

**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) January 29, 2020



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))

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 January 29, 2020, Landstar System, Inc. (“Landstar” or the “Company”) issued a press release announcing results for the fourth 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 January 29, 2020, 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 January 30, 2020 in connection with the Company’s release of results for the fourth 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 January 29, 2020 of Landstar System, Inc.](#)
- 99.2 [Slide Presentation dated January 29, 2020 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.

Date: January 29, 2020

LANDSTAR SYSTEM, INC.

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

January 29, 2020

**LANDSTAR SYSTEM REPORTS FOURTH QUARTER
REVENUE OF \$994.9 MILLION AND
DILUTED EARNINGS PER SHARE OF \$1.27**

Jacksonville, FL - Landstar System, Inc. (NASDAQ: LSTR) reported diluted earnings per share of \$1.27 in the 2019 fourth quarter on revenue of \$994.9 million. Revenue in the 2019 fourth quarter was at the mid-point of the Company's guidance issued on October 23, 2019, while diluted earnings per share was below the low-end of the guidance of \$1.40. As further described later in this press release, the shortfall in diluted earnings per share to our guidance was entirely attributable to insurance and claims costs in the quarter, well above the insurance and claims costs anticipated as part of the October 23, 2019 earnings guidance. Landstar reported diluted earnings per share of \$1.68 on revenue of \$1.182 billion in the 2018 fourth quarter.

Truck transportation revenue hauled by independent business capacity owners ("BCOs") and truck brokerage carriers in the 2019 fourth quarter was \$911.8 million, or 92 percent of revenue, compared to \$1.078 billion, or 91 percent of revenue, in the 2018 fourth quarter. Truckload transportation revenue hauled via van equipment in the 2019 fourth quarter was \$571.8 million compared to \$705.0 million in the 2018 fourth quarter. Truckload transportation revenue hauled via unsided/platform equipment in the 2019 fourth quarter was \$315.2 million compared to \$346.6 million in the 2018 fourth quarter. Revenue hauled by rail, air and ocean cargo carriers was \$63.0 million, or 6 percent of revenue, in the 2019 fourth quarter compared to \$84.8 million, or 7 percent of revenue, in the 2018 fourth quarter.

Trailing twelve-month return on average shareholders' equity was 31 percent and trailing twelve-month return on invested capital, representing net income divided by the sum of average equity plus average debt, was 27 percent. Landstar purchased approximately 849,000 shares of its common stock during fiscal year 2019 at an aggregate cost of approximately \$88.6 million. As previously disclosed by the Company in a Form 8-K filed with the Securities and Exchange Commission on December 10, 2019, its Board of Directors increased the number of shares of its common stock that the Company is authorized to purchase under its stock purchase program by 1,849,068 and declared a special one-time cash dividend in the amount of \$2.00 per share that was paid on January 24, 2020, to stockholders of record as of the close of business on January 10, 2020. Currently, Landstar is authorized to purchase up to a total of 3,000,000 shares of the Company's common stock under its share purchase programs. In addition, Landstar announced today that its Board of Directors has declared a quarterly dividend of \$0.185 per share payable on March 13, 2020, to stockholders of record as of the close of business on February 17, 2020. It is currently the intention of the Board to pay dividends on a quarterly basis going forward. As of December 28, 2019, the Company had \$352 million in cash and short term investments and \$216 million available for borrowings under the Company's senior credit facility.

"As expected, the macroeconomic environment during the 2019 fourth quarter made for challenging comparisons against our record 2018 fourth quarter performance," said Landstar President and Chief Executive Officer Jim Gattoni. "Soft demand, driven by slowing production in the U.S. manufacturing sector, and more readily available truck capacity drove Landstar's truck rates and volumes below prior year levels in the 2019 fourth quarter. Overall, 2019 fourth quarter revenue was 16 percent below 2018 fourth quarter revenue, mostly due to a 9 percent decrease in revenue per load on loads hauled via truck and a 7 percent decrease in truck loadings. The Company's fourth quarter earnings guidance issued on October 23, 2019 anticipated fourth quarter diluted earnings per share of \$1.40 to \$1.46 reflecting insurance and claims costs at 3.6 percent of estimated fourth quarter BCO revenue. Diluted earnings per share fell below our guidance, entirely due to higher insurance and claims costs than we anticipated in our initial estimate. During the 2019 fourth quarter, we incurred \$7.2 million of unfavorable development of prior year claims that drove actual insurance and claims costs to 5.7 percent of BCO revenue in the quarter."

