



# J.B. HUNT

## Q2 2020 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

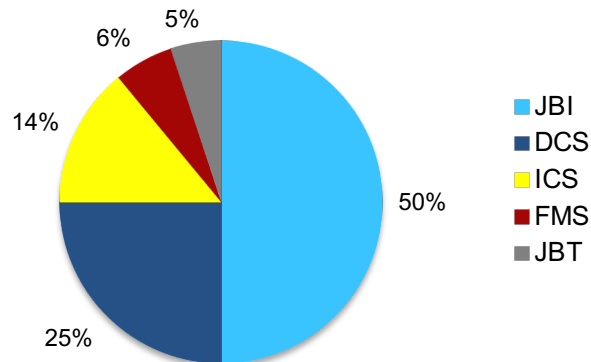
## Final Mile Services (FMS)

- Largest final mile asset network in the US
- Provider of both asset and non-asset big and bulky delivery and installation services
- Nationwide fulfillment and retail-pooling distribution services

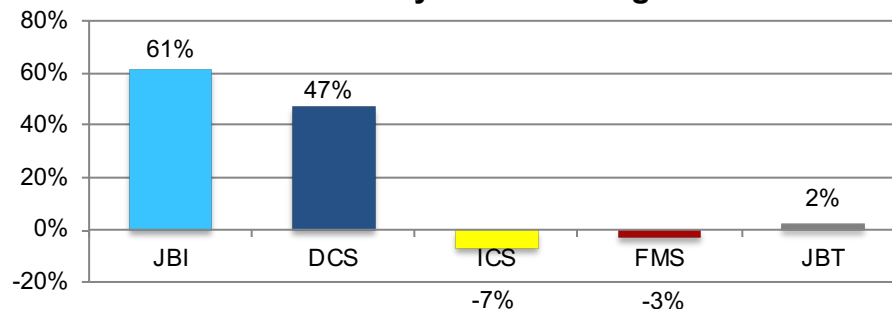
## Truckload (JBT)

