

# Q1 2024 Earnings Presentation

May 1, 2024

NYSE: DVN  
[devonenergy.com](https://devonenergy.com)

  
devon



# Key Takeaways From Our Presentation

- 1 Q1 PRODUCTION** EXCEEDS GUIDANCE BY 4%  
Volumes beat top-end of guidance across all products
- 2 DELAWARE BASIN** DRIVES Q1 OUTPERFORMANCE  
Improving well productivity & efficiency gains drive strong results
- 3 FREE CASH FLOW** REACHES \$844 MILLION IN Q1  
15<sup>th</sup> consecutive quarter of free cash flow generation
- 4 SHARE BUYBACKS** BOLSTER CASH RETURNS IN Q1  
Total cash-return payout reaches \$430 million in the quarter
- 5 RAISING** FULL-YEAR 2024 PRODUCTION OUTLOOK  
Improved production & free cash flow outlook for 2024



OUR **DISCIPLINED MODEL**  
CREATES SIGNIFICANT VALUE

# Our Disciplined Business Model

## **DISCIPLINED** GROWTH STRATEGY

- **MODERATED OIL GROWTH** targets: up to 5% annually
- Focused on growing per-share value

## **CONSISTENT** REINVESTMENT RATES

- Returns-driven strategy prioritizes **FREE CASH FLOW** generation
- Optimizing results with steady activity levels through the cycle

## **ATTRACTIVE** CASH RETURNS

- Strategy designed to deliver higher cash returns vs. broader market
- Optimize allocation between **DIVIDENDS & SHARE REPURCHASES**

## **MAINTAIN** LOW LEVERAGE

- Net debt-to-EBITDAX: 0.7x (as of 3/31/2024)
- Strong liquidity & low breakeven levels enhance **FINANCIAL STRENGTH**

## **PURSUE** ESG EXCELLENCE

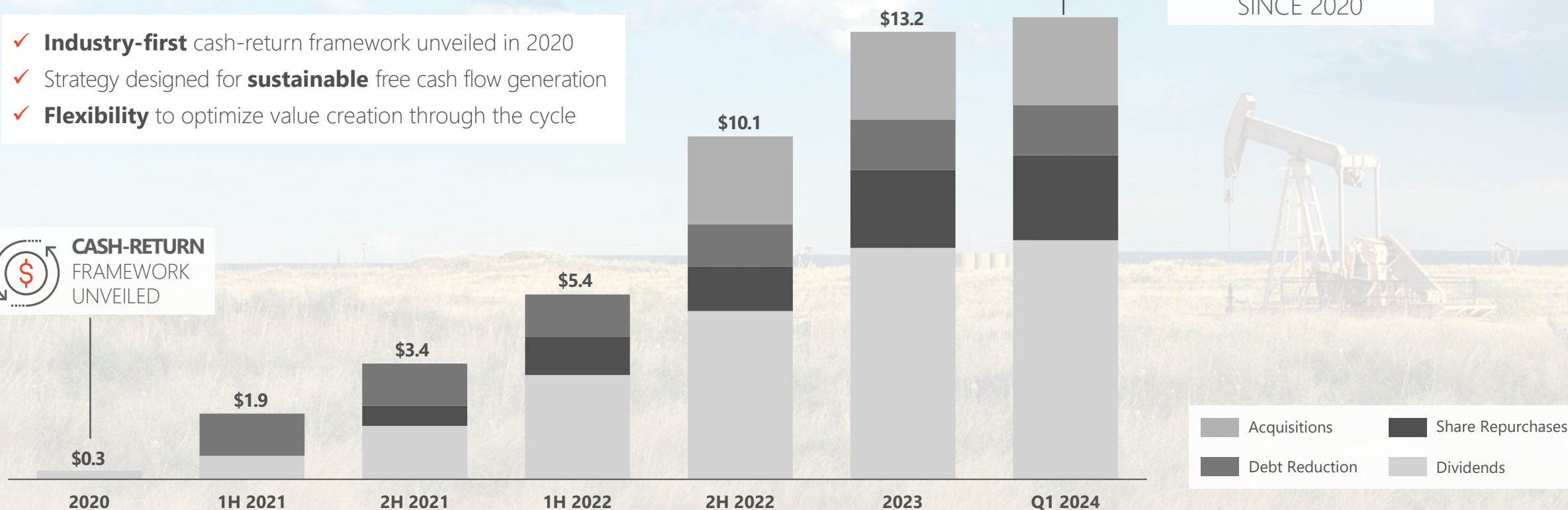
- ESG initiatives incorporated into **COMPENSATION** structure
- Committed to aggressive emissions reduction targets

# Strategy Creating Significant Value for Shareholders

## Delivering on our promise to shareholders

Cumulative uses of cash (\$ in billions)

- ✓ **Industry-first** cash-return framework unveiled in 2020
- ✓ Strategy designed for **sustainable** free cash flow generation
- ✓ **Flexibility** to optimize value creation through the cycle



# Portfolio Built to Deliver Sustainable Performance



## **PREMIER** MULTI-BASIN PORTFOLIO

- Acreage resides in top U.S. resource plays
- Underpinned by world-class Delaware Basin position



## **DIVERSIFIED** COMMODITY MIX

- Balanced exposure to oil, NGLs & natural gas production
- Access to premium markets improves realized pricing



