



J.B. HUNT

Q3 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

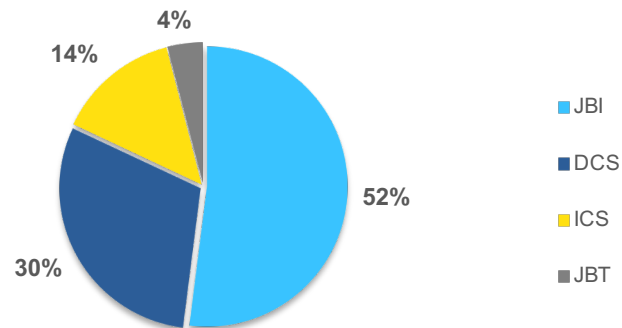
Integrated Capacity Solutions (ICS)

- 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

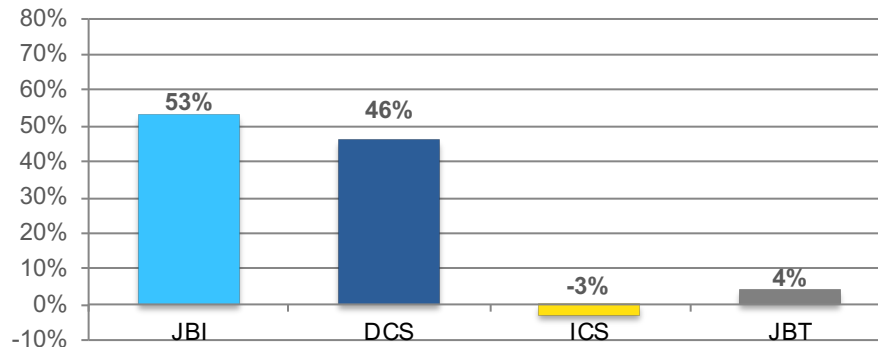
Truckload (JBT)

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

3Q 2019 Revenue Mix



Percentage of 3Q 2019 Operating Income (Loss) by Business Segment



3Q 2019 RESULTS VS. 3Q 2018



OVERVIEW

3Q 2019 Revenue:

\$2.4 billion; up 7%

3Q 2019 Revenue, excl FSC:

\$2.1 billion; up 9%

3Q 2019 Operating Income:

\$168 million; down 4%

3Q 2019 EPS:

\$1.10 vs. \$1.19; down 8%

SEGMENT PERFORMANCE

Intermodal (JBI)

Revenue: \$1.24 billion; up 2%

Operating Income: \$88.7 million; down 26%

Dedicated Contract Services (DCS)

Revenue: \$696 million; up 28%

Operating Income: \$78.3 million; up 124%

Integrated Capacity Solutions (ICS)

Revenue: \$337 million; down 3%

Operating Loss: \$(5.6) million; down 155%

Truckload (JBT)

