



Q1 2024 EARNINGS REVIEW

April 24, 2024





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, targets, 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", "targets", "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 our ability to deliver on financial guidance for 2024, including estimated growth and capital expenditures, 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 therefrom, our operations, priorities and plans, including sustainability-related targets 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's ("CPKC's" or 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, 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 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 December 31, 2023.

NON-GAAP MEASURES

CPKC presents Non-GAAP measures, including Core adjusted combined operating ratio, Core adjusted combined diluted earnings per share (EPS), Core adjusted combined operating income, Adjusted combined free cash and Adjusted combined net debt to adjusted combined Earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio, to provide an additional basis for evaluating underlying earnings and liquidity trends in CPKC's current periods' financial results that can be compared with the results of operations in prior periods and facilitate a multi-period assessment of long-term profitability.

These Non-GAAP measures have no standardized meaning and are not defined by U.S. GAAP and, therefore, may not be comparable to similar measures presented by other companies. The presentation of these Non-GAAP measures is not intended to be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with U.S. GAAP.

Although CPKC has provided forward-looking Non-GAAP measures (Core adjusted combined diluted EPS and Adjusted combined net debt to adjusted combined EBITDA) management is unable to reconcile, without unreasonable efforts, the forward-looking Core adjusted combined diluted EPS to the most comparable U.S. GAAP measure, due to unknown variables and uncertainty related to future results. These unknown variables and uncertainty may include unpredictable transactions of significant value. In recent years, the Company has recognized acquisition-related costs, adjustments to provisions and settlements of Mexican taxes, KCS' gain on unwinding of interest rate hedges (net of CP-associated purchase accounting basis differences and tax), loss on derecognition of CPKC's previously held equity method investment in KCS, discrete tax items, changes in the outside basis tax difference between the carrying amount of the Company's equity investment in KCS and its tax basis of the investment, changes in income tax rates, and changes to an uncertain tax item. Acquisition-related costs include legal, consulting, financing fees, integration costs including third-party services and system migration, debt exchange transaction costs, community investments, fair value gain or loss on foreign exchange ("FX") forward contracts and interest rate hedges, FX gain on U.S. dollar-denominated cash on hand from the issuances of long-term debt to fund the KCS acquisition, restructuring, employee retention and synergy incentive costs, and transaction and integration costs incurred by KCS which were recognized within Equity earnings of KCS in the Company's Consolidated Statements of Income. KCS has also recognized FX gains and losses. These items may not be non-recurring, and may include items that are settled in cash. Specifically, due to the magnitude of the acquisition, its significant impact to the Company's business and complexity of integrating the acquired business and operations, the Company expects to incur the acquisition-related costs beyond the year of acquisition. These or other similar, large unforeseen transactions affect diluted EPS but may be excluded from CPKC's Core adjusted combined diluted EPS and adjusted combined EBITDA. Additionally, the Canadian-to-U.S. dollar and Mexican peso-to-U.S. dollar exchange rates are unpredictable and can have a significant impact on CPKC's reported results but may be excluded from CPKC's Core adjusted combined diluted EPS and adjusted combined EBITDA.

For further information regarding Non-GAAP measures, including reconciliations to the most directly comparable GAAP measures, see the Non-GAAP Measures supplement to the Q1 2024 Earnings Release on our website at investor.cpkcr.com and on SEDAR+ at www.sedarplus.ca under CPKC's SEDAR+ profile, and the Q1 2024 Unaudited Combined Summary of Supplemental Data on our website at investor.cpkcr.com.



