



Magnolia Oil & Gas Corporation Investor Presentation – December 2020



Disclaimer



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, 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, adjusted net income and adjusted earnings. 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 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, and adjusted earnings 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 and adjusted earnings 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 and adjusted earnings and may not be comparable to similar measures of other companies in our industry. A free cash flow reconciliation is shown on page 19, adjusted EBITDAX reconciliation is shown on page 20 of the presentation, adjusted net income reconciliation is shown on page 21 and adjusted earnings reconciliation is shown on page 22.

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 – 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
 - ~440,000 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 12/4/2020 \$7.41

Common Shares Outstanding ⁽¹⁾ 251.3 million

Market Capitalization \$1.9 billion

Long-term Debt - Principal \$400 million

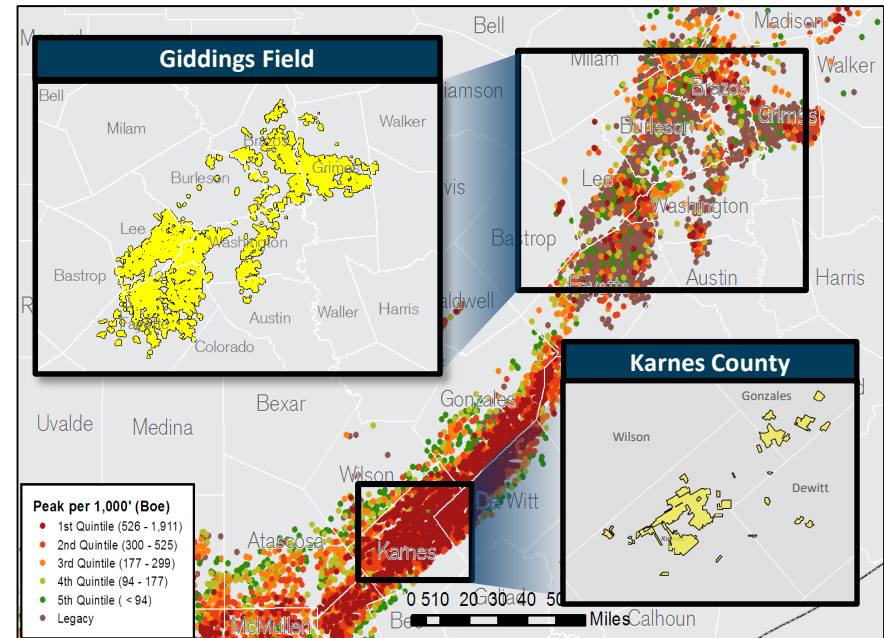
Total Enterprise Value \$2.1 billion

Operating Statistics	Karnes	Giddings	Total
Net Acreage	23,559	437,128	460,687
3Q20 Net Production (Mboe/d) ⁽²⁾	33.9	20.4	54.3

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

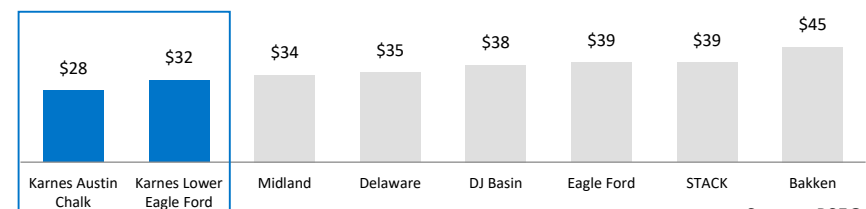
(2) Giddings Includes other production not located in the Giddings Field.

~460,000 Net Acre Position Targeting Two of the Top Oil Plays in the U.S.



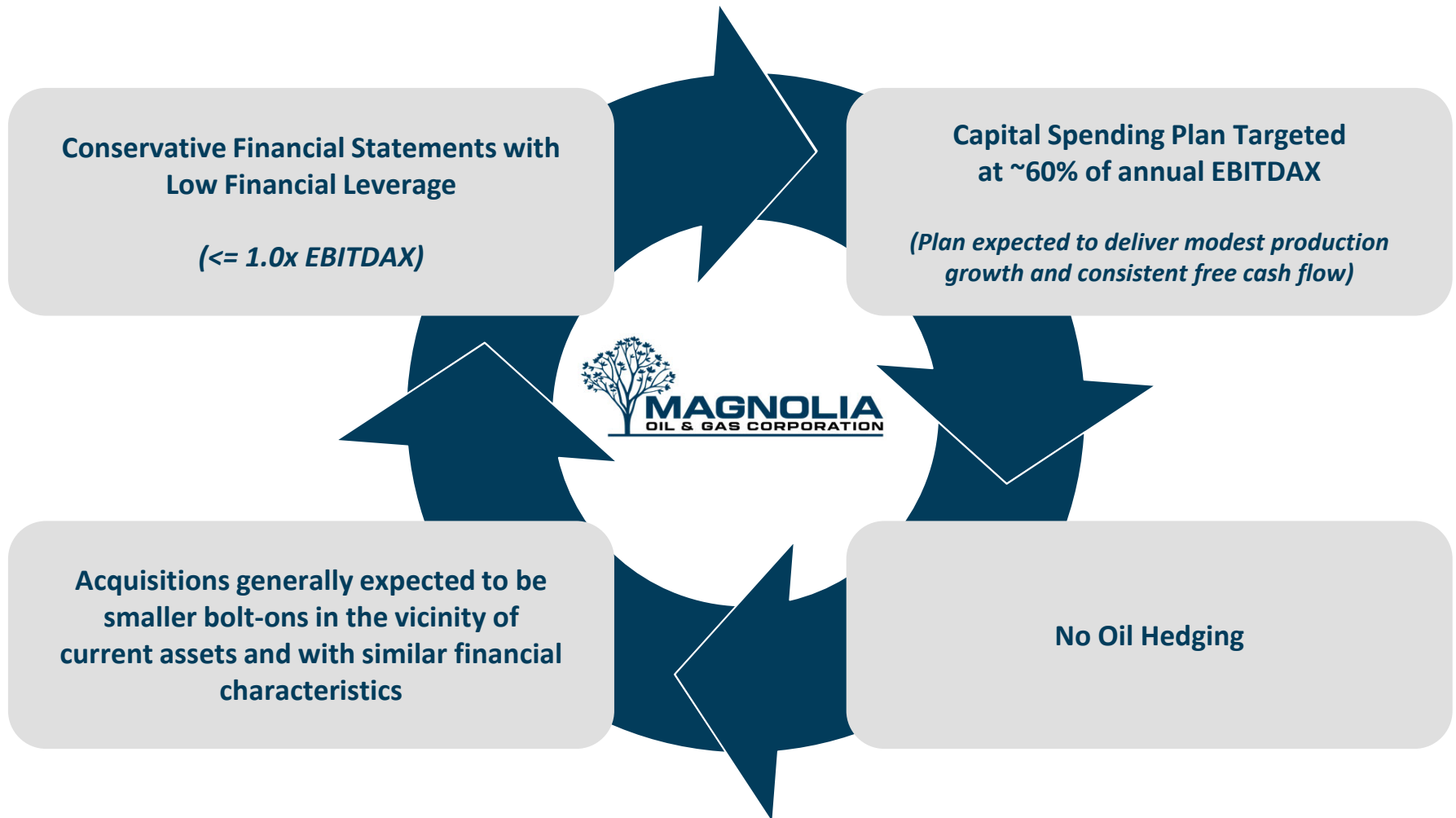
Source: IHS Performance Evaluator.

