

Canadian Oil & Gas

BUS 419 Group #3

Ziqi Lin 301386797

Sinyu Chow 301401484

Can Yang 301368693

Wanqing Bian 301364581

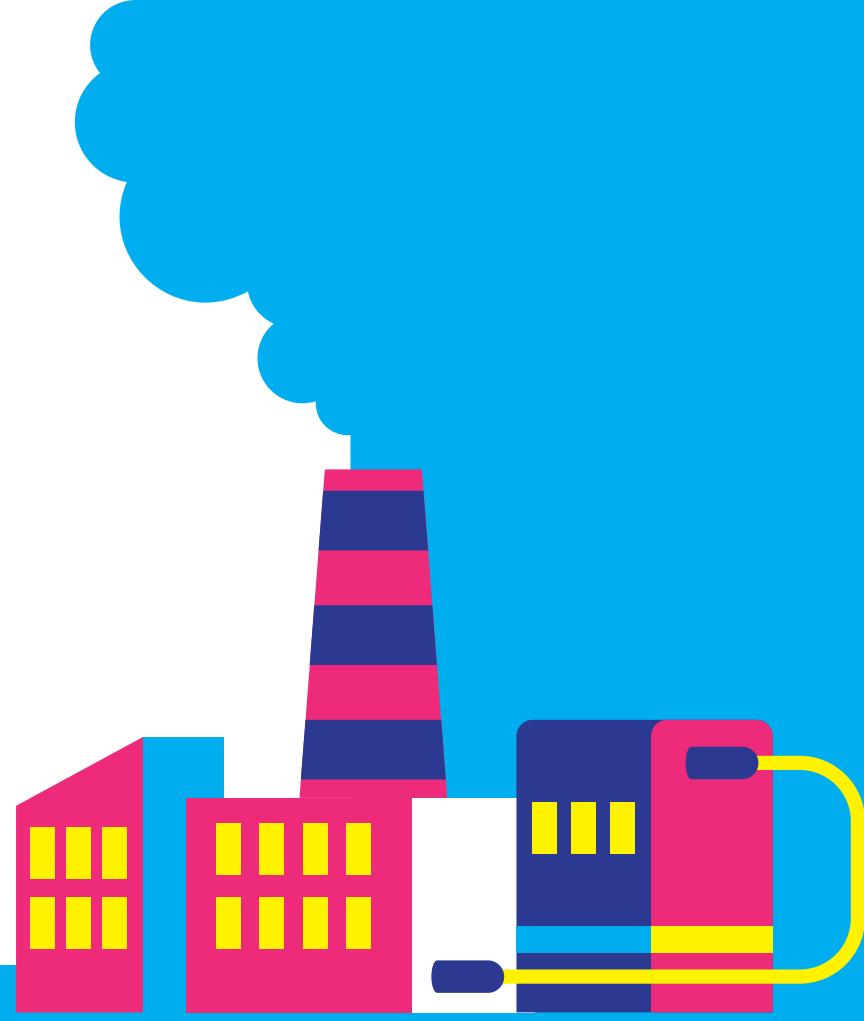


Table of Contents

Industry Overview 01 03 Gibson Energy

Cresent Point 02 04 Suncor Energy

1

Industry Overview

STATISTICS

3rd

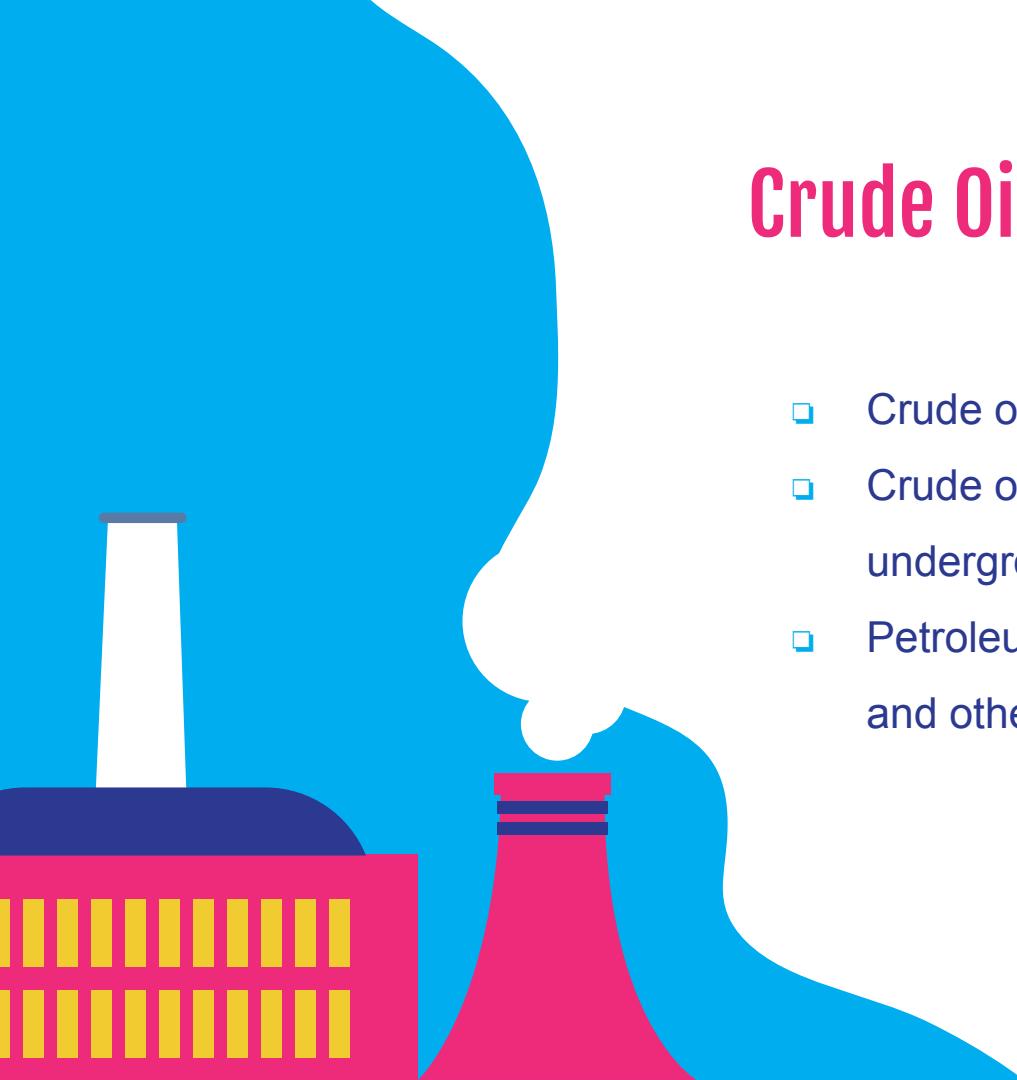
Canada's global ranking based on oil reserves

4th

Canada's global ranking on oil production

80%

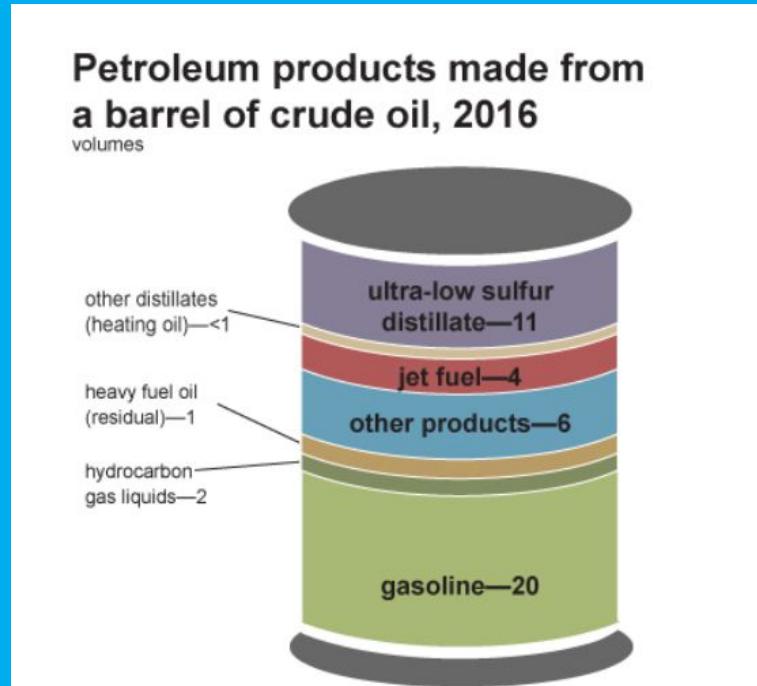
Alberta accounts for more than 80% of Canada's oil and gas production



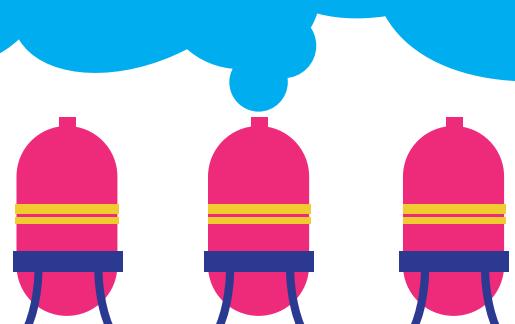
Crude Oil & Petroleum Products

- ❑ Crude oil is a mixture of hydrocarbons
- ❑ Crude oil is a fossil fuel and exists in liquid form in underground pools or reservoirs
- ❑ Petroleum products are fuels made from crude oil and other hydrocarbons contained in natural gas

Petroleum Products



A U.S 42-gallon barrel of crude oil yields about 45 gallons of petroleum products in U.S. refineries because of refinery processing gain



Industry Process

Upstream Petroleum

- Finds and produces crude oil and natural gas
- Exploration and production (E&P) sector

Midstream Industry

- Process
- Stores
- Market
- Transport
- Transmission Pipeline

Downstream Industry

- Oil refineries
- Petrochemical Plants
- Products Distributor
- Retail Outlets
- Natural Gas Distributors

Chart 1
Monthly oil prices in U.S. dollars, January 2019 to May 2021

U.S. dollars

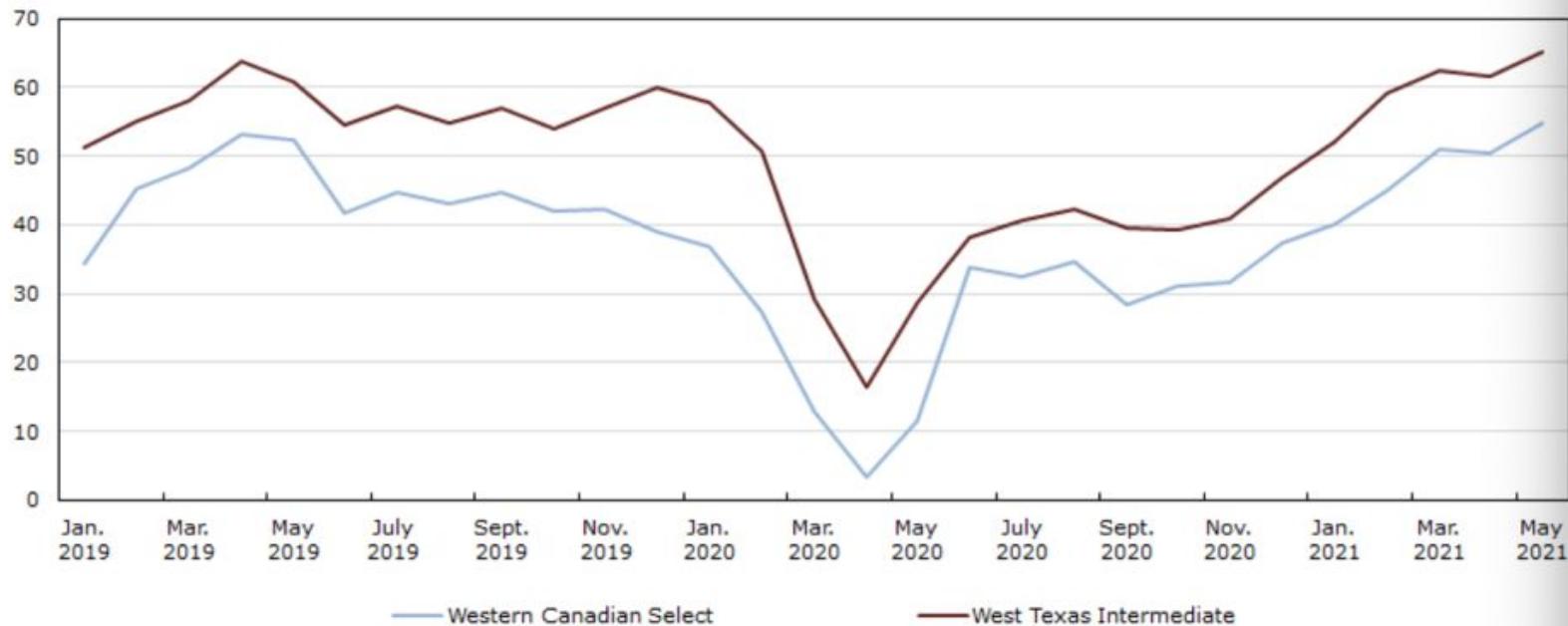
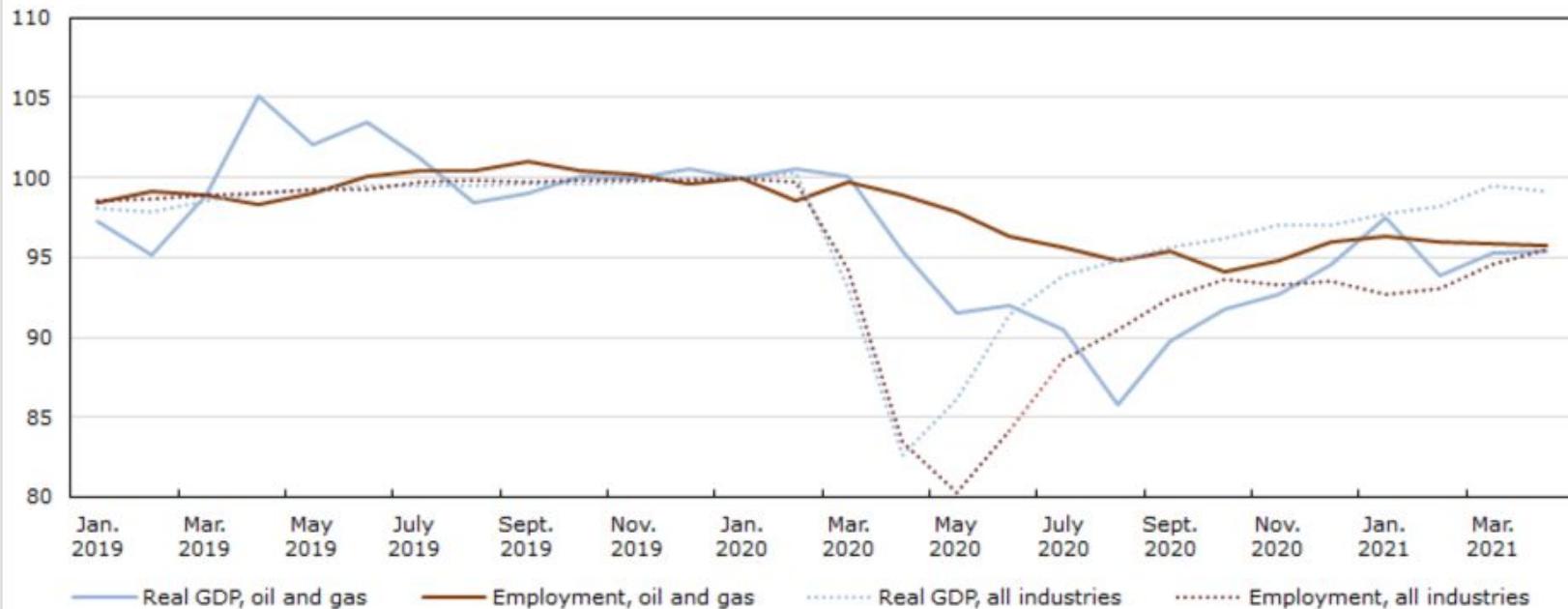


