CSX®

2020 THIRD QUARTER EARNINGS CONFERENCE CALL



10.21.2020

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.

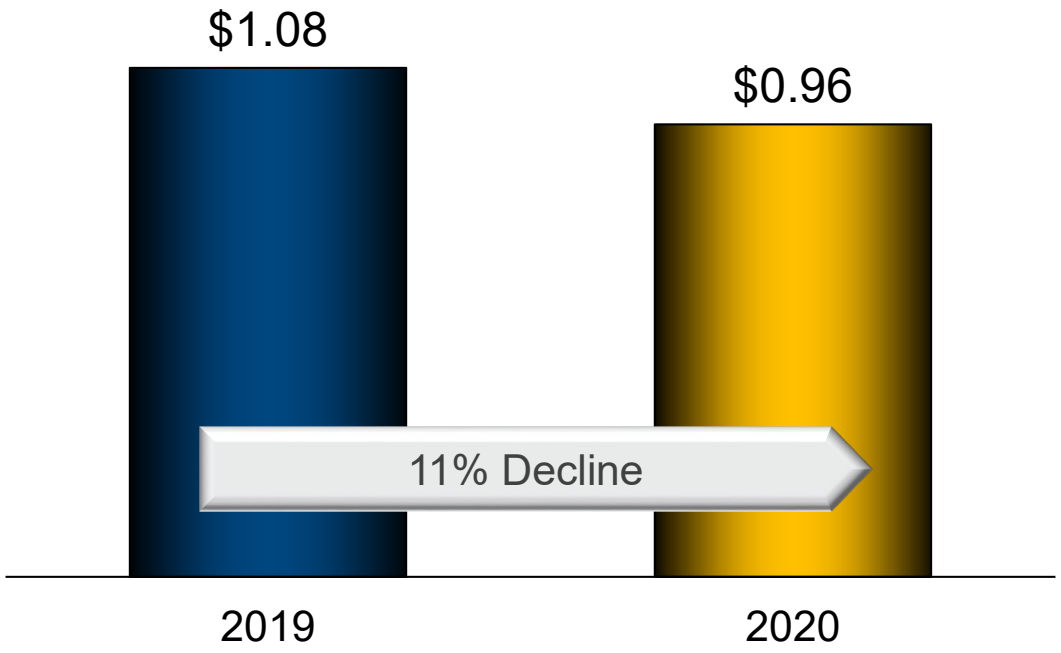
EXECUTIVE SUMMARY

James M. Foote
President and Chief Executive Officer

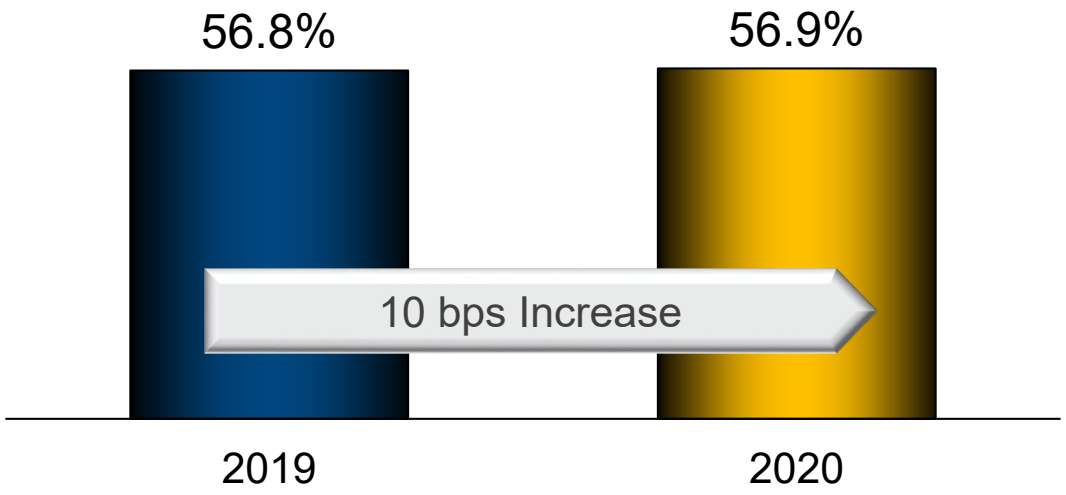
THIRD QUARTER HIGHLIGHTS

Volume **1,522K** | Revenue **$2,648M** | Operating Income **$1,141M** | Operating Ratio **56.9%** | EPS **$0.96**

