

# Energy ➡ Optimized

Third Quarter 2024 Results

November 12, 2024



**DIVERSIFIED**  
energy



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The financial information in this Presentation does not contain sufficient detail to allow a full understanding of the results of the Company. Please refer to the full results announcement for more detailed information. It is our intention that all of the information provided during this Presentation or in any follow-up discussion will either be publicly available information or, if not publicly available, information that we do not believe constitutes inside information or material non-public information about the Company. However, you are under an obligation to assess independently for yourself whether you are in possession of inside information, and when you cease to be in possession of inside information.





# BUILDING A STRATEGIC, RESILIENT ENERGY PRODUCER

## Scaling a Differentiated Business Model:

Accretive & strategic acquisitions enhance margins and unlock potential for cost synergies providing additional cash flows

## Delivering Shareholder Benefits:

Leveraging reliable production, hedging for consistent cash flows, and vertically integrated operations provides meaningful cash flow for capital allocation

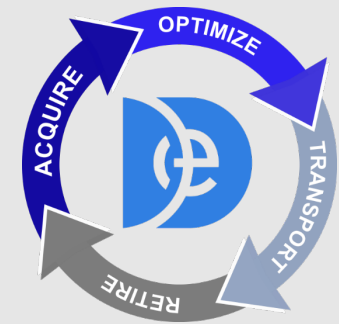
## Employing Modernized Field Management:

Utilizes a data-driven approach to production to deliver actionable insights and response times that drive efficient operations

## Creating a Leader in Stewardship & Well Retirement:

Integrated, wholly-owned well retirement and leading-edge emissions technology reflects commitment to stewardship of assets

*Right Company at the  
Right Time.....*



**Providing Solutions**





# 2024 ACTION PLAN – EXECUTING ON OUR STRATEGY



**\$154 million**  
of debt principal payments

**Systematic Debt  
Reduction**



**~\$85 million**  
in Dividend Distributions

**Fixed per-share  
Dividend**



**>\$20 million**  
value of shares repurchased  
*~3% of Shares Outstanding*

**Strategic  
Share Repurchases**



**\$585 million**  
of announced acquisitions

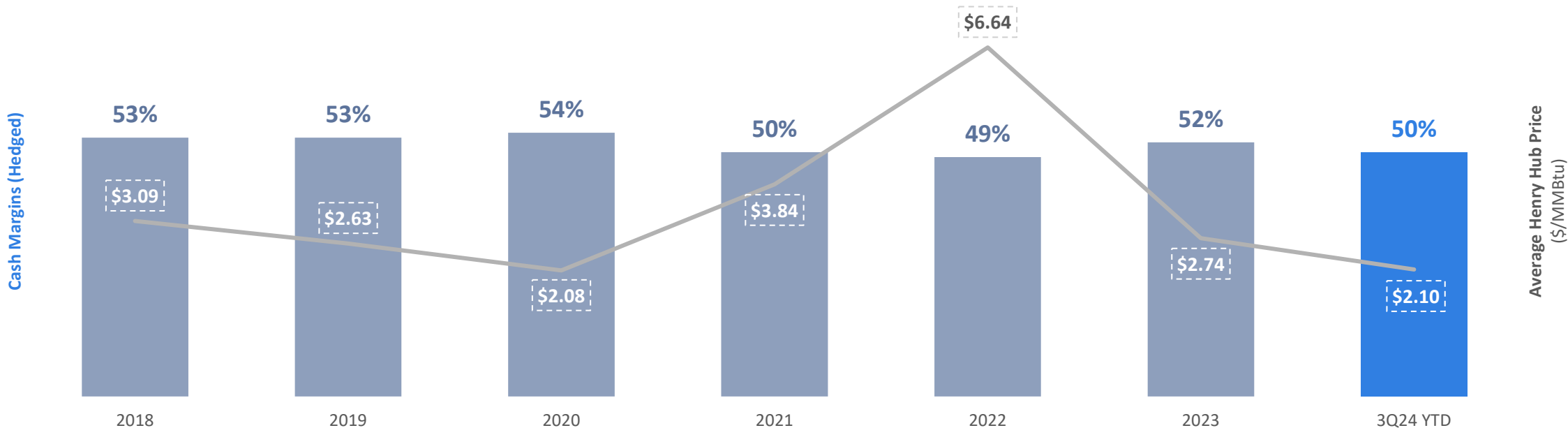
**Accretive  
Acquisitions**

**Prioritizing Free Cash Flow with the Flexibility to Allocate Across the Highest & Best Uses of Capital  
to Create Long-Term Shareholder Value**

All amounts as of September 30, 2024; Dividends includes amount declared but unpaid  
Share repurchases include the value of shares repurchase through Diversified announced Share Repurchase Program and the value of shares purchased by Diversified’s Employee Benefit Trust (the “EBT”)  
Acquisitions presented based on previously announced gross valuation



# BUILT TO DELIVER STRONG CASH MARGINS IN ANY PRICE ENVIRONMENT



## Hedging Strategy Protects Realized Pricing

3Q24 Avg Hedge Floor of \$3.34/MMBtu exceeded the average Henry Hub settlement price by 55%



## Bolt-On Acquisitions Replace Production

High-margin production at attractive multiples offsets ~2 years of declines, increases average production<sup>(a)</sup>



## Track Record Highlights Margin Durability

Over six years of robust cash production underpinned by focus on asset stewardship and efficiency of operations



## Capital Efficiency Enhances Returns

Low capital intensity of \$0.18/Mcfe increases the amount of cash flow retained for future capital allocation<sup>(b)</sup>

Average Henry Hub price based on value of settled monthly futures contracts for the periods presented  
Where applicable, Adj. EBTIDA Margin has been presented exclusive of the impact of Diversified's wholly owned plugging subsidiary, Next LVL Energy  
a) Calculated based on announced 4Q23 avg production of 777 Mmcfe/d, adjusted for the impact of the ABSVII announced on January 2, 2024; assumes corporate decline rate of 10% per year  
b) Calculated as using the year-to-date Capital Expenditures and Net Production for the nine-month period ended September 30, 2024



# A MODERN TECHNOLOGY PLATFORM BUILT FOR GROWTH

## Modern Field Management Philosophy

- ✓ Common Systems enhance process efficiency, reliability
- ✓ Cloud First / Wireless First eliminate technical debt, and improves data collection, warehousing and analytics
- ✓ Data integration and governance standards improve reporting speed and reliability
- ✓ Scalable model decreases integration timelines and allows for standardized, repeatable processes
- ✓ Real-time monitoring, data visualization AI-powered analytics provide next-generation business insights



