CPKC

Q2 2023 EARNINGS REVIEW

July 27, 2023

FORWARD LOOKING STATEMENTS

This investor 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", “guidance”, "should" or similar words suggesting future outcomes. This presentation contains forward-looking information relating, but not limited to statements concerning financial targets for 2024-2028 and financial guidance for 2023, 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 period from April 1, 2023, through April 13, 2023, during which time KCS was held in voting trust and accounted for as an equity investment under the equity method of accounting, and the financial and operating results of CPKC for the period beginning on April 14, 2023, and ending on June 30, 2023.

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 measures, see the Non-GAAP Measures supplement to the Q2 2023 Earnings Release on our website at investor.cpkcr.com, CPKC’s 2023 Q2 MD&A available on SEDAR at www.sedar.com under CPKC’s SEDAR profile, and the Q2 2023 Unaudited Combined Summary of Supplemental Data on our website at investor.cpkcr.com.

KEITH CREEL

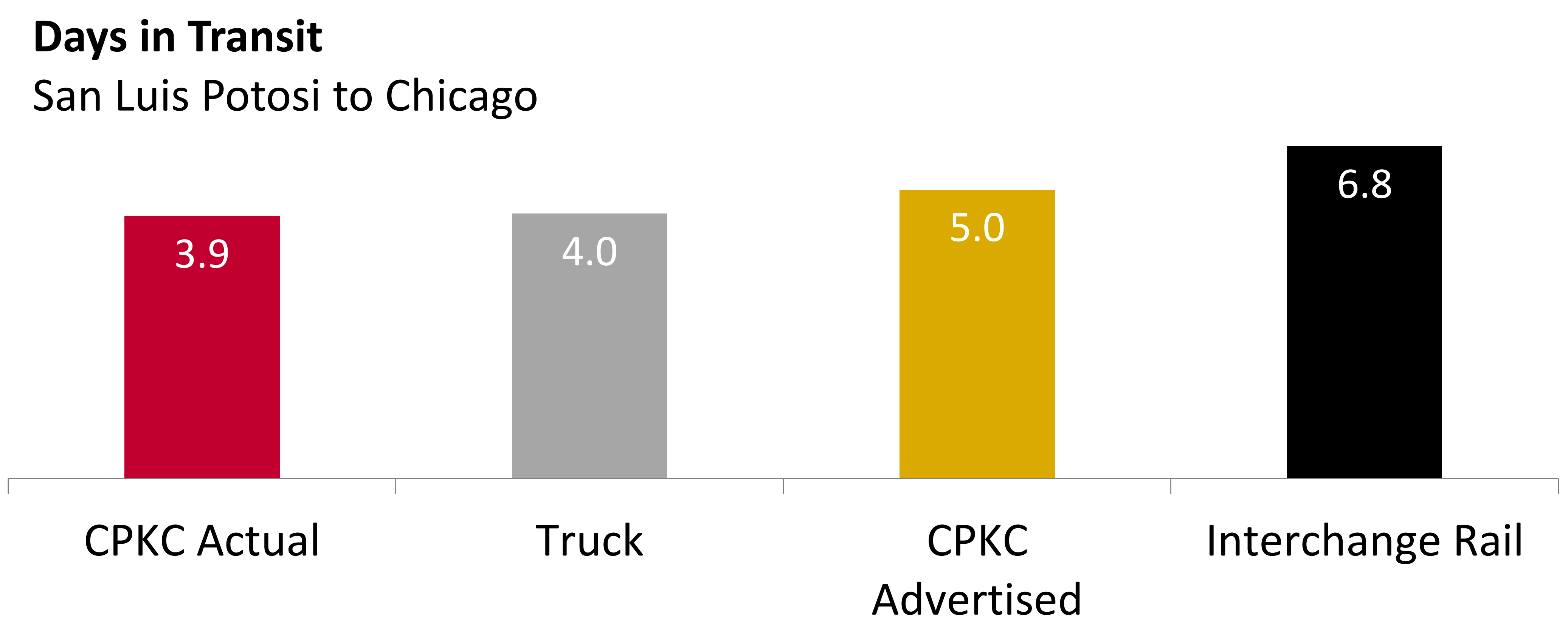
PRESIDENT &

CHIEF EXECUTIVE OFFICER

CPKC HIGHLIGHTS

- Seamless operating transition
- Several key customer wins
  - Early momentum on synergies
- Partnership with CSX to expand hydrogen locomotive program
- Launch of flagship MMX 180/181 cross-border intermodal service
- Further expanded reach with Meridian & Bigbee Railroad transaction

