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2024 BMO-CAPP ENERGY INVESTMENT SYMPOSIUM



Lisa Baiton

President & CEO, Canadian Association of Petroleum Producers (CAPP)

Highlights:

- Fundamentals of Canada's oil and natural gas industry are strong. Trans Mountain Pipeline Expansion coming on is leading to record high oil production and record high exports. Canada is just over a year away from entering the global LNG export market.
- Lowering emissions is part of doing business for Canadian oil and natural gas producers.
- The oil and natural gas sector can attract the type of investment and projects Canada needs to solve its economic challenges.
- Canada can pursue a vision to be a lower emission and the most favoured supplier of oil and natural gas for as long as there is demand.

CEO Opening Remarks

It gives me great pleasure to welcome you once again to the BMO Capital Markets and CAPP Energy Symposium here at the St. Regis Hotel.

First, thank you to our host, BMO Capital Markets and Bradley Wells for your continued sponsorship of this important event.

We at CAPP are excited to have a partner who understands the great value Canada's oil and natural gas industry brings to people across this country.

I also want to thank our member companies, their CEOs and executives as well as all of our presenting companies that have come here to Toronto.

Last year we reached a significant milestone with over 300 attendees – which was an Energy Symposium record. This year, it looks like we have matched that record!

This growing interest in Canada's oil and natural gas sector is a demonstration of the sector's incredible potential to attract investment and be a driver of Canada's economy.

One of Canada's greatest competitive advantages in the global economy is our energy advantage.

Those in this room already know about this country's world class resource base. We will hear over the next day and a half about Canada's oil sands, the Montney, Duvernay, Clearwater and other resource plays that can compete with the best-known plays in the world on economics and productivity.

But what truly sets Canada apart from other global oil and natural gas producing nations is our unique combination of:

- Workers with the talent to produce our resources cost effectively and responsibly.
- A stable, democratic system of government.
- A commitment to climate change action and capital investment in clean technology innovation.
- And systems in place that ensure financial benefits from the resources Canadians own are shared across the country.

CANADIAN OIL AND NATURAL GAS INDUSTRY FUNDAMENTALS ARE STRONG

The business fundamentals of the Canadian oil and natural gas industry are strong.

There is a growing global market for Canada's oil and natural gas resources. Oil and natural gas currently make up over 50 percent of total energy demand and that demand continues to grow. In fact, in the medium term, it is projected that by 2035 the world will need to add another United States worth of energy just to meet the needs of a growing global population.

In the short term:

- The International Energy Agency is forecasting global oil consumption will rise by 1.2 million barrels per day (bpd) in 2024.
- The US Energy Information Administration forecast calls for global oil demand to grow by 1.4 million b/d in both 2024 and 2025.
- And the Organization of the Petroleum Exporting Countries projects that world oil demand will rise by 2.25 million barrels per day (bpd) in 2024 and by 1.85 million bpd in 2025.

Each of those forecasts represent global record oil demand.

“Credible energy forecasts are predicting oil will continue at record levels of demand.”

- In response to growing global demand, Canada is at record levels of oil production and with the coming completion of the Trans Mountain expansion, set to hit record levels of oil exports.
- We are only about one year away from joining the global LNG market and will be exporting some of the world's lowest emission liquefied natural gas.

Global energy demand fundamentals are pointing towards a decades long opportunity for Canada to deliver secure, lower emission oil and natural gas to a growing world.

LOWERING EMISSIONS IS PART OF DOING BUSINESS – AND IS ALSO AN OPPORTUNITY

You will also hear presenters speak about their work to lower GHG emissions. What I've noticed when this industry speaks about investment and progress on emissions – it is truly just a part of doing business.

My members may not talk about their progress on emissions loudly enough, I am happy to fill that role:

- Canada's oil and natural gas industry is among the largest investors in emissions reduction technologies in the country.
- According to federal government's National Inventory data, emissions from oil and natural gas production peaked in 2015.
- Over the past decade, the conventional sector has grown total production by 21% while carbon dioxide equivalent emissions went down by 24%.
- The industry is on track to exceed the current federal government methane emissions reduction target of 40 to 45 percent by 2025.
- The largest oil sands companies have joined forces through the Pathways Alliance to deliver a credible plan to get to net zero emissions from operations by 2050. With anticipated co-funding from governments those six companies expect to invest \$24 billion in emissions reduction projects by 2030.
- Canada's offshore industry produces some of the lowest-emissions intensive oil in the world.
- And the upstream oil and gas sector spends more than any other industry in Canada on environmental protection – \$9.4 billion cumulatively from 2018 to 2020 – accounting for one-third of all environmental protection expenditures made by business across Canada.

THE OIL AND NATURAL GAS INDUSTRY IS A CANADIAN ECONOMIC POWERHOUSE

Over the past number of weeks, there have been many headlines detailing Canada's productivity crisis. For six consecutive quarters our GDP per capita has been shrinking and the Bank of Canada has warned that weak productivity and low business investment is a national emergency.

