



First Quarter 2020 Financial Results

April 27, 2020

TSX: CNR NYSE: CNI



Forward-Looking Statements

Certain statements included in this presentation constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws. By their nature, forward-looking statements involve risks, uncertainties and assumptions. The Company cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the potential impacts of the COVID-19 pandemic on our business operations, financial results and financial position and on the global supply chain. Forward-looking statements may be identified by the use of terminology such as "believes," "expects," "anticipates," "assumes," "outlook," "plans," "targets," or other similar words.

2020 assumptions

CN's 2020 key assumptions provided in our 2019 year-end earnings news release of January 28, 2020 are withdrawn and can no longer be relied upon given the high degree of business uncertainty caused by the COVID-19 pandemic, its severity, magnitude and duration, including impacts of the pandemic and of businesses' and governments' responses to the pandemic on our business, financial position, results of operations and liquidity. In 2020, CN now plans to invest approximately C\$2.9 billion in its capital program, of which C\$1.6 billion is still targeted toward track and railway infrastructure maintenance. A reduction of C\$0.2 billion in CN's capital program reflecting lower volumes was partly offset by approximately C\$0.1 billion due to the negative impact of foreign exchange, resulting in a net C\$0.1 billion reduction.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors which may cause the actual results or performance of the Company to be materially different from the outlook or any future results or performance implied by such statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Important risk factors that could affect the forward-looking statements include, but are not limited to, the effects of a pandemic outbreak of a contagious illness; general economic and business conditions, particularly in the context of the COVID-19 pandemic; industry competition; inflation, currency and interest rate fluctuations; changes in fuel prices; legislative and/or regulatory developments; compliance with environmental laws and regulations; actions by regulators; increases in maintenance and operating costs; security threats; reliance on technology and related cybersecurity risk; trade restrictions or other changes to international trade arrangements; transportation of hazardous materials; various events which could disrupt operations, including illegal blockades of rail networks, and natural events such as severe weather, droughts, fires, floods and earthquakes; climate change; labor negotiations and disruptions; environmental claims; uncertainties of investigations, proceedings or other types of claims and litigation; risks and liabilities arising from derailments; timing and completion of capital programs; and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to Management's Discussion and Analysis in CN's annual and interim reports, Annual Information Form and Form 40-F, filed with Canadian and U.S. securities regulators on SEDAR at www.sedar.com as well as on the U.S. Securities and Exchange Commission's website at www.sec.gov through EDGAR and available on CN's website at www.cn.ca/en/investor, for a description of major risk factors.

Forward-looking statements reflect information as of the date on which they are made. CN assumes no obligation to update or revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable securities laws. In the event CN does update any forward-looking statement, no inference should be made that CN will make additional updates with respect to that statement, related matters, or any other forward-looking statement.

Non-GAAP Measures

CN reports its financial results in accordance with United States generally accepted accounting principles (GAAP). CN also uses non-GAAP measures in this presentation that do not have any standardized meaning prescribed by GAAP, including adjusted performance measures, constant currency, free cash flow and adjusted debt-to-adjusted EBITDA multiple. These non-GAAP measures may not be comparable to similar measures presented by other companies. For further details of these non-GAAP measures, including a reconciliation to the most directly comparable GAAP financial measures, refer to the Company's website, First Quarter Results at www.cn.ca/financial-results.

All amounts in this presentation are expressed in Canadian dollars, unless otherwise noted.

JJ Ruest

President and Chief Executive Officer



Solid Performance

100
2

Diluted EPS

\$1.42

▲ **31%**

Operating Ratio

65.7%

▼ **380 bps** ▼ **150 bps**
reported adjusted ⁽¹⁾

Revenues

\$3.5B

Flat

Adjusted diluted EPS ⁽¹⁾

\$1.22

▲ **4%**

Fuel Efficiency (GTM per US gallon consumed)

1,047

▲ **6%**

\$20M savings, 102K ton of CO₂ saved

RTMs

58.4B

▼ **1%**

(1) Please see website, First Quarter Results, www.cn.ca/financial-results, for an explanation of these non-GAAP measures.

