


# Investor Days

April 1 - 2 , 2014



  
**Imperial**

# Agenda

|                                  |                       |  |
|----------------------------------|-----------------------|--|
| 9:30 a.m.                        | Welcome               | <b>John Charlton</b> , Manager, Investor Relations   |
|                                  | Executive Summary     |  <b>Rich Kruger</b> , Chairman, President and CEO |
|                                  | Global Energy Outlook |  |
|                                  | Corporate Overview    |  |
|                                  | Downstream & Chemical |  |
|                                  |                       | <b>Paul Masschelin</b> , Senior Vice-President, Finance  |
| <b><i>BREAK (10 minutes)</i></b> |                       |  |
|                                  | Upstream              | <b>Rich Kruger</b>   |
|                                  | Future Opportunities  | <b>Paul Masschelin</b>   |
|                                  | Final Comments        | <b>Rich Kruger</b>   |
| 11:15 a.m.                       | Question Period       |  |
| Noon                             | Lunch                 |  |

# Cautionary statement

Statements of future events or conditions in these materials, including projections, targets, expectations, estimates, and business plans are forward-looking statements. Actual future results, including demand growth and energy source mix; production growth and mix; project plans, dates, costs and capacities; production rates and resource recoveries; cost savings; product sales; financing sources; and capital and environmental expenditures could differ materially depending on a number of factors, such as changes in the price, supply of and demand for crude oil, natural gas, and petroleum and petrochemical products; political or regulatory events; project schedules; commercial negotiations; the receipt, in a timely manner, of regulatory and third-party approvals; unanticipated operational disruptions; unexpected technological developments; and other factors discussed in these materials and Item 1A of Imperial's most recent Form 10-K. 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 Imperial. Imperial's actual results may differ materially from those expressed or implied by its forward-looking statements and readers are cautioned not to place undue reliance on them.

Oil-equivalent barrels (OEB) may be misleading, particularly if used in isolation. An OEB conversion ratio of 6,000 cubic feet to one barrel is based on an energy-equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.

Proved reserves are calculated under United States Securities and Exchange Commission (SEC) requirements, as disclosed in Imperial's Form 10-K dated December 31, 2013.

Reserves and contingent resource information are an estimate of the company's net interest after royalties at year-end 2013, as determined by Imperial's internal qualified reserves evaluator. Contingent resources are those quantities of petroleum considered to be potentially recoverable from known accumulations using established technology or technology under development, but are currently not considered to be commercially recoverable due to one or more contingencies. Contingencies on resources may include, but are not limited to, factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. There is no certainty that it will be economically viable or technically feasible to produce any portion of the resource.

The term "project" as used in these materials can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

Financials in Canadian dollars.

# Executive summary



# Business overview








## Participation in all aspects of the value chain



# Competitive assessment

## Industry leadership across all business lines

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-  **Cold Lake** Best-in-class operating performance; continued growth potential
-  **Syncrude** High-value production; improvement actions ongoing
-  **Kearl** Next generation mining technologies; ramp-up to capacity continuing
-  **Refining** Advantaged feedstocks; reliability and energy efficiency focus
-  **Fuels/Lubes** Premium brands, nationwide network; valued customer offerings
-  **Chemical** Low cost feeds; strong polyethylene; focused on full utilization
-  **Research** History of innovation, unmatched commitment; ExxonMobil leverage

# Business environment

## Favourable investment climate, but not without challenges

- Large, accessible upstream resources
- Mature, competitive downstream markets
- Political stability, competitive fiscal regime
- Market access limitations, uncertainties
- Tight labour market, regional cost pressures
- Evolving regulatory, environmental framework



# Organizational priorities

Manage risks, maximize value and achieve profitable growth

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- Focus on base business fundamentals

*Safety...Operational Integrity...Reliability...Profitability*

- Implement asset-specific improvement plans
- Ensure quality execution on growth projects
- Engage externally on key industry issues



# Global energy outlook



# A worldwide view to 2040

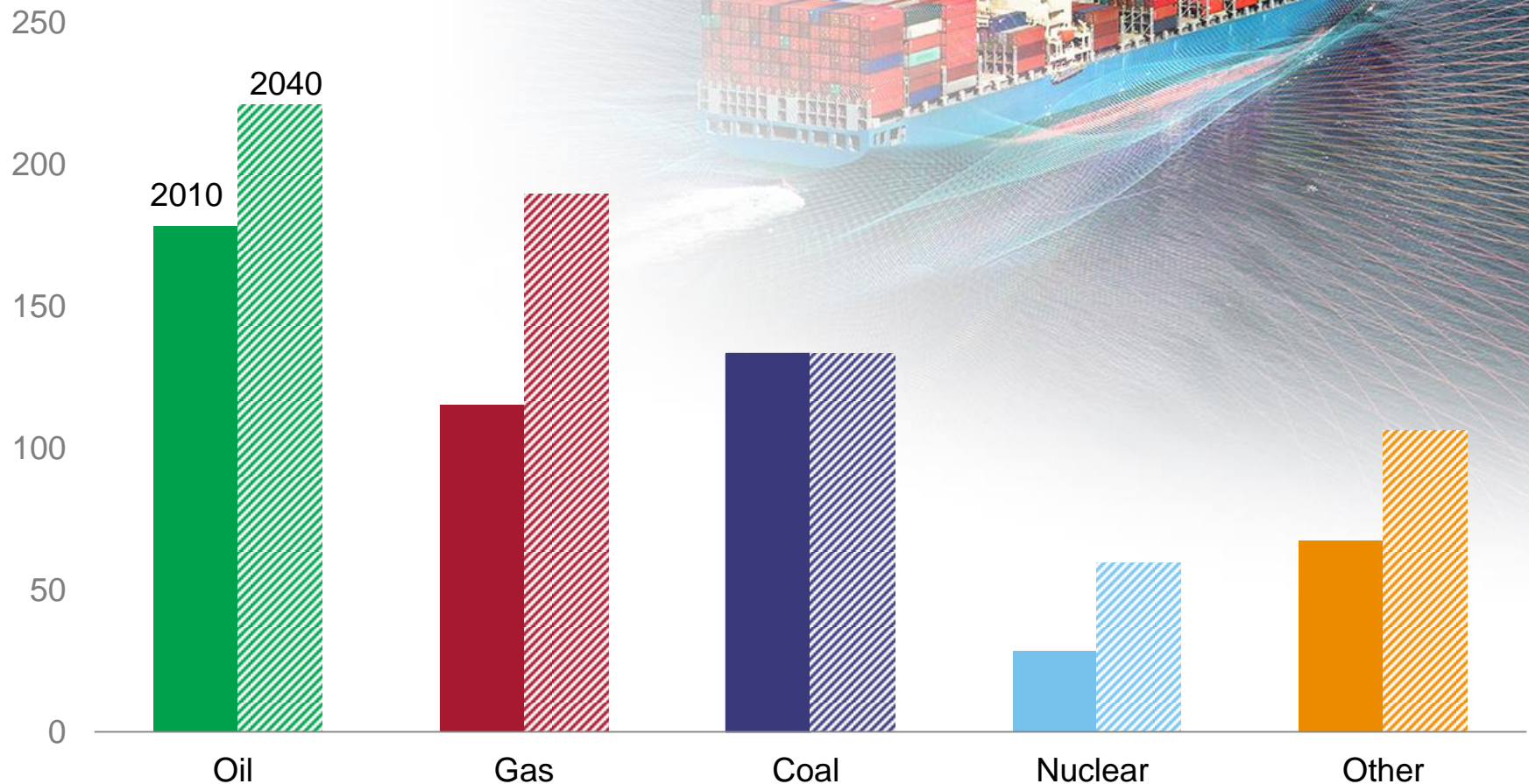
- ✓ **2 billion more people**  
on the planet
- ✓ **130 percent**  
larger global economy
- ✓ **about 35 percent**  
greater demand for energy
- ✓ **non-OECD countries**  
lead the growth in demand
- ✓ **about 60 percent**  
of demand supplied by oil and natural gas
- ✓ **natural gas to surpass coal**  
as the second-largest fuel source

Source: ExxonMobil 2014 Outlook for Energy

# Demand for all energy sources to increase

## Global energy demand

Quadrillion BTUs

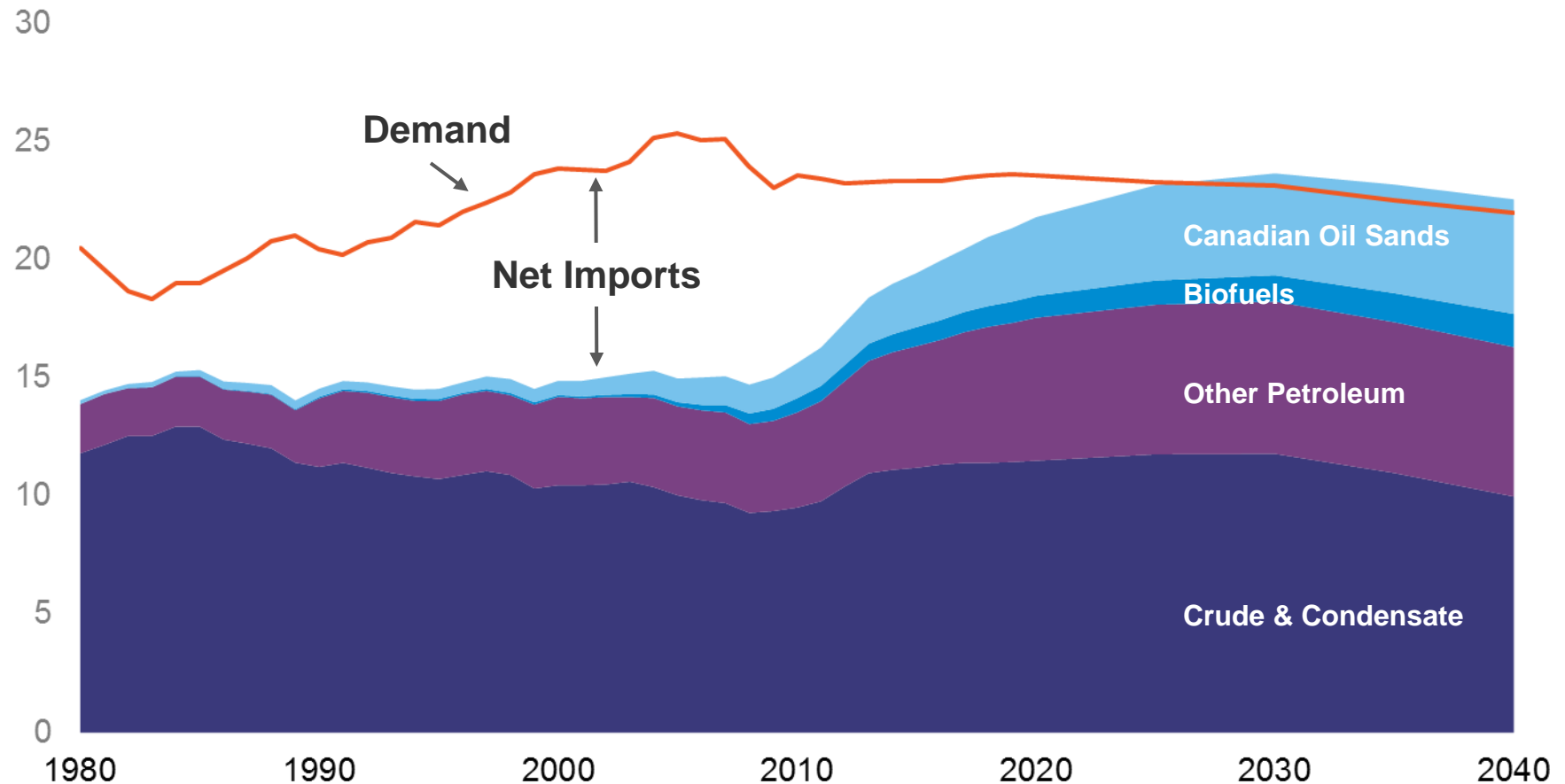


Source: ExxonMobil 2014 Outlook for Energy; other includes biomass/waste, hydro and other renewables

# Oil sands production to continue to grow

## North American liquids

mbd



Source: ExxonMobil 2014 Outlook for Energy

# Corporate overview



# Business model

**Deliver superior, long-term shareholder value**

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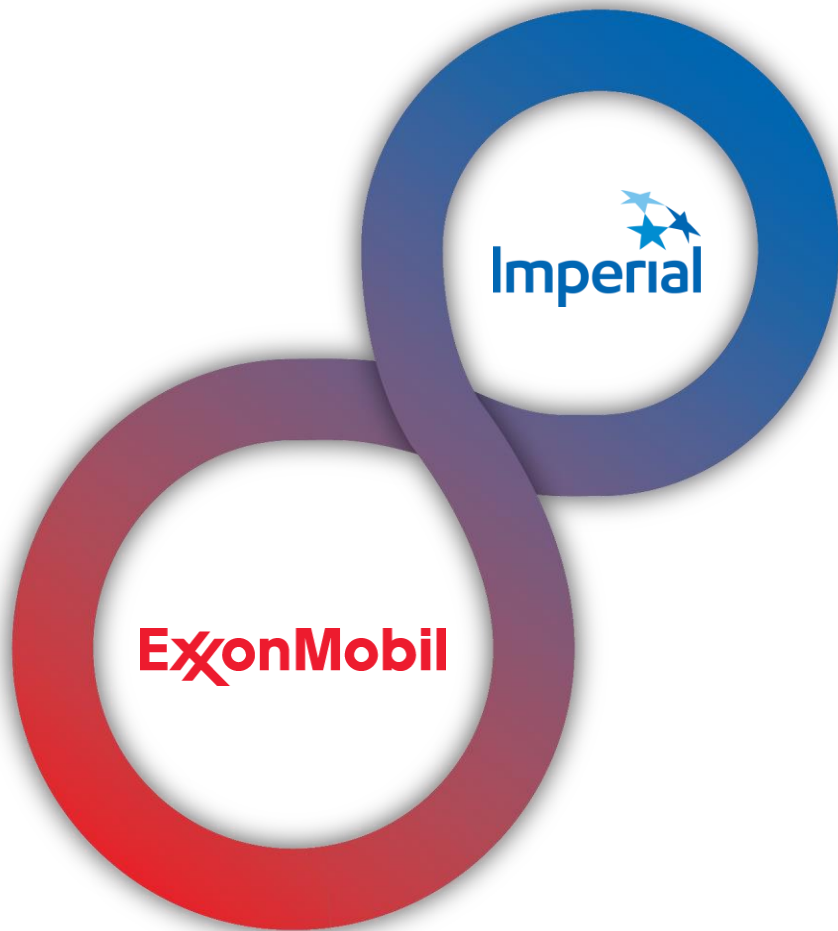
- **Long-life, competitively advantaged assets**
- **Disciplined investment and cost management**
- **Integration and synergies**
- **High-impact technologies and innovation**
- **Operational excellence and responsible growth**

**ExxonMobil relationship**

# Imperial - ExxonMobil relationship

Significant benefits that provide a unique competitive advantage

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- **Benefits to Imperial**
  - Personnel development
  - Operational best practices
  - Technology sharing
  - Scale-related synergies
- **Commercial transactions**
  - On terms competitive to those with unrelated parties
- **Decision making**
  - Five of seven board members are independent

