



## ASCENT RESOURCES UTICA HOLDINGS REPORTS FIRST QUARTER 2020 OPERATING RESULTS AND ANNOUNCES REVISED 2020 GUIDANCE

### First Quarter 2020 Highlights:

- Cash flow from operating activities was \$292 million, and free cash flow was approximately \$11 million
- Net income was \$85 million, adjusted net income was \$36 million and adjusted EBITDAX was \$247 million
- Average net production exceeded 2.0 bcfe per day
- Improved well costs by 15-20% compared to the midpoint of previous guidance
- Reduced net debt by nearly \$100 million while maintaining approximately \$700 million of liquidity

### Revised Full Year 2020 Guidance:

- Reduced capital expenditures to range from \$600 to \$650 million, excluding capitalized interest
- Reiterated net production guidance at more than 2.0 bcfe per day
- Reaffirmed positive free cash flow at current commodity prices and rig activity

Oklahoma City, Oklahoma, May 8, 2020 (PR Newswire) – Ascent Resources Utica Holdings, LLC (“Ascent”, the “Company” or “our”) today announced its first quarter 2020 financial and operating results and revised full year 2020 guidance. In addition, Ascent announced a conference call with analysts and investors scheduled for 9 AM CDT / 10 AM EDT, Monday, May 11, 2020. For more detailed information on Ascent’s assets and business, please refer to the first quarter 2020 investor presentation and additional information located at <https://www.ascentresources.com/investors>.

“Ascent delivered on the key operating objectives we set to accomplish in the first quarter,” said Jeff Fisher, Chairman and Chief Executive Officer. “We took aggressive actions in response to the global pandemic, and have taken proactive steps to reduce and focus our capital on the strong performing dry gas areas of our position, secure our future free cash flow generation and reduce additional costs throughout the organization. Ascent will continue to prioritize the health of our employees, communities where we operate and the Company as we move forward.”

### *First Quarter 2020 Results*

For the first quarter of 2020, Ascent reported net income of \$85 million and adjusted net income of \$36 million, compared to a net loss of \$85 million and adjusted net income of \$79 million in the first quarter of 2019. The Company's adjusted EBITDAX for the first quarter of 2020 was \$247 million, compared to \$261 million for the first quarter of 2019.

Average net daily production for the first quarter of 2020 was 2,009 mmcf per day, a 14% increase compared to the first quarter of 2019 and consisted of 1,712 mmcf per day of natural gas, 13,769 barrels (bbl) per day of oil and 35,714 bbl per day of natural gas liquids (NGL).

During the first quarter of 2020, Ascent generated positive free cash flow of \$11 million. This is the second consecutive quarter of positive free cash flow and the Company is targeting positive free cash flow for calendar year 2020.

### *Revised 2020 Outlook*

“During the first quarter we outperformed our guidance in terms of cost reductions and efficiency gains. These successes have resulted in us reducing our capital spending outlook while still maintaining our production guidance.” said Mr. Fisher.

Ascent's 2020 full year guidance includes a revised capital budget of \$600 to \$650 million, a 17% reduction at the midpoint as compared to the midpoint of prior guidance. Average total net production is reiterated to exceed 2.0 bcfe per day. We still expect positive free cash flow in 2020 at current commodity prices utilizing our current three rig drilling program.

## Capital Spending Overview

First quarter 2020 capital expenditures incurred decreased over 25% to \$242 million, compared to \$327 million in the first quarter 2019. A summary of the Company's first quarter 2020 and 2019 capital expenditures is provided in the table below:

(\$ in thousands)	Three Months Ended	
	March 31,	
	2020	2019
Capital Expenditures:		
Drilling and completion costs	\$ 195,115	\$ 258,158
Acquisition and leasehold costs	24,236	31,178
Capitalized interest	22,684	37,355
Total Capital Expenditures	<u>\$ 242,035</u>	<u>\$ 326,691</u>

## Balance Sheet and Hedge Position Update

As of March 31, 2020, Ascent's principal amount of debt outstanding was approximately \$2.7 billion, including \$1.2 billion drawn under its revolving credit facility, compared to \$2.8 billion as of December 31, 2019. As of March 31, 2020, Ascent had \$163 million of letters of credit issued and \$684 million of available capacity under its fully committed \$2.0 billion borrowing base.

As of March 31, 2020, Ascent's leverage profile improved as highlighted by the net debt / LTM adjusted EBITDAX ratio of 2.4x, as compared to 2.6x on March 31, 2019. Ascent had total liquidity available of approximately \$700 million as of March 31, 2020.

Subsequent to the end of the first quarter, we successfully closed our spring redetermination related to our credit facility, with a committed borrowing base of \$1.85 billion.

