

KANSAS CITY SOUTHERN



Deutsche Bank 11th Annual Global
Industrials & Materials Summit

June 9th, 2020

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. In addition, management may make forward-looking statements orally or in other writing, including, but not limited to, in press releases, quarterly earnings calls, executive presentations, in the annual report to stockholders and in other filings with the Securities and Exchange Commission. Readers can usually identify these forward-looking statements by the use of such words as "may," "will," "should," "likely," "plans," "projects," "expects," "anticipates," "believes" or similar words. These statements involve a number of risks and uncertainties. Actual results could materially differ from those anticipated by such forward-looking statements as a result of a number of factors or combination of factors including, but not limited: public health threats or outbreaks of communicable diseases, such as the ongoing COVID-19 pandemic and its impact on KCS's business, suppliers, consumers, customers, employees and supply chains; rail accidents or other incidents or accidents on KCS's rail network or at KCS's facilities or customer facilities involving the release of hazardous materials, including toxic inhalation hazards; legislative and regulatory developments and disputes, including environmental regulations; loss of the rail concession of Kansas City Southern's subsidiary, Kansas City Southern de México, S.A. de C.V.; domestic and international economic, political and social conditions; disruptions to the Company's technology infrastructure, including its computer systems; increased demand and traffic congestion; the level of trade between the United States and Asia or Mexico; fluctuations in the peso-dollar exchange rate; natural events such as severe weather, hurricanes and floods; the outcome of claims and litigation involving the Company or its subsidiaries; competition and consolidation within the transportation industry; the business environment in industries that produce and use items shipped by rail; the termination of, or failure to renew, agreements with customers, other railroads and third parties; fluctuation in prices or availability of key materials, in particular diesel fuel; access to capital; climate change and the market and regulatory responses to climate change; dependency on certain key suppliers of core rail equipment; changes in securities and capital markets; unavailability of qualified personnel; labor difficulties, including strikes and work stoppages; acts of terrorism or risk of terrorist activities, war or other acts of violence; and other factors affecting the operation of the business; and other risks identified in this presentation, in KCS's Annual Report on Form 10-K for the year ended December 31, 2019, and in other reports filed by KCS with the Securities and Exchange Commission.

Forward-looking statements reflect the information only as of the date on which they are made. KCS does not undertake any obligation to update any forward-looking statements to reflect future events, developments, or other information.

