



Second Quarter 2021 Earnings Presentation

August 3, 2021

Stephen 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 ongoing coronavirus disease 2019 (“COVID-19”) pandemic, including the effects of related public health concerns and the impact of continued 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 acquisitions, 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, 2020, filed with the SEC on February 23, 2021. 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, adjusted net income, adjusted earnings, adjusted cash operating costs and adjusted cash operating margin. 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 accounting 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 adjusted net income and adjusted earnings 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, adjusted net income, and adjusted earnings should not be considered as alternatives to, or more meaningful than, net income as determined in accordance with GAAP. Certain items excluded from free cash flow, adjusted EBITDAX, adjusted net income, adjusted earnings, adjusted cash operating costs and adjusted cash operating margin 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, adjusted EBITDAX, adjusted net income, adjusted earnings, adjusted cash operating costs and adjusted cash operating margin 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 a liquidity measure, management believes free cash flow is 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 adjusted EBITDAX, adjusted net income, free cash flow, adjusted earnings, adjusted cash operating costs and adjusted cash operating margin may not be comparable to similar measures of other companies in our industry. A free cash flow reconciliation is shown on page 14, adjusted EBITDAX reconciliation is shown on page 15 of the presentation, adjusted net income reconciliation is shown on page 16, adjusted earnings reconciliation is shown on page 17 and adjusted cash operating costs and adjusted cash operating margin reconciliations are shown on page 9.

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.

Magnolia Oil & Gas – 2Q 2021 Highlights



- Total production in the second quarter 2021 increased 4% sequentially to 64.9 Mboe/d. Oil production increased 11% sequentially.
- Production at Giddings was 36.2 Mboe/d increasing 55% from prior year levels. Giddings oil production of 12.6 Mbbl/d increased 97% over the same period last year.
- Generated adjusted EBITDAX of \$195 million versus our D&C Capital of \$54 million, or just 28% of adjusted EBITDAX, during the second quarter.
- Generated free cash flow of \$134 million during the second quarter.
- Second quarter 2021 operating income margin was 52%.
- Cash G&A expense for the second half of the year is expected to be reduced greater than 20% to \$2.00/boe from \$2.60/boe⁽¹⁾ in 2020.
- Decreased long-term D&C spending to within 55% of EBITDAX, down from 60%, to generate moderate production growth.
- Magnolia spent \$121 million reducing its diluted share count during the second quarter. As a result, the fully diluted share count is expected to decline by approximately 7% to 237 million diluted shares in the third quarter of 2021 from 255 million shares in the fourth quarter of 2020.
 - Magnolia ended the second quarter with 10.5 million Class A Common shares remaining under the current share repurchase authorization.
- Magnolia announced its inaugural semi-annual cash dividend of \$0.08 per share to be paid in the third quarter.
- Third Quarter production is expected to average 67 Mboe/d, a 3 percent sequential increase.

(1) Full year 2020 cash G&A costs of \$2.60 per boe are derived from general and administrative expenses of \$3.05 per boe less non-cash stock based compensation of \$0.45 per boe.

Magnolia Oil & Gas – 2Q 2021 Key Metrics



Adj. Net Income ⁽¹⁾ & Adj. EPS ⁽¹⁾

\$135.0 million

\$0.56/share

Total Production

64.9 Mboe/d

(4% sequential growth)

Giddings Production

36.2 Mboe/d

(55% YOY growth)

