

DESIGNED TO RESPOND
BUILT TO DELIVER



Landstar System, Inc.
Earnings Conference Call
Second Quarter 2021
July 21, 2021



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Forward Looking Statements Disclaimer:

The following is a “safe harbor” statement under the Private Securities Litigation Reform Act of 1995. Statements made in this slide presentation that are not based on historical facts are “forward looking statements.” This presentation may make certain statements containing forward-looking statements, such as statements which relate to Landstar’s business objectives, plans, strategies and expectations. Such statements are by nature subject to uncertainties and risks, including but not limited to: the operational, financial and legal risks detailed in Landstar’s Form 10-K for the 2020 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.

In this slide presentation, the Company provides the following information that may be deemed a non-GAAP financial measure: operating margin in the 2020 year-to-date and second quarter periods, excluding the impact of pandemic relief incentive payments from each period.

Management believes that it is appropriate to present this financial information 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.

Who We Are

Landstar 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

2020 Results

\$4.1 billion in revenue

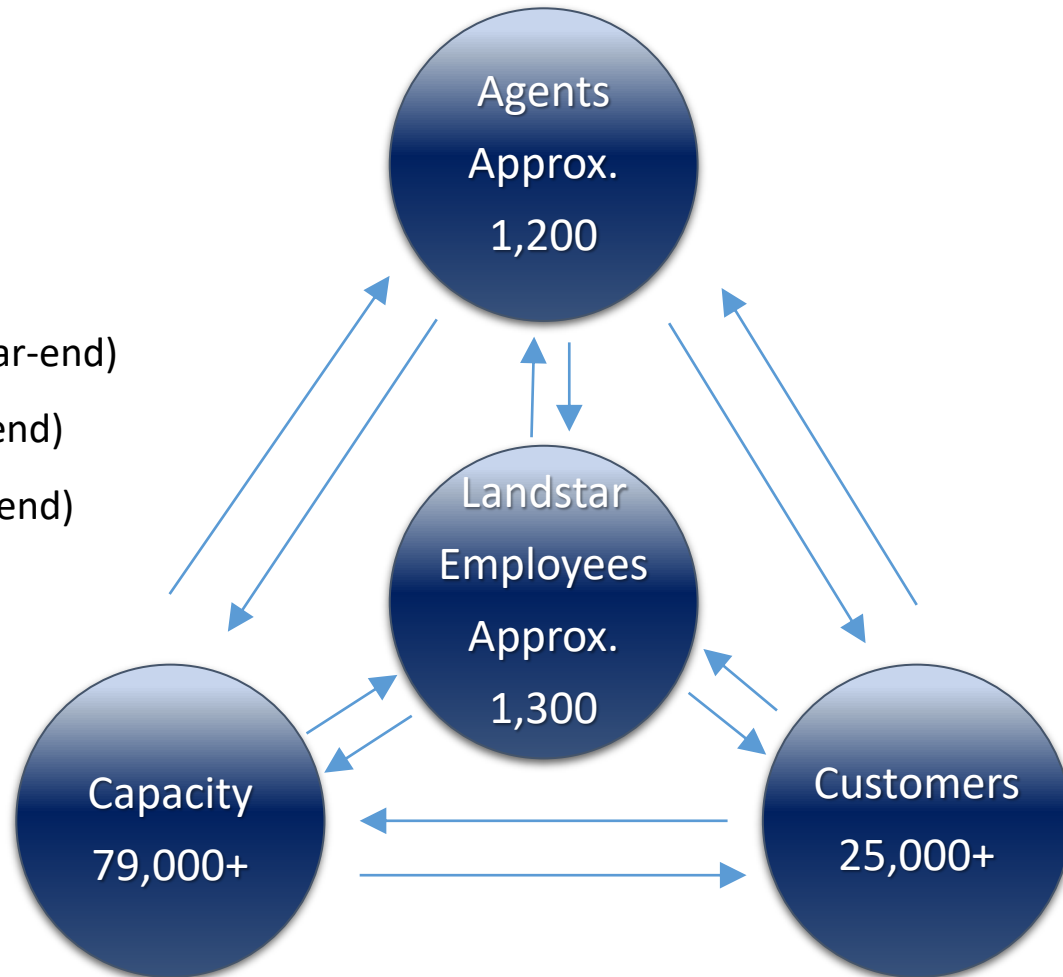
2.0 million loadings

508 million dollar agents

10,991 BCO trucks (2020 year-end)

69,025 Carriers (2020 year-end)

17,000+ Trailers (2020 year-end)