Ascent has a robust hedge portfolio in place for 2020 to prudently reduce its exposure to volatility in commodity prices and to protect our expected operating cash flow. As of March 31, 2020, nearly 80% of the Company's forecasted natural gas production (at the midpoint of production guidance) was hedged at approximately \$2.63 per mmbtu (\$2.79 per mcf) for the remainder of calendar year 2020. Approximately 50% of Ascent's expected remainder of calendar year 2020 crude oil production was hedged at an average price above \$43 per bbl.

## Corporate Responsibility

During the fourth quarter of 2019, Ascent issued its first Environmental, Social & Governance Report highlighting Ascent's commitment to sustainable business practices and social responsibility. Specifically, Ascent highlighted and provided performance results related to greenhouse gas emissions, health and safety and social engagement. The Company plans to provide an updated report during the second quarter of 2020. The report can be found at: [www.ascentresources.com](http://www.ascentresources.com).

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency due to the spread of a novel coronavirus, which was classified as a pandemic in March 2020 based on the rapid increase in global exposure. Under the guidance of the WHO and the Centers for Disease Control and Prevention (CDC) and in an effort to slow the spread of the virus, many local, state and national governments implemented new laws and regulations which led to a steep decline in demand for natural gas and oil.

In order to safeguard the health of our employees, contractors and the community, while continuing to operate responsibly, we have implemented several precautionary steps which follow the guidance of the WHO, the CDC, municipalities and governments across our operations. These steps include the majority of our office staff working remotely and personnel in the field following guidelines to prevent the spread of the virus while maintaining critical operations.

### About Ascent Resources:

Ascent is the seventh largest producer of natural gas in the United States in terms of daily production and is focused on acquiring, exploring for, developing, producing, and operating natural gas and oil properties located in the Utica Shale in Southeast Ohio. With a continued focus on good corporate citizenship, Ascent is committed to delivering low

cost clean burning energy to our country and the world, while reducing environmental impacts. For more information, visit [www.ascentresources.com](http://www.ascentresources.com).

Contact:

James Short – Director of Strategic Planning & Investor Relations

[investor.relations@ascentresources.com](mailto:investor.relations@ascentresources.com)

This news release contains forward-looking statements within the meaning of US federal securities laws. Forward-looking statements express views of Ascent regarding future plans and expectations. Forward-looking statements in this news release include, but are not limited to, statements regarding future operations, business strategy, liquidity and cash flows of Ascent. These statements are based on numerous assumptions and are subject to known and unknown risks and uncertainties, including, commodity price volatility, inherent uncertainty in estimating natural gas, oil and NGL reserves, environmental and regulatory risks, availability of capital, and the other risks described in Ascent's most recent investor presentation provided at [www.ascentresources.com/investors](http://www.ascentresources.com/investors). Actual future results may vary materially from those expressed or implied in this news release and Ascent's business, financial condition, results of operations and cash flow could be materially and adversely affected by such risks and uncertainties. As a result, forward-looking statements should be understood to be only predictions and statements of Ascent's current beliefs; they are not guarantees of performance.

**ASCENT RESOURCES UTICA HOLDINGS, LLC**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

<i>(\$ in thousands)</i>	Three Months Ended	
	March 31,	
	2020	2019
<b>Revenues:</b>		
Natural gas	\$ 292,518	\$ 460,378
Oil	49,554	37,543
NGL	36,003	35,442
Commodity derivative gain (loss)	208,483	(157,189)
Total Revenues	586,558	376,174
<b>Operating Expenses:</b>		
Lease operating expenses	20,927	17,919
Gathering, processing and transportation expenses	232,713	200,095
Production and ad valorem taxes	9,798	8,472
Exploration expenses	26,953	39,254
General and administrative expenses	14,420	16,344
Natural gas and oil depreciation, depletion and amortization	175,550	159,132
Depreciation and amortization of other assets	924	765
Total Operating Expenses	481,285	441,981
<b>Income (Loss) from Operations</b>	<b>105,273</b>	<b>(65,807)</b>
<b>Other (Expense) Income:</b>		
Interest expense, net	(33,920)	(21,143)
Change in fair value of embedded derivative	—	1,138
Gains on purchases or exchanges of debt	13,493	—
Other income	516	503
Total Other Expense	(19,911)	(19,502)
<b>Net Income (Loss)</b>	<b>\$ 85,362</b>	<b>\$ (85,309)</b>

