



# Acquisition of Total Canada

**Surmont 50.0% | Fort Hills 31.23%**

April 26<sup>th</sup>, 2023

# Transaction highlights

<b>Transaction overview</b>	<ul style="list-style-type: none"> <li>Suncor Energy is acquiring all the shares of TotalEnergies EP Canada Ltd. (“Total Canada”), including:             <ul style="list-style-type: none"> <li>50.0% interest in the Surmont project;</li> <li>31.23% interest in the Fort Hills project;</li> <li>Associated logistics commitments; and</li> <li>\$10.5B of tax pools</li> </ul> </li> </ul>
<b>Consideration</b>	<ul style="list-style-type: none"> <li>Upfront cash payment of C\$5.5B before closing adjustments</li> <li>Conditional payment structure for a five-year term with a maximum potential payout of C\$600M based on WCS pricing             <ul style="list-style-type: none"> <li>Quarterly payment of US\$6M for every dollar that WCS exceeds US\$52/bbl during the quarter</li> </ul> </li> </ul>
<b>Key metrics</b>	<ul style="list-style-type: none"> <li>Reserves<sup>1</sup>: 1P – 1.5 Bbbl; 2P – 2.1 Bbbl</li> <li>Production: 2024E – ~120 kbpd; 2025E – ~128 kbpd</li> <li>EV<sup>2</sup> / 2024E AFFO<sup>3</sup>: 3.3x – 4.1x<sup>4</sup></li> <li>EV<sup>2</sup> / 2P Reserves<sup>1</sup>: \$2.69/bbl</li> <li>EV<sup>2</sup> / bitumen production capacity: ~\$40,900/bpd</li> <li>2024E FFF yield<sup>2,3</sup>: 16% – 22%<sup>4</sup></li> </ul>
<b>Dividend policy<sup>5</sup></b>	<ul style="list-style-type: none"> <li>Post close – approximately 10% increase in dividend per share to \$2.28/share on an annualized basis</li> <li>Dividend increase supported by additional cash flow from acquired assets</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Funded through cash on hand and debt             <ul style="list-style-type: none"> <li>Pro forma Net Debt<sup>6</sup> to AFFO of 1.4x<sup>7</sup> reducing to 0.8x – 0.9x<sup>4</sup> by year-end 2024, assuming US\$80 WTI to strip pricing</li> </ul> </li> </ul>
<b>Closing</b>	<ul style="list-style-type: none"> <li>Transaction expected to close in Q3, subject to:             <ul style="list-style-type: none"> <li>Customary regulatory approvals</li> <li>ConocoPhillips Right of First Refusal (on Surmont only)</li> </ul> </li> </ul>

# Strategic rationale<sup>1</sup>

## ✔ Increases options for Base Mine replacement and maintenance of current production

- Adds ~120 kbpd of production in 2024E without greenfield development and cost risk
- Results in sufficient bitumen supply from Firebag, MacKay River, and Fort Hills to keep Base Plant Upgrader full post end of Base Mine life
- Increased Fort Hills stake allows for more higher yielding PFT through the upgraders
- Future organic development opportunities will be evaluated versus return of capital to shareholders strategy