# Enterprise risk management

## Comprehensive systems to manage business risks

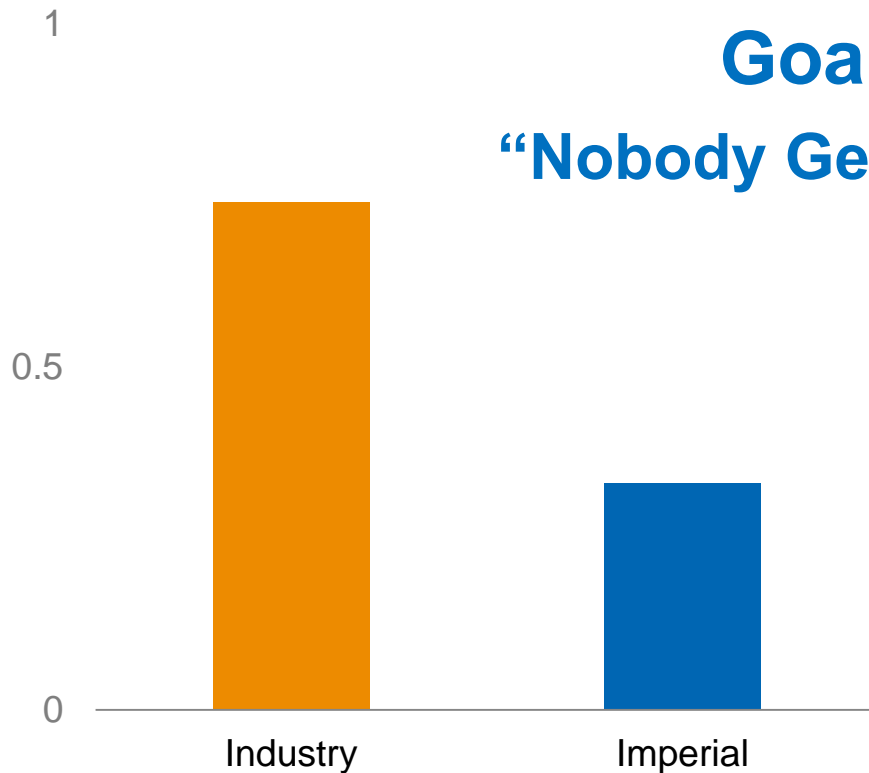


# Personnel safety

Safety is first in all we do

## Workforce safety

Incidents per 200,000 hours worked

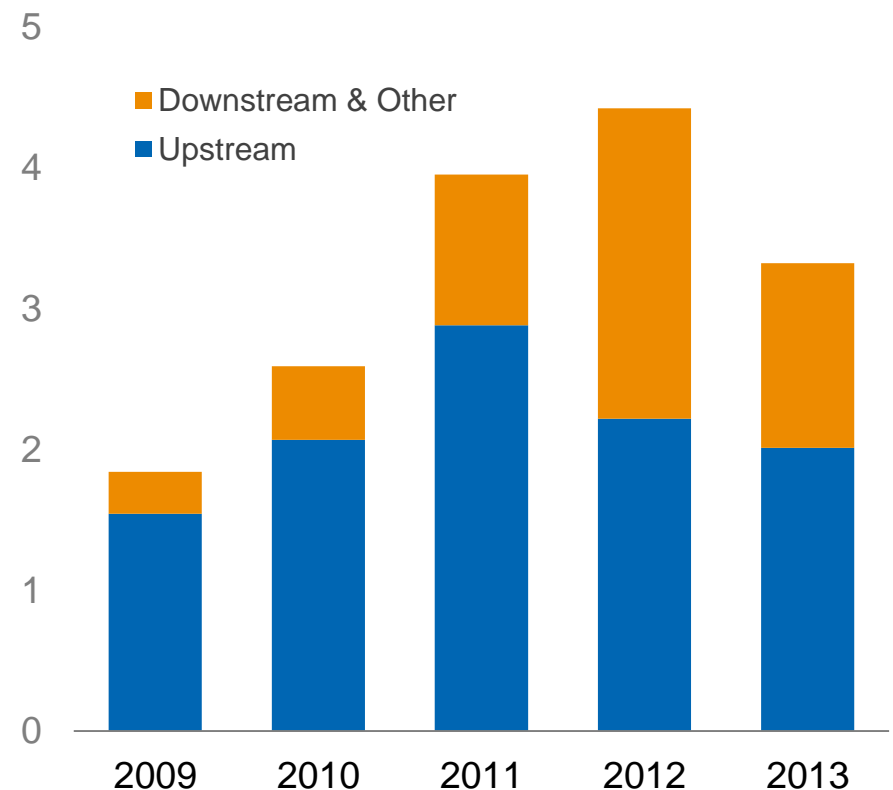


# Financial performance

## Results demonstrate the strength of our business model

### Net income

\$/share



|                                       | 2013 |
|---------------------------------------|------|
| Earnings - \$ billions                | 2.8  |
| Earnings - \$ per share <sup>1</sup>  | 3.32 |
| ROCE - %                              | 12.9 |
| Gross production <sup>2</sup> - koebd | 295  |
| Refining throughput - kbd             | 426  |
| Cash flow - \$ billions               | 3.3  |
| Investments - \$ billions             | 8.0  |

