

LANDSTAR



Landstar System, Inc.

3Q | 2024

Earnings Conference Call



LANDSTAR



3Q | 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.

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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 third quarters and year-to-date periods is included in this slide presentation within the Appendix.



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Executive Summary

Frank Lonegro

Chief Executive Officer

RESULTS

Dollars in Millions (except per share amounts)

Metric	3Q 2024	3Q 2023	Chg.
Revenue	\$ 1,213.9	\$ 1,289.3	(5.9%)
Operating Income	\$ 63.1	\$ 80.3	(21.4%)
Earnings per Share	\$ 1.41	\$ 1.71	(17.5%)

HIGHLIGHTS

3Q revenue performance

- 3Q 2024 sequential increase in truck revenue per load above typical seasonality
- First year over year increase in truck revenue per load since 3Q 2022

Strong Balance Sheet

- Continuing to return meaningful capital to stockholders

Investing through the cycle

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

LANDSTAR NETWORK

Agents
~1,100

Customers
25,000+

Capacity
78,000+

Employees
~1,500



3Q RESULTS

\$1.09B

Truck Revenue

486K

Truck Loadings

\$2,246

Truck Revenue per Load

524

Million \$ Agents*

9,027

BCO Trucks

70,542

Carriers

17,700+

Trailers

0.56

DOT Accidents
per Million Miles**

* Based on 2023 fiscal year

** Based on 3Q 2024 YTD; 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	Sep 28, 2024	Dec 30, 2023	Sep 30, 2023
BCO Independent Contractors	8,266	9,024	9,455
Truck Brokerage Carriers			
Approved and Active ⁽¹⁾	44,828	49,111	51,717
Other Approved	25,714	27,524	27,925
Total Truck Brokerage Carriers	70,542	76,635	79,642
Total Available Truck Capacity Providers	78,808	85,659	89,097
<i>Trucks Provided by BCO Independent Contractors</i>	<i>9,027</i>	<i>9,809</i>	<i>10,253</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 \$197.1 million and \$244.9 million in the 2024 and 2023 year-to-date periods, respectively, and \$61.2 million and \$78.4 million in the 2024 and 2023 third quarters, respectively.



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Financial Results

Jim Todd

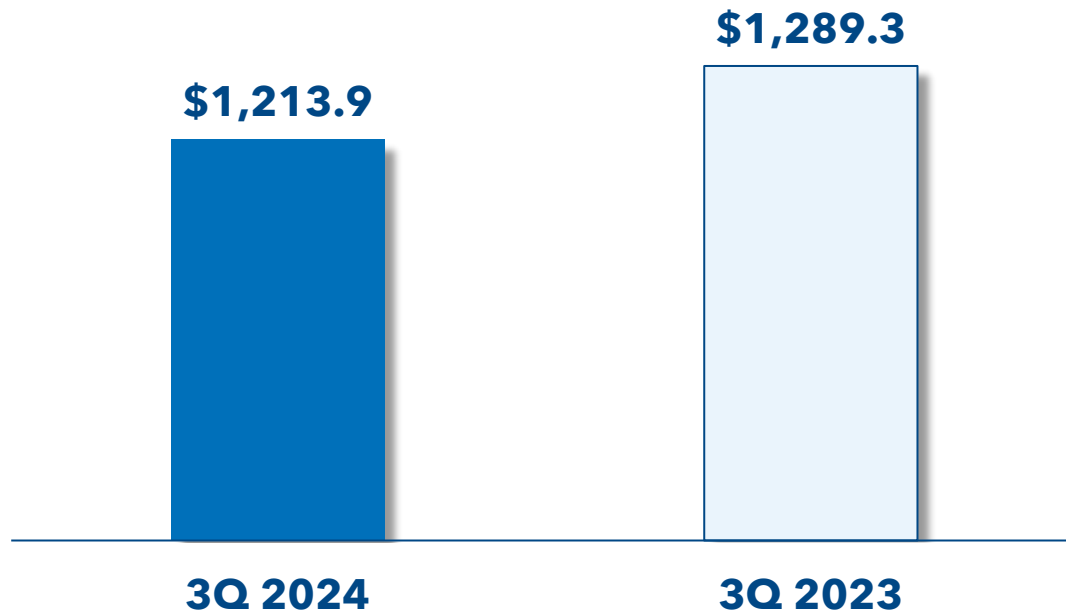
Chief Financial Officer

Revenue

Dollars in Millions



RESULTS



VARIANCE

Revenue Source	Rate ⁽¹⁾	Vol. ⁽²⁾	Chg.
Truck	0.7%	(7.7%)	(7.0%)
Rail Intermodal	(12.7%)	4.1%	(9.0%)
Ocean/Air	12.7%	2.9%	16.0%
Insurance Premiums	N/A	N/A	(13.5%)
Total Revenue	–	–	(5.9%)

(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.

