
**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) April 24, 2019



LANDSTAR SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

021238
(Commission
File Number)

06-1313069
(I.R.S. Employer
Identification No.)

13410 Sutton Park Drive South, Jacksonville, Florida
(Address of principal executive offices)

32224
(Zip Code)

(904) 398-9400
(Registrant's telephone number, including area code)

N/A
(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))

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 April 24, 2019, Landstar System, Inc. issued a press release announcing results for the first quarter of fiscal 2019. 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 April 24, 2019, 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 April 25, 2019 in connection with the Company’s release of results for the first quarter of fiscal 2019.

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 [News Release dated April 24, 2019 of Landstar System, Inc.](#)
- 99.2 [Slide Presentation dated April 24, 2019 of Landstar System, Inc.](#)

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: April 24, 2019

By: /s/ L. Kevin Stout

Name: L. Kevin Stout

Title: Vice President and Chief Financial Officer



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

For Immediate Release

Contact: Kevin Stout
Landstar System, Inc.
www.landstar.com
904-398-9400

April 24, 2019

**LANDSTAR SYSTEM REPORTS FIRST QUARTER
REVENUE OF \$1.033 BILLION AND RECORD FIRST QUARTER DILUTED
EARNINGS PER SHARE OF \$1.58**

Jacksonville, FL – Landstar System, Inc. (NASDAQ: LSTR) reported record first quarter diluted earnings per share of \$1.58 in the 2019 first quarter, on first quarter revenue of \$1.033 billion. Landstar reported diluted earnings per share of \$1.37 on revenue of \$1.048 billion in the 2018 first quarter. Gross profit (defined as revenue less the cost of purchased transportation and commissions to agents) was \$155.6 million, a record first quarter gross profit, in the 2019 first quarter compared to \$155.5 million in the 2018 first quarter. Operating margin, representing operating income divided by gross profit, was 52.0 percent in the 2019 first quarter.

Truck transportation revenue hauled by independent business capacity owners (“BCOs”) and truck brokerage carriers in the 2019 first quarter was \$953.1 million, or 92 percent of revenue, compared to \$979.1 million, or 93 percent of revenue, in the 2018 first quarter. Truckload transportation revenue hauled via van equipment in the 2019 first quarter was \$619.0 million compared to \$656.1 million in the 2018 first quarter. Truckload transportation revenue hauled via unsided/platform equipment in the 2019 first quarter was \$310.7 million compared to \$299.4 million in the 2018 first quarter. Revenue hauled by rail, air and ocean cargo carriers was \$60.7 million, or 6 percent of revenue, in the 2019 first quarter compared to \$52.8 million, or 5 percent of revenue, in the 2018 first quarter.

Trailing twelve-month return on average shareholders’ equity was 37 percent and trailing twelve-month return on invested capital, representing net income divided by the

sum of average equity plus average debt, was 32 percent. Landstar purchased 124,481 shares of its common stock during the 2019 first quarter at an aggregate cost of approximately \$13.0 million. Currently, the Company is authorized to purchase up to approximately 1,876,000 shares of the Company's common stock under Landstar's previously announced share purchase programs. As of March 30, 2019, the Company had \$305 million in cash and short term investments and \$216 million available for borrowings under the Company's senior credit facility. Landstar also announced today that its Board of Directors has declared a quarterly dividend of \$0.165 per share payable on May 31, 2019, to stockholders of record as of the close of business on May 9, 2019. It is currently the intention of the Board to pay dividends on a quarterly basis going forward.

"I am pleased with Landstar's financial performance during the 2019 first quarter," said Landstar's President and Chief Executive Officer Jim Gattoni. "We began the quarter facing very difficult year over year comparisons plus decelerating rates of growth in both truck revenue per load and truck loadings that began in late 2018. Truck capacity became more readily available at the end of 2018 and that market condition carried through the 2019 first quarter putting additional pressure on rates. Landstar performed very well during the 2019 first quarter given the softening environment. Diluted earnings per share was \$1.58 in the 2019 first quarter, the highest first quarter diluted earnings per share in Landstar history. Gross profit, operating income and the number of loads hauled via truck each also set new all-time Landstar first quarter records. The Company set a new all-time record for trucks provided by BCOs with 10,637 as of the end of the quarter."

