HUSKY ENERGY

FIRST QUARTER 2020

CONFERENCE CALL TRANSCRIPT

Date: **Wednesday, April 29, 2020**

Time: **7:00 AM MT / 10:00 AM ET**

Speakers:

Dan Cuthbertson
Director, Investor Relations

Robert Peabody
President and Chief Executive Officer

Jeff Hart
Chief Financial Officer

Rob Symonds
Chief Operating Officer

Jeff Rinker
Executive Vice President, Downstream & Midstream

Operator:
Welcome to the Husky Energy First Quarter 2020 Conference Call and Webcast.

As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star, and zero.

I would now like to turn the conference over to Dan Cuthbertson, Director of Investor Relations. Please go-ahead Mr. Cuthbertson.

Dan Cuthbertson:
Hello and thanks for joining us on the call. CEO, Rob Peabody, COO Rob Symonds, CFO Jeff Hart and other members of our Senior Management team are here to discuss our first quarter results and then we will take your questions.

Today's call has forward-looking information and non-GAAP measures. The identification of the forward-looking information and non-GAAP measures, the risk factors and assumptions pertaining to the forward-looking information and additional information pertaining to the non-GAAP measures are in this morning's news release and in our annual filings on SEDAR and EDGAR. All numbers are in Canadian currency and before royalties unless stated otherwise. Please direct your modelling questions to our Investor Relations team who will be standing by after the call.

Rob will now start the review.

Robert Peabody:
Thanks, Dan, and good morning.

I hope everybody is looking after their own health and safety during this extraordinary time. As you saw in our release this morning, safety continues to be an important consideration behind all our business decisions and has brought into even sharper focus our drive to become a high reliability organization. This has included a number of steps to protect the health and safety of our workforce and the communities where we operate.

The global energy industry is currently dealing with a plunge in commodity prices, driven by an unprecedented decline in refined products demand. In Husky's case, the drop in oil and refined products resulted in an inventory write down of $274 million, as well as a FIFO— FIFO-related business losses of $397 million, both after-tax. In addition, we took an after-tax impairment of just over $1 billion related to lower—the lower oil price outlook.

However, Husky has several advantages that will see us through this period of low prices and heightened volatility. As always, we continue to ensure the strength of our balance sheet and we have good liquidity. Our integrated corridor business includes a sizable midstream and downstream segment that is focused on capturing spreads, rather than on the headline price of oil. With a network of integrated storage and logistics assets across Canada and the United States, including our refineries, we can better cope with, and take advantage of, current market conditions.

We have an offshore business that includes long-term gas contracts in Asia. Later this year, we will be bringing on our third field at the Liwan Gas Project. Gas sales from the field are also covered by a long-term contract, which will contribute to additional free cash flow from our Asian business.

While no one knows how the current situation will play out, we are managing the business assuming that any recovery could take an extended period of time. We have braced for these conditions accordingly. The swift and proactive steps we have taken, combined with the quality and flexibility of our asset-base, are aimed at ensuring the strength of our balance sheet and keeping us positioned for the future.

First, we have significantly reduced spending. Since we provided our initial guidance last December, we have cut our planned 2020 capital spending by around half, to between $1.6 billion and $1.8 billion. Another $100 million in additional cost efficiencies have been identified and actioned and we continue to identify more savings throughout the Company. Given current market conditions and our focus on the balance sheet, our Board of Directors has taken the difficult, but prudent step to reduce the quarterly dividend.

Second, we have minimized any business activity that is not immediately cash positive in the current pricing environment. It was clear from what we were seeing on the product demand side in North America that we were going to see supply and demand collide in a very messy way this quarter. Our strategy is to keep as many barrels away from the train wreck as possible to minimize negative cash margins. For example, starting in mid-March, we took early action to safely shut in more than 80,000 barrels a day of production in the Integrated Corridor, most of which is heavy oil. Sunrise, Tucker and our Lloyd thermal facilities have all been ramped down significantly. These reductions have been done in such a way as to preserve reservoir integrity and to provide maximum optionality to ramp up once pricing conditions allow.

