# CENTENNIAL

*Core Oil*
*Delaware Basin Pure-Play*

## ***First Quarter 2021 Earnings Presentation***

*May 4, 2021*

# Important Information

**Forward-Looking Statements**

The information in this presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact included in this presentation, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this presentation, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project,” “goal,” “plan,” “target” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management’s current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the development, production, gathering and sale of oil and natural gas. These risks include, but are not limited to, commodity price volatility, the COVID-19 pandemic and governmental responses thereto, inflation, lack of availability of drilling and production equipment and services, environmental and weather risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating oil and gas reserves and in projecting future rates of production, cash flow and access to capital, the timing of development expenditures and the other risks described in our filings with the Securities and Exchange Commission. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this presentation.

**Use of Non-GAAP Financial Measures**

This presentation includes non-GAAP financial measures, such as Adjusted EBITDAX, free cash flow (deficit), net debt and net debt to last twelve months (“LTM”) EBITDAX. Please refer to slide 15 for a reconciliation of Adjusted EBITDAX to net income, the most comparable GAAP measure. We believe Adjusted EBITDAX is useful as it allows us to more effectively evaluate our operating performance and compare the results of our operations from period to period and against our peers without regard to financing methods or capital structure. We exclude the items listed on slide 15 from net income (loss) in arriving at Adjusted EBITDAX because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDAX should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP or as an indicator of our operating performance or liquidity. Certain items excluded from Adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic cost of depreciable assets, none of which are components of Adjusted EBITDAX. Our presentation of Adjusted EBITDAX should not be construed as an inference that our results will be unaffected by unusual or non-recurring items. Our computations of Adjusted EBITDAX may not be comparable to other similarly titled measures of other companies.

Please refer to slide 16 for a reconciliation of free cash flow (deficit) to net cash provided by operating activities, the most comparable GAAP measure. We believe free cash flow (deficit) is a useful indicator of the Company’s ability to internally fund its exploration and development activities and to service or incur additional debt, without regard to the timing of settlement of either operating assets and liabilities or accounts payable related to capital expenditures. The Company believes that this measure, as so adjusted, presents a meaningful indicator of the Company’s actual sources and uses of capital associated with its operations conducted during the applicable period. Our computations of free cash flow (deficit) may not be comparable to other similarly titled measures of other companies. Free cash flow (deficit) should not be considered as an alternative to, or more meaningful than, cash provided by operating activities as determined in accordance with GAAP or as indicator of our operating performance or liquidity.

The Company defines net debt as the aggregate principal amount of the Company's notes outstanding minus cash and cash equivalents. The Company presents this metric to help evaluate its capital structure and financial leverage and believes that it is widely used by professional research analysts, including credit analysts, and others in the evaluation of total leverage.

The Company defines net debt to LTM EBITDAX as net debt (defined above) divided by Adjusted EBITDAX (reconciled on slide 15) for the prior twelve-month period. The Company presents this metric to show trends that investors may find useful in understanding the Company's ability to service its debt. This metric is widely used by professional research analysts, including credit analysts, in the valuation and comparison of companies in the oil and gas exploration and production industry.

# Centennial Resource Development Overview

*Core Acreage and Strong Execution Track Record*

**Large, contiguous acreage position in the Delaware Basin core**

- Acreage in core of the Northern & Southern Delaware
- ~81,700 net acres
- Minimal Federal exposure (~4%)
- ~97% operated and ~88% held by production

**Proven operational execution**

- Realized significant improvements to cost structure
- 2021 drilling program set to increase capital efficiency and carry operational improvements forward

**High-quality asset with significant inventory depth**

- Proven development from 10 distinct zones across the Northern and Southern Delaware
- 15+ years of economic inventory[1]

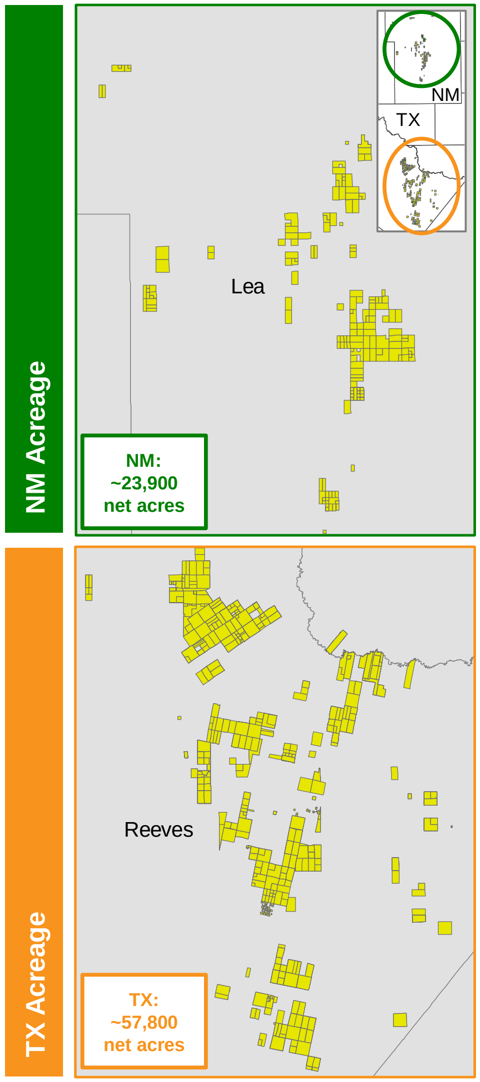
**FCF profile to support organic deleveraging and strong liquidity profile**

