

DESIGNED TO RESPOND  
BUILT TO DELIVER



*Landstar System, Inc.*  
*Earnings Conference Call*  
*Third Quarter 2023*  
*October 25, 2023*



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## ***Forward Looking Statements Disclaimer:***

The following is a “safe harbor” statement under the Private Securities Litigation Reform Act of 1995. Statements made in this slide presentation that are not based on historical facts are “forward-looking statements.” This presentation 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 or legal risks or uncertainties detailed in Landstar’s Form 10-K for the 2022 fiscal year and Form 10-Q for the 2023 first fiscal quarter, 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 the Company undertakes no obligation to publicly update or revise any forward-looking statements.

## ***Non-GAAP Financial Measures:***

In this slide presentation, the Company provides the following information that may be deemed a non-GAAP financial measure: variable contribution, variable contribution margin and operating income as a percentage of variable contribution.

Management believes variable contribution and variable contribution margin are useful measures of the variable costs that we incur at a shipment-by-shipment level attributable to our transportation network of third-party capacity providers and independent agents in order to provide services to our customers. Management believes that operating income as a percentage of variable contribution is a useful measure as: (i) variable costs of revenue for a significant portion of the Company's business are highly influenced by short-term market-based trends in the freight transportation industry, whereas other costs, including other costs of revenue, are much less impacted by short-term freight market trends; and (ii) this measure is meaningful to investors' evaluations of the Company's management of costs attributable to operations other than the purely variable costs associated with purchased transportation and commissions to agents that the Company incurs to provide services to our customers.

Management also believes that it is appropriate to present each of the financial measures that may be deemed a non-GAAP financial measure, as referred to above, for the following reasons: (1) disclosure of these matters will allow investors to better understand the underlying trends in the Company's financial condition and results of operations; (2) this information will facilitate comparisons by investors of the Company's results as compared to the results of peer companies; and (3) management considers this financial information in its decision making.

A tabulation of the expenses identified as costs of revenue as well as a reconciliation of gross profit to variable contribution and gross profit margin to variable contribution margin for the 2023 and 2022 third quarters and year-to-date periods is included in this slide presentation as Appendix A.

# *Who We Are*

Landstar, a Fortune 500 company, is a worldwide, technology-enabled, 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.

