Suncor

September 07, 2016
07:45 AM EDT

Paul Cheng: Good morning. On behalf of Barclays, I want to welcome everyone back to our second day of our Energy and Power CEO Conference. We are very happy today to have Suncor to kick off on the second day of our conference. We have CEO Steve Williams. Over the last several years, I think Suncor has been the maybe poster child of the companies who can show what they mean by capital discipline and take advantage of the low oil prices. With that, without further delay, let me welcome Steve.

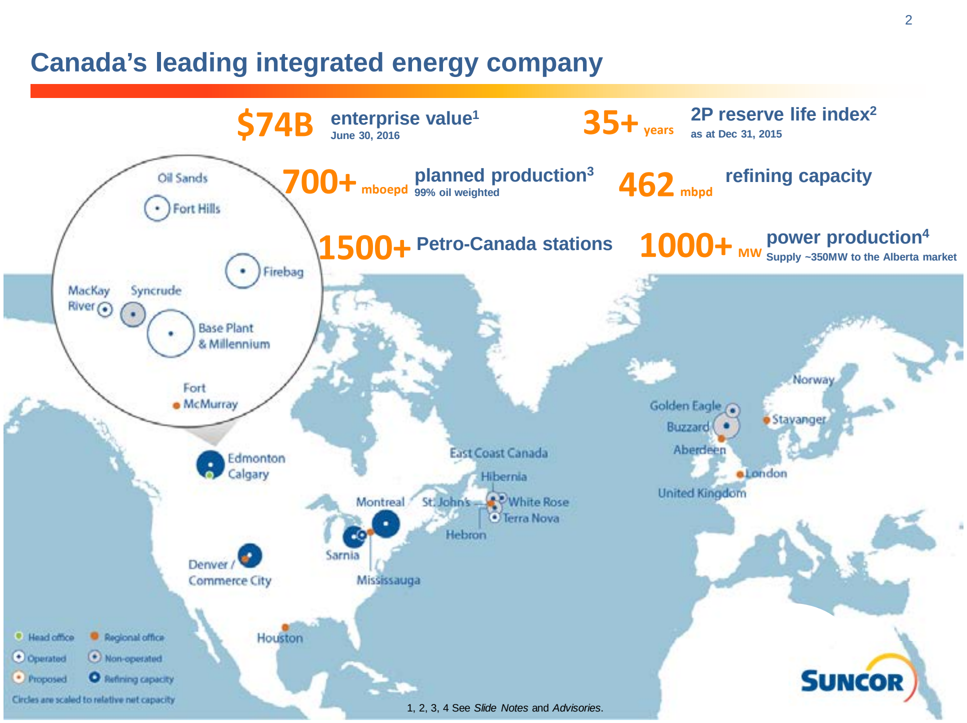
Steve Williams: Thanks, Paul, and good to be back here in New York. Let me just introduce Steve Douglas. He runs our investor relations and if you give me really tough questions, then I'll put them over to him.

It's always good to be here. I find that this, amongst all of the conferences, tends to be very timely, very thought provoking, so special thanks, Paul, for inviting us back this year. I was here last year, I've actually been here for the last 5 years and what a year we and the industry have had. If you think of the macro environment, if you think about oil prices remaining low, recovered a bit but still very volatile, seems to be a lot of stocked range band at levels, the commodity range band at levels which don't obviously support growth in the industry.

Energy companies around the world have been challenged to adapt to those swings in the markets and we've had to make some fairly difficult choices to remain viable. There's also been a lot of focus and discussion around climate change with COP21 in Paris. And I was there as part of the Canadian delegation so if some questions come up on that, I'd be happy to talk about them. But some significant milestones. Whatever your beliefs on climate change, COP21 was very successful in terms of a broad alliance and we've recently seen the US and China start to adopt with more commitment now some of the targets.

The American electoral campaign continues and I'm sure you're having as much fun watching that as I am from Canada. We're watching with a lot of interest. And then closer to home, we've returned to full operations since our forest fires in the second quarter. And I think there's been some question and speculation around how quickly that return will be. There's been a full return to operations for the second quarter and all of the trends you saw in the first quarter have continued. So we're back to full levels of operation from July and the cost trends you were seeing, if you remember we came down to just below $24 a barrel, that trend has continued. So significant progress has been made versus those as well. So it's good to see those trends continue.

We've been spending a lot of time with investors, shareholders, governments and talking about our ability to navigate through. And not just navigate through the uncertainty but to take advantage of some of those opportunities. So today I will make my comments centered on the core tenets of our business strategy and how with the integrated business model we're delivering the results for our shareholders. And I'll show you how we're also continuing to map through what we see happening for the next few years for continued success.



But first let me just make a few comments to those who aren't familiar with Suncor. You probably know us best as Canada's leading integrated energy company. We're the sixth largest in North America. We have over 700,000 barrels per day of production. It's weighted 99% to oil and our enterprise value today is about 75 billion Canadian and 57 billion US.

Our portfolio has lots of quality assets and they include Oil Sands through both mining and in situ technologies. We have a conventional E&P business with operations off of the East Coast of Canada and in the North Sea UK. We have a strong midstream business which integrates our upstream production with refineries in Edmonton, Sarnia, Montreal and Denver, they have a combined capacity of just under 500,000 barrels a day.

We also have a renewable energy portfolio of wind farms around Canada and Canada's largest ethanol plant. And rounding out the portfolio, we are the leading branded retail marketer in Canada with our Petro Canada service stations comprising just under 20% of the Canadian market.

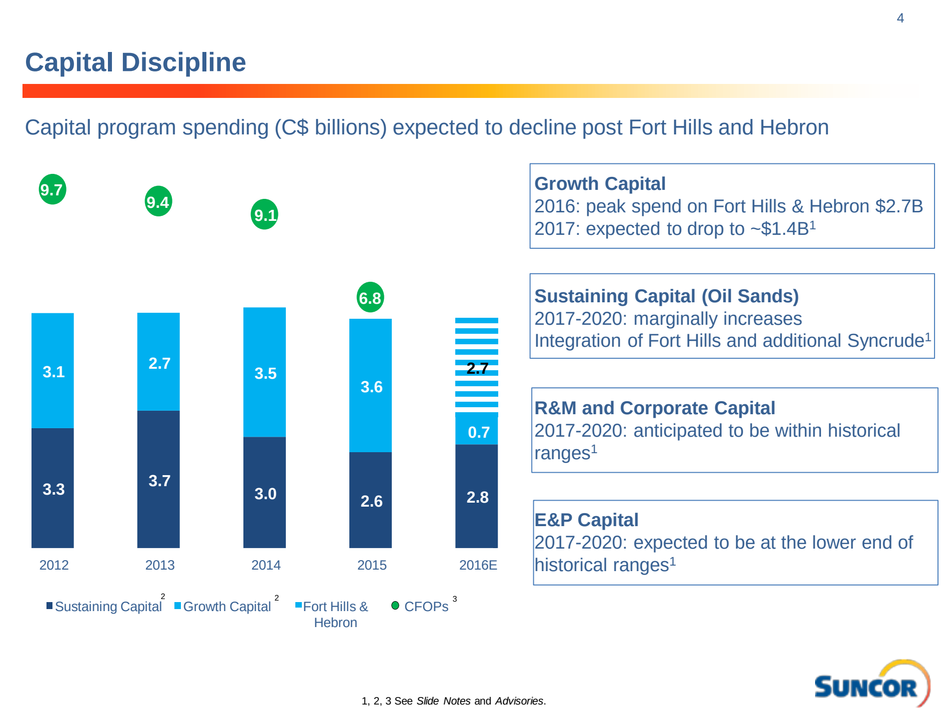
So our company's strength is based on a very clear, well defined plan focused on operating the assets we have very well, and we call that operational excellence, capital discipline, and I'll talk about that in my prepared remarks, and profitable growth. And I emphasize the word profitable there. We're not keen to grow at any expense. We grow when we think it's profitable to do so and

