



Q1 2023 EARNINGS REVIEW

APRIL 26, 2023



FORWARD LOOKING STATEMENTS

This presentation may contain certain forward-looking information and forward-looking statements (collectively, "forward-looking information") within the meaning of applicable securities laws. Forward-looking information 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 or headings such as "financial expectations", "key assumptions", "anticipate", "believe", "expect", "plan", "will", "outlook", "should" or similar words suggesting future outcomes. This presentation contains forward-looking information relating, but not limited to statements concerning, the success of our business, the realization of anticipated benefits and synergies of the Canadian Pacific Railway Limited ("CP")-Kansas City Southern ("KCS") transaction and the timing thereof, and the opportunities arising there from, our operations, priorities and plans, anticipated financial and operational performance, business prospects and demand for our services and growth opportunities. The forward-looking information that may be in this presentation is based on current expectations, estimates, projections and assumptions, having regard to Canadian Pacific Kansas City Limited (CPKC'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, North American and global economic growth and conditions; commodity demand growth; sustainable industrial and agricultural production; commodity prices and interest rates; performance of our assets and equipment; sufficiency of our budgeted capital expenditures in carrying out our business plan; geopolitical conditions, applicable laws, regulations and government policies; the availability and cost of labour, services and infrastructure; the satisfaction by third parties of their obligations to CPKC; and carbon markets, evolving sustainability strategies, and scientific or technological developments. Although CPKC believes the expectations, estimates, projections and assumptions reflected in the forward-looking information 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. Undue reliance should not be placed on forward-looking information as actual results may differ materially from those expressed or implied by forward-looking information. By its nature, CPKC's forward-looking information involves inherent risks and uncertainties that could cause actual results to differ materially from the forward looking information, including, but not limited to, the following factors: changes in business strategies and strategic opportunities; general Canadian, U.S., Mexican and global social, economic, political, 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, including competition from other rail carriers, trucking companies and maritime shippers in Canada, the U.S. and Mexico; North American and global economic growth and conditions; industry capacity; shifts in market demand; changes in commodity prices and commodity demand; uncertainty surrounding timing and volumes of commodities being shipped via CPKC; 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; disruption in fuel supplies; uncertainties of investigations, proceedings or other types of claims and litigation; compliance with environmental regulations; labour disputes; changes in labour costs and labour difficulties; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; sufficiency of budgeted capital expenditures in carrying out business plans; services and infrastructure; the satisfaction by third parties of their obligations; currency and interest rate fluctuations; exchange rates; 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; the effects of current and future multinational trade agreements on the level of trade among Canada, the U.S. and Mexico; climate change and the market and regulatory responses to climate change; anticipated in-service dates; success of hedging activities; operational performance and reliability; customer, regulatory and other stakeholder approvals and support; regulatory and legislative decisions and actions; the adverse impact of any termination or revocation by the Mexican government of Kansas City Southern de México, S.A. de C.V.'s Concession; public opinion; 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; acts of terrorism, war or other acts of violence or crime or risk of such activities; insurance coverage limitations; material adverse changes in economic and industry conditions, including the availability of short and long-term financing; the 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 realization of anticipated benefits and synergies of the CP-KCS transaction and the timing thereof; the satisfaction of the conditions imposed by the U.S. Surface Transportation Board in its March 15, 2023 decision; the success of integration plans for KCS; the focus of management time and attention on the CP-KCS transaction and other disruptions arising from the CP-KCS integration; estimated future dividends; financial strength and flexibility; debt and equity market conditions, including the ability to access capital markets on favourable terms or at all; cost of debt and equity capital; improvement in data collection and measuring systems; industry-driven changes to methodologies; and the ability of the management of CPKC to execute key priorities, including those in connection with the CP-KCS transaction. The foregoing list of factors is not exhaustive. These and other factors are detailed from time to time in reports filed by CPKC with securities regulators in Canada and the United States. Reference should be made to "Item 1A - Risk Factors" and "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements" in CPKC's annual and interim reports on Form 10-K and 10-Q. Any forward-looking information contained in this presentation is made as of the date hereof. Except as required by law, CPKC undertakes no obligation to update publicly or otherwise revise any forward-looking information, or the foregoing assumptions and risks affecting such forward-looking information, 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.

Financial and operating results described in this presentation, unless the context indicates otherwise, represent the financial and operating results of CP for the three months ended March 31, 2023, during which time KCS was held in voting trust and accounted for as an equity investment under the equity method of accounting.

