



Financial Statements

Figure 125: CNI Income Statement

Canadian National Railway (CNI)												
Quarterly Income Statement (C\$ millions)	2012	2013	2014	2015	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017a	2017E	2018E	2019E
Operating Revenue												
Total rail freight revenues	8,938	9,951	11,455	11,905	11,326	3,075	3,111	3,016	3,106	12,308	12,637	13,346
YoY Change	10.2%	11.3%	15.1%	3.9%	(4.9%)	8.1%	17.6%	7.2%	2.8%	8.7%	2.7%	5.6%
Other revenue	982	624	679	706	711	131	218	205	205	750	781	825
YoY Change	7.1%	(36.5%)	8.8%	4.0%	0.7%	10.1%	11.2%	2.0%	5.1%	6.8%	2.9%	5.6%
Total Operating Revenue	9,920	10,575	12,134	12,611	12,037	3,206	3,329	3,221	3,311	13,057	13,418	14,171
YoY Change	9.9%	6.6%	14.7%	3.9%	(4.6%)	8.2%	17.1%	6.9%	2.9%	8.6%	2.7%	5.6%
Operating Expenses												
Labor and fringe benefits	1,952	2,182	2,319	2,406	2,119	580	527	525	593	2,225	2,290	2,394
Purchased services and material	1,248	1,351	1,598	1,729	1,592	440	432	424	430	1,726	1,753	1,849
Fuel	1,524	1,619	1,846	1,285	1,051	342	329	312	329	1,312	1,387	1,421
Depreciation and amortization	924	980	1,050	1,158	1,225	323	326	316	328	1,293	1,355	1,431
Equipment costs	249	275	329	373	375	101	103	107	106	417	405	425
Casualties and insurance	338	295	368	394	363	117	117	78	99	411	365	376
Total Operating Expenses	6,235	6,702	7,510	7,345	6,725	1,903	1,834	1,762	1,886	7,385	7,555	7,897
YoY Change	8.8%	7.5%	12.1%	(2.2%)	(8.4%)	8.9%	18.4%	9.6%	3.5%	9.8%	2.3%	4.5%
Opex as a % of revenue												
Labor and fringe benefits	19.7%	20.6%	19.1%	19.1%	17.6%	18.1%	15.8%	16.3%	17.9%	17.0%	17.1%	16.9%
Purchased services and material	12.6%	12.8%	13.2%	13.7%	13.2%	13.7%	13.0%	13.2%	13.0%	13.2%	13.1%	13.1%
Fuel	15.4%	15.3%	15.2%	10.2%	8.7%	10.7%	9.9%	9.7%	9.9%	10.0%	10.3%	10.0%
Depreciation and amortization	9.3%	9.3%	8.7%	9.2%	10.2%	10.1%	9.8%	9.8%	9.9%	9.9%	10.1%	10.1%
Equipment costs	2.5%	2.6%	2.7%	3.0%	3.1%	3.2%	3.1%	3.3%	3.2%	3.2%	3.0%	3.0%
Casualties and others	3.4%	2.8%	3.0%	3.1%	3.0%	3.6%	3.5%	2.4%	3.0%	3.1%	2.7%	2.7%
Operating Ratio	62.9%	63.4%	61.9%	58.2%	55.9%	59.4%	55.1%	54.7%	57.0%	56.5%	56.9%	55.7%
YoY Improvement (deterioration)	64 bps	(52 bps)	148 bps	365 bps	237 bps	(42 bps)	(59 bps)	(139 bps)	(32 bps)	(65 bps)	21 bps	58 bps
Operating income												
	3,685	3,873	4,624	5,266	5,312	1,303	1,495	1,459	1,425	5,682	5,863	6,274
YoY Change	11.8%	5.1%	19.4%	13.9%	0.9%	7.1%	15.6%	3.7%	2.2%	7.0%	3.2%	7.0%
Incremental Margin												
	43.6%	28.7%	48.2%	134.6%	N/A	35.5%	41.5%	25.1%	32.1%	35.9%	51.0%	54.6%
Other Income And Interest Expense												
Other income	34	4	27	47	19	2	1	5	0	8	0	0
Interest expense	(342)	(357)	(371)	(439)	(480)	(122)	(123)	(119)	(121)	(485)	(497)	(499)
Total other income	(308)	(353)	(344)	(392)	(461)	(120)	(122)	(114)	(121)	(477)	(497)	(499)
Pretax income												
	3,377	3,520	4,280	4,874	4,851	1,183	1,373	1,345	1,304	5,205	5,366	5,776
Effective income tax rate	27.3%	26.6%	27.7%	26.5%	26.2%	25.7%	26.2%	26.5%	26.5%	26.2%	26.5%	26.5%
Income taxes	921	938	1,185	1,294	1,270	304	360	356	346	1,366	1,422	1,531
Net income (continuing)												
	2,456	2,582	3,095	3,580	3,581	879	1,013	989	959	3,840	3,944	4,245
Extraordinary items	224	30	72	(42)	59	5	18	(31)	-	(8)	-	-
Net income (reported)	2,680	2,612	3,167	3,538	3,640	884	1,031	958	959	3,832	3,944	4,245
YoY Change (continuing)	11.9%	5.1%	19.9%	15.7%	0.0%	11.0%	17.1%	1.7%	0.7%	7.2%	2.7%	7.6%
Diluted EPS (Continuing)												
	\$2.81	\$3.05	\$3.76	\$4.44	\$4.60	\$1.15	\$1.34	\$1.31	\$1.28	\$5.07	\$5.34	\$5.90
Extraordinary items	0.26	0.04	0.09	(0.05)	0.08	0.01	0.02	(0.04)	-	(0.01)	-	-
Diluted EPS (Reported)	\$3.06	\$3.09	\$3.85	\$4.39	\$4.67	\$1.16	\$1.36	\$1.27	\$1.28	\$5.06	\$5.34	\$5.90
YoY Change (continuing)	16.2%	8.8%	23.2%	18.1%	3.5%	14.5%	21.1%	4.5%	3.8%	10.3%	5.4%	10.3%
Avg. basic shares outstanding	871.1	843.1	819.2	800.7	776.0	761.3	756.1	751.1	746.7	753.8	734.0	714.2
Avg. diluted shares outstanding	875.4	846.1	823.5	805.1	779.2	764.5	759.7	755.0	750.6	757.4	737.9	720.1

Source: Deutsche Bank, Company Filings