<sup>1</sup>diluted basis

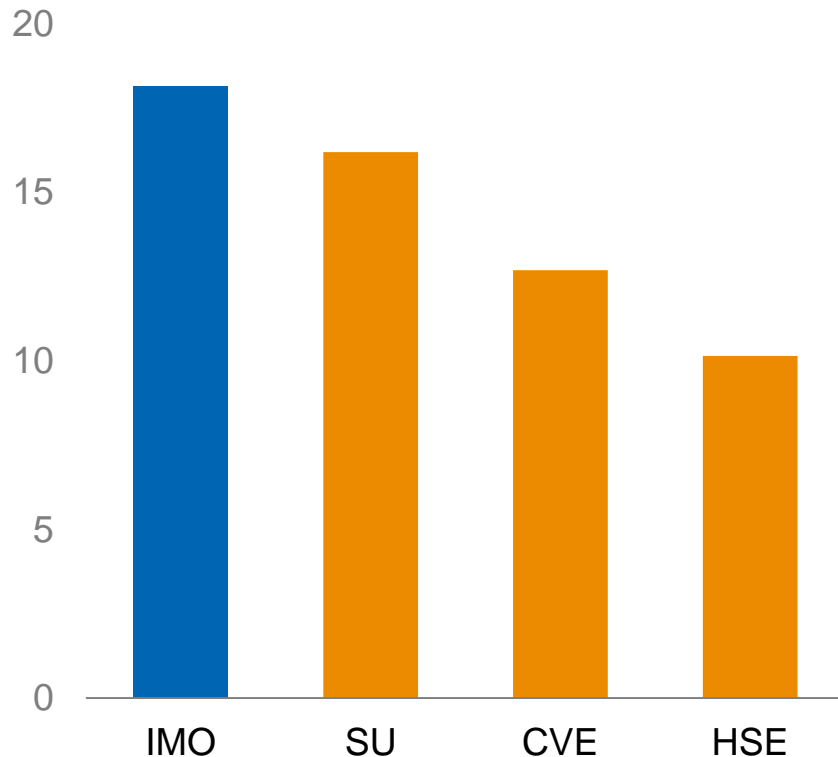
<sup>2</sup>before royalties

# Business segment profitability

## High performing upstream and downstream businesses

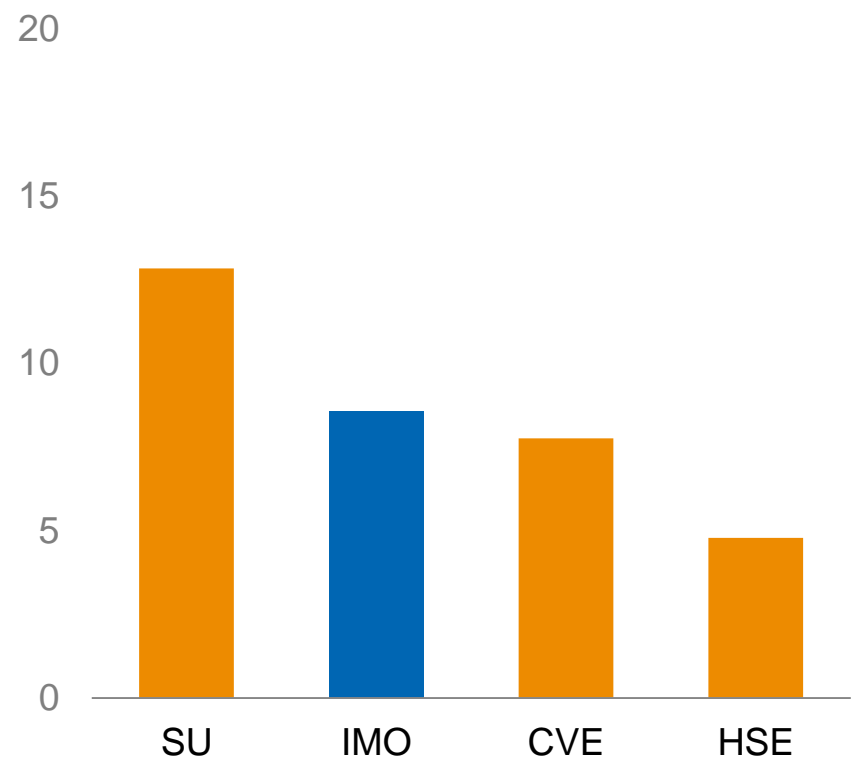
### 2013 Upstream profitability

\$/oeb



### 2013 Downstream profitability

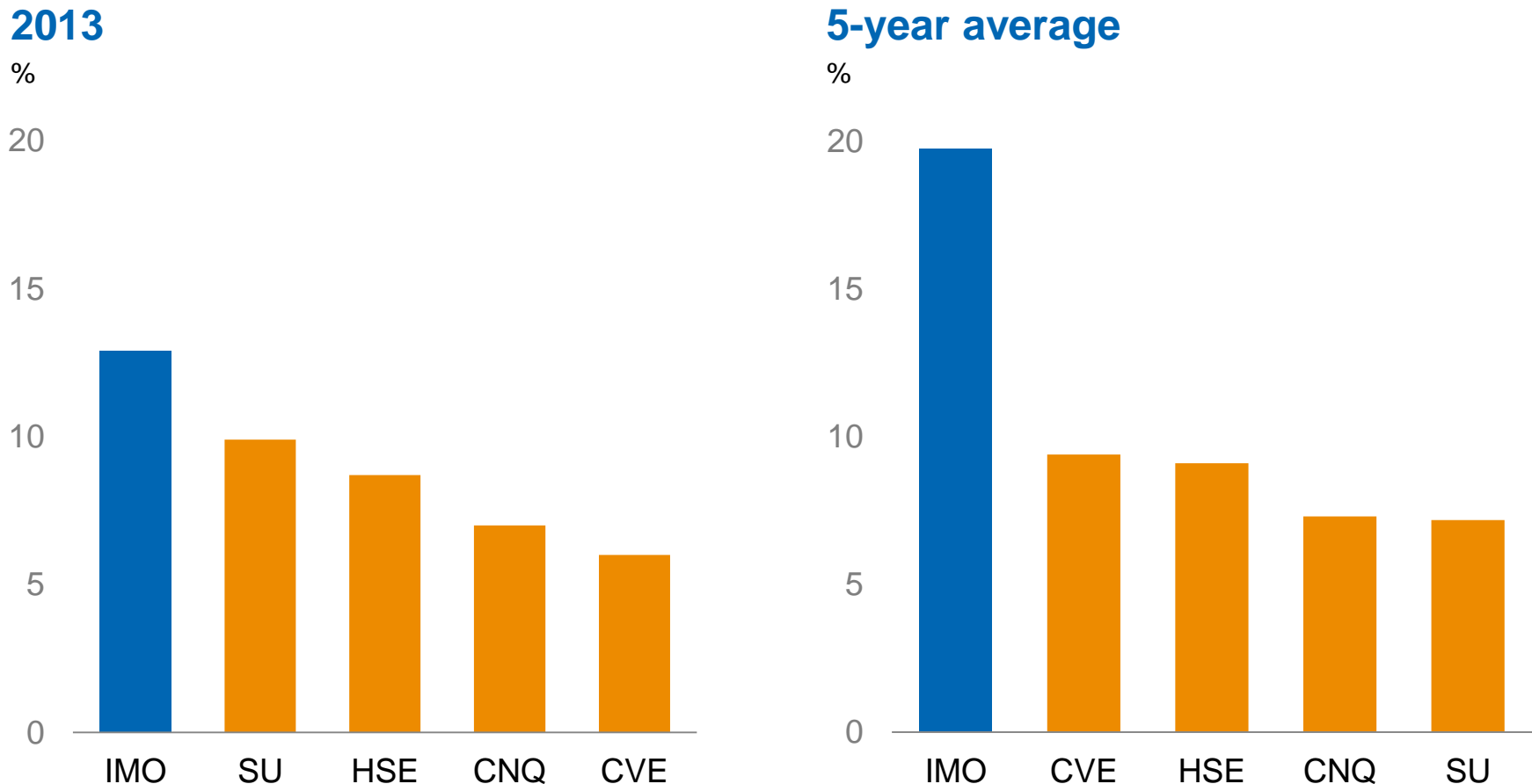
\$/bbl



Source: Barclays Research

# Industry-leading return on capital employed

## Maximizing investment value and life-cycle performance



Source: company publications

# Unmatched shareholder distributions

\$13 billion returned to shareholders in last 10 years

## 2004-2013 Distributions

\$ billions

15

10

5

Share reductions  
Dividends

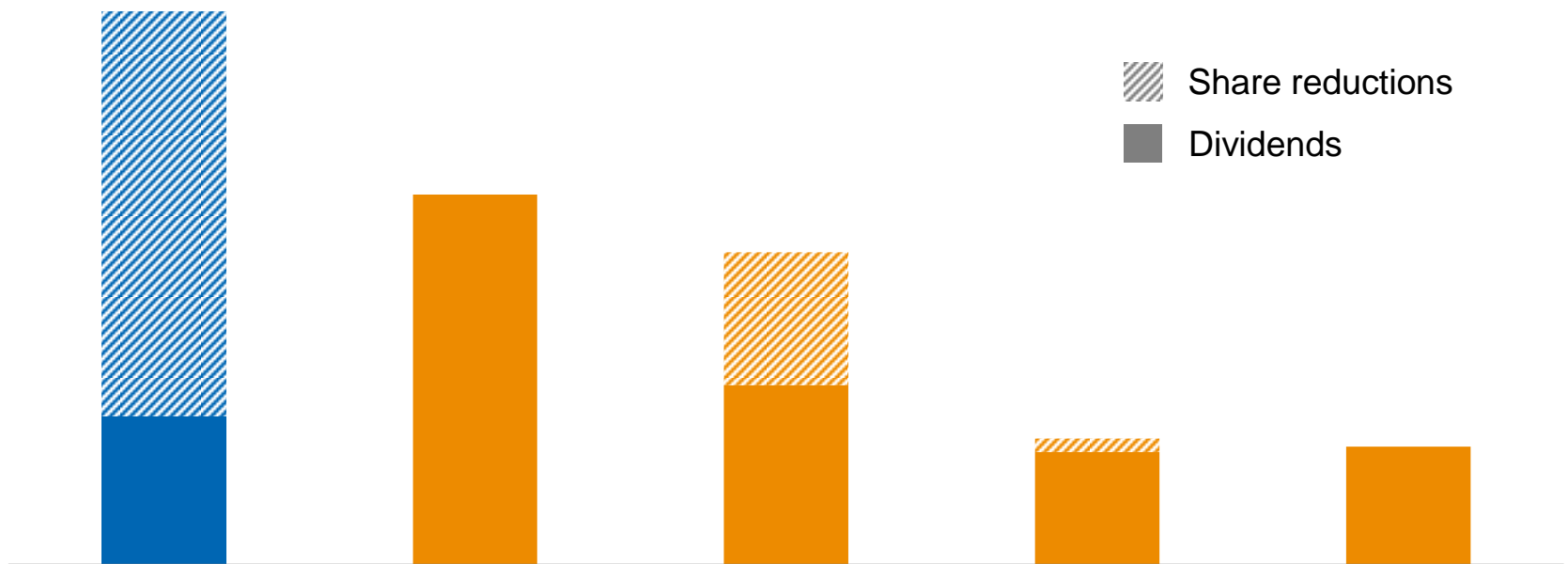
IMO

HSE

SU

CNQ

CVE

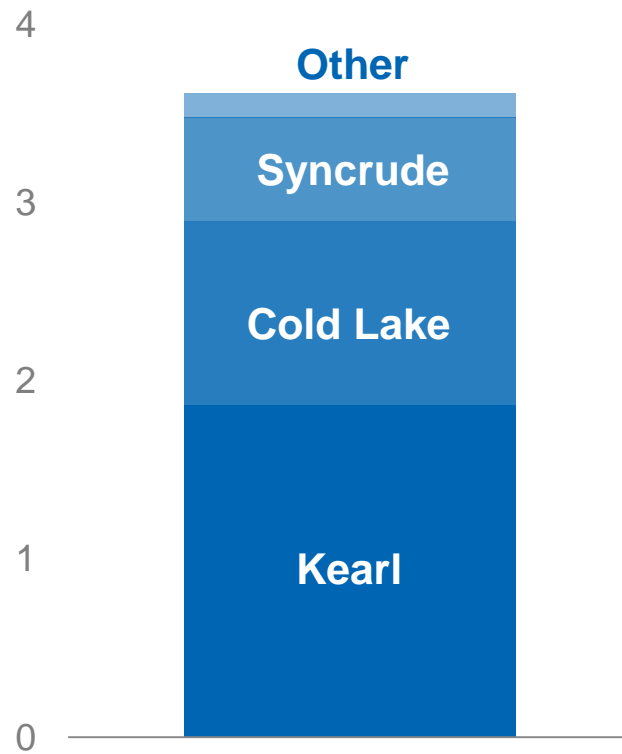


# Long-life, high-quality proved reserves

3.6 billion oil-equivalent barrels, concentrated in world-class assets

## YE 2013 proved reserves

billion oeb<sup>1</sup>



<sup>1</sup>after royalties

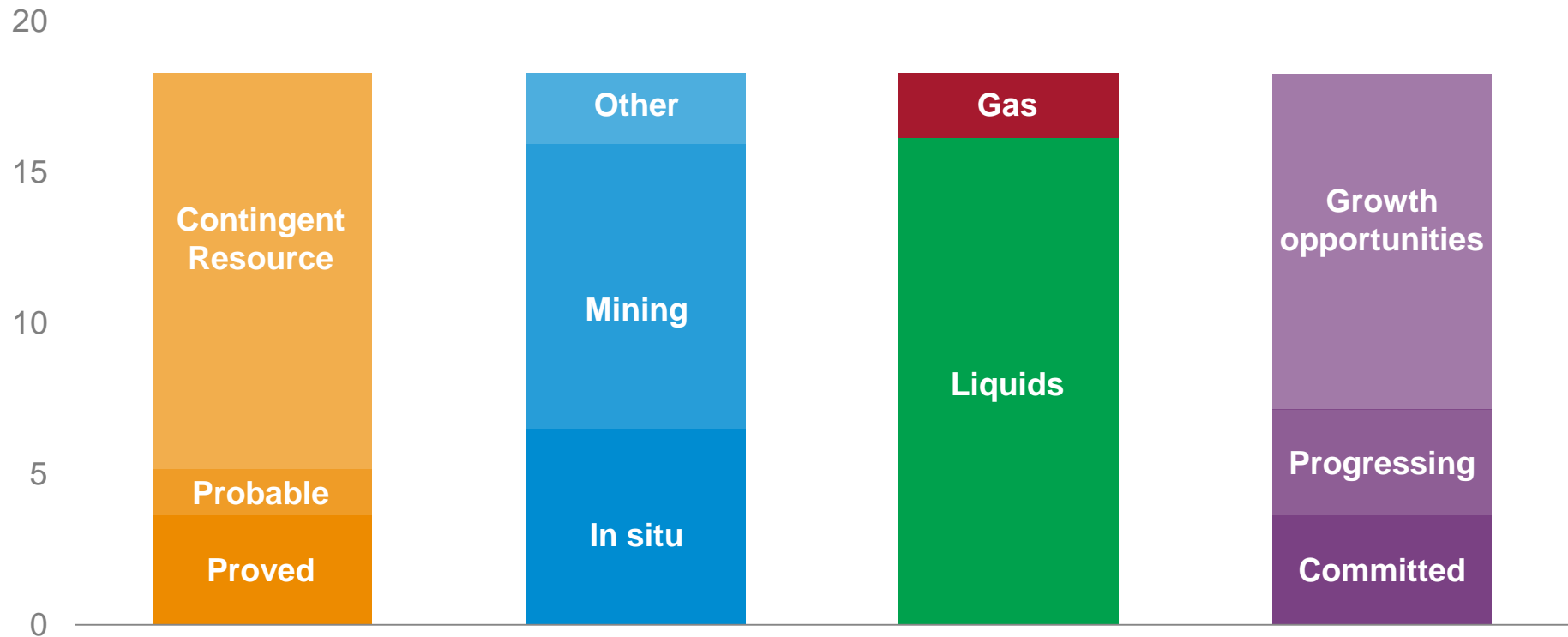


# Large resource base

18 billion oil-equivalent barrels, up 10% in 2013

## YE 2013 resource base

billion oeb<sup>1</sup>



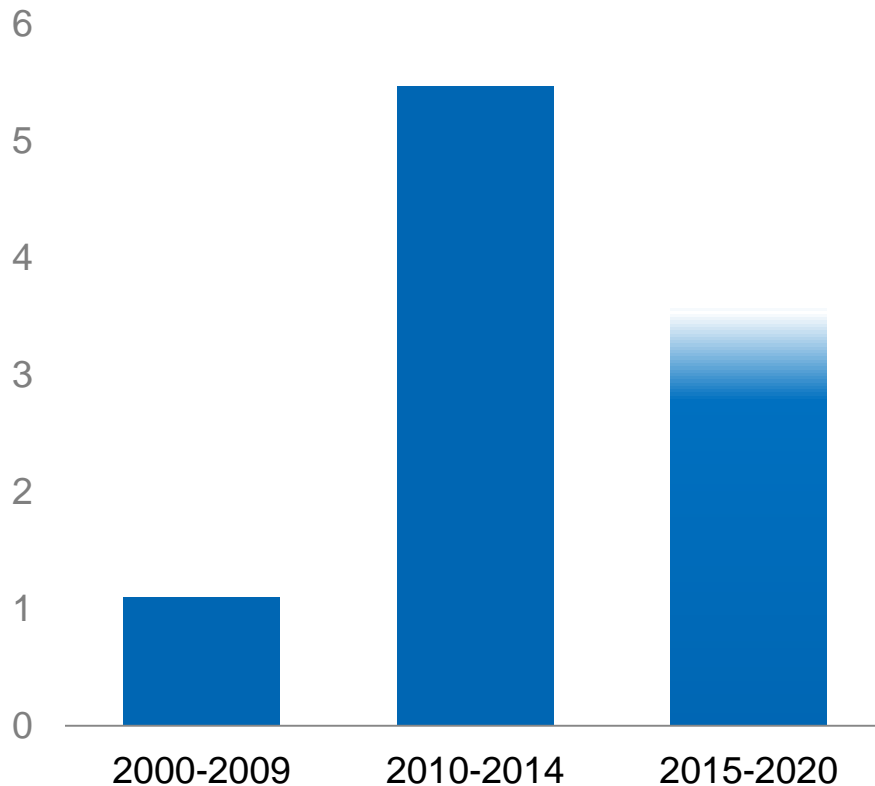
<sup>1</sup>after royalties

# Significant growth investments

Spending \$40+ billion this decade concentrated on upstream projects

## Average annual capex

\$ billions



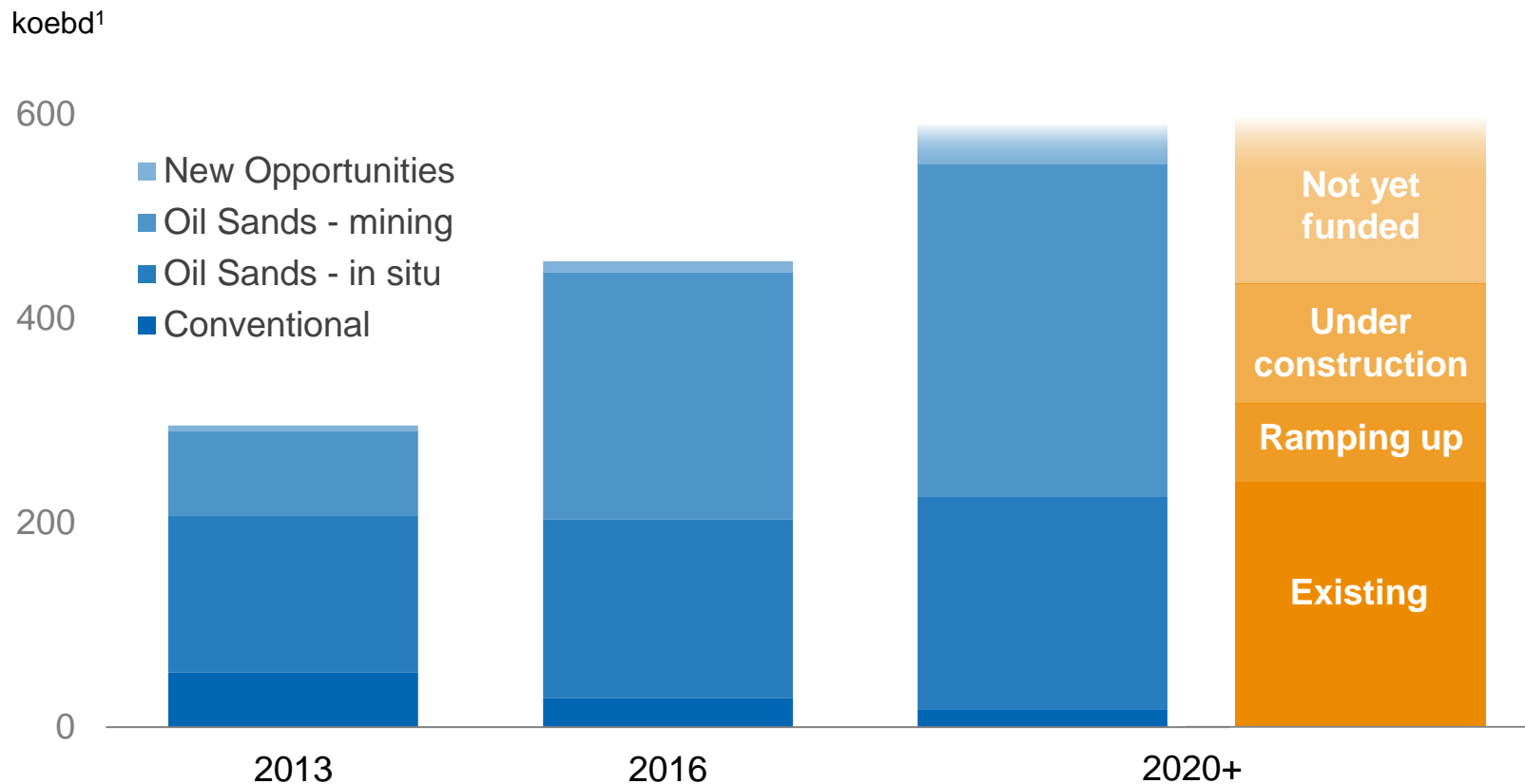
*Includes Upstream, Downstream, Chemical & Corporate*



# Production positioned to double

200 kbd of additional liquids capacity in funded projects

## Production outlook

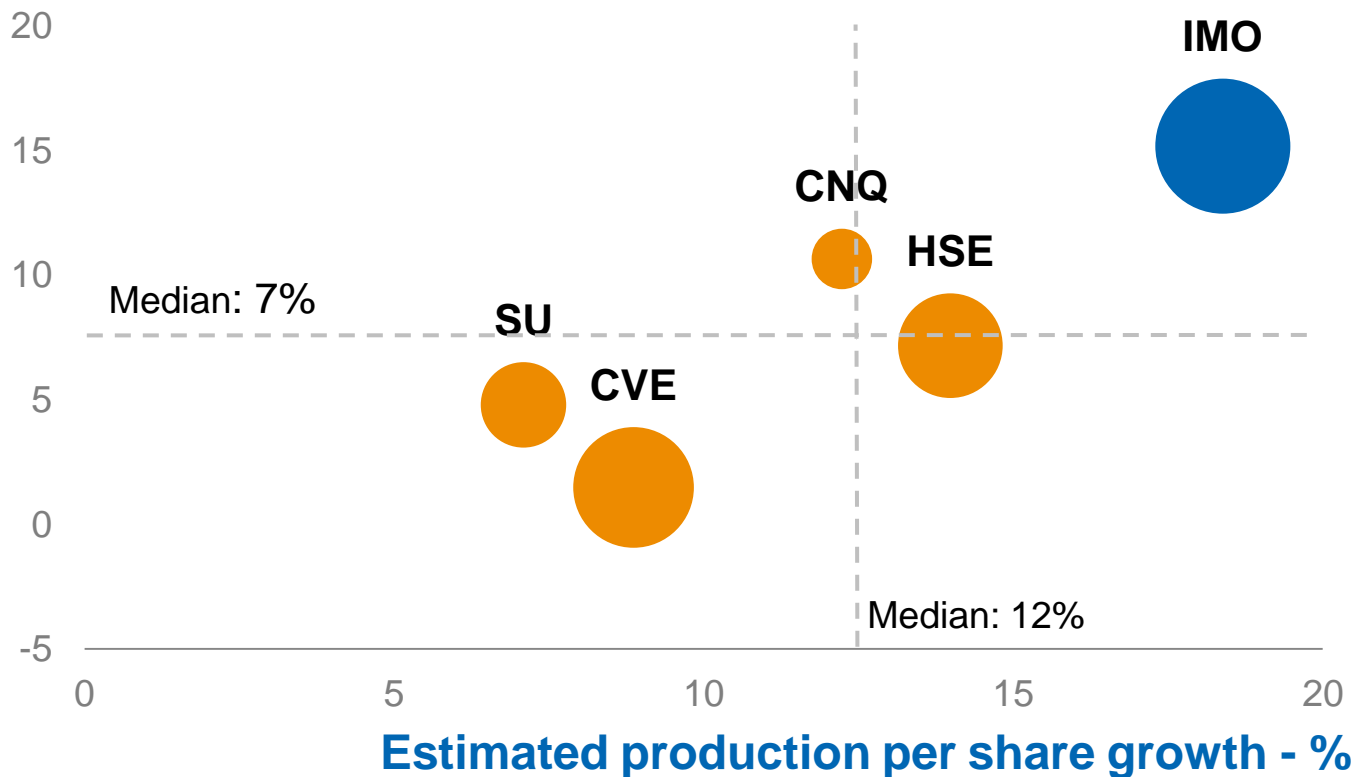


<sup>1</sup>before royalties

# Large cap growth comparison

*“We estimate Imperial will exhibit the strongest per share growth in the peer group over the next several years, driven in large part by its expansions at Kearl.” - Peters & Co.*

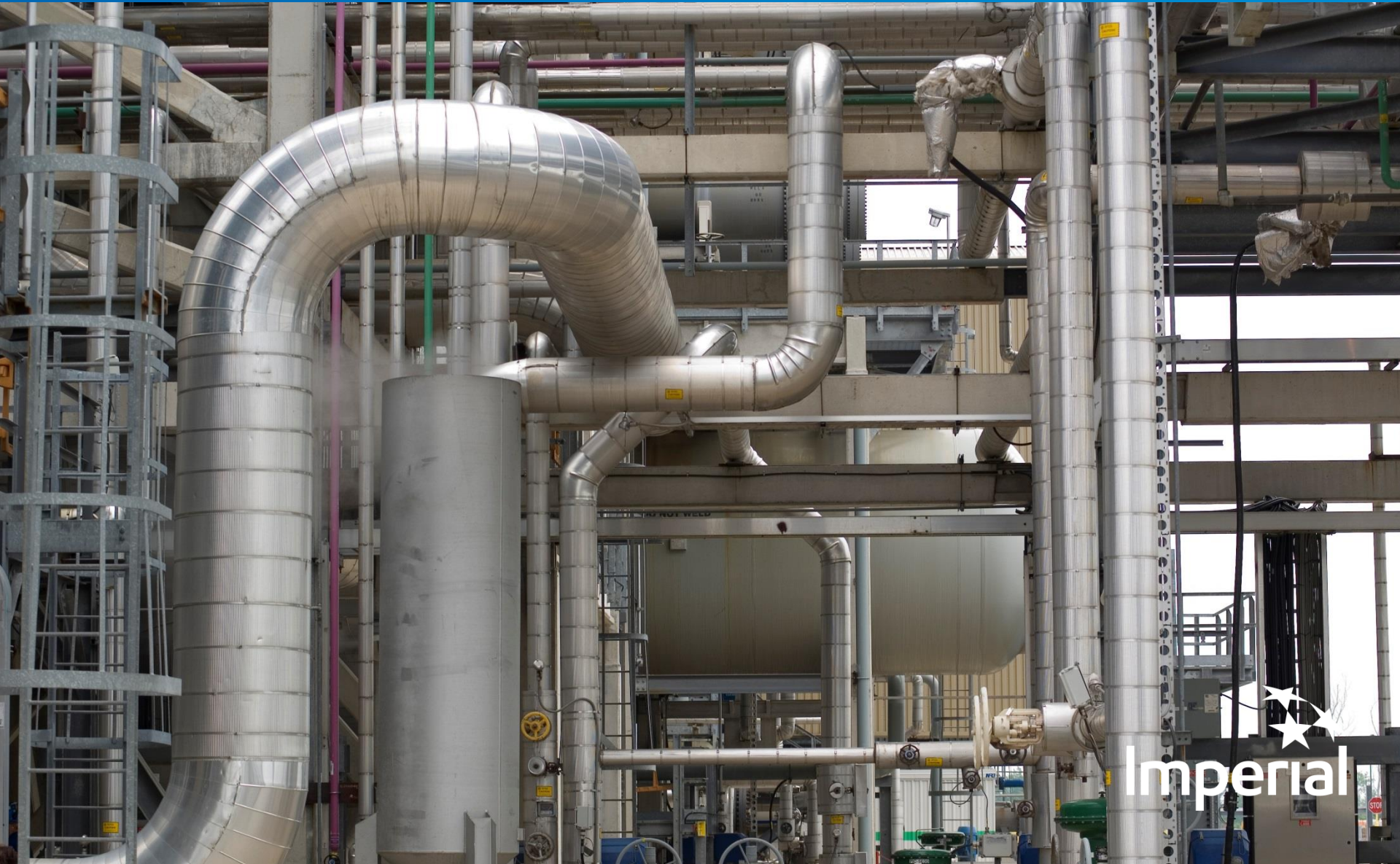
## Estimated cash flow per share growth - %



Source: Peters & Co. Limited, 2014-2017 Peters & Co. Limited estimates

Note: Cash flow and production per share growth is debt and dividend adjusted. Bubble size indicates the relative ranking of the 2014E EV/DACF Multiple.

