

DESIGNED TO RESPOND  
BUILT TO DELIVER



*Landstar System, Inc.*  
*Earnings Conference Call*  
*First Quarter 2020*  
*April 22, 2020*



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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

## 2019 Results

\$4.1 billion in revenue

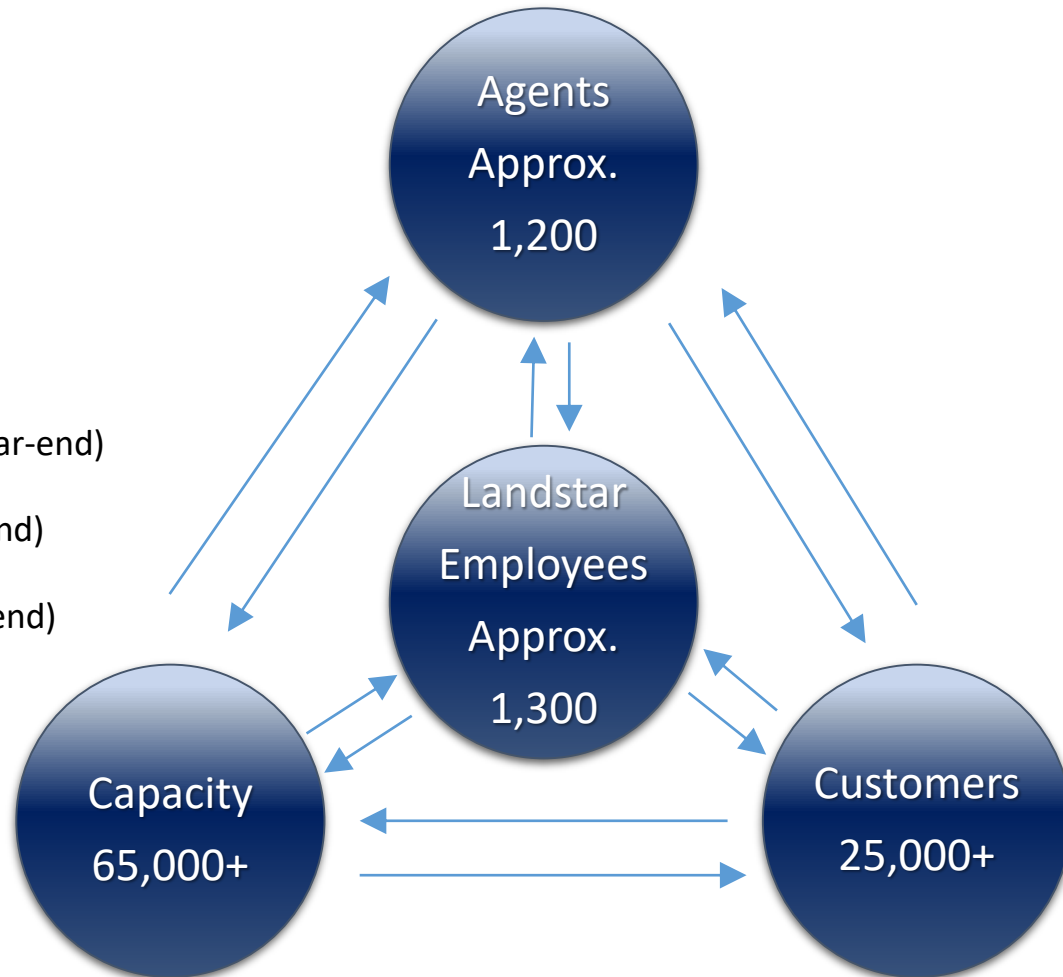
2.1 million loadings

555 million dollar agents

10,243 BCO trucks (2019 year-end)

56,317 Carriers (2019 year-end)

17,000+ Trailers (2019 year-end)

