



Q4 2022 EARNINGS REVIEW

JANUARY 31, 2023

FORWARD LOOKING STATEMENTS

The following investor presentation contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of other relevant securities legislation, including applicable securities laws in Canada (collectively referred to herein as "forward-looking statements"). Forward-looking statements typically include words such as "financial expectations", "key assumptions", "anticipate", "believe", "expect", "plan", "will", "outlook", "should" or similar words suggesting future outcomes. The forward-looking statements contained in this investor presentation are based on current expectations, estimates, projections and assumptions, having regard to the Company's experience and its perception of historical trends, and includes, but is not limited to, expectations, estimates, projections and assumptions relating to: changes in business strategies and strategic opportunities; North American and global economic growth; commodity demand growth; sustainable industrial and agricultural production; commodity prices and interest rates; foreign exchange rates (as specified herein); effective tax rates; performance of our assets and equipment; sufficiency of our budgeted capital expenditures in carrying out our business plan; geopolitical conditions and conflicts; applicable laws, regulations and government policies; the availability and cost of labour, services and infrastructure; the satisfaction by third parties of their obligations to the Company; and continuing the impacts of the COVID-19 pandemic on the Company's business, operating results, cash flows and/or financial condition. Although the Company believes the expectations, estimates, projections and assumptions reflected in the forward-looking statements presented herein are reasonable as of the date hereof, there can be no assurance that they will prove to be correct. Current conditions, economic and otherwise, render assumptions, although reasonable when made, subject to greater uncertainty.

With respect to the pending Kansas City Southern ("KCS") business combination, we can provide no assurance when or if the combination will be completed. Completion of the combination is subject to the receipt of final approval from the United States Surface Transportation Board of the CP-KCS control application by December 31, 2023. There can be no assurance of receipt of this final approval by December 31, 2023. Additionally, even if such final approval is received, there can be no guarantee of the successful integration of KCS or that the combined company will realize the anticipated benefits of the business combination, whether financial or otherwise, and this may be exacerbated by changes to the economic, political and global environment in which the combined company will operate. Undue reliance should not be placed on forward-looking statements as actual results may differ materially from those expressed or implied by forward-looking statements. By their nature, forward-looking statements involve numerous inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking statements, including but not limited to the following factors: changes in business strategies and strategic opportunities; general North American and global economic and political, credit and business conditions; risks associated with agricultural production; 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; potential increases in maintenance and operating costs; 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 ongoing pandemic created by the outbreak of COVID-19 and its variants 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 "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements" in CP's annual and interim reports on Form 10-K and 10-Q. The forward-looking statements contained in this investor presentation are made as of the date hereof. Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking statements, or the foregoing assumptions and risks affecting such forward-looking statements, whether as a result of new information, future events or otherwise.



BASIS OF PRESENTATION & NON-GAAP MEASURES

BASIS OF PRESENTATION

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.

NON-GAAP MEASURES

CP presents Non-GAAP measures in this presentation to provide a basis for evaluating underlying earnings and liquidity trends in CP's business 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, may not be comparable to similar measures presented by other companies.

For further information regarding Non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see the Non-GAAP Measures supplement to the Q4 2022 Earnings Release on our website at investor.cpr.ca, CP's 2022 annual MD&A available on SEDAR at www.sedar.com under CP's SEDAR profile and "Non-GAAP Financial Information (Regulation G)" on page 11 of KCS' Q4 2022 Financial Report in the investor section of KCS' website KCSouthern.com.





KEITH CREEL

PRESIDENT & CHIEF EXECUTIVE OFFICER



HIGHLIGHTS

- Record year of hiring and further expansion of progressive hourly labour agreements
- Final Environmental Impact Statement released; STB regulatory review process continues to progress
- Continued leadership in sustainability
 - Named to DJSI World Index & CDP 'A' List
- Well-positioned to execute a historic year

Q4

Revenues
\$2.5 billion | +21%

Operating Ratio
59.8% | +60 bps

Adjusted Operating Ratio⁽¹⁾
59.1% | +160 bps

Diluted EPS
\$1.36 | +84%

Core Adj. diluted EPS⁽¹⁾
\$1.14 | +19%

2022

Revenues
\$8.8 billion | +10%

Operating Ratio
62.2% | +230 bps

Adjusted Operating Ratio⁽¹⁾
61.4% | +380 bps

Diluted EPS
\$3.77 | -10%

Core Adj. diluted EPS⁽¹⁾
\$3.77 | Flat

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2022 Earnings Release on investor.cpr.ca and CP's 2022 annual MD&A available on SEDAR at www.sedar.com under CP's SEDAR profile





