



PIONEER  
NATURAL RESOURCES

# Q1 2021 EARNINGS

May 5, 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, 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; the effect of future regulatory or legislative actions on Pioneer or the industry in which it operates, including the risk of new restrictions with respect to development activities; 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 Company's drilling and operating activities; access to and availability of transportation, processing, fractionation, refining, storage and export facilities; Pioneer's ability to replace reserves, implement its business plans or complete its development activities as scheduled; the risk that the Company will not be able to successfully integrate the business of Double Eagle III Midco 1 LLC or fully or timely realize the expected synergies and accretion metrics from the Parsley Energy, Inc. and Double Eagle III Midco 1 LLC acquisitions; access to and cost of capital; the financial strength of counterparties to Pioneer's credit facility, investment instruments and derivative contracts and purchasers of Pioneer's oil, natural gas liquids and gas production; uncertainties about estimates of reserves, 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, expenses and cash flow from purchases and sales of oil and gas, net of firm transportation commitments; sources of funding; 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 the Company's water services business and acts of war or terrorism. These and other risks are described in Pioneer's Annual Report on Form 10-K for the year ended December 31, 2020, and other filings with the United States Securities and Exchange Commission. In addition, the Company may be subject to currently unforeseen risks that may have a materially adverse effect on it. 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.

# › Creating Differentiated Value

Generated  
**~\$370 MM**  
of Free Cash Flow<sup>1</sup> in Q1 2021

**~\$2.7 B**

Estimated 2021 FCF<sup>1,2</sup>



Combined PE and DPE Synergies

**\$525 MM**

Expect to fully realize by YE 21

Largest Producer in the Permian



- Lower cost of capital
- Economies of scale benefits supply chain
- Shared facilities/infrastructure



**Preserving a Strong  
Balance Sheet**

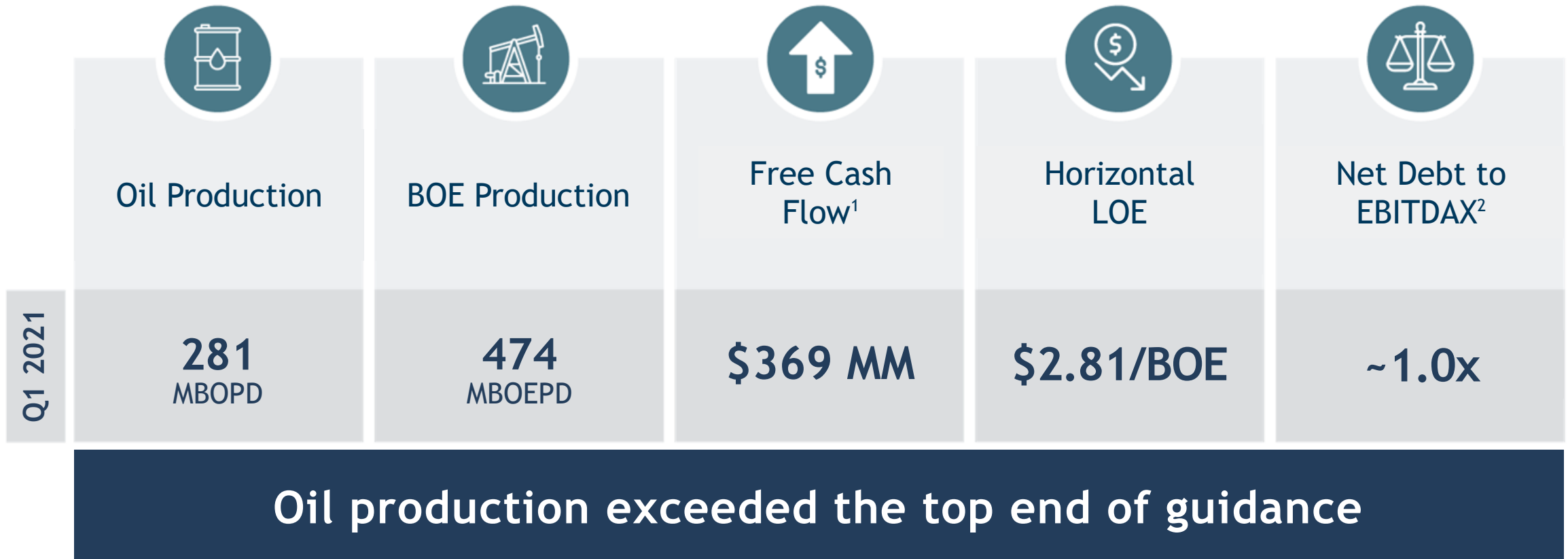
Net Debt to EBITDAX ~1.0x<sup>3</sup>

**Flaring intensity of  
0.4% in Q1 2021 vs.  
peer average of 1.3%<sup>4</sup>**



**Peer-leading corporate  
breakeven price<sup>5</sup> in the  
high \$20s WTI**

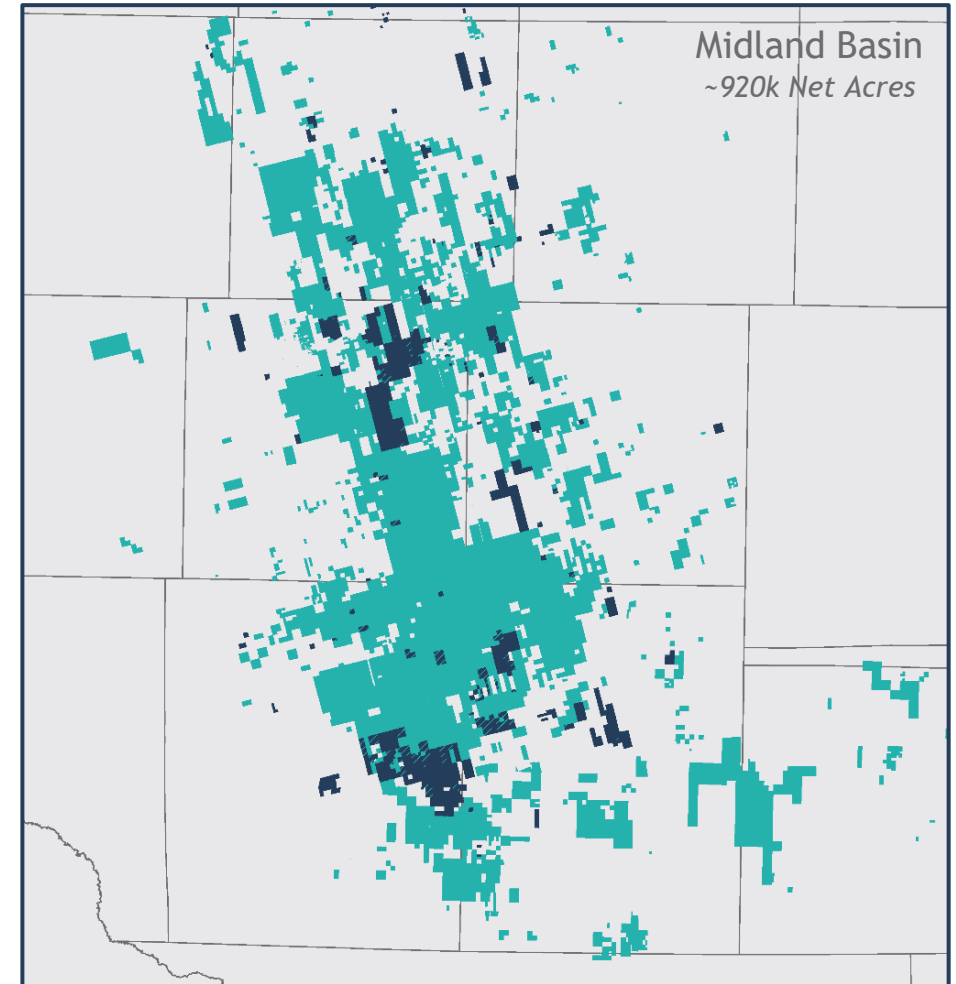
# › Solid Execution Drives Strong First Quarter Results



