

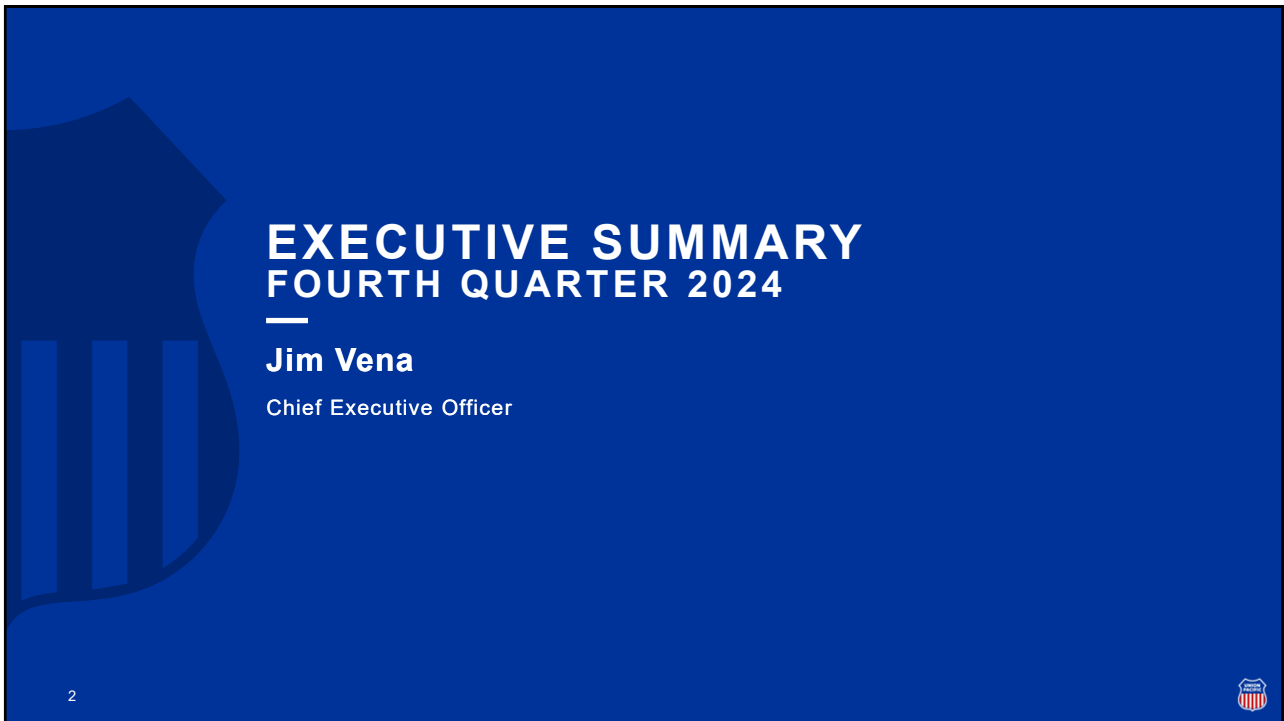


UNION PACIFIC CORPORATION

# FOURTH QUARTER 2024 EARNINGS

JANUARY 23, 2025

1



## EXECUTIVE SUMMARY FOURTH QUARTER 2024

**Jim Vena**

Chief Executive Officer

2

2

## Fourth Quarter Highlights & Executive Summary

### Highlights

- ▲ \$2.91 Earnings per Share
- ▲ \$2.5B Operating Income
- ▲ \$1.8B Net Income
- ▼ 58.7% Operating Ratio
- ▲ Freight Car Velocity up 1%
- ▲ Workforce Productivity up 6%

### Executive Summary

- Quarterly results represent a strong finish to very successful year
- Financial performance supported by 5% volume growth and operational efficiency gains
- Service-enabled growth led by strength in Intermodal, Grain, and Industrial Chemicals
- Improved network fluidity and efficiency while handling increased volume

**SAFETY + SERVICE & OPERATIONAL EXCELLENCE**

3



3

## FINANCIAL REVIEW FOURTH QUARTER 2024

**Jennifer Hamann**

Executive Vice President & Chief Financial Officer

4



4

## Fourth Quarter Income Statement

	2024	2023	Variance
Freight Revenue Ex. Fuel	\$ 5,201	\$ 5,006	4
Fuel Surcharge	588	795	(26)
Freight Revenue	5,789	5,801	-
Other Revenue	332	358	(7)
Operating Revenue	6,121	6,159	(1)
Operating Expenses	3,596	3,752	(4)
Operating Income	\$ 2,525	\$ 2,407	5 %
Other Income	68	108	(37)
Interest Expense	(312)	(331)	(6)
Income Taxes	(519)	(532)	(2)
Net Income	\$ 1,762	\$ 1,652	7 %
Weight Average Diluted Shares	605.2	609.9	(1)
Diluted EPS	\$ 2.91	\$ 2.71	7
Operating Ratio	58.7%	60.9%	(2.2) pts

