

Q3 2021 Earnings At-A-Glance



HIGHLIGHTS

Generated

\$421MM 

of free cash flow¹ in 3Q'21

Announced

Shareholder Return Framework

Return a **minimum of 60%** of free cash flow through dividends & share repurchases



Guiding to

>\$600MM

in free cash flow for 4Q'21

14.7MM

shares repurchased in October

Increased authorization to

80MM shares

3Q'21 upstream capital investment¹ of

\$228MM

Increased annualized dividend to **\$0.50 / share**

100% increase from previous annualized level



3Q'21 adjusted production² of

336 Mboe/d

exceeded guidance



Eliminated **>20%**

of outstanding bonds with August tender

YTD APA net debt^{1,3} reduction of

\$1.4B

¹ For a reconciliation of the most directly comparable GAAP financial measures and a glossary of referenced terms, please refer to the Non-GAAP Reconciliations in the [3Q'21 Supplement](#) presentation on apacorp.com.

² Excludes production attributable to tax barrels and noncontrolling interest

³ Excludes Altus Midstream (ALTM)

FINANCIAL RESULTS

\$372MM

Adjusted earnings⁽¹⁾

\$0.98

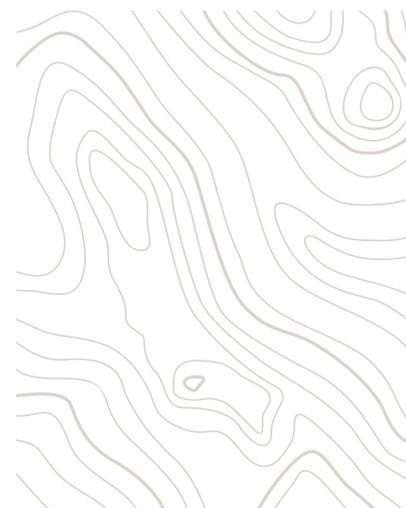
Adjusted earnings per diluted share⁽¹⁾

\$1.16B

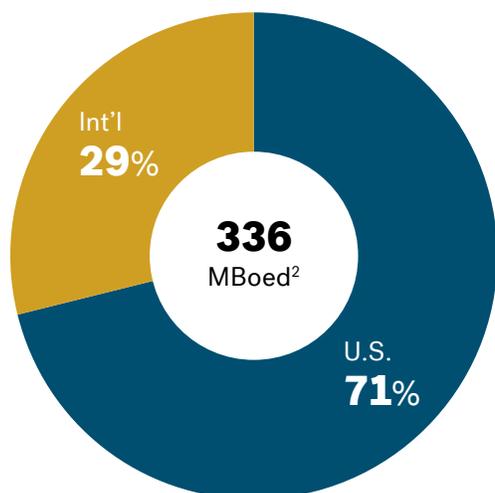
Adjusted EBITDAX⁽¹⁾

\$771MM

Net cash provided by operating activities



ASSET OPERATIONS UPDATE



**U.S.
Production:**

237 MBoed

**Int'l Adjusted
Production:²**

99 MBoed

United States

2 rigs

3Q 2021 average

62%

liquids production

10 gross, **7** net

drilled & completed wells³

International

12 rigs⁴

3Q 2021 average

69%

liquids production

17 gross, **17** net

drilled & completed wells³



Egypt PSC modernization in late-stage of approval

¹ For a reconciliation of the most directly comparable GAAP financial measures and a glossary of referenced terms, please refer to the Non-GAAP Reconciliations in the [3Q '21 Supplement](#) presentation on apacorp.com.

² Excludes production attributable to Egypt tax barrels and noncontrolling interest

³ Includes operated wells completed and fully evaluated, but not necessarily placed onto production

⁴ Includes two rig average in Suriname

HIGHLIGHTS FROM THE 2021 SUSTAINABILITY REPORT

Board and Governance:

- 90% of Board members are independent, 40% are diverse and all directors have relevant industry experience
- 20% of 2021 annual incentive compensation plan is tied to ESG and safety goals
- Enhancing disclosures to more closely align with TCFD
- Performance measured against broad index of upstream and major, integrated producers as well as S&P 500.

Air

↓**27%**

reduction in **flaring emissions** since 2016.