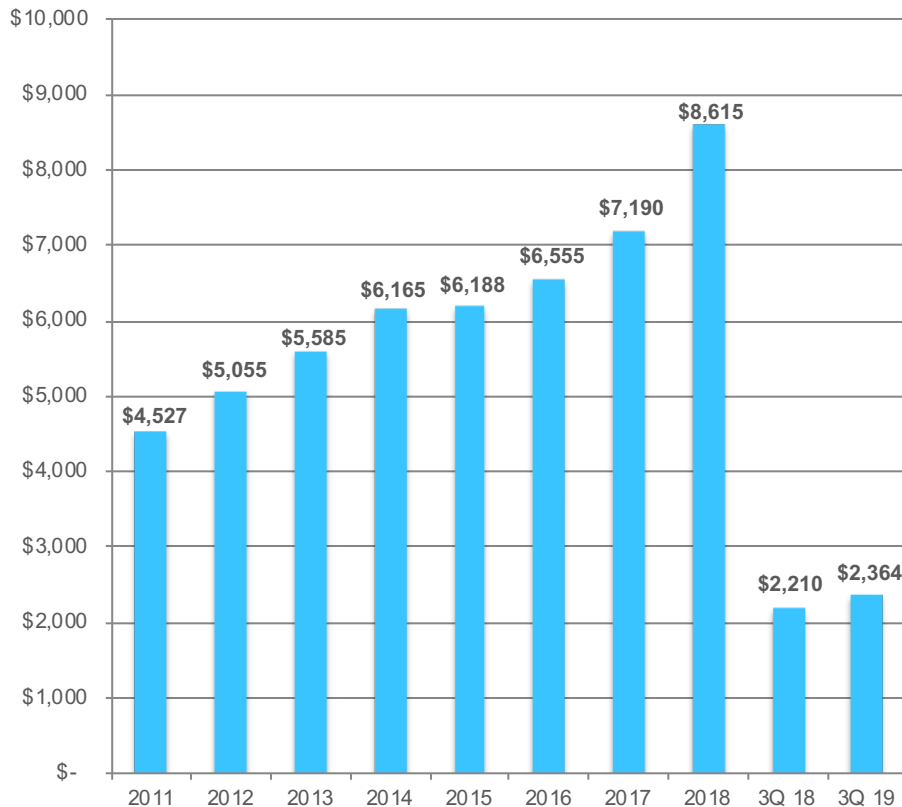
Revenue: \$94 million; down 11%

Operating Income: \$6.6 million; down 28%

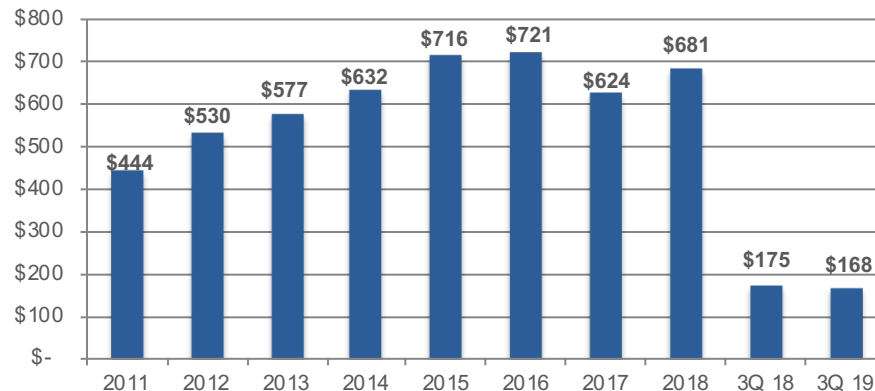
3Q RESULTS CONSOLIDATED



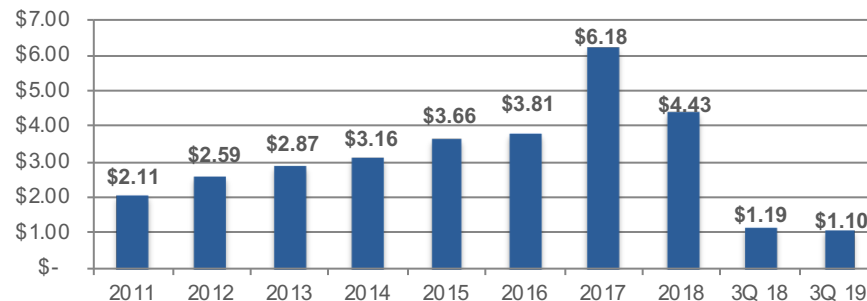
Revenue (in millions)



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

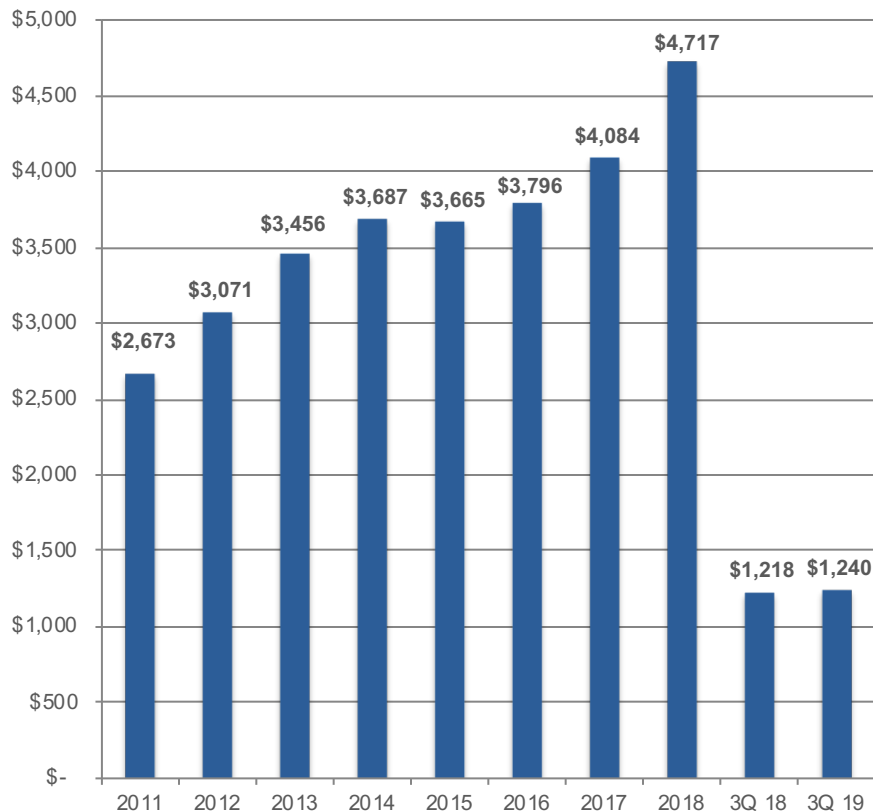
SEGMENT DISCUSSION



INTERMODAL (JBI)



JBI Revenue (in millions)



