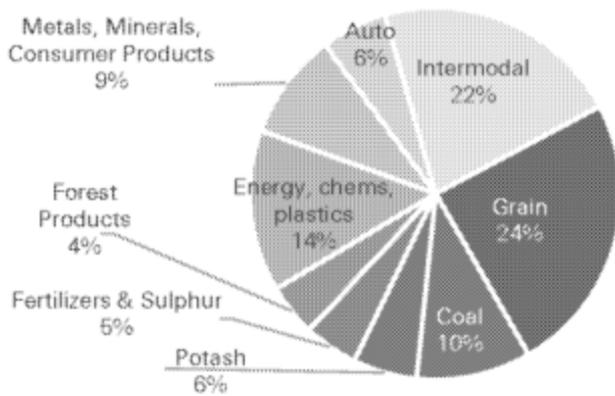




Revenue Trends

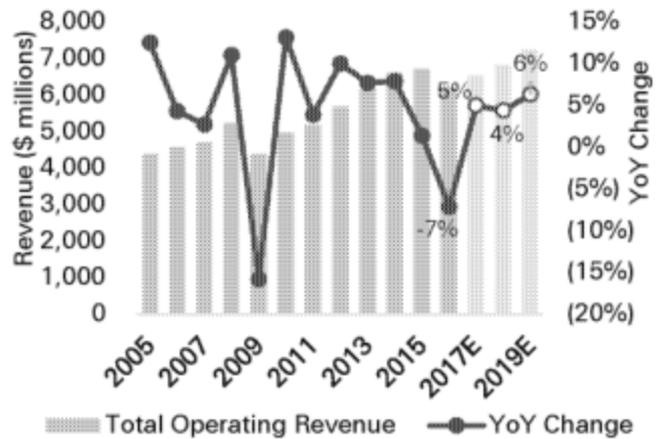
Revenue at CP has increased at a 3.4% CAGR since 2000 due almost entirely to growth in revenue per carload (aka yields; +3.2% CAGR) as carload growth has been somewhat limited (+0.3% CAGR). CNI's yield growth reflects core pricing gains as well as a longer length of haul as revenue ton-miles have actually increased at a 1.3% CAGR over that time. The largest contributors to revenue growth have been industrial and consumer products (9.1% CAGR) and grain (4.3% CAGR) which help offset declines in fertilizers and sulphur (-2.5% CAGR) and forest products (-1.8% CAGR). In 2016, CP generated C\$6.2B in revenue, marking a 7.2% yoy decline from 2015.

Figure 80: CP Revenue Breakdown FY2016



Source: Deutsche Bank, Company filings

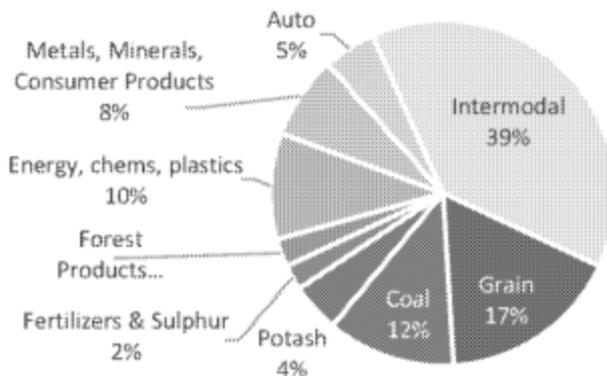
Figure 81: CP Revenue Trends & YoY Changes



Source: Deutsche Bank, Company filings

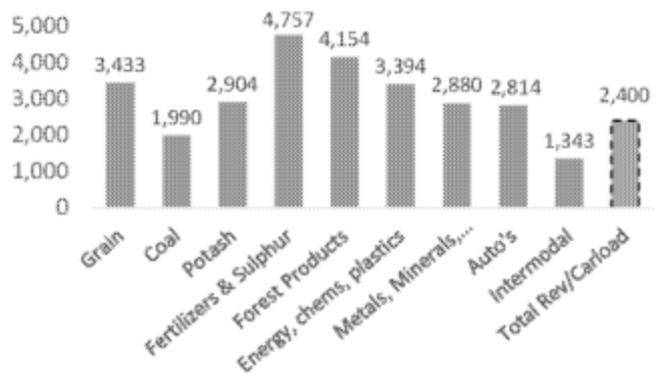
Revenue for CP is fairly straight forward at a high level - volume (measured in carloads) and yield (measured in avg. revenue per carload). Carload yields can vary significantly depending on a number of factors including mix of volume, length of haul, movements in core/underlying price, fuel surcharges, and currency. In 2016, CP moved just over 2.5M carloads earning an average of C\$2,400 in revenue/carload. Below we highlight CP's exposure by carload and the corresponding revenue the company generated on those particular carload classifications.

Figure 82: CP Carload Breakdown



Source: Deutsche Bank, Company filings

Figure 83: CP Revenue per Carload by Commodity (2016A)



Source: Deutsche Bank, Company filings