

DESIGNED TO RESPOND  
BUILT TO DELIVER



*Landstar System, Inc.*  
*Earnings Conference Call*  
*First Quarter 2019*  
*April 24, 2019*



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# *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

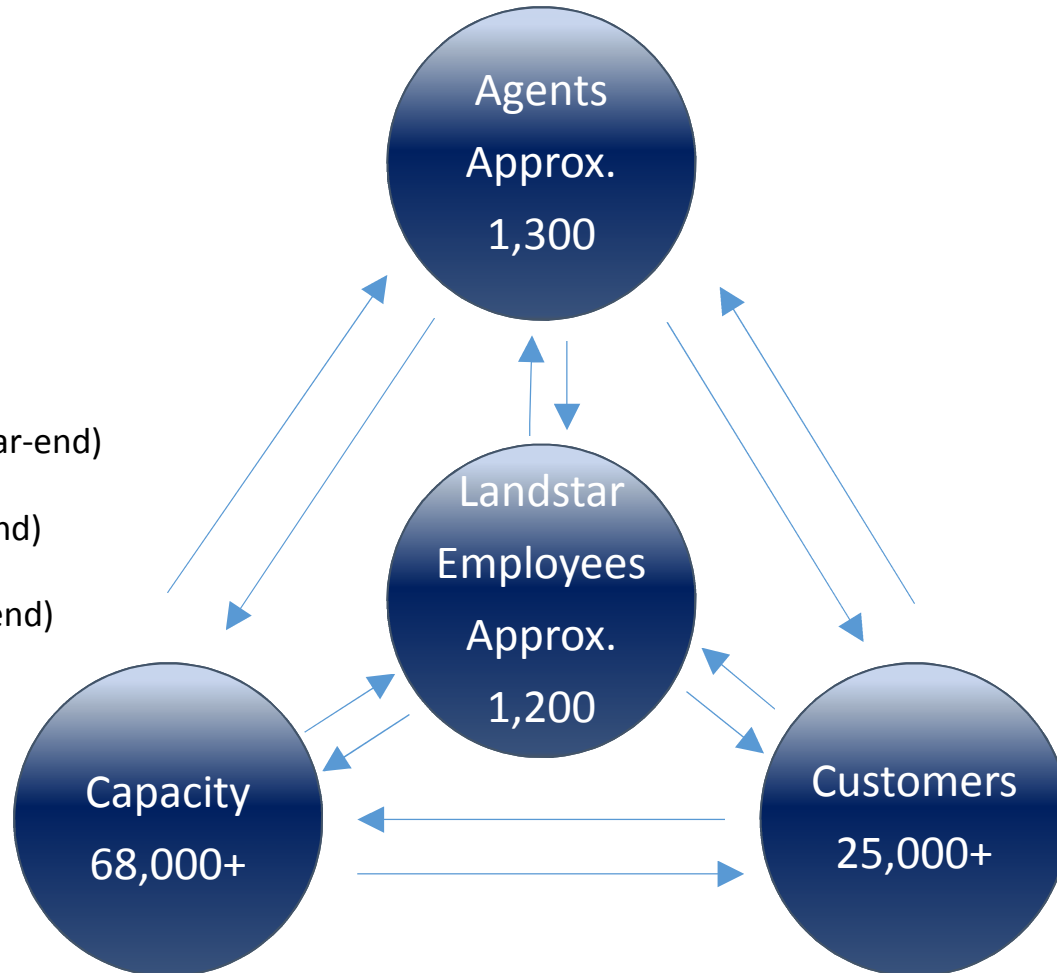
2.1 million loadings

608 million dollar agents

10,599 BCO trucks (2018 year-end)

59,054 Carriers (2018 year-end)

