



# J.B. HUNT

## Q1 2018 RESULTS



# DISCLOSURE

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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 AND 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

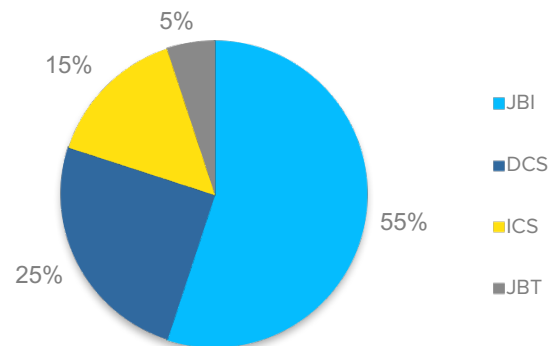
## Integrated Capacity Solutions (ICS)

- 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

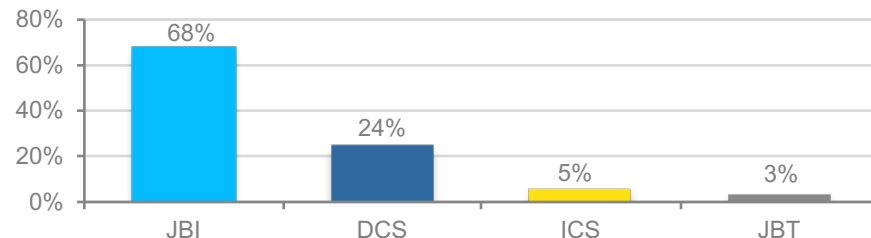
## Truckload (JBT)

