

2024 FOURTH QUARTER CONFERENCE CALL



1.23.2025





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





Remaining focused on long-term, profitable growth

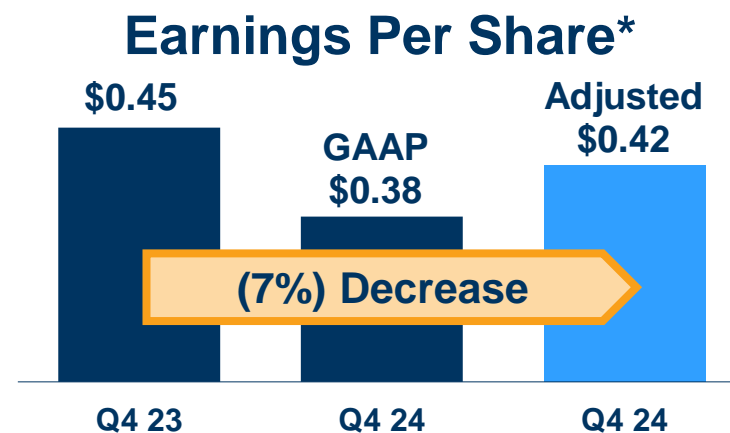
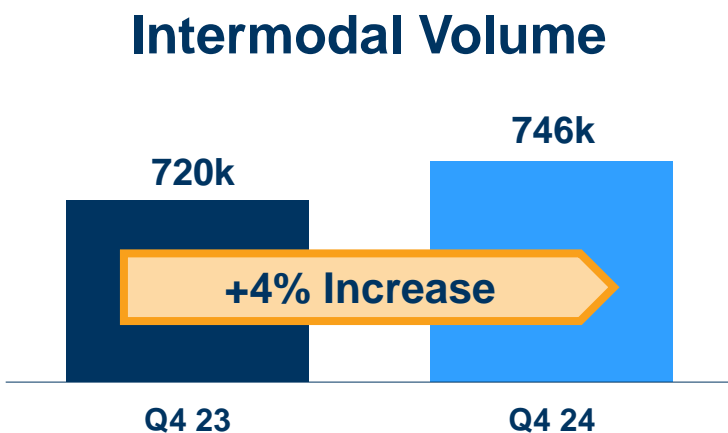
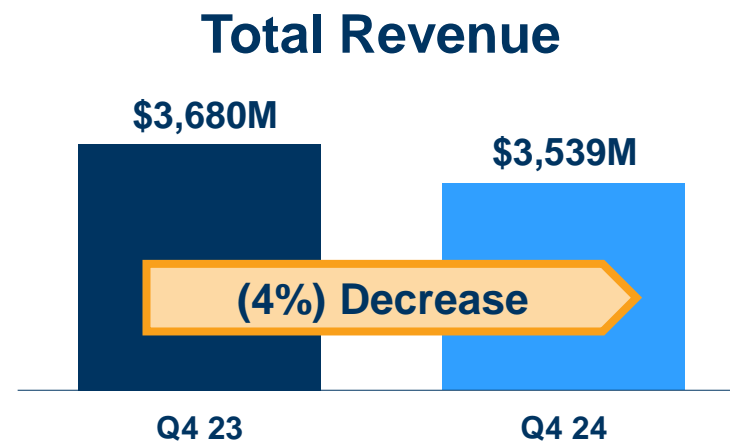
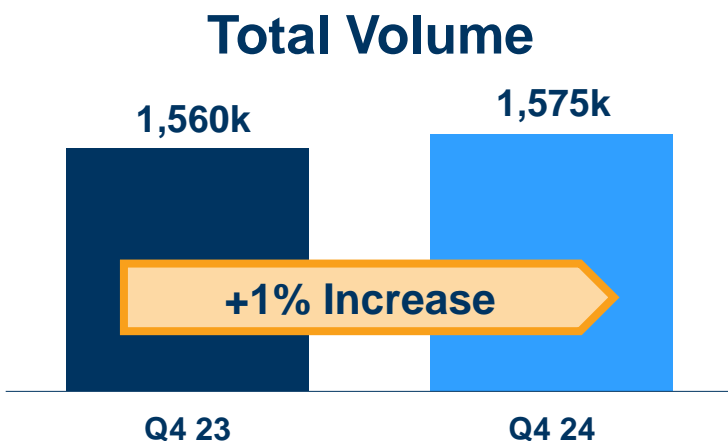


Key 2024 Achievements

- › **Total volume growth of 2%**, ahead of Industrial Production
- › **Merchandise revenue up 3%**, driven by positive volumes and favorable pricing
- › **Customer recognition for consistent service**, leading to business gains and broadening opportunities for profitable growth
- › **Capacity and efficiency improvements** initiated through effective network optimization projects and a successful, supportive culture



Fourth Quarter Operational and Financial Highlights



* See Appendix for Non-GAAP reconciliation

Note: Immaterial revisions have been made to prior period amounts. See Quarterly Financial Report for details

OPERATIONS REVIEW

Mike Cory

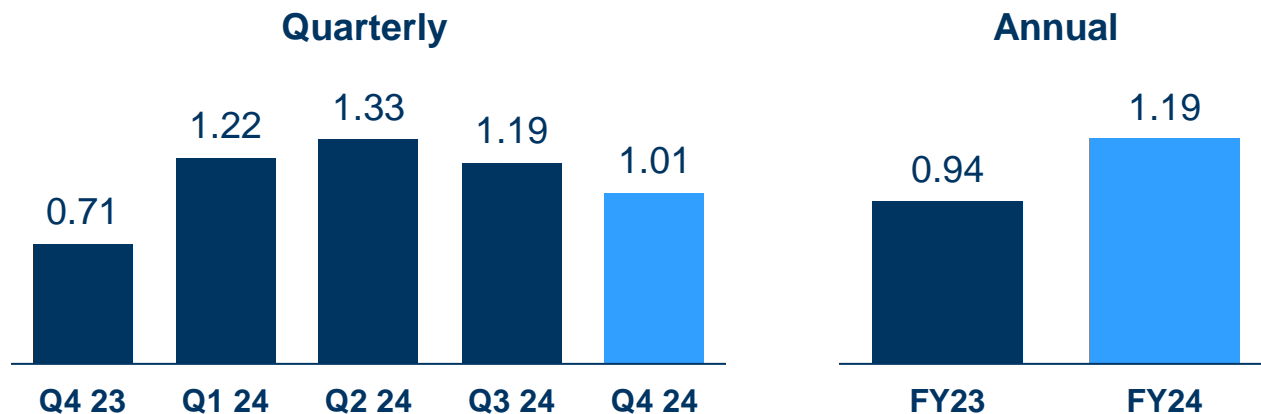
Executive Vice President and Chief Operating Officer





