

## January 10, 2022

This note is provided to analysts and associates that cover Cenovus and will be posted on the Cenovus website under Quarterly results in the [Investors](#) section.

The company will announce its fourth quarter 2021 results on Tuesday, February 8th, at 4:00AM MT (6:00AM ET) with a conference call to follow at 9:00AM MT (11:00AM ET).

We'd like to remind you of the following items that have been previously disclosed by Cenovus or are a summation of public information. Please note that all such information and statements were made as at the dates of the disclosure documents or conference calls specifically noted below, and this document is not intended to be an update of any such information or statements. Any updates on the prior statements and information summarized in this document will be provided in the company's announcement of its year end results.

### Corporate:

- "In the first nine months of 2021, Cenovus reduced net debt by more than \$2 billion to about \$11 billion, from \$13.1 billion as at January 1. This includes a \$1.4 billion decrease in the third quarter, which was primarily due to free funds flow of \$1.7 billion and proceeds from asset divestitures that closed in the quarter, partially offset by an increase in non-cash working capital of \$166 million and a foreign exchange loss on U.S. denominated debt." *(Cenovus News Release, November 3, 2021)*
- "The company expects to achieve its interim net debt target of below \$10 billion imminently as a result of continued strong cash generation at current commodity prices and receipt of proceeds from announced asset sales. This will pave the way for Cenovus to increase investor returns by commencing a share buyback program of up to 146.5 million of the company's common shares, representing approximately 10% of its public float, as defined by the Toronto Stock Exchange (TSX). To facilitate the buyback, Cenovus's Board of Directors has approved filing an application with the TSX for a normal course issuer bid (NCIB). In addition, the Board has approved doubling Cenovus's common share dividend effective in the fourth quarter of 2021." *(Cenovus News Release, November 3, 2021)*
- "As of December 7, there have been 9,719,100 shares repurchased by the company, at an average price of \$15.82 per share." *(Cenovus News Release, December 8, 2021)*
- "Cenovus has updated its 2021 Guidance. The capital guidance range remains \$2.3 billion to \$2.7 billion for the year. However it now reflects an increase to the Oil Sands spend of \$100 million, which will add production in 2022 including accelerating completion of the Spruce Lake North Lloydminster thermal project and carrying out some redevelopment wells at Christina Lake. This capital increase is offset by a reduction in Downstream of \$100 million, which reflects efficiencies identified across the portfolio. The production guidance range for 2021 increased by 2%, including an additional 10,000 bbls/d from Lloydminster thermals and increases in Offshore, partially offset by announced asset sales in the Conventional segment." *(Cenovus News Release, July 29, 2021)*

## 2021 Corporate guidance - C\$, before royalties

July 28, 2021

UPSTREAM				
OIL SANDS				
	Production (Mbbbls/d)	Capital expenditures (\$ millions)	Operating costs (\$/bbl)	Effective royalty rates (%)
Christina Lake	220 - 240		7.00 - 8.00	19 - 23
Foster Creek	165 - 185		9.50 - 10.50	18 - 22
Lloyd Thermal	90 - 100		12.50 - 14.00	7 - 10
Cold/EOR	20 - 22		31.00 - 34.00	8 - 11
Sunrise	25 - 27		14.00 - 17.00	3 - 5
Tucker	20 - 22		14.00 - 17.00	18 - 22
Oil Sands total	540 - 596	950 - 1,050	10.25 - 11.50	
CONVENTIONAL				
	Production (Mbbbls/d)	Capital expenditures (\$ millions)	Operating costs (\$/boe)	Effective royalty rates (%)
Crude oil	8 - 9			
NGLs	26 - 28			
	Production (MMcf/d)			
Natural gas	580 - 620			
Conventional total	131 - 140	170 - 210	10.00 - 11.50	10 - 13
OFFSHORE				
	Production (MBOE/d)	Capital expenditures (\$ millions)	Operating costs (\$/boe)	Effective royalty rates (%)
Atlantic	13 - 15		40.00 - 45.00	6 - 9
China	45 - 50		5.00 - 6.00	5 - 7
Indonesia <sup>(1)</sup>	8 - 9		10.50 - 12.50	20 - 25
Offshore total	66 - 74	200 - 250	12.00 - 14.00	

- “Cenovus provides Adjusted Funds Flow sensitivities to benchmark commodity prices for 2021 in its 2021 guidance document.” (Cenovus 2021 Guidance document, July 28, 2021)

