



Q4 2021 EARNINGS REVIEW

JANUARY 27, 2022



FORWARD LOOKING STATEMENTS

The following investor presentation contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of other relevant securities legislation, including applicable securities laws in Canada (collectively referred to herein as "forward-looking statements"). Forward-looking statements typically include words such as "financial expectations", "key assumptions", "anticipate", "believe", "expect", "plan", "will", "outlook", "should" or similar words suggesting future outcomes.

The forward-looking statements contained in this investor presentation are based on current expectations, estimates, projections and assumptions, having regard to 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; 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; applicable laws, regulations and government policies; the availability and cost of labour, services and infrastructure; the satisfaction by third parties of their obligations to CP; plans to reduce greenhouse gas emissions; disruptions to global supply chains; and the anticipated impacts of the COVID-19 pandemic on CP businesses, operating results, cash flows and/or financial condition. Although CP 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, CP'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; industry capacity; shifts in market demand; changes in commodity prices and commodity demand; uncertainty surrounding timing and volumes of commodities being shipped via CP; 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 KCS transaction and the timing thereof; the success of integration plans for KCS; the focus of management time and attention on the KCS transaction and other disruptions arising from the transaction; 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; and the ability of the management of the Company, to execute key priorities, including those in connection with the KCS transaction. 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 "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements" in CP's annual and interim reports on Form 10-K and 10-Q.

The forward-looking statements contained in this investor presentation are made as of the date hereof. Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking statements, or the foregoing assumptions and risks affecting such forward-looking statements, 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.

As a result of the five-for-one share split of the Company's issued and outstanding Common Shares, which began trading on a post-split basis on May 14, 2021, per share amounts and all outstanding Common Shares for comparative periods of 2020 have been retrospectively adjusted.

NON-GAAP MEASURES

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

It should be noted that CP'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 Q4 2021 Earnings Release on our website at investor.cpr.ca and “Non-GAAP Financial Information (Regulation G)” on page 11 of KCS' Q4 2021 Financial Report in the investor section of KCS' website KCSouthern.com.





KEITH CREEL

PRESIDENT & CHIEF EXECUTIVE OFFICER



HIGHLIGHTS

- Overcame significant operating challenges – devastating network outages in B.C. and extreme cold temperatures
- Closed Kansas City Southern into voting trust on December 14, 2021; STB regulatory review process underway
- The power of CP Home Safe™: six consecutive years of personal injury ratio reductions – 50% improvement

Q4	2021
Revenues \$2.0 billion +1%	Revenues \$8.0 billion +4%
Operating Ratio 59.2% +530 bps	Operating Ratio 59.9% +280 bps
Adjusted Operating Ratio⁽¹⁾ 57.5% +360 bps	Adjusted Operating Ratio⁽¹⁾ 57.6% +50 bps
Diluted EPS⁽²⁾ \$0.74 -38%	Diluted EPS⁽²⁾ \$4.18 +16%
Adjusted diluted EPS⁽¹⁾⁽²⁾ \$0.95 -6%	Adjusted diluted EPS⁽¹⁾⁽²⁾ \$3.76 +7%

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2021 Earnings Release on investor.cpr.ca.

(2) As a result of the five-for-one share split of the Company's issued and outstanding Common Shares, which began trading on a post-split basis on May 14, 2021, per share amounts and all outstanding Common Shares for comparative periods of 2020 have been retrospectively adjusted.





