

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**Current Report  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) July 26, 2023**



**LANDSTAR SYSTEM, INC.**

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation)	<b>021238</b> (Commission File Number)	<b>06-1313069</b> (I.R.S. Employer Identification No.)
<b>13410 Sutton Park Drive South, Jacksonville, Florida</b> (Address of principal executive offices)	<b>(904) 398-9400</b> (Registrant's telephone number, including area code)	<b>32224</b> (Zip Code)
	<b>N/A</b> (Former name or former address, if changed since last report)	

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	LSTR	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

Item 2.02 Results of Operations and Financial Condition

On July 26, 2023, Landstar System, Inc. (“Landstar” or the “Company”) issued a press release announcing results for the second quarter of fiscal 2023. A copy of the press release is attached hereto as Exhibit 99.1.

The information contained in Item 7.01 concerning the presentation to Landstar investors is hereby incorporated into this Item 2.02 by reference.

The information furnished under Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 7.01 Regulation FD Disclosure

A slide presentation, dated July 26, 2023, is attached hereto as Exhibit 99.2 and is incorporated herein by reference. The slide presentation provides information that may be referred to by the Company on its conference call with investors scheduled to occur on July 27, 2023 in connection with the Company’s release of results for the second quarter of fiscal 2023.

The information furnished under Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits

Exhibits

- 99.1 [Press Release, dated July 26, 2023, of Landstar System, Inc.](#)
- 99.2 [Slide Presentation, dated July 26, 2023, of Landstar System, Inc.](#)
- 104 Inline XBRL for the cover page of this Current Report on Form 8-K

---

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LANDSTAR SYSTEM, INC.

Date: July 26, 2023

By: /s/ James P. Todd  
Name: James P. Todd  
Title: Vice President, Chief Financial Officer  
and Assistant Secretary



Landstar System, Inc.  
13410 Sutton Park Drive, South  
Jacksonville, FL 32224  
904 398 9400

For Immediate Release

Contact: Jim Todd (CFO)  
Landstar System, Inc.  
www.landstar.com  
904-398-9400

July 26, 2023

**LANDSTAR SYSTEM REPORTS  
SECOND QUARTER REVENUE OF \$1.374B AND  
SECOND QUARTER DILUTED EARNINGS PER SHARE OF \$1.85**

Jacksonville, FL - Landstar System, Inc. (NASDAQ: LSTR) ("Landstar" or the "Company") reported diluted earnings per share ("DEPS") of \$1.85 in the 2023 second quarter on revenue of \$1.374 billion. Landstar reported DEPS of \$3.05 on revenue of \$1.975 billion in the 2022 second quarter.

Gross profit in the 2023 second quarter was \$139.7 million and variable contribution (defined as revenue less the cost of purchased transportation and commissions to agents) in the 2023 second quarter was \$198.2 million. Gross profit in the 2022 second quarter was \$208.1 million and variable contribution in the 2022 second quarter was \$267.5 million. Reconciliations of gross profit to variable contribution and gross profit margin to variable contribution margin for the 2023 and 2022 second quarters and year-to-date periods are provided in the Company's accompanying financial disclosures.

Trailing twelve month return on average shareholders' equity was 37% and return on invested capital, representing net income divided by the sum of average equity plus average debt, was 34%. The Company is currently authorized to purchase up to 2,910,339 shares of the Company's common stock under its previously announced share purchase programs. Landstar announced today that its Board of Directors has declared a quarterly dividend of \$0.33 per share payable on August 25, 2023, to stockholders of record as of the close of business on August 10, 2023. This quarterly dividend includes a \$0.03 per share increase, or 10%, over the amount of the Company's regular quarterly dividend declared following each of the prior four quarters. It is currently the intention of the Board to pay dividends on a quarterly basis going forward.

Truck transportation revenue hauled by independent business capacity owners (“BCOs”) and truck brokerage carriers in the 2023 second quarter was \$1,246.9 million, or 91% of revenue, compared to \$1,747.2 million, or 88% of revenue, in the 2022 second quarter. Truckload transportation revenue hauled via van equipment in the 2023 second quarter was \$703.0 million, compared to \$1,026.9 million in the 2022 second quarter. Truckload transportation revenue hauled via unsided/platform equipment in the 2023 second quarter was \$394.8 million, compared to \$474.3 million in the 2022 second quarter. Revenue from other truck transportation, which is largely related to power-only services, in the 2023 second quarter was \$118.0 million, compared to \$209.1 million in the 2022 second quarter. Revenue hauled by rail, air and ocean cargo carriers was \$100.7 million, or 7% of revenue, in the 2023 second quarter, compared to \$202.3 million, or 10% of revenue, in the 2022 second quarter.

