



2022

QUARTERLY FINANCIAL DATA

Q1







# NORFOLK SOUTHERN RAILWAY SYSTEM

**INVESTOR INQUIRIES: MEGHAN ACHIMASI, 470-867-4807**

The accompanying unaudited financial information and summary of certain notes to the consolidated financial statements should be read in conjunction with: (a) the consolidated financial statements and notes included in Norfolk Southern Corporation's (NS, we, us and our) latest Annual Report on Form 10-K and in subsequent Quarterly Reports on Form 10-Q, and (b) any Current Reports on Form 8-K.

Any statements contained in this document which are not related to historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995, and NS undertakes no obligation to update such statements. Such forward-looking statements are subject to risks and uncertainties (the most significant of which are described in our SEC filings) which could cause actual results to differ materially.

# Consolidated Statements of Income

(in millions, except per share amounts)

	<u>2022</u>	<u>First Quarter 2021</u>	<u>% Change</u>
<b>Railway operating revenues</b>			
Merchandise	\$ 1,672	\$ 1,608	4%
Intermodal	854	719	19%
Coal	389	312	25%
Total railway operating revenues	<u>2,915</u>	<u>2,639</u>	10%
<b>Railway operating expenses</b>			
Compensation and benefits	619	611	1%
Purchased services and rents	437	393	11%
Fuel	301	177	70%
Depreciation	302	292	3%
Materials and other	171	151	13%
Total railway operating expenses	<u>1,830</u>	<u>1,624</u>	13%
<b>Income from railway operations</b>	1,085	1,015	7%
Other income (expense) – net	(5)	7	(171%)
Interest expense on debt	<u>168</u>	<u>156</u>	8%
Income before income taxes	912	866	5%
Income taxes			
Current	161	141	14%
Deferred	48	52	(8%)
Total income taxes	<u>209</u>	<u>193</u>	8%
<b>Net income</b>	<u>\$ 703</u>	<u>\$ 673</u>	4%
<b>Railway operating ratio (%)</b>	62.8	61.5	2%
<b>Earnings per share – diluted</b>	\$ 2.93	\$ 2.66	10%

## Notes

### 1. Stock Repurchase Program

We repurchased and retired 2.2 million and 2.3 million shares of common stock under our stock repurchase program during the first three months of 2022 and 2021, respectively, at a cost of \$600 million and \$591 million, respectively.

## Consolidated Balance Sheets

(\$ in millions)

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,571	\$ 839
Accounts receivable – net	1,070	976
Materials and supplies	264	218
Other current assets	110	134
Total current assets	<u>3,015</u>	<u>2,167</u>
Investments	3,697	3,707
Properties less accumulated depreciation of \$12,123 and \$12,031, respectively	31,657	31,653
Other assets	<u>992</u>	<u>966</u>
<b>Total assets</b>	<b><u>\$ 39,361</u></b>	<b><u>\$ 38,493</u></b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 1,181	\$ 1,351
Income and other taxes	443	305
Other current liabilities	370	312
Current maturities of long-term debt	1,153	553
Total current liabilities	<u>3,147</u>	<u>2,521</u>
Long-term debt	13,691	13,287
Other liabilities	1,845	1,879
Deferred income taxes	<u>7,217</u>	<u>7,165</u>
<b>Total liabilities</b>	<b>25,900</b>	<b>24,852</b>
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 238,332,514 and 240,162,790 shares, respectively, net of treasury shares	240	242
Additional paid-in capital	2,203	2,215
Accumulated other comprehensive loss	(394)	(402)
Retained income	<u>11,412</u>	<u>11,586</u>
<b>Total stockholders' equity</b>	<b><u>13,461</u></b>	<b><u>13,641</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 39,361</u></b>	<b><u>\$ 38,493</u></b>

# Consolidated Statements of Cash Flows

(\$ in millions)