# Strengthening Our Best-in-Class Midland Basin Asset

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

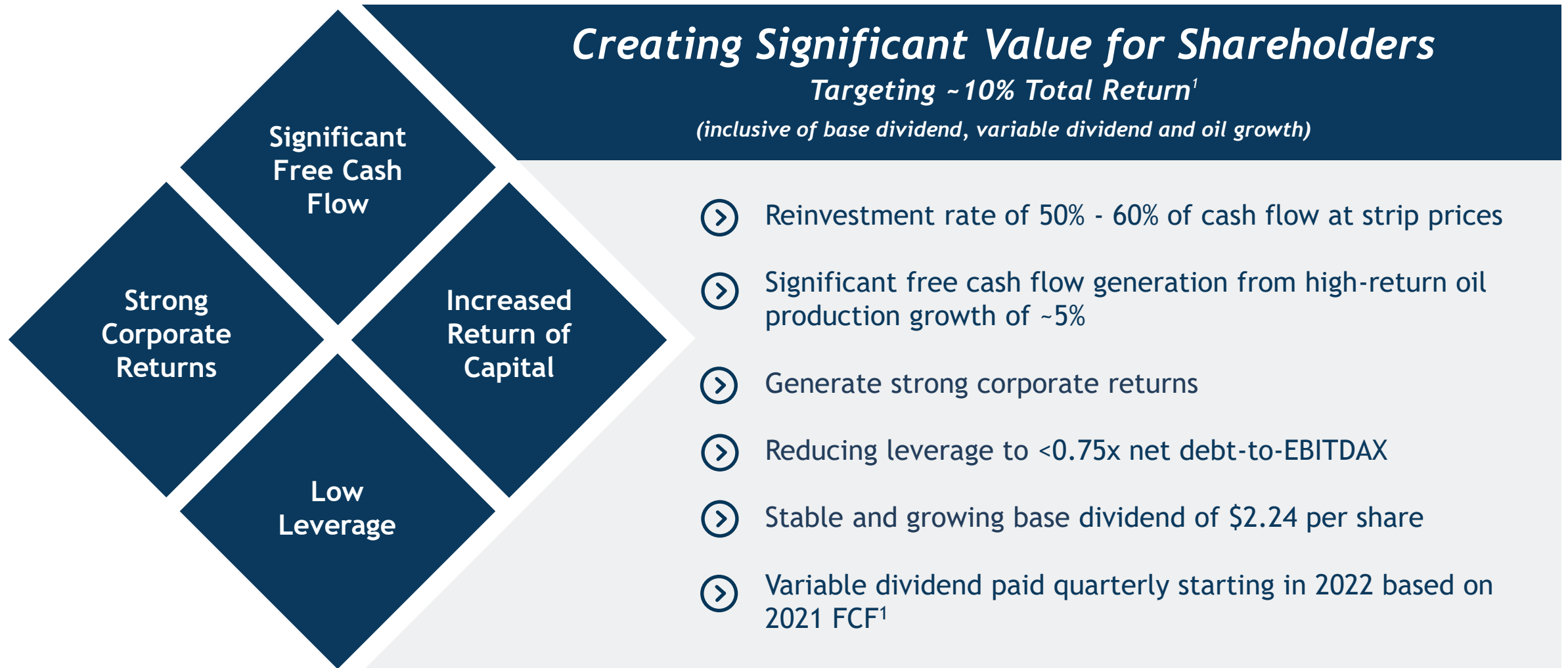
- Closed DoublePoint (DPE) acquisition of ~97,000 highly contiguous and largely undeveloped top-tier Midland Basin net acres
- Adds greater than 1,200 high-return locations
- Generates double digit free cash flow accretion per share, enabling increased per share variable dividend payments<sup>1</sup>



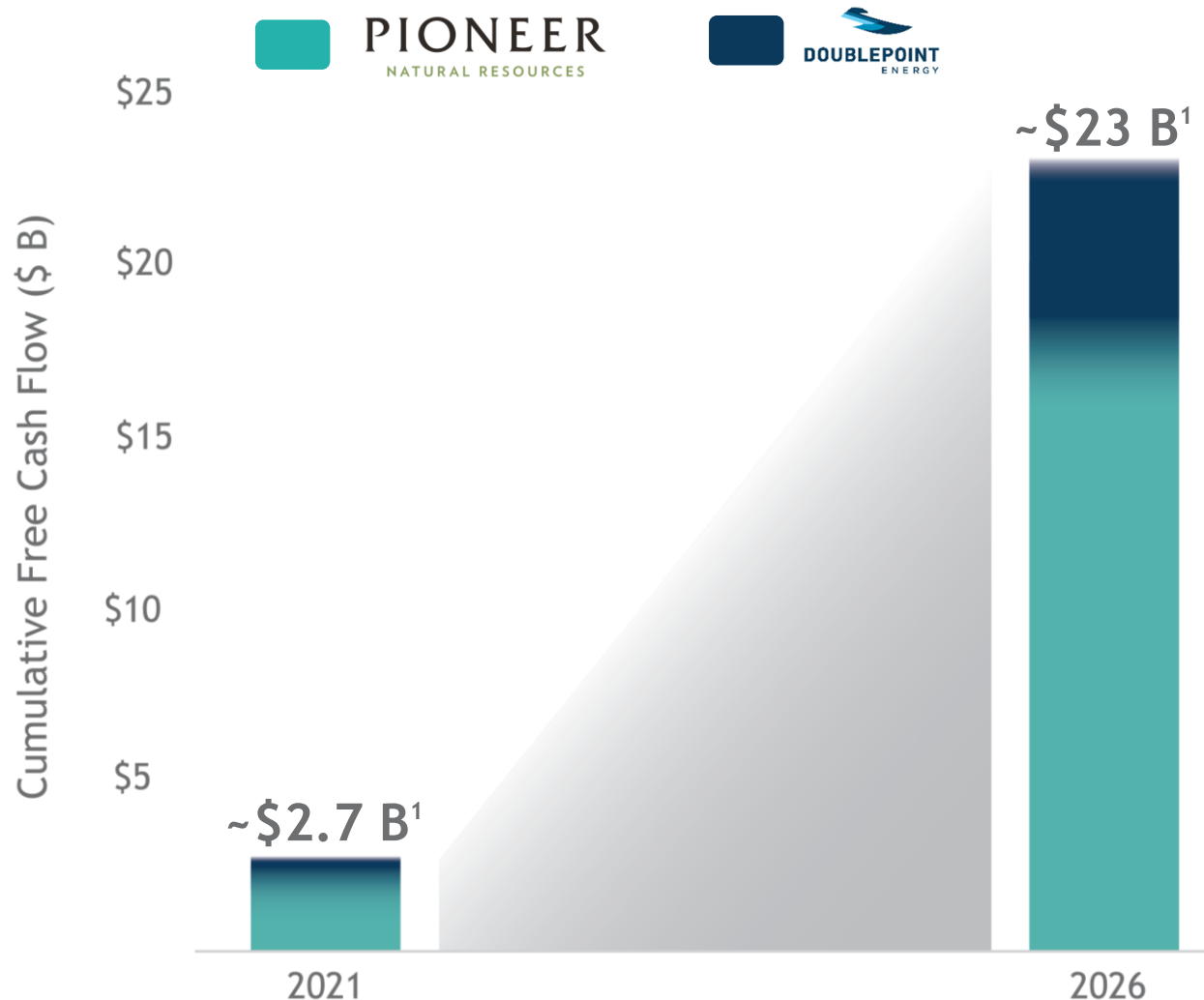
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**DOUBLEPOINT**  
ENERGY