Revenue	Workforce	FRA Train Accidents
$3.2B	20,726	0.79



MARK REDD

CHIEF OPERATING OFFICER

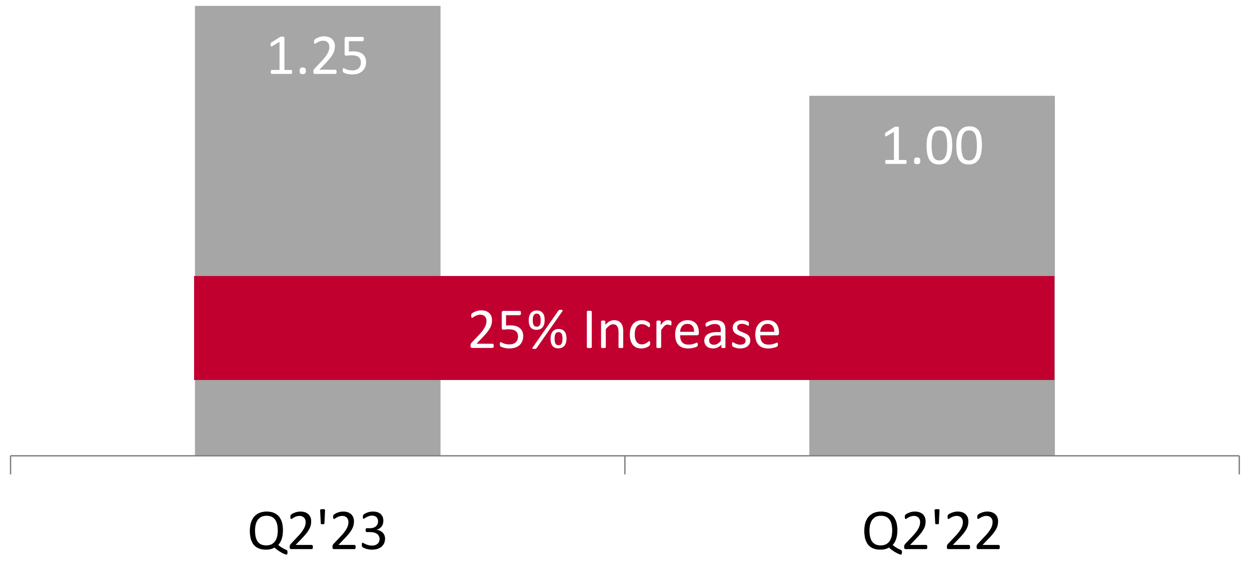
SAFETY HIGHLIGHTS

VS. CPKC COMBINED(1) 2022

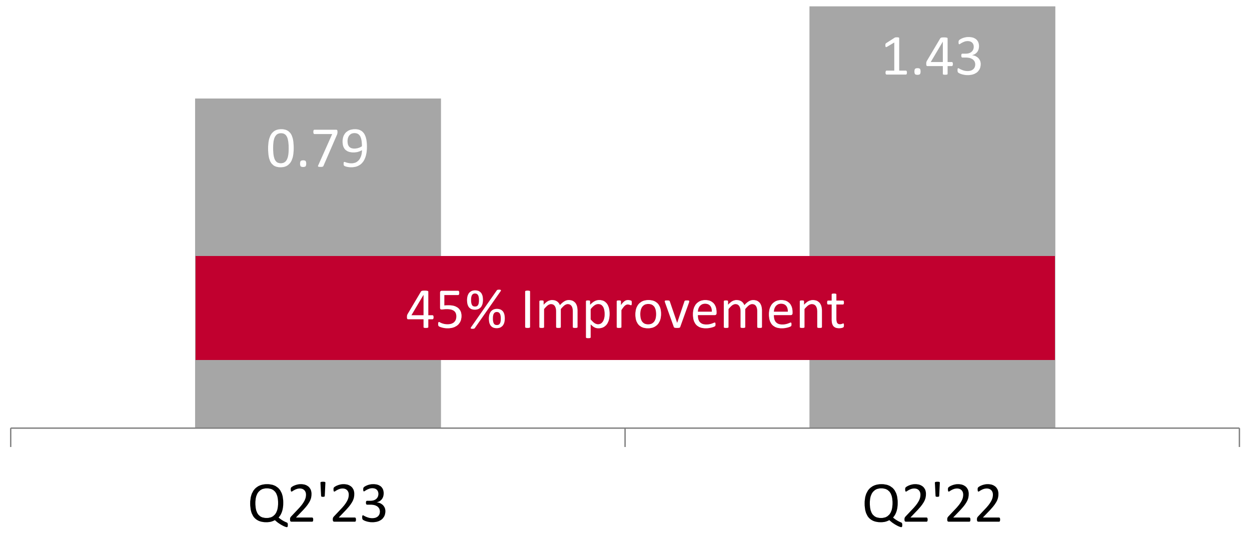
- Strong improvement in train accidents vs. prior year
- Focus on safety alignment and development
  - Home Safe program
  - Safety walkabouts
- Continue to engage with employees and union leadership

Second Quarter

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

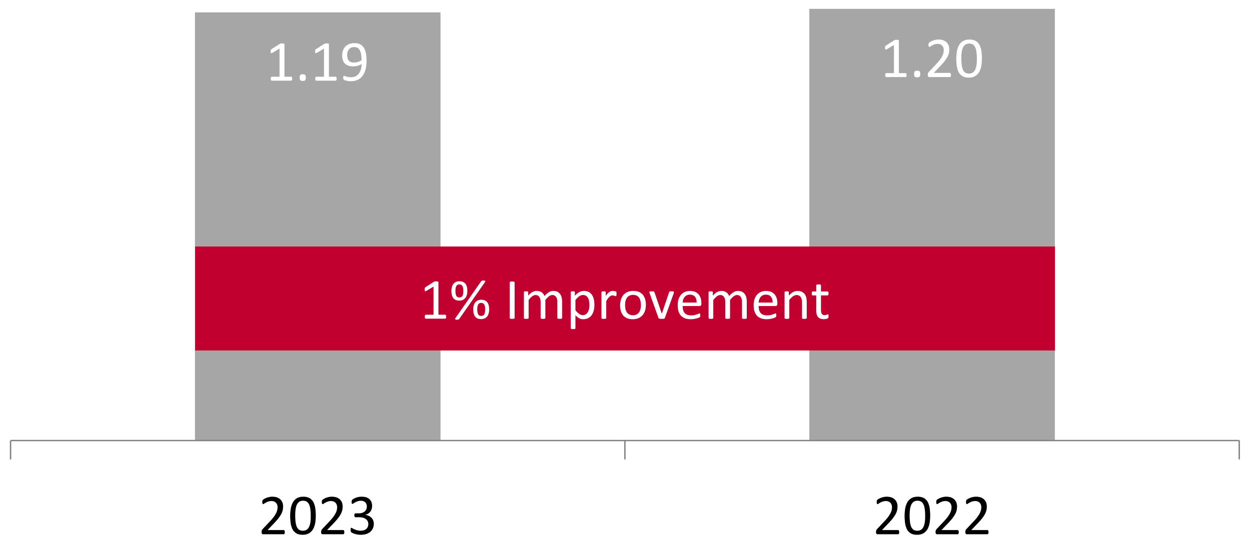


FRA train accident frequency
(per million train-miles)

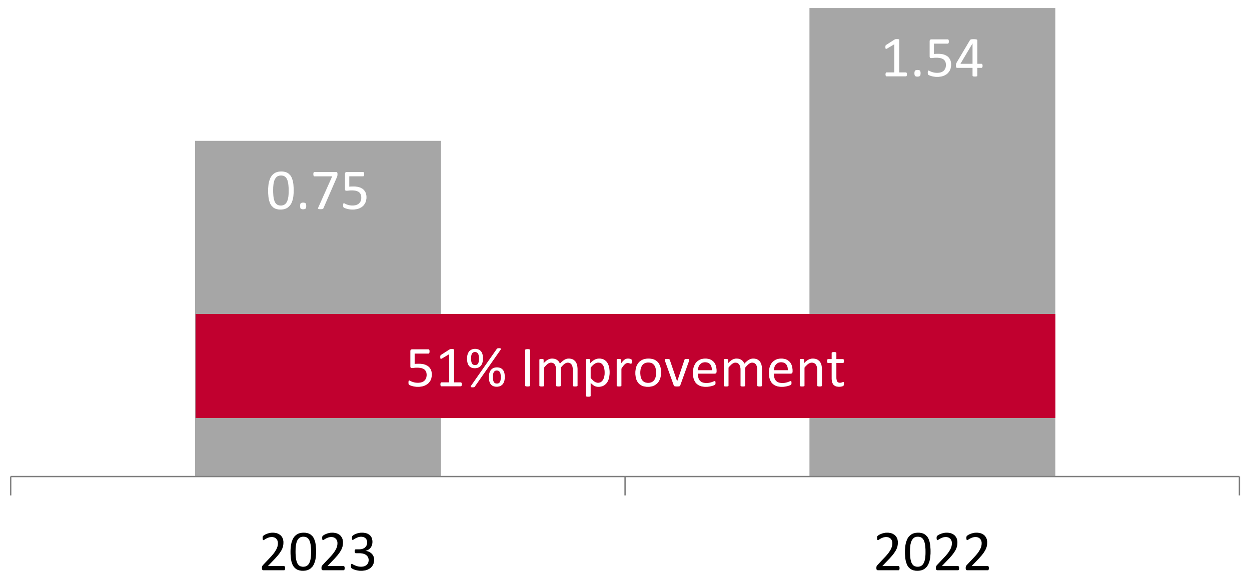


Year-to-date

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



FRA train accident frequency
(per million train-miles)