Revenue Variances

by Industry Served with Revenue Share Indicated

Amounts in Percent



Transportation logistics revenue down 6% Y-O-Y

Revenue Share		Market Segment	Y-O-Y Change in Revenue
3Q 2024	3Q 2023		
28.4	27.7	Consumer Durables	(3)
13.8	14.1	Machinery	(7)
9.8	8.3	Building Products	11
9.5	11.5	Automotive	(22)
7.1	7.8	AA&E, Hazmat	(15)
5.0	4.8	Metals	(3)
2.3	2.5	Foodstuffs	(13)
1.9	1.8	Substitute Line Haul	3
22.2	21.5	Other	(3)

Gross Profit ⁽¹⁾ and Variable Contribution ⁽²⁾

with Associated Margins

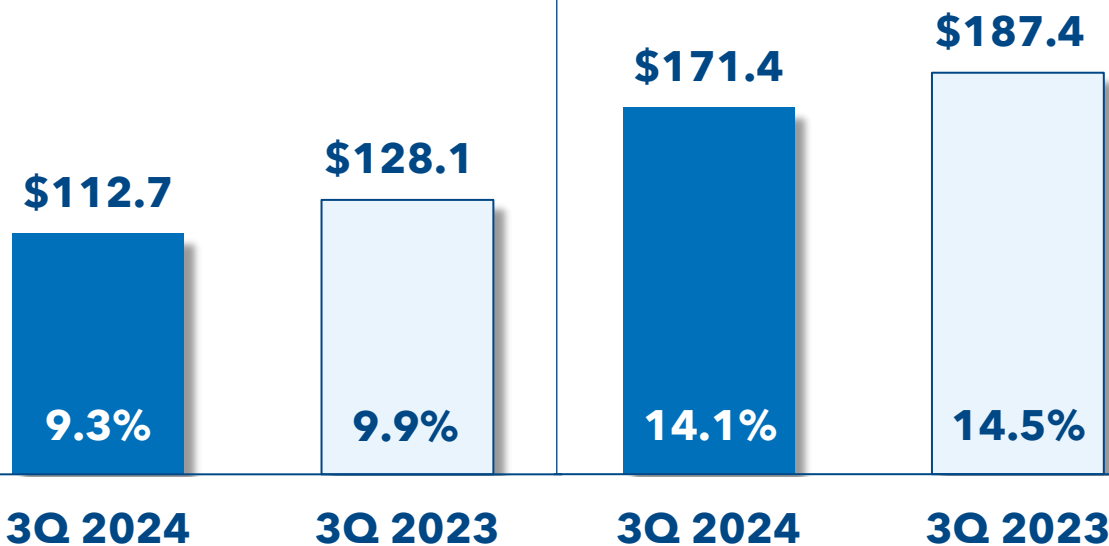
Dollars in Millions



RESULTS

Gross Profit

Variable Contribution



CHANGE IN VC MARGIN

Amounts in %

3Q

2023	14.5
Revenue - Fixed ⁽³⁾	0.1
Revenue - Variable	(0.2)
Change in Mix/Other	(0.3)
2024	14.1

(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 45% of revenue in the 2024 and 2023 third quarters, respectively.

Operating Income

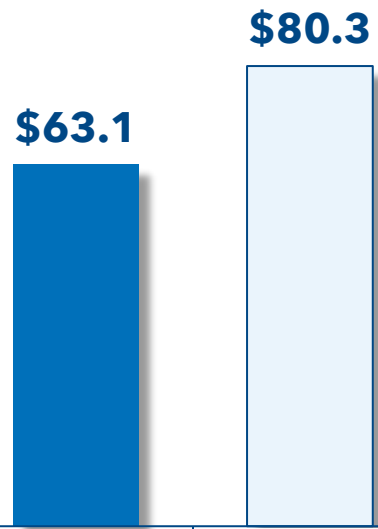
as a Percentage of Gross Profit and Variable Contribution

Dollars in Millions



RESULTS

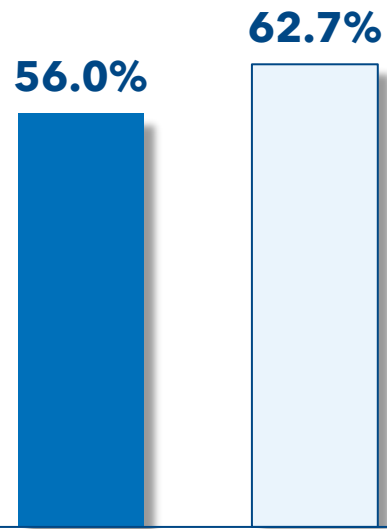
Operating Income



3Q 2024 3Q 2023

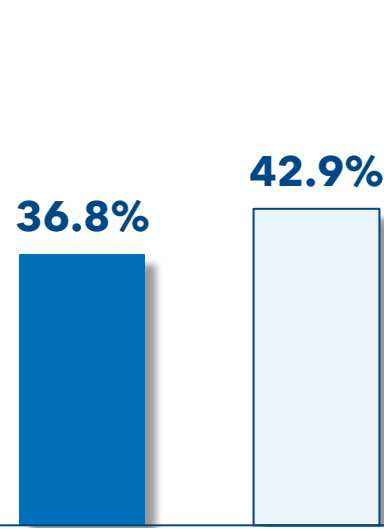
Percentage of

Gross Profit



3Q 2024 3Q 2023

Variable Contribution



3Q 2024 3Q 2023

CHANGE IN PERCENTAGE

of Variable Contribution

Amounts in %

3Q

2023

42.9

Other operating costs

(0.8)

