

DESIGNED TO RESPOND  
BUILT TO DELIVER



*Landstar System, Inc.*  
*Earnings Conference Call*  
*Fourth Quarter 2017*  
*January 31, 2018*



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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

## 2017 Results

\$3.6 billion in revenue

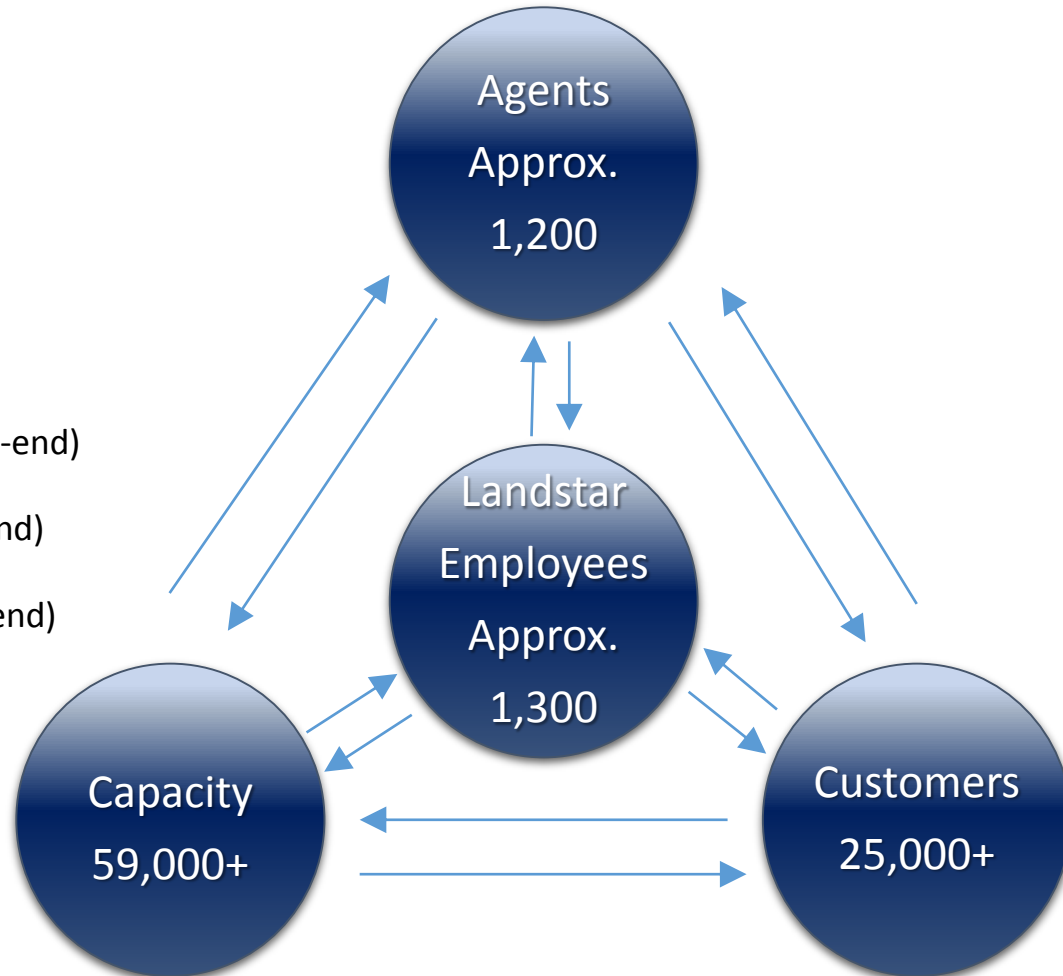
2.0 million loadings

542 million dollar agents

9,696 BCO trucks (2017 year-end)

49,934 Carriers (2017 year-end)

15,000+ Trailers (2017 year-end)

