

# Q2 2024 Earnings Presentation

August 6, 2024

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



# Key Takeaways From Our Presentation

**1 OIL PRODUCTION** REACHES NEW ALL-TIME HIGH  
Q2 volumes exceeded guidance by 3% reaching 335,000 barrels per day

**2 DELAWARE** GROWTH DRIVES Q2 OUTPERFORMANCE  
Improved well productivity & efficiency gains deliver strong results

**3 RAISING** FULL-YEAR 2024 PRODUCTION OUTLOOK  
2024 outlook increased for second consecutive quarter

**4 BUYBACK** PROGRAM EXPANDED TO \$5 BILLION  
Represents a 67% increase to share repurchase authorization

**5 STRATEGIC** ACQUISITION ENHANCES OPERATING SCALE  
Transforms Williston by nearly tripling production & expanding inventory



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: 0.6x (as of 6/30/2024)
- Strong liquidity & low breakeven levels enhance **FINANCIAL STRENGTH**

## **PURSUE** ESG EXCELLENCE

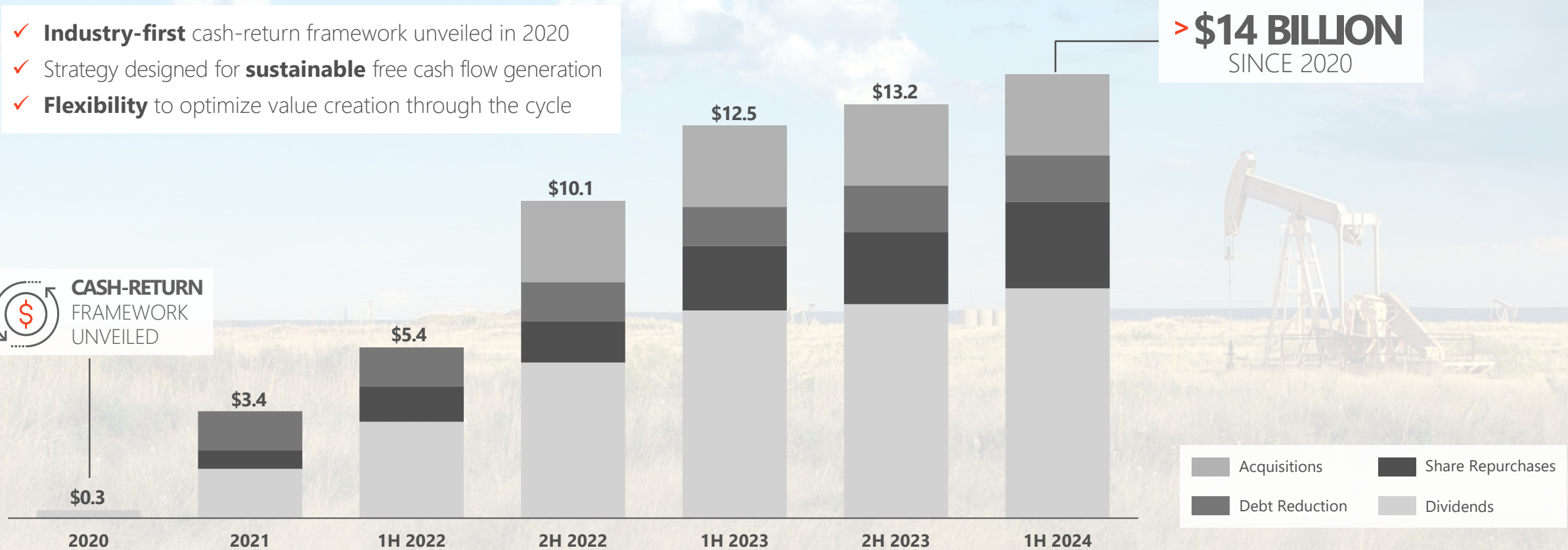
- ESG initiatives incorporated into **COMPENSATION** structure
- Committed to aggressive emissions reduction targets

# 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

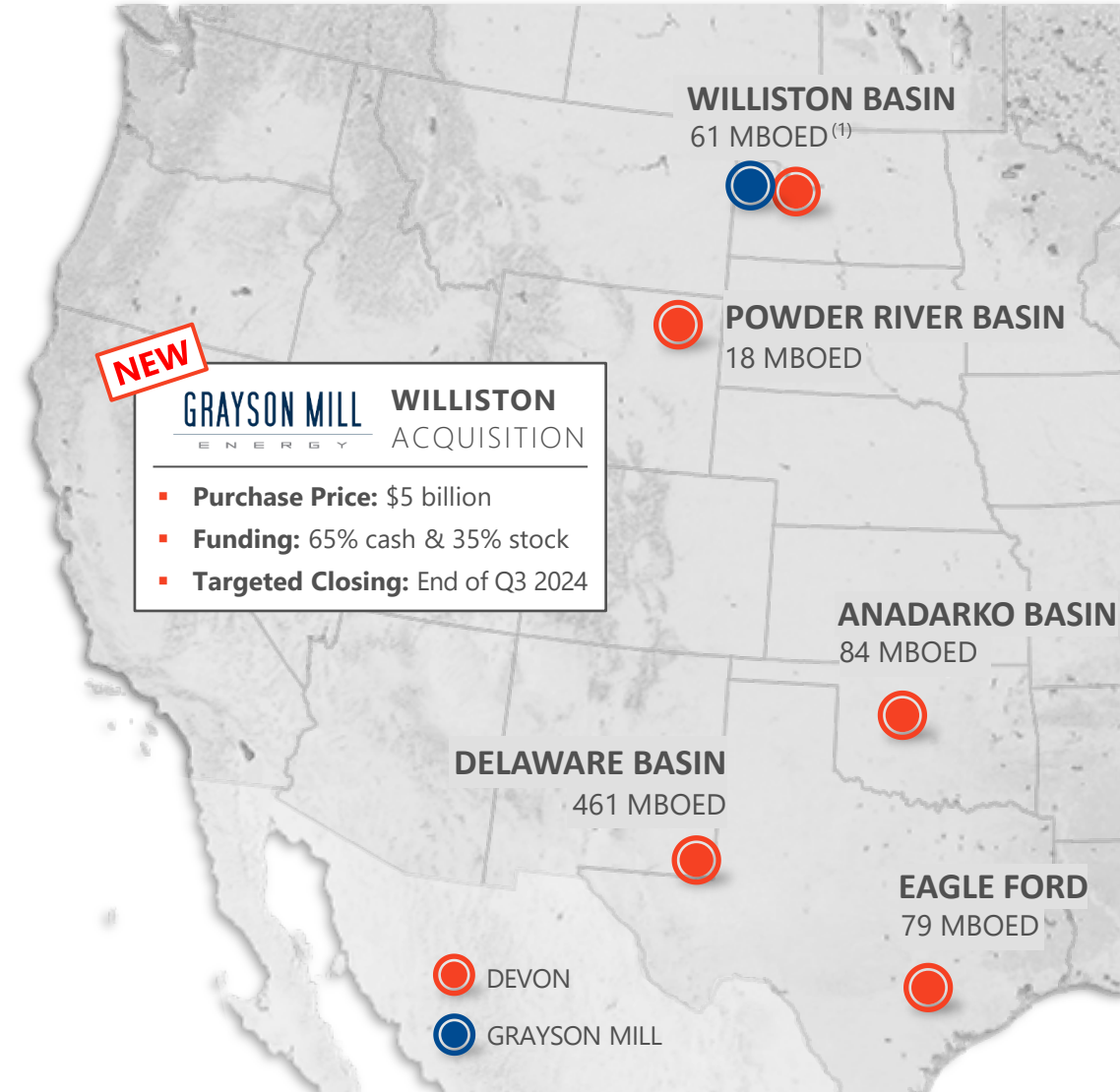
- Low-cost structure drives differentiated margins
- Track record of improving efficiencies & lowering cost of supply



