

SM|ENERGY

INVESTOR PRESENTATION

Enercom's The Oil and Gas Conference 2021

DISCLAIMERS

Forward-looking statements

This presentation contains forward-looking statements within the meaning of securities laws. The words “offers,” “indicates,” “priorities,” “assumes,” “anticipate,” “estimate,” “expect,” “expected breakeven prices,” “forecast,” “generate,” “guidance,” “implied,” “maintain,” “plan,” “project,” “objectives,” “outlook,” “sustainable,” “target,” “will” and similar expressions are intended to identify forward-looking statements. Forward-looking statements in this presentation include, among other things, capital expenditure guidance for 2021, guidance for the full year and third quarter 2021, estimated inventory life, possible inventory additions from contingent resources and prospective new intervals, inventory and rate of return estimates, targeted reinvestment rate, average lateral length of wells planned to be drilled in 2021, well costs per lateral foot, expected future condensate realizations and transportation costs, and the number of wells the Company plans to drill and complete in 2021; the Company’s 2021 goals, including: generating free cash flow, reducing leverage, increasing inventory and inventory value, meeting safety and emissions targets, and ESG performance. These statements involve known and unknown risks, which may cause SM Energy’s actual results to differ materially from results expressed or implied by the forward-looking statements. Future results may be impacted by the risks discussed in the Risk Factors section of SM Energy’s most recent Annual Report on Form 10-K, as such risk factors may be updated from time to time in the Company’s other periodic reports filed with the Securities and Exchange Commission (SEC), specifically the most recent Form 10-Q. The forward-looking statements contained herein speak as of the date of this presentation. Although SM Energy may from time to time voluntarily update its prior forward-looking statements, it disclaims any commitment to do so, except as required by applicable securities laws.

Non-GAAP financial measures

This presentation references non-GAAP financial measures. Please see the “Non-GAAP Definitions and Reconciliations” section of the Appendix, which includes definitions of non-GAAP measures used in this presentation and reconciliations to the most directly comparable GAAP measure.

PREMIER OPERATOR OF TOP-TIER ASSETS

FOCUSED ON TWO BASINS IN TEXAS

ENTERPRISE VALUE:

~\$5 Billion⁽¹⁾

PRODUCTION:

~137 MBoe/d; 54% oil (2Q21)

PROVED RESERVES:

405 MMBoe (YE 2020)

2021 CAPEX GUIDANCE:

\$650 - \$675MM⁽¹⁾

MIDLAND BASIN

- ~82,000 net acres
- 3 Rigs / 2 Completion Crews⁽¹⁾

SOUTH TEXAS

- ~155,000 net acres
- 2 Rigs / 1 Completion Crew⁽¹⁾

(1) As of July 29, 2021.

PREMIER OPERATOR OF TOP-TIER ASSETS

EXECUTING ON OUR PRIORITIES

Second Quarter 2021 Highlights



WELL PERFORMANCE

- Production of 12.4 MMBoe (136.5 MBoe/d) and 54% oil
- Production beat driven by **outperformance** from new wells and base production in the Austin Chalk



CAPITAL EFFICIENCY

- **Capital expenditures** of \$222.6 million adjusted for decreased capital accruals of \$8.4 million totaled **\$214.2 million**
- Capital expenditures reflected continued capital efficiencies with **costs remaining at ~\$520 per lateral foot**



CASH FLOWS

- **Cash flows beat expectations** for the second quarter
- **Net cash** provided by operating activities of \$296.4 million before net change in working capital of \$82.5 million totaled **\$213.9 million**



BALANCE SHEET IMPROVEMENT

- **Extended nearly \$400 million in near-term maturities** to 2028 by retiring or repurchasing nearly \$400 million principal amount of 2022 and 2024 notes outstanding with proceeds from new notes due 2028

FIVE YEAR PLAN – KEY PRIORITIES

SECOND QUARTER PERFORMANCE PUTS US AHEAD OF SCHEDULE IN MEETING PRIORITIES

Key Priorities:

Free cash flow⁽¹⁾ generation

- Maximize cash flow over five years
- Sustain <75% reinvestment rate⁽¹⁾ beginning in 2022 and beyond

Improve balance sheet strength

- Target less than 2x net debt-to-Adjusted EBITDAX⁽¹⁾ by year-end 2022⁽²⁾
- Free cash flow generation through 2024 expected to enable retirement of all debt due through 2024⁽²⁾

Maintain top-tier⁽²⁾ inventory

- Low breakeven prices demonstrate high-quality asset base that is resilient to downside and offers substantial upside

Differential ESG

- We listened to our investors and have changed our long-term incentive program to measure performance against targets for free cash flow, leverage, GHG emissions, safety and spills; short-term incentive program includes a free cash flow component

Progress:

Free cash flow⁽¹⁾ generation

- 2Q21 production ahead of expectations and capital came in lower than expected, delivering free cash flow neutrality for the quarter
- Outlook for FCF and FCF yield is highly competitive

Improve balance sheet strength

- Net debt-to-Adjusted EBITDAX⁽¹⁾ now expected to be below 1.5X at year-end 2022⁽²⁾
- Free cash flow generation through 2024 expected to enable retirement of all debt due through 2026⁽²⁾

Maintain top-tier⁽³⁾ inventory

- Rapidly advancing delineation of grass roots Austin Chalk discovery on our 155,000 net acre position in South Texas that is expected to have ~400 location potential

Differential ESG

- CDP/TCFD/SASB responses posted for 2020 data
- 37% decline in GHG emissions intensity and 20% decline in methane intensity (2020 v. 2019)

(1) Free cash flow, reinvestment rate, and net debt-to-Adjusted EBITDAX are non-GAAP financial measures. See "Definitions of non-GAAP measures as Calculated by the Company" and related reconciliations in the Appendix.

(2) Based on strip pricing as of July 19, 2021, expected costs, and current hedges.

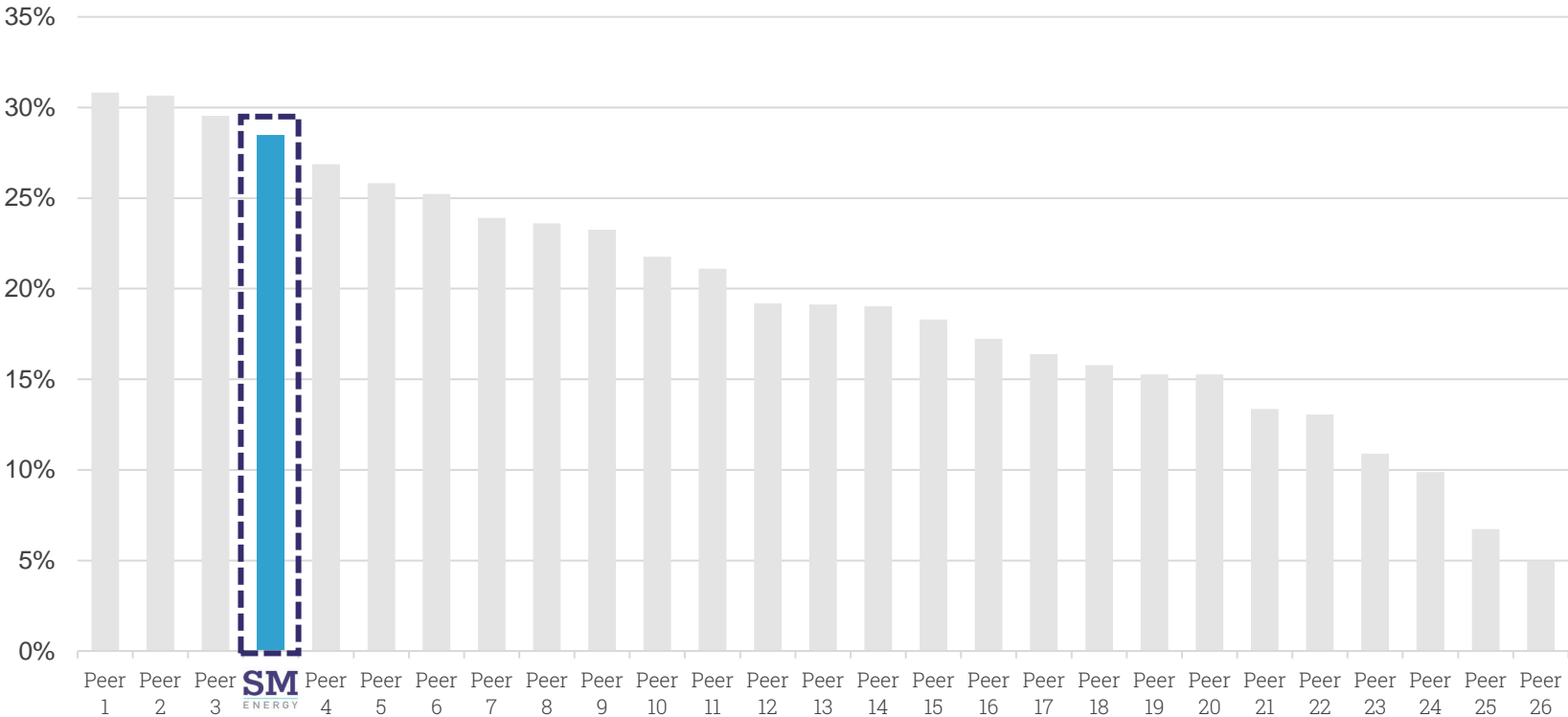
(3) Stifel Research, Michael Scialla, January 12, 2021; Enervus Research, October 18, 2020.

2022 THIRD-PARTY FREE CASH FLOW YIELD⁽¹⁾ COMPARISON

SM ENERGY: TOP-TIER FCF YIELD IN 2022, BASED ON JPM ESTIMATES

J.P. Morgan
2022 Free Cash Flow Yield⁽¹⁾
Estimates

Source: J.P. Morgan Research; July 22, 2021.

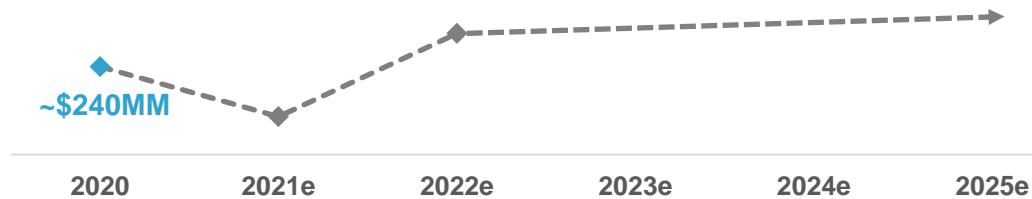


Note: Peers include APA, AR, CDEV, CLR, CNX, COG, CPE, DVN, EOG, EQT, FANG, HES, LPI, MGY, MRO, MTDR, MUR, NFG, OVV, PDCE, PXD, RRC, SWN, VET, VNOM, and XEC.

