



**2023 FIRST QUARTER
EARNINGS
CONFERENCE CALL**



4.20.2023

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 Highlights

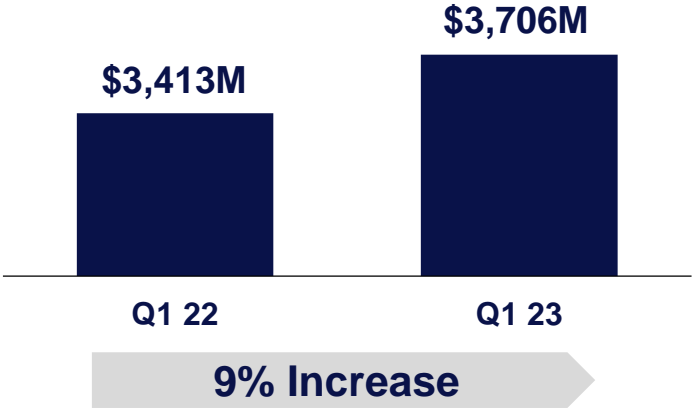
1,486K
Volume

\$3,706M
Revenue

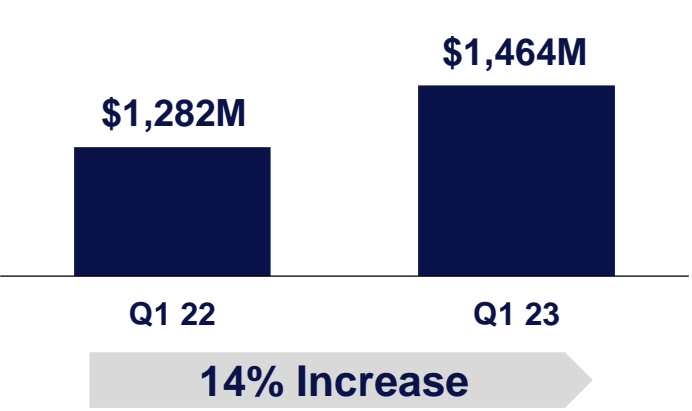
\$1,464M
Op. Income

60.5%
Op. Ratio

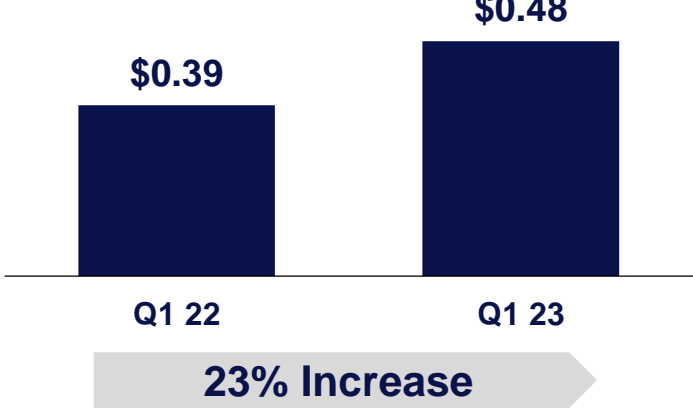
Revenue



Operating Income



Earnings Per Share



ONE CSX drives employee engagement and improved service, which supports our financial performance

OPERATIONS REVIEW

Jamie Boychuk

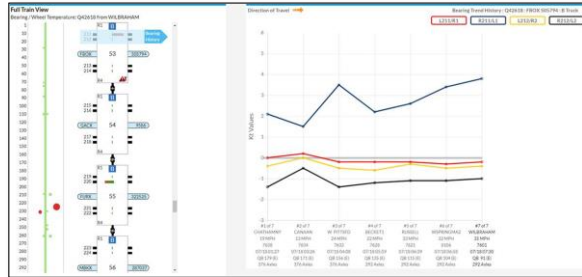
Executive Vice President of Operations



Leading with a Proactive Approach to Safe Operations

Hot Bearing Detectors

- Bearing temperature alerts based on both trends and absolute thresholds
- All HBDs on the CSX network are the newest technology



14.9 Miles

Average spacing between HBDs after 53 new installations in 2023

Craft Employee Training

- Robust classroom and field-based safety training curriculum at REDI Center
- Develops and reinforces safety behaviors and critical operating skills



>4,000

Individuals trained at the REDI Center during 2022

Autonomous Track Assessment Cars

- ATACs operate on existing trains in revenue service
- Identify track geometry exceptions at higher speeds than traditional inspection cars



