

LANDSTAR



Landstar System, Inc.

1Q | 2025

Earnings Conference Call



LANDSTAR



1Q | 2025

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 2024 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 2025 and 2024 first quarters 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	1Q 2025	1Q 2024	Chg.
Revenue	\$ 1,152.5	\$ 1,171.0	(1.6%)
Operating Income	\$ 39.4	\$ 60.0	(34.3%)
Earnings per Share	\$ 0.85	\$ 1.32	(35.6%)

HIGHLIGHTS

1Q revenue performance

- Stronger than mid-point of guidance
- For the first time in 15 years, the number of loads hauled via truck in 1Q exceeded the immediately preceding 4Q

Operating income and EPS

- Negatively impacted by elevated insurance and claims costs and previously disclosed supply chain fraud

Strong balance sheet

- Continuing to return meaningful capital to stockholders
- Announced 11% increase to regular quarterly dividend one quarter earlier than normal cadence

Investing through the cycle

- Supporting our network of entrepreneurs with continued investment

Truck Capacity

All information is provided as of the end of the applicable period



AVAILABLE TRUCK CAPACITY PROVIDERS

Type of Capacity	Mar 29, 2025	Dec 28, 2024	Mar 30, 2024
BCO Independent Contractors	7,871	8,082	8,619
Truck Brokerage Carriers			
Approved and Active ⁽¹⁾	47,323	43,718	45,919
Other Approved	33,275	26,527	26,320
Total Truck Brokerage Carriers	80,598	70,245	72,239
Total Available Truck Capacity Providers	88,469	78,327	80,858
<i>Trucks Provided by BCO Independent Contractors</i>	<i>8,620</i>	<i>8,843</i>	<i>9,410</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 \$54.2 million and \$67.5 million in the 2025 and 2024 first quarters, respectively.



