

**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) October 23, 2019



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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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 October 23, 2019, Landstar System, Inc. (“Landstar” or the “Company”) issued a press release announcing results for the third quarter of fiscal 2019. 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 October 23, 2019, 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 October 24, 2019 in connection with the Company’s release of results for the third quarter of fiscal 2019.

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 October 23, 2019 of Landstar System, Inc. |
| 99.2 | Slide Presentation dated October 23, 2019 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.

LANDSTAR SYSTEM, INC.

Date: October 23, 2019

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

October 23, 2019

**LANDSTAR SYSTEM REPORTS THIRD QUARTER
REVENUE OF \$1.012 BILLION AND
DILUTED EARNINGS PER SHARE OF \$1.35**

Jacksonville, FL – Landstar System, Inc. (NASDAQ: LSTR) reported diluted earnings per share of \$1.35 in the 2019 third quarter on revenue of \$1.012 billion. Landstar reported diluted earnings per share of \$1.63 on revenue of \$1.202 billion in the 2018 third quarter. Gross profit (defined as revenue less the cost of purchased transportation and commissions to agents) was \$152.6 million in the 2019 third quarter compared to \$171.3 million in the 2018 third quarter. Operating margin, representing operating income divided by gross profit, was 46.3 percent in the 2019 third quarter.

Truck transportation revenue hauled by independent business capacity owners (“BCOs”) and truck brokerage carriers in the 2019 third quarter was \$932.2 million, or 92 percent of revenue, compared to \$1.118 billion, or 93 percent of revenue, in the 2018 third quarter. Truckload transportation revenue hauled via van equipment in the 2019 third quarter was \$575.0 million compared to \$717.0 million in the 2018 third quarter. Truckload transportation revenue hauled via unsided/platform equipment in the 2019 third quarter was \$331.8 million compared to \$375.7 million in the 2018 third quarter. Revenue hauled by rail, air and ocean cargo carriers was \$59.3 million, or 6 percent of revenue, in the 2019 third quarter compared to \$65.7 million, or 5 percent of revenue, in the 2018 third quarter.

Trailing twelve-month return on average shareholders' equity was 34 percent and trailing twelve-month return on invested capital, representing net income divided by the sum of average equity plus average debt, was 29 percent. Landstar purchased approximately 175,000 shares of its common stock during the 2019 third quarter at an aggregate cost of approximately \$18.8 million. Currently, the Company is authorized to purchase up to approximately 1,151,000 shares of the Company's common stock under Landstar's previously announced share purchase programs. As of September 28, 2019, the Company had \$316 million in cash and short term investments and \$216 million available for borrowings under the Company's senior credit facility. Landstar also announced today that its Board of Directors has declared a quarterly dividend of \$0.185 per share payable on December 6, 2019, to stockholders of record as of the close of business on November 12, 2019. It is currently the intention of the Board to pay dividends on a quarterly basis going forward.

"The current macroeconomic environment made for challenging comparisons against our record 2018 third quarter performance," said Landstar President and Chief Executive Officer Jim Gattoni. "Softer demand, driven by slowing production in the U.S. manufacturing sector, and more readily available capacity drove Landstar's truck rates and volumes below prior year levels in the 2019 third quarter. Overall, 2019 third quarter revenue was 16 percent below revenue of the 2018 third quarter, mostly due to a 13 percent decrease in revenue per load on loads hauled via truck and a 5 percent decrease in truck loadings. While truck revenue per load has been below prior year levels throughout 2019, truck load volumes have more recently slowed with softening demand. Truck load volumes in the 2019 third quarter fell 5 percent as compared to the 2018 third quarter, a larger decrease than the low single digit decrease anticipated in the Company's third quarter earnings guidance issued on July 24, 2019 as part of the Company's 2019 second quarter earnings release."