Insurance and claims

(1.3)

SG&A

(2.7)

Depreciation and amortization

(1.3)

2024

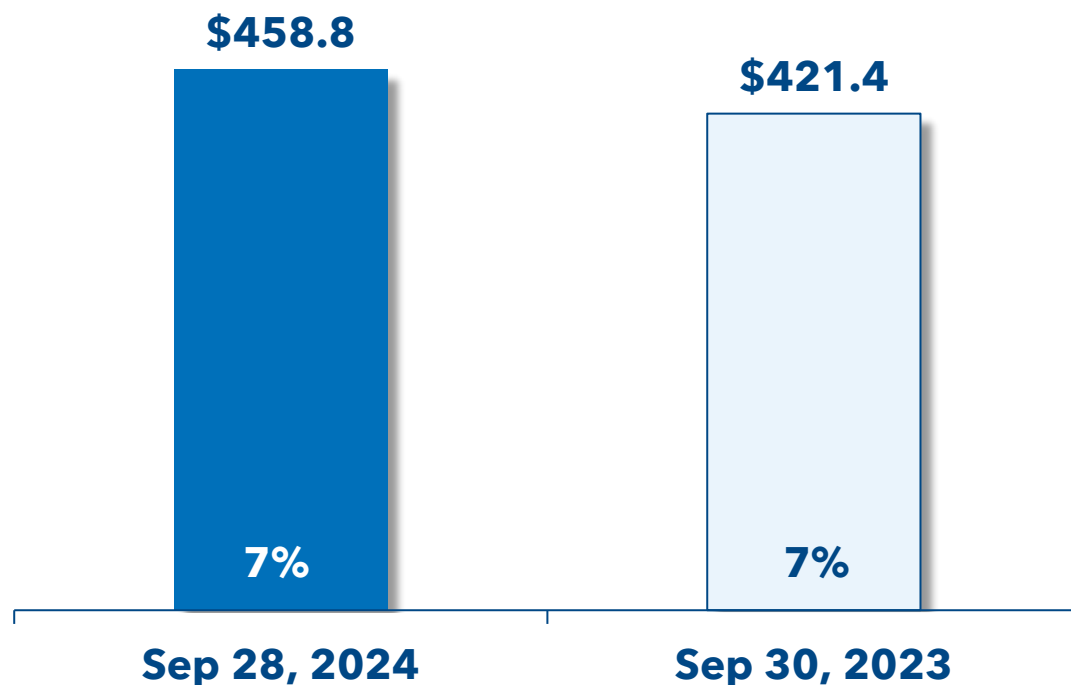
36.8

Key Balance Sheet and Cash Flow Statistics

Dollars in Millions



NET CASH ⁽¹⁾ with Debt to Capital ⁽²⁾ as of date indicated



SOURCES / USES OF CASH

Year-to-date as of date indicated

Cash Flow Type	Sep 28, 2024	Sep 30, 2023
Cash flow from operations	\$ 225.4	\$ 303.8
Cash capital expenditures	\$ 24.3	\$ 15.4
Free cash flow ⁽³⁾	\$ 201.2	\$ 288.4
Share repurchases	\$ 78.7	\$ 15.4
Dividends paid	\$ 107.8	\$ 105.3

RETURNS

Trailing 12 months as of date indicated

Return Type	Sep 28, 2024	Sep 30, 2023
Equity	21%	32%
Invested Capital	19%	29%
Assets	12%	16%

(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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4Q Guidance & Closing Remarks

Frank Lonegro

Chief Executive Officer

⇒ **Consolidated Revenue** of \$1.150 - \$1.250 billion

- **Truck Loads** 4% below to 1% above prior year
- **Truck Revenue per Load** 0% to 4% above prior year

