

Magnolia Oil & Gas Corporation Investor Presentation – March 2021



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NON-GAAP FINANCIAL MEASURES

This presentation includes non-GAAP financial measures, including free cash flow, EBITDAX, adjusted EBITDAX, adjusted net income, adjusted earnings, adjusted cash costs and adjusted cash operating margin. Magnolia believes these metrics are useful because they allow Magnolia to more effectively evaluate its operating performance or its liquidity, as applicable, and compare the results of its operations from period to period and against its peers without regard to accounting methods or capital structure. Magnolia does not consider these non-GAAP measures in isolation or as an alternative to similar financial measures determined in accordance with GAAP. The computations of these non-GAAP measures may not be comparable to other similarly titled measures of other companies.

Magnolia excludes certain items from net income in arriving at adjusted net income and adjusted earnings because these amounts can vary substantially from company to company within its industry depending upon accounting methods, book values of assets and the method by which the assets were acquired. Adjusted EBITDAX, adjusted net income, and adjusted earnings should not be considered as alternatives to, or more meaningful than, net income as determined in accordance with GAAP. Certain items excluded from free cash flow, adjusted EBITDAX, adjusted net income, adjusted earnings, adjusted cash costs and adjusted cash operating margin are significant components in understanding and assessing a company’s financial performance or its liquidity, as applicable, and should not be construed as an inference that its results will be unaffected by unusual or non-recurring terms.

As performance measures, adjusted EBITDAX, adjusted net income, adjusted earnings, adjusted cash costs and adjusted cash operating margin may be useful to investors in facilitating comparisons to others in the Company’s industry because certain items can vary substantially in the oil and gas industry from company to company depending upon accounting methods, book value of assets, and capital structure, among other factors. Management believes excluding these items facilitates investors and analysts in evaluating and comparing the underlying operating and financial performance of our business from period to period by eliminating differences caused by the existence and timing of certain expense and income items that would not otherwise be apparent on a GAAP basis. As a liquidity measure, management believes free cash flow is useful for investors and widely accepted by those following the oil and gas industry as financial indicators of a company’s ability to generate cash to internally fund drilling and completion activities, fund acquisitions, and service debt. Our presentation of adjusted EBITDAX, adjusted net income, free cash flow, adjusted earnings, adjusted cash costs and adjusted cash operating margin may not be comparable to similar measures of other companies in our industry. A free cash flow reconciliation is shown on page 20, adjusted EBITDAX reconciliation is shown on page 21 of the presentation, adjusted net income reconciliation is shown on page 22, adjusted earnings reconciliation is shown on page 23 and adjusted cash costs and adjusted cash operating margin reconciliations are shown on page 9.

INDUSTRY AND MARKET DATA

This presentation has been prepared by Magnolia and includes market data and other statistical information from sources believed by Magnolia to be reliable, including independent industry publications, governmental publications or other published independent sources. Some data is also based on the good faith estimates of Magnolia, which are derived from its review of internal sources as well as the independent sources described above. Although Magnolia believes these sources are reliable, it has not independently verified the information and cannot guarantee its accuracy and completeness.

Magnolia Oil & Gas – Overview



- High-quality, low-risk pure-play South Texas operator with a core Eagle Ford and Austin Chalk position acquired at an attractive entry multiple
- Significant scale and PDP base generates material free cash flow, reduces development risk, and increases optionality
- **Asset Overview:**
 - ~23,500 net acres in a well-delineated, low-risk position in the core of Karnes County, representing some of the most prolific acreage in the United States with industry leading break-evens
 - ~440,000 net acres in the Giddings Field, a re-emerging oil play with significant upside and what we believe to be substantial inventory
 - Both assets expected to remain self funding and within cash flow

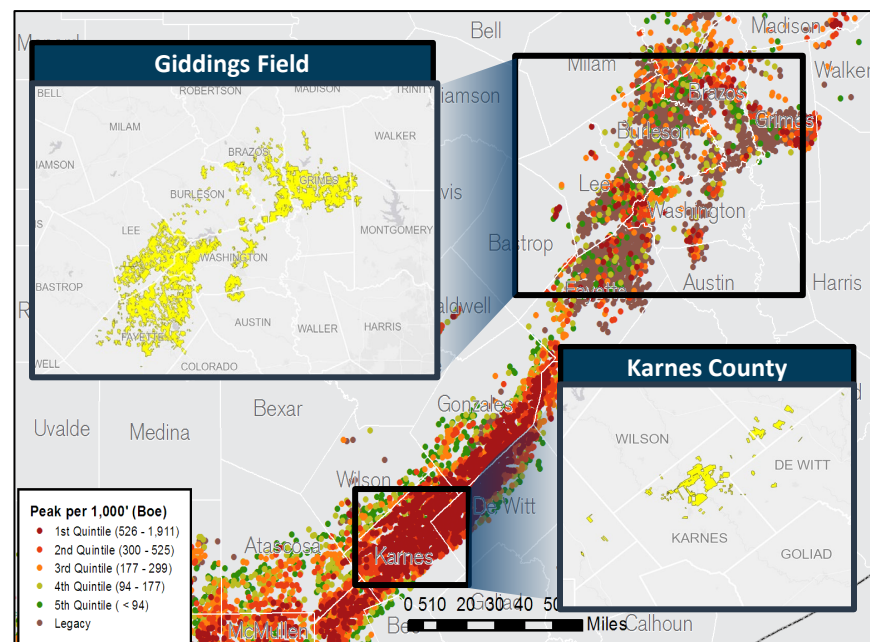
Market Statistics

Trading Symbol (NYSE)	MGY
Share Price as of 2/26/2021	\$12.06
Common Shares Outstanding ⁽¹⁾	249.1 million
Market Capitalization	\$3.0 billion
Long-term Debt – Principal	\$400 million
Cash as of 12/31/2020	\$193 million
Total Enterprise Value	\$3.2 billion