Adjusted EBITDAX ⁽¹⁾

\$195.1 Million

D&C Capex

\$53.8 Million

28% of Adj. EBITDAX

Free Cash Flow ⁽¹⁾

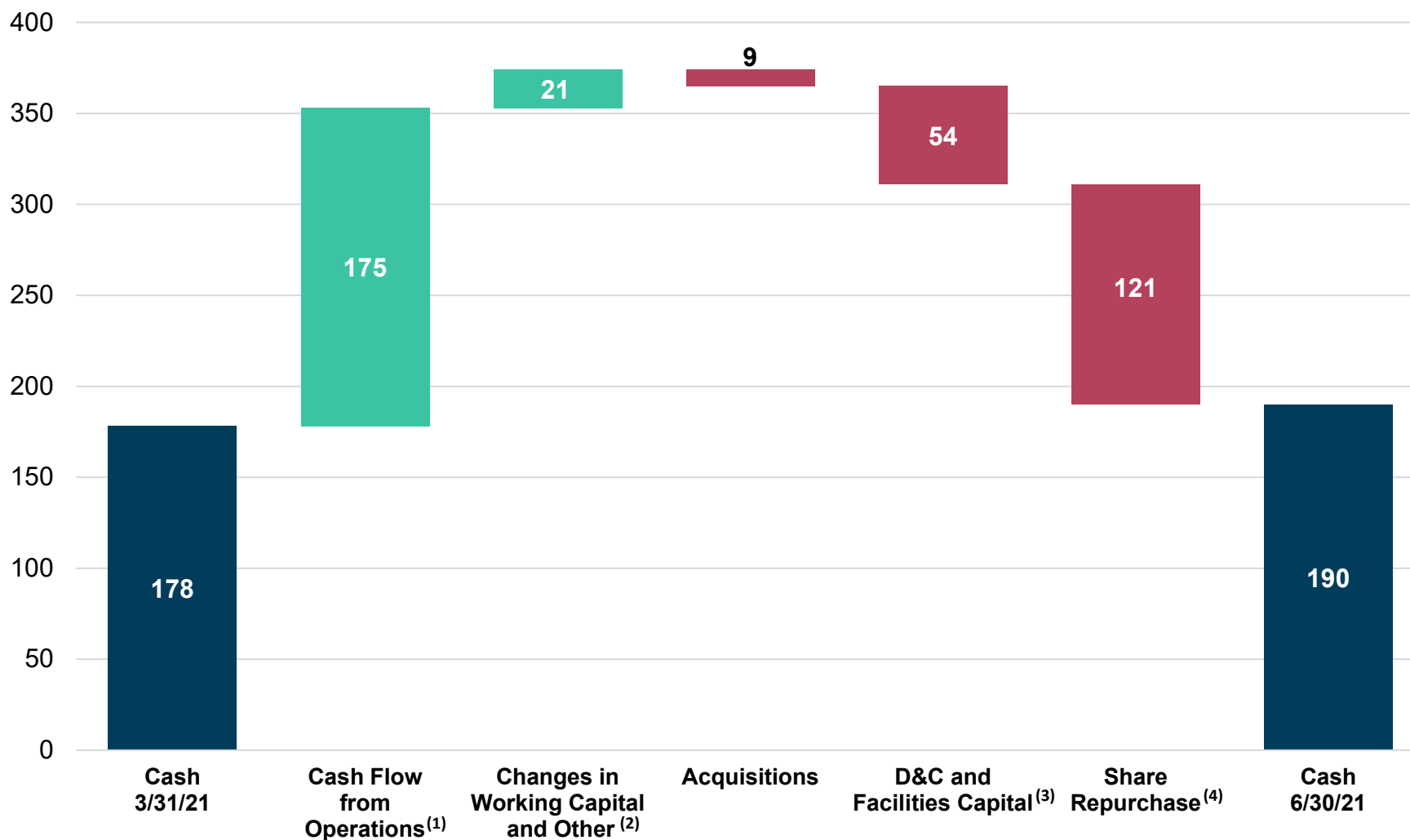
\$134.0 million

(1) Adjusted EPS, Adjusted Net Income, Free Cash Flow and Adjusted EBITDAX are non-GAAP measures. For a reconciliation to the most directly comparable GAAP measure see pages 17, 16, 14 and 15.

2Q 2021 Cash Flow Summary



(\$In Millions)



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

(2) Includes \$13 million increase in working capital and \$14 million increase in capital accruals which are included in the investing activities of cash flows offset by \$6 million in other activities.