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

1Q 2018 Revenue Mix



Percentage of 1Q 2018 Operating Income by Business Segment



# 1Q 2018 RESULTS VS. 1Q 2017

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## OVERVIEW

### 1Q 2018 Revenue:

\$1.95 billion; up 20%

### 1Q 2018 Revenue, excl FSC:

\$1.71 billion; up 17%

### 1Q 2018 Operating Income:

\$169 million; up 13%

### 1Q 2018 EPS:

\$1.07 vs. \$0.92; up 16%

## SEGMENT PERFORMANCE

### Intermodal (JBI)

Revenue: \$1.07 billion; up 14%

Operating Income: \$114 million; up 20%

### Dedicated Contract Services (DCS)

Revenue: \$494.5 million; up 26%

Operating Income: \$41 million; down 9%

### Integrated Capacity Solutions (ICS)

Revenue: \$296.1 million; up 41%

Operating Income: \$9 million; up 99%

### Truckload (JBT)

Revenue: \$92.7 million; down 1%

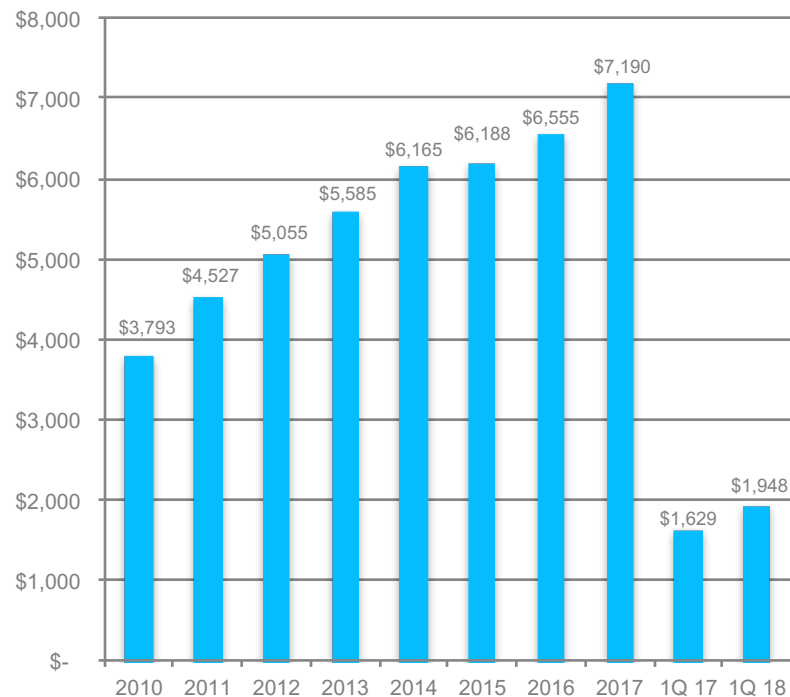
Operating Income: \$5 million; up 4%



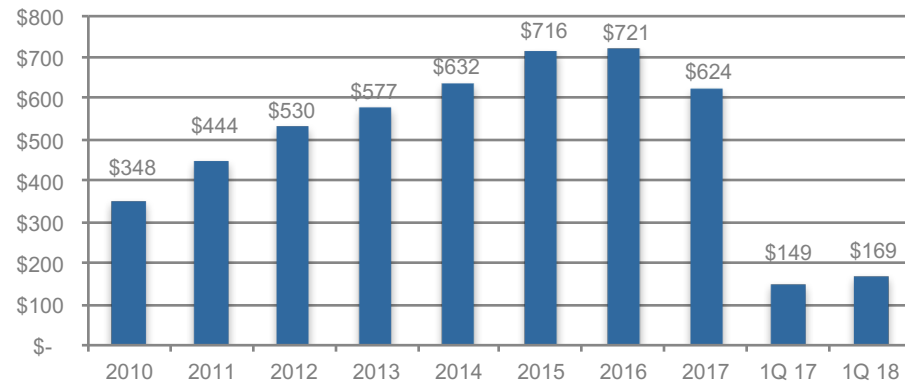


# 1Q 2018 RESULTS CONSOLIDATED

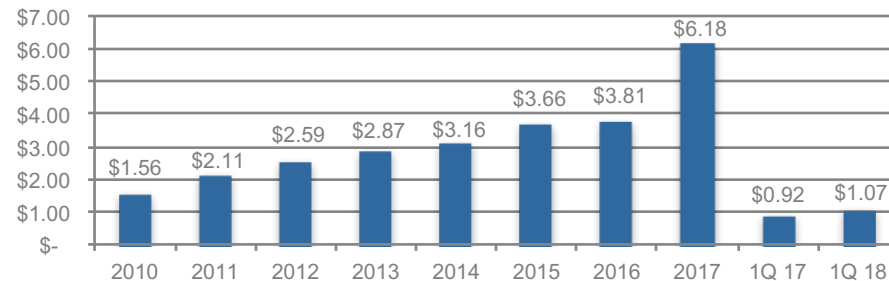
**Revenue**  
(in millions)



