

Devon Energy Unveils Value Enhancing Business Optimization Plan

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HIGHLIGHTS

- Targeting \$1 billion in annual pre-tax free cash flow improvements
- Business optimization plan underway to improve margins and capital efficiency
- Plan includes improvements to base production performance, midstream commercial terms and corporate costs
- Expected to be completed by the end of 2026, with 30 percent achieved by year-end 2025

OKLAHOMA CITY, April 22, 2025 -- [Devon Energy Corp.](#) (NYSE: DVN) today announced its business optimization plan to improve margins and capital efficiency, growing free cash flow generation and driving significant shareholder value.

"I'm excited to announce the details of our business optimization plan, set to enhance margins and deliver \$1 billion in annual pre-tax free cash flow improvements by year end 2026," said Clay Gaspar, president and CEO. "This milestone reflects the commitment, ingenuity, and talent of our employees, whose hard work and ongoing efforts continue to drive Devon's success. This is an opportune time for us to take on this initiative, as we leverage recent leadership changes across the organization, bringing fresh perspectives and new ideas. Given the challenging market and shifting competitive landscape, this is the right moment to focus internally and improve our profitability. Importantly, this effort will create significant shareholder value by expanding our free cash flow generation and enhancing the durability of our business."

"Our organization has been diligently advancing this initiative and has already secured marketing agreements to drive a material margin improvement through year-end 2026. Concurrently, we have implemented technological advancements, including advanced analytics and process automation, that are further enhancing our operating performance. These combined efforts are anticipated to achieve approximately \$300 million of cash flow uplift by the end of 2025, reinforcing our financial resilience. We have clear visibility into the remaining objectives and are highly confident in our ability to execute this plan effectively," Gaspar added.

PLAN PATHWAY AND TIMING TO DELIVER

Devon is committed to improving its pre-tax free cash flow generation by taking steps to deliver \$1.0 billion in annual improvements. The plan includes actions to achieve more efficient field-level operations and improvements in drilling and completion costs while improving operating margins and corporate costs. Approximately 30 percent of the estimated improvements are expected to be accomplished by year-end 2025, with the remaining savings realized by year-end 2026.

The business optimization plan includes improvements in the following categories:

Capital Efficiency - \$300 million

Capture efficiencies through design optimization, cycle time reductions, facility standardization and vendor management.

Production Optimization -\$250 million

Use advanced analytics to minimize maintenance events, reduce downtime, flatten production declines and optimize operating cost structure.

Commercial Opportunities - \$300 million

Leverage scale to enhance commercial contracts to increase realizations, improve recoveries and lower GP&T cost structure.

Corporate Cost Reductions - \$150 million

Reduce interest expense and streamline corporate cost structure.

"We are committed to transparency and accountability and will provide stakeholders with periodic updates on our progress," Gaspar concluded.

The company will provide additional details around the optimization plan during its scheduled first-quarter 2025 earnings conference call on Wednesday, May 7, 2025, at 10 a.m. CDT (11 a.m. EDT). Also provided with today's release is a supplemental presentation, which is available on the company's website at www.devonenergy.com.

ABOUT DEVON ENERGY

Devon Energy is a leading oil and gas producer in the U.S. with a diversified multi-basin portfolio headlined by a world-class acreage position in the Delaware Basin. Devon's disciplined cash-return business model is designed to achieve strong returns, generate free cash flow and return capital to shareholders, while focusing on safe and sustainable operations. For more information, please visit www.devonenergy.com.

Investor Contact	Media Contact
investor.relations@dvn.com	Michelle Hindmarch
405-228-4450	405-552-7460

FORWARD LOOKING STATEMENTS

This press release includes "forward-looking statements" within the meaning of the federal securities laws. Such statements include those concerning strategic plans, our expectations and objectives for future operations, as well as other future events or conditions, and are often identified by use of the words and phrases "expects," "believes," "will," "would," "could," "continue," "may," "aims," "likely to be," "intends," "forecasts," "projections," "estimates," "plans," "expectations," "targets," "opportunities," "potential," "anticipates," "outlook" and other similar terminology. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that Devon expects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control. Consequently, actual future results could differ materially and adversely from our expectations due to a number of factors, including, but not limited to: the risk that we are unable to successfully implement the improvements discussed in this release on the anticipated timeline or at all, which could delay or prevent us from realizing any benefits from the business optimization plan; commodity prices, cost structures and the other assumptions underlying our forecasted value uplift from the business optimization plan could differ materially from actual results; market and geopolitical uncertainty as a result of changes in trade relations and policies, such as the imposition of tariffs by the U.S., China or other countries; and any of the other risks and uncertainties discussed in Devon's 2024 Annual Report on Form 10-K (the "2024 Form 10-K") or other filings with the SEC.

The forward-looking statements included in this press release speak only as of the date of this press release, represent management's current reasonable expectations as of the date of this press release and are subject to the risks and uncertainties identified above as well as those described elsewhere in the 2024 Form 10-K and in other documents we file from time to time with the SEC. We cannot guarantee the accuracy of our forward-looking statements, and readers are urged to carefully review and consider the various disclosures made in the 2024 Form 10-K and in other documents we file from time to time with the SEC. All subsequent written and oral forward-looking statements attributable to Devon, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements above. We do not undertake, and expressly disclaim, any duty to update or revise our forward-looking statements based on new information, future events or otherwise.

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