

# SM | ENERGY

Barclays 38th Annual CEO  
Energy-Power Conference

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September 4, 2024

**NYSE:** SM

**WEB:** [sm-energy.com](https://sm-energy.com)

# Disclaimers

## Forward-looking Statements

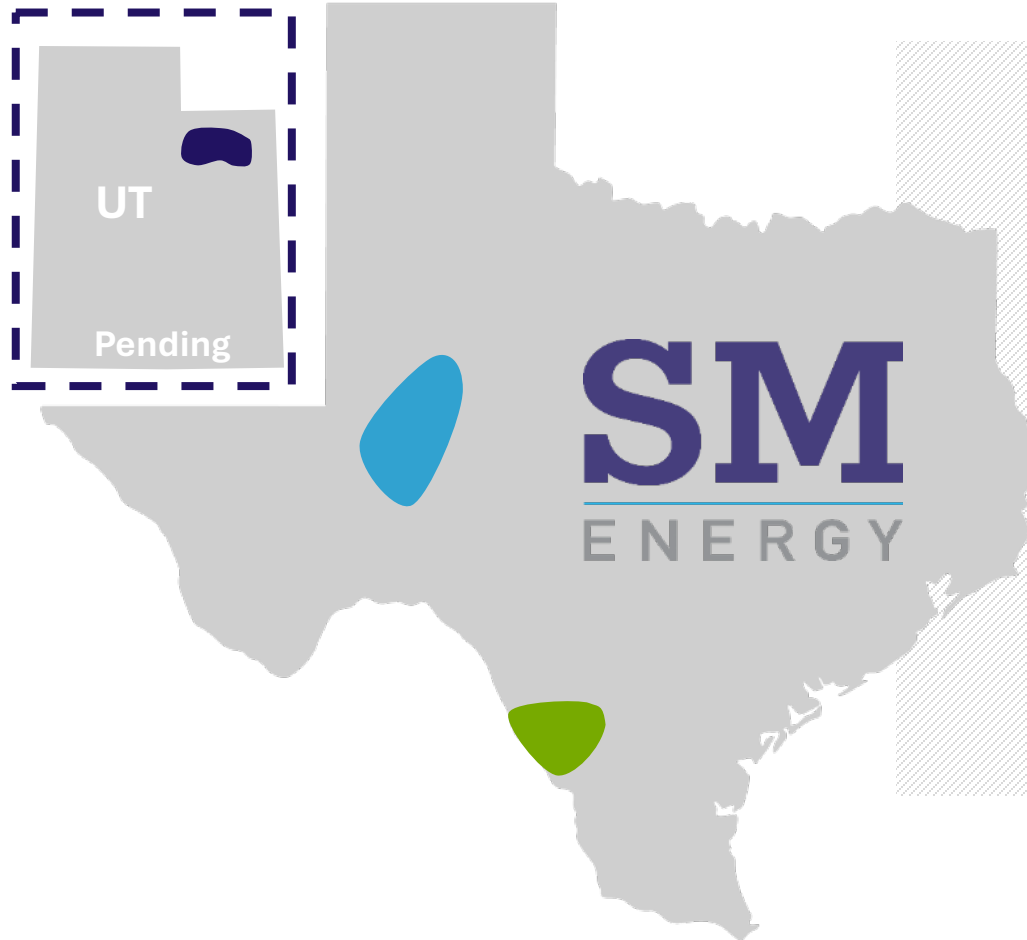
This presentation contains forward-looking statements within the meaning of securities laws. The words “believes,” “demonstrate,” “estimate,” “expect,” “intends,” “plan,” “preliminary,” “target,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements in this release include, among other things: certain projections for the full year and third quarter 2024 regarding the Company’s 2024 strategic objectives including operational execution, delivering low break-even high return wells, returning capital to stockholders and reducing debt, and maintaining and expanding portfolio quality and depth; prospective development acreage in the Woodford-Barnett; projections relating to the Uinta Basin acquisitions, including the expected closing date; estimated production and number of drilling locations; projected resource upside and the number of prospective benches; projections for aggregate lender commitments and maturity date of the revolving credit facility following closing of the Uinta Basin Acquisitions and projected revolving credit facility borrowings used to fund the purchase price of the XCL Acquisitions; projected future gas pipeline expansions; percentage of expected future net production that is hedged; and plan to process ethane for 2024. These statements involve known and unknown risks, which may cause SM Energy's actual results to differ materially from results expressed or implied by the forward-looking statements. Future results may be impacted by the risks discussed in the Risk Factors section of SM Energy's most recent Annual Report on Form 10-K and Exhibit 99.2 to our Current Report on Form 8-K filed on July 18, 2024, and such risk factors may be updated from time to time in the Company's other periodic reports filed with the Securities and Exchange Commission. The forward-looking statements contained herein speak as of the date of this release. Although SM Energy may from time to time voluntarily update its prior forward-looking statements, it disclaims any commitment to do so, except as required by securities laws.

## Non-GAAP Financial Measures and Metrics

This presentation references non-GAAP financial measures and metrics. Please see the “Non-GAAP Reconciliations and Disclosures” section of the Appendix, which includes definitions of non-GAAP measures and metrics used in this presentation and reconciliations of non-GAAP measures to the most directly comparable GAAP measure.

# SM Energy Is...

» A Premier Operator of Top-tier Assets



## A Premier Operator

Capital Efficiency

## Owner of Top-tier Assets

High-Quality Inventory with Long Runway

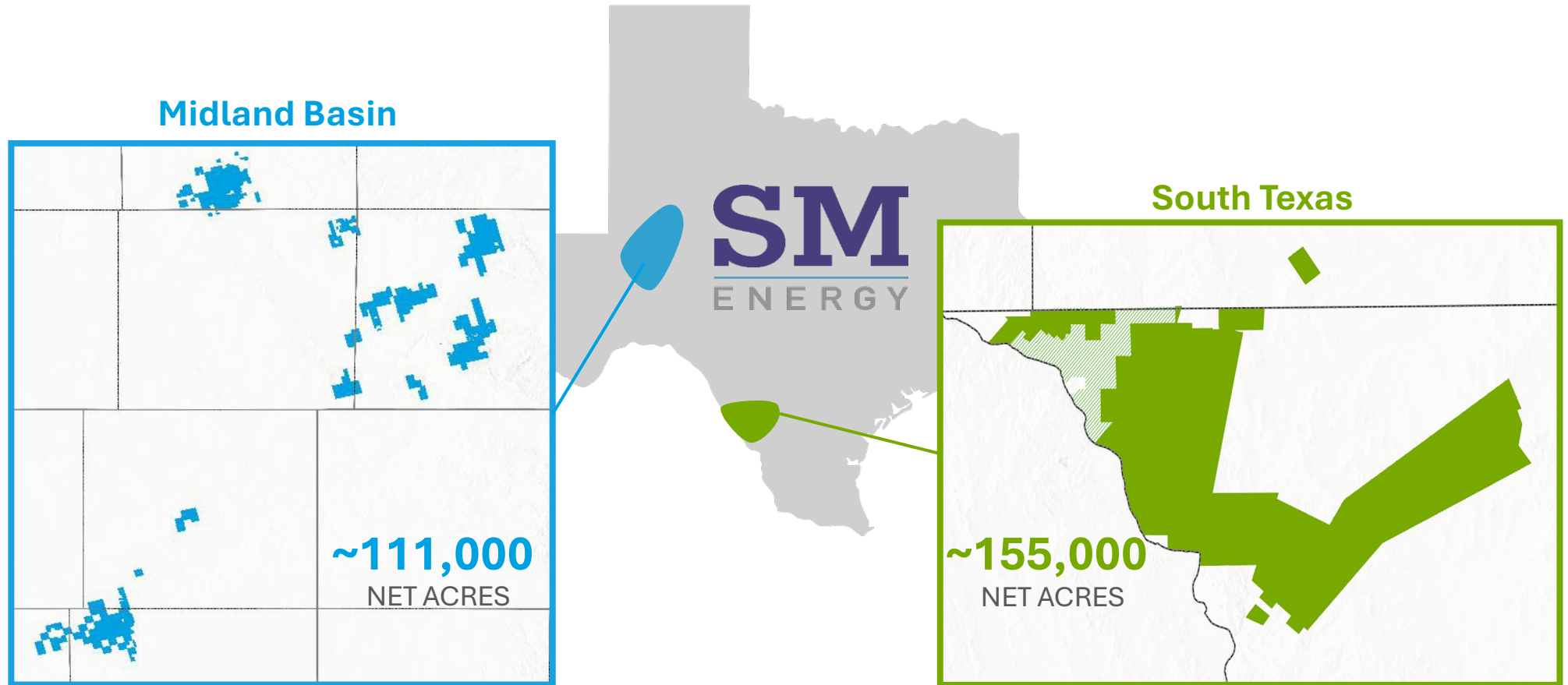
## A Leader

Sustainability and Stewardship

Note: On June 27, 2024, SM Energy executed and delivered a purchase and sale agreement to acquire an 80% undivided interest in the oil and gas assets of XCL Resources, LLC, and affiliated entities (the "XCL Acquisition"). On August 5, 2024, SM Energy exercised its option under the purchase and sale agreement to acquire 80% of certain additional assets adjacent to the XCL Resources, LLC asset acquisition for approximately \$70.0 million (the "Altamont Acquisition" and, together with the XCL Acquisition, the "Uinta Basin Acquisitions"). The Uinta Basin Acquisitions have a May 1, 2024 effective date and are expected to close on October 1, 2024. There can be no assurance that these transactions will close on time or at all. All amounts noted are net to SM Energy's 80% interest.

# Top-Tier Assets

» Midland Basin | Austin Chalk



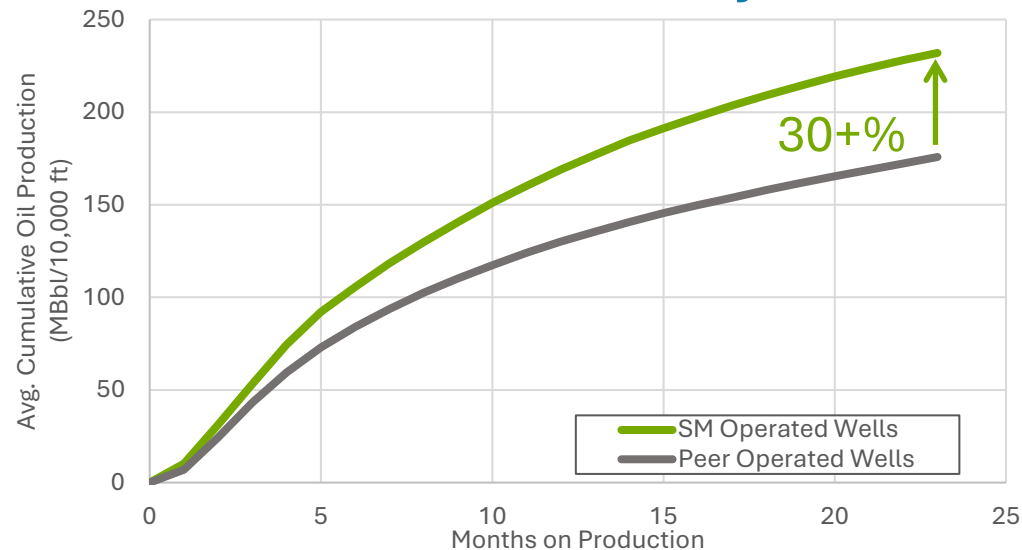
# Operational Excellence

## » Significant Oil Production Outperformance Compared to Regional Peers

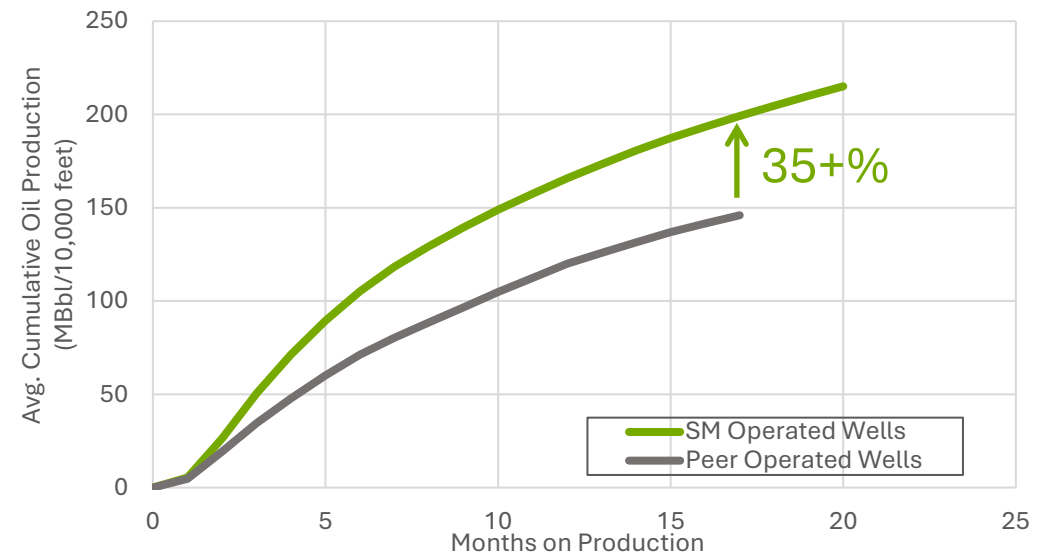
“... SM is ... focused on being the most technically proficient operator. SM utilizes larger fracs and wider spacing than most peers, with a focus on optimizing the value of each completion.”<sup>(1)</sup>

J.P.Morgan

### SM Wells v. Howard County Peers<sup>(2)</sup>



### SM Wells v. Austin Chalk Peers<sup>(3)</sup>



(1) J.P.Morgan | Zach Parham | Inside the Corner Suite: Key Takeaways from Roadshow with CEO Herb Vogel | 3/26/24.

