

# ARCHROCK, INC.

Investor Handout

June 2024



**Archrock**<sup>®</sup>

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 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 Archrock, Inc. Forward-looking information includes, but is not limited to statements regarding: guidance or estimates related to Archrock's results of operations or of financial condition; fundamentals of Archrock's industry, including the attractiveness of returns and valuation, stability of cash flows, demand dynamics and overall outlook, and Archrock's ability to realize the benefits thereof; Archrock's expectations regarding future economic, geopolitical and market conditions and trends; Archrock's operational and financial strategies, including planned growth, coverage and leverage reduction strategies, Archrock's ability to successfully effect those strategies, and the expected results therefrom; Archrock's financial and operational outlook; demand and growth opportunities for Archrock's services; structural and process improvement initiatives, the expected timing thereof, Archrock's ability to successfully effect those initiatives and the expected results therefrom; the operational and financial synergies provided by Archrock's size; and statements regarding Archrock's dividend policy.

While Archrock believes that the assumptions concerning future events are reasonable, it cautions that there are inherent difficulties in predicting certain important factors that could impact the future performance or results of its business. The factors that could cause results to differ materially from those indicated by such forward-looking statements include, but are not limited to: risks related to pandemics and other public health crises; an increase in inflation; ongoing international conflicts and tensions; risks related to our operations; competitive pressures; inability to make acquisitions on economically acceptable terms; uncertainty to pay dividends in the future; risks related to a substantial amount of debt and our debt agreements; inability to access the capital and credit markets or borrow on affordable terms to obtain additional capital; inability to fund purchases of additional compression equipment; vulnerability to interest rate increases; uncertainty relating to the phasing out of London Interbank Offered Rate; erosion of the financial condition of our customers; risks related to the loss of our most significant customers; uncertainty of the renewals for our contract operations service agreements; risks related to losing management or operational personnel; dependence on particular suppliers and vulnerability to product shortages and price increases; information technology and cybersecurity risks; tax-related risks; legal and regulatory risks, including climate-related and environmental, social and governance risks.

These forward-looking statements are also affected by the risk factors, forward-looking statements and challenges and uncertainties described in Archrock's Annual Report on Form 10-K for the year ended December 31, 2023, Archrock's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 and those set forth from time to time in Archrock's filings with the Securities and Exchange Commission, which are available at [www.archrock.com](http://www.archrock.com). Except as required by law, Archrock expressly disclaims any intention or obligation to revise or update any forward-looking statements whether as a result of new information, future events or otherwise.

## Returns oriented energy infrastructure company

- Natural gas compression company based in Houston, Texas
- A premier outsourced compression provider in U.S.<sup>(1)</sup>
- Compression is a must-run service for gas transportation
- Specialize in large HP servicing midstream gathering systems
- Fee-based contracts with high-quality, long-term customers
- Strong geographic diversity across all major U.S. gas & oil basins