- Generated FCF for three consecutive quarters
- ~$415mm of pro forma liquidity as of 3/31/21[2]
- Expect significant reduction in leverage during 2021
- No senior note maturities until early 2026

**Continued focus on ESG initiatives**

- Recently published inaugural Corporate Sustainability Report
- Minimizing emissions through increased gas capture
- Improvements in sustainability through water recycling program, minimizing water trucking and utilization of dual-fuel operations

**Asset Map**




(1) Assuming a two-rig flat program and $45/Bbl oil pricing
(2) Pro forma for Senior Secured Second Lien note redemption that occurred on 4/14/21

# Centennial Resource Development Q1'21 Highlights

- ✓ Production and costs in-line with expectations
- ✓ Increased revenue and cash flow due to higher liquids revenue and significantly higher natural gas revenue
- ✓ Effectively managed winter storm disruptions
- ✓ Delivered DC&F costs below $800 / lateral ft.
- ✓ Accessed capital markets to improve maturity profile, liquidity and interest costs
- ✓ Recent ratings upgrades by Moody's and S&P
- ✓ Generated free cash flow for the third consecutive quarter and reduced leverage[1]

(1) Based on 3/31/21 pro forma net debt / LQA EBITDAX vs 12/31/20 net debt / LQA EBITDAX

# Delivering on the Centennial 2.0 Game Plan

| Recent Operational and Financial Improvements | | Result |
|---|---|---|
| **Free Cash Flow** | *FCF+ for 3rd consecutive quarter* ✓ | ▪ Sustainable FCF generation |
| **Well Costs** | *Reduced ~20% per foot vs. FY'20* ✓ | ▪ Resumption of drilling and completion activity with stabilized production base |
| **LOE** | *Reduced ~$9mm YoY[1]* ✓ | ▪ Efficient development of high-quality asset base through multi-well co-development and extended laterals |
| **Liquidity** | *Increased ~$75mm QoQ[2]* ✓ | ▪ Enhanced margins through structural reductions to cost profile |
| **Leverage** | *Reduced ~0.8x QoQ[3]* ✓ | ▪ Improving leverage profile, strong liquidity and hedge protection |

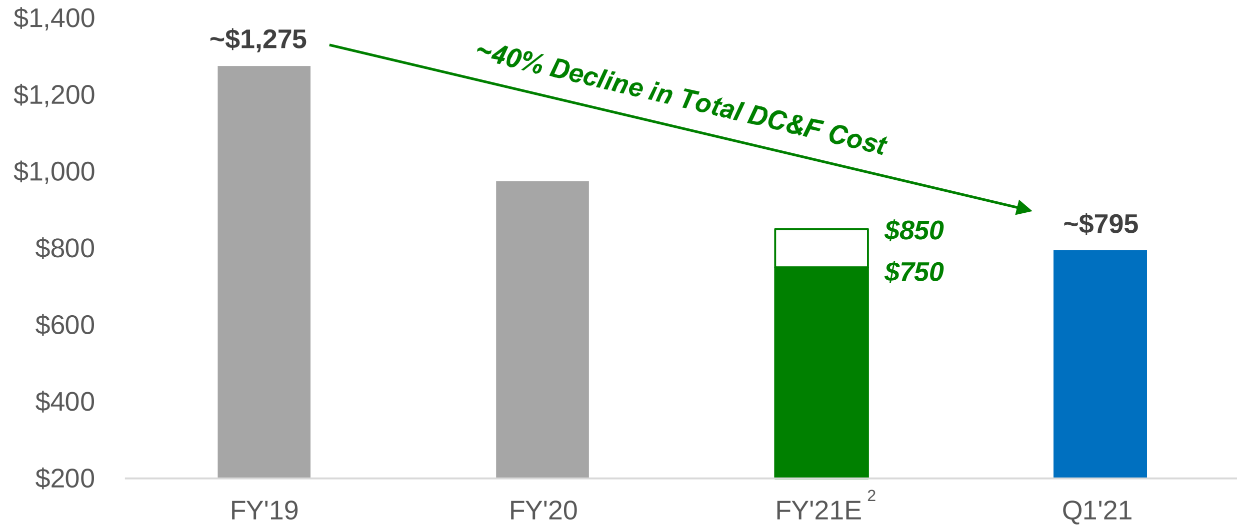
(1) Represents notional quarterly LOE and excludes one-time related costs to winter weather
(2) Based on 3/31/21 pro forma liquidity vs 12/31/20 liquidity
(3) Based on 3/31/21 pro forma net debt / LQA EBITDAX vs 12/31/20 net debt / LQA EBITDAX

