



Fourth Quarter and Full Year 2022 Financial and Operating Results

January 24, 2023



TSX: CNR NYSE: CNI

Forward-looking statements



Certain statements included in this news release constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws, including statements based on management's assessment and assumptions and publicly available information with respect to CN. By their nature, forward-looking statements involve risks, uncertainties and assumptions. CN 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 may be identified by the use of terminology such as "believes", "expects", "anticipates", "assumes", "outlook", "plans", "targets" or other similar words.

2023 Key Assumptions

CN has made a number of economic and market assumptions in preparing its 2023 outlook. The Company assumes negative North American industrial production in 2023. For the 2022/2023 crop year, the grain crop in Canada was above its three-year average (or in line when excluding the significantly lower 2021/2022 crop year) and the U.S. grain crop was in line with its three-year average. The Company assumes that the 2023/2024 grain crops in Canada and the U.S. will be in line with their respective three-year averages (excluding the significantly lower 2021/2022 crop year in Canada). CN assumes continued pricing above rail inflation upon contract renewals. CN assumes that in 2023, the value of the Canadian dollar in U.S. currency will be approximately \$0.75, and assumes that in 2023 the average price of crude oil (West Texas Intermediate) will be approximately in the US\$75 - US\$80 range per barrel.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors which may cause actual results, performance or achievements of CN to be materially different from the outlook or any future results, performance or achievements 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, general economic and business conditions, including factors impacting global supply chains such as pandemics and geopolitical conflicts and tensions; 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 also be made to Management's Discussion and Analysis (MD&A) in CN's annual and interim reports, Annual Information Form and Form 40-F, filed with Canadian and U.S. securities regulators and available on CN's website, for a description of major risk factors relating to CN.

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. Information contained on, or accessible through, our website is not a part of this presentation.

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 net income, adjusted diluted earnings per share (EPS), adjusted operating income, adjusted operating ratio (referred to as adjusted performance measures), free cash flow, return on invested capital (ROIC) and adjusted ROIC. These non-GAAP measures may not be comparable to similar measures presented by other companies. See the Q4 2022 Earnings Release filed on January 24th, 2023, which is incorporated by reference herein which may be found online on SEDAR at www.sedar.com, on the SEC's website at www.sec.gov through EDGAR, and on the Company's website at www.cn.ca in the Investors section.

This presentation also includes certain forward looking non-GAAP measures (adjusted diluted EPS). It is not practicable to reconcile, without unreasonable efforts, these forward-looking measures to the most comparable GAAP measures, due to unknown variables and uncertainty related to future results. Please see note on Forward Looking Statements above for further discussion.

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

On the call today



Tracy Robinson

President and CEO



Ed Harris

Chief Operating Officer



Doug MacDonald

Chief Marketing Officer



Ghislain Houle

Chief Financial Officer

Tracy Robinson

President and Chief Executive Officer



Delivered on our Plan in 2022



- Achieved 2022 full year financial guidance, driven by renewed focus on running an integrated scheduled plan
- Continuing to leverage full alignment and commitment across the organization
- Expecting EPS to grow in 2023

