



Second Quarter 2020 Financial Results

July 21, 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 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.

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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, Second 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



Q2 Highlights – Resiliency during Unprecedented Economic Times

Diluted EPS

Reported	Adjusted ⁽¹⁾
\$0.77	\$1.28
▼ 59%	▼ 26%

Operating Ratio

Reported	Adjusted ⁽¹⁾
75.5%	60.4%
▲ 1,800 bps	▲ 290 bps

Revenues

\$3.2B

▼ 19%

Free Cash Flow ⁽¹⁾

\$1.0B

Almost doubled

Fuel Efficiency ⁽²⁾

0.88

▼ 2%

~\$7M savings, 29K tons of CO₂ avoided

RTMs

52.5B

▼ 18%

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

(2) Fuel efficiency is defined as US gallons of locomotive fuel consumed/1,000 GTMs.

Rob Reilly

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



Productivity and Cost Control

- Adjusted resources quickly and aggressively as volumes started declining mid-March and bottomed in May
- Nimble and connected with our customers in early stage of recovery

Rightsizing our Resources

- **26%** YoY reduction in Train & Engine (T&E) employees
- **14%** YoY reduction in active cars online with **~14,500** cars in storage
- **500+** locomotives in storage
- Idled operations in 4 switching yards and reduced mechanical activities in more than 20 locations
- Starting to recall T&E employees selectively

Focusing on Train Productivity

- **21%** YoY reduction in crew starts with **18%** YoY reduction in RTMs
- Record train length and train weight in Q2

Train Length



Train Weight



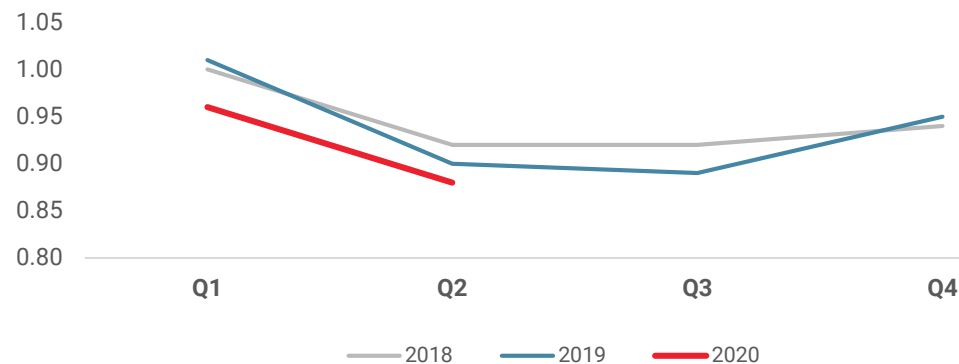
Delivering Long-Term Value

- Focus on our long-term agenda: cost, ESG and technology
- Some of the improvements made in the recent months will remain going forward

Fuel Efficiency / Carbon Footprint

- Quarterly record fuel efficiency of 0.88 US gallons of locomotive fuel consumed per 1,000 GTMs in Q2
- Direct savings of ~\$7M and 29K tons of CO₂ emissions avoided

Fuel efficiency (US gallons of locomotive fuel consumed/1,000 GTMs)



Lasting Structural Changes

- **Transportation**
 - Permanent closure of underutilized rail yards
 - Optimized train configuration and schedules
 - Enhanced productivity on handheld devices
- **Mechanical**
 - Rightsizing of mechanical shops across the network
 - Automated train inspection portal replaced roll-by inspections in Winnipeg
- **Engineering**
 - Increased labor productivity (productive hours, longer work blocks, lower installation unit costs)

