

# [***Diversified Energy - Completion of Central Region Acquisition***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:66GS-BGM1-JD3Y-Y527-00000-00&context=1516831)

M2 PressWIRE

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**Body**

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Diversified ***Energy*** Company PLC (LSE: DEC) announces the closing of its acquisition of certain upstream assets and related facilities (the "Assets") in Oklahoma and Texas, within the Company's Central Region, from ConocoPhillips Company (the "Seller") (collectively with the Assets, the "Acquisition").

Acquisition Highlights

o Purchase price of $ 240 million before customary purchase price adjustments

o Acquisition net purchase price of $ 210 million (the "Acquisition Cost") after customary purchase price adjustments

o PV17 of net PDP reserves of ~31 MMBoe (186 Bcfe) and a 29% discount to PDP PV10 of $ 297 million(a)

o Cash margins(b) of ~70% on estimated Adjusted EBITDA of $ 82 million

o Acquisition cost multiple

o Non-dilutive financing results in uplift of ~20% to 2021 Adjusted EBITDA per share(d)

o Acquisition increases production by ~9 Mboepd (~52 MMcfepd), (+6% vs 1Q22 exit rate)

o Consolidated corporate declines unchanged at ~8.5%(e)

Diversified funded the Acquisition with cash on hand and existing availability on the Company's Revolving Credit Facility resulting in post-transaction liquidity of approximately $ 200 million(f), which the Company expects to increase with a higher borrowing base on its Credit Facility as it adds these assets as additional collateral. Post-transaction leverage, as measured by pro forma Net Debt to Adjusted EBITDA, is ~2.2x(g).

Commenting on the Acquisition, CEO Rusty Hutson, Jr. said:

"Having closed another non-dilutive acquisition of high-quality assets that add scale to Central Region, we are excited to begin the process of efficient integration and deployment of Smarter Asset Management along with our ESG initiatives across this additional asset base. The successful close of this attractively priced acquisition increases asset density and enhances the opportunity for synergies within the Central Region, while providing robust cash flows that further support our dividend distributions and future accretive reinvestment."

Footnotes (for Company-specific items, refer also to the Glossary of Terms and/or Alternative Performance Measures found in the Company's 2022 Interim Report):

(a)

PDP reserves values (including volumes, PV10 and approximate PV value) calculated using effective date of 1 June 2022 and based on full NYMEX strip pricing as of 26 July 2022 (b) Cash Margin calculated as the Acquisition's estimated Adjusted EBITDA, see footnote

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About Diversified ***Energy*** Company PLC

Diversified ***Energy*** Company PLC is an independent ***energy*** company engaged in the production, marketing and transportation of primarily natural gas related to its synergistic US onshore upstream and midstream assets.

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