### Freight Revenue Drivers:

- + Volume 5.25%
- Fuel Surcharge (4.50%)
- Price/Mix (1.00%)

### Operating Expense Drivers:

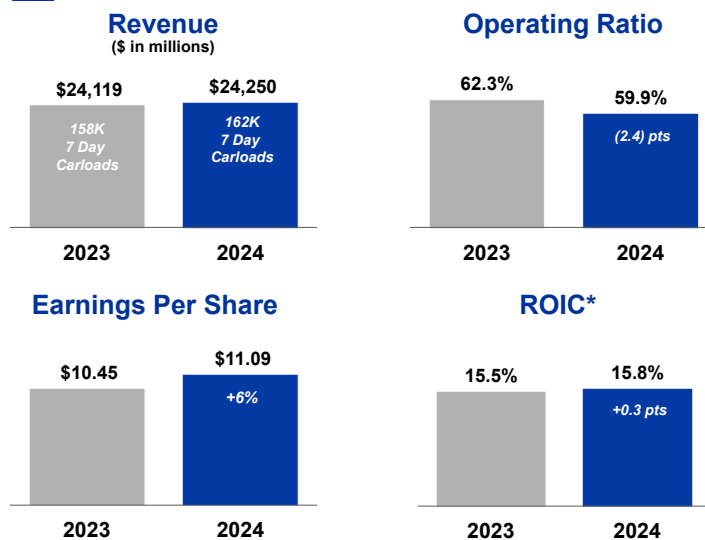
- + Lower Fuel Prices
- + Productivity
- + Reduced Casualty Expense
- Inflationary Pressure
- Brakeperson Buyout Agreement

5



5

## 2024 Full Year Reported Results



6 \*See Union Pacific website under Investors for a reconciliation to GAAP.

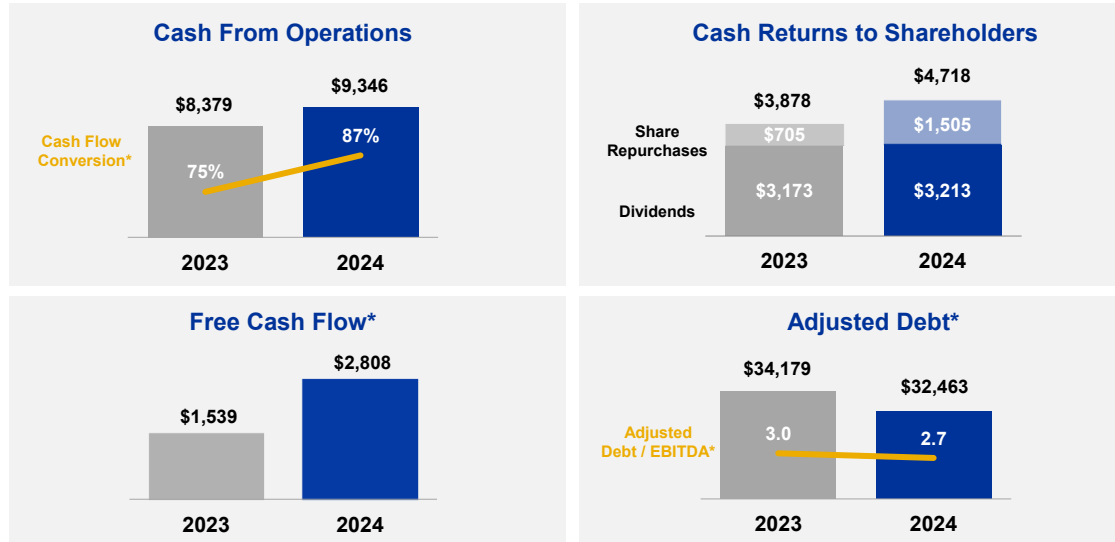
### 2024 Summary:

- Total Revenue Up 1% to \$24.3 Billion
  - Fuel Surcharge Revenue down \$0.5 Billion
- Total Expenses Down 3% to \$14.5 Billion
- Operating Income Up 7% to \$9.7 Billion
- Net Income Up 6% to \$6.7 Billion



6

# 2024 Full Year Cash Generation, Debt, & Returns to Shareholders



7 \*See Union Pacific website under Investors for a reconciliation to GAAP.