PLAN – GENERATE FREE CASH FLOW AND DE-LEVER

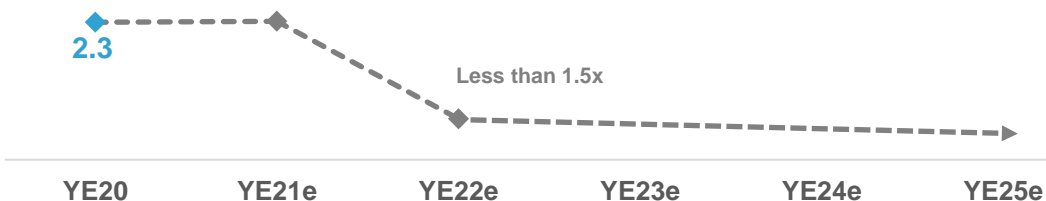
LONG-TERM OUTLOOK

Free cash flow⁽¹⁾⁽²⁾



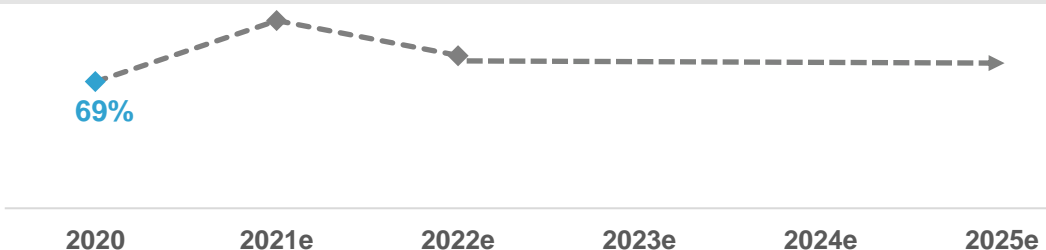
Expect to maximize over 5-year period

Net debt-to-Adjusted EBITDAX⁽¹⁾⁽³⁾



Target less than 1.5x by YE22

Reinvestment rate⁽¹⁾⁽²⁾



Expect to sustain <75% reinvestment rate 2022 & beyond

CAPITAL PROGRAM⁽¹⁾

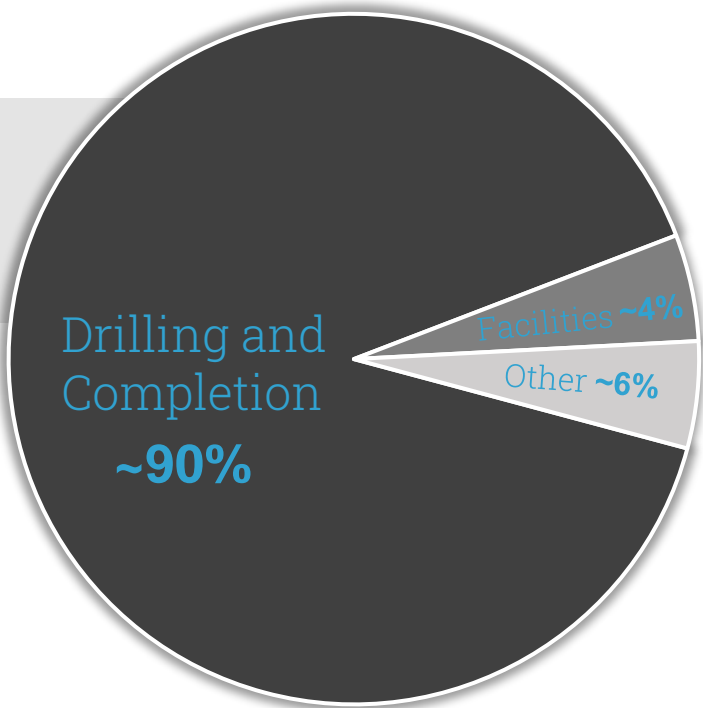
CAPITAL PROGRAM IN 2021 SETS PACE TO MEET LONG-TERM OBJECTIVES

2021 Budget

Capital Expenditures⁽²⁾
\$650-\$675MM

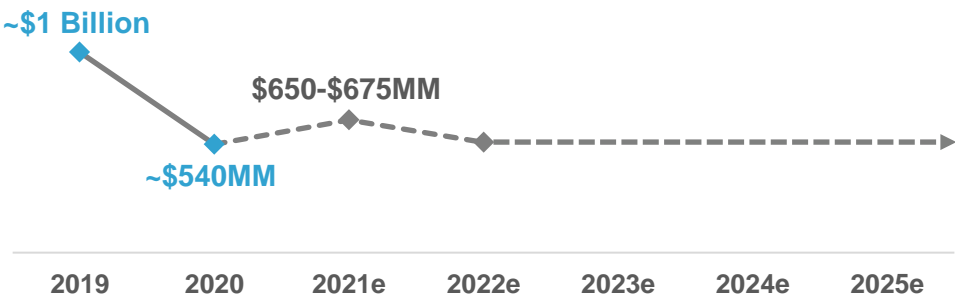
~70% Midland Basin

~30% South Texas



Right-sizing capital expenditures⁽²⁾ for long-term sustainability

Capital Expenditures⁽²⁾



BALANCE SHEET

FOCUSED ON IMPROVING BALANCE SHEET STRENGTH

Reduced near-term maturities 2Q21:

- Extended nearly \$400 million in near-term maturities to 2028 by retiring or repurchasing nearly \$400 million principal amount of 2022 and 2024 notes outstanding with proceeds from new notes due 2028

As of June 30, 2021:

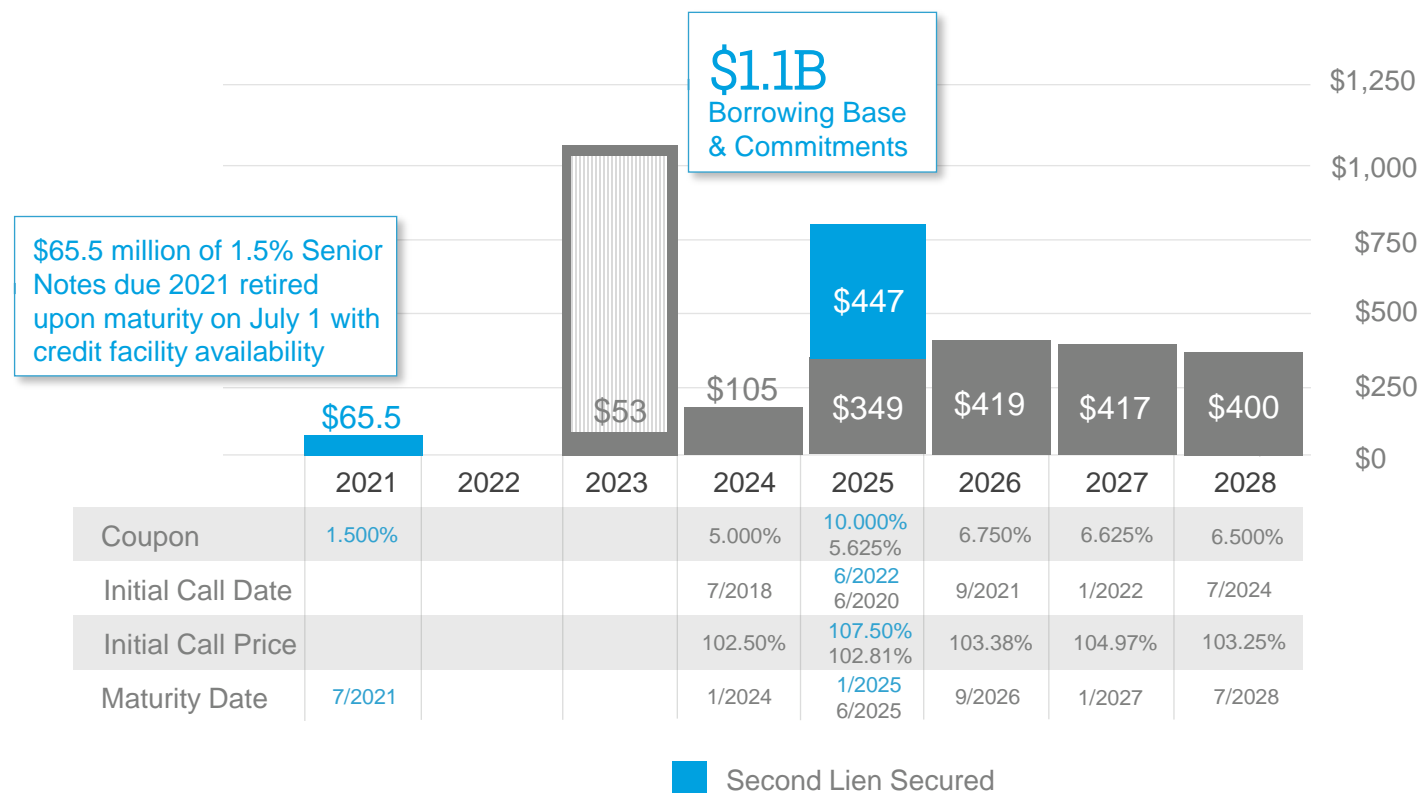
- Net debt-to-Adjusted EBITDAX⁽¹⁾ **2.35 times**
- Liquidity **~\$1.05 B**

Three rating upgrades in 2021:

Fitch | ↑B **Moody's** | ↑B2 **S&P** | ↑B-

Debt Maturities⁽²⁾

in millions



(1) Net debt-to-Adjusted EBITDAX is a non-GAAP measure. See the "Non-GAAP Definitions and Reconciliations" section in the Appendix. Bank covenant on revolver is 4x.

(2) As of June 30, 2021.

HEDGING SUMMARY

RISK MANAGEMENT

Q3-Q4 2021 Oil Volumes Hedged⁽¹⁾

~75-80%

Q3-Q4 2021 Nat Gas Volumes Hedged⁽²⁾

~85%

SM Energy Hedge Program

Oil

- ~10,505 MBbls⁽¹⁾, or approximately 75-80%⁽¹⁾ of expected 3Q-4Q 2021 oil production, hedged to WTI at an average price \$41.67
- ~7,580 MBbls, or approximately 55-60% of expected 3Q-4Q 2021 Midland Basin oil production is hedged to the local price point at a positive \$0.73/Bbl basis
- For 2022, oil swaps and collars in place for approximately 27,000 barrels per day

Natural gas

- ~40,700 BBtu⁽²⁾, or approximately 85% of expected 3Q-4Q 2021 natural gas production hedged
- Of the ~40,700 BBtu of natural gas hedged in 2H21, ~24,987 BBtu is hedged to HSC at an average weighted price of \$2.41/MMBtu and ~15,713 BBtu hedged to WAHA at an average weighted price of \$1.85/MMBtu
- For 2022, gas swaps in place for approximately 118 BBtu per day

As of August 10, 2021

(1) Hedges include oil swaps to WTI only; excludes basis swaps and roll differential hedges.

(2) Hedges include natural gas swaps to HSC and WAHA.

