

# Cimarex Energy Co. Reports First-Quarter 2021 Results

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DENVER, May 5, 2021 - Cimarex Energy Co. (NYSE: XEC) today reported first-quarter 2021 financial and operating results.

## Highlights

- Generated cash flow from operating activities of \$403 million.
- Adjusted cash flow from operating activities (non-GAAP) totaled \$395 million, exceeding capital expenditures and debt service.
- Long-term debt at quarter end was \$2 billion, while net debt (non-GAAP) decreased by approximately \$250 million.
- Delivered oil volumes of 68.6 MBopd.

## Outlook & Guidance

- Announces strategic non-core asset sales for total cash consideration of approximately \$115 million, subject to customary conditions.
- Continue to expect total capital expenditures for full-year 2021 to range between \$650 million and \$750 million, with a preference for the lower end of the range.
- Expect second-quarter 2021 oil production to range between 69 MBopd to 73 MBopd.
- Advancing emissions reductions efforts, with a 2021 goal of reducing the Company's GHG emissions intensity by 10%.

See "Supplemental Non-GAAP Financial Measures" below for descriptions of the above non-GAAP measures as well as reconciling items.

Tom Jorden, Chairman and Chief Executive Officer, commented, "Following a turbulent 2020, the first quarter of 2021 produced strong results, generating substantial free cash flow and increasing returns to shareholders."

## First-Quarter 2021 Summary

First-quarter 2021 oil production totaled 68.6 thousand barrels per day (MBopd). Total production for the quarter averaged 70.5 MBopd.

Cimarex's average realized price for oil, natural gas and NGLs for first-quarter 2021, excluding the effect of commodity derivatives, was \$57.40 per barrel of oil equivalent.

During first-quarter 2021, Cimarex's production and transportation costs were impacted by the severe winter storm. The impact was temporary and is not expected to recur.

## Generated Strong Cash Flow

For first-quarter 2021, cash flow from operating activities was \$402.9 million, including \$7.7 million in working capital changes.

## Strong Financial Position

Cimarex maintains a strong financial position with investment-grade credit ratings and substantial liquidity. At the end of the quarter, the Company had \$1.1 billion in cash and marketable securities, and \$2.0 billion in long-term debt. Notes due June 2024.

## Active Portfolio Management Reinforces the Balance Sheet and High-Grades Portfolio

Cimarex has entered into definitive agreements to sell non-core assets in the Permian Basin and Mid-Continent for a combined cash consideration of approximately \$115 million.

The divestitures include more than 3,000 gross wells in aggregate and are currently producing approximately 0.9 MBopd.

## Hedge Position

Cimarex's commodity derivatives strategy mitigates the Company's exposure to commodity price fluctuations. Please s

## Outlook

### Disciplined Capital Allocation Driving Strong Outlook

Cimarex is currently running five rigs in the Permian Basin, and plans to average two completions crews during second

Second-quarter 2021 production volumes are expected to average between 220 MBoepd and 240 MBoepd, with oil vol

As referenced above, first-quarter 2021 transportation costs were higher than anticipated due to the severe winter weat

### ESG Performance Foundational to Cimarex's Success

Cimarex believes the foundation for its success is the Company's ESG performance, and the Company continues to dr

### Enhancing Corporate Governance

Cimarex submitted an important management proposal to the Company's shareholders for a vote at its Annual Shareh

### First-Quarter 2021 Conference Call

Cimarex will host a conference call tomorrow, May 6, 2021 at 9:00 AM MT (11:00 AM ET) to discuss first-quarter 2021

#### Conference Call Information

Dial-in (for callers in the U.S.): (866) 367-3053

Dial-in (for callers in Canada): (855) 669-9657

Intl. dial-in: (412) 902-4216

The live audio webcast and related earnings presentation can be accessed on the "Events & Presentations" page unde

## About Cimarex Energy

Denver-based Cimarex Energy Co. is an independent oil and gas exploration and production Company with principal o

### Forward-Looking Statements & Cautionary Statements

This press release contains forward-looking statements, including statements regarding projected results and future ev  
10-Q, for a list of certain risk factors that may affect these forward-looking statements.