\$ in Millions



7

# MARKETING & SALES REVIEW

## FOURTH QUARTER 2024

**Kenny Rocker**  
Executive Vice President – Marketing & Sales

8



8

## Fourth Quarter Commodity Review

Commodity	Revenue (Millions)	Volume (Thousands)	ARC	Quarterly Drivers
<b>Bulk</b> <i>vs. 4Q'23</i>	<b>\$ 1,864</b> ▼ 4%	<b>500</b> ▼ 4%	<b>\$ 3,723</b> <i>Flat</i>	<ul style="list-style-type: none"> <li>• High Coal Inventories and Natural Gas Competition</li> <li>• Strength in Mexico Grain &amp; Solid UP Service</li> <li>• High Demand for Grain Products &amp; New UP Facilities</li> </ul>
<b>Industrial</b> <i>vs. 4Q'23</i>	<b>\$ 2,092</b> ▲ 1%	<b>555</b> <i>Flat</i>	<b>\$ 3,771</b> ▲ 1%	<ul style="list-style-type: none"> <li>• Strong Core Pricing Gains</li> <li>• Business Development Wins in Petrochemicals &amp; Petroleum</li> <li>• Softer Demand for Metals, Sand and Rock</li> </ul>
<b>Premium</b> <i>vs. 4Q'23</i>	<b>\$ 1,833</b> ▲ 3%	<b>1,108</b> ▲ 13%	<b>\$ 1,656</b> ▼ 9%	<ul style="list-style-type: none"> <li>• Strength in International West Coast Imports</li> <li>• Domestic Intermodal Growth Driven by Business Development</li> <li>• Automotive Flat Due to Reduced OEM Production, Partially Offset by Business Wins</li> </ul>
<b>Total</b> <i>vs. 4Q'23</i>	<b>\$ 5,789</b> <i>Flat</i>	<b>2,163</b> ▲ 5%	<b>\$ 2,677</b> ▼ 5%	<b>Freight Revenue Excluding Fuel Surcharge Up 4%</b>

9



9

## 2025 Economic Indicators



Year	Industrial Production	GDP	Housing Starts (MM)	Light Vehicle Sales (MM)	Consumer Spending*
<b>2024</b>	-0.4%	2.8%	1.35	15.8	2.3%
<b>2025</b>	<b>0.5%</b>	<b>2.0%</b>	<b>1.31</b>	<b>16.2</b>	<b>2.7%</b>