Gattoni continued, "The number of loads hauled via truck was higher than any first quarter in Landstar history. Given the freight environment during the quarter, I am pleased with the increase in truckload volumes. The number of loads hauled via truck in the 2019 first quarter increased 2 percent over the 2018 first quarter, driven by a 1 percent increase in the number of loads hauled via van equipment, a 4 percent increase in the number of loads hauled via unsided/platform equipment and a 6 percent increase in less-than-truckload volume. The number of loads hauled via railroads, ocean cargo carriers and air cargo carriers was 2 percent higher in the 2019 first quarter compared to the 2018 first quarter."

Gattoni further commented, “As expected, the pricing environment for our truck services softened in the 2019 first quarter, as industry-wide truck capacity was more readily available than during the 2018 first quarter. The Company’s guidance issued on January 30, 2019 called for a decrease in revenue per load on loads hauled via truck in a low single-digit percentage range from the 2018 first quarter. Revenue per load on loads hauled via van equipment decreased 7 percent from the 2018 first quarter and revenue per load on loads hauled via unsided/platform equipment decreased 1 percent from the 2018 first quarter. As a result, revenue per load on loads hauled via truck was 5 percent lower than the 2018 first quarter.”

Gattoni continued, “Through the first few weeks of April, the number of loads hauled via truck was consistent with the volumes experienced in the corresponding period of 2018. I expect that trend to continue during the remainder of the 2019 second quarter. Accordingly, I expect the number of loads hauled via truck in the 2019 second quarter to approximate the number of loads hauled by truck in the 2018 second quarter. My expectation is that pricing conditions for truck services in the 2019 second quarter will continue to come under pressure with little change in the level of truck capacity available in the marketplace. Assuming those capacity market conditions continue throughout the rest of the second quarter, I expect 2019 second quarter truck revenue per load to be lower than the 2018 second quarter in a high single-digit percentage range. I anticipate revenue for the 2019 second quarter to be in a range of \$1.075 billion to \$1.125 billion. Assuming that range of estimated revenue and insurance and claims expense at 3.6 percent of BCO revenue, representing average insurance and claims costs as a percent of BCO revenue over the past five years, I would anticipate 2019 second quarter diluted earnings per share to be in a range of \$1.56 to \$1.62 per share compared to \$1.51 per diluted share in the 2018 second quarter.”

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; click on “Investor Relations” and “Webcasts,” then click on “Landstar’s First Quarter 2019 Earnings Release Conference Call.”

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: 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. foreign trade relationships; substantial industry competition; disruptions or failures in the Company’s computer systems; cyber and other information security incidents; dependence on key vendors; changes in fuel taxes; status of independent contractors; regulatory and legislative changes; regulations focused on diesel emissions and other air quality matters; catastrophic loss of a Company facility; intellectual property; unclaimed property; and other operational, financial or legal risks or uncertainties detailed in Landstar’s Form 10K for the 2018 fiscal year, 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.

About Landstar:

Landstar System, Inc. 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. 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.

(Tables follow)

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

| | Thirteen Weeks Ended | |
|---|----------------------|-------------------|
| | March 30, 2019 | March 31, 2018 |
| Revenue | \$ 1,033,000 | \$ 1,047,926 |
| Investment income | 1,138 | 861 |
| Costs and expenses: | | |
| Purchased transportation | 791,755 | 810,297 |
| Commissions to agents | 85,671 | 82,125 |
| Other operating costs, net of gains on asset sales/dispositions | 8,239 | 7,604 |
| Insurance and claims | 14,993 | 17,360 |
| Selling, general and administrative | 41,268 | 45,251 |
| Depreciation and amortization | 11,316 | 10,997 |
| Total costs and expenses | <u>953,242</u> | <u>973,634</u> |
| Operating income | 80,896 | 75,153 |
| Interest and debt expense | 805 | 800 |
| Income before income taxes | 80,091 | 74,353 |
| Income taxes | 16,791 | 16,880 |
| Net income | 63,300 | 57,473 |
| Less: Net loss attributable to noncontrolling interest | (17) | (44) |
| Net income attributable to Landstar System, Inc. and subsidiary | <u>\$ 63,317</u> | <u>\$ 57,517</u> |
| Earnings per common share attributable to Landstar System, Inc. and subsidiary | <u>\$ 1.58</u> | <u>\$ 1.37</u> |
| Diluted earnings per share attributable to Landstar System, Inc. and subsidiary | <u>\$ 1.58</u> | <u>\$ 1.37</u> |
| Average number of shares outstanding: | | |
| Earnings per common share | <u>40,161,000</u> | <u>42,038,000</u> |
| Diluted earnings per share | <u>40,166,000</u> | <u>42,098,000</u> |
| Dividends per common share | <u>\$ 0.165</u> | <u>\$ 0.150</u> |