KEITH CREEL

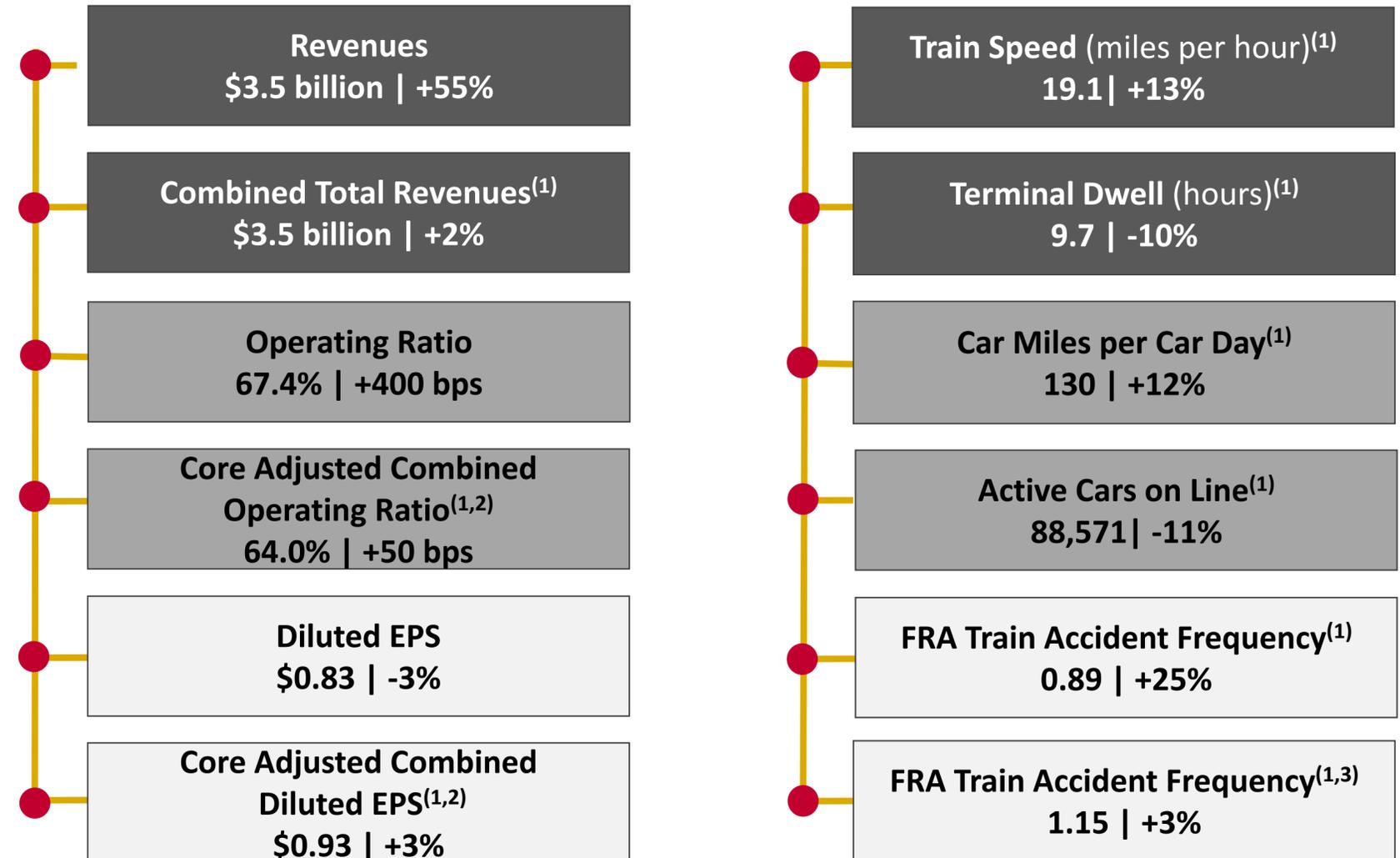
PRESIDENT &
CHIEF EXECUTIVE OFFICER



HIGHLIGHTS

Q1 2024 vs. Q1 2023

- Celebrating one year of CPKC
 - New customer solutions driving growth
- Network performing well with year-over-year improvements in velocity and dwell
- Continued strong performance in Mexico
 - Car Miles per Car Day: +23%
 - Active Cars on Line: -15%
- Well-positioned to deliver strong year



(1) Represents combined operating information to illustrate the estimated effects of the acquisition for the first quarter ended March 31, 2023, as if the acquisition closed on January 1, 2022. For the three months ended March 31, 2024, KCS was consolidated. For a full description and reconciliation see Q1 2024 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com

(2) For a full description and reconciliation of Non-GAAP Measures, see CPKC's Q1 2024 Earnings Release on investor.cpkcr.com and CPKC's 2024 Q1 MD&A available on SEDAR+ at www.sedarplus.ca under CPKC's SEDAR+ profile

(3) FRA personal injuries per 200,000 employee-hours for the first quarter ended March 31, 2023, previously reported as 1.15, was restated to 1.12