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

2Q 2020 Revenue Mix



Percentage of 2Q 2020 Operating Income/(Loss) by Business Segment



# 1Q 2020 RESULTS VS. 1Q 2019



## OVERVIEW

### **2Q 2020 Revenue:**

\$2.15 billion; down 5%

### **2Q 2020 Revenue, excl FSC:**

\$1.99 billion; down 1%

### **2Q 2020 Operating Income:**

\$175.2 million; down 9%

### **2Q 2020 EPS:**

\$1.14 vs. \$1.23; down 7%

## SEGMENT PERFORMANCE

### **Intermodal (JBI)**

Revenue: \$1.07 billion; down 7%

Operating Income: \$107 million; down 14%

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

Revenue: \$533 million; down 1%

Operating Income: \$83.1 million; up 9%

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

Revenue: \$304 million; down 9%

Operating Loss: \$(13.1 million); vs. \$(0.6) million in Q2 '19

### **Final Mile Services (FMS)**

Revenue: \$140 million; down 2%

Operating Loss: \$(5.2 million); vs. \$(15.8) million in Q2 '19

### **Truckload (JBT)**

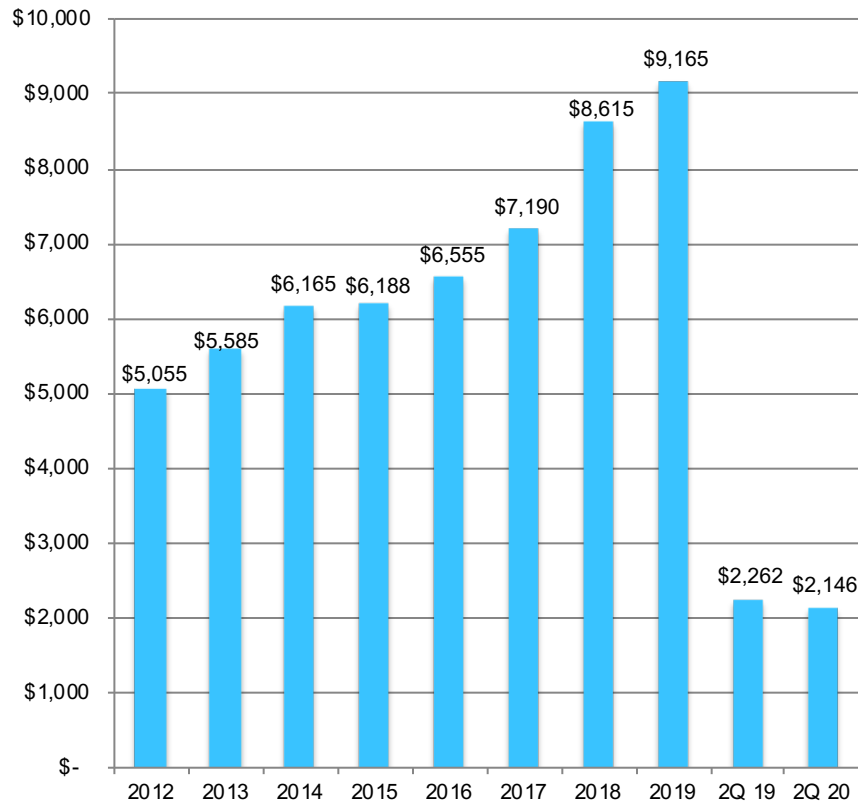
Revenue: \$108.3 million; up 9%

Operating Income: \$3.5 million; down 61%

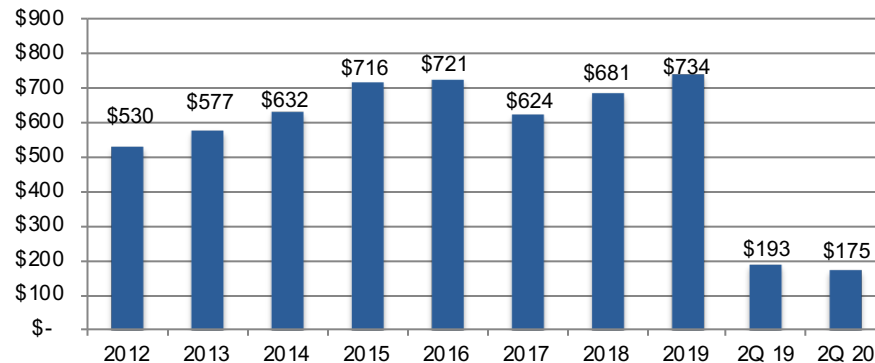
# 2Q RESULTS CONSOLIDATED



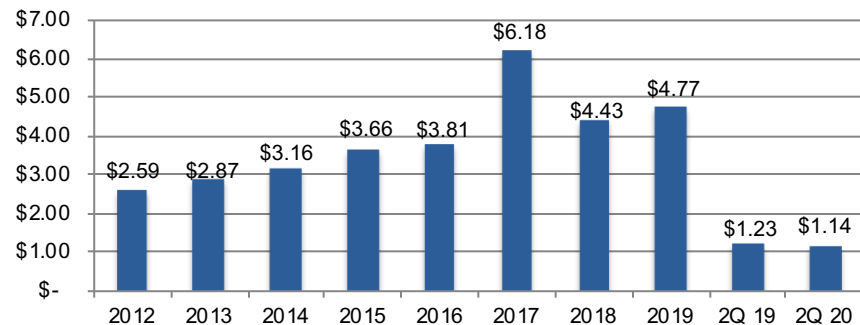
**Revenue (in millions)**



**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



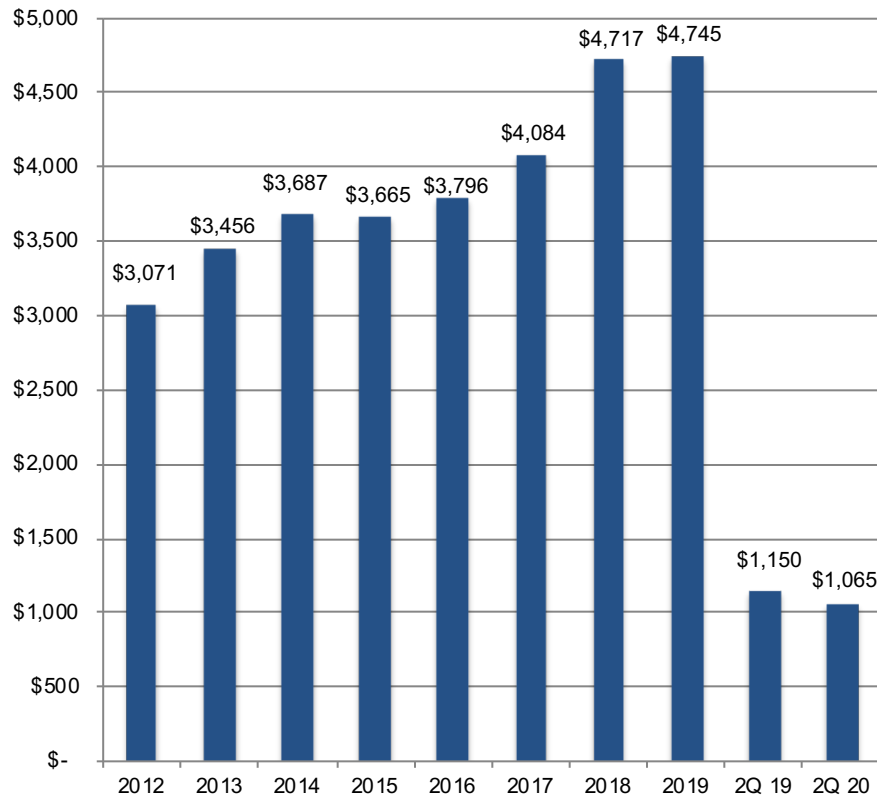
# SEGMENT DISCUSSION



# INTERMODAL (JBI)



**JBI Revenue (in millions)**



JBI load volumes declined 2% over the same period in 2019. Transcontinental loads increased approximately 3% and Eastern network volumes declined 7% from second quarter 2019. As previously released, COVID-19 related volume disruptions began to materialize in March and deteriorated further in April, followed by a steady rebound in demand for the remainder of the quarter. Revenue decreased 7% reflecting the 2% volume decline and an approximate 6% decline in revenue per load, which is the combination of customer rate changes, fuel surcharges, and freight mix. Revenue per load excluding fuel surcharge revenue was flat from second quarter 2019.

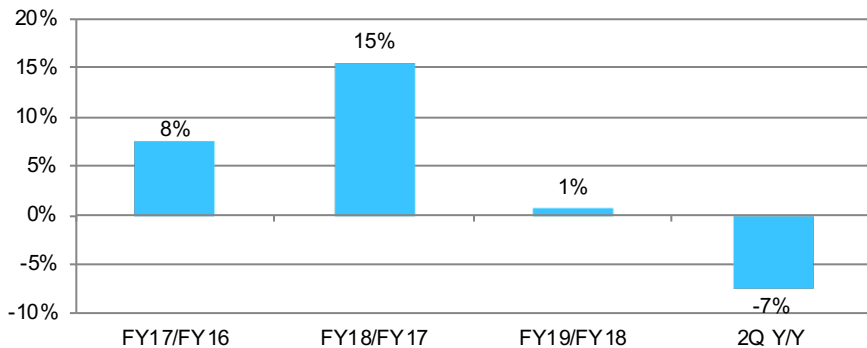
Operating income decreased by 14% from the prior year. Lower volumes, higher rail purchased transportation costs, and inefficiencies in the network related to less predictable demand patterns, were partially offset by lower driver turnover related costs and a decrease in insurance and claims costs. The current period ended with approximately 96,500 units of trailing capacity and 5,340 power units assigned to the dray fleet.