### Archrock

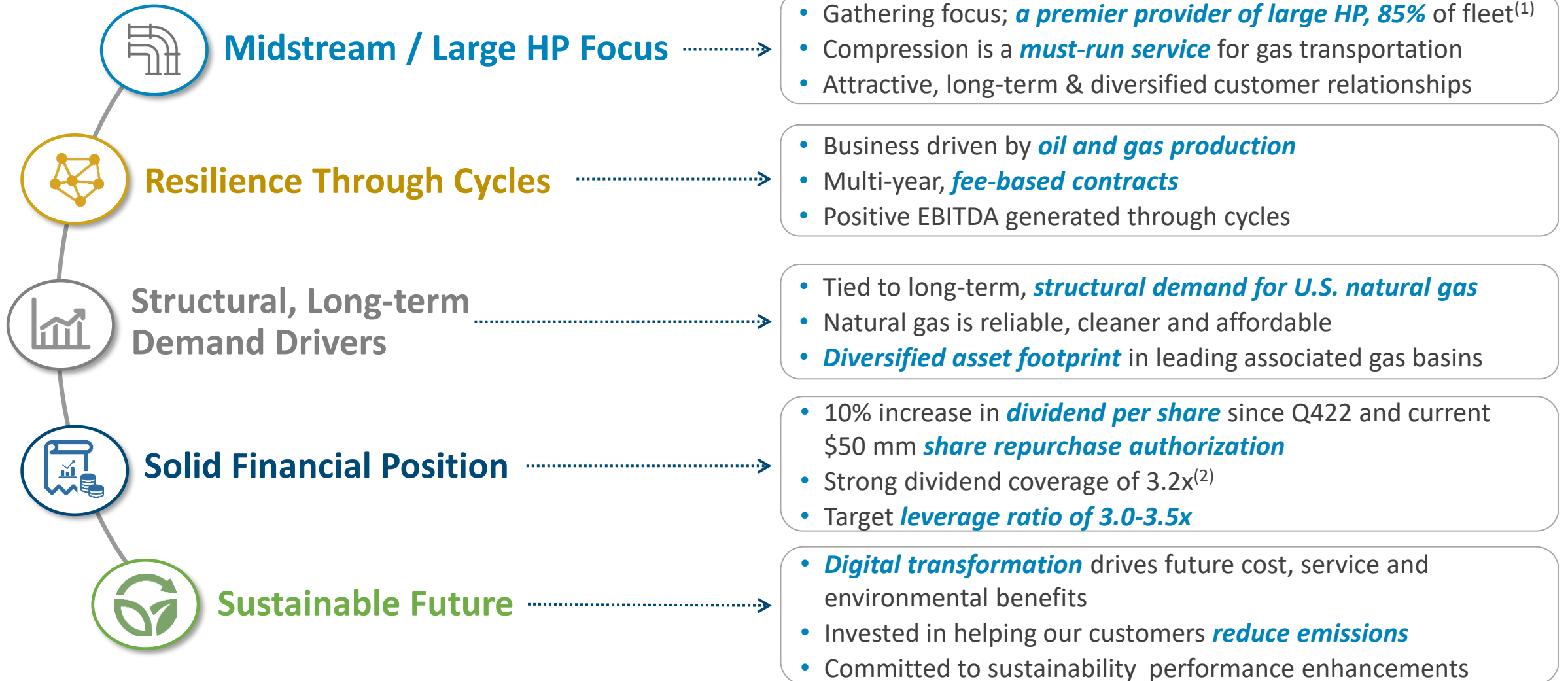
- NYSE: AROC
- Market Cap: \$3.1 billion<sup>(2)</sup>
- Enterprise Value: \$4.7 billion<sup>(2)(3)</sup>
- Dividend: \$0.165/quarter<sup>(4)</sup>
- Yield: 3.3%<sup>(2)(5)</sup>
- Shares Outstanding: 156 million<sup>(2)</sup>

*Our vision is to provide superior compression services, unmatched technical expertise and an unwavering commitment to safety*



(1) Based on total horsepower as of March 31, 2024. (2) Stock price as of May 14, 2024 and shares outstanding as of April 24, 2024. (3) Includes debt balance as of March 31, 2024. (4) Paid May 14, 2024. (5) Yield calculated as most recent quarterly dividend annualized and divided by the stock price as of May 14, 2024.