JOHN BROOKS
CHIEF MARKETING OFFICER



REVENUE HIGHLIGHTS Q4

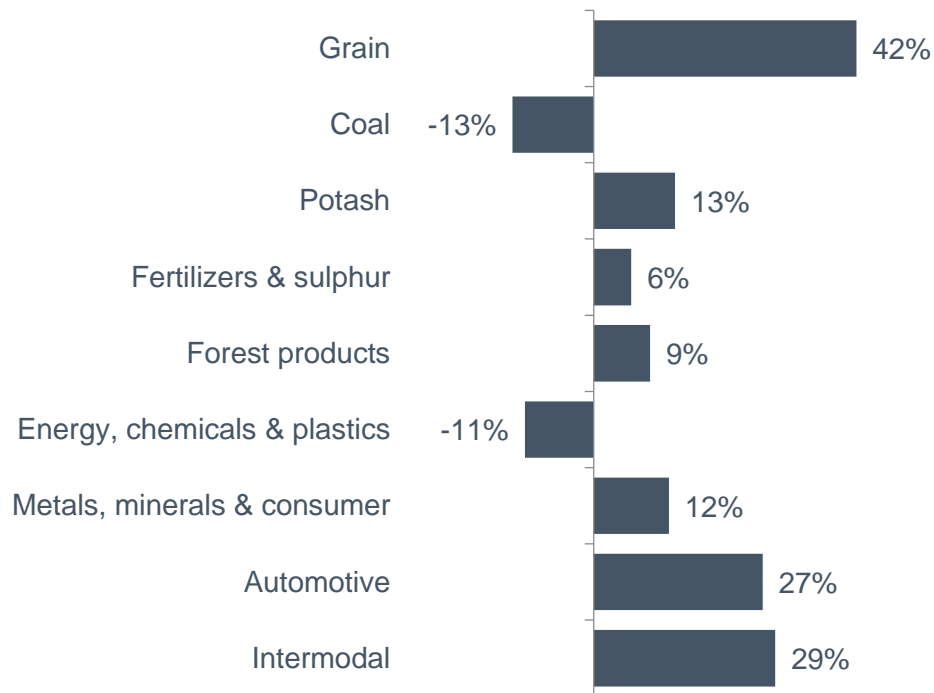
TOTAL REVENUE

+21%

VS Q4 2021

- RTMs: +8%
- FX: +5%
- Fuel: +10%
- Price / Mix / Other: -2%

FX-adjusted revenue variance⁽¹⁾

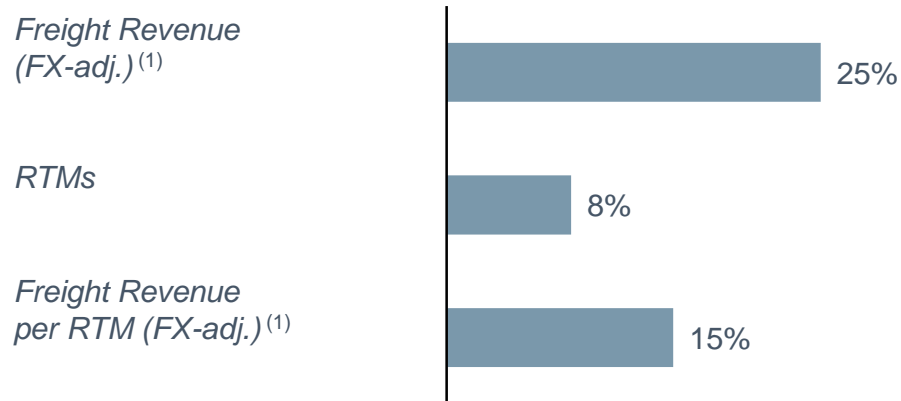


(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2022 Earnings Release on investor.cpr.ca and CP's 2022 annual MD&A available on SEDAR at www.sedar.com under CP's SEDAR profile

