

March 24, 2021

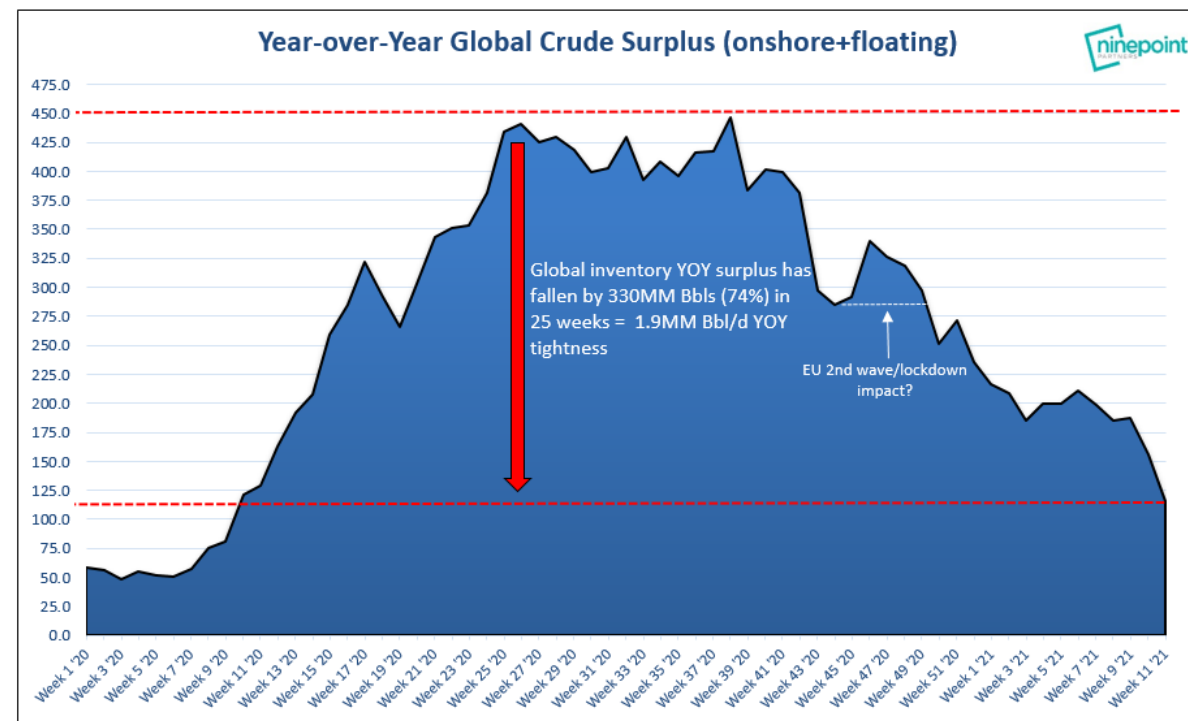
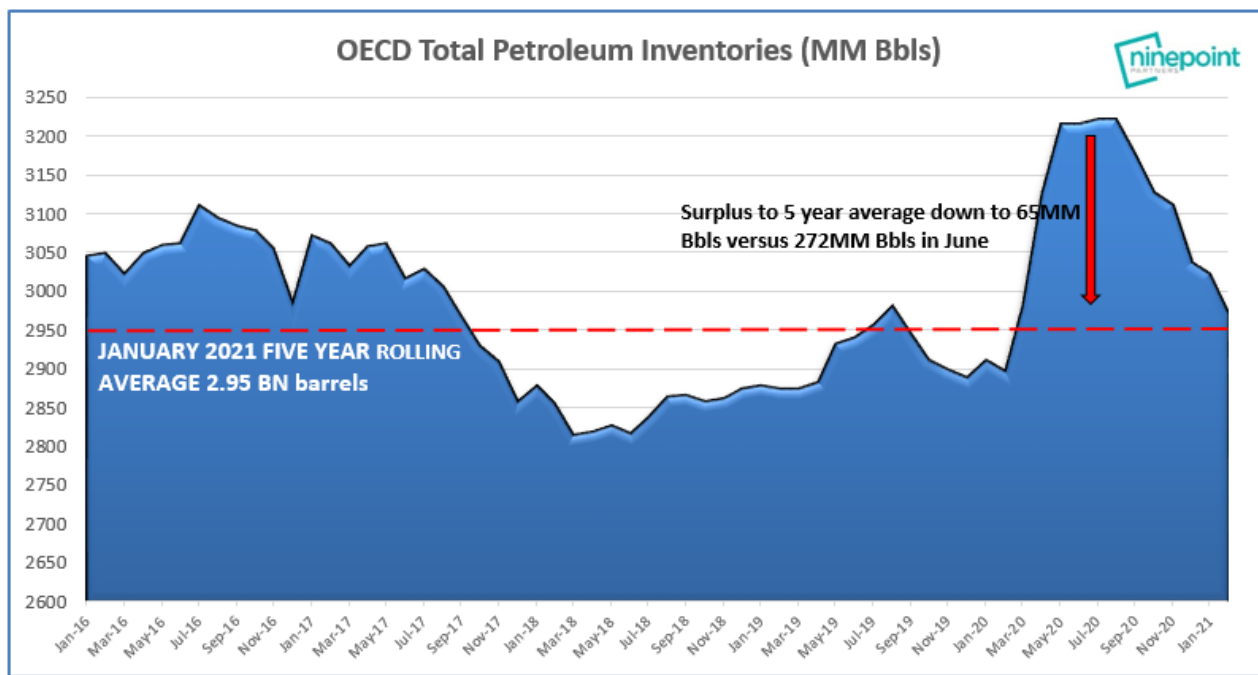
The Road Ahead

