Q3 2020 EARNINGS REVIEW

OCTOBER 20, 2020

CANADIAN PACIFIC
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CP

FORWARD LOOKING STATEMENTS

The following investor presentation contains certain forward-looking information within the meaning of applicable securities laws relating, but not limited to, statements concerning 2020 volume including as measured in revenue ton-miles, adjusted diluted EPS growth, capital program investments, the U.S.-to-Canadian dollar exchange rate, annualized effective tax rate, other components of net periodic benefit recovery, the success of our business, our operations, priorities and plans, anticipated financial and operational performance, business prospects, demand for our services, growth opportunities, anticipated impacts of our new multi-year agreement with Maersk, and anticipated demand for and growth, reliability and sustainability impacts of our new Vancouver transload facility. This forward-looking information also includes, but is not limited to, statements concerning expectations, beliefs, plans, goals, objectives, assumptions and statements about possible future events, conditions, and results of operations or performance.

Forward-looking information may contain statements with words such as “anticipate”, “believe”, “expect”, “plan”, “financial expectations”, “key assumptions”, “outlook”, “guidance”, or similar words suggesting future outcomes. To the extent that CP has provided forecasts or targets using Non-GAAP financial measures, CP may not be able to provide a reconciliation to a GAAP measure without unreasonable efforts, due to unknown variables and uncertainty related to future results.

Undue reliance should not be placed on forward-looking information as actual results may differ materially from the forward-looking information. Forward-looking information is not a guarantee of future performance. The purpose of our 2020 full year guidance (including adjusted diluted EPS and RTM targets) is to assist readers in understanding our expected and targeted financial results, and this information may not be appropriate for other purposes.

By its nature, CP’s forward-looking information involves numerous assumptions, inherent risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking information, including but not limited to the following factors: changes in business strategies; general North American and global economic, credit and business conditions; risks associated with agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; changes in commodity prices; uncertainty surrounding timing and volumes of commodities being shipped via CP; inflation; geopolitical instability; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions and discount rates on the financial position of pension plans and investments; trade restrictions or other changes to international trade arrangements; climate change; various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches and earthquakes, and cybersecurity attacks, as well as security threats and governmental response to them, and technological changes; and the pandemic created by the outbreak of the novel strain of coronavirus (and the disease known as COVID-19) and resulting effects on economic conditions, the demand environment for logistics requirements and energy prices, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains.

The foregoing list of factors is not exhaustive. These and other factors are detailed from time to time in reports filed by CP with securities regulators in Canada and the United States. Reference should be made to CP’s annual and quarterly reports filed on Form 10-K and 10-Q, respectively.

Forward-looking information is based on current expectations, estimates and projections and it is possible that predictions, forecasts, projections, and other forms of forward-looking information will not be achieved by CP. Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

NOTE ON NON-GAAP MEASURES

Except where noted, all figures are in millions of Canadian dollars.

Financial information is prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), unless otherwise noted.

CP presents Non-GAAP measures in this presentation to provide a basis for evaluating underlying earnings and liquidity trends that can be compared with the prior period's results.

It should be noted that CP’s Non-GAAP measures as described in this presentation, have no standardized meanings and are not defined by U.S. GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies. Although CP has provided forward-looking non-GAAP measure (adjusted diluted EPS), management is unable to reconcile, without unreasonable efforts, the forward-looking adjusted diluted EPS to the most comparable GAAP measures (diluted EPS), due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In past years, CP has recognized significant asset impairment charges, management transition costs related to senior executives and discrete tax items. These or other similar, large unforeseen transactions affect diluted EPS but may be excluded from CP's adjusted diluted EPS. Additionally, the U.S.-to-Canadian dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's adjusted diluted EPS. In particular, CP excludes the FX impact of translating the Company's debt and lease liabilities, the impact from changes in income tax rates and a provision for an uncertain tax item from adjusted diluted EPS.

For further information regarding Non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see the Non-GAAP Measures supplement to the Q3 2020 Earnings Release on our website at investor.cpr.ca.