# › Resilient Long-Term Investment Thesis



# › Compelling Free Cash Flow Generation



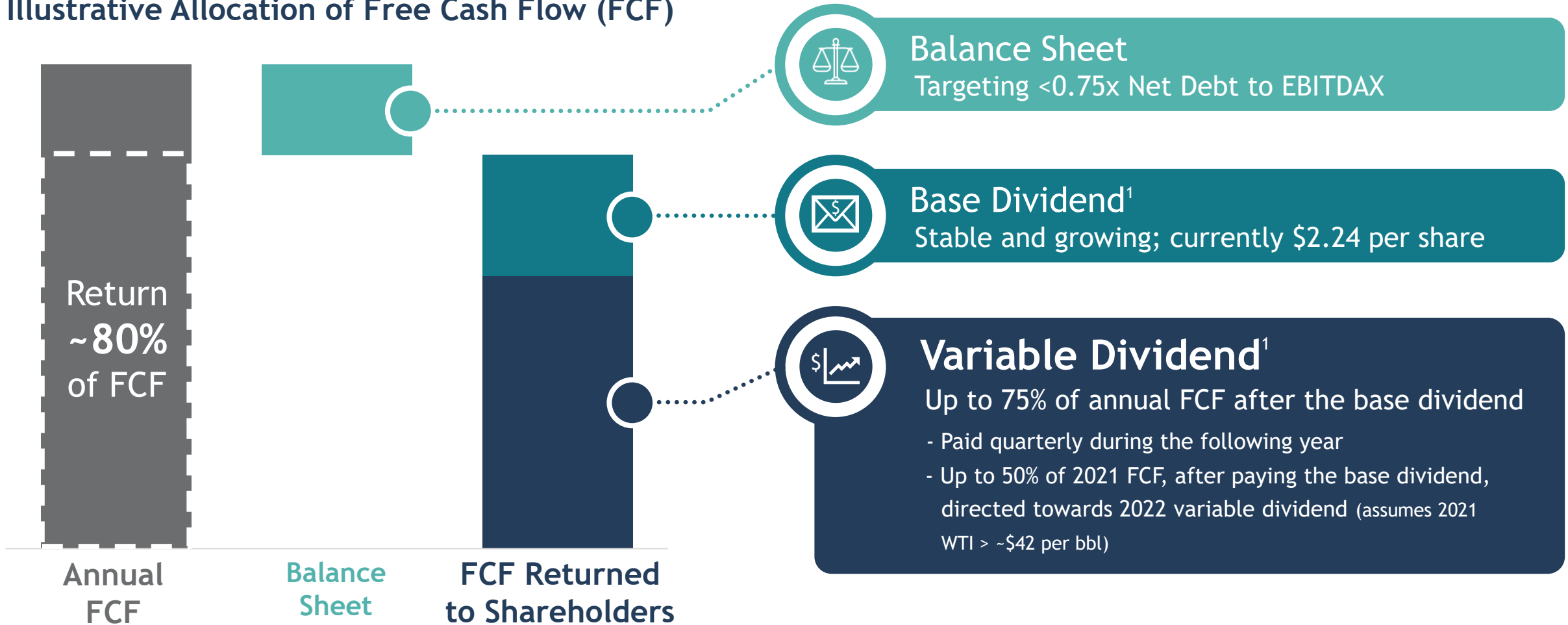
2021-2026

~\$23 Billion FCF<sup>1</sup>

- DoublePoint acquisition generates ~\$5 B of incremental free cash flow through 2026
- Annual average double digit FCF and variable dividend per share accretion 2022-2026<sup>2</sup>
- Expect cumulative free cash flow through 2026 to be ~50% of current enterprise value<sup>3</sup>

# Variable Dividend Enhances Long-Term Shareholder Returns

## Illustrative Allocation of Free Cash Flow (FCF)





# › 2021 Outlook

## Updated 2021 Guidance



### DPE Acquisition

#### Production

~100 MBOEPD (~62% Oil)