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Financial Results

Jim Todd

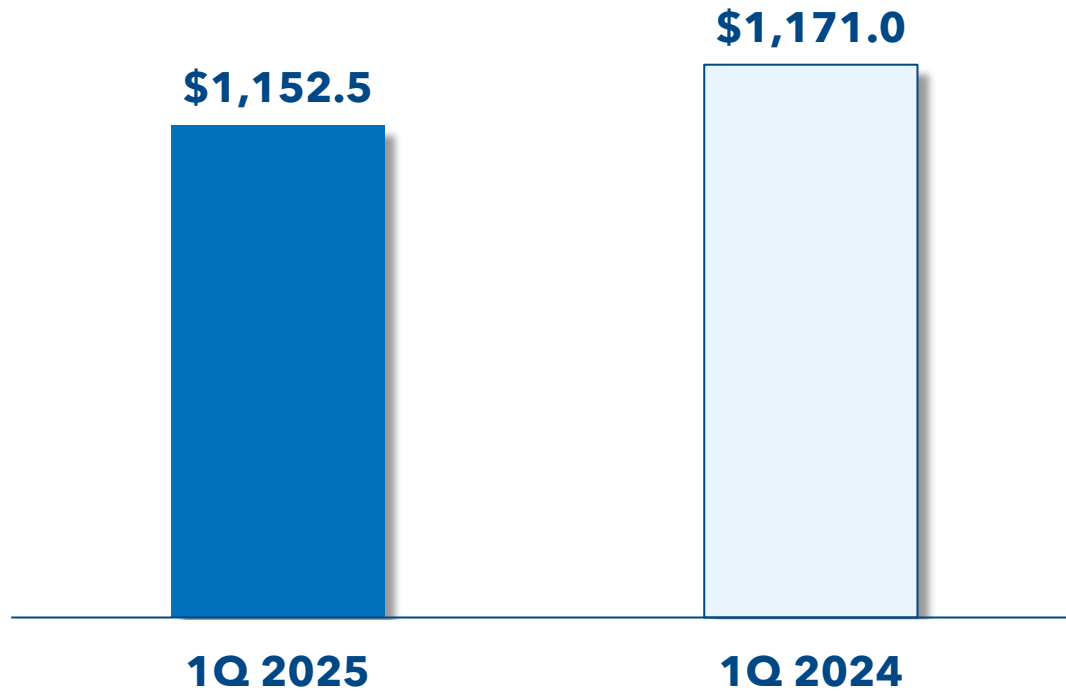
Chief Financial Officer

Revenue

Dollars in Millions



RESULTS



VARIANCE

Revenue Source	Rate ⁽¹⁾	Vol. ⁽²⁾	Chg.
Truck	(0.6%)	(1.2%)	(1.8%)
Rail Intermodal	(10.4%)	(14.0%)	(22.9%)
Ocean/Air	16.1%	4.6%	21.4%
Insurance Premiums	N/A	N/A	(10.6%)
Total Revenue	-	-	(1.6%)

(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 1% Y-O-Y

Revenue Share		Market Segment	Y-O-Y Change in Revenue
1Q 2025	1Q 2024		
29.0	28.1	Consumer Durables	2
14.4	13.5	Machinery	5
9.1	11.7	Automotive	(23)
8.7	8.6	Building Products	0
7.3	5.6	Electrical	29
7.2	8.3	AA&E, Hazmat	(15)
5.1	5.2	Metals	(3)
2.9	1.9	Energy	51
2.0	1.6	Substitute Line Haul	23
14.3	15.5	Other	(8)

Gross Profit ⁽¹⁾ and Variable Contribution ⁽²⁾

with Associated Margins

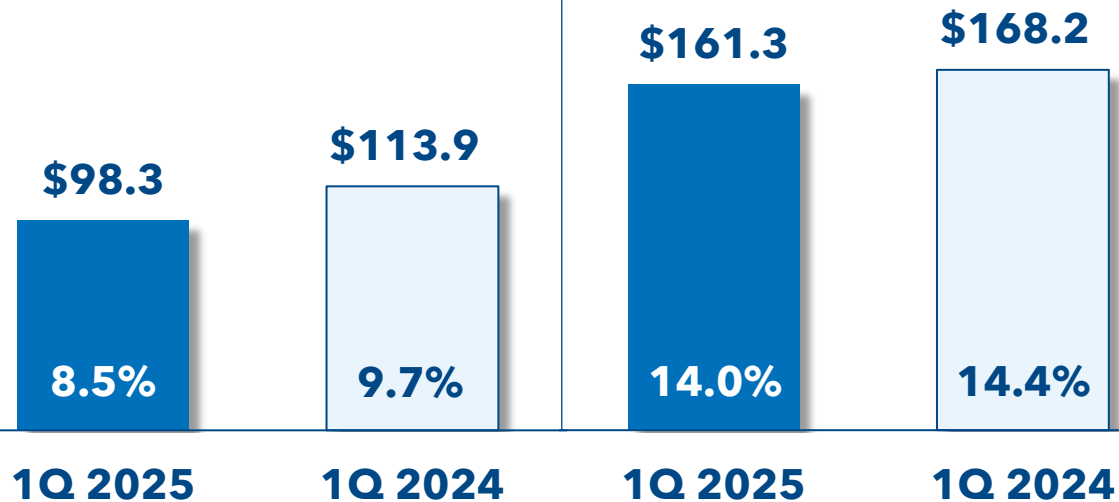
Dollars in Millions



RESULTS

Gross Profit

Variable Contribution



CHANGE IN VC MARGIN

Amounts in %

1Q

2024	14.4
Change in Mix/Other	(0.3)
Revenue - Fixed ⁽³⁾	(0.2)
Revenue - Variable	0.1
2025	14.0

(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 44% of revenue in the 2025 and 2024 first quarters, respectively.