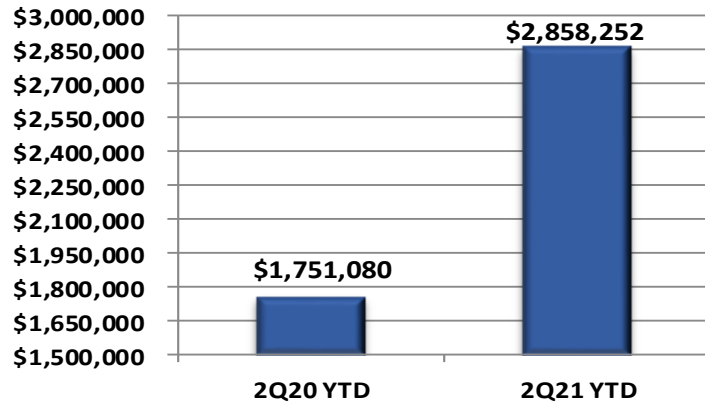


Transportation Management Services

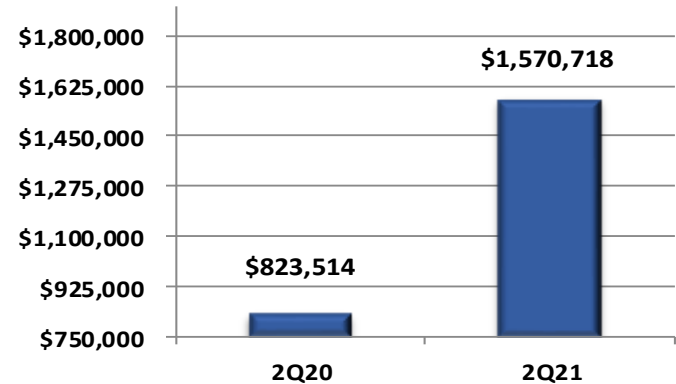
	Percentage of Revenue	
	2Q20	2Q21
Truck Transportation		
Truckload		
Van equipment	59%	62%
Unsided/platform equipment	30%	28%
Less-than-truckload	3%	2%
Rail intermodal	3%	3%
Ocean and air cargo	4%	4%

Revenue (\$'s in thousands)

Year-to-Date



Quarter



Year over Prior Year	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	31.0%	25.2%	64.0%
Rail Intermodal Revenue	19.0%	24.6%	48.2%
Ocean/Air Revenue	39.7%	34.9%	88.4%
Insurance Premiums	NA	NA	26.6%
Total Revenue			63.2%

Qtr over Prior Year Qtr	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	38.4%	38.5%	91.7%
Rail Intermodal Revenue	26.3%	51.5%	91.3%
Ocean/Air Revenue	41.3%	39.0%	96.5%
Insurance Premiums	NA	NA	28.8%
Total Revenue			90.7%

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

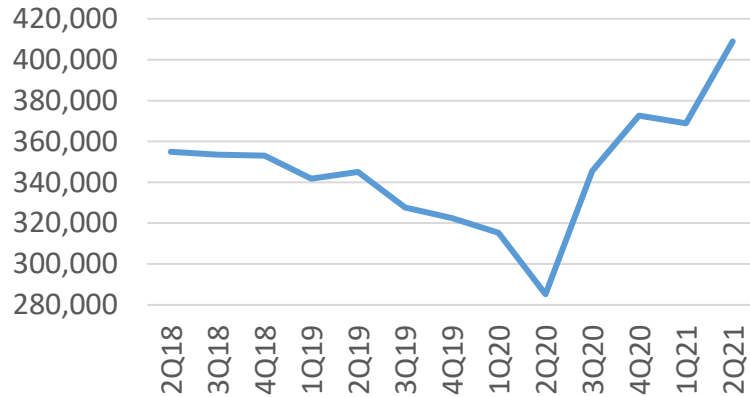
(2) Percentage change in volume is calculated on the number of loads hauled.