#### Capital Spending

\$530 - \$570 MM

### 2021 Production

**351 - 366**

MBOPD

**605 - 631**

BOEPD

### Capital Budget<sup>1</sup>

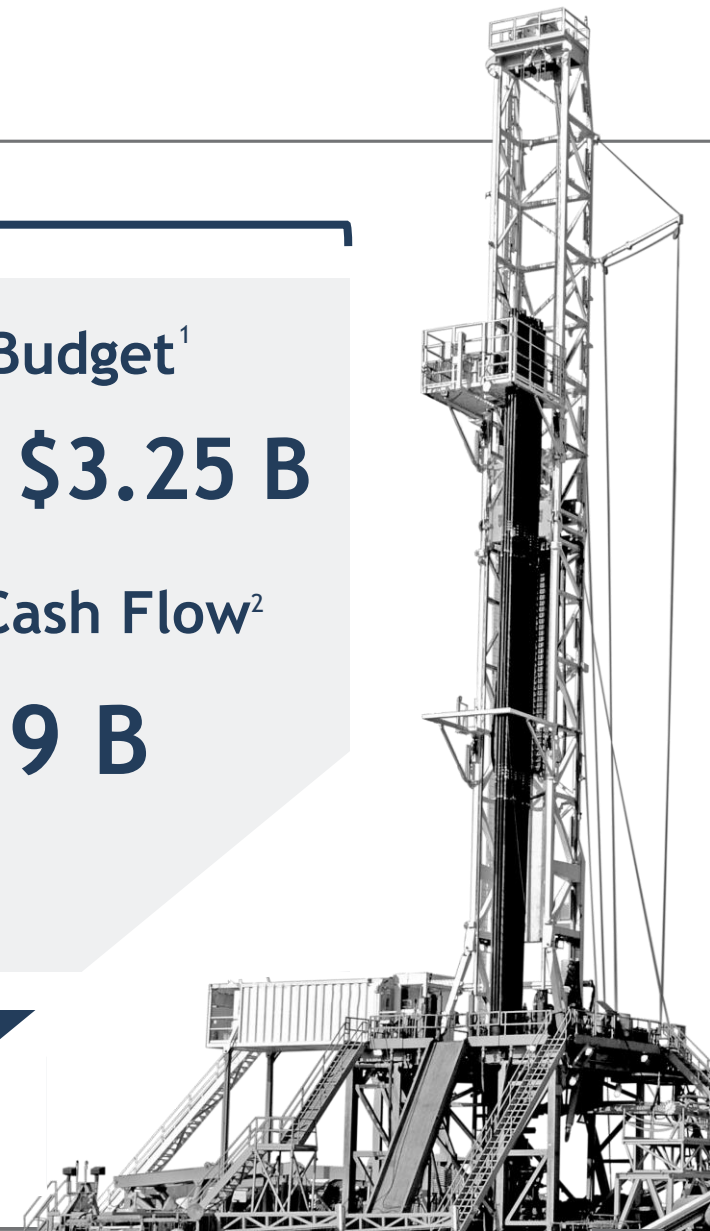
**\$2.95 B - \$3.25 B**

### Operating Cash Flow<sup>2</sup>

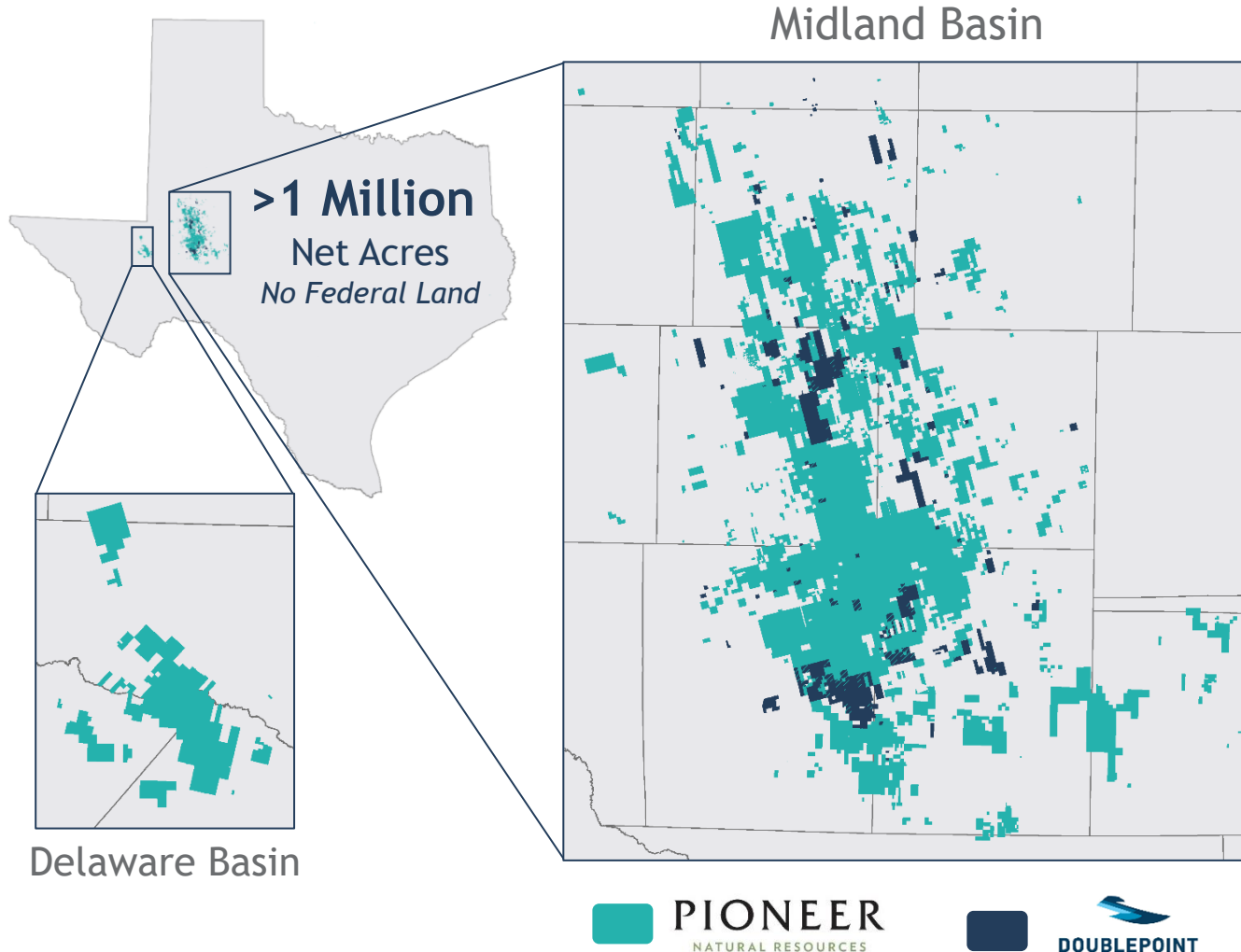
**~\$5.9 B**

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**~\$2.7 Billion** Estimated Free Cash Flow<sup>3</sup>



# › 2021 Operational Plan

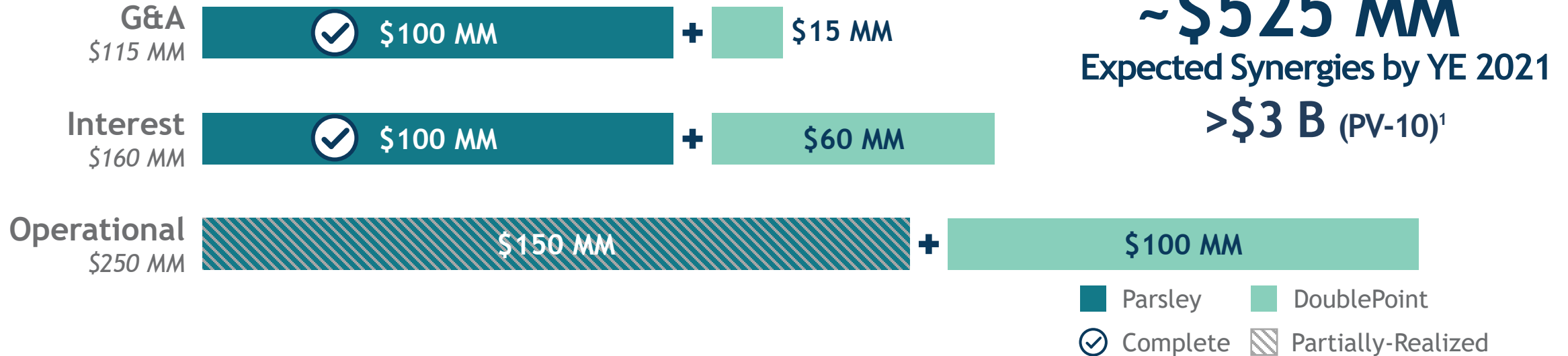


- **Average 2021 Rig Count: 22 - 24**
  - ~3 rigs in the southern joint venture area
  - ~1 rig in the Delaware Basin
  - Reducing DPE rig count from 7 to 5 by YE 2021
- **Deliver 470 - 510 POPs**
  - Average lateral length ~10,100'

- Unmatched core, contiguous ~920,000 net acre position in the Midland Basin driving a capially efficient program
- Contiguous ~100,000 net acre position in the Delaware Basin with high oil cut and low royalty burden increases margins and drives free cash flow

# > Acquisition Synergy Update

## Synergies

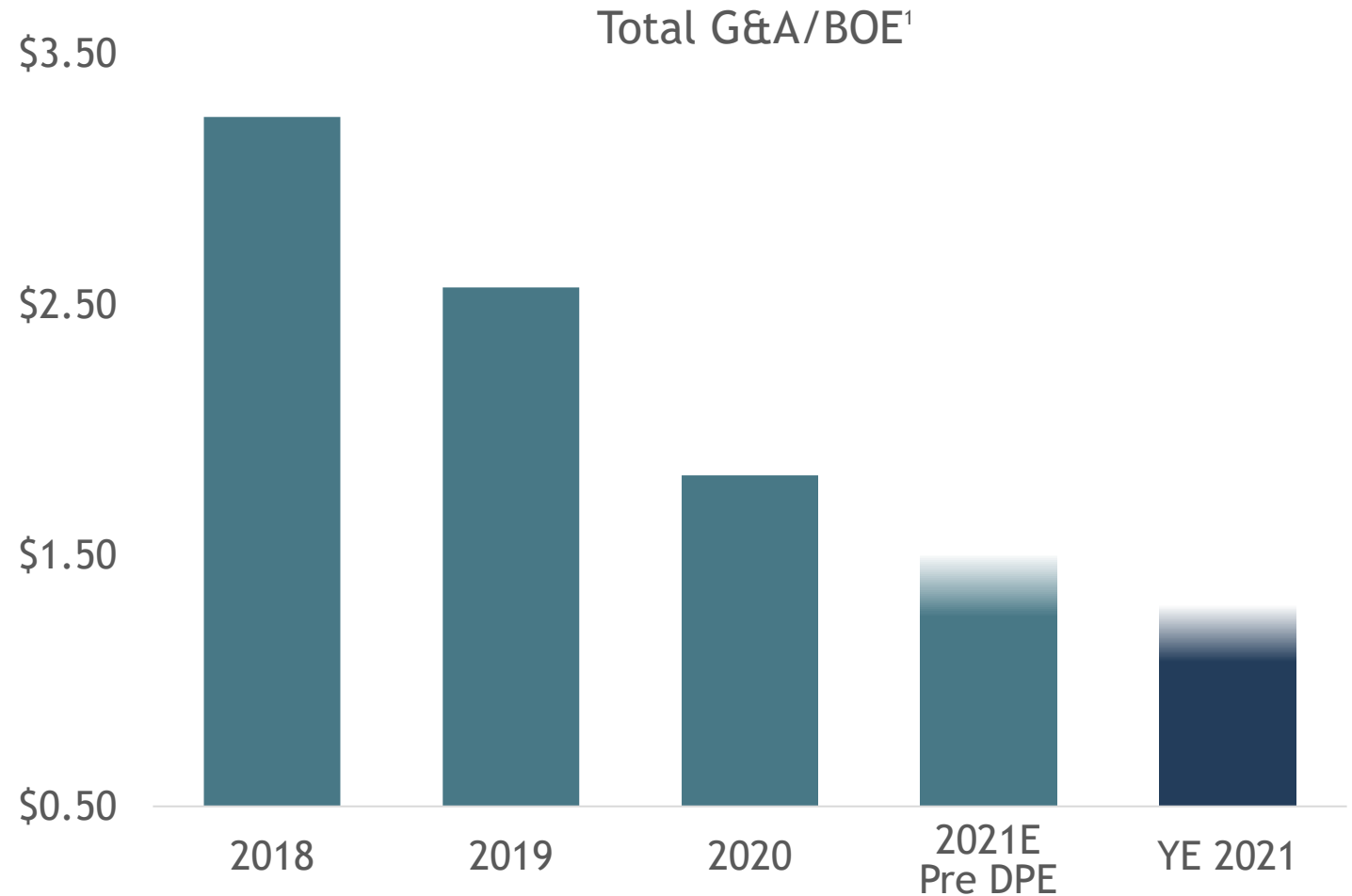


## Operational Synergies

- Economies of scale benefits supply chain
- Reduce idle frac fleet fees of ~\$15 MM per year
- Increase completions efficiencies through simulfrac
- Shared facilities and infrastructure
- Extended lateral lengths up to ~15,000 feet
- Connecting water infrastructure increases use of reclaimed and reuse water