(3) D&C Capital of \$54 million includes \$14 million of capital activities that have been accrued but not yet paid

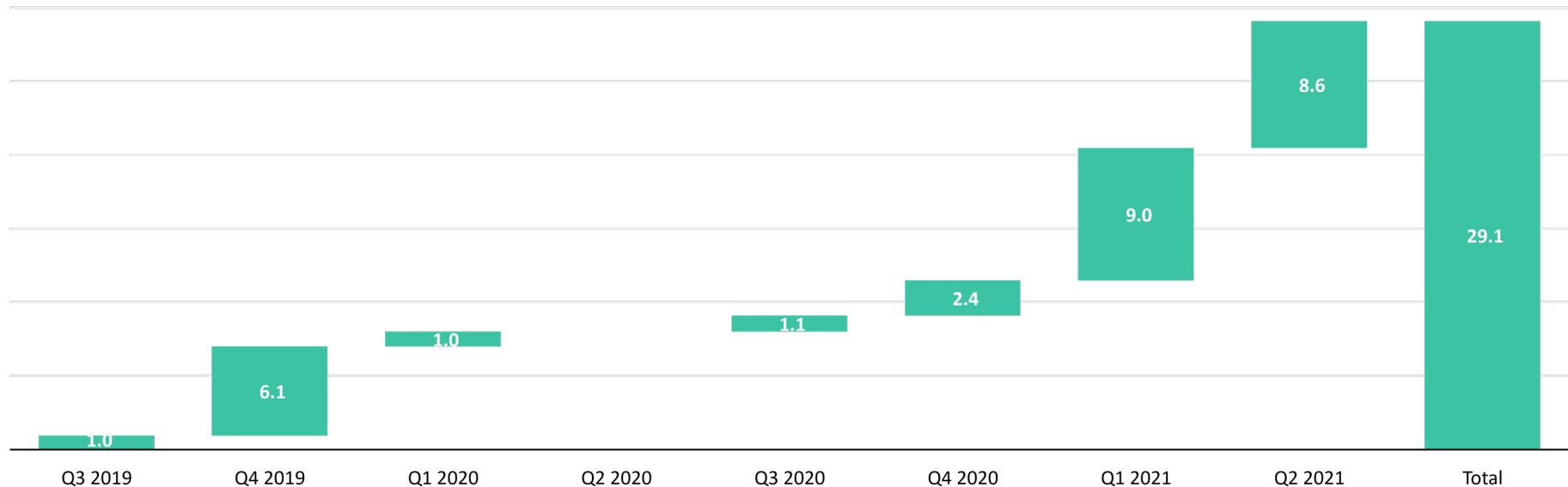
(4) Comprised of \$72 million Class B Common Stock repurchases outside of share repurchase program and approximately \$24 million of Class A Common Stock repurchases as part of the share repurchase program, and a \$25 million cash settlement for the non-compete agreement in lieu of Class A Common Stock Issuance.

Share Repurchase Summary Through 2Q 2021



- Magnolia received initial authorization to repurchase up to 10 million shares of Class A common stock in Q3 2019. The Board of Directors increased the share repurchase authorization by an additional 10 million shares in February 2021.
- Through Q2 2021, Magnolia has reduced its dilutive share count by 13.1 million shares of Class A common stock as well as 16 million shares of Class B common stock, for a total reduction of 29.1 million shares, or approximately ~11% of the diluted shares outstanding as of the authorization date.
 - Q3 2021 diluted share count is expected to be approximately 237 million shares.
- Going forward, Magnolia plans to repurchase 1% of the total shares outstanding each quarter.
- There are 10.5 million shares remaining under the current share repurchase authorization.

Quarterly Share Reduction Summary (Million Shares)



(1) Class A share reduction includes 3.6 million non-compete shares that were paid in cash in lieu of stock.

Magnolia Oil & Gas – Summary Balance Sheet



<i>(in thousands)</i>		
	June 30, 2021	December 31, 2020
Cash	\$190,282	\$192,561
Current assets	122,579	88,965
Property, plant and equipment, net	1,171,633	1,149,527
Other assets	13,851	22,367
Total assets	\$1,498,345	\$1,453,420
Current liabilities	\$167,949	\$128,949
Long-term debt, net	386,996	391,115
Other long-term liabilities	100,744	93,934
Total stockholders' equity	842,656	839,422
Total liabilities and equity	\$1,498,345	\$1,453,420