Eric Nuttall

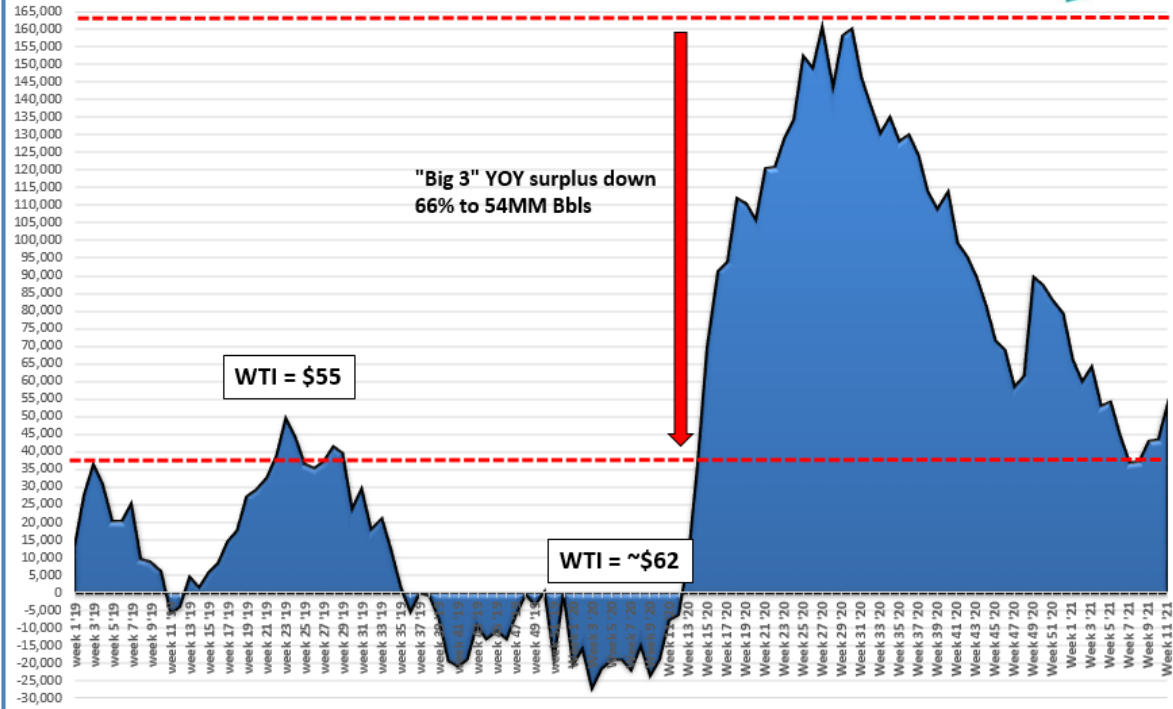
Senior Portfolio Manager



The Road Ahead...Step #1 = Normalization of Inventory Surplus

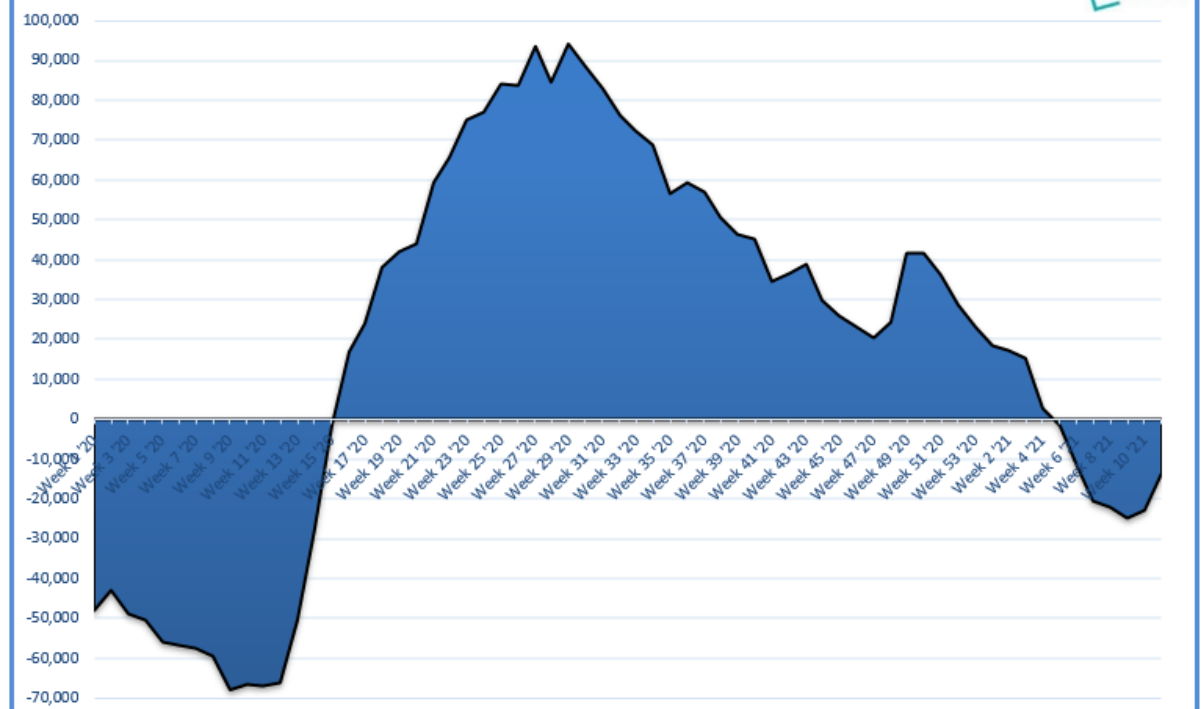


"Big 3" (Oil/Gasoline/Distillate) Inventory YOY Surplus/Deficit



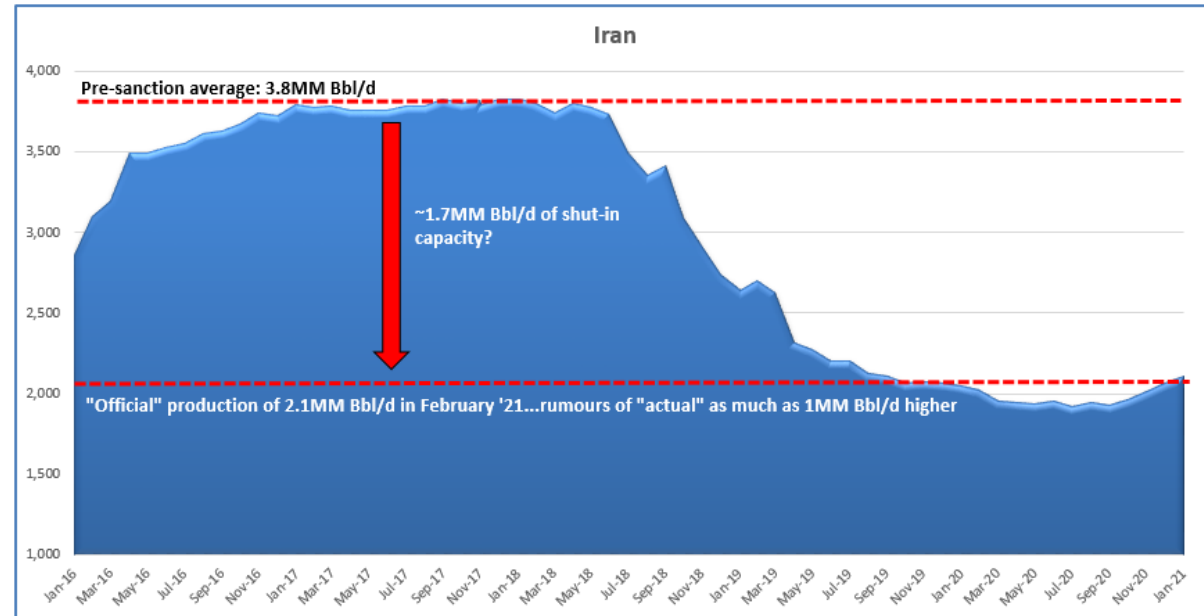
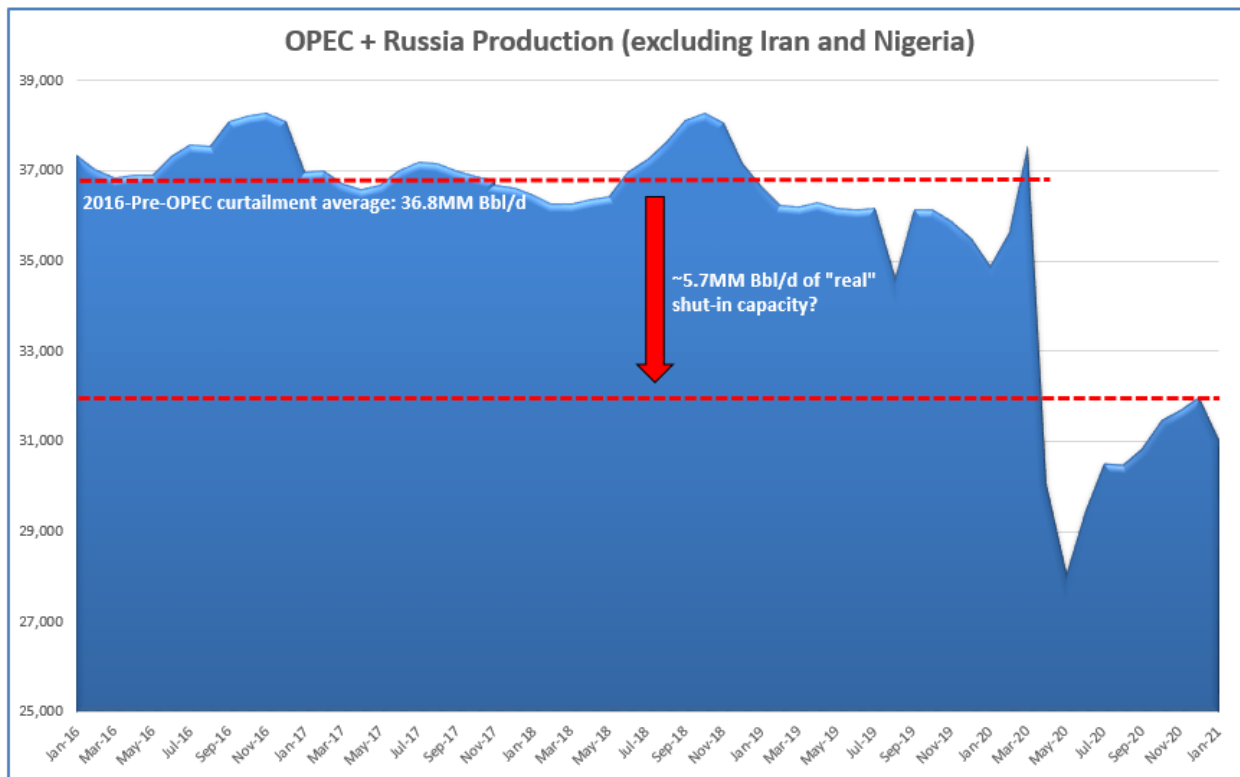
Source: US Energy Information Administration

