



BUILT TO DRIVE GROWTH

Future for Freight

Montreal Wood Convention
Coby Bullard, VP Sales & Marketing CP
May 24 2022



Forward-looking Information

The following presentation contains certain forward-looking information within the meaning of applicable securities laws in both the U.S. and Canada relating, among other things, to Canadian Pacific's operations, priorities and plans, anticipated financial and operational performance, including business prospects, market drivers and outlook, planned capital expenditures, anticipated revenues and the source thereof, programs and strategies (including financing 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.

With respect to the pending KCS business combination, we can provide no assurance when or if the combination will be completed. Completion of the combination is subject to the receipt of final approval from the STB of the CP-KCS control application by December 31, 2023. There can be no assurance of receipt of this final approval by December 31, 2023 or, if received, the successful integration of KCS.

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.

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; changes in commodity prices; inflation; 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; 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, including long-term floating rate notes and investments; climate change; 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, and the pandemic created by the outbreak of the novel strain of Coronavirus and its variants (and the disease known as COVID-19) 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 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 "Item 1A – Risk Factors" and "Item 7 – 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. 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.

For further information regarding non-GAAP measures, see CP's annual report filed on Form 10-K found on our website at investor.cpr.ca/financials.

CPKC – The Future for Freight



THE FIRST U.S. – CANADA – MEXICO RAIL NETWORK

Our proposed combination would bring together the two smallest Class 1s to create a new network that reaches every North American coast and connects the U.S., Canada and Mexico. Importantly, the CP and KCS combination would be an end-to-end transaction, meaning that the two rail networks are complementary with no competitive overlap.



UNPARALLELED SERVICE & BENEFITS FOR SHIPPERS

A true USMCA railroad, our combined network would offer seamless service throughout the U.S., Canada and Mexico, spurring greater competition and offering new transportation options and services for shippers.



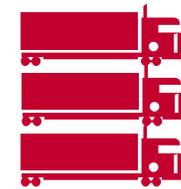
BETTER ENVIRONMENTALLY

We are both committed to improving sustainability and the transition to a low-carbon economy in North America. Railways represent the most energy-efficient method of moving freight over land, helping to remove aging trucks from the road. A single train lessens the burden on aging bridges and highways that cost taxpayers' money to maintain and repair.

A SINGLE UNIT TRAIN KEEPS MORE THAN

300

TRUCKS OFF OF PUBLIC ROADS



 **4x**
MORE FUEL-EFFICIENT

75% 
LESS GHG EMISSIONS

Diapositive 4

SC5 I don't think we need slide 8 , 9 and 10. I think we can

Shanker Chalekode; 2022-04-15

SC6 Perhaps keeing 9 and 10 would suffice and we can drop this one.