**Developing a Scalable Platform  
with Low Total Cost of Ownership**



**Investing in Flexible, Innovative  
and Efficient IT and OT Systems**



**Driving Safe, Sustainable Value  
Creation Throughout the Company**





# CORPORATE INFRASTRUCTURE... OUR VALUABLE ADVANTAGE



## Unique Infrastructure PLATFORM Built to be Accretive Consolidator



### Field Operations

#### Significant Operating Scale

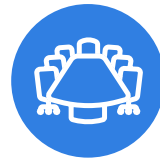
- 1,200+ highly experienced field personnel
- Deployed across 10 states and multiple basins
- Safety & Environment



### Midstream/Marketing

#### Top 25 Natural Gas Marketer

- 3 processing facilities
- 2 Underground Storage Facilities
- 17,700 miles of pipeline
- 260+ sales points
- Active in 30+ markets



### Corporate

#### Production Support Suite

- Business Development
- Land & Legal
- Information Technology
- Finance and Treasury
- Accounting
- Human Resources
- Safety & Environment



### Emissions Reduction

#### Deploying Cutting Edge Tech

- Measurement
- Monitoring
- Mitigation
- Reporting



### Well Retirement

#### Driving Innovation in Plugging

- 19 service rigs
- Full suite of complementary equipment
- ~40% of Appalachian capacity
- Emerging Carbon Credit & Capture Opportunities



*Underpinned by best-in-class IT & OT technology stack to drive efficiency, real-time data-driven analytics and create a seamless flow of information from the wellhead to the boardroom*

**\$585 Million in Acquisitions During 2024 with No Incremental G&A Additions**



# GROWTH THROUGH LOW-RISK, LOW-DECLINE PRODUCTION

## Oaktree Capital Mgmt.

**\$410** Million

Net Purchase Price **\$377 million**

Net Production 122 MMcfepd

NTM Cash Flows<sup>(a)</sup> \$126 Million

PDP Reserves<sup>(b)</sup> 510 Bcfe

**3.0x**

NTM EBITDA Multiple<sup>(a)</sup>

**PV-17**

Equivalent PV Value<sup>(b)</sup>

## Crescent Pass Energy

**\$106** Million

Net Purchase Price **\$100 million**

Net Production 38 MMcfepd

NTM Cash Flows<sup>(a)</sup> \$26 Million

PDP Reserves<sup>(b)</sup> 170 Bcfe

**3.8x**

NTM EBITDA Multiple<sup>(a)</sup>

**PV-19**

Equivalent PV Value<sup>(b)</sup>

## East Texas Assets

**\$69** Million

Net Purchase Price **\$49 million**

Net Production 21 MMcfepd

NTM Cash Flows<sup>(a)</sup> \$19 Million

PDP Reserves<sup>(b)</sup> 70 Bcfe

**3.5x**

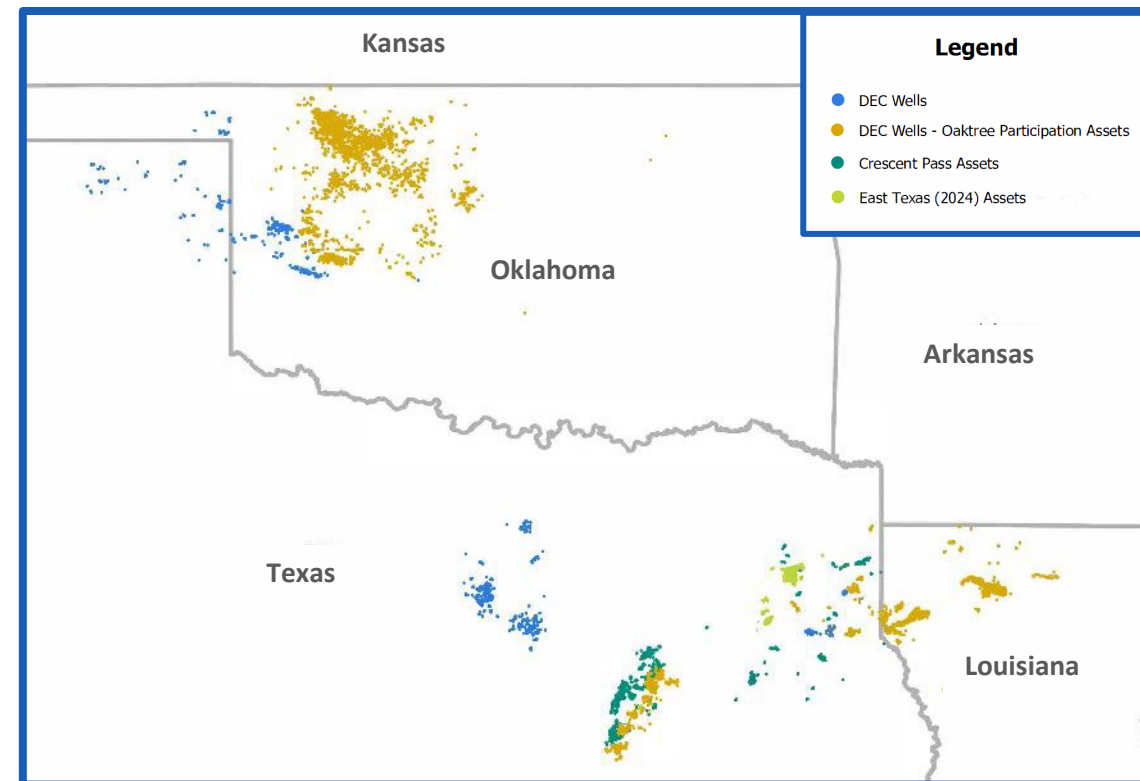
NTM EBITDA Multiple<sup>(a)</sup>

**PV-18**

Equivalent PV Value<sup>(b)</sup>

## Adding Operating Scale in Central Region

*Acquisitions add >350 MMcfepd of high-margin production*



## Strategically Re-Shaping Geographic Production Profile

More than 50% of Diversified's total production is now exposed to premium Gulf Coast pricing and supply dynamics, benefits from growing LNG demand

a) Next Twelve Months ("NTM") Cash Flows based on engineering reserves assumptions using acquisition-specific historical cost assumptions and NYMEX strip pricing as previously announced and does not include the impact of any projected or anticipated synergies that may occur subsequent to acquisition; Oaktree includes the estimated impact of settled derivative instruments, Crescent Pass Energy and East Texas does not include the estimated impact of settled derivative instruments; Purchase price multiple based on previously announced Net Purchase Price and Acquisition's estimated NTM Adjusted EBITDA

b) PDP reserves values (including volumes, PV-10 and approximate PV value) calculated using historical production data, asset-specific type curves, and effective dates and strip pricing as previously announced





# REALIZING GEOGRAPHIC BENEFITS WITH LNG EXPORTER



## Inaugural Contract Highlights Opportunity Set

Proximity of assets to Gulf Coast makes Diversified an ideal partner to supply natural gas to global LNG exporters



## 40 Bcf Supplied at Premium Gulf Coast Pricing

Three-year term fixes price of gas sold at beneficial rates, underscoring Diversified's ability to "lock in" robust margins



