

**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) April 20, 2022**



**LANDSTAR SYSTEM, INC.**

(Exact name of registrant as specified in its charter)

<p style="text-align:center"><b>Delaware</b> (State or other jurisdiction of incorporation)</p>	<p style="text-align:center"><b>021238</b> (Commission File Number)</p>	<p style="text-align:center"><b>06-1313069</b> (I.R.S. Employer Identification No.)</p>
<p><b>13410 Sutton Park Drive South, Jacksonville, Florida</b> (Address of principal executive offices)</p>	<p style="text-align:center"><b>(904) 398-9400</b> (Registrant's telephone number, including area code)</p>	<p style="text-align:center"><b>32224</b> (Zip Code)</p>
	<p style="text-align:center"><b>N/A</b> (Former name or former address, if changed since last report)</p>	

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 April 20, 2022, Landstar System, Inc. (“Landstar” or the “Company”) issued a press release announcing results for the first quarter of fiscal 2022. 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 April 20, 2022, 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 April 21, 2022 in connection with the Company’s release of results for the first quarter of fiscal 2022.

The information furnished under Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2 hereof, 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	<a href="#">Press Release, dated April 20, 2022, of Landstar System, Inc.</a>
99.2	<a href="#">Slide Presentation, dated April 20, 2022, of Landstar System, Inc.</a>
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: April 20, 2022

By: /s/ Fred L. Pensotti

Name: Fred L. Pensotti

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: Fred Pensotti (CFO)  
Landstar System, Inc.  
[www.landstar.com](http://www.landstar.com)  
904-398-9400

April 20, 2022

**LANDSTAR SYSTEM REPORTS ALL-TIME QUARTERLY RECORD**

**DILUTED EARNINGS PER SHARE OF \$3.34 IN THE 2022 FIRST QUARTER**

Jacksonville, FL - Landstar System, Inc. (NASDAQ: LSTR) reported record quarterly revenue of \$1.971 billion in the 2022 first quarter, a 53 percent increase over revenue of \$1.288 billion in the 2021 first quarter; quarterly net income of \$124.8 million, an increase of 62 percent over net income of \$77.2 million in the 2021 first quarter; and quarterly diluted earnings per share ("DEPS") of \$3.34, an increase of 66 percent compared to \$2.01 in the 2021 first quarter. To put these 2022 first quarter results into perspective, the Company's revenue, net income, and DEPS were the highest amounts achieved in any quarter in Landstar history, surpassing the prior record amounts established in the 2021 fourth quarter.

Gross profit in the 2022 first quarter was \$214.6 million, an all-time quarterly record, compared to \$147.1 million in the 2021 first quarter. Variable contribution (defined as revenue less the cost of purchased transportation and commissions to agents) also reached an all-time quarterly record of \$270.5 million in the 2022 first quarter, 43 percent above 2021 first quarter variable contribution of \$189.2 million. A reconciliation of gross profit to variable contribution and gross profit margin to variable contribution margin for the 2022 and 2021 first quarters is provided in the Company's accompanying financial disclosures.

Trailing twelve month return on average shareholders' equity was 51 percent and return on invested capital, representing net income divided by the sum of average equity plus average debt, was 45 percent. During the 2022 first quarter, Landstar purchased approximately 694,000 shares of its common stock at an aggregate cost of \$109.3 million.

The Company is currently authorized to purchase up to an additional 2,306,450 shares of the Company's common stock under its previously announced share purchase programs. Landstar announced today that its Board of Directors has declared a quarterly dividend of \$0.25 per share payable on May 27, 2022, to stockholders of record as of the close of business on May 5, 2022. It is currently the intention of the Board to pay dividends on a quarterly basis going forward.

Truck transportation revenue hauled by independent business capacity owners ("BCOs") and truck brokerage carriers in the 2022 first quarter was \$1,751.3 million, or 89 percent of revenue, compared to \$1,193.5 million, or 93 percent of revenue, in the 2021 first quarter. Truckload transportation revenue hauled via van equipment in the 2022 first quarter was \$1,081.2 million, compared to \$729.4 million in the 2021 first quarter, an increase of 48 percent. Truckload transportation revenue hauled via unsided/platform equipment in the 2022 first quarter was \$408.8 million, compared to \$297.5 million in the 2021 first quarter, an increase of 37 percent. Revenue from other truck transportation in the 2022 first quarter was \$227.6 million, compared to \$140.9 million in the 2021 first quarter, an increase of 61 percent. Revenue hauled by rail, air and ocean cargo carriers in the 2022 first quarter was \$194.7 million, or 10 percent of revenue, compared to \$79.3 million, or 6 percent of revenue, in the 2021 first quarter, an increase of 146 percent.

