



CSX Investor Day 2024

Thursday, November 7, 2024

Ritz-Carlton, Amelia Island, FL

Financial Presentation

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.

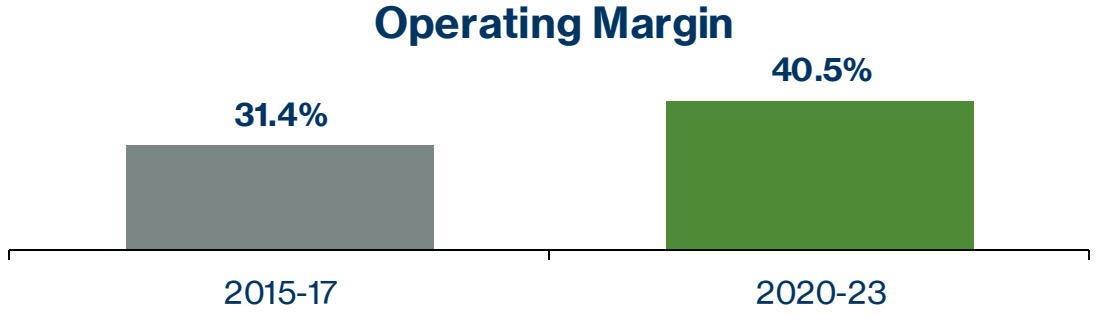
Enhancing CSX Value Creation

Sean Pelkey

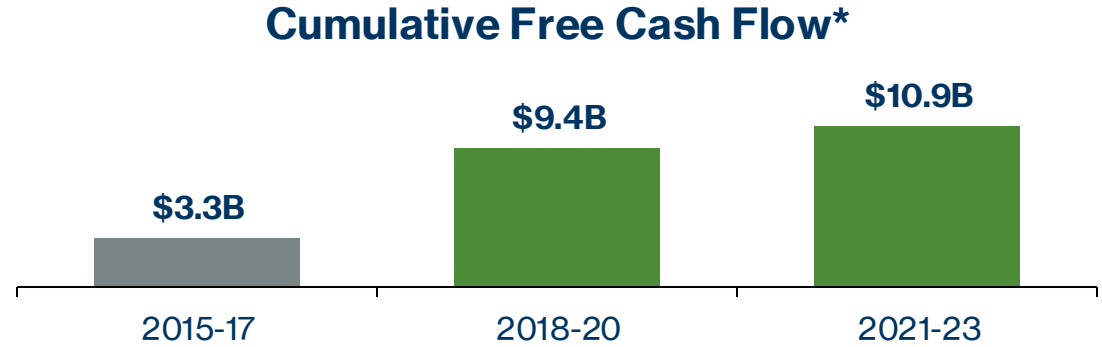
EVP and Chief Financial Officer

CSX delivered and built upon prior targets...

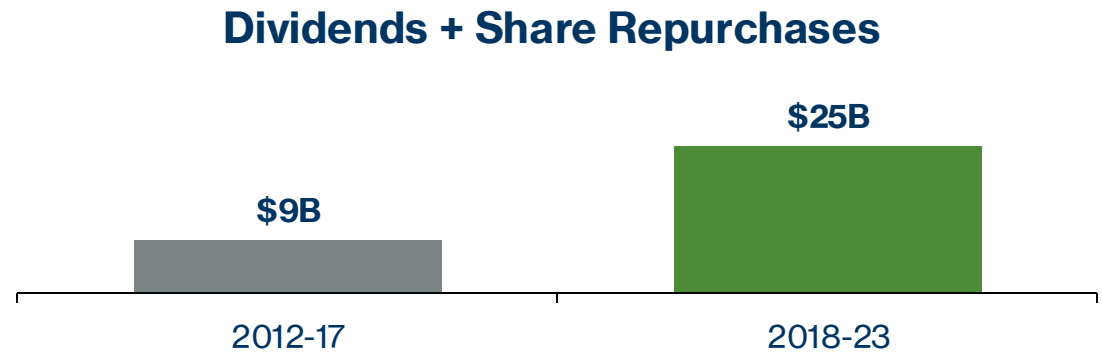
40%
Operating Margin
By 2020



\$8.5B Cumulative Free Cash Flow
2018-2020



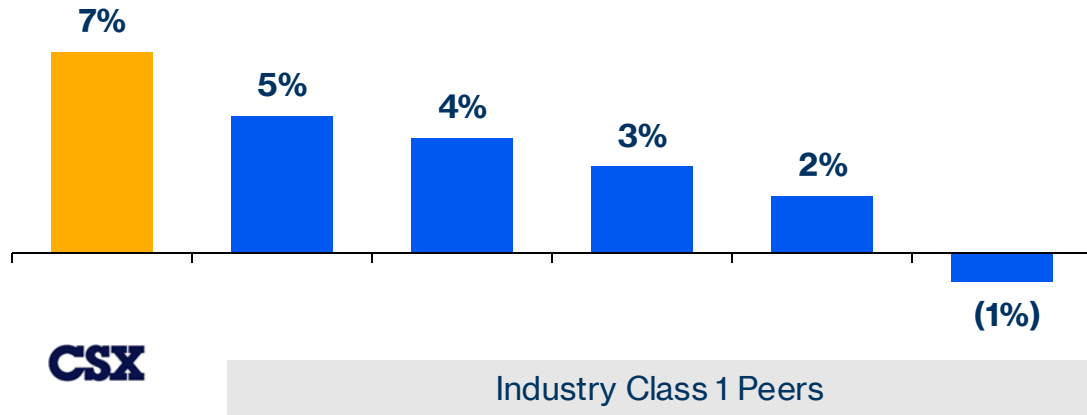
Cash generation supports strong shareholder returns



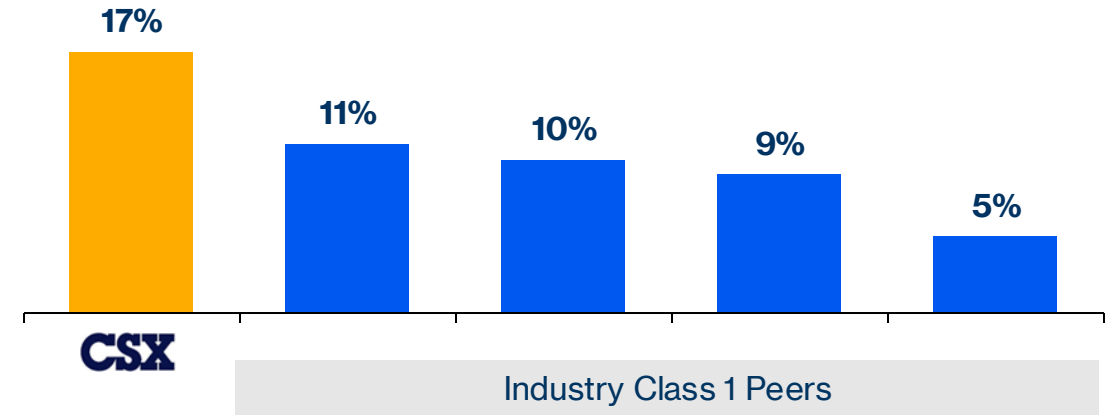
*See Appendix for Non-GAAP reconciliation