JOHN BROOKS
CHIEF MARKETING OFFICER



REVENUE HIGHLIGHTS Q4

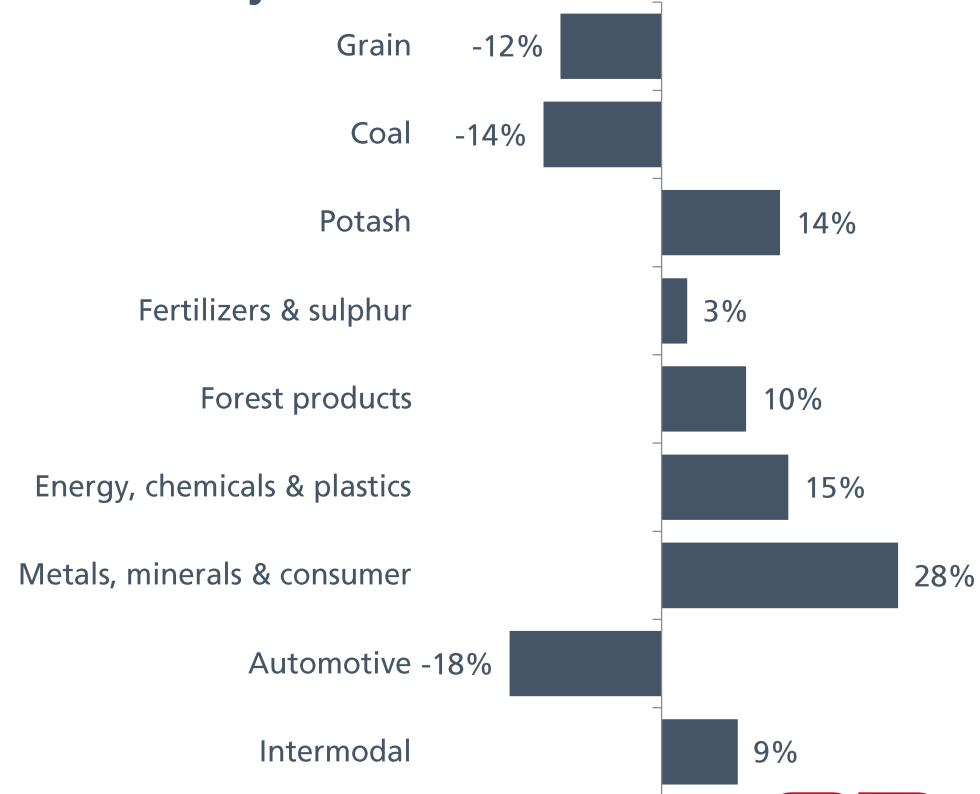
TOTAL REVENUE

+1%

VS Q4 2020

- RTMs: -11%
- FX: -2%
- Fuel: +6%
- Price / Mix: +8%

FX-adjusted revenue variance⁽¹⁾

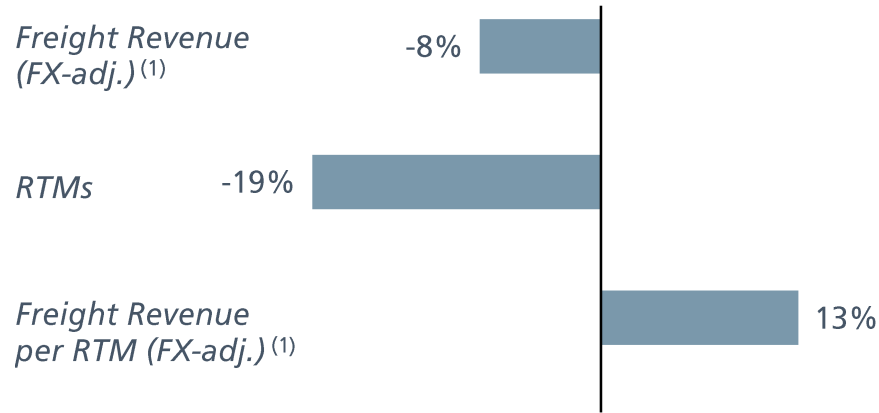


(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2021 Earnings Release on investor.cpr.ca.

