

Q1 2022 Earnings Presentation

May 2, 2022

NYSE: DVN
devonenergy.com



Key Takeaways From Our Presentation

#1

FIXED + VARIABLE DIVIDEND INCREASES 27%
Total dividend of \$1.27 per share announced with Q1 results

#2

BUYBACK PROGRAM EXPANDED TO \$2.0 BILLION
Repurchased 3% of outstanding shares since program inception

#3

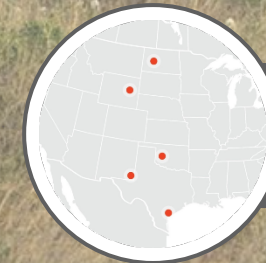
BALANCE SHEET CONTINUES TO STRENGTHEN
Cash balance increases by >\$350 million in first quarter

#4

DELAWARE BASIN DRIVES Q1 PERFORMANCE
High-margin production growth increases 27% year over year

#5

ON TRACK TO ACHIEVE 2022 CAPITAL OBJECTIVES
No change to disciplined capital allocation framework



LEADING THE INDUSTRY WITH
DISCIPLINE & CASH RETURNS

Our Cash-Return Business Model

"Our **CASH-RETURN** business model is designed to moderate growth, emphasize capital efficiencies, maximize returns and prioritize the return of increasing amounts of cash to shareholders. These principles have positioned Devon to be a **PROMINENT** and **CONSISTENT** builder of economic value through the cycle."

– **Rick Muncrief**, President & CEO

DISCIPLINED GROWTH STRATEGY

- **MODERATING OIL GROWTH** targets: up to 5% annually
- Growing margins through operational scale & cost efficiencies

REDUCED REINVESTMENT RATES

- Returns-driven strategy prioritizes **FREE CASH FLOW** generation
- Pursuing a maintenance capital program in 2022

MAINTAIN LOW LEVERAGE

- Net debt-to-EBITDAX: 0.2x by year-end 2022⁽¹⁾
- Strong liquidity & low breakeven levels enhance **FINANCIAL STRENGTH**

FREE CASH FLOW PRIORITIES

- **FIXED-PLUS-VARIABLE** dividend is top funding priority
- Excess funds deployed to **SHARE REPURCHASES & DEBT REDUCTION**

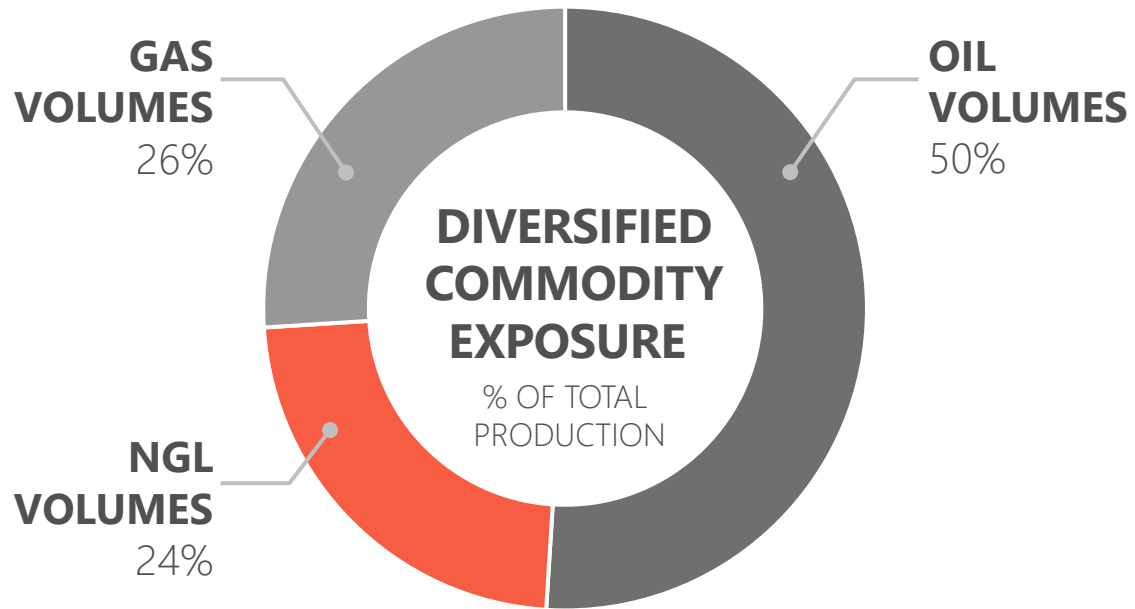
PURSUE ESG EXCELLENCE

- ESG initiatives incorporated into **COMPENSATION** structure
- Committed to aggressive emissions reduction targets

