

Active Public Company Ownership

Exterran Corporation

Systems and processes company for oil, gas, water and power

INVESTMENT SUMMARY

In late 2005, EGI made a small equity investment in Exterran (NYSE: EXTN) and grew it into a meaningful position over time. In 2011, EGI's President, Mark Sotir, became Exterran's Executive Vice Chairman and commuted part-time to the company's headquarters in Houston to guide the new senior leadership team on a day-to-day basis. Subsequently, Sotir led the company through a series of significant operational efficiency initiatives. He continues to serve as the company's Executive Chairman.

INVESTMENT HIGHLIGHTS

ADVOCATING A COMPANY SPLIT

Following an initiative to sell non-core assets and achieve better efficiency in Exterran's U.S. natural gas operations, EGI recommended and the board agreed to split Exterran's two businesses into separate entities – Archrock (RemainCo) and Exterran (SpinCo). The split, was successfully completed in 2015.

Exterran Corporation

Services business is 70% of gross margin; resilient in a downturn

- International Contract Operations (DeBOOM - develop, build, own, operate, maintain)
- International after-market services
- Oil & gas processing, equipment, fabrication, sales

Archrock

Sustainable demand from natural gas production

- Pure-play contract compression in North America— Largest compression player in North America
- Benefit from domestic production growth
- Domestic after-market services

COMPANY HIGHLIGHTS

- Global footprint with local presence operating in approximately 25 countries
- Strong balance sheet and fiscally disciplined
- \$100 million share buyback authorized in 2019



FOCUSED ON STRENGTHENING AND BUILDING PLATFORM

- De-leveraged the business
- Disposed of non-core, low-margin assets



- **Growing contract business**
 - Burned off non-compete from Archrock in the U.S.; now building North America services business
 - Secured large contract wins in the Middle East and Latin America
- **Building new product lines**
 - Developed technology to treat water produced from wells
 - Formed fully integrated gas plant packages (DeBOOM: develop, build, own, operate, maintain)
 - Developed integrated power generation