# Efficiencies & Structural Design Changes Drive Lower Well Costs

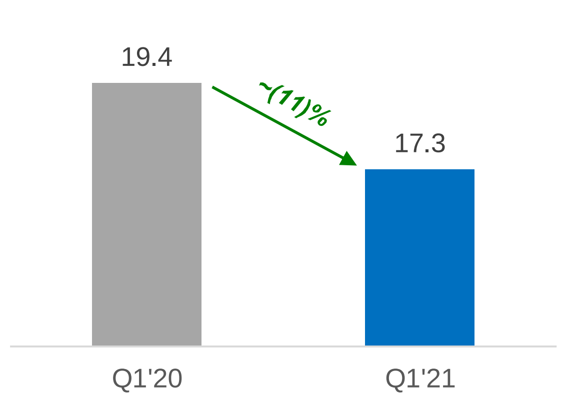
## DC&F Cost Overview

- Q1'21 wells delivered for average gross cost of ~$795 / ft.
  - ~40% reduction compared to FY'19
- Continue to drive higher operational efficiencies, resulting in significant reduction in cycle times
  - 11% decrease in spud to rig release days YoY, while increasing lateral length 17%
- D&C design / process refinement
  - Casing design improvements
  - Reduced down-days
- Recently upgraded rig program to more efficient walking rigs

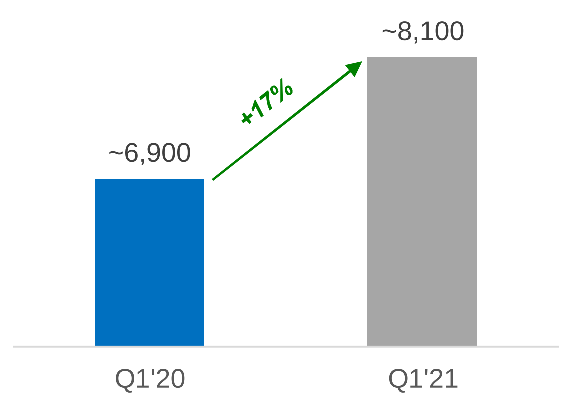
## DC&F Cost / Lateral Foot - Extended Lateral Average (1.5 & 2 Section)[1]




## Spud to Rig Release (Days)




## Average Completed Lateral Length



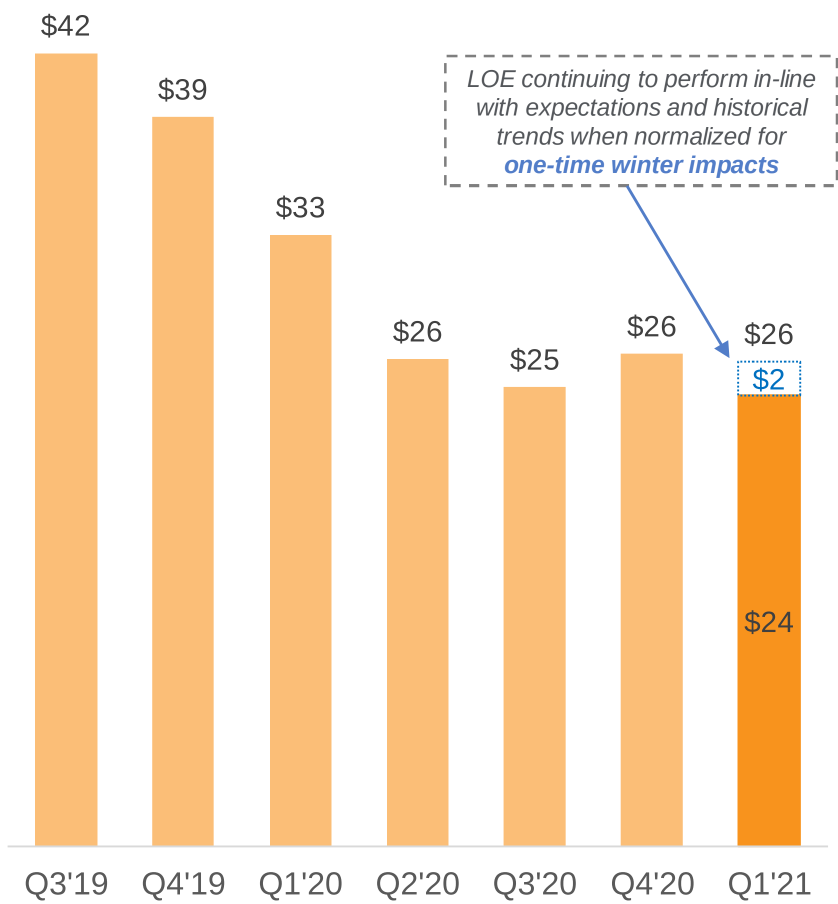

(1) Represents total completed well costs - including drilling, completion, facilities and flowback costs
(2) Target originally published on November 2, 2020

