



# J.B. HUNT

## Q1 2019 RESULTS



# DISCLOSURE



This presentation and discussion may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “anticipates,” “intends,” “estimates,” or similar expressions are intended to identify these forward-looking statements. These statements are based on J.B. Hunt’s current plans and expectations and involve risks and uncertainties that could cause future activities and results of operations to be materially different from those set forth in the forward-looking statements. For further information, please refer to J.B. Hunt’s reports and filings with the Securities and Exchange Commission.



# DISTINCT & COMPLEMENTARY BUSINESSES



## Intermodal (JBI)

- Largest, 100% 53' high-cube container fleet
- Largest drayage fleet in North America
- Priority loading and unloading at major rail terminals

## Dedicated Contract Services (DCS)

- Fleet creation, conversion, and augmentation
- Design & implementation of value-driven supply chain solutions
- On-site management

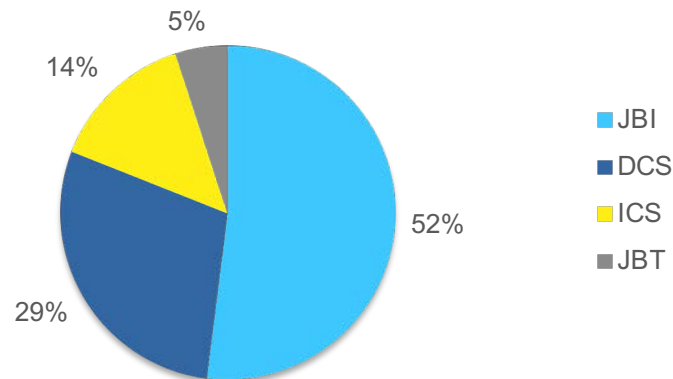
## Integrated Capacity Solutions (ICS)

- Non-asset based offering of dry van, flatbed, refrigerated, expedited, and LTL services.
- 40- and 20-foot box domestic and international containers and international intermodal services
- Services to all 50 States, Canada, and Mexico

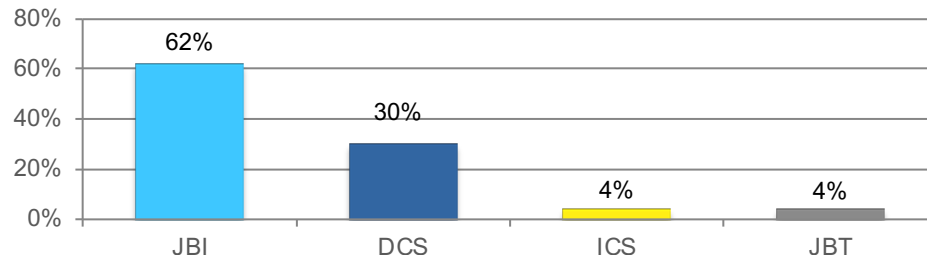
## Truckload (JBT)

- One of the largest capacity networks in North America
- Instant tracking via the Internet
- GPS trailer tracking

