

# LANDSTAR



Landstar System, Inc.

4Q | 2024

Earnings Conference Call



# LANDSTAR



## 4Q | 2024

### **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 2023 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 the Company undertakes no obligation to publicly update or revise any forward-looking statements.

# LANDSTAR



## 4Q | 2024

### 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 2024 and 2023 fourth quarters and fiscal year periods is included in this slide presentation within the Appendix.



4Q | 2024

## Executive Summary

**Frank Lonegro**

Chief Executive Officer

## RESULTS

Dollars in Millions (except per share amounts)

Metric	4Q 2024	4Q 2023	Chg.
Revenue	\$ 1,209.3	\$ 1,204.4	0.4%
Operating Income	\$ 57.8	\$ 74.6	(22.5%)
Earnings per Share	\$ 1.31	\$ 1.62	(19.1%)

## HIGHLIGHTS

### 4Q revenue performance

- First year over year quarterly revenue growth since 3Q 2022
- 6% year over year revenue growth on our unsided/platform service offering
- 4Q 2024 achieved a 1% sequential increase in truck revenue per load

### Strong Balance Sheet

- Returned meaningful capital to stockholders during 2024

### Investing through the cycle

- Supporting our network of entrepreneurs with investment in leading-edge technology and new trailing equipment

## LANDSTAR NETWORK

Agents  
**~1,050**

Customers  
**23,000+**

Capacity  
**78,000+**

Employees  
**~1,400**



## 4Q RESULTS

**\$1.08B**

Truck Revenue

**477K**

Truck Loadings

**\$2,268**

Truck Revenue per Load

**485**

Million \$ Agents

**8,843**

BCO Trucks

**70,245**

Carriers

**17,600+**

Trailers

**0.59**

DOT Accidents  
per Million Miles\*\*

\*\* Based on 2024 fiscal year; See definition of DOT accidents within the Appendix

# Truck Capacity

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



## AVAILABLE TRUCK CAPACITY PROVIDERS

Type of Capacity	Dec 28, 2024	Dec 30, 2023
BCO Independent Contractors	8,082	9,024
Truck Brokerage Carriers		
Approved and Active <sup>(1)</sup>	43,718	49,111
Other Approved	26,527	27,524
Total Truck Brokerage Carriers	70,245	76,635
<b>Total Available Truck Capacity Providers</b>	<b>78,327</b>	<b>85,659</b>
<i>Trucks Provided by BCO Independent Contractors</i>	<i>8,843</i>	<i>9,809</i>

(1) Active refers to truck brokerage carriers who hauled freight for Landstar in the 180-day period immediately preceding the period end.

Note: Fuel surcharges billed to customers on freight hauled by BCO Independent Contractors, which are paid 100% to the BCO and not included in either revenue or the cost of purchased transportation, were \$252.6 million and \$324.4 million in the 2024 and 2023 fiscal year periods, respectively, and \$55.4 million and \$79.5 million in the 2024 and 2023 fourth quarters, respectively.