Earnings Per Share



Operating Ratio

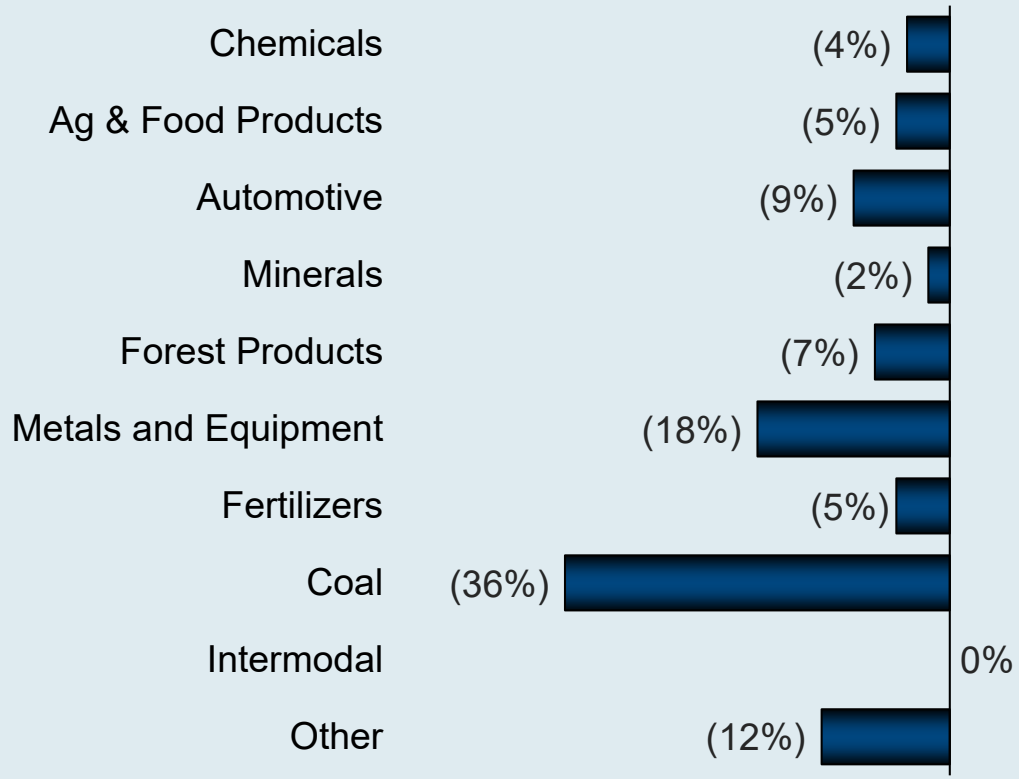


THIRD QUARTER REVENUE HIGHLIGHTS

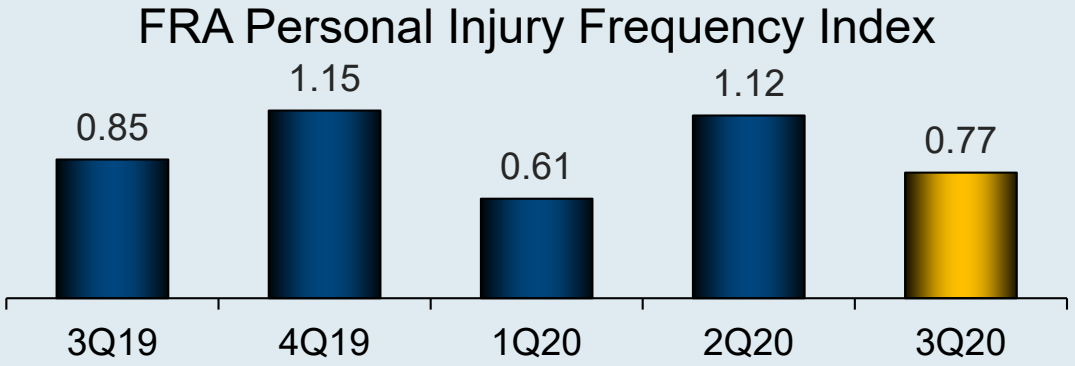
Carload Traffic Challenged by Economic Impacts of COVID-19

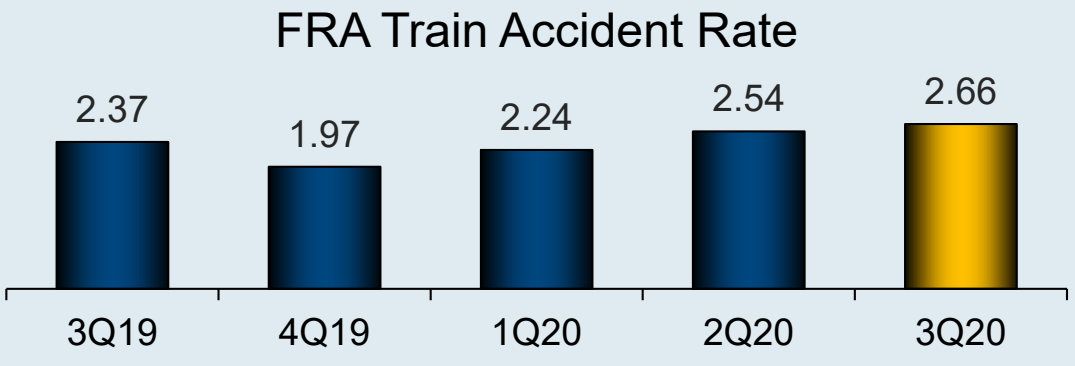
- **Chemicals** declined due to lower shipments of frac sand and other industrial chemicals, partially offset by increases in crude oil and plastics shipments.
- **Agricultural & Food Products** decreased due to lower shipments of grain and feed, partially offset by increases in ethanol shipments.
- **Automotive** declined due to lower vehicle production at CSX-served plants.
- **Minerals** decreased due to lower shipments of aggregates and other minerals.
- **Forest Products** declined due to lower shipments of printing paper, woodpulp and building products.
- **Metals and Equipment** declined due to reduced equipment shipments as well as lower sheet steel and pipe shipments.
- **Fertilizers** decreased due to lower shipments of phosphate and sulfur.
- **Coal** declined due to continued competition from natural gas, reduced electrical demand, lower industrial production, and lower global benchmark prices.
- **Intermodal** flat revenue on higher volume from tightening truck capacity, inventory replenishment, and growth in rail volumes from east coast ports.