Actual results may differ materially from Company estimates and projections and other forward-looking statements and  
COVID-19 pandemic; cost and availability of gathering, pipeline, refining, transportation and other midstream and down  
federal and state administrations and legislatures; legislative or regulatory changes, including initiatives related to hydra  
Secretarial orders and regulation and legislation; reductions in the quantity of oil, gas, and NGLs sold and prices receiv  
success of the Company's risk management activities; availability of financing and access to capital markets; estimates  
available insurance; cash flow and anticipated liquidity; continuing compliance with the financial covenant contained in

willingness and ability of those partners to meet capital obligations when requested; unexpected future capital expenditures; major geographic area; availability and cost of capital; title to properties; ability to complete property sales or other transactions

Operational Activity		
The tables below provide a summary of operational activity, production volumes and price realizations by region for first-quarter 2021:		
Wells Brought on Production by Region	Three Months Ended	
	March 31,	
	2021	2020
Gross wells		
Permian Basin	8	35
Mid-Continent	5	19
	13	54
Net wells		
Permian Basin	7.0	19.8
Mid-Continent	-	0.3
	7.0	20.1
Daily Production Volumes by Region	Three Months Ended	
	March 31,	
	2021	2020
Permian Basin		
Gas (MMcf)	359.3	449.0
Oil (Bbls)	61,982	79,606
NGL (Bbls)	39,129	48,932
Total Equivalent (MBOE)	161.0	203.4
Mid-Continent		
Gas (MMcf)	199.8	244.1
Oil (Bbls)		

6,503
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NGL (Bbls)	18,570	22,110						
Total Equivalent (MBOE)	58.4	72.7						
Total Company								
Gas (MMcf)	560.1	694.3						
Oil (Bbls)	68,581	89,791						
NGL (Bbls)	57,752	71,099						
Total Equivalent (MBOE)	219.7	276.6						
Average Realized Commodity Prices by Region	Three Months Ended March 31,							
	2021	2020						
Permian Basin								
Gas (\$ per Mcf)	4.00	0.10						
Oil (\$ per Bbl)	55.84	44.17						
NGL (\$ per Bbl)	21.52	8.84						
Mid-Continent								
Gas (\$ per Mcf)	4.40	1.38						
Oil (\$ per Bbl)	55.88	44.15						
NGL (\$ per Bbl)	24.35	12.03						
Total Company								
Gas (\$ per Mcf)	4.14	0.55						
Oil (\$ per Bbl)	55.85	44.18						
Derivatives Information								
NGL (\$ per Bbl)	22.43	9.84						
The table below summarizes the Company's outstanding derivative contracts as of May 5, 2021, for the periods indicated:								
	2021				2022			
	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total