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## Financial Results

**Jim Todd**

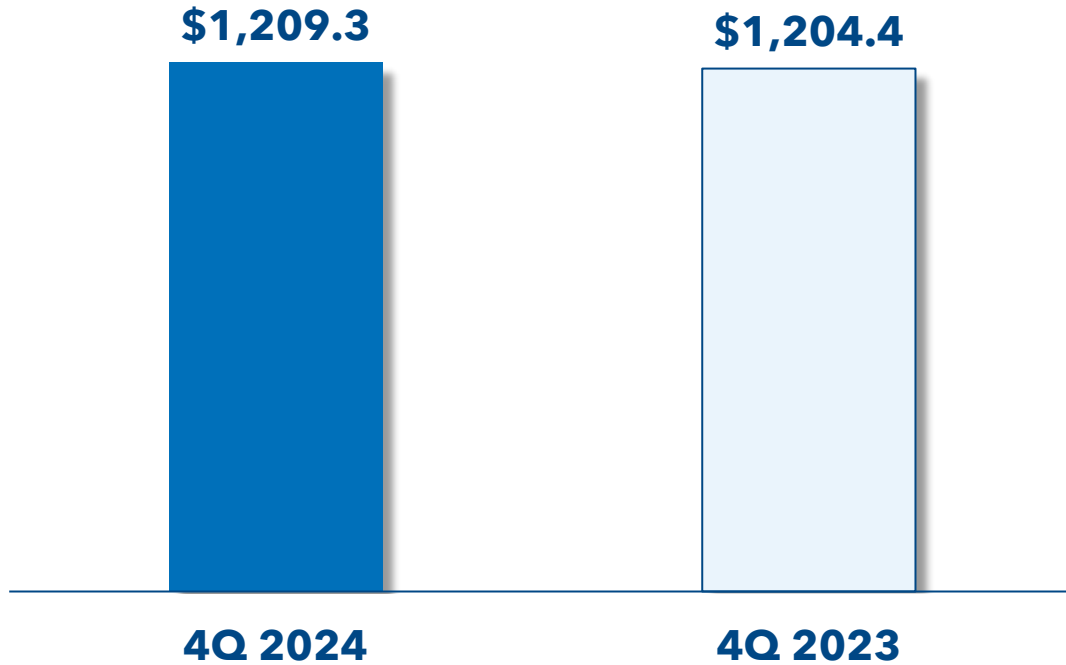
Chief Financial Officer

# Revenue

Dollars in Millions



## RESULTS



## VARIANCE

Revenue Source	Rate <sup>(1)</sup>	Vol. <sup>(2)</sup>	Chg.
Truck	3.1%	(3.4%)	(0.4%)
Rail Intermodal	(14.1%)	(12.3%)	(24.6%)
Ocean/Air	22.7%	11.8%	37.2%
Insurance Premiums	N/A	N/A	(12.4%)
<b>Total Revenue</b>	<b>-</b>	<b>-</b>	<b>0.4%</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.

# Revenue Variances

by Industry Served with Revenue Share Indicated

Amounts in Percent



## Transportation logistics revenue up 1% Y-O-Y

Revenue Share		Market Segment	Y-O-Y Change in Revenue
4Q 2024	4Q 2023		
27.4	27.8	Consumer Durables	(1)
13.7	13.7	Machinery	1
10.1	11.6	Automotive	(12)
9.4	8.1	Building Products	17
6.5	7.6	AA&E, Hazmat	(14)
5.0	4.9	Metals	3
3.0	2.3	Energy	35
2.3	2.4	Substitute Line Haul	(1)
22.6	21.6	Other	9

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

with Associated Margins

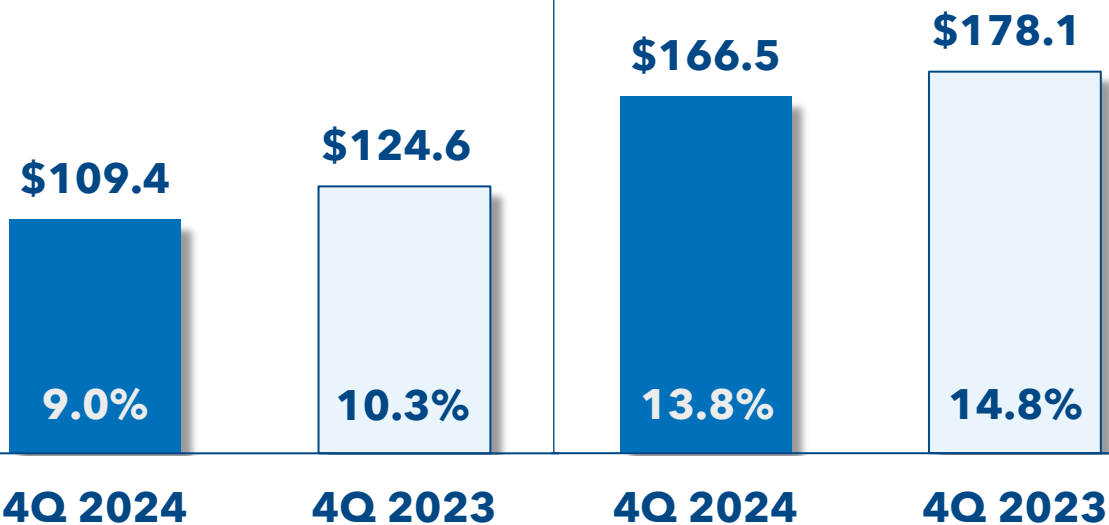
Dollars in Millions



## RESULTS

### Gross Profit

### Variable Contribution



## CHANGE IN VC MARGIN

Amounts in %

4Q

2023	14.8
Revenue - Fixed <sup>(3)</sup>	(0.3)
Revenue - Variable	(0.5)
Change in Mix/Other	(0.2)
<b>2024</b>	<b>13.8</b>

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

(2) Variable contribution (VC) equals revenue less the cost of purchased transportation and commissions to agents. Variable contribution margin equals VC 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 42% and 43% of revenue in the 2024 and 2023 fourth quarters, respectively.

# Operating Income

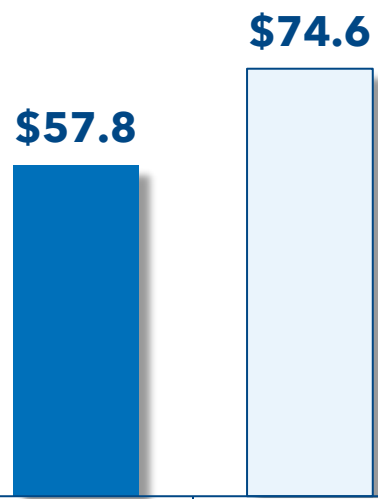
as a Percentage of Gross Profit and Variable Contribution

