Q1 2020 EARNINGS REVIEW

APRIL 21, 2020

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 Canadian Pacific's operations, priorities and plans, anticipated financial and operational performance, including our 2020 full-year guidance (including volume, capital expenditures and adjusted diluted earnings per share ("EPS") targets), business prospects, market drivers and outlook, planned capital expenditures, anticipated revenues and the source thereof, programs and strategies (including financing strategies). 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 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in 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 a forward-looking Non-GAAP measure (Adjusted diluted EPS) in this presentation, management is unable to reconcile, without unreasonable efforts, the forward-looking Adjusted diluted EPS to the most comparable GAAP measure, due to unknown variables and uncertainty related to future results.

For further information regarding Non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see the Non-GAAP Measures supplement to the Q1 2020 Earnings Release on our website at investor.cpr.ca.

KEITH CREEL

PRESIDENT & CHIEF EXECUTIVE OFFICER

CP

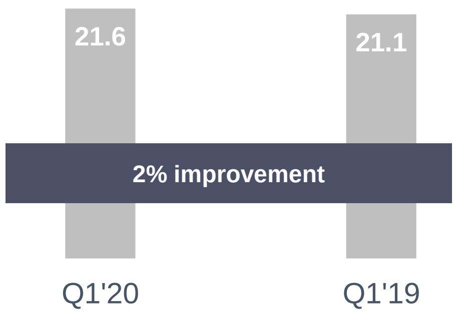
HIGHLIGHTS

- Thank you to the CP family for delivering record results and providing a vital essential service
- PSR performs in any economic cycle
  - Ability to adapt resources and costs rapidly
  - Proven team of railroaders
- Strong balance sheet and liquidity
- Team focused on turning challenges into opportunities
- 2020 guidance revised to flat adjusted diluted EPS(1)(2) and RTMs down mid-single digits year-over-year

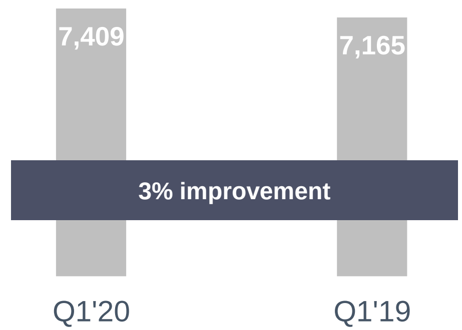
(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q1 2020 Earnings Release on investor.cpr.ca.
(2) CP's expectation for adjusted diluted EPS in 2020 is based on 2019's adjusted diluted EPS of $16.44.

OPERATING PERFORMANCE

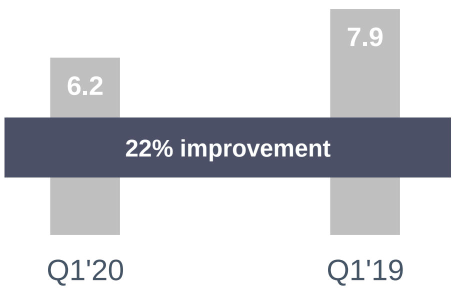
Average train speed
(miles per hour)



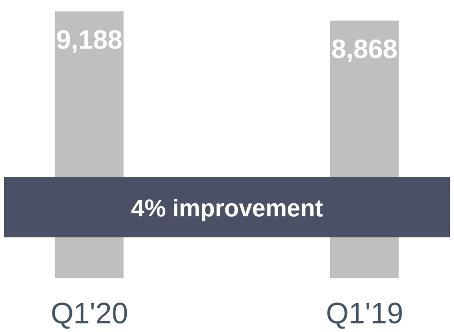
Average train length
(feet)