Industry Leading Breakevens (\$/Bbl WTI)



Source: RSEG.

Magnolia Oil & Gas – Financial Policy



Return-focused, long-term value creation through execution on (i) debt reduction, (ii) accretive bolt-on acquisitions, and (iii) share repurchases.

Magnolia Value Creation Strategy

- 1 Consistent organic production growth
- 2 High full-cycle operating margins
- 3 Conservative leverage profile
- 4 Significant free cash flow after capital expenditures
- 5 Effective reinvestment of free cash flow

Objectives & Execution

Modest production growth based on current commodity prices

Targeting full cycle margins of ~50%

\$149 mm of cash on the balance sheet and \$400 million of principal debt outstanding, representing 0.8x annualized adjusted EBITDAX

Business model targets Capex of approximately 60% of our annual EBITDAX

Closed ~\$205 million of bolt-on acquisitions since 1/1/2019 while increasing our Karnes net acreage position by ~40% and, repurchased ~9 million shares of Magnolia stock

Total Company Production

**7% - 10% Sequential
Growth**

Giddings Production

**>20% Sequential
Growth**

D&C Capex

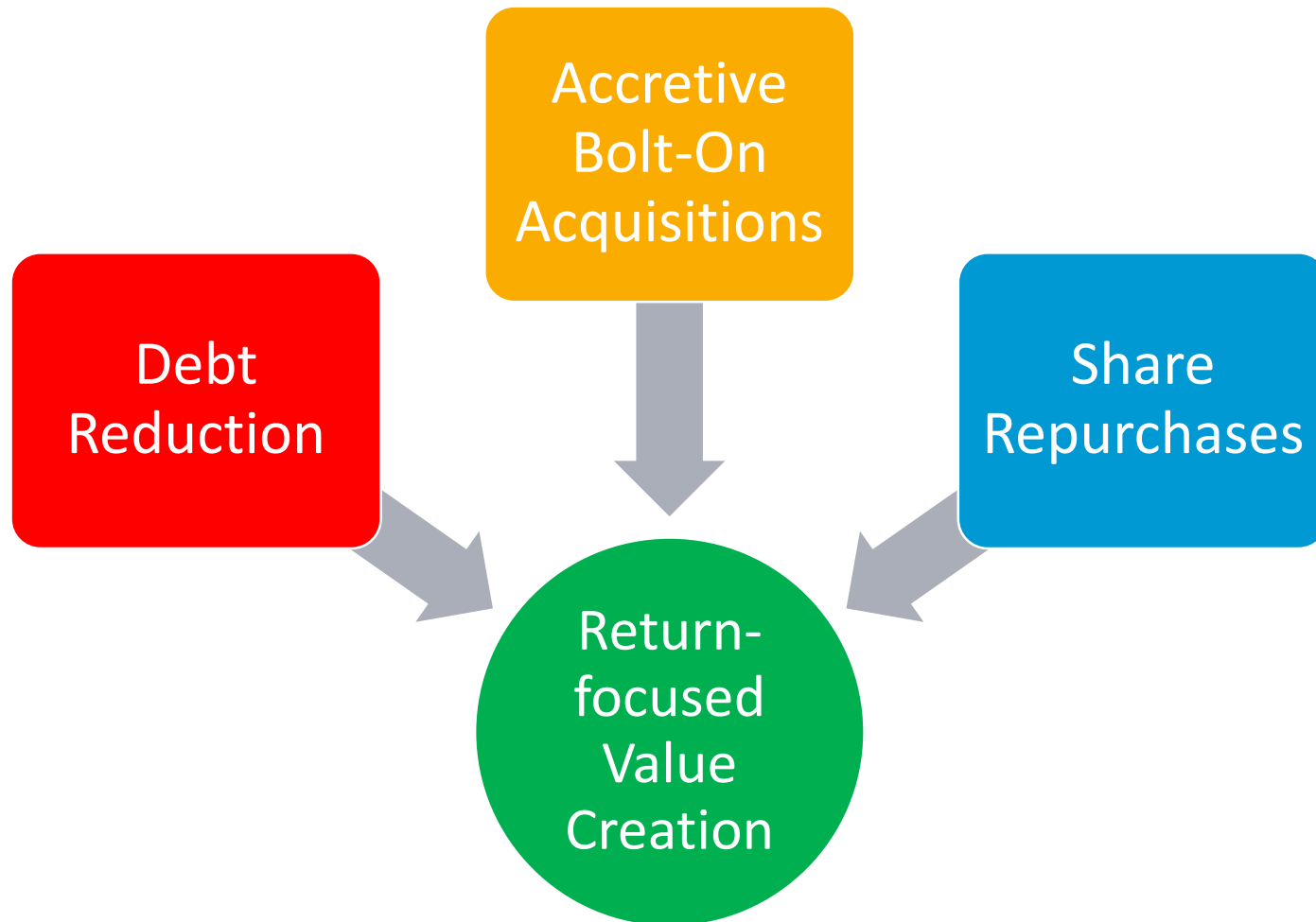
~55% of adj. EBITDAX

Oil Differential

**\$3/Bbl discount to
MEH**

Activity