James Cairns

Senior VP, Rail Centric Supply Chain

Keith Reardon

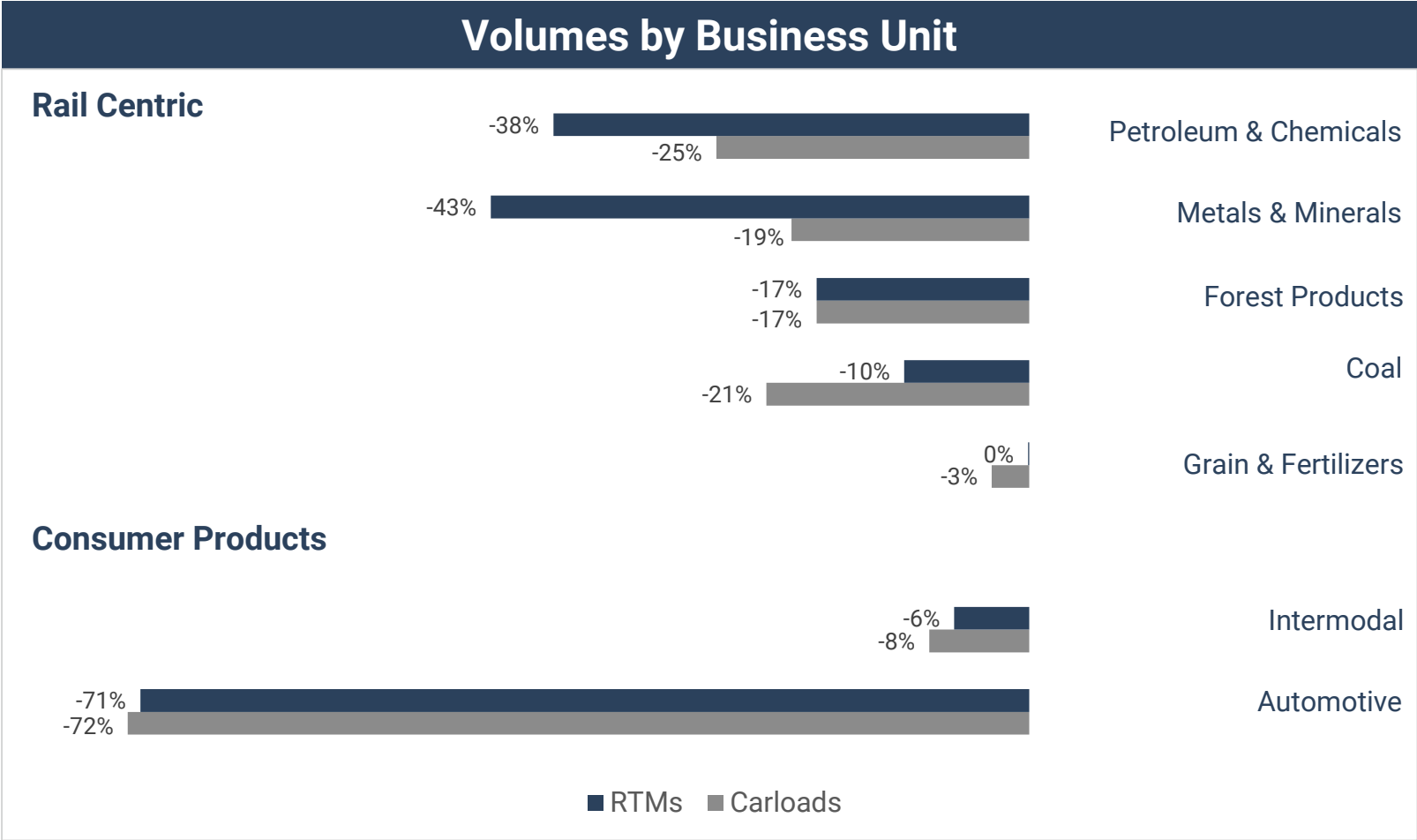
Senior VP, Consumer Product Supply Chain



Unprecedented Q2 Across the Board

Resiliency in bulk commodities and Domestic Intermodal - The team focusing on opportunities