Rob Reilly

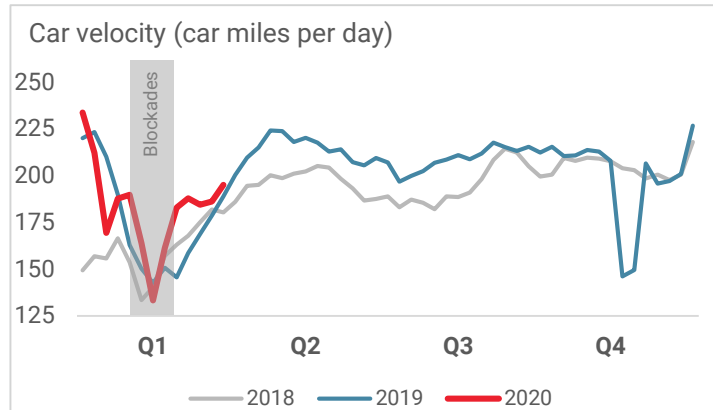
Executive VP, Chief Operating Officer and
interim Chief Information and Technology
Officer



Solid Performance and Recovery After Illegal Blockades Lifted

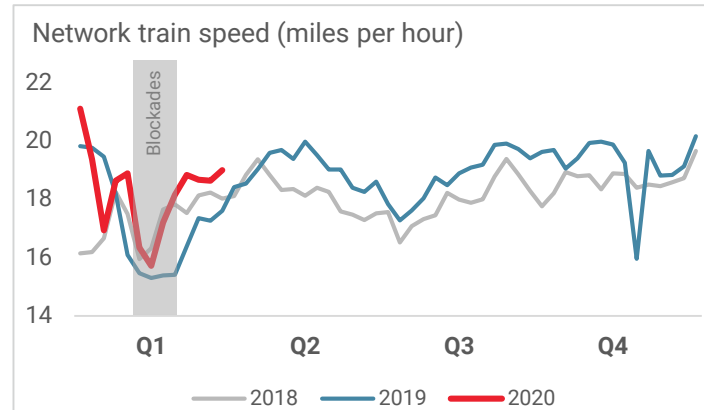
- One month of illegal blockades across Canada in February impacted revenue, network fluidity and costs
- Strong productivity recovery in March – moved demand efficiently, proving resiliency of operations
- Safety performance also improving

Car velocity



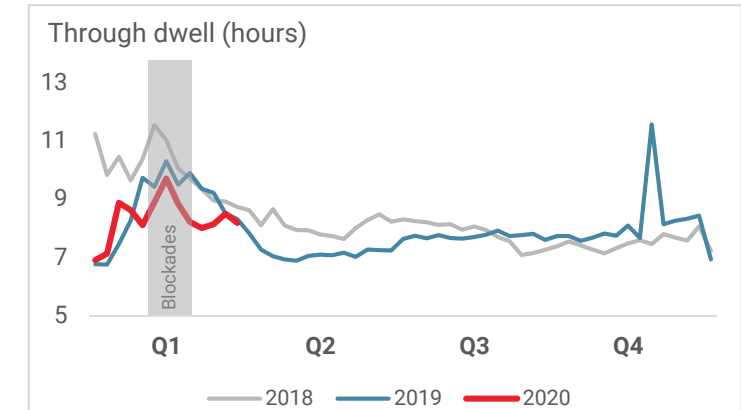
10% improvement
year-over-year in March

Train speed



10% improvement
year-over-year in March

Through dwell



7% improvement
year-over-year in March

Right Sizing Our Resources

- Strong collaboration with Marketing to stay on top of market dynamics – ability to adjust weekly and quickly
- All resources adjusted accordingly – headcount, locomotives, railcars, train starts, local yards, mechanical shops, intermodal terminals, last mile trucking operations
- Maintaining and improving strong productivity of assets and fuel

Assets

- **15%+** reduction in active cars on line
- **500** locomotives in storage
- Idled switching yards in Battle Creek, MI, Jackson, MS, Garneau, QC and Kamloops, BC, and reduced Mechanical activities in more than 20 locations

Productivity

- **20%+** YoY reduction in active trains
- **6%** YoY increase in fuel efficiency in Q1, resulting in \$20M savings and over 100K tons of CO₂ emissions avoided

Labour

- **16%** YoY reduction in workforce, including consultants
- **20%+** reduction in Train & Engine (T&E) employees

Data presented reflect the most recent results as of April 26, 2020 vs. the same period in 2019, except for fuel efficiency, which is Q1 2020 vs. Q1 2019.

