CIBC

CIBC CAPITAL MARKETS

EQUITY RESEARCH

July 13, 2023 **Earnings Revision**

Energy: Q2/23 Preview & Price Deck Update

A Weaker Quarter For The Sector

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Our Conclusion

Due to a combination of weaker commodity pricing and production constraints, our producers under coverage will report cash flows that are $2.2 billion (14%) lower than first-quarter levels. Although wildfire impacts were disclosed for many companies, we still see room for consensus estimates to push lower in the coming weeks, as our cash flow expectations are >10% below Street expectations. The combination of an uncertain macro environment, delayed activity due to wildfire impacts, and a more tepid outlook in the next six months could see some operators moderate spending programs in H2/23 in favour of retaining free cash flow for shareholder returns. We believe natural gas prices are likely to remain rangebound in the near term, and maintain a bias for liquids-weighted producers. Our top ideas include CNQ, CVE, CPG, ERF, and NVA.

Key Points:

TransMountain Expansion continues to show progress. We believe investors are taking a “believe it when they see it” on the completion of additional egress capacity out of Western Canada. The consistent view continues to be focused on competitive friction for barrels out of the WCSB, which could drive narrower heavy oil differentials for producers. We have seen mounting concerns over the impacts of the rising cost to complete the pipeline and how that could impact tolls for committed shippers.

FIFO-LIFO adjustments could still be a significant impact in this quarter. We believe that conflicting factors could drive a modest tailwind for producers like Suncor vs. Imperial Oil with respect to refining margins through the quarter. We continue to view Q2/23 as being a heavy turnaround quarter, which should be the larger driver of downstream margin.

Inflationary pressures are easing, but not over yet. Our discussions with operators suggest pricing increases have largely crested. As such, we would be surprised to see capital spending increases this quarter. Although we are not forecasting capital spending decreases, we would not be surprised to see producers moderate capital spending programs in H2/23, particularly for natural gas directed drilling.

Gas pricing is likely to remain rangebound in the near term. With storage levels across Europe and North America well above the five-year average, we expect natural gas pricing will remain rangebound through the summer months. We maintain a preference for liquids-weighted producers, including ARX, KEL, NVA, and TOU.

AECO and Station 2 differentials are likely to normalize through Q3/23. Differentials were tight to NYMEX through Q2/23 due to curtailed production volumes. Combined with a weaker NYMEX benchmark, this should negatively impact cash flows for producers that have heavily hedged AECO basis at wider levels (BIR, PEY). Outage forecasts for key pipes in Western Canada are more subdued than originally anticipated, and excess capacity should result in reduced price volatility compared to summer 2022.

All figures in Canadian dollars unless otherwise stated.

Sector:

Energy

Key Changes

Price Target Changes

- Advantage Energy Ltd ↑
- ARC Resources Ltd. ↑
- Ensign Energy Services Inc. ↓
- Freehold Royalties Ltd. ↓
- Kelt Exploration Ltd. ↑
- NuVista Energy Ltd. ↓
- Paramount Resources Ltd. ↑
- Peyto Exploration & Development Corp. ↓
- PrairieSky Royalty Ltd. ↑
- Precision Drilling Corporation ↓
- SECURE Energy Services Inc. ↓
- Topaz Energy Corporation ↑
- Tourmaline Oil Corp. ↑

Please see "Price Target Calculation and Key Risks to Price Target" information on page(s) 31-33.
For required regulatory disclosures please refer to "Important Disclosures" beginning on page 35.

Crude Oil Outlook

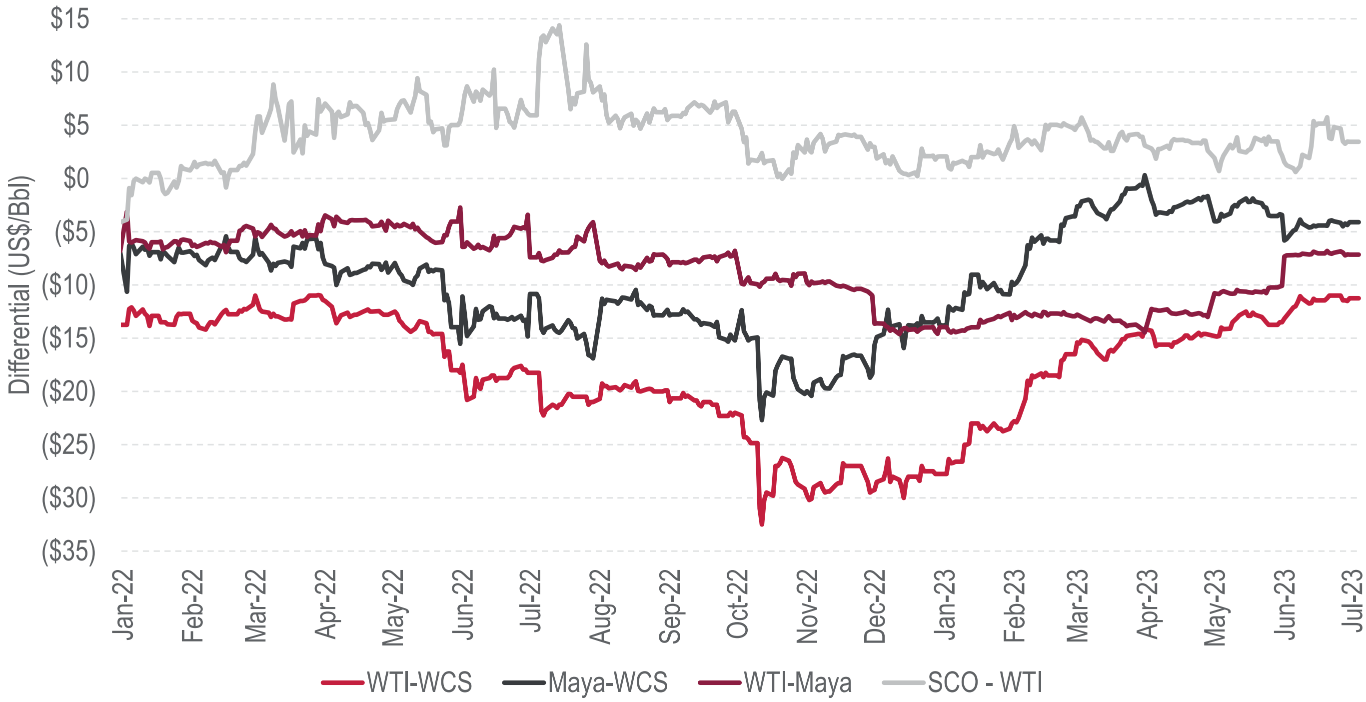
Oil averaged US$74/Bbl through the quarter, but saw highs of US$83 and lows of US$67. Recessionary concerns and OPEC+ were the primary driving factors to this volatility. OPEC+ supply and production adjustments, namely the Saudi voluntary production cut and the extension(s) of the Russian supply cut, and the confidence that investors had of those organizations following through with volume/export adjustments will continue to be a key focus from the supply/demand balance picture.

OPEC+ announced ~1.657 MMBbl/d, including 0.5 MMBbl/d from Russia, of voluntary production cuts starting in May 2023 to the end of 2023. Starting in January 2024, OPEC+ will adjust the overall crude oil production to 40.46 MMBbl/d and reallocate quota among member countries to be more in line with actual production. We believe investors are keenly focused on global inventories and export levels from these key players to help understand the level of global supply in the face of a potential economic recession. OECD crude oil and oil product inventories still stand at their respective lower levels, with crude oil inventories standing 324 MMBbl/d below the five-year historical range. We have also observed the U.S. Government begin purchases in an effort to begin refilling the SPR, which could provide additional demand support.

WTI-WCS basis has narrowed to US$11/Bbl towards the end of the second quarter and could tighten further. The line chart in Exhibit 1 shows historical crude oil differentials. Factors we believe could influence heavy oil pricing include:

1) New refinery capacities of ~0.6 MMBoe/d in the Middle East are expected to be online later this year, contributing to higher heavy oil demand.
2) Mexican crude oil production could decrease in H2/23, as mature field declines potentially offset by growth and Mexican exports to the U.S. are expected to decrease given the start-up of the Tabasco refinery.
3) Saudi Arabia’s additional 1 MMBbl/d voluntary production adjustment in July and August, Russia’s 0.5 MMBbl/d export reduction from August, alongside with other OPEC+ members’ production quota reductions, will disproportionately impact the supply of heavy and medium gravity crudes from the bloc.
4) Lower natural gas (energy) costs have incentivized North American refiners to consume heavier (and sour) grades of oil.
5) Majority of Canadian upstream turnarounds will be completed at the end of Q2/23. The bar charts in Exhibit 2 show potential quarterly production and throughput impact.
6) The U.S. Department of Energy offered to purchase a total of 12.1 MMBbl of sour crude to return to SPR from August to November. Additional 24.4 MMBbl of SPR loans will need to be returned before the end of September 2024, further contributing to demand.
7) The eventual completion of the TMX pipeline could drive competitive friction for refiners looking to source Western Canadian heavy barrels.

Exhibit 1: Energy – Historical Regional Crude Oil Differentials, January 2022 – Current

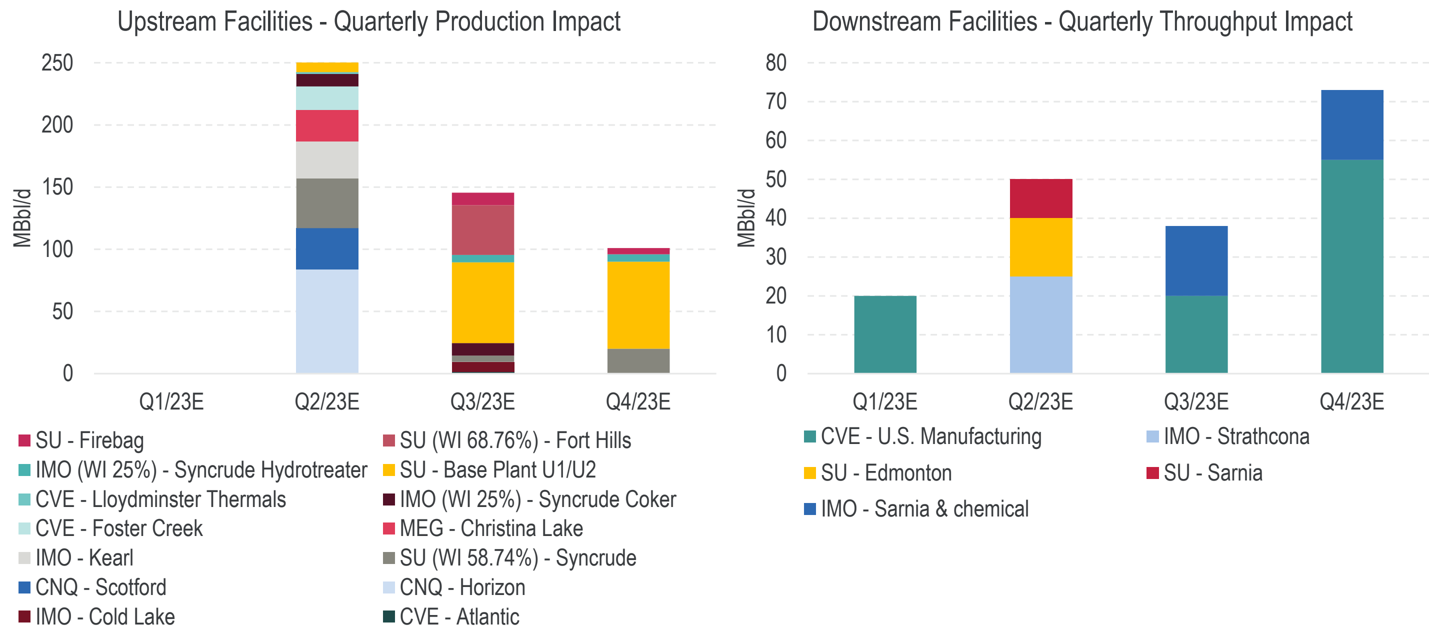


Source: Bloomberg and CIBC World Markets Inc.

Synthetic crude oil (SCO) traded at an average premium of ~US$3/Bbl in the second quarter. High U.S. refinery runs, particularly in PADD 2 and PADD 4, will keep SCO demand stable. On June 23, the EU adopted additional sanctions on Russia, banning offshore tanker transfers of Russian oil and Russian crude flows via the northern branch of the Druzhba pipeline. We believe refiners will continue to source premium barrels that provide advantaged refined product slates in an effort to maximize efficiency through operations. Despite the impact of narrowing diesel cracks, we continue to believe SCO represents a premium barrel that deserves higher pricing as compared to the traditional light barrel. We expect a premium of at least US$2/Bbl to US$3/Bbl to persist longer term, but we see a beneficial spread of US$5/Bbl to US$6/Bbl vs. WTI given the stronger yield of distillate.

The bar charts in Exhibit 2 below show the lower supply of SCO that continued through Q2/23 due to planned turnarounds.

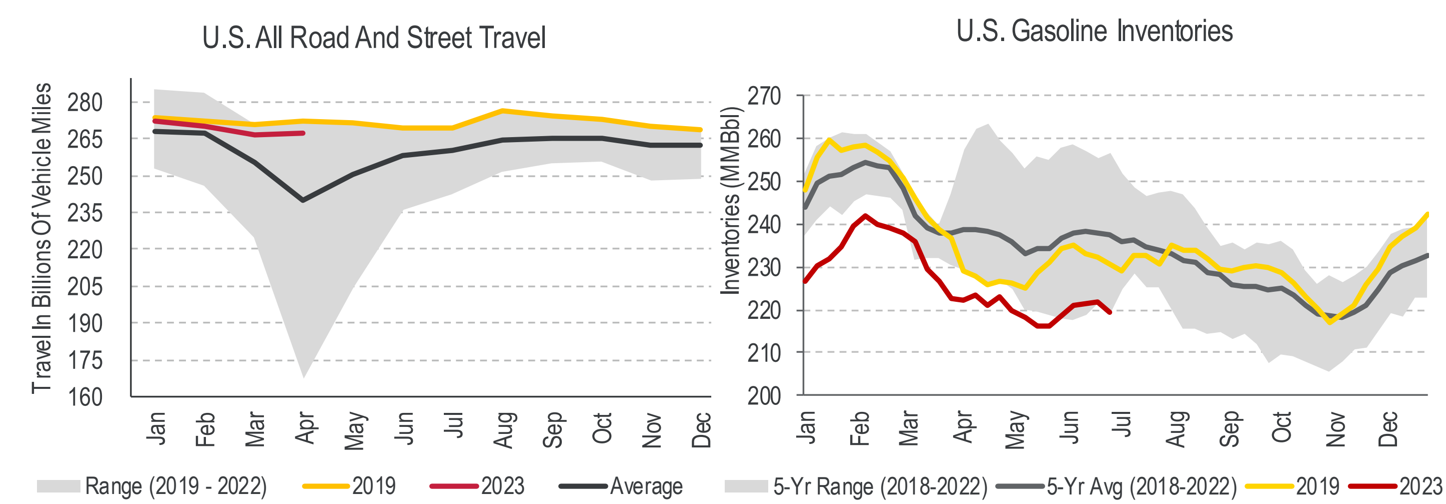
Exhibit 2: Energy – Upstream And Downstream Planned Maintenance Impact, 2023E



Source: Company reports and CIBC World Markets Inc.

Refiners switch focus to gasoline as road travel recovers and diesel struggles. Gasoline spreads have gone above diesel spreads since late April. U.S. road travel recovered close to 2019 levels, suggested by U.S. all roads and street vehicle miles traveled published by U.S. Department of Transportation. U.S. gasoline inventories were at 219 MMBbl the week ended on June 30, 18 MMBbl below historical average, suggesting that gasoline spreads could stay relatively stronger for the next few months. The line charts in Exhibit 3 show U.S. road travel and gasoline inventories.

Exhibit 3: Energy – U.S. Vehicle Travel Mileage And Gasoline Inventories, 2018 – Current

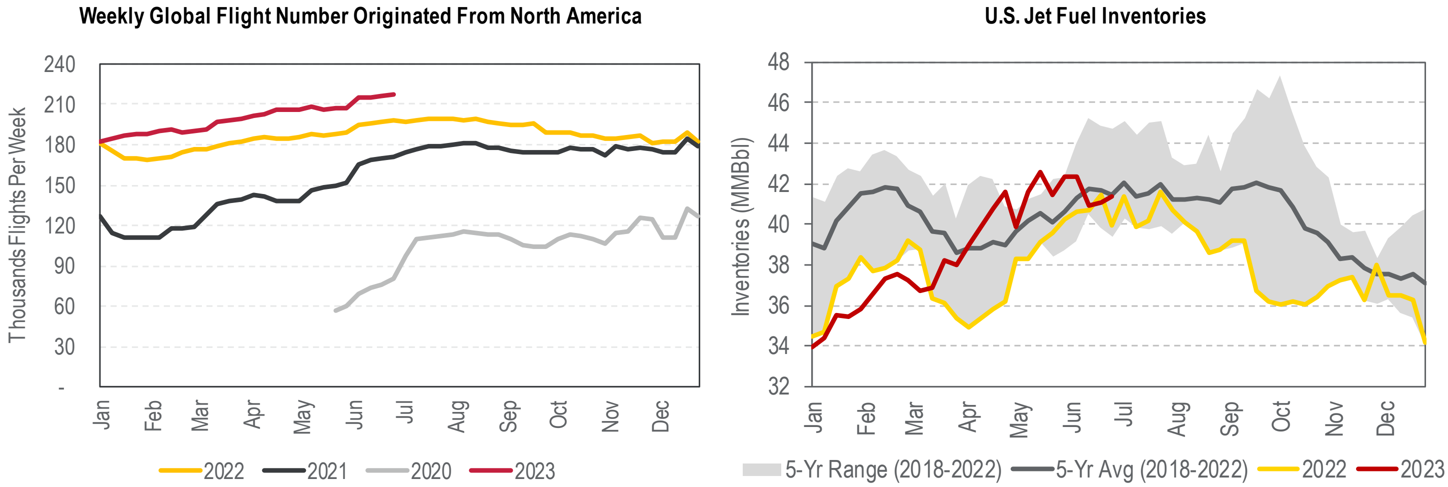


Source: Bloomberg, EIA, U.S. Department of Transportation, and CIBC World Markets Inc

Global jet fuel consumption is showing resiliency. The U.S. implied jet fuel consumption stood at 1.7 MMBbl/d the week ended on June 30, according to the EIA. This is slightly below the 2019 level of 1.8 MMBbl/d, but above the historical five-year average at 1.4 MMBbl/d. Global flights data suggests North America and Asia continue to drive global jet fuel demand, and shows strong momentum in Western Europe and Asia. The line chart on the left in

Exhibit 4 shows global weekly flight numbers originated from North America, and the line chart on the right shows U.S. jet fuel inventories.

