



A SYSTEMS AND PROCESS COMPANY



Photo courtesy of Marathon Petroleum Corporation

# Exterran Corporation Investor Presentation

November 2020

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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 2019 Form 10-K for the year ended December 31, 2019, 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.

## INTEGRITY

We are reliable  
and transparent.

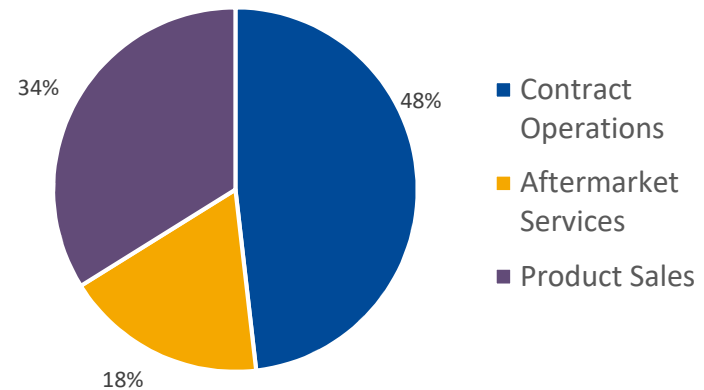
# Who We Are

# Company Overview (NYSE: EXTN)

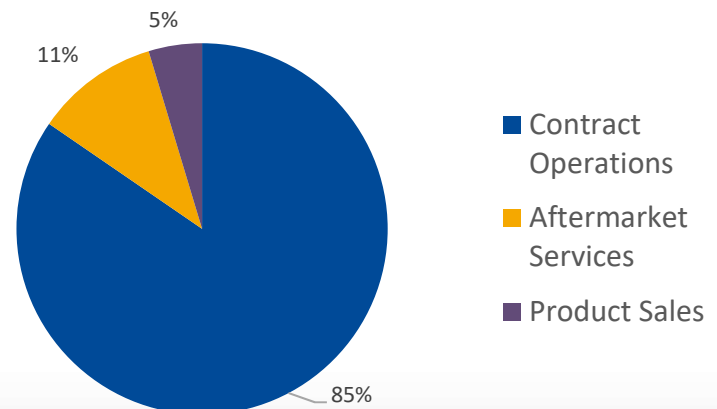


- ✔ Systems and Process Company for oil, gas, water and power.
- ✔ Provider of hydrocarbon processing facilities along with production and treating equipment
- ✔ Strong balance sheet and fiscally disciplined for our investors, employees and customers
- ✔ Earnings stream driven largely by long-term contracted ECO segment
- ✔ Contract Operations backlog at \$1.21 billion and Product Sales backlog at \$497 million

**Segment Revenue 3Q20**  
as a % of Total Revenue



**Segment Gross Margin 3Q20 <sup>(1)</sup>**  
as a % of Total Gross Margin




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

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



# Key Investment Highlights

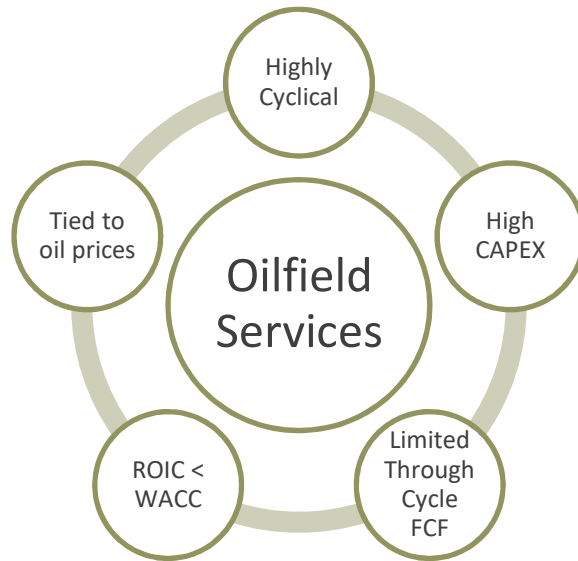


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- The background of the slide is a 3D rendering of an industrial facility, likely a gas processing plant, situated in a vast green field under a blue sky. The facility includes various pipes, tanks, and structures. Overlaid on this image are five white rounded rectangular boxes, each containing a blue checkmark icon followed by a key investment highlight.
- ✓ Leveraged to Production Amidst Global Infrastructure Build-Out
  - ✓ Integrated Business Model to Deliver Value Proposition
  - ✓ Significant Exposure to Recurring Revenue with Stable Margins
  - ✓ Global Footprint in Key Hydrocarbon Production Regions with Key Customers
  - ✓ Focused on Driving Returns and Shareholder Value