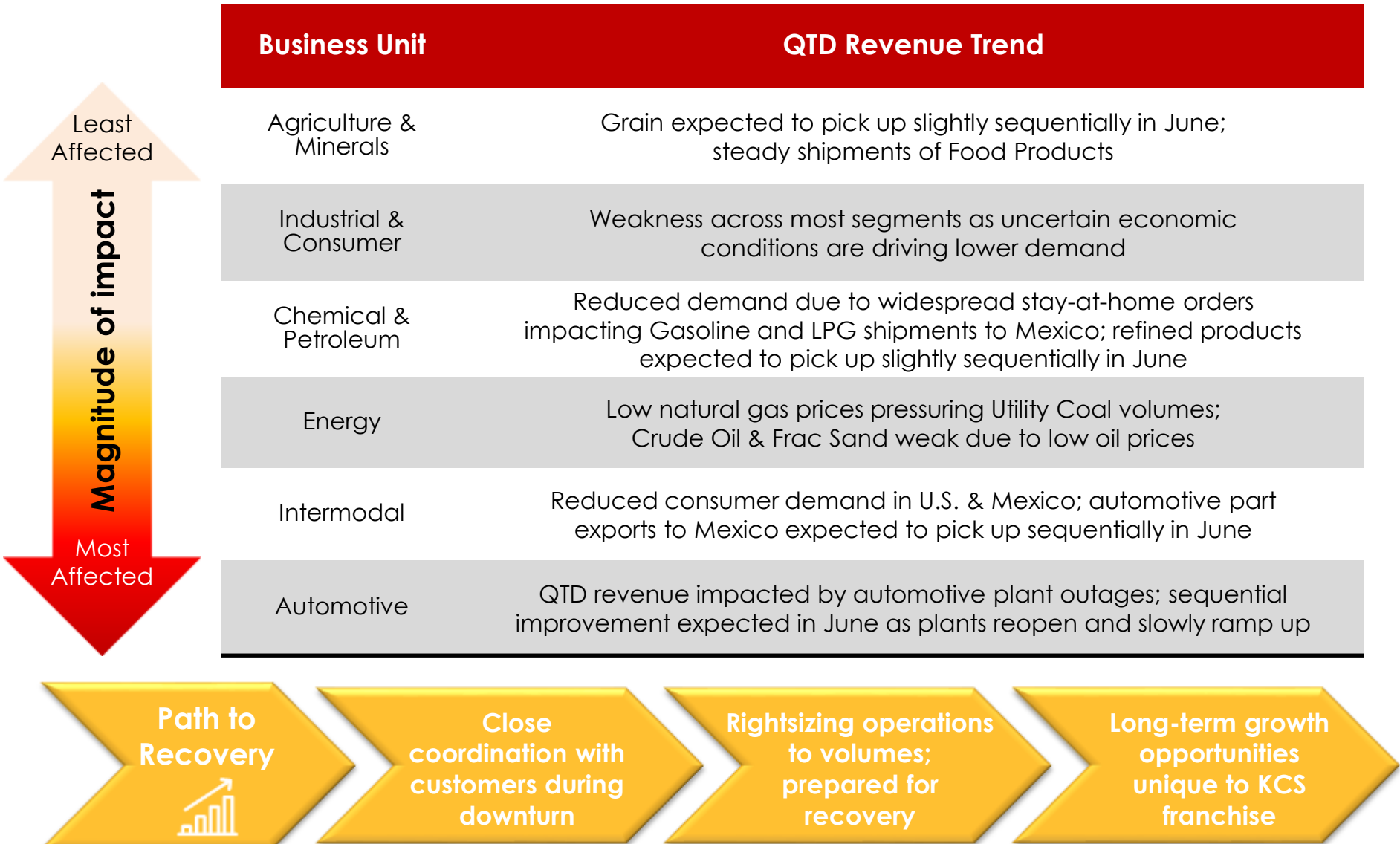
Reconciliation to U.S. GAAP Financial Information

In addition to disclosing financial results in accordance with U.S. GAAP, the accompanying presentation contains non-GAAP financial measures. These non-GAAP measures should be viewed as a supplement to and not a substitute for our U.S. GAAP measures of performance and liquidity, and the financial results calculated in accordance with U.S. GAAP and reconciliations from these results should be carefully evaluated. All reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP can be found on the KCS's website in the Investors section.

