



First Quarter 2020 Earnings Presentation

May 11, 2020

Stephen I. Chazen – Chairman, President & CEO

Christopher Stavros – Executive Vice President & CFO

Brian Corales – Vice President, Investor Relations



FORWARD LOOKING STATEMENTS

The information in this presentation and the oral statements made in connection therewith include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of present or historical fact included in this presentation, regarding Magnolia Oil & Gas Corporation’s (“Magnolia,” “we,” “us,” “our” or the “Company”) financial and production guidance, strategy, future operations, financial position, estimated revenues, and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this presentation, including any oral statements made in connection therewith, the words “could,” “should,” “will,” “may,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project,” the negative of such terms and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management’s current expectations and assumptions about future events. Except as otherwise required by applicable law, Magnolia disclaims any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this presentation. Magnolia cautions you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond the control of Magnolia, incident to the development, production, gathering and sale of oil, natural gas and natural gas liquids. In addition, Magnolia cautions you that the forward looking statements contained in this press release are subject to the following factors: (i) the length, scope and severity of the recent coronavirus disease 2019 (“COVID-19”) pandemic, and the impacts of the competition between Russia and Saudi Arabia for crude oil market share, including the effects of related public health concerns and the impact of actions taken by governmental authorities and other third parties in response to the pandemic and its impact on commodity prices, supply and demand considerations, and storage capacity; (ii) the outcome of any legal proceedings that may be instituted against Magnolia; (iii) Magnolia’s ability to realize the anticipated benefits of its business combination, which may be affected by, among other things, competition and the ability of Magnolia to grow and manage growth profitably; (iv) changes in applicable laws or regulations; and (v) the possibility that Magnolia may be adversely affected by other economic, business, and/or competitive factors. Should one or more of the risks or uncertainties described in this press release occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. Additional information concerning these and other factors that may impact Magnolia’s operations and projections can be found in its filings with the Securities and Exchange Commission (the “SEC”), its Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed with the SEC on February 26, 2020. Magnolia’s SEC filings are available publicly on the SEC’s website at www.sec.gov.

NON-GAAP FINANCIAL MEASURES

This presentation includes non-GAAP financial measures, including free cash flow, EBITDAX, adjusted EBITDAX, cash operating margin, adjusted net income (loss), and adjusted earnings (loss). Magnolia believes these metrics are useful because they allow Magnolia to more effectively evaluate its operating performance and compare the results of its operations from period to period and against its peers without regard to financing methods or capital structure. Magnolia does not consider these non-GAAP measures in isolation or as an alternative to similar financial measures determined in accordance with GAAP. The computations of these non-GAAP measures may not be comparable to other similarly titled measures of other companies.

Magnolia excludes certain items from net income in arriving at cash operating margin, adjusted net income (loss) and adjusted earnings (loss) because these amounts can vary substantially from company to company within its industry depending upon accounting methods, book values of assets and the method by which the assets were acquired. Adjusted EBITDAX, cash operating margin, adjusted net income (loss) and adjusted earnings (loss) should not be considered as alternatives to, or more meaningful than, net income (loss) as determined in accordance with GAAP. Certain items excluded from adjusted EBITDAX, cash operating margin, adjusted net income (loss), and adjusted earnings (loss) are significant components in understanding and assessing a company’s financial performance, and should not be construed as an inference that its results will be unaffected by unusual or non-recurring terms.

As performance measures, cash operating margin, adjusted EBITDAX and adjusted net income (loss) may be useful to investors in facilitating comparisons to others in the Company’s industry because certain items can vary substantially in the oil and gas industry from company to company depending upon accounting methods, book value of assets, and capital structure, among other factors. Management believes excluding these items facilitates investors and analysts in evaluating and comparing the underlying operating and financial performance of our business from period to period by eliminating differences caused by the existence and timing of certain expense and income items that would not otherwise be apparent on a GAAP basis. As liquidity measures, management believes free cash flow and cash flows from operations before changes in operating assets and liabilities are useful for investors and widely accepted by those following the oil and gas industry as financial indicators of a company’s ability to generate cash to internally fund drilling and completion activities, fund acquisitions, and service debt. Our presentation of free cash flow, cash operating margin, adjusted net income (loss), and adjusted EBITDAX may not be comparable to similar measures of other companies in our industry. A free cash flow reconciliation is shown on page 12, a cash operating margin reconciliation is shown on page 6 of the presentation, an adjusted EBITDAX reconciliation is shown on page 13 of the presentation, adjusted net income (loss) reconciliation is shown on page 15 and adjusted earnings (loss) reconciliation is shown on page 16.

