



# J.B. Hunt Transport Services, Inc.

Q4 2022 Results

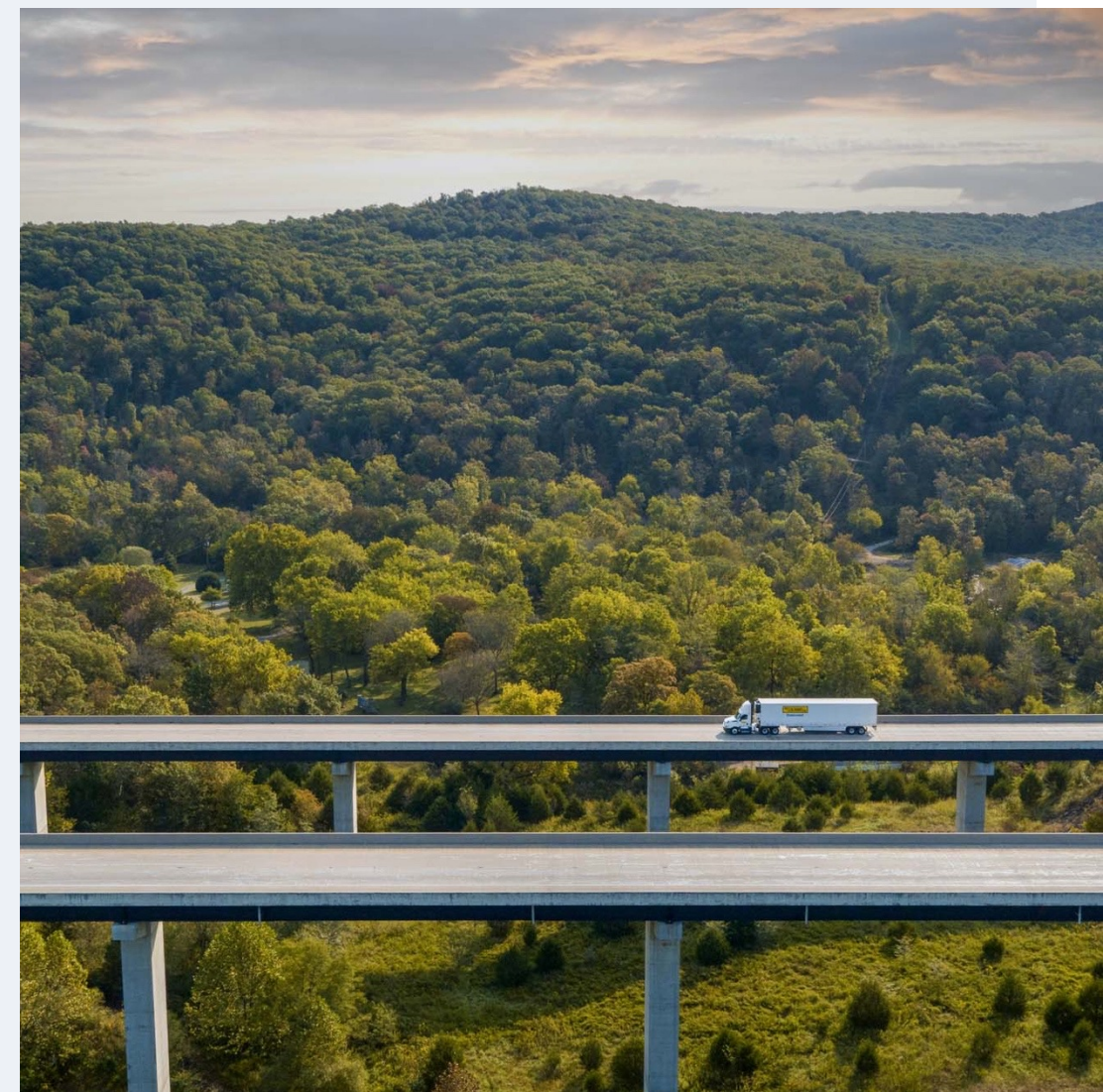






# Disclosure

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

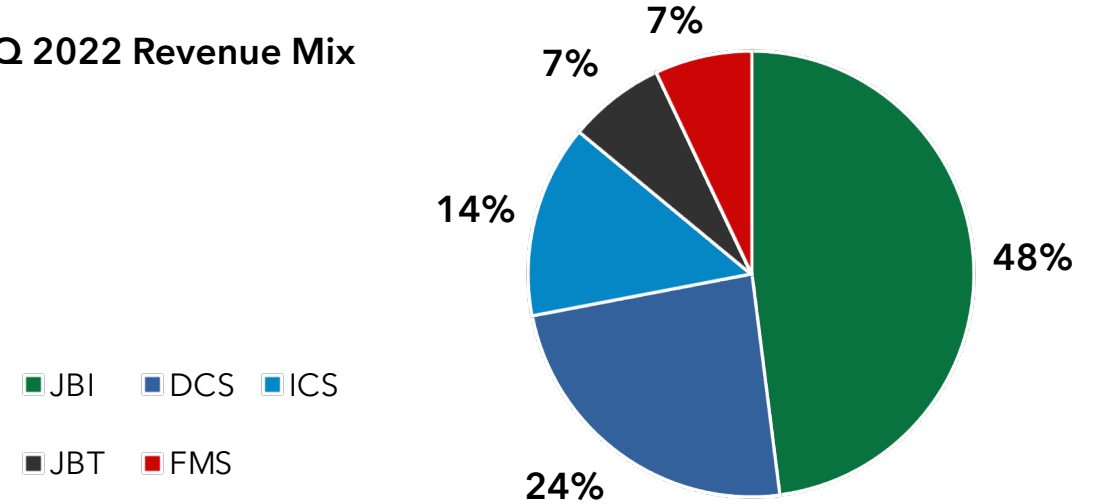
## Truckload (JBT)

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

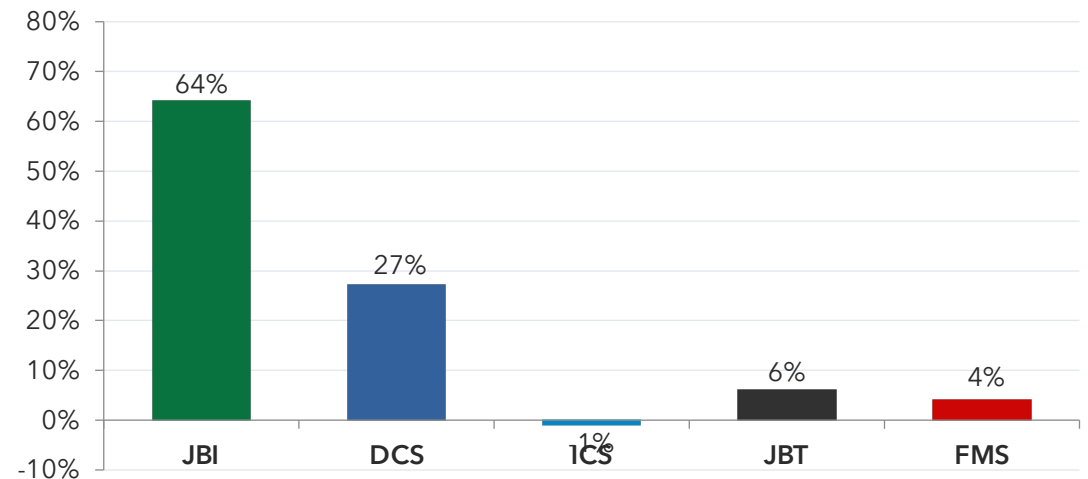
## Final Mile Services (FMS)