**ASCENT RESOURCES UTICA HOLDINGS, LLC**  
**CONDENSED CONSOLIDATED BALANCE SHEETS DATA**  
**(Unaudited)**

<i>(\$ in thousands)</i>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Total Current Assets	\$ 518,769	\$ 545,116
Property and equipment, net	6,414,125	6,374,276
Other long-term assets	72,053	91,026
Total Assets	<u>\$ 7,004,947</u>	<u>\$ 7,010,418</u>
Total Current Liabilities	\$ 580,178	\$ 485,292
Long-Term Liabilities:		
Long-term debt, net of current portion	2,653,788	2,838,676
Other long-term liabilities	4,206	5,067
Total Long-Term Liabilities	<u>2,657,994</u>	<u>2,843,743</u>
Member's Equity	<u>3,766,775</u>	<u>3,681,383</u>
Total Liabilities and Member's Equity	<u>\$ 7,004,947</u>	<u>\$ 7,010,418</u>

**ASCENT RESOURCES UTICA HOLDINGS, LLC**  
**CONDENSED CONSOLIDATED CASH FLOW DATA**  
**(Unaudited)**

Three Months Ended

March 31,

*(\$ in thousands)*

	2020	2019
Cash and Cash Equivalents, Beginning of Period	\$ 7,346	\$ 11,030
Net Cash Provided by Operating Activities	292,123	341,739
Cash Flows from Investing Activities:		
Drilling and completion costs	(157,857)	(268,518)
Acquisitions of natural gas and oil properties	(45,391)	(50,050)
Additions to other property and equipment	(1,212)	(694)
Net Cash Used in Investing Activities	(204,460)	(319,262)
Net Cash Used in Financing Activities	(82,031)	(23,062)
Net Increase / (Decrease) in Cash and Cash Equivalents	5,632	(585)
Cash and Cash Equivalents, End of Period	\$ 12,978	\$ 10,445

**ASCENT RESOURCES UTICA HOLDINGS, LLC**  
**NATURAL GAS, OIL AND NGL PRODUCTION AND PRICES**  
**(Unaudited)**

	Three Months Ended	
	March 31,	
	2020	2019
<b>Production</b>		
Natural gas (mmcf)	155,814	144,644
Oil (mbbls)	1,253	767
NGL (mbbls)	3,250	1,641
Natural Gas Equivalents (mmcfe)	182,832	159,102
<b>Daily Production</b>		
Natural gas (mmcf/d)	1,712	1,607
Oil (mbbls/d)	14	9
NGL (mbbls/d)	36	18
Natural Gas Equivalents (mmcfe/d)	2,009	1,768
% Natural Gas	85%	91%
% Liquids	15%	9%
<b>Average Realized Prices</b>		
Natural gas (\$/mcf)	\$ 1.88	\$ 3.18
Oil (\$/bbl)	\$ 39.55	\$ 48.87
NGL (\$/bbl)	\$ 11.08	\$ 21.59
Natural Gas Equivalents (\$/mcfe)	\$ 2.07	\$ 3.35
Settlements of commodity derivatives (\$/mcfe)	0.80	(0.19)
Average sales price, after effects of settled derivatives (\$/mcfe)	\$ 2.87	\$ 3.16

**ASCENT RESOURCES UTICA HOLDINGS, LLC**  
**RECONCILIATIONS OF ADJUSTED NET INCOME**  
**(Unaudited)**

<i>(\$ in thousands)</i>	Three Months Ended	
	March 31,	
	2020	2019
Net Income (Loss)	\$ 85,362	\$ (85,309)
Adjustments to reconcile net income (loss) to adjusted net income:		
Impairment of unproved natural gas and oil properties	26,310	38,689
Change in fair value of commodity derivatives	(62,375)	127,071
Change in fair value of embedded derivative	—	(1,138)
Gains on purchases or exchanges of debt	(13,493)	—
Other	—	176
Adjusted Net Income (Non-GAAP) <sup>(a)(b)</sup>	<u>\$ 35,804</u>	<u>\$ 79,489</u>

(a) As shown above, and on pages 9 and 10, Ascent uses adjusted net income, EBITDAX, adjusted EBITDAX, discretionary cash flow and free cash flow (non-GAAP measures) as supplemental measures to evaluate the performance of its assets. Ascent believes these non-GAAP measures provide meaningful information to our investors, as discussed below. These non-GAAP measures, as used and defined by Ascent, are not measures of performance as determined by United States generally accepted accounting principles (US GAAP) and may not be comparable to similarly titled measures employed by other companies.