INDUSTRY AND MARKET DATA

This presentation has been prepared by Magnolia and includes market data and other statistical information from sources believed by Magnolia to be reliable, including independent industry publications, governmental publications or other published independent sources. Some data is also based on the good faith estimates of Magnolia, which are derived from its review of internal sources as well as the independent sources described above. Although Magnolia believes these sources are reliable, it has not independently verified the information and cannot guarantee its accuracy and completeness.

- Generated \$134.9 million net cash flow from operating activities and **\$23.3 million of free cash flow in 1Q20.**
- Ended the first quarter of 2020 with \$146.5 million of cash on the balance sheet and an undrawn \$450 million revolver providing MGY with ~\$600 million of liquidity.
 - **MGY has enough cash on hand today to more than pay for the remaining Capex, overhead and interest expense at least through the remainder of 2020, before considering the revenue from production.**
- Magnolia has identified cash cost savings during 2020 of ~\$55 million compared to the original budget. The reduction is generated from operating costs and general and administrative expenses.
- Increased total production 10% and oil production 15% compared to 1Q19. Oil production made up 55% of total company volumes.
- Further de-risked our Giddings asset, brought 4 new wells online during the quarter with an average 60-day oil rate of 800 barrels of oil per day. Lowered Giddings wells costs 20% to ~\$7 million.
- Total cash operating costs including G&A were \$9.42/boe, a 14% decline compared to \$11.00/boe in the first quarter of 2019.

