



Q3 2023 EARNINGS REVIEW

October 25, 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 therefrom, 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; labour disruptions; 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 (STB) 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.

NON-GAAP MEASURES

CPKC presents Non-GAAP measures, including Core adjusted combined operating ratio, Core adjusted combined diluted earnings per share, 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 trends in the CPKC's current periods' financial results that can be compared with the results of operations in prior periods. Management believes these Non-GAAP measures facilitate a multi-period assessment of long-term profitability, including assessing future 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 GAAP.

Although CPKC has provided forward-looking non-GAAP measures (core adjusted combined diluted EPS) management is unable to reconcile, without unreasonable efforts, the forward-looking core adjusted combined diluted EPS to the most comparable GAAP measure, due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In recent years, the Company has recognized acquisition-related costs, the merger termination payment received, KCS' gain on unwinding of interest rate hedges (net of Canadian Pacific's (CP) associated purchase accounting basis differences and tax), the FX impact of translating the Company's debt and lease liabilities (including borrowings under the credit facility), 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, settlement of Mexican taxes relating to prior years, 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 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 Kansas City Southern 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. 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.

For further information regarding Non-GAAP measures, including reconciliations to the most directly comparable GAAP measures, see the Non-GAAP Measures supplement to the Q3 2023 Earnings Release on our website at investor.cpkcr.com, CPKC's 2023 Q3 MD&A available on SEDAR+ at www.sedarplus.ca under CPKC's SEDAR+ profile, and the Q3 2023 Unaudited Combined Summary of Supplemental Data on our website at investor.cpkcr.com.



KEITH CREEL

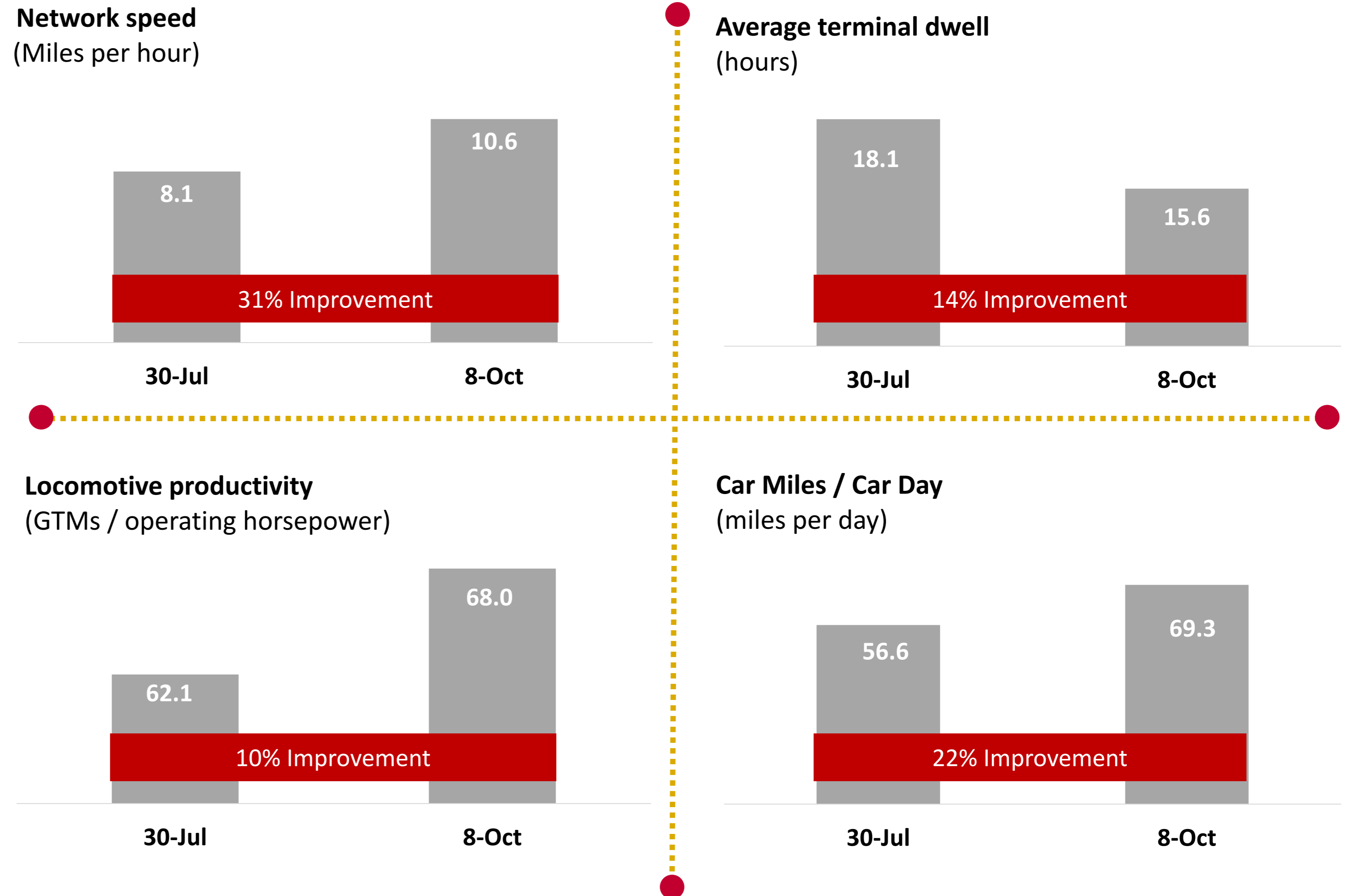
PRESIDENT &
CHIEF EXECUTIVE OFFICER



CPKC HIGHLIGHTS

- Updated Guidance:
 - Expect full-year 2023 core adjusted combined diluted EPS⁽¹⁾ to be flat to slightly positive versus 2022
- Since inception in late July, Mexico Task Force driving strong improvement in key operating metrics
- Filed application for Meridian & Bigbee Railroad transaction with STB on October 6

CPKC de Mexico Operating Metrics



(1) For a full description and reconciliation of Non-GAAP Measures see CPKC's 2023 Earnings Release on investor.cpkcr.com and CPKC's 2023 Q3 MD&A available on SEDAR+ at www.sedarplus.ca under CPKC's SEDAR+ profile. For the three months ended September 30, 2023, KCS was consolidated for the period.



