



**2022 FIRST QUARTER  
EARNINGS  
CONFERENCE CALL**



**04.20.2022**

# FORWARD LOOKING DISCLOSURE

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This information and other statements by the company may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to, among other items: projections and estimates of earnings, revenues, margins, volumes, rates, cost-savings, expenses, taxes, liquidity, capital expenditures, dividends, share repurchases or other financial items, statements of management's plans, strategies and objectives for future operations, and management's expectations as to future performance and operations and the time by which objectives will be achieved, statements concerning proposed new services, and statements regarding future economic, industry or market conditions or performance. Forward-looking statements are typically identified by words or phrases such as "will," "should," "believe," "expect," "anticipate," "project," "estimate," "preliminary" and similar expressions. Forward-looking statements speak only as of the date they are made, and the company undertakes no obligation to update or revise any forward-looking statement. If the company updates any forward-looking statement, no inference should be drawn that the company will make additional updates with respect to that statement or any other forward-looking statements.

Forward-looking statements are subject to a number of risks and uncertainties, and actual performance or results could differ materially from that anticipated by any forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by any forward-looking statements include, among others; (i) the company's success in implementing its financial and operational initiatives; (ii) changes in domestic or international economic, political or business conditions, including those affecting the transportation industry (such as the impact of industry competition, conditions, performance and consolidation); (iii) legislative or regulatory changes; (iv) the inherent business risks associated with safety and security; (v) the outcome of claims and litigation involving or affecting the company; (vi) natural events such as severe weather conditions or pandemic health crises; and (vii) the inherent uncertainty associated with projecting economic and business conditions.

Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the company's SEC reports, accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) and the company's website at [www.csx.com](http://www.csx.com).

# NON-GAAP MEASURES DISCLOSURE

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CSX reports its financial results in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). CSX also uses certain non-GAAP measures that fall within the meaning of Securities and Exchange Commission Regulation G and Regulation S-K Item 10(e), which may provide users of the financial information with additional meaningful comparison to prior reported results.

Non-GAAP measures do not have standardized definitions and are not defined by U.S. GAAP. Therefore, CSX's non-GAAP measures are unlikely to be comparable to similar measures presented by other companies. The presentation of these non-GAAP measures should not be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with GAAP. Reconciliations of non-GAAP measures to corresponding GAAP measures are attached hereto in the Appendix of this presentation.