Magnolia Oil & Gas – Q1 2020 Key Metrics



Free Cash Flow ⁽¹⁾

\$23.3 Million

Total Production

68.4 Mboe/d (55% oil)

10% Growth

Cash Operating Costs + G&A

\$9.42/boe

14% Decrease

Cash Balance at 3/31/2020

\$146.5 Million

Adjusted EBITDAX ⁽¹⁾

\$123.9 Million

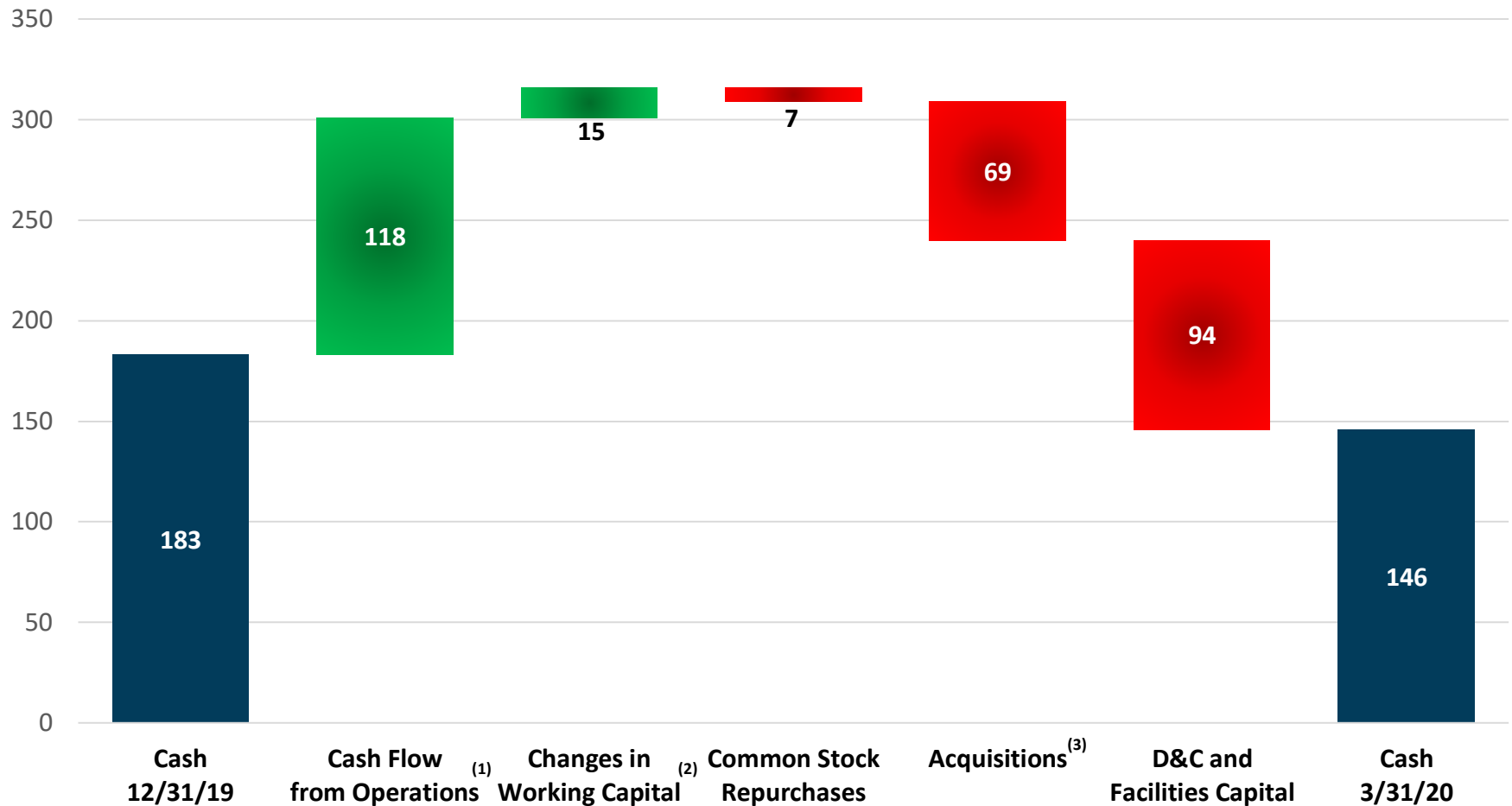
D&C Capex

\$100.6 Million

(1) Free cash flow and adjusted EBITDAX are non-GAAP measures. For a reconciliation to the most directly comparable GAAP measure see pages 12 and 13.

Q1 2020 Cash Flow Summary

(\$ In Millions)



(1) Cash flow from operations before changes in working capital.

(2) Changes in working capital is comprised of the net change in operating assets and liabilities and other cash flow activity.

(3) Acquisitions include leasehold acquisitions.

Magnolia Oil & Gas – Cash Operating Margin Reconciliation



<i>\$ / Boe</i>	<i>For the Quarter Ended March 31, 2020</i>	<i>For the Quarter Ended March 31, 2019</i>
Revenue	\$29.15	\$38.93
Direct Operating Expenses		
Lease Operating Expenses	(3.88)	(3.83)
Gathering, Transportation & Processing	(1.29)	(1.66)
Taxes Other Than Income	(1.61)	(2.56)
Exploration Expense ⁽¹⁾	(0.20)	(0.44)
General & Administrative Expense ⁽²⁾	(2.44)	(2.45)
Transaction Related Expense	-	(0.06)
Total Cash Operating Costs	(9.42)	(11.00)
Cash Operating Margin⁽³⁾	\$19.73	\$27.93

(1) Exploration expense excludes unproved property impairment of \$555.2 million, or \$89.23 per boe, for the quarter ended March 31, 2020.

