

2024 FIRST QUARTER CONFERENCE CALL

CSX

4.17.2024





Forward Looking Disclosure

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 and the company's website at www.csx.com.



Non-GAAP Measures Disclosure

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.

EXECUTIVE SUMMARY

Joe Hinrichs

President and Chief Executive Officer





First Quarter Financial and Operational Highlights

+3%

Total Volume

+7%

Intermodal Volume

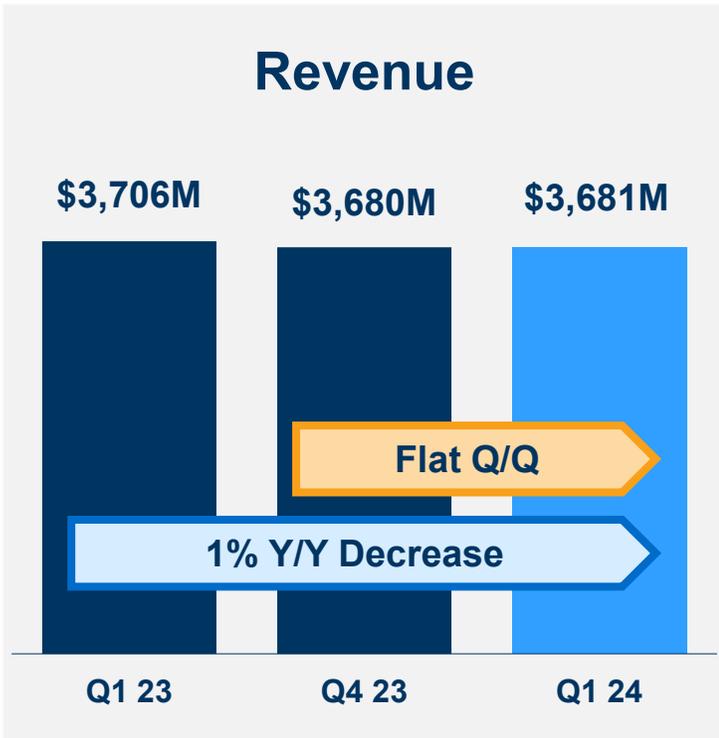
36.8%

Operating Margin

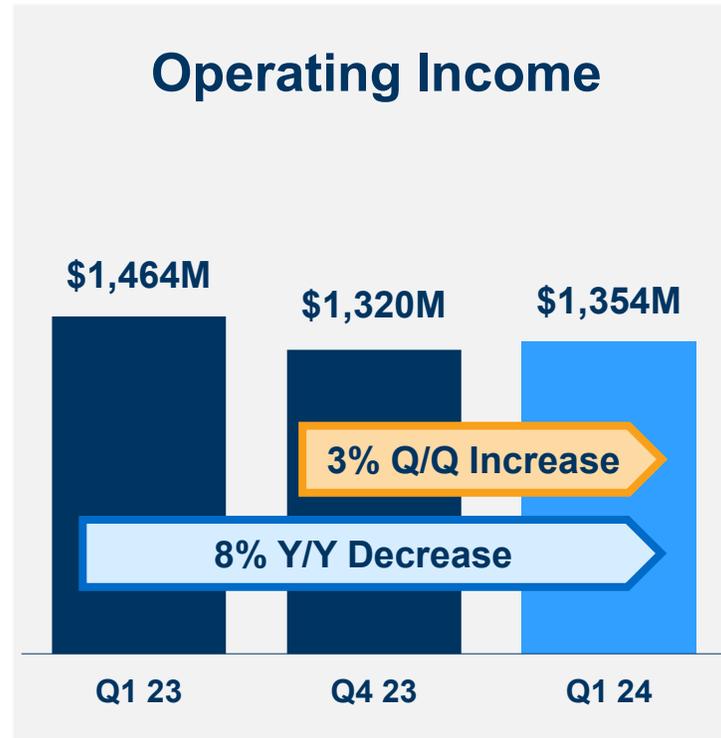
+90 bps

Q/Q Op Margin Growth

Revenue



Operating Income



Earnings Per Share



OPERATIONS REVIEW

Mike Cory

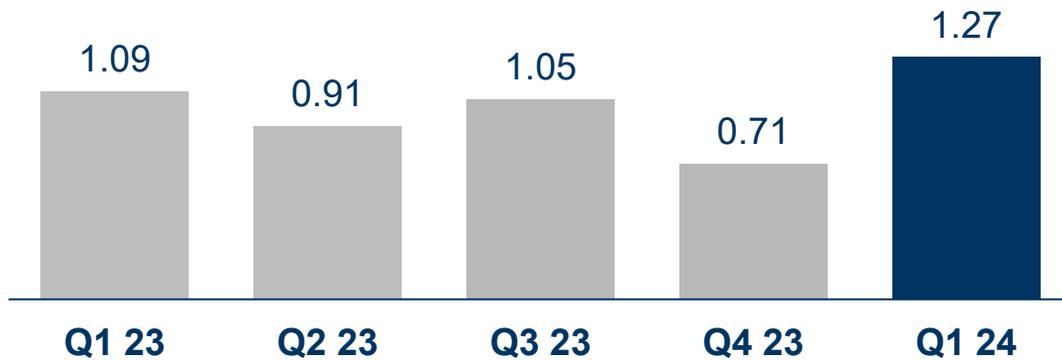
Executive Vice President and Chief Operating Officer



