

# Q2 2022 Earnings Presentation

August 1, 2022

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





# Key Takeaways From Our Presentation

- #1** **FIXED + VARIABLE** DIVIDEND INCREASES 22%  
Total dividend of \$1.55 per share announced with Q2 results
- #2** **BUYBACK PROGRAM** CONTINUES TO PROGRESS  
Repurchased 4% of outstanding shares since program inception
- #3** **DELAWARE BASIN** DRIVES Q2 OUTPERFORMANCE  
Operating results favorable to guidance on production & capital
- #4** **RESOURCE CAPTURE** ENHANCES ASSET QUALITY  
Williston & Delaware transactions add high-return inventory
- #5** **2022 OUTLOOK** CONTINUES TO STRENGTHEN  
Raising full-year production & free cash flow outlook



LEADING THE INDUSTRY WITH  
**DISCIPLINE & CASH RETURNS**

# Our Disciplined Business Model

## **DISCIPLINED** GROWTH STRATEGY

- **MODERATING OIL GROWTH** targets: up to 5% annually
- Focused on delivering per-share financial growth

## **REDUCED** REINVESTMENT RATES

- Returns-driven strategy prioritizes **FREE CASH FLOW** generation
- Pursuing a maintenance capital program in 2022

## **MAINTAIN** LOW LEVERAGE

- Net debt-to-EBITDAX: 0.4x (as of 6/30/2022)
- Strong liquidity & low breakeven levels enhance **FINANCIAL STRENGTH**

## **FREE CASH FLOW** PRIORITIES

- **FIXED-PLUS-VARIABLE** dividend is top funding priority
- Excess funds deployed to **SHARE REPURCHASES & DEBT REDUCTION**

## **PURSUE** ESG EXCELLENCE

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

STRATEGY ANCHORED BY  
**HIGH-QUALITY**  
PORTFOLIO (SEE PG. 4)



# 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 & natural gas production
- Access to premium markets improves realized pricing



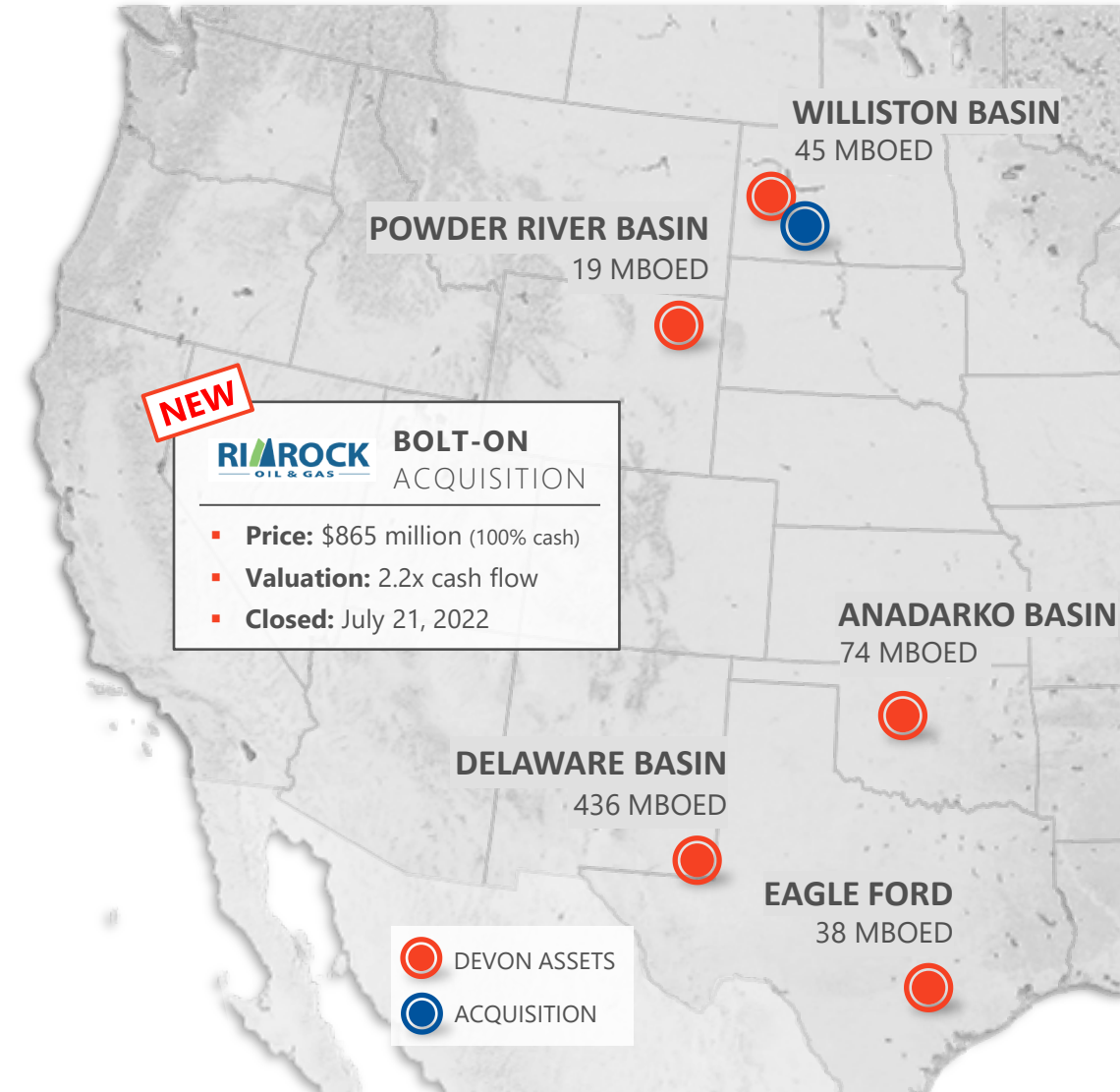
## OPERATING SCALE ENHANCES PROFITABILITY

- 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
- Resource upside from ongoing appraisal & exploration



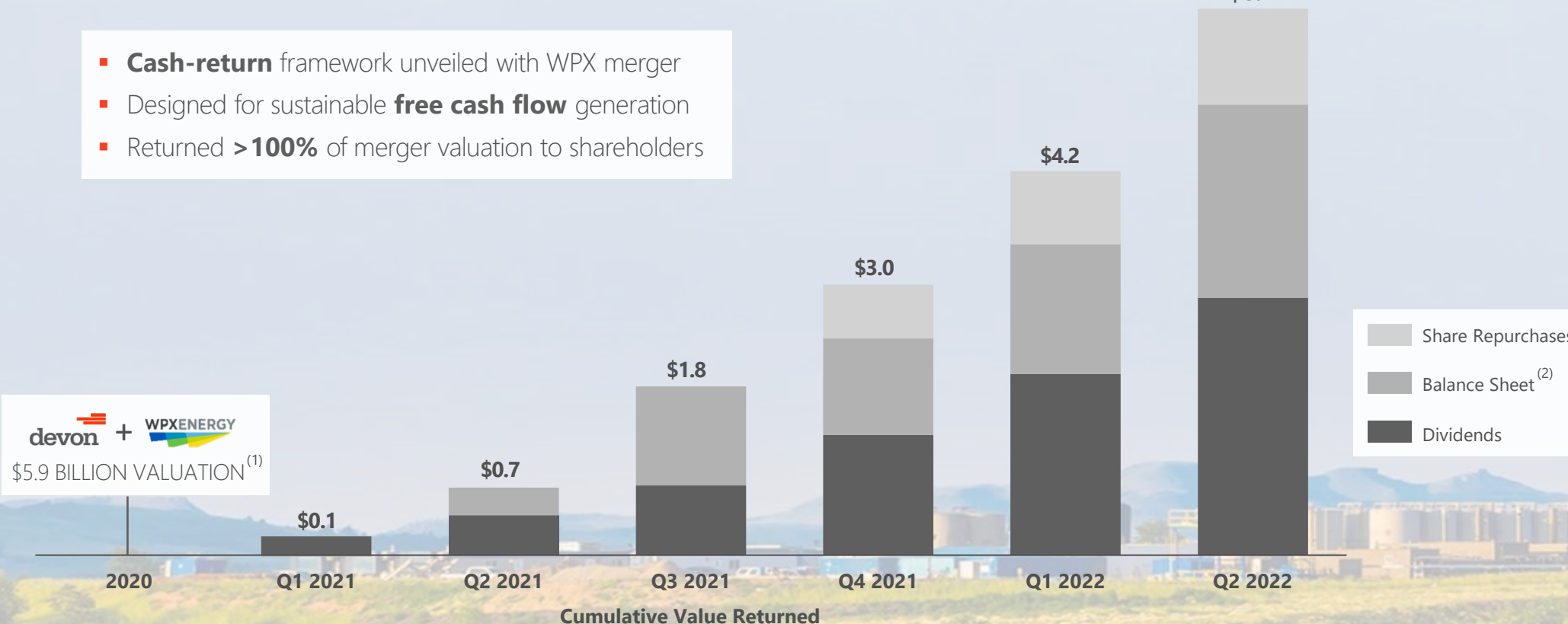
# Creating Significant Value for Shareholders