Third Quarter Revenue Down 11% Percent Year over Year



THIRD QUARTER SAFETY HIGHLIGHTS

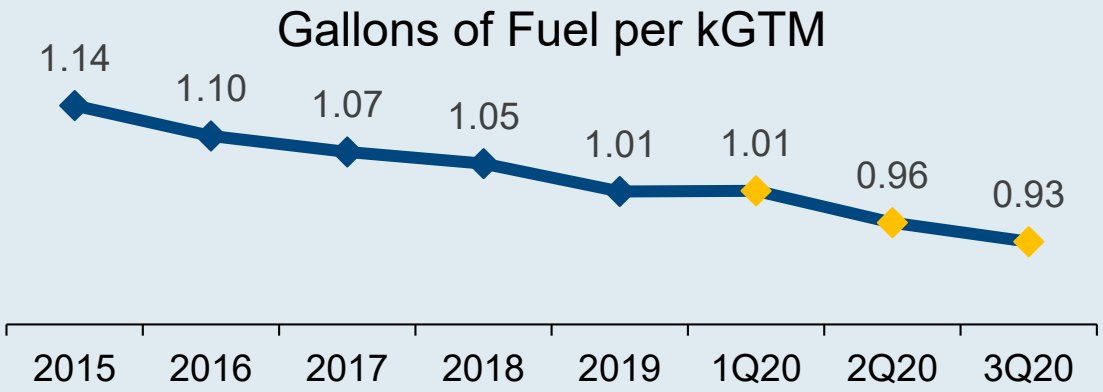


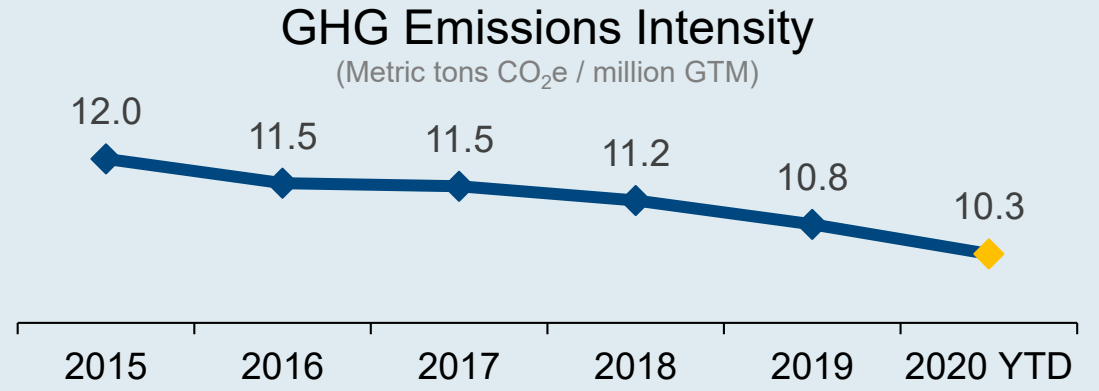


- Safety is a guiding principle at CSX
- Record Q3 low FRA personal injury frequency rate and number of injuries
- Record Q3 low number of FRA reportable train accidents
- Focused on frontline engagement and critical rules compliance to drive continued improvement

Safety statistics are estimated and can continue to be updated as actuals settle

COMMITTED TO SUSTAINABLE OPERATIONS





- CSX is expanding the inherent benefits of rail
- Commitment to industry-leading ESG and sustainability profile
- Further reducing emissions by converting additional trucks off the highway

