



Q2 2019 EARNINGS REVIEW

JULY 16, 2019



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 Q2 2019 Earnings Release on investor.cpr.ca, was by the cumulative-effect transition approach. Accordingly, comparative financial information has not been restated.



KEITH CREEL

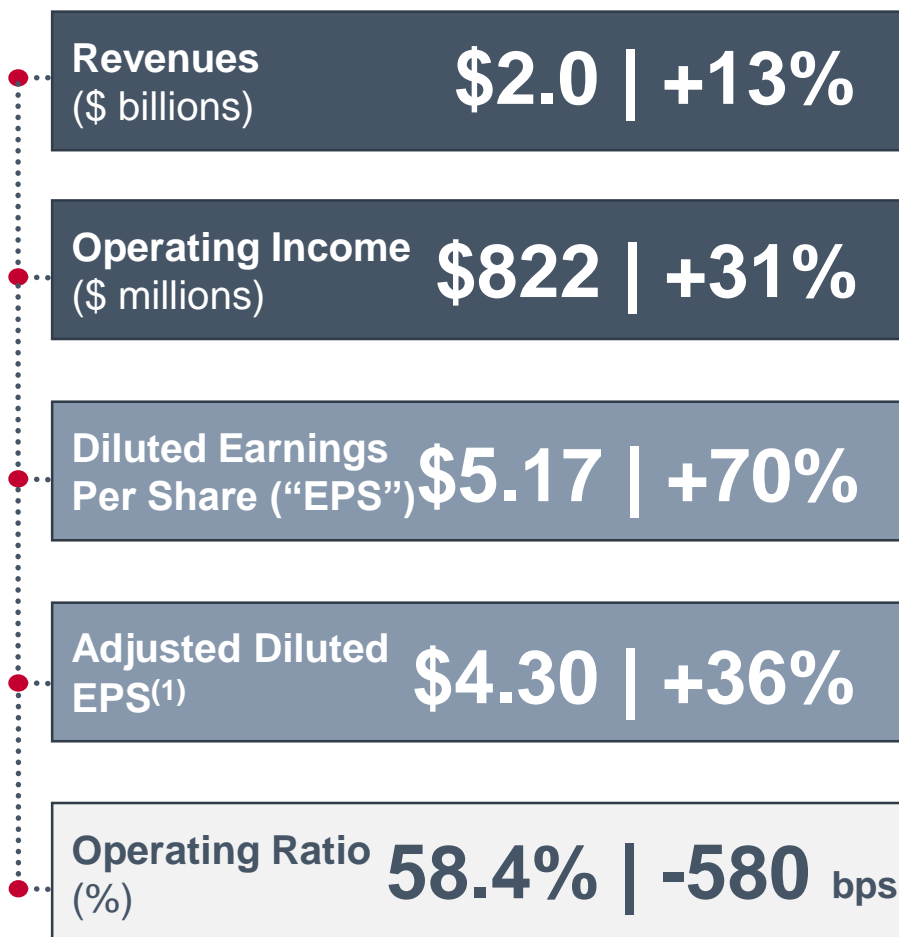
PRESIDENT & CHIEF EXECUTIVE OFFICER



Q2 HIGHLIGHTS

- Solid revenue growth in a challenging environment; industry leading volume growth
- Continuing to grow at a low incremental cost
- Record operating and safety performance
- Continued confidence in our ability to execute on our guidance for the year