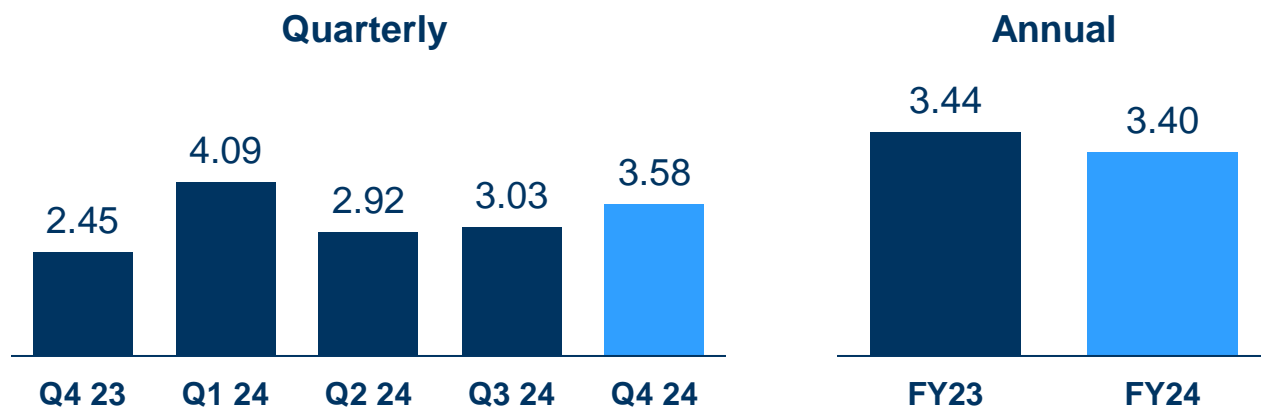
Fourth Quarter and Full Year Safety Results

FRA Personal Injury Frequency Index



- › Safety remains a core principle at CSX
- › Personal injury rates continued to improve sequentially in Q4 but remained higher than the previous year
- › Data show most injuries are low severity; for FY24, CSX recorded the fewest lost work-days for injury in company history

FRA Train Accident Rate

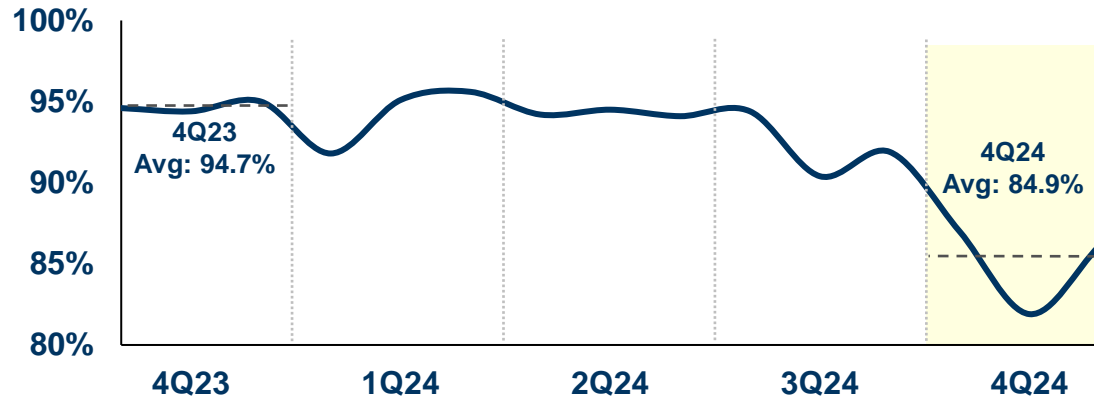


- › Q4 train accidents were up year-over-year but declined slightly for FY24, with clear opportunities to improve, especially in yards and terminals
- › Safe CSX initiative is ongoing, focused on reducing exposure and developing safety leadership