## PDP Assets Presents Strategic Advantage

Long-life, low-decline production provides buyers with surety of consistent supply for growing export demand



## Uniquely Situated with Vertical Integration

In-house marketing group provides market expertise to structure and execute contracts effectively



## Growing Runway for Future Contracts

Rapid growth in Gulf Coast LNG export capacity creates significant potential for additional supply contracts

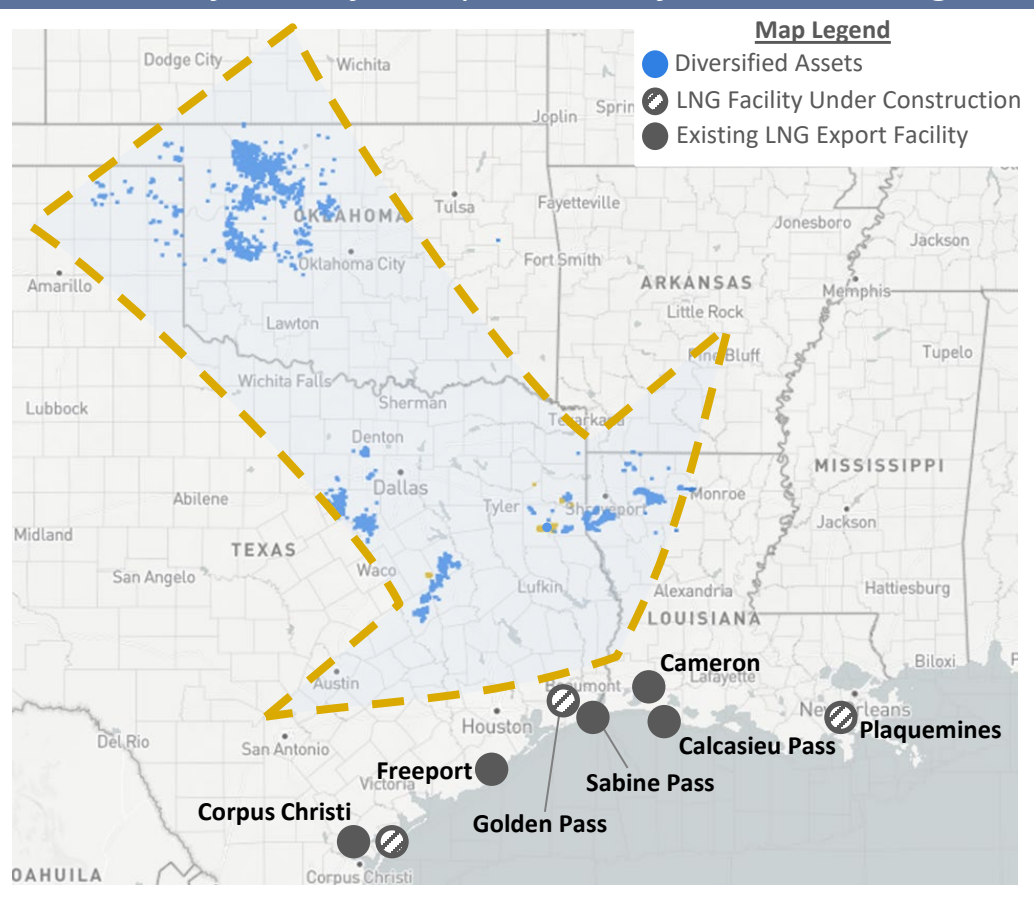


## Establishing a Highly Repeatable Process

Subsequent agreements can be executed quickly after establishing initial, baseline export supply contract announced earlier this year

## Positioned for Gulf Coast LNG Exports

*Asset location ideal for additional LNG supply agreements with >50% of Diversified's production from Central Region*





# UNLOCKING VALUE OF UNDEVELOPED ACREAGE

## 8.6 Million Net Acres within Operating Footprint

99.9% of all acreage currently held-by-production with minimal portfolio exposure to state or federal lands

## Undeveloped Acreage Represents ~65% of Total

Provides significant upside potential through monetization or organic development via strategic partnerships

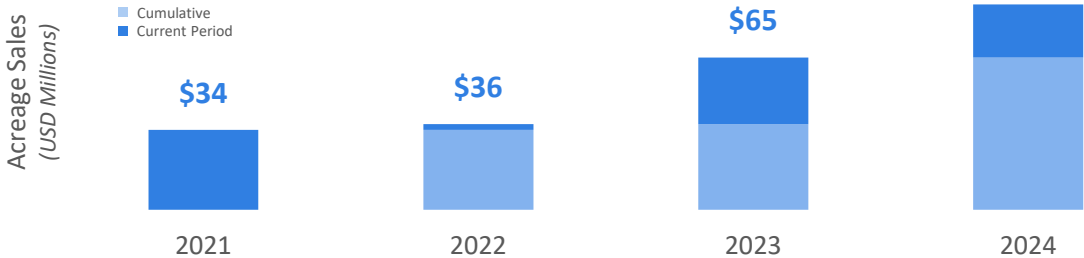
## Significant Untapped Value of Undeveloped Acreage

Recent land sales of ~\$1,100/acre in Central Region indicate a value of >\$800 million of acreage in Oklahoma, alone<sup>(a)</sup>

## Enhancing Economics and Increasing Liquidity

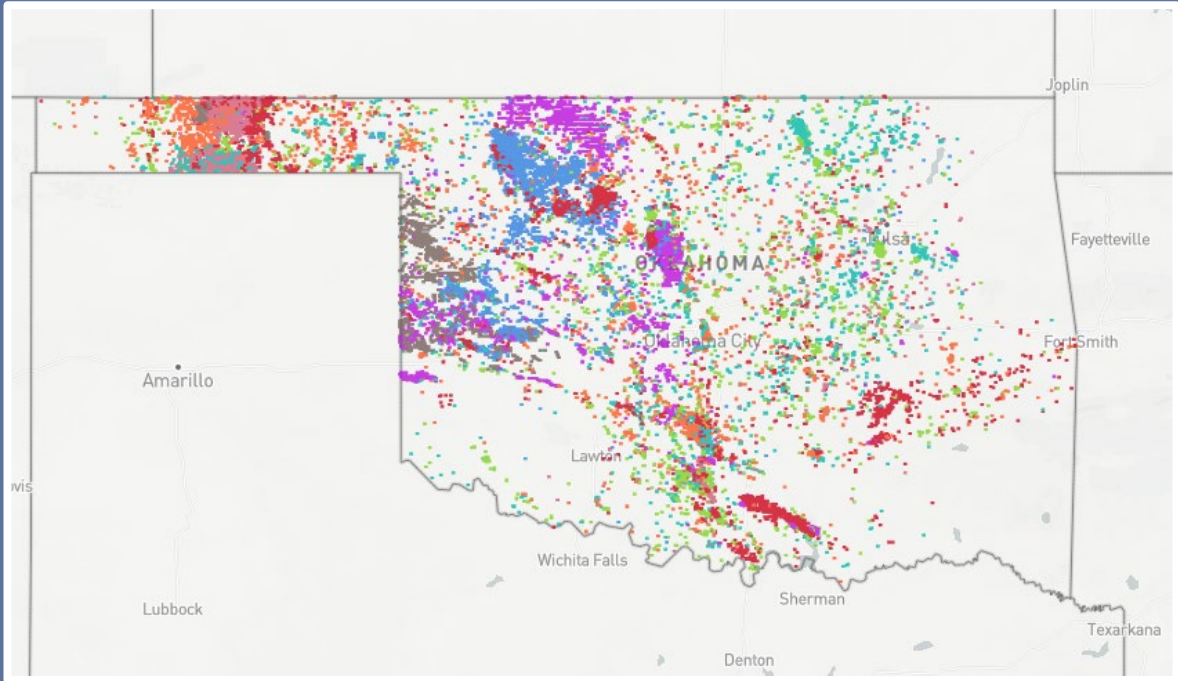
With acquisition economics focused solely on PDP assets, monetization of acreage represents pure upside opportunity

