Pioneer Natural Resources Announces Bolt-On Acquisition of DoublePoint Energy in the Midland Basin

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Pioneer Natural Resources Company (NYSE:PXD) ("Pioneer" or "the Company") today announced that it has entered into a definitive purchase agreement to acquire the leasehold interests and related assets of DoublePoint Energy (DoublePoint) in a transaction valued at approximately $6.4 billion as of April 1, 2021, comprised of approximately 27.2 million shares of Pioneer common stock, $1 billion of cash and the assumption of approximately $0.9 billion of debt and liabilities.

Scott D. Sheffield, Pioneer's CEO stated, "DoublePoint has amassed an impressive, high quality footprint in the Midland Basin, comprised of tier one acreage adjacent to Pioneer's leading position. We are pleased with their decision to become long-term partners with Pioneer in a transaction that will complement our unmatched position in the core of the Permian Basin. Pioneer will incorporate these assets into our investment model, migrating the assets from significant production growth to a free cash flow model, moderating growth for the U.S. shale industry and generating significant value for our shareholders."

Transaction Enhances Investment Framework

- Accretive to Key Financial Metrics - Pioneer expects the transaction to be accretive on key financial metrics including cash flow and free cash flow per share, earnings per share and corporate returns during 2021 and beyond.

- Increases Variable Dividend Outlook - Consistent with Pioneer's priority of returning capital to shareholders, the accretive nature of this transaction to free cash flow leads to an increase in the expected per share variable dividend beginning in 2022 and beyond.

- Unmatched Permian Scale - This transaction represents a contiguous position of approximately 97,000 high quality net acres directly offsetting and overlapping Pioneer's existing footprint. The acquired acreage is primarily undrilled and augments Pioneer's premium asset base, increasing the Company's acreage position to greater than 1 million net acres with no exposure to federal lands. The Company expects production from the acquired assets to reach approximately 100,000 barrels of oil equivalent per day by late in the second quarter.

- Significant Synergies - The acquisition is expected to result in annual cost savings of approximately $175 million through operational efficiencies and reductions in general and administrative (G&A) and interest expenses. The expected present value of these cost savings totals approximately $1 billion over a 10-year period.

- Top-Tier Balance Sheet Maintained - Pioneer's pro forma leverage metrics will remain relatively unchanged, among the lowest in the industry, preserving the Company's financial and operational flexibility and allowing for significant return of capital to shareholders.

Geoffrey Strong, Senior Partner and Co-Head of Infrastructure and Natural Resources at Apollo, commented, "The combination of Pioneer and DoublePoint is compelling from both a financial and operational standpoint and a natural fit for DoublePoint. This acquisition continues the trend of consolidation in the prolific Permian Basin, combining two complementary footprints in a transaction with both top- and bottom-line synergies." Dheeraj Verma, President of Quantum Energy Partners added, "we are firm believers in Pioneer's strategy of free cash flow generation, which enables a competitive base and strong variable dividend."

Cody Campbell and John Sellers, Co-CEO's of DoublePoint Energy said, "We are proud and appreciative of the work that our team has done to build a company and an asset base that is unparalleled in quality and truly cannot be replicated. We are honored to have the opportunity to combine our business with Pioneer, who we have long admired and regard as the premiere operator in the Midland Basin. The fit and the synergies are clear, and we look forward to working with Pioneer to continue creating value."

Transaction Details

Pioneer will issue approximately 27.2 million shares of common stock in the transaction with an additional $1 billion of cash. After closing, existing Pioneer shareholders will own approximately 89% of the combined company and existing DoublePoint owners will own approximately 11% of the combined company. Pioneer plans to finance the cash portion of the purchase price through a combination of cash on-hand and existing borrowing capacity under its revolving credit facility.

The transaction has been unanimously approved Pioneer's Board of Directors and is expected to close in the second quarter of 2021, subject to customary closing conditions and regulatory approvals.

The transaction is structured as the acquisition by a Pioneer subsidiary of 100% of the limited liability company interests of DoublePoint's wholly owned subsidiary, Double Eagle III Midco 1 LLC.

