



Amtrak Vision for the Future

For the Midwest Interstate Passenger Rail Commission

Thursday, October 4, 2018

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FY 2018 - Undeniably challenging year

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	Sept FY 2018 Forecast	\$ Fav/(Unfav) vs Plan	% Fav/(Unfav) vs Plan
Total Revenue	\$3,191.4M	(\$67.4M)	(2.4%)
Total Expense	\$3,356.1M	\$67.7	2.0%
Adjusted Operating Earnings	(\$164.7M)	\$0.3M	0.2%



FY 2019 Strategy Summary

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- Lays Out:
 - ❖ Vision
 - ❖ Mission
 - ❖ Core Values
 - ❖ Capabilities
 - ❖ Management Systems
 - ❖ Core Strategies
 - ❖ FY19-22 Metrics
- Core Strategies:
 - ❖ Run a Great Railroad
 - ❖ Grow the Network
 - ❖ Winning together
 - ❖ Earning Customer Preference
 - ❖ Financial Stewardship and Sustainability

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FY 2019 Annual Plan Key Pillars

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Safety and Operations

- Meet Operating Safety Metrics for customers and employees
- No NTSB passenger accidents
- Implement PTC or achieve PTC-levels of safety across network
- Deliver the FY 2019 Capital Plan on-time within scope and budget
- Implement FY 2019 Level of Operations Plan

Customer Impact

- Fully implement Customer Now stations repair and clean up program
- Develop, implement station and train signage and branding plan
- Achieve ADA compliance goals
- Achieve ITP and Customer OTP goals by service line
- Progress development & implementation new F&B models.



FY 2019 Annual Plan Key Pillars

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Strategy

- Develop and execute FAST Service and Asset Line plans
- Implementation of PRIIA/Fast and NEC Ops and Infra. policies
- Complete development of Natl Network and reauth. strategy
- Achieve Acela 21 goals on budget, scope and schedule
- Work with States to expand service in their corridors
- Support FRA discretionary grants for projects beneficial to Amtrak

Assets

- FY19 Fleet initiatives for diesels and single level coaches
- Complete major station transactions (CUS, PHL, BAL)
- Begin gateway project construction
- Advance Natl Network fleet refresh.



FY 2019 Annual Plan Key Pillars

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Financial Stewardship

- Deliver FY 2019 Capital spend of \$1.75B
- Achieve Other Revenue growth of 2% to \$1.0B.
- Continue to aggressively manage headcount in management
- Obtain authorized FY2019 funding levels

Service Line	Ridership	Gross Ticket Revenue	NOL Goals
NEC	12.4M	\$1,306M	\$491
SS	15.7M	\$547M	(\$68M)
LD	4.5M	\$493M	(\$546M)
Total*	32.6M	\$2,345M	(\$132M)



Six Pillars and Annual Operations Plan (AOP) 7

- Comprehensive strategic plan that is aligned with the Six Pillars



- **AOP based on the *Level of Operations* - the “schedule”**
 - Reflects seasonal adjustments to Amtrak routes
 - Includes frequency and consist information for Amtrak trains
- Establishes fiscal year budget and performance goals
- Includes financial assumptions and initiatives
- Identifies capital investments with reserves for key strategic projects



Amtrak - Key Operating Highlights 8

The FY 2019 Adjusted Operating Loss of **(\$132.2)** million, is a \$32.2 million improvement over FY 2018.

- The year over year improvement is largely driven by strong revenue growth coupled with minimal expense increases as the organization focuses on operational efficiencies and cost savings.
- Total expense increases \$41.4 million, as expenses are managed tightly and relatively flat with the exception of benefits (up \$53.7 million from provider assumptions).