## Delivering on our promise to return value to shareholders

Cumulative value returned (\$ in billions)

- **Cash-return** framework unveiled with WPX merger
- Designed for sustainable **free cash flow** generation
- Returned **> 100%** of merger valuation to shareholders

**>100%** OF MERGER  
VALUATION <sup>(1)</sup>  
RETURNED TO SHAREHOLDERS



(1) Combined market capitalization for Devon and WPX on 9/28/2020. (2) Represents reduction in net debt amount.

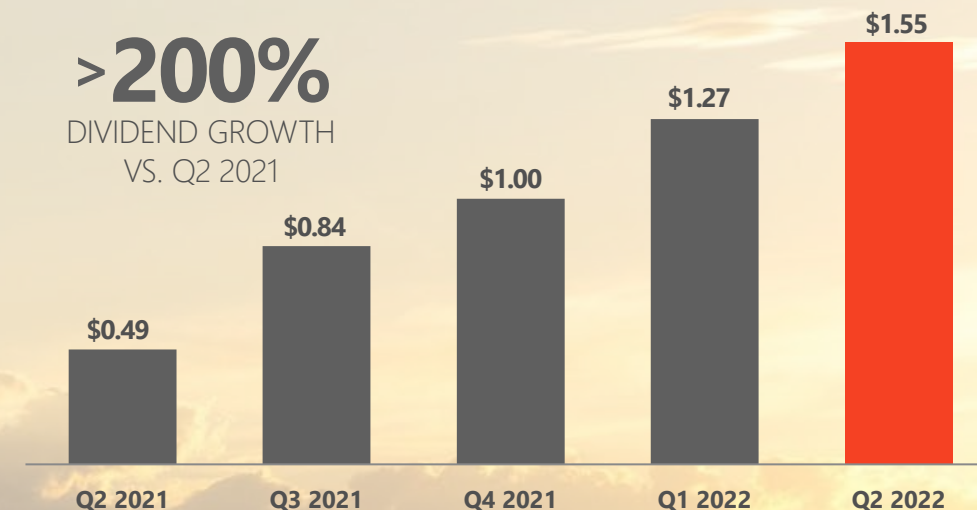


# Q2 2022 – Another Impressive Financial Performance

Key financial metrics	Q2 2022	Change (vs. Q1'22)
Core earnings (per share)	\$2.59	↑ 38%
EBITDAX (\$MM)	\$2,833	↑ 33%
Leverage (net debt-to-EBITDAX)	0.4x	↓ 37%
Operating cash flow (\$MM)	\$2,678	↑ 46%
Reinvestment rate (% of cash flow)	22%	↓ 9%
Free cash flow (\$MM)	\$2,105	↑ 62%

Note: Core earnings, EBITDAX, net debt-to-EBITDAX and free cash flow are non-GAAP disclosures. See Devon's second-quarter 2022 earnings materials for more details regarding non-GAAP disclosures.

## Fixed-plus-variable dividend payout



**PROGRESSING** ON OUR SHARE  
REPURCHASE PROGRAM (pg. 12)

# Updated Outlook – Free Cash Flow Profile Improves

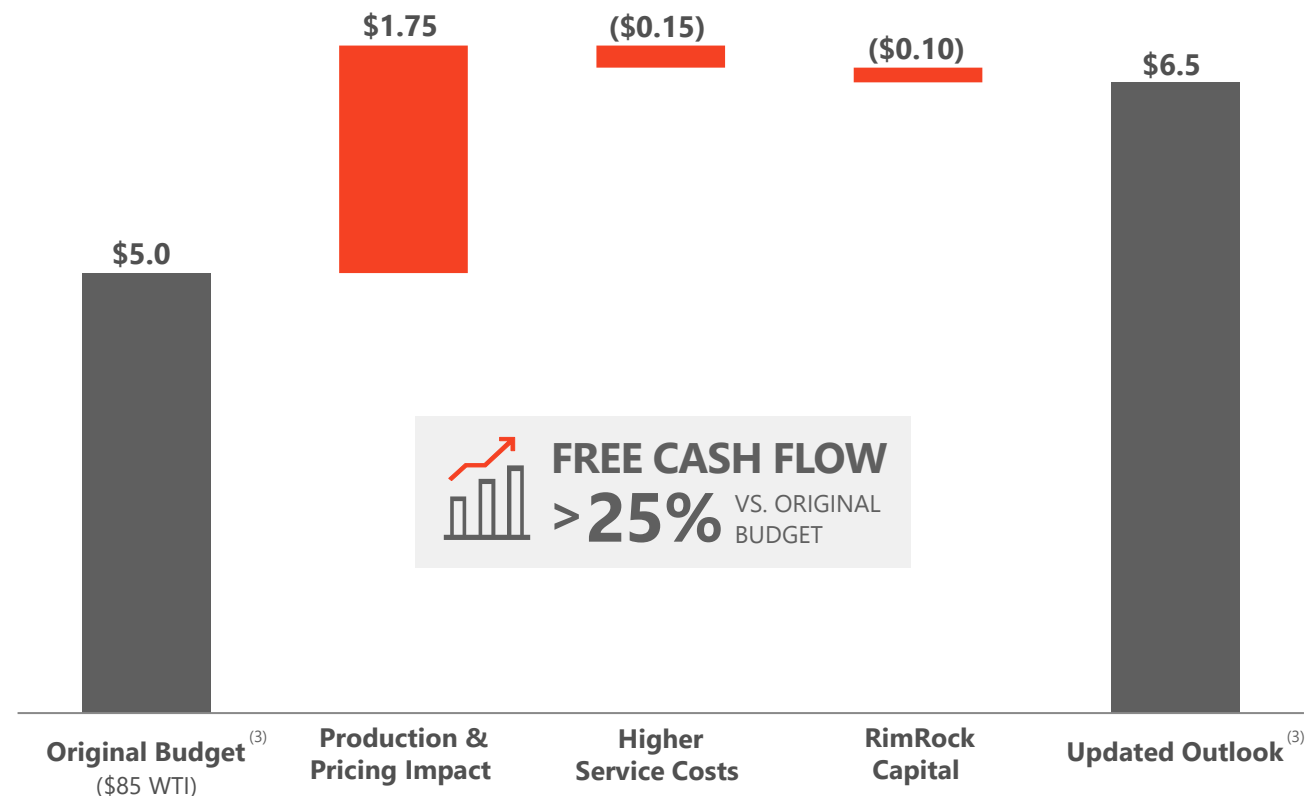
## Raising financial & operating outlook for 2022

2022e outlook



## Free cash flow generation outlook strengthens

2022e free cash flow (\$ in billions)



(1) Assumes share buyback authorization is completed in 2022 & share price as of 7/29/22.