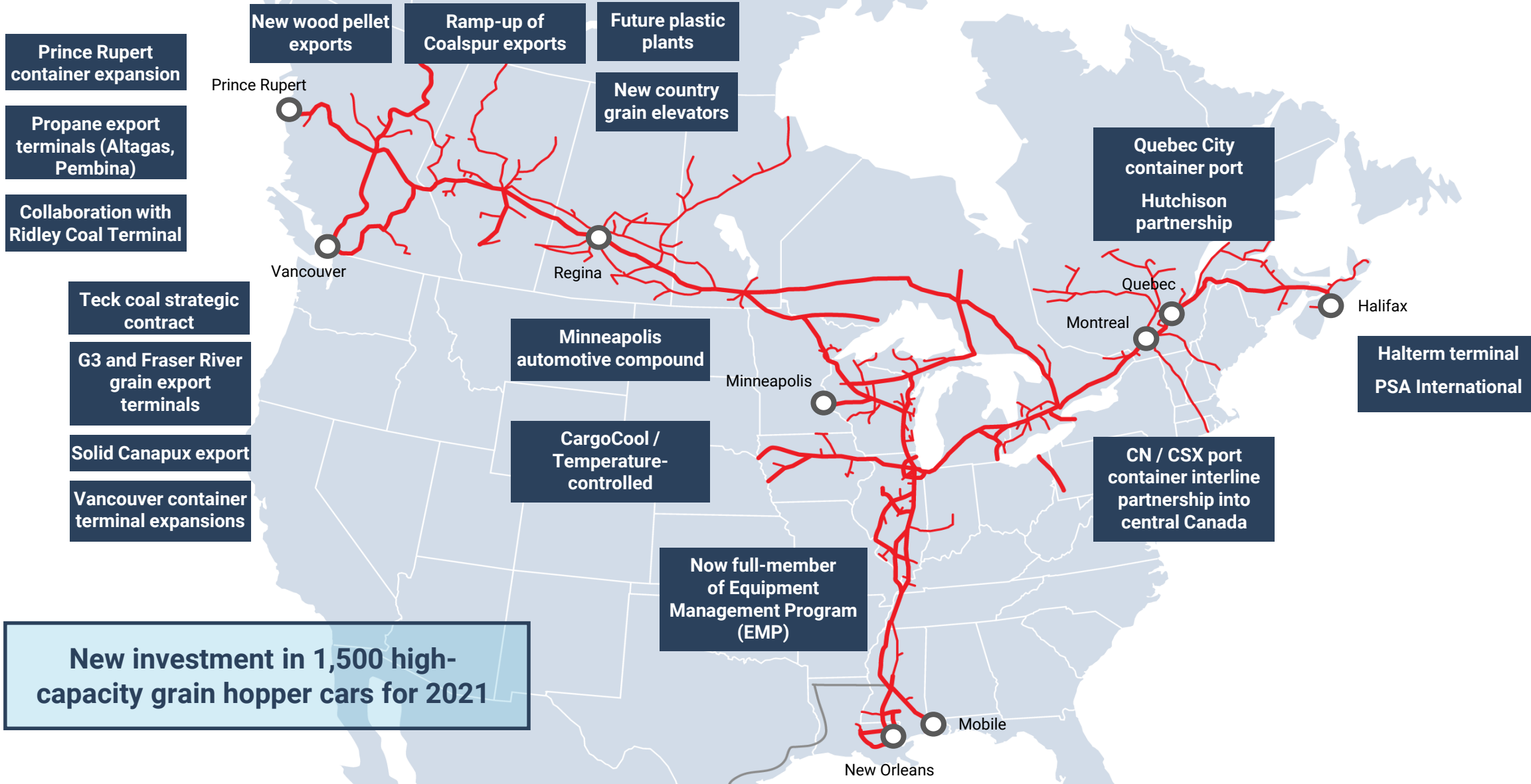
Highlights	
Revenues	(19%)
RTMs	(18%)
¢ / RTM	(1%)
Carloads	(16%)
\$ / Carload	(4%)



Data presented reflects year over year changes for Q2 2020 vs. Q2 2019.

Strategic Pipeline of Growth

Advancing during the pandemic



Ghislain Houle

Executive VP and Chief Financial Officer



Q2 Earnings – Disciplined Financial Management

<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>	2020	2019	Change Favorable (Unfavorable)
Revenues	\$ 3,209	\$ 3,959	(19%)
Operating expenses	2,424	2,277	
Operating income	785	1,682	(53%)
Interest expense	(144)	(136)	
Other components of net periodic benefit income	80	83	
Other income (loss)	(4)	23	
Income before income taxes	717	1,652	
Income tax expense	(172)	(290)	
Net income	\$ 545	\$ 1,362	(60%)
Adjusted net income ⁽¹⁾	\$ 908	\$ 1,250	(27%)
Diluted EPS	\$ 0.77	\$ 1.88	(59%)
Adjusted diluted EPS ⁽¹⁾	\$ 1.28	\$ 1.73	(26%)
Weighted-average diluted number of shares (in millions)	712.2	724.5	
Operating ratio	75.5%	57.5%	(18.0) pts
Adjusted operating ratio ⁽¹⁾	60.4%	57.5%	(2.9) pts