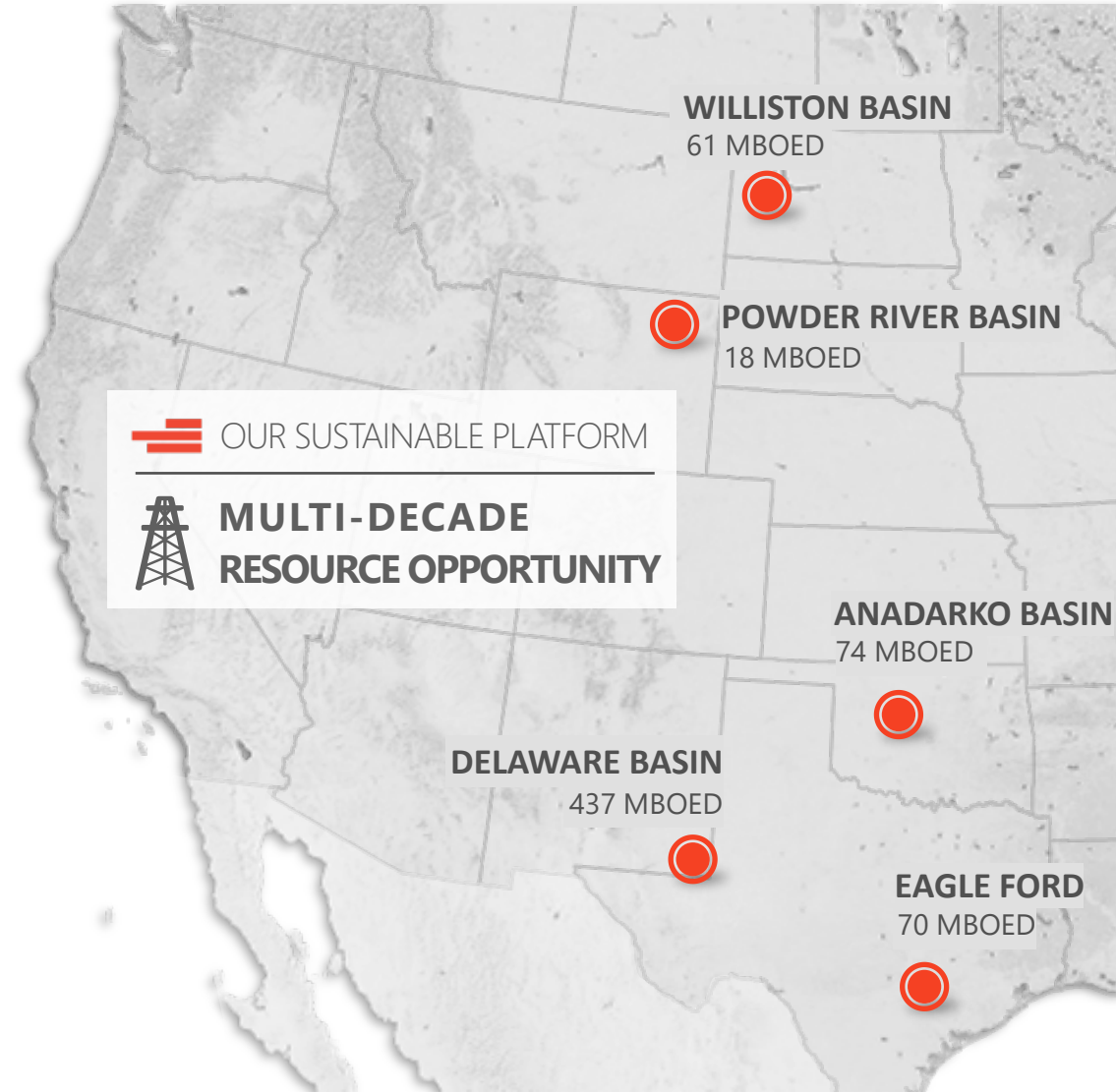
## **OPERATING SCALE** ENHANCES PROFITABILITY

- Low-cost structure drives differentiated margins
- Track record of improving efficiencies & lowering cost of supply



## **DEEP INVENTORY** OF REPEATABLE OPPORTUNITIES

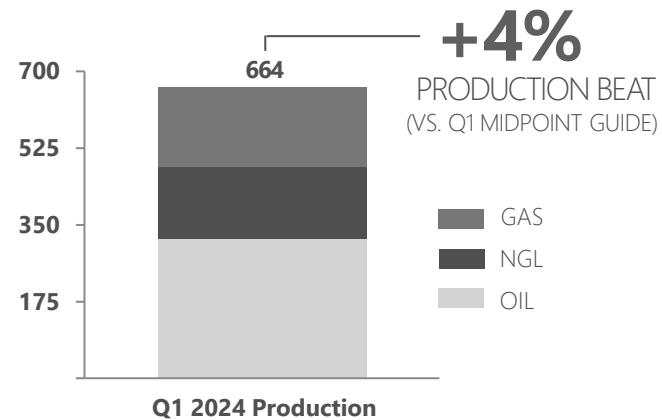
- Possess >10 years of low-risk development inventory
- Upside from ongoing appraisal (>1.2 million acres in U.S. resource plays)



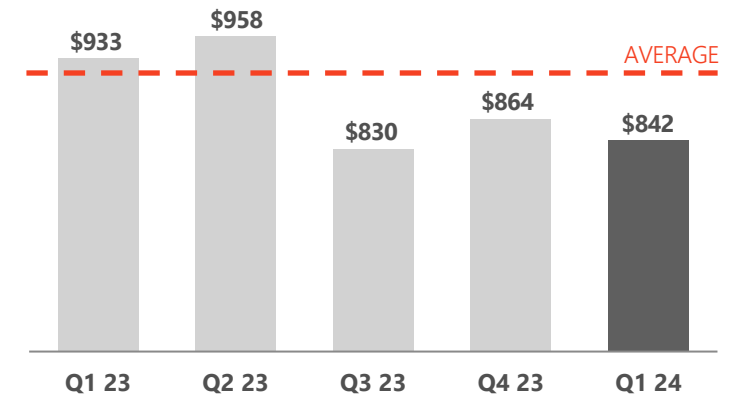
# Q1 2024 – Executing on Our Disciplined Plan



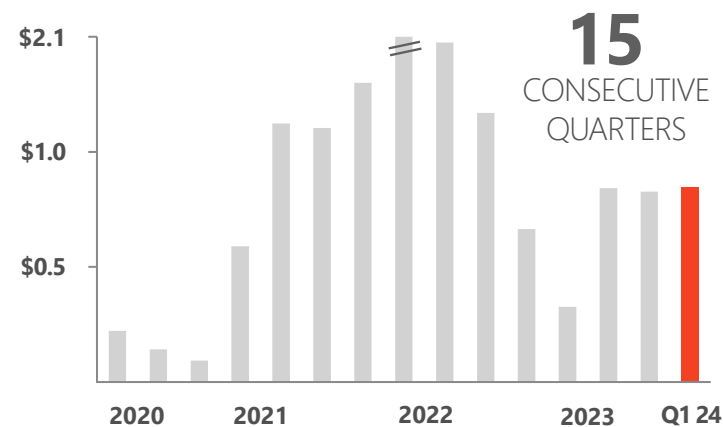
## DELIVERING STRONG PRODUCTION (MBOED)



## EFFICIENT UPSTREAM CAPITAL SPENDING (\$ IN MILLIONS)



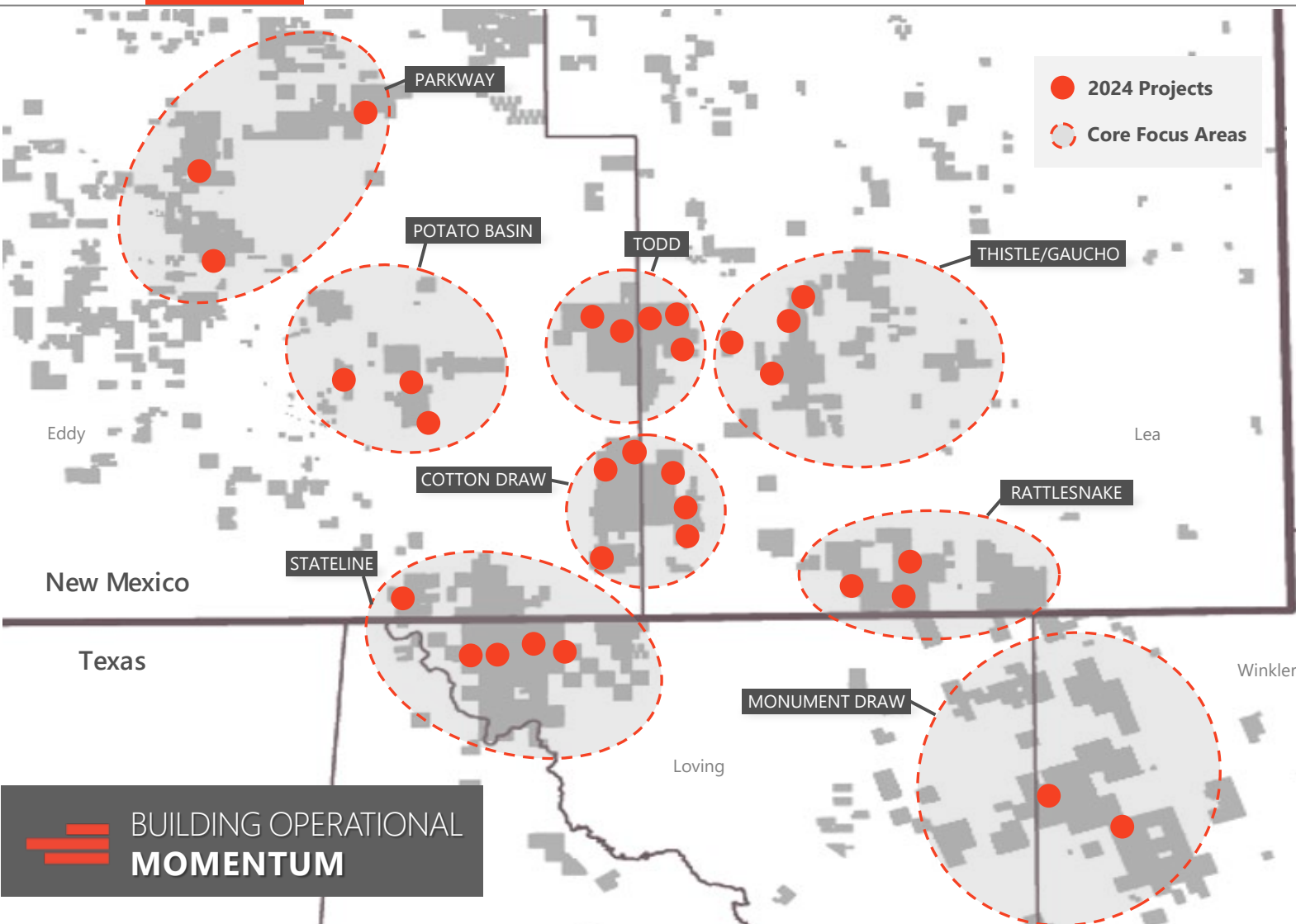
## CONSISTENTLY GENERATING FREE CASH FLOW (\$ IN BILLIONS)