Q4 2022	
Adj. EPS ⁽¹⁾	▲ 23%
OR	57.9%

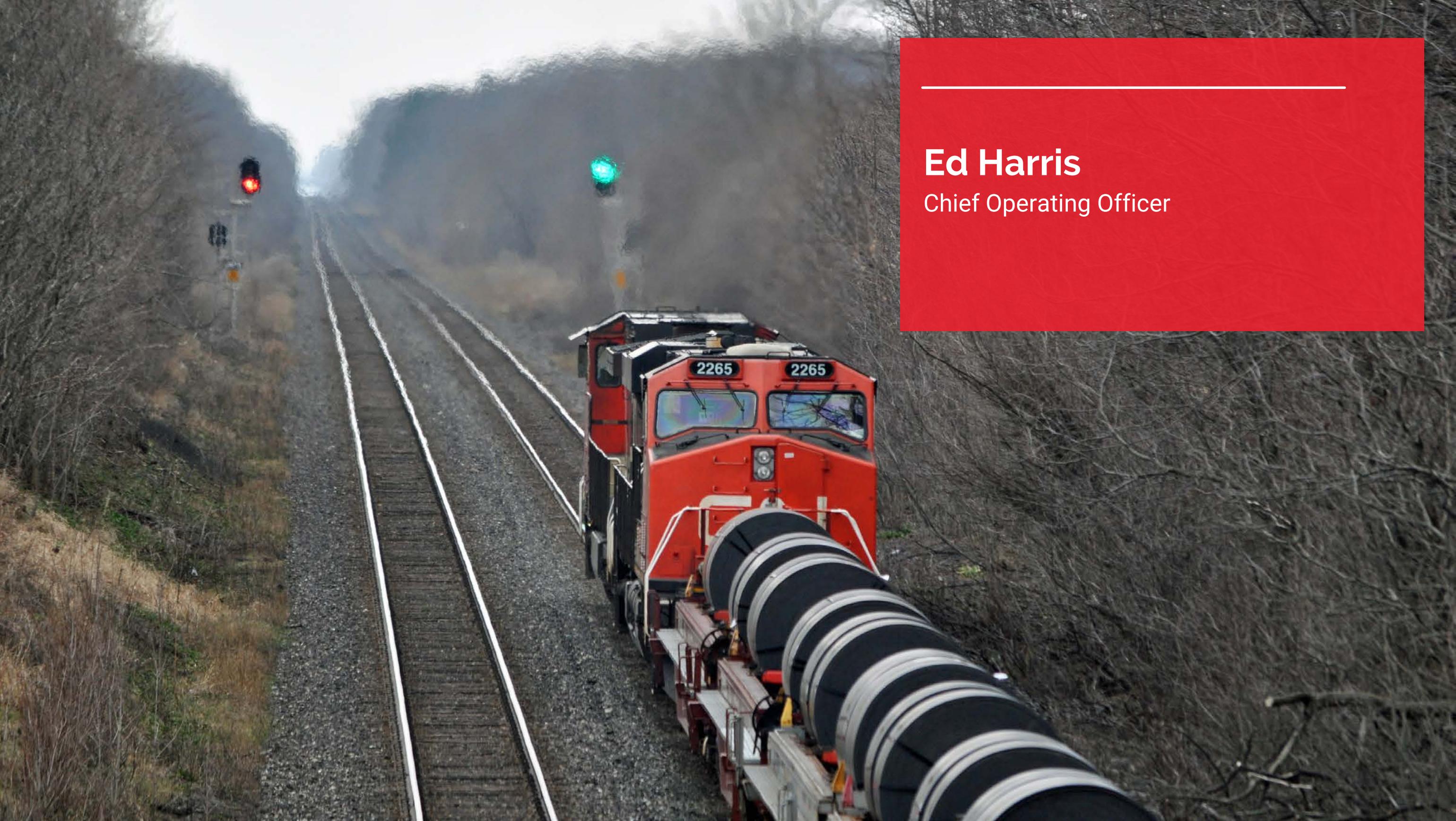
Full year 2022	
Adj. EPS ⁽¹⁾	▲ 25%
Adj. OR ⁽¹⁾	59.9%

Full year 2023 ⁽²⁾⁽³⁾
EPS
▲ Low single-digit

(1) These non-GAAP measures do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. For adjusted diluted EPS and adjusted operating ratio, see the section entitled "Adjusted performance measures" in the Q4 2022 Earnings release filed on January 24th, 2023, which are incorporated by reference herein, for an explanation of these non-GAAP measures.

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

(3) CN's full-year adjusted diluted EPS outlook excludes certain adjustments, which are expected to be comparable to adjustments made in prior years. However, management cannot individually quantify on a forward-looking basis the impact of these adjustments on its adjusted diluted EPS because these items, which could be significant, are difficult to predict and may be highly variable. As a result, CN does not provide a corresponding GAAP measure for, or reconciliation to, its adjusted diluted EPS outlook.



Ed Harris

Chief Operating Officer

Scheduled operation delivered performance and resilience



Rapid recovery following operating challenges in December

- The focus on Origin Train Performance drove fluidity across the network
- Running the plan resulted in a 10% improvement in car velocity
- Our unwavering commitment to safety reduced both injury and accident frequency

Q4 Origin train performance ⁽¹⁾⁽²⁾

85%

▲ 10%

Q4 car velocity ⁽²⁾

207 miles/day

▲ 10%

Q4 safety highlights

Injury frequency
rate⁽²⁾⁽³⁾

▼ 34%

Accident
rate⁽²⁾⁽³⁾

▼ 13%

(1) Origin train performance, which is defined as the percentage of manifest, automotive, and domestic intermodal trains departing origin within allowance of the scheduled time, averaged 85% in Q4 2022, an improvement of 10% compared to 77% for the same period in 2021.

(2) Operating measures and safety indicators are unaudited and based on estimated data available at such time and are subject to change as more complete information becomes available.

(3) Based on Federal Railroad Administration (FRA) reporting criteria.