**Operating Income**  
(in millions)



**Diluted EPS**



# KEY POINTS

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

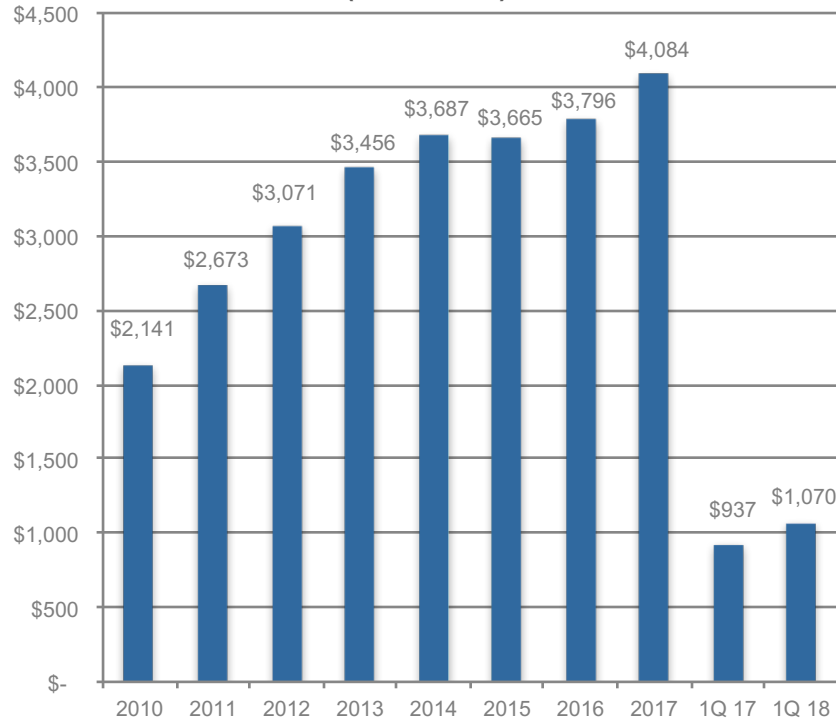


# SEGMENT DISCUSSION



# INTERMODAL (JBI)

**JBI Revenue  
(in millions)**

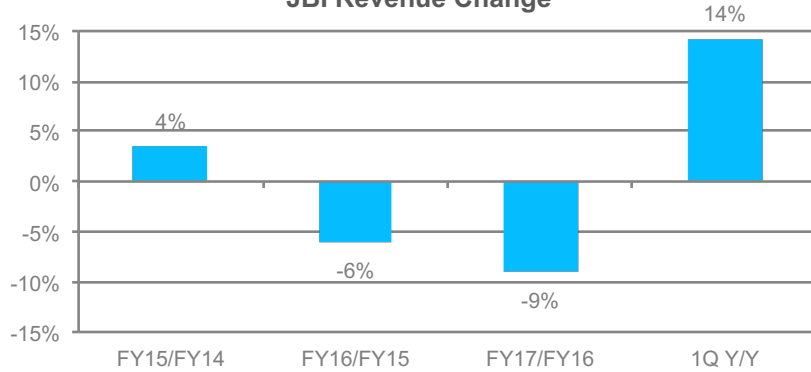


JBI load volumes grew 6% over the same period 2017. Transcontinental loads grew 2%, and the Eastern network load volume grew 12% compared to prior year. Revenue grew approximately 14% reflecting the 6% volume growth and an 8% increase in revenue per load, which is determined by the combination of customer rates, fuel surcharges and freight mix. Revenue per load excluding fuel surcharge revenue increased approximately 4% year over year.

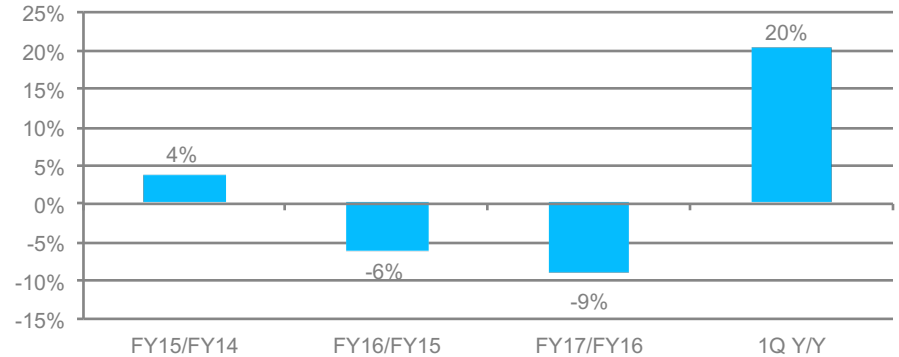
Operating income increased 20% from prior year. Benefits from volume growth, customer rate increases and freight mix were partially offset by an increase in rail purchased transportation costs; reduced network utilization and lower dray efficiency created from rail congestion, customer equipment pool utilization and a tight third party dray market; higher equipment ownership costs; increased driver wages and recruiting costs; increased costs for onboarding and integration of container tracking technologies and insurance and claims costs compared to the same period in 2017. The current period ended with approximately 89,500 units of trailing capacity and 5,450 power units assigned to the dray fleet.