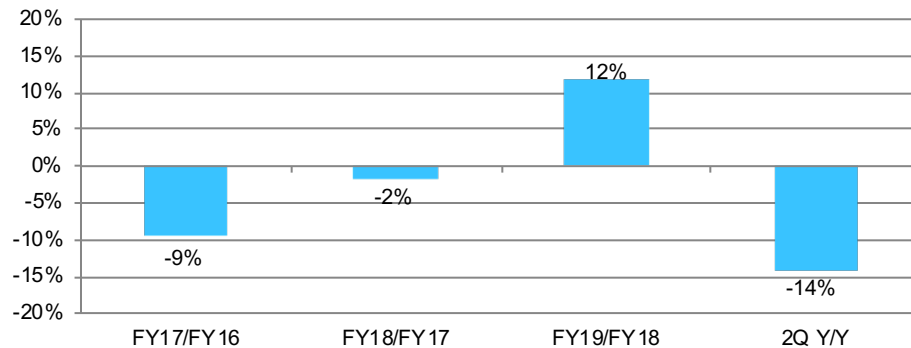
# INTERMODAL (JBI) PERFORMANCE



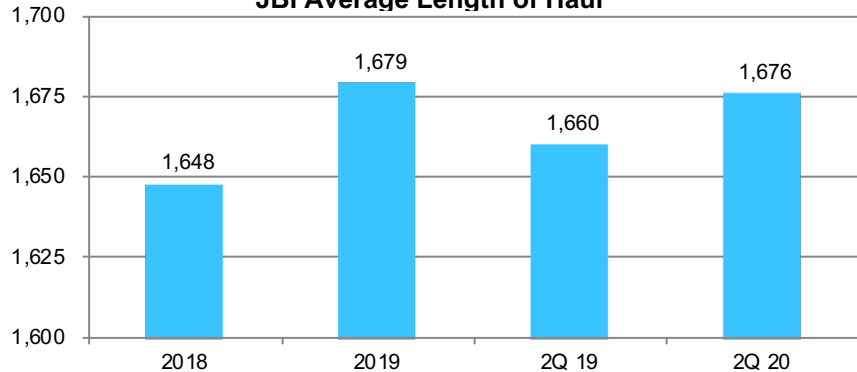
## JBI Revenue Change



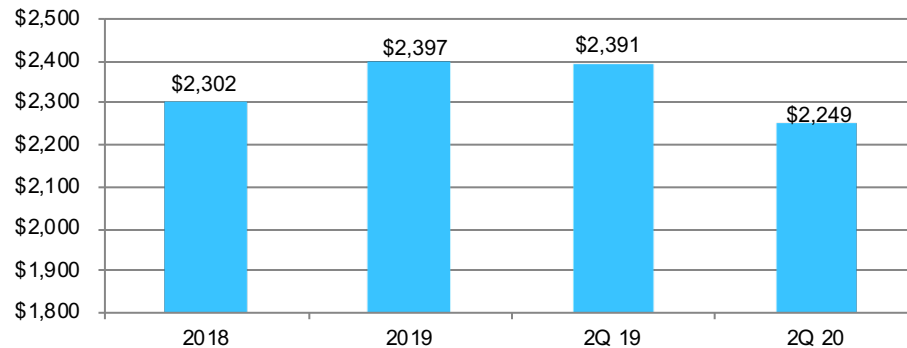
## JBI Operating Income Change



## JBI Average Length of Haul



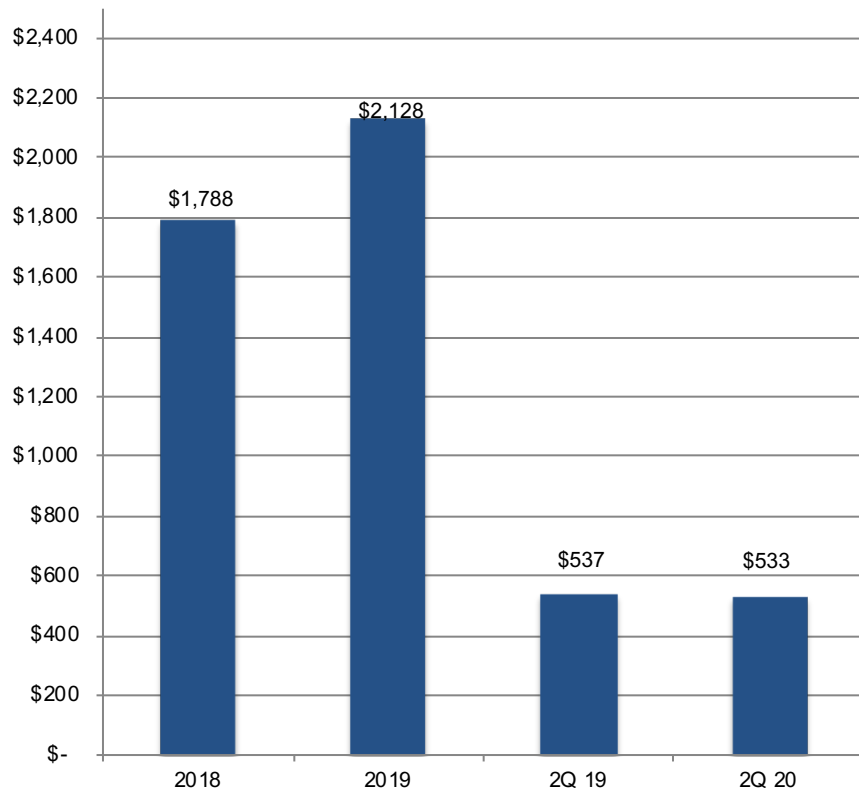
## JBI Revenue per Load



# DEDICATED (DCS)



**DCS Revenue (in millions)**



DCS revenue decreased 1% during the current quarter over the same period in 2019. Productivity, defined as revenue per truck per week, decreased approximately 3% vs. 2019. Productivity excluding fuel surcharge revenue was flat compared to a year ago. A net additional 130 revenue producing trucks were in the fleet by the end of the quarter compared to the prior year. Customer retention rates remain above 97%.