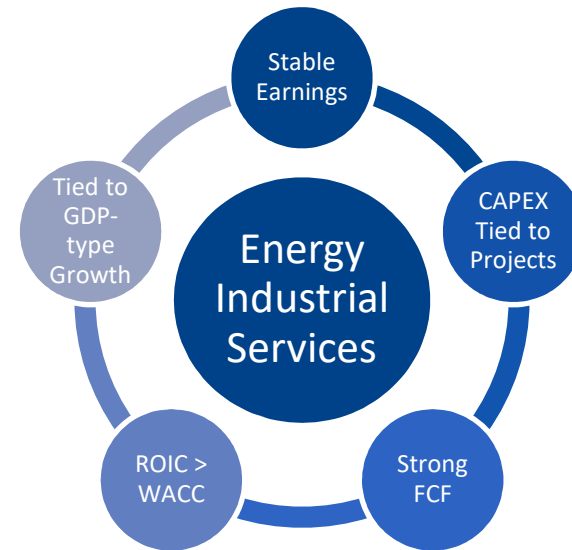
# Strategic Transformation



## 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

**Create Sustainable Stakeholder Value**

# 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**

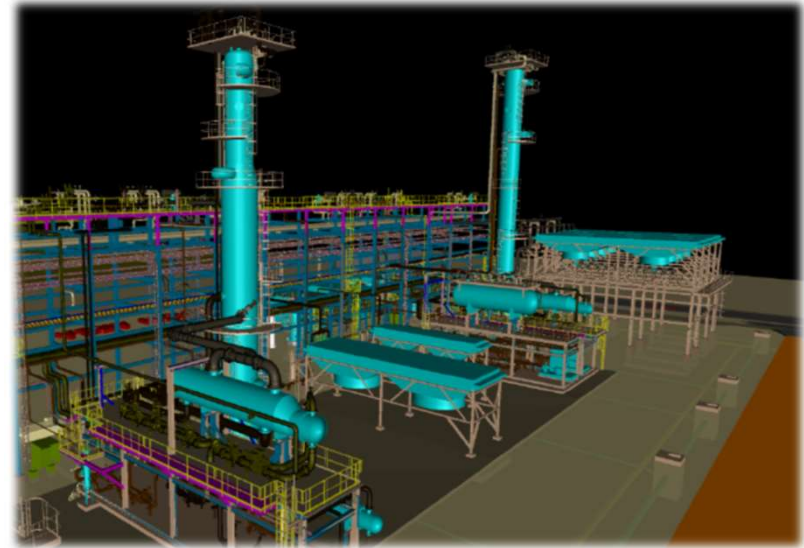
- ✓ On-site generator packages, controls and site distribution
- ✓ Grid alternative solutions for processing plants and compression stations

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

# Engineering Capability Another Differentiator



- ✓ Demonstration of fundamental shift as an organization from product company to project company
- ✓ Large scale infrastructure in the field deploying our technology to a larger solution
- ✓ Total company collaboration leveraging engineering, supply chain, and operations and maintenance teams for complete execution
- ✓ Drawings to the right – engineering feat five months from order to presentation to the customer; all working remotely



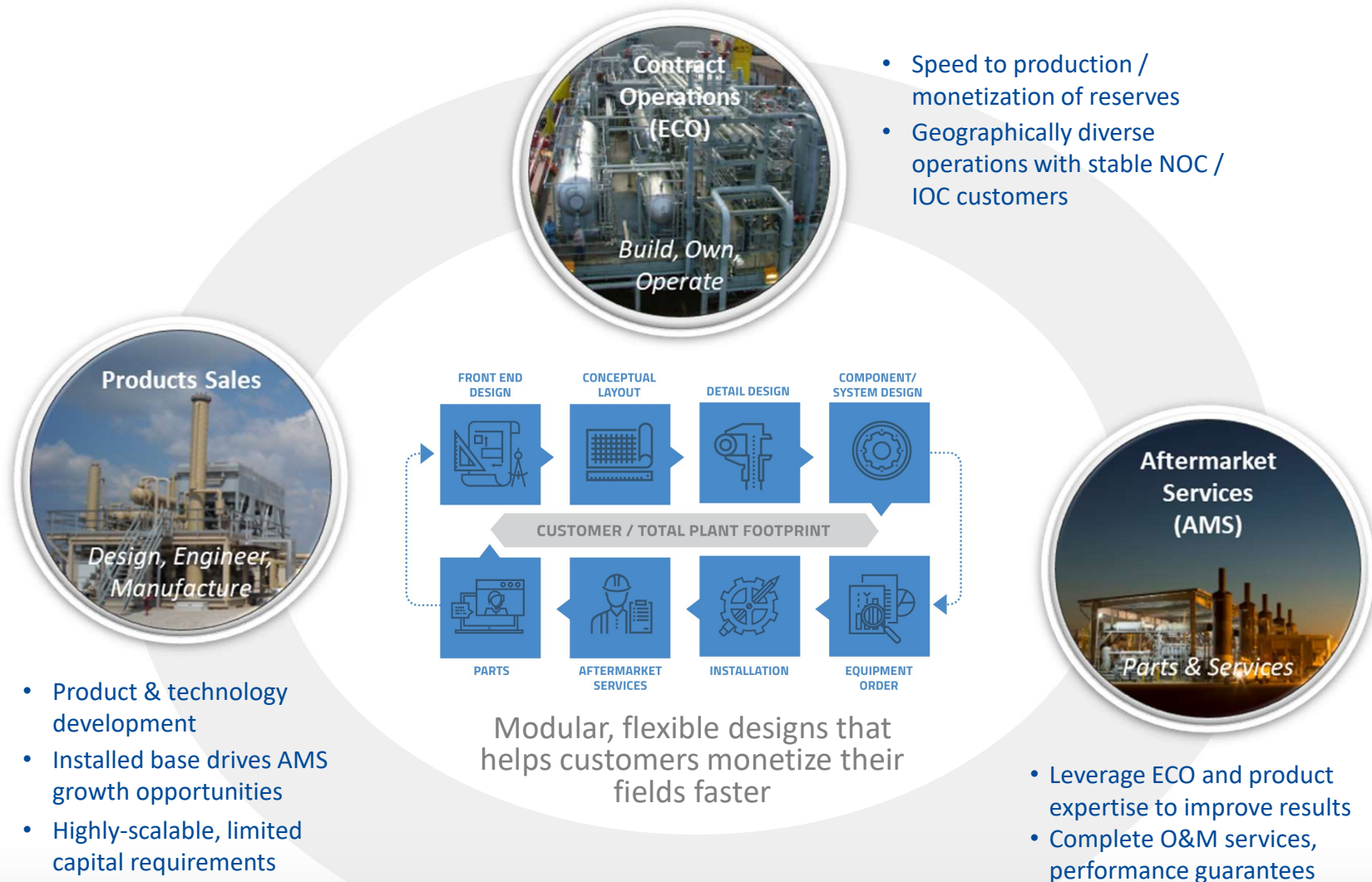


## CURIOSITY

We are inquisitive  
because we want to  
learn and grow.