# INTERMODAL (JBI) PERFORMANCE

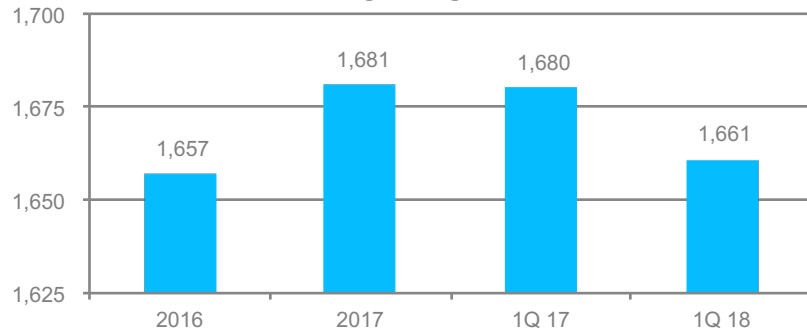
JBI Revenue Change



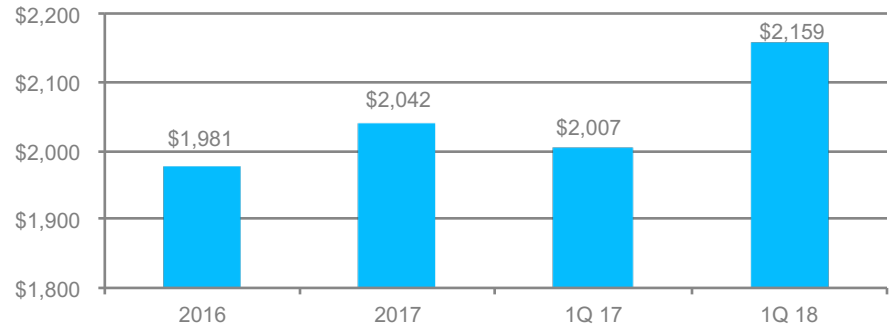
JBI Operating Income Change



JBI Average Length of Haul

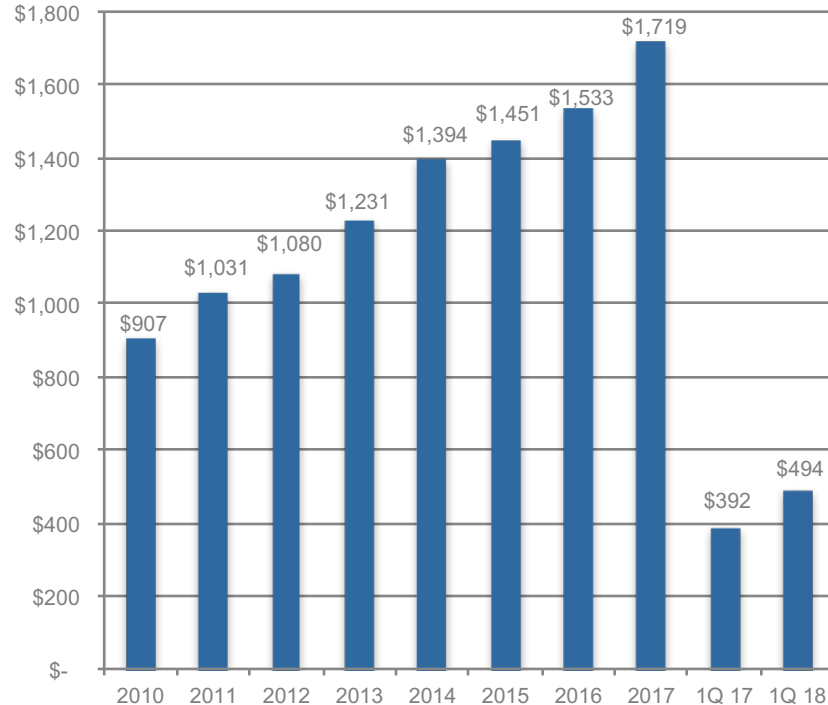


JBI Revenue per Load



# DEDICATED (DCS)

**DCS Revenue  
(in millions)**



DCS revenue increased 26% during the current quarter over the same period 2017. Productivity (revenue per truck per week) increased approximately 5% vs. 2017. Productivity excluding fuel surcharges increased approximately 2% primarily from customer rate increases partially offset by lower productivity and operating velocity (loads per week) at accounts in the winter weather affected areas of the Midwest and Northeast regions compared to 2017. Included in the DCS revenue growth, Final Mile Services (FMS) recorded an increase of \$35 million (including approximately \$25 million from the July 2017 acquisition), a 75% increase in FMS revenue, compared to first quarter 2017.

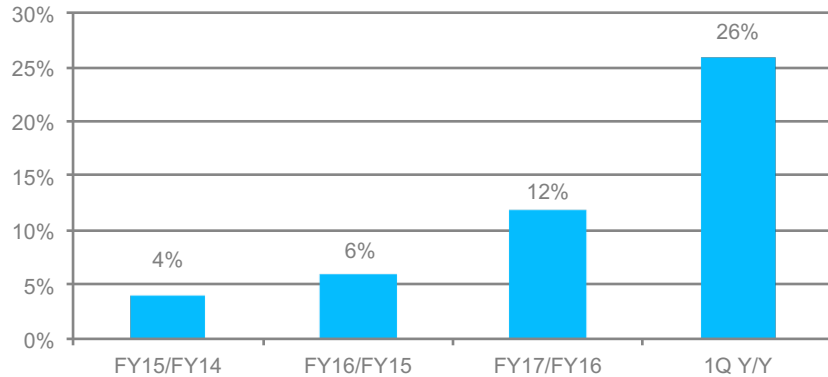
A net additional 1,329 revenue producing trucks, 184 net additions compared to fourth quarter 2017, were in the fleet by the end of the quarter compared to prior year. Approximately 55% of these additions represent private fleet conversions and 32% represent FMS vs. traditional dedicated capacity fleets. Customer retention rates remain above 98%.

Operating income decreased 9% from a year ago primarily from winter weather inefficiencies, higher insurance and claims costs, increased driver wages and recruiting costs, higher non-driver salaries wages and benefits, higher facilities rent and costs from the expanded FMS network, increased maintenance costs on equipment scheduled to be traded in 2018 and approximately \$1.9 million in additional non-cash amortization expense compared to the same period a year ago.