ESG Recognition

MEMBER OF Dow Jones Sustainability Indices In collaboration with SAM

Halo Awards 2020

CDP DISCLOSURE INSIGHT ACTION

WORLD FINANCE MOST SUSTAINABLE COMPANY IN THE LOGISTICS INDUSTRY 2019 CSX CORPORATION

WOMEN'S FORUM OF NEW YORK

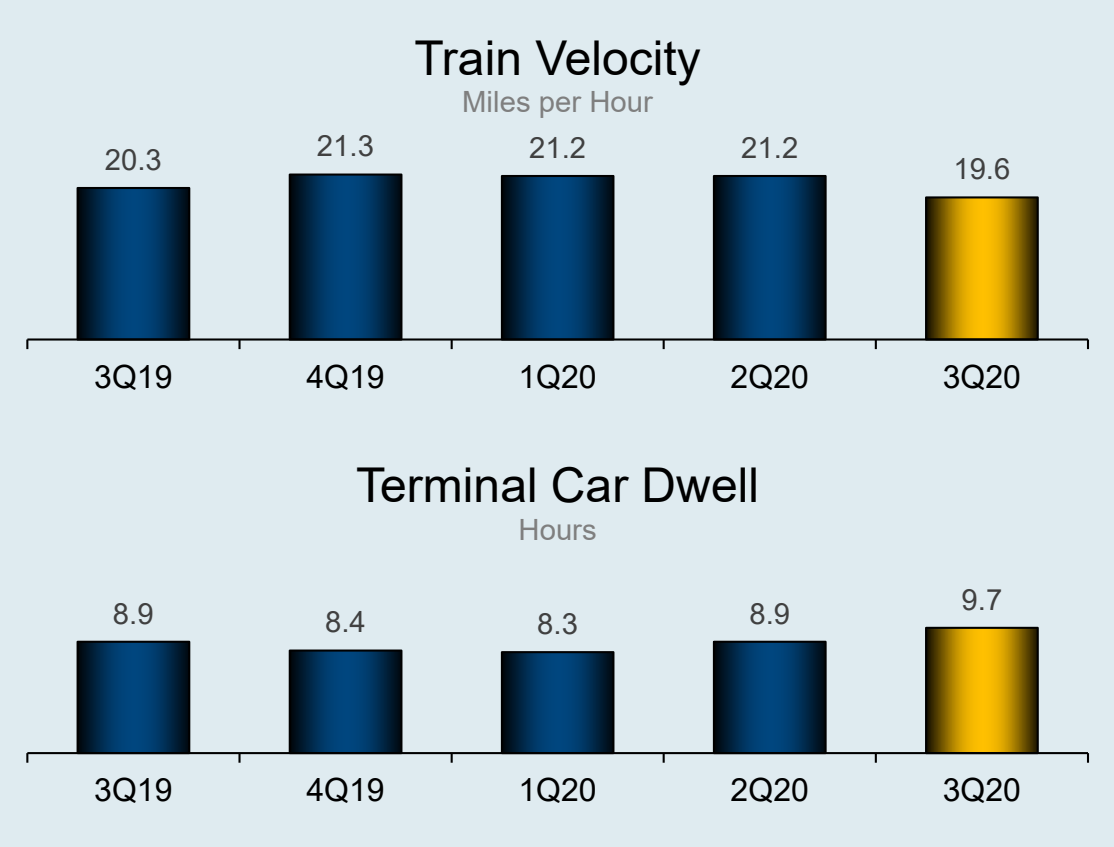
FTSE4Good

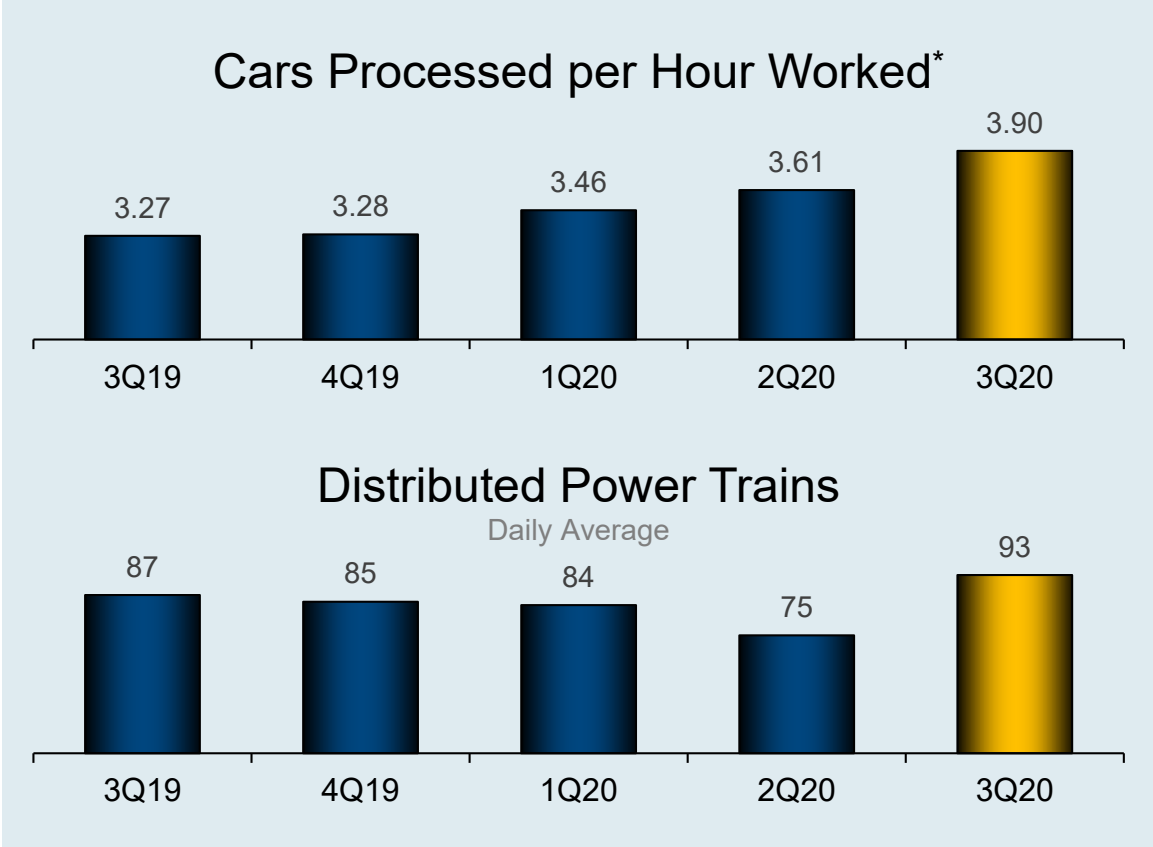
Corporate ESG Performance Prime RATED BY ISS ESG