1Q 2019 Revenue Mix



Percentage of 1Q 2019 Operating Income by Business Segment



# 1Q 2019 RESULTS VS. 1Q 2018



## OVERVIEW

### **1Q 2019 Revenue:**

\$2.09 billion; up 7%

### **1Q 2019 Revenue, excl FSC:**

\$1.86 billion; up 8%

### **1Q 2019 Operating Income:**

\$168 million; down 1%

### **1Q 2019 EPS:**

\$1.09 vs. \$1.07; up 2%

## SEGMENT PERFORMANCE

### **Intermodal (JBI)**

Revenue: \$1.09 billion; up 2%

Operating Income: \$103 million; down 10%

### **Dedicated Contract Services (DCS)**

Revenue: \$602 million; up 22%

Operating Income: \$50 million; up 24%

### **Integrated Capacity Solutions (ICS)**

Revenue: \$301 million; up 2%

Operating Income: \$7 million; down 22%

### **Truckload (JBT)**

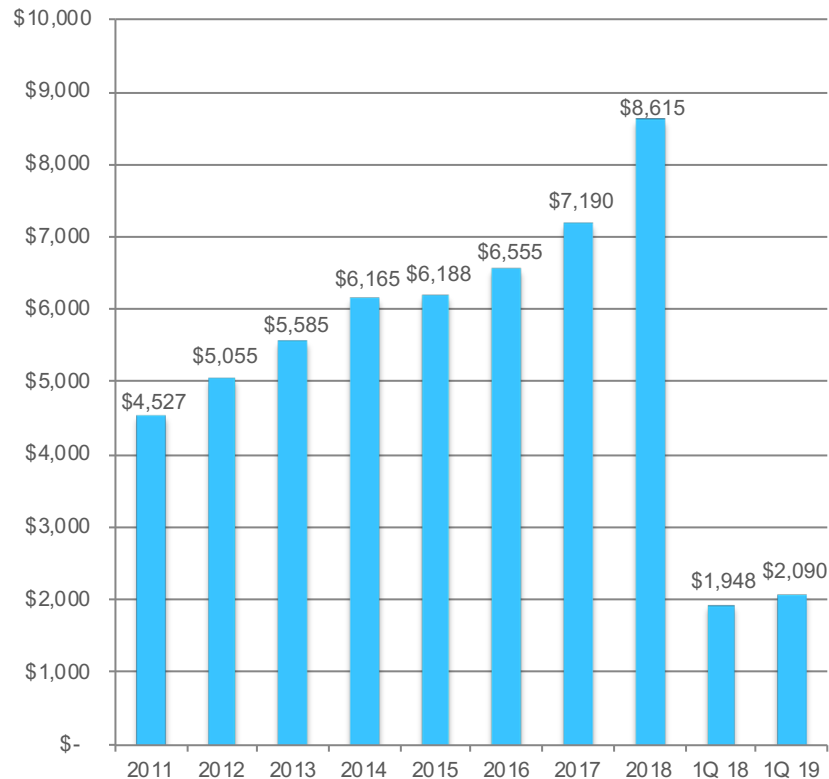
Revenue: \$102 million; up 10%

Operating Income: \$7 million; up 41%

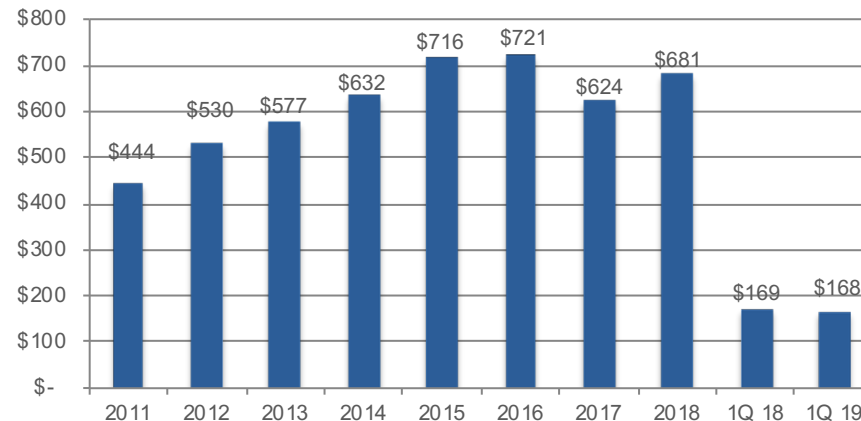
# 1Q RESULTS CONSOLIDATED



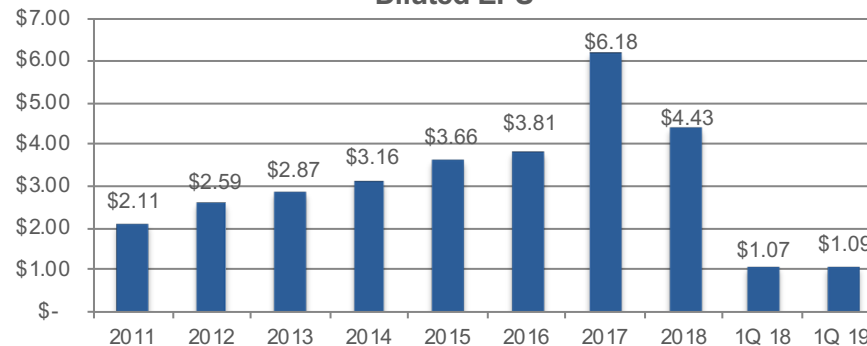
Revenue (in millions)



Operating Income (in millions)



Diluted EPS



# KEY POINTS



- Industry leading Intermodal franchise
- Differentiated and specialized Dedicated business
- Independent brokerage/management services
- Lighter Truckload asset model



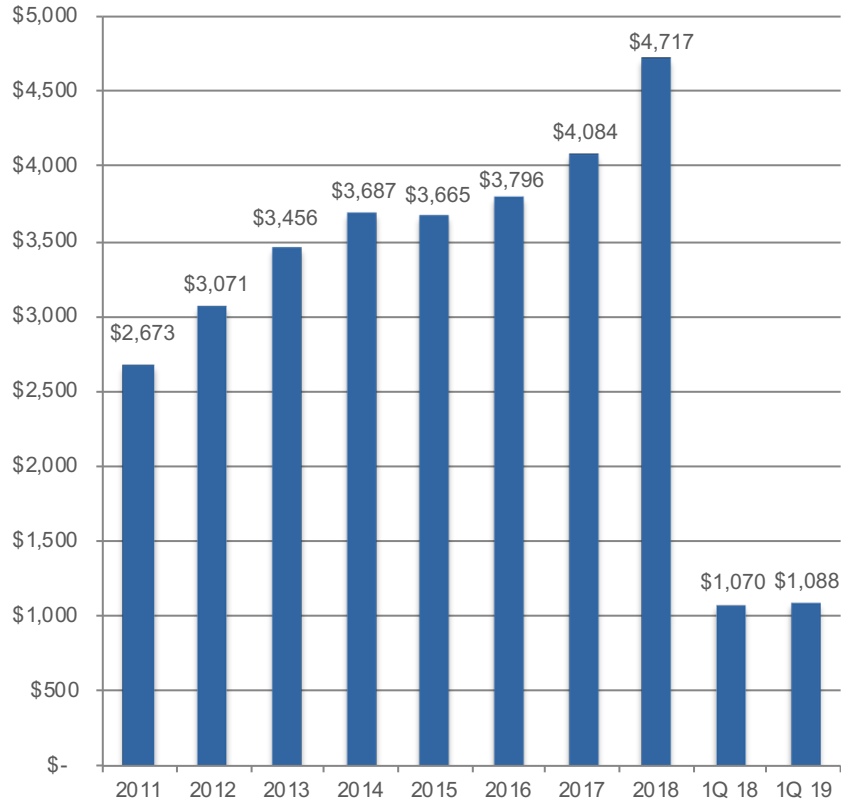
# SEGMENT DISCUSSION



# INTERMODAL (JBI)



JBI Revenue (in millions)