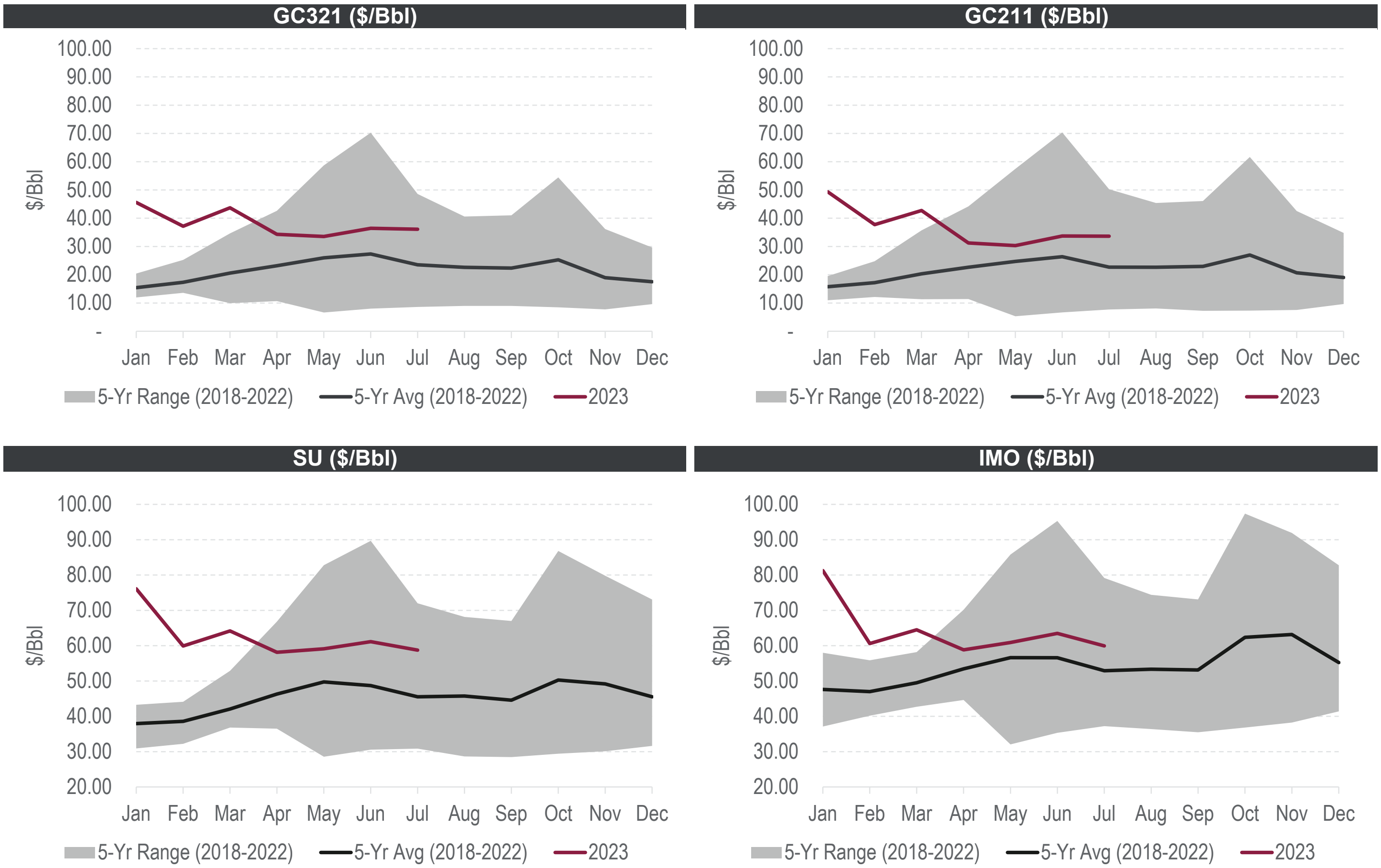
Exhibit 4: Energy – Weekly Flight Number From North America And U.S. Jet Fuel Inventories, 2018 – Current



Source: Bloomberg and CIBC World Markets Inc. * Weekly Global Flight Number Originated From North America before May 2020 is not available

We continue to see above-average historical average downstream spreads. We estimate Q2/23 refining margin for Imperial Oil is ~$61.07/Bbl and $59.45/Bbl for Suncor, above the 2018-2022 seasonal average of ~$55.55/Bbl and ~$48.25/Bbl, respectively. Cenovus could see a tailwind from downstream operations as throughput increases, but we expect purchase product costs associated with the ramp-up of Superior and Toledo to be the primary focus for Q2. The area charts in Exhibit 5 highlight the regional, Suncor, and Imperial crack spreads from 2018 to present.

Exhibit 5: Energy – Downstream Crack Spread, 2018 – Present



Source: Bloomberg, company reports and CIBC World Markets Inc.

FIFO-LIFO adjustments could still be a significant impact in this quarter. Given the significant volatility in oil price, we estimate FIFO-LIFO adjustments could still have an impact, albeit less significant than in the first quarter. We believe conflicting factors could drive a modest tailwind for producers like Suncor vs. Imperial Oil with respect to refining margins through the quarter based on FIFO-LIFO adjustments. We continue to view Q2/23 as being a heavy turnaround quarter, which should be the larger driver of downstream margin.

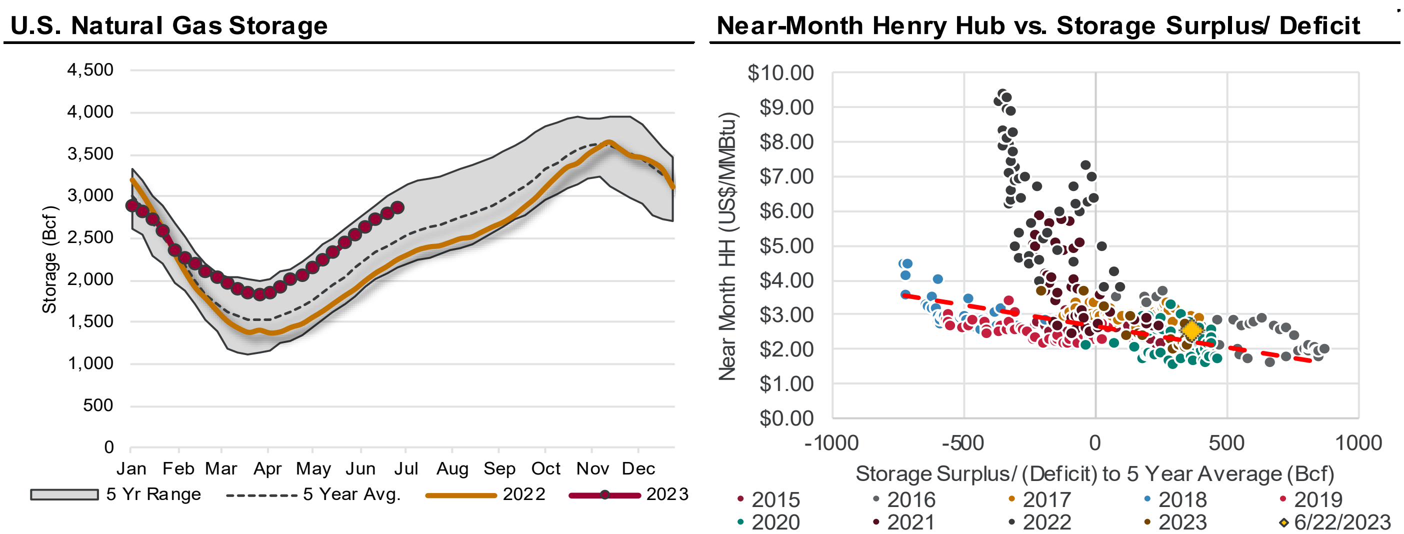
Natural Gas

U.S. Outlook

We see strip NYMEX prices largely reflecting our view in the near term; however, we believe slowing drilling activity and weather-related demand increases could provide upside risks for winter 2023/2024. For the next six months, our price estimates closely reflect the forward strip. We are slightly above strip for NYMEX going into winter heating season next fall, as we believe reduced rig activity in the near term should drive a supply-side response and pricing support for H2/23 and into 2024. U.S. production grew by 4.5 Bcf/d compared to prior year levels, led by the Permian and Haynesville.

Storage levels remain well above the five-year average, which continues to put downward pressure on NYMEX. We show a scatter plot of near-month Henry Hub gas pricing versus the U.S. gas storage surplus or deficit versus the five-year average in Exhibit 6. The normal trend is an equilibrium price of ~US$2.50/MMBtu with a ~US$0.50/MMBtu premium or discount for each 500 Bcf of excess or deficit of storage volume. This creates a relatively narrow band of pricing from US$2.00/MMBtu to US$3.00/MMBtu absent other factors. Despite power burn running at above-average levels, we do not see sufficient catalysts on the demand side to whittle down the storage surplus until winter, but we believe a supply response is likely at these price levels. Exhibit 6 also includes a line chart of U.S. gas storage levels showing current stockpiles sitting near the top of the five-year range.

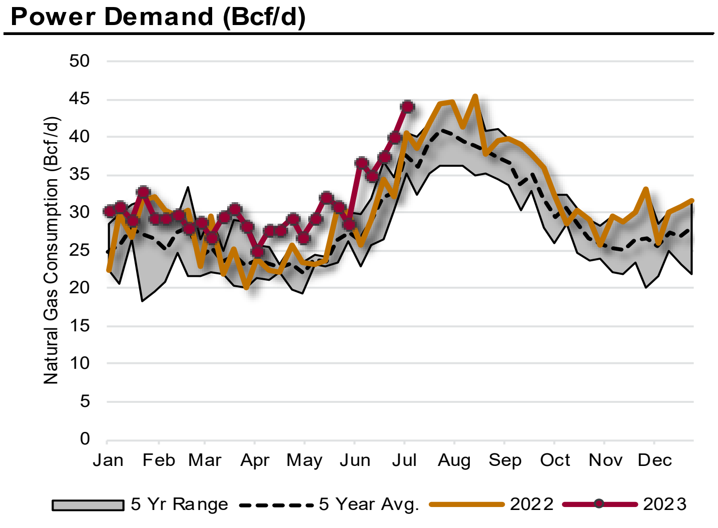
Exhibit 6: Energy – U.S. Gas Storage Levels And Near-term Henry Hub Pricing, 2015 – 2023

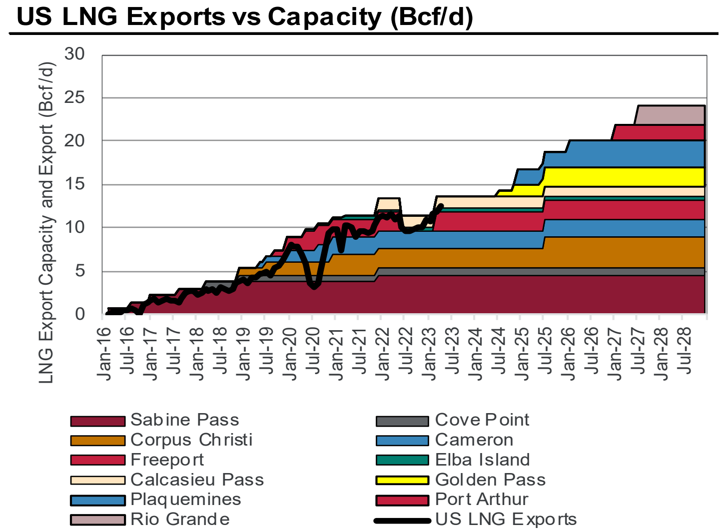


Source: EIA and CIBC World Markets Inc.

With major turnarounds at Gulf Coast LNG facilities behind us and above-average power burn, we expect summer storage builds could moderate. Power burn averaged 5.2 Bcf/d above the five-year average during the second quarter despite heating and cooling degree days falling below seasonal averages. Multiple reports indicate excess demand was due to an underperformance in wind generation. This trend could continue with intermittent reliability from renewables and forecasts for a hot summer. We therefore see increased power burn from natural gas sources as likely being a more common occurrence moving forward.

Exhibit 7: Energy – U.S. Power Demand (Left) U.S. LNG Export Vs. Capacity, 2015 – 2023





Source: Company reports and CIBC World Markets Inc.

Haynesville supply growth is likely to remain subdued with reduced drilling activity and limited egress; however, pipeline capacity expansions pick up in 2024. Haynesville capacity increased by 0.4 Bcf/d following the expansion of the Acadian Haynesville Extension on May 31. Forthcoming capacity expansions are modest, however, with three small increases on LEAP in the amount of 0.9 Bcf/d expected to occur from December 2023 to September 2024. The next major expansion in the Haynesville is scheduled for December 2024/January 2025 with total takeaway capacity of 3.5 Bcf/d.

Permian supplies should see growth through H2/23 as 1.1 Bcf/d of new pipeline expansions enter service. Compression expansions will see egress capacity increase by 1.1 Bcf/d by the end of 2023, with a 0.5 Bcf/d expansion on the Whistler pipeline (Sep 2023), and a 0.6 Bcf/d expansion on the Permian Highway pipeline (Dec 2023). The Matterhorn Express will be the next largest greenfield project, adding 2.5 Bcf/d of new egress in December 2024.

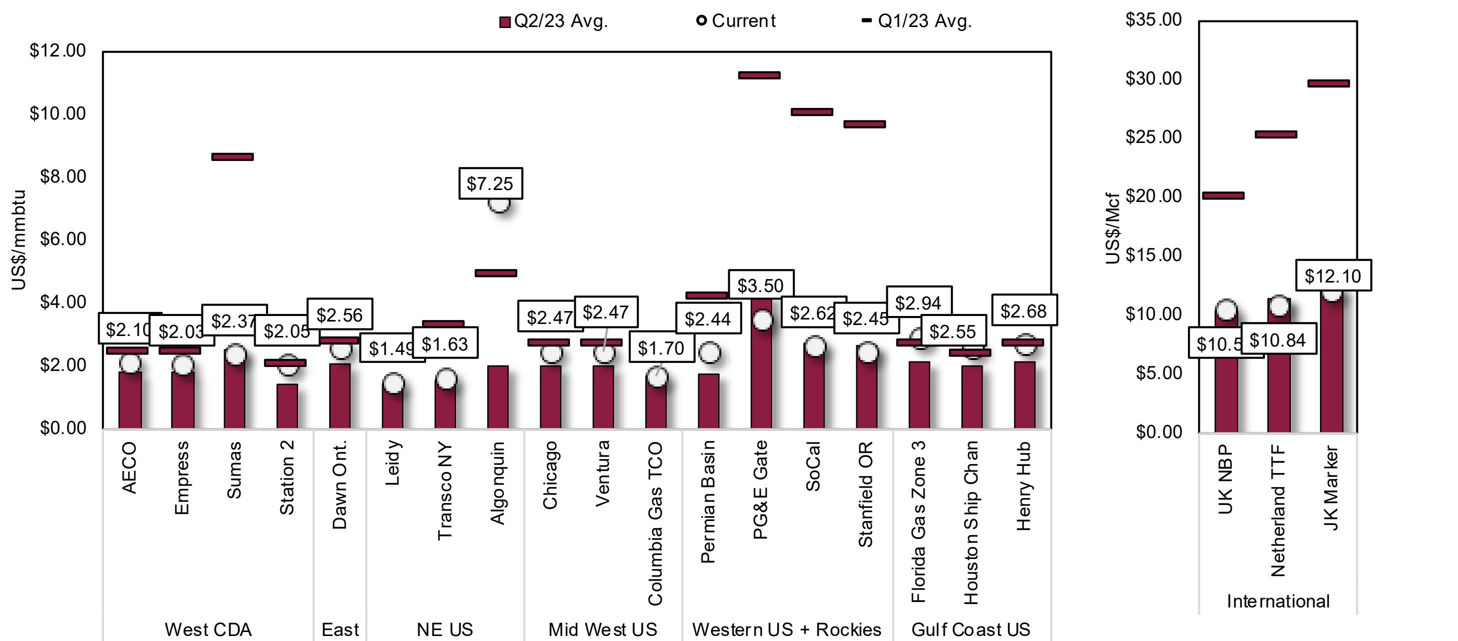
Appalachian supplies are likely to remain rangebound for the medium term, despite Mountain Valley Pipeline (MVP) likely entering service. It is expected that the 2 Bcf/d MVP will be completed following the Fiscal Responsibility Act being signed into law. The downstream impact of MVP though is less clear, as multiple reports suggest constraints could limit the ability to add to overall U.S. supplies. As such, we believe Appalachian volumes will remain largely contained at current levels; however, MVP could be in service as early as Q1/24.

Canadian Outlook

During the second quarter, AECO basis averaged US$0.34/Mcf below NYMEX, while Station 2 averaged US$0.73/Mcf below NYMEX.

LNG benchmarks retreated during the second quarter, while Henry Hub outperformed on a relative basis. Despite the pullback in European gas pricing, North American benchmarks fared decently well during the second quarter, with the exception of the West Coast which experienced dramatic price spikes during colder periods this past winter. Canadian benchmarks were assisted by supply outages due to wildfire restrictions, but we expect summer months could see a normalization in the spread between AECO and NYMEX.

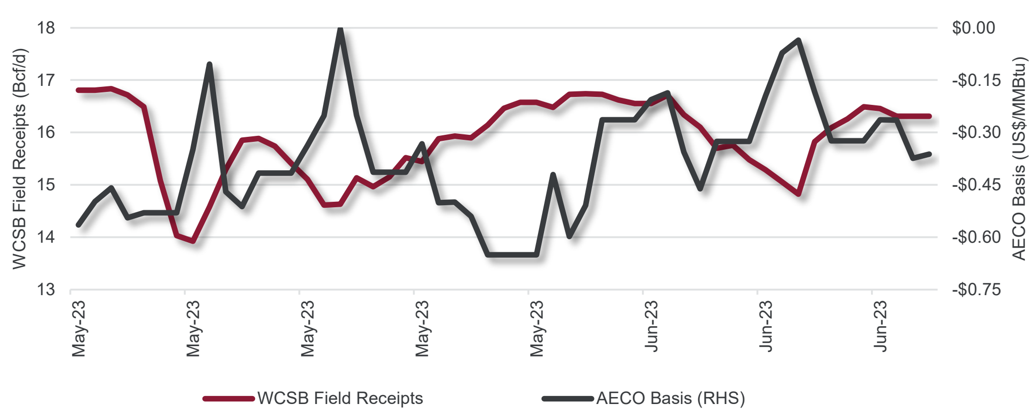
Exhibit 8: Energy – Natural Gas Benchmarks, Q1/23 – Q2/23



Source: Platts, Bloomberg and CIBC World Markets Inc.

Wildfires in Alberta and NEBC impacted WCSB field receipts, causing AECO basis to run unseasonably tight to NYMEX. WCSB field receipts were volatile during May and June as operators were forced to shut in production. In some areas, crews were unable to access sites and rigs that were subject to local evacuation orders. The line chart in Exhibit 9 shows AECO basis and WCSB field receipts during May and June. In cases where field receipts were weak, basis strengthened as regional supply was effectively curtailed.

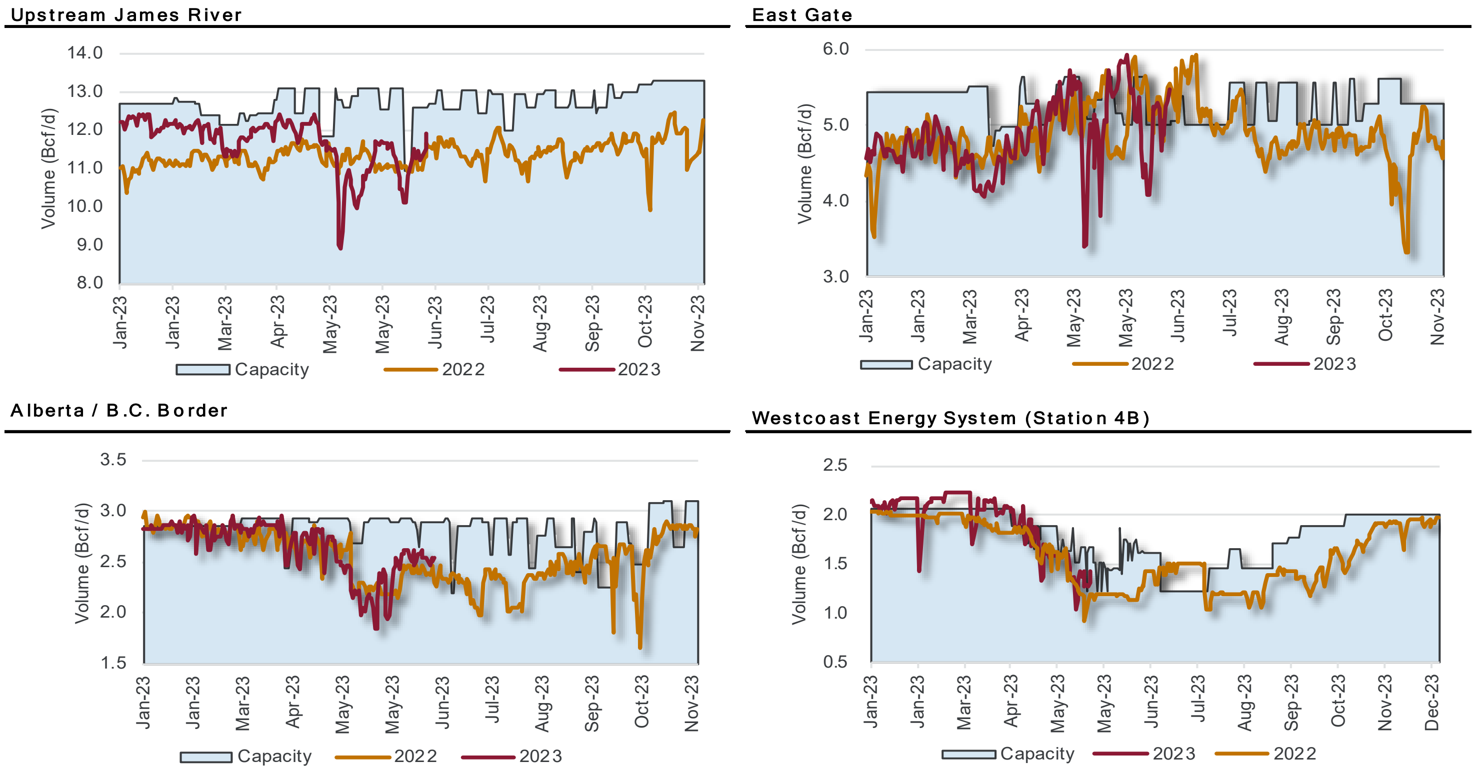
Exhibit 9: Energy – WCSB Receipts And AECO Basis, May 2023 – June 2023



Source: Company reports and CIBC World Markets Inc.