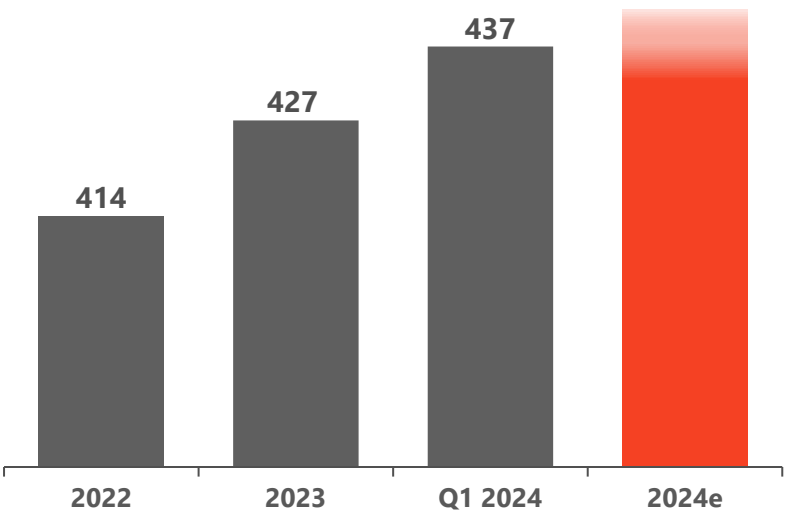
## RETURNING VALUE TO SHAREHOLDERS (\$ IN MILLIONS)



# Delaware Basin – Drives Q1 Outperformance



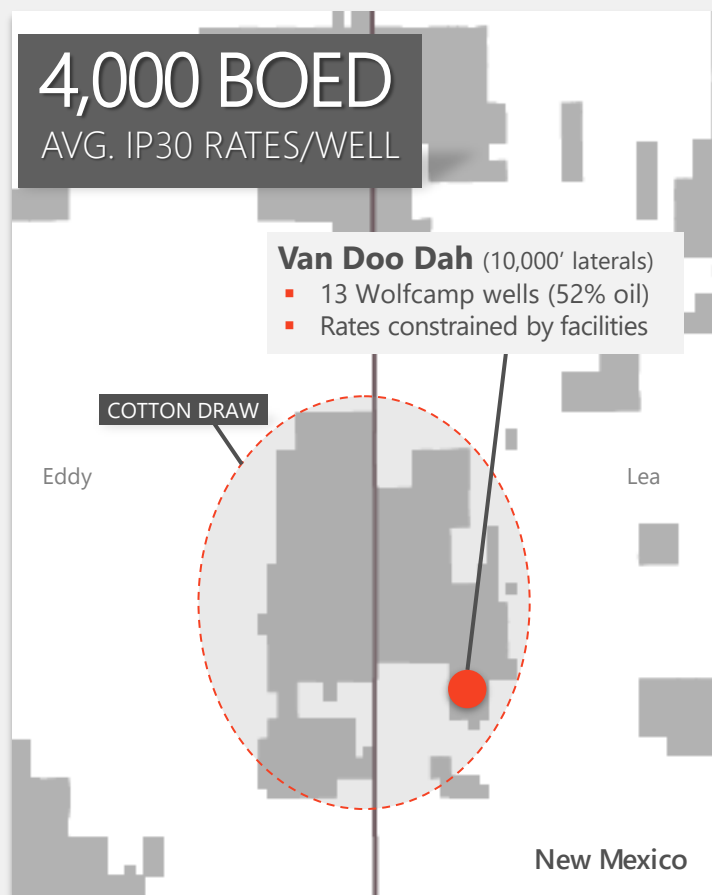
EXPECT **RECORD VOLUMES** IN 2024  
TOTAL DELAWARE PRODUCTION (MBOED)