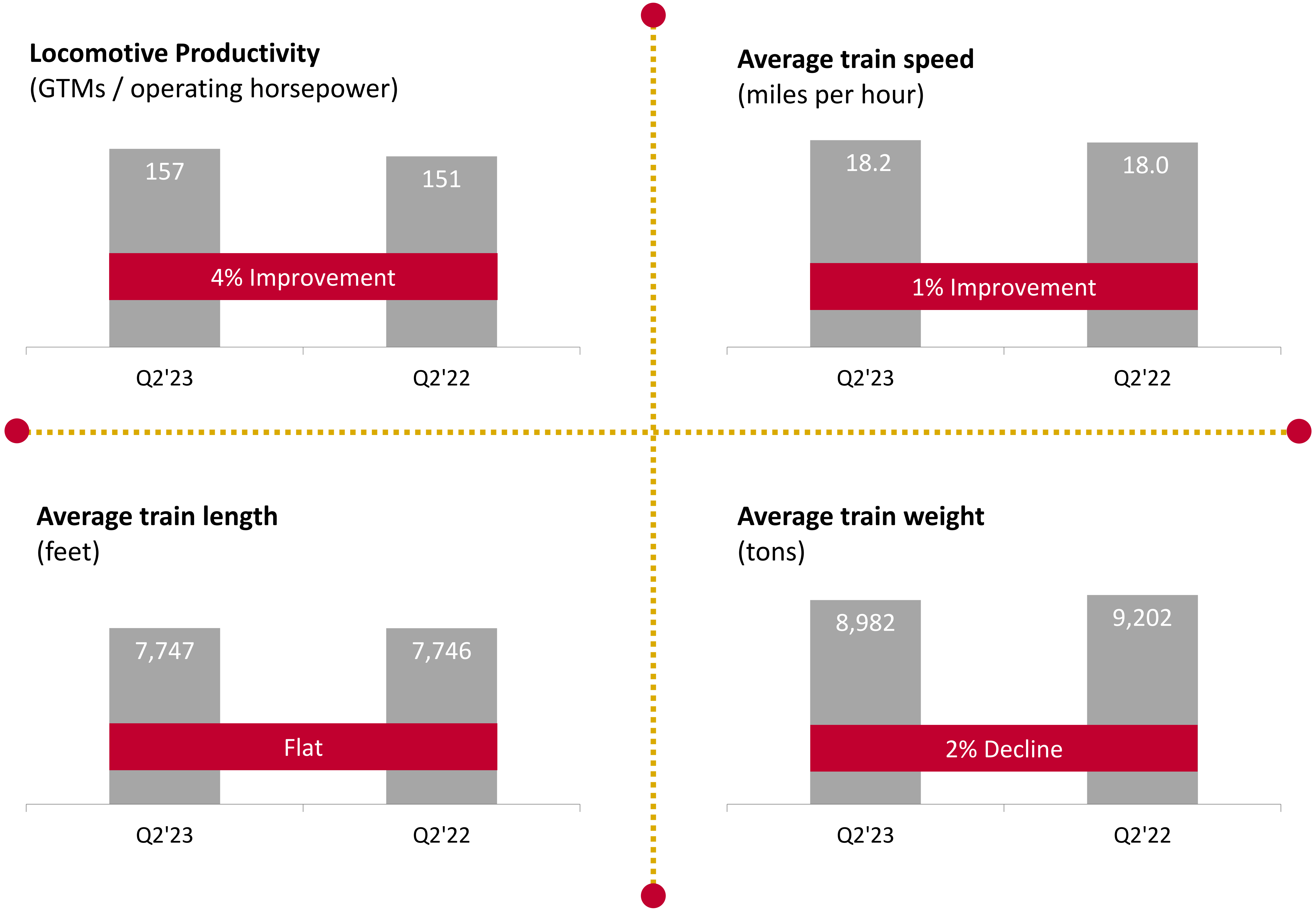


(1) Represents combined operating information to illustrate the estimated effects of the acquisition for the second quarter ended June 30, 2022, as if the acquisition closed on January 1, 2022. For a full description and reconciliation see Q2 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com

Q2 OPERATING PERFORMANCE

- Smooth transition to combined CPKC network
- Continuing to identify opportunities to enhance operations and improve efficiency
- Adjusting assets to meet demand environment
- Taking actions to work through impact of Port of Vancouver strike

VS. CPKC COMBINED[1] Q2 2022



(1) Represents combined operating information to illustrate the estimated effects of the acquisition for the second quarter ended June 30, 2022, as if the acquisition closed on January 1, 2022. For a full description and reconciliation see Q2 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com

JOHN BROOKS

CHIEF MARKETING OFFICER

REVENUE HIGHLIGHTS – Q2

TOTAL REVENUE

+44%

VS CP Q2 2022

RTMs: +24%

$/RTM: +16%

Carloads: +50%

$/Carload: -4%

COMBINED TOTAL REVENUE (1)

+2%

VS CPKC COMBINED Q2 2022

RTMs: -5%

$/RTM: +6%

Carloads: -2%

$/Carload: +4%

(1) Represents combined financial and operating information to illustrate the estimated effects of the acquisition for the second quarter ended June 30, 2022, as if the acquisition closed on January 1, 2022. For a full description and reconciliation see Q2 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com

COMBINED REVENUE UPDATE[1]

BULK

- Softer **grain** volumes due to lower U.S. corn shipments to western Canada
  - Positive 2H23 outlook due to improved YOY comps and new grain flows driven by combined network
- Lower export **potash** volumes as a result of terminal shutdown
- Anticipate strong **coal** growth in 2H23 due to customer outage in 2H22

MERCHANDISE

- Lower **crude** and **plastics** volumes due to maintenance outages
- Record quarter for MMC, driven by **steel** and **frac sand** growth
- Strong **automotive** performance due to strong demand and improved finished vehicle availability
  - Anticipate continued growth into 2H23

INTERMODAL

- Higher inventory levels and market softening led to a decline in **domestic intermodal** volumes
  - Excited by early success of MMX180/181 launch and cross-border opportunity
- Strong **international intermodal** driven by self-help wins with CMA CGM and growth at the Port of Saint John

(1) Represents combined operating information to illustrate the estimated effects of the acquisition for the second quarter ended June 30, 2022, as if the acquisition closed on January 1, 2022. For a full description and reconciliation see Q2 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com

NADEEM VELANI

CHIEF FINANCIAL OFFICER

FINANCIAL PERFORMANCE

(in millions, except percentages and per share data)	Second Quarter 2023	2022	Change %	FX Adjusted Change %[1]
Total revenues, as reported	$ 3,174	$ 2,202	44%	
Combined total revenues[1]	3,338	3,285	2%	(3)%
Total operating expenses, as reported	2,230	1,334	67%	
Combined total operating expenses[1]	2,353	2,093	12%	8%
Operating income, as reported	**$ 944**	**$ 868**	**9%**	**5%**
Core adjusted combined operating income[1]	**1,181**	**1,303**	**(9)%**	
Net income attributable to controlling shareholders, as reported	$ 1,324	$ 765	73%	
Core adjusted combined income[1]	777	882	(12)%	
Diluted earnings per share, as reported	**$ 1.42**	**$ 0.82**	**73%**	
Core adjusted combined diluted earnings per share[2]	**0.83**	**0.95**	**(13)%**	
Weighted average number of diluted shares outstanding	933.8	932.6	--%	
Operating ratio, as reported	70.3%	60.6%	970 bps	
Core adjusted combined operating ratio[2]	64.6%	60.3%	430 bps	

(1) Represents combined operating information to illustrate the estimated effects of the acquisition for the second quarter ended June 30, 2022, as if the acquisition closed on January 1, 2022. For a full description and reconciliation see Q2 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com

(2) For a full description and reconciliation of Non-GAAP Measures, see CPKC's Q2 2023 Earnings Release on investor.cpkcr.com and CPKC's 2023 Q2 MD&A available on SEDAR at www.sedar.com under CPKC's SEDAR profile