Gas Collars:								
PEPL (1)								
Volume (MMBtu/d)	100,000	90,000	90,000	93,309	60,000	20,000	-	19,781
Wtd Avg Floor	\$ 1.89	\$ 2.00	\$ 2.00	\$ 1.96	\$ 2.13	\$ 2.40	\$ -	\$ 2.20
Wtd Avg Ceiling	\$ 2.28	\$ 2.42	\$ 2.42	\$ 2.37	\$ 2.55	\$ 2.86	\$ -	\$ 2.63
El Paso Permian (1)								
Volume (MMBtu/d)	80,000	70,000	70,000	73,309	40,000	20,000	-	14,849
Wtd Avg Floor	\$ 1.62	\$ 1.86	\$ 1.86	\$ 1.77	\$ 2.13	\$ 2.40	\$ -	\$ 2.22
Wtd Avg Ceiling	\$ 1.92	\$ 2.22	\$ 2.22	\$ 2.11	\$ 2.53	\$ 2.88	\$ -	\$ 2.64
Waha (1)								
Volume (MMBtu/d)	100,000	100,000	100,000	100,000	70,000	30,000	10,000	27,260
Wtd Avg Floor	\$ 1.61	\$ 1.88	\$ 1.88	\$ 1.79	\$ 2.04	\$ 2.40	\$ 2.40	\$ 2.17
Wtd Avg Ceiling	\$ 1.93	\$ 2.23	\$ 2.23	\$ 2.13	\$ 2.44	\$ 2.83	\$ 2.77	\$ 2.58
Oil Collars:								
WTI (2)								
Volume (Bbl/d)	34,000	40,000	40,000	38,015	26,000	19,000	10,000	13,668
Wtd Avg Floor	\$ 34.62	\$ 34.65	\$ 34.65	\$ 34.64	\$ 37.31	\$ 38.16	\$ 40.00	\$ 38.09
Wtd Avg Ceiling	\$ 43.28	\$ 44.37	\$ 44.37	\$ 44.04	\$ 48.41	\$ 49.56	\$ 49.19	\$ 48.95
Oil Basis Swaps:								
WTI Midland (3)								
Volume (Bbl/d)	33,000	35,000	35,000	34,338	22,000	15,000	7,000	10,929
Wtd Avg Differential	\$ (0.02)	\$ (0.08)	\$ (0.08)	\$ (0.06)	\$ 0.25	\$ 0.31	\$ 0.38	\$ 0.29
Oil Roll Differential Swaps:								
WTI (2)								
Volume (Bbl/d)	11,000	18,000	18,000	15,684	18,000	11,000	7,000	8,945
Wtd Avg Price	\$ (0.22)	\$ (0.10)	\$ (0.10)	\$ (0.13)	\$ (0.10)	\$ (0.01)	\$ 0.10	\$ (0.03)



1. PEPL refers to Panhandle Eastern Pipe Line Tex/OK Mid-Continent index, El Paso Permian refers to El Paso Permian Basin index, and Waha refers to West Texas (Waha) Index, all as quoted in Platt's Inside FERC.
2. WTI refers to West Texas Intermediate oil price as quoted on the New York Mercantile Exchange.
3. Index price on basis swaps and oil roll differential swaps are WTI NYMEX less the weighted average WTI Midland differential, as quoted by Argus Americas Crude.

Condensed Consolidated Balance Sheets			
(unaudited)			
	March 31, 2021		December 31, 2020
Assets	(in thousands, except share and per share information)		
Current assets:			
Cash and cash equivalents	\$	523,798	\$ 273,145
Accounts receivable, net of allowance		426,964	332,485
Oil and gas well equipment and supplies		30,846	37,150
Derivative instruments		173	6,848
Other current assets		6,304	7,710
Total current assets		988,085	657,338
Oil and gas properties at cost, using the full cost method of accounting:			
Proved properties		21,374,434	21,281,840
Unproved properties and properties under development, not being amortized		1,203,910	1,142,183
		22,578,344	22,424,023
Less - accumulated depreciation, depletion, amortization, and impairment		(19,083,054)	(18,987,354)
Net oil and gas properties		3,495,290	3,436,669
Fixed assets, net of accumulated depreciation of \$472,961 and \$455,815, respectively		410,347	436,101
Derivative instruments		2,376	2,342
Deferred income taxes		-	20,472
Other assets		69,023	69,067
	\$	4,965,121	\$ 4,621,989
Liabilities, Redeemable Preferred Stock, and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$	78,092	\$ 44,290
Accrued liabilities		315,570	280,849
Derivative instruments		233,296	145,398