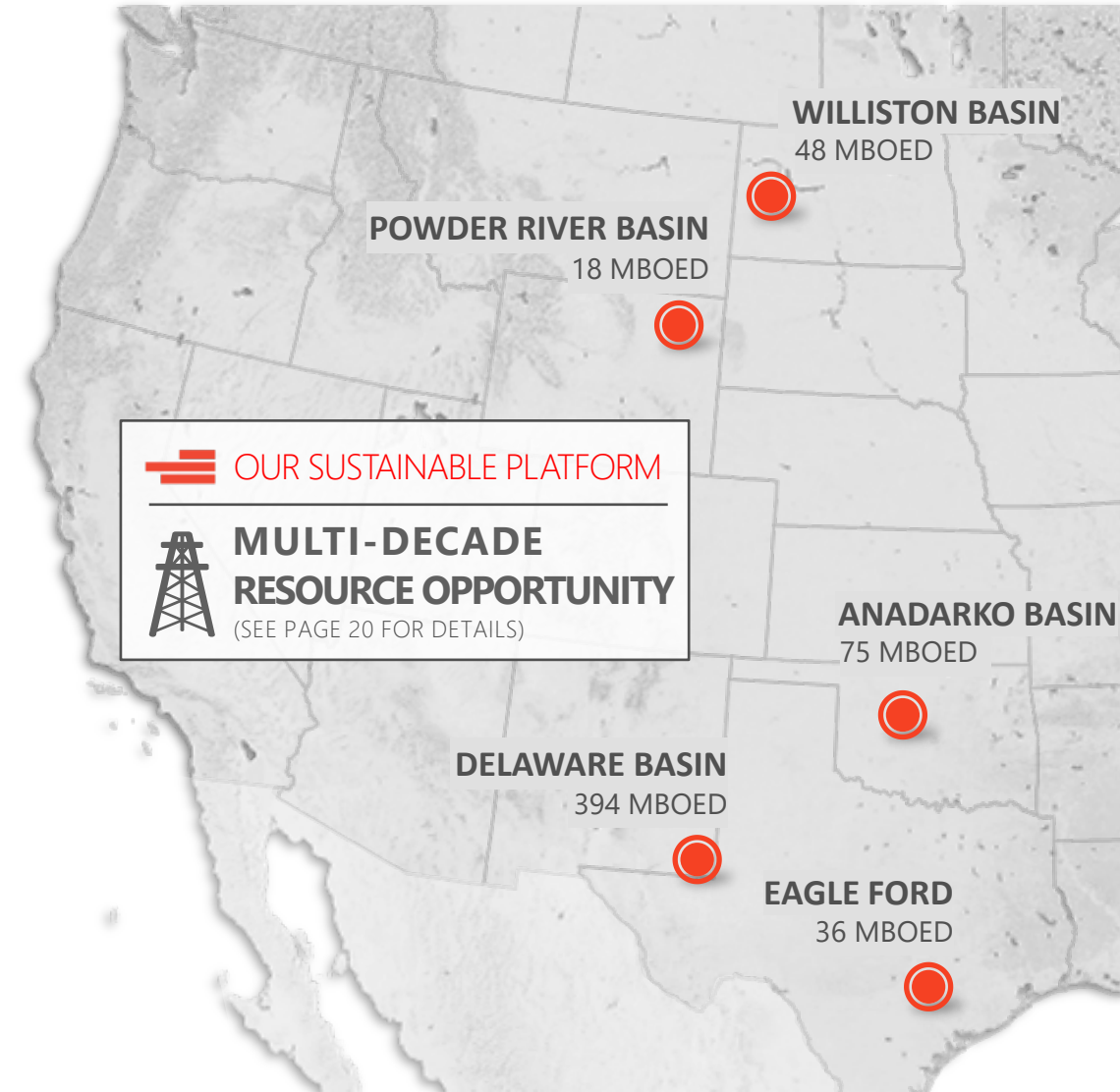
 **COMMITMENT
RUNS DEEP**

(1) Assumes \$100 WTI, Henry Hub strip pricing & NGL realizations at 40% of WTI.

Diversified Portfolio Built to Deliver Sustainable Results



- **BALANCED** exposure to oil and liquids-rich production
- Inventory depth ensures **SUSTAINABLE PERFORMANCE**
- Portfolio anchored by **WORLD-CLASS** Delaware Basin asset

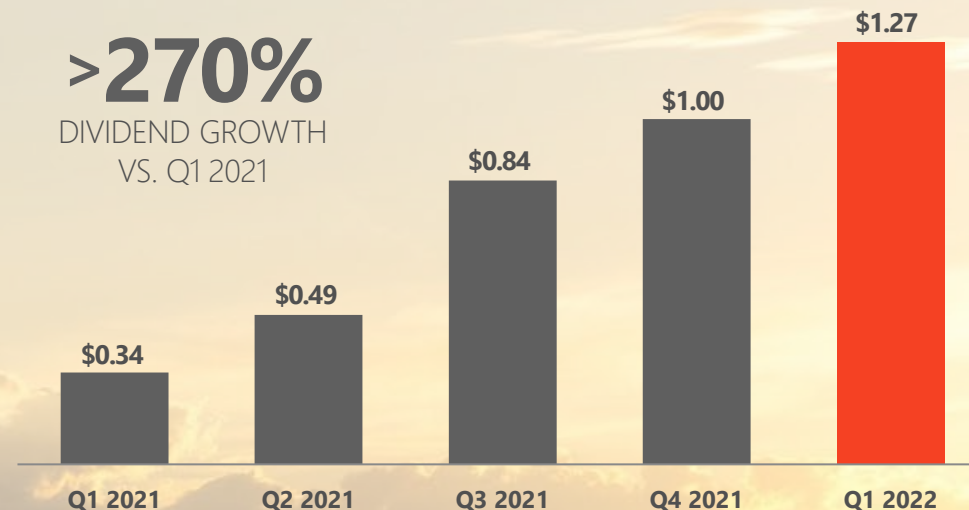


Q1 2022 – Another Impressive Financial Performance

Key financial metrics	Q1 2022	Change (vs. Q4'21)
Core earnings (per share)	\$1.88	↑ 35%
EBITDAX (\$MM)	\$2,135	↑ 18%
Leverage (net debt-to-EBITDAX)	0.6x	↓ 25%
Operating cash flow (\$MM)	\$1,837	↑ 14%
Reinvestment rate (% of cash flow)	31%	↓ 1%
Free cash flow (\$MM)	\$1,300	↑ 18%

Note: Core earnings, EBITDAX, net debt-EBITDAX and free cash flow are non-GAAP disclosures. See Devon's first-quarter 2022 earnings materials for more details regarding non-GAAP disclosures.

Fixed-plus-variable dividend payout



EXPANDING OUR SHARE
REPURCHASE PROGRAM (pg. 9)

2022 Outlook – No Change to Our Disciplined Plan

Prioritizing free cash flow over volume growth

2022e outlook



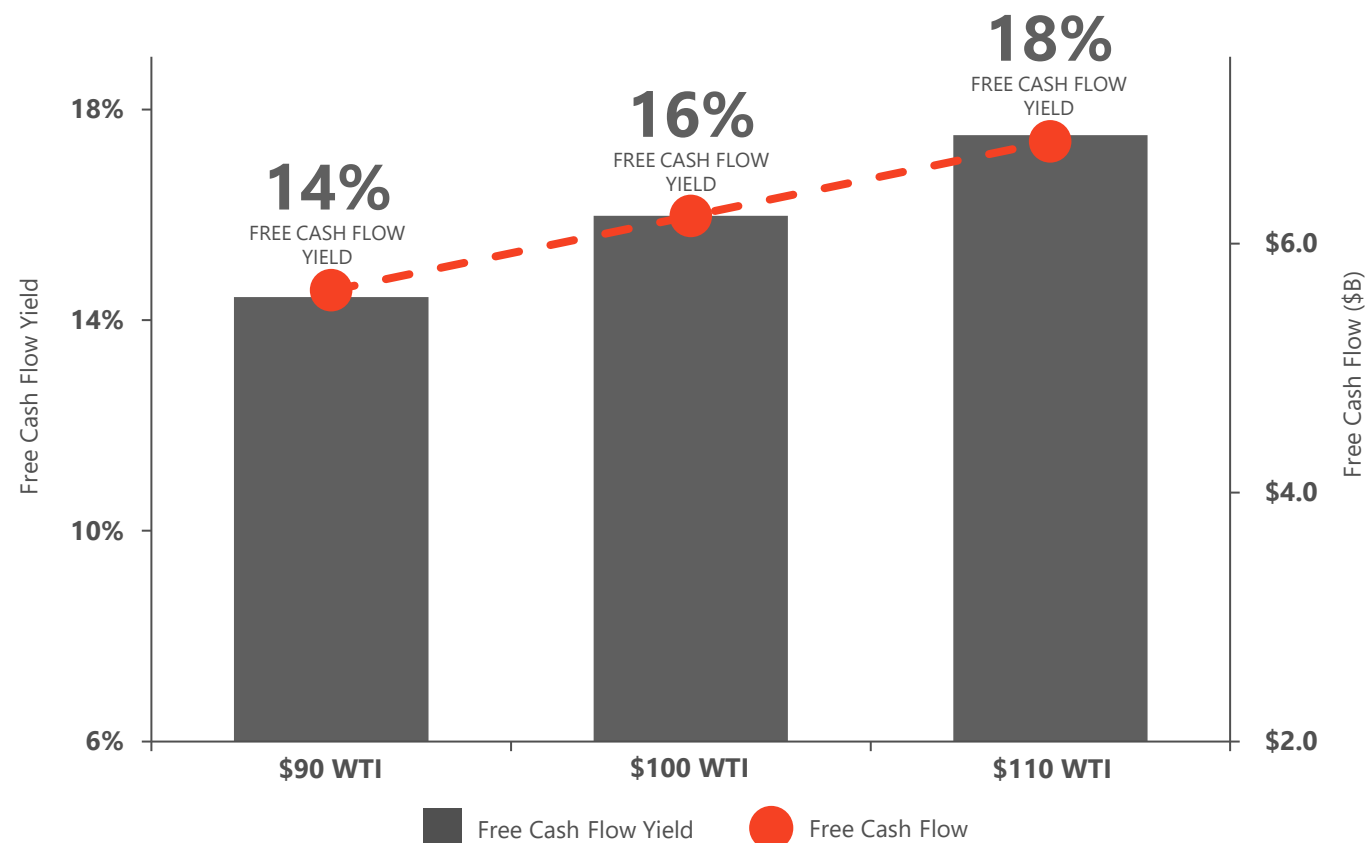
(1) Upstream capital estimate does not include \$200 million of environmental, midstream & other capital.