...and dramatically outperformed peers over 2016-2023

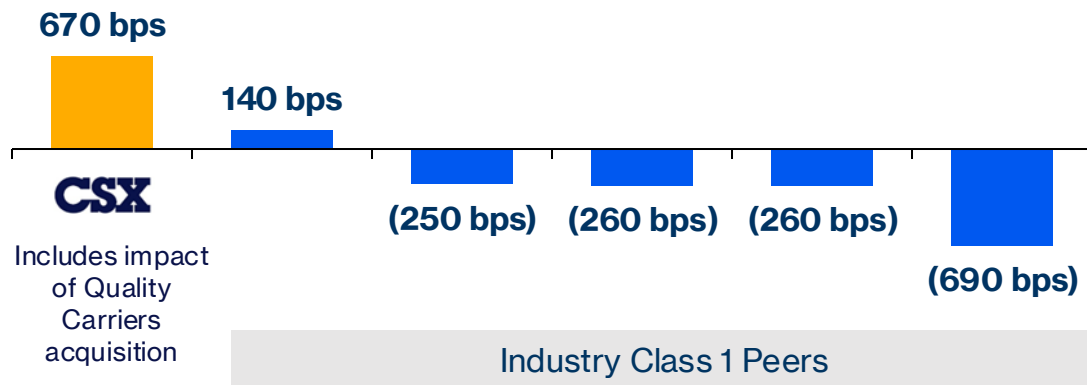
2016 - 2023 Operating Income CAGR



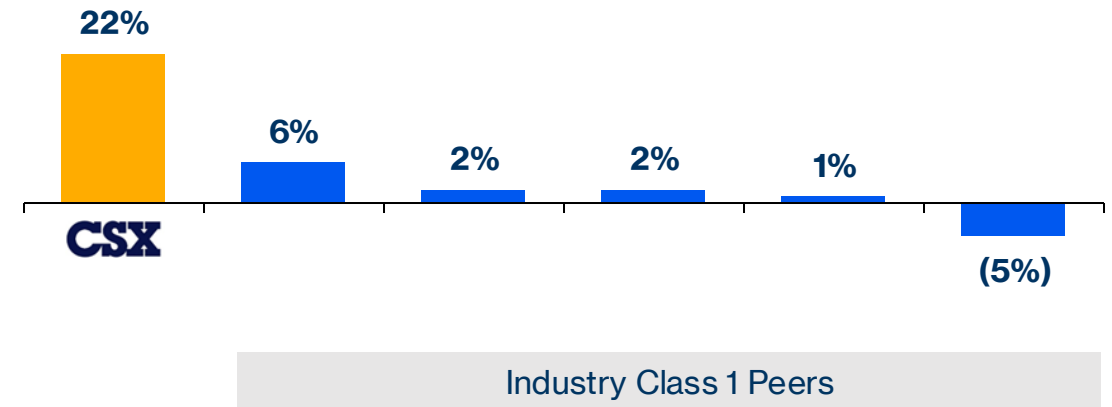
2016 - 2023 Earnings Per Share CAGR



2016 - 2023 Operating Margin Change

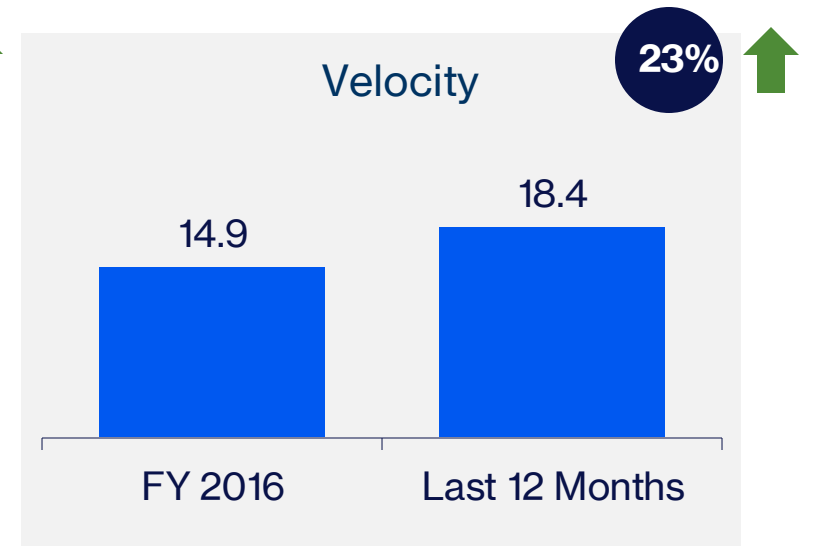
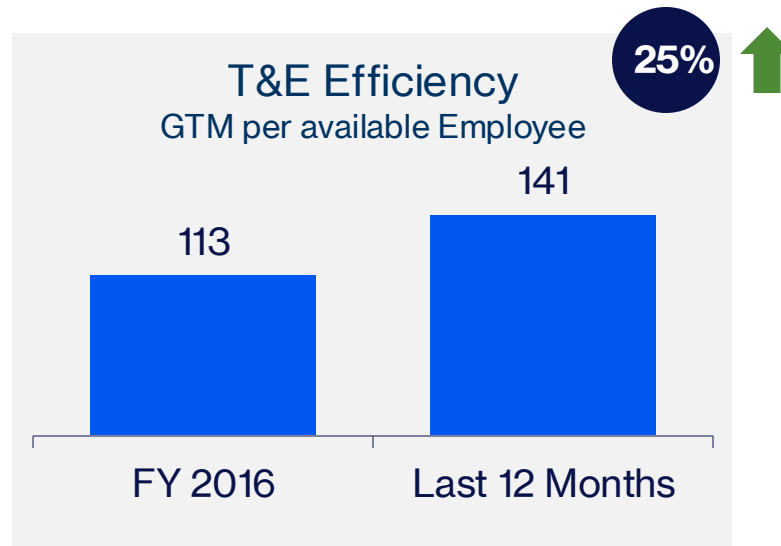
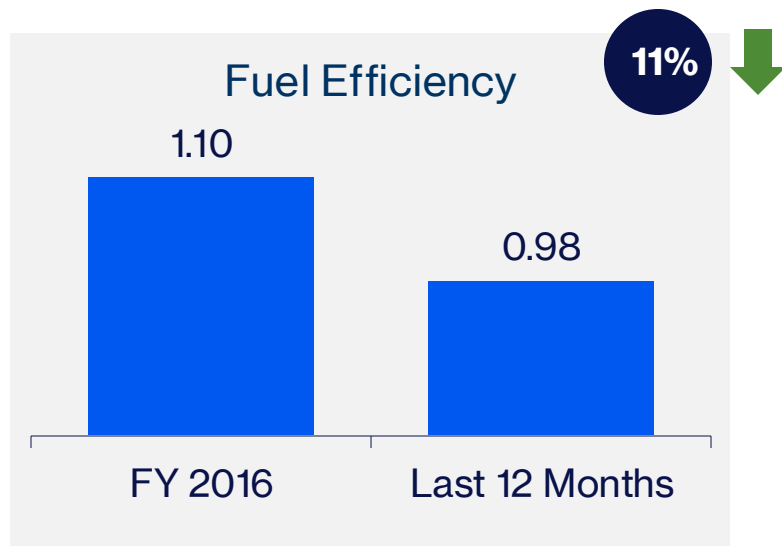
