



A SYSTEMS AND PROCESS COMPANY



Photo courtesy of Marathon Petroleum Corporation

# Exterran Corporation Investor Presentation

March 2021

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# Forward Looking Statements



All statements in this presentation (and oral statements made regarding the subjects of this presentation) other than historical facts are forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements may include words such as “guidance,” “anticipate,” “estimate,” “expect,” “forecast,” “project,” “plan,” “intend,” “believe,” “confident,” “may,” “should,” “can have,” “likely,” “future” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. These forward looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties and factors that could cause actual results to differ materially from such statements, many of which are outside the control of Exterran Corporation (“Exterran”, the “company”, “we,” “our” or “us”) which could cause actual results to differ materially from such statements. Examples of forward looking information in this presentation include, but are not limited to: the industry fundamentals, including the overall outlook, our expectations regarding future economic and market conditions and trends; our operational and financial strategies, including our planned capital expenditures; our financial and operational outlook; demand and growth opportunities for our products and services.

Any such forward looking statements are not guarantees of performance or results, and involve risks, uncertainties (some of which are beyond our control) and assumptions. While we believe that the assumptions concerning future events are reasonable, we caution that there are inherent difficulties in predicting certain important factors that could impact the future performance or results of our businesses. Among the factors that could cause results to differ materially from those indicated by such forward-looking statements are: conditions in the oil and natural gas industry, including a sustained imbalance in the level of supply or demand for oil or natural gas or a sustained low price of oil or natural gas, which could depress or reduce the demand or pricing for Exterran’s natural gas compression and oil and natural gas production and processing equipment and services; reduced profit margins or the loss of market share resulting from competition or the introduction of competing technologies by other companies; economic or political conditions in the countries in which Exterran does business, including civil developments such as uprisings, riots, terrorism, kidnappings, violence associated with drug cartels, legislative changes and the expropriation, confiscation or nationalization of property without fair compensation; risks associated with natural disasters, pandemics and other public health crisis, and other catastrophic events outside of Exterran’s control, including the continued spread and impact of, and the response to, the COVID-19 pandemic; changes in currency exchange rates, including the risk of currency devaluations by foreign governments, and restrictions on currency repatriation; risks associated with cyber-based attacks or network security breaches; changes in international trade relationships, including the imposition of trade restrictions or tariffs relating to any materials or products (such as aluminum and steel) used in the operation of Exterran’s business; risks associated with Exterran’s operations, such as equipment defects, equipment malfunctions, environmental discharges and natural disasters; the risk that counterparties will not perform their obligations under their contracts with Exterran or other changes that could impact Exterran’s ability to recover its fixed asset investment; the financial condition of Exterran’s customers; Exterran’s ability to timely and cost-effectively obtain components necessary to conduct its business; employment and workforce factors, including Exterran’s ability to hire, train and retain key employees; Exterran’s ability to implement its business and financial objectives, including: (i) winning profitable new business, (ii) timely and cost-effective execution of projects, (iii) enhancing or maintaining Exterran’s asset utilization, particularly with respect to its fleet of compressors and other assets, (iv) integrating acquired businesses, (v) generating sufficient cash to satisfy Exterran’s operating needs, existing capital commitments and other contractual cash obligations, including Exterran’s debt obligations, and (vi) accessing the financial markets at an acceptable cost; Exterran’s ability to accurately estimate its costs and time required under its fixed price contracts; liability related to the use of Exterran’s products and services; changes in governmental safety, health, environmental or other regulations, which could require Exterran to make significant expenditures; and Exterran’s level of indebtedness and ability to fund its business.

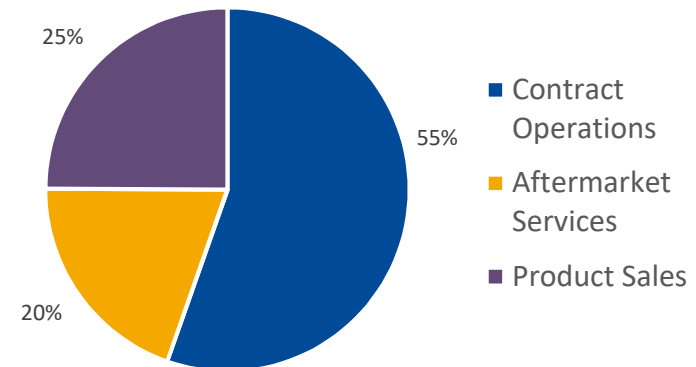
Any forward looking statement speaks only as of the date on which such statement is made and obligation to correct or update any forward looking statement, whether as a result of new information, future events, or otherwise, except as required by applicable law. These forward looking statements are also affected by the risk factors, forward looking statements and challenges and uncertainties described in the 2020 Form 10-K for the year ended December 31, 2020, and those set forth from time to time in our filings with the Securities and Exchange Commission, which are currently available on the SEC’s website, [www.sec.gov](http://www.sec.gov). The discussion of these risks is specifically incorporated by reference into this presentation. Except as required by law, we expressly disclaim any intention or obligation to revise or update any forward looking statements whether as a result of new information, future events or otherwise.

# Differentiated Energy Company

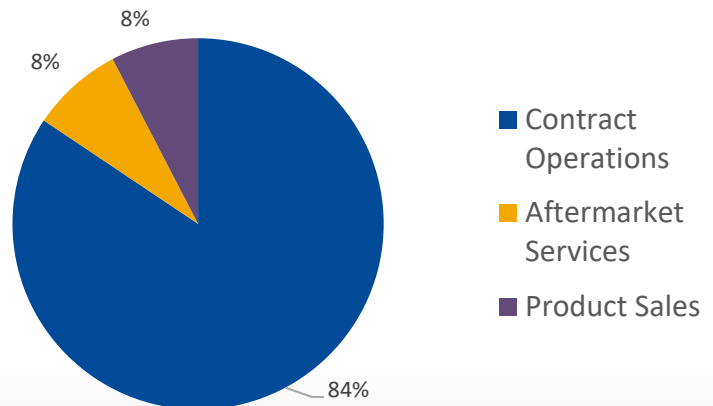


- ✓ Global Company operating in roughly 25 countries
- ✓ Sustainable Product and Service Offering, processing, treating, and moving molecules
- ✓ Strong backlog, with growing commercial opportunity set (\$1.6 billion total company backlog at year end)
- ✓ Executing on Strategic Transformation, bolstered by \$200 million EWS win in the first quarter 2021
- ✓ Skill set and know how lends to natural ability to participate in the energy transition

