

**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) January 27, 2021**



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 January 27, 2021, Landstar System, Inc. (“Landstar” or the “Company”) issued a press release announcing results for the fourth 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 January 27, 2021, 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 January 28, 2021 in connection with the Company’s release of results for the fourth quarter of fiscal 2020.

In the slide presentation attached hereto as Exhibit 99.2, the Company provides the following information that may be deemed a non-GAAP financial measure: (1) operating margin in the 2020 fiscal year period was 45.9%, excluding the impact of \$15.5 million in one-time costs related to the buyout of certain incentive commission arrangements with several of the Company’s independent commission sales agents due to the Company’s discontinuation of a truck owner-operator recruitment and retention program formerly involving those agents (the “Commission Program Termination Costs”) and \$12.6 million in one-time costs due to pandemic relief incentive payments made to the Company’s independent commission sales agents and BCO independent contractors in April and May 2020; and (2) operating margin was 54.8% in the 2020 fourth quarter period, excluding the Commission Program Termination Costs.

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 January 27, 2021 of Landstar System, Inc.](#)
- 99.2 [Slide Presentation dated January 27, 2021 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: January 27, 2021

LANDSTAR SYSTEM, INC.

By: /s/ James B. Gattoni

Name: James B. Gattoni

Title: President and Chief Executive Officer



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

For Immediate Release

Contact: Jim Gattoni
Landstar System, Inc.
www.landstar.com
904-398-9400

January 27, 2021

**LANDSTAR SYSTEM REPORTS ALL-TIME QUARTERLY RECORDS
WITH REVENUE OF \$1.296 BILLION AND DILUTED EARNINGS
PER SHARE OF \$1.70 IN THE 2020 FOURTH QUARTER**

Jacksonville, FL - Landstar System, Inc. (NASDAQ: LSTR) reported all-time quarterly records with revenue of \$1.296 billion and diluted earnings per share of \$1.70 in the 2020 fourth quarter. Diluted earnings per share in the quarter included a previously announced one-time cost of \$15.5 million, or \$0.31 per diluted share, related to buyouts of certain incentive commission arrangements with several of its independent sales agents due to the Company's discontinuation of a truck owner-operator recruitment and retention program formerly involving those agents. Landstar reported revenue of \$994.9 million and diluted earnings per share of \$1.27 in the 2019 fourth quarter. Gross profit in the 2020 fourth quarter of \$182.4 million, 23 percent above 2019 fourth quarter gross profit of \$148.7 million, was also an all-time Landstar quarterly record.

Truck transportation revenue hauled by independent business capacity owners ("BCOs") and truck brokerage carriers in the 2020 fourth quarter was \$1,201.7 million, or 93 percent of revenue, compared to \$911.8 million, or 92 percent of revenue, in the 2019 fourth quarter. Truckload transportation revenue hauled via van equipment in the 2020 fourth quarter was \$821.0 million compared to \$571.8 million in the 2019 fourth quarter. Truckload transportation revenue hauled via unsided/platform equipment in the 2020 fourth quarter was \$354.1 million compared to \$315.2 million in the 2019 fourth quarter. Revenue hauled by rail, air and ocean cargo carriers was \$75.7 million, or 6 percent of revenue, in the 2020 fourth quarter compared to \$63.0 million, or 6 percent of revenue, in the 2019 fourth quarter.

Return on average shareholders' equity was 28 percent and return on invested capital, representing net income divided by the sum of average equity plus average debt, was 25 percent in fiscal year 2020. Landstar purchased approximately 1,179,000 shares of its common stock during fiscal year 2020 at an aggregate cost of approximately \$116.0 million. The Company currently is authorized to purchase up to 1,821,030 shares of the Company's common stock under its previously announced share purchase program. As previously disclosed by the Company in a Form 8-K filed with the Securities and Exchange Commission on December 9, 2020, its Board of Directors declared a special one-time cash dividend in the amount of \$2.00 per share that was paid on January 22, 2021, to stockholders of record as of the close of business on January 8, 2021. In addition, Landstar announced today that its Board of Directors has declared a quarterly dividend of \$0.21 per share payable on March 12, 2021, to stockholders of record as of the close of business on February 15, 2021. It is currently the intention of the Board to pay dividends on a quarterly basis going forward. As of December 26, 2020, the Company had \$291 million in cash and short-term investments and \$216 million available for borrowings under the Company's senior credit facility, with the ability to increase borrowings to \$366 million using the facility's accordion feature.