# Our Network

## September 30, 2023 YTD Results

\$4.10 billion in revenue

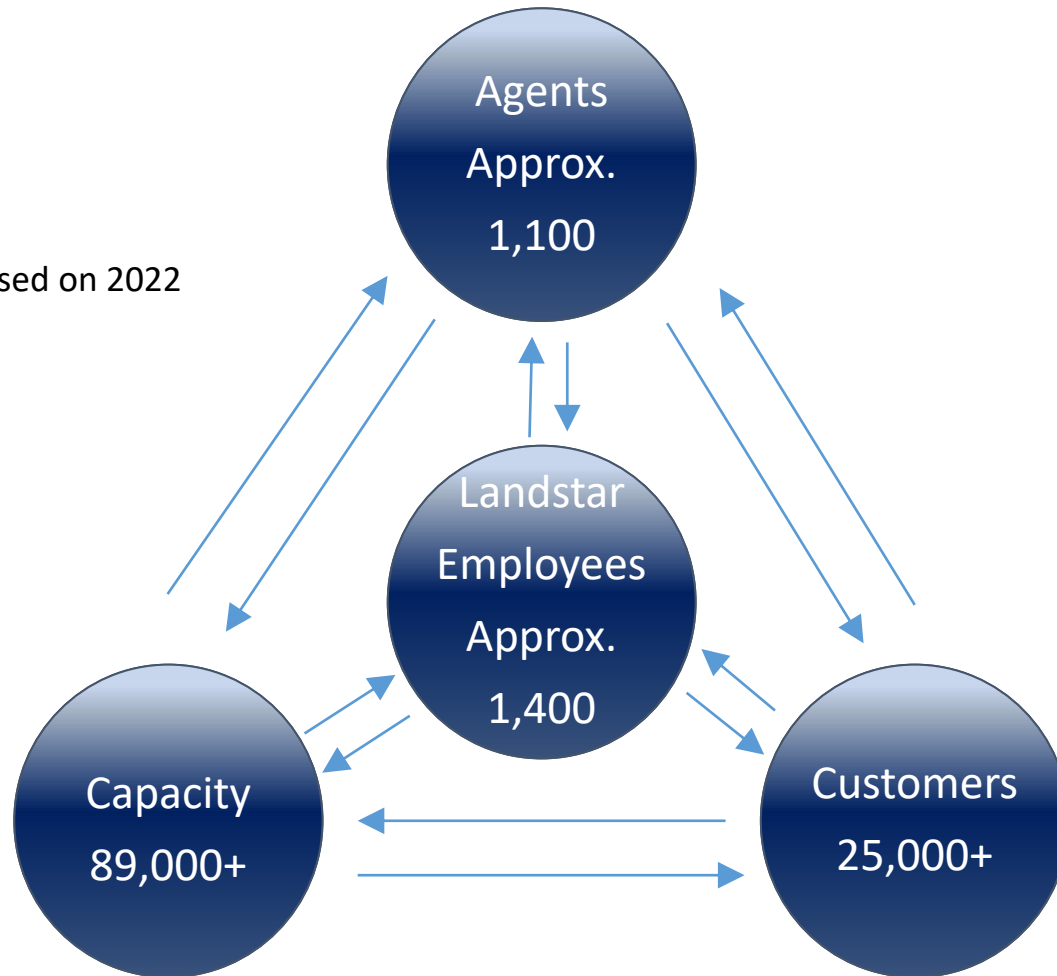
1.70 million loadings

625 million dollar agents (based on 2022 fiscal year)

10,253 BCO trucks

79,642 Carriers

18,000+ Trailers



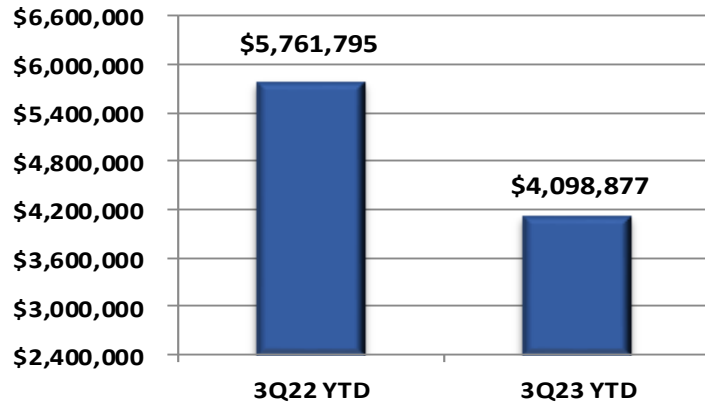
# Transportation Management Services

	Percentage of Revenue	
	3Q22	3Q23
Truck Transportation		
Truckload		
Van equipment	50%	52%
Unsided/platform equipment	25%	29%
Less-than-truckload	2%	2%
Other truck transportation	11%	8%
Rail intermodal	2%	2%
Ocean and air cargo	9%	5%

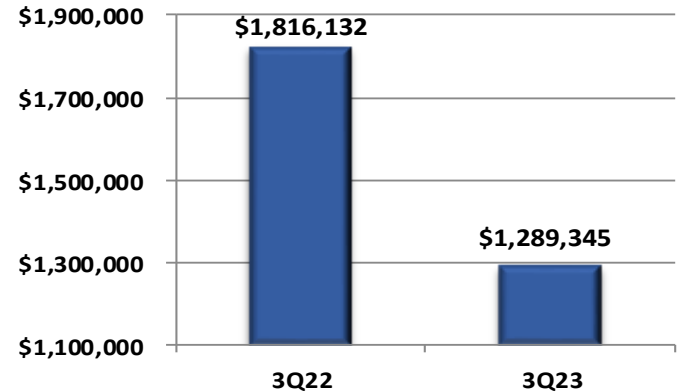
# Revenue

(\$'s in thousands)