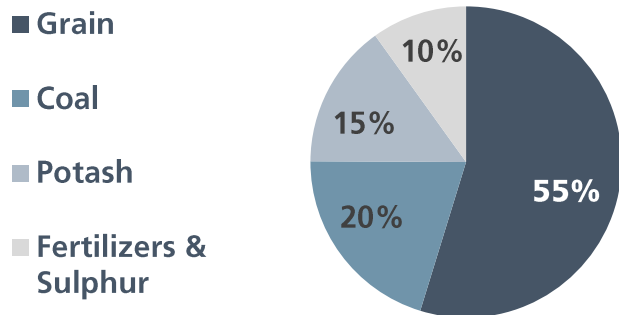


BULK

Q4'21 VS. Q4'20



2021 REVENUE BREAKDOWN



MARKET DRIVERS

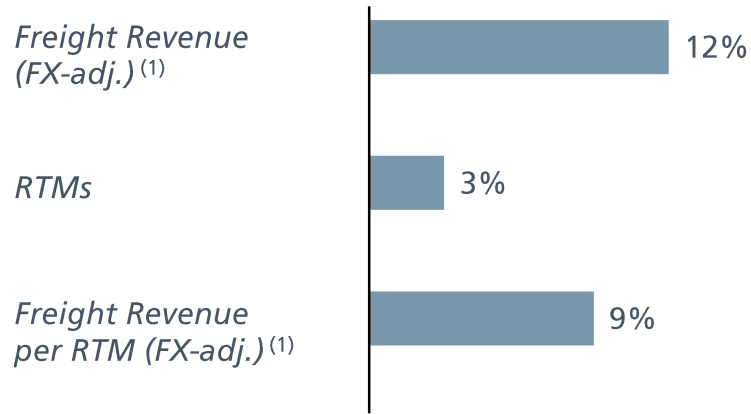
- Working with our customers to overcome Canadian grain headwind with ~14x year over year increase in U.S. corn to Canada
- Potash expected to perform well in 2022 as we lap infrastructure upgrades enabling longer trains to Portland
- 2021 record year for Fertilizer & Sulphur expect continued strong performance into 2022



(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2021 Earnings Release on investor.cpr.ca.

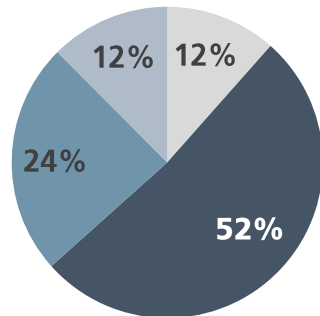
MERCHANDISE

Q4'21 VS. Q4'20



2021 REVENUE BREAKDOWN

- Forest products
- Energy, chemicals & plastics
- Metals, minerals & consumer products
- Automotive



MARKET DRIVERS

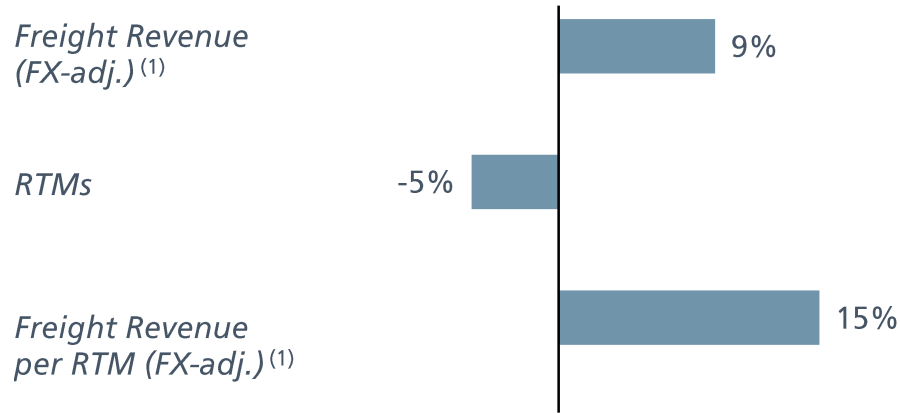
- Expect continued RTM growth for ECP franchise in 2022 driven by strategic initiatives
- Expect MMC growth into 2022 driven by strong steel demand
- Automotive chip shortage expected to ease in H2 2022



