



Third Quarter 2023 Financial and Operating Results

October 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 now assumes flat North American industrial production in 2023 (compared to the July 25, 2023 assumption of negative North American industrial production in 2023). The Company continues to assume that the 2023/2024 grain crop in Canada will be below its three-year average (also below when excluding the significantly lower 2021/2022 crop year) and the U.S. grain crop will be above its three-year average. CN continues to assume pricing above rail inflation upon contract renewals. CN also continues to assume that in 2023, the value of the Canadian dollar in U.S. currency will be approximately \$0.75, and now assumes the average price of crude oil (West Texas Intermediate) will be approximately US\$80 per barrel (compared to the July 25, 2023 assumption of being approximately US\$75 per barrel). Additionally, CN continues to assume that in 2023 there will be no further significant impact from Canadian wildfires.

2024-2026 Key Assumptions

CN has made a number of economic and market assumptions in preparing its three-year financial perspective. CN assumes that the North American industrial production will increase by at least two percent CAGR over the next three years. CN assumes continued pricing above rail inflation. CN assumes that the value of the Canadian dollar in U.S. currency will be approximately \$0.75 and that the average price of crude oil (West Texas Intermediate) will be approximately US\$80 per barrel during this period.

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; the availability of and cost competitiveness of renewable fuels and the development of new locomotive propulsion technology; 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 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), and free cash flow. These non-GAAP measures may not be comparable to similar measures presented by other companies. See the Q3 2023 Earnings Release filed on October 24th, 2023, which is incorporated by reference herein which may be found online on SEDAR+ at www.sedarplus.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 a forward-looking non-GAAP measure (adjusted diluted EPS). It is not practicable to reconcile, without unreasonable efforts, this forward-looking measure to the most comparable GAAP measure, 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



Fluid network is well-positioned for volume lift



- Evolution of operating structure creates winning conditions to safely and sustainably grow at low incremental cost
- Third quarter results impacted by continued weakness in consumer demand, external disruptions and unfavorable fuel surcharge lag
- Core operations running well – ready for the rebound

Q3 Diluted EPS

\$1.69

▼ 21%

Q3 Operating Ratio

62.0%

▲ 480 bps

Reaffirmed 2023 Financial Outlook ⁽¹⁾⁽²⁾

**Adjusted Diluted EPS ⁽³⁾
growth**

**Flat to
Slightly Negative**

(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 financial outlook.

(2) CN's full-year adjusted diluted EPS outlook exclude 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

(3) This non-GAAP measure does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to a similar measure presented by other companies. For adjusted diluted EPS, see the section entitled "Adjusted performance measures" in the Q3 2023 Quarterly Review filed on October 24th, 2023, which is incorporated by reference herein, for an explanation of this non-GAAP measure.



Ed Harris


Chief Operating Officer

Resilient operations in a challenging external environment



- Maintained operational fluidity in the face of West Coast port strike, fires, and floods
- Multiple network disruptions stress-tested the Plan – significant improvement in network recoverability
- Committed to building and reinforcing safety into everything we do

Q3 Origin train performance ⁽¹⁾⁽²⁾

89%
 **2%**

Q3 Car velocity ⁽²⁾

209 miles/day
 **1%**

Q3 Safety highlights

Injury frequency
rate ⁽²⁾⁽³⁾

 **6%**

Accident
rate ⁽²⁾⁽³⁾

 **10%**

(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 89% in Q3 2023, an improvement of 2% compared to 87% for the same period in 2022.

(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.