KEITH CREEL

PRESIDENT & CHIEF EXECUTIVE OFFICER

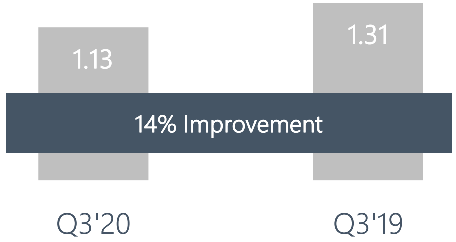
HIGHLIGHTS

- Continued strong operating metrics as volumes improved
- Carrying momentum into Q4 and 2021
- New multi-year contract with Maersk
  - Volumes into Port of Vancouver and Port of Montreal
  - State of the art transload
- Investing in technology to build on industry leading safety record

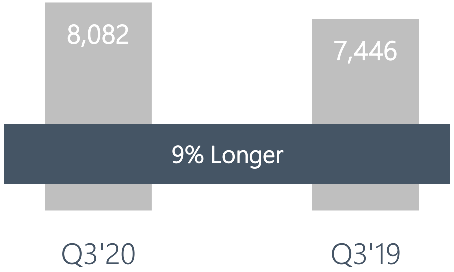
CP's First Intermodal train to Saint John in 25 Years

OPERATING PERFORMANCE

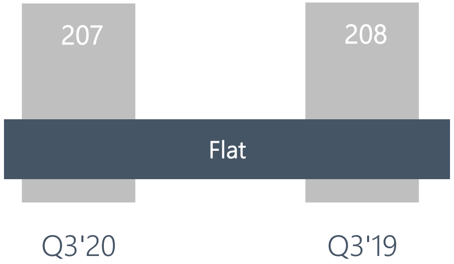
FRA train accident frequency
(per million train-miles)



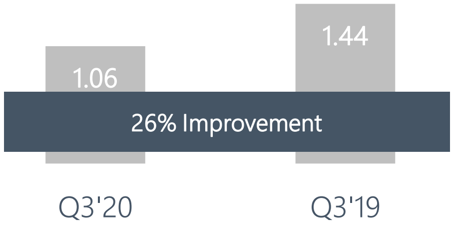
Average train length
(feet)



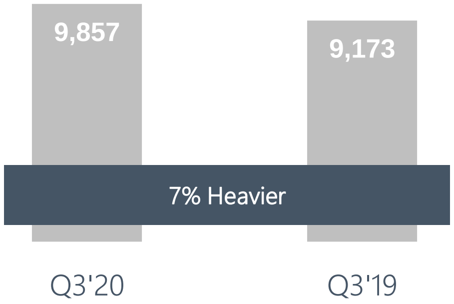
Locomotive productivity
(GTMs/operating horsepower)



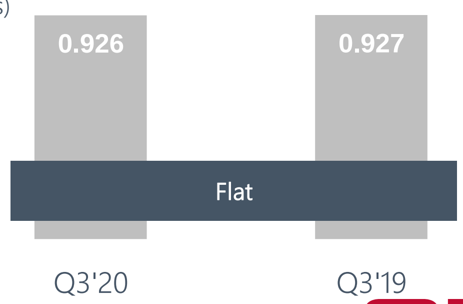
FRA personal injuries
(per 200,000 employee-hours)



Average train weight
(tons)



Fuel efficiency
(U.S. gallons of locomotive fuel consumed/1,000 GTMs)



