

BNSF's Second Quarter 2022 Financial Performance: Volumes, Revenues and Expenses

Statement of Income (in millions)	Q2 - 2022	Q2 - 2021	Q/Q % Change	2022 YTD	2021 YTD	Y/Y % Change
Total revenues	\$ 6,640	\$ 5,809	14 %	\$ 12,608	\$ 11,210	12 %
Operating expenses	4,261	3,591	19 %	8,188	7,103	15 %
Operating income	2,379	2,218	7 %	4,420	4,107	8 %
Other (income) expense, Interest expense and Income tax expense	715	702	2 %	1,385	1,340	3 %
Net income	\$ 1,664	\$ 1,516	10 %	\$ 3,035	\$ 2,767	10 %
Operating ratio (a)	63.2 %	60.4 %		63.9 %	62.0 %	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-Q for the period ended June 30, 2022.

(a) Operating ratio excludes impacts of BNSF Logistics.

Volumes and Revenues

Operating income for the second quarter and first six months of 2022 was \$2.4 billion and \$4.4 billion, respectively, increases of \$161 million (7%) and \$313 million (8%) compared to the same periods in 2021. Operating ratios were 63.2% and 63.9% for the second quarter and first six months, respectively, increases of 2.8% and 1.9% compared to the same periods in 2021.

Total revenues for the second quarter and first six months of 2022 increased 14% and 12% in each period compared with the same periods in 2021, reflecting lower volumes of 6% in the second quarter and 4% in the first six months. The average revenue per car/unit increased 22% for the second quarter and increased 18% for the first six months of 2022 when compared to the corresponding periods in 2021 resulting from higher fuel surcharge revenue driven by higher fuel prices along with increased rates per car. Revenue changes also resulted from the following:

- Consumer Products volumes decreased 7% and 8%, respectively, for the second quarter and first six months of 2022 compared with the same periods in 2021 primarily due to lower international intermodal shipments resulting from supply chain challenges, partially offset by an increase in domestic intermodal volume and higher automotive shipments.
- Agricultural Products volumes decreased 3% and 4%, respectively, for the second quarter and first six months of 2022 compared with the same periods in 2021 primarily due to lower grain exports, partially offset by higher volumes of renewable diesel and oil feedstocks.
- Industrial Products volumes decreased 4% and 2%, respectively, for the second quarter and first six months of 2022 compared with the same periods in 2021. The volume decreases in the second quarter and first six months were primarily due to a decrease in petroleum related to lower demand for shipments of crude by rail, with the decrease in the first six months partially offset by increased volumes in other product categories.
- Coal volumes decreased 3% and increased 5%, respectively, for the second quarter and first six months of 2022 compared with the same periods in 2021. The volume decrease in the second quarter was primarily due to network challenges, while the volume increase for the first six months of 2022 was due to increased electricity generation, higher natural gas prices and improved export demand.

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

Business Unit	Q2 - 2022	Q2 - 2021	Q/Q % Change	2022 YTD	2021 YTD	Y/Y % Change
Revenues (in millions)						
Consumer Products	\$ 2,450	\$ 2,083	18 %	\$ 4,533	\$ 3,973	14 %
Agricultural Products	\$ 1,388	\$ 1,272	9 %	\$ 2,745	\$ 2,580	6 %
Industrial Products	\$ 1,458	\$ 1,352	8 %	\$ 2,755	\$ 2,578	7 %
Coal	\$ 999	\$ 767	30 %	\$ 1,888	\$ 1,453	30 %
Total Freight Revenues	\$ 6,295	\$ 5,474	15 %	\$ 11,921	\$ 10,584	13 %
Other Revenues	\$ 345	\$ 335	3 %	\$ 687	\$ 626	10 %
Total Operating Revenues	\$ 6,640	\$ 5,809	14 %	\$ 12,608	\$ 11,210	12 %
Volumes (in thousands)						
Consumer Products	1,379	1,489	(7)%	2,654	2,882	(8)%
Agricultural Products	303	313	(3)%	608	631	(4)%
Industrial Products	421	438	(4)%	824	837	(2)%
Coal	373	384	(3)%	759	723	5 %
Total Volumes	2,476	2,624	(6)%	4,845	5,073	(4)%
Average Revenue per Car/Unit						
Consumer Products	\$ 1,777	\$ 1,399	27 %	\$ 1,708	\$ 1,379	24 %
Agricultural Products	4,581	4,064	13 %	4,515	4,089	10 %
Industrial Products	3,463	3,087	12 %	3,343	3,080	9 %
Coal	2,678	1,997	34 %	2,487	2,010	24 %
Total Freight Revenue per Car/Unit	\$ 2,542	\$ 2,086	22 %	\$ 2,460	\$ 2,086	18 %

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended June 30, 2022 and March 31, 2022. Second-quarter volumes are calculated as the difference between YTD June and YTD March amounts.

Expenses

Operating expenses for the second quarter and first six months of 2022 increased 19% and 15%, respectively, compared with the same periods in 2021. The increase in expenses reflected increased fuel and compensation and benefits expenses, including the following changes in expenses:

- Fuel expense increased 84% and 72% in the second quarter and first six months of 2022, respectively, compared to the same periods in 2021. The increases were primarily due to higher average fuel prices, partially offset by lower volumes. Locomotive fuel price per gallon increased 89% and 75% in the second quarter and first six months of 2022, respectively, compared to the same periods in 2021.
- Compensation and benefits expense increased 6% and 5% in the second quarter and first six months of 2022, respectively, compared to the same periods in 2021. The increases were primarily due to wage inflation, health and welfare costs, and lower productivity.
- There were no significant changes in purchased services, depreciation and amortization, equipment rents, materials and other or interest expense.

Operating Expenses (in millions)	Q2 - 2022	Q2 - 2021	Q/Q % Change	2022 YTD	2021 YTD	Y/Y % Change
Compensation and benefits	\$ 1,231	\$ 1,163	6 %	\$ 2,472	\$ 2,346	5 %
Purchased services	670	686	(2)%	1,338	1,351	(1)%
Depreciation and amortization	620	612	1 %	1,247	1,231	1 %
Fuel	1,276	693	84 %	2,137	1,243	72 %
Equipment rents	185	166	11 %	364	337	8 %
Materials and other	279	271	3 %	630	595	6 %
Total Operating Expenses	\$ 4,261	\$ 3,591	19 %	\$ 8,188	\$ 7,103	15 %

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended June 30, 2022.