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CHECK AGAINST DELIVERY

Good Morning everyone.

I want to thank FEI Canada for inviting me to be here today. A special thank you to Mayor Bowman for hosting all of us this week. It is truly an honour to speak to such an esteemed group of leaders in the Canadian finance profession.

As Michael Conway noted in his welcoming remarks, the theme of this year's conference is *Expand your horizons*.

There is a roster of speakers over the next two days that are bringing a wealth of experience and perspective from many different industries and different professional disciplines. I know that it will be an inspiring and spirited couple of days for you.

There are three things I would like to talk about this morning:

- First, how the finance role has evolved over the last 35 years
- Why I believe a finance career is a great path to broader leadership opportunities
- And finally, what my focus is today – as CEO of a large publicly traded company, Cenovus

Let's start with what happened 35 years ago.

1980...That's when I was an articling student ... a "rookie" at Peat Marwick Mitchell – part of KPMG today.

Back then, Microsoft was a start-up. Personal computers were a new concept. Apple was just a fruit. Nobody owned a cell phone. Most offices did not even have a fax machine.

Most everything related to financial management and stewardship was done manually or on a hard copy terminal. E-mail, meant envelope mail.

A lot has changed in the years since.

The cell phone has gone from being the size of a loaf of bread, to a slick smart phone that connects you to the world from your pocket. The finance function has evolved in a very similar way, and similar magnitude.

Capital markets are now global and inter-connected. Trading can be done 24/7/365. The ability to access and analyze data is infinitely more superior. Or more complex.

Today there's an understanding that working in finance requires a much broader skill set.

With the advent of the internet, investors have access to reams of information and data. As such, they expect to be highly informed.

For anyone that has a career in a publicly traded company, you will know that regulatory scrutiny has exploded in the last 20 years.

It started in 1995 when Reg FD came into effect to ensure the fair disclosure of information to all investors. In 2001, Enron generated a whole new level of scrutiny, which led to the creation of the Sarbanes-Oxley Act, or SOX, the following year. That scrutiny then got turbo-charged by the global financial crisis of 2008, which led to the Dodd-Frank Act.

The rise in regulatory scrutiny has resulted in organizations expecting much more sophistication from their finance professionals.

One of the fundamental questions for all of us in the room is...how do we take advantage of all this regulatory change, and use the increase in available information to make better business decisions – not just longer regulatory filings.

In my career, I have seen finance professionals change from being viewed as the numbers people, to being responsible for leveraging financial knowledge in a way that helps grow, protect and transform the business.

It is truly strategic leadership.

Today, finance leaders are expected to be advising on, as well as helping establish the business strategy – so that they can be accountable for the financial strategy that supports the business strategy.

It is my belief that a company's financial strategy should enable the business strategy, not the other way around. I believe if you've got them reversed, you are in trouble.

In a senior finance role, the information you provide, and the strategic recommendations you make, enable your CEO and Board to make better business decisions.

As you all know, you are expected to have:

- Strong financial acumen
- The ability to assess changing risks and manage corporate governance
- To understand the inter-relationship between a newspaper headline and your company's stock price
- To truly understand the business strategy and long-term goals of your company so you can provide internal stakeholders with the right information to make better business decisions
- To ensure your organization is both financially resilient and flexible enough to adjust in competitive and constantly shifting business landscapes

Like the one that we are in now.

We all remember the global financial crisis of 2008. It's considered by economists to have been the worst financial crisis since the Great Depression. It threatened the total collapse of many large financial institutions around the globe. It clearly highlighted that we are truly one global marketplace.

While the last 6 months haven't been quite as dramatic, there's no doubt the Canadian economy is suffering.

The Canadian dollar has dropped again. Which, depending on your perspective, could be a good thing or a bad thing. The price of oil plummeted from \$100 to \$50 per barrel in less than 6 months.

The unemployment rate is up – governments and companies are re-calculating budgets rapidly to adjust to these economic times. The Bank of Canada dropped the bank rate. At Cenovus, we're living in a world where our revenue got cut in half in 2 to 3 months.