- 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

4Q 2022 Revenue Mix



Percentage of 4Q 2022 Operating Income by Business Segment





# 4Q 2022 Results vs. 4Q 2021

## Overview

### 4Q 2022 Revenue:

\$3.65 billion; up 4%

### 4Q 2022 Revenue, excl FSC:

\$3.02 billion; down 3%

### 4Q 2022 Operating Income:

\$281.9 million; down 13%

### 4Q 2022 EPS:

\$1.92 vs. \$2.28; down 16%

## Segment Performance

### Intermodal (JBI)

Revenue: \$1.75 billion; up 11%

Operating Income: \$179.5 million; down 8%

### Dedicated Contract Services (DCS)

Revenue: \$880 million; up 24%

Operating Income: \$75.8 million; up 4%

### Integrated Capacity Solutions (ICS)

Revenue: \$496 million; down 33%

Operating Loss: \$(2.9) million; compared to \$21.2 million income in 4Q'21

### Truckload (JBT)

Revenue: \$276 million; up 6%

Operating Income: \$16.9 million; down 35%

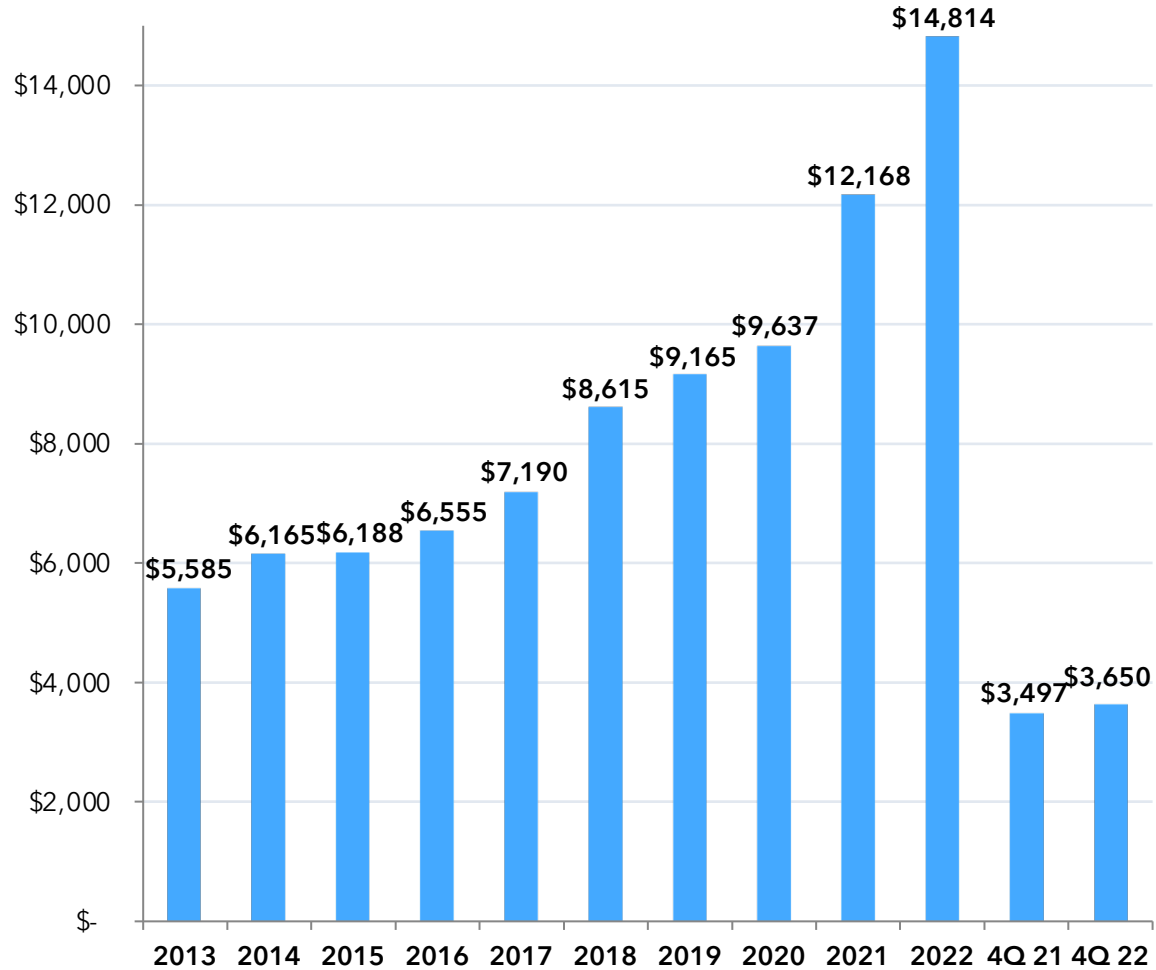
### Final Mile Services (FMS)

Revenue: \$255 million; up 15%

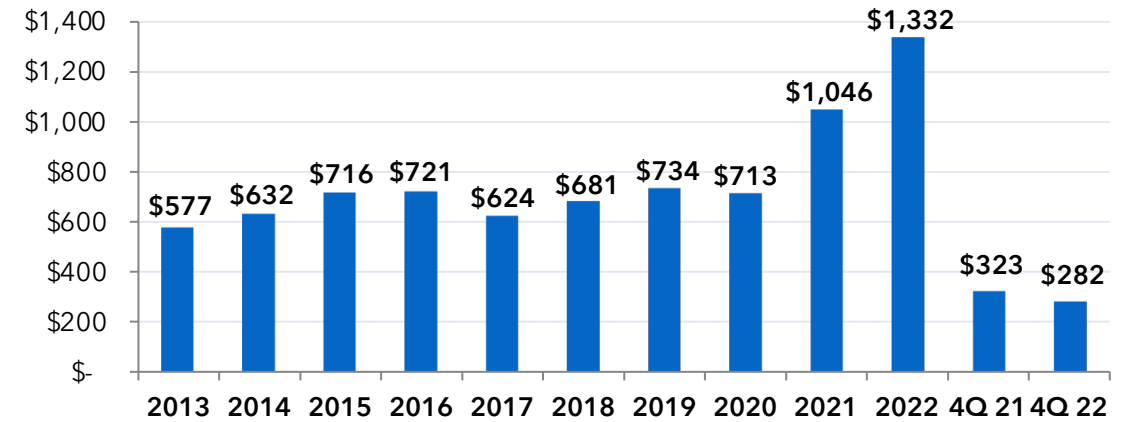
Operating Income \$12.6 million; up 70%

# 4Q Results Consolidated

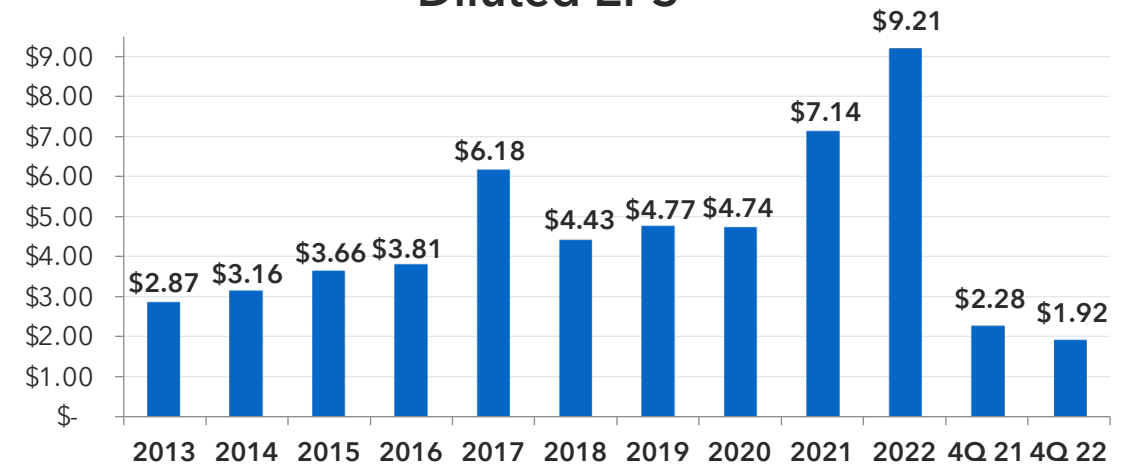
**Revenue** (in millions)