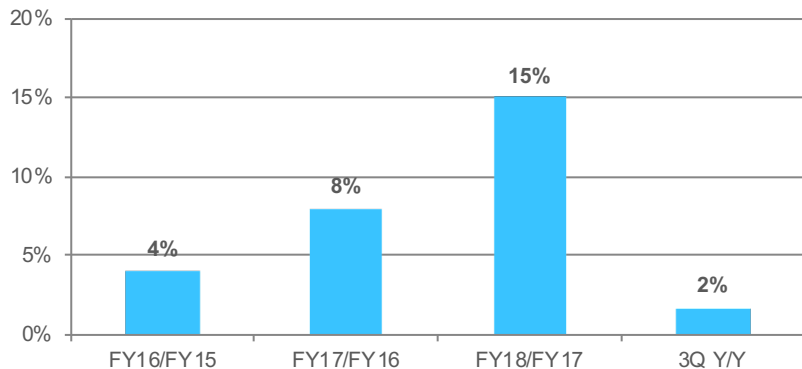
Overall volumes were flat with the same period in 2018. Transcontinental loads increased 7% while the Eastern network loads declined 11% compared to the third quarter 2018. Revenue increased 2% reflecting flat volumes and an approximate 2% increase in revenue per load, which is the combination of changes in customer rate, freight mix, and fuel surcharges. Revenue per load excluding fuel surcharges increased approximately 5%, compared to third quarter 2018.

Operating income decreased 26% over prior year. Third quarter 2019 included \$44.2 million in pre-tax charges for arbitration claims, while third quarter 2018 included \$27.3 million in pre-tax charges for arbitration and other legal claims and a customer bankruptcy. Excluding these charges for both periods, operating income decreased 10% from the same period in 2018, primarily due to higher rail purchase transportation costs, higher box repositioning costs, lower box turns, and increased costs to attract, place, and retain drivers. Third quarter 2019 ended with approximately 96,700 units of trailing capacity and 5,643 power units assigned to the dray fleet.