James Cairns

Senior VP, Rail Centric Supply Chain

Keith Reardon

Senior VP, Consumer Product Supply Chain



Leveraging a Strong Franchise and Diverse Portfolio

Resilient

Economic sensitive

<ul style="list-style-type: none"> • All-time record of Canadian grain in March • Coalspur continues to ramp-up export production of thermal coal • New Teck coking coal contract to start in Q2 2021 • Propane to Ridley – Ramp-up of Altagas terminal and new Pembina terminal • Replenishing potash inventories in North America • Iron ore mining and vessel activities are holding up 	<ul style="list-style-type: none"> • Pockets of resiliency in Domestic intermodal <ul style="list-style-type: none"> • Moving essential goods during COVID-19 pandemic • TransX, H&R and wholesale partners refrigerated service is a busy segment • Very fluid gateway in International intermodal <ul style="list-style-type: none"> • More blank sailings, in-line with softening demand in North America • Asian production back-up and meeting available demand • Working closely with partners to ensure fluid supply chain – and investing for the recovery 	<ul style="list-style-type: none"> • Crude by rail and frac sand impacted by weak oil prices around the World • Industrial products impacted by softness in the economy <ul style="list-style-type: none"> • Forest Products, Metals and Minerals, Petroleum and Chemicals • Automotive assembly plant shutdowns also impacting related inputs (parts, raw materials, intermodal)

Sustained pricing discipline

Diverse geographic mix and customer exposure

Ghislain Houle

Executive VP and Chief Financial Officer



Earnings Growth Despite Month-Long Illegal Rail Blockades

<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>				Change
		2020	2019	Favorable (Unfavorable)
Revenues	\$	3,545	\$ 3,544	- %
Operating expenses		2,330	2,464	
Operating income		1,215	1,080	13%
Interest expense		(139)	(131)	
Other components of net periodic benefit income		78	80	
Other income		11	2	
Income before income taxes		1,165	1,031	
Income tax expense		(154)	(245)	
Net income	\$	1,011	\$ 786	29%
Diluted EPS	\$	1.42	\$ 1.08	31%
Adjusted diluted EPS ⁽¹⁾	\$	1.22	\$ 1.17	4%
Weighted-average diluted number of shares (in millions)		713.9	727.7	
Operating ratio		65.7%	69.5%	3.8 pts
Adjusted operating ratio ⁽¹⁾		65.7%	67.2%	1.5 pts

(1) Please see website, First Quarter Results, www.cn.ca/financial-results, for an explanation of these non-GAAP measures.

Operating Expenses – Quick Cost Management

<i>In millions of Canadian dollars, unless otherwise indicated</i>	2020	2019	Change Favorable (Unfavorable)	Change at constant currency ⁽¹⁾ Favorable (Unfavorable)	
Labor and fringe benefits	\$ 743	\$ 798	7%	7%	Largely due to lower incentive compensation, average headcount and overtime costs
Purchased services and material	578	558	(4%)	(3%)	Higher trucking and transload expenses due to the inclusion of TransX, partly offset by lower material costs and contracted services
Fuel	360	398	10%	10%	Due to increase in productivity gains and decrease in fuel prices
Depreciation and amortization	392	440	11%	11%	Decrease due to PTC back office system write-off in 2019, partly offset by higher depreciable asset base resulting from increased capital expenditures
Equipment rents	105	114	8%	9%	Mainly driven by lower costs for leased locomotives and railcars
Casualty and other	152	156	3%	3%	Due to lower incident costs
Total operating expenses	\$ 2,330	\$ 2,464	5%	6%	

(1) Please see website, First Quarter Results, www.cn.ca/financial-results, for an explanation of this non-GAAP measure.