"I am very pleased overall with Landstar's 2022 first quarter performance, as the Company continued to perform at record levels. The 2022 first quarter once again set a new standard for the best quarterly financial performance in Landstar history. Revenue, gross profit, variable contribution, net income and diluted earnings per share were each all-time quarterly records. The increase in truck revenue per load and the number of loads hauled via truck over the 2021 first quarter represent very strong, balanced growth. Remarkably, for the first time in Landstar history, February truck revenue per load was higher than in the preceding December," said Landstar President and CEO Jim Gattoni.

As previously disclosed in a Current Report on Form 8-K filed on February 28, 2022, through the first 8 weeks of the Company's 2022 first fiscal quarter as compared to the first 8 weeks of the Company's 2021 first fiscal quarter, revenue per load on loads hauled via truck increased 27 percent and the number of loads hauled via truck

increased 24 percent. The Company also noted in the February 28 Form 8-K that two of the largest Landstar independent commission sales agencies, as measured by Landstar revenue generated in fiscal year 2021, maintain administrative operations in Ukraine that could be significantly disrupted by the Russian invasion of Ukraine.

Consistent with the estimated amounts set forth in a Current Report on Form 8-K subsequently filed by the Company on April 5, 2022, during the Company's 2022 first quarter compared to the 2021 first quarter, revenue per load on loads hauled via truck increased 22 percent and the number of loads hauled via truck increased 20 percent. The Company attributes the decrease in the year-over-year growth rate of revenue per load on loads hauled via truck in the 13-week 2022 first quarter compared to that of the first 8 weeks of the 2022 first quarter to a more difficult year-over-year comparison in March. Prior year March experienced an atypical increase in truck revenue per load of 11 percent on a sequential basis from fiscal February 2021 to fiscal March 2021. The decrease in the year-over-year growth rate of loads hauled via truck in the 2022 first quarter compared to that of the first 8 weeks of the 2022 first fiscal quarter was attributable to (1) the impact of the Russian invasion of Ukraine, although as disclosed in the April 5 Form 8-K, first quarter truck load volumes arranged by the two independent commission sales agencies with significant administrative operations based in Ukraine were significantly less impacted than initially anticipated by the Company, and (2) an atypical increase in the number of loads hauled via truck from fiscal February 2021 to fiscal March 2021 that resulted from severe winter weather experienced during the last week of fiscal February 2021.

Gattoni continued, "Over the trailing 12 month period, Landstar's financial performance has been unparalleled in our history. As a result, our prior year comparisons will become more challenging as we move further into 2022. Moreover, the headwinds relating to inflation and a potential shift in consumer spending, as well as potential impacts relating to the war in Ukraine, make it difficult to predict the future direction of the U.S. freight transportation environment. Nevertheless, throughout March and through the first few weeks of the 2022 second quarter, customer demand for our freight transportation services remained strong."

In March 2022, revenue per load for loads hauled via truck was approximately equal to that of February 2022 even though the cost of a gallon of diesel fuel increased approximately \$1, or 27%, from February to March. This suggests a decrease in revenue per load (excluding fuel) in March compared to February on loads hauled via truck brokerage carriers, as the cost of fuel is often reflected in all-in rates billed by Landstar to customers on loads hauled by truck brokerage carriers and included in the Company's revenue. Notably though, revenue per load on loads hauled by BCOs only experienced a slight decrease in March compared to February. In this regard it is important to note that revenue per load on loads hauled by BCOs is typically less sensitive to changes in the cost of diesel fuel as fuel surcharges billed to customers on freight hauled by BCOs are paid 100% by Landstar to the hauling BCO and not included in the Company's revenue.

Gattoni further stated, "Currently, overall truck revenue per load is trending at levels similar to March. Although it is difficult to predict what may occur with respect to prices for diesel fuel going forward, we expect a relatively stable revenue per load environment to continue throughout the 2022 second quarter. As such, I expect revenue per load on loads hauled via truck in the 2022 second quarter to be in a mid-teen percentage range above the 2021 second quarter. As I previously noted, we enter the second quarter with continued strong demand for our services but also with more difficult year-over-prior-year period comparisons ahead of us. Assuming these conditions continue through the 2022 second quarter, I expect the number of loads hauled via truck to increase over the 2021 second quarter in a range of 11 percent to 13 percent. As such, I anticipate revenue for the 2022 second quarter to be in a range of \$2.0 billion to \$2.05 billion."