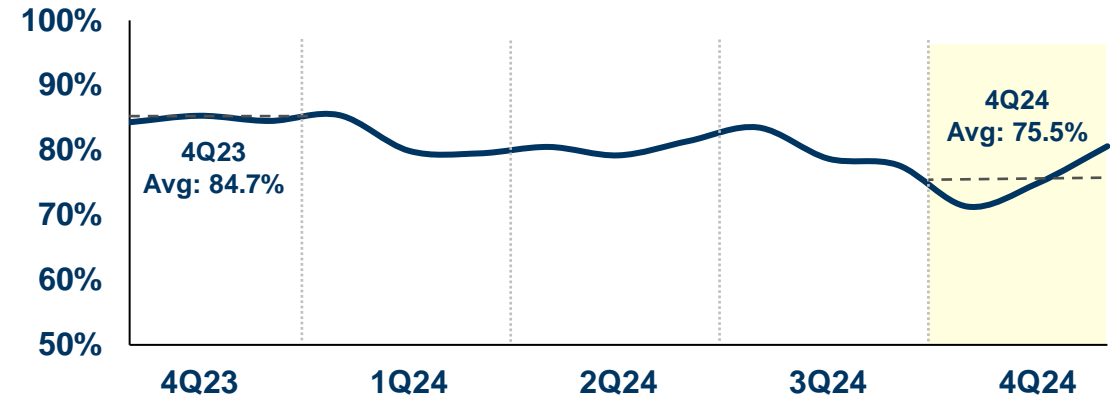


Q4 Service Metrics affected by hurricane recovery

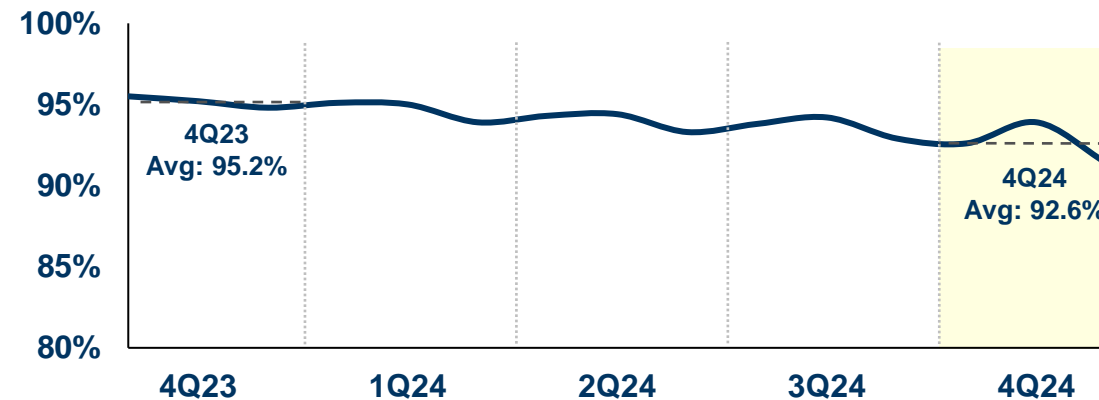
Intermodal Trip Plan Performance



Carload Trip Plan Performance

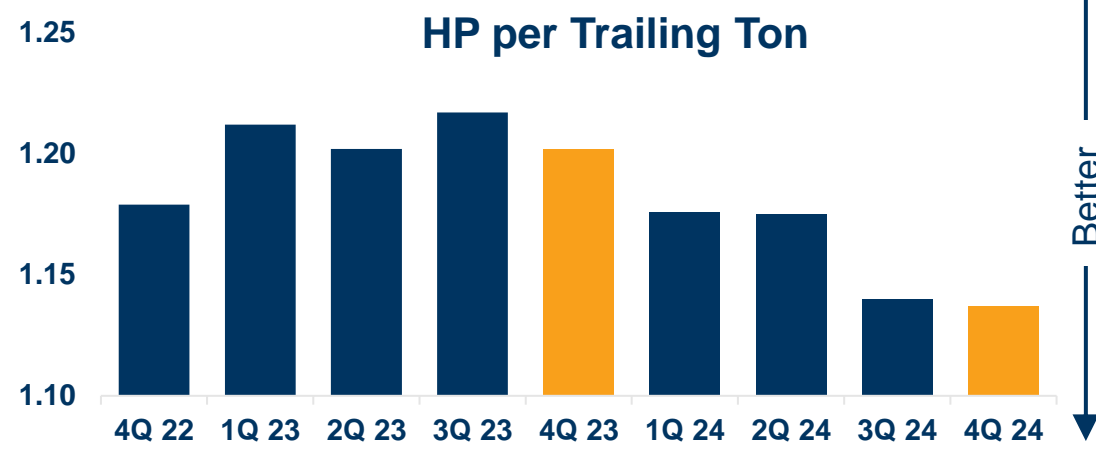
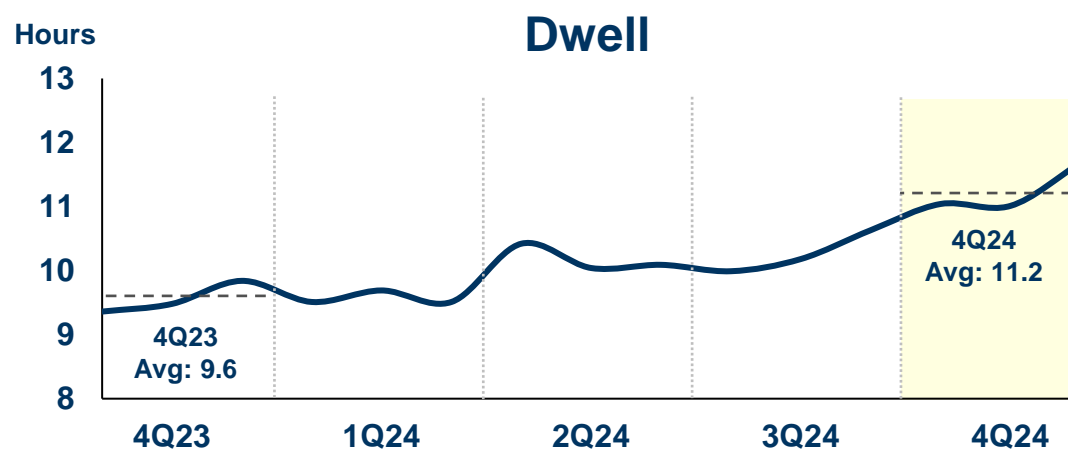
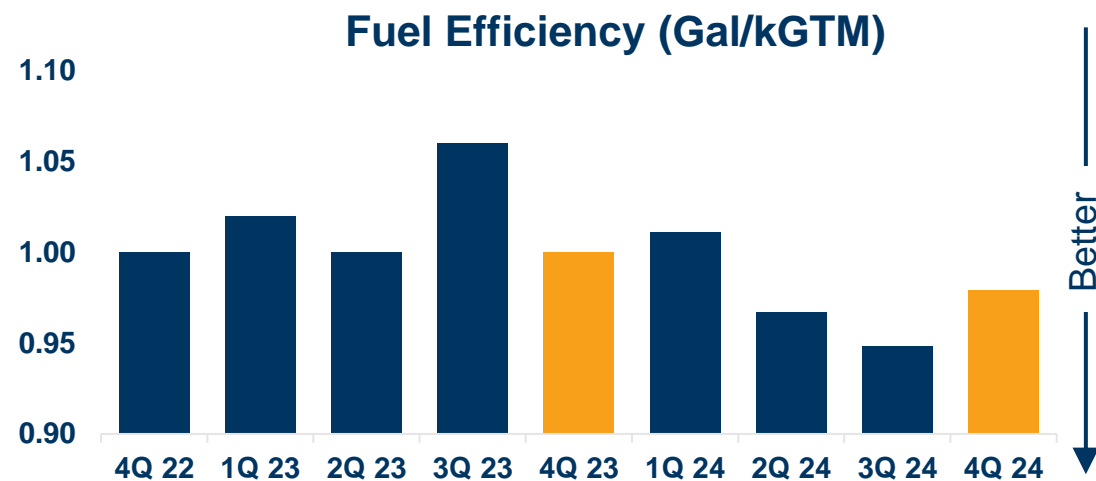
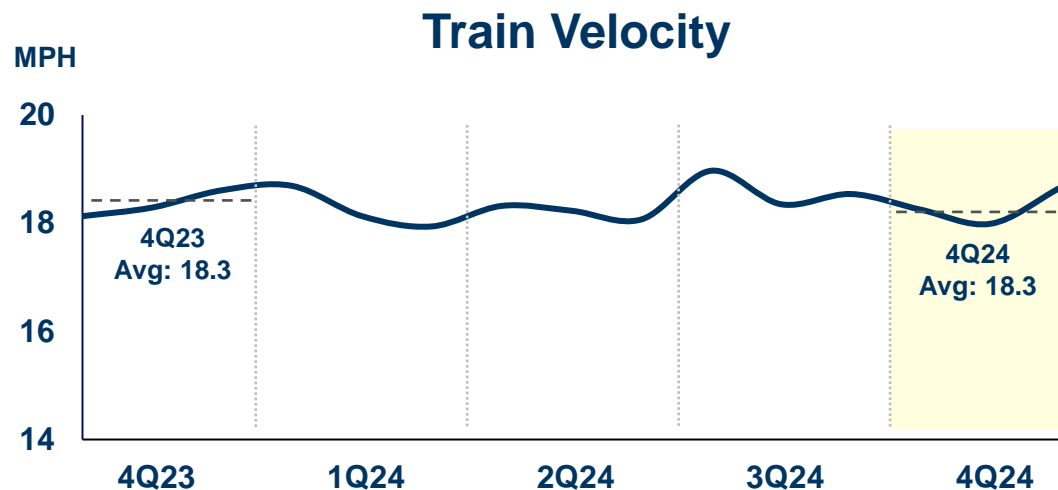