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

Solid Cost Control and Rightsizing of Resources

<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	\$ 563	\$ 681	17%	18%	Largely due to lower average headcount, incentive compensation and overtime costs
Purchased services and material	518	571	9%	11%	Mainly due to lower costs for services purchased from outside contractors and lower material costs
Fuel	227	442	49%	50%	Due to lower fuel prices and volumes, as well as efficiency gains
Depreciation and amortization	404	363	(11%)	(10%)	Due to a higher depreciable asset base
Equipment rents	107	104	(3%)	- %	Mostly driven by higher locomotive horsepower-hour expense due to more locomotives that were off line in 2019, partly offset by lower car hire expense due to reduced volumes
Casualty and other	119	116	(3%)	- %	Mainly due to lower passenger train recoveries, partly offset by lower employee travel expenses
Loss on assets held for sale	486	-	N/A	N/A	Decision to market for sale certain non-core lines for on-going rail operations, in Wisconsin, Michigan and Ontario
Total operating expenses	\$ 2,424	\$ 2,277	(6%)	(5%)	

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

Impressive Free Cash Flow Generation in an Unprecedented Lower Demand Quarter

In millions of Canadian dollars, unless otherwise indicated

YTD 2020

Net income	\$ 1,556
Non-cash adjustments	1,561
Income taxes refunded	11
Working capital items and other	(191)
Net cash provided by operating activities	2,937
Property additions	(1,317)
Other, net	(39)
Net cash used in investing activities	(1,356)
Free cash flow ⁽¹⁾	\$ 1,581

Total net indebtedness at end of period ⁽²⁾ **\$13,258**

Adjusted debt-to-adjusted EBITDA multiple ⁽¹⁾ **2.15x**

Solid Cash Flow Generation

- \$1.0B of free cash flow generated in Q2

Opportunistic Debt Issuance

- US\$600 million, 30-year bond issuance at a favorable 2.45% interest rate

Strong Balance Sheet

- 2.15x Adjusted debt-to-adjusted EBITDA ⁽¹⁾ improved from Q1
- Best investment grade credit rating in the industry

Rewarding Long-term Shareholders

- Returned \$408M to shareholders in Q2 through dividends
- Share repurchases on pause and reassessed on an ongoing basis

⁽¹⁾ Please see website, Second 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.

JJ Ruest

President and Chief Executive Officer



A Culture of Resiliency – Solid Team that can Weather any Situation

- Demonstrated again our ability to adapt and be nimble
- Disciplined rightsizing of resources as volumes improve sequentially
- Work ongoing on our strategic pipeline of growth opportunities
- Positive on our future
 - Investing in the long term of export grain
 - Investing in technology deployment
 - Investing in ESG and fuel strategy

Committed to delivering long-term value to all stakeholders



Appendix



Uniquely Positioned to Further Leverage the Consumer Economy

CN-EXCLUSIVE

PORT OF PRINCE RUPERT

1.35M TEU capacity (+450K by 2022)