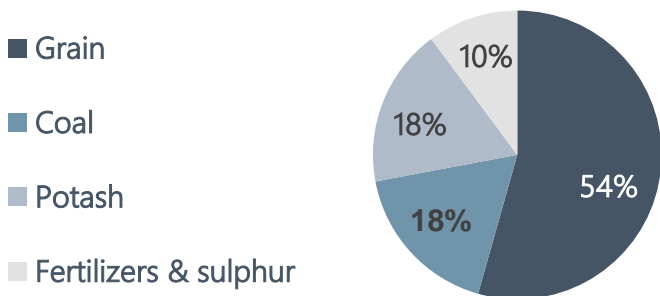


BULK

Q4'22 VS. Q4'21



2022 REVENUE BREAKDOWN



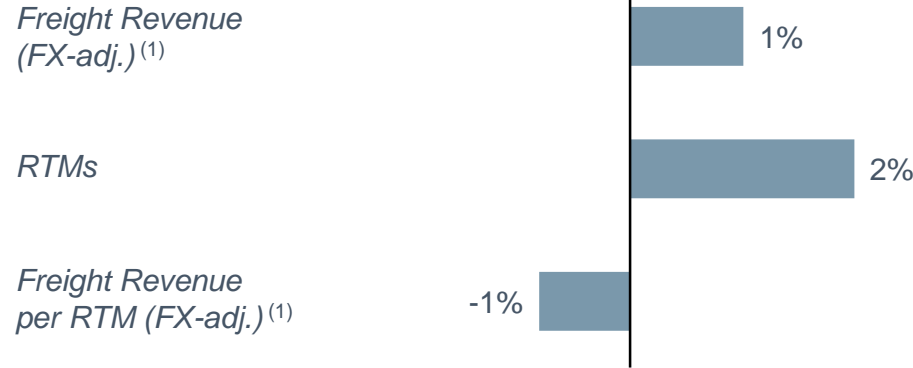
MARKET DRIVERS

- Top 5 all-time Canadian grain crop
 - Assets and resources in place including new high-capacity hopper fleet
- Strong demand fundamentals in Potash; well-positioned for another strong year of growth in 2023
- Favourable comps in coal following mine outage
- Bulk business provides strong revenue base irrespective of macro

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2022 Earnings Release on investor.cpr.ca and CP's 2022 annual MD&A available on SEDAR at www.sedar.com under CP's SEDAR profile

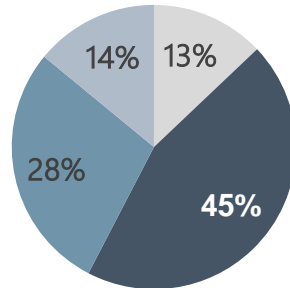
MERCHANDISE

Q4'22 VS. Q4'21



2022 REVENUE BREAKDOWN

- Forest products
- Energy, chemicals & plastics
- Metals, minerals & consumer products
- Automotive



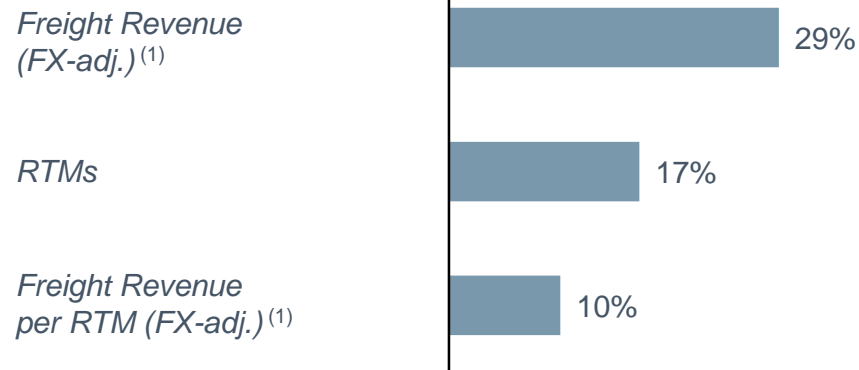
MARKET DRIVERS

- New plastics business to provide tailwind to ECP volumes in 2023
 - DRU continues to provide steady volumes
- Seeing softer demand in Forest products
- Automotive inventory restocking and new business to provide tailwind to 2023 volume
 - New Ford business began January 1st

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2022 Earnings Release on investor.cpr.ca and CP's 2022 annual MD&A available on SEDAR at www.sedar.com under CP's SEDAR profile

