Q1 2019 EARNINGS REVIEW

APRIL 23, 2019

CANADIAN PACIFIC
1881
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 performance, including our 2019 full-year guidance, business prospects, planned capital expenditures, financing strategies, programs and 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.

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 2019 guidance 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 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 in 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; inflation; changes in laws and regulations, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; 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 including long-term floating rate notes; and investments, various events that could disrupt operations, including severe weather, droughts, floods, avalanches and earthquakes as well as security threats and governmental response to them, and technological changes.

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 earnings information in this presentation to provide a basis for evaluating underlying earnings trends that can be compared with the prior period's results.

It should be noted that CP's non-GAAP earnings 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.

For further information regarding non-GAAP measures see the Non-GAAP Measures supplement to the press release on our website at investor.cpr.ca.

NOTE ON ADOPTION OF LEASE ACCOUNTING

The adoption of Accounting Standards Update ("ASU") 2016-02, discussed further in Note 2 Accounting changes in CP's Interim Consolidated Financial Statements in the Q1 2019 Earnings Release on investor.cpr.ca, was by the cumulative-effect transition approach. Accordingly, comparative financial information has not been restated.

KEITH CREEL

PRESIDENT & CHIEF EXECUTIVE OFFICER

CP

FIRST QUARTER OVERVIEW

- Difficult quarter – harsh winter conditions and a number of outages challenged the network
- Network is recovering quickly and momentum is building; operating metrics and volume trends have improved significantly
- Remain confident in our ability to deliver record operating and financial results in 2019

Q1 PERFORMANCE

Revenues ($ billions)	**$1.8 | +6%**
Operating Income ($ millions)	**$543 | +1%**
Diluted Earnings Per Share ("EPS")	**$3.09 | +28%**
Adjusted Diluted EPS[(1)]	**$2.79 | +3%**

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q1 2019 Earnings Release on investor.cpr.ca

JOHN BROOKS

CHIEF MARKETING OFFICER

REVENUE HIGHLIGHTS

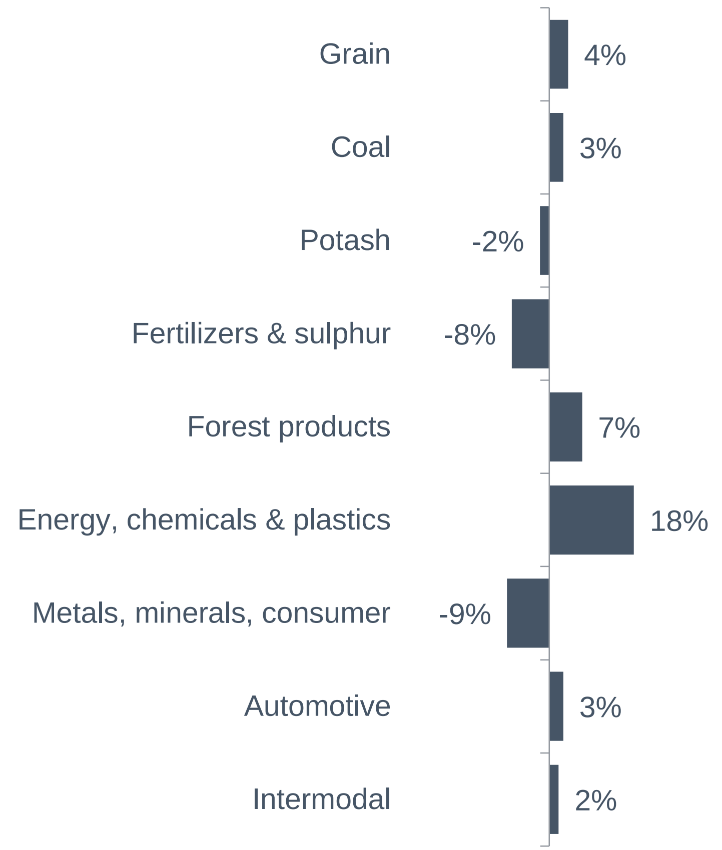
FREIGHT REVENUE

+6%

VS Q1 2018

- RTMs: -1%
- FX: +3%
- Fuel: flat
- Price/mix: +4%

FX-adjusted revenue variance(1)



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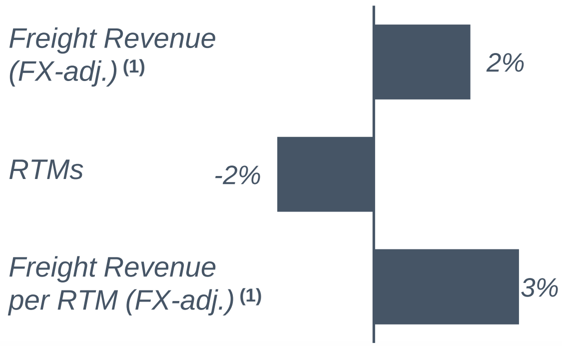
BULK

