

CENTENNIAL

*Core Oil
Delaware Basin Pure-Play*

***Third Quarter 2019
Earnings Presentation***

November 4, 2019



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, inflation, lack of availability of drilling and production equipment and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating 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, Net debt and Net debt to last twelve months (“LTM”) EBITDAX. Please refer to slide 16 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 16 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.

The Company defines Net debt as long-term debt, net, plus unamortized debt discount and debt issuance costs on Senior Notes 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 16) 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.

Q3 2019 Centennial Highlights

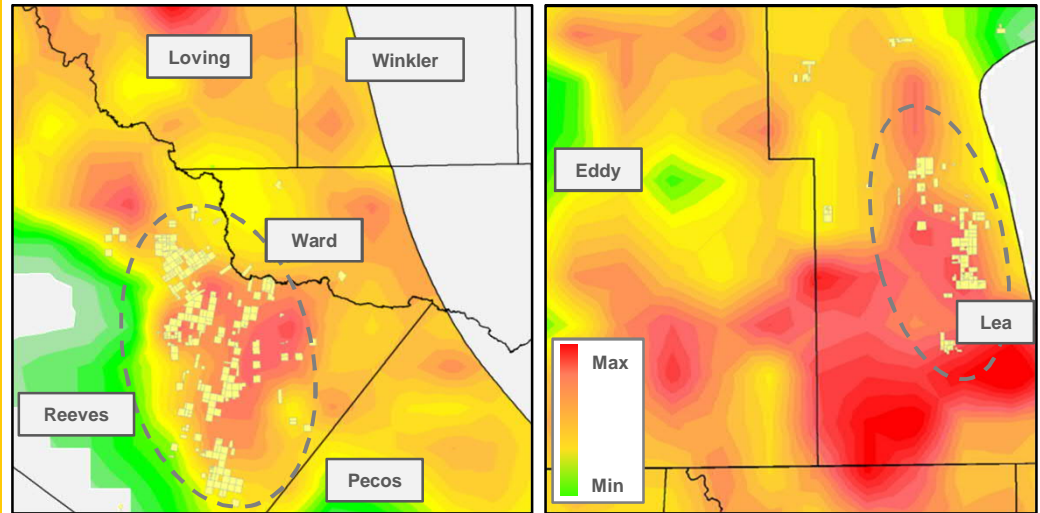
- Increased Q3'19 average daily oil and equivalent production volumes 17% and 21%, respectively, year-over-year
- Increased both FY'19 oil and equivalent production growth targets to 22% from 18% and 17%, respectively
 - Represents 2nd consecutive quarter of increasing full-year production targets, while maintaining original capital budget
- Reduced 1.5 section lateral well costs by 22% compared to initial 2019 estimate
- Extended Reeves County 3rd Bone Spring Sand “sweet-spot” with successful co-development step-out tests
- Minimal federal leasehold exposure (~5% of total company acreage)
- Maintained conservative balance sheet and strong liquidity
 - Reaffirmed \$1.2bn borrowing base
 - Net Debt / Book Capitalization of 24%; Net Debt / LTM EBITDAX of 1.7x

Centennial Resource Development Overview

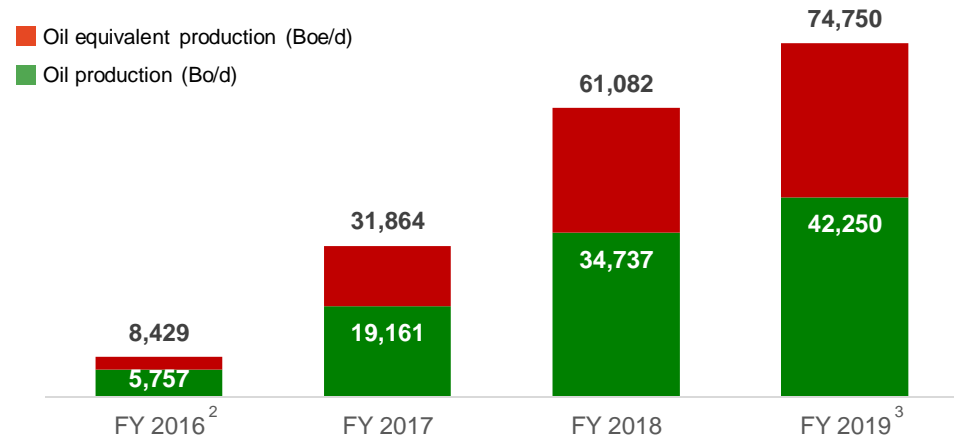
CDEV Corporate Highlights

- ✓ Large, contiguous oil-rich position in the core of the Delaware Basin
- ✓ Top tier technical team
- ✓ Track record of consistent execution
- ✓ Low leverage / strong liquidity
- ✓ Conservative management

Core Delaware Basin Acreage¹



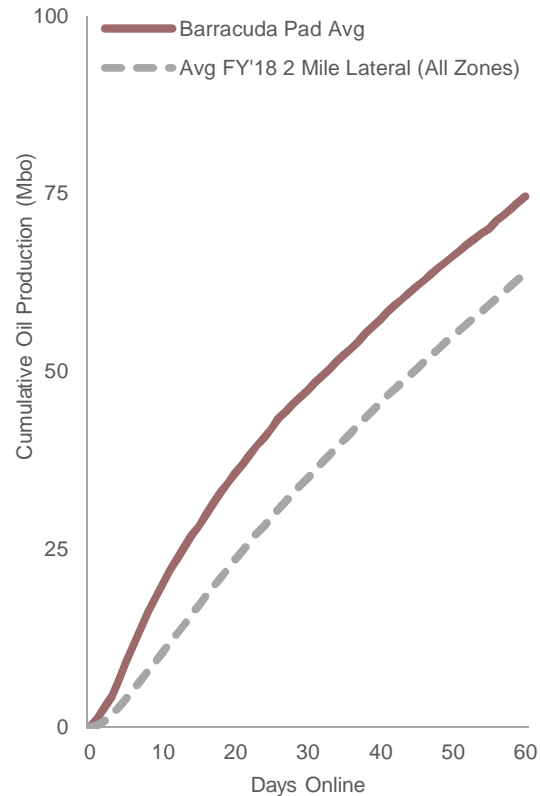
Historical Production (Bo/d and Boe/d)