Chart 2 Production and employment, oil and gas and all industries

January 2020 = 100

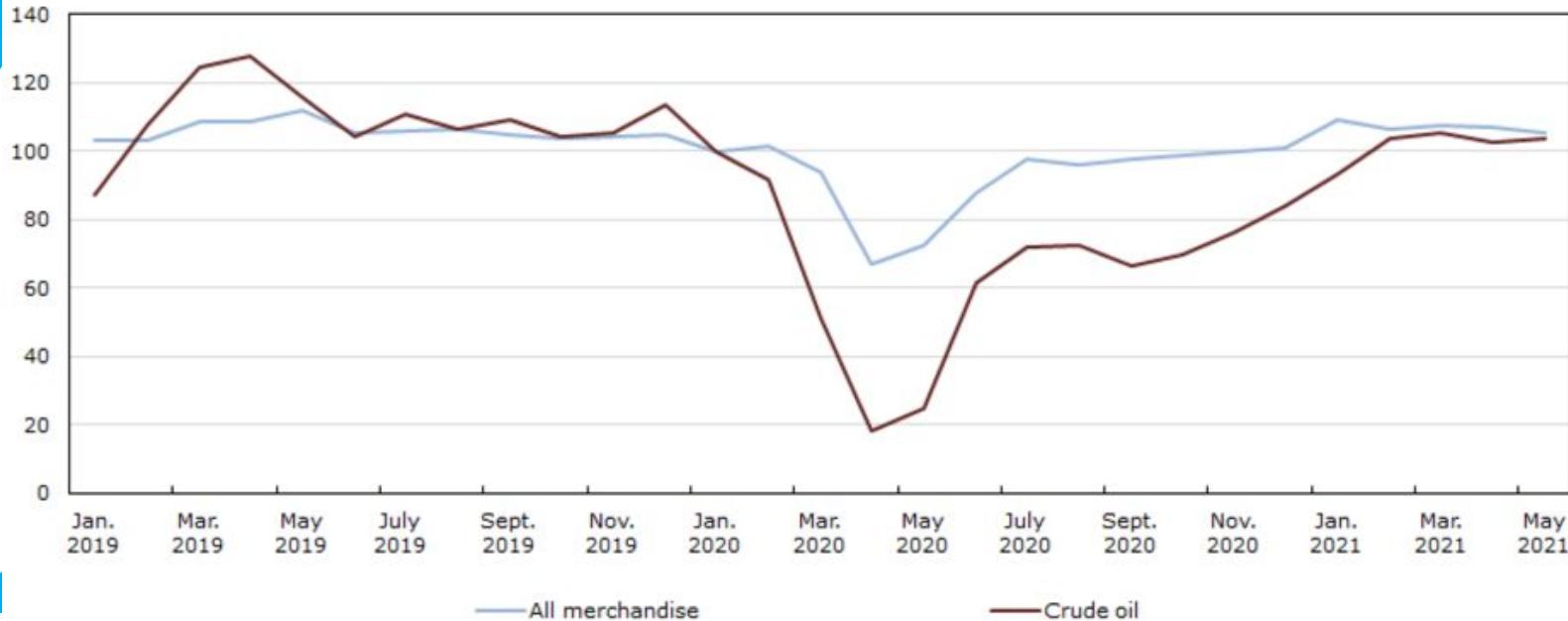


Note: GDP = Gross domestic product.

Source: Statistics Canada, author's calculation based on Tables 14-10-0220 and 36-10-0434.

Chart 3 Exports of crude oil and all merchandise

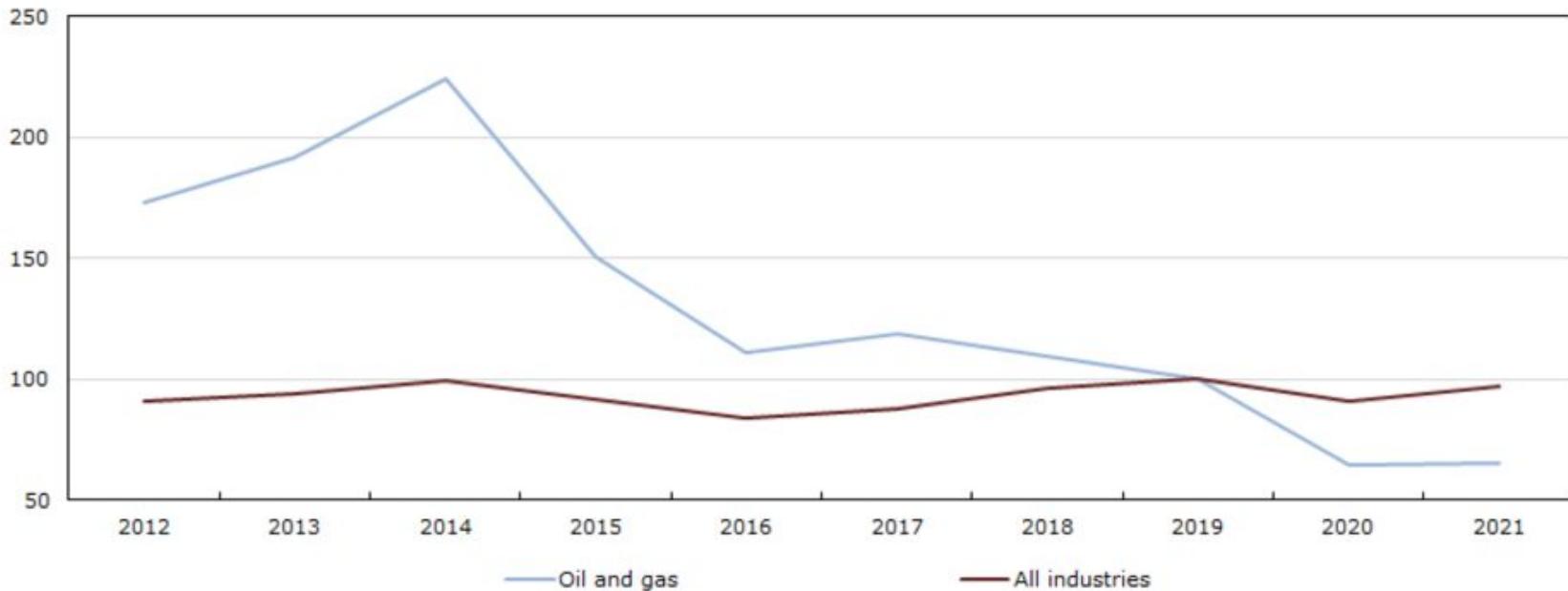
January 2020 = 100



Source: Statistics Canada, author's calculation based on Table 12-10-0121.

Chart 4 Capital spending in oil and gas extraction

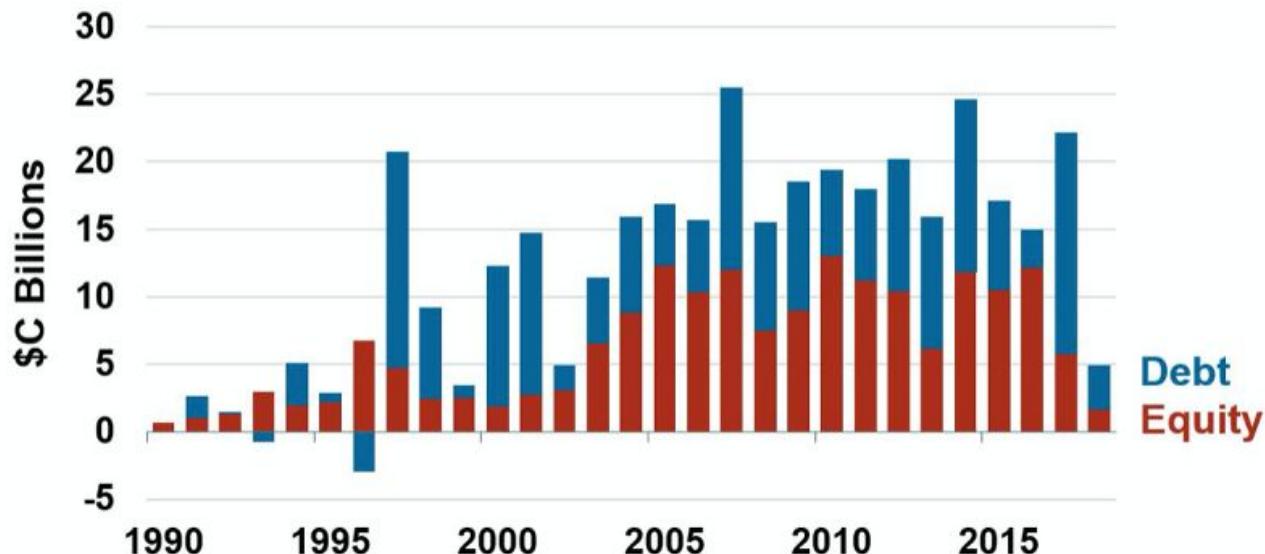
2019 = 100



Source: Statistics Canada, author's calculation based on Table 34-10-0035.

Figure 1: Canadian Oil & Gas Industry Financings

Annual; 1990 to 2018



Source: Sayer Energy Advisors, ARC Energy Research Institute



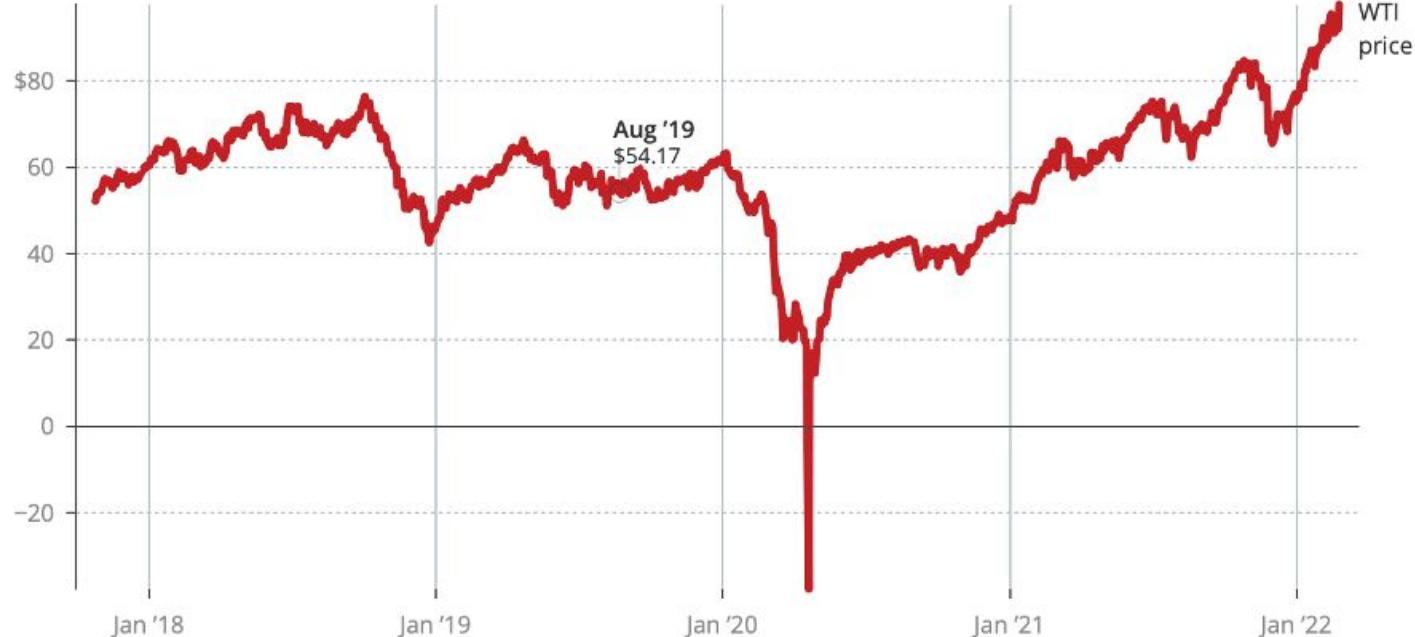
Risk Factors

- Regulations
- Volatility of crude oil, natural gas and other commodity prices
- Operational risks
- Capital requirements and expenditures
- Hedging activities
- Maintain reserve levels
- Doing business overseas
- Limited insurance coverage
- Credit exposure
- Exploration and drilling (including costs and productivity)
- Sales and distribution (including pipeline and gathering system capacity constraints and transportation capabilities)
- Reduction in demand due to competition from alternative fuel sources and technological advances

Impact of Russo-Ukrainian War

- ❑ Russia currently pumps about 10 % of the world's supply of crude oil every day
- ❑ Higher gas prices
- ❑ Stock Market Fluctuation

Ukraine unrest pushes oil up to new 7-year high



Future Trend

2028

2032

2047

2050



Canada's total oil production increases to 6 million barrels per day

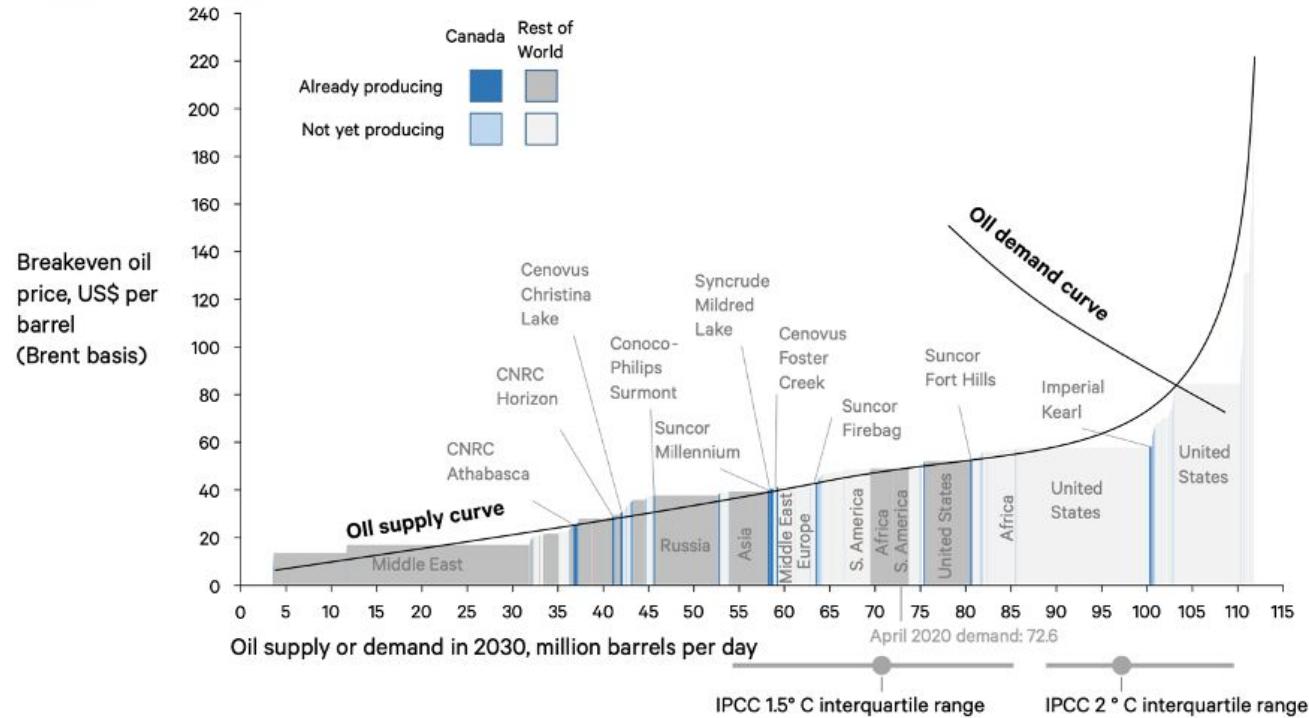
Increased action to reduce emissions, total oil production increases to 5.8 million barrels per day