I'll talk about how our views on where that growth comes from have been adaptable to the changing markets that we see. But that strategy is focused on optimizing that base business, pursuing the profitable growth, returning cash to shareholders, and I suspect we're coming to a period where that will take more, even more weight than we've seen in the past, and being an industry leader on sustainability.

I talked about operational excellence as a top priority and it's been something we've been working on and continuously demonstrating the improvements. You've seen it in reliability; you've seen it in ongoing reductions in both tactical and operating costs. And both of those are coming. So our capital costs have been at a relatively low level over the last 3 or 4 years. For sustainable capital we've been investing in two major projects, and you'll see as we finish those projects that capital spend starting to decrease in 2017.

And in operating costs, you've see as reliability has come up, cash operating costs have come down, and they're way down in the lower half at $20 (US) a barrel. And I suspect when we get onto the questions I'll talk a little bit about how often a lot of the comparisons done between us and peers are apples and pears. The difference for us is our cash operating costs are in a business which in some cases can last for 50 years. So it's not a business with a short cycle, it's a business with a very long cycle where breakeven costs going forward are based on a very low cash operating cost.

One note I would point out, following the shut downs in the second quarter as the result of wild fires in May, we did successfully come up, as I say. And we don't issue monthly numbers, but just to say our cash costs so far in the third quarter are well below the $24 per barrel we had in the first quarter of the year. So third quarter is going well.

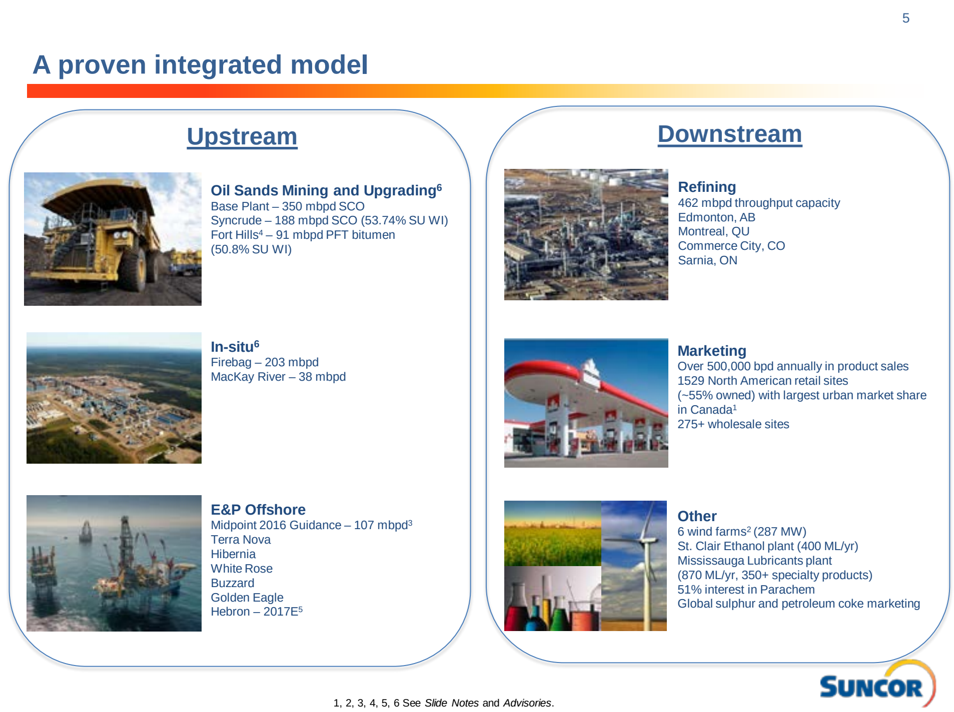


Discipline and prudence are the hallmarks of our financial strategy. It's a very disciplined approach to capital allocation that we think provides competitive advantage. Carefully managing our resources to allow that profitable growth production through finishing the organic projects that are already underway. I don't see us approving major organic projects over the next few years and you've seen us carrying out some countercyclical acquisitions where we believe we've, with the strength of our balance sheet, we've been able to buy assets at significantly below the cost it would take to build them. So we think they are going to be very accretive acquisitions we've taken advantage of.

So it also allows us to continue to return our cash to shareholders through a competitive dividend and you know, when you start at any reasonable crude price, to look at our business going forward, you can see there is significant scope for us to continue to increase dividend and move into share buybacks.

We're also demonstrating leadership when it comes to sustainability. That includes pushing ourselves by setting long term goals to improve our environment footprint. That's through a combination of techniques including leveraging technology. We aspire to better relationships with aboriginal communities and I'll talk about some recent announcements later, and generally collaborating with those people around us on public policy.