Q1'19 VS. Q1'18



MARKET DRIVERS

- Strong export potash demand; K+S continues to ramp, Canpotex sold out through end of June
- 650 new high capacity covered hoppers now in service; 1900 in service by end of year
- Grain volumes expected to remain solid into the summer

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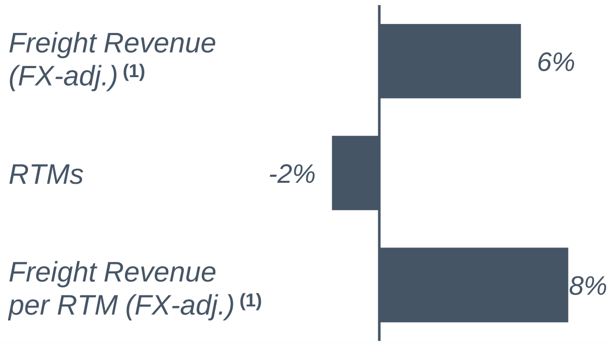
MERCHANDISE

Q1'19 VS. Q1'18



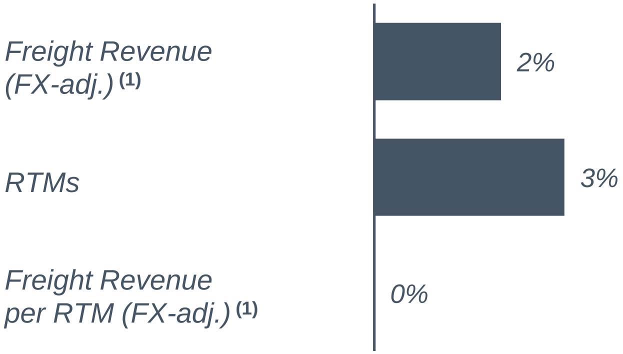
MARKET DRIVERS

- Growth in ECP driven by record volumes of LPG, plastics and refined products as well as success of CP energy train
- Strong automotive growth in spite of cyclical weakness; trend expected to continue with recent opening of new Vancouver automotive compound
- Signing of a new plastics customer supports long-term strategy of sustainable, profitable growth

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q1 2019 Earnings Release on investor.cpr.ca

INTERMODAL

Q1'19 VS. Q1'18



MARKET DRIVERS

- Rapid recovery from challenging conditions; record March for Domestic Intermodal
- Successful onboarding of Dollarama
- Continued growth anticipated as we leverage demand management tools, over the road conversion, and expansion capacity at GCT Deltaport

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q1 2019 Earnings Release on investor.cpr.ca

NADEEM VELANI

CHIEF FINANCIAL OFFICER

FINANCIAL PERFORMANCE – Q1

(In millions, except percentages and per share data)	First Quarter 2019	First Quarter 2018	Change %	FX adjusted Change % (1)
Total revenues	$ 1,767	$ 1,662	6%	4%
Compensation and benefits	406	374	9%	7%
Fuel	209	215	(3%)	(7%)
Materials	57	55	4%	4%
Equipment rents	35	33	6%	—%
Depreciation and amortization	160	170	(6%)	(7%)
Purchased services and other	357	275	30%	27%
Total operating expenses	1,224	1,122	9%	7%
Operating income	543	540	1%	(3%)
Other (income) expense	(47)	51	(192%)	
Other components of net periodic benefit recovery	(97)	(96)	1%	
Net interest expense	114	115	(1%)	
Income tax expense	139	122	14%	
Net income	434	348	25%	
Adjusted income(1)	392	390	1%	
Diluted earnings per share	3.09	2.41	28%	
Adjusted diluted earnings per share(1)	2.79	2.70	3%	
Operating ratio	69.3%	67.5%	180 bps	

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q1 2019 Earnings Release on investor.cpr.ca

FREE CASH

(in millions)	For the three months ended March 31 2019	2018
Cash provided by operating activities	**$413**	**$397**
Capital expenditures	(224)	(241)
Other property and asset sales	6	4
Other	(1)	(1)
Cash used in investing activities	(219)	(238)
Effect of FX on USD-denominated cash & cash equivalents	(1)	5
Free cash flow (1)	**$193**	**$164**

- Free cash flow increased by 18%
- Issued new 10-Year Canadian notes
  - Principal Amount: C$400M with 3.15% coupon
  - First Canadian debt offering since 2011
- Share repurchase program ~50% complete

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q1 2019 Earnings Release on investor.cpr.ca

CONFIDENT IN OUR FULL YEAR GUIDANCE

MID-SINGLE DIGIT RTM GROWTH

CAPITAL EXPENDITURES $1.6B

DOUBLE-DIGIT ADJ. DILUTED EPS [(1)] GROWTH

(vs. 2018 Adj. Diluted EPS [(1)] of $14.51)

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INVESTOR RELATIONS CONTACTS

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