# › Continuing Trend of G&A Reductions

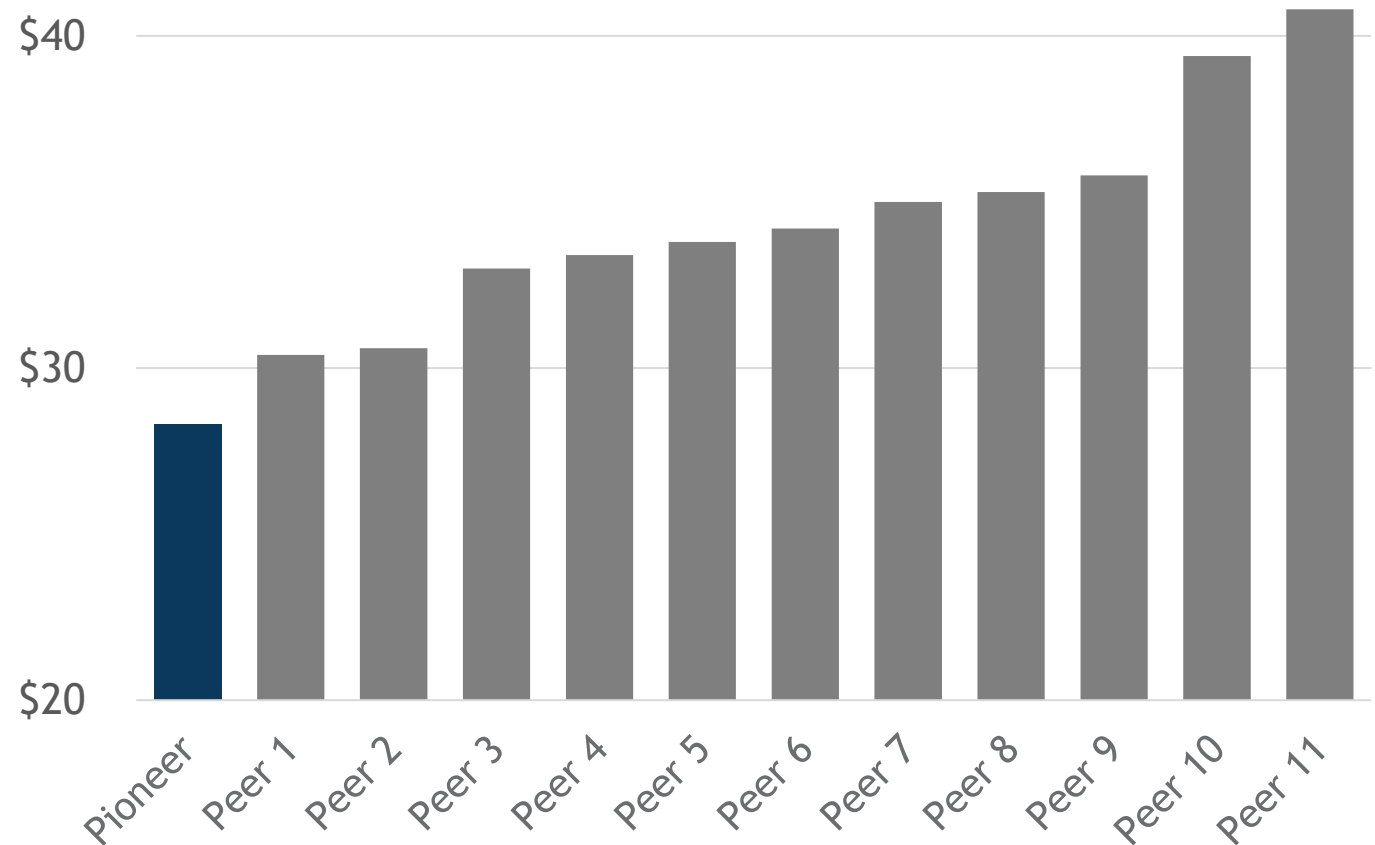
- Reducing DPE annualized G&A from \$25 MM to \$10 MM, a 60% reduction; expected to achieve in Q2 2021
- G&A per BOE reduced by ~45% from 2018 to 2020; expect PE and DPE synergies to further decrease G&A per BOE through 2021



# Best-in-Class Breakeven

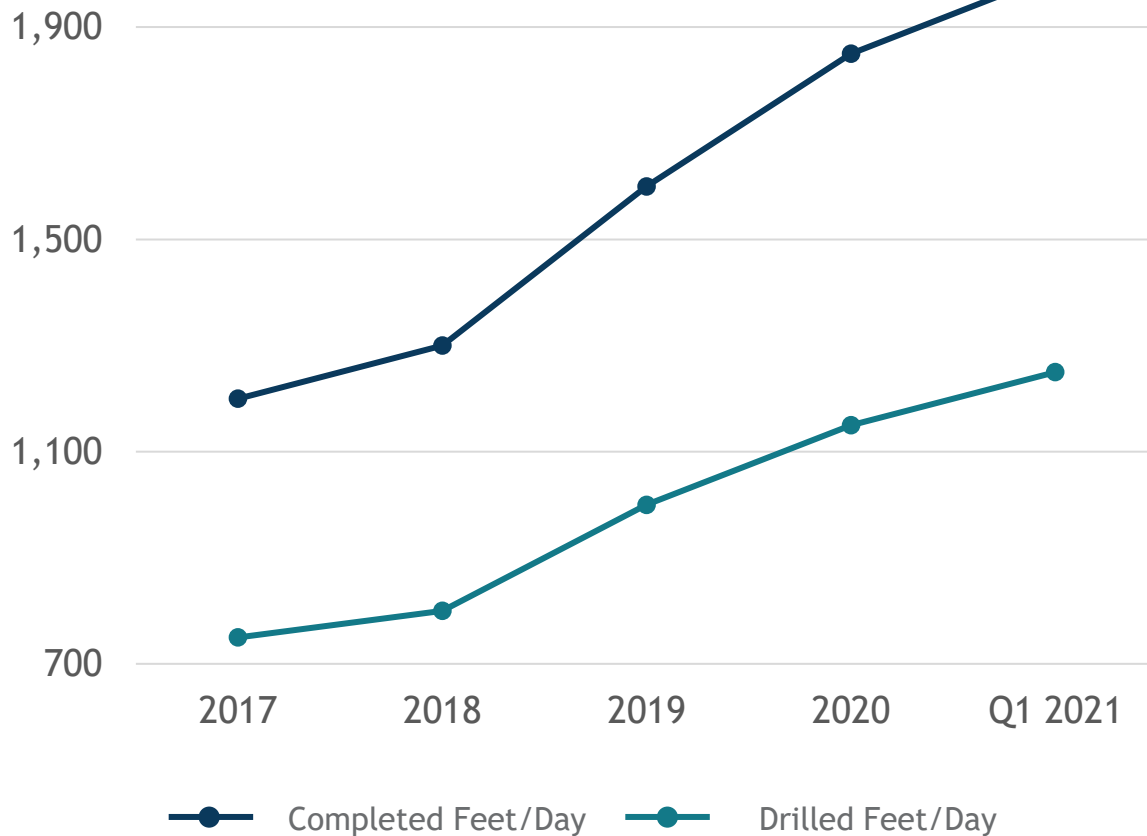
- Pioneer's leading breakeven price and low leverage allow for significant return of capital
- Breakeven price below \$30 demonstrates the quality of Pioneer's asset base and the resiliency of free cash flow generation through cycles
- DoublePoint transaction strengthens best-in-class breakeven

2021E Corporate Breakeven Price<sup>1</sup>  
(Pre-Dividend)