8 Giddings TILs

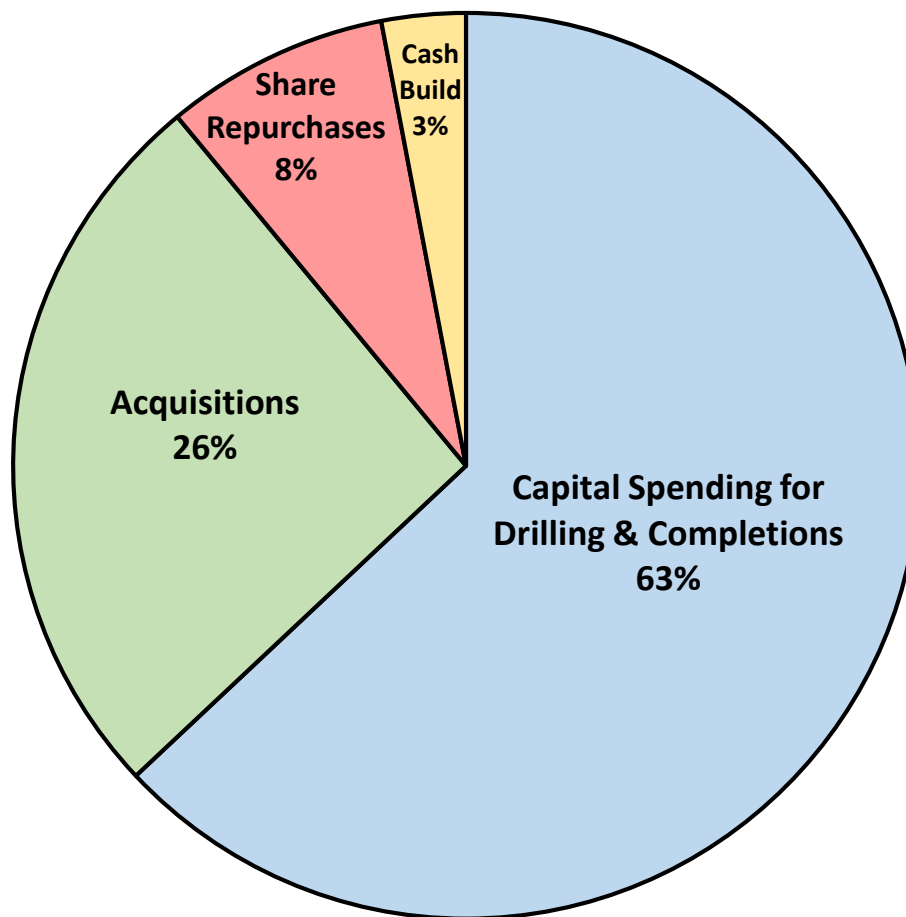


With a targeted goal of always being free cash flow positive, Magnolia intends to be a prudent steward of shareholder's capital

Cash Flow Allocation Matches Magnolia's Business Model



(Percentage of Operating Cash Flow⁽¹⁾ – since inception - 7/31/18 thru 9/30/20)



(1) Operating Cash Flow is cash flow from operations before changes in working capital.



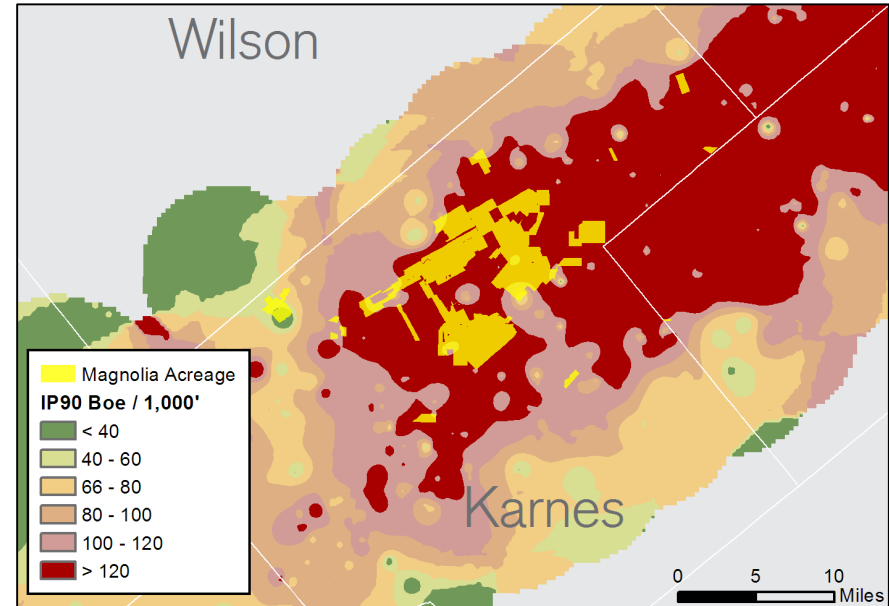
Asset Overview

Karnes County – Core Eagle Ford and Austin Chalk

Key Asset Highlights

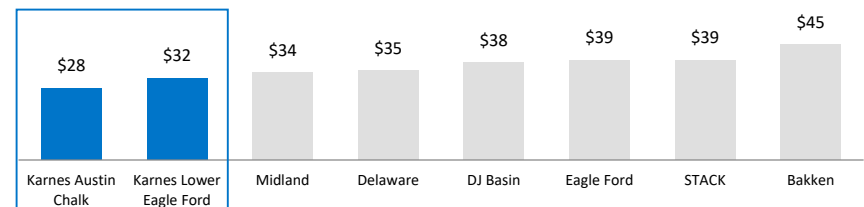
- World-class acreage footprint located in the core of the Eagle Ford, substantially de-risked
 - ~23,500 net acres, 65% operated, 95% HBP, 33.9 Mboe/d 3Q20 production (65% oil, 79% liquids)
 - EOG represents ~75% of non-operated activity
- Steady production growth while generating substantial free cash flow
 - Full field development allows for operational efficiencies and improved performance
- Well known, repeatable acreage position targeting multiple benches and represents some of the best economics in North America
 - Break-evens between \$28 - \$32 per barrel ⁽¹⁾

Premier Position in the Core of the Eagle Ford



Source: IHS Performance Evaluator.