"Big 3 (Crude+Gasoline+Distillate) inventory surplus vs. 5 year avg

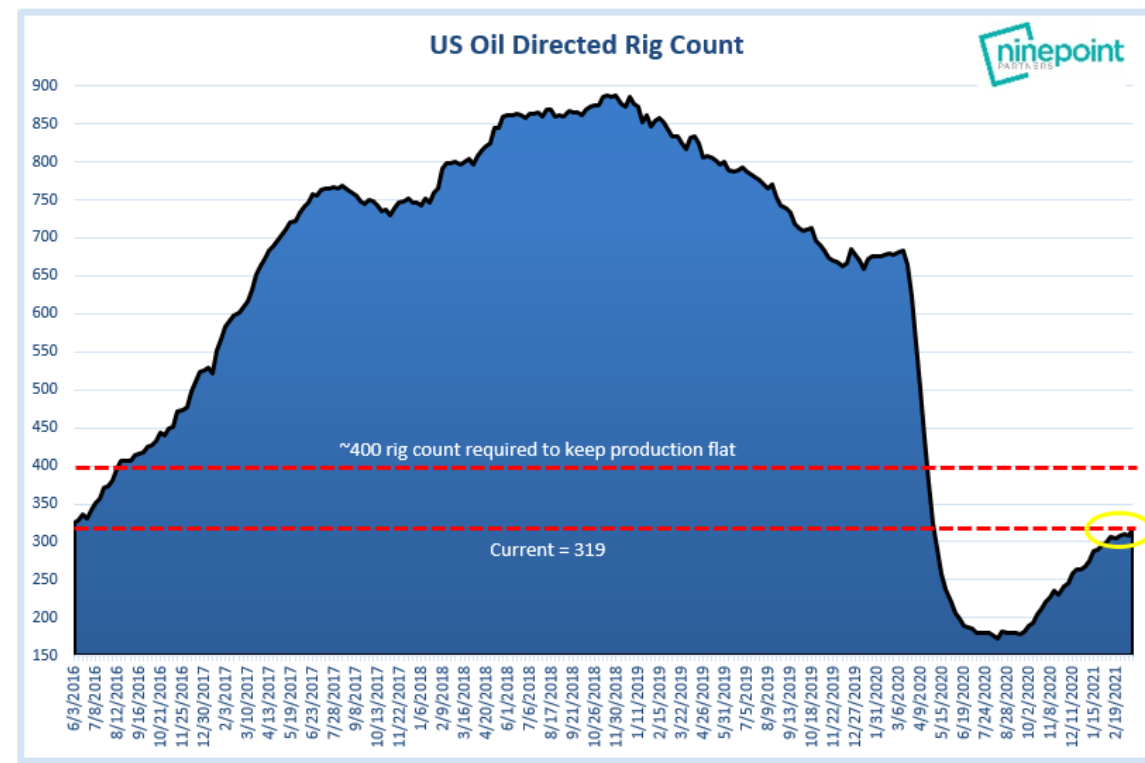
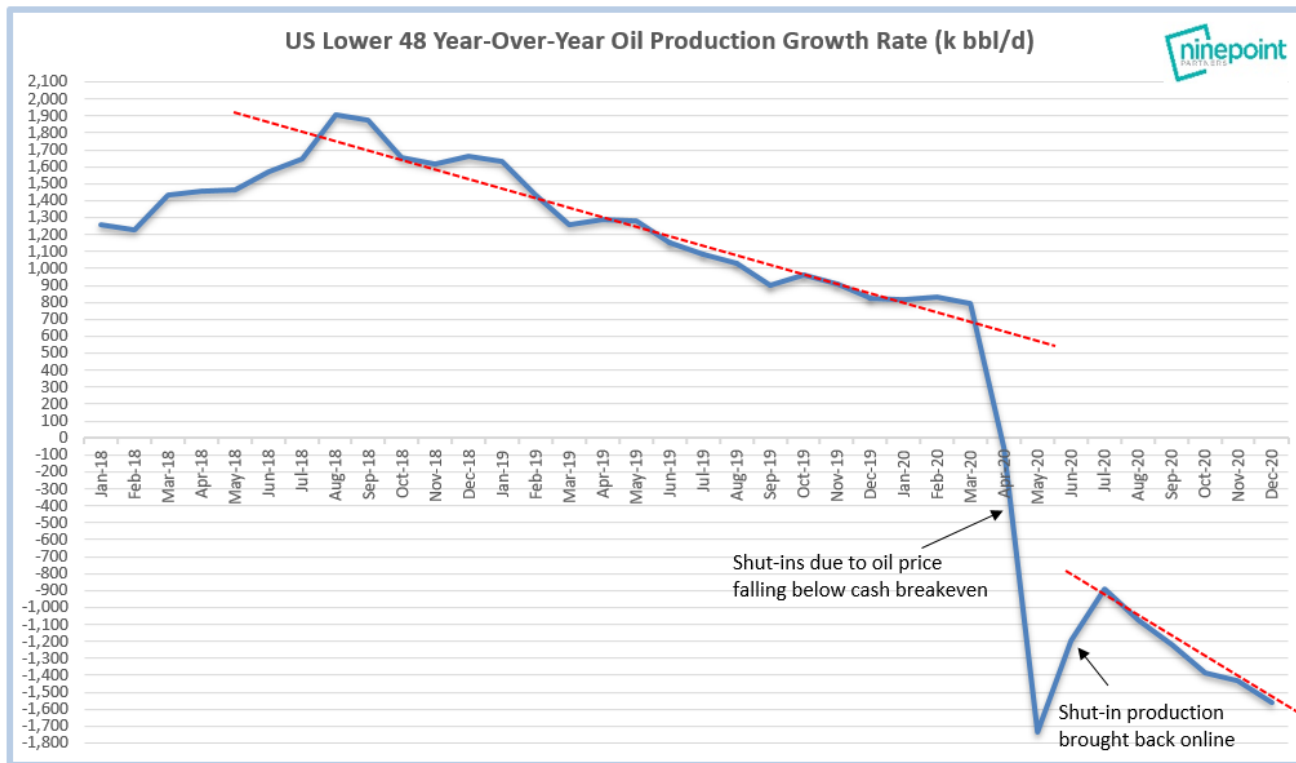


