

DESIGNED TO RESPOND
BUILT TO DELIVER



Landstar System, Inc.
Earnings Conference Call
Fourth Quarter 2018
January 30, 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 2017 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

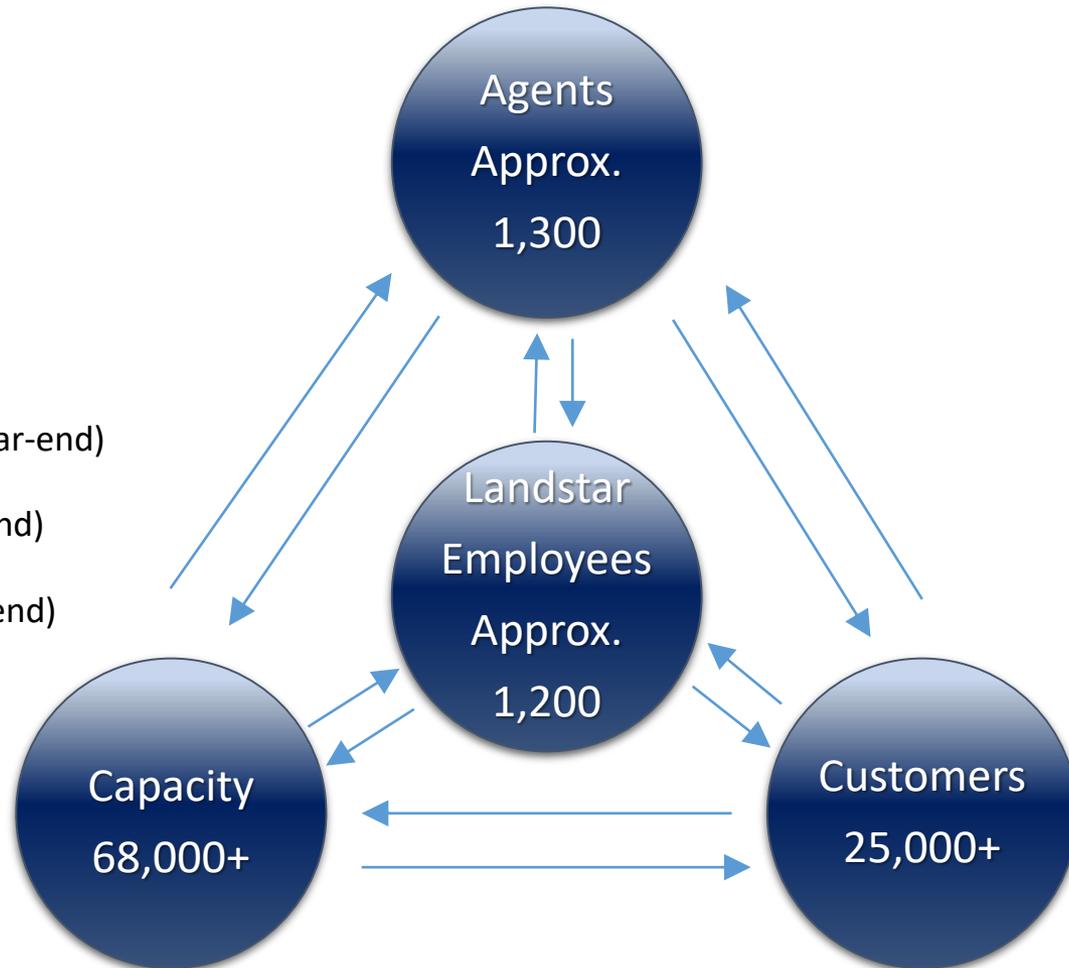
2.1 million loadings

608 million dollar agents

10,599 BCO trucks (2018 year-end)

59,054 Carriers (2018 year-end)

16,000+ Trailers (2018 year-end)

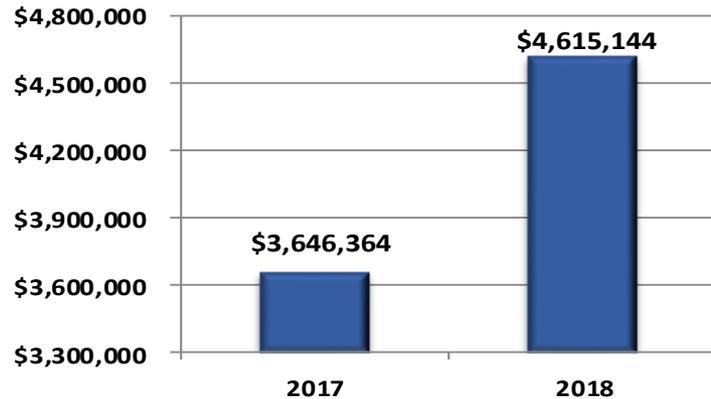


Transportation Management Services

	Percentage of Revenue	
	4Q17	4Q18
Truck Transportation		
Truckload		
Van equipment	60%	60%
Unsided/platform equipment	29%	29%
Less-than-truckload	2%	2%
Rail intermodal	3%	3%
Ocean and air cargo	4%	4%