Webcast Discussion

In conjunction with this release, the Company posted a pre-recorded webcast and associated investor presentation to its website.

To view the webcast and associated presentation, visit www.pxd.com > Investors > Earnings & Webcasts.

To access the presentation slides, visit www.pxd.com > Investors > Investor Presentations.

The webcast will be archived on Pioneer's website and can be accessed here. This replay will be available through April 27, 2021.

Pioneer is a large independent oil and gas exploration and production company, headquartered in Dallas, Texas, with operations in the United States. For more information, visit Pioneer's website at www.pxd.com.

DoublePoint Energy is a Fort Worth, Texas based upstream oil and gas company, led by the Double Eagle management team in partnership with FourPoint Energy. DoublePoint is backed by equity commitments from Apollo Global Management, Inc. (NYSE: APO), Quantum Energy Partners, Magnetar Capital, and GSO Capital Partners, LP.

Cautionary Statement Regarding Forward-Looking Information

Except for historical information contained herein, the statements in this news release are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements and the business prospects of Pioneer are subject to a number of risks and uncertainties that may cause Pioneer's actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things, the risk that the companies' businesses will not be integrated successfully; the risk that the cost savings, synergies and growth from the proposed transaction may not be fully realized or may take longer to realize than expected; the diversion of management time on transaction-related issues; the effect of future regulatory or legislative actions on the companies or the industries in which they operate, including the risk of new restrictions with respect to development activities on the companies' assets; the risk that Pioneer's credit ratings may be different from what the Company expects; the risk that a party to the transaction may be unable to obtain governmental and regulatory approvals required for the proposed transaction, or that required governmental and regulatory approvals may delay the proposed transaction or result in the imposition of conditions that could reduce the anticipated benefits from the proposed transaction or cause the parties to abandon the proposed transaction; the risk that a condition to closing of the proposed transaction may not be satisfied; the length of time necessary to consummate the proposed transaction, which may be longer than anticipated for various reasons; potential liability resulting from pending or future litigation; changes in the general economic environment, or social or political conditions, that could affect the businesses; the potential impact of the announcement or consummation of the proposed transaction on relationships with customers, suppliers, competitors, management and other employees; the effect of this communication on Pioneer stock price; transaction costs; volatility of commodity prices; product supply and demand; the impact of a widespread outbreak of an illness, such as the COVID-19 pandemic, on global and U.S. economic activity; competition; the ability to obtain environmental and other permits and the timing thereof; the ability to obtain approvals from third parties and negotiate agreements with third parties on mutually acceptable terms; potential liability resulting from pending or future litigation; the costs and results of drilling and operations; availability of equipment, services, resources and personnel required to perform the companies' drilling and operating activities; access to and availability of transportation, processing, fractionation, refining, storage and export facilities; Pioneer's ability to replace reserves; implement its business plans or complete its development activities as scheduled; access to and cost of capital; the financial strength of counterparties to Pioneer's credit facility, investment instruments and derivative contracts and purchasers of the companies' oil, natural gas liquids and gas production; uncertainties about estimates of reserves; identification of drilling locations and the ability to add proved reserves in the future; the assumptions underlying forecasts, including forecasts of production, cash flow, well costs, capital expenditures, rates of return, expenses, cash flow and cash flow from purchases and sales of oil and gas, net of firm transportation commitments; sources of funding; tax rates; quality of technical data; environmental and weather risks, including the possible impacts of climate change; cybersecurity risks; the risks associated with the ownership and operation of the Company's oilfield services businesses and acts of war or terrorism. These and other risks are described in Pioneer's Annual Report on Form 10-K for the year ended December 31, 2020, Quarterly Reports on Form 10-Q filed thereafter and other filings with the United States Securities and Exchange Commission. In addition, the companies may be subject to currently unforeseen risks that may have a materially adverse effect on the combined company. Accordingly, no assurances can be given that the actual events and results will not be materially different than the anticipated results described in the forward-looking statements. Pioneer undertakes no duty to publicly update these statements except as required by law.

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