JOHN BROOKS

CHIEF MARKETING OFFICER

CP

REVENUE HIGHLIGHTS Q3

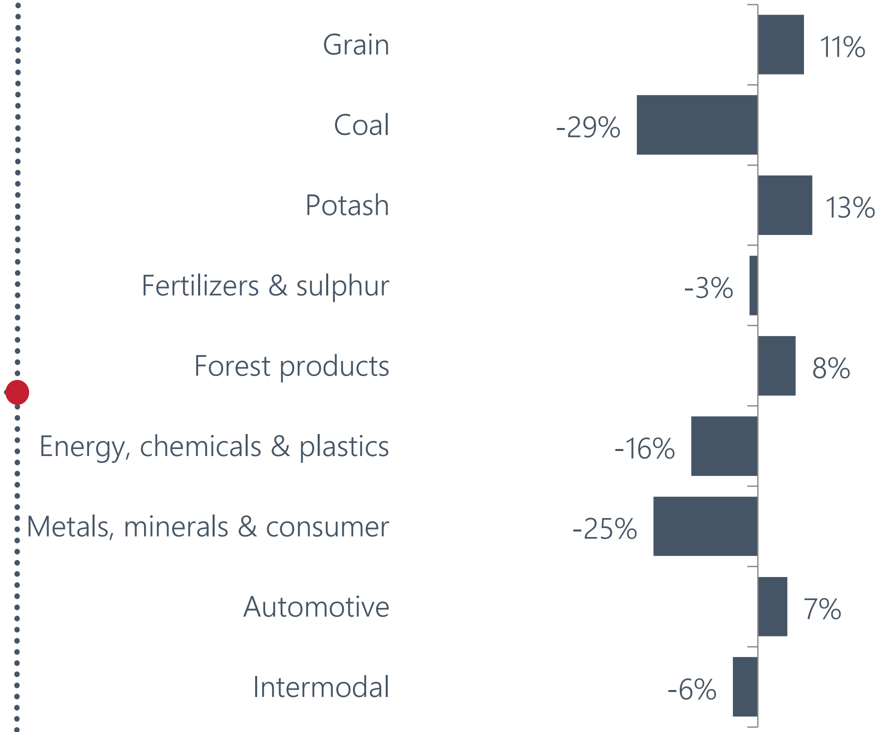
TOTAL REVENUE

-6%

VS Q3 2019

- RTMs: -6%
- FX: flat
- Fuel: -3%
- Price / Mix / Other: +3%

FX-adjusted revenue variance[1]



(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q3 2020 Earnings Release on investor.cpr.ca.

REVENUE OUTLOOK

BULK: 40%

- Four consecutive record quarters for Canadian grain across all metrics; outlook remains strong with a record crop coming off in Canada
- US grain performing well as trade tensions ease
- Contract settlement and diversified outlets creates confidence in Potash

MERCHANDISE: 39%

- Merchandise volumes excluding crude and frac are strengthening as demand returns
- Guidance continues to assume minimal crude in Q4
- Double digit growth in Automotive volumes expected to continue

INTERMODAL: 21%

- Continued strong demand in Domestic driven by restocking and consumer spending patterns
- International opportunities through multi-year strategic relationships
- Port of Saint John provides a compelling opportunity for Eastern growth

Business mix shown represents percentage of 2019 freight revenue

NADEEM VELANI

CHIEF FINANCIAL OFFICER

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FINANCIAL PERFORMANCE Q3

(in millions, except percentages and per share data)	Third Quarter 2020	2019	Change %	FX Adjusted Change%[1]
Total revenues	$ 1,863	$ 1,979	(6)%	(6)%
Compensation and benefits	382	355	8%	7%
Fuel	140	210	(33)%	(34)%
Materials	53	50	6%	6%
Equipment rents	39	33	18%	15%
Depreciation and amortization	195	185	5%	5%
Purchased services and other	275	277	(1)%	(1)%
Total operating expenses	1,084	1,110	(2)%	(3)%
Operating income	**779**	**869**	**(10)%**	**(11)%**
Other (income) expense	(36)	29	(224)%	
Other components of net periodic benefit recovery	(86)	(99)	(13)%	
Net interest expense	114	110	4%	
Income tax expense	189	211	(10)%	
Net income	**$ 598**	**$ 618**	**(3)%**	
Adjusted income[1]	**$ 560**	**$ 640**	**(13)%**	
Diluted earnings per share	$ 4.41	$ 4.46	(1)%	
Adjusted diluted earnings per share[1]	$ 4.12	$ 4.61	(11)%	
Operating ratio	58.2%	56.1%	210 bps	

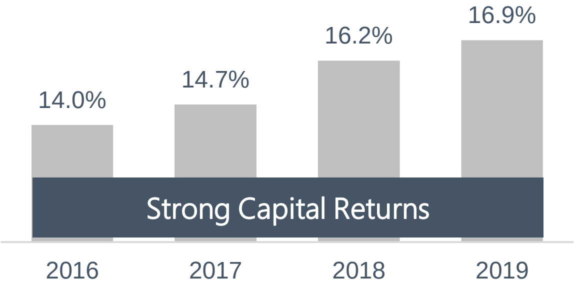
(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q3 2020 Earnings Release on investor.cpr.ca.

DISCIPLINED APPROACH TO MANAGING CAPITAL

Selected Key Metrics

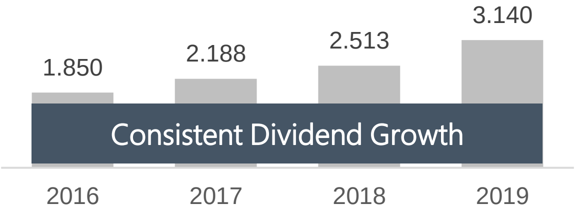
	2016	2017	2018	2019
Return On Invested Capital ("ROIC")(1)	14.4%	20.5%	15.3%	17.9%
Adjusted ROIC(1)	14.0%	14.7%	16.2%	16.9%
Long-term debt to Net income ratio(2)	5.4	3.4	4.5	3.6
Adjusted net debt to Adjusted EBITDA ratio(1)	2.9	2.6	2.6	2.4