(1) Heat map color scale based on peak, normalized 90-Day oil production rates
 (2) FY 2016 represents a combination of Predecessor (January 1, 2016 – October 10, 2016) and Successor (October 11, 2016 – December 31, 2016) periods
 (3) FY 2019E production based on updated guidance mid-point

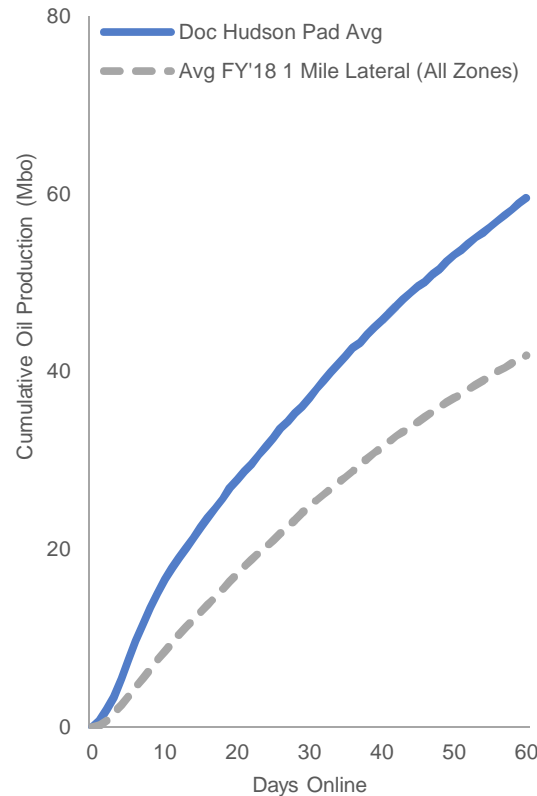
Successful 3rd Bone Spring Play Expansion & Co-Development

Barracuda 3-Well Pad



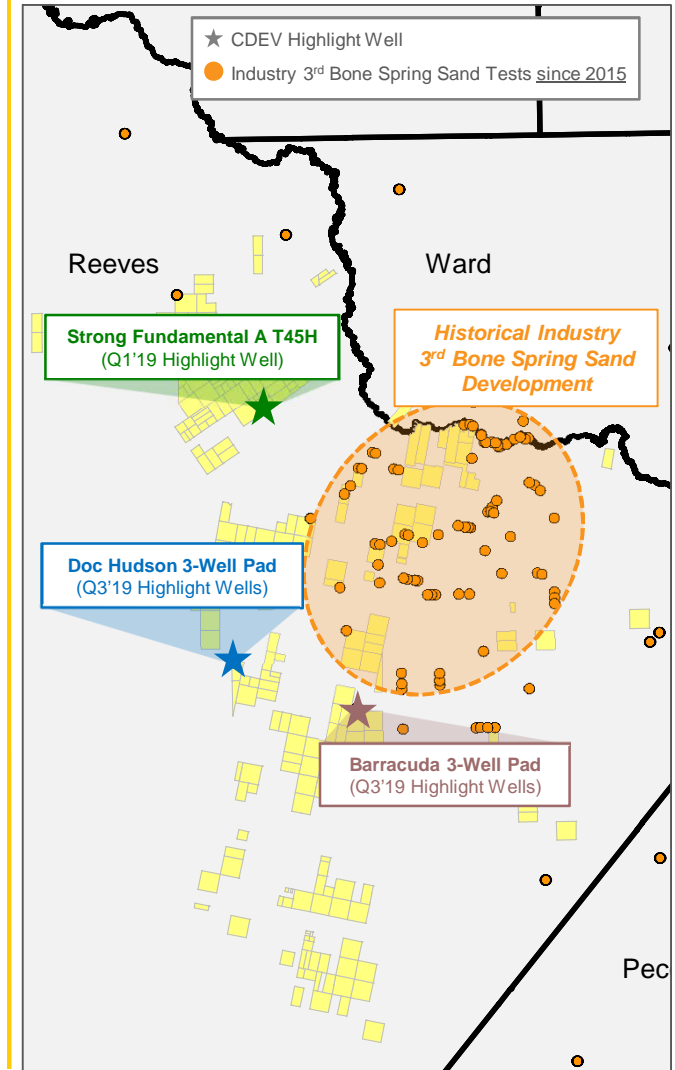
	Barracuda Pad Average
Formations (# of wells)	3rd BS (1), WC A (2)
Lateral length (ft.)	10,300
IP30 (Boe/d)	1,918
IP60 (Boe/d)	1,516
% oil ²	83%

Doc Hudson 3-Well Pad



	Doc Hudson Pad Average
Formations (# of wells)	3rd BS (1), WC A (2)
Lateral length (ft.)	5,700
IP30 (Boe/d)	1,562
IP60 (Boe/d)	1,283
% oil ²	79%

FY'19 Reeves County Well Locator Map¹



Note: Cumulative oil production curves shown on a non-normalized basis. Industry 3rd Bone Spring wells includes CDEV operated development

- (1) Source: IHS Petra: Geological Interpretation Software
- (2) % Oil figures shown on a 2-stream basis based on IP-30 data