NON-GAAP MEASURES

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

It should be noted that CPKC'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 Q1 2023 Earnings Release on our website at investor.cpkcr.com, CPKC's 2023 Q1 MD&A available on SEDAR at www.sedar.com under CPKC's SEDAR profile and "Non-GAAP Financial Information (Regulation G)" on page 10 of KCS' Q1 2023 Financial Report on our website at investor.cpkcr.com.



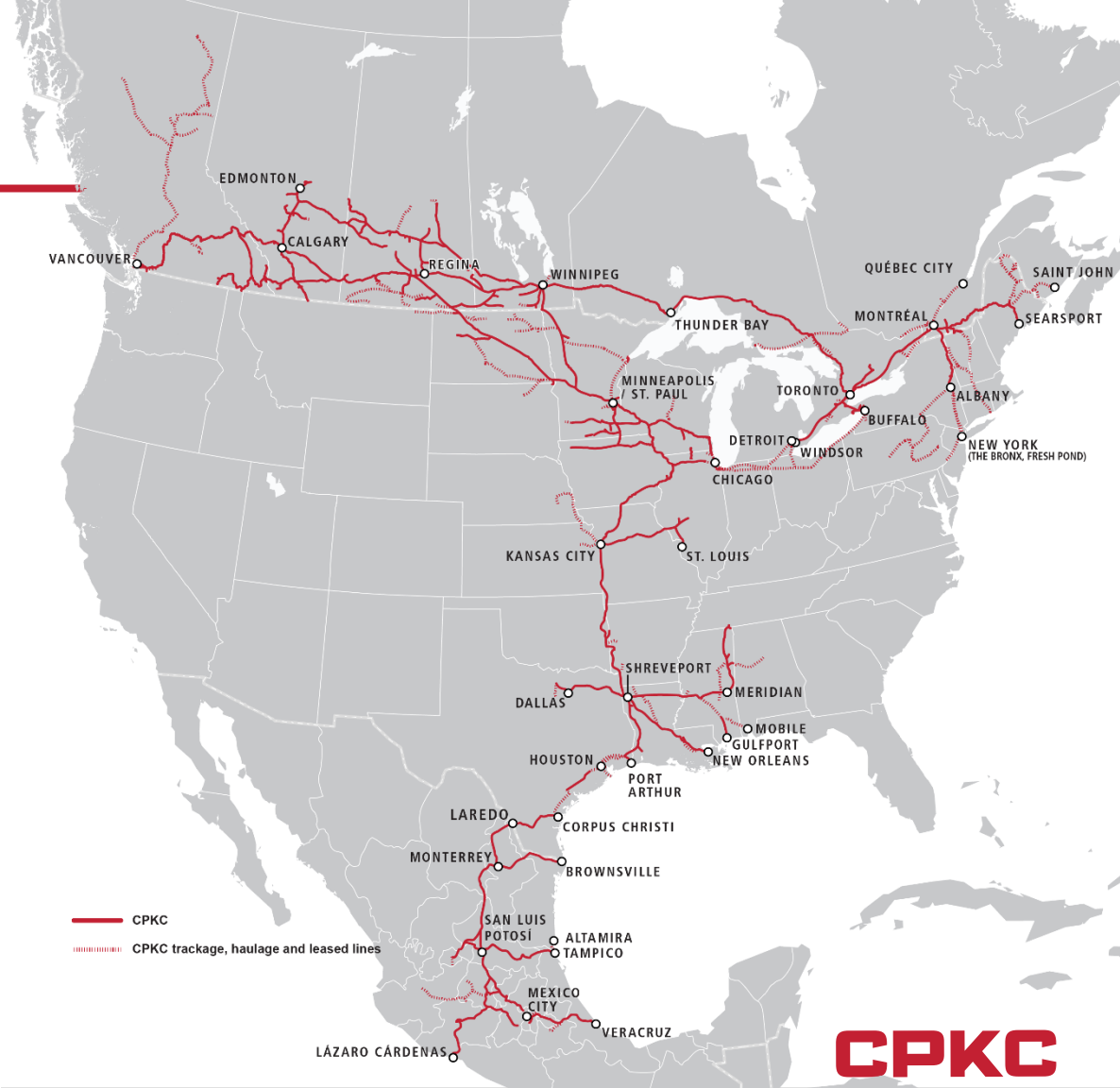
KEITH CREEL

PRESIDENT & CHIEF EXECUTIVE OFFICER



HIGHLIGHTS

- Continued best-in-class safety record
- Solid financial and operating results
- Strong progress with newly ratified labor agreements
- Celebrated first day as CPKC on April 14; quickly building momentum
- Excited to share further progress updates at our investor day on June 27 & 28 in Kansas City, Missouri