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

| | March 30, 2019 | December 29, 2018 |
|---|---------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 264,625 | \$ 199,736 |
| Short-term investments | 39,958 | 40,058 |
| Trade accounts receivable, less allowance of \$7,144 and \$6,413 | 601,128 | 691,604 |
| Other receivables, including advances to independent contractors, less allowance of \$6,907 and \$6,216 | 27,565 | 23,744 |
| Other current assets | 10,919 | 16,287 |
| Total current assets | 944,195 | 971,429 |
| Operating property, less accumulated depreciation and amortization of \$256,707 and \$250,153 | 276,193 | 284,032 |
| Goodwill | 38,343 | 38,232 |
| Other assets | 92,208 | 86,871 |
| Total assets | <u>\$ 1,350,939</u> | <u>\$ 1,380,564</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Cash overdraft | \$ 41,519 | \$ 55,339 |
| Accounts payable | 273,181 | 314,134 |
| Current maturities of long-term debt | 41,184 | 43,561 |
| Insurance claims | 40,270 | 40,176 |
| Accrued compensation | 9,647 | 29,489 |
| Contractor escrow | 25,383 | 25,202 |
| Other current liabilities | 42,060 | 27,917 |
| Total current liabilities | 473,244 | 535,818 |
| Long-term debt, excluding current maturities | 75,246 | 84,864 |
| Insurance claims | 29,776 | 30,429 |
| Deferred income taxes and other non-current liabilities | 44,413 | 40,320 |
| Equity | | |
| Landstar System, Inc. and subsidiary shareholders' equity | | |
| Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 68,047,041 and 67,870,962 shares | 680 | 679 |
| Additional paid-in capital | 223,551 | 226,852 |
| Retained earnings | 1,897,967 | 1,841,279 |
| Cost of 27,884,681 and 27,755,001 shares of common stock in treasury | (1,389,612) | (1,376,111) |
| Accumulated other comprehensive loss | (4,326) | (5,875) |
| Total Landstar System, Inc. and subsidiary shareholders' equity | 728,260 | 686,824 |
| Noncontrolling interest | — | 2,309 |
| Total equity | 728,260 | 689,133 |
| Total liabilities and equity | <u>\$ 1,350,939</u> | <u>\$ 1,380,564</u> |