In addition, we have taken steps to optimize downstream throughputs in the mix of our refined products. This means our refineries are currently running at minimum rates, with the exception of the Asphalt Refinery, which is running full out and continues to capture strong margins. We are also using our flexibility to manufacture more diesel as demand has been holding up better than gasoline or jet fuel. I'll remind you that Husky's U.S. refining system is diesel heavy, with Lima closer to 2-1-1 refinery than a normal 3-2-1. In our midstream infrastructure—in our midstream infrastructure, including significant storage, blending and committed export capacity, continues to serve us well.

In the offshore, while gas sales in China were impacted in the first part of the year by the Chinese New Year and COVID-19, liftings are now above normal, as the economy continues to recover strongly. In the Atlantic region, the White Rose field is producing at full rates.

Despite the current market crisis, we've not lost sight of our efforts to improve our environmental footprint and also improve the transparency of our reporting on our ESG performance. You will recall that last year we set up a climate task force to look at Husky's carbon-related risks and opportunity and how we can best manage and report these to our stakeholders. We are completing this work and expect to announce our new target shortly. You'll be able to read more details in our 2020 ESG report, which will be released in June.

Thanks, now I'll turn the call over to Jeff to run through the financials, as well as our cash debt and liquidity positions.

Jeff Hart:

Thanks Rob.

Funds from operations in the first quarter were $25 million, which was impacted by the after-tax FIFO loss of $397 million, related to the drop in crude and refined product prices. Cash flow from operating activities, including changes in non-cash working capital, was $355 million. We reported a net loss of $1.7 billion. This included an after-tax impairment of just over $1 billion, as well as the inventory write-downs of $274 million in the form of net realized value losses. However, this was partially offset by gains of about $80 million in a short-term risk management program. This is included in the corporate financial summary in the MD&A.

Net debt at the end of the quarter was $4.6 billion and liquidity was $4.7 billion. Since the end of the quarter, Husky has increased its liquidity with the addition of a $500 million term loan, and our investment grade credit rating has also recently been reaffirmed by S&P. Capital expenditures were $612 million. This included the Superior rebuild cost of $43 million, which are expected to be substantially covered by property damage insurance.

We've already provided a quarter-by-quarter breakdown of the planned 2020 spending. The majority of this capital is being spent in the first half of the year and it tapers off significantly over the remainder of the year. The capital reductions for the balance of the year reflect the suspension of several in-flight projects, including the West White Rose project, our future Lloyd thermal projects beyond the completion of Spruce Lake Central, our new gas fields in the Madura Strait and the rebuild at Superior.

Just a reminder that we've adjusted the way we report our financial results to more clearly reflect the Integrated Corridor and Offshore segments. This is reflected in our financial statements.

We expect to see very challenging conditions in the second quarter in terms of low crude and product prices, as the market works to bring supply in line with much lower demand. We are well prepared for this outcome, given our financial strength and the proactive steps we have taken. Our production and capital numbers will reflect the shut in of cash negative production in the Integrated Corridor, as well as the ramp down or deferral of projects, as a result of COVID-19.

In the Offshore, the impacts will also include the ongoing suspension of production on the Terra Nova partner operated FPSO. The operator is currently evaluating options to complete maintenance work and asset life extension activities.

With regards to upcoming turnarounds, as previously indicated, we have two weeks of maintenance scheduled in the *SeaRose* in the third quarter. However, our planned turnaround at the Upgrader has been shifted to the third quarter of 2020 and the Sunrise turnaround has been deferred to next year. In addition, turnaround work originally planned at Liwan during the second quarter will now be done within the course of normal maintenance timeframes.

Finally, as mentioned earlier, our Board has approved a reduction of the quarterly dividend to $0.0125 per common share.