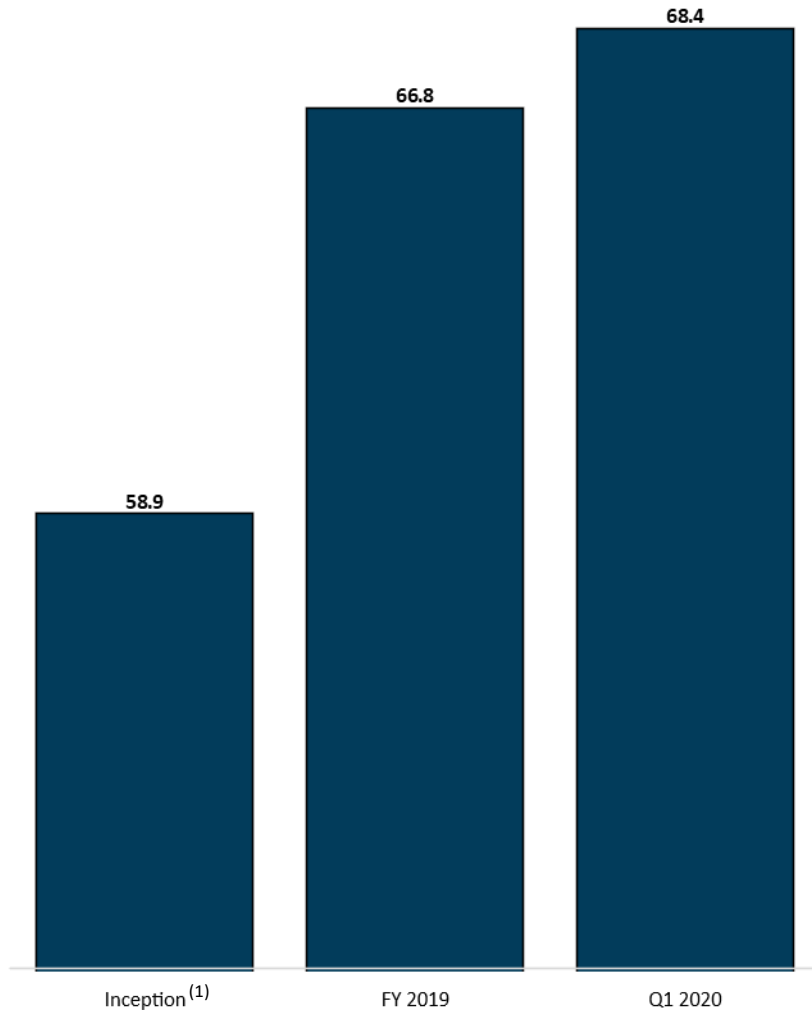
(2) General & administrative expense excludes non-cash stock based compensation of \$2.9 million and \$2.4 million, or \$0.46 per boe and \$0.43 per boe, for the quarters ended March 31, 2020 and 2019, respectively.

(3) Cash Operating Margin is a non-GAAP measures. For reasons management believes this is useful to investors, refer to slide 2 “Non-GAAP Financial Measures.”

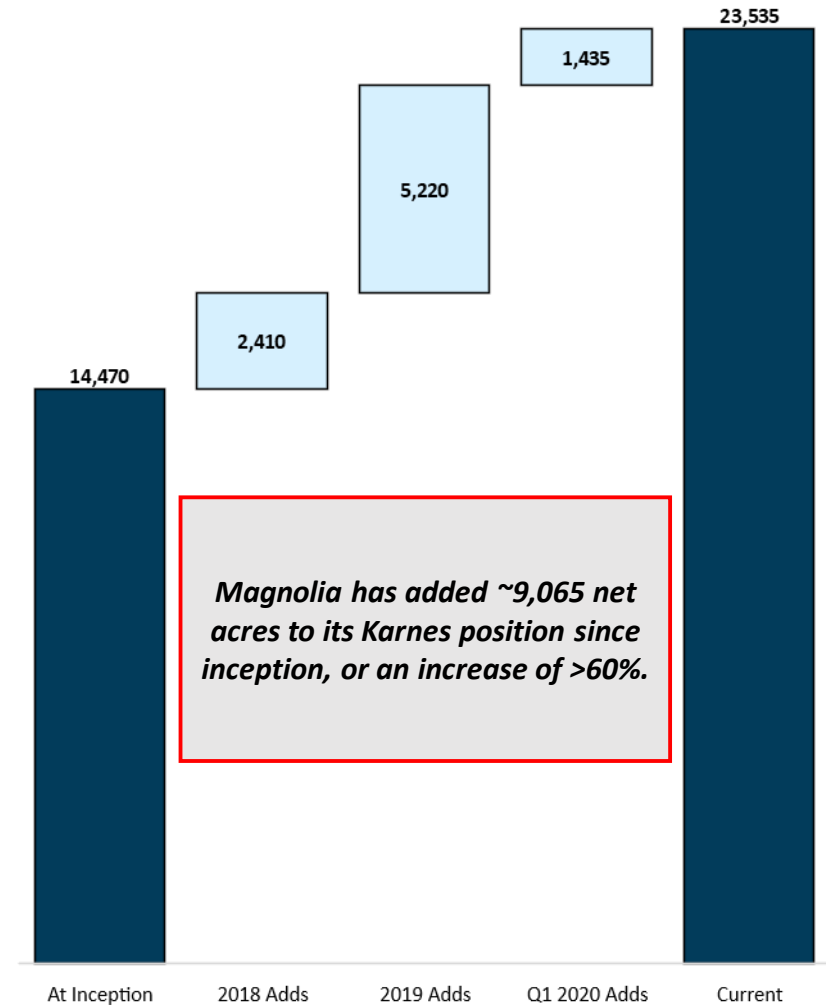
Achieving Key Objectives Through Steady Growth



