PIONEER NATURAL RESOURCES

DOUBLEPOINT ENERGY

# Acquisition of DoublePoint Energy

April 13, 2021

# Forward-Looking Statements

Except for historical information contained herein, the statements in this news release are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements and the business prospects of Pioneer are subject to a number of risks and uncertainties that may cause Pioneer's actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things, the risk that the companies' businesses will not be integrated successfully; the risk that the cost savings, synergies and growth from the proposed transaction may not be fully realized or may take longer to realize than expected; the diversion of management time on transaction-related issues; the effect of future regulatory or legislative actions on the companies or the industries in which they operate, including the risk of new restrictions with respect to development activities on the companies' assets; the risk that Pioneer's credit ratings may be different from what the Company expects; the risk that a party to the transaction may be unable to obtain governmental and regulatory approvals required for the proposed transaction, or that required governmental and regulatory approvals may delay the proposed transaction or result in the imposition of conditions that could reduce the anticipated benefits from the proposed transaction or cause the parties to abandon the proposed transaction; the risk that a condition to closing of the proposed transaction may not be satisfied; the length of time necessary to consummate the proposed transaction, which may be longer than anticipated for various reasons; potential liability resulting from pending or future litigation; changes in the general economic environment, or social or political conditions, that could affect the businesses; the potential impact of the announcement or consummation of the proposed transaction on relationships with customers, suppliers, competitors, management and other employees; the effect of this communication on Pioneer's or DoublePoint's stock price; transaction costs; volatility of commodity prices, product supply and demand; the impact of a widespread outbreak of an illness, such as the COVID-19 pandemic, on global and U.S. economic activity, competition, the ability to obtain environmental and other permits and the timing thereof, other government regulation or action, the ability to obtain approvals from third parties and negotiate agreements with third parties on mutually acceptable terms; potential liability resulting from pending or future litigation, the costs and results of drilling and operations, availability of equipment, services, resources and personnel required to perform the companies' drilling and operating activities, access to and availability of transportation, processing, fractionation, refining, storage and export facilities; Pioneer's and DoublePoint's ability to replace reserves, implement its business plans or complete its development activities as scheduled; access to and cost of capital; the financial strength of counterparties to Pioneer's or DoublePoint's credit facility, investment instruments and derivative contracts and purchasers of the companies' oil, natural gas liquid and gas production; uncertainties about estimates of reserves and resource potential; identification of drilling locations and the ability to add proved reserves in the future; the assumptions underlying forecasts, including forecasts of production, cash flow, well costs, capital expenditures, rates of return to shareholders, expenses, cash flows from purchases and sales of oil and gas net of firm transportation commitments, sources of funding and tax rates; quality of technical data; environmental and weather risks, including the possible impacts of climate change; cybersecurity risks; the risks associated with the ownership and operation of Pioneer's oilfield services businesses and acts of war or terrorism.

These and other risks are described in Pioneer's report on Form 10-K for the year ended December 31, 2020, Quarterly Reports on Form 10-Q filed thereafter and other filings with the Securities and Exchange Commission. In addition, the companies may be subject to currently unforeseen risks that may have a materially adverse impact on the combined company. Accordingly, no assurances can be given that the actual events and results will not be materially different than the anticipated results described in the forward-looking statements. Pioneer undertakes no duty to publicly update these statements except as required by law.

Please see the supplemental slides included in this presentation for other important information.

# Bolt-On Acquisition of DoublePoint Energy (DPE)

## *Highly Accretive*

- Key Financial Metrics Including Free Cash Flow per Share
- Operational Synergies

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**Enhances Investment Framework and Variable Dividend**

**Largest Producer in the Permian**
- Lower Cost of Capital
- Economies of scale benefits supply chain
- Shared Facilities/Infrastructure