Thanks, and now I'll pass the call over to Rob Symonds.

Robert Symonds:
Thanks Jeff.

Starting in the Atlantic region. Work at our three West White Rose construction sites at Argentia and Marystown in Newfoundland and Ingleside, Texas has been stood down. As our partner previously announced last month, work on the possible development of the Bay du Nord discovery has also been deferred.

Overall, our share of Atlantic production was about 19,600 barrels per day in the first quarter. This takes into account the Terra Nova shutdown throughout the quarter.

In the Asia/Pacific region, offshore China, construction is proceeding at the 29-1 field at Liwan. We have recently installed major components of the subsea system. Next up is the installation of the control umbilicals to the connecting flow lines. We remain on track for start up in the fourth quarter of this year. Once fully ramped up, this field will add about 9,000 boes a day to our fixed-price Asia production. Natural gas production at Liwan averaged 174 million standard cubic feet per day in the first quarter and that's also at a fixed price.

Associated liquids were 6,800 barrels per day. Offshore Indonesia, the BD gas project is continuing normal operations in the Madura Strait.

Gas sales in Q1 averaged 36 million standard cubic feet per day. Liquids production was 2,600 barrels a day, Husky working interest. The FPSO at the BD field was off-line for two weeks in January for maintenance, but has since returned to full rates. Overall, combine net production for the offshore business in Q1 was 63,900 boes per day, Husky share, with an operating margin of $55.60 per boe.

Looking now at the integrated Corridor. Overall production was 235,000 boes per day, net to Husky, compared to 241,000 boes a day in the fourth quarter and 231,500 boes a day this time last year. We're in the final commissioning stages of the Spruce Lake Central Thermal Project. However, the decision to start it up will depend on improved prices. Construction of Spruce Lake North, which was originally going to start up at the end of this year, has been deferred, as is the rollout plan for additional Lloyd thermal projects.

At Sunrise, we ramped down operations to about 10,000 barrels a day, Husky working interest. The Lloydminster Upgrader throughput was 77,500 barrels per day in the first quarter. The upgrader is currently running at reduced levels in order to maximize its profitability in the current market conditions. The project to increase diesel capacity at the Upgrader has been deferred to the end of the third quarter.

Throughput at the Asphalt Refinery is up 25% year-over-year to 28,600 barrels per day, reflecting increased demand. Total Upgrader and refinery throughput was about 308,000 barrels per day, compared to 333,600 barrels per day in the same period in 2019. Our U.S. refining assets are currently running at minimum rates, with throughput reduced by about 100,000 barrels per day, matching local market demand. As we announced earlier this month, given the current economic conditions, we have suspended the strategic review of our Canadian retail and commercial fuels business.

Finally, in Western Canada production, we have halted all investments in our conventional and resource play businesses. We will continue to optimize existing production in this segment and look for opportunities for further costs reductions.

Thank you, and I'll turn the call back to the Operator for questions.

Operator:
Thank you. We will now begin the analyst question-and-answer session. Any analyst who wishes to ask a question may press star, and one on their touchtone phone. You will hear a tone to indicate you're in the queue. For participants using a speakerphone, it may be necessary to pick up your handset before pressing any keys. If you wish to remove yourself from the question queue, you may press star, then two. To join the question queue, please press star, then one now.

Our first question comes from Greg Pardy of RBC Capital Markets. Please go ahead.

Greg Pardy:
Thanks, thanks good morning. I got a couple of questions for you. I mean, the first maybe is for Jeff. Five plus billion of liquidity. How do you see your cash burn unfolding over the course of 2020?

Jeff Hart:
Yes, thanks Greg. I think I'll just broadly talk to, with the capital reductions we've made, we view—we can cover and we're in balance that kind of the mid-30 Brent priceline, just to give you that context. Sorry—and remember our sensitivities on a dollar, about $100 million, but that's kind of of—you're kind of in the mid 30s on that.