Source: US Energy Information Administration

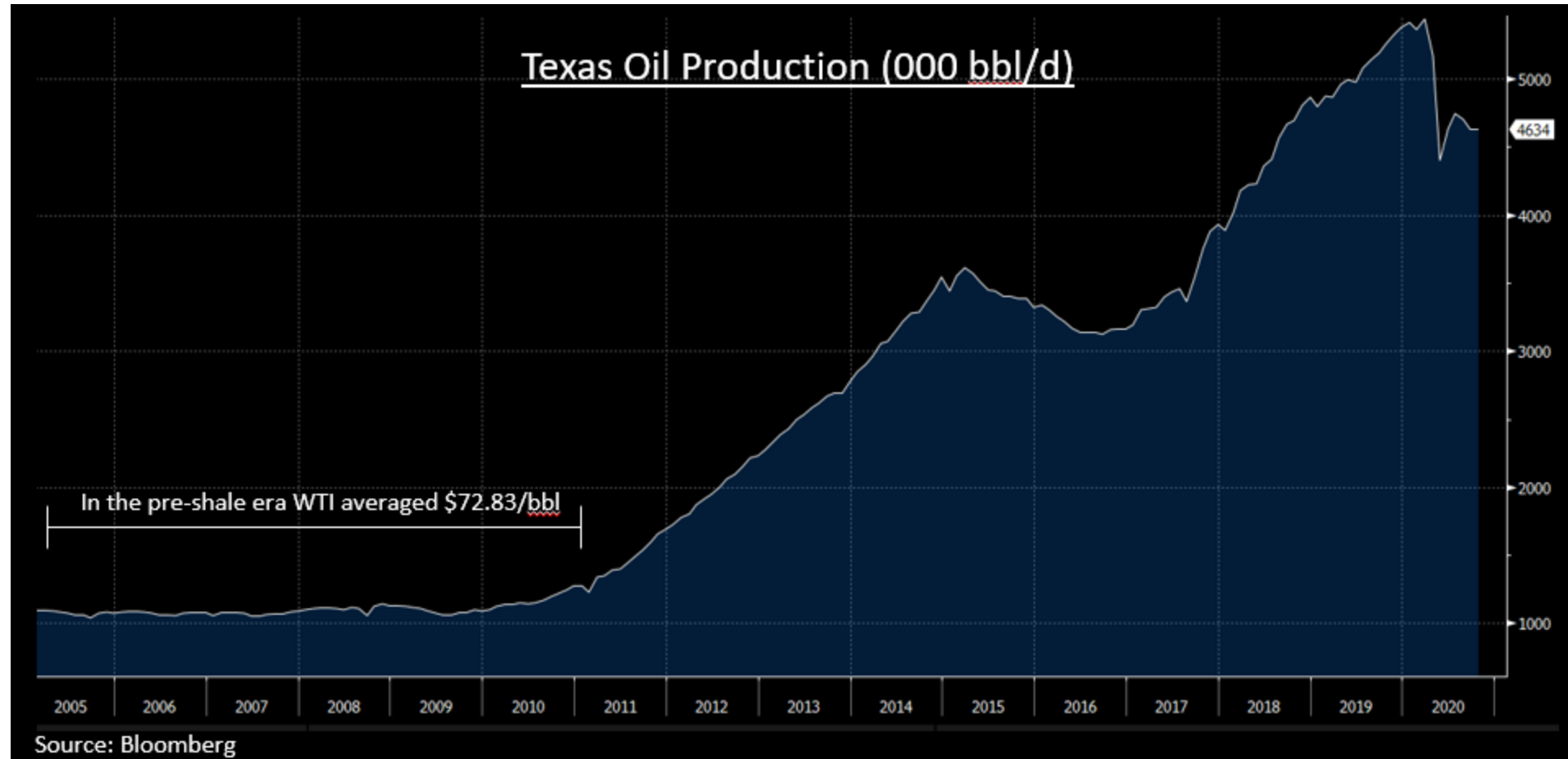
The Road Ahead...Step #2 = Exhaustion of OPEC spare capacity by early 2022



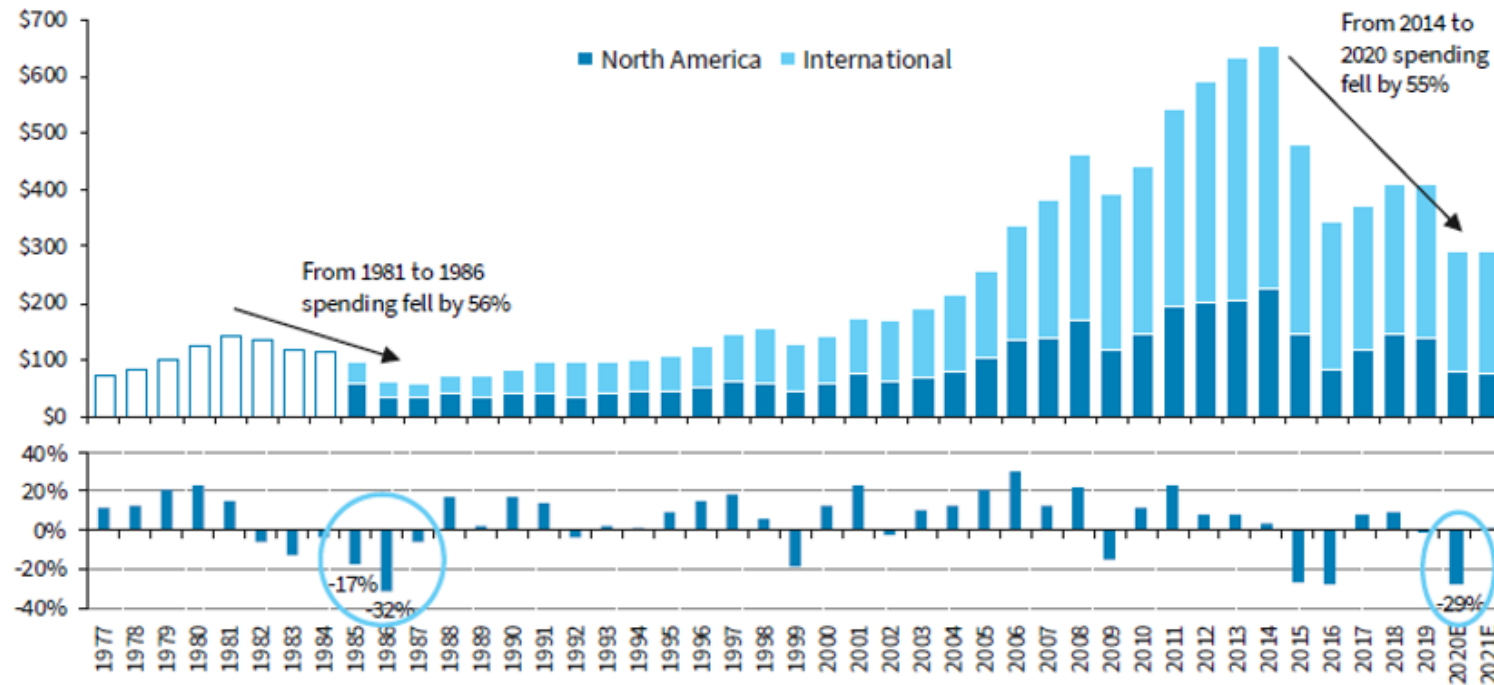
The Road Ahead...Step #3 = A post-shale world



The Road Ahead...Step #3 = A post-shale world



Who is left to makeup for the supply shortfall?



Source: Barclays, January 5, 2021



Eric Nuttall
@ericnuttall

The fear of peak demand is leading to the reality of peak supply.

Canadian Natural Head See's Little Future Growth in Oil Sands
2021-03-04 19:37:57.147 GMT

By Robert Tuttle
(Bloomberg) -- "I can't see much growth in the oil sands happening because there is going to be less demand in the future," Canadian Natural President Tim McKay says in phone interview.