CSX RECOGNIZED AS A BEST PLACE TO WORK FOR DISABILITY INCLUSION

CSX Named a Top 20 Most Sustainably Managed Company in the World by The Wall Street Journal

THIRD QUARTER OPERATING HIGHLIGHTS

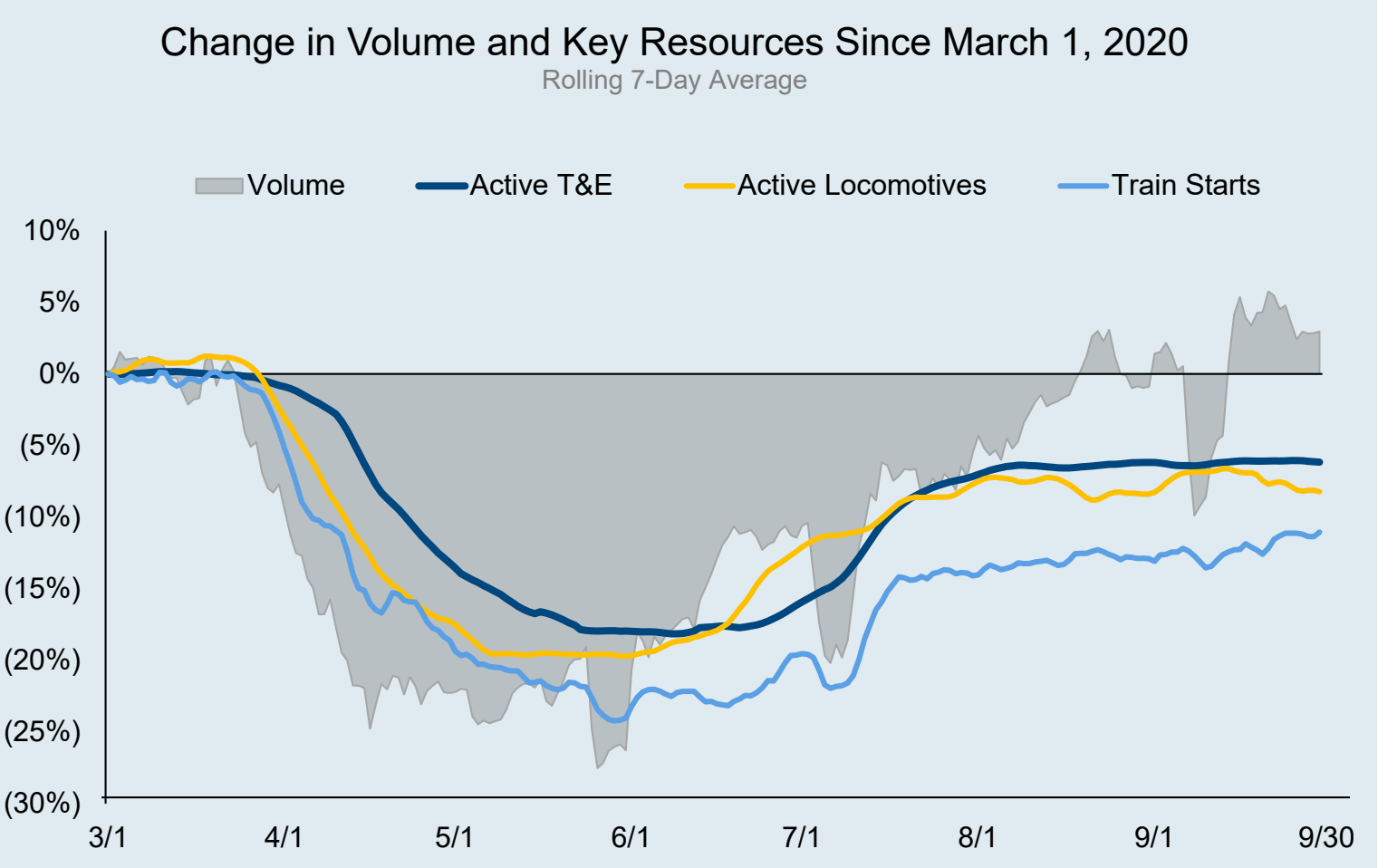


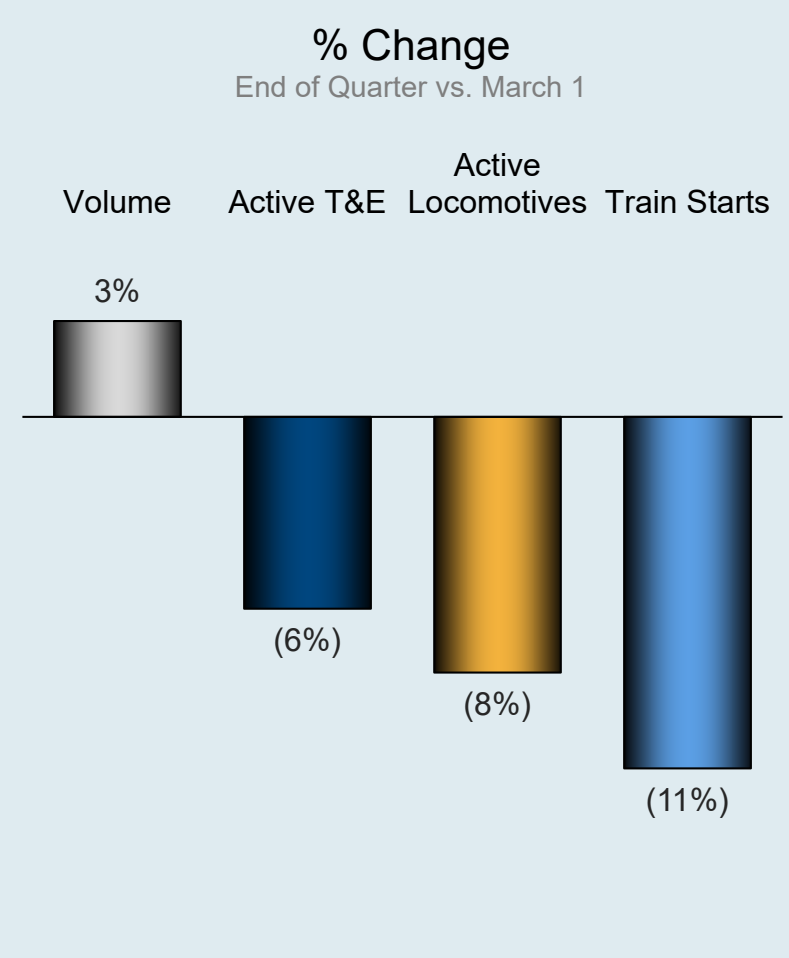


The methodology for calculating train velocity and dwell differs from that prescribed by the Surface Transportation