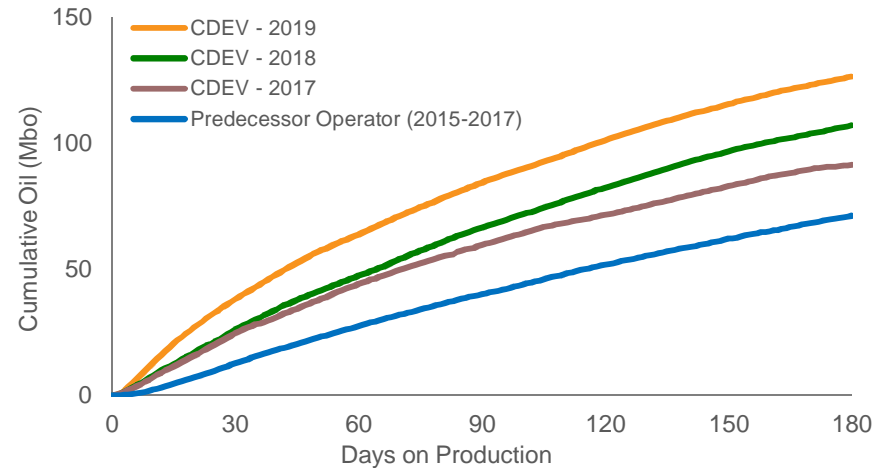
Northern Delaware Efficiency & Productivity Gains

- Significant efficiency and productivity gains realized since entry into Northern Delaware in mid-2017
 - Increased lateral length and pad sizing
 - Reduced timing from spud to first production by ~45% from 2018
- Development across 6 formations since entry into New Mexico
- Moved a second rig to New Mexico at mid-year
- Minimal exposure to Federal acreage (less than 5% of CDEV total acreage position)

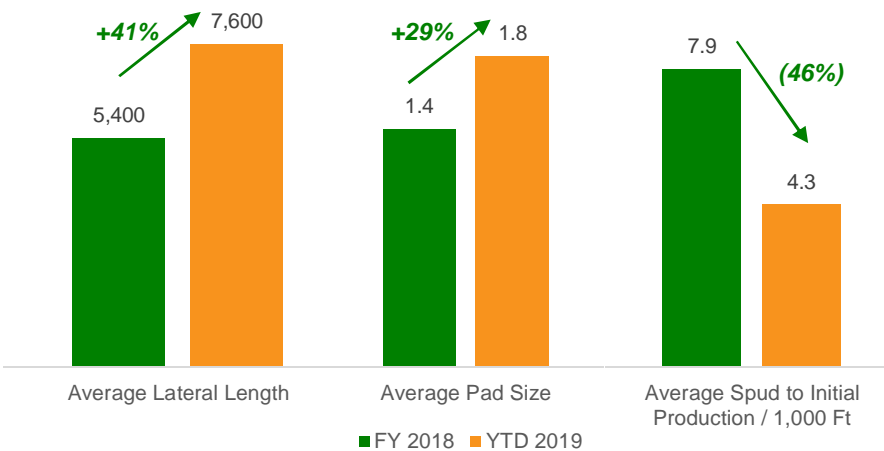
Lea County (NM) Development Summary

CENTENNIAL Formations	2017	Current Development
Avalon	✓	✓
1 st Bone Spring Sand		✓
2 nd Bone Spring Shale		✓
2 nd Bone Spring Sand	✓	✓
3 rd Bone Spring Shale		
3 rd Bone Spring Sand		✓
Upper Wolfcamp A		✓

Lea County (NM) Productivity Review^{1,2}



Lea County (NM) Development Efficiencies³

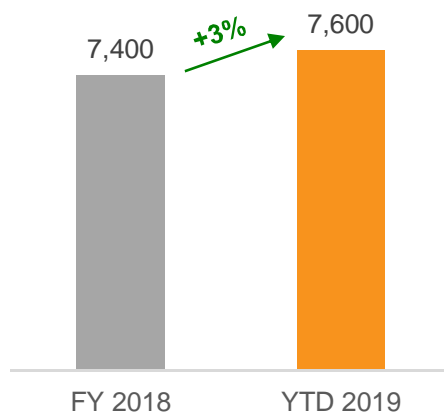


(1) Cumulative oil production curves shown on a non-normalized basis
 (2) "CDEV-2017" wells represent wells operated by CDEV upon closing of GMT Exploration acquisition in mid-2017
 (3) Lea County Development Efficiencies data based on YTD 2019 activity through October 2019

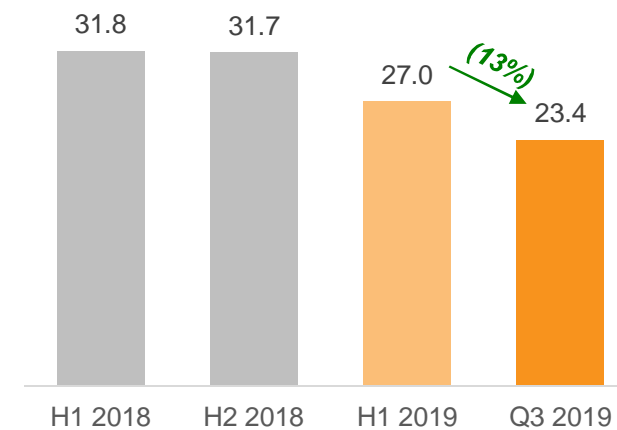
Driving Operational Efficiencies

- Continuing push to larger scale development
 - Increasing average lateral length year-over-year
 - Primarily developing inventory in 3-4 well packages on a go-forward basis
- Continued efficiency gains from H1 2019 into Q3
 - Spud to rig release timing down ~13% from H1 2019 levels
 - Completion stages / day up ~9% from H1 2019
- Dropped from 6 to 5 rigs in early September due to efficiencies realized throughout 2019
- Development timing efficiencies a key driver of recent well cost decreases