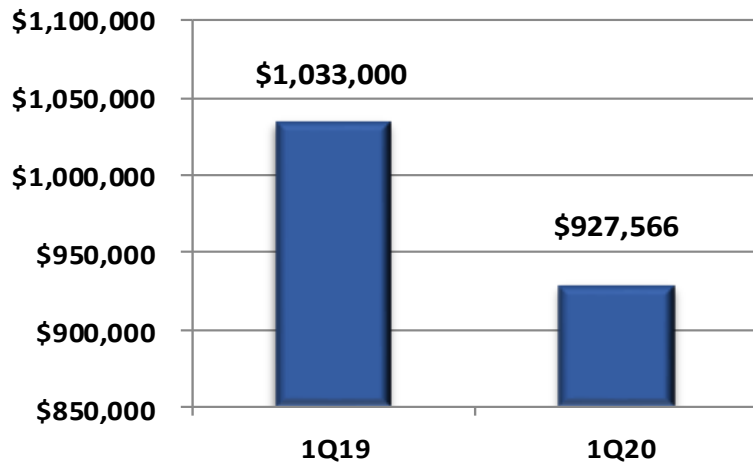


# Transportation Management Services

	Percentage of Revenue	
	1Q19	1Q20
Truck Transportation		
Truckload		
Van equipment	60%	59%
Unsided/platform equipment	30%	31%
Less-than-truckload	2%	2%
Rail intermodal	3%	3%
Ocean and air cargo	3%	3%

# Revenue (\$'s in thousands)

Quarter



Quarter

Qtr over Prior Year Qtr	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	- 5.0%	- 5.6%	- 10.3%
Rail Intermodal Revenue	1.2%	- 7.4%	- 6.3%
Ocean/Air Revenue	- 7.9%	- 5.9%	- 13.3%
Insurance Premiums	NA	NA	- 2.5%
Total Revenue			- 10.2%

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

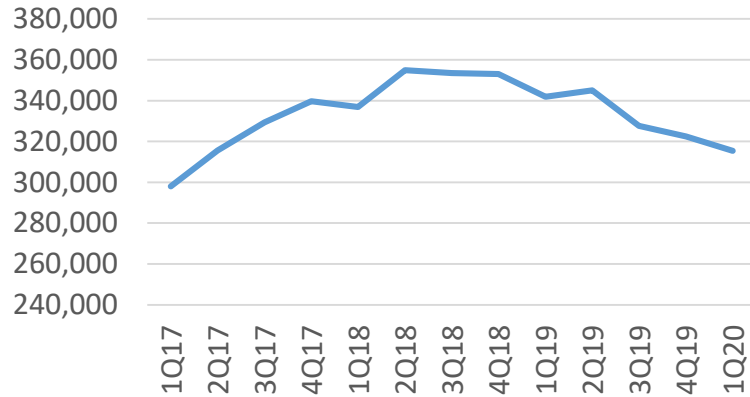
(2) Percentage change in volume is calculated on the number of loads hauled.

# Truckload Loadings and Revenue per Load

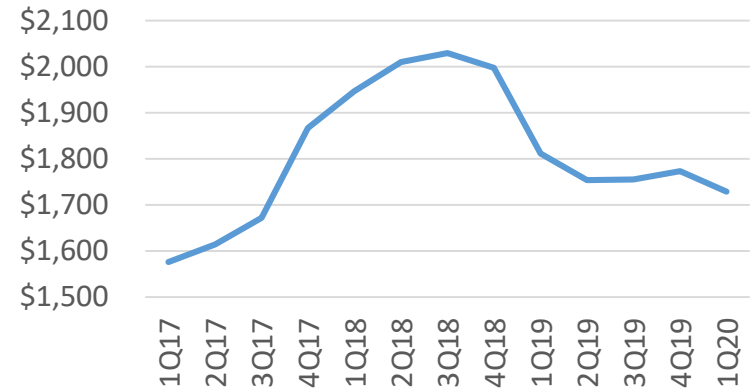
(Excludes LTL)