## Archrock Investment Highlights

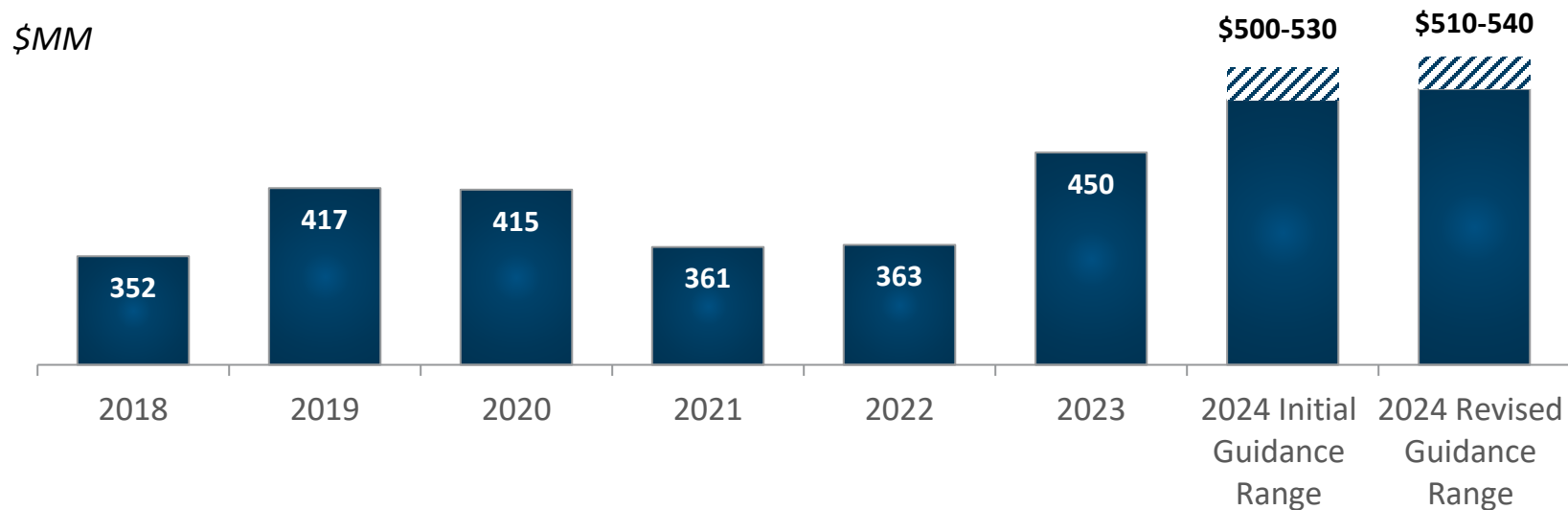


(1) Based on total horsepower as of March 31, 2024. (2) Quarter ended March 31, 2024.

## Significant value drivers

- **Transformed Platform.** Highly standardized large horsepower units deployed in stable infrastructure segment.
- **Compelling financial position and capital allocation.** Expect free cash flow generation to drive leverage lower and shareholder returns higher.
- **Robust Market For Compression.** Sold out of new build equipment for 2024 and have already begun building an order book for 2025.
- **Long-term prospect to leverage technology for a more digitized, automated and sustainable future.** Opportunity to bring methane and carbon capture technology to market.

### 2024 Adjusted EBITDA Outlook Reflects Pricing and Profitability Increases<sup>(1)</sup>



(1) See Addendum I regarding non-GAAP measures for information on adjusted EBITDA. Initial 2024 guidance provided on February 20, 2024, and revised 2024 guidance provided on April 30, 2024.

Successful 70-year company history with proven success over time

1950's	1990 – 2006	2007 – 2014	2015 – Current
<ul style="list-style-type: none"> <li>South Coast Gas Compression established – legacy entity of Universal Compression (1954)</li> </ul>	<ul style="list-style-type: none"> <li>Hanover Compressor founded (1990) / IPO (1997). Acquisitions included:                             <ul style="list-style-type: none"> <li>Dresser Rand (2000)</li> <li>Schlumberger (2001)</li> </ul> </li> <li>Universal Compression IPO (2000). Acquisitions included:                             <ul style="list-style-type: none"> <li>Halliburton (1994)</li> <li>Tidewater (1998)</li> <li>Weatherford (2001)</li> </ul> </li> <li>Universal Compression forms first publicly traded compression MLP – Universal Compression Partners (2006)</li> </ul>	<ul style="list-style-type: none"> <li>Exterran formed by merger of Hanover Compression and Universal Compression (2007)</li> <li>Exterran Partners LP is renamed due to merger with Universal / Hanover (2007)</li> <li>Exterran Partners LP acquires ~550,000 horsepower from MidCon Compression for ~\$495 million (2014)</li> </ul>	<ul style="list-style-type: none"> <li>Archrock is the renamed U.S. Contract Operations and Aftermarket Services business following spin-off of Exterran's International Services and Global Fabrication businesses (2015)</li> <li>Archrock acquires Archrock Partners and eliminates IDRs in simplification transaction (2018)</li> <li>Archrock acquires Elite Compression's 430,000 horsepower fleet (2019)</li> </ul>

*Compression increases pressure within a pipeline to transport natural gas*

## A Must-Run Service

- Equipment that moves natural gas through infrastructure systems to consuming markets
- Compression also used to provide enhanced oil production rates through gas lift
- 24 hours a day, 7 days a week, 365 days a year operation
- Compression needed across the energy value chain, from the wellhead to distribution
- *Can be owned or outsourced to a compression specialist such as Archrock*