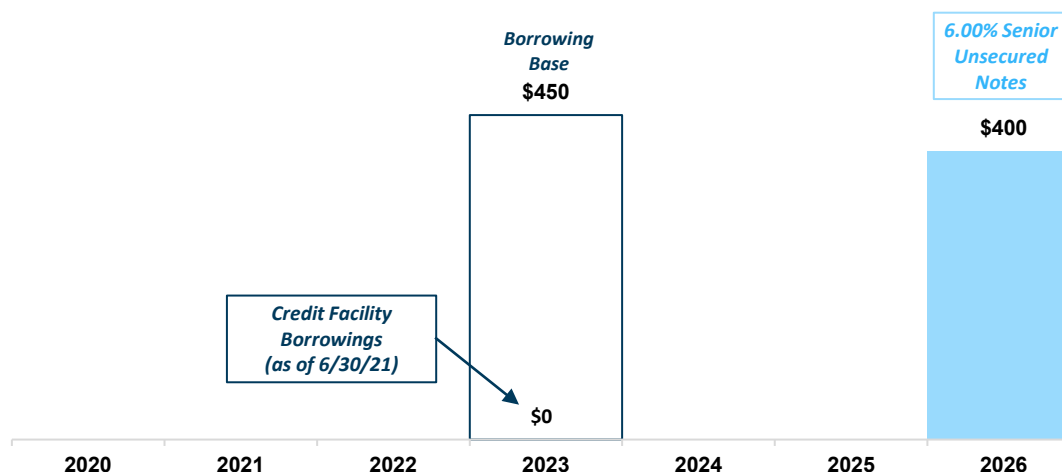
2Q 2021 Capital Structure and Liquidity Overview



Capital Structure Overview

- Maintaining low financial leverage profile
 - Net Debt / Total Book Capitalization of 17%
 - Net Debt / Q2 Annualized adjusted EBITDAX of 0.3x
- Current Liquidity of \$640 million, 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 6/30/2021

Cash and Cash Equivalents	\$190
Revolving Credit Facility	\$0
6.00% Senior Notes Due 2026	\$400
Total Principal Debt Outstanding	\$400
Total Equity ⁽²⁾	\$843

Net Debt / Q2 Annualized Adjusted EBITDAX	0.3x
Net Debt / Total Book Capitalization	17%

Liquidity Summary As of 6/30/2021

Cash and Cash Equivalents	\$190
Credit Facility Availability	\$450
Liquidity ⁽¹⁾	\$640

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

(2) Total Equity includes noncontrolling interest.

Magnolia Oil & Gas – Margin and Cost Structure



<i>\$ / boe, unless otherwise noted</i>	<i>For the Quarter Ended June 30, 2021</i>	<i>For the Quarter Ended March 31, 2021</i>
Revenue	\$42.42	\$37.06
Total Cash Operating Costs:		
Lease Operating Expenses ⁽¹⁾	(3.70)	(3.44)
Gathering, Transportation & Processing	(1.52)	(1.57)
Taxes Other Than Income	(2.34)	(1.92)
Exploration Expense	(0.01)	(0.37)
General & Administrative Expenses ⁽²⁾	(3.61)	(3.17)
Total Adjusted Cash Operating Costs	(11.18)	(10.47)
Adjusted Cash Operating Margin	\$31.24	\$26.59
Margin %	74%	72%
Non-Cash Costs:		
Depreciation, Depletion, and Amortization	(7.33)	(7.66)
Asset Retirement Obligations Accretion	(0.24)	(0.24)
Amortization on Intangible Assets	(1.22)	(0.38)
Non-cash stock based compensation	(0.60)	(0.48)
Total non-cash expenses	(9.39)	(8.76)
Operating Income Margin	\$21.85	\$17.83
Margin %	52%	48%