JBI load volumes declined 7% from the same period 2018. Transcontinental loads declined 8% and the Eastern network load volume declined 7% compared to prior year. Volumes were affected by the expected rail lane closures and persistent severe winter weather events impacting Chicago operations. Combined, these events represented approximately one half of the volume decline. Revenue grew approximately 2% reflecting a 10% increase in revenue per load, which is determined by the combination of customer rates, fuel surcharges and freight mix and the 7% decline in volume. Revenue per load excluding fuel surcharges increased approximately 11% year over year.

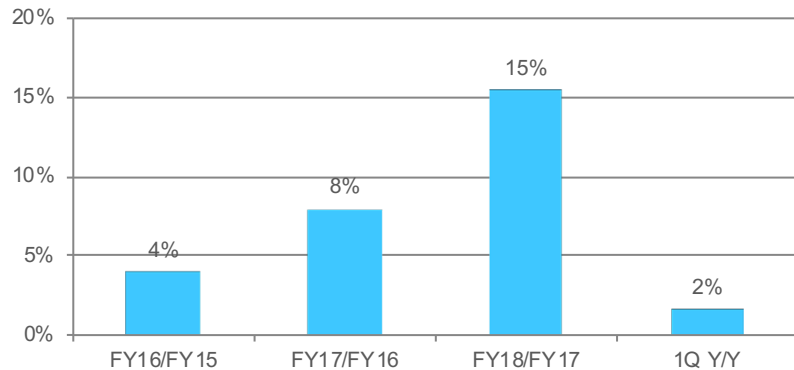
Operating income decreased 10% from prior year. Benefits from customer rate increases and the execution of approximately \$12 million of third-party dray in the Marketplace for J.B. Hunt 360° were more than offset by increases in rail purchased transportation costs; reduced network utilization and lower dray efficiency created from weather interruptions in the upper Midwest and Chicago areas, increased driver wages and recruiting costs; and higher equipment ownership and maintenance costs compared to the same period in 2018. The current period ended with approximately 95,800 units of trailing capacity and 5,671 power units assigned to the dray fleet.