Stays about five million barrels per day until 2047

Reaching 6.6 million barrels per day in 2050

Future Supply and Demand

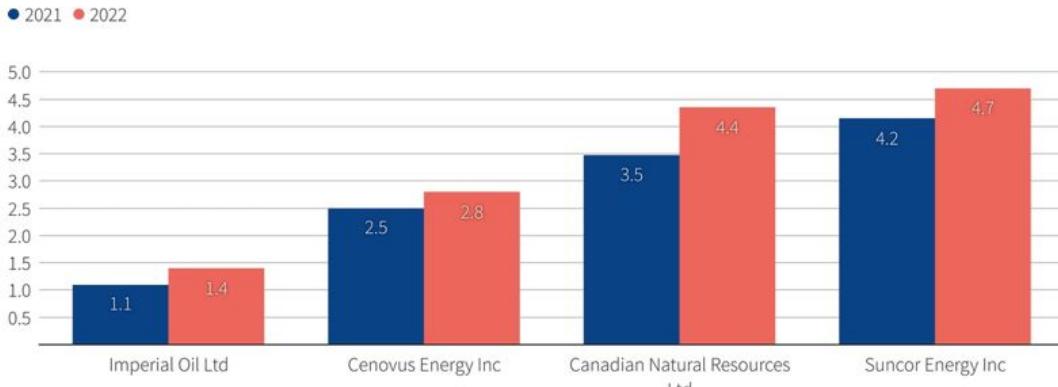
Figure 1. Supply and demand for oil in 2030



Future Spending

Canada's oil producers loosen their purse strings

Oil and gas producers in Canada are preparing for more spending this year, betting on a sustained recovery of commodity prices

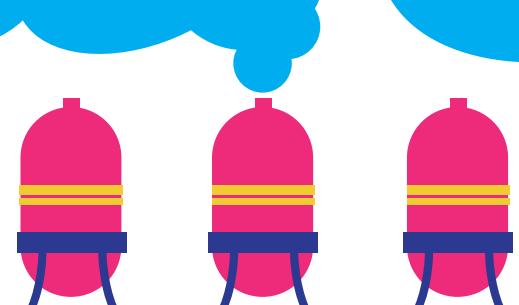


Note: Figures in C\$ billions

Data source: Company filings

Reuters | Ruhi Soni

Canada's oil and
gas spending
expected to rise
22% in 2022



2

Crescent Point

Company Overview

- **Head Office:** Calgary, Alberta
- **Countries and Operation:** Canada and the US
- **Established Year:** 2001
- **Production:** Oil, Natural gas liquids and oil sands
- **Number of Employees:** 748 people
- **Subsidiaries:** Crescent Point Resources Partnership, Crescent Point Holdings Ltd. and Crescent Point U.S. Holdings Corp

Crescent Point



Key People



Barbara Munroe

Chair of the Board



Craig Bryksa

President, Chief Executive
Officer and Director



Ken Lamont

Chief Financial Officer

Historical Stock Price in TSX

Crescent Point Energy Corp. (CPG.TO)

Toronto - Toronto Real Time Price. Currency in CAD

[Add to watchlist](#)

8.34 -0.50 (-5.66%)

At close: 04:00PM EDT

[Summary](#) [Chart](#) [Conversations](#) [Statistics](#) [Historical Data](#) [Profile](#) [Financials](#) [Analysis](#) [Options](#) [Holders](#) [Sustainability](#)

Previous Close	8.84	Market Cap	4.776B
Open	8.75	Beta (5Y Monthly)	3.17
Bid	8.34 x 0	PE Ratio (TTM)	1.37
Ask	8.35 x 0	EPS (TTM)	6.10
Day's Range	7.86 - 8.91	Earnings Date	Jul 27, 2022
52 Week Range	3.67 - 13.74	Forward Dividend & Yield	0.26 (2.94%)
Volume	8,363,580	Ex-Dividend Date	Jun 14, 2022
Avg. Volume	7,003,860	1y Target Est	15.11



2022 Guidance

The Company's guidance for 2022 is as follows:

	Prior	Revised
Total Annual Average Production (boe/d) ⁽¹⁾	133,000 – 137,000	130,000 – 134,000
Capital Expenditures		
Development capital expenditures (\$ millions)	\$875 - \$900	\$875 - \$900
Capitalized G&A (\$ millions)	\$40	\$40
Total (\$ millions) ⁽²⁾	\$915 - \$940	\$915 - \$940
Other Information for 2022 Guidance		
Reclamation activities (\$ millions) ⁽³⁾	\$20	\$20
Capital lease payments (\$ millions)	\$20	\$20
Annual operating expenses (\$/boe)	\$13.75 - \$14.25	\$13.75 - \$14.25
Royalties	13.5% - 14.0%	13.5% - 14.0%

Q1 Highlights



Significant Excess Cash Flow Generation

~\$290MM of excess cash flow in Q1 2022, supporting further debt reduction and return of capital to shareholders

On-track to achieve near-term net debt target of \$1.3B during Q3 2022E



Increasing Return of Capital

Increased quarterly dividend >40% to \$0.065/sh (\$0.26/sh annualized)

Repurchased ~13.5MM shares (~\$110MM) since December 2021



Strong Operational Execution

Achieved emissions intensity reduction target of 50% ahead of 2025 timeframe

Further reduced drilling days in Kaybob Duvernay and North Dakota

Critical Accounting Policies

- a) Principles of Consolidation:** The consolidated financial statements include the accounts of the Company and its subsidiaries and any reference to the "Company" throughout these consolidated financial statements refers to the Company and its subsidiaries. All transactions between the Company and its subsidiaries have been eliminated.
- b) Property, Plant and Equipment:** Items of PP&E, which primarily consist of oil and gas development and production assets, are measured at cost less accumulated depletion, depreciation and any accumulated impairment losses. Development and production assets are accumulated into CGUs and represent the cost of developing the commercial reserves and initiating production.
- c) Exploration and Evaluation:** Exploration and evaluation assets are comprised of the accumulated expenditures incurred in an area where technical feasibility and commercial viability has not yet been determined. Exploration and evaluation assets include undeveloped land and any drilling costs thereon. Technical feasibility and commercial viability are considered to be determinable when reserves are discovered.

Critical Accounting Policies

d) Decommissioning Liability: The Company recognizes the present value of a decommissioning liability in the period in which it is incurred. The obligation is recorded as a liability on a discounted basis using the relevant risk free rate, with a corresponding increase to the carrying amount of the related asset. Over time, the liabilities are accreted for the change in their present value and the capitalized costs are depleted on a unit-of-production basis over the life of the underlying proved plus probable reserves. Accretion expense is recognized in net income.

e) Goodwill: The Company records goodwill relating to business combinations when the purchase price exceeds the fair value of the net identifiable assets and liabilities of the acquired business. The goodwill balance is assessed for impairment annually or as events occur that could result in impairment. Goodwill is tested for impairment at an operating segment level by combining the carrying amounts of PP&E, E&E assets and goodwill and comparing this to the recoverable amount. Any excess of the carrying amount over the recoverable amount is the impairment amount. Impairment charges, which are not tax affected, are recognized in net income.

Critical Accounting Policies

f) Share-based Compensation:

Restricted shares granted under the Restricted Share Bonus Plan are accounted for at fair value. Share-based compensation expense is determined based on the estimated fair value of shares on the date of grant. Forfeitures are estimated at the grant date. The expense is recognized over the service period, with a corresponding increase to contributed surplus. The Company capitalizes the portion of share-based compensation directly attributable to development activities, with a corresponding decrease to share-based compensation expense.

Employee Share Value Plan ("ESVP") awards are accounted for at fair value. Share-based compensation expense is determined based on the estimated fair value of the ESVP awards on the date of grant and subsequently adjusted to reflect the fair value at each period end. The expense is recognized over the service period, with a corresponding increase to long-term compensation liability. ESVP awards are settled in cash upon vesting based on the prevailing Crescent Point share price and the aggregate amount of dividends paid from the grant date.

Critical Accounting Policies

Performance share units ("PSUs") are accounted for at fair value. Share-based compensation expense is determined based on the estimated fair value of the PSUs on the date of the grant and subsequently adjusted to reflect the fair value at each period end. Market performance conditions are factored into the fair value and the best estimate of non-market performance conditions is used to determine an estimate of the number of units that will vest. Fair value is based on the expected cash payment per PSU and the expected number of PSUs to vest, calculated from multipliers based on internal and external performance metrics. The expense is recognized over the service period, with a corresponding increase to long-term compensation liability. PSUs are settled in cash upon vesting based on the prevailing Crescent Point share price, accrued dividends and the performance multipliers.

Deferred share units ("DSUs") are accounted for at fair value. Share-based compensation expense is determined based on the estimated fair value of the DSUs on the date of the grant and subsequently adjusted to reflect the fair value at each period end. Fair value is based on the prevailing Crescent Point share price.

Critical Accounting Policies

g) Income Taxes: The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the estimated effect of any differences between the accounting and tax basis of assets and liabilities, using enacted or substantively enacted income tax rates expected to apply when the deferred tax asset or liability is settled.

h) Business Combinations: Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill.

Critical Accounting Policies

i) Foreign Currency Translation

Foreign operations: The Company has operations in the U.S. transacted via U.S. subsidiaries. The assets and liabilities of foreign operations are restated to Canadian dollars at exchange rates in effect at the balance sheet date. The income and expenses of foreign operations are translated to Canadian dollars using average exchange rates for the period. The resulting unrealized gain or loss is included in other comprehensive income.

Foreign transactions: Transactions in foreign currencies not incurred by the Company's U.S. subsidiaries are translated to Canadian dollars at exchange rates in effect at the transaction dates. Foreign currency assets and liabilities are restated to Canadian dollars at exchange rates in effect at the balance sheet date and income and expenses are restated to Canadian dollars using average exchange rates for the period. Both realized and unrealized gains and losses resulting from the settlement or restatement of foreign currency transactions are included in net income.

Critical Accounting Policies

j) Financial Instruments

Financial derivative instruments are included in **current assets/liabilities** except for those with maturities **greater than 12 months after the end of the reporting period**, which are classified as non-current assets/liabilities.

The Company has not designated any of its financial derivative contracts as effective accounting hedges and, accordingly, fair values its financial derivative contracts with the resulting gains and losses recorded in net income.

The fair value of a financial derivative instrument on initial recognition is normally the transaction price. Subsequent to initial recognition, the fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated based on market prices at the reporting date for similar assets or liabilities with similar terms and conditions, or by discounting future payments of interest and principal at estimated interest rates that would be available to the Company at the reporting date.

Operation Areas



It operates out of North Dakota, Alberta, and Saskatchewan. It operates in the following basins:

- **Kaybob Duvernay**
- **Shaunavon**
- **Flat Lake**
- **Bakken**

CPG At a Glance

CPG (TSX and NYSE)

Market Capitalization \$5.5 billion

Net Debt \$1.8 billion

Enterprise Value \$7.2 billion

Annualized Dividend \$0.26/share

Dividend Yield ~3.0%

Average Daily Trading Volume 19.4 million shares

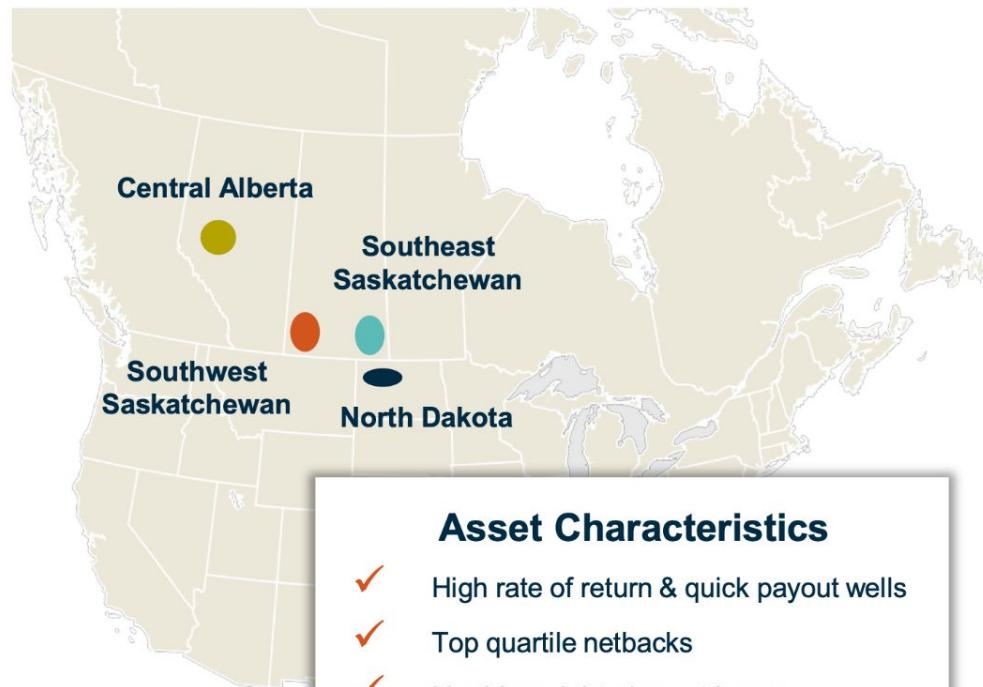
2022 Guidance & Excess Cash Flow

Annual Average Production 133,000 – 137,000 boe/d

% Liquids ~80%

Development Capital Expenditures \$875 – \$900 million

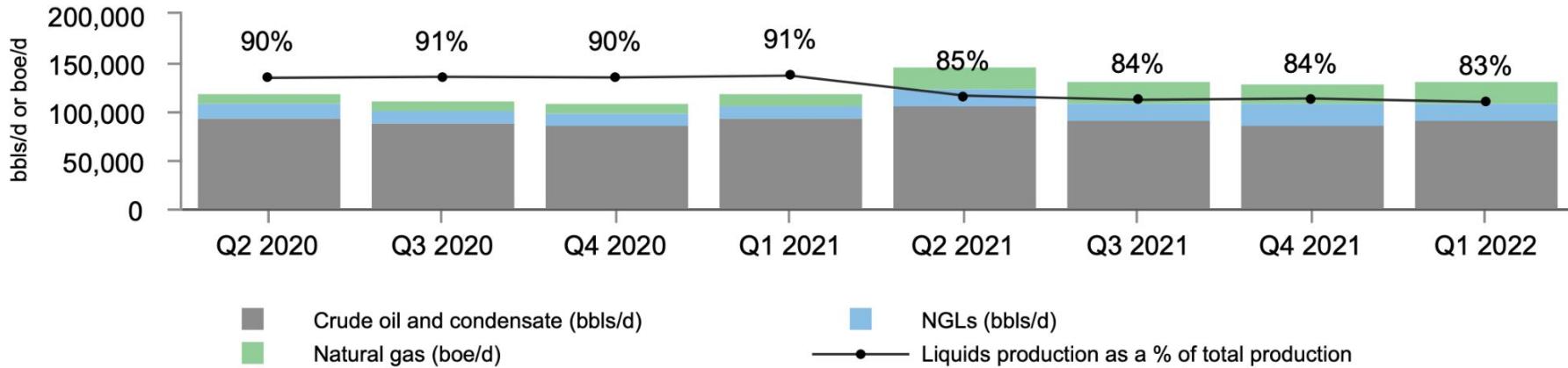
Excess Cash Flow \$1.2 – \$1.4 billion



Asset Characteristics

- ✓ High rate of return & quick payout wells
- ✓ Top quartile netbacks
- ✓ Liquids weighted asset base
- ✓ Low risk drilling inventory
- ✓ Long life, low decline assets
- ✓ Strong market access & scalability

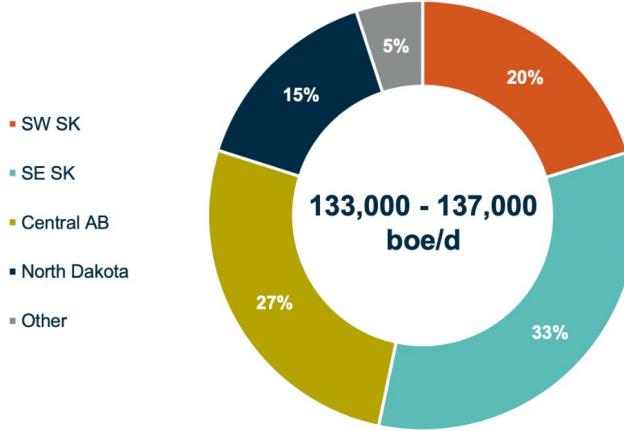
Production



Capital Expenditures



Production



Operational Profile

Production

	Three months ended March 31		
	2022	2021	% Change
Crude oil and condensate (bbls/d)	92,971	95,276	(2)
NGLs (bbls/d)	17,039	13,319	28
Natural gas (mcf/d)	136,667	64,732	111
Total (boe/d)	132,788	119,384	11
Crude oil and liquids (%)	83	91	(8) 
Natural gas (%)	17	9	8
Total (%)	100	100	—

The following is a summary of Crescent Point's production by area:

	Three months ended March 31		
	2022	2021 ⁽¹⁾	% Change
Production By Area (boe/d)			
Saskatchewan	72,016	87,937	(18)
Alberta	41,419	8,490	388
United States	19,353	22,957	(16)
Total	132,788	119,384	11 

(1) Comparative period revised to reflect current period presentation. Refer to the *Critical Accounting Estimates* section of the Company's MD&A for the year ended December 31, 2021 for further information.

