investing in the education and training of our team while also investing further in new technology for our employees to be successful. Our efforts are focused on attracting and retaining exceptional talent, so we can continue to deliver superior service and exceed customer expectations. We are proud that these investments were recognized when Old Dominion was named to Forbes’ 2019 list of America’s Best Employers.

We also plan to continue investments in our service center network and, to a lesser extent, additional equipment in 2020. Looking ahead, we expect capital expenditures for

2020 to total approximately \$315 million, including planned expenditures of \$245 million for real estate and service center expansion projects; \$20 million for tractors and trailers; and \$50 million for information technology and other assets. We believe staying the course with our strategic plan will continue to provide opportunities to win market share and produce profitable growth in the future, which should ultimately lead to increased shareholder value.

We recognize and thank our outstanding team of employees, on behalf of all of our shareholders, for **Helping the World Keep Promises®** and achieving industry-leading performance. We also thank you, our fellow shareholder, for your investment in Old Dominion.

Sincerely,

**Greg C. Gantt**  
President and Chief Executive Officer

**David S. Congdon**  
Executive Chairman of the Board

**Earl E. Congdon**  
Senior Executive Chairman of the Board

# SELECTED FINANCIAL DATA

(In thousands, except per share amounts and operating statistics)

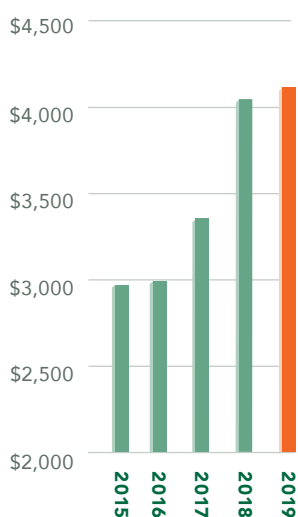
<b>OPERATING STATISTICS:</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
LTL revenue per hundredweight .....	\$ 22.64	\$ 21.25	\$ 19.39	\$ 18.51	\$ 18.23
LTL revenue per intercity mile <sup>(1)</sup> .....	\$ 6.30	\$ 5.99	\$ 5.53	\$ 5.15	\$ 5.12
LTL intercity miles (in thousands) <sup>(1)</sup> .....	644,287	665,697	597,616	570,343	564,917
LTL tons (in thousands) .....	8,964	9,379	8,519	7,931	7,938
LTL shipments (in thousands) .....	11,491	11,748	10,736	10,148	10,129
Average length of haul (in miles) .....	917	918	917	928	928
Service centers .....	236	235	228	226	225
Tractors .....	9,296	9,254	8,316	7,994	7,688
Trailers .....	37,539	35,729	32,890	32,525	30,204

(1) Intercity mile statistics have been adjusted to exclude miles related to non-LTL shipments.

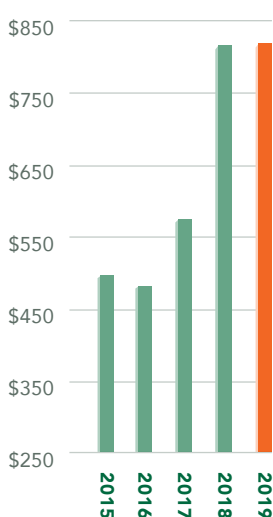
<b>FINANCIAL RESULTS:</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Revenue from operations .....	\$ 4,109,111	\$ 4,043,695	\$ 3,358,112	\$ 2,991,517	\$ 2,972,442
Operating income .....	\$ 818,706	\$ 817,051	\$ 575,886	\$ 483,835	\$ 498,240
Net income .....	\$ 615,518	\$ 605,668	\$ 463,774	\$ 295,765	\$ 304,690
Operating ratio .....	80.1%	79.8%	82.9%	83.8%	83.2%
Diluted earnings per share .....	\$ 7.66	\$ 7.38	\$ 5.63	\$ 3.56	\$ 3.57
Diluted weighted average shares outstanding .....	\$ 80,406	\$ 82,020	\$ 82,407	\$ 83,154	\$ 85,378

<b>FINANCIAL POSITION:</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Current assets .....	\$ 866,834	\$ 706,229	\$ 584,653	\$ 382,622	\$ 381,730
Total assets .....	\$ 3,995,568	\$ 3,545,283	\$ 3,068,424	\$ 2,696,247	\$ 2,466,504
Current liabilities .....	\$ 366,085	\$ 356,732	\$ 351,049	\$ 288,636	\$ 285,402
Long-term debt (including current maturities) .....	\$ 45,000	\$ 45,000	\$ 95,000	\$ 104,975	\$ 133,805
Shareholders' equity .....	\$ 3,080,717	\$ 2,680,483	\$ 2,276,854	\$ 1,851,158	\$ 1,684,637