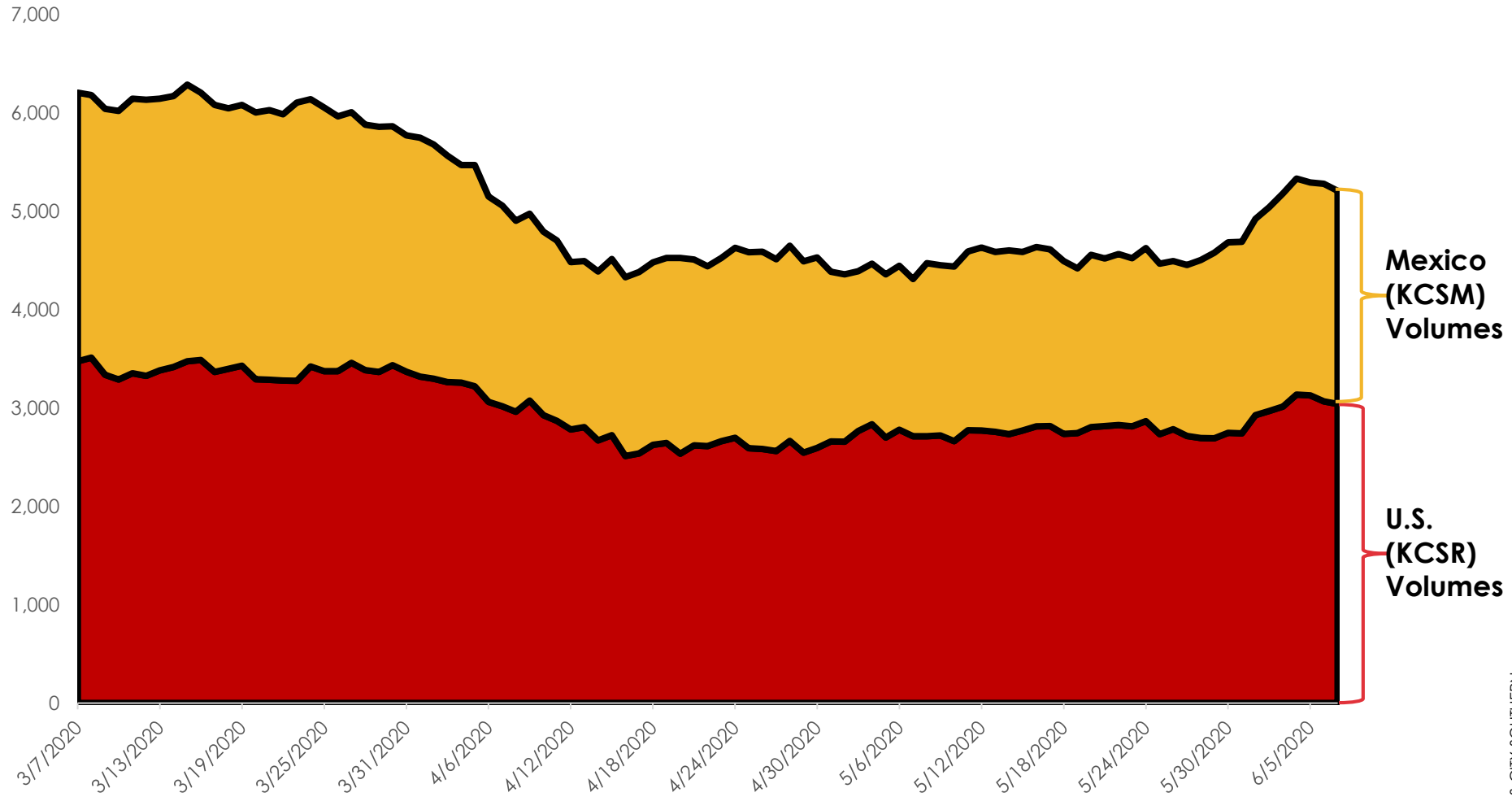


Q2TD Revenue by Business Unit

Volume -24%; revenue -25%; FX adjusted revenue -23%



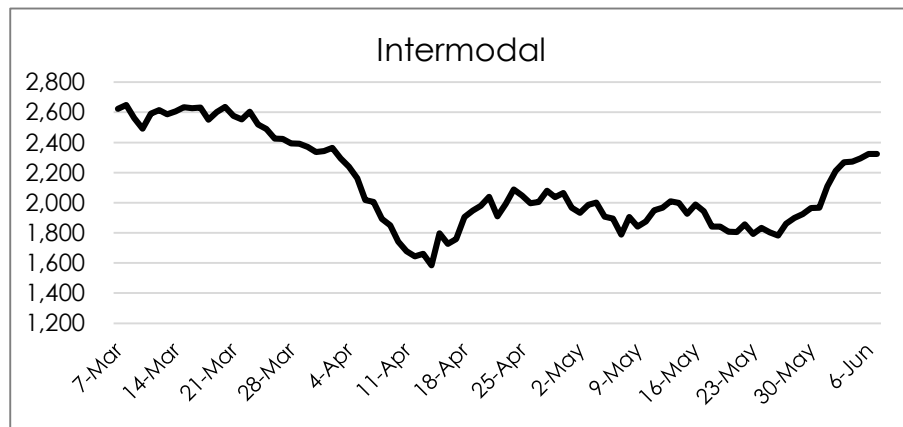