Marketing and Prices

Average Selling Prices ⁽¹⁾	Three months ended March 31		
	2022	2021	% Change
Crude oil and condensate (\$/bbl)	113.66	65.17	74
NGLs (\$/bbl)	47.84	37.70	27
Natural gas (\$/mcf)	5.55	4.50	23
Total (\$/boe)	91.43	58.65	56

(1) The average selling prices reported are before realized commodity derivatives and transportation.

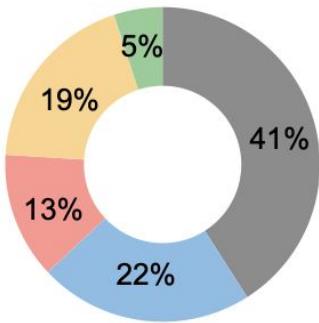
Benchmark Pricing	Three months ended March 31		
	2022	2021	% Change
Crude Oil Prices			
WTI crude oil (US\$/bbl) ⁽¹⁾	94.38	57.80	63
WTI crude oil (Cdn\$/bbl)	119.47	73.16	63
Crude Oil and Condensate Differentials			
LSB crude oil (Cdn\$/bbl) ⁽²⁾	(5.04)	(6.33)	(20)
FOS crude oil (Cdn\$/bbl) ⁽³⁾	(16.43)	(11.87)	38
UHC crude oil (US\$/bbl) ⁽⁴⁾	1.51	(1.93)	(178)
C5+ condensate (Cdn\$/bbl) ⁽⁵⁾	2.27	0.24	846
Natural Gas Prices			
AECO daily spot natural gas (Cdn\$/mcf) ⁽⁶⁾	4.74	3.12	52
AECO monthly index natural gas (Cdn\$/mcf)	4.58	2.93	56
NYMEX natural gas (US\$/mmbtu) ⁽⁷⁾	4.91	2.69	83
Foreign Exchange Rate			
Exchange rate (US\$/Cdn\$)	0.790	0.790	—

1. Recover from COVID-19
2. War between Russia and Ukraine

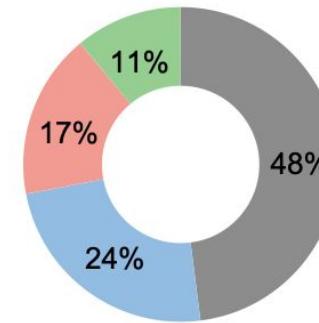
Crude Oil and Condensate Stream Exposure Q1 2022 (boe)

1

LSB
FOS
UHC
C5+
Other



Crude Oil and Condensate Stream Exposure Q1 2021 (boe)



- The narrower corporate oil differential was primarily due to improved light oil and condensate differentials and the increased weighting towards condensate production as result of the acquisition of the Kaybob Duvernay assets.

Balance Sheet (Total Assets) - 2022 Q1

(UNAUDITED) (Cdn\$ millions)	Notes	As at	
		March 31, 2022	December 31, 2021
ASSETS			
Cash		5.7	13.5
Accounts receivable		508.9	314.3
Prepays and deposits		16.9	7.4
Derivative asset	17	56.1	75.7
Assets held for sale	4	42.8	—
Total current assets		630.4	410.9
Derivative asset	17	133.5	144.8
Other long-term assets		6.4	6.4
Exploration and evaluation	3	34.7	48.8
Property, plant and equipment	4, 5	9,054.8	7,687.3
Right-of-use asset	8	87.2	91.4
Goodwill		211.5	211.5
Deferred income tax		254.0	570.1
Total assets		10,412.5	9,171.2

Balance Sheet (Liabilities) – 2022 Q1

LIABILITIES			
Accounts payable and accrued liabilities		536.3	450.7
Dividends payable		25.8	43.5
Current portion of long-term debt	7	274.7	278.1
Derivative liability	17	431.8	159.6
Other current liabilities	6	104.4	100.3
Liabilities associated with assets held for sale	4	7.3	—
Total current liabilities		1,380.3	1,032.2
Long-term debt	7	1,556.2	1,692.1
Derivative liability	17	15.4	5.3
Other long-term liabilities		44.1	35.8
Lease liability	8	111.0	115.9
Decommissioning liability	9	780.4	884.6
Deferred income tax		13.8	—
Total liabilities		3,901.2	3,765.9

Balance Sheet (Equity) - 2022 Q1

SHAREHOLDERS' EQUITY				
Shareholders' capital	10	16,646.3		16,706.9
Contributed surplus		17.9		17.5
Deficit	11	(10,664.8)		(11,848.7)
Accumulated other comprehensive income		511.9		529.6
Total shareholders' equity		6,511.3		5,405.3
Total liabilities and shareholders' equity		10,412.5		9,171.2

Balance Sheet (Total Assets) – 2021

As at December 31 (Cdn\$ millions)	Notes	2021	2020
ASSETS			
Cash		13.5	8.8
Accounts receivable		314.3	200.5
Prepays and deposits		7.4	22.7
Derivative asset	25	75.7	46.7
Total current assets		410.9	278.7
Derivative asset	25	144.8	195.7
Other long-term assets	5	6.4	18.2
Exploration and evaluation	6, 7	48.8	86.4
Property, plant and equipment	7, 8	7,687.3	4,372.0
Right-of-use asset	12	91.4	103.7
Goodwill	9	211.5	223.3
Deferred income tax	22	570.1	1,367.9
Total assets		9,171.2	6,645.9

Balance Sheet (Liabilities & Equity) – 2021

LIABILITIES			
Accounts payable and accrued liabilities		450.7	310.3
Dividends payable		43.5	1.3
Current portion of long-term debt	11	278.1	221.6
Derivative liability	25	159.6	42.2
Other current liabilities	10	100.3	93.8
Total current liabilities		1,032.2	669.2
Long-term debt	11	1,692.1	2,038.0
Derivative liability	25	5.3	3.2
Other long-term liabilities	13	35.8	17.3
Lease liability	12	115.9	130.1
Decommissioning liability	7, 14	884.6	965.3
Total liabilities		3,765.9	3,823.1
SHAREHOLDERS' EQUITY			
Shareholders' capital	15	16,706.9	16,451.5
Contributed surplus		17.5	19.7
Deficit	16	(11,848.7)	(14,166.1)
Accumulated other comprehensive income		529.6	517.7
Total shareholders' equity		5,405.3	2,822.8
Total liabilities and shareholders' equity		9,171.2	6,645.9

Statement of Cash Flows - 2022 Q1

(UNAUDITED) (Cdn\$ millions)	Notes	Three months ended March 31		
		2022	2021	
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income		1,183.6	21.7	
Items not affecting cash				
Other (income) loss		(7.2)	9.0	
Deferred tax expense		326.5	7.0	
Share-based compensation		1.3	1.4	
Depletion, depreciation and amortization	3, 5, 8	216.8	150.6	
Impairment reversal	5	(1,484.9)	—	
Accretion	9	3.9	3.1	
Unrealized losses on derivatives	17	313.2	81.7	
Translation of US dollar long-term debt	15	(19.1)	(25.5)	
Realized (gain) loss on cross currency swap maturity	15	(0.2)	13.6	
Decommissioning expenditures	9	(6.4)	(6.1)	
Change in non-cash working capital	18	(101.4)	47.2	
		426.1	303.7	

Statement of Cash Flows – 2022 Q1

INVESTING ACTIVITIES				
Development capital and other expenditures	3, 5	(226.8)		(134.4)
Capital acquisitions	4	(0.9)		—
Capital dispositions	4	2.9		7.2
Deposit on acquisition		—		(45.0)
Change in non-cash working capital	18	(4.5)		(11.2)
		(229.3)		(183.4)
FINANCING ACTIVITIES				
Common shares repurchased	10	(61.7)		—
Decrease in bank debt, net	18	(120.5)		(84.7)
Realized gain (loss) on cross currency swap maturity	15, 18	0.2		(13.6)
Payments on principal portion of lease liability	8, 18	(5.1)		(5.1)
Cash dividends	18	0.2		(1.3)
Change in non-cash working capital	18	(17.7)		—
		(204.6)		(104.7)
Impact of foreign currency on cash balances		—		(0.4)
INCREASE (DECREASE) IN CASH		(7.8)		15.2
CASH AT BEGINNING OF PERIOD		13.5		8.8
CASH AT END OF PERIOD		5.7		24.0

Statement of Cash Flows – 2021

For the years ended December 31 (Cdn\$ millions)	Notes	2021	2020
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net income (loss)		2,364.1	(2,519.9)
Items not affecting cash			
Other income	19	(97.0)	(316.9)
Deferred tax expense (recovery)	22	799.7	(627.8)
Share-based compensation		6.1	(0.9)
Depletion, depreciation and amortization	6, 8, 12	786.1	712.7
Impairment (impairment reversal)	8	(2,514.4)	3,557.8
Accretion	14	15.4	13.6
Unrealized losses on derivatives	25	141.4	112.5
Translation of US dollar long-term debt	21	(37.0)	(12.8)
Realized gain on cross currency swap maturity	21	—	(49.3)
Decommissioning expenditures	14	(20.2)	(14.7)
Change in non-cash working capital	29	51.6	6.2
		1,495.8	860.5

Statement of Cash Flows – 2021

INVESTING ACTIVITIES			
Development capital and other expenditures	6, 8	(676.1)	(698.8)
Capital acquisitions	7	(677.9)	(1.4)
Capital dispositions	7	99.0	509.8
Sale of long-term investments	5	12.6	—
Change in non-cash working capital	29	49.0	(78.6)
		(1,193.4)	(269.0)
FINANCING ACTIVITIES			
Issue of shares, net of issue costs		(0.7)	(0.2)
Common shares repurchased	15	(17.5)	(12.7)
Decrease in bank debt, net	29	(34.6)	(408.1)
Repayment of senior guaranteed notes	29	(217.6)	(224.4)
Realized gain on cross currency swap maturity	21	—	49.3
Payments on principal portion of lease liability	12, 29	(21.2)	(30.0)
Cash dividends	29	(47.8)	(9.4)
Change in non-cash working capital	29	42.2	(4.0)
		(297.2)	(639.5)
Impact of foreign currency on cash balances		(0.5)	(0.1)
INCREASE (DECREASE) IN CASH			
CASH AT BEGINNING OF YEAR		4.7	(48.1)
CASH AT END OF YEAR		13.5	8.8

Statement of Comprehensive Income – 2022 Q1

			Three months ended March 31	
(UNAUDITED) (Cdn\$ millions, except per share and shares outstanding amounts)		Notes	2022	2021
REVENUE AND OTHER INCOME				
Oil and gas sales	19		1,092.7	630.2
Purchased product sales			32.1	3.0
Royalties			(146.4)	(85.7)
Oil and gas revenue			978.4	547.5
Commodity derivative losses	13, 17		(444.0)	(142.9)
Other income (loss)			7.4	(7.7)
			541.8	396.9
EXPENSES				
Operating			168.7	142.6
Purchased product			32.8	3.1
Transportation			32.6	25.1
General and administrative			21.5	15.2
Interest	14		22.0	23.8
Foreign exchange (gain) loss	15		8.1	(1.4)
Share-based compensation			8.7	4.4
Depletion, depreciation and amortization	3, 5, 8		216.8	150.6
Impairment reversal	5		(1,484.9)	—
Accretion and financing	8, 9		5.4	4.8
			(968.3)	368.2

Statement of Comprehensive Income – 2022 Q1

Net income before tax	1,510.1	28.7
Tax expense		
Current	—	—
Deferred	326.5	7.0
Net income	1,183.6	21.7
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation of foreign operations	(17.7)	(11.6)
Comprehensive income	1,165.9	10.1
Net income per share		
Basic	2.05	0.04
Diluted	2.03	0.04
Weighted average shares outstanding		
Basic	576,887,587	530,354,244
Diluted	582,703,266	536,573,892

Statement of Comprehensive Income - 2021

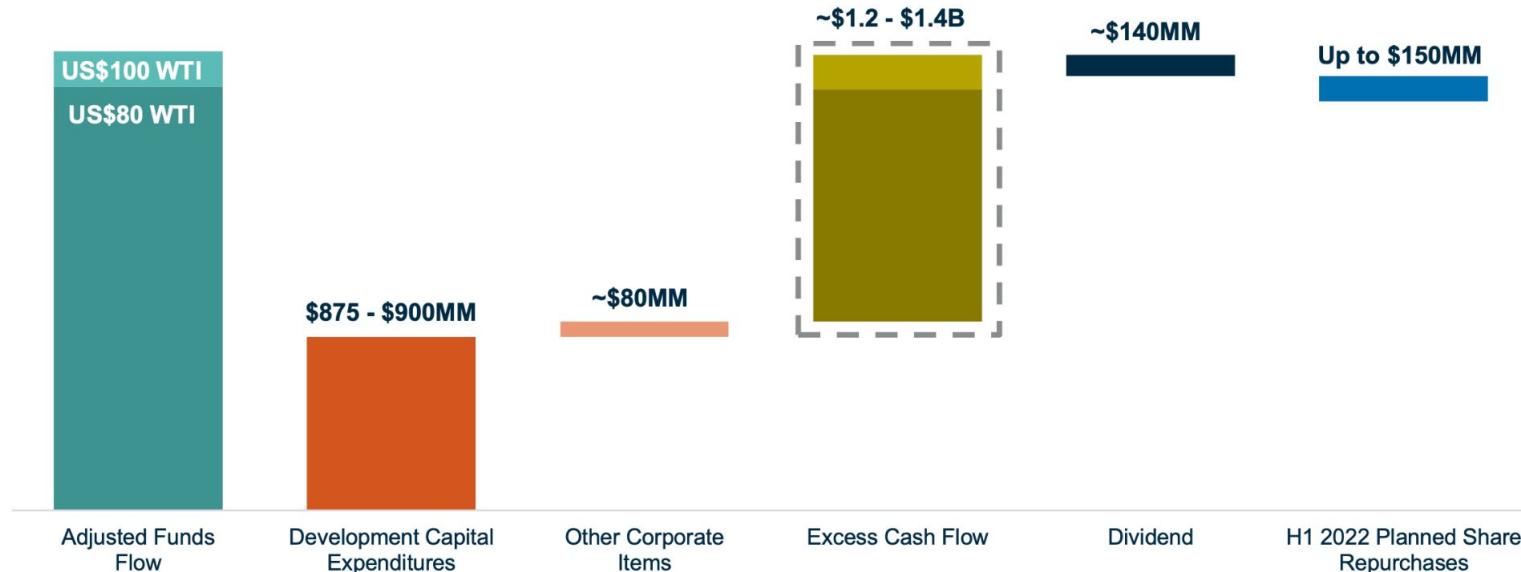
For the years ended December 31 (Cdn\$ millions, except per share amounts)		Notes	2021	2020
REVENUE AND OTHER INCOME				
Oil and gas sales	30		3,206.5	1,692.2
Purchased product sales			31.7	12.9
Royalties			(408.8)	(217.1)
Oil and gas revenue			2,829.4	1,488.0
Commodity derivative gains (losses)	18, 25		(488.9)	193.3
Other income	19		99.4	322.3
			2,439.9	2,003.6
EXPENSES				
Operating			625.3	561.8
Purchased product			32.6	12.2
Transportation			117.7	101.1
General and administrative			89.8	78.7
Interest	20		90.6	109.1
Foreign exchange gain	21		(4.4)	(4.3)
Share-based compensation	23		30.9	1.3
Depletion, depreciation and amortization	6, 8, 12		786.1	712.7
Impairment (impairment reversal)	8		(2,514.4)	3,557.8
Accretion and financing	12, 14		21.9	20.7
			(723.9)	5,151.1