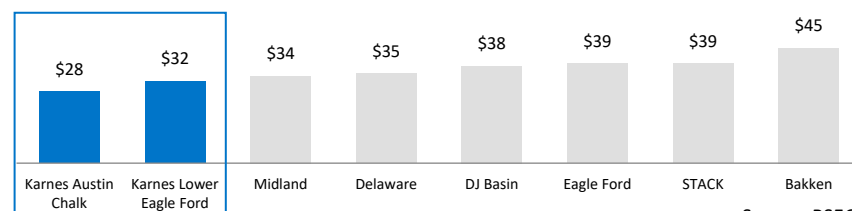
Operating Statistics

	Karnes	Giddings	Total
Net Acreage	23,513	436,885	460,398
4Q20 Net Production (Mboe/d) ⁽²⁾	32.3	28.3	60.6

~460,000 Net Acre Position Targeting Two of the Top Oil Plays in the U.S.



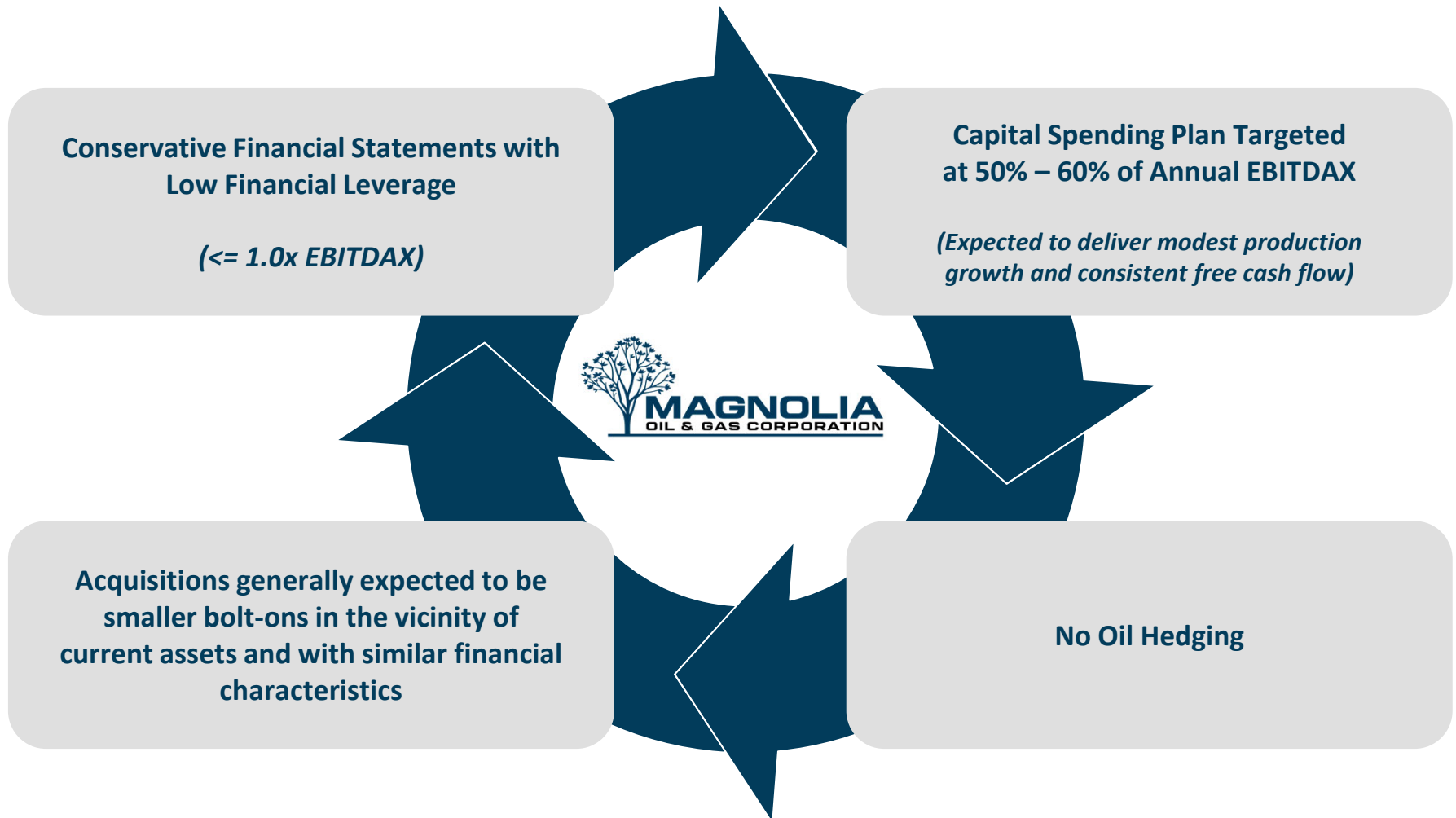
Industry Leading Breakevens (\$/Bbl WTI)



(1) Common Stock outstanding includes Class A and Class B Stock.

(2) Giddings includes other production not located in the Giddings Field.

Magnolia Oil & Gas – Financial Policy



Return-focused, long-term value creation through (i) dividend, (ii) accretive bolt-on acquisitions, (iii) share repurchases, and (iv) debt reduction.