MARK REDD

CHIEF OPERATING OFFICER

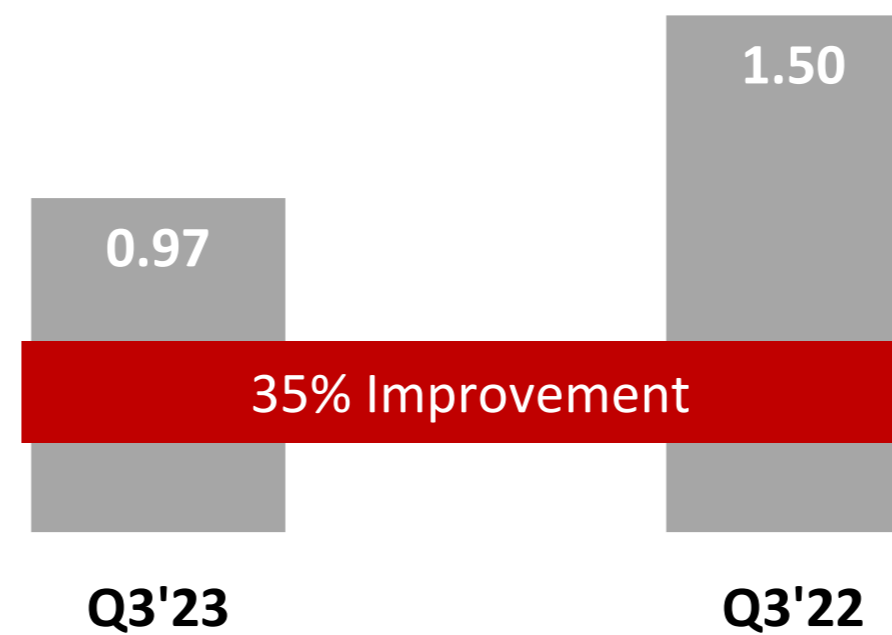


Q3 OPERATING PERFORMANCE

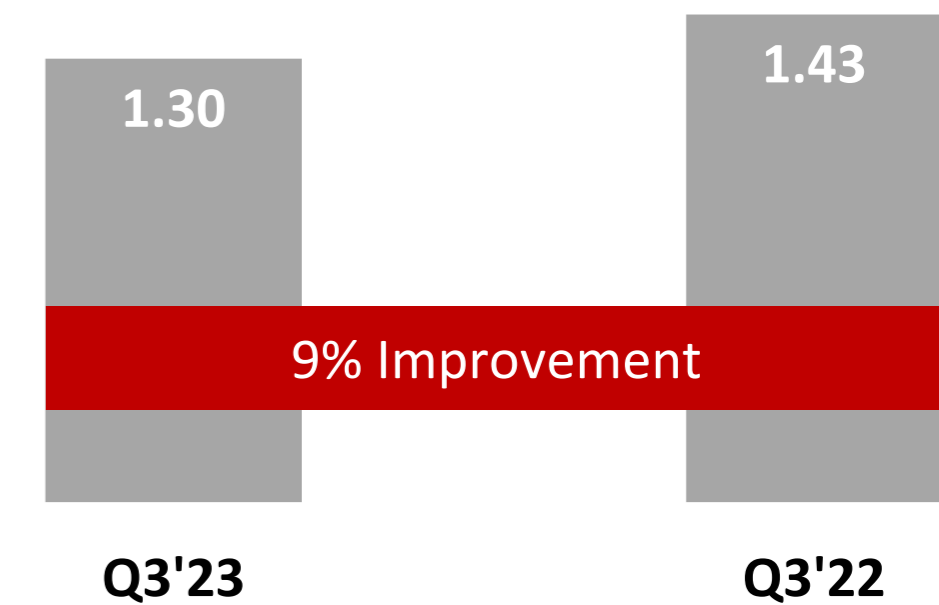
VS. CPKC COMBINED⁽¹⁾ Q3 2022

- Continued strong safety performance
- Focus on aligning operating practices across the CPKC network
- Operating metrics gaining momentum since beginning of Q3 2023
- Laredo bridge expansion on track for completion by Q4 2024

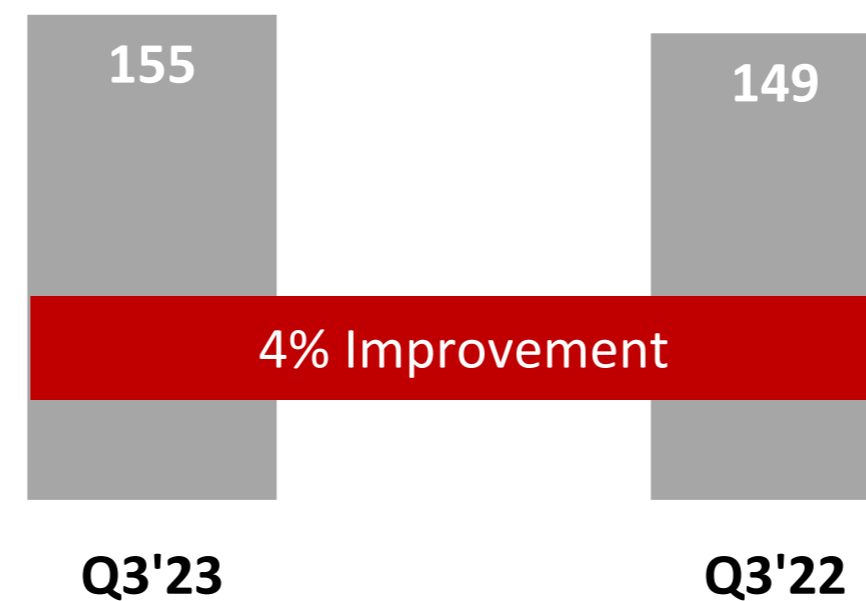
FRA personal injuries ⁽²⁾
(per 200,000 employee-hours)