Cumulative Land Sales Since 2021



## Significant Oklahoma Leasehold Position

With ~\$23 million of land sales recorded in 2024<sup>(b)</sup>



LEGEND

- Diversified Energy
- Exxon
- ConocoPhillips
- Chevron
- Mach Natural Resources
- Occidental Petroleum
- Scout Energy Partners
- Maverick Natural Resources

DEC total acreage as per Form 20-F as of December 31, 2023  
a) Calculated using the average price per acre of divestitures recorded in 2024YTD, inclusive of activity subsequent to September 30, 2024 and total net leasehold within Diversified's Oklahoma operations  
b) Total value of divestitures, 2024YTD, inclusive of activity subsequent to September 30, 2024

# Financial Highlights



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# RELENTLESS FOCUS ON INCREASING VALUE

## 3Q 2024 Operating Highlights



### Average Production of 829 MMcfepd

- Quarter benefitted from contribution of Oaktree and Crescent Pass Assets
- Maintained consolidated production decline of ~10% per year

### Total Revenue, Inclusive of Hedges of \$239 million

- \$685 million, year-to-date, including \$130 million of settled hedges
- 3Q24 Net Loss of \$1 Million, with year-to-date Net Income of \$15 million

### Recorded Adjusted EBITDA of \$115 Million (\$333 million YTD)

- 49% 3Q24 Adj. EBITDA margin consistent with strong track record
- Land sales generated an additional \$9 million of cash proceeds (\$23 million YTD)

### Generated \$47 Million of Free Cash Flow (\$139 million YTD)

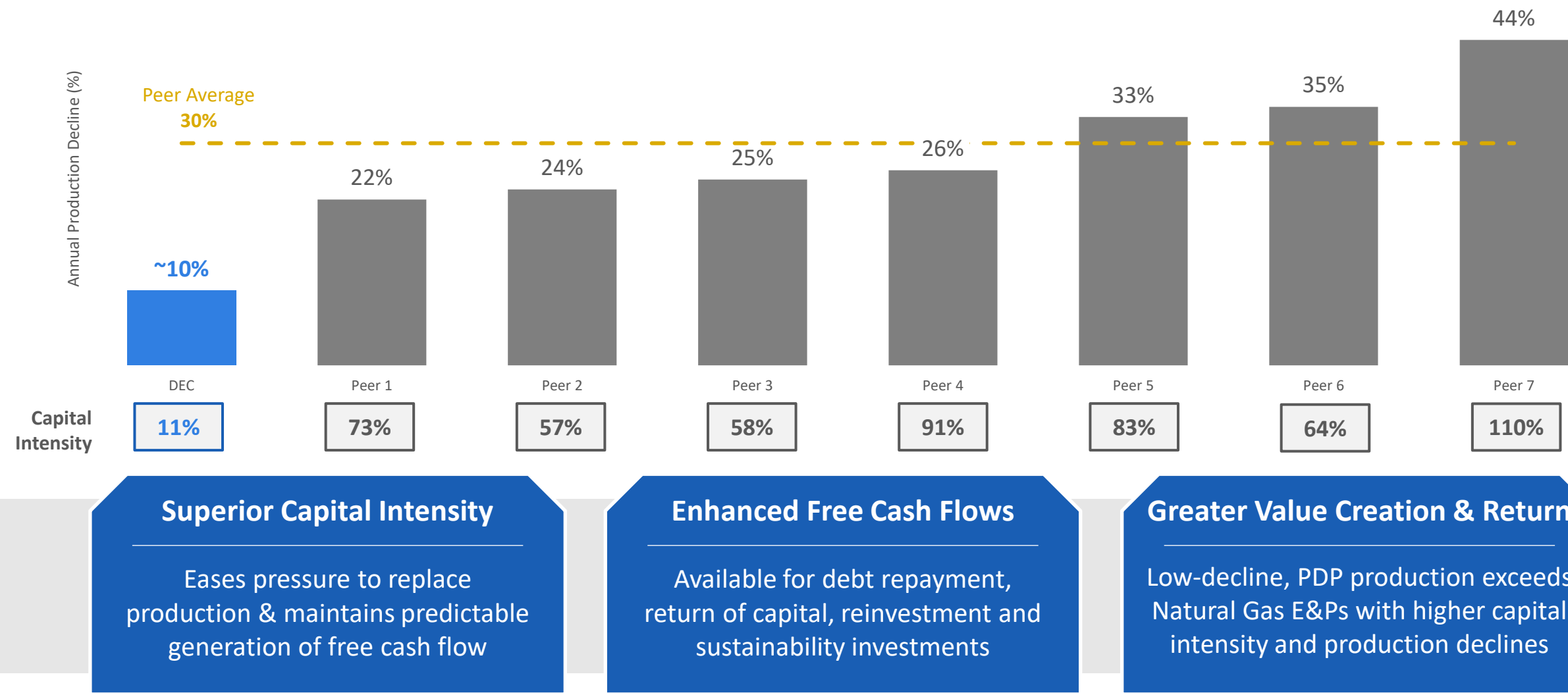
- Capital Expenditures of \$17 million highlights low capital intensity
- Significant year-to-date Free Cash Flow conversion rate of 42%

### Retired \$154 Million of Amortizing Debt in 2024

- ABS structures continue to provide clear runway to consistent debt reduction
- Scheduled debt reduction increases equity component of enterprise value