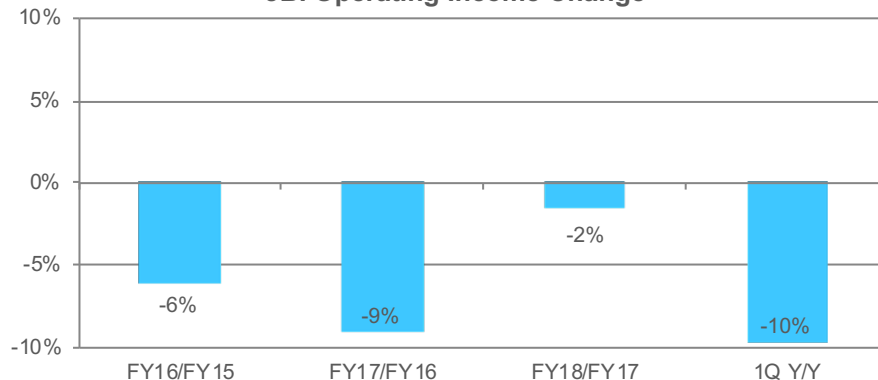
# INTERMODAL (JBI) PERFORMANCE



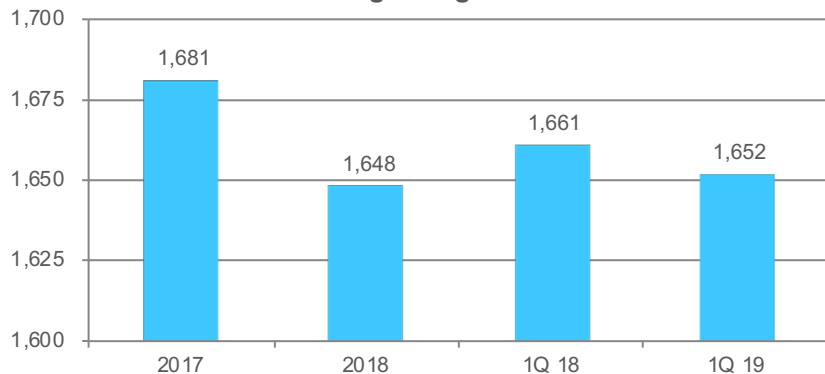
## JB I Revenue Change



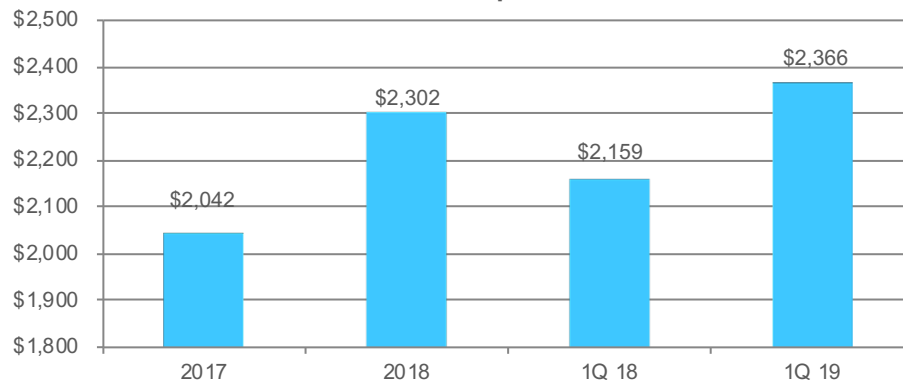
## JB I Operating Income Change



## JB I Average Length of Haul



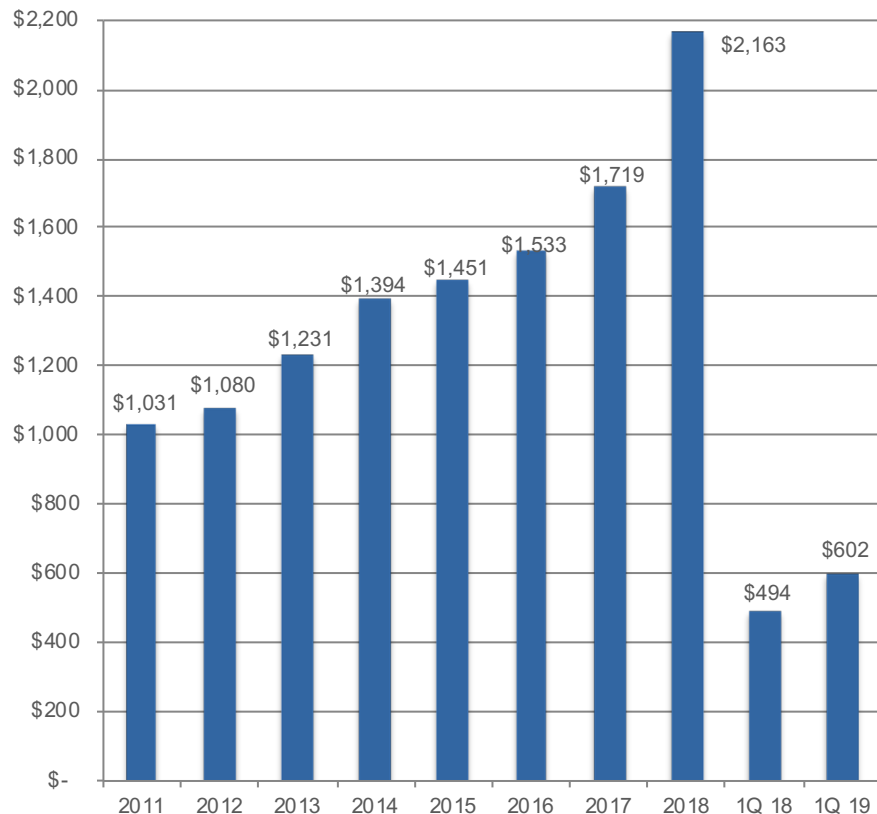
## JB I Revenue per Load



# DEDICATED (DCS)



DCS Revenue (in millions)



DCS revenue increased 22% during the current quarter over the same period 2018. Productivity (revenue per truck per week) increased approximately 6% vs. 2018. Productivity excluding fuel surcharges increased approximately 4% primarily from customer rate increases and improved integration of assets between customer accounts. Included in the DCS revenue growth, Final Mile Services (FMS) recorded an increase in revenue of \$26 million compared to first quarter 2018.

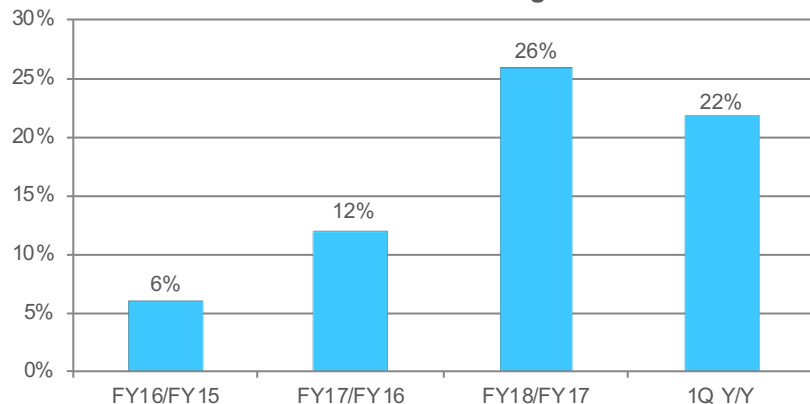
A net additional 1,644 revenue producing trucks, 440 net additions sequentially from fourth quarter 2018, were in the fleet by the end of the quarter compared to prior year. Approximately 41% of these additions represent private fleet conversions and 9% represent FMS vs. traditional dedicated capacity fleets. Customer retention rates remain above 98%.