## 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)

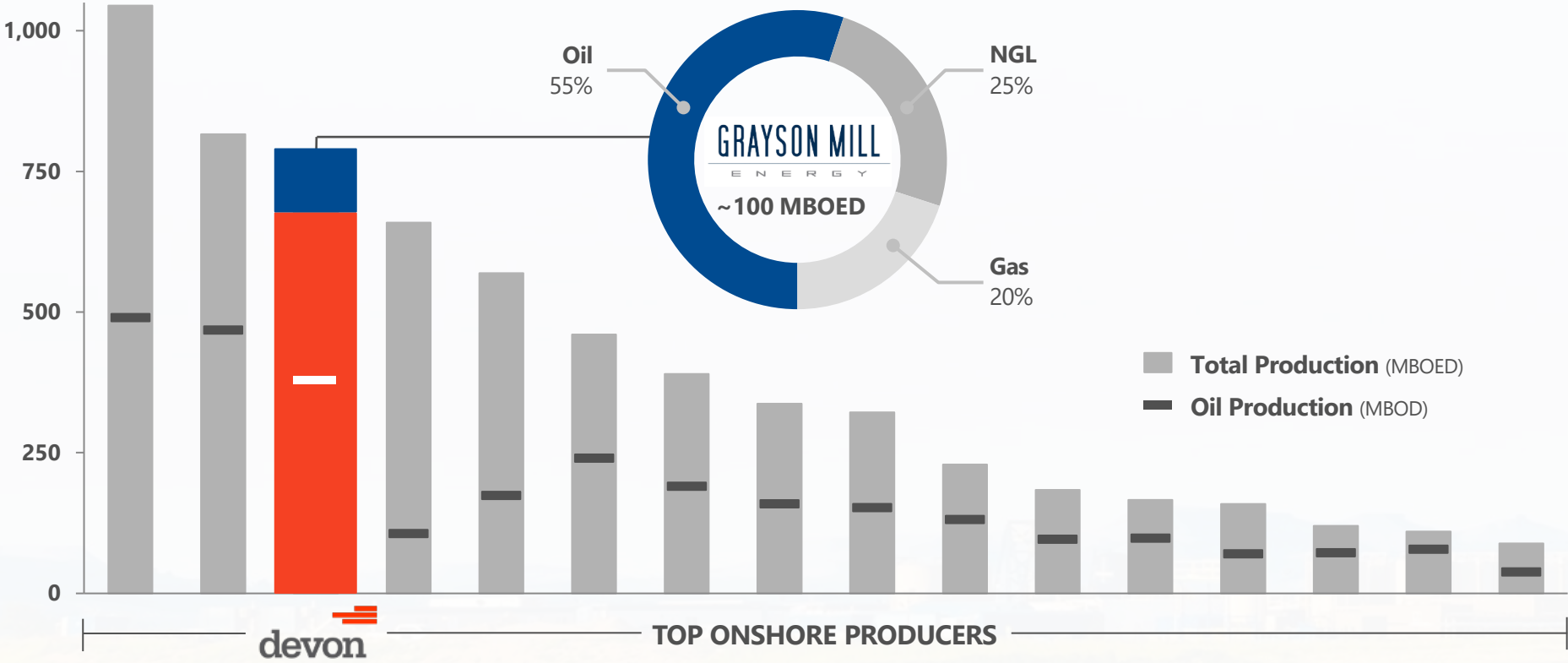
(1) Q2 2024 Williston Basin production does not reflect Grayson Mill acquisition that is expected to close by the end of Q3 2024.



# Advantaged Operating Scale & Diversification

## TOP U.S. ONSHORE PURE-PLAY PRODUCERS

PRO FORMA TOTAL PRODUCTION (MBOED)<sup>(1)</sup>



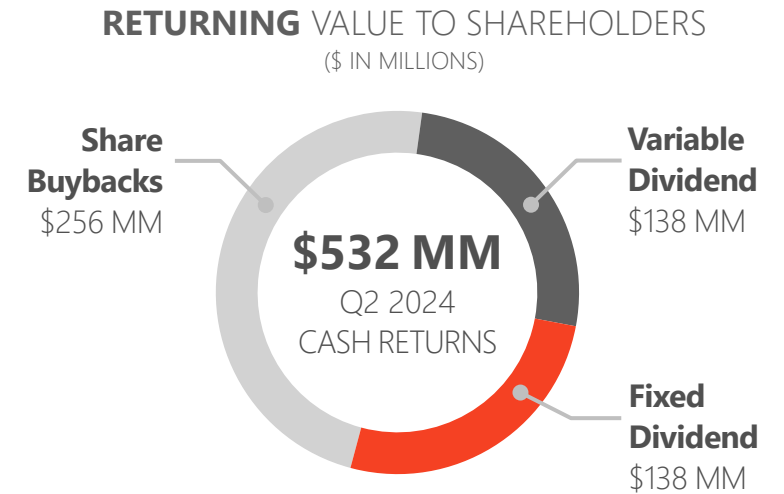
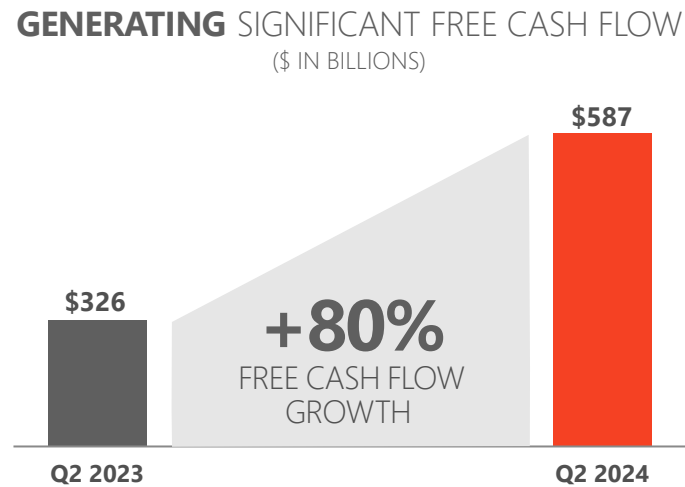
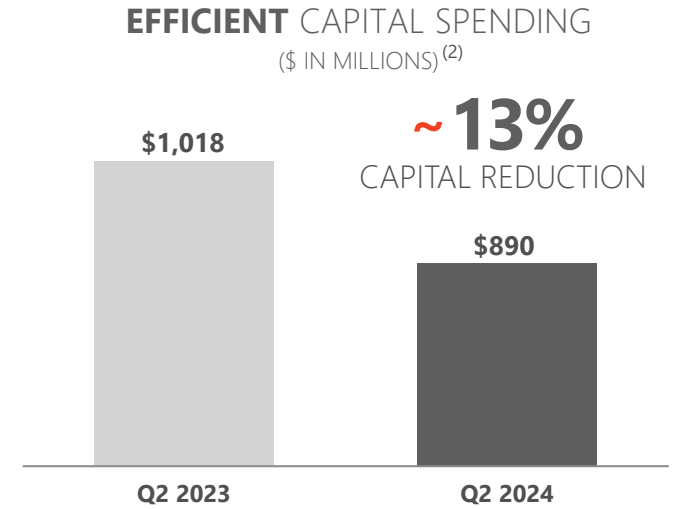
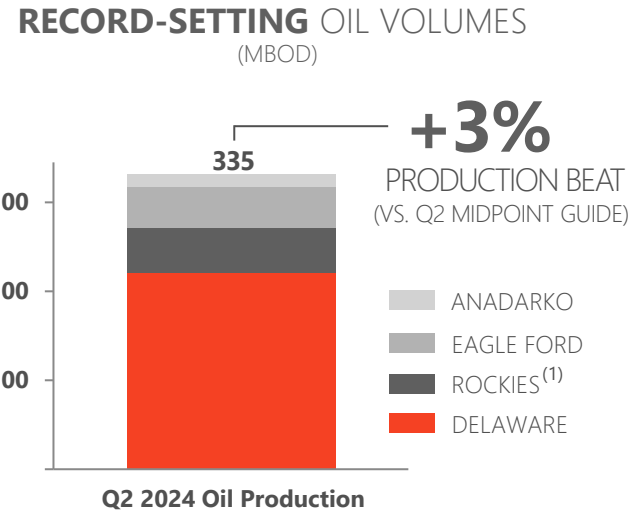
(1) Sourced from FactSet & Devon. Pro forma production is a combination of Devon's 2024 guidance and Grayson Mill's 2025e volumes of ~100 MBOED (~55% oil). Represents upstream peers with >10% oil mix.