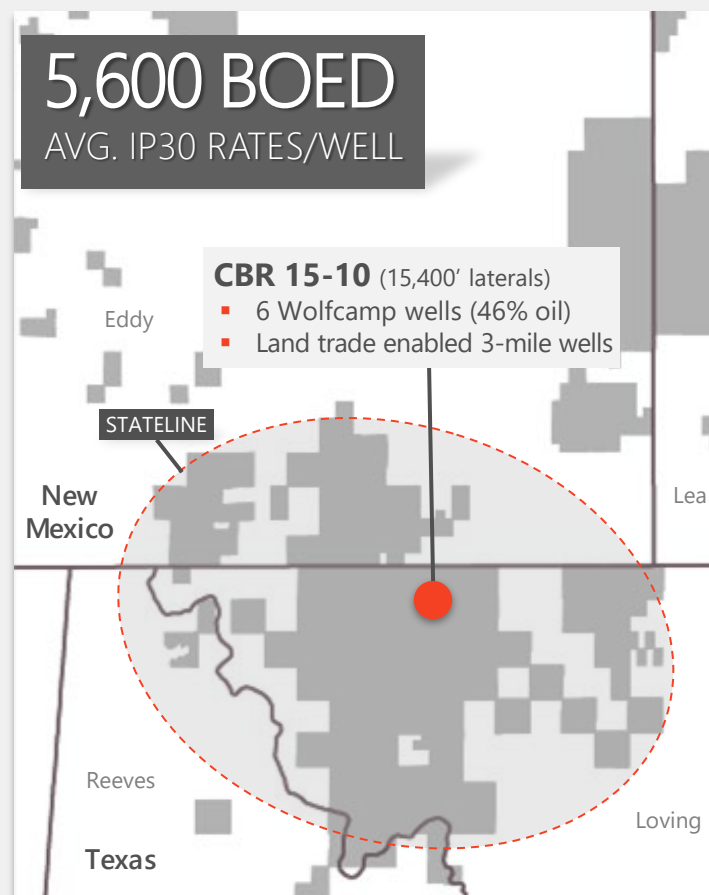
 BUILDING OPERATIONAL  
**MOMENTUM**

# Delaware Basin – High-Impact Results in Q1

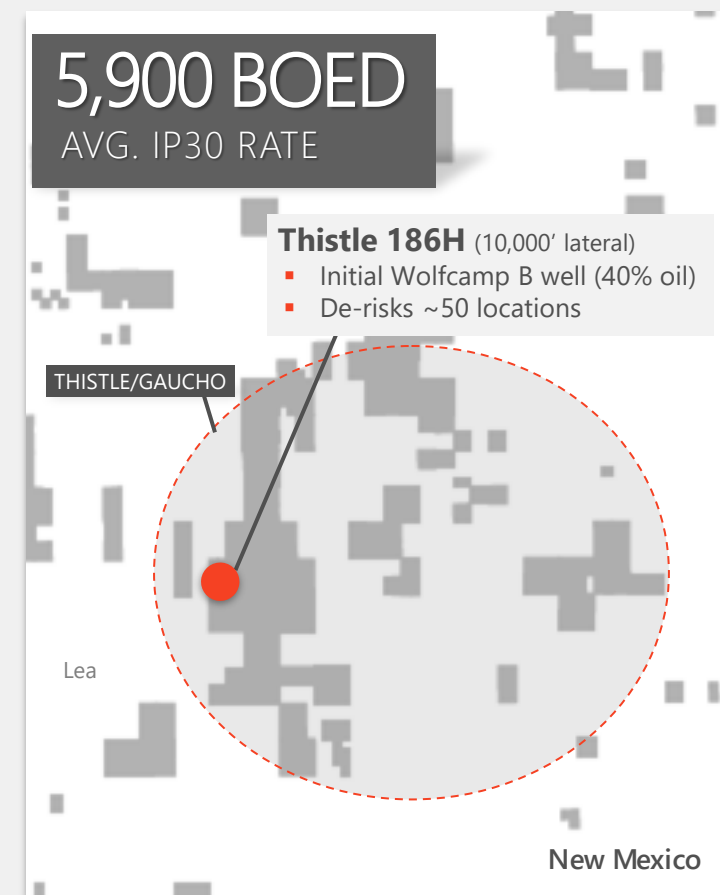
## HIGH-IMPACT UPPER WOLFCAMP WELLS



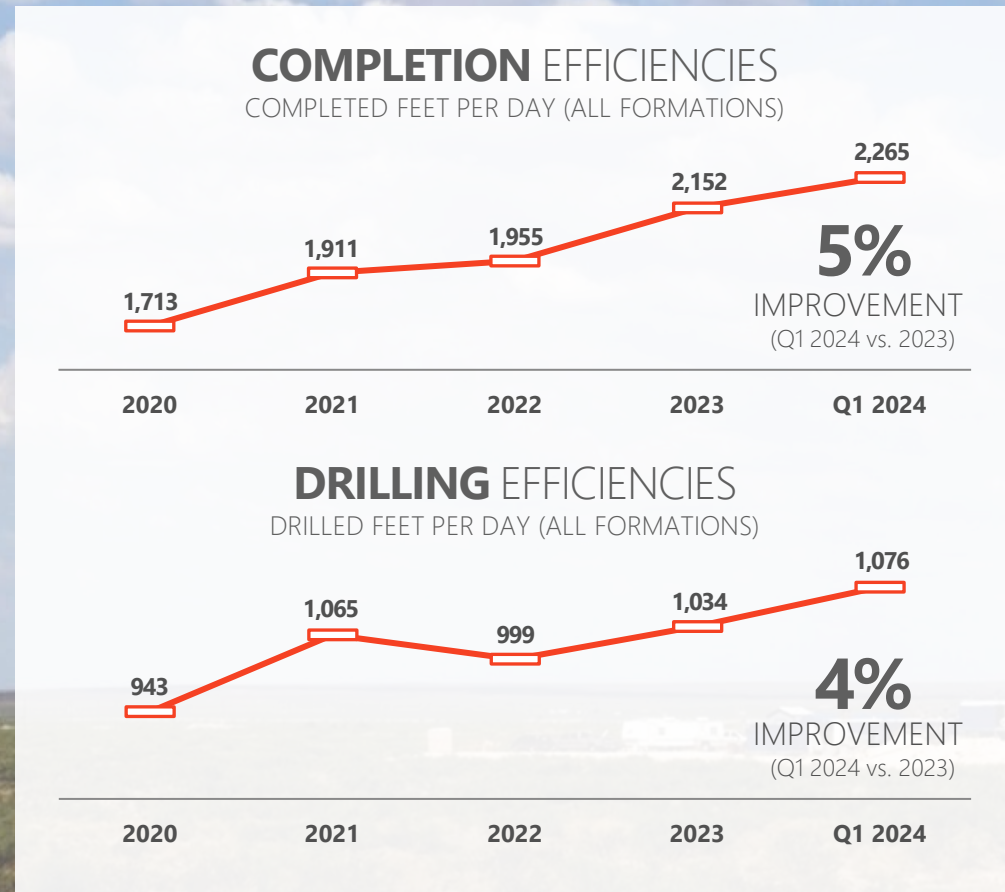
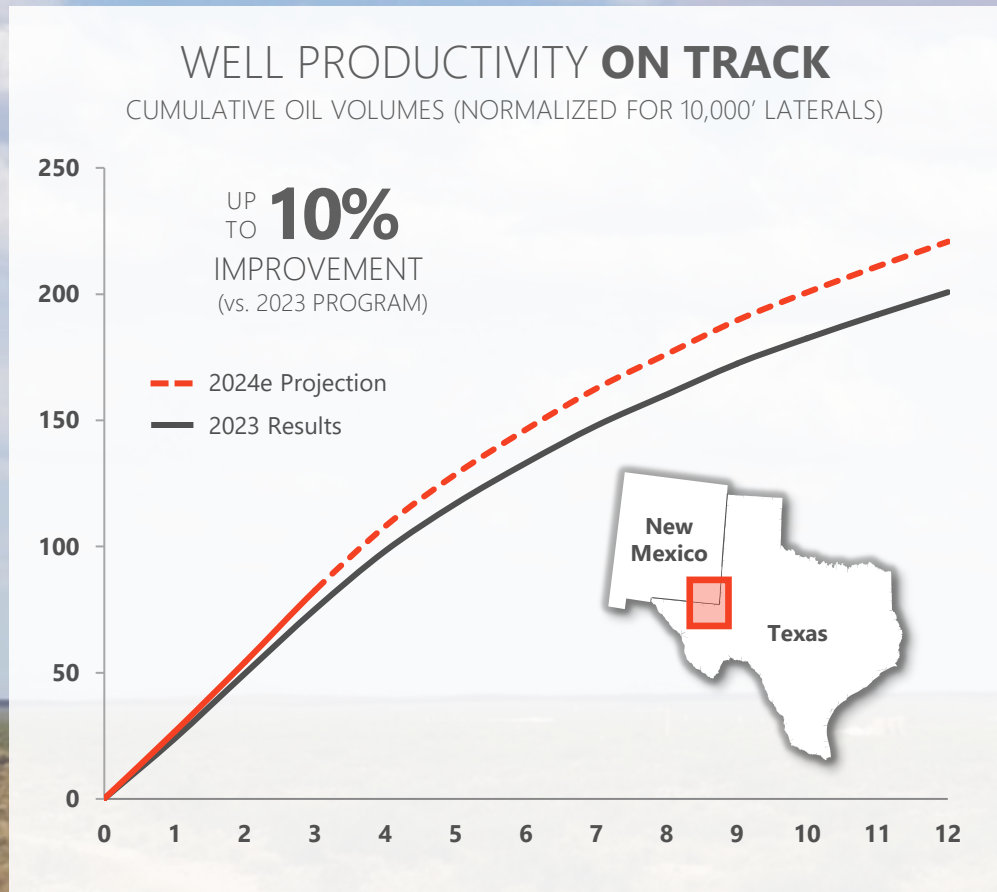
## PROLIFIC 3-MILE WOLFCAMP RESULTS



## SUCCESSFUL WOLFCAMP B APPRAISAL



# Delaware Basin – Operating Efficiencies Advance



# Delaware Infrastructure Buildout Supports 2024 Plan

## GAS PROCESSING & DOWNSTREAM



- 2 BCFD of gas **processing capacity** additions over past year
- **Matterhorn Pipeline** online in 2024 (2.5 BCFD of takeaway; Devon 10% of capacity)

## LOCALIZED INFRASTRUCTURE



- Investing ~\$100 million annually in field-level gathering & compression
- Building out **self-generated** power & microgrid capabilities