(2) Enverus data as of 7/22/24 | Horizontal wells completed in Howard County, January 2021 through April 2024 | Peers include APA, Bayswater, Birch Operations, CPE, CrownQuest Operating, CVX, Endeavor Energy Resources, FANG, HighPeak Energy, HOG Resources, Murchison Oil & Gas, OVV, OXY, Paladin Petroleum, Scout Energy Partners, SGY, Spirit O&G Operating, SOGC, VTLE and XOM.

(3) Enverus data as of 7/18/24 | Oil production in the West Condensate area of the Austin Chalk | Horizontal wells completed January 2019 through April 2024 | Peers include CRGY, Endeavor Natural Gas, Grit Oil & Gas and SBOW/CHK.

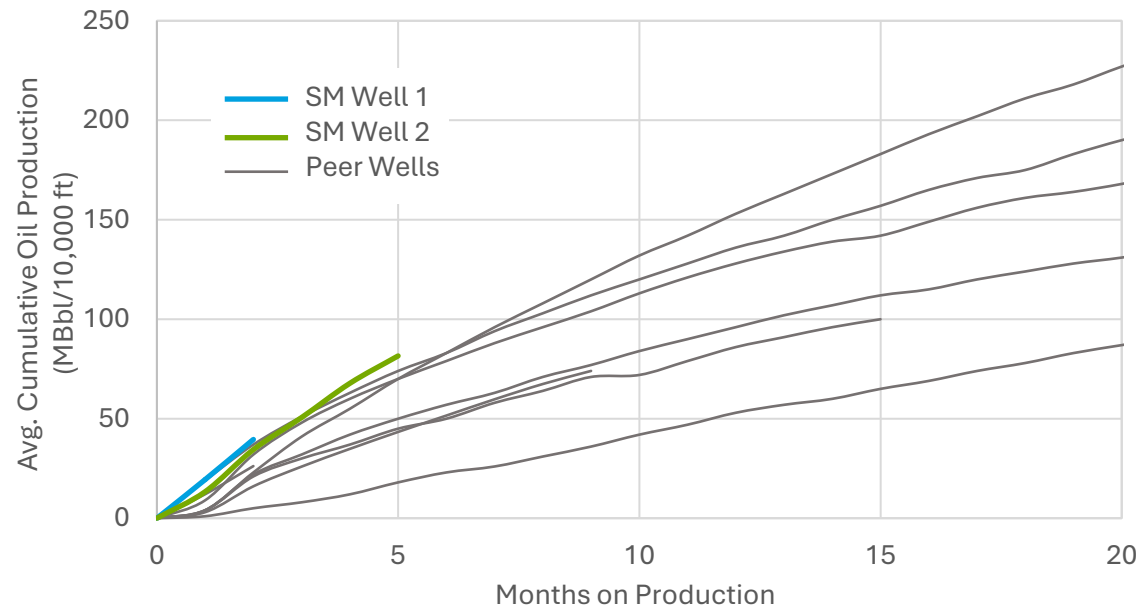
# Operational Excellence

## » Inventory Upside in Greater Sweetie Peck

“What are the most significant asset- and basin-level trends for North American E&Ps?... [SM Energy’s] recent Woodford well within its Sweetie Peck region... could signal additional upside in the ... Midland Basin....”(1)

Enverus

### SM Woodford-Barnett Wells v. Peers(2)



### Two Woodford-Barnett Wells

brought online in 2Q24 indicate **20,000+ net acres** at Sweetie Peck prospective for Woodford-Barnett development.

- **10,200** ft lateral | **1,622 Boe/d** peak IP30
- **5,900** ft lateral | **830 Boe/d** peak IP30

(1) Enverus Intelligence Research | SuperTracker 2Q24 | New Zones, New Assets and New Drilling Techniques | 7/24/24.

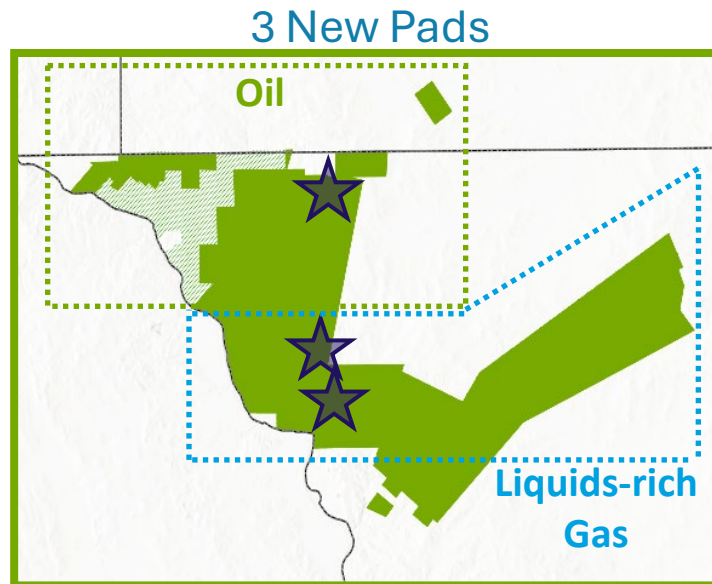
(2) Enverus data as of 8/1/24 | Horizontal Woodford and Barnett wells completed in Crane, Ector, Upton, and Midland counties, January 2015 through July 2024 | 8 wells from two large-cap peers.

# Operational Excellence: Prolific New AC Wells

## » Strong Performance, High Liquids Content

“SM’s core assets performed very well, highlighted by robust Permian volumes and oilier Austin Chalk production.”<sup>(1)</sup>

RBC Capital Markets



### New Wells that Reached IP30

- 10 Austin Chalk wells
- 1,643 Avg. Boe/d per well
- 38% Oil | 70% Liquids
- 11,097 Avg. Lateral Length

# Operational Excellence

» SM Energy | A Leader in Stewardship

## Key Areas of Focus

- Safety protocols & procedures
- ESG initiatives
- Operational performance metrics
- Technological advancements



**MSCI**  
ESG RATINGS



**CDP Score**  
Climate Change 2023



**Leadership Level**

**CDP Score**  
Supplier Engagement 2023



**Leadership Level**





# Increased Return of Capital Program

» Increased Quarterly Fixed Dividend | Reloaded Stock Repurchase Authorization

Fixed Quarterly Dividend<sup>(1)</sup> Increased

**11%**

to

**\$0.20 per share**

Stock Repurchase Authorization Reloaded<sup>(1)</sup>

**\$500 million**

Through

**2027**

(\$ in MM, shares in M)	2Q24	1H 2024	Program-to-Date <sup>(2)</sup>
Dividends Paid	\$20.7	\$41.5	\$131.6
Cash Paid to Repurchase Shares <sup>(3)</sup>	\$51.2	\$84.0	\$369.1
Total Return of Capital to Stockholders	\$71.9	\$125.5	\$500.7
Total Shares Repurchased	1,059	1,771	10,067
% of FCF <sup>(4)</sup> Returned to Stockholders	73%	75%	54%

(1) In June 2024, the Board approved an 11% increase in SM Energy's fixed quarterly dividend policy, expected to commence in the 4<sup>th</sup> quarter of 2024, and reloaded the existing stock repurchase program, and extended the program through December 31, 2027.

(2) "Program-to-Date" is through June 30, 2024. The return of capital program was announced on September 7, 2022, and all repurchased shares of common stock were retired.

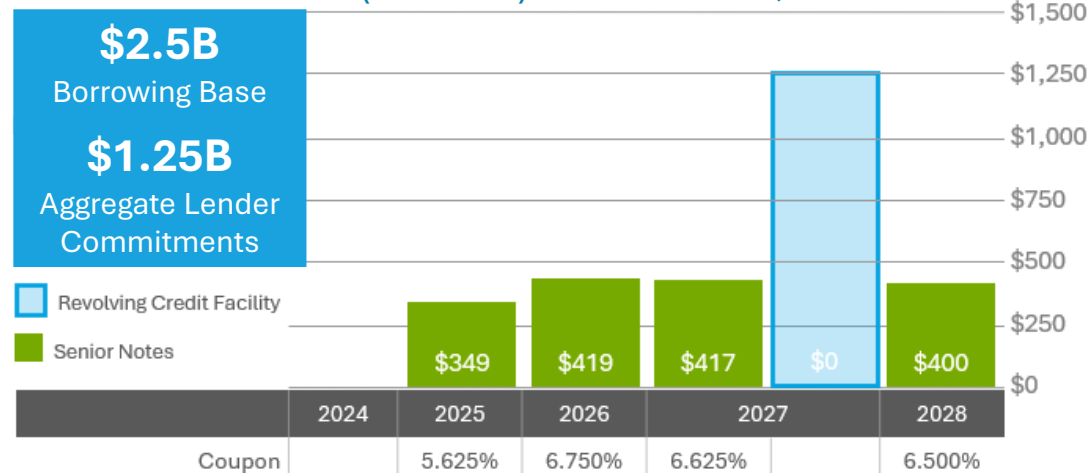
(3) Amounts exclude excise taxes, commissions, and fees.