Magnolia Value Creation Strategy

- 1 Consistent organic production growth
- 2 High full-cycle operating margins
- 3 Conservative leverage profile
- 4 Significant free cash flow after capital expenditures
- 5 Effective reinvestment of free cash flow

Objectives & Execution

Mid-single digit year-over-year organic production growth

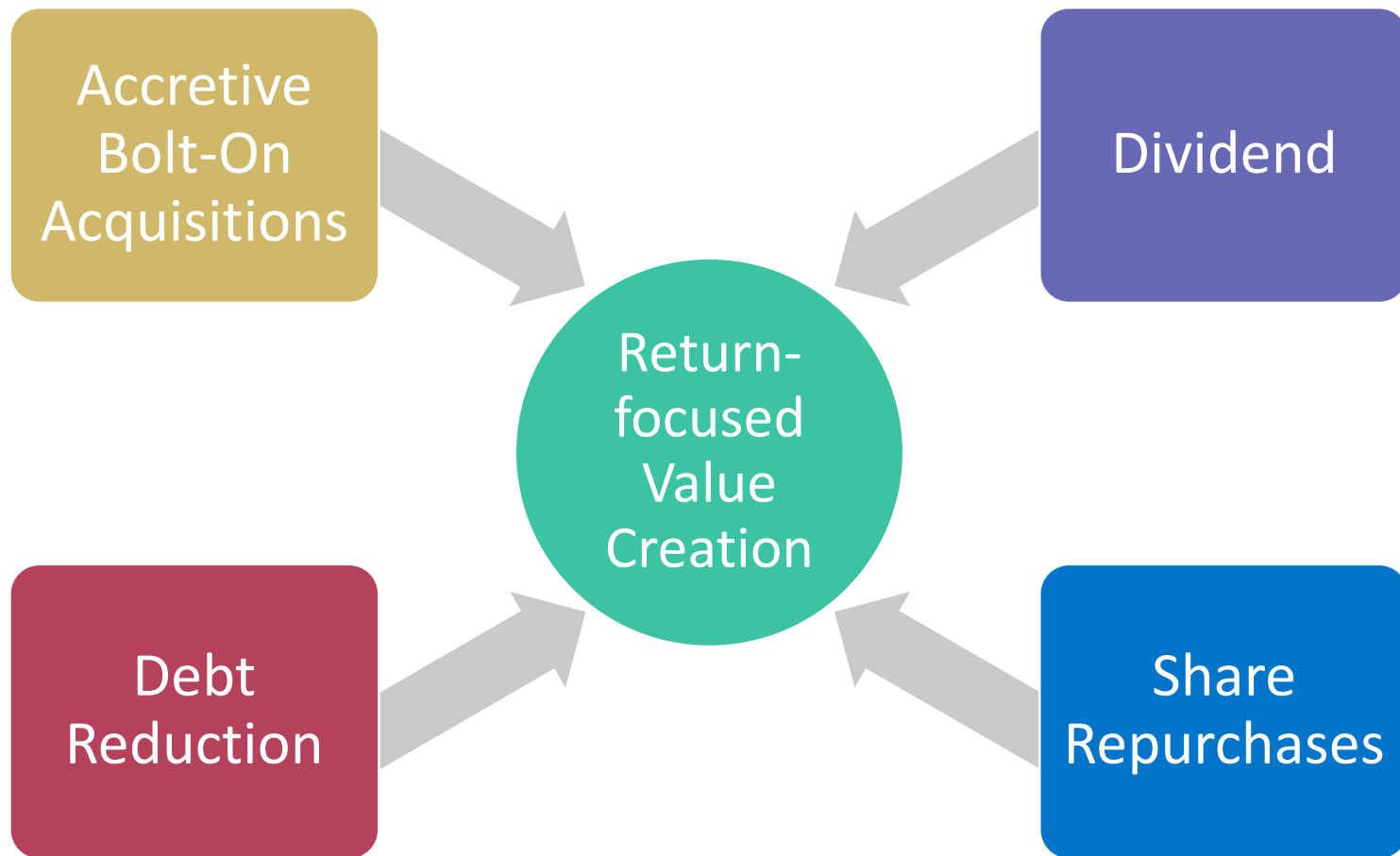
Targeting full cycle margins of ~50%

\$193 million of cash on the balance sheet and \$400 million of principal debt outstanding, representing 0.5x 4Q20 annualized adjusted EBITDAX

Business model targets D&C capex of 50% – 60% of our annual EBITDAX

Closed ~\$205 million of bolt-on acquisitions since 1/1/2019 while increasing our Karnes net acreage position by ~40% and repurchased 11.5 million shares of Magnolia stock. Will begin paying a dividend in 2021.

Cash Flow Priorities to Maximize Shareholder Returns

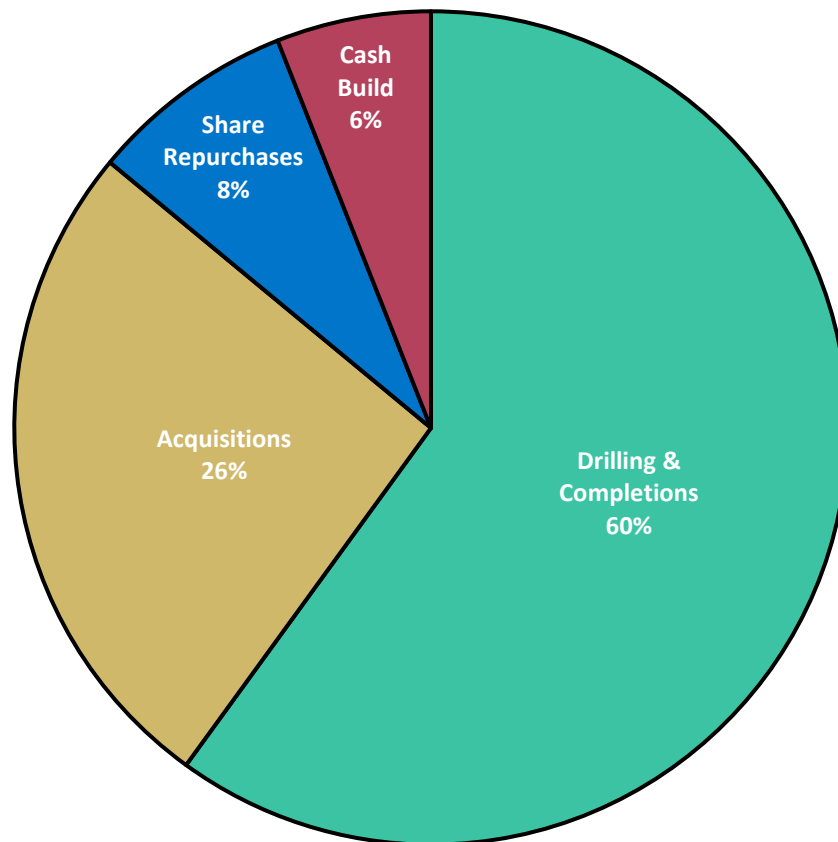


With a targeted goal of always being free cash flow positive, Magnolia intends to be a prudent steward of shareholder's capital