## WATER HANDLING CAPABILITIES

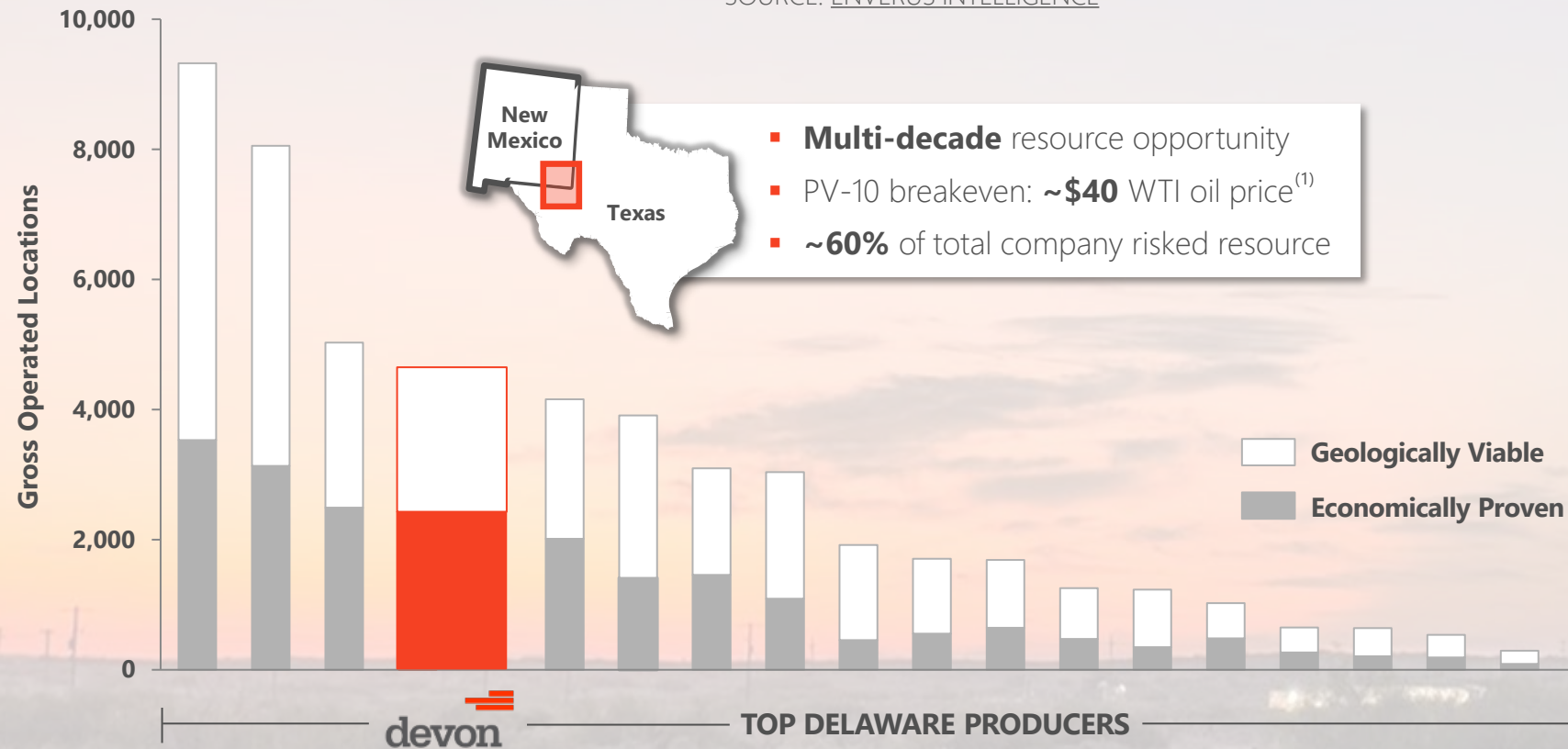


- **WaterBridge JV** provides water handling optionality within the basin
- Water recycling improves **flow assurance** & provides advantaged cost structure

# Inventory Depth Underpins Delaware Sustainability

## DELAWARE BASIN INVENTORY BY KEY OPERATOR

SOURCE: [ENVERUS INTELLIGENCE](#)



Note: Date sourced from Enverus Permian Basin Reports dated 8/8/2023 & 4/3/2024. (1) Represents economically proven locations only.

# Raising Production Outlook in 2024

## UPDATED 2024 OUTLOOK

**NEW** TOTAL VOLUMES (MBOED) **655-675**  
(+2% vs. PRIOR GUIDE)

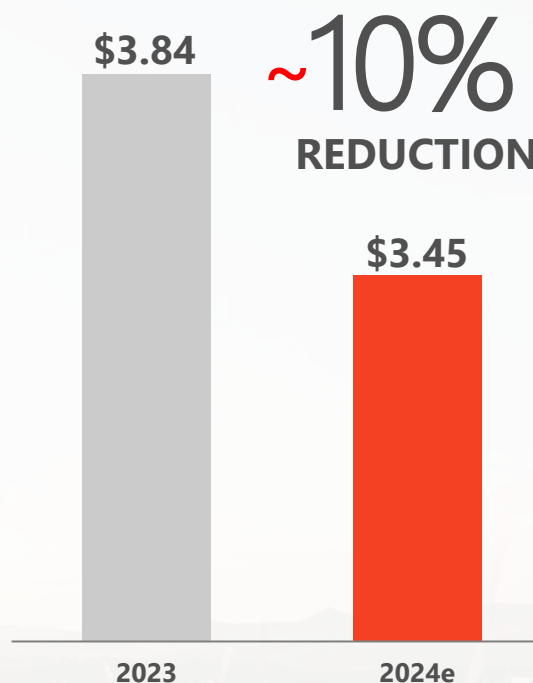
**\$** TOTAL CAPITAL **\$3.3-\$3.6**  
BILLION

 BREAKEVEN FUNDING **~\$40**  
WTI OIL PRICE

 ATTRACTIVE RETURNS **>20%**  
ROCE

## HIGH-GRADING CAPITAL

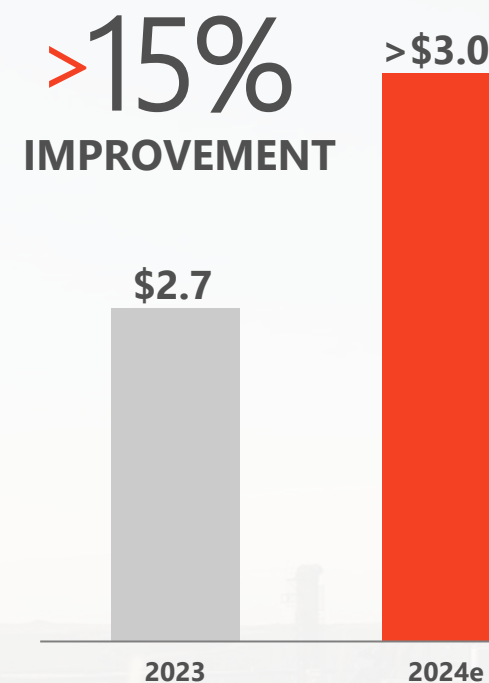
TOTAL CAPITAL (\$ IN BILLIONS) <sup>(1)</sup>




(1) Excludes acquisition capital.

