



# Scotia Howard Weil

## 47<sup>th</sup> Annual Energy Conference

Doug Suttles  
President & CEO

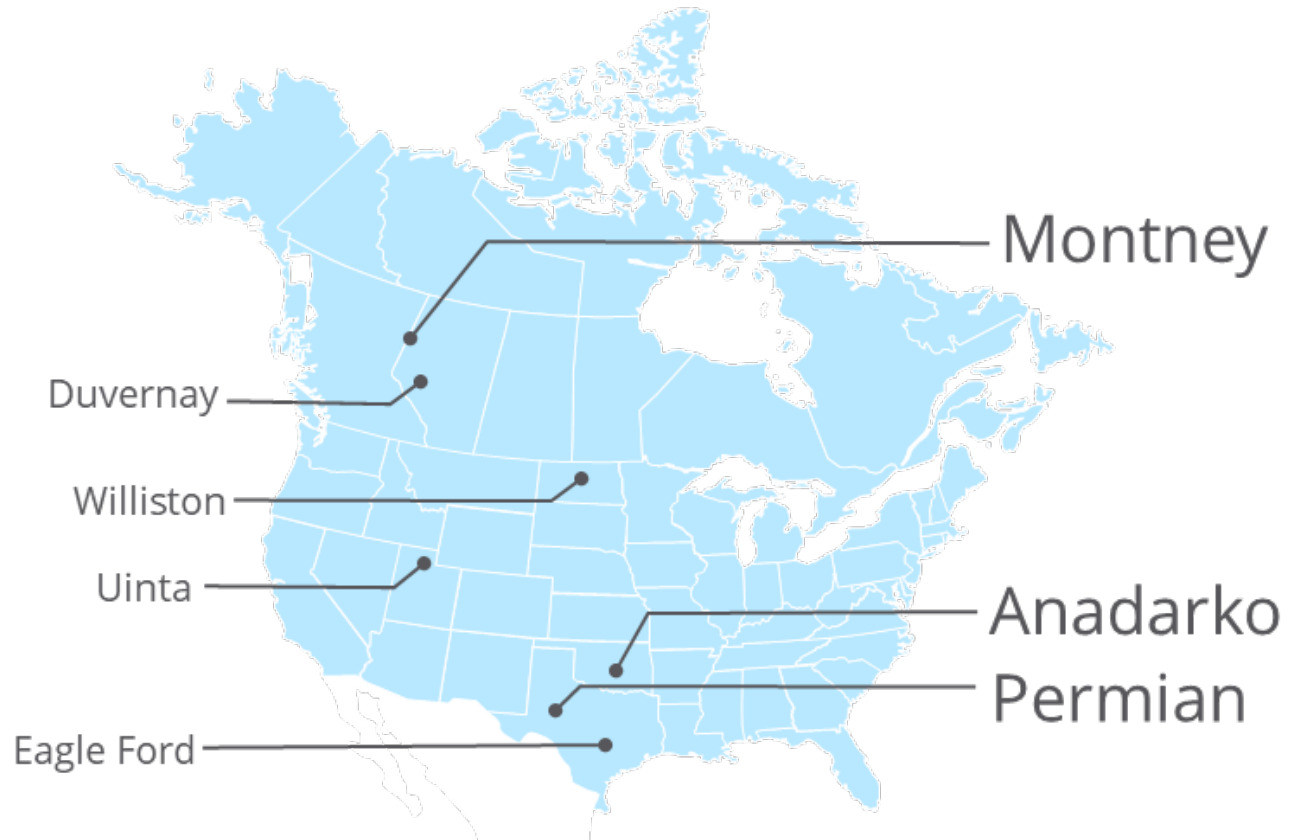
New Orleans | March 25, 2019

**encana**

# A Premier E&P Company

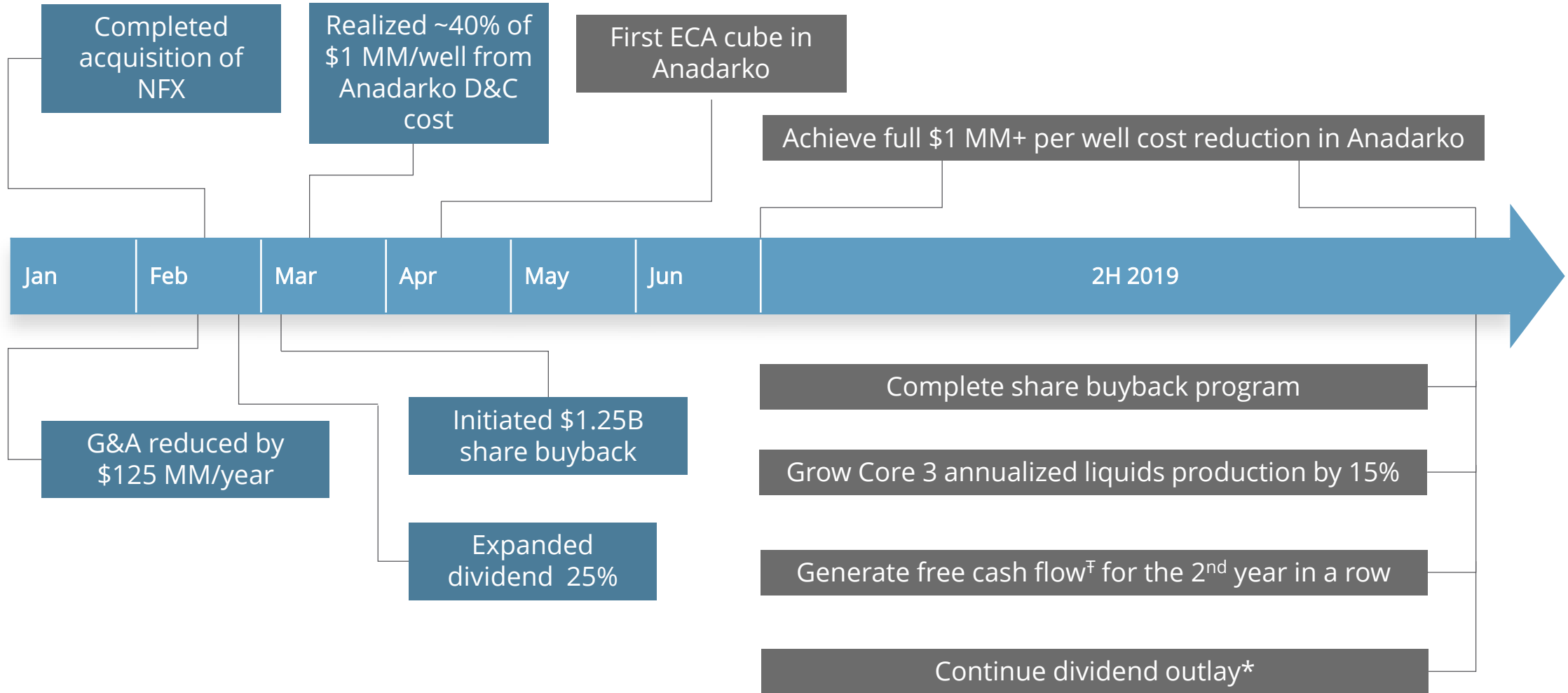


- A Premier E&P
- Financial Strength
- Return of Capital
- Sustainable Free Cash Flow
- Capital Discipline
- High>Returns
- Multi-Basin Portfolio with Scale





# Our 2019 Checklist



† Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website.

\*Declaration and payment of future dividends is subject to Board approval.



# Disciplined Approach To Capital Allocation

## Priority #1 - Financial Strength

Manage leverage at mid-cycle prices to ~1.5x net debt to adjusted EBITDA<sup>†</sup>  