Board. The Company will continue to report train velocity and dwell to the Surface Transportation Board using the prescribed methodology. See additional discussion on the Company's website.

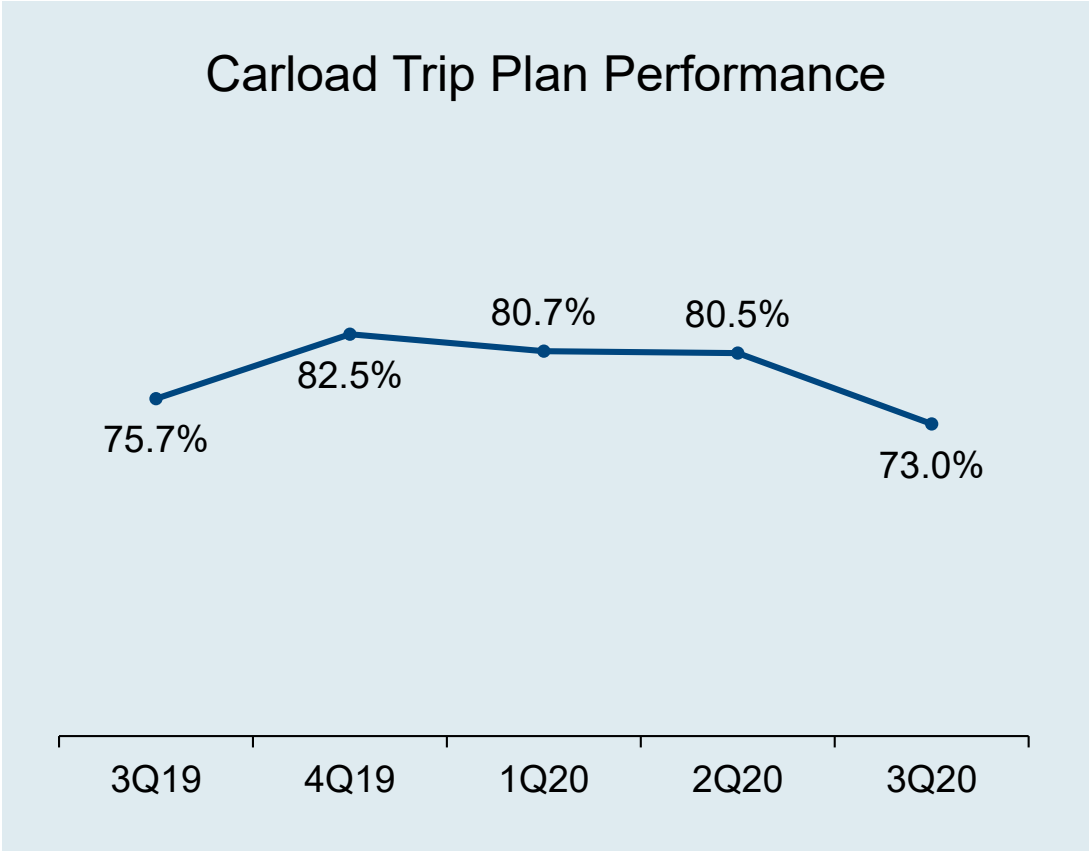
*Cars Processed per Hour Worked adjusted from previous disclosures to measure unique cars instead of total handlings in order to more accurately reflect yard throughput.