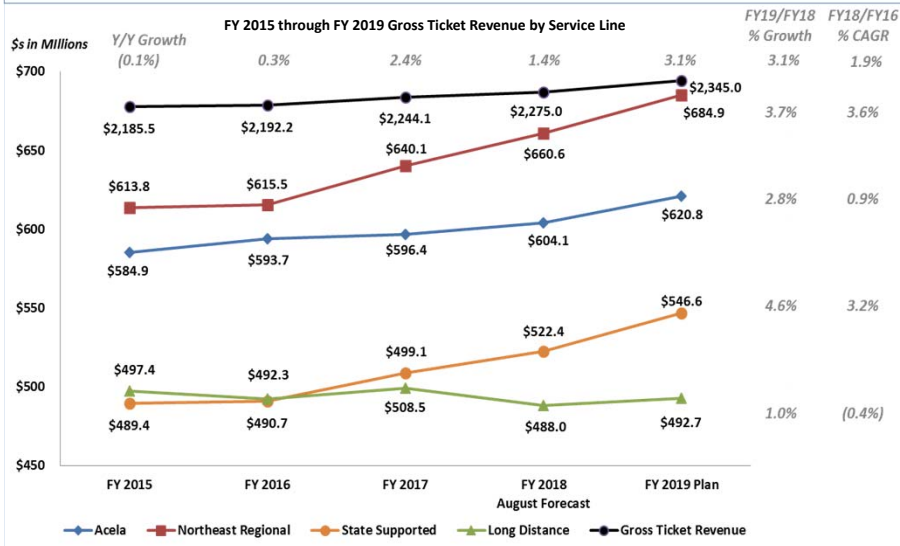
FY 2019 Operating P&L 3 Year Trend (\$s in Millions)	Actual	August Forecast	Plan	Y/Y Growth vs FY 2018	
	FY 2017	FY 2018	FY 2019	\$	%
Passenger Related Revenue	\$ 2,543.9	\$ 2,585.8	\$ 2,664.8	\$ 79.1	3.1%
Other Core Revenue	260.2	285.1	292.1	7.0	2.5%
Ancillary Revenue	370.6	324.8	329.8	5.0	1.5%
Total Revenue	\$ 3,174.7	\$ 3,195.7	\$ 3,286.8	\$ 91.1	2.9%
Core Expense	3,046.9	3,094.2	3,140.4	46.2	1.5%
Ancillary Expense	305.0	250.2	245.3	(4.8)	(1.9%)
Total Expense	\$ 3,351.9	\$ 3,344.4	\$ 3,385.8	\$ 41.4	1.2%
Adjusted Operating Earnings (excl. STI)	\$ (177.2)	\$ (148.7)	\$ (99.0)	\$ 49.7	33.4%
Ancillary Expense	(16.5)	(15.7)	(33.2)	(17.5)	(111.0%)
Adjusted Operating Earnings (Incl. STI)	\$ (193.7)	\$ (164.4)	\$ (132.2)	\$ 32.2	19.6%



Amtrak - Revenue

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Total Revenue of \$3,286.8 million increases \$91.1 million over the FY 2018 August Forecast.



Amtrak - Expenses

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Total Core Expenses of \$3,140.4 million increases \$46.2 million over FY 2018

Expense category	Actual FY2017	\$ Y/Y Growth vs FY2018	% Y/Y Growth vs FY 2018
Labor Expense	\$1.745B	\$58.7 M	3.5%
Train Related Expense	\$637.3M	\$10.2M	1.5%
Other Core Expense	\$665M	(22.7M)	(3.1%)
T0tal Expenses	\$3, 046.9M	\$46.2M	1.5%

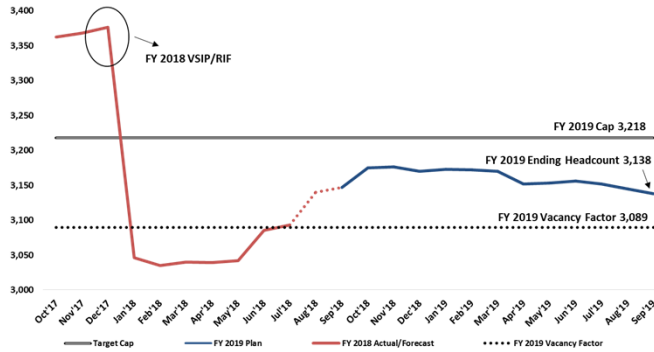


Management & Contractor Headcount

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Management and Contractor headcount is increasing 45 heads in FY 2019 (1.5% increase) from FY 2018 and remains below the headcount cap of 3,218 for the full year.