"Landstar's 2020 fourth quarter performance was outstanding," said Landstar President and CEO Jim Gattoni. "Revenue, gross profit, and diluted earnings per share were each all-time quarterly records. Additionally, excluding the \$15.5 million one-time cost to buyout certain incentive commission arrangements with several agents, operating income and operating margin in the 2020 fourth quarter would have achieved all-time quarterly records. Revenue from truck loads hauled via van equipment exceeded the 2019 fourth quarter by 44 percent and revenue from truck loads hauled via unsided/platform equipment exceeded the 2019 fourth quarter by 12 percent. Consumer demand for durables, building products and e-commerce drove record van quarterly revenue. For loads hauled via van equipment in the 2020 fourth quarter compared to the 2019 fourth quarter, the number of loads increased 16 percent and revenue per load increased 24 percent. Moreover, the fourth quarter was the only quarter of fiscal year 2020 in which revenue from truck loads hauled via unsided/platform equipment exceeded that of the corresponding prior year quarter. The number of loads and revenue per load on loads hauled via unsided/platform equipment in the 2020 fourth quarter exceeded the 2019 fourth quarter by 7 percent and 5 percent, respectively."

Gattoni continued, “In our third quarter earnings release on October 21, 2020, we provided fourth quarter revenue guidance of \$1.15 billion to \$1.20 billion and fourth quarter diluted earnings per share guidance of \$1.32 to \$1.42. On November 17, 2020, we disclosed in a Form 8-K filed with the SEC and further explained at a webcast investor conference the next day that based on overall market conditions, we expected 2020 fourth quarter revenue and diluted earnings per share for the 2020 fourth quarter to be slightly above the high end of the previously issued guidance. The updated guidance provided on November 17, 2020 reflected truck load volume that at the time was trending near the high end of the previous guidance of high single digit percentage growth and revenue per load on loads hauled via truck trending above the 2019 fourth quarter in a mid-teen percentage range, as compared to the low double-digit percentage range reflected in our previously issued guidance. The year-over-year growth in the number of loads and revenue per load on loads hauled via truck in November and December continued to improve from October, with exceptional strength in substitute line haul services provided in support of e-commerce related demand during the holiday peak season. The number of loads hauled via truck in October, November and December exceeded the corresponding months of 2019 by 10 percent, 13 percent and 15 percent, respectively, while revenue per load on loads hauled via truck increased in October, November and December over the corresponding months of 2019 by 15 percent, 17 percent and 18 percent, respectively. Overall, truck load volume increased in the 2020 fourth quarter by 13% as compared to the 2019 fourth quarter, and truck revenue per load increased by 17% as compared to the 2019 fourth quarter. Ultimately, revenue in the 2020 fourth quarter was \$1.296 billion and diluted earnings per share for the 2020 fourth quarter was \$1.70.

Gattoni commented, “The achievement of revenue in excess of our guidance updated on November 17, 2020, primarily resulted from the continuing sequential increases Landstar experienced in the number of loads and revenue per load on loads hauled via truck from mid-November through the end of the fiscal year. Diluted earnings per share of \$1.70 in the 2020 fourth quarter significantly exceeded the high end of our initial guidance of \$1.42 due to the increase in revenue, actual insurance and claims costs that came in below the 4.8 percent of BCO revenue used in our previous guidance, and a lower effective income tax rate in the fourth quarter than initially anticipated.”

Gattoni further stated, “Landstar’s financial performance in 2020 was exceptional given the unprecedented impact of the COVID-19 pandemic on the U.S. economy and supply chains throughout the world, the softness in the U.S. manufacturing sector throughout the year, the transition of over 80 percent of the Company’s employees to work remotely beginning in March and the many other challenges experienced by Landstar customers, employees, agents, BCOs and other third party capacity providers in managing through the business and personal disruptions caused by the pandemic. The sudden closing of manufacturing facilities in the U.S. adversely impacted the financial results of Landstar’s 2020 second quarter with a decrease in diluted earnings per share of almost 60 percent compared to the 2019 second quarter. In light of the softness in U.S. manufacturing that continued beyond the 2020 second quarter, the Company’s financial performance in the back half of 2020 was remarkable. Revenue, gross profit, operating income and diluted earnings per share exceeded the back half of 2019 by 19 percent, 14 percent, 22 percent and 27 percent, respectively. Additionally, the Company ended the year with a record number of trucks provided by BCOs and a record number of approved third-party truck brokerage carriers. The resiliency of Landstar’s variable cost, light asset-based business model continues to shine.”