JOHN BROOKS

CHIEF MARKETING OFFICER



REVENUE HIGHLIGHTS Q1

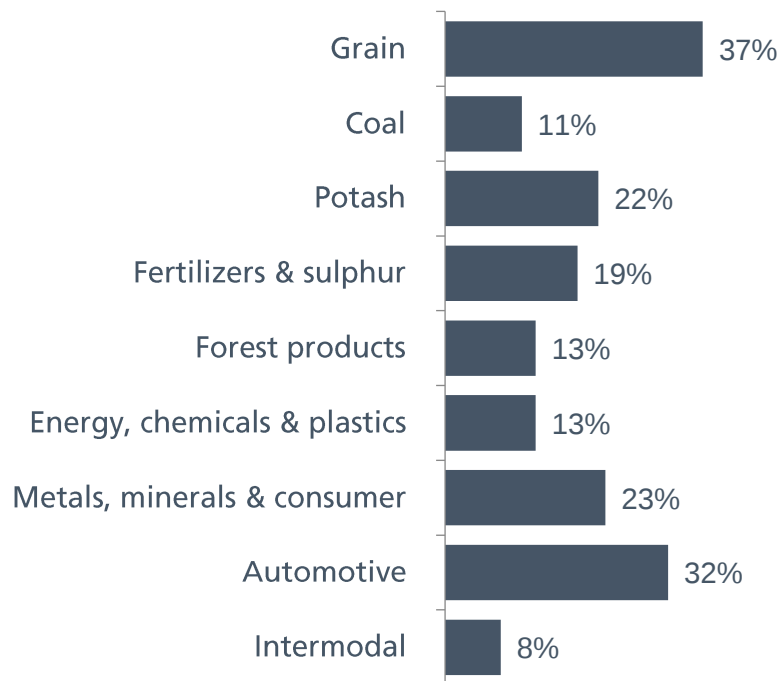
TOTAL REVENUE

+23%

VS Q1 2022

- RTMs: +11%
- FX: +4%
- Fuel: +6%
- Price / Mix / Other: +1%

FX-adjusted revenue variance⁽¹⁾



(1) For a full description and reconciliation of Non-GAAP Measures, see CPKC's Q1 2023 Earnings Release on investor.cpkcr.com and CPKC's 2023 Q1 MD&A available on SEDAR at www.sedar.com under CPKC's SEDAR profile

(2) Financial and operating results are representative of CP standalone for the three months ended March 31, 2023 and March 31, 2022

REVENUE UPDATE

BULK: 41%

- Record-breaking January of 2.3 million metric tonnes of Canadian grain and grain products
- Volume growth in both export and domestic potash
- Modest decline in met coal volumes, expect growth the remainder of 2023

MERCHANDISE: 37%

- Significant volume growth driven by the plastics portfolio
- MMC growth driven by higher volumes of frac sand with strong pricing
- Inventory re-stocking and business wins contributed to strong automotive performance

INTERMODAL: 22%

- Self-help wins with CMA CGM and growth at the Port of Saint John offset softer demand in the base business
- Softer domestic demand led to small volume decline
- Recently announced contract wins will continue to strengthen the intermodal book

(1) Financial and operating results are representative of CP standalone for the three months ended March 31, 2023 and March 31, 2022
(2) Business mix shown represents percentage of Q1 2023 freight revenue