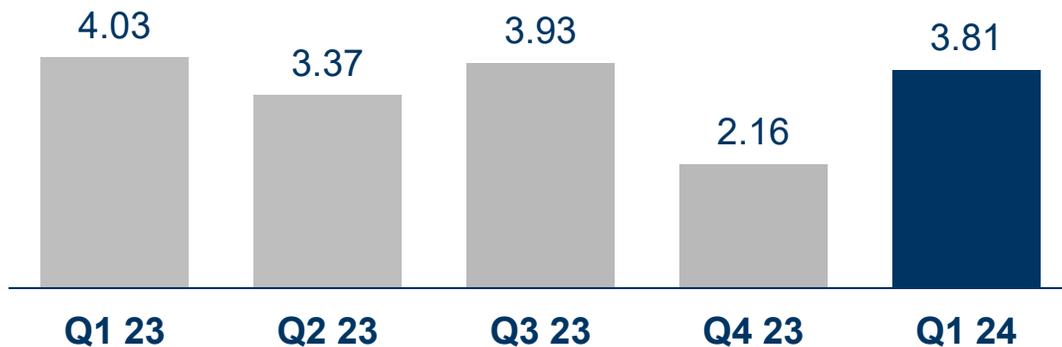


First Quarter Safety Highlights

FRA Personal Injury Frequency Index



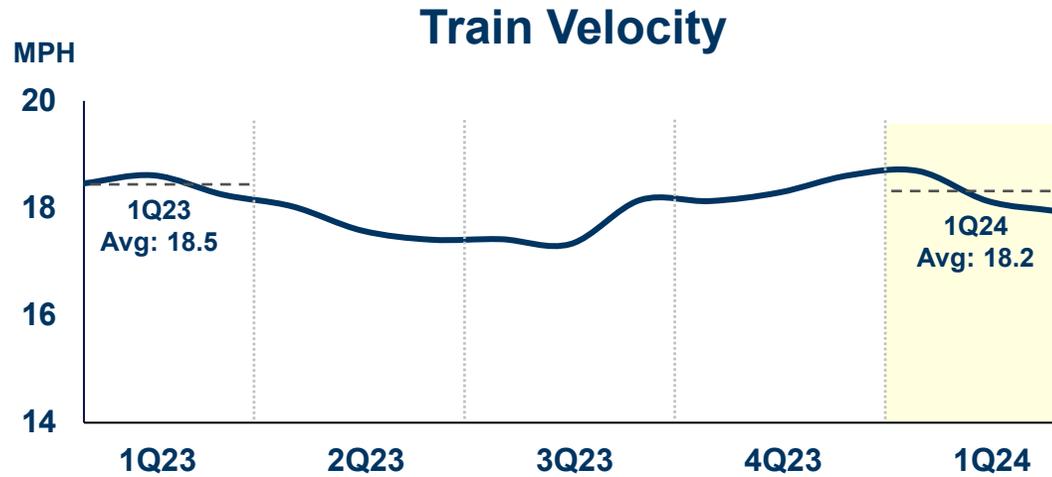
FRA Train Accident Rate



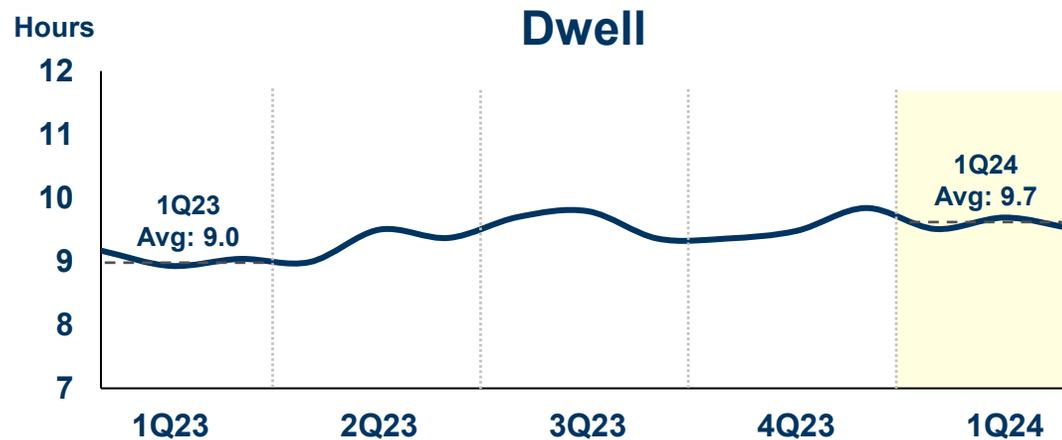
- Safety remains a core principle at CSX
- Q1 FRA injury and accident rates deteriorated sequentially versus the best quarterly performance of 2023
- New risk identification and prevention training began in January, with 4,800 employees completing the program YTD
- Building a culture that emphasizes active communication, immediate attention, and broad accountability for all safety issues