Production Growth



Karnes Net Acreage Additions Since Inception



(1) Inception production is based Q3 2018 Successor Period is July 31, 2018 through September 30, 2018.

Magnolia Oil & Gas – Summary Balance Sheet



(In thousands)

	March 31, 2020	December 31, 2019
Cash	\$146,492	\$182,633
Current assets	82,753	110,585
Property, plant and equipment, net	1,209,606	3,116,757
Other assets	51,978	56,431
Total assets	\$1,490,829	\$3,466,406
Current liabilities	\$170,700	\$175,208
Long-term debt, net	390,147	389,835
Other long-term liabilities	101,092	172,834
Total stockholders' equity	828,890	2,728,529
Total liabilities and equity	\$1,490,829	\$3,466,406

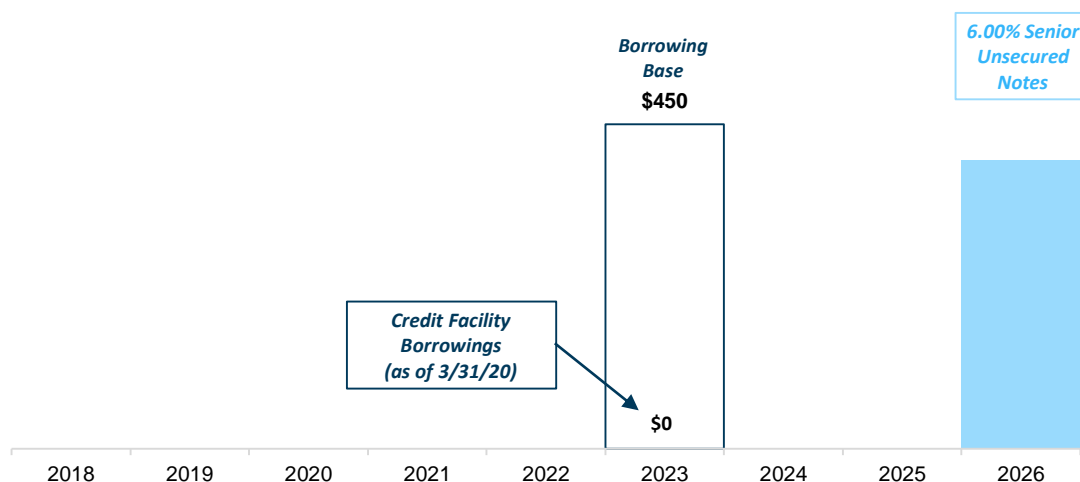
1Q20 Capital Structure and Liquidity Overview



Capital Structure Overview

- Maintaining low financial leverage profile
 - Net Debt / Total Book Capitalization of 21%
 - Net Debt / 1Q20 Annualized Adjusted EBITDAX of 0.5x
- Current Liquidity of \$596 MM, including fully undrawn credit facility ⁽¹⁾
- No debt maturities until senior unsecured notes mature in 2026

Debt Maturity Schedule (\$MM)



Capitalization & Liquidity (\$MM)

Capitalization Summary	As of 3/31/2020
Cash and Cash Equivalents	\$146
Revolving Credit Facility	\$0
6.00% Senior Notes Due 2026	\$400
Total Debt Outstanding	\$400
Total Shareholder's Equity ⁽²⁾	\$829
Net Debt / Q1 Annualized EBITDAX	0.5x
Net Debt / Total Book Capitalization	21%
Liquidity Summary	
Cash and Cash Equivalents	\$146
Credit Facility Availability	\$450
Liquidity ⁽¹⁾	\$596

(1) Liquidity defined as cash plus availability under revolving credit facility.

