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

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**FORM 8-K**

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**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 25, 2018**

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**LANDSTAR SYSTEM, INC.**

(Exact name of registrant as specified in its charter)

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**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)

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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))

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. ☐

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Item 2.02                      Results of Operations and Financial Condition

On July 25, 2018, Landstar System, Inc. issued a press release announcing results for the second quarter of fiscal 2018. 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 25, 2018, 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 26, 2018 in connection with the Company’s release of results for the second quarter of fiscal 2018.

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 25, 2018 of Landstar System, Inc.](#)

99.2                      [Slide Presentation dated July 25, 2018 of Landstar System, Inc.](#)

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: July 25, 2018

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](http://www.landstar.com)  
904-398-9400

July 25, 2018

**LANDSTAR SYSTEM REPORTS RECORD QUARTERLY  
REVENUE OF \$1.183 BILLION AND RECORD SECOND QUARTER DILUTED  
EARNINGS PER SHARE OF \$1.51**

Jacksonville, FL – Landstar System, Inc. (NASDAQ: LSTR) reported record quarterly revenue of \$1.183 billion in the 2018 second quarter, a 36 percent increase over the \$870 million revenue reported in the 2017 second quarter. Net income of \$62.5 million and diluted earnings per share of \$1.51 were each second quarter records and increased 67 percent and 70 percent, respectively, over net income and diluted earnings per share in the 2017 second quarter. Gross profit (defined as revenue less the cost of purchased transportation and commissions to agents) in the 2018 second quarter was \$171.4 million, 29 percent above the 2017 second quarter, while 2018 second quarter operating income was \$83.4 million, 37 percent above the 2017 second quarter. Gross profit and operating income in the 2018 second quarter were both all-time quarterly records.

Truck transportation revenue hauled by independent business capacity owners (“BCOs”) and truck brokerage carriers in the 2018 second quarter was \$1.105 billion, or 93 percent of revenue, compared to \$815.6 million, or 94 percent of revenue, in the 2017 second quarter. Truckload transportation revenue hauled via van equipment in the 2018 second quarter was \$713.3 million compared to \$509.1 million in the 2017 second quarter. Truckload transportation revenue hauled via unsided/platform equipment in the 2018 second quarter was \$364.7 million compared to \$283.5 million in the 2017 second quarter. Revenue hauled by rail, air and ocean cargo carriers was \$60.3 million, or 5 percent of revenue, in the 2018 second quarter compared to \$43.1 million, or 5 percent of revenue, in the 2017 second quarter.

Landstar purchased approximately 986,000 shares of its common stock during the 2018 second quarter at an aggregate cost of approximately \$104.0 million. Currently, the Company is authorized to purchase up to an additional 2,000,000 shares of the Company's common stock under Landstar's previously announced share purchase programs. As of June 30, 2018, the Company had \$189 million in cash and short term investments and \$216 million available for borrowings under the Company's senior credit facility.

In addition, Landstar announced today that its Board of Directors has declared a quarterly dividend of \$0.165 per share payable on August 31, 2018, to stockholders of record as of the close of business on August 13, 2018. This quarterly dividend includes a 10 percent increase to the amount of the Company's regular quarterly dividend declared following each of the prior two quarters. It is currently the intention of the Board to pay dividends on a quarterly basis going forward.

"I am extremely pleased with the financial performance of the Landstar model during the 2018 second quarter," said Landstar's President and Chief Executive Officer Jim Gattoni. "The 2018 second quarter established all-time Landstar quarterly records for revenue, gross profit and operating income while diluted earnings per share was a second quarter record. The Company also set new all-time Landstar records for trucks provided by BCOs with 10,155 as of the end of the quarter and net truck additions in a single quarter with the net addition of 287 trucks in the second quarter."

