

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) July 22, 2020



LANDSTAR SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

021238
(Commission
File Number)

06-1313069
(I.R.S. Employer
Identification No.)

13410 Sutton Park Drive South, Jacksonville, Florida
(Address of principal executive offices)

32224
(Zip Code)

(904) 398-9400
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	LSTR	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On July 22, 2020, Landstar System, Inc. (“Landstar” or the “Company”) issued a press release announcing results for the second quarter of fiscal 2020. A copy of the press release is attached hereto as Exhibit 99.1.

The information contained in Item 7.01 concerning the presentation to Landstar investors is hereby incorporated into this Item 2.02 by reference.

The information furnished under Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 7.01 Regulation FD Disclosure

A slide presentation, dated July 22, 2020, is attached hereto as Exhibit 99.2 and is incorporated herein by reference. The slide presentation provides information that may be referred to by the Company on its conference call with investors scheduled to occur on July 23, 2020 in connection with the Company’s release of results for the second quarter of fiscal 2020.

In the slide presentation attached hereto as Exhibit 99.2, the Company provided the following information that may be deemed a non-GAAP financial measure: excluding the impact of the \$12.6 million of pandemic relief incentive payments from the 2020 year-to-date and quarterly results, operating margin was 36.8% and 35.6% in the 2020 year-to-date and quarter periods, respectively.

Management believes that it is appropriate to present this financial information for the following reasons: (1) disclosure of these matters will allow investors to better understand the underlying trends in the Company’s financial condition and results of operations; (2) this information will facilitate comparisons by investors of the Company’s results as compared to the results of peer companies; and (3) management considers this financial information in its decision making.

The information furnished under Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits

Exhibits

99.1 [News Release dated July 22, 2020 of Landstar System, Inc.](#)

99.2 [Slide Presentation dated July 22, 2020 of Landstar System, Inc.](#)

104 Inline XBRL for the cover page of this Current Report on Form 8-K

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 23, 2020

LANDSTAR SYSTEM, INC.

By: /s/ L. Kevin Stout

Name: L. Kevin Stout

Title: Vice President and Chief Financial Officer



Landstar System, Inc.
13410 Sutton Park Drive, South
Jacksonville, FL 32224
904 398 9400

For Immediate Release

Contact: Kevin Stout
Landstar System, Inc.
www.landstar.com
904-398-9400

July 22, 2020

**LANDSTAR SYSTEM REPORTS SECOND QUARTER
REVENUE OF \$824 MILLION AND DILUTED EARNINGS PER SHARE OF \$0.63**

Jacksonville, FL – Landstar System, Inc. (NASDAQ: LSTR) reported diluted earnings per share of \$0.63 in the 2020 second quarter on revenue of \$824 million. Included in the Company's 2020 second quarter financial results were:

- approximately \$12.6 million, or \$0.25 per diluted share, in payments made to the Company's BCOs and agents in April and May under the Company's previously disclosed pandemic relief incentive program;
- a charge of approximately \$2.6 million, or \$0.05 per diluted share, due to the impairment of certain assets associated with Landstar's Mexico operation relating to a decrease of business within Mexico; and
- approximately \$2.3 million, or \$0.05 per diluted share, due to higher third party insurance company premiums incurred in May and June for commercial trucking liability coverage following the Company's May 1st annual insurance renewal. The higher premiums incurred in the 2020 second quarter reflected a pro rata portion of an annual increase of \$14.0 million in the fixed component of the Company's insurance and claims expense for the period from May 1, 2020 to April 30, 2021, in connection with severe tightening of capacity in insurance markets offering coverage to the truck transportation industry.

Landstar reported diluted earnings per share of \$1.53 on revenue of \$1.045 billion in the 2019 second quarter. Gross profit (defined as revenue less the cost of purchased transportation and commissions to agents) was \$113.1 million in the 2020 second quarter, inclusive of the impact of the special pandemic relief payments made to the Company's BCOs and agents in April and May of 2020. Gross profit was \$158.0 million in the 2019 second quarter.

Truck transportation revenue hauled by independent business capacity owners (“BCOs”) and truck brokerage carriers in the 2020 second quarter was \$753.3 million, or 91 percent of revenue, compared to \$968.2 million, or 93 percent of revenue, in the 2019 second quarter. Truckload transportation revenue hauled via van equipment in the 2020 second quarter was \$483.0 million compared to \$605.4 million in the 2019 second quarter. Truckload transportation revenue hauled via unsided/platform equipment in the 2020 second quarter was \$247.4 million compared to \$338.1 million in the 2019 second quarter. Revenue hauled by rail, air and ocean cargo carriers was \$53.8 million, or 7 percent of revenue, in the 2020 second quarter compared to \$56.8 million, or 5 percent of revenue, in the 2019 second quarter.