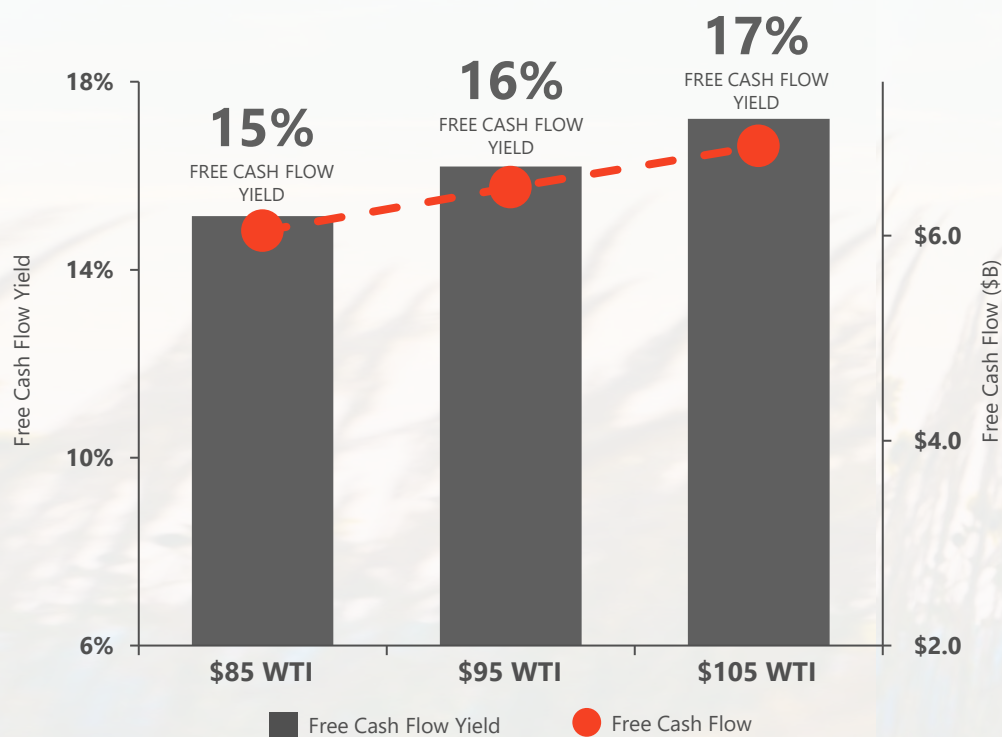
(2) Incremental capital includes \$100 mm related to RimRock acquisition & \$150 mm from higher service cost.

(3) Original budget assumed \$85 WTI and \$4 HH. Updated outlook assumes reported results for the first half of 2022 & \$95 WTI for second half of 2022. Also assumes Henry Hub strip pricing & NGL realizations at 38% of WTI.

# Compelling Free Cash Flow Yield

## Devon's attractive free cash flow yield

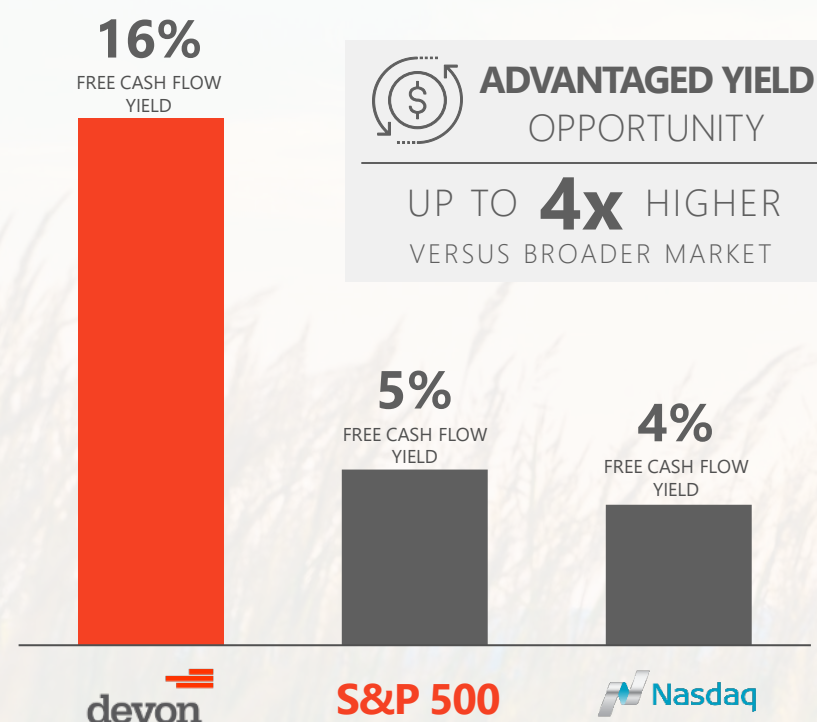
2022e free cash flow yield sensitives



Note: Free cash flow yield represents 2022e operating cash flow less total capital requirements divided by Devon's market capitalization as of July 29, 2022. Assumes applicable WTI price for remainder of 2022, Henry Hub strip pricing & NGL realizations at 38% of WTI. Also assumes share buyback authorization is completed in 2022.

## Providing an opportunity vs. broader market

2022e free cash flow yield vs. broader market



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



# Free Cash Flow Priorities

#1

## FIXED + VARIABLE DIVIDEND

- Fixed dividend is paid quarterly at \$0.18 per share
- Variable dividend is up to 50% of excess free cash flow

#2

## SHARE REPURCHASES

- \$2.0 billion buyback authorization in place
- Focused on opportunistically repurchasing shares

#3

## BALANCE SHEET IMPROVEMENT

- Opportunities to retire ~\$1 billion of low-premium debt
- Low leverage profile of 0.4x net debt-to-EBITDAX



## SHAREHOLDER-FRIENDLY STRATEGY

16% FCF Yield

~75%

ALLOCATED TO  
DIVIDENDS &  
SHARE BUYBACKS

- Dividend Payments
- Share Buybacks
- Balance Sheet<sup>(1)</sup>
- RimRock Acquisition

2022e Uses of Cash

Note: Free cash flow yield represents 2022e operating cash flow less total capital requirements divided by Devon's market capitalization as of July 29, 2022. Assumes \$95 WTI for remainder of 2022, Henry Hub strip pricing & NGL realizations at 38% of WTI. Also assumes share buyback authorization is completed in 2022.

(1) Represents reduction in net debt amount.