## ✔ Significant expansion of long-life inventory position<sup>2</sup>

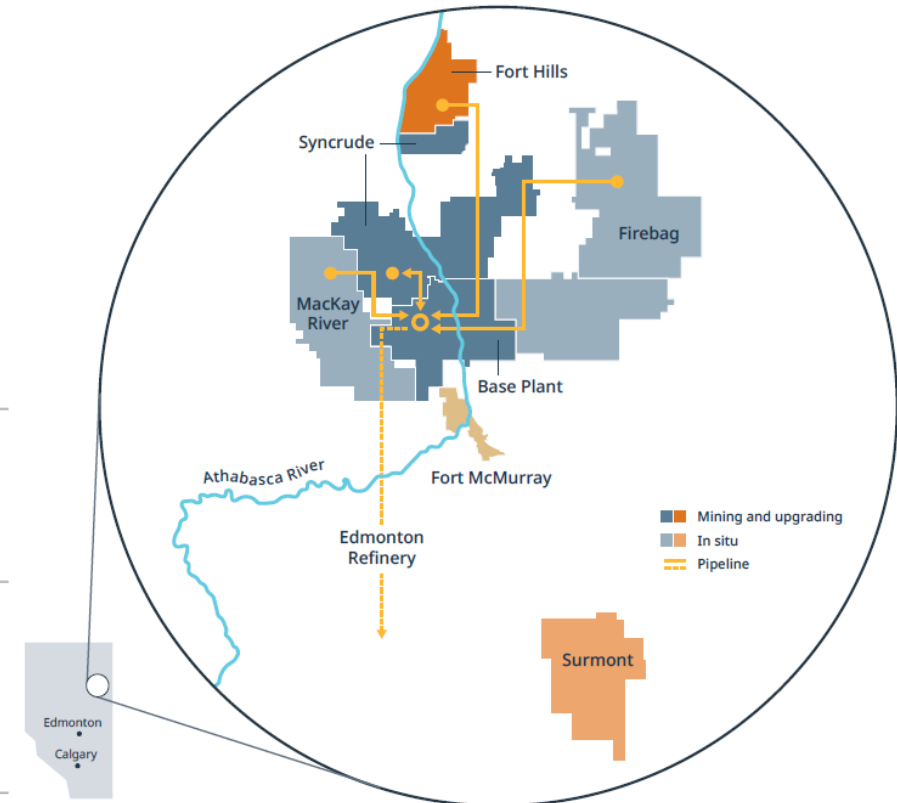
- Adds 36% of 1P and 31% of 2P oil sands reserves to Suncor's already leading position
- Extends 2P oil sands reserve life index from ~26 years to ~29 years

## ✔ Additional cash flow generation supports approximately 