Summer maintenance outages may not be as severe this year. The line charts in Exhibit 10 show the expected outages on the NGTL system to the end of November 2023 on key segments, including Upstream James River (USJR), East Gate (EGAT), and Alberta / B.C. Border (ABBC). USJR is not expected to see prolonged outages through summer, with the exception of a one-week outage in early August for ~900 MMcf/d. EGAT will see ~500 MMcf/d offline for most of summer until mid-October when ~300 MMcf/d returns to service for the winter. ABBC will see the largest disruptions, with 600 MMcf/d offline for the first two weeks of October, followed by ~400 MMcf/d offline for the last two weeks of October.

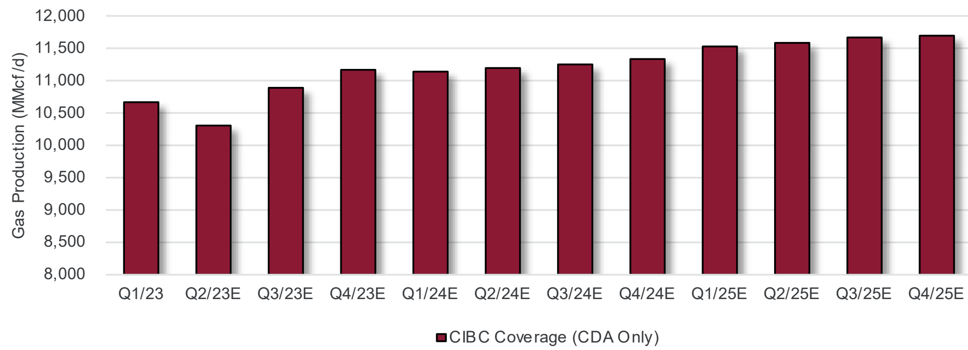
Exhibit 10: Energy – WCSB Major Delivery Systems Volume, January 2023 – November 2023



Source: TC Energy, Westcoast Energy and CIBC World Markets Inc.

Our growth expectations for companies under coverage remain modest through 2024. We expect production will bounce back in Q3/23 after wildfire outages and scheduled maintenance activities during Q2/23. Our natural gas production estimates for companies under coverage indicate potential growth in H2/23, followed by a flat profile for 2024, as shown by the column chart in Exhibit 11. We do expect supply growth for 2024 will be met with ample egress based on the forward capacity profile for key pipelines. We expect ~4% Y/Y production growth through 2025 in advance of increased demand from LNG Canada.

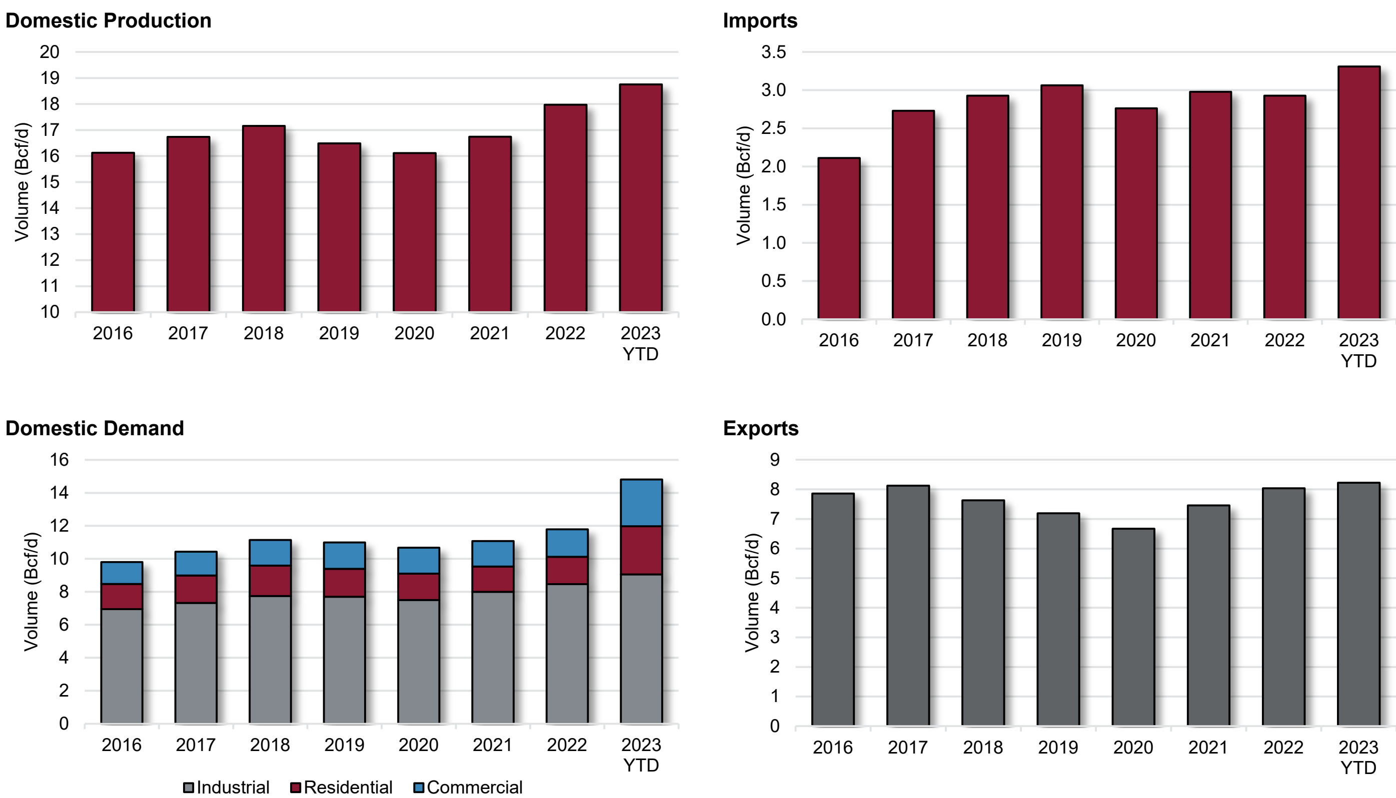
Exhibit 11: Energy – Natural Gas Production Estimates (CIBC Coverage), Q1/23 – Q4/25E



Source: Company reports and CIBC World Markets Inc.

Canadian demand has increased in recent years, and is poised to keep increasing with coal to gas conversions and oilsands growth in Western Canada. Production levels have increased; however, demand levels have kept pace in Canada, largely due to increasing industrial demand across the country. Much of this is due to increases in Alberta; however, Ontario and Quebec have also seen demand increases over the last eight years. Bar charts in Exhibit 12 include a profile of Canadian production, imports, exports, and consumption from 2016 to 2023. We expect industrial demand should continue to increase in Western Canada, with additional oilsands production growth and increased gas-fired power generation which is expected to grow by ~0.5 Bcf/d between 2023 and 2025.

Exhibit 12: Energy – Canadian Natural Gas Production, Imports, Exports And Consumption, 2016 – 2023

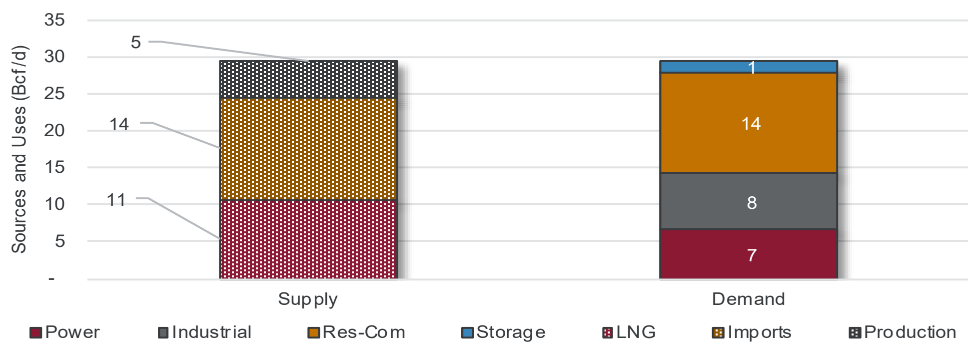


Source: Statistics Canada and CIBC World Markets Inc.

European Gas Outlook

Europe is projected to rely heavily on a combination of pipeline imports from Norway and LNG supplies for the balance of 2023 and into 2024. The bar charts in Exhibit 13 show the projected H2/23 sources and uses of natural gas in Europe from Bloomberg NEF. Res-com demand is expected to pick up in October and remains a primary driver of European gas demand, followed by industrial consumption which BNEF expects will increase in response to weaker commodity prices.

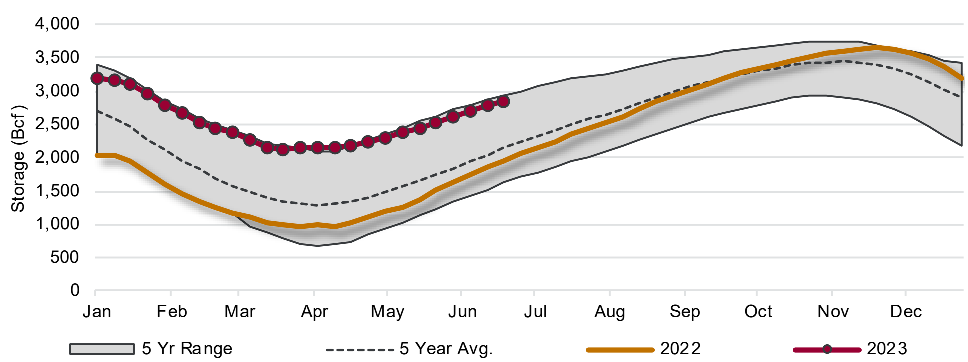
Exhibit 13: Energy – Europe Natural Gas Sources And Uses, July 2023E – December 2023E



Source: BNEF and CIBC World Markets Inc.

European storage builds continue to be robust despite storage levels tracking at the top of the five-year range. Exhibit 14 shows a line chart of European natural gas storage supply, which has tracked at the top of its five-year range for the majority of 2023. This has reduced LNG demand in Europe, and weakened global LNG benchmarks in concert.

Exhibit 14: Energy – European Gas Storage, 2018 – 2023



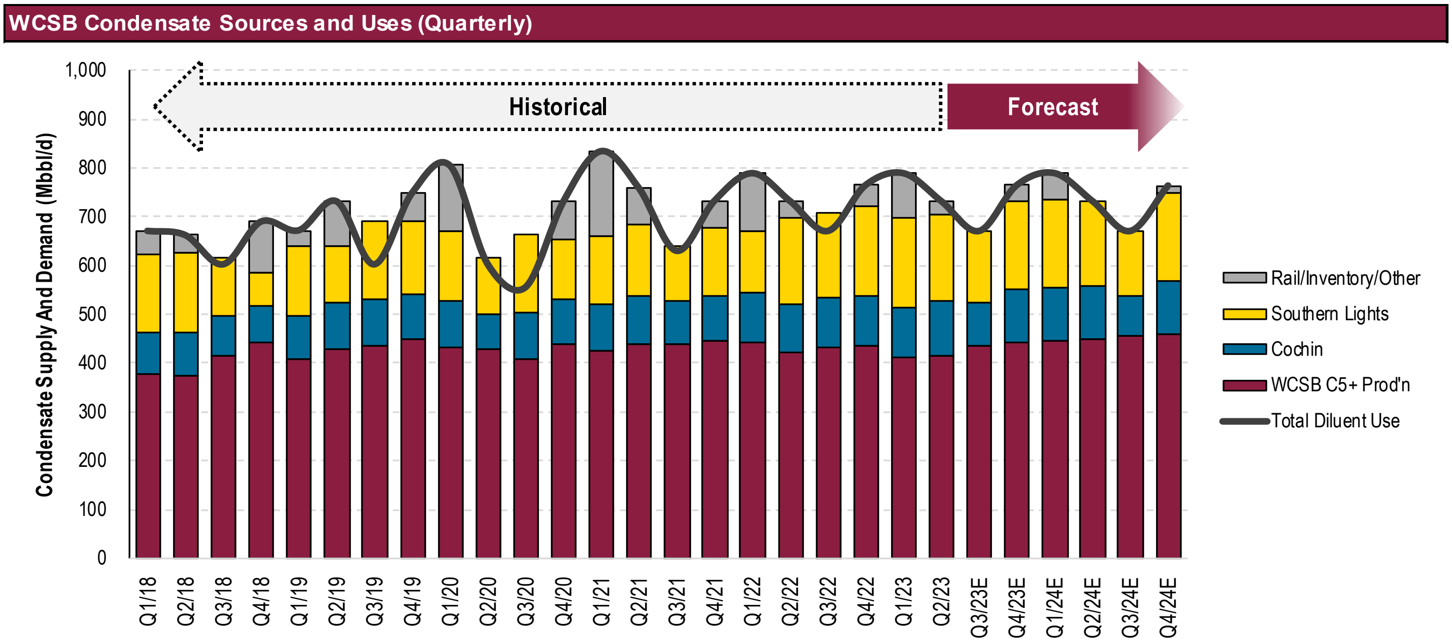
Source: Bloomberg and CIBC World Markets Inc.

Western Canada Condensate Outlook

Second-quarter and third-quarter diluent use seasonally contracts as ambient temperatures rise; however, we expect diluent demand should remain robust into winter 2023/2024.

Condensate differentials have widened versus WTI; however, we expect the wider differential to be temporary with seasonal demand fluctuations. We include our supply and demand profile for condensate in Western Canada in the bar and line chart in Exhibit 15. We have modelled a seasonally weaker price through summer 2023, but expect demand should normalize through winter 2023/2024 that sees supplies remain tight. Our forecasts for local production levels of condensate demonstrate only modest growth from producers, while diluent use from oilsands producers should increase through 2024 and into 2025. This will continue to place reliance on Cochin and Southern Lights for diluent imports from U.S. Gulf.

Exhibit 15: Energy – WCSB Condensate Supply And Demand, 2018 – 2024E



Source: CER, AER, BCOGC, geoSCOUT and CIBC World Markets Inc.

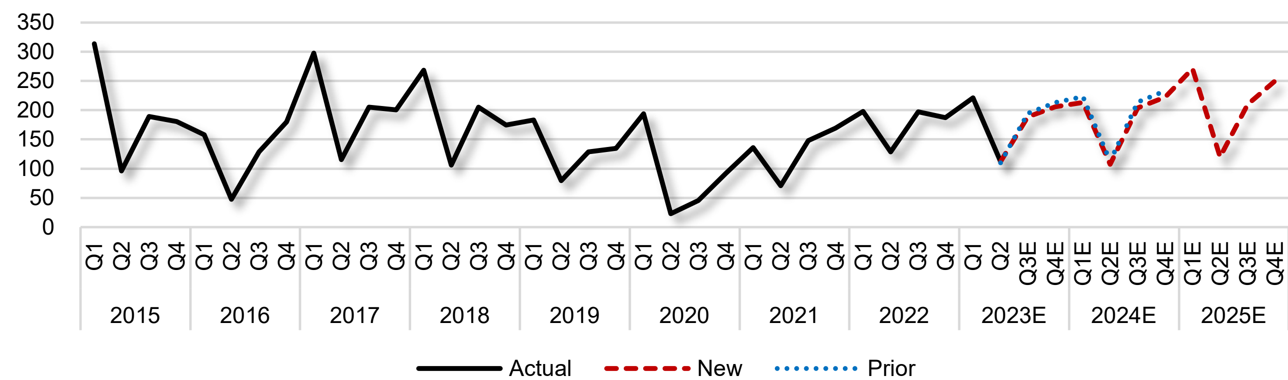
Drilling Activity Outlook

We expect Canadian rig counts to remain resilient despite weaker natural gas pricing. On average, 112 rigs were working during Q2, in line with our estimate of 110 rigs. Our forecast going forward is mostly unchanged despite weak natural gas prices, as we expect that liquids pricing will keep rigs working. We estimate 189 rigs in Q3/23 and 207 rigs in Q4/23 versus the Canadian Association of Energy Contractors forecast of 200 and 220, respectively. We also see catch-up drilling in NEBC as being supportive of rig counts in that region. Our new forecast for 2025 sees an uptick in drilling activity to support drilling for LNG Canada. The upper line chart in Exhibit 16 shows Canadian rig activity, along with our current and prior forecasts.

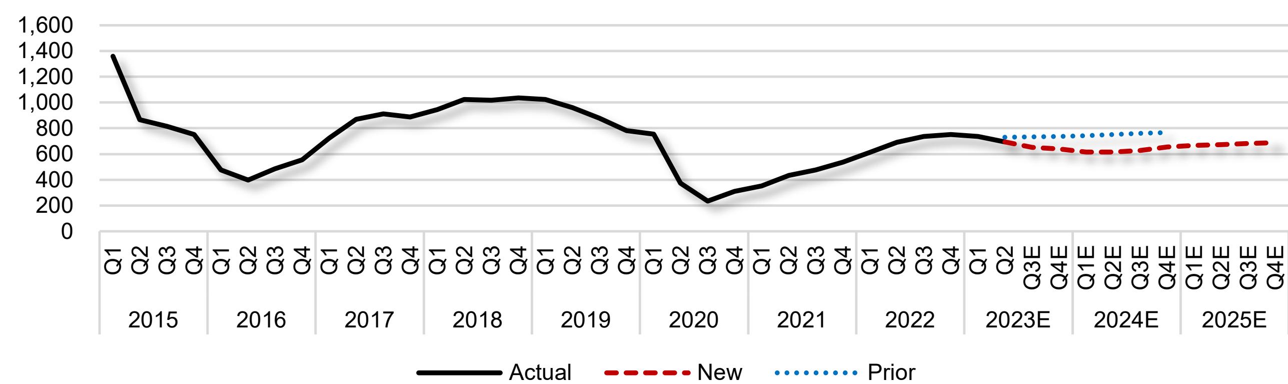
U.S. rig counts expected to contract through to mid-2024 driven by weak gas pricing and overall recessionary concerns. In the U.S., 695 rigs were active in Q2/23, lighter than our estimate of 730. We have lowered our activity forecast in light of weaker forward pricing for natural gas, and given recessionary concerns we expect a steady but modest decline in activity, which could bottom in mid-2024 and then stabilize in the mid-600s. We also believe natural gas directed rig activity will pick up in 2025 given the future demand pull from LNG export projects. The lower line chart in Exhibit 16 shows U.S. rig activity, along with our current and prior forecasts.

Exhibit 16: Energy – Rig Count Actuals And Forecasts, 2015 – 2025E

Canada



U.S.



Source: Baker Hughes and CIBC World Markets Inc.

Commodity Price Forecasts – CIBC Base Deck

In the table in Exhibit 17, we provide our quarterly price deck, which we have adopted for all company base outlooks.