REPORTED OPERATING EXPENSES

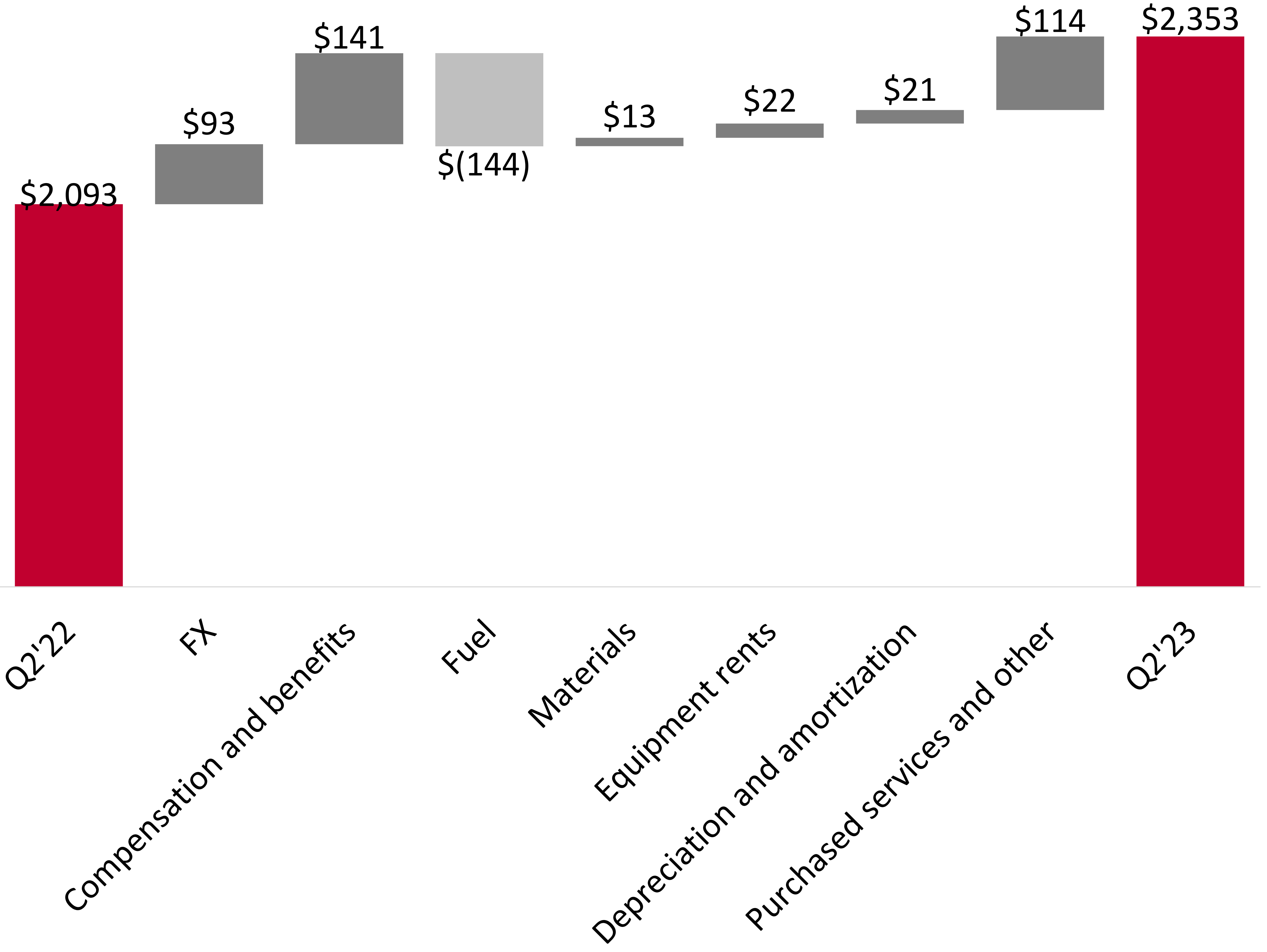
vs CP Q2 2022

(in millions, except percentages)	**Second Quarter** **2023**	**2022**	**Change %**
Compensation and benefits	$ 659	$ 348	89%
Fuel	397	370	7%
Materials	98	63	56%
Equipment rents	80	29	176%
Depreciation and amortization	410	211	94%
Purchased services and other	586	313	87%
Total operating expenses	**$ 2,230**	**$ 1,334**	**67%**

COMBINED OPERATING EXPENSES[1]

vs CPKC Combined Q2 2022

(in millions, except percentages)	Second Quarter 2023	Second Quarter 2022	Change %	FX Adjusted Change %[1]
Compensation and benefits[2]	$ 690	$ 527	31%	26%
Fuel	418	528	(21)%	(26)%
Materials	102	86	19%	15%
Equipment rents	85	60	42%	35%
Depreciation and amortization[3]	443	412	8%	5%
Purchased services and other[4]	615	480	28%	23%
Combined total operating expenses	**$ 2,353**	**$ 2,093**	**12%**	**8%**



(1) For a full description and reconciliation see Q2 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com
(2) Combined Compensation and benefits includes acquisition-related expenses of $63M in Q2 2023 and $14M in Q2 2022
(3) Combined Depreciation and amortization includes purchase accounting of $80M in Q2 2023 and $76M in Q2 2022
(4) Combined Purchased services and other includes acquisition-related expenses of $53M in Q2 2023 and $21M in Q2 2022

BELOW THE LINE

(in millions of Canadian dollars)	Second Quarter 2023	Second Quarter 2022	Year-to-Date 2023	Year-to-Date 2022
Operating Income	**$ 944**	**$ 868**	**$ 1,773**	**$ 1,403**
Less:				
Equity earnings of Kansas City Southern	(26)	(208)	(230)	(406)
Other expense	21	7	23	6
Other components of net periodic benefit recovery	(83)	(101)	(169)	(202)
Net interest expense	204	160	358	320
Remeasurement loss of Kansas City Southern	7,175	—	7,175	—
(Loss) income before income tax (recovery) expense	**$ (6,347)**	**$ 1,010**	**$ (5,384)**	**$ 1,685**
Less:				
Current income tax expense	281	131	419	217
Deferred tax (recovery) expense	(7,953)	114	(7,928)	113
Income tax (recovery) expense	**$ (7,672)**	**$ 245**	**$ (7,509)**	**$ 330**

ADJUSTED COMBINED FREE CASH

(in millions of Canadian dollars)	Second Quarter 2023	Second Quarter 2022	Year-to-Date 2023	Year-to-Date 2022
CPKC Cash provided by operating activities as reported	**$ 892**	**$ 707**	**$ 1,774**	**$ 1,320**
CPKC Cash used in investing activities	(617)	(362)	(1,019)	(568)
Effect of foreign currency fluctuations on foreign currency-denominated cash and cash equivalents	(7)	8	(3)	8
Less:				
Investment in government securities	(267)	—	(267)	—
Acquisition-related costs	(105)	(16)	(116)	(33)
Cash acquired on control of Kansas City Southern	298	—	298	—
CPKC Adjusted free cash	**$ 342**	**$ 369**	**$ 837**	**$ 793**
KCS Cash provided by operating activities as reported prior to Control Date	**94**	**171**	**556**	**360**
KCS Cash used in investing activities as reported prior to Control Date	(17)	(143)	(228)	(290)
KCS Effect of foreign currency fluctuations on foreign currency-denominated cash and cash equivalents as reported prior to Control Date	—	(2)	1	(3)
Less:				
KCS Acquisition-related costs as reported prior to Control Date	(12)	(4)	(46)	(39)
KCS Adjusted free cash	**$ 89**	**$ 30**	**$ 375**	**$ 106**
Less:				
Dividends from KCS as reported prior to Control Date	—	—	300	334
Adjusted combined free cash(1)	**$ 431**	**$ 399**	**$ 912**	**$ 565**

Long-term debt to Net income attributable to controlling shareholders ratio(2)	5.4
Adjusted combined net debt to Adjusted combined EBITDA ratio(1)	3.5