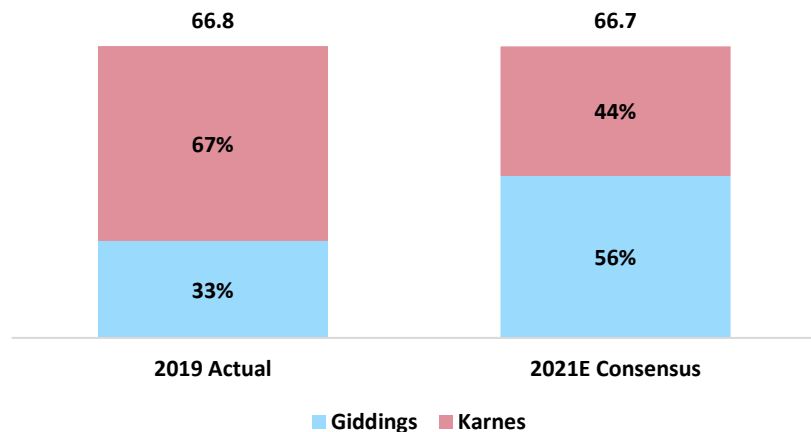
(1) Lease operating expenses excludes non-cash stock based compensation of \$0.1 million, or \$0.02 per boe, for each of the quarters ended 6/30/2021 and 3/31/2021.

(2) General & administrative expenses excludes non-cash stock based compensation of \$3.4 million, or \$0.58 per boe, and \$2.6 million, or \$0.46 per boe, for the quarters ended 6/30/2021 and 3/31/2021, respectively.

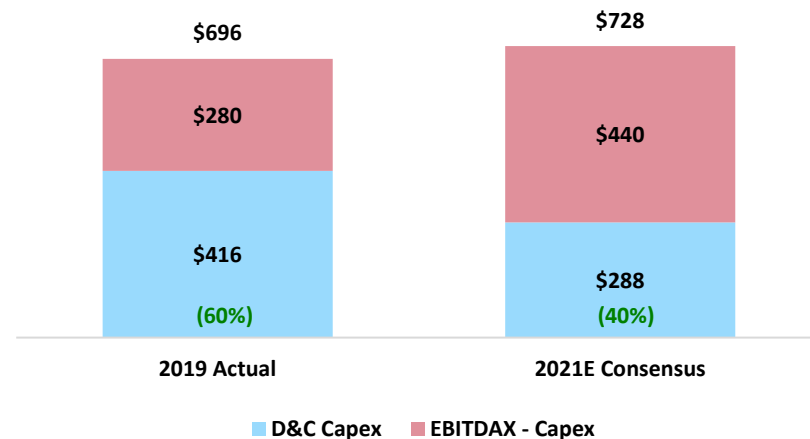
2021 Consensus Estimates⁽¹⁾ vs 2019 Actuals



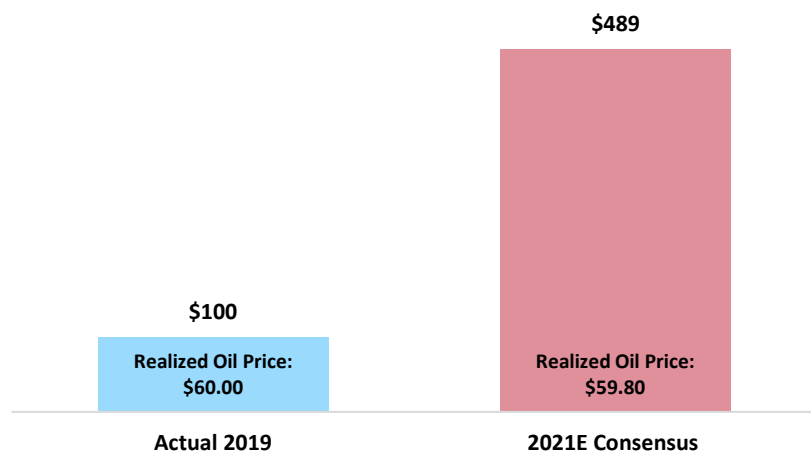
Total Net Production (Mboe/d)