During the 2020 second quarter, Landstar generated \$99.2 million in operating cash flow and paid \$7.1 million in dividends. Landstar did not purchase any shares of its common stock during the 2020 second quarter and currently is authorized to purchase up to 1,821,030 shares of the Company’s common stock under Landstar’s previously announced share purchase program. As of June 27, 2020, the Company had \$282 million in cash and short term investments with undrawn revolver capacity under our senior credit facility of \$216 million (with the ability to increase to \$366 million with the accordion feature included in our senior credit facility). Landstar also announced today that its Board of Directors has declared a quarterly dividend of \$0.21 per share payable on August 28, 2020, to stockholders of record as of the close of business on August 10, 2020. This quarterly dividend includes a \$0.025 per share increase, or 13.5 percent, over the amount of the Company’s regular quarterly dividend declared following each of the prior four quarters. The \$0.025 per share increase is the largest increase in the Company’s regularly scheduled quarterly dividend in the Company’s history. It is currently the intention of the Board to pay dividends on a quarterly basis going forward.

“Overall, the resiliency of Landstar’s variable cost business model performed as expected given the unprecedented economic decline caused by the coronavirus (COVID-19) pandemic,” said Landstar’s President and Chief Executive Officer Jim Gattoni. “We entered the 2020 second quarter knowing we would face a very soft freight demand environment as a result of actions taken by governmental authorities and businesses to

reduce the spread of COVID-19. As anticipated, demand for freight services slowed significantly and capacity became readily available during the Company's 2020 second quarter, especially in the spot market where the Company primarily operates. The number of loads and revenue per load on loads hauled via truck in the 2020 second quarter decreased 16 percent and 7 percent, respectively, from the 2019 second quarter. The number of loads hauled via truck was below the prior year comparable period by 21 percent, 21 percent and 9 percent for April, May and June, respectively. Revenue per load on loads hauled via truck was below the prior year comparable period by 6 percent, 9 percent and 6 percent in April, May and June, respectively."

Gattoni further commented, "The 2020 second quarter presented operating conditions and challenges unlike any other quarter in Landstar's history. Nevertheless, Landstar did not take any drastic cost reduction measures that could have disrupted our ability to service Landstar's customers, agents, BCOs or other third party capacity providers or slow the progress on our technology initiatives. Also, as previously disclosed, Landstar instituted a pandemic relief incentive program as of the beginning of April for BCOs and agents. Under the program, Landstar paid an extra \$50 to each of the BCO hauling the load and the Landstar agent dispatching the load for each load delivered by a BCO with a confirmed delivery date in April. The pandemic relief program was subsequently extended through the month of May. The Company's 2020 second quarter results included a total of approximately \$12.6 million of these pandemic relief incentive payments to BCOs and agents. Revenue decreased 21 percent and gross profit decreased 28 percent in the Company's 2020 second quarter compared to the 2019 second quarter. Exclusive of the impact of the pandemic relief program, gross profit decreased 20 percent in the 2020 second quarter compared to the prior year period."

Gattoni continued, "Although the ultimate impact that the coronavirus pandemic will have on the freight transportation industry continues to be unpredictable, we believe Landstar remains in a solid operational and financial position as we enter the third quarter. Through the first few weeks of July, the number of loads and revenue per load on loads hauled via truck have moved beyond the peak declines of April and May. Both the number of loads and revenue per load on loads hauled via truck in the first few weeks of July were below the corresponding period of 2019 in mid single-digit percentage

ranges. Assuming current demand conditions persist, I expect the number of loads hauled via truck in the 2020 third quarter to be below the number of loads hauled by truck in the 2019 third quarter in a mid single-digit percentage range. My expectation is that pricing conditions for truck services in the 2020 third quarter will be slightly improved as compared to the 2020 second quarter with little change in the level of truck capacity available in the marketplace. Assuming those capacity market conditions continue throughout the rest of the third quarter, I expect 2020 third quarter truck revenue per load to be lower than the 2019 third quarter in a mid single-digit percentage range. Based on those expectations, I would anticipate revenue for the 2020 third quarter to be in a range of \$885 million to \$935 million. Assuming that range of estimated revenue and insurance and claims expense at 4.8 percent of BCO revenue (which reflects the significant increase in insurance premiums previously described), I would anticipate 2020 third quarter diluted earnings per share to be in a range of \$1.11 to \$1.17 per share.”