Acquisition of
**~100,000 Tier 1**
**Midland Basin** Net Acres

**Maintains Strong Balance Sheet**
2021E Net Debt/EBITDAX **~0.9x**[1]

**~$175 MM**
In Annual **Synergies**

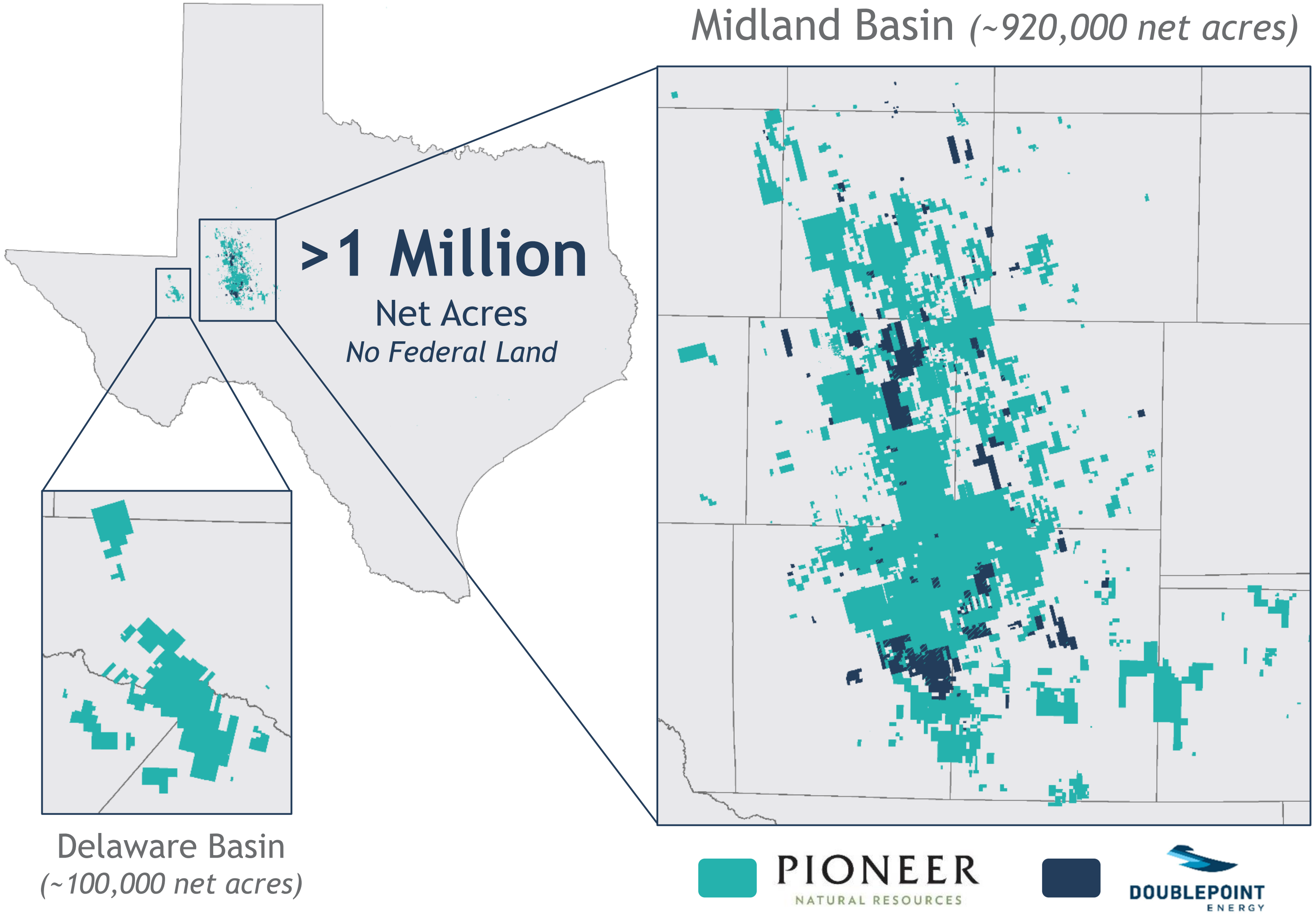
**Maintain Low Flaring Intensity of <1%**



1) Based on strip pricing as of 3/20/2021. EBITDAX is a non-GAAP financial measure; see supplemental slides.