⇒ **Earnings per Share** of \$1.25 – \$1.45

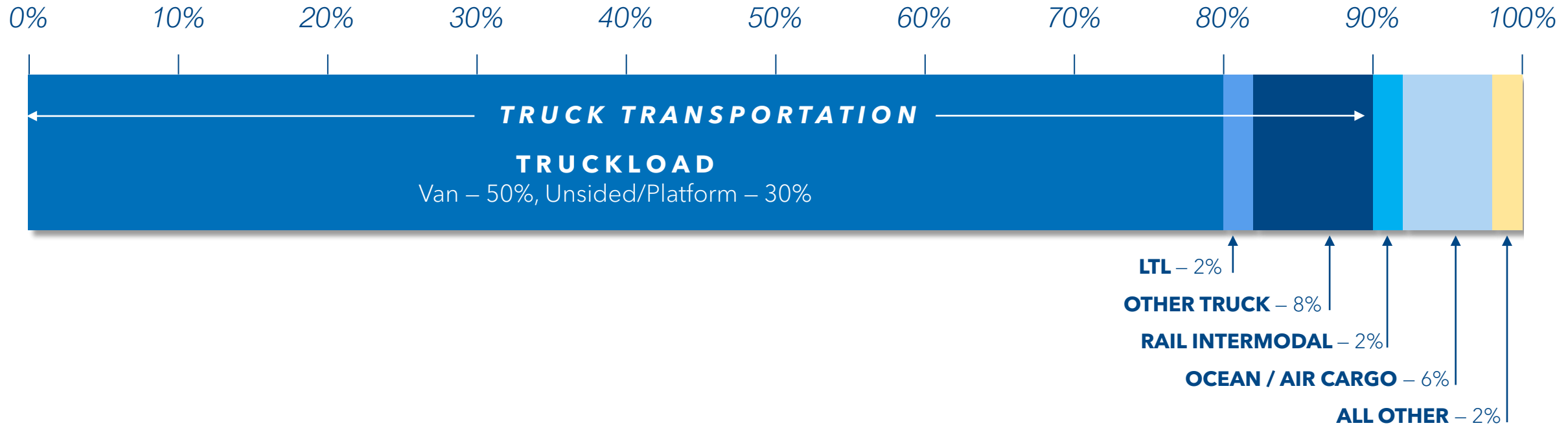
- **Insurance Expense** to approximate 6.0% of BCO revenue
- **Effective Income Tax Rate** of 24.5%



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Appendix

PERCENTAGE OF REVENUE 3Q 2024 by Service Type



CHANGE IN SHARE SINCE 3Q 2023

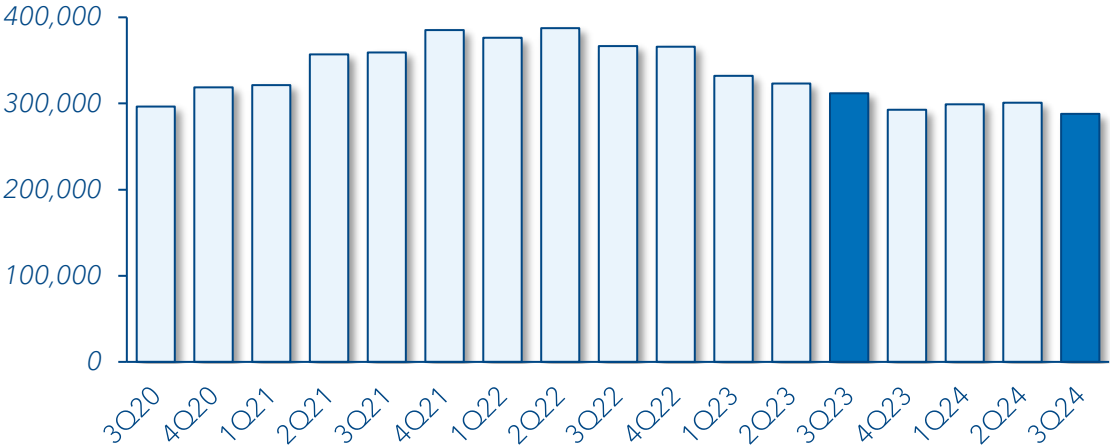
Van Equipment	Unsided/ Platform Equipment	LTL	Other Truck Transportation	Rail Intermodal	Ocean/ Air cargo	All Other
52% → 50%	29% → 30%	2% → 2%	8% → 8%	2% → 2%	5% → 6%	2% → 2%

