



PDC Energy Announces its Updated 2022 Guidance and Multi-Year Outlook, Raises its Free Cash Flow and Return of Capital Projections

May 27, 2022

DENVER, May 27, 2022 (GLOBE NEWSWIRE) -- PDC Energy, Inc. ("PDC" or the "Company") (Nasdaq:PDCE) today provided its updated 2022 guidance after closing the Great Western Petroleum acquisition earlier this month along with its updated multi-year outlook. The updated 2022 guidance is provided in the table below and shown comparatively to our initial pro forma projections provided earlier this year when the Company announced the acquisition.

Updated 2022 Guidance Highlights

	Initial Outlook on February 28, 2022	Updated Guidance on May 26, 2022
Operational		
Total Oil and Gas Production (Mboe/d)	225-240	235-250
Oil Production (Mbbbl/d)	74-81	78-83
Oil and Gas Capital Investments (millions)	\$900-\$1,000	\$950-\$1,000
Financial		
Commodity Price Assumption (NYMEX Oil & Gas, NGL)	\$75/\$4/\$27.50	\$95/\$6/\$36.50
Adjusted Free Cash Flow ("FCF") ¹ (billions)	\$1,300	\$1,700
Total Return of Capital (millions)	\$800+	\$1,000+
Balance Sheet		
Year End 2022 Net Leverage Ratio	0.7x	0.4x

¹FCF is a non-GAAP measure as described below.

The Company's 2022 projected free cash flow yield is estimated at 25% based on our recent market capitalization. Our expected \$1+ billion in total shareholder returns includes our increased base quarterly dividend of \$0.35 per share, our share buyback program and expected year-end special dividend, all of which reflects a shareholder return yield of approximately 15% based on the Company's recent market capitalization.

CEO Commentary

President and Chief Executive Officer Bart Brookman commented, "We are excited to roll out our updated 2022 budget, which not only delivers top tier FCF generation of \$1.7 billion each of the next two years, but also allows us outstanding shareholder returns of at least \$1 billion annually. In the face of significant inflation, our operating teams have done a tremendous job innovating, driving additional efficiencies, and ensuring our capital budget remains at or below \$1 billion. As we streamline our operations, the Great Western acquisition provides the Company with additional scale and high value inventory with increased shareholder returns. I want to thank the PDC team for their efforts to efficiently integrate operations according to plan and welcome all the new employees who have joined PDC."

2022 Operations Update

As previously announced, the Company closed on its core Wattenberg acquisition, Great Western, on May 6, 2022 and the guidance incorporates the effects of the transaction.

In the Wattenberg Field, the Company expects to invest \$775-\$825 million for 2022 to run a three rig program and one full time plus an intermittent completion crew. The drilling and completion activity will be conducted primarily on the Summit, Kersey and the newly acquired Great Western Range acreage. PDC expects to spud and complete 150 to 175 wells in 2022. The capital budget also includes non-op, infrastructure, land and ESG related projects.

The Company's Kenosha Oil and Gas Development Plan ("OGDP") is on the June 8th COGCC docket for anticipated approval. The Company's Broe OGDP has a preliminary hearing date of June 29, 2022. Combined, these two anticipated approvals will provide the Company an additional 100 permits for its 2024 drilling and completion plan. The Company continues to work with the COGCC on comments it received on its Guanella Comprehensive Area Plan. The Company intends to address and submit updated plans through June, which could put it on track for completeness determination in the third quarter.

In the Delaware Basin, the Company recently finished its 2022 completion program and is running one full time drilling rig. Capital expenditures are expected to total approximately \$175 million for 16 spuds and 20 completions. The Company continues to be encouraged with its 2022 turn in line ("TIL") program as results from its relaxed spacing are outperforming expectations. On the Old Monarch pad, the Company TILed three U-Laterals

(XRL equivalents) and three SRLs. With approximately three months of production history, the U-laterals are trending at or above a 1.5 MMboe Estimated Ultimate Recovery ("EUR") and the SRLs to a 0.7 MMboe EUR. These wells were drilled on an 8-10 well per section equivalent spacing in the Wolfcamp A and B, where a U-lateral utilizes two lateral spaces. The Company expects to add additional U-shaped lateral locations to its inventory where appropriate.