50%

Portion of CSX's network scanned with ATACs each week

First Responder Training

- Utilizes customized train with a mobile classroom and equipped for real-time simulations
- Training sessions simulate derailment and hazardous materials release

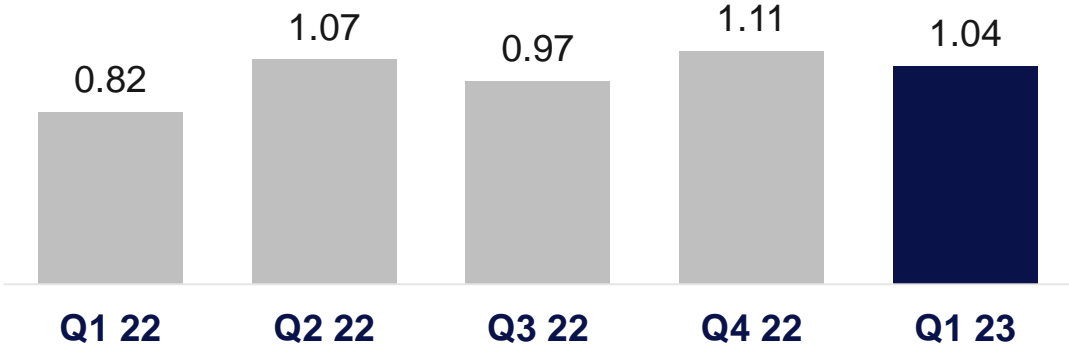


~4,000

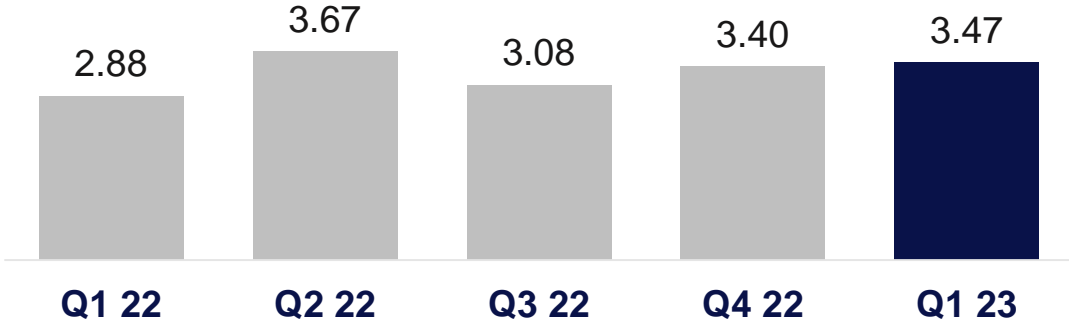
First responders trained at 40 events across CSX's network in 2022