Dollars in Millions



## RESULTS

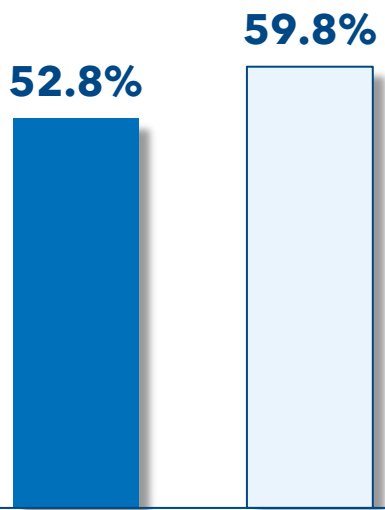
### Operating Income



4Q 2024    4Q 2023

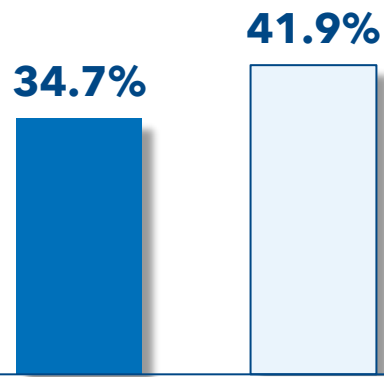
### Percentage of

Gross Profit



4Q 2024    4Q 2023

Variable Contribution



4Q 2024    4Q 2023

## CHANGE IN PERCENTAGE

of Variable Contribution

Amounts in %

4Q

2023

41.9

Other operating costs

(1.4)

Insurance and claims

(2.3)

SG&A

(3.5)

Depreciation and amortization

0.0

2024

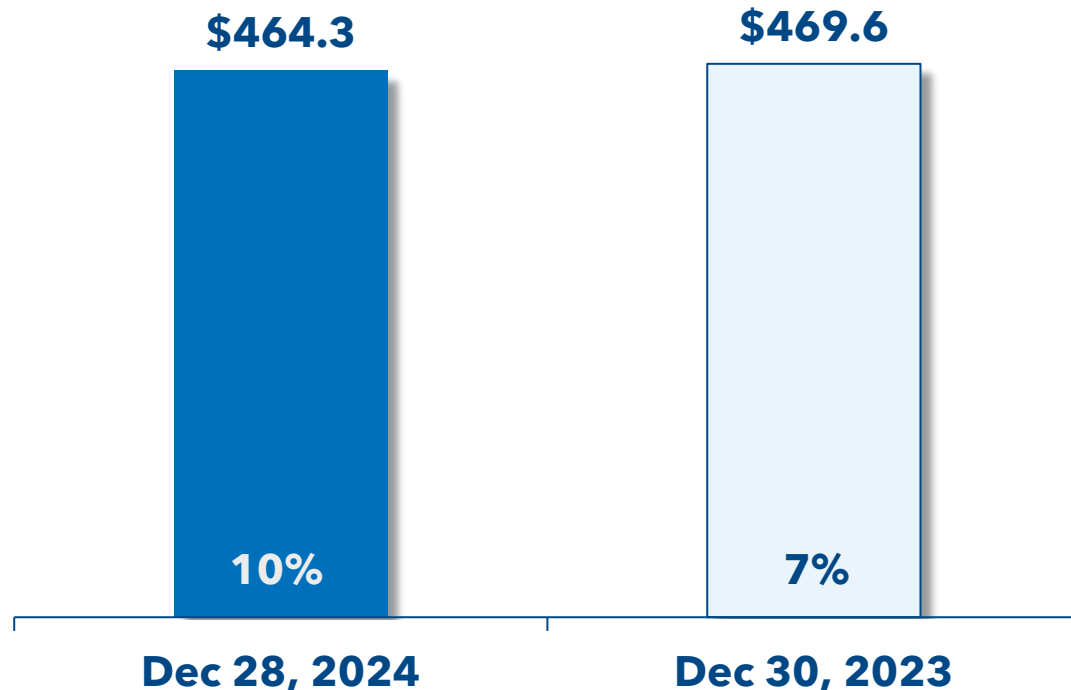
34.7

# Key Balance Sheet and Cash Flow Statistics

Dollars in Millions



## NET CASH <sup>(1)</sup> with Debt to Capital <sup>(2)</sup> as of date indicated



## SOURCES / USES OF CASH

Year-to-date as of date indicated

Cash Flow Type	Dec 28, 2024	Dec 30, 2023
Cash flow from operations	\$ 286.6	\$ 393.6
Cash capital expenditures	\$ 31.0	\$ 25.7
Free cash flow <sup>(3)</sup>	\$ 255.6	\$ 368.0
Share repurchases	\$ 81.4	\$ 53.9
Dividends paid	\$ 120.5	\$ 117.1

## RETURNS

Trailing 12 months as of date indicated

Return Type	Dec 28, 2024	Dec 30, 2023
Equity	20%	27%
Invested Capital	18%	25%
Assets	11%	14%

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

(2) Capital is defined as total debt plus total shareholders' equity.

(3) Free cash flow is defined as cash flow from operations less cash capital expenditures.