Maintain strong liquidity  
Investment grade credit ratings

## Priority #2 – Dividends\*

Sustain current dividend

## Priority #3 - Sustain Business

Maintain cash flow<sup>†</sup> and liquids production in core areas

## Priority #4 – Dividend Growth

Dividend increase as sustainable free cash flow<sup>†</sup> grows

## Priority #5 – Excess Free Cash Flow<sup>†</sup>

Opportunistic share buybacks

Deleverage balance sheet  
Reduce debt

Growth investment that generates strong full-cycle returns and expands free cash flow<sup>†</sup>

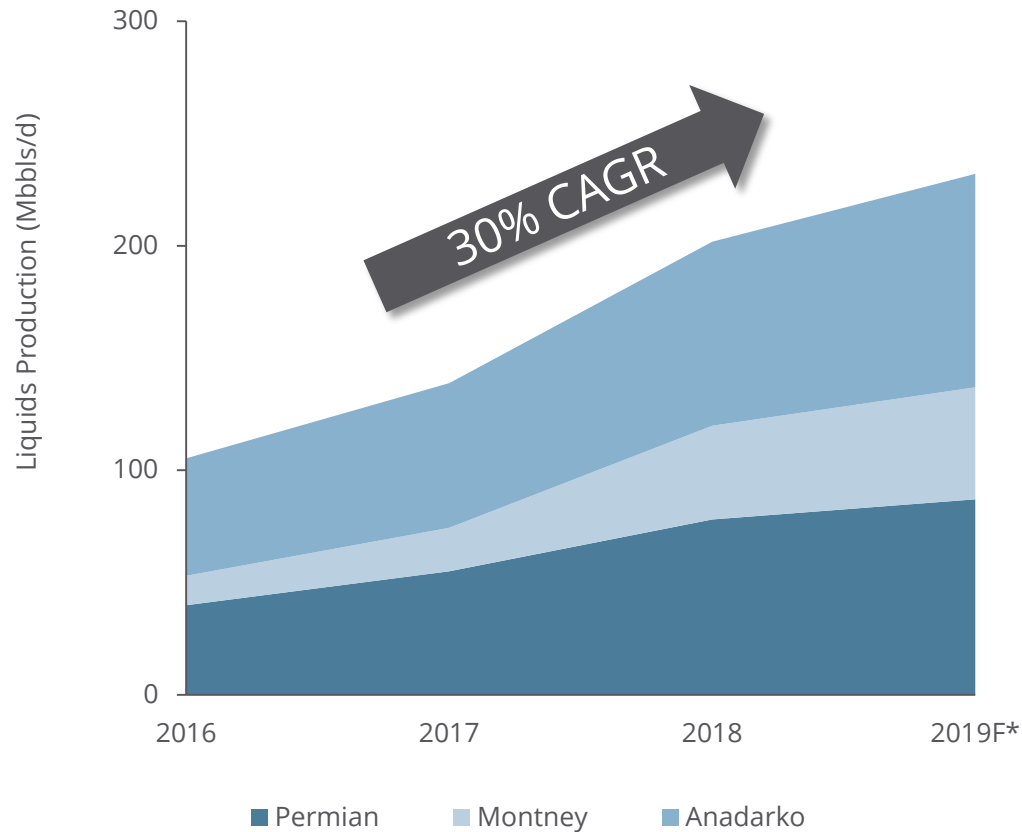
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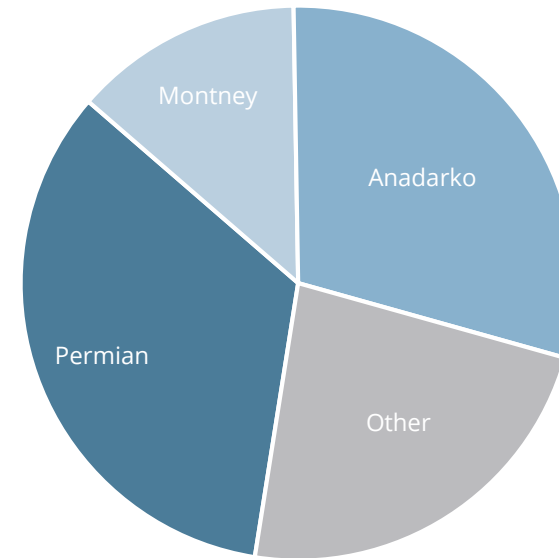