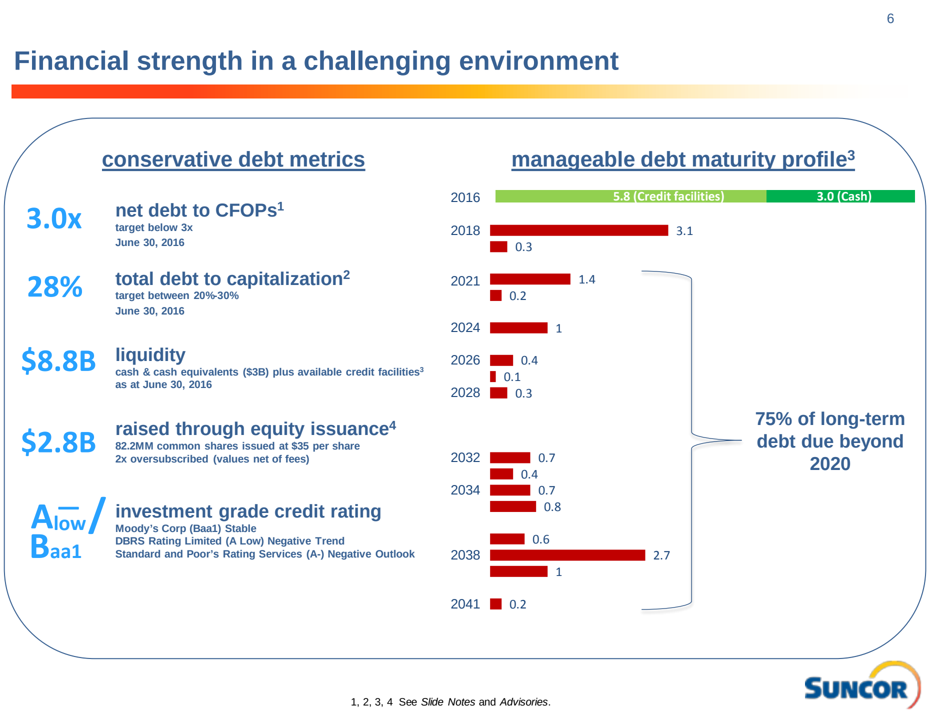
We have an absolutely outstanding team of leaders and employees which are the envy of the industry. And interestingly, coming through the wild fires, that relationship and that team is even stronger. So I have no doubt we can continue to develop the resources to deliver the strong results.



Our strategy leverages that integrated model I talked about and I think it's important to point out that although our model is integrated, it is made up of highly efficient, independent upstream and downstream businesses which can generate strong standalone profitability whilst effectively mitigating the impact of crude differentials. That became very clear in the second quarter. Our earnings, our cash flow significantly exceeded expectations. And that was because of that strength of the independent components of that business. So we were able to run the downstream to significant positive effect.

And that flexibility, when we have a challenge in the upstream or downstream, is a strong piece of our success in our model. And you can see interestingly, one of the vibes we're getting over the last few months is the weakness in downstream. You're actually going to see Suncor continue to perform at the very top of the market. So in terms of cash gen per barrel, we tend to be the number one in North America. You'll see that continue through the second quarter into the third quarter.

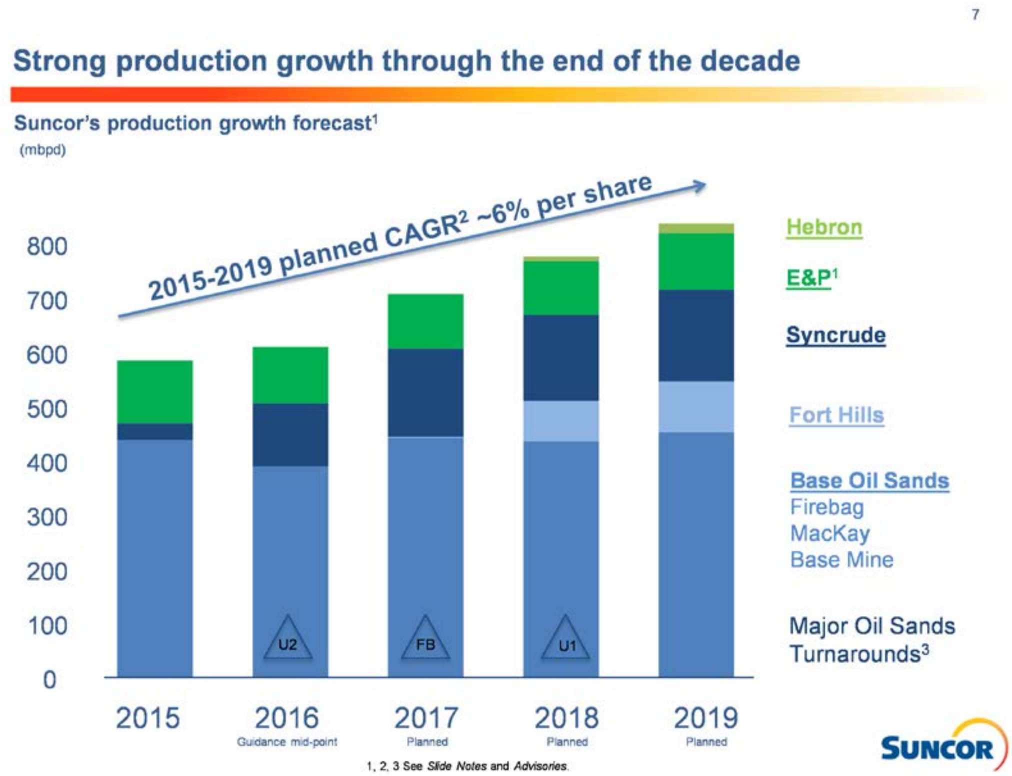
Our focused strategy and our ability to leverage that integrated model is one of the things that positions us very effectively. That financial strength that set us apart and the strong balance sheet, ample liquidity and what I would call a conservative debt structure. And that, thanks to a balance sheet that continues to be in the excellent condition with metrics appropriately positioned for this point in the oil cycle. So we're not in the game of predicting exactly what's going to happen. We make sure we are conservatively positioned.



During the second quarter we issued $2.9 billion of equity to fund the acquisition of Murphy's 5% interest in Syncrude and to reposition the balance sheet for further potential acquisitions. The equity offering was heavily oversubscribed and existing shareholders took almost 80% of that issue. Now that said, we know that our shareholders are a very high value for our capital discipline and prudent balance sheet management. And they can be very critical of equity issues. We do understand that view and we're focused on insuring that equity proceeds are used to support the highly accretive acquisitions such as the increased stake in Syncrude that we've taken.

So as of the 30th of June, we had almost $9 billion of liquidity including $3 billion of cash. Our net debt to cash flow was 3 times and our total debt to capitalization was just over 28%. And of course we continue to attract a strong investment grade credit rating. So going forward you can expect more of the same. Living within our means, not wavering from our discipline capital allocation priorities, maintaining the health and strength of our balance sheet, and keeping a strong investment credit rating, one which is setting us apart from our peers.