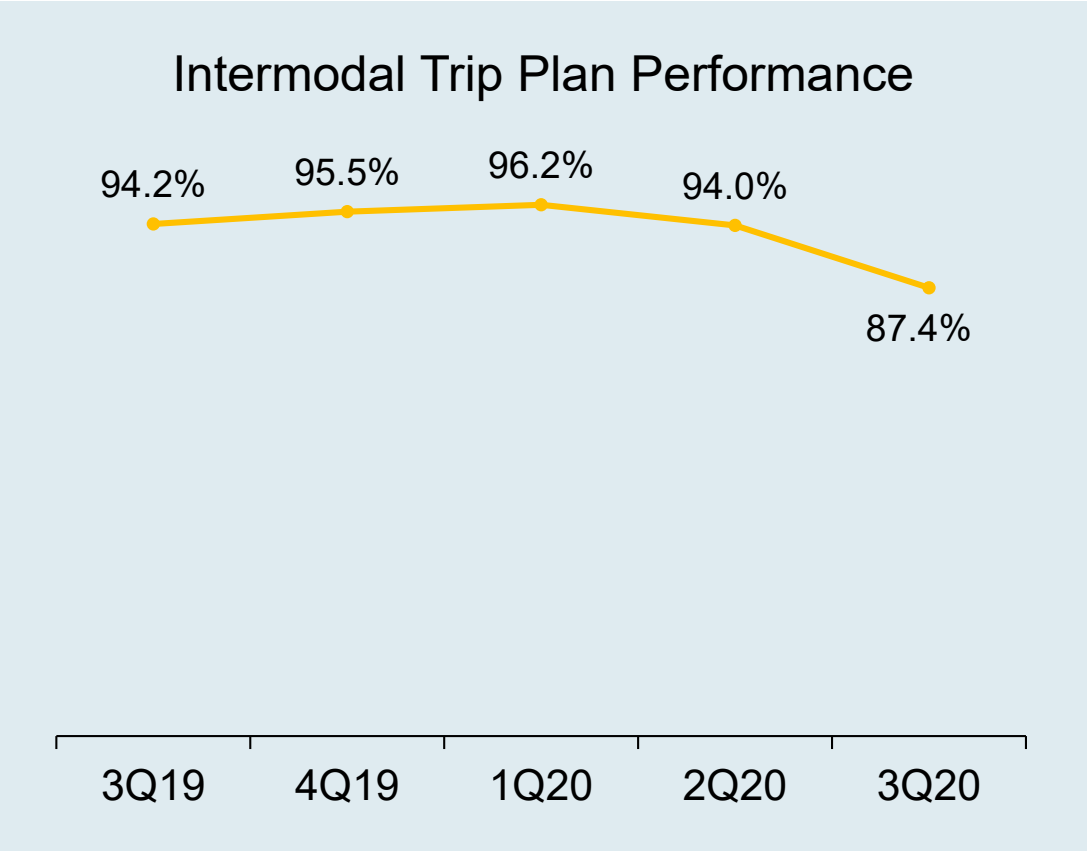
REALIZING STRONG OPERATING LEVERAGE





THIRD QUARTER SERVICE HIGHLIGHTS





Trip Plan Performance measures success in meeting end-to-end customer commitments based on a specific time of arrival. CSX measures Trip Plan Performance for every car and container, loaded and empty, on its network that is destined for a customer.