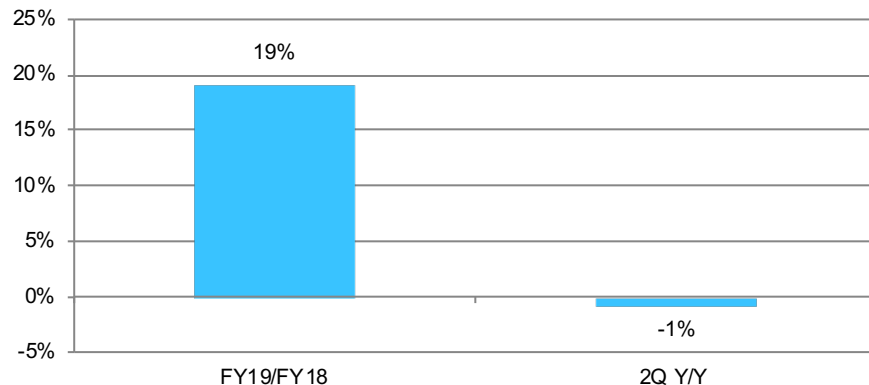
Operating income increased 9% over the prior year quarter. Benefits from lower driver turnover, travel and entertainment, and safety related costs were partially offset by higher bad debt costs for uncollectible customer accounts.

\*In March 2020, J.B. Hunt separated its DCS segment into two reportable segments: DCS and FMS. See additional ["JBHT FMS Segmentation"](#) investor presentation.