Gattoni continued, “January of any given year is typically the slowest month of the year. Through the first several weeks of January, the macroeconomic environment experienced throughout the back half of 2020 continued, characterized by strong consumer demand, relative softness in the U.S. industrial/manufacturing sector relative to sectors servicing consumers, and tight available truck capacity. I anticipate demand for substitute line haul services in the 2021 first quarter will return to the still very strong levels we experienced throughout September and October, before the steep spike in demand that took place during the holiday peak season. I expect these market conditions throughout the remainder of the 2021 first quarter and, as a result, revenue and diluted earnings per share in the 2021 first quarter to be well above that of the 2020 first quarter. From a revenue standpoint, I expect the number of loads hauled via truck in the 2021 first quarter to exceed the 2020 first quarter in a high single-digit percentage range.

I expect revenue per load on loads hauled via truck in the 2021 first quarter to exceed the 2020 first quarter in a mid-teen percentage range. As such, I anticipate revenue for the 2021 first quarter to be in a range of \$1.10 billion to \$1.15 billion.”

Gattoni concluded, “Based on the range of revenue estimated for the 2021 first quarter, I would anticipate diluted earnings per share to be in a range of \$1.55 to \$1.65. This range of diluted earnings per share includes insurance and claims expense estimated at 4.6 percent of BCO revenue.”

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 Fourth 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.

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

	Fiscal Years Ended		Fiscal Quarters Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
Revenue	\$ 4,132,981	\$ 4,084,577	\$ 1,296,355	\$ 994,879
Investment income	3,399	5,041	683	1,305
Costs and expenses:				
Purchased transportation	3,192,850	3,127,474	1,009,707	761,828
Commissions to agents	340,780	342,226	104,290	84,364
Other operating costs, net of gains/losses on asset sales/dispositions	30,463	37,274	7,428	8,743
Insurance and claims	87,773	80,319	21,210	25,071
Selling, general and administrative	167,633	158,953	42,854	38,236
Depreciation and amortization	45,855	44,468	11,643	11,423
Impairment of intangible and other assets	2,582	—	—	—
Commission program termination costs	15,494	—	15,494	—
Total costs and expenses	<u>3,883,430</u>	<u>3,790,714</u>	<u>1,212,626</u>	<u>929,665</u>
Operating income	252,950	298,904	84,412	66,519
Interest and debt expense	3,953	3,141	1,017	863
Income before income taxes	248,997	295,763	83,395	65,656
Income taxes	56,891	68,060	18,324	15,608
Net income	192,106	227,703	65,071	50,048
Less: Net loss attributable to noncontrolling interest	—	(17)	—	—
Net income attributable to Landstar System, Inc. and subsidiary	<u>\$ 192,106</u>	<u>\$ 227,720</u>	<u>\$ 65,071</u>	<u>\$ 50,048</u>
Earnings per common share attributable to Landstar System, Inc. and subsidiary	<u>\$ 4.98</u>	<u>\$ 5.72</u>	<u>\$ 1.70</u>	<u>\$ 1.27</u>
Diluted earnings per share attributable to Landstar System, Inc. and subsidiary	<u>\$ 4.98</u>	<u>\$ 5.72</u>	<u>\$ 1.70</u>	<u>\$ 1.27</u>
Average number of shares outstanding:				
Earnings per common share	<u>38,602,000</u>	<u>39,786,000</u>	<u>38,389,000</u>	<u>39,472,000</u>
Diluted earnings per share	<u>38,602,000</u>	<u>39,786,000</u>	<u>38,389,000</u>	<u>39,472,000</u>
Dividends per common share	<u>\$ 2.790</u>	<u>\$ 2.700</u>	<u>\$ 2.210</u>	<u>\$ 2.185</u>

