

DESIGNED TO RESPOND  
BUILT TO DELIVER



*Landstar System, Inc.*  
*Earnings Conference Call*  
*First Quarter 2018*  
*April 25, 2018*



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# ***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

## 2017 Results

\$3.6 billion in revenue

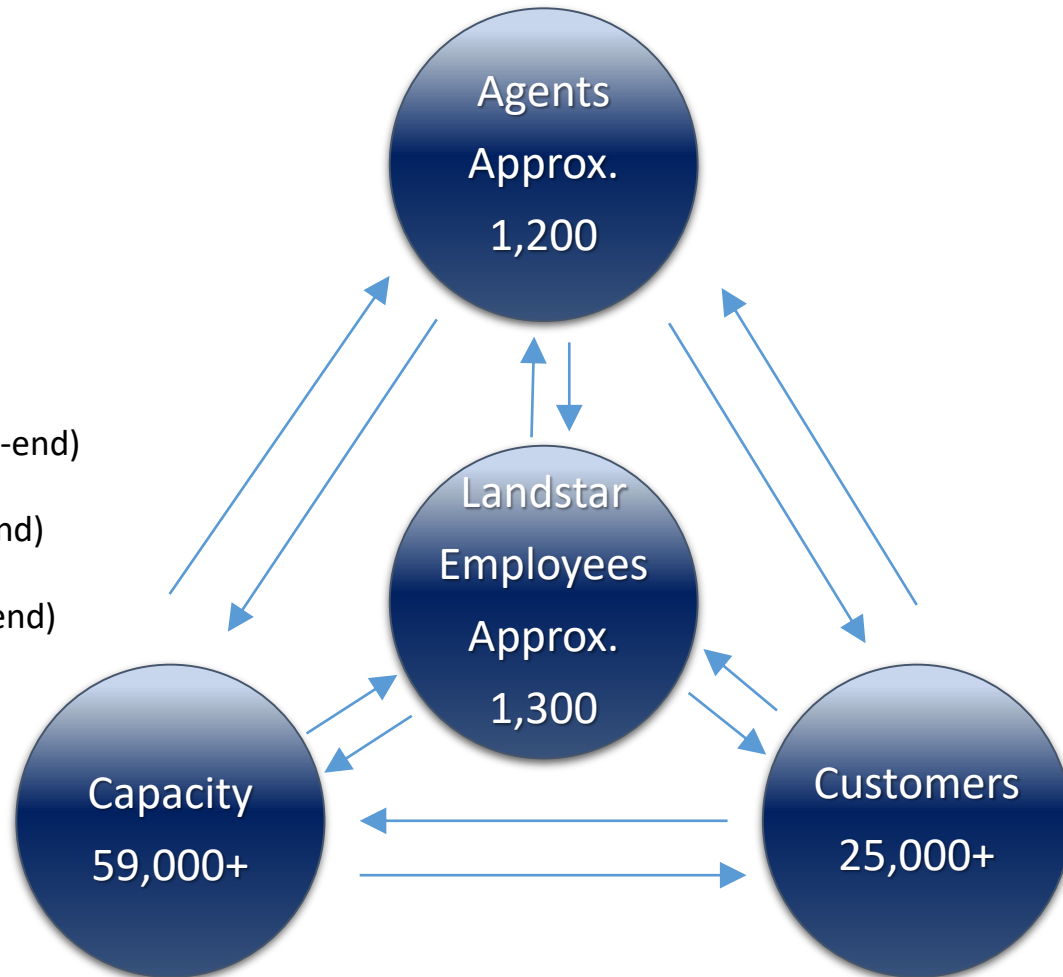
2.0 million loadings

542 million dollar agents

9,696 BCO trucks (2017 year-end)

49,934 Carriers (2017 year-end)

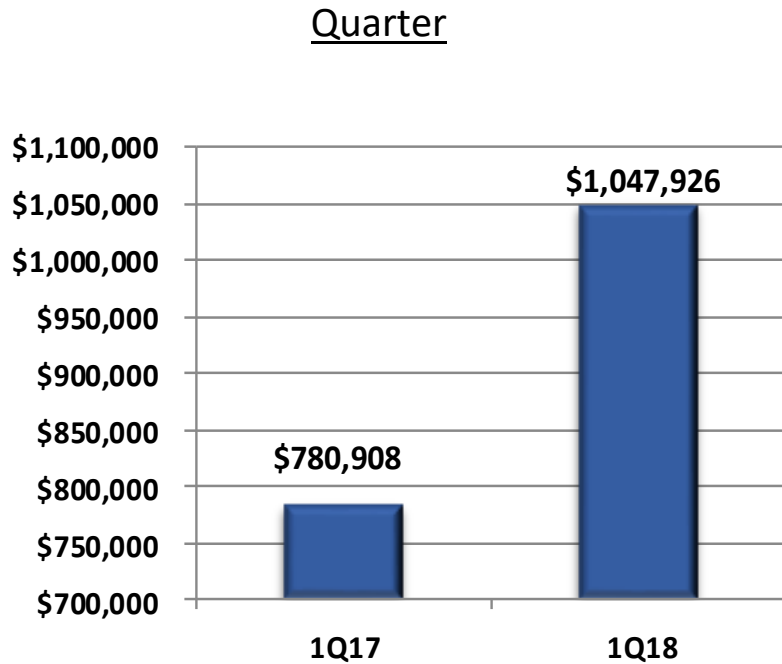
15,000+ Trailers (2017 year-end)