Business cycles are not unique to the energy industry – every business will experience a downturn. The global financial crisis of 2008 is a great example – it affected every industry around the planet. 2008 was also a great example of Canada and our financial professionals showing global leadership. Most countries are still recovering from that downturn.

I have personally worked through 7 business cycles that all had different origins, and I will likely see at least 1 or 2 more in my career. You get very good at acting quickly and decisively to identify the measures you need to take to ensure the financial resilience of your company without compromising its future.

Let me share a personal example.

In February, after careful consideration, a thorough review of the alternatives and lengthy discussion with our Board of Directors, we completed a \$1.5 billion equity issue. The proceeds provide Cenovus with financial flexibility and greater security in this downturn that we are experiencing.

As you can imagine, any business decision worth \$1.5 billion is not taken lightly.

While everyone here understands an equity issue can be a prudent business practice in a market like this, we had to take our investors' reaction into account. As expected, the short-term dilution to our shareholders generated concern and a lot of questions from our investors.

From a financial standpoint though, we prepared for the worst, and if oil prices remain low for three years – through 2017, as I anticipate that they might – Cenovus is well-positioned to execute on its strategy, thanks to the leadership of our Finance team.

That's a great example of why I believe financial leaders must be involved in setting the strategy of the organization. It's no longer just about crunching numbers and being focused on pristine financial statements.

It's about how you make your organization successful.

My time spent in senior finance roles has brought me perspective, provided a solid understanding of cost and revenue drivers, and influenced how I make decisions at a strategic level. I believe that it has made me a better CEO.

Having a financial background in a strategic leadership role certainly is not required – but I believe it does help. It really helps you to understand how your organization creates, measures and stewards value. It provides you with an early warning system before things go wrong.

In my case, it also provided me with a solid foundation for making difficult decisions about critical situations that impact the financial resilience, and ultimately the success, of my company.

I believe that one of the most dangerous things you can do when managing the financial aspects of an organization is to have a knee-jerk reaction to a changing economy. Yes – swift and decisive adjustments are critical, but not so swift that the long-term impacts have not been considered.

Five years into my role as President & CEO of Cenovus I was asked if there are any pitfalls a new CEO should avoid.

My answer is “short-term-ism.”

It’s easy to get fixated on short-term solutions, especially in market conditions like these. I believe that is a mistake. I believe organizations that are successful anticipate and create change. They don’t simply react to it.

Short-term decisions – especially financial ones – should not drive your strategy.

Everyone here today has their own career aspirations. Some of you might be looking to take on larger responsibilities. Some may be wanting to step out of a finance-based role and try something different.

I want to tell you a little bit about my career progression to CEO, because my path would not be characterized as a traditional one. I also did not have the ambition to be a CEO early in my career.

One of my earliest jobs was working at an Ipsco pipe mill as a pipe inspector in Edmonton. I distinctly remember the day I decided on a career change.

It was spring of 1976 and it was 3 o’clock in the morning – I was working the graveyard shift. I was inside an 80-foot length piece of 24-inch pipe, about 50 feet down that pipe. It was dark and cramped...my shoulders were rubbing the sides of the pipe.

I decided then that I didn’t want to be doing that same job when I was 40. A few weeks later, I enrolled in the Bachelor of Commerce program at the University of Alberta.

I picked accounting because it had the reputation of being the hardest major that was offered as part of the program ... and I knew I could get a job.

After I graduated in 1980, I began articling with Peat Marwick and Mitchell. I’d been there for about five months when the National Energy Program was announced and a recession hit Alberta. Followed by a Canadian recession in 1981. Some of you will remember prime being 21 percent in August of 1981.

It was my first experience working through a down cycle, and the focus of my career from 1981 to 1984 turned to bankruptcies and receiverships. I completed a number of receiverships for oil and gas service companies, and that is what got me interested in the energy industry.

In October of 1984 I joined Alberta Energy Company as financial analyst. I had only planned on staying there for a few years to get some corporate experience and then I fully intended to return to the accounting profession.

Except I never did.

More than 30 years later, I’m still here and I’m still learning.