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

| | Thirteen Weeks Ended | |
|--|---------------------------|---------------------------|
| | March 30, 2019 | March 31, 2018 |
| <u>Revenue generated through (in thousands):</u> | | |
| Truck transportation | | |
| Truckload: | | |
| Van equipment | \$ 619,014 | \$ 656,135 |
| Unsided/platform equipment | 310,721 | 299,369 |
| Less-than-truckload | 23,376 | 23,584 |
| Total truck transportation | 953,111 | 979,088 |
| Rail intermodal | 30,015 | 29,292 |
| Ocean and air cargo carriers | 30,669 | 23,477 |
| Other (1) | 19,205 | 16,069 |
| | <u>\$ 1,033,000</u> | <u>\$ 1,047,926</u> |
| Revenue on loads hauled via BCO Independent Contractors (2) included in total truck transportation | \$ 449,308 | \$ 471,150 |
| <u>Number of loads:</u> | | |
| Truck transportation | | |
| Truckload: | | |
| Van equipment | 341,821 | 336,919 |
| Unsided/platform equipment | 125,170 | 119,791 |
| Less-than-truckload | 35,309 | 33,420 |
| Total truck transportation | 502,300 | 490,130 |
| Rail intermodal | 12,460 | 13,280 |
| Ocean and air cargo carriers | 7,510 | 6,330 |
| | <u>522,270</u> | <u>509,740</u> |
| Loads hauled via BCO Independent Contractors (2) included in total truck transportation | 234,850 | 233,180 |
| <u>Revenue per load:</u> | | |
| Truck transportation | | |
| Truckload: | | |
| Van equipment | \$ 1,811 | \$ 1,947 |
| Unsided/platform equipment | 2,482 | 2,499 |
| Less-than-truckload | 662 | 706 |
| Total truck transportation | 1,897 | 1,998 |
| Rail intermodal | 2,409 | 2,206 |
| Ocean and air cargo carriers | 4,084 | 3,709 |
| Revenue per load on loads hauled via BCO Independent Contractors (2) | \$ 1,913 | \$ 2,021 |
| <u>Revenue by capacity type (as a % of total revenue):</u> | | |
| Truck capacity providers: | | |
| BCO Independent Contractors (2) | 43% | 45% |
| Truck Brokerage Carriers | 49% | 48% |
| Rail intermodal | 3% | 3% |
| Ocean and air cargo carriers | 3% | 2% |
| Other | 2% | 2% |
| | <u>March 30, 2019</u> | <u>March 31, 2018</u> |
| <u>Truck Capacity Providers</u> | | |
| BCO Independent Contractors (2) | 9,911 | 9,243 |
| Truck Brokerage Carriers: | | |
| Approved and active (3) | 40,404 | 34,659 |
| Other approved | 18,659 | 15,687 |
| | <u>59,063</u> | <u>50,346</u> |
| Total available truck capacity providers | <u>68,974</u> | <u>59,589</u> |
| Trucks provided by BCO Independent Contractors (2) | 10,637 | 9,868 |

- (1) Includes primarily reinsurance premium revenue generated by the insurance segment and intra-Mexico transportation services revenue generated by Landstar Metro.
- (2) BCO Independent Contractors are independent contractors who provide truck capacity to the Company under exclusive lease arrangements.
- (3) Active refers to Truck Brokerage Carriers who moved at least one load in the 180 days immediately preceding the fiscal quarter end.

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Landstar System, Inc.
Earnings Conference Call
First Quarter 2019
April 24, 2019



Date Published: 04/24/2019

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

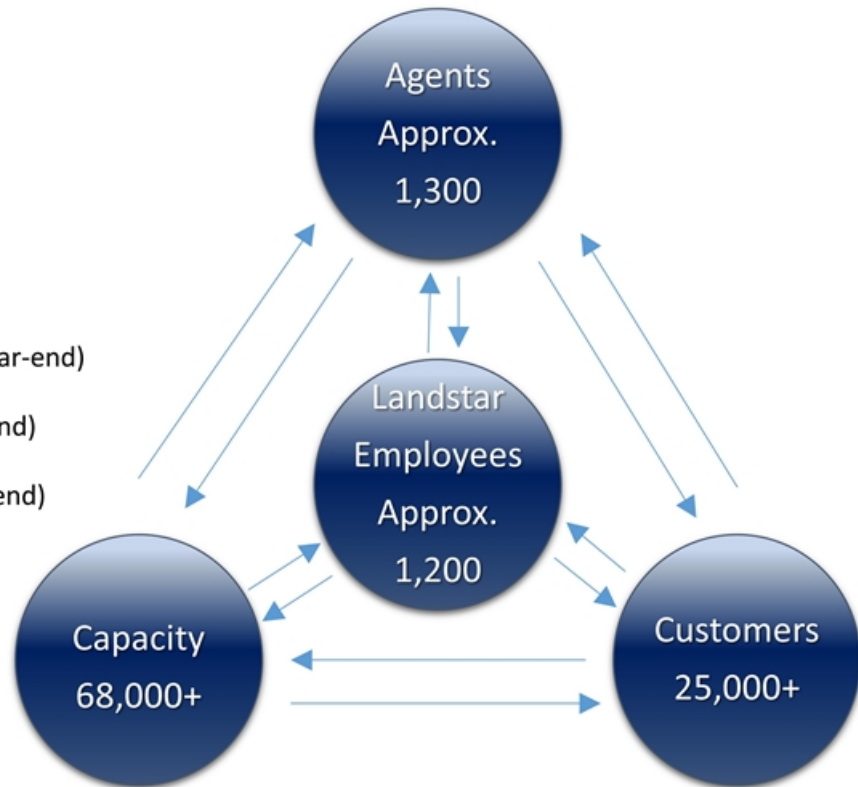
2.1 million loadings

608 million dollar agents

10,599 BCO trucks (2018 year-end)