# Transportation Management Services

	Percentage of Revenue	
	1Q17	1Q18
Truck Transportation		
Truckload		
Van equipment	60%	63%
Unsided/platform equipment	30%	29%
Less-than-truckload	3%	2%
Rail intermodal	3%	3%
Ocean and air cargo	3%	2%

# Revenue (\$'s in thousands)



Quarter

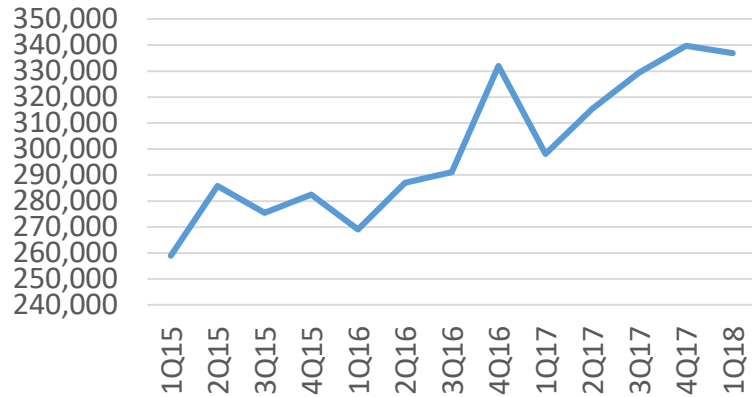
Qtr over Prior Qtr	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	20.7%	11.6%	34.7%
Rail Intermodal Revenue	2.8%	24.7%	28.2%
Ocean/Air Revenue	8.5%	10.5%	19.8%
Insurance Premiums	NA	NA	6.3%
Total Revenue			34.2%

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

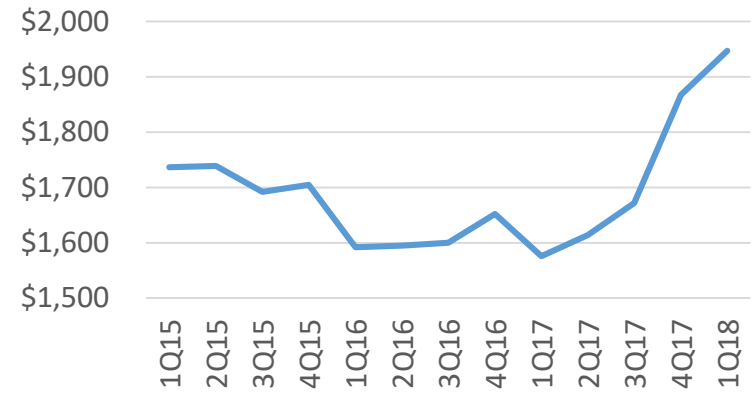
(2) Percentage change in volume is calculated on the number of loads hauled.