MIDLAND BASIN

FOCUSED ON EXECUTION, WELL PERFORMANCE AND CAPITAL EFFICIENCY

2021 OPERATING PLAN

2021 PLAN DETAILS

- 2Q21: 40 net wells completed and 11 net wells drilled
- YTD 2Q21: 54 net wells completed and 24 net wells drilled
- ~11,300' expected average lateral feet per well
- ~45% Boe PDP decline expected (YE20 - YE21)

BEST IN CLASS WELL PERFORMANCE

- 2021-2022 drilling program expected breakeven flat pricing of \$12 - \$31/Bbl NYMEX⁽¹⁾

LEADING EDGE CAPITAL COSTS

- Expected DC&E costs: ~\$520/lateral foot

OPERATING DETAILS⁽²⁾

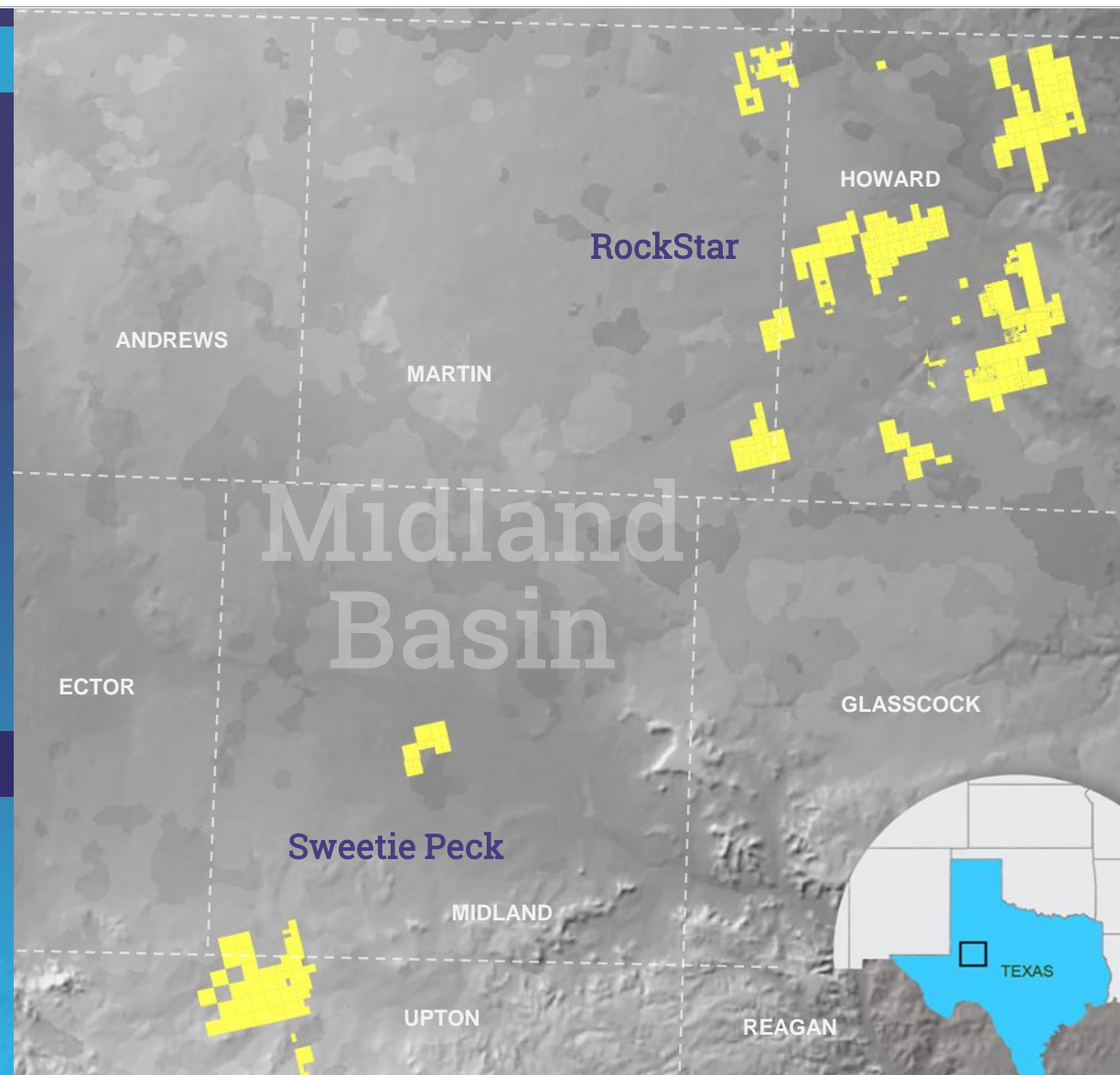
Rigs Running: 

Completion Crews: 

~82,000
NET ACRES

(1) Breakeven 10% IRR assumes natural gas at \$2.50/Mcf and 43% NGL to WTI pricing.

(2) As of July 29, 2021.

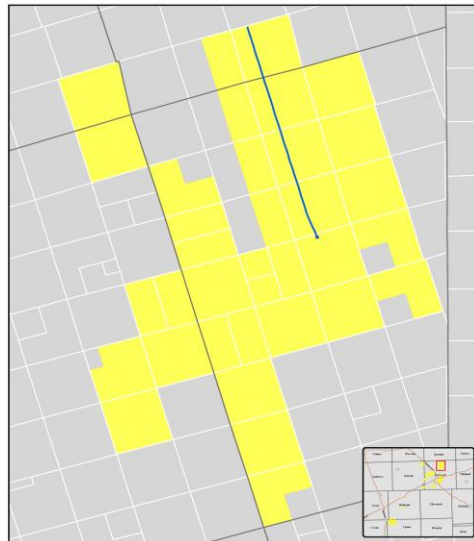


PREMIER OPERATOR OF TOP-TIER ASSETS

LONGEST LATERAL IN TX & FIRST SIMUL-FRAC A TESTAMENT TO OPERATIONS LEADERSHIP

Clarice Starling Sundown D 4542 WA

- Lateral length: 20,900'
- Drilled in 20 days
- Longest lateral in state of Texas
- Successfully fracture stimulated and now producing oil over 30 days



First Simul-Fracs

Completed a max of 24 stages per day, average of 16 stages per day, twice the pace of our typical zipper frac

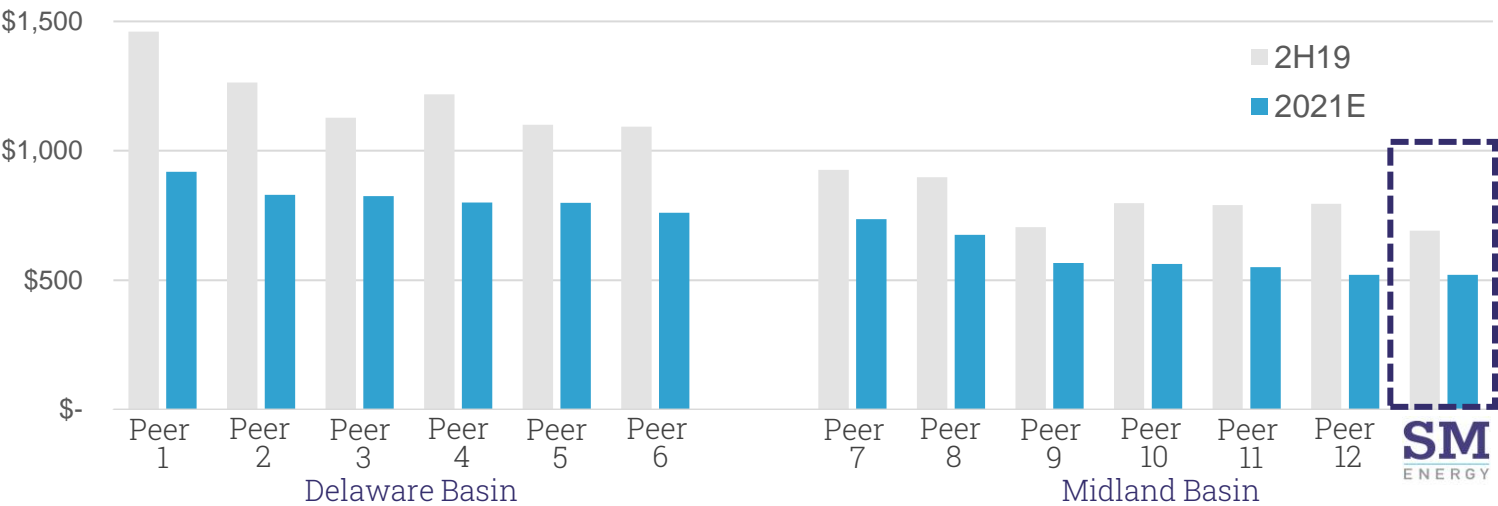
SM Energy: always in pursuit of commercially astute technical advancements

MIDLAND BASIN

TOP-TIER BREAKEVEN PRICES DRIVEN BY CAPITAL EFFICIENCY

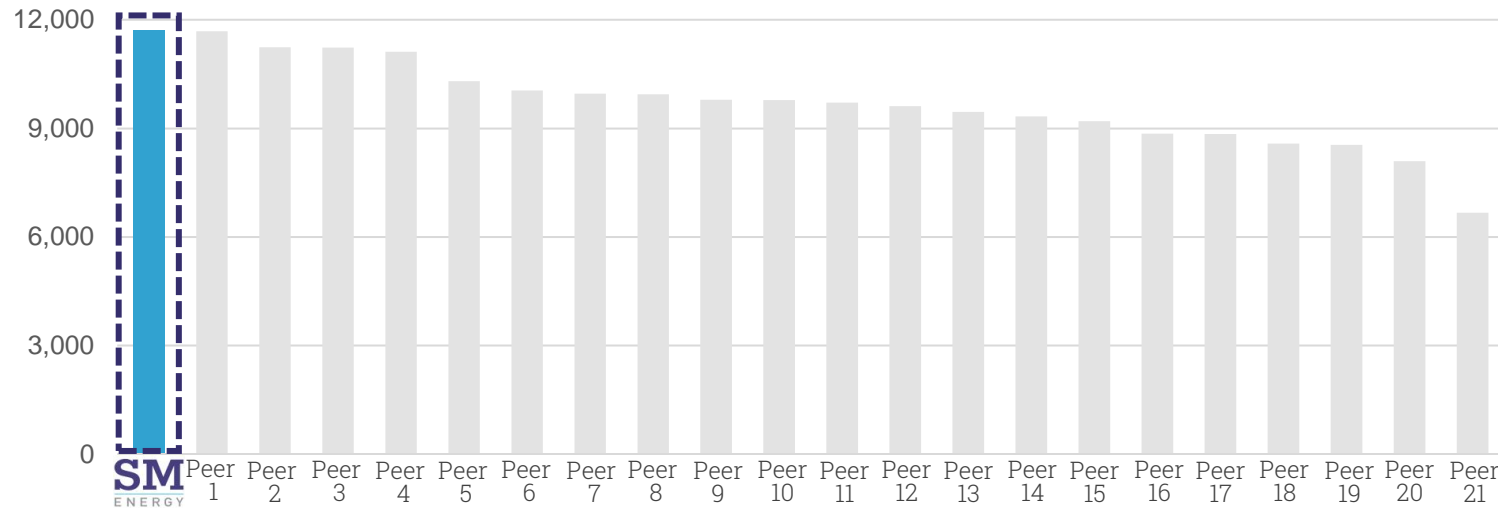
Lowest Permian well costs (Per lateral foot)

Peers include CDEV, CPE, ESTE, FANG, LPI, MTDR, OVV, PDCE, PXD, XEC
Source: Enverus Intelligence; April 28, 2021.



Longest Midland Basin laterals (2020 average lateral lengths)

Peers include APA, Birch, COP, CPE, CrownQuest, CVX, Discovery, DoublePoint, EDR, ESTE, FANG, Hunt, Lario, LPI, OXY, OVV, PXD, SGY, Summit, Triple Crown, XOM.
Source: Enverus Intelligence; April 28, 2021.