MARK REDD

CHIEF OPERATING OFFICER

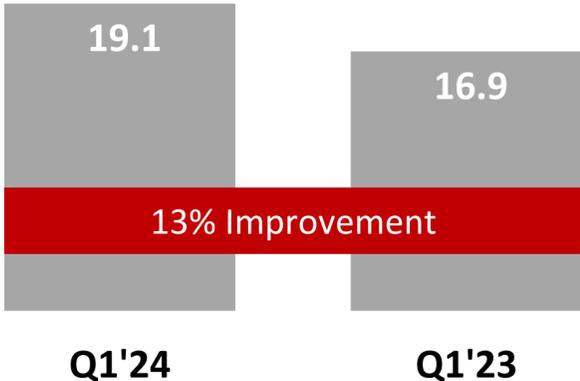


OPERATING PERFORMANCE

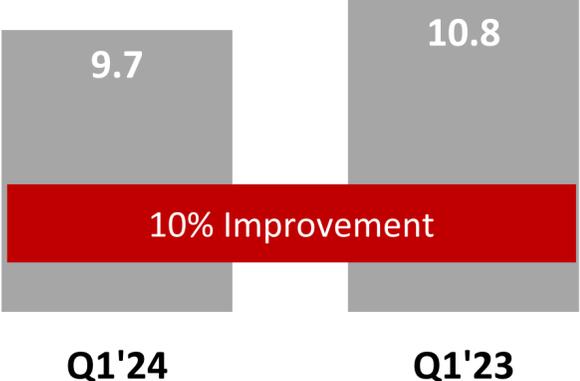
VS. CPKC COMBINED⁽¹⁾ Q1 2023

- Strong operational performance, despite challenging weather in January
- Focus on building an aligned safety culture across the network
- Advancing productivity and capacity initiatives in Mexico
- Key capital investments in safety and capacity to support growth

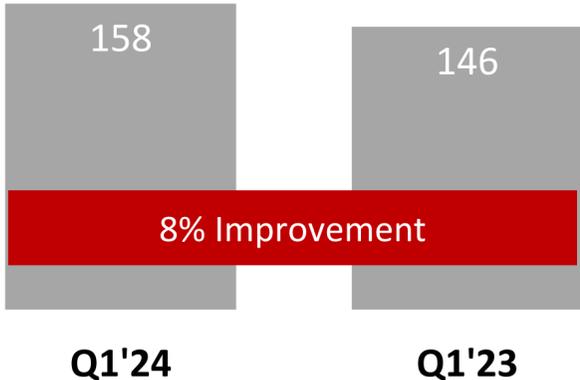
Average Train Speed
(miles per hour)



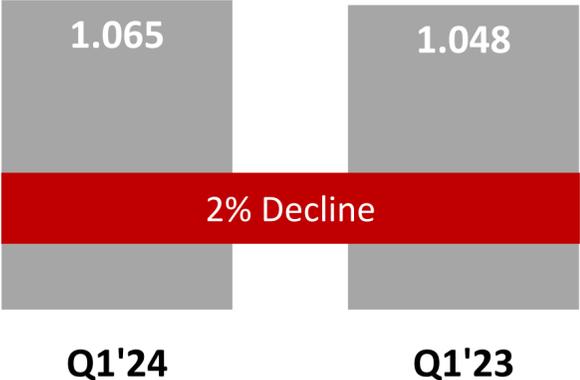
Average Terminal Dwell
(hours)



Locomotive Productivity
(GTM / operating horsepower)



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



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JOHN BROOKS

CHIEF MARKETING OFFICER



REVENUE HIGHLIGHTS

TOTAL REVENUE

+55%

VS CP Q1 2023

RTMs: +38%

\$/RTM: +12%

Carloads: +58%

\$/Carload: -2%

TOTAL REVENUE

+2%

VS CPKC COMBINED⁽¹⁾ Q1 2023

RTMs: +1%

\$/RTM: -%

Carloads: -3%

\$/Carload: +5%

REVENUE UPDATE – Q1⁽¹⁾

BULK

- Strong **U.S. grain** partially offset by lower **Canadian grain** due to weaker harvest for the '23/'24 crop year
 - U.S. grain strength driven by exports, and shipments to Canada and Mexico
 - Combined network delivering customer options and business resiliency
- Higher domestic and export **potash** volumes, bouncing back after slow start from weather impacts
 - Well-positioned for strong 2024
- Lower **coal** volumes due to weather impacts and lower natural gas prices