(4) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

# Empowered by a Strong Balance Sheet

## » Low Leverage and Balance Sheet Flexibility

### Debt Maturities (millions) as of June 30, 2024:

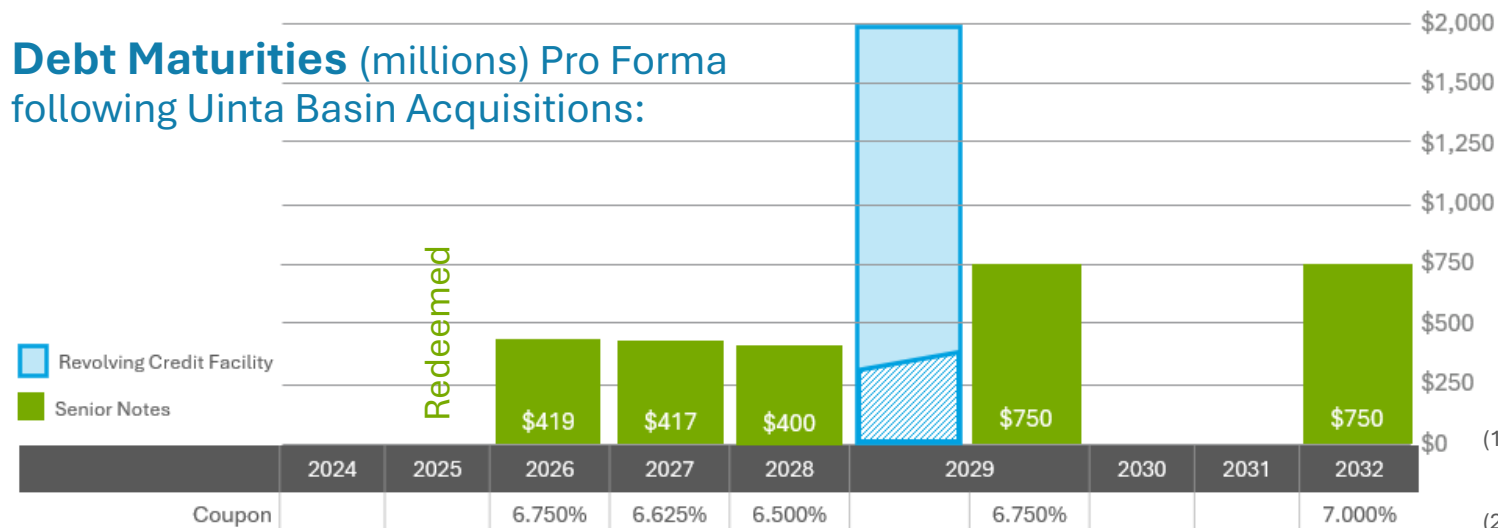


As of June 30, 2024:

**0.6x** NET DEBT-TO-ADJUSTED EBITDAX<sup>(1)</sup>

LIQUIDITY » **\$1.74 billion**  
 CASH BALANCE » **\$488 million**  
 NET DEBT<sup>(1)(2)</sup> » **\$1.10 billion**

### Debt Maturities (millions) Pro Forma following Uinta Basin Acquisitions:



- Aggregate lender commitments expected to increase to \$2.0B and maturity date extended to 2029 post-closing of the Uinta Basin Acquisitions
- Revolving Credit Facility borrowings expected to partially fund Uinta Basin Acquisitions

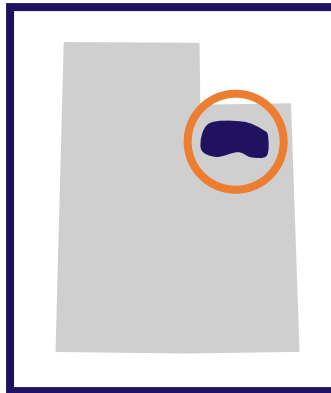
(1) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

(2) Net debt is after return of capital paid to stockholders and cash paid for acquisitions.

# Expanding Top-Tier Portfolio

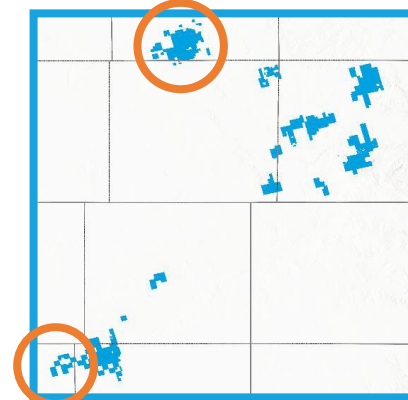
» Core Acreage<sup>(1)</sup> ↑ ~40% | More than 465 Uinta Basin Locations<sup>(2)</sup> (and Just Getting Started)

## Uinta Basin



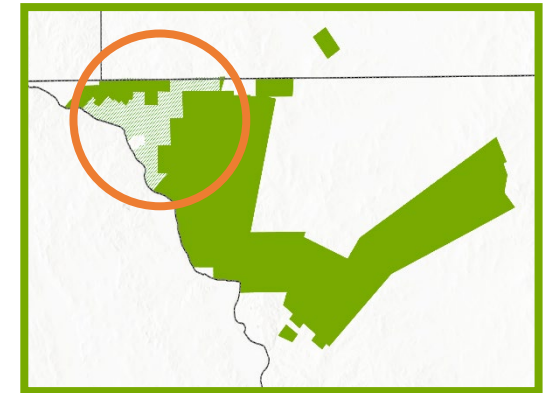
**XCL + Altamont Acquisitions**  
~63.3K net acres

## Midland Basin



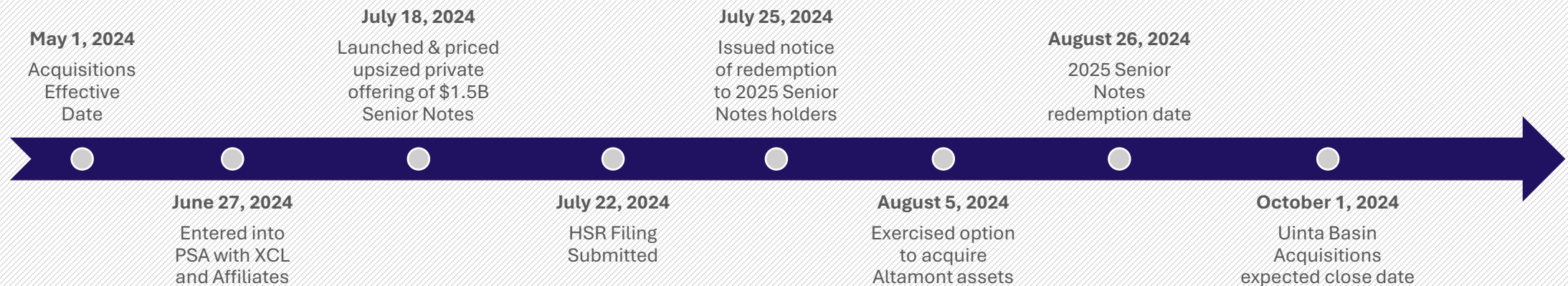
**Klondike Acquisition | Sweetie Peck Extension**  
~20.7K net acres | ~9.1K net acres

## Maverick Basin



**Austin Chalk Drill-to-Earn**  
~8K net acres

## Uinta Basin Acquisitions Timeline



(1) Increase in core acreage compared to December 31, 2022.

(2) XCL + Altamont Acquisitions net locations normalized for 10K foot lateral length.

# Expanding Top-Tier Portfolio

## » Value Creation

**\$1.25MM Value per location** at \$35K per flowing barrel  
Acquired for **less than 3x** 2025 projected Adjusted EBITDAX<sup>(1)</sup>

EXPANDING TOP-TIER ASSET PORTFOLIO

SIGNIFICANT RESOURCE UPSIDE DRIVEN BY  
SM ENERGY TECHNICAL EXPERTISE

INCREASING ADJUSTED FREE CASH FLOW<sup>(1)</sup>  
AND RETURN OF CAPITAL TO STOCKHOLDERS

ALL CASH CONSIDERATION WHILE  
MAINTAINING STRONG BALANCE SHEET

Net SM Energy's 80% Interest	XCL Acquisition	Altamont Acquisition	Total
SM Energy's Investment (in millions)	\$2,040	\$70	\$2,110
Net Acreage Added	37,200	26,100	63,300
Net Preliminary Locations <sup>(2)</sup>	390	75	465
Est. Production Added <sup>(3)</sup> (MBoe/d)	43	1	44

Note: The Uinta Basin Acquisitions have a May 1, 2024 effective date and are expected to close on October 1, 2024. There can be no assurance that these transactions will close on time or at all. All amounts noted are net to SM Energy's 80% interest.

(1) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

(2) Net locations normalized for 10K foot lateral length.

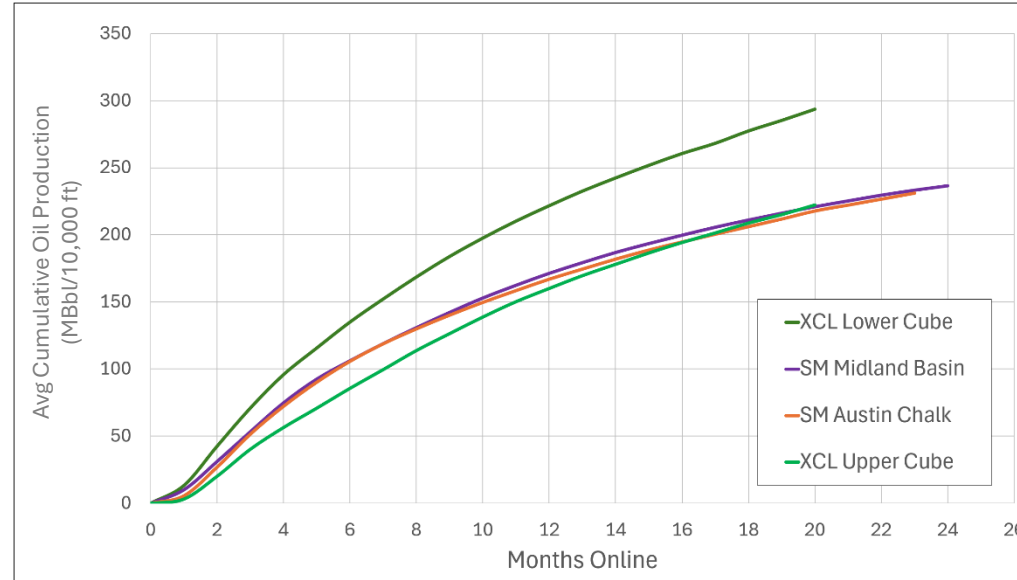
(3) Production based on September estimates.

# Expanding Top-Tier Portfolio

## » Uinta Basin Returns | Competitive with the Best

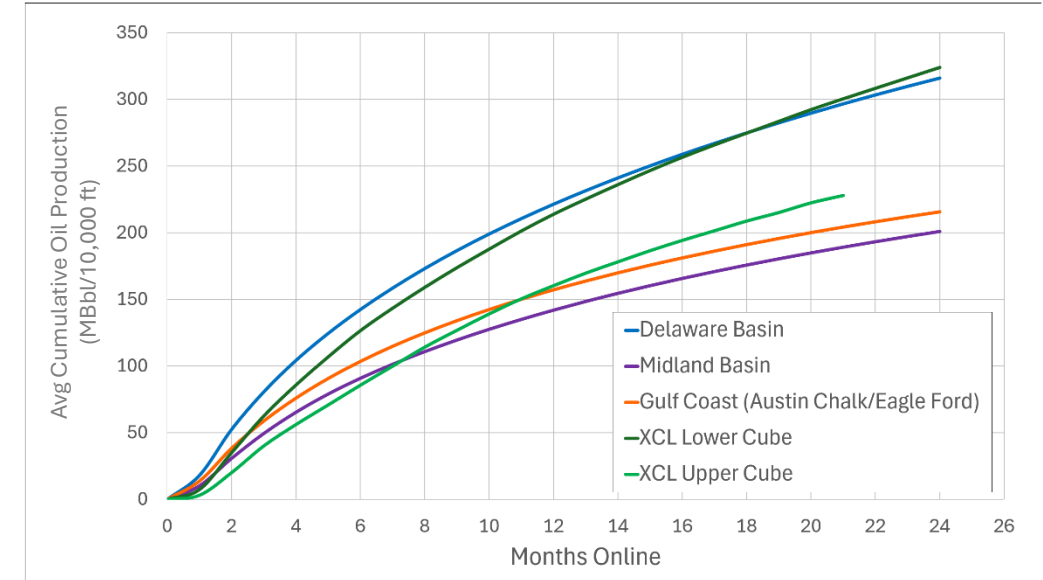
“...we believe there are sufficient data points to acknowledge that the Uinta is a prolific, stacked-pay oil play.... We come away impressed by the overall rock quality in the Uinta....”<sup>(1)</sup> **KeyBanc**

### Compared to SM Energy<sup>(2)</sup>



Uinta Upper & Lower Cubes oil production competitive with SM Energy’s Midland & Austin Chalk