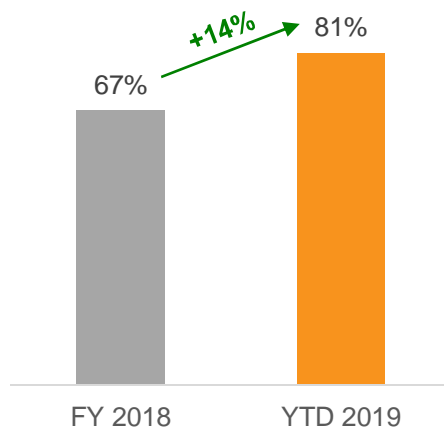
Average Completed Lateral Length



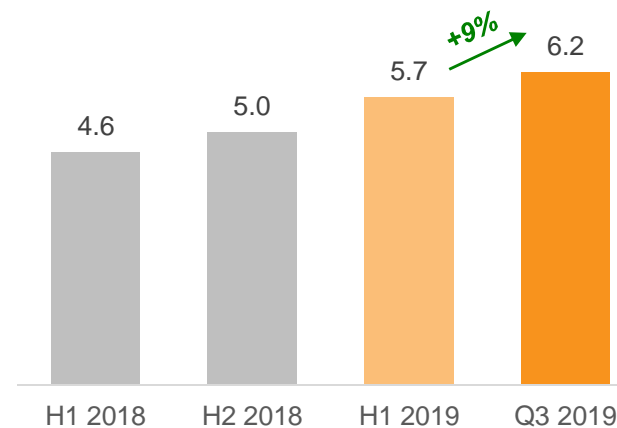
Spud to Rig Release Days (Full Cycle Drill Time)



% Wells on Multi-Well Pads



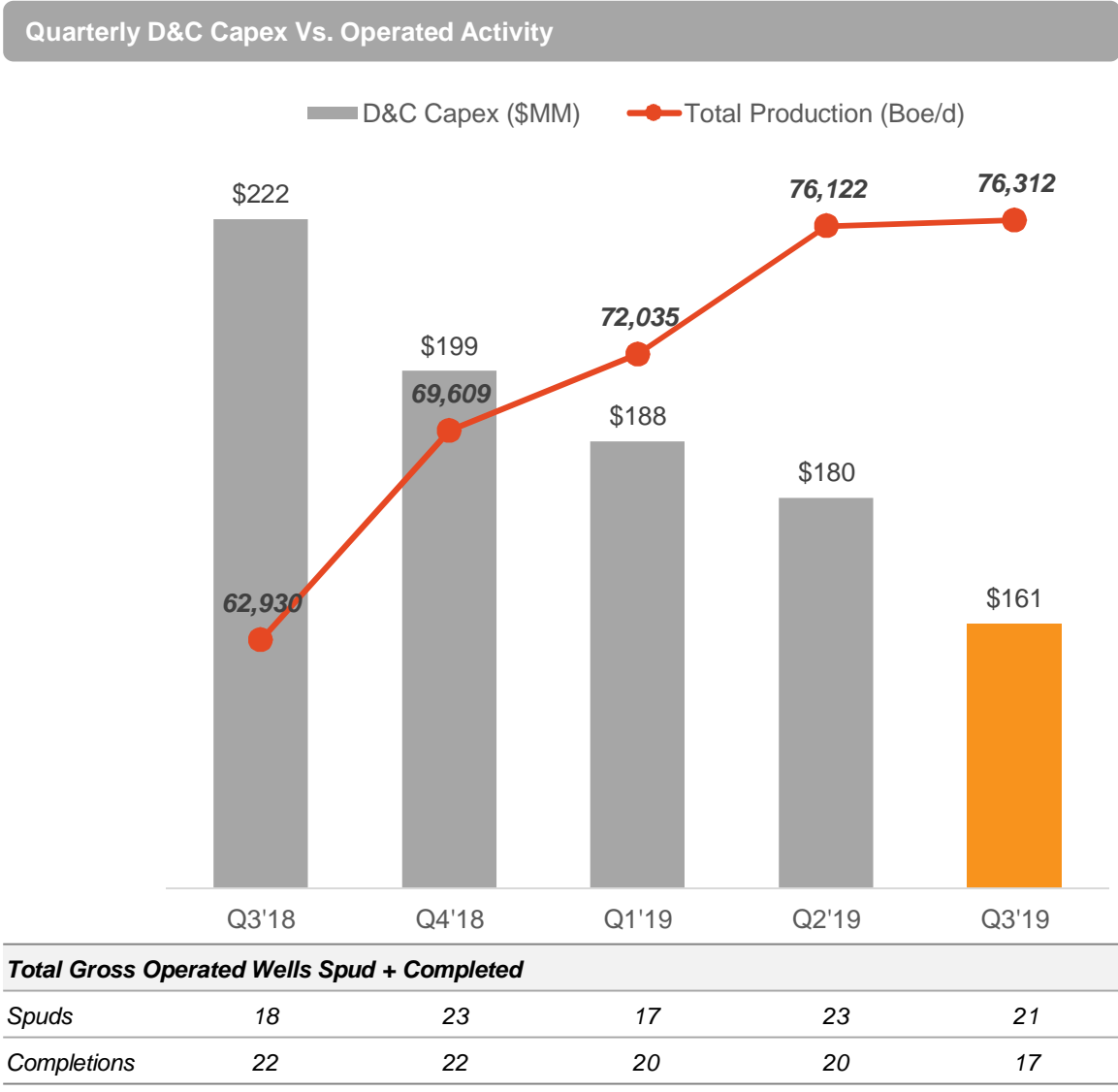
Completion Stages Pumped Per Day¹



(1) Completion stages pumped per day includes time associated with location moves