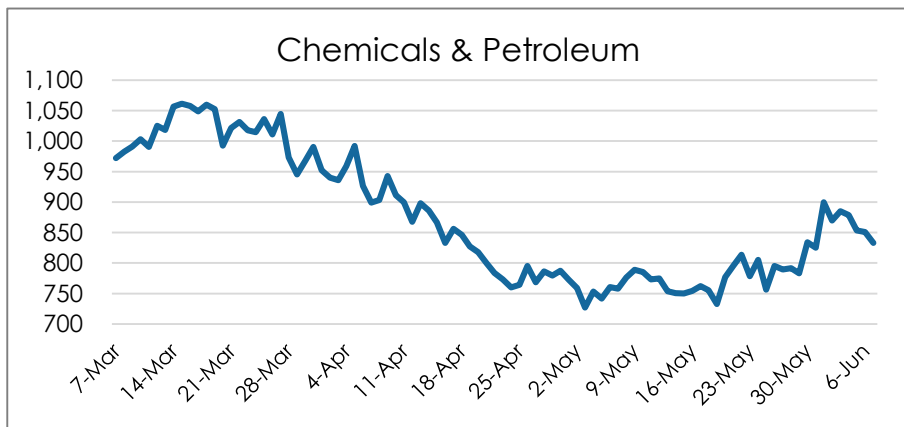
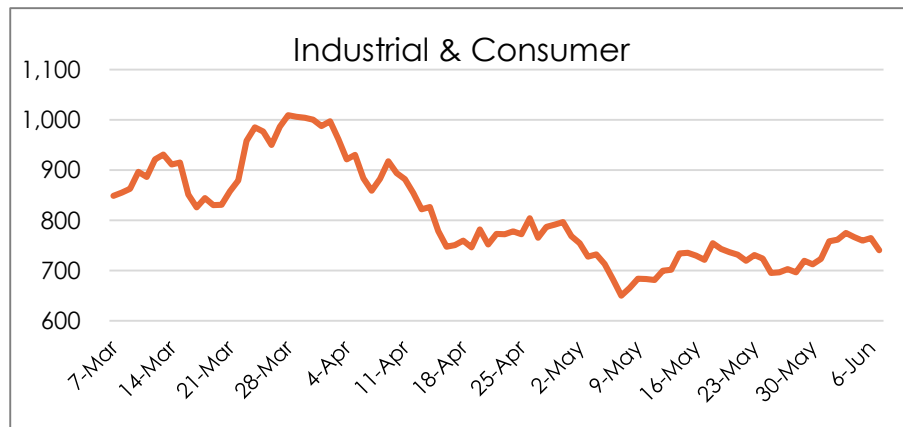
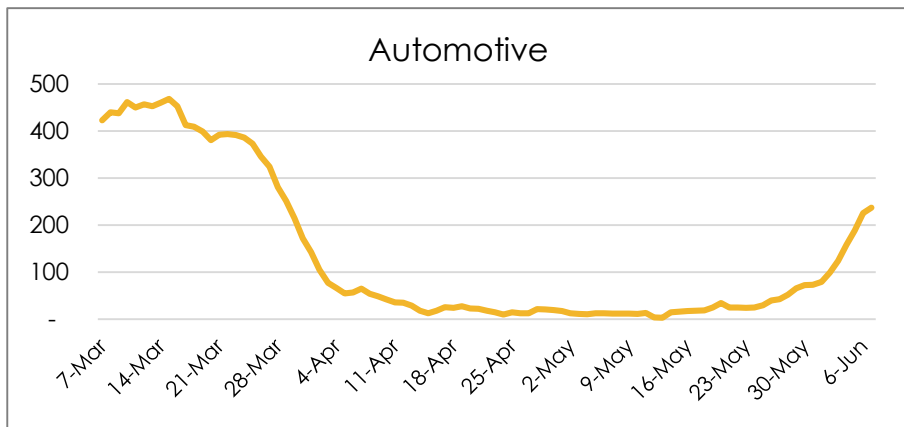
7-Day Rolling Average Volume Trends are Improving