Gattoni continued, "Demand for our services was strong throughout the 2018 first half. The number of loads hauled via truck in the 2018 second quarter was an all-time quarterly record and increased 11 percent over the 2017 second quarter, driven by a 13 percent increase in the number of loads hauled via van equipment, an 8 percent increase in the number of loads hauled via unsided/platform equipment and an 8 percent increase in less-than-truckload volume. The number of loads hauled via railroads, ocean cargo carriers and air cargo carriers was 23 percent higher in the 2018 second quarter compared to the 2017 second quarter, primarily due to a 32 percent increase in rail intermodal volume."

Gattoni further commented, “As expected, the pricing environment for our truckload services continued to be very strong in the 2018 second quarter, as industry-wide truck capacity continued to be very tight. Revenue per load on loads hauled via van equipment increased 25 percent over the 2017 second quarter and revenue per load on loads hauled via unsided/platform equipment increased 19 percent over the 2017 second quarter. As a result, revenue per load on loads hauled via truck was 22 percent higher than the 2017 second quarter.”

Gattoni continued, “Through the first few weeks of July our truck load volumes continue to reflect strong demand. I expect that demand to continue through the 2018 third quarter and, therefore, expect the number of loads hauled via truck in the 2018 third quarter to approximate the number of loads hauled in the 2018 second quarter. My expectation is that pricing conditions for truck services in the 2018 third quarter will continue to be very strong with little change in the level of demand or available truck capacity. Assuming those conditions remain, I expect 2018 third quarter truck revenue per load to be higher than the 2017 third quarter in a 19 to 22 percent range. I anticipate record revenue for the 2018 third quarter in a range of \$1.175 billion to \$1.225 billion. Assuming that range of estimated revenue and insurance and claims expense at 3.5 percent of projected BCO revenue, representing average insurance and claims costs as a percent of BCO revenue over the past five years, I would anticipate record diluted earnings per share in the 2018 third quarter in a range of \$1.58 to \$1.64 per share compared to \$1.01 per diluted share in the 2017 third quarter.”

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](http://www.landstar.com); click on “Investor Relations” and “Webcasts,” then click on “Landstar’s Second Quarter 2018 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 2017 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 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Revenue	\$ 2,230,712	\$ 1,651,342	\$ 1,182,786	\$ 870,434
Investment income	1,752	1,022	891	608
Costs and expenses:				
Purchased transportation	1,727,237	1,263,111	916,940	667,588
Commissions to agents	176,524	134,080	94,399	70,282
Other operating costs, net of gains on asset sales/dispositions	15,210	14,400	7,606	7,503
Insurance and claims	38,899	28,406	21,539	13,893
Selling, general and administrative	94,249	79,184	48,998	40,861
Depreciation and amortization	21,766	19,831	10,769	9,897
Total costs and expenses	2,073,885	1,539,012	1,100,251	810,024
Operating income	158,579	113,352	83,426	61,018
Interest and debt expense	1,639	1,902	839	819
Income before income taxes	156,940	111,450	82,587	60,199
Income taxes	36,975	41,557	20,095	22,689
Net income	119,965	69,893	62,492	37,510
Less: Net loss attributable to noncontrolling interest	(75)	—	(31)	—
Net income attributable to Landstar System, Inc. and subsidiary	\$ 120,040	\$ 69,893	\$ 62,523	\$ 37,510
Earnings per common share attributable to Landstar System, Inc. and subsidiary	\$ 2.88	\$ 1.67	\$ 1.51	\$ 0.89
Diluted earnings per share attributable to Landstar System, Inc. and subsidiary	\$ 2.87	\$ 1.66	\$ 1.51	\$ 0.89
Average number of shares outstanding:				
Earnings per common share	41,744,000	41,907,000	41,450,000	41,935,000
Diluted earnings per share	41,795,000	42,004,000	41,491,000	42,010,000
Dividends per common share	\$ 0.30	\$ 0.18	\$ 0.15	\$ 0.09