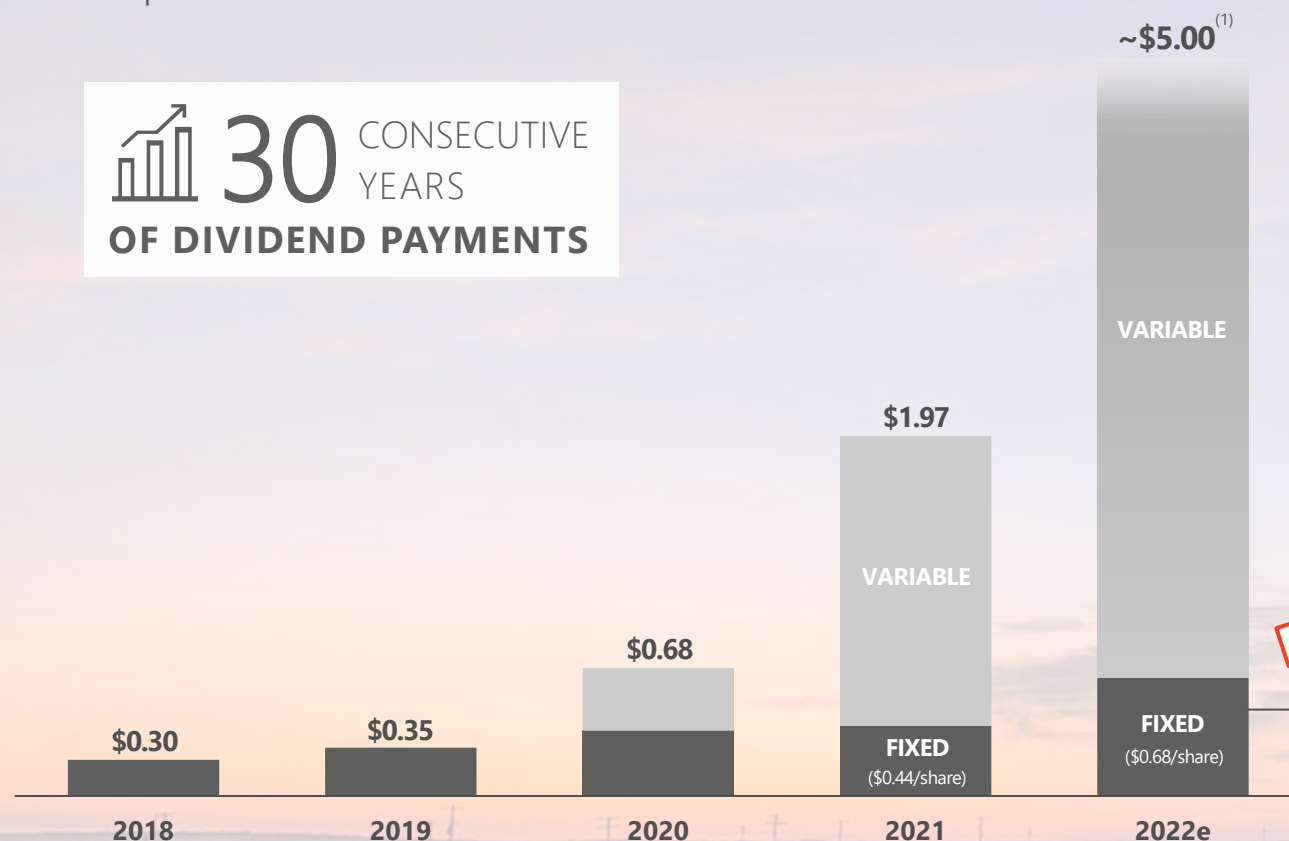


# A History of Returning Cash to Shareholders

## Delivering dividend growth through the cycle

Dividends per share

 **30** CONSECUTIVE  
YEARS  
OF DIVIDEND PAYMENTS



(1) Assumes \$95 WTI for remainder of 2022, Henry Hub strip pricing & NGL realizations at 38% of WTI. Also assumes 50% of excess free cash flow (adjusted free cash flow less fixed dividends) is paid through a variable dividend. Any future dividends are authorized and determined by the board in its sole discretion.

## OUR CASH-RETURN STRATEGY

- ✓ Raised fixed quarterly dividend by **13%** to \$0.18 per share for Q2 2022
- ✓ **Variable dividend** payout includes up to 50% of excess free cash flow
- ✓ Progressing on **\$2.0 billion** share buyback authorization (see pg. 12)

**NEW**  
**+13%** RAISING  
FIXED DIVIDEND  
(EFFECTIVE WITH Q2 DIVIDEND PAYOUT)

# Delivering a Market-Leading Dividend Yield



Note: Assumes Devon market capitalization as of July 29, 2022. Sector yields sourced from FactSet.

(1) Assumes \$95 WTI for remainder of 2022, Henry Hub strip pricing & NGL realizations at 38% of WTI. Also assumes 50% of excess free cash flow (adjusted free cash flow less fixed dividends) is paid through a variable dividend. Any future dividends are authorized and determined by the board in its sole discretion.



# Opportunistically Repurchasing Our Shares

## **\$2.0 BILLION** BUYBACK PROGRAM UNDERWAY

- Repurchased **\$1.2 billion** of shares to date
- Retired at average price of **\$50 per share**
- Program represents ~**6%** of outstanding shares
- **Authorization** extends through May 2023



LEADING THE INDUSTRY WITH  
**DISCIPLINE & CASH RETURNS**

# Improving Our Financial Strength



## **INVESTMENT-GRADE** FINANCIAL POSITION

- Strong liquidity: \$3.5 billion of cash (as of 6/30/22)
- Reduced net debt by >40% since merger close



## **COMMITTED** TO IMPROVING BALANCE SHEET

- Net debt-to-EBITDAX: 0.4x (trailing 12-months)
- Opportunities to retire ~\$1 billion of low-premium debt

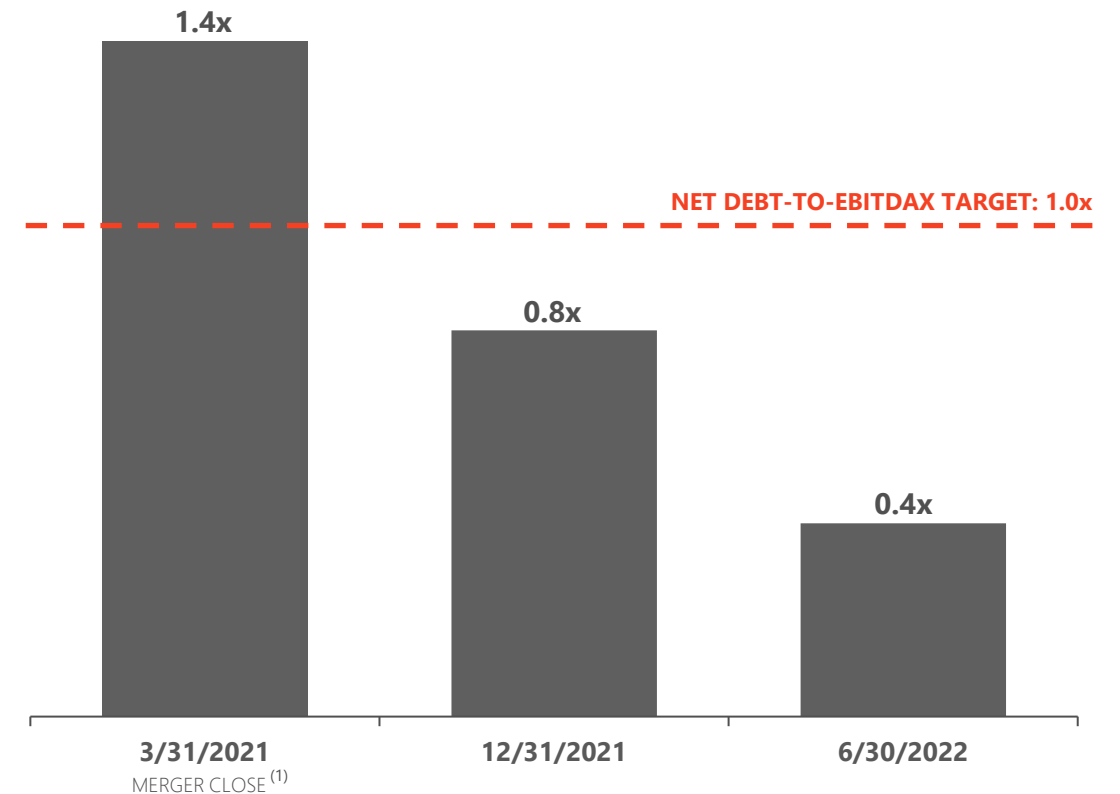


## **HEDGING** STRATEGY PROVIDES UPSIDE TO PRICING

- Financial strength allows for lower levels of hedging
- ~20% of production volumes hedged in 2022

## Achieved balance sheet leverage target

Net debt to EBITDAX (Trailing 12-months)



(1) Merger closed January 7, 2021. EBITDAX annualized based on actual Q1 2021 EBITDAX.