10% dividend increase post close

- Acquired assets generated over \$2B of AFFO<sup>3</sup> in 2022
- Opportunities for further increases through Surmont growth and execution of Fort Hills mine improvement plan

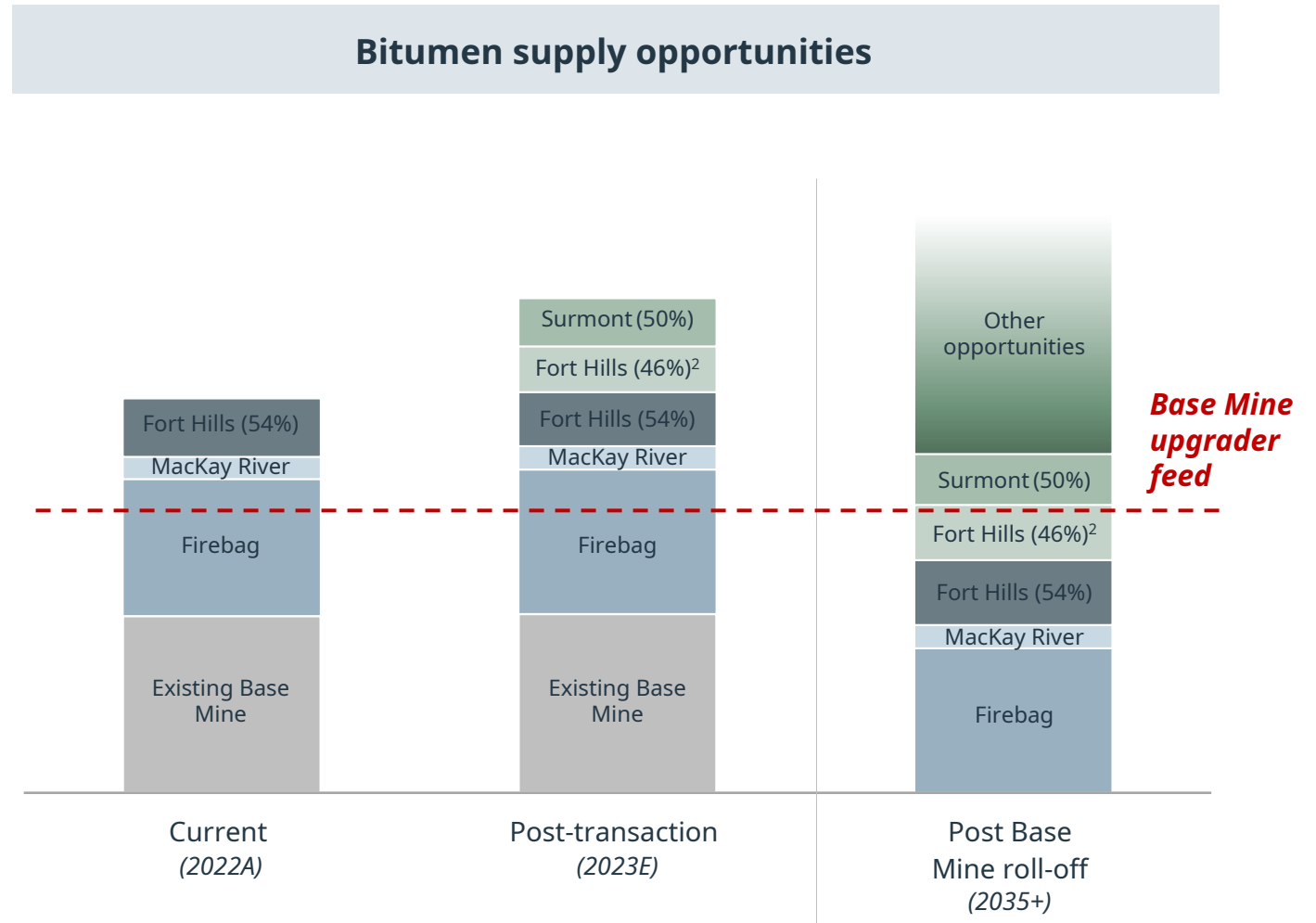
## ✔ Immediately accretive to Suncor shareholders<sup>3,4</sup>