Cash Flow Allocation Matches Magnolia's Business Model



(Percentage of Operating Cash Flow ⁽¹⁾ – Since Inception - 7/31/18 thru 12/31/20)

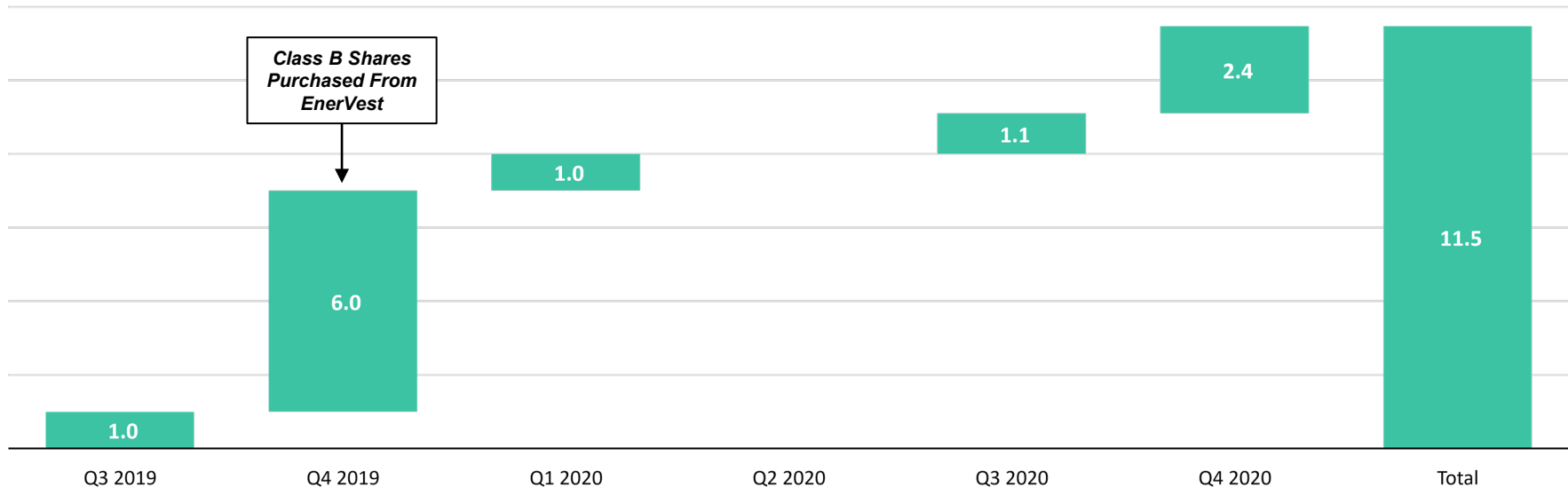


(1) Operating Cash Flow is cash flow from operations before changes in working capital.

Share Repurchase Summary Through YE 2020

- Magnolia received initial authorization to repurchase up to 10 million shares of Class A common stock in Q3 2019
- Through Q4 2020, Magnolia has repurchased 5.5 million shares of Class A common stock as well as 6 million Class B shares, for a total of 11.5 million shares repurchases, or approximately ~4.5% of the shares outstanding as of the authorization date
- Going forward, Magnolia plans to repurchase 1% of our total shares outstanding each quarter
- There are 14.5 million shares remaining under the current share repurchase authorization, including the recent increase of an additional 10 million Class A Common Stock by the Board of Directors in February 2021.

Quarterly Share Repurchase Summary (Million Shares)



Magnolia Oil & Gas – Margin and Cost Structure



<i>\$ / Boe</i>	<i>For the Quarter Ended December 31, 2020</i>	<i>For the Quarter Ended December 31, 2019</i>
Revenue	\$26.76	\$36.54
Total Cash Costs:		
Lease Operating Expenses ⁽¹⁾	(3.20)	(3.66)
Gathering, Transportation & Processing	(1.45)	(1.42)
Taxes Other Than Income	(1.50)	(2.05)
Exploration Expense ⁽²⁾	(0.25)	(0.33)
General & Administrative Expense ⁽¹⁾	(3.11)	(2.24)
Interest Expense, net ⁽³⁾	(1.16)	(0.93)
Total Adjusted Cash Costs ⁽⁴⁾	(\$10.67)	(\$10.63)
Adjusted Cash Operating Margin ⁽⁴⁾	\$16.09	\$25.91
Depreciation, Depletion, and Amortization	(8.08)	(21.89)
Full Cycle Costs	(\$18.75)	(\$32.52)
Full Cycle Margin	\$8.01	\$4.02

- (1) Exploration expense excludes unproved property impairment of \$2.4 million, or \$0.42 per boe, and \$0.6 million, or \$0.10 per boe, for the 4th quarters of 2020 and 2019, respectively.
- (2) General & administrative expense excludes non-cash stock based compensation of \$1.1 million, or \$0.20 per boe, and \$2.7 million, or \$0.43 per boe, for the 4th quarters of 2020 and 2019. Lease operating expenses excludes non-cash stock based compensation of \$0.1 million, or \$0.01 per boe, for the 4th quarter of 2020.
- (3) Interest Expense excludes amortization of deferred financing costs of \$0.9 million, or \$0.16 per boe, and \$0.9 million, or \$0.14 per boe, for the 4th quarters of 2020 and 2019, respectively.
- (4) Adjusted cash costs and adjusted cash operating margin are non-GAAP measures. For reasons management believes these are useful to Investors, refer to slide 2 "Non-GAAP Financial Measures."