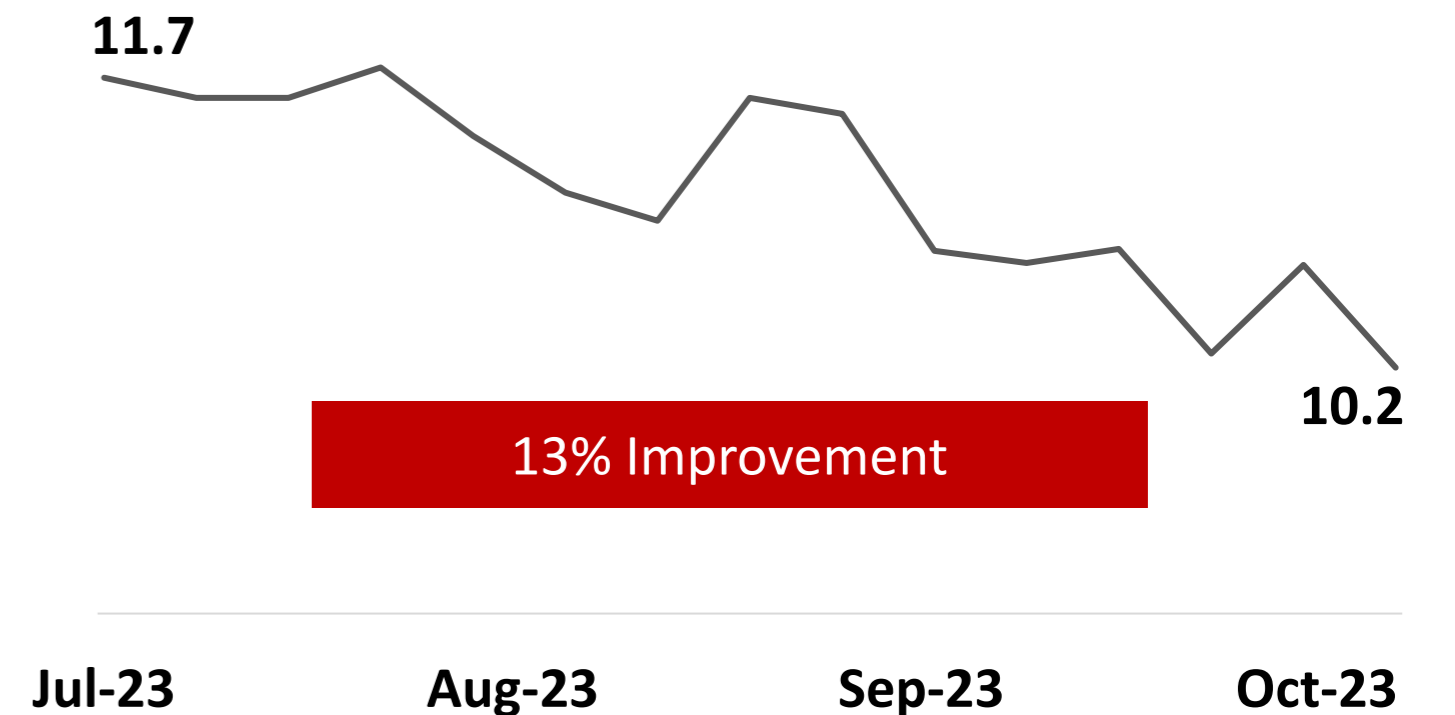
FRA train accident frequency
(per million train-miles)



Locomotive Productivity
(GTMs / operating horsepower)



Average Terminal Dwell
(hours)



(1) Represents combined operating information to illustrate the estimated effects of the acquisition for the third quarter ended September 30, 2022, as if the acquisition closed on January 1, 2022. For the three months ended September 30, 2023, KCS was consolidated for the period. For a full description and reconciliation see Q3 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com

(2) FRA reportable personal injury frequency on a combined basis was previously reported as 1.51. This restatement reflects new information available within a specified period as stipulated by the FRA but that exceeds CPKC's financial reporting timeline.



JOHN BROOKS

CHIEF MARKETING OFFICER



REVENUE HIGHLIGHTS – Q3

TOTAL REVENUE

+44%

VS CP Q3 2022

RTMs: +31%

\$/RTM: +10%

Carloads: +55%

\$/Carload: -7%

TOTAL REVENUE

-4%

VS CPKC COMBINED⁽¹⁾ Q3 2022

RTMs: -3%

\$/RTM: -1%

Carloads: -5%

\$/Carload: +1%

REVENUE UPDATE⁽¹⁾

BULK

- Growth in **grain** due to improved 2022 Canadian grain harvest and solid market demand for U.S. grain
- Lower export **potash** volumes resulting from the strike at the port of Vancouver and a customer terminal shutdown
 - Expect strong quarter in potash to finish the year
- Anticipate strong **coal** growth in 4Q23 due to customer outage in 2H22

MERCHANDISE

- Lower ECP volumes due to headwinds in crude from customer facility maintenance and less LPG demand
- Solid growth in **refined fuel products** driven by new business
- **Forest products** impacted by economy and slowing housing market
- Strong **automotive** performance due to strong demand and improved finished vehicle availability

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
- **International intermodal** impacted by strike at the port of Vancouver and lower demand environment



NADEEM VELANI

CHIEF FINANCIAL OFFICER



FINANCIAL PERFORMANCE

<i>(in millions, except percentages and per share data)</i>	Third Quarter		Change %	FX Adjusted Change % ⁽¹⁾
	2023	2022		
Total revenues, as reported	\$ 3,339	\$ 2,312	44%	
Combined total revenues ⁽¹⁾	3,339	3,394	(4)%	(7)%
Total operating expenses, as reported	2,166	1,375	58%	
Combined total operating expenses ⁽¹⁾	2,166	2,184	(1)%	(4)%
Operating income, as reported	\$ 1,173	\$ 937	25%	
Core adjusted combined operating income⁽¹⁾	1,278	1,393	(8)%	
Net income attributable to controlling shareholders, as reported	\$ 780	\$ 891	(12)%	
Core adjusted combined income ⁽¹⁾	862	945	(9)%	
Diluted earnings per share, as reported	\$ 0.84	\$ 0.96	(13)%	
Core adjusted combined diluted earnings per share⁽²⁾	0.92	1.01	(9)%	
Weighted average number of diluted shares outstanding	933.9	932.9	— %	
Operating ratio, as reported	64.9%	59.5%	540 bps	
Core adjusted combined operating ratio ⁽²⁾	61.7%	59.8%	190 bps	