# Operational Segments

# An Integrated Business Model



# Value Proposition for Contract Operations (ECO)

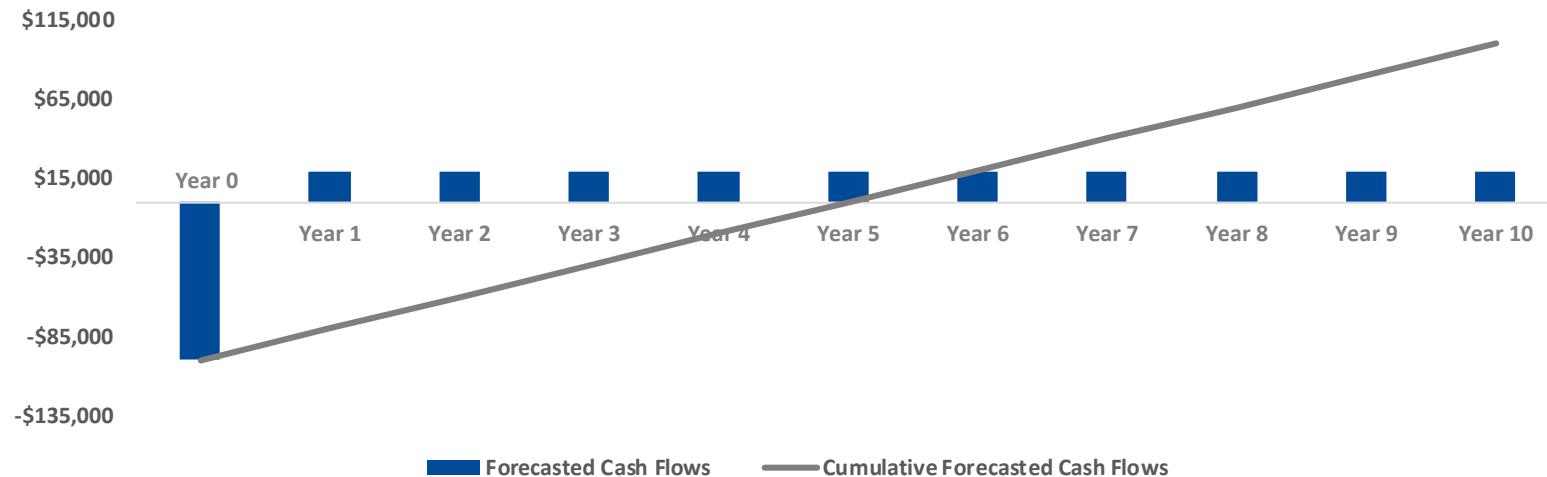


- ✓ Full-suite project design, manufacturing, operations and maintenance expertise drive “stickiness” of customer relationships
- ✓ Large scale infrastructure in the field with significant switching costs for customers
- ✓ Stable cash flows...Gross Margins were 65% in 2019
- ✓ Substantial, long-term visibility and stability...backlog \$1.21B (3Q20), 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**

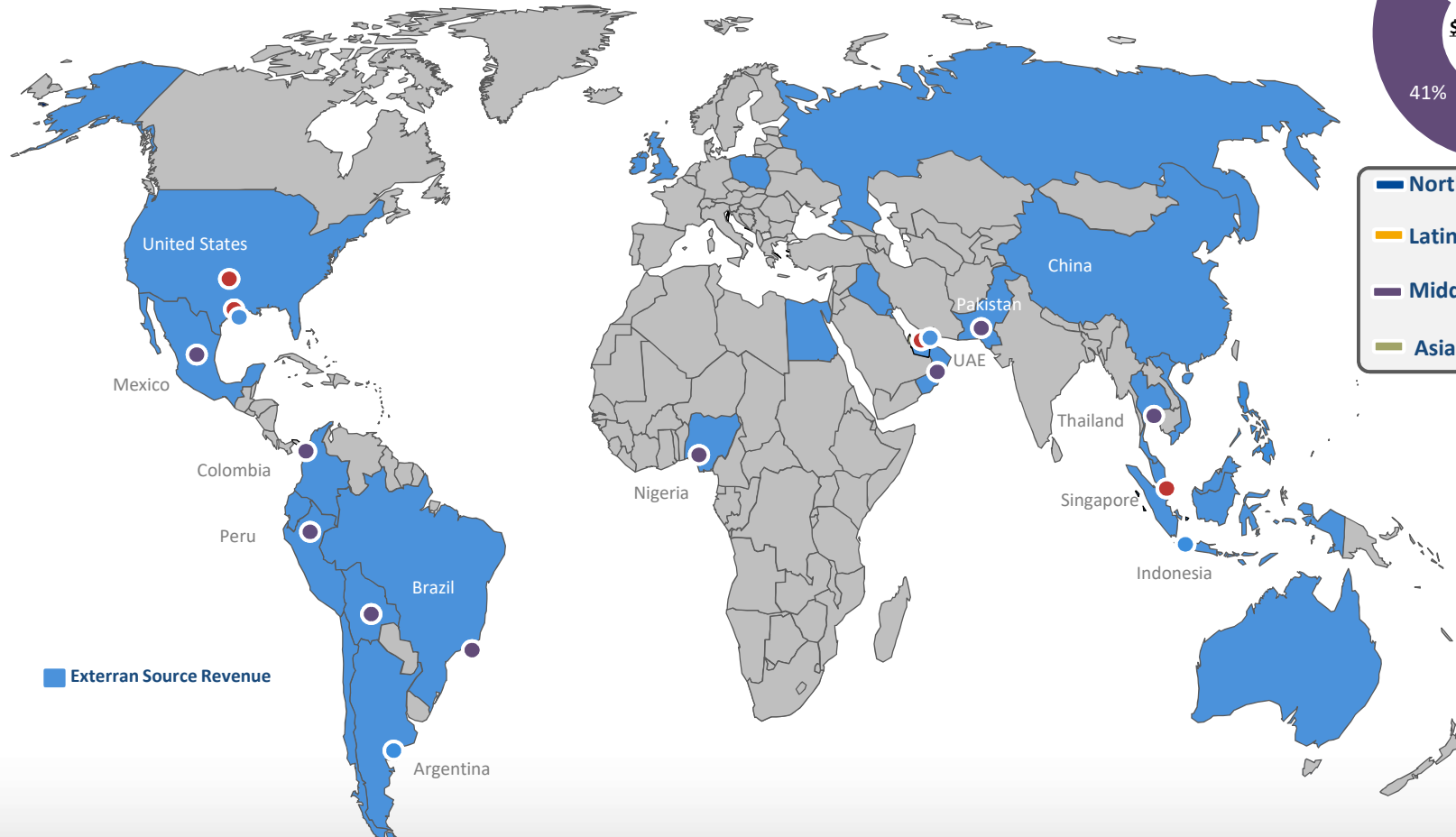
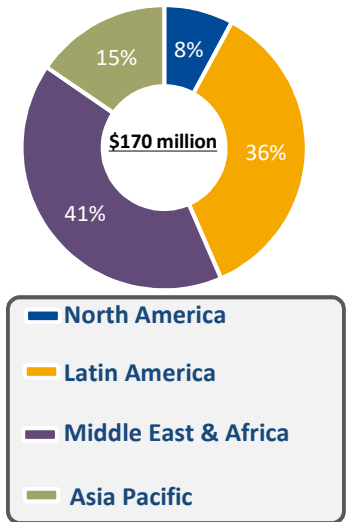