↓**16%**

reduction in **Scope 1 emissions** since 2016.

↓**55%**

reduction in **Scope 2 emissions** since 2016.

↓**41%**

reduction in **venting emissions** since 2016.

4.8 million

trees donated since the launch of the Apache Tree Grant Program in 2005.

Achieved

goal to **end routine flaring in U.S.** onshore operations by the end of 2021.

Water

91%

of the water used in U.S. hydraulic fracturing operations in 2020 was **nonfresh** or **recycled** produced water.

84%

of the total water utilized for production operations since 2016 has been **recycled** or **reused**.

Established

a 2021 goal to reduce U.S. total operational water usage to comprise less than **20% fresh water**.

Communities+People

500,000+

personal protective equipment kits and equipment were donated to global hospitals, health care units, quarantine centers and first responders in 2020.

~15,000

girls in Egypt have learned to **read and write** in schools we have supported since 2004.

33%

of **U.S. employees self-identified as ethnic minorities**, up from 25% in 2016.

PRIMARY WORKFORCE SAFETY GOALS

● Below Target

● Met Target

● Above Target

0.83

Vehicle Incident Rate (VIR) of 0.83 per million miles driven in 2020.

0.48

Total Recordable Incident Rate (TRIR) of 0.48 per 200,000 hours worked in 2020.

0.23

Days Away, Restricted or Transferred (DART) rate of 0.23 per 200,000 hours worked in 2020.

AWARDS AND RECOGNITIONS

We are proud to be frequently recognized by third parties for our sustainability efforts, from our work to mitigate our impacts on the environment to the social causes we support. Recent awards include the following:

2021



Trendsetter in Political Disclosure and Accountability
CPA-Zicklin Index of Corporate Political Disclosure and Accountability



E&P Explorer of the Year for 2020
Wood Mackenzie



2020 Best Safety Results (Sam Croft Drillship)
Noble Services LLC

FORTUNE

One of the World's Most Admired Companies
FORTUNE

2020



Trendsetter in Political Disclosure and Accountability
CPA-Zicklin Index of Corporate Political Disclosure and Accountability



Beit El Helm Award for Best Corporate Social Responsibility Practice
Wataneya Society



Winning "W" Company for 2019
2020 Women on Boards

FORTUNE

One of the World's Most Admired Companies
FORTUNE

Glossary of Referenced Terms

Upstream Capital Investment: Includes exploration, development, gathering, processing, and transmission capital, capitalized overhead, and settled asset retirement obligations, and excludes capitalized interest, non-cash asset retirement additions and revisions, and Egypt noncontrolling interest, in each case associated with Apache's upstream business.

Free Cash Flow: Cash flow from operations before changes in operating assets and liabilities (including Egypt minority interest) plus cash dividends received from Altus (ALTM), minus:

- Upstream capital investment (including Egypt minority interest)
- Distributions to noncontrolling interest (Egypt)
- Consolidated operating cash flow impacts of ALTM

In addition to the terms above, a list of commonly used definitions and abbreviations can be found in Apache Corporation's Form 10-K for the year ended December 31, 2020.



Reconciliation of Income Attributable to Common Stock to Adjusted Earnings

Our presentation of adjusted earnings and adjusted earnings per share are non-GAAP measures because they exclude the effect of certain items included in Income Attributable to Common Stock. Management believes that adjusted earnings and adjusted earnings per share provides relevant and useful information, which is widely used by analysts, investors and competitors in our industry as well as by our management in assessing the Company's operational trends and comparability of results to our peers.

Management uses adjusted earnings and adjusted earnings per share to evaluate our operating and financial performance because it eliminates the impact of certain items that management does not consider to be representative of the Company's on-going business operations. As a performance measure, 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, capital structure and asset sales and other divestitures, 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. However, our presentation of adjusted earnings and adjusted earnings per share may not be comparable to similar measures of other companies in our industry.