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## 1Q Guidance & Closing Remarks

**Frank Lonegro**

Chief Executive Officer

⇒ **Consolidated Revenue** of \$1.075 - \$1.175 billion

– **Truck Loads** 7% below to 2% below prior year

– **Truck Revenue per Load** 2% below to 3% above prior year

⇒ **Earnings per Share** of \$1.05 – \$1.25

– **Insurance Expense** to approximate 6.0% of BCO revenue

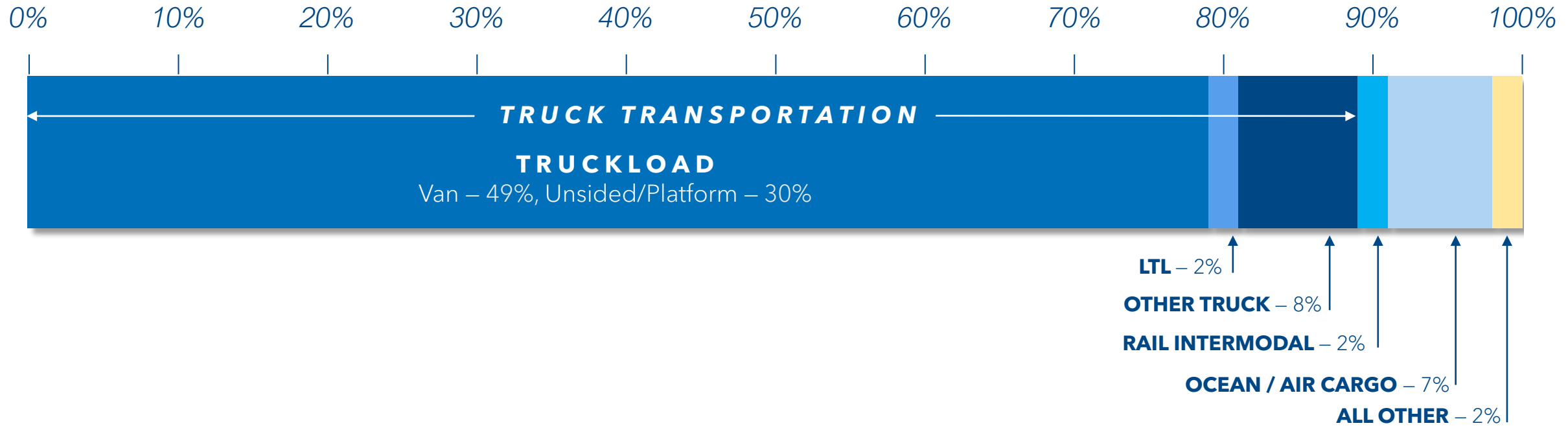
– **Effective Income Tax Rate** of 24.5%



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Appendix

## PERCENTAGE OF REVENUE 4Q 2024 by Service Type



### CHANGE IN SHARE SINCE 4Q 2023

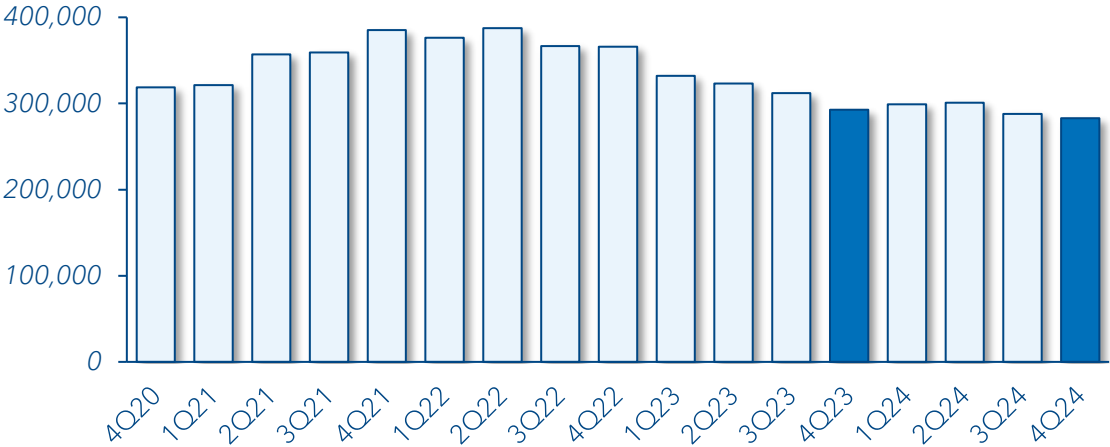
Service Type	4Q 2023	4Q 2024
Van Equipment	51%	49%
Unsided/ Platform Equipment	28%	30%
LTL	2%	2%
Other Truck Transportation	8%	8%
Rail Intermodal	2%	2%
Ocean/ Air cargo	5%	7%
All Other	3%	2%

