

DESIGNED TO RESPOND
BUILT TO DELIVER



Landstar System, Inc.
Earnings Conference Call
First Quarter 2017
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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 2016 fiscal year, described in the section titled 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

2016 Results

\$3.2 billion in revenue

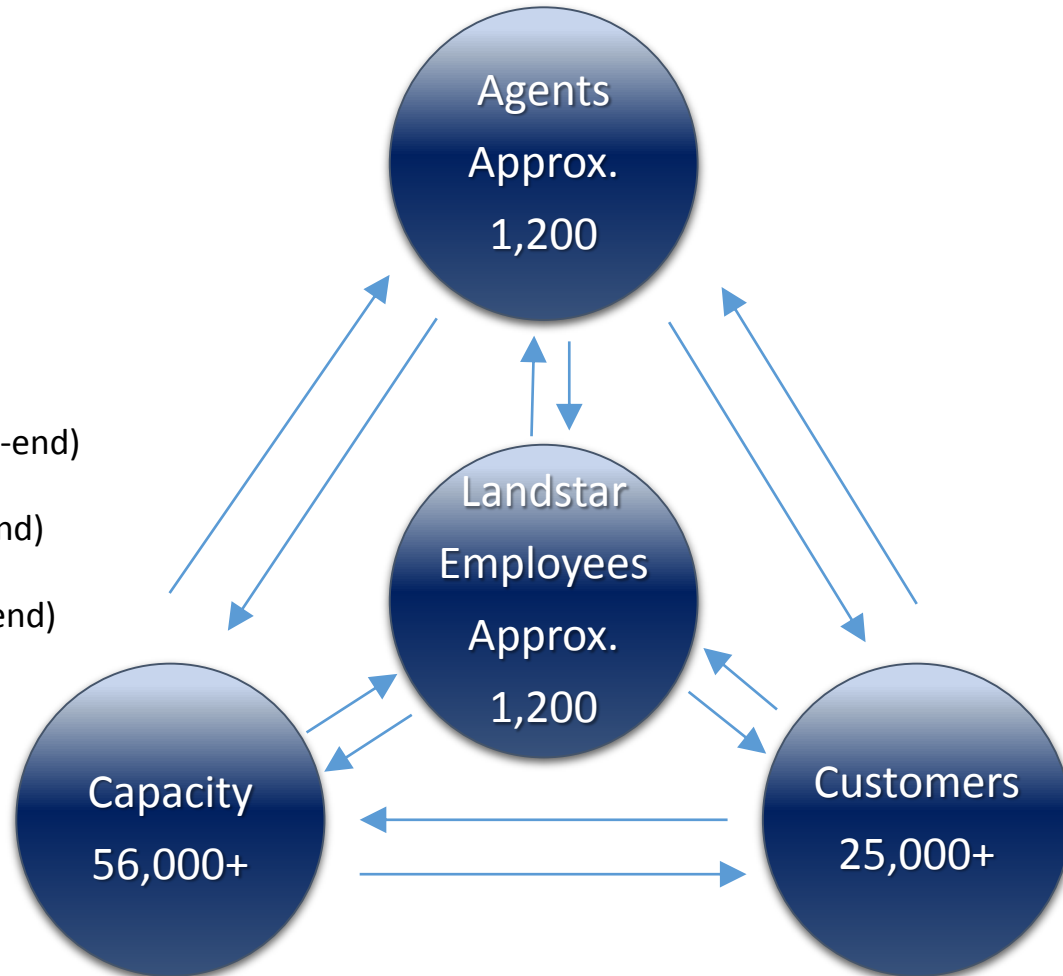
1.8 million loadings

502 million dollar agents

9,439 BCO trucks (2016 year-end)

47,453 Carriers (2016 year-end)