# Downstream & Chemical overview



# Integration & synergies

Delivering competitive advantage across the full value chain

## Production



Crude oil and natural gas

## Refining



Petroleum products

## Chemical



Commodities and specialties

# Downstream & Chemical strategies

## Maximizing the value of every molecule

- **Consistently deliver best-in-class performance**
- **Provide valued and high-quality products and services**
- **Lead industry in operating efficiency and effectiveness**
- **Selectively invest for advantaged returns**



# Refining & Chemical

## Canada's largest refiner, integrated chemical facility



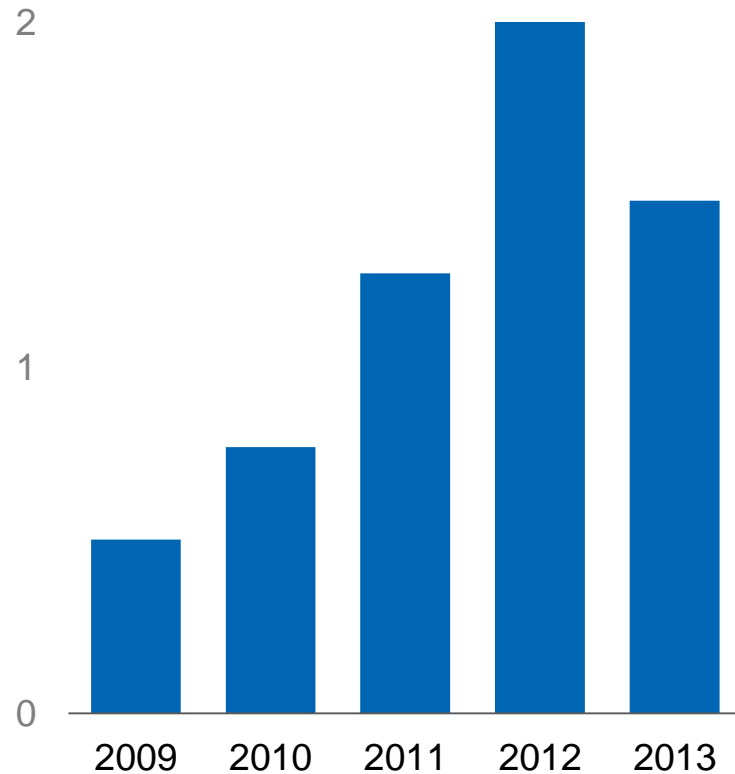
- Strathcona, Sarnia, Nanticoke  
Capacity: 421 kbd
  - Sarnia Chemicals  
2013 sales: 940 KT
- 
- ✓ Efficient, well-positioned assets
  - ✓ Integrated, advantaged feedstocks
  - ✓ Leveraging global best practices

# Strong cash flow with selective investments

More than \$6 billion of net cash generated over the last 5 years

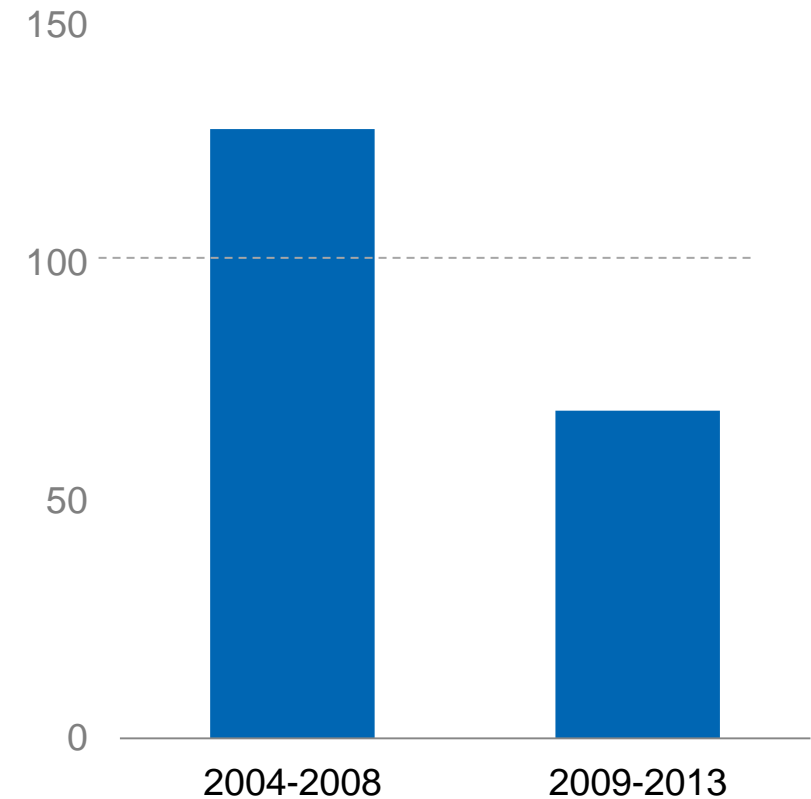
## Downstream & Chemical net cash

\$ billions



## Downstream & Chemical capex

% of depreciation

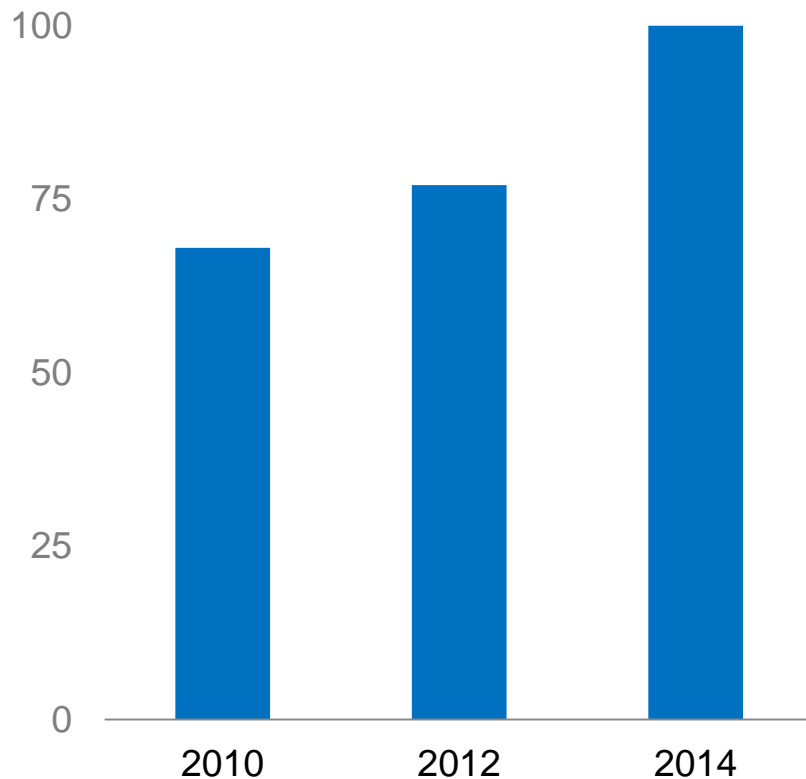


# Maximizing refining value

## Lowering costs through advantaged feeds and energy efficiencies

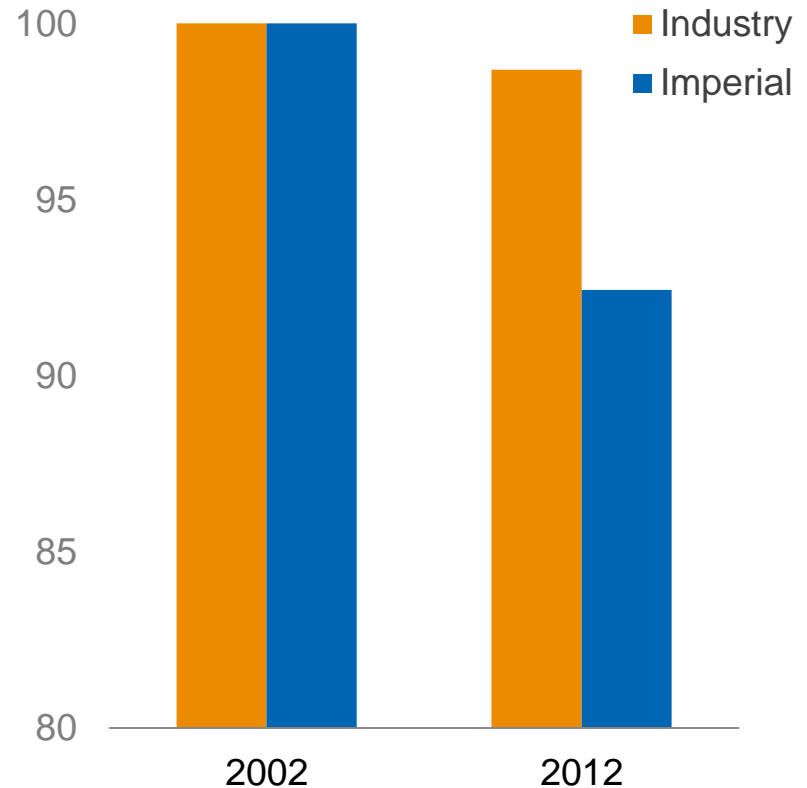
### Mid-continent crude

% of throughput



### Indexed energy intensity

%



Source: Solomon data, indexed

# Leveraging ExxonMobil global best practices

Unique technical, operational and commercial support networks

Systematic approach to achieve operational excellence:

✓ Personnel safety

✓ Facility reliability

✓ Energy efficiency

✓ Manufacturing optimization



**Strathcona**



**Nanticoke**



**Sarnia**

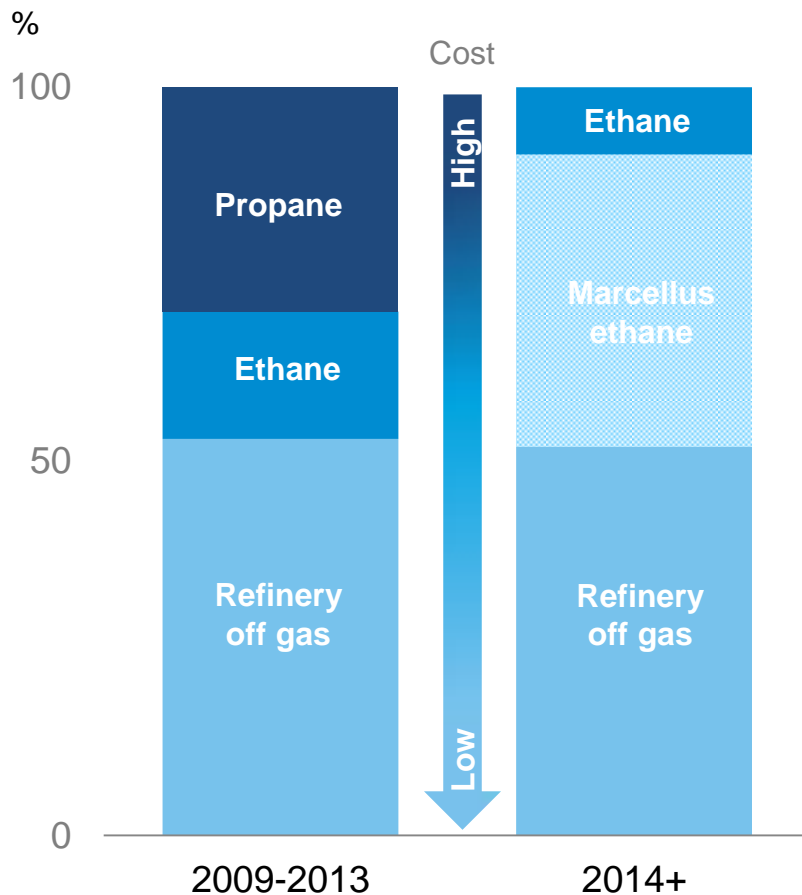


**Chemical**

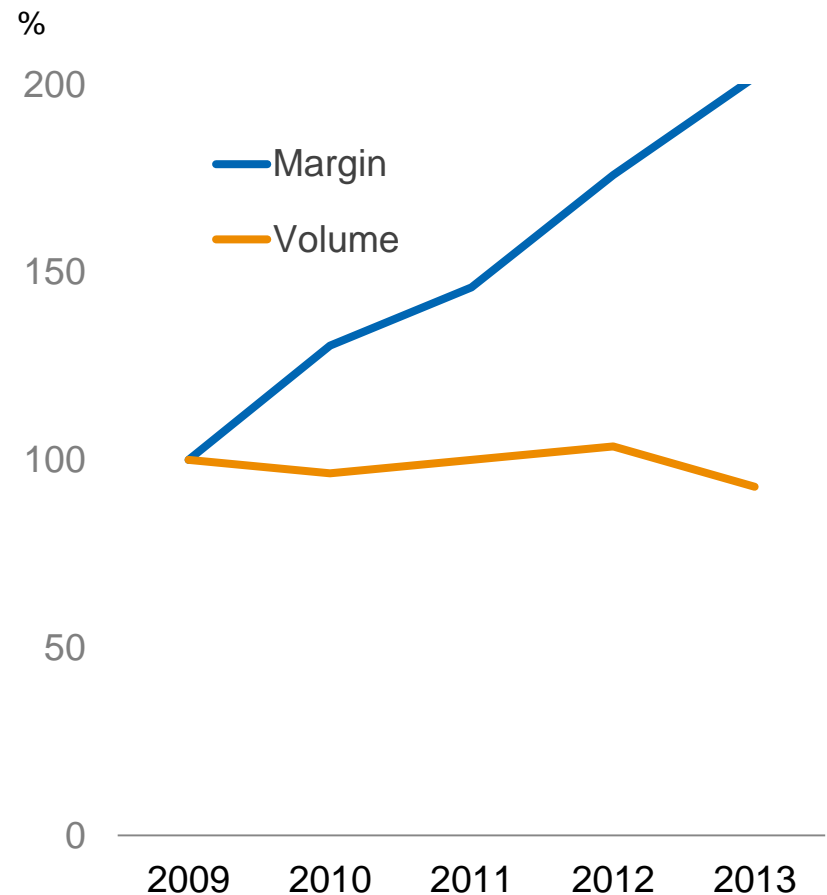
# Strong Chemical performance

Top-tier polyethylene producer, low-cost feedstock, specialty customers

## Feedstock




## Indexed volume & unit margin



# Fuels & Lubricants marketing

## World-class brands, extensive distribution system



- 1,700 sites; 470 company-owned
- Marketing brands:  **Mobil 1**
- 2013 sales: 454 kbd
- ✓ Concentrated in premium markets
- ✓ High capability distributor network
- ✓ Profitable partnerships

# Marketing excellence

## Leading market share in all product segments

|                     | Market share | Market position |
|---------------------|--------------|-----------------|
| Wholesale fuels     | 24%          | #1              |
| Retail <sup>1</sup> | 18%          | #2              |
| Aviation            | 35%          | #1              |
| Marine              | 30%          | #1              |
| Asphalt             | 35%          | #1              |
| Lubricants          | 27%          | #1              |



<sup>1</sup>Source: Q4 2013 Kent Market Share

All others estimated based on Statistics Canada data and company information

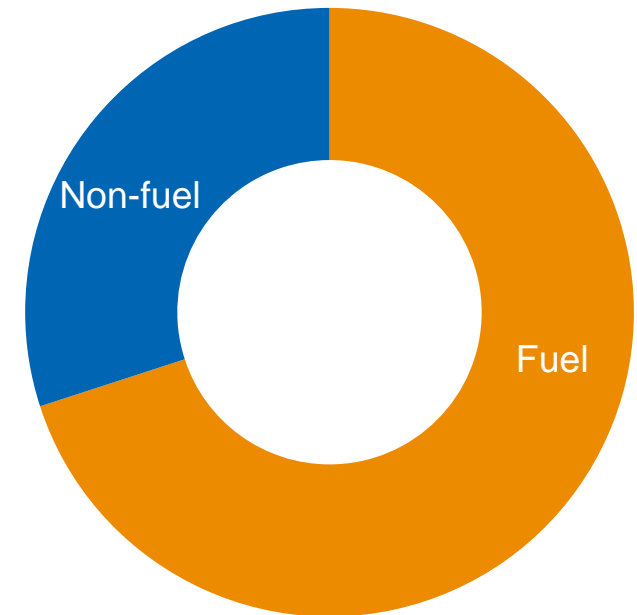
# Retail value proposition

Profitably fulfilling customer needs, industry-leading performance

|                    |    |
|--------------------|----|
|                    |    |
| Site contribution  | #1 |
| Non-fuel margin    | #1 |
| Net site cash cost | #1 |



Retail margin



RBC Royal Bank  
RBC Banque Royale

Source: 2012 MJErvin Benchmarking. Participants: Imperial, Chevron, Husky Energy, Irving Oil, Parkland, Pioneer, Shell Canada, Suncor (PetroCanada)



# Upstream overview



# Upstream strategies

## Operational excellence and profitable growth

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- **Maximize value of existing production**
- **Invest in projects that deliver superior results**
- **Enhance resource value through high-impact technologies**
- **Pursue the highest quality exploration opportunities**



# Cold Lake: a world-class in situ operation

Industry-leading performance, further growth potential

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- 100% Imperial, 1<sup>st</sup> production in 1985
  - 4,500 wells, 150 kbd<sup>1</sup> production
  - 1.7B bbls 2P, 3.3B bbls contingent<sup>1</sup>
- 
- ✓ Large, high quality resource base
  - ✓ Highly efficient operation
  - ✓ Significant long-term growth potential