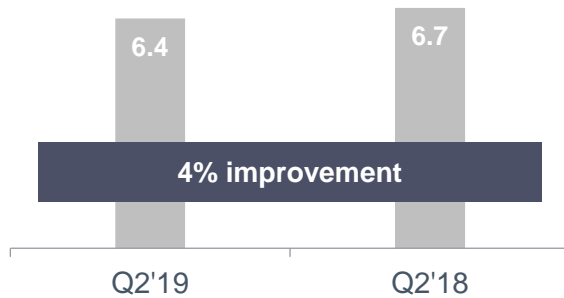
Q2 PERFORMANCE



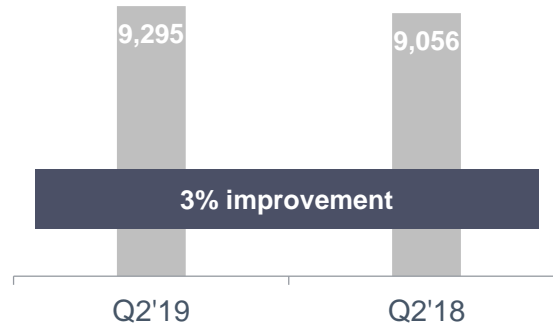
(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2019 Earnings Release on investor.cpr.ca

OPERATING PERFORMANCE

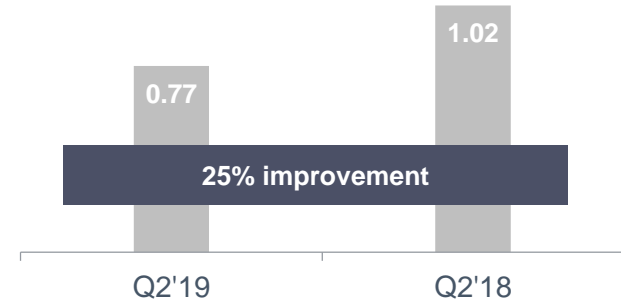
Average terminal dwell
(hours)



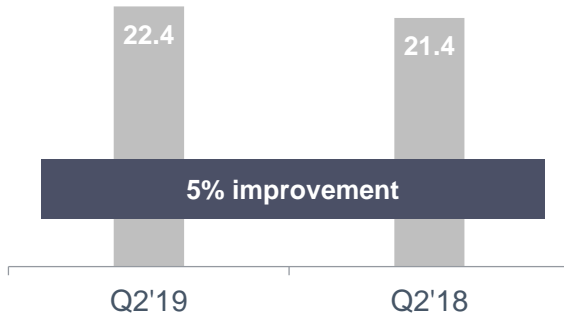
Average train weight
(tons)



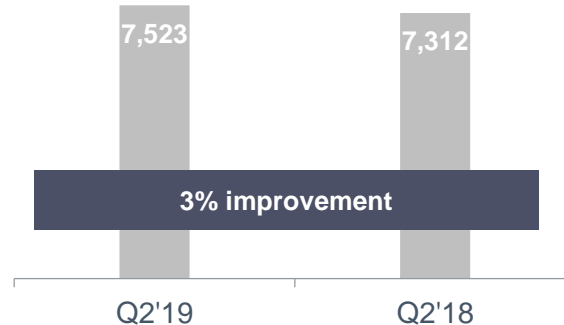
FRA train accident frequency
(per million train-miles)



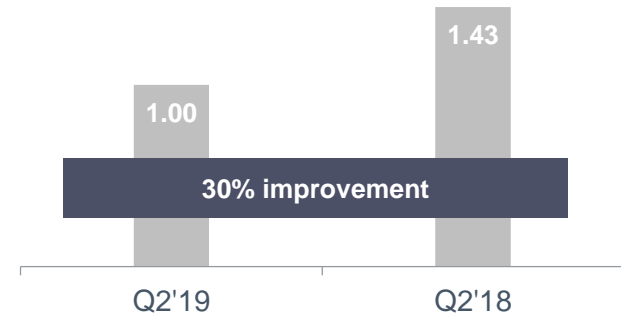
Average train speed
(mph)



Average train length
(feet)



FRA personal injury rate
(per 200,000 employee hours)