### Compared to Industry in Other Basins<sup>(3)</sup>



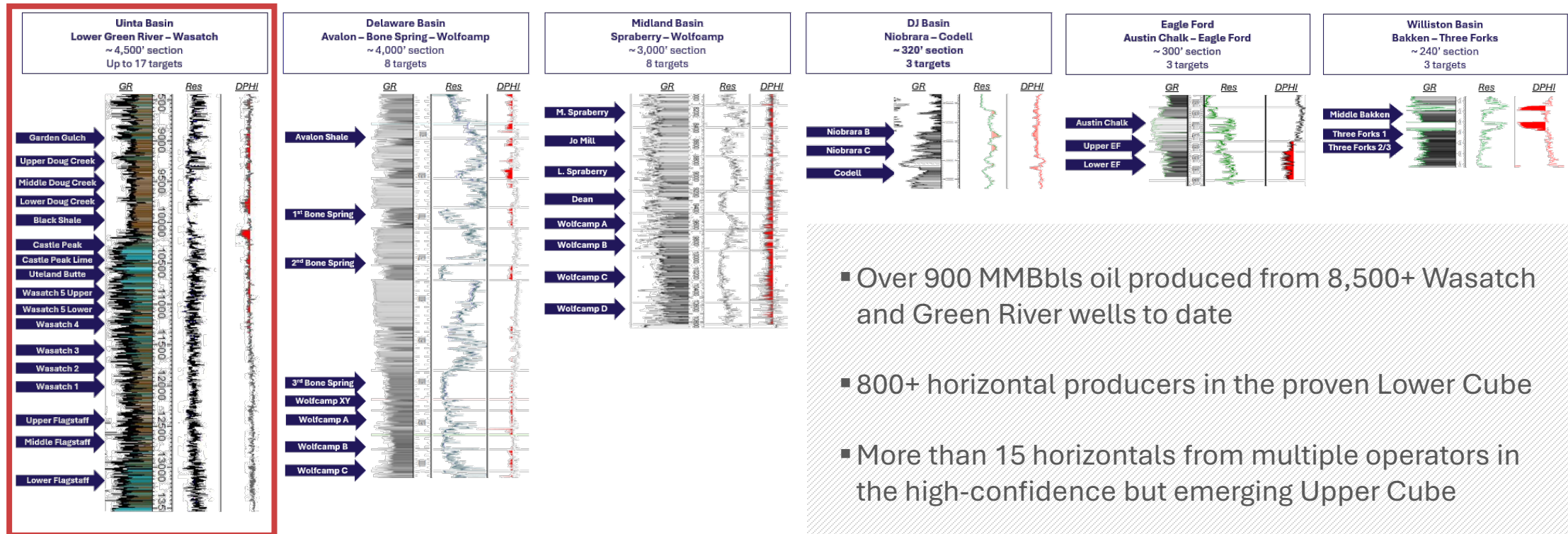
Uinta Upper & Lower Cubes oil production competitive with Midland, Delaware & Austin Chalk/Eagle Ford industry averages

(1) KeyBanc Capital Markets | Tim Rezvan & Jonathan Mardini | Oil & Gas: Peeling Back Another Layer of the Onion in Uinta: We See Three Prolific Intervals for CRGY/SM; Update SM Estimates | 7/7/24.  
 (2) XCL Lower Cube and XCL Upper Cube curves: Enverus data as of June 19, 2024. Wells post 2019. SM Midland Basin curve: Enverus data as of April 11, 2024 | Horizontal wells completed in Howard County, January 2021 through December 2023 | Peers include Bayswater, Birch Operations, CPE, CrownQuest Operating, CVX, Endeavor Energy Resources, FANG, HighPeak Energy, HOG Resources, Murchison Oil & Gas, OVV, OXY, Paladin Petroleum, PXD, SGY, Spirit O&G Operating, SOGC and VTLE. SM Austin Chalk curve: Enverus data as of April 15, 2024 | Oil production in the West Condensate area of the Austin Chalk | Horizontal wells completed January 2019 through December 2023 | Peers include CRGY, Endeavor Natural Gas, Grit Oil & Gas and SBOW/CHK.  
 (3) Enverus data as of June 19, 2024 | Horizontal wells completed post 2010 for XCL Lower Cube and XCL Upper Cube wells, and for the Midland, Delaware and Western Gulf of Mexico Basins.



# Significant Resource Upside Driven By SM Energy Technical Expertise

» Stacked Pay Potential Proven and Emerging across as many as 17 Benches

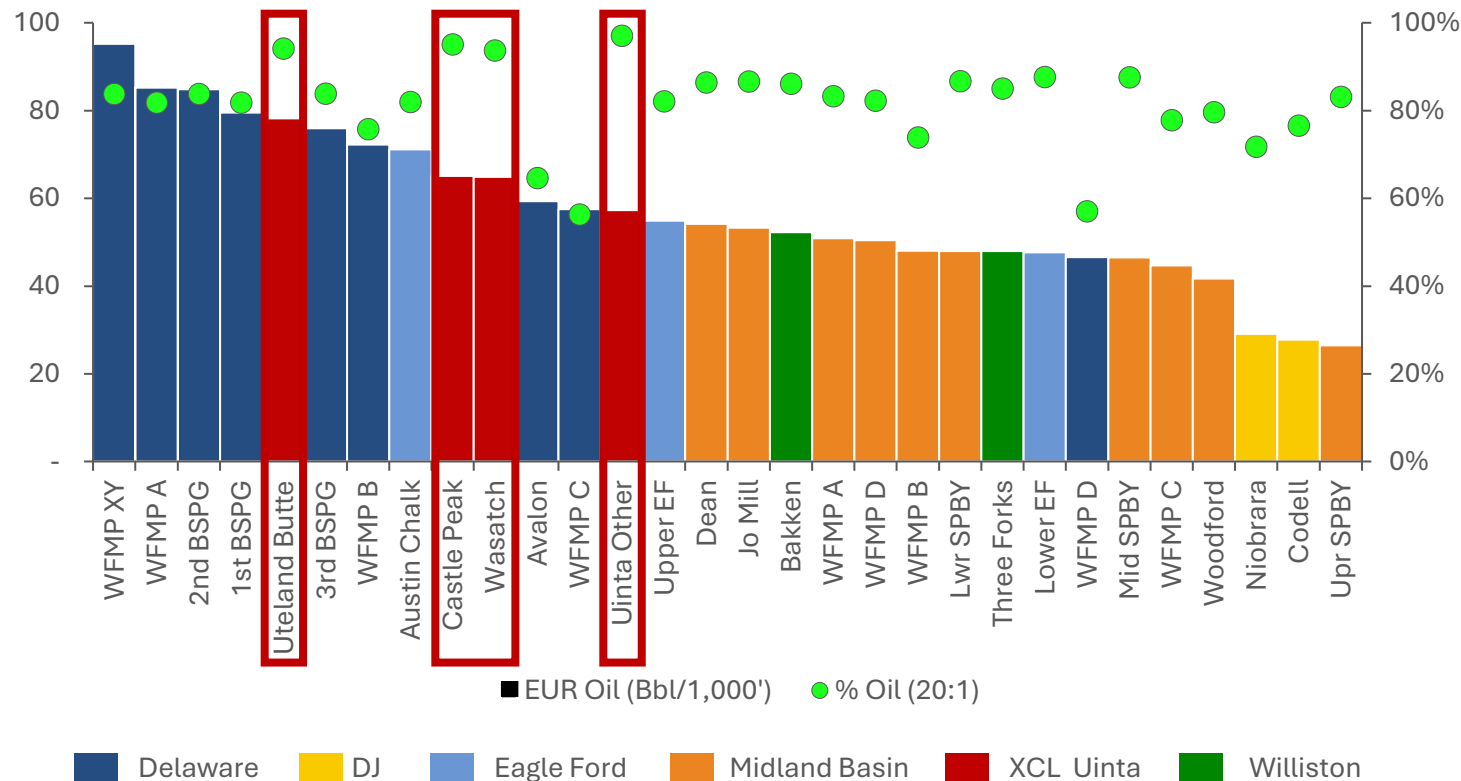


- Over 900 MMBbls oil produced from 8,500+ Wasatch and Green River wells to date
- 800+ horizontal producers in the proven Lower Cube
- More than 15 horizontals from multiple operators in the high-confidence but emerging Upper Cube
- Significant opportunity from deeper intervals proven vertically with horizontal results forthcoming

# Significant Resource Upside Driven By SM Energy Technical Expertise

## » Leading Productivity with Oil Content

Oil EUR per 1,000' by Play with Oil %<sup>(1)</sup>



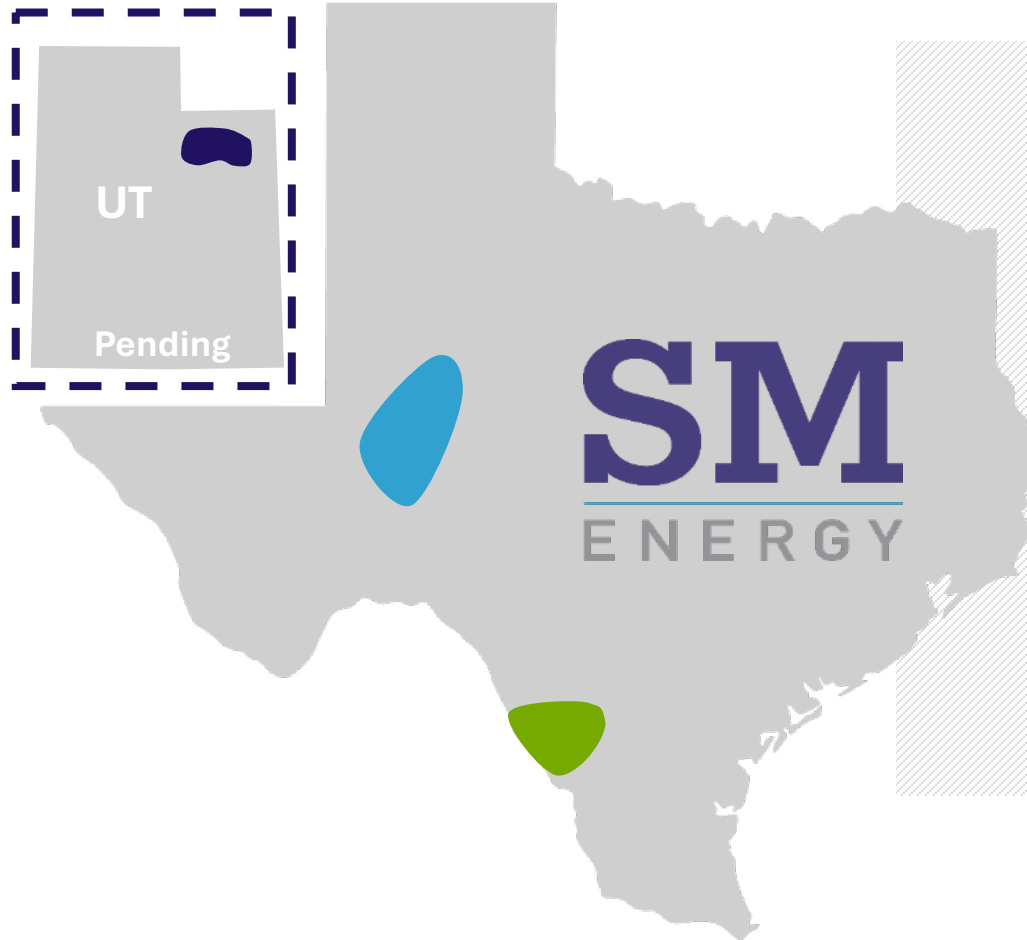
- Undeveloped inventory competes favorably with high profile plays like Delaware and Midland Basins
- Well productivity, oil content and capital efficiency are among the leading US shale plays
- XCL Uinta ~\$800/lateral foot DC&E capital costs similar to SM Midland and South Texas and competitive with ~\$1,000/lateral foot in Permian Delaware



(1) Based on Enverus data as of 6/20/24. Oil percentage is at wellhead and is calculated with a 20:1 conversion factor from Mcf to Boe; Enverus data for horizontal wells completed post 2016 (excludes wet and dry gas sub-plays in Eagle Ford).

# SM Energy Is...

» A Premier Operator of Top-tier Assets



## A Premier Operator

Capital Efficiency

## Owner of Top-tier Assets

High-Quality Inventory with Long Runway

## A Leader

Sustainability and Stewardship

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# SM Energy Is A Premier Operator

» And Third Parties Agree...