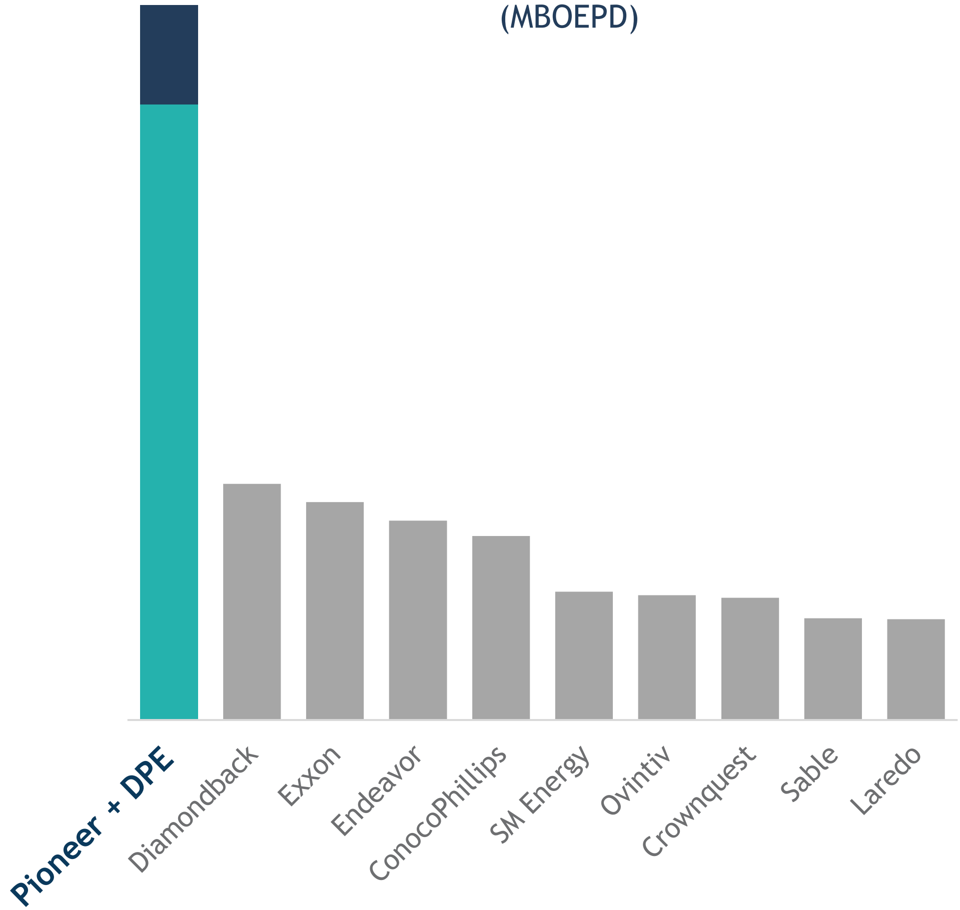
# The Premier Permian E&P

Midland Basin *(~920,000 net acres)*




Delaware Basin
*(~100,000 net acres)*

**Midland Basin Gross Production by Operator[1]**
(MBOEPD)






1) Source: Enverus, February 2021; gross two-stream MBOEPD.

# Transaction Overview

## Total Consideration ~$6.4 B[1]

| Equity | Cash | Liabilities[2] |
|---|---|---|
| ~$4.5 B | $1.0 B | ~$0.9 B |

### Transaction Details

- Expected closing mid-to-late second quarter
- Combined enterprise value of ~$47 B
  - ~244 MM pro forma shares; issuance of 27,187,500 shares, representing 11% of pro forma shares outstanding
- Acquiring ~97,000 high quality, core Midland Basin net acres with
- Inheriting oil derivatives of 21 MBOPD in 2H 2021 and 10 MBOPD in 2022[3]

### Significant Accretion

- Double digit free cash flow per share accretion
- Increases variable dividend[4] per share
- Minimally developed highly contiguous, top-tier acreage position