Balancing Network Fluidity, Building Long-Term Reliability



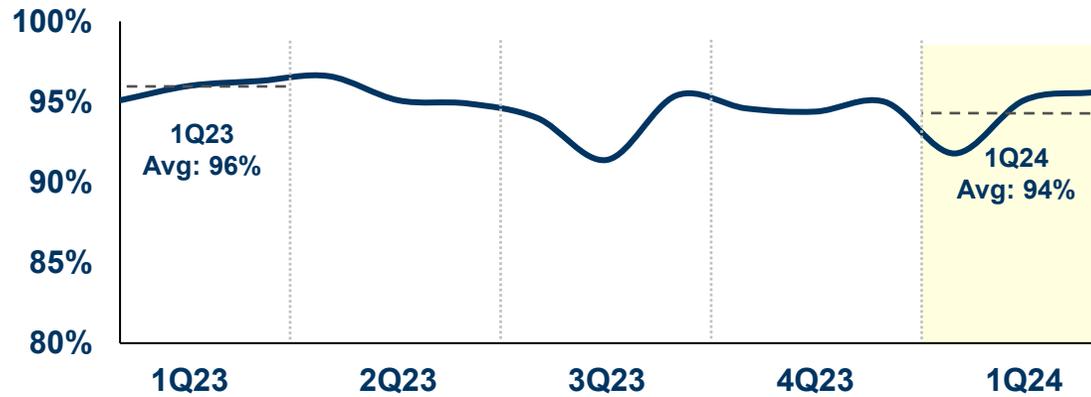
- Modest decrease in velocity and increase in dwell compared to last year
- Train tonnage and other key metrics indicate solid fluidity and efficiency enhancements
- Improving planning process for maintenance and engineering work to reduce disruptions
- Exploring opportunities for network asset reconfiguration and optimization
- Controlling costs while delivering safe, consistent, reliable service