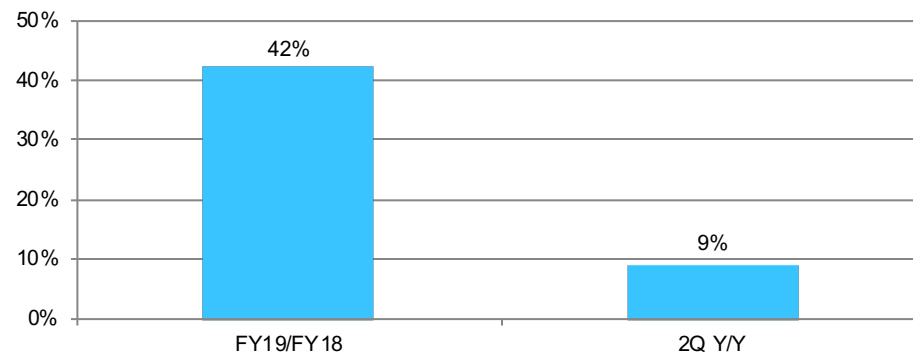
# DEDICATED (DCS) PERFORMANCE



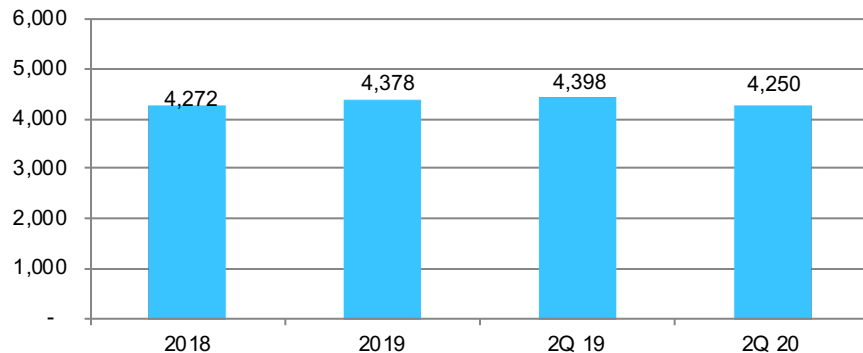
## DCS Revenue Change



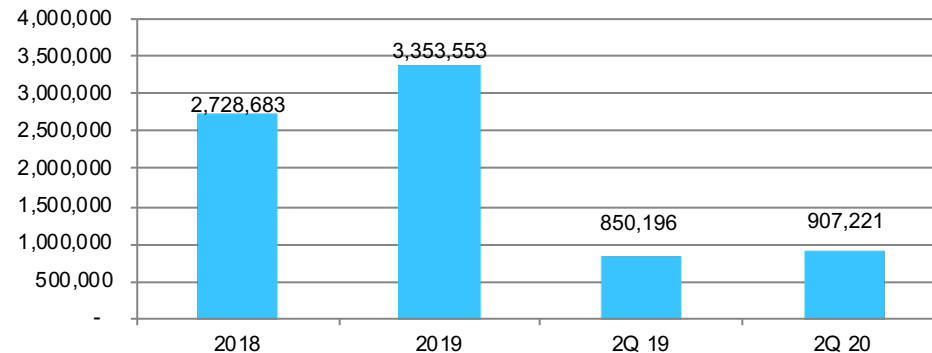
## DCS Operating Income Change



## DCS Revenue Per Truck Per Week



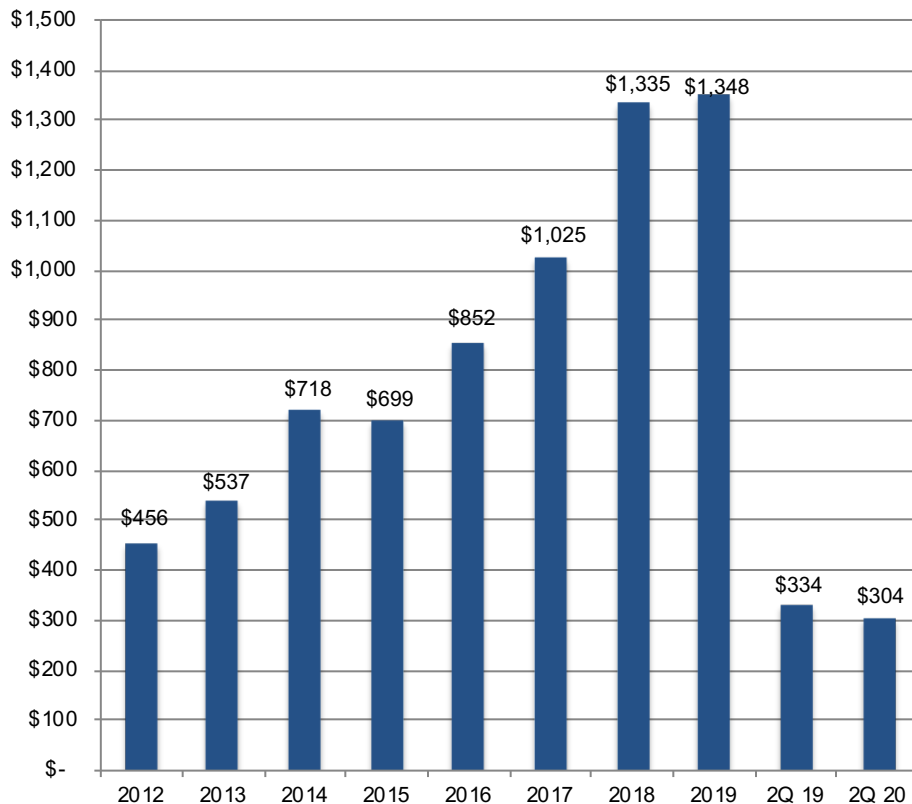
## DCS Loads



# INTEGRATED (ICS)



ICS Revenue (in millions)



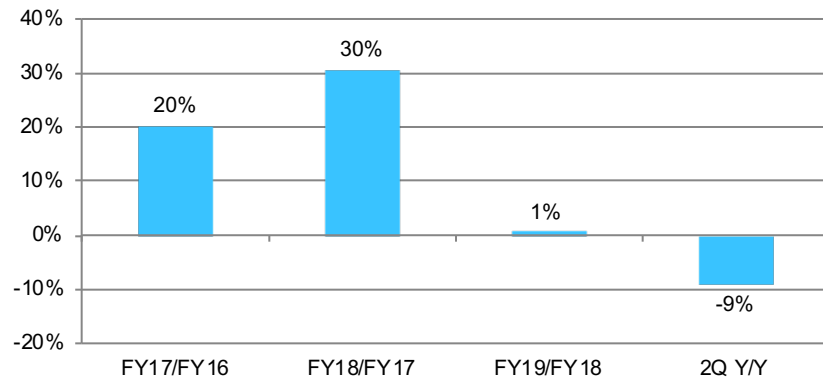
ICS revenue decreased 9% compared to the second quarter 2019. Volumes decreased 11% but revenue per load increased approximately 2% primarily due to customer freight mix. Contractual volumes represented approximately 71% of the total load volume and 63% of the total revenue in the current quarter compared to 68% and 55%, respectively, in second quarter 2019. Of the total reported ICS revenue, approximately \$229 million was executed through the marketplace for J.B. Hunt 360 compared to \$222 million in second quarter 2019.

Operating income decreased by \$12.5 million from the second quarter 2019 from lower gross profit margins, increased costs to expand capacity and functionality of the marketplace for J.B. Hunt 360 and higher personnel costs. Gross profit margins decreased to 11.8% in the current period versus 13.4% in the same period last year primarily from a competitive pricing environment, weaker spot market activity, and tightening supply dynamics at various points throughout the quarter. ICS carrier base increased 12% vs. second quarter 2019.