“Landstar’s business model performed well in the 2023 second quarter considering the challenging freight environment,” said Landstar President and Chief Executive Officer Jim Gattoni. “After a record-setting 2022, we entered 2023 knowing we would face very difficult year-over-year comparisons, especially during the first two fiscal quarters. On top of these tough comparisons and contrary to typical seasonal patterns common to the freight transportation industry, the domestic freight environment softened sequentially from the 2023 first fiscal quarter to the 2023 second fiscal quarter. Reflective of these tough dynamics, the number of loads hauled via truck in the 2023 second quarter decreased by 16% compared to the 2022 second quarter. On a sequential basis compared to the 2023 first quarter, we estimate that truck load volumes in the 2023 second quarter underperformed seasonal historical patterns experienced during pre-pandemic periods by 9%. The atypical sequential decrease in demand for truck load services also caused additional downward pressure on rates, especially in the spot market where the Company primarily operates. As a result, revenue per load on loads hauled via truck in the 2023 second quarter decreased 15% compared to the 2022 second quarter. We estimate that truck revenue per load during the quarter underperformed sequential historical patterns experienced during pre-pandemic periods by 6%.”

Gattoni further commented, “Through the first several weeks of July, the number of loads hauled via truck has trended below historical, pre-pandemic second quarter to the beginning of third quarter sequential patterns, while truck revenue per load has thus far trended slightly below these historical, pre-pandemic sequential patterns. Assuming that these trends continue, I expect revenue per load on loads hauled via truck to be in a range of 10% to 12% below the 2022 third quarter and the number of loads hauled via truck to be in a range of 16% to 18% below the 2022 third quarter. As such, I anticipate revenue for the 2023 third quarter to be in a range of \$1.275 billion to \$1.325 billion.”

Gattoni concluded, “Based on the range of revenue estimated for the 2023 third quarter, I would anticipate DEPS to be in a range of \$1.65 to \$1.75. The anticipated range of DEPS for the 2023 third quarter includes estimated insurance and claims costs of approximately 5.4% of BCO revenue. These costs were 5.5% of BCO revenue over the first half of 2023. The anticipated range of DEPS for the 2023 third quarter also reflects an estimated effective income tax rate of 24.5%.”

Landstar will provide a live webcast of its quarterly earnings conference call tomorrow morning at 8:00 a.m. ET. To access the webcast, visit the Company’s website at [www.landstar.com](http://www.landstar.com); click on “Investor Relations” and “Webcasts,” then click on “Landstar’s Second Quarter 2023 Earnings Release Conference Call.”

***About Landstar:***

Landstar System, Inc., 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. Landstar transportation services companies are certified to ISO 9001:2015 quality management system standards and RC14001:2015 environmental, health, safety and security management system standards. Landstar System, Inc. is headquartered in Jacksonville, Florida. Its common stock trades on The NASDAQ Stock Market® under the symbol LSTR.

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

In this earnings release and accompanying financial disclosures, the Company provides the following information that may be deemed a non-GAAP financial measure: variable contribution and variable contribution margin. The Company 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. The Company 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.

***Forward Looking Statements Disclaimer:***

The following is a "safe harbor" statement under the Private Securities Litigation Reform Act of 1995. Statements contained in this press release that are not based on historical facts are "forward-looking statements". This press release contains forward-looking statements, such as statements which relate to Landstar's business objectives, plans, strategies and expectations. Terms such as "anticipates," "believes," "estimates," "intention," "expects," "plans," "predicts," "may," "should," "could," "will," the negative thereof and similar expressions are intended to identify forward-looking statements. Such statements are by nature subject to uncertainties and risks, including but not limited to: the impact of the Russian conflict with Ukraine on the operations of certain independent commission sales agents, including the Company's largest such agent by revenue in the 2022 fiscal year; the impact of the coronavirus (COVID-19) pandemic; an increase in the frequency or severity of accidents or other claims; unfavorable development of existing accident claims; dependence on third party insurance companies; dependence on independent commission sales agents; dependence on third party capacity providers; decreased demand for transportation services; U.S. trade relationships; substantial industry competition; disruptions or failures in the Company's computer systems; cyber and other information security incidents; dependence on key vendors; potential changes in taxes; status of independent contractors; regulatory and legislative changes;

regulations focused on diesel emissions and other air quality matters; intellectual property; and other operational, financial or legal risks or uncertainties detailed in Landstar's Form 10-K for the 2022 fiscal year, described in Item 1A Risk Factors, Landstar's Form 10-Q for the 2023 first fiscal quarter, described in Item 1A Risk Factors, and in 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.