Statement of Comprehensive Income - 2021

Net income (loss) before tax		3,163.8	(3,147.5)
Tax expense (recovery)			
Current	22	—	0.2
Deferred	22	799.7	(627.8)
Net income (loss)		2,364.1	(2,519.9)
Other comprehensive income (loss)			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation of foreign operations		11.9	22.2
Comprehensive income (loss)		2,376.0	(2,497.7)
Net income (loss) per share	24		
Basic		4.15	(4.76)
Diluted		4.11	(4.76)

Cash Flow Sensitivity & Allocation

~\$950MM - \$1.1B of available funds in 2022 (at US\$80 – US\$100 WTI) after dividends and planned share repurchases for further debt reduction, return of capital to shareholders and other initiatives

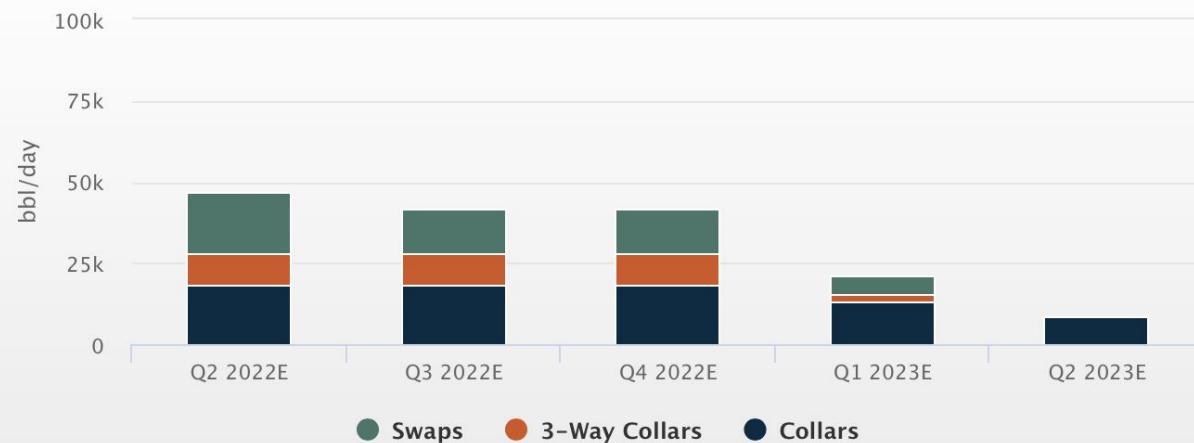


2022 budget maximizes excess cash flow and generates strong full-cycle returns

Risk Management Philosophy – Hedges

Crescent Point Energy has the policy to hedge 50% of its production for the next 3.5 years.

Oil Hedges



Hedged volumes as at May 6, 2022

- It actively hedges commodity prices using a portfolio of swaps, collars and put option instruments.

Financial Instruments And Derivatives

The Company's financial assets and liabilities are comprised of cash, accounts receivable, derivative assets and liabilities, accounts payable and accrued liabilities, dividends payable and long-term debt.

The fair value of cash, accounts receivable, accounts payable and accrued liabilities and dividends payable approximate their carrying amount due to the short-term nature of those instruments. The fair value of the amounts drawn on bank credit facilities is equal to its carrying amount as the facilities bear interest at floating rates and credit spreads that are indicative of market rates. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

Crescent Point's derivative assets and liabilities are transacted in active markets, classified as financial assets and liabilities at fair value through profit or loss and fair valued at each period with the resulting gain or loss recorded in net income.

At March 31, 2022, the senior guaranteed notes had a carrying value of \$1.62 billion and a fair value of \$1.58 billion (December 31, 2021 - \$1.64 billion and \$1.62 billion, respectively).

Financial Instruments And Derivatives

Crescent Point's derivative assets and liabilities are classified as Level 2 with values based on inputs including quoted forward prices for commodities, time value and volatility factors. Company's derivative financial instruments are classified as fair value through profit or loss and are reported at fair value with changes in fair value recorded in net income.

The following table summarizes the fair value as at March 31, 2022 and the change in fair value for the three months ended [March 31, 2022](#):

(\$ millions)	Commodity ⁽¹⁾	Interest ⁽²⁾	Foreign exchange ⁽³⁾	Equity	Total
Derivative assets (liabilities), beginning of period	(154.4)	5.6	170.6	33.8	55.6
Unrealized change in fair value	(278.6)	(2.1)	(26.3)	(6.2)	(313.2)
Derivative assets (liabilities), end of period	(433.0)	3.5	144.3	27.6	(257.6)
Derivative assets, end of period	2.3	4.5	154.9	27.9	189.6
Derivative liabilities, end of period	(435.3)	(1.0)	(10.6)	(0.3)	(447.2)

(1) Includes crude oil, crude oil differentials, propane, natural gas and natural gas differential contracts.

(2) Includes interest payments on CCS.

(3) Includes principal portion of CCS and foreign exchange contracts.



Risks Relating to Business

- Ability to acquire additional natural gas and oil
- Increased in costs
- Covid-19 Pandemic
- Hedging limits

Risks Relating to Business

Our future performance depends on our ability to acquire additional natural gas and oil reserves that are economically recoverable.

If we are unable to acquire additional reserves, the value of our Common Shares, our return of capital to Shareholders may decline. We add to our oil and natural gas reserves primarily through development, exploitation and acquisitions including those with large resource potential. As a result, future oil and natural gas reserves are highly dependent on our success in exploiting existing properties and acquiring additional reserves. We cannot guarantee that we will be successful in developing additional reserves or acquiring additional reserves on terms that meet our investment objectives. Without these reserve additions, our reserves will deplete and, as a consequence, either production from, or the average reserve life of, our properties may decline. Either decline may result in a reduction in the value of our Common Shares and in a reduction in cash available for return of capital to Shareholders.

Risks Relating to Business

Increases in costs could adversely affect our business, financial condition and results of operations.

An increase in costs could have a material adverse effect on our results of operations and financial condition and, therefore, could reduce our ability to pay down debt, reduce dividends to Shareholders as well as affect the market price of the Common Shares.

Higher operating and capital costs for our underlying properties will directly decrease the amount of cash flow received by the Corporation and, therefore, may reduce return of capital to our Shareholders.

Risks Relating to Business

The COVID-19 pandemic has adversely affected and could continue to adversely affect the Corporation's financial condition, operations and results from operations.

In response to the COVID-19 pandemic, the Corporation has implemented additional health and safety protocols within its Calgary office and field operations and continues to make adjustments to its health and safety protocols as required.

There are many variables and uncertainties that still remain regarding COVID-19, its continued impact on the economic environment, including the duration of any further disruption to the oil and gas industry. During the COVID-19 pandemic, inflation has been driven by many factors, including disruptions to local and global supply chain and transportation services. Inflation and disruptions to supply chain and transportation services have the potential to disrupt the Corporation's operations, projects and financial condition.

There may be further disruption in the demand for commodities which may have a prolonged adverse effect on the Corporation's financial condition, operations, income, results from operations and cash flows. Additionally, COVID-19 has the potential to directly affect the health of our employees, even in the face of our additional health and safety protocols.

Risks Relating to Business

Hedging limits participation in commodity price increases and increases counterparty credit risk exposure.

We periodically enter into hedging activities with respect to a portion of our production to manage our exposure to oil and gas price volatility. To the extent that we engage in price risk management activities to protect ourselves from commodity price declines, we may be prevented from fully realizing the benefits of commodity price increases above the prices established by our hedging contracts. In addition, our hedging arrangements may expose us to the risk of financial loss in certain circumstances, including instances in which the contract counterparties fail to perform under the contracts.

Significant Risk Factors



Commodity Price Risk

Interest Rates Risk

Currency Exchange Risk

Credit and Liquidity Risk

Commodity Price Risk

The Company is exposed to commodity price risk on crude oil and condensate, NGLs and natural gas revenues as well as power on electricity consumption.

To manage a portion of this risk, the Company has entered into various derivative agreements.

Commodity Price Risk

The following table summarizes the unrealized gains (losses) on the Company's commodity financial derivative contracts and the resulting impact on income before tax due to fluctuations in commodity prices or differentials, with all other variables held constant:

(\$ millions)	March 31, 2022		March 31, 2021	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Commodity price				
Crude oil and condensate	(162.7)	159.3	(96.8)	96.3
Natural gas	(1.6)	1.6	(1.3)	1.3
Propane	(0.7)	0.7	—	—
Differential				
Crude oil	0.3	(0.3)	0.8	(0.8)
Natural gas	2.3	(2.3)	—	—

Interest Rate Risk

There is a risk that interest rates will increase given the current low level of interest rates and rising inflation in Canada and the United States. An increase in interest rates could result in a significant increase in the amount we pay to service debt, while rising inflation could cause us to incur additional expense and, either or both, could have an adverse effect on our financial condition, results of operations and future growth, potentially resulting in a decrease in a decrease in the return of capital to Shareholders and/or the market price of the Common Shares.

The Company is exposed to interest rate risk on bank credit facilities to the extent of changes in market interest rates. Based on the Company's floating rate debt position, as at March 31, 2022, a 1 percent increase or decrease in the interest rate on floating rate debt would amount to an impact on income before tax of \$0.5 million for the three months ended March 31, 2022 (three months ended March 31, 2021 - nominal).

Currency Exchange Risk

The Company is exposed to foreign exchange risk in relation to its US dollar denominated long-term debt, investment in U.S. subsidiaries and in relation to its crude oil sales.

Crescent Point utilizes foreign exchange derivatives to hedge its foreign exchange exposure on its US dollar denominated long-term debt. To partially mitigate foreign exchange risk relating to crude oil sales, the Company utilizes fixed price WTI crude oil contracts that settle in Canadian dollars and foreign exchange swaps.

Currency Exchange Risk

The following table summarizes the resulting unrealized gains (losses) impacting income before tax due to the respective changes in the period end and applicable foreign exchange rates, with all other variables held constant:

(\$ millions)	Exchange Rate	March 31, 2022		March 31, 2021	
		Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Cdn\$ relative to US\$					
US dollar long-term debt	Period End	151.2	(151.2)	188.0	(188.0)
Cross currency swaps	Forward	(153.2)	153.2	(199.3)	199.3
Foreign exchange swaps	Forward	4.0	(4.0)	(3.8)	3.8

Credit Risk

The Company is exposed to credit risk in relation to its physical oil and gas sales, financial counterparty and joint venture receivables. A substantial portion of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risks. To mitigate credit risk associated with its physical sales portfolio, Crescent Point obtains financial assurances such as parental guarantees, letters of credit, prepayments and third party credit insurance. Including these assurances, approximately 97 percent of the Company's oil and gas sales are with entities considered investment grade.

At March 31, 2022, approximately 2 percent (December 31, 2021 - 3 percent) of the Company's accounts receivable balance was outstanding for more than 90 days and the Company's average expected credit loss was 0.97 percent (December 31, 2021 - 0.92 percent) on a portion of the Company's accounts receivable balance relating to joint venture receivables.

Liquidity risk

The Company manages its liquidity risk through managing its capital structure and continuously monitoring forecast cash flows and available credit under existing banking arrangements as well as other potential sources of capital.

At March 31, 2022, the Company had available unused borrowing capacity on bank credit facilities of approximately \$2.09 billion, including \$2.6 million outstanding letters of credit and cash of \$5.7 million.

Liquidity risk

Liquidity and Capital Resources

Capitalization Table (\$ millions, except share, per share, ratio and percent amounts)	March 31, 2022	December 31, 2021
Net debt	1,775.2	2,005.0
Shares outstanding	572,649,763	579,484,032
Market price at end of period (per share)	9.06	6.75
Market capitalization	5,188.2	3,911.5
Enterprise value ⁽¹⁾	6,963.4	5,916.5
Net debt as a percentage of enterprise value ⁽¹⁾	25	34
Adjusted funds flow from operations ⁽²⁾	1,748.2	1,476.9
Net debt to adjusted funds flow from operations ⁽¹⁾⁽³⁾	1.0	1.4

CPG - Crescent Point Energy Corp.

[Follow](#)

20.92K followers

Charting

\$7.26 **0.14 (+1.97%)** 4:00 PM 07/01/22NYSE | Post-Market: **\$7.34 +0.08 (+1.10%)** 7:20 PM[Summary](#)[Ratings](#)[Financials](#)[Earnings](#)[Dividends](#)[Valuation](#)[Growth](#)[Profitability](#)[Momentum](#)[Peers](#)[Options](#)[Charting](#)[Charting](#) | [Historical Prices](#) | [Splits](#)Metric: [Price Return](#) ▾[1D](#) [5D](#) [1M](#) [6M](#) [YTD](#) [1Y](#) [3Y](#) [5Y](#) [10Y](#)[+ Add Comparison](#)**CPG** **0.28%**

Price Return

SP500TR **71.97%**

Price Return



DIVIDENDS AND SHARE REPURCHASES

The Corporation has established a dividend policy of paying regular dividends to Shareholders. Commencing in 2019, the Corporation moved to a quarterly dividend, paid on the first business day of each quarter. Dividends are paid to Shareholders of record on the 15th day of the month prior to the payment date.

The following table sets forth the amount of cash dividends declared per Common Share by the Corporation for the periods indicated:

		Dividend per Common Share (\$)
January 2019	– December 2019	0.0100 per quarter
January 2020	– December 2020	0.0175 per year
January 2021	– December 2021	0.0825 per year



Risks Relating to Common Shareholders

- Availability of Future Debt and Equity Financing
- Reliant on external sources of capital
- Foreign exchange risk for non-resident Shareholders

Risks Relating to Common Shareholders

Availability of Future Debt and Equity Financing.

The success of Crescent Point's business in the future is dependent on its ability to obtain debt and equity financing to maintain its operations. Crescent Point continues to invest in property, plant and equipment to grow its operations. This investment requires adequate financing that Crescent Point obtains through both internal operating cash flows and external debt and equity financings. There can be no assurance additional financing will be available in the future when needed or on terms acceptable to Crescent Point. The inability to access financing to support future growth opportunities could limit Crescent Point's operations and have a material adverse impact on Crescent Point's liquidity position, including its ability to pay obligations as they come due.

Risks Relating to Common Shareholders

The company have been historically reliant on external sources of capital, which may dilute Shareholders' ownership interests.

There may be future dilution to our Shareholders. One of our objectives is to continually add to our reserves through acquisitions and through development. Since we pay a dividend, our success in growth from acquisitions and development may, in part, depend on our ability to raise capital from time to time by selling additional Common Shares. Shareholders will suffer dilution as a result of these offerings if, for example, the cash flow, production or reserves from the acquired assets do not reflect the additional number of Common Shares issued to acquire those assets. Shareholders may also suffer dilution in connection with future issuances of Common Shares to effect acquisitions.

Risks Relating to Common Shareholders

Foreign exchange risk for non-resident Shareholders.

Our dividends are declared in Canadian dollars and converted to foreign denominated currencies at the spot exchange rate at the time of payment. As a consequence, investors are subject to foreign exchange risk. To the extent that the Canadian dollar strengthens with respect to their currency, the amount of the dividend will be reduced when converted to their home currency.