Gattoni concluded, "Based on the range of revenue estimated for the 2022 second quarter, I would anticipate DEPS to be in a range of \$3.22 to \$3.32. This range of DEPS includes insurance and claims expense estimated at 4.2 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](http://www.landstar.com); click on "Investor Relations" and "Webcasts," then click on "Landstar's First Quarter 2022 Earnings Release Conference Call."

***About Landstar:***

Landstar System, Inc. is a worldwide, technology-enabled, 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.

***Non-GAAP Financial Measures:***

In this earnings release and accompanying financial disclosures, the Company provides the following information that may be deemed a non-GAAP financial measure: variable contribution and variable contribution margin. The Company believes variable contribution and variable contribution margin are useful measures of the variable costs that we incur at a shipment-by-shipment level attributable to our transportation network of third-party capacity providers and independent agents in order to provide services to our customers. The Company also believes that it is appropriate to present each of the financial measures that may be deemed a non-GAAP financial measure, as referred to above, 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.

***Forward Looking Statements Disclaimer:***

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 Russian conflict with Ukraine on the operations of certain independent commission sales agents, including the Company's largest such agent by revenue in the 2021 fiscal year; 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; 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; intellectual property; and other operational, financial or legal risks or uncertainties detailed in Landstar's Form 10-K for the 2021 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.

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

	Thirteen Weeks Ended	
	March 26, 2022	March 27, 2021
Revenue	\$ 1,970,599	\$ 1,287,534
Investment income	721	684
Costs and expenses:		
Purchased transportation	1,550,330	998,285
Commissions to agents	149,778	100,009
Other operating costs, net of gains on asset sales/dispositions	11,141	7,642
Insurance and claims	30,768	21,505
Selling, general and administrative	52,713	45,408
Depreciation and amortization	13,757	12,101
Total costs and expenses	<u>1,808,487</u>	<u>1,184,950</u>
Operating income	162,833	103,268
Interest and debt expense	1,123	1,042
Income before income taxes	161,710	102,226
Income taxes	36,871	24,986
Net income	<u>\$ 124,839</u>	<u>\$ 77,240</u>
Diluted earnings per share	<u>\$ 3.34</u>	<u>\$ 2.01</u>
Average diluted shares outstanding	<u>37,418,000</u>	<u>38,404,000</u>
Dividends per common share	<u>\$ 0.25</u>	<u>\$ 0.21</u>

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

	March 26, 2022	December 25, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 146,025	\$ 215,522
Short-term investments	35,679	35,778
Trade accounts receivable, less allowance of \$7,940 and \$7,074	1,223,123	1,154,314
Other receivables, including advances to independent contractors, less allowance of \$8,838 and \$8,125	123,231	101,124
Other current assets	10,441	16,162
Total current assets	<u>1,538,499</u>	<u>1,522,900</u>
Operating property, less accumulated depreciation and amortization of \$356,988 and \$344,099	307,044	317,386
Goodwill	40,945	40,768
Other assets	159,325	164,411
Total assets	<u>\$ 2,045,813</u>	<u>\$ 2,045,465</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Cash overdraft	\$ 96,215	\$ 116,478
Accounts payable	626,337	604,130
Current maturities of long-term debt	34,983	36,561
Insurance claims	52,644	46,896
Dividends payable	—	75,387
Accrued income taxes	50,280	18,403
Other current liabilities	89,793	112,128
Total current liabilities	<u>950,252</u>	<u>1,009,983</u>
Long-term debt, excluding current maturities	137,289	75,243
Insurance claims	51,132	49,509
Deferred income taxes and other non-current liabilities	50,991	48,720
Shareholders' equity:		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 68,370,151 and 68,232,975	684	682
Additional paid-in capital	248,230	255,148
Retained earnings	2,432,699	2,317,184
Cost of 31,242,818 and 30,539,235 shares of common stock in treasury	(1,816,149)	(1,705,601)
Accumulated other comprehensive loss	(9,315)	(5,403)
Total shareholders' equity	<u>856,149</u>	<u>862,010</u>
Total liabilities and shareholders' equity	<u>\$ 2,045,813</u>	<u>\$ 2,045,465</u>

## Landstar System, Inc. and Subsidiary

## Supplemental Information

(Unaudited)