**Segment Revenue 4Q20**  
as a % of Total Revenue



**Segment Adjusted Gross Margin 4Q20 <sup>(1)</sup>**  
as a % of Total Adjusted Gross Margin



<sup>(1)</sup> Segment Adjusted Gross margin is defined as revenue less cost of sales (excluding depreciation and amortization expense)

\* U.S. compression fabrication moved to discontinued operations

# A Systems Approach ...



**Oil**

- ✓ Gathering & transmission systems
- ✓ Oil treating & conditioning
- ✓ Storage



**Gas**

- ✓ Gas dehydration
- ✓ Gas conditioning
- ✓ Gas processing residue
- ✓ Gas turbine fuel boosting
- ✓ Gas lift & re-injection



**Water**

- ✓ Water processing for recycling
- ✓ De-Sanding
- ✓ De-Oiling



**Power**

- ✓ On-site generator packages, controls and site distribution
- ✓ Grid alternative solutions for processing plants and compression stations

**Focusing on Oil, Gas, Water And Power**

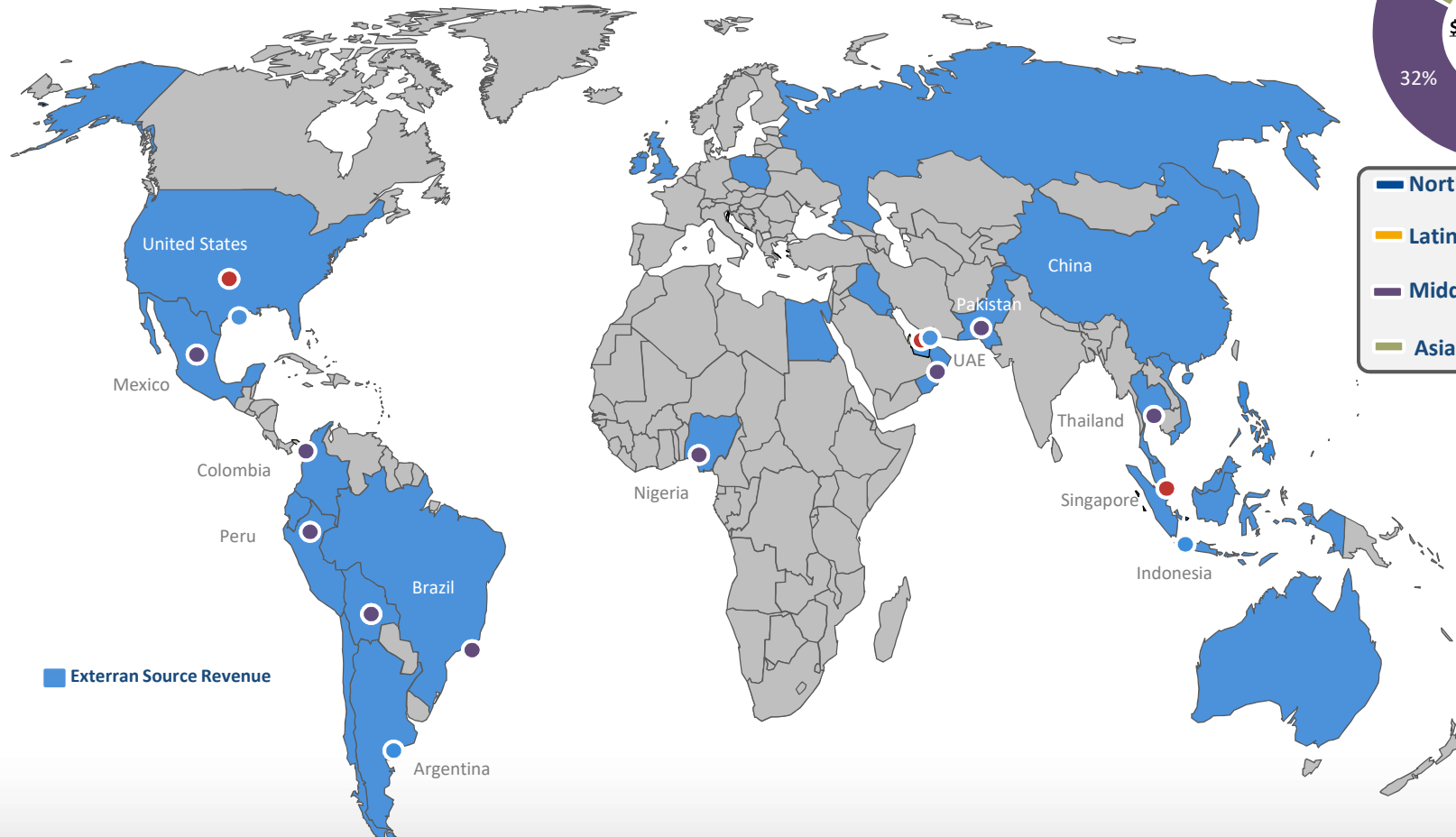
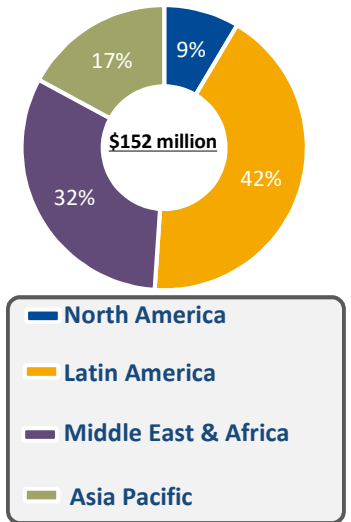


# Global Business, Local Expertise



4Q20 Revenue <sup>(1)</sup>

- Regional Headquarters
- Engineering and Manufacturing Centers
- Other Major International Locations