Canada's oil and natural gas sector can play a major role in solving this emergency. When the Canadian oil and gas industry thrives – so do Canadians.

- For the second year in a row, **capital investment from the Canadian oil and natural gas industry into Canada is expected to reach about \$40 billion**. In addition, the industry spends about **\$70 billion in operating expenditures annually**.
- Because the resource is owned by the provinces, profits made by oil and natural gas producers are shared with Canadians through **taxes and royalties**. Last year oil and natural gas **revenues to governments across Canada reached over \$45 billion**. This amount has increased ten-fold since the historically low commodity prices of 2020.

- When direct, indirect, and induced jobs are considered, the oil and gas sector employs about 800,000 people in Canada. These are well-paying jobs; the average oil and gas worker's total compensation is more than two times higher than the Canadian average.
- The industry is also one of the largest **employers of Indigenous peoples** in the country and making up a significant part of the supply chain are hundreds of Indigenous-owned businesses.
- Since 2017, almost \$4 billion of **Indigenous equity positions** have been taken in oil and natural gas projects such as pipelines, power plants, LNG terminals and more.
- Oil and natural gas exports are the **largest source of export earnings, making up 20% of Canada's total value of trade**. The value of oil and natural gas exports is **highly correlated to the strength of the Canadian dollar**, impacting every Canadian's buying power.

This industry attracts the exact type of investment Canada needs today. We build major projects that:

- Boost investment into clean technology and innovation.
- Create high-paying and high-quality jobs.
- Grow the country's GDP through the development and export of some of the country's most valuable resources.
- And deliver value to shareholders.

THE VISION OF THE CANADIAN OIL AND NATURAL GAS INDUSTRY FOR THE FUTURE

The energy sector is a solution waiting to happen for the economic and geopolitical headwinds facing the country.

There is a vision -- within our reach -- in which after 2050 Canada has the lowest-emitting oil and natural gas products for as long as there is demand. A world where Canada is positioned competitively as the most-favoured producing nation.

As a nation with a credible track-record of building – not just one or two projects – but multiple nation-building projects that will ensure Canadians receive full value for our valuable natural resources.

The people presenting at this conference are the drivers of this vision.

They are representatives of Canada's oil and natural gas sector – one of most responsible, efficient and best operated energy industries in the world.

Thank you once again for attending and I look forward to meeting many of you throughout the conference.

To get us started, it is my pleasure to introduce Randy Ollenberg [Oh-Lenn-Burg], BMO Capital Markets Managing Director, who will provide us with an Energy Market Outlook. Over to you Randy...



Lisa Baiton

President & CEO, Canadian Association of Petroleum Producers (CAPP)

LISA BAITON is the 6th CEO of the Canadian Association of Petroleum Producers (CAPP). CAPP represents the Canadian upstream oil and natural gas industry, and CAPP's member companies operate from coast-to-coast and are responsible for nearly three quarters of Canada's annual oil and natural gas production and more than 400,000 jobs in nearly all regions of Canada. Since her appointment in 2022, Lisa has overseen the strategic realignment of CAPP's priorities and advocacy efforts, re-establishing CAPP as a non-partisan evidence-based research advocacy organization and authoritative resource on energy industrial policy.

Prior to joining CAPP, Lisa spent a third of her career through three CEO tenures on the global leadership team of one of the ten largest retirement funds in the world (CPP Investments) as Managing Director & Head of Global Public Affairs where she had responsibility for strategy development and program execution covering 56 countries. Lisa has held other leadership roles including as Vice President & Practice Lead at a North American public affairs firm, and within three federal and provincial governments in Canada.

She has a BA in Political Science from the University of Saskatchewan, a MBA from the Kellogg Graduate School of Management (Northwestern University) and Schulich School of Business (York University), with global electives completed at the Hong Kong University of Science & Technology. Lisa has an Institute of Corporate Directors ICD.D certification (University of Toronto, Rotman School of Management) and has served 20+ years on various boards of directors.
About CAPP

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The Canadian Association of Petroleum Producers (CAPP) is a non-partisan, research-based industry association that advocates on behalf of our member companies, large and small, that explore for, develop, and produce oil and natural gas throughout Canada. Our associate members provide a wide range of services that support the upstream industry. CAPP's members produce nearly three quarters of Canada's annual oil and natural gas production and provides more than 400,000 jobs in nearly all regions of Canada. In 2022 across Canada, our industry contributed \$111 billion to the Gross Domestic Product (GDP) and paid \$45 billion in taxes and royalty payments.

CAPP is a solution-oriented partner and works with all levels of government to ensure a thriving Canadian oil and natural gas industry. We strive to meet the need for safe, reliable, affordable, and responsibly produced energy, for Canada and the world. We are proud to amplify industry efforts to reduce GHG emissions from oil and gas production and support Indigenous participation and prosperity.