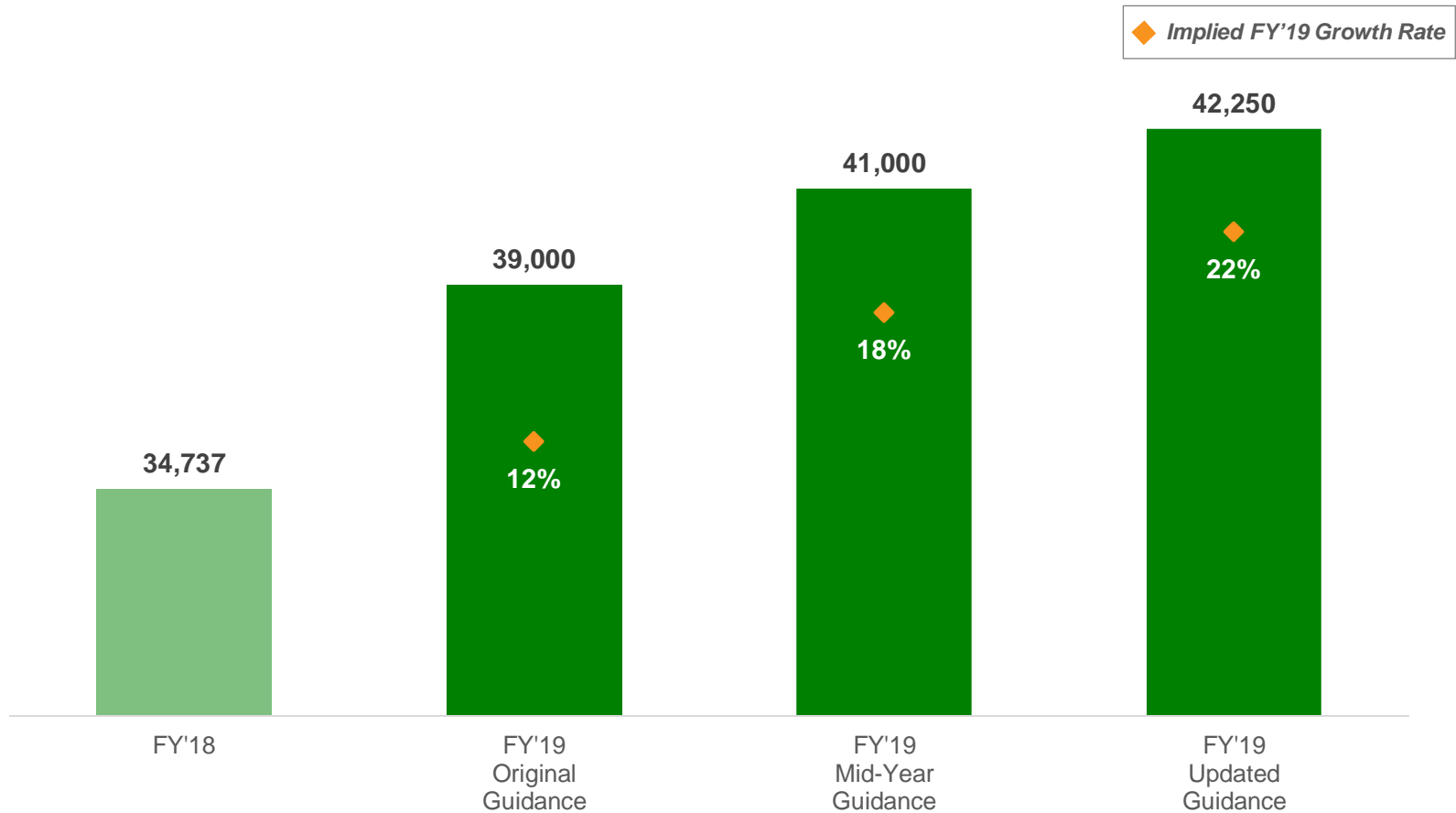
Reducing D&C Costs With Similar Activity Levels

- D&C cost reductions driven by operational efficiencies and service cost deflation
 - Total D&C Capital spend down significantly from Q3 2018 to Q3 2019 with similar drilling and completion activity levels
 - Operational focus on realizing increased cost savings in Q4 2019 and FY 2020
- Total production volume up 21% from Q3 2018
- FY 2019 oil production guidance raised by ~8% from original midpoint
- FY 2019 capital guidance remains unchanged



Revising Production Guidance Up for Second Quarter in a Row

FY'19 Oil Production Guidance (Bo/d)¹



Raising production guidance for the second quarter in a row while maintaining original capital budget

