

DESIGNED TO RESPOND  
BUILT TO DELIVER



*Landstar System, Inc.*  
*Earnings Conference Call*  
*Fourth Quarter 2016*  
*February 1, 2017*



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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

## 2016 Results

\$3.2 billion in revenue

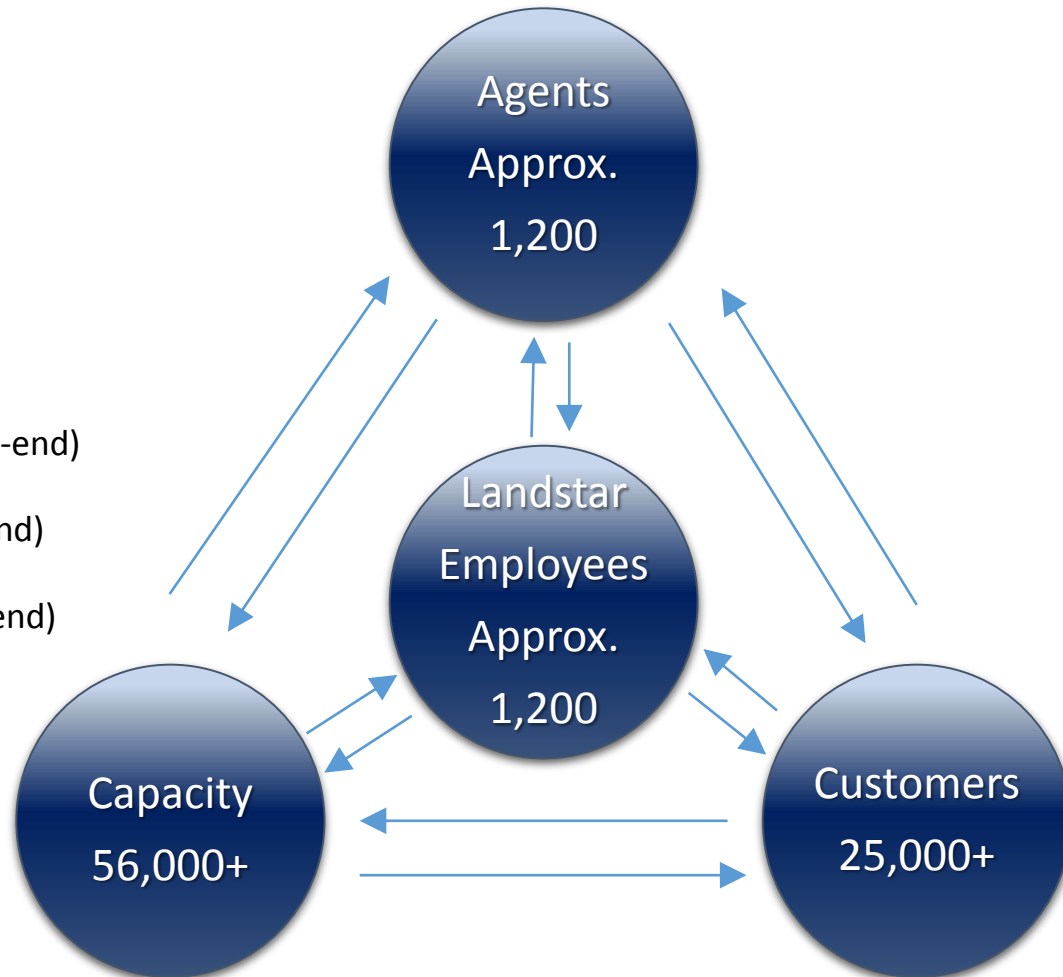
1.8 million loadings

502 million dollar agents

9,439 BCO trucks (2016 year-end)

47,453 Carriers (2016 year-end)

15,000+ Trailers (2016 year-end)