# Winter Storm Uri Update

## One-Time Impact of Winter Weather to Q1'21

- **Production and Revenue:**
  - Significant portion of production offline for a one-week period due to power outages
  - Increased natural gas revenue as a result of higher price realizations ($3.79 / Mcf before hedges in Q1'21)
    - Natural gas revenue increased 100% QoQ despite lower production
- **Lease Operating Expense:**
  - Higher electricity and other one-time costs totaling ~$1.8mm
  - Excluding one-time costs, LOE decreased ~$2.2mm QoQ
- **Gathering, Processing & Transportation:**
  - Increased processing fees (percent-of-proceeds contracts) associated with higher natural gas prices
- **Revenue and Cash Flow:**
  - Higher natural gas revenue more than offset incremental costs associated with winter weather
  - Maintaining FY'21 production and unit cost guidance

## LOE Expense ($mm)



# Convertible Note Offering

**March 2021 Convertible Note Offering**

- Issued $170mm of Senior Unsecured Convertible Notes
  - 7-year maturity
  - 3.25% coupon
  - 30% conversion premium
- Proceeds used to:
  - Redeem $127mm of 8.0% Senior Secured Second Lien notes
  - Pay down a portion of outstanding borrowings under the revolving credit facility and fund the cost of entering into capped call

**Highlights:**

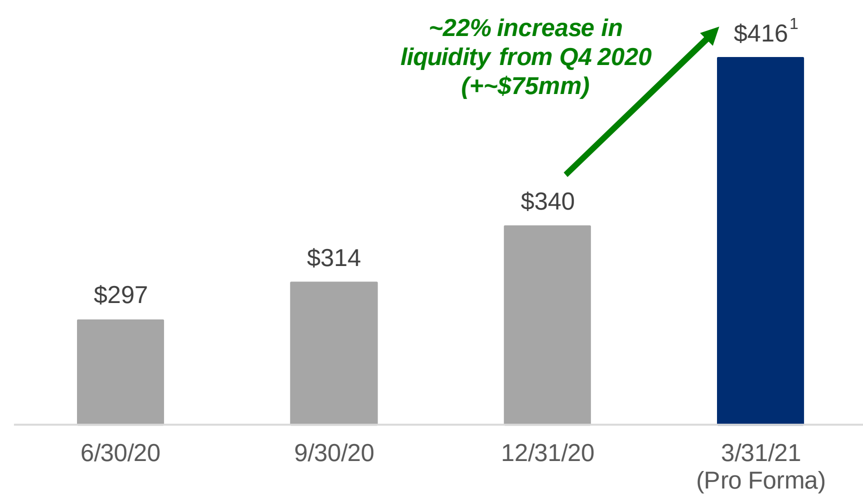
✓ Improves maturity profile by redeeming nearest Senior Note (2nd Lien) maturity at par

✓ Strengthens liquidity through (i) elimination of ~$32mm availability blocker tied to Second Lien Note and (ii) credit facility repayment

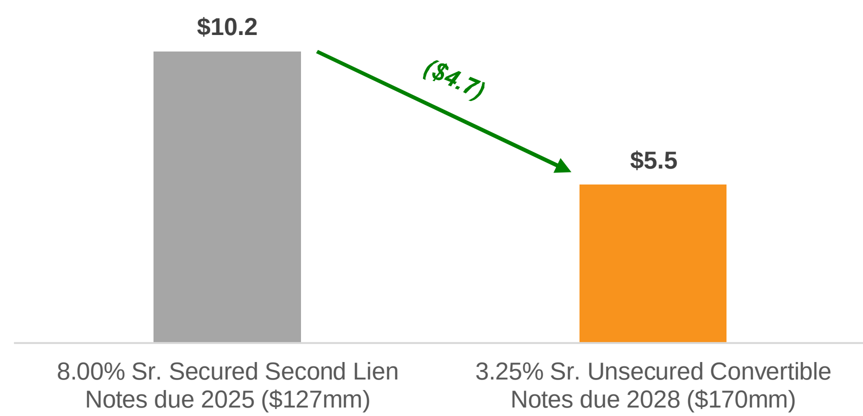
✓ Reduces annual cash interest by refinancing highest coupon debt

✓ Flexibility to settle notes at maturity through cash, stock or a combination thereof at Centennial's discretion