# FIRST QUARTER HIGHLIGHTS

**1,498K**

Volume

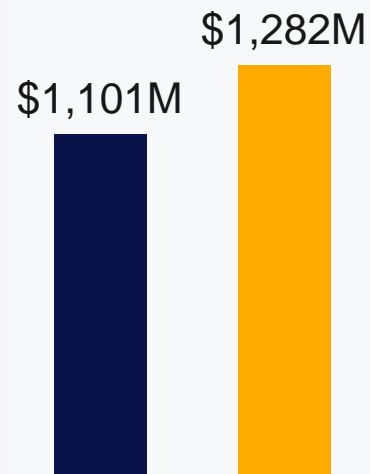
**\$3,413M**

Revenue

**\$1,282M**

Op. Income

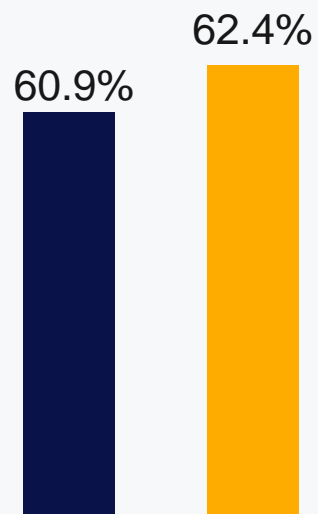
## Operating Income



Q1 21

Q1 22

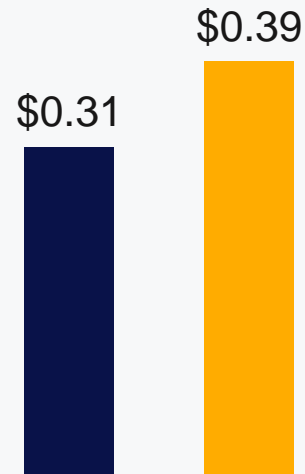
## Operating Ratio



Q1 21

Q1 22

## Earnings Per Share



Q1 21

Q1 22

- › First quarter results reflect solid performance
- › Operating income up 16% to \$1.3 billion driven by increased revenue
- › Operating ratio reflects core improvement offset by the impact of Quality Carriers
- › Earnings per share up 26%

# FIRST QUARTER REVENUE HIGHLIGHTS

## Revenue gains driven by strong pricing and higher fuel surcharge

- › **Chemicals** increased due to higher revenue per unit and more shipments of core chemical products, partially offset by lower shipments of crude oil and other energy-related commodities
- › **Agricultural & Food Products** increased as a result of higher shipments of ethanol, vegetable oils, and food and consumer products
- › **Forest Products** increased as higher revenue per unit more than offset lower shipments, primarily of building products
- › **Automotive** decreased due to lower North American vehicle production, which continues to be impacted by shortages of semiconductors and other parts
- › **Metals and Equipment** increased due to higher scrap shipments and increased revenue per unit, partially offset by lower steel shipments
- › **Minerals** increased as a result of higher shipments of aggregates and cement
- › **Fertilizers** decreased as declines in long-haul fertilizer shipments were only partially offset by increased short-haul phosphate shipments
- › **Intermodal** increased due to higher domestic shipments driven by truck conversions, which more than offset lower international shipments
- › **Coal** increased as higher export benchmark pricing more than offset lower shipments of domestic coal and international thermal coal
- › **Other Revenue** increased due to higher intermodal storage and equipment usage revenue, partially offset by lower payments from customers who did not meet volume commitments

## Q1 Revenue Up 21% Year Over Year

Chemicals	7%
Ag & Food Products	11%
Forest Products	4%
Automotive	(4%)
Metals & Equip	6%
Minerals	15%
Fertilizers	(2%)
Intermodal	13%
Coal	39%
Other	41%

# ACCELERATING GROWTH THROUGH INDUSTRIAL DEVELOPMENT

<b>CSX Select Sites</b>	<b>Industrial Development Projects / Expansions</b>	<b>Total Customer Investment</b>	<b>Industrial Development Pipeline</b>
<b>~10k</b> ACRES ACROSS 19 SITES	<b>90+</b> IN 2021	<b>\$3.1 Billion</b> IN 2021	<b>500+</b> PROJECTS IN PIPELINE

## Robust Business Development Capabilities

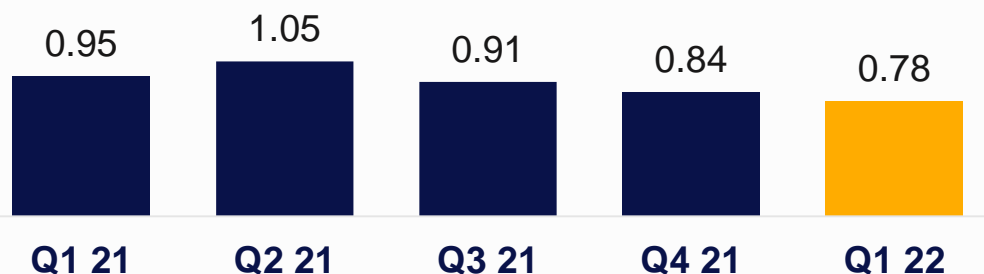
- Experienced business development team helps customers identify, design and develop new facilities
- Strong state and local engagement with economic developers drives opportunities to capture customer infrastructure investment on our railroad
- Leverage partnerships with shortlines to extend reach of the CSX network