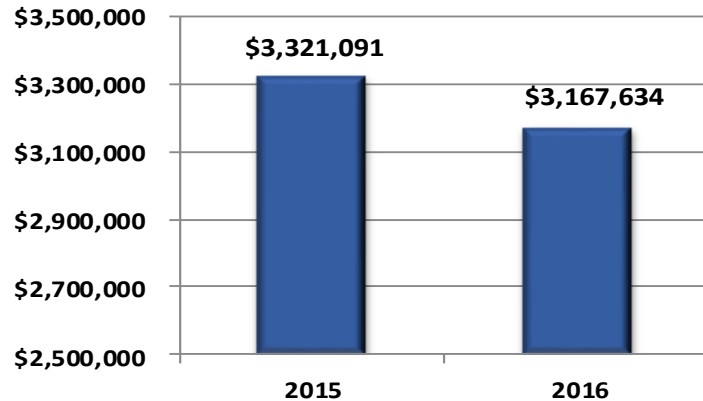


# Transportation Management Services

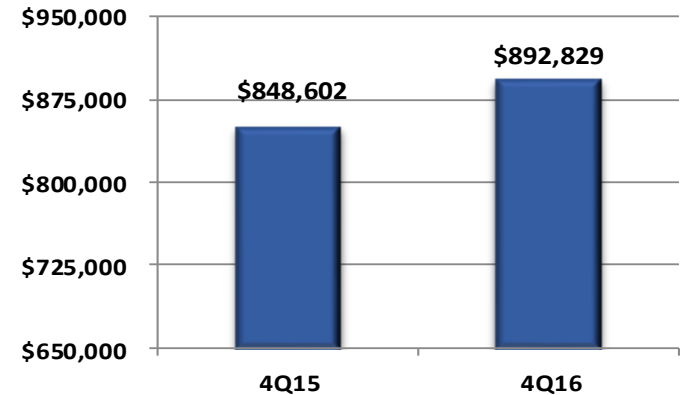
	Percentage of Revenue	
	4Q15	4Q16
Truck Transportation		
Truckload		
Van equipment	57%	61%
Unsided/platform equipment	34%	29%
Less-than-truckload	2%	2%
Rail intermodal	3%	3%
Ocean and air cargo	3%	2%

# 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	- 7.2%	2.7%	- 4.7%
Rail Intermodal Revenue	- 9.1%	8.3%	- 1.5%
Ocean/Air Revenue	- 20.9%	14.6%	- 9.4%
Insurance Premiums	NA	NA	4.5%
Total Revenue			- 4.6%

Qtr over Prior Year Qtr	Rate <sup>(2)</sup>	Volume <sup>(3)</sup>	Change
Truck Revenue	- 4.3%	10.6%	5.8%
Rail Intermodal Revenue	- 6.6%	- 0.1%	- 6.7%
Ocean/Air Revenue	- 17.7%	21.9%	0.3%
Insurance Premiums	NA	NA	2.1%
Total Revenue			5.2%

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

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

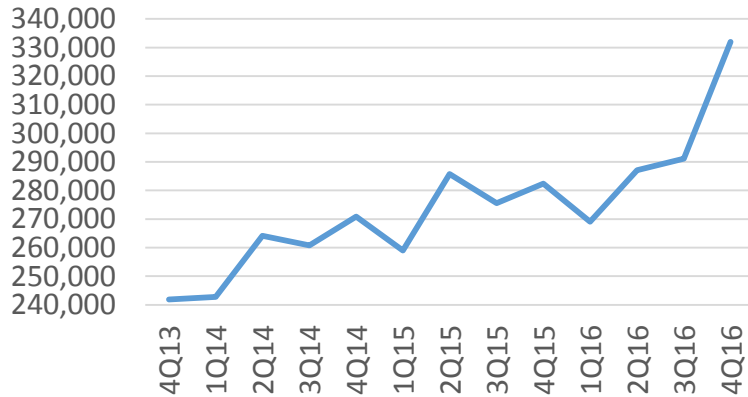
(3) Percentage change in volume is calculated on the number of loads hauled.

# Truckload Loadings and Revenue per Load

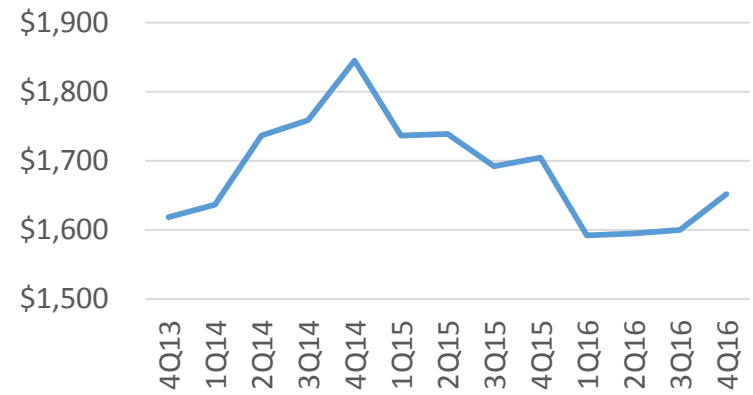
(Excludes LTL)