Truckload Loadings and Revenue per Truckload Trends

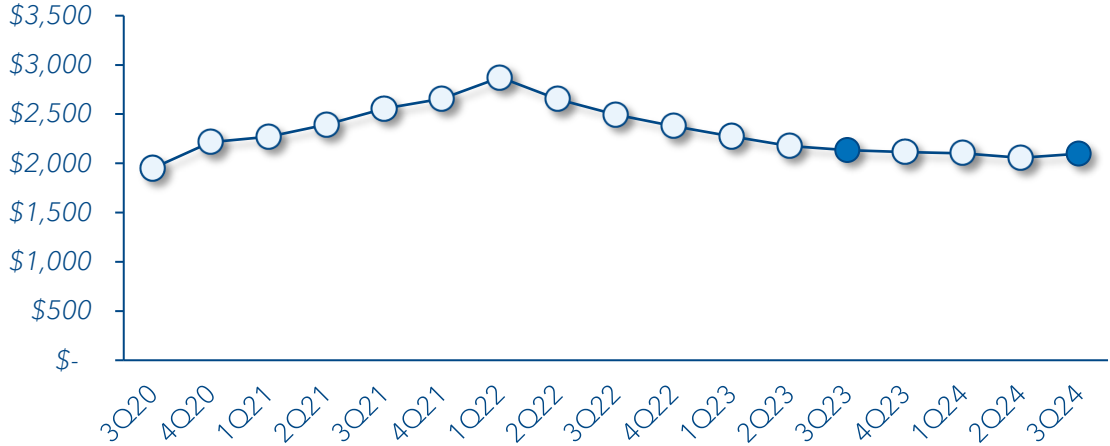


VAN

NUMBER OF LOADS

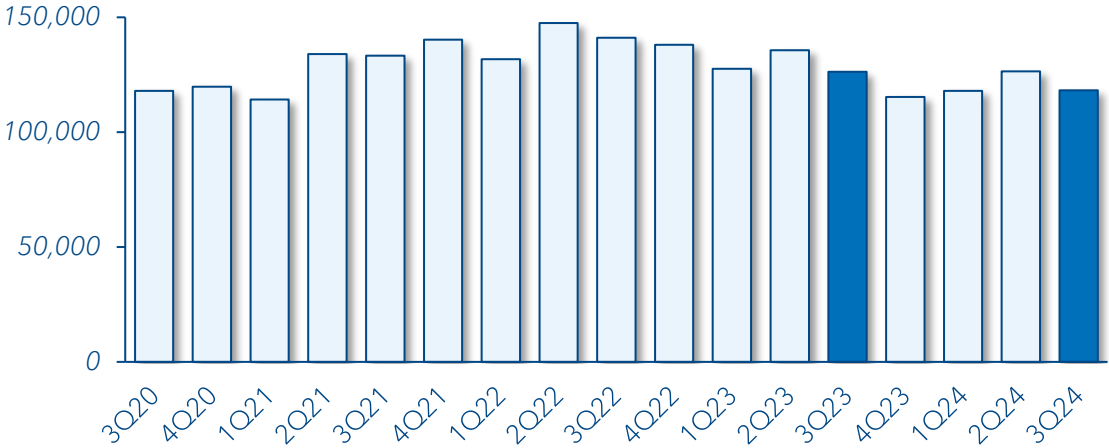


REVENUE PER LOAD

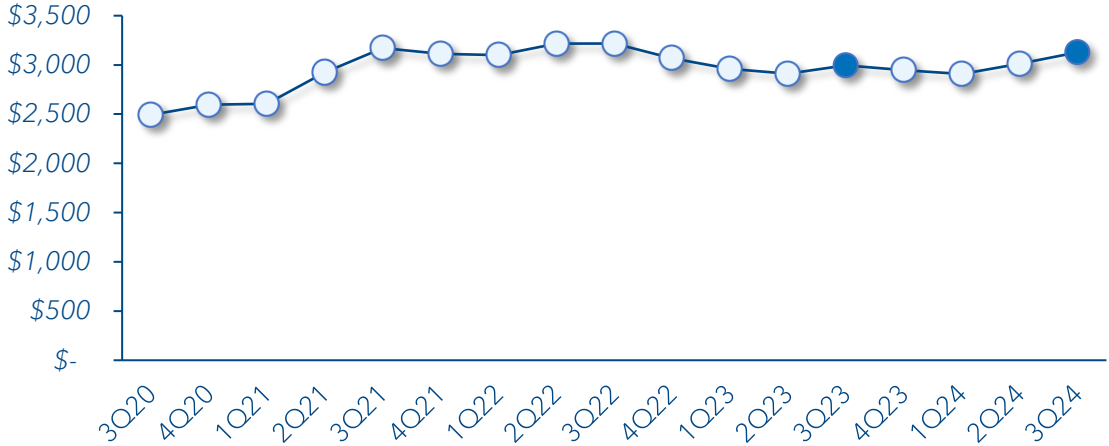


UNSIDED / PLATFORM

NUMBER OF LOADS



REVENUE PER LOAD

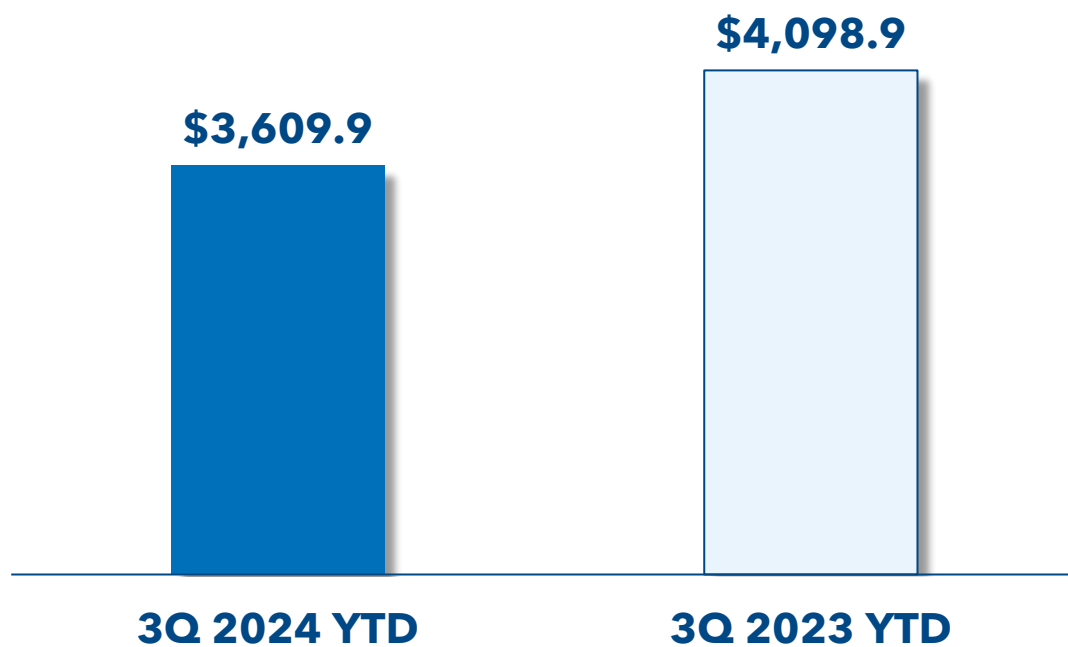


Revenue - Year-to-Date

Dollars in Millions



RESULTS



VARIANCE

Revenue Source	Rate ⁽¹⁾	Vol. ⁽²⁾	Chg.
Truck	(3.2%)	(9.9%)	(12.8%)
Rail Intermodal	(7.7%)	(3.3%)	(10.8%)
Ocean/Air	(3.1%)	2.9%	(0.3%)