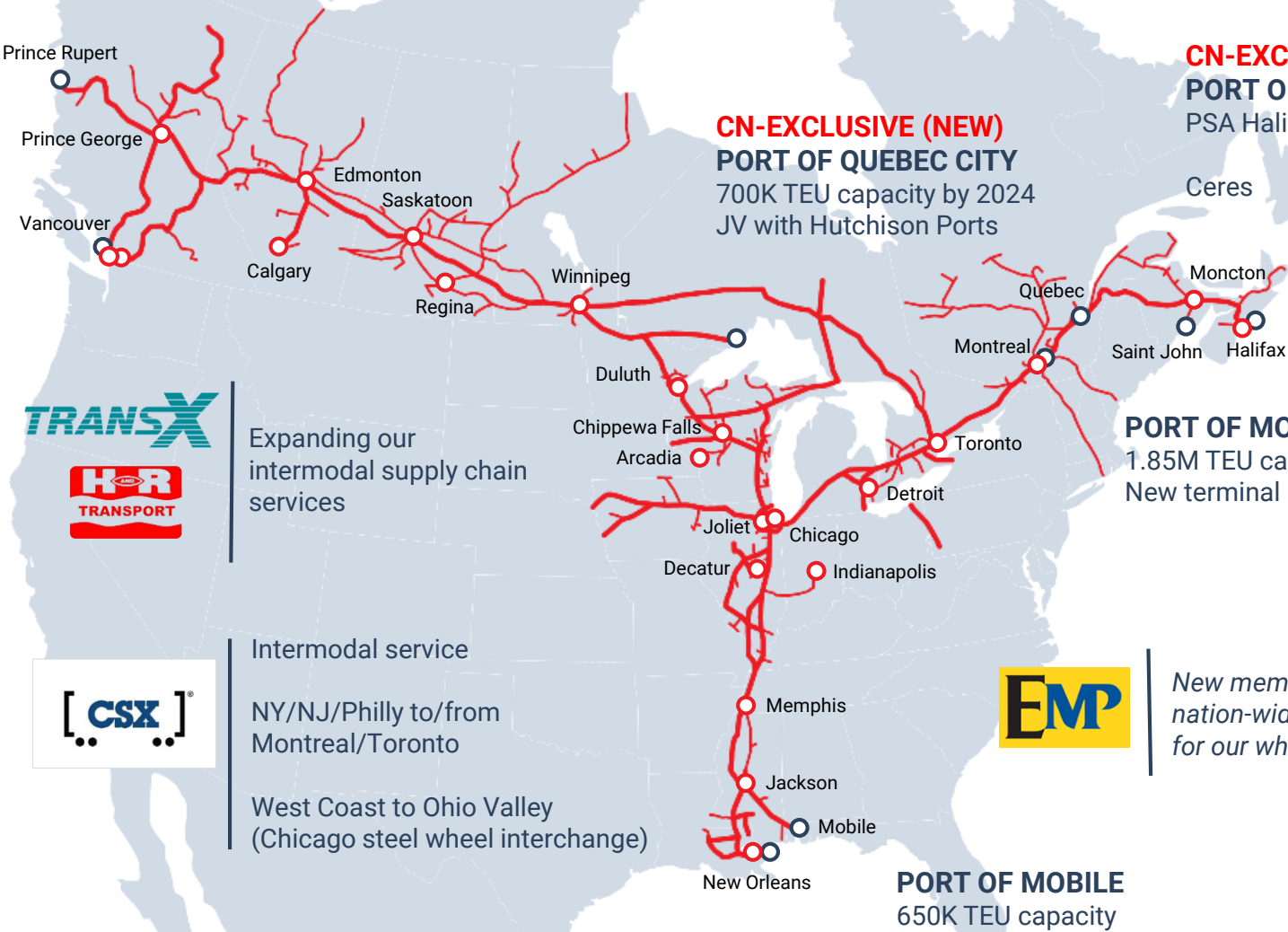
PORT OF VANCOUVER (4 terminals)

4.60M TEU capacity (+815K by 2022)

3 Coast access

23 Intermodal terminals

Access to **15** port operations



Expanding our intermodal supply chain services



Intermodal service

NY/NJ/Philly to/from Montreal/Toronto

West Coast to Ohio Valley (Chicago steel wheel interchange)

CN-EXCLUSIVE (NEW)

PORT OF QUEBEC CITY

700K TEU capacity by 2024
JV with Hutchison Ports

CN-EXCLUSIVE

PORT OF HALIFAX (2 terminals)

PSA Halifax 550K TEU capacity
(+290K TEU by 2023)
Ceres 650K TEU capacity

PORT OF MONTREAL (4 terminals)

1.85M TEU capacity
New terminal (+1.15M TEUs by ~2024)



New member of EMP - Providing nation-wide supply chain flexibility for our wholesale customers

PORT OF MOBILE
650K TEU capacity

PORT OF NEW ORLEANS (2 terminals)
840K TEU capacity (+160K by 2024)