## Driving Business Wins

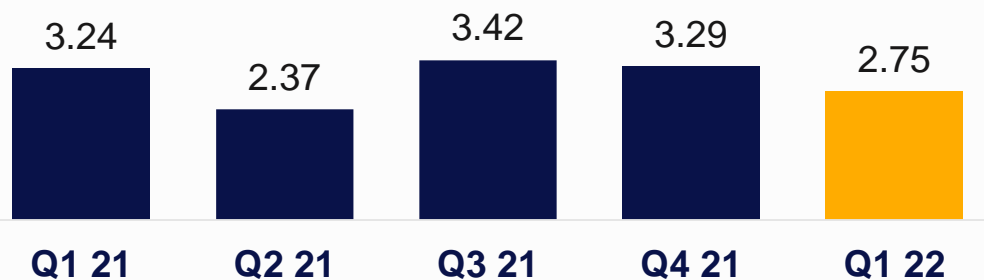
- In 2021, over 90 new facilities or expansion projects were put in service
- Recent announcements with Ford, Nucor, Rivian, Fiberon, VinFast and Hyundai underscore success
- Currently promoting 19 CSX Select Sites fully-equipped for large-scale development with more planned in 2022

# FIRST QUARTER SAFETY HIGHLIGHTS

## FRA Personal Injury Frequency Index

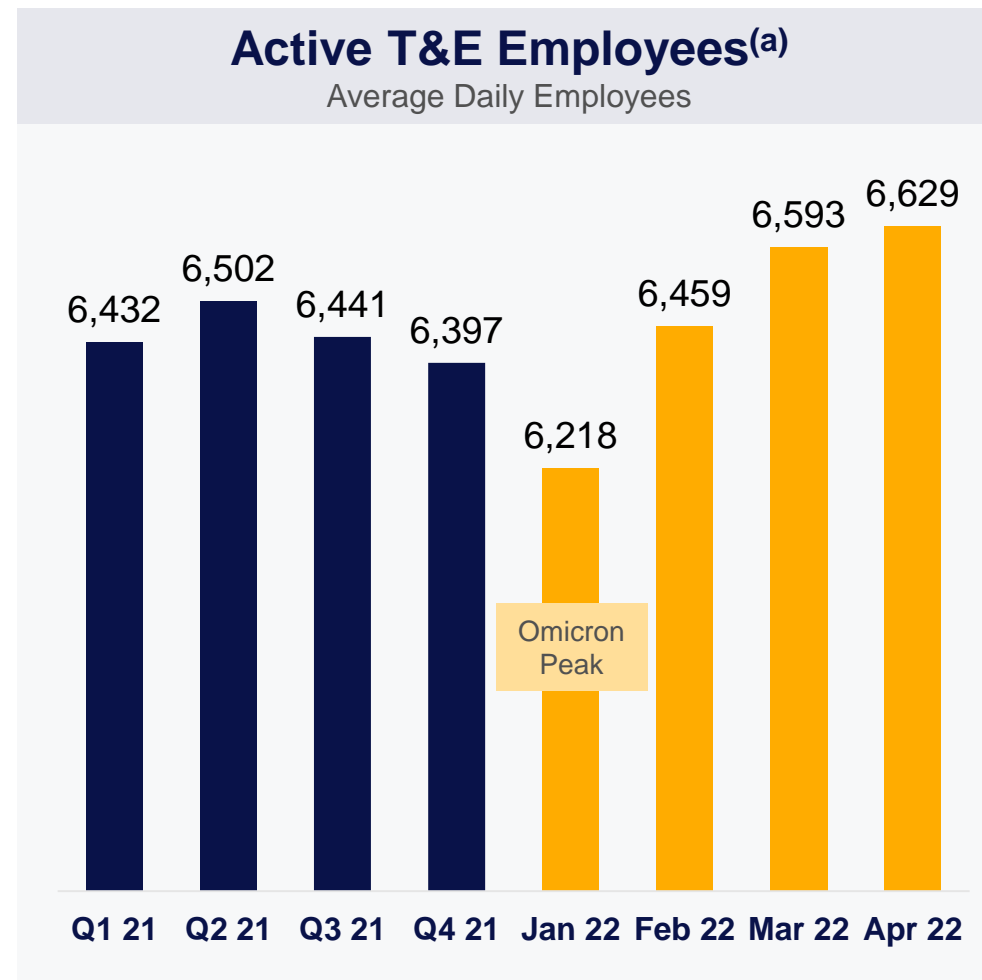
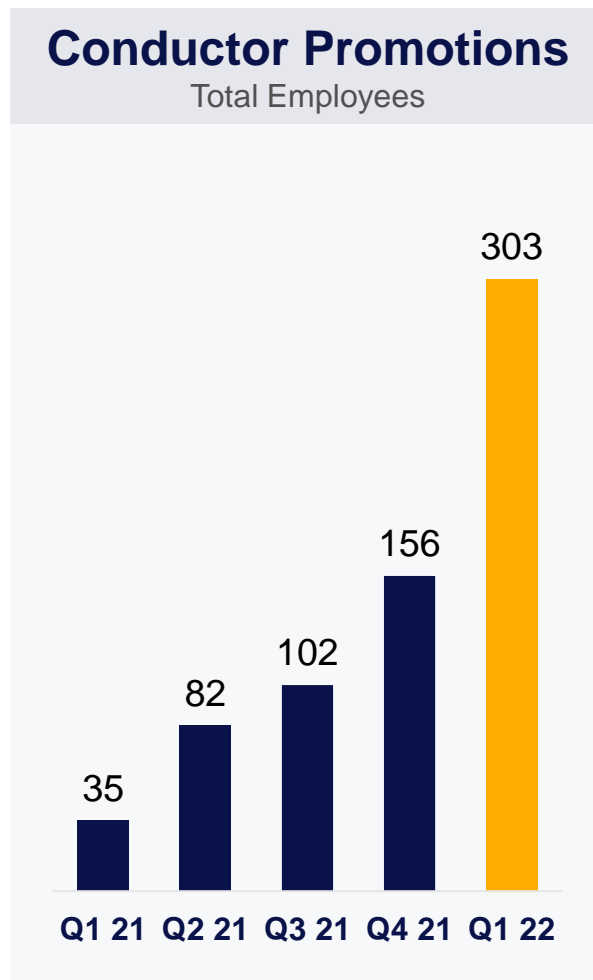
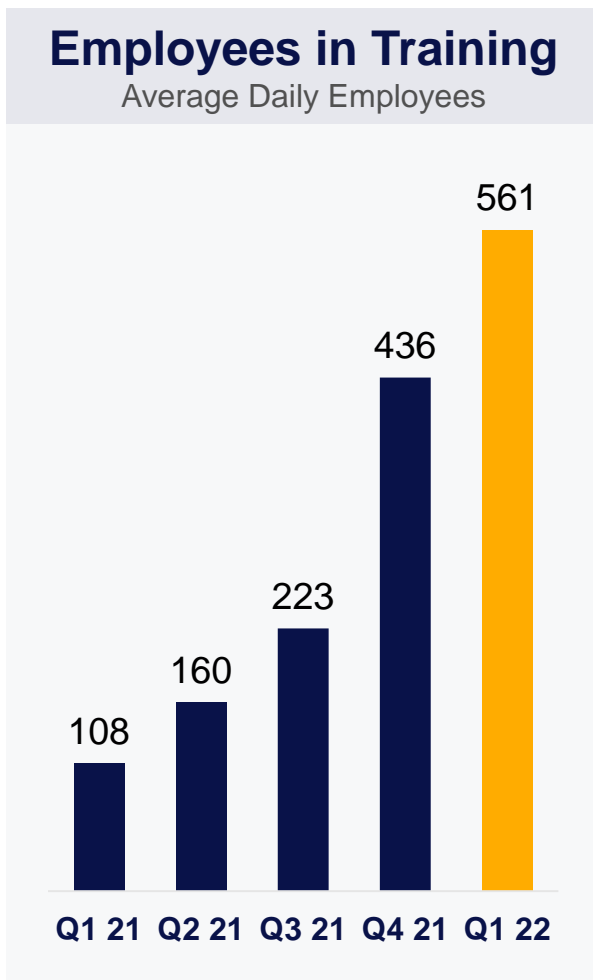