Customer Switch Data





Operations continues to balance fluidity, cost, and efficiency goals



SALES & MARKETING REVIEW

Kevin Boone

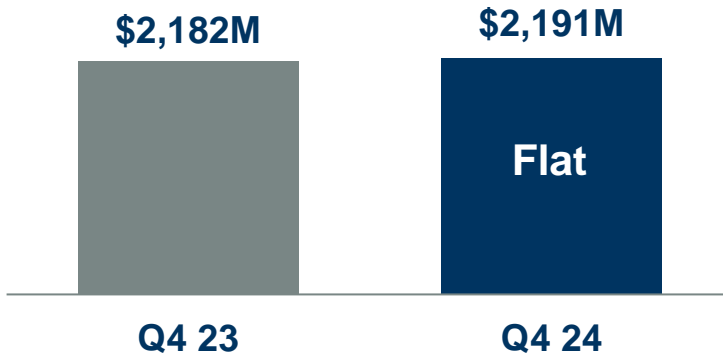
Executive Vice President and Chief Commercial Officer



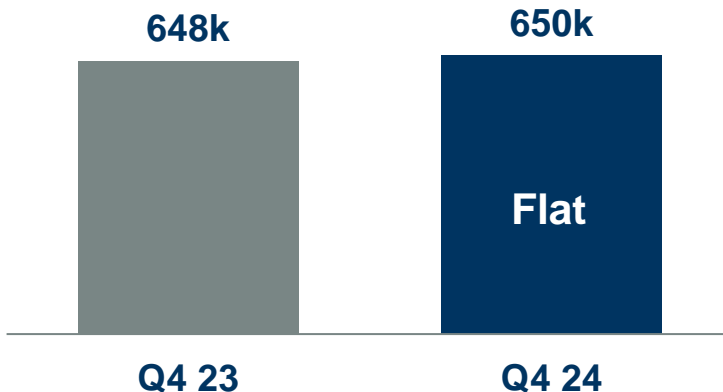


Merchandise Volume & Revenue Summary

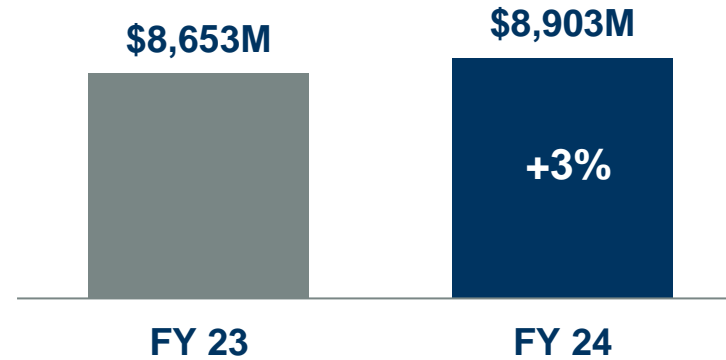
Q4 Merchandise Revenue



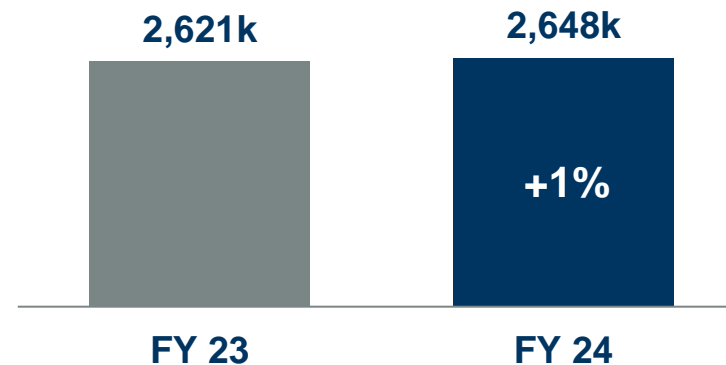
Q4 Merchandise Volume



FY Merchandise Revenue



FY Merchandise Volume



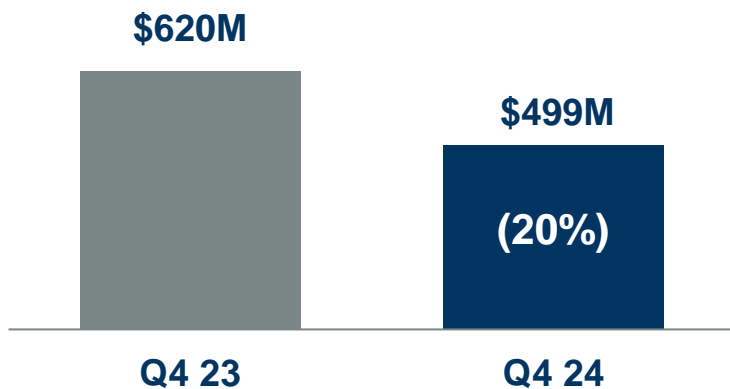
2025 Expectations

- **Growth momentum continuing to develop** across emerging customer partnerships, modal conversions, and industrial development project ramp-ups
- **Constructive market demand** anticipated across Ag & Food, Fertilizers, and Minerals
- **Challenging conditions likely to persist** for Automotive and Metals & Equipment