	Thirteen Weeks Ended	
	March 26, 2022	March 27, 2021
<b>Revenue generated through (in thousands):</b>		
Truck transportation		
Truckload:		
Van equipment	\$1,081,206	\$ 729,402
Unsided/platform equipment	408,757	297,485
Less-than-truckload	33,720	25,670
Other truck transportation <sup>(1)</sup>	227,601	140,932
Total truck transportation	1,751,284	1,193,489
Rail intermodal	42,688	31,708
Ocean and air cargo carriers	152,057	47,600
Other <sup>(2)</sup>	24,570	14,737
	<u>\$1,970,599</u>	<u>\$1,287,534</u>
Revenue on loads hauled via BCO Independent Contractors <sup>(3)</sup> included in total truck transportation	\$ 727,574	\$ 560,114
<b>Number of loads:</b>		
Truck transportation		
Truckload:		
Van equipment	376,268	321,212
Unsided/platform equipment	131,829	114,263
Less-than-truckload	47,843	40,692
Other truck transportation <sup>(1)</sup>	85,930	59,663
Total truck transportation	641,870	535,830
Rail intermodal	12,630	11,700
Ocean and air cargo carriers	11,560	9,230
	<u>666,060</u>	<u>556,760</u>
Loads hauled via BCO Independent Contractors <sup>(3)</sup> included in total truck transportation	262,240	245,950
<b>Revenue per load:</b>		
Truck transportation		
Truckload:		
Van equipment	\$ 2,873	\$ 2,271
Unsided/platform equipment	3,101	2,604
Less-than-truckload	705	631
Other truck transportation <sup>(1)</sup>	2,649	2,362
Total truck transportation	2,728	2,227
Rail intermodal	3,380	2,710
Ocean and air cargo carriers	13,154	5,157
Revenue per load on loads hauled via BCO Independent Contractors <sup>(3)</sup>	\$ 2,774	\$ 2,277
<b>Revenue by capacity type (as a % of total revenue):</b>		
Truck capacity providers:		
BCO Independent Contractors <sup>(3)</sup>	37%	44%
Truck Brokerage Carriers	52%	49%
Rail intermodal	2%	2%
Ocean and air cargo carriers	8%	4%
Other	1%	1%

	March 26, 2022	March 27, 2021
<b>Truck Capacity Providers</b>		
BCO Independent Contractors <sup>(3)</sup>	11,089	10,498
Truck Brokerage Carriers:		
Approved and active <sup>(4)</sup>	68,859	49,538
Other approved	28,094	23,246
	<u>96,953</u>	<u>72,784</u>
Total available truck capacity providers	<u>108,042</u>	<u>83,282</u>
Trucks provided by BCO Independent Contractors <sup>(3)</sup>	11,935	11,268

- (1) Includes power-only, expedited, straight truck, cargo van, and miscellaneous other truck transportation revenue generated by the transportation logistics segment. Power-only refers to shipments where the Company furnishes a power unit and an operator but not trailing equipment, which is typically provided by the shipper or consignee.
- (2) Includes primarily reinsurance premium revenue generated by the insurance segment and intra-Mexico transportation services revenue generated by Landstar Metro.
- (3) BCO Independent Contractors are independent contractors who provide truck capacity to the Company under exclusive lease arrangements.
- (4) Active refers to Truck Brokerage Carriers who moved at least one load in the 180 days immediately preceding the fiscal quarter end.

**Landstar System, Inc. and Subsidiary**  
**Reconciliation of Gross Profit to Variable Contribution**  
(Dollars in thousands)  
(Unaudited)

	Thirteen Weeks Ended	
	March 26, 2022	March 27, 2021
Revenue	\$ 1,970,599	\$ 1,287,534
Costs of revenue:		
Purchased transportation	1,550,330	998,285
Commissions to agents	149,778	100,009
Variable costs of revenue	1,700,108	1,098,294
Trailing equipment depreciation	9,083	8,907
Information technology costs (1)	4,046	2,938
Insurance-related costs (2)	31,655	22,622
Other operating costs	11,141	7,642
Other costs of revenue	55,925	42,109
Total costs of revenue	1,756,033	1,140,403
Gross profit	<u>\$ 214,566</u>	<u>\$ 147,131</u>
Gross profit margin	10.9%	11.4%
Plus: other costs of revenue	55,925	42,109
Variable contribution	<u>\$ 270,491</u>	<u>\$ 189,240</u>
Variable contribution margin	13.7%	14.7%

- (1) Includes costs of revenue incurred related to internally developed software including ASC 350-40 amortization, implementation costs, hosting costs and other support costs utilized to support the Company's independent commission sales agents, third party capacity providers, and customers, included as a portion of depreciation and amortization and of selling, general and administrative in the Company's Consolidated Statements of Income.
- (2) Primarily includes (i) insurance premiums paid for commercial auto liability, general liability, cargo and other lines of coverage related to the transportation of freight; (ii) the related cost of claims incurred under those programs; and (iii) brokerage commissions and other fees incurred relating to the administration of insurance programs available to BCO Independent Contractors that are reinsured by the Company, which are included in selling, general and administrative in the Company's Consolidated Statements of Income.