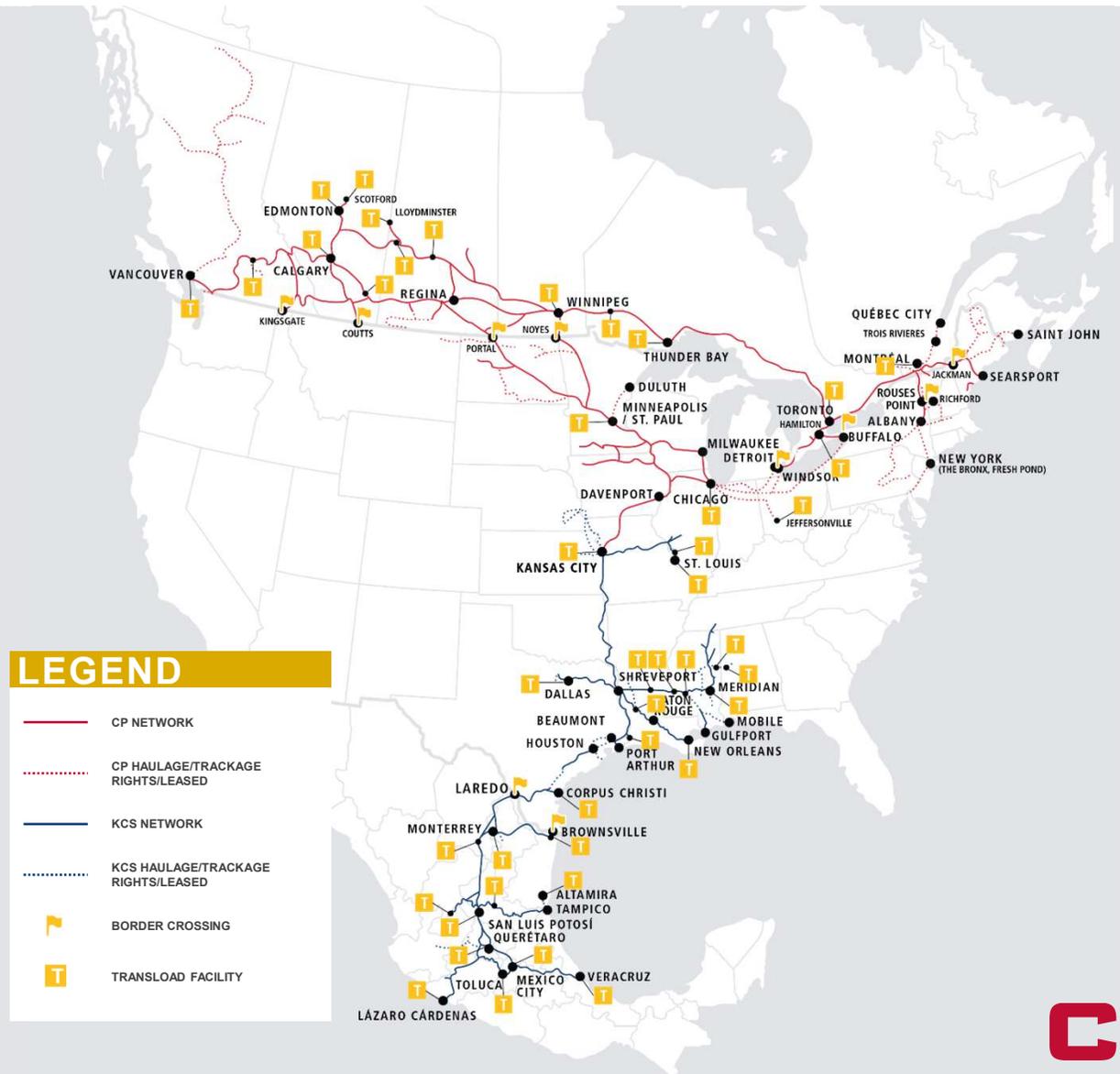
Shanker Chalekode; 2022-04-15

CPKC LUMBER & PANEL

- Develop our transload network to access new markets and create competition.
- New single-line haul routes drive asset utilization and consistent, reliable car supply.
- Utmost commitment to FM/LM service and Trip Plan compliance.

Safety:

- CP is the industry leader.
- 16 years with lowest train accident frequency for Class 1s.



Thank you





Logistical Challenges for the Wood Products Industry

May 2022

Mathieu Cyr, MBA



We are CPCS

A global management consulting firm specializing in infrastructure.

50 years of global infrastructure leadership

We solve infrastructure challenges specific to **transportation, power** and **public-private partnerships**.

All-in-one

technical and management services

- **Strategy and planning**
- **Financial and economic analysis**
- **Legal and regulatory**
- **Transaction advisory**
- **Analytics**
- **Infrastructure development**

Project examples

- Rail-truck GHG emissions calculator (FPAC)
- Rail corridor congestion analysis (FPAC)
- Marine transportation options for wood products and manufactured homes (QWEB)
- Wood products export logistics to Middle East countries (NRCan)

to advance your
infrastructure priorities



Context

- Covid-19 and challenges on supply chains
- War in Ukraine and inflationary pressures
- Moving from “just in time” to “just in case”

Three topics of interest:

1. Labour shortage and equipment availability
2. Transportation infrastructure and network optimization
3. External factors

Labour shortage across the industry

- Labor shortage: a known reality in many industries for some time now
- Further impacts following the Covid-19 pandemic
 - Disruption of systems that already lacked redundancy

Domino effect within the entire logistic chain

Equipment availability

- Increased demand for transportation of goods: congestion at every level
- Rail infrastructure
 - Forest products increased by 30% between 2009 and 2018 (RAC, 2019) but represented only 4.5% of the total expeditions in 2018

The forest industry does not involve large volumes in a context where global demand is increasing



**Discussion: Labour shortage
and equipment availability**

Infrastructure and network optimization

- Major investments in infrastructure development and optimization in Canada and the U.S.
- New technologies are changing the freight transportation sector

Impacts on the costs and efficiency remain to be seen on a medium to long term horizon



Discussion: Infrastructure and network optimization

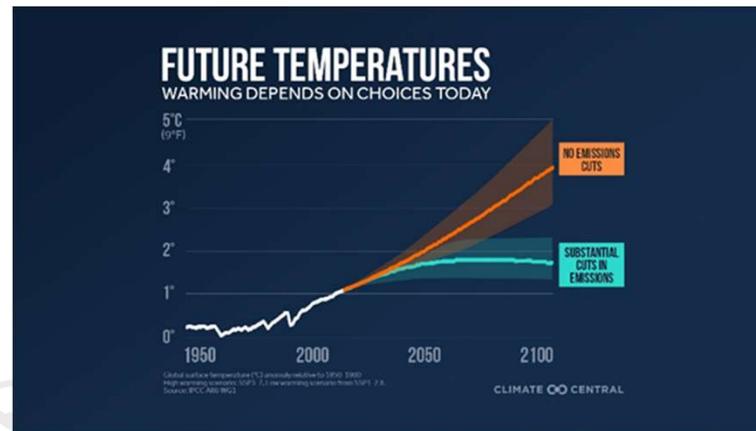
External factors

➤ Climate change

- Will cause more frequent damage to roads, railways, electricity systems and telecommunications
- Will disrupt businesses and supply chains
- Will be more severe in the northern areas where the speed of change will be faster

➤ Inflationist pressures

- Inflation has now reach a 30-years high level which means higher costs for all the economic agents



Source: IPCC, 2021.