# Truckload Loadings and Revenue per Truckload Trends

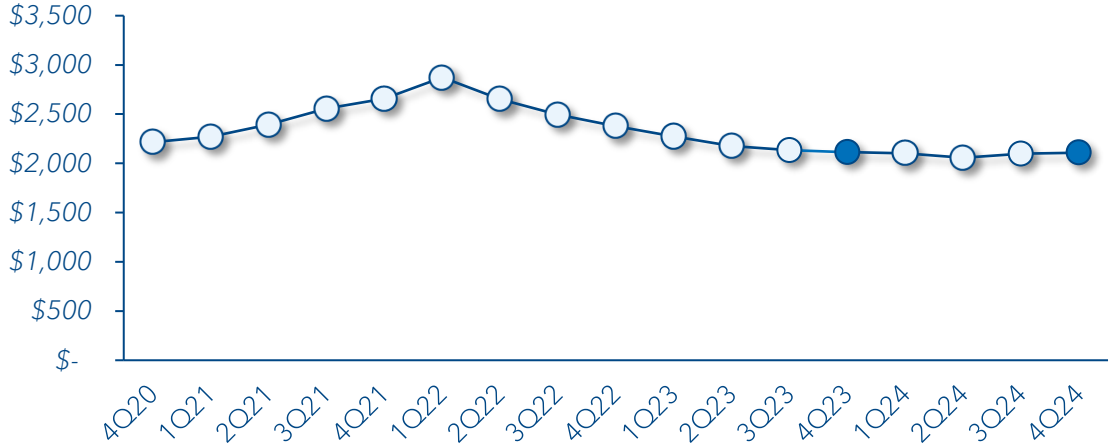


## VAN

NUMBER OF LOADS

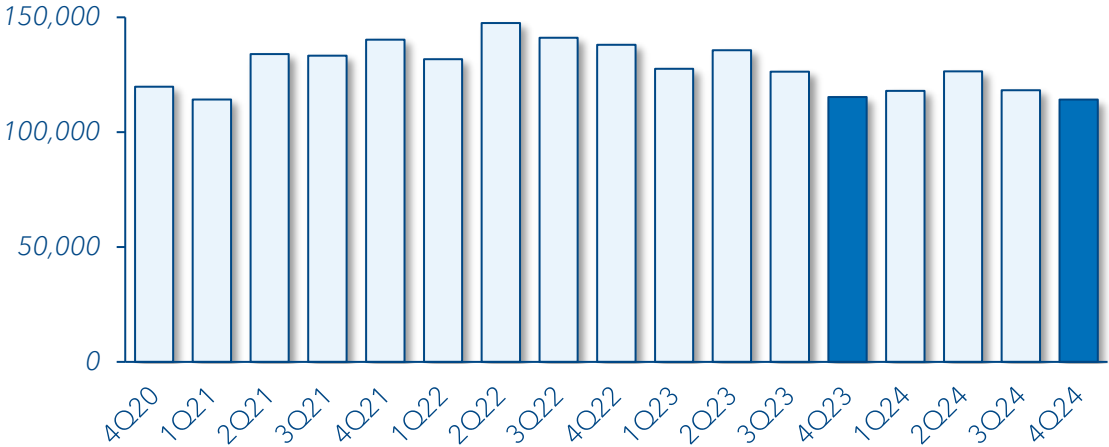


REVENUE PER LOAD

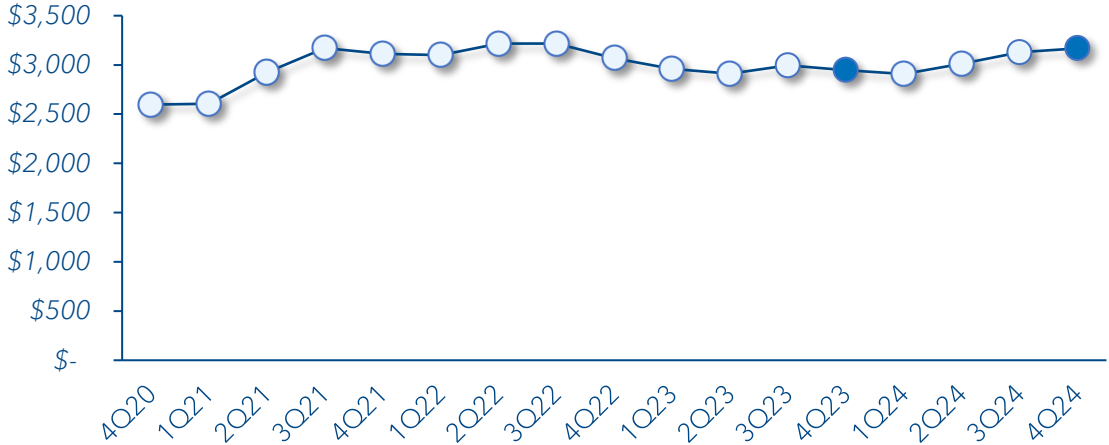


## UNSIDED / PLATFORM

NUMBER OF LOADS



REVENUE PER LOAD

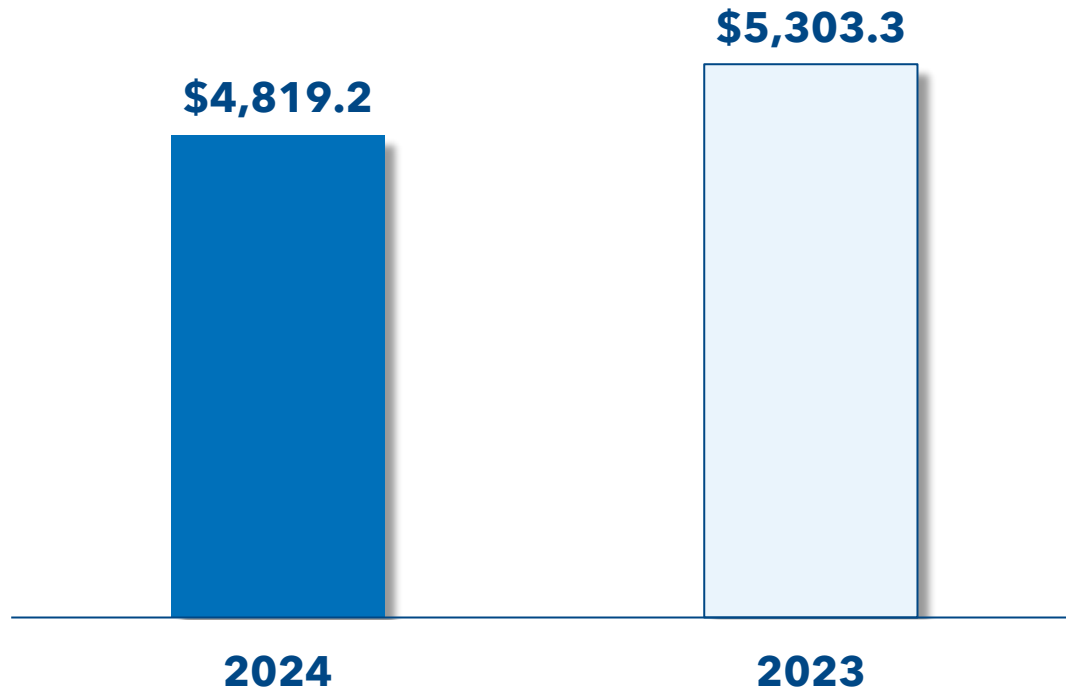


# Revenue - Fiscal Year

Dollars in Millions



## RESULTS



## VARIANCE

Revenue Source	Rate <sup>(1)</sup>	Vol. <sup>(2)</sup>	Chg.
Truck	(1.7%)	(8.4%)	(10.0%)
Rail Intermodal	(9.2%)	(5.6%)	(14.2%)
Ocean/Air	3.6%	4.9%	8.7%
Insurance Premiums	N/A	N/A	(12.7%)
<b>Total Revenue</b>	<b>-</b>	<b>-</b>	<b>(9.1%)</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.