Operating Income

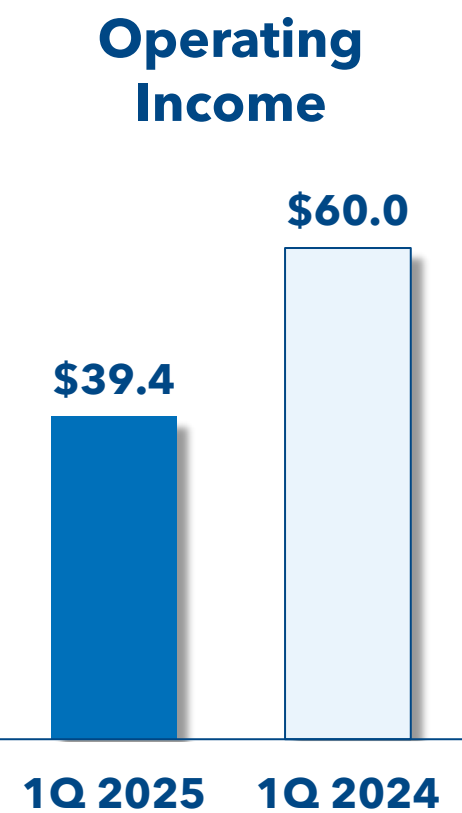
as a Percentage of Gross Profit and Variable Contribution

