Landstar System, Inc. (LSTR)

Updated August 16th, 2025, by Ian Bezek

Key Metrics

Current Price:	$129	**5 Year CAGR Estimate:**	9.2%	**Market Cap:**	$4.5 B
Fair Value Price:	$126	**5 Year Growth Estimate:**	8.5%	**Ex-Dividend Date:**	08/19/25
% Fair Value:	102%	**5 Year Valuation Multiple Estimate:**	-0.5%	**Dividend Payment Date:**	09/09/25
Dividend Yield:	1.2%	**5 Year Price Target**	$189	**Years Of Dividend Growth:**	10
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Landstar System is a transportation company focused on providing trucking deliveries and related services. It operates all throughout North America, including Canada and Mexico, offering both truckload and less-than-truckload deliveries, rail intermodal, air cargo, and so on. The company also has an insurance segment which provides clients with risk and claims management services.

Landstar has enjoyed strong growth over the years thanks to its differentiated business model. Unlike many trucking companies, Landstar operates with an asset-light business model. It does not invest too heavily in its own trucks, warehouses, or other hard assets, instead relying on its clients and third-party capacity providers for fulfillment. Landstar has benefited from its involvement in the Mexico and cross-border cargo market, as manufacturing activity in Mexico has surged in recent years. More broadly, Landstar is taking advantage of the continued rise of e-commerce.

That became particularly apparent in 2021 and 2022, as Landstar's revenues and earnings skyrocketed amid the pandemic-driven online shopping boom. Not surprisingly, however, results have trailed off as economic conditions have normalized. The downtrend continued in 2024. On July 29th, 2025, the company announced its Q2 earnings. EPS of $1.20 slightly beat expectations but fell from the $1.48 reported in the same quarter of 2024. Revenues fell 1.1% year-over-year to $1.21 billion. The company's net revenues per truckload ticked up 3.2%, which was a significantly stronger figure than in recent quarters. However, overall demand remained soft as customers pulled back on certain logistics operations given the weakening macroeconomic environment and tariff-related uncertainties. We had been hoping for the company to return to growth in the back half of 2025, but this no longer seems likely given the persistently soft customer demand. We have reduced our 2025 EPS estimate and are now projecting a year-over-year earnings decline.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$3.37	$3.25	$4.21	$6.18	$5.72	$4.98	$9.98	$11.76	$7.36	$5.51	***$5.25***	***$7.89***
DPS	$0.30	$0.34	$0.38	$0.63	$0.70	$0.79	$0.92	$1.10	$1.26	$1.38	***$1.60***	***$2.58***
Shares[1]	44	42	42	41	40	39	38	37	36	36	***36***	***34***

Landstar had grown earnings at a double-digit rate over the past decade up through 2022, though the recent earnings slump has reversed much of that progress. We had hoped 2025 would mark the bottom for this cycle, but it appears the industry turn may now be delayed until 2026. We expect 8.5% annualized earnings per share growth over the longer-term once the industry gets back on track.

The company has grown its regular dividend at 18.5% annualized since 2015 and 15.2% over the past five years. That includes Landstar's most recent dividend hike, of 11%, to 40 cents per quarter, which it announced on May 13th, 2025. We expect Landstar to continue posting approximately 10% annualized dividend growth going forward, powered by both strong earnings growth and the firm's recent tendency toward offering a higher regular dividend payout ratio. Landstar has a share repurchase program in addition to its periodic special dividend payments.

[1] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	16.9	26.0	24.7	15.0	19.7	26.9	17.7	13.6	26.2	32.8	***24.6***	***24.0***
Avg. Yld.	0.4%	0.4%	0.4%	0.4%	0.6%	0.6%	0.5%	0.6%	0.7%	0.8%	***1.2%***	***1.4%***

Landstar has averaged a 23x and a 22x P/E ratio over the past five and 10 years, respectively. We are forecasting a slightly higher P/E multiple, of 24, over the longer-term thanks to increasing demand for e-commerce logistics along with the rapid growth in the Mexican trucking market. Landstar's current P/E multiple is right in-line with our forecast.

Historically, Landstar shares have offered a tiny regular dividend yield. Over time, we expect the yield to rise to 1.4%. That said, Landstar has paid considerable special dividends each of the past six years which add to its overall yield. If Landstar continues its special dividend policy, that would improve the firm's attractiveness from an income perspective.