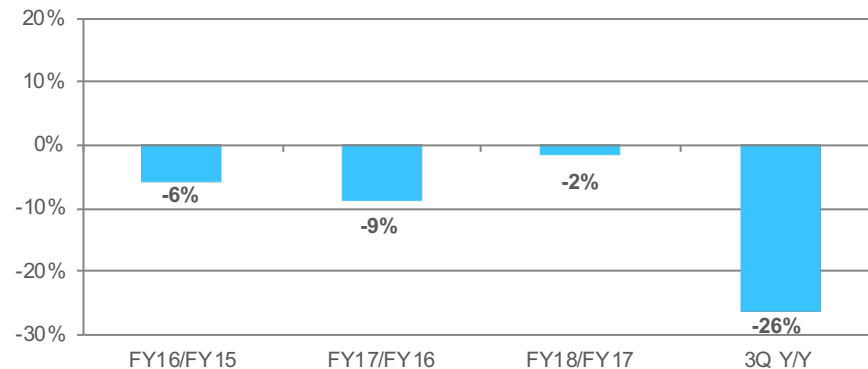
INTERMODAL (JBI) PERFORMANCE



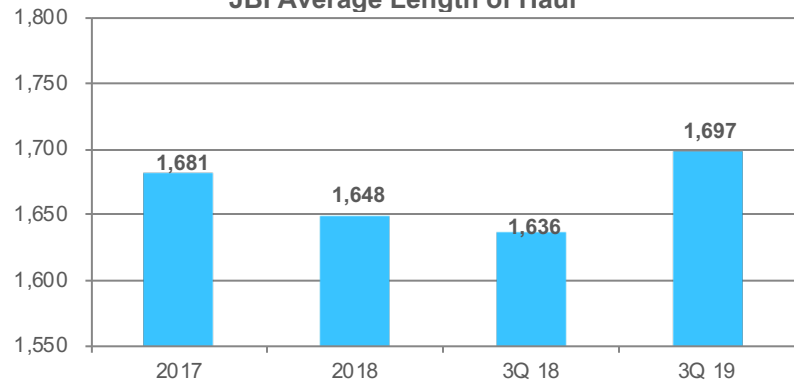
JBI Revenue Change



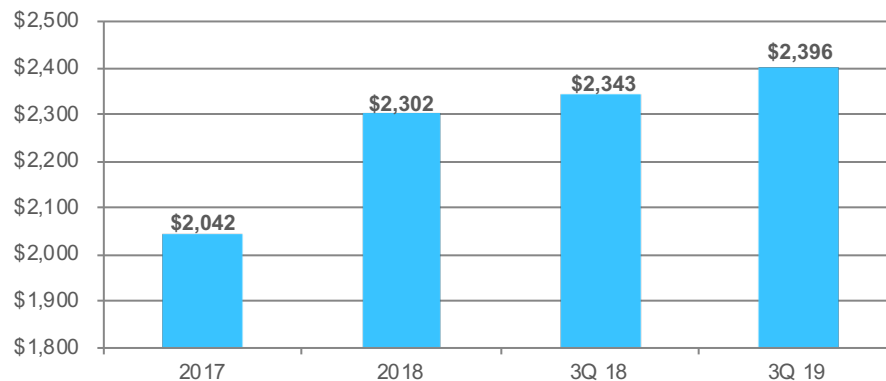
JBI Operating Income Change



JBI Average Length of Haul



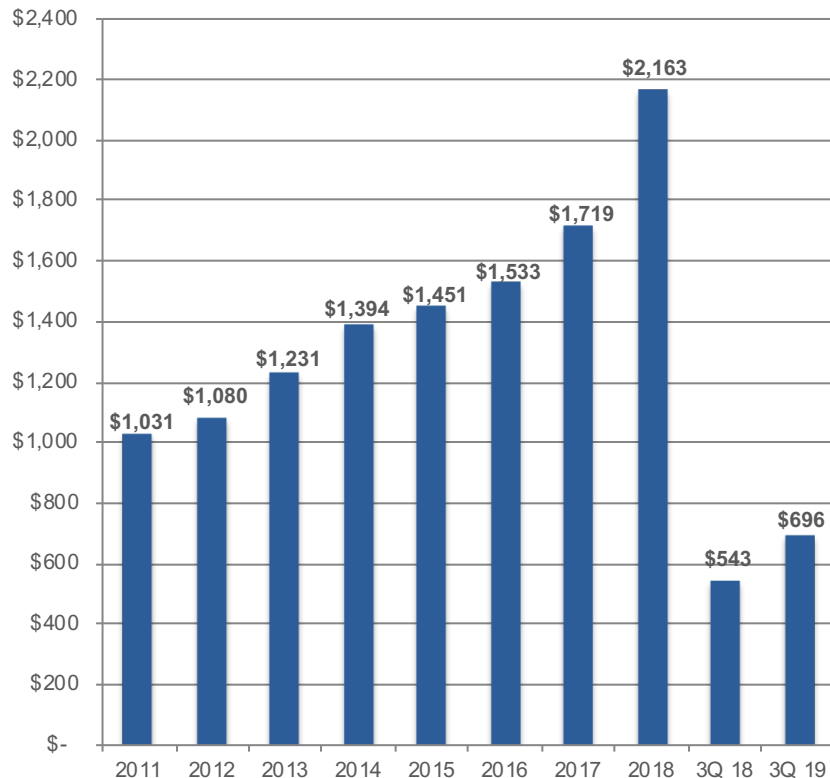
JBI Revenue per Load



DEDICATED (DCS)



DCS Revenue (in millions)



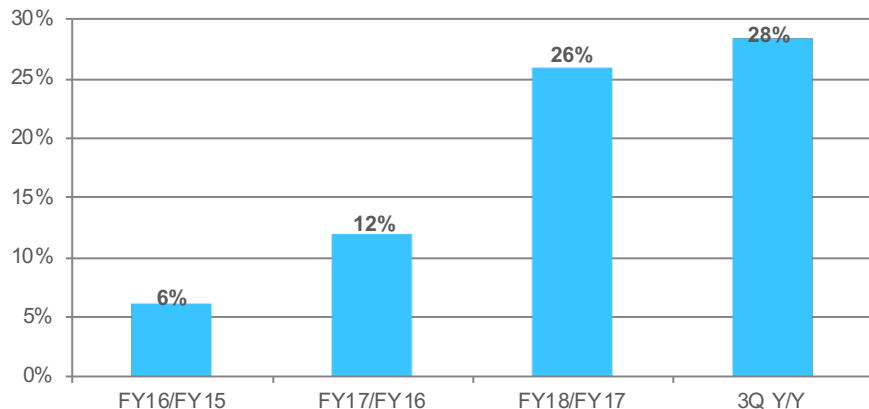
DCS revenue increased 28% during the current quarter over the same period in 2018. Productivity (revenue per truck per week) increased by approximately 9% vs. 2018. Productivity excluding fuel surcharge revenue increased approximately 11% from a year ago primarily from the February 2019 acquisition, customer rate increases, improved integration of assets between customer accounts, and increased customer supply chain fluidity. Included in the DCS revenue growth, Final Mile Services (FMS) recorded an increase in revenue of \$53 million (primarily from the February 2019 acquisition) compared to the third quarter 2018. A net additional 1,277 revenue producing trucks, 120 net additions sequentially from second quarter 2019, were in the fleet by the end of the quarter. Approximately 64% of these additions represent private fleet conversions and 11% represent FMS vs. traditional dedicated capacity services. Customer retention rates remain above 98%.

Operating income increased by 124% from a year ago. Third quarter 2018 included \$8.4 million in pre-tax charges to insurance and claims costs. Excluding these charges, operating income increased 80% primarily from increased trucks under contract, higher productivity and more predictable and consistent contract start-up costs partially offset by increased costs to expand the FMS network, increased driver wages, and an incremental \$1.4 million in non-cash amortization expense attributable to the February 2019 acquisition compared to third quarter 2018.