MERCHANDISE

- Diversified growth in **ECP** from fuel oil, Diluent Recovery Unit (DRU) volumes, and plastics
- **Forest products** synergy gains offset by softer demand in base pulp and paper business
- Strong growth in **metals** driven by industrial growth and nearshoring, offset by weaker **frac sand** demand
- Strong **automotive** performance despite production holds
 - New Dallas auto compound opening in June

INTERMODAL

- Strong **international intermodal** through the Ports of Vancouver and Lázaro Cárdenas
 - Rebound at the Port of Vancouver driven by shipments returning after the work stoppage last summer
 - Strong TEU growth at the Port of Lázaro Cárdenas
- Flat **domestic intermodal** volumes
 - MMX180/181 growth accelerating, with strong uptake from IMC and retail partners
 - Offset by loss of short haul volume



NADEEM VELANI

CHIEF FINANCIAL OFFICER



FINANCIAL PERFORMANCE

<i>(in millions, except percentages and per share data)</i>	First Quarter		Change	FX Adjusted Change ⁽²⁾
	2024	2023		
Total revenues, as reported	\$ 3,520	\$ 2,266	55%	
Combined total revenues ⁽¹⁾	3,520	3,456	2%	1%
Total operating expenses, as reported	2,371	1,437	65%	
Combined total operating expenses ⁽¹⁾	2,371	2,299	3%	2%
Operating income, as reported	\$ 1,149	\$ 829	39%	
Core adjusted combined operating income⁽²⁾	1,265	1,262	—%	
Net income attributable to controlling shareholders, as reported	\$ 775	\$ 800	(3%)	
Core adjusted combined income ⁽²⁾	866	840	3%	
Diluted earnings per share, as reported	\$ 0.83	\$ 0.86	(3%)	
Core adjusted combined diluted earnings per share⁽²⁾	0.93	0.90	3%	
Weighted average number of diluted shares outstanding	934.4	933.5	—%	
Operating ratio, as reported	67.4%	63.4%	400 bps	
Core adjusted combined operating ratio ⁽²⁾	64.0%	63.5%	50 bps	