Greg Pardy:
Okay, terrific. Then maybe a question for Robert, for the Robs or what have you. We are obviously still in the midst of a slow-moving accident here, but as you start to think about the

other side in how maybe the business—how you will run the business and so on, I mean, we certainly observe for any of the large companies, we don't have any hedging in place. In some cases, debt to cash flow ratios had creeped up a little bit and so forth from an industry perspective. Would you see hedging and/or lower targeted leverage ratios and things like that? Do you think that could become more the norm in terms of how you run Husky on the other side, or is it just too soon to really be coming to those conclusions at this point?

Robert Peabody:

Greg, I'd say that I don't see a fundamental change. I mean, this could change I guess as we learn more as we go through this, but we've always run Husky with a pretty conservative balance sheet and I don't see that changing. I think—and so, I think our focus will always be and as you know, it's been for a number of years now, it's been to drive down the breakeven on both an earnings and a cash flow basis. Our investments have really been focused on that to get us to where we're breakeven as Jeff says, sort of in the mid 30s now on a cash basis.

That feels in a pretty good place, and so we might have another look again. Again, the rate at the moment, I wouldn't be mindful to jump into hedging future oil prices far out because I think we are in the middle of a train wreck right now. I think the futures curves right now are not all that representative of anything other than the fact we're in the middle of a train wreck right now. It doesn't seem an opportune time to jump on the forward hedging bandwagon.

Greg Pardy:

No, no understood. Not suggesting you hedge at all. We don't believe the forward curve either. I guess it's just more of philosophical risk approach as opposed to picking a price point. But, I think you've answered it.

Robert Peabody:

Yes, I think philosophical approach is to keep a very strong balance sheet and then remain essentially exposed to the market.

Greg Pardy:

Okay. Last one for me, 29-1, I think in the past was being looked upon as dealing with declines and so forth. In this case, is it likely to be incremental to the volumes you're running now?

Robert Peabody:

I think initially it will be incremental, and then in a couple of years it will be more filling the hole. But initially it'll be incremental because we haven't seen any decline from the original field, and as you're aware Greg, we've been adding reserves every year to that field. It's performing very well and it definitely has more reserves than were originally booked.

Greg Pardy:

Okay, terrific, thank you very much.

Operator:

Our next question comes from Dennis Fong of Canaccord Genuity. Please go ahead.

Dennis Fong:

Hi. Good morning, and thanks for taking my call—excuse me, my questions. I've got kind of two here. The first is really just given that you're frankly close to your maximum turn down in your refineries, and I know you guys had put out a little bit of a context around potential incremental shut-ins and trying to kind of manage the upstream production with essentially your downstream throughput.

How should we be thinking about the 80,000 barrels a day or over 80,000 barrels a day of shut-ins that you guys have already announced? Given that there's, I guess a small incremental reduction in terms of your refining throughput, how should that maybe relate to our thoughts on your upstream production?

Jeff Rinker:

Hi, Dennis, thanks for the question. This is Jeff Rinker.

When we think about the reductions that we've made we're thinking about it in terms of a total value chain, not upstream reductions and downstream reductions, but how we're adapting the chain to the market. We saw pretty early in March a real swiftly declining demand in our U.S. markets. That was when we took action to reduce together the upstream production and also the refining throughput, kind of in tandem. I think what we'll be looking, when we start seeing the signs of demand recovery, we'd be responding in the same way looking and moving the refining throughput up together with the heavy oil production, because we've always seen refining as sort of a backstop for our heavy oil production. Did that answer the question?

Dennis Fong:
Yes, yes. Then my second question is, just more on the Atlantic Canada assets. As we've seen frankly an increase in terms of utilization of tankers on a global basis for frankly storage of excess crude oil supply, are there any subsequent knock-on effects maybe namely with realized pricing or transportation costs for crude barrels coming out of your Atlantic operations?