## FRA Train Accident Rate



- Safety is a guiding principle at CSX
- Safety improvement continues in both injuries and accidents sequentially and year-over-year
- Injury and accident counts near record first-quarter performance
- Maintaining a strong focus on new hire engagement, front-line coaching, and expanding safety technology

# FIRST QUARTER T&E HIRING HIGHLIGHTS



<sup>(a)</sup> April 2022 headcount is the average as of April 18, 2022



# FIRST QUARTER OPERATING HIGHLIGHTS

## Intermodal Trip Plan Performance

**87%**

PERCENT ON TIME

## Carload Trip Plan Performance

**64%**

PERCENT ON TIME

## Terminal Car Dwell

**11.2**

HOURS PER CAR

## Train Velocity

**16.0**

MILES PER HOUR

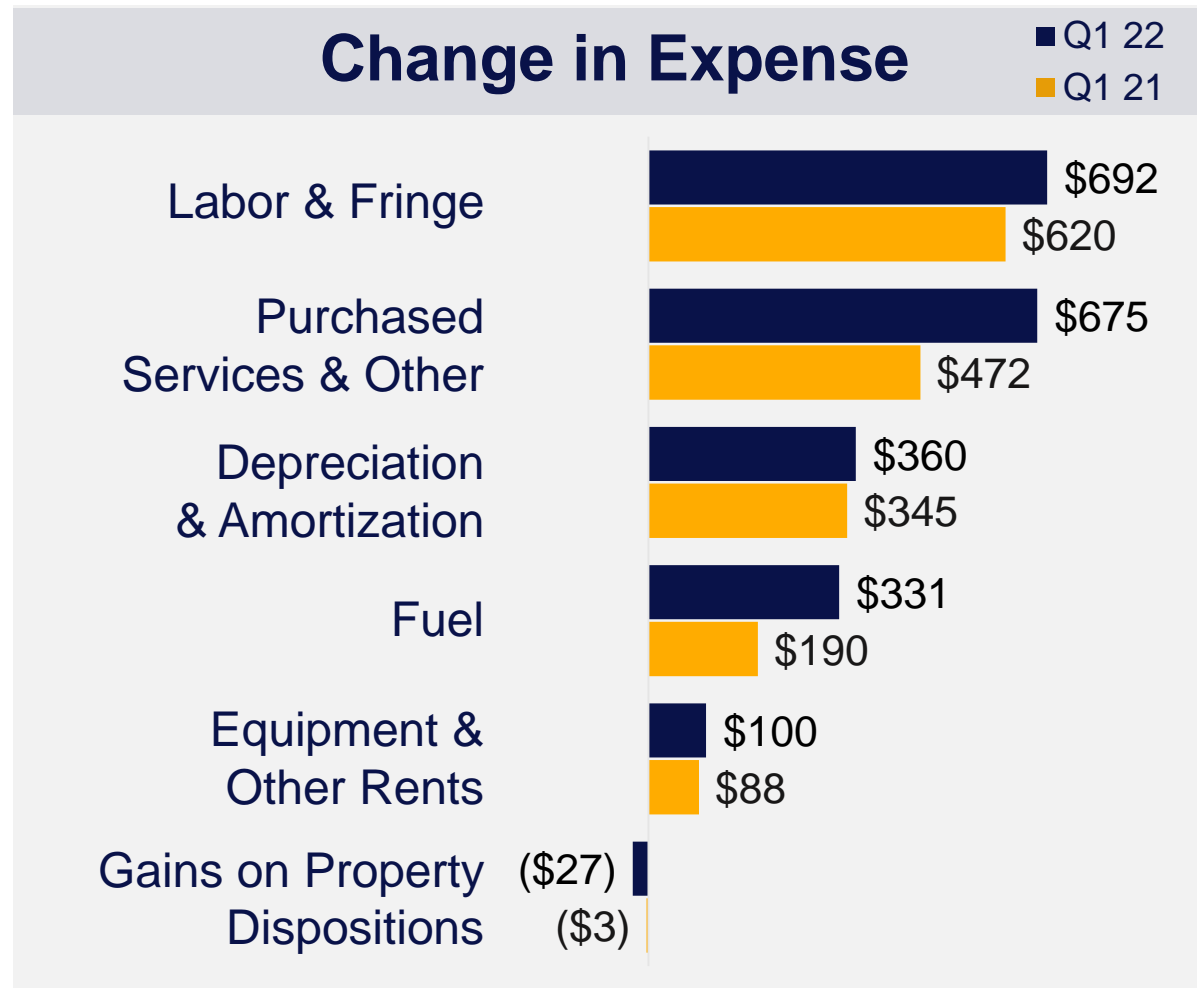
- Committed to returning service to pre-pandemic levels
- Successful hiring initiatives easing labor constraints across network
  - COVID-related mark offs are now minimal following January peak
  - Active T&E employee count trending upward
- Focused on reliability and execution