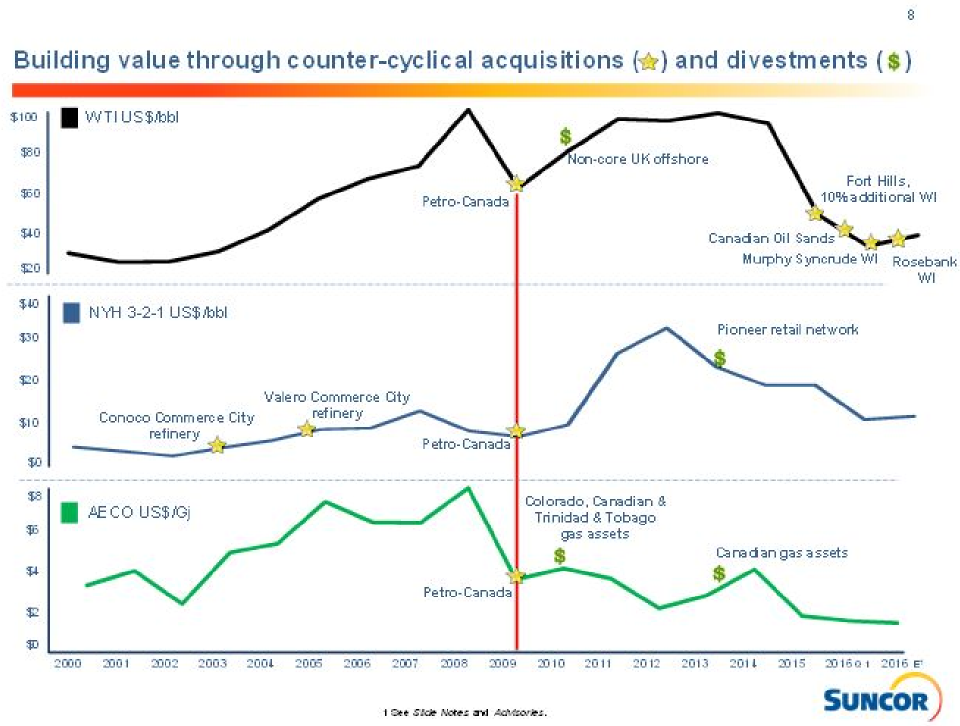
Now let me also be clear, for us having cash available to invest doesn't mean we're going to run out and spend it. We remain steadfast in that commitment to exercise discipline in allocating that capital. And as I said during our most recent quarterly call, we will not chase the market. We will act if we see the opportunity for genuine long term value creation.



Value creation has figured prominently in our growth efforts. So we continue to make significant progress on Fort Hills construction and we're above 60%, approaching 70% complete now. We continue to target first oil in the latter part of the fourth quarter next year, so the finish line is very much in sight. And then the production will ramp up through 2018. And when that project is fully ramped up, Suncor's share of production will be approximately 90,000 barrels a day.

Hebron on the east coast, construction of the gravity based structure and top sides continue with a major milestone. The last module fabricated overseas on schedule occurring in late June. So first oil is anticipated by the end of next year followed by, again, a multiyear ramp up to peak production. Suncor's share of that project will be about 30,000 barrels a day.

In addition to those projects, we've taken full advantage as I said of the weakness in crude oil price to invest approximately $9 billion in acquisitions over the last year. We've increased our working interest in Fort Hills project by 10%, taking our ownership to 51%. And with that comes some advantage. We also acquired the two additional stakes in Syncrude, bringing our working interest to 54%. And in August we announced we'll acquire a 30% participating interest in Rosebank, a UK North Sea project operated by Chevron.



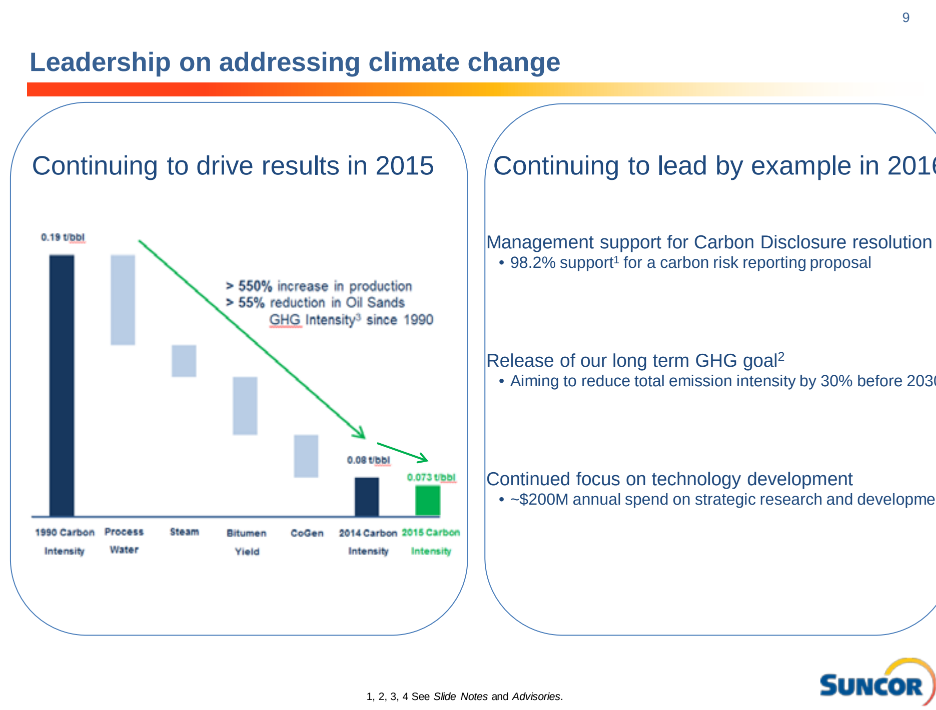
These transactions build on a well-established track record over a number of years of countercyclical acquisitions and divestments resulting in a very favorable pricing that we were able to achieve. And we do that by exercising patience and discipline and remaining focused on the core business. So let me just take a quick look back. We've added significant value through acquisition and divestment at all points through the price cycle. And let me just give you a few examples over the last 10 or so years.

We purchased the two Denver refineries back in 2003 and 2005 and then cracks were in single digits. We did the Petro Canada acquisition in 2009 when oil dropped below $40 a barrel. We sold our natural gas business when gas prices rallied in 2013 because we foresaw a long period of low price stability in gas.

The recent Syncrude acquisitions, which were completed as oil prices bottomed out earlier this year, and of course our recently announced participation in the Rosebank project not only was done at a very low price relative to market transactions, but also had some significant tax benefits for us given our low tax paying position in the UK.

So between organic growth in flight and recent acquisitions, we expect to exceed 800,000 barrels per day of production by 2019 and that would be 40% growth in just 4 years and would represent a 6% per share compounded average annual growth rate between 2015 and 2019. The production growth increases our leverage to oil prices and we expect to put us amongst industry leaders on cash flow at forward strip prices.

Further growth opportunities post 2019 include some debottlenecking opportunities and optimization of our existing portfolio along with the in situ replication that you've heard me talk about. But I don't expect to sanction those projects before the end of this decade.



As we continue to grow the company and develop resources to meet increasing global demand, we'll continue to be guided by our commitment to sustainable development. We share in the challenge to tackle climate change head on by reducing emissions while providing the energy the world needs. We're working to harness technology and innovation in some transformational pathways to a much lower carbon energy system. Our plan is to measure our progress by reducing the overall greenhouse gas emissions, intensity of our production of oil and petroleum products by about 30% by 2030, a target we believe will put us on a path to ultimately bending the curve on absolute greenhouse gas emissions as well.