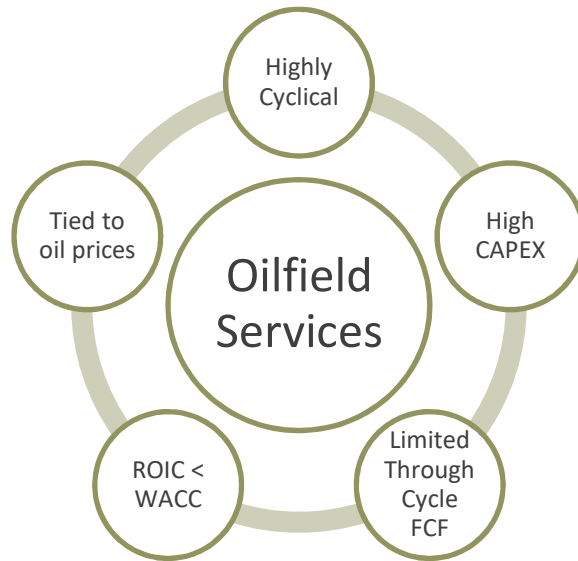


**Diversified Portfolio By Geography And Product Lines Providing Stability**

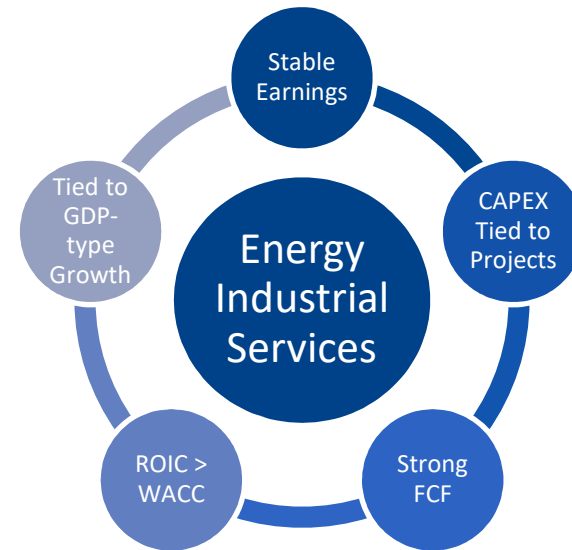
# Strategic Transformation



## Current View = Oilfield Service Company



## Strategic View = Energy Industrial Services



## Actions Taken in Transformation

- Booked over \$1.1 billion in recurring ECO contracts and renewals since beginning of 2017
- Commercialized fully integrated plant offering
- Commercialized Exterran Water Solutions
- Exited Belleli business
- Focus on higher margin product lines:
  - Sold production equipment line
  - Sale of U.S. compression completed by 4Q20
- \$200 million EWS win in 1Q21

**Create Sustainable Stakeholder Value**

## COURAGE

We act as leaders to  
face challenges boldly  
and with confidence.

# Exterranean Water Solutions (EWS)

## PRIMARY SEPARATION

### SEPARON™

- Separon Well Head Desander
- Separon Desanding Hydrocyclone
- Separon Desander
- Separon Deoiling Hydrocyclone
- Separon Solids Transport System



## DEOILING AND TREATMENT

### REVOLIFT® Flotation

- 30,000 bbl/day - Revolift VSL, VS, SP, HS
- 150,000 bbl/day - Revolift CFU

### GFT® Flotation

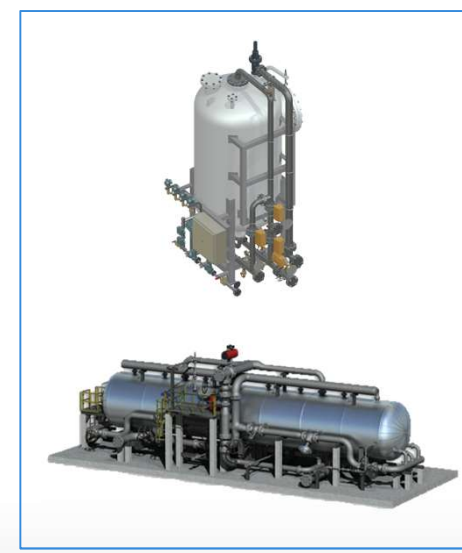
- 1 MM + bbl/day - GFT, eGFT



## TERTIARY OIL AND SOLIDS REMOVAL

### SABIAN® BWS Filtration

- Low backwash volumes
- 45% turndown
- Minimal surge capacity required
- Large flow capacity
- No dead zones
- Even backwash



Integral in the Company's Strategic Transformation



# Scalable Applications (EWS)



## REVOLIFT® Flotation

### Revolift VSL



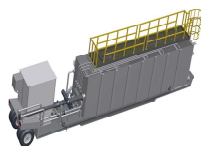
- Flow Range (0 – 5,000 BWPD)
- 20' Seacan
- Fully Integrated Flotation Unit
- Fully Automated with Complete PLC
- As low as <10 ppm OIW out

### Revolift VS



- Flow Range (0 – 30,000 BWPD)
- 40' Seacan
- Fully Integrated Flotation Unit
- Fully Automated with Complete PLC
- As low as <10 ppm OIW out

### Revolift SP



- Flow Range (0 – 30,000 BWPD)
- Trailer mounted
- Fully Integrated Flotation Unit
- Fully Automated with Complete PLC
- As low as <10 ppm OIW out

### Revolift CFU



- Flow Range (10 – 150 KBWPD)
- Fully Integrated Flotation Unit
- Fully Automated with Complete PLC
- As low as <20 ppm OIW out

### Revolift HS



- Flow Range (30 – 150 KBWPD)
- ASME Vessel Design
- Fully Integrated Flotation Unit
- Fully Automated with Complete PLC
- As low as <10 ppm OIW out