Strong Free Cash Flow

<i>In millions of Canadian dollars, unless otherwise indicated</i>	2020
Net income	\$ 1,011
Non-cash adjustments	686
Income taxes refunded	9
Working capital items and other	(526)
Net cash provided by operating activities	1,180
Property additions	(603)
Acquisitions, net of cash acquired	—
Other, net	(4)
Net cash used in investing activities	(607)
Free cash flow ⁽¹⁾	\$ 573

Total net indebtedness at end of period ⁽²⁾ **\$14,274**

Adjusted debt-to-adjusted EBITDA multiple ⁽¹⁾ **2.20x**

Reinvesting in the Business

Continuing to harden our track infrastructure, allocating ~\$1.6B towards track and railway infrastructure maintenance

Receiving 40 HHP locomotives and 300 grain hoppers in H1

Committed to Maintaining a Strong Balance Sheet

2.20x Adjusted debt-to-adjusted EBITDA ⁽¹⁾

Best credit rating in the industry

Rewarding Shareholders

Returned \$788M to shareholders in Q1 through dividends and share buybacks

(1) Please see website, First Quarter Results, www.cn.ca/financial-results, for an explanation of these non-GAAP measures.

(2) Long-term debt, including current portion, net of cash and cash equivalents, and restricted cash and cash equivalents.

Prudent Financial Management in Unprecedented Economic Uncertainty

- Withdrawing 2020 financial guidance and 3-year targets provided at the 2019 Investor Day due to uncertainty caused by COVID-19 pandemic
- Strong balance sheet to weather the storm
 - Best credit rating in the industry, with ability to continue to access commercial paper market
- Reducing capital envelope in 2020 to approximately \$2.9B
- Continuing to pause share repurchases and will reassess on an ongoing basis
- Committed to maintaining previously announced 2020 dividend increase of 7%

While it is clear that no one can predict the ultimate impact of the current global economic environment, based on what we know today, the Company is still working to generate a minimum of approximately \$2.5B of free cash flow ⁽¹⁾ in 2020 ⁽²⁾

(1) Please see website, First Quarter Results, www.cn.ca/financial-results, for an explanation of this non-GAAP measure.

(2) Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors.



JJ Ruest

President and Chief Executive Officer



Ready for the Recovery and Remain Focused on the Long-Term

- Strong performance in Q1 amidst month-long illegal blockades
- Solid team in place to weather the current storm
- Our structural advantages position us well to benefit from the recovery
- Continue to work on our strategic pipeline of growth opportunities going forward
- Continue to pursue technology deployment – FRA test program in place for track inspection in the U.S.
- Continue to drive our ESG strategy and fuel strategy even harder than ever

Committed to delivering value to customers and shareholders



Appendix



Track Record in Previous Downturns

Great Recession (2008-2009)

- RTMs declined 10% in 2009
- Undertook cost takeout efforts including ~900 net reduction in average headcount (approximately 4%)
- Matched 13% decline in revenues with 12% reduction in operating expenses
- Lower oil prices and lower Canadian dollar acting as shock absorbers
- Share repurchases suspended
- Adjusted diluted EPS ⁽¹⁾ declined 13%
- In 2010, RTMs recovered, growing 12% and delivered adjusted diluted EPS increase of 30%