(2) Assumes \$100 WTI for remainder of 2022, Henry Hub strip pricing & NGL realizations at 40% of WTI.

(3) See Devon's Q1 2022 earnings materials for more details regarding the return on capital employed calculation.

Positioned for an attractive free cash flow yield in 2022

2022e free cash flow sensitivities



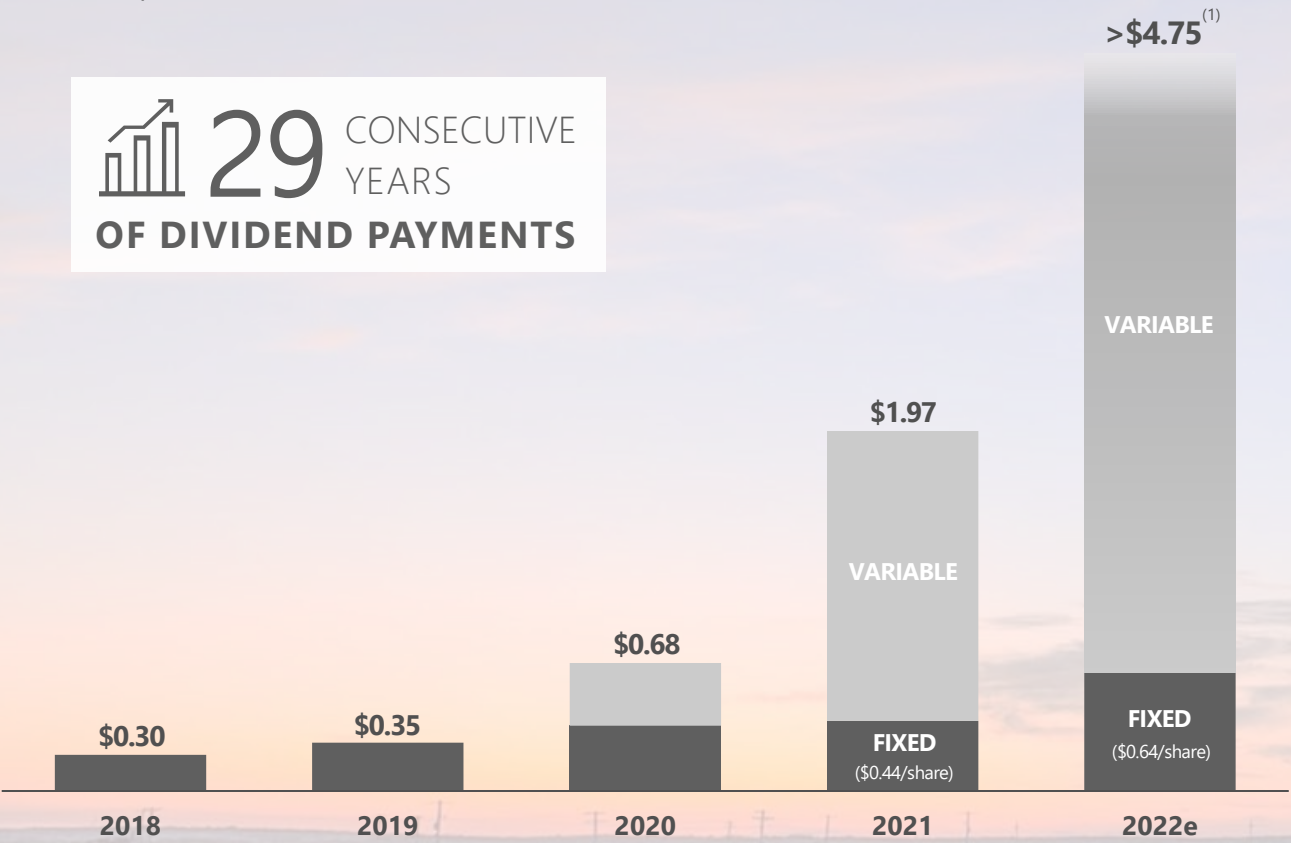
Note: Free cash flow yield represents 2022e operating cash flow less total capital requirements divided by Devon market capitalization as of April 29, 2022. Assumes applicable WTI price for remainder of 2022, Henry Hub strip pricing & NGL realizations at 40% of WTI.

A History of Returning Cash to Shareholders

Delivering dividend growth through the cycle

(Dividends per share)

 **29** CONSECUTIVE
YEARS
OF DIVIDEND PAYMENTS



(1) Assumes \$100 WTI for remainder of 2022, Henry Hub strip pricing & NGL realizations at 40% of WTI. Also assumes 50% of excess free cash flow (adjusted free cash flow less fixed dividends) is paid through a variable dividend. Any future dividends are authorized and determined by the board in its sole discretion.



OUR DIVIDEND FRAMEWORK



Raised fixed quarterly dividend by **45%** to \$0.16 per share in 2022



Variable dividend payout includes up to 50% of excess free cash flow



Q1 2022 dividend includes divestiture **contingency payments** (pg. 18)



Delivering a Market-Leading Dividend Yield



Note: Assumes Devon market capitalization as of April 29, 2022. Sector yields sourced from FactSet.

(1) Assumes \$100 WTI for remainder of 2022, Henry Hub strip pricing & NGL realizations at 40% of WTI. Also assumes 50% of excess free cash flow (adjusted free cash flow less fixed dividends) is paid through a variable dividend. Any future dividends are authorized and determined by the board in its sole discretion.