DESIGNED TO RESPOND  
BUILT TO DELIVER



*Landstar System, Inc.*  
*Earnings Conference Call*  
*First Quarter 2022*  
*April 20, 2022*



Date Published: 04/20/2022

## ***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 operational, financial and legal risks detailed in Landstar’s Form 10-K for the 2021 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: variable contribution, variable contribution margin and operating income as a percentage of variable contribution.

Management believes variable contribution and variable contribution margin are useful measures of the variable costs that we incur at a shipment-by-shipment level attributable to our transportation network of third-party capacity providers and independent agents in order to provide services to our customers. Management believes that operating income as a percentage of variable contribution is a useful measure as: (i) variable costs of revenue for a significant portion of the Company's business are highly influenced by short-term market-based trends in the freight transportation industry, whereas other costs, including other costs of revenue, are much less impacted by short-term freight market trends; and (ii) this measure is meaningful to investors' evaluations of the Company's management of costs attributable to operations other than the purely variable costs associated with purchased transportation and commissions to agents that the Company incurs to provide services to our customers.

Management also believes that it is appropriate to present each of the financial measures that may be deemed a non-GAAP financial measure, as referred to above, 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.

A tabulation of the expenses identified as costs of revenue as well as a reconciliation of gross profit to variable contribution and gross profit margin to variable contribution margin for the 2022 and 2021 first quarters is included in this slide presentation as Appendix A.

# *Who We Are*

Landstar is a worldwide, technology-enabled, 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.

# Our Network

## March 26, 2022 Results

\$1.97 billion in YTD revenue

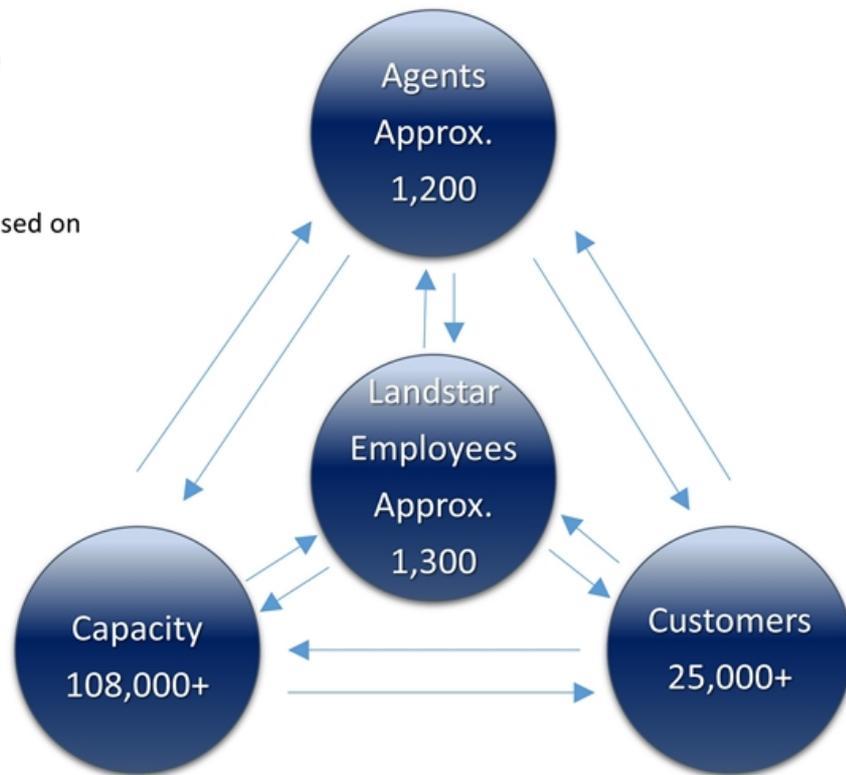
666 thousand loadings

593 million dollar agents (based on 2021 fiscal year)

11,935 BCO trucks

96,953 Carriers

18,000+ Trailers



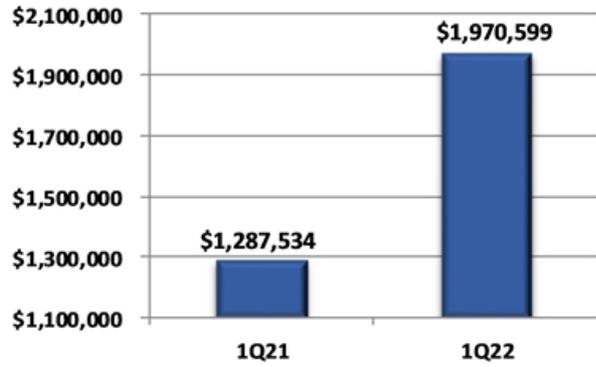
# Transportation Management Services

	Percentage of Revenue	
	1Q21	1Q22
Truck Transportation (1)		
Truckload		
Van equipment	57%	55%
Unsided/platform equipment	23%	21%
Less-than-truckload	2%	2%
Other truck transportation	11%	12%
Rail intermodal	2%	2%
Ocean and air cargo	4%	8%