# Preliminary Thoughts on 2023 Outlook

## **NO CHANGE** TO OUR STRATEGIC PLAN

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- Focused on **PER-SHARE** financial growth
- Planning for **STEADY** & **CONSISTENT** activity
- **PRIORITIZING** free cash flow generation
- Committed to **MARKET-LEADING** cash returns







# | Operations Update



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# Executing on Our Disciplined Plan

## Outstanding Q2 execution

Key quarterly highlights



PRODUCTION  
VOLUMES (MBOED)

**↑4%**  
ABOVE GUIDANCE



AVG. IP30 WELL  
PERFORMANCE

**2,900**  
BOED/WELL

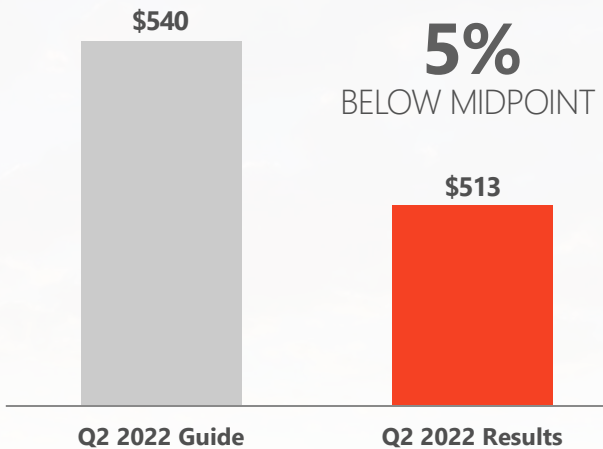


REINVESTMENT  
PERCENTAGE

**22%**  
% OF CASH FLOW

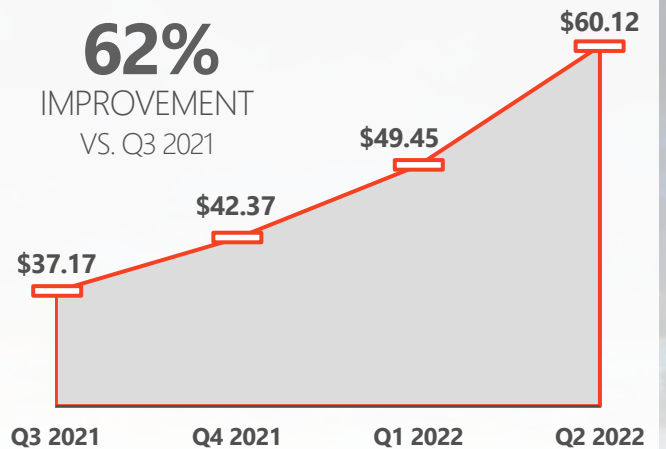
## Controlling capital costs

Upstream capital (\$ in millions)



## Delivering margin expansion

Field-level operating margin (\$/BOE)



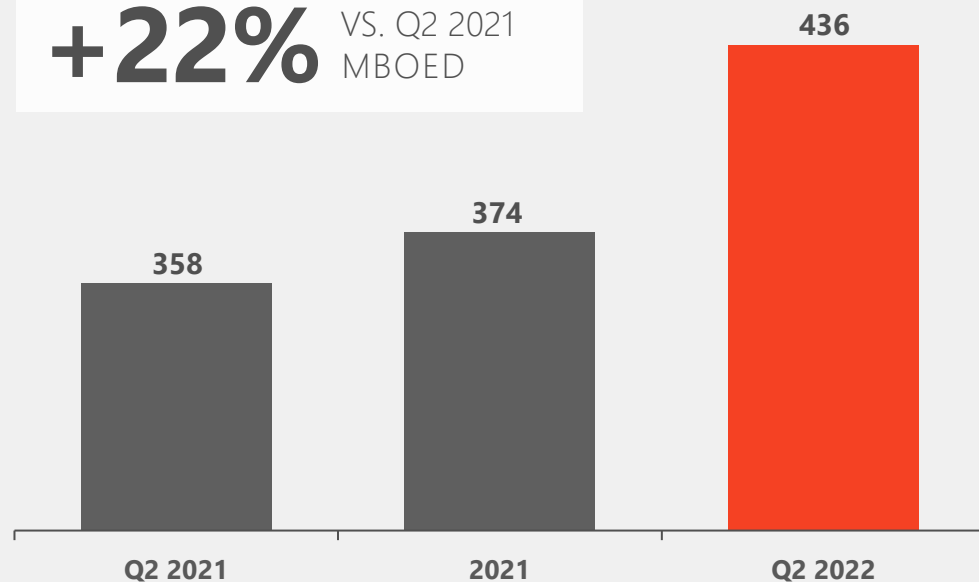
ADVANTAGED MULTI-BASIN  
**ASSET PORTFOLIO**



# Delaware Basin – Our Franchise Growth Asset

## HIGH-MARGIN GROWTH

**+22%** VS. Q2 2021  
MBOED



## Executing on our disciplined capital plan

- Brought online 52 high-impact development wells
- Average 30-day production rates: 3,000 BOED (63% oil)
- NEW** ■ Enhancing resource quality with acreage trades (pg. 18)

### WOLFCAMP & BONE SPRING CO-DEVELOPMENT

- Mr. Potato Head** (9,800' laterals)
- 9 Wolfcamp & Bone Spring wells
  - Avg. IP30: 3,100 BOED/well

### SUCCESSFUL WOLFCAMP DEVELOPMENTS

- Todd Area** (10,000' laterals)
- 12 Wolfcamp wells
  - Avg. IP30: 4,500 BOED/well

New Mexico

Texas

### STRONG BONE SPRING RESULTS IN STATELINE

- CBR 8 & 9** (10,200' laterals)
- 13 Bone Spring wells
  - Avg. IP30: 3,100 BOED/well