## Van Equipment

### Number of Loads

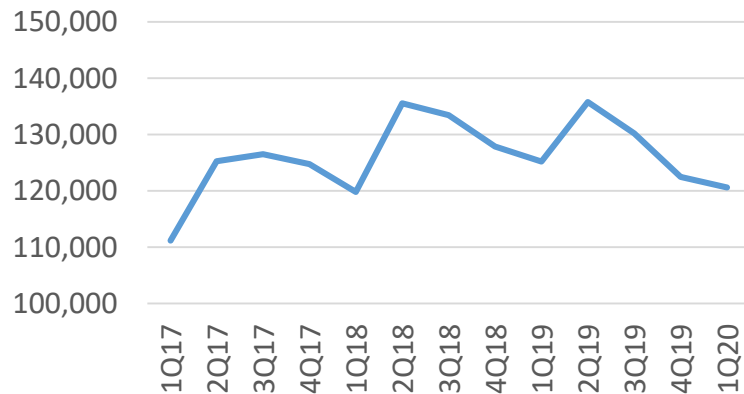


### Revenue per Load

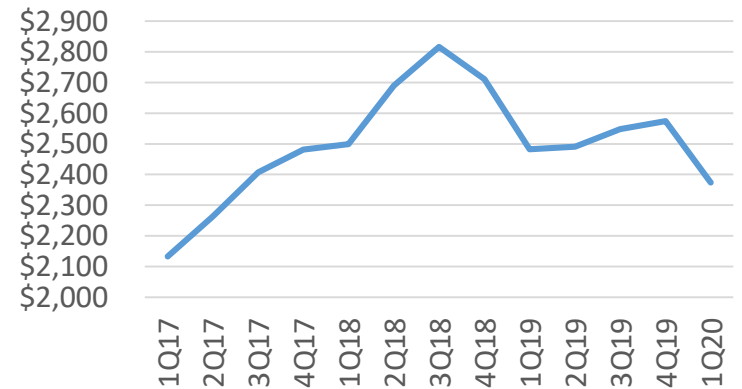


## Unsided/Platform Equipment

### Number of Loads



### Revenue per Load

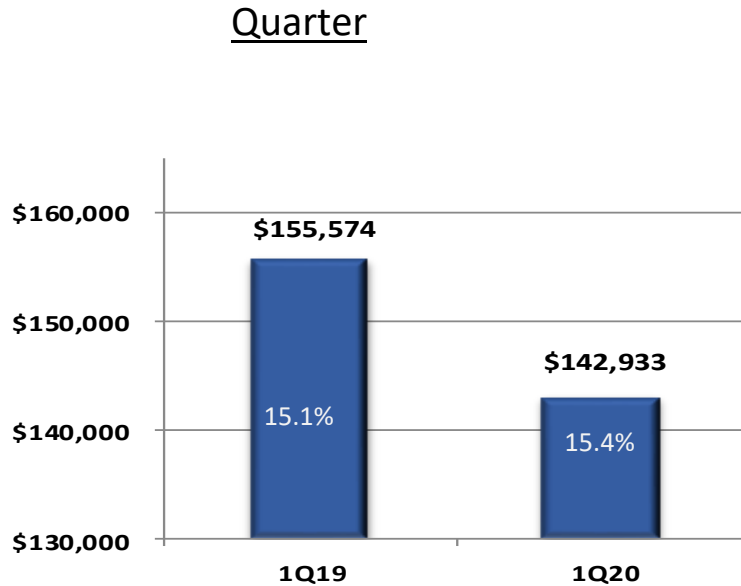


# Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Change in Revenue
	1Q19	1Q20	
Consumer Durables	24.8	23.9	-14%
Machinery	13.6	13.4	-12%
Automotive	8.6	7.4	-23%
Building Products	8.4	9.1	-3%
Metals	6.3	5.9	-17%
AA&E, Hazmat	8.7	9.1	-6%
Foodstuffs	4.0	4.7	5%
Energy	2.4	3.4	27%
Other	23.2	23.1	-10%
<b>Transportation Revenue</b>	<u>100.0</u>	<u>100.0</u>	-10%



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



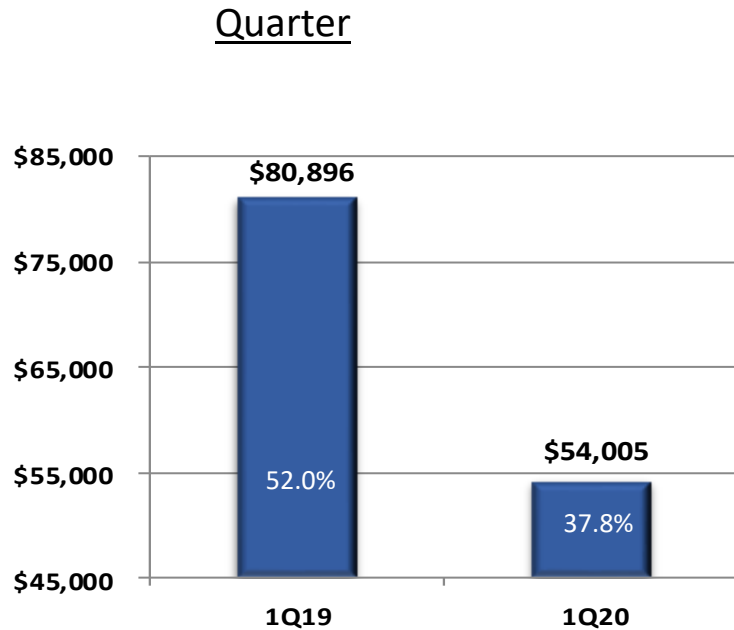
Quarter

	1st Qtr <sup>(3)</sup>
<b>Changes in gross profit margin</b>	<b>%</b>
2019 Period	15.1
Revenue - fixed gp margin	0.1
Revenue - variable gp margin	0.0
Change in mix and other	0.2
2020 Period	15.4

- (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 50% and 52% of revenue in the 2019 and 2020 first quarters, respectively.

