# Callon Petroleum Company Announces Second Quarter 2023 Results

02.08.2023 | PR Newswire

Delivered 7% sequential production growth

Capital expenditures at low end of guidance

13th straight quarter of delivering adjusted free cash flow

Share buyback program to commence in 3Q

HOUSTON, Aug. 2, 2023 - <u>Callon Petroleum Company</u> (NYSE: CPE) ("Callon" or the "Company") today reported seco operating results. A conference call to discuss the results is planned for 8 a.m. CDT, Thursday, August 3. Slides accomavailable at www.callon.com/investors.

#### Second Quarter 2023 Highlights

- Generated 7% sequential growth in total daily production volumes and 5% sequential growth in daily oil volumes respectively)
- Capital expenditures at the low end of guidance at \$285.1 million
- Reduced lease operating expense on a per unit basis by 6% sequentially
- 3rd Bone Spring Shale well in Ward County is outperforming expectations, expanding the development area for the Company's Delaware Basin footprint
- Net loss of \$107.9 million, or \$1.74 per share (all share amounts are stated on a diluted basis), adjusted EBITDA income of \$123.1 million or \$1.99 per share
- Net cash provided by operating activities was \$279.5 million and adjusted free cash flow was \$12.3 million

"The second quarter highlighted the contributions from several large-scale projects across the Permian Basin combined operating structure and efficiencies in our capital spending program," said Joe Gatto, President and Chief Executive Of of 2023 as a Permian-focused company with multiple initiatives to drive further improvements in our capital efficiency a already delivering near-term results. Importantly, we now progress forward with another lever to increase shareholder verburchase program that will complement further reductions in our debt balances."

#### Financial Results

Callon reported a second quarter 2023 net loss of \$107.9 million, or \$1.74 per share, and adjusted EBITDAX of \$332.3 \$406.9 million non-cash impairment charge related to the sale of the Eagle Ford assets as well as other items, adjusted \$1.99 per share.

The Company generated \$279.5 million of net cash provided from operating activities in the second quarter. Total oper the quarter were \$285.1 million. Callon expects adjusted free cash flow to increase in the second half of 2023 materially reduction and the recently announced two-year, \$300 million share buyback program.

#### Operational Results

Second quarter production averaged 107 MBoe/d (59% oil and 80% liquids), in line with guidance. During the quarter, in-line

Average realized commodity prices during the quarter were \$73.52 per Bbl for oil (100% of NYMEX WTI), \$19.87 per B

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\$1.23 per MMBtu for natural gas (53% of NYMEX HH). Total average realized price for the period was \$49.00 per Boe

Lease operating expense, which includes workover expense, for the quarter was \$76.8 million or \$7.89 per Boe compa Boe in the first quarter of 2023. The sequential per unit decrease was primarily related to increases in total production varieties.

Third and Fourth Quarter Outlook and Guidance

Callon entered the third quarter running seven drilling rigs, five in the Delaware Basin, one in the Midland Basin, and or closing the Eagle Ford divestiture on July 3<sup>rd</sup>, the acquiring party assumed the Eagle Ford rig.

Callon has finalized plans for integrating the newly acquired Delaware Basin assets into its scaled co-development mod schedules. The Company intends to release a drilling rig in the Permian Basin in August and maintain a 5-rig drilling proyear. Development activity on the acquired assets is scheduled to resume in the second half after the previous operato the second quarter. Five drilled but uncompleted wells acquired with the asset package are expected to be turned to sa

During the second quarter, the now divested Eagle Ford assets produced 17 MBoe/d and the newly acquired Delaware Transitioning to the third quarter, the Company expects to produce 100 - 103 MBoe/d, which includes oil volumes of 60 include the impact of a force majeure event at a large Midland Basin natural gas processing facility in July that lasted for occurrences of weather-related power and midstream disruptions experienced during June and July, the Company has downtime above previous seasonal levels used for forecasting. Combined, these two factors reduced third quarter produced to be \$250 - \$275 million on an accrual basis.

For the fourth quarter, Callon expects to produce 104 - 108 MBoe/d which includes oil volumes of 63 - 65 MBbls/d.

Capital spending for the second half now includes approximately \$15 million in non-operated capital projects previously change in the operator's schedule. Despite the incremental activity, Callon's 2023 full-year capital expenditure guidance savings related to the base activity plan that offset the project spend. The production contribution from these non-opera in 2024.