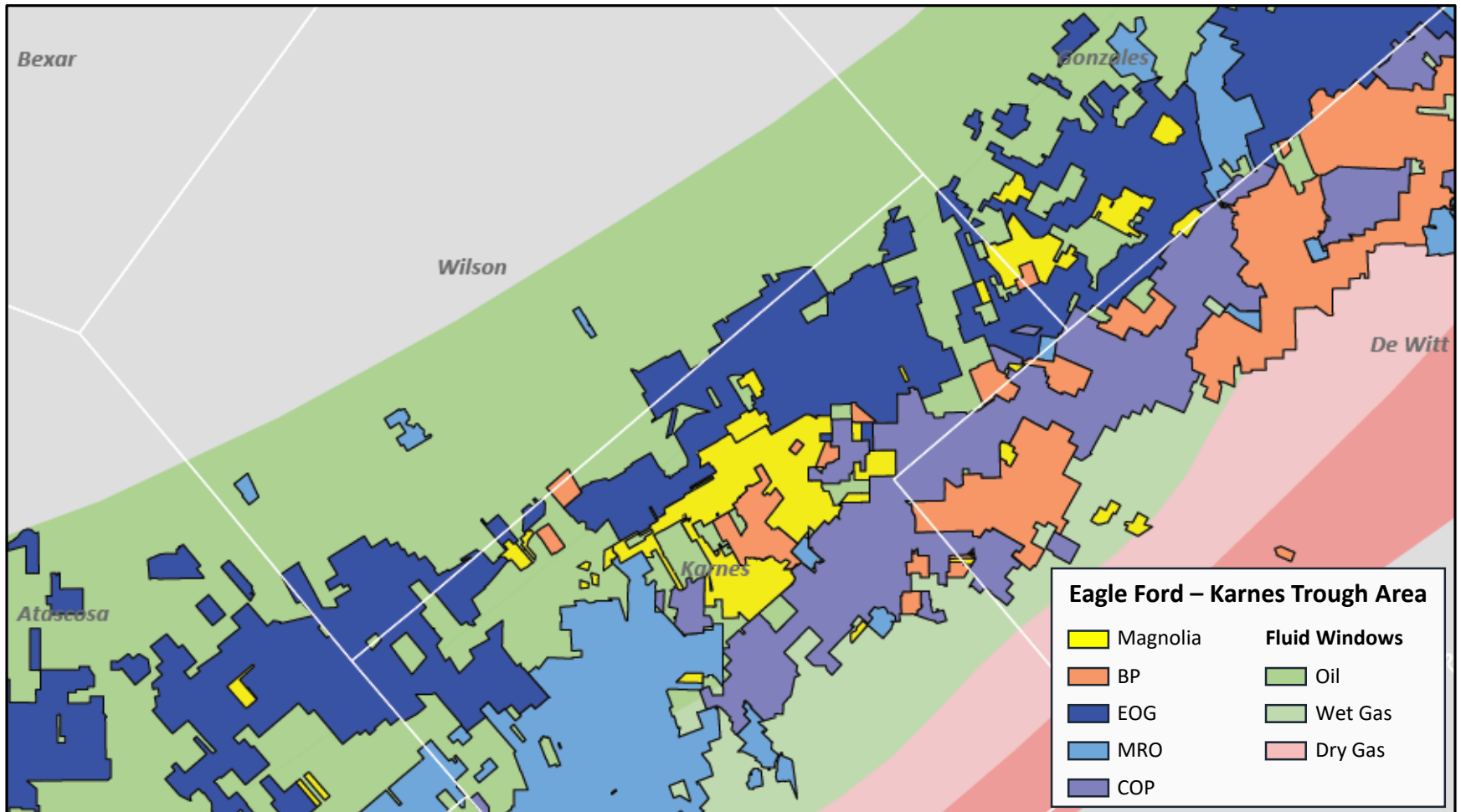
Industry Leading Breakevens (\$/Bbl WTI) ⁽¹⁾



Source: RSEG.

(1) Source: RSEG

Located in an Attractive Neighborhood



Core position in Karnes County Oil Window adjacent to EOG and Marathon with \$28 to \$32/barrel breakevens⁽¹⁾ and typically less than 1-year new well paybacks

(1) Source: RSEG

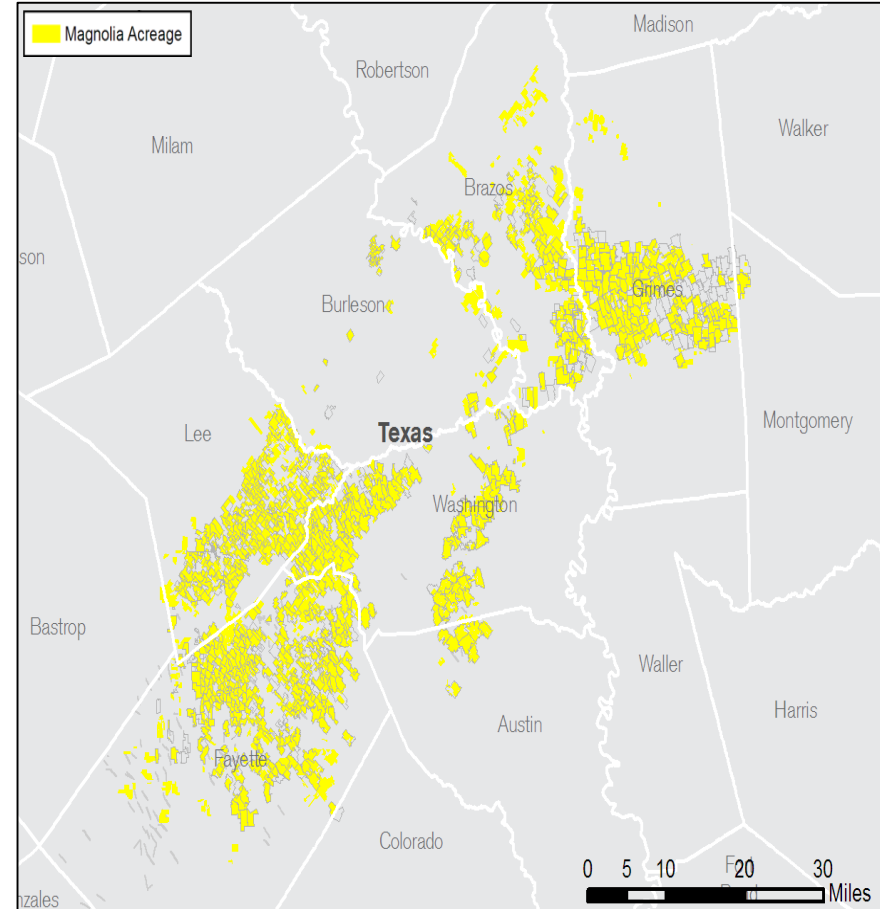
Giddings Field – Redeveloping as an Emerging Play