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

	December 26, 2020	December 28, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 249,354	\$ 319,515
Short-term investments	41,375	32,901
Trade accounts receivable, less allowance of \$8,670 and \$7,284	764,169	588,549
Other receivables, including advances to independent contractors, less allowance of \$7,239 and \$7,667	134,757	35,553
Other current assets	18,520	21,370
Total current assets	<u>1,208,175</u>	<u>997,888</u>
Operating property, less accumulated depreciation and amortization of \$299,407 and \$280,849	296,996	285,855
Goodwill	40,949	38,508
Other assets	107,679	105,460
Total assets	<u>\$ 1,653,799</u>	<u>\$ 1,427,711</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Cash overdraft	\$ 74,748	\$ 53,878
Accounts payable	380,505	271,996
Current maturities of long-term debt	35,415	42,632
Insurance claims	149,774	44,532
Dividends payable	76,770	78,947
Other current liabilities	88,925	60,919
Total current liabilities	<u>806,137</u>	<u>552,904</u>
Long-term debt, excluding current maturities	65,359	70,212
Insurance claims	38,867	33,575
Deferred income taxes and other non-current liabilities	51,601	49,551
Shareholders' equity:		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 68,183,702 and 68,083,419 shares	682	681
Additional paid-in capital	228,875	226,123
Retained earnings	2,046,238	1,962,161
Cost of 29,797,639 and 28,609,926 shares of common stock in treasury	(1,581,961)	(1,465,284)
Accumulated other comprehensive loss	(1,999)	(2,212)
Total shareholders' equity	<u>691,835</u>	<u>721,469</u>
Total liabilities and shareholders' equity	<u>\$ 1,653,799</u>	<u>\$ 1,427,711</u>

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

	Fiscal Years Ended		Fiscal Quarters Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
Revenue generated through (in thousands):				
Truck transportation				
Truckload:				
Van equipment	\$ 2,515,940	\$ 2,371,188	\$ 821,024	\$ 571,767
Unsided/platform equipment	1,202,295	1,295,817	354,108	315,202
Less-than-truckload	97,546	98,324	26,562	24,849
Total truck transportation	3,815,781	3,765,329	1,201,694	911,818
Rail intermodal	114,313	118,305	32,566	30,750
Ocean and air cargo carriers	132,180	121,485	43,178	32,227
Other (1)	70,707	79,458	18,917	20,084
	<u>\$ 4,132,981</u>	<u>\$ 4,084,577</u>	<u>\$ 1,296,355</u>	<u>\$ 994,879</u>
Revenue on loads hauled via BCO Independent Contractors (2) included in total truck transportation	\$ 1,866,526	\$ 1,831,752	\$ 554,523	\$ 441,617
Number of loads:				
Truck transportation				
Truckload:				
Van equipment	1,318,768	1,337,089	372,651	322,517
Unsided/platform equipment	487,348	513,579	130,678	122,467
Less-than-truckload	163,024	155,592	43,491	39,976
Total truck transportation	1,969,140	2,006,260	546,820	484,960
Rail intermodal	46,280	47,590	12,870	12,220
Ocean and air cargo carriers	31,900	30,110	9,180	7,960
	<u>2,047,320</u>	<u>2,083,960</u>	<u>568,870</u>	<u>505,140</u>
Loads hauled via BCO Independent Contractors (2) included in total truck transportation	945,210	954,990	251,350	232,120
Revenue per load:				
Truck transportation				
Truckload:				
Van equipment	\$ 1,908	\$ 1,773	\$ 2,203	\$ 1,773
Unsided/platform equipment	2,467	2,523	2,710	2,574
Less-than-truckload	598	632	611	622
Total truck transportation	1,938	1,877	2,198	1,880
Rail intermodal	2,470	2,486	2,530	2,516
Ocean and air cargo carriers	4,144	4,035	4,703	4,049
Revenue per load on loads hauled via BCO Independent Contractors (2)	\$ 1,975	\$ 1,918	\$ 2,206	\$ 1,903
Revenue by capacity type (as a % of total revenue)				
Truck capacity providers:				
BCO Independent Contractors (2)	45%	45%	43%	44%
Truck Brokerage Carriers	47%	47%	50%	47%
Rail intermodal	3%	3%	3%	3%
Ocean and air cargo carriers	3%	3%	3%	3%
Other	2%	2%	1%	2%
Truck Capacity Providers				
			December 26, 2020	December 28, 2019
BCO Independent Contractors (2)			10,242	9,554
Truck Brokerage Carriers:				
Approved and active (3)			46,053	39,497
Other approved			22,972	16,820
			<u>69,025</u>	<u>56,317</u>
Total available truck capacity providers			79,267	65,871
Trucks provided by BCO Independent Contractors (2)			10,991	10,243