**Exterran has 10 models of flotation technologies to meet every flow range and every process demand.**

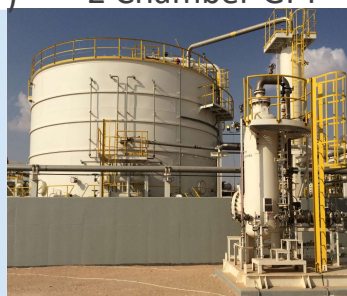
## GFT Flotation

### Compact GFT (cGFT)



- Flow Range (10 – 150 KBWPD)
- Fully Integrated Flotation Unit
- Fully Automated with Complete PLC
- As low as <20 ppm OIW out

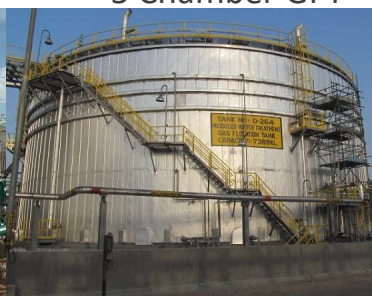
### 2 Chamber GFT



### 4 Chamber GFT



### 5 Chamber GFT

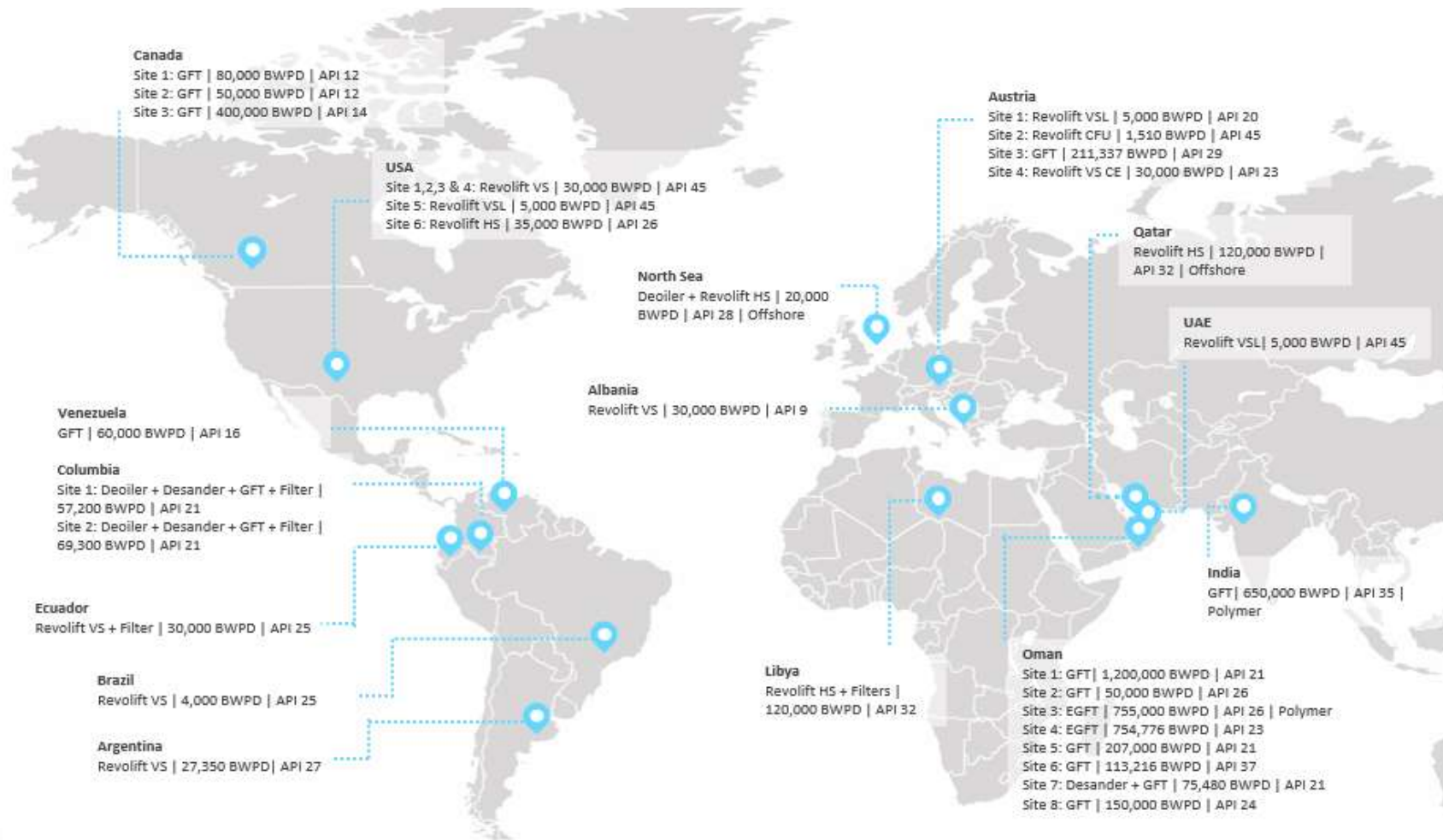


### Enhanced GFT



- Flow Range (100 – 800 KBWPD)
- 90 min retention
- High Load Fluids (<20% oil)
- CFD Predicted Outlet < 30 ppm