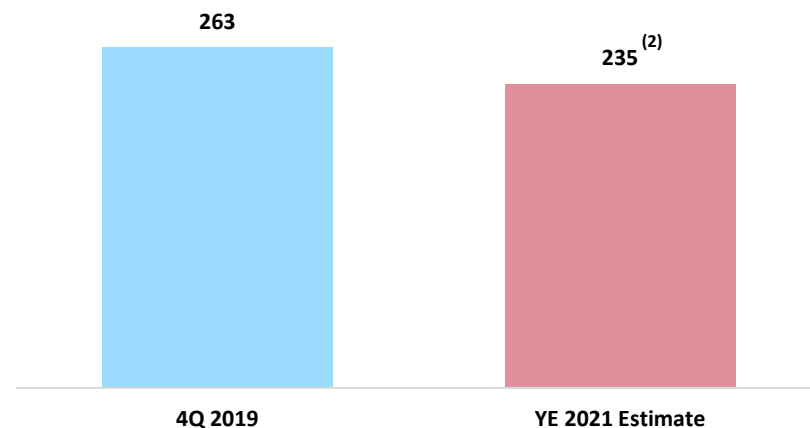
D&C Capex / Adjusted EBITDAX (\$MM)



Pre-Tax Net Income (\$MM)



Diluted Share Count (MM)



(1) Based on FactSet Estimates as of 7/27/2021.

(2) Assumes MGY's 237 million diluted share guidance for 3Q21 and a 1% reduction of the share count in 4Q21, respectively.

ENVIRONMENTAL

Flaring

Flare less than 1% of our total net production

Fugitive Emissions

Operate vent and flare systems to minimize fugitive emissions from storage tanks

Water Resources

Operations do not produce large volumes of water after initial production

Groundwater

Design wells to minimize the possibility of well failure and ensure groundwater is protected

SOCIAL

Workforce Health & Safety

Both employee total recordable incident rate and fatality rate were zero in 2020

Diversity

24% of employee population are women (38% in our Houston corporate office) and 32% identify as Asian, Black or African American, Hispanic or Latino, or two or more races

Community Support

Gave more than \$105,000 to local communities, supporting more than 100 organizations

GOVERNANCE

Board Independence

71% of board members are independent

Board Diversity

29% of board members are women

Executive Compensation

Ratio of 2020 Chief Executive Officer's compensation to median employee's compensation was 1.48 to 1

Say-on-Pay

More than 99% of stockholders approved say-on-pay at 2021 Annual Meeting of Stockholders

Magnolia 2021 Sustainability Report is Available on Our Website Under the Sustainability Tab

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 break-evens
 - ~450,000 net acres in the Giddings area, 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 7/30/2021	\$14.00
Common Shares Outstanding ⁽¹⁾	236 million
Market Capitalization	\$3.3 billion
Long-term Debt – Principal	\$400 million
Cash as of 6/30/2021	\$190 million
Total Enterprise Value	\$3.5 billion

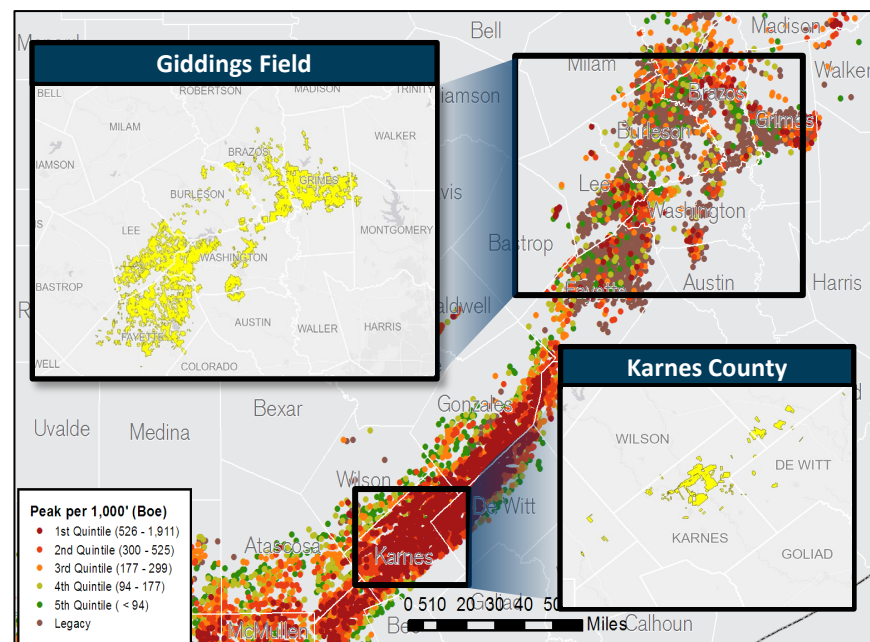
Operating Statistics

	Karnes	Giddings	Total
Net Acreage	23,513	452,496	476,009
2Q21 Net Production (Mboe/d) ⁽²⁾	28.7	36.2	64.9