**Economic environment forecasted to be mixed in 2025**

10

\* Durable & Non-Durable Goods  
Source: S&P Global Market Intelligence



10

## 2025 Volume Outlook

### Bulk



- Coal
- + Grain
- + Grain Products

### Industrial



- Metals
- + Industrial Chemicals
- + Plastics

### Premium



- + Domestic Intermodal
- ↔ Automotive
- International Intermodal

11



11

## OPERATIONS REVIEW FOURTH QUARTER 2024

**Eric Gehringer**

Executive Vice President – Operations

12



12

FOURTH QUARTER 2024

## Key Performance Metrics

YTD Reportable Personal Injury and Derailment Rates Improved

Freight Car  
Velocity

219

▲ 1%

Intermodal Service  
Performance Index

89

▼ 7 pts

Manifest Service  
Performance Index

96

▲ 5 pts

Quarterly Drivers

Lower Freight  
Car Dwell

Balancing International  
Intermodal Growth

Reduced  
Car Touches

13 Year-over-year change in metrics.



13

FOURTH QUARTER 2024

## Key Efficiency Metrics

Locomotive  
Productivity

136

▼ 3%

Workforce  
Productivity

1,118

▲ 6%

Train  
Length

9,462

▲ 1%

Quarterly Drivers

Utilizing Buffer  
Resources

Lower Workforce  
Levels

Optimizing  
Transportation Plan

14 Year-over-year change in metrics.



14

## Investing in Our Franchise

### Union Pacific 2025 Capital Plan of \$3.4 Billion



#### \$1.9 B Infrastructure Replacement

Rail, Ties, & Ballast



#### \$0.6 B Capacity & Commercial Facilities

Intermodal and Manifest Terminals & Siding Extensions



#### \$0.5 B Locomotive & Equipment

Locomotive Modernizations & Freight Cars



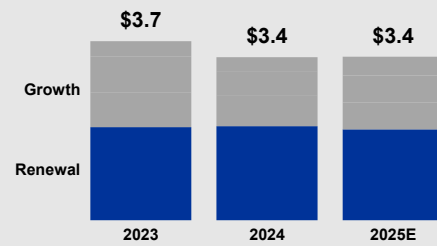
#### \$0.4 B Technology & Other

Tech-Enabled Operations & Customer Experience

15 Pending UP Board of Directors final approval.



#### Capital Program



## 2025 FULL YEAR OUTLOOK FOURTH QUARTER 2024

Jennifer Hamann

Executive Vice President & Chief Financial Officer

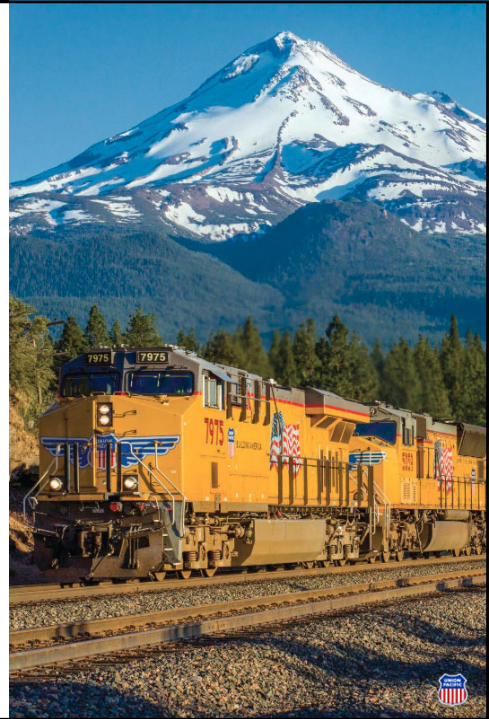


## Expect Strong Performance Amid Uncertain Environment

### 2025 Outlook – On Track with Investor Day Targets

- Volume Impacted by Mixed Economic Backdrop, Coal Demand, and Challenging Year-over-Year International Intermodal Comparisons
- Pricing Dollars Accretive to Operating Ratio
- EPS Growth Consistent with Attaining the 3-Year CAGR Target of High-Single to Low-Double Digit
- Industry-Leading Operating Ratio and Return on Invested Capital
- No Change to Long-Term Capital Allocation Strategy
  - Capital Plan of \$3.4 Billion
  - Share Repurchases of \$4.0 to \$4.5 Billion

17



17

## HOW WE WIN FOURTH QUARTER 2024

**Jim Vena**

Chief Executive Officer

18



18

## Safety, Service & Operational Excellence = Growth



SAFETY	SERVICE	ASSET UTILIZATION	COST CONTROL	PEOPLE
Be the best at safety.	Deliver the service we sold our customers.	Drive decision-making to those closest to the work.	Spend resources wisely, with a buffer for the unexpected.	Engage our teams and stakeholders.

19



## Cautionary Information

This presentation and related materials contain statements about the Company's future that are not statements of historical fact, including specifically the statements regarding the Company's expectations with respect to economic conditions and demand levels, its ability to improve network performance (including those in response to increased traffic), its results of operations, and potential impacts of public health crises, including pandemics, epidemics or the outbreak of other contagious diseases, such as coronavirus and its variants (COVID), and the Russia-Ukraine and Israel-Hamas wars and other geopolitical tensions in the Middle East. These statements are, or will be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements also generally include, without limitation, information or statements regarding: projections, predictions, expectations, estimates or forecasts as to the Company's and its subsidiaries' business, financial, and operational results, and future economic performance; and management's beliefs, expectations, goals, and objectives and other similar expressions concerning matters that are not historical facts.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times that, or by which, such performance or results will be achieved. Forward-looking information, including expectations regarding operational and financial improvements and the Company's future performance or results are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statement. Important factors, including risk factors, could affect the Company's and its subsidiaries' future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements. Information regarding risk factors and other cautionary information are available in the Company's Annual Report on Form 10-K for 2023, which was filed with the SEC on February 9, 2024. The Company updates information regarding risk factors if circumstances require such updates in its periodic reports on Form 10-Q and its subsequent Annual Reports on Form 10-K (or such other reports that may be filed with the SEC).

Forward-looking statements speak only as of, and are based only upon information available on, the date the statements were made. The Company assumes no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect thereto or with respect to other forward-looking statements. References to our website are provided for convenience and, therefore, information on or available through the website is not, and should not be deemed to be, incorporated by reference herein.