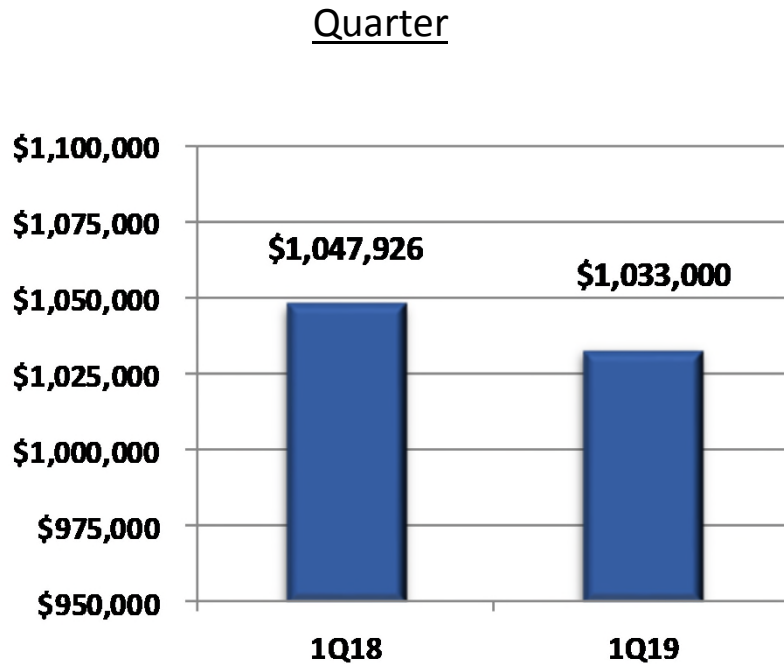
16,000+ Trailers (2018 year-end)



# *Transportation Management Services*

	Percentage of Revenue	
	1Q18	1Q19
Truck Transportation		
Truckload		
Van equipment	63%	60%
Unsided/platform equipment	29%	30%
Less-than-truckload	2%	2%
Rail intermodal	3%	3%
Ocean and air cargo	2%	3%

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



Quarter

Qtr over Prior Yr Qtr	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	-5.0%	2.5%	-2.7%
Rail Intermodal Revenue	9.2%	-6.2%	2.5%
Ocean/Air Revenue	10.1%	18.6%	30.6%
Insurance Premiums	NA	NA	14.3%
Total Revenue			-1.4%

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

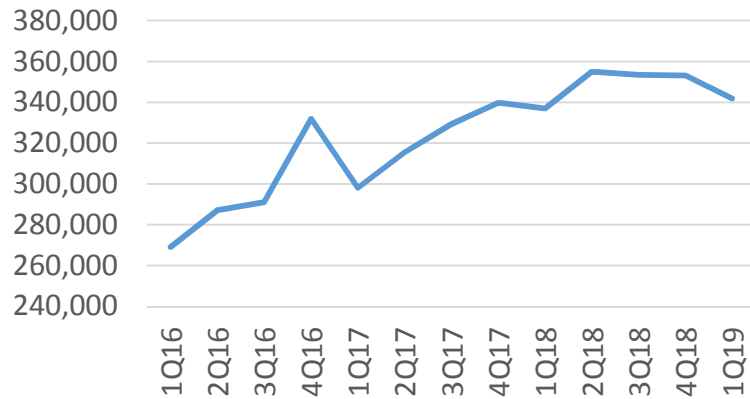
(2) Percentage change in volume is calculated on the number of loads hauled.

# Truckload Loadings and Revenue per Load

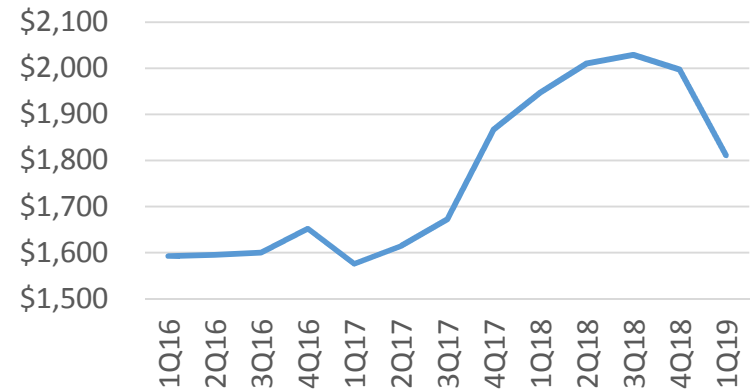
(Excludes LTL)