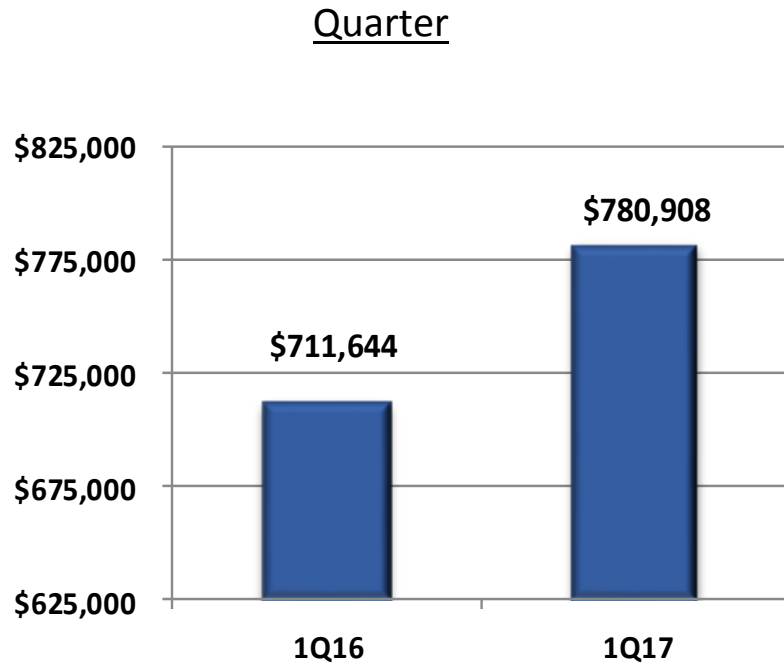
15,000+ Trailers (2016 year-end)



Transportation Management Services

	Percentage of Revenue	
	1Q16	1Q17
Truck Transportation		
Truckload		
Van equipment	60%	60%
Unsided/platform equipment	29%	30%
Less-than-truckload	2%	3%
Rail intermodal	4%	3%
Ocean and air cargo	3%	3%

Revenue (\$'s in thousands)



Quarter

Qtr over Prior Qtr	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	0.7%	10.2%	10.9%
Rail Intermodal Revenue	- 1.2%	- 11.5%	- 12.5%
Ocean/Air Revenue	- 17.1%	25.7%	4.2%
Insurance Premiums	NA	NA	0.1%
Total Revenue			9.7%

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

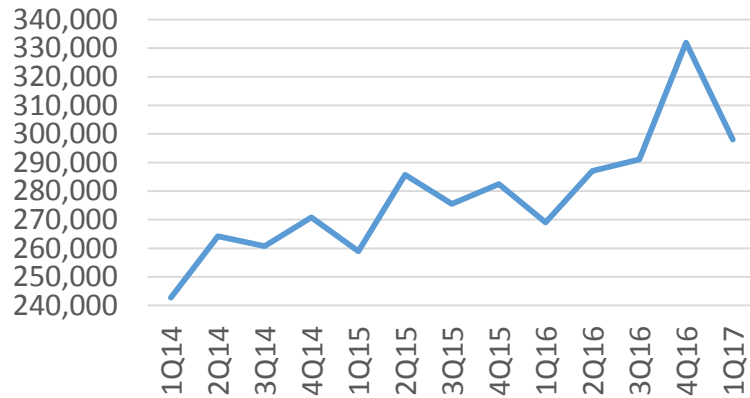
(2) Percentage change in volume is calculated on the number of loads hauled.

Truckload Loadings and Revenue per Load

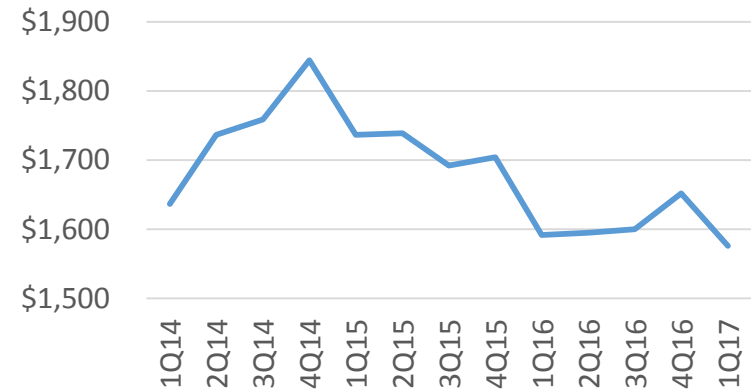
(Excludes LTL)