Non-GAAP measures should not be considered in isolation or as substitutes for operating income, net income or loss, cash flows provided by operating, investing and financing activities or other income or cash flow statement data prepared in accordance with US GAAP. Non-GAAP measures provide no information regarding a company's capital structure, borrowings, interest costs, capital expenditures and working capital movement. Non-GAAP measures do not represent funds available for discretionary use because those funds may be required for debt service, capital expenditures, working capital, exploration expenses and other commitments and obligations. However, Ascent's management team believes these non-GAAP measures are useful to an investor in evaluating Ascent's financial performance because these measures:

- Are widely used by investors in the natural gas and oil industry to measure a company's operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure, and the method by which assets were acquired, among other factors;
- Are more comparable to estimates used by analysts;
- Help investors to more meaningfully evaluate and compare the results of Ascent's operations from period to period by removing the effect of its capital structure from its operating structure;
- Excludes one-time items, non-cash items or items whose timing cannot be reasonably estimated; and
- Are used by Ascent's management team for various purposes, including as a measure of operating performance, in presentations to its Board of Managers and as a basis for strategic planning and forecasting.

There are significant limitations to using non-GAAP measures as measures of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect Ascent's net income or loss, the lack of comparability of results of operations of different companies, and the different methods of calculating non-GAAP measures reported by different companies.

(b) Ascent defines "adjusted net income" as net income (loss) before impairment of unproved natural gas and oil properties; (gains) losses on purchases or exchanges of debt; changes in fair value of commodity derivatives; changes in fair value of embedded derivative; non-recurring legal expense (benefit); acquisition expenses and other; and impairment of other property and equipment.

**ASCENT RESOURCES UTICA HOLDINGS, LLC**  
**RECONCILIATIONS OF EBITDAX AND ADJUSTED EBITDAX**  
**(Unaudited)**

<i>(\$ in thousands)</i>	Three Months Ended	
	March 31,	
	2020	2019
Net Income (Loss)	\$ 85,362	\$ (85,309)
Adjustments to reconcile net income (loss) to EBITDAX:		
Exploration expenses	26,953	39,254
Natural gas and oil depreciation, depletion and amortization	175,550	159,132
Depreciation and amortization of other assets	924	765
Interest expense, net	33,920	21,143
EBITDAX (Non-GAAP) <sup>(a)(b)</sup>	322,709	134,985
Adjustments to reconcile EBITDAX to Adjusted EBITDAX:		
Change in fair value of commodity derivatives	(62,375)	127,071
Gains on purchases or exchanges of debt	(13,493)	—
Change in fair value of embedded derivative	—	(1,138)
Other	—	176
Adjusted EBITDAX (Non-GAAP) <sup>(b)(c)</sup>	\$ 246,841	\$ 261,094

(a) Ascent defines "EBITDAX" as net income (loss) before exploration expenses; depreciation, depletion and amortization; and interest expense, net.

(b) See footnote (a) on page 8 for a discussion around our uses of non-GAAP measures.

(c) Ascent defines "adjusted EBITDAX" as EBITDAX before changes in (gains) losses on purchases or exchanges of debt; changes in fair value of commodity derivatives; non-recurring legal expense (benefit); acquisition expenses; changes in fair value of embedded derivative; and other unusual items.

**ASCENT RESOURCES UTICA HOLDINGS, LLC**  
**RECONCILIATIONS OF DISCRETIONARY CASH FLOW AND FREE CASH FLOW**  
**(Unaudited)**

<i>(\$ in thousands)</i>	Three Months Ended	
	March 31,	
	2020	2019
Net Cash Provided by Operating Activities	\$ 292,123	\$ 341,739
Adjustments to reconcile Net Cash Provided by Operating Activities to Discretionary Cash Flow:		
Changes in operating assets and liabilities	(77,891)	(102,535)
Discretionary Cash Flow (Non-GAAP) <sup>(a)(b)</sup>	214,232	239,204
Adjustments to reconcile Discretionary Cash Flow to Free Cash Flow:		
Drilling and completion costs	(157,857)	(268,518)
Acquisitions of natural gas and oil properties	(45,391)	(50,050)
Free Cash Flow (Non-GAAP) <sup>(b)(c)</sup>	<u>\$ 10,984</u>	<u>\$ (79,364)</u>

(a) Discretionary cash flow is widely accepted as a financial indicator of a natural gas and oil company's ability to generate cash which is used to internally fund exploration and development activities and service debt. Ascent defines "discretionary cash flow" as net cash provided by operating activities before changes in operating assets and liabilities.

(b) See footnote (a) on page 8 for a discussion around our uses of non-GAAP measures.

(c) Free cash flow is an indicator of a company's ability to generate funding to maintain or expand its asset base, make distributions and repurchase or extinguish debt. Ascent defines "free cash flow" as discretionary cash flow less cash drilling and completion costs and acquisitions of natural gas and oil properties.