3

Gibson Energy

Continue to build a leading liquids-focused infrastructure business

KEY INFO

GEI

TSX Listed

C\$3.9B

Market Cap⁽¹⁾

~5.5%

Dividend Yield⁽¹⁾

C\$5.4B

Enterprise Value⁽¹⁾



**STRONG
BUSINESS**

1 in 4

WCSB Barrels
Through GEI Terminals

>90%

of Segment Profit
from Infrastructure

BBB(low)/BBB- >85%

DBRS/S&P Credit Rating

Terminals Revenue from
IG counterparties⁽³⁾

AAA

MSCI Rating

#1 Ranked

ESG Score in peer group⁽²⁾

A-

CDP Score

Bronze Class

S&P Global



ESG LEADER

Company Overview

- Founded in 1953
- Headquarters located in
Calgary, Alberta
- Canadian-based liquids
infrastructure company

Gibson Energy (Management)



Steve Spaulding,
President and Chief
Executive Officer



Sean Brown,
SVP & Chief
Financial Officer



Sean Wilson,
SVP & Chief
Administrative Officer

2022 Q1 Highlight

- Revenue increased by \$1078.7 millions for three months ended March 31, 2022 because of the higher commodity prices and volumes from Marketing
- Net income increased by \$19.2 millions due to the improved performance in the Marketing segment
- Cash Flow from operating activities of \$305.7 million increased by \$262.2 million because of the changes in working capital
- Declared a quarterly dividend on its outstanding common shares of \$0.37 per common share, for the first quarter of 2022

Historical Stock Price in TSX

Gibson Energy Inc. (GEI.TO)

Toronto - Toronto Real Time Price. Currency in CAD

[Add to watchlist](#)

Quote Lookup



23.84 -0.25 (-1.04%)

At close: 04:00PM EDT

Summary **Chart** Conversations Statistics Historical Data Profile Financials Analysis Options Holders Sustainability

Full screen



Critical Accounting Policies

1. Recoverability of asset carrying values:

- The Company tests annually whether goodwill of an operating segment has suffered any impairment, in accordance with the Company's accounting policy. The recoverable amounts of the operating segments are determined based on the higher of value in use ("VIU") and fair value less costs of disposal ("FVLCD") calculations that require the use of estimates. The Company also assesses whether there have been any events or changes in circumstances that indicate that property, plant and equipment and other intangible assets may be impaired and an impairment review is carried out whenever such an assessment indicates that the carrying amount may not be recoverable. Any impairment charges booked against the goodwill or other assets are recorded outside the segment profit measure, therefore do not impact either the Infrastructure segment profit or the Marketing segment profit.
- These assumptions and estimates are uncertain and are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates.

Critical Accounting Policies

2. Income Tax:

- Income tax expense represents the sum of the income tax currently payable and deferred income tax. Interest and penalties relating to income tax are included in interest expense. Deferred income tax is provided for using the liability method of accounting. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and income tax basis of assets and liabilities. These differences are then measured using enacted or substantially enacted income tax rates and laws that will be in effect when these differences are expected to reverse. The effect of a change in income tax rates on deferred tax assets and liabilities is recognized in income in the period that the change occurs. Income tax expense do not impact either the Infrastructure segment profit or the Marketing segment profit.

Balance Sheets (Total Assets)-2022 Q1

		March 31, 2022	December 31, 2021
	Note		
Assets			
Current assets			
Cash and cash equivalents		54,129	62,688
Trade and other receivables		818,217	667,588
Inventories	4	298,149	255,131
Income taxes receivable		1,637	4,809
Prepaid and other assets		6,339	7,340
Net investment in finance leases		7,804	8,883
		1,186,275	1,006,439
Non-current assets			
Property, plant and equipment	5	1,592,660	1,612,636
Right-of-use assets	6	48,061	52,582
Long-term prepaid and other assets		2,088	2,065
Net investment in finance leases		162,264	163,687
Investment in equity accounted investees	7	167,916	172,715
Deferred income tax assets		28,790	27,406
Intangible assets		34,600	34,355
Goodwill		359,445	359,875
		2,395,824	2,425,321
Total assets		3,582,099	3,431,760

Balance Sheet (Liabilities and Equity)-2022 Q1

Liabilities and equity			
Current liabilities			
Trade payables and accrued charges		1,043,737	683,708
Dividends payable		54,575	51,319
Contract liabilities		26,003	31,733
Lease liabilities	9	31,400	29,748
		1,155,715	796,508
Non-current liabilities			
Long-term debt	8	1,480,033	1,660,609
Lease liabilities	9	42,037	52,031
Provisions	10	158,750	180,270
Other long-term liabilities		4,094	4,061
Deferred income tax liabilities		101,766	94,155
		1,786,680	1,991,126
Total liabilities		2,942,395	2,787,634
Equity			
Share capital	11	2,022,267	1,997,255
Contributed surplus		51,980	66,002
Accumulated other comprehensive income		20,287	24,310
Deficit		(1,454,830)	(1,443,441)
		639,704	644,126
Total liabilities and equity		3,582,099	3,431,760

Balance Sheet (Total Assets)-2021

Consolidated Balance Sheets

(Amounts in thousands of Canadian dollars, except per share amounts)

		As at December 31,	
	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents		62,688	53,676
Trade and other receivables	5	667,588	333,641
Inventories	6	255,131	163,113
Income taxes receivable	18	4,809	-
Prepaid and other assets		7,340	7,595
Net investment in finance leases	7	8,883	8,454
Assets held for sale		-	18,557
		1,006,439	585,036
Non-current assets			
Property, plant and equipment	8	1,612,636	1,663,649
Right-of-use assets	9	52,582	69,195
Long-term prepaid and other assets		2,065	1,535
Net investment in finance leases	7	163,687	172,466
Investment in equity accounted investees	10	172,715	142,556
Deferred income tax assets	18	27,406	36,820
Intangible assets	11	34,355	35,781
Goodwill	12	359,875	360,122
		2,425,321	2,482,124
Total assets		3,431,760	3,067,160

Balance Sheet (Total Liabilities and Equity)-2021

Liabilities and equity			
Current liabilities			
Trade payables and accrued charges	15	683,708	403,719
Income taxes payable	18	-	1,496
Dividends payable	17	51,319	49,494
Contract liabilities		31,733	45,357
Lease liabilities – current portion	14	29,748	31,208
		796,508	531,274
Non-current liabilities			
Long-term debt	13	1,660,609	1,449,481
Lease liabilities – non-current portion	14	52,031	71,534
Provisions	16	180,270	236,952
Other long-term liabilities		4,061	6,671
Deferred income tax liabilities	18	94,155	91,598
		1,991,126	1,856,236
Total liabilities		2,787,634	2,387,510
Equity			
Share capital	17	1,997,255	1,977,104
Contributed surplus		66,002	61,820
Accumulated other comprehensive income		24,310	24,066
Deficit		(1,443,441)	(1,383,340)
		644,126	679,650
Total liabilities and equity		3,431,760	3,067,160

Statement of Cash Flows – 2022 Q1

		Three months ended March 31,	
	Note	2022	2021
Cash flows from operating activities			
Net income		51,970	32,777
Adjustments	16	63,113	65,781
Changes in items of working capital	16	196,543	(43,732)
Income tax payment, net	16	(5,890)	(11,249)
Net cash inflow from operating activities		305,736	43,577
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	5	(55,923)	(24,201)
Investment in equity accounted investees	7	-	(12,605)
Proceeds from sale of assets		8,072	17,017
Net cash outflow from investing activities		(47,851)	(19,789)
Cash flows from financing activities			
Payment of shareholder dividends		(51,319)	(49,494)
Interest paid, net		(18,863)	(18,773)
Proceeds from exercise of stock options		14,957	58
Payment of debt issuance cost relating to prior period debt issuance		-	(317)
Finance lease payments	9	(10,596)	(10,700)
(Repayment) draws of credit facility, net	8	(180,864)	57,716
Purchase of shares under normal course issuer bid	11	(19,355)	-
Net cash outflow from financing activities		(266,040)	(21,510)
Net (decrease) increase in cash and cash equivalents		(8,155)	2,278
Effect of exchange rate on cash and cash equivalents		(404)	(225)
Cash and cash equivalents – beginning of year		62,688	53,676
Cash and cash equivalents – end of quarter		54,129	55,729

Statement of Cash Flows – 2021

	Note	Year ended December 31,	
		2021	2020
Cash flows from operating activities			
Net income		145,053	121,309
Adjustments	27	284,578	319,133
Changes in items of working capital	27	(183,103)	27,286
Income tax payment, net	27	(29,722)	(8,177)
Net cash inflow from operating activities		216,806	459,551
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	8	(117,672)	(215,098)
Investment in equity accounted investees	10	(29,210)	(120,705)
Proceeds from sale of assets		19,822	31,849
Net cash outflow from investing activities		(127,060)	(303,954)
Cash flows from financing activities			
Payment of shareholder dividends		(203,329)	(197,246)
Interest paid, net		(54,751)	(62,534)
Proceeds from exercise of stock options		2,147	927
Repayment of long-term debt, net of cost	13	-	(719,989)
Proceeds from issuance of long-term debt, net of cost	13	(328)	892,972
Lease payments	14	(36,694)	(44,967)
Repurchase of shares under normal course issuer bid	17	-	(18,562)
Draws on credit facility, net	13	210,000	-
Net cash outflow from financing activities		(82,955)	(149,399)
Net increase in cash and cash equivalents		6,791	6,198
Effect of exchange rate on cash and cash equivalents		2,221	247
Cash and cash equivalents – beginning		53,676	47,231
Cash and cash equivalents – end		62,688	53,676

Statement of Operations-2022 Q1

		Three months ended March 31,	
	Note	2022	2021
Revenue	13	2,688,452	1,609,732
Cost of sales	7	2,592,955	1,537,132
Gross profit		95,497	72,600
General and administrative expenses		17,261	19,940
Other operating income, net		(4,657)	(3,189)
Operating income		82,893	55,849
Finance costs, net	8	14,921	14,988
Income before income taxes		67,972	40,861
Income tax expense	12	16,002	8,084
Net income		51,970	32,777
Earnings per share	11		
Basic earnings per share		0.35	0.22
Diluted earnings per share		0.35	0.22

Statement of Operations – 2021

Consolidated Statements of Operations

(Amounts in thousands of Canadian dollars, except per share amounts)

	<i>Note</i>	Year ended December 31,	
		2021	2020
Revenue	19	7,211,148	4,938,066
Cost of sales	10, 20, 21	6,906,737	4,631,926
Gross profit		304,411	306,140
General and administrative expenses	20, 21, 22	68,812	65,853
Other operating (income) expenses, net		(6,982)	(6,811)
Operating income		242,581	247,098
Finance costs, net	13	61,344	96,420
Income before income taxes		181,237	150,678
Income tax expense	18	36,184	29,369
Net income		145,053	121,309
 Earnings per share	 17		
Basic earnings per share		0.99	0.83
Diluted earnings per share		0.97	0.82

Consolidated Statement of Comprehensive Income- 2022 Q1

	Three months ended March 31,	
	2022	2021
Net Income	51,970	32,777
Other comprehensive loss		
<i>Items that may be reclassified subsequently to statement of operations</i>		
Exchange differences from translating foreign operations	(4,023)	(3,997)
Other comprehensive loss, net of tax	(4,023)	(3,997)
Comprehensive income	47,947	28,780

Consolidated Statement of Comprehensive Income- 2021

	Year ended December 31,	
	2021	2020
Net Income	145,053	121,309
Other comprehensive income (loss)		
<i>Items that may be reclassified subsequently to statement of operations</i>		
Exchange differences from translating foreign operations	(2,912)	(8,363)
<i>Items that will not be reclassified subsequently to statements of operations</i>		
Remeasurements of post-employment benefit obligation, net of tax	3,156	(165)
Other comprehensive income (loss), net of tax	244	(8,528)
Comprehensive income	145,297	112,781

Financial Instruments-2022 Q1

As at March 31, 2022	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Commodity futures	1,962	1,962	-	-
Commodity swaps	383	383	-	-
WTI differential futures	771	771	-	-
Foreign currency forwards	3,926	-	3,926	-
Financial assets (carried at fair value)	7,042	3,116	3,926	-
Commodity futures	1,713	1,713	-	-
Commodity swaps	1,122	1,122	-	-
WTI differential futures	504	504	-	-
Foreign currency forwards	1,817	-	1,817	-
Financial Liabilities (carried at fair value)	5,156	3,339	1,817	-
Long-term debt (carried at amortized cost)	1,480,033		1,422,048	

Financial Instruments - 2021

As at December 31, 2021	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Commodity futures	1,290	1,290	-	-
Commodity swaps	36	36	-	-
WTI differential futures	645	645	-	-
Foreign currency forwards	2,505	-	2,505	-
Financial assets (carried at fair value)	4,476	1,971	2,505	-
Commodity futures	9,410	9,410	-	-
Commodity swaps	264	264	-	-
WTI differential futures	1,282	1,282	-	-
Foreign currency forwards	755	-	755	-
Financial Liabilities (carried at fair value)	11,711	10,956	755	-
Long-term debt (carried at amortized cost)	1,660,609	-	1,704,673	-

Financial Instrument – Derivative

- The value of the Company's derivative financial instruments is determined using inputs that are either readily available in public markets or are quoted by counterparties to these contracts. In situations where the Company obtains inputs via quotes from its counterparties, these quotes are verified for reasonableness via similar quotes from another source for each date for which financial statements are presented. The Company has consistently applied these valuation techniques in all periods presented and the Company believes it has obtained the most accurate information available for the types of financial instrument contracts held. The Company has categorized the inputs for these contracts as Level 1, defined as observable inputs such as quoted prices in active markets; Level 2 defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; or Level 3 defined as unobservable inputs in which little or no market data exists therefore requiring an entity to develop its own assumptions.
- For the financial instruments categorized in Level 2, the Company used the forward exchange rates at the measurement date, with the resulting value discounted back to present values to determine the fair value of the foreign currency forward contracts.

Credit Ratings

- The Company's senior unsecured notes are rated, on a solicited basis, by DBRS Limited as 'BBB (low)' and Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, as 'BBB-'. For a fulsome discussion of credit ratings, and their impact on the Company, refer to the AIF.
- The Company is also required to meet certain specific and customary affirmative and negative financial covenants under its Revolving Credit Facility, senior unsecured notes and unsecured hybrid notes, including the maintenance of certain financial ratios, requiring the Company to maintain a total consolidated debt to capitalization ratio not greater than 65% as well as to maintain a minimum consolidated interest coverage ratio of no less than 2.5 to 1.0.
- As at December 31, 2021, the Company was in compliance with the financial ratios with the total consolidated debt to capitalization ratio at 50% and the consolidated interest coverage ratio at 10.9 to 1.0.

COVID-19 Pandemic

- The Company has implemented a business continuity plan and has enacted its emergency response plan to provide centralized, cross- functional, strategic direction during the COVID-19 pandemic. While these measures may partially mitigate the impact of the COVID- 19 pandemic, minimize recovery time and reduce business losses, the plans can neither account for nor control all possible events. The COVID-19 pandemic, therefore, may continue to have adverse financial and operational implications for the Company as the situation continues to evolve.
- Additionally, the duration and extent of the impact from the COVID-19 pandemic remains uncertain and depends on future developments that cannot be accurately predicted at this time, such as i) the severity, transmission rate and resurgence of the COVID- 19 virus or its variants, ii) the timing, extent and effectiveness of containment actions, including the approval, availability, effectiveness, continued uptake and distribution rate of vaccines and boosters, iii) the speed and extent to which normal economic and operating conditions resume and are maintained worldwide, and iv) the impact of these and other factors on our stakeholders, particularly those upon whom we have a major reliance, including our customers, vendors and employees.

Significant Risk Factors



Commodity Price Risk

Interest Rate Risk

Currency Exchange Risk

Liquidity Risk

Commodity Price Risk

- The Company typically hedges its exposure to price fluctuations with respect to crude oil, refined products, natural gas, differentials and NGLs, and expected purchases and sales of these commodities (relating primarily to crude oil, roofing flux and purchases of NGL). The derivative instruments utilized consist primarily of futures and option contracts traded on the New York Mercantile Exchange, the Intercontinental Exchange and over-the-counter transactions. The Company's policy is to transact only in commodity derivative products for which the Company physically transacts, and to structure the Company's hedging activities so that price fluctuations for those products do not materially affect the net cash the Company ultimately receives from its commodity related marketing activities.
- The intent of the Company's risk management strategy is to hedge the Company's margin. However, the Company has not designated nor attempted to qualify for hedge accounting. Thus, changes in the fair values of the Company's derivatives are recognized in earnings and result in greater potential for earnings volatility.