**Operating Income** (in millions)



**Diluted EPS**





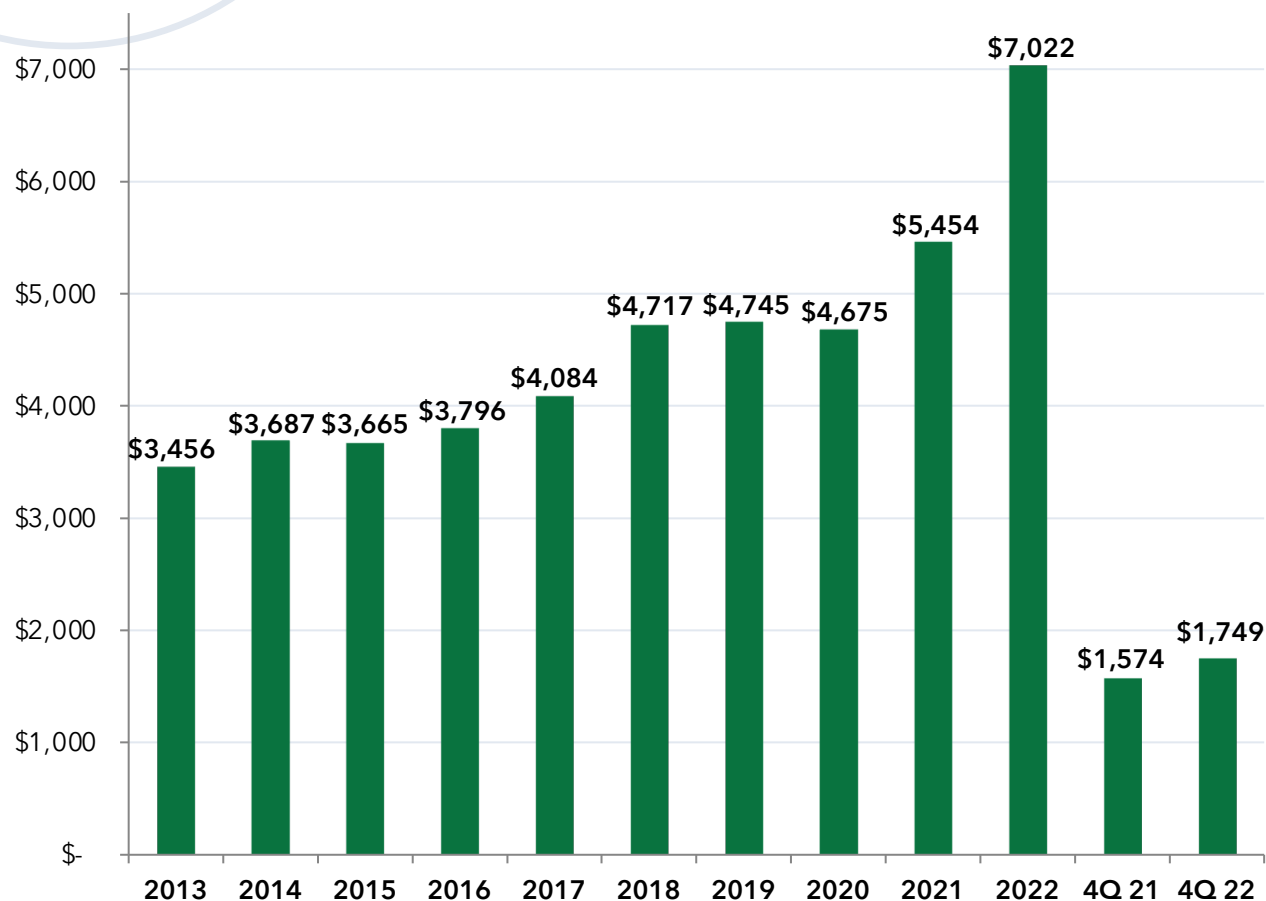


# Segment Discussion



# Intermodal (JBI)

**JBI Revenue** (in millions)

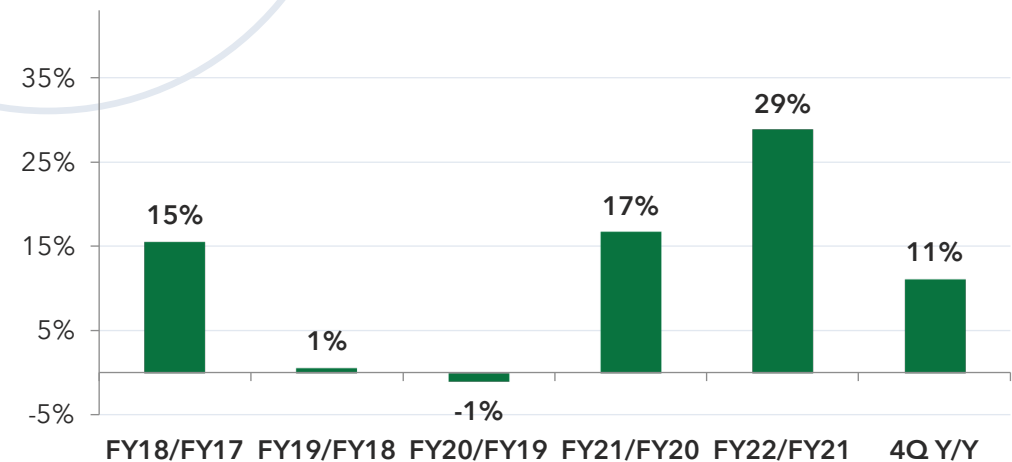


Intermodal volume decreased 1% over the same period in 2021. Eastern network loads increased 8%, while transcontinental loads decreased 7% compared to the fourth quarter 2021. Demand for intermodal capacity was seasonally weak in the fourth quarter, while rail velocity and performance made further progress. Customer activity related to the detention of equipment also improved sequentially but continued to impact dray and network efficiencies. Revenue increased 11% for the quarter versus the prior year, driven by a 12% increase in revenue per load resulting from changes in mix of freight, customer rates, and fuel surcharge revenue. Revenue per load excluding fuel surcharge revenue was up 6% year over year.

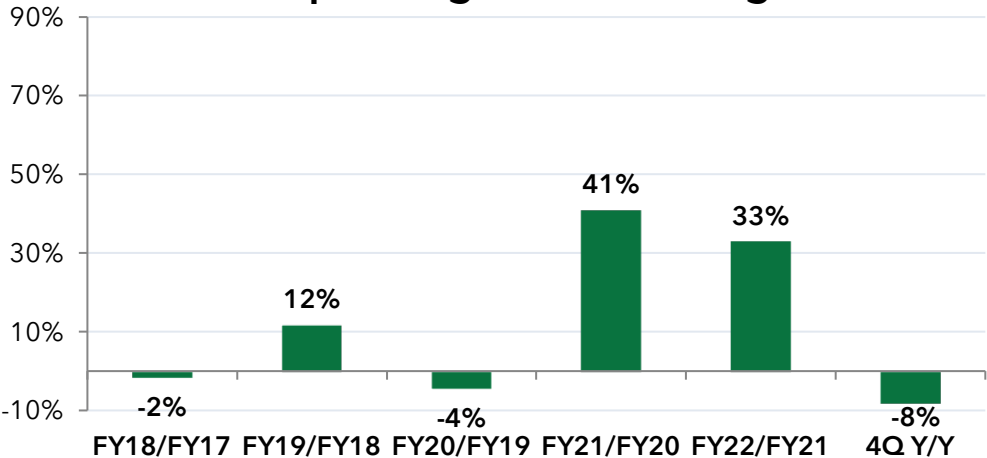
Operating income decreased 8% in the fourth quarter primarily from lower volume; higher investments to attract and retain professional drivers, office personnel, and maintenance technicians; and higher insurance costs. These items were only partially offset by higher customer rates and cost recovery efforts compared to the prior year period. JBI incurred approximately \$21.8 million of the incremental pre-tax casualty insurance expense. During the period we successfully onboarded 2,000 new units of container capacity. The current period ended with approximately 115,000 units of trailing capacity and approximately 6,700 power units in the dray fleet.

