



Diamondback Energy, Inc. Announces Further Enhancement To Its Capital Return Program And Intention To Increase Base Dividend

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MIDLAND, Texas, June 21, 2022 (GLOBE NEWSWIRE) -- Diamondback Energy, Inc. (NASDAQ: FANG) ("Diamondback" or the "Company") today announced the next step in its return of capital program.

Beginning in the third quarter of 2022, the Company's Board of Directors has approved an increase to its return of capital commitment to at least 75% of Free Cash Flow (as defined below), from its previous commitment of at least 50% of Free Cash Flow. Additionally, the Company today announced its intention to increase its base dividend to \$3.00 per common share annually (\$0.75 per quarter) beginning with the second quarter of 2022. When declared, this will represent a 7.1% increase from the Company's previous annual base dividend of \$2.80 per share (\$0.70 per quarter) and implies a 2.5% annualized yield based on the June 17, 2022 closing share price of \$122.29. Diamondback's base dividend will remain its primary mechanism for returning capital to stockholders, with additional return of capital expected to come in the form of variable dividends and opportunistic share repurchases.

For the second quarter of 2022, the Company plans to maintain its first quarter 2022 base-plus-variable dividend payout of \$3.05 per share, which implies a 10.0% annualized yield based on the June 17, 2022 closing share price of \$122.29. Diamondback has also repurchased 1,966,516 shares of its common stock for approximately \$253 million to date during the second quarter at a weighted average price of approximately \$128.42 per share. While the second quarter has not yet ended, the Company expects that the combination of these stock repurchases together with its expected base-plus-variable dividends for the quarter will constitute a return of capital to stockholders well in excess of 50% of Diamondback's Free Cash Flow for the second quarter.

"We are pleased to announce our enhanced capital return framework," stated Travis Stice, Chairman and Chief Executive Officer of Diamondback. "This is a natural progression of our shareholder returns program that began with the initiation of our base dividend in 2018, which has been increased 500% since then and continues to deliver significant value to our stockholders."

Mr. Stice continued, "We have continued to use cash on hand to pay down debt and believe that we now have a strong balance sheet that can withstand another down cycle. The increased return of capital framework announced today displays the confidence we have in our forward outlook, with our high cash margins and low-cost structure driving an increasing return on capital. Going forward, we will continue to remain flexible, using a combination of our growing and sustainable base dividend, variable dividend and opportunistic share repurchase program to generate the highest value proposition for our shareholders."

The Company expects to declare and announce its base and variable dividend for the second quarter in connection with its announcement of second quarter earnings on or about August 1, 2022, at which time the record date and payment date for those dividends will also be announced. Base and variable dividends remain subject to review and approval at the discretion of the Company's Board of Directors.

Free Cash Flow, which is a non-GAAP financial measure, is cash flow from operating activities before changes in working capital in excess of cash capital expenditures.

COMMON STOCK REPURCHASE PROGRAM

On September 15, 2021 the Board of Directors of Diamondback authorized the Company to acquire up to \$2.0 billion of common stock. To date, Diamondback has repurchased 6,151,038 shares of common stock at an average share price of \$112.20 for a total cost of approximately \$690 million. Diamondback intends to purchase common stock under the common stock repurchase program opportunistically with cash on hand, free cash flow from operations and proceeds from potential liquidity events such as the sale of assets. This repurchase program has no time limit and may be suspended from time to time, modified, extended or discontinued by the Board at any time. Purchases under the repurchase program may be made from time to time in open market or privately negotiated transactions in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended, and will be subject to market conditions, applicable legal requirements and other factors. Any common stock purchased as part of this program will be retired.

About Diamondback Energy, Inc.

Diamondback is an independent oil and natural gas company headquartered in Midland, Texas focused on the acquisition, development, exploration and exploitation of unconventional, onshore oil and natural gas reserves primarily in the Permian Basin in West Texas. For more information, please visit www.diamondbackenergy.com.

Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which involve risks, uncertainties, and assumptions. All statements, other than statements of historical fact, including statements regarding Diamondback's: future performance; business strategy; future operations (including drilling plans and capital plans); estimates and projections of revenues, losses, costs, expenses, returns, cash flow, and financial position; reserve estimates and its ability to replace or increase reserves; anticipated benefits of strategic transactions (including acquisitions and divestitures); and plans and objectives of management (including plans for

future cash flow from operations, for return of capital to shareholders, and for executing environmental strategies) are forward-looking statements. When used in this news release, the words “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “future,” “guidance,” “intend,” “may,” “model,” “outlook,” “plan,” “positioned,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would,” and similar expressions (including the negative of such terms) as they relate to Diamondback are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Although Diamondback believes that the expectations and assumptions reflected in its forward-looking statements are reasonable as and when made, they involve risks and uncertainties that are difficult to predict and, in many cases, beyond Diamondback’s control. Accordingly, forward-looking statements are not guarantees of future performance and Diamondback’s actual outcomes could differ materially from what Diamondback has expressed in its forward-looking statements.

Factors that could cause the outcomes to differ materially include (but are not limited to) the following: changes in supply and demand levels for oil, natural gas, and natural gas liquids, and the resulting impact on the price for those commodities; the impact of public health crises, including epidemic or pandemic diseases such as the COVID-19 pandemic, and any related company or government policies or actions; actions taken by the members of OPEC and Russia affecting the production and pricing of oil, as well as other domestic and global political, economic, or diplomatic developments, including any impact of the ongoing Russian-Ukrainian conflict on the global energy markets and geopolitical stability; regional supply and demand factors, including delays, curtailment delays or interruptions of production, or governmental orders, rules or regulations that impose production limits; federal and state legislative and regulatory initiatives relating to hydraulic fracturing, including the effect of existing and future laws and governmental regulations; and the risks and other factors disclosed in Diamondback’s filings with the Securities and Exchange Commission, including its Forms 10-K, 10-Q and 8-K, which can be obtained free of charge on the Securities and Exchange Commission’s web site at <http://www.sec.gov>.

In light of these factors, the events anticipated by Diamondback’s forward-looking statements may not occur at the time anticipated or at all. Moreover, Diamondback operates in a very competitive and rapidly changing environment and new risks emerge from time to time. Diamondback cannot predict all risks, nor can it assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those anticipated by any forward-looking statements it may make. Accordingly, you should not place undue reliance on any forward-looking statements made in this news release. All forward-looking statements speak only as of the date of this news release or, if earlier, as of the date they were made. Diamondback does not intend to, and disclaims any obligation to, update or revise any forward-looking statements unless required by applicable law.

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