Landstar will provide a live webcast of its quarterly earnings conference call tomorrow morning at 8:00 a.m. ET. To access the webcast, visit the Company’s website at www.landstar.com; click on “Investor Relations” and “Webcasts,” then click on “Landstar’s Second Quarter 2020 Earnings Release Conference Call.”

The following is a “safe harbor” statement under the Private Securities Litigation Reform Act of 1995. Statements contained in this press release that are not based on historical facts are “forward-looking statements”. This press release contains forward-looking statements, such as statements which relate to Landstar’s business objectives, plans, strategies and expectations. Terms such as “anticipates,” “believes,” “estimates,” “intention,” “expects,” “plans,” “predicts,” “may,” “should,” “could,” “will,” the negative thereof and similar expressions are intended to identify forward-looking statements. Such statements are by nature subject to uncertainties and risks, including but not limited to: the impact of the coronavirus (COVID-19) pandemic; an increase in the frequency or severity of accidents or other claims; unfavorable development of existing accident claims; dependence on third party insurance companies; dependence on independent commission sales agents; dependence on third party capacity providers; decreased demand for transportation services; U.S. foreign trade relationships; substantial industry competition; disruptions or failures in the Company’s computer systems; cyber and other

information security incidents; dependence on key vendors; changes in fuel taxes; status of independent contractors; regulatory and legislative changes; regulations focused on diesel emissions and other air quality matters; catastrophic loss of a Company facility; intellectual property; unclaimed property; and other operational, financial or legal risks or uncertainties detailed in Landstar's Form 10K for the 2019 fiscal year, described in Item 1A Risk Factors, and in other SEC filings from time to time. These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated. Investors should not place undue reliance on such forward-looking statements, and the Company undertakes no obligation to publicly update or revise any forward-looking statements.

About Landstar:

Landstar System, Inc. is a worldwide, asset-light provider of integrated transportation management solutions delivering safe, specialized transportation services to a broad range of customers utilizing a network of agents, third-party capacity providers and employees. Landstar transportation services companies are certified to ISO 9001:2015 quality management system standards and RC14001:2015 environmental, health, safety and security management system standards. Landstar System, Inc. is headquartered in Jacksonville, Florida. Its common stock trades on The NASDAQ Stock Market® under the symbol LSTR.

(Tables follow)

Landstar System, Inc. and Subsidiary
Consolidated Statements of Income
(Dollars in thousands, except per share amounts)
(Unaudited)

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Revenue	\$ 1,751,080	\$ 2,078,040	\$ 823,514	\$ 1,045,040
Investment income	2,002	2,421	835	1,283
Costs and expenses:				
Purchased transportation	1,344,390	1,591,126	635,133	799,371
Commissions to agents	150,642	173,294	75,266	87,623
Other operating costs, net of gains on asset sales/dispositions	15,674	18,100	7,368	9,861
Insurance and claims	44,708	31,279	19,751	16,286
Selling, general and administrative	85,928	82,565	40,601	41,297
Depreciation and amortization	22,972	22,350	11,467	11,034
Impairment of intangible and other assets	2,582	—	2,582	—
Total costs and expenses	<u>1,666,896</u>	<u>1,918,714</u>	<u>792,168</u>	<u>965,472</u>
Operating income	86,186	161,747	32,181	80,851
Interest and debt expense	1,928	1,514	976	709
Income before income taxes	84,258	160,233	31,205	80,142
Income taxes	19,109	35,833	6,951	19,042
Net income	65,149	124,400	24,254	61,100
Less: Net loss attributable to noncontrolling interest	—	(17)	—	—
Net income attributable to Landstar System, Inc. and subsidiary	<u>\$ 65,149</u>	<u>\$ 124,417</u>	<u>\$ 24,254</u>	<u>\$ 61,100</u>
Earnings per common share attributable to Landstar System, Inc. and subsidiary	<u>\$ 1.68</u>	<u>\$ 3.11</u>	<u>\$ 0.63</u>	<u>\$ 1.53</u>
Diluted earnings per share attributable to Landstar System, Inc. and subsidiary	<u>\$ 1.68</u>	<u>\$ 3.11</u>	<u>\$ 0.63</u>	<u>\$ 1.53</u>
Average number of shares outstanding:				
Earnings per common share	<u>38,816,000</u>	<u>40,053,000</u>	<u>38,379,000</u>	<u>39,945,000</u>
Diluted earnings per share	<u>38,816,000</u>	<u>40,053,000</u>	<u>38,379,000</u>	<u>39,945,000</u>
Dividends per common share	<u>\$ 0.370</u>	<u>\$ 0.330</u>	<u>\$ 0.185</u>	<u>\$ 0.165</u>

