



Fourth Quarter and Full Year 2020 Financial Results

January 26, 2021



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 the business operations, financial results and financial position and on the global supply chain, and statements about the economic recovery and its future impact on CN. Forward-looking statements may be identified by the use of terminology such as "believes," "expects," "anticipates," "assumes," "outlook," "plans," "targets," or other similar words.

2021 Key Assumptions

CN has made a number of economic and market assumptions in preparing its 2021 outlook. The Company assumes that North American industrial production for the year will increase in the mid single-digit range, and assumes U.S. housing starts of approximately 1.45 million units and U.S. motor vehicle sales of approximately 16 million units. For the 2020/2021 crop year, the grain crop in Canada was above its three-year average and the U.S. grain crop was in line with its three-year average. The Company assumes that the 2021/2022 grain crops in both Canada and the U.S. will be in line with their respective three-year averages. CN assumes total RTMs in 2021 will increase in the mid single-digit range versus 2020. CN assumes continued pricing above rail inflation. CN assumes that in 2021, the value of the Canadian dollar in U.S. currency will be approximately \$0.80, and assumes that in 2021 the average price of crude oil (West Texas Intermediate) will be approximately US\$50 per barrel. In 2021, CN plans to invest approximately C\$3.0 billion in its capital program, of which C\$1.6 billion is targeted toward track and railway infrastructure maintenance.

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 duration and effects of the COVID-19 pandemic, 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, Fourth 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