Gattoni further commented, “Landstar’s financial performance in 2018 was by far the best in the Company’s history, making for very difficult comparisons in 2019. We experienced year-over-year declines in both truck volumes and price for much of 2019, and revenue for fiscal year 2019 was 11% below that of fiscal year 2018. Nevertheless, 2019 was still the second best financial year in the Company’s history after 2018, with 2019 revenue, gross profit, operating income and diluted earnings per share each representing the second highest annual amount achieved in Landstar history.”

Gattoni continued, “January of any given year is typically the slowest month of the year. Through the first several weeks of January, there has been little change in the macroeconomic environment experienced throughout 2019, characterized by soft demand, weakness in the U.S. manufacturing sector, and readily available truck capacity. Additionally, the 2019 first quarter was seasonally the strongest quarter of 2019, setting the stage for a difficult quarter-over-prior-year-quarter comparison heading into the first quarter of 2020. I expect these conditions to result in earnings in the 2020 first quarter to be well below that of the 2019 first quarter. From a revenue standpoint, the number of loads hauled via truck in the first few weeks of 2020 was below the corresponding period of the prior year in a mid-single digit percentage range, somewhat similar to the year-over-prior-year percentage decrease experienced in the 2019 fourth quarter. Revenue per load on loads hauled via truck in the first few weeks of January was below the same period of the prior year in a mid-single digit percentage range, a slight improvement to the year-over-prior-year percentage decrease experienced in the 2019 fourth quarter. I expect the volume and pricing trends experienced in the first few weeks of January to continue through the first quarter. As such, I anticipate revenue for the 2020 first quarter to be in a range of \$915 million to \$965 million.”

Gattoni added that, “In early January, a BCO with a motor carrier subsidiary of the Company was involved in a tragic vehicular accident involving a fatality. The Company is still in the process of obtaining all the facts concerning this incident and, as such, it is too soon to estimate the ultimate financial exposure of this tragic accident. Current facts

as known to us indicate that it is probable this accident will adversely impact the financial results of the Company's 2020 first quarter. It is highly likely that, once all facts are determined, the estimated ultimate cost of this tragic accident will reduce first quarter diluted earnings per share to an amount below the low-end of the Company's 2020 first quarter diluted earnings per share guidance. While our evaluation is still preliminary and our investigation continues, the Company's pre-tax loss exposure at the time of this accident included our \$5 million self-insured retention and up to \$3.5 million relating to aggregate losses above our self-insured retention during an annual policy year (May 1 to April 30). Additional insurance and claims expense of \$8.5 million in the 2020 first quarter would result in a charge of \$0.16 per diluted share."

Gattoni concluded, "Based on the range of revenue estimated for the 2020 first quarter and excluding the cost of the ultimate resolution of this recent tragic accident, I would anticipate diluted earnings per share to be in a range of \$1.10 to \$1.20. This range of diluted earnings per share includes insurance and claims expense estimated at 4.0 percent of BCO revenue, representing average insurance and claims costs as a percentage of BCO revenue over the past three years."