# Gross Profit and Variable Contribution - Fiscal Year

with Associated Margins

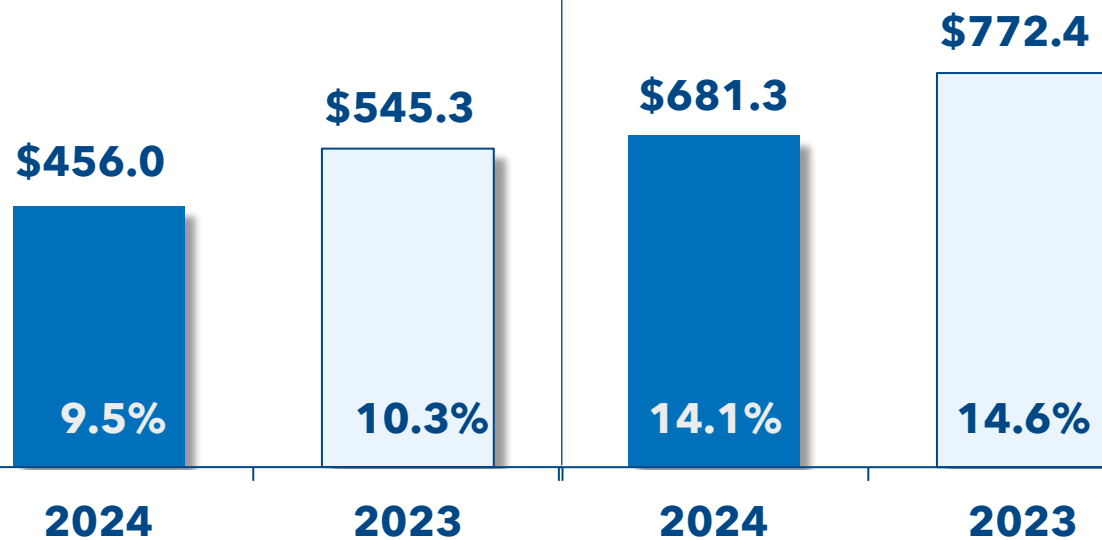
Dollars in Millions



## RESULTS

### Gross Profit

### Variable Contribution



## CHANGE IN VC MARGIN

Amounts in %

2024

	2024
<b>2023</b>	<b>14.6</b>
Revenue - Fixed <sup>(1)</sup>	0.0
Revenue - Variable	(0.4)
Change in Mix/Other	(0.1)
<b>2024</b>	<b>14.1</b>

(1) Revenue on transactions where the Company's variable contribution margin was based on a contractually pre-determined percentage of revenue accounted for 43% of revenue in both the 2024 and 2023 fiscal year periods, respectively.