Year-to-Date



Quarter



Year over Prior Year	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	- 13.7%	- 14.9%	- 26.5%
Rail Intermodal Revenue	- 6.3%	- 30.7%	- 35.0%
Ocean/Air Revenue	- 42.3%	- 26.2%	- 57.4%
Insurance Premiums	NA	NA	- 6.4%
Total Revenue			- 28.9%

Qtr over Prior Year Qtr	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	- 12.1%	- 16.5%	- 26.6%
Rail Intermodal Revenue	- 4.7%	- 12.4%	- 16.6%
Ocean/Air Revenue	- 46.5%	- 25.1%	- 59.9%
Insurance Premiums	NA	NA	- 9.0%
Total Revenue			- 29.0%

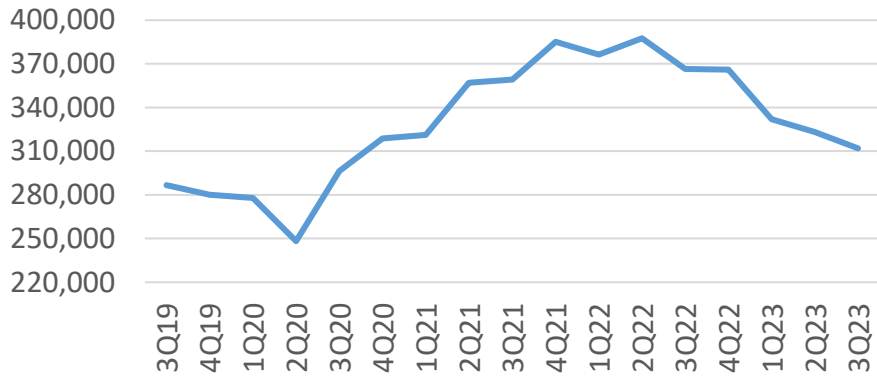
(1) Percentage change in rate is calculated on a revenue per load basis.

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

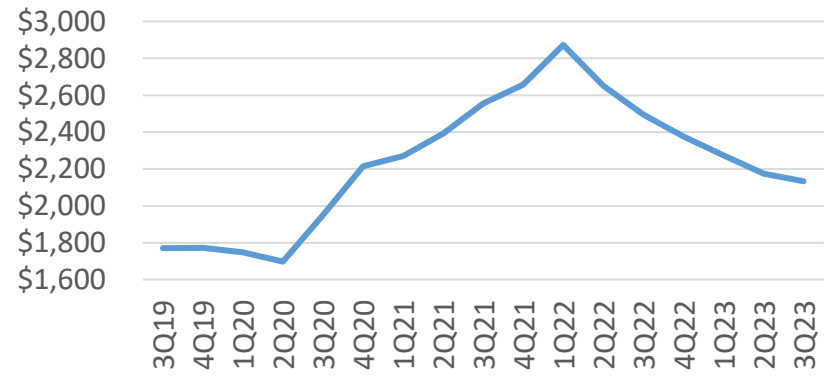
# Truckload Loadings and Revenue per Truckload Trends