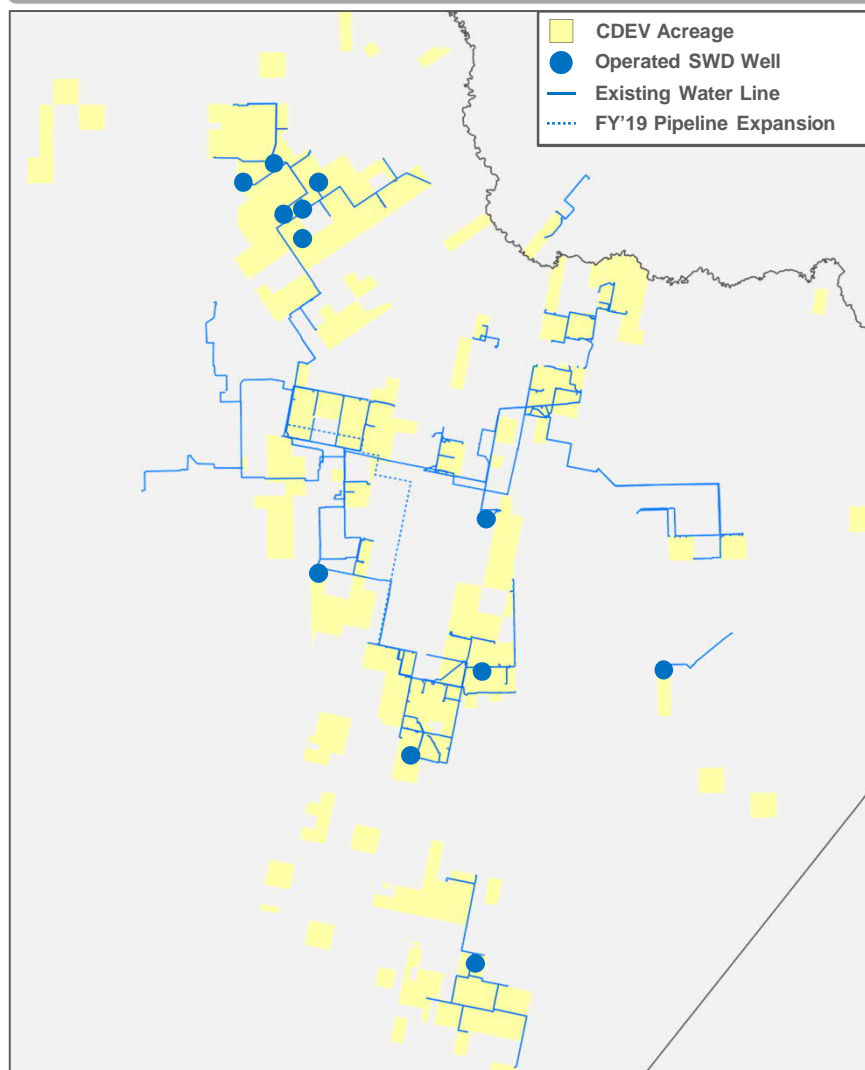
(1) Represents the mid-point of FY'19 guidance

Southern Delaware Water Infrastructure Overview

Southern Delaware Water Infrastructure Overview

- Currently operate 12 SWD wells in Texas with an additional 6 SWD permits approved
 - Total permitted capacity of 379,000 Bw/d¹
- Significant water pipeline infrastructure in place for efficient disposal across acreage position
 - ~ 300 miles of CDEV owned and operated water infrastructure pipeline supporting the SWD system
- Permitted water capacity sufficient to cover current disposal needs and provides running room for future development

Water Infrastructure Map



(1) Includes permitted capacity of 12 operated SWD wells and the additional 6 approved permits

Updated FY 2019 Guidance Summary

Guidance summary

- Maintaining original capital budget guidance
 - Reduced operated rig count from six to five rigs in early September as result of efficiencies
- Increased 2019 total company and oil production guidance by 5% and 3%, respectively
 - Represents oil growth of 22% year-over-year at the midpoint
- Lowered full-year unit cost guidance for Cash G&A and DD&A
- Raising full-year unit cost guidance for LOE

Updated FY 2019 Guidance Summary

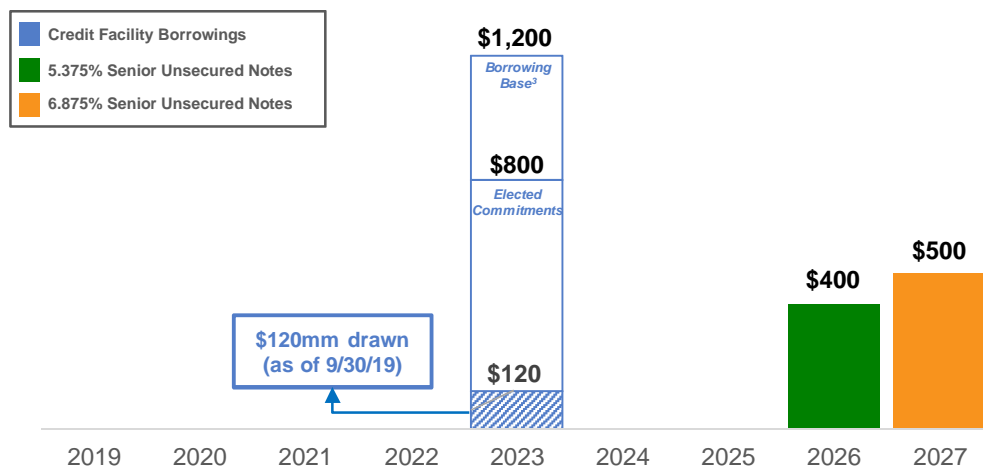
	Mid-Year FY 2019 Guidance	Updated FY 2019 Guidance
Production		
Net Average Daily Production (Boe/d)	68,000 - 75,000	72,250 - 77,250
Net Average Daily Oil Production (Bo/d)	39,500 - 42,500	41,250 - 43,250
Production Costs (\$ / Boe)		
Lease Operating Expense	\$4.35 - \$4.95	\$5.00 - \$5.60
Gathering, Processing & Transportation	\$2.50 - \$2.80	\$2.50 - \$2.80
Depreciation, Depletion, Amortization	\$15.25 - \$17.25	\$15.25 - \$16.35
Cash General and Administrative	\$1.90 - \$2.30	\$1.80 - \$2.20
Stock-based Compensation	\$0.90 - \$1.10	\$0.90 - \$1.10
Severance and Ad Valorem Taxes (% of revenue)	5.5% - 7.5%	5.5% - 7.5%
Capital Expenditure Program (\$MM)		
Drilling & Completions	\$625 - \$725	\$625 - \$725
Facilities, Infrastructure and Other	\$120 - \$160	\$120 - \$160
Land	\$20 - \$40	\$20 - \$40
Total Capital Expenditures	\$765 - \$925	\$765 - \$925
Operated Drilling Program		
Wells Spud (Gross)	70 - 80	70 - 80
Wells Completed (Gross)	65 - 75	70 - 80