Giddings Asset Overview

- Emerging, high-growth asset with extensive inventory potential and significant development flexibility
 - ~440,000 net acres, ~98% HBP and ~87% operated, 17.5 Mboe/d 3Q20 production (29% oil, 60% liquids)
- Horizontal appraisal began on the Magnolia assets in Q3 2017 and, since that time, ~28 wells have been brought online
- HBP nature of asset allows for systematic delineation and optimization of play while staying within asset cash flow
- Shallower production declines allow for more stable cash flows and beneficial with higher future oil prices
- Modern high-intensity completions have resulted in a step-change improvement in well performance
- We could have at least 1,000 locations based on conservative spacing assumptions

Lease Map



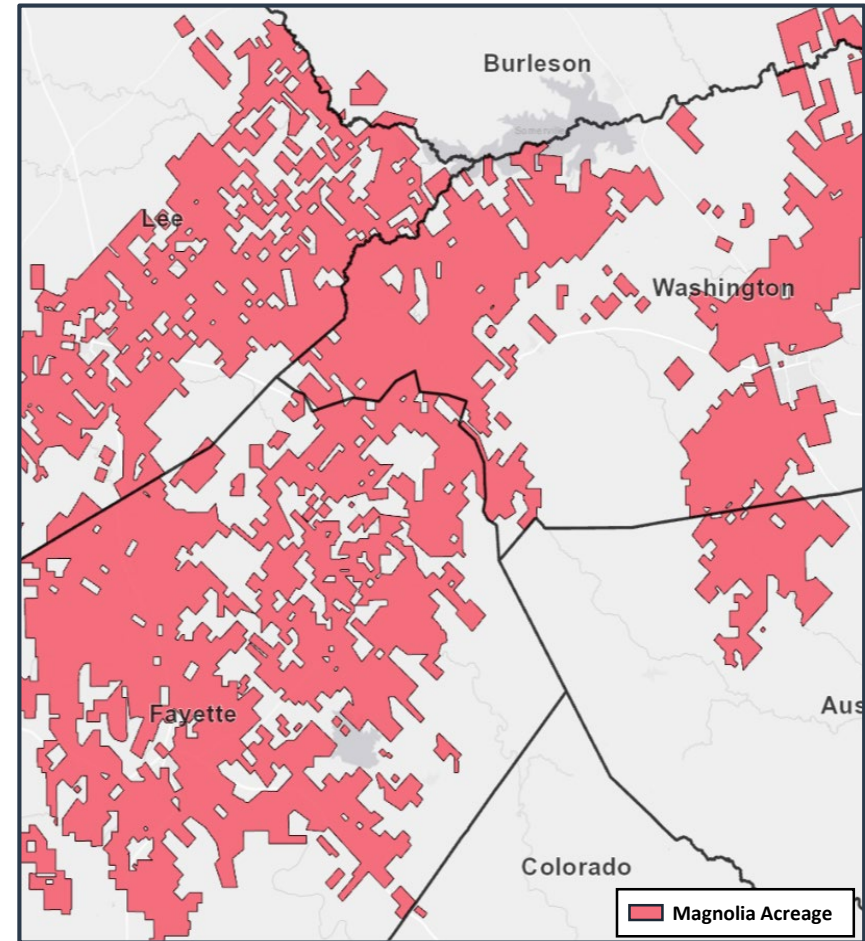
With significant scale and HBP position, Giddings offers a unique opportunity to develop an emerging play while remaining within cash flow

Giddings Field – Appraisal to Early-Stage Development

- MGY has identified some contiguous acreage blocks which have produced consistent results to date
 - One of these areas comprises ~70,000 acres which we have 14 wells with 180 days of production

	30-Day	90-Day	180-Day
Well Count	14	14	14
Bopd	781	783	677
Boepd (2-Stream)	1,534	1,557	1,374

- Thus far, we have primarily drilled single well pads with additional science associated with many wells
 - Our focus for 2020 is on multi-well pads in our early-stage development area
 - Reduced well costs ~25% to \$6.5 million through efficiencies and cost reductions
- Expected highlights of early-stage development program:
 - Multi-well pads
 - Well cost reductions targeted at \$6 million due to efficiencies and cost savings
 - Continued delineation – 8 new wells to be brought online in 4Q
- Benefits of Giddings:
 - Low entry costs and high economic returns
 - Shallower production decline vs. other shale basins
 - High EURs with improving F&D Costs as D&C costs improve



Note: All MGY Giddings acreage not displayed on map.



Financial Overview

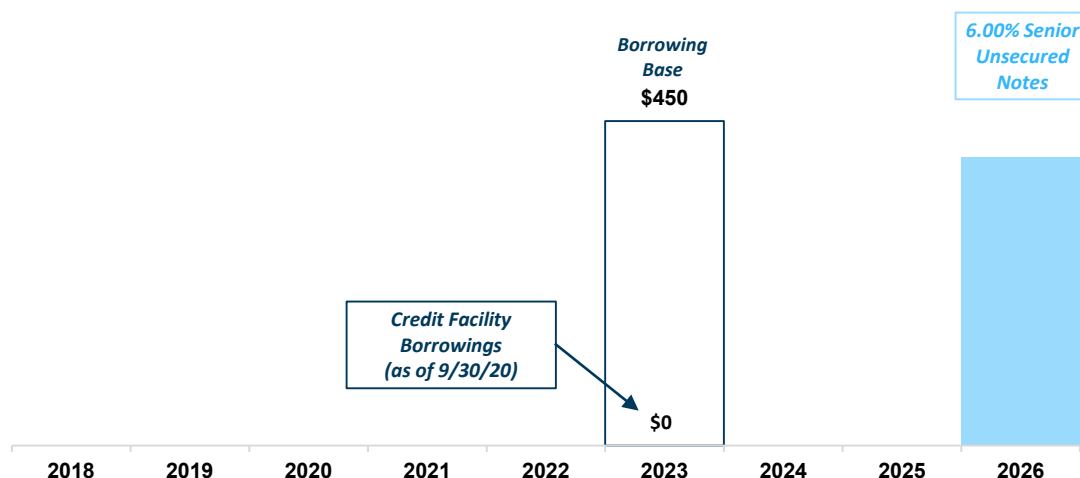
3Q20 Capital Structure and Liquidity Overview