Adjusted ROIC(1)



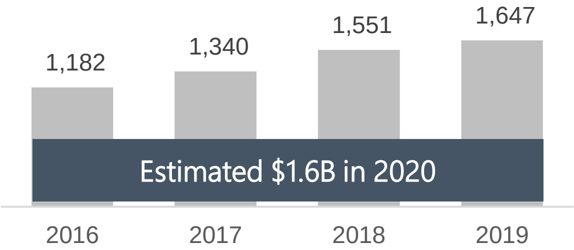
Dividend

($/share CAD)

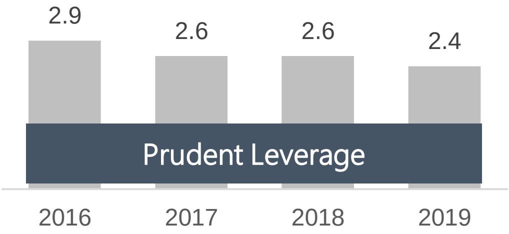


Capital Spend

($M CAD)



Adjusted Net Debt / Adjusted EBITDA(1)



(1) For a full description and reconciliation of Non-GAAP Measures, see CP's 2019 10-K on investor.cpr.ca.
(2) Long-term debt to Net income ratio is defined as long-term debt, including long-term debt maturing within one year, divided by Net income.

2020 REVISED OUTLOOK

AT LEAST MID-SINGLE DIGIT ADJUSTED DILUTED EPS[1][2] GROWTH

LOW SINGLE DIGIT RTM DECLINE

CAPITAL EXPENDITURES $1.6B

ASSUMPTIONS

- Expected effective tax rate of approximately 24.8%
- Other components of net periodic benefit recovery to decrease by approximately $40 million vs. 2019
- FX 1.35 CAD/USD

(1) *For a full description and reconciliation of Non-GAAP Measures, see CP's Q3 2020 Earnings Release on investor.cpr.ca*

(2) *CP's expectation for adjusted diluted EPS growth in 2020 is based on 2019's adjusted diluted EPS of $16.44.*

INVESTOR RELATIONS CONTACTS

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APPENDIX

TECHNOLOGY SPOTLIGHT – ENHANCING SAFETY AND EFFICIENCY

Inspection Portal

- Recently received exemption from Transport Canada
- First Class 1 railway in North America to receive such approval
- High speed infrared imaging can capture high-resolution images up to 70 miles per hour
- Improves safety, detecting 87% more required repairs than visual inspection with a potential to mitigate costly derailments
- Eliminates 1-2 hours of dwell for every potash train destined to Port of Vancouver

Cold Wheel

- Leveraging hotbox detectors to identify brakes that may be improperly applied on descending grades leaving a wheel cold
- Transport Canada approved exemption on potash, coal and sulphur trains from Class 1 brake test
- Process detects 32% more brake failures than manual inspection
- When combined with our regulatory exemption for visual brake inspections from the Inspection Portal, eliminates 4,800 hours of annual visual inspections from potash trains

Broken Rail Detection

- CP-developed technology that allows us to identify broken rail in dark territory
- The system is~10% of historical cost of installation of centralized train control
- Allows us to improve safety while maintaining capital discipline
- Installing in nine subdivisions through 2021

COMMITMENT TO ESG & SUSTAINABILITY REPORTING

CP has a strong history of ESG disclosures and leading sustainability practices

- Began sustainability reporting in 2001
- Annual CDP reporting since ~2006
- Industry-leading practices:
  - Safest railroad in North America for the last 14 consecutive years
  - Established a Risk & Sustainability Committee of the Board of Directors
  - Launched a sustainability focused website: https://sustainability.cpr.ca

CP has taken additional steps in 2020 toward being an industry leader in sustainability

- Published a Climate Statement formalizing our ongoing commitment to address climate change through innovation and industry leading best practices. Key aspects of the climate statement include:
  - CP's commitment to setting science based targets to reduce emissions in line with the Paris Agreement
  - CP conducting scenario analysis to understand the full range of possible impacts from climate change related to our business