Opportunistically Repurchasing Our Shares

NEW EXPANDING AUTHORIZATION TO **\$2.0 BILLION**

- Repurchased **\$891 million** of shares to date
- Retired at average price of **\$47 per share**
- Board approved **25%** increase in buyback program
- Program represents **5%** of outstanding shares



LEADING THE INDUSTRY WITH
DISCIPLINE & CASH RETURNS

Improving Our Financial Strength



INVESTMENT-GRADE FINANCIAL POSITION

- Strong liquidity: \$2.6 billion of cash (as of 3/31/22)
- Reduced net debt by ~30% since merger close



COMMITTED TO IMPROVING BALANCE SHEET

- Net debt-to-EBITDAX: 0.2x (year-end 2022e)⁽¹⁾
- Opportunities to retire ~\$1 billion of low-premium debt

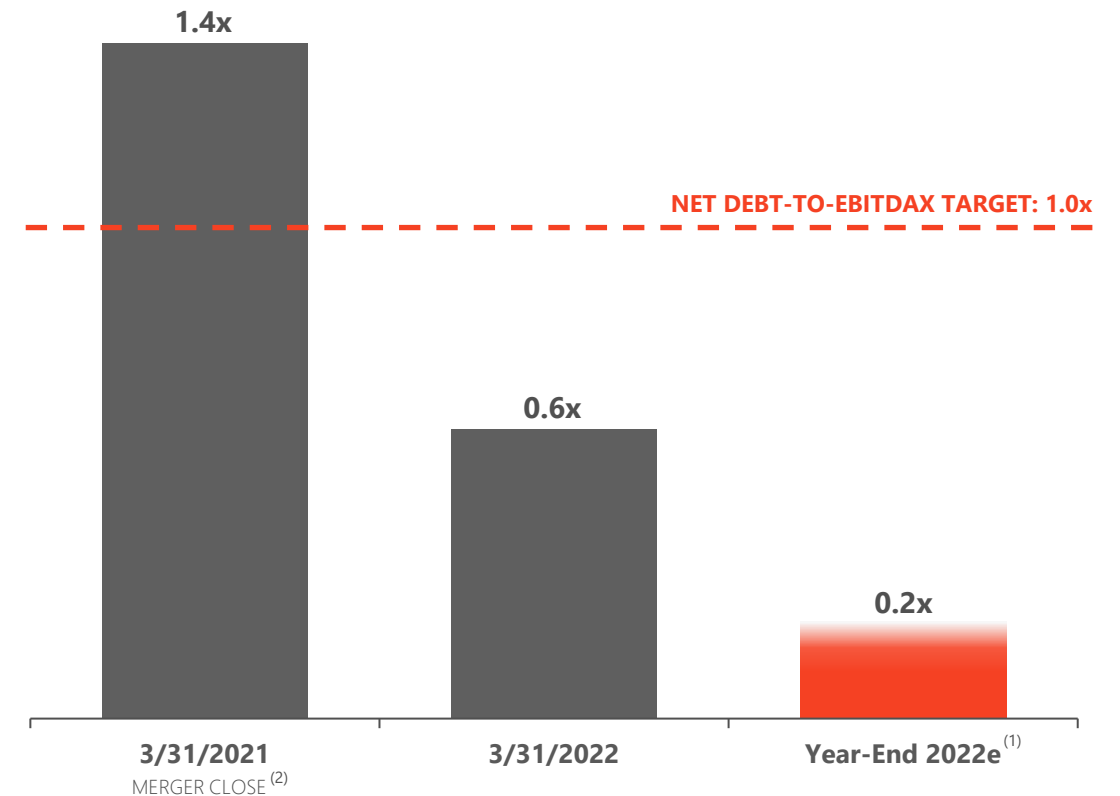


HEDGING STRATEGY PROVIDES UPSIDE TO PRICING

- Financial strength allows for lower levels of hedging
- ~20% of production volumes hedged in 2022

Achieved balance sheet leverage target

Net debt to EBITDAX (Trailing 12-months)

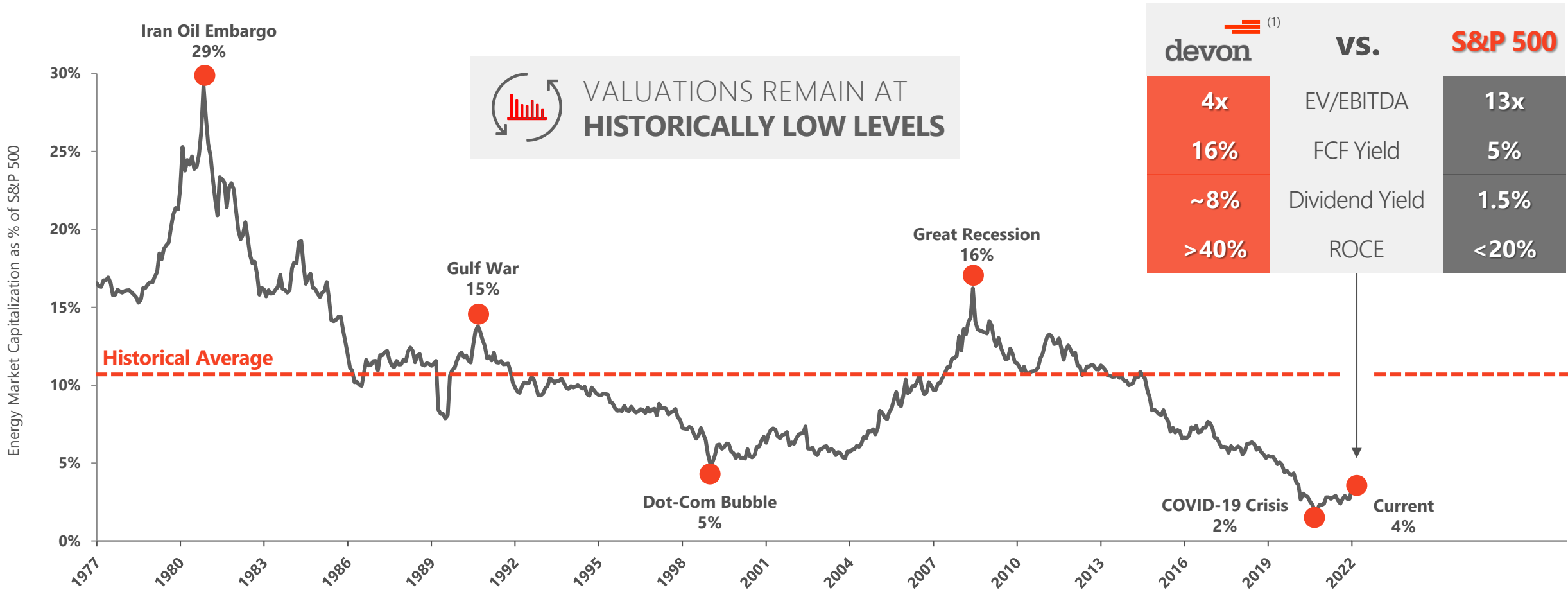


(1) Assumes \$100 WTI, Henry Hub strip pricing & NGL realizations at 40% of WTI.

(2) Merger closed January 7, 2021. EBITDAX annualized based on actual Q1 2021 EBITDAX.