# Global Business, Local Expertise



3Q20 Revenue <sup>(1)</sup>

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



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

## Application/Field Services

- Field studies
- Water analysis
- Site analysis
- Solution recommendation

## Primary Treatment

- De-sanding

## Secondary Treatment

- De-oiling
- Iron
- Oxygen reducing potential
- PH
- Total suspended solids

## Tertiary Treatment

- Oil & solids removal



**P-KLONE™** Hydrocyclone



**REVOLIFT®** Flotation



**SABIAN®** BWS Filters

## Our Value Proposition

- ✓ **Complete** produced water treatment solution
- ✓ **Wide** operating band (flow & water quality handling)
- ✓ **Automated** control system
- ✓ **Integrated** chemical & de-oiling skid
- ✓ **Mobile** units
- ✓ **Lower customer capex costs** potential
- ✓ **Lower customer operating costs** potential
- ✓ Potential for **reduction** of SWD (saltwater disposal)

# 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>	<ul style="list-style-type: none"><li>• Building, developing and training global talent to perform with integrity and excellence</li></ul>
<b>Operating Excellence</b>	<ul style="list-style-type: none"><li>• Committed to safety and reliability</li></ul>
<b>Economic and Environmental Efficiency</b>	<ul style="list-style-type: none"><li>• Providing products and services that are cost efficient and reduce customer and community environmental impact</li></ul>
<b>Diverse Work Force</b>	<ul style="list-style-type: none"><li>• Multigenerational workforce located in 25 countries with over 75% of workforce comprised of foreign nationals hired locally</li></ul>
<b>Aligned Compensation Practices</b>	<ul style="list-style-type: none"><li>• 85% of CEO's compensation at risk , robust stock ownership guidelines, performance metrics consistent with Company's goals and strategy</li></ul>



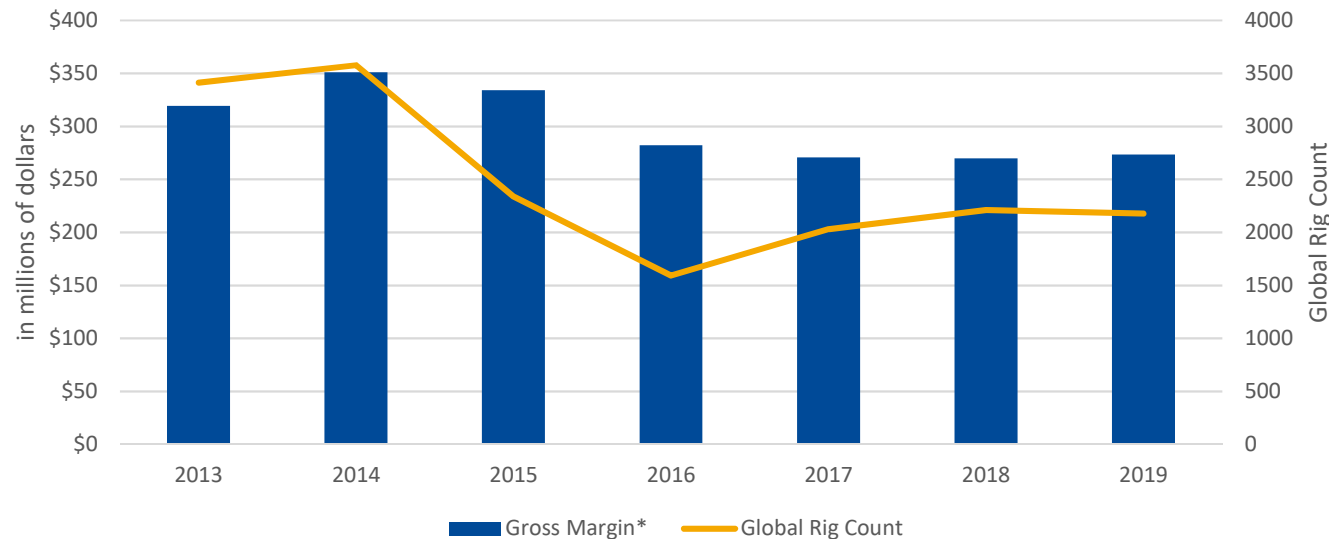


## ACCOUNTABILITY

We take responsibility  
for our actions.