# Intermodal (JBI) Performance

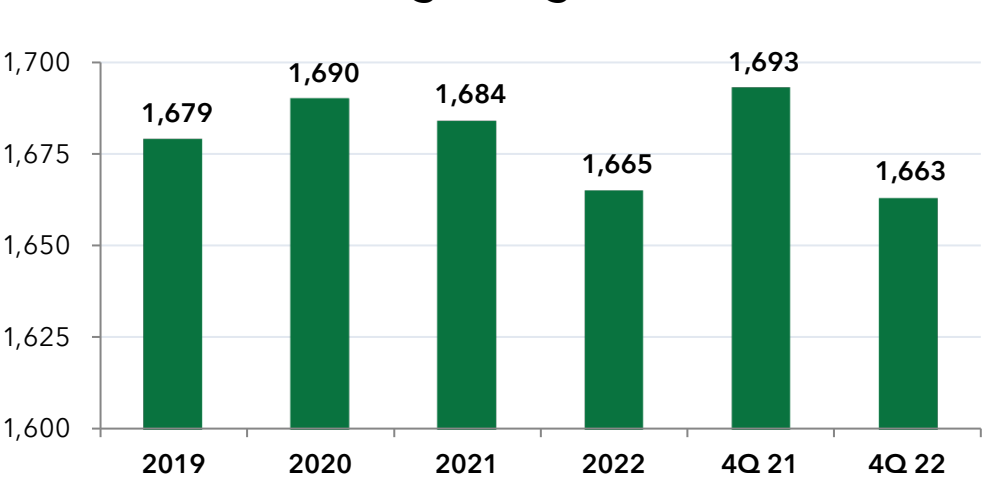
JBI Revenue Change



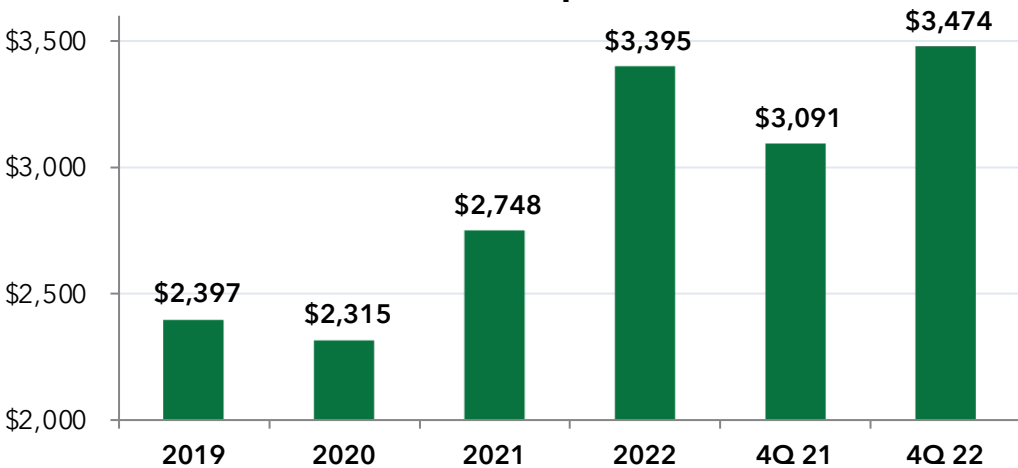
JBI Operating Income Change



JBI Average Length of Haul



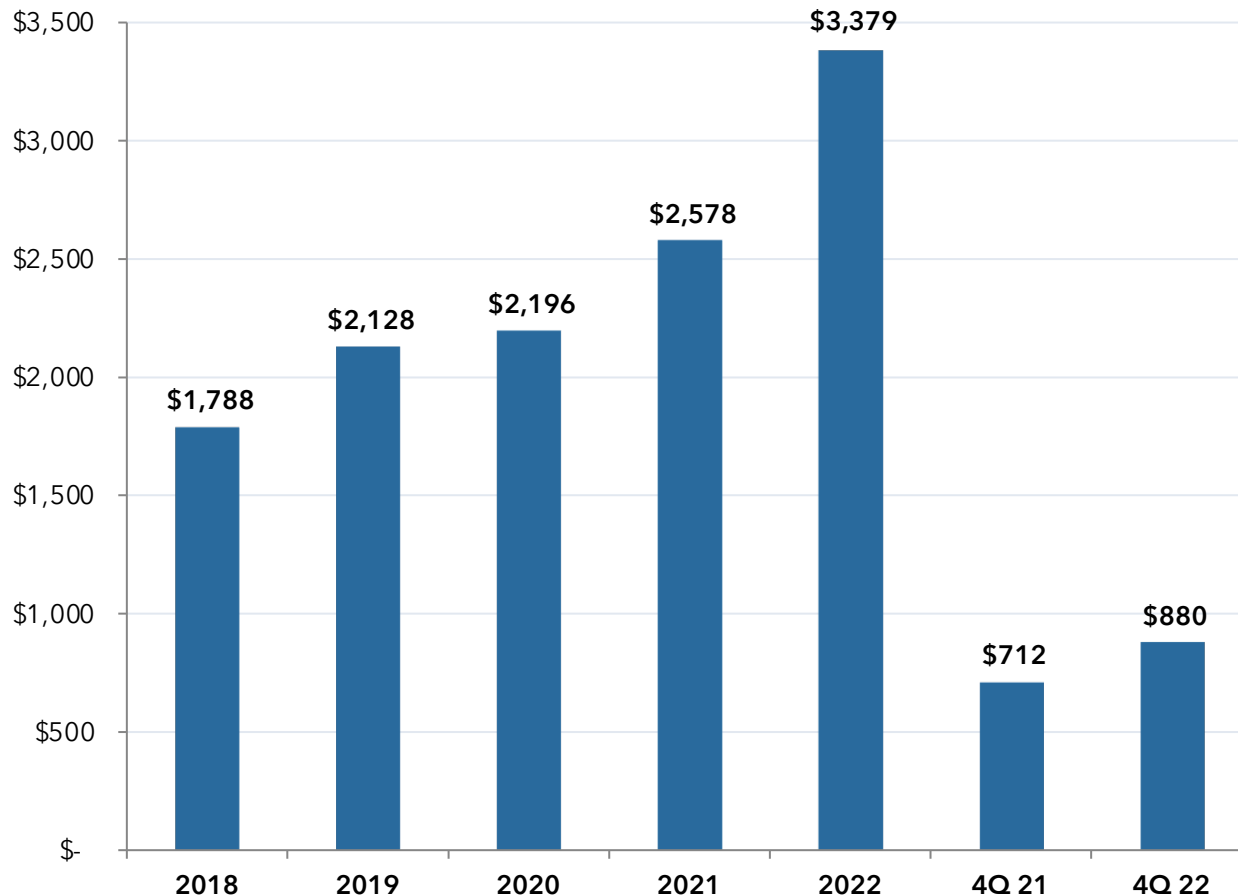
JBI Revenue per Load





# Dedicated Contract Services<sup>®</sup> (DCS)

**DCS Revenue** (in millions)

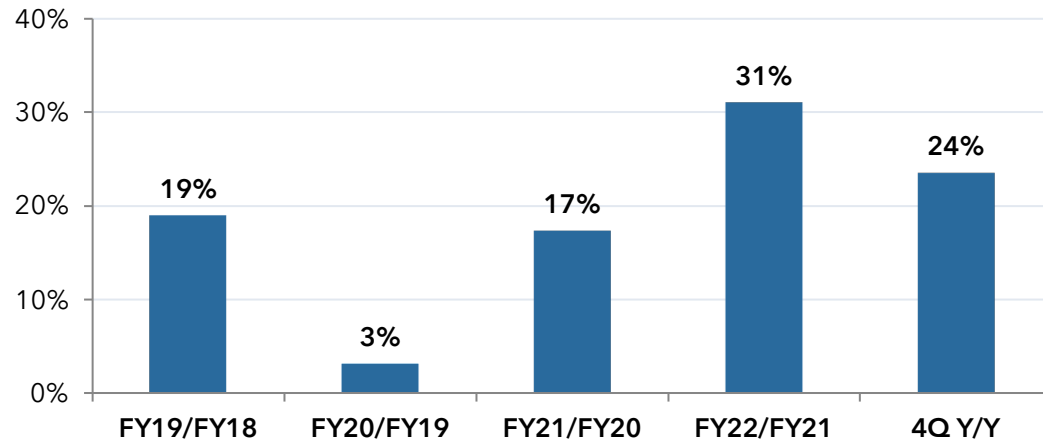


Demand for our highly engineered private-fleet outsourcing solution remained strong during the quarter. DCS revenue increased 24% year over year, primarily from a 14% increase in average revenue producing trucks and a 9% increase in productivity (revenue per truck per week) versus the same period 2021. Productivity excluding fuel surcharge revenue increased 3% from a year ago driven by increases in contracted indexed-based price escalators and stronger utilization of equipment. A net additional 1,210 revenue producing trucks were in the fleet by the end of the quarter compared to the prior year period, and a net reduction of 187 versus the end of the third quarter 2022. Customer retention rates remain above 98%.

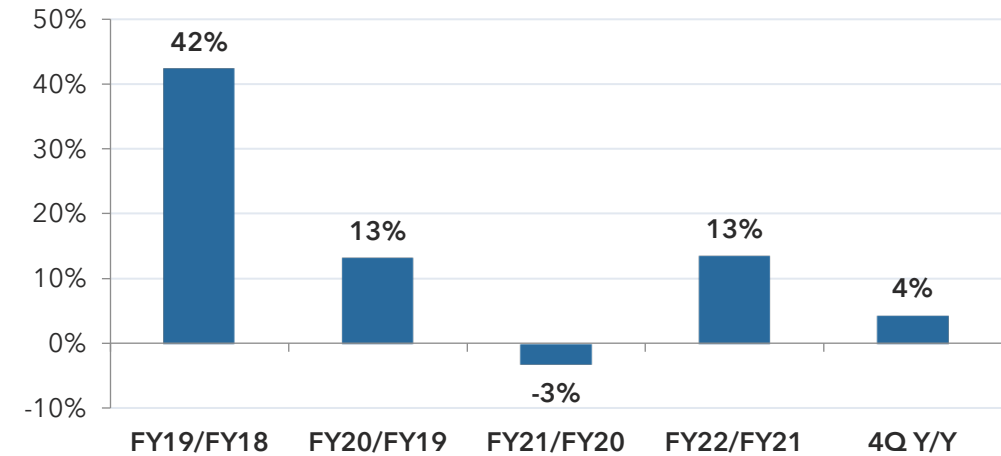
Operating income increased 4% from the prior year quarter, primarily from new business onboarded over the past trailing twelve months, combined with greater productivity and utilization of equipment. These items were partially offset by higher equipment-related and maintenance expenses, higher safety costs, higher investments to attract and retain professional drivers, office personnel, and maintenance technicians, and other costs related to the implementation of new, long-term contractual business. The DCS segment incurred approximately \$18.7 million of the incremental pre-tax casualty insurance expense.