### PRICE ASSUMPTIONS & ADJUSTED FUNDS FLOW SENSITIVITIES <sup>(8)</sup>

		Independent base case sensitivities (for the full year 2021)	Increase (\$ millions)	Decrease (\$ millions)
Brent (US\$/bbl)	\$69.00	Crude oil (WTI) - US\$1.00 change	225	(225)
WTI (US\$/bbl)	\$66.00	Light-heavy differential (WTI-WCS) - US\$1.00 change	(150)	150
Western Canada Select (US\$/bbl)	\$53.00	Chicago 3-2-1 crack spread - US\$1.00 change	190	(190)
Differential WTI-WCS (US\$/bbl)	\$13.00	Natural gas (AECO) - C\$1.00 change	(30)	30
Chicago 3-2-1 Crack Spread (US\$/bbl)	\$17.00	Exchange rate (US\$/C\$) - \$0.01 change	(110)	100
RINs (US\$/bbl)	\$6.50			
AECO (\$/Mcf)	\$3.30			
Exchange Rate (US\$/C\$)	\$0.80			

(8) Sensitivities include current hedge positions applicable for the full year of 2021. Refining results embedded in the sensitivities are based on unlagged margin changes and do not include the effect of changes in inventory valuation for first-in, first-out/lower of cost or net realizable value.

### Production:

- Monthly oil sands production is published by the Alberta Energy Regulator (AER) at the following website: <https://www.aer.ca/providing-information/data-and-reports/statistical-reports/st53>.
- Monthly offshore production for Newfoundland and Labrador is published by the C-NLOPB at the following website: <https://www.cnlopb.ca/information/statistics/#rm>.

### Oil Sands Realized Bitumen Pricing:

- Blending condensate with bitumen enables our production to be transported through pipelines. Our blending ratios, diluent volumes as a percentage of total blended volumes, range from approximately 23 percent to 31 percent. The WCS-Condensate differential is an important benchmark as a wider differential generally results in a decrease in the recovery of condensate costs when selling a barrel of blended crude oil. When the supply of condensate in Alberta does not meet the demand, Edmonton condensate prices may be driven by USGC condensate prices plus the cost to transport the condensate to Edmonton. Our blending costs are also impacted by the timing of purchases and deliveries of condensate

into inventory to be available for use in blending as well as timing of sales of blended product.” (Cenovus MD&A for the period ended September 30, 2021)

	2021											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Condensate (C5 @ Edmonton) (US\$/bbl)	51.78	59.53	62.82	63.82	65.73	69.64	69.83	66.27	71.63	82.04	81.80	73.54

## Royalties

- See Cenovus 2021 Guidance dated July 28, 2021 for effective royalty rate ranges for each of the upstream assets. The ranges are based on the commodity price assumptions set out in the Guidance document.
- “Foster Creek, Christina Lake and Tucker are post-payout projects and Sunrise is a pre-payout project. For our Saskatchewan properties, Lloydminster thermal and Lloydminster Cold/EOR, royalty calculations are based on an annual rate that is applied to each project, as well as each project’s Crown and freehold split. For Crown royalties, the pre-payout calculation is based on a one percent rate and the post-payout calculation is based on a 20 percent rate. The freehold calculation is limited to post-payout projects and is based on an eight percent rate.” (Cenovus MD&A for the period ended September 30, 2021)
- An overview of the Alberta oil sands royalty framework, including applicable sliding scale royalty rates, is available at the following website: <https://www.alberta.ca/royalty-oil-sands.aspx>