**Landstar System, Inc. and Subsidiary**  
**Consolidated Statements of Income**  
(Dollars in thousands, except per share amounts)  
(Unaudited)

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	July 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
Revenue	\$ 2,809,532	\$ 3,945,663	\$ 1,373,857	\$ 1,975,064
Investment income	3,852	1,307	2,484	586
Costs and expenses:				
Purchased transportation	2,154,491	3,096,018	1,053,197	1,545,688
Commissions to agents	248,153	311,634	122,478	161,856
Other operating costs, net of gains on asset sales/dispositions	25,840	21,522	13,462	10,381
Insurance and claims	57,431	64,820	29,784	34,052
Selling, general and administrative	108,096	111,680	54,529	58,967
Depreciation and amortization	30,139	28,045	14,941	14,288
Total costs and expenses	<u>2,624,150</u>	<u>3,633,719</u>	<u>1,288,391</u>	<u>1,825,232</u>
Operating income	189,234	313,251	87,950	150,418
Interest and debt (income) expense	(1,033)	2,228	(307)	1,105
Income before income taxes	190,267	311,023	88,257	149,313
Income taxes	45,513	73,629	21,698	36,758
Net income	<u>\$ 144,754</u>	<u>\$ 237,394</u>	<u>\$ 66,559</u>	<u>\$ 112,555</u>
Diluted earnings per share	<u>\$ 4.03</u>	<u>\$ 6.39</u>	<u>\$ 1.85</u>	<u>\$ 3.05</u>
Average diluted shares outstanding	<u>35,962,000</u>	<u>37,162,000</u>	<u>35,941,000</u>	<u>36,905,000</u>
Dividends per common share	<u>\$ 0.60</u>	<u>\$ 0.50</u>	<u>\$ 0.30</u>	<u>\$ 0.25</u>

**Landstar System, Inc. and Subsidiary**  
**Consolidated Balance Sheets**  
(Dollars in thousands, except per share amounts)  
(Unaudited)

	July 1, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 360,528	\$ 339,581
Short-term investments	58,574	53,955
Trade accounts receivable, less allowance of \$12,715 and \$12,121	848,839	967,793
Other receivables, including advances to independent contractors, less allowance of \$13,673 and \$10,579	64,079	56,235
Other current assets	41,667	21,826
Total current assets	<u>1,373,687</u>	<u>1,439,390</u>
Operating property, less accumulated depreciation and amortization of \$417,364 and \$393,274	297,066	314,990
Goodwill	42,166	41,220
Other assets	124,846	136,279
Total assets	<u>\$ 1,837,765</u>	<u>\$ 1,931,879</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Cash overdraft	\$ 57,216	\$ 92,953
Accounts payable	478,688	527,372
Current maturities of long-term debt	31,560	36,175
Insurance claims	45,160	50,836
Dividends payable	—	71,854
Other current liabilities	80,202	98,945
Total current liabilities	<u>692,826</u>	<u>878,135</u>
Long-term debt, excluding current maturities	53,149	67,225
Insurance claims	57,240	58,268
Deferred income taxes and other non-current liabilities	40,989	41,030
Shareholders' equity:		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 68,497,324 and 68,382,310	685	684
Additional paid-in capital	253,486	258,487
Retained earnings	2,759,128	2,635,960
Cost of 32,550,852 and 32,455,300 shares of common stock in treasury	(2,009,327)	(1,992,886)
Accumulated other comprehensive loss	(10,411)	(15,024)
Total shareholders' equity	<u>993,561</u>	<u>887,221</u>
Total liabilities and shareholders' equity	<u>\$ 1,837,765</u>	<u>\$ 1,931,879</u>