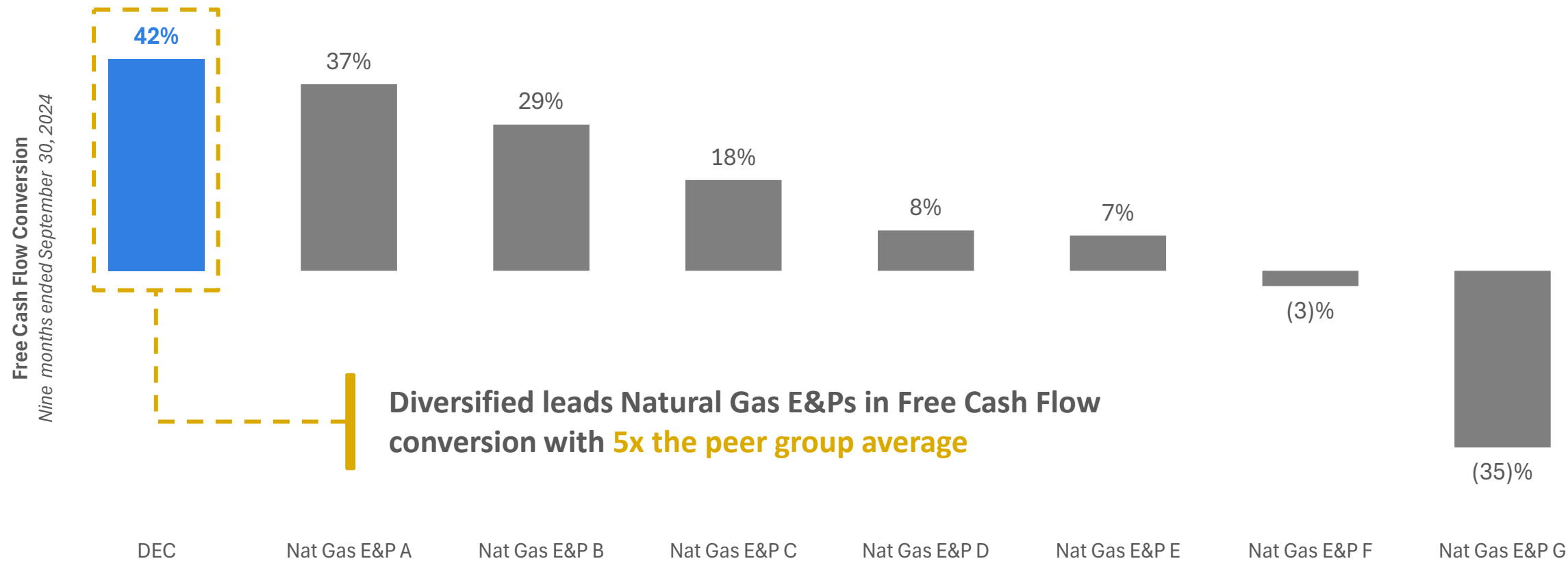
# A DISTINCTIVELY CAPITAL-EFFICIENT BUSINESS MODEL



Source: Company Data, Factset, Enverus; Natural Gas E&Ps include AR, CNX, CRK, EQT, EXE, GPOR and RRC  
Capital Intensity calculated as Capital Expenditures / Adj. EBITDA using reported figures for the nine months ended September 30, 2024



# COMMITTED TO DELIVERING A FOUNDATION OF FREE CASH FLOW



Low capital intensity of \$0.18/Mcfe benefits long-term cash flow conversion

PDP-focused operations sustain cash flows and limit capital expenditures

Fixed-rate, investment grade debt reduces financing cost, interest expense

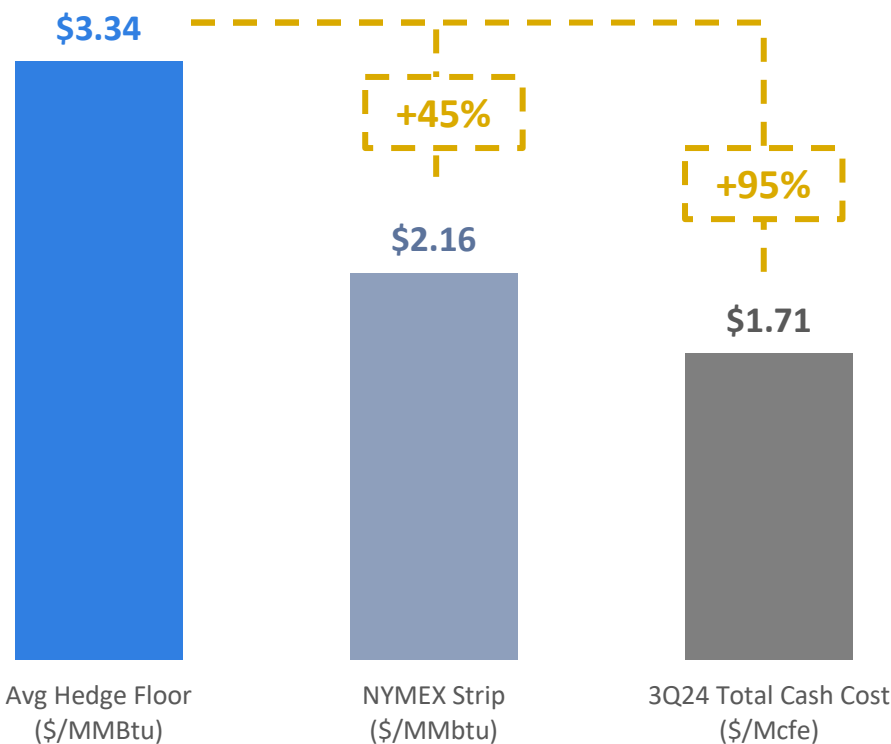
Source: Factset, Company Data; Natural Gas E&Ps Include: AR, CNX, CRK, EQT, EXE, GPOR, and RRC  
Free Cash Flow Conversion calculated as Free Cash Flow / Adj. EBITDA using reported figures for the nine months ended September 30, 2024