- 2024E AFFO/share: 9% - 10%
- 2024E FFF/share: 11% - 12%



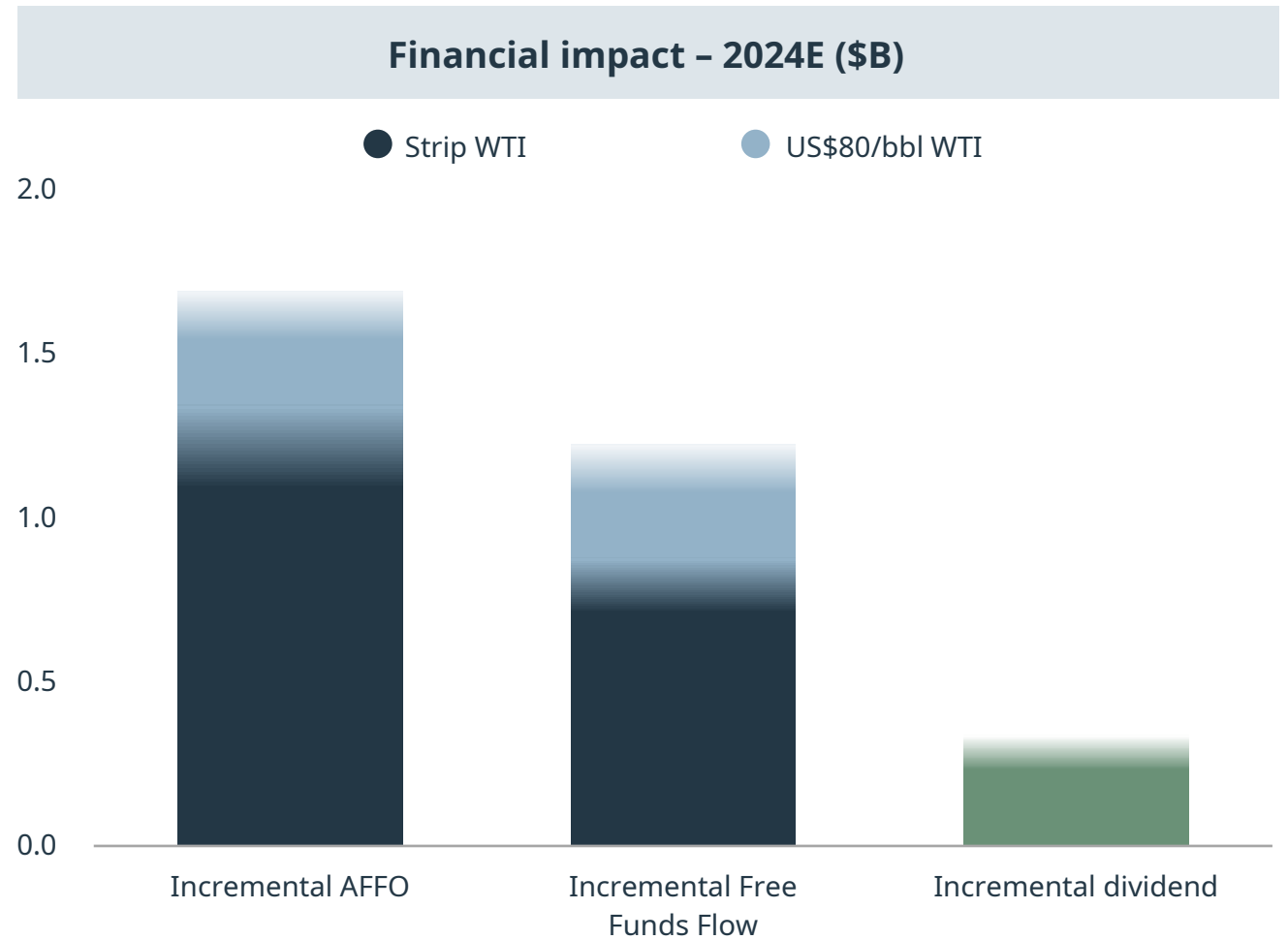
# Advances and de-risks bitumen supply strategy<sup>1</sup>