Data shown through June 7, 2020

Sequential volumes are improving in areas most impacted by COVID-related economic downturn

In total, week 23 volumes improved 13% sequentially, led by the return of automotive activity on the network

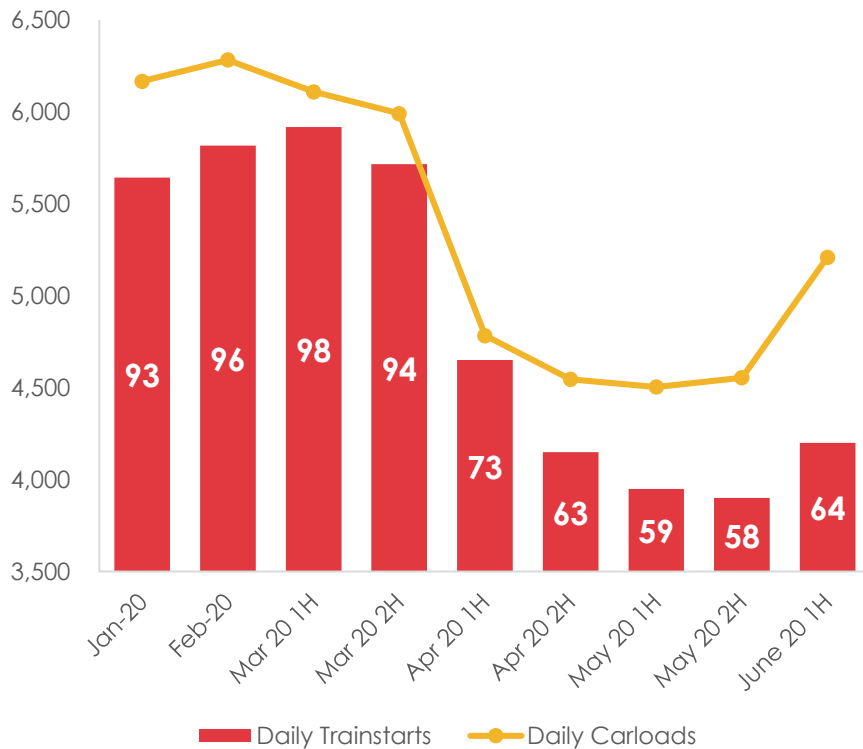


Data shown through June 7, 2020

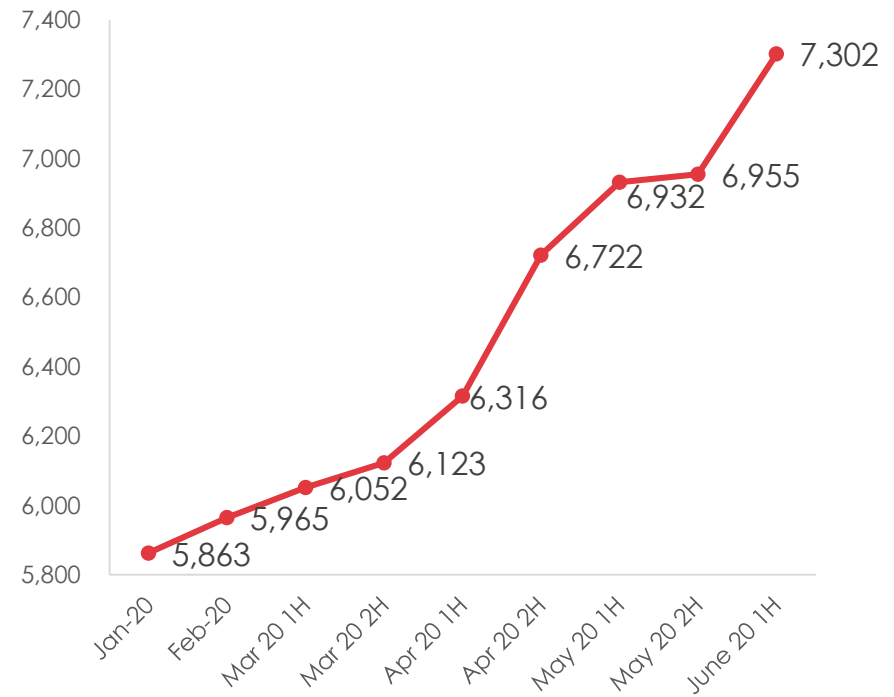