# Dedicated Contract Services® (DCS)

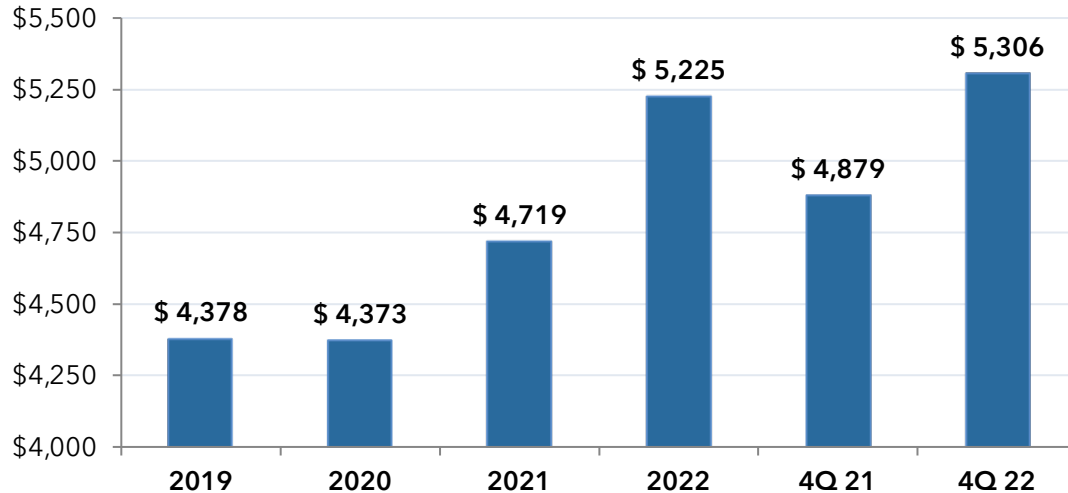
## DCS Revenue Change



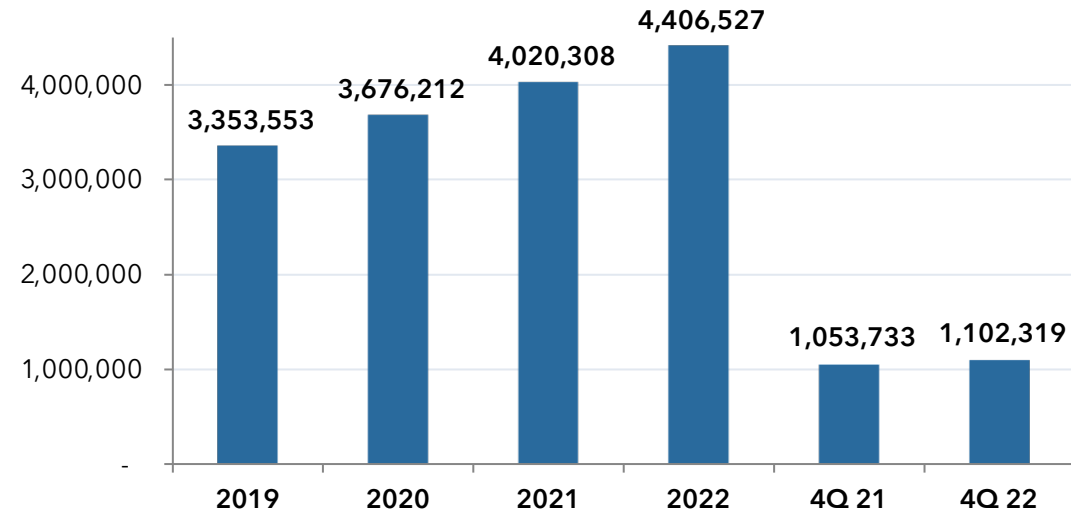
## DCS Operating Income Change



## DCS Revenue Per Truck Per Week



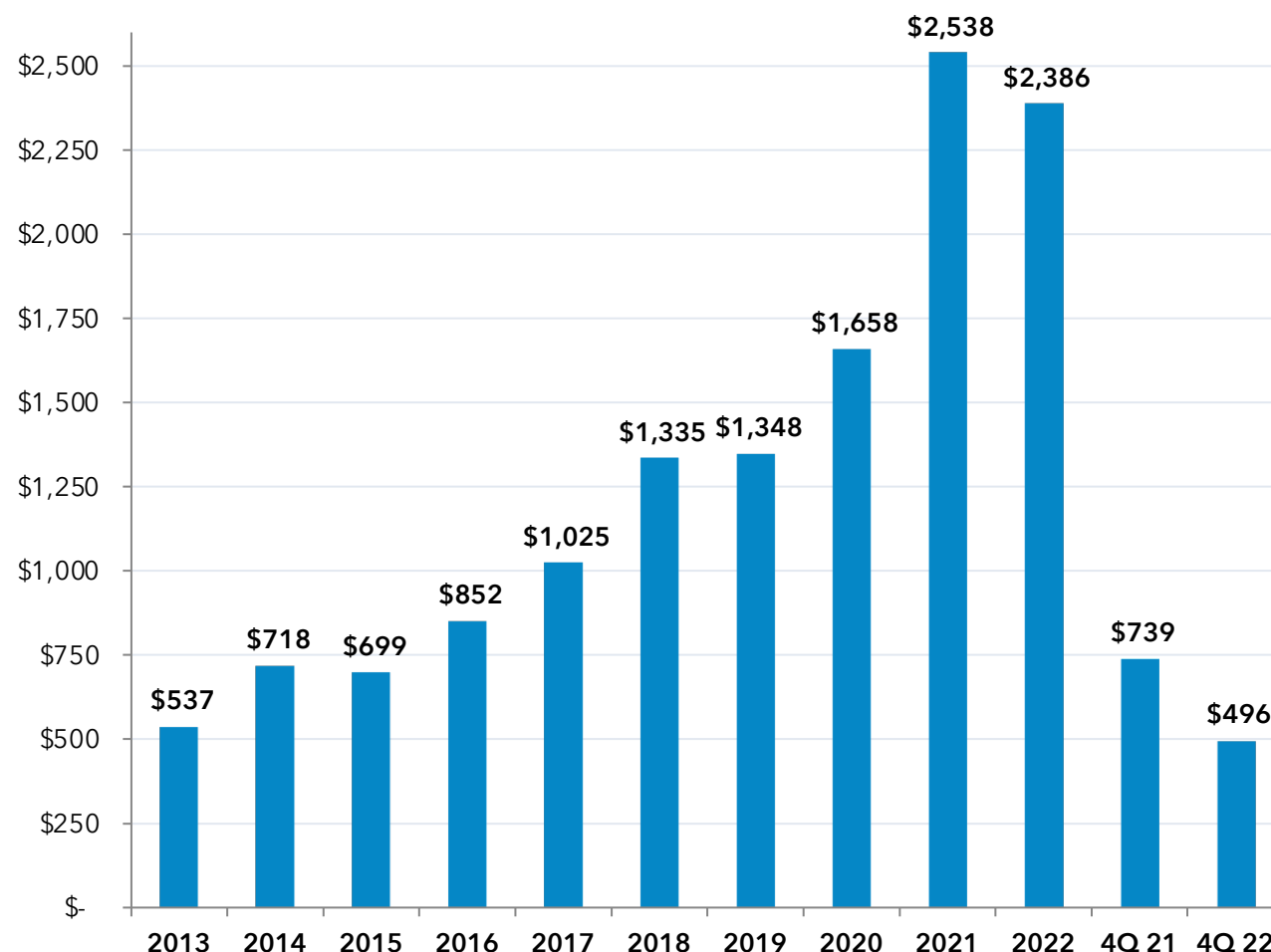
## DCS Loads





# Integrated Capacity Solutions (ICS)

**ICS Revenue** (in millions)

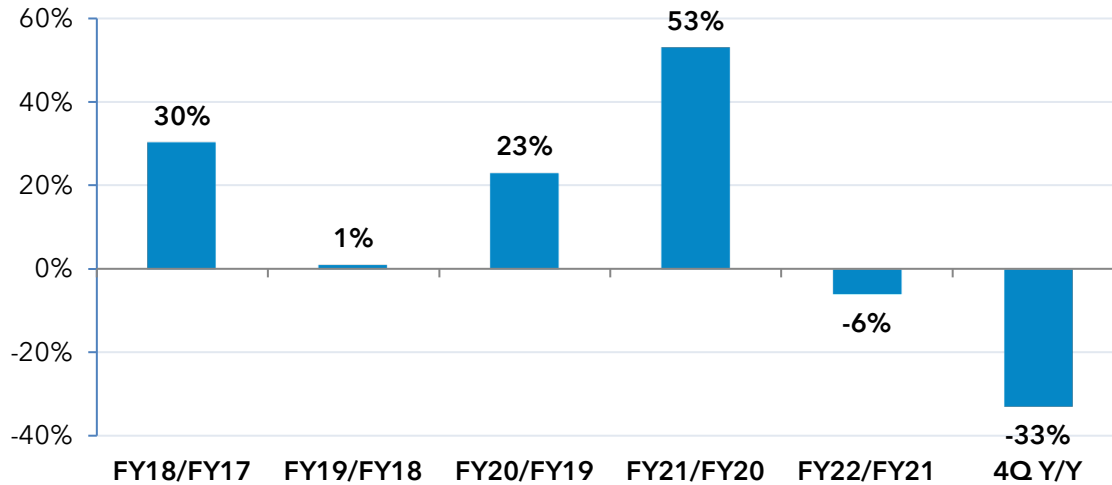


ICS revenue decreased 33% in the current quarter over the same period 2021. Overall segment volume decreased 27%, while truckload volume decreased 21% compared to the prior year period. Revenue per load decreased 9% compared to the fourth quarter 2021 due to changes in customer freight mix and lower contractual and transactional rates in our truckload business. Contractual volume represented approximately 62% of the total load volume and 61% of the total revenue in the current quarter compared to 54% and 43%, respectively, in fourth quarter 2021. Of the total reported ICS revenue, approximately \$308 million was executed through the Marketplace for J.B. Hunt 360 compared to \$431 million in fourth quarter 2021.

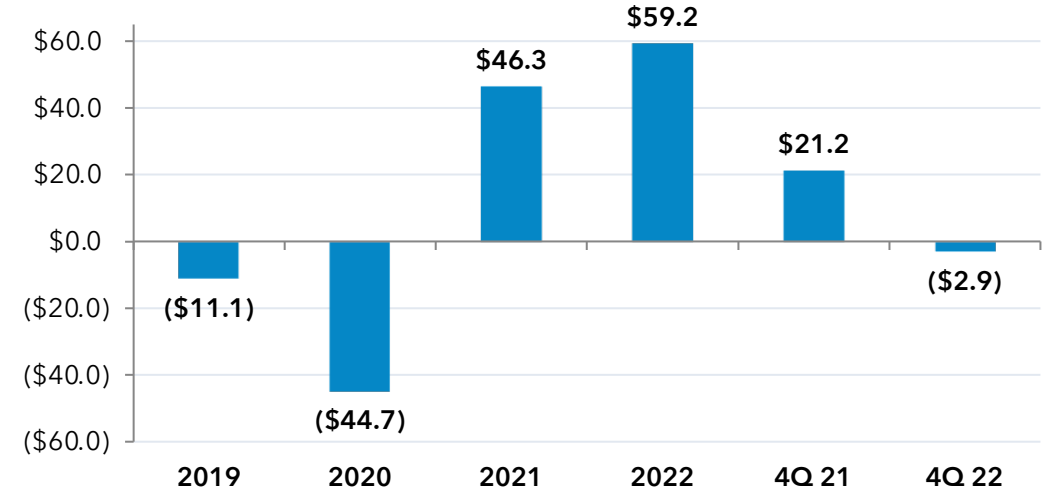
Operating income decreased by \$24 million compared to the fourth quarter 2021 primarily from lower gross profit, increased insurance and claims expense and higher technology costs over the same period 2021. Gross profit declined 14% on lower revenue compared to prior year period while gross profit margin increased to 15.6% in the current period versus 12.2% in the prior period. ICS carrier base increased 15% year over year. The ICS segment incurred approximately \$15.1 million of the incremental pre-tax casualty insurance expense in the quarter.