# Historical Global Deployments (EWS)

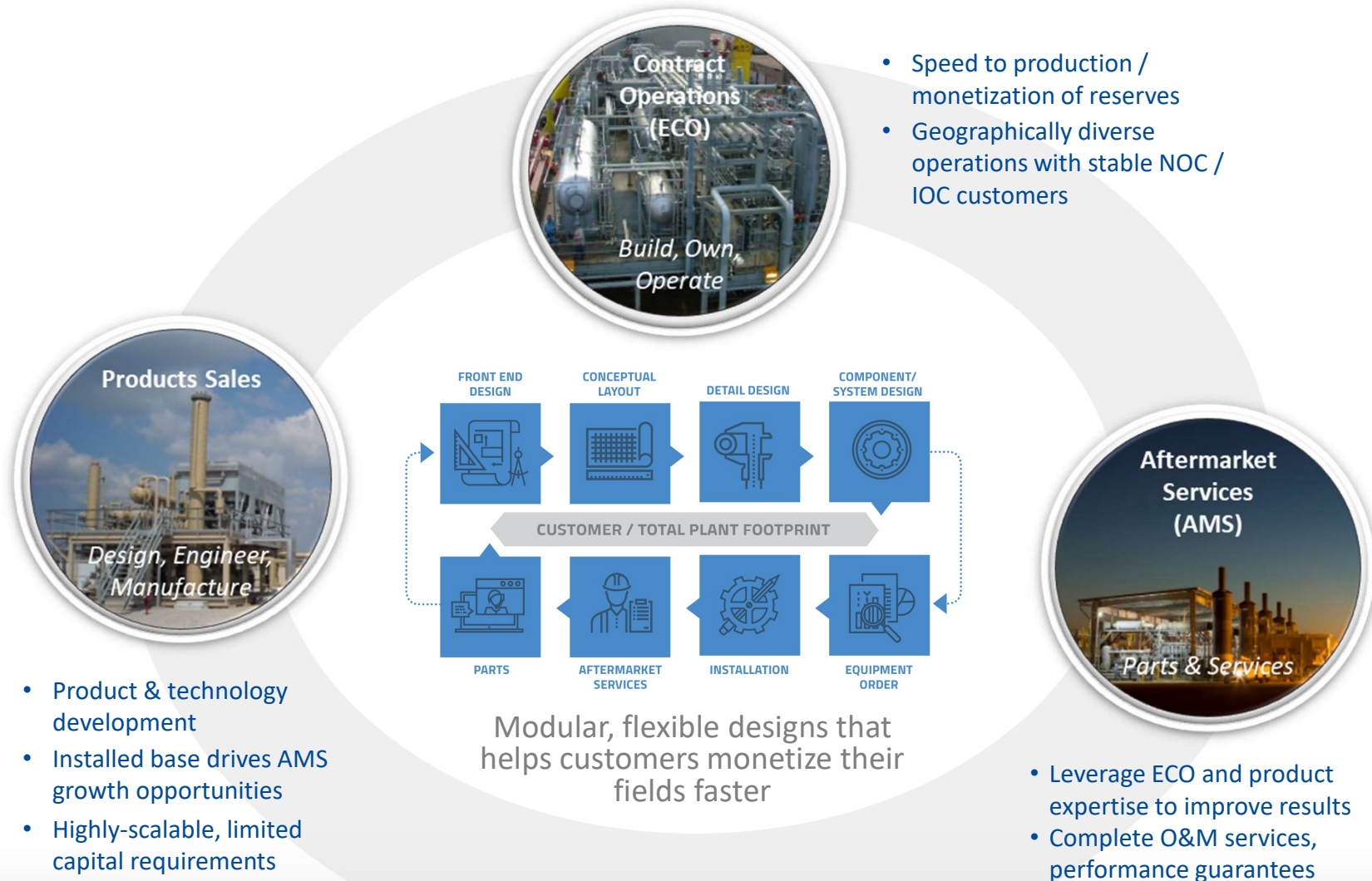


## CURIOSITY

We are inquisitive  
because we want to  
learn and grow.

# Operational Segments

# An Integrated Business Model





# Value Proposition for Contract Operations (ECO)



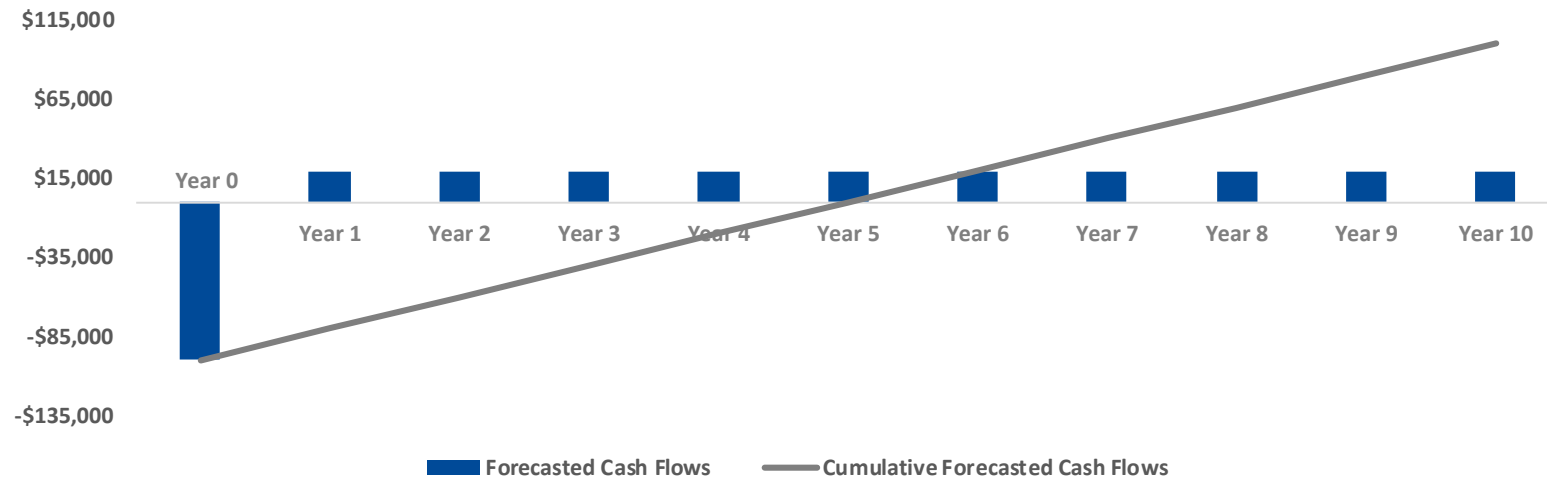
- ✓ Full-suite project design, manufacturing, operations and maintenance expertise drive “stickiness” of customer relationships
- ✓ Large scale infrastructure in the field with significant switching costs for customers
- ✓ Stable cash flows...Gross Margins were 69% in 2020
- ✓ Substantial, long-term visibility and stability...backlog \$1.1B (4Q20), historical renewal rate ~85%



**DBOOM – Design, Build, Own, Operate, Maintain**



# Hypothetical ECO Cash Flow Scenario



\*Assumptions: 15% IRR, no reimbursements, 10 year term contract (not assuming extensions)