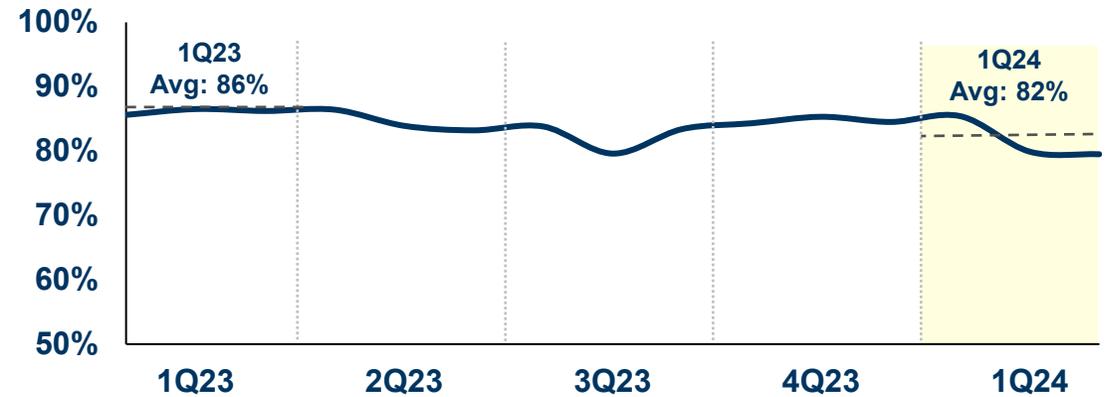


Customer Service Performance Remains Strong

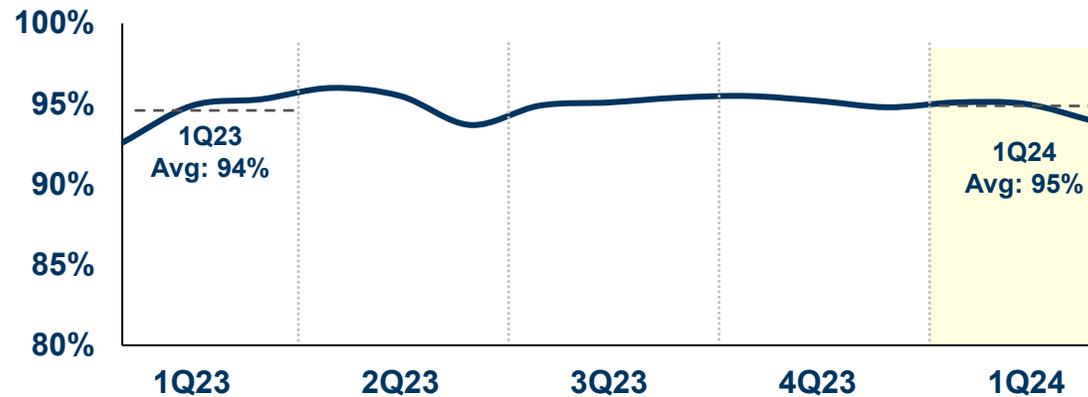
Intermodal Trip Plan Performance



Carload Trip Plan Performance



Customer Switch Data



SALES & MARKETING REVIEW

Kevin Boone

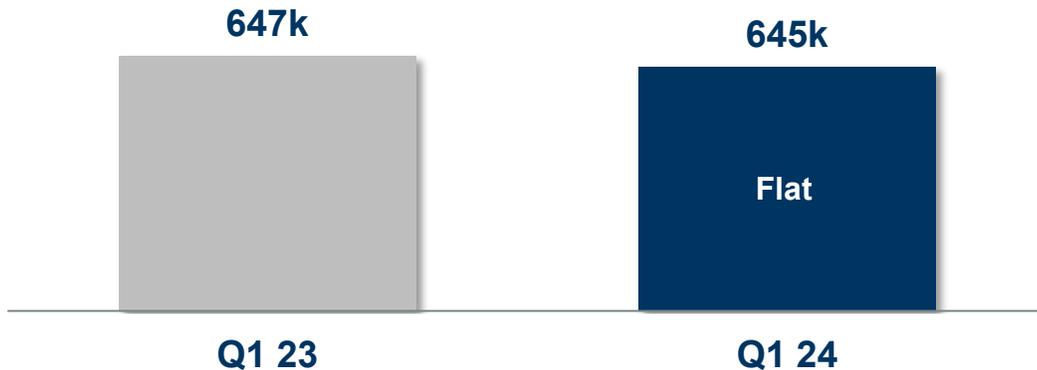
Executive Vice President and Chief Commercial Officer



Q1 Merchandise Revenue



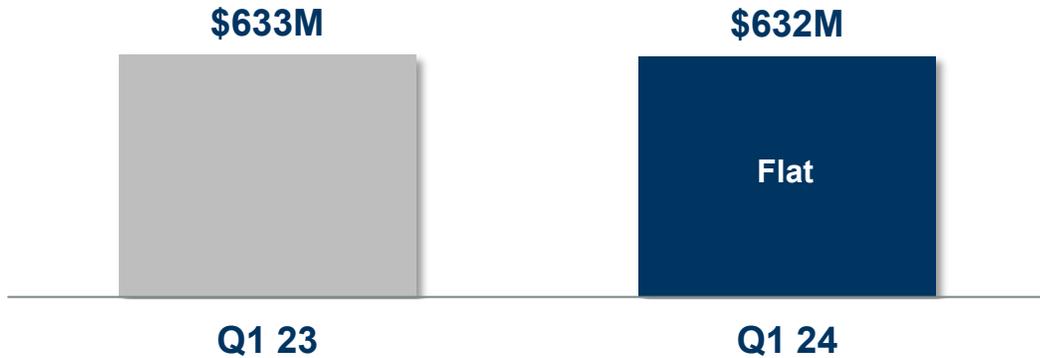
Q1 Merchandise Volume



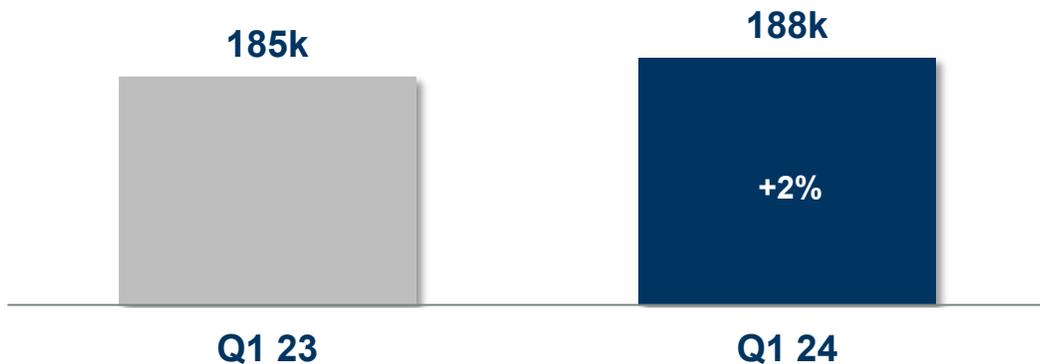
2024 Expectations

- › **Merchandise volume growth** supported by service leadership, new business wins, and modal share gains
- › **Positive trends** continuing in Automotive, Chemicals, Forest Products, and Minerals
- › **Ramp-up of Industrial Development projects** contributing ~1% to merchandise volume
- › **Supportive pricing environment** reflecting strong service performance