"In our second quarter earnings release, we provided third quarter revenue guidance of \$1.01 billion to \$1.06 billion and third quarter diluted earnings per share guidance of \$1.48 to \$1.54. On September 11, 2019, we disclosed in a Form 8-K and further explained at a webcast investor conference the next day that, based on overall market conditions and the adverse financial impact of a tragic vehicular accident involving Landstar that occurred during the 2019 third quarter, we would be near the bottom end of revenue guidance and would not achieve the bottom end of the range for earnings

per diluted share provided on July 24, 2019. Revenue in the 2019 third quarter was at the low end of our previously issued guidance while diluted earnings per share fell far below our guidance, mostly due to higher insurance and claims costs than we anticipated in our initial estimate. Third quarter guidance included insurance and claims costs at 3.6 percent of BCO revenue, whereas actual insurance and claims costs were 5.1 percent of BCO revenue in the 2019 third quarter.”

Gattoni continued, “Through the first few weeks of October, the number of loads hauled via truck was below the corresponding period of 2018 in a high single-digit percentage range. I expect that trend to continue during the remainder of the 2019 fourth quarter. Accordingly, I expect the number of loads hauled via truck in the 2019 fourth quarter to be below the number of loads hauled by truck in the 2018 fourth quarter in a high single-digit percentage range. Pricing for our truck services was fairly stable on a sequential month-to-month basis during the 2019 third quarter, continuing a trend that began in the middle of the 2019 second quarter. I expect pricing to remain stable through the 2019 fourth quarter given current demand and assuming little change in the level of truck capacity available in the marketplace. Given the slowing pricing environment experienced in the 2018 fourth quarter, year-over-year comparisons should therefore ease a bit in the 2019 fourth quarter. Assuming the current macroeconomic environment continues throughout the remainder of the fourth quarter, I expect 2019 fourth quarter truck revenue per load to be lower than the 2018 fourth quarter in a high single-digit percentage range. I anticipate revenue for the 2019 fourth quarter to be in a range of \$970 million to \$1.02 billion. Assuming that estimated range of revenue and insurance and claims expense at 3.6 percent of BCO revenue, representing average insurance and claims costs as a percentage of BCO revenue over the past five years, I would anticipate 2019 fourth quarter diluted earnings per share to be in a range of \$1.40 to \$1.46 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 Third Quarter 2019 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: 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 2018 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)

	Thirty Nine Weeks Ended		Thirteen Weeks Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenue	\$ 3,089,698	\$ 3,432,793	\$ 1,011,658	\$ 1,202,081
Investment income	3,736	2,754	1,315	1,002
Costs and expenses:				
Purchased transportation	2,365,646	2,658,710	774,520	931,473
Commissions to agents	257,862	275,828	84,568	99,304
Other operating costs, net of gains/losses on asset sales/dispositions	28,531	24,176	10,431	8,966
Insurance and claims	55,248	57,718	23,969	18,819
Selling, general and administrative	120,717	140,948	38,152	46,699
Depreciation and amortization	33,045	32,520	10,695	10,754
Total costs and expenses	<u>2,861,049</u>	<u>3,189,900</u>	<u>942,335</u>	<u>1,116,015</u>
Operating income	232,385	245,647	70,638	87,068
Interest and debt expense	2,278	2,455	764	816
Income before income taxes	230,107	243,192	69,874	86,252
Income taxes	52,452	56,279	16,619	19,304
Net income	177,655	186,913	53,255	66,948
Less: Net loss attributable to noncontrolling interest	(17)	(112)	—	(37)
Net income attributable to Landstar System, Inc. and subsidiary	<u>\$ 177,672</u>	<u>\$ 187,025</u>	<u>\$ 53,255</u>	<u>\$ 66,985</u>
Earnings per common share attributable to Landstar System, Inc. and subsidiary	<u>\$ 4.45</u>	<u>\$ 4.50</u>	<u>\$ 1.35</u>	<u>\$ 1.63</u>
Diluted earnings per share attributable to Landstar System, Inc. and subsidiary	<u>\$ 4.45</u>	<u>\$ 4.50</u>	<u>\$ 1.35</u>	<u>\$ 1.63</u>
Average number of shares outstanding:				
Earnings per common share	<u>39,891,000</u>	<u>41,530,000</u>	<u>39,566,000</u>	<u>41,101,000</u>
Diluted earnings per share	<u>39,891,000</u>	<u>41,576,000</u>	<u>39,566,000</u>	<u>41,137,000</u>
Dividends per common share	<u>\$ 0.515</u>	<u>\$ 0.465</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)