Revenue (\$'s in thousands)

Fiscal Year



Quarter



Year over Prior Year	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	16.7%	8.3%	26.4%
Rail Intermodal Revenue	13.5%	17.8%	33.8%
Ocean/Air Revenue	6.5%	14.0%	21.4%
Insurance Premiums	NA	NA	11.4%
Total Revenue			26.6%

Qtr over Prior Year Qtr	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	6.9%	4.2%	11.4%
Rail Intermodal Revenue	20.1%	- 1.5%	18.3%
Ocean/Air Revenue	21.5%	6.2%	29.0%
Insurance Premiums	NA	NA	14.9%
Total Revenue			12.4%

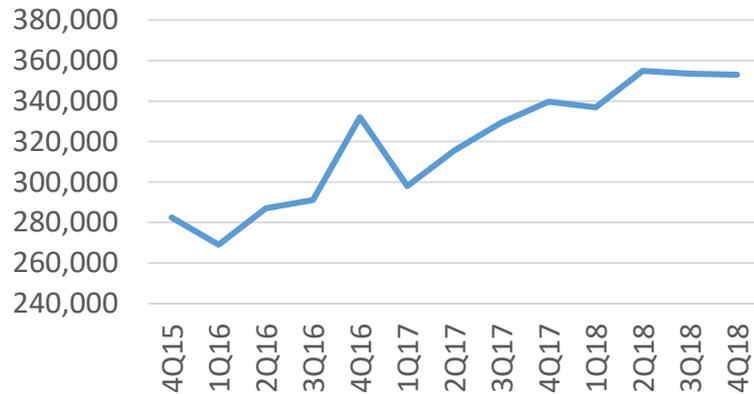
(1) Percentage change in rate is calculated on a revenue per load basis.

(2) Percentage change in volume is calculated on the number of loads hauled.

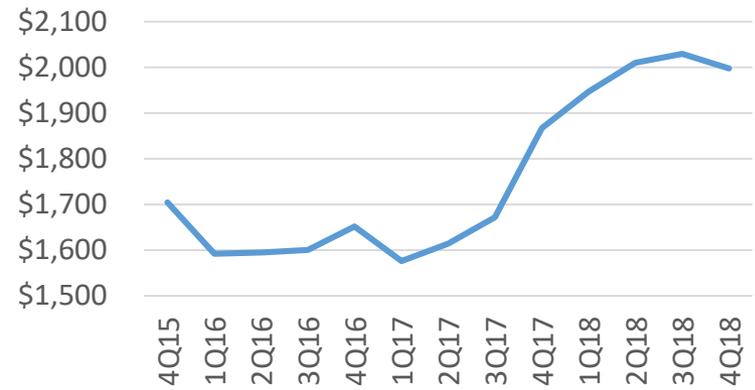
Truckload Loadings and Revenue per Load (Excludes LTL)

