

DESIGNED TO RESPOND
BUILT TO DELIVER



Landstar System, Inc.
Earnings Conference Call
Third Quarter 2019
October 23, 2019



The following is a “safe harbor” statement under the Private Securities Litigation Reform Act of 1995. Statements made during this presentation that are not based on historical facts are “forward looking statements.” During this presentation, I 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 2018 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.

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

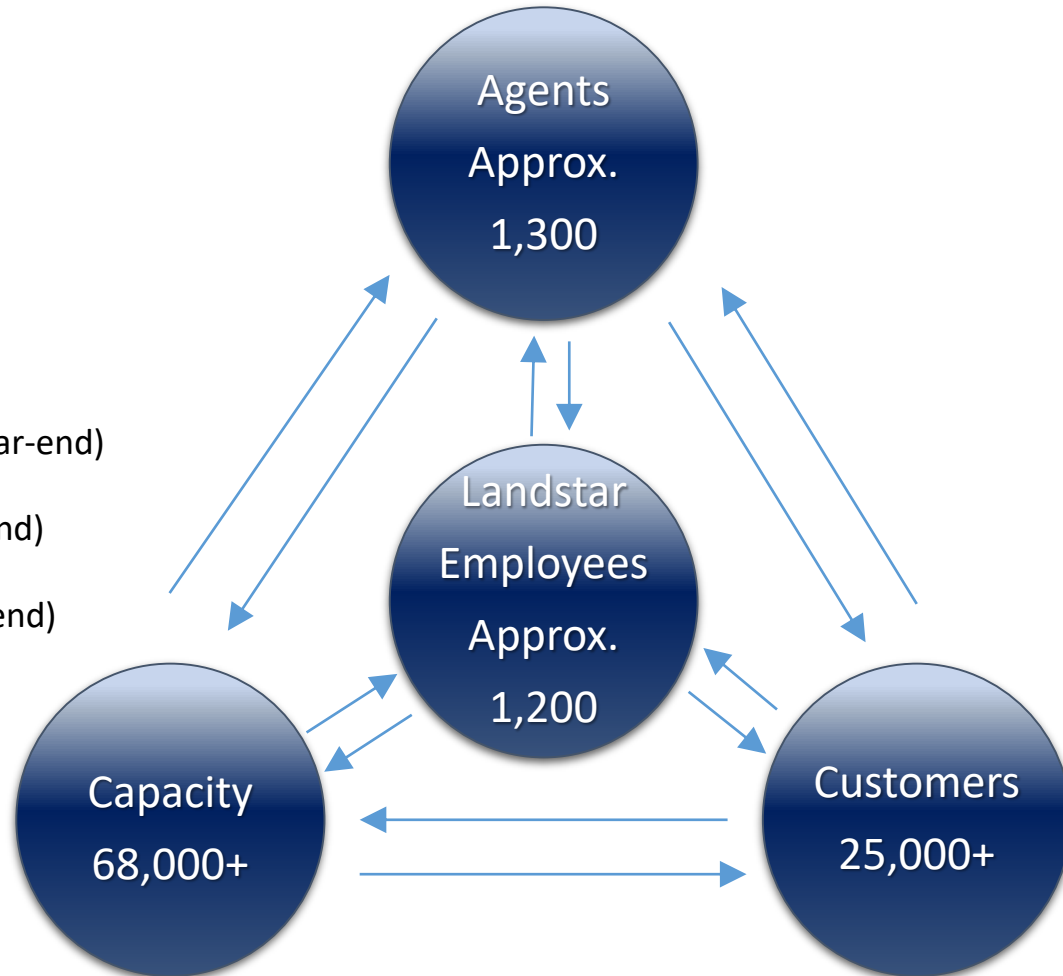
2.1 million loadings

608 million dollar agents

10,599 BCO trucks (2018 year-end)

59,054 Carriers (2018 year-end)

16,000+ Trailers (2018 year-end)