OPERATING EXPENSES – Q1

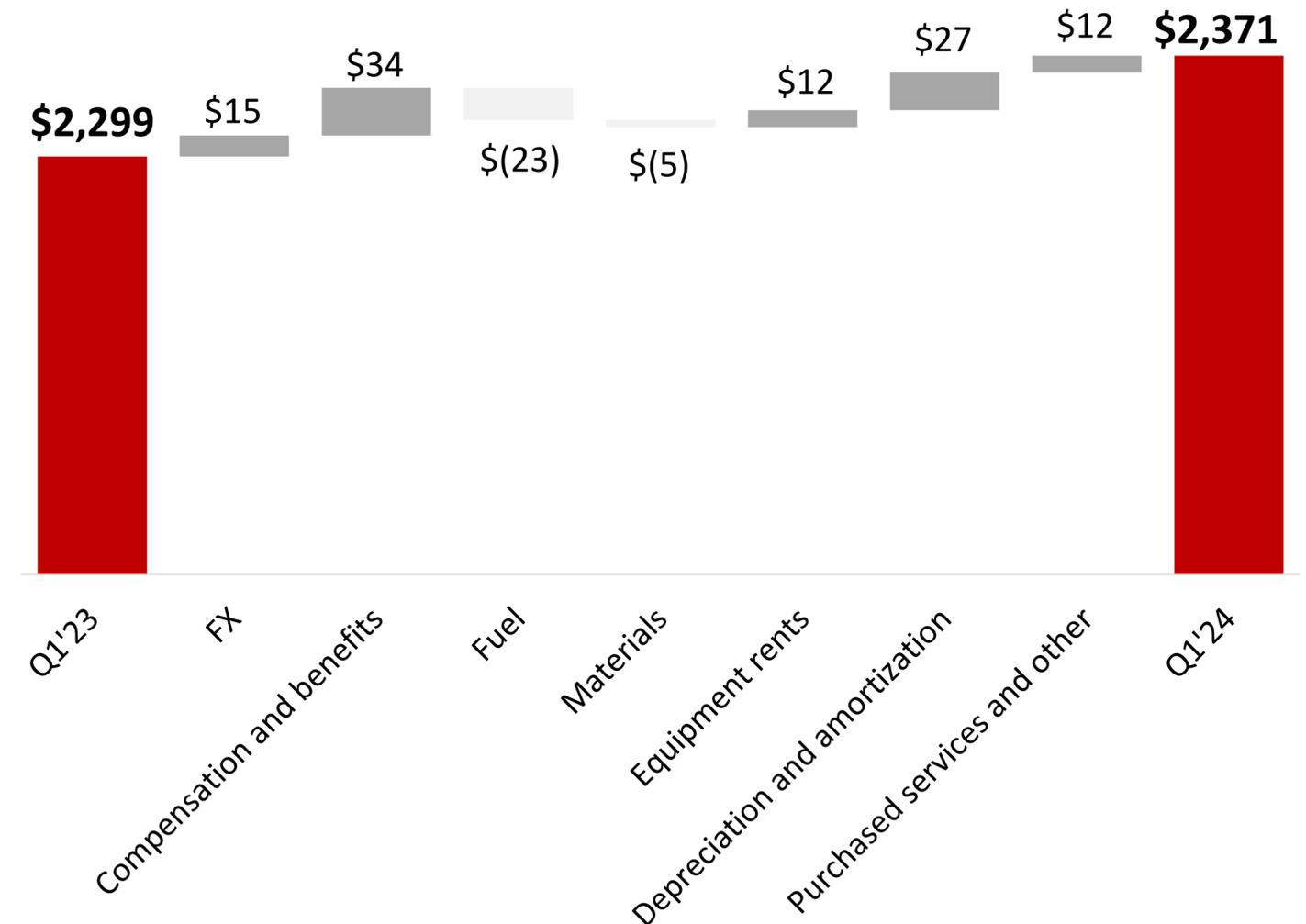
vs CP Reported Q1 2023

<i>(in millions, except percentages)</i>	<u>First Quarter</u>		
	2024	2023	Change
Compensation and benefits	\$ 690	\$ 438	58%
Fuel	458	326	40%
Materials	94	72	31%
Equipment rents	82	30	173%
Depreciation and amortization	467	225	108%
Purchased services and other	580	346	68%
Total operating expenses	\$ 2,371	\$ 1,437	65%

OPERATING EXPENSES – Q1

vs CPKC Combined Q1 2023⁽¹⁾

<i>(in millions, except percentages)</i>	First Quarter		Change	FX Adjusted Change ⁽¹⁾
	2024	2023		
Compensation and benefits ⁽²⁾	\$ 690	\$ 650	6 %	5%
Fuel	458	475	(4%)	(5%)
Materials ⁽³⁾	94	98	(4%)	(5%)
Equipment rents	82	70	17%	17%
Depreciation and amortization ⁽⁴⁾	467	441	6%	6%
Purchased services and other ⁽⁵⁾	580	565	3%	2%
Combined total operating expenses	\$2,371	\$ 2,299	3%	2%



(1) For a full description and reconciliation see Q1 2024 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com. For the three months ended March 31, 2024, KCS was consolidated

(2) Combined Compensation and benefits includes acquisition-related expenses of \$4M in Q1 2024 and \$11M in Q1 2023, and adjustments to provisions and settlement of Mexican taxes of \$10M in Q1 2024 and \$nil in Q1 2023

(3) Combined Materials includes acquisition-related expenses of \$2M in Q1 2024 and \$nil in Q1 2023

(4) Combined Depreciation and amortization includes purchase accounting of \$79M in Q1 2024 and \$80M in Q1 2023

(5) Combined Purchased services and other includes acquisition-related expenses of \$20M in Q1 2024 and \$14M in Q1 2023, and purchase accounting of \$1M in Q1 2024 and \$nil in Q1 2023

BELOW THE LINE

<i>(in millions)</i>	<u>First Quarter</u>	
	2024	2023
Operating income, as reported	\$ 1,149	\$ 829
Less:		
Equity earnings of Kansas City Southern	—	(204)
Other (income) expense	(2)	2
Other components of net periodic benefit recovery	(88)	(86)
Net interest expense	206	154
Income before income tax expense	\$ 1,033	\$ 963
Less:		
Current income tax expense	242	139
Deferred income tax expense	17	24
Income tax expense	\$ 259	\$ 163