## Van Equipment

### Number of Loads

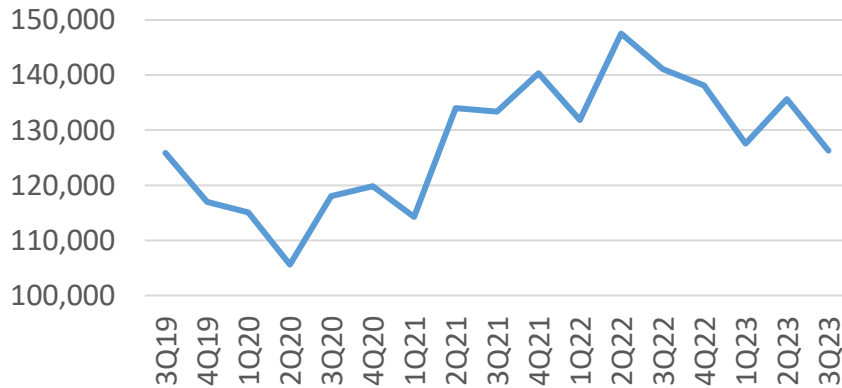


### Revenue per Load

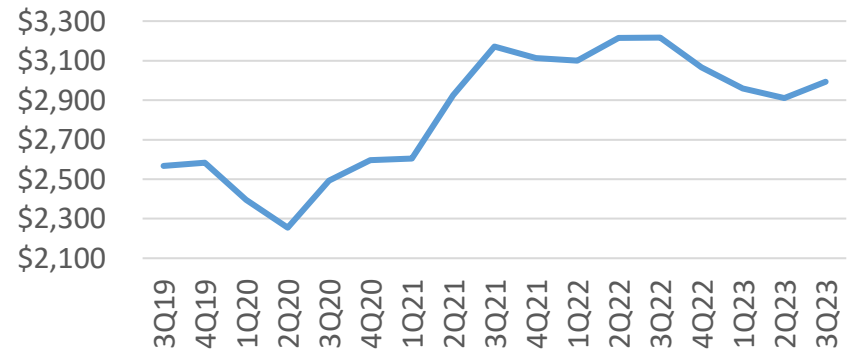


## Unsided/Platform Equipment

### Number of Loads



### Revenue per Load





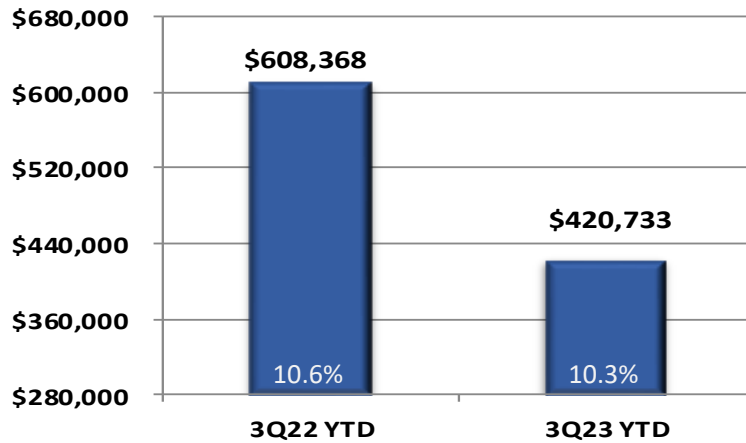
# Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Change in Revenue
	3Q22	3Q23	
Consumer Durables	28.6	27.7	-32%
Machinery	12.1	14.1	-18%
Automotive	8.7	11.5	-6%
Building Products	8.5	8.3	-31%
AA&E, Hazmat	8.4	7.8	-34%
Metals	4.9	4.8	-31%
Foodstuffs	3.4	2.5	-48%
Substitute Line Haul	3.3	1.8	-62%
Other	22.1	21.5	-31%
<b>Transportation Revenue</b>	<u>100.0</u>	<u>100.0</u>	-29%

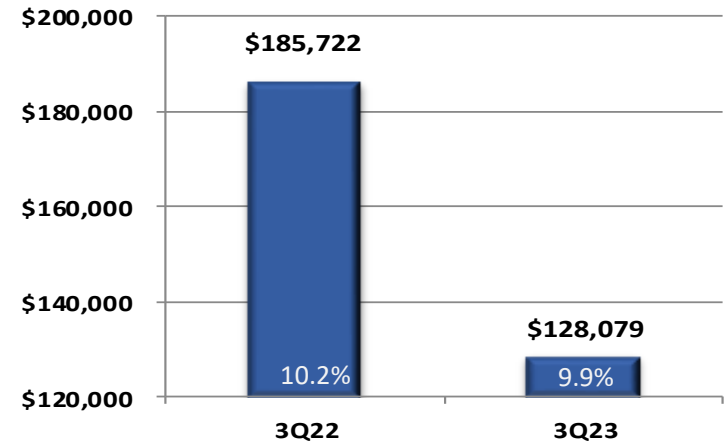
# Gross Profit <sup>(1)</sup> and Gross Profit Margin <sup>(2)</sup>

(\$'s in thousands)