Q1 Coal Revenue



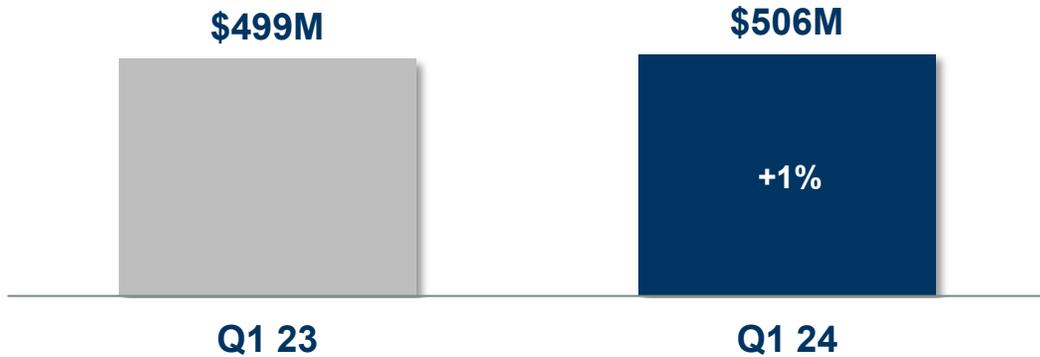
Q1 Coal Volume



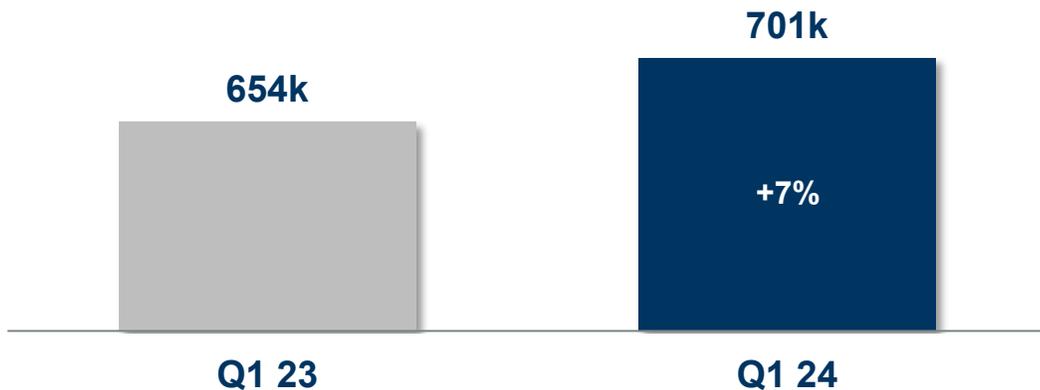
2024 Expectations

- › **Robust export coal demand** across both thermal and metallurgical markets
- › **Moderation** of global benchmark prices to levels still above pre-pandemic averages
- › **Net revenue impact** from Baltimore port closure estimated at \$25-\$30M per month
 - Opportunity to temporarily redirect a portion of export coal volumes to other terminal locations
- › **Domestic coal demand impacted** by ample stockpiles and low natural gas prices