Capital Structure Overview

- Maintaining low financial leverage profile
 - Net Debt / Total Book Capitalization of 21%
 - Net Debt / Q3 Annualized adjusted EBITDAX of 0.8x
- Current Liquidity of \$599 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 9/30/20
Cash and Cash Equivalents	\$149
Revolving Credit Facility	\$0
6.00% Senior Notes Due 2026	\$400
Total Principal Debt Outstanding	\$400
Total Shareholder's Equity ⁽²⁾	\$812
Net Debt / Q3 Annualized Adjusted EBITDAX	0.8x
Net Debt / Total Book Capitalization	21%
Liquidity Summary	As of 9/30/20
Cash and Cash Equivalents	\$149
Credit Facility Availability	\$450
Liquidity ⁽¹⁾	\$599

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

(2) Total Shareholders' Equity includes noncontrolling interest.

Level of Risk Generally Acceptable to Magnolia

<u>Risk Factor</u>	<u>Low</u>	<u>Moderate</u>	<u>Fully Exposed</u>
Geologic/Exploratory	✓		
Political	✓		
Cost Risk		✓	
Reinvestment		✓	
Commodity			✓
Financial	✓		



High Quality Assets Positioned for Success

- Coveted position in core of Karnes County with industry leading breakevens between \$28 - \$32 per barrel⁽¹⁾
- Emerging position in the Giddings Field with results that continue to improve and providing upside potential



Positive Free Cash Flow and Leading Margins

- One of the select upstream independents generating substantial free cash flow after capital expenditures
- Leading free cash flow yield at a wide range of commodity prices versus the vast majority of the E&P group



Multiple Levers of Growth

- Modest organic growth through proven drilling while remaining well within cash flow (~60% of EBITDAX)
- Low debt and strong free cash flow allows Magnolia to pursue accretive bolt-on acquisitions or, buy back stock which improves the Company's per share metrics



Strong Balance Sheet, Financial Flexibility & Conservative Financial Policy

- Conservative leverage profile with only \$400 million of principal total debt outstanding⁽²⁾
- Substantial liquidity of \$599 million⁽²⁾

(1) Source: RSEG.

(2) Debt and liquidity as of 9/30/2020.



Appendix

Free Cash Flow Reconciliation



(in thousands)

Free Cash Flow Reconciliation	For the Quarter Ended September 30, 2020	For the Quarter Ended September 30, 2019
Net cash provided by operating activities	\$65,156	\$179,220
Changes in operating assets and liabilities	3,438	(5,849)
Cash flows from operations before changes in operating assets and liabilities	\$68,594	\$173,371
Additions to oil and natural gas properties	(27,674)	(88,403)
Changes in working capital associated with additions to oil & gas properties	5,409	(9,147)
Free cash flow ⁽¹⁾	\$46,329	\$75,821

(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 to Adjusted EBITDAX



(in thousands)

Adjusted EBITDAX reconciliation to net income:	For the Quarter Ended September 30, 2020	For the Quarter Ended September 30, 2019
Net income	\$13,695	\$17,357
Exploration expense	701	3,924
Asset retirement obligation accretion	1,501	1,394
Depreciation, depletion and amortization	44,731	143,894
Amortization of intangible assets	3,626	3,626
Interest expense, net	7,333	6,896
Income tax expense (benefit)	(339)	3,529
EBITDAX ⁽¹⁾	\$71,248	\$180,620
Non-cash stock-based compensation expense	\$2,927	\$2,829
Loss on derivatives, net ⁽²⁾	\$2,208	-
Adjusted EBITDAX ⁽¹⁾	\$76,383	\$183,449

(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) There were no cash settlements or realized gains or losses on the Company's derivative instruments during the quarters ended September 30, 2020 and 2019.

Adjusted Net Income Reconciliation



(in thousands)

Adjusted Net Income	For the Quarter Ended September 30, 2020	For the Quarter Ended September 30, 2019
Net income	\$13,695	\$17,357
Income tax expense (benefit)	(\$339)	\$3,529
Income Before Income Taxes	13,356	20,886
Loss of derivatives, net	2,208	-
Adjusted income tax expense (benefit) ⁽¹⁾	-	4,720
Adjusted Net Income	\$15,564	\$16,166

(in thousands)

Total Share Count	For the Quarter Ended September 30, 2020	For the Quarter Ended September 30, 2019
Diluted weighted average of Class A Common Stock outstanding during the period	170,676	167,108
Weighted average shares of Class B Common Stock outstanding during the period ⁽²⁾	85,790	91,790
Total weighted average shares of Class A and B Common Stock, including dilutive impact of other securities ⁽³⁾	256,466	258,898

(1) Represents corporate income taxes at an assumed effective tax rate of 0% and 22.6% for the quarters ended September 30, 2020 and 2019, respectively.

(2) 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.

(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."