JOHN BROOKS
CHIEF MARKETING OFFICER



REVENUE HIGHLIGHTS

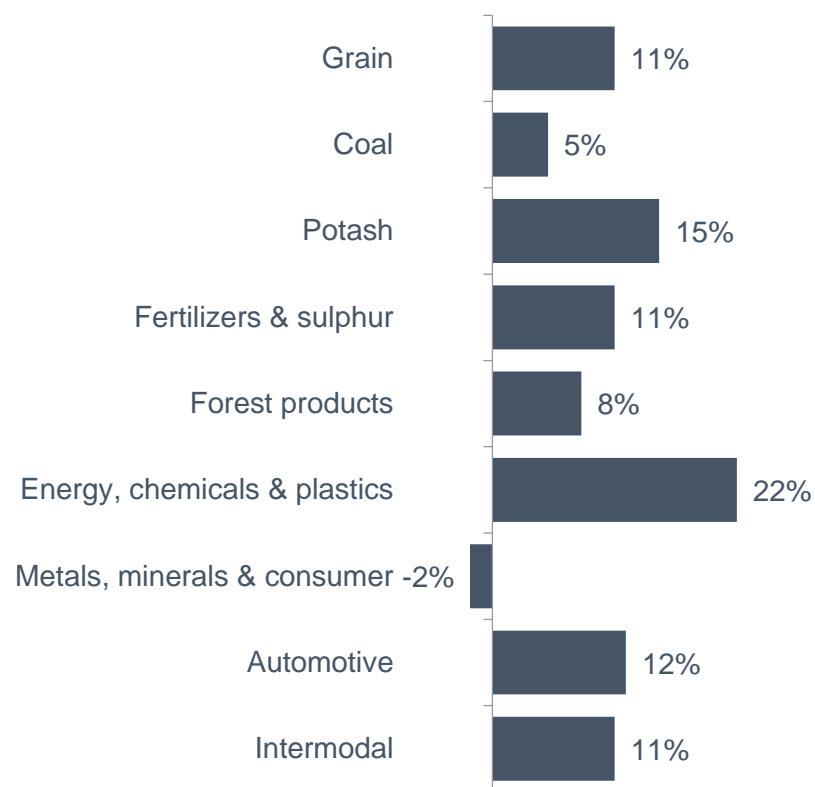
TOTAL REVENUE

+13%

VS Q2 2018

- RTMs: 6%
- FX: 2%
- Fuel: Flat
- Price/mix: 5%

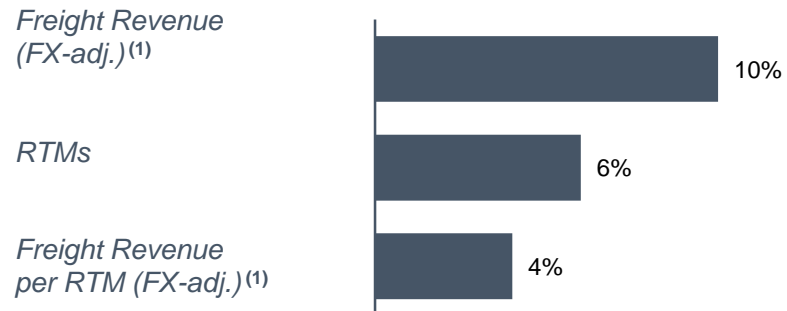
FX-adjusted revenue variance⁽¹⁾



(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2019 Earnings Release on investor.cpr.ca

BULK

Q2'19 VS. Q2'18



MARKET DRIVERS

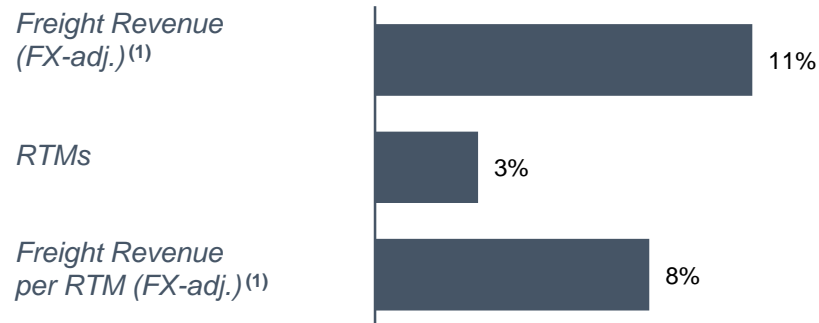
- Strong performance in Canadian grain with record volume months in April and May
- Record potash volume as strength in export potash outweighed near-term weakness in domestic potash