20





UNION PACIFIC CORPORATION

# QUESTION & ANSWER

JANUARY 23, 2025

21



22

22

## Fourth Quarter 2024 Operating Ratio and EPS

Favorable / (Unfavorable)

	Operating Ratio	EPS
<b>Fourth Quarter 2023</b>	<b>60.9%</b>	<b>\$2.71</b>
Fuel Price (net)	0.2 pts	(\$0.12)
Brakeperson Buyout Agreement	(0.7) pts	(\$0.05)
Core Results	2.7 pts	\$0.37
<b>Fourth Quarter 2024</b>	<b>58.7%</b>	<b>\$2.91</b>

23



23

## Full Year 2024 Operating Ratio and EPS

Favorable / (Unfavorable)

	Operating Ratio	EPS
<b>Full Year 2023 Reported</b>	<b>62.3%</b>	<b>\$10.45</b>
Fuel Price (net)	0.2 pts	(\$0.28)
Core Results	1.8 pts	\$1.01
2023 Real Estate Gain	N/A	(\$0.14)
Other Previously Disclosed Items (net)	0.4 pts	\$0.05
<b>Full Year 2024 Reported</b>	<b>59.9%</b>	<b>\$11.09</b>

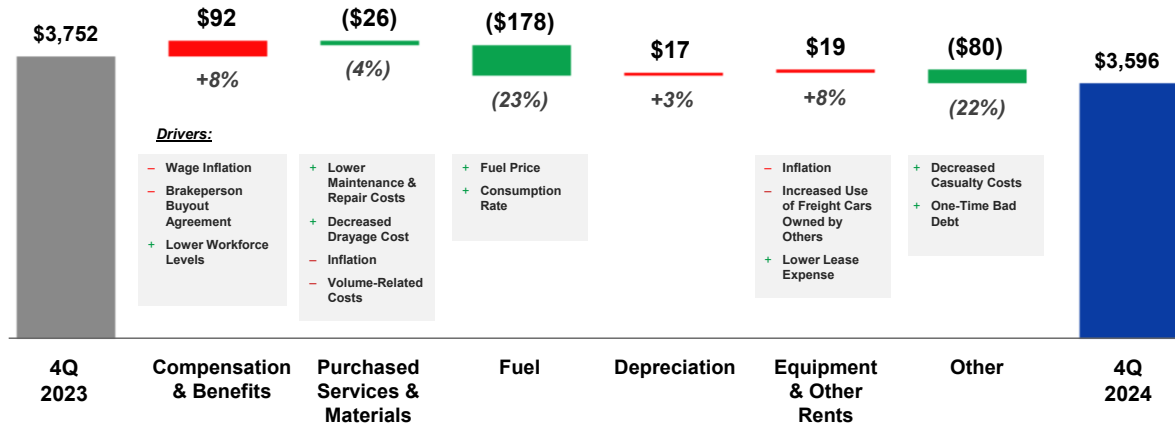
24



24

## Lower Fuel Prices & Productivity More Than Offset Volume-Related Expenses & Inflation

### Operating Expenses \$ in Millions



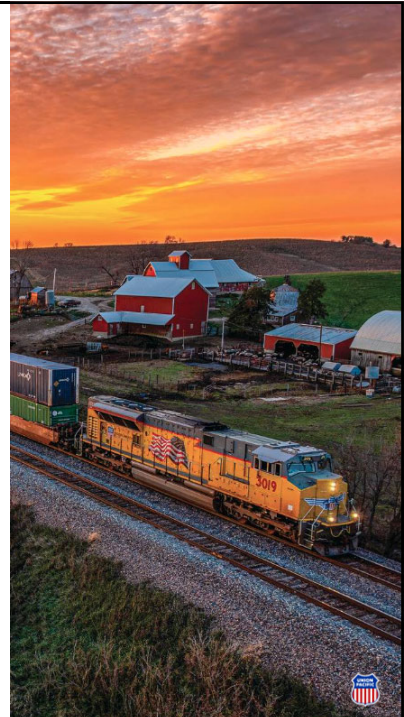
25



25

## 2025 Full Year Financial Assumptions

- Other Revenue: \$350 Million per Quarter
- Inflation (excluding fuel): 3.5% vs. 2024
- Fuel Price: \$2.50 per gallon
- Depreciation: Up 3% vs. 2024
- Other Expense: \$325 – \$350 Million per Quarter
- Tax Rate: 24%



26



26