Q4 Highlights – Strong Finish to a Challenging Year

Diluted EPS

\$1.43

▲ 17%

▲ 14% (adjusted) ⁽¹⁾

Operating Ratio

61.4%

▼ 460 bps

▼ 380 bps (adjusted) ⁽¹⁾

Revenues

\$3.66B

▲ 2%

YTD Free Cash Flow ⁽¹⁾

\$3,227M

▲ 62%

Fuel Efficiency ⁽²⁾

0.89

▼ 6%

~\$25M savings, 115k tons of CO₂ avoided

RTMs

63.2B

▲ 10%

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

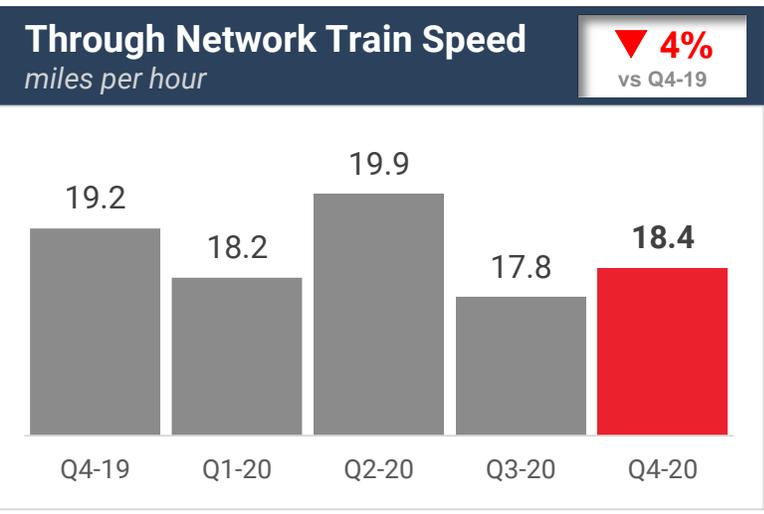
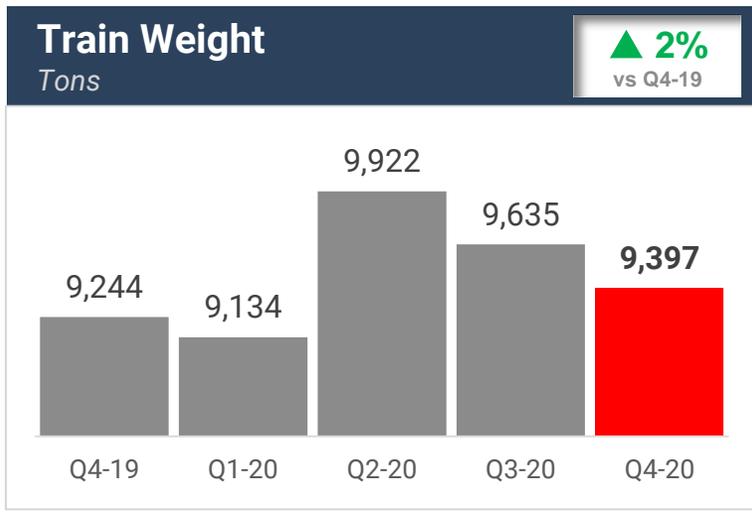
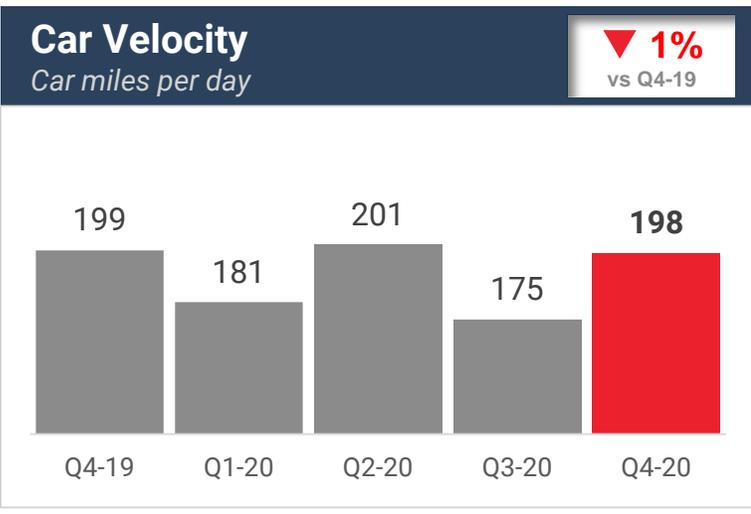
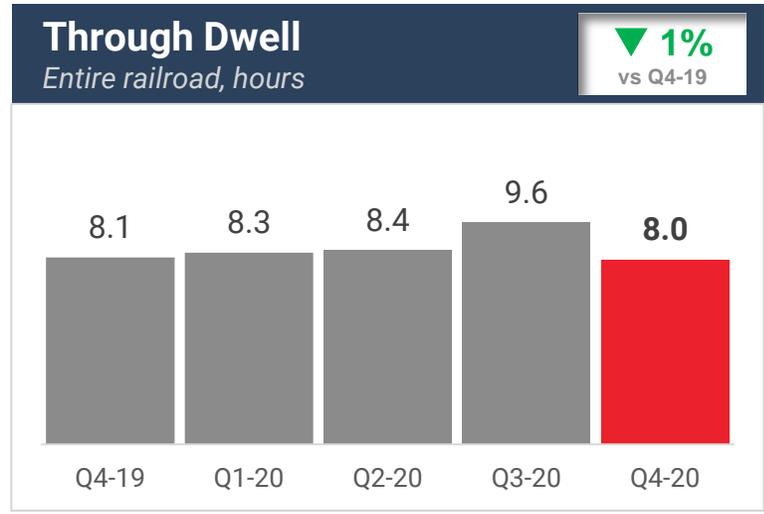
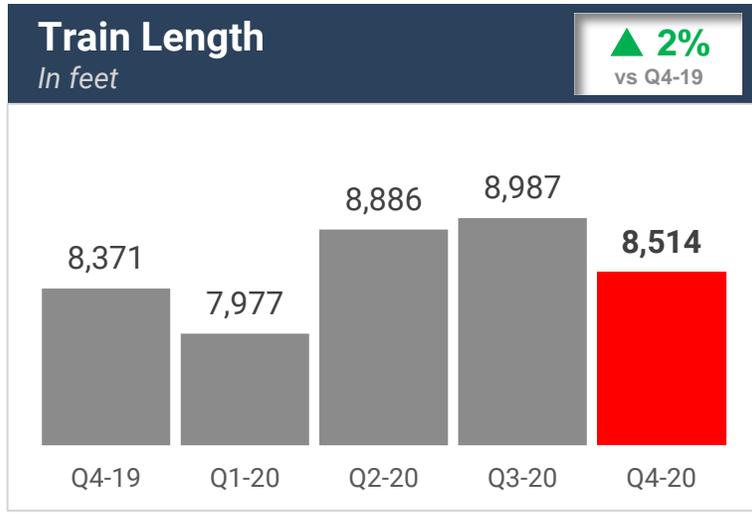
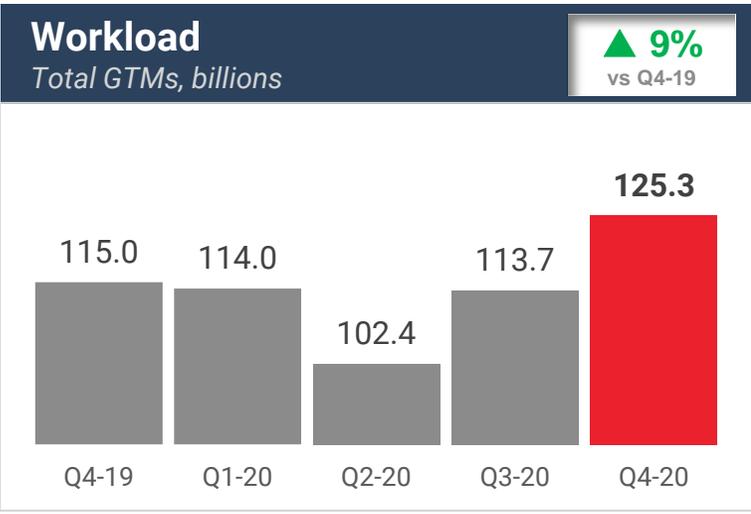
(2) Fuel efficiency is defined as US gallons of locomotive fuel consumed per 1,000 GTMs.