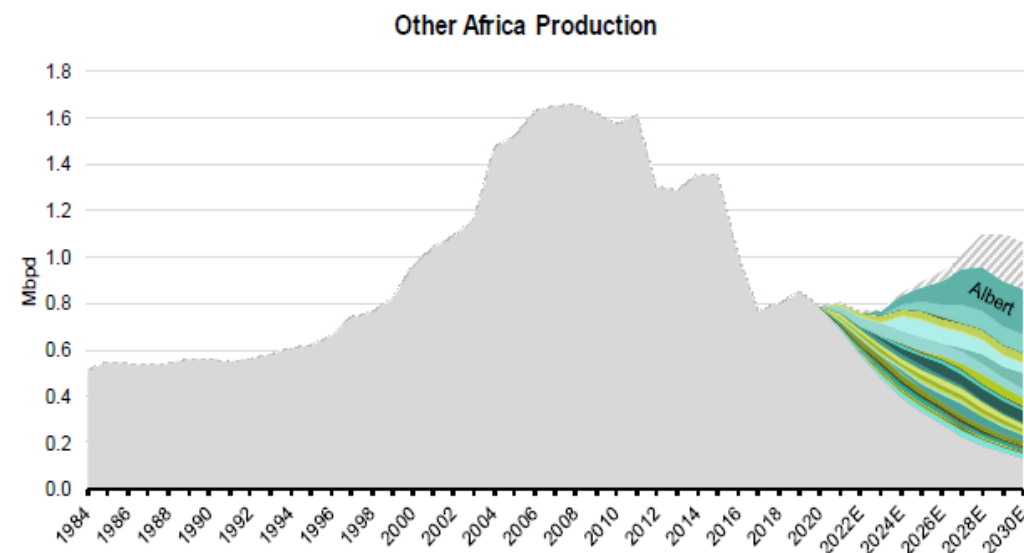
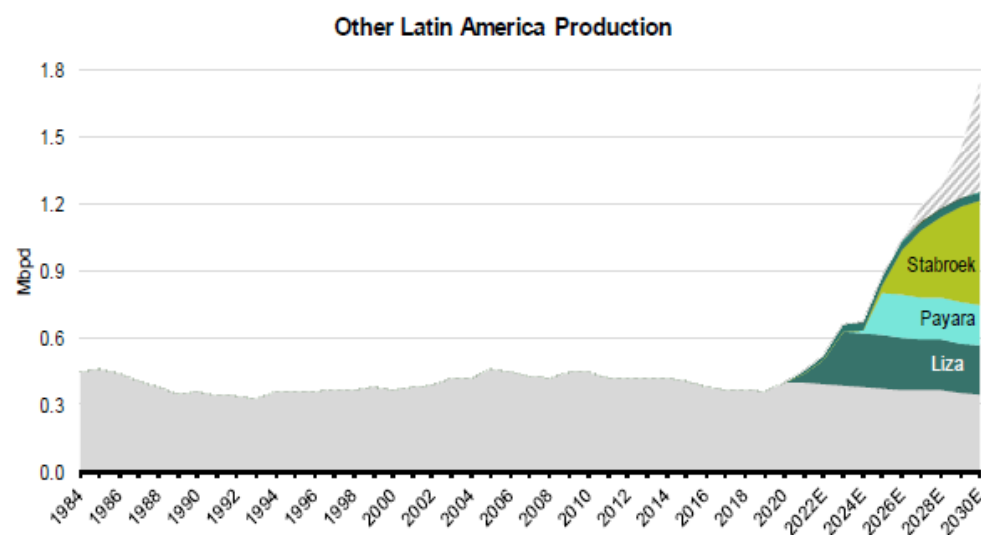
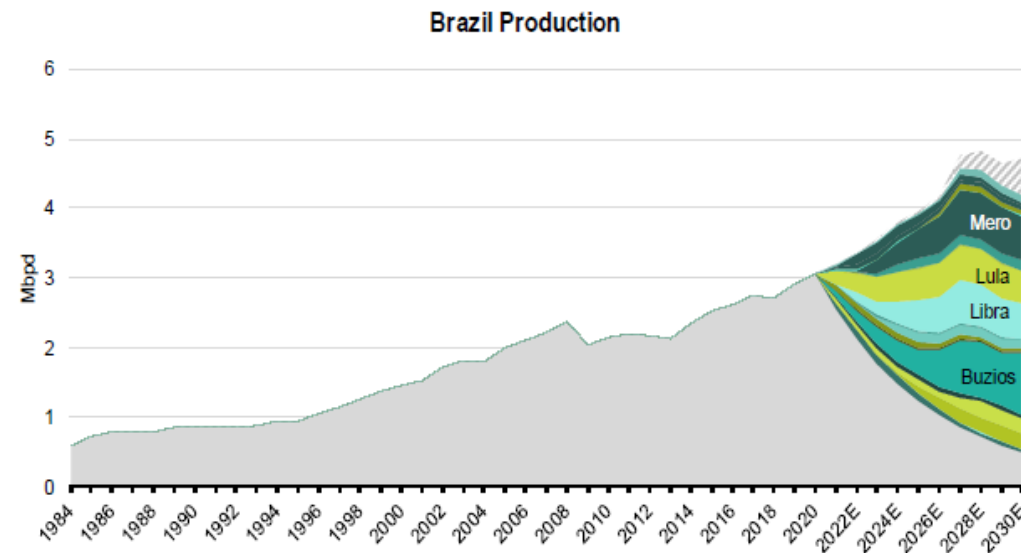
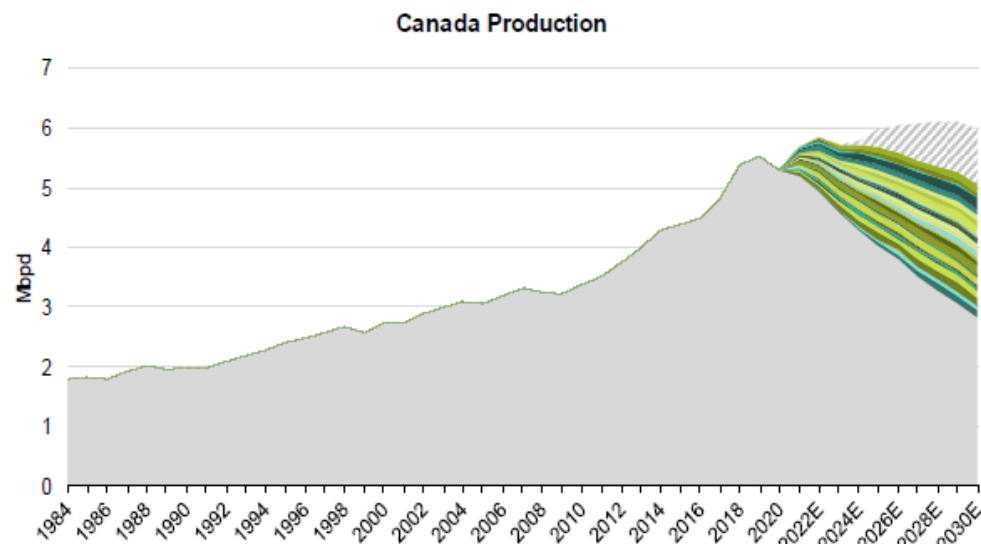
Eric Nuttall @ericnuttall · Feb 11
"The fear of peak demand is leading us to the reality of peak supply"