Technology and innovation are a big part of achieving this goal and we continue to spend about $200 million annually on strategic research and development projects. We're very collaborative with organizations like the Canadian -- Canada's Oil Sands Innovation Alliance, COSIA, and EVOC which is an innovation organization which is looking at step change technologies to address greenhouse gas emissions and other environmental challenges.

We also work closely with joint venture partners to improve reliability, safety and environmental outperformance at our operations. We've made good progress in reducing the greenhouse gas emissions intensity of our operations and we'll continue to drive for further improvements. Some of that will be through investment, cogeneration and lower intensity in situ technology such as, and you've heard me talk about them, electromagnetic and solvent based extraction.

Partnering with First Nation community

Fort McKay First Nation (Fort McKay)

Purchasing a 34.3% equity stake in the new East Tank Farm (ETF) Development

ETF - logistics center for the movement of Fort Hills bitumen to market

Equity deal - investment of approximately $350 million to Suncor

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For us, sustainability is broader. It's about the environment, the economy and social wellbeing. And earlier this summer we launched our first social goal which is focused on improving relationships with first nation aboriginal groups. I'm particularly pleased to see the intersection of our social goal with mutual business interests and yesterday you may have seen we announced an arrangement by which the first Fort McKay First Nation will become an equity partner in our East Tank Farm. And I should be clear that this is not just a storage facility. The East Tank Farm is a large state of the art billion dollar synthetic crude terminal. The assets being constructed include 7 product tanks, two blenders, cooling facilities, a vapor combustion unit, and connections to Enbridge's Norlite and TransCanada Northern Courier pipelines as well as power connections. Once operational, the East Tank Farm will receive bitumen from the Fort Hills Sands Mine and ship product on behalf of the Fort Hills partners.

So through an overall investment of approximately $350 million, the First Nation will have an interest of just under 35%. So it's a major step for the communities and for us. We're particularly excited about it as it demonstrates our commitment to increasing aboriginal people's participation in energy development and all the benefits which come with a far more cooperative relationship.

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Alberta climate leadership plan

Phase-out coal generated electricity by: **2030**

Implement **price** on GHG's

Oil Sands Emissions Cap of **100 Mt**

45% reduction in methane by **2025**

The Climate Leadership plan will replace the current Specified Gas Emitters Regulation (SGER).
http://alberta.ca/climate/leadership-plan.cfm

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Our common future depends heavily on collaboration and stepping into what I call the solution space. Late last year Suncor and other oil sands producers and members of the environmental community came together to find a way to make joint recommendations on a strong climate policy for the Alberta government and for Canada. And as a result of that collaborative work, we were instrumental in forming the Alberta's government's climate change plans. The plan calls for a broad-based carbon tax regime coupled with an overall emissions limit for the Oil Sands. And importantly, the plan sets out an ambition to bend the emissions curve over time to apply that advanced technology and to insure Albertans and Canadians receive full value for the resource we're producing.

The leadership plan provides predictability and certainty on pricing and emissions. For us in industry it helps us to plan how to innovate and invest in technology and continue to drive down that environmental footprint. So fine details still being worked through, but we believe the plan is tangibly demonstrating that leaders in the environmental community and in the Oil Sands industry can work together. Of course what we're focused on there is to problem solve some of these complex issues and to de-escalate what I think in the past has been an unnecessary conflict. Also to find solutions to insure environmental and economic competitiveness and to demonstrate that Alberta is a climate leader among major oil producing jurisdictions, which is really important in our case because Oil Sands will be there for the next probably 50 years in terms of production. It also lends a signal that we're serious about reducing greenhouse gas emissions. It will change the way we talk about climate change, resource development and infrastructure.

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Changing the way we think about resource extraction

Abundant resources – moving Oil Sands industry away from a resource scarcity mindset

- Doing what's right for the community, the environment and our shareholders
- Opportunity to leave the high extraction energy resource in the ground

Example: Paraffinic Froth Treatment (PFT)

- Technology used at the Fort Hills mine
- Allows Suncor to leave the most carbon intensive bitumen in the ground

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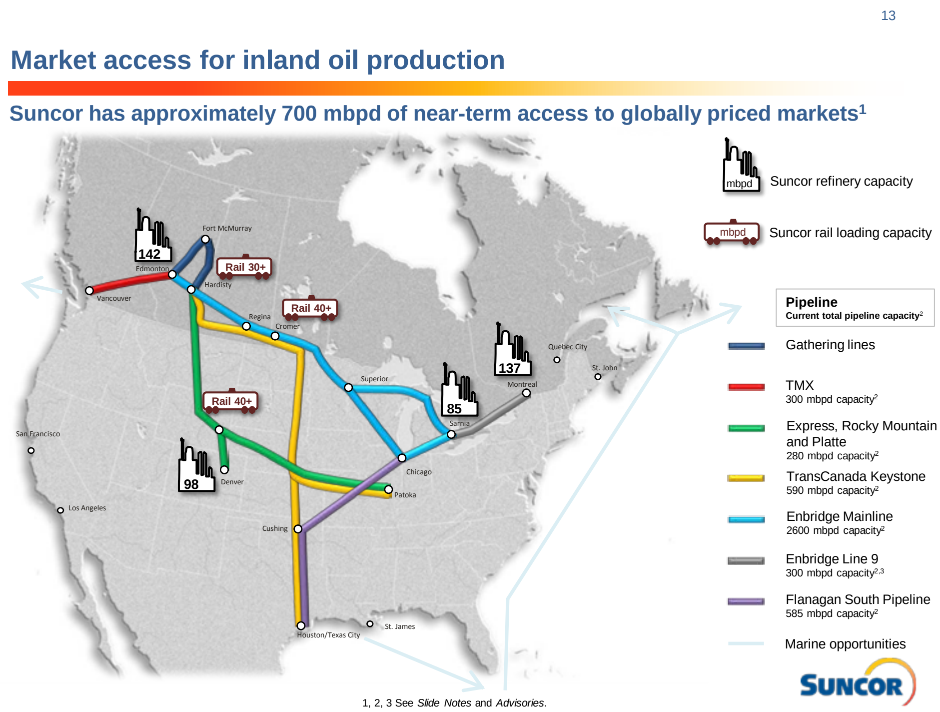
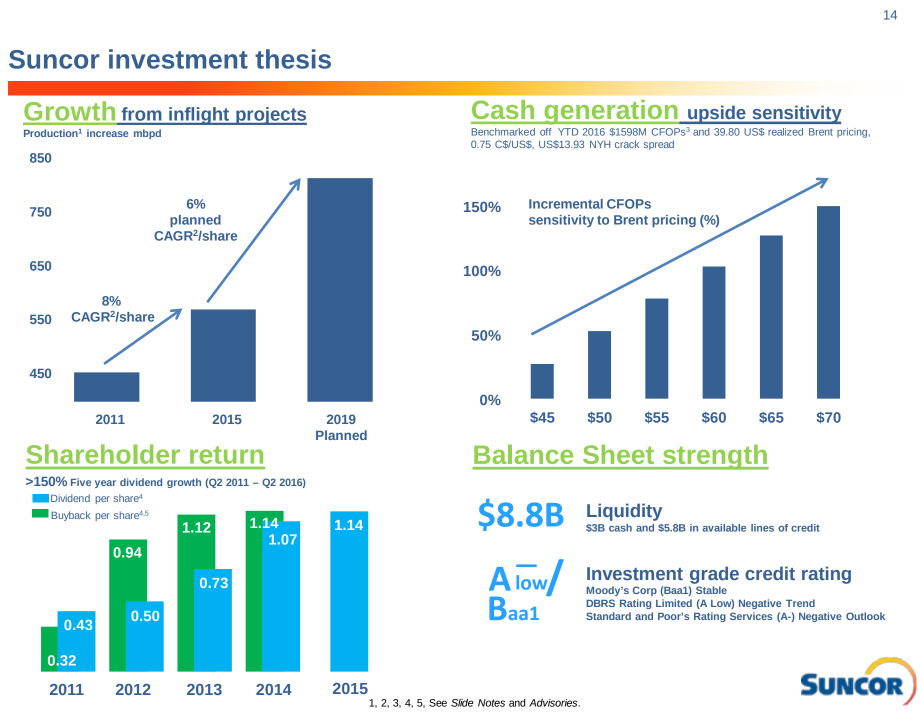
One of the different ways we've been talking about resource development is in the context of both environmental and economic terms. With advancements in technology and innovation, we are no longer in an environment of resource scarcity. So we see stranded assets or leaving some resources in the ground as a wonderful opportunity. It's an opportunity to leave in the ground those resources that require most energy and cost most to extract.