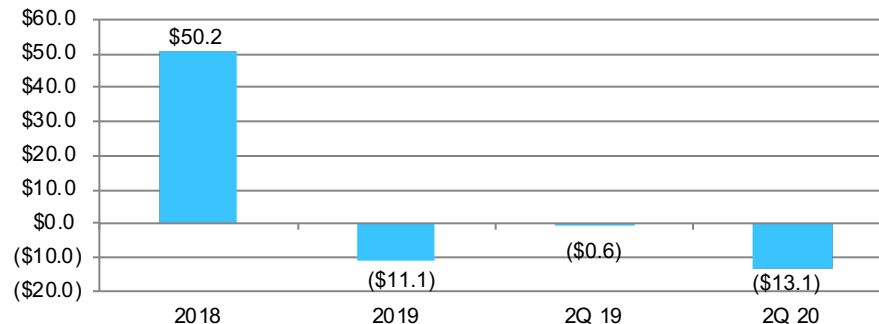
# INTEGRATED (ICS) PERFORMANCE



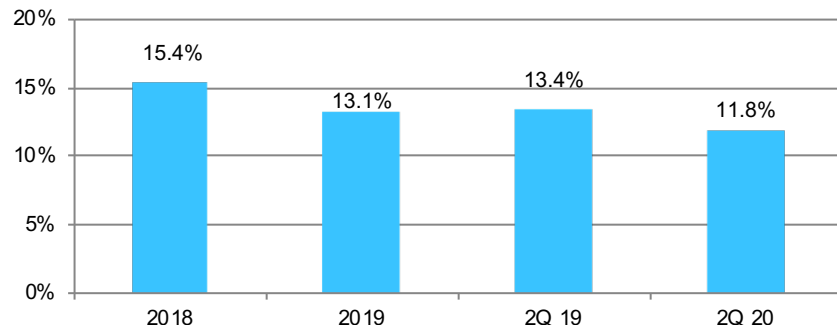
## ICS Revenue Change



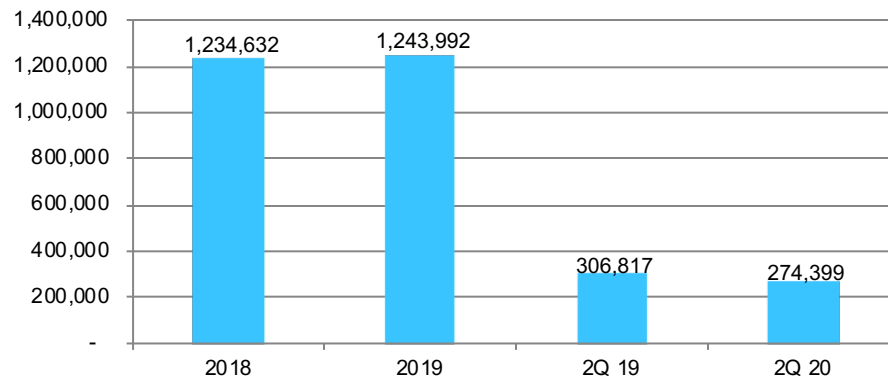
## ICS Operating Income/(Loss) (in millions)



## ICS Gross Profit Margin



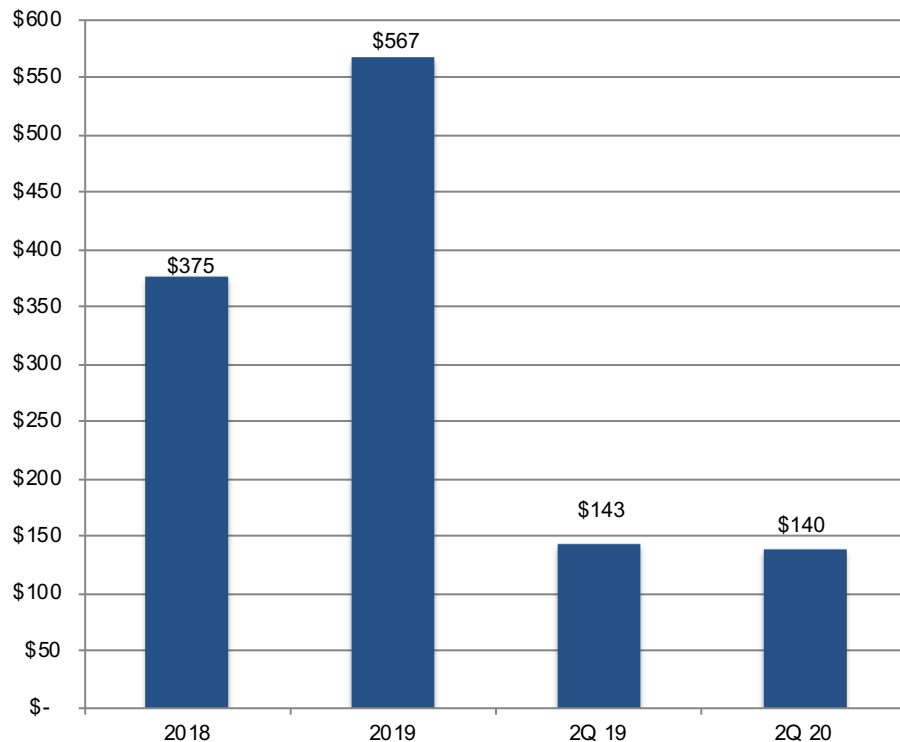
## ICS Loads



# FINAL MILE SERVICES (FMS)\*



**FMS Revenue (in millions)**



FMS revenue decreased 2% compared to the same period 2019. Stop count within FMS decreased 5% during the current quarter vs. a year ago, primarily from the temporary suspension of operations at several of our customers' sites as a result of COVID-19. Productivity, defined as revenue per stop, increased approximately 2% compared to the prior year period primarily from a shift in the mix of services as different customers within our FMS network were affected by COVID-19 to varying degrees throughout the quarter.

Operating losses decreased from a year ago by approximately \$10.5 million primarily from the absence of the \$20 million pre-tax claim settlement incurred in 2019. Operating losses in the second quarter 2020 were primarily the result of lost revenue related to the temporary suspension of operations at several of our customers' sites and higher costs related to operating supplies as a result of COVID-19.

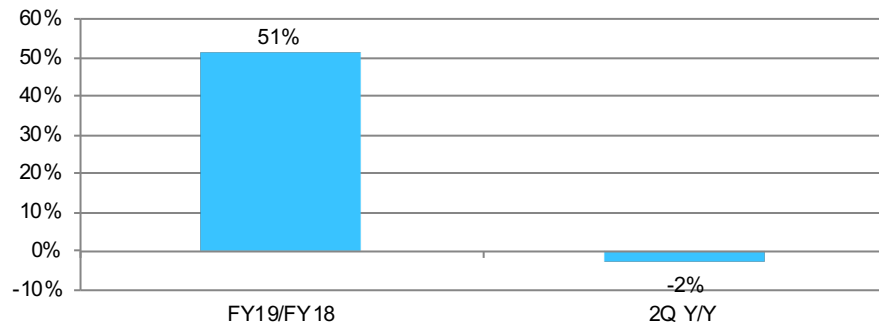
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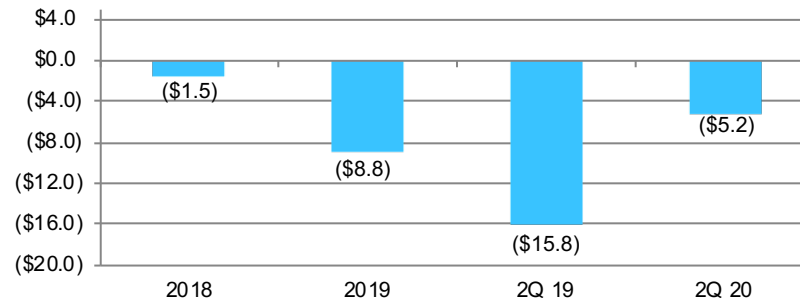
# FINAL MILE SERVICES (FMS)