# Operating Income - Fiscal Year

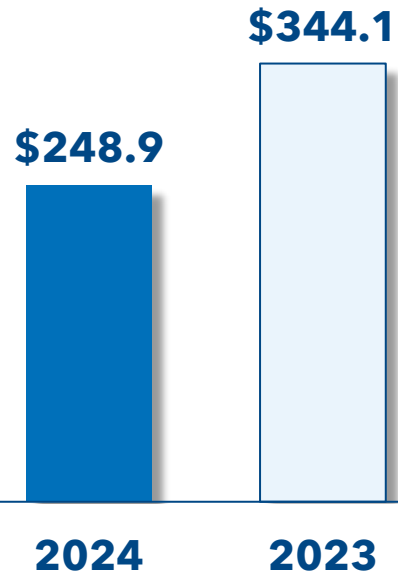
as a Percentage of Gross Profit and Variable Contribution

Dollars in Millions



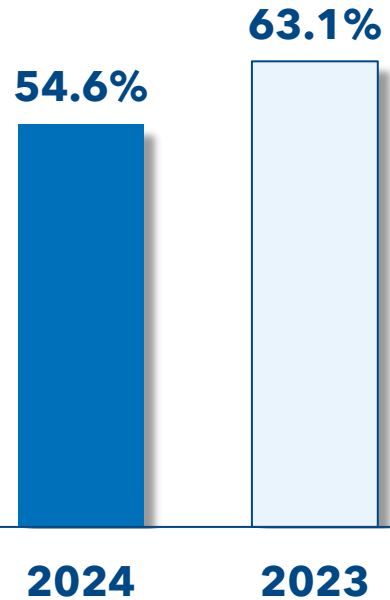
## RESULTS

### Operating Income

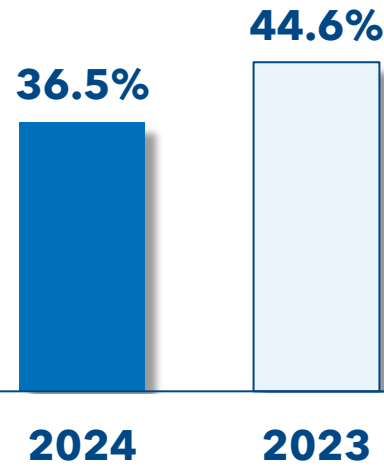


### Percentage of

Gross Profit



Variable Contribution



## CHANGE IN PERCENTAGE

of Variable Contribution

Amounts in %

2024

2023

44.6

Other operating costs

(1.6)

Insurance and claims

(1.1)

SG&A

(4.6)

Depreciation and amortization

(0.8)

2024

36.5

# Reconciliation of Gross Profit to Variable Contribution

Dollars in Thousands



	Fiscal Years Ended		Fiscal Quarters Ended	
	Dec 28, 2024	Dec 30, 2023	Dec 28, 2024	Dec 30, 2023
Revenue	\$ 4,819,245	\$ 5,303,322	\$ 1,209,330	\$ 1,204,445
Costs of revenue:				
Purchased transportation	3,745,241	4,068,262	945,857	927,028
Commissions to agents	392,751	462,668	96,950	99,271
Variable costs of revenue	4,137,992	4,530,930	1,042,807	1,026,299
Trailing equipment depreciation	27,950	31,319	7,186	7,079
Information technology costs (1)	22,744	25,486	4,629	5,695
Insurance-related costs (2)	115,764	116,069	30,642	27,585
Other operating costs	58,781	54,191	14,643	13,193
Other costs of revenue	225,239	227,065	57,100	53,552
Total costs of revenue	4,363,231	4,757,995	1,099,907	1,079,851
<b>Gross profit</b>	<b>\$ 456,014</b>	<b>\$ 545,327</b>	<b>\$ 109,423</b>	<b>\$ 124,594</b>
Gross profit margin	9.5%	10.3%	9.0%	10.3%
Plus: other costs of revenue	225,239	227,065	57,100	53,552
<b>Variable contribution</b>	<b>\$ 681,253</b>	<b>\$ 772,392</b>	<b>\$ 166,523</b>	<b>\$ 178,146</b>
Variable contribution margin	14.1%	14.6%	13.8%	14.8%

(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.