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 Fourth 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)

	Fiscal Years Ended		Fiscal Quarters Ended	
	December 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Revenue	\$ 4,084,577	\$ 4,615,144	\$ 994,879	\$ 1,182,351
Investment income	5,041	3,816	1,305	1,062
Costs and expenses:				
Purchased transportation	3,127,474	3,569,961	761,828	911,251
Commissions to agents	342,226	378,002	84,364	102,174
Other operating costs, net of gains/losses on asset sales/dispositions	37,274	31,803	8,743	7,627
Insurance and claims	80,319	75,677	25,071	17,959
Selling, general and administrative	158,953	188,212	38,236	47,264
Depreciation and amortization	44,468	43,570	11,423	11,050
Total costs and expenses	3,790,714	4,287,225	929,665	1,097,325
Operating income	298,904	331,735	66,519	86,088
Interest and debt expense	3,141	3,354	863	899
Income before income taxes	295,763	328,381	65,656	85,189
Income taxes	68,060	73,168	15,608	16,889
Net income	227,703	255,213	50,048	68,300
Less: Net (loss)/income attributable to noncontrolling interest	(17)	(68)	—	44
Net income attributable to Landstar System, Inc. and subsidiary	\$ 227,720	\$ 255,281	\$ 50,048	\$ 68,256
Earnings per common share attributable to Landstar System, Inc. and subsidiary	\$ 5.72	\$ 6.19	\$ 1.27	\$ 1.69
Diluted earnings per share attributable to Landstar System, Inc. and subsidiary	\$ 5.72	\$ 6.18	\$ 1.27	\$ 1.68
Average number of shares outstanding:				
Earnings per common share	39,786,000	41,273,000	39,472,000	40,501,000
Diluted earnings per share	39,786,000	41,310,000	39,472,000	40,514,000
Dividends per common share	\$ 2.700	\$ 0.630	\$ 2.185	\$ 0.165

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

	December 28, 2019	December 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 319,515	\$ 199,736
Short-term investments	32,901	40,058
Trade accounts receivable, less allowance of \$7,284 and \$6,413	588,549	691,604
Other receivables, including advances to independent contractors, less allowance of \$7,667 and \$6,216	35,553	23,744
Other current assets	21,370	16,287
Total current assets	997,888	971,429
Operating property, less accumulated depreciation and amortization of \$280,849 and \$250,153	285,855	284,032
Goodwill	38,508	38,232
Other assets	105,460	86,871
Total assets	<u>\$ 1,427,711</u>	<u>\$ 1,380,564</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Cash overdraft	\$ 53,878	\$ 55,339
Accounts payable	271,996	314,134
Current maturities of long-term debt	42,632	43,561
Insurance claims	44,532	40,176
Dividends payable	78,947	—
Accrued compensation	9,884	29,489
Other current liabilities	51,035	53,119
Total current liabilities	552,904	535,818
Long-term debt, excluding current maturities	70,212	84,864
Insurance claims	33,575	30,429
Deferred income taxes and other non-current liabilities	49,551	40,320
Equity		
Landstar System, Inc. and subsidiary shareholders' equity		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 68,083,419 and 67,870,962 shares	681	679
Additional paid-in capital	226,123	226,852
Retained earnings	1,962,161	1,841,279
Cost of 28,609,926 and 27,755,001 shares of common stock in treasury	(1,465,284)	(1,376,111)
Accumulated other comprehensive loss	(2,212)	(5,875)
Total Landstar System, Inc. and subsidiary shareholders' equity	721,469	686,824
Noncontrolling interest	—	2,309
Total equity	721,469	689,133
Total liabilities and equity	<u>\$ 1,427,711</u>	<u>\$ 1,380,564</u>