# Q2 2024 – Executing on Our Disciplined Plan

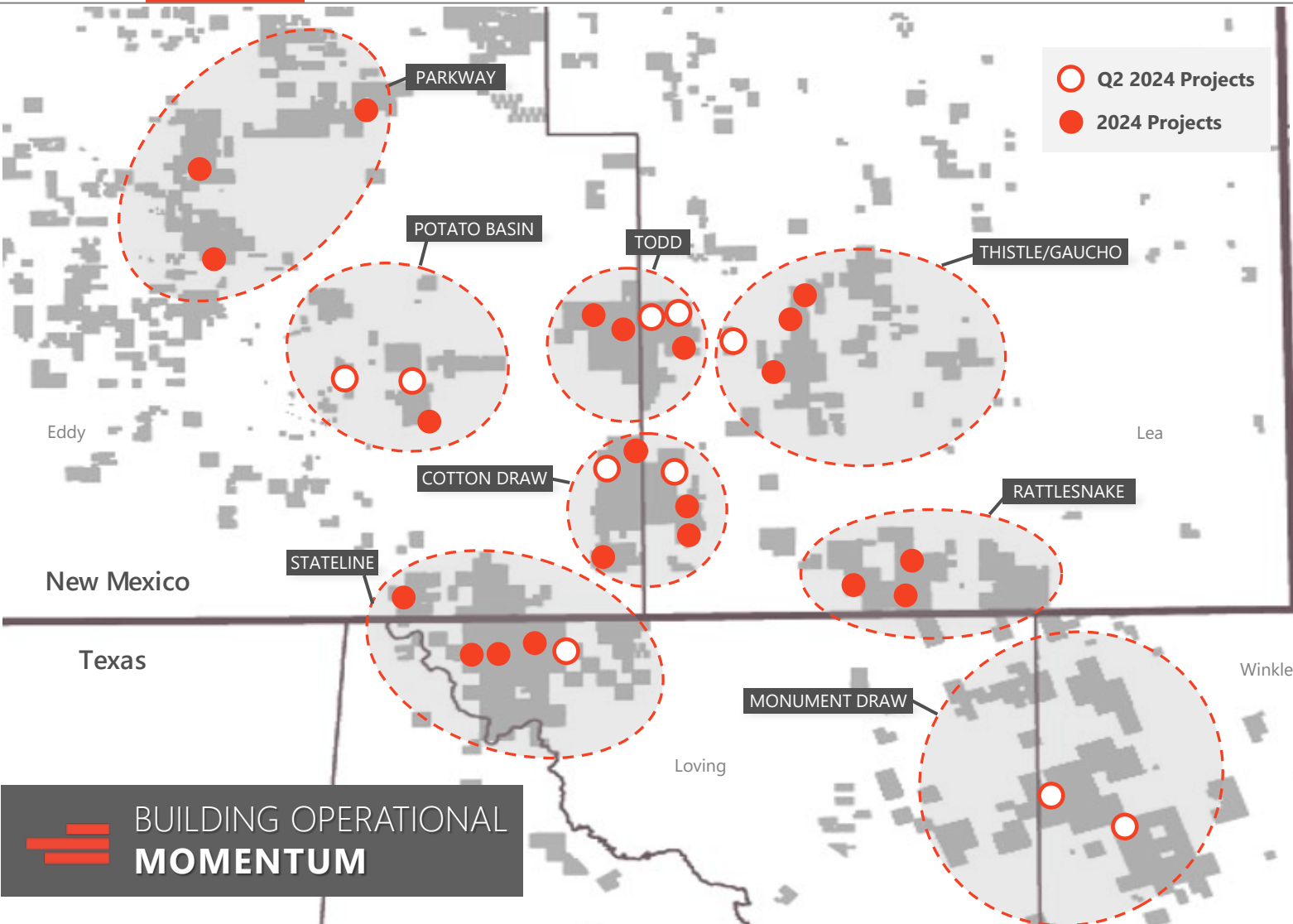


**16<sup>TH</sup> STRAIGHT QUARTER**  
OF FREE CASH FLOW



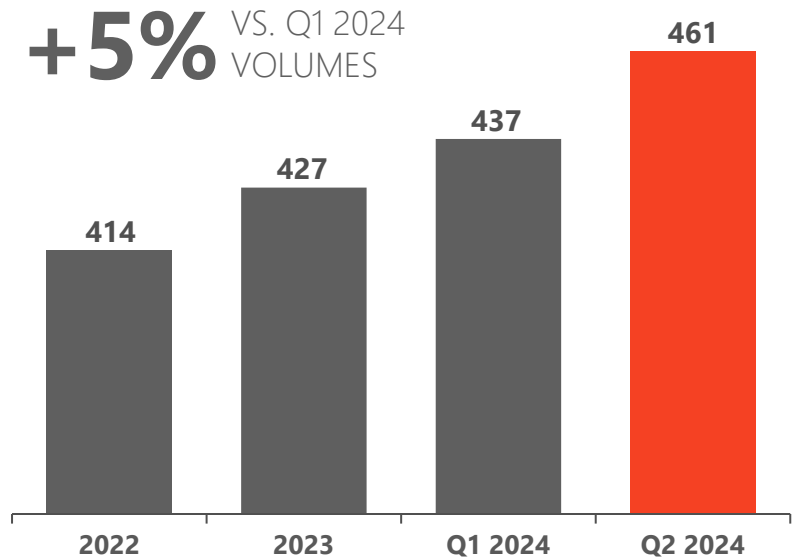
(1) Includes legacy Williston Basin & Powder River Basin assets. (2) Excludes acquisition capital.