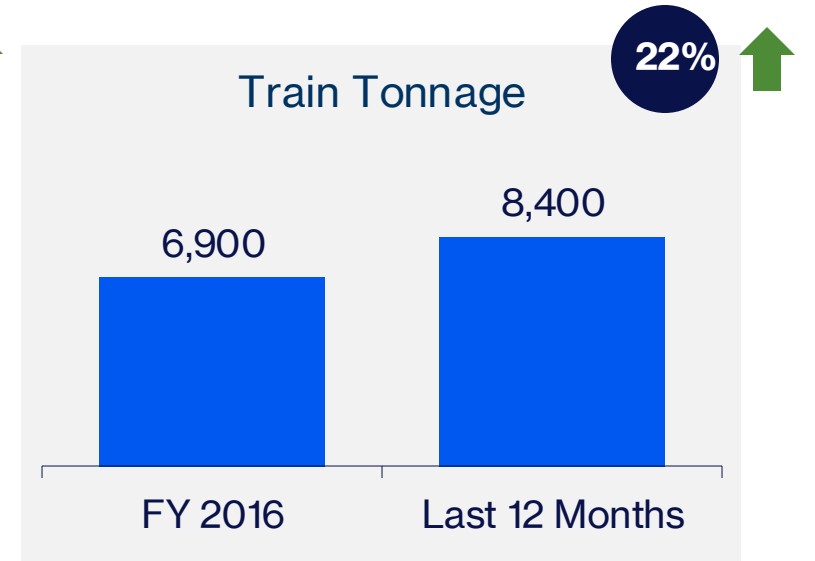
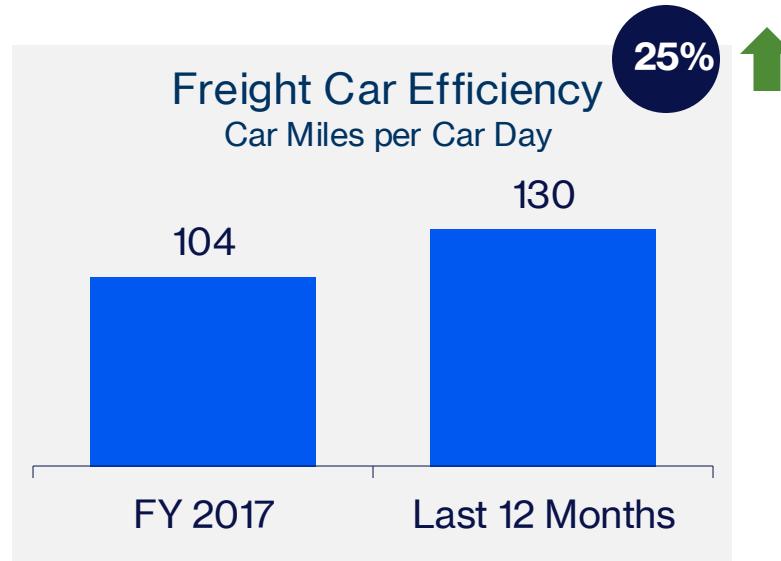
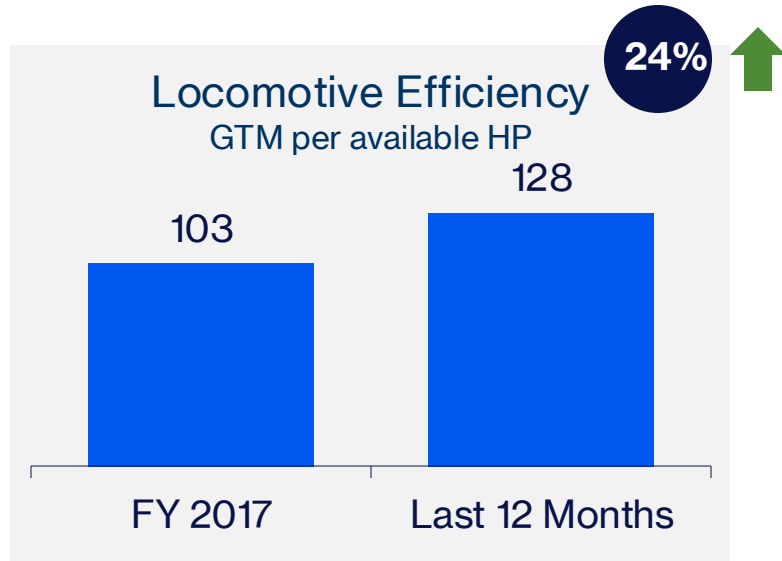


2016 - 2023 Free Cash Flow CAGR*



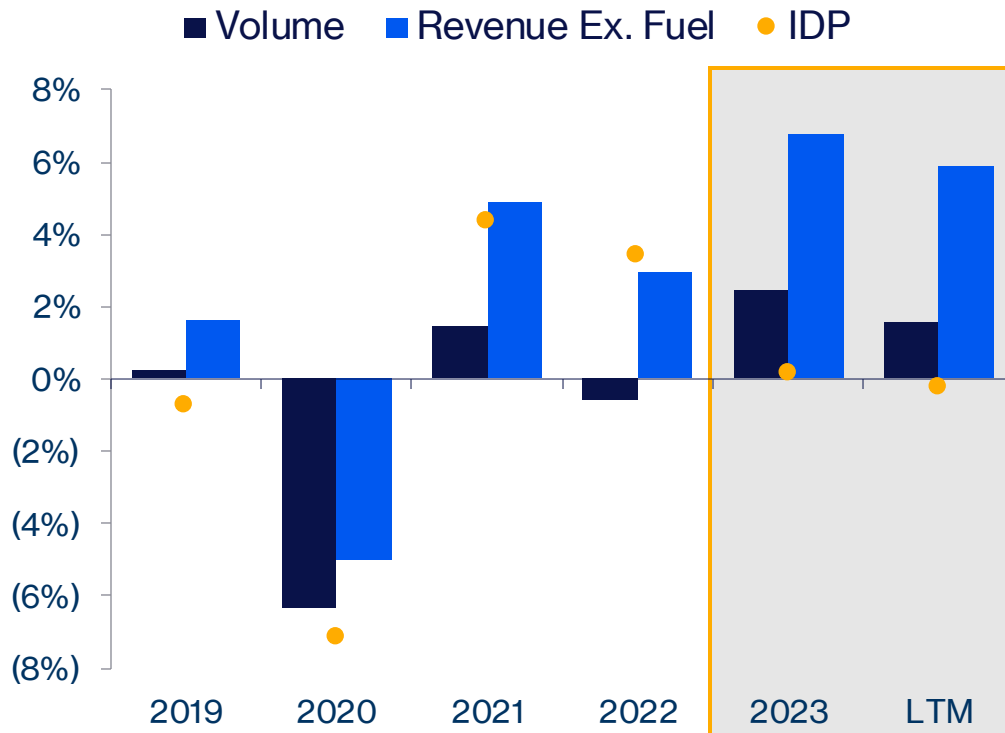
*See Appendix for definition and Non-GAAP reconciliation; base year figures reflect combination of merged entities where applicable