# Truckload Loadings and Revenue per Load (Excludes LTL)

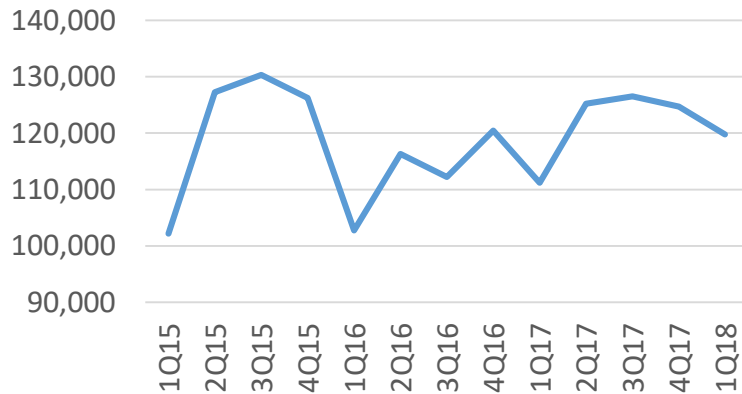
## Number of Loads Van Equipment



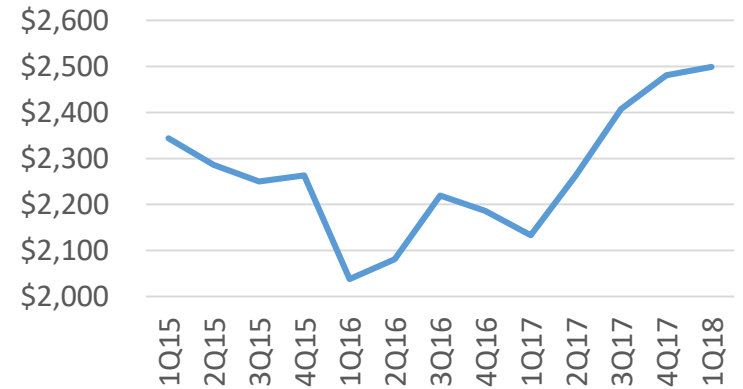
## Revenue per Load



## Number of Loads Unsided/Platform Equipment



## Revenue per Load



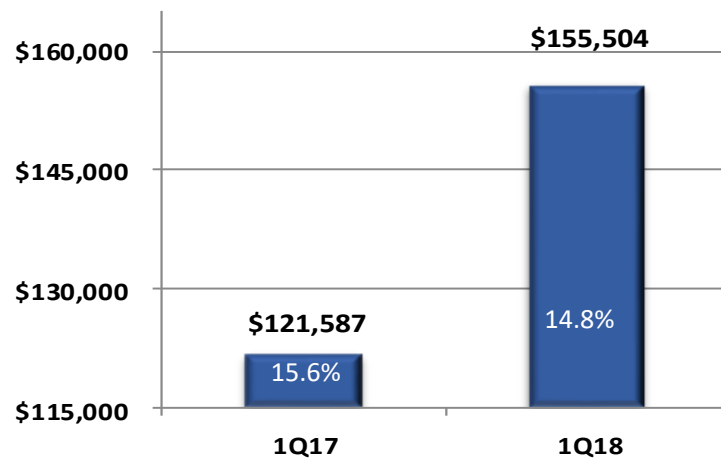
# Industries Served

	As a Percentage of Revenue		Quarter over Prior Year Quarter Growth
	1Q17	1Q18	
Consumer Durables	21.5	23.5	48%
Machinery	15.3	14.0	23%
Automotive	8.7	8.4	31%
Building Products	8.6	8.5	34%
Metals	6.7	6.4	30%
AA&E, Hazmat	8.8	8.9	37%
Foodstuffs	5.2	6.0	57%
Energy	3.1	2.3	1%
Other	22.3	21.9	32%
<b>Transportation Revenue</b>	<u>100.0</u>	<u>100.0</u>	35%



# Gross Profit <sup>(1)</sup> and Gross Profit Margin <sup>(2)</sup> (\$'s in thousands)

Quarter



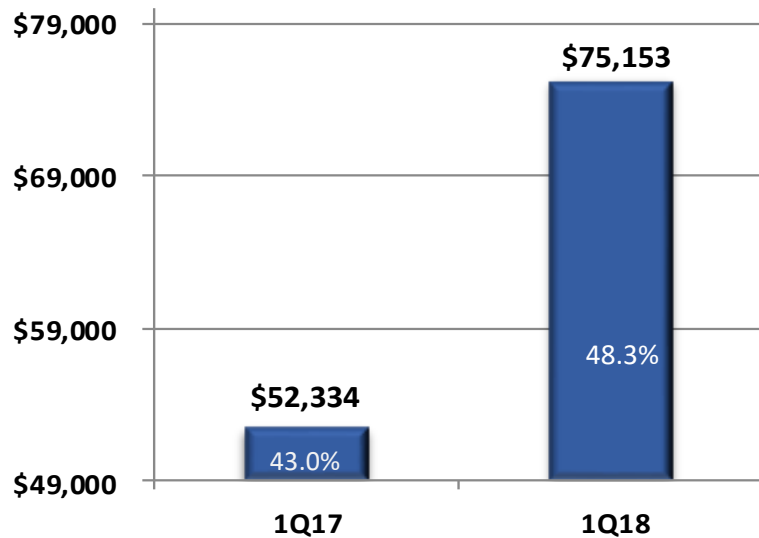
	1st Qtr <sup>(3)</sup>
<b>Changes in gross profit margin</b>	<b>%</b>
2017 Period	15.6
Revenue - fixed gp margin	-0.1
Revenue - variable gp margin	-0.3
Change in mix and other	-0.4
2018 Period	14.8

- (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 54% and 52% of revenue in the 2017 and 2018 first quarters, respectively.