Commodity Price Risk

	December 31, 2021	2020
--	----------------------	------

Crude oil and NGL related prices

Favorable 15% change	21,155	12,162
Unfavorable 15% change	(21,155)	(12,162)

It summarizes the impact to net income and equity due to a change in fair value of the Company's derivative positions because of fluctuations in commodity prices leaving all other variables constant, in particular, foreign currency rates. The Company believes that a 15% volatility in crude oil and NGL related prices is a reasonable assumption.

Interest Rate Risk

- The Company's long-term debt, excluding the Revolving Credit Facility, accrues interest at fixed interest rates and accordingly, changes in market interest rates do not expose the Company to future interest cash outflow variability. At March 31, 2022, the Company had \$89.1 million (December 31, 2021 – \$270.0 million) drawn under the Revolving Credit Facility which is subject to interest rate risk, as borrowings bear interest at a rate equal to, at the Company's option, either the Canadian Prime Rate, U.S. LIBOR, U.S. Base Rate or Canadian Bankers' Acceptance Rate, plus an applicable margin based on the Company's total leverage ratio. A 1% increase or decrease in interest rates would, based on current rates and balances, decrease or increase the Company's net income by \$0.9 million

Currency Exchange Risk

- The Company's monetary assets and liabilities in foreign currencies are translated at the period-end rate. Exchange differences arising from this translation are recorded in the Company's statement of operations. In addition, currency exposures can arise from revenue and purchase transactions denominated in foreign currencies. Generally, transactional currency exposures are naturally hedged (i.e. revenue and expenses are approximately matched), but, where appropriate, are covered using forward exchange contracts or currency swaps. The foreign currency forward exchange contracts including currency swaps entered into by the Company, although effective hedges from an economic perspective, have not been designated as hedges for accounting purposes, and therefore any gains and losses on such forward exchange contracts impact the Company's earnings. The Company expects to continue to enter into financial derivatives, primarily forward contracts and currency swaps, to reduce foreign exchange volatility.

Foreign Currency Risk

If the Canadian dollar strengthened or weakened by 5% relative to the U.S. dollar and all other variables, in particular interest rates remain constant, the impact on net income and equity would be as follows:

	December 31,	
	2021	2020
U.S. Dollar Forwards		
Favorable 5% change	11,402	3,936
Unfavorable 5% change	(11,402)	(3,936)

The movement is a result of a change in the fair value of U.S. dollar forward contracts and options.

The impact of translating the net assets of the Company's U.S. operations into Canadian dollars is excluded from this sensitivity analysis.

Liquidity Risk

	On demand or within one year	Between one and three years	Between three and five years	After five years	Total
Trade payables and accrued charges (excluding derivative financial instruments and accrued interest)	658,091	-	-	-	658,091
Dividend payable	51,319	-	-	-	51,319
Long-term debt	-	-	865,000	1,075,000	1,940,000
Interest on long-term debt	48,350	96,700	85,420	763,653	994,123
Financial instruments liabilities	11,711	-	-	-	11,711
Lease liabilities	30,299	38,018	16,643	2,131	87,091
	799,770	134,718	967,063	1,840,784	3,742,335

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk relates to the Company's ability to generate or obtain sufficient cash or cash equivalents to satisfy these financial obligations as they become due. The Company's process for managing liquidity risk includes preparing and monitoring capital and operating budgets, coordinating and authorizing project expenditures and authorization of contractual agreements. The Company may seek additional financing based on the results of these processes. The budgets are updated with forecasts when required and as conditions change. Cash and cash equivalents and the revolving credit facility are available and are expected to be available to satisfy the Company's short and long-term requirements. As at December 31, 2021, the Company had a revolving credit facility of \$750.0 million and two credit facilities totaling \$150.0 million. As at December 31, 2021, \$270.0 million (December 31, 2020 – \$60.0 million) was drawn against the revolving credit facility and the Company had outstanding issued letters of credit of \$35.0 million (December 31, 2020 – \$34.7 million).

Other Risk Factors



International Conflict

Inflation

International Conflict

- International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global energy and financial markets, as well as increased cybersecurity risks
- Russia's recent invasion of Ukraine and the subsequent war in the region has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices and global economies more broadly.
- As a major exporter of oil and natural gas, any disruption of supply of oil and natural gas from Russia may cause a supply shortage globally and significantly impact commodity prices.
- Volatility in commodity prices may adversely affect the Company's business, financial condition, and results of operations

Inflation

- The Company does not believe that inflation has had a material effect on its business, financial condition or results of operations to date.
- if the Company's capital, development, operation or labour costs become subject to significant inflationary pressures over an extended period of time, as a result of the COVID-19 pandemic, geo-political events, including the war in Ukraine, or otherwise, the Company may not be able to fully offset such higher costs through corresponding increases in commodity prices and to the prices charged for services
- Governmental action, such as the imposition of higher interest rates or wage controls, may also negatively impact the Company's costs.
- Inflation, any governmental response thereto, or the Company's inability to offset inflationary effects may have a material adverse effect on the Company's business, results of operations, financial condition or value of its share price.

4

Suncor Energy

Company overview

- Funded in Montreal, Quebec in 1919
- Fully integrated energy company
- developing petroleum resource in Canada's Athabasca oil sands
- Number of employees: 16,922

Three main markets:

- Supplying crude oil and LNG wholesale
- Selling gasoline direct to consumers
- Supplying diesel



Suncor Leadership



Mark Little,
President and Chief
Executive Officer



Alister Cowan,
chief financial officer
(CFO)



Bruno Francoeur,
Executive Vice
President, Business &
Operations Services

Critical Accounting Policies

(a) Principles of Consolidation: Control comprises the power to govern an entity's financial and operating policies to obtain benefits from its activities, and is a matter of judgment. All intercompany balances and transactions are eliminated on consolidation.

(b) Joint Arrangements: Where the company has rights to the net assets of an arrangement, the arrangement is classified as a joint venture and accounted for using the equity method of accounting. Under the equity method, the company's initial investment is recognized at cost and subsequently adjusted for the company's share of the joint venture's income or loss, less distributions received.

(c) Investments in Associates: Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost and adjusted thereafter for the change in the company's share of the investee's profit or loss and Other Comprehensive Income (OCI) less distributions received until the date that significant influence ceases.

Critical Accounting Policies

(d) Foreign Currency Translation: In preparing the company's consolidated financial statements, the financial statements of each entity are translated into Canadian dollars. The assets and liabilities of foreign operations are translated into Canadian dollars at exchange rates as at the balance sheet date. Revenues and expenses of foreign operations are translated into Canadian dollars using foreign exchange rates that approximate those on the date of the underlying transaction. Foreign exchange differences are recognized in OCI.

(e) Revenues: Revenue from the sale of crude oil, natural gas, natural gas liquids, purchased products, refined petroleum products and power represent the company's contractual arrangements with customers.

(f) Cash and Cash Equivalents: Cash and cash equivalents consist primarily of cash in banks, term deposits, certificates of deposit and all other highly liquid investments at the time of purchase.

(g) Assets Held for Sale: Assets and the associated liabilities are classified as held for sale if their carrying amounts are expected to be recovered through a disposition rather than through continued use.

Critical Accounting Policies

(h) Financial Instruments:

The company uses derivative financial instruments, such as physical and financial contracts, either to manage certain exposures to fluctuations in interest rates, commodity prices and foreign exchange rates, as part of its overall risk management program. Earnings impacts from derivatives used to manage a particular risk are reported as part of Other Income in the related reporting segment.

Certain physical commodity contracts, when used for trading purposes, are deemed to be derivative financial instruments for accounting purposes. Physical commodity contracts entered into for the purpose of receipt or delivery in accordance with the company's expected purchase, sale or usage requirements are not considered to be derivative financial instruments and are accounted for as executory contracts.

Derivatives embedded in other financial instruments or other host contracts are recorded as separate derivatives when their risks and characteristics are not closely related to those of the host contract.

Critical Accounting Policies

(i) Hedging Activities:

The company may apply hedge accounting to arrangements that qualify for designated hedge accounting treatment. Documentation is prepared at the inception of a hedge relationship in order to qualify for hedge accounting. Designated hedges are assessed at each reporting date to determine if the relationship between the derivative and the underlying hedged item accomplishes the company's risk management objectives for financial and non-financial risk exposures.

If the derivative is designated as a fair value hedge, changes in the fair value of the derivative and in the fair value of the underlying hedged item are recognized in net earnings. If the derivative is designated as a cash flow hedge, the effective portions of the changes in fair value of the derivative are initially recorded in Other Comprehensive Income and are recognized in net earnings when the hedged item is realized. Ineffective portions of changes in the fair value of cash flow hedges are recognized in net earnings immediately. Changes in the fair value of a derivative designated in a fair value or cash flow hedge are recognized in the same line item as the underlying hedged item. The company did not apply hedge accounting to any of its derivative instruments for the years ended December 31, 2021 or 2020.

Financial Highlights

Adjusted funds from operations

(\$ millions)



Production

(mboe/d)



Earnings (loss)

(\$ millions)

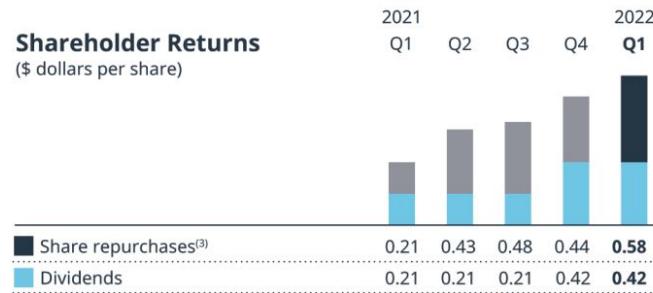
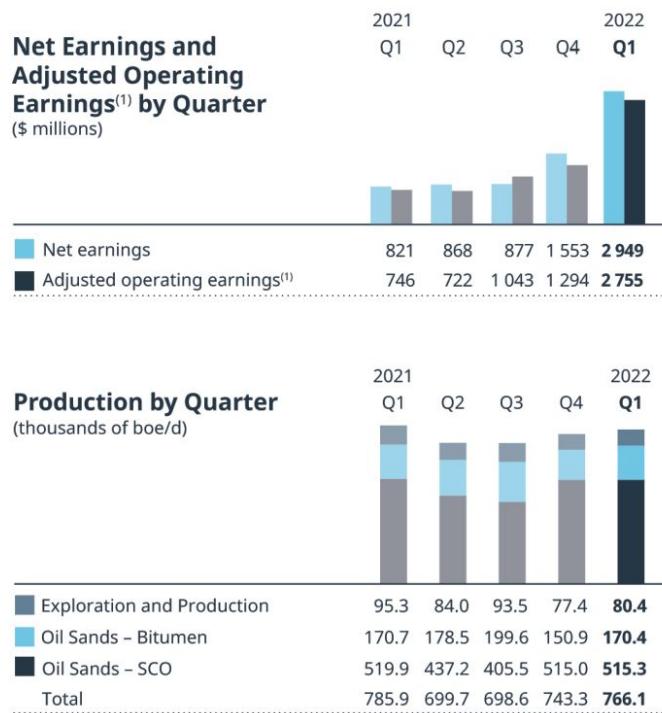


Shareholder returns

(\$ millions)



Financial Highlights - 2022 Q1



Balance sheets - Assets (Annual)

(\$ millions)	Notes	December 31 2021	December 31 2020
Assets			
Current assets			
Cash and cash equivalents	12	2 205	1 885
Accounts receivable		4 534	3 157
Inventories	14	4 110	3 617
Income taxes receivable		128	727
Total current assets		10 977	9 386
Property, plant and equipment, net	15-17 and 33	65 546	68 130
Exploration and evaluation	18	2 226	2 286
Other assets	19	1 307	1 277
Goodwill and other intangible assets	20	3 523	3 328
Deferred income taxes	10	160	209
Total assets		83 739	84 616

Balance sheets – Liabilities (Annual)

Liabilities and Shareholders' Equity

Current liabilities

Short-term debt	21	1 284	3 566
Current portion of long-term debt	21	231	1 413
Current portion of long-term lease liabilities	21	310	272
Accounts payable and accrued liabilities		6 503	4 684
Current portion of provisions	24	779	527
Income taxes payable		1 292	87
Total current liabilities		10 399	10 549
Long-term debt	21	13 989	13 812
Long-term lease liabilities	21	2 540	2 636
Other long-term liabilities	22	2 180	2 840
Provisions	24	8 776	10 055
Deferred income taxes	10 and 16	9 241	8 967
Equity		36 614	35 757
Total liabilities and shareholders' equity		83 739	84 616

Balance sheets – Assets (Quarter 1)

(\$ millions)	March 31 2022	December 31 2021
Assets		
Current assets		
Cash and cash equivalents	2 599	2 205
Accounts receivable	5 986	4 534
Inventories	5 323	4 110
Income taxes receivable	181	128
Assets held for sale (note 12)	448	—
Total current assets	14 537	10 977
Property, plant and equipment, net	63 195	65 546
Exploration and evaluation	2 225	2 226
Other assets	1 486	1 307
Goodwill and other intangible assets	3 563	3 523
Deferred income taxes	61	160
Total assets	85 067	83 739

Balance sheets - Liabilities (Quarter 1)

Liabilities and Shareholders' Equity

Current liabilities		
Short-term debt	1 344	1 284
Current portion of long-term debt (note 6)	—	231
Current portion of long-term lease liabilities	309	310
Accounts payable and accrued liabilities	8 576	6 503
Current portion of provisions	871	779
Income taxes payable	1 183	1 292
Liabilities associated with assets held for sale (note 12)	65	—
Total current liabilities	12 348	10 399
Long-term debt (note 6)	13 861	13 989
Long-term lease liabilities	2 506	2 540
Other long-term liabilities (note 11)	1 663	2 180
Provisions (note 10)	7 210	8 776
Deferred income taxes	9 205	9 241
Equity	38 274	36 614
Total liabilities and shareholders' equity	85 067	83 739

Statement of Cash Flows - 2021

For the years ended December 31 (\$ millions)	Notes	2021	2020
Operating Activities			
Net earnings (loss)		4 119	(4 319)
Adjustments for:			
Depreciation, depletion, amortization and impairment		5 850	9 526
Deferred income tax expense (recovery)	10 and 16	56	(1 119)
Accretion	9	304	278
Unrealized foreign exchange gain on U.S. dollar denominated debt	9	(113)	(312)
Change in fair value of financial instruments and trading inventory		(13)	108
Gain on disposal of assets	33	(257)	(16)
Loss on extinguishment of long-term debt	9 and 21	80	—
Share-based compensation		205	(238)
Exploration		—	80
Settlement of decommissioning and restoration liabilities		(263)	(231)
Other		289	119
Decrease (increase) in non-cash working capital	13	1 507	(1 201)
Cash flow provided by operating activities		11 764	2 675
Investing Activities			
Capital and exploration expenditures		(4 555)	(3 926)
Proceeds from disposal of assets	33	335	72
Other investments and acquisitions		(28)	(113)
Decrease (increase) in non-cash working capital	13	271	(557)
Cash flow used in investing activities		(3 977)	(4 524)

Statement of Cash Flows – 2021

Financing Activities			
Net (decrease) increase in short-term debt		(2 256)	1 445
Repayment of long-term debt	21	(2 451)	—
Issuance of long-term debt		1 423	2 634
Lease liability payments		(325)	(335)
Issuance of common shares under share option plans		8	29
Repurchase of common shares	25	(2 304)	(307)
Distributions relating to non-controlling interest		(9)	(10)
Dividends paid on common shares		(1 550)	(1 670)
Cash flow (used in) provided by financing activities		(7 464)	1 786
Increase (Decrease) in Cash and Cash Equivalents		323	(63)
Effect of foreign exchange on cash and cash equivalents		(3)	(12)
Cash and cash equivalents at beginning of year	1 885	1 960	
Cash and Cash Equivalents at End of Year		2 205	1 885
Supplementary Cash Flow Information			
Interest paid		980	1 028
Income taxes (received) paid		(532)	695