Landstar System, Inc. and Subsidiary
Consolidated Balance Sheets
(Dollars in thousands, except per share amounts)
(Unaudited)

	June 27, 2020	December 28, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 245,471	\$ 319,515
Short-term investments	36,274	32,901
Trade accounts receivable, less allowance of \$8,580 and \$7,284	489,182	588,549
Other receivables, including advances to independent contractors, less allowance of \$9,241 and \$7,667	27,861	35,553
Other current assets	41,564	21,370
Total current assets	840,352	997,888
Operating property, less accumulated depreciation and amortization of \$288,055 and \$280,849	284,794	285,855
Goodwill	40,071	38,508
Other assets	106,893	105,460
Total assets	\$ 1,272,110	\$ 1,427,711
LIABILITIES AND EQUITY		
Current liabilities:		
Cash overdraft	\$ 35,534	\$ 53,878
Accounts payable	273,324	271,996
Current maturities of long-term debt	38,219	42,632
Insurance claims	53,764	44,532
Dividends payable	—	78,947
Contractor escrow	25,774	24,902
Other current liabilities	46,845	36,017
Total current liabilities	473,460	552,904
Long-term debt, excluding current maturities	60,152	70,212
Insurance claims	34,762	33,575
Deferred income taxes and other non-current liabilities	54,615	49,551
Shareholders' equity:		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 68,176,787 and 68,083,419 shares	682	681
Additional paid-in capital	225,332	226,123
Retained earnings	2,012,173	1,962,161
Cost of 29,797,328 and 28,609,926 shares of common stock in treasury	(1,581,921)	(1,465,284)
Accumulated other comprehensive loss	(7,145)	(2,212)
Total shareholders' equity	649,121	721,469
Total liabilities and shareholders' equity	\$ 1,272,110	\$ 1,427,711

Landstar System, Inc. and Subsidiary
Supplemental Information
(Unaudited)

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Revenue generated through (in thousands):				
Truck transportation				
Truckload:				
Van equipment	\$ 1,028,334	\$ 1,224,379	\$ 483,027	\$ 605,365
Unsided/platform equipment	533,716	648,828	247,388	338,107
Less-than-truckload	45,859	48,108	22,918	24,732
Total truck transportation	1,607,909	1,921,315	753,333	968,204
Rail intermodal	51,315	58,585	23,186	28,570
Ocean and air cargo carriers	57,250	58,893	30,663	28,224
Other (1)	34,606	39,247	16,332	20,042
	<u>\$ 1,751,080</u>	<u>\$ 2,078,040</u>	<u>\$ 823,514</u>	<u>\$ 1,045,040</u>
Revenue on loads hauled via BCO Independent Contractors (2) included in total truck transportation	\$ 809,779	\$ 923,928	\$ 378,500	\$ 474,620
Number of loads:				
Truck transportation				
Truckload:				
Van equipment	600,519	686,901	285,174	345,080
Unsided/platform equipment	231,122	260,920	110,533	135,750
Less-than-truckload	78,079	74,549	39,723	39,240
Total truck transportation	909,720	1,022,370	435,430	520,070
Rail intermodal	21,510	23,880	9,970	11,420
Ocean and air cargo carriers	14,430	14,810	7,360	7,300
	<u>945,660</u>	<u>1,061,060</u>	<u>452,760</u>	<u>538,790</u>
Loads hauled via BCO Independent Contractors (2) included in total truck transportation	443,830	483,660	210,430	248,810
Revenue per load:				
Truck transportation				
Truckload:				
Van equipment	\$ 1,712	\$ 1,782	\$ 1,694	\$ 1,754
Unsided/platform equipment	2,309	2,487	2,238	2,491
Less-than-truckload	587	645	577	630
Total truck transportation	1,767	1,879	1,730	1,862
Rail intermodal	2,386	2,453	2,326	2,502
Ocean and air cargo carriers	3,967	3,977	4,166	3,866
Revenue per load on loads hauled via BCO Independent Contractors (2)	\$ 1,825	\$ 1,910	\$ 1,799	\$ 1,908
Revenue by capacity type (as a % of total revenue):				
Truck capacity providers:				
BCO Independent Contractors (2)	46%	44%	46%	45%
Truck Brokerage Carriers	46%	48%	46%	47%
Rail intermodal	3%	3%	3%	3%
Ocean and air cargo carriers	3%	3%	4%	3%
Other	2%	2%	2%	2%
Truck Capacity Providers				
BCO Independent Contractors (2)			9,632	9,879
Truck Brokerage Carriers:				
Approved and active (3)			37,600	40,097
Other approved			16,365	17,790
			<u>53,965</u>	<u>57,887</u>
Total available truck capacity providers			<u>63,597</u>	<u>67,766</u>
Trucks provided by BCO Independent Contractors (2)			10,299	10,587

(1) Includes primarily reinsurance premium revenue generated by the insurance segment and intra-Mexico transportation services revenue generated by Landstar Metro.