Rightsizing Resources to Volumes

- Train service plans were quickly adjusted as volumes began to decline in late March
- Train start consolidations are resulting in longer, more efficient trains

Daily Carloads vs. Train Starts



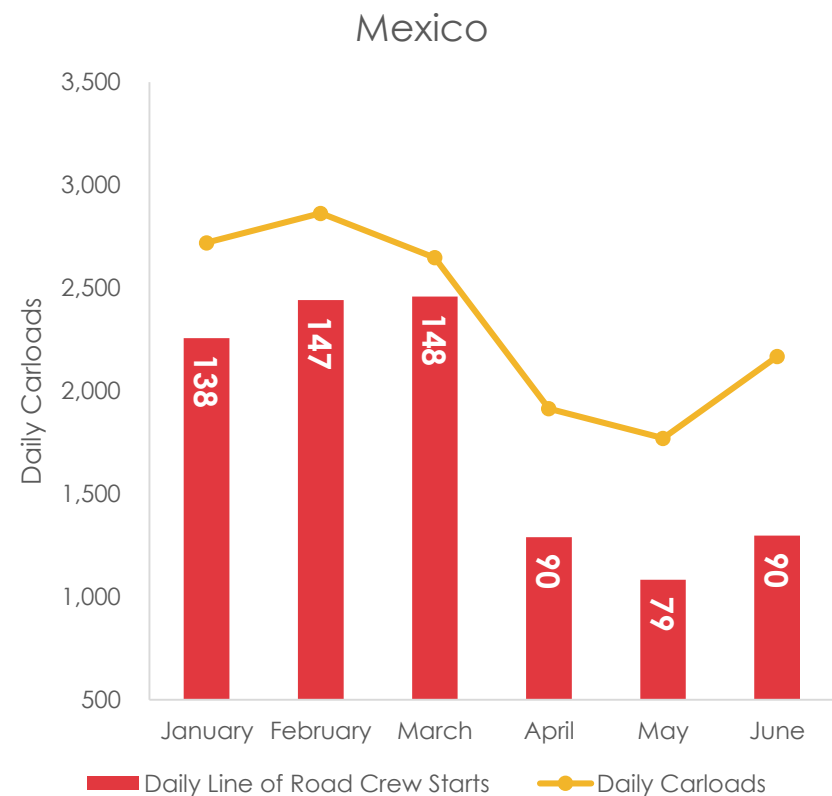
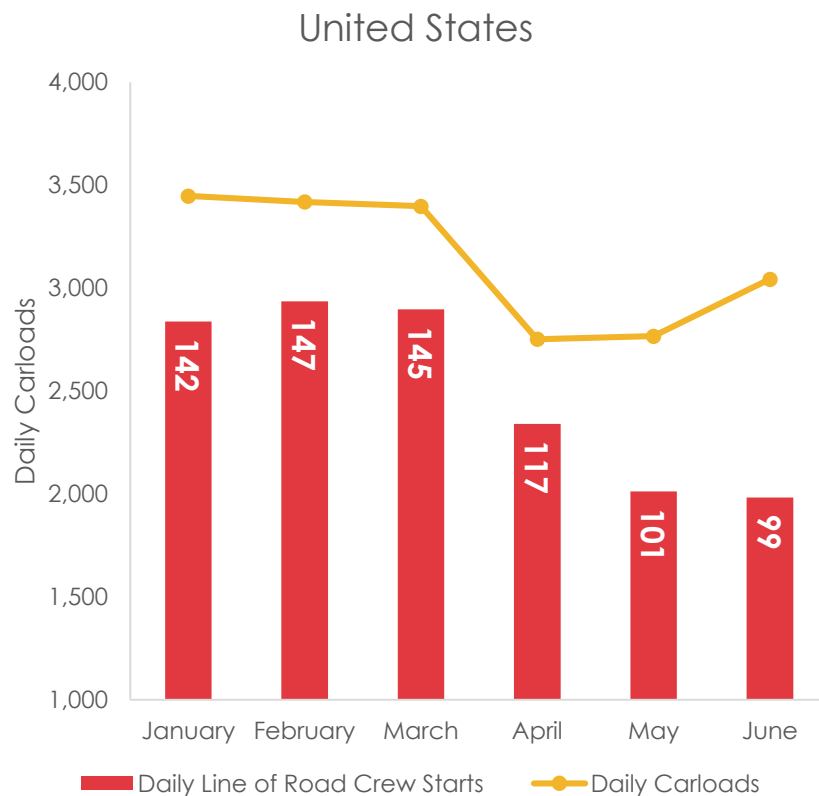
Train Length (in feet)