Van Equipment

Number of Loads

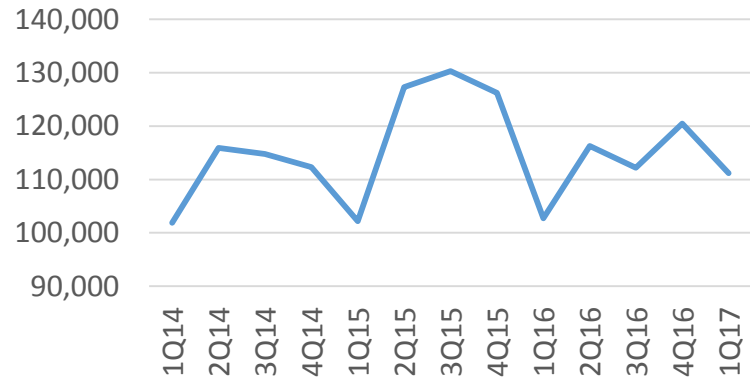


Revenue per Load

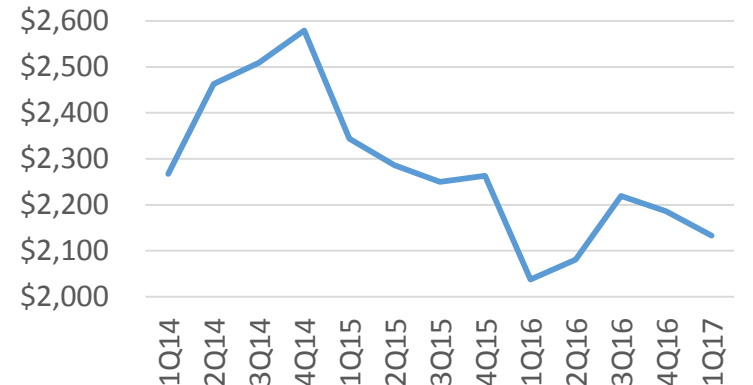


Unsided/Platform Equipment

Number of Loads



Revenue per Load

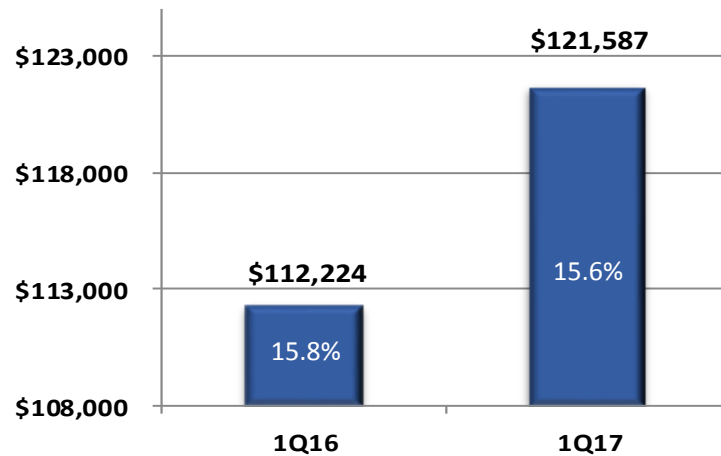


Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Growth
	1Q16	1Q17	
Consumer Durables	20.5	21.5	15%
Machinery	14.4	15.3	16%
Automotive	9.7	8.7	-1%
Building Products	8.6	8.6	9%
Metals	6.7	6.7	10%
AA&E, Hazmat	7.5	8.8	29%
Foodstuffs	5.5	5.2	4%
Energy	2.9	3.1	15%
Other	24.2	22.3	1%
Transportation Revenue	<u>100.0</u>	<u>100.0</u>	10%

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

Quarter



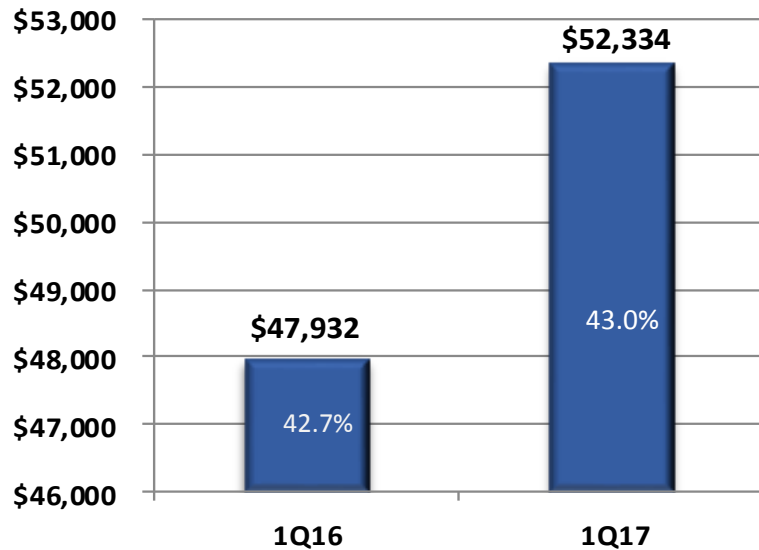
	1st Qtr ⁽³⁾
Changes in gross profit margin	%
2016 Period	15.8
Revenue - fixed gp margin	0.0
Revenue - variable gp margin	0.0
Change in mix and other	-0.2
2017 Period	15.6

- (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 56% and 54% of revenue in the 2016 and 2017 first quarters, respectively.