**Accretive combination** further enhances Pioneer as **the premier low-cost, Permian independent E&P**

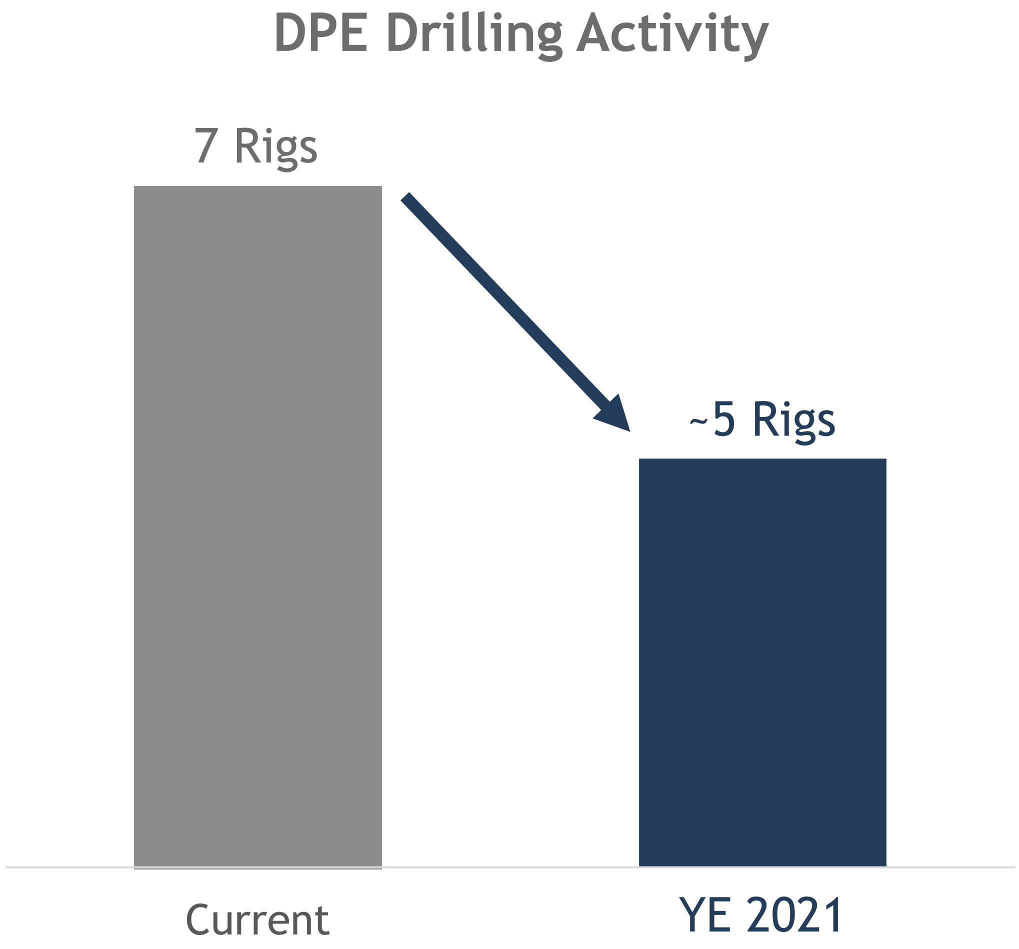
### Expected Synergies of ~$175 MM Annually (~$1 B PV-10)[5]

- **~$15 MM G&A Savings**
  Reducing DPE annualized G&A of $25 MM by 60%; expected to achieve in 2H 2021
- **~$60 MM Interest Savings[2]**
  Plan to refinance DPE bonds after closing
- **~$100 MM Operations Savings**
  Expected by YE 2021; ~$50 MM in integration expenses forecasted in 2H 2021