(1) For a full description and reconciliation of Non-GAAP Measures see Q2 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com
(2) Long-term debt to Net income attributable to controlling shareholders ratio is defined as long-term debt, including term debt maturing within one year, divided by Net income attributable to controlling shareholders

INVESTOR RELATIONS CONTACTS

CHRIS DE BRUYN

Assistant Vice-President

ASHLEY THORNE

Managing Director

403-319-3591

investor@cpkcr.com

investor.cpkcr.com

APPENDIX

OUTLOOK FOR LONG-TERM GROWTH

2023 GUIDANCE

- Core adjusted combined diluted EPS[1] to grow mid-single digits vs. 2022 core adjusted combined diluted EPS[1] of $3.77

2024 – 2028 FINANCIAL OUTLOOK

- High single-digit revenue growth
- Double-digit core adjusted combined EPS[1] growth
- Strong margin improvement through cost control & operating leverage
- Capital expenditures of ~$2.6 to $2.8 billion per year
- Adjusted combined free cash[2] conversion of core adjusted combined income[2] of ~90%
- Return to double-digit core adjusted combined ROIC[2]

KEY ASSUMPTIONS

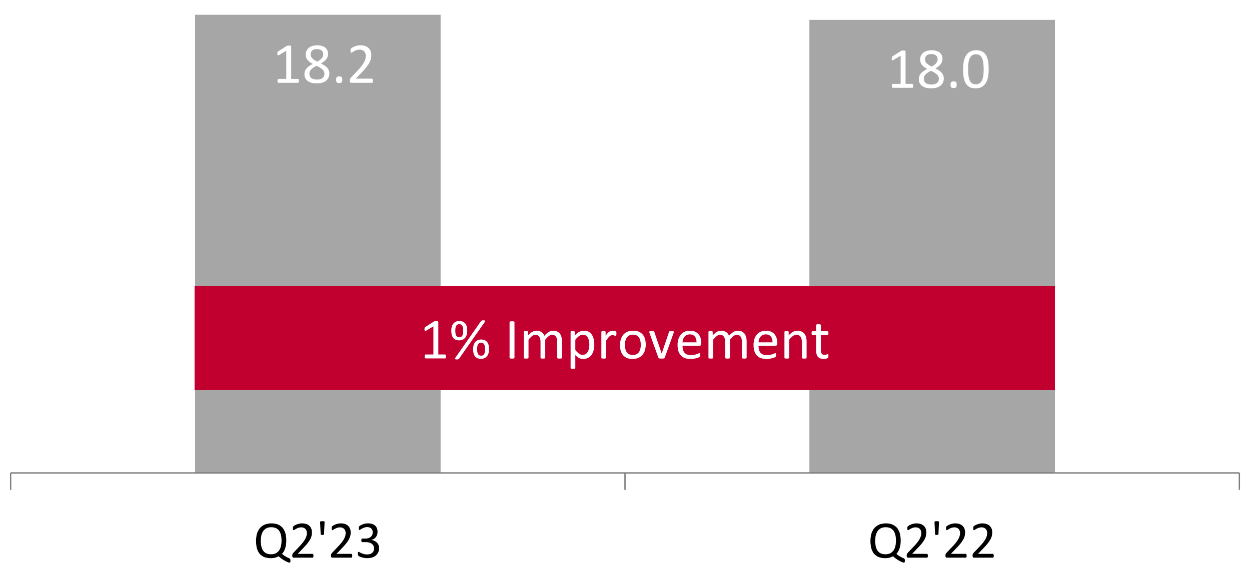
- Exchange rate of $1.35 CAD/USD
- On-Highway Diesel price of $4.15 USD/US gallon
- Other components of net periodic benefit recovery of $330 million to $370 million
- Annualized core adjusted effective tax rate of approximately 25.5%, excluding discrete items such as any effects of changes in tax rates

(1) For a full description and reconciliation of Non-GAAP Measures see CPKC's Q2 2023 Earnings Release on investor.cpkcr.com, CPKC's 2023 Q2 MD&A available on SEDAR at www.sedar.com under CPKC's SEDAR profile
(2) For a full description and reconciliation of Non-GAAP Measures see CPKC's Q2 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com

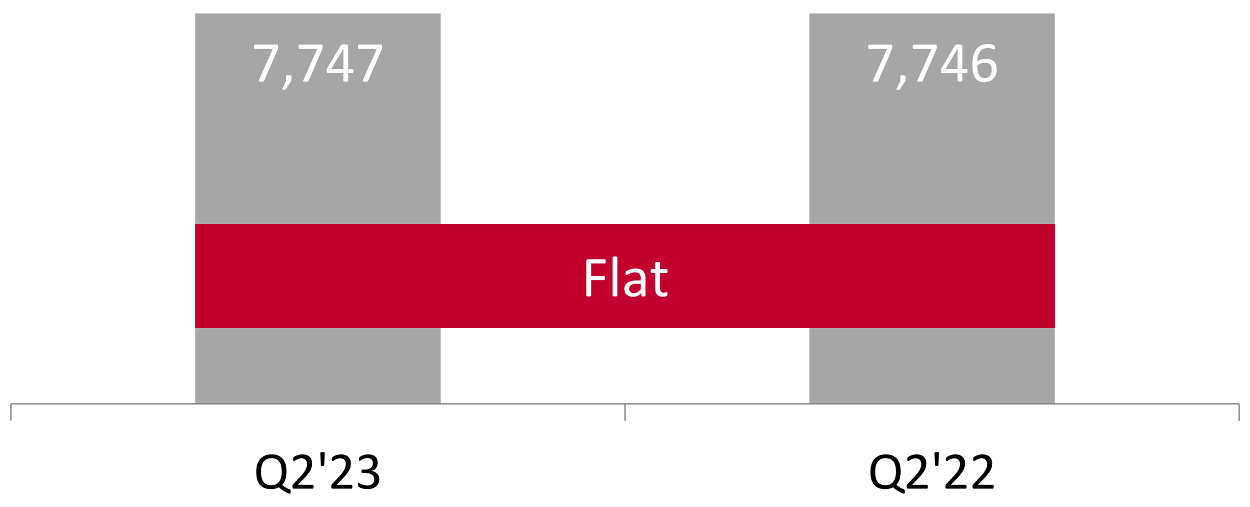
Q2 OPERATING PERFORMANCE

VS. CPKC COMBINED (1) 2022

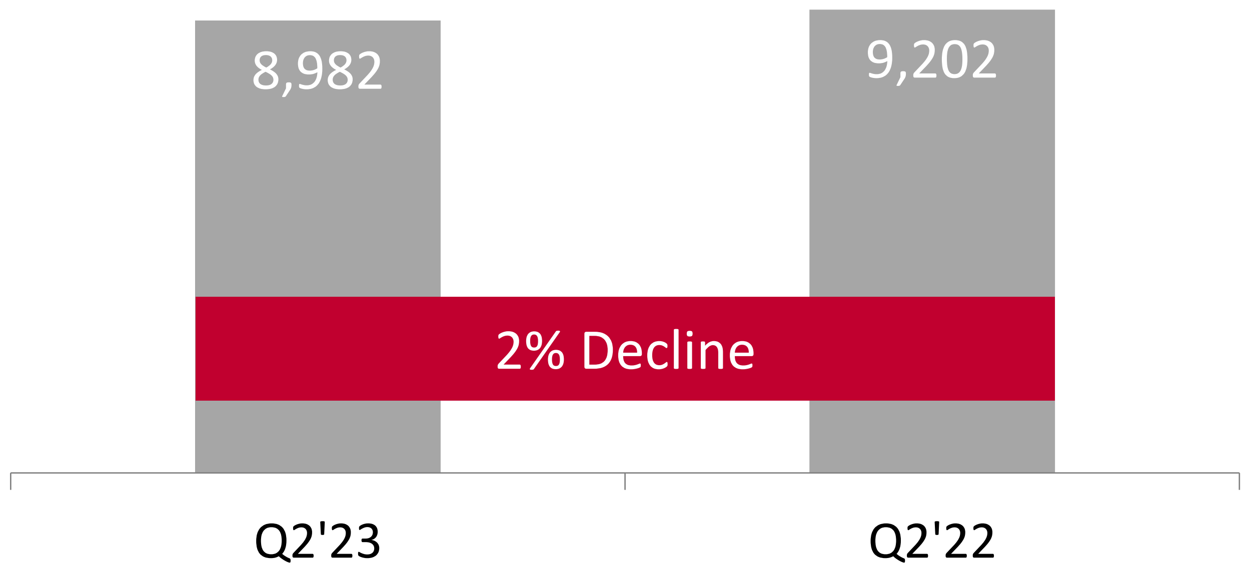
Average train speed
(miles per hour)