REPORTED OPERATING EXPENSES

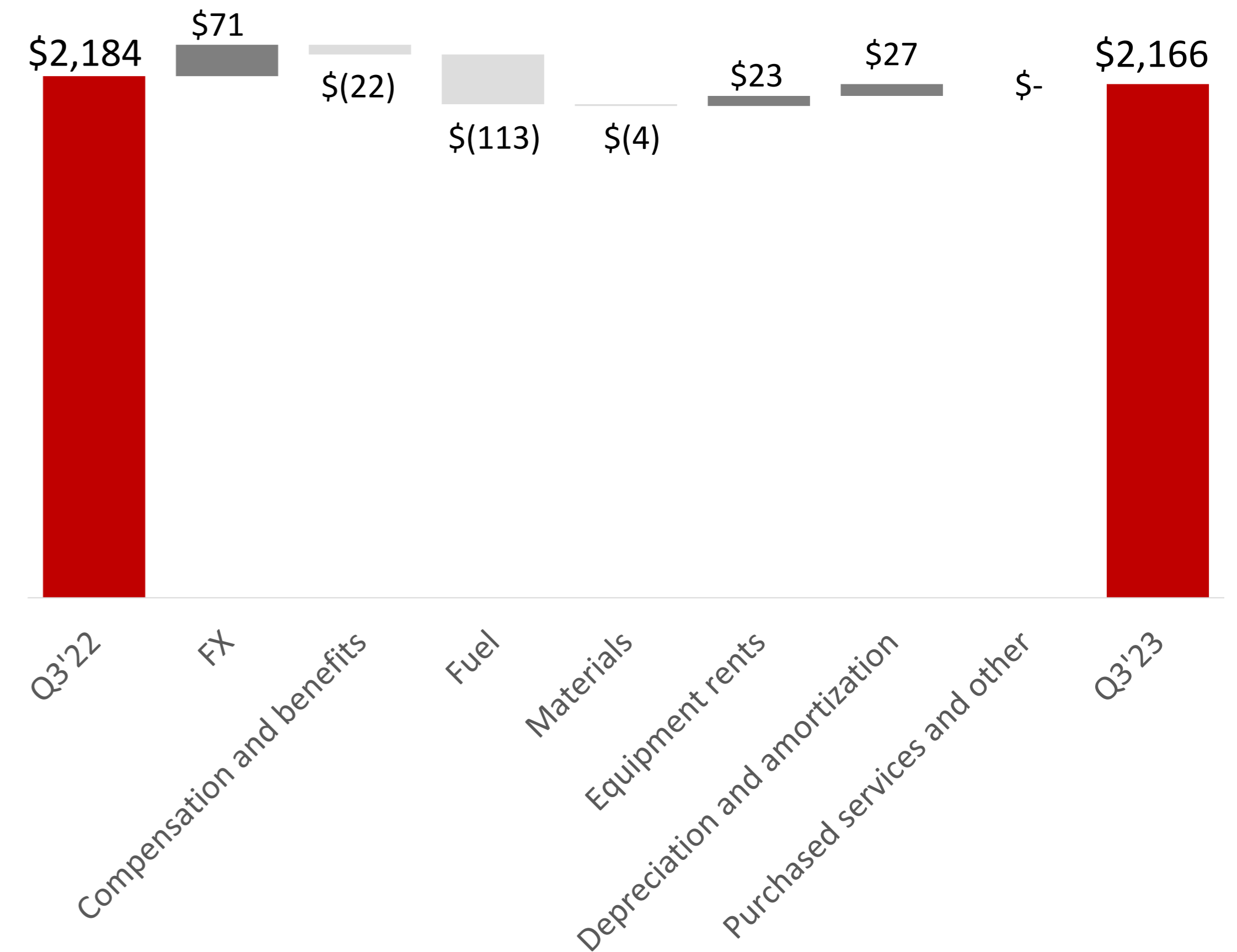
vs CP Q3 2022

<i>(in millions, except percentages)</i>	Third Quarter		Change %
	2023	2022	
Compensation and benefits	\$ 598	\$ 393	52%
Fuel	430	358	20%
Materials	90	66	36%
Equipment rents	91	33	176%
Depreciation and amortization	451	213	112%
Purchased services and other	506	312	62%
Total operating expenses	\$ 2,166	\$ 1,375	58%

OPERATING EXPENSES

vs CPKC Combined Q3 2022 ⁽¹⁾

<i>(in millions, except percentages)</i>	Third Quarter			FX Adjusted Change % ⁽¹⁾
	2023	2022	Change %	
Compensation and benefits ⁽²⁾	\$ 598	\$ 601	— %	(4)%
Fuel	430	516	(17)%	(21)%
Materials ⁽³⁾	90	91	(1)%	(4)%
Equipment rents	91	67	36%	34%
Depreciation and amortization ⁽⁴⁾	451	419	8%	6%
Purchased services and other ⁽⁵⁾	506	490	3%	— %
Combined total operating expenses	\$2,166	\$ 2,184	(1)%	(4)%



(1) For a full description and reconciliation see Q3 2023 Unaudited Combined Summary of Supplemental Data on investor.cpkcr.com. For the three months ended September 30, 2023, KCS was consolidated for the period.