Full-year 2023 production and capital spending guidance remains unchanged and is available in the accompanying pre

Capital Structure Update

As of June 30, 2023, the drawn balance on the revolving credit facility was \$528.0 million. After the quarter end, the Co proceeds from the recent transactions to pay down the revolving credit facility and redeemed all \$187.2 million of Callon Notes due 2025 at par. The pro forma effect of these subsequent events leaves Callon with approximately \$1.1 billion of billion of total debt.

In the second quarter, Callon received upgrades from two rating agencies. Standard & Poor's Global Ratings upgraded B+ and its senior unsecured notes rating to BB- with a stable outlook; and Fitch Ratings upgraded Callon's long-term is stable outlook and its senior unsecured notes rating to BB-.

Earnings Call Information

The Company plans to host a conference call on Thursday, August 3, 2023, to discuss its second quarter 2023 financia outlook for the remainder of 2023.

Please join Callon Petroleum Company via the Internet for a webcast of the conference call:

Date/Time:	Thursday, August 3, 2023, at 8:00 a.m. Central Daylight Time (9:00 a.m. Eastern Daylight Time)
Webcast:	

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An archive of the conference call webcast will be available at www.callon.com under the "Investors" section of the website.

#### About Callon Petroleum

<u>Callon Petroleum Company</u> is an independent oil and natural gas company focused on the acquisition, exploration and high-quality assets in the Permian Basin in West Texas.

#### **Contact Information**

Kevin Smith Director of Investor Relations Callon Petroleum Company ir@callon.com

(281) 589-5200

#### Cautionary Statement Regarding Forward Looking Information

Securities Exchange Act of 1934. Forward-looking statements include all statements regarding the Company's expecta its share repurchase program; wells anticipated to be drilled and placed on production; future levels of development ac capital expenditures and cash flow expectations and expected uses thereof; the Company's production and expenditure quantities and the present value thereof; future debt levels and leverage; and the implementation of the Company's bus well as statements including the words "believe," "expect," "plans," "may," "will," "should," "could," and words of similar reflect the Company's current views with respect to future events and financial performance based on management's e historical trends, current conditions, anticipated future developments and other factors believed to be appropriate. No a however, that these events will occur or that these projections will be achieved, and actual results could differ materially result of certain factors. Any forward-looking statement speaks only as of the date on which such statement is made an obligation to correct or update any forward-looking statement, whether as a result of new information, future events or of applicable law. Some of the factors which could affect our future results and could cause results to differ materially fron forward-looking statements include the volatility of oil and natural gas prices; changes in the supply of and demand for a result of actions by, or disputes among members of OPEC and other oil and natural gas producing countries with res other matters related to the price of oil; general economic conditions, including the availability of credit, inflation or rising and complete wells; operational, regulatory and environment risks; the cost and availability of equipment and labor; our development activities at expected costs or at expected times or at all; rising interest rates and inflation; our inability to transactions; currently unknown risks and liabilities relating to the newly acquired assets and operations; adverse action the transactions; risks that are not yet known or material to us; and other risks more fully discussed in our filings with th Commission (the "SEC"), including our most recent Annual Reports on Form 10-K and subsequent Quarterly Reports of website or the SEC's website at www.sec.gov. Any forward-looking statement speaks only as of the date on which sucl Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new infor otherwise, except as required by applicable law.

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933

#### Non-GAAP Financial Measures

This news release refers to non-GAAP financial measures such as "adjusted free cash flow," "adjusted EBITDAX," "adjincome per diluted share." These measures, detailed below, are provided in addition to, and not as an alternative for, a conjunction with, the information contained in our financial statements prepared in accordance with GAAP (including the with the SEC and posted on our website.

Adjusted free cash flow is a supplemental non-GAAP measure that is defined by the Company as net cash provior
net change in working capital, changes in accrued hedge settlements, merger, integration and transaction expense
expense, less capital expenditures before increase (decrease) in accrued capital expenditures. We believe adjust
useful information to investors because it is a comparable metric against other companies in the industry and is a
indicator of an oil and natural gas company's ability to generate cash for the use of internally funding their capital
service or incur debt. Adjusted free cash flow is not a measure of a company's financial performance under GAAF
as an alternative to net cash provided by operating activities, or as a measure of liquidity.