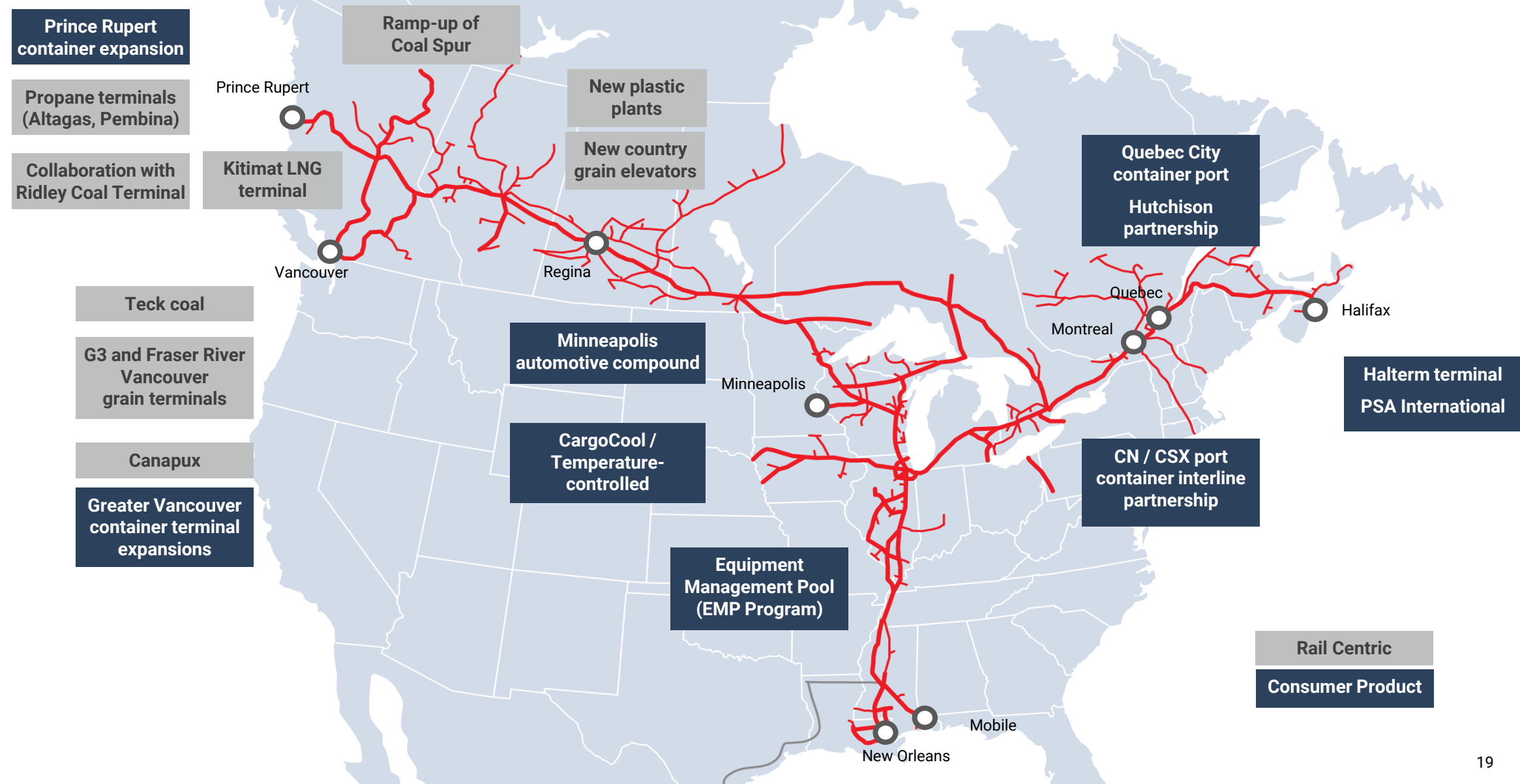
Freight Recession (2015-2016)

- RTMs declined 5% in 2016
- Aggressive cost reduction including tight labor cost management (~9% net reduction in average headcount), overtime and unproductive reduction initiatives
- While revenues declined 5%, tight cost control led to a 6% decline in operating expenses
- Continued \$2B share repurchase program
- Generated 3% adjusted diluted EPS ⁽¹⁾ growth
- In 2017, RTM growth of 11% and delivered adjusted diluted EPS increase of 9%

Seasoned senior management team has capably led CN through previous downturns

(1) Please see website, First Quarter Results, www.cn.ca/financial-results, for an explanation of this non-GAAP measure.