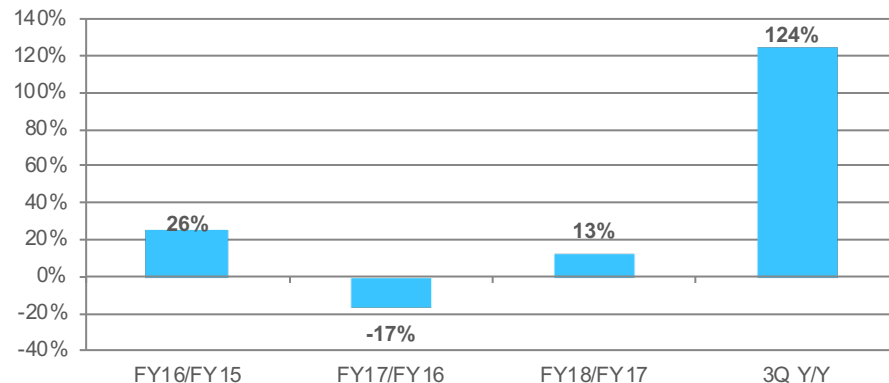
DEDICATED (DCS) PERFORMANCE



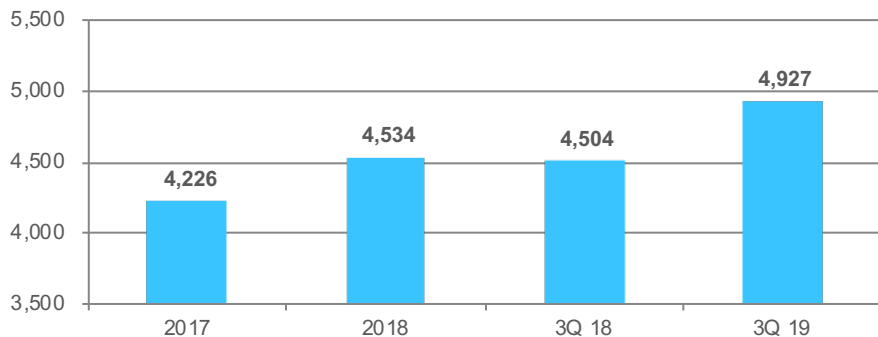
DCS Revenue Change



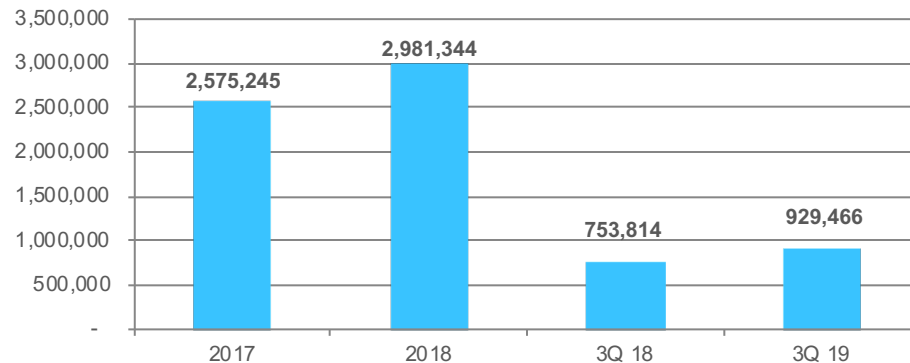
DCS Operating Income Change



DCS Revenue Per Truck Per Week



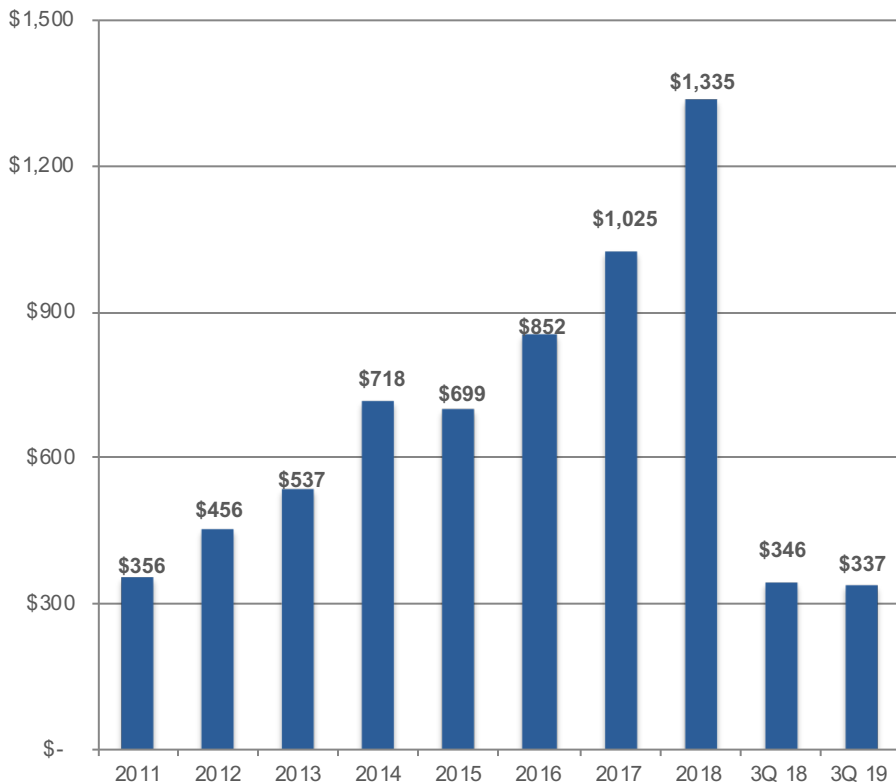
DCS Loads



INTEGRATED (ICS)