- (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
Fourth Quarter 2020
January 27, 2021



Date Published: 01/27/2021

Forward Looking Statements Disclaimer:

The following is a “safe harbor” statement under the Private Securities Litigation Reform Act of 1995. Statements made in this slide presentation that are not based on historical facts are “forward looking statements.” This presentation 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 the 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.

Non-GAAP Financial Measures:

In this slide presentation, the Company provides the following information that may be deemed a non-GAAP financial measure: (1) operating margin in the 2020 fiscal year period, excluding the impact of the one-time costs to buyout certain incentive commission arrangements with several agents (the “Commission Buyout Costs”) and the one-time costs of pandemic relief incentive payments made to the Company’s agents and BCOs in April and May 2020; and (2) operating margin in the 2020 fourth quarter period, excluding the Commission Buyout Costs.

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

2020 Results

\$4.1 billion in revenue

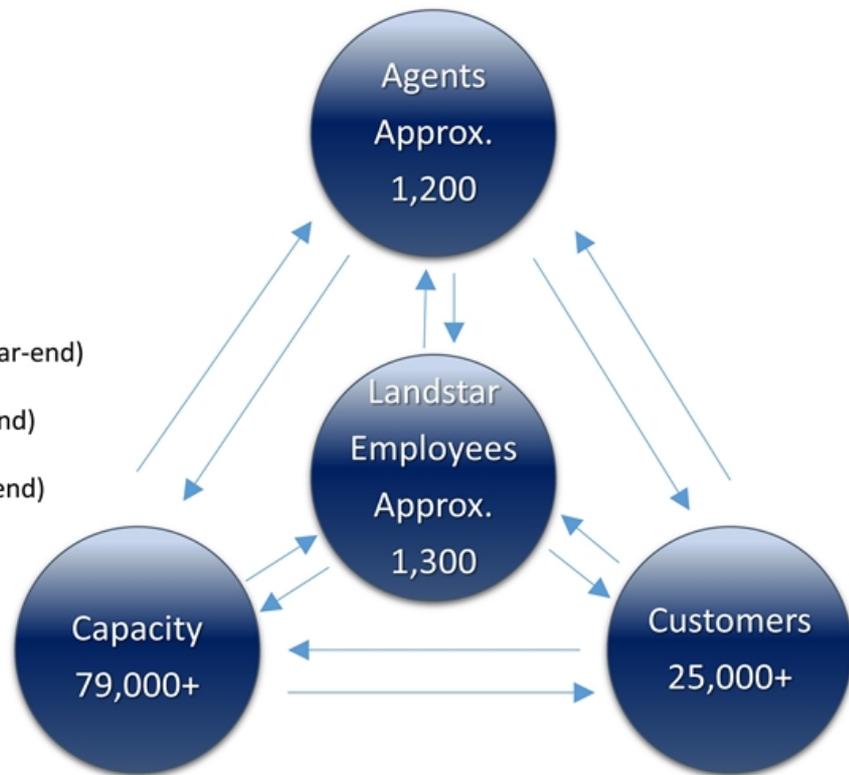
2.0 million loadings

508 million dollar agents

10,991 BCO trucks (2020 year-end)

69,025 Carriers (2020 year-end)

17,000+ Trailers (2020 year-end)