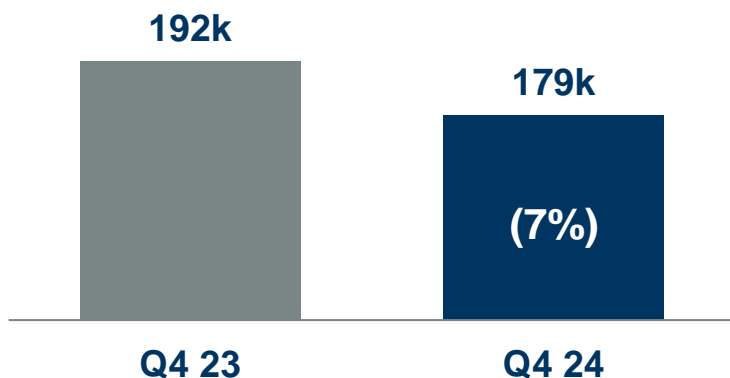


Coal Volume & Revenue Summary

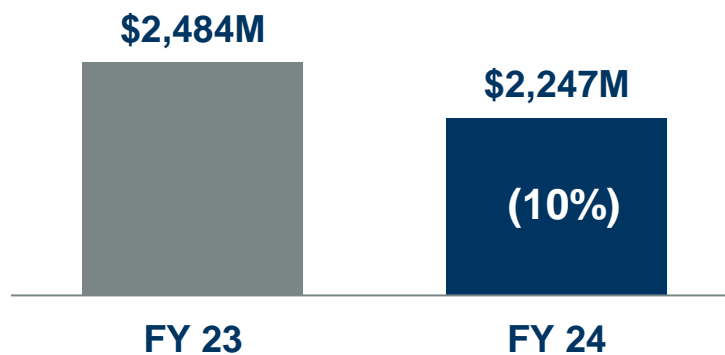
Q4 Coal Revenue



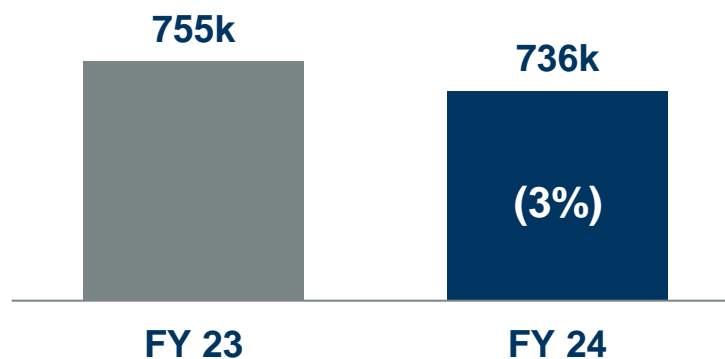
Q4 Coal Volume



FY Coal Revenue



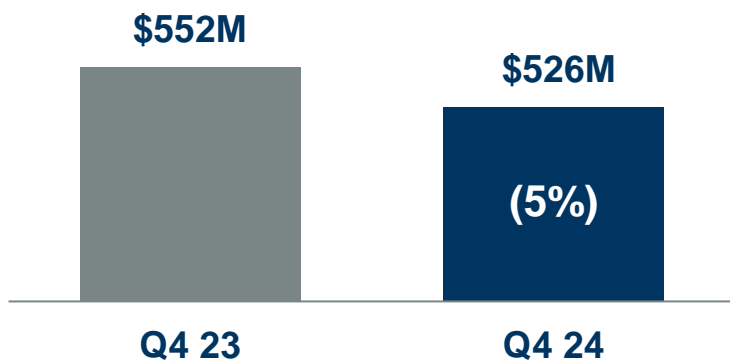
FY Coal Volume



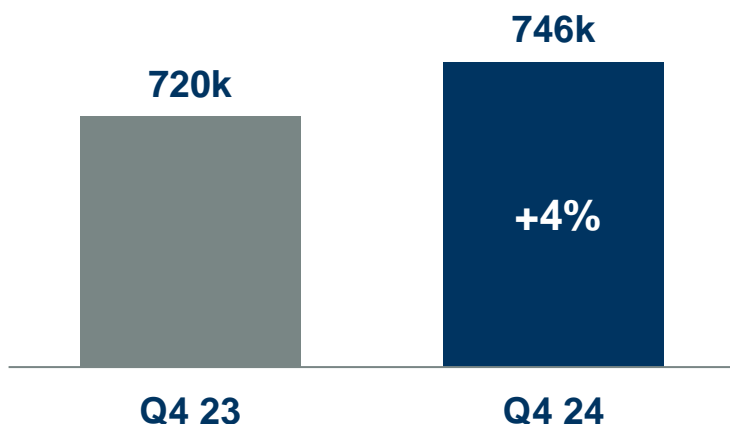
2025 Expectations

- **Export volumes affected by coal producer issues in the near-term**
 - Strong CSX operational flexibility limited by mine outages over 1Q
 - FY shipments and pricing determined by direction of global steel markets
- **Domestic coal volumes expected to decline y/y** due to planned plant closures
 - Near-term utility restocking opportunity due to winter weather
 - Favorable US power demand trends, potential policy shifts may provide market support