# Operating Income and Operating Margin <sup>(1)</sup>

(\$'s in thousands)

Quarter



	1st Qtr
<b>Changes in operating margin</b>	<b>%</b>
2017 Period	43.0
Other operating costs	0.8
Insurance and claims	1.0
SG&A	2.4
Depreciation and amortization	1.1
2018 Period	48.3

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

# Truck Capacity Data

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

	Apr 1, 2017 <sup>(2)</sup>	Dec 30, 2017	Mar 31, 2018 <sup>(2)</sup>
BCO Independent Contractors	8,772	9,087	9,243
Truck Brokerage Carriers:			
Approved and Active <sup>(1)</sup>	31,566	34,243	34,659
Other Approved	15,889	15,691	15,687
	<b>47,455</b>	<b>49,934</b>	<b>50,346</b>
Total Available Truck Capacity Providers	<b>56,227</b>	<b>59,021</b>	<b>59,589</b>
Trucks Provided by BCO Independent Contractors	9,370	9,696	9,868

(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 \$54.4 million and \$38.5 million in the 2018 and 2017 first quarters, respectively.

# Key Balance Sheet and Cash Flow Statistics

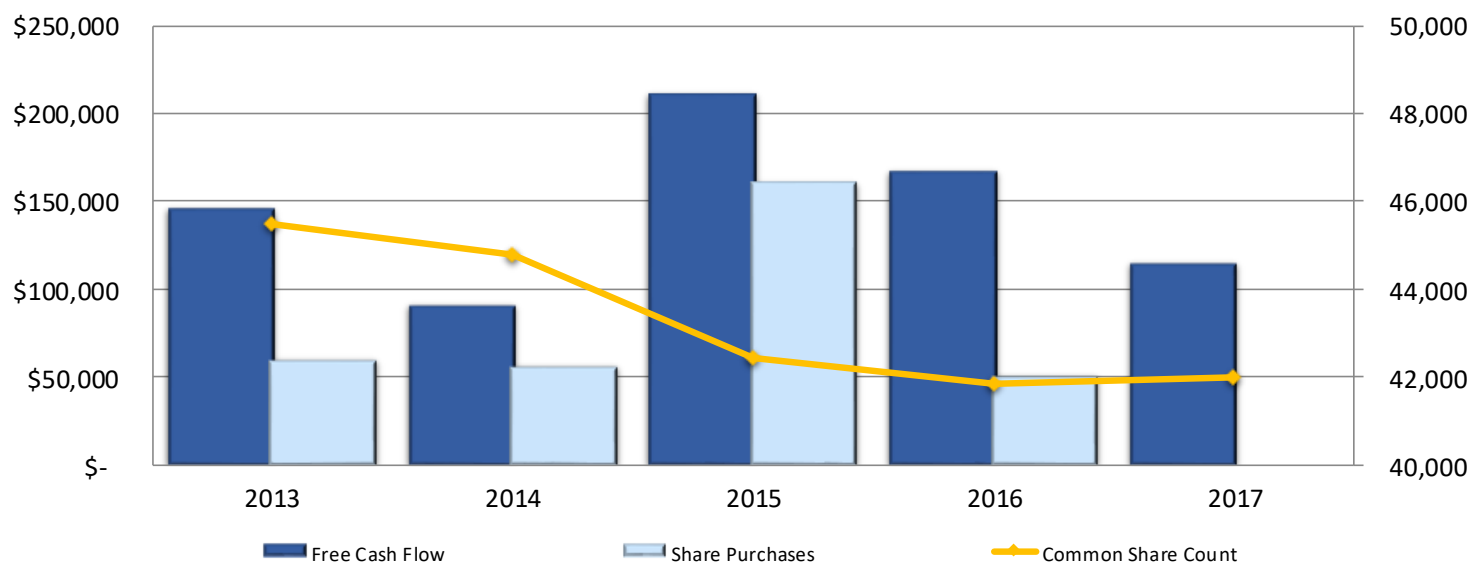
(\$'s in thousands)

	QTR Apr 1, 2017	QTR Mar 31, 2018
Balance sheet (period end amounts):		
Debt to Capital	18%	14%
Net Cash (1)	\$ 151,630	\$ 146,338
Cash flow:		
Cash flow from operations	\$ 61,948	\$ 72,002
Capital expenditures	\$ 4,978	\$ 3,814
Share repurchases	\$ -	\$ 1,508
Dividends paid	\$ 3,770	\$ 69,293
Returns:		
TTM Return on Equity	27%	32%
TTM Return on Invested Capital	22%	27%
TTM Return on Assets	14%	16%

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

# Free Cash Flow <sup>(1)</sup> / Share Purchases

(In Thousands)



First quarter 2018	(000's)
Free cash flow (1)	\$ 68,188
Share purchases	\$ 1,508
Ending common share count	42,067

(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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