(2) Combined Compensation and benefits includes acquisition-related expenses of \$1M in Q3 2023 and \$14M in Q3 2022

(3) Combined Materials includes acquisition-related expenses of \$1M in Q3 2023 and \$nil in Q3 2022

(4) Combined Depreciation and amortization includes purchase accounting of \$81M in Q3 2023 and \$78M in Q3 2022

(5) Combined Purchased services and other includes acquisition-related expenses of \$22M in Q3 2023 and \$19M in Q3 2022

BELOW THE LINE

<i>(in millions of Canadian dollars)</i>	Third Quarter		Year-to-Date	
	2023	2022	2023	2022
Operating Income	\$ 1,173	\$ 937	\$ 2,946	\$ 2,340
Less:				
Equity earnings of Kansas City Southern	—	(221)	(230)	(627)
Other expense	13	7	36	13
Other components of net periodic benefit recovery	(85)	(102)	(254)	(304)
Net interest expense	207	166	565	486
Remeasurement loss of Kansas City Southern	—	—	7,175	—
Income (loss) before income tax expense (recovery)	\$ 1,038	\$ 1,087	\$ (4,346)	\$ 2,772
Less:				
Current income tax expense	255	158	674	375
Deferred tax expense (recovery)	3	38	(7,925)	151
Income tax expense (recovery)	\$ 258	\$ 196	\$ (7,251)	\$ 526

ADJUSTED COMBINED FREE CASH

<i>(in millions of Canadian dollars)</i>	Third Quarter		Year-to-Date	
	2023	2022	2023	2022
CPKC Cash provided by operating activities as reported	\$ 1,027	\$ 1,102	\$ 2,801	\$ 2,422
CPKC Cash used in investing activities	(742)	(410)	(1,761)	(978)
Effect of foreign currency fluctuations on foreign currency-denominated cash and cash equivalents	8	13	5	21
Less:				
Settlement of Mexican taxes relating to prior years	(75)	—	(75)	—
Investment in government securities	—	—	(267)	—
Acquisition-related costs	(86)	(16)	(202)	(49)
Cash acquired on control of Kansas City Southern	—	—	298	—
CPKC Adjusted free cash	\$ 454	\$ 721	\$ 1,291	\$ 1,514
KCS Cash provided by operating activities as reported prior to Control Date	—	554	556	914
KCS Cash used in investing activities as reported prior to Control Date	—	(240)	(228)	(530)
KCS Effect of foreign currency fluctuations on foreign currency-denominated cash and cash equivalents prior to Control Date	—	—	1	(3)
Less:				
KCS Acquisition-related costs as reported prior to Control Date	—	(8)	(46)	(47)
KCS Adjusted free cash	\$ —	\$ 322	\$ 375	\$ 428
Less:				
Dividends from KCS as reported prior to Control Date	—	259	300	593
Adjusted combined free cash⁽¹⁾	\$ 454	\$ 784	\$ 1,366	\$ 1,349

Rolling 12-month:

Long-term debt to Net income attributable to controlling shareholders ratio⁽²⁾

5.6

Adjusted combined net debt to Adjusted combined EBITDA ratio⁽¹⁾

3.6

INVESTOR RELATIONS CONTACTS

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APPENDIX



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⁽¹⁾ of ~90%

Return to double-digit core adjusted combined ROIC⁽²⁾

Strong margin improvement through cost control and operating leverage

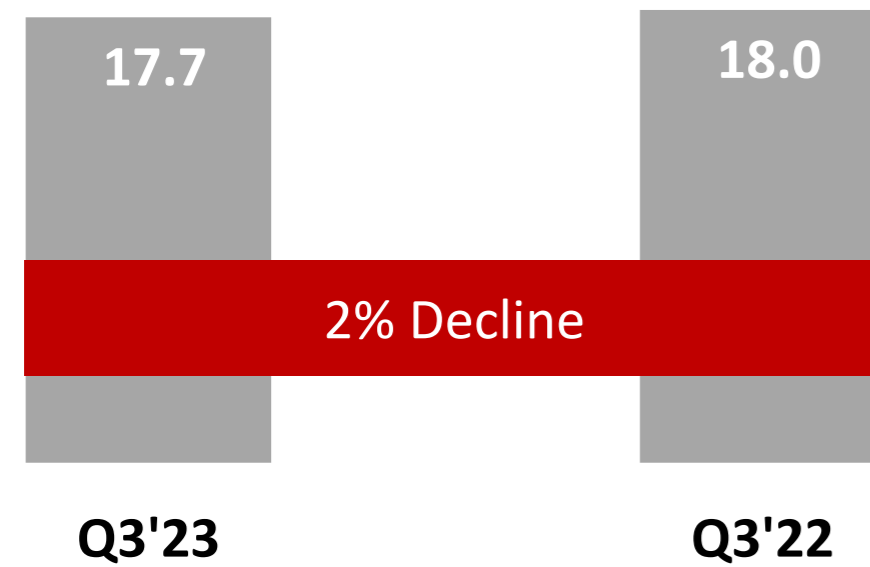
Key Assumptions

- 2023 Core adjusted combined diluted EPS⁽¹⁾ to be flat to slightly positive versus 2022 core adjusted combined diluted EPS⁽¹⁾ of \$3.77
 - Annualized 2023 core adjusted effective tax rate of ~25%
- 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 ~25.5%, excluding significant items, equity earnings of KCS and KCS purchase accounting