Strategic Pipeline of Growth Opportunities



Protection of Our Employees during COVID-19 Pandemic

Social distancing

- We are:
 - Conducting job briefings over radio or phone
 - Staggering start time to avoid contact
 - Dividing Engineering production gangs for lunch
 - Spreading out and isolating work areas in buildings
 - Encouraging people to drive their own vehicle to work
 - Applying work-from-home policy for non-essential roles

Cleaning

- We have reinforced cleaning activities in all work areas:
 - Main locations, including elevators, bathrooms, lunch and rest rooms
 - Shops
 - Team vehicles and buses for Engineering production gangs
 - Tools
- For crews and locomotives:
 - Additional wipes are provided in crew packs
 - We are disinfecting locomotives at each servicing event

Protecting our dispatchers

- Split dispatchers in different locations
- Assigned dedicated parking spots and elevator
- Nurses/medical personnel positioned at each center to test for symptoms
- Entrances secured to only vital Operations personnel
- Extra cleaning in place for each work station, bathrooms, lunch and rest rooms

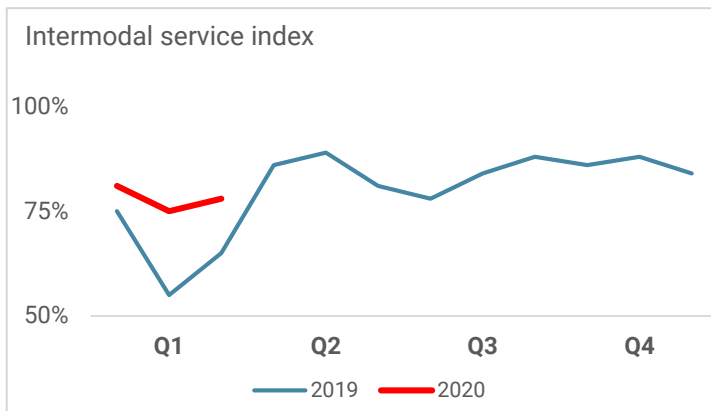
Communication

- Steady and continual messages to all employees on situation and measures taken
- Continuing to educate employees on measures in place – internal web page in place with centralized information available

Measuring Service as Defined by Customers

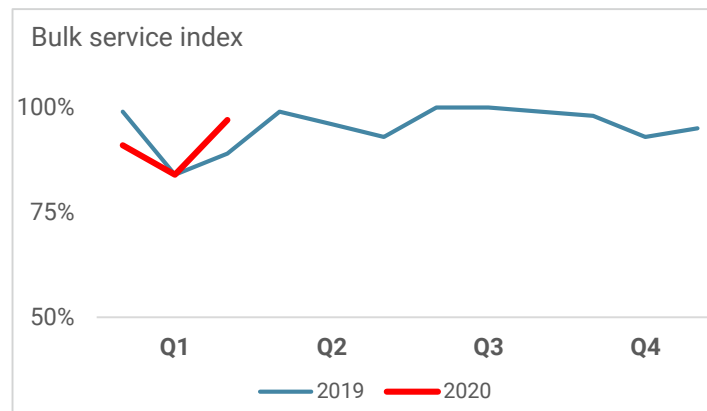
- Working closely with our customers during disruptions and volume uncertainty
- Delivering on our commitments

Intermodal



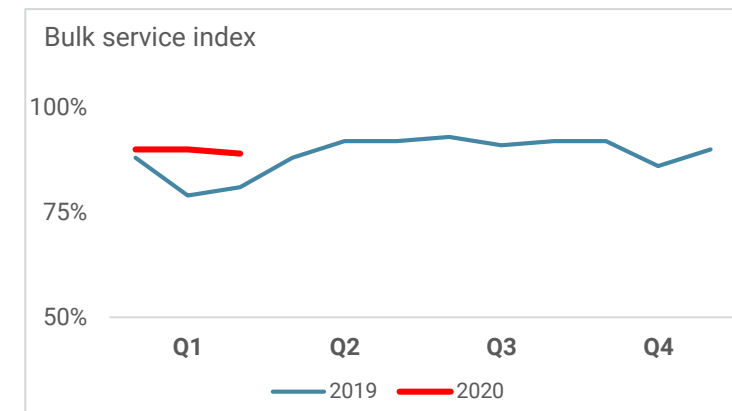
Various service metrics for International and Domestic customers; for example, including container dwell at ports for imports