**ACREAGE TRADE IN  
STATELINE AREA**  
(SEE PAGE 18 FOR DETAILS)

**NEW**



**WORLD-CLASS POSITION  
400,000 NET ACRES**

Reeves

Ward

Eddy

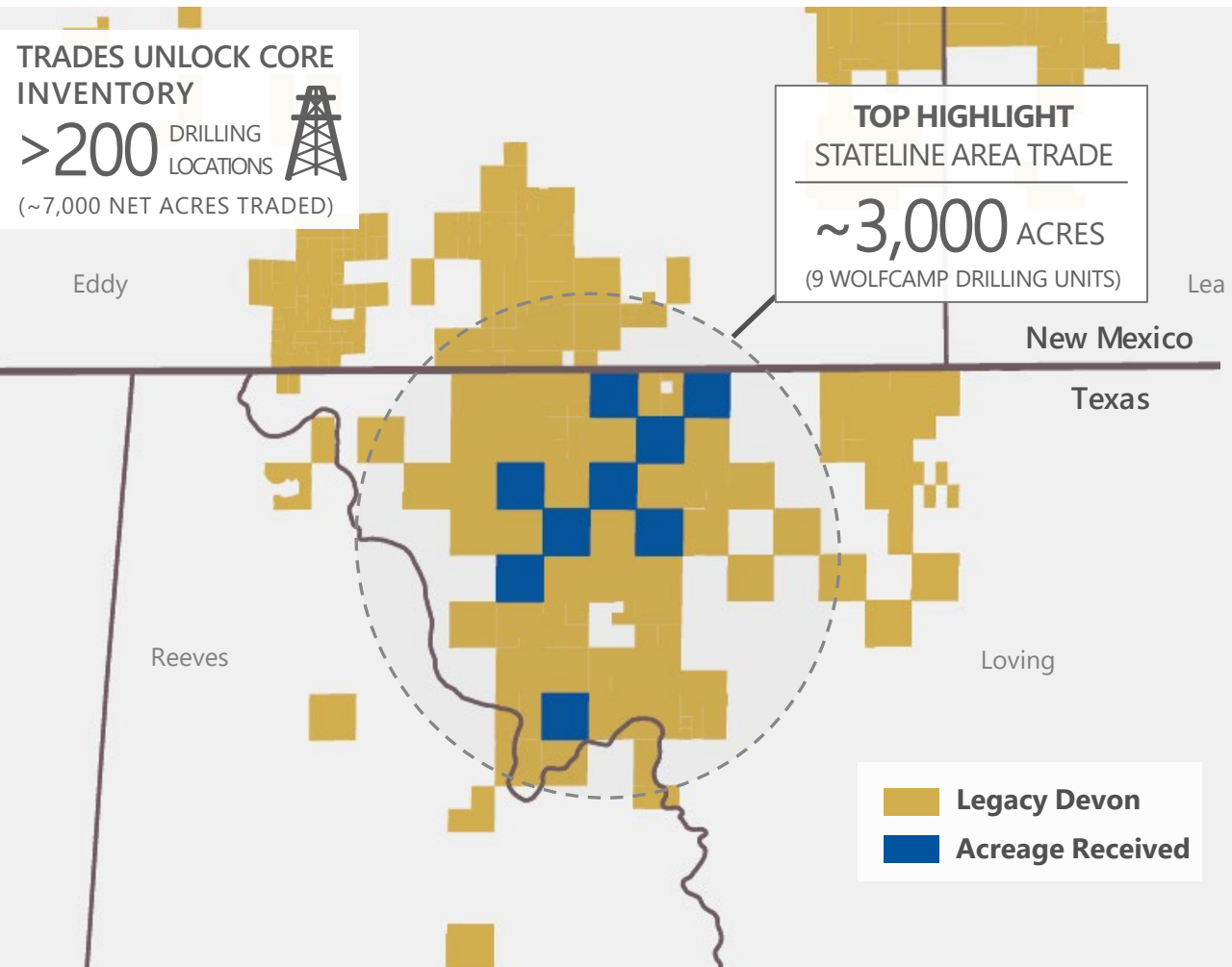
Lea

Loving

Winkler



# Acreage Trades Optimizing Value of Our Resource

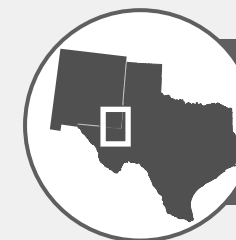


## ADDING ACREAGE IN CORE OF PLAY

- Traded ~7,000 net acres year to date
- Top highlight: Stateline acreage trade (see map)

## BOLSTERS HIGH-RETURN INVENTORY

- Unlocks >200 extended-reach drilling locations
- Optimizes capital efficiency with longer laterals



ACCRETIVE TRADES PROVIDE  
**SIGNIFICANT VALUE UPLIFT**

# Bolt-On Acquisition Enhances Williston Position

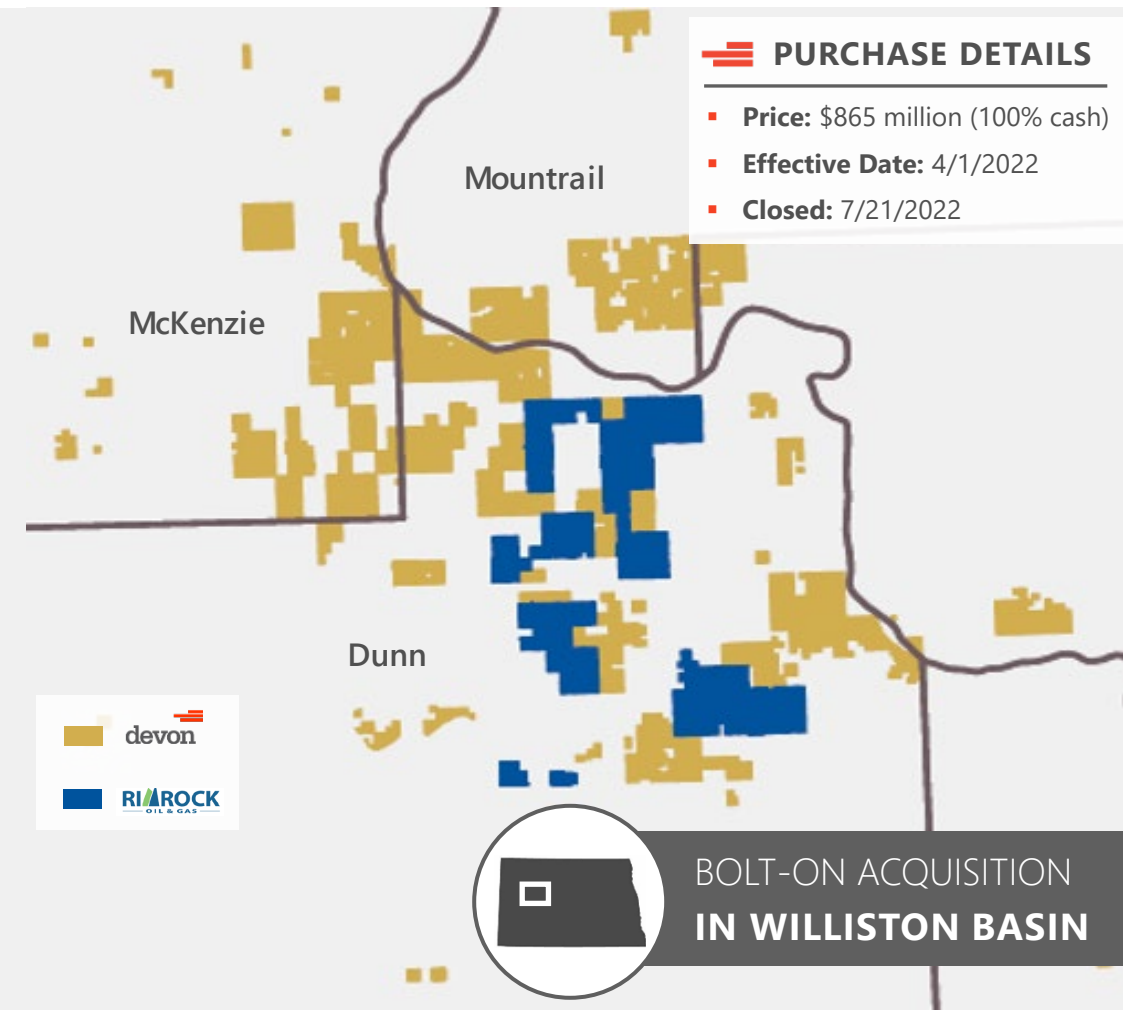
## ✓ OVERLAPS EXISTING POSITION IN CORE OF THE PLAY

- Contiguous operated position of 38,000 net acres
- Secures >100 highly economic drilling locations
- Provides inventory depth to maintain production profile