FINANCIAL REVIEW

Kevin S. Boone
EVP and Chief Financial Officer

THIRD QUARTER EARNINGS SUMMARY

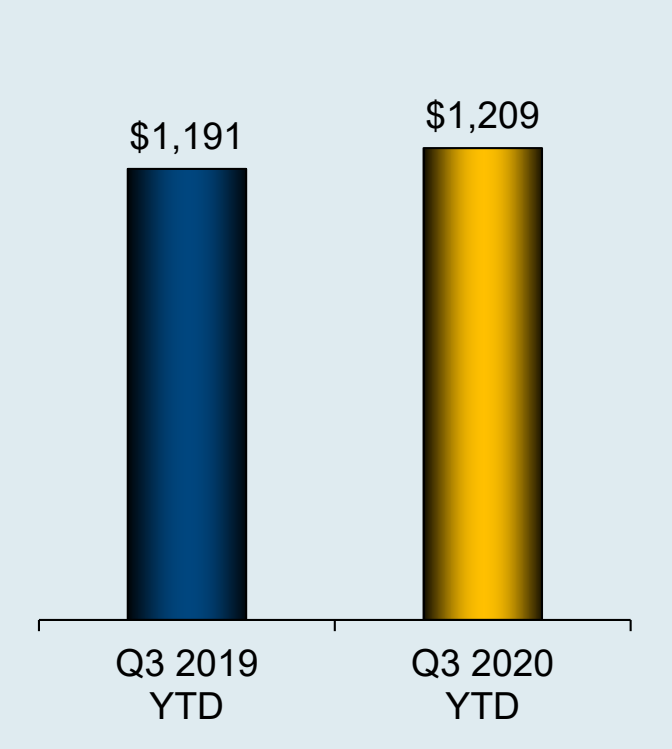
Third Quarter Income Statement

Dollars in millions	2020	2019	Variance
Revenue	$ 2,648	$ 2,978	(11%)
Expense			
Labor and Fringe	574	638	10%
Materials, Supplies and Other	378	407	7%
Depreciation	348	338	(3%)
Fuel	119	223	47%
Equipment and Other Rents	88	85	(4%)
Total Expense	1,507	1,691	11%
Operating Income	1,141	1,287	(11%)
Interest Expense	(187)	(186)	(1%)
Other Income – Net	14	24	(42%)
Income Tax Expense	(232)	(269)	14%
Net Earnings	$ 736	$ 856	(14%)
Earnings Per Share	$ 0.96	$ 1.08	(11%)
Operating Ratio	56.9%	56.8%	(10 bps)

YEAR-TO-DATE CASH AND FREE CASH FLOW

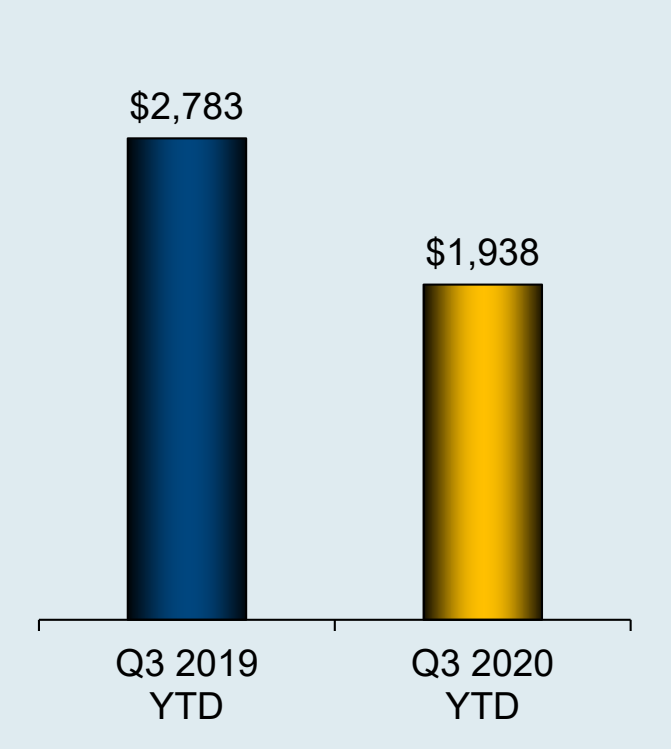
Capital Investments

Dollars in Millions



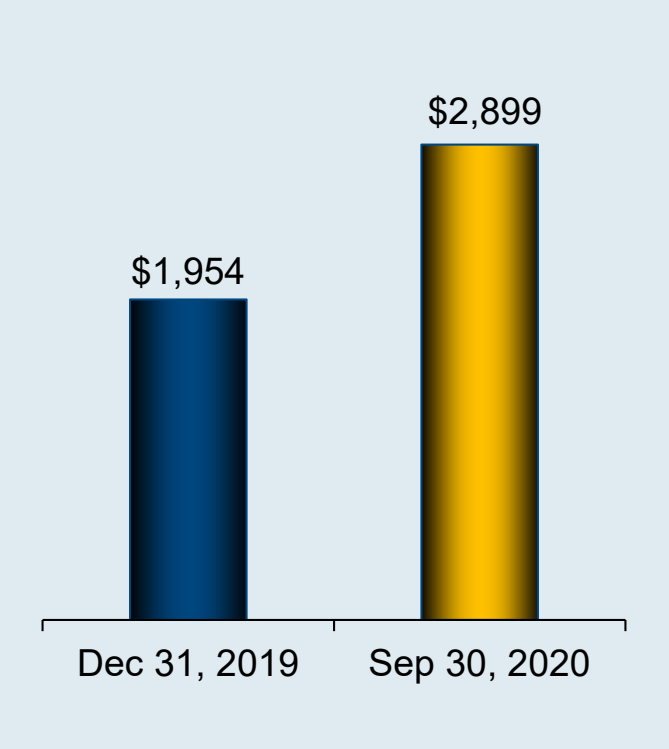
Free Cash Flow Before Dividends*

Dollars in Millions



Cash and Short-Term Investments Balance

Dollars in Millions



*See Appendix for Non-GAAP reconciliation

CLOSING REMARKS

James M. Foote
President and Chief Executive Officer

LOOKING FORWARD

- Continue to monitor economic environment
- Focused on delivering best-in-class service while maximizing operating leverage
- Capital expenditure outlook remains at low end of initial $1.6-1.7 billion guidance
- Maintaining industry-leading free cash flow profile
- Incremental $5B share repurchase authorization

APPENDIX

- Non-GAAP Free Cash Flow Reconciliation

NON-GAAP FREE CASH FLOW RECONCILIATION

Free Cash Flow

Dollars in millions	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net Cash Provided by Operating Activities	**$ 3,128**	**$ 3,737**
Property Additions	(1,209)	(1,191)
Other Investing Activities	19	237
Free Cash Flow Before Dividends (non-GAAP)	$ 1,938	$ 2,783



INVESTORS.CSX.COM