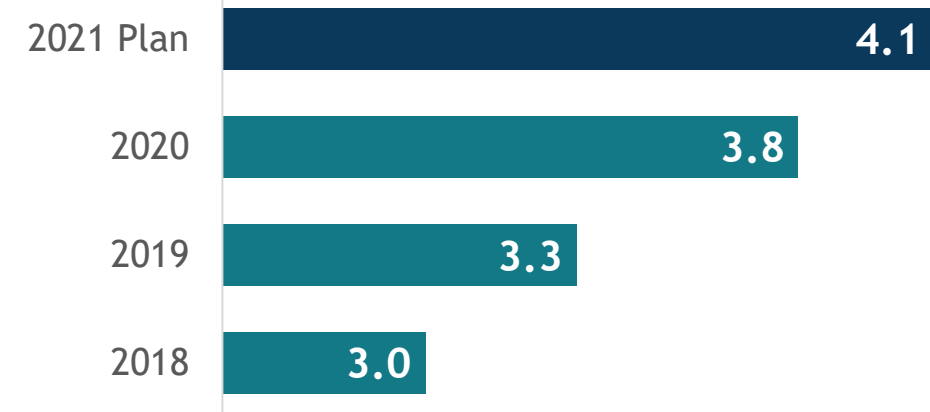
# > Operations Update

D&C Efficiencies

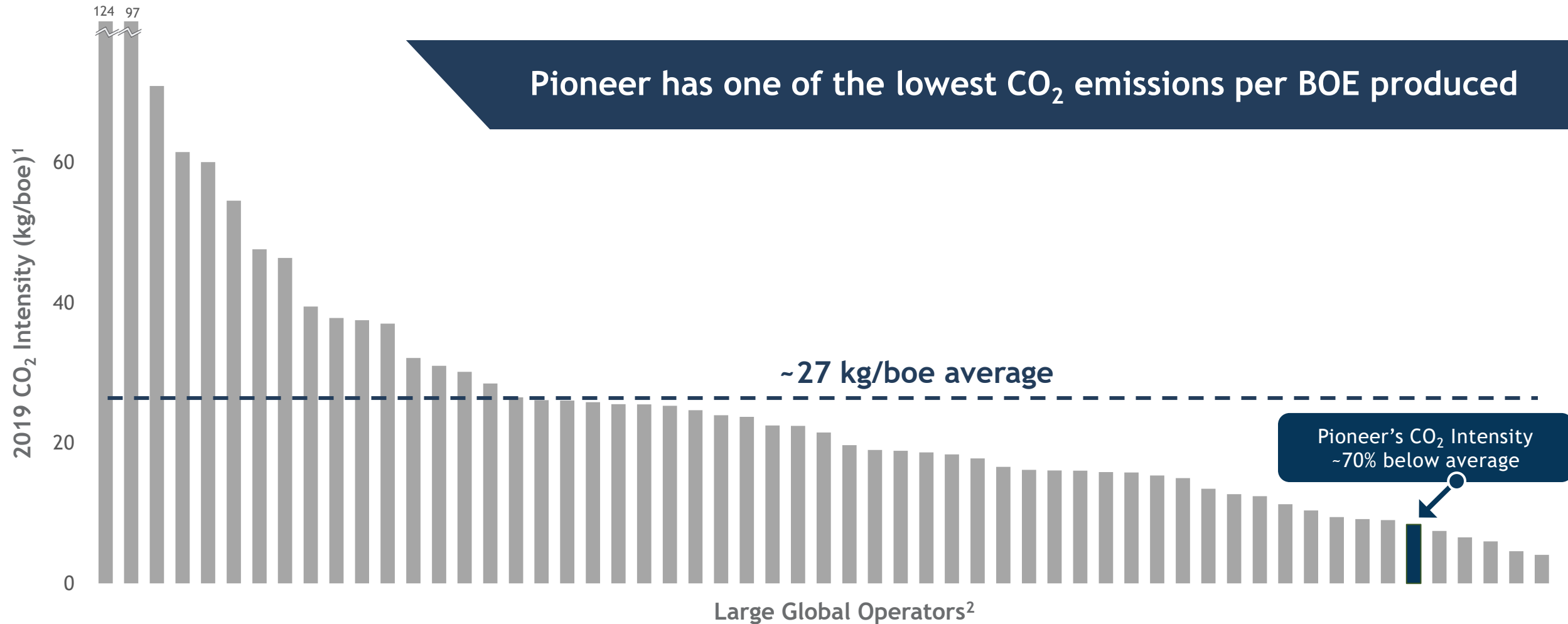


- > Continuing to see improvements in drilling and completions efficiencies
- > Successful completion of 4 simulfrac pads
  - > Achieved ~3,000 ft/day; an increase of greater than 50% when compared to program average
  - > Continued evaluation and trials in Q2

Average Pad Size  
(Wells per Pad)



# Developing Low-Emission Barrels



# Strong Focus on ESG

## Environmental

- Committed to emission intensity reduction targets:
  - 25% reduction in greenhouse gas (GHG) emission intensity by 2030
  - 40% reduction in methane emission intensity by 2030
- Zero routine flaring by 2030, with an aspiration to reach this goal by 2025
- Annual flaring of <1%

### Q1 2021 Permian Flaring<sup>1</sup>

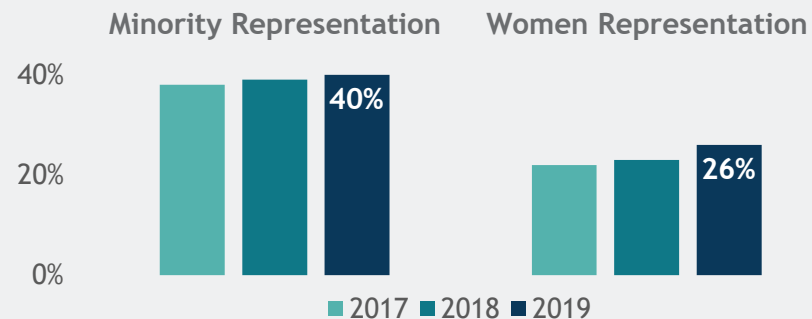


**Pioneer**  
0.4%

Peer Average  
1.3%

## Social

- Engaging our Diverse Community
  - Pioneer believes a diverse workforce is essential and has proven to yield superior business results



- *One Pioneer* focuses on Community, Culture and Talent Development



## Governance

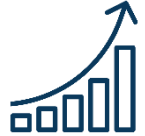
- Committed to following Task Force on Climate-related Financial Disclosures (TCFD) guidelines

### Board of Directors Committees:

- Health, Safety and Environment Committee
- Oversight of the Company's culture of continuous improvement in safety and environmental protection practices
- Nomination and Corporate Governance Committee
- Oversight of governance practices



# › 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

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# SUPPLEMENTAL SLIDES



# Q1 2021 Summary

## Q1 2021 Earnings

	\$ Millions (After Tax)	\$ Per Diluted Share
Net loss attributable to common stockholders	(70)	(0.33)
<b>Noncash mark-to-market (MTM) adjustments:</b>		
Derivative loss, net (\$370 pretax)	289	1.30
ProPetro stock gain (\$54 pretax)	(42)	(0.19)
<b>Adjusted income excluding noncash MTM adjustments</b>	<b>177</b>	<b>0.78</b>
<b>Unusual items:</b>		
Parsley transaction costs (\$205 pretax) <sup>1</sup>	160	0.72
Winter Storm Uri gas commitments (\$80 pretax) <sup>2</sup>	62	0.28
Early extinguishment of debt charges (\$5 pretax) <sup>3</sup>	4	0.02
Gain on disposition of assets (\$9 pretax) <sup>4</sup>	(7)	(0.03)
<b>Adjusted income excluding noncash MTM adjustments and unusual items</b>	<b>396</b>	<b>1.77</b>

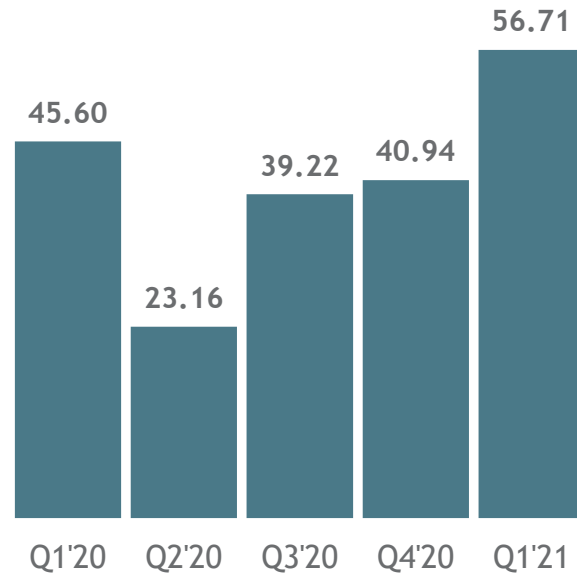
## Q1 2021 Guidance vs. Results

	Guidance	Results of Operations
Average Daily Production Volume (MBOEPD)	444 - 470	474
Average Daily Oil Production Volume (MBOPD)	259 - 274	281
Production Costs per BOE	\$6.50 - \$8.00	\$8.54
DD&A per BOE	\$11.25 - \$13.25	\$11.11
Exploration & Abandonment (\$ MM) <sup>5</sup>	\$10 - \$20	\$11
G&A (\$ MM)	\$65 - \$75	\$68
Accretion of Discount on Asset Retirement Obligations (\$ MM)	\$2 - \$5	\$1
Interest Expense (\$ MM)	\$38 - \$43	\$40
Other Expense (\$ MM) <sup>6</sup>	\$10 - \$20	\$22
Cash Flow Impact from Firm Transportation (\$ MM)	(\$60) - (\$30)	(\$15)
Current Income Tax Provision (Benefit) (\$ MM)	<\$5	\$7
Effective Tax Rate (%)	21% - 25%	14%