## Van Equipment

Number of Loads <sup>(1)</sup>

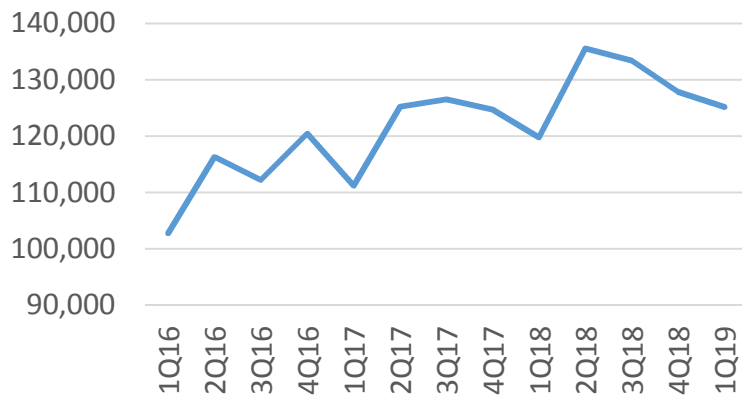


Revenue per Load

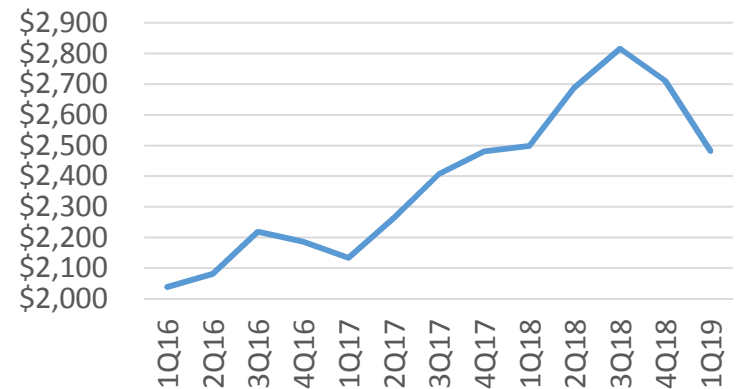


## Unsided/Platform Equipment

Number of Loads <sup>(1)</sup>



Revenue per Load



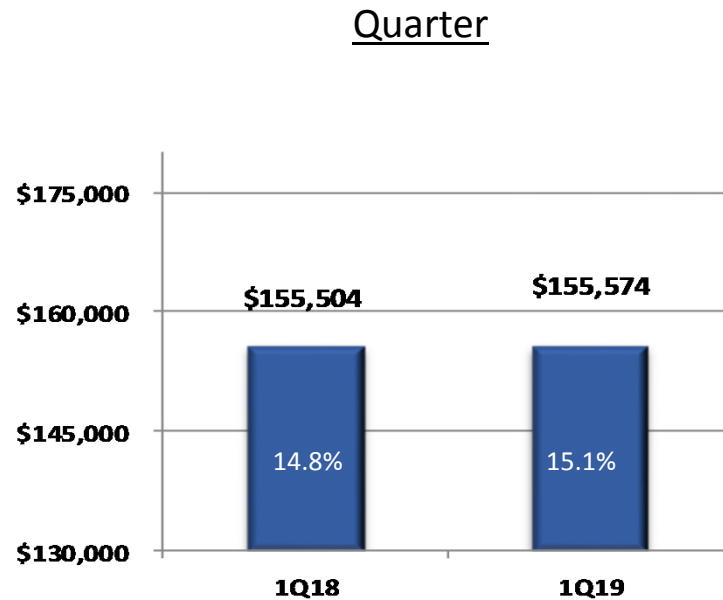
(1) The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's 2018 and 2017 fourth quarters included thirteen weeks of operations whereas the 2016 fourth quarter included fourteen weeks.

# Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Growth
	1Q18	1Q19	
Consumer Durables	23.5	24.8	4%
Machinery	14.0	13.6	-4%
Automotive	8.4	8.6	1%
Building Products	8.5	8.4	-3%
Metals	6.4	6.3	-3%
AA&E, Hazmat	8.9	8.7	-4%
Foodstuffs	6.0	4.0	-34%
Energy	2.3	2.4	4%
Other	21.9	23.2	4%
<b>Transportation Revenue</b>	<u>100.0</u>	<u>100.0</u>	-2%



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



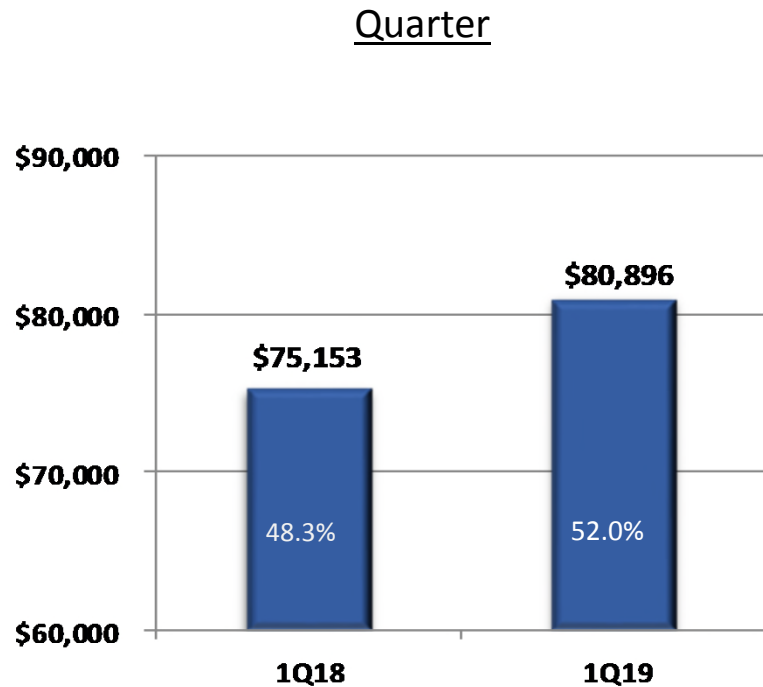
Quarter

Changes in gross profit margin	% <sup>(3)</sup>
2018 Period	14.8
Revenue - fixed gp margin	0.1
Revenue - variable gp margin	0.4
Change in mix and other	-0.2
2019 Period	15.1

- (1) Gross profit equals revenue less the cost of purchased transportation and commissions to agents.  
 (2) Gross profit margin equals gross profit divided by revenue.  
 (3) Revenue on transactions with a fixed gross profit margin was 52% and 50% of revenue in the 2018 and 2019 first quarters, respectively.

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

(\$'s in thousands)



Quarter

Changes in operating margin	%
2018 Period	48.3
Other operating costs	-0.4
Insurance and claims	1.7
SG&A	2.6
Depreciation and amortization	-0.2
2019 Period	52.0

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

# Truck Capacity Data

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

	Mar 31, 2018 <sup>(2)</sup>	Dec 29, 2018	Mar 30, 2019 <sup>(2)</sup>
BCO Independent Contractors	9,243	9,884	9,911
Truck Brokerage Carriers:			
Approved and Active <sup>(1)</sup>	34,659	41,069	40,404
Other Approved	15,687	17,985	18,659
	<b>50,346</b>	<b>59,054</b>	<b>59,063</b>
Total Available Truck Capacity Providers	<b>59,589</b>	<b>68,938</b>	<b>68,974</b>
Trucks Provided by BCO Independent Contractors	9,868	10,599	10,637

(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 \$53.9 million and \$54.4 million in the 2019 and 2018 first quarters, respectively.