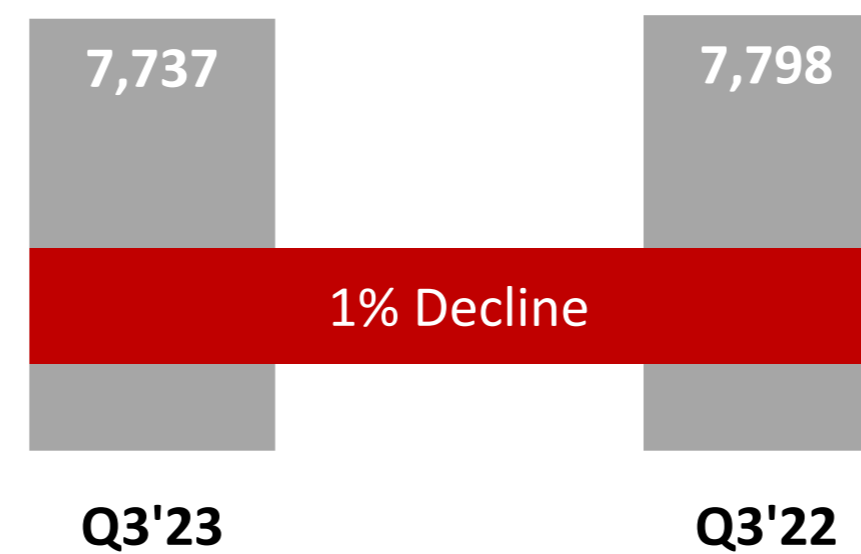
Q3 OPERATING PERFORMANCE

VS. CPKC COMBINED ⁽¹⁾ 2022

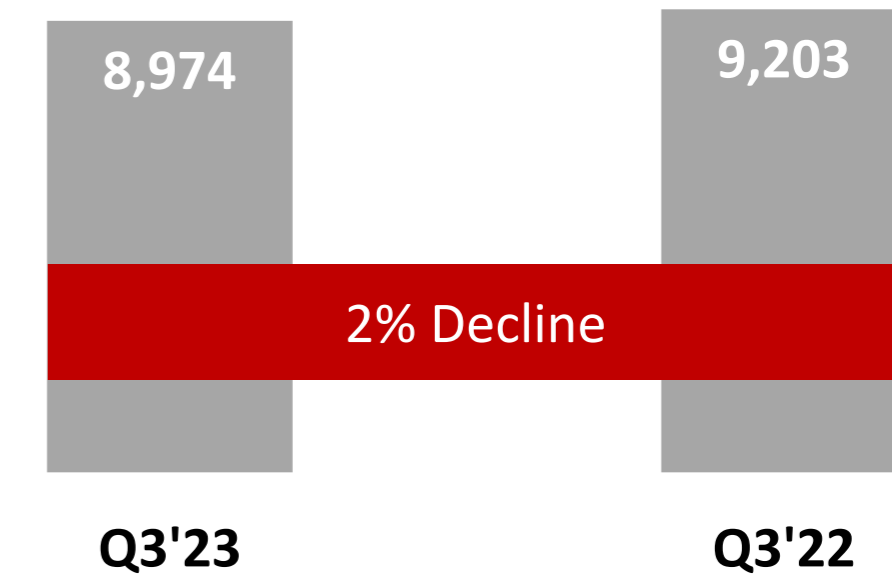
Average train speed
(miles per hour)



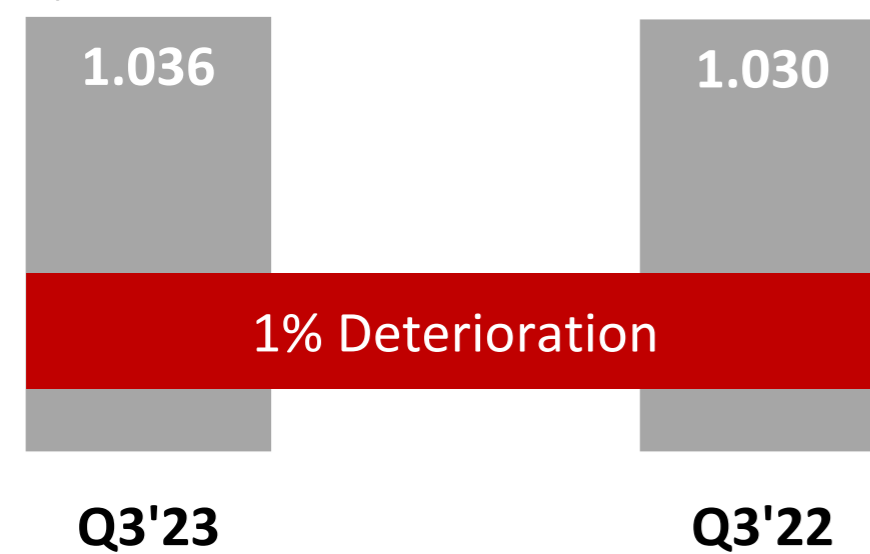
Average train length
(feet)



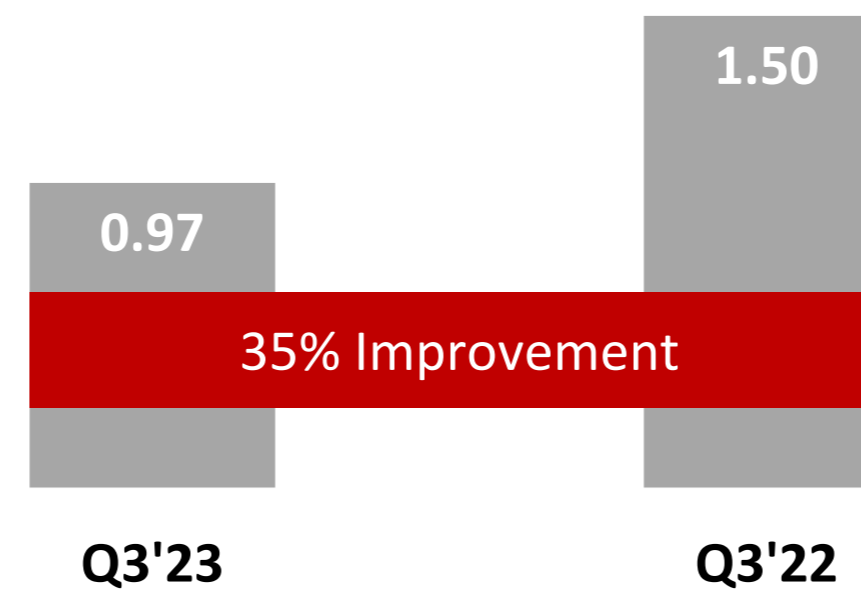
Average train weight
(tons)