Truckload Loadings and Revenue per Load Trends

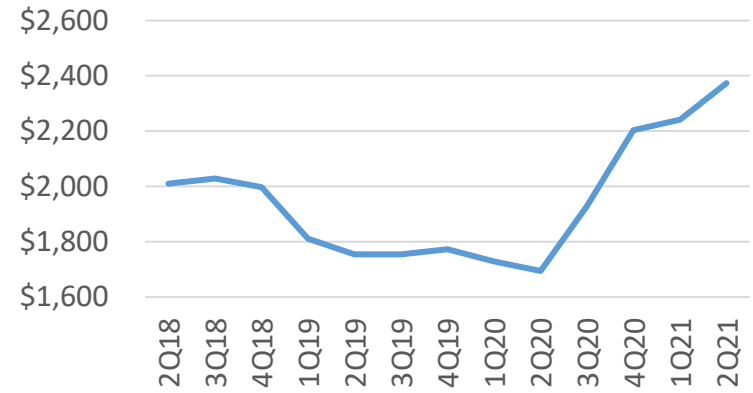
(Excludes LTL)

Van Equipment

Number of Loads

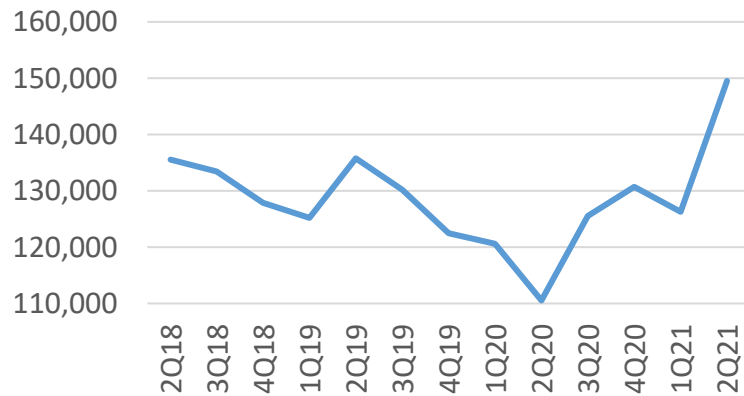


Revenue per Load

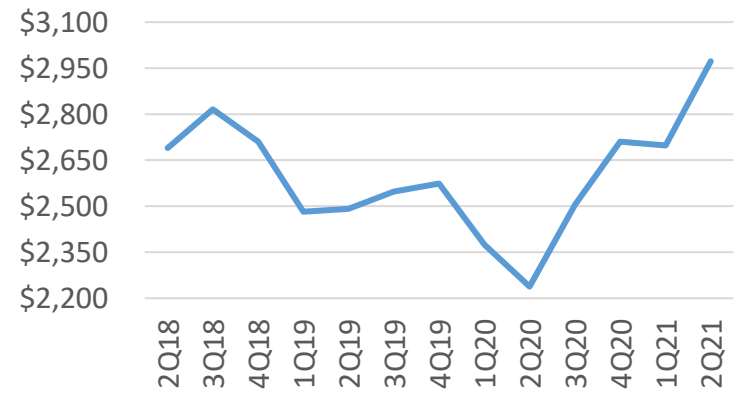


Unsided/Platform Equipment

Number of Loads



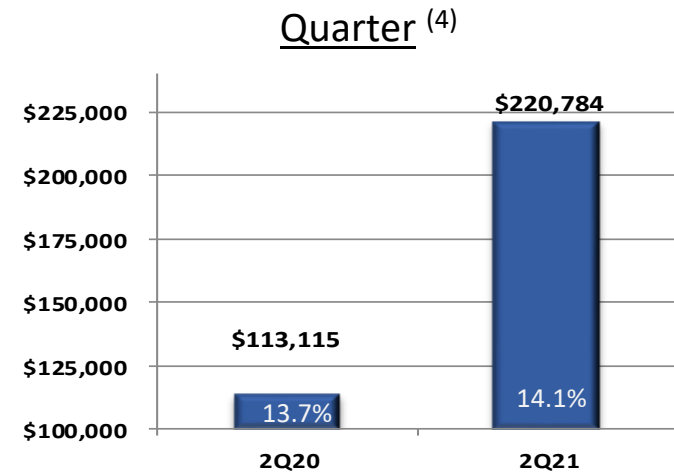
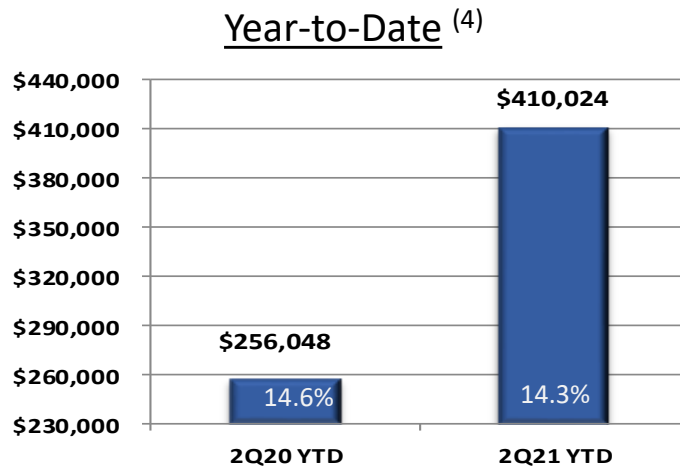
Revenue per Load



Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Change in Revenue
	2Q20	2Q21	
Consumer Durables	24.3	29.5	133%
Machinery	13.0	11.2	65%
Building Products	9.7	8.7	73%
AA&E, Hazmat	9.6	9.2	83%
Automotive	4.3	6.7	198%
Foodstuffs	5.8	3.7	20%
Metals	5.3	5.2	87%
Substitute Line Haul	3.7	6.1	216%
Other	24.3	19.7	56%
Transportation Revenue	<u>100.0</u>	<u>100.0</u>	92%

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



	2nd Qtr YTD ⁽³⁾
Changes in gross profit margin	%
2020 Period	14.6
Revenue - fixed gp margin	0.2
Revenue - variable gp margin	-0.5
Pandemic relief (4)	0.7
Change in mix and other	-0.7
2021 Period	14.3

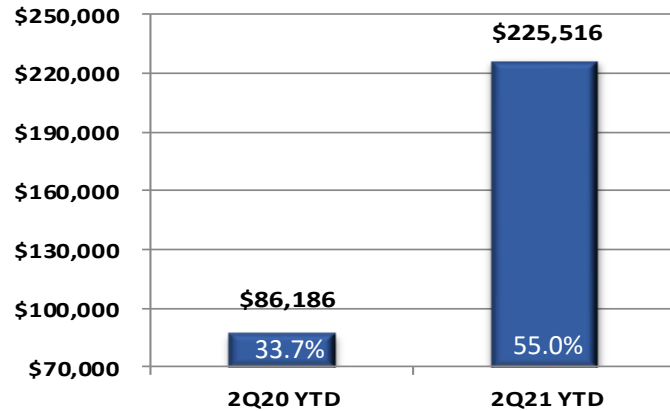
	2nd Qtr ⁽³⁾
Changes in gross profit margin	%
2020 Period	13.7
Revenue - fixed gp margin	0.1
Revenue - variable gp margin	-0.5
Pandemic relief (4)	1.6
Change in mix and other	-0.8
2021 Period	14.1

- (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 47% of revenue in the 2020 and 2021 year-to-date periods, respectively, and 51% and 46% of revenue in the 2020 and 2021 second quarters, respectively.
- (4) Includes the impact of approximately \$12.6 million related to BCO and agent pandemic relief incentive payments made in April and May 2020. The Company paid both the hauling BCO and agent dispatching the load an extra \$50 for each BCO load delivered during these months.

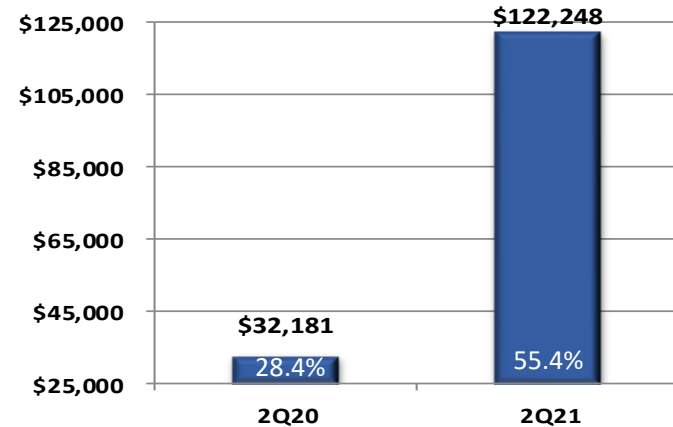
Operating Income and Operating Margin ⁽¹⁾

(\$'s in thousands)

Year-to-Date ⁽²⁾



Quarter ⁽²⁾



	2nd Qtr YTD
Changes in operating margin	%
2020 Period	33.7
Other operating costs	2.1
Insurance and claims	5.9
SG&A	9.3
Depreciation and amortization	3.0
Impairment	1.0
2021 Period	55.0

	2nd Qtr
Changes in operating margin	%
2020 Period	28.4
Other operating costs	2.5
Insurance and claims	6.2
SG&A	11.4
Depreciation and amortization	4.6
Impairment	2.3
2021 Period	55.4

- (1) Operating margin equals operating income divided by gross profit.
- (2) Excluding the impact of the \$12.6 million of pandemic relief incentive payments from the 2020 year-to-date and quarterly results, operating margin was 36.8% and 35.6% in the 2020 year-to-date and quarter periods, respectively.