# Deep Inventory of High Return Growth Assets

### Core 3 Liquids Growth\*



### 2019F\*\* Capital \$2.7-2.9B



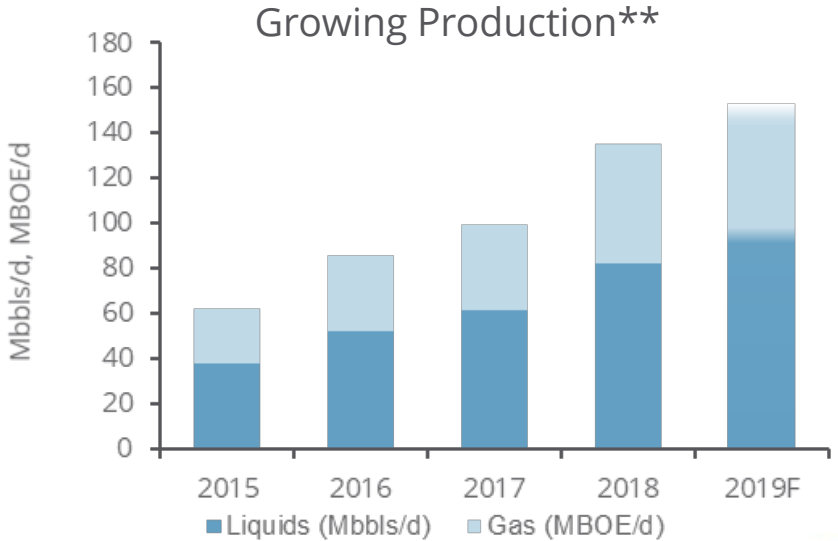
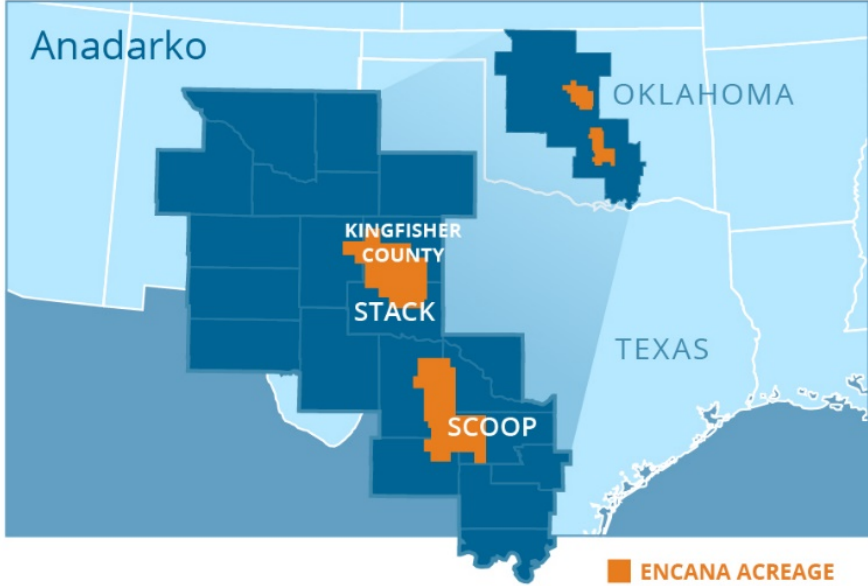
- >75% of 2019F\*\* capital directed to Core 3
- 20% less capital (2019F\*\* vs 2018\*) expected to generate growth and free cash flow<sup>†</sup>

\* Full year proforma basis above includes legacy Newfield activity.

\*\* Full year proforma basis above includes legacy Newfield activity from January 1 to February 13, 2019. On a reportable basis, amounts for volumes, capital and expenses will exclude amounts for this period.

† Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website.