Insurance Premiums	N/A	N/A	(12.9%)
Total Revenue	-	-	(11.9%)

(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.

Gross Profit and Variable Contribution - Year-to-Date

with Associated Margins

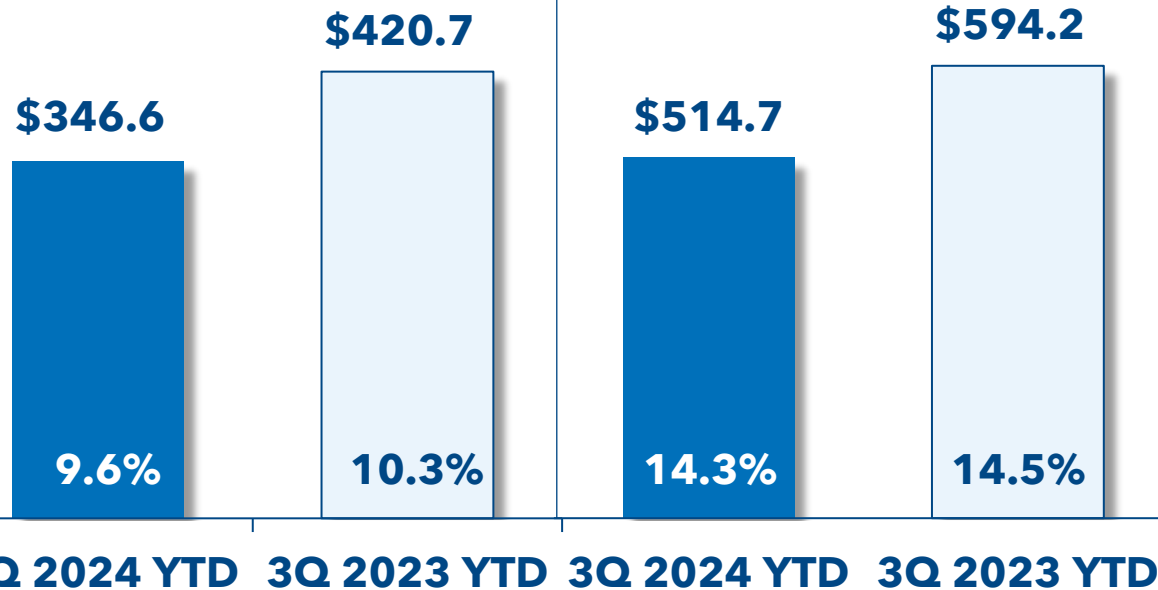
Dollars in Millions



RESULTS

Gross Profit

Variable Contribution



CHANGE IN VC MARGIN

Amounts in %

3Q YTD

2023	14.5
Revenue - Fixed ⁽¹⁾	0.1
Revenue - Variable	(0.4)
Change in Mix/Other	0.1
2024	14.3

(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 year-to-date periods, respectively.