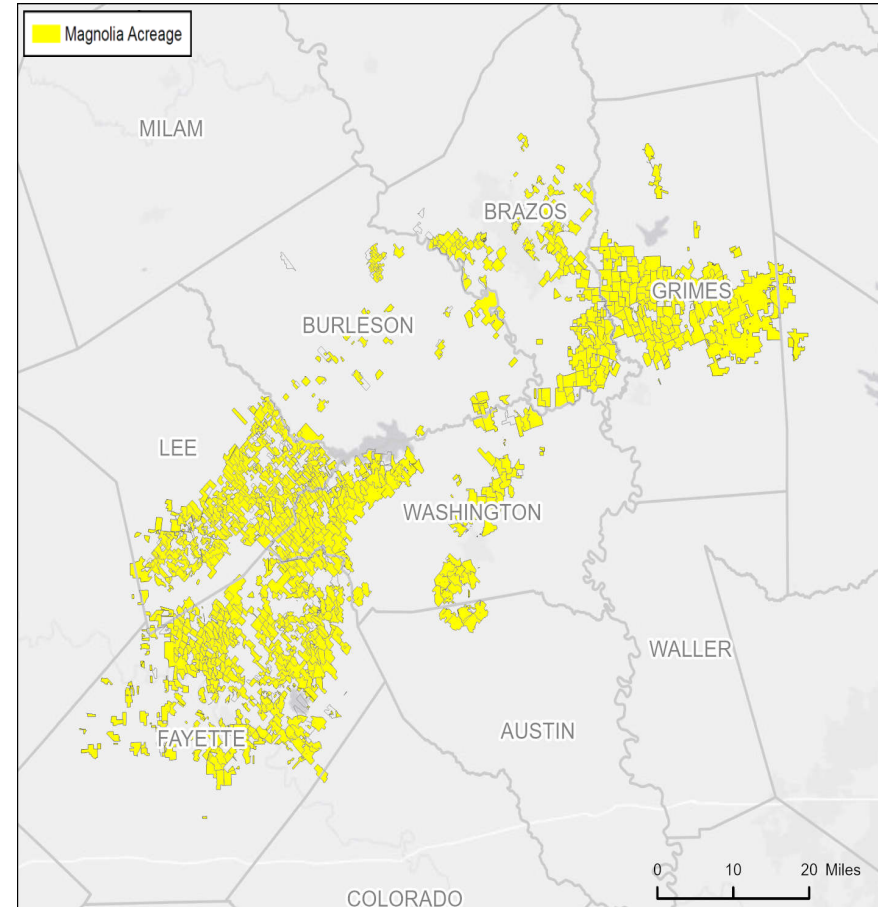
Asset Overview

Giddings Field – Redeveloping as an Emerging Play

Giddings Asset Overview

- Emerging, high-growth asset with extensive inventory potential and significant development flexibility
 - ~440,000 net acres, ~98% HBP and ~96% operated, 25.5 Mboe/d 4Q20 production (33% oil, 64% liquids)
- HBP nature of asset allows for systematic delineation and optimization of play while staying within asset cash flow
- Shallower production declines allow for more stable cash flows and beneficial with higher future oil prices
- Modern high-intensity completions have resulted in a step-change improvement in well performance
- Have successfully transitioned 70,000 acres to development
- We could have at least 1,000 locations based on conservative spacing assumptions

Lease Map



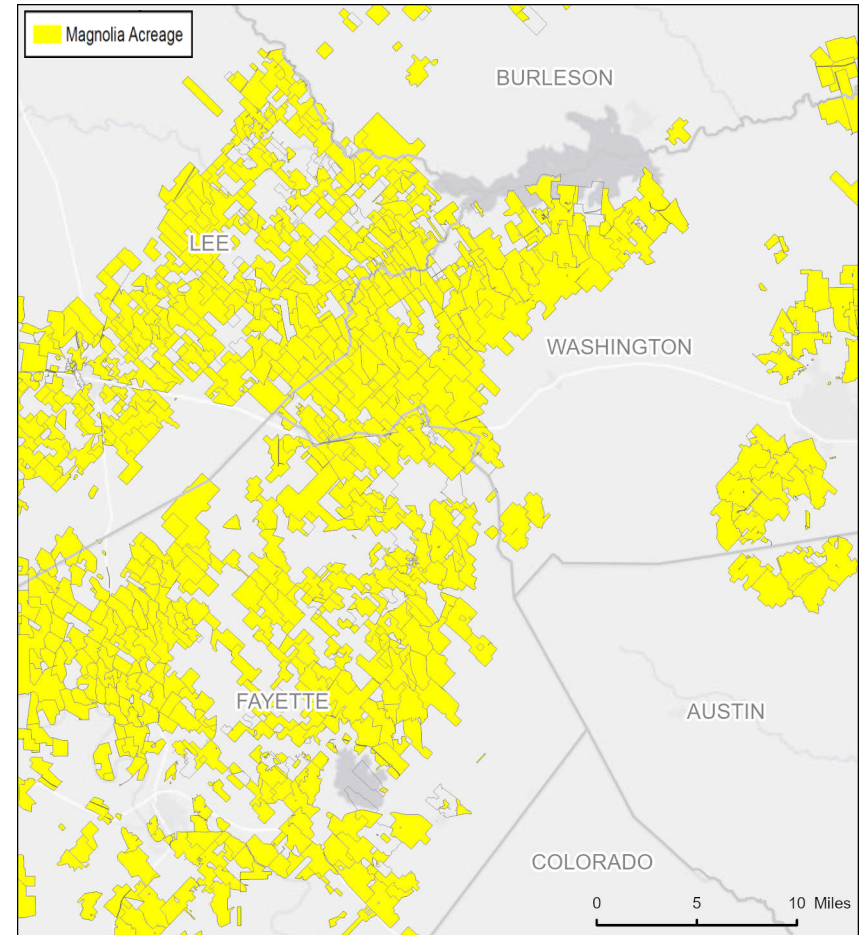
With significant scale and HBP position, Giddings offers a unique opportunity to develop an emerging play while remaining within cash flow