NADEEM VELANI

CHIEF FINANCIAL OFFICER



FINANCIAL PERFORMANCE – Q1

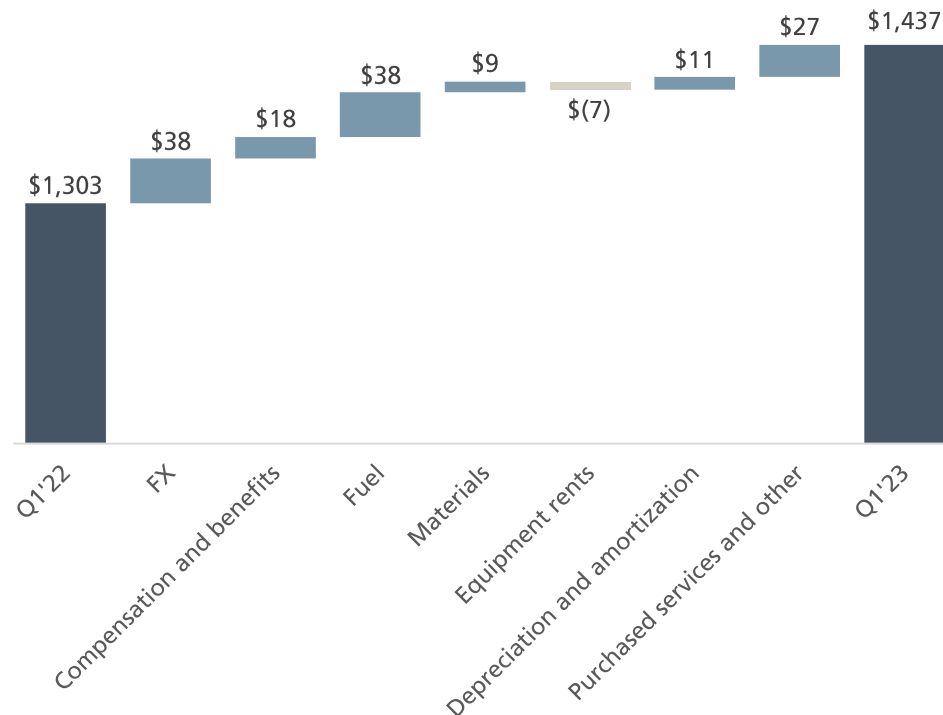
<i>(in millions, except percentages and per share data)</i>		First Quarter			
	2023	2022	Change %	FX Adjusted Change% ⁽¹⁾	
Total revenues	\$ 2,266	\$ 1,838	23%	19%	
Total operating expenses	1,437	1,303	10%	7%	
Operating income	829	535	55%	47%	
Adjusted operating income⁽¹⁾	841	555	52%		
Net income	\$ 800	\$ 590	36%		
Core adjusted income ⁽¹⁾	\$ 840	\$ 628	34%		
Diluted earnings per share	\$ 0.86	\$ 0.63	37%		
Core adjusted diluted earnings per share⁽¹⁾	\$ 0.90	\$ 0.67	34%		
Weighted average number of diluted shares outstanding	933.5	932.7	--%		
Operating ratio	63.4 %	70.9 %	(750) bps		
Adjusted operating ratio⁽¹⁾	62.9 %	69.8 %	(690) bps		

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OPERATING EXPENSES – Q1

<i>(in millions, except percentages)</i>	First Quarter 2023	2022	Change %	FX Adjusted Change% ⁽¹⁾
Compensation and benefits	438	413	6%	4%
Fuel	326	273	19%	13%
Materials	72	62	16%	14%
Equipment rents	30	35	(14)%	(19)%
Depreciation and amortization	225	210	7%	5%
Purchased services and other ⁽²⁾	346	310	12%	8%
Total operating expenses	1,437	1,303	10%	7%



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(2) Purchased services and other includes acquisition-related costs of \$12 million in Q1 2023 and \$20 million in Q1 2022

(3) Financial and operating results are representative of CP standalone for the three months ended March 31, 2023 and March 31, 2022

FREE CASH

	For the three months ended March 31			
<i>(in millions of Canadian dollars)</i>	2023		2022	
Cash provided by operating activities	\$	881	\$	613
Cash used in investing activities		(401)		(206)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents		4		—
Less:				
Acquisition-related costs		(11)		(17)
Free cash⁽¹⁾	\$	495	\$	424
Return on average shareholders' equity⁽²⁾		10.1%		13.6%
Adjusted ROIC⁽¹⁾		7.3%		8.2%
Long-term debt to Net income ratio⁽³⁾		5.1		6.9
Adjusted net debt to Adjusted EBITDA ratio⁽¹⁾		3.5		4.7
Combined adjusted net debt to Combined adjusted EBITDA ratio⁽¹⁾		3.6		4.1

(1) For a full description and reconciliation of Non-GAAP Measures, see CPKC's Q1 2023 Earnings Release on investor.cpkcr.com and CPKC's 2023 Q1 MD&A available on SEDAR at www.sedar.com under CPKC's SEDAR profile

(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 trailing 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.