(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2019 Earnings Release on investor.cpr.ca

MERCHANDISE

Q2'19 VS. Q2'18



MARKET DRIVERS

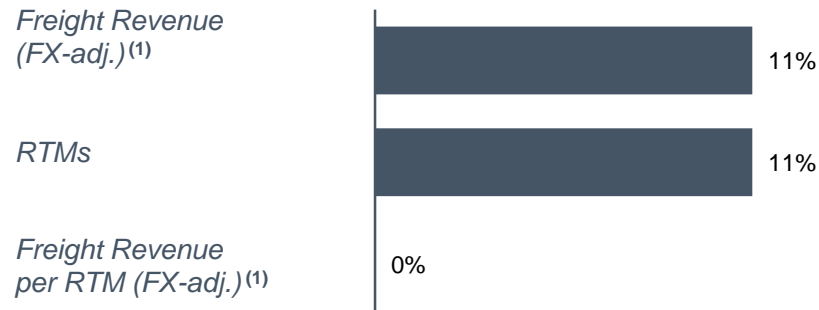
- Double digit volume growth in automotive despite cyclical weakness; positive trend expected to continue
- Strong quarter for LPG, plastics and refined products
- Continuing to execute our strategy to diversify frac sand destination markets



(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2019 Earnings Release on investor.cpr.ca

INTERMODAL

Q2'19 VS. Q2'18



MARKET DRIVERS

- Double-digit volume growth in both domestic and international intermodal
- Announced new contract with Yang Ming starting in January 2020



(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2019 Earnings Release on investor.cpr.ca



NADEEM VELANI

CHIEF FINANCIAL OFFICER



FINANCIAL PERFORMANCE – Q2

(In millions, except percentages and per share data)

	Second Quarter			FX adjusted
	2019	2018	Change %	Change ⁽¹⁾ %
Total revenues	\$ 1,977	\$ 1,750	13%	11%
Compensation and benefits	383	351	9%	8%
Fuel	236	230	3%	—%
Materials	54	53	2%	—%
Equipment rents	34	33	3%	—%
Depreciation and amortization	183	172	6%	5%
Purchased services and other	265	284	(7%)	(8%)
Total operating expenses	1,155	1,123	3%	1%
Operating income	822	627	31%	28%
Other (income) expense	(40)	52	(177%)	
Other components of net periodic benefit recovery	(98)	(95)	3%	
Net interest expense	112	112	—%	
Income tax expense	124	122	2%	
Net income	724	436	66%	
Adjusted income⁽¹⁾	602	453	33%	
Diluted earnings per share	5.17	3.04	70%	
Adjusted diluted earnings per share ⁽¹⁾	4.30	3.16	36%	
Operating ratio	58.4%	64.2%	(580) bps	

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2019 Earnings Release on investor.cpr.ca

FREE CASH

<i>(in millions)</i>	For the six months ended June 30	
	2019	2018
Cash provided by operating activities	\$1,134	\$1,108
Capital expenditures	(683)	(654)
Other property and asset sales	14	9
Other	(5)	(1)
Cash used in investing activities	(674)	(646)
Effect of FX on USD-denominated cash & cash equivalents	(2)	9
Settlement of forward starting swaps upon debt issuance	—	24
Free cash ⁽¹⁾	\$458	\$495

- Adjusted net debt to adjusted EBITDA ratio⁽¹⁾ of 2.4x
- Balanced approach to shareholder returns
 - Increased dividend by ~28% in Q2'19
 - Continued progress on share buyback program

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2019 Earnings Release on investor.cpr.ca

INVESTOR RELATIONS CONTACTS

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