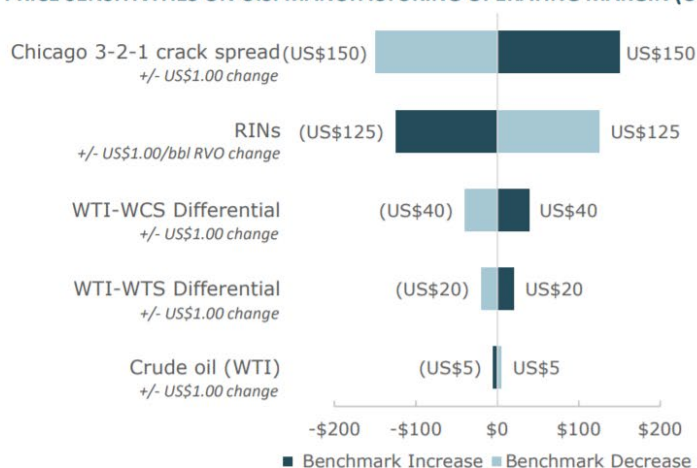
## Refining & Marketing

- “In 2021, we plan to invest between \$900 million and \$1.1 billion in the U.S. Manufacturing, Canadian Manufacturing and Retail segments and will continue to focus on refining reliability and maintenance, safety projects and high-return optimization opportunities. We also plan to invest between \$520 million and \$570 million for the Superior Refinery rebuild project. The rebuild project is expected to further enhance our heavy oil value chain integration while further reducing the Company’s exposure to WTI-WCS location differentials. Downstream throughput is expected to be in the range of 500.0 thousand barrels per day to 550.0 thousand barrels per day.” (Cenovus MD&A for the period ended September 30, 2021)
- “Cenovus’s refining operating margin is calculated on a first-in, first-out (FIFO) inventory accounting basis.” (Cenovus News Release, February 9, 2021)

# U.S. MANUFACTURING OPERATING MARGIN SENSITIVITIES

## SENSITIVITIES BASED ON FULL YEAR OPERATING ASSUMPTIONS

### PRICE SENSITIVITIES ON U.S. MANUFACTURING OPERATING MARGIN (US\$MM)



- Healthy exposure to Chicago 3-2-1 crack spreads as demand for refined products continues to recover
- Sensitivities are based on 2021 guidance operating assumptions and underlying utilization rates
- Minimal exposure to changes in feedstock pricing relative to WTI

Note: Sensitivities are in US\$ and are calculated on a full year LIFO basis using base price assumptions reflected in 2021 guidance. RINs assumed at US\$6.50/bbl, (2020 Standards 11.56%). Operating Margin sensitivities exclude the Superior Refinery, which is currently being rebuilt. See Advisory.

(Cenovus corporate presentation – please see Advisory on page 27 <https://www.cenovus.com/invest/docs/corporate-presentation.pdf>)

### Prices

- Benchmark pricing as of December 31, 2021:

Selected Average Benchmark Prices	2021						
	Q4	Oct	Nov	Dec	Q3	Q2	Q1
<b>Crude Oil Prices (US\$/bbl)</b>							
Brent	<b>79.73</b>	83.66	81.44	74.10	73.47	68.83	60.90
West Texas Intermediate ("WTI")	<b>77.19</b>	81.22	78.65	71.69	70.56	66.07	57.84
Differential Brent Futures-WTI	<b>2.55</b>	2.44	2.79	2.41	2.91	2.76	3.06
Western Canadian Select ("WCS")	<b>62.55</b>	69.30	65.25	53.10	56.98	54.58	45.37
Differential - WTI-WCS	<b>14.64</b>	11.92	13.40	18.59	13.58	11.49	12.47
Differential - WTI-WTS	<b>0.21</b>	(0.05)	0.34	0.34	(0.03)	(0.30)	(0.80)
Mixed Sweet Blend ("MSW")	<b>74.09</b>	77.85	76.64	67.80	66.49	62.96	52.60
Condensate (C5 @ Edmonton)	<b>79.13</b>	82.04	81.80	73.54	69.24	66.40	58.04
Differential - WTI-Condensate (premium)/discount	<b>(1.94)</b>	(0.82)	(3.15)	(1.85)	1.32	(0.33)	(0.20)
<b>Refining Margins 3-2-1 Crack Spreads (US\$/bbl) <sup>(1)</sup></b>							
Chicago	<b>16.03</b>	19.08	14.23	14.78	20.67	20.50	12.93
Midwest Combined (Group 3)	<b>15.82</b>	18.10	13.38	15.99	20.35	19.44	15.67
<b>Natural Gas Prices</b>							
AECO (C\$/Mcf)	<b>4.95</b>	4.04	5.79	5.02	3.54	2.85	2.92
AECO (C\$/GJ)	<b>4.69</b>	3.83	5.49	4.76	3.36	2.70	2.77
NYMEX (US\$/Mcf)	<b>5.83</b>	5.84	6.20	5.45	4.01	2.83	2.69
Differential NYMEX - AECO (US\$/Mcf)	<b>1.90</b>	2.59	1.59	1.52	1.18	0.51	0.40
<b>RINs</b>							
RVO (US\$/bbl)	<b>6.11</b>	6.76	6.02	5.55	7.31	8.12	5.49

<sup>(1)</sup> The 3-2-1 crack spread is an indicator of the refining margin generated by converting three barrels of crude oil into two barrels of regular unleaded gasoline and one barrel of ultra-low sulphur diesel using current month WTI based crude oil feedstock prices and on a last in, first out accounting basis ("LIFO").