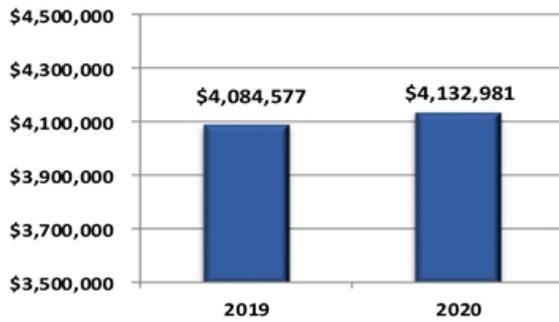


Transportation Management Services

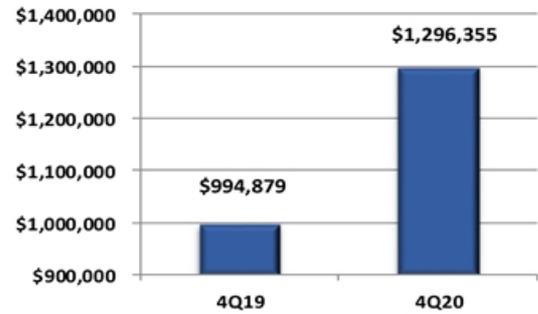
	Percentage of Revenue	
	4Q19	4Q20
Truck Transportation		
Truckload		
Van equipment	57%	63%
Unsided/platform equipment	32%	27%
Less-than-truckload	2%	2%
Rail intermodal	3%	3%
Ocean and air cargo	3%	3%

Revenue (\$'s in thousands)

Fiscal Year



Quarter



Year over Prior Year	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	3.3%	-1.9%	1.3%
Rail Intermodal Revenue	-0.6%	-2.8%	-3.4%
Ocean/Air Revenue	2.7%	5.9%	8.8%
Insurance Premiums	NA	NA	0.4%
Total Revenue			1.2%

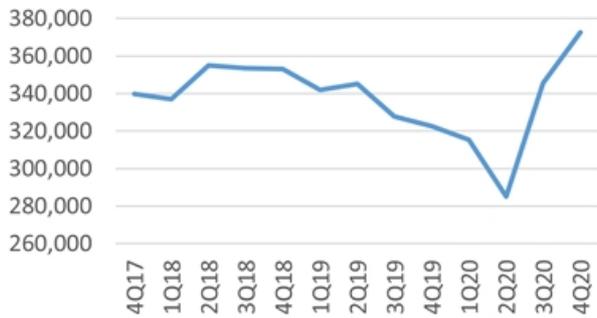
Qtr over Prior Year Qtr	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	16.9%	12.8%	31.8%
Rail Intermodal Revenue	0.6%	5.3%	5.9%
Ocean/Air Revenue	16.2%	15.3%	34.0%
Insurance Premiums	NA	NA	7.4%
Total Revenue			30.3%

- (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.

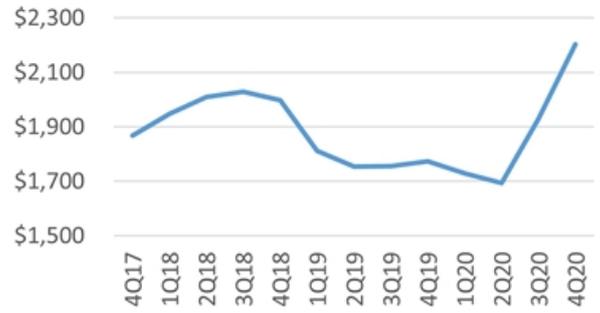
Truckload Loadings and Revenue per Load (Excludes LTL)