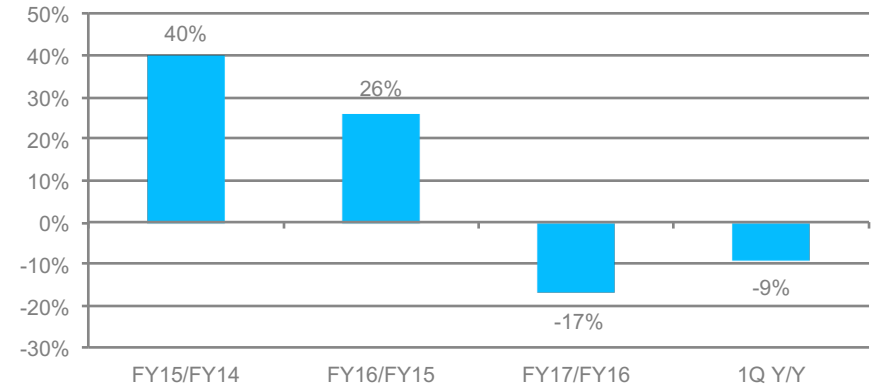


# DEDICATED (DCS) PERFORMANCE

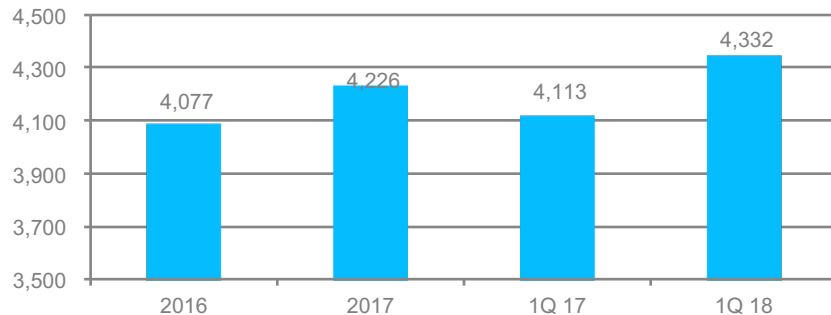
## DCS Revenue Change



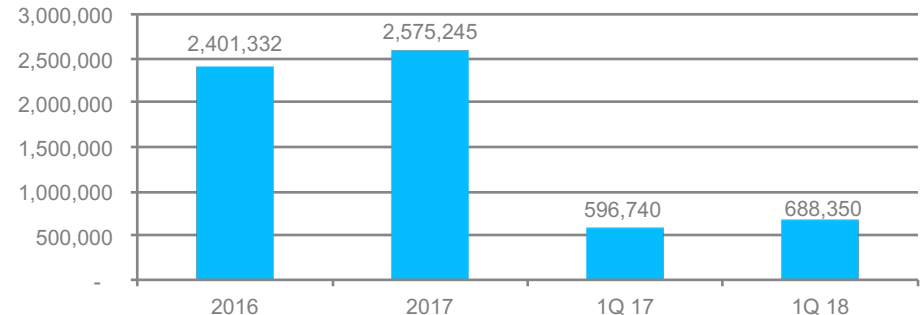
## DCS Operating Income Change



## DCS Revenue Per Truck Per Week

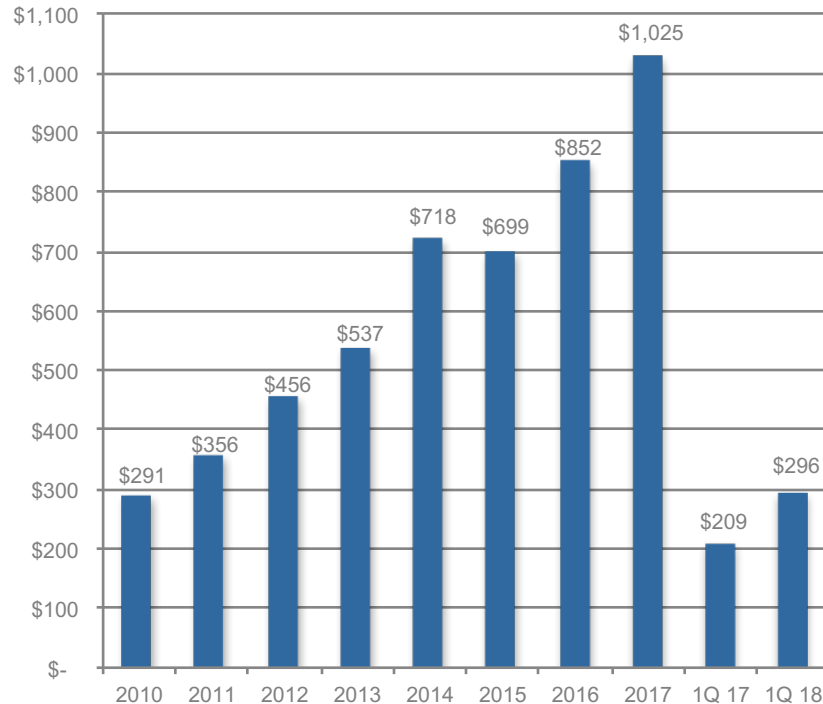


## DCS Loads



# INTEGRATED (ICS) NON-ASSET BASED

ICS Revenue  
(in millions)