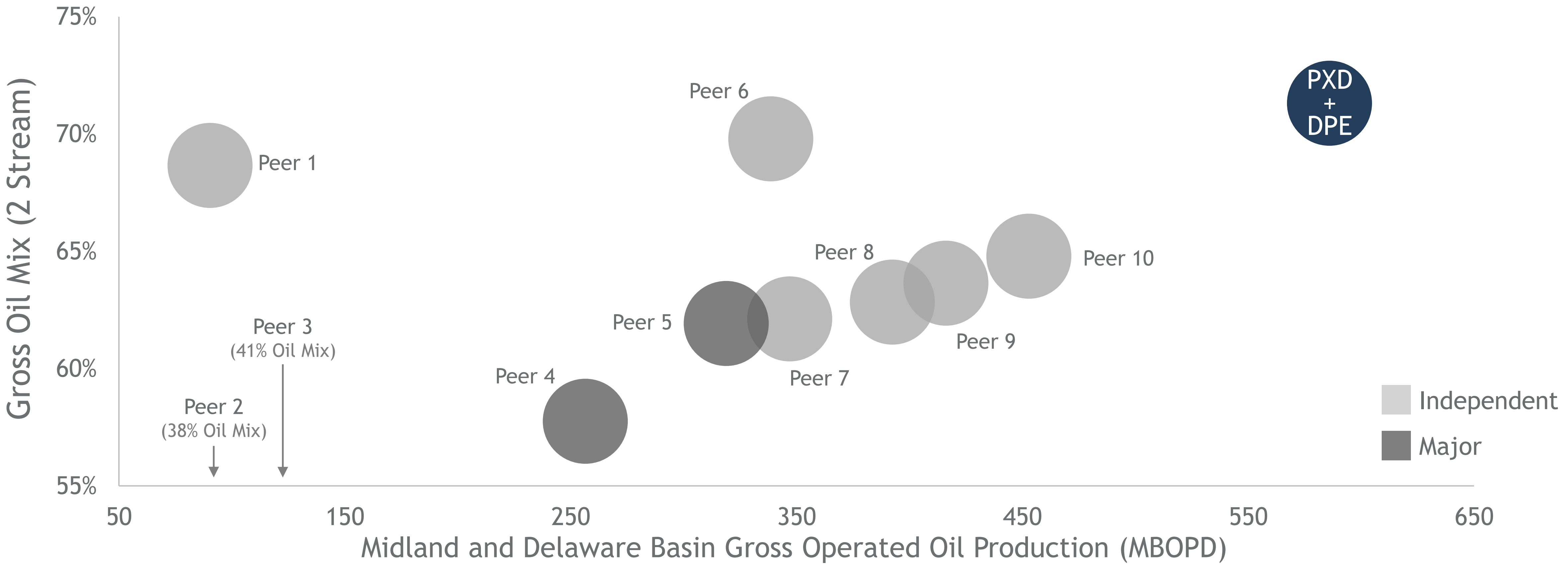
1) Based on Pioneer's share price as of 4/1/2021. 2) Liabilities include debt of $650 MM at 7.75% and approximately $300 MM of reserve-based lending and working capital. 3) 2H 2021 oil derivatives comprised of swaps and collars between $50 and $55 WTI. 2022 oil derivatives comprised of 3-way collars at $40/$52/$65. 4) Dividends are authorized and determined by the Company's board of directors in its sole discretion. 5) PV-10 of $175 MM annual synergies over ten years.

# Incorporating Asset into Pioneer's Investment Framework




- DPE is currently running 7 drilling rigs, generating >30% growth; net production forecasted to be ~100 MBOEPD (~62% oil) by late second quarter 2021
- Pioneer will reduce DPE activity by ~30% by year-end 2021
- Expecting capital spending of $470 MM - $570 MM on DPE acreage after close through year-end 2021

# Increased Permian Scale Drives Competitive Advantage[1]




- Enhances leading position in the Permian Basin with acquisition of complementary high-quality acreage
- Low corporate breakeven and low reinvestment rate supported by strong margins and high oil mix

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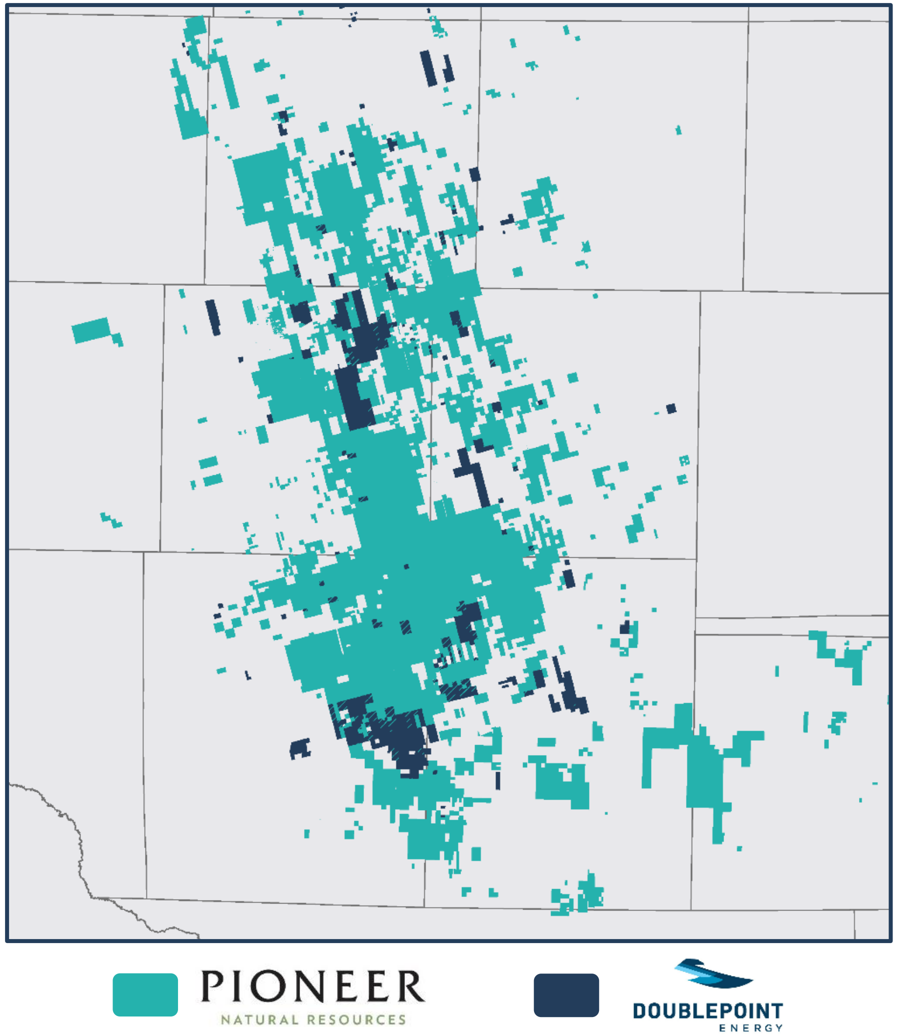
1) Source: Enverus, February 2021. Midland and Delaware Basin gross operated production. Peers include: APA, COP, CVX, DVN, EOG, FANG, OVV, OXY, XEC and XOM.