Van Equipment

Number of Loads ⁽¹⁾

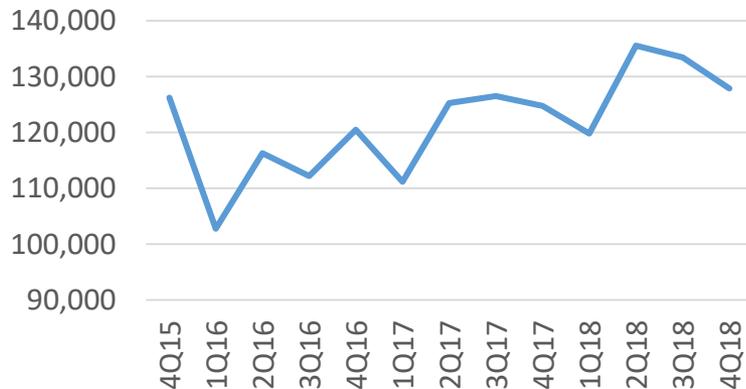


Revenue per Load

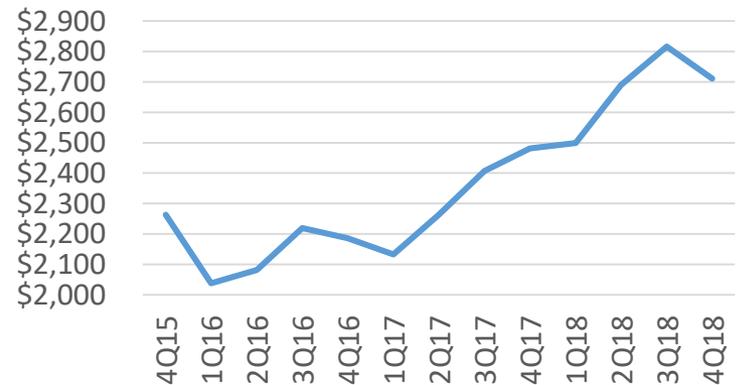


Unsided/Platform Equipment

Number of Loads ⁽¹⁾



Revenue per Load



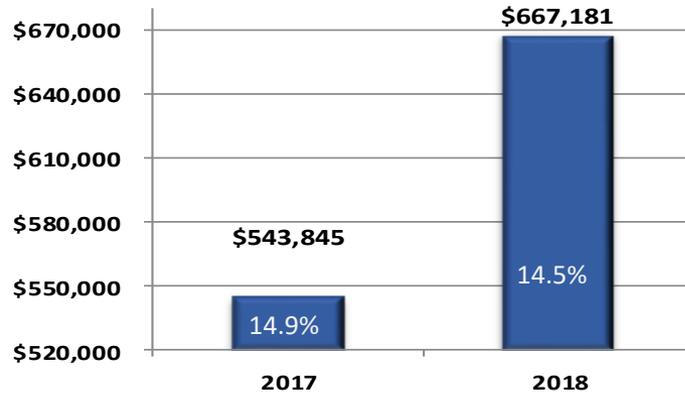
(1) The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's 2018, 2017, and 2015 fourth quarters included thirteen weeks of operations whereas the 2016 fourth quarter included fourteen weeks.

Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Growth
	4Q17	4Q18	
Consumer Durables	23.2	24.2	17%
Machinery	13.4	13.6	14%
Automotive	7.3	9.1	41%
Building Products	9.1	8.3	2%
Metals	6.2	5.8	5%
AA&E, Hazmat	7.5	7.1	7%
Foodstuffs	5.4	4.1	-16%
Energy	2.8	2.8	13%
Other	25.1	25.0	12%
Transportation Revenue	<u>100.0</u>	<u>100.0</u>	12%

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

Fiscal Year



Quarter



	Fiscal Year ⁽³⁾
Changes in gross profit margin	%
2017 Period	14.9
Revenue - fixed gp margin	-0.1
Revenue - variable gp margin	0.0
Change in mix and other	-0.3
2018 Period	14.5

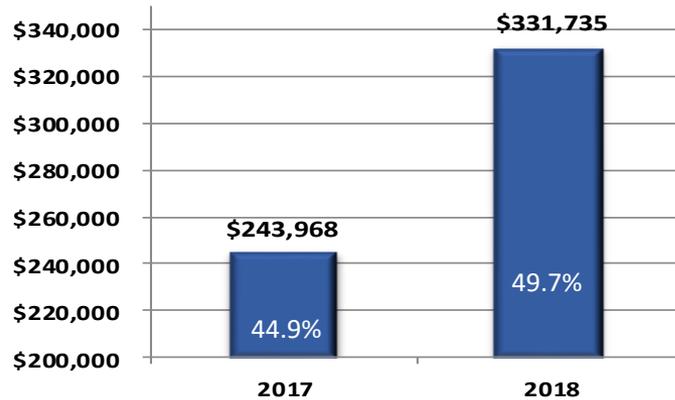
	4th Qtr ⁽³⁾
Changes in gross profit margin	%
2017 Period	14.2
Revenue - fixed gp margin	-0.1
Revenue - variable gp margin	0.4
Change in mix and other	-0.2
2018 Period	14.3

- (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 53% and 50% of revenue in the 2017 and 2018 year-to-date periods, respectively, and 50% and 48% of revenue in the 2017 and 2018 fourth quarters, respectively.

Operating Income and Operating Margin ⁽¹⁾

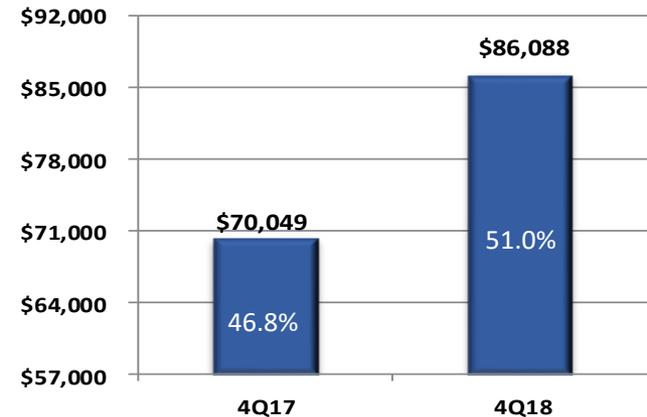
(\$'s in thousands)