# FIRST QUARTER EARNINGS SUMMARY

## First Quarter Income Statement

<i>Dollars in Millions</i>	2022	2021	Variance
Revenue	\$ 3,413	\$ 2,813	21%
Expense	2,131	1,712	(24%)
<b>Operating Income</b>	<b>\$ 1,282</b>	<b>\$ 1,101</b>	<b>16%</b>
Interest Expense & Other Income – Net	(153)	(164)	7%
Income Tax Expense	(270)	(231)	(17%)
<b>Net Earnings</b>	<b>\$ 859</b>	<b>\$ 706</b>	<b>22%</b>
<b>Earnings Per Share</b>	<b>\$ 0.39</b>	<b>\$ 0.31</b>	<b>26%</b>
Operating Ratio	62.4%	60.9%	(150 bps)
Income Tax Rate	23.9%	24.7%	80 bps
Average Shares Outstanding, Assuming Dilution ( <i>Millions</i> )	2,193	2,286	4%

# FIRST QUARTER EXPENSE UP \$419M



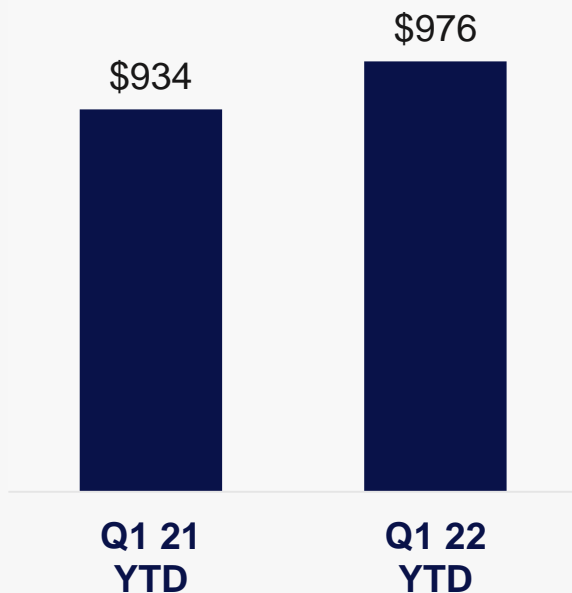
- Total expense increase of \$419M includes ~\$215M from Quality Carriers and ~\$110M of fuel price impact
- Inflation excluding locomotive fuel consistent with expectations
- Other cost drivers include:
  - Network and terminal support expenses
  - Increased active locomotives and cars online
  - Ongoing conductor training
  - Environmental reserves adjustment

Note: Materials, Supplies, and Other expense line item changed to Purchased Services and Other. This naming convention change does not impact previously reported results.