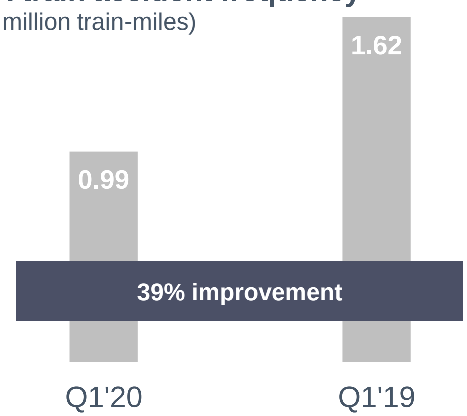
Average terminal dwell
(hours)



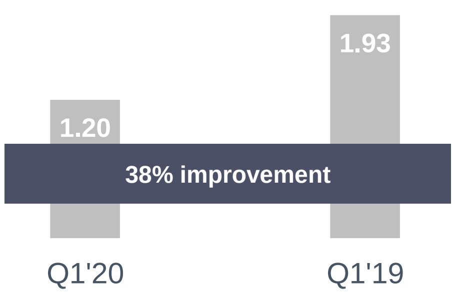
Average train weight
(tons)



FRA train accident frequency
(per million train-miles)



FRA personal injuries[(1)]
(per 200,000 employee-hours)



(1) FRA personal injuries per 200,000 employee-hours for Q1 2019 was previously reported as 1.97, restated to 1.93 for the current presentation. This adjustment reflects new information available within specified periods stipulated by the FRA but that exceed the Company's financial reporting timeline.

JOHN BROOKS

CHIEF MARKETING OFFICER

REVENUE HIGHLIGHTS – Q1

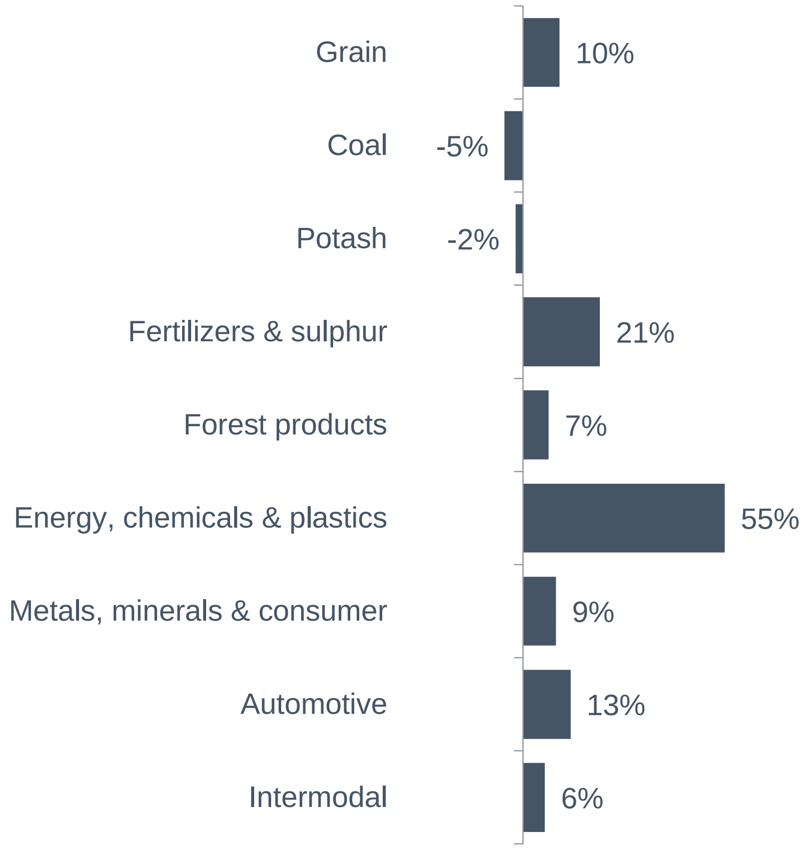
TOTAL REVENUE

+16%

VS Q1 2019

- RTMs: +9%
- $ per Revenue Ton Mile (“RTM”): +6%
- Carloads: +9%
- Freight Revenue/Carload: +7%

FX-adjusted revenue variance[1]