(4) Financial and operating results are representative of CP standalone for the three months ended March 31, 2023 and March 31, 2022



KEITH CREEL

PRESIDENT & CHIEF EXECUTIVE OFFICER



INVESTOR RELATIONS CONTACTS

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APPENDIX



BELOW THE LINE – Q1

<i>(in millions, except percentages)</i>	First Quarter		Change %
	2023	2022	
Equity earnings of Kansas City Southern ⁽¹⁾	\$ (204)	\$ (198)	3%
Other expense (income)	2	(1)	(300)%
Other components of net periodic benefit recovery	(86)	(101)	(15)%
Net interest expense	154	160	(4)%
Income tax expense	163	85	92%

(1) 2023 Q1 Equity earnings of KCS includes \$10M of acquisition-related costs and \$42 million of purchase accounting from the amortization of the basis differences; 2022 Q1 Equity earnings of KCS includes \$13M of acquisition-related costs and \$40 million of purchase accounting from the amortization of the basis differences

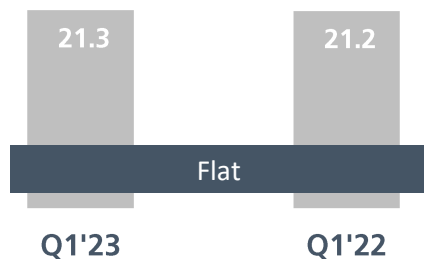
KCS FIRST QUARTER RESULTS

	Q1 2023	Q1 2022	Change %
Carloads/Units (in thousands)	584.5	575.2	+2%
Revenues (in millions, \$ USD)	\$877.3	\$778.2	+13%
Reported Operating Ratio (percent)	65.6%	62.6%	+300 bps
Adjusted Operating Ratio ⁽¹⁾ (percent)	64.6%	60.9%	+370 bps

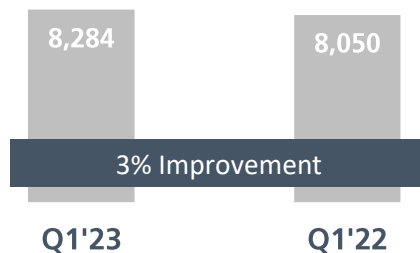
(1) For a full description and reconciliation of Non-GAAP Measures, see "Non-GAAP Financial Information (Regulation G)" on page 10 of KCS' Q1 2023 Financial Report on our website at investor.cpl

Q1 OPERATING PERFORMANCE

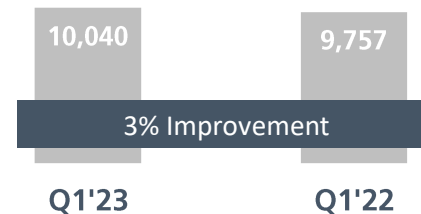
Average train speed (miles per hour)



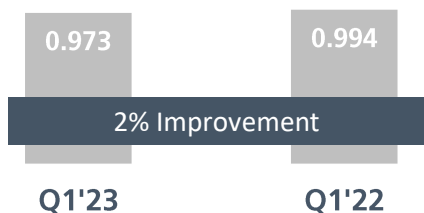
Average train length (feet)



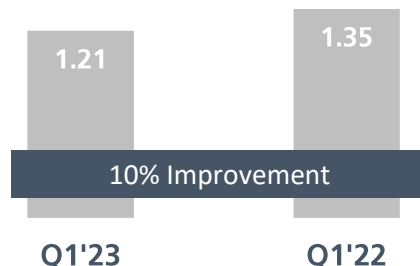
Average train weight (tons)



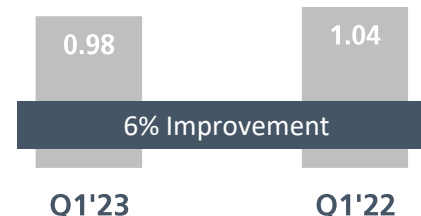
Fuel Efficiency (U.S. gallons of locomotive fuel/1,000 GTMs)



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



FRA train accident frequency (per million train-miles)



- (1) Financial and operating results are representative of CP standalone for the three months ended March 31, 2023 and March 31, 2022
- (2) Federal Railroad Administration ("FRA") personal injuries per 200,000 employee-hours for the three months ended March 31, 2022, previously reported as 1.31, was restated to 1.35 in this Earnings Release. This restatement reflects new information available within specified periods stipulated by the FRA but that exceed the CP's financial reporting timeline