It's Still Early – Devon's Unique Value Proposition

Energy sector weighting as % of the S&P 500 index



Note: Sourced from Raymond James, S&P & Bloomberg. (1) 2022 estimates. See slides 6 & 8 for more details and assumptions on estimated free cash flow, dividend yields & ROCE.



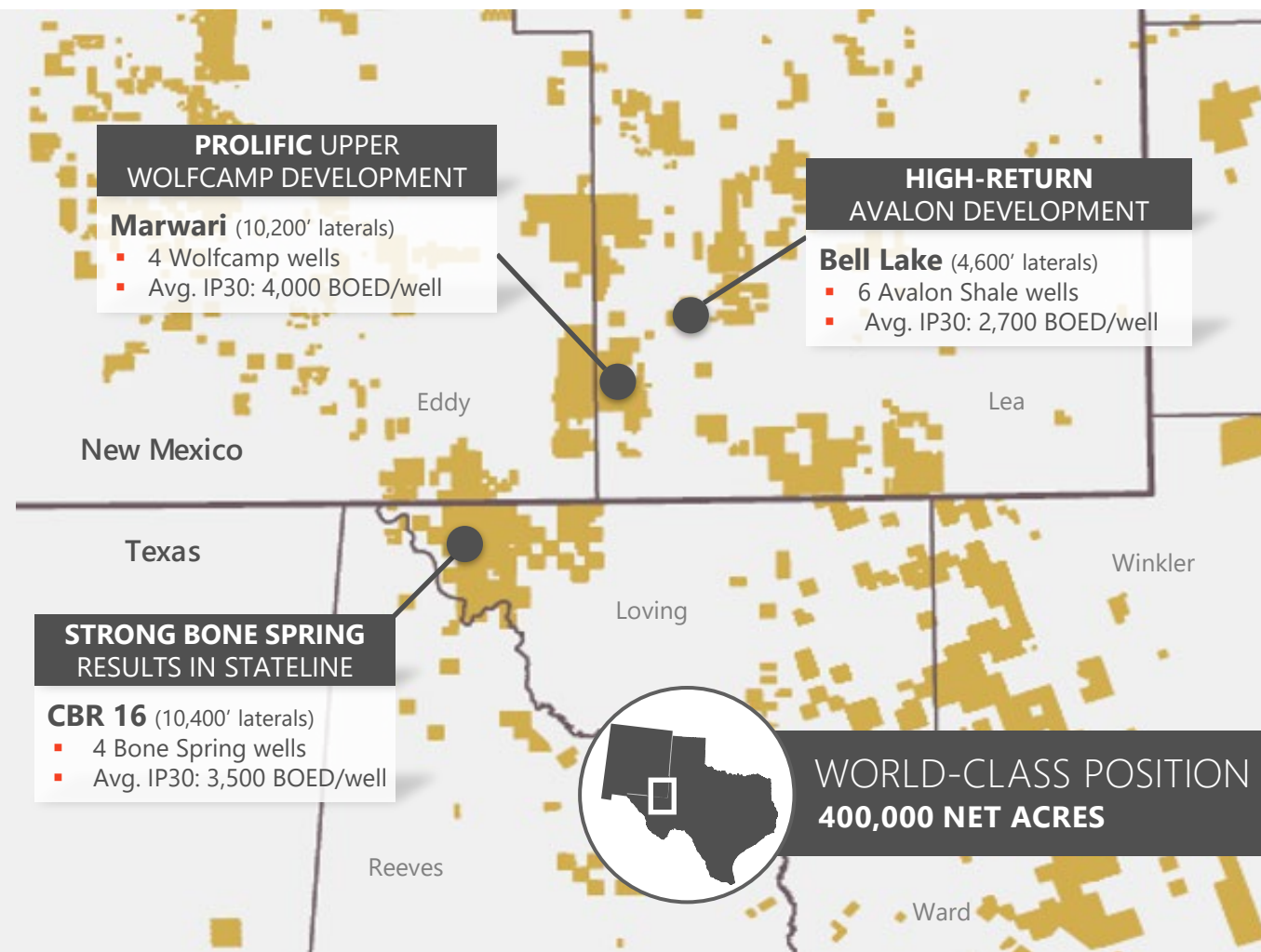
| Operations Update



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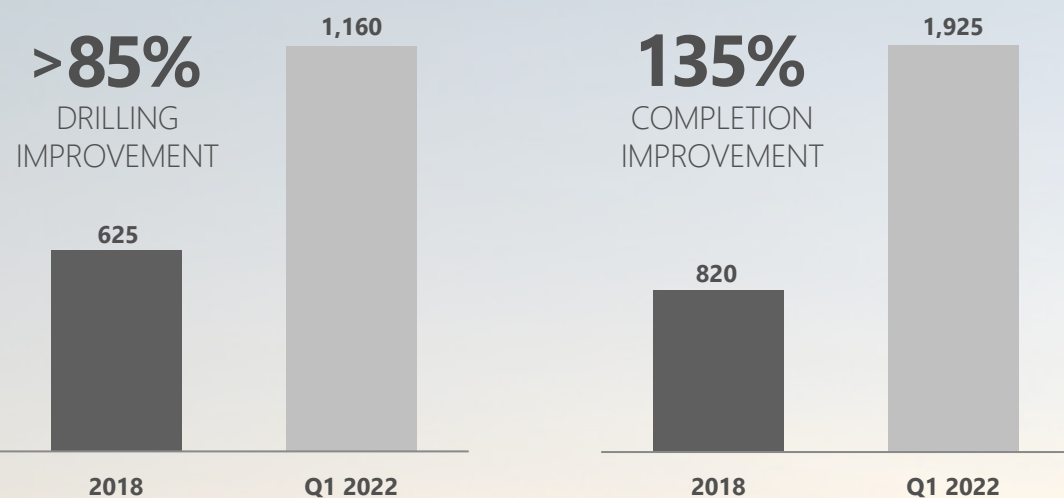


Delaware Basin – Our Franchise Growth Asset

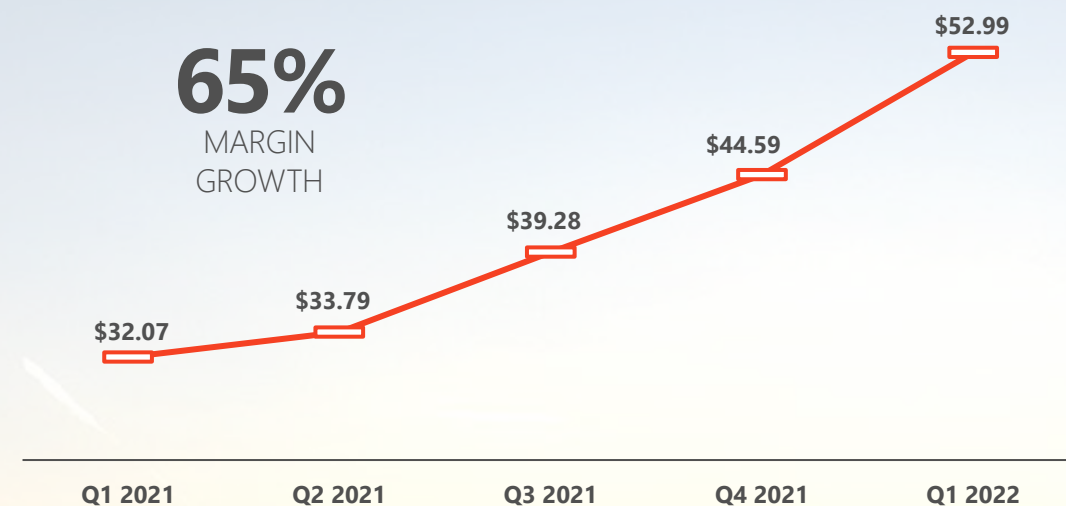


Delaware Basin – Operating Efficiencies Advance

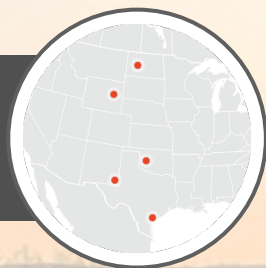
Drilling and completion efficiencies (feet per day)