(\$ in millions)

	For the Quarter Ended September 30, 2021				For the Quarter Ended September 30, 2020			
	Before Tax	Tax Impact	After Tax	Diluted EPS	Before Tax	Tax Impact	After Tax	Diluted EPS
Net income (loss) including noncontrolling interests (GAAP)	\$ 122	\$ (152)	\$ (30)	\$ (0.08)	\$ 72	\$ (31)	\$ 41	\$ 0.11
Income attributable to noncontrolling interests	94	(41)	53	0.14	41	(15)	26	0.07
Income attributable to Altus preferred unit limited partner	30	-	30	0.08	19	-	19	0.05
Net loss attributable to common stock - Basic	(2)	(111)	(113)	(0.30)	12	(16)	(4)	(0.01)
Effect of dilutive securities **	-	-	-	-	(4)	-	(4)	(0.01)
Net loss attributable to common stock	(2)	(111)	(113)	(0.30)	8	(16)	(8)	(0.02)
Adjustments: *								
Asset and unproved leasehold impairments	23	(8)	15	0.04	36	(7)	29	0.08
Noncontrolling interest & tax barrel impact on Egypt adjustments	(1)	-	(1)	-	(1)	-	(1)	-
Valuation allowance and other tax adjustments	-	60	60	0.16	-	-	-	-
(Gain)/loss on extinguishment of debt	105	(22)	83	0.22	(12)	3	(9)	(0.03)
Unrealized derivative instrument gain	(37)	8	(29)	(0.08)	(99)	21	(78)	(0.20)
Noncontrolling interest on Altus preferred units embedded derivative	1	-	1	-	(1)	-	(1)	-
Loss on previously sold Gulf of Mexico properties	446	(94)	352	0.93	-	-	-	-
Effect of dilutive securities **	-	-	-	-	4	-	4	0.01
Transaction, reorganization & separation costs	4	(1)	3	0.01	7	(1)	6	0.01
Loss on divestitures, net	2	(1)	1	-	1	-	1	-
Drilling contract termination charges and other	-	-	-	-	3	(1)	2	-
Adjusted earnings (Non-GAAP)	\$ 541	\$ (169)	\$ 372	\$ 0.98	\$ (54)	\$ (1)	\$ (55)	\$ (0.15)

* The income tax effect of the reconciling items are calculated based on the statutory rate of the jurisdiction in which the discrete item resides.

** The assumed conversion of Altus' Preferred Unit limited partner is primarily associated with unrealized gains on the Preferred Unit embedded derivative. These amounts are antidilutive for the third quarter 2021 and nine-months ended 2020.

Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDAX

Management believes EBITDAX, or earnings before income tax expense, interest expense, depreciation, amortization and exploration expense is a widely accepted financial indicator, and useful for investors, to assess a company's ability to incur and service debt, fund capital expenditures, and make distributions to shareholders. We define adjusted EBITDAX, a non-GAAP financial measure, as EBITDAX adjusted for certain items presented in the accompanying reconciliation. Management uses adjusted EBITDAX to evaluate our ability to fund our capital expenditures, debt services and other operational requirements and to compare our results from period to period by eliminating the impact of certain items that management does not consider to be representative of the Company's on-going operations. Management also believes adjusted EBITDAX facilitates investors and analysts in evaluating and comparing EBITDAX from period to period by eliminating differences caused by the existence and timing of certain operating expenses that would not otherwise be apparent on a GAAP basis. However, our presentation of adjusted EBITDAX may not be comparable to similar measures of other companies in our industry.

(\$ in millions)

	For the Quarter Ended			For the Nine Months Ended	
	September 30,	June 30,	September 30,	September 30,	
	2021	2021	2020	2021	2020
Net cash provided by operating activities	\$ 771	\$ 969	\$ 304	\$ 2,411	\$ 890
Adjustments:					
Exploration expense other than dry hole expense and unproved leasehold impairments	13	17	17	42	49
Current income tax provision	183	131	58	463	120
Other adjustments to reconcile net income (loss) to net cash provided by operating activities	(8)	(6)	(31)	6	(45)
Changes in operating assets and liabilities	95	(212)	97	58	184
Financing costs, net	100	108	111	318	320
Transaction, reorganization & separation costs	4	4	7	8	44
Adjusted EBITDAX (Non-GAAP)	<u>\$ 1,158</u>	<u>\$ 1,011</u>	<u>\$ 563</u>	<u>\$ 3,306</u>	<u>\$ 1,562</u>



Reconciliation of Net Cash Provided by Operating Activities to Cash Flows From Operations Before Changes in Operating Assets and Liabilities and Free Cash Flow