- ✓ CAPEX incurred prior to commencement of project
- ✓ Larger contracts generally require partial customer reimbursement of our CAPEX
- ✓ Revenue/margin booked on P&L over life of contract, targeting mid-teen IRRs
- ✓ IRR calculation does not assume renewals, which typically occurs 85% of the time

**Customer Relationships (NOCs and Majors) along with Operating Expertise**

# Our Approach to ESG



- Maintain excellent safety performance
- Limiting our environmental footprint
- Leveraging innovation to provide environmentally efficient solutions
- Supporting our people, environment, customers and communities for positive impact
- Aligning business strategy to create value for our company and stakeholders

<b>High Performing Organization</b>	• Building, developing and training global talent to perform with integrity and excellence
<b>Operating Excellence</b>	• Committed to safety and reliability
<b>Economic and Environmental Efficiency</b>	• Providing products and services that are cost efficient and reduce customer and community environmental impact
<b>Diverse Work Force</b>	• Multigenerational workforce located in 25 countries with over 75% of workforce comprised of foreign nationals hired locally
<b>Aligned Compensation Practices</b>	• 85% of CEO's compensation at risk , robust stock ownership guidelines, performance metrics consistent with Company's goals and strategy

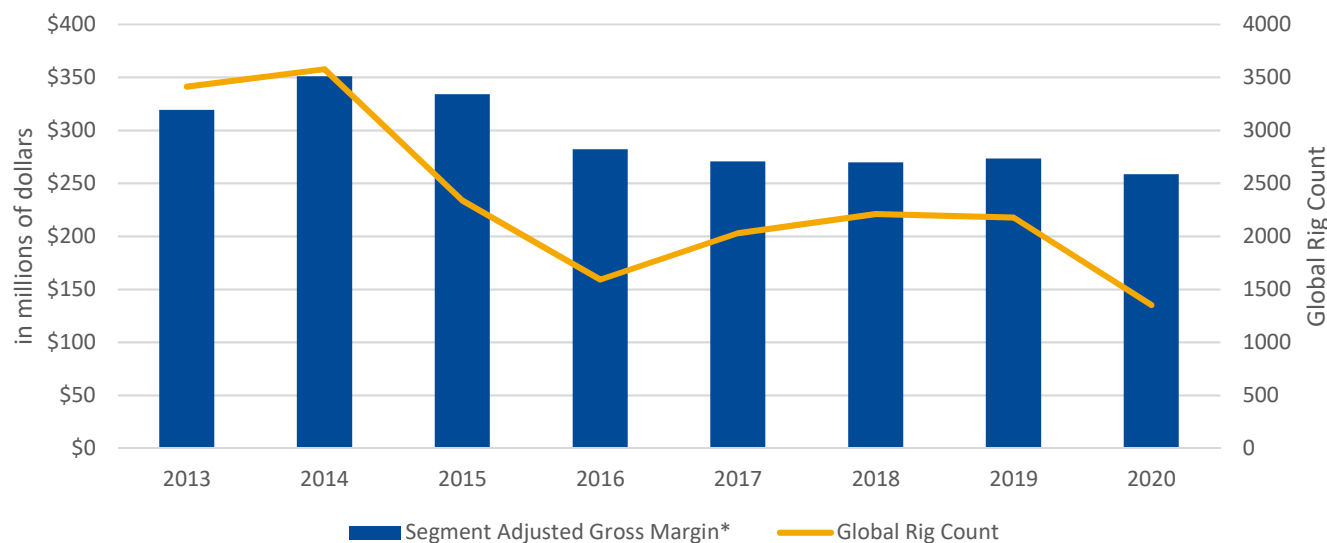


## ACCOUNTABILITY

We take responsibility  
for our actions.

# Financials and Liquidity

# Stability Through-Cycle



\* ECO and AMS segment adjusted gross margin

- ✓ Maintaining margin levels during fluctuations in the commodity markets
- ✓ Margin dollars less cyclical compared to global activity
- ✓ Critical midstream infrastructure needs should drive stability and growth going forward

**Strong Margins on Recurring Revenue Streams ... More Resilient Through Cycles**

(1) Gross margin is defined as revenue less cost of sales (excluding depreciation and amortization expense). Gross margin percentage is defined as gross margin divided by revenue. 18

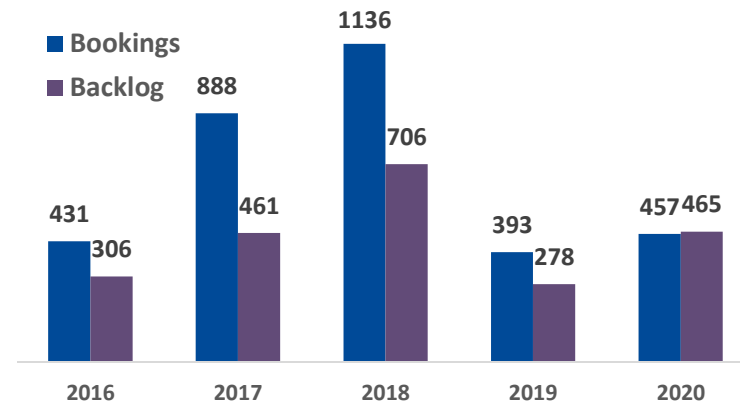


# Bookings and Backlog



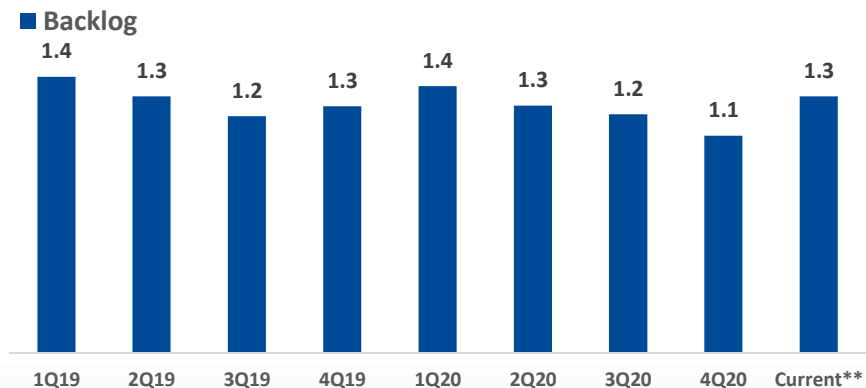
- ✓ Product Sales bookings slow in 2019 and 2020 outside of large Middle East award
- ✓ Continued steady ECO backlog ... signed over \$200 million in renewals in Latin America through 3Q20...potential for more
- ✓ ECO backlog stood at \$1.1 billion as of 4Q21
- ✓ Booked \$200 million EWS contract in the first quarter of 2021, now comprising 15% of backlog