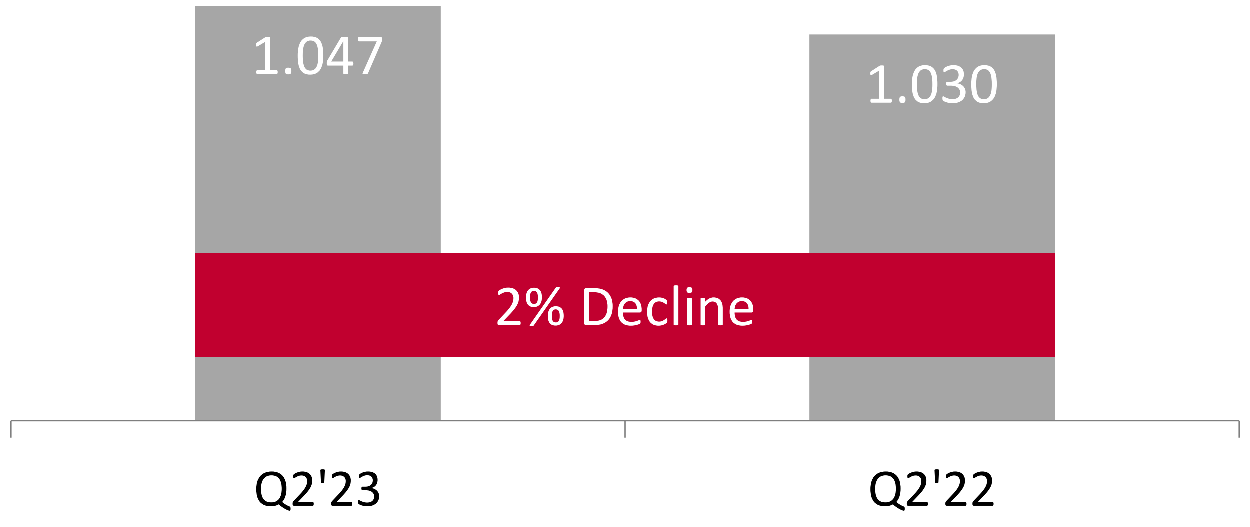
Average train length
(feet)



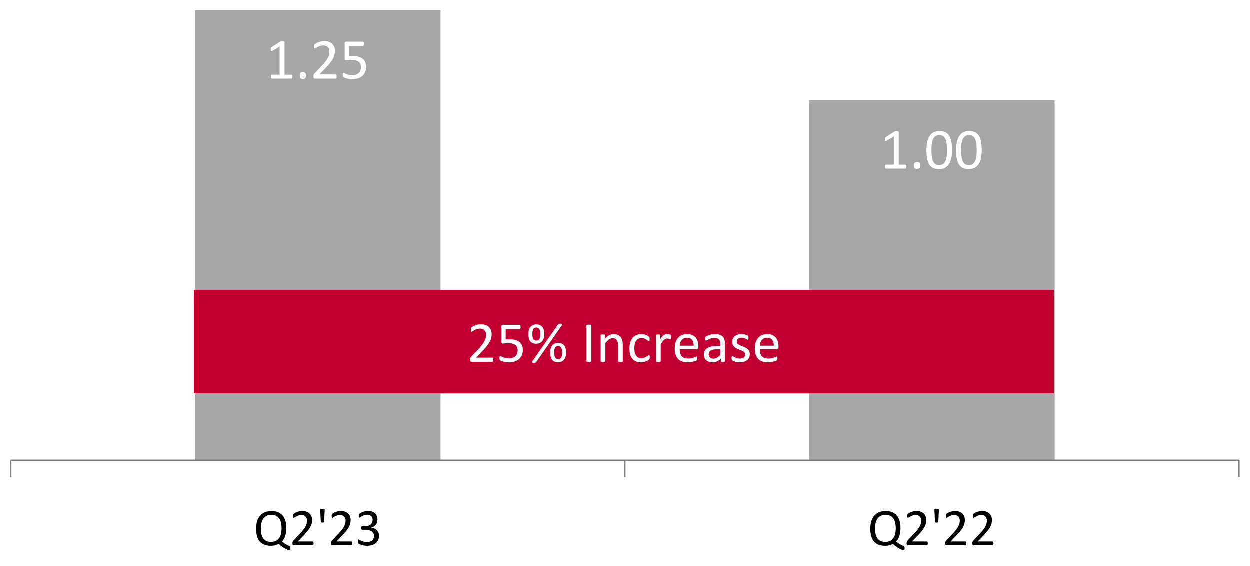
Average train weight
(tons)



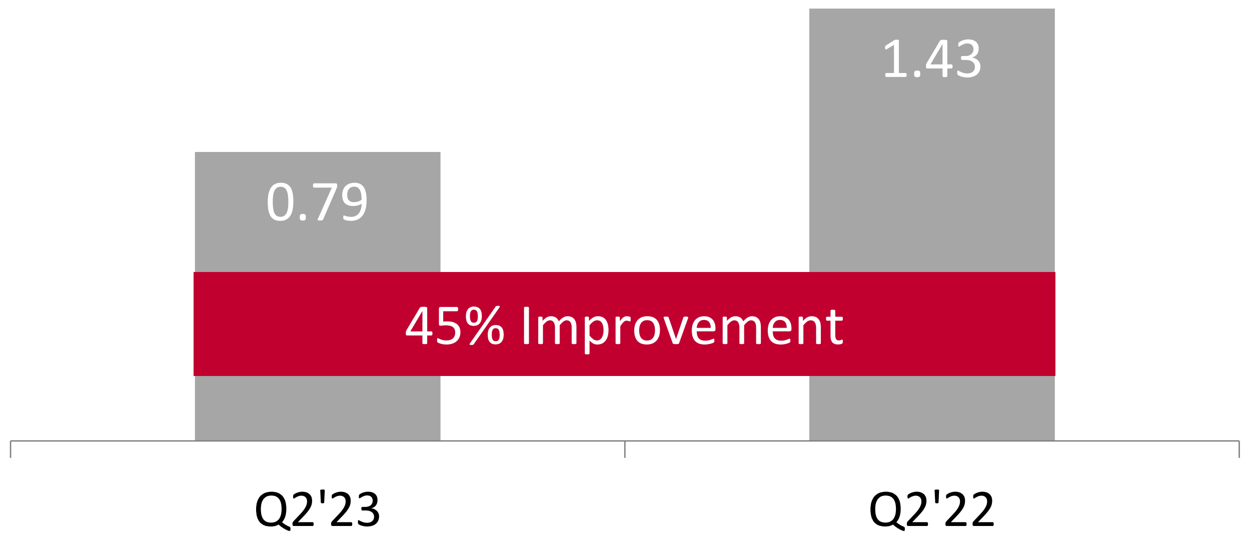
Fuel Efficiency
(U.S. gallons of locomotive fuel/1,000 GTMs)