**Landstar System, Inc. and Subsidiary**  
**Supplemental Information**  
(Unaudited)

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	July 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
<b>Revenue generated through (in thousands):</b>				
Truck transportation				
Truckload:				
Van equipment	\$1,458,124	\$2,108,143	\$ 703,041	\$1,026,938
Unsided/platform equipment	772,336	883,032	394,772	474,274
Less-than-truckload	62,673	70,651	31,115	36,931
Other truck transportation <sup>(1)</sup>	277,520	436,656	118,017	209,055
Total truck transportation	2,570,653	3,498,482	1,246,945	1,747,198
Rail intermodal	50,889	86,110	25,232	43,422
Ocean and air cargo carriers	136,534	310,904	75,441	158,847
Other <sup>(2)</sup>	51,456	50,167	26,239	25,597
	<u>\$2,809,532</u>	<u>\$3,945,663</u>	<u>\$1,373,857</u>	<u>\$1,975,064</u>
Revenue on loads hauled via BCO Independent Contractors <sup>(3)</sup> included in total truck transportation	\$1,034,881	\$1,415,963	\$ 515,355	\$ 688,389
<b>Number of loads:</b>				
Truck transportation				
Truckload:				
Van equipment	655,036	763,750	323,082	387,482
Unsided/platform equipment	263,185	279,345	135,613	147,516
Less-than-truckload	93,066	96,828	46,874	48,985
Other truck transportation <sup>(1)</sup>	110,373	166,747	52,311	80,817
Total truck transportation	1,121,660	1,306,670	557,880	664,800
Rail intermodal	15,390	24,220	7,630	11,590
Ocean and air cargo carriers	16,750	22,890	8,310	11,330
	<u>1,153,800</u>	<u>1,353,780</u>	<u>573,820</u>	<u>687,720</u>
Loads hauled via BCO Independent Contractors <sup>(3)</sup> included in total truck transportation	463,910	527,830	231,360	265,590
<b>Revenue per load:</b>				
Truck transportation				
Truckload:				
Van equipment	\$ 2,226	\$ 2,760	\$ 2,176	\$ 2,650
Unsided/platform equipment	2,935	3,161	2,911	3,215
Less-than-truckload	673	730	664	754
Other truck transportation <sup>(1)</sup>	2,514	2,619	2,256	2,587
Total truck transportation	2,292	2,677	2,235	2,628
Rail intermodal	3,307	3,555	3,307	3,747
Ocean and air cargo carriers	8,151	13,583	9,078	14,020
Revenue per load on loads hauled via BCO Independent Contractors <sup>(3)</sup>	\$ 2,231	\$ 2,683	\$ 2,228	\$ 2,592
<b>Revenue by capacity type (as a % of total revenue):</b>				
Truck capacity providers:				
BCO Independent Contractors <sup>(3)</sup>	37%	36%	38%	35%
Truck Brokerage Carriers	55%	53%	53%	54%
Rail intermodal	2%	2%	2%	2%
Ocean and air cargo carriers	5%	8%	5%	8%
Other	2%	1%	2%	1%

	July 1, 2023	June 25, 2022
<b>Truck Capacity Providers</b>		
BCO Independent Contractors <sup>(3)</sup>	9,748	11,023
Truck Brokerage Carriers:		
Approved and active <sup>(4)</sup>	58,303	70,649
Other approved	29,503	29,454
	<u>87,806</u>	<u>100,103</u>
Total available truck capacity providers	<u>97,554</u>	<u>111,126</u>
Trucks provided by BCO Independent Contractors <sup>(3)</sup>	10,548	11,887

- (1) Includes power-only, expedited, straight truck, cargo van, and miscellaneous other truck transportation revenue generated by the transportation logistics segment. Power-only refers to shipments where the Company furnishes a power unit and an operator but not trailing equipment, which is typically provided by the shipper or consignee.
- (2) Includes primarily reinsurance premium revenue generated by the insurance segment and intra-Mexico transportation services revenue generated by Landstar Metro.
- (3) BCO Independent Contractors are independent contractors who provide truck capacity to the Company under exclusive lease arrangements.
- (4) Active refers to Truck Brokerage Carriers who moved at least one load in the 180 days immediately preceding the fiscal quarter end.

**Landstar System, Inc. and Subsidiary**  
**Reconciliation of Gross Profit to Variable Contribution**  
(Dollars in thousands)  
(Unaudited)

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	July 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
Revenue	\$2,809,532	\$3,945,663	\$1,373,857	\$1,975,064
Costs of revenue:				
Purchased transportation	2,154,491	3,096,018	1,053,197	1,545,688
Commissions to agents	248,153	311,634	122,478	161,856
Variable costs of revenue	2,402,644	3,407,652	1,175,675	1,707,544
Trailing equipment depreciation	16,519	18,363	8,150	9,280
Information technology costs (1)	13,493	9,039	6,742	4,993
Insurance-related costs (2)	58,382	66,441	30,122	34,786
Other operating costs	25,840	21,522	13,462	10,381
Other costs of revenue	114,234	115,365	58,476	59,440
Total costs of revenue	2,516,878	3,523,017	1,234,151	1,766,984
Gross profit	\$ 292,654	\$ 422,646	\$ 139,706	\$ 208,080
Gross profit margin	10.4%	10.7%	10.2%	10.5%
Plus: other costs of revenue	114,234	115,365	58,476	59,440
Variable contribution	\$ 406,888	\$ 538,011	\$ 198,182	\$ 267,520
Variable contribution margin	14.5%	13.6%	14.4%	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.