Fiscal Year



	Fiscal Year
Changes in operating margin	%
2017 Period	44.9
Other operating costs	0.5
Insurance and claims	0.2
SG&A	3.2
Depreciation and amortization	0.9
2018 Period	49.7

Quarter



	4th Qtr
Changes in operating margin	%
2017 Period	46.8
Other operating costs	-0.4
Insurance and claims	0.3
SG&A	3.8
Depreciation and amortization	0.5
2018 Period	51.0

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

Truck Capacity Data

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

	Dec 30, 2017 ⁽²⁾	Dec 29, 2018 ⁽²⁾
BCO Independent Contractors	9,087	9,884
Truck Brokerage Carriers:		
Approved and Active ⁽¹⁾	34,243	41,069
Other Approved	15,691	17,985
	49,934	59,054
Total Available Truck Capacity Providers	59,021	68,938
Trucks Provided by BCO Independent Contractors	9,696	10,599

(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 \$241.7 million and \$170.8 million in the 2018 and 2017 year-to-date periods, respectively, and \$62.3 million and \$48.8 million in the 2018 and 2017 fourth quarters, respectively.

Key Balance Sheet and Cash Flow Statistics

(\$'s in thousands)

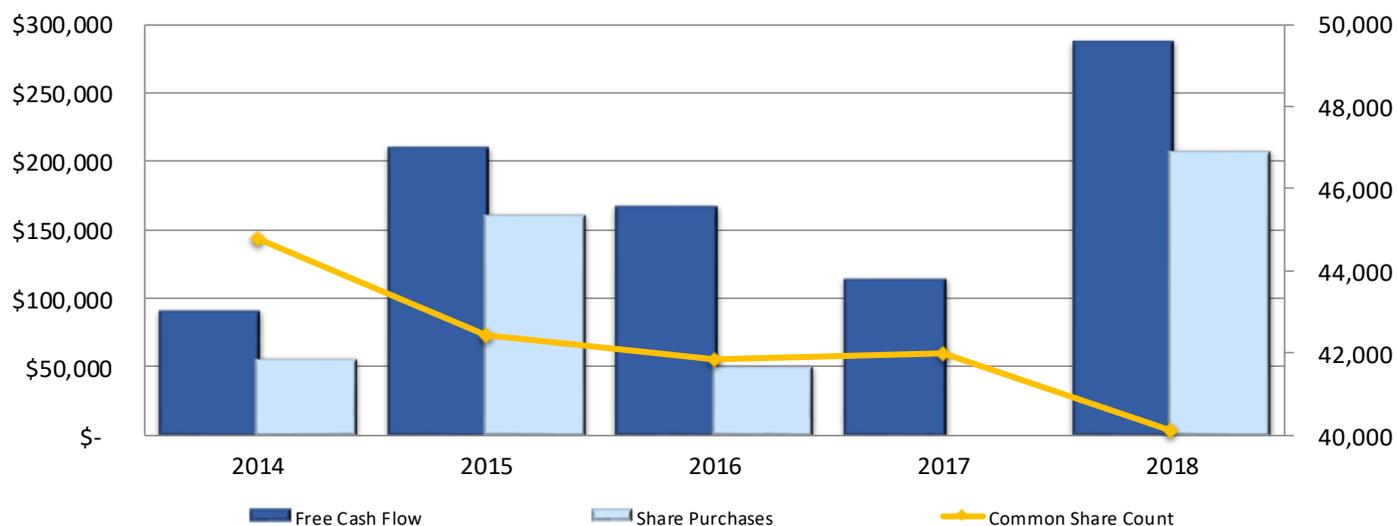
	YTD Dec 30, 2017	YTD Dec 29, 2018
Balance sheet (period end amounts):		
Debt to Capital	16%	16%
Net Cash ⁽¹⁾	\$ 166,231	\$ 111,369
Cash flow:		
Cash flow from operations	\$ 138,963	\$ 297,901
Capital expenditures ⁽²⁾	\$ 24,046	\$ 9,747
Share repurchases	\$ -	\$ 208,087
Dividends paid	\$ 15,938	\$ 88,918
Returns:		
TTM Return on Equity	29%	37%
TTM Return on Invested Capital	24%	32%
TTM Return on Assets	15%	19%

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

(2) Capital expenditures includes approximately \$8.5 million for the acquisition of a business during the 2017 year-to-date period.

Free Cash Flow ⁽¹⁾ / Share Purchases

(In Thousands)



Fourth quarter 2018 YTD	(000's)
Free cash flow (1)	\$ 288,154
Share purchases	\$ 208,087
Ending common share count	40,116

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

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