# Integrated Capacity Solutions (ICS)

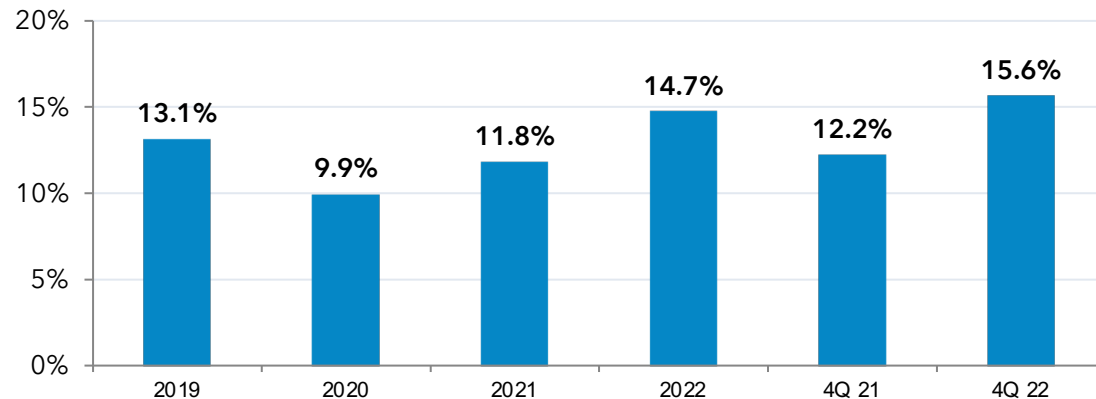
## ICS Revenue Change



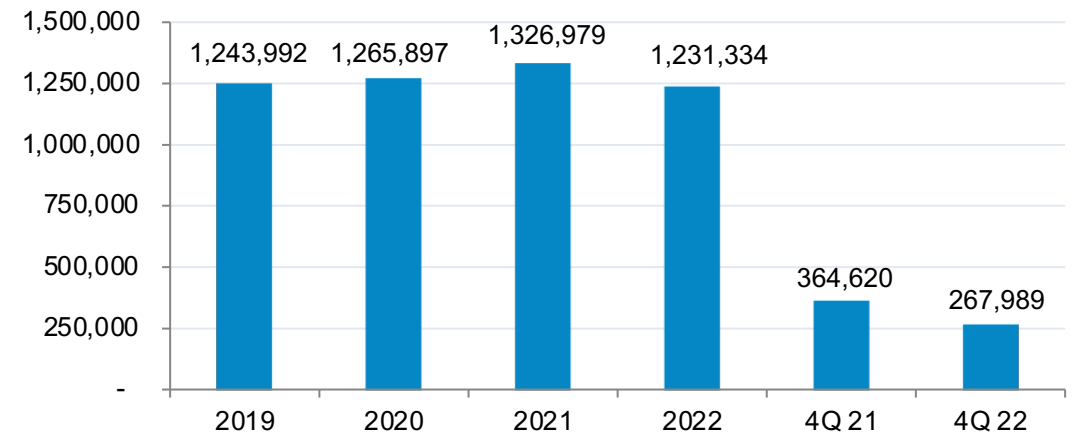
## ICS Operating Income/(Loss) in millions



## ICS Gross Profit Margin



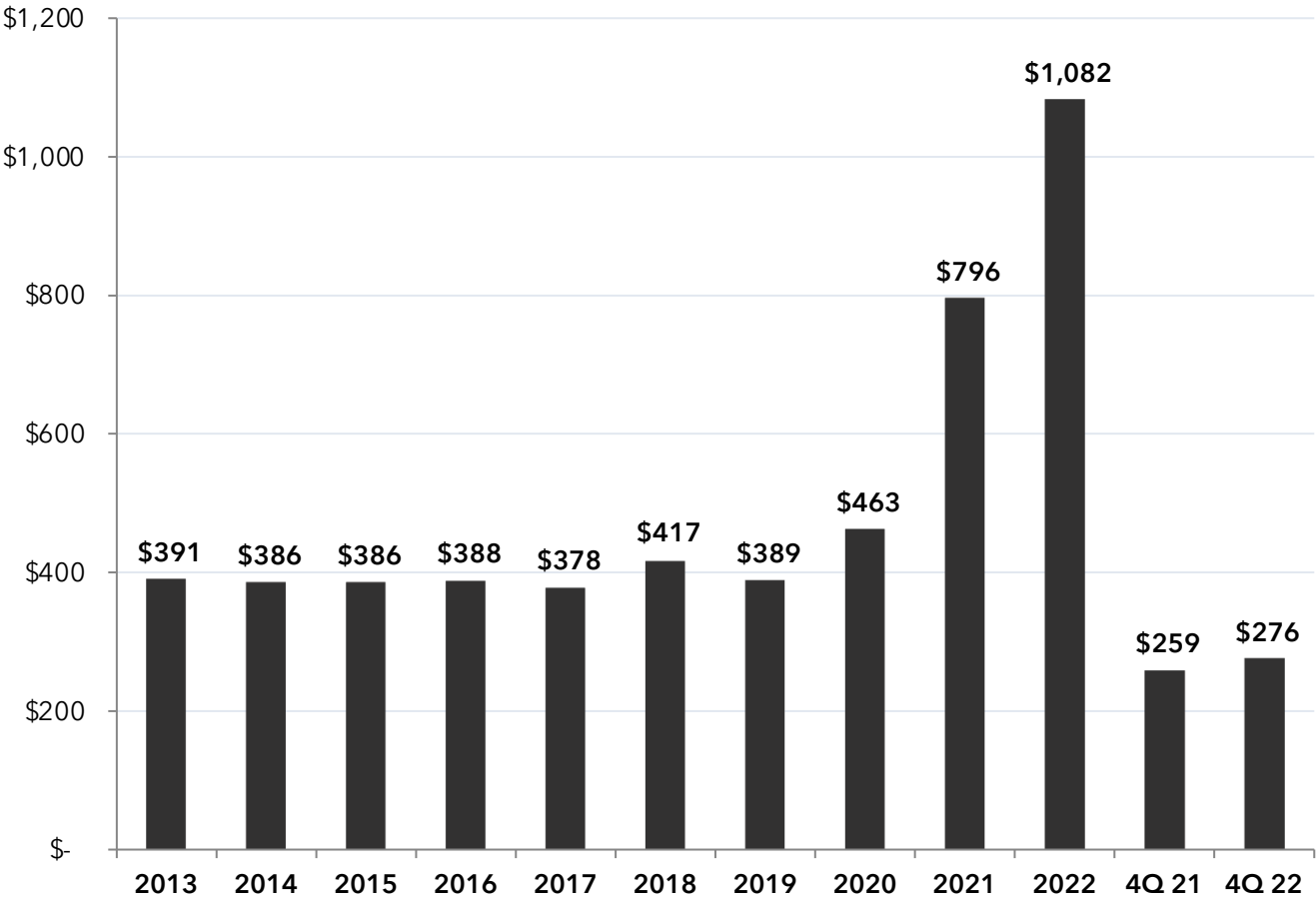
## ICS Loads





# Truckload (JBT)

**JBT Revenue** (in millions)

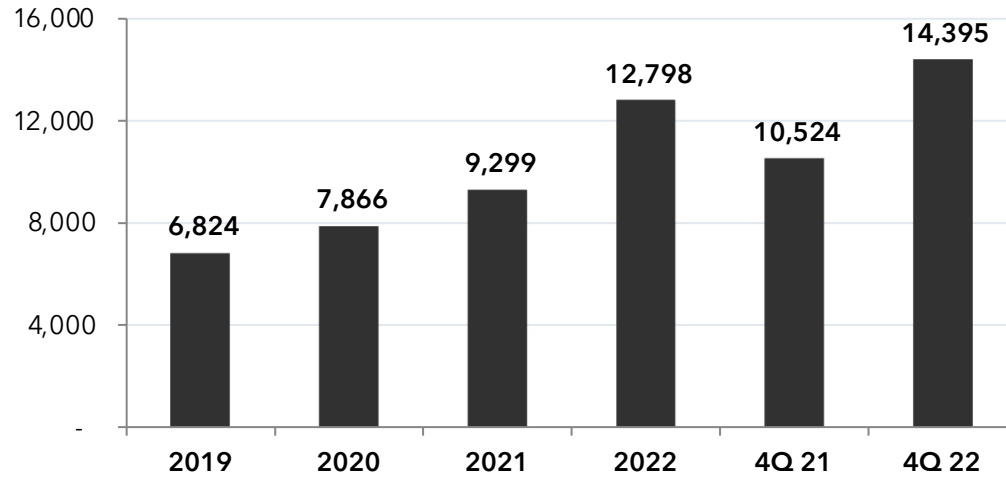


JBT revenue increased 6% compared to the same period in the previous year. Revenue excluding fuel surcharge revenue decreased 2% due to an 8% decline in revenue per load excluding fuel surcharge revenue partially offset by a 6% increase in load volume. Total average trailer count increased by approximately 3,900 units, or 37% versus the prior year period. Trailer turns in the quarter were down 21% from the prior period primarily due to freight mix and fewer load opportunities as a result of a softer freight market.