Van Equipment

Number of Loads

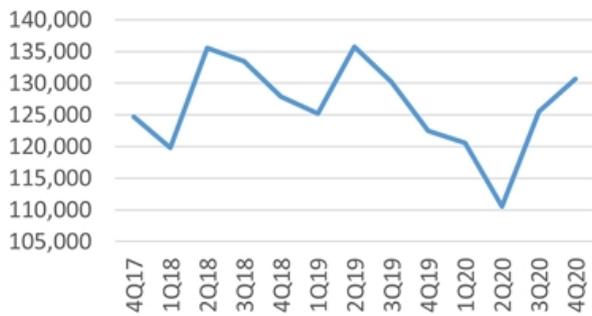


Revenue per Load

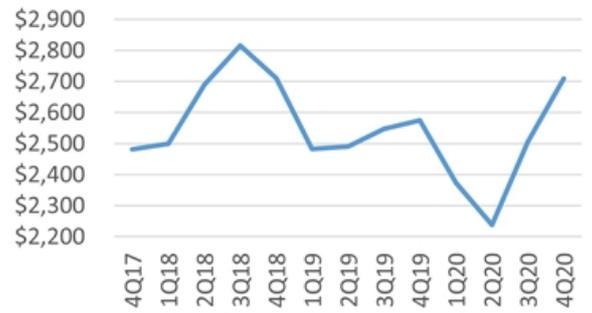


Unsided/Platform Equipment

Number of Loads



Revenue per Load

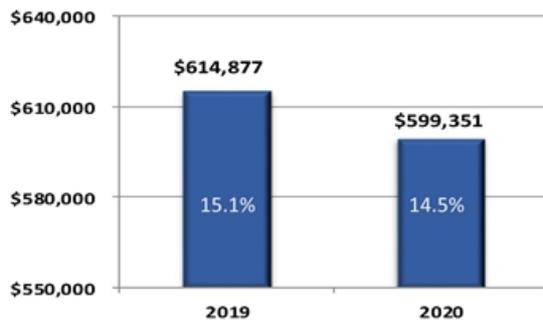


Industries Served

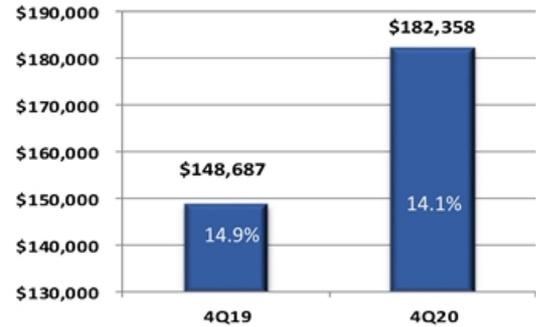
	As a Percentage of Transportation Revenue		Quarter over Prior Year Quarter Growth
	4Q19	4Q20	
Consumer Durables	24.6	28.0	48%
Machinery	14.1	10.8	0%
Building Products	9.0	8.9	29%
AA&E, Hazmat	8.2	8.0	27%
Automotive	7.7	8.0	36%
Foodstuffs	4.5	4.3	25%
Metals	5.7	4.4	3%
Substitute Line Haul	4.4	7.4	120%
Other	21.8	20.2	21%
Transportation Revenue	<u>100.0</u>	<u>100.0</u>	31%

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

Fiscal Year ⁽⁴⁾



Quarter



	Fiscal Year ⁽³⁾
Changes in gross profit margin	%
2019 Period	15.1
Revenue - fixed gp margin	0.1
Revenue - variable gp margin	-0.2
Pandemic relief ⁽⁴⁾	-0.3
Change in mix and other	-0.2
2020 Period	14.5

	4th Qtr ⁽³⁾
Changes in gross profit margin	%
2019 Period	14.9
Revenue - fixed gp margin	0.1
Revenue - variable gp margin	-0.5
Pandemic relief	0.0
Change in mix and other	-0.4
2020 Period	14.1

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

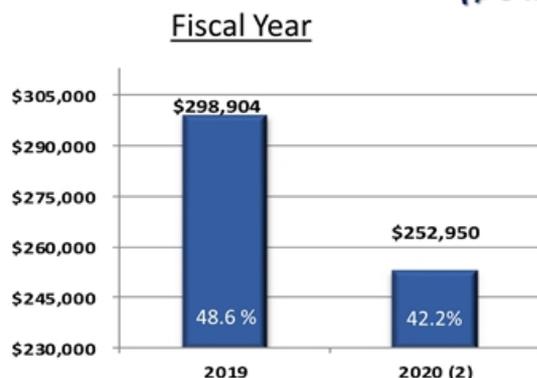
(2) Gross profit margin equals gross profit divided by revenue.

(3) Revenue on transactions with a fixed gross profit margin was 51% and 50% of revenue in the 2019 and 2020 fiscal year periods, respectively, and 51% and 47% of revenue in the 2019 and 2020 fourth quarters, respectively.

(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)



	Fiscal Year
Changes in operating margin	%
2019 Period	48.6
Other operating costs	1.0
Insurance and claims	-1.8
SG&A	-2.1
Depreciation and amortization	-0.4
Impairment	-0.5
Commission program termination costs	-2.6
2020 Period	42.2

	4th Qtr
Changes in operating margin	%
2019 Period	44.7
Other operating costs	1.8
Insurance and claims	4.8
SG&A	2.2
Depreciation and amortization	1.3
Impairment	0.0
Commission program termination costs	-8.5
2020 Period	46.3

- (1) Operating margin equals operating income divided by gross profit.
- (2) Excluding the impact of the \$15.5 million one-time cost related to buyouts of certain agent incentive commission arrangements and the \$12.6 million of pandemic relief incentive payments from the 2020 fiscal year period, operating margin was 45.9% in the 2020 fiscal year period.
- (3) Excluding the impact of the \$15.5 million one-time cost related to buyouts of certain incentive commission arrangements from the 2020 fourth quarter, operating margin was 54.8% in the 2020 fourth quarter.