Dollars in Millions



RESULTS

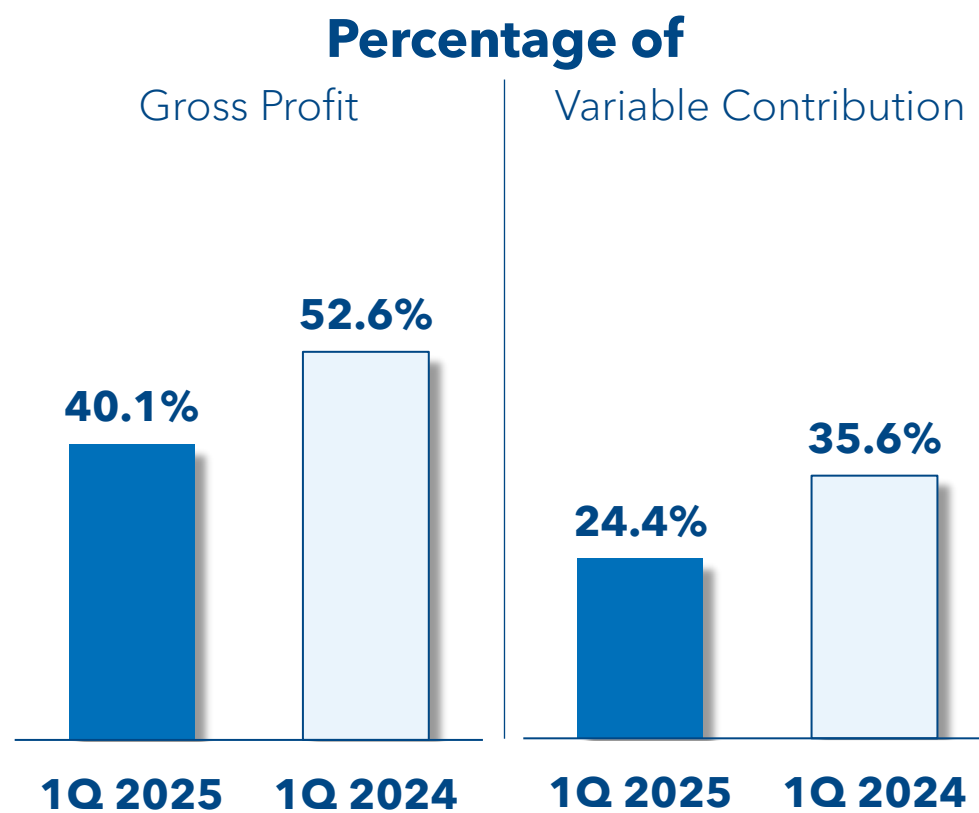
Operating Income



Percentage of

Gross Profit

Variable Contribution



CHANGE IN PERCENTAGE

of Variable Contribution

Amounts in %

1Q

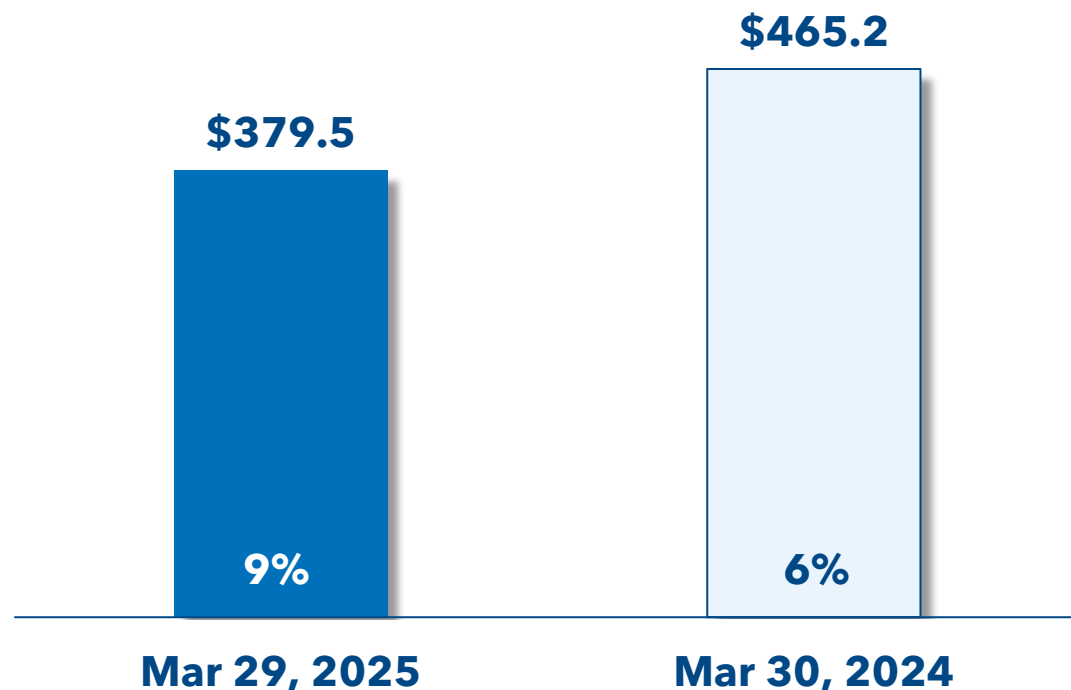
2024	35.6
Insurance and claims	(8.9)
SG&A	(4.6)
Depreciation and amortization	0.8
Other operating costs	1.5
2025	24.4

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

Cash Flow Type	1Q 2025	1Q 2024
Cash flow from operations	\$ 55.7	\$ 94.2
Capital expenditures	\$ 1.9	\$ 9.3
Free cash flow ⁽³⁾	\$ 53.8	\$ 84.9
Share repurchases	\$ 60.4	\$ —
Dividends paid	\$ 83.3	\$ 83.2

RETURNS

Trailing 12 months as of date indicated

Return Type	Mar 29, 2025	Mar 30, 2024
Equity	18%	23%
Invested Capital	17%	22%
Assets	10%	13%

(1) Net cash is defined as cash and cash equivalents of \$417.4 million plus short term investments of \$56.0 million less outstanding debt of \$94.0 million as of March 29, 2025. As of March 30, 2024, net cash was cash and cash equivalents of \$467.7 million plus short term investments of \$62.8 million less outstanding debt of \$65.2 million.