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

	June 30, 2018	December 30, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 148,641	\$ 242,416
Short-term investments	40,323	48,928
Trade accounts receivable, less allowance of \$6,549 and \$6,131	688,961	631,164
Other receivables, including advances to independent contractors, less allowance of \$6,495 and \$6,012	20,737	24,301
Other current assets	29,553	14,394
Total current assets	928,215	961,203
Operating property, less accumulated depreciation and amortization of \$232,760 and \$218,700	256,096	276,011
Goodwill	38,704	39,065
Other assets	85,880	76,181
Total assets	<u>\$ 1,308,895</u>	<u>\$ 1,352,460</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Cash overdraft	\$ 45,365	\$ 42,242
Accounts payable	311,768	285,132
Current maturities of long-term debt	38,869	42,051
Insurance claims	42,546	38,919
Dividends payable	—	62,985
Accrued compensation	19,041	30,103
Other current liabilities	51,285	47,211
Total current liabilities	508,874	548,643
Long-term debt, excluding current maturities	65,093	83,062
Insurance claims	30,205	30,141
Deferred income taxes and other non-current liabilities	43,790	36,737
<b>Equity</b>		
Landstar System, Inc. and subsidiary shareholders' equity Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 67,847,692 and 67,740,380 shares	678	677
Additional paid-in capital	216,328	209,599
Retained earnings	1,719,475	1,611,158
Cost of 26,754,810 and 25,749,493 shares of common stock in treasury	(1,273,489)	(1,167,600)
Accumulated other comprehensive loss	(5,284)	(3,162)
Total Landstar System, Inc. and subsidiary shareholders' equity	657,708	650,672
Noncontrolling interest	3,225	3,205
Total equity	660,933	653,877
Total liabilities and equity	<u>\$ 1,308,895</u>	<u>\$ 1,352,460</u>

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

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
<b>Revenue generated through (in thousands):</b>				
Truck transportation				
Truckload:				
Van equipment	\$1,369,476	\$ 978,918	\$ 713,341	\$509,135
Unsided/platform equipment	664,045	520,658	364,676	283,481
Less-than-truckload	50,948	42,799	27,364	22,942
Total truck transportation	2,084,469	1,542,375	1,105,381	815,558
Rail intermodal	61,587	44,357	32,295	21,515
Ocean and air cargo carriers	51,506	41,185	28,029	21,595
Other (1)	33,150	23,425	17,081	11,766
	<u>\$2,230,712</u>	<u>\$1,651,342</u>	<u>\$1,182,786</u>	<u>\$870,434</u>
Revenue on loads hauled via BCO Independent Contractors (2) included in total truck transportation	\$ 998,953	\$ 776,085	\$ 527,803	\$411,177
<b>Number of loads:</b>				
Truck transportation				
Truckload:				
Van equipment	691,866	613,565	354,947	315,499
Unsided/platform equipment	255,334	236,427	135,543	125,242
Less-than-truckload	70,670	64,508	37,250	34,589
Total truck transportation	1,017,870	914,500	527,740	475,330
Rail intermodal	26,840	20,960	13,560	10,310
Ocean and air cargo carriers	13,030	11,940	6,700	6,210
	<u>1,057,740</u>	<u>947,400</u>	<u>548,000</u>	<u>491,850</u>
Loads hauled via BCO Independent Contractors (2) included in total truck transportation	480,890	453,860	247,710	235,630
<b>Revenue per load:</b>				
Truck transportation				
Truckload:				
Van equipment	\$ 1,979	\$ 1,595	\$ 2,010	\$ 1,614
Unsided/platform equipment	2,601	2,202	2,690	2,263
Less-than-truckload	721	663	735	663
Total truck transportation	2,048	1,687	2,095	1,716
Rail intermodal	2,295	2,116	2,382	2,087
Ocean and air cargo carriers	3,953	3,449	4,183	3,477
Revenue per load on loads hauled via BCO Independent Contractors (2)	\$ 2,077	\$ 1,710	\$ 2,131	\$ 1,745
<b>Revenue by capacity type (as a % of total revenue):</b>				
Truck capacity providers:				
BCO Independent Contractors (2)	45%	47%	45%	47%
Truck Brokerage Carriers	49%	46%	49%	46%
Rail intermodal	3%	3%	3%	2%
Ocean and air cargo carriers	2%	2%	2%	2%
Other	1%	1%	1%	1%
<b>Truck Capacity Providers</b>				
BCO Independent Contractors (2)			9,501	8,818
Truck Brokerage Carriers:				
Approved and active (3)			37,045	31,636
Other approved			15,406	15,381
			<u>52,451</u>	<u>47,017</u>
Total available truck capacity providers			<u>61,952</u>	<u>55,835</u>
Trucks provided by BCO Independent Contractors (2)			10,155	9,404