Adjusted Earnings Reconciliation

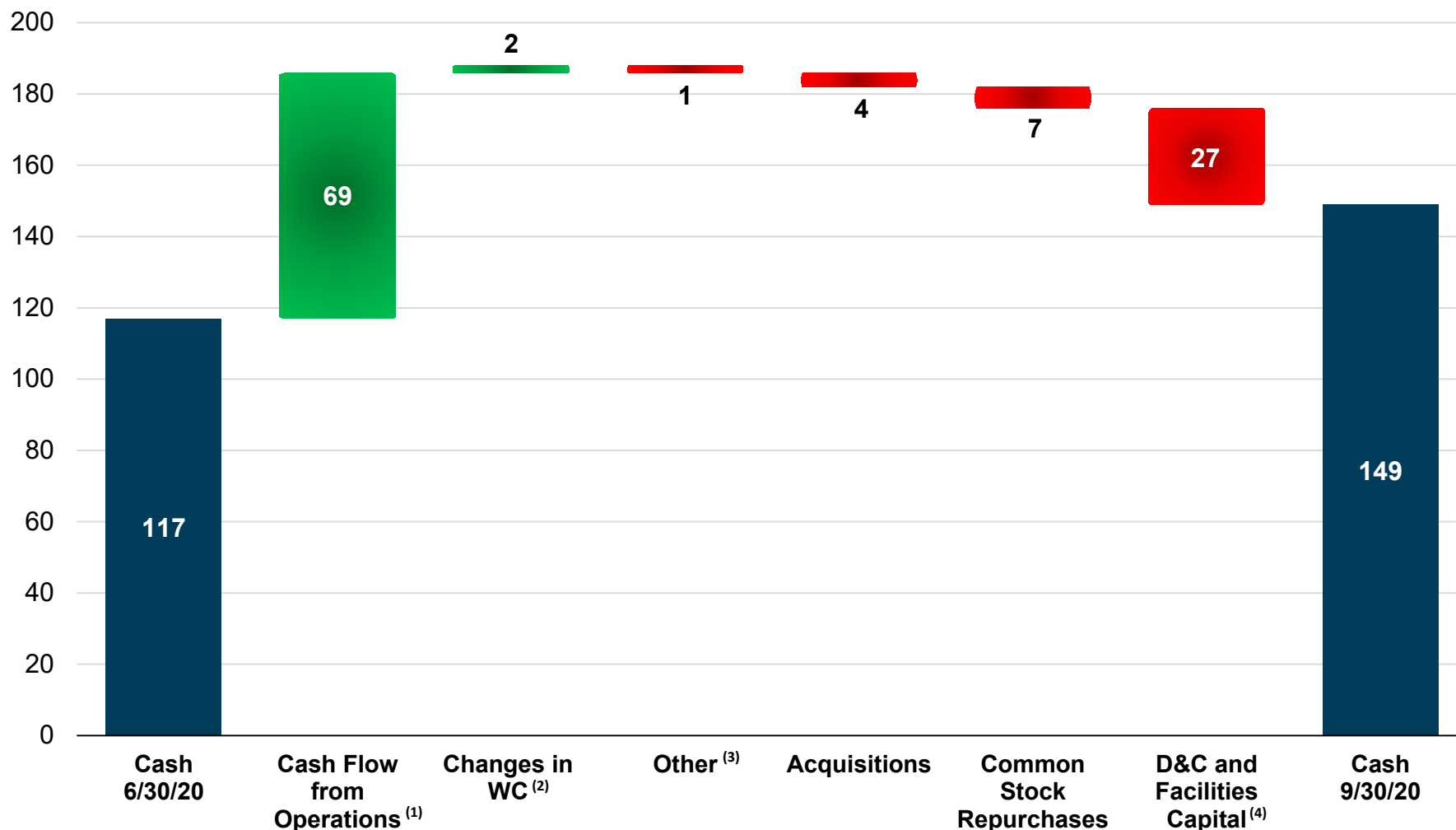


<i>(in thousands)</i>				
	For the Quarter Ended September 30, 2020	Per Share Diluted EPS	For the Quarter Ended September 30, 2019	Per Share Diluted EPS
Net income attributable to Class A Common Stock	\$9,147	\$0.05	\$7,784	\$0.05
Adjustments:				
Non-cash deemed dividend	-	-	2,763	0.01
Loss on derivatives, net	2,208	0.01	-	-
Noncontrolling interest impact of adjustments	(752)	-	-	-
Adjusted net income attributable to Class A Common Stock ⁽¹⁾	\$10,603	\$0.06	\$10,547	\$0.06

(1) 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."

3Q 20 Cash Flow Summary

(\$ In Millions)



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

(2) Includes \$3 million decrease in working capital offset by \$5 million increase in capital accruals which are included in the investing activities of the statement of cash flows.

(3) Includes other investing and financing activities of the statement of cash flows.

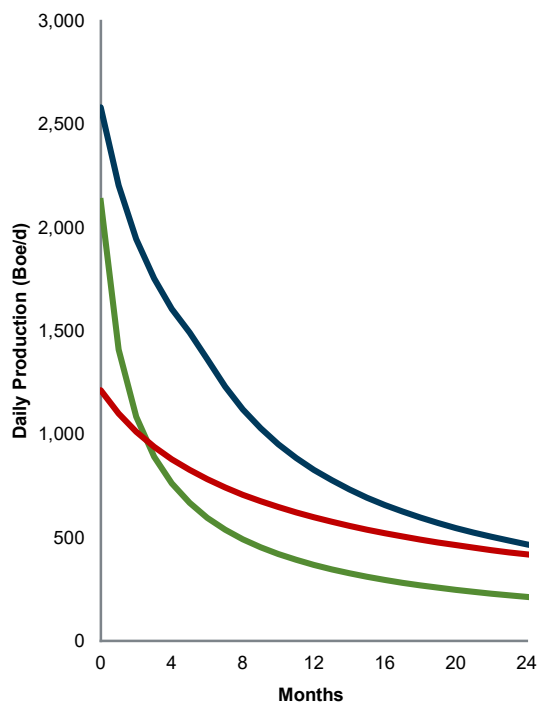
(4) D&C Capital of \$27 million includes \$5 million of capital activities that have been accrued but not yet paid

Karnes County Results Show Superior Economics

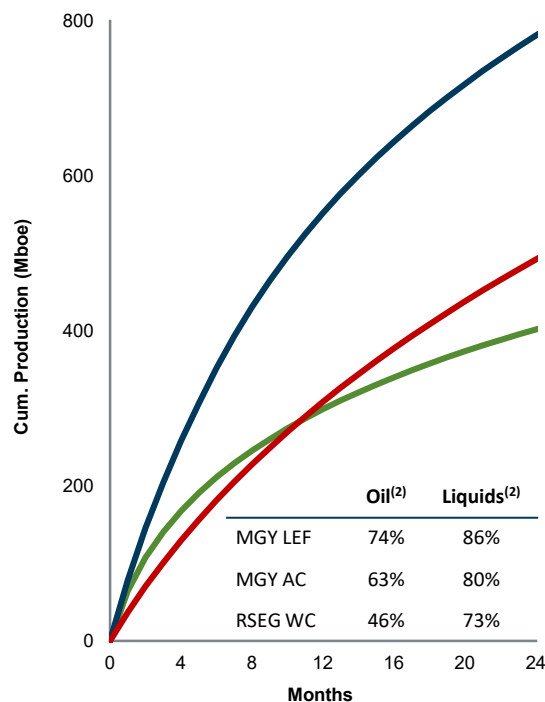


- Results in Karnes County are some the best in North America
- Karnes Eagle Ford and Austin Chalk type curves produce 216,000 and 332,000 barrels of oil, respectively, in their first 12 months of production supporting paybacks in less than 6 months
- Liquids heavy commodity mix with Eagle Ford wells producing 74% oil (86% liquids)⁽²⁾ and Austin Chalk wells producing 63% oil (80% liquids)⁽²⁾