INTERMODAL

Q4'22 VS. Q4'21



2022 REVENUE BREAKDOWN



MARKET DRIVERS

- Differentiated performance in intermodal driven by market wins
- Favourable compares through H1 2023 from new business in H2 2022
- Port Saint John TEU increase of >70% vs 2021
- Test shipments proving out truck conversion opportunity

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2022 Earnings Release on investor.cpr.ca and CP's 2022 annual MD&A available on SEDAR at www.sedar.com under CP's SEDAR profile



NADEEM VELANI

CHIEF FINANCIAL OFFICER



FINANCIAL PERFORMANCE – Q4

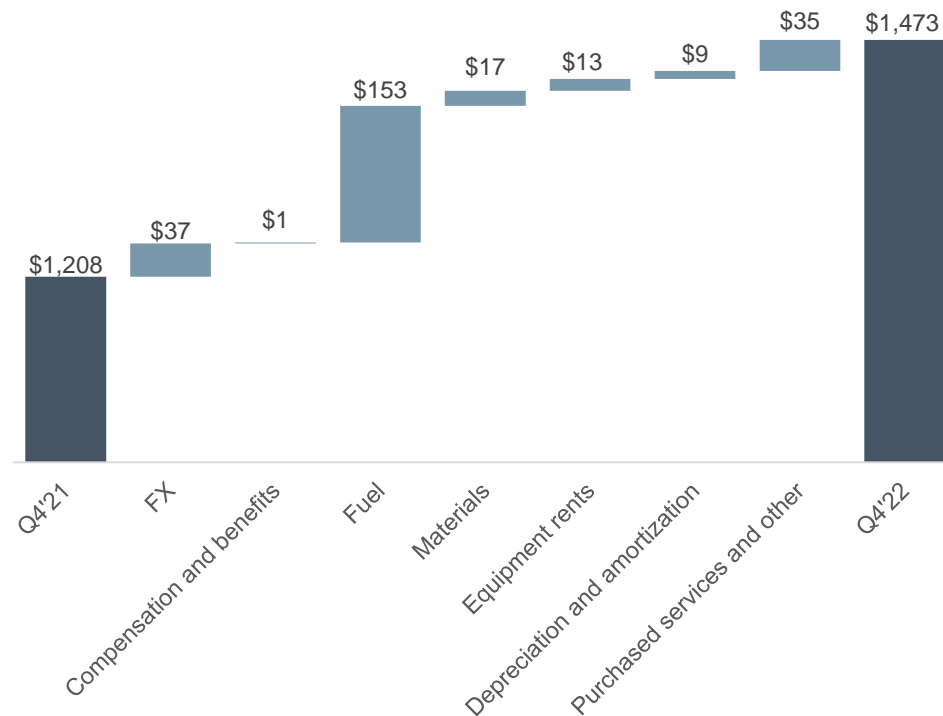
<i>(in millions, except percentages and per share data)</i>	Fourth Quarter		Change %	FX Adjusted Change% ⁽¹⁾
	2022	2021		
Total revenues	\$ 2,462	\$ 2,040	21%	16%
Total operating expenses	1,473	1,208	22%	18%
Operating income	989	832	19%	13%
Adjusted operating income⁽¹⁾	1,006	868	16%	
Net income	\$ 1,271	\$ 532	139%	
Core adjusted income ⁽¹⁾	\$ 1,066	\$ 692	54%	
Diluted earnings per share	\$ 1.36	\$ 0.74	84%	
Core adjusted diluted earnings per share⁽¹⁾	\$ 1.14	\$ 0.96	19%	
Weighted average number of diluted shares outstanding	933.2	721.3	29%	
Operating ratio	59.8 %	59.2 %	60 bps	
Adjusted operating ratio⁽¹⁾	59.1 %	57.5 %	160 bps	

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2022 Earnings Release on investor.cpr.ca and CP's 2022 annual MD&A available on SEDAR at www.sedar.com under CP's SEDAR profile



OPERATING EXPENSES – Q4

<i>(in millions, except percentages)</i>	Fourth Quarter		Change %	FX Adjusted Change% ⁽¹⁾
	2022	2021		
Compensation and benefits	416	405	3%	—%
Fuel	399	231	73%	62%
Materials	69	51	35%	33%
Equipment rents	43	29	48%	43%
Depreciation and amortization	219	206	6%	4%
Purchased services and other ⁽²⁾	327	286	14%	12%
Total operating expenses	1,473	1,208	22%	18%



