Civitas Resources Provides 2025 Outlook Focused on Free Cash Flow and Debt Reduction

24.02.2025 | Business Wire

Successful land optimization initiatives and bolt-on acquisition expand high-quality development inventory

<u>Civitas Resources Inc.</u> (NYSE: CIVI) ("Civitas" or the "Company"), today announced its 2025 outlook, including a new debt reduction goal for the year, as well as an enhanced asset portfolio and a recent bolt-on transaction in the Permian Basin.

Civitas President and CEO Chris Doyle said, "Our 2025 outlook is designed to maximize free cash flow, capitalizing on the sustainable efficiencies we have delivered in our first full year of operating in the Permian Basin and our strong track record of execution in the DJ Basin. We are maintaining a disciplined posture in 2025 in the face of market volatility, sustaining year-on-year activity levels, better level-loading investments through the year, and allocating more of our free cash flow to debt reduction. Along with our successful recent inventory capture, these actions are strengthening the durability of the business through the cycle and supporting our free cash flow delivery well into the future."

2025 Outlook Highlights

- Reducing capital investments nearly 5% year-over-year to a range of \$1.8 to \$1.9 billion
- Delivering oil production between 150 and 155 thousand barrels per day ("MBbl/d") on average
- Generating free cash flow⁽¹⁾ of approximately \$1.1 billion (at \$70 WTI), representing a peer-leading free cash flow yield of 22%
- Sustaining a strong base dividend of \$0.50 per share quarterly (a nearly 4% yield)
- Reducing year-end 2025 net debt below \$4.5 billion, with the majority of free cash flow after the base dividend targeted for debt reduction
- Expanding Permian Basin position with a \$300 million bolt-on transaction that adds 19,000 net acres and approximately 130 future development locations in the Midland Basin
- Executing on new divestment target of \$300 million

Free Cash Flow is a non-GAAP financial measure. Due to the forward-looking nature of the 2025 Free Cash (1) Flow projection and the unavailability of the specific quantifications of the amounts that would be required to reconcile such projections to the most directly comparable GAAP financial measure, Civitas believes it to be infeasible to provide accurate reconciliations.

For the year, slightly more than half of total capital investments are planned to be allocated to the Permian Basin, with the remainder to the DJ Basin. The Company expects to run approximately five drilling rigs and two completion crews in the Permian Basin, and two drilling rigs and two completion crews in the DJ Basin. The plan is anticipated to deliver about 210 net turn in lines ("TILs") for the year, and results are expected to benefit from long laterals in both basins, with an estimated lateral length of more than 10,500 feet. In the Permian Basin, an increasing percentage of capital is planned to be directed to the Delaware Basin (~40% of Permian Basin activity), following extensive land optimization initiatives. Estimated 2025 capital expenditures are 95% drilling, completion, and facility related.

Full-year capital investments are better level-loaded in support of sustainable capital efficiencies, with approximately 55% of investments planned for the first half of the year, as compared to 63% in the first half of 2024. This change is anticipated to lower average annual oil volumes by approximately 3 MBbl/d as compared to 2024. First quarter oil volumes are expected to be the low point for the year, averaging 140 to 145 MBbl/d, mostly as a result of few TILs in late 2024 and early 2025. As compared to the fourth quarter of 2024, lower volumes are primarily driven by the DJ Basin, due to natural declines following peak production in the fourth quarter, a low TIL count exiting 2024 and in the first quarter of 2025, as well as severe winter weather and unplanned third-party processing downtime in the first quarter. These items are all temporary,

12.05.2025 Seite 1/4

and production is expected to grow meaningfully in the middle part of the year, following TIL activity, with the full year expected to average 150 to 155 MBbl/d.

Additionally, to solidify the Company's low-cost structure, Civitas announced an approximate 10% reduction in its workforce across all levels of the organization.

Guidance details are available in the Company's supplemental materials provided on its website at www.civitasresources.com.

Free Cash Flow Allocation to Further Prioritize Balance Sheet

Civitas plans to maintain its base dividend, while shifting more of its free cash flow after the base dividend towards debt reduction.