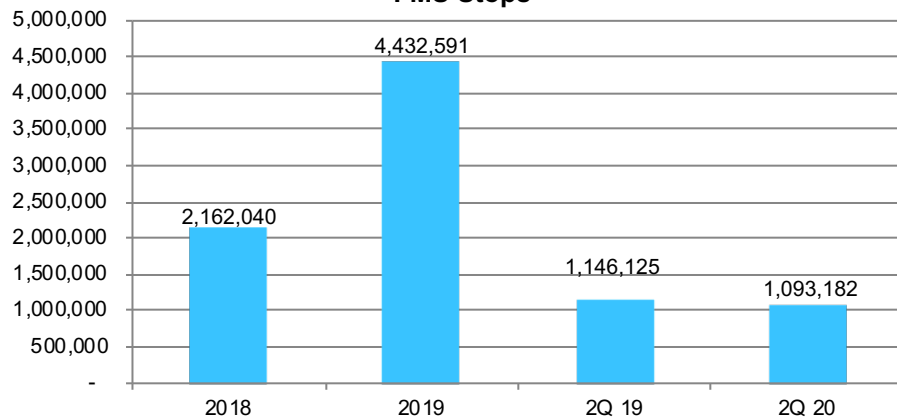
## FMS Revenue Change



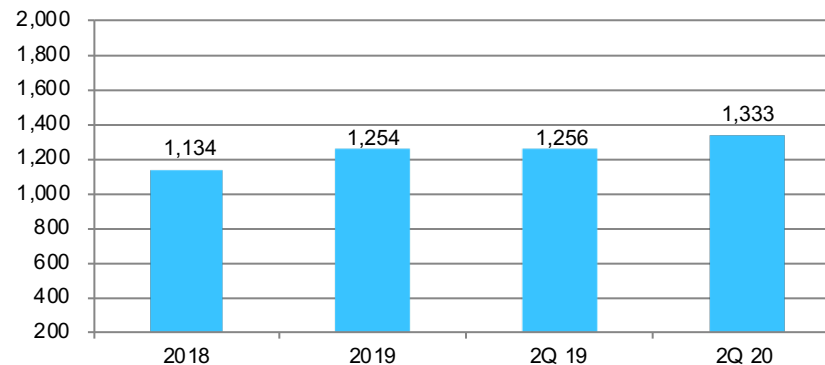
## FMS Operating Income/(Loss) (in millions)