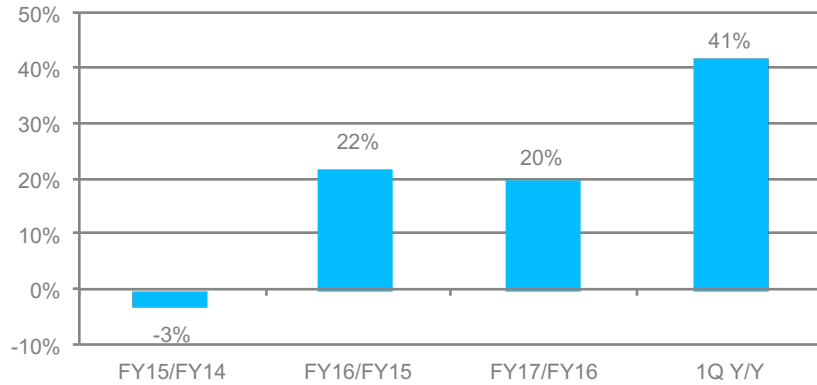


ICS revenue increased 41% vs. first quarter 2017. Volumes increased 6% while revenue per load increased approximately 34% primarily due to a more vibrant spot pricing market compared to the same period a year ago. Spot volumes increased 43% and contractual volumes decreased approximately 7% from a year ago. Contractual business represents approximately 67% of total load volume and 44% of total revenue in the current period compared to 76% and 63%, respectively, in first quarter 2017. Of the total reported ICS revenue, approximately \$96 million was executed through the marketplace for J.B. Hunt 360.

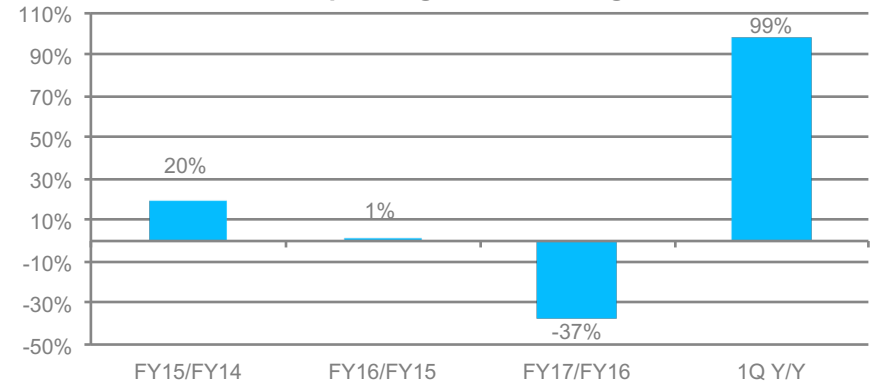
Operating income increased 99% over the same period in 2017 primarily from a higher revenue per load, a higher gross profit margin and a higher number of Mature branches (more than two years old) partially offset with continuing personnel growth costs and increased technology spending as marketplace for J.B. Hunt 360 continues its rollout. Gross profit margin increased to 14.4% in the current quarter vs. 14.3% last year primarily due to increased spot market activity. Total branch count grew to 44 locations compared to 42 at the end of the comparable period last year. ICS's carrier base increased over 15% and employee count increased 14% compared to first quarter 2017.