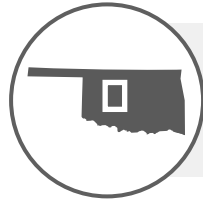
## ✓ COMPLIMENTS CASH-RETURN BUSINESS MODEL

- Attractive purchase price at 2.2-times cash flow
- Provides high-margin, oil-weighted production mix
- Transaction accelerates return of cash to shareholders (pg. 10)

WILLISTON KEY METRICS	devon	RI/ROCK OIL & GAS	Pro Forma
Net Acreage	85,000	38,000	<b>123,000</b>
2022e Production Exit-Rate (BOED)	45,000	~20,000	<b>~65,000</b>
Oil Mix (% of production)	67%	78%	<b>70%</b>
2022e Gross Wells Online	10-15	~15	<b>25-30</b>

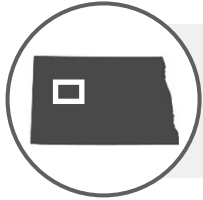


# Diversified Across Top U.S. Resource Plays



## ANADARKO BASIN

- **Repeatable** resource play with exposure to rising gas & NGL prices
- Capital efficiency enhanced by \$100 million drilling carry with Dow
- Expect to bring online 40 wells carried by Dow in second half of 2022



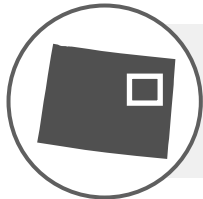
## WILLISTON BASIN

- High-margin resource opportunity in economic core of the play
- **NEW** Added 38,000 net acres **overlapping** Devon's existing leasehold (pg. 19)
- Expect production to approximate 65,000 BOED by end of the year



## EAGLE FORD

- Commenced 1<sup>st</sup> production on 14 wells in Q2 (avg. IP30: 2,400 BOED)
- New well activity drives Q2 volumes 6% **higher** quarter over quarter
- Partnership plans to bring online 15 new wells over remainder of 2022



## POWDER RIVER BASIN

- **Emerging** oil resource play with stacked-pay potential
- Technical teams focused on advancing Niobrara delineation efforts
- Expect to bring online 10 wells in the second half of 2022

> \$3.0  
BILLION  
2022e CASH FLOW

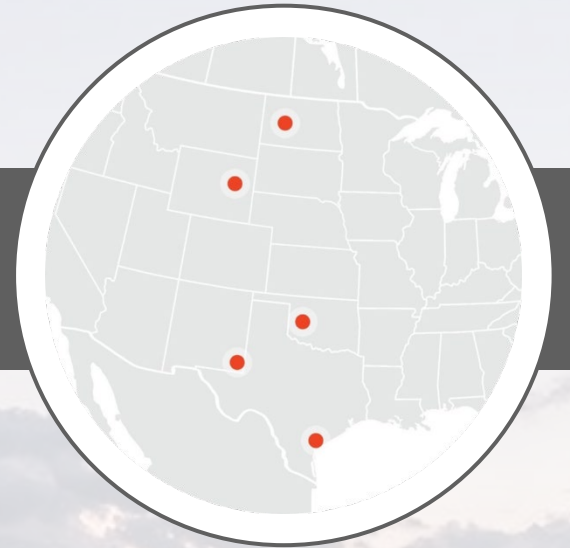
Note: Represents 2022 estimated field-level cash flow before G&A and taxes.







# | Appendix



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# Free Cash Flow Priorities

#1

## FIXED + VARIABLE DIVIDEND

- Fixed dividend is paid quarterly at \$0.18 per share
- Variable dividend is up to 50% of excess free cash flow

#2

## SHARE REPURCHASES

- \$2.0 billion buyback authorization in place
- Focused on opportunistically repurchasing shares

#3

## BALANCE SHEET IMPROVEMENT

- Opportunities to retire ~\$1 billion of low-premium debt
- Low leverage profile of 0.4x net debt-to-EBITDAX



## Q2 VARIABLE DIVIDEND CALCULATION

**\$2,480 MM** – Adjusted Cash Flow (Non-GAAP)

— **\$580 MM** – Capital Expenditures (Accrued)

**\$1,900 MM** – Adjusted Free Cash Flow (Non-GAAP)

— **\$105 MM** – Fixed Quarterly Dividend

**\$1,795 MM** – Excess Free Cash Flow

× **~50% Payout** (Board Discretion: Up to 50%)

**\$897 MM** – Variable Dividend (\$1.37/share)

**Q2 2022 TOTAL**  
DIVIDEND PAYOUT

**↑ \$1.55** PER SHARE  
PAYABLE ON SEPTEMBER 30, 2022

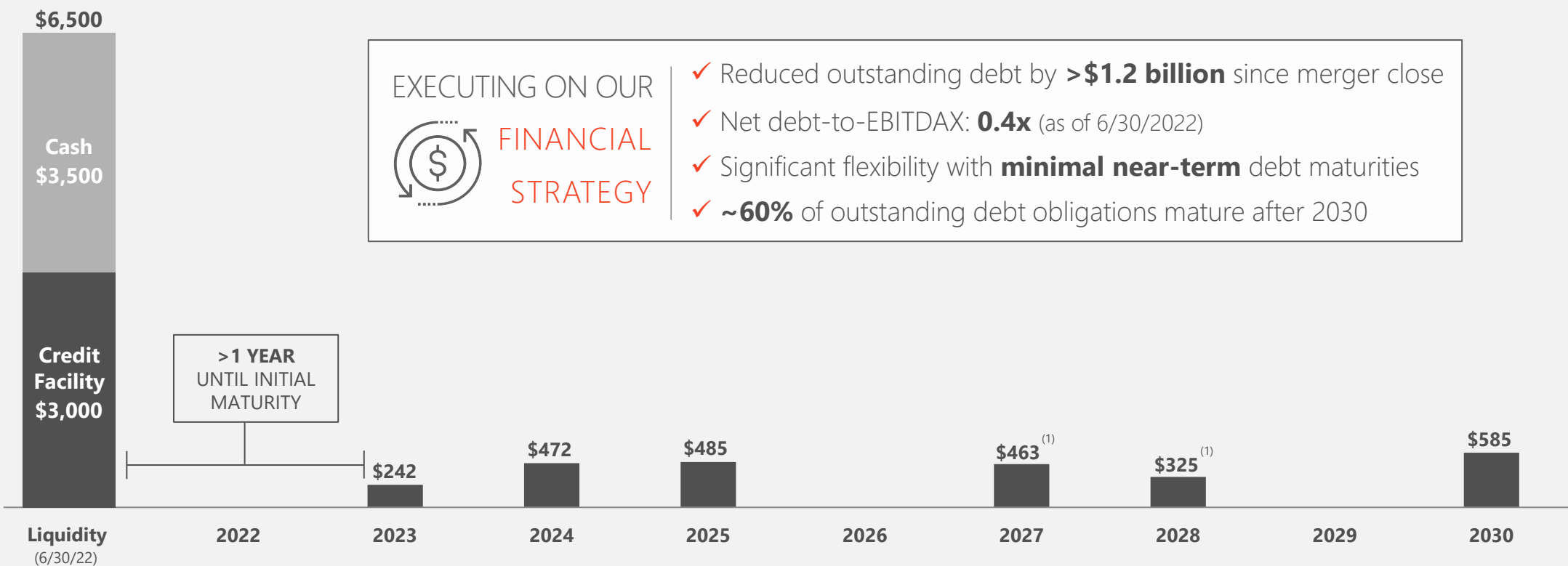
Note: Adjusted cash flow represents operating cash flow (\$2,678 mm) before balance sheet changes (-\$198 mm). See Devon's second-quarter 2022 earnings materials for more details regarding the variable dividend calculation.