“Massive outperformance follows a positive 2Q print and a portfolio update that improved on every front. Legacy production in the Midland Basin outperformed while South Texas wells came up oilier than expected...”<sup>(4)</sup>

Capital One

“SM: From inventory-constrained to ‘too much to talk about on one call.’ SM's geoscience capabilities has helped it identify a number of low-cost oily inventory additions since 2023.”<sup>(3)</sup>

KeyBanc

“We maintain our Buy rating on relative valuation... and our view that the scale and core oil assets gained via its Uinta acquisitions could contribute to a re-rating, as investors gain greater appreciation for the emerging Uinta.”<sup>(2)</sup>

Siebert Williams Shank

“On the heels of another quarterly beat on solid execution (and a raise to the FY'24 outlook), we are upgrading SM to a BUY... Bottom line – we think there is attractive value and an opportunity for the equity to outperform...”<sup>(1)</sup>

TPH&Co.

(1) Capital One Securities, Inc. | Brian Velie | COS Afternoon Energy Summary: CHRD, EE, MUR, SM, STR, VTLE - SM 2Q Follow-Up: Legacy Acreage Outperforms; Incremental Inventory Adds Abound | 8/8/24

(2) Siebert William Shank | Gabriele Sorbara | SM: 2Q24 Beat Across the Board; Improved Oil Production Outlook; Reaffirm Buy on Valuation | 8/8/24.

(3) KeyBanc Capital Markets | Tim Rezvan | Oil & Gas: Post-Earnings Estimate Updates: MUR, SM, TALO (MUR SM TALO) | 8/11/24

(4) TPH&Co. | Oliver Huang | TPH Energy Research: EQT, SM, China UCO Exports in July, RD Exports, US Frac Activity Outlook, Vehicle Miles Traveled Update | 8/21/24.

# Appendix



# Uinta Basin: Marketing

## » High-Value Products Realize Price Premiums

### CRUDE OIL

- Majority of crude is transported by BNSF and Union Pacific on rail to multiple destinations (Gulf Coast, Cushing & Rockies) with some barrels trucked to Salt Lake City refineries – oil moved in insulated cars
- Price premium in the Gulf Coast | waxy crude is a high-quality, high-demand product to refineries
- Ability to increase capacity (combination of SLC refinery and rail terminal)

### NATURAL GAS

- Pipeline expansion:
  - Mountain West completed July 2024: +80 MMcf/d
  - KinderMorgan expected in service mid-2025: +150 MMcf/d
- Associated gas is rich and is processed for NGL extraction which adds value at local processing plants
- Residue gas sometimes receives a premium to Henry Hub

### Expanded Takeaway Capacity - Supports Growth

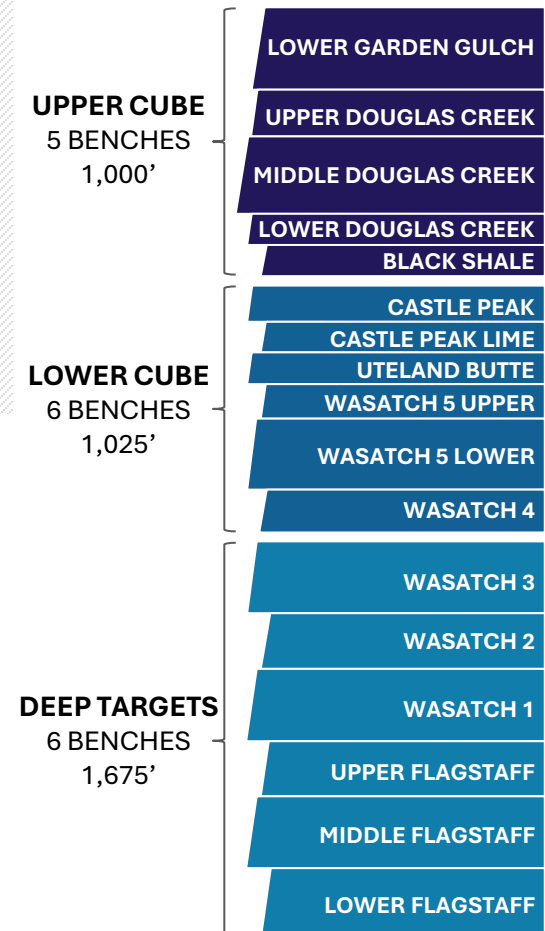
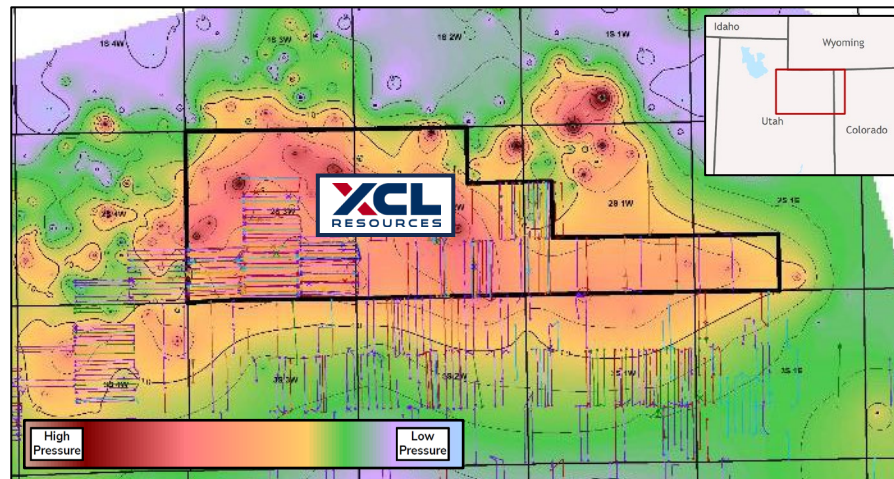


# Significant Resource Upside Driven By SM Energy Technical Expertise

## » Track Record in Full Stack Co-Development to Optimize Value

- Core-of-the-core in Uinta with **stacked pay potential** with leading productivity and oil content
- **Nearly ~4,000'** of stacked pay | over-pressured source rocks
- **SM Energy's track record** in Howard County and Maverick Basin delivers peer leading results via **optimized co-development**; we expect to repeat that to **drive differential value to XCL assets**
- As a premier operator of top-tier assets, we are **well positioned to optimize drilling, completions, and development spacing** in the proven Lower Cube
- **SM Energy applied Lower Cube learnings to see the full potential** of tremendous, delineated, oily resource-in-place in the Upper Cube
- Produced oil from Upper and Lower Cubes verify **development independence**
- **SM Energy is poised to de-risk unquantified horizontal potential** in deeper targets demonstrated by historical vertical production with test wells in progress

### Reservoir Pressure Heat Map of XCL Acreage

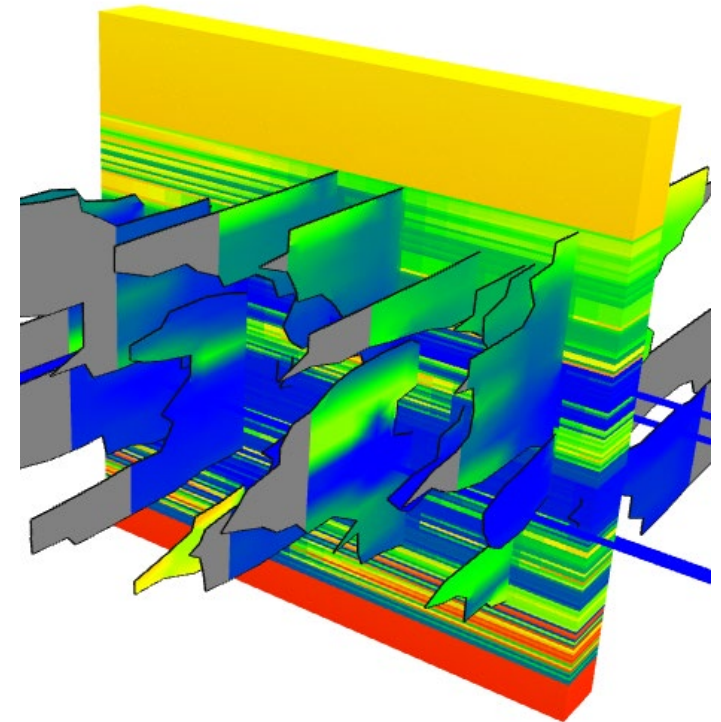


# Significant Resource Upside Driven By SM Energy Technical Expertise

## » Robust Technical Data and Analysis Support Confidence in Upper Cube Reservoirs

- Demonstrated **overpressure** drives Tier 1 economic opportunity
- **Source rock quality better** than Lower Cube with **optimal thermal maturity**
- **Reservoir deliverability demonstrated** by existing wells, high-tier log suites, and specialized core analysis
- Geochemical data from horizontal wells validates **separation from Lower Cube** and **multi-bench potential** of Upper Cube
- **Geomechanical fracture modeling and flow simulation** confirm Upper Cube quality and forecasts co-development impact ahead of the drill-bit

### Simulated Cube Development Showing Fracture Connectivity



# Excellent Operational Execution

## » Meeting or Exceeding 2024 Core Objectives

### 2024 Core Objectives

1

Focus on operational execution to deliver low-breakeven, high-return wells, while employing **new technologies** and maintaining **ESG leadership**.



### 2Q24 Results

- 158.5 MBoe/d, at 46% oil
- Production exceeds midpoint of guidance by 2,500 Boe/d
- **2 New Woodford-Barnett test wells** | potential to **add 20,000+** prospective **net acres** in this formation

2

Return capital to stockholders through share repurchases and fixed dividends and transfer value to stockholders through reduced debt.



- **\$72 MM** return of capital | **~1 MM** shares repurchased<sup>(1)</sup>
- Fixed Quarterly **Dividend increased 11%** to **\$0.20**<sup>(2)</sup>
- **\$500 million** Share Repurchase Authorization **Reloaded**<sup>(2)</sup>

3

Maintain and **expand portfolio** quality and depth, applying advanced analytics and technical innovation.



### Uinta Basin Acquisitions<sup>(3)</sup> | Core-of-the-core

- **~63,300** net acres
- **~465** net locations<sup>(4)</sup>

Note | Unless noted below, amounts shown are for the three months ended June 30, 2024.

(1) Return of capital to stockholders of \$72MM consists of \$20.7MM in dividends paid and \$51.2MM in share repurchases. All repurchased shares of common stock were retired.

(2) In June 2024, the Board approved an increase in SM Energy's fixed quarterly dividend policy, expected to commence in the 4<sup>th</sup> quarter of 2024, and reloaded the existing stock repurchase program, and extended the program through 12/31/2027.

(3) The Uinta Basin Acquisitions have a May 1, 2024 effective date and are expected to close on October 1, 2024. There can be no assurance that these transactions will close on time or at all. All amounts noted are net to SM Energy's 80% interest.

(4) Net locations normalized for 10K foot lateral length.

# 2Q 2024 Performance

## Key Metrics

2Q24

Net Production and Pricing	
Total Net Production (MMBoe)	14.4
Total Net Production (MBoe/d)	158.5
Oil percentage / Liquids	46% / 63%
Pre-Hedge Realized Price (\$/Boe)	\$43.92
Post-Hedge Realized Price <sup>(1)</sup> (\$/Boe)	\$45.07
Costs (per Boe)	
LOE	\$4.82
Transportation	\$1.94
Production & Ad Valorem taxes	\$2.71
Total Production Expenses	\$9.47
<b>Cash Production Margin (pre-hedge)<sup>(1)</sup></b>	<b>\$34.45</b>
G&A (Cash)	\$1.84
G&A (Non-Cash)	\$0.32
DD&A	\$12.46
Earnings	
GAAP Earnings (per diluted share)	\$1.82
Adjusted net income <sup>(1)</sup> (per diluted share)	\$1.85
Adjusted EBITDAX <sup>(1)</sup> (\$MM)	\$485.9
Adjusted free cash flow (\$MM)	
Net cash provided by operating activities (GAAP)	\$476.4
Net change in working capital	\$(50.2)
Net cash provided by operating activities before net change in working capital <sup>(1)</sup>	\$426.2
Capital Expenditures (GAAP)	\$322.7
Changes in capital expenditure accruals	\$5.1
Capital expenditures before change in capital expenditure accruals <sup>(1)</sup>	\$327.8
<b>Adjusted free cash flow<sup>(1)</sup></b>	<b>\$98.4</b>
Return of Capital (\$MM)	
Share repurchase	\$51.2
Dividends paid	\$20.7
<b>Return of Capital (\$MM)</b>	<b>\$71.9</b>

**158.5 MBoe/d**  
2Q24 NET PRODUCTION

**\$485.9 million**  
2Q24 ADJUSTED EBITDAX<sup>(1)</sup>

**\$98.4 million**  
2Q24 ADJUSTED FREE CASH FLOW<sup>(1)</sup>

**\$1.85**  
2Q24 ADJUSTED EPS<sup>(1)</sup>

**Note:** Amounts may not calculate due to rounding.

(1) Indicates a non-GAAP measure or metric. Please refer to the “Non-GAAP Reconciliations and Disclosures” section in the Appendix.