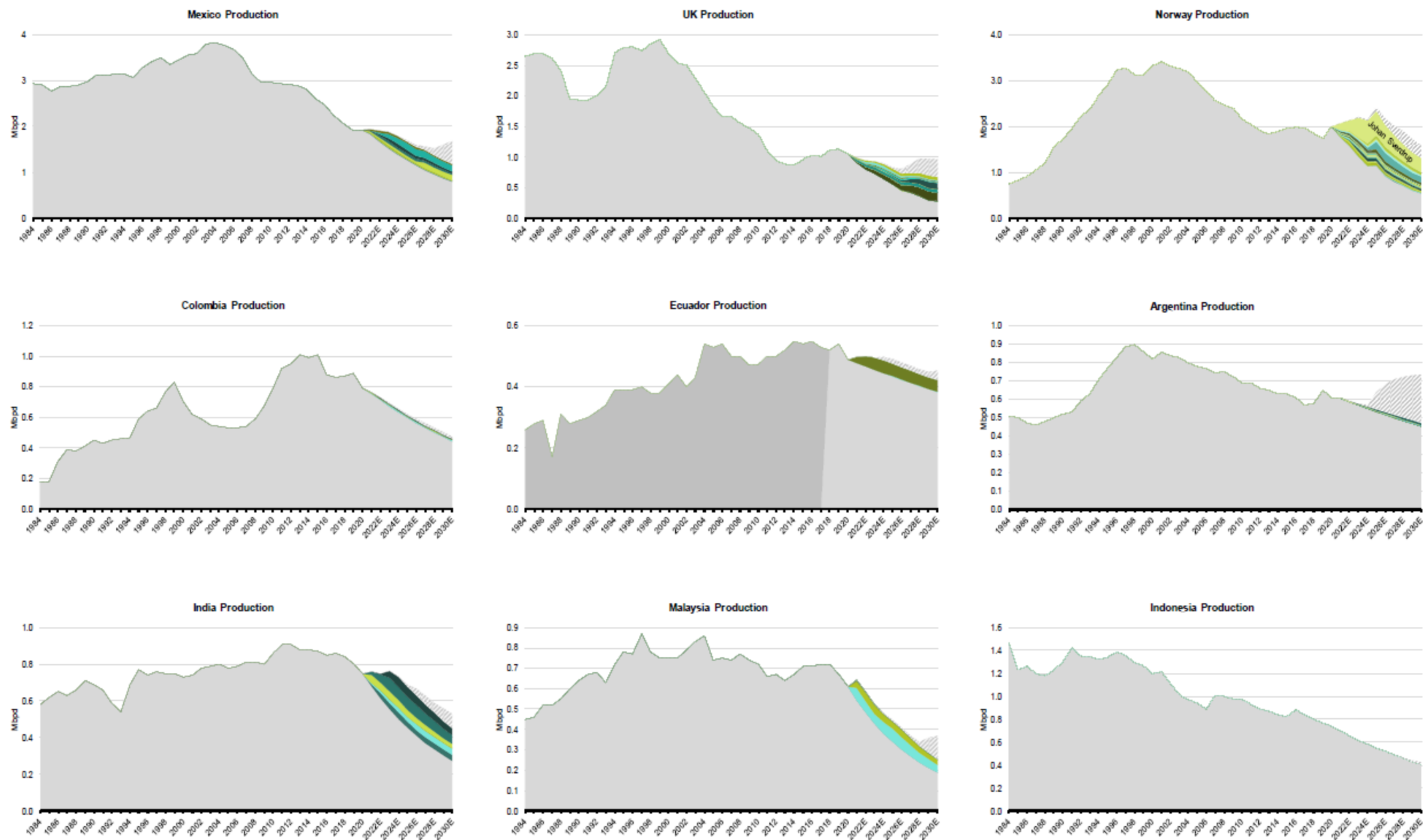
Shell's Falling Oil Output Ends Century-Long Business Model
Royal Dutch Shell Plc said its carbon emissions and oil production have peaked and will decline in the coming years as the company laid out a ...
[bloomberg.com](https://www.bloomberg.com)