(1) For a full description and reconciliation of Non-GAAP Measures, see CP’s Q1 2020 Earnings Release on investor.cpr.ca

LINES OF BUSINESS

BULK: 40%

- Record quarter for Canadian grain across all metrics; outlook remains strong
- Optimism towards potash and domestic fertilizers
- Bulk lines of business provide resiliency looking forward

MERCHANDISE: 39%

- Crude volumes expected to decline due to low energy prices and the global slowdown
- Near term softness in automotive volumes due to plant shutdowns
- New customers provide some offset to industry declines in back half of the year

INTERMODAL: 21%

- Record quarter for domestic intermodal; near term volume weakness anticipated
- Strong quarter for international intermodal; onboarded new customer propelling growth despite macroeconomic concerns
- Expect international to slow in second quarter

Business mix shown represents percentage of 2019 freight revenue

NADEEM VELANI

CHIEF FINANCIAL OFFICER

FINANCIAL PERFORMANCE – Q1

(in millions, except percentages and per share data)	First Quarter 2020	First Quarter 2019	Change %	FX Adjusted Change[1] %
Total revenues	$ 2,043	$ 1,767	16%	15%
Compensation and benefits	398	406	(2)%	(2)%
Fuel	212	209	1%	—%
Materials	59	57	4%	4%
Equipment rents	36	35	3%	3%
Depreciation and amortization	192	160	20%	19%
Purchased services and other	312	357	(13)%	(13)%
Total operating expenses	1,209	1,224	(1)%	(2)%
Operating income	**834**	**543**	**54%**	**54%**
Other expense (income)	211	(47)	(549)%	
Other components of net periodic benefit recovery	(85)	(97)	(12)%	
Net interest expense	114	114	—%	
Income tax expense	185	139	33%	
Net income	**$ 409**	**$ 434**	**(6)%**	
Adjusted income[1]	**$ 607**	**$ 392**	**55%**	
Diluted earnings per share	$ 2.98	$ 3.09	(4)%	
Adjusted diluted earnings per share[1]	$ 4.42	$ 2.79	58%	
Operating ratio	59.2%	69.3%	(1,010) bps	

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q1 2020 Earnings Release on investor.cpr.ca

FREE CASH

(in millions)	For the three months ended March 31 2020		2019	
Cash provided by operating activities	**$**	**489**	**$**	**413**
Capital expenditures		(355)		(224)
Other property and asset sales		2		6
Other		(9)		(1)
Cash used in investing activities		(362)		(219)
Effect of FX on USD-denominated cash & cash equivalents		31		(1)
Free cash[(1)]	**$**	**158**	**$**	**193**
Return on average shareholders' equity[(2)]		35.1%		30.8%
Adjusted ROIC[(1)]		17.4%		15.9%
Long-term debt to Net income ratio[(3)]		4.2		4.4
Adjusted net debt to Adjusted EBITDA ratio[(1)]		2.5		2.6

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q1 2020 Earnings Release on investor.cpr.ca.
(2) Return on average shareholders' equity is defined as Net income divided by average shareholders' equity, averaged between the beginning and ending balance over a rolling 12-month period.
(3) 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.

FINANCIAL FLEXIBILITY

Liquidity	• Upsized our credit facility in 2019 and have capacity to further increase it, if required • $1.9 billion available liquidity
Debt	• Recent debt issuances had the lowest ever coupon rates for 10-year USD and 30-year CAD BBB issuances • Paid down virtually all short term debt • No material debt maturities until Q2 2021
Capital Allocation	• Maintaining $1.6 billion in CapEx in 2020 • Completed ~40% of the share buy back program and is currently paused • Dividend held flat and to be revisited in 2H20
Credit Metrics	• Leverage ratio currently within the target range of 2.0-2.5x Adjusted Net Debt/ Adjusted EBITDA[1]

(1) For more information, please refer to CP's 2019 Annual Report on Form 10-K.

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