Year-to-Date



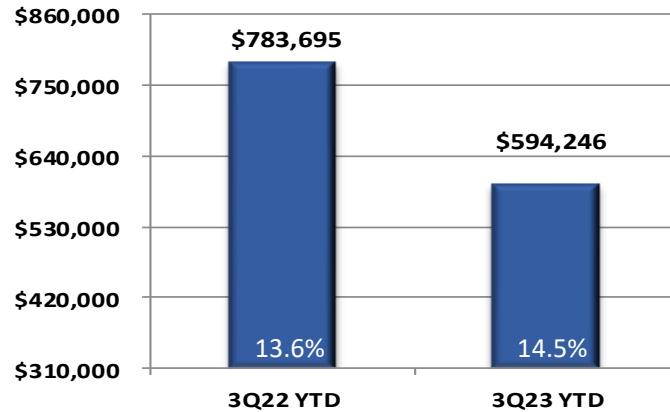
Quarter



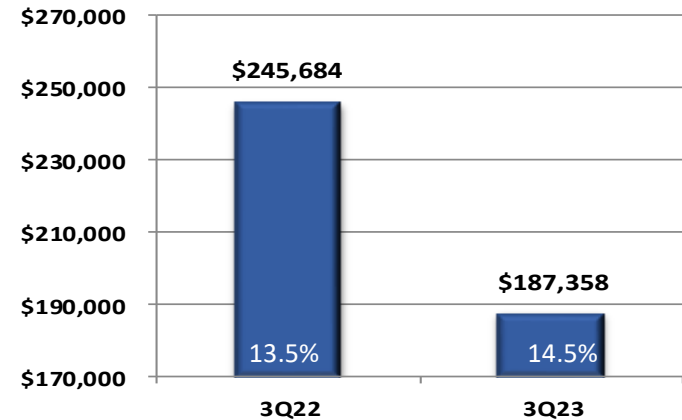
- (1) Gross profit equals revenue less the cost of purchased transportation, commissions to agents and other costs of revenue.
- (2) Gross profit margin equals gross profit divided by revenue.

# Variable Contribution<sup>(1)</sup> and Variable Contribution Margin<sup>(2)</sup> (*\$'s in thousands*)

## Year-to-Date



## Quarter



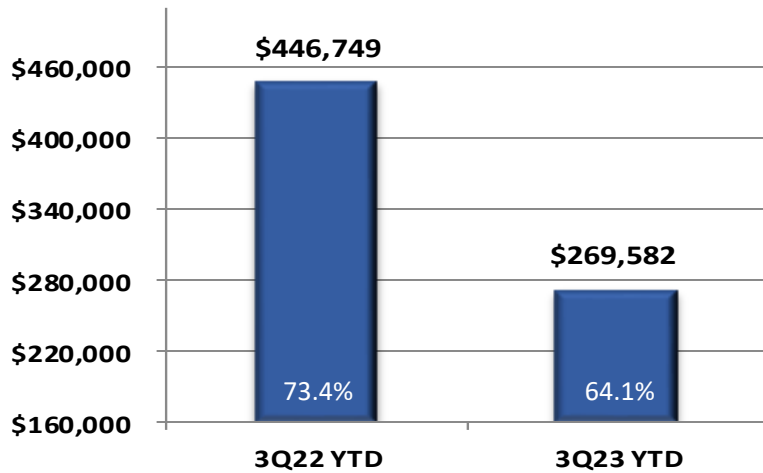
	3rd Qtr YTD <sup>(3)</sup>
<b>Changes in variable contribution margin</b>	<b>%</b>
2022 Period	13.6
Revenue - fixed	-0.2
Revenue - variable	0.7
Change in mix and other	0.4
2023 Period	14.5

	3rd Qtr <sup>(3)</sup>
<b>Changes in variable contribution margin</b>	<b>%</b>
2022 Period	13.5
Revenue - fixed	-0.2
Revenue - variable	0.4
Change in mix and other	0.8
2023 Period	14.5