**Liquidity Evolution ($mm)**




**Annualized Interest Expense Comparison ($mm)**



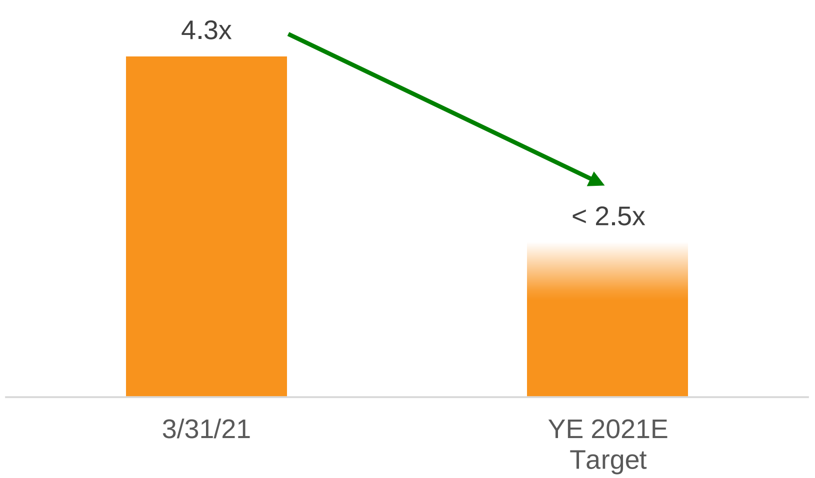

(1) Pro forma liquidity assumes elimination of $32MM availability blocker and RCF borrowings in April to fund the 2nd Lien redemption plus accrued interest

# Capital Structure & Liquidity Overview

## Capital Structure Overview

- Pro forma borrowings of ~$291mm drawn on Credit Facility as of 3/31/21 (actual borrowings of $160mm due to convertible note issuance and timing of 2nd Lien redemption)
- $416mm of pro forma liquidity at 3/31/21 (pro forma for 2nd Lien redemption and elimination of availability blocker)
  - ~22% increase in liquidity from YE'20
- Borrowing base re-affirmed at $700mm
- 3/31/21 PF leverage:
  - Net Debt / LTM EBITDAX of 4.3x
  - Net Debt / LQA EBITDAX of 2.7x
- Expect to achieve YE'21 leverage target of < 2.5x Net Debt / LTM EBITDAX

## Net Debt / LTM EBITDAX




## Capitalization and Liquidity ($mm)

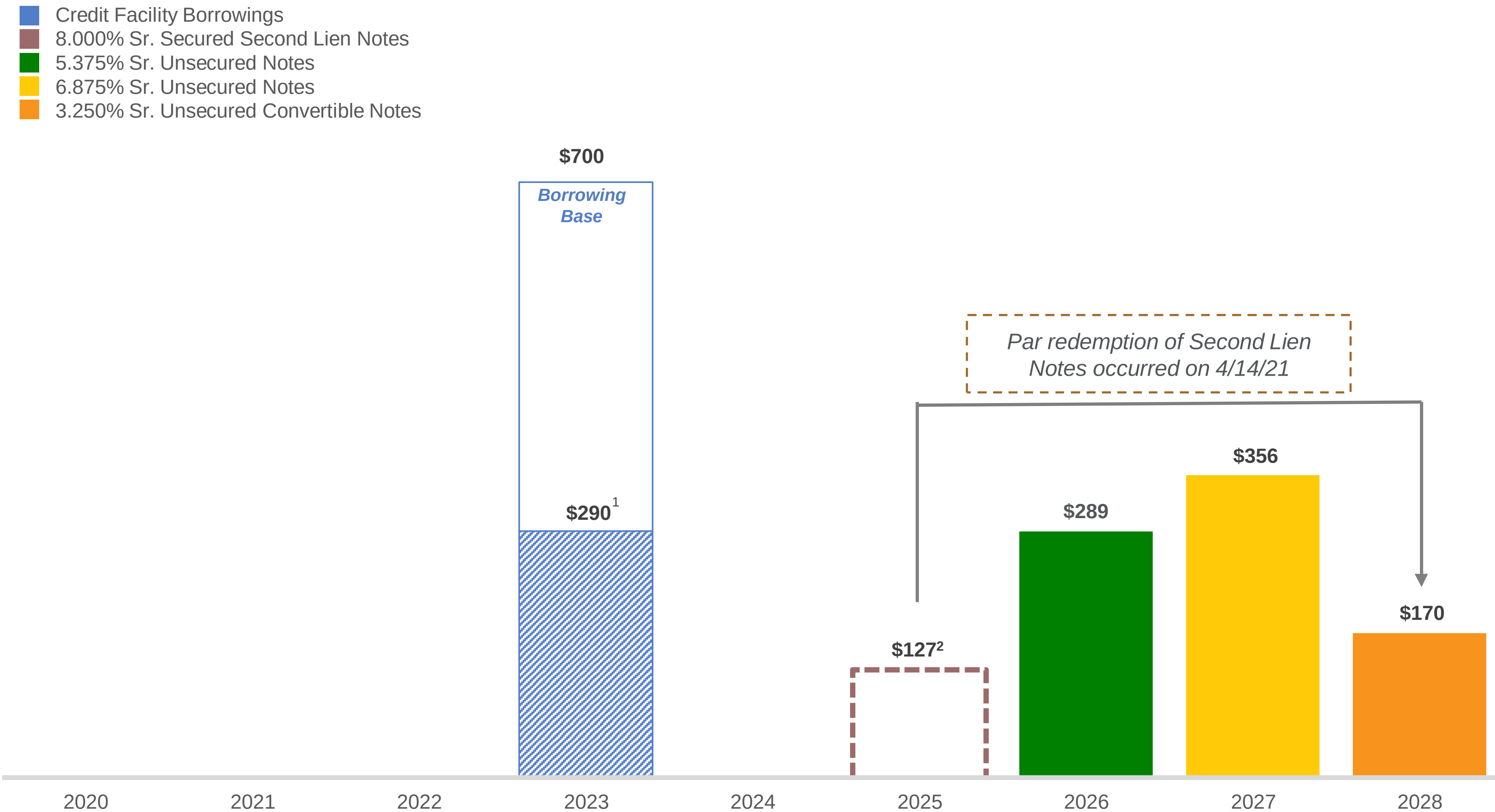
| | | 3/31/21 | |
|---|---|---|---|
| **Capitalization** | Actual 12/31/20 | Actual 10-Q | Pro forma 2L Redemption[1] |
| Cash and cash equivalents | $5.8 | $10.9 | $10.9 |
| Revolving Credit Facility | $330.0 | $160.0 | $290.8 |
| Senior Secured Notes[2] | $127.1 | $127.1 | $0.0 |
| Senior Unsecured Notes[2] | $645.8 | $645.8 | $645.8 |
| New Senior Unsecured Convertible Notes[2] | $0.0 | $170.0 | $170.0 |
| Total Debt | $1,102.9 | $1,102.9 | $1,106.6 |
| Book Equity | $2,604.0 | $2,558.9 | $2,558.9 |
| Total Capitalization | $3,706.8 | $3,661.8 | $3,665.5 |
| **Credit Statistics** | | | |
| Net Debt / LTM EBITDAX | 4.1x | 4.3x | 4.3x |
| Net Debt / LQA EBITDAX | 3.5x | 2.7x | 2.7x |
| **Liquidity ($mm)** | | | |
| Borrowing Base | $700.0 | $700.0 | $700.0 |
| Facility Availability[3] | $668.2 | $668.2 | $700.0 |
| Less: RCF Borrowings | ($330.0) | ($160.0) | ($290.8) |
| Less: Letters of Credit | ($4.3) | ($4.3) | ($4.3) |
| Plus: Cash | $5.8 | $10.9 | $10.9 |
| Liquidity[4] | $339.7 | $514.8 | $415.8 |
| *Facility availability utilization* | *49%* | *24%* | *42%* |