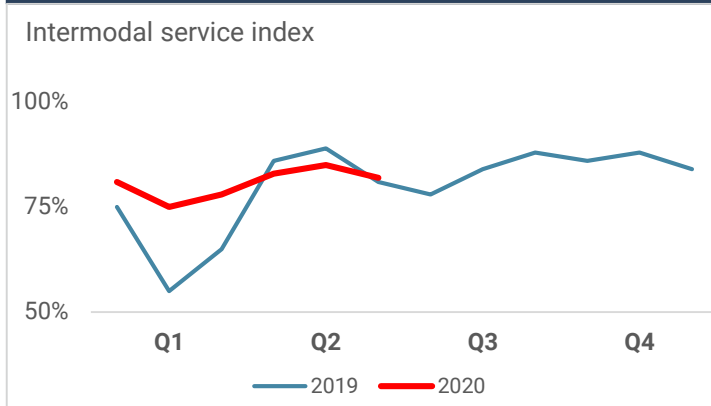
○ CN intermodal terminals
● CN-served ports

TEU: Twenty-foot equivalent unit (intermodal shipping container)

Measuring Service as Defined by Customers

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

Intermodal



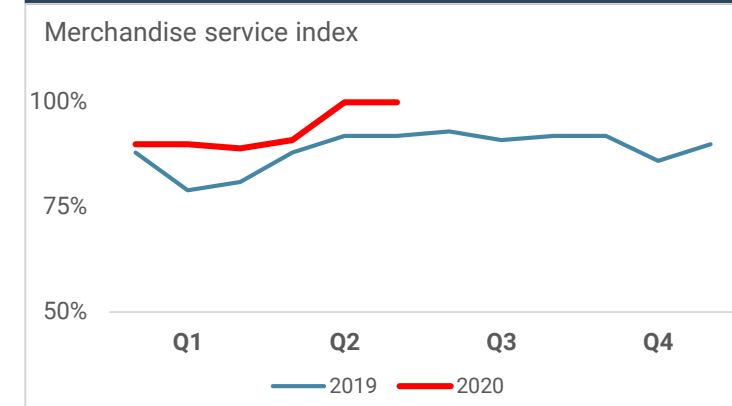
Various service metrics for International and Domestic customers; for example, including container dwell at ports for imports

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

Advancing Technology Deployment as Strategic Driver of Value

Transforming our operations

Train Inspections

7 portals operational

- Over 41,000 defects detected by the portals YTD
- Automated train inspection portal replaced roll-by inspections in Winnipeg in April
- Aiming to develop ~100 algorithms by 2021 to replicate Certified Car Inspection (CCI)
 - Over 20 algorithms developed to date

Track Inspections

8 ATIP ⁽¹⁾ cars in service

U.S.

- Phase 1 of FRA ⁽²⁾ test program underway: ~70,000 miles of track inspected YTD with ATIP car versus 4,500 miles for heavy geometry car over same period last year (16X greater inspection rate)
- Transitioning to Phase 2 in August: target reduction of visual inspections by 50%

Canada

- Received approval from Transport Canada (TC) to use ATIP for regulatory heavy geometry testing on 43 subdivisions
- Working closely with TC to develop a test corridor for future autonomous testing methodologies similar to the FRA program

Handheld Technology

11,000 tablets deployed

- Deployed for train crews and car mechanics
- Big step towards paperless operations and reduces our environmental footprint
- Eliminating ~30 million printed pages of paper annually at CN
- Removing hundreds of shared printers and kiosk terminals and the Covid-19 related safety issues associated with them
- Improved customer notifications across the network with more than 98% of customers registered

Creating capacity, improving safety, saving costs, and more reliable service

(1) ATIP: Autonomous Track Inspection Program

(2) FRA: Federal Railroad Administration

Building the Intermodal of the Future

Brampton Intermodal Terminal (Toronto) – First terminal to be upgraded



New yard design

Improving capacity, productivity and service levels, including new container slot locations, storage methods, and traffic flows



Telematics

Installing sensors on cranes and shunt trucks to increase ability to locate containers within the yard