Rob Reilly

Executive VP and Chief Operating Officer



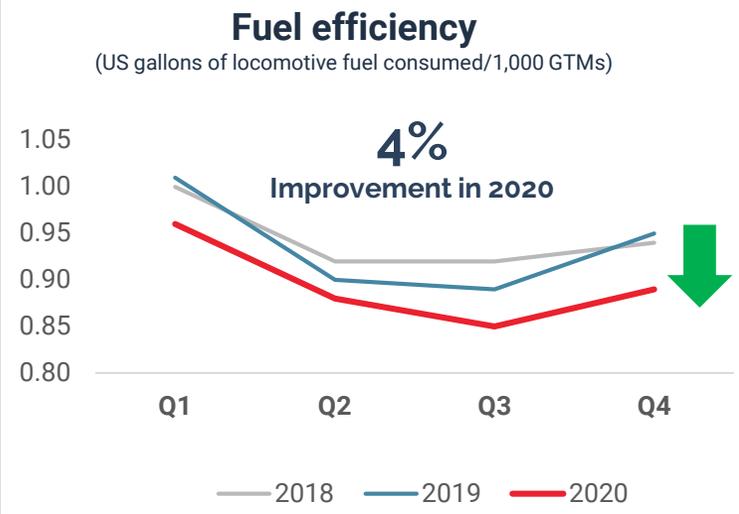
Entering 2021 with a Fluid and Efficient Network



Continuing to Drive Productivity and Cost Saving Initiatives

Industry-Leading Locomotive Fuel Efficiency

- Direct savings of ~\$60M and ~275K tons of CO₂ emissions avoided in 2020
- Driving our sustainability agenda



Safety as a Core Value

- Safety performance improved in 2020
 - **15% lower** injury frequency rate
 - **18% lower** FRA accident rate
- COVID-19 safety efforts continue
 - Protecting the health and safety of our employees, customers and partners remains our top priority
- Investing in training, coaching, recognition and employee engagement initiatives in order to strengthen our safety culture

Operational Productivity Initiatives

- Absorbing additional volumes at low incremental cost
- Train and Engine (T&E) employee productivity ⁽¹⁾ was up 19% YoY in Q4
- Delivering cost efficiencies through technology initiatives
 - Autonomous Track Inspection Program (ATIP) – New generation cars in 2021 allowing inspection of rail tie, rail web and surrounding track clearance
 - Train inspection portals – New generation portals in 2021 with 10 additional cameras (adding undercarriage and diagonal views)
 - Handheld technology – Digitization of train reporting and customer-facing services

(1) GTMs per T&E employee.