(2) Total Shareholders' Equity includes noncontrolling interest.

Appendix

Magnolia Oil & Gas – Overview



- High-quality, low-risk pure-play South Texas operator with a core Eagle Ford and Austin Chalk position acquired at an attractive entry multiple
- Significant scale and PDP base generates material free cash flow, reduces development risk and increases optionality
- **Asset Overview:**
 - ~23,500 net acres in a well-delineated, low-risk position in the core of Karnes County, representing some of the most prolific acreage in the United States with industry leading breakevens
 - ~430,000 net acres in the Giddings Field, a re-emerging oil play with significant upside and what we believe to be substantial inventory
 - Both assets expected to remain self funding and within cash flow

Market Statistics

Trading Symbol (NYSE) MGY

Share Price as of 5/8/2020 \$5.01

Common Shares Outstanding ⁽¹⁾ 252.3 million

Market Capitalization \$1.3 billion

Long-term Debt - Principal \$400 million

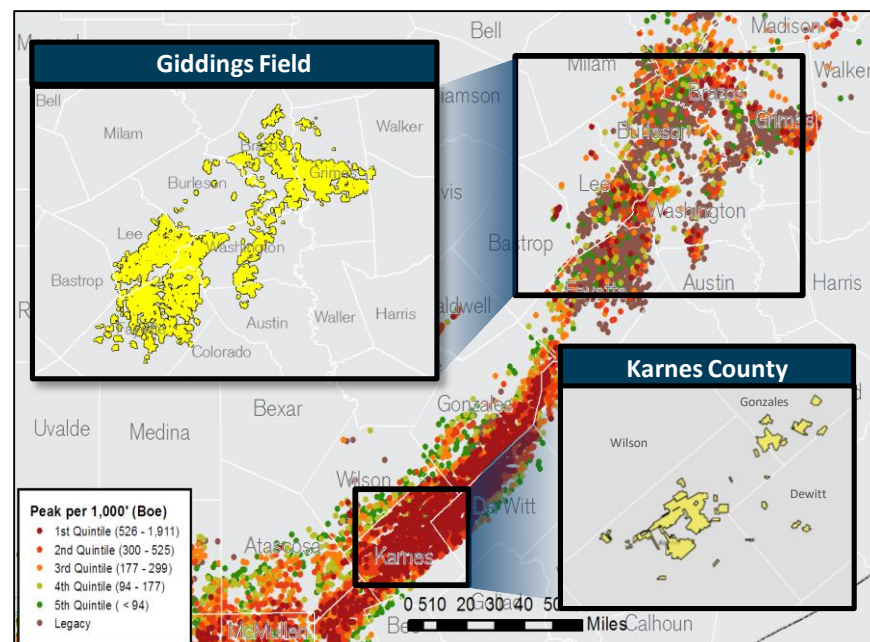
Total Enterprise Value \$1.5 billion

Operating Statistics	Karnes	Giddings	Total
Net Acreage	23,535	428,778	452,313
1Q20 Net Production (Mboe/d) ⁽²⁾	44.5	23.9	68.4

(1) Common Stock outstanding includes Class A and Class B Stock.

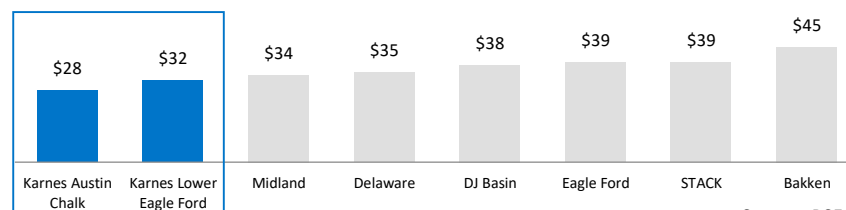
(2) Giddings Includes "other" production not located in the Giddings Field.