## FREE CASH FLOW GROWTH

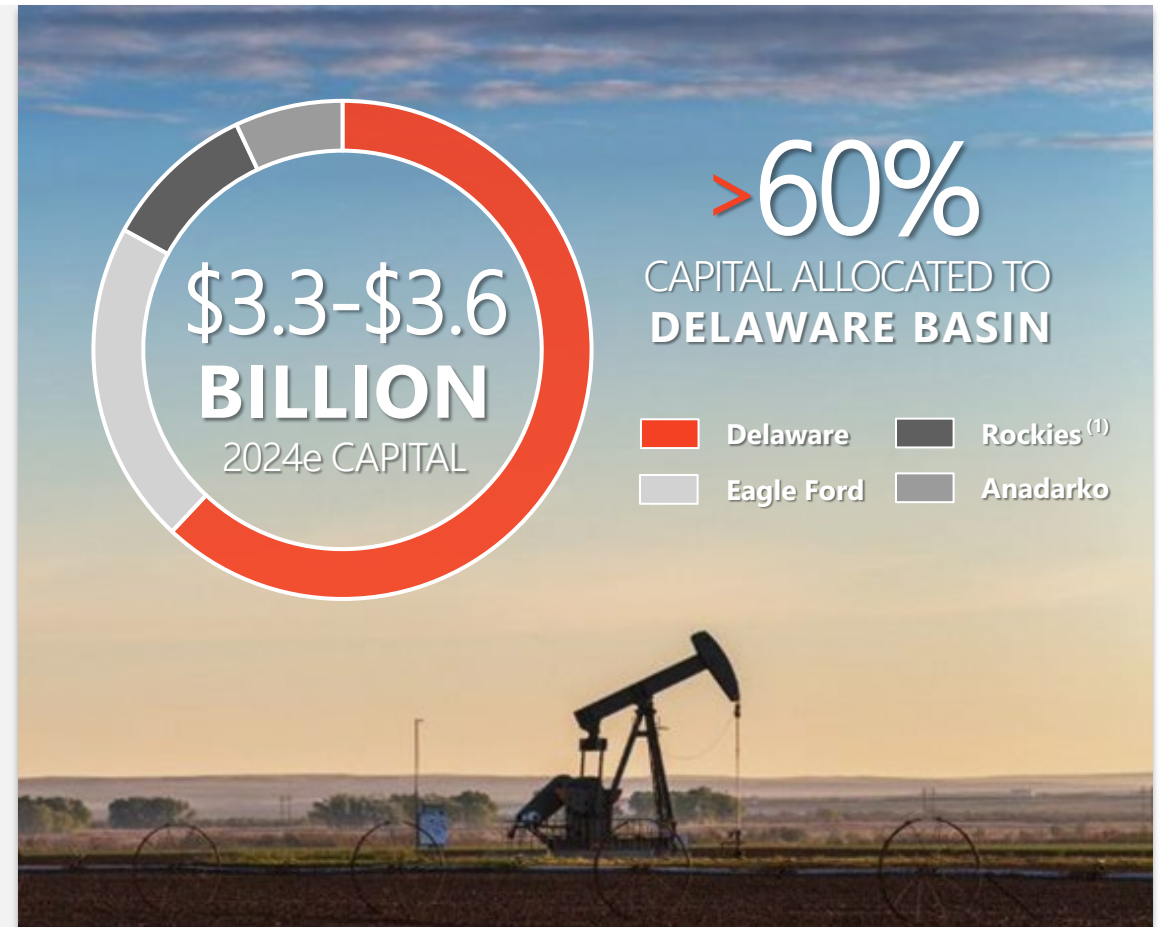
(\$ IN BILLIONS)



 **2024 outlook assumes** an \$80 WTI price deck and 5% service cost deflation versus 2023.

# Catalysts Underpinning 2024 Outlook

- 1 IMPROVED DELAWARE WELL PRODUCTIVITY**
  - Higher allocation towards core of the play in New Mexico
  - Infrastructure progressing to support optimized plan
- 2 HIGH-GRADED ACTIVITY IN WILLISTON BASIN**
  - Activity focused on high-confidence developments
  - Reducing capital activity by ~50% (vs. 2023 program)
- 3 ENHANCED EAGLE FORD EFFICIENCIES**
  - Balanced activity between Karnes & DeWitt Counties
  - Program concentrated on low-risk development work

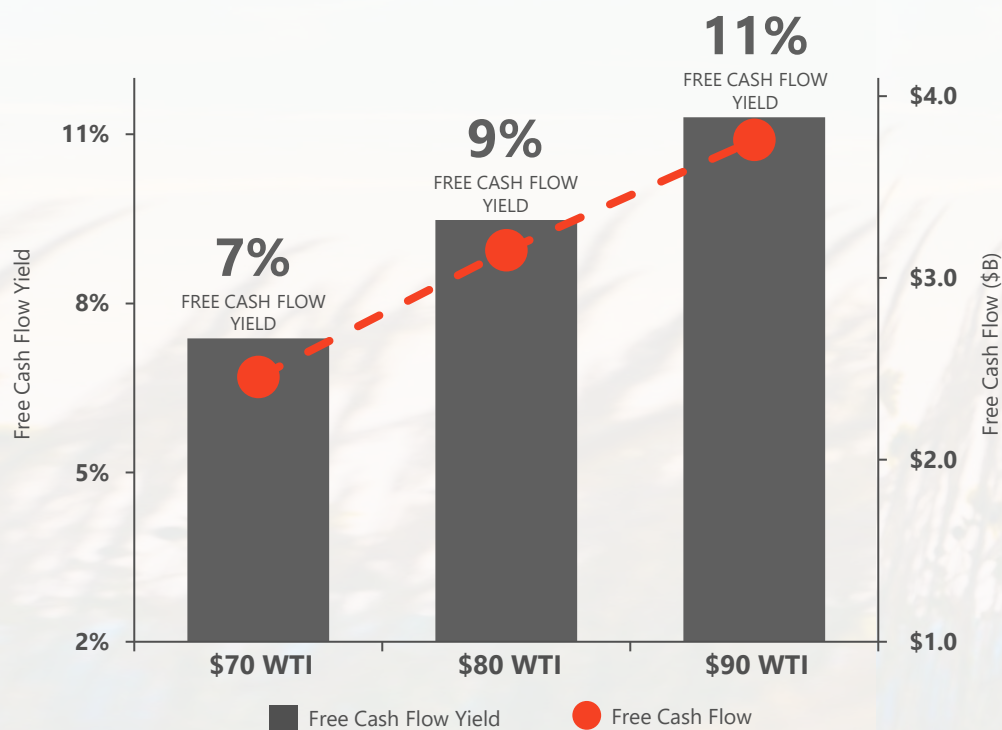


(1) Includes Williston Basin & Powder River Basin assets.

# Positioned for Significant Free Cash Flow Generation

## Devon's attractive free cash flow yield

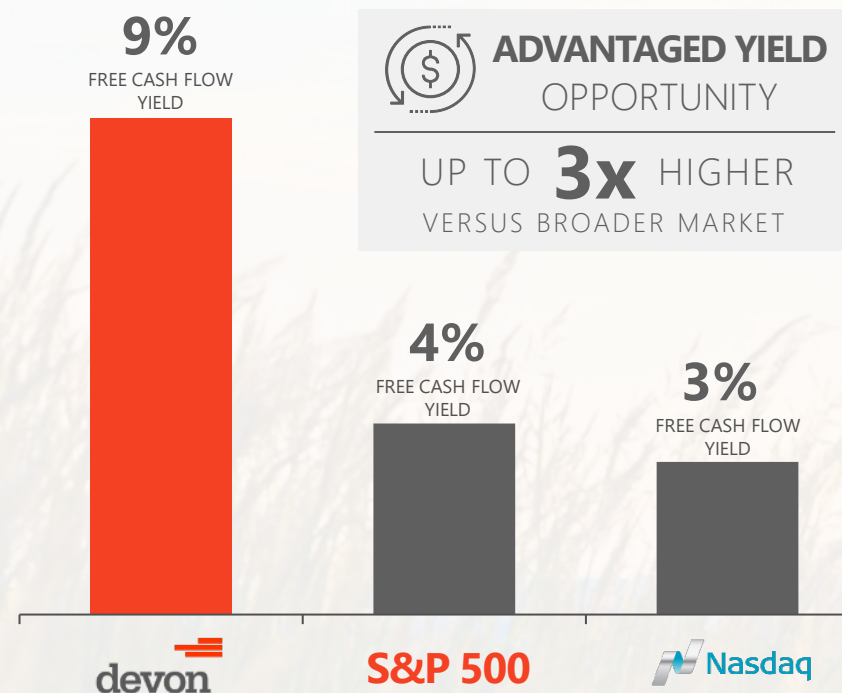
2024e free cash flow yield sensitivities



Note: Free cash flow yield represents 2024e operating cash flow less total capital requirements divided by Devon's market capitalization as of April 25, 2024. Assumes applicable WTI price for remainder of 2024, Henry Hub strip pricing & NGL realizations at 25% of WTI.