Operating income increased 24% from a year ago primarily from increased productivity and additional trucks under new customer contracts, partially offset by higher facilities rent and costs to expand the FMS network, increased driver wages and higher recruiting costs including the length of time to fill open trucks in certain geographic regions.

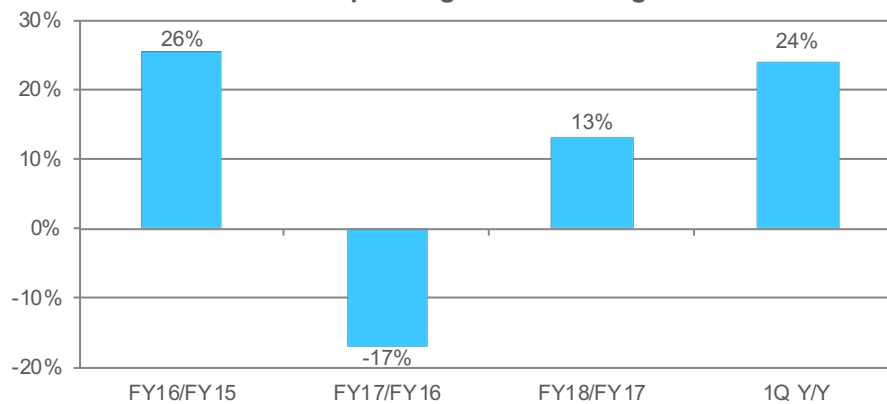
# DEDICATED (DCS) PERFORMANCE



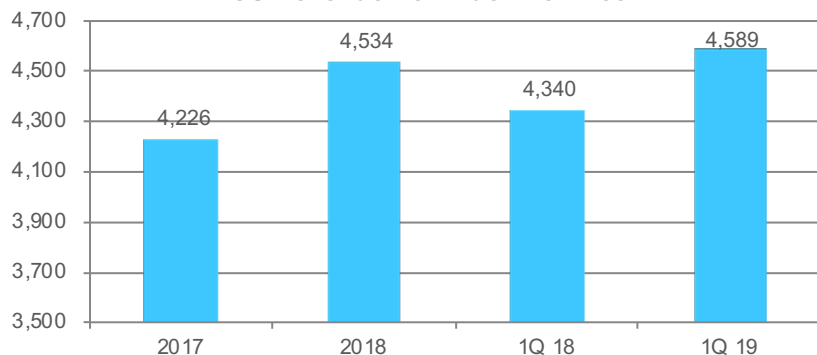
## DCS Revenue Change



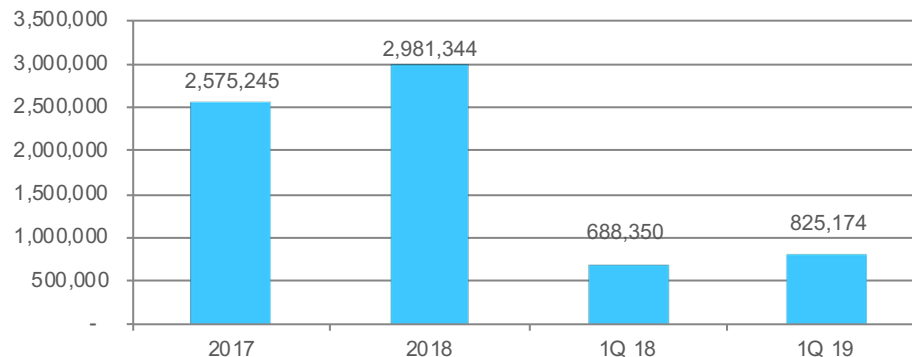
## DCS Operating Income Change



## DCS Revenue Per Truck Per Week



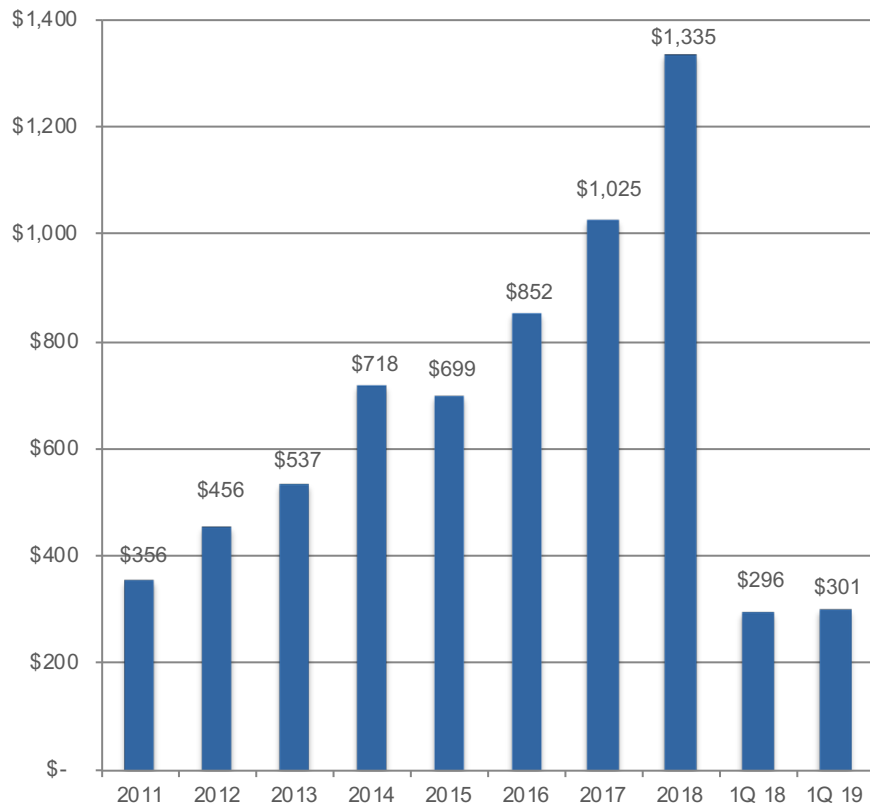
## DCS Loads



# INTEGRATED (ICS)



ICS Revenue (in millions)