Capital Structure and Liquidity Overview

Capital Structure Overview

- Recently completed Fall 2019 redetermination process, reaffirming \$1.2bn borrowing base and \$800mm elected commitments
- Conservative leverage profile at 9/30/19
 - Net Debt / Total Book Capitalization of 24%
 - Net Debt / LTM EBITDAX of 1.7x
- \$120mm drawn on Credit Facility as of 9/30/19
- No bond maturities until 2026
- ~\$690 million of elected liquidity

Debt Maturity Schedule (\$ mm)



Capitalization and Liquidity (\$ mm)

Capitalization	Actual (as of 9/30/19)
Cash and cash equivalents	\$11
Revolving credit facility	\$120
Senior Unsecured Notes ¹	\$900
Total debt	\$1,020
Book equity ²	\$3,254
Total capitalization	\$4,274
Credit statistics	
Net debt / LTM EBITDAX	1.7x
Net debt / book capitalization	24%
Liquidity (\$ mm)	
Borrowing base ³	\$1,200
Elected Commitment	\$800
Less: Revolver borrowings	(\$120)
Less: Letters of credit	(\$1)
Plus: Cash	\$11
Elected liquidity ⁴	\$690
<i>Borrowing base utilization</i>	<i>10%</i>

Note: Amounts may not sum due to rounding

(1) Reflects the aggregate principal amount

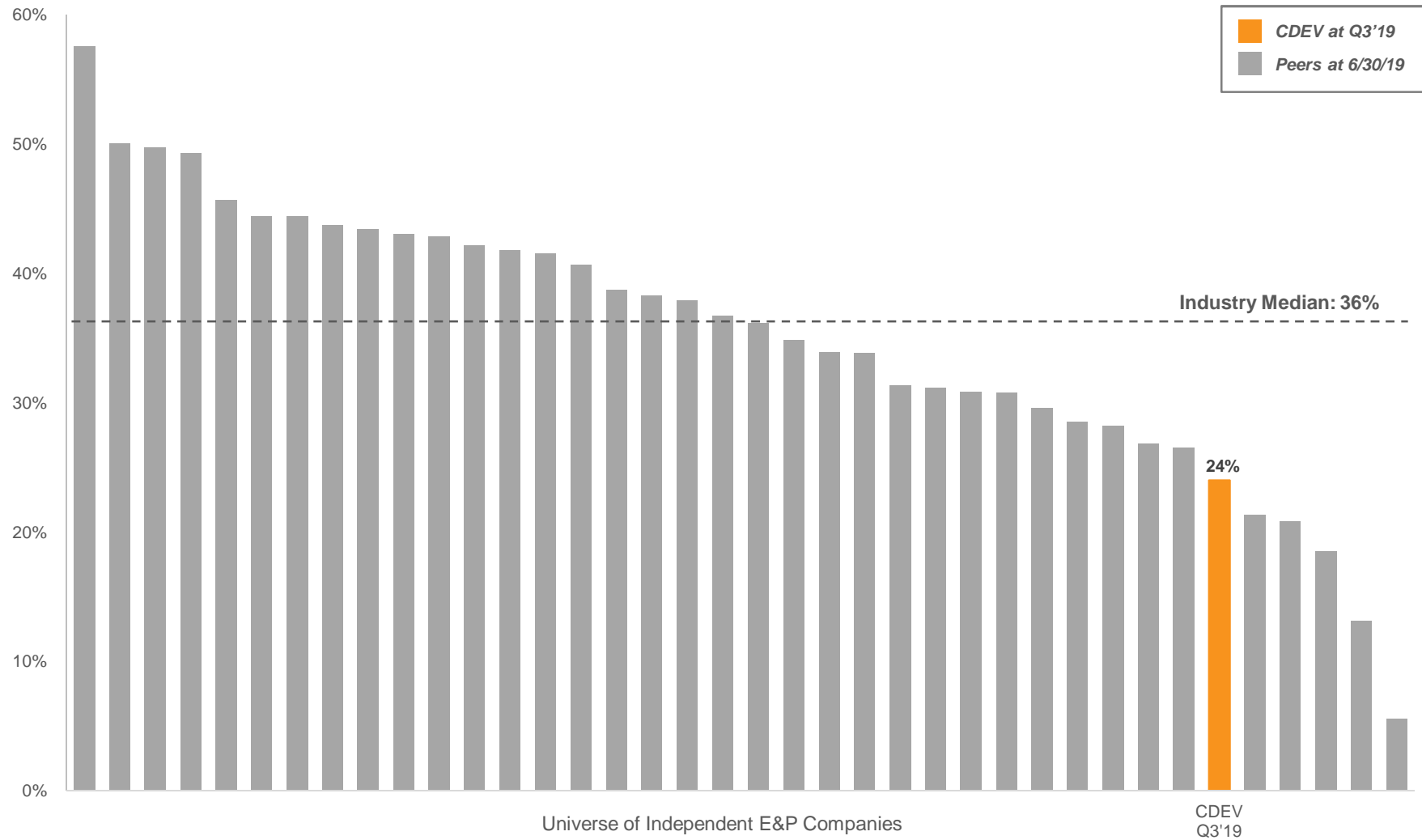
(2) Book equity includes non-controlling interest

(3) Borrowing base as of Fall 2019 Redetermination

(4) Total liquidity calculation based on elected commitment amount, not total borrowing base