ADJUSTED COMBINED FREE CASH

<i>(in millions)</i>	<u>For the three months ended</u>	
	<u>March 31</u>	
	2024	2023
CPKC Cash provided by operating activities as reported	\$ 1,015	\$ 881
CPKC Cash used in investing activities	(542)	(401)
Effect of foreign currency fluctuations on foreign currency-denominated cash and cash equivalents	13	4
Less:		
Settlements of Mexican taxes	(1)	—
Settlement of foreign currency forward contracts net of tax	(46)	—
Acquisition-related costs	(22)	(11)
CPKC Adjusted free cash⁽¹⁾	\$ 555	\$ 495
KCS Cash provided by operating activities as reported prior to Control Date	—	462
KCS Cash used in investing activities as reported prior to Control Date	—	(211)
KCS Effect of foreign currency fluctuations on foreign currency-denominated cash and cash equivalents as reported prior to Control Date	—	1
Less:		
KCS Acquisition-related costs as reported prior to Control Date	—	(34)
KCS Adjusted free cash⁽¹⁾	\$ —	\$ 286
Less:		
Dividends from KCS as reported prior to Control Date	—	300
Adjusted combined free cash⁽¹⁾	\$ 555	\$ 481
Rolling 12-month:		
Long-term debt to Net income attributable to controlling shareholders ratio⁽²⁾	5.8	5.1
Adjusted combined net debt to adjusted combined EBITDA ratio⁽¹⁾	3.4	3.6

INVESTOR RELATIONS CONTACTS

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2024 OUTLOOK

DOUBLE-DIGIT CORE ADJUSTED COMBINED DILUTED EPS⁽¹⁾ GROWTH

Vs. 2023 core adjusted combined diluted EPS of \$3.84⁽¹⁾

CAPITAL EXPENDITURES \$2.75B

Assumptions

- Other components of net periodic benefit recovery will increase by approximately \$23 million, from \$327 million in 2023
- Core adjusted effective tax rate of 25.0 to 25.5%⁽²⁾

(1) For a full description and reconciliation of Non-GAAP Measures see CPKC's Q1 2024 Earnings Release on investor.cpkcr.com and on SEDAR+ at www.sedarplus.ca under CPKC's SEDAR+ profile.

(2) For a full description and reconciliation of Non-GAAP Measures see CPKC's Q1 2024 Quarterly Report on Form 10-Q on investor.cpkcr.com and on SEDAR+ at www.sedarplus.ca under CPKC's SEDAR+ profile.



OUTLOOK FOR LONG-TERM GROWTH: 2024 - 2028

High single-digit revenue growth

Double-digit core adjusted combined EPS⁽¹⁾ growth

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⁾

Strong margin improvement through cost control and operating leverage

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 2024 – 2028 core adjusted effective tax rate of approximately 25.5%⁽²⁾, excluding significant items

CPKC'S SUSTAINABILITY LEADERSHIP

Advancing our commitment to sustainable, long-term growth as a combined company

- **Published our Commitment to Climate Action**

- Consolidated target to reduce our well-to-wheel locomotive emissions by 36.9% by 2030⁽¹⁾, which has been validated by the Science Based Targets initiative's ("SBTi")
- Joined the SBTi Business Ambition for 1.5°C global campaign, which includes alignment in supporting the global economy to achieve net-zero emissions by 2050

- **Low carbon innovation**

- Observed one year of biofuel pilot project in 10 locomotives, which has reduced more than 4,072 metric tons of locomotive GHG emissions

- **Continue to make progress on hydrogen locomotive program**

- Low horsepower units in weekly revenue service; high horsepower unit movement tests in progress
- Installation of hydrogen production and fueling facilities

- **Invested in our communities**

- Helped raise millions of dollars for local organizations through various programs in 2023

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA



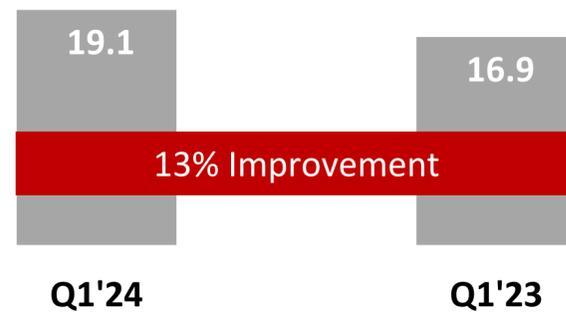
(1) Target reductions from a 2020 base year, percentage per gross ton-mile