(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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2Q Closing Remarks

Frank Lonegro

Chief Executive Officer

➔ **Current Market Update** - April business activity:

- **Truck Loads:** April approximately 2% below April 2024
 - Modestly below typical March to April month-to-month historical trends
- **Truck Revenue per Load:** April approximately 1% above April 2024
 - Slightly ahead of typical March to April month-to-month historical trends

➔ **Historical Trends** - Pre-pandemic historical seasonality patterns would normally yield:

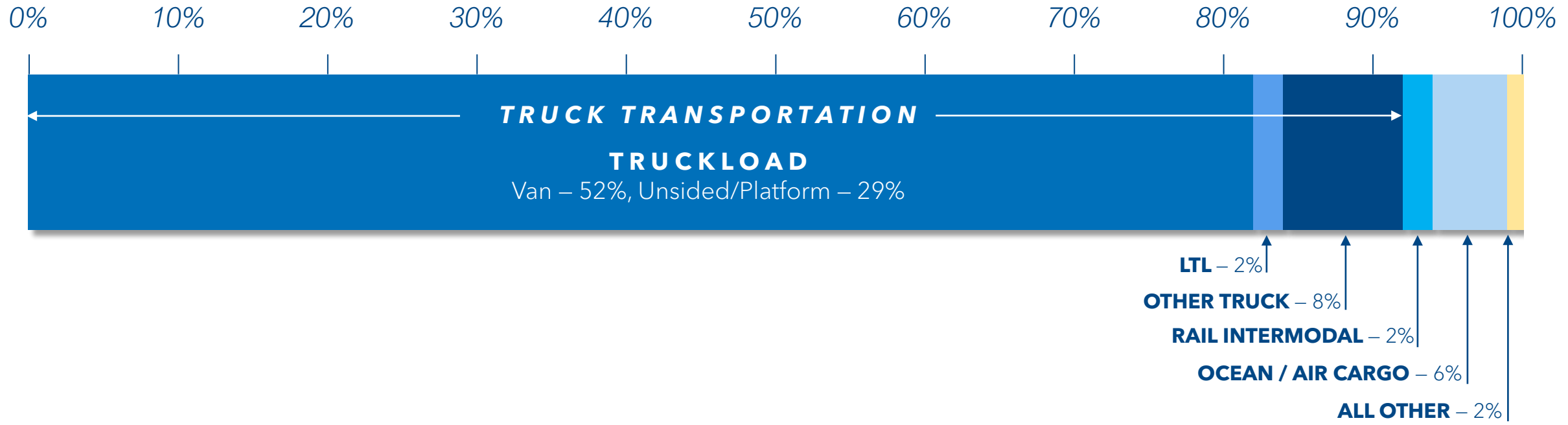
- **Truck Revenue:** High single-digit sequential step-up from 1Q to 2Q
- **Truck Loads:** 8% sequential increase 1Q to 2Q
- **Truck Revenue per Load:** 2% sequential increase 1Q to 2Q



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Appendix

PERCENTAGE OF REVENUE 1Q 2025 by Service Type



CHANGE IN SHARE SINCE 1Q 2024

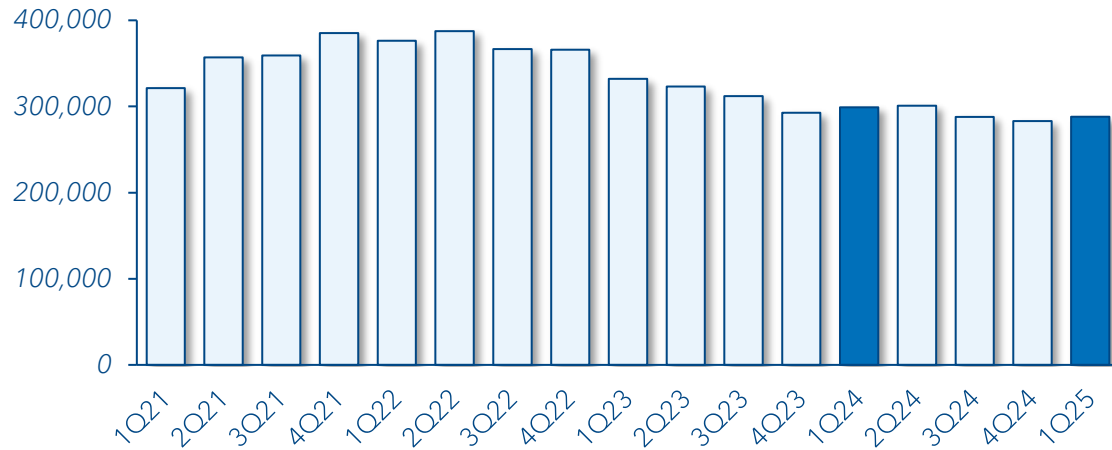
Van Equipment	Unsided/ Platform Equipment	LTL	Other Truck Transportation	Rail Intermodal	Ocean/ Air cargo	All Other
54% ↻ 52%	29% ↻ 29%	2% ↻ 2%	6% ↻ 8%	2% ↻ 2%	5% ↻ 6%	2% ↻ 2%