- (1) In connection with the impact of the pandemic on the demand for certain types of truck capacity, Landstar experienced a significant increase in demand for power-only, expedited, straight truck, cargo van and miscellaneous other truck transportation services that were formerly included in revenue from van or unsided/platform services. 2022 and 2021 first quarter truck transportation hauled via van equipment, unsided/platform equipment and other truck transportation as presented in this slide presentation, including number of loads and revenue per load data, reflect our revised categorization of our revenue generated through truck transportation services. This revised categorization had no impact on total truck transportation revenue or the Company's consolidated financial statements for any period.

# Revenue (*\$'s in thousands*)

Quarter



Quarter

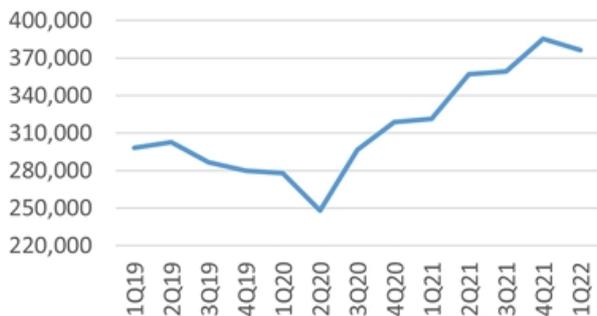
Qtr over Prior Year Qtr	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	22.5%	19.8%	46.7%
Rail Intermodal Revenue	24.7%	7.9%	34.6%
Ocean/Air Revenue	155.1%	25.2%	219.4%
Insurance Premiums	NA	NA	13.1%
Total Revenue			53.1%

- (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.

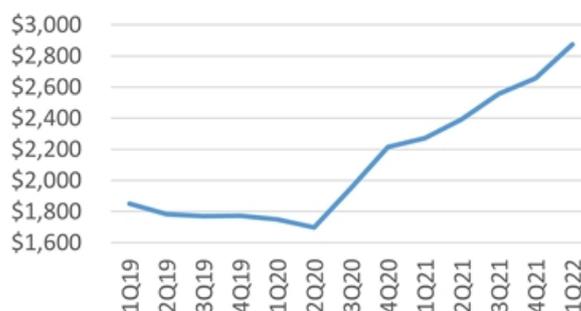
# Truckload Loadings and Revenue per Truckload Trends

## Van Equipment

### Number of Loads

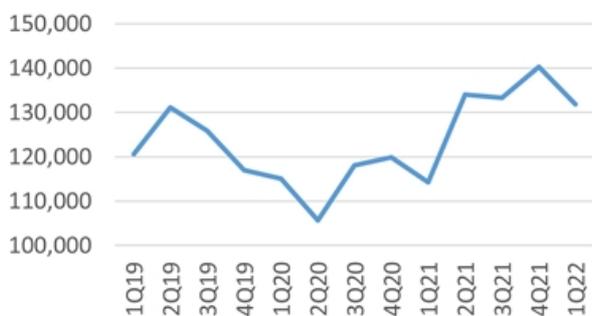


### Revenue per Load

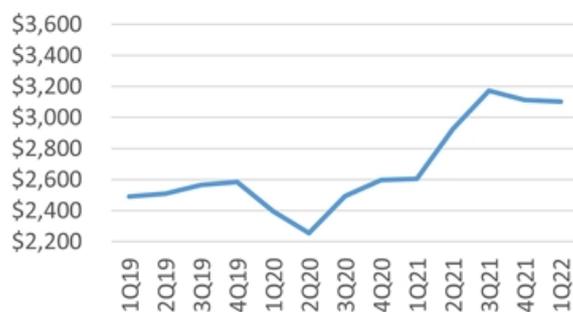


## Unsided/Platform Equipment

### Number of Loads



### Revenue per Load



# Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Change in Revenue
	1Q21	1Q22	
Consumer Durables	28.7	31.4	68%
Automotive	8.6	10.2	83%
Machinery	11.0	10.1	41%
AA&E, Hazmat	8.8	8.0	40%
Building Products	8.5	7.6	37%
Metals	4.9	4.6	43%
Substitute Line Haul	6.8	4.5	2%
Foodstuffs	3.9	3.7	47%
Other	18.8	19.9	62%
<b>Transportation Revenue</b>	<u>100.0</u>	<u>100.0</u>	54%

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



- (1) Gross profit equals revenue less the cost of purchased transportation, commissions to agents and other costs of revenue.  
(2) Gross profit margin equals gross profit divided by revenue.

