



**cenovus**  
ENERGY

**AN INTEGRATED ENERGY LEADER**

## **PRO FORMA SEGMENTATION AND REPORTING OVERVIEW**

January 22, 2021

# Financial reporting operating segment overview

## Segments (for the year ended December 31, 2020)

<b>Cenovus</b>	
Oil sands	Foster Creek Christina Lake Narrows Lake Technology & Exploration
Conventional	Deep Basin Marten Hills
Downstream	Wood River Borger
Corporate & Eliminations	Corporate
<b>Husky</b>	
Integrated Corridor	Lloydminster Heavy Oil Value Chain Oil Sands Western Canada US Refining Canadian Refined Products
Offshore	Asia Pacific Atlantic
Corporate	Corporate

## Segments (for the year ending December 31, 2021)

<b>Cenovus</b>	
Oil sands	Foster Creek Christina Lake Lloyd Thermal Cold/EOR Sunrise Tucker
Conventional <sup>1</sup>	Deep Basin Western Canada
Offshore <sup>1</sup>	Atlantic Asia Pacific
Canadian Manufacturing	Canadian refining and upgrading Bruderheim Energy Terminal
US Manufacturing	US refining
Retail	Retail
Corporate & Eliminations	Corporate

- Financial and operating results reported at segment level
- Additional financial information will be provided through corporate guidance or in management discussion & analysis and supplemental information

<sup>1</sup> Asset level of disclosure still being finalized.

# Accounting treatment overview

## Accounting treatment *(for the year ended December 31, 2020)*

Cenovus	
Head office people and rent costs	General and administrative
IT and workplace enhancements	Corporate capital
Corporate costs associated with assets	Included within operating expense
Turnarounds	Operating expense

Husky	
Head office people and rent costs	Selling, general and administrative
IT and workplace enhancements	Selling, general and administrative
Corporate costs associated with assets	Separated from operating expense but included in operating margin
Turnarounds	Capital investment

## Accounting treatment *(for the year ending December 31, 2021)*

Cenovus	
Head office people and rent costs	General and administrative
IT, workplace enhancements	Corporate capital
Corporate costs associated with assets	Included within operating expense
Turnarounds	Operating expense

- Pro forma Cenovus will allocate a portion of corporate costs associated with assets directly into operating expense, similar to legacy Cenovus
- Corporate items deemed to be capital investment will continue to be identified as corporate capital
- Upstream and downstream turnarounds will be expensed within asset operating expense in the respective period

# Upstream asset netback overview

## Netback/operating margin *(for the year ended December 31, 2020)*

<b>Cenovus</b>	
Sales price	Final realized sales price for dry bitumen from sales to third party customer
Royalties	Royalty expense attributable to the asset
Transportation and blending	Transportation expense related to the shipment of blend production on a dry bitumen basis, excluding the purchase price and transportation of diluent to site
Operating	Inclusive of turnarounds and corporate costs related to the asset which are allocated directly to operating expense
<b>Husky</b>	
Average price received	Field gate price on a blend sales volume basis
Optimization and marketing	Includes mark to market results from the company's commodity trading activities
Royalties	Royalty expense attributable to the asset
Purchase and transportation costs	Includes diluent purchase and transportation of blend sales
Operating	Excludes turnarounds and corporate costs
Selling, general & administrative costs	Corporate costs related to the asset and included in operating margin

## Pro forma netback *(for the year ending December 31, 2021)*

<b>Cenovus</b>	
Sales price	Final realized sales price for dry bitumen from sales to third party customer
Royalties	Royalty expense attributable to the asset
Transportation and blending	Transportation expense related to the shipment of asset blend sales on a dry bitumen basis, excluding the purchase price and transportation of diluent to site
Operating	Inclusive of turnarounds and corporate costs related to the asset which are allocated directly to operating expense

- Royalty expense calculations vary by asset
- Under the Alberta Oil Sands Royalty (OSR) framework royalties for a post-payout project are based on an annualized calculation