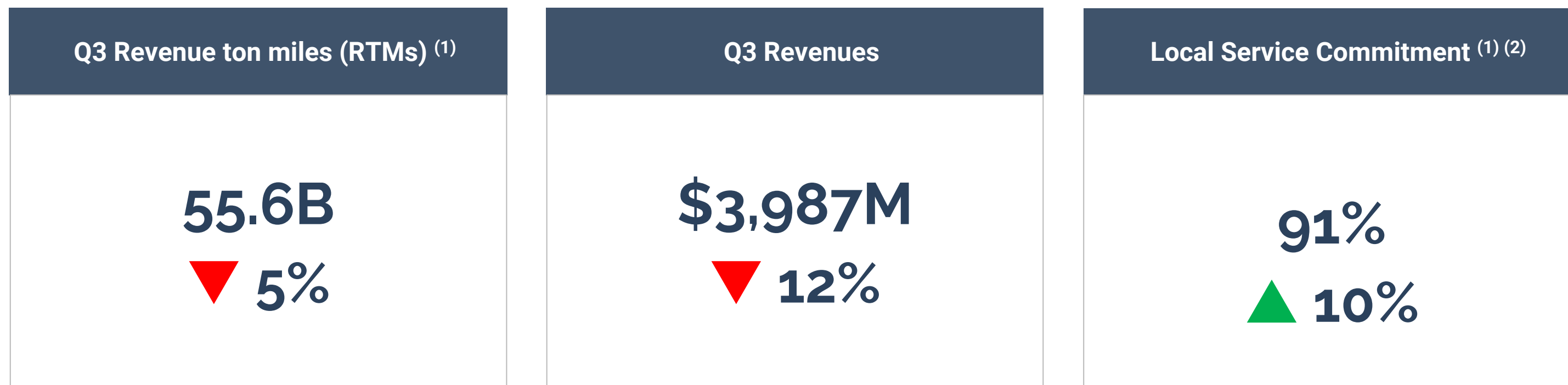
Doug MacDonald

Chief Marketing Officer

Strengthening in key markets during the quarter



- Solid customer service enabled supportive environment for rail inflation-plus pricing
- Bulk segments continued to outperform, merchandise franchise showing positive momentum, while underlying demand for consumer products remained sluggish
- CN-specific growth projects to start delivering volumes in the fourth quarter – NGLs, refined petroleum products, frac sand



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

(2) Local Service Commitment, which is defined as the percentage of cars that successfully completed their Daily Operating Plan, averaged 91% in Q3 2023, an improvement of 10% compared to 83% for the same period in 2022.

Forecasting sequential improvements across most business lines



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



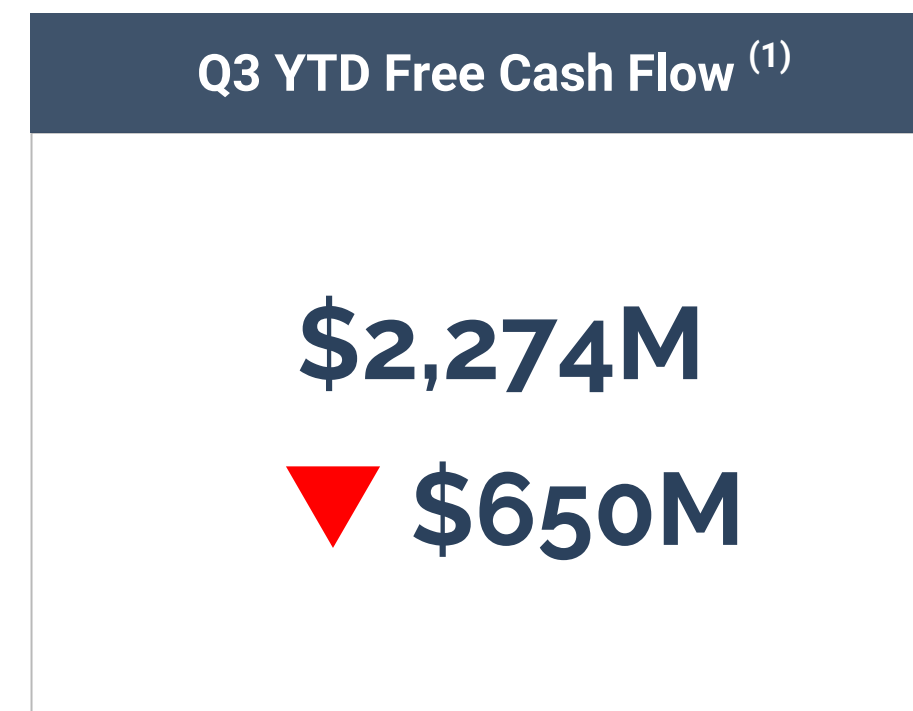
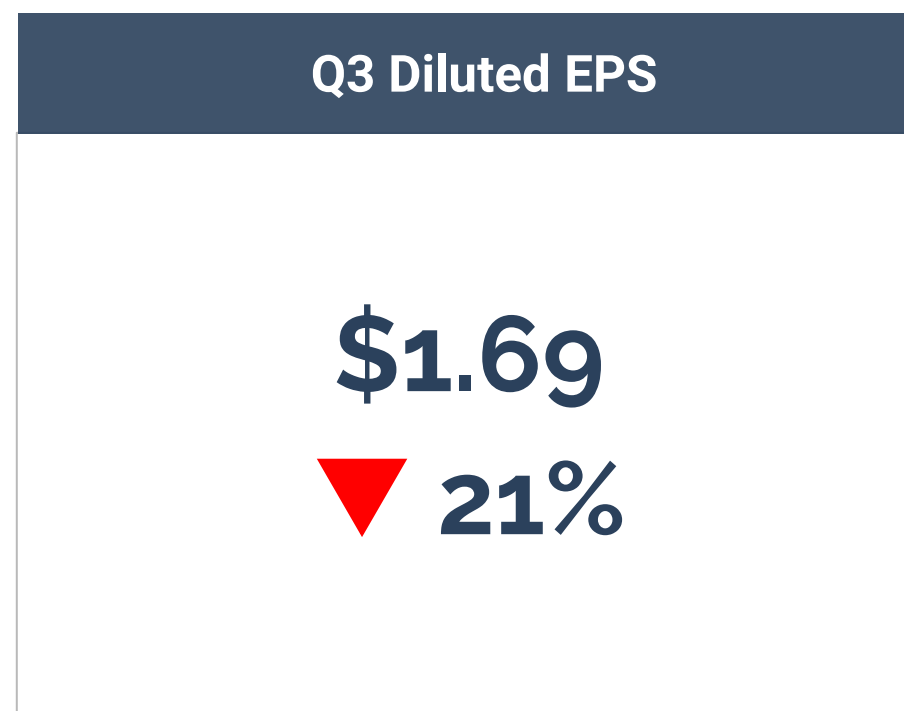
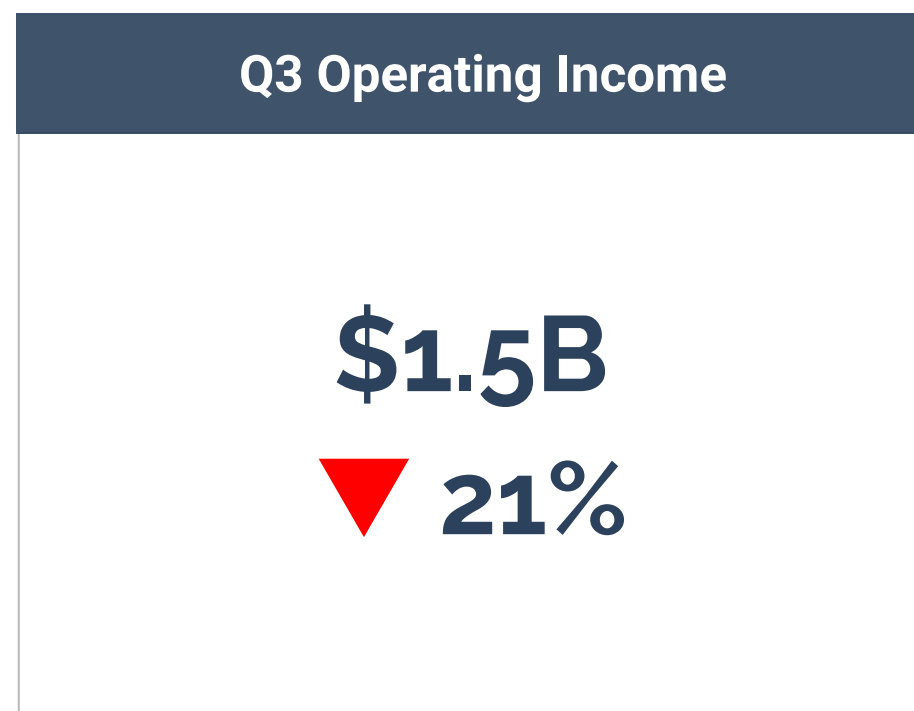
Ghislain Houle