(2) BCO Independent Contractors are independent contractors who provide truck capacity to the Company under exclusive lease arrangements.

(3) Active refers to Truck Brokerage Carriers who moved at least one load in the 180 days immediately preceding the fiscal quarter end.

DESIGNED TO RESPOND
BUILT TO DELIVER



Landstar System, Inc.
Earnings Conference Call
Second Quarter 2020
July 22, 2020



Date Published: 07/22/2020

The following is a “safe harbor” statement under the Private Securities Litigation Reform Act of 1995. Statements made during this presentation that are not based on historical facts are “forward looking statements.” During this presentation, I may make certain statements, containing forward-looking statements, such as statements which relate to Landstar’s business objectives, plans, strategies and expectations. Such statements are by nature subject to uncertainties and risks, including but not limited to: the impact of coronavirus (COVID-19) pandemic and the operational, financial and legal risks detailed in Landstar’s Form 10-K for the 2019 fiscal year, described in the section Risk Factors, and other SEC filings from time to time. These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated. Investors should not place undue reliance on such forward-looking statements, and Landstar undertakes no obligation to publicly update or revise any forward-looking statements.

In this slide presentation, the Company provides the following information that may be deemed a non-GAAP financial measure: operating margin in the 2020 year-to-date and second quarter periods, excluding the impact of pandemic relief incentive payments from each period.

Management believes that it is appropriate to present this financial information for the following reasons: (1) disclosure of these matters will allow investors to better understand the underlying trends in the Company’s financial condition and results of operations; (2) this information will facilitate comparisons by investors of the Company’s results as compared to the results of peer companies; and (3) management considers this financial information in its decision making.

Model Definition

Landstar is a worldwide, asset-light provider of integrated transportation management solutions delivering safe, specialized transportation services to a broad range of customers utilizing a network of agents, third party capacity providers and employees.

The Network

2019 Results

\$4.1 billion in revenue

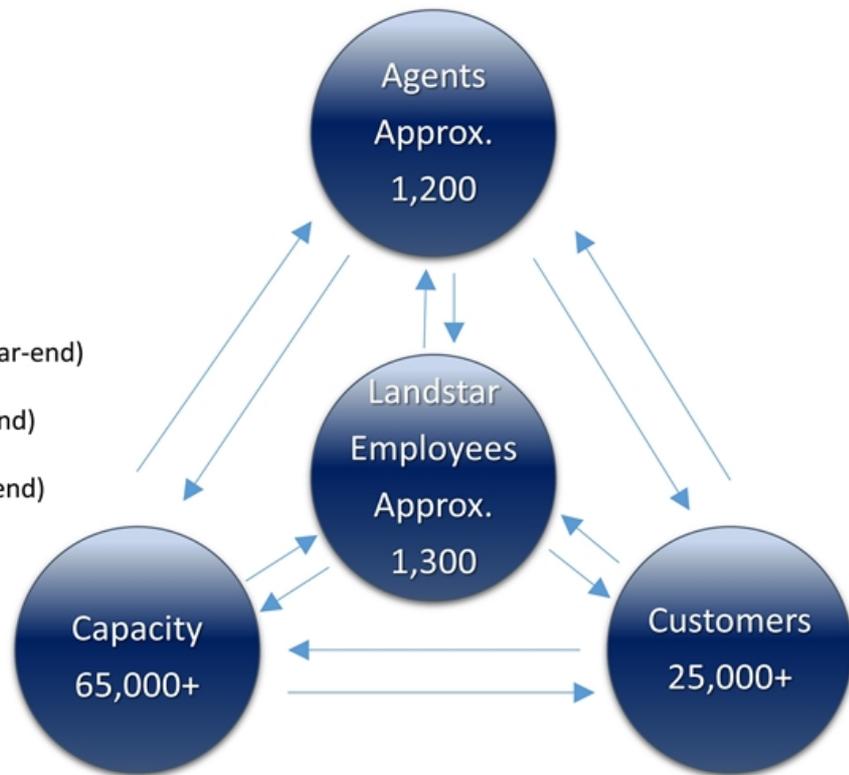
2.1 million loadings

555 million dollar agents

10,243 BCO trucks (2019 year-end)