Truckload Loadings and Revenue per Truckload Trends

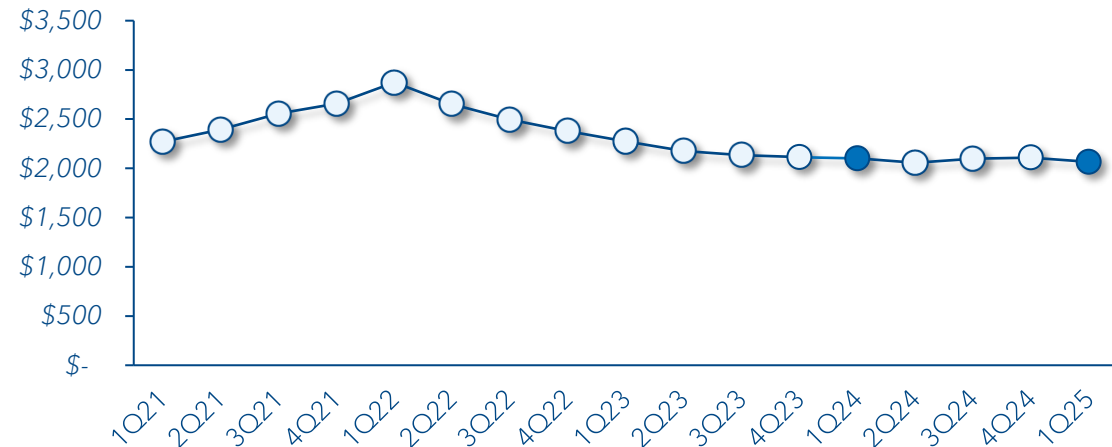


VAN

NUMBER OF LOADS

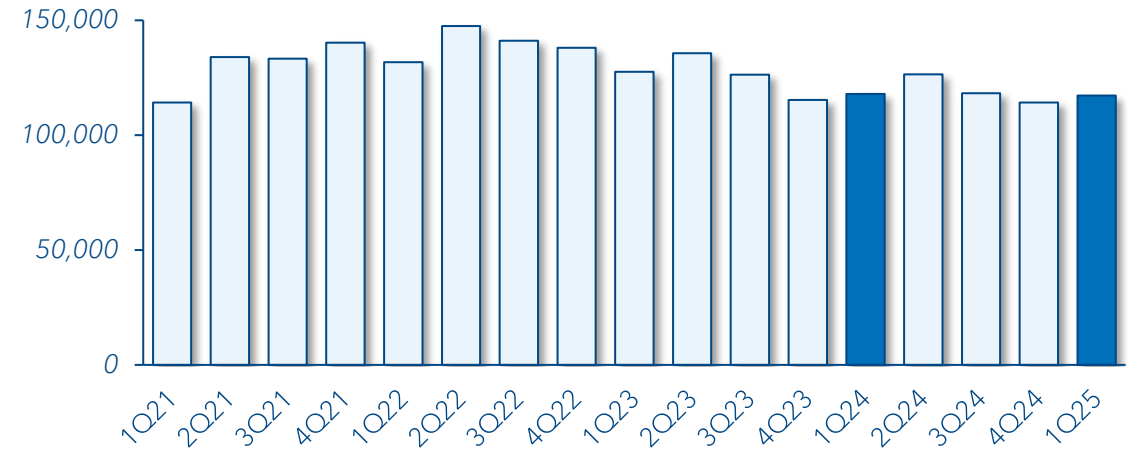


REVENUE PER LOAD

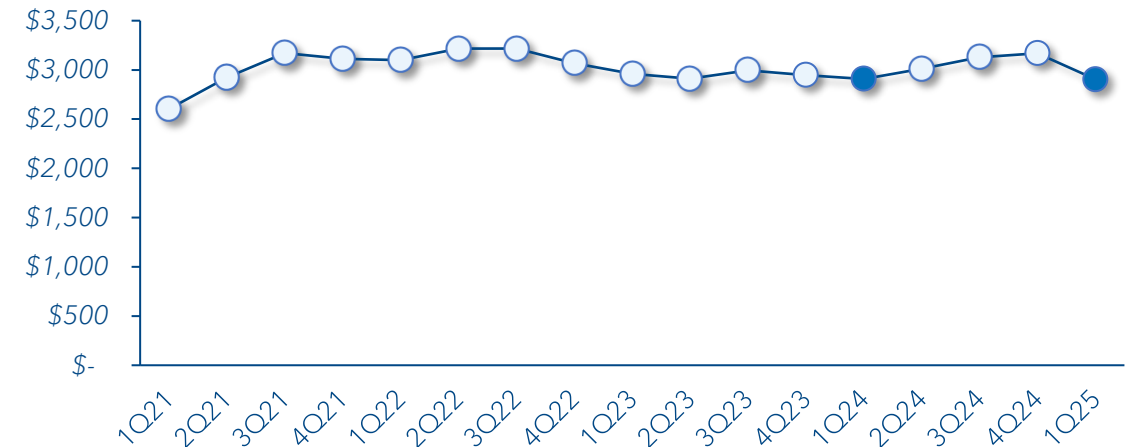


UNSIDED / PLATFORM

NUMBER OF LOADS



REVENUE PER LOAD



Reconciliation of Gross Profit to Variable Contribution

Dollars in Thousands



	Thirteen Weeks Ended	
	March 29, 2025	March 30, 2024
Revenue	\$ 1,152,502	\$ 1,171,043
Costs of revenue:		
Purchased transportation	897,878	905,521
Commissions to agents	93,314	97,282
Variable costs of revenue	<u>991,192</u>	<u>1,002,803</u>
Trailing equipment depreciation	6,977	6,897
Information technology costs (1)	3,675	5,804
Insurance-related costs (2)	40,524	26,778
Other operating costs	<u>11,829</u>	<u>14,859</u>
Other costs of revenue	63,005	54,338
Total costs of revenue	<u>1,054,197</u>	<u>1,057,141</u>
Gross profit	<u>\$ 98,305</u>	<u>\$ 113,902</u>
Gross profit margin	8.5%	9.7%
Plus: other costs of revenue	63,005	54,338
Variable contribution	<u>\$ 161,310</u>	<u>\$ 168,240</u>
Variable contribution margin	14.0%	14.4%

(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	2020	2021	2022	2023	2024
Cash flow from operations	\$ 211	\$ 277	\$ 623	\$ 394	\$ 287
Cash capital expenditures ⁽¹⁾	\$ 34	\$ 24	\$ 26	\$ 26	\$ 31
Free cash flow	\$ 177	\$ 253	\$ 597	\$ 368	\$ 256
Share repurchases	\$ 116	\$ 123	\$ 286	\$ 54	\$ 81
Dividends paid	\$ 110	\$ 112	\$ 116	\$ 117	\$ 120
Common share count ⁽²⁾	38.4	37.7	35.9	35.7	35.3