First Quarter Safety Highlights

FRA Personal Injury Frequency Index



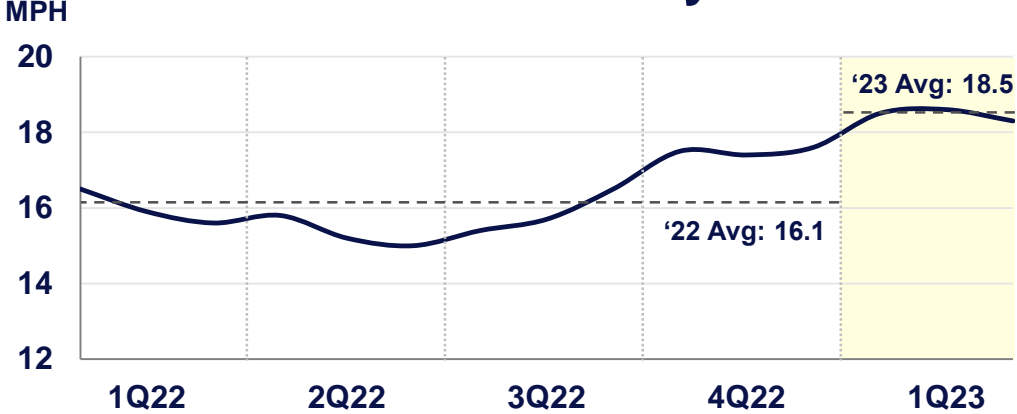
FRA Train Accident Rate



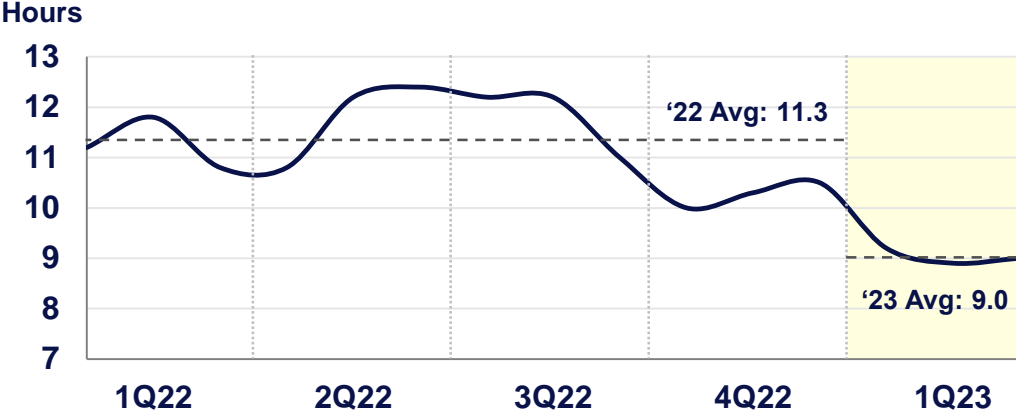
- Safety is a guiding principle at CSX
- Remain focused on instilling safety culture, especially in new hires, and eliminating life-changing events
- Confident in ability to improve safety as new hires become more tenured and gain experience
- Recent industry events reinforce the need for a robust safety plan and a workforce with a strong safety culture