Free cash flow generated in 2025 is anticipated to cover the payment of the base dividend and meet the Company's year-end net debt target of below \$4.5 billion. The Company has instituted a 2025 divestment target of at least \$300 million, which will be prioritized to further debt reduction, and the Company will be opportunistic in executing share buybacks.

Civitas' long-term leverage target remains unchanged at 0.75x EBITDAX (earnings before interest, taxes, depreciation and exploration).

Dividend to be Paid in March

The Company's Board of Directors approved a quarterly dividend of \$0.50 per share, payable on March 28, 2025 to shareholders of record as of March 14, 2025.

Enhanced Asset Portfolio with Land Initiatives and Bolt-on Transaction

Civitas has been successfully replacing and extending its high-quality inventory in both the DJ and Permian Basins through land transactions (acreage trades/swaps and lease acquisitions), optimized development strategy, and attractive bolt-on acquisitions. From the beginning of 2024 through the end of February 2025 (inclusive of the Permian bolt-on transaction announced today), the Company has added approximately two years of development to its Permian Basin and DJ Basin inventory. The Company has an estimated inventory of approximately 1,200 gross locations in the Permian Basin and 800 gross locations in the DJ Basin.

In early 2025, Civitas agreed to acquire certain operated Midland Basin assets consisting of 19,000 net acres in Howard, Glasscock, and Upton counties for approximately \$300 million. Production associated with the assets represents approximately one percent of the Company's full-year 2025 total volume and oil expectations.

The Company has identified 130 future drilling locations on the acquired acreage with an average lateral length of two miles. The identified locations include primary development in the Wolfcamp A, B, and D zones, with additional development in the Wolfcamp C and Barnett/Woodford.

Closing of the transaction is anticipated at the end of February 2025, and Civitas plans to fund the purchase price through additional borrowings on its revolving credit facility. In February 2025, the Company amended its revolving credit facility to increase elected commitments from \$2.2 to \$2.5 billion.

Webcast and Conference Call Details

A webcast and conference call are planned for 6:30 a.m. MT (8:30 a.m. ET), on Tuesday, February 25,

12.05.2025 Seite 2/4

2025. The dial-in number for the call is 888-510-2535, with passcode 4872770. A live webcast and replay of this event will be available on the Investor Relations section of the Company's website at www.civitasresources.com.

About Civitas

<u>Civitas Resources</u>, <u>Inc.</u> is an independent exploration and production company focused on the acquisition, development, and production of crude oil and liquids-rich natural gas from its premier assets in the DJ Basin in Colorado and the Permian Basin in Texas and New Mexico. Civitas' proven business model to maximize shareholder returns is focused on four key strategic pillars: generating significant free cash flow, maintaining a premier balance sheet, returning capital to shareholders, and demonstrating ESG leadership. For more information about Civitas, please visit www.civitasresources.com.

Cautionary Statement Regarding Forward-Looking Information

Certain statements in this press release concerning future opportunities for Civitas, future financial performance and condition, guidance, and any other statements regarding Civitas' future expectations, beliefs, plans, objectives, financial conditions, returns to shareholders, assumptions, or future events or performance that are not historical facts are "forward-looking" statements based on assumptions currently believed to be valid. Forward-looking statements are all statements other than statements of historical facts. The words "anticipate," "believe," "ensure," "expect," "if," "intend," "estimate," "probable," "project," "forecasts," "predict," "outlook," "aim," "will," "could," "should," "would," "potential," "may," "might," "anticipate," "likely," "plan," "positioned," "strategy," and similar expressions or other words of similar meaning, and the negatives thereof, are intended to identify forward-looking statements. Specific forward-looking statements included in this press release include statements regarding the Company's plans and expectations with respect to the future production, capital expenditures, dividend payments, and share repurchases, and the effects of such on the Company's results of operations, financial position, growth opportunities, reserve estimates and competitive position. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and the Private Securities Litigation Reform Act of 1995.