Truck Capacity Data

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

	Dec 28, 2019 ⁽²⁾	Dec 26, 2020 ⁽²⁾
BCO Independent Contractors	9,554	10,242
Truck Brokerage Carriers:		
Approved and Active ⁽¹⁾	39,497	46,053
Other Approved	16,820	22,972
	56,317	69,025
Total Available Truck Capacity Providers	65,871	79,267
Trucks Provided by BCO Independent Contractors	10,243	10,991

(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 \$168.8 million and \$225.4 million in the 2020 and 2019 year- to- date periods, respectively, and \$41.1 million and \$55.3 million in the 2020 and 2019 fourth quarters, respectively.

Key Balance Sheet and Cash Flow Statistics

(\$'s in thousands)

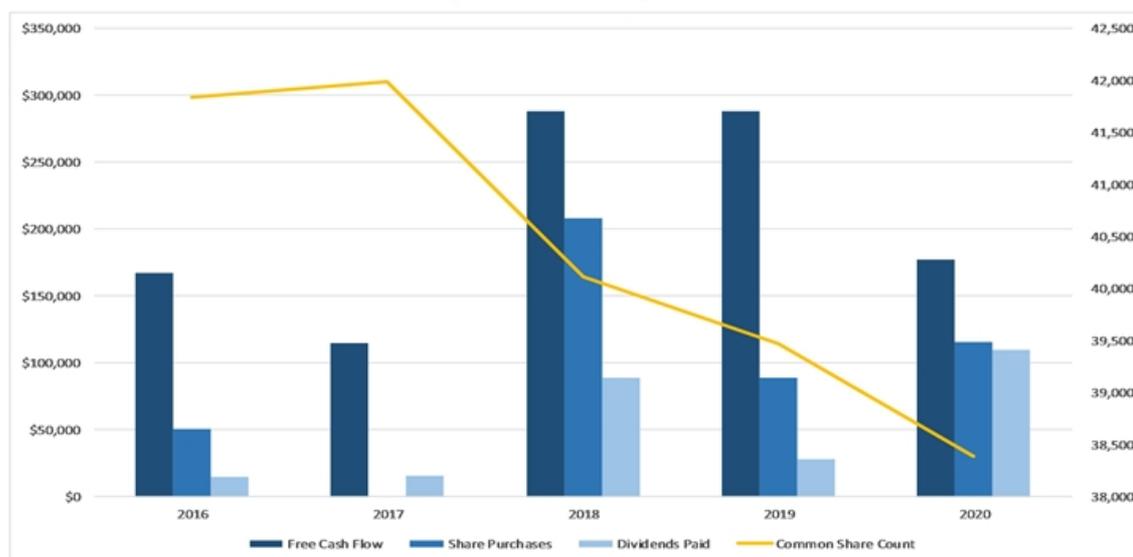
	YTD Dec 28, 2019	YTD Dec 26, 2020
Balance sheet (period end amounts):		
Debt to Capital	14%	13%
Net Cash (1)	\$ 239,572	\$ 189,955
Cash flow:		
Cash flow from operations	\$ 307,840	\$ 210,717
Capital expenditures (2)	\$ 19,416	\$ 33,392
Share repurchases	\$ 88,578	\$ 115,962
Dividends paid	\$ 27,891	\$ 109,504
Returns:		
TTM Return on Equity	31%	28%
TTM Return on Invested Capital	27%	25%
TTM Return on Assets	17%	14%

(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 \$30.6 million and approximately \$2.8 million for the acquisition of a business during the 2020 year-to-date period.

Free Cash Flow ⁽¹⁾, Stock Purchases and Dividends

(In Thousands)



2020	(000's)
Free cash flow (1)	\$ 177,325
Share purchases	\$ 115,962
Dividends paid	\$ 109,504
Ending common share count	38,386

(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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