First Quarter Operating Highlights

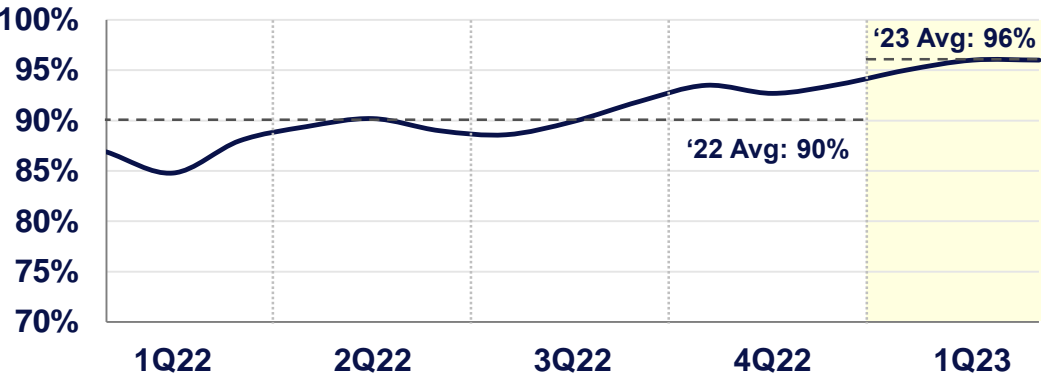
Train Velocity



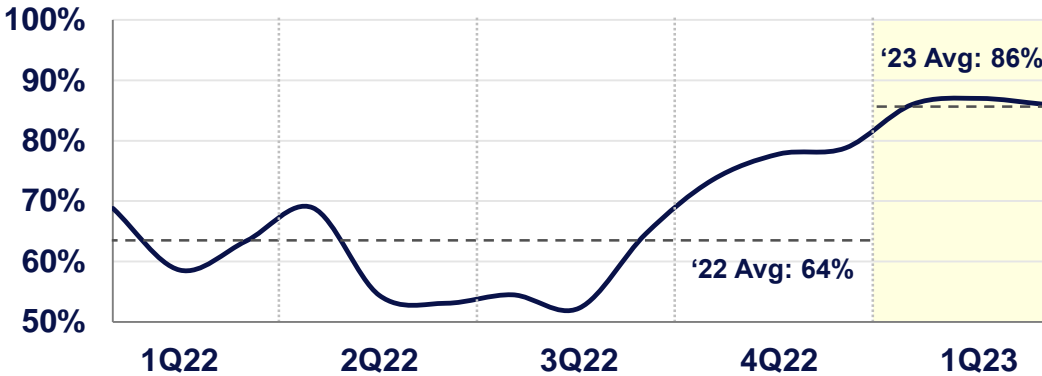
Dwell



Intermodal Trip Plan Performance



Carload Trip Plan Performance



SALES & MARKETING REVIEW

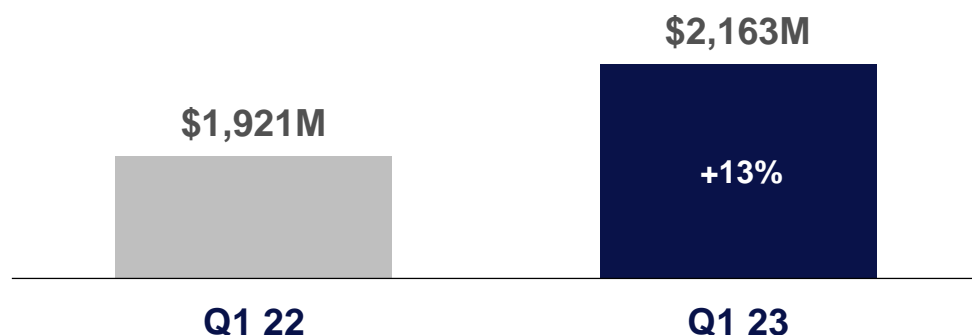
Kevin Boone

Executive Vice President of Sales and Marketing

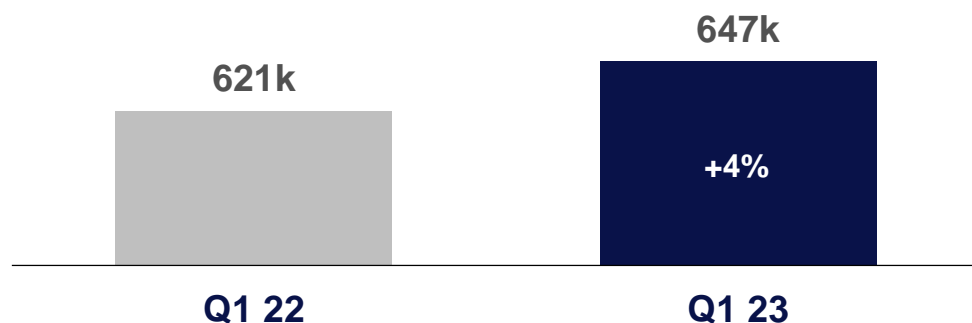


Merchandise Volume & Revenue Summary

Q1 Merchandise Revenue



Q1 Merchandise Volume

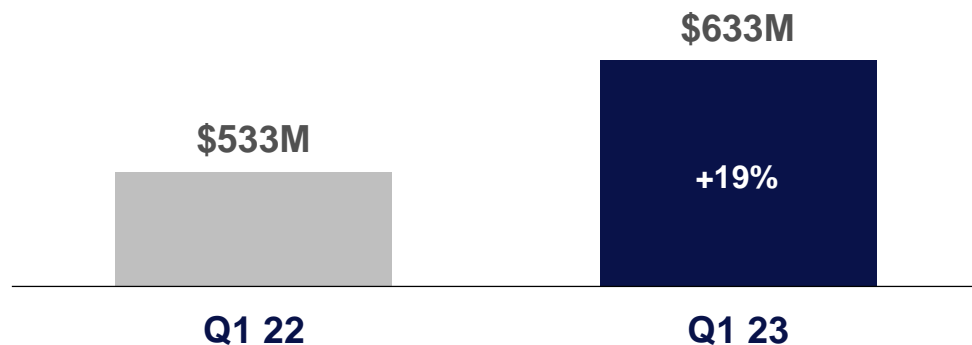


2023 Commentary

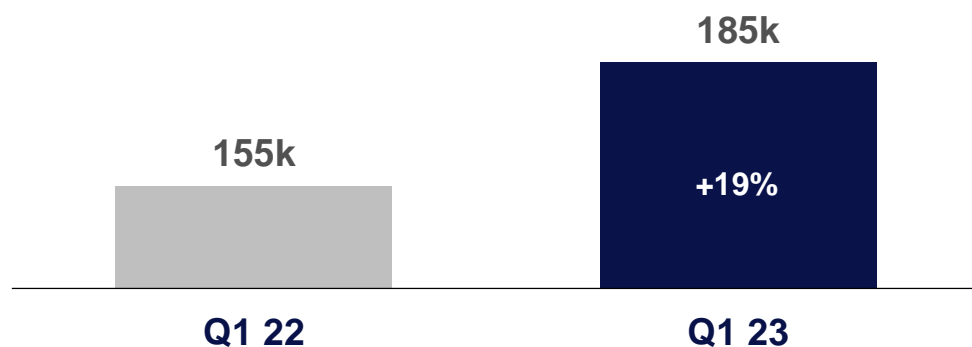
- **Supportive pricing environment** underscored by strength of recent contract renewals
- **Volumes supported by:**
 - Increasing auto production, strong aggregates demand, truck conversions, and new customer wins
 - Growth partially offset by softness in domestic chemical and fertilizer markets
- **Differentiated service performance** leading to business wins, share gains across portfolio