Giddings Field – Appraisal to Development

- MGY has identified some contiguous acreage blocks which have produced consistent results to date
 - One of these areas comprises ~70,000 acres which we have 20 wells with 90+ days of production

Current		Previous	
	90-Day		90-Day
Well Count	20	Well Count	14
Bopd	846	Bopd	783
Boe/d (2-Stream)	1,621	Boe/d (2-Stream)	1,557

- 2020 was a transition year, moving from appraisal drilling to multi-well pad drilling in our early-stage development area
 - Reduced well costs by more than 25% to \$6.2 million through efficiencies and cost reductions
- Highlights of early-stage development program:
 - Multi-well pads
 - Expect 2021 wells to average completed well cost of \$6 million
 - Continued delineation: 20 – 24 well program planned for 2021
- Benefits of Giddings:
 - Low entry costs and high economic returns
 - Shallower production declines
 - High EURs with improving F&D Costs



Note: All MGY Giddings acreage not displayed on map.

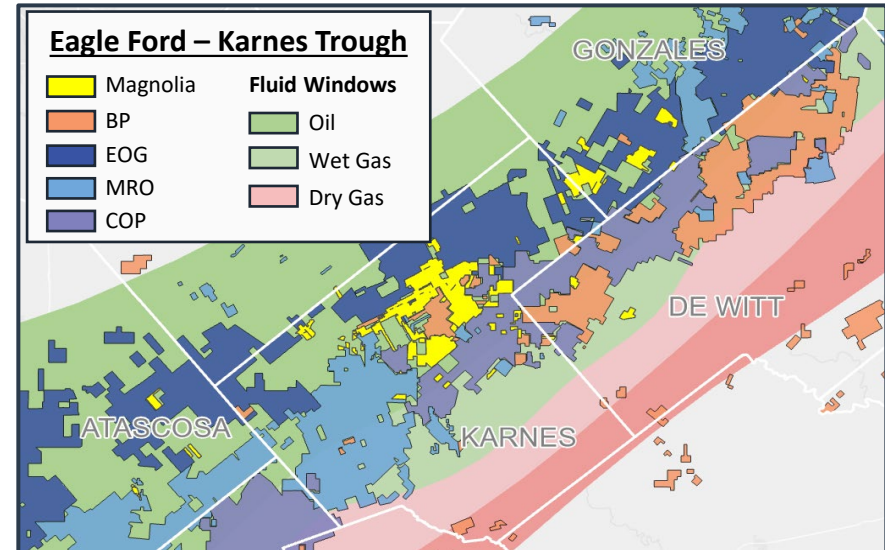
Karnes County – Core Eagle Ford and Austin Chalk



Key Asset Highlights

- World-class acreage footprint located in the core of the Eagle Ford, substantially de-risked
 - ~23,500 net acres, 65% operated, 94% HBP, 32.3 Mboe/d 4Q20 production (63% oil, 80% liquids)
 - EOG represents ~70% of non-operated activity
- Provides substantial free cash flow
 - Full field development allows for operational efficiencies and improved performance
- Well known, repeatable acreage position targeting multiple benches and represents some of the best economics in North America

Premier Position in the Core of the Eagle Ford



**Core position in Karnes County Oil Window adjacent to EOG and Marathon
and less than 1-year new well paybacks**



Financial Overview

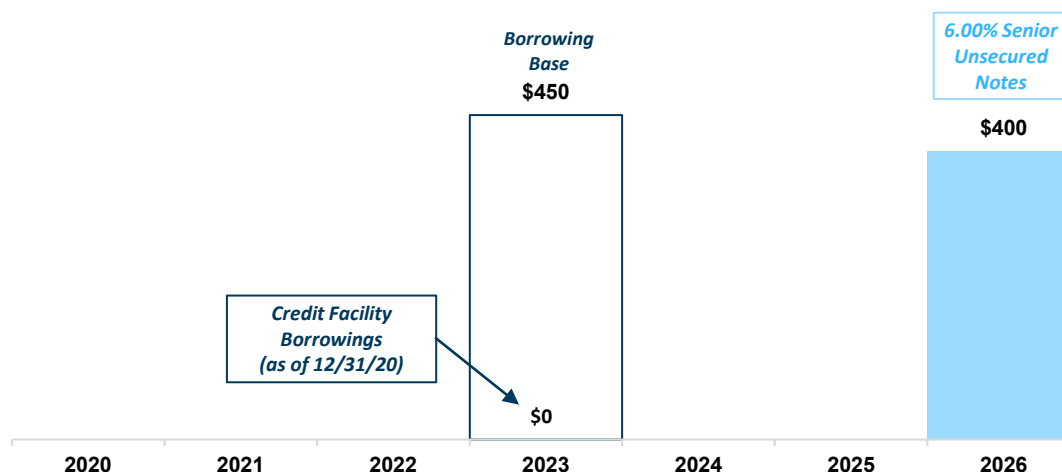
4Q20 Capital Structure and Liquidity Overview



Capital Structure Overview

- Maintaining low financial leverage profile
 - Net Debt / Total Book Capitalization of 17%
 - Net Debt / Q4 Annualized adjusted EBITDAX of 0.5x
- Current Liquidity of \$643 million, including fully undrawn credit facility ⁽¹⁾
- No debt maturities until senior unsecured notes mature in 2026

Debt Maturity Schedule (\$MM)



Capitalization & Liquidity (\$MM)

Capitalization Summary		As of 12/31/2020
Cash and Cash Equivalents		\$193
Revolving Credit Facility		\$0
6.00% Senior Notes Due 2026		\$400
Total Principal Debt Outstanding		\$400
Total Equity ⁽²⁾		\$839
Net Debt / Q4 Annualized Adjusted EBITDAX		0.5x
Net Debt / Total Book Capitalization		17%
Liquidity Summary		As of 12/31/2020
Cash and Cash Equivalents		\$193
Credit Facility Availability		\$450
Liquidity ⁽¹⁾		\$643

(1) Liquidity defined as cash plus availability under revolving credit facility.