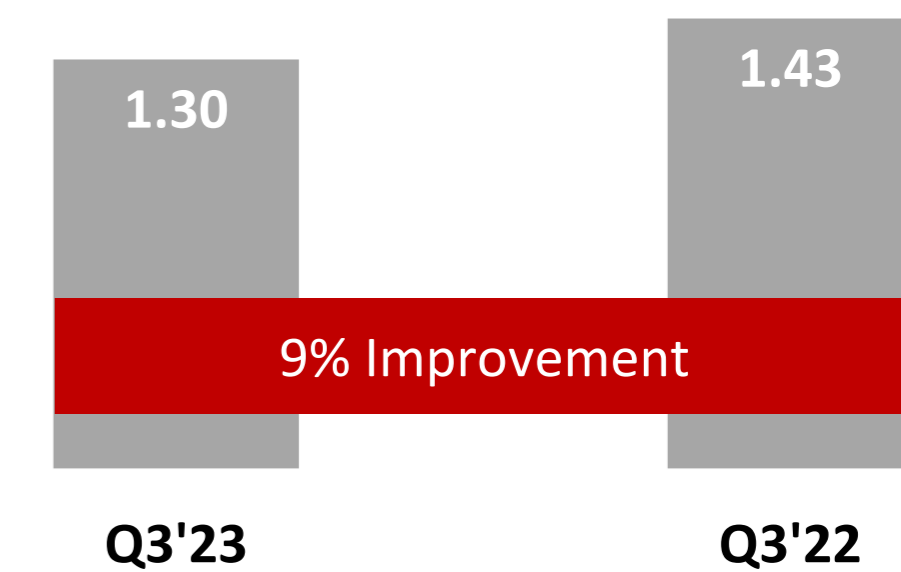
Fuel Efficiency
(U.S. gallons of locomotive fuel/1,000 GTMs)



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



FRA train accident frequency
(per million train-miles)



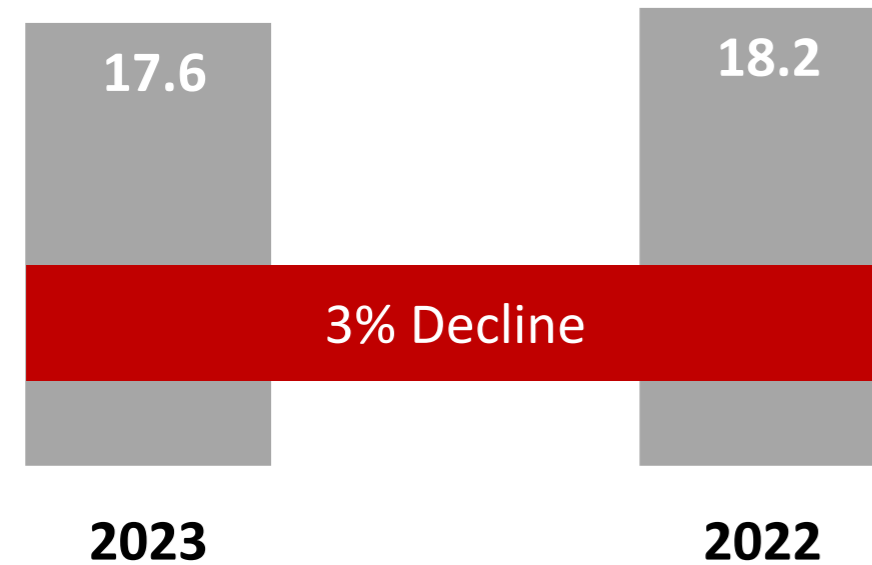
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(2) FRA reportable personal injury frequency on a combined basis was previously reported as 1.51. This restatement reflects new information available within a specified period as stipulated by the FRA but that exceeds CPKC's financial reporting timeline.

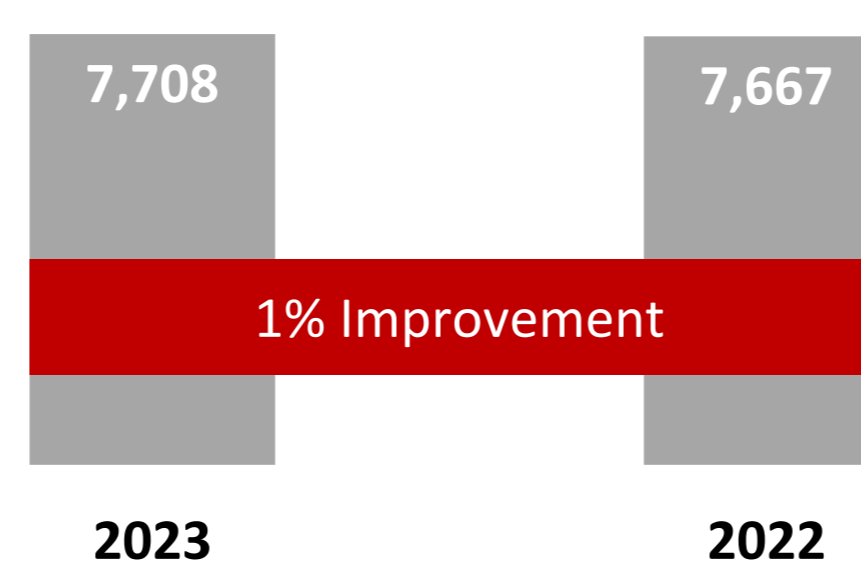
YTD COMBINED OPERATING PERFORMANCE

VS. CPKC COMBINED ⁽¹⁾ 2022

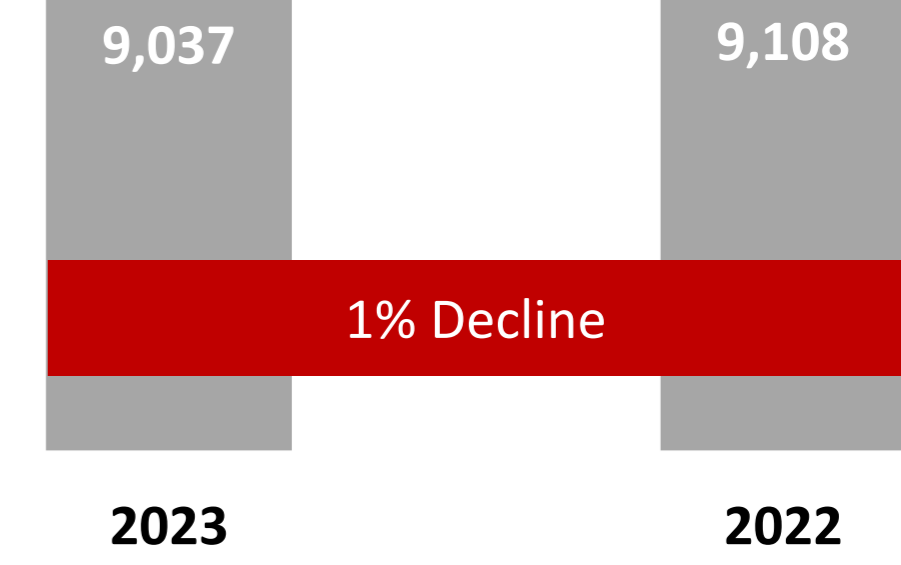
Average train speed
(miles per hour)