## Van Equipment

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

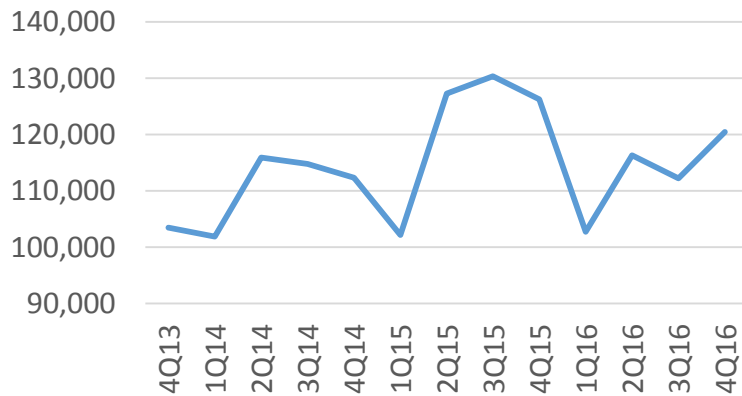


Revenue per Load

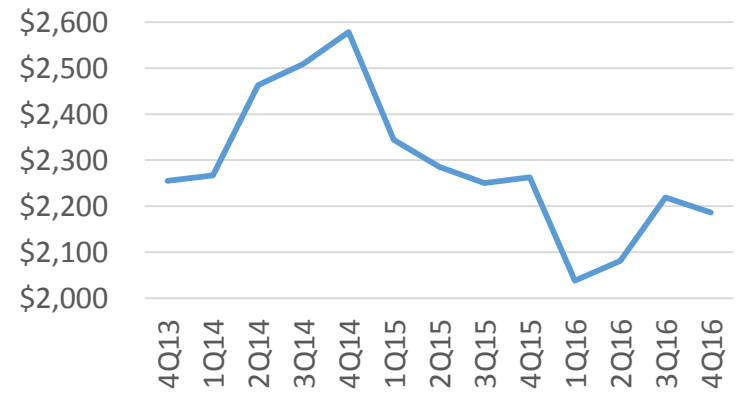


## Unsided/Platform Equipment

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 2016 fourth quarter included fourteen weeks of operations whereas the 2015, 2014 and 2013 fourth quarters included thirteen weeks.

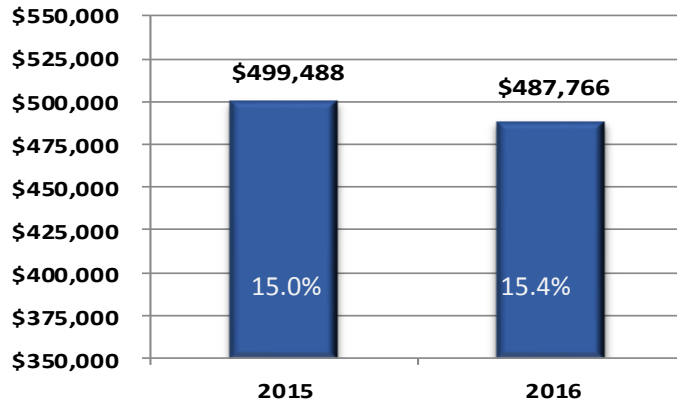
# Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Growth
	4Q15	4Q16	
Consumer Durables	18.7	21.6	22%
Machinery	13.7	14.2	9%
Automotive	13.2	9.1	-27%
Building Products	8.0	8.1	7%
Metals	6.2	6.1	2%
AA&E, Hazmat	6.7	7.2	14%
Foodstuffs	5.0	5.5	15%
Energy	3.9	3.1	-15%
Other	24.6	25.1	7%
<b>Transportation Revenue</b>	<u>100.0</u>	<u>100.0</u>	5%