	September 28, 2019	December 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 284,434	\$ 199,736
Short-term investments	31,596	40,058
Trade accounts receivable, less allowance of \$7,296 and \$6,413	598,415	691,604
Other receivables, including advances to independent contractors, less allowance of \$8,593 and \$6,216	25,384	23,744
Other current assets	30,921	16,287
Total current assets	970,750	971,429
Operating property, less accumulated depreciation and amortization of \$274,000 and \$250,153	270,430	284,032
Goodwill	38,232	38,232
Other assets	106,319	86,871
Total assets	<u>\$ 1,385,731</u>	<u>\$ 1,380,564</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Cash overdraft	\$ 44,625	\$ 55,339
Accounts payable	285,442	314,134
Current maturities of long-term debt	39,375	43,561
Insurance claims	51,320	40,176
Accrued compensation	10,477	29,489
Contractor escrow	25,521	25,202
Other current liabilities	26,996	27,917
Total current liabilities	483,756	535,818
Long-term debt, excluding current maturities	61,390	84,864
Insurance claims	33,024	30,429
Deferred income taxes and other non-current liabilities	51,586	40,320
Equity		
Landstar System, Inc. and subsidiary shareholders' equity		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 68,072,834 and 67,870,962 shares	681	679
Additional paid-in capital	225,937	226,852
Retained earnings	1,998,362	1,841,279
Cost of 28,609,926 and 27,755,001 shares of common stock in treasury	(1,465,284)	(1,376,111)
Accumulated other comprehensive loss	(3,721)	(5,875)
Total Landstar System, Inc. and subsidiary shareholders' equity	755,975	686,824
Noncontrolling interest	—	2,309
Total equity	755,975	689,133
Total liabilities and equity	<u>\$ 1,385,731</u>	<u>\$ 1,380,564</u>

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

	Thirty Nine Weeks Ended		Thirteen Weeks Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenue generated through (in thousands):				
Truck transportation				
Truckload:				
Van equipment	\$ 1,799,421	\$ 2,086,523	\$ 575,042	\$ 717,047
Unsided/platform equipment	980,615	1,039,784	331,787	375,739
Less-than-truckload	73,475	76,448	25,367	25,500
Total truck transportation	2,853,511	3,202,755	932,196	1,118,286
Rail intermodal	87,555	96,026	28,970	34,439
Ocean and air cargo carriers	89,258	82,719	30,365	31,213
Other (1)	59,374	51,293	20,127	18,143
	<u>\$ 3,089,698</u>	<u>\$ 3,432,793</u>	<u>\$ 1,011,658</u>	<u>\$ 1,202,081</u>
Revenue on loads hauled via BCO Independent Contractors (2) included in total truck transportation	\$ 1,390,135	\$ 1,519,344	\$ 466,207	\$ 520,391
Number of loads:				
Truck transportation				
Truckload:				
Van equipment	1,014,572	1,045,322	327,671	353,456
Unsided/platform equipment	391,112	388,759	130,192	133,425
Less-than-truckload	115,616	106,639	41,067	35,969
Total truck transportation	1,521,300	1,540,720	498,930	522,850
Rail intermodal	35,370	40,260	11,490	13,420
Ocean and air cargo carriers	22,150	21,250	7,340	8,220
	<u>1,578,820</u>	<u>1,602,230</u>	<u>517,760</u>	<u>544,490</u>
Loads hauled via BCO Independent Contractors (2) included in total truck transportation	722,870	717,470	239,210	236,580
Revenue per load:				
Truck transportation				
Truckload:				
Van equipment	\$ 1,774	\$ 1,996	\$ 1,755	\$ 2,029
Unsided/platform equipment	2,507	2,675	2,548	2,816
Less-than-truckload	636	717	618	709
Total truck transportation	1,876	2,079	1,868	2,139
Rail intermodal	2,475	2,385	2,521	2,566
Ocean and air cargo carriers	4,030	3,893	4,137	3,797
Revenue per load on loads hauled via BCO Independent Contractors (2)	\$ 1,923	\$ 2,118	\$ 1,949	\$ 2,200
Revenue by capacity type (as a % of total revenue):				
Truck capacity providers:				
BCO Independent Contractors (2)	45%	44%	46%	43%
Truck Brokerage Carriers	47%	49%	46%	50%
Rail intermodal	3%	3%	3%	3%
Ocean and air cargo carriers	3%	2%	3%	3%
Other	2%	1%	2%	2%
Truck Capacity Providers				
BCO Independent Contractors (2)			September 28, 2019	September 29, 2018
			9,738	9,751
Truck Brokerage Carriers:				
Approved and active (3)			39,963	40,151
Other approved			16,984	16,803
			<u>56,947</u>	<u>56,954</u>
Total available truck capacity providers			<u>66,685</u>	<u>66,705</u>
Trucks provided by BCO Independent Contractors (2)			10,441	10,443