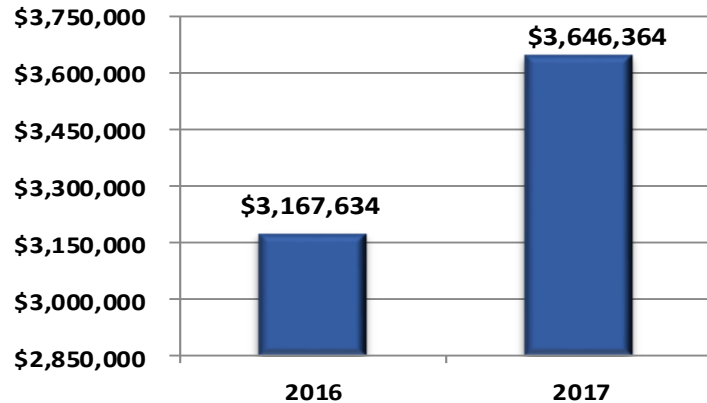


# Transportation Management Services

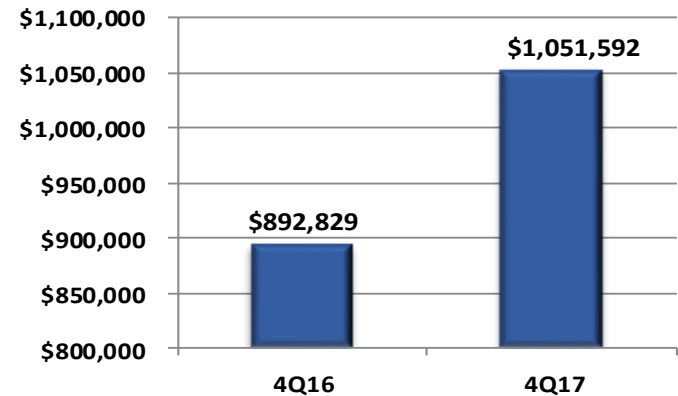
	Percentage of Revenue	
	4Q16	4Q17
Truck Transportation		
Truckload		
Van equipment	61%	60%
Unsided/platform equipment	29%	29%
Less-than-truckload	2%	2%
Rail intermodal	3%	3%
Ocean and air cargo	2%	4%

# Revenue (\$'s in thousands)

Fiscal Year <sup>(1)</sup>



Quarter <sup>(1)</sup>



Year over Prior Year	Rate <sup>(2)</sup>	Volume <sup>(3)</sup>	Change
Truck Revenue	5.8%	9.0%	15.3%
Rail Intermodal Revenue	0.8%	- 7.8%	- 7.0%
Ocean/Air Revenue	15.0%	22.9%	41.2%
Insurance Premiums	NA	NA	1.2%
<b>Total Revenue</b>			<b>15.1%</b>

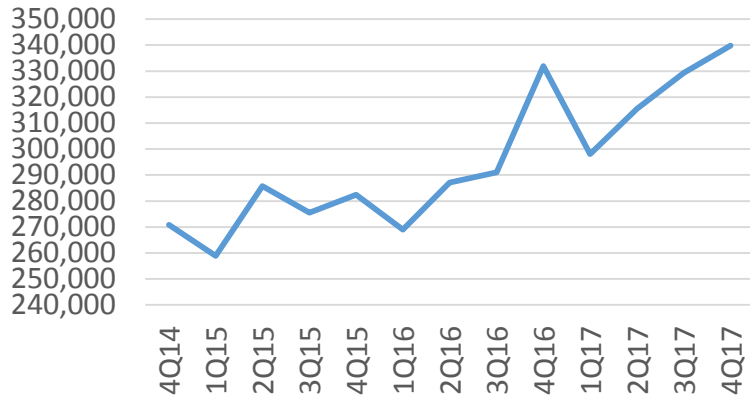
Qtr over Prior Year Qtr	Rate <sup>(2)</sup>	Volume <sup>(3)</sup>	Change
Truck Revenue	12.8%	3.1%	16.3%
Rail Intermodal Revenue	2.1%	2.0%	4.2%
Ocean/Air Revenue	45.2%	25.8%	82.6%
Insurance Premiums	NA	NA	2.3%
<b>Total Revenue</b>			<b>17.8%</b>

- (1) The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's 2017 fourth quarter included thirteen weeks of operations whereas the 2016 fourth quarter included fourteen weeks. Fiscal year 2017 included fifty-two weeks of operations whereas fiscal year 2016 included fifty-three.
- (2) Percentage change in rate is calculated on a revenue per load basis.
- (3) Percentage change in volume is calculated on the number of loads hauled.