While the name on the company door has changed a few times – as AEC went through a major merger and then a split – I’ve spent the last 30 years with, essentially, the same company. I moved around in the organization, to build my career and to try new things.

You never know if you’ll enjoy something until you actually try it, and I discovered I liked doing different roles and being exposed to new challenges...and, challenges I certainly got.

I joined the Investor Relations team at AEC in October of 1987, two days before Black Monday. As they say...timing is everything in markets.

Black Monday was, and remains to this day, the largest one-day percentage drop in the history of the Dow Jones Industrial Index. It did not make for an easy first week in a new job, but I did get a crash course in relationship management with investors.

It was a great lesson in patience as I worked at re-instilling investor confidence. The knowledge I gained from that experience has come in handy more than once in my career.

In the early 1990s, I took on the additional role of Corporate Secretary along with my investor relations responsibilities.

By the mid-1990s, my accountabilities had expanded to include strategic planning and corporate communications. And I became a Vice-President in 2001.

In 2002, after the merger that formed Encana Corporation, I was appointed Executive Vice-President, Corporate Development.

My accountabilities expanded further to include acquisitions and divestitures, reserves assessment and our legal team.

In 2006, I became Chief Financial Officer, and in late 2009, when Encana split off all of its oil reserves to create Cenovus – a new independent Canadian-based oil company – I accepted the role of President & Chief Executive Officer.

Without exception, I have drawn from my financial roots in every role that I've had. Especially now.

With today's economic reality, I am focused more than ever on our business basics. Things like costs...margins...and financial resilience.

And I am focused on leading the company through this downturn.

Since FEI Canada's slogan is *Leadership beyond finance* it seems only apt to spend some time on the topic of leadership in general.

One of my favourite inspirational quotes is by Henry Ford: *Whether you think you can, or you think you cannot...you're usually right.*

I've found that to be very true in both my professional and personal life.

If there's any advice I could give you, it would be this: Take that quotation to heart.

There is nothing more powerful than belief. Belief in yourself. Belief in others. Belief in making things happen.

That is what enables a person to turn challenges into opportunities. It is a key leadership attribute.

You also need to be a champion and a critic at the same time. Able to set both your team and your organization up for success, not yourself. You must be comfortable being in the spotlight and on the sidelines at the same time.

That last one can be tough at times.

For many people, being in a leadership position is about being in the spotlight.

I'm going to use a hockey analogy. Partly because I'm a hockey fan. Partly because I know it was an exciting season for Winnipeg as the Jets brought playoff hockey back to this City for the first time in almost two decades. And partly, because I have a hockey analogy that shows why a leader needs to know when to shine and when to be on the sidelines.

Wayne Gretzky, one of the all-time greats in hockey, holds the NHL record for most assists.

He was a force on the ice, and he scored a lot of goals...but setting up teammates is what Gretzky did best.

In fact, Gretzky is credited with helping to inspire a more team-based strategy – an approach that led the Edmonton Oilers to become the highest scoring team in a single season in league history.

Leadership is somewhat the same. The majority of your time should be spent setting your team up for success.

Strong leadership means your team knows how to score goals long after you're gone.

Your team shouldn't feel vulnerable if you move on or move up in your organization.

That's one of the biggest lessons I've learned – you cannot be a successful leader on your own.

Sure, Gretzky got a lot of points. But without a solid goalie, a strong coach and a cohesive team – the Oilers would not have won the Stanley Cup once, never mind five times.

I have been fortunate to have worked with great teams in my career and I've had some great mentors. One of them was Dave Mitchell, who founded Alberta Energy Company in 1975.

He gave me some advice early in my career that's always stuck with me. He said, "Never hesitate to disagree...just do it in a respectful manner".

I've reflected on those words many times over the last few decades...and they've guided my choices and my behaviour along the way.

Here's a personal example.

One of the challenges I face in my role is not having an operational background. I'm not an engineer or a geologist, and I never worked in the field – so I don't have hands-on, nuts and bolts experience with our operations. But I believe that is also a benefit.