	<b>First Three Months</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 703	\$ 673
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	302	292
Deferred income taxes	48	52
Gains and losses on properties	(6)	(8)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(94)	(95)
Materials and supplies	(46)	(20)
Other current assets	21	9
Current liabilities other than debt	83	158
Other – net	(17)	(46)
Net cash provided by operating activities	<u>994</u>	<u>1,015</u>
<b>Cash flows from investing activities</b>		
Property additions	(389)	(265)
Property sales and other transactions	36	37
Investment purchases	(1)	—
Investment sales and other transactions	19	26
Net cash used in investing activities	<u>(335)</u>	<u>(202)</u>
<b>Cash flows from financing activities</b>		
Dividends	(297)	(249)
Common stock transactions	(18)	(6)
Purchase and retirement of common stock	(600)	(591)
Proceeds from borrowings	989	—
Debt repayments	(1)	(84)
Net cash provided by (used in) financing activities	<u>73</u>	<u>(930)</u>
Net increase (decrease) in cash and cash equivalents	732	(117)
<b>Cash and cash equivalents</b>		
At beginning of year	839	1,115
At end of period	<u>\$ 1,571</u>	<u>\$ 998</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 114	\$ 110
Income taxes (net of refunds)	9	27

## Railway Operating Revenues Analysis

Commodity and Period	Revenues (\$ in millions)			Units (in thousands)			Revenue per Unit (\$ per unit)		
	2022	2021	% Change	2022	2021	% Change	2022	2021	% Change
<b>First Quarter</b>									
Agriculture, forest and consumer products	\$ 573	\$ 539	6%	177.6	178.3	—	\$ 3,228	\$ 3,026	7%
Chemicals	498	459	8%	129.4	127.0	2%	3,850	3,615	7%
Metals and construction	375	370	1%	148.0	155.0	(5%)	2,535	2,386	6%
Automotive	226	240	(6%)	81.2	93.7	(13%)	2,776	2,557	9%
Merchandise	1,672	1,608	4%	536.2	554.0	(3%)	3,118	2,903	7%
Intermodal	854	719	19%	956.5	1,016.4	(6%)	893	708	26%
Coal	389	312	25%	165.6	166.5	(1%)	2,347	1,872	25%
Total	<u>\$ 2,915</u>	<u>\$ 2,639</u>	10%	<u>1,658.3</u>	<u>1,736.9</u>	(5%)	1,758	1,519	16%

## Railway Operating Revenues Variance Analysis

(\$ in millions)

### First Quarter 2022 vs. 2021

	Merchandise		Intermodal		Coal	
	Amount	Percent	Amount	Percent	Amount	Percent
<b>Revenue Variance due to:</b>						
Volume	\$ (51)	(3%)	\$ (42)	(6%)	\$ (2)	(1%)
Fuel surcharge revenue	67	4%	73	10%	7	2%
Rate, mix and other	48	3%	104	14%	72	23%
Total	<u>\$ 64</u>	4%	<u>\$ 135</u>	19%	<u>\$ 77</u>	25%

## Intermodal Units by Market

(in thousands)

	First Quarter		
	2022	2021	% Change
Domestic	653.4	639.0	2%
International	303.1	377.4	(20%)
Total	<u>956.5</u>	<u>1,016.4</u>	(6%)

## Coal Tonnage by Market

(in thousands)

	First Quarter		
	2022	2021	% Change
Utility	8,961	8,546	5%
Export	6,414	6,693	(4%)
Domestic metallurgical	2,430	2,487	(2%)
Industrial	803	899	(11%)
Total	<u>18,608</u>	<u>18,625</u>	—

## Financial, Traffic and Operating Statistics

(\$ in millions - except as noted)