# INTEGRATED (ICS) PERFORMANCE

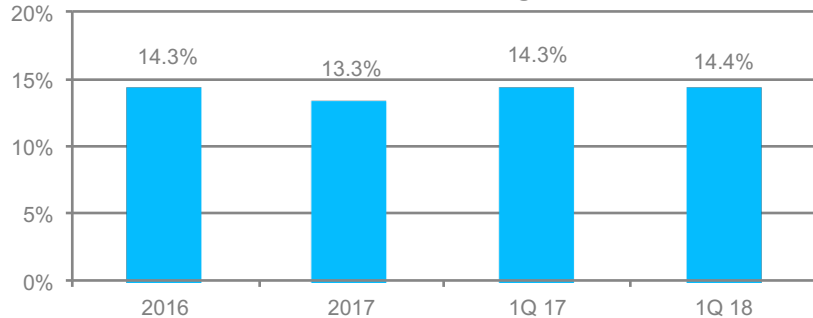
## ICS Revenue Change



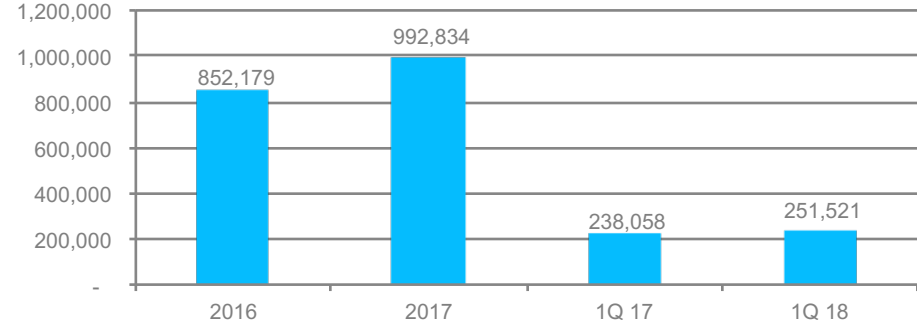
## ICS Operating Income Change



## ICS Gross Profit Margin

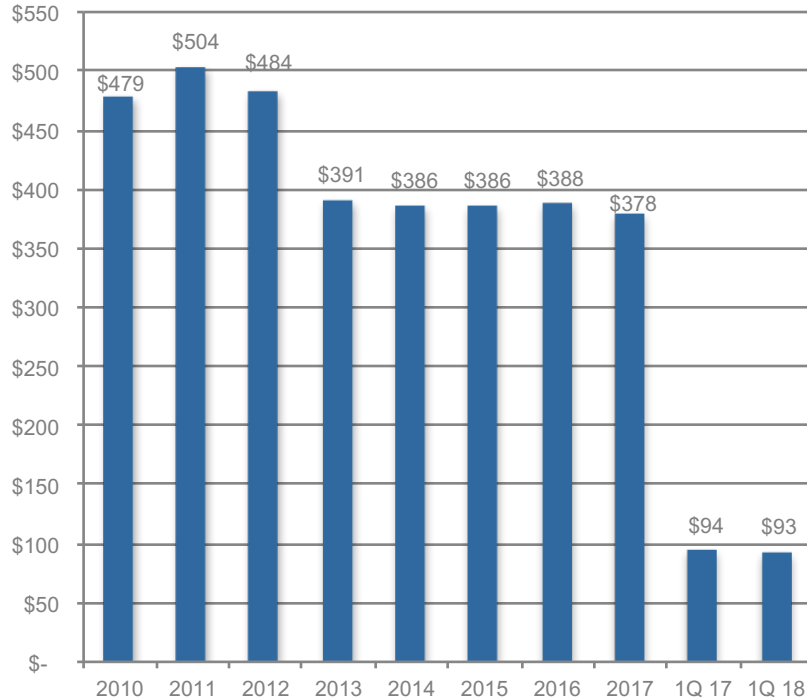


## ICS Loads



# TRUCKLOAD (JBT)

**JBT Revenue  
(in millions)**

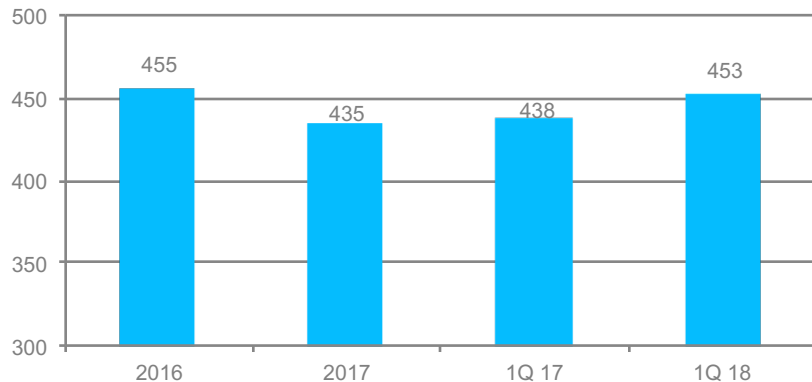


JBT revenue decreased 1% from the same quarter 2017. Revenue excluding fuel surcharge decreased approximately 3% primarily from a 15% decrease in load count partially offset by an increase in revenue per load. Revenue per load excluding fuel surcharge increased 14% primarily from a 10% increase in rates per loaded mile and a 3% increase in length of haul compared to the same period in 2017. At the end of the current quarter JBT operated 1,926 tractors compared to 2,144 in 2017.