- Further step in proactively addressing long-term bitumen supply strategy
  - With two acquisitions at Fort Hills totaling 46%<sup>2</sup> plus 50% of Surmont, 163 kbpd of bitumen production capacity acquired at ~\$38,000/bpd<sup>3</sup> to partially replace 260 kbpd of Base Mine bitumen production
- Fort Hills and Surmont immediately add low-risk, high-quality bitumen production
  - Fort Hills PFT volumes and bitumen production from Firebag and MacKay River can keep Base Plant upgraders full post end of mine life in mid-2030s



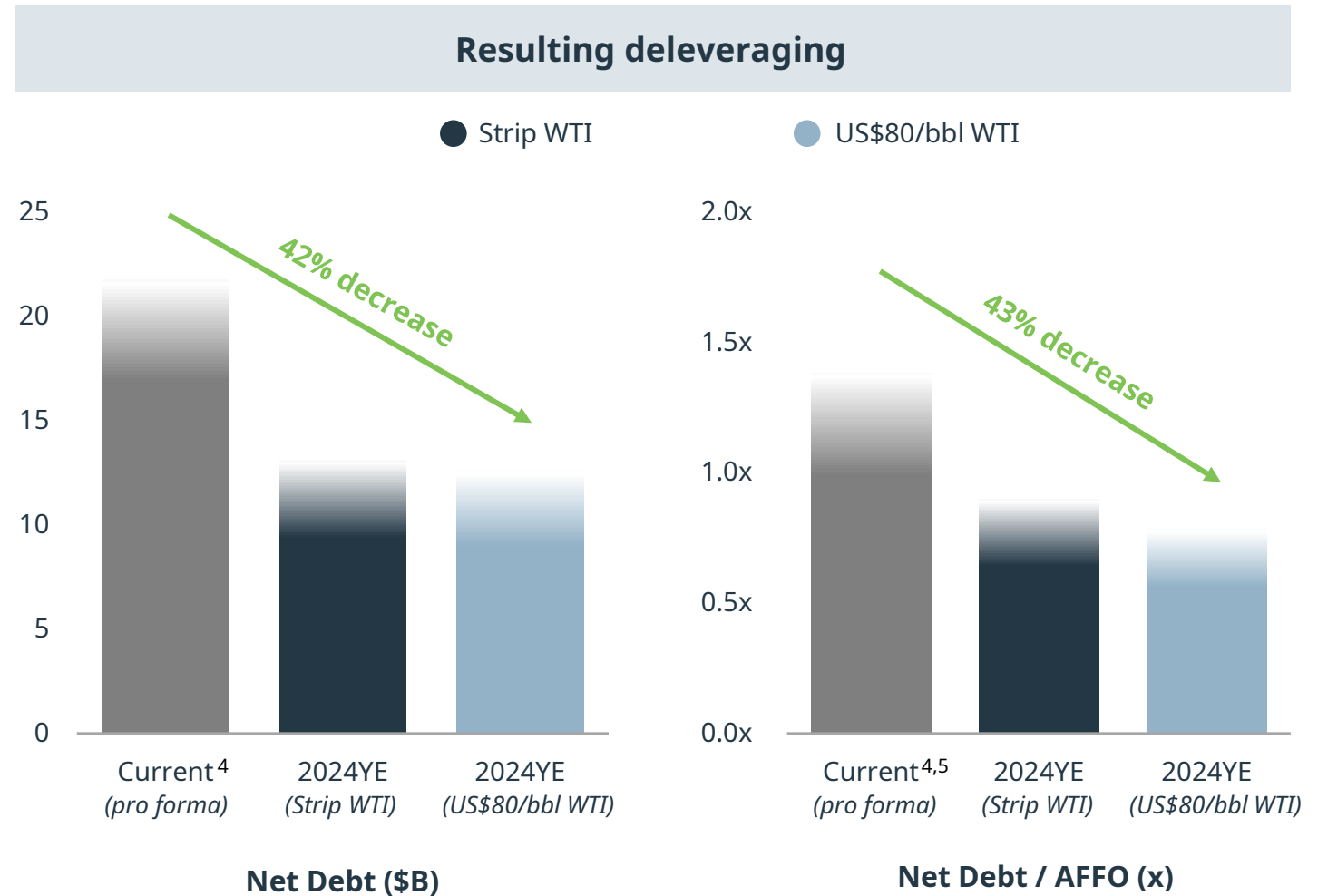
# Financial impact<sup>1,2,3,4</sup>

- Dividend to be increased by approximately 10% to \$2.28/share on an annualized basis, post close, assuming transaction completed as contemplated
- Increase in dividend underpinned by 2024E AFFO per share accretion of 9% - 10%



# Capital allocation and future deleveraging<sup>1,2,3</sup>

- Debt reduction will continue with focus on maintaining investment grade credit ratings
  - Targeting ~\$9B in net debt reduction in 18 – 24 months at strip pricing
- Post closing, Suncor will maintain share buybacks at 50% of excess funds after capex and dividends
- Upon reaching net debt target of \$12B, 75% of excess funds to be directed towards share buybacks



# Asset overview

	Surmont	Fort Hills
Purchase Price (\$B)	C\$5.5B cash + up to C\$600M in conditional payment	
Ownership Interest (%)	50.00%	31.23%
Reserves, net WI (Bbbl) <sup>1</sup>	1P: 1.07 2P: 1.38	1P: 0.46 2P: 0.68
2P Reserve Life (years) <sup>1</sup>	~50	~40
Production, net WI (kbpd)	2024E: 70 2025E: 75 Nameplate capacity: 74	2024E: 50 2025E: 53 Nameplate capacity: 61
2023E Cash Operating Cost (\$/bbl) <sup>2</sup>	\$15.00 - \$17.00	\$33.00 - \$36.00
Current SOR (x)	~2.7x	n/a
Royalties, % of gross revenue <sup>2</sup>	4% - 6%	4% - 6%