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



FRA train accident frequency
(per million train-miles)

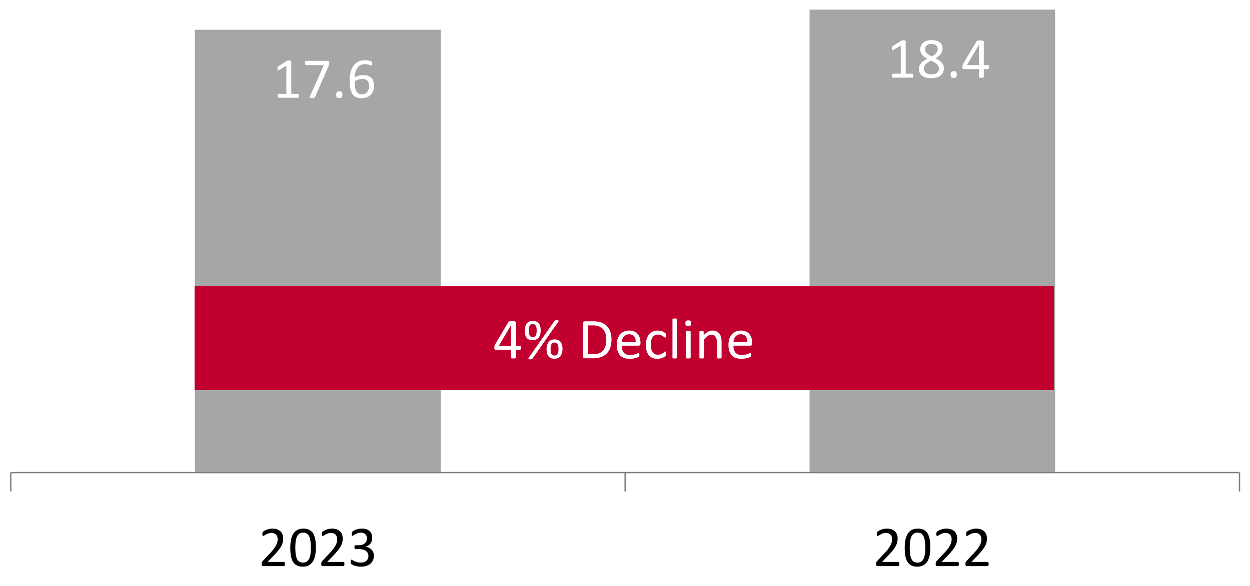


(1) Represents combined operating information to illustrate the estimated effects of the acquisition for the second quarter ended June 30, 2022, as if the acquisition closed on January 1, 2022. For a full description and reconciliation see Q2 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com

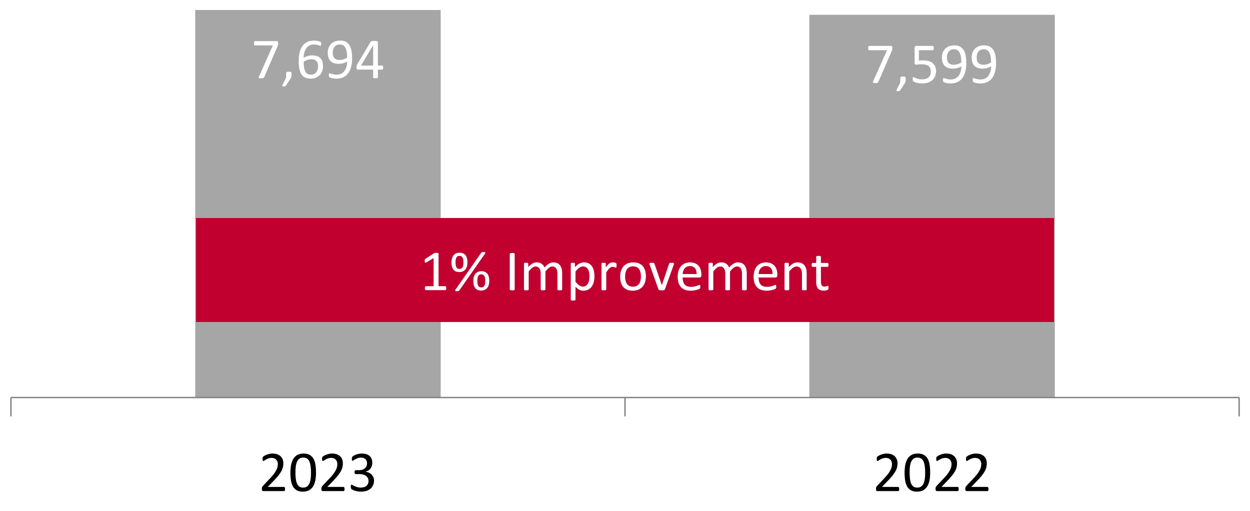
YTD OPERATING PERFORMANCE

VS. CPKC COMBINED [(1)] 2022

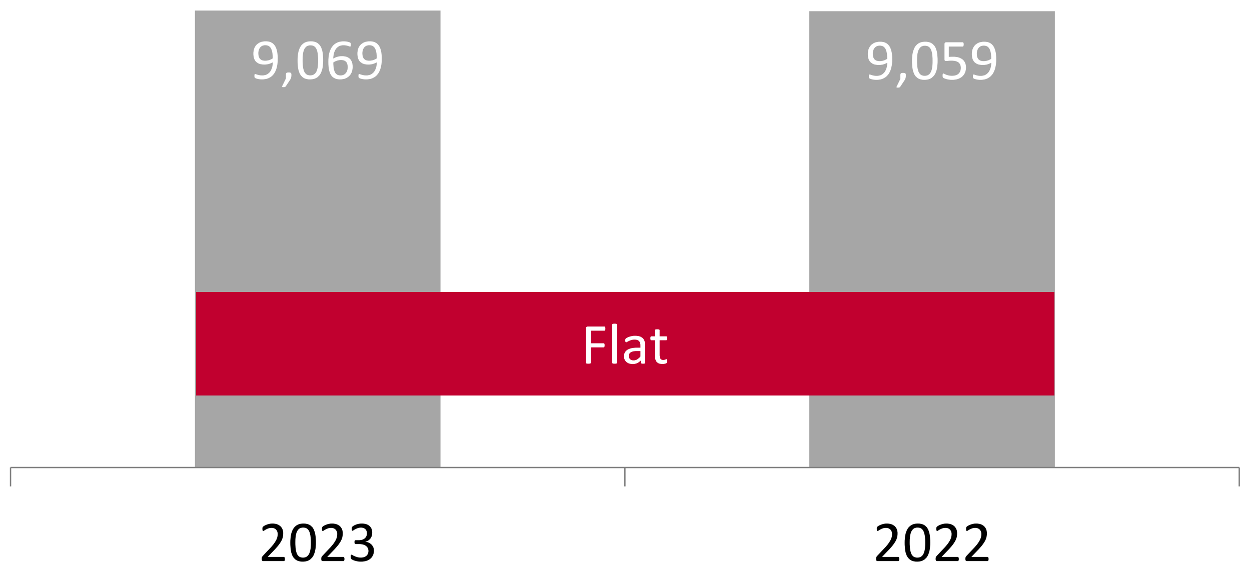
Average train speed
(miles per hour)