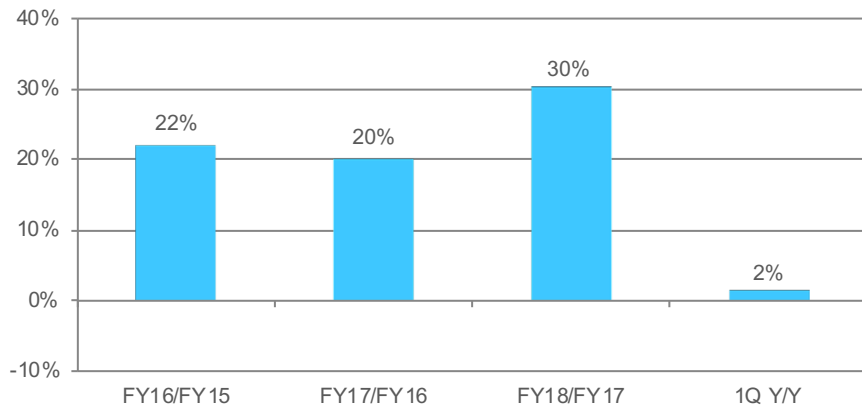
ICS revenue increased approximately 2% vs. first quarter 2018. Volumes increased 15% while revenue per load decreased approximately 12% primarily due to customer mix changes and lower spot priced revenue per load compared to the same period a year ago. Contractual business represents approximately 68% of total load volume and 51% of total revenue in the current period compared to 67% and 44%, respectively, in first quarter 2018. Of the total reported ICS revenue, approximately \$186 million was executed through the Marketplace for J.B. Hunt 360° compared to \$96 million in first quarter 2018.

Operating income decreased 22% over the same period in 2018. Gross profit margin increased to 16.5% in the current quarter vs. 14.4% last year primarily due to an adequate supply of carrier capacity to accommodate the customer demand during the period. The increase in gross profit margin was partially offset by higher personnel costs and increased spending on technology to expand the capacity and functionality of the Marketplace for J.B. Hunt 360° compared to first quarter 2018. ICS carrier base increased 29% and employee count increased approximately 18% compared to first quarter 2018.