Doug MacDonald
Chief Marketing Officer

Solid top line performance in Q4



- Solid bulk volumes offset weakness in Merchandise and Consumer Products segments
- Disciplined approach to pricing led to rail-inflation-plus pricing on renewals
- Softness from economic slowdown deepened in some markets: intermodal, lumber, chemicals, plastics

Q4 Revenue ton miles (RTMs) ⁽¹⁾

60.1B

▲ 6%

Q4 Revenues

\$4,542M

▲ 21%

2022 success stories

- Record intermodal volumes at the **Port of Halifax**
- Fully integrated **EMP Program**
- **Prince Rupert export propane** program growth
- Unit train record for **U.S. Grain**

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Softening demand outlook into 2023



Merchandise

- ↓ Forest Products
- ↓ Metals and Minerals
- ↔ Petroleum Products
- ↓ Chemicals and Plastics

Bulk

- ↑↑ Western Canadian Coal
- ↑ U.S. Coal
- ↑↑ Grain
- ↔ Fertilizers

Consumer Products

- ↓ International Intermodal
- ↓ Domestic Intermodal
- ↔ Automotive



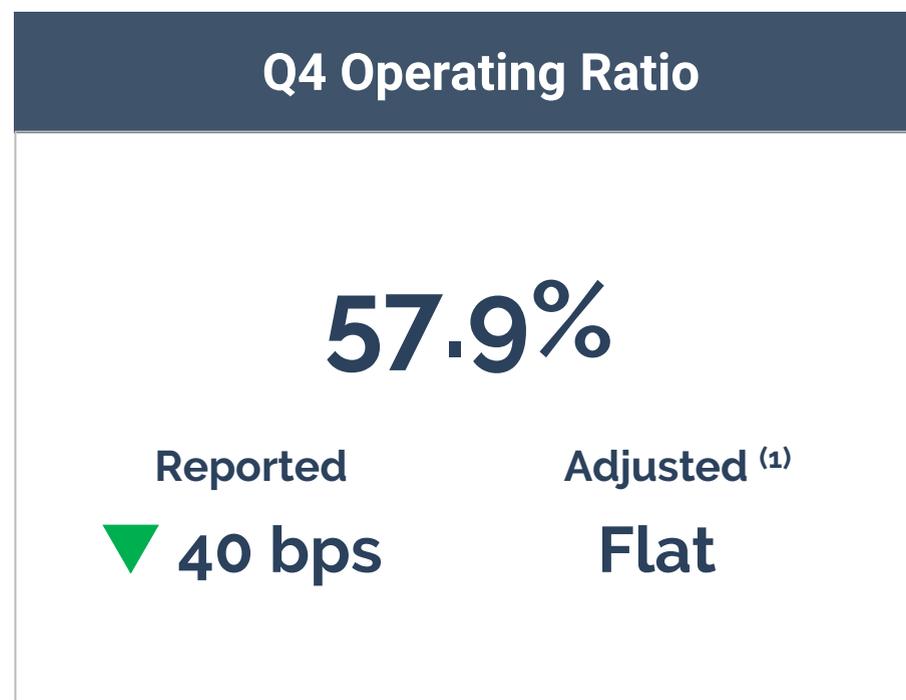
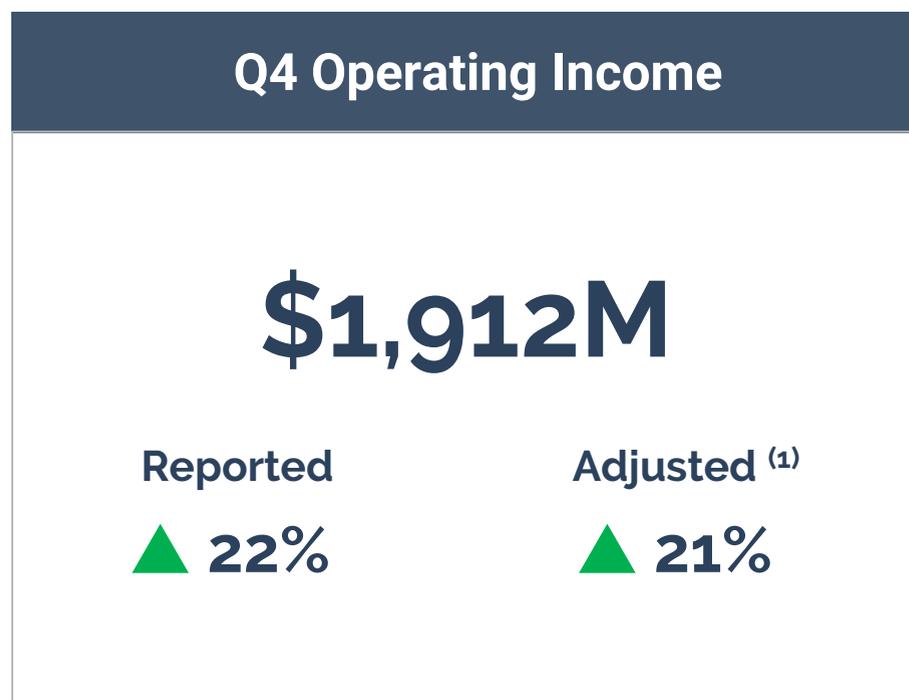
Ghislain Houle