- **Liquids growth and free cash flow<sup>‡</sup> generator**
  - 134,800 BOE/d, 60% liquids in 2018
  - ~100% of core lands held by production
- **Targeting \$1 MM well cost reduction**
  - Cube development drilling to commence in early Q2
  - Targeting ~\$6.9 MM/well D&C cost\* in 2H 2019
- **2019F\*\***
  - \$800 - 850 MM capital program
  - Pivot to load-levelled program with 4 drilling rigs
  - Capital focused on STACK acreage

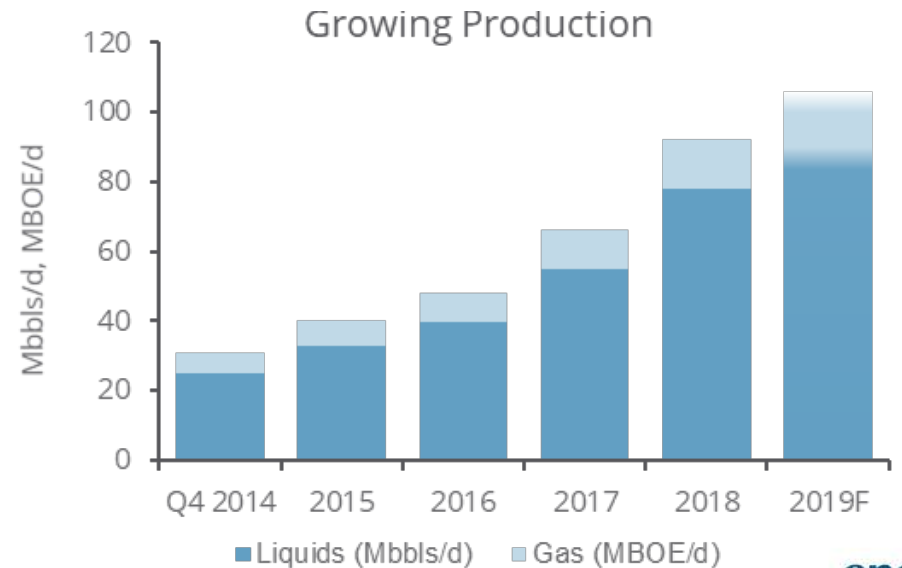
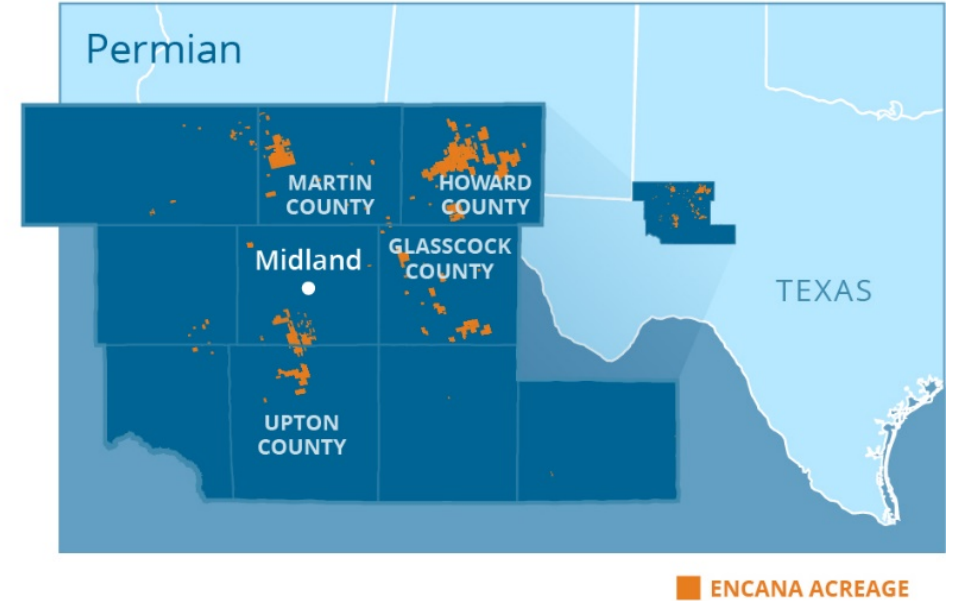


\* Normalized to 2019 program average lateral length of 10,000 ft  
 \*\* Full year combined basis above includes legacy Newfield activity from January 1 to February 13, 2019. On a reportable basis, amounts for volumes, capital (~\$170MM) and expenses will exclude amounts for this period.  
 ‡ Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website



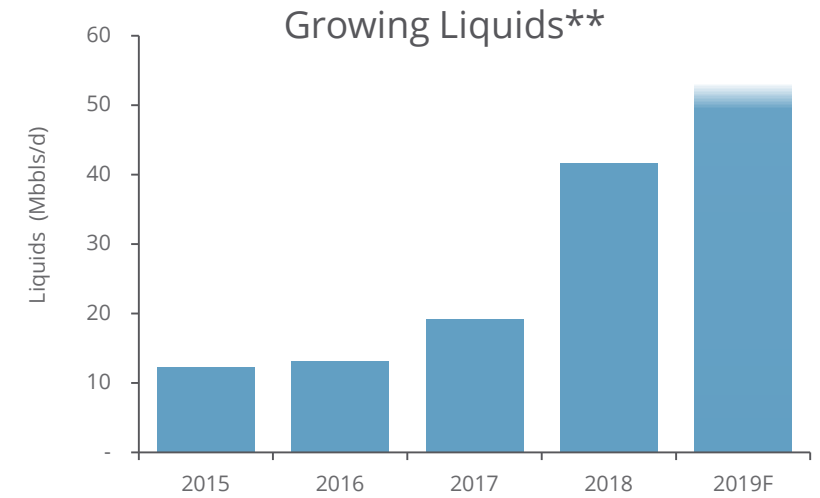
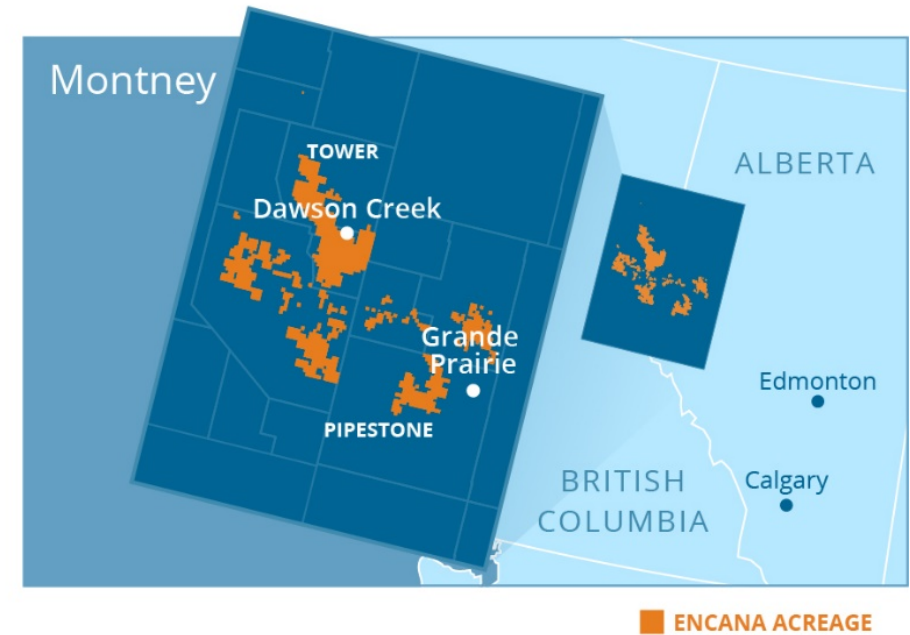
# Permian