59,054 Carriers (2018 year-end)

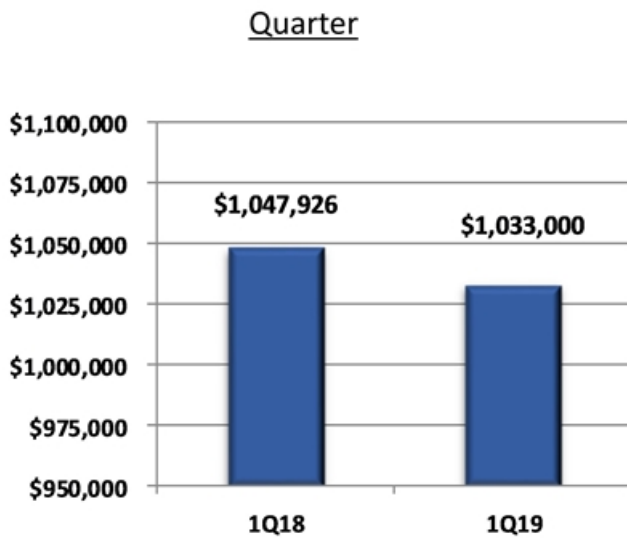
16,000+ Trailers (2018 year-end)



Transportation Management Services

| | Percentage of Revenue | |
|----------------------------|-----------------------|------|
| | 1Q18 | 1Q19 |
| Truck Transportation | | |
| Truckload | | |
| Van equipment | 63% | 60% |
| Unsided/platform equipment | 29% | 30% |
| Less-than-truckload | 2% | 2% |
| Rail intermodal | 3% | 3% |
| Ocean and air cargo | 2% | 3% |

Revenue (*\$'s in thousands*)



Quarter

| Qtr over Prior Yr Qtr | Rate ⁽¹⁾ | Volume ⁽²⁾ | Change |
|-------------------------|---------------------|-----------------------|--------|
| Truck Revenue | -5.0% | 2.5% | -2.7% |
| Rail Intermodal Revenue | 9.2% | -6.2% | 2.5% |
| Ocean/Air Revenue | 10.1% | 18.6% | 30.6% |
| Insurance Premiums | NA | NA | 14.3% |
| Total Revenue | | | -1.4% |

- (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.

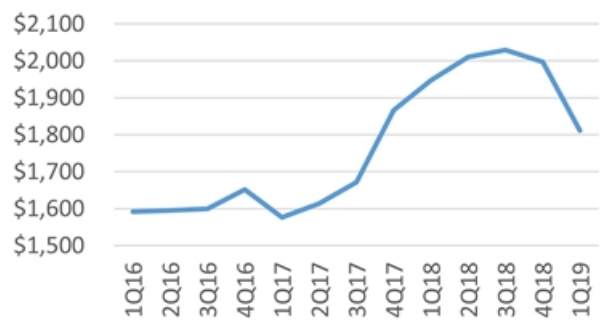
Truckload Loadings and Revenue per Load (Excludes LTL)