# FIRST QUARTER FREE CASH FLOW AND DISTRIBUTIONS

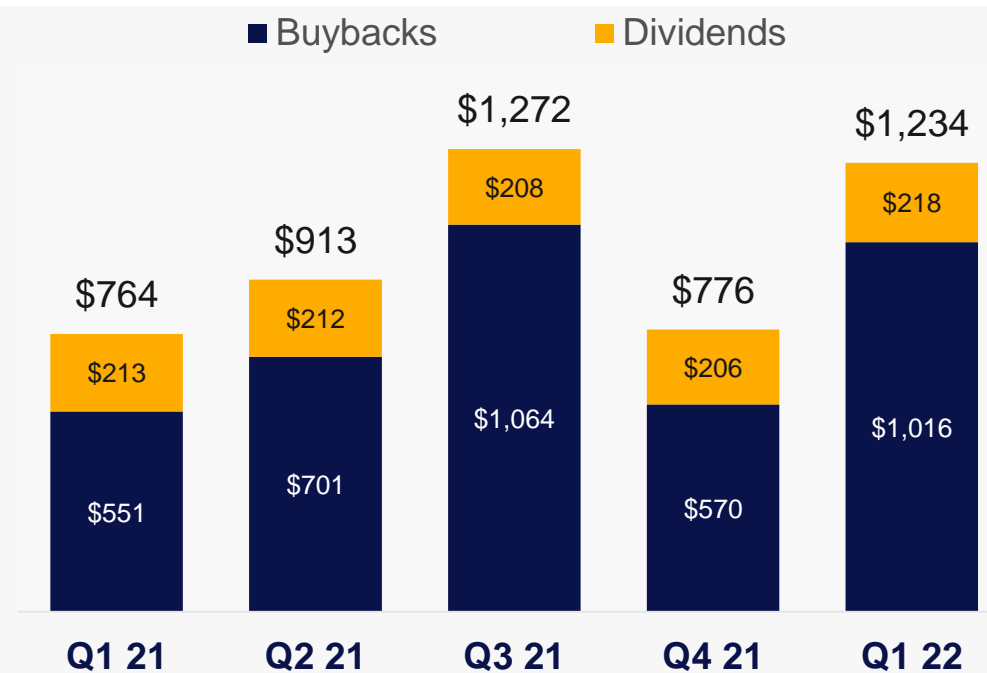
## Free Cash Flow Before Dividends\*

In Millions



## Shareholder Distributions

In Millions



\* See Appendix for Non-GAAP reconciliation

## LOOKING FORWARD

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- › Targeting full-year double digit revenue and operating income growth, excluding impacts from the Virginia real estate transaction
- › Revenues to benefit from high coal prices and fuel surcharges in the near-term
- › Continue to increase transportation headcount to capture increasing rail volume
- › Maintaining full year capital expenditure target of ~\$2 billion
- › Remain committed to returning capital to shareholders

# APPENDIX

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## Non-GAAP Free Cash Flow Reconciliation



# NON-GAAP FREE CASH FLOW RECONCILIATION

## Free Cash Flow

Dollars in millions	Three Months Ended	
	Mar 31, 2022	Mar 31, 2021
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,299</b>	<b>\$ 1,232</b>
Property Additions	(331)	(306)
Proceeds and Advances from Property Dispositions	8	-
Other Investing Activities <sup>(a)</sup>	n/a	8
Free Cash Flow Before Dividends (non-GAAP)	\$ 976	\$ 934
Operating Cash Flow Conversion*	151%	175%
Free Cash Flow Conversion*	114%	132%

<sup>(a)</sup> Effective first quarter 2022, the results of other investing activities will no longer be included in free cash flow. Prior year has not been restated as the change is immaterial.

\*Expressed as a percentage of net income

**CSX**