James Cairns

Senior VP, Rail Centric Supply Chain

Keith Reardon

Senior VP, Consumer Product Supply Chain



Demand Recovery Expected to Continue

Focus on yield management

Rail Centric – Overall industrial production improving while energy sector remains challenged

Grain and Fertilizers

- Record high-quality 2020-21 grain crop in Canada (Crop year-to-date volumes via carload of 14.5 million metric tonnes, 15% above previous all-time record)
- 4,200 new high-capacity grain hopper cars (CN and customer owned) on our network by end of Q1 to leverage 50% increase in West Coast grain export capacity served by CN
- Continued strong offshore demand for U.S. grain via Gulf Coast

Industrial Products

- Home renovation segment and housing market demonstrating continued strength, providing supportive backdrop for lumber and panel demand
- Weakness remains in pulp and paper segment
- Propane shipments remain strong (AltaGas) and new Pembina facility operational by end of Q1
- Long term pivot to moving heavy undiluted crude

Coal

- Canadian coal driven by Teck contract to start in April 2021 while global demand for Canadian coal remains solid
- Opportunities for U.S. coal exports via the Gulf Coast

Consumer Products – Continued strength in consumer spending and inventory restocking

International intermodal market

- Container imports continue to remain strong to Canadian and U.S. destinations driven by more online purchasing of consumer goods
- Adding more export capabilities – new inland distribution terminal in New Richmond, WI opening March 1, 2021 and new logistics park in Mobile expected to open late 2021

Domestic intermodal volumes

- Strength from continued growth of online spending and reduced consumer spending on services
- Strong grocery segment with refrigerated products and strong positioning with TransX suite of products to convert truck to rail intermodal

Automotive

- Assuming U.S. motor vehicle sales of around 16 million units in 2021
- New autoport facility in Minneapolis area (New Richmond, WI)

Assuming mid single-digit growth in terms of RTMs in 2021, with pricing above rail inflation at a minimum

Rail Centric Supply Chain is comprised of: Petroleum and Chemicals, Metals and Minerals, Forest Products, Coal, and Grain and Fertilizers.

Consumer Product Supply Chain is comprised of: Intermodal and Automotive.

Please see Forward-Looking Statements at the beginning of the presentation.

Ghislain Houle

Executive VP and Chief Financial Officer



Q4 Earnings – Volume Momentum Driving Solid Performance

<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>	2020	2019	Change Favorable (Unfavorable)
Revenues	\$ 3,656	\$ 3,584	2%
Operating expenses	2,245	2,366	
Operating income	1,411	1,218	16%
Interest expense	(134)	(136)	
Other components of net periodic benefit income	78	77	
Other income	-	2	
Income before income taxes	1,355	1,161	
Income tax expense	(334)	(288)	
Net income	\$ 1,021	\$ 873	17%
Adjusted net income ⁽¹⁾	\$ 1,021	\$ 896	14%
Diluted EPS	\$ 1.43	\$ 1.22	17%
Adjusted diluted EPS ⁽¹⁾	\$ 1.43	\$ 1.25	14%
Weighted-average number of diluted shares (in millions)	713.2	717.4	
Operating ratio	61.4%	66.0%	4.6 pts
Adjusted operating ratio ⁽¹⁾	61.4%	65.2%	3.8 pts

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

Q4 Operating Expenses – Tightly Managed Costs

<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	\$ 755	\$ 749	(1%)	(1%)	Higher incentive compensation and pension expense, offset by a 2019 workforce adjustment and 8% lower average headcount in 2020
Purchased services and material	565	586	4%	3%	Mostly due to lower costs for services purchased from outside contractors and lower incident costs, partly offset by higher repairs and maintenance expense
Fuel	303	406	25%	24%	Lower fuel prices and record fuel efficiency, partly offset by higher volumes
Depreciation and amortization	402	387	(4%)	(4%)	Higher depreciable asset base
Equipment rents	97	112	13%	13%	Lower rail car lease expense
Casualty and other	123	126	2%	2%	Mostly due to lower legal provisions and travel expenses, partly offset by higher property taxes
Total operating expenses	\$ 2,245	\$ 2,366	5%	5%	