# Financials and Liquidity

## More Stable, Through-Cycle Margin Levels



\* ECO and AMS 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**

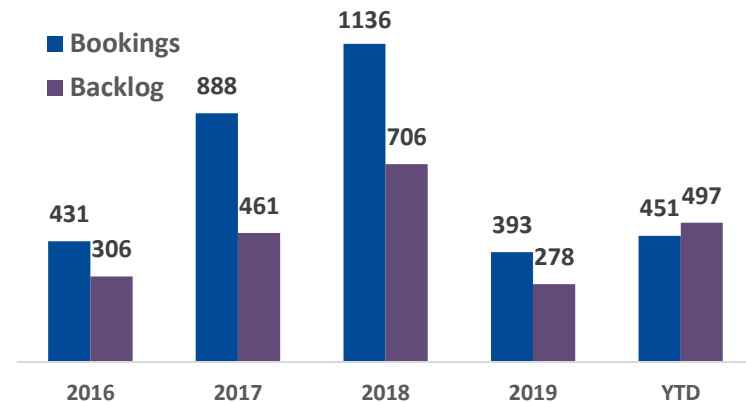
(1) Gross margin is defined as revenue less cost of sales (excluding depreciation and amortization expense). Gross margin percentage is defined as gross margin divided by revenue. 18

# Bookings and Backlog



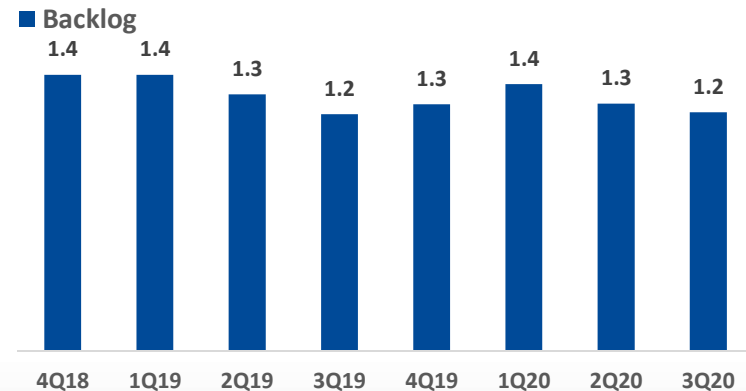
- ✓ Product Sales bookings slow in 2019 and 2020 outside of large Middle East award
- ✓ Product Sales orders were \$451 million through 3Q20, driven by large fully integrated facility in the Middle East
- ✓ Continued steady ECO backlog ... signed over \$200 million in renewals in Latin America through 3Q20...potential for more
- ✓ ECO backlog stood at \$1.21 billion as of 3Q20

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



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

## ECO Backlog (\$B)

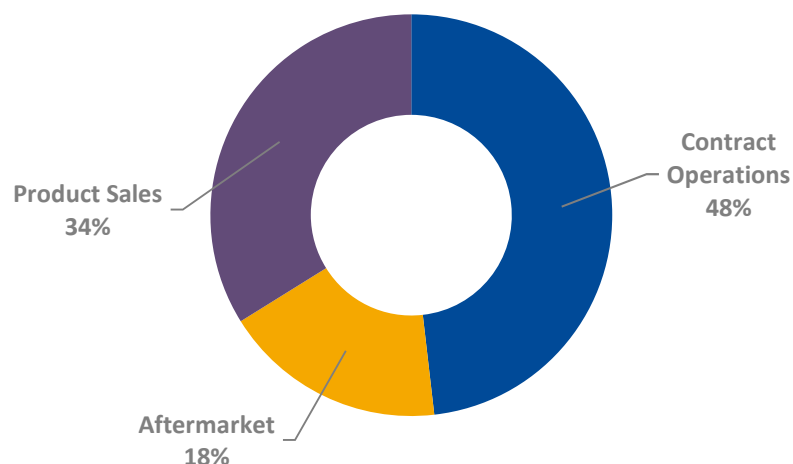


**Meaningful Opportunities Across Product Lines Ensuring Long Term Profit And Cash Flow**

# 3Q 2020 Revenue Mix



## Revenue by Segment

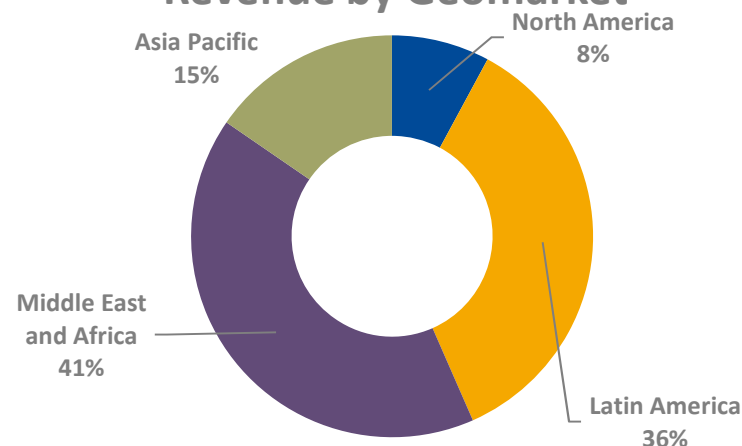


	2Q 2020	3Q 2020	Seq Δ	3Q 2019	YoY Δ
Contract Operations	\$78	\$82	5%	\$96	-15%
Aftermarket	\$25	\$30	22%	\$35	-13%
Product Sales	\$28	\$57	104%	\$55	5%
<b>Total Revenues</b>	<b>\$131</b>	<b>\$170</b>	<b>29%</b>	<b>\$186</b>	<b>-9%</b>