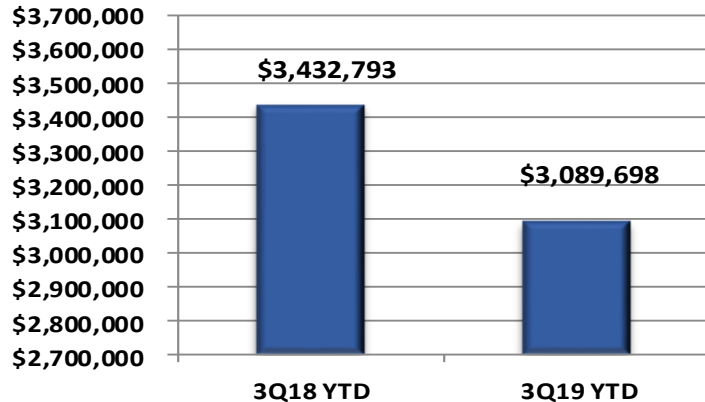


Transportation Management Services

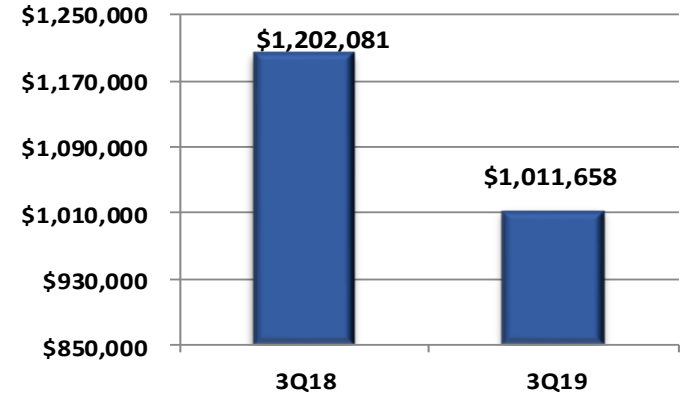
	Percentage of Revenue	
	3Q18	3Q19
Truck Transportation		
Truckload		
Van equipment	60%	57%
Unsided/platform equipment	31%	33%
Less-than-truckload	2%	3%
Rail intermodal	3%	3%
Ocean and air cargo	3%	3%

Revenue (\$'s in thousands)

Year-to-Date



Quarter



Year over Prior Year	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	- 9.8%	- 1.3%	- 10.9%
Rail Intermodal Revenue	3.8%	- 12.1%	- 8.8%
Ocean/Air Revenue	3.5%	4.2%	7.9%
Insurance Premiums	NA	NA	10.1%
Total Revenue			- 10.0%

Qtr over Prior Year Qtr	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	- 12.6%	- 4.6%	- 16.6%
Rail Intermodal Revenue	- 1.8%	- 14.4%	- 15.9%
Ocean/Air Revenue	8.9%	- 10.7%	- 2.7%
Insurance Premiums	NA	NA	5.7%
Total Revenue			- 15.8%

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

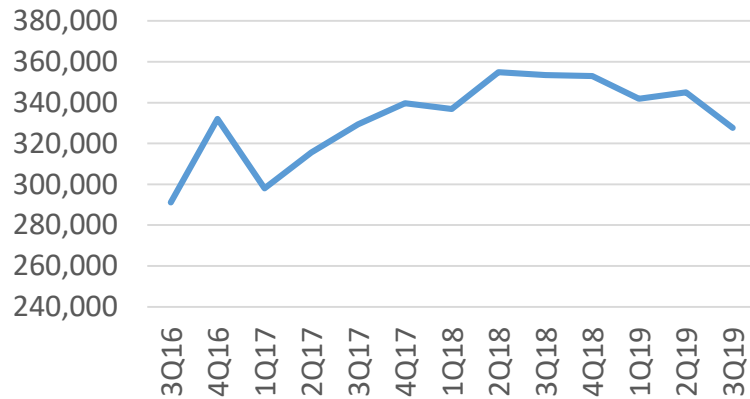
(2) Percentage change in volume is calculated on the number of loads hauled.

Truckload Loadings and Revenue per Load

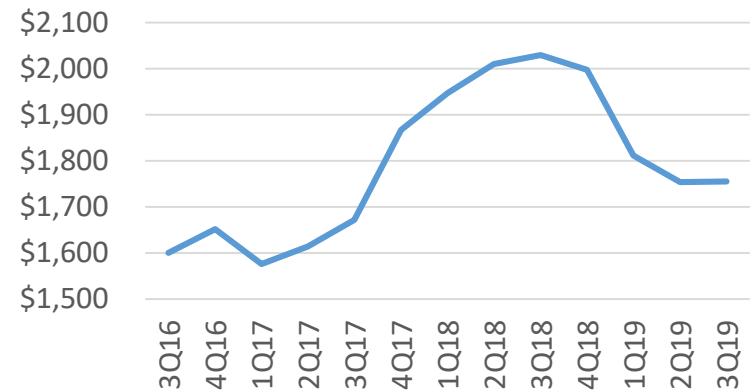
(Excludes LTL)