Operating Income - Year-to-Date

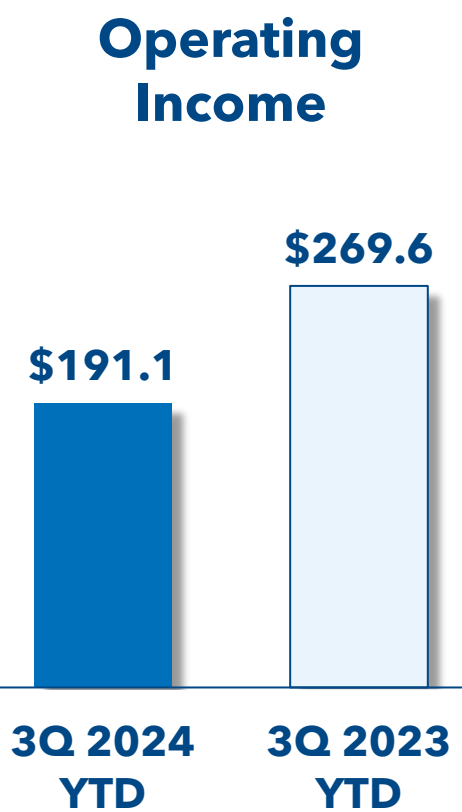
as a Percentage of Gross Profit and Variable Contribution

Dollars in Millions



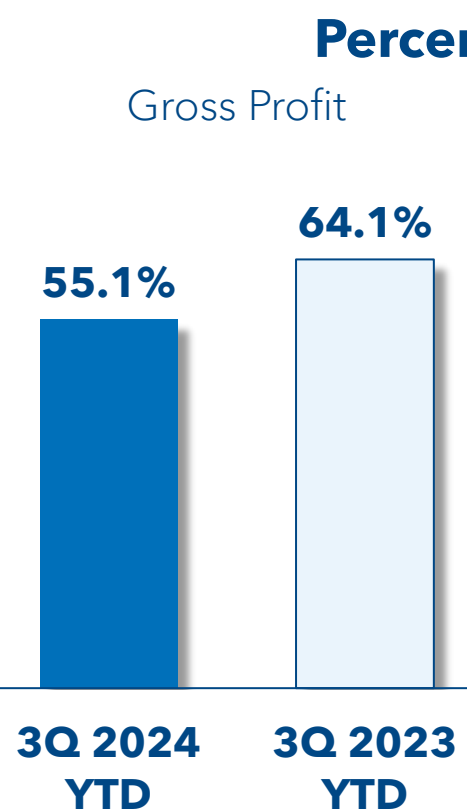
RESULTS

Operating Income

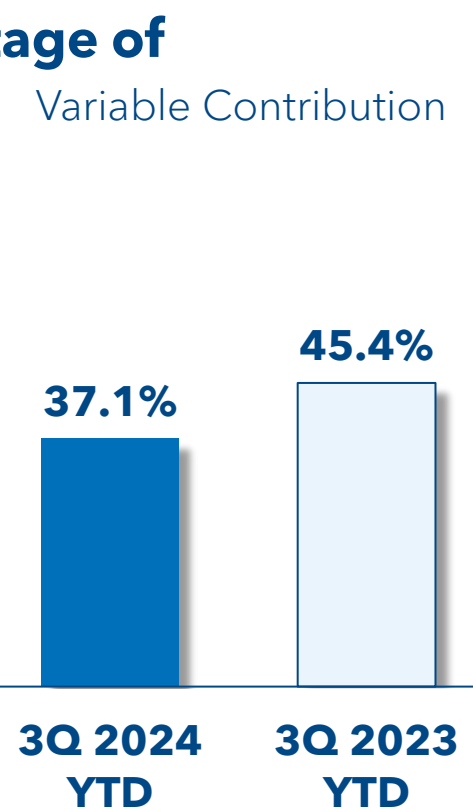


Percentage of

Gross Profit



Variable Contribution



CHANGE IN PERCENTAGE

of Variable Contribution

Amounts in %

3Q YTD

Amounts in %	3Q YTD
2023	45.4
Other operating costs	(1.7)
Insurance and claims	(0.7)
SG&A	(4.8)
Depreciation and amortization	(1.1)
2024	37.1

Reconciliation of Gross Profit to Variable Contribution

Dollars in Thousands



	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Revenue	\$ 3,609,915	\$ 4,098,877	\$ 1,213,867	\$ 1,289,345
Costs of revenue:				
Purchased transportation	2,799,384	3,141,234	943,805	986,743
Commissions to agents	295,801	363,397	98,703	115,244
Variable costs of revenue	3,095,185	3,504,631	1,042,508	1,101,987
Trailing equipment depreciation	20,764	24,240	6,930	7,721
Information technology costs (1)	18,115	19,791	6,129	6,298
Insurance-related costs (2)	85,122	88,484	30,463	30,102
Other operating costs	44,138	40,998	15,144	15,158
Other costs of revenue	168,139	173,513	58,666	59,279
Total costs of revenue	3,263,324	3,678,144	1,101,174	1,161,266
Gross profit	\$ 346,591	\$ 420,733	\$ 112,693	\$ 128,079
Gross profit margin	9.6%	10.3%	9.3%	9.9%
Plus: other costs of revenue	168,139	173,513	58,666	59,279
Variable contribution	\$ 514,730	\$ 594,246	\$ 171,359	\$ 187,358
Variable contribution margin	14.3%	14.5%	14.1%	14.5%