Note: Amounts may not sum due to rounding
(1) Pro forma for Senior Secured Second Lien note redemption (including ~$3.8mm of accrued interest) that occurred on 4/14/21
(2) Reflects the aggregate principal amount and is not adjusted for unamortized debt issuance costs and discounts
(3) Equal to total borrowing base adjusted for ~$32mm availability blocker at 12/31/20 and 3/31/21. At 3/31/21 pro forma figure, equal to borrowing base with removal of availability blocker
(4) Pro forma 3/31/21 liquidity assumes elimination of ~$32mm availability blocker and RCF borrowings to fund the 2nd Lien redemption

# Debt Maturity Profile

*Convertible Note Offering Strengthens Credit Profile*

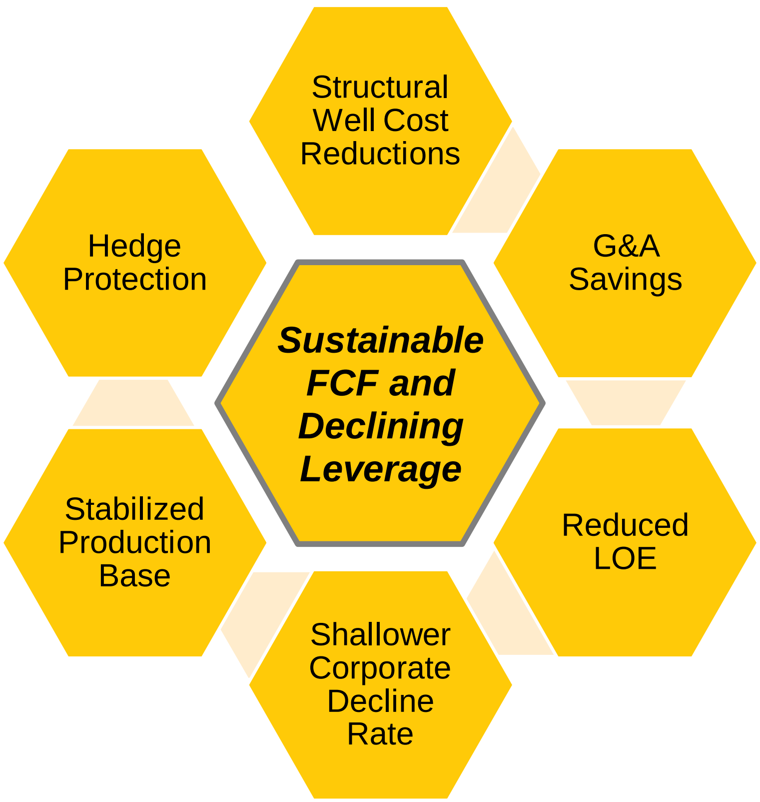
**Pro Forma Debt Maturity Profile as of 3/31/21 ($mm)**