(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
Third Quarter 2019
October 23, 2019*



Date Published: 10/23/2019

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 operational, financial and legal risks detailed in Landstar’s Form 10-K for the 2018 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.

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

2018 Results

\$4.6 billion in revenue

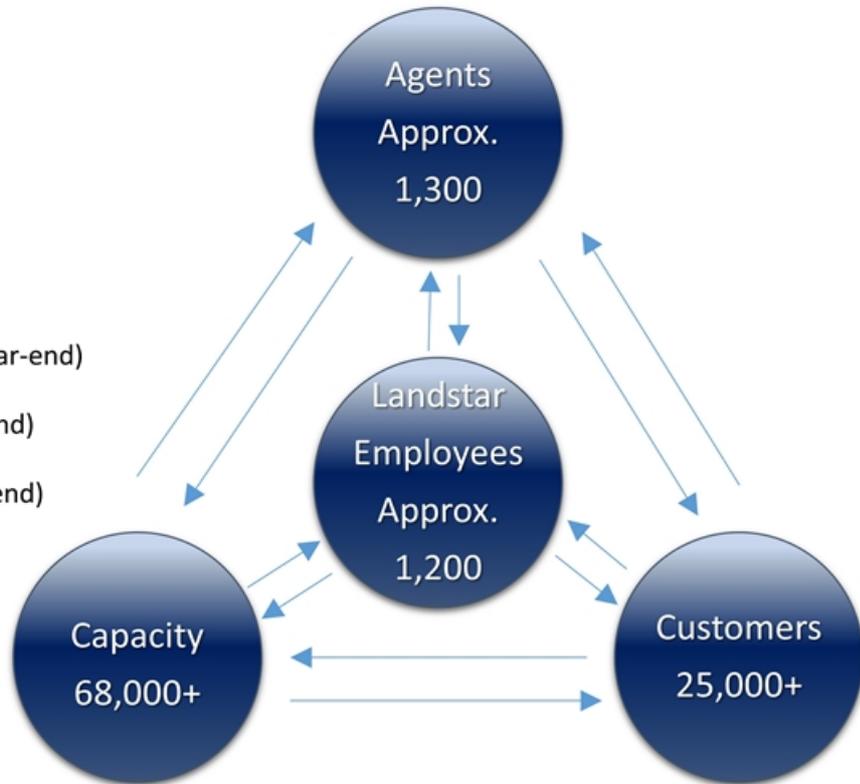
2.1 million loadings

608 million dollar agents

10,599 BCO trucks (2018 year-end)

59,054 Carriers (2018 year-end)

16,000+ Trailers (2018 year-end)