56,317 Carriers (2019 year-end)

17,000+ Trailers (2019 year-end)

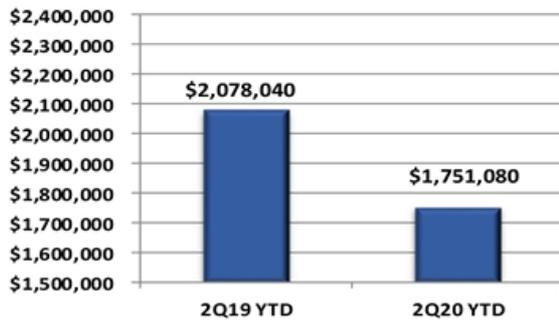


Transportation Management Services

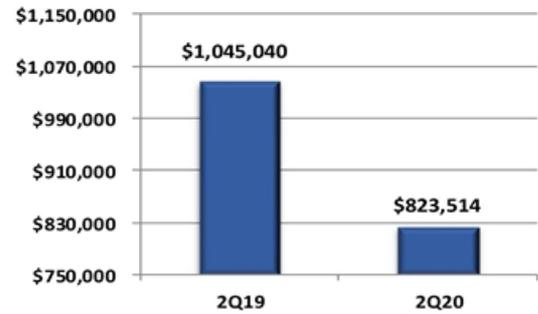
	Percentage of Revenue	
	2Q19	2Q20
Truck Transportation		
Truckload		
Van equipment	58%	59%
Unsided/platform equipment	32%	30%
Less-than-truckload	2%	3%
Rail intermodal	3%	3%
Ocean and air cargo	3%	4%

Revenue (\$'s in thousands)

Year-to-Date



Quarter



Year over Prior Year	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	- 5.9%	- 11.0%	- 16.3%
Rail Intermodal Revenue	- 2.8%	- 9.9%	- 12.4%
Ocean/Air Revenue	- 0.2%	- 2.6%	- 2.8%
Insurance Premiums	NA	NA	- 3.1%
Total Revenue			- 15.7%

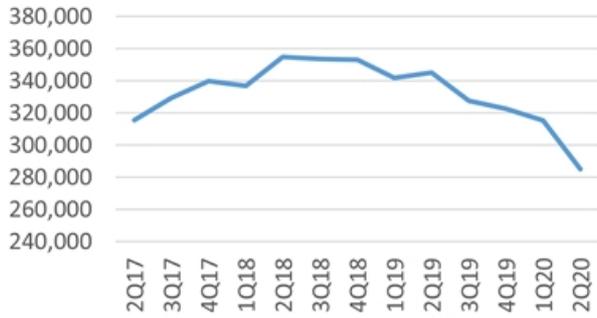
Qtr over Prior Year Qtr	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	- 7.1%	- 16.3%	- 22.2%
Rail Intermodal Revenue	- 7.0%	- 12.7%	- 18.8%
Ocean/Air Revenue	7.8%	0.8%	8.6%
Insurance Premiums	NA	NA	- 3.6%
Total Revenue			- 21.2%

- (1) Percentage change in rate is calculated on a revenue per load basis.
 (2) Percentage change in volume is calculated on the number of loads hauled.

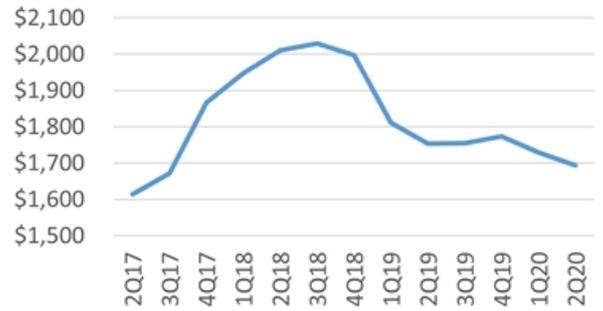
Truckload Loadings and Revenue per Load (Excludes LTL)