Revenue payable	201,935	130,637
Operating leases	57,120	59,051
Total current liabilities	886,013	660,225
Long-term debt principal	2,000,000	2,000,000
Less-unamortized debt issuance costs and discounts	(12,186)	(12,701)
Long-term debt, net	1,987,814	1,987,299
Deferred income taxes	19,698	-
Derivative instruments	22,611	17,749
Operating leases	122,720	134,705
Other liabilities	225,719	231,776
Total liabilities	3,264,575	3,031,754
Redeemable preferred stock - 8.125% Series A Cumulative Perpetual Convertible Preferred Stock, \$0.01 par value, 28,165 shares authorized and issued	36,781	36,781
Stockholders' equity:		
Common stock, \$0.01 par value, 200,000,000 shares authorized, 102,827,556 and 102,866,806 shares issued, respectively	1,028	1,029
Additional paid-in capital	3,193,760	3,211,562
Condensed Consolidated Statements of Operations	(1,531,023)	(1,659,137)
Accumulated deficit		
Total stockholders' equity (unaudited)	1,663,765	1,553,454
	\$ 4,965,121	\$ 4,621,989
	Three Months Ended	
	March 31,	
	2021	2020
	(in thousands, except per share information)	
Revenues:		
Oil sales	\$ 344,704	\$ 360,980
Gas and NGL sales	325,398	98,481
Gas gathering and other	9,364	13,369
	679,466	472,830
Costs and expenses:		



Impairment of oil and gas properties	-	333,651
Depreciation, depletion, amortization, and accretion	115,152	219,810
Impairment of goodwill	-	714,447
Production	74,806	87,236
Transportation, processing, and other operating	63,607	54,922
Gas gathering and other	10,478	8,298
Taxes other than income	40,986	30,961
General and administrative	25,260	25,509
Stock compensation	8,549	6,394
Loss (gain) on derivative instruments, net	161,935	(226,940)
Other operating expense, net	(933)	251
	499,840	1,254,539
Operating income (loss)	179,626	(781,709)
Other (income) and expense:		
Interest expense	23,078	23,181
Capitalized interest	(11,565)	(13,182)
Other, net	(139)	(871)
Income (loss) before income tax	168,252	(790,837)
Income tax expense (benefit)	40,170	(16,555)
Net income (loss)	\$ 128,082	\$ (774,282)
Earnings (loss) per share to common stockholders:		
Basic	\$ 1.25	\$ (7.77)
Diluted	\$ 1.25	\$ (7.77)
Dividends declared per common share	\$ 0.27	\$ 0.22
Weighted-average number of shares outstanding:		
Basic	100,126	99,842

Diluted	100,163	99,842
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Condensed Consolidated Statements of Cash Flows		
(unaudited)		
	Three Months Ended	
	March 31,	
	2021	2020
	(in thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ 128,082	\$ (774,282)
Adjustments to reconcile net income (loss) to net cash		
provided by operating activities:		
Impairment of oil and gas properties	-	333,651
Depreciation, depletion, amortization, and accretion	115,152	219,810
Impairment of goodwill	-	714,447
Deferred income taxes	40,170	(16,357)
Stock compensation	8,549	6,394
Loss (gain) on derivative instruments, net	161,935	(226,940)
Settlements on derivative instruments	(62,534)	43,114
Amortization of debt issuance costs and discounts	887	784
Changes in non-current assets and liabilities	(744)	2,410
Other, net	3,675	3,390
Changes in operating assets and liabilities:		
Accounts receivable	(94,500)	119,605
Other current assets	774	(24)
Accounts payable and other current liabilities	101,466	(117,211)
Net cash provided by operating activities	402,912	308,791
Cash flows from investing activities:		
Acquisition of oil and gas properties	(310)	(7,250)
Oil and gas capital expenditures	(130,007)	(258,820)
Other capital expenditures		

(3,531)