Bulk



Delivering the number of cars committed to our unit train customers

Merchandise

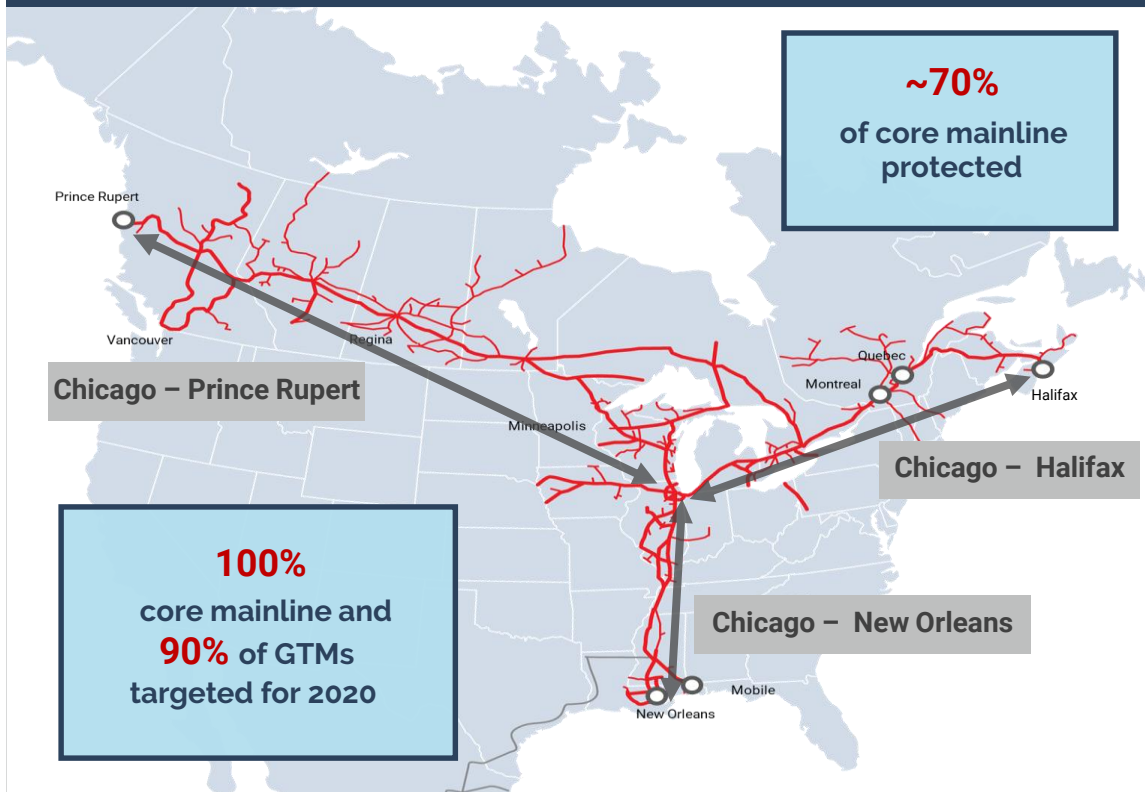


Delivering the number of cars committed to our customers in the timeframe agreed

Approval of FRA⁽¹⁾ Test Program

Autonomous Track Inspection Program (ATIP)