Our 2023 price revisions include:

- WTI: down ~2% to US$74.92/Bbl (US$76.52/Bbl prior)
- WCS: down ~2% to $78.94/Bbl ($80.39/Bbl prior)
- NYMEX: down ~3% to US$2.75/Mcf (US$2.83/Mcf prior)
- AECO: up ~13% to $2.74/Mcf ($2.42/Mcf prior)

Exhibit 17: Energy – CIBC Base Deck, 2023E – 2025E

	2023E					2024E					2025E
CIBC Base Price Deck	Q1A	Q2A	Q3E	Q4E	Full Year	Q1E	Q2E	Q3E	Q4E	Full Year	Full Year
Crude Oil											
Brent (US$/Bbl)	$81.36	$78.01	$79.00	$79.00	$78.92	$78.00	$78.00	$78.00	$78.00	$78.00	$73.00
Brent - WTI Differential (US$/Bbl)	*$5.26*	*$4.40*	*$4.00*	*$4.00*	*$4.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*	*$3.00*
WTI Oil (US$/Bbl)	$76.10	$73.61	$75.00	$75.00	$74.92	$75.00	$75.00	$75.00	$75.00	$75.00	$70.00
WTI - MSW Differential (US$/Bbl)	*($2.29)*	*($3.01)*	*($3.01)*	*($3.01)*	*($3.00)*	*($3.50)*	*($3.50)*	*($3.50)*	*($3.50)*	*($3.50)*	*($3.50)*
MSW (C$/Bbl)	$99.80	$94.80	$95.74	$94.30	$95.91	$93.67	$92.95	$0.00	$91.52	$92.58	$86.11
WTI - WCS Differential (US$/Bbl)	*($19.58)*	*($13.38)*	*($14.00)*	*($16.00)*	*($15.72)*	*($16.00)*	*($14.00)*	*($14.00)*	*($15.00)*	*($14.75)*	*($13.50)*
Western Canada Select (C$/Bbl)	$76.43	$80.88	$81.13	$77.29	$78.94	$77.29	$79.30	$78.69	$76.80	$78.02	$73.16
Natural Gas											
NYMEX (US$/Mcf)	$2.76	$2.24	$2.75	$3.26	$2.75	$3.50	$3.50	$3.50	$3.50	$3.50	$4.00
NYMEX - AECO Differential (US$/Mcf)	*($0.36)*	*($0.44)*	*($1.00)*	*($1.00)*	*($0.70)*	*($1.00)*	*($1.00)*	*($1.25)*	*($1.00)*	*($1.06)*	*($1.11)*
AECO 30+ Day Spot (C$/Mcf)	$3.25	$2.42	$2.32	$2.96	$2.74	$3.27	$3.25	$2.90	$3.20	$3.16	$3.75
NYMEX - Dawn Differential (US$/Mcf)	$0.09	($0.08)	($0.30)	($0.30)	($0.15)	$0.00	($0.15)	($0.15)	($0.15)	($0.11)	($0.08)
NYMEX - Station 2 Gas Differential (US$/Mcf)	($0.73)	($0.85)	($1.30)	($1.30)	($1.05)	($1.30)	($1.30)	($1.55)	($1.30)	($1.36)	($1.41)
NYMEX - Chicago Differential (US$/Mcf)	$0.02	($0.18)	($0.15)	($0.15)	($0.12)	$0.50	($0.25)	($0.25)	$0.00	($0.00)	($0.05)
NGL Pricing											
Propane at Edmonton (US$/Bbl)	$24.78	$23.97	$25.00	$25.00	$24.69	$25.00	$25.00	$25.00	$25.00	$25.00	$40.00
Butane at Edmonton (US$/Bbl)	$38.95	$37.68	$40.00	$40.00	$39.16	$40.00	$40.00	$40.00	$40.00	$40.00	$60.00
Condensate at Edmonton (US$/Bbl)	$79.08	$69.28	$71.00	$73.50	$73.19	$75.00	$71.00	$71.00	$73.00	$72.50	$67.49
Forex											
Forex (US$/C$)	$0.74	$0.74	$0.75	$0.76	$0.75	$0.76	$0.77	$0.78	$0.78	$0.77	$0.77

Source: Bloomberg, Platts and CIBC World Markets Inc.

Commodity Price Forecasts – Current Future Strip

The table in Exhibit 18 includes the current CIBC strip price forecasts. We are closely aligned to strip through 2023 and 2025, with key differences outlined below:

- **WTI:** CIBC oil price forecasts (2023: US$74.92/Bbl, 2024: US$75.00/Bbl, 2025: US$70.00/Bbl) sit ~0%, ~4%, and ~3% above the current forward curve in 2023, 2024, and 2025, respectively.
- **MSW:** CIBC oil price forecasts (2023: $95.91/Bbl, 2024: $92.58/Bbl, 2025: $86.11/Bbl)) sit ~(1)%, ~2%, and ~1% above the current forward curve in 2023, 2024, and 2025, respectively.
- **WCS:** CIBC price forecasts (2023: $78.94/Bbl, 2024: $78.02/Bbl, 2025: $73.16/Bbl) sit ~ (1)%, ~3%, and ~2% above the current forward curve in 2023, 2024, and 2025, respectively.
- **NYMEX:** Our full-year NYMEX price forecasts (2023: US$2.75/Mcf, 2024: US$3.50/Mcf, 2025: US$4.00/Mcf) are in line with the current 2023 forward curve and ~3% and ~2% below the forward curve in 2024 and 2025, respectively.
- **AECO:** Our full-year AECO price forecasts (2023: $2.74/Mcf, 2024: $3.16/Mcf, 2025: $3.75/Mcf) sit ~1%, ~5%, and ~4% above the current forward curve in 2023, 2024, and 2025, respectively.

Exhibit 18: Energy – CIBC Strip Deck, 2023E – 2025E

	2023E					2024E					2025E
Futures Strip Price Deck	**Q1A**	**Q2E**	**Q3E**	**Q4E**	**Full Year**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**Full Year**	**Full Year**
Crude Oil											
Brent (US$/Bbl)	$81.36	$78.01	$79.94	$79.51	$79.70	$78.27	$77.26	$76.17	$75.28	$76.74	$73.34
Brent - WTI Differential (US$/Bbl)	*$5.26*	*$4.40*	*$4.53*	*$4.49*	*$4.67*	*$4.40*	*$4.50*	*$4.57*	*$4.76*	*$4.56*	*$5.16*
WTI Oil (US$/Bbl)	$76.10	$73.61	$75.41	$75.02	$75.03	$73.87	$72.76	$71.60	$70.52	$72.18	$68.18
WTI - MSW Differential (US$/Bbl)	*($2.29)*	*($3.01)*	*($2.48)*	*($2.58)*	*($2.59)*	*($2.82)*	*($3.50)*	*($3.48)*	*($3.20)*	*($3.25)*	*($3.20)*
MSW (C$/Bbl)	$99.80	$94.80	$96.17	$95.34	$96.51	$93.39	$90.98	$89.52	$88.50	$90.59	$85.54
WTI - WCS Differential (US$/Bbl)	*($19.58)*	*($13.38)*	*($12.37)*	*($16.04)*	*($15.32)*	*($16.22)*	*($13.85)*	*($13.31)*	*($14.15)*	*($14.37)*	*($13.78)*
Western Canada Select (C$/Bbl)	$76.43	$80.88	$83.12	$77.67	$79.55	$75.77	$77.39	$76.61	$74.13	$75.97	$71.62
Natural Gas											
NYMEX (US$/Mcf)	$2.76	$2.24	$2.72	$3.24	$2.74	$3.77	$3.28	$3.48	$3.92	$3.61	$4.07
NYMEX - AECO Differential (US$/Mcf)	*($0.36)*	*($0.44)*	*($0.94)*	*($1.11)*	*($0.71)*	*($1.33)*	*($1.23)*	*($1.50)*	*($1.29)*	*($1.34)*	*($1.34)*
AECO 30+ Day Spot (C$/Mcf)	$3.25	$2.42	$2.35	$2.80	$2.70	$3.21	$2.69	$2.61	$3.45	$2.99	$3.60
NYMEX - Dawn Differential (US$/Mcf)	$0.09	($0.08)	($0.39)	($0.35)	($0.19)	($0.17)	($0.36)	($0.40)	($0.41)	($0.34)	($0.40)
NYMEX - Station 2 Gas Differential (US$/Mcf)	($0.73)	($0.85)	($1.34)	($1.38)	($1.08)	($1.47)	($1.47)	($1.47)	($1.47)	($1.71)	($1.52)
NYMEX - Chicago Differential (US$/Mcf)	$0.02	($0.18)	($0.33)	($0.16)	($0.17)	$0.61	($0.20)	($0.24)	($0.12)	$0.01	$0.01
NBP ICE (GBp/Therm)	$132.72	$84.41	$68.89	$104.47	$97.47	$125.54	$116.58	$115.67	$130.88	$122.16	$108.98
TTF (Eur/MWh)	$53.58	$35.80	$28.26	$41.38	$39.69	$48.47	$46.27	$46.82	$49.62	$47.79	$42.04
NGL Pricing											
Propane at Edmonton (US$/Bbl)	$24.78	$23.97	$24.56	$24.43	$24.43	$24.06	$23.69	$23.32	$22.97	$23.50	$22.20
Butane at Edmonton (US$/Bbl)	$38.95	$37.68	$38.60	$38.40	$38.41	$37.81	$37.24	$36.65	$36.10	$36.95	$34.90
Condensate at Edmonton (US$/Bbl)	$79.08	$69.28	$70.47	$71.94	$72.67	$73.31	$69.76	$67.40	$67.81	$69.55	$65.47
Forex											
Forex (US$/C$)	$0.74	$0.74	$0.76	$0.76	$0.75	$0.76	$0.76	$0.76	$0.76	$0.76	$0.76

Source: Bloomberg, Platts and CIBC World Markets Inc.

Potential Catalysts With Q2/23 Results

Advantage Energy: During Q2/23, the company commissioned its new Progress liquids battery and public data indicates Advantage had some production outages during Q2/23, which we believe were due to the Glacier plant outage. Given the company recently held an Investor Day, we are expecting relatively few catalysts with Q2/23 results.

ARC Resources: The company hosted an Investor Day during Q2/23 which included the release of its five-year outlook. The plan includes flexibility to accelerate the pace of additional Attachie phases from three-year intervals to two-year intervals, which will be dictated by pricing fundamentals. Public data for Q2/23 indicates production volumes were relatively in line versus Q1/23 levels, with stronger condensate volumes, and our estimates sit slightly below consensus values at this time. We are not expecting changes to capital spending levels.

Birchcliff Energy: The Pembina Northern NGL pipeline was running at reduced pressure during most of Q2/23, which will likely result in slightly weaker liquids volumes for Birchcliff. We expect that ethane was primarily impacted; therefore, the impact to liquids pricing is likely to be minor, while gas realizations could be slightly higher. Birchcliff did not experience any wildfire-related outages during the quarter.

Baytex: The company recently completed the Ranger Oil acquisition adding inventory that will compete for capital. We remind investors of the three-, six-, and nine-month lock-up for the shares owned by Juniper (~20%), the company's NCIB renewal of 68,417,028 shares between June 29, 2023 and June 28, 2024, and the intention of a $0.0225 quarterly dividend payable in October following board approval. The company currently allocates 50% of FCF to dividends and share buybacks, with the intention to increase allocations to 75% once the total debt floor of $1.5 billion is achieved.

Canadian Natural Resources: We expect the company to reach $10 billion net debt in Q4/23 on current strip, triggering an increase of free funds flow allocation to share buybacks to 100% (from 50% currently). YTD, the company has repurchased ~15.3 million shares (~$1.2 billion) and completed ~9% of its NCIB program which extends from March 13, 2023 until March 12, 2024. We expect 2023 free cash flow of ~$3.1 billion after the dividend, suggesting up to ~$2.3 billion of share repurchases

Cardinal Energy: The company experienced a 750 Boe/d impact to production during the quarter due to wildfire-related power outages. The company's 2023 drilling program in the Clearwater has produced better-than-expected production results during the first two months of production from its four-well pad in Nipisi. The company continues to delineate other prospective areas of the Clearwater, including longer-term potential at Heart Run and Gift. Cardinal also continues to delineate its discovery in the Wainwright Rex, along with offset drilling in the Ellerslie at Tide Lake.

Cenovus Energy: Following the appointment of Jon McKenzie as President & CEO in April, the company recently reached an agreement to repurchase 84% of the issued and outstanding warrants that were issued following the Cenovus-Husky merger for a total consideration of $711 million. Cenovus has until January 5, 2024 to pay the aggregate and if exercised represents ~2.4% (45.5 million warrants) of the company's total common shares outstanding. We expect the company generated ~$754 million in excess free funds flow (company definition) on current strip throughout the second quarter, suggesting that the ~14 million shares purchased will make up the bulk of additional shareholder returns. We see the company achieving the targeted $4 billion net debt floor in the first half of 2024, at which point excess free funds flow will increase from 50% to 100%.

Crescent Point: The company recently reiterated 2023 guidance, noting minimal impact related to the wildfires in the second quarter. We expect additional information around possible asset sales later this year as the company continues to reposition its portfolio. We see Q2/23E FCF generation of ~$204 million (net of dividends) and the company purchased ~$93 million of stock during the quarter.

Enerflex: We expect an increase in Q2/23 EBITDA versus Q1/23 with the full-quarter impact of a number of projects that came online during Q1/23. We expect synergy realizations will be modest this quarter. We believe we could see a slowdown in bookings as rig counts have softened in North America and natural gas pricing has also weakened.

Enerplus: Enerplus was active in its NCIB repurchases during Q2/23, with public filings demonstrating the company bought back ~3.8MM shares during the quarter and we believe the company will exhaust its 10% NCIB prior to renewal in August 2023. We expect the company could provide an update with respect to its return of capital strategy with the quarter, along with an operational update with respect to its development program.

Ensign: In Canada, wildfires and subsequent flooding during Q2/23 coincided with spring breakup when most of Ensign's rigs were on watch. As a result, we do not expect a material impact to day rates or activity levels outside of the normal seasonal slowdown. In the U.S., we expect that rig activity was resilient as Ensign has minimal exposure to the Haynesville Basin, which experienced steady declines in activity over the past two months. We will be looking for an update on potentially refinancing Ensign's April 2024 notes, and negotiations on extending its credit facility.

Freehold Royalties: We are forecasting Freehold's production to modestly decline versus Q1/23 levels due to spring breakup in Canada. On our base price forecasts, we see FRU with a ~68% payout ratio in 2023, above the company's targeted payout ratio of 60%; therefore, we are not forecasting dividend growth in the near term. Free cash flow will be used to moderate debt levels in order to acquire potential assets.

Hammerhead: The company did not report any direct impacts due to wildfires during the second quarter. Hammerhead previously announced that its substantial issuer bid to repurchase up to 20MM of its warrants was completed with a total of 12.9MM warrants tendered. We will be looking for updates on recent drilling results at Karr, along with progress on its South Karr infrastructure expansion.

Imperial Oil: The company recently announced the renewal of its NCIB to repurchase up to five percent (~29 million) of its 584 million outstanding shares as of June 15, 2023. The 2022 NCIB was completed between July and October and we expect the company will accelerate the current NCIB given its Q2/23 cash balance of ~$3 billion. We believe the strength of the company's balance sheet allows for additional returns in the form of an SIB or an increase in the base dividend by year-end 2023.

Kelt Exploration: Kelt experienced impacts due to wildfires in NEBC, including a one-week outage at Oak along with planned third-party outages. Public data, however, indicated minimal production impacts through May; therefore, we expect production will be relatively consistent to Q1/23 levels. We will be looking for production updates on recent Montney wells drilled at Pouce Coupe and two Charlie Lake oil wells drilled at Spirit River.

Lucero: The company divested non-core assets during the quarter at an attractive multiple and we expect that the proceeds will be directed towards the balance sheet; however, public data also indicates Lucero was active at repurchasing stock. We believe the company is likely to look for ways to redeploy its cash into opportunistic acquisitions that focus on growing its drilling inventory.

MEG Energy: We expect the company to continue its focus on reducing outstanding leverage while layering in cash returns to shareholders. MEG repurchased ~8 million shares, returning ~$170 million to shareholders, and has repurchased ~$170 million of outstanding 7.125% senior unsecured notes YTD. The company currently allocates 50% of FCF to share buybacks, and plans to maintain the allocation split until net debt floor of US$600 million is achieved. During Q2, we are expecting Christina Lake to reach payout and note the turnaround anticipating ~6 MBbl/d full-year impact (~24 MBbl/d of Q2/23 impact) to production. Public data shows April and May production averaging ~80 MBbl/d with SOR of 2.29. On current strip, we expect the company to generate ~$788 million in free cash flow, returning ~$394 million to shareholders in 2023.

NuVista: The company disclosed production outages during the quarter that negatively impacted volumes, and we expect production will likely mirror Q1/23 levels of 71 MBoe/d. We expect production volumes should rebound considerably in Q3/23 with new pads at Pipestone, Gold Creek, and Bilbo expected onstream during the quarter. NuVista completed its NCIB during the quarter, and renewed its NCIB for another year. We expect management will continue to dedicate ~75% of FCF towards shareholder returns, and we are not expecting a capital spending decrease given we have NuVista generating free cash flow in 2023 and 2024.

Ovintiv: The company closed the Midland Basin acquisition and Bakken disposition in the quarter and updated full-year production guidance to 521 MBoe/d-546 MBoe/d (from 520 MBoe/d-545 MBoe/d) and capex guidance to $2.68 billion-$2.98 billion (from $2.60 billion-$2.90 billion). Ovintiv's capital allocation framework suggests that ~$90 million was to be allocated towards share repurchases and ~$73 million in base dividends throughout Q2/23. On strip, we estimate the company will generate ~(US$51) million FCF in Q2/23, suggesting investors could see ~US$82 million return in base dividends in Q3/23.

Paramount: Paramount disclosed material production outages during the quarter as a result of wildfires in Alberta and public data indicated a meaningful reduction in production levels for May. The company indicated production levels have largely been restored to this point (except for 2,500 Boe/d), but we will be looking for additional updates on potential impacts for H2/23. We believe POU will look to preserve cash for potential M&A opportunities and we are not expecting a dividend increase this quarter.

Peyto: The company recently released its production volumes for the quarter, which averaged 99 MBoe/d (11% liquids), in line with our previous estimate of 99.2 MBoe/d, but below Street at 101.4 MBoe/d. Peyto planned to run three rigs during breakup and remains flexible on its capital spending plans in light of the recent weakness in natural gas pricing. Peyto experienced some operational impacts due to the Alberta wildfires, resulting in 4,400 Boe/d curtailment in May and 2,000 Boe/d in June. Peyto currently has 11 net drilled and uncompleted wells, which are expected to be brought onstream in July.

Precision: The company disclosed its expected rig activity in Canada and the U.S. at the beginning of June and therefore we expect few surprises with Q2/23 results. We expect margins will remain steady in Q2/23 as Precision continues to message discipline on pricing, but we are modelling margin reductions in H2/23 given a weaker outlook for U.S. activity. We will be looking for margin and activity guidance with Q2/23 results.

PrairieSky Royalty: We expect production volumes are likely to contract this quarter due to production outages related to wildfires. We are not expecting a dividend raise and anticipate management will remain focused on reducing debt levels versus increasing shareholder returns. We will be looking for continued momentum in royalty rates on new wells drilled (8.2% in Q1/23), along with new leasing activity (67 new leasing transactions in Q1/23).

SECURE: We expect that wildfire impacts and a normalized spring breakup will drive weaker activity levels versus the comparative period in 2022. The company was also active on its NCIB during Q2/23, repurchasing ~7.3 million shares for $46.5 million based on public filings. We believe much of the focus will be on how SECURE navigates the path forward with respect to the adverse ruling from the competition tribunal.

Spartan Delta: The company closed the sale of its Montney Gold Creek assets and paid out its $9.50/share special dividend and Logan energy shares and warrants. As of Q3/23, the company will no longer operate the Logan assets and will proceed as a pure-play Deep Basin producer. Spartan was not materially impacted by the Alberta wildfires in Q2/23.

Suncor: The second quarter included a number of planned turnarounds across the company's assets including Syncrude, the U1 upgrader and Edmonton refinery. We also received two updates related to the cyber-security incident. We believe the continued focus for investors will be on cost saving initiatives as well as the implementation of safety systems in upstream operations. We expect the company to generate ~$371 million of free cash flow in the quarter and ~$4.2 billion in 2023 (net of dividends) on current strip pricing. The company currently allocates 50% FCF towards share buybacks.