# Key Balance Sheet and Cash Flow Statistics

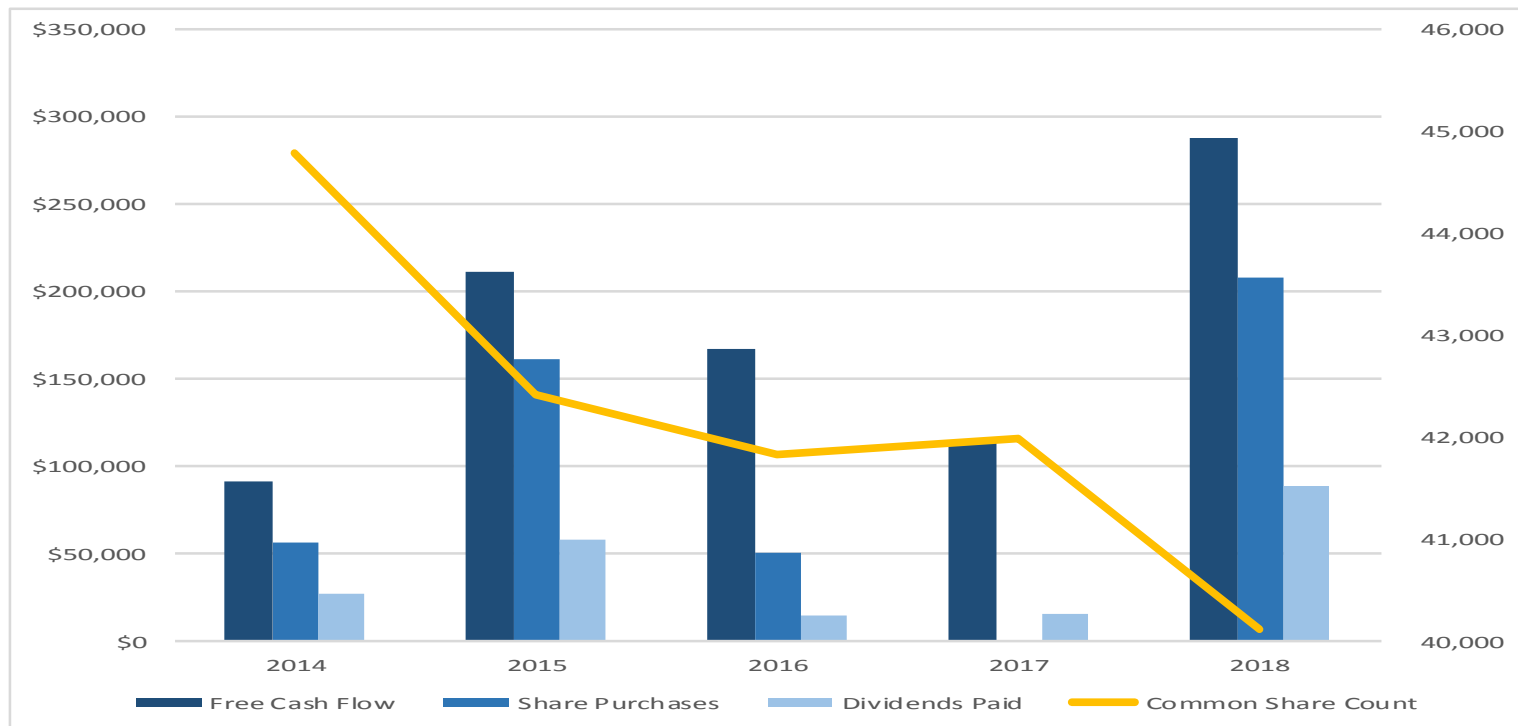
(\$'s in thousands)

	QTR Mar 31, 2018	QTR Mar 30, 2019
Balance sheet (period end amounts):		
Debt to Capital	14%	14%
Net Cash (1)	\$ 146,338	\$ 188,153
Cash flow:		
Cash flow from operations	\$ 72,002	\$ 121,416
Capital expenditures	\$ 3,814	\$ 4,576
Share repurchases	\$ 1,508	\$ 12,977
Dividends paid	\$ 69,293	\$ 6,629
Returns:		
TTM Return on Equity	32%	37%
TTM Return on Invested Capital	27%	32%
TTM Return on Assets	16%	19%

(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 2019	(000's)
Free cash flow (1)	\$ 116,840
Share purchases	\$ 12,977
Dividends paid	\$ 6,629
Ending common share count	40,162

(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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