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

(\$'s in thousands)



Quarter

	1st Qtr
<b>Changes in operating margin</b>	<b>%</b>
2019 Period	52.0
Other operating costs	-0.5
Insurance and claims	-7.7
SG&A	-5.2
Depreciation and amortization	-0.8
2020 Period	37.8

(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 30, 2019 <sup>(2)</sup>	Dec 28, 2019	Mar 28, 2020 <sup>(2)</sup>
BCO Independent Contractors	9,911	9,554	9,444
Truck Brokerage Carriers:			
Approved and Active <sup>(1)</sup>	40,404	39,497	38,879
Other Approved	18,659	16,820	16,657
	59,063	56,317	55,536
Total Available Truck Capacity Providers	68,974	65,871	64,980
Trucks Provided by BCO Independent Contractors	10,637	10,243	10,112

(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 \$52.4 million and \$53.9 million in the 2020 and 2019 first quarters, respectively.

# Key Balance Sheet and Cash Flow Statistics

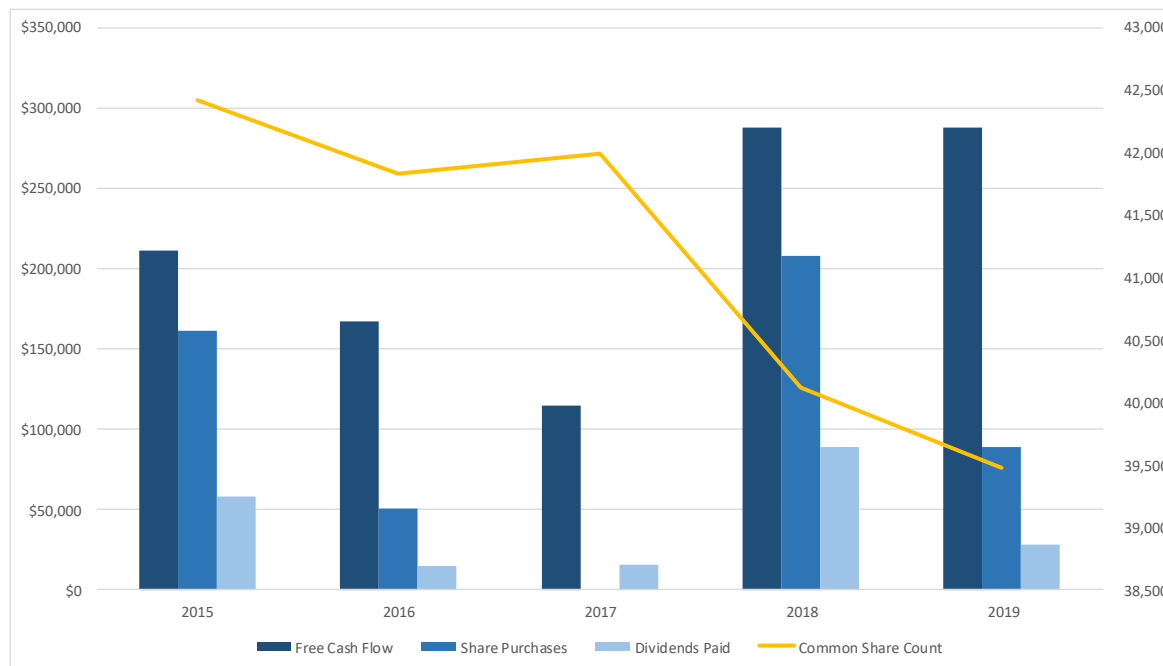
(\$'s in thousands)

	QTR Mar 30, 2019	QTR Mar 28, 2020
Balance sheet (period end amounts):		
Debt to Capital	14%	14%
Net Cash (1)	\$ 188,153	\$ 108,930
Cash flow:		
Cash flow from operations	\$ 121,416	\$ 99,216
Capital expenditures	\$ 4,576	\$ 5,799
Share repurchases	\$ 12,977	\$ 115,962
Dividends paid	\$ 6,629	\$ 86,283
Returns:		
TTM Return on Equity	37%	29%
TTM Return on Invested Capital	32%	25%
TTM Return on Assets	19%	15%

(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 2020	(000's)
Free cash flow (1)	\$ 93,417
Share purchases	\$ 115,962
Dividends paid	\$ 86,283
Ending common share count	38,371

(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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