We've begun to have conversations with the government of Alberta and the current regulators about the design of their policy which actually is written and requires the maximum amount of resource to be extracted regardless of the economic or environmental value. So by changing the regulation grounded in resource scarcity into a regulation grounded in what's right for the community, the environment and for our shareholders, we can contribute to demonstrate leadership in resource development. So if you're a company like Suncor, which for practical purposes has infinite resource available to it, then those regulations can be very beneficial.

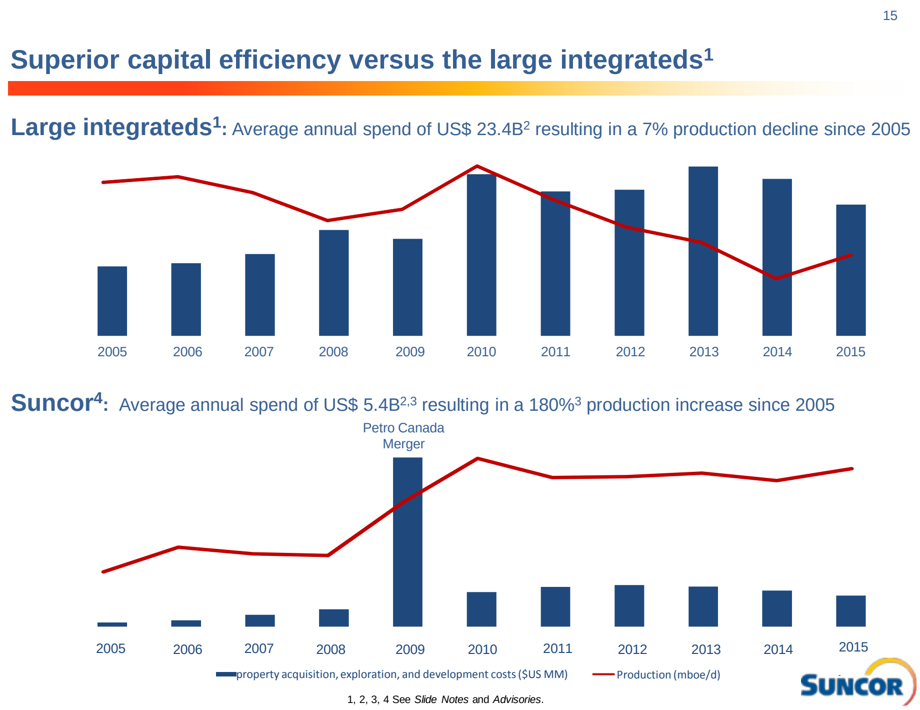


Our conversations that we're having around infrastructure, particularly pipeline development, bringing resources to market by the safest and most economical means, remains a top priority for us. Currently we as a company have ample capacity for our production to get to market. In addition, we have approximately 80,000 barrels a day of rail shipping capacity. Should be need to use it, then we can opportunistically do that. We also have a strong midstream group which helps us leverage that integrated model, linking our upstream with the downstream. And we're supporting all of the Canadian pipeline projects. So that's Energy East, Northern Gateway, and the Trans Mountain Expansion amongst others.



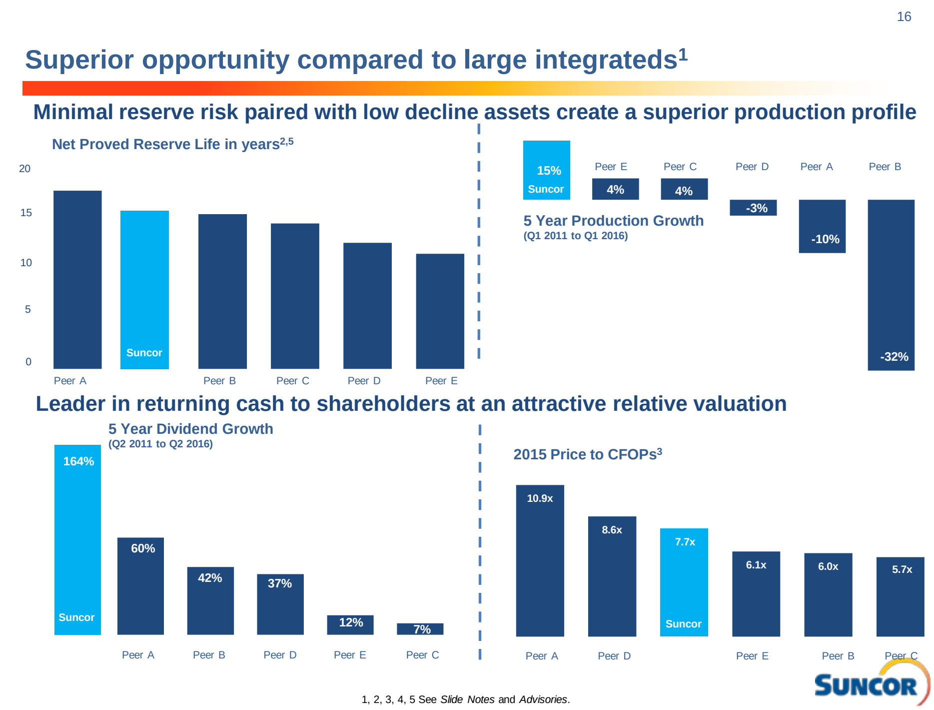
So as we look ahead, we have very good reason to be optimistic. I think we've demonstrated strong per annum production growth over the past 5 years. Our growth profile is well mapped to deliver substantial growth with inflight projects through to the end of this decade. And we've been able to consistently return value to shareholders. 2016 is the 14th consecutive year that Suncor has paid an increased dividend. And while I'm on that topic, I believe our dividend continues to provide an attractive return for our shareholders and is part of the company's compelling investor proposition. Growth and income underpinned by a strong balance sheet.