Field-level operating margins (per unit)



STRONG TRACK RECORD OF
OPERATIONAL EXCELLENCE



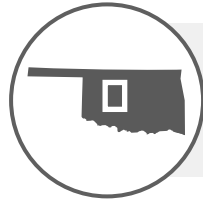
Devon-Owned Sand Mine to Improve Capital Efficiency

- Initial sand mine **integrated** into operations in Q2
- Provides up to **25%** of Delaware sand requirements
- Estimated savings: >**\$200,000** per well
- Improves **safety** & **emissions** performance
- Potential to **expand** program across portfolio



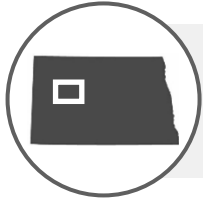
DEVON-OWNED SURFACE
ACREAGE IN TEXAS

Diversified Across Top U.S. Resource Plays



ANADARKO BASIN

- **Repeatable** resource play with exposure to rising gas & NGL prices
- Capital efficiency enhanced by \$100 million drilling carry with Dow
- **NEW** Columbine 3-mile development success: payback <3 months



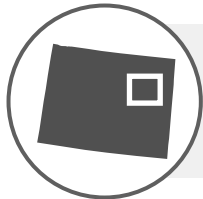
WILLISTON BASIN

- High-margin resource opportunity in economic core of the play
- Oil sales represent >90% of total revenue mix in Q1
- Expect to commence 1st production on 15-20 new wells in 2022



EAGLE FORD

- Commenced 1st production on 8 wells in Q1 (avg. IP30: 3,300 BOED)
- New well activity drives Q1 volumes 19% higher year over year
- Partnership plans to bring online ~40 new wells in 2022



POWDER RIVER BASIN

- **Emerging** oil resource play with stacked-pay potential
- Technical teams focused on advancing Niobrara delineation efforts
- Minimal leasehold obligations provide capital flexibility in 2022

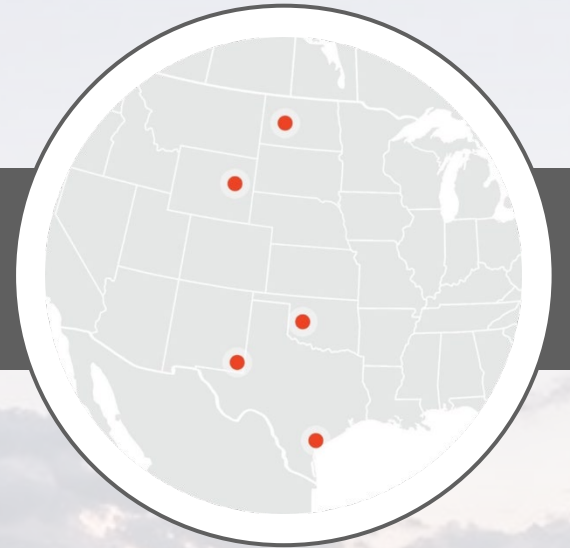


Note: Represents 2022 estimated field-level cash flow before G&A and taxes.





| Appendix



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Free Cash Flow Priorities

#1

FIXED + VARIABLE DIVIDEND

- Fixed dividend is paid quarterly at \$0.16 per share
- Variable dividend is up to 50% of excess free cash flow

#2

SHARE REPURCHASES

- \$2.0 billion buyback authorization in place
- Focused on opportunistically repurchasing shares

#3

BALANCE SHEET IMPROVEMENT

- Opportunities to retire ~\$1 billion of low-premium debt
- Low leverage profile of 0.2x by year-end 2022



Q1 VARIABLE DIVIDEND CALCULATION

\$2,000 MM – Adjusted Cash Flow (Non-GAAP)

— **\$564 MM** – Capital Expenditures (Accrued)

\$1,436 MM – Adjusted Free Cash Flow (Non-GAAP)

— **\$109 MM** – Fixed Quarterly Dividend

\$1,327 MM – Excess Free Cash Flow

× **~50% Payout** (Board Discretion: Up to 50%)

\$732 MM – Variable Dividend (\$1.11/share)

(Includes \$69 mm of proceeds related to divestiture contingency payments)

Q1 2022 TOTAL
DIVIDEND PAYOUT

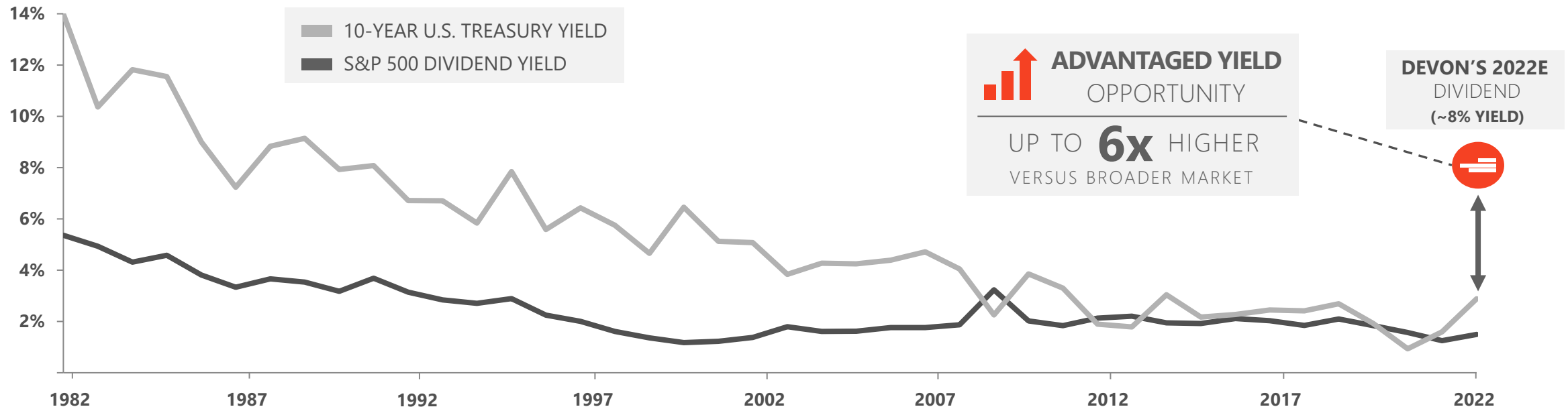
↑ \$1.27 PER SHARE
PAYABLE ON JUNE 30, 2022

Note: Adjusted cash flow represents operating cash flow (\$1,837 mm) before balance sheet changes (+\$143 mm) excluding Ukraine donation (+\$20 mm). See Devon's first-quarter 2022 earnings materials for more details regarding the variable dividend calculation.