Chief Financial Officer

Transitory headwinds weighed on financial results



- Q3 EPS impacted by lower consumer-related volumes; external disruptions (-10¢); and unfavorable fuel lag (-10¢ in the quarter, or -20¢ on a year-over-year basis)
- Investing in rolling stock, and investing in track infrastructure steadily with a view to capital efficiency
- Balanced approach through the downturn positions us well for delivering operating leverage as volumes continue to improve



(1) This non-GAAP measure does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to a similar measure presented by other companies. For free cash flow, see the section entitled "Free cash flow" in the Q3 2023 Quarterly Review filed on October 24th, 2023, which is incorporated by reference herein, for an explanation of this non-GAAP measure.

Re-affirming our 2023 financial outlook ⁽¹⁾



- Expecting to deliver flat to slightly negative adjusted diluted EPS ⁽¹⁾⁽²⁾ growth over 2022
- Continuing to reward long-term shareholders with 8% growth in dividend for 2023 and executing on our 2023-2024 share repurchase program, with an increased budget now in the range of \$4.5B

Adjusted diluted EPS ⁽²⁾ growth

**Flat to
Slightly Negative**

2023 Dividend

▲ 8%

Share buyback

**Budget increased
by \$500M
to ~\$4.5B**

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(2) 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.

Tracy Robinson

President and Chief Executive Officer



Primed for the rebound



- The **core engine** is performing
- The **Team** is in place
- Right conditions for **margin expansion** as volumes lift