Coal Volume & Revenue Summary

Q1 Coal Revenue



Q1 Coal Volume

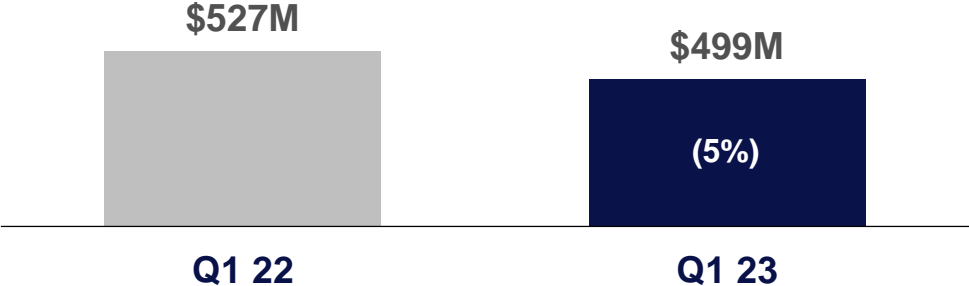


2023 Commentary

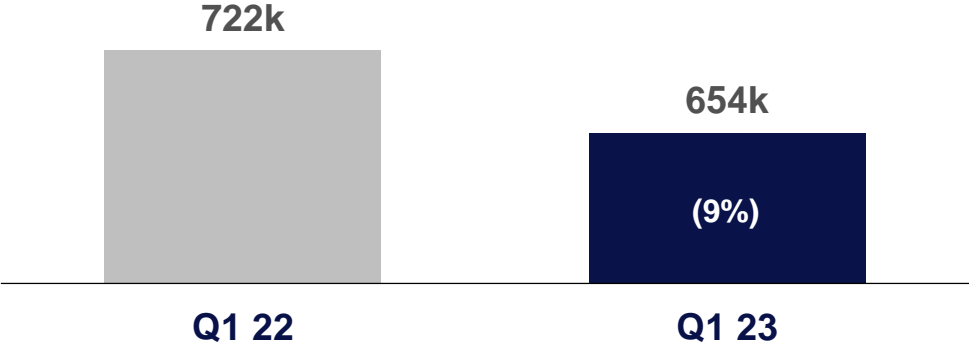
- **Export coal volume growth** in both metallurgical and thermal markets
 - International met benchmarks reflect persistent demand
 - New four million ton mine ramping up in second half of the year
- **Domestic coal** supported by utility stockpile replenishment to start the year
 - Steel production benefiting from recovering automotive industry and infrastructure demand
 - Lapping mine production issues
 - Low natural gas prices a potential headwind to thermal demand later in the year

Intermodal Volume & Revenue Summary

Q1 Intermodal Revenue



Q1 Intermodal Volume



2023 Commentary

- **Soft international demand** reflects declining imports and full inventories
 - International intermodal remains a significant headwind to total volumes
 - Customers, channel partners remain optimistic for improvement after mid-year
- **Developing strategic opportunities for domestic intermodal**
 - Pursuing potential volume growth from truck conversion
 - Solid growth continuing from direct partnerships