**Variable Contribution<sup>(1)</sup> and Variable Contribution Margin <sup>(2)</sup>  
(\$'s in thousands)**

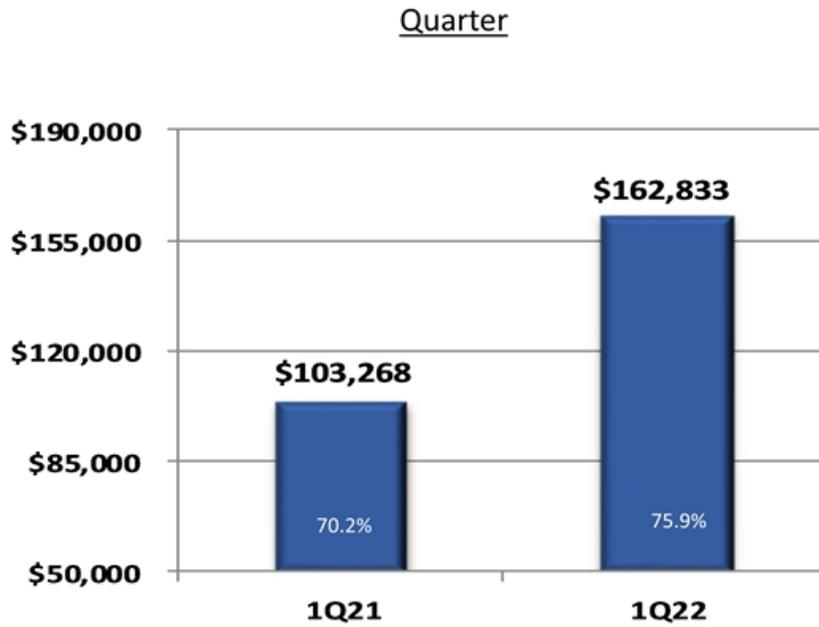


Quarter

	1st Qtr <sup>(3)</sup>
<b>Changes in variable contribution margin</b>	<b>%</b>
2021 Period	14.7
Revenue - fixed	0.0
Revenue - variable	0.1
Change in mix and other	-1.1
2022 Period	13.7

- (1) Variable contribution equals revenue less the cost of purchased transportation and commissions to agents.
- (2) Variable contribution margin equals variable contribution divided by revenue.
- (3) Revenue on transactions where the Company's variable contribution margin was based on a contractually pre-determined percentage of revenue accounted for 48% and 41% of revenue in the 2021 and 2022 first quarters, respectively.

## Operating Income as a % of Gross Profit (\$'s in thousands)



## Operating Income as a % of Variable Contribution (*\$'s in thousands*)

Quarter



	1st Qtr
<b>Changes in operating income as a % of variable contribution</b>	<b>%</b>
2021 Period	54.6
Other operating costs	-0.1
Insurance and claims	-0.1
SG&A	4.5
Depreciation and amortization	1.3
2022 Period	60.2

# Truck Capacity Data

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

	Mar 27, 2021 <sup>(2)</sup>	Dec 25, 2021	Mar 26, 2022 <sup>(2)</sup>
BCO Independent Contractors	10,498	11,057	11,089
Truck Brokerage Carriers:			
Approved and Active <sup>(1)</sup>	49,538	64,476	68,859
Other Approved	23,246	25,870	28,094
	72,784	90,346	96,953
Total Available Truck Capacity Providers	83,282	101,403	108,042
Trucks Provided by BCO Independent Contractors	11,268	11,864	11,935

(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 \$82.8 million and \$48.8 million in the 2022 and 2021 first quarters, respectively.