# 2Q 2024 Realizations by Region

## » Two Top-Tier Areas of Operation

### Net Production Volumes

	Midland Basin	South Texas	Total
Oil (MBbls)	4,671	1,946	6,617
Gas (MMcf)	15,438	16,773	32,211
NGL (MBbls)	5	2,432	2,437
Total (MBoe)	7,249	7,173	14,422
% Oil	64%	27%	46%

### Revenue (in thousands)

	Midland Basin	South Texas	Total
Oil	\$378,830	\$153,724	\$532,554
Gas	\$22,833	\$22,352	\$45,185
NGL	\$134	\$55,578	\$55,712
Total	\$401,797	\$231,654	\$633,451

### Expenses (in thousands)

	Midland Basin	South Texas	Total
LOE	\$51,034	\$18,505	\$69,539
Ad Valorem	\$7,253	\$4,587	\$11,840
Transportation	\$142	\$27,892	\$28,034
Production Taxes	\$19,327	\$7,882	\$27,209

### Per Unit Metrics

	Midland Basin	South Texas	Total
Realized Price   Oil Per Bbl	\$81.10	\$79.01	\$80.48
% of Benchmark – WTI	101%	98%	100%
Realized Price   Gas per Mcf	\$1.48	\$1.33	\$1.40
% of Benchmark - NYMEX Henry Hub	78%	71%	74%
Realized Price   NGL per Bbl	nm	\$22.85	\$22.86
% of Benchmark – OPIS	nm	82%	82%
Realized Price per Boe	\$55.43	\$32.29	\$43.92
LOE per Boe	\$7.04	\$2.58	\$4.82
Ad Valorem per Boe	\$1.00	\$0.64	\$0.82
Transportation per Boe	\$0.02	\$3.89	\$1.94
Production Tax per Boe	\$2.67	\$1.10	\$1.89
Production Tax as % of Pre-hedge Revenue	4.8%	3.4%	4.3%
Cash Production Margin per Boe <sup>(1)</sup>	\$44.70	\$24.08	\$34.45

### Benchmark Pricing

NYMEX WTI Oil (\$/Bbl)	\$ 80.57
NYMEX Henry Hub Gas (\$/MMBtu)	\$ 1.89
OPIS Composite NGL (\$/Bbl)	\$ 27.96





# Hedging Summary

## » Oil Volumes Hedged Increased in Conjunction with Pending Asset Acquisitions

### 2024 Hedge Program

#### SWAPS AND COLLARS:

- Oil: ~5,830 MBbls,<sup>(1)</sup> or 40 – 45%, of expected 3Q-4Q net oil production<sup>(2)</sup> is hedged to benchmark prices at an average price of \$70.77/Bbl (weighted-average of collar floors and swaps) to \$79.93/Bbl (weighted-average of collar ceilings and swaps), excluding basis swaps.
- Natural Gas: ~16,430 BBtu<sup>(3)</sup>, or 20 – 25%, of expected 3Q-4Q net natural gas production<sup>(2)</sup> is hedged to benchmark prices at an average price of \$3.40/MMBtu (weighted-average of collar floors and swaps, excluding basis swaps).

#### BASIS SWAPS:

- Oil: ~2,470 MBbls of expected 3Q-4Q net Midland Basin oil production<sup>(2)</sup> are hedged to the local price point at a positive weighted-average price of \$1.21/Bbl.
- Gas: ~10,580 BBtu of expected 3Q-4Q net Midland Basin natural gas production<sup>(2)</sup> are hedged to WAHA at a weighted-average price of \$(0.86)/MMBtu.
- Gas: ~9,180 BBtu of expected 3Q-4Q net natural gas production<sup>(2)</sup> are hedged to HSC at a weighted-average price of \$(0.35)/MMBtu.

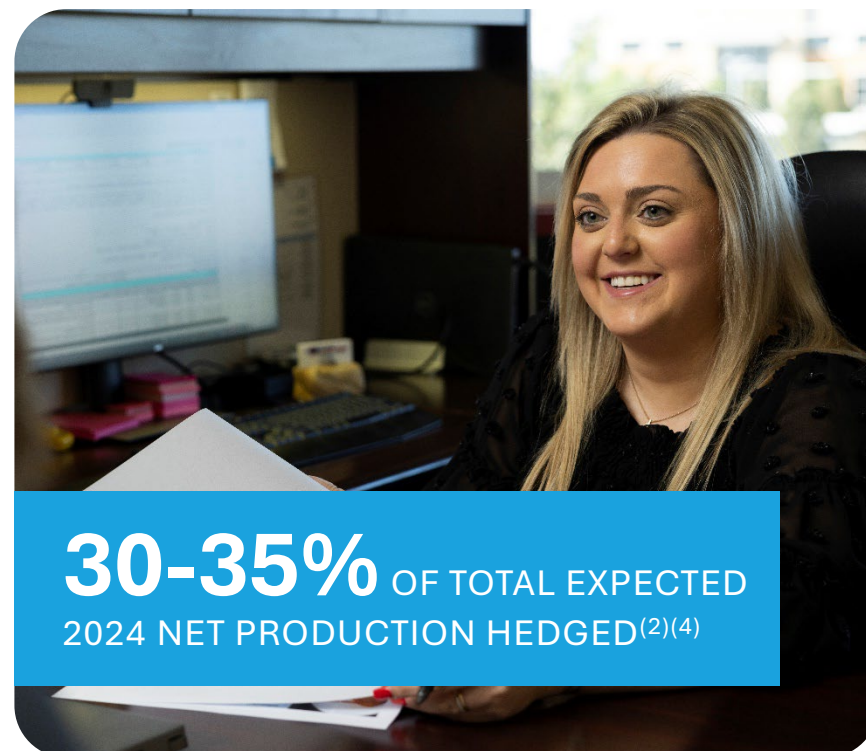
**Note:** Includes derivative contracts for settlement at any time during the third and fourth quarters of 2024, entered into through July 31, 2024.

(1) Hedges include oil swaps and collars to WTI; excludes basis swaps and roll differential hedges.

(2) Percent of 2024 net production hedged assumes mid-point of net production and oil percentage guidance, before consideration of the Uinta Basin Acquisitions.

(3) Hedges include natural gas swaps and collars to Henry Hub; excludes basis swaps. Percent hedged based on dry gas volumes.

(4) Includes net NGL production volumes and derivative contracts for components of the barrel hedged. See detail tables in the appendix for additional information.



# Oil Derivative Positions<sup>(1)</sup>

## » By Quarter

Oil	NYMEX WTI Oil Swaps		NYMEX WTI Oil Collars			Midland - Cushing Oil Basis Swaps		MEH – WTI Oil Basis Swaps		NYMEX WTI Roll Basis Swaps		Weighted-Average Price of Swaps and Collars	
	Volume (MBbls)	\$/Bbl <sup>(2)</sup>	Volume (MBbls)	Ceiling \$/Bbl <sup>(2)</sup>	Floor \$/Bbl <sup>(2)</sup>	Volume (MBbls)	Price Differential \$/Bbl <sup>(2)</sup>	Volume (MBbls)	Price Differential \$/Bbl <sup>(2)</sup>	Volume (MBbls)	Price Differential \$/Bbl <sup>(2)</sup>	Ceiling \$/Bbl <sup>(3)</sup>	Floor \$/Bbl <sup>(3)</sup>
Q3 2024	-	-	2,003	\$83.10	\$68.27	1,235	\$1.21	332	\$1.82	2,621	\$0.69	\$83.10	\$68.27
Q4 2024	1,906	\$74.25	1,917	\$82.27	\$69.93	1,230	\$1.21	309	\$1.82	2,334	\$0.66	\$78.27	\$72.08
Q1 2025	645	\$75.59	1,936	\$82.57	\$67.17	1,156	\$1.18	426	\$1.90	-	-	\$80.82	\$69.27
Q2 2025	386	\$75.00	1,178	\$81.70	\$66.25	1,118	\$1.18	453	\$1.90	-	-	\$80.05	\$68.41
Q3 2025	309	\$75.00	741	\$80.98	\$63.76	1,104	\$1.18	452	\$1.90	-	-	\$79.22	\$67.06
Q4 2025	-	-	660	\$79.65	\$62.50	1,178	\$1.18	434	\$1.90	-	-	\$79.65	\$62.50
Q1 2026	-	-	-	-	-	-	-	211	\$2.10	-	-	-	-
Q2 2026	-	-	-	-	-	-	-	218	\$2.10	-	-	-	-
Q3 2026	-	-	-	-	-	-	-	193	\$2.10	-	-	-	-
Q4 2026	-	-	-	-	-	-	-	194	\$2.10	-	-	-	-

(1) Includes derivative contracts for settlement at any time during the third quarter of 2024 and later periods, entered into through July 31, 2024.

(2) Weighted-average contract price.

(3) Volume weighted-average contract price for NYMEX WTI swaps and NYMEX WTI collars.

# Gas and NGL Derivative Positions<sup>(1)</sup>

## » By Quarter

Gas	NYMEX Henry Hub Gas Swaps		IF WAHA Gas Swaps		IF WAHA Gas Basis Swaps		IF HSC Gas Basis Swaps		NYMEX Henry Hub Gas Collars			Weighted-Average Price of Swaps and Collars	
	Volume (BBtu)	\$/MMBtu <sup>(2)</sup>	Volume (BBtu)	\$/MMBtu <sup>(2)</sup>	Volume (BBtu)	\$/MMBtu <sup>(2)</sup>	Volume (BBtu)	\$/MMBtu <sup>(2)</sup>	Volume (BBtu)	Ceiling \$/MMBtu <sup>(2)</sup>	Floor \$/MMBtu <sup>(2)</sup>	Ceiling \$/MMBtu <sup>(3)</sup>	Floor \$/MMBtu <sup>(3)</sup>
Q3 2024	2,923	\$3.18	-	-	5,344	\$(0.99)	3,426	\$(0.30)	4,612	\$4.21	\$3.68	\$3.81	\$3.49
Q4 2024	1,569	\$3.03	-	-	5,240	\$(0.73)	5,750	\$(0.38)	7,328	\$4.97	\$3.38	\$4.63	\$3.32
Q1 2025	1,382	\$4.41	-	-	5,102	\$(0.46)	946	\$0.0025	8,548	\$5.42	\$3.20	\$5.28	\$3.37
Q2 2025	2,896	\$3.49	-	-	5,236	\$(0.78)	-	-	5,893	\$3.58	\$3.25	\$3.55	\$3.33
Q3 2025	1,468	\$4.10	-	-	5,117	\$(0.72)	-	-	7,497	\$4.12	\$3.24	\$4.11	\$3.38
Q4 2025	1,575	\$4.33	-	-	5,046	\$(0.66)	-	-	7,982	\$5.31	\$3.25	\$5.15	\$3.43
Q1 2026	1,528	\$4.19	514	\$3.71	-	-	-	-	3,143	\$6.55	\$3.25	\$5.57	\$3.57
Q2 2026	1,472	\$3.26	-	-	-	-	-	-	3,398	\$3.55	\$3.25	\$3.46	\$3.25
Q3 2026	1,645	\$3.74	520	\$2.86	-	-	-	-	3,505	\$4.21	\$3.25	\$3.95	\$3.36
Q4 2026	-	-	514	\$3.22	-	-	-	-	3,392	\$5.45	\$3.25	\$5.16	\$3.25

NGLs	Propane Swaps		Isobutane Swaps		Normal Butane Swaps	
	Volume (MBbls)	\$/Bbl <sup>(2)</sup>	Volume (MBbls)	\$/Bbl <sup>(2)</sup>	Volume (MBbls)	\$/Bbl <sup>(2)</sup>
Q3 2024	404	\$31.87	25	\$41.58	92	\$39.85
Q4 2024	434	\$31.85	28	\$41.58	97	\$39.84
Q1 2025	396	\$32.86	25	\$41.58	45	\$39.48

(1) Includes derivative contracts for settlement at any time during the third quarter of 2024 and later periods, entered into through July 31, 2024.