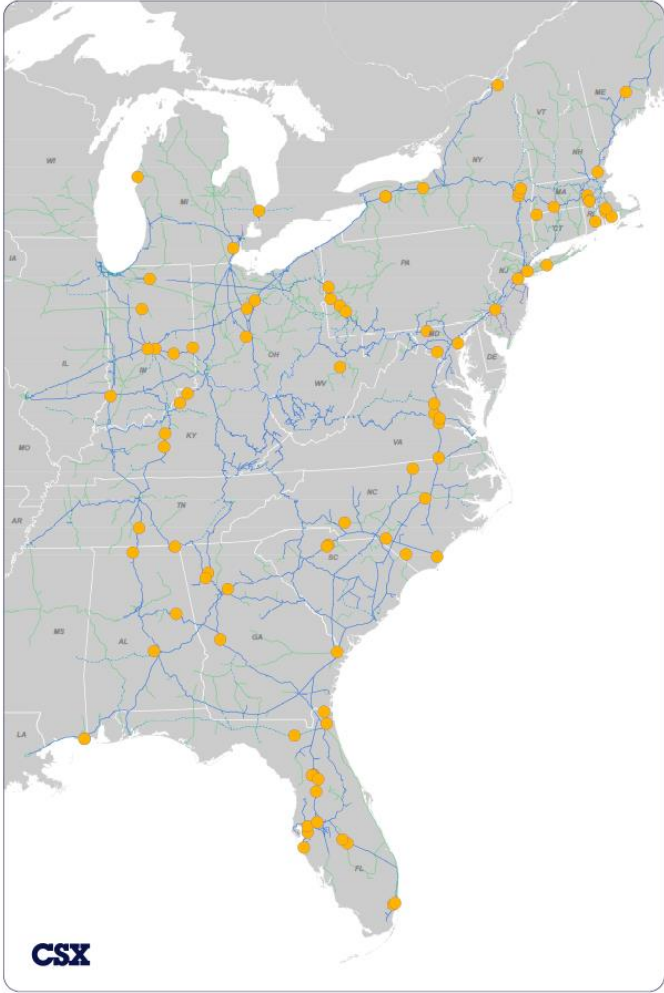
Expanding our Growth Profile through Industrial Development

- **Strong local connectivity:** Active engagement with local developers feeds a pipeline of new investments onto our network
- **Enhanced Select Sites program:** New classification tools help companies discover attractive CSX-served locations
- **Driving new project wins:** New partnership announcements from Nucor, Diageo, Redwood Materials, Piedmont Lithium and others