Q1 Intermodal Revenue



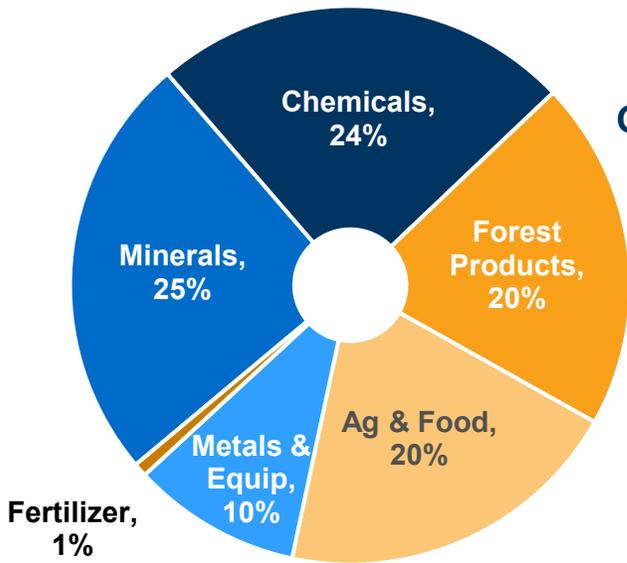
Q1 Intermodal Volume



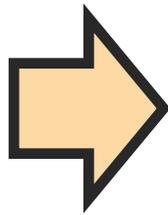
2024 Expectations

- > **Solid international volume growth**
 - Improving import levels, steady consumer demand, expanding inland port activity, new shipper alignments
- > **Steady momentum for domestic volume**
 - Supported by direct partnerships, business wins, truck conversions
 - Truck market challenges remain persistent
- > **Minimal impact from Baltimore port closure**
 - Working closely with customers to offer flexible solutions for redirected intermodal shipments

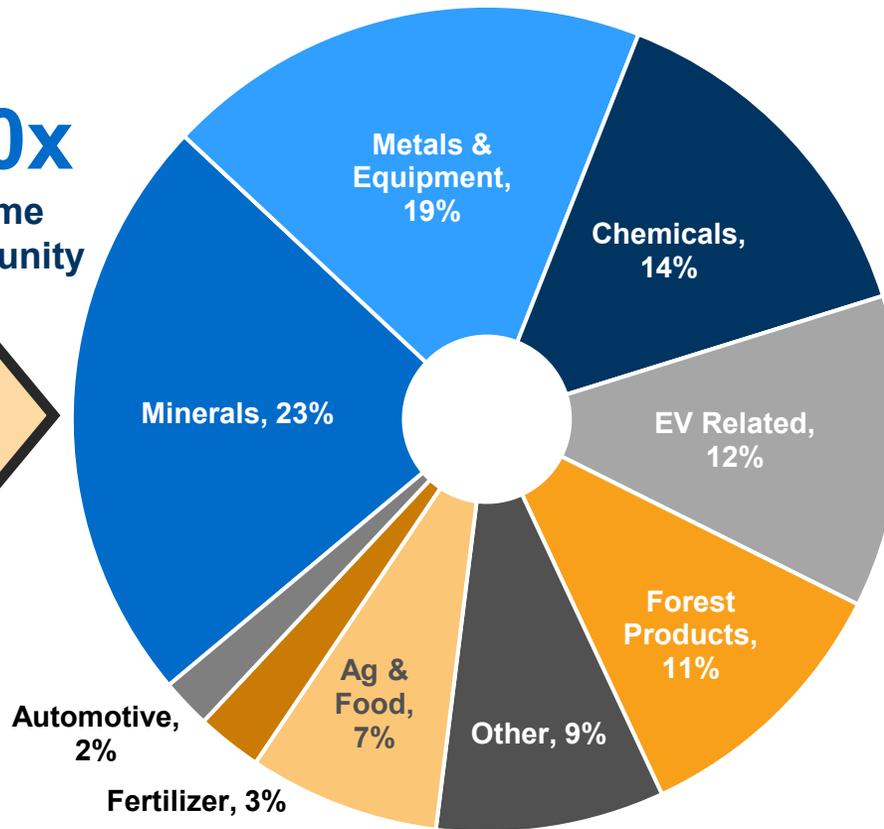
Online Projects Prior 12 Months



~10x
Volume
Opportunity



Total Project Pipeline



- **Approximately 100 customer projects online** over the twelve months ending in March '24
 - Represents \$4.2B in total partner investment
 - Approx. 80/20% mix between new sites and expansions

- **Over 500 new projects in the total development pipeline**
 - Minerals, Metals, and Chemicals projects represent over 50% of total potential carload opportunity
 - EV manufacturing and related facilities represent ~12%

Chart percentages represent portion of total potential carloads over respective period

FINANCIAL REVIEW

Sean Pelkey

Executive Vice President and Chief Financial Officer





First Quarter Earnings Summary

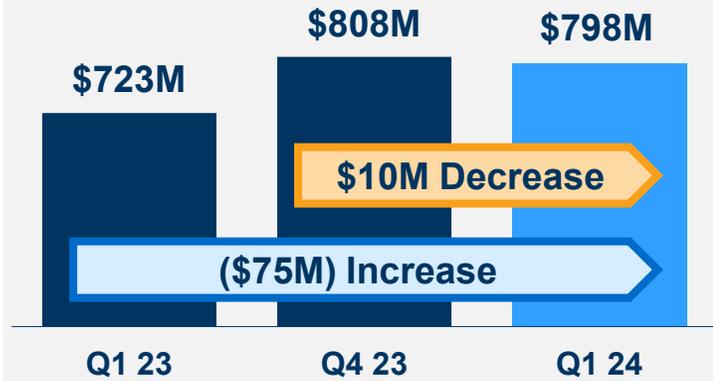
First Quarter Income Statement

<i>Dollars in Millions</i>	2024	2023	Variance
Revenue	\$3,681	\$3,706	(1%)
Expense	2,327	2,242	(4%)
Operating Income	1,354	\$1,464	(8%)
Interest Expense & Other Income - Net	(169)	(160)	(6%)
Income Tax Expense	(292)	(317)	8%
Net Earnings	\$893	\$987	(10%)
Earnings Per Share	\$0.46	\$0.48	(4%)
Operating Margin	36.8%	39.5%	(270 bps)
Income Tax Rate	24.6%	24.3%	(30 bps)
Average Shares Outstanding, Assuming Dilution (<i>Millions</i>)	1,962	2,058	5%