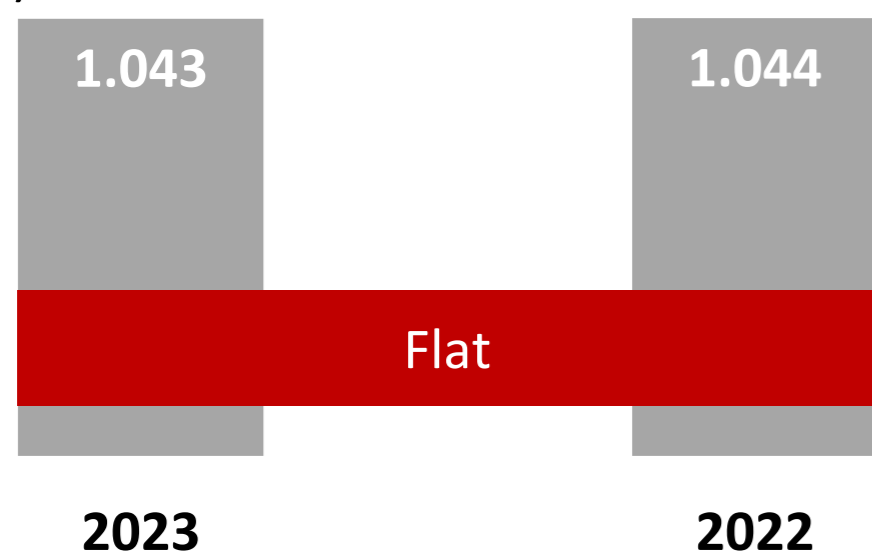
Average train length
(feet)



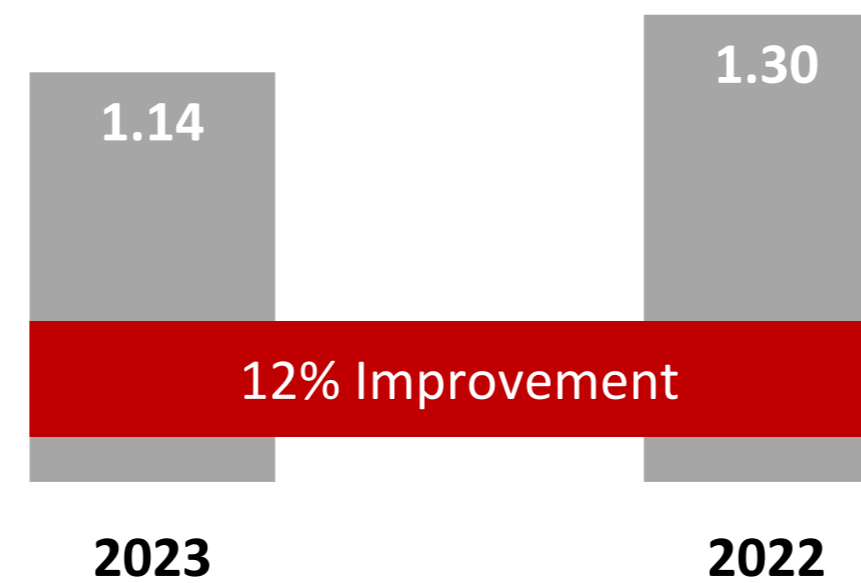
Average train weight
(tons)



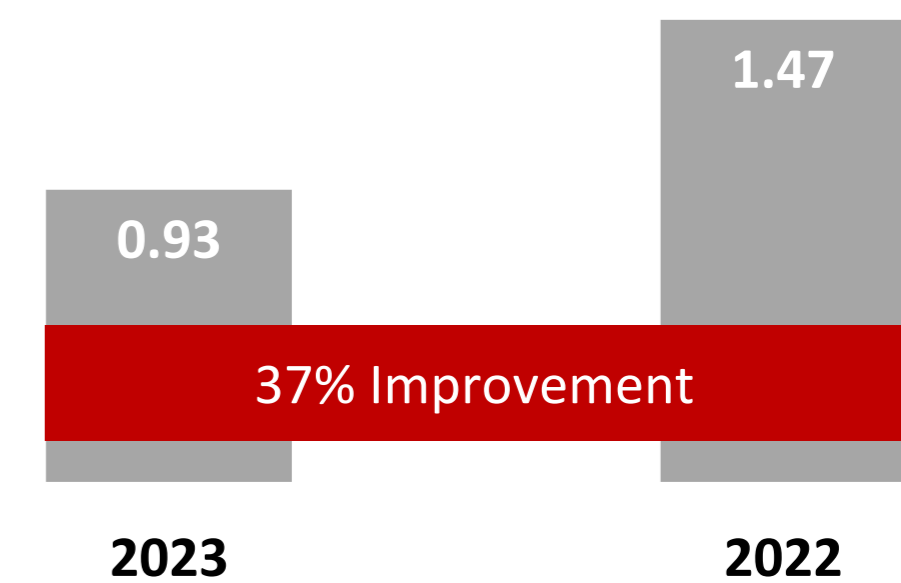
Fuel Efficiency
(U.S. gallons of locomotive fuel/1,000 GTMs)



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



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(2) FRA personal injuries per 200,000 employee-hours and train accidents per million train-miles for year to date ended September 30, 2022, previously reported as 1.31 and 1.53, were restated to 1.30 and 1.47, respectively. These restatements reflect new information available within specified periods stipulated by the FRA but that exceeds CPKC's financial reporting timeline.