Van Equipment

Number of Loads ⁽¹⁾



Revenue per Load

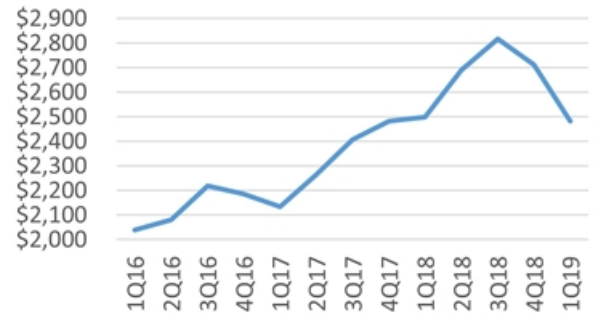


Unsided/Platform Equipment

Number of Loads ⁽¹⁾



Revenue per Load

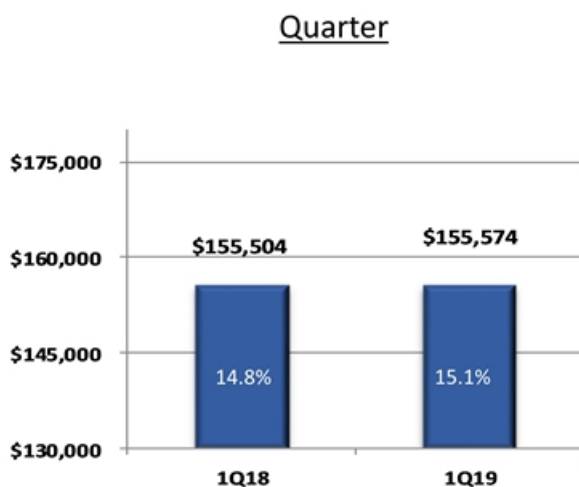


(1) The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's 2018 and 2017 fourth quarters included thirteen weeks of operations whereas the 2016 fourth quarter included fourteen weeks.

Industries Served

| | As a Percentage of Revenue | | Quarter over Prior Year Quarter Growth |
|-------------------------------|----------------------------|--------------|--|
| | 1Q18 | 1Q19 | |
| Consumer Durables | 23.5 | 24.8 | 4% |
| Machinery | 14.0 | 13.6 | -4% |
| Automotive | 8.4 | 8.6 | 1% |
| Building Products | 8.5 | 8.4 | -3% |
| Metals | 6.4 | 6.3 | -3% |
| AA&E, Hazmat | 8.9 | 8.7 | -4% |
| Foodstuffs | 6.0 | 4.0 | -34% |
| Energy | 2.3 | 2.4 | 4% |
| Other | 21.9 | 23.2 | 4% |
| Transportation Revenue | <u>100.0</u> | <u>100.0</u> | -2% |

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



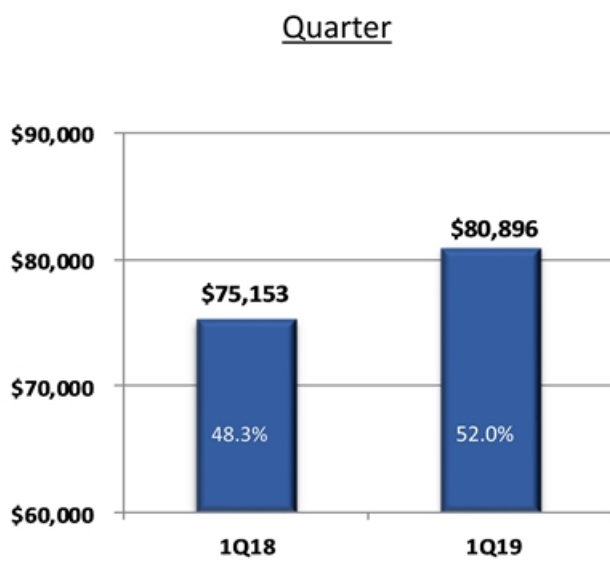
Quarter

| Changes in gross profit margin | % ⁽³⁾ |
|--------------------------------|------------------|
| 2018 Period | 14.8 |
| Revenue - fixed gp margin | 0.1 |
| Revenue - variable gp margin | 0.4 |
| Change in mix and other | -0.2 |
| 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 52% and 50% of revenue in the 2018 and 2019 first quarters, respectively.