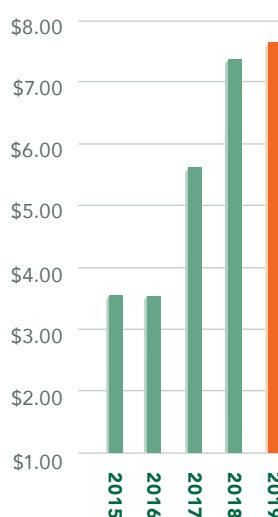
## REVENUE FROM OPERATIONS



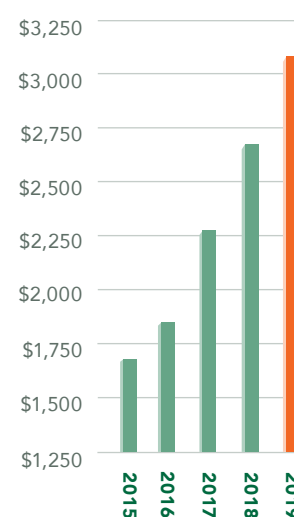
## OPERATING INCOME



## DILUTED EARNINGS PER SHARE



## SHAREHOLDERS' EQUITY



# BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

**EARL E. CONGDON** <sup>(1)</sup>  
Senior Executive Chairman

**DAVID S. CONGDON** <sup>(1)</sup>  
Executive Chairman

**SHERRY A. AAHOLM** <sup>(1) (2) (4)</sup>  
Director; Vice President and Chief Information Officer,  
Cummins, Inc.

**JOHN R. CONGDON, JR.** <sup>(1)</sup>  
Director; Retired Chairman and Chief Executive Officer,  
Old Dominion Truck Leasing, Inc.  
and Dominion Dedicated Logistics, Inc.

**BRADLEY R. GABOSCH** <sup>(1) (2) (4)</sup>  
Director; Retired Managing Director,  
Grant Thornton LLP

**GREG C. GANTT** <sup>(1)</sup>  
Director; President and Chief Executive Officer

**PATRICK D. HANLEY** <sup>(1) (2) (3)</sup>  
Director; Retired Senior Vice President - Finance and  
Accounting, UPS Freight

**JOHN D. KASARDA, PH.D.** <sup>(1) (4)\*</sup>  
Director; Professor Emeritus and Director of the Center for  
Air Commerce at the University of North Carolina at Chapel Hill's  
Kenan-Flagler Business School; President and Chief Executive Officer of  
Aerotropolis Business Concepts LLC; President of Aerotropolis Institute China

**LEO H. SUGGS** <sup>(1) (3)\* (4)</sup>  
Lead Independent Director;  
Retired President and Chief Executive Officer,  
UPS Freight

**D. MICHAEL WRAY** <sup>(1) (2)\* (3)</sup>  
Director; President,  
Riverside Brick & Supply Company, Inc.

**KEVIN M. FREEMAN**  
Executive Vice President and Chief Operating Officer

**DAVID J. BATES**  
Senior Vice President – Operations

**CHRISTOPHER T. BROOKS**  
Senior Vice President – Human Resources and Safety

**CECIL E. OVERBEY, JR.**  
Senior Vice President – Strategic Development

**ROSS H. PARR**  
Senior Vice President – Legal Affairs,  
General Counsel and Secretary

**GREGORY B. PLEMMONS**  
Senior Vice President – Sales

**ADAM N. SATTERFIELD**  
Senior Vice President – Finance,  
Chief Financial Officer and Assistant Secretary

(1) Director • (2) Audit Committee • (3) Compensation Committee • (4) Governance and Nomination Committee • \*Chair

## SHAREHOLDER INFORMATION



### FORM 10-K/INVESTOR CONTACT

Our Annual Report on Form 10-K is available on our website, <https://ir.odfl.com/annual-reports>, or a copy (without exhibits) is available at no charge by contacting Adam N. Satterfield, Senior Vice President - Finance and Chief Financial Officer at our corporate office.

### ANNUAL SHAREHOLDERS' MEETING

The Annual Meeting of Shareholders will be held on May 20, 2020 at 10:00 a.m. EDT at our corporate office.

### REGISTRAR AND TRANSFER AGENT

Broadridge Corporate Issuer Solutions, Inc. • P.O. Box 1342 • Brentwood, NY 11717 • 877.830.4936

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP • 4131 Parklake Avenue, Suite 500 • Raleigh, NC 27612



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odfl.com



500 Old Dominion Way, Thomasville, NC 27360  
336.889.5000 | 1.800.432.6335 | [odfl.com](http://odfl.com)

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