(1) Pro forma for RCF borrowings to fund the 2nd Lien redemption
(2) $127.1mm 2nd Lien Secured Notes

# Centennial 2.0: Investment Highlights

## Delivering on the Game Plan




## Investment Highlights

- Delaware Basin Pure-Play
- Significant High-Quality Inventory
- Proven Operational Execution
- No Near-Term Debt Maturities
- Organic Deleveraging
- Strong Liquidity

# Appendix

# Quarterly Financial Results

**Financial Summary ($mm, unless otherwise noted)[1]**

| ($ in millions, unless specified) | FY 2020 Q1 | FY 2020 Q2 | FY 2020 Q3 | FY 2020 Q4 | FY 2021 Q1 |
|---|---|---|---|---|---|
| Average Daily Production (Boe/d) | 71,820 | 68,245 | 68,934 | 59,708 | 54,202 |
| Average Daily Oil Production (Bo/d) | 41,512 | 37,411 | 35,292 | 30,196 | 28,239 |
| *% Oil* | *58%* | *55%* | *51%* | *51%* | *52%* |
| Financial highlights | | | | | |
| Total Revenue | $192.8 | $90.5 | $149.1 | $148.1 | $192.4 |
| *Pre-Hedge Realized Oil Price ($/Bbl)* | *$45.14* | *$21.47* | *$36.95* | *$40.36* | *$52.62* |
| Adjusted EBITDAX[2] | $113.5 | $24.4 | $50.9 | $79.1 | $99.8 |
| Net Income (loss)[3] | ($548.0) | $5.3 | ($51.5) | ($88.7) | ($34.6) |
| Unit Costs ($/Boe) | | | | | |
| Lease Operating Expense | $4.99 | $4.16 | $3.87 | $4.78 | $5.30 |
| Gathering, Processing & Transportation | 2.59 | 2.78 | 3.02 | 3.27 | 4.23 |
| Severance & Ad Valorem Taxes | 2.54 | 0.92 | 1.24 | 1.69 | 2.58 |
| Cash G&A | 1.99 | 2.21 | 1.94 | 1.96 | 2.18 |
| Depreciation, Depletion & Amortization | 15.49 | 14.98 | 14.10 | 13.62 | 13.08 |
| Capital Expenditures Incurred | | | | | |
| Drilling, Completion & Facilities | $162.2 | $23.7 | $20.3 | $27.8 | $70.6 |
| Infrastructure, Land & Other | 13.2 | 4.3 | 1.2 | 2.1 | 2.3 |
| Total Capital Expenditures | $175.4 | $28.0 | $21.5 | $29.9 | $72.9 |
| Cash and Cash Equivalents | $3.8 | $7.2 | $5.2 | $5.8 | $10.9 |
| Total Debt Outstanding[4] | $1,135.0 | $1,142.9 | $1,127.9 | $1,102.9 | $1,102.9 |
| Liquidity[5] | $468.1 | $297.2 | $314.1 | $339.7 | $514.8 |

(1) Amounts may not sum due to rounding
(2) Adjusted EBITDAX is not presented in accordance with generally accepted accounting principles in the United States
(3) Net income (loss) attributable to common shareholders
(4) Reflects the aggregate principal amount
(5) Liquidity defined as cash, plus availability under the revolving credit facility (elected commitment amount in prior year and borrowing base in current year), less availability blocker and letters of credit (Q3'20 liquidity adjusted for letters of credit outstanding at time of Q3'20 earnings announcement of $4.3mm). Q1'20 liquidity calculation shown pro forma for Spring 2020 Borrowing Base reduction to $700mm that occurred in April 2020