2022 Capital Investment and Financial Guidance

PDC anticipates 2022 capital investments of \$950 to \$1,000 million to generate between 235,000 and 250,000 Boe per day and 78,000 to 83,000 Bbls per day, after incorporating the Great Western capital and volumes beginning in May. The Company's updated guidance has been raised on the high side based on year to date performance and timing of the Great Western closing. The Company expects to produce on average 255,000 to 265,000 Boe per day for May through December 2022.

PDC expects this year's capital program to generate \$1.7 billion of FCF, assuming \$95 per Bbl WTI, \$6.00 per Mcf NYMEX natural gas and NGL realizations of \$36.50 per Bbl. As part of its strategy to methodically layer in hedges over time, the Company has hedges in place for approximately 60% oil and 40% natural gas of its remaining 2022 production (including those acquired in the Great Western acquisition). Keeping percentage realizations constant, the Company projects commodity price fluctuations to change its estimated adjusted cash flows from operations as follows:

2022 Estimated Commodity Price Sensitivity

Commodity Price Change:	Adjusted Cash Flows from Operations Change: (millions)
\$5.00 change in NYMEX crude oil price	\$40
\$1.00 change in NYMEX natural gas price (assuming constant basis)	\$50
\$2.50 change in composite NGLs price	\$45

The table below provides additional 2022 financial guidance:

	Low	High
Production (MMBoe/d)	235	250
Capital investments (millions)	\$ 950	\$ 1,000
Operating Expenses		
Lease Operating Expense ("LOE") (millions)	\$ 245	\$ 265
Transportation, gathering & processing expense ("TGP") (per Boe)	\$ 1.45	\$ 1.60
Production taxes (% of Crude oil, natural gas & NGLs sales)	7.0 %	8.0 %
General & Administrative expense ("G&A") (millions)	\$ 160	\$ 175
Estimated Price Realizations (excludes TGP)		
Crude oil (% of NYMEX)	95 %	99 %
Natural gas (% of NYMEX)	70 %	80 %

General and Administrative expense includes \$20 to \$25 million related to transaction and transition costs for the Great Western acquisition, which are not expected to be recurring.

At this time, the Company expects that for 2022 all Federal income tax expense will be deferred and that it will not be a cash taxpayer based on the commodity price outlook outlined above. In 2023, the Company expects that approximately one third of its Federal income tax would be deferred at the commodity price outlook.

The Company's second quarter outlook remains generally unchanged as it expects to invest nearly \$260-\$290 million in the second quarter of 2022 and deliver total production and oil production of 240,000-250,000 Boe per day and 79,000-83,000 Bbls per day, respectively.

Multi-Year Outlook and Return of Capital Initiatives

The Company's outlook through 2023 is predicated on generating substantial levels of FCF through consistent capital investments from efficient operations with an output of low-single digit compound annual growth rate in both total production and oil production. With the 2022 pricing assumptions described above and assuming \$85 per Bbl WTI, \$5.00 per Mcf NYMEX natural gas and \$31.50 NGL realizations in 2023, PDC projects to generate more than \$1.7 billion of FCF in each of the next two years, which would bring the total two year cumulative FCF to \$3.5 billion. Under the same price assumptions, PDC projects to reinvest less than 40 percent of its adjusted cash flows from operations in the development of crude oil and natural gas.

The Company recently announced its shareholder return framework in which at least 60% of FCF after base dividends will be returned to shareholders in the form of share repurchases and, if necessary, a year end special dividend. The Company has a \$1.25 billion Board authorized share repurchase plan that it expects to fully utilize by the end of 2023. On May 26th, the Company's board of directors approved a raised base quarterly dividend of \$0.35 per share. The second quarter dividend is payable on June 23, 2022 to stockholders of record at the close of business on June 9, 2022. Based on our current estimated FCF and assuming we reach our annual \$625 million share buyback goal, we anticipate that our year end special dividend could exceed \$300 million.