- (1) Includes primarily reinsurance premium revenue generated by the insurance segment and, during the 2018 fiscal year and quarter, 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 2018*  
*July 25, 2018*



Date Published: 07/25/2018

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

## 2017 Results

\$3.6 billion in revenue

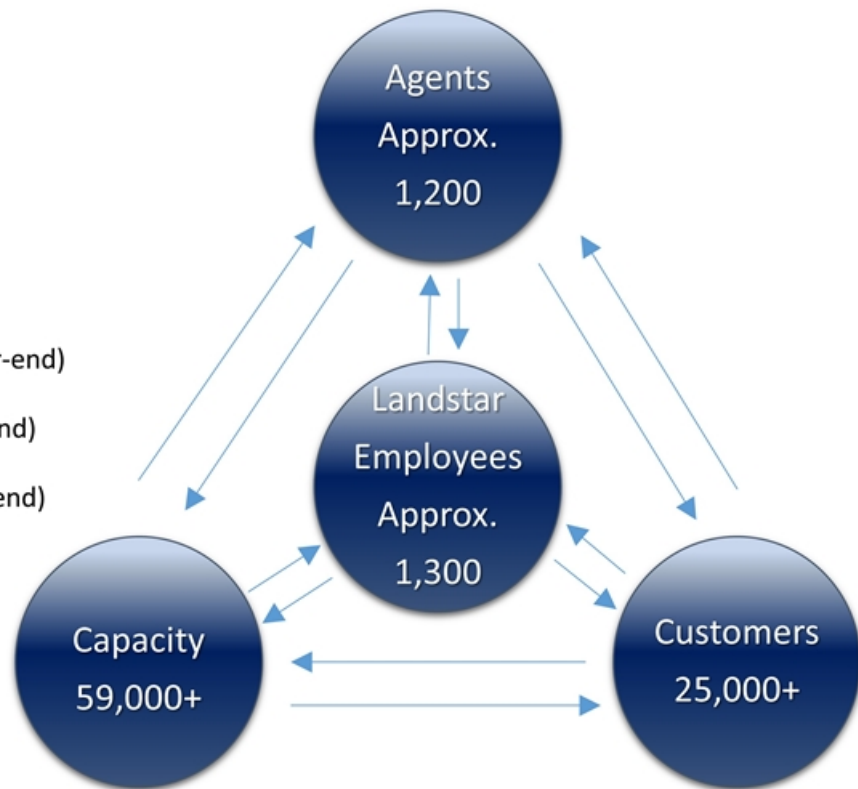
2.0 million loadings

542 million dollar agents

9,696 BCO trucks (2017 year-end)

49,934 Carriers (2017 year-end)

15,000+ Trailers (2017 year-end)



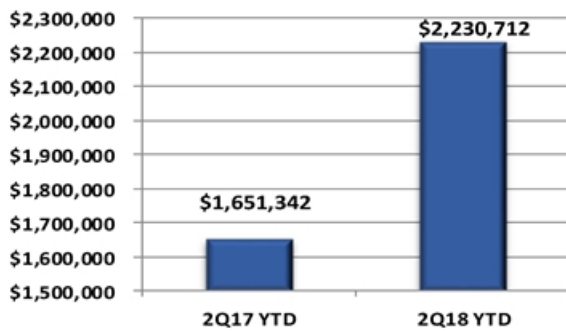
# ***Transportation Management Services***