Exhibit 99.2  
DESIGNED TO RESPOND  
BUILT TO DELIVER



*Landstar System, Inc.*  
*Earnings Conference Call*  
*Second Quarter 2023*  
*July 26, 2023*



Date Published: 07/26/2023

## ***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 second 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

## July 1, 2023 YTD Results

\$2.81 billion in revenue

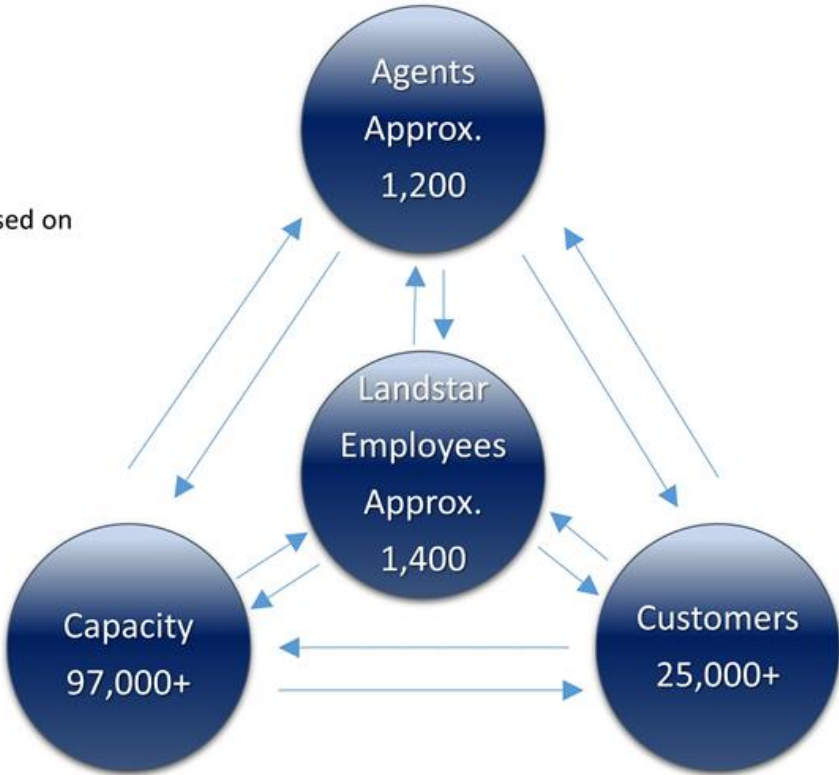
1.15 million loadings

625 million dollar agents (based on 2022 fiscal year)

10,548 BCO trucks

87,806 Carriers

18,200+ Trailers

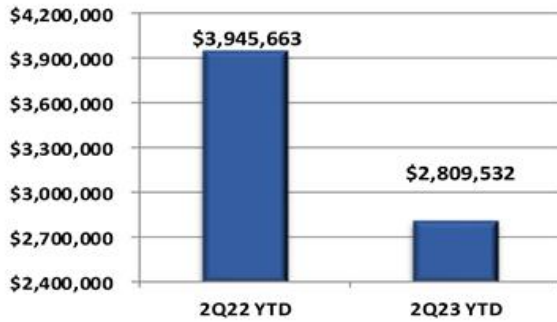


# Transportation Management Services

	Percentage of Revenue	
	2Q22	2Q23
Truck Transportation		
Truckload		
Van equipment	52%	51%
Unsided/platform equipment	24%	29%
Less-than-truckload	2%	2%
Other truck transportation	11%	9%
Rail intermodal	2%	2%
Ocean and air cargo	8%	5%

# Revenue (*\$'s in thousands*)

Year-to-Date



Quarter



Year over Prior Year	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	- 14.4%	- 14.2%	- 26.5%
Rail Intermodal Revenue	- 7.0%	- 36.5%	- 40.9%
Ocean/Air Revenue	- 40.0%	- 26.8%	- 56.1%
Insurance Premiums	NA	NA	- 5.1%
<b>Total Revenue</b>			<b>- 28.8%</b>