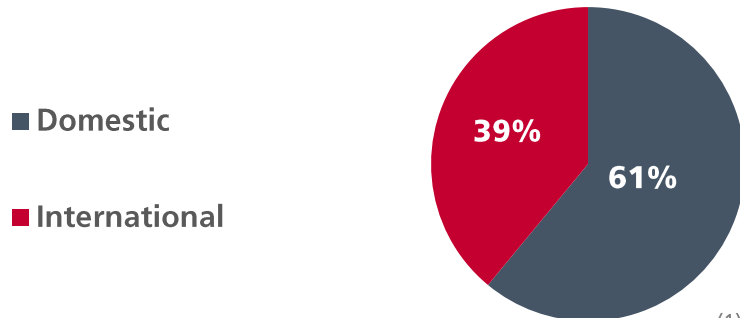
(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2021 Earnings Release on investor.cpr.ca.

INTERMODAL

Q4'21 VS. Q4'20



2021 REVENUE BREAKDOWN



MARKET DRIVERS

- Five consecutive record years for domestic intermodal with growth continuing into 2022
- Expect continued easing of supply chain challenges to promote growth in our international franchise
- Contract wins driven by value of our service



(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2021 Earnings Release on investor.cpr.ca.



NADEEM VELANI

CHIEF FINANCIAL OFFICER



FINANCIAL PERFORMANCE – Q4

<i>(in millions, except percentages and per share data)</i>	Fourth Quarter			FX Adjusted Change% ⁽¹⁾
	2021	2020	Change %	
Total revenues	\$ 2,040	\$ 2,012	1%	3%
Compensation and benefits	405	433	(6)%	(6)%
Fuel	231	169	37%	40%
Materials	51	54	(6)%	(6)%
Equipment rents	29	34	(15)%	(12)%
Depreciation and amortization	206	197	5%	6%
Purchased services and other	286	197	45%	47%
Total operating expenses	1,208	1,084	11%	13%
Operating income	832	928	(10)%	(8)%
Adjusted operating income⁽¹⁾	868	928	(6)%	
Equity loss of Kansas City Southern	141	—	100%	
Other income	(16)	(96)	(83)%	
Other components of net periodic benefit recovery	(101)	(85)	19%	
Net interest expense	125	112	12%	
Income tax expense	151	195	(23)%	
Net income	\$ 532	\$ 802	(34)%	
Adjusted income⁽¹⁾	\$ 684	\$ 683	—%	
Diluted earnings per share⁽²⁾	\$ 0.74	\$ 1.19	(38)%	
Adjusted diluted earnings per share⁽¹⁾⁽²⁾	\$ 0.95	\$ 1.01	(6)%	
Operating ratio	59.2%	53.9%	530 bps	
Adjusted operating ratio⁽¹⁾	57.5%	53.9%	360 bps	

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2021 Earnings Release on investor.cpr.ca

(2) As a result of the five-for-one share split of the Company's issued and outstanding Common Shares, which began trading on a post-split basis on May 14, 2021, per share amounts and all outstanding Common Shares for comparative periods of 2020 have been retrospectively adjusted.



FINANCIAL PERFORMANCE – 2021

<i>(in millions, except percentages and per share data)</i>	Full Year			FX Adjusted
	2021	2020	Change %	Change% ⁽¹⁾
Total revenues	\$ 7,995	\$ 7,710	4%	7%
Compensation and benefits	1,570	1,560	1%	2%
Fuel	854	652	31%	37%
Materials	215	216	—%	1%
Equipment rents	121	142	(15)%	(10)%
Depreciation and amortization	811	779	4%	6%
Purchased services and other	1,218	1,050	16%	19%
Total operating expenses	4,789	4,399	9%	12%
Operating income	3,206	3,311	(3)%	—%
Adjusted operating income⁽¹⁾	3,389	3,311	2%	
Equity loss of Kansas City Southern	141	—	100%	
Other expense (income)	237	(7)	(3,486)%	
Merger termination fee	(845)	—	100%	
Other components of net periodic benefit recovery	(387)	(342)	13%	
Net interest expense	440	458	(4)%	
Income tax expense	768	758	1%	
Net income	\$ 2,852	\$ 2,444	17%	
Adjusted income⁽¹⁾	\$ 2,565	\$ 2,403	7%	
Diluted earnings per share⁽²⁾	4.18	3.59	16%	
Adjusted diluted earnings per share⁽¹⁾⁽²⁾	3.76	3.53	7%	
Operating ratio	59.9%	57.1%	280 bps	
Adjusted operating ratio⁽¹⁾	57.6%	57.1%	50 bps	