	Percentage of Revenue	
	2Q17	2Q18
Truck Transportation		
Truckload		
Van equipment	58%	60%
Unsidel/platform equipment	33%	31%
Less-than-truckload	3%	2%
Rail intermodal	2%	3%
Ocean and air cargo	2%	2%



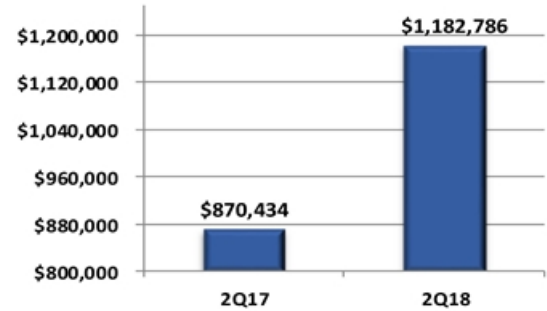
# Revenue (\$'s in thousands)

Year-to-Date



Year over Prior Year	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	21.4%	11.3%	35.1%
Rail Intermodal Revenue	8.4%	28.1%	38.8%
Ocean/Air Revenue	14.6%	9.1%	25.1%
Insurance Premiums	NA	NA	8.5%
Total Revenue			35.1%

Quarter



Qtr over Prior Year Qtr	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	22.1%	11.0%	35.5%
Rail Intermodal Revenue	14.1%	31.5%	50.1%
Ocean/Air Revenue	20.3%	7.9%	29.8%
Insurance Premiums	NA	NA	10.6%
Total Revenue			35.9%

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

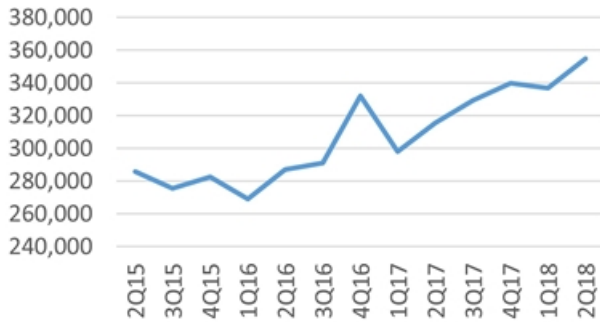
(2) Percentage change in volume is calculated on the number of loads hauled.



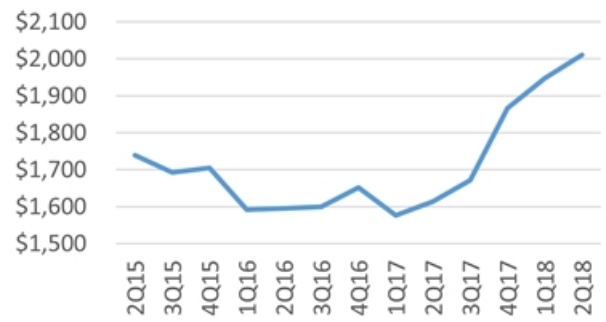
# Truckload Loadings and Revenue per Load (Excludes LTL)