Robert Symonds:
Dennis, this is Rob Symonds. I mean, I think, indeed you're seeing global pressure on Brent and the fact that there's a whole bunch of storage floating around means that the spot price is a little under the headline prices. We're seeing that kind of pressure, but nothing beyond that.

Dennis Fong:
Okay. Perfect. Thanks. I'll turn it back.

Operator:
Our next question comes from Emily Cheng of Goldman Sachs. Please go ahead.

Emily Cheng:
Hi, there. Good morning. Thanks for taking my questions. I had a question around capital allocation plans and assuming we do see a recovery in the macro by year-end, how should we think about the ramp back of activity, both on the thermals and West White Rose as well?

Robert Peabody:
Thanks, Emily. This is Rob. I think—first of all, I think we'll be quite conservative in the way we start adding capital back. We'll want to—and it'll depend a little bit as to where we see debt getting. How long does this continue? Where does debt end up, if the longer the event, the slower you'd want to ramp capital back up at the end, because we'll want to then pull our debt down a little bit before we really start to unleash capital spending. We're in a really good position now, because I think from what we pull back in capital, there's nothing—there's no capital that kind of has to be applied soon. It's all pretty discretionary now going forward. I'd just say, I think

it will depend a little bit on the length of the event, that will control the pace of capital and what we'll be watching is the total level of debt and looking to bring that down a little bit before we really start ramping up capital.

Emily Cheng:

Got it. That makes sense. Just one follow-up, also on sort of a ramp back type of a theme here. In terms of the production that has been taken off right now, how quickly can certain portions of that be ramped back up? Obviously, there's a difference between the conventionals and the thermals there. Curious as to if you can provide any colour around those two pieces? Thank you.

Robert Peabody:

Sure. I'll get Andrew Dahlin who runs the Western Canada business now to answer that.

Andrew Dahlin:

Yes. Thanks, Emily. Yes, as Rob said in his opening comments, we've shut in about 80,000 barrels a day of production. That's across our upstream business, so that the cuts are in cold, in conventional and then across our thermal businesses. I'll remind you that we've got quite a bit of experience of this, sadly, from both the 2016 Fort McMurray fires and then from the time of curtailment management, and so I can tell you that, we've executed, in particular, the thermal dial downs in such a way that actually—first of all, we preserved the reservoir integrity, and indeed secondly, we actually—we set up in such a way that the production can come back really quite quickly. Particularly, in the Lloyd thermals we have very good viscosities and so, we know that production there is going to come back really, really quickly. Hopefully, that answers your question, Emily.

Emily Cheng:

Great. Just maybe real quick, how about on the conventionals, does that take a little longer than perhaps what you're suggesting for Lloyd? Thanks.

Andrew Dahlin:

Indeed. We've dialed in some of our conventional and our CHOPS production. I think there what you'll see is you'll see some of it return and that can return relatively quickly because of the pumping mechanism. But indeed Emily, there will also be some impairment, where we've had collapse of where it holds or have had bottom water coming and impact our reservoir.

Emily Cheng:

Great, that's helpful.

Robert Peabody:

I think in terms of permanent impairment, I think, we've said, that's probably around 5,000 or 7,000 barrels a day, based on our previous experience. But, I'd also emphasize that, the wells that don't come back are the highest cost wells and the lowest production.

Emily Cheng:

Got it. That's very helpful. Thank you.

Operator:

This concludes the analyst Q&A portion of today's call. We will now take questions from members of the media. As a reminder, please press star, and one on your touchtone phone to ask a question. If you wish to remove yourself from the question queue, please press star, then two.

Our first question from the media comes from Dan Healing of Canadian Press. Please go ahead.

Dan Healing:

Hi, good morning. Thanks for taking my question. I had a question about bouncing back from the situation now as well. The Company's obviously focused on cutting costs, and one of the learnings that people can work from home, probably more people than you were thinking.

Is there any plan to use those learnings going forward to keep costs under control by having more of the company work from home or work flexibly, and therefore take less space and office buildings?