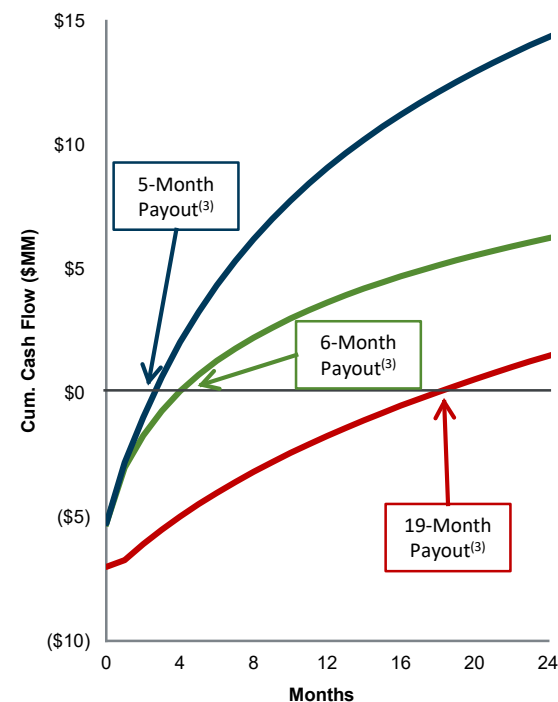
Karnes has some of the highest U.S. IPs...



...with significant early cumulative production...



...resulting in best in class paybacks



MGY Lower EF MGY Austin Chalk RSEG Delaware Wolfcamp⁽¹⁾

Note: Magnolia type curves normalized to 5,000' laterals. Projections based on flat \$58 WTI and \$2.75 Henry Hub pricing.

(1) Source: RSEG, Delaware North Reeves Wolfcamp A curve.

(2) Commodity percentage splits represent first 24 months of production.

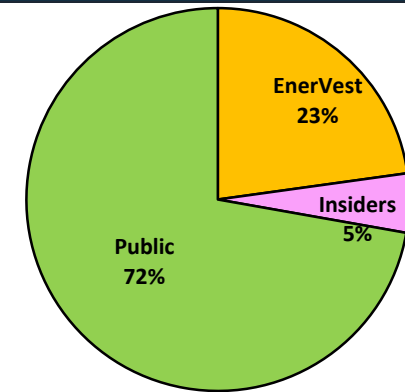
(3) All payout figures include assumed 2-month spud to sales delay.

Magnolia Oil & Gas Share Count Summary

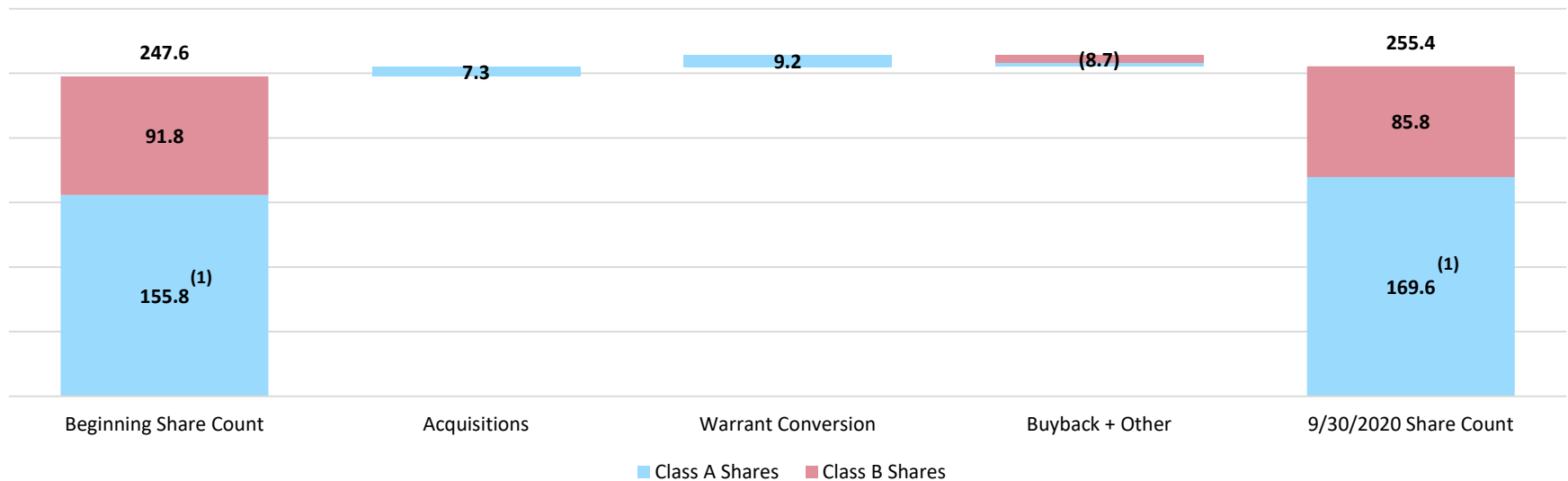


- A summary of Magnolia's overall share count is shown in the graph below:
 - Since the company's inception, we have repurchased 9 million shares, including 6 million Class B and 3 million Class A shares
 - Shares repurchased to date have more than offset the shares issued for acquisitions
- The Class A Share breakdown is shown in the pie chart to the right:
 - 72% of the Class A shares are in the public float (~122 million shares) ⁽¹⁾
- The Class B shares (which are not publicly traded) are essentially the same to Class A shares in terms of voting rights and economic value

Class A Share Breakdown (169.6 MM Shares) ⁽¹⁾



Total Share Count Since Inception (MM Shares)



⁽¹⁾ Included in the Class A share count are 4 million contingent shares which are expected to be issued to EnerVest (2 million shares in 2021 and 2 million shares in 2022).

⁽²⁾ Share count after close and final settlement of EnerVest Business Combination and issuance of earnout shares.