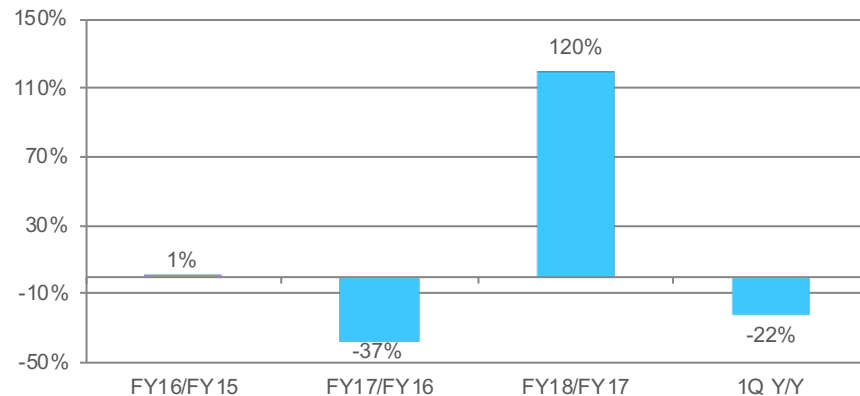
# INTEGRATED (ICS) PERFORMANCE



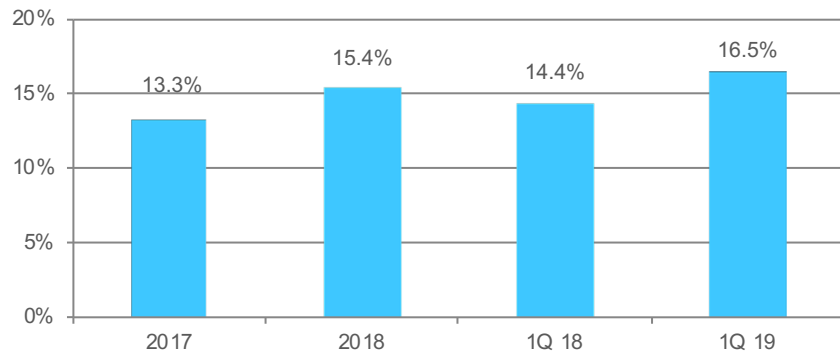
## ICS Revenue Change



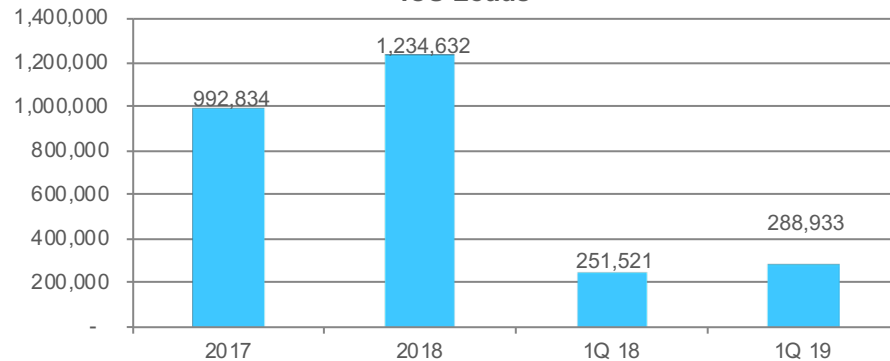
## ICS Operating Income Change



## ICS Gross Profit Margin



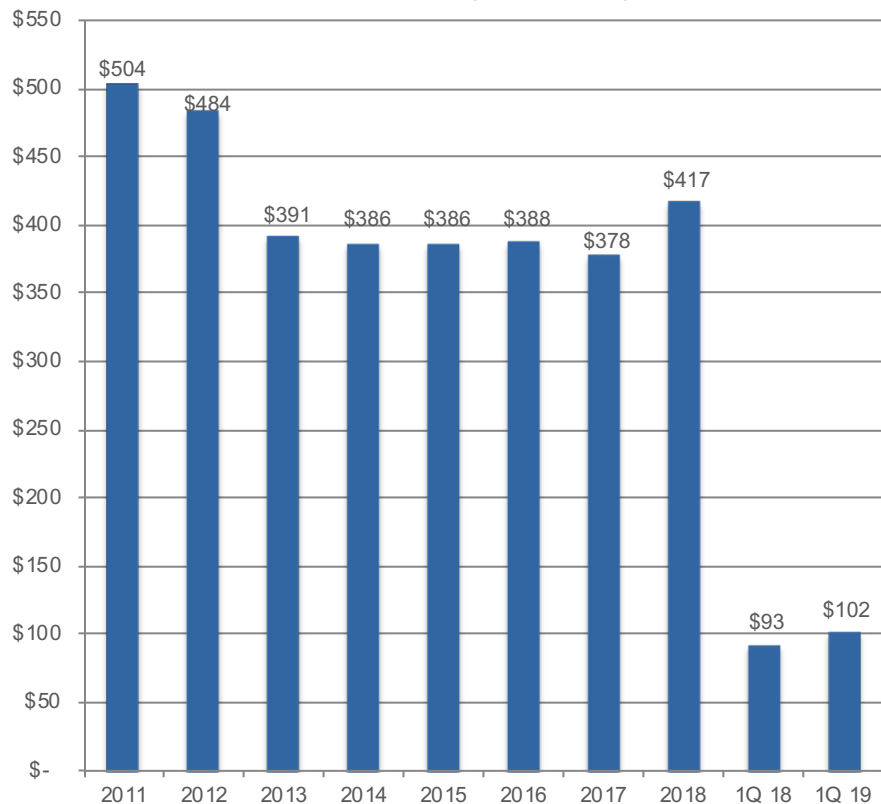
## ICS Loads



# TRUCKLOAD (JBT)



JBT Revenue (in millions)



JBT revenue increased 10% from the same quarter 2018. Revenue excluding fuel surcharge increased approximately 12% from first quarter 2018 primarily from customer rate increases and a 4% increase in load count. Volume was negatively impacted by the weather in the Midwest region by approximately 2,200 loads. Revenue per load excluding fuel surcharge increased 8% primarily from a 12% increase in rates per loaded mile and a 4% decrease in length of haul compared to the same period in 2018. At the end of the current quarter JBT operated 2,043 tractors compared to 1,926 in 2018.

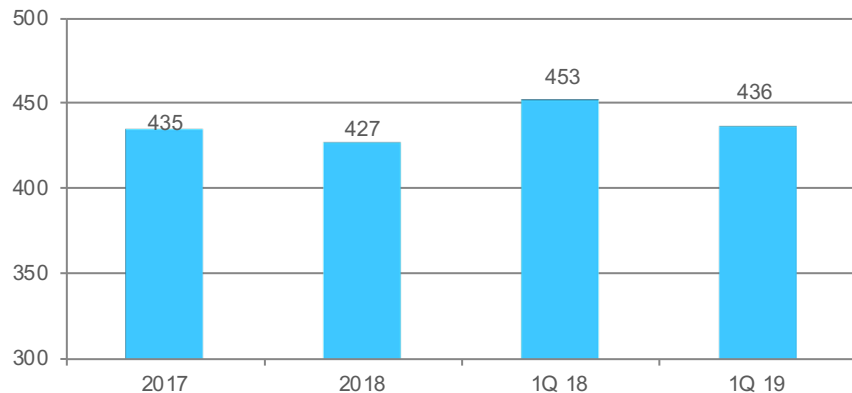
Operating income for the current quarter increased 41% compared to first quarter 2018. Benefits from the higher revenue per load and lower equipment ownership costs were partially offset by higher driver and independent contractor costs per mile and higher recruiting costs per driver and independent contractor compared to first quarter 2018.