Van Equipment

Number of Loads ⁽¹⁾

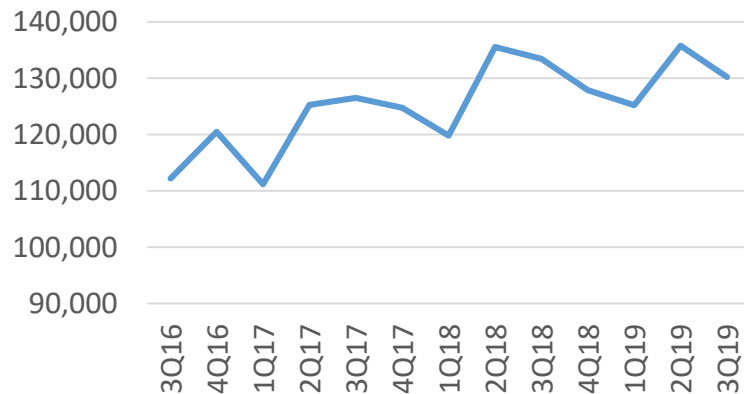


Revenue per Load

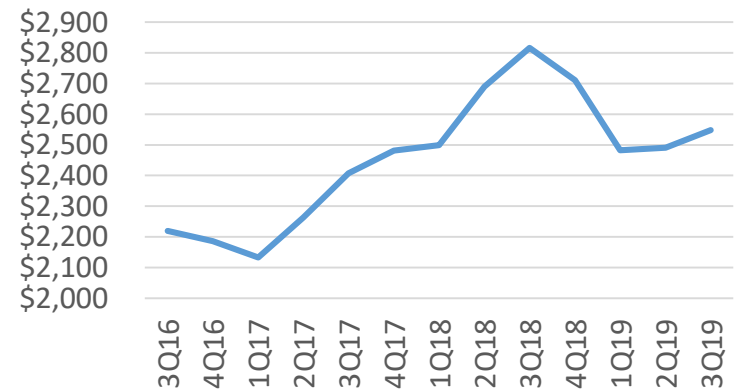


Unsided/Platform Equipment

Number of Loads ⁽¹⁾



Revenue per Load



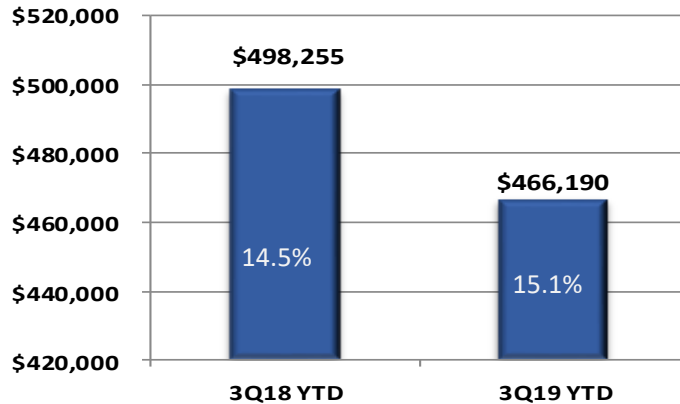
(1) The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's 2018 and 2017 fourth quarters included thirteen weeks of operations whereas the 2016 fourth quarter included fourteen weeks.

Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Change in Revenue
	3Q18	3Q19	
Consumer Durables	23.2	24.6	-11%
Machinery	14.3	14.9	-13%
Automotive	8.3	7.0	-29%
Building Products	8.7	9.1	-11%
Metals	6.7	5.8	-27%
AA&E, Hazmat	8.4	8.9	-12%
Foodstuffs	5.5	4.2	-36%
Energy	2.8	3.9	16%
Other	22.1	21.6	-18%
Transportation Revenue	<u>100.0</u>	<u>100.0</u>	-16%

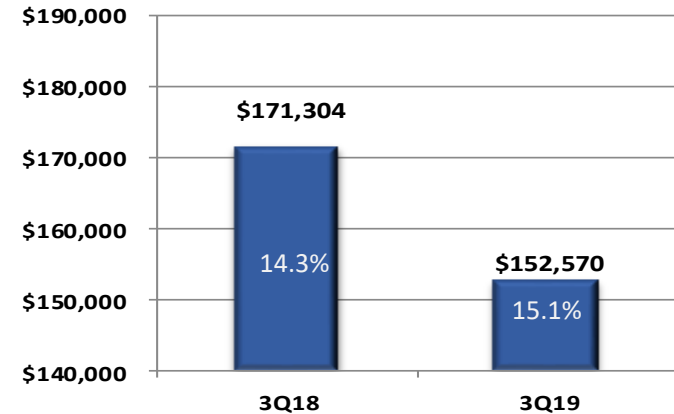
Gross Profit ⁽¹⁾ and Gross Profit Margin ⁽²⁾ (\$'s in thousands)