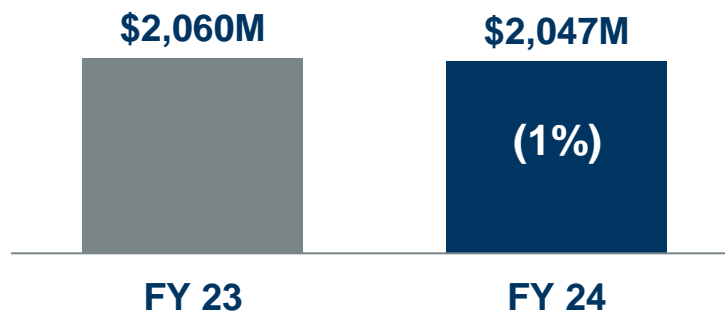
Q4 Intermodal Revenue



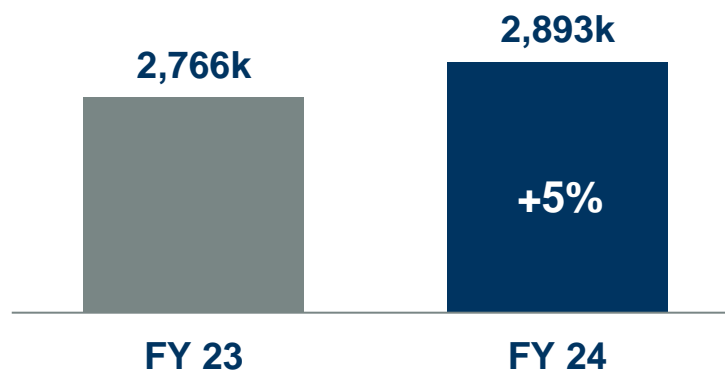
Q4 Intermodal Volume



FY Intermodal Revenue



FY Intermodal Volume



2025 Expectations

- **Encouraging trends supportive for domestic growth**
 - CSX driving volumes through consistent service, new customer alignments, modal conversions
- **International volume growth to moderate after robust FY24**
 - Shipping partners optimistic but cautious on tariff, policy uncertainty

FINANCIAL REVIEW

Sean Pelkey

Executive Vice President and Chief Financial Officer





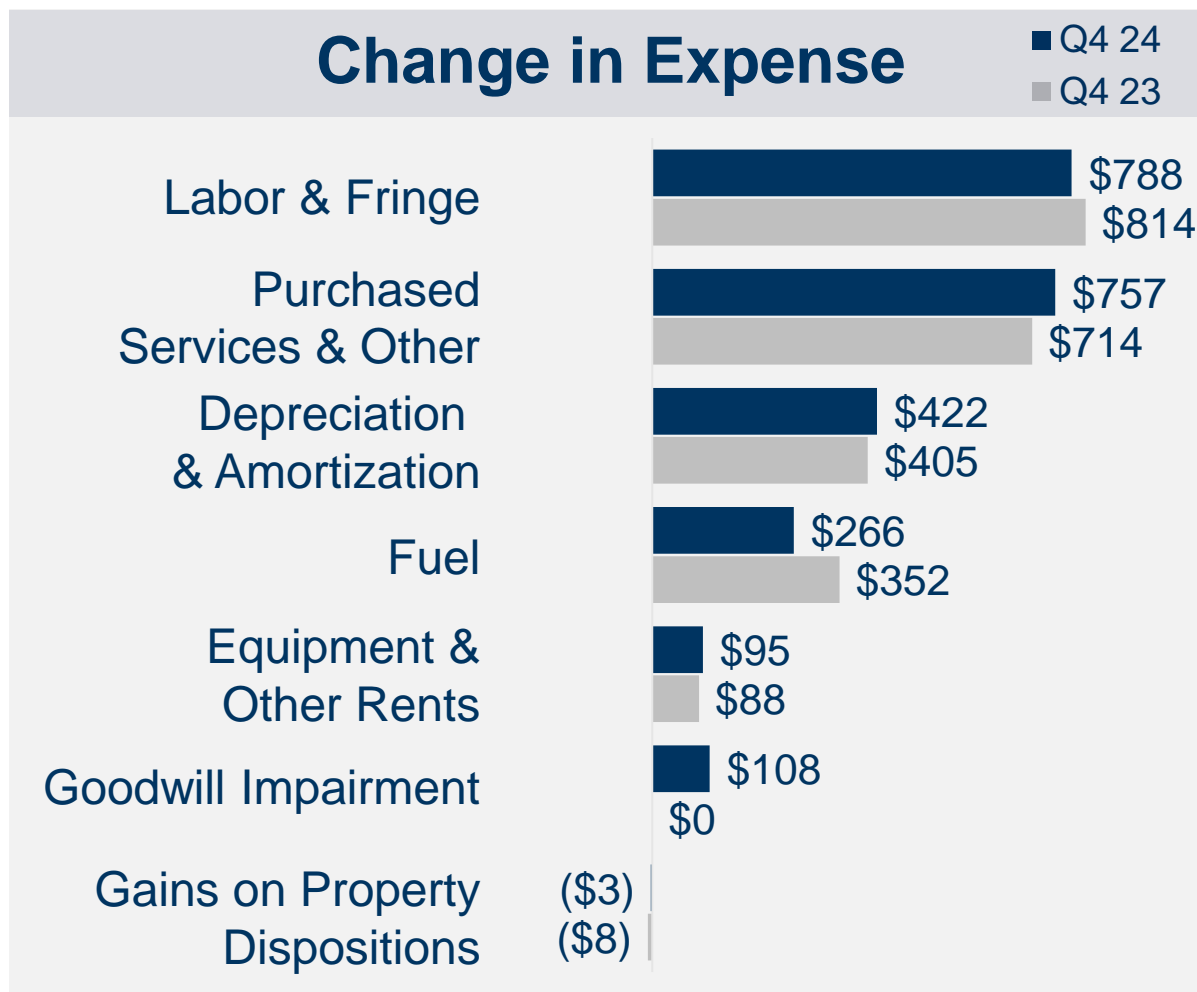
Fourth Quarter Earnings Summary

Fourth Quarter Income Statement*

<i>Dollars in Millions</i>	Q4 2024 GAAP	Goodwill Impairment	Q4 2024 Adjusted	Q4 2023	GAAP Variance	Adjusted Variance
Revenue	\$3,539	-	\$3,539	\$3,680	(4%)	(4%)
Expense	2,433	(108)	2,325	2,365	(3%)	2%
Operating Income	\$1,106	108	\$1,214	\$1,315	(16%)	(8%)
Interest Expense & Other Income - Net	(170)	-	(170)	(171)	-	-
Income Tax Expense	(203)	(26)	(229)	(262)	23%	13%
Net Earnings	\$733	\$82	\$815	\$882	(17%)	(8%)
Earnings Per Share	\$0.38	\$0.04	\$0.42	\$0.45	(16%)	(7%)
Operating Margin	31.3%	3.0%	34.3%	35.7%	(440 bps)	(140 bps)
Income Tax Rate	21.7%	0.3%	21.9%	22.9%	120 bps	100 bps
Average Shares Outstanding, Assuming Dilution (<i>Millions</i>)	1,921	-	1,921	1,969	2%	2%