Operating Income and Operating Margin ⁽¹⁾

(\$'s in thousands)

Quarter



	1st Qtr
Changes in operating margin	%
2016 Period	42.7
Other operating costs	0.9
Insurance and claims	0.7
SG&A	-0.7
Depreciation and amortization	-0.6
2017 Period	43.0

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

Truck Capacity Data

(All information contained in the table is provided as of the end of the period)

	Mar 26, 2016 ⁽²⁾	Dec 31, 2016	Apr 1, 2017 ⁽²⁾
BCO Independent Contractors	8,889	8,824	8,772
Truck Brokerage Carriers:			
Approved and Active ⁽¹⁾	29,523	31,471	31,566
Other Approved	15,748	15,982	15,889
	45,271	47,453	47,455
Total Available Truck Capacity Providers	54,160	56,277	56,227
Trucks Provided by BCO Independent Contractors	9,497	9,439	9,370

(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 \$38.5 million and \$25.5 million in the 2017 and 2016 first quarters, respectively.

Key Balance Sheet and Cash Flow Statistics

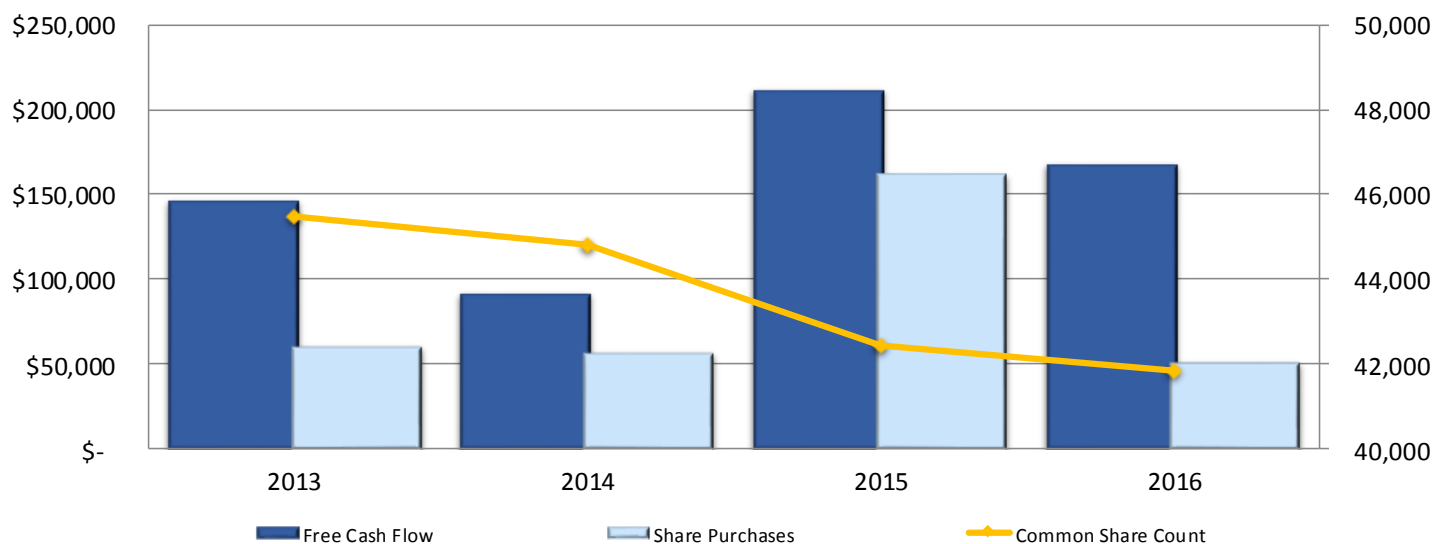
(\$'s in thousands)

	QTR Mar 26, 2016	QTR Apr 1, 2017
Balance sheet (period end amounts):		
Debt to Capital	21%	18%
Net Cash (1)	\$ 92,891	\$ 151,630
Cash flow:		
Cash flow from operations	\$ 72,038	\$ 61,948
Capital expenditures	\$ 828	\$ 4,978
Share repurchases	\$ 10,228	\$ -
Dividends paid	\$ 3,396	\$ 3,770
Returns:		
TTM Return on Equity	31%	27%
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 ⁽¹⁾ / Share Purchases

(In Thousands)



First quarter 2017	(000's)
Free cash flow (1)	\$ 56,970
Share purchases	\$ -
Ending common share count	41,922

(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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