SOUTH TEXAS

FOCUSED ON EXECUTION AND RETURNS ENHANCEMENT

2021 OPERATING PLAN

2021 PLAN DETAILS

- 2Q21: 5 net wells completed and 11 net wells drilled
- YTD 2Q21: 8 net wells completed and 16 net wells drilled
- ~12,000' expected average lateral feet per well
- ~20% Boe PDP decline expected (YE20 - YE21)

ENHANCING INVENTORY VALUE

MARKETING UPDATE

- Transportation costs expected to decrease ~\$0.25/Mcf starting July 2021 and decrease an additional ~\$0.35/Mcf in mid 2023

AUSTIN CHALK SUCCESS

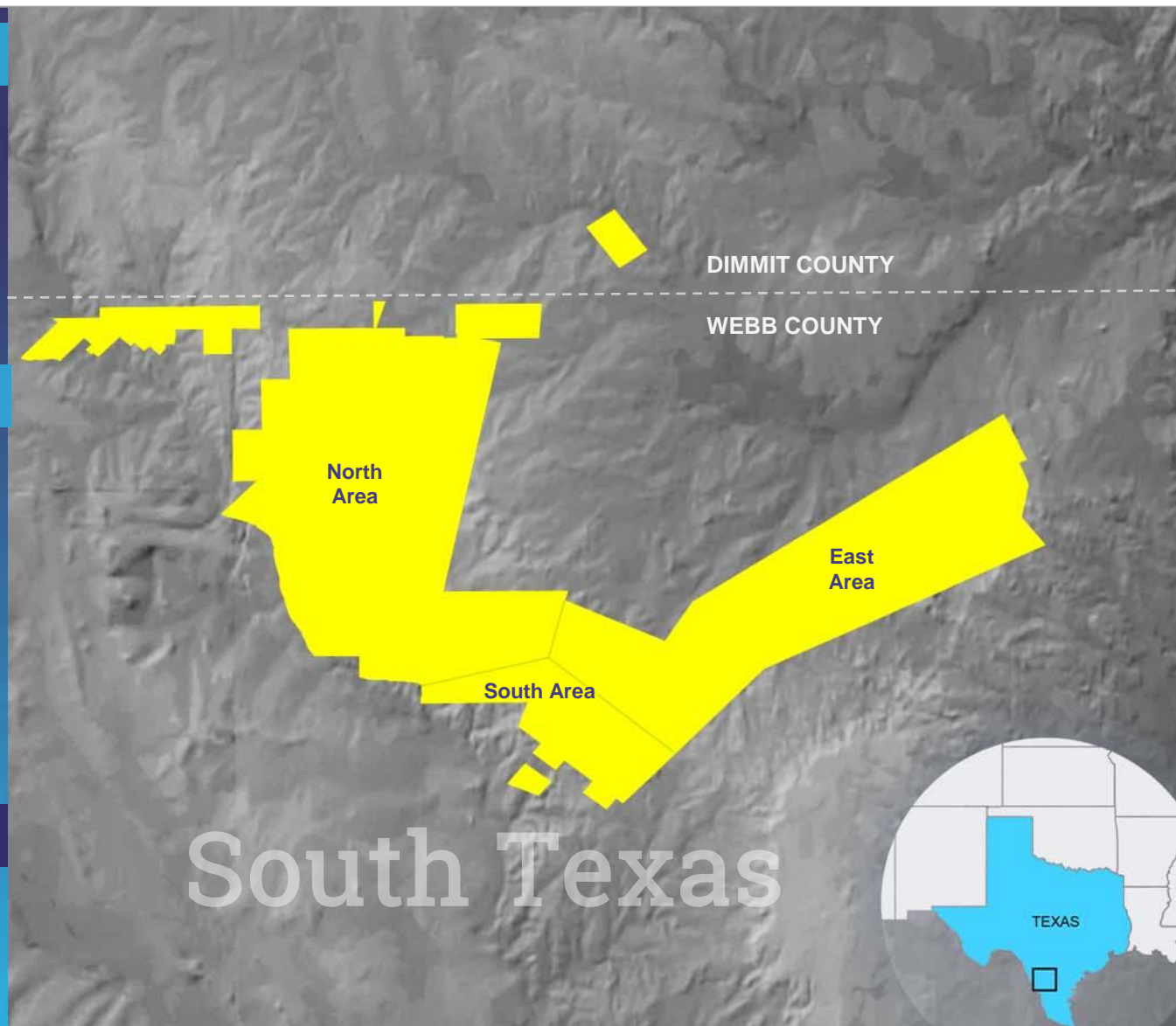
- 2020 Austin Chalk wells have an expected breakeven flat oil price range of \$12 - \$28/Bbl NYMEX⁽¹⁾ at go forward development capital
- Delineation program of 17 wells producing as of the end of the 2Q has indicated Austin Chalk inventory over a broad area

OPERATING DETAILS ⁽²⁾

Rigs
Running: 

Completion
Crews: 

~155,000
NET ACRES

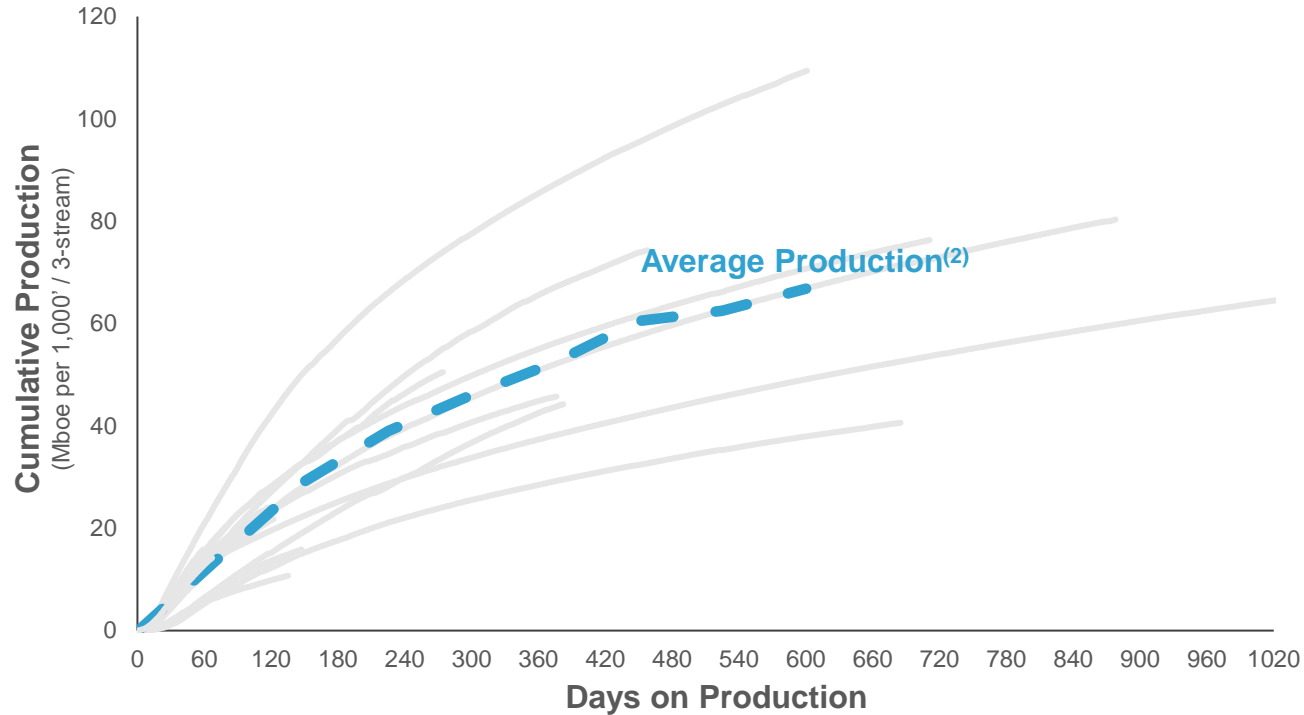


SOUTH TEXAS: AUSTIN CHALK SUCCESS CONTINUES

SUCCESSFUL TEST RESULTS ACROSS ACREAGE POSITION

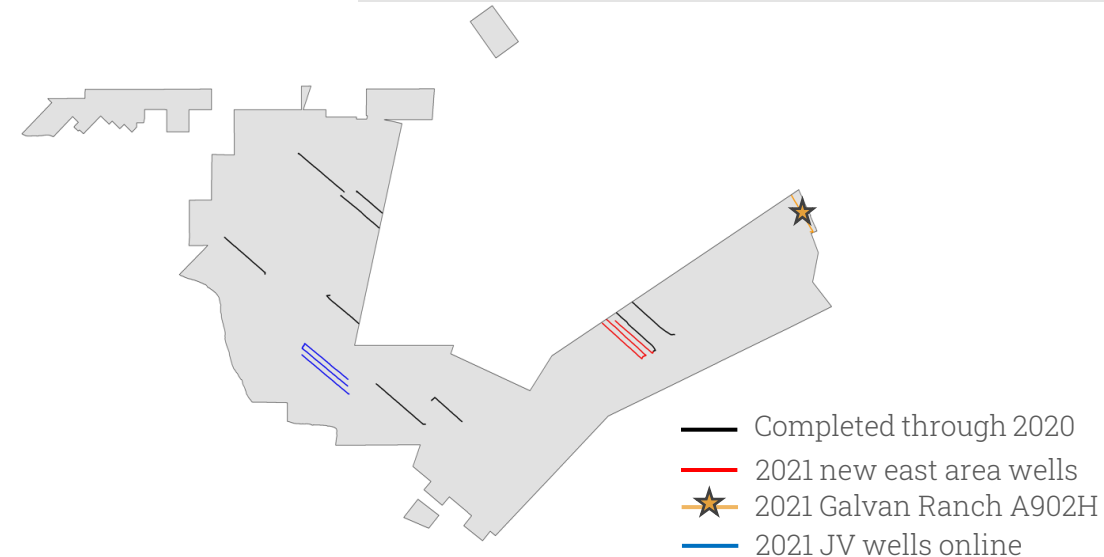
Austin Chalk Wells Currently Producing

Austin Chalk wells producing ~50-80% liquids⁽¹⁾



- South Texas: 155,000 total net acres; significant area delineated for Austin Chalk development, supporting an expected **~400 locations**
- Liquids content is predictable: high oil/NGLs in the North, high NGLs in the east, high gas in the South
- Focused on delineating to confirm areal extent and completing wells to test development spacing

Austin Chalk Wells

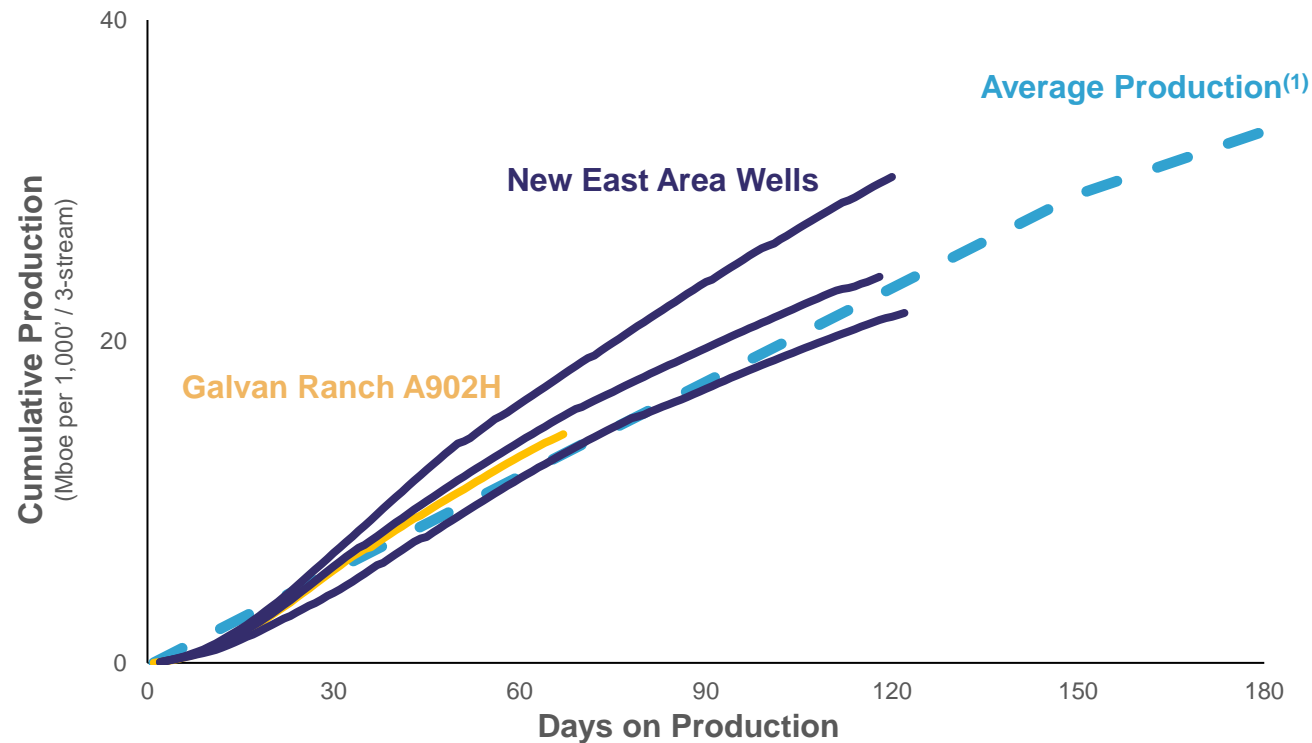


SOUTH TEXAS: PROLIFIC NEW AUSTIN CHALK WELL RESULTS

STRONG WELL PERFORMANCE INDICATES CONSISTENCY AND REPEATABILITY

Currently Producing Austin Chalk Wells

New eastern wells producing 55-62% liquids



★ Latest well result this month ★

Galvan Ranch A902H

- ~2,345 Boe/d (3-stream), ~900 Bo/d peak 30-day IP rates; 9,173' lateral length
- Long 8-mile step-out NE from nearest SM Energy AC well