ICS Revenue (in millions)



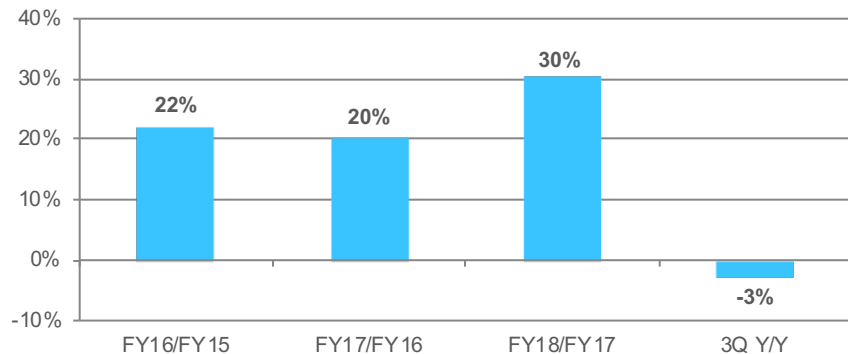
ICS revenue decreased 3% in the current quarter vs. the third quarter 2018. Volumes decreased 4% while revenue per load increased approximately 2% primarily due to a decreased mix of contractual less-than-truckload volume and a competitive pricing environment for contractual truckload business compared to third quarter 2018. Total contractual volumes represented approximately 74% of total load volume and 62% of total revenue in the current period compared to 72% and 49%, respectively, in the third quarter 2018. Of the total reported ICS revenue, approximately \$205 million was executed through the Marketplace for J.B. Hunt 360° compared to \$151 million in the third quarter 2018.

Operating income decreased by \$15.9 million compared to the same period 2018. Third quarter 2018 included \$3 million in pre-tax charges due to a customer bankruptcy and insurance and claims costs. Excluding these charges, operating income decreased \$18.9 million from prior year primarily from a lower gross profit margin percentage, increased costs to expand capacity and functionality of the Marketplace for J.B. Hunt 360°, increased personnel costs, and increased digital marketing costs. Gross profit margin decreased to 12.7% in the current quarter vs. 15.5% compared to the prior year primarily from a competitive pricing environment in the contractual business and a softer overall spot market. ICS carrier base increased 20% and the employee count increased 5% vs. third quarter 2018.