Gross Margin <sup>(1)</sup>	2Q 2020	3Q 2020	Seq Δ	3Q 2019	YoY Δ
Contract Operations	\$54	\$57	5%	\$62	-8%
Aftermarket	\$6	\$7	22%	\$9	-17%
Product Sales	-\$4	\$3	-173%	\$7	-53%
<b>Total Gross Margin</b>	<b>\$56</b>	<b>\$68</b>	<b>21%</b>	<b>\$77</b>	<b>-13%</b>

Gross Margin % <sup>(1)</sup>	2Q 2020	3Q 2020	Seq Δ (bps)	3Q 2019	YPY Δ (bps)
Contract Operations	70%	70%	41	64%	564
Aftermarket	24%	24%	9	25%	-127
Product Sales	-15%	5%	2064	12%	-660
<b>Total Gross Margin %</b>	<b>43%</b>	<b>40%</b>	<b>-280</b>	<b>42%</b>	<b>-173</b>

## Revenue by Geomarket



Revenue by Geomarket	2Q 2020	3Q 2020	Seq Δ	3Q 2019	YPY Δ
North America	\$9	\$13	43%	\$22	-39%
Latin America	\$58	\$60	3%	\$86	-30%
Middle East and Africa	\$52	\$70	33%	\$67	5%
Asia Pacific	\$11	\$26	138%	\$11	129%
<b>Total Revenues</b>	<b>\$131</b>	<b>\$170</b>	<b>29%</b>	<b>\$186</b>	<b>-9%</b>

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



# Debt and Liquidity

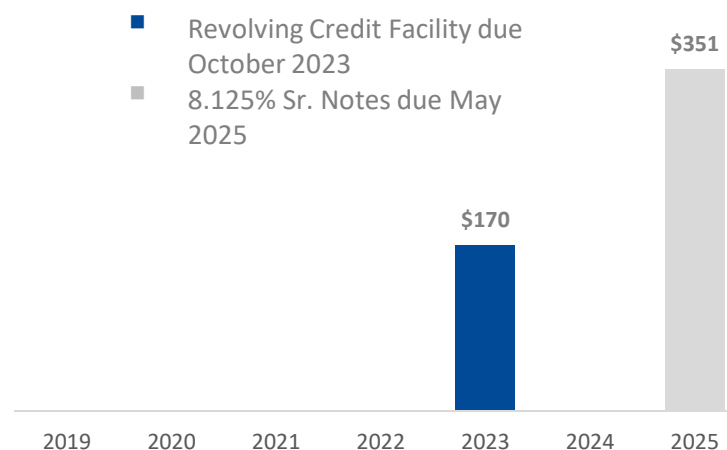


## Liquidity Summary

In Millions	September 30, 2020
Revolving Credit Facility Capacity	\$700
Borrowings Under Facility	(\$170)
Letters of Credit	(\$12)
Revolving Credit Facility Availability	\$146
Cash	\$28
<b>Total Liquidity</b>	<b>\$174</b>

- ✓ 2020 committed gross growth CAPEX slated around \$55-65 million
- ✓ Total CAPEX of \$75-85 million
- ✓ Reimbursable CAPEX around \$7 million

## Debt Maturity Schedule (\$MM)



- ✓ Leverage ratio<sup>(1)</sup> at quarter end was 3.5x

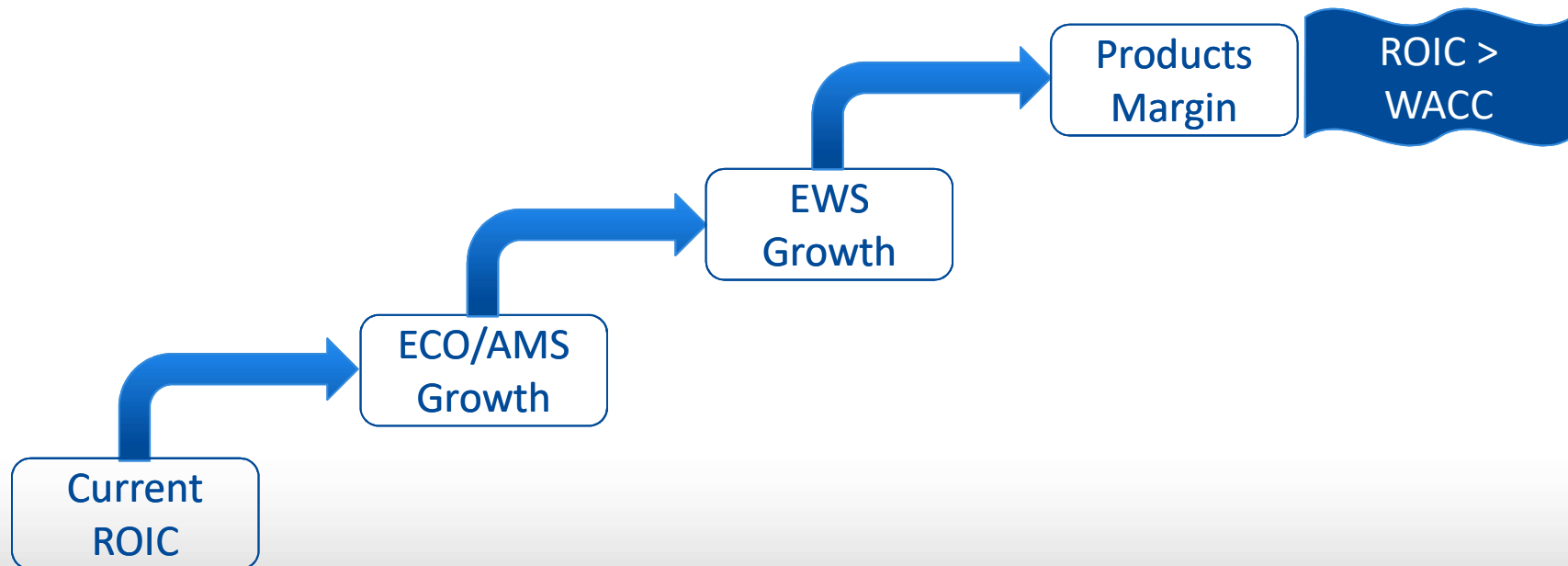
(1) Calculated as, Total Leverage Ratio as defined in our credit agreement as Total Indebtedness to EBITDA (as further defined in our credit agreement).