Industry Benchmarking – Net Debt / Book Capitalization

Net Debt / Book Capitalization (as of 6/30/19)



Source: Company filings and financials
 Note: Peers represent public U.S. E&P companies with market cap over \$250mm; all peers shown as of 6/30/19

Quarterly Financial Results

Financial summary (\$mm, unless otherwise noted)¹

(\$ in millions, unless specified)	2018				2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Average Daily Production (Boe/d)	54,069	57,528	62,930	69,609	72,035	76,122	76,312
Average Daily Oil Production (Bo/d)	31,573	31,271	36,027	39,978	40,508	43,105	42,079
% Oil	58%	54%	57%	57%	56%	57%	55%
Financial highlights							
Total Revenue	\$215.9	\$217.8	\$234.9	\$222.5	\$214.6	\$244.2	\$229.1
Pre-Hedge Realized Oil Price (\$/Bbl)	\$61.53	\$61.21	\$55.68	\$47.95	\$48.15	\$54.63	\$51.71
Adjusted EBITDAX ²	\$161.6	\$164.6	\$177.9	\$165.7	\$141.1	\$170.1	\$132.9
Net Income (loss) ³	\$66.1	\$63.5	\$39.3	\$31.0	(\$8.1)	\$17.9	(\$3.6)
Unit Costs (\$/Boe)							
Lease Operating Expense	\$3.34	\$3.66	\$4.09	\$3.77	\$4.61	\$5.04	\$6.03
Gathering, Processing & Transportation	2.84	2.92	2.78	1.94	2.32	2.34	2.97
Severance & Ad Valorem Taxes	2.91	2.71	2.49	2.14	2.49	2.48	1.74
Cash G&A	2.13	1.84	2.02	2.00	1.89	1.78	1.81
Depreciation, Depletion & Amortization	13.57	14.32	14.41	15.94	14.89	16.18	16.06
Capital Expenditures Incurred							
Drilling & Completion	\$181.8	\$162.7	\$222.4	\$199.2	\$188.4	\$179.8	\$160.5
Facilities, Seismic and Other	50.2	34.3	43.5	73.1	45.6	44.6	40.6
Land and Other	6.3	6.2	7.7	9.8	11.2	13.0	11.0
Total Capital Expenditures	\$238.3	\$203.2	\$273.6	\$282.1	\$245.2	\$237.4	\$212.1
Cash and Cash Equivalents	\$38.2	\$42.7	\$58.9	\$18.2	\$89.5	\$28.4	\$10.9
Total Debt Outstanding	\$400.0	\$430.0	\$540.0	\$700.0	\$900.0	\$900.0	\$1,020.0
Liquidity ⁴	\$637.4	\$611.8	\$518.0	\$517.4	\$888.7	\$827.6	\$690.1

(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. Please refer to slide 16 for a reconciliation of Adjusted EBITDAX to net income (loss), the most comparable GAAP measure

(3) Net income (loss) attributable to common shareholders

(4) Liquidity defined as cash, plus availability under the revolving credit facility elected commitment amount

Hedge Position Overview

	2019	2020
	Q4	FY 2020
<u>MidCush Basis Swaps</u>		
Total Volume (Bbl)	920,000	1,098,000
Daily Volume (Bbl/d)	10,000	3,000
Weighted Average Price (\$ / Bbl)	(\$4.24)	\$0.67
<u>Henry Hub Fixed Price Swaps</u>		
Total Volume (MMBtu)	2,760,000	--
Total Volume (MMBtu/d)	30,000	--
Weighted Average Price (\$/MMBtu)	\$2.78	--
<u>Waha Fixed Price Swaps</u>		
Total Volume (MMBtu)	1,380,000	--
Daily Volume (MMBtu/d)	15,000	--
Weighted Average Price (\$/MMBtu)	\$1.61	--
<u>Waha Differential Basis Swaps</u>		
Total Volume (MMBtu)	3,220,000	--
Daily Volume (MMBtu/d)	35,000	--
Weighted Average Price (\$/MMBtu)	(\$1.31)	--

Note: Hedge positions as of October 31, 2019

Reconciliation of Adjusted EBITDAX to Net Income (Loss)

Adjusted EBITDAX reconciliation (\$ thousands)¹

Adjusted EBITDAX reconciliation to net income (loss):	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019
Net income (loss) attributable to common shareholders	\$66,090	\$63,541	\$39,288	\$30,980	\$199,899	(\$8,112)	\$17,877	(\$3,585)
Net income (loss) attributable to noncontrolling interest	4,682	3,941	2,386	1,828	\$12,837	(425)	1,125	(128)
Interest expense	5,813	5,791	6,534	8,220	\$26,358	10,160	14,437	15,246
Income tax expense (benefit)	19,137	19,940	11,652	8,711	\$59,440	(2,263)	5,928	1,393
Depreciation, depletion and amortization	66,010	74,946	83,423	102,083	\$326,462	96,558	112,114	112,720
Impairment and abandonment expenses	-	1,784	8,612	740	11,136	31,264	4,418	6,745
Non-cash portion of derivative loss (gain)	(7,482)	(11,534)	18,437	5,853	5,274	5,494	4,260	(9,740)
Stock-based compensation expense	3,952	4,166	4,888	5,848	18,854	5,884	6,076	7,357
Exploration expense	3,447	1,867	2,712	1,942	9,968	2,516	3,861	2,869
(Gain) loss on sale of long-lived assets	(15)	141	(52)	(549)	(475)	2	(9)	22
Adjusted EBITDAX	\$161,634	\$164,583	\$177,880	\$165,656	\$669,753	\$141,078	\$170,087	\$132,899

(1) Adjusted EBITDAX is not presented in accordance with generally accepted accounting principles in the United States