	2021					2022					Increase (Decrease) 2022 vs. 2021				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date
Railway operating revenues	\$ 2,639	\$ 2,799	\$ 2,852	\$ 2,852	\$ 11,142	\$ 2,915				\$ 2,915	\$ 276				\$ 276
Railway operating expenses:															
Compensation and benefits	611	624	609	598	2,442	619				619	8				8
Purchased services	318	352	355	384	1,409	349				349	31				31
Equipment rents	75	77	77	88	317	88				88	13				13
Fuel	177	188	208	226	799	301				301	124				124
Depreciation	292	294	297	298	1,181	302				302	10				10
Materials	61	61	71	57	250	62				62	1				1
Claims	38	43	56	28	165	49				49	11				11
Other	52	(7)	43	44	132	60				60	8				8
Total railway operating expenses	1,624	1,632	1,716	1,723	6,695	1,830				1,830	206				206
Income from railway operations	1,015	1,167	1,136	1,129	4,447	1,085				1,085	70				70
Other income (expense) – net	7	35	14	21	77	(5)				(5)	(12)				(12)
Interest expense on debt	156	161	164	165	646	168				168	12				12
Income before income taxes	866	1,041	986	985	3,878	912				912	46				46
Total income taxes	193	222	233	225	873	209				209	16				16
Net income	\$ 673	\$ 819	\$ 753	\$ 760	\$ 3,005	\$ 703				\$ 703	\$ 30				\$ 30
Weighted average shares outstanding – diluted (in millions)	252.6	250.0	246.4	243.5	248.1	240.2				240.2	(12.4)				(12.4)
Earnings per share – diluted (dollars)	\$ 2.66	\$ 3.28	\$ 3.06	\$ 3.12	\$ 12.11	\$ 2.93				\$ 2.93	\$ 0.27				\$ 0.27
Dividends per share (dollars)	\$ 0.99	\$ 0.99	\$ 1.09	\$ 1.09	\$ 4.16	\$ 1.24				\$ 1.24	\$ 0.25				\$ 0.25
Railway operating ratio (percent)	61.5	58.3	60.2	60.4	60.1	62.8				62.8	1.3				1.3
Property additions	\$ 265	\$ 362	\$ 398	\$ 445	\$ 1,470	\$ 389				\$ 389	\$ 124				\$ 124
Cash and cash equivalents	\$ 998	\$ 1,670	\$ 1,465	\$ 839	\$ 839	\$ 1,571				\$ 1,571	\$ 573				\$ 573
Total debt	\$ 12,617	\$ 13,717	\$ 13,832	\$ 13,840	\$ 13,840	\$ 14,844				\$ 14,844	\$ 2,227				\$ 2,227
Total debt-to-total capitalization (percent)	46.3	48.9	49.9	50.4	50.4	52.4				52.4	6.1				6.1
Gross ton miles (GTMs) (in billions)	83.8	86.9	86.0	84.0	340.7	82.7				82.7	(1%)				(1%)
Revenue ton miles (in billions):															
Merchandise	26.3	27.7	27.7	26.6	108.3	26.0				26.0	(1%)				(1%)
Intermodal	10.6	11.2	10.8	11.1	43.7	10.7				10.7	1%				1%
Coal	6.5	6.8	6.5	6.3	26.1	7.0				7.0	8%				8%
Total	43.4	45.7	45.0	44.0	178.1	43.7				43.7	1%				1%
Railroad employees (average)	18,755	18,537	18,175	18,012	18,370	18,229				18,229	(3%)				(3%)
GTMs (thousands) per employee	4,467	4,690	4,733	4,663	18,549	4,539				4,539	2%				2%
Locomotive diesel fuel consumed (in thousands of gallons)	97,724	95,796	96,179	94,068	383,767	95,309				95,309	(2%)				(2%)
Average price (dollars) per gallon of locomotive diesel fuel	\$ 1.656	\$ 1.838	\$ 2.034	\$ 2.256	\$ 1.943	\$ 2.939				\$ 2.939	77%				77%
Gallons of fuel consumed per thousand GTMs	1.17	1.11	1.13	1.13	1.14	1.16				1.16	(1%)				(1%)
Train speed (miles per hour)	20.5	20.1	20.7	18.1	19.8	18.2				18.2	(11%)				(11%)
Terminal dwell (hours)	24.4	22.5	22.3	26.2	23.9	26.7				26.7	9%				9%





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