Statement of Cash Flows - 2022 Q1

(\$ millions)	Three months ended March 31	
	2022	2021
Operating Activities		
Net Earnings	2 949	821
Adjustments for:		
Depreciation, depletion, amortization and impairment	1 471	1 490
Deferred income tax (recovery) expense	(77)	9
Accretion (note 6)	78	74
Unrealized foreign exchange gain on U.S. dollar denominated debt (note 6)	(146)	(196)
Change in fair value of financial instruments and trading inventory	(74)	(103)
Gain on disposal of assets	(2)	(8)
Share-based compensation	56	(2)
Settlement of decommissioning and restoration liabilities	(91)	(70)
Other	(70)	95
(A) (Increase) decrease in non-cash working capital	(1 022)	235
Cash flow provided by operating activities	3 072	2 345
Investing Activities		
Capital and exploration expenditures	(1 011)	(803)
Capital expenditures on assets held for sale	(19)	—
Proceeds from disposal of assets	2	8
Other investments and acquisitions	(14)	(7)
Increase in non-cash working capital	(31)	(34)
Cash flow used in investing activities	(1 073)	(836)
Financing Activities		
Dividends paid	(1 000)	(1 000)
Net cash used in financing activities	(1 000)	(1 000)
Net increase (decrease) in cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	(1 000)	(1 000)
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at beginning of period	1 000	1 000
Cash and cash equivalents at end of period		
Cash and cash equivalents at end of period	0	0

Statement of Cash Flows – 2022 Q1

Financing Activities		
Net increase (decrease) in short-term debt	71	(1 271)
Repayment of long-term debt (note 6)	(233)	(1 050)
Issuance of long-term debt (note 6)	—	1 423
Lease liability payments	(84)	(88)
Issuance of common shares under share option plans	79	—
Repurchase of common shares (note 8)	(827)	(318)
Distributions relating to non-controlling interest	(2)	(2)
Dividends paid on common shares	(601)	(319)
Cash flow used in financing activities	(1 597)	(1 625)
Increase (Decrease) in Cash and Cash Equivalents		
Effect of foreign exchange on cash and cash equivalents	402	(116)
Cash and cash equivalents at beginning of period	(8)	(7)
Cash and Cash Equivalents at End of Period	2 205	1 885
Supplementary Cash Flow Information		
Interest paid	141	139
Income taxes paid	1 092	148

Income Statement (Annual)

For the years ended December 31 (\$ millions)	Notes	2021	2020
Revenues and Other Income			
Operating revenues, net of royalties	6	39 132	24 662
Other income	7	(31)	390
		39 101	25 052
Expenses			
Purchases of crude oil and products		13 791	9 112
Operating, selling and general ⁽¹⁾	8 and 26	11 366	9 794
Transportation and distribution ⁽¹⁾		1 479	1 551
Depreciation, depletion, amortization and impairment	15 and 16	5 850	9 526
Exploration		47	186
Gain on disposal of assets	33	(257)	(16)
Financing expenses	9	1 255	996
		33 531	31 149
Earnings (Loss) before Income Taxes			
		5 570	(6 097)
Income Tax Expense (Recovery)			
Current	10	1 395	(659)
Deferred	10 and 16	56	(1 119)
		1 451	(1 778)
Net Earnings (Loss)			
		4 119	(4 319)

Consolidated Statements of Comprehensive Income - Q1

	Three months ended March 31	
(\$ millions)	2022	2021
Revenues and Other Income		
Operating revenues, net of royalties (note 3)	13 487	8 679
Other income (loss) (note 4)	14	(43)
	13 501	8 636
Expenses		
Purchases of crude oil and products	4 502	2 583
Operating, selling and general	3 088	2 900
Transportation and distribution	370	381
Depreciation, depletion, amortization and impairment	1 471	1 490
Exploration	39	8
Gain on disposal of assets	(2)	(8)
Financing expenses (note 6)	185	168
	9 653	7 522
Earnings before Income Taxes	3 848	1 114
Income Tax Expense (Recovery)		
Current	976	284
Deferred	(77)	9
	899	293
Net Earnings	2 949	821

Adjusted Operating Earnings (Loss)

Consolidated Adjusted Operating Earnings (Loss) Reconciliation⁽¹⁾⁽²⁾

Year ended December 31 (\$ millions)	2021	2020	2019
Net earnings (loss)	4 119	(4 319)	2 899
Unrealized foreign exchange gain on U.S. dollar denominated debt	(101)	(286)	(590)
Unrealized (gain) loss on risk management activities ⁽²⁾	(4)	29	60
Asset (reversal) impairments ⁽³⁾	(168)	2 221	3 352
Restructuring charge	126	—	—
Loss on early repayment of long-term debt	60	—	—
Gain on significant disposals ⁽⁴⁾	(227)	—	(187)
Provision for pipeline project	—	142	—
Impact of income tax adjustments on deferred income taxes ⁽⁵⁾	—	—	(1 116)
Adjusted operating earnings (loss)⁽¹⁾⁽²⁾	3 805	(2 213)	4 418

Financial instruments – Derivatives

The Company uses derivative financial instruments, such as physical and financial contracts, to manage certain risks from fluctuations in interest rates, commodity prices and foreign exchange rates as part of its overall risk management program and also for trading purposes.

Suncor may be exposed to certain losses in the event that counterparties to derivative financial instruments are unable to fulfil their obligations under these contracts.

Beginning in 2021, the company revised its calculation of adjusted operating earnings (loss), to exclude unrealized (gains) losses on derivative financial instruments that are recorded at fair value in other income (loss).



Financial instruments – Derivatives

(\$ millions)	2021	2020
Fair value outstanding, beginning of year	(121)	(39)
Cash settlements – paid (received) during the year	178	(257)
Changes in fair value recognized in earnings during the year	(155)	175
Fair value outstanding, end of year	(98)	(121)

The fair value of derivative financial instruments is recorded on the Consolidated Balance Sheets.

Fair value of derivative contracts at December 31 (\$ millions)	2021	2020
Accounts receivable	123	153
Accounts payable	(221)	(274)
	(98)	(121)

For the year ended December 31, 2021, the pre-tax earnings impact of risk management and trading activities was \$155 million (2020 – pre-tax earnings of \$175 million).

COVID-19 Pandemic

The measures of restriction from the pandemic have and may continue to have significant disruption to business operations and a significant increase in economic uncertainty, with fluctuating demand for commodities leading to volatile prices and currency exchange rates, and a decline in long-term interest rates. The operations and business are particularly sensitive to a reduction in the demand for, and prices of, commodities that are closely linked to Suncor's financial performance, including crude oil, refined petroleum products (such as jet fuel and gasoline), natural gas and electricity. The potential direct and indirect impacts of the economic volatility have been considered in management's estimates, and assumptions at period-end have been reflected in our results with any significant changes described in the relevant financial statement note.

The COVID-19 pandemic is an evolving situation that is expected to continue to have widespread implications for Suncor's business environment, operations and financial condition. Management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact our consolidated statements of comprehensive income (loss), consolidated balance sheets and consolidated statements of cash flows.

Significant Risk Factors



Commodity Price Risk

Foreign Currency Exchange Risk

Liquidity Risk

Credit Risk

Commodity Price Risk



Stock market crash fears sparked by both the oil price war (from 2015) and the effects of a coronavirus pandemic are hitting Suncor hard today

Commodity Price Risk

Suncor's financial results are closely tied to crude oil and refined product prices. The prices for all of these commodities can be influenced by global and regional supply and demand factors, which are factors that are beyond the company's control and can result in a high degree of price volatility.

The company can reduce its exposure to commodity price risk through a number of strategies.

Eg. Enter into derivative contracts to limit changes in crude oil and refined product prices during transit and natural gas prices.



Foreign Currency Exchange Risk

Exposed to foreign currency exchange risk on revenues, capital expenditures, or financial instruments that are denominated in a currency other than Canadian dollars.

As crude oil is priced in U.S. dollars, fluctuations in US\$/Cdn\$ exchange rates may have a significant impact on revenues.

Commodity prices, refining crack spreads and foreign exchange rates are important factors that affect the results of Suncor's operations.

Average for the year ended December 31	2021	2020	2019
WTI crude oil at Cushing (US\$/bbl)	67.95	39.40	57.05
Dated Brent Crude (US\$/bbl)	70.75	41.65	64.30
Dated Brent/Maya crude oil FOB price differential (US\$/bbl)	6.85	6.35	6.45
MSW at Edmonton (Cdn\$/bbl)	80.30	45.60	69.20
WCS at Hardisty (US\$/bbl)	54.90	26.85	44.25
Light/heavy differential for WTI at Cushing less WCS at Hardisty (US\$/bbl)	(13.05)	(12.55)	(12.80)
SYN-WTI differential (US\$/bbl)	(1.65)	(3.15)	(0.60)
Condensate at Edmonton (US\$/bbl)	68.25	37.15	52.85
Natural gas (Alberta spot) at AECO (Cdn\$/mcf)	3.65	2.25	1.75
Alberta Power Pool Price (Cdn\$/MWh)	101.95	46.70	54.90
New York Harbor 2-1-1 crack ⁽¹⁾ (US\$/bbl)	19.40	11.75	19.90
Chicago 2-1-1 crack ⁽¹⁾ (US\$/bbl)	17.75	8.05	17.05
Portland 2-1-1 crack ⁽¹⁾ (US\$/bbl)	23.15	14.05	24.45
Gulf Coast 2-1-1 crack ⁽¹⁾ (US\$/bbl)	18.00	9.90	19.15
U.S. Renewable Volume Obligation (US\$/bbl)	6.77	2.48	1.20
Exchange rate (US\$/Cdn\$)	0.80	0.75	0.75
Exchange rate (end of period) (US\$/Cdn\$)	0.79	0.78	0.77

Liquidity Risk

Liquidity and Capital Resources

At December 31 (\$ millions, except as noted)	2021	2020	2019
Cash flow provided by (used in)			
Operating activities	11 764	2 675	10 421
Investing activities	(3 977)	(4 524)	(5 088)
Financing activities	(7 464)	1 786	(5 537)
Foreign exchange loss on cash and cash equivalents	(3)	(12)	(57)
Increase (decrease) in cash and cash equivalents	320	(75)	(261)
Cash and cash equivalents, end of year	2 205	1 885	1 960
Return on Capital Employed (%) ⁽¹⁾⁽²⁾	8.6	(6.9)	4.9
Net debt to adjusted funds from operations ⁽¹⁾ (times)	1.6	5.1	1.5
Total debt to total debt plus shareholders' equity ⁽¹⁾ (%)	33.4	37.8	29.9
Net debt to net debt plus shareholders' equity ⁽¹⁾⁽³⁾ (%)	30.6	35.7	27.6
Net debt to net debt plus shareholders' equity – excluding leases ⁽¹⁾⁽³⁾ (%)	26.6	32.1	23.7

Liquidity Risk

The company's available credit facilities decreased by \$2.0 billion during the year ended December 31, 2021. Suncor's cash and cash equivalents and total credit facilities at December 31, 2021 were \$2.2 billion and \$7.0 billion. Of Suncor's \$7.0 billion in total credit facilities, \$4.5 billion were unutilized at December 31, 2021.

The company's available credit facilities reduction primarily due to the cancellation of \$2.8 billion in bi-lateral credit facilities that were no longer required as they were entered into in March and April 2020 to ensure access to adequate financial resources in connection with the COVID-19 pandemic, and a reduction in the size of the company's syndicated credit facilities.

(\$ millions)	2021
Fully revolving and expires in 2025	3 000
Fully revolving and expires in 2024	2 531
Can be terminated at any time at the option of the lenders	1 420
Total credit facilities	6 951
Credit facilities supporting outstanding commercial paper	(1 284)
Credit facilities supporting standby letters of credit	(1 147)
Total unutilized credit facilities ⁽¹⁾	4 520

Credit Risk

The company's accounts receivable are with customers in the oil and gas industry (normal industry credit risk). While the industry has experienced credit downgrades due to the COVID-19 pandemic, Suncor has not been significantly affected as many Suncor's customers are large and established downstream companies with investment grade credit ratings. At December 31, 2021, substantially all of the company's trade receivables were current.

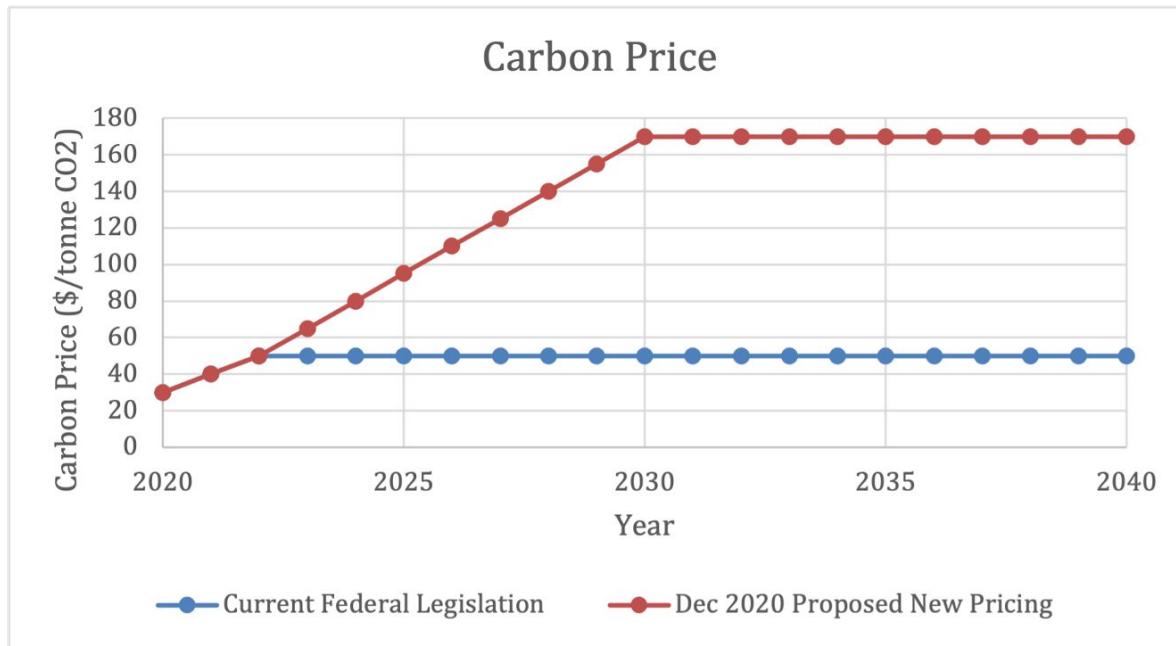
The company may be exposed to certain losses if counterparties to derivative financial instruments are unable to meet the terms of the contracts. The company's exposure is limited to those counterparties holding derivative contracts owing to the company at the reporting date. On December 31, 2021, the company's net exposure was \$123 million.

Other Risk Factors



**Carbon Pricing
Greenhouse Gas
Emissions and Targets**

Carbon Pricing



The Canadian government has stated that the carbon price on industrial emitters will increase to \$170 per tonne by 2030. All of Suncor's upstream emissions and approximately 80% of its refinery emissions are subject to carbon pricing, which sends a strong signal to manage emissions across its business.

Greenhouse Gas Emissions and Targets

Among other sustainability goals, Suncor has set a strategic objective of net-zero emissions by 2050 and a target to reduce GHG emissions through its value chain by 10 megatonnes by 2030. Its ability to deliver GHG emissions reductions is subject to numerous risks and uncertainties, and the actions taken in implementing these objectives may also expose it to certain additional and/or heightened financial and operational risks.

A reduction in GHG emissions relies on, among other things, Suncor's ability to implement and improve energy efficiency at all of the facilities, future development and growth opportunities, development and deployment of new technologies, ability to sequester and capture carbon, investment in low-carbon power and hydrogen, as well as a transition to low-carbon fuels. In the event that it is unable to implement these strategies and technologies as planned without negatively impacting the expected operations or business plans, or in the event that such strategies or technologies do not perform as expected, Suncor may be unable to meet its GHG targets on the current timelines, or at all.

THANK YOU