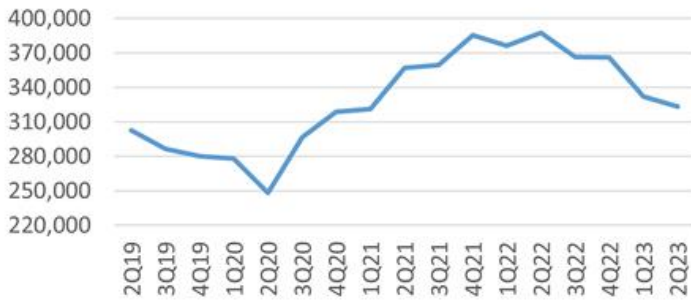
Qtr over Prior Year Qtr	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	- 15.0%	- 16.1%	- 28.6%
Rail Intermodal Revenue	- 11.7%	- 34.2%	- 41.9%
Ocean/Air Revenue	- 35.2%	- 26.7%	- 52.5%
Insurance Premiums	NA	NA	- 8.0%
<b>Total Revenue</b>			<b>- 30.4%</b>

- (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.

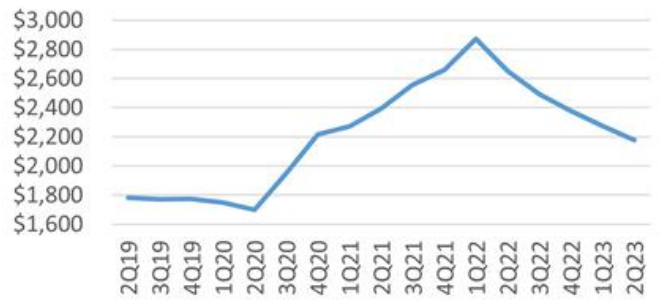
# Truckload Loadings and Revenue per Truckload Trends

## Van Equipment

### Number of Loads



### Revenue per Load

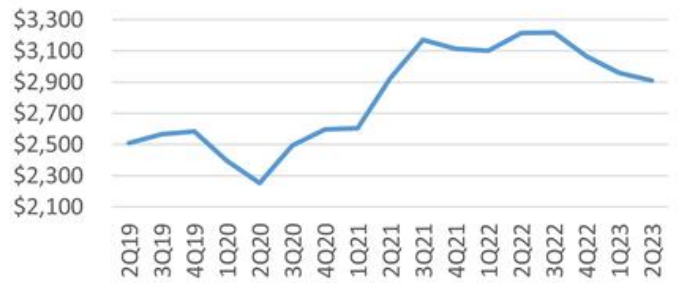


## Unsided/Platform Equipment

### Number of Loads



### Revenue per Load

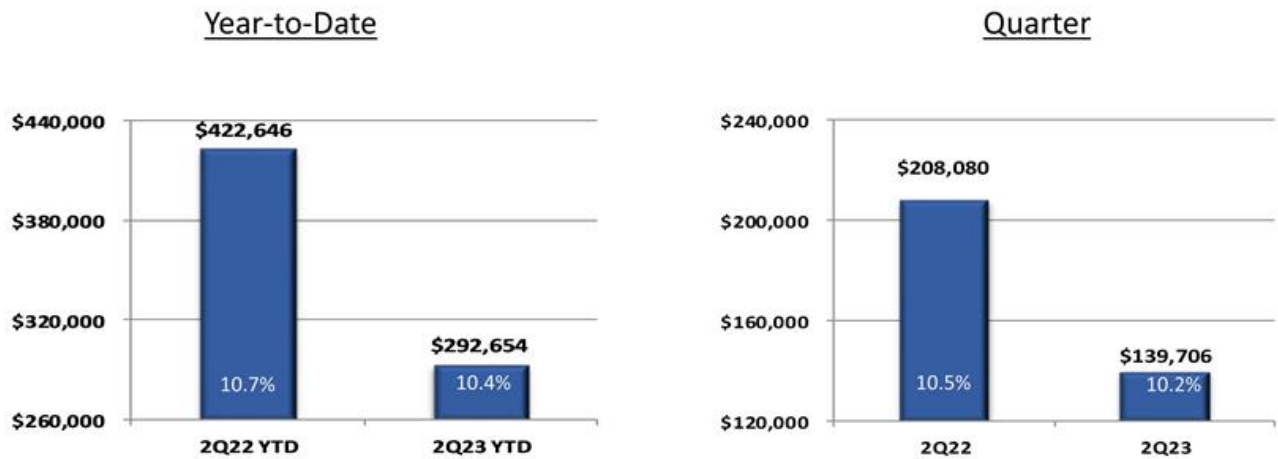


# Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Change in Revenue
	2Q22	2Q23	
Consumer Durables	29.4	27.1	-36%
Machinery	11.5	13.9	-17%
Automotive	8.8	12.0	-6%
Building Products	8.3	8.5	-29%
AA&E, Hazmat	8.1	8.1	-31%
Metals	5.1	5.0	-32%
Foodstuffs	3.2	2.6	-42%
Substitute Line Haul	3.6	1.9	-63%
Other	22.0	20.9	-34%
<b>Transportation Revenue</b>	<u>100.0</u>	<u>100.0</u>	-31%