# Delaware Basin – Our Franchise Asset



## CAPITAL-EFFICIENT GROWTH

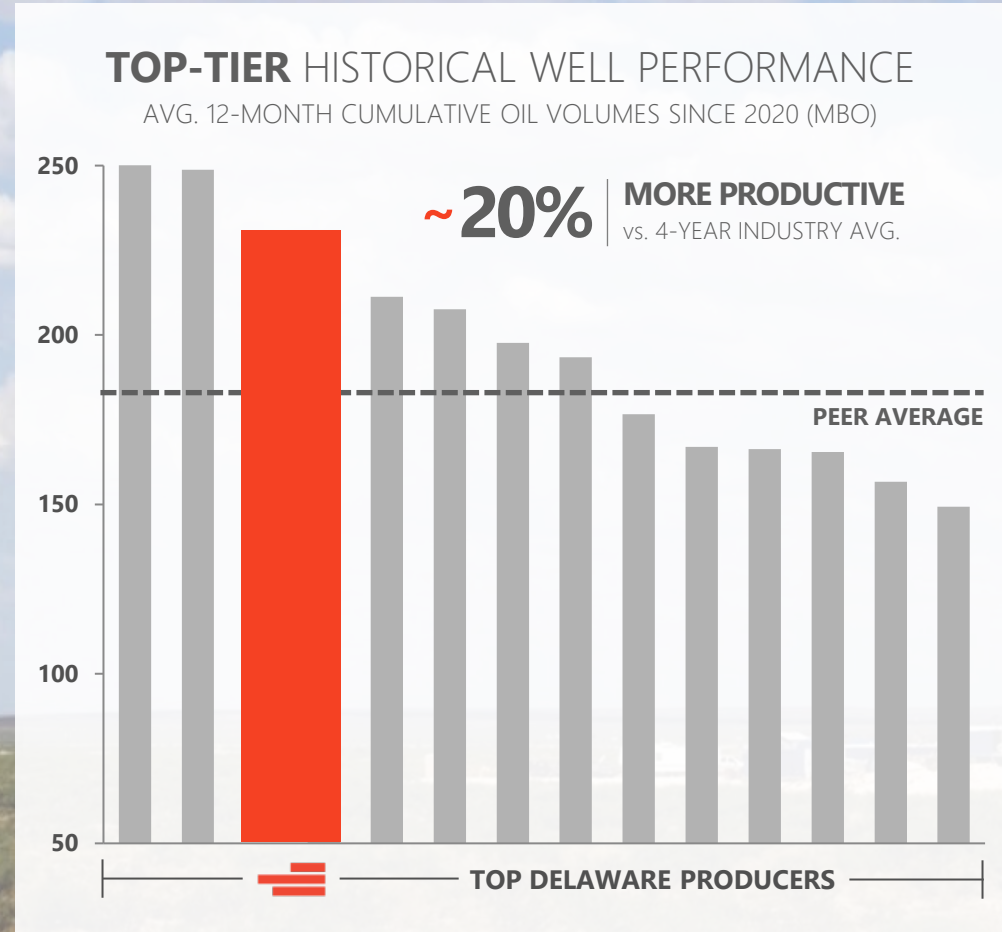
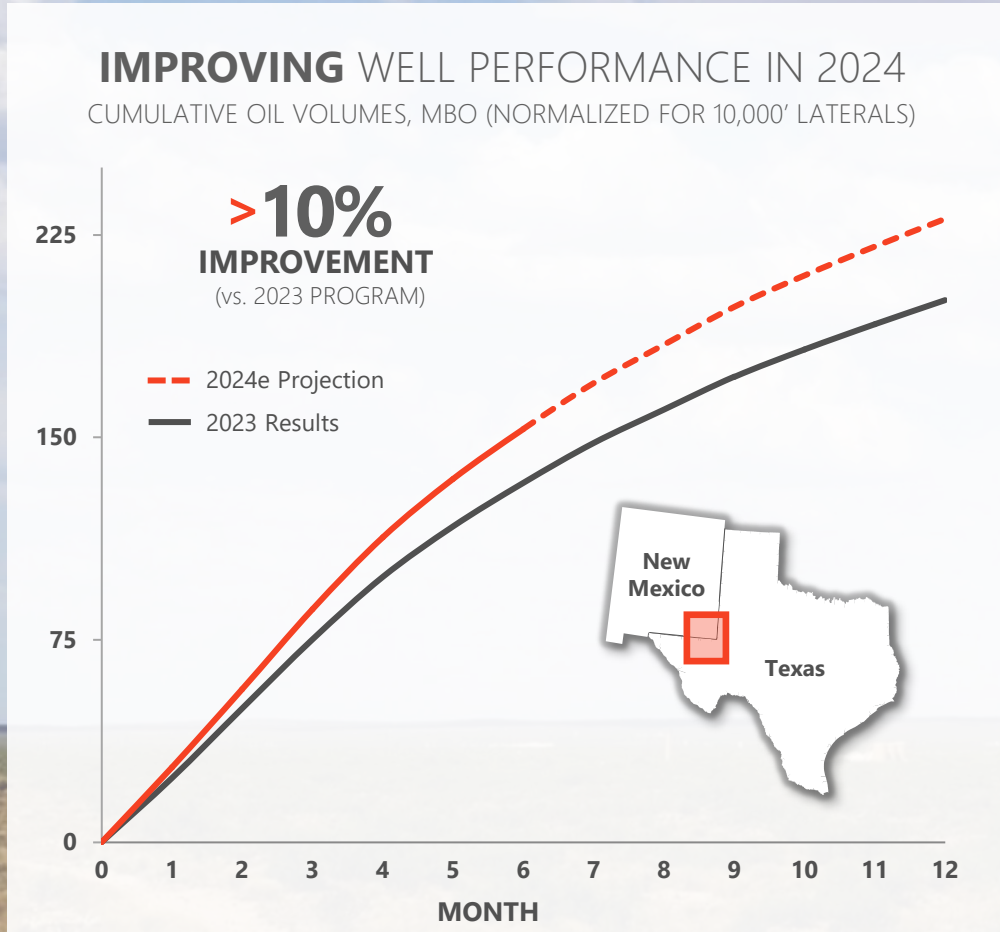
TOTAL DELAWARE PRODUCTION (MBOED)



**BUILDING OPERATIONAL MOMENTUM**



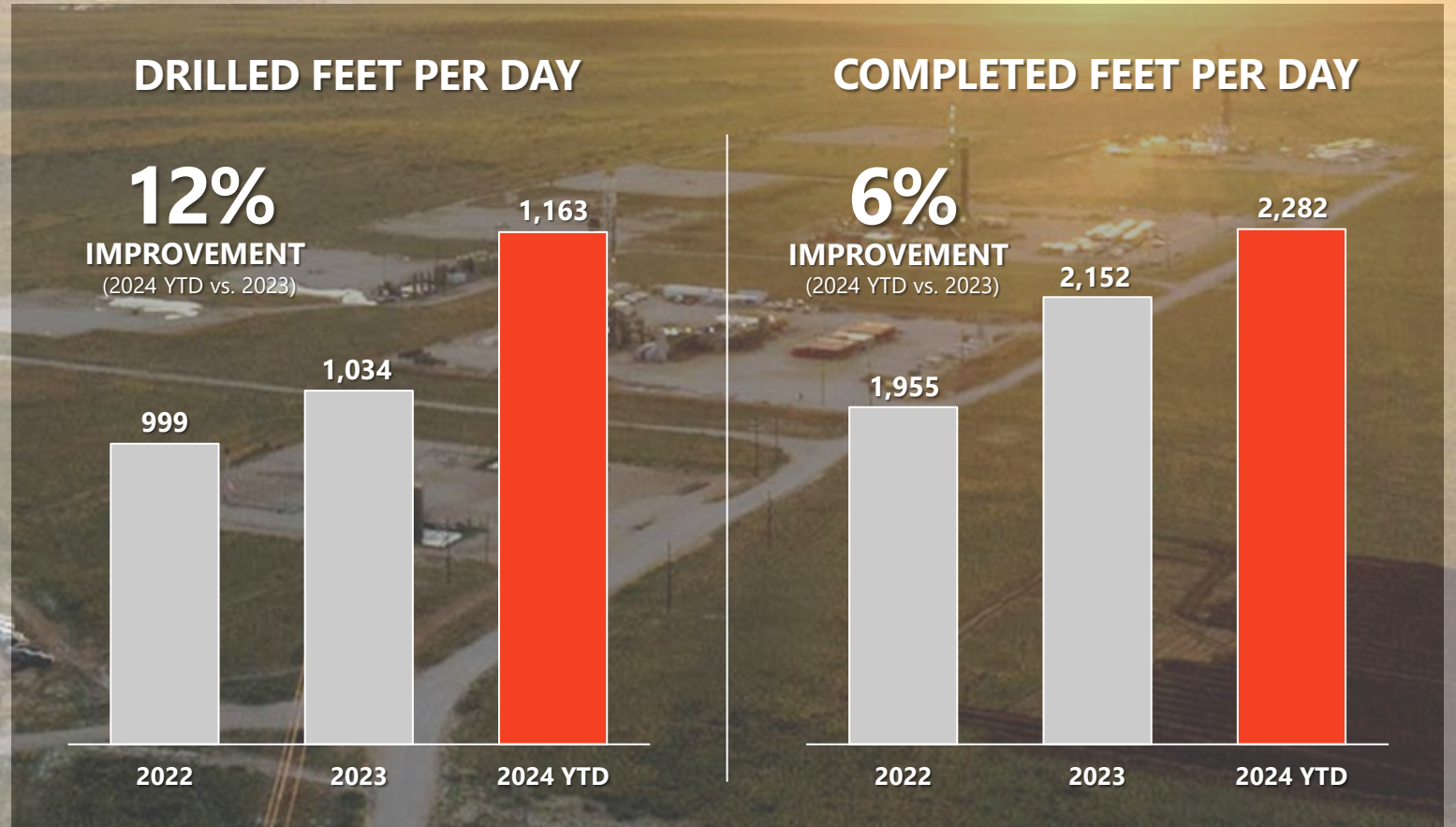
# Delaware Basin – Superior Well Productivity



Note: Data sourced from Enverus Prism dated 8/2/2024. Delaware Basin wells online since 1/1/2020 with 12-month oil production available. Includes operators with a minimum of 150 wells.