- **Cube development yields free cash flow<sup>†</sup> and growth**
  - ~Tripled liquids production since acquisition (Q4 2014)
  - >500 net wells drilled
- **Basin innovator with peer leading performance**
  - 20% reduction in D&C cost\* since 2015
    - Targeting \$6.1 MM/well D&C cost in 2019
  - Spearheaded cube development
  - Pacesetting drilling times across the play
  - Leader in efficient water management
- **2019F**
  - \$925 - 975 MM capital program
  - Load-levelled program with 4 drilling rigs
  - Continuing to innovate completion designs and cube development



\* Normalized to 2019 program average lateral length of 8,500 ft \*\*Permian average daily production in Q4 2014.  
<sup>†</sup> Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website

- **Self-funded multi-year liquids growth**
  - More than tripled liquids production since 2015
  - >275 net wells drilled
- **Basin-leading cost and productivity performance**
  - >30% reduction in D&C cost\* since 2015
    - Targeting \$4.3 MM/well D&C cost in 2019
  - 55 gross Montney wells\* on-stream in Q4 outperforming type curve with average IP90 >500 bbls/d
- **2019F**
  - \$350 - 400 MM capital program
  - Load-levelled program with 4 drilling rigs
  - Investment aligned with local market conditions



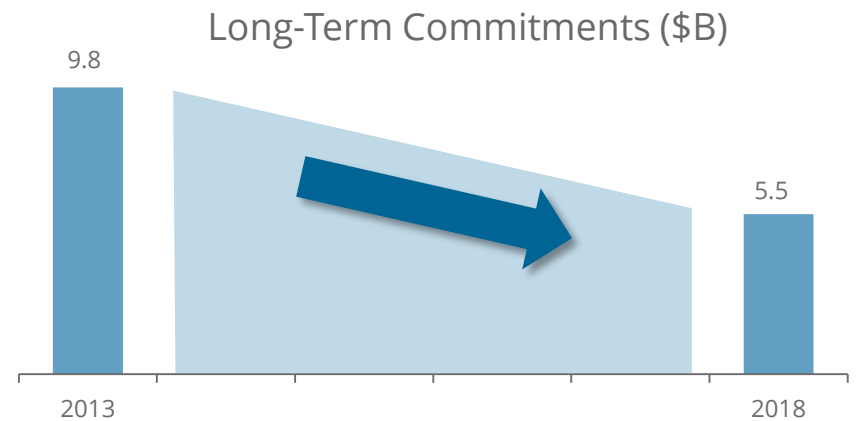
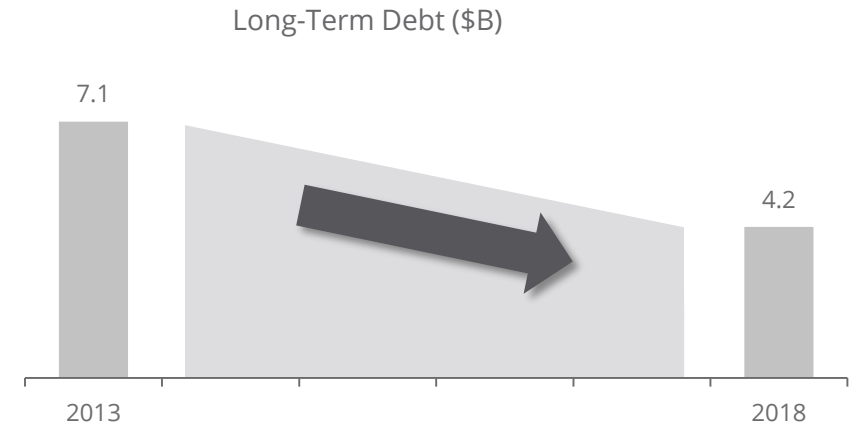
\* Normalized to 2019 program average lateral length of 7,900 ft;  
 \*\* Excludes divested volumes in 2015 and 2016  
 † Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website