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

## 2020 Strategic Focus – Long-Term ROIC Improvement



- ❑ Protect the balance sheet and drive operational cash flow
- ❑ Strengthen ECO backlog driving improved corporate margins and returns
- ❑ Differentiate business model and return profile relative to traditional peer set
- ❑ Expound on company's sustainability value proposition

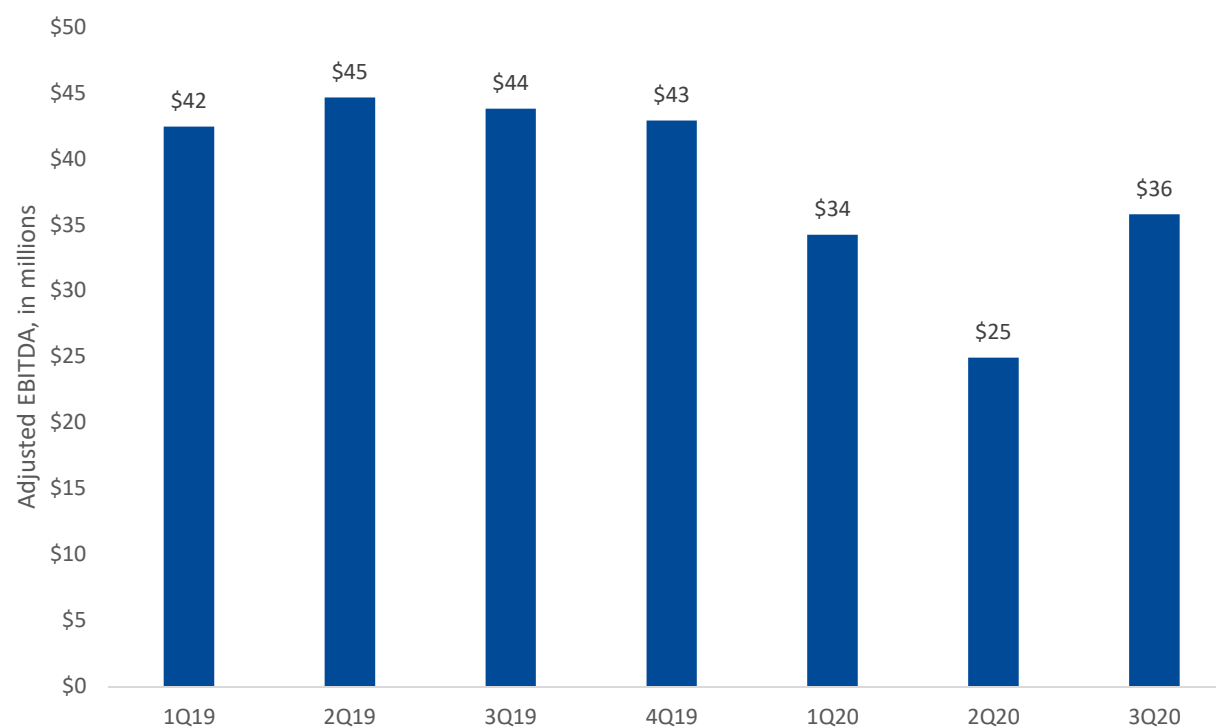


## COURAGE

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

# Appendix

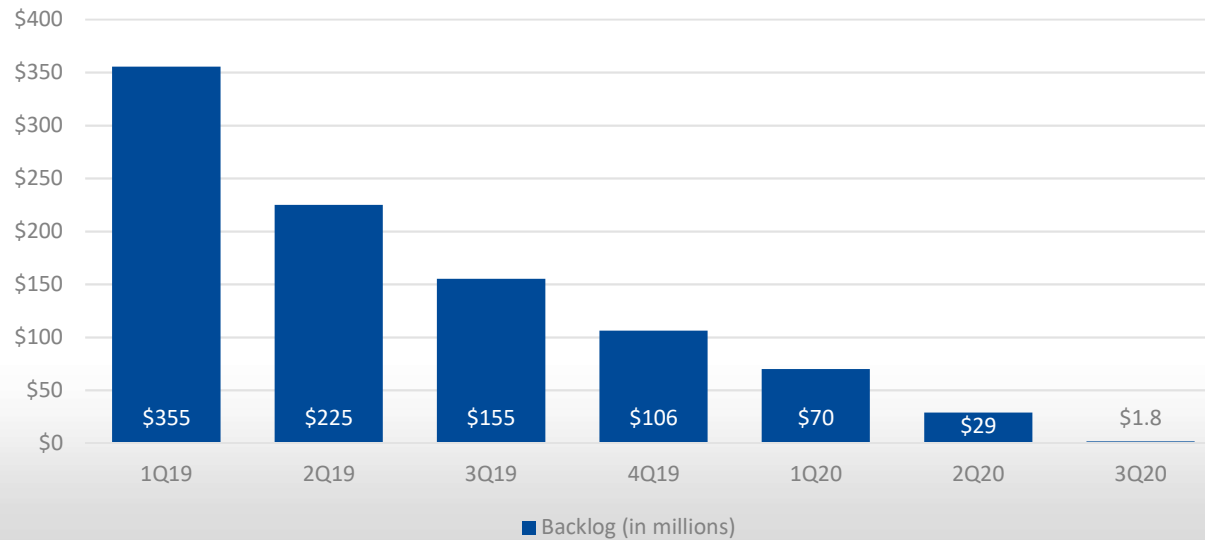
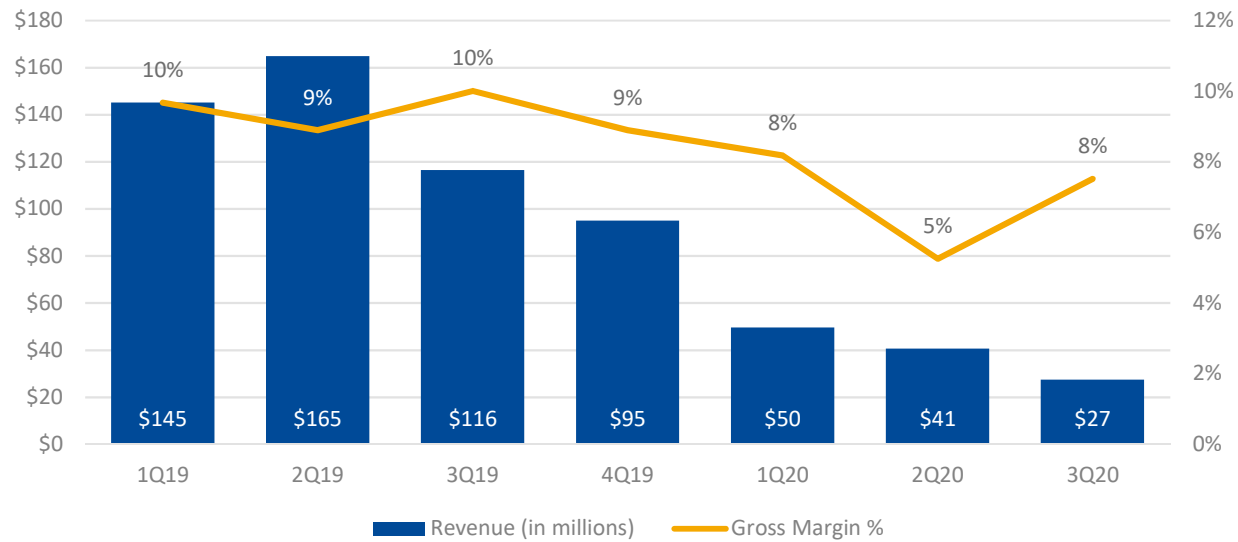
# Pro-forma EXTN Adjusted EBITDA



\*Adjusted to exclude U.S. compression fabrication



# U.S. Compression Fabrication Information



# Pro-forma EXTN Reconciliation



(\$ in thousands)

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20
<b>Net Loss</b>	(5,394)	(7,306)	(9,841)	(79,837)	(18,304)	(31,889)	(17,721)
(Income) loss from discontinued operations, net of tax	(6,699)	(13,844)	(3,153)	18,345	2,231	12,603	997
Depreciation and amortization	37,061	35,283	41,106	44,852	31,951	32,306	36,630
Long-lived asset impairment	-	5,919	2,970	43,677	-	-	1,695