Cash flows from operations before changes in operating assets and liabilities and free cash flow are non-GAAP financial measures. APA uses these measures internally and provides this information because management believes it is useful in evaluating the company's ability to generate cash to internally fund exploration and development activities, fund dividend programs, and service debt, as well as to compare our results from period to period. We believe these measures are also used by research analysts and investors to value and compare oil and gas exploration and production companies and are frequently included in published research reports when providing investment recommendations. Cash flows from operations before changes in operating assets and liabilities and free cash flow are additional measures of liquidity but are not measures of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities. Additionally, this presentation of free cash flow may not be comparable to similar measures presented by other companies in our industry.

(\$ in millions)

	For the Quarter Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Net cash provided by operating activities	\$ 771	\$ 304	\$ 2,411	\$ 890
Changes in operating assets and liabilities	95	97	58	184
Cash flows from operations before changes in operating assets and liabilities	\$ 866	\$ 401	\$ 2,469	\$ 1,074
Adjustments to free cash flow:				
Altus Midstream cash flows from operations before changes in operating assets and liabilities	(53)	(46)	(148)	(122)
Upstream capital investment including noncontrolling interest - Egypt	(267)	(174)	(836)	(921)
Distributions to Sinopec noncontrolling interest	(143)	(21)	(203)	(61)
Upstream free cash flow	\$ 403	\$ 160	\$ 1,282	\$ (30)
Cash dividends received from Altus Midstream	18	-	56	-
Free cash flow	\$ 421	\$ 160	\$ 1,338	\$ (30)

Reconciliation of Debt to Net Debt

Net debt, or outstanding debt obligations less cash and cash equivalents, is a non-GAAP financial measure. Management uses net debt as a measure of the Company's outstanding debt obligations that would not be readily satisfied by its cash and cash equivalents on hand. The Altus Midstream LP credit facility is unsecured and is not guaranteed by the Company or any of its other subsidiaries.

(\$ in millions)

	September 30, 2021			December 31, 2020		
	APA Upstream	Altus Midstream	APA Consolidated	APA Upstream	Altus Midstream	APA Consolidated
Current debt - Apache	\$ 215	\$ -	\$ 215	\$ 2	\$ -	\$ 2
Long-term debt - Apache	6,536	-	6,536	8,146	-	8,146
Long-term debt - Altus	-	657	657	-	624	624
Total debt	6,751	657	7,408	8,148	624	8,772
Cash and cash equivalents	268	109	377	238	24	262
Net debt	\$ 6,483	\$ 548	\$ 7,031	\$ 7,910	\$ 600	\$ 8,510

Reconciliation of Costs Incurred to Upstream Capital Investment

Management believes the presentation of upstream capital investments is useful for investors to assess the Company's expenditures related to our upstream capital activity. We define capital investments as costs incurred for oil and gas activities, adjusted to exclude asset retirement obligation revisions and liabilities incurred, capitalized interest, and certain exploration expenses, while including amounts paid during the period for abandonment and decommissioning expenditures. Upstream capital expenditures attributable to a one-third noncontrolling interest in Egypt are also excluded. Management believes this provides a more accurate reflection of the Company's cash expenditures related to upstream capital activity and is consistent with how we plan our capital budget.

(\$ in millions)

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Costs incurred in oil and gas property:				
Acquisitions				
Proved	\$ -	\$ -	\$ 3	\$ 7
Unproved	3	-	6	3
Exploration and development	270	188	858	944
Total Costs incurred in oil and gas property	\$ 273	\$ 188	\$ 867	\$ 954
Reconciliation of Costs incurred to Upstream capital investment:				
Total Costs incurred in oil and gas property	\$ 273	\$ 188	\$ 867	\$ 954
Asset retirement obligations settled vs. incurred - oil and gas property	9	4	17	17
Capitalized interest	(2)	(1)	(6)	(1)
Exploration seismic and administration costs	(13)	(17)	(42)	(49)
Upstream capital investment including noncontrolling interest - Egypt	\$ 267	\$ 174	\$ 836	\$ 921
Less noncontrolling interest - Egypt	(39)	(33)	(108)	(122)
Total Upstream capital investment	\$ 228	\$ 141	\$ 728	\$ 799