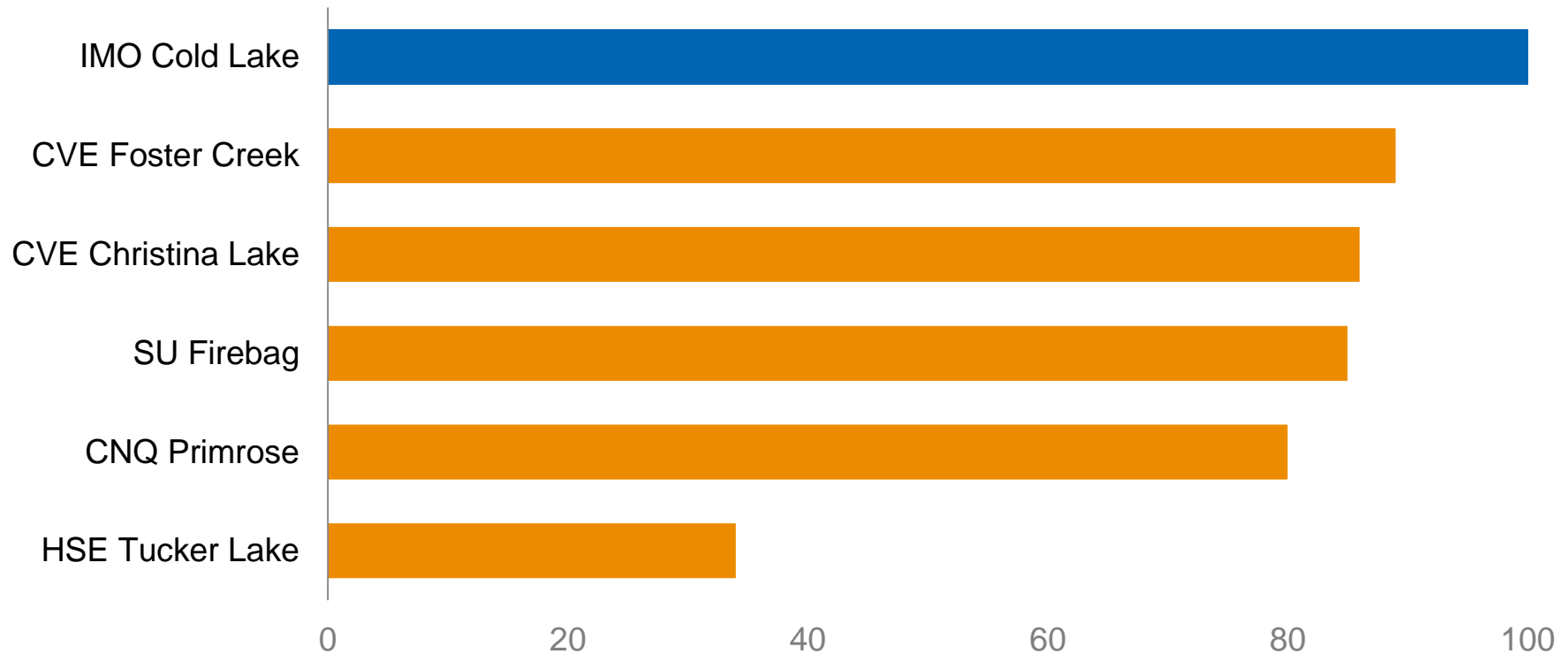
<sup>1</sup> IMO share, before royalties

# Industry-leading reliability

Achieved through comprehensive, systematic approach

## 2013 reliability

% of capacity



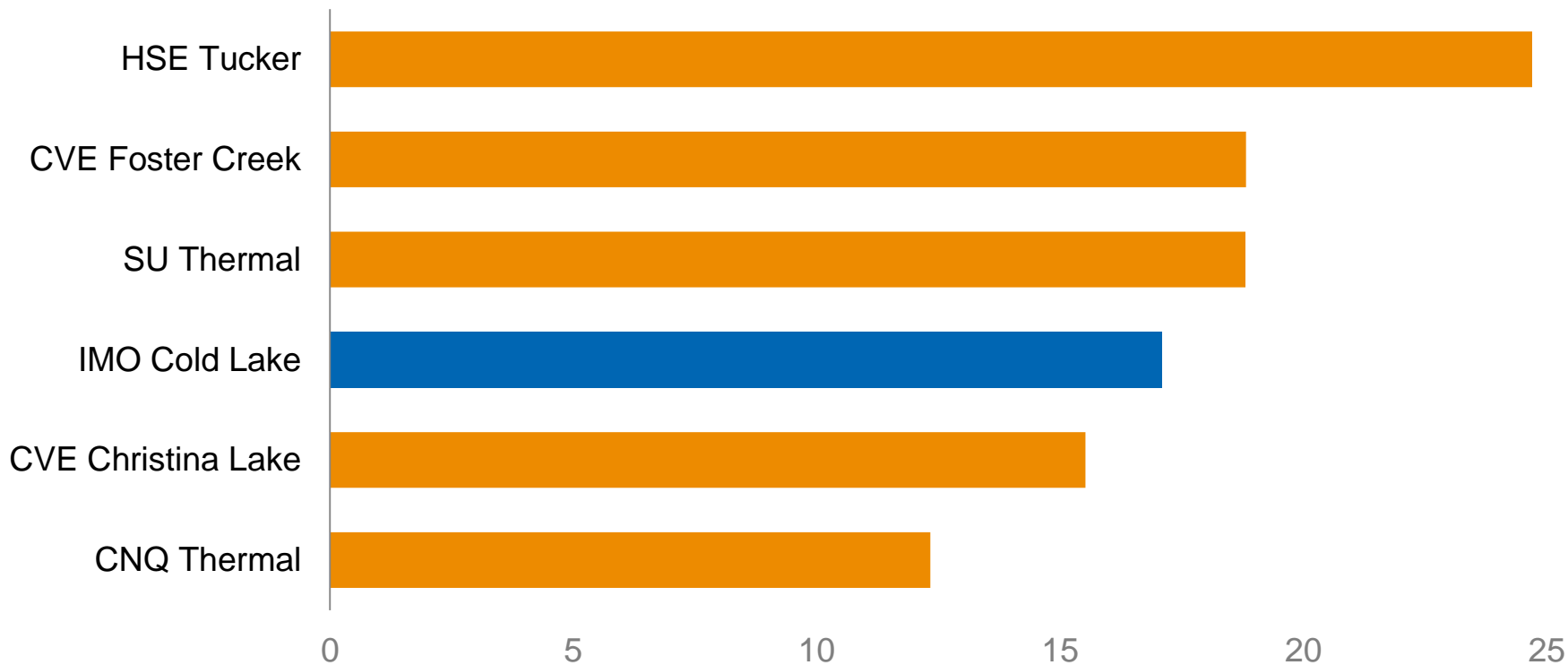
Source: Peters & Co. Limited

# Competitive cost structure

Achieved through operational integrity, life-cycle cost discipline

## 2013 cash operating costs

\$/bbl

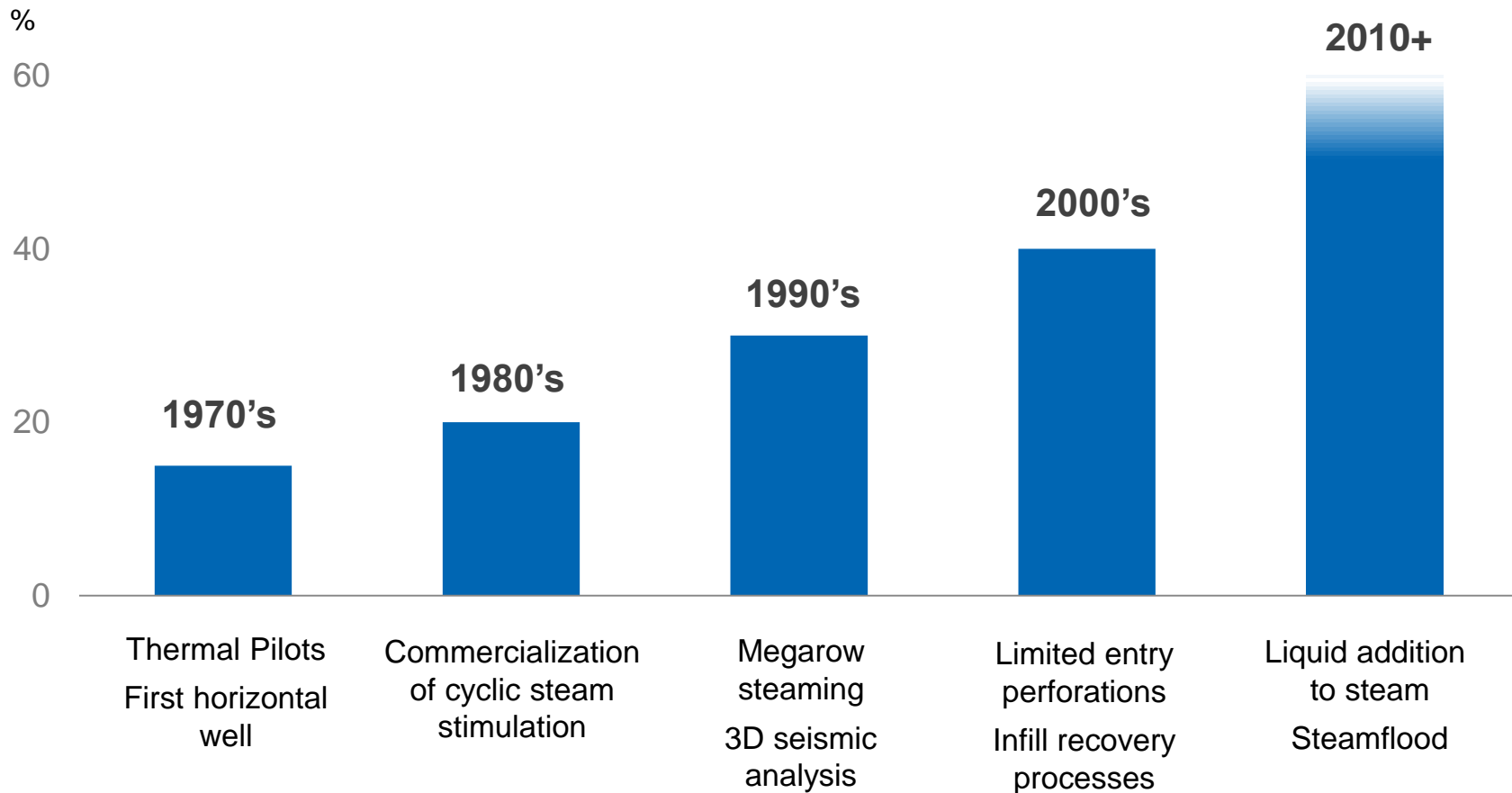


Source: FirstEnergy Capital Corp.

# Increasing resource recovery

Achieved through technology, innovation and operational best practices

## Cold Lake demonstrated recovery



# Nabiye project status

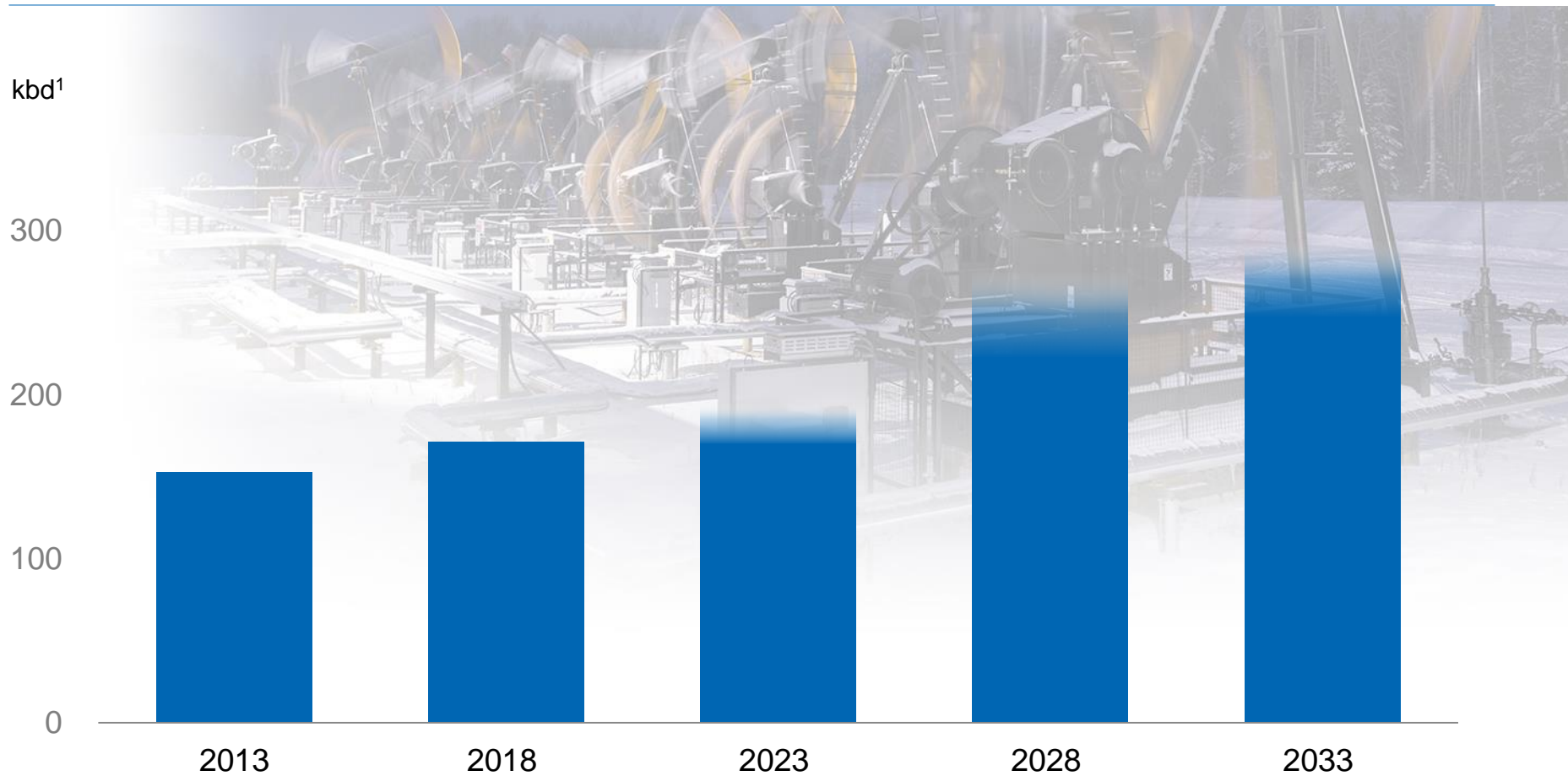
Target start-up remains year-end 2014

- **Funded in 2012 for \$2 billion**
  - 280 million bbls, 40 kbd production<sup>1</sup>
  - 7 pads of 24 wells each
  - 140 kbd steam generation
  - 170 MW cogeneration
- **“Design one, build multiple” replicates Mahkeses**

<sup>1</sup>2P Reserves, gross, before royalties

# Cold Lake production forecast

Long-life plateau, significant growth potential



<sup>1</sup>before royalties

# Syncrude: a pioneer in oil sands mining

## Strategic asset with improvement potential



- 25% Imperial, 1<sup>st</sup> production in 1978
- Synthetic crude, 70 kbd production<sup>1</sup>
- 1.2B bbls 2P, 1.6B bbls contingent<sup>1</sup>

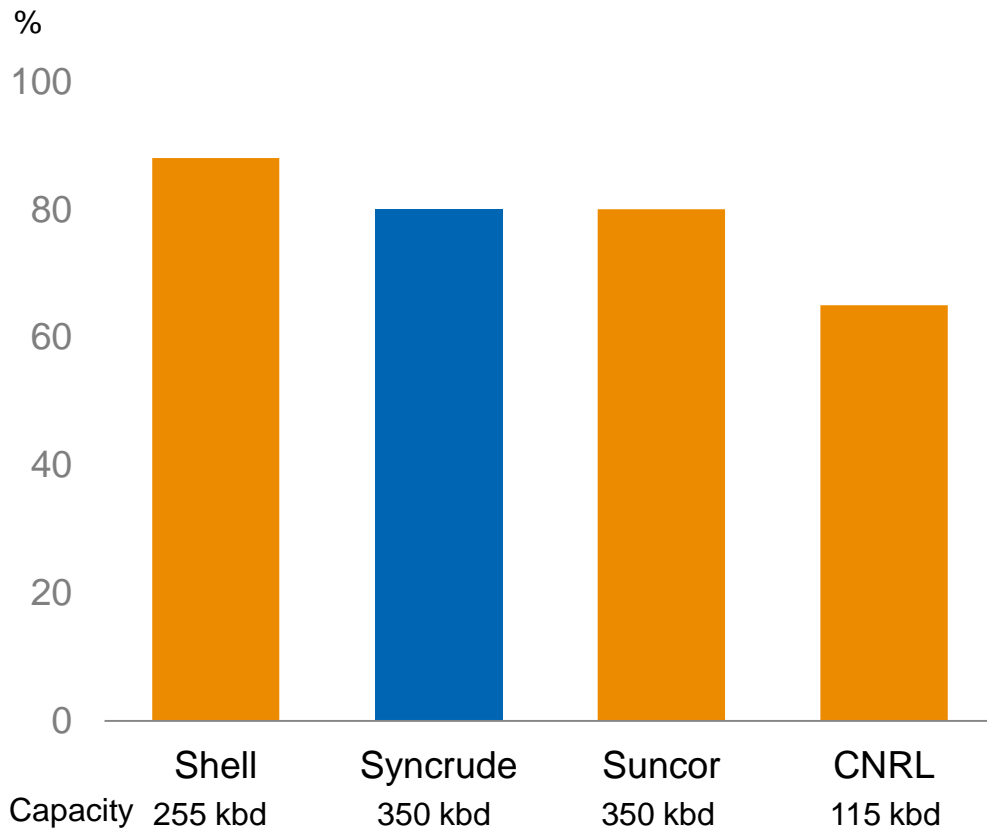
- ✓ High-value production
- ✓ Competitive performance
- ✓ Intense improvement focus

<sup>1</sup> IMO share, before royalties

# Competitive performance

## Targeted efforts to improve

### 3-year average capacity utilization



Source: FirstEnergy Capital Corp.