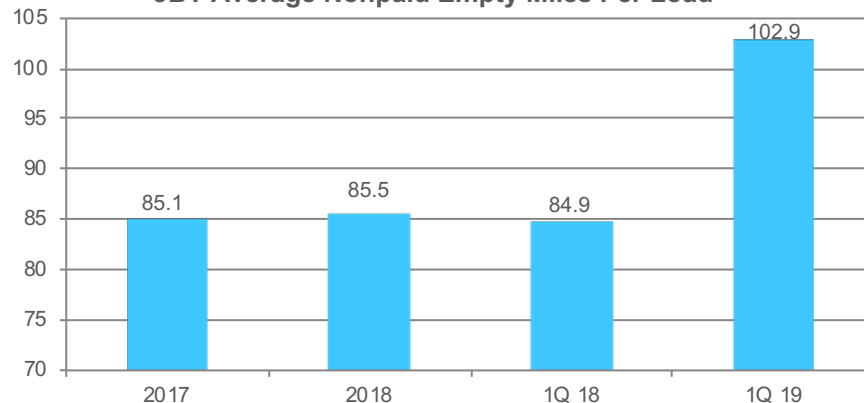
# TRUCKLOAD (JBT) PERFORMANCE



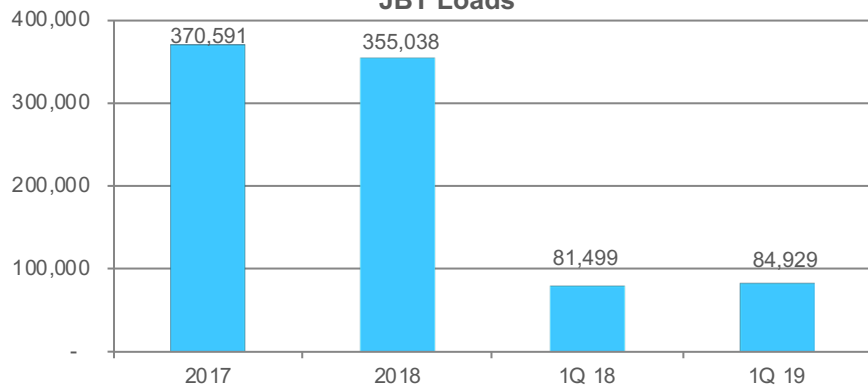
## JBT Average Length of Haul



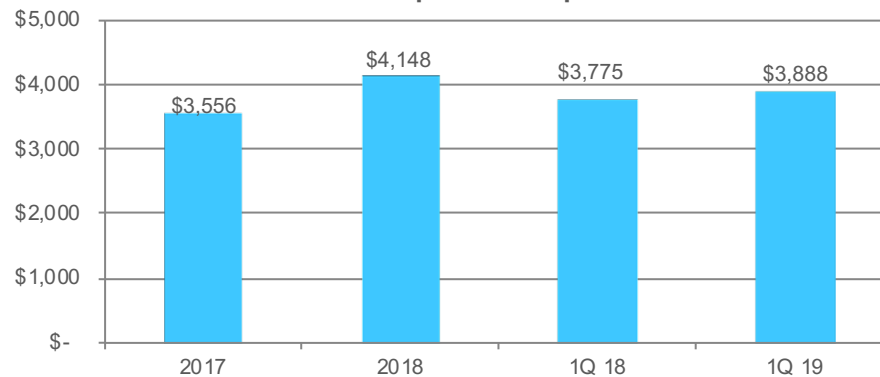
## JBT Average Nonpaid Empty Miles Per Load



## JBT Loads



## JBT Revenue per Tractor per Week



# SUMMARY



**Intermodal**



**Dedicated**  
Contract Services



**Integrated**  
Capacity Solutions



**Truckload**

## Competitively differentiated

Unique intermodal network

Distinct advantages in dedicated segments

Network economics and brand strength to penetrate new markets

## Complemented by industry dynamics

Shippers need to reduce costs

Shippers demand on-time service

Increasingly complex supply-chains

## Positioned for growth

Leading positions in large and consolidating markets

Clear value proposition for our customers

Best-in-class systems and technology

# BALANCE SHEET



	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 52,363	\$ 7,600
Accounts receivable, net	1,002,099	1,051,698
Prepaid expenses and other, net	382,772	443,683
Total current assets	1,437,234	1,502,981
Property and equipment	5,452,111	5,329,243
Less accumulated depreciation	1,913,831	1,884,132
Net property and equipment	3,538,280	3,445,111
Other assets, net	348,679	143,555
	\$ 5,324,193	\$ 5,091,647
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current debt	\$ -	\$ 250,706
Trade accounts payable	594,704	709,736
Claims accruals	267,481	275,139
Accrued payroll	63,991	80,922
Other accrued expenses	68,974	35,845
Total current liabilities	995,150	1,352,348
Long-term debt	1,284,550	898,398
Other long-term liabilities	172,239	96,056
Deferred income taxes	668,490	643,461
Stockholders' equity	2,203,764	2,101,384
	\$ 5,324,193	\$ 5,091,647

# THANK YOU