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- The Company is unable to reconcile projected adjusted free cash flow to projected net cash provided by operating financial measure calculated in accordance with GAAP, without unreasonable efforts because components of the unpredictable, such as changes to current assets and liabilities, the timing of capital expenditures, movements in future events, and estimating future certain GAAP measures. The inability to project certain components of the capital expenditures of the reconciliation.
- Callon calculates adjusted EBITDAX as net income (loss) before interest expense, income tax expense (benefit), amortization, (gains) losses on derivative instruments excluding net settled derivative instruments, impairment of share-based compensation expense, exploration expense, merger, integration and transaction expense, (gain) loss and certain other expenses. Adjusted EBITDAX is not a measure of financial performance under GAAP. According as a substitute for net income (loss), operating income (loss), cash flow provided by operating activities or other in prepared in accordance with GAAP. However, the Company believes that adjusted EBITDAX provides useful information with respect to our performance or ability to meet our future debt service, capital experiments. Because adjusted EBITDAX excludes some, but not all, items that affect net income (loss) and man adjusted EBITDAX presented above may not be comparable to similarly titled measures of other companies.
- Adjusted income and adjusted income per diluted share are supplemental non-GAAP measures that Callon belief because they provide readers with a meaningful measure of our profitability before recording certain items whose reasonably determined. These measures exclude the net of tax effects of these items and non-cash valuation adjusted reconciliation provided. Adjusted income and adjusted income per diluted share are not measures of financial Accordingly, neither should be considered as a substitute for net income (loss), operating income (loss), or other accordance with GAAP. However, the Company believes that adjusted income and adjusted income per diluted sinformation with respect to our performance. Because adjusted income and adjusted income per diluted share ex that affect net income (loss) and may vary among companies, the adjusted income and adjusted income per diluted not be comparable to similarly titled measures of other companies.
- Adjusted diluted weighted average common shares outstanding is a non-GAAP financial measure which includes
  instruments that, under certain circumstances described below, are excluded from diluted weighted average com
  most directly comparable GAAP financial measure. When a net loss exists, all potentially dilutive instruments are
  common share and therefore excluded from the computation of diluted weighted average common shares outstal
  dilutive instruments are included in the computation of adjusted diluted weighted average common shares outstal
  adjusted income per diluted share.

Adjusted Income and Adjusted EBITDAX. The following tables reconcile the Company's adjusted income and adjusted

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	Three Months Forded		
	Three Months Ended		
	June 30, 2023	3 March 31, 202	23 June 30, 2022
	(In thousands except per share data)		
Net income (loss)	(\$107,896)	\$220,638	\$303,251
(Gain) loss on derivative contracts	(5,941)	(25,645)	81,648
Gain (loss) on commodity derivative settlements, net	13,663	12,012	(184,558)
Non-cash expense (benefit) related to share-based awards	3,688	1,881	(3,357)
Impairment of oil and gas properties	406,898	<u> </u>  -	<u> </u>  -
Merger, integration and transaction	1,543	<u> </u>  -	<u> </u> -
Other (income) expense	54	(6,414)	1,051
Loss on extinguishment of debt	_	<u> </u>  -	42,417
Tax effect on adjustments above <sup>(a)</sup>	(88,180)	3,815	13,188
Change in valuation allowance	(100,749)	(86,383)	(61,123)
Adjusted income	\$123,080	\$119,904	\$192,517
Net income (loss) per diluted share	(\$1.74)	\$3.57	\$4.90
Adjusted income per diluted share	\$1.99	\$1.94	\$3.11
Basic weighted average common shares outstanding	61,856	61,625	61,679
Diluted weighted average common shares outstanding (GAAP)	61,856	61,874	61,909
Effect of potentially dilutive instruments	55	<u> </u>  -	<u> </u>  -
Adjusted diluted weighted average common shares outstanding	61,911	61,874	61,909

<sup>(</sup>a) Calculated using the federal statutory rate of 21%.