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

	Fiscal Years Ended		Fiscal Quarters Ended	
	December 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Revenue generated through (in thousands):				
Truck transportation				
Truckload:				
Van equipment	\$2,371,188	\$2,791,494	\$ 571,767	\$ 704,971
Unsided/platform equipment	1,295,817	1,386,387	315,202	346,603
Less-than-truckload	98,324	102,531	24,849	26,083
Total truck transportation	3,765,329	4,280,412	911,818	1,077,657
Rail intermodal	118,305	128,976	30,750	32,950
Ocean and air cargo carriers	121,485	134,577	32,227	51,858
Other (1)	79,458	71,179	20,084	19,886
	<u>\$4,084,577</u>	<u>\$4,615,144</u>	<u>\$ 994,879</u>	<u>\$1,182,351</u>
Revenue on loads hauled via BCO Independent Contractors (2) included in total truck transportation	\$1,831,752	\$2,001,665	\$ 441,617	\$ 482,321
Number of loads:				
Truck transportation				
Truckload:				
Van equipment	1,337,089	1,398,388	322,517	353,066
Unsided/platform equipment	513,579	516,613	122,467	127,854
Less-than-truckload	155,592	145,269	39,976	38,630
Total truck transportation	2,006,260	2,060,270	484,960	519,550
Rail intermodal	47,590	53,030	12,220	12,770
Ocean and air cargo carriers	30,110	28,970	7,960	7,720
	<u>2,083,960</u>	<u>2,142,270</u>	<u>505,140</u>	<u>540,040</u>
Loads hauled via BCO Independent Contractors (2) included in total truck transportation	954,990	949,330	232,120	231,860
Revenue per load:				
Truck transportation				
Truckload:				
Van equipment	\$ 1,773	\$ 1,996	\$ 1,773	\$ 1,997
Unsided/platform equipment	2,523	2,684	2,574	2,711
Less-than-truckload	632	706	622	675
Total truck transportation	1,877	2,078	1,880	2,074
Rail intermodal	2,486	2,432	2,516	2,580
Ocean and air cargo carriers	4,035	4,645	4,049	6,717
Revenue per load on loads hauled via BCO Independent Contractors (2)	\$ 1,918	\$ 2,109	\$ 1,903	\$ 2,080
Revenue by capacity type (as a % of total revenue):				
Truck capacity providers:				
BCO Independent Contractors (2)	45%	43%	44%	41%
Truck Brokerage Carriers	47%	49%	47%	50%
Rail intermodal	3%	3%	3%	3%
Ocean and air cargo carriers	3%	3%	3%	4%
Other	2%	2%	2%	2%
Truck Capacity Providers				
BCO Independent Contractors (2)			December 28, 2019	December 29, 2018
			9,554	9,884
Truck Brokerage Carriers:				
Approved and active (3)			39,497	41,069
Other approved			16,820	17,985
			<u>56,317</u>	<u>59,054</u>
Total available truck capacity providers			<u>65,871</u>	<u>68,938</u>
Trucks provided by BCO Independent Contractors (2)			10,243	10,599

- (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.

DESIGNED TO RESPOND
BUILT TO DELIVER



*Landstar System, Inc.
Earnings Conference Call
Fourth Quarter 2019
January 29, 2020*