Source: Twitter.com

Only Four Regions Offer Future Non-OPEC Supply Growth Outside Shale

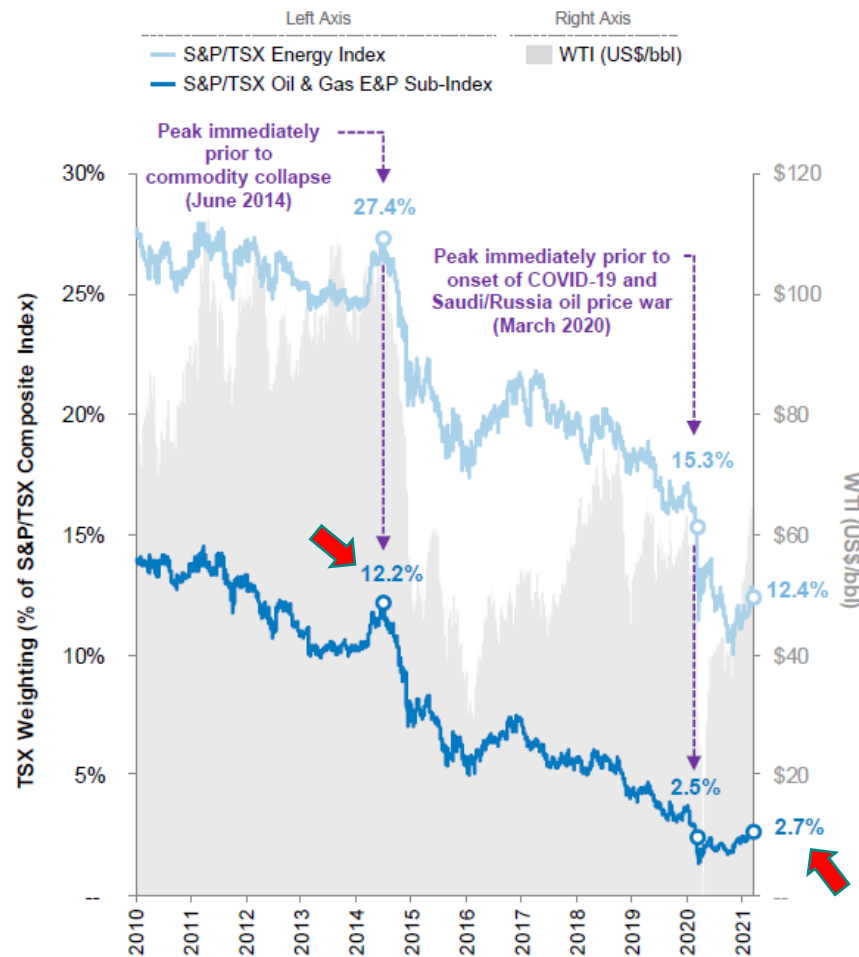


The Rest of Non-OPEC Supply Will Continue to Decline

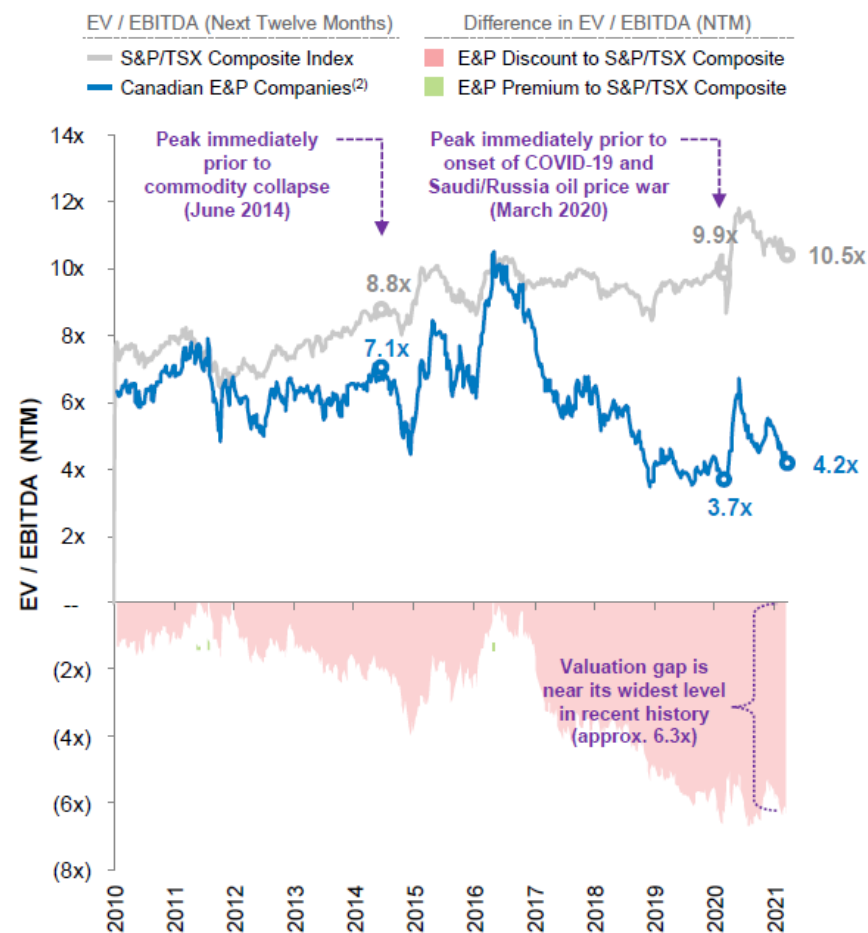


The Battle for Investor Relevancy = size matters (consolidation) as does return of capital (capex less elastic to increasing cashflow)

ENERGY REPRESENTATION ON THE S&P/TSX COMPOSITE INDEX⁽¹⁾

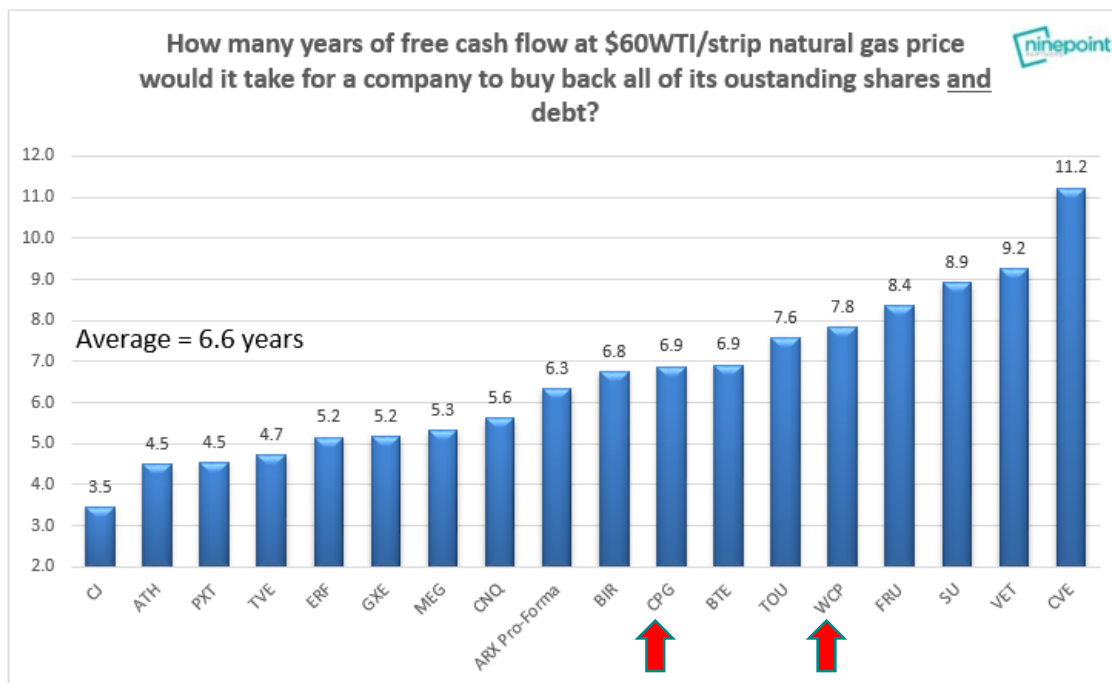


E&P PREMIUM / DISCOUNT RELATIVE TO S&P/TSX COMPOSITE



1 Source: Bloomberg, FactSet
Note: All pricing as at March 19, 2021.
1. Weighting of the S&P/TSX Energy Index and S&P/TSX Oil & Gas E&P Sub-Index within the S&P/TSX Composite Index.
2. Median valuation multiple for Canadian E&P and integrated companies; includes constituents of the S&P/TSX Oil & Gas E&P Sub-Index and the S&P/TSX Integrated Oil & Gas Sub-Index at each point in time.

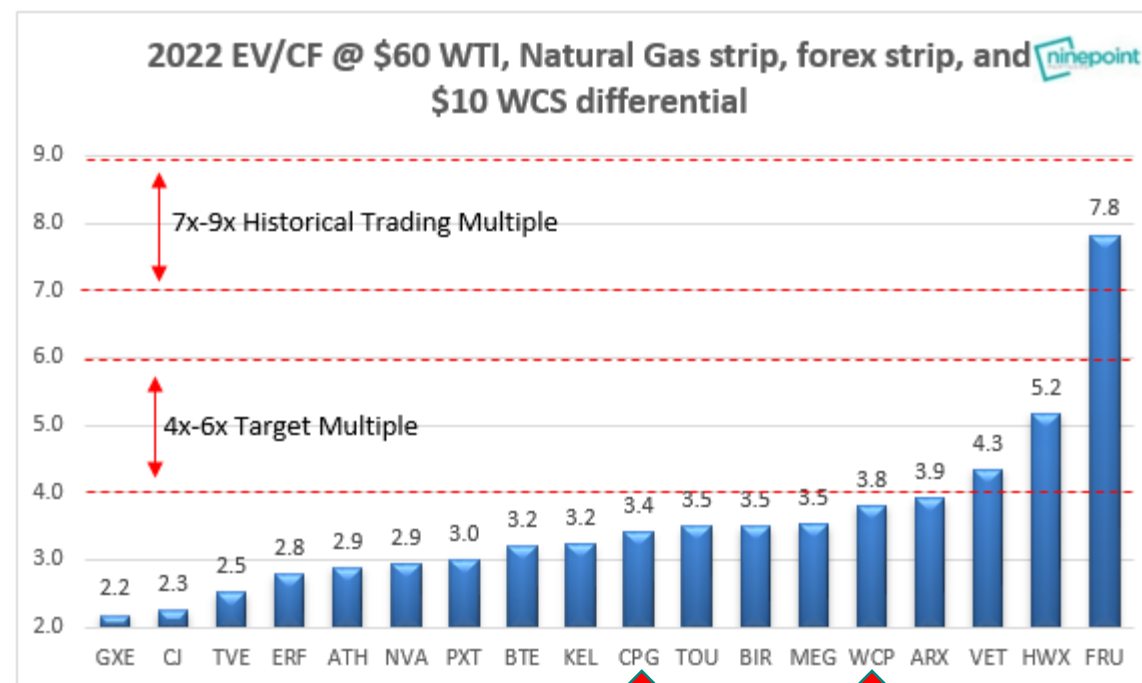
How do you justify drilling when valuations are so depressed?