Tamarack Valley Energy: We believe Q2 results will be largely as expected following additional disclosures at the end of June indicating minor production outages related to wildfire activity. We will look for additional disclosure around potential dispositions that could help accelerate debt reduction in order to trigger the enhanced shareholder returns.

Topaz: Topaz has been quiet on the M&A front through H1/23, and we expect the team will remain disciplined in screening for high-quality opportunities. We believe free cash flow will be primarily dedicated towards debt reduction in order to generate financial capacity for future M&A, and although there is capacity to potentially increase the dividend, we are not expecting a dividend increase to accompany Q2 results.

Tourmaline: We expect TOU is likely to announce a special dividend with Q2 results and expect it will adjust lower given reduced production in the quarter and lower commodity pricing. Following the $2/share special dividend announced in early Q1/23 and $1.50/share special dividend for Q2/23, we believe special dividends for the balance of 2023 could range from $0.75/share to $1.00/share. Production outages as a result of wildfires were disclosed during Q2/23, but we anticipate production is likely to accelerate upwards in Q3/23. We are not anticipating a change to capital spending, but would not be surprised to see the company look to weight its production profile to winter 2023/2024 given contango in futures pricing.

Whitecap: The company reduced 2023 production guidance by ~3,000 Boe/d to 158,000 Boe/d reflecting the impact of Alberta wildfires. The CRA reassessed a former subsidiary of Whitecap regarding non-capital loss deductions of ~$494 million for the years 2018 and 2019. The proposed reassessment could have an estimated liability of ~$133 million, excluding interest. The company continues to make progress on its net debt target of $1.3 billion, which we expect to be achieved in Q4/24 on current strip. The company anticipates increasing its free funds flow allocation to shareholders to 75% (from 50%). This will likely take the shape of an increased base dividend of $0.73/share (annually), share buybacks, and/or special dividends.

Vermilion Energy: The company noted 60% of the impacted production due to wildfires was restored as of early May and updated Q2/23 guidance to 80,000-83,000 Boe/d, with annual guidance unchanged. On current strip, we see Vermilion reaching its debt target of $1.0 billion in early Q1/24, at which point the company plans to increase returns of capital above the 25%-30% limit (inclusive of dividends). The company renewed its NCIB to purchase up to 16,308,587 common shares between July 12, 2023 and July 11, 2024. We await an update on the restart of the Australia offshore platform following extended maintenance.

CIBC Vs. Consensus Q2/23

The table in Exhibit 19 illustrates where our estimates sit relative to Street expectations. Our cash flow expectations sit >10% below consensus estimates for the majority of names under coverage. We expect a slight beat from only one stock in SDE, where our cash flow expectation is 3% above consensus values.

Exhibit 19: Energy – CIBC Vs. Consensus Estimates And Reporting Date, Q2/23E

	Q2/23E Capital Expenditures ($MM)			Q2/23E Total Production (Mboe/d)			Q2/23E CFPS ($/sh)			Reporting Date
Company	CIBC	Consensus	%	CIBC	Consensus	%	CIBC	Consensus	%	
Large Cap/Oil Sands Producers										
ARC Resources	$500.0	$460.0	9%	341.3	345.0	-1%	$0.85	$0.99	-14%	August 2nd (After Market)
Canadian Natural	$1,738.9	$1,371.0	27%	1,175.8	1,211.1	-3%	$2.30	$2.73	-16%	August 3rd (Before Market)
Cenovus Energy	$1,045.9	$1,059.7	-1%	724.9	760.0	-5%	$1.01	$1.14	-11%	July 27th (Before Market)
Imperial Oil	$439.7	$426.8	3%	368.7	392.0	-6%	$1.89	$2.45	-23%	July 28th (Before Market)
MEG Energy	$148.0	$160.0	-8%	85.0	84.3	1%	$0.95	$0.96	-1%	July 27th (After Market)
Ovintiv	US$686.0	US$630.5	9%	530.7	525.8	1%	US$2.73	US$2.81	-3%	July 27th (After Market)
Suncor Energy	$1,568.6	$1,615.0	-3%	728.2	726.3	0%	$1.99	$2.42	-18%	August 1st (After Market)
Tourmaline	$252.5	$292.8	-14%	496.1	506.4	-2%	$2.33	$2.61	-11%	August 2nd (After Market)
Average			**3%**			**-2%**			**-12%**	
Oil Weighted E&P										
Baytex	$170.2	$174.0	-2%	90.2	88.6	2%	$0.41	$0.47	-11%	July 27th (After Market)
Cardinal Energy	$30.0	$30.5	-2%	21.3	22.0	-3%	$0.34	$0.38	-10%	July 27th (After Market)
Crescent Point	$267.3	$271.8	-2%	153.3	155.0	-1%	$0.96	$1.00	-4%	July 26th (Before Market)
Enerplus	US$175.0	US$175.0	0%	94.2	95.0	-1%	US$0.92	US$0.93	-1%	August 9th (After Market)
Lucero Energy	$25.0	$33.0	-24%	11.5	11.2	3%	$0.05	$0.06	-14%	August 3rd (After Market)
Tamarack Valley	$122.5	$100.2	22%	66.3	67.9	-2%	$0.29	$0.35	-17%	July 27th (Before Market)
Vermilion	$134.0	$145.0	-8%	80.8	81.6	-1%	$1.34	$1.55	-14%	August 2nd (After Market)
Whitecap	$218.3	$196.3	11%	146.4	149.5	-2%	$0.63	$0.68	-8%	July 26th (After Market)
Average			**0%**			**-1%**			**-10%**	
Gas Weighted E&P										
Advantage	$65.0	$58.5	11%	52.4	53.4	-2%	$0.29	$0.33	-14%	July 27th (After Market)
Birchcliff	$75.0	$75.0	0%	76.7	77.1	0%	$0.22	$0.27	-18%	August 10th (After Market)
Hammehead	$108.8	$104.4	4%	39.5	39.3	1%	$1.07	$1.09	-1%	August 3rd (After Market)
Kelt	$75.0	$72.5	3%	29.8	31.2	-5%	$0.24	$0.28	-14%	August 3rd (Before Market)
NuVista	$120.0	$115.0	4%	71.1	71.1	0%	$0.55	$0.66	-17%	August 9th (Before Market)
Peyto	$80.0	$70.0	14%	99.0	100.4	-1%	$0.73	$0.95	-23%	August 9th (After Market)
Paramount	$185.0	$187.5	-1%	87.8	96.0	-9%	$1.13	$1.40	-19%	August 2nd (Before Market)
Spartan Delta	$90.0	$93.0	-3%	56.3	57.9	-3%	$0.69	$0.67	4%	August 2nd (After Market)
Average			**4%**			**-2%**			**-13%**	
Royalty Co's										
Freehold Royalties	$0.1	$0.0	nm	14.5	14.6	0%	$0.36	$0.39	-6%	July 31st (Before Market)
PrairieSky	$0.0	$0.0	0%	24.8	25.2	-1%	$0.38	$0.40	-6%	July 17th (After Market)
Topaz	$0.5	$1.0	-53%	18.2	18.4	-1%	$0.46	$0.47	-3%	July 31st (After Market)
Average			**-26%**			**-1%**			**-5%**	

Source: FactSet, Company reports and CIBC World Markets Inc., Consensus based on FactSet as of July 12, 2023.

The table in Exhibit 20 illustrates where our estimates sit relative to Street expectations for our oilfield services coverage universe. We are largely in line with consensus expectations, although we do expect slightly better EBITDA for PD with Q2/23.

Exhibit 20: Oilfield Services – CIBC Vs. Consensus Estimates And Reporting Date, Q2/23E

	Q2/23E EBITDA ($MM)			Q2/23E Net Debt ($MM			Q2/23E CFPS ($/sh)			Reporting Date
Company	CIBC	Consensus	%	CIBC	Consensus	%	CIBC	Consensus	%	
Contract Drillers										
Ensign	$112.5	$109.7	3%	1,350.0	1,314.0	3%	$0.41	$0.38	7%	August 4th (Before Market)
Precision	$132.6	$120.1	10%	964.0	1,042.7	-8%	$7.38	$6.84	8%	July 27th (Before Market)
Compression										
Enerflex	$122.7	$126.9	-3%	1,264.7	1,274.5	-1%	$0.64	$0.69	-6%	August 9th (After Market)
Waste Management										
SECURE	$115.2	$121.0	-5%	913.9	1,070.5	-15%	$0.32	$0.31	3%	July 27th (Before Market)

Source: FactSet, Company reports and CIBC World Markets Inc., Consensus based on FactSet as of July 12, 2023.

Estimate Changes

The table in Exhibit 21 includes our forward year changes to our production, capex, and cash flow estimates across 2023E and 2025E on our base price forecast. We have introduced our 2025 estimates in conjunction with this publication. Our model changes for 2023 drive a 10% reduction for large caps, a 4% reduction for oil-weighted E&Ps, a 7% reduction for gas-weighted E&P's, and a 1% reduction for royalty companies.

Exhibit 21: Energy – CIBC Estimate Changes, 2023 – 2025E

		Production (Mboe/d)							Capex ($MM)							CFPS - Diluted ($/sh)						
		2023E			2024E			2025E	2023E			2024E			2025E	2023E			2024E			2025E
Company	Ticker	Prior	Current	%Δ	Prior	Current	%Δ	Current	Prior	Current	%Δ	Prior	Current	%Δ	Current	Prior	Current	%Δ	Prior	Current	%Δ	Current
Large Cap/Oil Sands Producers																						
ARC Resources	ARX	353.2	350.1	-1%	353.5	358.2	1%	389.6	$1,887	$1,887	0%	$2,000	$2,010	1%	$1,800	$4.67	$4.19	-10%	$4.63	$4.57	-1%	$4.95
Canadian Natural	CNQ	1,338.9	1,326.2	-1%	1,391.2	1,388.3	0%	1,417.1	$5,398	$5,301	-2%	$5,076	$5,138	1%	$5,140	$12.53	$11.12	-11%	$13.90	$12.37	-11%	$13.21
Cenovus Energy	CVE	787.8	780.5	-1%	817.2	822.2	1%	828.5	$4,457	$4,430	-1%	$4,085	$4,318	6%	$4,206	$5.04	$4.64	-8%	$5.00	$5.10	2%	$5.10
Imperial Oil	IMO	425.7	418.0	-2%	438.4	433.9	-1%	433.7	$2,032	$1,757	-14%	$1,993	$1,997	0%	$1,800	$12.99	$11.26	-13%	$12.73	$13.33	5%	$13.33
MEG Energy	MEG	103.0	103.0	0%	102.0	102.0	0%	105.0	$464	$464	0%	$433	$433	0%	$514	$4.76	$4.68	-2%	$4.42	$4.47	1%	$4.15
Ovintiv	OVV	534.8	542.1	1%	535.3	572.6	7%	589.2	US$2,895	US$2,895	0%	US$2,610	US$2,610	0%	US$2,510	US$13.47	US$12.72	-6%	US$13.67	US$15.17	11%	US$15.77
Suncor Energy	SU	760.6	751.9	-1%	815.1	815.1	0%	827.4	$5,777	$5,728	-1%	$6,006	$6,006	0%	$5,649	$11.46	$10.20	-11%	$11.37	$10.77	-5%	$10.87
Tourmaline	TOU	525.0	520.3	-1%	553.5	552.2	0%	575.9	$1,864	$1,842	-1%	$2,050	$2,050	0%	$2,200	$13.09	$10.72	-18%	$10.74	$10.27	-4%	$10.78
Average				-1%			1%				-2%			1%				-10%			0%	
Oil-Weighted E&P																						
Baytex Energy	BTE	121.9	121.9	0%	162.7	161.4	-1%	165.9	$1,025	$1,025	0%	$1,231	$1,231	0%	$1,254	$2.15	$2.15	0%	$2.52	$2.49	-1%	$2.50
Cardinal Energy	CJ	22.0	21.9	-1%	22.2	22.3	0%	23.3	$99	$104	5%	$100	$100	0%	$105	$1.64	$1.45	-12%	$1.60	$1.56	-2%	$1.45
Crescent Point Energy	CPG	163.6	163.2	0%	177.6	177.5	0%	177.3	$1,260	$1,275	1%	$1,383	$1,383	0%	$1,382	$4.49	$4.27	-5%	$4.83	$4.82	0%	$4.81
Enerplus	ERF	97.5	96.8	-1%	100.5	99.4	-1%	103.0	US$523	US$523	0%	US$530	US$530	0%	US$540	US$4.39	US$4.28	-3%	US$4.63	US$4.55	-2%	US$4.09
Lucero Energy	LOU	10.4	10.5	1%	10.0	10.0	0%	10.4	$81.50	$81.50	0%	$80.00	$80.00	0%	$85.00	$0.21	$0.20	-2%	$0.19	$0.19	-2%	$0.18
Tamarack Valley Energy	TVE	68.5	68.4	0%	71.5	70.8	-1%	72.1	$450	$455	1%	$475	$475	0%	$485	$1.40	$1.33	-5%	$1.50	$1.51	0%	$1.46
Vermilion Energy	VET	83.9	84.3	0%	94.9	96.5	2%	96.6	$554	$554	0%	$546	$546	0%	$506	$6.76	$6.74	0%	$8.40	$8.58	2%	$7.28
Whitecap Resources	WCP	158.1	158.0	0%	175.0	175.2	0%	177.7	$1,004	$1,004	0%	$1,133	$1,283	13%	$1,183	$2.98	$2.90	-3%	$2.94	$2.91	-1%	$2.74
Average				0%			0%				1%			2%				-4%			-1%	
Gas-Weighted E&P																						
Advantage Oil & Gas	AAV	59.8	59.8	0%	65.9	65.9	0%	71.7	$280	$280	0%	$290	$290	0%	$295	$1.71	$1.74	1%	$2.25	$2.07	-8%	$2.69
Birchcliff Energy	BIR	75.2	76.8	2%	74.7	78.2	5%	79.5	$301	$301	0%	$300	$265	-12%	$355	$1.23	$1.19	-4%	$1.77	$1.60	-10%	$1.86
Hammerhead Energy	HHRS	41.0	41.1	0%	49.5	49.4	0%	52.7	$529	$529	0%	$400	$400	0%	$400	$5.99	$5.28	-12%	$5.30	$4.93	-7%	$5.19
Kelt Exploration	KEL	32.3	31.9	-1%	41.2	41.3	0%	50.7	$287	$287	0%	$350	$350	0%	$360	$1.41	$1.33	-5%	$1.84	$1.77	-4%	$2.17
NuVista Energy	NVA	77.6	77.6	0%	87.4	87.4	0%	92.8	$456	$456	0%	$475	$475	0%	$490	$3.39	$3.00	-12%	$3.21	$3.06	-5%	$3.23
Peyto Exploration	PEY	102.6	102.1	-1%	111.5	109.1	-2%	113.2	$452	$426	-6%	$470	$450	-4%	$450	$3.86	$3.42	-12%	$4.54	$3.80	-16%	$4.24
Paramount Resources	POU	98.7	98.7	0%	113.5	113.5	0%	122.7	$744	$744	0%	$800	$800	0%	$850	$6.62	$6.05	-9%	$7.18	$6.94	-3%	$7.27
Spartan Delta	SDE	53.1	52.5	-1%	37.2	38.5	3%	39.1	$280	$280	0%	$130	$130	0%	$130	$2.32	$2.25	-3%	$1.21	$0.99	-18%	$1.08
Average				0%			0%				-1%			-2%				-7%			-8%	
Royalty Co's																						
Freehold Royalty	FRU	14.8	14.7	0%	14.9	14.9	0%	15.2	$1.1	$1.1	0%	$0.2	$0.2	0%	$0.2	$1.65	$1.59	-4%	$1.67	$1.66	-1%	$1.65
PrairieSky Royalty	PSK	25.1	25.1	0%	26.0	26.0	0%	27.3	$0.0	$0.0	0%	$0.0	$0.0	0%	$0.0	$1.58	$1.56	-2%	$1.71	$1.71	0%	$1.78
Topaz Energy	TPZ	18.6	18.8	1%	19.6	19.6	0%	20.4	$1.9	$1.9	0%	$2.0	$2.0	0%	$2.0	$1.88	$1.90	1%	$2.06	$2.05	-1%	$2.04
Average				0%			0%				0%			0%				-1%			0%	

Source: Company reports and CIBC World Markets Inc.

Oilfield Services Estimate Changes

The table in Exhibit 22 includes our forward year changes to our EBITDA, net debt, and cash flow estimates across 2023E and 2024E, as well as our 2025 estimates. We have reduced our rig activity forecasts in the U.S., along with expectations for leaner daily margins, which drive our 2024 EBITDA estimates meaningfully lower for the contract drillers.

Exhibit 22: Oilfield Services – CIBC Estimate Changes, 2023E – 2025E

		EBITDA ($MM)							Net Debt ($MM)							CFPS - Diluted ($/sh)						
		2023E			2024E			2025E	2023E			2024E			2025E	2023E			2024E			2025E
Company	Ticker	*Prior*	*Current*	*%Δ*	*Prior*	*Current*	*%Δ*	*Current*	*Prior*	*Current*	*%Δ*	*Prior*	*Current*	*%Δ*	*Current*	*Prior*	*Current*	*%Δ*	*Prior*	*Current*	*%Δ*	*Current*
Contract Drillers																						
Ensign	ESI	$493	$493	***0%***	$526	$471	***-10%***	$490	$1,063	$1,220	***15%***	$810	$1,033	***28%***	$821	$1.92	$1.92	***0%***	$2.21	$1.93	***-13%***	$2.11
Precision Drilling	PD	$651	$629	***-3%***	$662	$584	***-12%***	$618	$649	$775	***19%***	$281	$496	***76%***	$215	$38.70	$37.35	***-3%***	$40.45	$35.28	***-13%***	$37.71
Compression																						
Enerflex	EFX	$494	$476	***-4%***	$598	$555	***-7%***	$571	$1,151	$1,112	***-3%***	$872	$841	***-4%***	$573	$2.70	$2.66	***-2%***	$3.28	$3.16	***-4%***	$3.37
Waste Management																						
Secure Energy	SES	$595	$596	***0%***	$617	$578	***-6%***	$603	$809	$826	***2%***	$574	$631	***10%***	$394	$1.56	$1.57	***1%***	$1.64	$1.52	***-7%***	$1.70

Source: Company reports and CIBC World Markets Inc.

Ratings And Price Targets

We have adjusted our price target calculations for select stocks to utilize our base commodity price deck forecast. Our prior price target methodology was based on anticipated trading multiples utilizing strip commodity pricing. We have moved to this methodology in order to better reflect the expected security value based on our expectations for commodity pricing over the next 12 to 18 months. This methodology change only applies for AAV, ARX, BIR, CJ, ERF, FRU, HHRS, KEL, LOU, NVA, POU, PEY, PSK, SDE, TVE, TPZ, and TOU.

The table in Exhibit 23 includes our price targets and ratings across our coverage universe.