Not being an operations guy means that I'm not tempted to dive into the operational details. It's allowed me to think strategically and stay focused on the big picture of our business. My job is to set direction, listen and ask the right questions of our operations leadership team.

However...if I disagree with something, I absolutely do not hesitate to challenge it. Respectfully of course. And I expect my team to do the same with me.

If I need more information to make a decision, I'm honest with myself. I'd rather ask, and get input from the experts on my team, than make a rash decision that's not in the best interest of my company.

Strong leaders are important, but it takes teamwork to achieve great things.

When everything clicks, when it all works together to create results...it's invigorating, and it's inspiring.

That's what you want as a leader. To have an organization that is invigorated. That is inspired. One that is hungry for success.

I feel we have that at Cenovus. We're very passionate about what we do.

For starters, we produce a product that drives the global economy, improves quality of life and helps fuel world progress. But what we're most passionate about is doing our utmost to live up to the responsibility that goes with being a developer of one of Canada's most valuable resources.

I am proud of the way we're developing the oil sands and I stand behind our promise to unlock challenging resources in a way that makes Canadians proud.

That statement is not propaganda.

I believe it is my obligation to ensure Cenovus is developing oil resources in the best and most responsible way that we can. It is an obligation that I take very seriously.

Responsible development means collaborating with our peers to share technology solutions to continue to reduce our impact on the environment, so that we get better ... faster. So that we can reduce our water use, our energy use and our overall environmental footprint.

It means never accepting the status quo, or thinking of our current environmental performance as "good enough".

No matter what the price of oil is, there are some things we cannot compromise on – like developing Canada's resources safely and responsibly. Or ensuring that communities will be better off because we are there.

You're probably familiar with what an oil sands mining project looks like.

I find that most people don't know what a drilling project in the oil sands looks like... so I'd like to show you.



This is an aerial photo of our Foster Creek oil sands project, located in northern Alberta. 80 percent of the oil in the oil sands is so deep underground that it cannot be mined.

At Cenovus, we don't do any mining because the oil in our reservoirs is too deep to be mined. It's about 450 metres below the surface. As a result, all of our oil sands projects use drilling technology.

Cenovus is the largest thermal in-situ operator in Canada...and Foster Creek is our largest project, with 150,000 barrels per day of capacity.

Speaking of leadership challenges, you may have seen comments in the press recently that the forest fires in northern Alberta came very close to our operations.

We evacuated our Foster Creek facility and shut in production for about two weeks as a safety precaution. The facility is now back up and running.

I know how responsibly we are developing our oil sands projects. I also know that we have a lot of work to do to ensure Canadians know that.

Canada's oil sands account for less than one tenth of one percent of global emissions today. We are able to sell our oil to refineries in California, which has a strict low-carbon fuel standard. But responsible development doesn't stop at the production stage.

Canadians also have concerns about their use of oil. About climate change. That is something the oil industry needs to address. To be part of the solution to resolve the carbon concerns associated with the consumption of our products.

Today, oil makes up 92 percent of the world's transportation fuel...which makes transportation one of the biggest causes of greenhouse gas emissions.

Technology advancements will be the key to finding a solution to greenhouse gas emissions. As will collaboration, with other industries, with Government, with academia, and with other countries.

Greenhouse gas emissions are a global challenge, not just a Canadian concern. We need focus. We need bright minds. And, we need to believe that we can.

Oil has been the world's primary transportation fuel for a reason. It's available, it's transportable and it's reliable. It has a role to play for a long while to come.

The question is, how do we make oil part of a clean energy future? One where we've solved the concerns about emissions?

That is a world worth striving for.

It is my strong belief, that to exert strategic influence, leaders have responsibilities both inside and outside their organizations. That's what keeps me inspired and invigorated every day.

Before I wrap things up, there are three thoughts I want to leave you with this morning.

If you only remember a handful of sentences from my presentation, I hope it's these three:

- First, leverage your financial knowledge to make your organization more successful,
- Second, lead like Gretzky...know when to pass the puck
- And...love what you do

Your passion and enthusiasm will create positive change no matter what your role is. That *is* leadership beyond finance.

Thank you, and I'm sure you will enjoy the next two days.