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

Unprecedented Year with Pandemic Followed by Uneven Recovery

Demonstrating the resiliency of our franchise

<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>	2020	2019	Change Favorable (Unfavorable)
Revenues	\$ 13,819	\$ 14,917	(7%)
Operating expenses	9,042	9,324	
Operating income	4,777	5,593	(15%)
Interest expense	(554)	(538)	
Other components of net periodic benefit income	315	321	
Other income	6	53	
Income before income taxes	4,544	5,429	
Income tax expense	(982)	(1,213)	
Net income	\$ 3,562	\$ 4,216	(16%)
Adjusted net income ⁽¹⁾	\$ 3,784	\$ 4,189	(10%)
Diluted EPS	\$ 5.00	\$ 5.83	(14%)
Adjusted diluted EPS ⁽¹⁾	\$ 5.31	\$ 5.80	(8%)
Weighted-average diluted number of shares (in millions)	713.0	722.6	
Operating ratio	65.4%	62.5%	(2.9 pts)
Adjusted operating ratio ⁽¹⁾	61.9%	61.7%	(0.2 pts)
Adjusted return on invested capital (ROIC) ⁽¹⁾	13.4%	15.1%	(1.7 pts)

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

Delivered Record Free Cash Flow in 2020

<i>In millions of Canadian dollars, unless otherwise indicated</i>	YTD 2020
Net income	\$ 3,562
Non-cash adjustments	2,562
Income tax payments	(353)
Working capital items and other	394
Net cash provided by operating activities	6,165
Property additions	(2,863)
Acquisition, net of cash acquired ⁽¹⁾	(8)
Other investing activities, net	(75)
Net cash used in investing activities	(2,946)
Net cash provided before financing activities	\$ 3,219
Adjustment: Acquisition, net of cash acquired ⁽¹⁾	8
Free cash flow ⁽²⁾	\$ 3,227
Total net indebtedness at end of period ⁽³⁾	\$ 11,806
Adjusted debt-to-adjusted EBITDA multiple ⁽²⁾	1.98x

(1) Relates to the acquisitions of H&R Transport Limited. See Note 3 - Business combinations to CN's unaudited Interim Consolidated Financial Statements for additional information.

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

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

Strong Balance Sheet is a Competitive Advantage

Continual access to low cost financing supports steady reinvestment and enables strategic agenda

Reinvesting in the Business

Continued focus on productivity and safety-related investments including technology and basic maintenance, supporting the safety and integrity of the network

Capacity and rolling stock investments to support long-term profitable volume growth

Investing in technology, automation and innovation to enable the next competitive level of modern railroading operations

Rewarding our Long-term Shareholders

25-year track record of uninterrupted dividend growth

Expecting to resume share repurchases in Q1

2021 Financial Outlook⁽¹⁾

- Targeting to deliver adjusted diluted EPS growth in the high single-digit range versus 2020 adjusted diluted EPS of \$5.31 based on:⁽²⁾
 - Mid single-digit volume growth in terms of RTMs
 - Overall pricing above rail inflation at a minimum
 - Canadian to U.S. dollar exchange rate of approximately 80 cents vs 75 cents in 2020 (negatively impacting EPS in the range of 20-25 cents)
- Capital envelope in 2021 of approximately \$3.0B
- Targeting Free Cash Flow in the range of \$3.0 - \$3.3B in 2021⁽²⁾
- Shareholder distributions
 - Dividend increase of 7%, representing the 25th consecutive increase since the 1995 IPO
 - New normal course issuer bid to purchase up to 14 million common shares (February 1, 2021 to January 31, 2022)

(1) Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's 2021 financial outlook.

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



JJ Ruest

President and Chief Executive Officer



Clear Focus Ahead

- Managing yield and driving productivity
- Generating steady and solid free cash flow
- Leading to bring technology into rail operations and customer experience
- Remaining mindful of industry long-term disruptors
- Solid and broad agenda on ESG

Driving sustainable, profitable growth