Exhibit 23: Energy And Energy Service – Ratings And Price Targets, As Of July 13, 2023

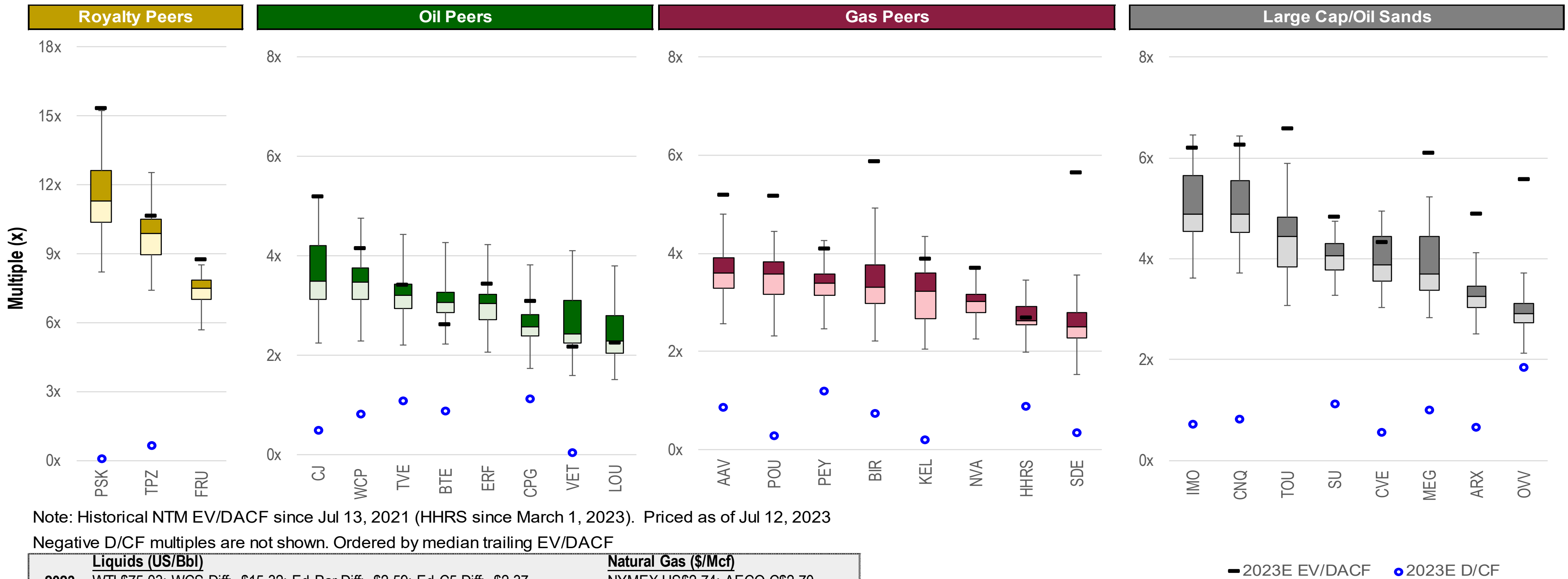
		Rating			Price Target			Upside			Downside		
Company	**Ticker**	*Prior*	*Current*	*Change*	*Prior*	*Current*	*Change*	*Prior*	*Current*	*Change*	*Prior*	*Current*	*Change*
Advantage Oil & Gas	AAV	NT	NT	=	$10.00	$10.50	↑	$16.00	$16.00	=	$3.00	$3.00	=
ARC Resources	ARX	OP	OP	=	$22.00	$25.50	↑	$28.00	$31.00	↑	$8.00	$8.00	=
Baytex Energy	BTE	NT	NT	=	$8.00	$8.00	=	$11.00	$11.00	=	$5.00	$5.00	=
Birchcliff Energy	BIR	NT	NT	=	$8.00	$8.00	=	$11.00	$11.00	=	$2.00	$1.00	↓
Canadian Natural Resources	CNQ	OP	OP	=	$90.00	$90.00	=	$100.00	$100.00	=	$40.00	$40.00	=
Cardinal Energy	CJ	NT	NT	=	$9.00	$9.00	=	$13.00	$13.00	=	$3.75	$1.00	↓
Cenovus Energy	CVE	OP	OP	=	$31.00	$31.00	=	$39.00	$39.00	=	$12.00	$12.00	=
Crescent Point Energy	CPG	OP	OP	=	$15.00	$15.00	=	$22.00	$22.00	=	$3.25	$3.25	=
Enerflex	EFX	NT	NT	=	$12.00	$12.00	=	$16.00	$16.00	=	$4.00	$4.00	=
Enerplus	ERF	OP	OP	=	US$22.00	US$22.00	=	US$27.00	US$25.00	↓	US$10.00	US$6.50	↓
Ensign	ESI	NT	NT	=	$4.25	$3.50	↓	$7.00	$5.50	↓	$1.50	$1.00	↓
Freehold Royalties	FRU	NT	NT	=	$18.00	$17.00	↓	$22.00	$21.00	↓	$9.00	$7.00	↓
Hammerhead Energy	HHRS	OP	OP	=	$17.00	$17.00	=	$21.00	$21.00	=	$4.00	$4.00	=
Imperial Oil	IMO	NT	NT	=	$75.00	$75.00	=	$120.00	$120.00	=	$42.00	$42.00	=
Kelt Exploration	KEL	OP	OP	=	$6.50	$7.75	↑	$11.00	$14.00	↑	$2.00	$1.50	↓
Lucero Energy	LOU	NT	NT	=	$0.80	$0.80	=	$1.15	$1.15	=	$0.25	$0.25	=
MEG Energy	MEG	NT	NT	=	$23.00	$23.00	=	$36.00	$36.00	=	$7.00	$7.00	=
NuVista Energy	NVA	OP	OP	=	$17.00	$16.00	↓	$20.00	$19.00	↓	$5.00	$4.00	↓
Ovintiv (US$)	OVV	NT	NT	=	US$50.00	US$50.00	=	US$72.00	US$72.00	=	US$15.00	US$15.00	=
Paramount Resources	POU	NT	NT	=	$37.50	$40.00	↑	$50.00	$50.00	=	$14.00	$14.00	=
Peyto Exploration	PEY	NT	NT	=	$17.00	$15.00	↓	$20.00	$20.00	=	$3.50	$3.50	=
PrairieSky Royalty	PSK	OP	OP	=	$26.50	$28.50	↑	$31.00	$35.00	↑	$11.00	$12.00	↑
Precision Drilling	PD	OP	OP	=	$135.00	$95.00	↓	$175.00	$150.00	↓	$40.00	$40.00	=
Secure Energy	SES	NT	NT	=	$8.00	$7.50	↓	$13.00	$12.00	↓	$4.00	$3.00	↓
Spartan Delta	SDE	NT	NT	=	$4.00	$4.00	=	$8.00	$7.00	↓	$1.50	$1.00	↓
Suncor Energy	SU	OP	OP	=	$61.00	$61.00	=	$75.00	$75.00	=	$20.00	$20.00	=
Tamarack Valley Energy	TVE	OP	OP	=	$5.50	$5.50	=	$8.00	$8.00	=	$1.25	$0.50	↓
Topaz Energy	TPZ	OP	OP	=	$25.00	$26.25	↑	$32.00	$33.00	↑	$10.00	$10.00	=
Tourmaline	TOU	OP	OP	=	$70.00	$75.00	↑	$90.00	$84.00	↓	$40.00	$33.00	↓
Vermilion Energy	VET	NT	NT	=	$26.00	$26.00	=	$66.00	$66.00	=	$10.50	$10.50	=
Whitecap Resources	WCP	OP	OP	=	$15.00	$15.00	=	$18.00	$18.00	=	$6.00	$6.00	=

Source: CIBC World Markets Inc.

Valuation View

Across the majority of our coverage, we see valuations above the historical range, suggesting that most of these stocks are priced above the current strip. The box and whisker charts in Exhibit 24 show our current 2023E EV/DACF estimates (black dashes) and 2023E D/CF on strip (blue circles) against the historical EV/DACF range for each company.

Exhibit 24: Energy – Historical Valuation And Forward Estimates, 2023E



Note: Historical NTM EV/DACF since Jul 13, 2021 (HHRS since March 1, 2023). Priced as of Jul 12, 2023

Negative D/CF multiples are not shown. Ordered by median trailing EV/DACF

	Liquids (US/Bbl)	Natural Gas ($/Mcf)
2023	WTI $75.03; WCS Diff: -$15.32; Ed Par Diff: -$2.59; Ed C5 Diff: -$2.37	NYMEX US$2.74; AECO C$2.70
2024	WTI $72.18; WCS Diff: -$14.37; Ed Par Diff: -$3.25; Ed C5 Diff: -$2.63	NYMEX US$3.61; AECO C$2.99

Source: FactSet and CIBC World Markets Inc.

Energy Comparable Table – Strip Pricing

Exhibit 25: Energy – Valuation Metrics (Strip Deck), 2023 – 2025E

				Price		Yield	Total Rtn	Mkt Cap	2024E Net Debt	EV	P/CF			D/CF			EV/DACF			Target EV/DACF			EV/Boe/d ($M/Boe/d)		
Company	Ticker	Analyst	Rating	12-Jul-23	Target	%	%	(MM)	(MM)	(MM)	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Large Cap/Oil Sands Producers																									
ARC	ARX	JK	OP	$19.03	$25.50	3.6%	37.6%	$11,745	$1,834	$13,579	4.7x	4.3x	3.9x	0.8x	0.7x	0.4x	5.3x	4.8x	4.2x	6.8x	6.3x	5.5x	$39.6	$37.8	$32.8
Canadian Natural	CNQ	DF	OP	$76.18	$90.00	4.7%	22.8%	$80,838	$11,748	$92,586	6.3x	5.6x	5.2x	1.0x	0.9x	0.7x	7.1x	6.3x	5.7x	8.2x	7.2x	6.6x	$70.7	$64.1	$58.4
Cenovus Energy	CVE	DF	OP	$23.00	$31.00	2.0%	36.8%	$42,293	$5,835	$48,128	4.7x	3.9x	3.7x	0.8x	0.6x	0.6x	5.2x	4.3x	4.1x	6.8x	5.6x	5.4x	$63.4	$55.1	$48.5
Imperial Oil	IMO	DF	NT	$64.81	$75.00	2.3%	18.0%	$34,901	$4,041	$38,942	5.9x	5.6x	5.8x	0.5x	0.7x	1.0x	6.4x	6.2x	6.7x	7.3x	7.1x	7.6x	$91.2	$81.6	$76.5
MEG Energy	MEG	DF	NT	$23.53	$23.00	0.0%	(2.3%)	$6,496	$1,218	$7,714	5.1x	5.9x	6.8x	1.2x	1.2x	1.2x	5.6x	6.1x	6.7x	5.5x	6.0x	6.5x	$77.6	$72.5	$67.4
Ovintiv	OVV	DF	NT	US$39.13	US$50.00	2.9%	30.7%	US$10,666	US$6,861	US$17,527	3.4x	3.0x	2.8x	2.3x	2.0x	1.8x	5.3x	4.7x	4.4x	6.2x	5.5x	5.2x	US$33.0	US$30.3	US$28.1
Suncor Energy	SU	DF	OP	$39.16	$61.00	5.6%	61.3%	$50,021	$14,461	$64,482	4.0x	3.9x	4.0x	1.2x	1.2x	1.2x	4.9x	4.8x	4.9x	7.0x	6.9x	7.0x	$86.6	$76.5	$72.2
Tourmaline	TOU	JK	OP	$65.65	$75.00	1.6%	15.8%	$22,421	($869)	$21,551	6.2x	6.7x	6.3x	0.0x	(0.3x)	(0.5x)	6.2x	6.4x	5.7x	7.1x	7.3x	6.6x	$43.3	$38.9	$35.5
Average						**2.8%**	**27.6%**				**5.0x**	**4.9x**	**4.8x**	**1.0x**	**0.9x**	**0.8x**	**5.7x**	**5.5x**	**5.3x**	**6.8x**	**6.5x**	**6.3x**	**$63.2**	**$57.1**	**$52.4**
Oil-Weighted E&P																									
Baytex	BTE	DF	NT	$4.65	$8.00	1.9%	74.0%	$3,873	$1,851	$5,724	2.4x	1.9x	1.9x	1.4x	1.0x	0.8x	3.8x	2.8x	2.5x	5.5x	4.2x	3.7x	$49.9	$34.2	$30.3
Cardinal Energy	CJ	CT	NT	$6.99	$9.00	10.3%	39.1%	$1,083	$107	$1,190	5.0x	5.1x	5.4x	0.4x	0.5x	0.7x	5.3x	5.5x	5.9x	6.7x	6.9x	7.5x	$53.5	$53.0	$51.9
Crescent Point	CPG	DF	OP	$9.58	$15.00	4.2%	60.8%	$4,935	$2,686	$7,622	2.1x	2.0x	2.0x	1.3x	1.1x	1.1x	3.4x	3.1x	3.1x	4.5x	4.1x	4.2x	$48.9	$40.9	$37.7
Enerplus	ERF	JK	OP	US$15.07	US$22.00	1.9%	47.9%	US$3,295	(US$197)	US$3,099	3.6x	3.6x	4.0x	0.1x	(0.2x)	(0.5x)	3.7x	3.4x	3.4x	5.4x	5.1x	5.3x	US$35.3	US$30.9	US$27.5
Lucero Energy	LOU	JK	NT	$0.59	$0.80	0.0%	35.6%	$398	($131)	$267	3.0x	3.4x	3.4x	(0.7x)	(1.1x)	(1.4x)	2.2x	2.3x	2.0x	3.3x	3.5x	3.2x	$3.2	$2.7	$2.3
Tamarack Valley	TVE	JK	OP	$3.59	$5.50	4.2%	57.4%	$2,021	$932	$2,953	2.8x	2.6x	2.6x	1.6x	1.2x	1.0x	3.9x	3.4x	3.3x	5.2x	4.7x	4.6x	$46.5	$41.8	$38.2
Vermilion	VET	DF	NT	$17.98	$26.00	2.2%	46.8%	$2,838	$46	$2,884	2.6x	2.1x	2.4x	0.6x	0.0x	(0.4x)	3.0x	2.1x	1.9x	4.1x	3.0x	2.9x	$41.0	$29.9	$24.6
Whitecap	WCP	DF	OP	$9.67	$15.00	6.0%	61.1%	$5,770	$1,383	$7,153	3.3x	3.5x	3.6x	0.8x	0.8x	0.9x	3.9x	4.2x	4.3x	5.6x	6.0x	6.3x	$44.9	$40.4	$39.8
Average						**3.8%**	**52.8%**				**3.1x**	**3.0x**	**3.1x**	**0.7x**	**0.4x**	**0.3x**	**3.6x**	**3.3x**	**3.3x**	**5.0x**	**4.7x**	**4.7x**	**$36.0**	**$30.4**	**$28.1**
Gas-Weighted E&P																									
Advantage	AAV	JK	NT	$8.81	$10.50	0.0%	19.2%	$1,474	$296	$1,770	5.6x	4.5x	4.6x	1.2x	0.9x	0.9x	6.2x	5.1x	5.2x	7.2x	5.9x	6.0x	$30.1	$26.5	$24.1
Birchcliff	BIR	CT	NT	$8.01	$8.00	6.0%	5.9%	$2,169	$336	$2,505	7.2x	5.1x	4.4x	1.2x	0.8x	0.7x	7.8x	5.6x	4.8x	7.8x	5.6x	4.8x	$33.0	$32.0	$31.5
Hammerhead	HHRS	JK	OP	$9.82	$17.00	0.0%	73.1%	$945	$418	$1,363	2.1x	2.2x	2.0x	1.0x	1.0x	0.7x	2.9x	2.9x	2.6x	4.4x	4.4x	4.0x	$18.3	$17.4	$16.2
Kelt	KEL	JK	OP	$6.11	$7.75	0.0%	26.8%	$1,207	$66	$1,273	4.7x	3.7x	2.9x	0.2x	0.2x	0.0x	4.9x	3.9x	2.8x	6.1x	4.9x	3.6x	$39.1	$31.0	$24.0
NuVista	NVA	JK	OP	$10.95	$16.00	0.0%	46.1%	$2,478	($7)	$2,471	3.7x	3.8x	3.5x	0.2x	(0.0x)	(0.3x)	3.8x	3.7x	3.1x	5.5x	5.4x	4.7x	$34.0	$28.1	$24.3
Peyto	PEY	CT	NT	$11.63	$15.00	11.3%	40.3%	$2,119	$893	$3,012	3.4x	3.1x	4.2x	1.5x	1.3x	2.1x	4.5x	4.1x	5.6x	5.5x	4.9x	6.7x	$29.6	$27.9	$28.4
Paramount	POU	JK	NT	$29.32	$40.00	5.1%	41.5%	$4,229	($213)	$4,016	5.1x	4.6x	4.3x	(0.4x)	(0.2x)	(0.1x)	4.6x	4.3x	4.1x	6.5x	6.0x	5.6x	$39.3	$35.4	$33.7
Spartan Delta	SDE	CT	NT	$4.96	$4.00	0.0%	(19.4%)	$861	$57	$918	2.2x	5.4x	4.8x	0.2x	0.4x	0.1x	2.2x	5.7x	4.8x	1.8x	4.7x	3.9x	$18.0	$23.8	$22.2
Average						**3.2%**	**22.9%**				**4.3x**	**4.1x**	**3.8x**	**0.6x**	**0.5x**	**0.5x**	**4.6x**	**4.4x**	**4.1x**	**5.6x**	**5.2x**	**4.9x**	**$30.2**	**$27.8**	**$25.5**
Royalty Co's																									
Freehold	FRU	JK	NT	$14.11	$17.00	7.7%	28.1%	$2,142	($5)	$2,137	9.0x	8.9x	8.8x	0.3x	(0.0x)	(0.4x)	9.0x	8.8x	8.5x	10.8x	10.6x	10.3x	$150.7	$143.6	$135.1
PrairieSky	PSK	JK	OP	$24.88	$28.50	3.9%	18.4%	$5,980	$32	$6,012	16.2x	15.4x	14.3x	0.5x	0.1x	(0.4x)	16.1x	15.3x	14.1x	18.3x	17.5x	16.3x	$245.8	$231.9	$213.6
Topaz	TPZ	JK	OP	$21.11	$26.25	5.7%	30.0%	$3,095	$193	$3,288	11.3x	10.8x	10.5x	1.1x	0.7x	0.2x	11.2x	10.6x	10.3x	13.7x	13.1x	12.7x	$180.4	$168.0	$155.1
Average						**5.8%**	**23.3%**				**12.2x**	**11.7x**	**11.2x**	**0.6x**	**0.2x**	**(0.2x)**	**12.1x**	**11.6x**	**11.0x**	**14.3x**	**13.7x**	**13.1x**	**$192.3**	**$181.2**	**$167.9**

Notes: 1) nm = not meaningful, NT = Neutral, OP = Outperformer, UN = Underperformer, R = restricted, N/A = not available; 2) CT - Chris Thompson, DF - Dennis Fong, JK - Jamie Kubik 3) Price targets are 12 to 18 months.

Source: FactSet and CIBC World Markets Inc.