Date Published: 01/29/2020

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

2019 Results

\$4.1 billion in revenue

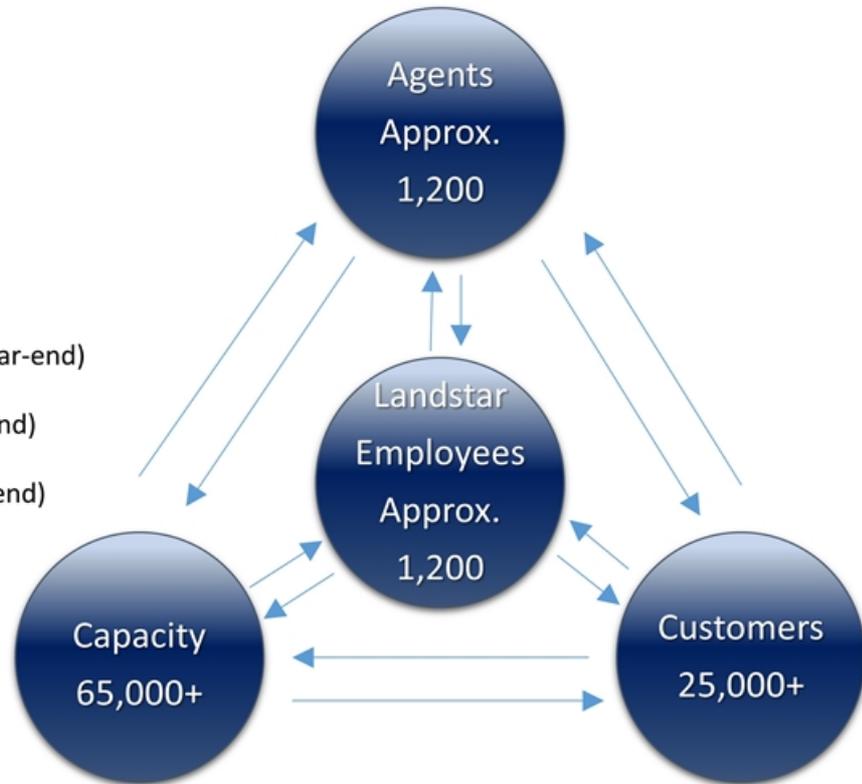
2.1 million loadings

555 million dollar agents

10,243 BCO trucks (2019 year-end)

56,317 Carriers (2019 year-end)

17,000+ Trailers (2019 year-end)

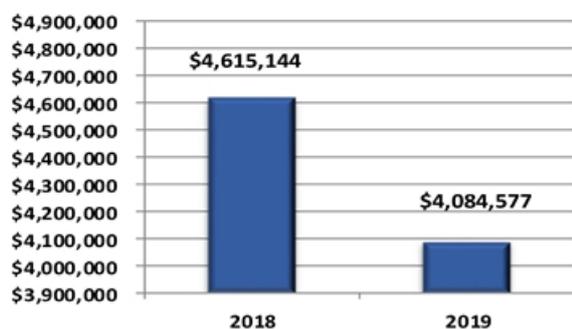


Transportation Management Services

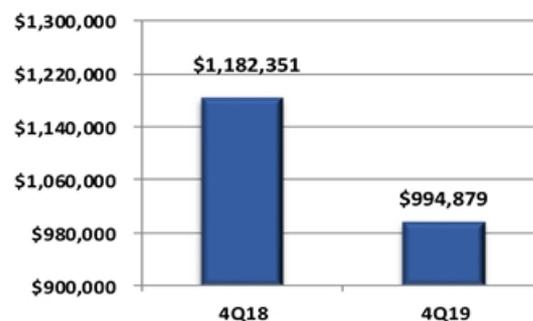
	Percentage of Revenue	
	4Q18	4Q19
Truck Transportation		
Truckload		
Van equipment	60%	57%
Unsided/platform equipment	29%	32%
Less-than-truckload	2%	2%
Rail intermodal	3%	3%
Ocean and air cargo	4%	3%

Revenue (*\$'s in thousands*)

Fiscal Year



Quarter



Year over Prior Year	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	-9.7%	-2.6%	-12.0%
Rail Intermodal Revenue	2.2%	-10.3%	-8.3%
Ocean/Air Revenue	-13.1%	3.9%	-9.7%
Insurance Premiums	NA	NA	7.4%
Total Revenue			-11.5%

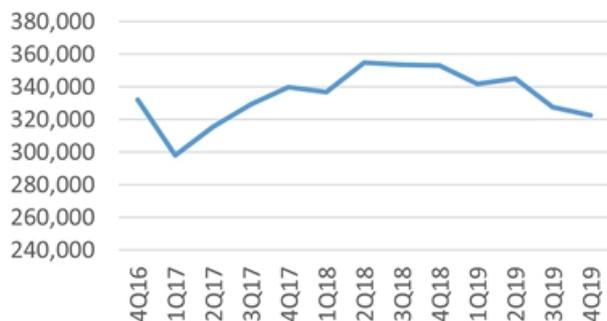
Qtr over Prior Year Qtr	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	-9.4%	-6.7%	-15.4%
Rail Intermodal Revenue	-2.5%	-4.3%	-6.7%
Ocean/Air Revenue	-39.7%	3.1%	-37.9%
Insurance Premiums	NA	NA	0.1%
Total Revenue			-15.9%

- (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.