Van Equipment

Number of Loads

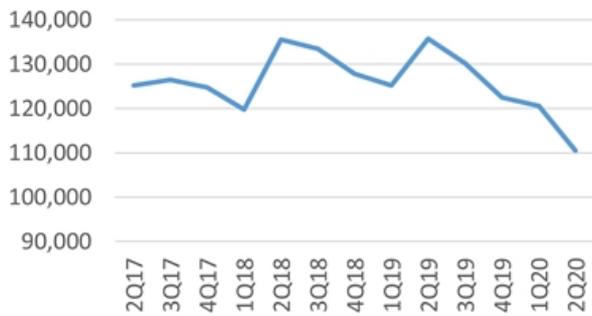


Revenue per Load

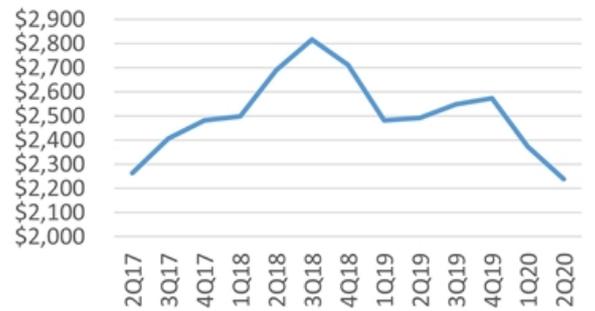


Unsided/Platform Equipment

Number of Loads



Revenue per Load



Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Growth
	2Q19	2Q20	
Consumer Durables	24.6	24.3	-22%
Machinery	14.7	13.0	-30%
Automotive	7.2	4.3	-53%
Building Products	9.6	9.7	-21%
Metals	6.5	5.3	-35%
AA&E, Hazmat	9.2	9.6	-18%
Foodstuffs	3.8	5.8	22%
Energy	3.0	3.7	-2%
Other	21.4	24.3	-12%
Transportation Revenue	<u>100.0</u>	<u>100.0</u>	-21%

Gross Profit ⁽¹⁾ and Gross Profit Margin ⁽²⁾ (\$'s in thousands)

Year-to-Date ⁽⁴⁾



Quarter ⁽⁴⁾



	2nd Qtr YTD ⁽³⁾
Changes in gross profit margin	%
2019 Period	15.1
Revenue - fixed gp margin	0.1
Revenue - variable gp margin	0.0
Pandemic relief ⁽⁴⁾	-0.7
Change in mix and other	0.1
2020 Period	14.6

	2nd Qtr ⁽³⁾
Changes in gross profit margin	%
2019 Period	15.1
Revenue - fixed gp margin	0.1
Revenue - variable gp margin	0.1
Pandemic relief ⁽⁴⁾	-1.5
Change in mix and other	-0.1
2020 Period	13.7

(1) Gross profit equals revenue less the cost of purchased transportation and commissions to agents.

(2) Gross profit margin equals gross profit divided by revenue.

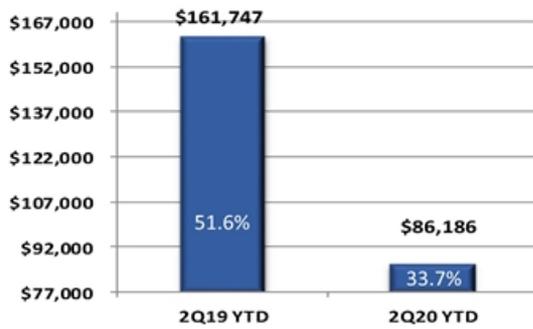
(3) Revenue on transactions with a fixed gross profit margin was 51% and 52% of revenue in the 2019 and 2020 year-to-date periods, respectively, and 51% of revenue in both the 2019 and 2020 second quarters.

(4) Includes the impact of approximately \$12.6 million related to BCO and agent pandemic relief incentive payments made in April and May 2020. The Company paid both the hauling BCO and agent dispatching the load an extra \$50 for each BCO load delivered during these months.

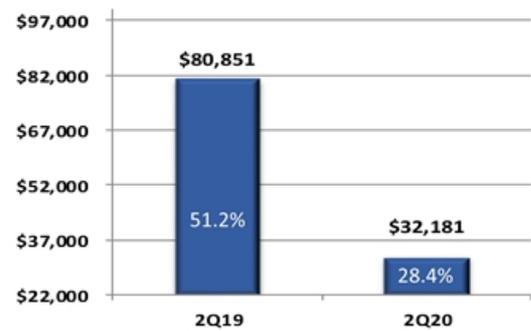
Operating Income and Operating Margin ⁽¹⁾

(\$'s in thousands)

Year-to-Date



Quarter



	2nd Qtr YTD
Changes in operating margin	%
2019 Period	51.6
Other operating costs	-0.4
Insurance and claims	-7.5
SG&A	-7.2
Depreciation and amortization	-1.8
Impairment	-1.0
2020 Period	33.7

	2nd Qtr
Changes in operating margin	%
2019 Period	51.2
Other operating costs	-0.3
Insurance and claims	-7.2
SG&A	-9.8
Depreciation and amortization	-3.2
Impairment	-2.3
2020 Period	28.4

- (1) Operating margin equals operating income divided by gross profit.
 (2) Excluding the impact of the \$12.6 million of pandemic relief incentive payments from the 2020 year-to-date and quarterly results, operating margin was 36.8% and 35.6% in the 2020 year-to-date and quarter periods, respectively.