# Hedge Position Overview

## Hedge Position Overview (as of April 30, 2021)

| | FY 2021 | | | | FY 2022 |
|---|---|---|---|---|---|
| | Q2 | Q3 | Q4 | Bal. 2021 | Q1 |
| WTI Fixed Price Swaps | | | | | |
| Total Volume (Bbl) | 1,183,000 | 736,000 | 644,000 | 2,563,000 | 45,000 |
| Daily Volume (Bbl/d) | 13,000 | 8,000 | 7,000 | 9,320 | 500 |
| Weighted Average Price ($ / Bbl) | $43.18 | $45.87 | $45.59 | $44.56 | $60.72 |
| Brent Fixed Price Swaps | | | | | |
| Total Volume (Bbl) | 409,500 | 184,000 | 184,000 | 777,500 | -- |
| Daily Volume (Bbl/d) | 4,500 | 2,000 | 2,000 | 2,827 | -- |
| Weighted Average Price ($ / Bbl) | $54.98 | $48.25 | $48.50 | $51.85 | -- |
| WTI Collars | | | | | |
| Total Volume (Bbl) | 227,500 | 138,000 | 92,000 | 457,500 | -- |
| Daily Volume (Bbl/d) | 2,500 | 1,500 | 1,000 | 1,664 | -- |
| Weighted Average Floor ($ / Bbl) | $42.00 | $46.33 | $42.00 | $43.31 | -- |
| Weighted Average Ceiling ($ / Bbl) | $51.14 | $55.40 | $50.10 | $52.22 | -- |
| Mid-Cush Basis Swaps | | | | | |
| Total Volume (Bbl) | 1,183,000 | 736,000 | 644,000 | 2,563,000 | -- |
| Daily Volume (Bbl/d) | 13,000 | 8,000 | 7,000 | 9,320 | -- |
| Weighted Average Price ($ / Bbl) | $0.11 | $0.26 | $0.26 | $0.19 | -- |
| Henry Hub Fixed Price Swaps | | | | | |
| Total Volume (MMBtu) | 3,640,000 | 3,680,000 | 3,680,000 | 11,000,000 | 1,800,000 |
| Daily Volume (MMBtu/d) | 40,000 | 40,000 | 40,000 | 40,000 | 20,000 |
| Weighted Average Price ($ / MMBtu) | $2.89 | $2.89 | $2.95 | $2.91 | $3.00 |
| Henry Hub Collars | | | | | |
| Total Volume (MMBtu) | -- | -- | -- | -- | -- |
| Daily Volume (MMBtu/d) | -- | -- | -- | -- | -- |
| Weighted Average Floor ($ / MMBtu) | -- | -- | -- | -- | -- |
| Weighted Average Ceiling ($ / MMBtu) | -- | -- | -- | -- | -- |
| Waha Differential Basis Swaps | | | | | |
| Total Volume (MMBtu) | 3,640,000 | 3,680,000 | 3,680,000 | 11,000,000 | 1,800,000 |
| Daily Volume (MMBtu/d) | 40,000 | 40,000 | 40,000 | 40,000 | 20,000 |
| Weighted Average Price ($ / MMBtu) | ($0.30) | ($0.30) | ($0.28) | ($0.29) | ($0.26) |

# Reconciliation of Adjusted EBITDAX to Net Income (Loss)

**Adjusted EBITDAX reconciliation ($ thousands)[1]**

| ($ in thousands, unless specified) | FY 2020 Q1 | FY 2020 Q2 | FY 2020 Q3 | FY 2020 Q4 | FY 2021 Q1 |
|---|---|---|---|---|---|
| Net income (loss) attributable to Class A Common Stock | ($547,983) | $5,330 | ($51,529) | ($88,655) | ($34,645) |
| Net income (loss) attributable to noncontrolling interest | (2,362) | 0 | 0 | 0 | 0 |
| Interest expense | 16,421 | 17,371 | 17,718 | 17,682 | 17,485 |
| Income tax expense (benefit) | (83,208) | (1,916) | 0 | 0 | 0 |
| Depreciation, depletion and amortization | 101,258 | 93,020 | 89,444 | 74,832 | 63,783 |
| Impairment and abandonment expenses | 611,300 | 19,425 | 19,904 | 40,561 | 9,200 |
| Gain on exchange of debt | 0 | (143,443) | 0 | 0 | 0 |
| Non-cash derivative (gain) loss | 8,452 | 22,963 | (32,518) | 18,987 | 28,313 |
| Stock-based compensation expense[2] | 5,892 | 4,270 | 4,772 | 8,111 | 14,624 |
| Exploration and other expense | 4,009 | 4,051 | 2,670 | 7,625 | 1,095 |
| Workforce reduction severance payments | 0 | 2,884 | 582 | 0 | 0 |
| Transaction costs | 0 | 476 | 0 | 0 | 0 |
| (Gain) loss on sale of long-lived assets | (245) | 2 | (145) | (10) | (44) |
| Adjusted EBITDAX | $113,534 | $24,433 | $50,898 | $79,133 | $99,811 |

(1) Adjusted EBITDAX is a non-GAAP financial measure
(2) Includes stock-based compensation for both equity and liability awards not yet settled in cash related to general and administrative employees only. Stock-based compensation for geographical and geophysical personnel is included with the Exploration and other expenses line item.

# Reconciliation of Free Cash Flow to Operating Cash Flow

**Free Cash Flow (Deficit) reconciliation ($ thousands)[1]**

| | Three Months Ended March 31, | |
|---|---|---|
| ($ in thousands) | 2021 | 2020 |
| Net cash provided by operating activities | $72,346 | $100,818 |
| Changes in working capital: | | |
| Accounts receivable | $14,997 | ($41,026) |
| Prepaid and other assets | $264 | $263 |
| Accounts payable and other liabilities | ($4,154) | $34,365 |
| Discretionary cash flow | $83,453 | $94,420 |
| Less: total capital expenditures incurred | ($72,900) | ($175,400) |
| Free cash flow (deficit) | $10,553 | ($80,980) |

(1) Free cash flow is a non-GAAP financial measure