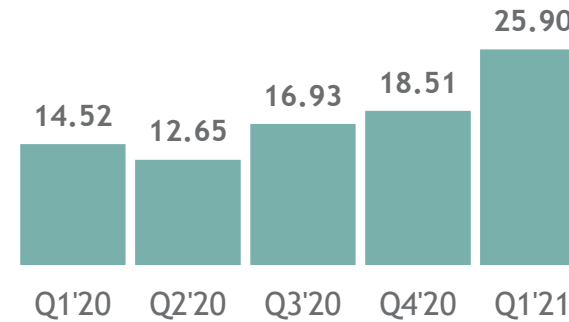
# Q2 2021 Guidance

Production (MBOEPD)	606 - 632
Oil Production (MBOPD)	352 - 367
Production Costs (\$/BOE)	\$6.75 - \$8.25
DD&A (\$/BOE)	\$10.75 - \$12.75
Exploration & Abandonment (\$ MM)	\$10 - \$20
G&A (\$ MM)	\$67 - \$77
Interest Expense (\$ MM)	\$43 - \$48
Other Expense (\$ MM)	\$15 - \$30
Accretion of Discount on ARO (\$ MM)	\$2 - \$5
Cash Flow Impact from FT <sup>1</sup> (\$ MM)	(\$70) - (\$40)
Current Income Taxes (\$ MM)	\$5 - \$10
Effective Tax Rate (%)	21% - 25%

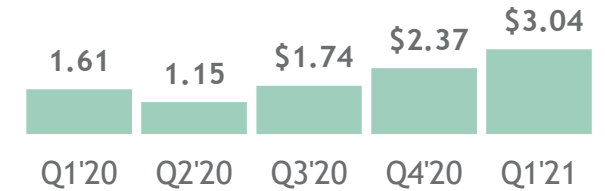
# > Price Realizations



**Oil (\$/BBL)**



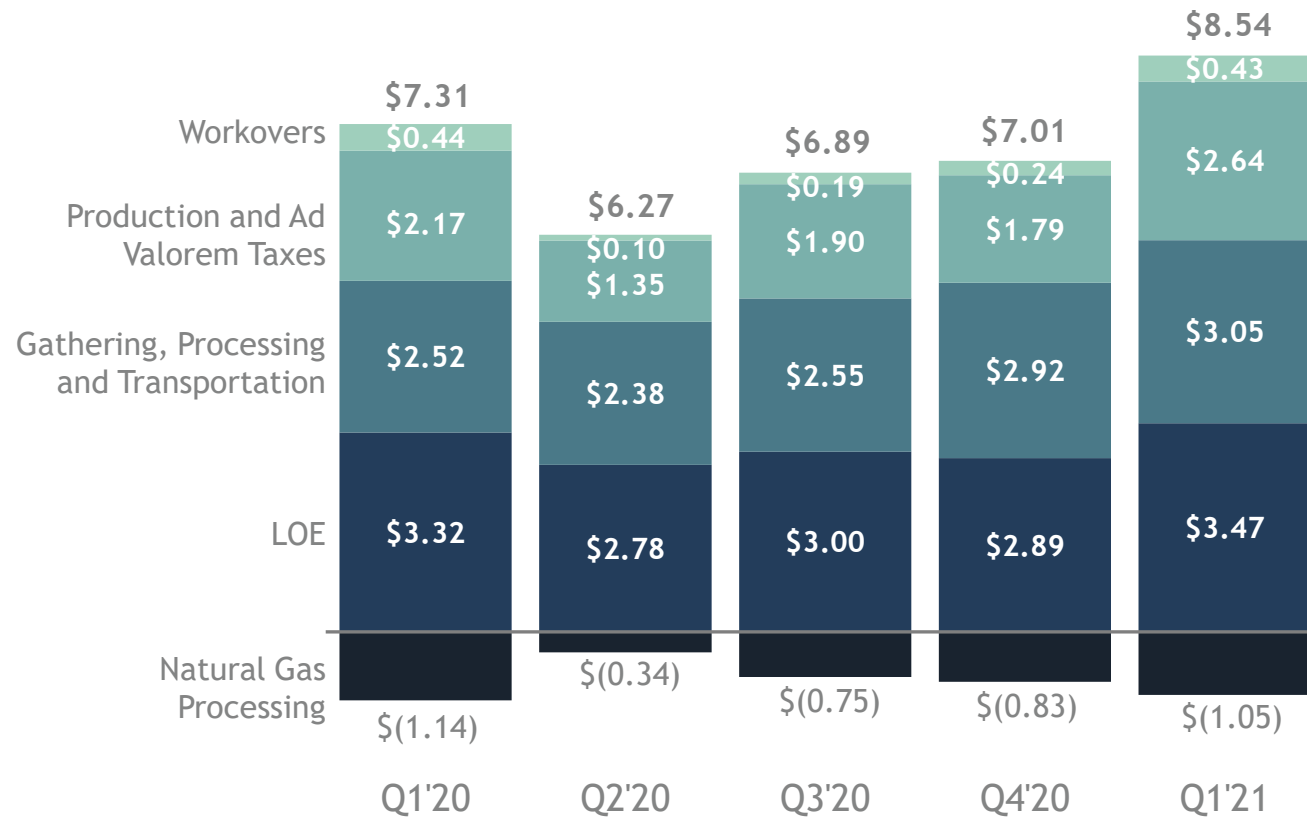
**NGL (\$/BBL)<sup>1</sup>**



**Gas (\$/MCF)**

NYMEX calendar month average	46.17	27.85	40.93	42.66	57.84	46.17	27.85	40.93	42.66	57.84	1.95	1.71	1.98	2.67	2.71
NYMEX differential	(0.57)	(4.69)	(1.71)	(1.72)	(1.13)	(31.65)	(15.20)	(24.00)	(24.15)	(31.94)	(0.34)	(0.56)	(0.24)	(0.30)	0.33
Realized prices	45.60	23.16	39.22	40.94	56.71	14.52	12.65	16.93	18.51	25.90	1.61	1.15	1.74	2.37	3.04

# › Production Costs (Per BOE)



- **Q1 2021 compared to Q4 2020:**
- Higher LOE and workover due to the impacts of Winter Storm Uri
  - Higher production taxes primarily attributable to improved commodity pricing

# › Production By Commodity

		Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
Total Permian Basin	Oil (BOPD)	222,644	214,921	200,657	204,430	281,004
	NGL (BOEPD)	84,333	90,168	82,589	85,766	105,653
	Gas (MCFPD)	408,536	416,429	430,064	445,367	523,519
	<b>Total (BOEPD)</b>	<b>375,066</b>	<b>374,492</b>	<b>354,924</b>	<b>364,423</b>	<b>473,912</b>
Other Assets	Oil (BOPD)	13	38	13	25	13
	NGL (BOEPD)	25	16	25	22	22
	Gas (MCFPD)	357	87	42	72	(52)
	<b>Total (BOEPD)</b>	<b>97</b>	<b>71</b>	<b>44</b>	<b>59</b>	<b>25</b>
Total Operations	Oil (BOPD)	222,657	214,959	200,670	204,455	281,017
	NGL (BOEPD)	84,358	90,184	82,614	85,788	105,675
	Gas (MCFPD)	408,893	416,516	430,106	445,439	523,467
	<b>Total (BOEPD)</b>	<b>375,163</b>	<b>374,563</b>	<b>354,968</b>	<b>364,482</b>	<b>473,937</b>