Truck Capacity Data

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

	Jun 27, 2020 ⁽²⁾	Dec 26, 2020	Jun 26, 2021 ⁽²⁾
BCO Independent Contractors	9,632	10,242	10,778
Truck Brokerage Carriers:			
Approved and Active ⁽¹⁾	37,600	46,053	53,891
Other Approved	16,365	22,972	24,098
	53,965	69,025	77,989
Total Available Truck Capacity Providers	63,597	79,267	88,767
Trucks Provided by BCO Independent Contractors	10,299	10,991	11,557

(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 \$114.0 million and \$87.6 million in the 2021 and 2020 year-to-date periods, respectively, and \$65.2 million and \$35.1 million in the 2021 and 2020 second quarters, respectively.

Key Balance Sheet and Cash Flow Statistics

(\$'s in thousands)

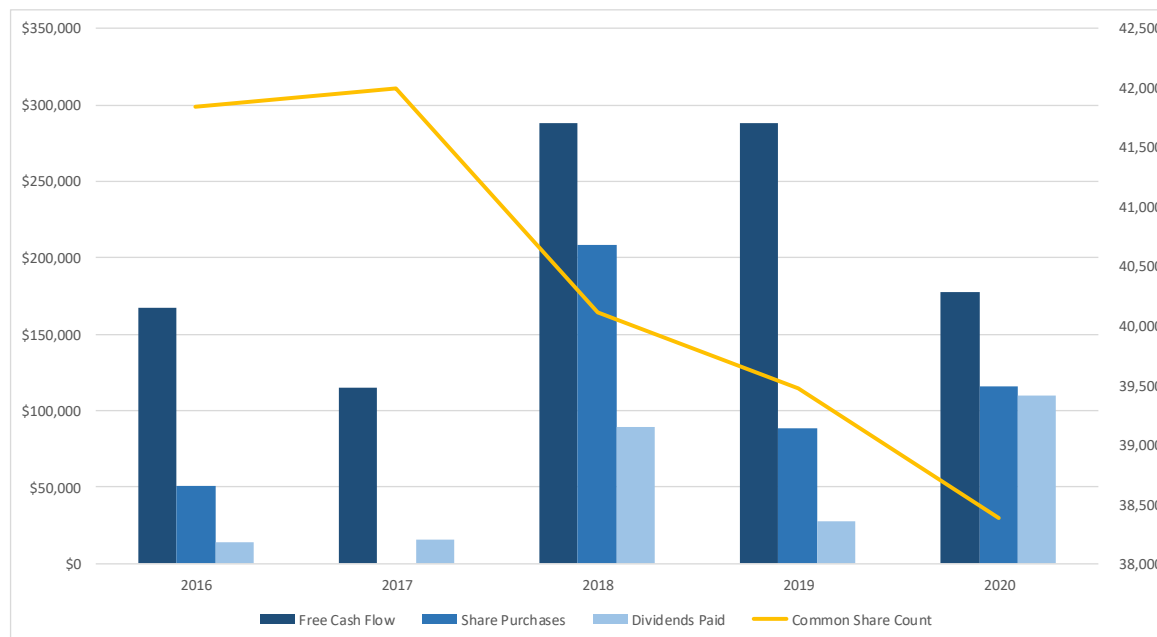
	YTD Jun 27, 2020	YTD Jun 26, 2021
Balance sheet (period end amounts):		
Debt to Capital	13%	9%
Net Cash (1)	\$ 183,374	\$ 157,333
Cash flow:		
Cash flow from operations	\$ 198,385	\$ 137,176
Capital expenditures (2)	\$ 20,377	\$ 9,000
Share repurchases	\$ 115,962	\$ 23,837
Dividends paid	\$ 93,382	\$ 92,905
Returns:		
TTM Return on Equity	24%	41%
TTM Return on Invested Capital	21%	36%
TTM Return on Assets	13%	20%

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

(2) Capital expenditures includes cash capital expenditures of \$17.7 million and approximately \$2.7 million for the acquisition of a business during the 2020 year-to-date period.

Free Cash Flow ⁽¹⁾, Stock Purchases and Dividends

(In Thousands)



Second quarter 2021 YTD	(000's)
Free cash flow (1)	\$ 128,176
Share purchases	\$ 23,837
Dividends paid	\$ 92,905
Ending common share count	38,276

(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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