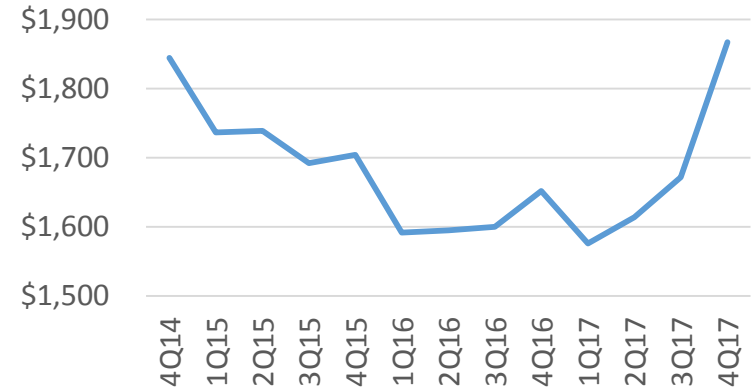
# Truckload Loadings and Revenue per Load

(Excludes LTL)

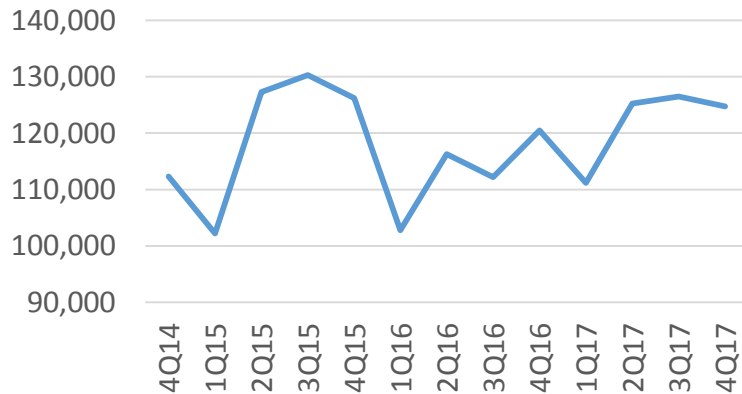
Number of Loads (1) Van Equipment



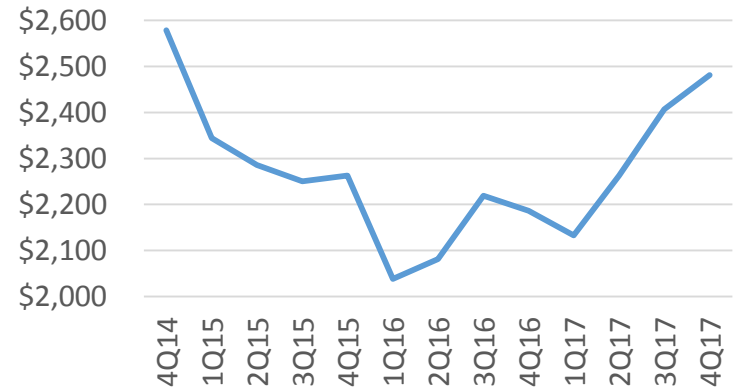
Revenue per Load



Number of Loads (1) Unsided/Platform Equipment



Revenue per Load



(1) The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's 2017, 2015 and 2014 fourth quarters included thirteen weeks of operations whereas the 2016 fourth quarter included fourteen weeks.

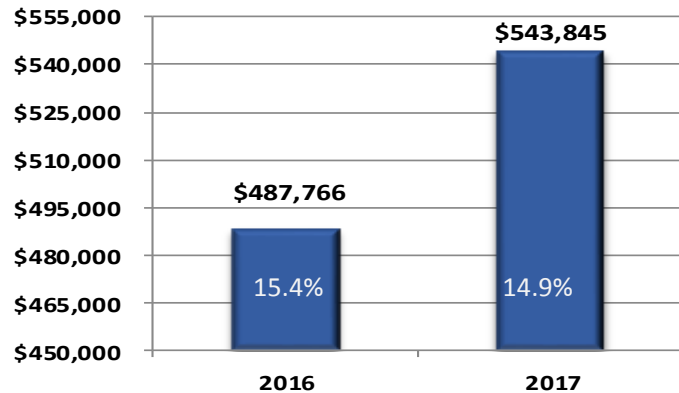
# Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Growth
	4Q16	4Q17	
Consumer Durables	21.6	23.2	27%
Machinery	14.2	13.4	12%
Automotive	9.1	7.3	-5%
Building Products	8.1	9.1	32%
Metals	6.1	6.2	20%
AA&E, Hazmat	7.2	7.5	22%
Foodstuffs	5.5	5.4	17%
Energy	3.1	2.8	6%
Other	25.1	25.1	18%
<b>Transportation Revenue</b>	<u>100.0</u>	<u>100.0</u>	18%