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	Three Months Ended		
	June 30, 2023	March 31, 2023	June 30, 2022
	(In thousands)		
Net income (loss)	(\$107,896) \$220,638 \$303,251		
(Gain) loss on derivative contracts	(5,941)	(25,645)	81,648
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Non-cash expense (benefit) related to share-based awards	3,688	1,881	(3,357)
Impairment of oil and gas properties	406,898	-	-
Merger, integration and transaction	1,543	-	-
Other (income) expense	54	(6,414)	1,051
Income tax (benefit) expense	(156,212)	(50,695)	3,240
Interest expense	47,239	46,306	46,995
Depreciation, depletion and amortization	127,348	125,965	115,956
Exploration	1,882	2,232	2,410
Loss on extinguishment of debt	-	-	42,417
Adjusted EBITDAX	\$332,266	\$326,280	\$409,053

Adjusted Free Cash Flow. The following table reconciles the Company's adjusted free cash flow to net cash provided by operating activities:

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	Three Months Ended		
	June 30, 2023	March 31, 2023	June 30, 2022
	(In thousands)		
Net cash provided by operating activities	\$279,522	\$247,913	\$336,085
Changes in working capital and other	11,188	18,869	29,007
Changes in accrued hedge settlements	638	12,791	1,839
Merger, integration and transaction	1,543	-	-
Cash flow from operations before net change in working capital	292,891	279,573	366,931
Capital expenditures	293,697	204,900	176,611
Increase (decrease) in accrued capital expenditures	(13,083)	67,460	65,110
Capital expenditures before accruals	280,614	272,360	241,721
Adjusted free cash flow	\$12,277	\$7,213	\$125,210

Callon Petroleum Company		
Consolidated Balance Sheets		
(In thousands, except par and share amounts)	<u> </u>	
	June 30, 2023	December 31, 2022*
ASSETS		
Current assets:		
Cash and cash equivalents	\$3,650	\$3,395
Accounts receivable, net	164,708	237,128
Fair value of derivatives	14,960	21,332
Assets held for sale	606,614	-
Other current assets	37,975	35,783
Total current assets	827,907	297,638
Oil and natural gas properties, successful efforts accounting method:		
Proved properties, net	4,216,641	4,851,529

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Unproved properties	1,203,168	1,225,768
Total oil and natural gas properties, net	5,419,809	6,077,297
Other property and equipment, net	26,596	26,152
Deferred income taxes	198,534	-
Deferred financing costs	15,447	18,822
Other assets, net	77,265	68,560
Total assets	\$6,565,558	\$6,488,469
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$507,471	\$536,233
Fair value of derivatives	1,506	16,197
Liabilities associated with assets held for sale	71,114	-
Other current liabilities	100,701	150,384
Total current liabilities	680,792	702,814
Long-term debt	2,268,116	2,241,295
Asset retirement obligations	36,235	53,892
Fair value of derivatives	1,941	13,415
Other long-term liabilities	35,802	51,272
Total liabilities	3,022,886	3,062,688
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value, 130,000,000 shares authorized;	619	616
61,888,356 and 61,621,518 shares outstanding, respectively	-	
Capital in excess of par value *Financial information for the prior period has been recast to reflect re	4,026,340 trespective app	4,022,194 Hidation of the success
efforts method of accounting. For AGGHMAHAIGHGAIGH period ended J	( <u>484387</u> ) <sub>23</sub>	(597,029)
Total stockholders' equity	3,542,672	3,425,781
Total liabilities and stockholders' equity	\$6,565,558	\$6,488,469

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## Callon Petroleum Company

Consolidated Statements of Operations

(In thousands, except per share amounts)

(In thousands, except per share amounts)			т	
	Three Months	s Ended June 30,	Six Months Ended June 30	
	2023	2022*	2023	2022*
Operating Revenues:			ļ	<b> </b>
Oil	\$421,775	\$619,812	\$831,331	\$1,173,061
Natural gas	14,423	64,913	38,009	108,889
Natural gas liquids	40,629	75,530	83,999	143,148
Sales of purchased oil and gas	85,456	153,365	168,990	265,740
Total operating revenues	562,283	913,620	1,122,329	1,690,838
Operating Expenses:				
Lease operating	76,788	72,940	151,890	140,268
Production and ad valorem taxes	24,706	44,873	57,427	82,551
Gathering, transportation and processing	27,338	23,267	53,315	44,042
Exploration	1,882	2,410	4,114	4,295
Cost of purchased oil and gas	88,768	155,397	174,829	266,668
Depreciation, depletion and amortization	127,348	115,956	253,313	229,599
Impairment of oil and gas properties	406,898	-	406,898	<b> </b>  -
General and administrative	29,768	20,175	57,566	47,232
Merger, integration and transaction	1,543	-	1,543	769
Total operating expenses	785,039	435,018	1,160,895	815,424
Income (Loss) From Operations	(222,756)	478,602	(38,566)	875,414
Other (Income) Expenses:				
Interest expense	47,239	46,995	93,545	94,091
(Gain) loss on derivative contracts	(5,941)	81,648	(31,586)	439,948
Loss on extinguishment of debt	-	42,417		42,417