Increasing Customer Investment
\$8.2 billion ~90 new facilities on-line in 2022

Growing Portfolio of CSX Select Sites
~20 sites targeted

Robust Development Pipeline
>500 projects



FINANCIAL REVIEW

Sean Pelkey

Executive Vice President and Chief Financial Officer

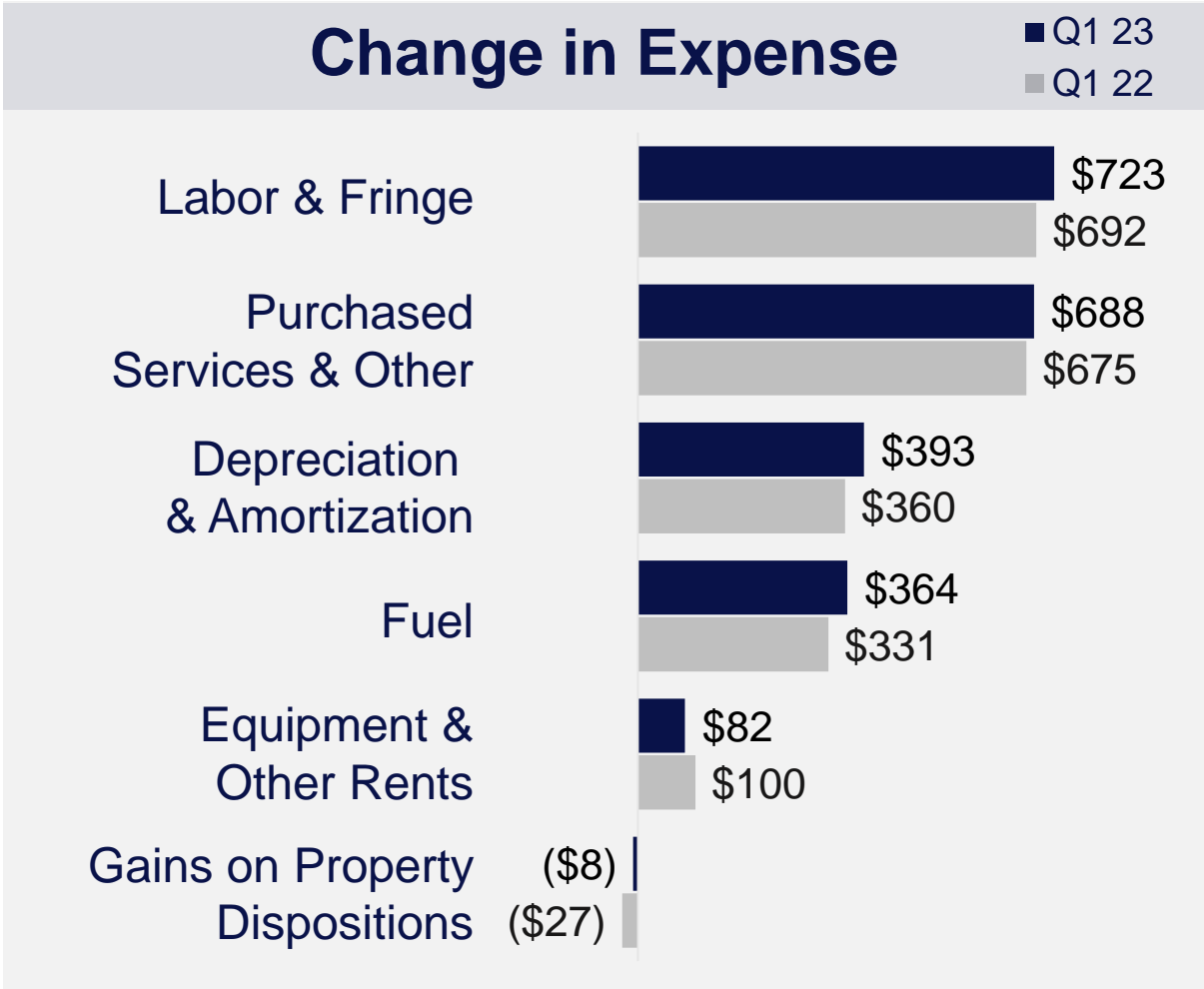


First Quarter Earnings Summary

First Quarter Income Statement

<i>Dollars in Millions</i>	2023	2022	Variance
Revenue	\$ 3,706	\$ 3,413	9%
Expense	2,242	2,131	(5%)
Operating Income	\$ 1,464	\$ 1,282	14%
Interest Expense & Other Income – Net	(160)	(153)	(5%)
Income Tax Expense	(317)	(270)	(17%)
Net Earnings	\$ 987	\$ 859	15%
Earnings Per Share	\$ 0.48	\$ 0.39	23%
Operating Ratio	60.5%	62.4%	190 bps
Income Tax Rate	24.3%	23.9%	(40 bps)
Average Shares Outstanding, Assuming Dilution (<i>Millions</i>)	2,058	2,193	6%

First Quarter Expense Up \$111M



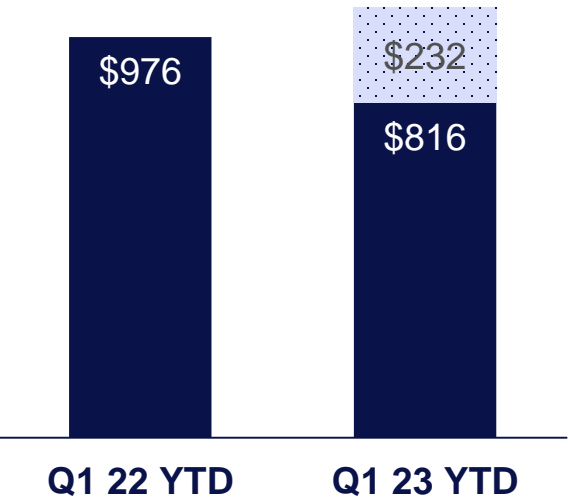
- Higher headcount and labor inflation partly offset by lower incentive compensation
- Insurance recovery more than offset by PS&O inflation, scheduled maintenance costs, and other items
- Increased fuel expense primarily driven by a higher price per gallon
- Depreciation expense up due to Q4 equipment study impacts and a larger asset base
- Equipment and Other Rents reflects improved network fluidity