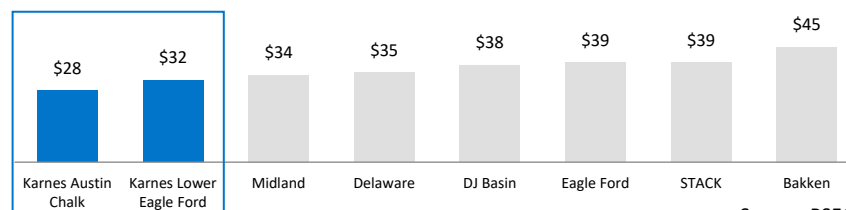
(1) Common Stock outstanding includes Class A and Class B Stock.

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

~476,000 Net Acre Position Targeting Two of the Top Oil Plays in the U.S.



Industry Leading Breakevens (\$/Bbl WTI)



Free Cash Flow Reconciliation



<i>(in thousands)</i>		
	For the Quarter Ended June 30, 2021	For the Quarter Ended March 31, 2021
Net cash provided by operating activities	\$187,879	\$118,153
Add back: Changes in operating assets and liabilities	(13,263)	23,740
Cash flows from operations before changes in operating assets and liabilities	\$174,616	\$141,893
Additions to oil and natural gas properties	(54,190)	(40,166)
Changes in working capital associated with additions to oil & gas properties	13,558	(1,744)
Free cash flow ⁽¹⁾	\$133,984	\$99,983

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

Reconciliation of Net Income (Loss) to Adjusted EBITDAX



<i>(in thousands)</i>		
	For the Quarter Ended June 30, 2021	For the Quarter Ended June 30, 2020
Net income (loss)	\$116,172	(\$29,391)
Exploration expense	62	6,462
Asset retirement obligation accretion	1,405	1,464
Depreciation, depletion and amortization	43,332	50,870
Amortization of intangible assets	7,233	3,626
Interest expense, net	8,752	7,256
Income tax expense (benefit)	2,398	(3,176)
EBITDAX ⁽¹⁾	\$179,354	\$37,111
Service agreement transition costs ⁽²⁾	\$10,345	-
Non-cash stock based compensation expense	\$3,528	\$3,065
Unrealized loss on derivatives, net	\$1,838	-
Adjusted EBITDAX ⁽¹⁾	\$195,065	\$40,176

(1) 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."

(2) Costs incurred during the transition period related to the termination of the Services Agreement with EnerVest Operating L.L.C. included within "General and administrative expenses" on the Company's consolidated statements of operations.

Adjusted Net Income (Loss) Reconciliation



<i>(in thousands)</i>		
	For the Quarter Ended June 30, 2021	For the Quarter Ended June 30, 2020
Net income	\$116,172	(\$29,391)
Income tax expense (benefit)	\$2,398	(\$3,176)
Income Before Income Taxes	118,570	(32,567)
Adjustments:		
Impairment of unproved properties ⁽¹⁾	-	6,440
Service agreement transition costs ⁽²⁾	10,345	-
Accelerated amortization of intangible	5,877	-
Unrealized loss on derivatives, net	1,838	-
Interest expense costs related to debt modification	1,147	-
Adjusted Income (Loss) before income taxes	137,777	(26,127)
Adjusted income tax expense (benefit)	2,755	(5,629)
Adjusted Net Income (Loss) ⁽³⁾	\$135,022	(\$20,498)

<i>(in thousands)</i>		
	For the Quarter Ended June 30, 2021	For the Quarter Ended June 30, 2020
Total Share Count		
Diluted weighted average of Class A Common Stock outstanding during the period	176,129	166,572
Weighted average shares of Class B Common Stock outstanding during the period ⁽⁴⁾	66,088	85,790
Total weighted average shares of Class A and B Common Stock, including dilutive impact of other securities ⁽⁴⁾	242,217	252,362

(1) Impairment of unproved properties is included within Exploration expense on the consolidated statements of operations.

