

## BNSF's First Quarter 2021 Financial Performance: Volumes, Revenues and Expenses

Statement of Income (in millions)	Q1 - 2021	Q1 - 2020	Q/Q % Change
Total revenues	\$ 5,401	\$ 5,417	— %
Operating expenses	3,512	3,594	(2)%
Operating income	1,889	1,823	4 %
Other (income) expense, Interest expense and Income tax expense	638	633	1 %
Net income	\$ 1,251	\$ 1,190	5 %
Operating ratio (a)	63.7 %	65.2 %	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-Q for the period ended March 31, 2021.

(a) Operating ratio excludes impacts of BNSF Logistics.

### Volumes and Revenues

Operating income for the first quarter of 2021 was \$1.9 billion, an increase of \$66 million or 4% compared to the same period in 2020. Operating ratio was 63.7% for the first quarter, an improvement of 1.5% compared to the same period in 2020.

Total revenues for the first quarter of 2021 decreased 0.3% compared with the same period in 2020. The decrease was primarily due to a 5% increase in unit volume offset by a 5% decrease in average revenue per unit. The change in revenue also resulted from the following:

- Average revenue per unit decreased as a result of business mix changes and lower fuel surcharge revenue due to lower fuel prices.
- Consumer Products volumes increased 15% for the first quarter of 2021 compared with the same period in 2020. Growth in both international and domestic intermodal shipments was driven by increased retail sales and inventory replenishments by retailers, along with increased e-commerce activity. Automotive volumes declined due to production impacts from a global microchip shortage.
- Agricultural Products volumes increased 12% in the first quarter compared with the same period in 2020 due to higher grain exports.
- Industrial Products volumes decreased 13% for the first quarter of 2021 compared with the same period in 2020. These changes were primarily due to reduced production and demand in the energy sector, which drove lower petroleum products and sand volume. In addition, shipments of chemicals, plastics, and aggregates were lower due to winter storm related impacts to Texas and the U.S. Gulf Coast regions.
- Coal volumes decreased 12% for the first quarter of 2021 compared with the same period in 2020. These changes were primarily due to lower utility demand in the early part of the quarter, along with severe winter weather which impacted deliveries.

Listed below are details by business units, including revenues, volumes and average revenue per car/unit.

Business Unit	Q1 - 2021	Q1 - 2020	Q/Q % Change
<b>Revenues (in millions)</b>			
Consumer Products	\$ 1,890	\$ 1,765	7 %
Agricultural Products	1,308	1,144	14 %
Industrial Products	1,226	1,465	(16)%
Coal	686	766	(10)%
<b>Total Freight Revenues</b>	<b>\$ 5,110</b>	<b>\$ 5,140</b>	<b>(1)%</b>
Other Revenues	291	277	5 %
<b>Total Operating Revenues</b>	<b>\$ 5,401</b>	<b>\$ 5,417</b>	<b>— %</b>
<b>Volumes (in thousands)</b>			
Consumer Products	1,393	1,207	15 %
Agricultural Products	318	285	12 %
Industrial Products	399	460	(13)%
Coal	339	384	(12)%
<b>Total Volumes</b>	<b>2,449</b>	<b>2,336</b>	<b>5 %</b>
<b>Average Revenue per Car/Unit</b>			
Consumer Products	\$ 1,357	\$ 1,462	(7)%
Agricultural Products	4,113	4,014	2 %
Industrial Products	3,073	3,185	(4)%
Coal	2,024	1,995	1 %
<b>Total Freight Revenues per Car/Unit</b>	<b>\$ 2,087</b>	<b>\$ 2,200</b>	<b>(5)%</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2021.

## Expenses

Operating expenses for the first quarter of 2021 were down 2% compared to 2020. The decrease in expenses reflected increased volume-related costs and inflation, offset by productivity improvements and lower average fuel prices, including the following changes in expenses:

- Compensation and benefits expense decreased 5% in the first quarter of 2021 compared to the same period in 2020. The decrease was primarily due to fewer employees as a result of improved productivity.
- Fuel expense decreased 10% in the first quarter of 2021 compared to the same period in 2020. The decrease was primarily due to lower average fuel prices, lower gross ton mile volumes, and improved fuel efficiency. Locomotive fuel price per gallon decreased 8% in the first quarter of 2021 compared to the same period in 2020.
- Materials and other expense increased 12% in the first quarter of 2021 compared to the same period in 2020. The increase was primarily a result of higher miscellaneous taxes and property taxes.
- There were no significant changes in purchased services, depreciation and amortization, equipment rents, or interest expense.

<b>Operating Expenses (in millions)</b>	<b>Q1 - 2021</b>	<b>Q1 - 2020</b>	<b>Q/Q % Change</b>
Compensation and benefits	\$ 1,183	\$ 1,244	(5)%
Purchased services	665	666	— %
Depreciation and amortization	619	615	1 %
Fuel	550	614	(10)%
Equipment rents	171	165	4 %
Materials and other	324	290	12 %
<b>Total Operating Expenses</b>	<b>\$ 3,512</b>	<b>\$ 3,594</b>	<b>(2)%</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2021.