Service and efficiency were key drivers of outperformance



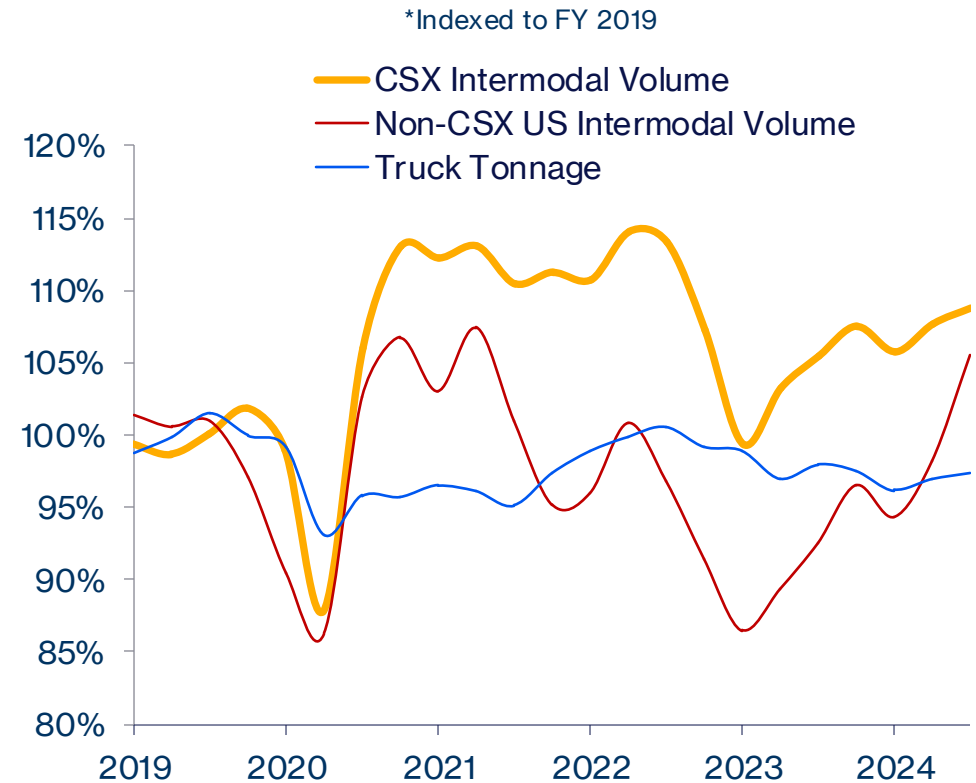
Built a strong foundation for top-line growth

Merchandise (YoY Growth)



Consistent yield growth and volume momentum

Intermodal (Quarterly Results)



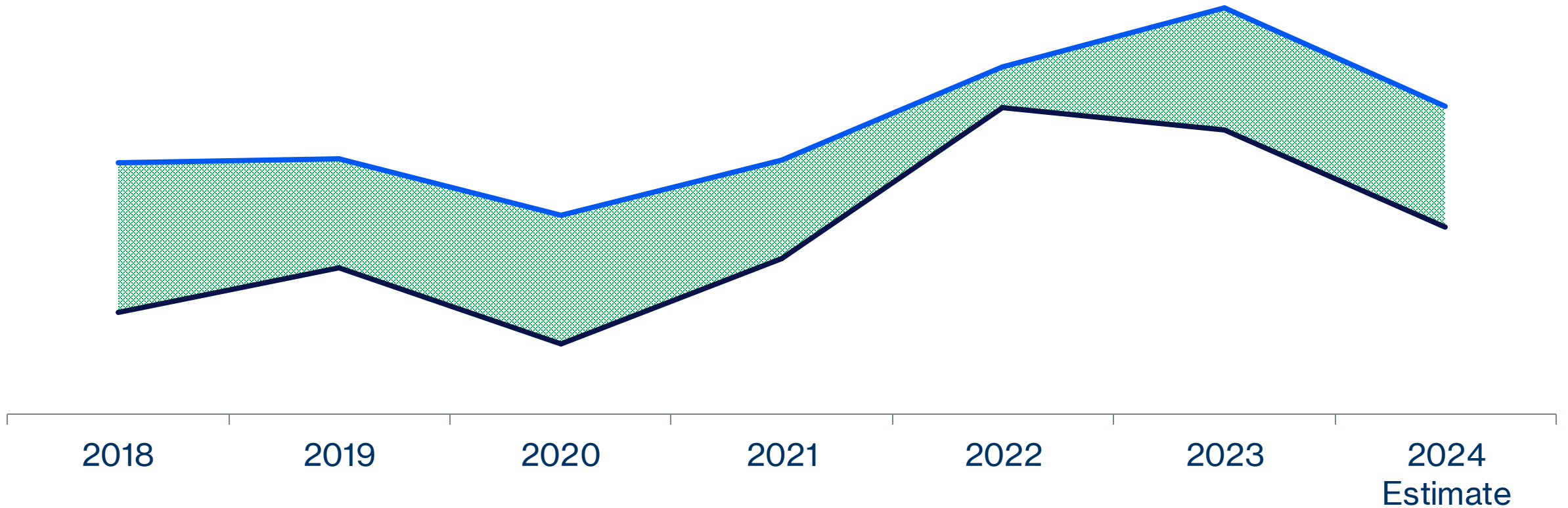
Modal share gains, positioned for cyclical upturn

Note: Truck tonnage based on American Trucking Association monthly tonnage report; Intermodal volume based on AAR data

Business has demonstrated sustained pricing above inflation

Merchandise and Intermodal Price Dollars vs. CSX Inflation Dollars

— Price (Ex-Coal) — Inflation



Momentum continues despite challenging macro 2023-24

Operating Income



Since 2022, there have been sizeable variances in intermodal storage revenue, export coal pricing, real estate gains, and net fuel