New East Area Well Results

- Galvan Ranch B914H: ~4,000 Boe/d (3-stream), ~1,100 Bo/d peak 30-day IP rates
- Three new liquids-rich east area wells average ~3,300 Boe/d peak 30-day IP rate (3-stream)
- Estimated ~\$24/Bbl average breakeven oil price⁽²⁾

Co-Development Wells

- Three Austin Chalk co-developed (with Eagle Ford) wells expected ~85% rate of return⁽³⁾

2021 Austin Chalk Program

- Estimated to deliver 100%+ rate of return⁽³⁾

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

MAKING PEOPLE'S LIVES BETTER BY RESPONSIBLY PRODUCING OIL & NATURAL GAS

First Electric Frac Fleet Utilized by SM Energy – October 2020



Focused on emissions and safety:

Preliminary

2020 Flaring Percentage:
(% gas flared / gas produced)

0.81%



Midland
flaring ↓75%
2020/2019

2020 Methane Emissions:
(mT⁽²⁾ CH₄ / MBoe)

0.04



Top
Quartile⁽¹⁾

2020 GHG Emissions Intensity:
(mT⁽²⁾ CO₂e / MBoe)

7.87



Top
Quartile⁽¹⁾

2020 Spill Volumes:
(Bbbls produced liquids spilled / 1,000 Bbbls liquids produced)

0.014



Top
Quartile⁽¹⁾

2020 TRIR:
(employee + contractor)

0.26



Top
Quartile⁽¹⁾

Short-term annual cash bonus and long-term incentive compensation plan targets include key environmental and safety metrics

Look for SM Energy ESG disclosures on our website, including the CDP Climate Change Questionnaire, TCFD and SASB framework responses updated for 2020 data

www.sm-energy.com/sustainability

ESG - HUMAN CAPITAL

COLLABORATION AND INCLUSIVE CULTURE ARE CORE TO OUR BUSINESS

Workforce Metrics:

Number of Employees

504

(as of 12/31/20)

Women Employees

33%

(as of 12/31/20)

Women Officers

29%

(as of 12/31/20)

Ethnic Diversity

25%

(as of 12/31/20)

Board Diversity

57%

(as of 5/28/21)

2020

Charitable Contributions⁽¹⁾

\$1.1 million

2020

Community Service Hours

1,300



www.sm-energy.com/sustainability

PREMIER OPERATOR OF TOP-TIER ASSETS

THE EXPERTS AGREE...

J.P. Morgan Research⁽¹⁾: *We are upgrading SM given a better FCF at higher oil prices, as well as giving more credit to the emerging South Texas Austin Chalk play in our NAV.*

RBC Equity Research⁽²⁾: *SM added to Global Energy Best Ideas list as a top global name based on top-tier returns in the core Permian development, visibility towards improving balance sheet, and the South Texas Austin Chalk catalyst.*

Stifel Research⁽³⁾: *Raising our target price based on a stronger Austin Chalk type curve. We anticipate new wells will be comparable to three 2020 Austin Chalk wells that appear to generate competitive returns with the Company's Permian Basin assets. SM wells in the Midland Basin have outperformed most competitors despite tighter than average well spacing.*

RBC Equity Research⁽⁵⁾: *We upgrade SM to Outperform due to (1) rapid pace of de-leverage, (2) top-tier Permian economics, and (3) upside in the Austin Chalk. We believe SM shares provide investors beta to higher oil prices that are supported by solid fundamentals and an improving financial position. Over the last couple of years, we think the market was positively surprised with performance at RockStar (Permian) but we see the asset still undervalued and the Austin Chalk as a new value catalyst in 2021.*

Capital One Research⁽⁵⁾: *Our top 2 E&P picks [include] SM...The Company's unlevered/unhedged free cash flow yield (one of our most heavily weighted factors) went from the middle of the pack (~10%) to top quartile (nearly 20%)...Liquids rich Austin Chalk wells coupled with improving transportation costs in South Texas could substantially change the outlook for the asset...price target \$27/share.*

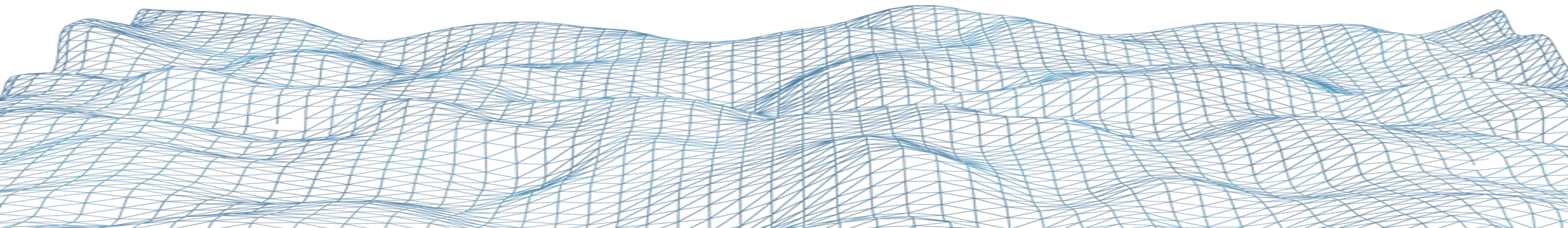
Enverus Intelligence⁽⁶⁾: *We believe the market is ascribing zero value to SM's Austin Chalk inventory. We value the firm's Austin Chalk inventory at \$8.90/share, relative to a total NAV of \$27/share (at \$50 WTI, 53% higher than current share price). We believe SM is the best opportunity to get long southwest Austin Chalk inventory, and we expect SM's continued success in the play to catalyze stock outperformance.*

Enverus Intelligence⁽⁶⁾: *We estimate SM's wells in Webb County break even at \$30/Bbl WTI and \$1.50/Mcf Henry Hub; early results suggest the Middle Austin Chalk outperforms the Lower Austin Chalk and SM is most exposed to the middle interval with 85,000 net prospective acres.*

J.P. Morgan Research
Jayaram Award

Midland Basin Performance
December 2020

Appendix



SECOND QUARTER 2021 PERFORMANCE

Key Metrics

2Q21

Production and Pricing	
Total Production (MMBoe)	12.4
Total Production (MBoe/d)	136.5
Oil percentage	54%
Pre-Hedge Realized Price (\$/Boe)	\$45.28
Post-Hedge Realized Price (\$/Boe)	\$32.50
Costs (per Boe)	
LOE	\$4.62
Transportation	\$3.01
Production & Ad Valorem taxes	\$2.48
Total Production Expenses	\$10.10
Cash Production Margin (pre-hedge)	\$35.17
G&A (Cash)	\$1.73
G&A (Non-Cash)	\$0.25
Operating Margin (pre-hedge)	\$33.19
DD&A	\$16.48
Earnings	
GAAP Earnings (per share)	\$(1.88)
Adjusted net income ⁽¹⁾ (per share)	\$0.01
Adjusted EBITDAX ⁽¹⁾ (\$MM)	\$256.9
Free cash flow (\$MM)	
Net cash provided by operating activities (GAAP)	\$296.4
Net change in working capital	\$(82.5)
Net cash provided by operating activities before net change in working capital	\$213.9
Capital expenditures (GAAP)	\$222.6
Decrease in capital expenditure accruals and other	\$(8.4)
Capital expenditures before accruals and other	\$214.2
Free cash flow⁽¹⁾	\$(0.3)

Note: Amounts may not recalculate due to rounding.

(1) Adjusted net income, Adjusted EBITDAX, and Free cash flow are non-GAAP financial measures. See the "Non-GAAP Definitions and Reconciliations" section in the Appendix.

Production

136.5 MBoe/d

Adjusted EBITDAX⁽¹⁾

\$257 million

2Q 2021 REALIZATIONS BY REGION

TWO TOP-TIER AREAS OF OPERATION

Benchmark Pricing		Midland Basin	South Texas	Total
NYMEX WTI Oil (\$/Bbl)	\$ 66.07			
NYMEX Henry Hub Gas (\$/MMBtu)	\$ 2.83			
Hart Composite NGL (\$/Bbl)	\$ 31.52			
Production Volumes				
Oil (MBbls)				
Gas (MMcf)				
NGL (MBbls)				
Total (Mboe)				
Revenue (in thousands)				
Oil				
Gas				
NGL				
Total				
Expenses (in thousands)				
LOE				
Ad Valorem				
Transportation				
Production Taxes				
Per Unit Metrics				
Realized Oil Per Bbl				
% of Benchmark - WTI				
Realized Gas per Mcf				
% of Benchmark - NYMEX Henry Hub				
Realized NGL per Bbl				
% of Benchmark - HART				
Realized Price per Boe				
LOE per Boe				
Ad Valorem per Boe				
Transportation per Boe				
Production Tax per Boe				
Production Tax as % of Pre-hedge Revenue				
Production Margin per Boe				

Note: Amounts may not recalculate due to rounding.

2021 GOALS AND PLAN GUIDANCE⁽¹⁾

FULL-YEAR PRODUCTION GUIDANCE NARROWED

2021 Goals

Generate positive free cash flow⁽²⁾

Reduce leverage

Organically grow inventory and inventory value

Meet AXPC top-quartile rank for safety and environmental metrics

Key Metrics

Guidance FY 2021

Capital Expenditures ⁽³⁾ (\$MM)	\$650 - \$675
Total Production (MMBoe)	47.5 – 49.5
Total Production (MBoe/d)	130.1 – 135.6
Oil percentage	~52-53%
LOE (per Boe)	\$4.50 - \$5.00
Transportation (per Boe)	\$2.80 - \$3.00
Production & Ad Valorem taxes ⁽⁴⁾ (per Boe)	~\$2.15
G&A ⁽⁵⁾ (\$MM)	~\$100
Exploration Expense (\$MM)	~\$50
DD&A (per Boe)	\$16 - \$18

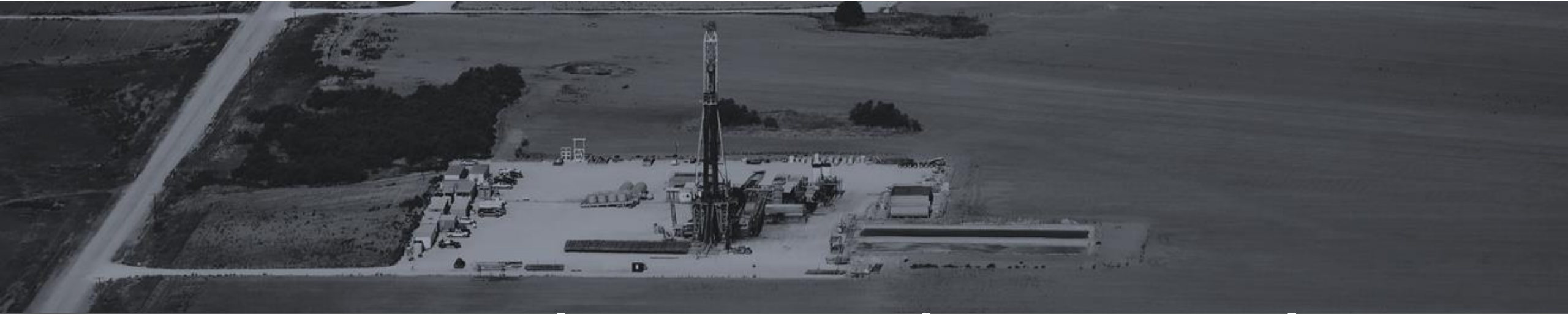
Q3 2021 GUIDANCE

- Production: 13.0 - 13.2 MMBoe (141 - 143 MBoe/d) at ~53-54% oil
- Capital expenditures⁽³⁾: \$170 - \$190 million

(1) As of July 29, 2021.
 (2) Free cash flow is a non-GAAP financial measure. See "Definitions of non-GAAP measures as Calculated by the Company" and related reconciliations in the Appendix.
 (3) Capital expenditures before changes in capital expenditure accruals and other.
 (4) Production & Ad Valorem taxes estimated at ~4.5% of pre-hedge revenue + ~\$0.50/Boe, respectively.
 (5) Includes ~\$12 million non-cash compensation.