Source: Ninepoint Partners

Assumptions: \$60WTI, strip natural gas and USD/CAD exchange, \$10WCS differentials, before hedge programs

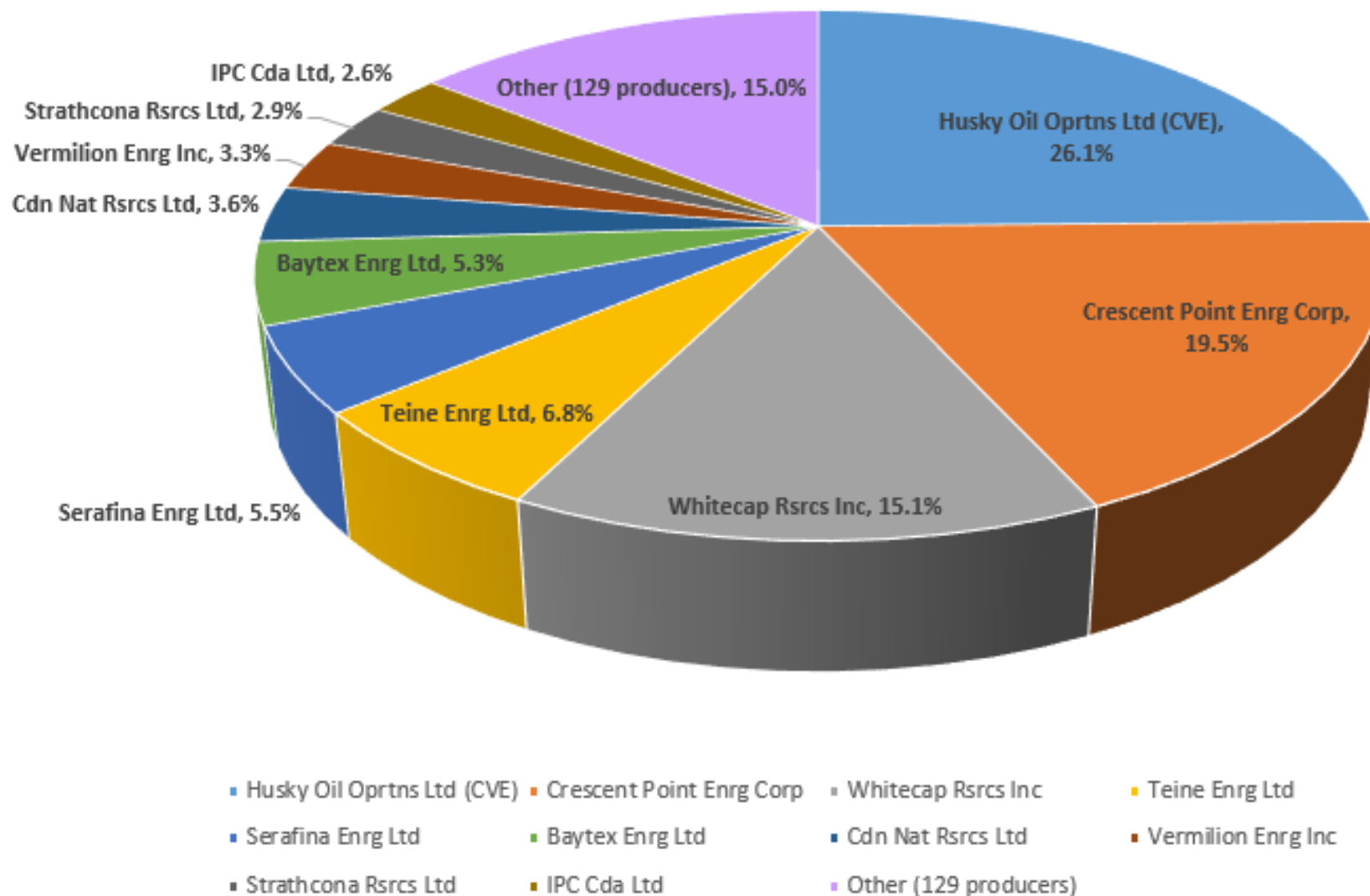
For illustrative purposes only



Source: Bloomberg, Ninepoint Partners

For illustrative purposes only / does not include hedging impact

Saskatchewan Oil Production by Producer (Top 10)



Crescent Point Pro-Forma

	2021	2022	
CPG	\$4.92	\$4.92	
S/O	576.9	576.9	50MM shares to Shell (4 month hold)
Market Cap	\$2,838.3	\$2,838.3	
Net Debt	\$2,700.0	\$1,984.3	\$700MM cash
EV	\$5,538.3	\$4,822.6	

Cash Flow

	\$50.00	\$55.00	\$60.00	\$65.00	\$70.00	\$75.00	\$80.00
2021	\$1,013	\$1,224	\$1,434	\$1,645	\$1,856		
EV/CF	5.5	4.5	3.9	3.4	3.0		
2022	\$1,052	\$1,269	\$1,486	\$1,703	\$1,921	\$2,137	\$2,355
EV/CF	4.6	3.8	3.2	2.8	2.5	2.3	2.0

Free Cash Flow (after capitalized G&A, land, lease payments, ARO)

	\$50	\$55	\$60	\$65	\$70	\$75	\$80
2021	\$483.0	\$694.0	\$904.0	\$1,115.0	\$1,325.0		
2022	\$268.0	\$485.0	\$701.0	\$919.0	\$1,136.0	\$1,353.0	\$1,573.0

FCF Yield

	\$50	\$55	\$60	\$65	\$70	\$75	\$80
2021	17.0%	24.5%	31.8%	39.3%	46.7%		
2022	9.4%	17.1%	24.7%	32.4%	40.0%	47.7%	55.4%

FCF Yield at EV level

	\$50	\$55	\$60	\$65	\$70	\$75	\$80
2021	8.7%	12.5%	16.3%	20.1%	23.9%		
2022	5.6%	10.1%	14.5%	19.1%	23.6%	28.1%	32.6%

Whitecap Resources

	2019	2020	2021	2022
WCP	\$5.12	\$5.12	\$5.12	\$5.12
S/O	478.9	478.9	605.0	605.0
Market Cap	\$2,452.0	\$2,452.0	\$3,097.6	\$3,097.6
Net Debt	\$1,200.0	\$1,151.0	\$1,400.0	\$963.7
EV	\$3,652.0	\$3,603.0	\$4,497.6	\$4,061.3

Cash Flow

	\$50.00	\$55.00	\$60.00	\$65.00	\$70.00	\$75.00	\$80.00
2021	\$729.0	\$874.0	\$1,017.0	\$1,161.0	\$1,304.0		
EV/CF	6.2	5.1	4.4	3.9	3.4		
2022	\$737.0	\$886.5	\$1,035.7	\$1,184.9	\$1,333.9	\$1,483.1	\$1,632.2
EV/CF	5.5	4.6	3.9	3.0	2.7	2.4	2.2

Free Cash Flow Pre Dividend

	\$50	\$55	\$60	\$65	\$70	\$75	\$80
2021	\$322.0	\$466.0	\$609.0	\$753.0	\$896.0		
2022	\$187.0	\$336.5	\$485.7	\$634.8	\$783.9	\$933.1	\$1,082.0

D/CF

	\$50	\$55	\$60	\$65	\$70
2021	1.9	1.6	1.4	1.2	1.1
2022	1.3	1.1	0.9	0.8	0.7

FCF Yield Pre Dividend

	\$50	\$55	\$60	\$65	\$70	\$75	\$80
2021	13.1%	19.0%	24.8%	30.7%	36.5%	0.0%	0.0%
2022	7.6%	13.7%	19.8%	25.9%	32.0%	38.1%	44.1%

FCF Yield at EV level

	\$50	\$55	\$60	\$65	\$70	\$75	\$80
2021	7.2%	10.4%	13.5%	16.7%	19.9%	0.0%	0.0%
2022	4.6%	8.3%	12.0%	15.6%	19.3%	23.0%	26.6%

Dividend Yield

3.5%

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