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

(\$'s in thousands)



- (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)**



2nd Qtr YTD <sup>(3)</sup>	
Changes in variable contribution margin	%
2022 Period	13.6
Revenue - fixed	-0.2
Revenue - variable	0.8
Change in mix and other	0.3
2023 Period	14.5

2nd Qtr <sup>(3)</sup>	
Changes in variable contribution margin	%
2022 Period	13.5
Revenue - fixed	-0.2
Revenue - variable	0.6
Change in mix and other	0.5
2023 Period	14.4

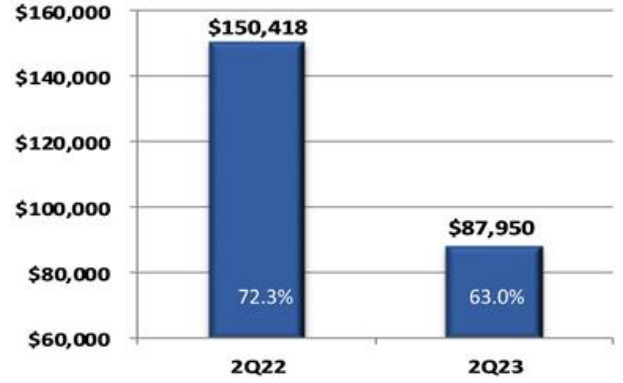
- (1) Variable contribution equals revenue less the cost of purchased transportation and commissions to agents.
- (2) Variable contribution margin equals variable contribution divided by revenue.
- (3) Revenue on transactions where the Company's variable contribution margin was based on a contractually pre-determined percentage of revenue accounted for 41% and 42% of revenue in the 2022 and 2023 year-to-date periods, respectively, and 40% and 42% of revenue in the 2022 and 2023 second quarters, respectively.

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

Year-to-Date



Quarter



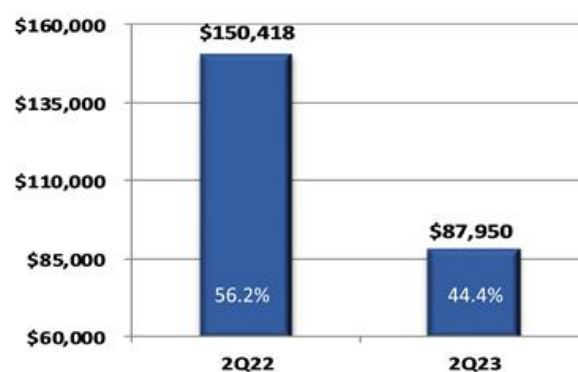


## Operating Income as a % of Variable Contribution (\$'s in thousands)

Year-to-Date



Quarter



	2nd Qtr YTD
<b>Changes in operating income as a % of variable contribution</b>	<b>%</b>
2022 Period	58.2
Other operating costs	-2.3
Insurance and claims	-1.4
SG&A	-5.8
Depreciation and amortization	-2.2
2023 Period	46.5

	2nd Qtr
<b>Changes in operating income as a % of variable contribution</b>	<b>%</b>
2022 Period	56.2
Other operating costs	-2.9
Insurance and claims	-1.2
SG&A	-5.5
Depreciation and amortization	-2.2
2023 Period	44.4

# Truck Capacity Data

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

	Jun 25, 2022 <sup>(2)</sup>	Dec 31, 2022	Jul 1, 2023 <sup>(2)</sup>
BCO Independent Contractors	11,023	10,393	9,748
Truck Brokerage Carriers:			
Approved and Active <sup>(1)</sup>	70,649	66,745	58,303
Other Approved	29,454	30,999	29,503
	100,103	97,744	87,806
Total Available Truck Capacity Providers	111,126	108,137	97,554
Trucks Provided by BCO Independent Contractors	11,887	11,281	10,548

(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 \$166.5 million and \$209.8 million in the 2023 and 2022 year-to-date periods, respectively, and \$78.3 million and \$127.0 million in the 2023 and 2022 second quarters, respectively.

