

# Q2-2020

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CN

# FINANCIAL RESULTS CALL

## TOP 5 QUESTIONS



### Consumer Markets

While second quarter results were adversely impacted by the pandemic, CN continued to deliver essential transportation services to its customers, demonstrating its key role in the integrated global supply chain. The scale and variety of products and services offered by CN helped consumer businesses to be resilient in the face of volatile demand caused by the pandemic. More importantly, the recent acquisitions of TransX and H&R have amplified our expertise in refrigerated services allowing CN to grow consumer and grocery products within domestic intermodal.



### Productivity

During the second quarter, CN responded quickly to rapid and significant volume declines, achieving all-time historic levels for train weight and train length as we were able to move more freight on every train start. We reduced crew starts by 21% year over year, which was more than the 18% decline in volumes in terms of revenue ton miles. While through dwell increased, this was a conscious decision to focus on train efficiencies in a significantly lower volume environment. Overall, the productivity improvements demonstrated our culture of operational resiliency during a tough quarter and we strive to further improve our efficiencies.



### 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. Throughout Q2, CN's resiliency led to many operational successes with the team setting an all-time best-ever quarterly fuel efficiency record consuming on average 0.88 US gallons of locomotive fuel per 1,000 gross ton miles. We continue to decrease our carbon footprint and demonstrate our commitment to ESG.



### Technology

CN is leveraging advanced technologies to modernize our rail operations. Our Automated Track Inspection Program (ATIP) is currently part of an FRA-approved test program along a 1,204 mile route from Chicago to New Orleans with the goal of establishing new, stronger safety targets through autonomous inspections. From January to May of 2020, we've inspected our track 17 times more than traditional testing. We expect to enter Phase 2 of this program in August with the goal of reducing manual inspections by 50% while further leveraging the ATIP technology. In Canada, we are working with Transport Canada to begin testing and follow the same pattern. We are turning our employees from finders into fixers and unlocking capacity as we build a safer, more predictable and reliable network. [View the latest ATIP video.](#)



### Investing for the Future of Grain

Although the pandemic is having unprecedented effects on demand, we set all-time records for the last four consecutive months for Canadian grain movements. In order to support customer investments, we will be acquiring 1,500 high capacity hopper cars for delivery starting in January of 2021 that will create capacity and allow us to ship more grain using the same train resources. CN is focused on growth and ready for the recovery.