(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

Cash Flow Item	2019	2020	2021	2022	2023
Cash flow from operations	\$ 308	\$ 211	\$ 277	\$ 623	\$ 394
Cash capital expenditures ⁽¹⁾	\$ 20	\$ 34	\$ 24	\$ 26	\$ 26
Free cash flow	\$ 288	\$ 177	\$ 253	\$ 597	\$ 368
Share repurchases	\$ 89	\$ 116	\$ 123	\$ 286	\$ 54
Dividends paid	\$ 28	\$ 110	\$ 112	\$ 116	\$ 117
Common share count ⁽²⁾	39.5	38.4	37.7	35.9	35.7

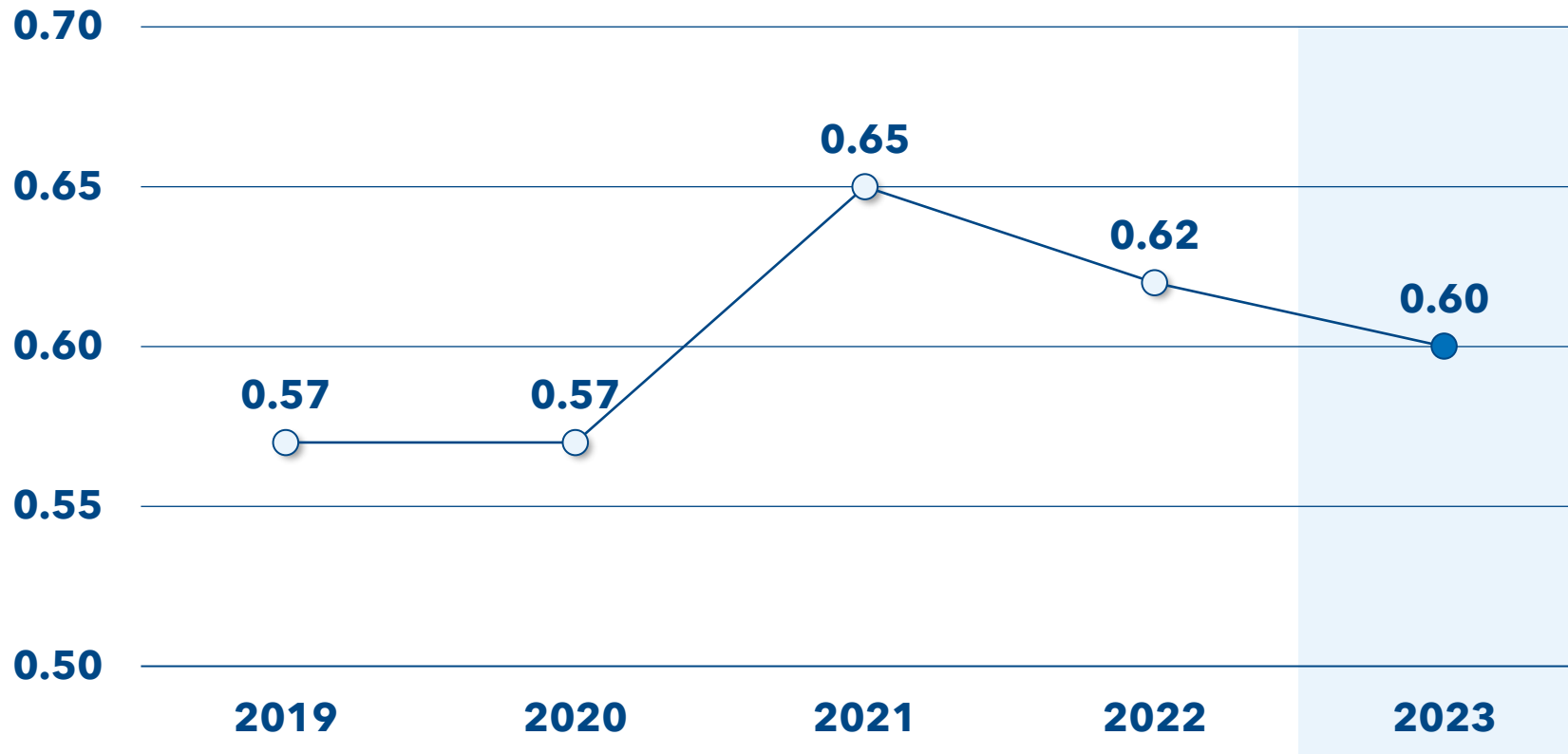
(1) Cash capital expenditures includes purchases of operating property and, for fiscal year 2020, consideration paid for acquisition of a business.

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

DOT Accident ⁽¹⁾ 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.

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