

BNSF's First Quarter 2024 Financial Performance: Volumes, Revenues and Expenses

Statement of Income (in millions)	Q1 - 2024	Q1 - 2023	Q/Q % Change
Total revenues	\$ 5,660	\$ 6,019	(6)%
Operating expenses	3,940	4,163	(5)%
Operating income	1,720	1,856	(7)%
Income tax expense and other	577	609	(5)%
Net income	\$ 1,143	\$ 1,247	(8)%
Operating ratio (a)	69.5 %	68.4 %	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2024.

(a) Operating ratio excludes impacts of BNSF Logistics.

Volumes and Revenues

Operating income for the first quarter of 2024 was \$1.7 billion, a decrease of \$136 million (7%) compared to 2023. The operating ratio was 69.5% for the first quarter of 2024, an increase of 1.1% compared to 2023.

Total revenues for the first quarter 2024 decreased 6% compared to 2023. This was primarily due to a 10% decrease in average revenue per car/unit resulting from lower fuel surcharge revenue and unfavorable business mix, partially offset by a 7% increase in unit volume. Revenue changes also resulted from the following:

- Consumer Products volumes increased 19% in the first quarter of 2024 compared to 2023 primarily due to higher intermodal shipments resulting from increased west coast imports and the gain of an intermodal customer, along with an increase in automotive volume from higher vehicle production.
- Agricultural Products volumes increased 4% in the first quarter of 2024 compared to 2023 primarily due to higher grain exports and fertilizer shipments, partially offset by lower volumes of domestic grains.
- Industrial Products volumes decreased less than 1% in the first quarter of 2024 compared to 2023 primarily due to lower mineral and aggregate shipments, which was mostly offset by higher volumes of petroleum products, plastics, and taconite shipments.
- Coal volumes decreased 21% in the first quarter of 2024 compared to 2023 primarily due to moderating demand as a result of lower natural gas prices.

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

Business Unit	Q1 - 2024	Q1 - 2023	Q/Q % Change
Revenues (in millions)			
Consumer Products	\$ 1,970	\$ 1,867	6 %
Agricultural Products	1,432	1,476	(3)%
Industrial Products	1,360	1,380	(1)%
Coal	765	1,029	(26)%
Total Freight Revenues	\$ 5,527	\$ 5,752	(4)%
Other Revenues	133	267	(50)%
Total Operating Revenues	\$ 5,660	\$ 6,019	(6)%
Volumes (in thousands)			
Consumer Products	1,272	1,066	19 %
Agricultural Products	311	300	4 %
Industrial Products	388	389	— %
Coal	293	369	(21)%
Total Volumes	2,264	2,124	7 %
Average Revenue per Car/Unit			
Consumer Products	\$ 1,549	\$ 1,751	(12)%
Agricultural Products	4,605	4,920	(6)%
Industrial Products	3,505	3,548	(1)%
Coal	2,611	2,789	(6)%
Total Freight Revenue per Car/Unit	\$ 2,441	\$ 2,708	(10)%

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2024.

Expenses

Operating expenses decreased 5% in the the first quarter of 2024 compared to 2023. A significant portion of the decline is due to the following factors:

- Purchased services expense decreased 20% in the first quarter of 2024 compared to 2023, primarily due to lower purchased transportation driven by the sale of brokerage operations of BNSF Logistics, LLC and lower purchased services expense from MRL effective April 7, 2023.
- Fuel expense decreased 11% in the first quarter of 2024 compared to 2023, primarily due to lower average fuel prices, partially offset by higher volumes. Locomotive fuel price per gallon decreased 14% in the first quarter of 2024 compared to the same period in 2023.
- Materials and other expense decreased 21% in the first quarter of 2024 compared 2023, primarily due to lower property taxes, litigation costs, and other cost reductions across various spend categories.
- Compensation and benefits expense increased 6% in the first quarter of 2024 compared to 2023, primarily due to wage inflation and the inclusion of MRL's employee costs effective April 7, 2023, partially offset by improved employee productivity.
- There were no significant changes in depreciation and amortization, equipment rents, or interest expense.

Operating Expenses (in millions)	Q1 - 2024	Q1 - 2023	Q/Q % Change
Compensation and benefits	\$ 1,412	\$ 1,330	6 %
Purchased services	503	625	(20)%
Depreciation and amortization	661	647	2 %
Fuel	854	964	(11)%
Equipment rents	174	169	3 %
Materials and other	336	428	(21)%
Total Operating Expenses	\$ 3,940	\$ 4,163	(5)%

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2024.