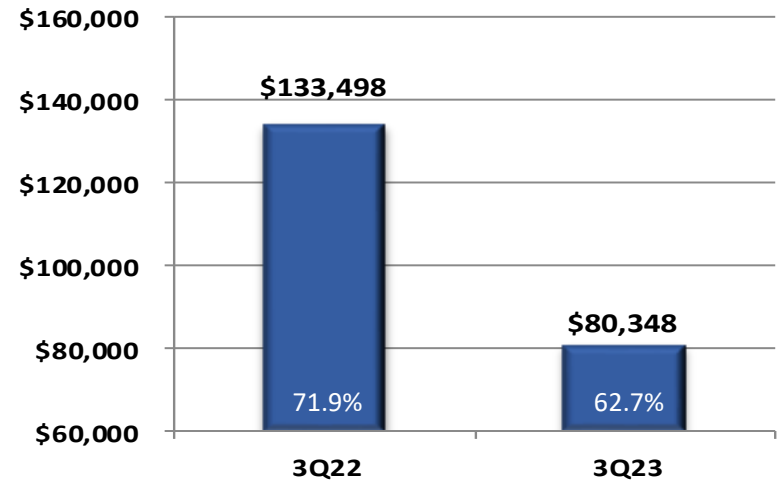
- (1) Variable contribution equals revenue less the cost of purchased transportation and commissions to agents.
- (2) Variable contribution margin equals variable contribution divided by revenue.
- (3) Revenue on transactions where the Company's variable contribution margin was based on a contractually pre-determined percentage of revenue accounted for 40% and 43% of revenue in the 2022 and 2023 year-to-date periods, respectively, and 39% and 45% of revenue in the 2022 and 2023 third quarters, respectively.

# Operating Income as a % of Gross Profit (\$'s in thousands)

Year-to-Date



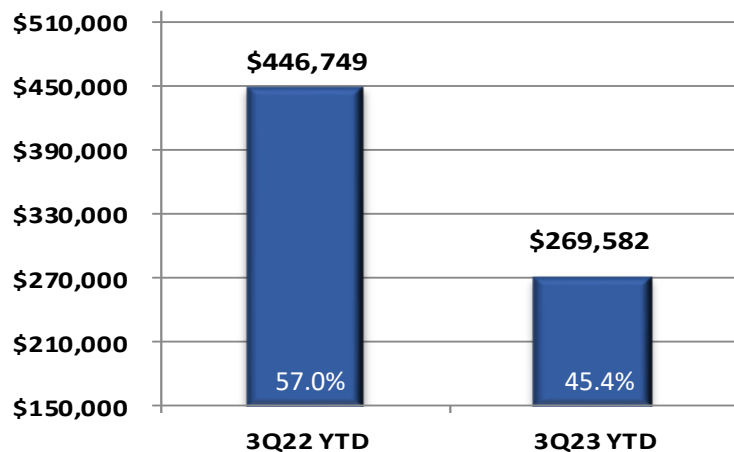
Quarter



# Operating Income as a % of Variable Contribution

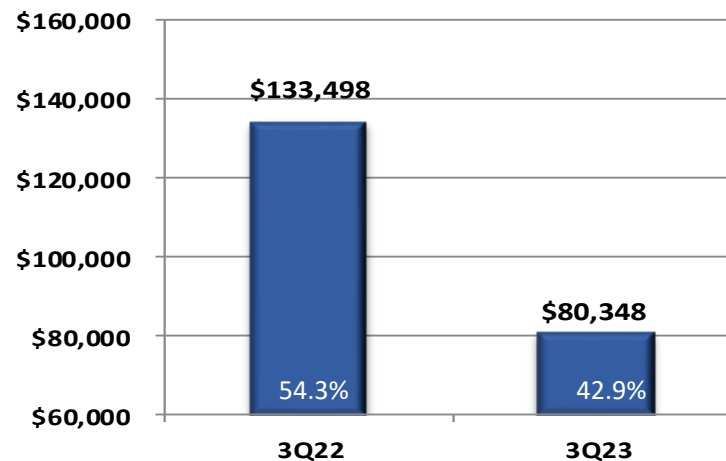
(\$'s in thousands)