Sales of oil and gas assets	5,035	830
Sales of other assets	385	181
Net cash used by investing activities	(128,428)	(291,484)
Cash flows from financing activities:		
Borrowings of long-term debt	-	101,000
Repayments of long-term debt	-	(101,000)
Financing fees	(100)	(100)
Finance lease payments	(1,067)	(1,465)
Dividends paid	(23,049)	(21,593)
Employee withholding taxes paid upon the net settlement of equity-classified stock awards	-	(165)
Proceeds from exercise of stock options	385	-
Net cash used by financing activities	(23,831)	(23,323)
Net change in cash and cash equivalents	250,653	(6,016)
Supplemental Non-GAAP Financial Measures		
Cash and cash equivalents at beginning of period	273,145	94,722
(unaudited) Cash and cash equivalents at end of period	\$ 523,798	\$ 88,706

#### Reconciliation of Net Income (Loss) to Adjusted Net Income and Adjusted Earnings per Share

The Company's presentation of adjusted net income and adjusted earnings per share that exclude the effect of certain

The following table provides a reconciliation from the GAAP measure of net income (loss) to adjusted net income, both

		Three Months Ended	
		March 31,	
		2021	2020
(in thousands, except per share data)			
Net income (loss)	\$	128,082	\$ (774,282)
Impairment of oil and gas properties	-		333,651
Impairment of goodwill	-		714,447
Mark-to-market loss (gain) on open derivative positions		99,401	(183,826)
Asset retirement obligation	-		2,800
Tax impact (1)		(23,757)	(33,120)
Adjusted net income	\$	203,726	\$ 59,670
Diluted earnings (loss) per share	\$	1.25	\$ (7.77)
Adjusted diluted earnings per share*	\$	1.98	\$ 0.58
Weighted-average number of shares outstanding:			
Adjusted diluted**		102,870	102,131

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(1) Because the goodwill impairment is not deductible for tax purposes, the tax impact in the 2020 period is calculated using an effective tax rate determined by excluding goodwill from the effective tax rate calculation.

Adjusted net income and adjusted diluted earnings per share exclude the noted items because management believes items affect the comparability of operating results. The Company discloses these non-GAAP financial measures as a adjunct to GAAP measures because:

a) Management uses adjusted net income to evaluate the Company's operating performance between periods and to compare the Company's performance to other oil and gas exploration and production companies.

b) Adjusted net income is more comparable to earnings estimates provided by research analysts.

\* Does not include adjustments resulting from application of the "two-class method" used to determine earnings per share under GAAP.

\*\* Reflects the weighted-average number of common shares outstanding during the period as adjusted for the dilutive effects of outstanding stock options.

#### Reconciliation of Cash Flow from Operating Activities (CFO) to Adjusted CFO and to Free Cash Flow

The Company provides adjusted CFO, which is a non-GAAP financial measure. Adjusted CFO represents net cash provided by operating activities.

These non-GAAP measures should not be considered as alternatives to, or more meaningful than, net cash provided by operating activities.

The following table provides a reconciliation from the GAAP measure of net cash provided by operating activities to adjusted CFO.

	Three Months Ended	
	March 31,	
	2021	2020
	(in thousands)	
Net cash provided by operating activities	\$ 402,912	\$ 308,791
Total changes in cash due to changes in operating assets and liabilities (working capital):	(7,740)	(2,370)
Adjusted cash flow from operating activities	395,172	306,421
Oil and gas capital expenditures	(130,007)	(258,820)
Other capital expenditures	(3,531)	(26,425)
Change in capital accruals	(21,704)	16,216
Capitalized stock compensation, inventory, and other	(9,380)	(5,202)
Capital expenditures	(164,622)	(274,231)
Free cash flow	230,550	32,190
Dividends paid	(23,049)	(21,593)
Free cash flow after dividend	\$ 207,501	\$ 10,597

#### Reconciliation of Long-Term Debt to Net Debt

The Company defines net debt as debt less cash and cash equivalents. Net debt should not be considered as an alternative measure of liquidity.

	March 31, 2021	December 31, 2020
	(in thousands)	
Long-term debt	\$ 2,000,000	\$ 2,000,000
Cash and cash equivalents	(523,798)	(273,145)
Net debt	\$ 1,476,202	\$ 1,726,855

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SOURCE Cimarex Energy Co.

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