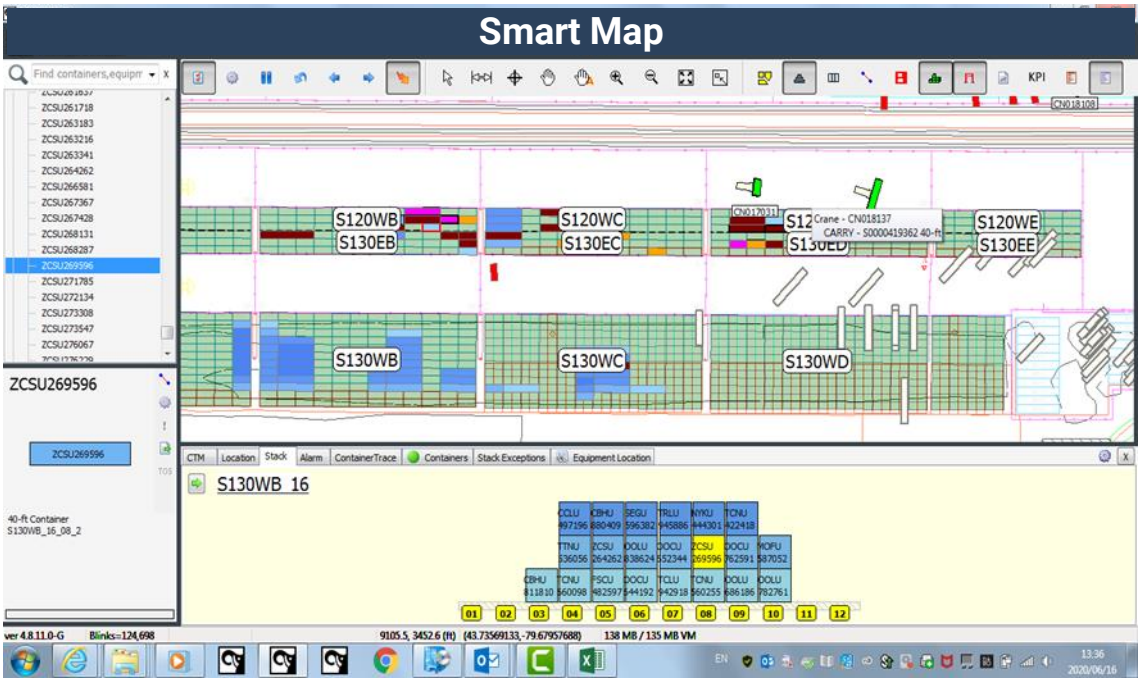
Smart screens and smart maps

Providing a visualization of the equipment and inventory within the yard to reduce lifts per container



New operating system

Improving terminal decision making, capacity, productivity, and service levels



- ✓ Lowering operating costs
- ✓ Enhancing customer experience
- ✓ Improving operator experience
- ✓ Increasing terminal capacity
- ✓ Improving terminal management

Committed to ESG Leadership

Delivering Responsibly is at the heart of how CN is building for a sustainable future. It means moving customer goods safely and efficiently, being environmentally responsible, attracting and developing the best and diverse railroaders, helping build safer, stronger communities, while adhering to the highest ethical standards

Environmental Protection

- Achieved 38% locomotive emission intensity improvement over the last 25 years
- CN leads the North American rail industry, consuming ~15% less fuel per gross ton mile
- Diverted ~90% of our waste from landfill in 2019

29%

CN was the first railroad in North America to set a climate science target of 29% carbon emission intensity reduction by 2030 based on 2015 levels

Social Responsibility

- Leveraging recent advances in technology to drive improved safety
- In 2019 adopted *Life Critical Rules* as a means to strengthen our safety culture
- Signatory to Catalyst Accord 2022; committed to extend gender diversity beyond the board to executive management with a target of 30%

Zero

Goal to reduce serious injuries and fatalities to zero at CN

Strong Governance

- Continuously improving our culture of integrity and ethical business conduct
- Executive compensation aligned with ESG objectives, including safety and fuel efficiency
- 38% of CN's directors are women, exceeding CN's policy of at least 1/3 representation by women

40%

CN aspires to attain board composition of 40% representation by broad range of diverse groups by end of 2022