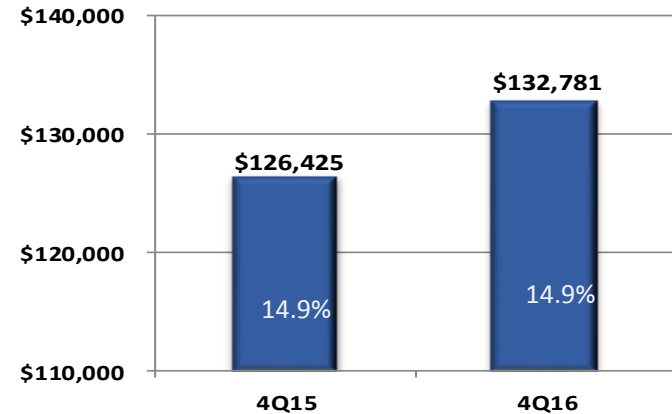


# Gross Profit <sup>(1)</sup> and Gross Profit Margin <sup>(2)</sup> (\$'s in thousands)

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



Quarter <sup>(3)</sup>



	Fiscal Year <sup>(4)</sup>
<b>Changes in gross profit margin</b>	<b>%</b>
2015 Period	15.0
Revenue - fixed gp margin	0.2
Revenue - variable gp margin	0.1
Change in mix and other	0.1
2016 Period	15.4

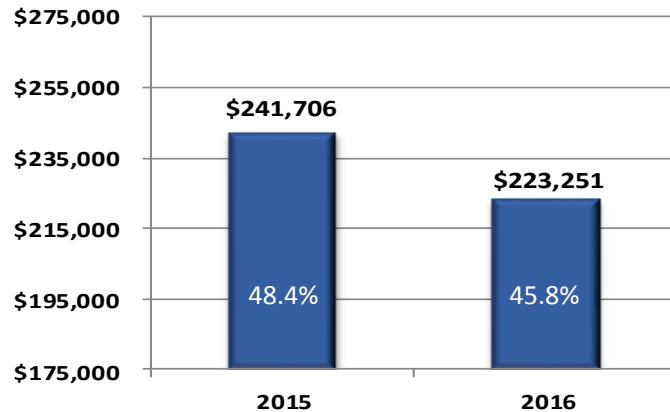
	4th Qtr <sup>(4)</sup>
<b>Changes in gross profit margin</b>	<b>%</b>
2015 Period	14.9
Revenue - fixed gp margin	0.1
Revenue - variable gp margin	0.0
Change in mix and other	-0.1
2016 Period	14.9

- (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 2016 fourth quarter included fourteen weeks of operations whereas the 2015 fourth quarter included thirteen weeks. Fiscal year 2016 included fifty three weeks of operations whereas fiscal year 2015 included fifty two.
- (4) Revenue on transactions with a fixed gross profit margin was 55% of revenue in both the 2015 and 2016 year-to-date periods and 54% and 53% of revenue in the 2015 and 2016 fourth quarters, respectively.

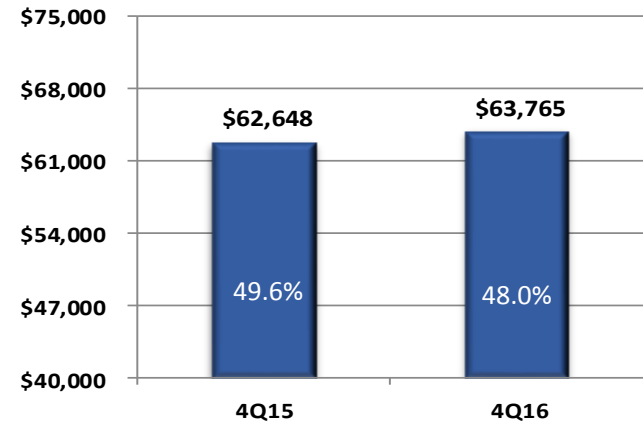
# Operating Income and Operating Margin <sup>(1)</sup>

(\$'s in thousands)

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



Quarter <sup>(2)</sup>



	Fiscal Year
<b>Changes in operating margin</b>	<b>%</b>
2015 Period	48.4
Other operating costs	0.3
Insurance and claims	-2.0
SG&A	0.6
Depreciation and amortization	-1.5
2016 Period	45.8

	4th Qtr
<b>Changes in operating margin</b>	<b>%</b>
2015 Period	49.6
Other operating costs	-0.5
Insurance and claims	-2.1
SG&A	2.1
Depreciation and amortization	-1.1
2016 Period	48.0

- (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 2016 fourth quarter included fourteen weeks of operations whereas the 2015 fourth quarter included thirteen weeks. Fiscal year 2016 included fifty three weeks of operations whereas fiscal year 2015 included fifty two.