## Q1 2021 Cash Margin (\$/BOE)

Realized Price (ex-derivatives)  
**\$42.75**

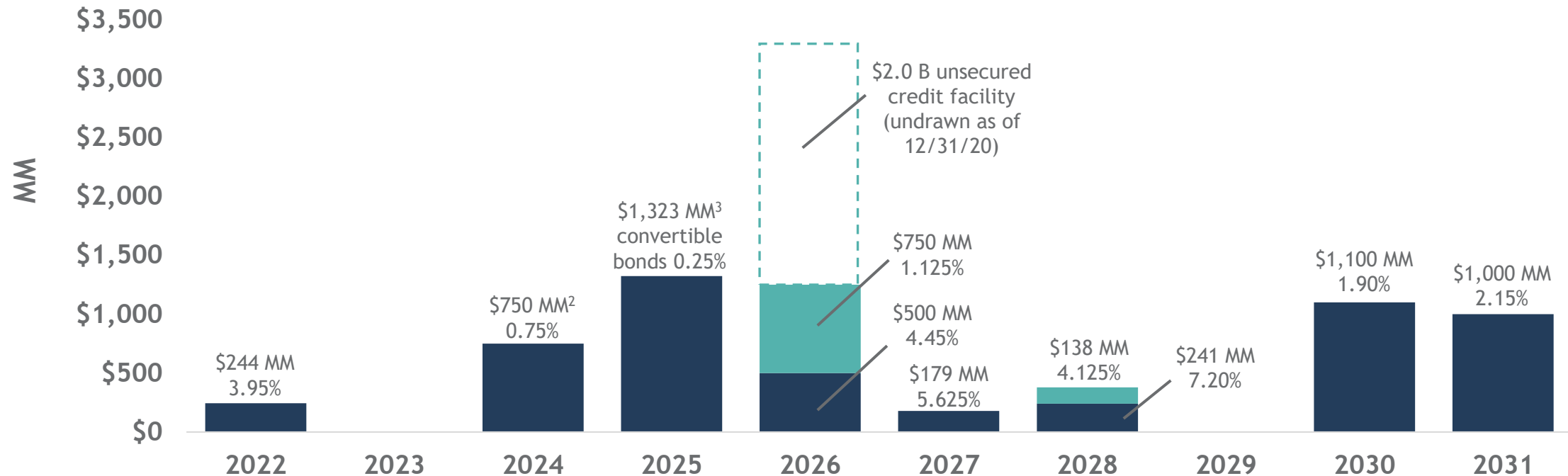
Cash Margins  
**\$34.21**

# › Liquidity Position

## March 31<sup>st</sup>, 2021 Liquidity Position

Net debt (reflects unrestricted cash on hand of \$0.7 B)	\$5.5 B
Unsecured credit facility availability	\$2.0 B
Net debt-to-book capitalization	23%

## Maturities and Balances<sup>1</sup>





# Supplemental Earnings Per Share Information

The Company uses the two-class method of calculating basic and diluted earnings per share. Under the two-class method of calculating earnings per share, generally acceptable accounting principles ("GAAP") provide that share-based awards with guaranteed dividend or distribution participation rights qualify as "participating securities" during their vesting periods. During periods in which the Company realizes net income attributable to common shareholders, the Company's basic net income per share attributable to common shareholders is computed as (i) net income attributable to common stockholders, (ii) less participating share-based basic earnings (iii) divided by weighted average basic shares outstanding. The Company's diluted net income per share attributable to common stockholders is computed as (i) basic net income attributable to common stockholders, (ii) plus the reallocation of participating earnings, if any, (iii) divided by weighted average diluted shares outstanding. During periods in which the Company realizes a net loss attributable to common stockholders, securities or other contracts to issue common stock would be dilutive to loss per share; therefore, conversion into common stock is assumed not to occur.

The Company's net income (loss) attributable to common stockholders is reconciled to basic and diluted net income (loss) attributable to common stockholders as follows:

	Q1'21 (\$ Millions)
Net loss attributable to common stockholders	(70)
Participating share-based basic earnings	-
Basic and diluted net loss attributable to common stockholders	(70)

	Q1'21 (Shares in Millions)
<b>Weighted average common shares outstanding:</b>	
Basic weighted average shares outstanding	210
Dilution attributable to stock-based compensation awards	-
Diluted weighted average shares outstanding	210

# Supplemental Non-GAAP Financial Measures

EBITDAX and discretionary cash flow ("DCF") (as defined below) are presented herein, and reconciled to the GAAP measures of net income (loss) and net cash provided by operating activities, because of their wide acceptance by the investment community as financial indicators of a company's ability to internally fund exploration and development activities and to service or incur debt. The Company also views the non-GAAP measures of EBITDAX and DCF 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 and DCF should not be considered as alternatives to net income (loss) or net cash provided by operating activities, as defined by GAAP.

	Q1 '21 (\$ Millions)
Net loss	(70)
Depletion, depreciation and amortization	474
Exploration and abandonments	19
Accretion of discount on asset retirement obligations	1
Interest expense	39
Income tax benefit	(11)
Gain on disposition of assets	(11)
Loss on early extinguishment of debt	5
Derivative-related activity	370
Amortization of stock-based compensation	19
Investment in affiliate valuation adjustment	(54)
Other	45
Parsley transaction costs (including stock-based compensation)	205
<b>EBITDAX before Parsley transaction costs</b>	<b>1,031</b>
Parsley transaction costs (excluding stock-based compensation)	(172)
<b>EBITDAX<sup>1</sup></b>	<b>859</b>
Cash interest expense	(34)
Current income tax provision	(7)
<b>Discretionary cash flow<sup>2</sup></b>	<b>818</b>
Cash exploration expense	(16)
Changes in operating assets and liabilities	(425)
<b>Net cash provided by operating activities</b>	<b>377</b>

# Supplemental Non-GAAP Financial Measures

Adjusted income attributable to common stockholders excluding noncash mark-to-market ("MTM") adjustments and unusual items are presented in this earnings release and reconciled to the Company's net loss attributable to common stockholders (determined in accordance with GAAP), as the Company believes these non-GAAP financial measures reflect an additional way of viewing aspects of the Company's business that, when viewed together with its GAAP financial results, provide a more complete understanding of factors and trends affecting its historical financial performance and future operating results, greater transparency of underlying trends and greater comparability of results across periods. In addition, management believes that these non-GAAP financial measures may enhance investors' ability to assess the Company's historical and future financial performance. These non-GAAP financial measures are not intended to be a substitute for the comparable GAAP financial measure and should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP. Noncash MTM adjustments and unusual items may recur in future periods; however, the amount and frequency can vary significantly from period to period.

The Company's first quarter of 2021 net loss attributable to common stockholders as determined in accordance with GAAP is reconciled to income adjusted for noncash MTM adjustments including (i) the Company's derivative positions and (ii) the Company's equity investment in ProPetro Holding Corp. ("ProPetro"), and unusual items is as follows:

	\$ Millions (After Tax)	\$ Per Diluted Share
Net loss attributable to common stockholders	(70)	(0.33)
<b>Noncash mark-to-market (MTM) adjustments:</b>		
Derivative loss, net (\$370 pretax)	289	1.30
ProPetro stock gain (\$54 pretax)	(42)	(0.19)
<b>Adjusted income excluding noncash MTM adjustments</b>	<b>177</b>	<b>0.78</b>
<b>Unusual items:</b>		
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<b>Adjusted income excluding noncash MTM adjustments and unusual items</b>	<b>396</b>	<b>1.77</b>

# › Supplemental Non-GAAP Financial Measures

Free cash flow ("FCF") is a non-GAAP financial measure. As used by the Company, FCF is defined as net cash provided by operating activities, adjusted for changes in operating assets and liabilities and Parsley cash transaction costs, less capital expenditures. The Company believes this non-GAAP measure is a financial indicator 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.

	Three Months Ended March 31, 2021 (\$ Millions)
Net cash provided by operating activities	377
Changes in operating assets and liabilities	425
Parsley cash transaction costs (excluding stock-based compensation)	172
Capital expenditures	(605)
<b>Free cash flow</b>	<b>369</b>

# › Additional Information

EBITDAX represents earnings before depletion, depreciation and amortization expense; exploration and abandonments; 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; 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") is a 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. The Company believes this non-GAAP measure is a financial indicator 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 and projected free cash flow 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.

Future dividends are at the discretion of Pioneer's board of directors, and, if declared, the board of directors may change the dividend amount based on the Company's liquidity and capital resources at that time or other factors.