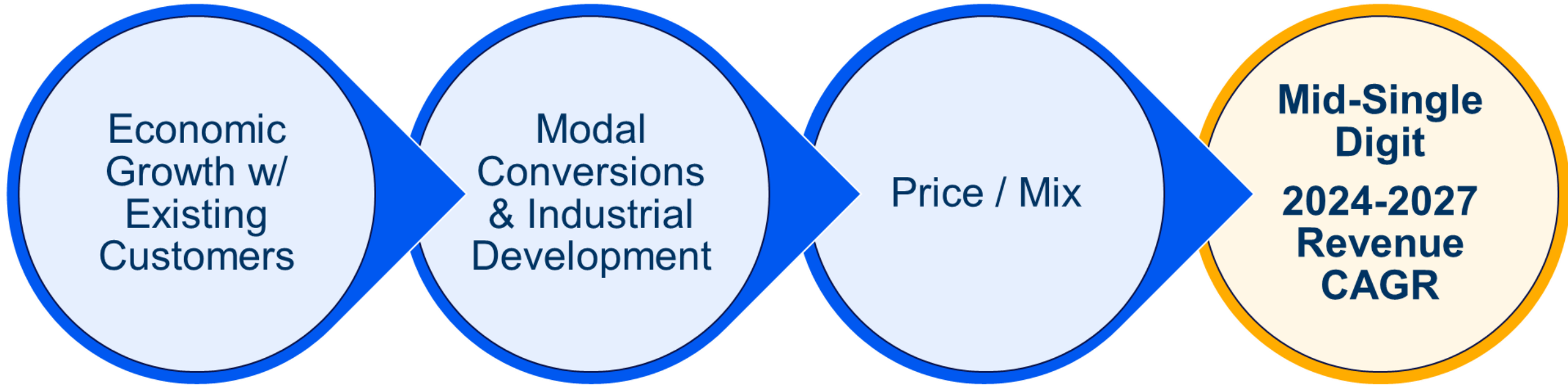
These variances **have impacted operating income by over \$900M** vs. 2022, relative to a \$500M decline in reported results

Our current performance **reflects momentum** with resources now well positioned for sustained profitable growth