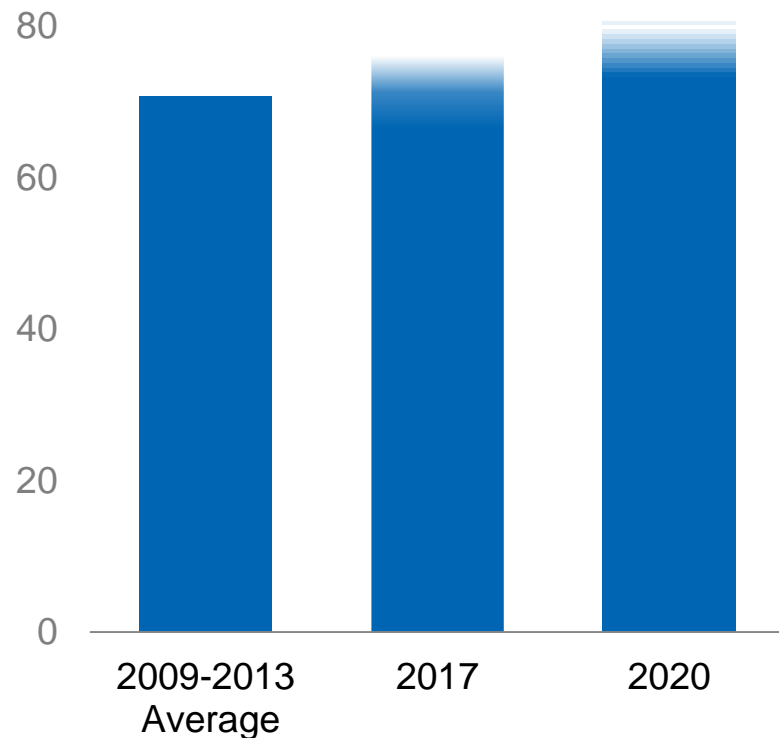


# Focused on increasing production

Priority is to improve reliability of existing facilities

## Syncrude production

kbd<sup>1</sup>



<sup>1</sup>IMO share

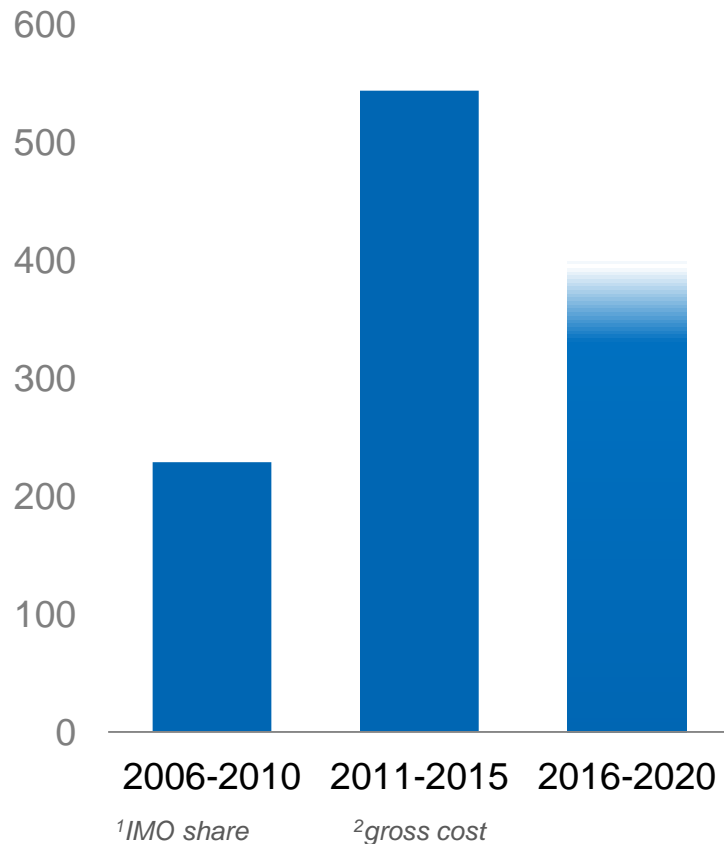
- Operating procedures
- Equipment monitoring
- Facility maintenance
- Coker feed stability
- Sustaining projects

# Executing sustaining projects

## Projects being delivered on schedule, on budget

### Average capex per year

\$ millions<sup>1</sup>



Aurora North Mine Relocation  
\$0.9 billion<sup>2</sup> | Complete



Aurora North Tailings Management  
\$0.8 billion<sup>2</sup> | Complete



Mildred Lake Mine Replacement  
~\$4.2 billion<sup>2</sup> | 85% complete



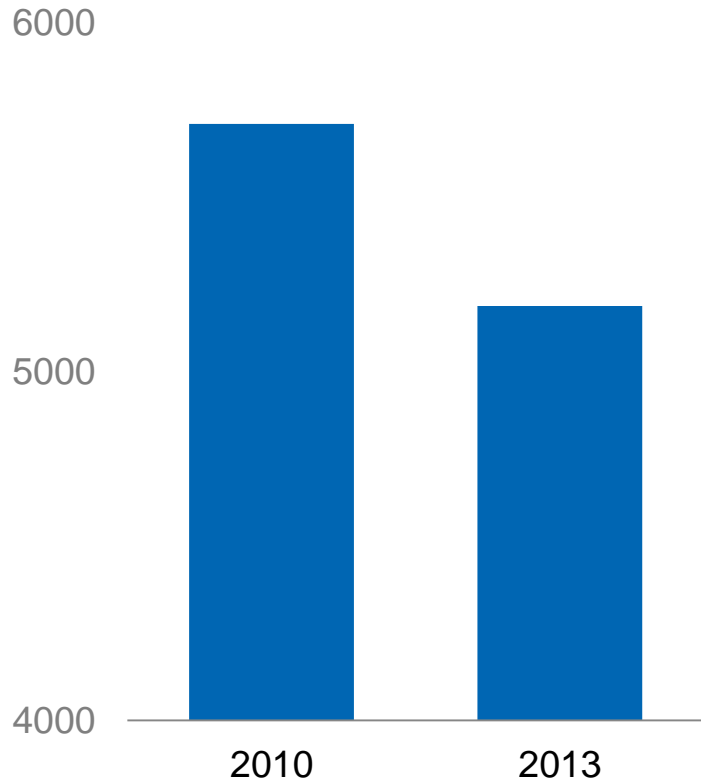
Centrifuge Tailings Management  
~\$1.9 billion<sup>2</sup> | 75% complete

# Driving organizational effectiveness

## Delivering cost reductions, building capabilities

### Syncrude workforce

employees



- Strengthening leadership structure
- Enhancing asset team accountability
- Increasing workforce training
- Expanding best practice networks
- Leveraging IMO/XOM support

# Kearl: the next generation oil sands mine

## Establishing new performance standards



- 71% Imperial, 2013 initial start-up
  - 220 kbd gross funded capacity<sup>1</sup>
  - 3.6B bbls 2P, 1.0B bbls contingent<sup>1</sup>
- 
- ✓ Large, high-quality resource
  - ✓ Proprietary froth treatment
  - ✓ Environmental improvements
  - ✓ Competitive cost structure

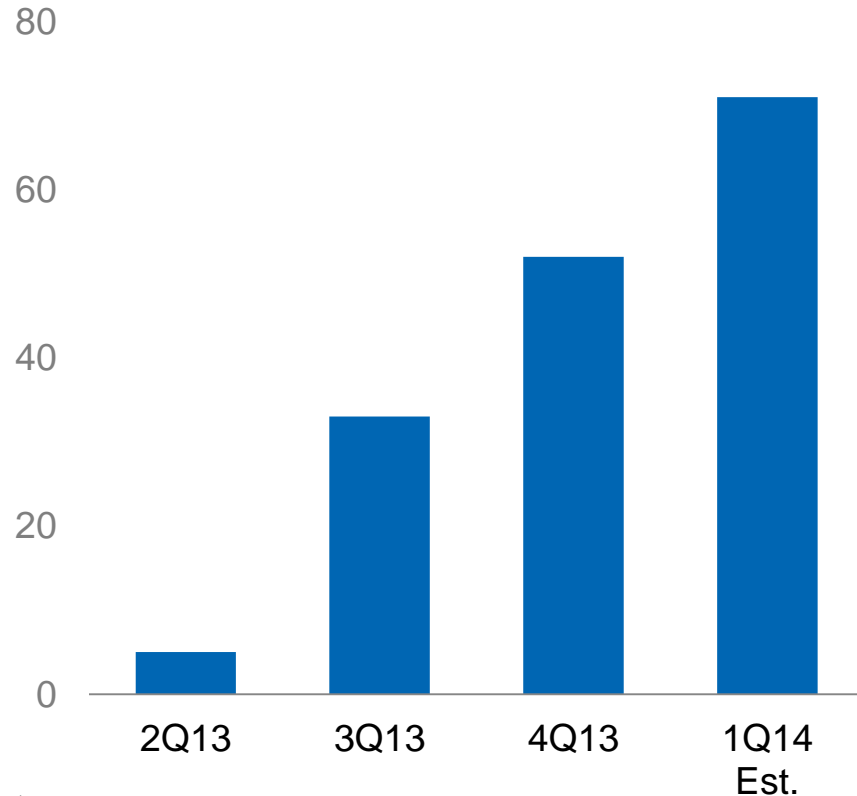
<sup>1</sup>Gross, before royalties

# Initial development update

All three trains operational, ramping up to capacity

## Kearl bitumen production

kbd, gross<sup>1</sup>

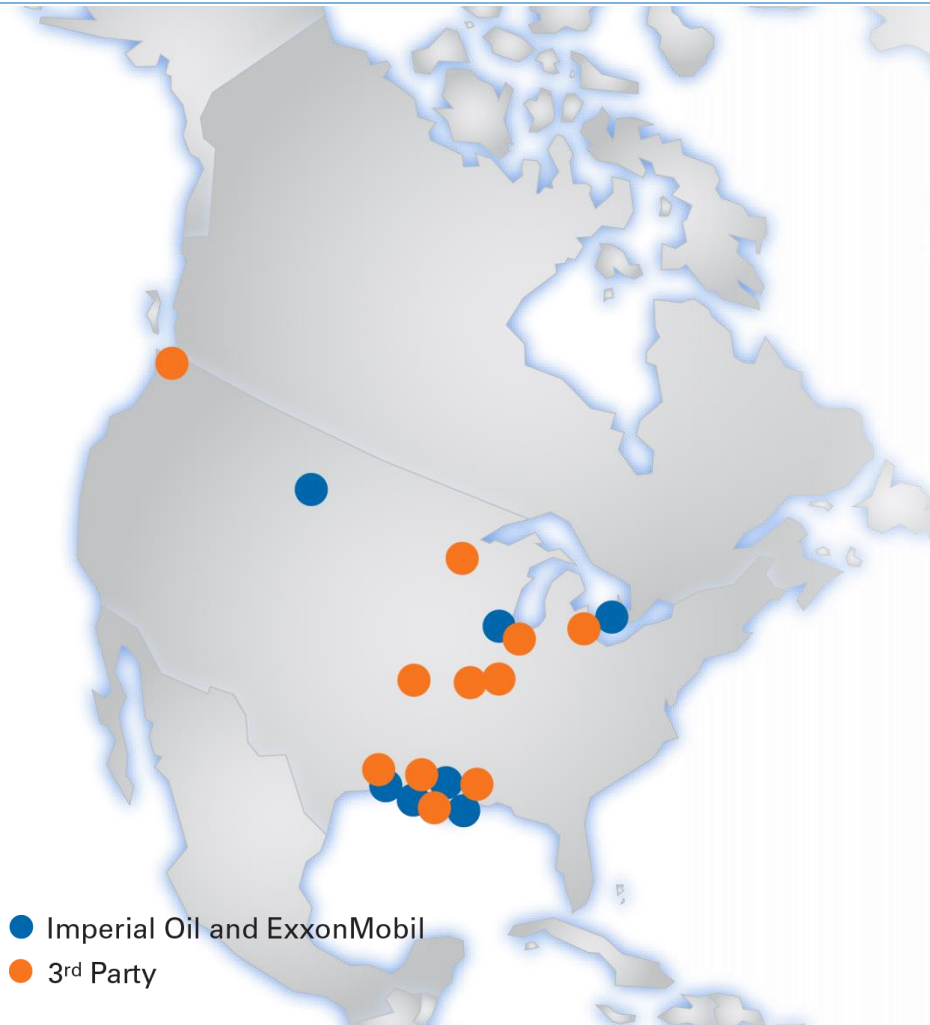


<sup>1</sup>100%, before royalties



# Kearl production successfully marketed

## 19 refineries have processed to-date



- First processed in Imperial and ExxonMobil refineries
- Sales to third parties began in 4Q13
- No operational issues
- Market demand continues to be strong



## Kearl: reliability by design

Watch the video on Imperial's YouTube channel.



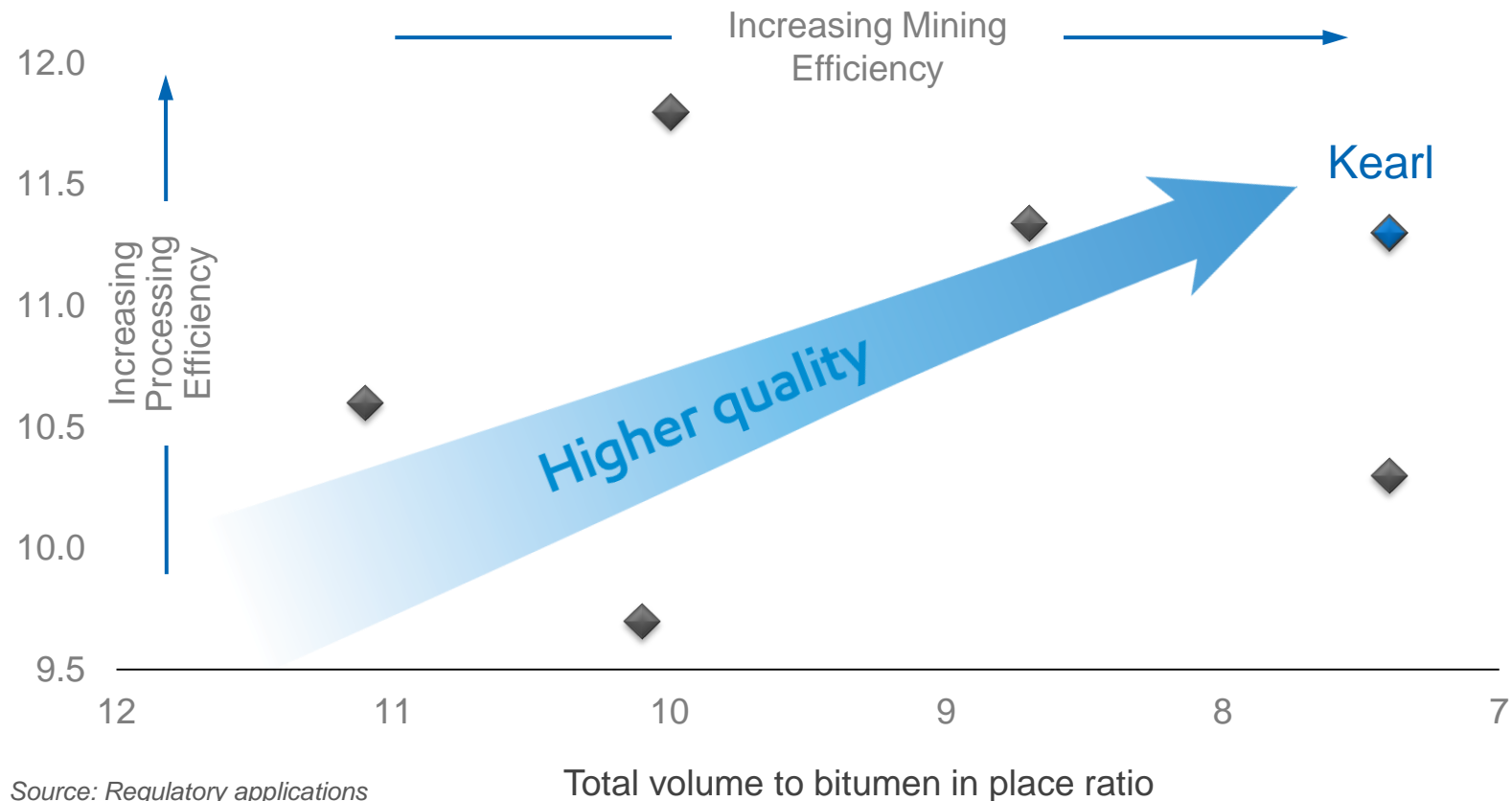
[YouTube.com/ImperialOil](https://www.youtube.com/ImperialOil)