FY 2019 Management & Contractor Headcount Trend



	Pre VSIP/RIF FY 2018	Actual July FY 2018	Plan Sep FY 2019	Inc/(Dec) vs Pre VSIP/RIF	Inc/(Dec) vs July FY 2018
Management Headcount	3,042	2,778	2,946	(96)	168
Contractor	334	315	192	(142)	(123)
Total Headcount	3,376	3,093	3,138	(238)	45



Amtrak - Total FY19 Capital is \$3,245.4M

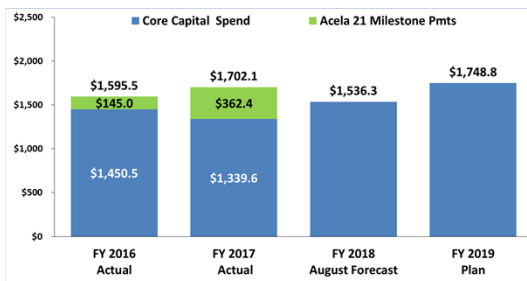
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FY 2019 Total Available Capital by Category

(\$s in Millions)	August Forecast FY 2018	Plan FY 2019	Y/Y Growth vs FY 2018	
			\$	%
Infrastructure	\$ 691.6	\$ 742.7	\$ 51.0	7.4%
Stations and Real Estate	230.9	186.7	(44.2)	(19.2%)
Fleet	341.8	402.0	60.2	17.6%
Information Technology	94.1	113.0	18.9	20.1%
ADA	51.8	70.0	18.2	35.2%
Support	27.6	28.6	1.0	3.6%
Gateway	39.9	71.7	31.8	79.6%
Acela 21	58.5	134.1	75.6	129.4%
Total Capital Spend Plan	\$ 1,536.3	\$ 1,748.8	\$ 212.5	13.8%
Specific Reserve	101.0	376.5	275.5	272.8%
General Reserve	299.6	1,120.1	820.5	273.9%
Total Reserves	\$ 400.6	\$ 1,496.6	\$ 1,096.0	273.6%
Total Available Capital	\$ 1,936.9	\$ 3,245.4	\$ 1,308.5	67.6%

- Capital Spend of \$1,748.8 million for projects with an immediate work plan and managed actively within the year.
- Reserve Spend of \$1,496.6 million will fund future projects which require significant funding but will not be spent immediately.
- The FY 2019 Capital spend plan of \$1,748.8 million focuses primarily on improving, upgrading, advancing, and modernizing key strategic areas

FY 2019 Total Capital Spend 4 Year Trend



Top 5 FY19 Goals



Top 5 FY19 Goals

- **Modernize our Products and Services:**
 - Drive customer satisfaction, revenue, and cost reduction through better products and services
 - Renew our fleet
 - Modernize F&B
- **Build our Plans for the Future:**
 - Reauthorization
 - FAST Plans
- **Expand our Services:**
 - Increase ridership and improve financial performance by growing state corridors, commuter services and intermodal connections



Top 5 FY19 Goals

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- **State Supported Service Line:**
 - Exceed ridership and revenue; 4.6% revenue increase and 3.8% ridership increase
 - Aggressive but realistic eCSI, OTP and ITP improvement
 - Engage states in capital investment initiatives, supported by Federal discretionary grants
 - Grow service (CA, KS, VA, VT, WI)
 - Improve internal contract process
- **Long Distance Service Line**
 - Refleet, deploy Viewliners, refurbish Amfleet II, new locos
 - Continue introduction of new F&B models
 - Incorporate LD plans into reauthorization proposal



Top 5 FY19 Goals

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- **Advance NEC Infrastructure:**
 - Gateway Programs
 - B&P
 - Major Stations
 - NECC Policy
- **Make Acela 21 Real**
 - Trainsets
 - Moynihan
 - Infrastructure projects
 - Service Plan
 - *Regionals*



Top 5 FY19 Goals

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- **Product Development & Customer Experience:**
 - Expansion of Contemporary Food Car Model
 - POS
 - Catering RFI & RFP
 - Station/Train standards for image and behaviors
- **Corporate Planning**
 - Completion of Asset Plans per FAST
 - NEC Commission Cost Allocation
 - Fleet planning, Re-fleeting
 - Chartering GDC (Gateway project)
 - National Network assessment ongoing and potential new corridor services



Thank you

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