

Eagle Ford Bolt-On Acquisition

August 9, 2022

NYSE: DVN
devonenergy.com



devon

Transaction Advances Our Strategic Plan

#1

ASSETS ACQUIRED AT ATTRACTIVE VALUATION

Transaction valued at 2-times cash flow with a 30% FCF yield

#2

IMMEDIATELY ACCRETIVE TO FINANCIAL METRICS

Double-digit improvement to EPS, CFPS & FCF per share

#3

INCREASES CASH RETURNS TO SHAREHOLDERS

Improves dividend outlook & enhances share buyback capabilities

#4

MAINTAINS INVESTMENT-GRADE FINANCIAL STRENGTH

All cash transaction maintains low leverage ratio

#5

ENHANCES EAGLE FORD ASSET QUALITY & SCALE

Adds highly-economic inventory to sustain production & cash flow



**BOLT-ON ACQUISITION
IN THE EAGLE FORD**

Enhances Eagle Ford Asset Quality & Scale

✓ OFFSETS EXISTING POSITION IN CORE OF THE PLAY

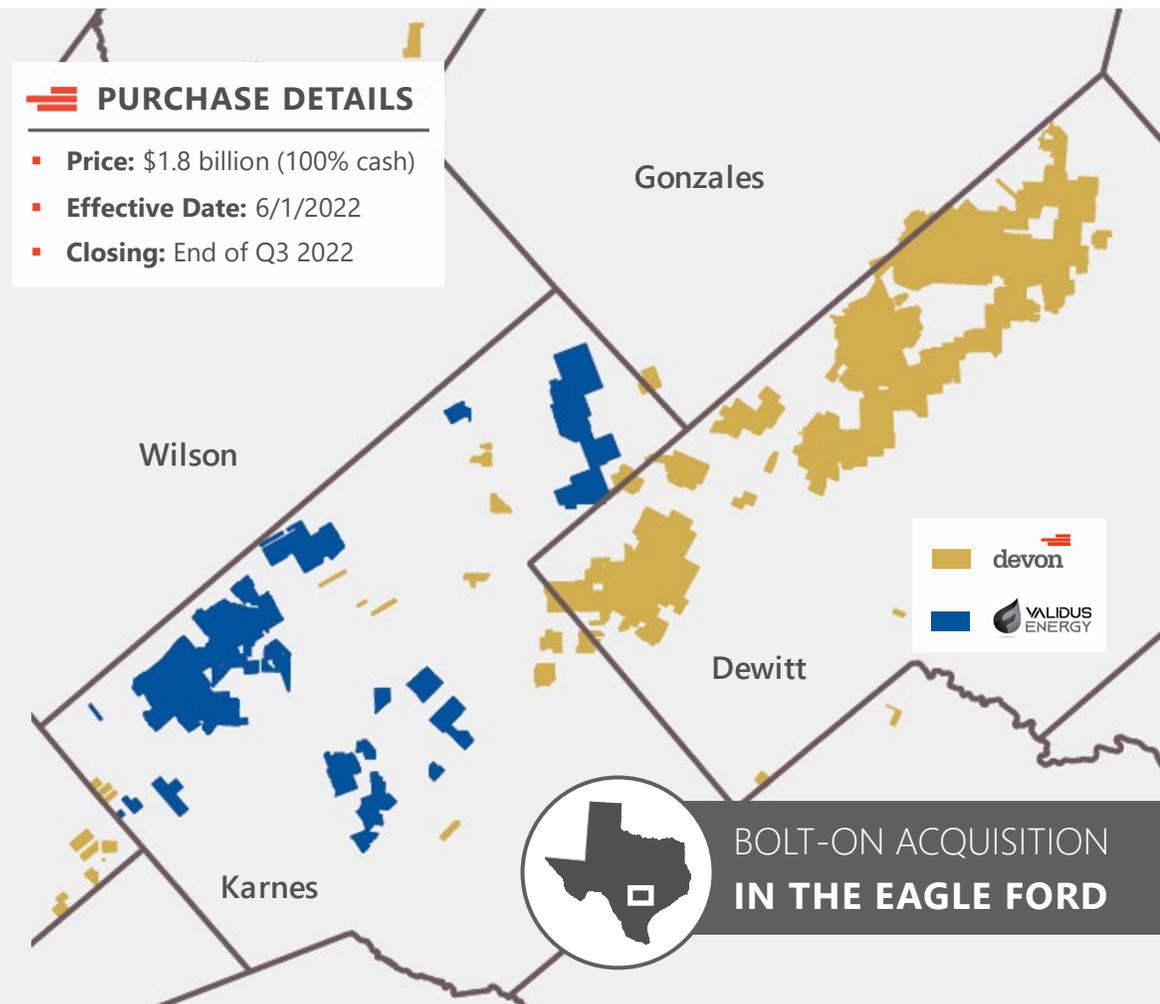
- Contiguous operated position of 42,000 net acres
- Secures 500 highly economic inventory opportunities
- Provides resource depth to sustain production & cash flow

✓ ACCELERATES FREE CASH FLOW GENERATION

- Oil-weighted production mix with low-cost structure
- Margins benefit from access to premium Gulf Coast pricing
- Operational overlap & scale to drive efficiencies (\$50MM annually)

EAGLE FORD KEY METRICS	 devon	 VALIDUS ENERGY	Pro Forma
Net Acreage	40,000	42,000	82,000
Working Interest	50%	90%	70%
Q2 2022 Production (BOED)	38,000	35,000 ⁽¹⁾	73,000
Oil Mix (% of production)	49%	70%	60%

(1) Represents average production for the month of July. Devon expects Validus volumes to increase to an average of 40,000 BOE per day over the next year.



Immediately Accretive to Per-Share Metrics

ACCRETION TO SHAREHOLDERS

(PRO FORMA YEAR-ONE BENEFITS)



ATTRACTIVE
PURCHASE PRICE

2.0x
CASH FLOW
(FCF YIELD: 30%)



CASH FLOW &
FREE CASH FLOW

~10%
PER-SHARE
IMPROVEMENT



MAINTAINS TOP-TIER
FINANCIAL STRENGTH

0.4x
NET DEBT-TO-EBITDAX
YEAR-END 2022



ACCRETIVE TO DIVIDEND PAYOUT &
SHARE REPURCHASE CAPABILITIES



Note: Assumes next 12-month strip pricing as of 8/5/2022.

Investor Contacts & Notices

Investor Relations Contacts

Scott Coody

VP, Investor Relations
405-552-4735

Email: investor.relations@dnv.com

Chris Carr

Manager, Investor Relations
405-228-2496

Investor Notices

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