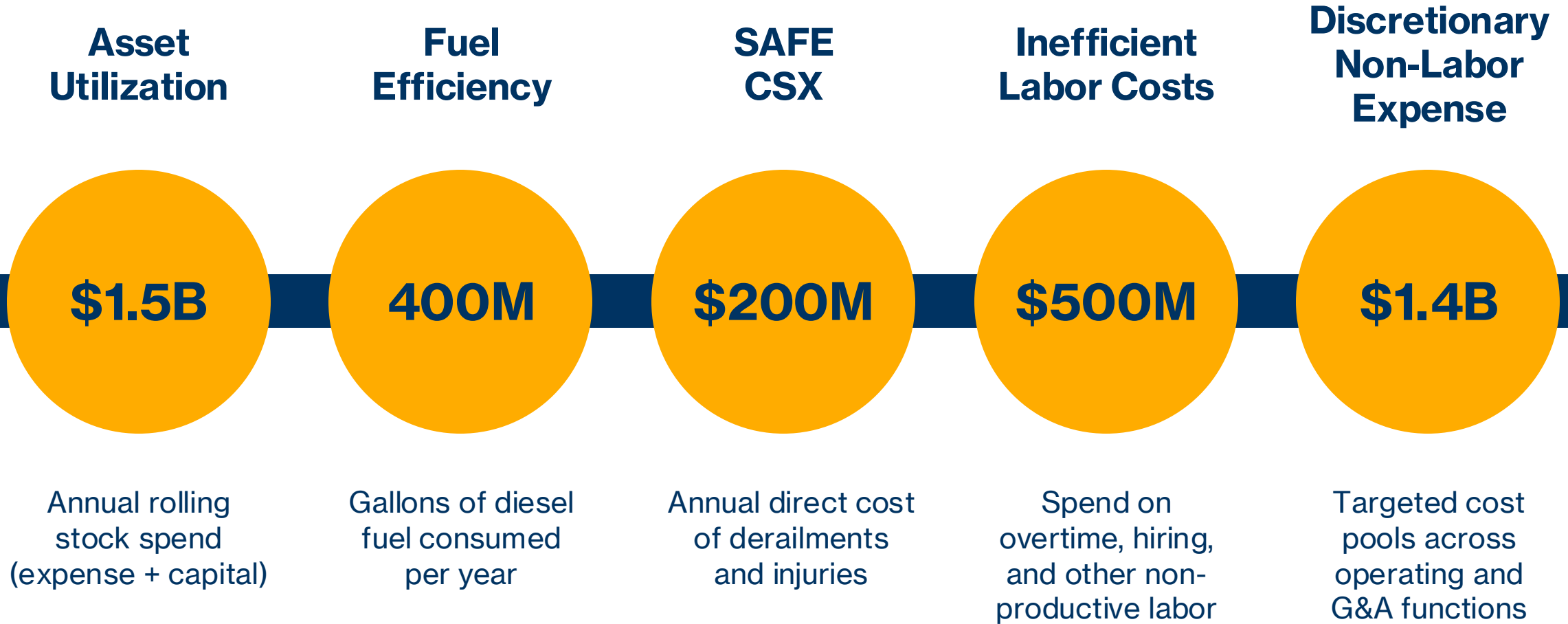
Our Growth Opportunity

Key variables support steady revenue growth



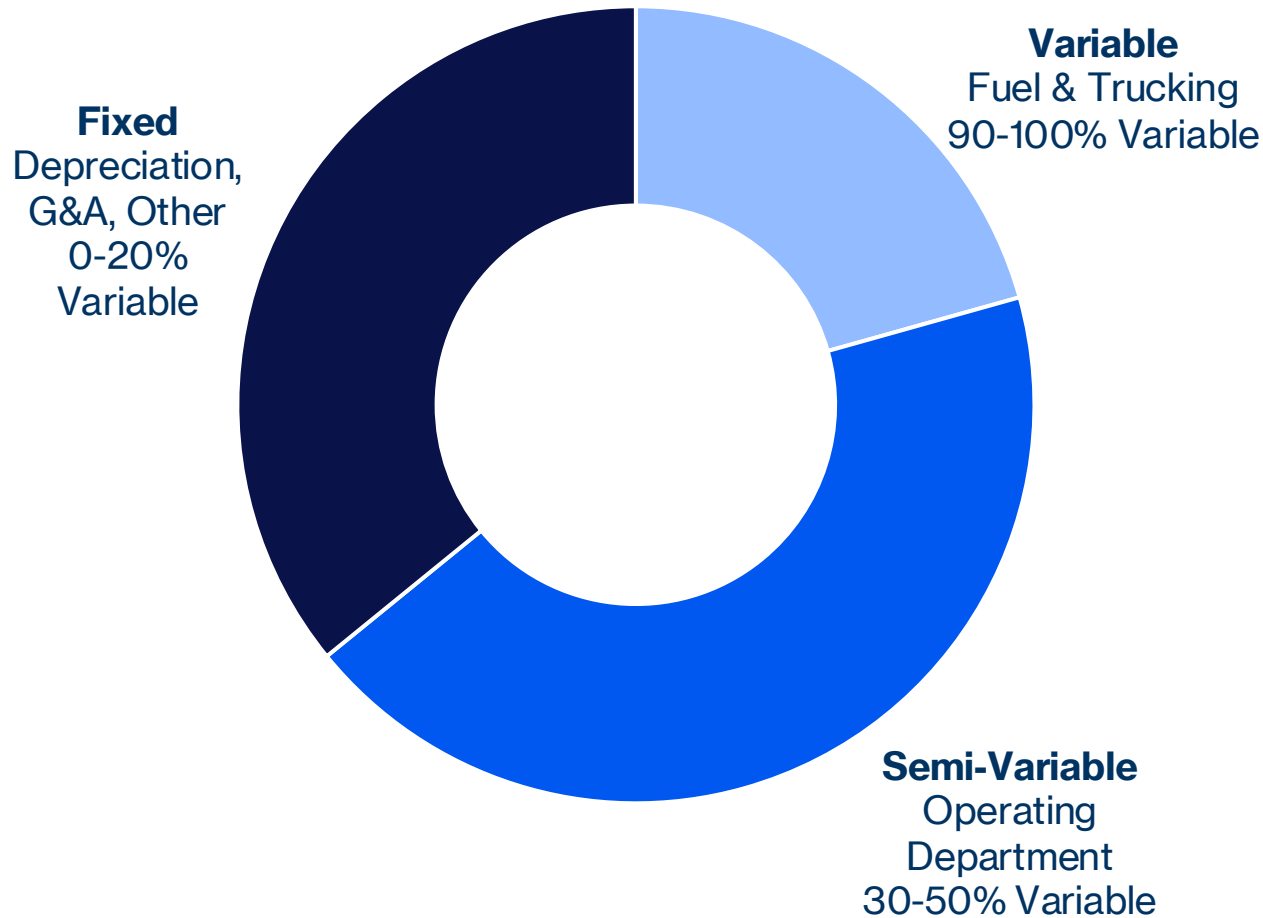
Projections assume stable fuel and export coal prices

Significant opportunities to deliver efficiency gains



Leveraging fixed costs further supports strong incremental margins

Total CSX Cost Base

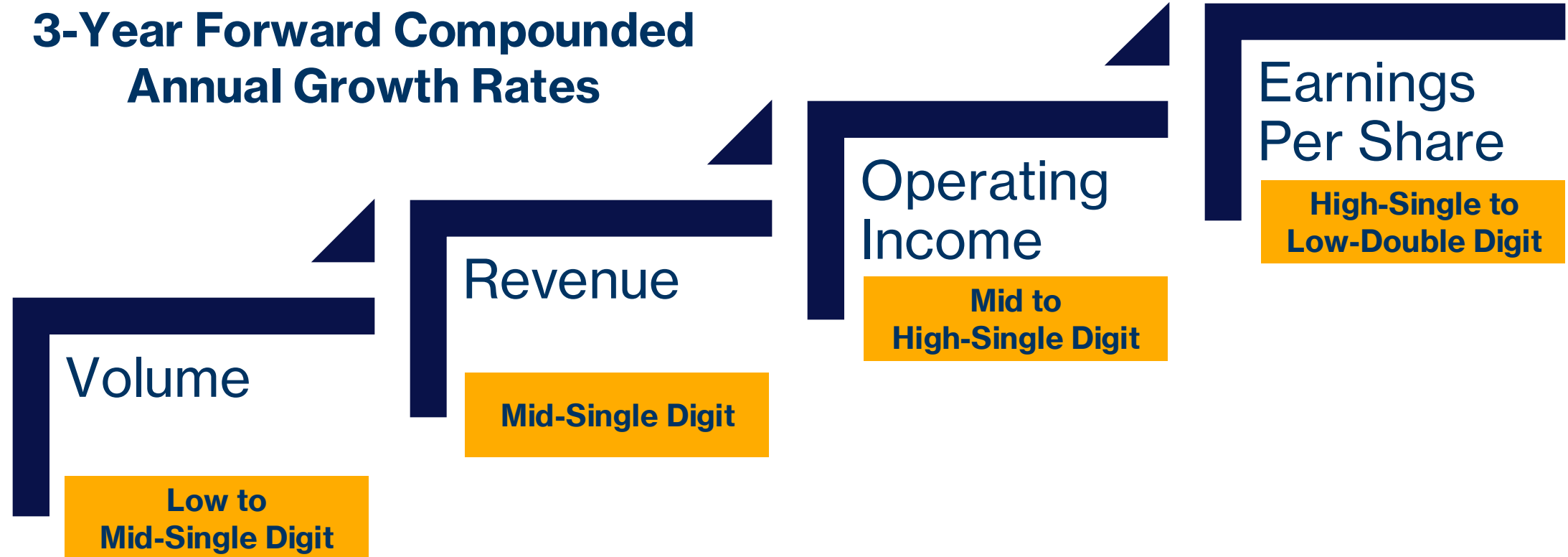


Trains, terminals, other assets and crews have **capacity to largely absorb expected growth**

Significant opportunities to **deliver efficiency gains** that help offset inflation

Expect to Deliver **Accretive Incremental Margins**

Proven model, powerful momentum, profitable growth



Projections assume stable fuel and export coal prices

CSX capital allocation priorities

Network Safety & Reliability

Efficiently invest in rail assets for the **long-term benefit** of our employees, customers, communities, and shareholders

Growth

Expand into existing capacity and supplement with targeted, return-generating strategic investments to **grow economic profit**

Shareholder Returns

Differentiated cash flow and financial flexibility support **continuing substantial shareholder distributions**