I want to emphasize that our board has indicated that it remains committed to insuring that our dividends will be reliable, sustainable, meaningful and competitive.



Looking at our industry, there are many competitive differentiators. Suncor continues to be recognized for our long life, low decline production in reserves, industry expertise, commitment to sustainable development, the integrated business model, and of course our financial strength. And yet in many ways we could be considered a legitimate peer to the super majors. Suncor is attractive on a number of fronts in comparison to that peer group and let me just list a few of those. Decline rates and reserve replacement, while the super majors face significant declines and despite huge investment, are unable to economically replace their reserves. The majority of Suncor's production has low or no declines and we have ample resources in our ownership, as I say, for the next century.

Capital efficiency, since 2015, Suncor has invested an average of $5.4 billion in growth and sustaining capital and acquisitions annually and has grown its production by 180%. During the same period, the super majors have spent an average of $23.4 billion annually per company and seen their average production actually decline by 7%.



For growth over the last 5 years, Suncor has grown in production by 15%, outperforming its closest peer by more than 10% in a feat that many of the large integrates would find impossible. We plan to grow our production as I said, by over 40% between 2015 and 2019. The production of the super majors as a group meanwhile will likely continue to decline.

Dividends, Suncor has grown its dividend by 164% over the last 5 years. So valuation, despite our very real and demonstrated advantages, Suncor continues to trade in line with the super major peer group with strong expected future production growth, 6% growth CAGR per share through 2019, and the ability to generate significant cash flows in almost any price environment. We believe that Suncor represents a very strong investment opportunity.

So there's no doubt that the past two years have been challenging for our industry. However, we've used this period as an opportunity to continue a journey that strengthens our ability to succeed in all parts of the commodity cycle.

Furthermore, we've positioned the company to be globally cost and carbon competitive over the long term. So that powerful integrated model, our strong commitment to operational excellence and capital discipline which continue to deliver results for our shareholders are what gives me that confidence in achieving success on the road forward.

So thanks for your time today. I'm happy to answer any questions if there are any.

Paul Cheng: Steve, given the time, what we will do is we will directly move to the breakout session for any Q-and-A. Thank you. The breakout session is in Liberty 1 and 2.

Advisories

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 growth strategy, expected acquisitions and divestments, expected future production, capital expenditures, and operating and financial results, and expectations with respect to dividends and share re-purchases, 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 "estimates", "planned", "goal", "strategy", "expects", "continue", "may", "will", "outlook", "anticipated", "target", "potential", 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: expected synergies and reduced operating expenditures; volatility of and assumptions regarding oil and gas prices; assumptions regarding timing of commissioning and start-up of capital projects; assumptions contained in or relevant to Suncor's 2016 Corporate Guidance; fluctuations in currency and interest rates; product supply and demand; market competition; 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; the ability to access external sources of debt and equity capital; the timing and the costs of well and pipeline construction; assumptions regarding the timely receipt of regulatory and other approvals; assumptions regarding the timing of sanction decisions and Board of Directors' approval for projects; the ability to secure adequate product transportation; changes in royalty, tax, environmental and other laws or regulations or the interpretations of such laws or regulations; applicable political and economic conditions; the risk of war, hostilities, civil insurrection, political instability and terrorist threats; assumptions regarding OPEC production quotas; risks associated with existing and potential future lawsuits and regulatory actions; the timing and completion of acquisitions and divestments; and improvements in performance of assets.

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 Management's Discussion and Analysis for the quarter ended June 30, 2016 and dated July 27, 2016 (the MD&A), 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 3Y7, by calling 1-800-558-9071, or by email request to info@suncor.com or by referring to the company's profile on SEDAR at www.sedar.com or EDGAR at 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.

Suncor's corporate guidance includes a planned production range, planned maintenance, capital expenditures and other information, based on our current expectations, estimates, projections and assumptions (collectively, the "Factors"), including those outlined in our 2016 Corporate Guidance available on www.suncor.com/guidance, which Factors are incorporated herein by reference. Suncor includes forward-looking statements to assist readers in understanding the company's future plans and expectations and the use of such information for other purposes may not be appropriate.

Non-GAAP Measures – Certain financial measures in this presentation – namely cash flow from operations 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.

Annual cash flow from operations for 2013, 2014 and 2015 are defined and reconciled to GAAP measures in Suncor's management's discussion and analysis for the year ended December 31, 2015; figures for 2012 are defined and reconciled in Suncor's management's discussion and analysis for the year ended December 31, 2014; Figures for the three month period ended March 31, 2016 are defined and reconciled in Suncor's management's discussion and analysis for the first quarter of 2016; figures for the three and six month periods ended June 30, 2016 are defined and reconciled in the MD&A.

Reserves - Unless noted otherwise, reserves information presented herein for Suncor is presented as Suncor's working interest (operating and non-operating) before deduction of royalties, and without including any royalty interests of Suncor, and is at December 31, 2015. For more information on Suncor's reserves, including definitions of proved and probable reserves, Suncor's interest, location of the reserves and the product types reasonably expected please see Suncor's most recent Annual Information Form/Form 40-F dated February 25, 2016 available at www.sedar.com and www.sec.gov.

BOE - (Barrels of oil equivalent) Certain natural gas volumes have been converted to barrels of oil on the basis of six thousand cubic feet to one boe. This industry convention is not indicative of relative market values, and thus may be misleading.

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Slide Notes

Slide 2---

(1) Market capitalization + debt - cash and cash equivalents
(2) As at December 31 2015 and assumes that approximately 7.6 billion barrels of oil equivalent (boe) of proved and probable reserves (2P) are produced at a rate of 578 mboe/d, Suncor's average daily production rate in 2015. Reserves are working interest before royalties. See *Reserves* in the Advisories.
(3) Includes pre-sanction offshore projects that are subject to sanction and Board of Directors' approval. Offshore includes East Coast Canada and UK North Sea. Oil Sands includes the 36.74% interest in Syncrude acquired on February 5, 2016 through the Canadian Oil Sands Limited (COS) acquisition and the 5% interest of Syncrude acquired from Murphy Oil Company Ltd. (Murphy) which closed on June 23, 2016. Planned production may vary materially from actual production in the future. See *Forward-Looking Statements* in the Advisories.
(4) Represents power production capacity which includes oil sands co-generation and Canadian working interest wind assets. Actual production may vary. See *Forward-Looking Statements* in the Advisories.