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Other (income) expense	54	1,051	(6,360)	269
Total other (income) expense	41,352	172,111	55,599	576,725
Income (Loca) Before Income Toyon	(264.409)	206 404	(04.165)	200 600
Income (Loss) Before Income Taxes  Income tax benefit (expense)	(264,108) 156,212	(3,240)	(94,165)	298,689
Net Income (Loss)	(\$107,896)	\$303,251	\$112,742	\$295,536
Net Income (Loss) Per Common Share:				
Basic	(\$1.74)	\$4.92	\$1.83	\$4.80
Diluted	(\$1.74)	\$4.90	\$1.82	\$4.77
* Financial information for the prior period has t W <b>ศighted ฝ่างอเจอสะออกเกล</b> กอริโรลres Outstand	peen recast to refling:	ect retrospective	application o	of the successful
additional information, refer to our Form 10-Q Basic		deb June 30, 20 61,679	28. 61,741	61,583
Diluted	61,856	61,909	61,939	61,956

## Callon Petroleum Company

Consolidated Statements of Cash Flows

### (In thousands)

(in thousands)		
	Three Months	s Ended June 30
	2023	2022*
Cash flows from operating activities:		
Net income (loss)	(\$107,896)	\$303,251
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		<u> </u>
Depreciation, depletion and amortization	127,348	115,956
Impairment of oil and gas properties	406,898	<u> </u>  -
Amortization of non-cash debt related items, net	2,614	3,372
Deferred income tax benefit	(152,864)	<u> </u>  -
(Gain) loss on derivative contracts	(5,941)	81,648
Cash received (paid) for commodity derivative settlements, net	13,025	(186,397)
Loss on extinguishment of debt	-	42,417
Non-cash expense (benefit) related to share-based awards		

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3,688

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(3,357)

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Other, net	1,776	2,306
Changes in current assets and liabilities:		
Accounts receivable	18,552	(14,072)
Other current assets	(4,986)	(3,317)
Accounts payable and accrued liabilities	(22,692)	(5,722)
Net cash provided by operating activities	279,522	336,085
Cash flows from investing activities:		
Capital expenditures	(293,697)	(176,611)
Acquisition of oil and gas properties	(8,459)	(6,146)
Deposit for acquisition of oil and gas properties	(36,000)	-
Proceeds from sales of assets	59	106
Cash paid for settlement of contingent consideration arrangement	-	
Other, net	(566)	5,074
Net cash used in investing activities	(338,663)	(177,577)
Cash flows from financing activities:		
Borrowings on credit facility	855,000	1,051,000
Payments on credit facility	(792,300)	(984,000)
Issuance of 7.5% Senior Notes due 2030	-	600,000
Redemption of 6.125% Senior Notes due 2024	-	(467,287)
Redemption of 9.0% Second Lien Senior Secured Notes due 2025		(339,507)
Payment of deferred financing costs	(8)	(10,542)
Other, net	(3,271)	(6,222)
Nest Cash provided by thise in financing activities		(156,558)
https://www.rohstoff-welt.de/news/449927Callon-Petroleum-Company-Announces-Second-Quarter-2023-Results.h  Net change in cash and cash equivalents  Net change in cash and cash equivalents		1,950
bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene ក្រុមស្រីក្រសួនត្រៀតរបស់ក្រុមស្រីក្រសួនក្រុម Webseitser Ratgibas weder Mittels Pos Veriferulichmaswilleinset ladiglich	Standpunkt eines Au	tors <b>ess\$10</b>
ப்படு இது இது இது இது இது இது இது இது இது இத	bitte auch unsere \$3,650	\$6,100
Die Reurodaktion. Madifikation oder Verwendana der Infralite aanz oder teilweise ohne schriftliche Genehmiaana ist	untersaud	

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