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q4 2021 Earnings Release on investor.cpr.ca

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KEITH CREEL

PRESIDENT & CHIEF EXECUTIVE OFFICER





- Continued leadership in sustainability
- Well positioned to execute on the opportunities ahead
- Driven to deliver for our customers, communities and shareholders
- Historic opportunity for the North American rail network and supply chain

INVESTOR RELATIONS CONTACTS

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APPENDIX





KCS FOURTH QUARTER RESULTS⁽¹⁾

	Q4 2021	Q4 2020	Improvement/ (Deterioration)
Carloads/Units (in thousands)	565.6	567.1	-%
Revenues (in millions, \$ USD)	\$747.8	\$693.4	+8%
Reported Operating Ratio (percent)	(8.4%)	62.2%	70.6 points
Adjusted Operating Ratio ⁽²⁾ (percent)	60.1%	60.2%	0.1 points

(1) KCS will continue to file 10-K and 10-Q documents during the voting trust period.

(2) For a full description and reconciliation of Non-GAAP Measures, see "Non-GAAP Financial Information (Regulation G)" on page 11 of KCS' Q4 2021 Financial Report in the investor section of KCS' website KCSouthern.com

SUSTAINABILITY LEADERSHIP

- Strong history of ESG disclosures and leading sustainability practices
- Published our first [TCFD Index](#) in 2021
- Published our first [Climate Strategy](#), including emissions reduction targets covering 100% of scope 1 & 2 emissions:
 - Set locomotive GHG emissions intensity reduction target of 38.3% by 2030; target is Science Based Target initiative (SBTi) validated⁽¹⁾
 - Set absolute emissions reduction target of scope 1 & 2 emissions for 27.5% of non-locomotive emissions⁽¹⁾



FTSE4Good



CLEAN200™

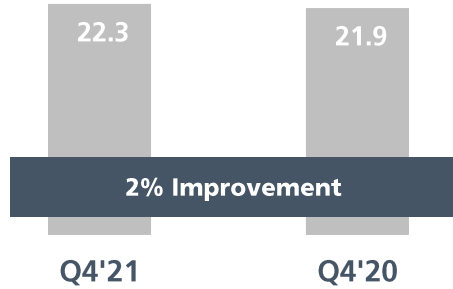


DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

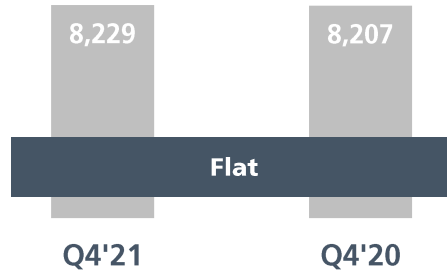
(1) Target reductions from a 2019 base year

Q4 OPERATING PERFORMANCE

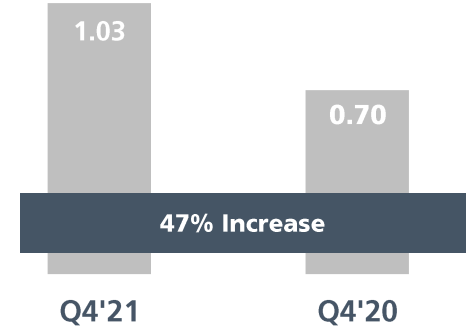
Average train speed
(miles per hour)