Compelling Alternative for Yield-Seeking Investors

Historically low interest-rate environment has compressed yields across most asset classes



UNDERPINNED BY **HIGH-QUALITY**
& **SUSTAINABLE** PORTFOLIO



DEVON PROVIDES A UNIQUE SOLUTION

- Market yields have **declined** by up to 80% since 1981
- Bonds positioned for **negative** returns after inflation
- Devon offers both attractive **yield** & **growth** potential

Inventory Underpins Sustainability of Business Model

> 10 YEARS OF INVENTORY

(AT CURRENT ACTIVITY PACE)

- Includes only operated activity
- Represents low-risk development locations
- Assumes current development spacing
- Delaware Basin accounts for ~70%

>2,500
incremental
operated locations

UPSIDE

~4,000
operated
locations

Other Assets

Delaware Basin

320 - 340
wells online

2022 Program

Derisked Inventory

Inventory Upside

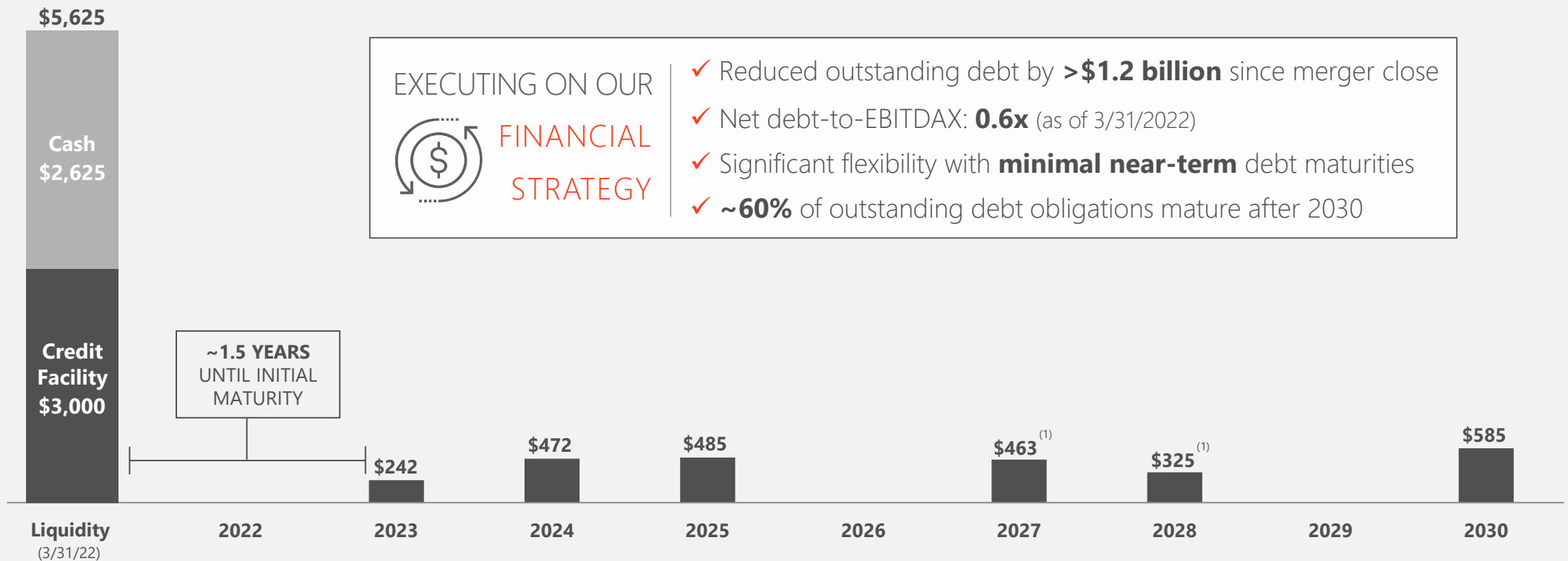
- Identified >10 years of **LOW-RISK & HIGH-RETURN** development inventory (at current drilling pace)
- Significant **INVENTORY UPSIDE** from higher commodity prices & emerging opportunities
 - Deeper Wolfcamp appraisal in the Delaware
 - Anadarko Basin gas & liquids upside
 - Powder River Basin optimization

Note: Derisked inventory represents locations generating >30% IRR at \$55 WTI & \$3 HH. Average lateral length is ~2 miles.

Our Investment-Grade Financial Strength

Strong liquidity with minimal near-term debt maturities

Outstanding debt maturities through 2030 (\$MM)



(1) \$390 million of notes due in 2027 and all of notes due in 2028 are callable at a fixed price in Q4 2022 and Q2 2023, respectively.

Strengthening Our Environmental Performance

Committed to aggressive emissions targets

- Targeting net zero GHG emissions by 2050 (Scope 1 & 2)
- Plan to reduce methane emissions by 65% by 2030
- Executive compensation tied to environmental results

Taking immediate action & delivering results

- Scope 1 & 2 GHG emissions reduced by ~20% (see chart)
- Methane emissions were reduced 47% in 2020
- Flared volume intensity declined by 33% in 2020