# Our Investment-Grade Financial Strength

## Strong liquidity with minimal near-term debt maturities

Outstanding debt maturities through 2030 (\$MM)



(1) \$390 million of notes due in 2027 and all of notes due in 2028 are callable at a fixed price in Q4 2022 and Q2 2023, respectively.



# Strengthening Our Environmental Performance

## Committed to aggressive emissions targets

- Targeting net zero GHG emissions by 2050 (Scope 1 & 2)
- Plan to reduce methane emissions by 65% by 2030
- NEW** ▪ Joined Oil & Gas Methane Partnership (OGMP) 2.0 Initiative

## Taking immediate action & delivering results

- Scope 1 & 2 GHG emissions reduced by ~20% (see chart)
- Methane emissions were reduced 47% in 2020
- Flared volume intensity declined by 33% in 2020

## Strategy to drive continuous improvement

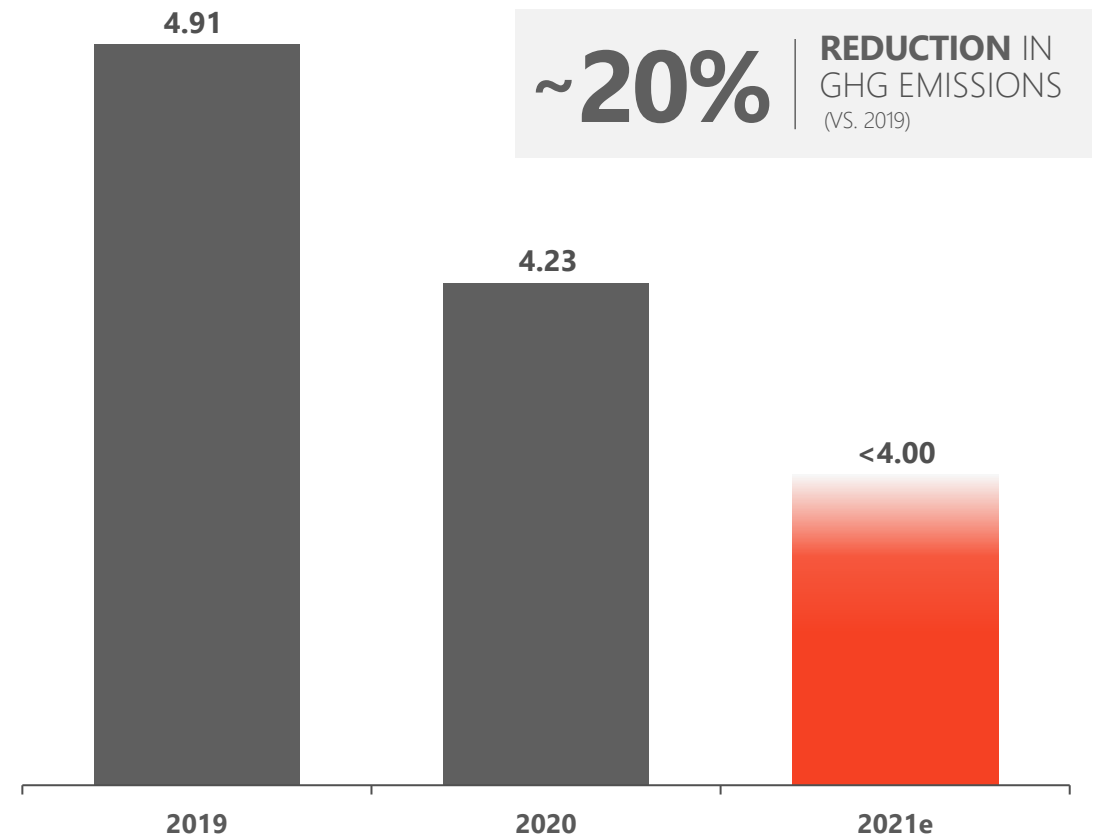
- Expanding and enhancing leak detection & repair programs
- Electrifying facilities to reduce onsite fuel consumption
- Converting to air-driven pneumatic controllers



For additional information see our **2021 Sustainability Report**

## Reducing Scope 1 & 2 GHG emissions

(Million tonnes CO<sub>2</sub>e)



# Committed to Aggressive Emissions Reductions

## ENVIRONMENTAL PERFORMANCE 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

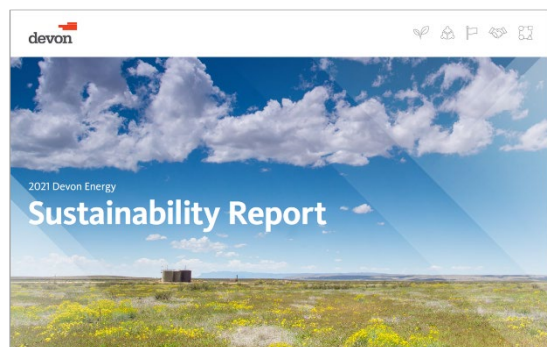
**0.5%**  
OR LOWER

OF GROSS NATURAL GAS  
PRODUCED BY 2025

ROUTINE FLARING

**ENTIRELY  
ELIMINATE**

AS DEFINED BY THE  
WORLD BANK BY 2030



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

Note: For more information on these targets, including reporting boundaries, calculation methodologies and baselines (where applicable), please refer to the Sustainability portion of Devon's website.



## HIGHLY-REGARDED ESG COLLABORATIONS & RECOGNITION



SUSTAINALYTICS



PART OF  
Moody's ESG Solutions



CPA-Zicklin Index  
of Corporate Political Disclosure  
and Accountability



# Investor Contacts & Notices

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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; risks relating to the COVID-19 pandemic or other future pandemics; 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, including as a result of employee misconduct; regulatory

restrictions, compliance costs and other risks relating to governmental regulation, including with respect to environmental matters; risks related to regulatory, social and market efforts to address climate change; risks related to our hedging activities; counterparty credit risks; risks relating to our indebtedness; cyberattack risks; our limited control over third parties who operate some of our oil and gas properties; midstream capacity constraints and potential interruptions in production; the extent to which insurance covers any losses we may experience; competition for assets, materials, people and capital; risks related to investors attempting to effect change; our ability to successfully complete mergers, acquisitions and divestitures; risks related to the recent merger with WPX, including the risk that we may not realize the anticipated benefits of the merger or successfully integrate the two legacy businesses; and any of the other risks and uncertainties discussed in Devon’s 2021 Annual Report on Form 10-K (the “2021 Form 10-K”) or other SEC filings.

The forward-looking statements included in this communication speak only as of the date of this communication, represent current reasonable management’s expectations as of the date of this communication and are subject to the risks and uncertainties identified above as well as those described in the 2021 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 2021 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.

### Use of Non-GAAP Information

This presentation may include non-GAAP (generally accepted accounting principles) financial measures. Such non-GAAP measures are not alternatives to GAAP measures, and you should not consider these non-GAAP measures in isolation or as a substitute for analysis of our results as reported under GAAP. For additional disclosure regarding such non-GAAP measures, including reconciliations to their most directly comparable GAAP measure, please refer to Devon’s second-quarter 2022 earnings materials and related Form 10-Q filed with the SEC.

### 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 2021 Form 10-K and our other reports and filings with the SEC.