## Providing an opportunity vs. broader market

2024e free cash flow yield vs. broader market

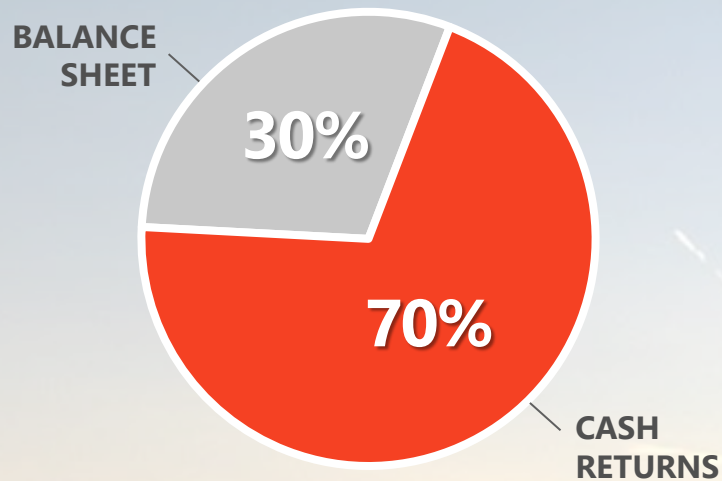


Note: S&P 500 and Nasdaq sourced from FactSet.

# Disciplined Return of Capital to Shareholders

## TARGET PAYOUT IN 2024

(% OF FREE CASH FLOW)



**Balance sheet improvement** focused on retiring debt & increasing cash balances (see slide 16 for details)

- Targeting **70% CASH-RETURN** payout to shareholders in 2024
- Prioritizing **SHARE BUYBACK** program at current valuation
- **\$3.0 BILLION** share buyback authorization in place
- Dividend framework designed to deliver **ADVANTAGED YIELD** vs. broader markets

# Significant Financial Strength & Liquidity



## **TOTAL** LIQUIDITY

**\$4.1B**

CASH & UNDRAWN  
CREDIT FACILITY

## **CASH** BALANCE

**\$1.1B**

CASH POSITION  
AS OF 3/31/2024

## **LOW** LEVERAGE

**0.7x**

NET DEBT-TO-EBITDAX  
AS OF 3/31/2024

## **CREDIT** RATINGS

**BBB/Baa2**

INVESTMENT-GRADE AT  
S&P & MOODY'S

## DEBT **REDUCTION**

**~\$1.5 B**

SINCE EARLY 2021

## TARGETED **MATURITIES**

**\$1.0 B**

DEBT EXPECTED TO  
RETIRE IN 2024 & 2025

# Committed to Environmental Excellence

## 2023 SUSTAINABILITY REPORT HIGHLIGHTS

- Flared volume intensity was reduced by 77%<sup>(1)</sup>
- Scope 1 & 2 GHG emissions intensity declined by 19%<sup>(1)</sup>
- Recycled water usage increased by 18% vs. 2021
- Joined Oil & Gas Methane Partnership 2.0 Initiative
- Foundational sponsor of GTI Energy's Veritas (Methane emissions measurement and verification initiative)



For more information, please refer to the **Sustainability** portion of Devon's website

## ENVIRONMENTAL TARGETS

GHG EMISSIONS SCOPE 1 & 2  
**NET ZERO** GHG EMISSIONS FOR SCOPE 1 & 2 BY 2050

GHG EMISSIONS INTENSITY SCOPE 1 & 2  
**50%** REDUCTION BY 2030

METHANE EMISSIONS INTENSITY  
**65%** REDUCTION BY 2030

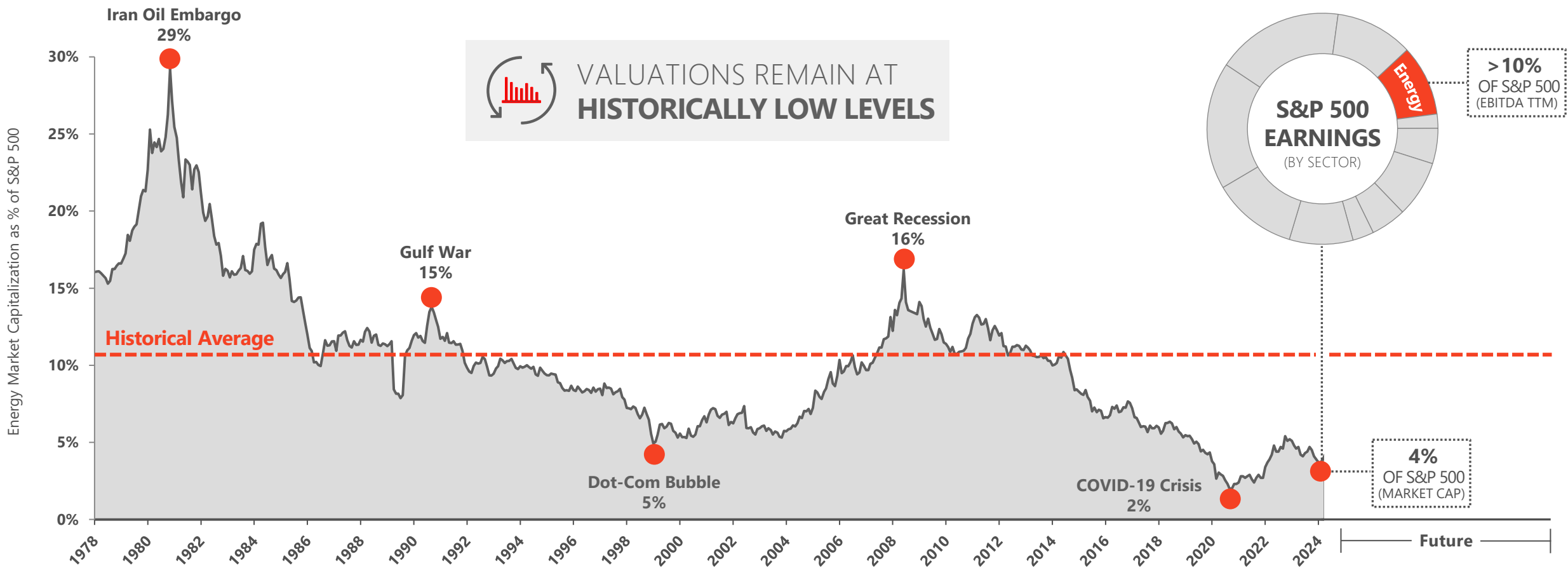
FLARING INTENSITY  
**0.5%** OF GROSS NATURAL GAS PRODUCED BY 2025  
OR LOWER

ROUTINE FLARING  
**ELIMINATE** AS DEFINED BY THE WORLD BANK BY 2030

(1) Measures reflect changes from 2019.