Transportation Management Services

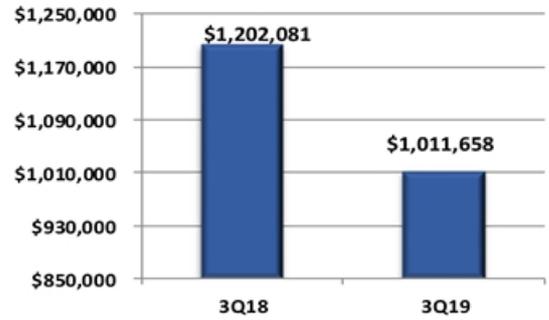
	Percentage of Revenue	
	3Q18	3Q19
Truck Transportation		
Truckload		
Van equipment	60%	57%
Unsided/platform equipment	31%	33%
Less-than-truckload	2%	3%
Rail intermodal	3%	3%
Ocean and air cargo	3%	3%

Revenue (*\$'s in thousands*)

Year-to-Date



Quarter



Year over Prior Year	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	- 9.8%	- 1.3%	- 10.9%
Rail Intermodal Revenue	3.8%	- 12.1%	- 8.8%
Ocean/Air Revenue	3.5%	4.2%	7.9%
Insurance Premiums	NA	NA	10.1%
Total Revenue			- 10.0%

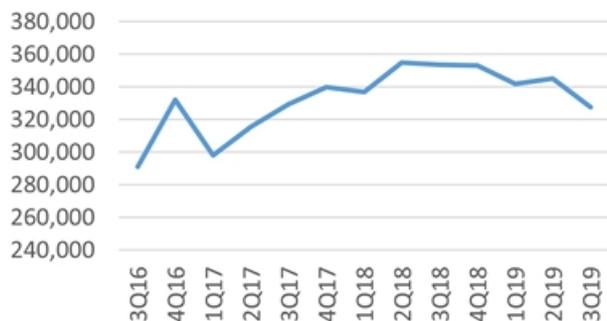
Qtr over Prior Year Qtr	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	- 12.6%	- 4.6%	- 16.6%
Rail Intermodal Revenue	- 1.8%	- 14.4%	- 15.9%
Ocean/Air Revenue	8.9%	- 10.7%	- 2.7%
Insurance Premiums	NA	NA	5.7%
Total Revenue			- 15.8%

- (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.

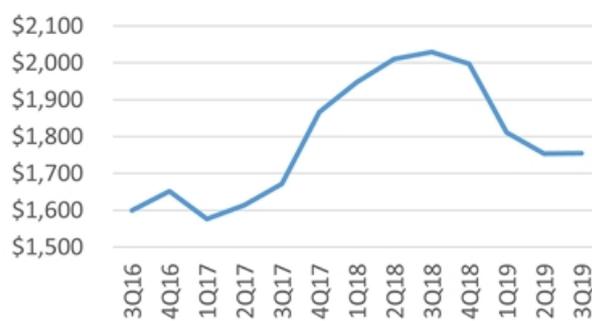
Truckload Loadings and Revenue per Load (Excludes LTL)

Van Equipment

Number of Loads (1)

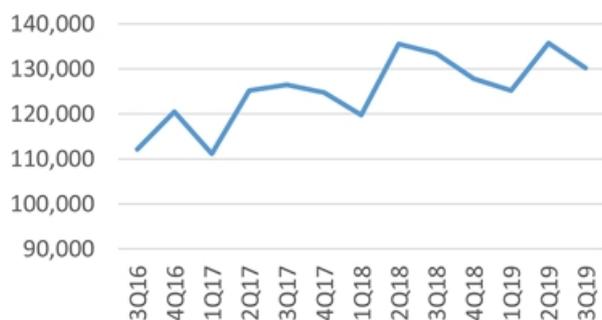


Revenue per Load

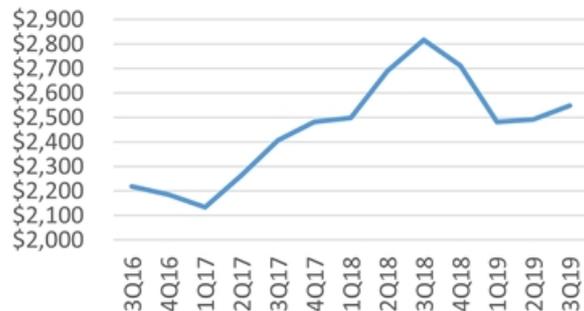


Unsided/Platform Equipment

Number of Loads (1)