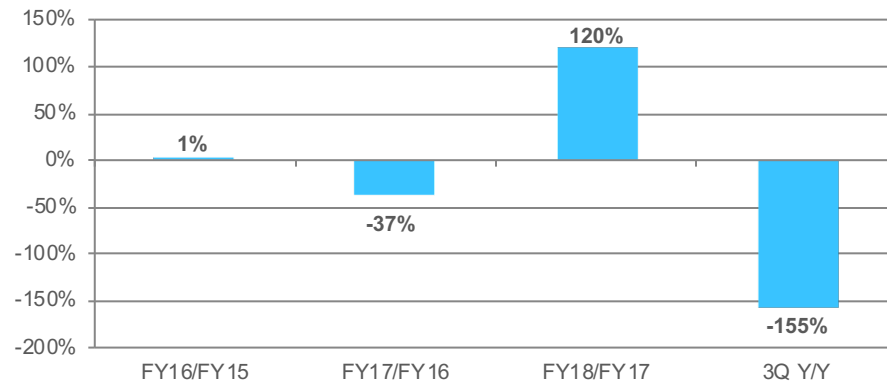
INTEGRATED (ICS) PERFORMANCE



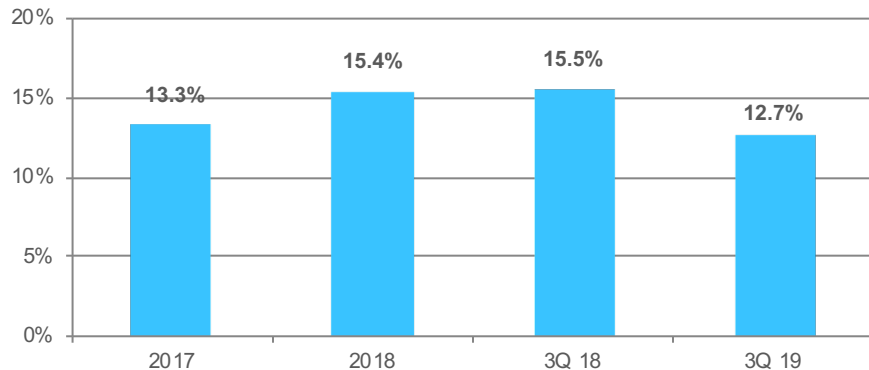
ICS Revenue Change



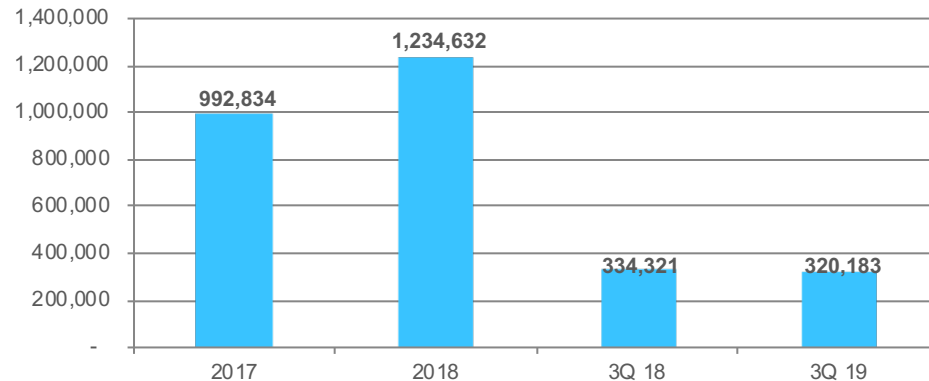
ICS Operating Income Change



ICS Gross Profit Margin



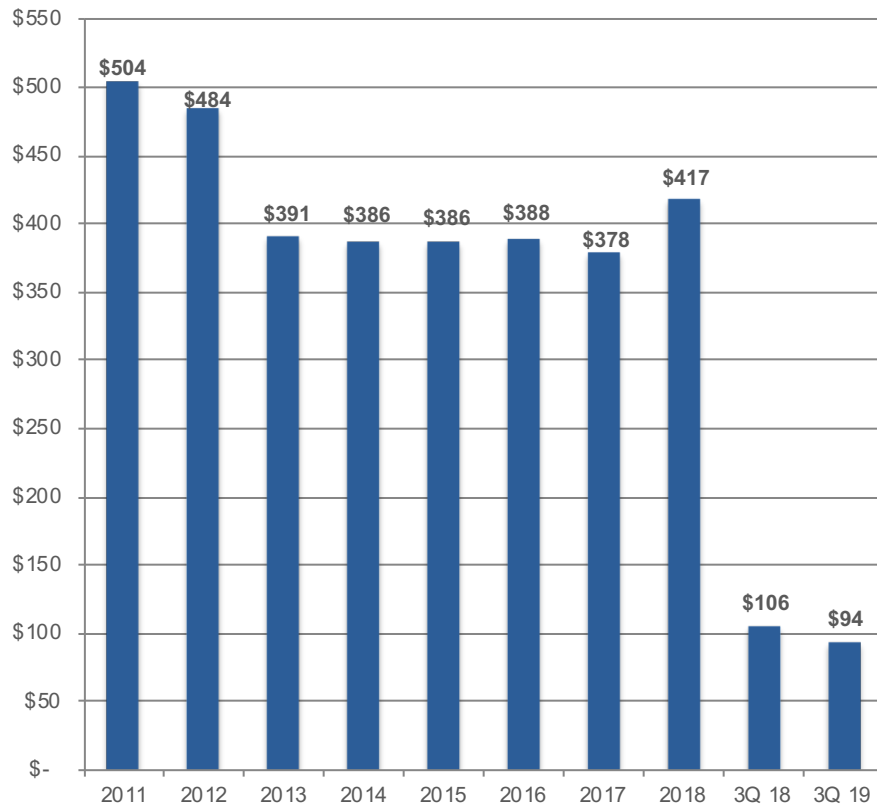
ICS Loads



TRUCKLOAD (JBT)



JBT Revenue (in millions)



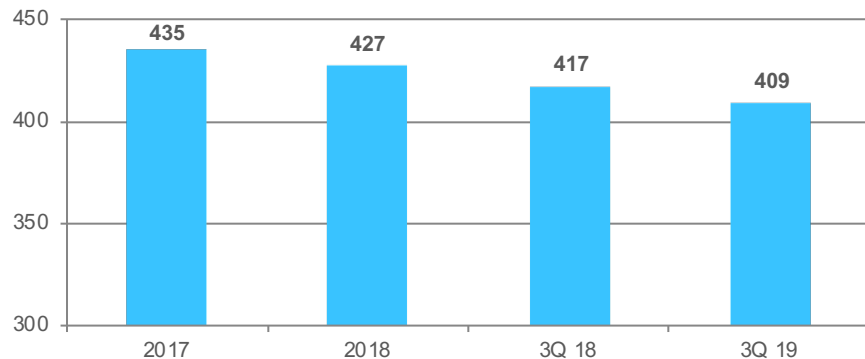
JBT revenue decreased 11% from the same period in 2018. Revenue excluding fuel surcharge decreased approximately 10%, primarily from a 5% decrease in rates per loaded mile, a 2% decrease in length of haul, and a 3% decrease in load count compared to a year ago. Comparable contractual customer rates increased approximately 1.5% compared to the same period in 2018. At the end of the period, JBT operated 1,896 tractors compared to 1,972 a year ago.