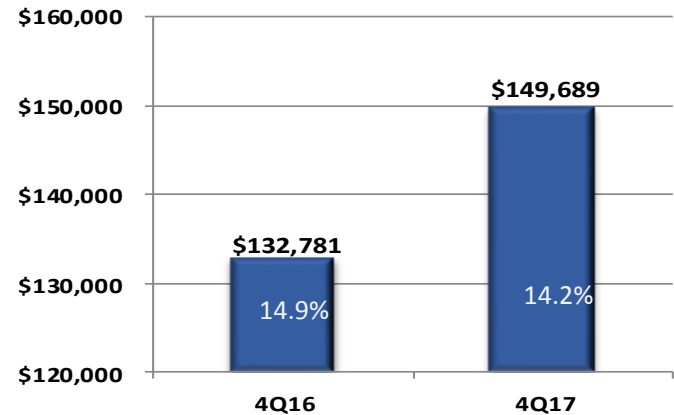


# Gross Profit <sup>(1)</sup> and Gross Profit Margin <sup>(2)</sup> (\$'s in thousands)

Fiscal Year <sup>(3)</sup>



Quarter <sup>(3)</sup>



	Fiscal Year <sup>(4)</sup>
Changes in gross profit margin	%
2016 Period	15.4
Revenue - fixed gp margin	0.0
Revenue - variable gp margin	-0.2
Change in mix and other	-0.3
2017 Period	14.9

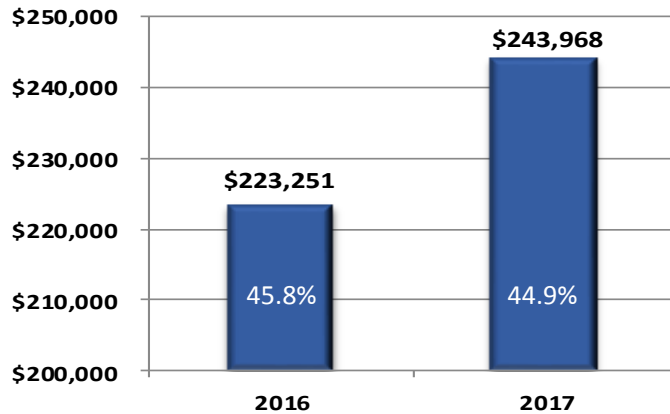
	4th Qtr <sup>(4)</sup>
Changes in gross profit margin	%
2016 Period	14.9
Revenue - fixed gp margin	0.0
Revenue - variable gp margin	-0.2
Change in mix and other	-0.5
2017 Period	14.2

- (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) The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's 2017 fourth quarter included thirteen weeks of operations whereas the 2016 fourth quarter included fourteen weeks. Fiscal year 2017 included fifty-two weeks of operations whereas fiscal year 2016 included fifty-three.
- (4) Revenue on transactions with a fixed gross profit margin was 55% and 53% of revenue in the 2016 and 2017 year-to-date periods, respectively, and 53% and 50% of revenue in the 2016 and 2017 fourth quarters, respectively.

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

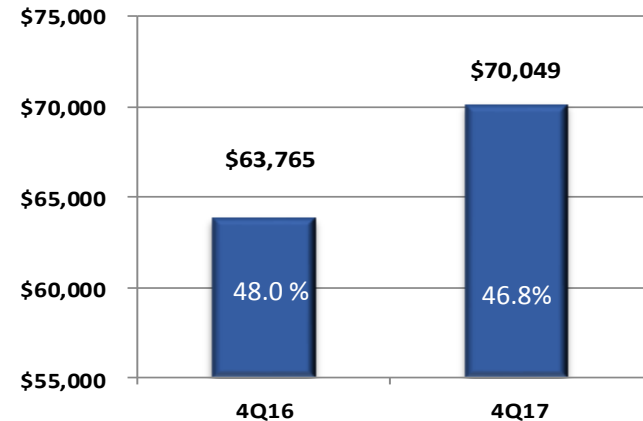
(\$'s in thousands)

Fiscal Year <sup>(2)</sup>



	Fiscal Year
<b>Changes in operating margin</b>	<b>%</b>
2016 Period	45.8
Other operating costs	0.8
Insurance and claims	0.4
SG&A	-2.0
Depreciation and amortization	-0.1
2017 Period	44.9

Quarter <sup>(2)</sup>



	4th Qtr
<b>Changes in operating margin</b>	<b>%</b>
2016 Period	48.0
Other operating costs	2.1
Insurance and claims	0.3
SG&A	-3.8
Depreciation and amortization	0.2
2017 Period	46.8

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

(2) The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's 2017 fourth quarter included thirteen weeks of operations whereas the 2016 fourth quarter included fourteen weeks. Fiscal year 2017 included fifty-two weeks of operations whereas fiscal year 2016 included fifty-three.