# High resource quality

## A life-cycle unit cost advantage

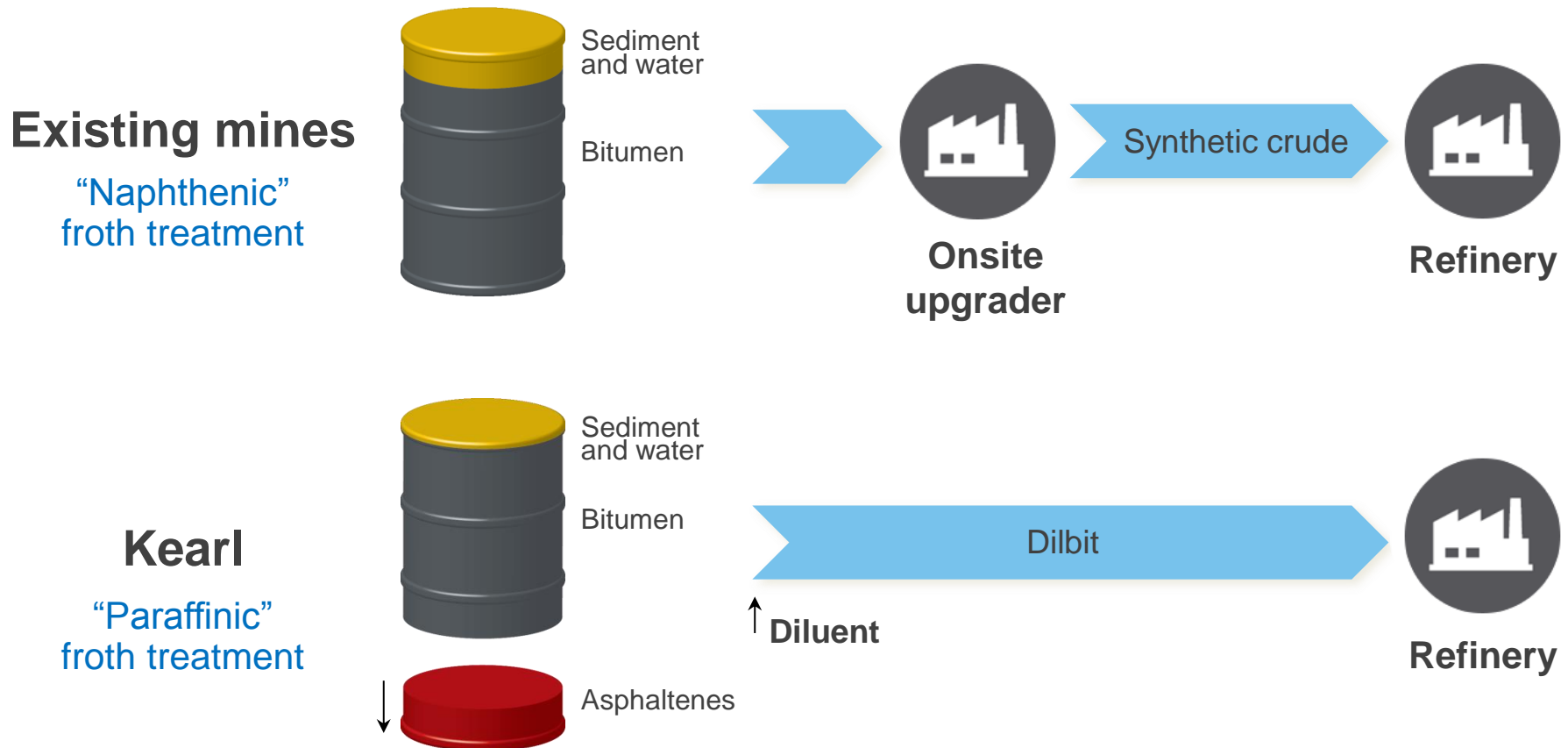
### Athabasca undeveloped mining resources

ore grade, % bitumen



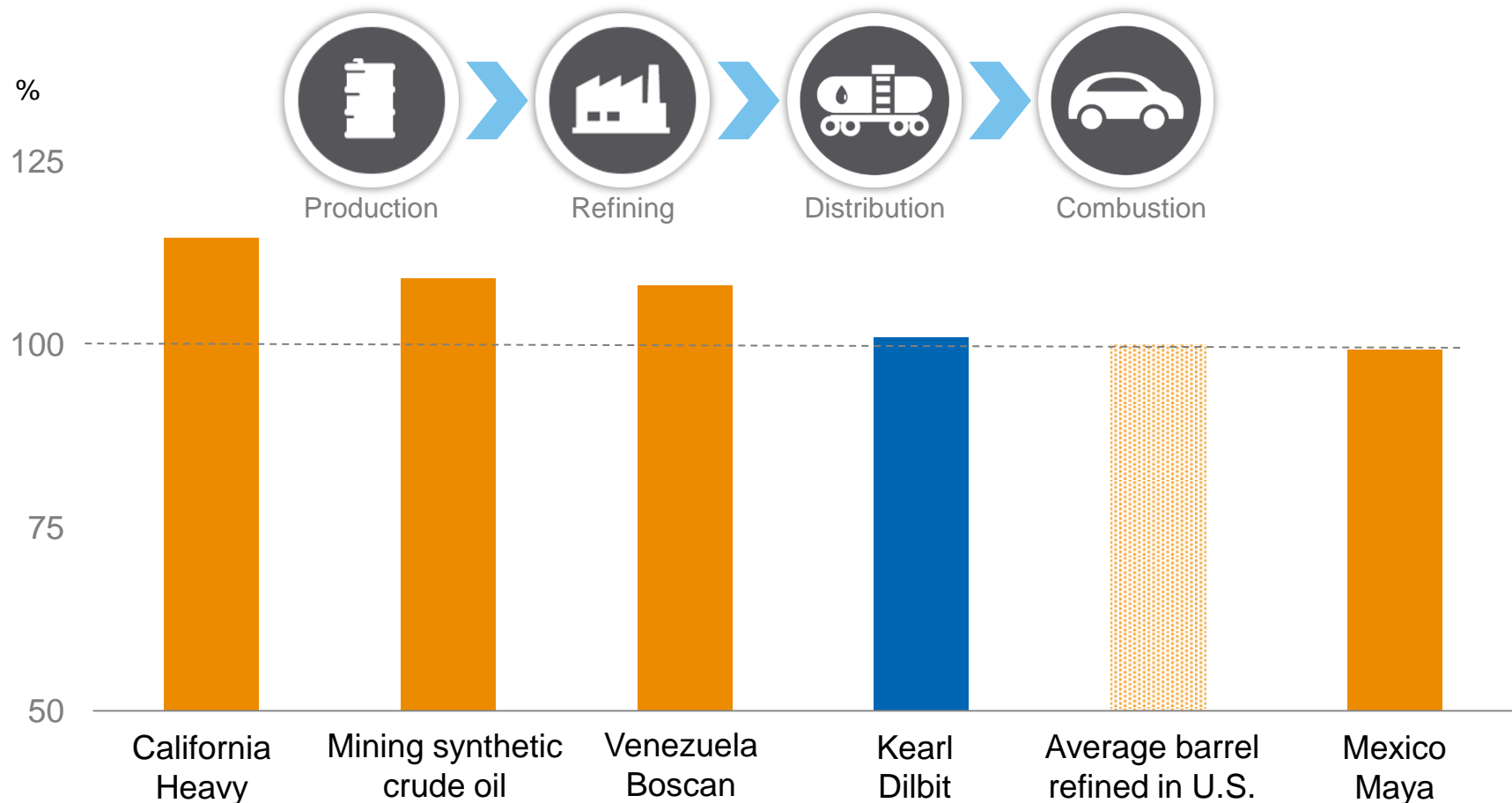
# Proprietary froth treatment

## Producing pipeline-quality crude without an on-site upgrader



# Improved environmental performance

**Wells-to-wheels GHGs about the same as average crude refined in U.S.**



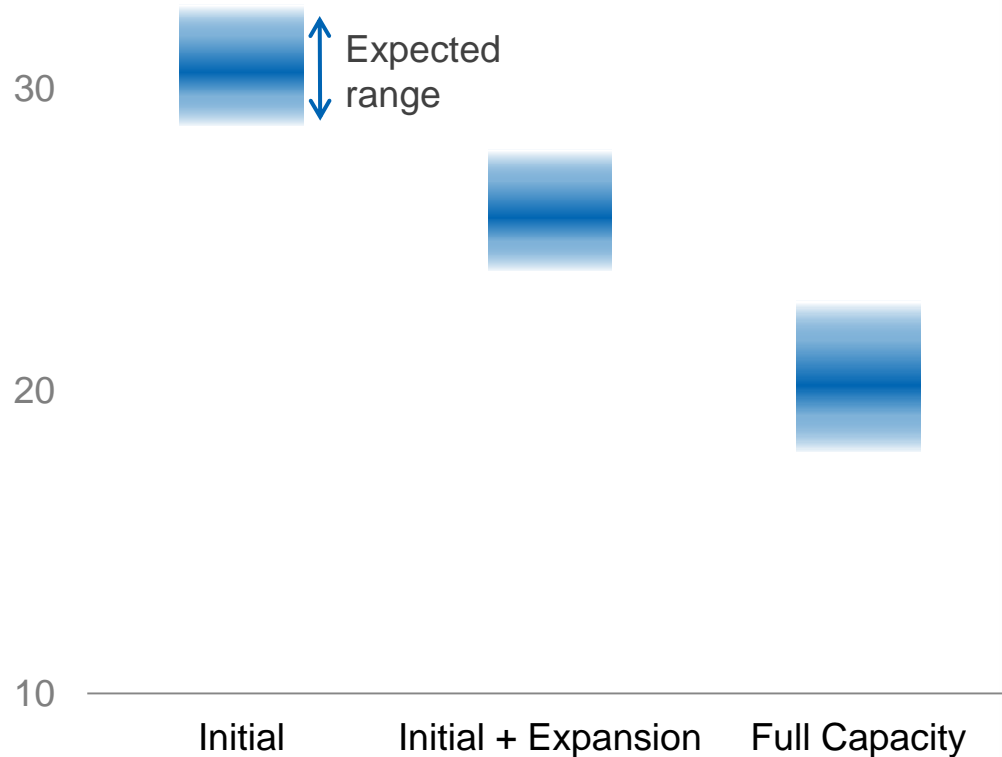
Source: IHS CERA, "Comparing GHG Intensity of the Oil Sands and the Average US Crude Oil Today", 2014

# Efficient cost structure

Sustain production at capacity, drive efficiencies

## Unit cash operating costs

\$/bbl<sup>1</sup>



<sup>1</sup>before royalties



# Kearl Expansion Project





# Kearl Initial Development to Kearl Expansion Project

Watch the video on Imperial's YouTube channel.



[YouTube.com/ImperialOil](https://www.youtube.com/ImperialOil)

# Kearl expansion project status

On schedule and on budget for start-up in 2015

## Relative progress

% complete

100

80

60

40

20

0

1

13

25

Months since start of detailed engineering

Initial (KID)

Expansion (KEP)

- ✓ Same design as KID
- ✓ Same major contractors
- ✓ Full-size modules in Edmonton
- ✓ Lessons learned from start-up
- ✓ Improved performance

# 40+ year asset life

## Expansion potential to 345 kbd

### Kearl development plan

kbd<sup>1</sup>

400

300

200

100

2013

2050

Expansion/Debottleneck – evaluating

125 kbd

Expansion Project – under construction

110 kbd

Initial Development - producing

110 kbd

<sup>1</sup>gross, before royalties

# Market access strategy

## Ensure take-away capacity for all equity crude

- Optimize use of existing systems to maximize value
- Participate in multiple new pipeline opportunities
- Use rail options to bridge and provide contingency
- Mitigate any future surplus via portfolio optimizations

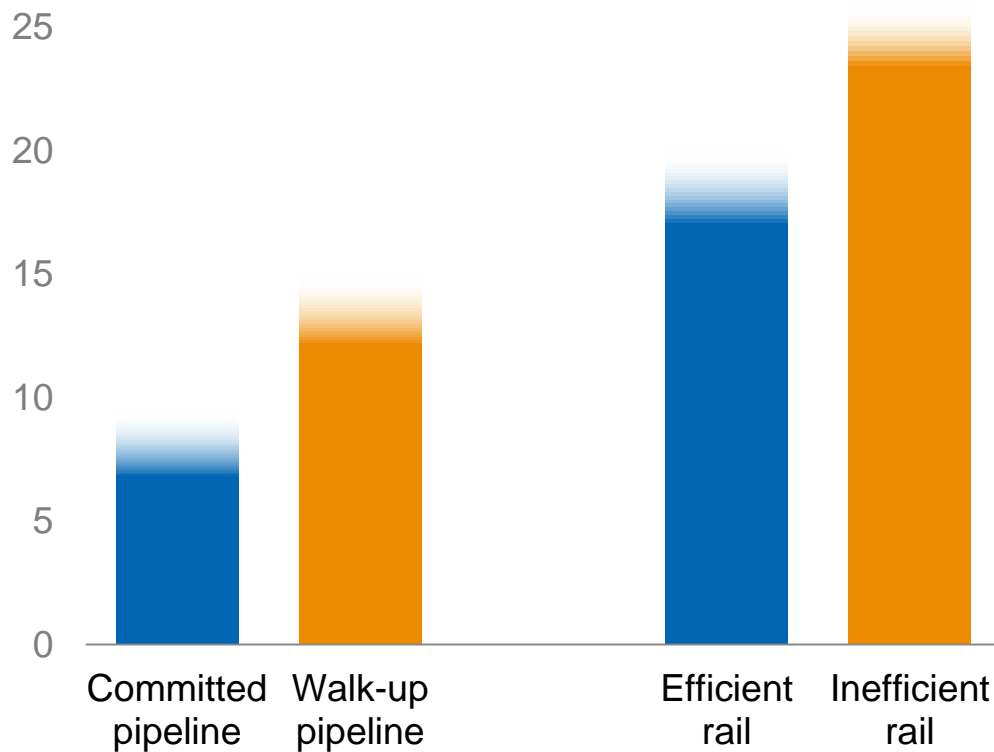


# Industry transportation costs

## Significant value in minimizing transportation costs

### Alberta to U.S. Gulf Coast

\$/bbl, indicative

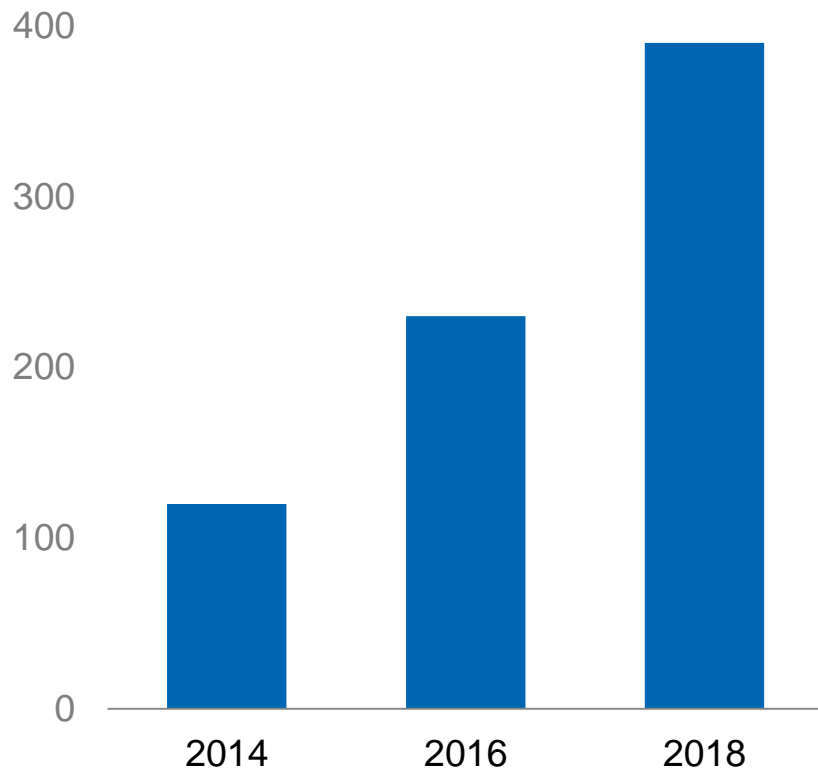


# Pipeline projects

## Production and refining requirements covered

### Commitments to new capacity

kbd



- **Currently transporting 400 kbd from Alberta**
- **Secured 390 kbd of additional capacity**
  - Base Keystone
  - Gulf Coast Access
  - Keystone XL
  - Trans Mountain
  - Energy East