## Year-to-Date



	3rd Qtr YTD
<b>Changes in operating income as a % of variable contribution</b>	<b>%</b>
2022 Period	57.0
Other operating costs	-2.4
Insurance and claims	-1.5
SG&A	-5.7
Depreciation and amortization	-2.0
2023 Period	45.4

## Quarter



	3rd Qtr
<b>Changes in operating income as a % of variable contribution</b>	<b>%</b>
2022 Period	54.3
Other operating costs	-2.7
Insurance and claims	-1.6
SG&A	-5.4
Depreciation and amortization	-1.7
2023 Period	42.9

# Truck Capacity Data

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

	Sep 24, 2022 <sup>(2)</sup>	Dec 31, 2022	Sep 30, 2023 <sup>(2)</sup>
BCO Independent Contractors	10,742	10,393	9,455
Truck Brokerage Carriers:			
Approved and Active <sup>(1)</sup>	71,207	66,745	51,717
Other Approved	30,222	30,999	27,925
	101,429	97,744	79,642
Total Available Truck Capacity Providers	112,171	108,137	89,097
Trucks Provided by BCO Independent Contractors	11,644	11,281	10,253

(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 \$244.9 million and \$330.2 million in the 2023 and 2022 year-to-date periods, respectively, and \$78.4 million and \$120.4 million in the 2023 and 2022 third quarters, respectively.

# Key Balance Sheet and Cash Flow Statistics

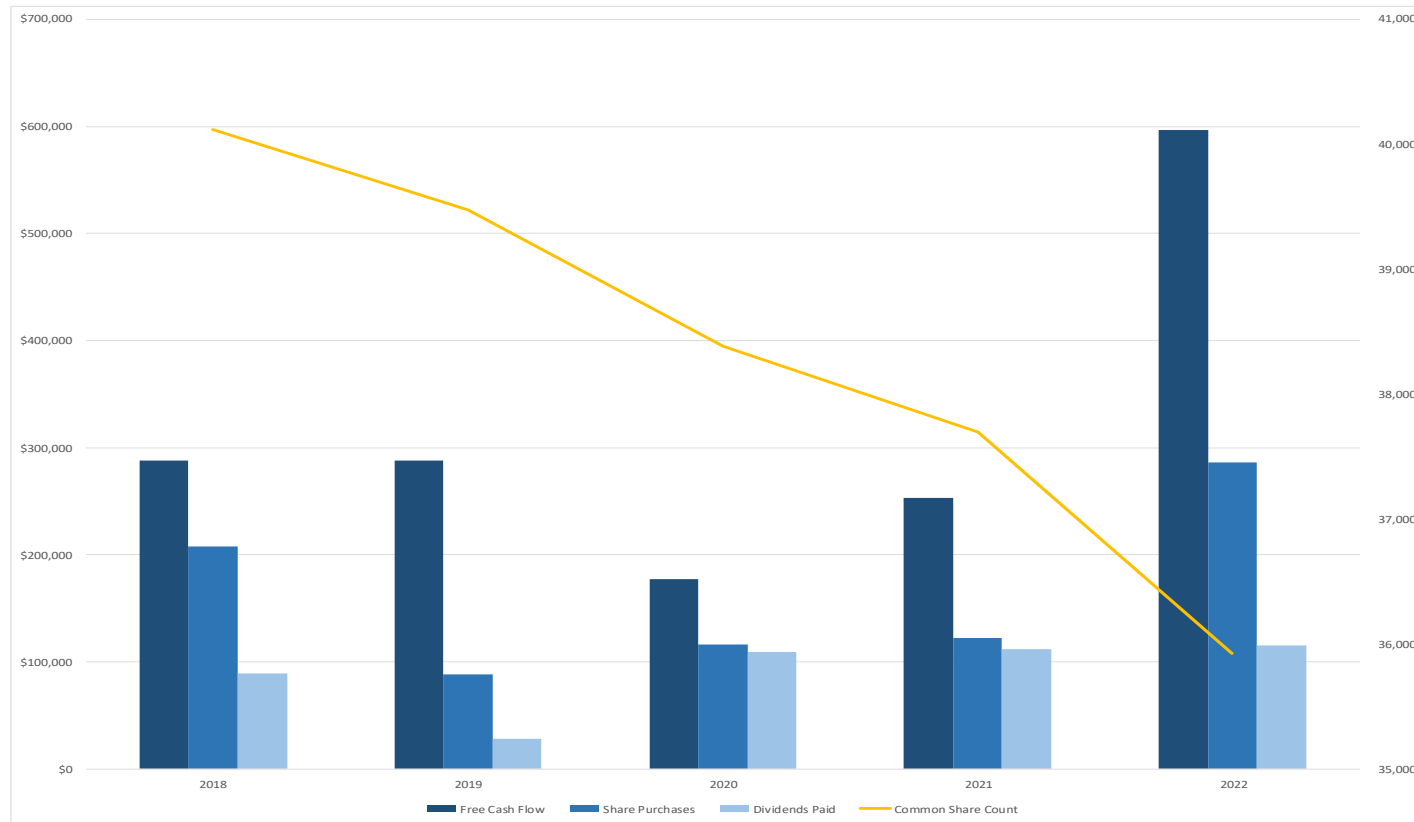
(\$'s in thousands)