~450,000 Net Acre Position Targeting Two of the Top Oil Plays in the U.S.



Source: IHS Performance Evaluator.

Industry Leading Breakevens (\$/Bbl WTI)



Source: RSEG.

Reconciliation of Free Cash Flow



(In thousands)		
Free Cash Flow Reconciliation	For the Quarter Ended March 31, 2020	For the Quarter Ended March 31, 2019
Net Cash provided by operating activities	\$134,878	\$116,562
Changes in operating assets and liabilities	(17,321)	33,859
Cash flows from operations before changes in operating assets and liabilities	\$117,557	\$150,421
Additions to oil and natural gas properties	(94,210)	(134,435)
Free Cash Flow⁽¹⁾	\$23,347	\$15,986

(1) Free cash flow is a non-GAAP measure. For reasons management believes these are useful to Investors, refer to slide 2 "Non-GAAP Financial Measures."

Reconciliation of Net Income (Loss) to Adjusted EBITDAX



(In thousands)		
Adjusted EBITDAX reconciliation to net income (loss):	For the Quarter Ended March 31, 2020	For the Quarter Ended March 31, 2019
Net income (loss) ⁽¹⁾	(\$1,895,299)	\$22,713
Exploration expense	556,427	2,476
Asset retirement obligation accretion	1,438	1,328
Depreciation, depletion and amortization	142,671	115,946
Amortization of intangible assets	3,626	3,626
Interest expense	6,757	7,416
Income tax expense	(75,826)	3,775
EBITDAX⁽³⁾	(\$1,260,206)	\$157,280
Impairment of oil and natural gas properties	\$1,381,258	-
Non-cash stock based compensation expense	\$2,879	\$2,432
Transaction related costs ⁽²⁾	-	353
Adjusted EBITDAX⁽³⁾	\$123,931	\$160,065

(1) Includes net income (loss) attributable to noncontrolling interest.

(2) Transaction costs incurred related to the execution of our business combination with EnerVest, Ltd. and its affiliates including legal fees, advisory fees, consulting fees, accounting fees, employee placement fees, and other transaction and facilitation costs.

(3) EBITDAX and Adjusted EBITDAX are non-GAAP measures. For reasons management believes these are useful to Investors, refer to slide 2 "Non-GAAP Financial Measures."

Magnolia Oil & Gas – Operating Highlights



	For the Quarter Ended March 31, 2020	For the Quarter Ended March 31, 2019
Production:		
Oil (MBbls)	3,391	2,906
Natural Gas (MMcf)	10,053	9,763
NGLs (MBbls)	1,155	1,084
Total (Mboe)	6,222	5,617
Average Daily Production:		
Oil (Bbls/d)	37,259	32,289
Natural Gas (Mcf/d)	110,475	108,478
NGLs (Bbls/d)	12,688	12,044
Total (Mboe)	68,360	62,413
Revenues (in thousands):		
Oil Sales	\$154,686	\$171,654
Natural Gas Sales	16,175	27,375
NGL Sales	10,504	19,645
Total Revenues	\$181,365	\$218,674
Average Sales Price:		
Oil (per Bbl)	\$45.62	\$59.07
Natural Gas (per Mcf)	1.61	2.80
NGL (per Bbl)	9.09	18.12
Total (per Boe)	\$29.15	\$38.93
NYMEX WTI (\$/Bbl)	\$46.08	\$54.90
NYMEX Henry Hub(\$/Mcf)	1.95	3.15
Realization to benchmark ⁽¹⁾:		
Oil (per Bbl)	99%	108%
Natural Gas (per Mcf)	83%	89%

(1) Benchmarks are the NYMEX WTI and NYMEX HH average prices for oil and natural gas, respectively.