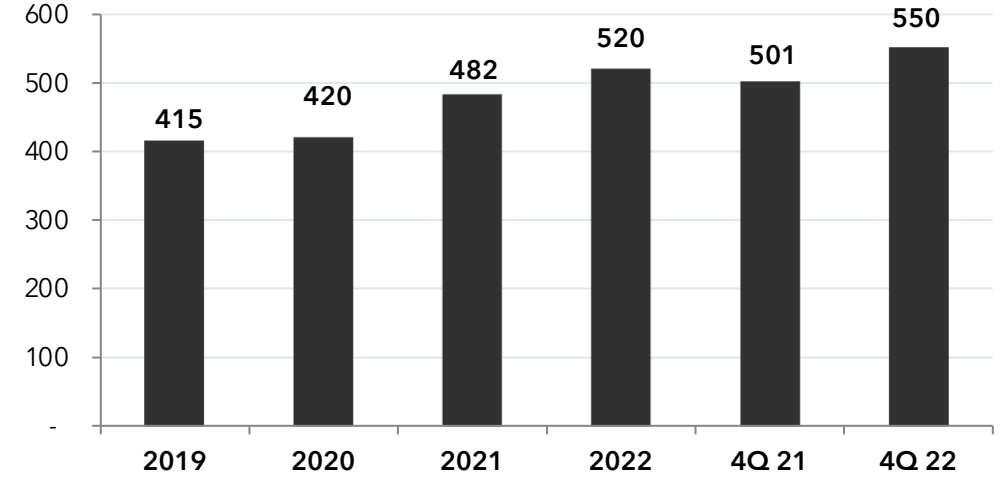
JBT operating income decreased 35% to \$16.9 million versus the fourth quarter 2021. JBT continues to leverage the J.B. Hunt 360 platform to grow power capacity and capability for the J.B. Hunt 360box® service offering. Benefits from higher volume and revenue were more than offset by higher truck purchased transportation expense, trailer parts and maintenance costs, personnel costs, insurance and claims expense and continued technology investments to build out 360box. The JBT segment incurred approximately \$5.1 million of the incremental pre-tax casualty insurance expense in the quarter.