Year-to-Date



	3rd Qtr YTD ⁽³⁾
Changes in gross profit margin	%
2018 Period	14.5
Revenue - fixed gp margin	0.2
Revenue - variable gp margin	0.4
Change in mix and other	0.0
2019 Period	15.1

Quarter



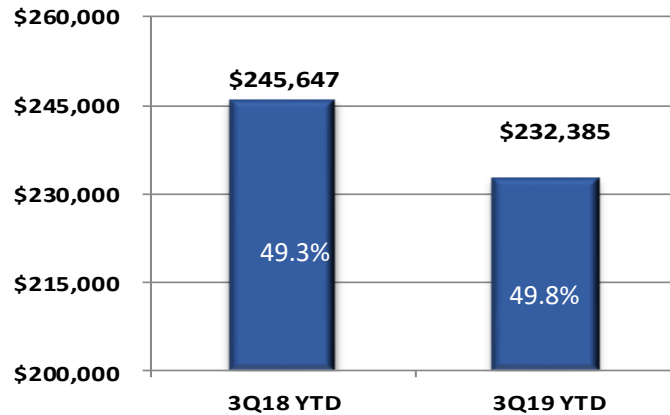
	3rd Qtr ⁽³⁾
Changes in gross profit margin	%
2018 Period	14.3
Revenue - fixed gp margin	0.2
Revenue - variable gp margin	0.3
Change in mix and other	0.3
2019 Period	15.1

- (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 51% of revenue in both the 2018 and 2019 year-to-date periods, and 50% and 52% of revenue in the 2018 and 2019 third quarters, respectively.

Operating Income and Operating Margin ⁽¹⁾

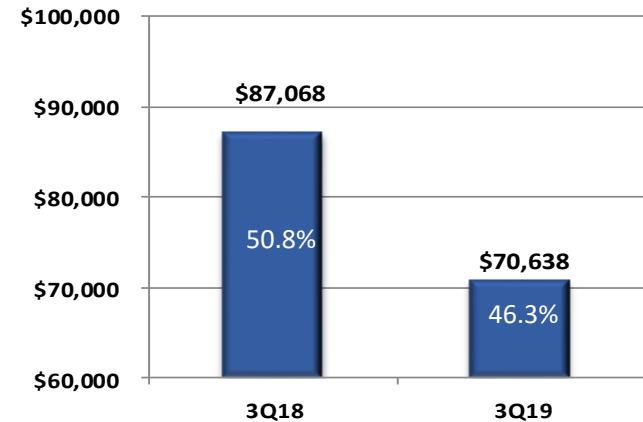
(\$'s in thousands)

Year-to-Date



	3rd Qtr YTD
Changes in operating margin	%
2018 Period	49.3
Other operating costs	-1.3
Insurance and claims	0.0
SG&A	2.4
Depreciation and amortization	-0.6
2019 Period	49.8

Quarter



	3rd Qtr
Changes in operating margin	%
2018 Period	50.8
Other operating costs	-1.6
Insurance and claims	-4.5
SG&A	2.3
Depreciation and amortization	-0.7
2019 Period	46.3

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

Truck Capacity Data

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

	Sep 29, 2018 ⁽²⁾	Dec 29, 2018	Sep 28, 2019 ⁽²⁾
BCO Independent Contractors	9,751	9,884	9,738
Truck Brokerage Carriers:			
Approved and Active ⁽¹⁾	40,151	41,069	39,963
Other Approved	16,803	17,985	16,984
	56,954	59,054	56,947
Total Available Truck Capacity Providers	66,705	68,938	66,685
Trucks Provided by BCO Independent Contractors	10,443	10,599	10,441

(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 \$170.1 million and \$179.3 million in the 2019 and 2018 year-to-date periods, respectively, and \$56.3 million and \$62.3 million in the 2019 and 2018 third quarters, respectively.