	Sep 24, 2022	Sep 30, 2023
Balance sheet (period end amounts):		
Debt to Capital	11%	7%
Net Cash (1)	\$ 118,963	\$ 421,377
Cash flow (year-to-date):		
Cash flow from operations	\$ 436,381	\$ 303,785
Capital expenditures	\$ 21,096	\$ 15,394
Share repurchases	\$ 285,983	\$ 15,433
Dividends paid	\$ 104,893	\$ 105,302
Returns (trailing 12 months):		
Return on Equity	52%	32%
Return on Invested Capital	46%	29%
Return on Assets	23%	16%

(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)



Third Quarter 2023 YTD	(000's)
Free cash flow (1)	\$ 288,391
Share purchases	\$ 15,433
Dividends paid	\$ 105,302
Ending common share count	35,946

(1) Free cash flow is defined as cash flow from operations less capital expenditures, each set forth on the prior slide.



# Appendix A

## Reconciliation of Gross Profit to Variable Contribution (*\$'s in thousands*)

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Revenue	\$ 4,098,877	\$ 5,761,795	\$ 1,289,345	\$ 1,816,132
Costs of revenue:				
Purchased transportation	3,141,234	4,512,341	986,743	1,416,323
Commissions to agents	363,397	465,759	115,244	154,125
Variable costs of revenue	3,504,631	4,978,100	1,101,987	1,570,448
Trailing equipment depreciation	24,240	27,760	7,721	9,397
Information technology costs (1)	19,791	13,868	6,298	4,829
Insurance-related costs (2)	88,484	98,821	30,102	32,380
Other operating costs	40,998	34,878	15,158	13,356
Other costs of revenue	173,513	175,327	59,279	59,962
Total costs of revenue	3,678,144	5,153,427	1,161,266	1,630,410
Gross profit	<u>\$ 420,733</u>	<u>\$ 608,368</u>	<u>\$ 128,079</u>	<u>\$ 185,722</u>
Gross profit margin	10.3%	10.6%	9.9%	10.2%
Plus: other costs of revenue	173,513	175,327	59,279	59,962
Variable contribution	<u>\$ 594,246</u>	<u>\$ 783,695</u>	<u>\$ 187,358</u>	<u>\$ 245,684</u>
Variable contribution margin	14.5%	13.6%	14.5%	13.5%

(1) Includes costs of revenue incurred related to internally developed software including ASC 350-40 amortization, implementation costs, hosting costs and other support costs utilized to support the Company's independent commission sales agents, third party capacity providers, and customers, included as a portion of depreciation and amortization and of selling, general and administrative in the Company's Consolidated Statements of Income.

(2) Primarily includes (i) insurance premiums paid for commercial auto liability, general liability, cargo and other lines of coverage related to the transportation of freight; (ii) the related cost of claims incurred under those programs; and (iii) brokerage commissions and other fees incurred relating to the administration of insurance programs available to BCO Independent Contractors that are reinsured by the Company, which are included in selling, general and administrative in the Company's Consolidated Statements of Income.

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