PDC is committed to keeping a strong balance sheet as it executes on its capital return initiatives. Long term net debt is currently approximately \$1.7 billion, representing a 0.7x pro forma net leverage ratio. The long term debt consists of \$950 million of senior notes due in 2024 and 2026 with the balance drawn under its \$1.5 billion revolving credit facility. The Company will repay borrowings under the revolving credit facility with the FCF

generated and expects to have long term debt to be below \$1.3 billion, which is a net leverage ratio of 0.4x, by year end 2022.

Environmental, Social and Governance Highlights

The Company's Board recently approved quantitative metrics for greenhouse gas ("GHG") and methane emissions reductions for its 2022 short term incentive program, including 15% GHG and 30% methane emissions reduction targets from 2021 to 2022, respectively. This supports the Company's previously announced goals to reduce by 2025 (from 2020 baseline levels and on a per unit of production basis) GHG and methane emissions by 60% and 50% respectively. In total, over 25% of the Company's short term incentive program is tied to ESG and EHS initiatives.

Non-U.S. GAAP Financial Measures

We use "adjusted free cash flow", a non-U.S. GAAP financial measure, for internal management reporting, when evaluating period-to-period changes and, in some cases, in providing public guidance on possible future results. In addition, we believe this is a measure of our fundamental business and can be useful to us, investors, lenders and other parties in the evaluation of our performance relative to our peers and in assessing acquisition opportunities and capital expenditure projects. Adjusted free cash flow is a supplemental measure of liquidity and should not be viewed as a substitute for cash flows from operations because it excludes certain required cash expenditures. For example, we may have mandatory debt service requirements or other non-discretionary expenditures which are not deducted from the adjusted free cash flow measure. We are unable to present a reconciliation of forward-looking adjusted free cash flow because components of the calculation, including fluctuations in working capital accounts, are inherently unpredictable. Moreover, estimating the most directly comparable GAAP measure with the required precision necessary to provide a meaningful reconciliation is extremely difficult and could not be accomplished without unreasonable effort. We believe that forward-looking estimates of adjusted free cash flow are important to investors because they assist in the analysis of our ability to generate cash from our operations. Adjusted free cash flow may not be comparable to similarly titled measures reported by other companies. In the future, we may disclose different non-U.S. GAAP financial measures in order to help us and our investors more meaningfully evaluate and compare our future results of operations to our previously reported results of operations. We strongly encourage investors to review our financial statements and publicly filed reports in their entirety and to not rely on any single financial measure.

About PDC Energy, Inc.

PDC Energy, Inc. is a domestic independent exploration and production company that acquires, explores and develops properties for the production of crude oil, natural gas and NGLs, with operations in the Wattenberg Field in Colorado and Delaware Basin in west Texas. Its operations in the Wattenberg Field are focused in the horizontal Niobrara and Codell plays and our Delaware Basin operations are primarily focused in the horizontal Wolfcamp zones.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and the United States ("U.S.") Private Securities Litigation Reform Act of 1995 regarding our business, financial condition, results of operations and prospects. All statements, other than historical facts, that address activities or results that PDC assumes, plans, expects, believes, intends or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. Forward-looking statements herein include statements regarding future investments, production, cash flows, dividends, share repurchases, costs, projects, permits, wells, locations, rigs employed, EURs, commodity prices and realizations, taxes, debt, leverage ratios and ESG matters. The forward-looking statements are based on management's current beliefs, based on currently available information, as to the outcome and timing of future events. These forward-looking statements involve certain risks and uncertainties that could cause the results to differ materially from those expected by the management of PDC. These include the risk of any unexpected costs or expenses resulting from the acquisition, the risk that problems may arise in integrating the businesses of the companies which may result in PDC not operating as effectively and efficiently as expected, the risk that PDC may be unable to achieve synergies or other anticipated benefits of the transaction or that it may take longer than expected to achieve those synergies or benefits, and other important factors that could cause actual results to differ materially from those projected. Additional risks and uncertainties include those detailed in PDC's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that are available on its website at <http://www.pdce.com> and on the SEC's website at <http://www.sec.gov>.

All forward-looking statements are based on assumptions that PDC believes to be reasonable but that may not prove to be accurate. PDC undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

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