These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated, including, but not limited to, future financial condition, results of operations, strategy and plans; the ability of Civitas to realize anticipated synergies related to Civitas' recent acquisitions in the timeframe expected or at all; the effects of commodity prices; the risks of oil and gas activities; and the fact that operating costs and business disruption may be greater than expected. Additionally, risks and uncertainties that could cause actual results to differ materially from those anticipated also include: declines or volatility in the prices we receive for our crude oil, natural gas, and NGL; general economic conditions, whether internationally, nationally, or in the regional and local market areas in which we do business, including any future economic downturn, the impact of continued or further inflation, disruption in the financial markets, and the availability of credit on acceptable terms; our ability to identify and select possible additional acquisition and disposition opportunities; the effects of disruption of our operations or excess supply of crude oil and natural gas and other effects of world health events, and the actions by certain crude oil and natural gas producing countries; the ability of our customers to meet their obligations to us; our access to capital on acceptable terms; our ability to generate sufficient cash flow from operations, borrowings, or other sources to enable us to fully develop our undeveloped acreage positions; the presence or recoverability of estimated crude oil and natural gas reserves and the actual future sales volume rates and associated costs; uncertainties associated with estimates of proved crude oil and natural gas reserves; changes in local, state, and federal laws, regulations, or policies that may affect our business or our industry (such as the effects of tax law changes, and changes in environmental, health, and safety regulation and regulations addressing climate change, and trade policy and tariffs); environmental, health, and safety risks; seasonal weather conditions as well as severe weather and other natural events caused by climate change; lease stipulations; drilling and operating risks, including the risks associated with the employment of horizontal drilling and completion techniques; our ability to acquire adequate supplies of water for drilling and completion operations; availability of oilfield equipment, services, and personnel; exploration and development risks; operational interruption of centralized crude oil and natural gas processing facilities; competition in the crude oil and natural gas industry; management's ability to execute our plans to meet our goals; unforeseen difficulties encountered in operating in new geographic areas; our ability to attract and retain key members of our senior management and key technical employees; our ability to maintain effective internal controls; access to adequate gathering systems and pipeline take-away capacity; our ability to secure adequate processing capacity for natural gas we produce, to secure adequate transportation for

12.05.2025 Seite 3/4

crude oil, natural gas, and NGL we produce, and to sell the crude oil, natural gas, and NGL at market prices; costs and other risks associated with perfecting title for mineral rights in some of our properties; pandemics and other public health epidemics; political conditions in or affecting other producing countries, including conflicts or hostilities in or relating to the Middle East, South America, and Russia (including the current events involving Russia and Ukraine), and other sustained military campaigns or acts of terrorism or sabotage and the effects therefrom; and other economic, competitive, governmental, legislative, regulatory, geopolitical, and technological factors that may negatively impact our businesses, operations, or pricing.

Additional information concerning other factors that could cause results to differ materially from those described above can be found under Item 1A. "Risk Factors" and "Management's Discussion and Analysis" sections in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, subsequently filed Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings made with the Securities and Exchange Commission.

All forward-looking statements speak only as of the date they are made and are based on information available at the time they were made. The Company assumes no obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

Disclaimer

Civitas' share repurchase program permits the Company to make repurchases on a discretionary basis as determined by management and the Board, subject to market conditions, applicable legal requirements, available liquidity, compliance with the Company's debt agreements, and other appropriate factors. Repurchases under the share repurchase program are to be made through open market or privately negotiated transactions and may be made pursuant to plans entered into in accordance with Rule 10b5-1 and/or Rule 10b-18 of the Exchange Act. The share repurchase program does not have a termination date, does not obligate Civitas to acquire any particular amount of common stock, and may be modified, extended, suspended, or discontinued at any time without prior notice. No assurance can be given that any particular amount of common stock will be repurchased.

View source version on businesswire.com: https://www.businesswire.com/news/home/20250224436850/en/

Contact

Civitas Contacts Investor Relations: Brad Whitmarsh, bwhitmarsh@civiresources.com, 832.736.8909 Mae Herrington, mherrington@civiresources.com, 832.913.5444

Media:

Rich Coolidge, info@civiresources.com

Dieser Artikel stammt von Rohstoff-Welt.de Die URL für diesen Artikel lautet:

https://www.rohstoff-welt.de/news/683748--Civitas-Resources-Provides-2025-Outlook-Focused-on-Free-Cash-Flow-and-Debt-Reduction.html

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere AGB/Disclaimer!

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt! Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2025. Es gelten unsere <u>AGB</u> und <u>Datenschutzrichtlinen</u>.

12.05.2025 Seite 4/4