Safety, Quality, Competitive Advantage, & Recession Resiliency

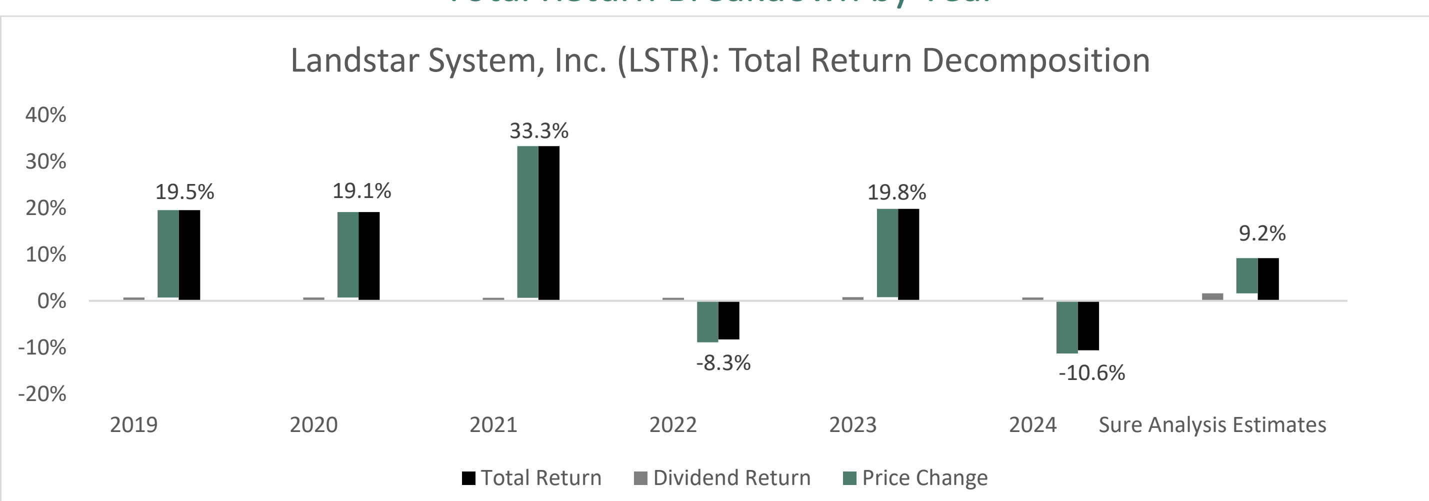
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	9%	10%	9%	10%	12%	16%	9%	9%	17%	25%	***30%***	***33%***

Landstar is much safer than the average trucking company. For one thing, it maintains a large net cash position and has virtually no long-term debt whatsoever. For another, Landstar's asset-light business model gives it more flexibility during industry downturns. We also believe Landstar's expertise in the Mexican market and cross-border transit services are an attractive niche that can help deliver superior returns over time. Given the company's low dividend payout ratio, it can easily cover the regular dividend even during a prolonged cyclical downturn or recession. Landstar spends much of its excess cash on share buybacks and special dividends, leaving plenty of wiggle room before the common dividend would be at risk even during a recession.

Final Thoughts & Recommendation

We have a favorable view of Landstar System's business model and expect the company to return to strong growth once the cycle turns. The firm is starting to build quite an attractive dividend growth track record as well and its low payout ratio leaves plenty of room for future increases. The tariff situation appears to be manageable, particularly if Canada and Mexico remain largely unaffected by reciprocal tariffs going forward. We believe Landstar's long-term business model remains attractive despite near-term bumps in the road. That said, the 9% annualized total return outlook isn't high enough to warrant an upgrade yet; we stay at a hold for now.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	3,321	3,168	3,646	4,615	4,085	4,133	6,538	7,437	5,303	4,819
Gross Profit	470	452	503	624	570	553	866	960	714	625
Gross Margin	14.2%	14.3%	13.8%	13.5%	14.0%	13.4%	13.2%	12.9%	13.5%	13.0%
SG&A Exp.	198	201	233	264	239	255	327	347	326	332
D&A Exp.	29	36	41	44	44	46	50	57	58	57
Operating Profit	240	222	241	328	294	268	503	568	334	234
Op. Margin	7.2%	7.0%	6.6%	7.1%	7.2%	6.5%	7.7%	7.6%	6.3%	4.9%
Net Profit	148	137	177	255	228	192	382	431	264	196
Net Margin	4.4%	4.3%	4.9%	5.5%	5.6%	4.6%	5.8%	5.8%	5.0%	4.1%
Free Cash Flow	211	168	123	288	288	180	253	597	368	256
Income Tax	91	82	64	73	68	57	120	137	84	58

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	992	1,097	1,352	1,381	1,428	1,654	2,045	1,932	1,802	1,813
Cash & Equivalents	115	179	242	200	320	249	216	340	481	515
Acc. Receivable	463	463	631	692	589	764	1,154	968	744	684
Goodwill & Int.	31	31	39	38	39	41	41	41	42	41
Total Liabilities	525	554	699	691	706	962	1,183	1,045	818	841
Accounts Payable	224	219	285	314	272	381	604	527	396	384
Long-Term Debt	160	175	167	184	167	176	116	196	62	61
Total Equity	466	543	651	687	721	692	862	887	984	972
LTD/E Ratio	0.34	0.32	0.26	0.27	0.23	0.25	0.14	0.22	0.06	0.06

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	14.5%	13.2%	14.5%	18.7%	16.2%	12.5%	20.6%	21.7%	14.2%	10.8%
Return on Equity	30.9%	27.2%	29.6%	38.0%	32.3%	27.2%	49.1%	49.3%	28.3%	20.0%
ROIC	23.4%	20.5%	23.0%	30.1%	25.9%	21.9%	41.3%	41.8%	24.8%	18.9%
Shares Out.	44	42	42	41	40	39	38	37	36	35.5
Revenue/Share	75.80	75.00	86.77	111.72	102.66	107.07	170.98	203.00	147.64	135.61
FCF/Share	4.82	3.97	2.94	6.98	7.25	4.67	6.63	16.29	10.24	7.19

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.