Revenue per Load



(1) The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's 2018 and 2017 fourth quarters included thirteen weeks of operations whereas the 2016 fourth quarter included fourteen weeks.

Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Change in Revenue
	3Q18	3Q19	
Consumer Durables	23.2	24.6	-11%
Machinery	14.3	14.9	-13%
Automotive	8.3	7.0	-29%
Building Products	8.7	9.1	-11%
Metals	6.7	5.8	-27%
AA&E, Hazmat	8.4	8.9	-12%
Foodstuffs	5.5	4.2	-36%
Energy	2.8	3.9	16%
Other	22.1	21.6	-18%
Transportation Revenue	<u>100.0</u>	<u>100.0</u>	-16%

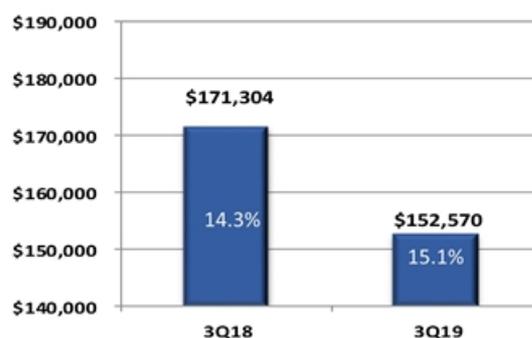
Gross Profit ⁽¹⁾ and Gross Profit Margin ⁽²⁾ (\$'s in thousands)

Year-to-Date



	3rd Qtr YTD ⁽³⁾
Changes in gross profit margin	%
2018 Period	14.5
Revenue - fixed gp margin	0.2
Revenue - variable gp margin	0.4
Change in mix and other	0.0
2019 Period	15.1

Quarter



	3rd Qtr ⁽³⁾
Changes in gross profit margin	%
2018 Period	14.3
Revenue - fixed gp margin	0.2
Revenue - variable gp margin	0.3
Change in mix and other	0.3
2019 Period	15.1

- (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% of revenue in both the 2018 and 2019 year-to-date periods, and 50% and 52% of revenue in the 2018 and 2019 third quarters, respectively.

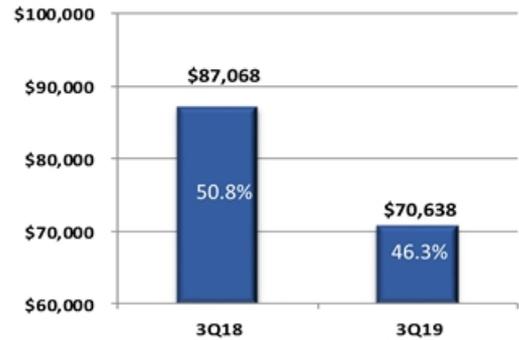
Operating Income and Operating Margin ⁽¹⁾

(\$'s in thousands)

Year-to-Date



Quarter



	3rd Qtr YTD
Changes in operating margin	%
2018 Period	49.3
Other operating costs	-1.3
Insurance and claims	0.0
SG&A	2.4
Depreciation and amortization	-0.6
2019 Period	49.8

	3rd Qtr
Changes in operating margin	%
2018 Period	50.8
Other operating costs	-1.6
Insurance and claims	-4.5
SG&A	2.3
Depreciation and amortization	-0.7
2019 Period	46.3

(1) Operating margin equals operating income divided by gross profit.