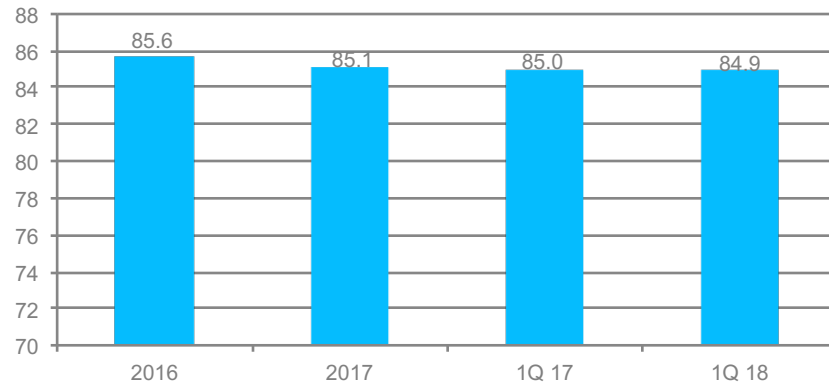
Operating income for the current quarter increased by 4% compared to first quarter 2017. Benefits from the higher revenue per load were mostly offset by an approximate 10% decrease in tractor count, an average of 162 unseated trucks during the quarter, higher driver and independent contractor costs per mile and higher recruiting costs per driver and independent contractor compared to first quarter 2017.

# TRUCKLOAD (JBT) PERFORMANCE

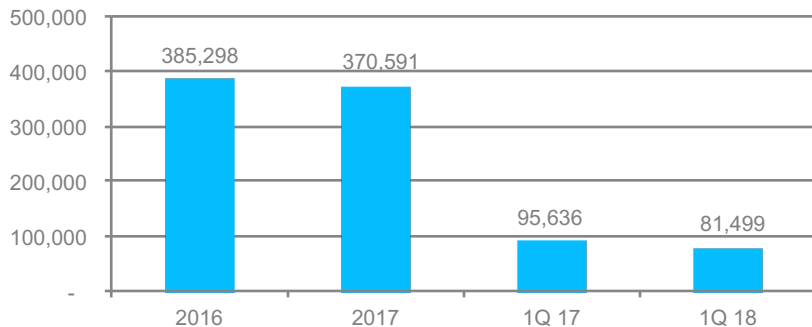
## JBT Average Length of Haul



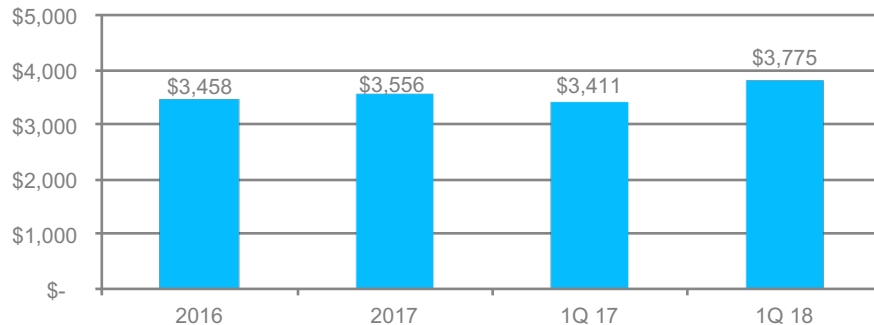
## JBT Average Nonpaid Empty Miles Per Load



## JBT Loads



## JBT Revenue per Tractor per Week



# SUMMARY

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**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, 2018	December 31, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,082	\$ 14,612
Accounts Receivable	900,903	920,767
Prepaid expenses and other	335,705	403,349
Total current assets	1,243,690	1,338,728
Property and equipment	4,764,722	4,670,464
Less accumulated depreciation	1,720,446	1,687,133
Net property and equipment	3,044,276	2,983,331
Other assets	141,318	143,290
	\$ 4,429,284	\$ 4,465,349
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current debt	\$ 247,609	\$ -
Trade accounts payable	505,839	598,594
Claims accruals	264,523	251,980
Accrued payroll	58,599	42,382
Other accrued expenses	23,573	28,888
Total current liabilities	1,100,143	921,844
Long-term debt	752,423	1,085,649
Other long-term liabilities	88,373	76,661
Deferred income taxes	545,282	541,870
Stockholders' equity	1,943,063	1,839,325
	\$ 4,429,284	\$ 4,465,349



# THANK YOU