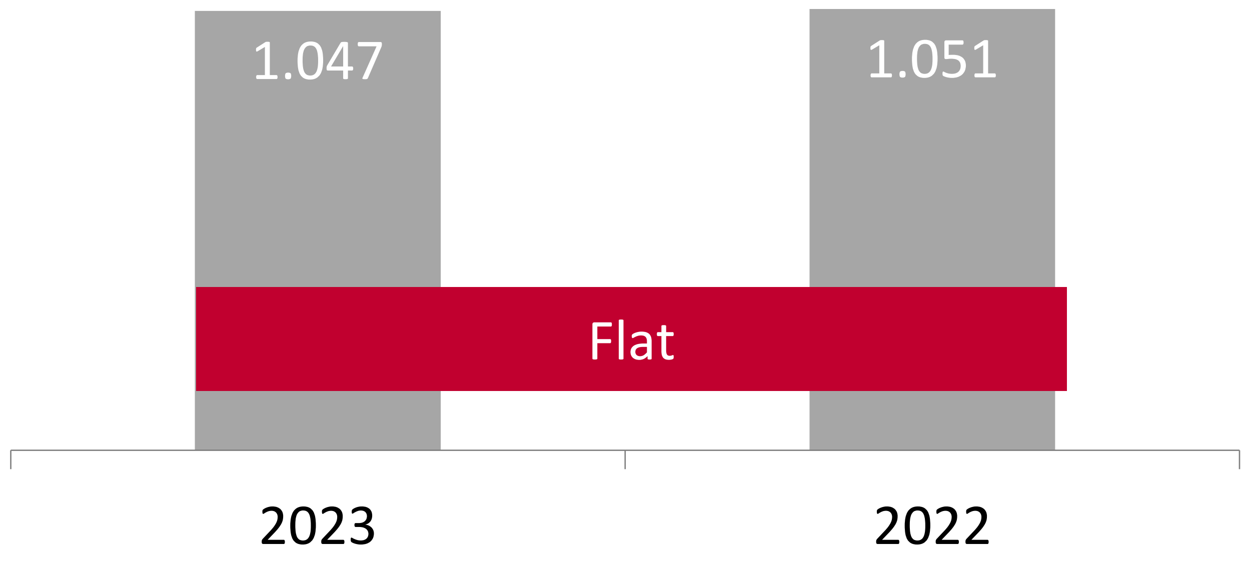
Average train length
(feet)



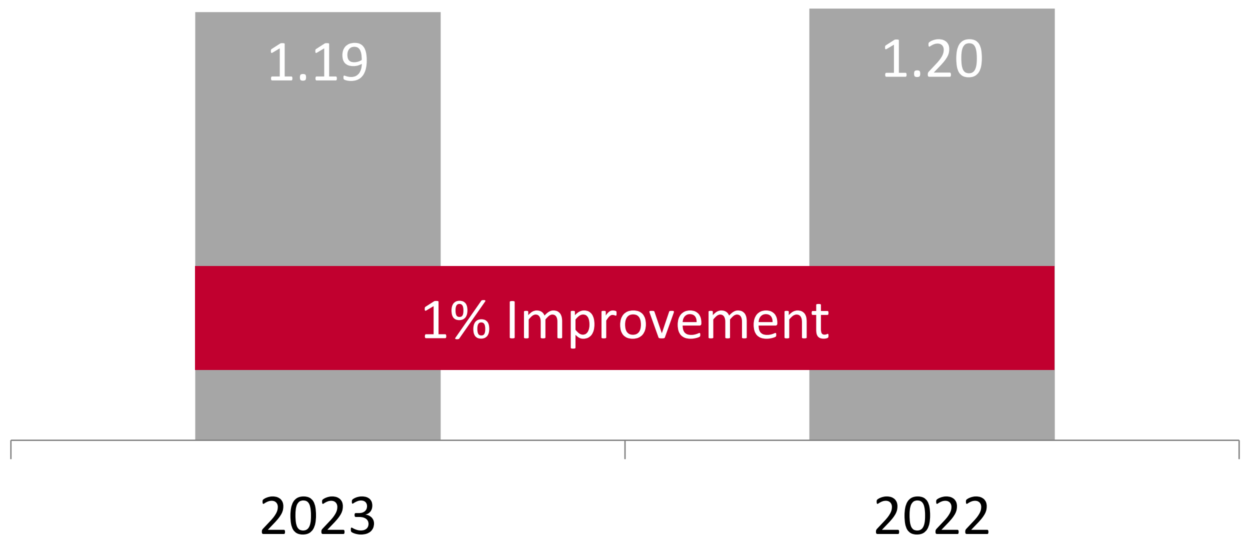
Average train weight
(tons)



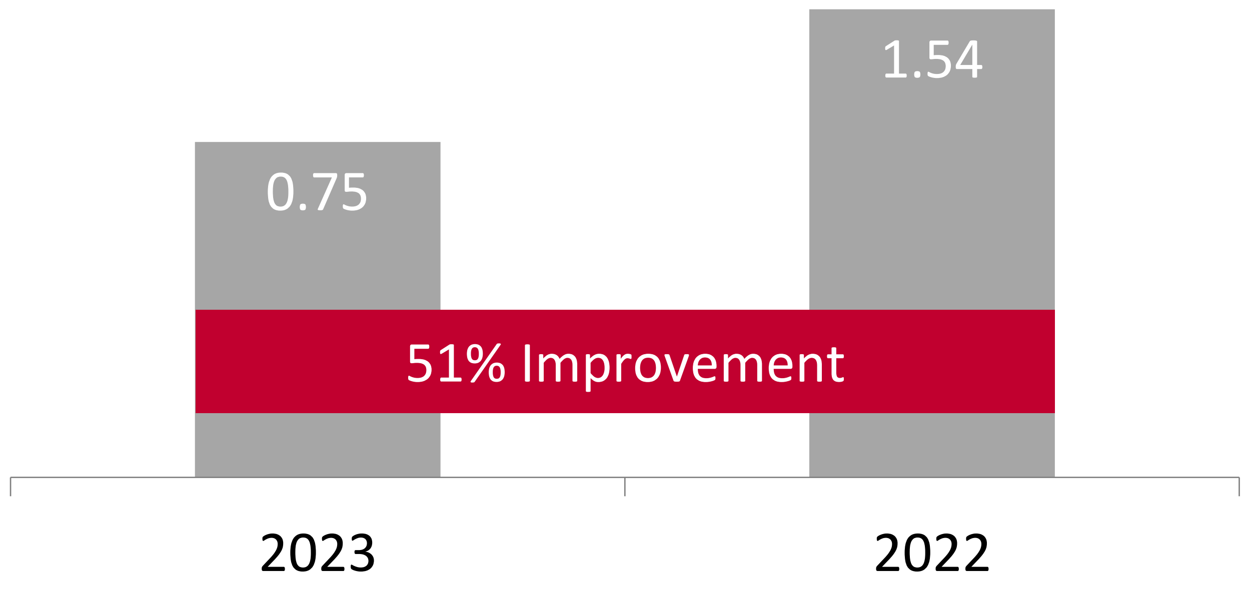
Fuel Efficiency
(U.S. gallons of locomotive fuel/1,000 GTMs)



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



FRA train accident frequency
(per million train-miles)



(1) Represents combined operating information to illustrate the estimated effects of the acquisition for the second quarter ended June 30, 2022, as if the acquisition closed on January 1, 2022. For a full description and reconciliation see Q2 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com