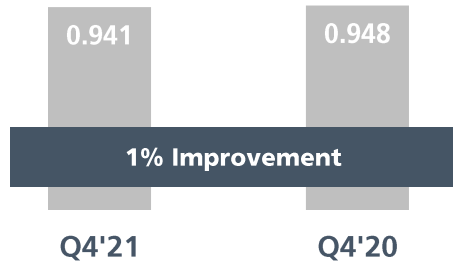
Average train length
(feet)



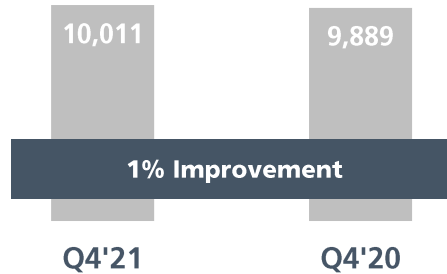
FRA train accident frequency
(per million train-miles)



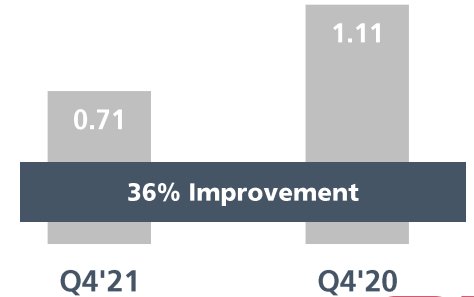
Fuel efficiency
(U.S. gallons of locomotive fuel/1,000 GTMs)



Average train weight
(tons)

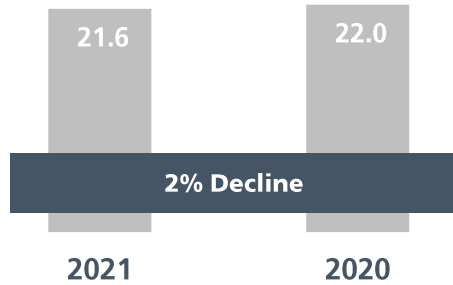


FRA personal injuries
(per 200,000 employee-hours)

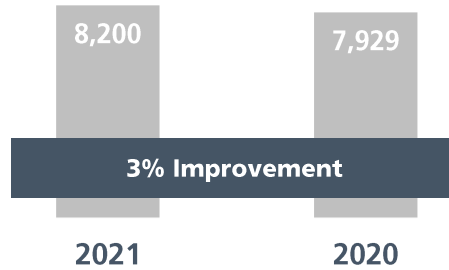


FULL YEAR OPERATING PERFORMANCE

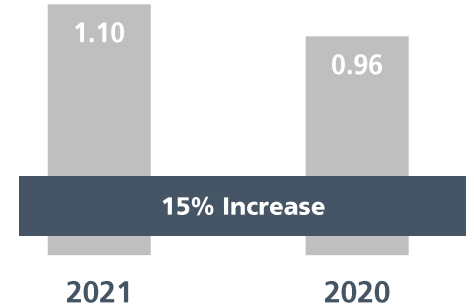
Average train speed
(miles per hour)



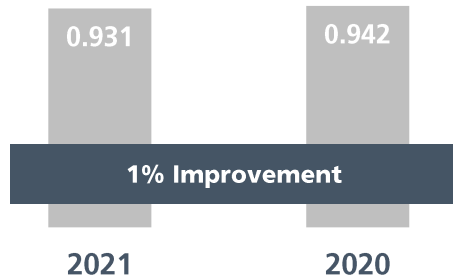
Average train length
(feet)



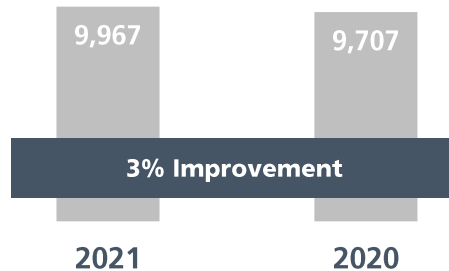
FRA train accident frequency
(per million train-miles)



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



Average train weight
(tons)



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