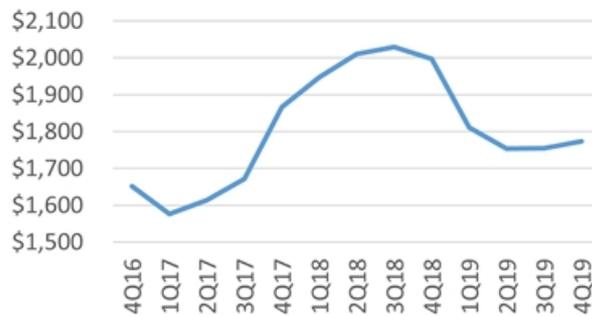
Truckload Loadings and Revenue per Load (Excludes LTL)

Van Equipment

Number of Loads (1)



Revenue per Load

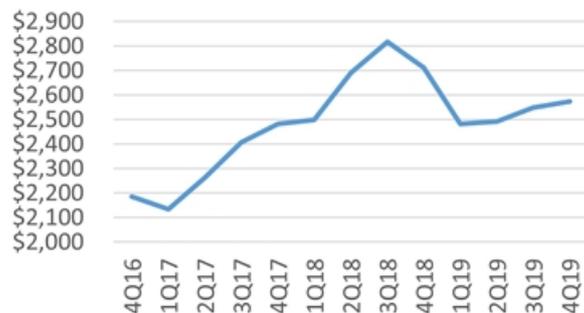


Unsided/Platform Equipment

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 2019, 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 Change in Revenue
	4Q18	4Q19	
Consumer Durables	24.2	24.6	-15%
Machinery	13.6	14.1	-13%
Automotive	9.1	7.7	-29%
Building Products	8.3	9.0	-9%
Metals	5.8	5.7	-17%
AA&E, Hazmat	7.1	8.2	-3%
Foodstuffs	4.1	4.5	-7%
Energy	2.8	3.7	10%
Other	25.0	22.5	-24%
Transportation Revenue	<u>100.0</u>	<u>100.0</u>	-16%

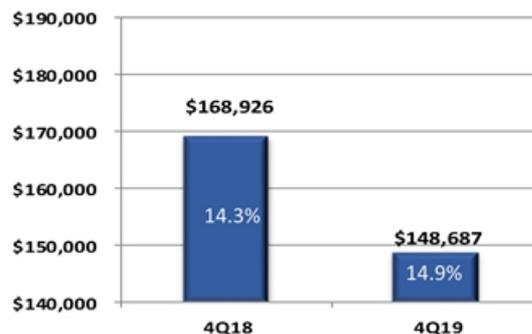
Gross Profit ⁽¹⁾ and Gross Profit Margin ⁽²⁾ (\$'s in thousands)

Fiscal Year



	Fiscal Year ⁽³⁾
Changes in gross profit margin	%
2018 Period	14.5
Revenue - fixed gp margin	0.2
Revenue - variable gp margin	0.3
Change in mix and other	0.1
2019 Period	15.1

Quarter



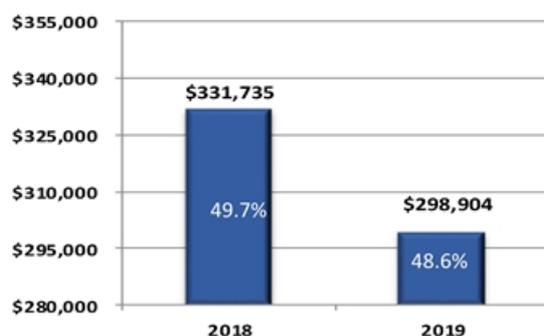
	4th Qtr ⁽³⁾
Changes in gross profit margin	%
2018 Period	14.3
Revenue - fixed gp margin	0.1
Revenue - variable gp margin	0.1
Change in mix and other	0.4
2019 Period	14.9

- (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 50% and 51% of revenue in the 2018 and 2019 year-to-date periods, respectively, and 48% and 51% of revenue in the 2018 and 2019 fourth quarters, respectively.