(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2022 Earnings Release on investor.cpr.ca and CP's 2022 annual MD&A available on SEDAR at www.sedar.com under CP's SEDAR profile

(2) Purchased services and other includes acquisition-related costs of \$17 million in Q4 2022 and \$36 million in Q4 2021



FREE CASH

	For the twelve months ended December 31	
	2022	2021
• More than \$2.7B in Free cash ⁽¹⁾ generated	<i>(in millions of Canadian dollars)</i>	
	Cash provided by operating activities	\$ 4,142 \$ 3,688
• Continued strong reinvestment	Cash used in investing activities	(1,496) (13,730)
	Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	20 41
• Repaid more than \$1.6B in debt	Less:	
	Acquisition-related costs	(67) (340)
	Merger termination fee	— 845
	Investment in Kansas City Southern	— (12,299)
	Free cash⁽¹⁾	\$ 2,733 \$ 1,793
• Remain committed to target leverage ratio	Long-term debt to Net income ratio⁽²⁾	5.6 7.1
	Adjusted net debt to Adjusted EBITDA ratio⁽¹⁾	3.8 4.8
	Pro-forma Adjusted net debt to Adjusted EBITDA ratio⁽¹⁾	3.8 4.0

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2022 Earnings Release on investor.cpr.ca and CP's 2022 annual MD&A available on SEDAR at www.sedar.com under CP's SEDAR profile

(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





KEITH CREEL

PRESIDENT & CHIEF EXECUTIVE OFFICER



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CHRIS DE BRUYN
Managing Director

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APPENDIX



BELOW THE LINE – Q4

<i>(in millions, except percentages)</i>	Fourth Quarter		Change %
	2022	2021	
Equity earnings (loss) of Kansas City Southern ⁽¹⁾	\$ (447)	\$ 141	(417)%
Other expense (income)	4	(16)	(125)%
Other components of net periodic benefit recovery	(107)	(101)	6%
Net interest expense	166	125	33%
Income tax expense	102	151	(32)%

(1) 2022 Equity earnings of Kansas City Southern includes \$10M of acquisition-related costs, \$42M of purchase accounting from the amortization of the basis difference and a \$212M gain on unwinding of interest rate hedges; 2021 Equity loss of Kansas City Southern includes \$169M of acquisition-related costs and \$8M of purchase accounting from the amortization of the basis difference



KCS FOURTH QUARTER RESULTS⁽¹⁾



	Q4 2022	Q4 2021	Improvement/ (Deterioration)
Carloads/Units (in thousands)	590.7	565.6	+4%
Revenues (in millions, \$ USD)	\$864.5	\$747.8	+16%
Reported Operating Ratio (percent)	65.5%	(8.4)%	(7,390) bps
Adjusted Operating Ratio ⁽²⁾ (percent)	64.4%	60.1%	(430) bps

(1) KCS will continue to file 10-K and 10-Q documents during the voting trust period.

(2) For a full description and reconciliation of Non-GAAP Measures, see "Non-GAAP Financial Information (Regulation G)" on page 10 of KCS' Q4 2022 Financial Report in the investor section of KCS' webs KCSouthern.com

SUSTAINABILITY LEADERSHIP

- Strong history of ESG disclosures and leading sustainability practices
- Published our first [TCFD Index](#) in 2021
- Published our first [Climate Strategy](#), including emissions reduction targets covering 100% of scope 1 & 2 emissions:
 - Set locomotive GHG emissions intensity reduction target of 38.3% by 2030; target is Science Based Target initiative (SBTi) validated⁽¹⁾
 - Set absolute emissions reduction target of scope 1 & 2 emissions for 27.5% of non-locomotive emissions⁽¹⁾

(1) Target reductions from a 2019 base year

(2) Please refer to CP's Sustainability Report for a discussion of important assumptions, risks and limitations related to these targets