## Product Sales Backlog and Bookings (\$MM)\*



\* Prior years numbers have not been restated for the sale of U.S. compression fabrication

## ECO Backlog (\$B)



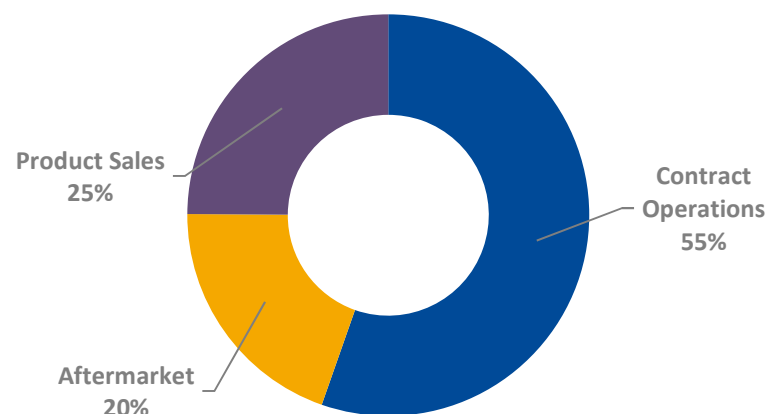
\*\*Year End ECO Backlog of \$1.1 plus \$200 million EWS Award in 1Q21

**Meaningful Opportunities Across Product Lines Ensuring Long Term Profit And Cash Flow**

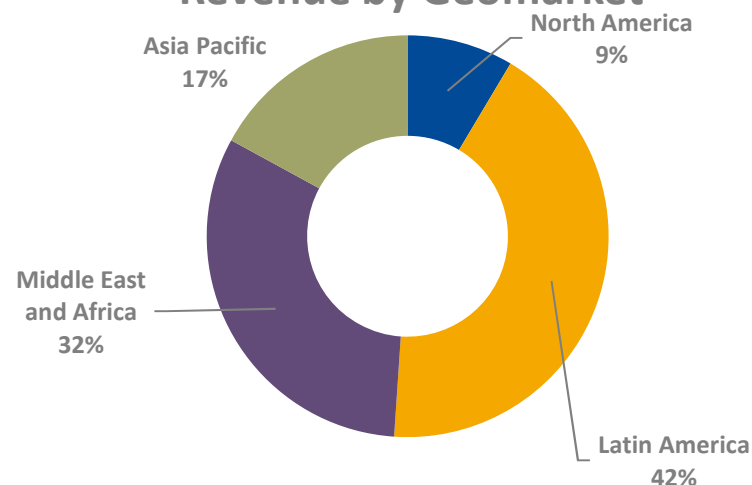
# 4Q 2020 Revenue Mix



## Revenue by Segment



## Revenue by Geomarket



	3Q 2020	4Q 2020	Seq Δ	4Q 2019	YoY Δ
Contract Operations	\$82	\$84	3%	\$96	-13%
Aftermarket	\$30	\$30	-2%	\$37	-19%
Product Sales	\$57	\$38	-34%	\$44	-15%
<b>Total Revenues</b>	<b>\$170</b>	<b>\$152</b>	<b>-11%</b>	<b>\$178</b>	<b>-15%</b>

Segment Adjusted Gross Margin <sup>(1)</sup>	3Q 2020	4Q 2020	Seq Δ	4Q 2019	YoY Δ
Contract Operations	\$57	\$58	2%	\$62	-5%
Aftermarket	\$7	\$6	-24%	\$9	-39%
Product Sales	\$3	\$5	68%	\$4	48%
<b>Total Adjusted Gross Margin</b>	<b>\$68</b>	<b>\$69</b>	<b>2%</b>	<b>\$74</b>	<b>-7%</b>

Segment Adjusted Gross Margin % <sup>(1)</sup>	3Q 2020	4Q 2020	Seq Δ (bps)	4Q 2019	YoY Δ (bps)
Contract Operations	70%	69%	-45	64%	565
Aftermarket	24%	18%	-550	25%	-622
Product Sales	5%	14%	847	8%	593
<b>Total Adjusted Gross Margin %</b>	<b>40%</b>	<b>46%</b>	<b>574</b>	<b>42%</b>	<b>381</b>

Revenue by Geomarket	3Q 2020	4Q 2020	Seq Δ	4Q 2019	YoY Δ
North America	\$13	\$13	-3%	\$14	-9%
Latin America	\$60	\$64	7%	\$80	-19%
Middle East and Africa	\$70	\$48	-31%	\$70	-31%
Asia Pacific	\$26	\$26	-1%	\$14	89%
<b>Total Revenues</b>	<b>\$170</b>	<b>\$152</b>	<b>-11%</b>	<b>\$178</b>	<b>-15%</b>

\* U.S. compression fabrication moved to discontinued operations

(1) See appendix for detailed reconciliation of Adjusted Total Gross Margin and Total Gross Margin %.