(2) Total Equity includes noncontrolling interest.

Level of Risk Generally Acceptable to Magnolia

<u>Risk Factor</u>	<u>Low</u>	<u>Moderate</u>	<u>Fully Exposed</u>
Geologic/Exploratory	✓		
Political	✓		
Cost Risk		✓	
Reinvestment		✓	
Commodity			✓
Financial	✓		



High Quality Assets Positioned for Success

- Coveted position in core of Karnes County with industry leading breakevens between \$28 - \$32 per barrel⁽¹⁾
- Emerging position in the Giddings Field with 70,000 acres now in development.



Positive Free Cash Flow and Leading Margins

- One of the select upstream independents that has generated substantial free cash flow after capital expenditures
- Leading free cash flow yield at a wide range of commodity prices versus the vast majority of the E&P group



Multiple Levers of Growth

- Modest organic growth through proven drilling while remaining well within cash flow (~60% of EBITDAX)
- Low debt and strong free cash flow allows Magnolia to pursue accretive bolt-on acquisitions or buy back stock which improves the Company's per share metrics



Strong Balance Sheet, Financial Flexibility & Conservative Financial Policy

- Conservative leverage profile with \$193 million of cash and only \$400 million of principal total debt outstanding⁽²⁾
- Substantial liquidity of \$643 million⁽²⁾

(1) Source: RSEG.

(2) Debt and liquidity as of 12/31/2020.



Appendix

Proved Developed Reserves Detail

<i>(In thousands)</i>		<i>For the Year Ended December 31, 2020</i>
Costs incurred:		
Proved property acquisition costs		\$49,246
Unproved properties acquisitions costs		25,966
Total acquisition costs		\$75,212
Exploration and development costs		188,352
Total costs incurred		\$263,564
Less: Total acquisition costs		(\$75,212)
Less: Asset retirement obligations		\$12,839
Less: Exploration expense		(\$3,334)
Less: Leasehold acquisition costs		(\$2,966)
Drilling and completion capital	(A)	\$194,891
Proved developed reserves:		
Beginning of period		86.8
End of period		85.8
Increase (decrease) in proved developed reserves		(1.0)
Production	(B)	22.6
Increase in proved developed reserves plus production		21.6
Less: Purchase of reserves in place		(2.0)
Less: Price-related revisions		10.8
Increase in proved developed reserves, excluding acquisitions and price-related revisions	(C)	30.4
Organic proved developed F&D cost per boe	(A)/(C)	\$6.41
Reserve replacement ratio	(C)/(B)	135%

Free Cash Flow Reconciliation



<i>(in thousands)</i>		
Free Cash Flow Reconciliation	For the Quarter Ended December 31, 2020	For the Quarter Ended December 31, 2019
Net cash provided by operating activities	\$79,122	\$159,007
Add back: net changes in operating assets and liabilities	11,133	3,863
Cash flows from operations before changes in operating assets and liabilities	\$90,255	\$162,870
Additions to oil and natural gas properties	(40,532)	(73,657)
Changes in working capital associated with additions to oil & gas properties	(5,382)	3,481
Free cash flow⁽¹⁾	\$44,341	\$92,694

(1) Free cash flow is a non-GAAP measure. For reasons management believes this is useful to investors, refer to slide 2 "Non-GAAP Financial Measures."

Reconciliation of Net Income to Adjusted EBITDAX



<i>(in thousands)</i>		
Adjusted EBITDAX reconciliation to net income:	For the Quarter Ended December 31, 2020	For the Quarter Ended December 31, 2019
Net income	\$42,012	\$13,631
Exploration expense	3,744	2,724
Asset retirement obligation accretion	1,315	1,416
Depreciation, depletion and amortization	45,080	137,629
Amortization of intangible assets	3,626	3,626
Interest expense, net	7,353	6,745
Income tax expense	-	2,311
EBITDAX ⁽¹⁾	\$103,130	\$168,082
Non-cash stock based compensation expense	\$1,158	\$2,713
Unrealized (gain) on derivatives, net	(\$2,485)	-
(Gain) on sale of equity method investment	(\$5,071)	-
Inventory write down	\$1,386	-
Adjusted EBITDAX ⁽¹⁾	\$98,118	\$170,795

(1) EBITDAX and Adjusted EBITDAX are non-GAAP measures. For reasons management believes these are useful to Investors, refer to slide 2 "Non-GAAP Financial Measures."

Adjusted Net Income Reconciliation



<i>(in thousands)</i>		
Adjusted Net Income	For the Quarter Ended December 31, 2020	For the Quarter Ended December 31, 2019
Net income	\$42,012	\$13,631
Income tax expense	-	\$2,311
Income Before Income Taxes	42,012	15,942
Adjustments:		
Impairment of unproved properties	2,370	-
Unrealized (gain) on derivatives, net	(2,485)	-
(Gain) on sale of equity method investment	(5,071)	-
Inventory write down	1,386	-
Seismic purchases	1,100	-
Adjusted income tax expense ⁽¹⁾	-	3,475
Adjusted Net Income ⁽²⁾	\$39,312	\$12,467

<i>(in thousands)</i>		
Total Share Count	For the Quarter Ended December 31, 2020	For the Quarter Ended December 31, 2019
Diluted weighted average of Class A Common Stock outstanding during the period	169,326	171,647
Weighted average shares of Class B Common Stock outstanding during the period ⁽³⁾	85,790	90,942
Total weighted average shares of Class A and B Common Stock, including dilutive impact of other securities ⁽³⁾	255,116	262,589

(1) Represents corporate income taxes at an assumed effective tax rate of 0% and 22% for the quarters ended December 31, 2020 and 2019, respectively.