# Free Cash Flow with Stock Purchases and Dividends

Dollars and Shares in Millions



## 5 - YEAR SUMMARY

<b>Cash Flow Item</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Cash flow from operations	\$ 211	\$ 277	\$ 623	\$ 394	\$ 287
Cash capital expenditures <sup>(1)</sup>	\$ 34	\$ 24	\$ 26	\$ 26	\$ 31
Free cash flow	\$ 177	\$ 253	\$ 597	\$ 368	\$ 256
Share repurchases	\$ 116	\$ 123	\$ 286	\$ 54	\$ 81
Dividends paid	\$ 110	\$ 112	\$ 116	\$ 117	\$ 120
Common share count <sup>(2)</sup>	38.4	37.7	35.9	35.7	35.3

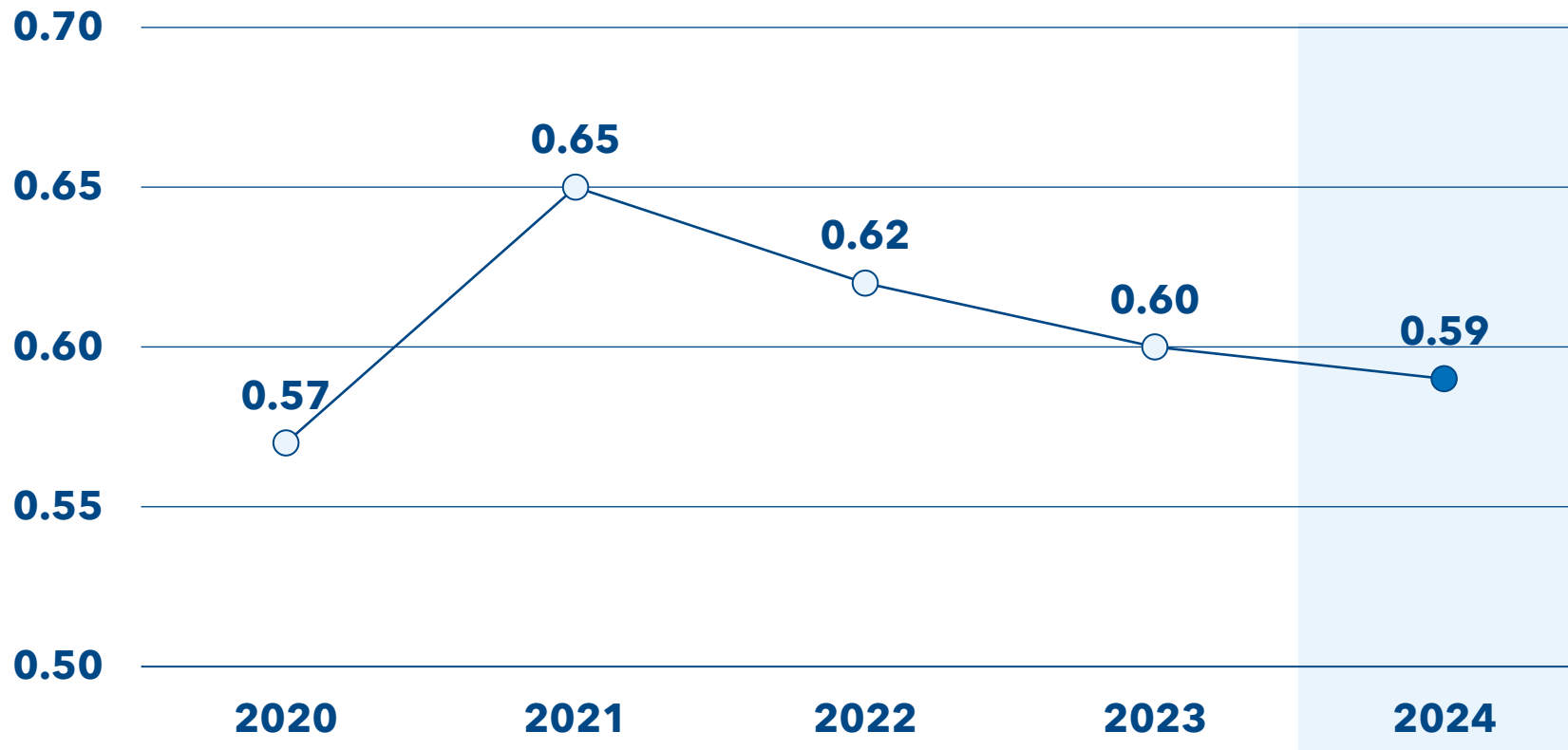
(1) Cash capital expenditures includes purchases of operating property and, for fiscal year 2020, consideration paid for acquisition of a business.

(2) Common share count as of the end of the applicable period.

# DOT Accident <sup>(1)</sup> Frequency per Million Miles Traveled by BCOs



## 5 - YEAR SUMMARY



(1) A "DOT Accident" is defined, consistent with U.S. 49 CFR 390.5T, as an occurrence involving a commercial motor vehicle operating on a highway in interstate or intrastate commerce that results in a fatality, a bodily injury to a person who, as a result of the injury, immediately receives medical treatment away from the scene of the accident, or one or more motor vehicles incurring disabling damage as a result of the accident, requiring the motor vehicle(s) to be transported away from the scene by a tow truck or by other motor vehicle, but does not include an occurrence involving only boarding and alighting from a stationary motor vehicle or an occurrence involving only the loading or unloading of cargo.

# LANDSTAR



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