CSX will continue to invest in infrastructure and future growth

Rolling Stock

Continued locomotive rebuild program and freight car replacement

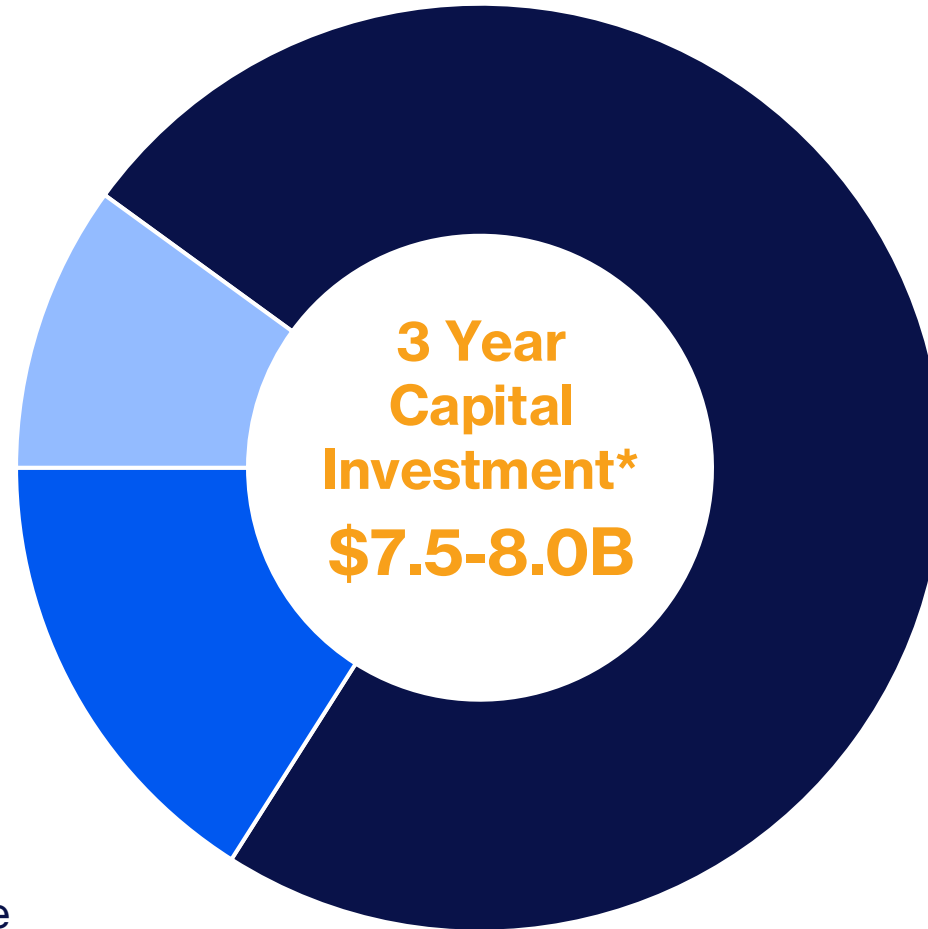
Strategic

Investment in recent acquisitions

Growing transload footprint

Terminal + network capacity and productivity enhancements

Technology investments in safety, efficiency, and customer experience



Maintenance

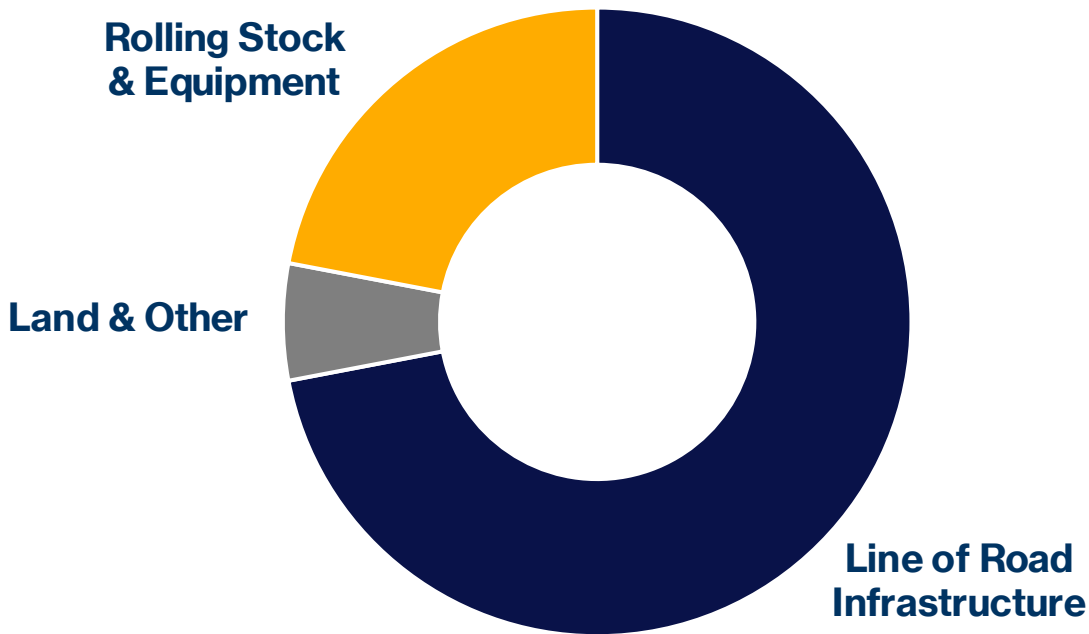
Highest priority on safety and reliability

Increased use of data and advanced analytics to extend asset lives and drive greater efficiency

*3 Year projection excludes rebuild investments related to Hurricane Helene

Existing asset base is positioned to absorb growth

\$52 Billion of Gross Assets



Post-2016 actions have unlocked substantial room to grow...

Hardened Infrastructure:

48%

Reduction in track caused derailments

Transformed Operating Model:

18%

Reduction in train miles

~1,300

Reduction in active locomotives

~30K

Reduction in active cars online

Targeted and Proactive Investments:

~350

Modernized locomotives

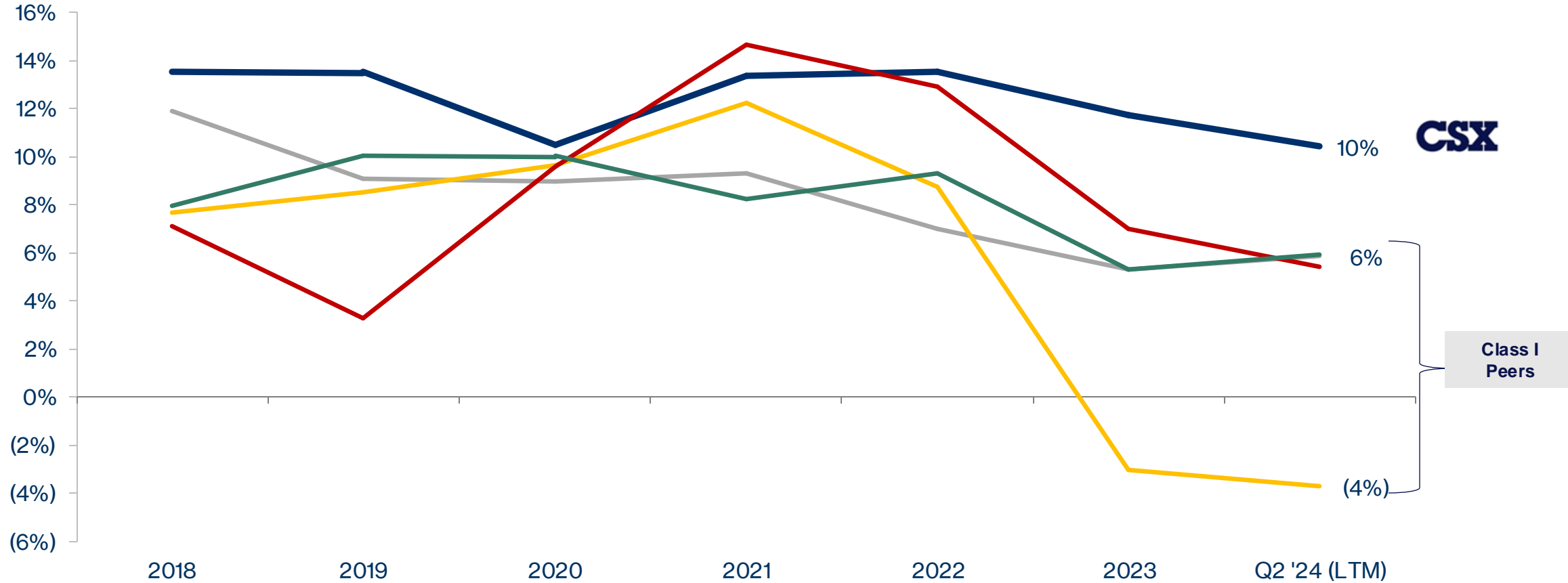
16

Sidings extended to >12K'