(2) Please refer to CPKC's 2022 Sustainability Data Report for a discussion of important assumptions, risks and limitations related to these targets, goals and plans

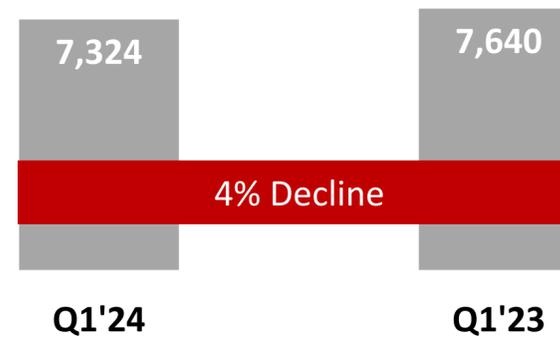
OPERATING PERFORMANCE

VS. CPKC COMBINED⁽¹⁾ Q1 2023

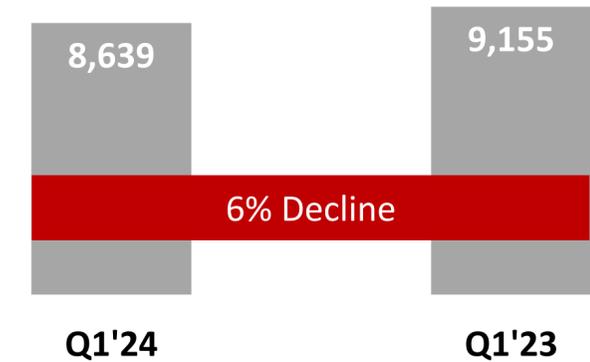
Average train speed
(miles per hour)



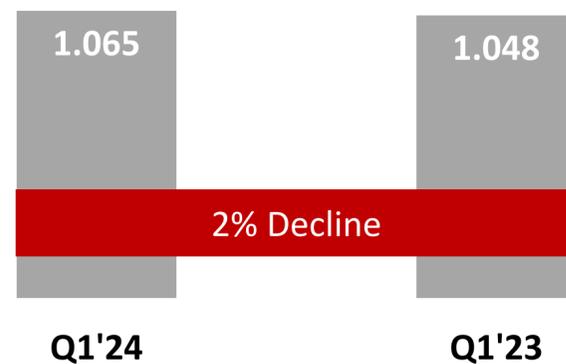
Average train length
(feet)



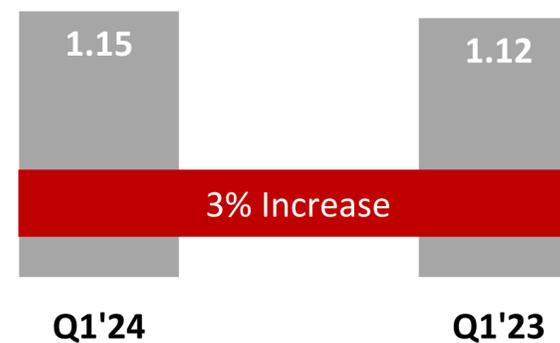
Average train weight
(tons)



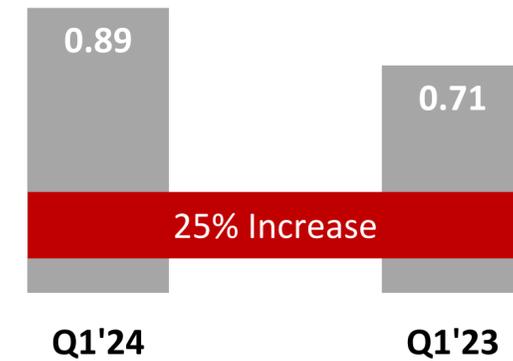
Fuel Efficiency
(U.S. gallons of locomotive fuel / 1,000 GTMs)



FRA personal injuries⁽²⁾
(per 200,000 employee-hours)



FRA train accident frequency
(per million train-miles)



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