## Van Equipment

### Number of Loads

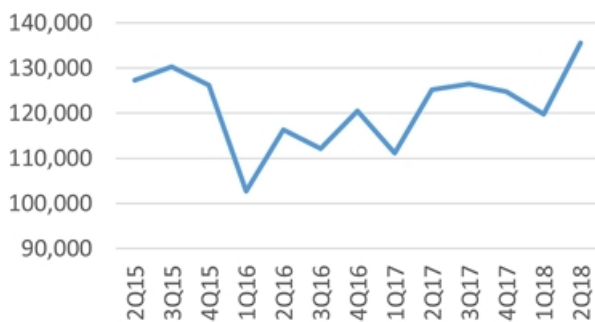


### Revenue per Load

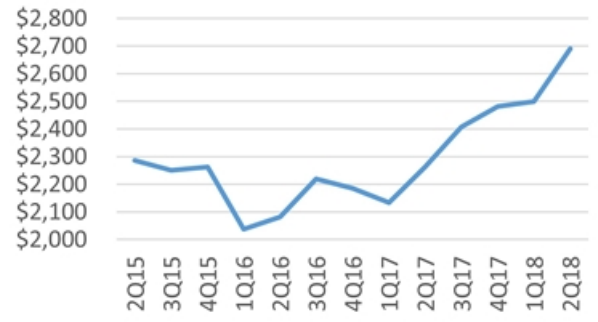


## Unsidet/Platform Equipment

### Number of Loads



### Revenue per Load

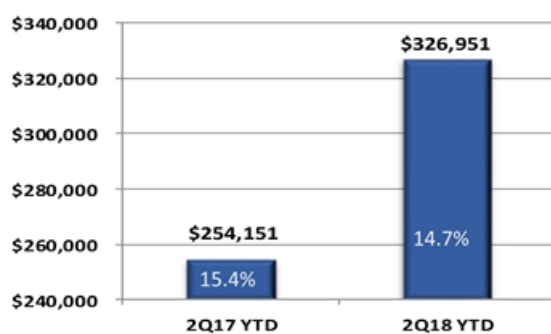


# Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Growth
	2Q17	2Q18	
Consumer Durables	21.1	22.8	47%
Machinery	15.2	14.5	30%
Automotive	8.2	8.0	33%
Building Products	9.7	9.5	34%
Metals	6.7	6.9	41%
AA&E, Hazmat	9.0	9.0	37%
Foodstuffs	4.7	5.6	61%
Energy	3.7	2.3	-16%
Other	21.7	21.4	34%
<b>Transportation Revenue</b>	<u>100.0</u>	<u>100.0</u>	36%

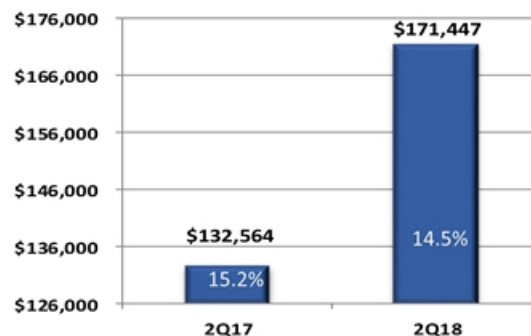
# Gross Profit <sup>(1)</sup> and Gross Profit Margin <sup>(2)</sup> (\$'s in thousands)

## Year-to-Date



	2nd Qtr YTD <sup>(3)</sup>
Changes in gross profit margin	%
2017 Period	15.4
Revenue - fixed gp margin	-0.1
Revenue - variable gp margin	-0.2
Change in mix and other	-0.4
2018 Period	14.7

## Quarter



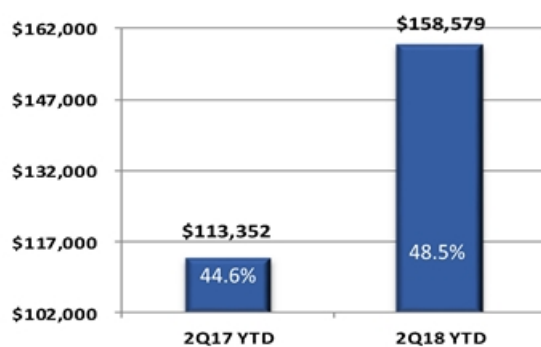
	2nd Qtr <sup>(3)</sup>
Changes in gross profit margin	%
2017 Period	15.2
Revenue - fixed gp margin	-0.1
Revenue - variable gp margin	-0.1
Change in mix and other	-0.5
2018 Period	14.5

- (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 54% and 52% of revenue in the 2017 and 2018 year-to-date periods, respectively, and 54% and 51% of revenue in the 2017 and 2018 second quarters, respectively.