# Delaware Basin – Operating Efficiencies Advance

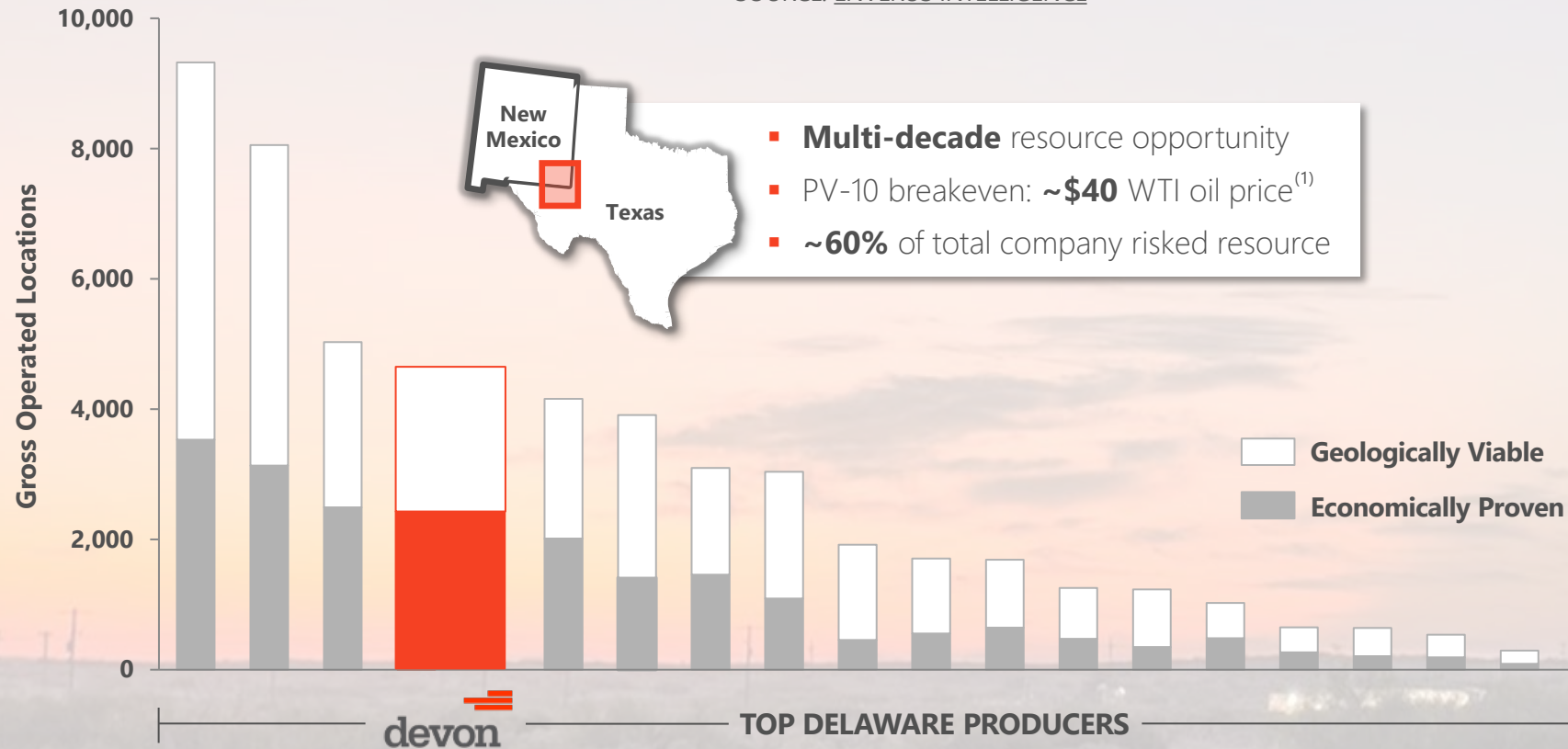
**STRONG TRACK RECORD OF OPERATIONAL EXCELLENCE**



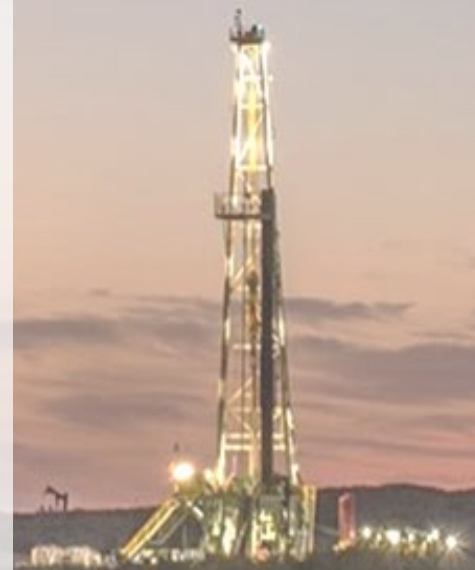
# Inventory Depth Underpins Delaware Sustainability

## 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 for Second Time in 2024

## UPDATED 2024 OUTLOOK

**NEW** TOTAL VOLUMES (MBOED) **677-688**  
(+5% vs. ORIGINAL GUIDE)

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

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

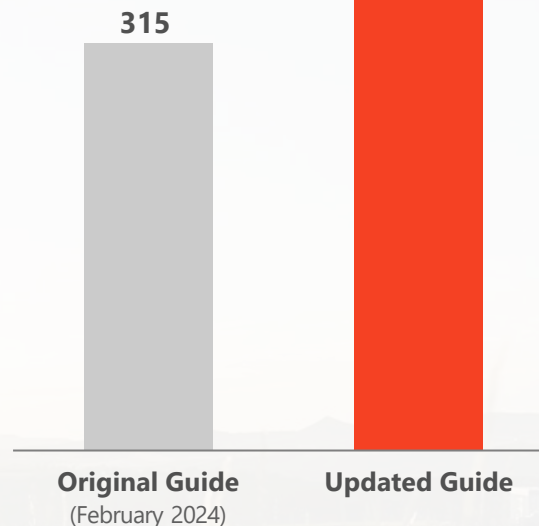
ATTRACTIVE RETURNS **~20%**  
ROCE

Note: Assumes \$80 WTI & 5% service cost deflation vs. 2023.