ACTIVITY BY REGION

WELLS DRILLED, FLOWING COMPLETIONS, AND DUC COUNT



	Wells Drilled				Flowing Completions				DUC Count ⁽¹⁾	
	2Q21		2021 YTD		2Q21		2021 YTD		As of June 30, 2021	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Midland Basin										
RockStar	12	10	22	18	36	32	52	46	20	17
Sweetie Peck	2	1	8	6	8	8	8	8	16	12
Midland Basin total	14	11	30	24	44	40	60	54	36	29
South Texas⁽¹⁾										
Austin Chalk	10	10	14	14	5	5	8	6.5	20	20
Eagle Ford	1	1	2	2	-	-	3	1.5	16	16
South Texas total	11	11	16	16	5	5	11	8	36	36
Total	25	22	46	40	49	45	71	62	72	65

As of June 30, 2021.

Amounts may not recalculate due to rounding.

LEASEHOLD SUMMARY

NO LEASEHOLD ON FEDERAL LANDS IN THE MIDLAND BASIN OR SOUTH TEXAS

Net Acres⁽¹⁾

Midland Basin	
Sweetie Peck ⁽²⁾	18,000
RockStar	64,100
Midland Basin total	82,100
South Texas	
	155,100
Rocky Mountain Other	
	10,300
Other Areas / Exploration	
	26,400
Total	273,900

MIDLAND BASIN
NET ACRES

~82,000

SOUTH TEXAS
NET ACRES

~155,000

(1) Includes developed and undeveloped oil and natural gas leasehold, fee properties, and mineral servitudes held as of June 30, 2021.

(2) Sweetie Peck acreage includes ~1,500 net drill-to-earn acreage.

As of June 30, 2021

HIGH QUALITY MULTI-FORMATION INVENTORY

COMPELLING ECONOMICS AT LOW COMMODITY PRICES

Total Company
expected inventory⁽¹⁾:

13+ years

Midland Basin
expected inventory⁽¹⁾:

9 years

Exceptional quality inventory

>50% average return⁽¹⁾

Inventory upside from contingent resources
and prospective new intervals could add
another 5+ years in the Midland Basin

Enverus Research⁽²⁾

Years of Sub \$40 WTI and
\$2.25 HH Inventory

SM|ENERGY = **8** years

SM Energy inventory resilient
at low commodity prices

NGL REALIZATIONS

NGL price realizations tied to Mont Belvieu, fee-based contracts

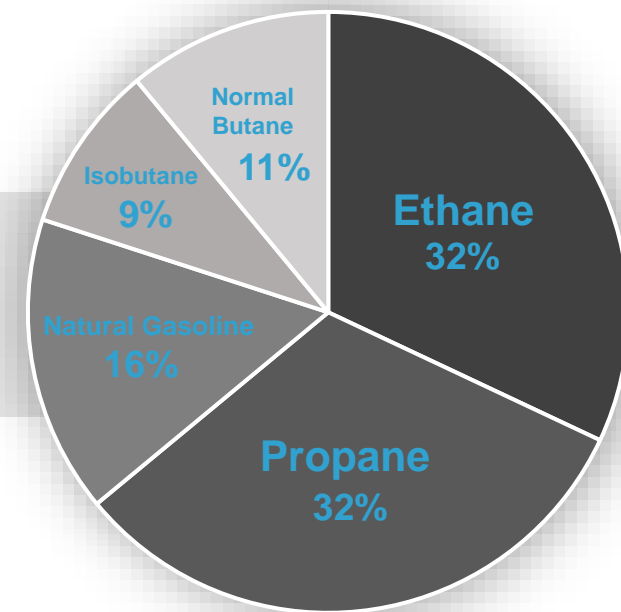
Differential reflects NGL composite barrel product mix as well as transportation and fractionation fees

Realizations by Quarter

	2Q 2020	3Q 2020	4Q 2020	1Q 2021	2Q 2021
Mont Belvieu Benchmark Price (\$/Bbl)	\$14.02	\$19.13	\$21.68	\$30.47	\$31.52
SM NGL Realization (\$/Bbl)	\$10.43	\$14.07	\$18.43	\$26.93	\$28.41
% Differential to Mont Belvieu	74%	74%	85%	88%	90%

SM NGL Composition

Reflects Ethane Rejection⁽¹⁾



(1) Graphic reflects ethane rejection; if the Company were to process ethane, the typical NGL barrel would consist of 52% ethane, 22% propane, 11% natural gasoline, 8% normal butane, and 7% isobutane. The Company elected to reject ethane during the first six months of 2021.

SOUTH TEXAS: AUSTIN CHALK DELIVERS SIGNIFICANT VALUE

SUPERIOR AUSTIN CHALK MARGINS

Expected Production Margin per Boe⁽¹⁾

Austin Chalk v. Eagle Ford



Estimated breakeven for Austin Chalk wells to date is **\$12 - \$28/Bbl** NYMEX⁽²⁾ at go forward development capital

~60% Higher realized price expected

~30% Lower production costs expected

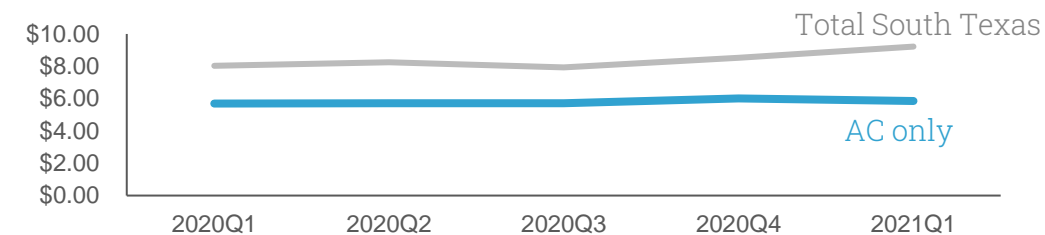
~300% Higher margins expected

SM ENERGY AUSTIN CHALK: TOP-TIER ECONOMICS

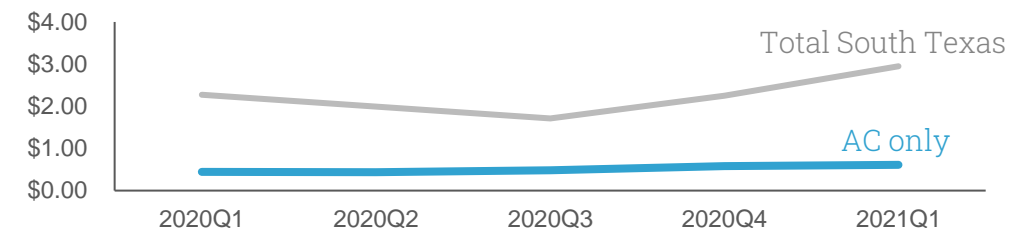
Austin Chalk operating costs per Boe are 35-40% lower than current blended South Texas operating costs

NGL benchmark pricing based on industry standard composite barrel comprised of: Ethane 36.5%, Propane 31.8%, Normal Butane 11.2%, Isobutane 6.2%, Pentane+ 14.3%

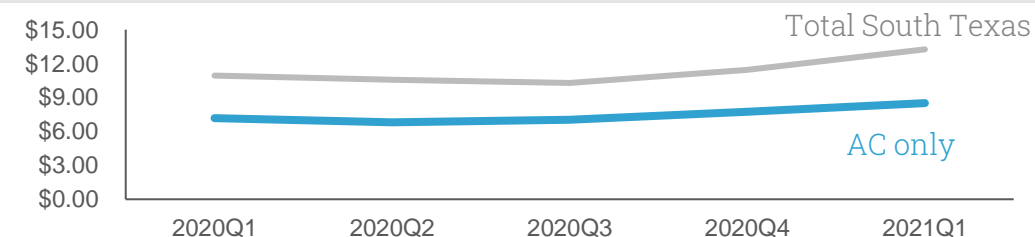
Transportation per Boe



LOE per Boe



Production Expenses⁽¹⁾ per Boe



Hedges

OIL, GAS, AND NGL DERIVATIVE POSITIONS⁽¹⁾

BY QUARTER

Oil

Oil

	Oil Swaps		Oil Collars			Midland - Cushing	NYMEX WTI - ICE Brent		MEH – WTI		NYMEX WTI Roll		
						Oil Basis Swaps	Oil Basis Swaps		Basis Swaps		Basis Swaps		
Period	Volume (MBbls)	\$/Bbl ⁽²⁾	Volume (MBbls)	Ceiling \$/Bbl ⁽²⁾	Floor \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾
Q3 2021	5,453	\$41.64	-	-	-	3,756	\$0.75	920	(\$7.86)	356	\$0.60	4,326	(\$0.18)
Q4 2021	5,052	\$41.70	-	-	-	3,824	\$0.71	920	(\$7.86)	466	\$0.60	3,831	(\$0.16)
Q1 2022	2,010	\$44.81	896	\$63.73	\$53.54	2,222	\$1.15	900	(\$7.78)	271	\$1.25	2,907	\$0.11
Q2 2022	1,953	\$44.75	583	\$61.92	\$55.32	2,374	\$1.15	910	(\$7.78)	349	\$1.25	2,841	\$0.10
Q3 2022	1,938	\$44.63	276	\$52.47	\$50.00	2,442	\$1.15	920	(\$7.78)	335	\$1.25	2,782	\$0.11
Q4 2022	1,923	\$44.58	276	\$51.27	\$50.00	2,462	\$1.15	920	(\$7.78)	374	\$1.25	2,748	\$0.10
Q1 2023	294	\$45.20	-	-	-	-	-	-	-	-	-	478	\$0.39
Q2 2023	333	\$45.18	-	-	-	-	-	-	-	-	-	457	\$0.39
Q3 2023	304	\$45.20	-	-	-	-	-	-	-	-	-	456	\$0.39
Q4 2023	259	\$45.23	-	-	-	-	-	-	-	-	-	441	\$0.39