# Truck Capacity Data

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

	Dec 31, 2016 <sup>(2)</sup>	Dec 30, 2017 <sup>(2)</sup>
BCO Independent Contractors	8,824	9,087
Truck Brokerage Carriers:		
Approved and Active <sup>(1)</sup>	31,471	34,243
Other Approved	15,982	15,691
	<b>47,453</b>	<b>49,934</b>
Total Available Truck Capacity Providers	<b>56,277</b>	<b>59,021</b>
Trucks Provided by BCO Independent Contractors	9,439	9,696

(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 \$170.8 million and \$129.7 million in the 2017 and 2016 year-to-date periods, respectively, and \$48.8 million and \$38.6 million in the 2017 and 2016 fourth quarters, respectively.

# Key Balance Sheet and Cash Flow Statistics

(\$'s in thousands)

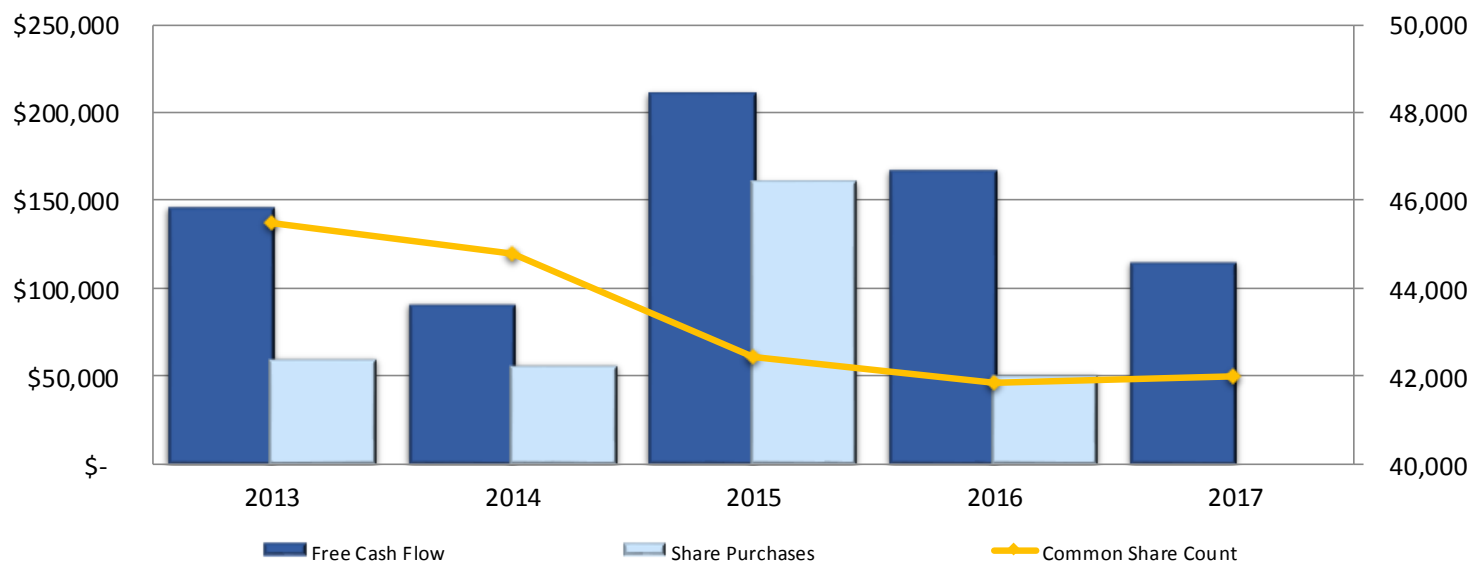
	YTD Dec 31, 2016	YTD Dec 30, 2017
Balance sheet (period end amounts):		
Debt to Capital	20%	16%
Net Cash (1)	\$ 107,153	\$ 166,231
Cash flow:		
Cash flow from operations	\$ 190,242	\$ 138,963
Capital expenditures <sup>(2)</sup>	\$ 22,645	\$ 24,046
Share repurchases	\$ 50,516	\$ -
Dividends paid	\$ 14,332	\$ 15,938
Returns:		
TTM Return on Equity	28%	29%
TTM Return on Invested Capital	22%	24%
TTM Return on Assets	14%	15%

(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 <sup>(1)</sup> / Share Purchases

(In Thousands)



Fourth quarter 2017 YTD	(000's)
Free cash flow (1)	\$ 114,917
Share purchases	\$ -
Ending common share count	41,991

(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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