# Advisories & Slide Notes

**Forward-Looking Statements** – This presentation contains certain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and “forward-looking information” within the meaning of applicable Canadian securities legislation (collectively, “forward-looking statements”), including statements about: Suncor’s strategy and business plans; expected operating and financial results (including estimated production, capital, operating costs, AFFO and free funds flow for 2024 and 2025); reserves estimates and reserve life indices; expectations for net debt, including the timing and pace of net debt reductions and the allocation between share buybacks and debt reduction; expectations regarding when the acquisition of Total Canada will close; Suncor’s belief that the acquisition will increase options for Base Mine replacement and there will be sufficient physical bitumen supply to keep Base Plant Upgrader full post end of Base Mine life; the potential for organic development opportunities for ~400 kbpd of production; expectations regarding additional cash flow generation and opportunities for future dividend increases; the estimated financial impact of the acquisition of Total Canada on Suncor with respect to AFFO and free funds flow in 2024 and beyond; statements regarding Suncor’s capital allocation framework and its belief that debt reduction will continue with a focus on maintaining investment grade credit ratings that are based on Suncor’s current expectations, estimates, projections and assumptions that were made by Suncor in light of its experience and its perception of historical trends. Some of the forward-looking statements may be identified by words such as “planned”, “estimated”, “target”, “goal”, “illustrative”, “strategy”, “expected”, “focused”, “opportunities”, “may”, “will”, “outlook”, “anticipated”, “potential”, “guidance”, “predicts”, “aims”, “proposed”, “seeking” and similar expressions. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Suncor. Users of this information are cautioned that actual results may differ materially as a result of, among other things, assumptions regarding: commodity prices and interest and foreign exchange rates; the performance of assets and equipment; capital efficiencies and cost savings; applicable laws and government policies; future production rates; the development and execution of projects; assumptions contained in or relevant to Suncor’s 2023 Corporate Guidance; product supply and demand; market competition; future production rates; assets and facilities not performing as anticipated; expected debottlenecks, cost reductions and margin improvements not being achieved to the extent anticipated; dividends declared and share repurchases; the sufficiency of budgeted capital expenditures in carrying out planned activities; risks inherent in marketing operations (including credit risks); imprecision of reserves estimates and estimates of recoverable quantities of oil, natural gas and liquids from Suncor’s properties; expected synergies and the ability to sustain reductions in costs; the ability to access external sources of debt and equity capital; the timing and the costs of well and pipeline construction; Suncor’s dependence on pipeline capacity and other logistical constraints, which may affect the company’s ability to distribute

products to market; mandatory production curtailments being greater or imposed for longer than anticipated; the timely receipt of regulatory and other approvals; the timing of sanction decisions and Board of Directors’ approval; the availability and cost of labour, services, and infrastructure; the satisfaction by third parties of their obligations to Suncor; the impact of royalty, tax, environmental and other laws or regulations or the interpretations of such laws or regulations; applicable political and economic conditions; risks associated with existing and potential future lawsuits and regulatory actions; improvements in performance of assets; and the timing and impact of technology development.

Although Suncor believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Suncor’s Annual Report for the year ended December 31, 2022 (the 2022 Annual Report) and its most recently filed Annual Information Form/Form 40-F and other documents it files from time to time with securities regulatory authorities describe the risks, uncertainties, material assumptions and other factors that could influence actual results and such factors are incorporated herein by reference. Copies of these documents are available without charge from Suncor at 150 6th Avenue S.W., Calgary, Alberta T2P 3E3, by calling 1-800-558-9071, or by email request to [invest@suncor.com](mailto:invest@suncor.com) or by referring to the company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) or EDGAR at [www.sec.gov](http://www.sec.gov). Except as required by applicable securities laws, Suncor disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Suncor’s actual results may differ materially from those expressed or implied by its forward-looking statements, so readers are cautioned not to place undue reliance on them.

**Non-GAAP Measures** – Certain financial measures in this presentation – namely adjusted funds from operations (AFFO), free funds flow (FFF), net debt, and Fort Hills cash operating costs per barrel – are not prescribed by GAAP. All non-GAAP measures presented herein do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other companies. Therefore, these non-GAAP measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. All non-GAAP measures are included because management uses the information to analyze business performance, leverage and liquidity and therefore may be considered useful information by investors. See the “Non-GAAP Financial Measures Advisory” section of the 2022 Annual Report. Reconciliations of such non-GAAP measures for the most recently completed financial periods are in *the Non-GAAP Financial Measures Advisory* section of the 2022 Annual Report which is available on the company’s SEDAR profile available at [www.sedar.com](http://www.sedar.com) and each such reconciliations are incorporated by reference herein.

**Reserves** - Reserves information presented herein is presented as TotalEnergies EP Canada Ltd.’s working interests in each of Fort Hills and the Surmont project, and are as at December 31, 2022. Reserves data is based upon evaluations conducted by independent qualified reserves evaluators. The Fort Hills reserves is based upon evaluations conducted by GLJ Ltd. in its report dated February 17, 2023. The Surmont project reserves is based upon evaluations conducted by McDaniel & Associates Consultants Ltd in its report dated April 11, 2023. The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.