Gas

Period	IF HSC Gas Swaps		WAHA Gas Swaps	
	Volume (BBtu)	\$/MMBtu ⁽²⁾	Volume (BBtu)	\$/MMBtu ⁽²⁾
Q3 2021	12,575	\$2.40	8,086	\$1.88
Q4 2021	12,412	\$2.41	7,627	\$1.82
Q1 2022	8,208	\$2.85	4,856	\$2.63
Q2 2022	6,808	\$2.34	3,079	\$2.09
Q3 2022	6,934	\$2.37	3,085	\$2.19
Q4 2022	6,982	\$2.47	3,067	\$2.22

NGLs

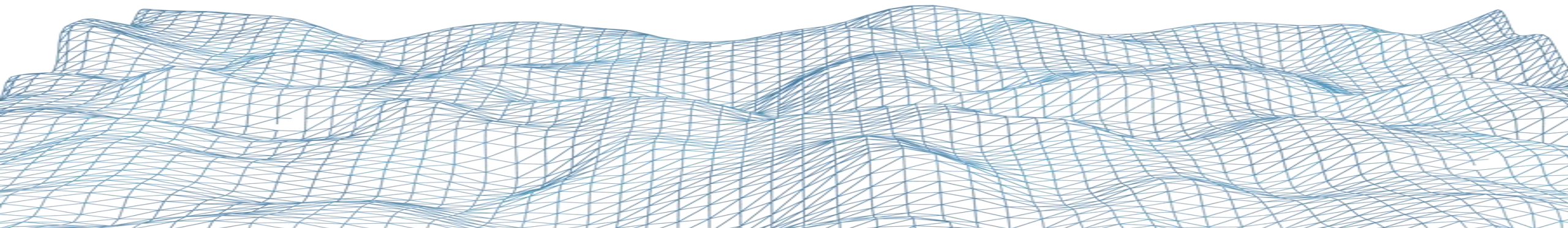
Period	Propane Swaps			Propane Collars			Normal Butane Swaps	
	Volume (MBbls)	\$/Bbl ⁽²⁾		Volume (MBbls)	Ceiling \$/Bbl ⁽²⁾	Floor \$/Bbl ⁽²⁾	Volume (MBbls)	\$/Bbl ⁽²⁾
Q3 2021	854	\$22.16	-	-	-	-	37	\$30.87
Q4 2021	916	\$24.58	-	-	-	-	36	\$30.87
Q1 2022	352	\$28.67	180	\$38.25	\$28.68	-	-	-
Q2 2022	116	\$33.03	253	\$31.69	\$25.94	-	-	-
Q3 2022	55	\$29.44	164	\$27.84	\$24.09	-	-	-
Q4 2022	58	\$29.63	173	\$28.13	\$24.11	-	-	-

(1) Includes derivative contracts for settlement at any time during the second quarter of 2021 and later periods, entered into as of August 10, 2021.

(2) Weighted-average contract price.

Second Quarter 2021

Non-GAAP Reconciliations and Disclosures



NON-GAAP DEFINITIONS

Definitions of non-GAAP Measures as Calculated by the Company

The following non-GAAP measures are presented in addition to financial statements as the Company believes these metrics and performance measures are widely used by the investment community, including investors, research analysts and others, to evaluate and compare investments among upstream oil and gas companies in making investment decisions or recommendations. These measures, as presented, may have differing calculations among companies and investment professionals and may not be directly comparable to the same measures provided by others. A non-GAAP measure should not be considered in isolation or as a substitute for the related GAAP measure or any other measure of a company's financial or operating performance presented in accordance with GAAP. A reconciliation of each of these non-GAAP measures to the most directly comparable GAAP measure or measures is presented below. These measures may not be comparable to similarly titled measures of other companies.

Adjusted EBITDAX: Adjusted EBITDAX is calculated as net income (loss) before interest expense, interest income, income taxes, depletion, depreciation, amortization and asset retirement obligation liability accretion expense, exploration expense, property abandonment and impairment expense, non-cash stock-based compensation expense, derivative gains and losses net of settlements, gains and losses on divestitures, gains and losses on extinguishment of debt, and certain other items. Adjusted EBITDAX excludes certain items that the Company believes affect the comparability of operating results, including items that are generally non-recurring in nature or whose timing and/or amount cannot be reasonably estimated. Adjusted EBITDAX is also important as it is considered among financial covenants under the Company's Credit Agreement, a material source of liquidity for the Company. Please reference the Company's 2020 Form 10-K for discussion of the Credit Agreement and its covenants.

Adjusted net income (loss): Adjusted net income (loss) excludes certain items that the Company believes affect the comparability of operating results, including items that are generally non-recurring in nature or whose timing and/or amount cannot be reasonably estimated. These items include non-cash and other adjustments, such as derivative gains and losses net of settlements, impairments, net (gain) loss on divestiture activity, gains and losses on extinguishment of debt, and accruals for non-recurring matters.

Free cash flow: Free cash flow is calculated as net cash provided by operating activities before net change in working capital less capital expenditures before increase (decrease) in capital expenditure accruals and other.

Free cash flow yield to market capitalization: Free cash flow yield to market capitalization is calculated as Free cash flow (defined above) divided by market capitalization.

Net debt: The total principal amount of outstanding senior secured and senior unsecured notes, senior convertible notes plus amounts drawn on the revolving credit facility (also referred to as total funded debt) less cash and cash equivalents.

Net debt-to-Adjusted EBITDAX: Net debt-to-Adjusted EBITDAX is calculated as Net Debt (defined above) divided by Adjusted EBITDAX (defined above) for the trailing twelve-month period. A variation of this calculation is a financial covenant under the Company's Credit Agreement for its revolving credit facility beginning in the fourth quarter of 2018.

Reinvestment rate: Reinvestment rate is calculated as capital expenditures before increase (decrease) in capital expenditure accruals and other divided by net cash provided by operating activities before net change in working capital.

Forward-Looking non-GAAP Measures

Discussion in conjunction with this presentation may include forward-looking non-GAAP measures such as net debt-to-Adjusted EBITDAX, free cash flow, capital expenditures, and reinvestment rate. The Company is unable to provide reconciliations of these forward-looking non-GAAP measures because components of the calculations are inherently unpredictable, such as changes to current assets and liabilities, the timing of changes in capital accruals, unknown future events, and estimating future certain GAAP measures. The inability to project certain components of the calculation would significantly affect the accuracy of a reconciliation.

NON-GAAP RECONCILIATIONS

Adjusted EBITDAX⁽¹⁾

(in thousands)

	Three Months Ended June 30,	Six Months Ended June 30,
	2021	2021
Net loss (GAAP)	\$ (222,995)	\$ (474,264)
Interest expense	39,536	79,407
Income tax benefit	(162)	(56)
Depletion, depreciation, amortization, and asset retirement obligation liability accretion	204,714	371,674
Exploration ⁽²⁾	7,902	15,941
Impairment	8,750	17,500
Stock-based compensation expense	3,956	9,693
Net derivative loss	370,348	715,037
Derivative settlement loss	(158,822)	(266,707)
Loss on extinguishment of debt	2,144	2,144
Other, net	1,512	1,502
Adjusted EBITDAX (non-GAAP)	\$ 256,883	\$ 471,871
Interest expense	(39,536)	(79,407)
Income tax benefit	162	56
Exploration ⁽²⁾	(7,902)	(15,941)
Amortization of debt discount and deferred financing costs	4,722	9,445
Deferred income taxes	(162)	(214)
Other, net	(297)	(14,879)
Net change in working capital	82,529	31,092
Net cash provided by operating activities (GAAP)	\$ 296,399	\$ 402,023

Adjusted Net Income (Loss)⁽¹⁾

(in thousands)

	Three Months Ended June 30,	Six Months Ended June 30,
	2021	2021
Net loss (GAAP)	\$ (222,995)	\$ (474,264)
Net derivative loss	370,348	715,037
Derivative settlement loss	(158,822)	(266,707)
Impairment	8,750	17,500
Loss on extinguishment of debt	2,144	2,144
Other, net	1,566	1,583
Tax effect of adjustments ⁽³⁾	(48,605)	(101,894)
Valuation allowance on deferred tax assets	48,605	101,894
Adjusted net loss (non-GAAP)	\$ 991	\$ (4,707)
Diluted net loss per common share (GAAP)	\$ (1.88)	\$ (4.07)
Net derivative loss	3.13	6.13
Derivative settlement loss	(1.34)	(2.29)
Impairment	0.07	0.15
Loss on extinguishment of debt	0.02	0.02
Other, net	0.01	0.02
Tax effect of adjustments ⁽³⁾	(0.41)	(0.87)
Valuation allowance on deferred tax assets	0.41	0.87
Adjusted net loss per diluted common share (non-GAAP)	\$ 0.01	\$ (0.04)
Basic weighted-average common shares outstanding	118,357	116,568
Diluted weighted-average common shares outstanding	118,357	116,568

(1) See above "Definitions of non-GAAP measures as Calculated by the Company."

(2) Stock-based compensation expense is a component of exploration expense and general and administrative expense on the unaudited condensed consolidated statements of operations. Therefore, the exploration line items shown in the reconciliation above will vary from the amount shown on the unaudited condensed consolidated statements of operations for the component of stock-based compensation expense recorded to exploration expense.

(3) The tax effect of adjustments is calculated using a tax rate of 21.7% for the three months and six months ended June 30, 2021. This rate approximates the Company's statutory tax rate adjusted for ordinary permanent differences.

NON-GAAP RECONCILIATIONS

Free Cash Flow⁽¹⁾

(in thousands)

	Three Months Ended June 30,	Six Months Ended June 30,
	2021	2021
Net cash provided by operating activities (GAAP)	\$ 296,399	\$ 402,023
Net change in working capital	(82,529)	(31,092)
Cash Flow from operations before net change in working capital	\$ 213,870	\$ 370,931
Capital expenditures (GAAP)	\$ 222,614	\$ 370,177
Increase (decrease) in capital expenditure accruals and other	(8,422)	28,987
Capital expenditures before accruals and other	\$ 214,192	\$ 399,164
Free cash flow	\$ (322)	\$ (28,233)

Net Debt⁽¹⁾

(in thousands)

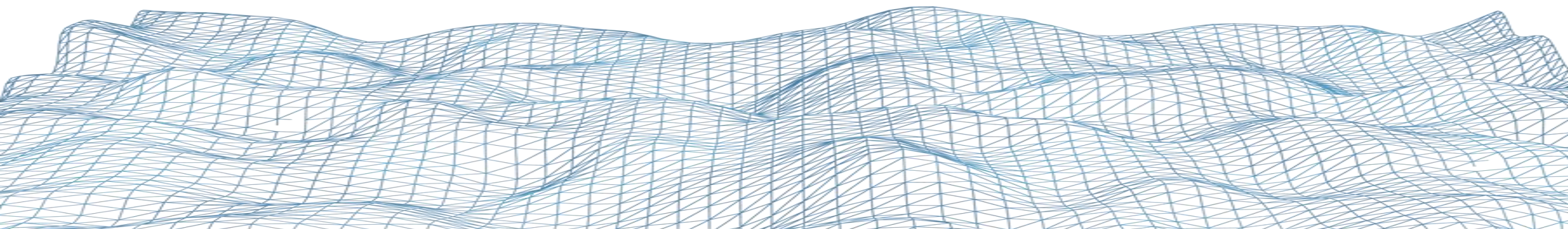
	As of June 30,
	2021
Senior Secured Notes ⁽³⁾	\$ 512,160
Senior Unsecured Notes ⁽³⁾	1,689,913
Revolving credit facility ⁽³⁾	52,500
Total funded debt	\$ 2,254,573
Less: Cash and cash equivalents	-
Net debt	\$ 2,254,573

(1) See above "Definitions of non-GAAP measures as Calculated by the Company."

