

Silver Run Acquisition Corp. announces acquisition of Centennial Resource Production for \$1.74bn



Deutsche Bank served as the Joint Equity Capital Markets Advisor for Silver Run Acquisition Corp. ("SRAQ") on its \$1.74bn acquisition of Centennial Resource Production, LLC ("Centennial")

–Riverstone and its affiliated funds co-invested through a \$810 million PIPE

–Fidelity and Capital World also participated via a \$200 million PIPE

In February 2016, Deutsche Bank acted as the lead left bookrunner on Silver Run's \$500mm IPO

Illustrative PF Valuation

PF shares (mm)	\$184
Total equity value	\$1,835
PF net debt	(\$100)
Pro-forma Firm Value	\$1,735

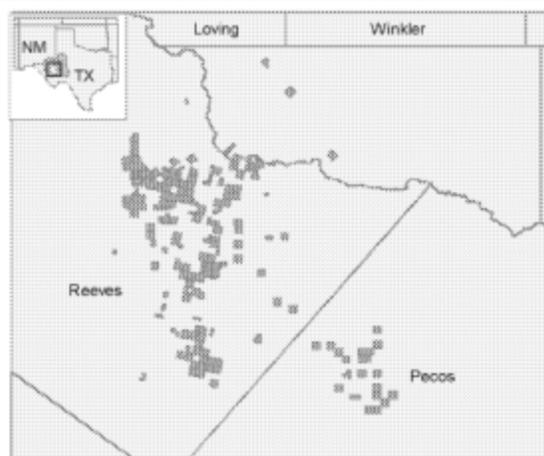
Firm Value / Adj. EBITDAX

FV / 2017E Adj. EBITDAX	12.6x
FV / 2018E Adj. EBITDAX	6.6x

Transaction overview

- On July 22, 2016, Silver Run Acquisition Corp. and Centennial Resource Production announced the signing of a definitive merger agreement, whereby S will acquire Centennial at an enterprise value of \$1.74bn, representing 12.6x 2017E Adjusted EBITDAX of \$138 million
- On July 6, 2016, certain funds controlled by Riverstone entered into an agreement to acquire a majority interest in Centennial
- Riverstone and certain affiliates will contribute approximately \$810mm of cash in exchange for Class A shares and will acquire a majority interest in Centennial
 - The existing owners of Centennial will retain a significant equity stake in Centennial (~11%)
- Successfully secured \$200mm in PIPE commitments from institutional investors to fund the remaining consideration
- Transaction expected to close in September 2016
- Ended Centennial's IPO plans to file for the first IPO of a U.S. oil and gas producer since 2014 price crash
 - Silver Run expects that sponsor experience will lead to better acreage development in West Texas and subsequent higher valuations

Acreage map



Source: Public filings

Company and business highlights

- Centennial Resource Development, Inc ("CDEV") was formed on August 30, 2012 by management, 3rd party investors and an affiliate of Natural Gas Partners ("NGP")
- On June 22, 2016, CDEV filed an S-1
 - gross proceeds of \$100mm from IPO expected to pay down \$65mm of existing term loan, credit facility and fund capex
 - CDEV ultimately decided to exit through a sale process with Silver Run
- CDEV is an independent oil and gas company with assets concentrated in the Delaware Basin
 - large, contiguous acreage in the Reeves, Ward and Pecos counties
 - 61 horizontal producing wells 45 miles long by 20 miles wide
 - operate ~83% of ~42,500 leased/acquired net acres with ~82% NWI
- 1,357 gross horizontal locations with a focus on extending laterally
- In 2015, operated an average one rig and 12 horizontal wells of production
 - suspended drilling activity in March 2016 to preserve capital
 - added one horizontal rig in June 2016 and expect to add a second rig in 4Q16

Investment highlights

- ✓ Pure-play core Delaware Basin company
- ✓ 42,500 net acres primarily in Reeves and Ward counties
- ✓ Approximately 7,200 boe/d of net production
- ✓ 48.6MMboe of net proved reserves as of June 2016
- ✓ Stacked pay consisting of 5 currently producing shale zones with upside for 7 more
- ✓ 1,357 gross identified potential horizontal drilling locations
- ✓ Among the best performers in the Southern Delaware Basin based on production per lateral foot

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