Data shown through June 7, 2020

Reducing Crew Starts as Volumes Decline

- Service plan optimization driving crew start reductions ahead of volume declines
- Compared to the monthly average during Q120, MTD June results showed:
 - U.S. line of road crew starts are down 31% on a 11% volume decline
 - Mexico line of road crew starts are down 38% on a 21% volume decline



Data shown through June 7, 2020

On Track for \$500M+ of Free Cash Flow* in 2020

Aggressive Operating Expense Management

~60% of expenses are variable or semi-variable with volumes[†]

- Train start mgmt. to optimize crew costs & fuel efficiency
- Reduce discretionary and G&A expenses
- Car and loco fleet reductions
- Other

Growth Related Capital Expenditure Reductions

Targeting capital expenditures of \$425M or below

Optimize Free Cash Flow

Targeting \$500M+ of Free Cash Flow* in 2020

[†]Based on current run rate of expenses; assumes constant F/X and fuel price

*Non-GAAP financial measure. The definition of this measure can be found on the KCS website in the Investors section. A reconciliation is not provided because, as a forward-looking statement, it is not available without unreasonable efforts. The Company believes the information provided is useful to investors as a measure of liquidity that can be considered together with the Company's historical disclosures of this measure.



Key Growth Drivers

- ✓ KCS links the heart of Mexico's manufacturing region with all Class I rails, offering a single connection from Mexico to all major markets in the U.S. and Canada
- ✓ Uniquely-positioned to participate in Mexico's growing economy and near-sourcing phenomenon
- ✓ USDG Diluent Recovery Unit will provide a more sustainable option for crude by rail movements to Port Arthur starting in 2021
- ✓ Single-line intermodal service between U.S. and Mexico offers unique opportunity for long-term truck to rail conversion
- ✓ Sole rail provider to the port of Lázaro Cárdenas
- ✓ Access to the Gulf Coast petrochemical and plastics build-out due to abundant low-cost natural gas
- ✓ Well-positioned to participate in Mexico's energy reform, moving refined products and LPG's from the U.S. Gulf Coast to Northern and Central Mexico



Thank You!



www.KCSouthern.com