# Operating Income and Operating Margin <sup>(1)</sup>

(\$'s in thousands)

Year-to-Date



	2nd Qtr YTD
Changes in operating margin	%
2017 Period	44.6
Other operating costs	1.0
Insurance and claims	-0.6
SG&A	2.3
Depreciation and amortization	1.2
2018 Period	48.5

Quarter



	2nd Qtr
Changes in operating margin	%
2017 Period	46.0
Other operating costs	1.2
Insurance and claims	-2.0
SG&A	2.3
Depreciation and amortization	1.2
2018 Period	48.7

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

# Truck Capacity Data

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

	Jul 1, 2017 <sup>(2)</sup>	Dec 30, 2017	Jun 30, 2018 <sup>(2)</sup>
BCO Independent Contractors	8,818	9,087	9,501
Truck Brokerage Carriers:			
Approved and Active <sup>(1)</sup>	31,636	34,243	37,045
Other Approved	15,381	15,691	15,406
	47,017	49,934	52,451
Total Available Truck Capacity Providers	55,835	59,021	61,952
Trucks Provided by BCO Independent Contractors	9,404	9,696	10,155

(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 \$117.0 million and \$80.6 million in the 2018 and 2017 year-to-date periods, respectively, and \$62.6 million and \$42.1 million in the 2018 and 2017 second quarters, respectively.

# Key Balance Sheet and Cash Flow Statistics

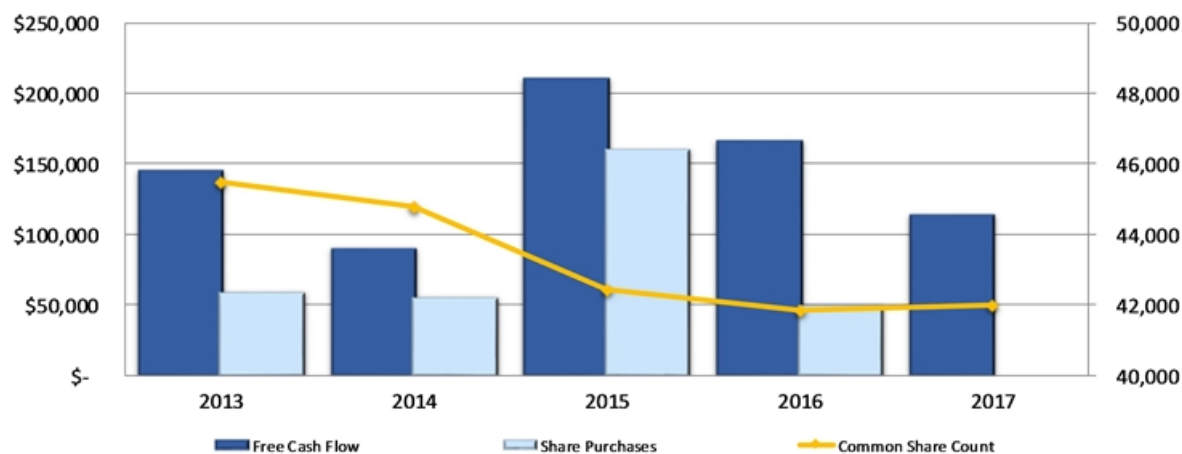
(\$'s in thousands)

	YTD Jul 1, 2017	YTD Jun 30, 2018
Balance sheet (period end amounts):		
Debt to Capital	16%	14%
Net Cash (1)	\$ 154,274	\$ 85,002
Cash flow:		
Cash flow from operations	\$ 79,799	\$ 113,029
Capital expenditures	\$ 6,628	\$ 4,121
Share repurchases	\$ -	\$ 105,488
Dividends paid	\$ 7,544	\$ 75,481
Returns:		
TTM Return on Equity	27%	35%
TTM Return on Invested Capital	22%	29%
TTM Return on Assets	14%	18%

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

# Free Cash Flow <sup>(1)</sup> / Share Purchases

(In Thousands)



Second quarter 2018 YTD	(000's)
Free cash flow (1)	\$ 108,908
Share purchases	\$ 105,488
Ending common share count	41,093

(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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