(2) Costs incurred during the transition period related to the termination of the Services Agreement with EnerVest Operating L.L.C. included within "General and administrative expenses" on the Company's consolidated statements of operations.

(3) 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."

(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.

Adjusted Earnings Reconciliation



(in thousands)

	For the Quarter Ended June 30, 2021	Per Share Diluted EPS	For the Quarter Ended June 30, 2020	Per Share Diluted EPS
Net income (loss) attributable to Class A Common Stock	\$84,445	\$0.48	(\$18,272)	(\$0.11)
Adjustments:				
Impairment of unproved properties ⁽¹⁾	-	-	6,440	0.04
Service agreement transition costs ⁽²⁾	10,345	0.06	-	-
Accelerated amortization of intangible	5,877	0.03	-	-
Unrealized loss on derivatives, net	1,838	0.01	-	-
Interest expense related to debt modification	1,147	0.01	-	-
Noncontrolling interest impact of adjustments	(5,140)	(0.03)	(2,183)	(0.01)
Change in estimated income tax	(281)	-	-	-
Adjusted net income (loss) attributable to Class A Common Stock ⁽³⁾	\$98,231	\$0.56	(\$14,015)	(\$0.08)

(1) Impairment of unproved properties is included within Exploration expense on the consolidated statements of operations.

(2) Costs incurred during the transition period related to the termination of the Services Agreement with EnerVest Operating L.L.C. included within "General and administrative expenses" on the Company's consolidated statements of operations.

(3) Adjusted earnings 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 – Operating Highlights



	For the Quarter Ended June 30, 2021	For the Quarter Ended June 30, 2020
Production:		
Oil (MBbls)	2,903	3,089
Natural gas (MMcf)	9,947	9,763
Natural gas liquids (MBbls)	1,349	1,122
Total (Mboe)	5,910	5,838
Average daily production:		
Oil (Bbls/d)	31,897	33,940
Natural gas (Mcf/d)	109,313	107,289
Natural gas liquids (Bbls/d)	14,830	12,324
Total (Mboe)	64,946	64,146
Revenues (in thousands):		
Oil revenues	\$188,096	\$60,790
Natural gas revenues	32,595	13,168
Natural gas liquids revenues	30,035	8,881
Total Revenues	\$250,726	\$82,839
Average Sales Price:		
Oil (per Bbl)	\$64.80	\$19.68
Natural gas (per Mcf)	3.28	1.35
Natural gas liquids (per Bbl)	22.26	7.92
Total (per boe)	\$42.42	\$14.19
NYMEX WTI (per Bbl)	\$66.06	\$27.85
NYMEX Henry Hub (per Mcf)	\$2.83	\$1.71
Realization to benchmark: ⁽¹⁾		
Oil (% of WTI)	98%	71%
Natural gas (% of Henry Hub)	116%	79%

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

Magnolia Oil & Gas – Production Results



	Combined	Karnes	Giddings & Other	Combined	Karnes	Giddings & Other
	Three Months Ended June 30, 2021			Three Months Ended June 30, 2020		
Production:						
Oil (MBbls)	2,903	1,755	1,148	3,089	2,503	586
Natural gas (MMcf)	9,947	2,752	7,195	9,763	3,781	5,982
Natural gas liquids (MBbls)	1,349	404	945	1,122	586	536
Total (Mboe)	5,910	2,618	3,292	5,838	3,719	2,119
Average Daily Production Volume:						
Oil (MBbls/d)	31.9	19.3	12.6	33.9	27.5	6.4
Natural gas (MMcf/d)	109.3	30.2	79.1	107.3	41.5	65.8
Natural gas liquids (MBbls/d)	14.8	4.4	10.4	12.3	6.4	5.9
Total (Mboe/d)	64.9	28.7	36.2	64.1	40.8	23.3