# Key Balance Sheet and Cash Flow Statistics

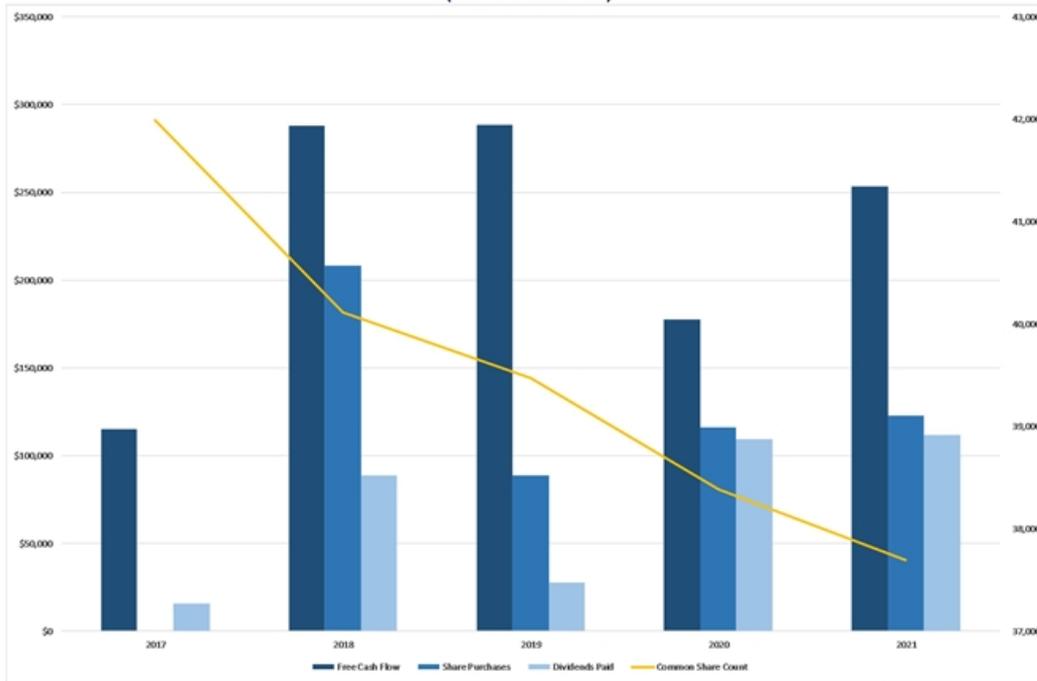
(\$'s in thousands)

	Mar 27, 2021	Mar 26, 2022
Balance sheet (period end amounts):		
Debt to Capital	11%	17%
Net Cash (1)	\$ 169,800	\$ 9,432
Cash flow:		
Cash flow from operations	\$ 69,891	\$ 94,965
Capital expenditures	\$ 4,076	\$ 3,609
Share repurchases	\$ -	\$ 109,332
Dividends paid	\$ 84,837	\$ 84,711
Returns (trailing 12 months):		
Return on Equity	33%	51%
Return on Invested Capital	29%	45%
Return on Assets	16%	23%

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

# Free Cash Flow <sup>(1)</sup>, Stock Purchases and Dividends

(In Thousands)



First Quarter 2022		(000's)
Free cash flow (1)	\$	91,356
Share purchases	\$	109,332
Dividends paid	\$	84,711
Ending common share count		37,127

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

## Appendix A

### Reconciliation of Gross Profit to Variable Contribution (*\$'s in thousands*)

	Fiscal Quarters Ended	
	March 26, 2022	March 27, 2021
Revenue	\$ 1,970,599	\$ 1,287,534
Costs of revenue:		
Purchased transportation	1,550,330	998,285
Commissions to agents	149,778	100,009
Variable costs of revenue	1,700,108	1,098,294
Trailing equipment depreciation	9,083	8,907
Information technology costs (1)	4,046	2,938
Insurance-related costs (2)	31,655	22,622
Other operating costs	11,141	7,642
Other costs of revenue	55,925	42,109
Total costs of revenue	1,756,033	1,140,403
Gross profit	\$ 214,566	\$ 147,131
Gross profit margin	10.9%	11.4%
Plus: other costs of revenue	55,925	42,109
Variable contribution	\$ 270,491	\$ 189,240
Variable contribution margin	13.7%	14.7%

(1) Includes costs of revenue incurred related to internally developed software including ASC 350-40 amortization, implementation costs, hosting costs and other support costs utilized to support the Company's independent commission sales agents, third party capacity providers, and customers, included as a portion of depreciation and amortization and of selling, general and administrative in the Company's Consolidated Statements of Income.

(2) Primarily includes (i) insurance premiums paid for commercial auto liability, general liability, cargo and other lines of coverage related to the transportation of freight; (ii) the related cost of claims incurred under those programs; and (iii) brokerage commissions and other fees incurred relating to the administration of insurance programs available to BCO Independent Contractors that are reinsured by the Company, which are included in selling, general and administrative in the Company's Consolidated Statements of Income.

DESIGNED TO RESPOND  
BUILT TO DELIVER



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