Strategy to drive continuous improvement

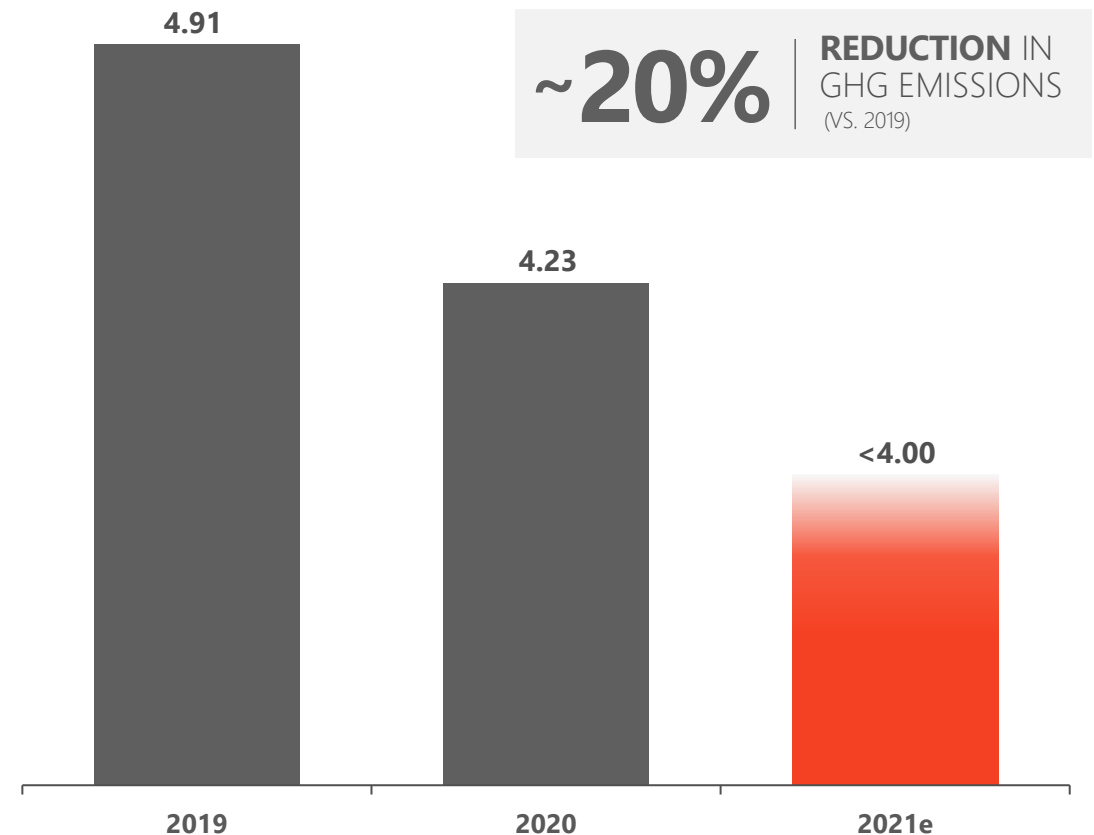
- Expanding and enhancing leak detection & repair programs
- Electrifying facilities to reduce onsite fuel consumption
- Converting to air-driven pneumatic controllers



For additional information see our **2021 Sustainability Report**

Reducing Scope 1 & 2 GHG emissions

(Million tonnes CO₂e)



Committed to Aggressive Emissions Reductions

ENVIRONMENTAL PERFORMANCE TARGETS

GHG EMISSIONS
SCOPE 1 & 2

NET ZERO

GHG EMISSIONS FOR
SCOPE 1 & 2 BY 2050

GHG EMISSIONS INTENSITY
SCOPE 1 & 2

50%

REDUCTION BY 2030

METHANE EMISSIONS
INTENSITY

65%

REDUCTION BY 2030

FLARING INTENSITY

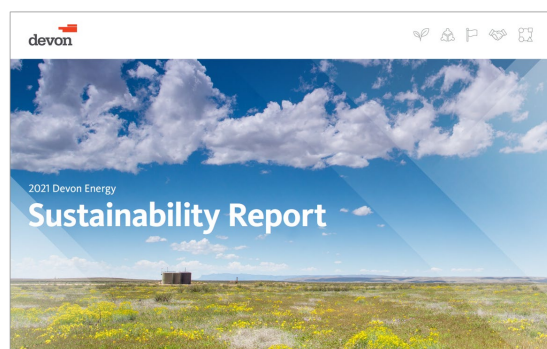
0.5%
OR LOWER

OF GROSS NATURAL GAS
PRODUCED BY 2025

ROUTINE FLARING

**ENTIRELY
ELIMINATE**

AS DEFINED BY THE
WORLD BANK BY 2030



For more information
on these initiatives,
please refer to the
Sustainability portion
of Devon's website

Note: For more information on these targets, including reporting boundaries, calculation methodologies and baselines (where applicable), please refer to the Sustainability portion of Devon's website.



HIGHLY-REGARDED ESG RATINGS & RECOGNITION



SUSTAINALYTICS



PART OF
Moody's ESG Solutions



CPA-Zicklin Index
of Corporate Political Disclosure
and Accountability



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Investor Notices

Forward-Looking Statements

This communication includes “forward-looking statements” within the meaning of the federal securities laws. Such statements include those concerning strategic plans, our expectations and objectives for future operations, as well as other future events or conditions, and are often identified by use of the words and phrases “expects,” “believes,” “will,” “would,” “could,” “continue,” “may,” “aims,” “likely to be,” “intends,” “forecasts,” “projections,” “estimates,” “plans,” “expectations,” “targets,” “opportunities,” “potential,” “anticipates,” “outlook” and other similar terminology. All statements, other than statements of historical facts, included in this communication that address activities, events or developments that Devon expects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control. Consequently, actual future results could differ materially and adversely from our expectations due to a number of factors, including, but not limited to: the volatility of oil, gas and NGL prices; risks relating to the COVID-19 pandemic or other future pandemics; uncertainties inherent in estimating oil, gas and NGL reserves; the extent to which we are successful in acquiring and discovering additional reserves; the uncertainties, costs and risks involved in our operations, including as a result of employee misconduct; regulatory

restrictions, compliance costs and other risks relating to governmental regulation, including with respect to environmental matters; risks related to regulatory, social and market efforts to address climate change; risks related to our hedging activities; counterparty credit risks; risks relating to our indebtedness; cyberattack risks; our limited control over third parties who operate some of our oil and gas properties; midstream capacity constraints and potential interruptions in production; the extent to which insurance covers any losses we may experience; competition for assets, materials, people and capital; risks related to investors attempting to effect change; our ability to successfully complete mergers, acquisitions and divestitures; risks related to the recent merger with WPX, including the risk that we may not realize the anticipated benefits of the merger or successfully integrate the two legacy businesses; and any of the other risks and uncertainties discussed in Devon’s 2021 Annual Report on Form 10-K (the “2021 Form 10-K”) or other SEC filings.

The forward-looking statements included in this communication speak only as of the date of this communication, represent current reasonable management’s expectations as of the date of this communication and are subject to the risks and uncertainties identified above as well as those described in the 2021 Form 10-K and in other documents we file from time to time with the SEC. We cannot guarantee the accuracy of our forward-looking statements, and readers are urged to carefully review and consider the various disclosures made in the 2021 Form 10-K and in other documents we file from time to time with the SEC. All subsequent written and oral forward-looking statements attributable to Devon, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements above. We do not undertake, and expressly disclaim, any duty to update or revise our forward-looking statements based on new information, future events or otherwise.

Use of Non-GAAP Information

This presentation may include non-GAAP (generally accepted accounting principles) financial measures. Such non-GAAP measures are not alternatives to GAAP measures, and you should not consider these non-GAAP measures in isolation or as a substitute for analysis of our results as reported under GAAP. For additional disclosure regarding such non-GAAP measures, including reconciliations to their most directly comparable GAAP measure, please refer to Devon’s first-quarter 2022 earnings materials and related Form 10-Q filed with the SEC.

Cautionary Note on Reserves and Resource Estimates

The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. Any reserve estimates provided in this presentation that are not specifically designated as being estimates of proved reserves may include estimated reserves or locations not necessarily calculated in accordance with, or contemplated by, the SEC’s latest reserve reporting guidelines. You are urged to consider closely the oil and gas disclosures in the 2021 Form 10-K and our other reports and filings with the SEC.