## RAISING OIL VOLUME GUIDANCE

2024 OIL PRODUCTION (MBOED)

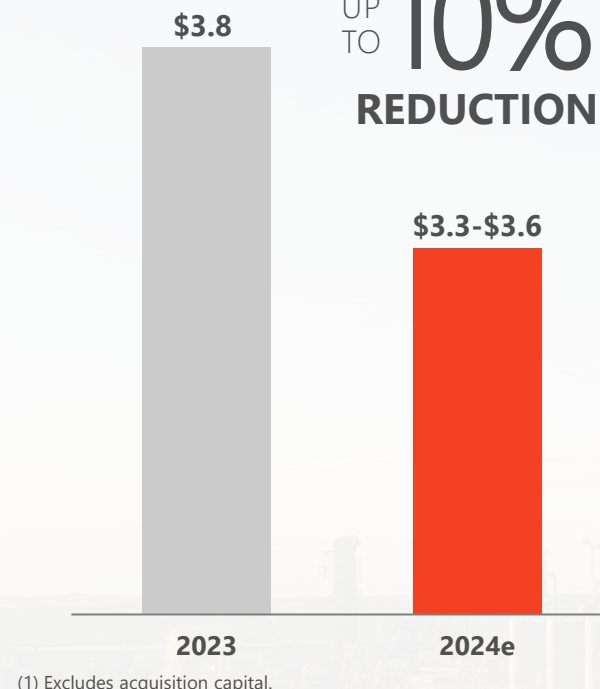
~3%  
INCREASE



## HIGH-GRADING CAPITAL

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

UP TO 10%  
REDUCTION



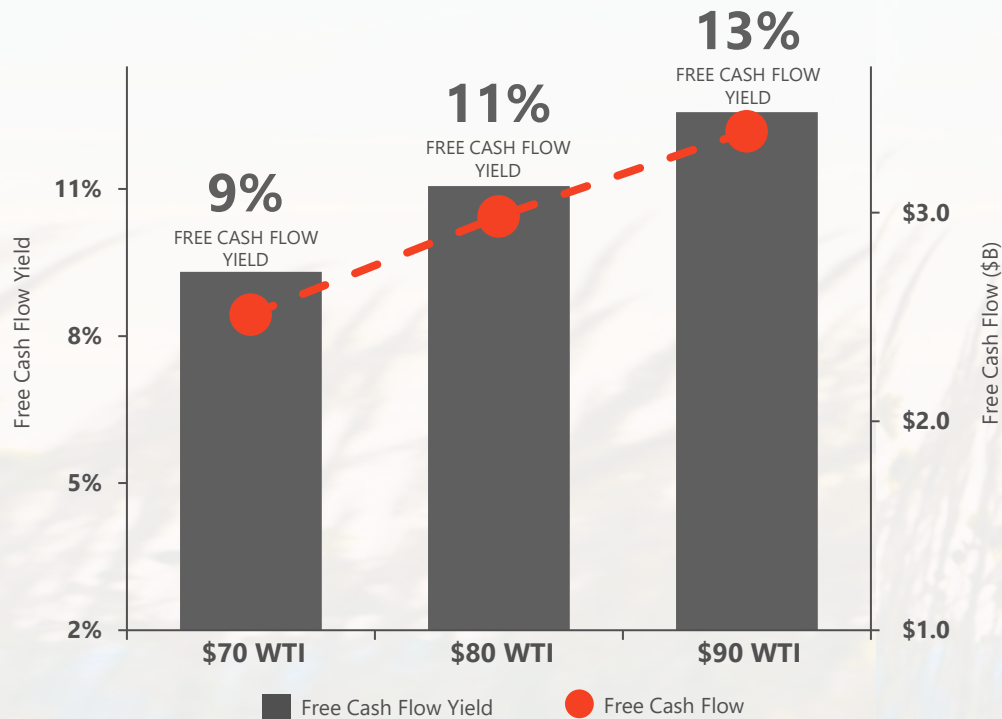
(1) Excludes acquisition capital.

2024 outlook does not reflect Grayson Mill acquisition that is expected to close by the end of Q3 2024.

# Positioned for Significant Free Cash Flow Generation

## Devon's attractive free cash flow yield

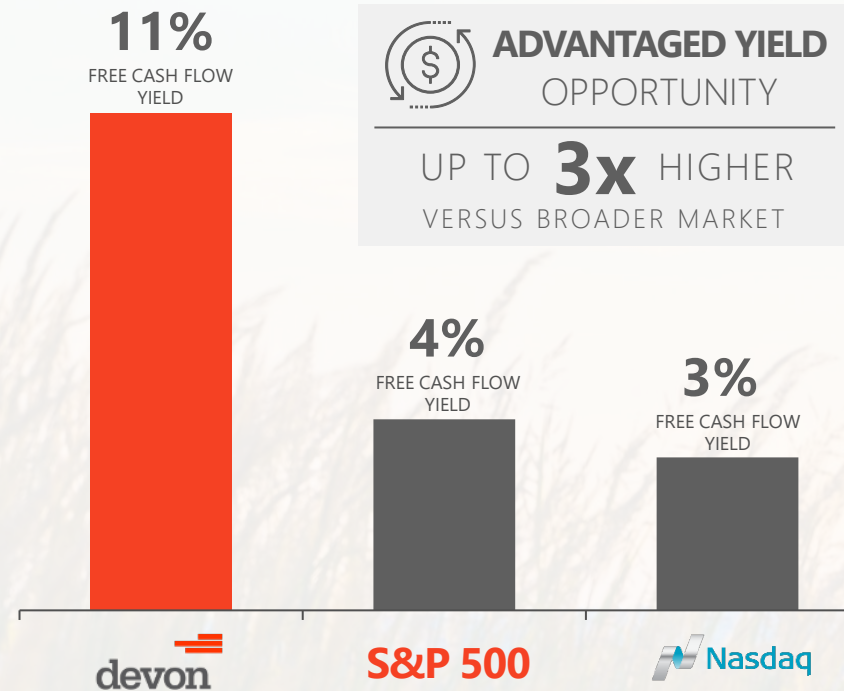
2024e free cash flow yield sensitivities




Note: Free cash flow yield represents 2024e operating cash flow less total capital requirements divided by Devon's market capitalization as of August 2, 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.

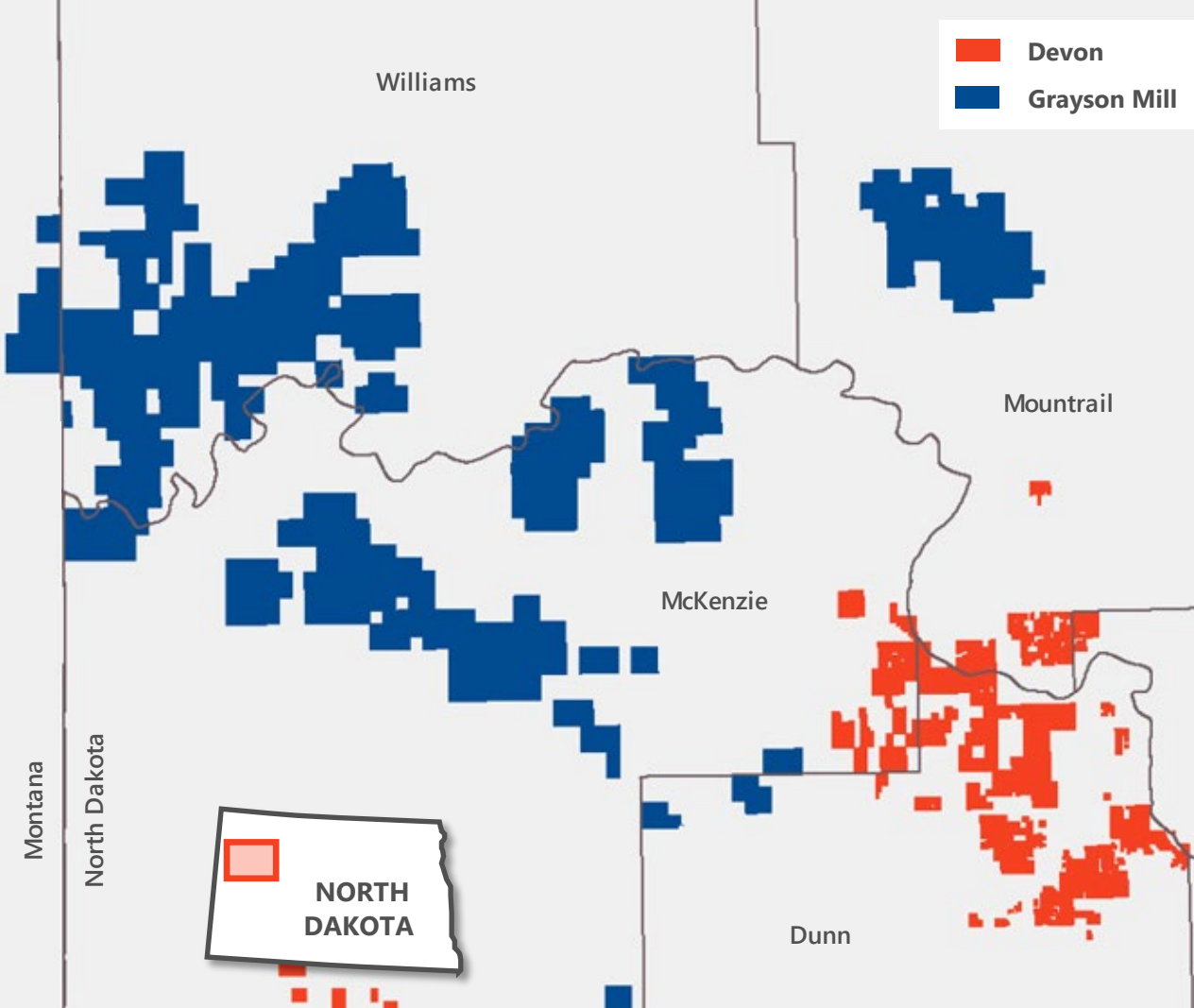
 2024 outlook does not reflect Grayson Mill acquisition that is expected to close by the end of Q3 2024.