# Financial Flexibility

- **Commitment to maintaining a strong balance sheet**
  - Reduced long-term debt by nearly \$3 billion since 2013
  - Reduced long-term commitments by ~\$4.3 billion since 2013
  - Continue to manage to mid-cycle leverage target of 1.5x
- **Substantial liquidity**
  - \$4.0 billion fully committed, unsecured, revolving credit facilities
  - Well dispersed long-term debt maturity profile
  - \$1.3 billion combined cash on-hand as of year end 2018\*
- **Capital structure improves free cash flow<sup>†</sup> generation**
  - Lowered annual interest expense on debt by \$193 million from 2013
  - Decreased cost-of-capital through scale
- **Multi-basin model favored by credit agencies**
  - Commodity and geographic diversity reduces risk
  - Fitch upgraded Encana from BBB- to BBB (Feb. 15, 2019)
  - S&P and Moody's split rated with BBB- and Ba1, respectively



\* Combined cash balance of NFX and ECA

† Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website



# A Premier E&P in 2019



A Premier E&P

## encana

Financial Strength

Investment grade profile

Return of Capital

\$1.25 billion share buyback and 25% increase in annual dividend

Sustainable Free Cash Flow

Unique position as generator of sustainable free cash flow<sup>†</sup> in industry

Capital Discipline

Generating growth & free cash flow<sup>†</sup> with significantly less capital

Focus on High>Returns

Multi-year track record of improving economics via operational & financial execution

Multi-Basin Portfolio with Scale

300 - 320 Mbbbls/d\* liquids with ~75% from Permian, Anadarko and Montney

<sup>†</sup> Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website

\*\* Full year proforma basis above includes legacy Newfield activity from January 1 to February 13, 2019. On a reportable basis, amounts for volumes, capital and expenses will exclude amounts for this period.

# FUTURE ORIENTED INFORMATION

This presentation contains certain forward-looking statements or information (collectively, “FLS”) within the meaning of applicable securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. FLS include:

- leading positions and quality of plays in North America
- anticipated reserves and resources, including product types and stacked resource potential
- timing, success and benefits from innovation, cube development approach, advanced completions design, scale of development, high-intensity completions and precision targeting, and transferability of ideas
- ability to manage costs and anticipated efficiencies and synergies, including drilling and completion, operating, corporate, transportation and processing, staffing, services and materials secured and supply chain management
- expected transportation and processing capacity, commitments, curtailments and restrictions, including flexibility of commercial arrangements and costs and timing of certain infrastructure being operational
- anticipated production, including growth from core assets, cash flow, free cash flow, capital coverage, payout, profit, net present value, rates of return, recovery, return on capital employed, production and execution efficiency, operating, income and cash flow margin, and margin expansion, including expected timeframes
- anticipated capital program, including focus of development and allocation thereof, number of wells on stream, level of capital productivity, expected return and source of funding
- anticipated return of capital model and priorities therein, management of balance sheet and credit rating, access to sources of liquidity, available cash, and return of capital including anticipated dividends and size of share buyback and timing thereof
- execution of strategy and future outlook in 2019 and five-year plan, including expected growth, returns, free cash flow, projections based on commodity prices and use of cash therefrom
- well performance, completions intensity, location of acreage and costs relative to peers and within assets
- number of potential drilling locations, well spacing, number of wells per pad, decline rate, rig count, rig release metrics, focus and timing of drilling, anticipated vertical and horizontal drilling, cycle times, commodity composition, gas-oil ratios and operating performance compared to type curves
- running room and scale of assets, including its competitiveness and pace of growth against peers
- pacesetter metrics being indicative of future well performance and costs, and sustainability thereof
- anticipated third-party incremental and joint venture carry capital
- expected net debt, net debt to adjusted EBITDA, target leverage, financial capacity and other debt metrics
- growth in long-term shareholder value, options to maximize shareholder returns and timing thereof
- commodity price outlook
- outcomes of risk management program, including exposure to commodity prices and foreign exchange, amount of hedged production, market access, market diversification strategy and physical sales locations
- environmental, health and safety performance
- advantages of a multi-basin portfolio
- impact of changes in laws and regulations, including U.S. tax reform