Restatement related charges, net	20	-	-	28	-	-	-
Restructuring and other charges	384	4,701	1,257	(148)	207	3,105	238
Interest expense	8,163	9,928	10,103	10,426	9,953	9,638	9,623
Gain on extinguishment of debt	-	-	-	-	-	(2,644)	(780)
(Gain) loss on currency exchange rate remeasurement of intercompany balances	(238)	(591)	884	(135)	(1,121)	(2,077)	(625)
Provision for income taxes	9,140	10,592	477	5,081	9,330	3,894	5,745
<b>EBITDA, as adjusted</b>	<b>42,437</b>	<b>44,682</b>	<b>43,803</b>	<b>42,290</b>	<b>34,247</b>	<b>24,937</b>	<b>35,803</b>

\*Adjusted to exclude U.S. compression fabrication

# Non-GAAP Financial Measures



## Gross Margin Reconciliation

(\$ in thousands)

	Q3-2019	Q2-2020	Q3-2020
Loss before income taxes	\$ (12,517)	\$ (15,390)	\$ (10,978)
Selling, general and administrative	32,308	31,530	29,959
Depreciation and amortization	41,106	32,306	36,630
Impairments	2,970	-	1,695
Restructuring and other charges	1,257	3,105	238
Interest expense	10,103	9,638	9,623
Gain on extinguishment of debt	-	(2,644)	(780)
Other (income) expense, net	2,101	(2,641)	1,178
Total gross margin	<u>\$ 77,328</u>	<u>\$ 55,904</u>	<u>\$ 67,565</u>