# Acquisition Transforms Williston Basin Business

- ✓ Secures a leading Williston Basin position of **307,000** net acres
- ✓ Adds **oil-weighted** production profile of ~100,000 BOED in 2025 (55% oil mix)
- ✓ Provides up to **10-year** inventory runway at current pace of activity (~800 inventory locations)
- ✓ **Targeted closing** of transaction by the end of Q3 2024



For more information, please refer to the **Acquisition Presentation** on Devon’s website



# Disciplined Return of Capital to Shareholders



## **DISCIPLINED** SHARE REPURCHASES

**NEW**

- Increasing buyback authorization by 67% to \$5 billion
- Repurchased \$2.7 billion of shares to date (as of 6/30/2024)



## **ATTRACTIVE** DIVIDEND YIELD

- Dividend designed to deliver advantaged yield vs. S&P 500
- Flexible variable dividend evaluated quarterly



## **BALANCE SHEET** IMPROVEMENT

**NEW**

- Initiating a \$2.5 billion debt reduction program
- Targeting <1.0x net debt-to-EBITDAX



## **ACCRETIVE** RESOURCE CAPTURE

- Evaluate opportunities to add high-quality resource to portfolio
- Must advance financial strategy & deliver per-share growth

## **TARGET PAYOUT**

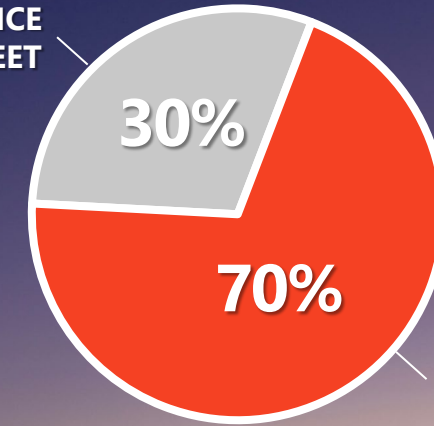
(% OF FREE CASH FLOW)

**BALANCE SHEET**

**30%**

**70%**

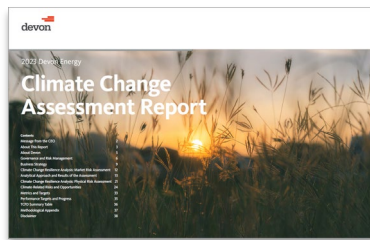
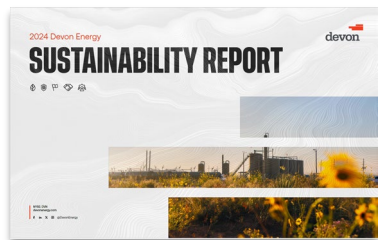
**CASH RETURNS**



# Focused on Environmental Excellence

## **NEW** 2024 SUSTAINABILITY REPORT HIGHLIGHTS

- Flared volume intensity was reduced by 82%<sup>(1)</sup>
- Scope 1 & 2 GHG emissions intensity declined by 24%<sup>(1)</sup>
- Recycled water usage increased by 15% vs. 2022
- Methane emissions intensity was reduced by 57%<sup>(1)</sup>
- Oil & Gas Methane Partnership 2.0 Initiative Member



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

(1) Measures reflect changes from 2019 to 2023.