(2) Weighted-average contract price.

(3) Volume weighted-average contract price for NYMEX Henry Hub swaps and collars and IF WAHA swaps.

# Second Quarter 2024 Non-GAAP Reconciliations and Disclosures



# Definitions of Non-GAAP Measures and Metrics as Calculated by the Company

To supplement the presentation of its financial results prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company provides certain non-GAAP measures and metrics, which are used by management and the investment community to assess the Company's financial condition, results of operations, and cash flows, as well as compare performance from period to period and across the Company's peer group. The Company believes these measures and metrics are widely used by the investment community, including investors, research analysts and others, to evaluate and compare recurring financial results among upstream oil and gas companies in making investment decisions or recommendations. These measures and metrics, as presented, may have differing calculations among companies and investment professionals and may not be directly comparable to the same measures and metrics provided by others. A non-GAAP measure should not be considered in isolation or as a substitute for the most directly comparable GAAP measure or any other measure of a company's financial or operating performance presented in accordance with GAAP. Reconciliations of the Company's non-GAAP measures to the most directly comparable GAAP measure is presented below. These measures may not be comparable to similarly titled measures of other companies.

**Adjusted EBITDAX:** Adjusted EBITDAX is calculated as net income before interest expense, interest income, income taxes, depletion, depreciation, amortization and asset retirement obligation liability accretion expense, exploration expense, property abandonment and impairment expense, non-cash stock-based compensation expense, derivative gains and losses net of settlements, gains and losses on divestitures, gains and losses on extinguishment of debt, and certain other items. Adjusted EBITDAX excludes certain items that the Company believes affect the comparability of operating results and can exclude items that are generally non-recurring in nature or whose timing and/or amount cannot be reasonably estimated. Adjusted EBITDAX is a non-GAAP measure that the Company believes provides useful additional information to investors and analysts, as a performance measure, for analysis of the Company's ability to internally generate funds for exploration, development, acquisitions, and to service debt. The Company is also subject to financial covenants under the Company's Credit Agreement, a material source of liquidity for the Company, based on Adjusted EBITDAX ratios. Please reference the Company's second quarter 2024 Form 10-Q and the most recent Annual Report on Form 10-K for discussion of the Credit Agreement and its covenants.

**Adjusted free cash flow or FCF:** Adjusted free cash flow is calculated as net cash provided by operating activities before net change in working capital less capital expenditures before changes in accruals. The Company uses this measure as representative of the cash from operations, in excess of capital expenditures that provides liquidity to fund discretionary obligations such as debt reduction, returning cash to stockholders or expanding the business.

**Adjusted net income and Adjusted net income per diluted common share or Adjusted EPS:** Adjusted net income and Adjusted net income per diluted common share excludes certain items that the Company believes affect the comparability of operating results, including items that are generally non-recurring in nature or whose timing and/or amount cannot be reasonably estimated. These items include non-cash and other adjustments, such as derivative gains and losses net of settlements, impairments, net (gain) loss on divestiture activity, gains and losses on extinguishment of debt, and accruals for non-recurring matters. The Company uses these measures to evaluate the comparability of the Company's ongoing operational results and trends and believes these measures provide useful information to investors for analysis of the Company's fundamental business on a recurring basis.

**Cash production margin:** Cash production margin is calculated as oil, gas, and NGL revenues (before the effects of commodity derivative settlements), less operating expenses (specifically, LOE, transportation, production taxes, and ad valorem taxes). This calculation excludes derivative settlements, G&A, exploration expense, and DD&A and is reflected on a per BOE basis using net equivalent production for the period presented. The Company believes this metric provides management and the investment community with an understanding of the Company's recurring operating margin before G&A, exploration expense, and DD&A, which is helpful to compare period-to-period and across peers.

**Net debt:** Net debt is calculated as the total principal amount of outstanding senior notes plus amounts drawn on the revolving credit facility less cash and cash equivalents (also referred to as total funded debt). The Company uses net debt as a measure of financial position and believes this measure provides useful additional information to investors to evaluate the Company's capital structure and financial leverage.

**Net debt-to-Adjusted EBITDAX:** Net debt-to-Adjusted EBITDAX is calculated as Net Debt (defined above) divided by Adjusted EBITDAX (defined above) for the trailing twelve-month period (also referred to as leverage ratio). A variation of this calculation is a financial covenant under the Company's Credit Agreement. The Company and the investment community may use this metric in understanding the Company's ability to service its debt and identify trends in its leverage position. The Company reconciles the two non-GAAP measure components of this calculation.

**Post-hedge:** Post-hedge is calculated as the average realized price after the effects of commodity net derivative settlements. The Company believes this metric is useful to management and the investment community to understand the effects of commodity net derivative settlements on average realized price.

# Non-GAAP Reconciliations

## Adjusted EBITDAX<sup>(1)</sup>

(in thousands)

	Three Months Ended June 30, 2024	Trailing Twelve Months Ended June 30, 2024
<b>Net income (GAAP)</b>	<b>\$ 210,293</b>	<b>\$ 810,946</b>
Interest expense	21,807	90,703
Interest income	(6,333)	(23,261)
Income tax expense	53,590	84,383
Depletion, depreciation, amortization, and asset retirement obligation liability accretion	179,651	724,299
Exploration <sup>(2)</sup>	15,906	57,154
Stock-based compensation expense	5,788	22,575
Net derivative (gain) loss	(12,118)	10,876
Net derivative settlement gain	16,523	36,006
Other, net	823	1,990
<b>Adjusted EBITDAX (non-GAAP)</b>	<b>\$ 485,930</b>	<b>\$ 1,815,671</b>
Interest expense	(21,807)	(90,703)
Interest income	6,333	23,261
Income tax expense	(53,590)	(84,383)
Exploration <sup>(2)(3)</sup>	(14,897)	(48,249)
Amortization of deferred financing costs	1,372	5,486
Deferred income taxes	43,516	64,917
Other, net	(20,690)	(26,521)
Net change in working capital	50,215	(47,588)
<b>Net cash provided by operating activities (GAAP)</b>	<b>\$ 476,382</b>	<b>\$ 1,611,891</b>

## Adjusted Net Income<sup>(1)</sup>

(in thousands, except per share data)

	Three Months Ended June 30, 2024
<b>Net income (GAAP)</b>	<b>\$ 210,293</b>
Net derivative gain	(12,118)
Net derivative settlement gain	16,523
Other, net	823
Tax effect of adjustments <sup>(4)</sup>	(1,134)
<b>Adjusted net income (non-GAAP)</b>	<b>\$ 214,387</b>
<b>Diluted net income per common share (GAAP)</b>	<b>\$ 1.82</b>
Net derivative gain	(0.10)
Net derivative settlement gain	0.14
Other, net	—
Tax effect of adjustments <sup>(4)</sup>	(0.01)
<b>Adjusted net income per diluted common share (non-GAAP)</b>	<b>\$ 1.85</b>
Basic weighted-average common shares outstanding	114,634
Diluted weighted-average common shares outstanding	115,715

(1) Indicates a non-GAAP measure. See above “Definitions of non-GAAP measures and metrics as Calculated by the Company.”

(2) Stock-based compensation expense is a component of the exploration expense and general and administrative expense line items on the condensed consolidated statements of operations. Therefore, the exploration line items shown in the reconciliation above will vary from the amount shown on the condensed consolidated statements of operations for the component of stock-based compensation expense recorded to exploration expense.

(3) For the periods presented, amounts exclude certain capital expenditures related to unsuccessful exploration activities.

(4) The tax effect of adjustments is calculated using a tax rate of 21.7% for the three months ended June 30, 2024. This rate approximates the Company’s statutory tax rate adjusted for ordinary permanent differences.

# Non-GAAP Reconciliations, *continued*

## Adjusted Free Cash Flow<sup>(1)</sup>

(in thousands)

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	July 1, 2022 to June 30, 2024
<b>Net cash provided by operating activities (GAAP)</b>	\$ 476,382	\$ 752,382	\$ 3,128,521
Net change in working capital	(50,215)	47,473	14,339
<b>Cash flow from operations before net change in working capital (non-GAAP)</b>	\$ 426,167	\$ 799,855	\$ 3,142,860
<b>Capital expenditures (GAAP)</b>	\$ 322,684	\$ 655,049	\$ 2,158,649
Changes in capital expenditure accruals	5,078	(21,491)	51,312
<b>Capital expenditures before changes in accruals (non-GAAP)</b>	\$ 327,762	\$ 633,558	\$ 2,209,961
<b>Adjusted free cash flow (non-GAAP)</b>	\$ 98,405	\$ 166,297	\$ 932,899

## Net Debt<sup>(1)</sup>

(in thousands)

	As of June 30, 2024
Principal amount of Senior Notes <sup>(2)</sup>	\$ 1,585,144
Revolving credit facility <sup>(2)</sup>	—
<b>Total principal amount of debt (GAAP)</b>	\$ 1,585,144
Less: Cash and cash equivalents	487,869
<b>Net Debt (non-GAAP)</b>	\$ 1,097,275

(1) Indicates a non-GAAP measure. See above “Definitions of non-GAAP measures and metrics as Calculated by the Company.”

(2) Amounts are from Note 5 – Long-Term Debt in Part I, Item 1 of the Company’s Form 10-Q as of June 30, 2024.