Energy Comparable Table – Strip Pricing

Exhibit 26: Energy – Operating Metrics (Strip Deck), 2023 – 2025E

			Production (Mboe/d)			PPS Growth (%)			DAPPS Growth (%)			% Gas (%)			CAPEX ($MM)			Total Payout (%)			CF ($MM)			FCF Yield (%)		
Company	*Ticker*	*Analyst*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*
Large Cap/Oil Sands Producers																										
ARC	ARX	JK	350.1	358.2	389.6	9%	3%	9%	8%	6%	15%	62%	61%	60%	$1,887	$2,010	$1,800	91%	90%	74%	$2,517	$2,701	$2,977	5%	6%	10%
Canadian Natural	CNQ	DF	1,326.2	1,388.3	1,432.1	9%	9%	8%	32%	10%	9%	28%	27%	26%	$5,301	$5,138	$5,189	71%	65%	62%	$12,794	$13,810	$14,203	9%	11%	11%
Cenovus Energy	CVE	DF	780.5	817.2	849.0	4%	11%	14%	39%	13%	13%	17%	17%	16%	$4,430	$4,310	$4,283	59%	53%	54%	$9,063	$10,087	$9,671	11%	14%	13%
Imperial Oil	IMO	DF	418.0	433.9	433.7	16%	13%	11%	28%	10%	7%	1%	1%	1%	$1,756	$2,001	$1,812	48%	52%	54%	$5,892	$5,616	$4,882	12%	10%	9%
MEG Energy	MEG	DF	103.0	102.0	103.0	18%	5%	6%	101%	8%	8%	0%	0%	0%	$464	$433	$407	36%	41%	46%	$1,277	$1,048	$877	13%	9%	7%
Ovintiv	OVV	DF	542.1	572.6	589.2	5%	3%	6%	(7%)	6%	7%	50%	49%	48%	US$2,895	US$2,610	US$2,510	101%	84%	79%	US$3,157	US$3,490	US$3,570	2%	8%	10%
Suncor Energy	SU	DF	751.9	815.1	827.4	7%	13%	6%	31%	12%	7%	0%	0%	0%	$5,728	$6,006	$5,649	69%	73%	73%	$12,504	$12,136	$11,535	14%	12%	12%
Tourmaline	TOU	JK	520.3	552.2	575.9	4%	6%	4%	6%	13%	12%	78%	78%	79%	$1,842	$2,050	$2,200	94%	71%	72%	$3,606	$3,361	$3,566	8%	6%	6%
Average						**9%**	**8%**	**8%**	**30%**	**10%**	**10%**	**30%**	**29%**	**29%**				**71%**	**66%**	**64%**				**9%**	**10%**	**10%**
Oil-Weighted E&P																										
Baytex	BTE	DF	121.9	161.4	165.9	(4%)	30%	12%	(3%)	30%	12%	13%	12%	13%	$1,025	$1,231	$1,254	253%	67%	71%	$1,602	$1,944	$1,876	15%	18%	16%
Cardinal Energy	CJ	CT	21.9	22.3	23.3	4%	3%	5%	2%	1%	2%	12%	12%	12%	$104	$100	$105	98%	98%	107%	$219	$212	$200	11%	11%	9%
Crescent Point	CPG	DF	163.2	177.5	177.3	31%	18%	7%	(1%)	20%	9%	24%	26%	26%	$1,275	$1,383	$1,382	62%	68%	72%	$2,327	$2,341	$2,177	21%	19%	16%
Enerplus	ERF	JK	96.8	99.4	103.0	7%	4%	4%	11%	14%	12%	39%	36%	37%	US$523	US$530	US$540	63%	64%	71%	US$911	US$897	US$822	16%	15%	11%
Lucero Energy	LOU	JK	10.5	10.0	10.4	(3%)	(4%)	3%	37%	5%	12%	20%	21%	22%	$82	$80	$85	61%	68%	73%	$134	$118	$117	13%	10%	8%
Tamarack Valley	TVE	JK	68.4	70.8	72.1	17%	3%	2%	30%	10%	8%	18%	18%	19%	$455	$475	$485	74%	71%	74%	$728	$789	$768	14%	16%	14%
Vermilion	VET	DF	84.3	96.5	96.6	4%	39%	21%	5%	36%	20%	53%	54%	54%	$554	$546	$506	52%	46%	48%	$1,099	$1,326	$1,200	19%	27%	24%
Whitecap	WCP	DF	158.0	175.2	177.7	14%	12%	3%	23%	12%	2%	35%	36%	36%	$1,004	$1,283	$1,183	78%	99%	98%	$1,733	$1,650	$1,558	13%	6%	6%
Average						**9%**	**13%**	**7%**	**13%**	**16%**	**10%**	**27%**	**27%**	**27%**				**93%**	**73%**	**77%**				**15%**	**15%**	**13%**
Gas-Weighted E&P																										
Advantage	AAV	JK	59.8	65.9	71.7	24%	12%	9%	10%	14%	10%	88%	88%	88%	$280	$290	$295	106%	90%	95%	$265	$322	$312	(1%)	2%	1%
Birchcliff	BIR	CT	76.8	78.2	79.5	1%	2%	2%	(10%)	4%	2%	82%	82%	82%	$301	$265	$355	170%	92%	98%	$302	$426	$492	0%	8%	6%
Hammerhead	HHRS	JK	41.1	49.4	52.7	1,346%	6%	7%	866%	14%	12%	55%	55%	56%	$529	$400	$400	118%	92%	85%	$450	$436	$473	(8%)	4%	8%
Kelt	KEL	JK	31.9	41.3	50.7	16%	29%	23%	13%	26%	29%	62%	60%	59%	$287	$350	$360	112%	107%	85%	$255	$327	$425	(3%)	(2%)	6%
NuVista	NVA	JK	77.6	87.4	92.8	18%	13%	6%	23%	21%	16%	60%	60%	59%	$456	$475	$490	69%	74%	70%	$664	$644	$695	9%	7%	9%
Peyto	PEY	CT	102.1	109.1	113.2	(5%)	5%	4%	(10%)	6%	(2%)	84%	84%	84%	$426	$450	$450	105%	99%	133%	$615	$689	$514	9%	12%	3%
Paramount	POU	JK	98.7	113.5	122.7	13%	15%	8%	7%	11%	5%	55%	54%	54%	$744	$800	$850	132%	111%	108%	$835	$917	$982	2%	3%	3%
Spartan Delta	SDE	CT	52.5	38.5	39.1	(27%)	(27%)	2%	(24%)	(25%)	5%	66%	71%	71%	$280	$130	$130	73%	82%	72%	$388	$159	$180	13%	3%	6%
Average						**173%**	**7%**	**7%**	**109%**	**9%**	**10%**	**69%**	**69%**	**69%**				**110%**	**93%**	**93%**				**3%**	**5%**	**5%**
Royalty Co's																										
Freehold	FRU	JK	14.7	14.9	15.2	4%	1%	2%	6%	4%	6%	37%	37%	36%	$1	$0	$0	69%	68%	67%	$237	$241	$243	11%	11%	11%
PrairieSky	PSK	JK	25.1	26.0	27.3	(1%)	3%	5%	2%	6%	9%	41%	41%	39%	$0	$0	$0	62%	59%	55%	$368	$388	$418	6%	7%	7%
Topaz	TPZ	JK	18.8	19.6	20.4	9%	4%	4%	11%	8%	9%	70%	68%	68%	$2	$2	$2	64%	61%	59%	$275	$287	$295	9%	9%	10%
Average						**4%**	**3%**	**4%**	**6%**	**6%**	**8%**	**49%**	**49%**	**48%**				**65%**	**63%**	**60%**				**9%**	**9%**	**9%**

Notes: 1) nm = not meaningful, NT = Neutral, OP = Outperformer, UN = Underperformer, R = restricted, N/A = not available; 2) CT - Chris Thompson, DF - Dennis Fong, JK - Jamie Kubik 3) Price targets are 12 to 18 months.

Source: FactSet and CIBC World Markets Inc.

CIBC

Energy Comparable Table – CIBC Base Commodity Pricing

Exhibit 27: Energy – Valuation Metrics (Base Deck), 2023 – 2025E

				Price		Yield	Total Rtn	Mkt Cap	2024E Net Debt	EV	P/CF			D/CF			EV/DACF			Target EV/DACF			EV/Boe/d ($K/Boe/d)		
Company	Ticker	Analyst	Rating	12-Jul-23	Target	%	%	(MM)	(MM)	(MM)	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Large Cap/Oil Sands Producers																									
ARC	ARX	JK	OP	$19.03	$25.50	3.6%	37.6%	$11,745	$1,652	$13,397	4.5x	4.2x	3.8x	0.8x	0.6x	0.3x	5.1x	4.6x	4.0x	6.6x	6.0x	5.3x	$39.4	$37.3	$32.2
Canadian Natural	CNQ	DF	OP	$76.18	$90.00	4.7%	22.8%	$80,854	$11,790	$92,644	6.6x	5.9x	5.5x	1.0x	0.9x	0.8x	7.4x	6.6x	6.2x	8.6x	7.7x	7.1x	$70.6	$64.5	$59.4
Cenovus Energy	CVE	DF	OP	$23.00	$31.00	2.0%	36.8%	$42,493	$6,358	$48,851	4.7x	4.3x	4.3x	0.8x	0.7x	0.7x	5.3x	4.8x	4.8x	6.9x	6.2x	6.3x	$63.7	$56.3	$50.8
Imperial Oil	IMO	DF	NT	$64.81	$75.00	2.2%	17.9%	$34,949	$2,061	$37,010	5.4x	4.5x	4.5x	0.4x	0.3x	0.2x	5.7x	4.7x	4.7x	6.6x	5.4x	5.4x	$90.0	$77.3	$69.0
MEG Energy	MEG	DF	NT	$23.53	$23.00	0.0%	(2.3%)	$6,474	$1,063	$7,537	4.9x	5.1x	5.5x	1.1x	0.9x	0.8x	5.3x	5.3x	5.5x	5.2x	5.2x	5.4x	$76.9	$70.1	$64.6
Ovintiv	OVV	DF	NT	US$39.13	US$50.00	2.9%	30.7%	US$10,573	US$6,374	US$16,947	3.2x	2.5x	2.4x	2.1x	1.6x	1.4x	5.0x	3.9x	3.7x	5.8x	4.6x	4.3x	US$32.6	US$28.9	US$26.1
Suncor Energy	SU	DF	OP	$39.16	$61.00	5.6%	61.4%	$49,610	$13,287	$62,897	3.7x	3.5x	3.5x	1.1x	1.0x	0.9x	4.5x	4.3x	4.2x	6.5x	6.1x	6.0x	$85.3	$73.6	$68.0
Tourmaline	TOU	JK	OP	$65.65	$75.00	1.6%	15.8%	$22,421	($1,061)	$21,360	6.1x	6.4x	6.1x	0.0x	(0.3x)	(0.6x)	6.1x	6.1x	5.5x	7.0x	7.0x	6.4x	$43.2	$38.6	$35.0
Average						**2.8%**	**27.6%**				**4.9x**	**4.5x**	**4.5x**	**0.9x**	**0.7x**	**0.6x**	**5.6x**	**5.0x**	**4.8x**	**6.6x**	**6.0x**	**5.8x**	**$62.7**	**$55.8**	**$50.6**
Oil-Weighted E&P																									
Baytex	BTE	DF	NT	$4.65	$8.00	1.9%	74.0%	$3,877	$1,779	$5,656	2.4x	1.8x	1.8x	1.4x	0.9x	0.8x	3.5x	2.5x	2.4x	5.1x	3.7x	3.6x	$49.9	$33.6	$29.7
Cardinal Energy	CJ	CT	NT	$6.99	$9.00	10.3%	39.1%	$1,083	$72	$1,156	4.8x	4.5x	4.8x	0.4x	0.3x	0.4x	5.1x	4.7x	5.2x	6.5x	6.0x	6.5x	$53.2	$51.4	$49.5
Crescent Point	CPG	DF	OP	$9.58	$15.00	4.2%	60.8%	$4,941	$2,638	$7,579	2.1x	1.9x	1.9x	1.3x	1.1x	1.0x	3.4x	2.9x	2.9x	4.5x	4.0x	4.0x	$48.9	$40.5	$37.0
Enerplus	ERF	JK	OP	US$15.07	US$22.00	1.9%	47.9%	US$3,295	(US$310)	US$2,986	3.5x	3.3x	3.7x	0.1x	(0.3x)	(0.7x)	3.6x	3.0x	3.0x	5.2x	4.5x	4.7x	US$35.1	US$29.7	US$25.8
Lucero Energy	LOU	JK	NT	$0.59	$0.80	0.0%	35.6%	$398	($141)	$256	2.9x	3.2x	3.3x	(0.7x)	(1.1x)	(1.5x)	2.2x	2.0x	1.8x	3.2x	3.2x	3.0x	$28.7	$25.5	$21.2
Tamarack Valley	TVE	JK	OP	$3.59	$5.50	4.2%	57.4%	$2,021	$851	$2,872	2.7x	2.4x	2.5x	1.5x	1.0x	0.7x	3.8x	3.1x	3.0x	5.0x	4.3x	4.2x	$46.3	$40.6	$36.3
Vermilion	VET	DF	NT	$17.98	$26.00	2.2%	46.8%	$2,835	($50)	$2,785	2.6x	2.0x	2.4x	0.5x	(0.0x)	(0.5x)	2.9x	1.9x	1.8x	4.0x	2.8x	2.8x	$40.8	$28.8	$23.7
Whitecap	WCP	DF	OP	$9.67	$15.00	6.0%	61.1%	$5,771	$1,353	$7,124	3.3x	3.3x	3.5x	0.8x	0.8x	0.9x	3.9x	4.0x	4.2x	5.6x	5.8x	6.1x	$44.9	$40.1	$39.3
Average						**3.8%**	**52.8%**				**3.1x**	**2.8x**	**3.0x**	**0.7x**	**0.3x**	**0.1x**	**3.5x**	**3.0x**	**3.0x**	**4.9x**	**4.3x**	**4.4x**	**$39.1**	**$32.6**	**$29.6**
Gas-Weighted E&P																									
Advantage	AAV	JK	NT	$8.81	$10.50	0.0%	19.2%	$1,474	$252	$1,725	5.1x	4.2x	3.3x	1.0x	0.7x	0.2x	5.7x	4.7x	3.4x	6.6x	5.5x	4.0x	$29.7	$25.8	$21.7
Birchcliff	BIR	CT	NT	$8.01	$8.00	6.0%	5.9%	$2,169	$310	$2,478	6.8x	5.0x	4.3x	1.1x	0.7x	0.6x	7.4x	5.4x	4.7x	7.3x	5.4x	4.7x	$32.7	$31.7	$31.0
Hammerhead	HHRS	JK	OP	$9.82	$17.00	0.0%	73.1%	$836	$376	$1,213	1.9x	2.0x	1.9x	1.0x	0.8x	0.6x	2.7x	2.6x	2.4x	4.0x	4.0x	3.7x	$31.4	$26.7	$23.2
Kelt	KEL	JK	OP	$6.11	$7.75	0.0%	26.8%	$1,207	$34	$1,241	4.6x	3.5x	2.8x	0.1x	0.1x	(0.1x)	4.7x	3.5x	2.7x	5.9x	4.5x	3.5x	$38.9	$30.2	$23.2
NuVista	NVA	JK	OP	$10.95	$16.00	0.0%	46.1%	$2,478	($66)	$2,412	3.6x	3.6x	3.4x	0.2x	(0.1x)	(0.4x)	3.7x	3.4x	2.9x	5.3x	5.0x	4.4x	$33.8	$27.4	$23.3
Peyto	PEY	CT	NT	$11.63	$15.00	11.3%	40.3%	$2,119	$870	$2,988	3.4x	3.1x	2.7x	1.4x	1.2x	1.0x	4.5x	4.0x	3.5x	5.4x	4.8x	4.3x	$29.5	$27.7	$25.8
Paramount	POU	JK	NT	$29.32	$40.00	5.1%	41.5%	$4,229	($335)	$3,894	4.8x	4.2x	4.0x	(0.4x)	(0.3x)	(0.3x)	4.4x	3.9x	3.7x	6.1x	5.4x	5.2x	$38.9	$34.3	$32.2
Spartan Delta	SDE	CT	NT	$4.96	$4.00	0.0%	(19.4%)	$861	$42	$903	2.2x	5.0x	4.6x	0.2x	0.2x	(0.1x)	2.2x	5.2x	4.5x	1.8x	4.3x	3.6x	$17.9	$23.4	$21.7
Average						**3.2%**	**36.1%**				**4.0x**	**3.8x**	**3.4x**	**0.6x**	**0.4x**	**0.2x**	**4.4x**	**4.1x**	**3.5x**	**5.3x**	**4.9x**	**4.2x**	**$31.6**	**$28.4**	**$25.3**
Royalty Co's																									
Freehold	FRU	JK	NT	$14.11	$17.00	7.7%	28.1%	$2,142	($22)	$2,121	8.9x	8.5x	8.5x	0.3x	(0.1x)	(0.4x)	8.9x	8.3x	8.1x	10.6x	10.0x	9.9x	$150.4	$142.5	$133.5
PrairieSky	PSK	JK	OP	$24.88	$28.50	3.9%	18.4%	$5,980	$3	$5,983	16.0x	14.6x	14.0x	0.5x	0.0x	(0.5x)	15.8x	14.4x	13.8x	18.0x	16.5x	15.8x	$245.6	$230.8	$212.2
Topaz	TPZ	JK	OP	$21.11	$26.25	5.7%	30.0%	$3,095	$175	$3,270	11.1x	10.3x	10.3x	1.1x	0.6x	0.2x	11.0x	10.1x	10.1x	13.5x	12.5x	12.5x	$180.2	$167.0	$154.0
Average						**5.8%**	**23.3%**				**12.0x**	**11.1x**	**10.9x**	**0.6x**	**0.2x**	**(0.2x)**	**11.9x**	**11.0x**	**10.7x**	**14.0x**	**13.0x**	**12.7x**	**$192.1**	**$180.1**	**$166.6**

Notes: 1) nm = not meaningful, NT = Neutral, OP = Outperformer, UN = Underperformer, R = restricted, N/A = not available; 2) CT - Chris Thompson, DF - Dennis Fong, JK - Jamie Kubik 3) Price targets are 12 to 18 months.

Source: Company reports and CIBC World Markets Inc.

Energy Comparable Tables – CIBC Base Commodity Pricing

Exhibit 28: Energy – Operating Metrics (Base Deck), 2023 – 2025E

			Production (Mboe/d)			PPS Growth (%)			DAPPS Growth (%)			% Gas (%)			CAPEX ($MM)			Total Payout (%)			CF ($MM)			FCF Yield (%)		
Company	*Ticker*	*Analyst*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*	*2023E*	*2024E*	*2025E*
Large Cap/Oil Sands Producers																										
ARC	ARX	JK	350.1	358.2	389.6	9%	3%	9%	9%	6%	16%	62%	61%	60%	$1,887	$2,010	$1,800	89%	86%	73%	$2,587	$2,814	$3,045	6%	7%	11%
Canadian Natural	CNQ	DF	1,326.2	1,388.3	1,417.1	8%	8%	6%	33%	9%	7%	28%	27%	26%	$5,301	$5,138	$5,140	74%	69%	66%	$12,194	$13,111	$13,414	9%	10%	11%
Cenovus Energy	CVE	DF	780.5	822.2	828.5	3%	12%	9%	37%	13%	7%	17%	17%	16%	$4,430	$4,318	$4,206	61%	58%	60%	$8,956	$9,261	$8,595	11%	12%	12%
Imperial Oil	IMO	DF	418.0	433.9	433.7	16%	13%	11%	30%	14%	13%	1%	1%	1%	$1,757	$1,997	$1,800	44%	42%	42%	$6,460	$7,026	$6,327	13%	16%	16%
MEG Energy	MEG	DF	103.0	102.0	105.0	18%	6%	8%	103%	11%	11%	0%	0%	0%	$464	$433	$514	35%	36%	49%	$1,334	$1,193	$1,050	13%	12%	9%
Ovintiv	OVV	DF	542.1	572.6	589.2	5%	4%	8%	(4%)	9%	10%	50%	49%	48%	US$2,895	US$2,610	US$2,510	96%	73%	71%	US$3,340	US$4,042	US$3,987	4%	14%	15%
Suncor Energy	SU	DF	751.9	815.1	827.4	8%	15%	8%	32%	15%	9%	0%	0%	0%	$5,728	$6,006	$5,649	64%	66%	65%	$13,339	$13,313	$12,685	15%	16%	16%
Tourmaline	TOU	JK	520.3	552.2	575.9	4%	6%	4%	6%	14%	12%	78%	78%	79%	$1,842	$2,050	$2,200	92%	69%	70%	$3,661	$3,497	$3,672	8%	7%	7%
Average						**9%**	**8%**	**8%**	**31%**	**11%**	**11%**	**30%**	**29%**	**29%**				**69%**	**62%**	**62%**				**10%**	**12%**	**12%**
Oil-Weighted E&P																										
Baytex	BTE	DF	121.9	161.4	165.9	(4%)	32%	12%	(3%)	32%	12%	13%	12%	13%	$1,025	$1,231	$1,254	254%	65%	69%	$1,592	$2,012	$1,907	15%	21%	19%
Cardinal Energy	CJ	CT	21.9	22.3	23.3	4%	3%	5%	2%	3%	4%	12%	12%	12%	$104	$100	$105	95%	87%	96%	$225	$240	$222	11%	13%	11%
Crescent Point	CPG	DF	163.2	177.5	177.3	31%	18%	8%	(1%)	21%	10%	24%	26%	26%	$1,275	$1,383	$1,382	63%	66%	70%	$2,316	$2,412	$2,230	21%	23%	20%
Enerplus	ERF	JK	96.8	99.4	103.0	7%	4%	4%	12%	17%	15%	39%	36%	37%	US$523	US$530	US$540	61%	59%	66%	US$935	US$985	US$887	17%	19%	14%
Lucero Energy	LOU	JK	10.5	10.0	10.4	(3%)	(4%)	3%	38%	7%	14%	20%	21%	22%	$82	$80	$85	60%	64%	70%	$137	$126	$122	14%	12%	9%
Tamarack Valley	TVE	JK	68.4	70.8	72.1	17%	3%	2%	31%	12%	10%	18%	18%	19%	$455	$475	$485	72%	66%	69%	$747	$851	$821	15%	19%	17%
Vermilion	VET	DF	84.3	96.5	96.6	5%	43%	22%	5%	40%	21%	53%	54%	54%	$554	$546	$506	52%	44%	48%	$1,109	$1,413	$1,199	20%	31%	24%
Whitecap	WCP	DF	158.0	175.2	177.7	14%	13%	3%	23%	12%	2%	35%	36%	36%	$1,004	$1,283	$1,183	78%	95%	96%	$1,728	$1,708	$1,590	13%	7%	7%
Average						**9%**	**14%**	**7%**	**13%**	**18%**	**11%**	**27%**	**27%**	**27%**				**92%**	**68%**	**73%**				**16%**	**18%**	**15%**
Gas-Weighted E&P																										
Advantage	AAV	JK	59.8	65.9	71.7	24%	12%	9%	11%	16%	21%	88%	88%	88%	$280	$290	$295	96%	85%	67%	$291	$341	$442	1%	4%	10%
Birchcliff	BIR	CT	76.8	78.2	79.5	1%	2%	2%	(9%)	4%	2%	82%	82%	82%	$301	$265	$355	160%	91%	96%	$321	$433	$502	1%	8%	7%
Hammerhead	HHRS	JK	41.1	49.4	52.7	1,346%	6%	7%	867%	17%	15%	55%	55%	56%	$529	$400	$400	117%	84%	80%	$450	$475	$500	(9%)	8%	11%
Kelt	KEL	JK	31.9	41.3	50.7	16%	29%	23%	14%	29%	30%	62%	60%	59%	$287	$350	$360	109%	100%	84%	$263	$351	$431	(2%)	0%	6%
NuVista	NVA	JK	77.6	87.4	92.8	18%	13%	6%	23%	23%	18%	60%	60%	59%	$456	$475	$490	67%	69%	67%	$679	$688	$727	9%	9%	10%
Peyto	PEY	CT	102.1	109.1	113.2	(5%)	5%	4%	(10%)	7%	8%	84%	84%	84%	$426	$450	$450	104%	97%	87%	$623	$703	$784	10%	12%	16%
Paramount	POU	JK	98.7	113.5	122.7	13%	15%	8%	8%	14%	7%	55%	54%	54%	$744	$800	$850	126%	101%	101%	$873	$1,001	$1,049	3%	5%	5%
Spartan Delta	SDE	CT	52.5	38.5	39.1	(27%)	(27%)	2%	(24%)	(25%)	5%	66%	71%	71%	$280	$130	$130	72%	76%	69%	$391	$171	$187	13%	5%	7%
Average						**173%**	**7%**	**7%**	**110%**	**10%**	**13%**	**69%**	**69%**	**69%**				**106%**	**88%**	**81%**				**3%**	**6%**	**9%**
Royalty Co's																										
Freehold	FRU	JK	14.7	14.9	15.2	4%	1%	2%	6%	5%	6%	37%	37%	36%	$1	$0	$0	68%	64%	65%	$241	$253	$251	11%	12%	12%
PrairieSky	PSK	JK	25.1	26.0	27.3	(1%)	3%	5%	3%	7%	9%	41%	41%	39%	$0	$0	$0	61%	56%	53%	$374	$411	$429	6%	7%	7%
Topaz	TPZ	JK	18.8	19.6	20.4	9%	4%	4%	11%	8%	9%	70%	68%	68%	$2	$2	$2	63%	58%	58%	$279	$301	$300	9%	10%	10%
Average						**4%**	**3%**	**4%**	**6%**	**7%**	**8%**	**49%**	**49%**	**48%**				**64%**	**59%**	**59%**				**9%**	**10%**	**10%**