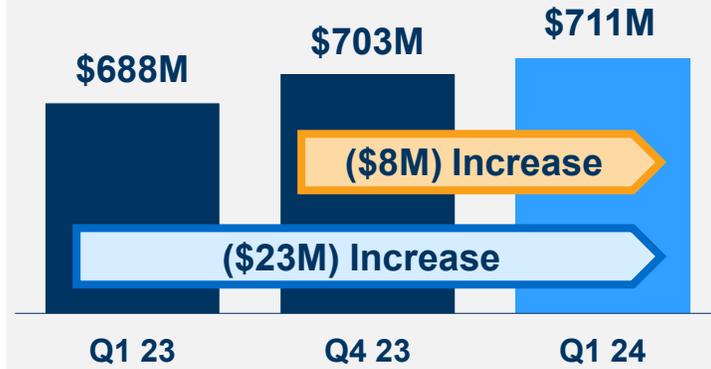


First Quarter Expense Comparisons

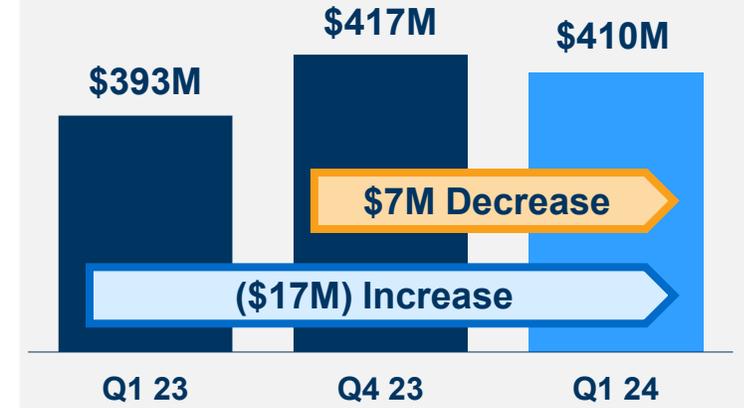
Labor & Fringe



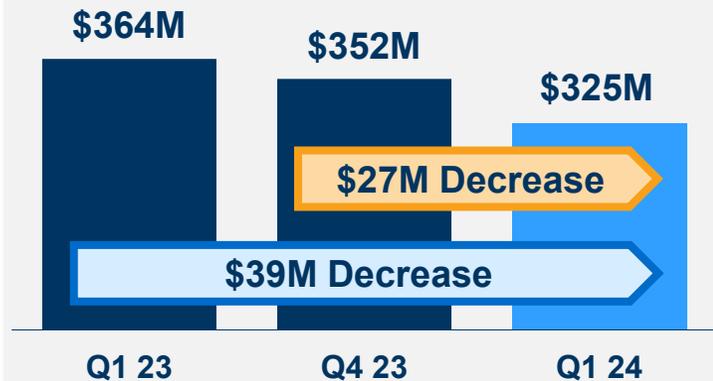
Purchased Services & Other



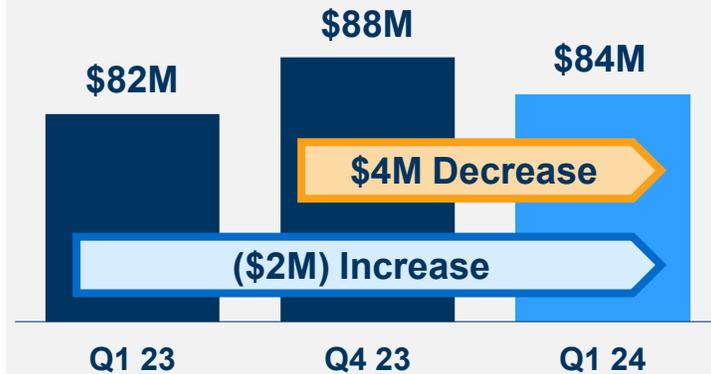
Depreciation & Amortization



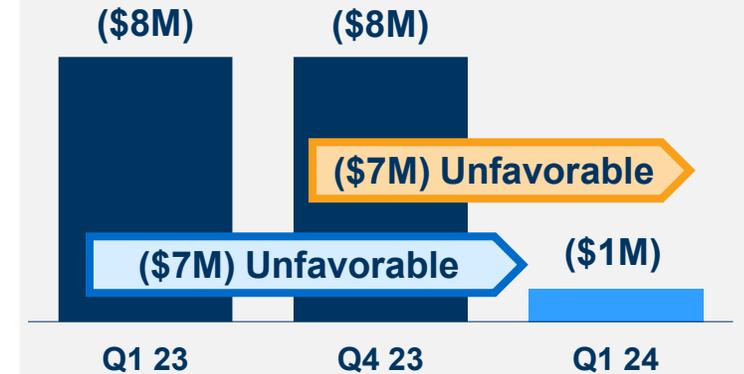
Fuel



Equipment & Other Rents



Gains on Property Dispositions





First Quarter Cash Flow and Distributions

Free Cash Flow Before Dividends*

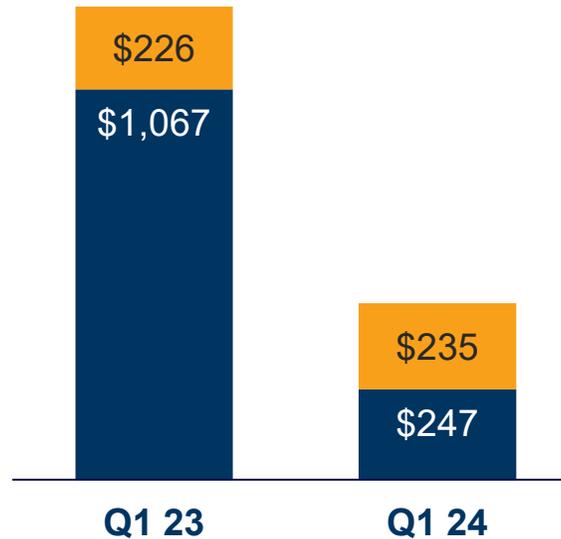
In Millions



Shareholder Distributions

In Millions

■ Buybacks ■ Dividends



Economic Profit (CSX Cash Earnings)*

In Millions



* See Appendix for Non-GAAP reconciliation

CLOSING REMARKS

Joe Hinrichs

President and Chief Executive Officer





Full Year 2024 Guidance is Unchanged

- **Low to mid-single digit total volume and revenue growth**
 - Solid momentum across Merchandise, Intermodal, and Export Coal
- **Profitability supported by solid pricing, improving efficiency, and lower cost inflation**
- **Capex of approximately \$2.5 billion**
 - Safety investments, capacity/equipment additions, technology enhancements, MNBR interchange, high-return growth projects
- **Balanced approach to capital returns**

APPENDIX

Non-GAAP Reconciliations





Non-GAAP Free Cash Flow Reconciliation

Free Cash Flow

Dollars in millions	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Net Cash Provided by Operating Activities	\$ 1,084	\$ 1,251
Property Additions	(524)	(443)
Proceeds and Advances from Property Dispositions	-	8
Free Cash Flow Before Dividends (non-GAAP)	\$ 560	\$ 816