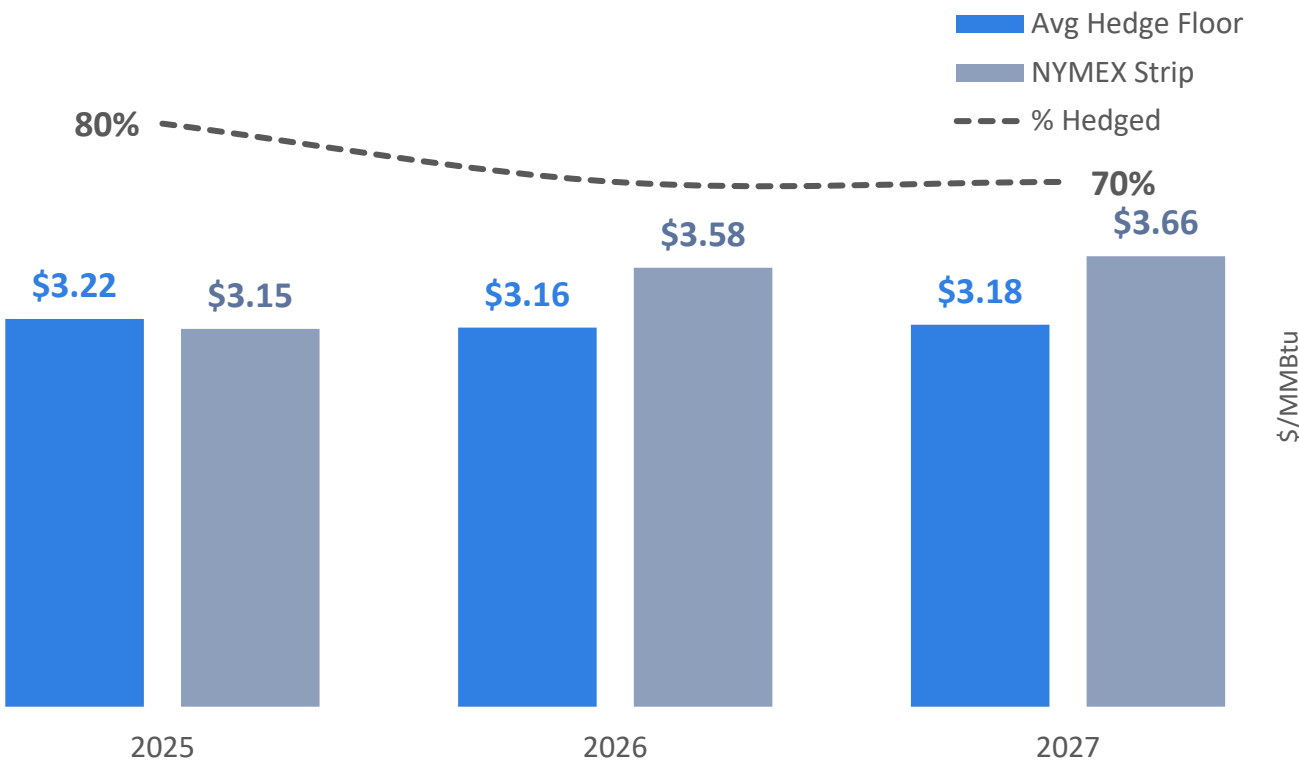


# ADVANTAGEOUSLY HEDGED FOR MAXIMIZED CASH FLOWS

Hedging Continues to Benefit Adj. EBITDA Margins



Hedge Coverage Aligned with Forward Strip



3Q24 hedged substantially above NYMEX Strip (+45%)

60-80% of natural gas volumes hedged over next five years

2026+ hedge volumes allow for strategic capture of strip value

3Q24 includes settled NYMEX futures contracts for the months of July-September 2024; Forward strip data as of October 24, 2024 (source: Factset)  
Total Cash Cost per unit as reported, excludes the impact of Next LVL Energy  
Diversified hedge positions as of September 30, 2024; percent of production hedged is based on consolidated production and total hedge portfolio including Natural Gas, Oil and Natural Gas Liquids



# LEVERAGE APPROPRIATE & TRACKS TO BUSINESS MODEL ATTRIBUTES



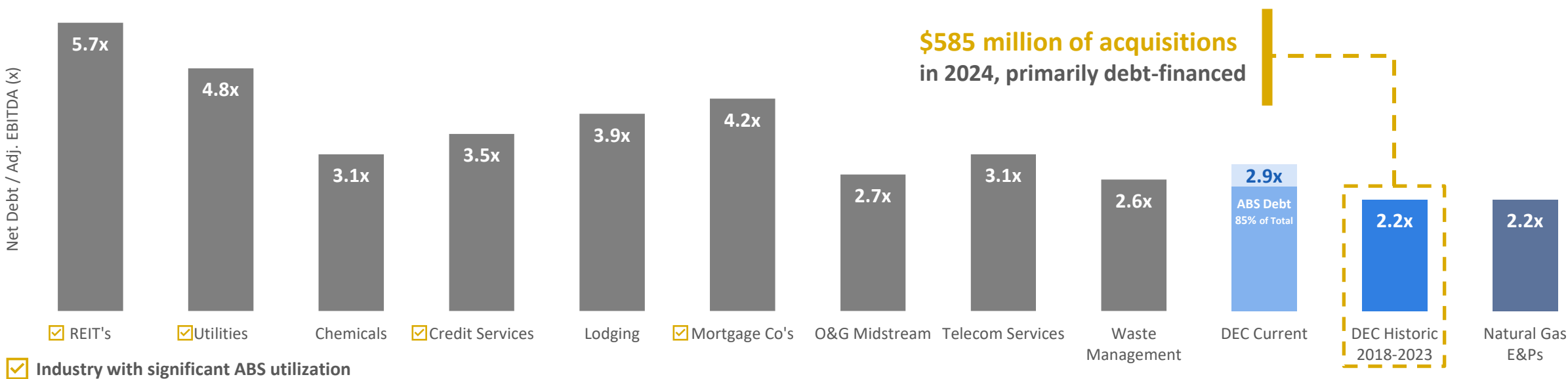
Leverage Profile Typical of High Margin Sectors