# Regional Maps

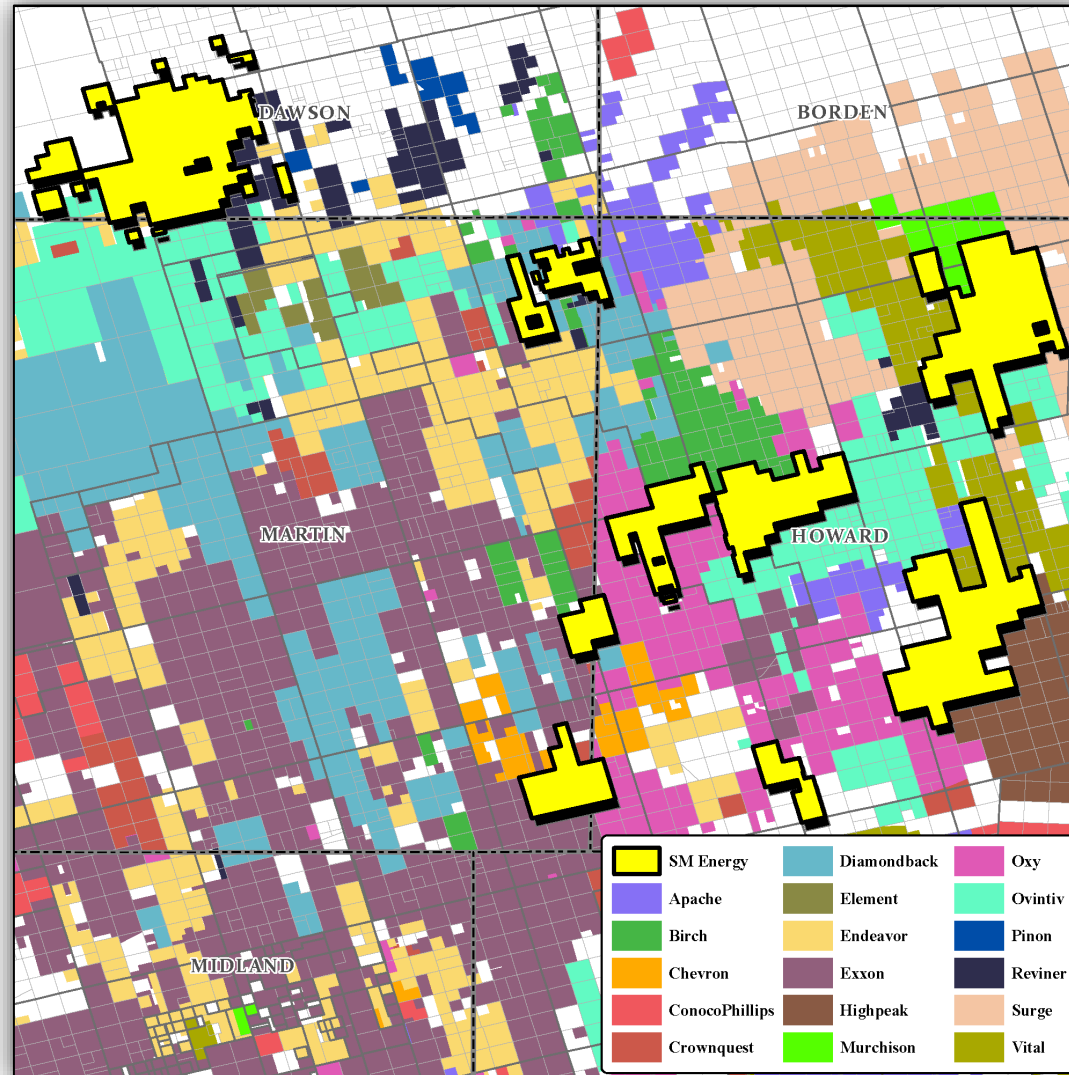




# Midland Basin Operators



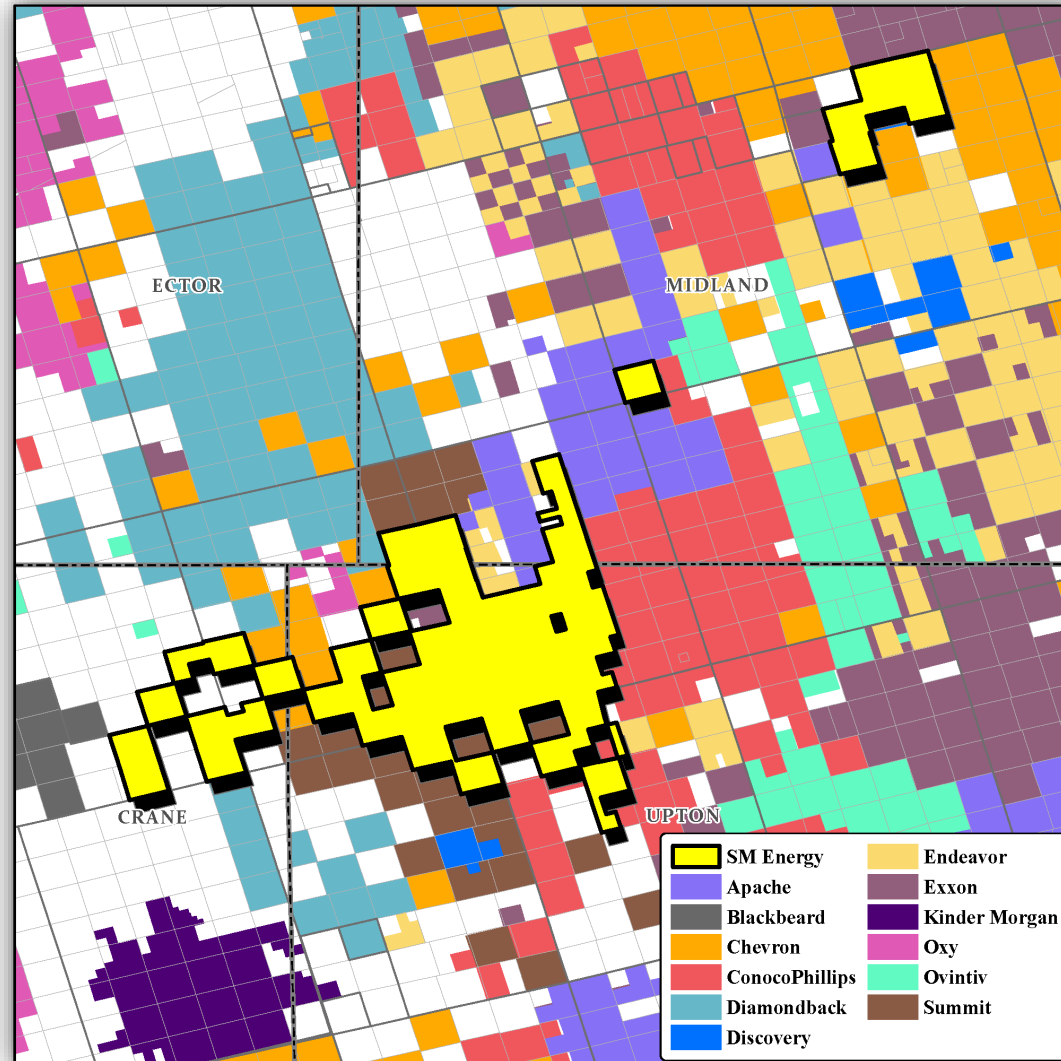
**SM**  
ENERGY



# Sweetie Peck Operators



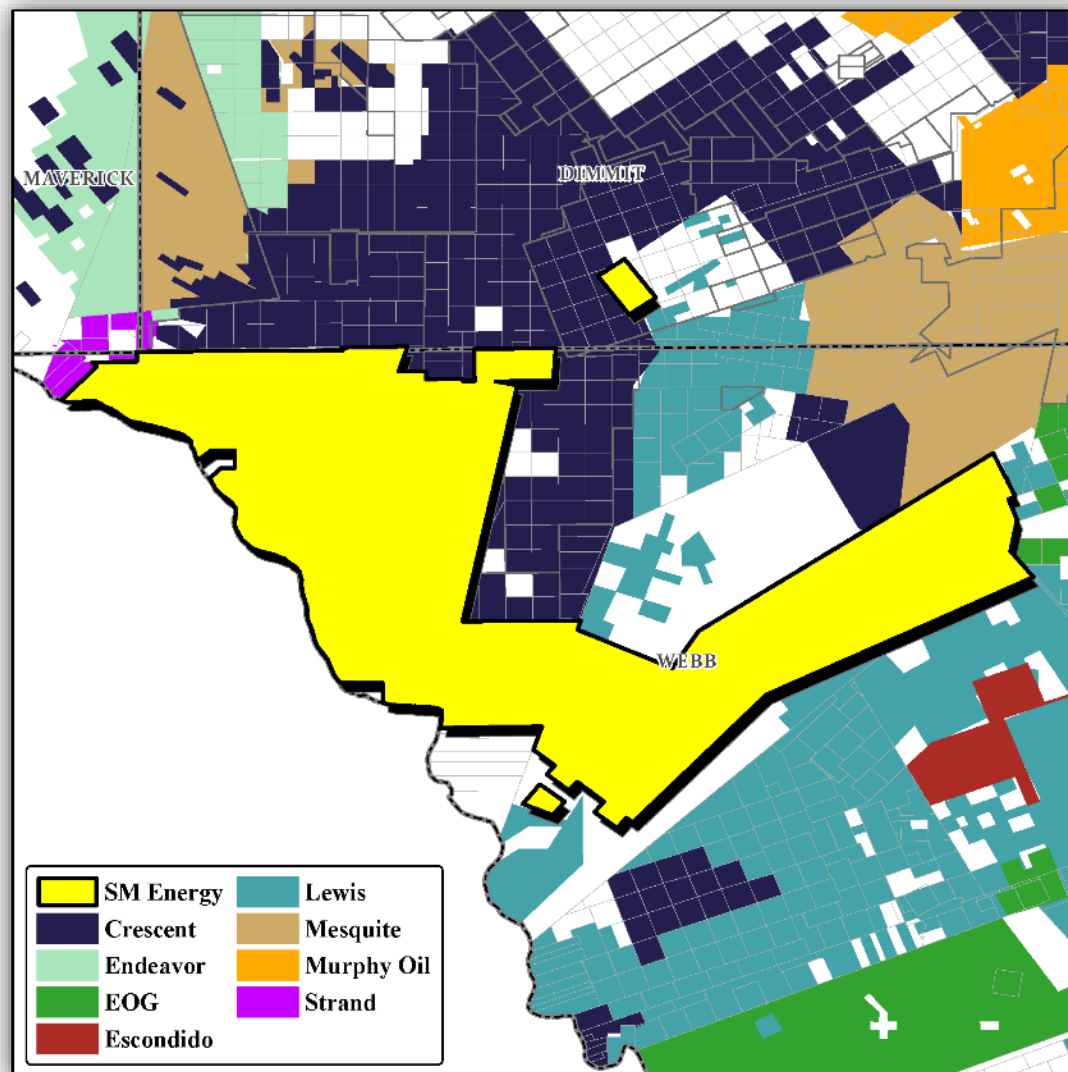
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ENERGY



# South Texas Operators



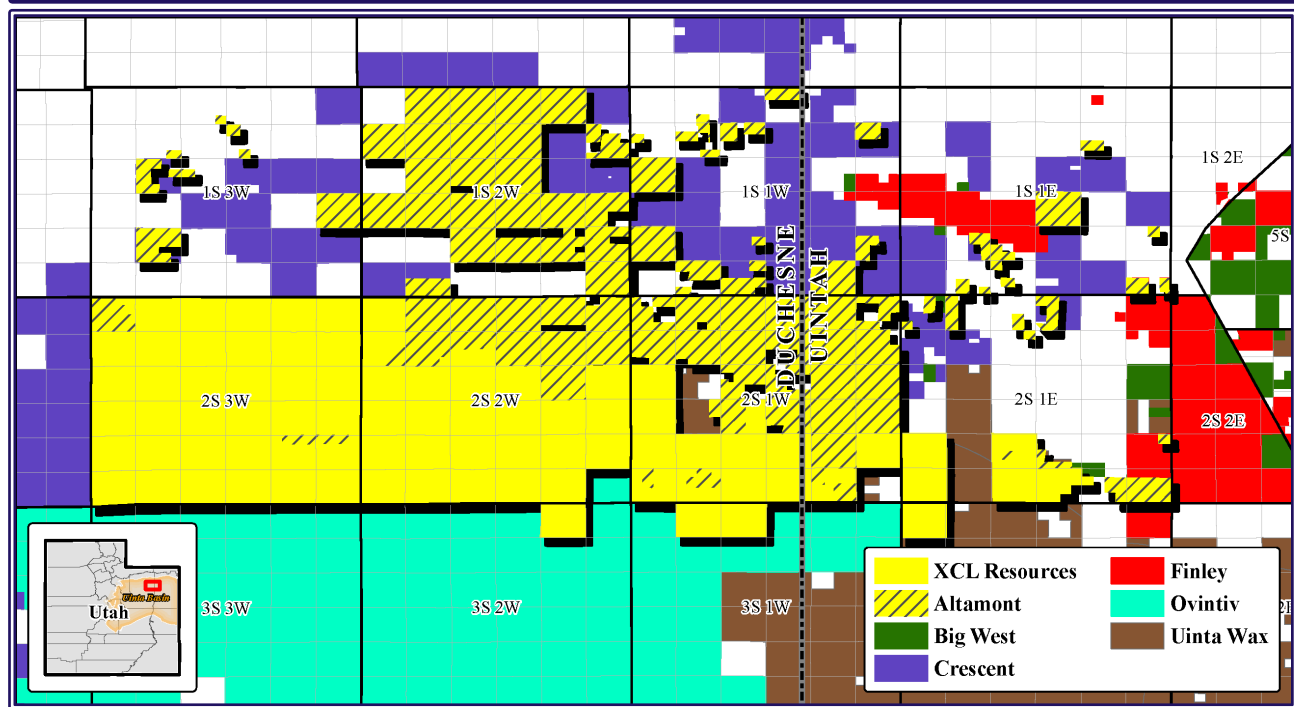
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# Uinta Basin Acquisitions<sup>(1)</sup> & Operators

## XCL + Altamont

- All Cash Acquisitions **\$2.1B**
- Acquired at **\$1.25MM** per location | **~\$9,000** per net acre<sup>(2)</sup>
- **~465 preliminary net locations** extend inventory by **3+ years**<sup>(3)</sup>



(1) The Uinta Basin Acquisitions have a May 1, 2024 effective date and are expected to close on October 1, 2024. There can be no assurance that these transactions will close on time or at all. All amounts noted are net to SM Energy's 80% interest.  
 (2) Assumes \$35,000/Boed for PDP production.  
 (3) Net locations normalized for 10K foot lateral length.

# Contact Information

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