Non-GAAP Economic Profit Reconciliation

Economic Profit

Dollars in millions	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Operating Income	\$ 1,354	\$ 1,464
Add: Depreciation, Amortization, and Operating Lease Expense	438	419
Remove: Unusual Items ^(a)	-	-
Taxes ^(b)	(269)	(282)
Gross Cash Earnings or "GCE"	\$ 1,523	\$ 1,601
Operating Assets		
Current Assets (Less Cash and Short-term Investments)	(\$ 1,987)	(\$ 1,886)
Gross Properties	(50,661)	(48,441)
Other Assets	(4,167)	(3,830)
Operating Liabilities		
Non-Interest Bearing Liabilities	11,091	10,744
Gross Operating Assets or "GOA" ^(c)	(\$ 45,724)	(\$ 43,413)
Capital Charge ^(d)	(\$ 914)	(\$ 868)
Economic Profit (Non-GAAP) calculated as GCE less Capital Charge	\$ 609	\$ 733

- (a) Unusual items are defined by management as unique events with greater than \$100 million full year operating income impact, consistent with the terms of the Company's long-term incentive plan agreements. There were no unusual items for either period presented
- (b) The tax percentage rate was 15% for both periods presented. This rate is applied to the sum of operating income, depreciation, amortization and operating lease expense, and unusual items.
- (c) Gross operating assets reflects an average of the year-to-date quarters reported for each year presented. Averages are not applicable for the first quarter of each year.
- (d) The capital charge of 8% for both years is calculated as the minimum return multiplied by gross operating assets. This is an annualized rate equivalent to 2% per quarter.

CSX