



## CNR Stock: Why This Insider Invested \$7.6 Million

### Description

It was a long war for **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)). CNR stock hoped to become the largest railway in North America when the company looked to purchase **Kansas City Southern Railway**, and almost made it too! But after a negative reaction from the U.S. Surface Transportation Board, it was all over this month for the stock.

But that doesn't mean Motley Fool investors shouldn't invest. In fact, one insider recently bought a whopping 50,000 shares for a price of around \$7.6 million at the time of purchase.

So does this mean Motley Fool investors should pay attention?

### Moving on

CNR stock wasted practically no time in introducing several new projects after losing the KCS bid. After being [accused](#) by TCI Fund Management of making an unwise offer, CNR stock management wanted to prove it has investor interests in mind to boost profit. TCI's CEO even went as far as to state he would "oust" executives for their "...flawed decision making" and "...a basic misunderstanding of the railroad industry and regulatory environment."

Some of the plans announced by CNR stock in response were to sell its non-rail businesses, eliminating 1,050 in total jobs and 650 in management positions. It will then resume its share [repurchase](#) program with the aim of reaching \$1.1 billion by January 2022. Those repurchases will then increase to \$5 billion for 2022, along with increasing train length and speed.

Management stated that nothing is off-limits for CNR stock. If it doesn't fit in the company's long-term strategy to improve efficiency and optimization, it goes.

### Is it enough?

Analysts flooded in with opinions on the changes to CNR stock, with most believing it to be a step in

the right direction. However, the concerns from TCI Fund Management can't be ignored. The company was able to oust 12 executives from another U.S. railway before and could very well do so again.

In fact, it's the TCI issue that creates the largest problem for analysts. Until the battle between these two companies is solved, some even have set CNR stock as a hold.

And then there's losing the KCS bid in the first place. This would have created massive costs in the short term, and arguably would not have been in the company's favour. However, long-term it could have been a cash cow. And now CNR stock may be stuck as second best. Though arguably, as TCI has stated, it should be running the most efficient railway in North America by now.

At present, the company looks stronger without the billions in debt it was about to take on. Most analysts indeed upgraded the rating, seeing a future filled with multi-year earnings potential. The stock currently trades at about \$148 per share, with a potential upside average of 8% as of writing.

## Foolish takeaway

For Motley Fool investors looking to invest in CNR stock, it may not be the right time. Not until this TCI issue is solved. However, management must believe that huge savings will be had in the near future. This could lead to significant earnings. But several shakeups could prove very risky for investors getting in on CNR stock today. So it may be best to heed analyst warnings and sit on the sidelines for now.

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