CSX's financial flexibility is differentiated

(Retained Cash Flow – CapEx) / Debt

*Retained Cash Flow = Funds From Operations - Dividends

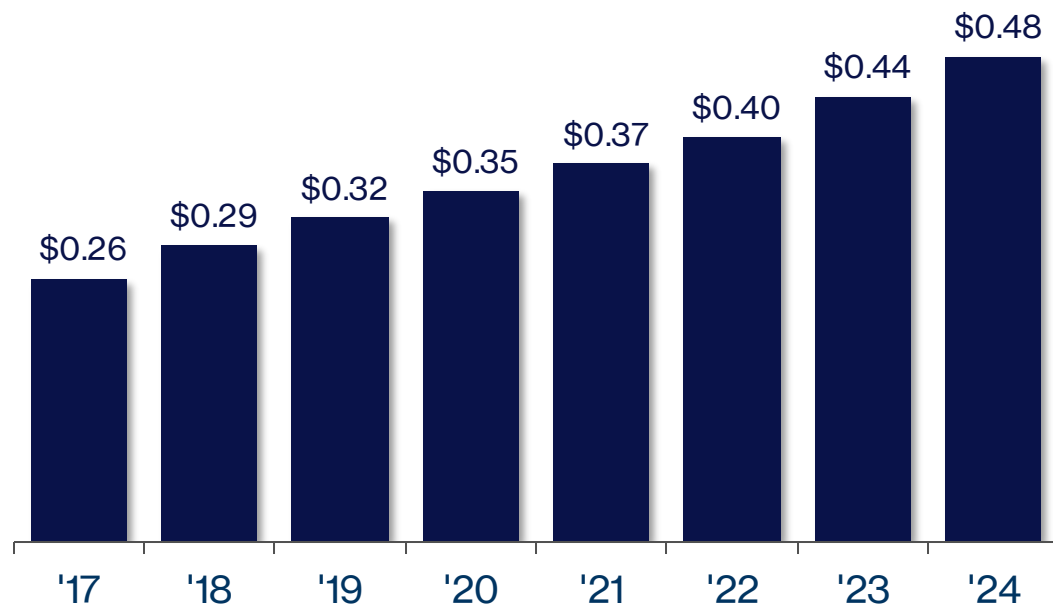


Source: Data points based on proprietary calculation from Moody's

Growth and flexibility will continue to reward shareholders

CSX Annual Dividend per Share Payout

20 Consecutive Years of Dividend Increases

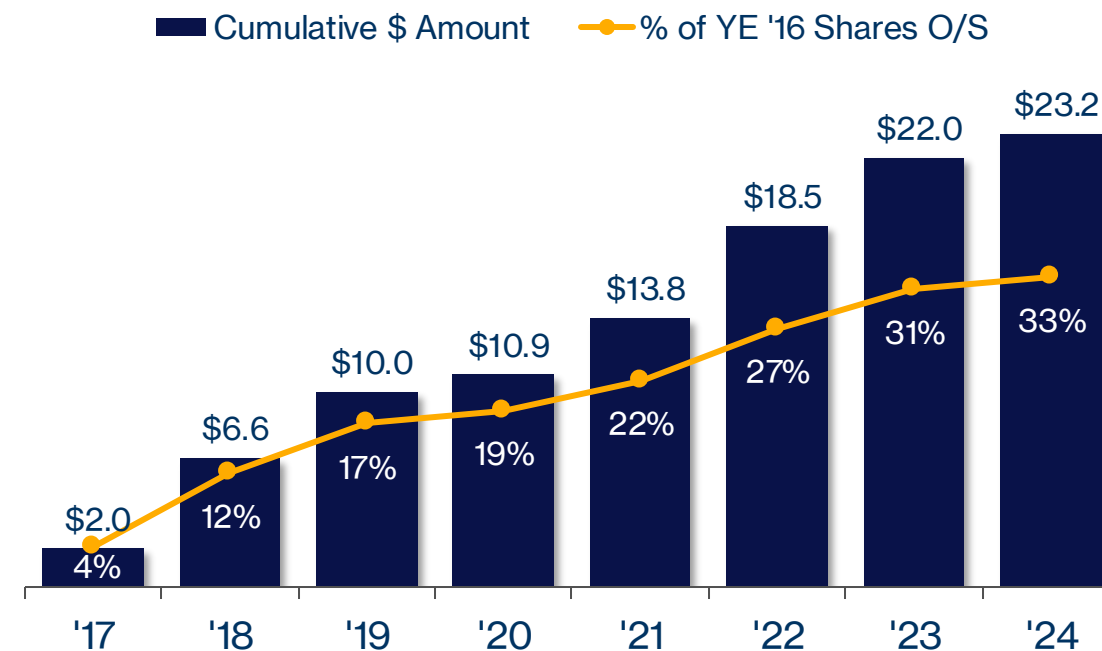


Share Repurchase History (\$B)

Avg. Price:
\$25.66

Avg. Discount:
5.2%

Buyback ROI
44%



Expect continued strong cash generation and shareholder distributions

Note: Share repurchase data through Q3 '24; Buyback ROI calculated using 20-day trailing average closing price as of 9/30/24



**Proven
Model**

**Powerful
Momentum**

**Profitable
Growth**



Appendix

Non-GAAP Free Cash Flow Reconciliation

Free Cash Flow

Dollars in millions	2015	2016	2017	2018	2019	2020 ^(a)	2021 ^(a)	2022 ^(a)	2023 ^(a)
Net Cash Provided by Operating Activities	\$ 3,370	\$ 3,041	\$ 3,472	\$ 4,641	\$ 4,850	\$ 4,238	\$ 5,022	\$ 5,526	\$ 5,514
Property Additions	(2,562)	(2,398)	(2,040)	(1,745)	(1,657)	(1,623)	(1,764)	(2,113)	(2,257)
Proceeds and Advances from Property Dispositions	147	195	97	319	254	78	579	294	88
Free Cash Flow Before Dividends (non-GAAP)	\$ 955	\$ 838	\$ 1,529	\$ 3,215	\$ 3,447	\$ 2,693	\$ 3,837	\$ 3,707	\$ 3,345

(a) Reflects adjustment of prior period financial statements; see form 10-Q for details