Key Balance Sheet and Cash Flow Statistics

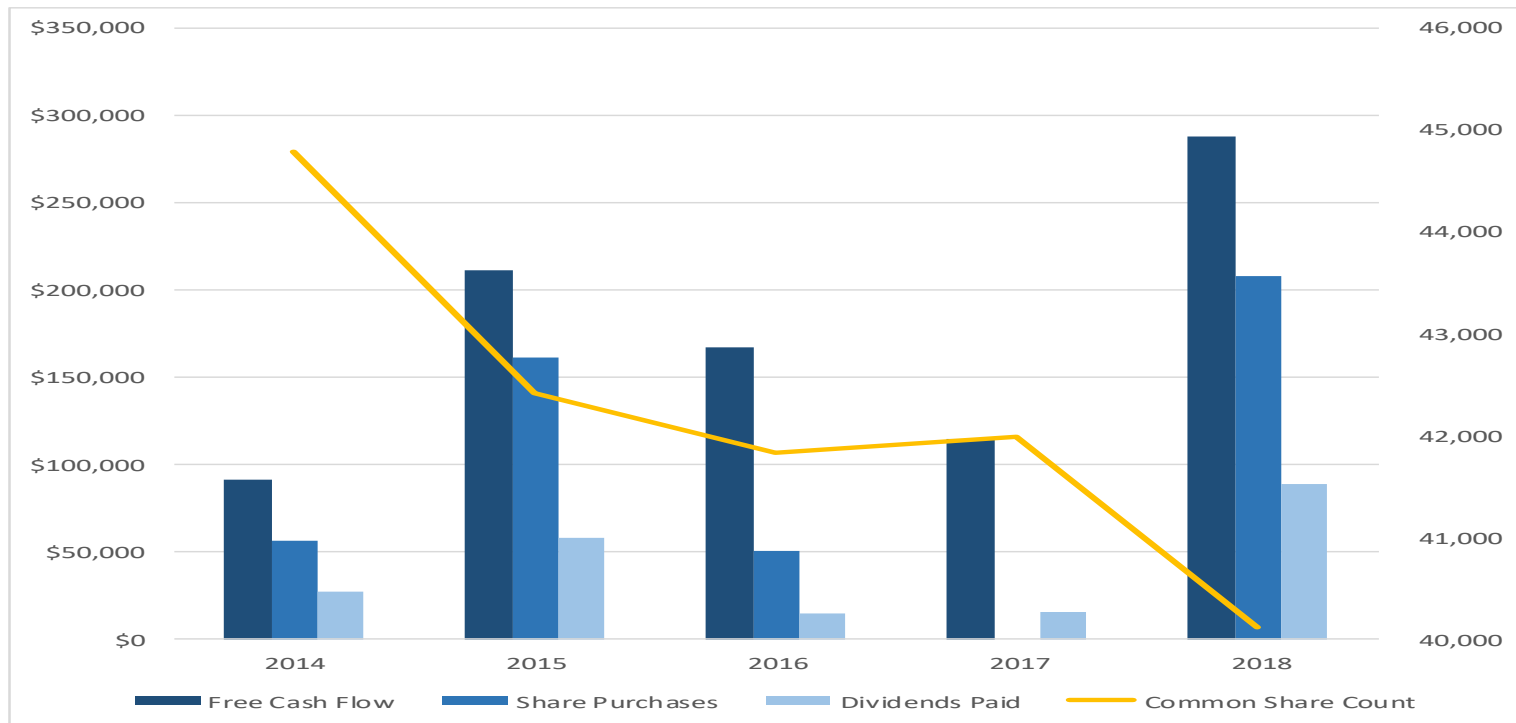
(\$'s in thousands)

	YTD Sep 29, 2018	YTD Sep 28, 2019
Balance sheet (period end amounts):		
Debt to Capital	14%	12%
Net Cash (1)	\$ 140,330	\$ 215,265
Cash flow:		
Cash flow from operations	\$ 204,205	\$ 260,714
Capital expenditures	\$ 7,325	\$ 15,199
Share repurchases	\$ 105,488	\$ 88,578
Dividends paid	\$ 82,261	\$ 20,589
Returns:		
TTM Return on Equity	37%	34%
TTM Return on Invested Capital	32%	29%
TTM Return on Assets	19%	18%

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

Free Cash Flow ⁽¹⁾, Stock Purchases and Dividends

(In Thousands)



Third quarter 2019 YTD	(000's)
Free cash flow (1)	\$ 245,515
Share purchases	\$ 88,578
Dividends paid	\$ 20,589
Ending common share count	39,463

(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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