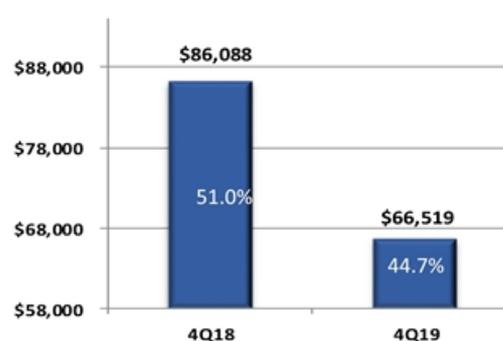
Operating Income and Operating Margin ⁽¹⁾

(\$'s in thousands)

Fiscal Year



Quarter



	Fiscal Year
Changes in operating margin	%
2018 Period	49.7
Other operating costs	-1.3
Insurance and claims	-1.5
SG&A	2.4
Depreciation and amortization	-0.7
2019 Period	48.6

	4th Qtr
Changes in operating margin	%
2018 Period	51.0
Other operating costs	-1.4
Insurance and claims	-6.1
SG&A	2.3
Depreciation and amortization	-1.1
2019 Period	44.7

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

Truck Capacity Data

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

	Dec 29, 2018 ⁽²⁾	Dec 28, 2019 ⁽²⁾
BCO Independent Contractors	9,884	9,554
Truck Brokerage Carriers:		
Approved and Active ⁽¹⁾	41,069	39,497
Other Approved	17,985	16,820
	59,054	56,317
Total Available Truck Capacity Providers	68,938	65,871
Trucks Provided by BCO Independent Contractors	10,599	10,243

(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 \$225.4 million and \$241.7 million in the 2019 and 2018 fiscal year periods, respectively, and \$55.3 million and \$62.3 million in the 2019 and 2018 fourth quarters, respectively.

Key Balance Sheet and Cash Flow Statistics

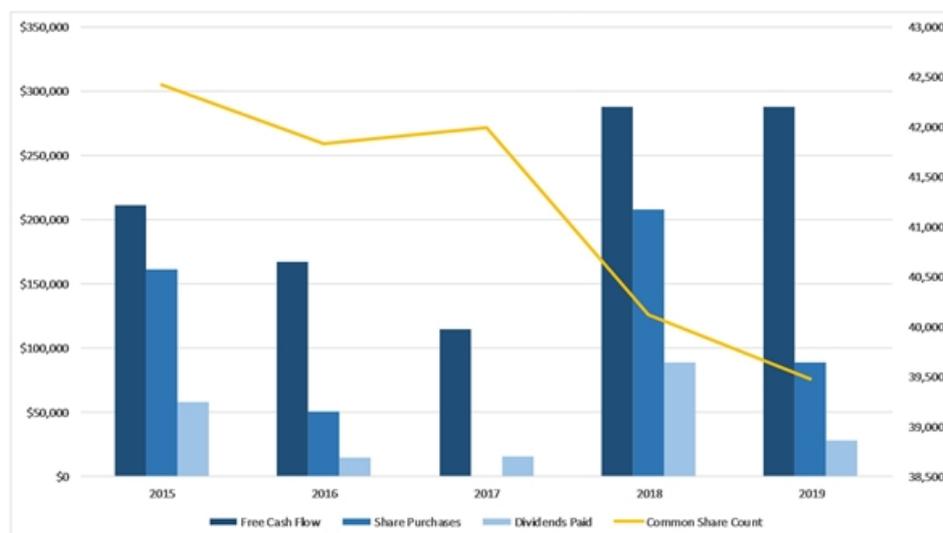
(\$'s in thousands)

	YTD Dec 29, 2018	YTD Dec 28, 2019
Balance sheet (period end amounts):		
Debt to Capital	16%	14%
Net Cash (1)	\$ 111,369	\$ 239,572
Cash flow:		
Cash flow from operations	\$ 297,901	\$ 307,840
Capital expenditures	\$ 9,747	\$ 19,416
Share repurchases	\$ 208,087	\$ 88,578
Dividends paid	\$ 88,918	\$ 27,891
Returns:		
TTM Return on Equity	37%	31%
TTM Return on Invested Capital	32%	27%
TTM Return on Assets	19%	17%

(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)



2019	(000's)
Free cash flow (1)	\$ 288,424
Share purchases	\$ 88,578
Dividends paid	\$ 27,891
Ending common share count	39,473

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

DESIGNED TO RESPOND
BUILT TO DELIVER



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