Notes: 1) nm = not meaningful, NT = Neutral, OP = Outperformer, UN = Underperformer, R = restricted, N/A = not available; 2) CT - Chris Thompson, DF - Dennis Fong, JK - Jamie Kubik 3) Price targets are 12 to 18 months.

Source: FactSet and CIBC World Markets Inc.

Oilfield Service Comparable Tables

Exhibit 29: Oilfield Services – Valuation Metrics, 2023 – 2025E

					Price		Div. Yield	Total Return	Mkt Cap	2024E Net Debt	EV	P/CF			EV/EBITDA			Target EV/EBITDA			Net Debt/EBITDA		
Company Name	Ticker	Currency	Analyst	Rating	12-Jul-23	Target	(%)	(%)	(MM)	(MM)	($MM)	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Drilling Contractors																							
Ensign Energy Services	ESI	CAD	JK	NT	$2.10	$3.50	0%	67%	$389	$1,033	$1,422	1.1x	1.1x	1.0x	3.3x	3.0x	2.5x	3.8x	3.6x	3.0x	2.5x	2.2x	1.7x
Nabors Industries	NBR	USD	NR	NR	$108.66	NR	0%	NR	$1,037	$1,387	$2,424	1.2x	1.2x	1.1x	2.9x	2.3x	2.2x	NR	NR	NR	1.8x	1.3x	1.2x
Patterson UTI	PTEN	USD	NR	NR	$13.89	NR	2%	NR	$2,889	$202	$3,091	3.1x	3.1x	3.2x	3.6x	3.3x	2.6x	NR	NR	NR	0.6x	0.2x	(0.3x)
Precision Drilling	PD	CAD	JK	OP	$69.07	$95	0%	38%	$945	$496	$1,441	1.8x	2.0x	1.8x	2.7x	2.5x	1.9x	3.3x	3.1x	2.5x	1.2x	0.8x	0.3x
Group Average							1%					**1.8x**	**1.9x**	**1.8x**	**3.1x**	**2.8x**	**2.3x**				**1.5x**	**1.1x**	**0.7x**
Compression																							
Archrock Inc.	AROC	USD	NR	NR	$10.21	NR	6%	NR	$1,600	$1,567	$3,166	0.0x	0.0x	0.0x	7.6x	7.0x	#N/A	NR	NR	NR	3.8x	3.5x	#N/A
Enerflex	EFX	CAD	JK	NT	$9.64	$12.00	1%	26%	$1,193	$841	$2,033	3.6x	3.0x	2.9x	4.8x	3.7x	3.1x	5.5x	4.2x	3.6x	2.3x	1.5x	1.0x
Group Average							4%					**1.8x**	**1.5x**	**1.4x**	**6.2x**	**5.3x**	**3.1x**				**3.1x**	**2.5x**	**#N/A**
Waste Management																							
Republic Services	RSG	USD	NR	NR	$149.18	NR	1%	NR	$47,183	$10,663	$57,846	13.6x	12.7x	11.9x	13.5x	12.4x	11.6x	NR	NR	NR	2.6x	2.3x	2.1x
Secure Energy Services	SES	CAD	JK	NT	$6.30	$7.50	6%	25%	$1,843	$631	$2,474	4.0x	4.1x	3.7x	4.5x	4.3x	3.7x	5.1x	4.9x	4.3x	1.4x	1.1x	0.7x
Group Average							3%					**8.8x**	**8.4x**	**7.8x**	**9.0x**	**8.3x**	**7.7x**				**1.9x**	**1.6x**	**1.4x**

Notes: 1) nm = not meaningful, NT = Neutral, OP = Outperformer, UN = Underperformer, R = Restricted, N/A = Not Available, NR = Not Rated; 2) JK – Jamie Kubik 3) Price targets are 12 to 18 months.

Source: Company reports and CIBC World Markets Inc.

Price Target Calculations And Key Risks To Price Targets

Advantage: Our 12- to 18-month price target of $10.50 is based on a target 2024 EV/DACF multiple of 5.5x on our CIBC base commodity price forecasts. We estimate net debt of $252MM in 2024. Our price target represents 0.6x our risked NAV on our CIBC base commodity price forecasts. The primary sector risks to our price target include the risk of a decline in commodity prices and rising industry costs. The company-specific risks to our price target include the risk of degrading liquids yields, higher-than-expected production decline rates, and unplanned facility (Glacier) downtime.

ARC: Our 12- to 18-month price target of $25.50 is based on a target 2024 EV/DACF multiple of 6.0x on our CIBC base commodity price forecasts. We estimate net debt of $1,652MM in 2024. Our price target represents 0.8x our risked NAV on our CIBC base commodity price forecasts. The primary sector risks to our price target include the risk of a decline in commodity prices and rising industry costs. Company-specific risks include the risk of unplanned facility downtime, higher-than-expected production decline rates, project budget and timing overruns, and adverse regulatory changes that could impact ARC's ability to develop and extract value from its assets.

Ensign: Our $3.50 price target is based on a multiple of 3.6x EV/EBITDA for 2024E. Our target multiple is based on the average of Ensign's historical trading range of 3.0x-6.0x. We estimate 2024E net debt of $1,033MM. If commodity prices were to decline sharply, especially for sustained periods, Ensign’s customers may choose to curtail their capital programs, which would have a negative impact on the company's long-term contract portfolio, utilization rates, and pricing power. Price-based competition or an inflating cost structure could reduce profitability and our price target. A large and sustained increase in the Canadian dollar would have a negative impact on Ensign’s revenue and margins in its United States and International segments. The company generates the majority of its revenue and cash flow from the global oil and natural gas industry and is exposed to potential hardship due to any changes in regulatory structure of new or existing projects.

Freehold: Our 12- to 18-month price target of $17.00 is based on a target 2024 EV/DACF multiple of 10.0x on our CIBC base commodity price forecasts. We estimate net debt of -$22MM in 2024. Our price target represents 0.9x our risked NAV on our CIBC base commodity price forecasts. The primary sector risks to our price target include the risk of a decline in commodity prices and rising industry costs. Company-specific risks include the risk of weaker-than-expected light oil production, heavy oil differentials widening, higher-than-expected production decline rates, and lack of third-party activity.

Kelt: Our 12- to 18-month price target of $7.75 is based on a target 2024 EV/DACF multiple of 4.5x on our CIBC base commodity price forecasts. We estimate net debt of $34MM in 2024. Our price target represents 0.8x our risked NAV on our CIBC base commodity price forecasts. The primary sector risks to our price target include the risk of a decline in commodity prices and rising industry costs. Company-specific risks include the risk of degrading liquids yields, higher-than-expected production decline rates, and project budget and timing overruns.

NuVista: Our 12- to 18-month price target of $16.00 is based on a target 2024 EV/DACF multiple of 5.0x on our CIBC base commodity price forecasts. We estimate net debt of -$66MM in 2024. Our price target represents 0.7x our risked NAV on our CIBC base commodity price forecasts. The primary sector risks to our price target include the risk of a decline in commodity prices and rising industry costs. Company-specific risks to our price target include the risk of degrading liquids yields, higher-than-expected production decline rates, and unplanned facility downtime.

Paramount: Our 12- to 18-month price target of $40.00 is based on a target 2024 EV/DACF multiple of 5.4x on our CIBC base commodity price forecasts. We estimate net debt of

-$335MM in 2024. Our price target represents 1.1x our risked NAV on our CIBC base commodity price forecasts. The primary sector risks to our price target include the risk of a decline in commodity prices and rising industry costs. Company-specific risks include the risk of degrading liquids yields, unplanned facility downtime, and financial liquidity constraints.

Peyto: Our 12- to 18-month price target of $15.00 is based on a target 2024 EV/DACF multiple of 4.8x on our CIBC base commodity price forecasts. We estimate net debt of $870MM in 2024. The primary sector risks to our price target include the risk of a decline in commodity prices and rising industry costs. Company-specific risks include the risk of unplanned facility downtime and higher-than-expected production decline rates.

PrairieSky: Our 12- to 18-month price target of $28.50 is based on a target 2024 EV/DACF multiple of 16.5x on our CIBC base commodity price forecasts. We estimate net debt of $3MM in 2024. Our price target represents 1.3x our risked NAV on our CIBC base commodity price forecasts. The primary sector risks to our price target include the risk of a decline in commodity prices and rising industry costs. The company-specific risks to our price target include the risk of higher-than-expected production decline rates and weak regional gas prices, muting growth.

Precision: Our $95.00 price target is based on a multiple of 3.1x EV/EBITDA for 2024E, accounting for net debt of $496MM. Our target multiple sits below the low end of Precision’s historical trading range of 4.0x-6.0x. If commodity prices were to decline sharply, especially for sustained periods, Precision’s customers may choose to curtail their capital programs, which would have a negative impact on the company's long-term contract portfolio, utilization rates, and pricing power. Price-based competition or an inflating cost structure could reduce profitability and our price target. A large and sustained increase in the Canadian dollar would have a negative impact on Precision’s revenue and margins in its U.S. and International segments. The company generates the majority of its revenue and cash flow from the global oil and natural gas industry and is exposed to potential hardship due to any changes in regulatory structure of new or existing projects.

SECURE: Our $7.50 price target uses a 4.9x EV/EBITDA multiple in 2024E (note EV is based on our estimate of end-of-year shares outstanding and net debt of $631 million). Our target multiple compares to the historical trading range of 6x to 7x forward EV/EBITDA. We believe a weaker valuation is warranted at the current time given the uncertainty associated with the appeal of the Competition Tribunal ruling, which could result in a negative impact to future earnings generation of SECURE. If commodity prices were to decline sharply, especially for sustained periods, SECURE’s customers may choose to further curtail their capital programs and reduce oil and gas production, which would have a negative impact on demand for SECURE’s services. Price-based competition or an inflating cost structure could reduce profitability and our price target. The ability to transport waste depends on weather conditions, which can affect SECURE’s business, as well as environmental regulations, which impose specific responsibilities and liabilities on the company’s operations. In the event that the Competition Tribunal succeeds in challenging the combination of SECURE with Tervita and the impact is beyond an immaterial level to EBITDA generation, a greater-than-expected impact could effect our view of the future cash flow generation of the business. SECURE’s operations can involve the assumption of environmental liability and potential for environmental contamination. While the company maintains insurance and follows strict design and operational procedures and policies, a potential environmental impairment and liability claim could have an adverse effect on the company’s business, financial condition, and results of operations.

Topaz: Our 12- to 18-month price target of $26.25 is based on a target 2024 EV/DACF multiple of 12.5x on our CIBC base commodity price forecasts. We estimate net debt of $175MM in 2024. Our price target represents 1.1x our risked NAV on our CIBC base commodity price forecasts. The primary sector risks to our price target include the risk of a decline in commodity prices and rising industry costs. Company-specific risks include the risk of weaker-than-expected natural gas production, higher-than-expected production decline rates, interruptions to processing revenue or changes in development regulations/protocols for the producers from which Topaz receives royalties.

Tourmaline: Our 12- to 18-month price target of $75.00 is based on a target 2024 EV/DACF multiple of 7.0x on our CIBC base commodity price forecasts. We estimate net debt of -$1,061MM in 2024. Our price target represents 1.0x our risked NAV on our CIBC base commodity price forecasts. The primary sector risks to our price target include the risk of a decline in commodity prices and rising industry costs. Company-specific risks to achieving its price target include infrastructure constraints that may limit Tourmaline's ability to tie in new production, adverse regulatory changes which may hinder its ability to develop its assets, and changes to production deliverability assumptions (i.e., initial production rates and production declines) on Tourmaline's undeveloped assets.

CIBC Ratings and Price Targets

Ticker	Price	Price Target Prior	Price Target Current	Rating Prior	Rating Current
AAV-CA	C$8.70	C$10.00	C$10.50	Neutral	Neutral
ARX-CA	C$18.66	C$22.00	C$25.50	Outperformer	Outperformer
ESI-CA	C$2.16	C$4.25	C$3.50	Neutral	Neutral
FRU-CA	C$14.40	C$18.00	C$17.00	Neutral	Neutral
KEL-CA	C$6.01	C$6.50	C$7.75	Outperformer	Outperformer
NVA-CA	C$10.88	C$17.00	C$16.00	Outperformer	Outperformer
POU-CA	C$29.60	C$37.50	C$40.00	Neutral	Neutral
PEY-CA	C$11.55	C$17.00	C$15.00	Neutral	Neutral
PSK-CA	C$25.46	C$26.50	C$28.50	Outperformer	Outperformer
PD-CA	C$72.21	C$135.00	C$95.00	Outperformer	Outperformer
SES-CA	C$6.50	C$8.00	C$7.50	Neutral	Neutral
TPZ-CA	C$21.17	C$25.00	C$26.25	Outperformer	Outperformer
TOU-CA	C$65.88	C$70.00	C$75.00	Outperformer	Outperformer

Source: Company reports and CIBC World Markets Inc.

Changes To CIBC Estimates

Ticker	Earnings Type	FYE	2023 Prior	2023 Current	2024 Prior	2024 Current	2025 Prior	2025 Current
AAV-CA	CFPS	Dec	C$1.71	C$1.74	C$2.25	C$2.07	--	C$2.69
ARX-CA	CFPS	Dec	C$4.67	C$4.19	C$4.63	C$4.57	--	C$4.95
BTE-CA	CFPS	Dec	C$2.22	C$2.15	C$2.54	C$2.49	C$2.62	C$2.50
BIR-CA	CFPS	Dec	C$1.23	C$1.19	C$1.77	C$1.60	--	C$1.86
CNQ-CA	CFPS	Dec	C$12.53	C$11.12	C$13.90	C$12.37	--	C$13.21
CJ-CA	CFPS	Dec	C$1.64	C$1.45	C$1.60	C$1.56	--	C$1.45
CVE-CA	CFPS	Dec	C$5.04	C$4.64	C$5.00	C$5.10	--	C$5.10
CPG-CA	CFPS	Dec	C$4.49	C$4.27	C$4.83	C$4.82	C$3.79	C$4.81
EFX-CA	Adj. EBITDA	Dec	C$494.22	C$475.86	C$597.79	C$555.40	--	C$570.91
ERF-US	CFPS	Dec	US$4.39	US$4.28	US$4.63	US$4.55	--	US$4.09
ESI-CA	Adj. EBITDA	Dec	C$492.60	C$492.83	C$525.91	C$471.33	--	C$490.02
FRU-CA	CFPS	Dec	C$1.65	C$1.59	C$1.67	C$1.66	--	C$1.65
HHRS-CA	CFPS	Dec	C$5.99	C$5.28	C$5.30	C$4.93	--	C$5.19
IMO-CA	CFPS	Dec	C$12.99	C$11.26	C$12.73	C$13.33	--	C$13.33
KEL-CA	CFPS	Dec	C$1.41	C$1.33	C$1.84	C$1.77	--	C$2.17
LOU-CA	CFPS	Dec	C$0.21	C$0.20	C$0.19	C$0.19	--	C$0.18
MEG-CA	CFPS	Dec	C$4.76	C$4.68	C$4.42	C$4.47	--	C$4.15
NVA-CA	CFPS	Dec	C$3.39	C$3.00	C$3.21	C$3.06	--	C$3.23
OVV-US	CFPS	Dec	US$13.47	US$12.72	US$13.67	US$15.17	--	US$15.77
POU-CA	CFPS	Dec	C$6.62	C$6.05	C$7.18	C$6.94	--	C$7.27
PEY-CA	CFPS	Dec	C$3.86	C$3.42	C$4.54	C$3.80	--	C$4.24
PSK-CA	CFPS	Dec	C$1.58	C$1.56	C$1.71	C$1.71	--	C$1.78
PD-CA	Adj. EBITDA	Dec	C$651.36	C$629.26	C$662.24	C$583.63	--	C$617.97
SES-CA	Adj. EBITDA	Dec	C$595.00	C$596.03	C$616.53	C$578.01	--	C$602.73
SDE-CA	CFPS	Dec	C$2.32	C$2.25	C$1.21	C$0.99	--	C$1.08
SU-CA	CFPS	Dec	C$11.46	C$10.20	C$11.37	C$10.77	--	C$10.87
TVE-CA	CFPS	Dec	C$1.40	C$1.33	C$1.50	C$1.51	--	C$1.46
TPZ-CA	CFPS	Dec	C$1.88	C$1.90	C$2.06	C$2.05	--	C$2.04
TOU-CA	CFPS	Dec	C$13.09	C$10.72	C$10.74	C$10.27	--	C$10.78
VET-CA	CFPS	Dec	C$6.76	C$6.74	C$8.40	C$8.58	C$7.15	C$7.28
WCP-CA	CFPS	Dec	C$2.98	C$2.90	C$2.94	C$2.91	C$2.80	C$2.74

Source: Company reports and CIBC World Markets Inc.

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Underperformer	UN	Stock is expected to underperform similar stocks in the coverage universe during the next 12-18 months.
Tender	TR	Shareholders are advised to tender shares to a specific offer as we do not believe a superior offer will materialize.
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None	NA	Sector rating is not applicable.

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