



Canadian Rail Co's Set to Report

Description

After today's close **CN Rail** (TSX:CNR,NYSE:CNI) is set to report its 2nd quarter results – officially kicking off earnings season on this side of the 49th parallel.

On Wednesday, it's CN's rival **Canadian Pacific Railway's** (TSX:CP,NYSE:CP) turn.

The tables below capture what is expected of each when their results hit the tape.

Revenues

	Q2'13 Revs(E)	Q1'13 Rev	vs. Est.	Q2'12 Rev	vs. Est
CNR	\$2,692	\$2,466	9.2%	\$2,543	5.9%
CP	\$1,511	\$1,495	1.1%	\$1,366	10.6%

Source: Capital IQ

Revenue growth is forecast to be solid, but not outstanding. With year-over-year growth of 10.6% expected from CP, it seemingly has the stronger tail wind behind it at the moment.

Earnings

	Q2'13 EPS(E)	Q1'13 EPS	vs. est.	Q2'12 EPS	vs. est
CN	\$1.61	\$1.30	23.8%	\$1.44	11.8%

CP	\$1.49	\$1.24	20.2%	\$0.60	148.3%
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Source: Capital IQ

This dynamic becomes even clearer when the expected earnings growth for both firms is stacked against each other. EPS from CP is expected to have grown by almost 150% on a year-over-year basis. That's a rather astounding figure, especially given the mature nature of the rail business.

This growth however has more to do with the fact that a year ago, CP was not living up to its potential. Under the guidance of a new management team, the gap between current performance and fulfilling its potential has shrunk.

Foolish Bottom Line

Over the past year, CP shares have clocked a return of 76% while CN has gained a "mere" 19%. Although CP's earnings are expected to continue to improve, given the move that the stock has had, much of this improvement has been priced into the company's stock. Over the long-term, from a relative standpoint, this bodes well for the more slow and steady pace that CN Rail is currently on.

Canada's rail companies are no doubt 2 of the best businesses that this country has to offer. For a glimpse at 3 of the best that our neighbors to the south can muster, [click here now](#) and download "**3 U.S. Stocks That Every Canadian Should Own**". It's **FREE!**

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Fool contributor Iain Butler doesn't own shares in any of the companies mentioned at this time. David Gardner owns shares of CN Rail. The Motley Fool doesn't own shares in any of the companies mentioned.

CATEGORY

- Investing

TICKERS GLOBAL

- NYSE:CNI (Canadian National Railway Company)
- NYSE:CP (Canadian Pacific Railway)
- TSX:CNR (Canadian National Railway Company)
- TSX:CP (Canadian Pacific Railway)

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