Readers are cautioned against unduly relying on FLS which, by their nature, involve numerous assumptions, risks and uncertainties that may cause such statements not to occur, or results to differ materially from those expressed or implied. These assumptions include: future commodity prices and differentials; foreign exchange rates; assumptions contained in the Company's corporate guidance, five-year plan and as specified herein; data contained in key modeling statistics; availability of attractive hedges and enforceability of risk management program; effectiveness of Encana's drive to productivity and efficiencies; results from innovations; expectation that counterparties will fulfill their obligations under the gathering, midstream and marketing agreements; access to transportation and processing facilities where Encana operates; assumed tax, royalty and regulatory regimes; enforceability of transaction agreements; and expectations and projections made in light of, and generally consistent with, Encana's historical experience and its perception of historical trends, including with respect to the pace of technological development, benefits achieved and general industry expectations. Risks and uncertainties that may affect these business outcomes include: integration of Encana and Newfield and the ability to recognize the anticipated benefits from the combination of Encana and Newfield, ability to obtain required shareholder and regulatory approvals for the transaction, timing thereof and risk that such regulatory approvals may result in the imposition of conditions that could adversely affect the expected benefits of the transaction, risk that the conditions to the transaction are not satisfied on a timely basis or at all and the failure of the transaction to close for any other reason; risks relating to the value of the Encana common shares to be issued in connection with the transaction; disruption to Encana's and Newfield's respective businesses that could result from the announcement of the transaction, ability to generate sufficient cash flow to meet obligations; commodity price volatility; ability to secure adequate transportation and potential pipeline curtailments; variability and discretion of Encana's board of directors to declare and pay dividends, if any; variability in the amount, number of shares and timing of purchases, if any, pursuant to the share repurchase program; timing and costs of well, facilities and pipeline construction; business interruption, property and casualty losses or unexpected technical difficulties, including impact of weather; counterparty and credit risk; impact of a downgrade in a credit rating, including to refinance debt required to be repaid because of a downgrade, and its impact on access to sources of liquidity; fluctuations in currency and interest rates; risks inherent in Encana's corporate guidance; failure to achieve cost and efficiency initiatives; risks inherent in marketing operations; risks associated with technology; changes in or interpretation of royalty, tax, environmental, greenhouse gas, carbon, accounting and other laws or regulations; risks associated with existing and potential lawsuits and regulatory actions made against Encana; impact of disputes arising with its partners, including suspension of certain obligations and inability to dispose of assets or interests in certain arrangements; Encana's ability to acquire or find additional reserves; imprecision of reserves estimates and estimates of recoverable quantities of liquids and natural gas from plays and other sources not currently classified as proved, probable or possible reserves or economic contingent resources, including future net revenue estimates; risks associated with past and future acquisitions or divestitures of certain assets or other transactions or receipt of amounts contemplated under the transaction agreements (such transactions may include third-party capital investments, farm-outs or partnerships, which Encana may refer to from time to time as “partnerships” or “joint ventures” and the funds received in respect thereof which Encana may refer to from time to time as “proceeds”, “deferred purchase price” and/or “carry capital”, regardless of the legal form) as a result of various conditions not being met; and other risks and uncertainties impacting Encana's business, as described in its most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q and as described from time to time in Encana's other periodic filings as filed on SEDAR and EDGAR.

Although Encana believes the expectations represented by FLS are reasonable, there can be no assurance FLS will prove to be correct. Readers are cautioned that the above assumptions, risks and uncertainties are not exhaustive. FLS are made as of the date hereof and, except as required by law, Encana undertakes no obligation to update publicly or revise any FLS. The FLS contained herein are expressly qualified by these cautionary statements. Certain future oriented financial information or financial outlook information is included in this presentation to communicate current expectations as to Encana's performance. Readers are cautioned that it may not be appropriate for other purposes. Rates of return for a particular asset or well are on a before-tax basis and are based on specified commodity prices with local pricing offsets, capital costs associated with drilling, completing and equipping a well, field operating expenses and certain type curve assumptions. Pacesetter well costs for a particular asset are a composite of the best drilling performance and best completions performance wells in the current quarter in such asset and are presented for comparison purposes. Drilling and completions costs have been normalized as specified in this presentation based on certain lateral lengths for a particular asset. For convenience, references in this presentation to “Encana”, the “Company”, “we”, “us” and “our” may, where applicable, refer only to or include any relevant direct and indirect subsidiary corporations and partnerships (“Subsidiaries”) of Encana Corporation, and the assets, activities and initiatives of such Subsidiaries.

# ADVISORY REGARDING OIL & GAS INFORMATION

All reserves and economic contingent resources estimates in this presentation are effective as of December 31, 2018, prepared by qualified reserves evaluators in accordance with procedures and standards contained in the Canadian Oil and Gas Evaluation ("COGE") Handbook, National Instrument 51-101 (NI 51-101) and SEC regulations, as applicable. On August 14, 2017, Encana was granted an exemption by the Canadian Securities Administrators from the requirements under NI 51-101 that each qualified reserves evaluator or qualified reserves auditor appointed under section 3.2 of NI 51-101 and who execute the report under Item 2 of Section 2 of NI 51-101 be independent of Encana. Detailed Canadian and U.S. protocol disclosure will be contained in the Form 51-101F1 and Annual Report on Form 10-K, respectively. Additional detail regarding economic contingent resources disclosure will be available in the Supplemental Disclosure Document filed concurrently with the Form 51-101F1. Information on the forecast prices and costs used in preparing the Canadian protocol estimates will be contained in the Form 51-101F1. For additional information relating to risks associated with the estimates of reserves and resources, see "Item 1A. Risk Factors" of the Annual Report on Form 10-K.

Reserves are the estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: analysis of drilling, geological, geophysical and engineering data, the use of established technology, and specified economic conditions, which are generally accepted as being reasonable. Proved reserves are those reserves which can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Contingent resources do not constitute, and should not be confused with, reserves. Contingent resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is uncertainty that it will be commercially viable to produce any portion of the resources. All of the resources classified as contingent are considered to be discovered, and as such have been assigned a 100% chance of discovery, but have however been risked for the chance of development. The chance of development is defined as the likelihood of a project being commercially viable and development proceeding in a timely fashion. Determining the chance of development requires taking into consideration each contingency and quantifying the risks into an overall development risk factor at a project level. Contingent resources are defined as "economic contingent resources" if they are currently economically recoverable and are categorized as economic if those contingent resources have a positive net present value under currently forecasted prices and costs. In examining economic viability, the same fiscal conditions have been applied as in the estimation of Encana's reserves. Contingencies include factors such as required corporate or third party (such as joint venture partners) approvals, legal, environmental, political and regulatory matters or a lack of infrastructure or markets. None of Encana's estimated contingent resources are subject to technical contingencies.