Truck Capacity Data

(All information is provided as of the end of the period)

	Jun 29, 2019 ⁽²⁾	Dec 28, 2019	Jun 27, 2020 ⁽²⁾
BCO Independent Contractors	9,879	9,554	9,632
Truck Brokerage Carriers:			
Approved and Active ⁽¹⁾	40,097	39,497	37,600
Other Approved	17,790	16,820	16,365
	57,887	56,317	53,965
Total Available Truck Capacity Providers	67,766	65,871	63,597
Trucks Provided by BCO Independent Contractors	10,587	10,243	10,299

(1) Active refers to truck brokerage carriers who hauled freight for Landstar in the 180 day period immediately preceding the period end.

(2) Fuel surcharges billed to customers on freight hauled by BCO Independent Contractors, which are paid 100% to the BCO and excluded from revenue, and the cost of purchased transportation were \$87.6 million and \$113.8 million in the 2020 and 2019 year-to-date periods, respectively, and \$35.1 million and \$59.8 million in the 2020 and 2019 second quarters, respectively.

Key Balance Sheet and Cash Flow Statistics

(\$'s in thousands)

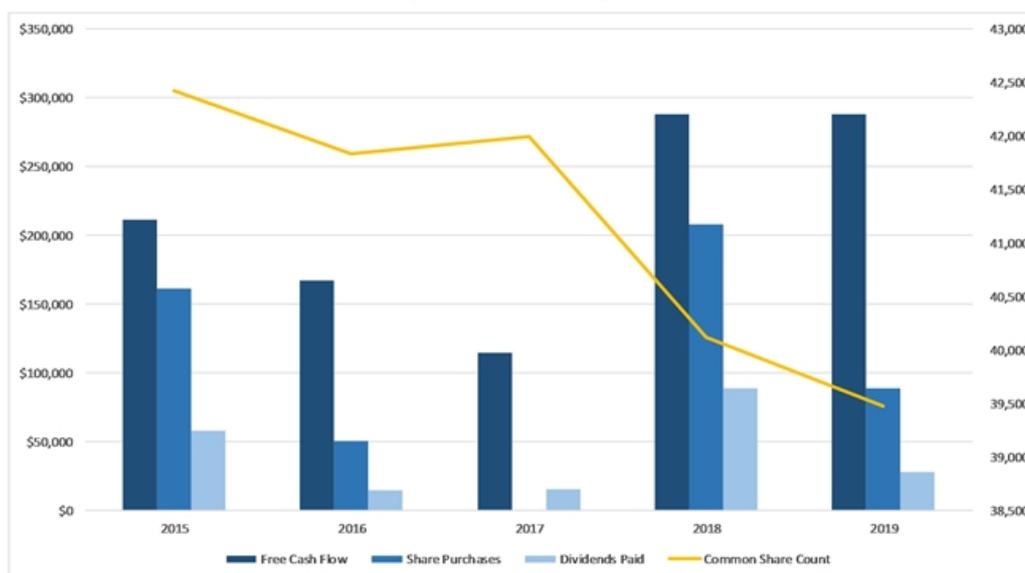
	YTD Jun 29, 2019	YTD Jun 27, 2020
Balance sheet (period end amounts):		
Debt to Capital	13%	13%
Net Cash (1)	\$ 180,583	\$ 183,374
Cash flow:		
Cash flow from operations	\$ 184,076	\$ 198,385
Capital expenditures (2)	\$ 9,224	\$ 20,377
Share repurchases	\$ 69,729	\$ 115,962
Dividends paid	\$ 13,257	\$ 93,382
Returns:		
TTM Return on Equity	37%	24%
TTM Return on Invested Capital	32%	21%
TTM Return on Assets	19%	13%

(1) Net cash is defined as cash and cash equivalents plus short term investments less outstanding debt.

(2) Capital expenditures includes cash capital expenditures of \$17.7 million and approximately \$2.7 million for the acquisition of a business during the 2020 year-to-date period.

Free Cash Flow ⁽¹⁾, Stock Purchases and Dividends

(In Thousands)



Second quarter 2020 YTD	(000's)
Free cash flow (1)	\$ 178,008
Share purchases	\$ 115,962
Dividends paid	\$ 93,382
Ending common share count	38,379

(1) Free cash flow is defined as cash flow from operations less capital expenditures, each set forth on the prior slide.

DESIGNED TO RESPOND
BUILT TO DELIVER



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