Consistent Generation of Meaningful Cash Flow



Strategy Characterized by Low Capital Intensity



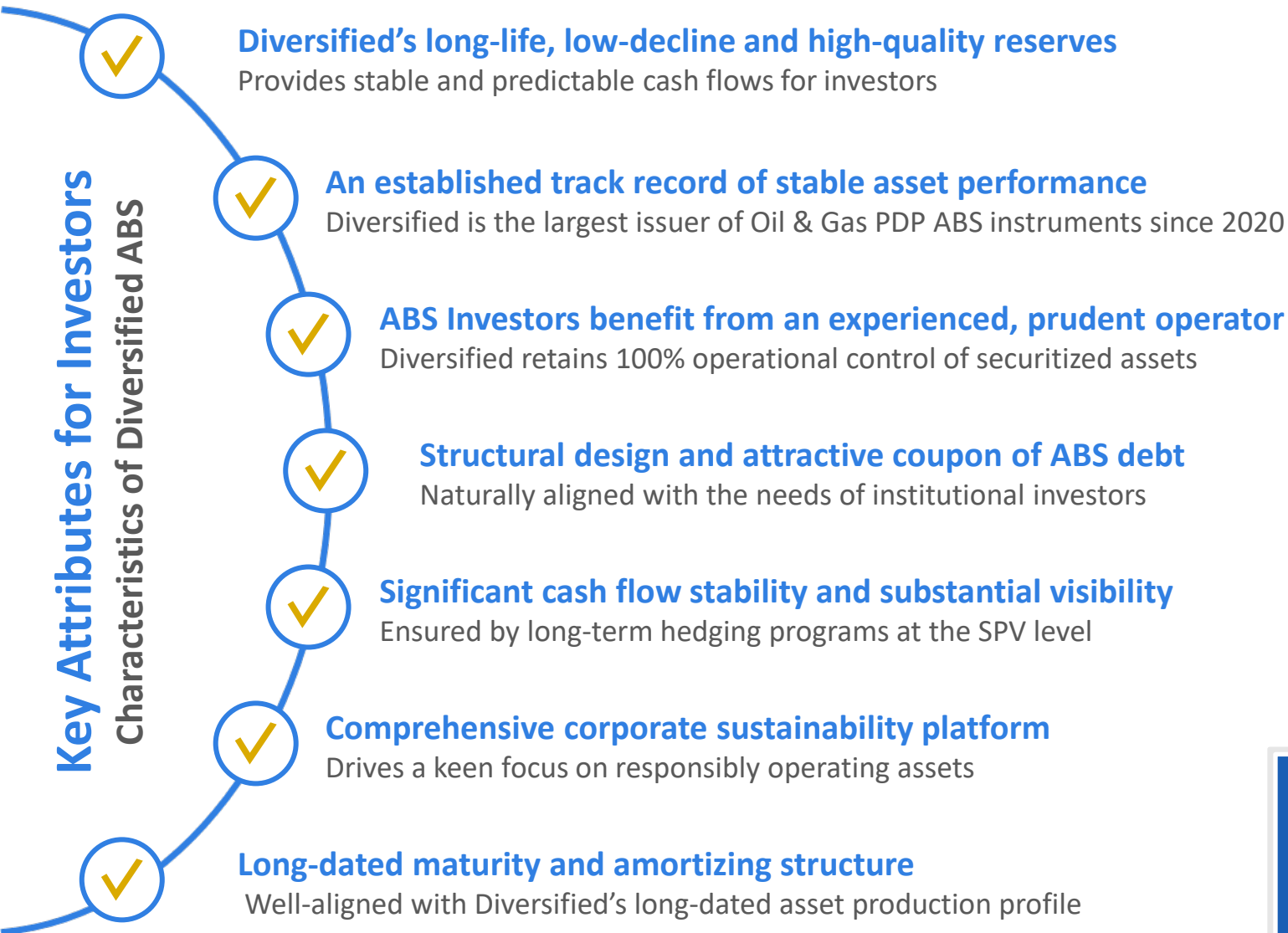
Since 2020,  
Diversified has...

Increased production 55%  
550 Mmcfe/d > 850 MMcf/d

Generated ~\$1.1 Billion  
in cumulative Free Cash Flow

Retired \$760 million  
of amortizing debt principal  
(~40% of total principal)

Source: Factset, Company Data; Natural Gas E&Ps Include: AR, CNX, CRK, EQT, EXE, GPOR and RRC  
Net Debt / Adjusted EBITDA calculated on using Net Debt as of September 30, 2024 and Adjusted EBITDA for the twelve month period ended September 30, 2024



## ABS Benefits to Diversified



**Attractive Cost**



**Attractive Advance**



**Flexible Covenants**



**Scalable Financing**

### Significant Cash Savings Compared to High Yield

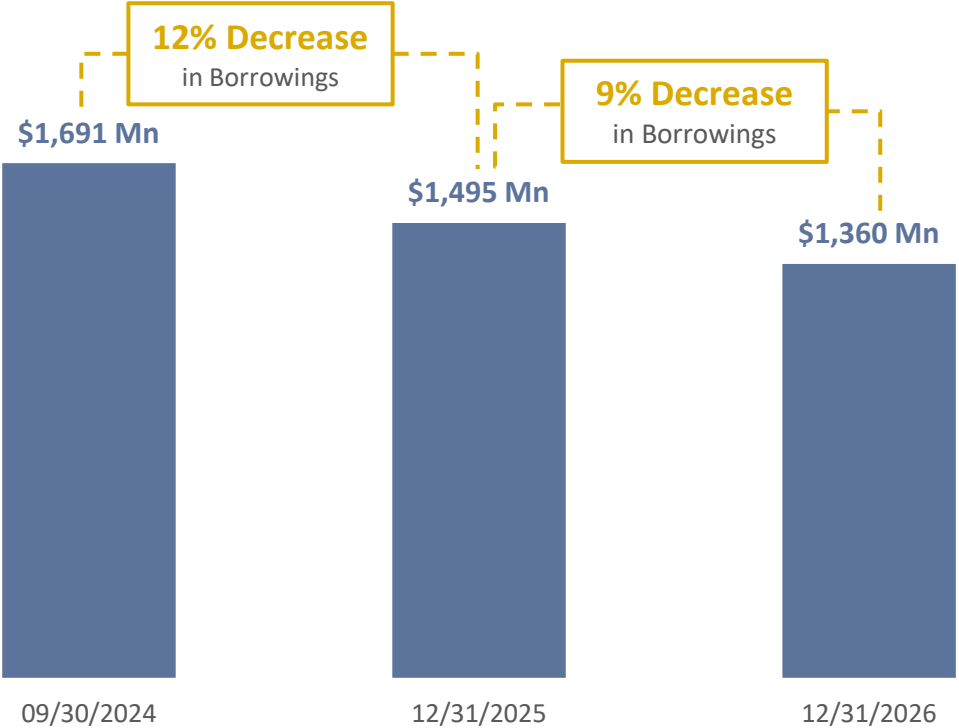
ABS VIII (May 2024) **saves more than \$70 million** in interest expense through 2030 compared to a high-yield note in the same amount with an ~8% coupon