# Key Balance Sheet and Cash Flow Statistics

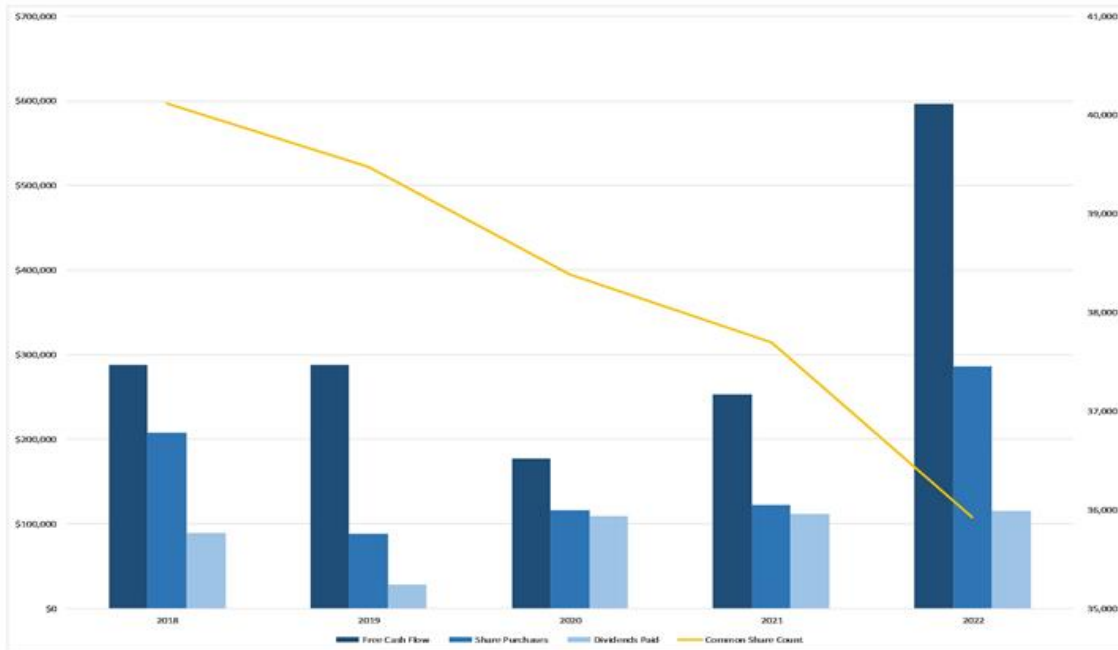
(\$'s in thousands)

	Jun 25, 2022	Jul 1, 2023
Balance sheet (period end amounts):		
Debt to Capital	11%	8%
Net Cash (1)	\$ 8,943	\$ 334,393
Cash flow (year-to-date):		
Cash flow from operations	\$ 209,651	\$ 191,733
Capital expenditures	\$ 7,467	\$ 12,631
Share repurchases	\$ 212,632	\$ 15,433
Dividends paid	\$ 93,968	\$ 93,440
Returns (trailing 12 months):		
Return on Equity	52%	37%
Return on Invested Capital	46%	34%
Return on Assets	23%	18%

(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)



Second Quarter 2023 YTD	(000's)
Free cash flow (1)	\$ 179,102
Share purchases	\$ 15,433
Dividends paid	\$ 93,440
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*)

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	July 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
Revenue	\$ 2,809,532	\$ 3,945,663	\$ 1,373,857	\$ 1,975,064
Costs of revenue:				
Purchased transportation	2,154,491	3,096,018	1,053,197	1,545,688
Commissions to agents	248,153	311,634	122,478	161,856
Variable costs of revenue	2,402,644	3,407,652	1,175,675	1,707,544
Trailing equipment depreciation	16,519	18,363	8,150	9,280
Information technology costs (1)	13,493	9,039	6,742	4,993
Insurance-related costs (2)	58,382	66,441	30,122	34,786
Other operating costs	25,840	21,522	13,462	10,381
Other costs of revenue	114,234	115,365	58,476	59,440
Total costs of revenue	2,516,878	3,523,017	1,234,151	1,766,984
Gross profit	<u>\$ 292,654</u>	<u>\$ 422,646</u>	<u>\$ 139,706</u>	<u>\$ 208,080</u>
Gross profit margin	10.4%	10.7%	10.2%	10.5%
Plus: other costs of revenue	114,234	115,365	58,476	59,440
Variable contribution	<u>\$ 406,888</u>	<u>\$ 538,011</u>	<u>\$ 198,182</u>	<u>\$ 267,520</u>
Variable contribution margin	14.5%	13.6%	14.4%	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.

DESIGNED TO RESPOND  
BUILT TO DELIVER



Date Published: 07/26/2023