8 ATIP cars deployed across the network



FRA Test Program

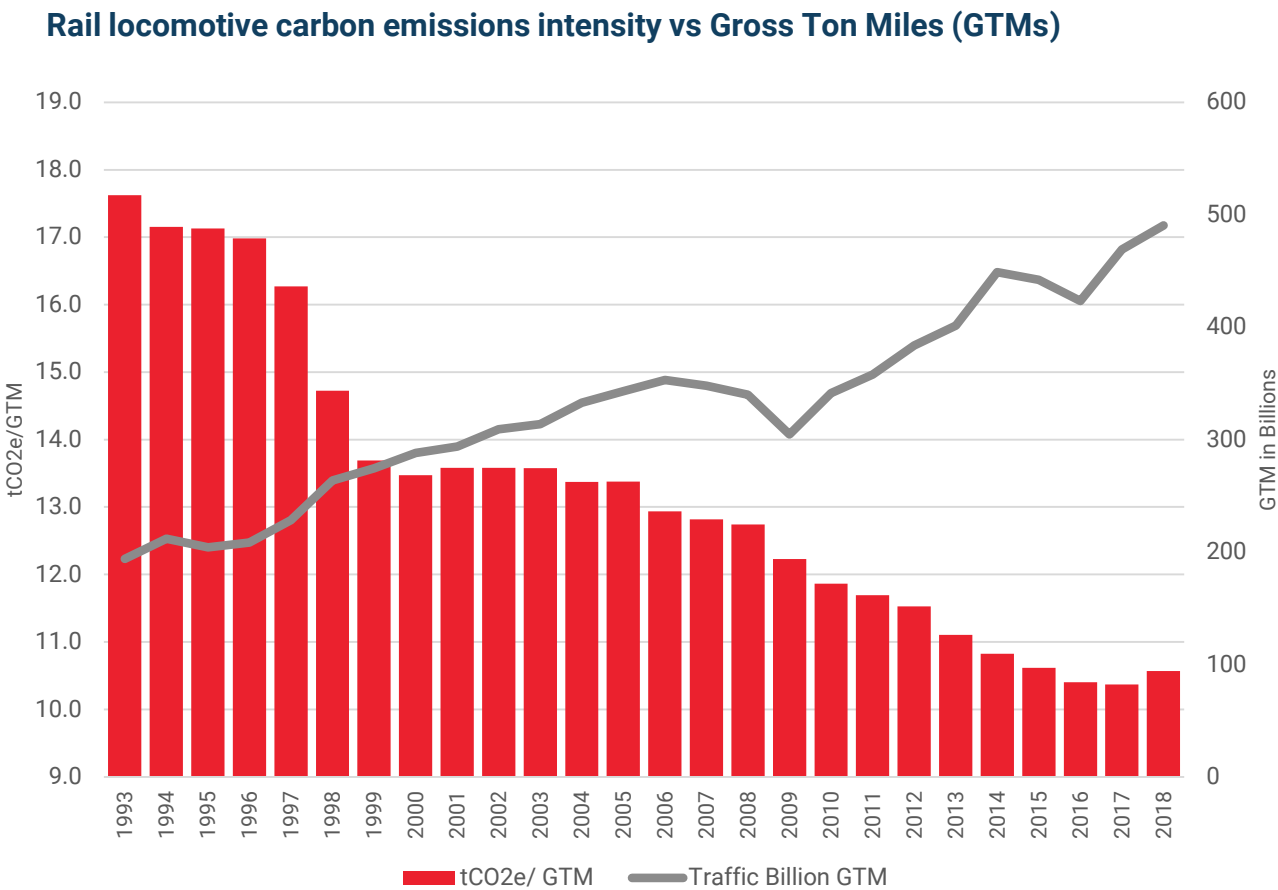
- CN's ATIP Test Program approved by the FRA
- Multi-phased approach will ultimately lead to
 - Less on-track inspection time for track infrastructure
 - More consistent and regular track evaluations
- Phase 1 update – Chicago to New Orleans corridor
 - Over 29,000 miles of track year-to-date with ATIP car versus 2,400 miles over same period last year
 - Almost 90% reduction of latent regulatory geometry conditions in-track versus traditional inspection method

Creating capacity, improving safety and reliability, and saving costs

(1) Federal Railroad Administration

A Strong Track Record of Fuel and Carbon Efficiency

CN is approximately 15% more carbon efficient than the industry average



Areas of focus – Opportunities

Achieved 39%

Locomotive emissions intensity improvement over the last 25 years

Targeting 29%

Reduction in emissions per tonne kilometers by 2030 vs 2015 – CN's science-based target for carbon emissions