# Truck Capacity Data

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

	Dec 26, 2015 <sup>(2)</sup>	Dec 31, 2016 <sup>(2)</sup>
BCO Independent Contractors	8,907	8,824
Truck Brokerage Carriers:		
Approved and Active <sup>(1)</sup>	29,728	31,471
Other Approved	14,715	15,982
	<b>44,443</b>	<b>47,453</b>
Total Available Truck Capacity Providers	<b>53,350</b>	<b>56,277</b>
Trucks Provided by BCO Independent Contractors	<b>9,500</b>	<b>9,439</b>

BCO Independent Contractors

Truck Brokerage Carriers:

    Approved and Active <sup>(1)</sup>

    Other Approved

Total Available Truck Capacity Providers

Trucks Provided by BCO Independent Contractors

(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 \$129,653 and \$174,661 in the 2016 and 2015 year-to-date periods, respectively, and \$38,631 and \$37,574 in the 2016 and 2015 fourth quarters respectively.

# Key Balance Sheet and Cash Flow Statistics

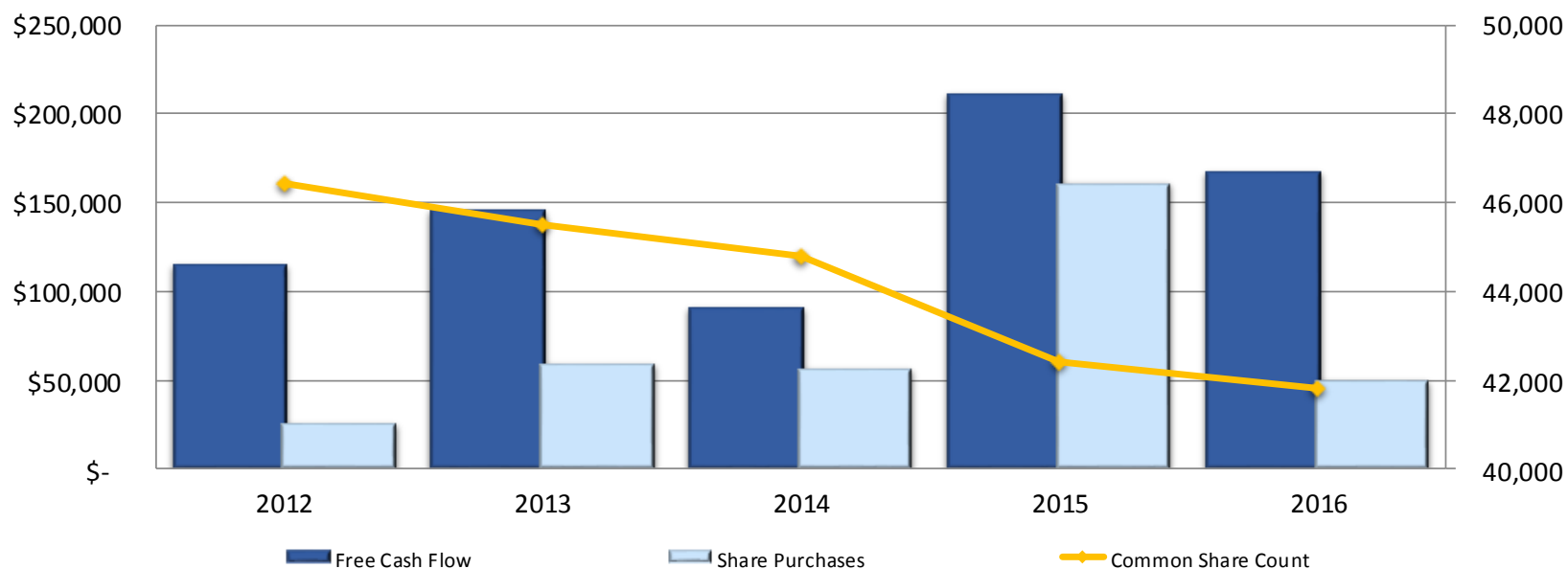
(\$'s in thousands)

	YTD Dec 26, 2015	YTD Dec 31, 2016
Balance sheet (period end amounts):		
Debt to Capital	21%	20%
Net Cash (1)	\$ 39,051	\$ 107,153
Cash flow:		
Cash flow from operations	\$ 216,022	\$ 190,242
Capital expenditures	\$ 4,804	\$ 22,645
Share repurchases	\$ 161,152	\$ 50,516
Dividends paid	\$ 57,882	\$ 14,332
Returns:		
TTM Return on Equity	31%	28%
TTM Return on Invested Capital	25%	22%
TTM Return on Assets	15%	14%

(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)



(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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