Slide 4---

(1) Represents anticipated capital expenditures based on the company's current business plans and assumes no additional capital expenditures as a result of potential acquisitions. Includes pre-sanction offshore projects that are subject to sanction and Board of Directors' approval. Offshore includes East Coast Canada and UK North Sea. Oil Sands capital does not include unsanctioned projects and includes the 36.74% interest in Syncrude acquired on February 5, 2016 through the Canadian Oil Sands Limited (COS) acquisition and the 5% interest of Syncrude from Murphy Oil Company Ltd. (Murphy) with an effective date of April 1, 2016. The Murphy transaction closed on June 23, 2016. R&M and Corporate segment does not include any unsanctioned capital expenditures. Actual capital expenditures and the company's business plans may differ materially from those anticipated and are subject to Board of Directors' approval. Values exclude capitalized interest. See *Forward-Looking Statements* in the Advisories.
(2) For definitions of sustaining and growth capital expenditures see the Capital Investment Update section of the MD&A.
(3) Cash flow from operations (CFOPs) is a non-GAAP measure. See *Non-GAAP Measures* in the Advisories. Cash flow provided by operations is calculated as cash flow from operating activities excluding changes in non-cash working capital.

Slide 5---

(1) Retail urban market share from *The Kent Group Ltd.*
(2) Wind farm capacities are gross. Includes working interests in six operating wind farms with gross installed capacity of 287 MW.
(3) Actual production may differ materially from guidance estimates. *See Forward-Looking Statements in the Advisories.*
(4) First oil expected in late 2017. Planned production is net to Suncor
(5) First oil expected in late 2017
(6) All figures are net to Suncor and represent production capacity.

Slide 6---

(1) Cash flow from operations (CFOPs) is a non-GAAP measure. See *Non-GAAP Measures* in the Advisories. Cash flow from operations is calculated as cash flow provided by operating activities excluding changes in non-cash working capital. Net debt is calculated as total debt less cash and cash equivalents.
(2) Capitalization is defined as total debt + (book) equity.
(3) All figures are in billions of CAD. US dollar debt and facilities converted at a rate of $1.3009 USD/CAD, the Bank of Canada Day Noon Rate as of June 30, 2016.
(4) Includes the 15% over allotment option exercised by the syndicate

Slide 7---

(1) Includes pre-sanction offshore projects that are subject to sanction and Board of Directors' approval. Offshore includes East Coast Canada and UK North Sea. Oil Sands includes the 36.74% interest in Syncrude acquired on February 5, 2016 through the Canadian Oil Sands Limited (COS) acquisition and the 5% interest of Syncrude acquired from Murphy Oil Company Ltd. (Murphy) which closed on June 23, 2016. Planned production may vary materially from actual production in the future. See *Forward-Looking Statements* in the Advisories.
(2) Compound annual growth rates (CAGR) are calculated using combined Offshore and Oil Sands 2015 full year production and planned volumes for 2019. Planned CAGR may vary from actual CAGR in the future. See *Forward-Looking* Statements in the Advisories.
(3) U1 (Upgrader 1) and U2 (Upgrader 2) and FB (Firebag). See *2016 Planned Maintenance for Suncor Operated Assets* on Slide 22. Subject to change. Estimated impacts of maintenance have been factored into annual guidance.

Slide 8---

(1) Full year pricing assumptions taken from Suncor's 2016 guidance. See *Forward-Looking Statements* in the Advisories.

Slide 9---

(1) Voting results from April 2016 Annual General Meeting
(2) There can be no assurance this goal will be achieved or that the anticipated results will be realized. See *Forward-Looking Statements* in the Advisories.
(3) Figure includes both direct and indirect CO2e emissions. No credit is taken for GHG reductions due to cogen export or purchased offsets. See Suncor's 2016 Report on Sustainability for further details on the methodologies used to calculated GHG emission intensities.
(4) See Suncor's 2016 Report on Sustainability for more details

Slide 13--

(1) Based on inland crude oil sold to coastal markets by pipeline and rail or processed at Suncor's refineries.
(2) Approximate total pipeline capacities based on publically sourced information available at www.capp.ca and www.enbridge.com
(3) Line 9 currently operating at reduced volumes under voluntary restriction

Slide 14--

(1) Production excludes North America onshore, Libya and Syria for all years including 2019 planned. Production estimate may vary materially from actual production in the future. See *Forward-Looking Statements* in the Advisories.
(2) Compound annual growth rates (CAGR) are calculated using combined Offshore and Oil Sands 2011 full year production and 2015 full year production and planned volumes for 2019. See *Forward-Looking Statements* in the Advisories.
(3) Cash flow from operations (CFOPs) is a non-GAAP measure. See *Non-GAAP Measures* in the Advisories. Cash flow from operations is calculated as cash flow provided by operating activities excluding changes in non-cash working capital.
(4) Based on the average of shares outstanding in each year for 2011 to 2014 and as at December 31, 2015 in the case of 2015.
(5) Figure does not include the $43 million worth of shares repurchased in the twelve months ended December 31, 2015 ($0.03/share repurchased in 2015).

Slide 15--

(1) Large Integrated peer group includes: ExxonMobil Corporation, BP plc, TOTAL SA, Royal Dutch Shell plc, and Chevron Corporation. Production and financial data sourced from 2005-2015 annual reports. Data for certain peers has not been based on information prepared in accordance with IFRS and may not be comparable and should not be considered as a substitute for measures prepared in accordance with IFRS.
(2) All figures converted to USD based on the average exchange rate for the year.
(3) Includes the effects of the Petro-Canada merger.
(4) Production and financial data sourced from 2005-2015 annual reports and annual information forms.

Continued…

SUNCOR

Slide Notes

Slide 16--

(1) Large Integrated peer group includes: ExxonMobil Corporation, BP plc, TOTAL SA, Royal Dutch Shell plc, and Chevron Corporation. Data for certain peers has not been based on information prepared in accordance with IFRS and may not be comparable and should not be considered as a substitute for measures prepared in accordance with IFRS.

(2) All reserve figures are reported net of royalties.

(3) CFOPs is a non-GAAP measure. See *Non-GAAP Measures* in the Advisories. Data sourced from *FactSet*

(4) As At December 31, 2015 and assumes that approximately 3,100 million barrels of oil equivalent (boe) net proved reserves are produced at a rate of 578 mboe/d, Suncor's average daily production in 2015. Reserves are working interest net of royalties. Suncor's proved reserves are as reported in Exhibit 99.10 of Suncor's Form 40-F dated February 25, 2016. See the Note Relating to Reserves Disclosure on page 3 of Suncor's short form prospectus dated June 15, 2016. *See Reserves in the Advisories.*

(5) Reserve Life Indices for large integrateds assume that total proved reserves reported by each company as at December 31, 2015 are produced at the company's average daily production rate in 2015.