Truck Capacity Data

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

	Sep 29, 2018 ⁽²⁾	Dec 29, 2018	Sep 28, 2019 ⁽²⁾
BCO Independent Contractors	9,751	9,884	9,738
Truck Brokerage Carriers:			
Approved and Active ⁽¹⁾	40,151	41,069	39,963
Other Approved	16,803	17,985	16,984
	56,954	59,054	56,947
Total Available Truck Capacity Providers	66,705	68,938	66,685
Trucks Provided by BCO Independent Contractors	10,443	10,599	10,441

(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 \$170.1 million and \$179.3 million in the 2019 and 2018 year-to-date periods, respectively, and \$56.3 million and \$62.3 million in the 2019 and 2018 third quarters, respectively.

Key Balance Sheet and Cash Flow Statistics

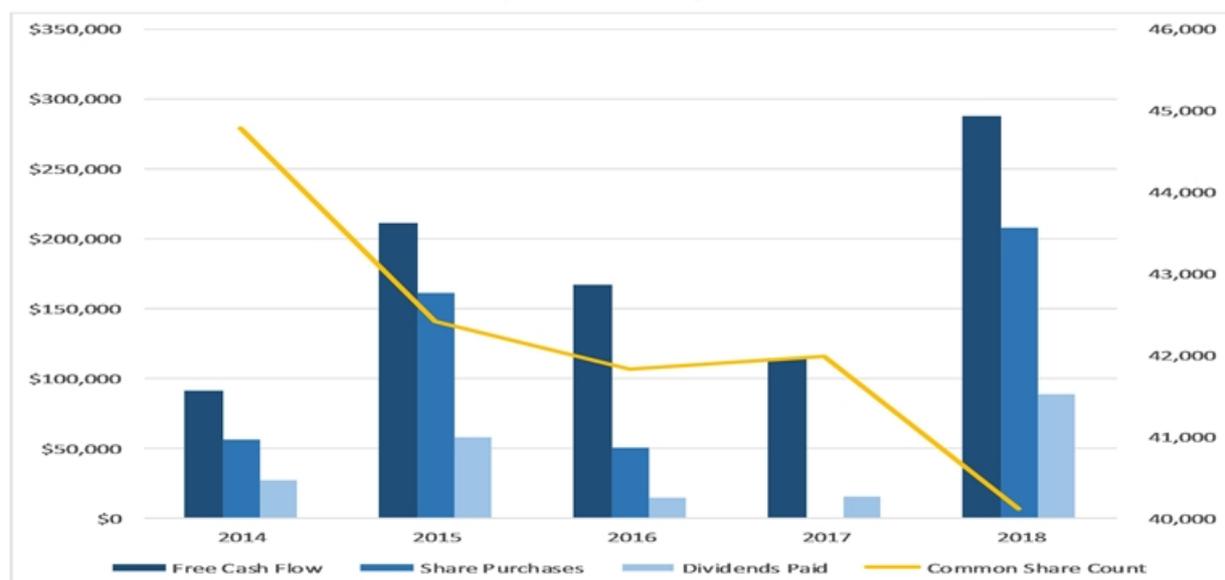
(\$'s in thousands)

	YTD Sep 29, 2018	YTD Sep 28, 2019
Balance sheet (period end amounts):		
Debt to Capital	14%	12%
Net Cash (1)	\$ 140,330	\$ 215,265
Cash flow:		
Cash flow from operations	\$ 204,205	\$ 260,714
Capital expenditures	\$ 7,325	\$ 15,199
Share repurchases	\$ 105,488	\$ 88,578
Dividends paid	\$ 82,261	\$ 20,589
Returns:		
TTM Return on Equity	37%	34%
TTM Return on Invested Capital	32%	29%
TTM Return on Assets	19%	18%

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

Free Cash Flow ⁽¹⁾, Stock Purchases and Dividends

(In Thousands)



Third quarter 2019 YTD	(000's)
Free cash flow (1)	\$ 245,515
Share purchases	\$ 88,578
Dividends paid	\$ 20,589
Ending common share count	39,463

(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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