First Quarter Cash Flow and Distributions

Free Cash Flow Before Dividends*

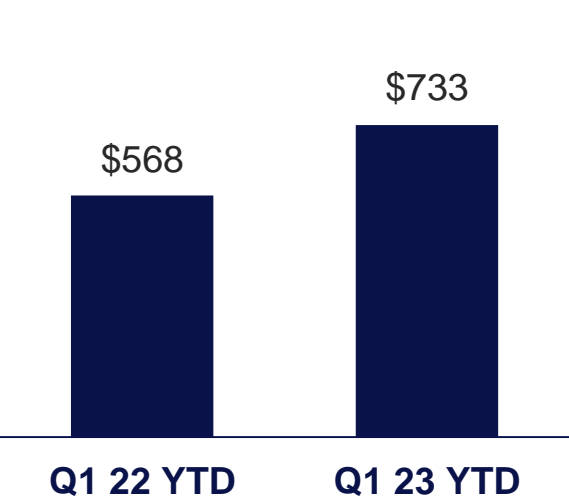
In Millions

■ Retroactive Payouts



CSX Cash Earnings (CCE)*

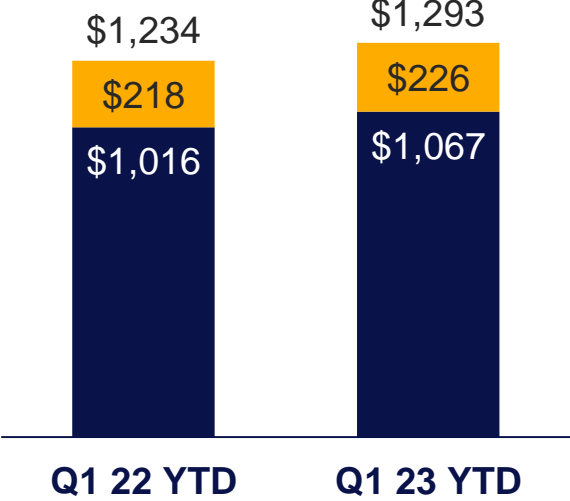
In Millions



Shareholder Distributions

In Millions

■ Buybacks ■ Dividends



* See Appendix for Non-GAAP reconciliation

CLOSING REMARKS

Joe Hinrichs

President and Chief Executive Officer



2023 Guidance Update

- **Low single digit revenue ton-mile growth for the full year, driven by merchandise and export coal**
 - Merchandise volume growth supported by service recovery, strength in automotive and minerals, customer wins
 - Coal volume up on higher export shipments with Curtis Bay recovery and increased production at CSX-served mines
 - Headwinds continue for international intermodal
- **Pricing reflects higher inflationary environment; revenue headwind from intermodal storage**
 - Supplemental revenues anticipated to decline by ~\$300 million
 - Export metallurgical coal benchmarks remain strong, but 2022 comps are challenging
- **Focus on efficiency gains to counter strong inflationary pressures**
 - Asset productivity to exceed or approach prior record levels
 - Operational momentum and customer service gains to drive capacity
- **Capex expected to be ~\$2.3 billion**

APPENDIX

Non-GAAP Reconciliations



Non-GAAP Free Cash Flow Reconciliation

Free Cash Flow

Dollars in millions	Three Months Ended	
	Mar 31, 2023	Mar 31, 2022
Net Cash Provided by Operating Activities^(a)	\$ 1,251	\$ 1,299
Property Additions	(443)	(331)
Proceeds and Advances from Property Dispositions	8	8
Free Cash Flow Before Dividends (non-GAAP)	\$ 816	\$ 976
Operating Cash Flow Conversion*	127%	151%

*Expressed as a percentage of net income

^(a) Net Cash Provided by Operating Activities for three months ended March 31, 2023, includes the impact of \$232 million in payments of retroactive wages and bonuses related to finalized labor agreements.

Non-GAAP CSX Cash Earnings Reconciliation

CSX Cash Earnings (CCE)

Dollars in millions	Three Months Ended	
	Mar 31, 2023	Mar 31, 2022
Operating Income	\$ 1,464	\$ 1,282
Adjustments: Depreciation, Operating Leases, Extraordinary Items ^(a)	419	365
Earnings before Interest, Taxes, Depreciation, Amortization (EBITDA)	\$ 1,883	\$1,647
15% Assumed Cash Tax	(282)	(247)
Gross Cash Earnings	\$ 1,601	\$ 1,400
Current Assets (Less Cash and ST Investments)	(\$ 1,886)	(\$ 1,725)
Gross Properties	(48,441)	(46,597)
Other Assets	(3,830)	(3,711)
Non-Interest Bearing Liabilities	10,744	10,445
Gross Operating Assets	(\$ 43,413)	(\$ 41,588)
8% Capital Charge (Quarterly)	(\$ 868)	(\$ 832)
CSX Cash Earnings	\$ 733	\$568

^(a) Extraordinary items reflect all unique events with >\$100M full year operating income impact; Q1 2022 figure includes a (\$20M) exclusion of the Q1 2022 portion of gains attributable to the Virginia transaction

CSX