Encana uses the terms play, resource play, total petroleum initially-in-place ("PIIP"), natural gas-in-place ("NGIP"), and crude oil-in-place ("COIP"). Play encompasses resource plays, geological formations and conventional plays. Resource play describes an accumulation of hydrocarbons known to exist over a large areal expanse and/or thick vertical section, which when compared to a conventional play, typically has a lower geological and/or commercial development risk and lower average decline rate. PIIP is defined by the Society of Petroleum Engineers - Petroleum Resources Management System ("SPE-PRMS") as that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resource potential"). NGIP and COIP are defined in the same manner, with the substitution of "natural gas" and "crude oil" where appropriate for the word "petroleum". As used by Encana, estimated ultimate recovery ("EUR"), which Encana may refer to as recoverable resource potential, has the meaning set out jointly by the Society of Petroleum Engineers and World Petroleum Congress in the year 2000, being those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from an accumulation, plus those quantities already produced therefrom.

Encana has provided information with respect to its assets which are "analogous information" as defined in NI 51-101, including estimates of PIIP, NGIP, COIP, EUR and production type curves. This analogous information is presented on a basin, sub-basin or area basis utilizing data derived from Encana's internal sources, as well as from a variety of publicly available information sources which are predominantly independent in nature. Production type curves are based on a methodology of analog, empirical and theoretical assessments and workflow with consideration of the specific asset, and as depicted in this presentation, is representative of Encana's current program, including relative to current performance, but are not necessarily indicative of ultimate recovery. Some of this data may not have been prepared by qualified reserves evaluators, may have been prepared based on internal estimates, and the preparation of any estimates may not be in strict accordance with COGEH. Estimates by engineering and geo-technical practitioners may vary and the differences may be significant. Encana believes that the provision of this analogous information is relevant to Encana's oil and gas activities, given its acreage position and operations (either ongoing or planned) in the areas in question, and such information has been updated as of the date hereof unless otherwise specified. Due to the early life nature of the various emerging plays discussed in this presentation, PIIP is the most relevant specific assignable category of estimated resources. There is no certainty that any portion of the resources will be discovered. There is no certainty that it will be commercially viable to produce any portion of the estimated PIIP, NGIP, COIP or EUR. Estimates of Encana potential gross inventory locations, including premium return well inventory, include proved undeveloped reserves, probable undeveloped reserves, un-risked 2C contingent resources and unbooked inventory locations. As of December 31, 2018, on a proforma basis, 2,012 proved undeveloped locations, 3,844 probable undeveloped locations and 3,265 un-risked 2C contingent resource locations (in the development pending, development on-hold or development unclarified project maturity sub-classes) have been categorized as either reserves or contingent resources. Unbooked locations have not been classified as either reserves or resources and are internal estimates that have been identified by management as an estimation of Encana's multi-year potential drilling activities based on evaluation of applicable geologic, seismic, engineering, production, resource and acreage information. There is no certainty that Encana will drill all unbooked locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The locations on which Encana will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of capital, regulatory and partner approvals, seasonal restrictions, equipment and personnel, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained, production rate recovery, transportation constraints and other factors. While certain of the unbooked locations may have been de-risked by drilling existing wells in relative close proximity to such locations, many of other unbooked locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional proved or probable reserves, resources or production. 30-day IP and other short-term rates are not necessarily indicative of long-term performance or of ultimate recovery. The conversion of natural gas volumes to barrels of oil equivalent ("BOE") is on the basis of six thousand cubic feet to one barrel. BOE is based on a generic energy equivalency conversion method primarily applicable at the burner tip and does not represent economic value equivalency at the wellhead. Readers are cautioned that BOE may be misleading, particularly if used in isolation.

# NON-GAAP MEASURES

Certain measures in this presentation do not have any standardized meaning as prescribed by U.S. GAAP and, therefore, are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other companies. These measures have been provided for meaningful comparisons between current results and other periods and should not be viewed as a substitute for measures reported under U.S. GAAP. For additional information regarding non-GAAP measures, including reconciliations, see the Company's website and Encana's most recent Annual Report as filed on SEDAR and EDGAR. Non-GAAP measures include:

- **Non-GAAP Cash Flow, Non-GAAP Cash Flow Per Share (CFPS), Free Cash Flow and Non-GAAP Cash Flow Margin** – Non-GAAP Cash Flow (or Cash Flow) is defined as cash from (used in) operating activities excluding net change in other assets and liabilities, net change in non-cash working capital and current tax on sale of assets. Non-GAAP CFPS is Non-GAAP Cash Flow divided by the weighted average number of common shares outstanding. Free Cash Flow is Non-GAAP Cash Flow in excess of capital expenditures, excluding net acquisitions and divestitures. Non-GAAP Cash Flow Margin is Non-GAAP Cash Flow per BOE of production. Management believes these measures are useful to the company and its investors as a measure of operating and financial performance across periods and against other companies in the industry, and are an indication of the company's ability to generate cash to finance capital programs, to service debt and to meet other financial obligations. These measures may be used, along with other measures, in the calculation of certain performance targets for the company's management and employees.
- **Net Debt, Adjusted EBITDA and Net Debt to Adjusted EBITDA** – Net Debt is defined as long-term debt, including the current portion, less cash and cash equivalents. Management uses this measure as a substitute for total long-term debt in certain internal debt metrics as a measure of the company's ability to service debt obligations and as an indicator of the company's overall financial strength. Adjusted EBITDA is defined as trailing 12-month net earnings (loss) before income taxes, DD&A, impairments, accretion of asset retirement obligation, interest, unrealized gains/losses on risk management, foreign exchange gains/losses, gains/losses on divestitures and other gains/losses. Net Debt to Adjusted EBITDA is monitored by management as an indicator of the company's overall financial strength.



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