Adjusted Net Income (Loss) Reconciliation



(In thousands)

Adjusted Net Income (Loss)	For the Quarter Ended March 31, 2020	For the Quarter Ended March 31, 2019
NET INCOME (LOSS) ⁽¹⁾	(\$1,895,299)	\$22,713
Income tax expense (benefit)	(75,826)	3,775
INCOME (LOSS) BEFORE INCOME TAXES	(1,971,125)	26,488
Adjustments:		
Impairment of oil and natural gas properties	1,381,258	-
Impairment of unproved properties ⁽²⁾	555,175	-
Transaction costs	-	353
ADJUSTED INCOME (LOSS) BEFORE INCOME TAXES	(34,692)	26,841
Adjusted income tax expense (benefit) ⁽³⁾	(7,452)	5,883
ADJUSTED NET INCOME (LOSS)⁽⁵⁾	(\$27,240)	\$20,958

(in thousands)

Total Share Count	For the Quarter Ended March 31, 2020	For the Quarter Ended March 31, 2019
Diluted weighted average of Class A Common Stock outstanding during the period	167,149	158,140
Weighted average shares of Class B Common Stock outstanding during the period ⁽⁴⁾	85,790	93,312
Total weighted average shares of Class A and B Common Stock, including dilutive impact of other securities⁽⁴⁾	252,939	251,452

(1) Includes net income (loss) attributable to noncontrolling interest.

(2) Impairment of unproved properties is included within Exploration expense on the Consolidated Statement of Operations.

(3) Represents corporate income taxes at an assumed effective tax rate of 21.5% and 21.9% for the quarters ended March 31, 2020 and 2019, respectively, applied to adjusted income before income taxes.

(4) Shares of Class B Common Stock, and corresponding Magnolia LLC Units, are anti-dilutive in the calculation of weighted average number of common shares outstanding.

(5) Adjusted Net Income is a non-GAAP measure. For reasons management believes this is useful to investors, refer to slide 2 "Non-GAAP Financial Measure."

Adjusted Earnings (Loss) Reconciliation



(In thousands, except per share data)

	For the Quarter Ended March 31, 2020	Per Share Diluted EPS	For the Quarter Ended March 31, 2019	Per Share Diluted EPS
NET INCOME (LOSS) ATTRIBUTABLE TO CLASS A COMMON STOCK	(\$1,227,010)	(\$7.34)	\$13,026	\$0.08
Adjustments:				
Impairment of oil and natural gas properties	1,381,258	8.26	-	-
Impairment of unproved properties ⁽¹⁾	555,175	3.32	-	-
Transaction costs	-	-	353	-
Noncontrolling interest impact of adjustments	(656,527)	(3.93)	-	-
Tax Adjustments ⁽²⁾	(71,362)	(0.42)	(74)	-
ADJUSTED NET INCOME (LOSS) ATTRIBUTABLE TO CLASS A COMMON STOCK⁽³⁾	(\$18,466)	(\$0.11)	\$13,305	\$0.08

(1) Impairment of unproved properties is included within Exploration expense on the Consolidated Statement of Operations.

(2) Tax adjustments relate to impairment of oil and natural gas properties and valuation allowance associated with the company's deferred tax asset.

(3) Adjusted earnings (loss) is a non-GAAP measure. For reasons management believes this is useful to investors, refer to slide 2 "Non-GAAP Financial Measures."

Magnolia Oil & Gas – Production Results



	Combined	Karnes	Giddings & Other	Combined	Karnes	Giddings & Other
	Three Months Ended March 31, 2020			Three Months Ended March 31, 2019		
Production:						
Oil (MBbls)	3,391	2,799	592	2,906	2,442	464
Natural Gas (MMcf)	10,053	3,836	6,217	9,763	3,861	5,902
NGLs (MBbls)	1,155	607	548	1,084	558	526
Total (Mboe)	6,222	4,046	2,176	5,617	3,644	1,973
Average Daily Production Volume:						
Oil (MBbls/d)	37.3	30.8	6.5	32.3	27.1	5.2
Natural Gas (MMcf/d)	110.5	42.2	68.3	108.5	42.9	65.6
NGLs (MBbls/d)	12.7	6.7	6.0	12.0	6.2	5.8
Total (MBoe/d)	68.4	44.5	23.9	62.4	40.5	21.9