Operating income decreased 28% compared to third quarter 2018. A smaller percentage of spot market loads moved to total loads moved, higher empty miles per load, and an overall decrease in total loads compared to third quarter 2018 all contributed to lower operating income.

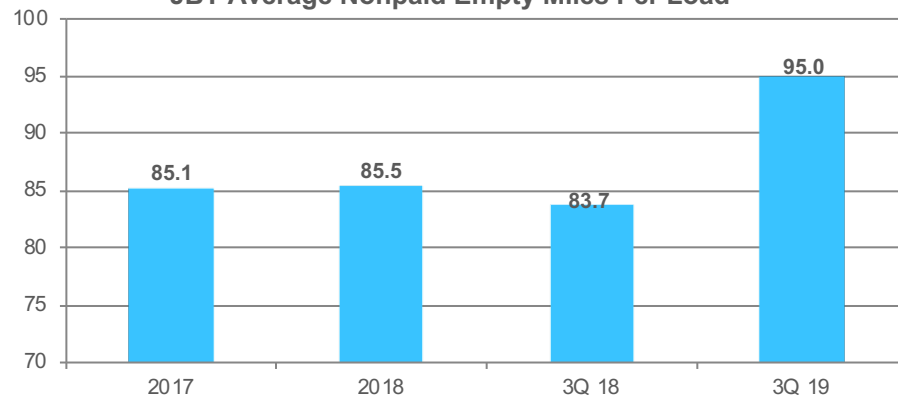
TRUCKLOAD (JBT) PERFORMANCE



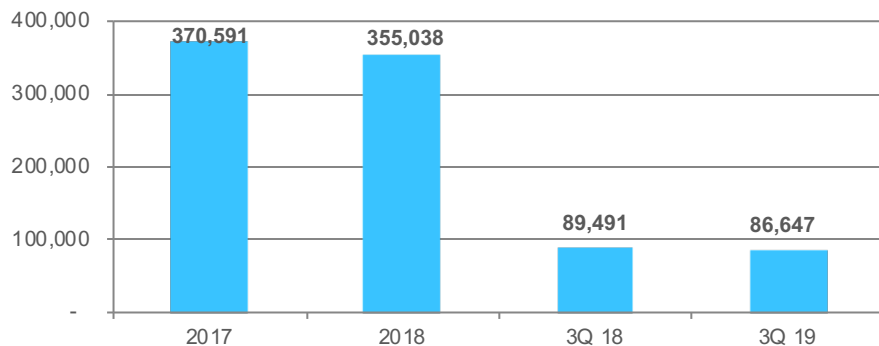
JBT Average Length of Haul



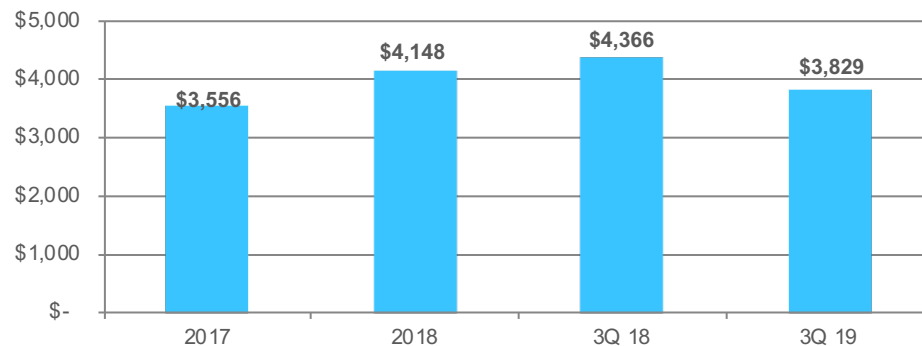
JBT Average Nonpaid Empty Miles Per Load



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



	September 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 75,132	\$ 7,600
Accounts receivable, net	1,051,027	1,051,698
Prepaid expenses and other, net	257,297	443,683
Total current assets	1,383,456	1,502,981
Property and equipment	5,615,289	5,329,243
Less accumulated depreciation	1,964,927	1,884,132
Net property and equipment	3,650,362	3,445,111
Other assets, net	352,519	143,555
	\$ 5,386,337	\$ 5,091,647
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Current debt	\$ -	\$ 250,706
Trade accounts payable	654,959	709,736
Claims accruals	281,758	275,139
Accrued payroll	66,692	80,922
Other accrued expenses	71,615	35,845
Total current liabilities	1,075,024	1,352,348
Long-term debt	1,293,312	898,398
Other long-term liabilities	180,367	96,056
Deferred income taxes	644,105	643,461
Stockholders' equity	2,193,529	2,101,384
	\$ 5,386,337	\$ 5,091,647

THANK YOU