# Strengthening Our Best-in-Class Midland Basin Asset

**Significant overlap** of **core acreage** makes acquisition **uniquely strategic** for Pioneer

- Highly contiguous and largely undeveloped Midland Basin acreage results in a compelling combination both financially and operationally
  - Adds greater than 1,200 high-return locations
- Accretive acquisition improves free cash flow generation and increases per share variable dividend payments[1]
  - Increases 5-year cumulative free cash flow by ~25%, incremental benefit of ~$4 B[2]






1) Dividends are authorized and determined by the Company's board of directors in its sole discretion. 2) 5-year period defined as 2022-2026; free cash flow is a non-GAAP financial measure.

# Enhancing Shareholder Value

### Focus on Returns
Low-cost, high-return Permian Basin wells drive strong corporate returns

### Capital Discipline
Disciplined reinvestment rate underpins compelling investment framework

### Return of Capital
Free cash flow generation supports return of capital to shareholders

### Preserve Strong Balance Sheet
Low leverage provides financial and operational flexibility

### Highly Repeatable Program
Significant inventory of low-risk, high-return wells

**Accretive transaction enhances Pioneer's value proposition**

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# Supplemental Slides

# Additional Information

EBITDAX represents earnings before depletion, depreciation and amortization expense; exploration and abandonments; impairment of inventory and other property and equipment; accretion of discount on asset retirement obligations; interest expense; income taxes; net gain on the disposition of assets; loss on early extinguishment of debt; noncash derivative related activity; amortization of stock-based compensation; noncash valuation adjustments on investments, contingent considerations and deficiency fee obligations; and other noncash items. The Company also views the non-GAAP measures of EBITDAX and net debt to EBITDAX as useful tools for comparisons of the Company's financial indicators with those of peer companies that follow the full cost method of accounting. EBITDAX should not be considered as alternatives to net income or net cash provided by operating activities, as defined by GAAP.

Free cash flow ("FCF") and free cash flow yield are non-GAAP financial measures. As used by the Company, FCF is defined as net cash provided by operating activities, adjusted for changes in operating assets and liabilities, less capital expenditures. Free cash flow yield is defined as FCF divided by the market capitalization of the Company at a given date. The Company believes these non-GAAP measures are financial indicators of the Company's ability to internally fund acquisitions, debt maturities, dividends and share repurchases after capital expenditures excluding acquisitions, asset retirement obligations, capitalized interest, geological and geophysical general and administrative expense, information technology and corporate facilities.

Due to the forward-looking nature of EBITDAX, projected free cash flow and free cash flow yield used herein, management cannot reliably predict certain of the necessary components of the most directly comparable forward-looking GAAP measures, such as changes in operating assets and liabilities. Accordingly, Pioneer is unable to present a quantitative reconciliation of such forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures. Amounts excluded from this non-GAAP measure in future periods could be significant.