Chief Financial Officer

Drove top line growth to the bottom line in the fourth quarter



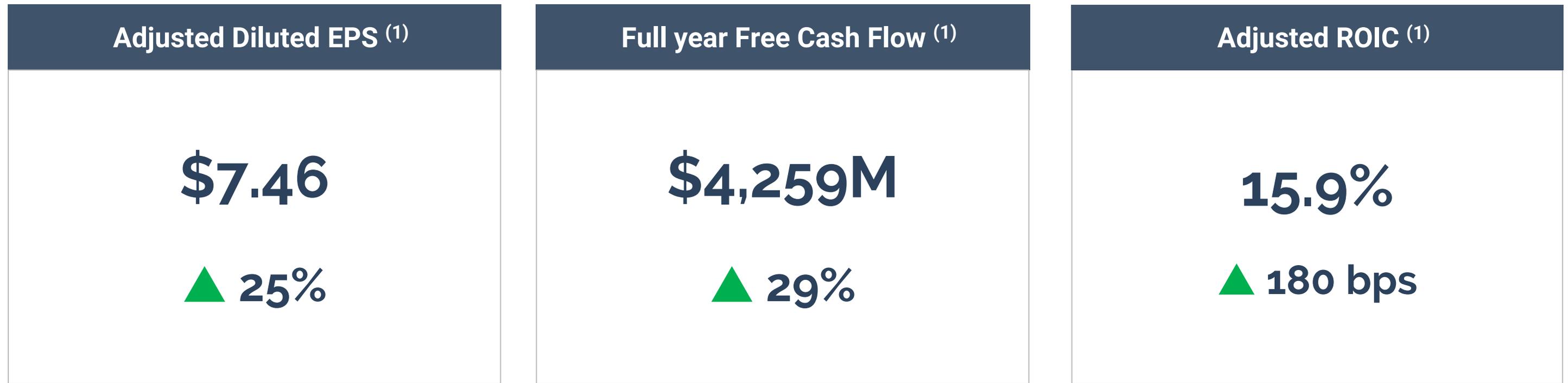
- Financial results highlighted the strength and resiliency of our franchise
- Operating income increased nearly \$335M, or 21%, on an adjusted basis ⁽¹⁾
- Solid operating ratio resulted from top line growth and an efficient operation
- Diluted EPS was up 23% on an adjusted basis ⁽¹⁾ when compared to Q4 2021



⁽¹⁾ These non-GAAP measures do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. For adjusted operating income, adjusted operating ratio and adjusted diluted EPS, see the section entitled "Adjusted performance measures" in the Q4 2022 Quarterly Review filed on January 24th, 2023, which are incorporated by reference herein, for an explanation of these non-GAAP measures.

Achieved our 2022 full year guidance

- Full year adjusted diluted EPS ⁽¹⁾ growth of 25% was aligned with our guidance, and the output of running a scheduled railroad with a focus on velocity
- Full year Free Cash Flow ⁽¹⁾ of nearly \$4.3B exceeded our guidance
- 2022 adjusted ROIC ⁽¹⁾ of 15.9% also exceeded our guidance and demonstrated our disciplined approach to capital allocation



(1) These non-GAAP measures do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. For adjusted diluted EPS, see the section entitled "Adjusted performance measures", for free cash flow, see the section entitled "Free cash flow" and for adjusted ROIC, see the section entitled "ROIC and Adjusted ROIC" in the Q4 2022 Quarterly Review filed on January 24th, 2023, which are incorporated by reference herein, for an explanation of these non-GAAP measures.

2023 financial outlook ⁽¹⁾

- We expect to deliver low single-digit adjusted diluted EPS growth by focusing on growing with our customers, driving further operating efficiencies and pricing above rail-inflation
- North American industrial production assumed to be negative in 2023
- CN continues to reward long-term shareholders:
 - An 8% growth in dividend will be the 27th consecutive annual increase
 - Our new share repurchase program, in the range of \$4B, reflects a prudent approach despite a softening economy

Adjusted diluted EPS ⁽²⁾ Growth

 **Low single-digit**

2023 dividend

 **8%**

Share buyback

**Up to 32 million
common shares**

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Tracy Robinson

President and Chief Executive Officer



Looking to 2023 and beyond

Rebuilding the organization to drive profitable growth into the future

- Deepen the commitment to our plan
- Work with our customers to drive long-term profitable growth
- Remain committed to our safety objective of achieving zero fatalities and serious injuries
- Drive incremental improvement in our fuel/carbon efficiency
- Develop the next generation of railroaders

More details to follow at our May 2-3 Investor Day in Chicago