# Rail projects

## Capability to bridge gaps due to apportionment and pipeline timing

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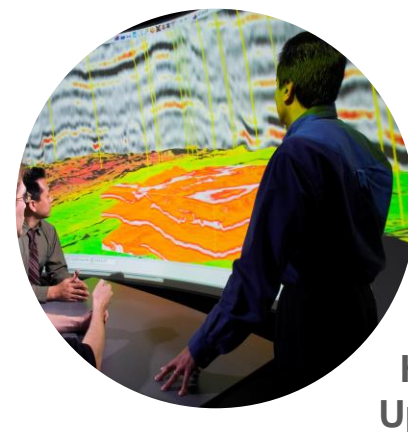
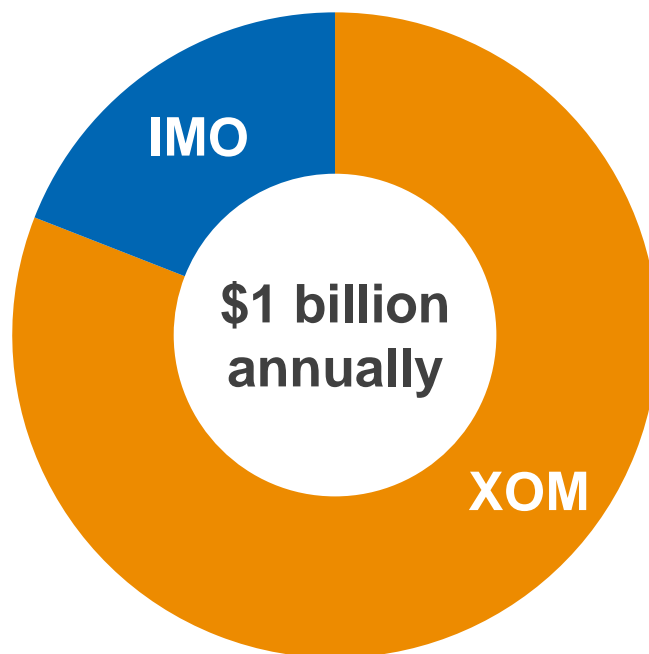
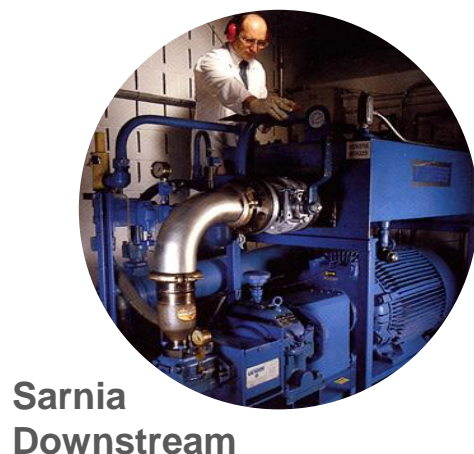
- **Edmonton rail loading terminal**
  - Joint venture with Kinder Morgan
  - Strategically located
  - 100-250 kbd unit train capacity
  - In service early 2015
- **Additional facilities**
  - 20 kbd Strathcona Cold Lake loading
  - 30 kbd Nanticoke crude offloading

# Future opportunities



# Research & technology

World-class facilities, unmatched commitment



# Oil sands research

A history of success, new technologies being advanced

**In situ**



**SA-SAGD**  
Solvent-assisted  
SAGD

**In situ**



**CSP**  
Cyclic solvent  
process

**Mining**

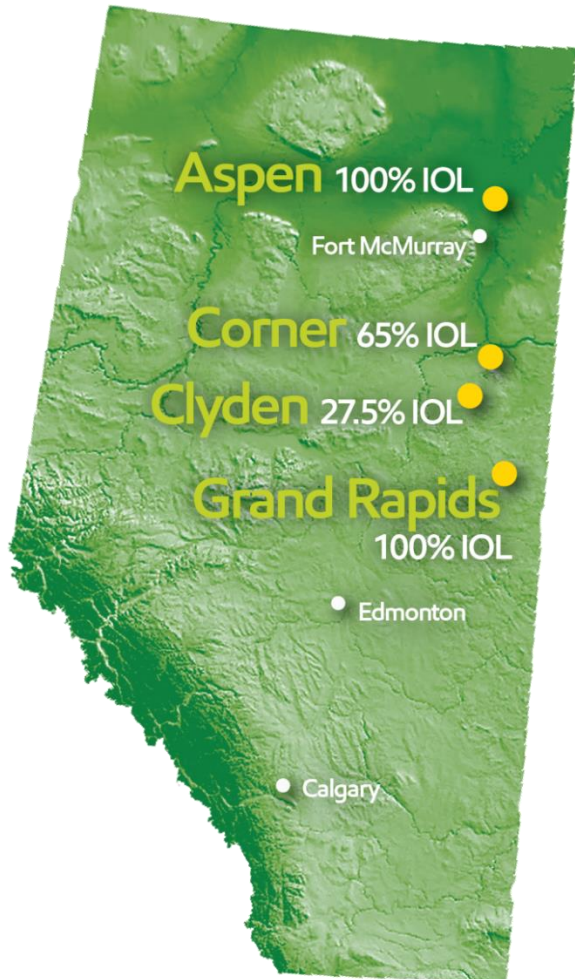


**NAE**  
Non-aqueous  
extraction

**Deliver performance improvements and long-term value**

# 300+ kbd new in situ potential

## Development planning activities ongoing



### Resource potential

300,000 net acres  
4.7 billion barrels<sup>1,2</sup>  
Top-tier quality

### Enabling technology

SAGD / SA-SAGD

### Potential scope

9+ phases  
35-45 kbd per phase

### Regulatory process

First application in 2013

<sup>1</sup> IMO share, before royalties

<sup>2</sup> Resource potential consists of 0.4 billion bbls 2P Reserves and 4.3 billion bbls Contingent Resources



## Imperial's in situ growth

Watch the video on Imperial's YouTube channel.



[YouTube.com/ImperialOil](https://www.youtube.com/ImperialOil)

# Aspen project

- Three phases, 45 kbd each
- “Design one, build multiple”
- SAGD/SA-SAGD technology
- Regulatory filing: December 2013
- Progressing technical definition

*Resource potential consists of 0.4 billion bbls 2P Reserves and 0.7 billion bbls Contingent Resources', before royalties*

# Unconventional gas opportunities

## Large acreage position, development optionality



### Resource potential

540,000 net acres  
~20 TCF potential<sup>1,2</sup>  
Liquids-rich Montney/Duvernay

### Development options

Large-scale export project  
Drilling for North American market

### Plans

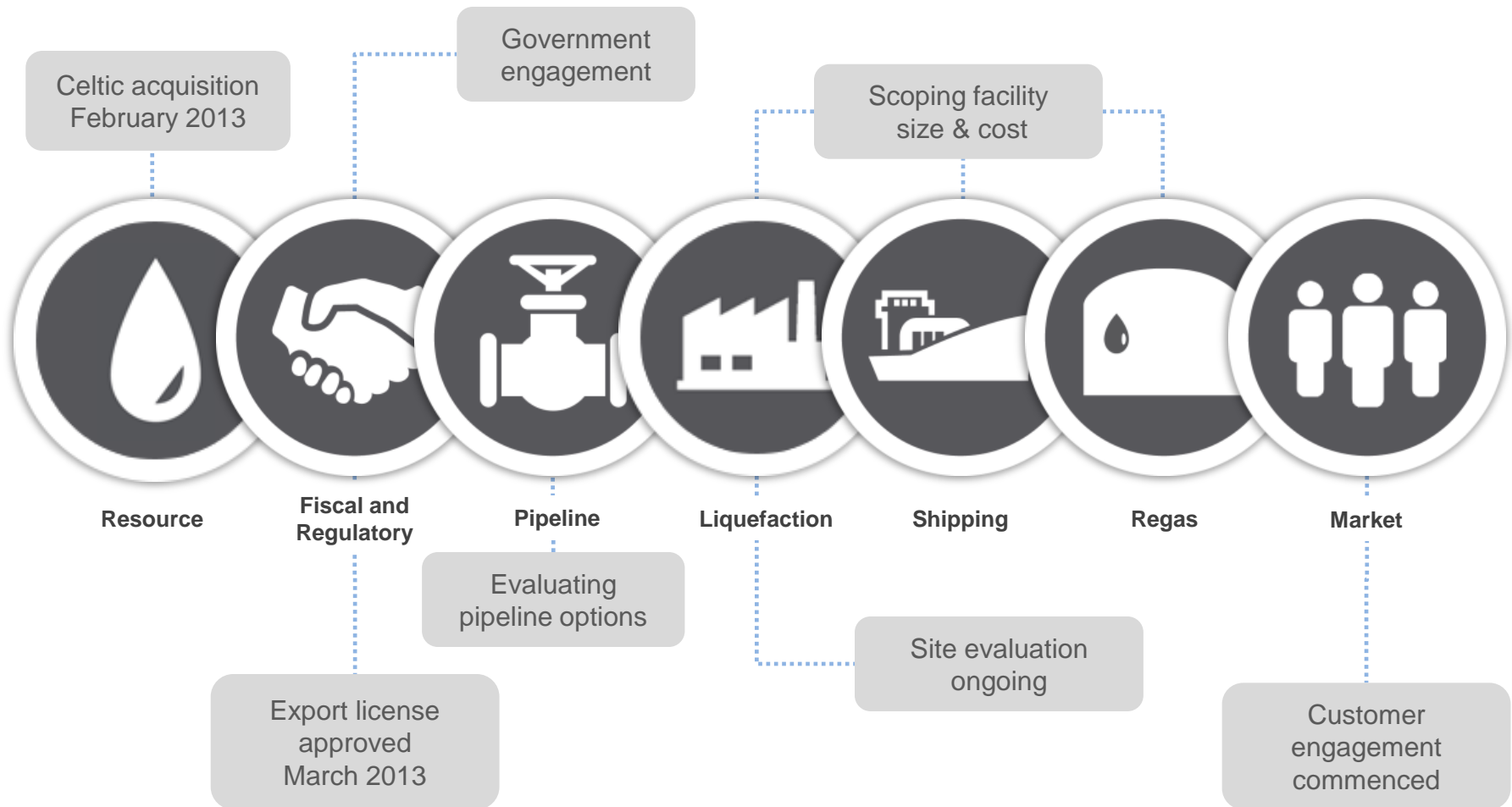
Evaluate existing acreage  
Assess potential LNG

50:50 Imperial, ExxonMobil

<sup>1</sup> gross, before royalties

<sup>2</sup> Gross resource potential consists of 0.8 TCF 2P Reserves and 18.6 TCF Contingent Resources

## Early stages of evaluating the competitiveness of an export project



# Final comments

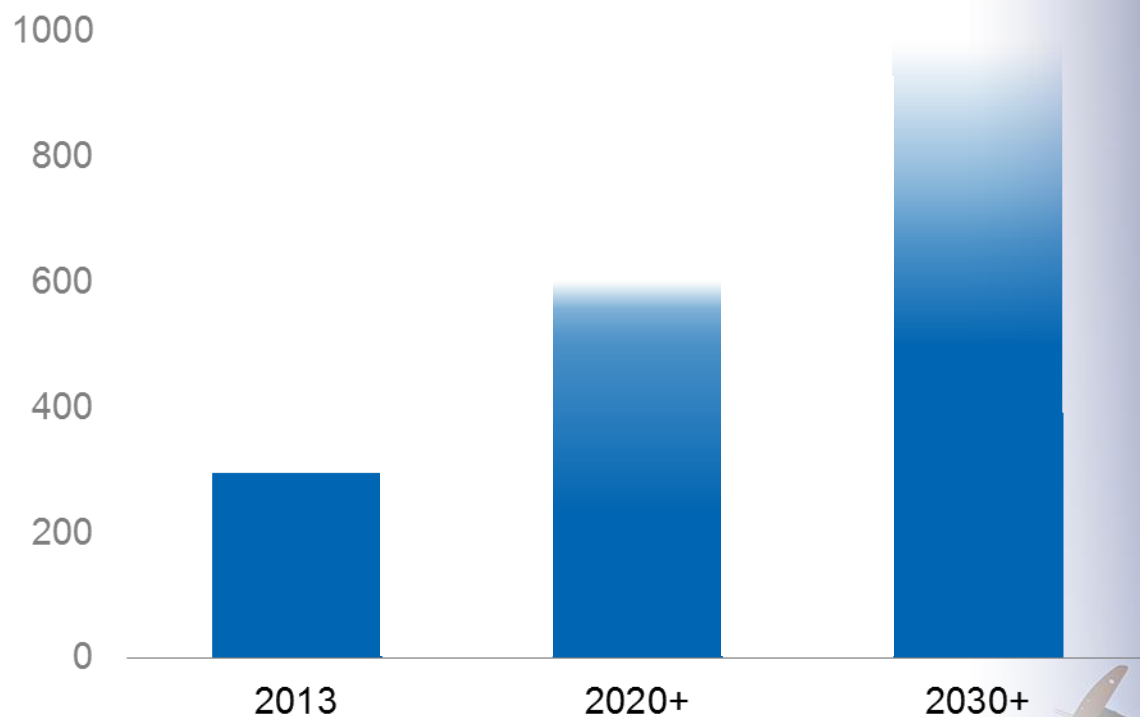


# Long-term potential

## Opportunities to produce 1 million barrels per day by 2030+

### Production outlook

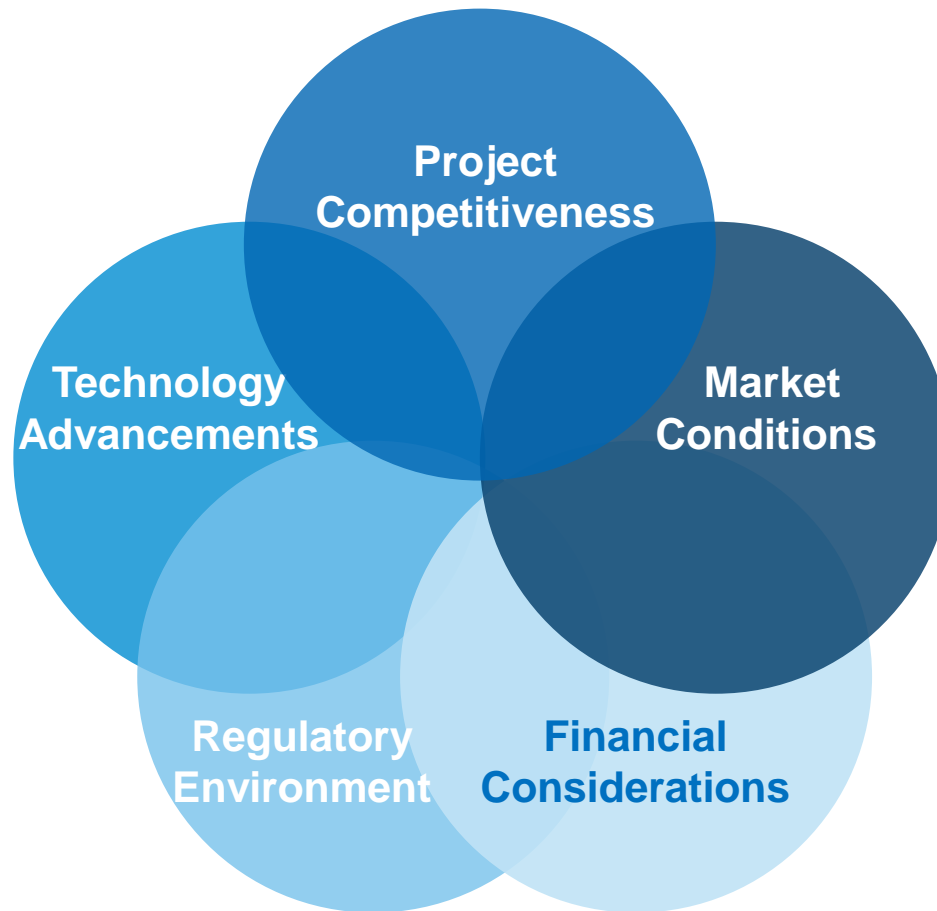
kboed<sup>1</sup>



<sup>1</sup>before royalties



# Factors impacting pace of further growth




# Business model

**Deliver superior, long-term shareholder value**

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- **Long-life, competitively advantaged assets**
- **Disciplined investment and cost management**
- **Integration and synergies**
- **High-impact technologies and innovation**
- **Operational excellence and responsible growth**

**ExxonMobil relationship**

A large industrial refinery complex at night, illuminated by numerous yellow lights. In the foreground, a large, horizontal, segmented metal pipe is visible. The background shows a dense network of pipes, tanks, and structural steel, with a dark blue sky above.

**For more information**  
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Imperial