## FMS Stops



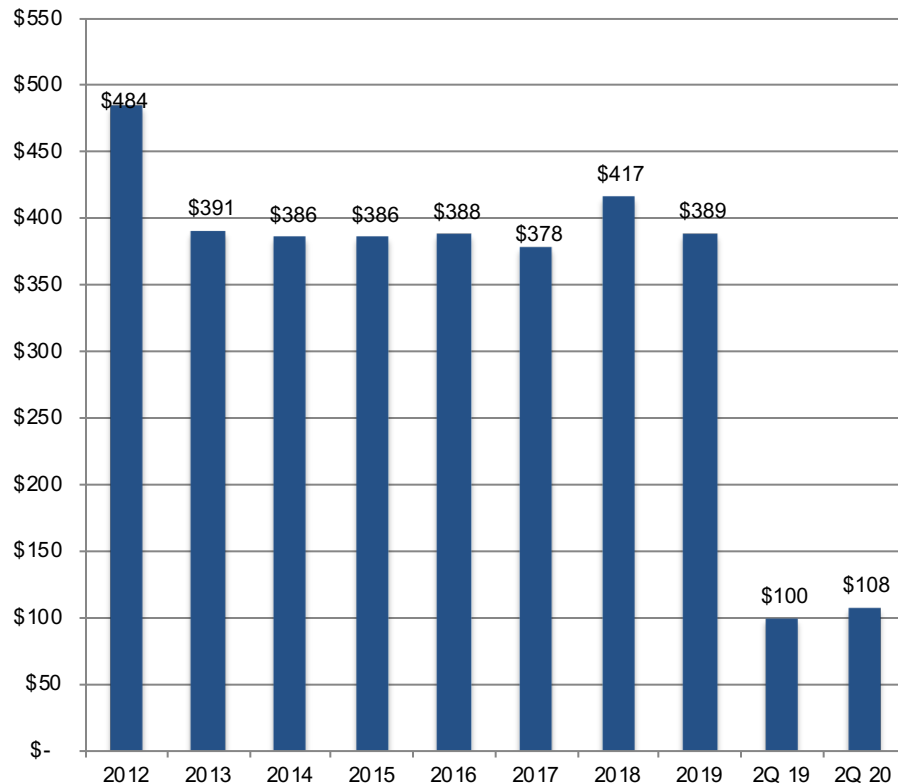
## FMS Average Truck



# TRUCKLOAD (JBT)



**JBT Revenue (in millions)**



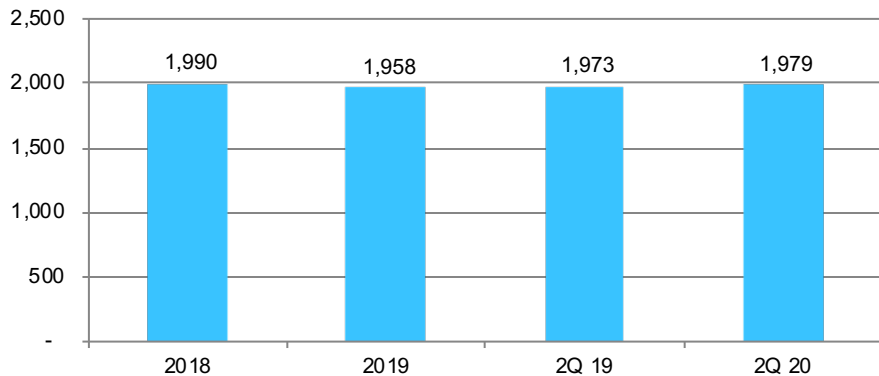
JBT revenue increased 9% from the same period in 2019. Revenue excluding fuel surcharge revenue increased 13% primarily from a 17% increase in load count partially offset by a 4% decrease in revenue per load excluding fuel surcharge revenue compared to a year ago. Revenue per loaded mile excluding fuel surcharge revenue decreased approximately 7% year-over-year while comparable contractual customer rates were down approximately 5% compared to the same period 2019. At the end of the period, JBT operated 1,897 tractors and 7,985 trailers compared to 1,879 and 6,829 one year ago, respectively.

Operating income decreased 61% compared to the same quarter 2019. Benefits from the increased load count were offset by increases in purchased transportation expense, higher insurance and claims costs, increased investment in technology and the continued rollout of 360box.

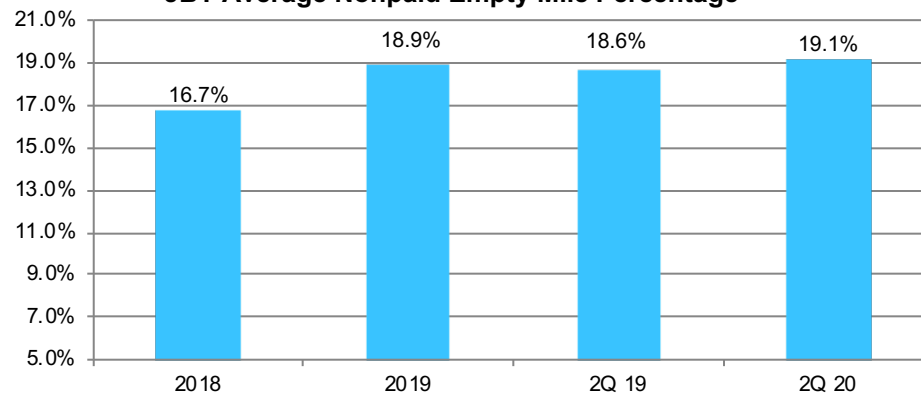
# TRUCKLOAD (JBT) PERFORMANCE



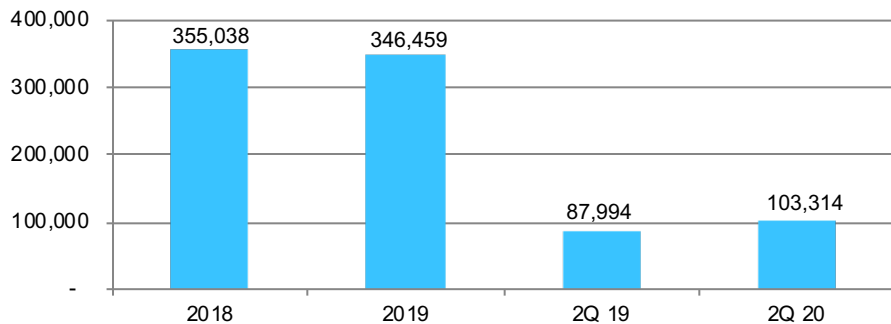
## JBT Average Tractors



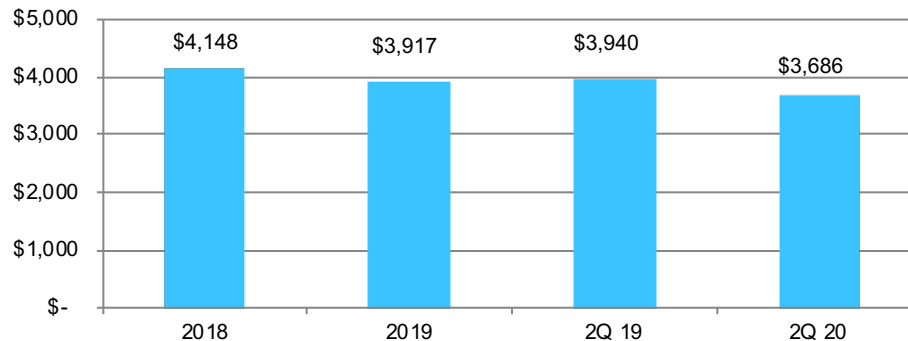
## JBT Average Nonpaid Empty Mile Percentage



## JBT Loads



## JBT Revenue per Tractor per Week



# SUMMARY



**Intermodal**



**Dedicated**  
Contract Services



**Integrated**  
Capacity Solutions



**Final Mile**



**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



	June 30, 2020	December 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 274,654	\$ 35,000
Accounts Receivable, net	950,636	1,011,829
Prepaid expenses and other	319,407	434,470
Total current assets	1,544,697	1,481,299
Property and equipment	5,730,544	5,640,806
Less accumulated depreciation	2,104,148	2,019,940
Net property and equipment	3,626,396	3,620,866
Other assets, net	382,539	368,689
	\$ 5,553,632	\$ 5,470,854
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 513,517	\$ 602,601
Claims accruals	269,825	279,590
Accrued payroll	98,692	68,220
Other accrued expenses	88,648	85,355
Total current liabilities	970,682	1,035,766
Long-term debt	1,307,019	1,295,740
Other long-term liabilities	185,390	173,241
Deferred income taxes	699,698	699,078
Stockholders' equity	2,390,843	2,267,029
	\$ 5,553,632	\$ 5,470,854

# THANK YOU