Robert Peabody:

Yes, thanks Dan. I would say that, yes, there's been a lot of learnings from this working from home. The biggest learning being that it worked a lot better than I think all of us thought it was going to work. The technologies vastly improved in the last short years, and certainly for us the transition from working in the office to working at home, we have over 95% of our office staff working from home. Some days it's closer to 99% and that transition was seamless. I mean, it actually worked extremely well.

One of the things we're going to do when we come out of this is to really understand what the lessons we learned. I don't—unfortunately in the short-term, as you're well aware, I think there's a lot of office vacancies in Calgary. You're not going to save a lot of costs in the short-term just by having more empty office space. But I think it's more to do with worker flexibility and the ability to maybe tailor an employment offer to more people that is more attractive to them. I, myself, I'm particularly interested in how this could work around things like maternity leaves and things like that to give a lot more flexibility to people in those positions and allow them to continue their careers in a better way. Just some thoughts, but it’s early days but there's no question, it's going to change the way we work for long-term, I think.

Dan Healing:

Okay, and just also related to G&A. Given the situation that's going on and capex and so on, has Husky reduced its overall headcount?

Robert Peabody:

Well, last year, as you're aware, last year we did a staff reduction exercise. That was the major staff reduction exercise that went on. We have lowered the number of contract staff working for the company, but that's because contract staff are generally attached to capital programs and/or seasonal sort of work, so that's why they're actually employed under contract. As the work has gone away, we have less contract people working for us right now. Now we've taken all their names so that when things do start ramping up, we can bring them back.

Dan Healing:

Okay, thank you.

Operator:

Our next question comes from Kevin Orland of Bloomberg News. Please go ahead.

Kevin Orland:

Hello, thanks for taking my question. I just wanted to get your view on the ability of the Western Canadian and actually the whole North American energy system to store all the surplus production that's coming out and cut prediction quickly enough to manage the current oversupply. How do you see the system adapting right now?

Robert Peabody:

Sure. What I would say on that first of all, in my comments here I think as we've looked at supply and demand coming into this quarter, it was apparent as soon as we saw, and we saw it very quickly through our downstream operations how fast product demand was falling, that this ultimately was going to be a bit of a train wreck in North America, even forgetting what's going on in the global oil markets. Just there's enough production in North America and with supply falling off so fast, it was like, as I envisioned it, it's kind of like a train wreck that was going to happen.

Now, the good news is supply and demand in North America are going to equalize and meet over this quarter because they have no option. Because the storage runs out and actually, I think in the refined product side, we're seeing some glimmers of hope there in that we actually—early in the quarter we were quite concerned about our gasoline sort of storage abilities, would we have enough to store enough. Now, we've been able to turn down the refinery, turn down the gasoline mix enough, so now liftings and production are roughly in balance. We don't see a containment problem on the product side, a significant one in any case, not in Pad 2. I can't speak for the whole of the United States, but in Pad 2, it looks like we've got things pretty much in balance now with what moves the refiners have made, and of course refiners can move faster than producers. That's been made very clear here. That's because it's a margin market and refiners are used to going up and down in response to market.

This is an extreme example, but they are used to variance in order to meet market demand. Upstream producers are not quite so fleet of foot in general, and so that—you've got a bigger problem with crude oil storage.

But again, I think if you look at the early figures coming out now on storage of crude across the United States, this is—there's still a build going on but the build slow—has slowed down appreciably now. I think the crude supply and demand is also coming into balance over the next few weeks.

As I say, there's no choice, it has to, and so the system is working and the market forces, as cruel as they are when you see negative prices and things like that, are doing exactly what they're supposed to do, which is to send very clear signals to people in the industry as to what actions they should be taking.

Kevin Orland:
Thank you very much.

Operator:
Our next question comes from Chris Varcoe of the Calgary Herald. Please go ahead.