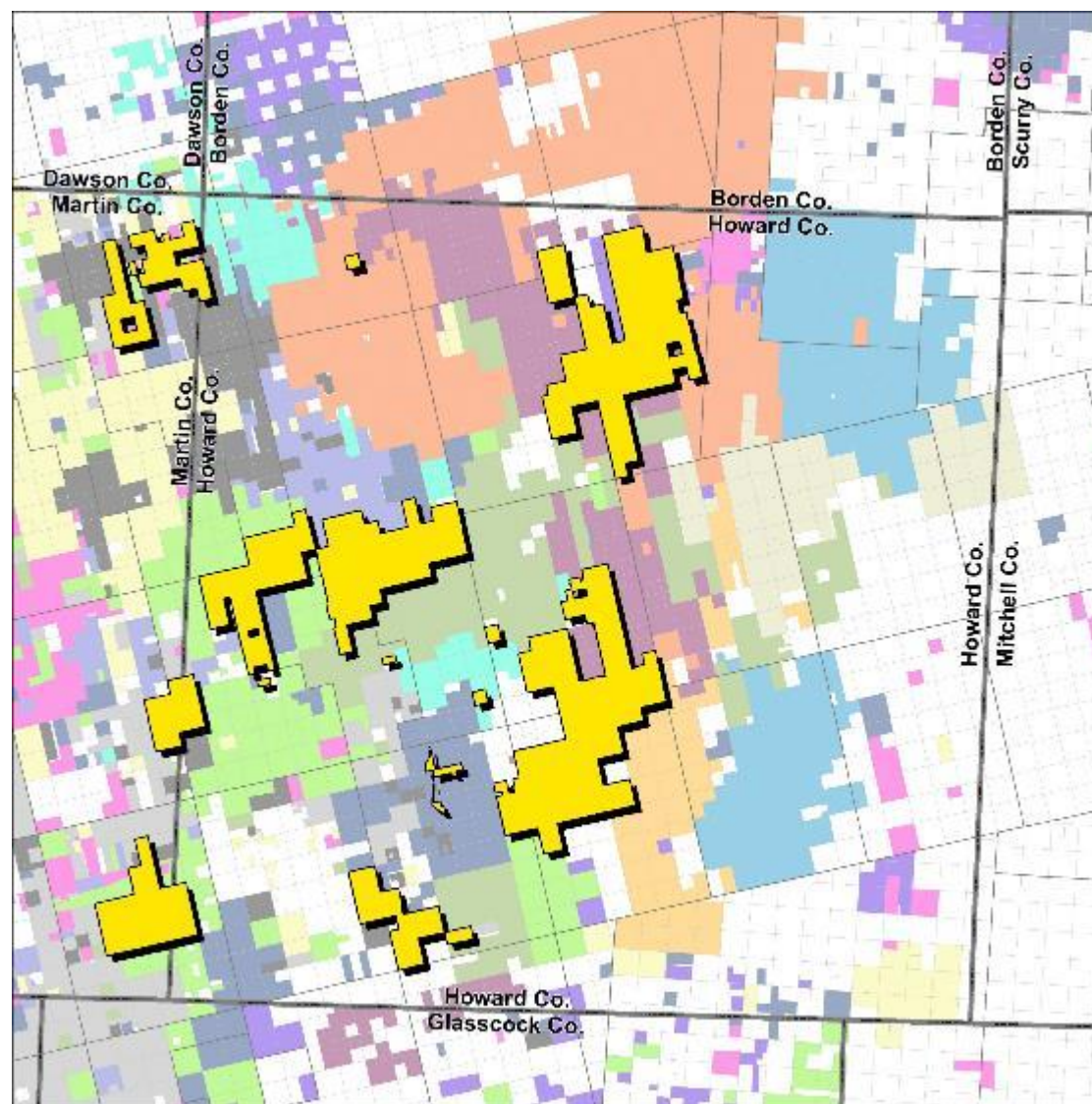
(2) Stock-based compensation expense is a component of exploration expense and general and administrative expense on the unaudited condensed consolidated statements of operations. Therefore, the exploration line items shown in the reconciliation above will vary from the amount shown on the unaudited condensed consolidated statements of operations for the component of stock-based compensation expense recorded to exploration expense.

(3) Amounts are from Note 5 – Long-term Debt in Part 1, Item 1 of the Company's Form 10-Q for the quarter ended June 30, 2021.

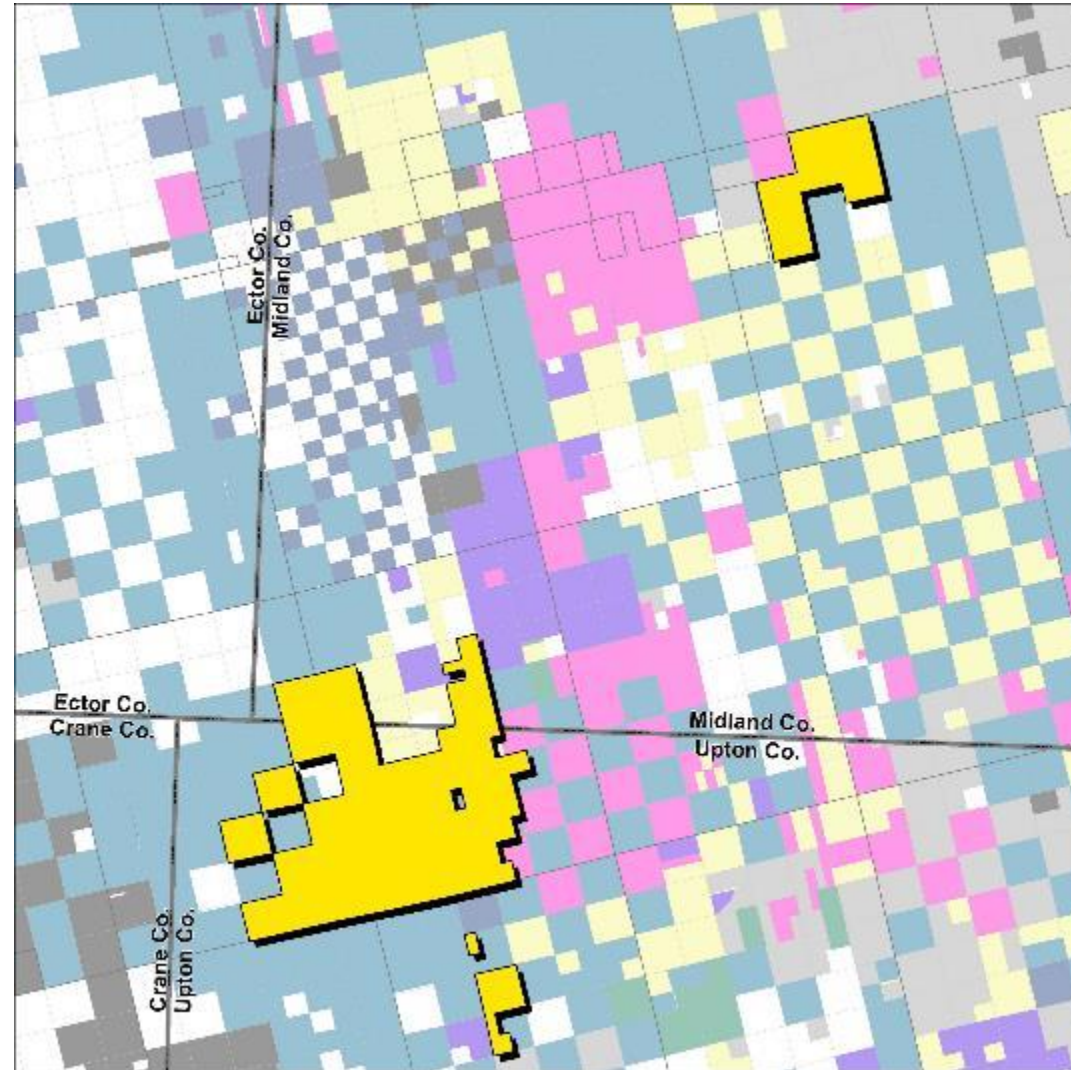
Regional Maps



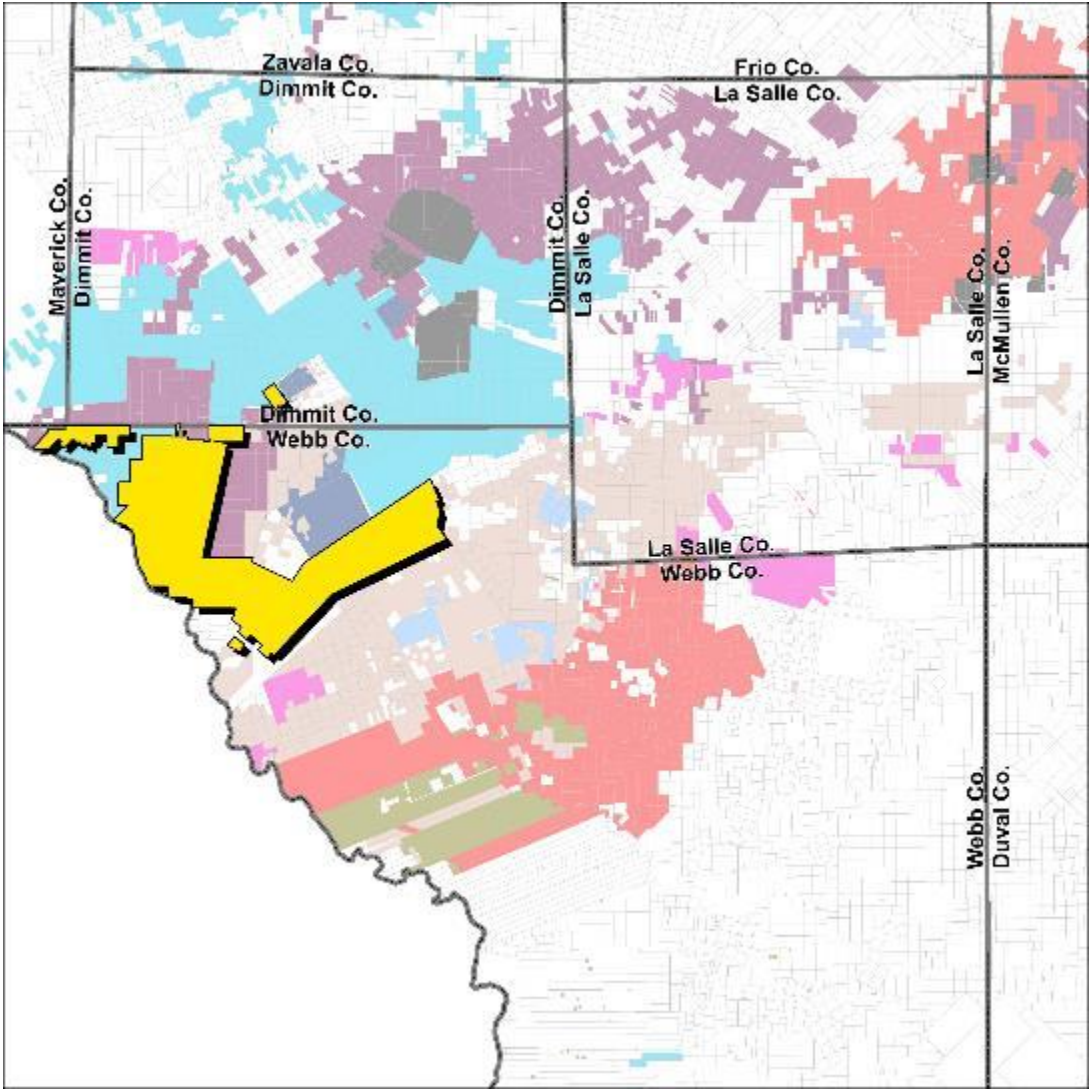
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SWEETIE PECK OPERATORS



SOUTH TEXAS OPERATORS



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