# Truckload (JBT)

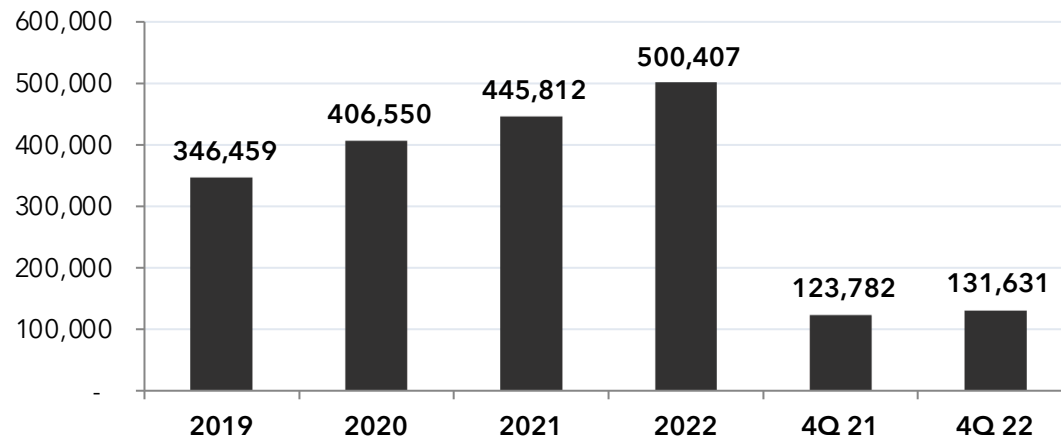
## JBT Average Trailers



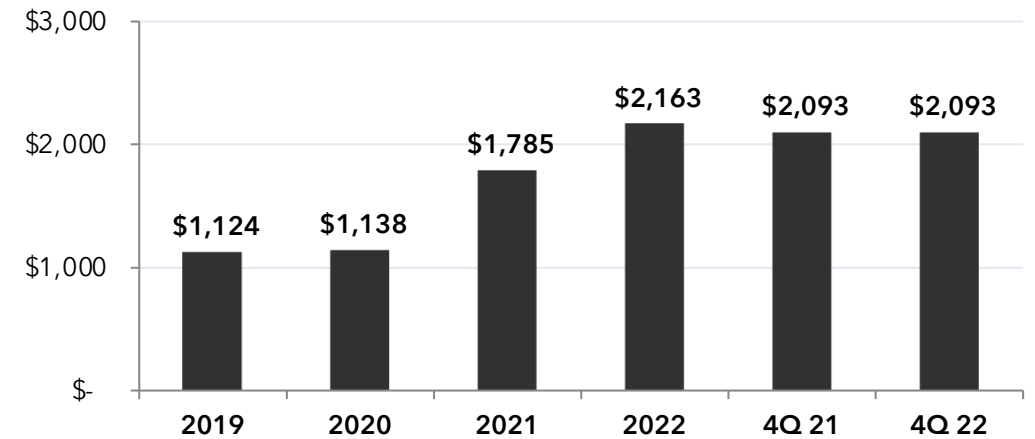
## JBT Average Length of Haul



## JBT Loads

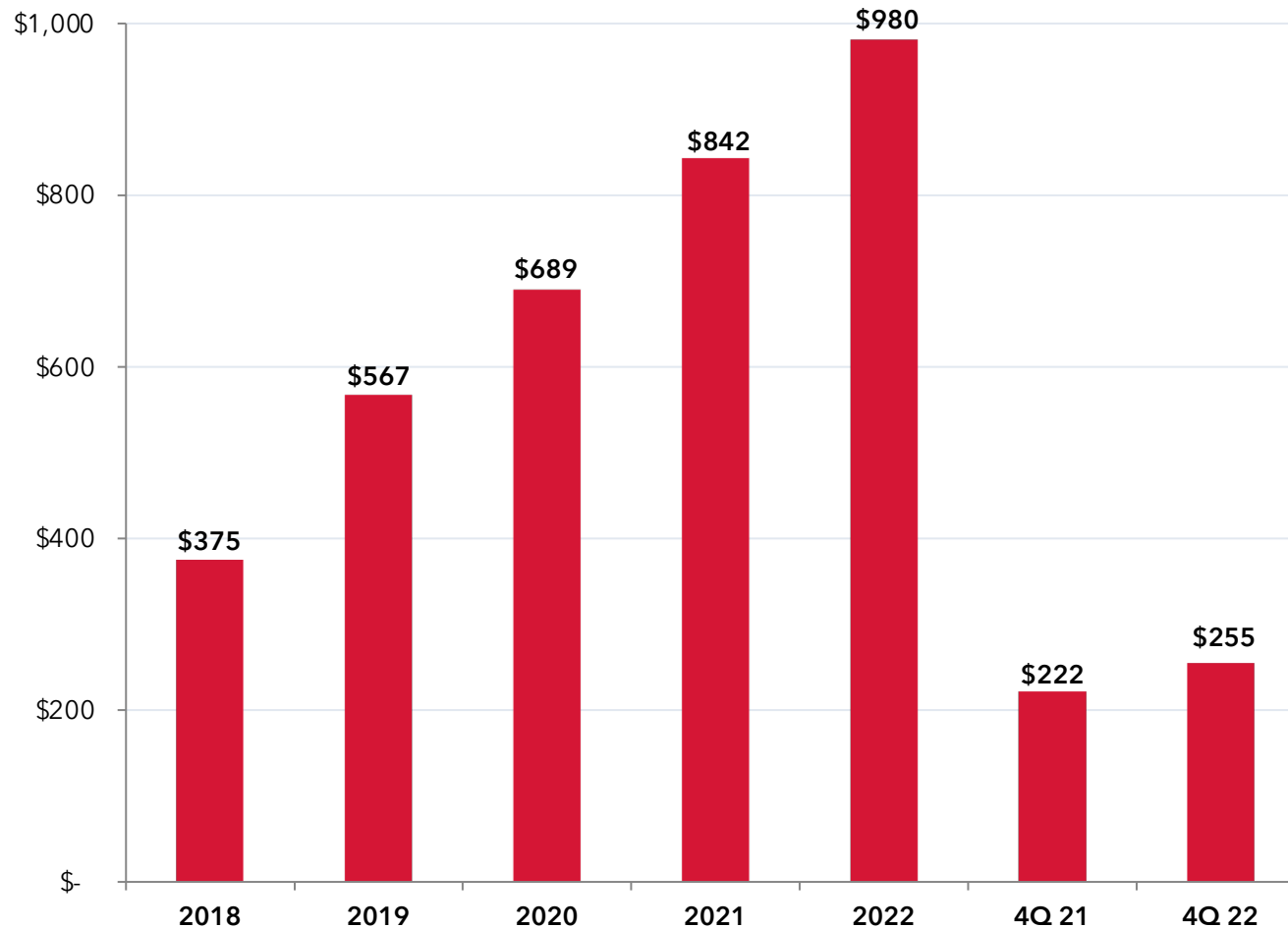


## JBT Revenue per Load



# Final Mile Services<sup>®</sup> (FMS)

**FMS Revenue** (in millions)

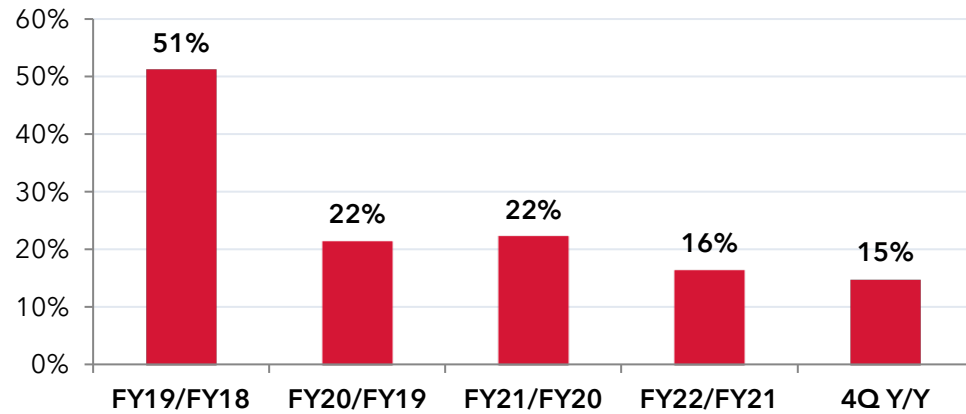


FMS revenue increased 15% compared to the same period 2021, primarily driven by the previously announced acquisition of Zenith Freight Lines, LLC (Zenith) and multiple new customer contracts implemented over the past trailing twelve months. Revenue growth continues to be partially offset by internal efforts to improve revenue quality of the business. Excluding the Zenith acquisition, which contributed approximately \$26 million to segment revenue in the current quarter, FMS revenue increased 3% year over year.

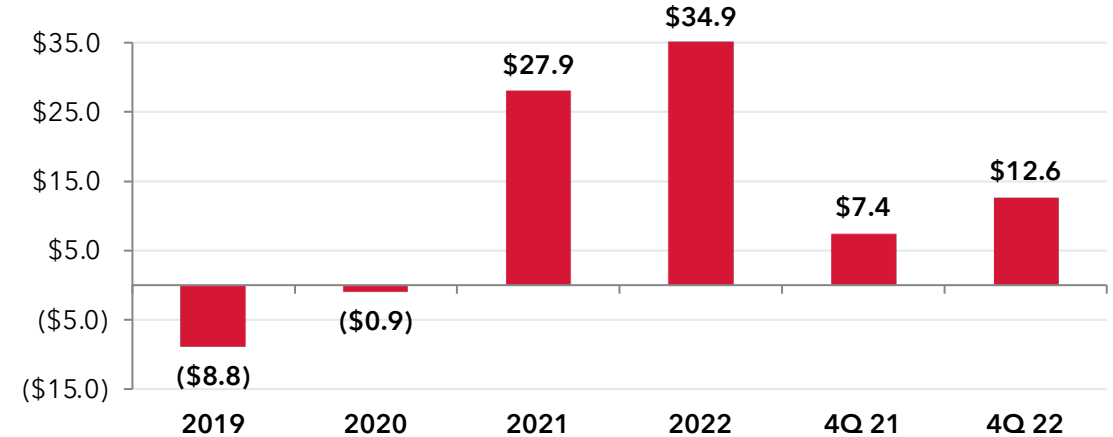
Operating income increased 70% from the prior year period, primarily driven by an improvement in revenue quality which was partially offset by higher equipment-related and maintenance costs and increased insurance and claims expense. Additionally, investments in new system technology development and implementation costs for newly awarded business partially offset the improvement in revenue quality. The FMS segment incurred approximately \$3.3 million of the incremental pre-tax casualty insurance expense in the quarter, and the prior year period included a \$5.7 million benefit from the reduction of a contingent liability.

# Final Mile Services® (FMS)

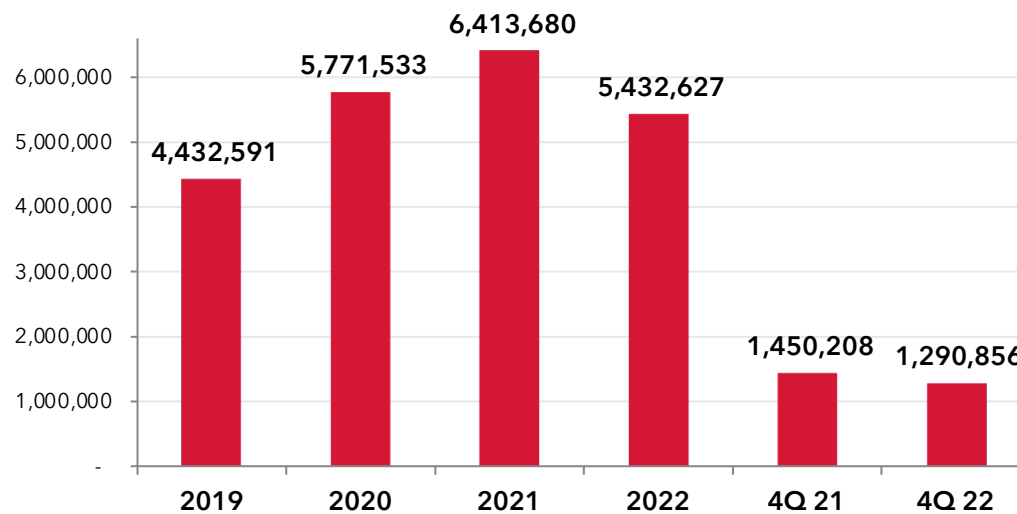
## FMS Revenue Change



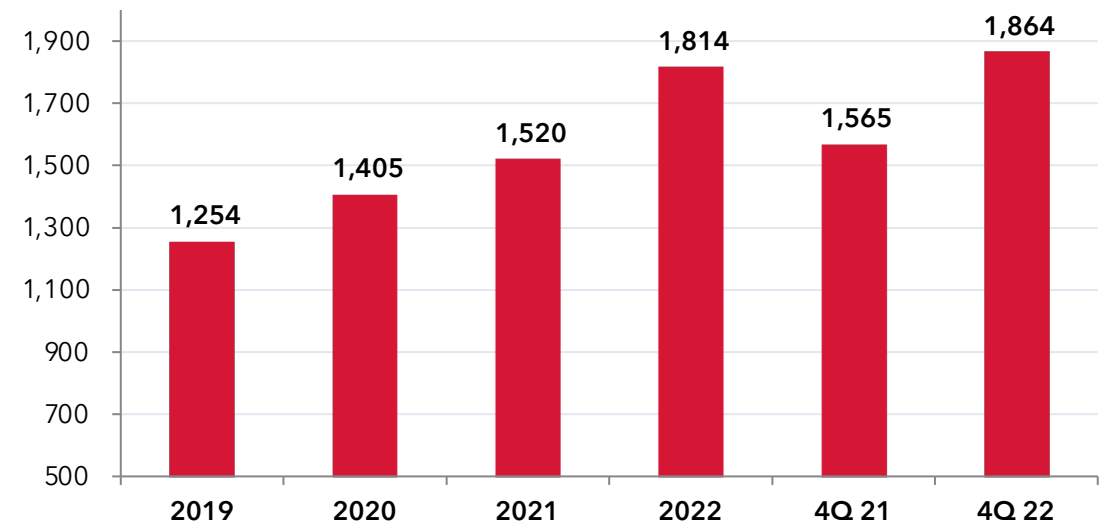
## FMS Operating Income/(Loss) (in millions)



## FMS Stops



## FMS Average Trucks





# Summary



## 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

	December 31, 2022	December 31, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 51,927	\$ 355,549
Accounts Receivable, net	1,528,075	1,506,619
Prepaid expenses and other	587,534	451,201
Total current assets	2,167,536	2,313,369
Property and equipment	7,999,480	6,680,316
Less accumulated depreciation	3,019,663	2,612,661
Net property and equipment	4,979,817	4,067,655
Other assets, net	594,988	413,324
	\$ 7,742,341	\$ 6,794,348
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current debt	\$ -	\$ 355,972
Trade accounts payable	798,776	772,736
Claims accruals	452,149	307,210
Accrued payroll	188,252	190,950
Other accrued expenses	129,054	102,732
Total current liabilities	1,568,231	1,729,600
Long-term debt	1,261,738	945,257
Other long-term liabilities	369,314	256,233
Deferred income taxes	876,290	745,442
Stockholders' equity	3,666,768	3,117,816
	\$ 7,742,341	\$ 6,794,348



# Thank You



**People.**  
**Technology.**  
**Capacity.™**