Operating Income and Operating Margin ⁽¹⁾

(\$'s in thousands)



Quarter

| Changes in operating margin | % |
|-------------------------------|------|
| 2018 Period | 48.3 |
| Other operating costs | -0.4 |
| Insurance and claims | 1.7 |
| SG&A | 2.6 |
| Depreciation and amortization | -0.2 |
| 2019 Period | 52.0 |

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

Truck Capacity Data

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

| | Mar 31, 2018 ⁽²⁾ | Dec 29, 2018 | Mar 30, 2019 ⁽²⁾ |
|--|--------------------------------|-----------------|--------------------------------|
| BCO Independent Contractors | 9,243 | 9,884 | 9,911 |
| Truck Brokerage Carriers: | | | |
| Approved and Active ⁽¹⁾ | 34,659 | 41,069 | 40,404 |
| Other Approved | 15,687 | 17,985 | 18,659 |
| | 50,346 | 59,054 | 59,063 |
| Total Available Truck Capacity Providers | 59,589 | 68,938 | 68,974 |
| Trucks Provided by BCO Independent Contractors | 9,868 | 10,599 | 10,637 |

(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 \$53.9 million and \$54.4 million in the 2019 and 2018 first quarters, respectively.

Key Balance Sheet and Cash Flow Statistics

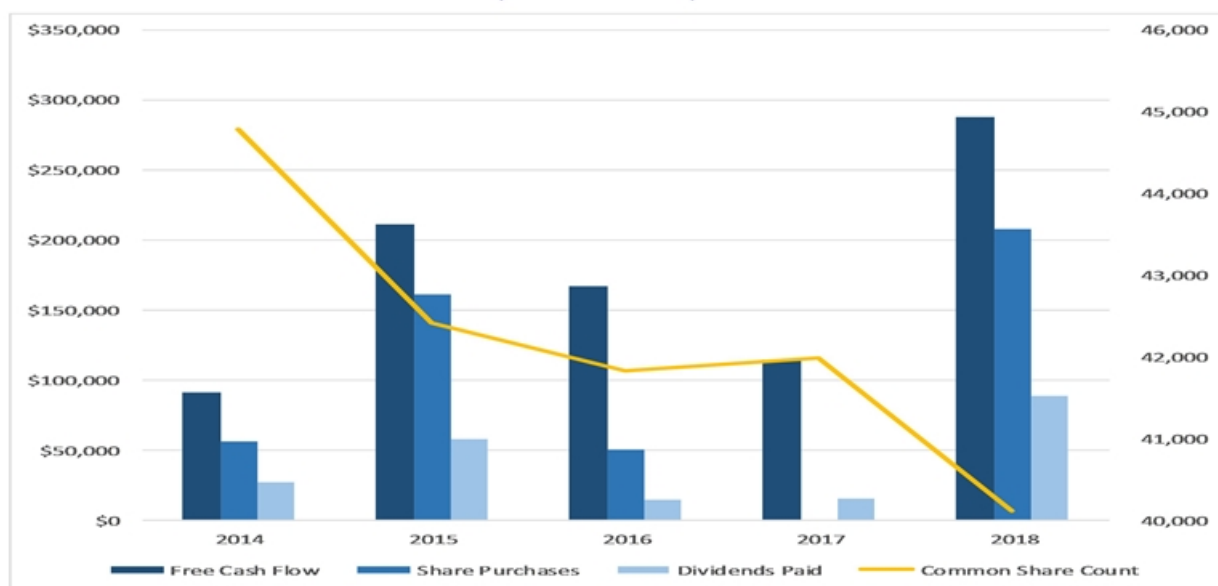
(\$'s in thousands)

| | QTR Mar 31, 2018 | QTR Mar 30, 2019 |
|-------------------------------------|------------------------|------------------------|
| Balance sheet (period end amounts): | | |
| Debt to Capital | 14% | 14% |
| Net Cash (1) | \$ 146,338 | \$ 188,153 |
| Cash flow: | | |
| Cash flow from operations | \$ 72,002 | \$ 121,416 |
| Capital expenditures | \$ 3,814 | \$ 4,576 |
| Share repurchases | \$ 1,508 | \$ 12,977 |
| Dividends paid | \$ 69,293 | \$ 6,629 |
| Returns: | | |
| TTM Return on Equity | 32% | 37% |
| TTM Return on Invested Capital | 27% | 32% |
| TTM Return on Assets | 16% | 19% |

(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)



| First quarter 2019 | (000's) |
|---------------------------|------------|
| Free cash flow (1) | \$ 116,840 |
| Share purchases | \$ 12,977 |
| Dividends paid | \$ 6,629 |
| Ending common share count | 40,162 |

(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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Date Published: 04/24/2019