# Advisories & Slide Notes

## Slide Notes

### Slide 2 -----

1. Reserves are working interest before royalties. See Reserves in the Advisories. The estimates of reserves for individual properties provided herein may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.
2. Transaction multiples calculated based on \$5.5B of cash consideration.
3. Adjusted funds from operations (AFFO) is a non-GAAP financial measure. AFFO is calculated as cash flow provided by operating activities excluding changes in non-cash working capital. Free funds flow (FFF) is a non-GAAP measure and is calculated by taking AFFO and subtracting capital expenditures, including capitalized interest. See Non-GAAP Measures in the Advisories.
4. 2024 estimated AFFO, FFF, and net debt are based on the following pricing assumptions: **Strip pricing case (as of April 10, 2023):** WTI of US\$78.07/bbl in 2023, US\$72.97/bbl in 2024, and US\$68.24/bbl in 2025. **US\$80 WTI case:** WTI of US\$80/bbl in 2023-2025. All other assumptions are consistent between both cases, including USD/CAD exchange rate of 0.74 in 2023, 0.74 in 2024, and 0.75 in 2025; WCS-WTI differential of (US\$16.38)/bbl in 2023, (US\$16.49)/bbl in 2024, and (US\$18.00)/bbl in 2025; AECO of \$2.62/GJ in 2023, \$3.33/GJ in 2024, and \$4.20/GJ in 2025, and the assumed production, capital expenditures and operating costs are materially in line with Suncor's published 2023 corporate guidance.
5. Dividend estimate based on company's current expectations. All dividends are at the discretion of Suncor's Board of Directors. See Forward-Looking Statements in the Advisories.
6. Net debt is a non-GAAP measure and is equal to total debt less cash and cash equivalents. See Non-GAAP Measures in the Advisories.
7. Pro forma net debt estimated as of March 31, 2023 plus \$5.5B of debt issued and incremental lease liabilities in relation to the transaction; AFFO based on estimated 2023E pro forma Suncor AFFO at Strip pricing (as of April 10, 2023).

### Slide 3 -----

1. Based on company's current business plans and the current business environment, which are subject to change as well as possible future opportunities which may be subject to Board of Directors', counterparty and regulatory approval. Actual results may differ materially. There can be no assurance these opportunities will be pursued or if pursued that they will result in the expected benefits. See Forward-Looking Statements in the Advisories.
2. Reserves are working interest before royalties. See Reserves in the Advisories. The estimates of reserves for individual properties provided herein may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.
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4. 2024 estimated AFFO and FFF are based on the following pricing assumptions: **Strip pricing case (as of April 10, 2023):** WTI of US\$78.07/bbl in 2023, US\$72.97/bbl in 2024, and US\$68.24/bbl in 2025. **US\$80 WTI case:** WTI of US\$80/bbl in 2023-2025. All other assumptions are consistent between both cases, including USD/CAD exchange rate of 0.74 in 2023, 0.74 in 2024, and 0.75 in 2025; WCS-WTI differential of (US\$16.38)/bbl in 2023, (US\$16.49)/bbl in 2024, and (US\$18.00)/bbl in 2025; AECO of \$2.62/GJ in 2023, \$3.33/GJ in 2024, and \$4.20/GJ in 2025.

### Slide 4 -----

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2. ~46% of Fort Hills production includes 14.65% interest acquired from Teck in February 2023.
3. Transaction multiple calculated based on \$5.5B of cash consideration for the acquisition of Total Canada plus \$688M for the acquisition of 14.65% interest in Fort Hills from Teck.

### Slide 5 -----

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### Slide 6 -----

1. Based on company's current business plans and the current business environment, which are subject to change as well as possible future opportunities which may be subject to Board of Directors', counterparty and

regulatory approval. Actual results may differ materially. There can be no assurance these opportunities will be pursued or if pursued that they will result in the expected benefits. See Forward-Looking Statements in the Advisories.

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4. Pro forma net debt estimated as of March 31, 2023 plus \$5.5B of debt issued and incremental lease liabilities in relation to the transaction.
5. AFFO based on estimated 2023E pro forma Suncor AFFO at Strip pricing (as of April 10, 2023).

### Slide 7 -----

1. Reserves are working interest before royalties. See Reserves in the Advisories. The estimates of reserves for individual properties provided herein may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.
2. Based on company's current business plans and the current business environment, which are subject to change. Actual results may differ materially. See Forward-Looking Statements in the Advisories. Fort Hills operating costs per barrel is a non-GAAP financial measure. See Non-GAAP Measures in the Advisories.