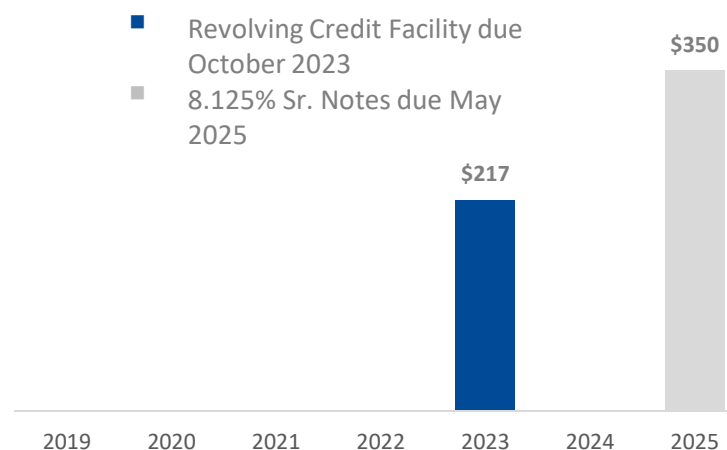
# Debt and Liquidity



## Liquidity Summary

In Millions	December 31, 2020
Revolving Credit Facility Capacity	\$650
Borrowings Under Facility	(\$217)
Letters of Credit	(\$10)
Revolving Credit Facility Availability	\$73
Cash	\$40
<b>Total Liquidity</b>	<b>\$113</b>

## Debt Maturity Schedule (\$MM)



- ✓ 2021 total CAPEX guidance of \$75-85 million
- ✓ 2021 Reimbursable CAPEX between \$35-40 million

- ✓ Leverage ratio<sup>(1)</sup> at quarter end was 3.98x

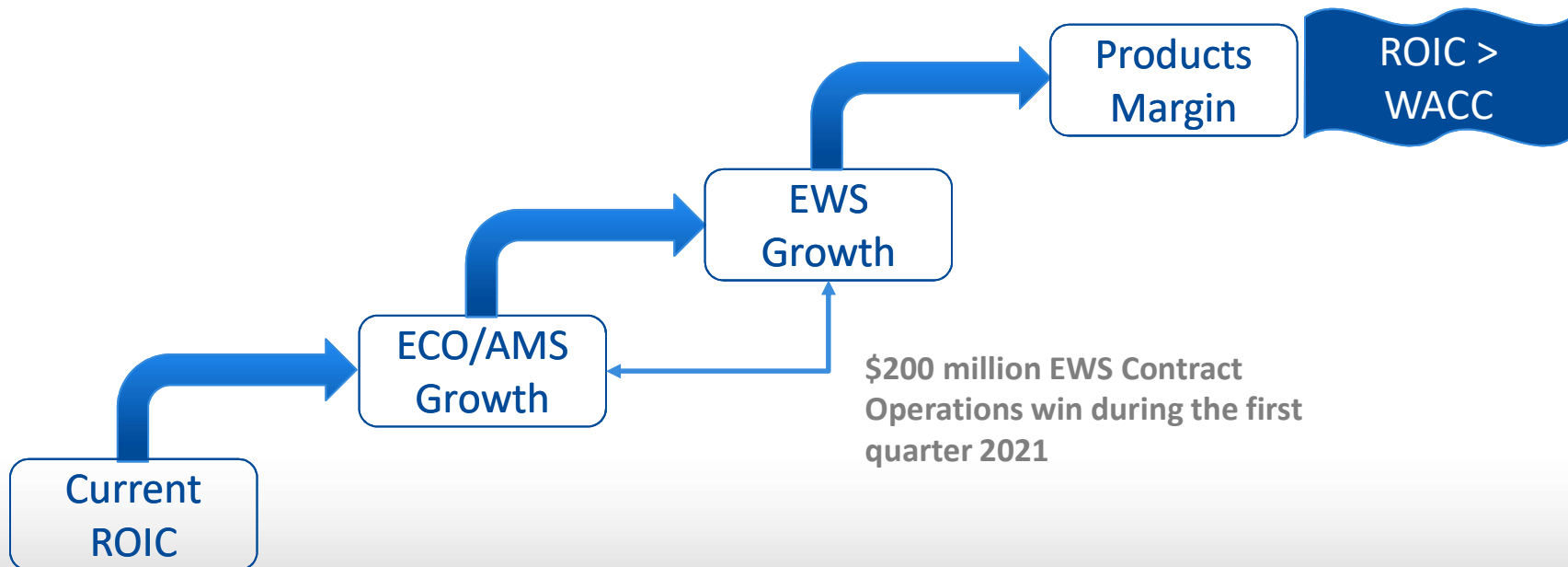
(1) Calculated as, Total Leverage Ratio as defined in our credit agreement as Total Indebtedness to EBITDA (as further defined in our credit agreement).

**Capital Discipline Focused with No Near-Term Maturities**

## 2021 Strategic Focus



- ❑ Protect the balance sheet and drive operational cash flow
- ❑ Continue transformation including additional EWS wins and enhances sustainable service offerings
- ❑ Differentiate business model and return profile relative to traditional peer set
- ❑ Drive focus in the Company's ability to participate in the energy transition



## COURAGE

We act as leaders to  
face challenges boldly  
and with confidence.

# Appendix



# Non-GAAP Financial Measures



## EBITDA, as adjusted and EBITDA, as adjusted Margin Reconciliation

(\$ in thousands)

Net income (loss)	\$ (33,377)
(Income) loss from discontinued operations, net of tax	(561)
Depreciation and amortization	44,156
Long-lived asset impairment	9,953
Interest expense	9,603
Gain on extinguishment of debt	(147)
(Gain) loss on currency exchange rate remeasurement of intercompany balances	(298)
Provision for income taxes	9,433
EBITDA, as adjusted	<u>\$ 38,762</u>

Revenue	\$ 151,699
% of revenue	26%

# Adjusted Gross Margin Reconciliation



## Gross Margin Reconciliation

(\$ in thousands)

	<u>4Q19</u>	<u>3Q20</u>	<u>4Q20</u>
Revenues	\$ 177,691	\$ 169,511	\$ 151,699
Costs of sales (excluding depreciation and amortization expenses)	103,428	101,946	82,524
Depreciation and amortization	<u>42,823</u>	<u>35,182</u>	<u>42,618</u>
Total gross margin	31,440	32,383	26,557
Depreciation and amortization	<u>42,823</u>	<u>35,182</u>	<u>42,618</u>
Total adjusted gross margin	<u>\$ 74,263</u>	<u>\$ 67,565</u>	<u>\$ 69,175</u>