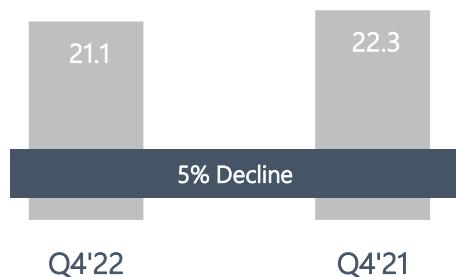


CLEAN200™

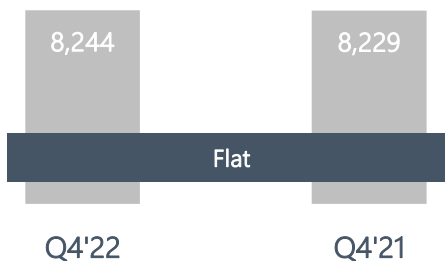


Q4 OPERATING PERFORMANCE

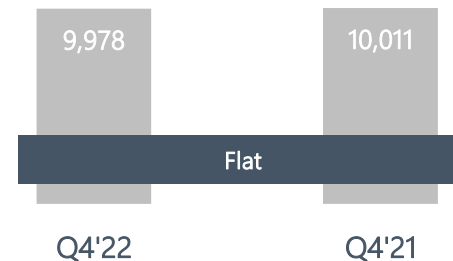
Average train speed
(miles per hour)



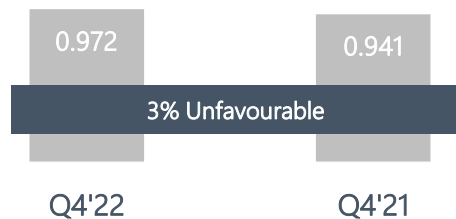
Average train length
(feet)



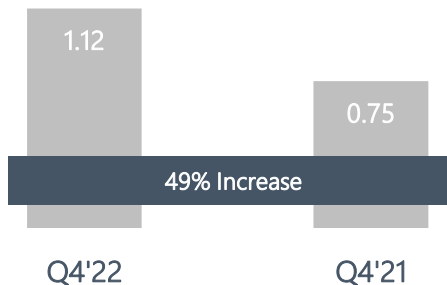
Average train weight
(tons)



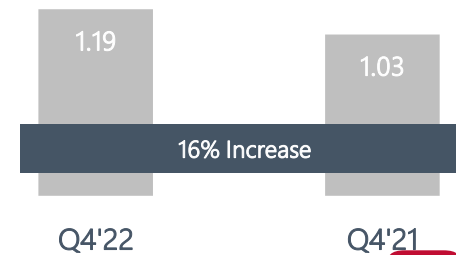
Fuel Efficiency
(U.S. gallons of locomotive fuel/1,000 GTMs)



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



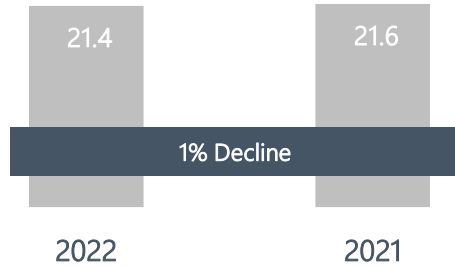
FRA train accident frequency
(per million train-miles)



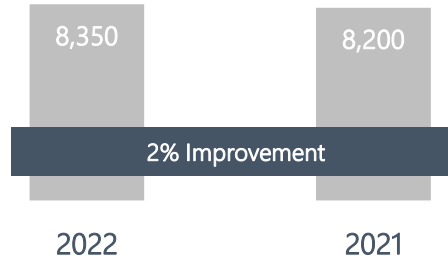
(1) FRA personal injuries per 200,000 employee-hours for the three months ended December 31, 2021 was previously reported as 0.71, restated to 0.75 in this Earnings Release. This restatement reflects new information available within specified periods stipulated by the FRA but that exceed the Company's financial reporting timeline.

FULL YEAR OPERATING PERFORMANCE

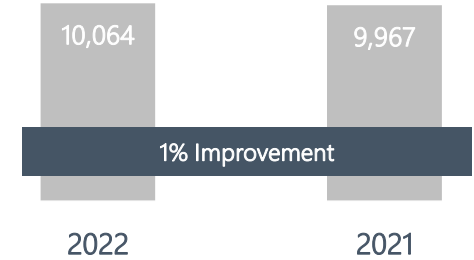
Average train speed
(miles per hour)



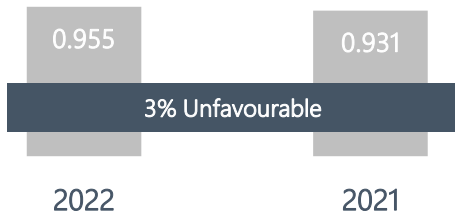
Average train length
(feet)



Average train weight
(tons)



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



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



FRA train accident frequency
(per million train-miles)