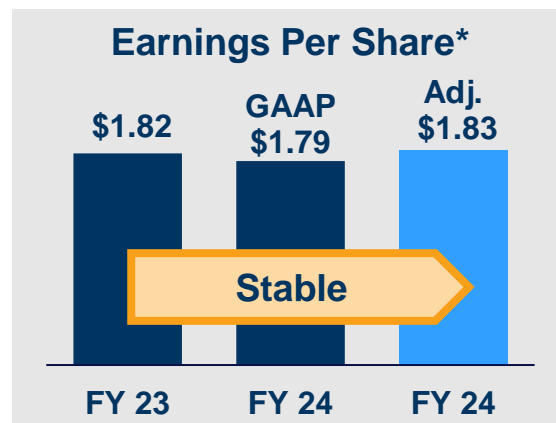
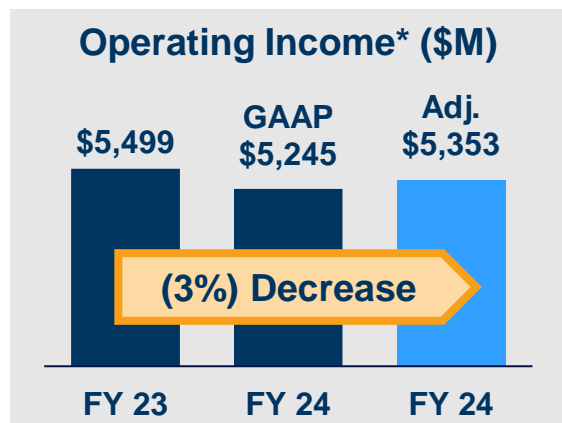
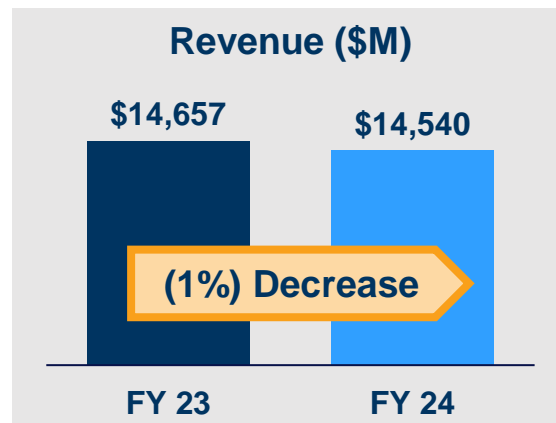
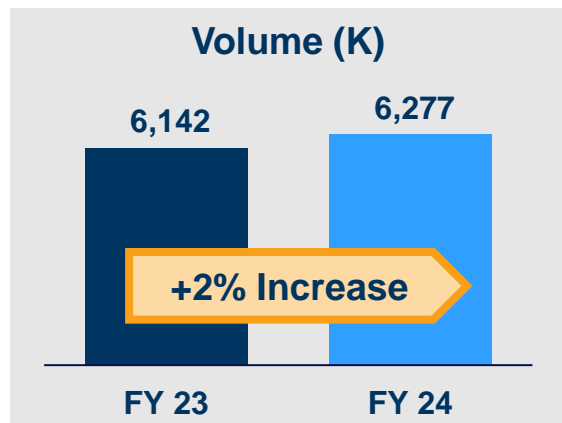
Note: Immaterial revisions have been made to prior period amounts. See Quarterly Financial Report for details

* See Appendix for Non-GAAP reconciliation



- › Costs from labor inflation were more than offset by lower incentive compensation and other items
- › PS&O increase driven by inflation, locomotive modernizations, and storm recovery costs, while a favorable legal settlement was offset by other asset impairment charges
- › Depreciation expense up due to a larger asset base
- › Reduced fuel expense driven by a lower diesel price per gallon and improved efficiency

Note: Immaterial revisions have been made to prior period amounts. See Quarterly Financial Report for details



➤ Growing Volume Ahead of the Industrial Economy

- Consistent service enabled y/y volume growth across all four quarters, with continued Merchandise/Intermodal pricing above inflation

➤ Absorbed Substantial Discrete Challenges

- Declines in export coal benchmarks, net fuel prices, other revenue, and insurance recoveries, as well as hurricane and Key Bridge events, impacted FY2024 operating income

➤ Continued Cost Control

- >\$40M Fuel efficiency savings
- PS&O expense discipline
- Second half y/y volume growth exceeded headcount growth

* See Appendix for Non-GAAP reconciliation

Note: Immaterial revisions have been made to prior period amounts. See Quarterly Financial Report for details



Anticipating ~\$350M Net Impact from Discrete Items in 2025

Commodity Prices

(\$300M) Unfavorable vs. 2024

- Impact of lower export coal benchmarks, fuel prices, and cycling of favorable fuel surcharge lag, assuming prices remain stable at current levels

+

Cycling 2024 Items

Net ~\$50M Favorable vs. 2024

- Cycling of lost business and recovery costs related to hurricanes and the Key bridge collapse, net of higher expected incentive compensation expense in 2025

+

Network Disruption

~(\$10M) Unfavorable Per Month

- Estimated operating income loss into Q4 associated with major construction projects on the Howard Street Tunnel and Blue Ridge Subdivision