Discussion: External factors



MWC – Logistics Panel

Saulo Peranton - Montreal May 2022

INTERFOR AT A GLANCE

ONE SINGLE SOURCE OF SUPPLY.



INTERFOR OPERATING REGIONS & MEANS OF TRANSPORTATION

BC INTERIOR
750 MMBF (15%)

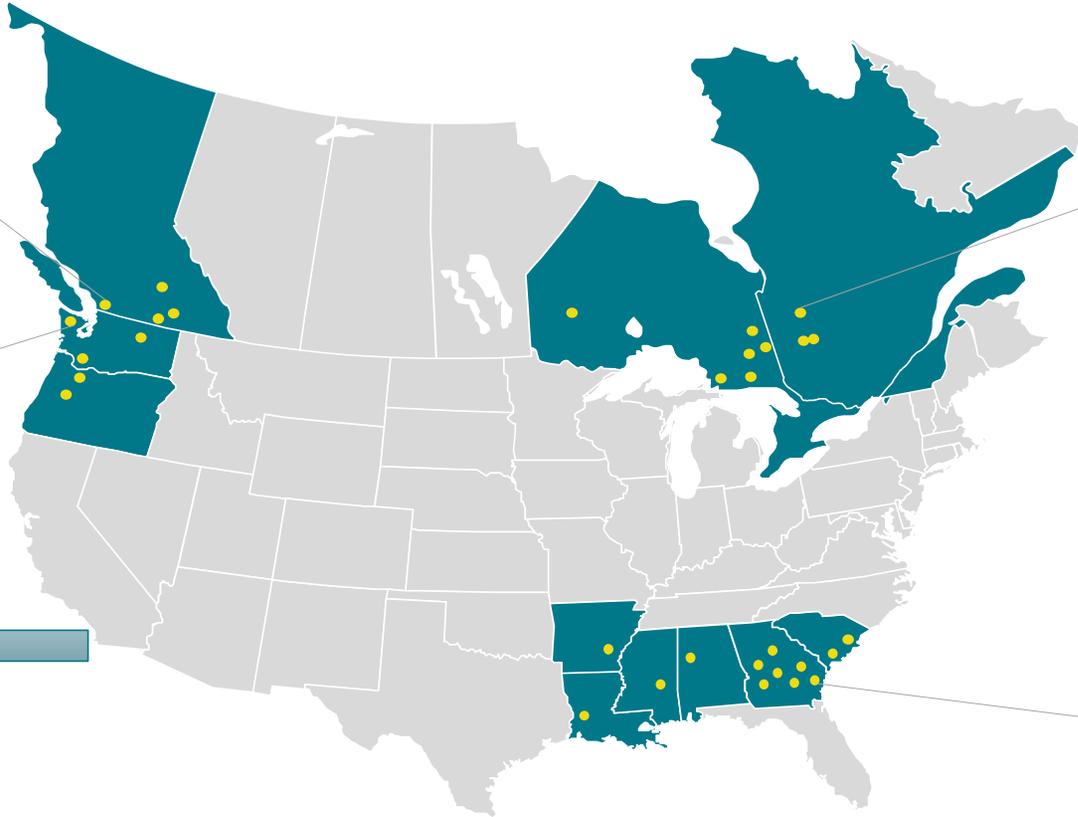
- 57% Rail
- 28% Truck
- 9% Ocean Container
- 6% Others

PACIFIC NORTHWESTERN
910 MMBF (20%)

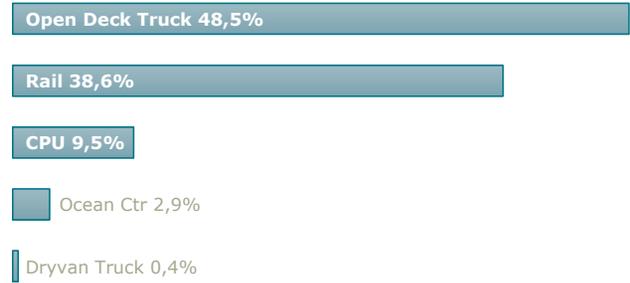
- 68% Rail
- 26% Truck
- 6% Others

EASTERN CANADA
985 MMBF (20%)

- 47% Rail
- 51% Truck
- 2% Others



INTERFOR NETWORK



US SOUTH
2,215 MMBF (46%)

- 61% Truck
- 20% Rail
- 3% Ocean Container
- 16% Others



EACOM ACQUISITION

- **100% equity; EACOM is wholly-owned subsidiary of Interfor**
- **Largest acquisition by Interfor**
- **Enhanced SPF production**
- **Shared values and culture**
- **Similar logistics models**
 - Long-standing supply chain partnerships
 - Significant use of transloads to reach our customers
 - Aggressive pursuit of logistics options and capacity
 - Pursuit of industry-leading on-time shipping performance