Chris Varcoe:
I have a couple of questions for Rob Peabody. Rob, the federal government has announced several measures to try and enhance liquidity in the oil patch. I'm wondering whether you think they've done enough, and if not, I'm wondering what specifically you might be looking for? That's my first question.

Robert Peabody:
Yes. I would—I mean, first let me just say that, I'm generally encouraged by the steps both levels of government have been taking to help industry weather the storm. I know it's never going to be enough, but both levels of government have been very responsive and open, and it's been easy to get in and communicate with them. They're very open to hearing our issues.
I think early steps are good.

I like the focus on the smaller companies in the service sector, because I think they're—we will need them when we come back and start to work again, but they're the ones most at risk. They've got the smallest balance sheets. By definition, they're the smaller company. I think that's the right place for the governments to focus, and so in general pretty—I'm encouraged by the early steps, and I know they're still looking to do more.

Chris Varcoe:

The other thing Rob I wanted to ask you about was how do you view the events of the last couple of months changing, I guess, the fortunes in the future of the Canadian oil patch, and sort of separate from that, do you think that we're going to need to see more curtailment from the government, and I know how you feel about that, with regards to shutting in more oil given the market forces at play?

Robert Peabody:

Yes, I guess, so, Chris I'd just say that, you know from my past comments, I'm a bit of a fan of market forces sorting things out, because in the end I think that gives you the most competitive industry and I think every time we apply artificial methods of trying to save the industry, we actually make it less competitive which, in the long run, is damaging to it.

I certainly would love to see the government take an opportunity now, when there really isn't a need for curtailment, to just ditch the program, because the pipelines have lots of capacity in them and I think given the current situation, they're going to have quite a bit of capacity in them for quite a long time. Of course, there is additional capacity opening up. I think there's an opportunity there to go that way.

In the end, I think if you look at the whole oil industry, the forces at work are telling us this is a mature industry and we're going to see elements of consolidation across the industry over the coming years, and that's kind of natural and unavoidable. But, I do think that Alberta and Saskatchewan and the Canadian oil industry can still play a very important role in this industry, and one of the things that I think people lose sight of is, number one is we are the fourth largest exporter of oil in the world from Canada. This is not a small industry, and I think, well, I'm absolutely in favor of pursuing renewable energy and all these things that we ourselves are looking at ways to improve and move in those directions. But, in the end Canada needs to realize that you don't—you can't replace the fourth largest oil exporting industry in the world with an industry that isn't really focused on export. Renewables are good, let's have as many of them as we can in Canada, but let's also understand that's not a big export industry for the country. We need another export industry ultimately if you're ever going to replace oil and gas.

Operator:

This concludes the question-and-answer session. I would like to turn the conference back over to Mr. Rob Peabody for any closing remarks.

Robert Peabody:

Thanks for your questions everyone. We're confident in our ability to adapt to these challenging circumstances, and the actions we're taking will see us through to the other side of the downturn.

Before we sign off, I'd like to take a moment to recognize the significant leadership of Rob Symonds and the contribution he's made to our Company. Rob recently announced his retirement following nine years with Husky. He will continue to work until the end of July to support the ongoing transition of our operational structure to better reflect our Integrated Corridor and Offshore business, and continue to help us with a little cost management.

With the announcement of Rob's retirement, Andrew Dahlin, who has been leading our Heavy Oil and Thermal business, will now become the Executive Vice President for Western Canada Upstream, reporting to me. Jeff Rinker is also reporting to me as the Executive Vice President of Downstream and Midstream, and finally, Bob Hinkel, who's been running the Asia Pacific segment of our business, will become the COO of the Offshore business and continue to support me.

I would like to—I would now like to invite you to join us at 10:30 a.m. Mountain Time for a virtual version of our annual and special meeting of Shareholders. You can see the webcast information from—in this morning's news release and on our website. All guests are welcome to listen; however, only registered shareholders will be able to participate and vote. Thanks again for joining us today.

Operator:

This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.