

Diversified Announces Completion of Central Region Acquisition

BIRMINGHAM, AL / ACCESSWIRE / September 28, 2022 /Diversified Energy Company PLC (LSE:DEC) ("Diversified" or the "Company") announces the closing of its acquisition of certain upstream assets and related facilities (the "Assets") in Oklahoma and Texas, within the Company's Central Region, from ConocoPhillips Company (the "Seller") (collectively with the Assets, the "Acquisition").

Acquisition Highlights

- Purchase price of \$240 million before customary purchase price adjustments
- Acquisition net purchase price of \$210 million (the "Acquisition Cost") after customary purchase price adjustments
 - PV17 of net PDP reserves of ~31 MMBoe (186 Bcfe) and a 29% discount to PDP PV10 of \$297 million^(a)
- Cash margins^(b) of ~70% on estimated Adjusted EBITDA of \$82 million^(c)
- Acquisition cost multiple^(c) of ~2.5x on PDP-only assets
- Non-dilutive financing results in uplift of ~20% to 2021 Adjusted EBITDA per share^(d)
- Acquisition increases production by ~9 Mboepd (~52 MMcfepd), (+6% vs 1Q22 exit rate)
 - Consolidated corporate declines unchanged at ~8.5%^(e)

Diversified funded the Acquisition with cash on hand and existing availability on the Company's Revolving Credit Facility resulting in post-transaction liquidity of approximately \$200 million^(f), which the Company expects to increase with a higher borrowing base on its Credit Facility as it adds these assets as additional collateral. Post-transaction leverage, as measured by pro forma Net Debt to Adjusted EBITDA, is ~2.2x^(g).

Commenting on the Acquisition, CEO Rusty Hutson, Jr. said:

"Having closed another non-dilutive acquisition of high-quality assets that add scale to Central Region, we are excited to begin the process of efficient integration and deployment of Smarter Asset Management along with our ESG initiatives across this additional asset base. The successful close of this attractively priced acquisition increases asset density and enhances the opportunity for synergies within the Central Region, while providing robust cash flows that further support our dividend distributions and future accretive reinvestment."

Footnotes (for Company-specific items, refer also to the Glossary of Terms and/or Alternative Performance Measures found in the Company's 2022 Interim Report):

- (a) PDP reserves values (including volumes, PV10 and approximate PV value) calculated using effective date of June 1, 2022 and based on full NYMEX strip pricing as of July 26, 2022
- (b) Cash Margin calculated as the Acquisition's estimated Adjusted EBITDA, see footnote (c), as a percentage of Adjusted Total Revenue (which includes as applicable natural gas, NGLs and crude oil commodity revenue, midstream revenue and other revenue)
- (c) Acquisition estimated Adjusted EBITDA (unhedged) as previously announced and assumes historical cost structure using NYMEX strip pricing as of July 26, 2022 and assumes acquisition close in late September 2022; Estimate is not reflective of synergies that may be realised following post-acquisition integration; this figure is not intended in any way to constitute a projection of actual results attributable to the Acquisition or consolidated pro-forma Company; Acquisition Cost multiple based on estimated net Purchase Price and Acquisition's estimated Adjusted EBITDA (unhedged)
- (d) Acquisition Adjusted EBITDA (unhedged) per share calculated using announced estimated Adjusted EBITDA (unhedged) and diluted shares outstanding of 863 million; 2021 Pro Forma Adjusted EBITDA per share calculated using previously reported Pro Forma Adjusted EBITDA of \$491 million and 2021 weighted average diluted shares outstanding (had the Company not been in a Net Loss position) of 800 million shares
- (e) Illustrative value represents estimated, consolidated annual rate of decline using the Company's previously announced corporate decline of ~8.5% (as measured and annualized from December 2021 Exit Rate to March 2022 Exit Rate) pro-forma for the Acquisition, which excludes the impact of one recently completed well due to the limited production data available for the calculation; Estimated total declines, inclusive of new production well approximate 10% over the twelve month period ended 30 August 2023
- (f) Calculated as the available portion of the Company's Revolving Credit Facility borrowing base of \$300 million and inclusive of cash on hand and letters of credit
- (g) Pro-forma Net Debt / Adjusted EBITDA ("leverage") calculated as estimated post-closing Net Debt / 1H22 reported Last Twelve Month's Pro Forma Adjusted EBITDA (hedged), adjusted for the estimated impact of the Acquisition; this figure is not intended in any way to constitute a projection of actual results attributable to the Acquisition or the consolidated pro-forma Company

For further information, please contact:

Diversified Energy Company PLC

+1 973 856 2757

Doug Kris

dkris@dgoc.com

www.div.energy

FTI Consulting

DEC@fticonsulting.com

US & UK Financial Public Relations

About Diversified Energy Company PLC

Diversified Energy Company PLC is an independent energy company engaged in the production, marketing and transportation of primarily natural gas related to its synergistic US onshore upstream and midstream assets.

SOURCE: Diversified Energy Company PLC

View source version on accesswire.com:

<https://www.accesswire.com/717750/Diversified-Announces-Completion-of-Central-Region-Acquisition>