## 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

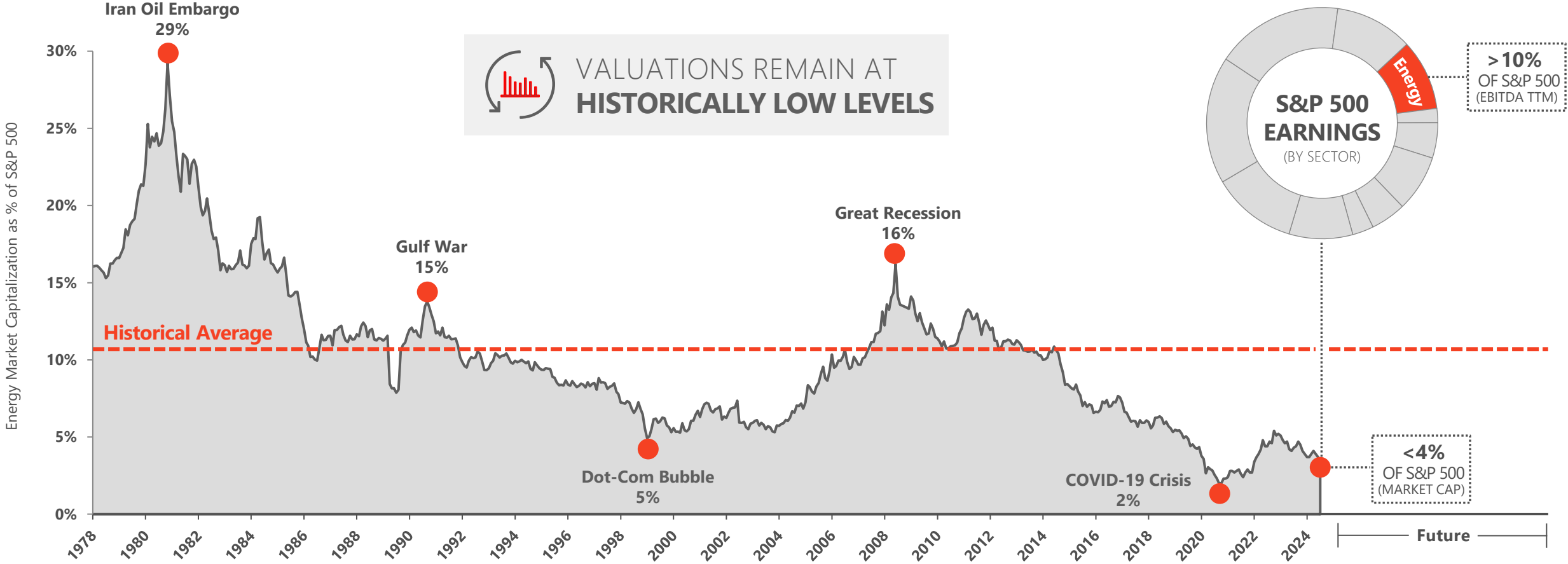
ROUTINE FLARING

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



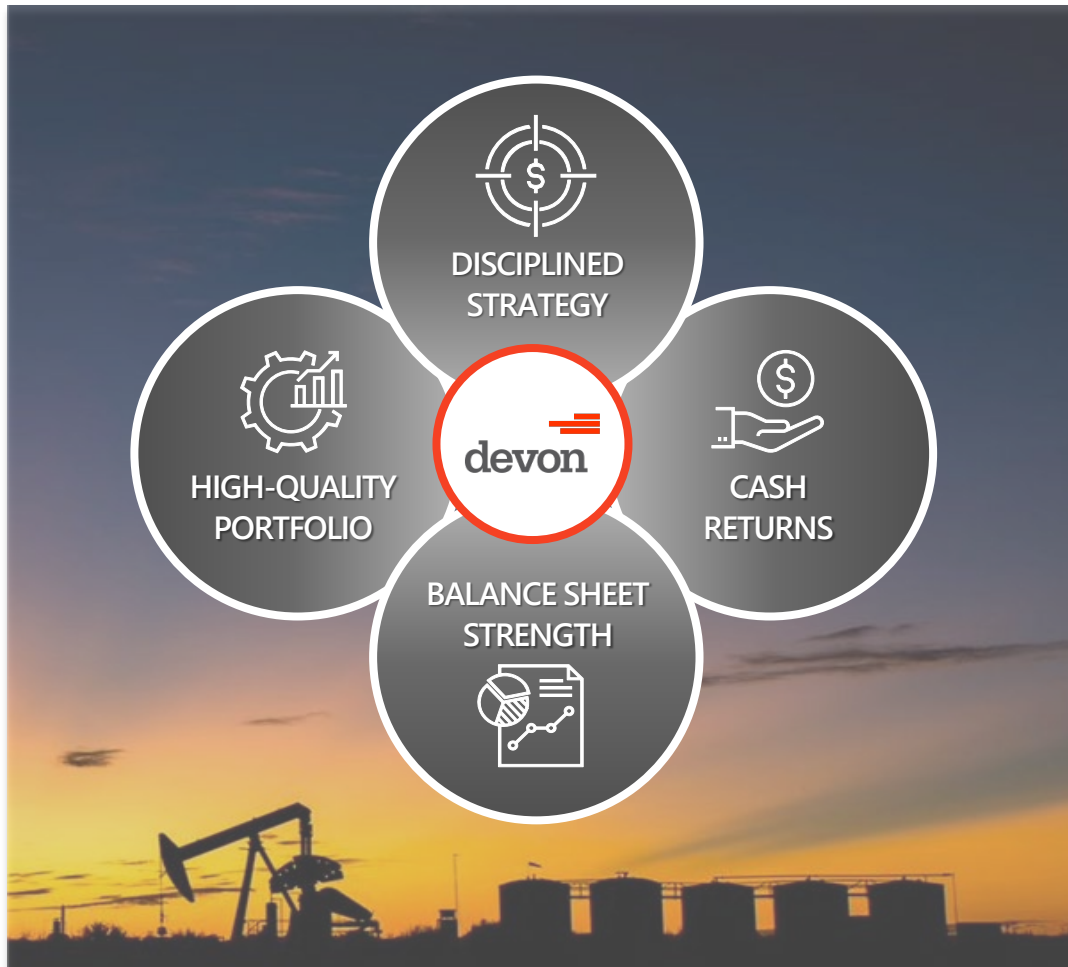
# Compelling Valuation & Upside in Energy

## 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**

For more information visit our website

 Q2 Tables & Guidance

**CONSOLIDATED STATEMENTS OF EARNINGS**

(In millions, except per share amounts)

	2024		2023		Quarter 2
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	
Oil, gas and NGL sales	\$ 2,796	\$ 2,629	\$ 2,757	\$ 2,882	\$ 2,493
Oil, gas and NGL derivatives <sup>(1)</sup>	23	1,943	324	1,944	(179)
Marketing and midstream revenues	1,088	1,132	1,084	1,148	1,037
Total revenues	3,917	3,596	4,165	3,856	3,454
Production expenses <sup>(2)</sup>	788	751	759	757	719
Exploration expenses	3	9	4	3	20
Marketing and midstream expenses	1,108	1,133	1,093	1,160	1,051
Depreciation, depletion and amortization	768	722	650	651	638
Asset dispositions	15	1	11	—	(61)
General and administrative expenses	114	114	111	99	92
Financing costs, net <sup>(3)</sup>	76	76	77	81	78
Other, net	5	22	10	33	20
Total expenses	2,877	2,828	2,715	2,764	2,557
Earnings before income taxes	1,040	768	1,450	1,072	897
Income tax expense <sup>(4)</sup>	185	159	259	152	159
Net earnings	855	609	1,191	920	698
Net earnings attributable to noncontrolling interests	11	12	9	10	8
Net earnings attributable to Devon	\$ 844	\$ 596	\$ 1,182	\$ 910	\$ 690
Net earnings per share:					
Basic net earnings per share	\$ 1.35	\$ 0.95	\$ 1.81	\$ 1.43	\$ 1.08
Diluted net earnings per share	\$ 1.34	\$ 0.94	\$ 1.81	\$ 1.42	\$ 1.07
Weighted average common shares outstanding:					
Basic	626	629	635	637	638
Diluted	628	632	638	639	639

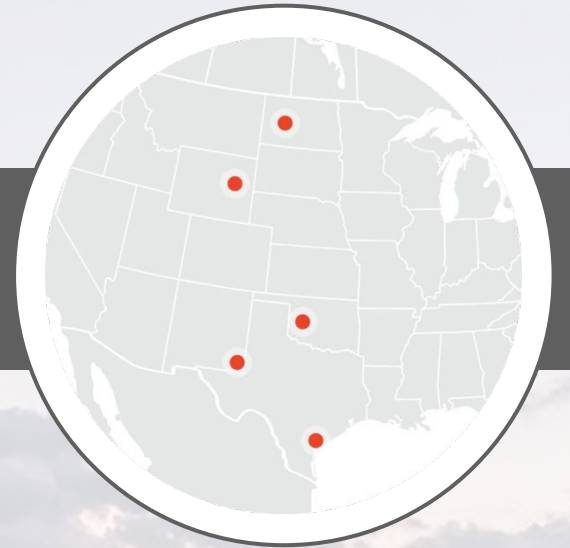


 Acquisition Presentation





| Appendix



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# Q2 2024 – Cash Return Payout

## Q2 CASH RETURN PAYOUT DETAILS

- + **\$256** Million Share Repurchases in Q2 2024  
(Retired 5.2 million shares)
- + **\$138** Million Fixed Dividend Paid in Q2 2024  
(Paid \$0.22 per share on 6/28/2024)
- + **\$138** Million Variable Dividend Declared  
(Declared \$0.22 per share; payable on 9/30/24)

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TOTAL PAYOUT  
**\$532**  
MILLION

**70%** OF FREE CASH  
FLOW RETURNED <sup>(1)</sup>



(1) Represents total shareholder returns (\$532) divided by adjusted free cash flow. Adjusted free cash flow is operating cash flow (\$1,535 mm) before balance sheet changes (+\$201 mm) less capital expenditures (\$971 mm).

# Investor Contacts & Notices

## Investor Relations Contacts

### Rosy Zuklic

VP, Investor Relations  
405-552-7802

Email: [investor.relations@dnv.com](mailto:investor.relations@dnv.com)

### Chris Carr

Sr. Manager, Investor Relations  
405-228-2496

## 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.

### Use of Non-GAAP Information

This presentation includes 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 2024 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 2023 Form 10-K and our other reports and filings with the SEC.