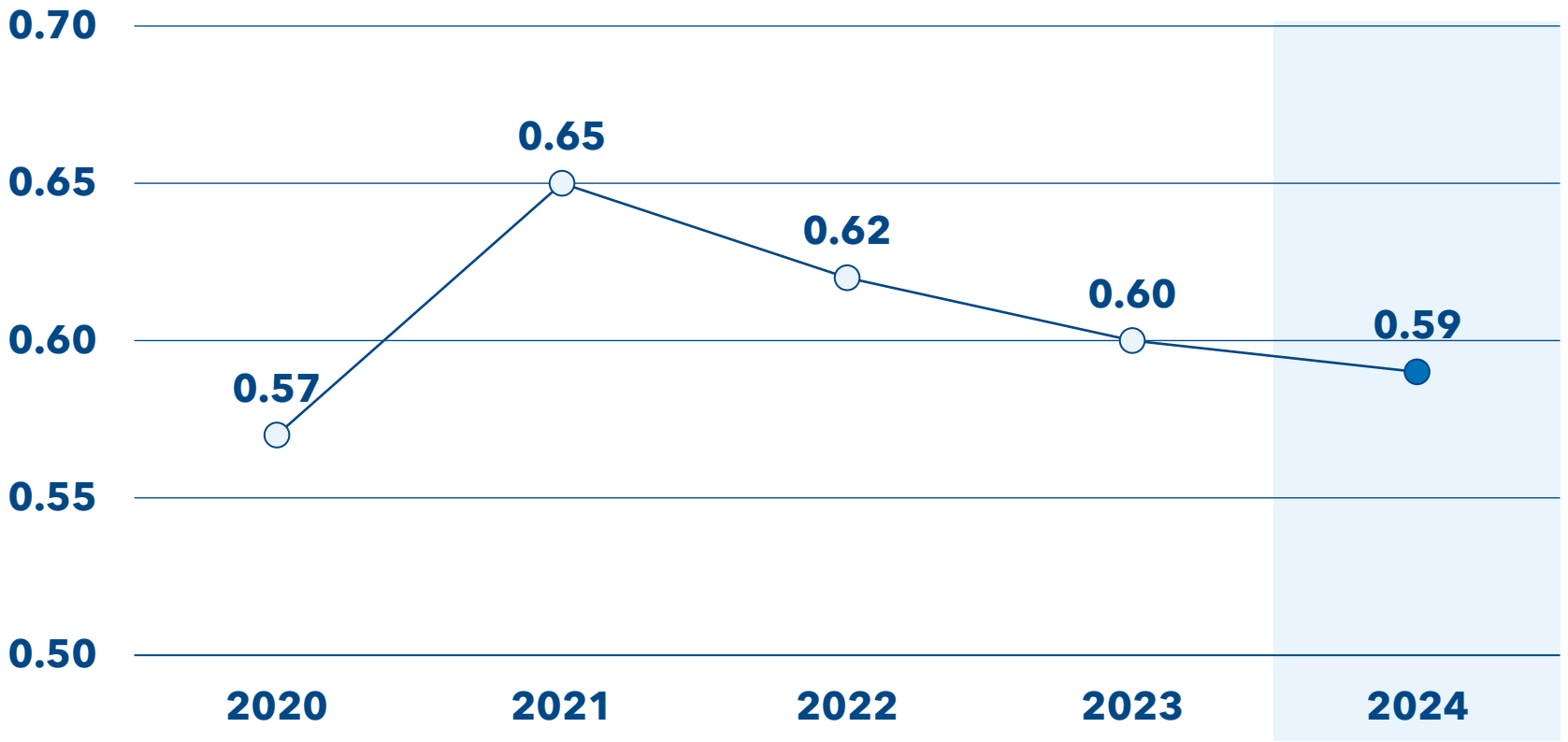
(1) Cash capital expenditures includes purchases of operating property and, for fiscal year 2020, consideration paid for acquisition of a business.

(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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