## Risk Management

### Net Fair Value of Risk Management Positions

As at September 30, 2021	Notional Volumes <sup>(1)(2)</sup>	Terms <sup>(3)</sup>	Weighted Average Price <sup>(1)</sup>	Fair Value Asset (Liability)
<b>Crude Oil and Condensate Contracts</b>				
WTI Fixed – Sell	55.9 MMbbls	October 2021 - December 2022	US\$67.29/bbl	(495)
WTI Fixed – Buy	21.1 MMbbls	October 2021 - September 2022	US\$67.15/bbl	185
Other Financial Positions <sup>(4)</sup>				18
<b>Total Fair Value</b>				<b>(292)</b>

(1) Million barrels (“MMbbls”). Barrel (“bbl”).

(2) Notional volumes and weighted average price represent various contracts over the respective terms. The notional volumes and weighted average price may fluctuate from month to month as it represents the averages for various individual contracts with different terms.

(3) Contract terms represent various individual contracts with different terms, and range from one to fifteen months.

(4) Other financial positions consist of risk management positions related to WCS and condensate differential contracts, Belvieu fixed contracts, reformulated blendstock for oxygenate blending gasoline contracts, heating oil and natural gas fixed price contracts, foreign exchange contracts, the Company’s U.S. Manufacturing segment and marketing activities.

(Cenovus interim consolidated financial statements for the period ended September 30, 2021)

- “...post acquisition of Husky, this business carries around 40 million barrels of inventory at any given time. And one of the things that we do on a daily basis is we make decisions as to whether we’re going to sell barrels into the spot market or we’re going to put those barrels into a pipeline and take them to the U.S., usually PADD 2 or PADD 3, or we’re going to take those barrels and we’re going to put them into a tank because we’re going to forward sell them for a higher price. So typically, on about 15 million barrels what we’ll do is we will price protect those if the decision that we’re making is to put them into a tank or into a pipeline.” (Cenovus first quarter conference call transcript, May 7, 2021)

### Contingent Payment:

- “Related to Foster Creek and Christina Lake production, Cenovus agreed to make quarterly payments to ConocoPhillips Company and certain of its subsidiaries (“ConocoPhillips”) during the five years subsequent to the closing date of the acquisition from ConocoPhillips of its 50 percent interest in the FCCL Partnership on May 17, 2017, (the “Acquisition in 2017”), for quarters in which the average WCS crude oil price exceeds \$52 per barrel during the quarter. The quarterly payment is \$6 million for each dollar that the WCS price exceeds \$52 per barrel.” (Cenovus MD&A for the period ended September 30, 2021)
- “The contingent payment is accounted for as a financial option. The fair value of \$392 million as at September 30, 2021, was estimated by calculating the present value of the future expected cash flows using an option pricing model. The contingent payment is re-measured at fair value at each reporting date with changes in fair value recognized in net earnings. For the three and nine months ended September 30, 2021, non-cash re-measurement losses of \$135 million and \$571 million, respectively, were recorded. As at September 30, 2021, \$119 million is payable under this agreement. For the three months ended September 30, 2021, we paid \$90 million under this agreement, of which \$56 million was recognized as cash flow from operating activities and reduced Adjusted Funds Flow. All future payments will be recognized as a reduction to cash flow from operating activities and Adjusted Funds Flow.” (Cenovus MD&A for the period ended September 30, 2021)

**Forward-Looking Information:**

This document contains references to forward-looking information previously provided, identified by words such as “expect”, “may”, “plan”, “remains” and “will” and includes forecast operating and financial results. This document is prepared solely for the purposes of providing information about Cenovus Energy Inc.’s forecast operating and financial results and is not intended to be relied upon for the purpose of making investment decisions, including without limitation, to purchase, hold or sell any securities of Cenovus Energy Inc. Readers are cautioned not to place undue reliance on forward-looking information as our actual results may differ materially from those expressed or implied. The underlying assumptions, risks and uncertainties are described in the Advisory of our 2021 Corporate Guidance and in the Advisories for referenced News Releases and Management’s Discussion and Analysis, available at [cenovus.com](http://cenovus.com). For a full discussion of our material risk factors, see “Risk Management and Risk Factors” in our 2020 Annual Management’s Discussion and Analysis, available at [sedar.com](http://sedar.com), [sec.gov](http://sec.gov) and [cenovus.com](http://cenovus.com)