BEST 50 2020 CORPORATE CITIZENS

WORLD FINANCE SUSTAINABILITY AWARDS 2020

FTSE4Good

CLEAN200™

Canada's Top 100 Employers 2020

2020 CANADA'S BEST DIVERSITY EMPLOYERS

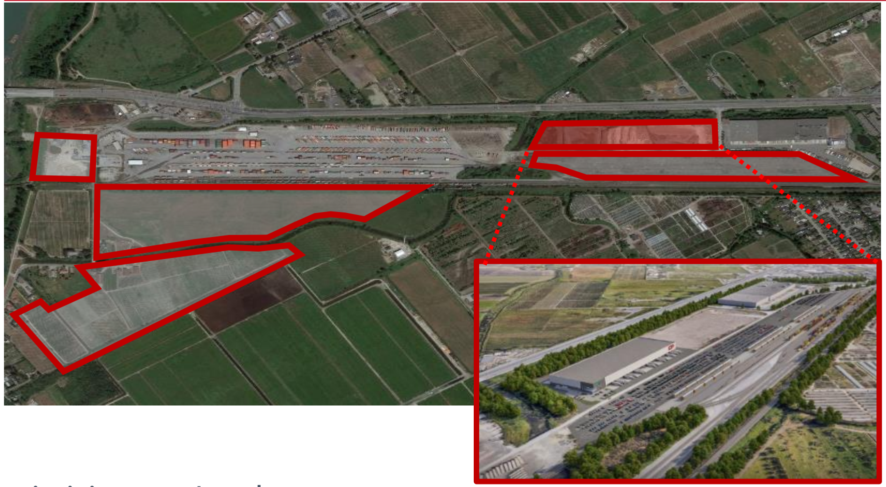
CP

OPERATING RESPONSIBLY

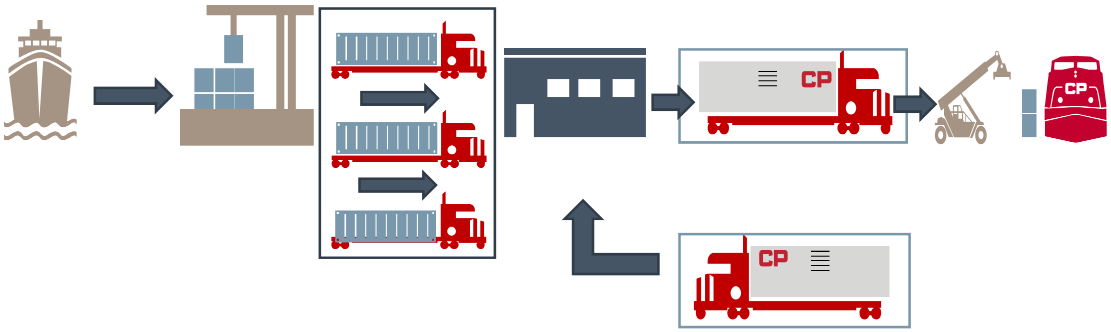
CASE STUDY: OGDEN YARD TRANSFORMATION

- In 2011, CP's Ogden yard located in Calgary, AB was an inefficient industrial yard powered by half century-old natural gas fired boilers and a three-quarter century old steam tunnel system that supplied heating throughout all the buildings. Due to high operating costs and general inefficiencies, previous management made the decision to vacate the property and the land sat vacant.
- In 2013, as part of the company's turnaround plan, the abandoned yard was transformed into a new corporate campus. Head office operations were moved out of expensive downtown leased office space enabling cost savings, an improved employee experience, and revitalizing the surrounding community.
- In 2020, CP announced it had begun work to install a solar energy farm at the campus. The installation is expected to generate more power than consumed, equating to a 2,600 tonne reduction in GHG emissions annually. The project will also assist in reducing CP's Scope 2 emissions.

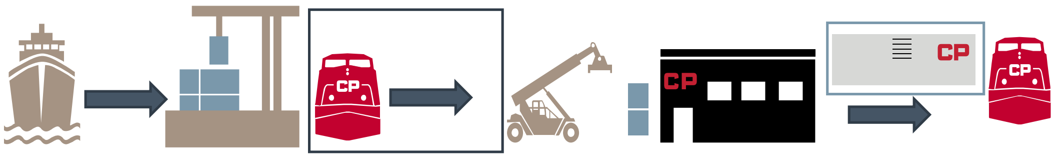
LEVERAGING OUR LAND HOLDINGS: VANCOUVER TRANSLOAD



Today



Tomorrow



Optimizing our Land

- On September 15, CP announced a new transload facility that will be the first of its kind port to transload service via rail, removing trucks from the equation in Greater Vancouver
- Achieves growth through sustainability by removing 100,000 trucks from Greater Vancouver's congested roads, offering service reliability and reducing greenhouse gas emissions by over 4,000 tons per year
- Over 100 acres left to develop in Vancouver