(2) Adjusted Net Income is a non-GAAP measure. For reasons management believes this is useful to investors, refer to slide 2 "Non-GAAP Financial Measure."

(3) Shares of Class B Common Stock, and corresponding Magnolia LLC Units, are anti-dilutive in the calculation of weighted average number of common shares outstanding.

Adjusted Earnings Reconciliation



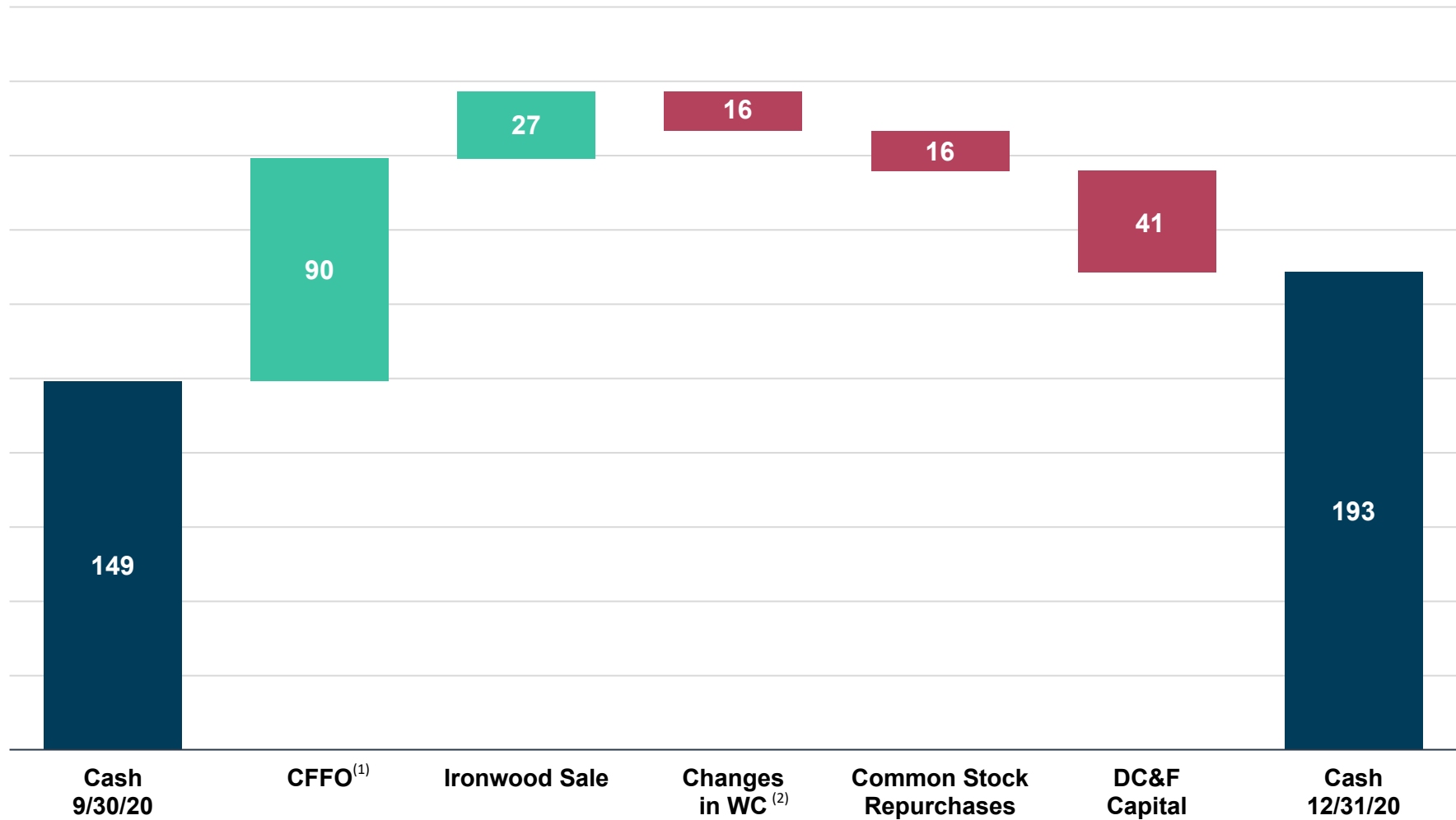
<i>(in thousands)</i>				
	For the Quarter Ended December 31, 2020	Per Share Diluted EPS	For the Quarter Ended December 31, 2019	Per Share Diluted EPS
Net income attributable to Class A Common Stock	\$27,745	\$0.16	\$8,115	\$0.05
Adjustments:				
Impairment of unproved properties ⁽¹⁾	2,370	0.01	-	-
Unrealized (gain) on derivatives, net	(2,485)	(0.01)	-	-
(Gain) on sale of equity method investment	(5,071)	(0.03)	-	-
Inventory write down	1,386	0.01	-	-
Seismic purchases	1,100	0.01	-	-
Noncontrolling interest impact of adjustments	917	-	-	-
Adjusted net income attributable to Class A Common Stock ⁽¹⁾	\$25,962	\$0.15	\$8,115	\$0.05

(1) Adjusted earnings is a non-GAAP measure. For reasons management believes this is useful to investors, refer to slide 2 "Non-GAAP Financial Measures."

4Q 2020 Cash Flow Summary



(\$ In Millions)



(1) Cash flow from operations before changes in working capital.

(2) Includes \$11 million decrease in working capital and \$5 million decrease in capital accruals which are included in the investing activities of the statement of cash flows.