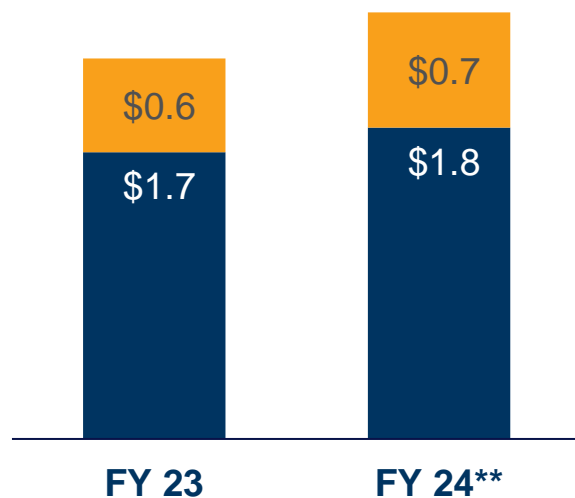


Full Year Cash Flow and Distributions

Property Additions

In Billions

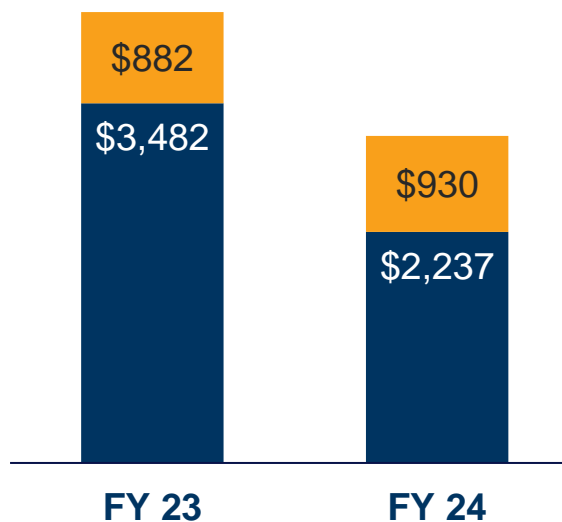
■ Infrastructure ■ Strategic & Rolling Stock



Shareholder Distributions

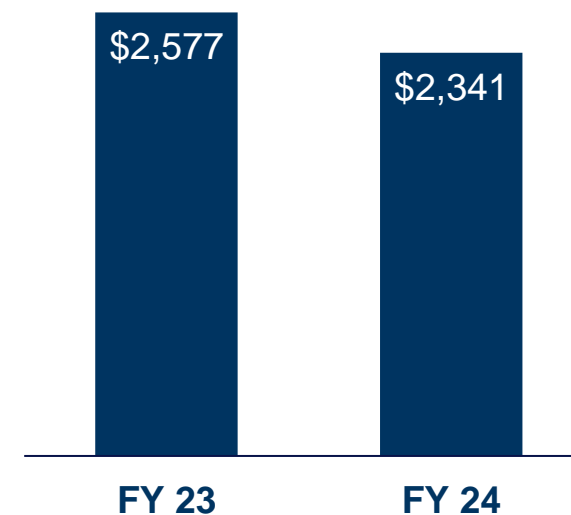
In Millions

■ Buybacks ■ Dividends



Economic Profit*

In Millions



* See Appendix for Non-GAAP reconciliation **FY 24 Property Additions includes ~\$50M in Blue Ridge rebuild capital

Note: Immaterial revisions have been made to prior period amounts. See Quarterly Financial Report for details

CLOSING REMARKS

Joe Hinrichs

President and Chief Executive Officer



- **Low to mid single-digit total volume growth for FY2025**
 - Intermodal, Merchandise momentum supported by conversions, industrial development
 - Coal volume lower on facility shutdowns and mine production issues
- **FY revenue impacted by lower coal benchmarks, diesel prices, volume mix, particularly in 1H**
- **Continued emphasis on efficiency initiatives, labor productivity**
 - Hurricane recovery, Howard Street Tunnel project expected to impact operating income
- **Capex roughly flat year/year excluding hurricane rebuild spending**
- **Balanced and opportunistic approach to capital returns**

APPENDIX

Non-GAAP Reconciliations





Non-GAAP Reconciliation of Adjusted Operating Results

Quarter Ended Dec. 31, 2024

Dollars in millions, except per share amounts	Operating Income	Operating Margin	Net Earnings	Net Earnings Per Share, Assuming Dilution
GAAP Operating Results	\$ 1,106	31.3%	\$ 733	\$ 0.38
Goodwill Impairment	108	3.0	82	0.04
Adjusted Operating Results (non-GAAP)	1,214	34.3%	\$ 815	\$ 0.42

Year Ended Dec. 31, 2024

Dollars in millions, except per share amounts	Operating Income	Operating Margin	Net Earnings	Net Earnings Per Share, Assuming Dilution
GAAP Operating Results	\$ 5,245	36.1%	\$ 3,470	\$ 1.79
Goodwill Impairment	108	0.7	82	0.04
Adjusted Operating Results (non-GAAP)	5,353	36.8%	\$ 3,552	\$ 1.83

Note: Immaterial revisions have been made to prior period amounts. See Quarterly Financial Report for details



Non-GAAP Economic Profit Reconciliation

Economic Profit

Dollars in millions	Year Ended	
	Dec 31, 2024 ^(a)	Dec 31, 2023 ^(a)
Operating Income	\$ 5,245	\$ 5,499
Add: Depreciation, Amortization, and Operating Lease Expense	1,775	1,716
Remove: Unusual Items ^(b)	108	-
Taxes ^(c)	(1,069)	(1,082)
Gross Cash Earnings or "GCE"	\$ 6,059	\$ 6,133
Operating Assets		
Current Assets (Less Cash and Short-term Investments)	(\$ 1,909)	(\$ 1,889)
Gross Properties	(51,344)	(49,498)
Other Assets	(4,263)	(3,894)
Operating Liabilities		
Non-Interest Bearing Liabilities	11,035	10,825
Gross Operating Assets or "GOA" ^(d)	(\$ 46,481)	(\$ 44,456)
Capital Charge ^(e)	(\$ 3,718)	(\$ 3,556)
Economic Profit (Non-GAAP) calculated as GCE less Capital Charge	\$ 2,341	\$ 2,577

- (a) Reflects adjustment of prior period financial statements; see Q2 2024 form 10-Q for details.
- (b) 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. The Quality Carriers goodwill impairment was an unusual item for 2024.
- (c) 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.
- (d) Gross operating assets reflects an average of the year-to-date quarters reported for each year presented.
- (e) The capital charge of 8% for both years is calculated as the minimum return multiplied by gross operating assets.

CSX