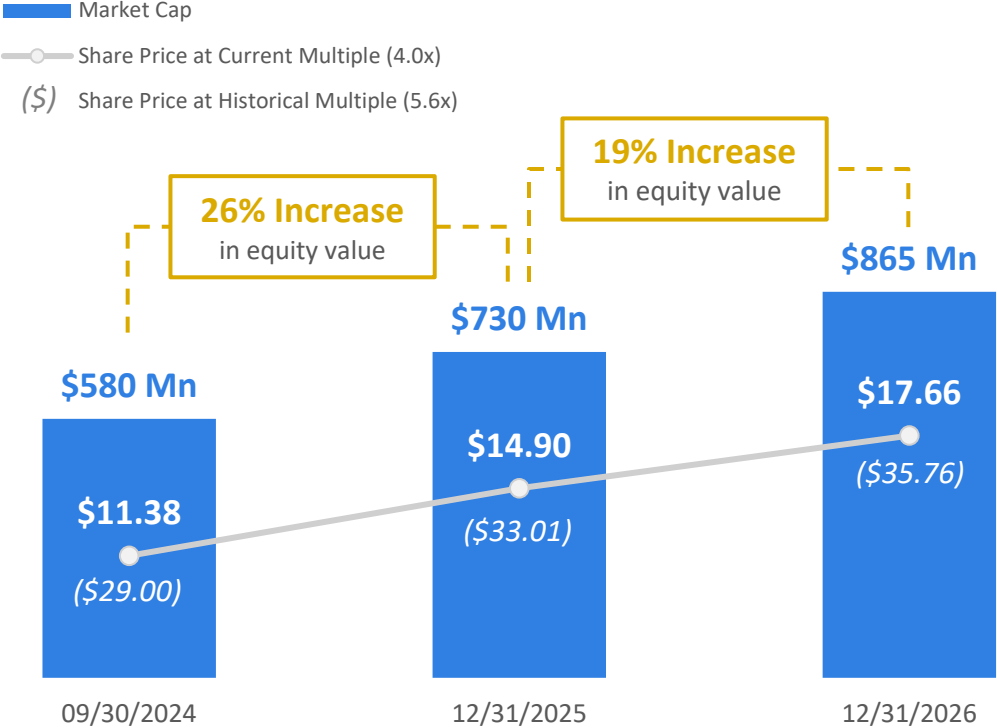


# RETIREMENT OF DEBT PRINCIPAL UNLOCKS EQUITY VALUE OVER TIME

Net Debt and Amortization



Market Capitalization



Asset Backed Security (“ABS”) structures repay debt over time

Value of equity increases consistent with the amortization of debt

Scheduled amortization through ‘25 illustrates in a 26% increase to equity

Net Debt shown using reported balance as of September 30, 2024 with subsequent periods reflecting the impact of Diversified’s previously published ABS amortization schedule  
Market Capitalization based on share price and shares outstanding at September 30, 2024, with subsequent periods reflecting the illustrative increase in equity value as Diversified’s a constant EV/EBITDA ratio of 4.0x and assuming that Adjusted EBITDA is held flat at the reported Pro Forma Adj. EBITDA of \$555 million for the twelve months ended September 30, 2024



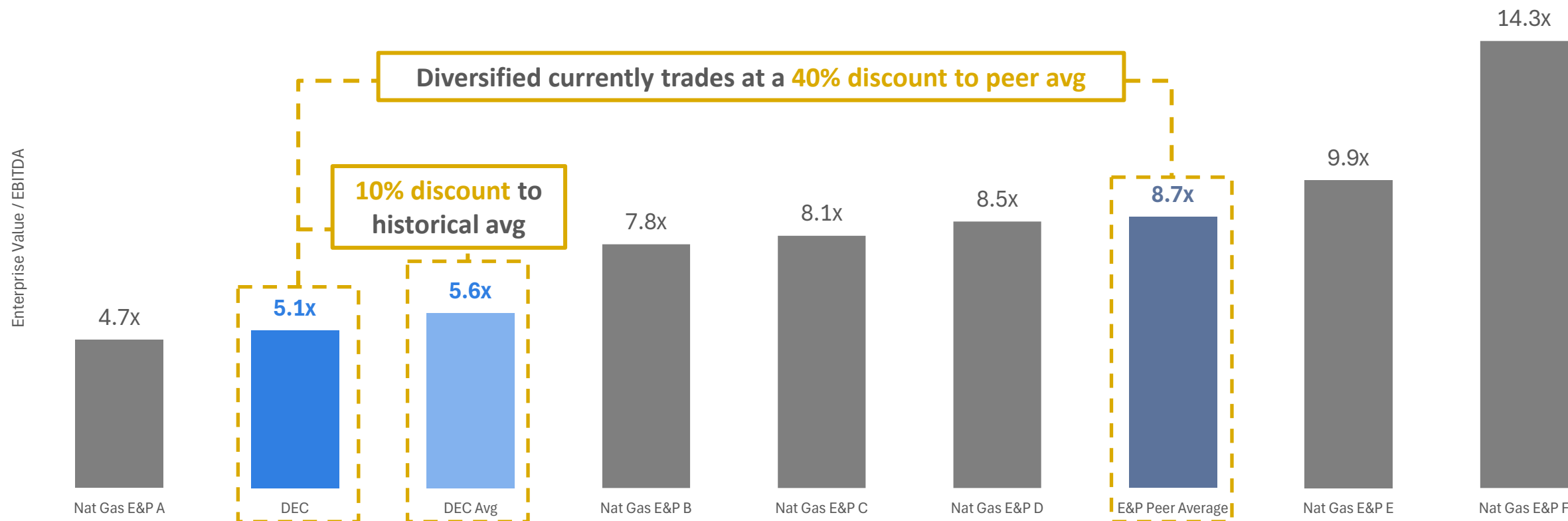
# A COMPELLING INVESTMENT OPPORTUNITY

Potential for significant multiple expansion

Ability to unlock additional hidden value in portfolio provides catalyst for re-rating

Historical multiple implies ~US\$29 price or 130% upside from recent levels<sup>(a)</sup>

## Consensus 2024 EV/EBITDA



Source: Factset, Company Data; Peers Include: AR, CNX, CRK, EQT, EXE, GPOR and RRC  
DEC Average calculated using the average EV/Enterprise multiple for 2019-2024

a) Implied price of ~\$29 per share calculated using EV/EBITDA ratio of 5.6x, assumes the reported Pro Forma Adj. EBITDA of \$555 million for the twelve months ended September 30, 2024 and Total Borrowings, net of cash and unrestricted cash as of September 30, 2024; Percent increase calculated based on the closing share price of Diversified shares (NYSE:DEC) on November 8, 2024



# CHANGING THE MINDSET OF MODERN PRODUCTION MANAGEMENT

## Diversified *IS*...

*A responsible steward of PDP assets which leverages technology and scale to enhance operations and mitigate or reduce emissions*



## Diversified *IS NOT*...

*A negligent operator of aging properties that disregards individual well performance or environmental issues*





# “AND” – WE CAN DELIVER RESULTS TO MULTIPLE STAKEHOLDERS

## Generation of High Cash Margins

- ✓ Modern field management drives efficient operations
- ✓ PDP strategy at scale produces significant and sustainable cash margins due to limited declines
- ✓ Core proficiency is operating assets and doing it well



## Reduction of Methane Emissions

- ✓ Every molecule retained increases sale volumes
- ✓ Emissions detection and remediation activities go hand-in-hand with regular site maintenance and inspections
- ✓ Over 99% leak-free across all well sites

## Increase Scale Through PDP Acquisitions

- ✓ Strategic focus on PDP wells de-risks production profile
- ✓ Undeveloped acreage represents upside potential that enhances economics and increases liquidity
- ✓ Smarter Asset Management improves output, longevity



## Responsibly Retire Non-producing Wells

- ✓ Asset Retirement is included in acquisition underwriting
- ✓ Operating scale enhances efficiency of well retirement and consistency of outside services provided
- ✓ Experience drives innovation in retirement practices





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Corporate

1600 Corporate Drive  
Birmingham, Alabama  
35238-1087 (USA)  
[div.energy](http://div.energy)

Douglas Kris  
Senior Vice President  
Investor Relations &  
Corporate Communications

[dkris@dgoc.com](mailto:dkris@dgoc.com)  
+1 973 856 2757

Wren Smith  
Senior Manager  
Investor Relations

[cwsmith@dgoc.com](mailto:cwsmith@dgoc.com)  
+1 205 315 0553