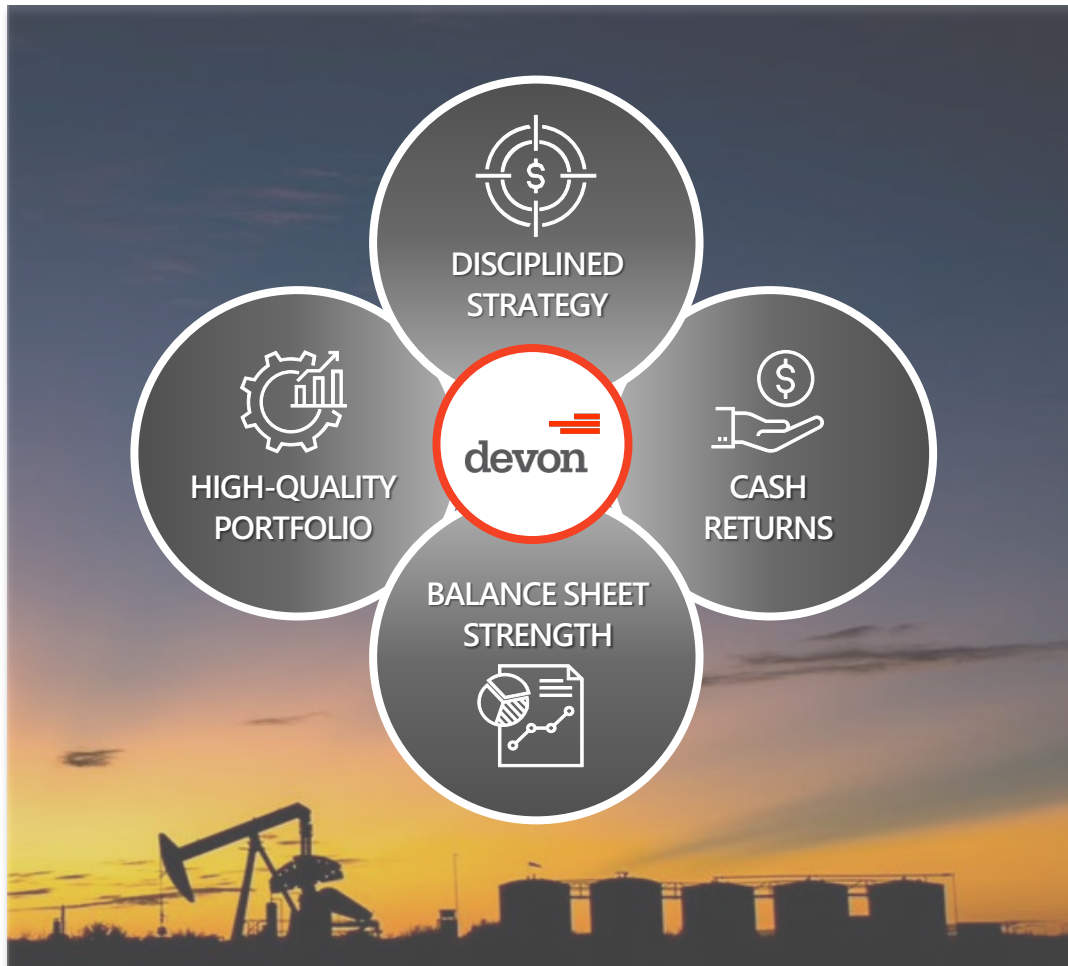
# Compelling Valuation & Upside in Energy

## Energy sector weighting as % of the S&P 500 index



Note: Sourced from Raymond James, Jefferies, S&P & Bloomberg.

# Devon's Unique Investment Proposition



## DISCIPLINED STRATEGY

- Focused on growing per-share value
- **Returns-driven** strategy prioritizes free cash flow



## HIGH-QUALITY PORTFOLIO

- Acreage high-graded to the top U.S. resource plays
- Underpinned by world-class **Delaware Basin** asset



## ATTRACTIVE CASH RETURNS

- Delivering **advantaged** cash returns vs. broader market
- Optimizing allocation between dividends & buybacks



## BALANCE SHEET STRENGTH

- Investment-grade financial strength
- Possess **strong liquidity** & **low leverage**



# | Appendix



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# Q1 2024 – Cash Return Payout

## Q1 CASH RETURN PAYOUT DETAILS

- + **\$205** Million    Share Repurchases in Q1 24  
(Retired 4.7 million shares)
- + **\$143** Million    Fixed Dividend Paid in Q1 24  
(Paid \$0.22 per share on 3/28/2024)
- + **\$82** Million    Variable Dividend Declared  
(Declared \$0.13 per share; payable on June 28<sup>th</sup>)

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TOTAL PAYOUT  
**\$430**  
MILLION

**69%** OF FREE CASH  
FLOW RETURNED <sup>(1)</sup>



(1) Represents total shareholder returns (\$430) divided by adjusted free cash flow. Adjusted free cash flow is operating cash flow (\$1,738 mm) before balance sheet changes (\$170 mm) less capital expenditures (\$945 mm).

# Investor Contacts & Notices

## Investor Relations Contacts

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## Investor Notices

### Forward-Looking Statements

This communication includes “forward-looking statements” within the meaning of the federal securities laws. Such statements include those concerning strategic plans, our expectations and objectives for future operations, as well as other future events or conditions, and are often identified by use of the words and phrases “expects,” “believes,” “will,” “would,” “could,” “continue,” “may,” “aims,” “likely to be,” “intends,” “forecasts,” “projections,” “estimates,” “plans,” “expectations,” “targets,” “opportunities,” “potential,” “anticipates,” “outlook” and other similar terminology. All statements, other than statements of historical facts, included in this communication that address activities, events or developments that Devon expects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control. Consequently, actual future results could differ materially and adversely from our expectations due to a number of factors, including, but not limited to: the volatility of oil, gas and NGL prices; uncertainties inherent in estimating oil, gas and NGL reserves; the extent to which we are successful in acquiring and discovering additional reserves; the uncertainties, costs and risks involved in our operations;

risks related to our hedging activities; our limited control over third parties who operate some of our oil and gas properties; midstream capacity constraints and potential interruptions in production, including from limits to the build out of midstream infrastructure; competition for assets, materials, people and capital; regulatory restrictions, compliance costs and other risks relating to governmental regulation, including with respect to federal lands, environmental matters and seismicity; climate change and risks related to regulatory, social and market efforts to address climate change; governmental interventions in energy markets; counterparty credit risks; risks relating to our indebtedness; cybersecurity risks; risks relating to global pandemics; the extent to which insurance covers any losses we may experience; risks related to shareholder activism; our ability to successfully complete mergers, acquisitions and divestitures; our ability to pay dividends and make share repurchases; and any of the other risks and uncertainties discussed in Devon’s 2023 Annual Report on Form 10-K (the “2023 Form 10-K”) or other filings with the Securities and Exchange Commission (“SEC”).

The forward-looking statements included in this communication speak only as of the date of this communication, represent management’s current reasonable expectations as of the date of this communication and are subject to the risks and uncertainties identified above as well as those described elsewhere in the 2023 Form 10-K and in other documents we file from time to time with the SEC. We cannot guarantee the accuracy of our forward-looking statements, and readers are urged to carefully review and consider the various disclosures made in the 2023 Form 10-K and in other documents we file from time to time with the SEC. All subsequent written and oral forward-looking statements attributable to Devon, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements above. We do not undertake, and expressly disclaim, any duty to update or revise our forward-looking statements based on new information, future events or otherwise.

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### Cautionary Note on Reserves and Resource Estimates

The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. Any reserve estimates provided in this presentation that are not specifically designated as being estimates of proved reserves may include estimated reserves or locations not necessarily calculated in accordance with, or contemplated by, the SEC’s latest reserve reporting guidelines. You are urged to consider closely the oil and gas disclosures in the 2023 Form 10-K and our other reports and filings with the SEC.