



Financial Statements

Figure 101: CP Income Statement

Canadian Pacific Railway (CP)												
Quarterly Income Statement (C\$ millions)	2012	2013	2014	2015	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017e	2017E	2018E	2019E
Operating Revenue												
Total rail freight revenues	5,550	5,982	6,464	6,552	6,060	1,563	1,598	1,547	1,660	6,368	6,648	7,070
YoY Change	9.9%	7.8%	8.1%	1.4%	(7.5%)	1.0%	13.7%	2.5%	4.0%	5.1%	4.4%	6.4%
Other revenues	145	151	156	160	172	40	45	48	43	176	183	195
YoY Change	26.7%	4.1%	3.3%	2.6%	7.5%	(7.0%)	2.3%	9.1%	4.0%	2.1%	4.4%	6.4%
Total Operating Revenue	5,695	6,133	6,620	6,712	6,232	1,603	1,643	1,595	1,702	6,543	6,831	7,265
YoY Change	10.0%	7.7%	7.9%	1.4%	(7.2%)	0.8%	13.3%	2.6%	4.0%	5.0%	4.4%	6.4%
Operating Expenses												
Compensation and benefits	1,486	1,378	1,348	1,371	1,189	284	277	256	255	1,072	1,092	1,129
Fuel	999	1,004	1,048	708	567	170	160	150	177	657	699	745
Materials	238	160	193	184	180	49	48	45	43	185	185	189
Equipment rents	206	173	155	174	173	36	37	35	39	147	157	167
Depreciation and amortization	539	565	552	595	640	166	165	162	167	660	683	719
Purchased services and other	918	998	985	1,060	905	278	277	257	264	1,076	1,055	1,090
Total Operating Expenses	4,386	4,282	4,281	4,092	3,654	983	964	905	944	3,796	3,872	4,039
YoY Change	4.2%	(2.4%)	(0.0%)	(4.4%)	(10.7%)	4.8%	7.2%	0.9%	2.6%	3.9%	2.0%	4.3%
Operating Ratio (OR) Gross Of Fuel	77.0%	69.8%	64.7%	61.0%	58.6%	61.3%	58.7%	56.7%	55.5%	58.0%	56.7%	55.6%
YoY Improvement (deterioration)	432 bps	720 bps	515 bps	370 bps	233 bps	(237 bps)	333 bps	98 bps	75 bps	62 bps	134 bps	108 bps
Operating Income	1,309	1,851	2,339	2,620	2,578	620	679	690	758	2,747	2,960	3,226
YoY Change	35.5%	41.4%	26.4%	12.0%	(1.6%)	(5.1%)	23.2%	5.0%	5.8%	6.6%	7.7%	9.0%
Incremental Margin		123.7%	100.2%	305.4%	NM	(275.0%)	66.3%	80.5%	63.4%	54.4%	73.7%	61.4%
Other Income And Interest Expense												
Other income	(37)	(17)	(7)	19	(9)	0	(3)	0	0	(3)	0	0
Interest expense	(276)	(278)	(282)	(394)	(471)	(120)	(122)	(115)	(116)	(473)	(468)	(483)
Total other income	(313)	(295)	(289)	(375)	(480)	(120)	(125)	(115)	(116)	(476)	(468)	(483)
Pretax income before income taxes	996.0	1,556.0	2,050.0	2,245.0	2,098.0	500.0	554.0	575.0	642.3	2,271.3	2,491.9	2,742.8
Effective income tax rate	25.2%	26.8%	27.5%	27.6%	26.2%	26.4%	26.5%	26.6%	26.5%	26.5%	26.5%	26.5%
Income taxes	251.3	417.0	564.0	620.0	549.0	132.0	147.0	153.0	170.2	602.2	660.4	726.8
Net income (continuing)	744.7	1,139.0	1,486.0	1,625.0	1,549.0	368.0	407.0	422.0	472.1	1,669.1	1,831.5	2,015.9
Extraordinary items	(260.7)	(257.0)	(6.0)	(273.0)	50.0	63.0	73.0	88.0	0.0	224.0	0.0	0.0
Net income (reported)	484.0	882.0	1,480.0	1,352.0	1,599.0	431.0	480.0	510.0	472.1	1,893.1	1,831.5	2,015.9
YoY Change	(15.1%)	52.9%	30.5%	9.4%	(4.7%)	(4.2%)	30.4%	4.2%	5.4%	7.8%	9.7%	10.1%
Diluted EPS (Continuing)	\$4.30	\$6.45	\$8.52	\$10.09	\$10.29	\$2.50	\$2.77	\$2.90	\$3.29	\$11.44	\$13.14	\$14.95
Extraordinary items	(\$1.51)	(\$1.46)	(\$0.03)	(\$1.70)	\$0.33	\$0.43	\$0.50	\$0.60	\$0.00	\$1.54	\$0.00	\$0.00
Diluted EPS (Reported)	\$2.80	\$5.00	\$8.49	\$8.40	\$10.62	\$2.93	\$3.27	\$3.50	\$3.29	\$12.98	\$13.14	\$14.95
YoY Change (continuing)	(16.3%)	50.0%	32.0%	18.5%	2.0%	0.2%	35.5%	6.2%	8.1%	11.2%	14.8%	13.8%
Avg. basic shares outstanding	171.8	174.9	172.8	159.8	149.6	146.5	146.5	145.5	143.4	145.5	139.1	134.5
Avg. diluted shares outstanding	173.1	176.5	174.4	161.0	150.5	147.1	146.9	145.8	143.7	145.9	139.4	134.8

Source: Deutsche Bank, Company Filings