## What Does it Look Like?



*Large horsepower unit (1,875 HP)*

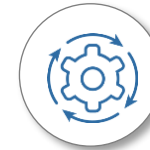
## Benefits to customer of outsourcing



Leverages Archrock's compression expertise



Reduces capital expenditures

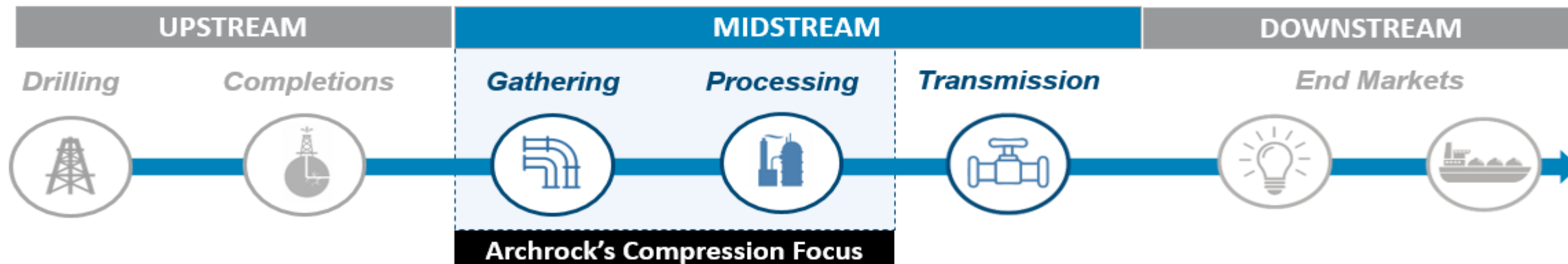


Utilizes Archrock's operational footprint & execution capability



Limits risk of idle customer assets after initial application

*Our midstream focus results in greater stability*



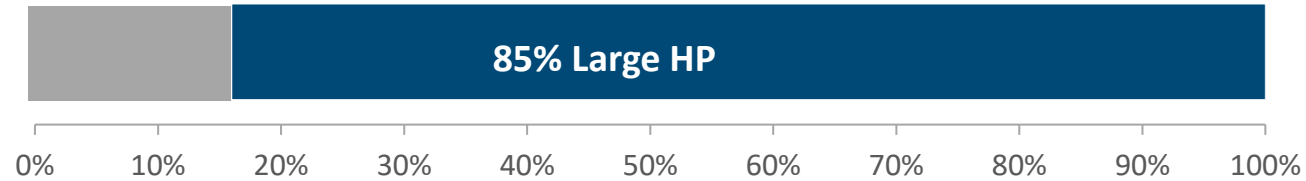
**We provide compression services primarily for midstream applications**

Characteristic	The Midstream Benefit	The Result to Archrock
<b>Production Focused</b>	Relatively stable compression demand	<ul style="list-style-type: none"> <li>• <i>Utilization range between 82% and 96%</i><sup>(1)</sup></li> </ul>
<b>Longer Contracts</b>	Longer-term, fee-based assignments	<ul style="list-style-type: none"> <li>• <i>Average time on-site ~4 years</i><sup>(2)</sup></li> </ul>
<b>Earnings Stability</b>	Relative adjusted EBITDA stability through cycles	<ul style="list-style-type: none"> <li>• <i>Shareholder return and debt reduction</i></li> </ul>
<b>Financial Flexibility</b>	Strong cash flow generation	<ul style="list-style-type: none"> <li>• <i>3.2x dividend coverage</i><sup>(3)</sup></li> </ul>

(1) Period utilization for 2018 through March 31, 2024. (2) Year ended December 31, 2023. (3) Quarter ended March 31, 2024.

*Leveraging the growing industry trend towards larger HP units*

**Archrock**  
Fleet Allocation<sup>(1)</sup>



### Drivers of Large HP Demand

<b>Drilling Efficiency &amp; Predictability</b>	<ul style="list-style-type: none"> <li>High probability drilling programs allow for efficient infrastructure planning</li> <li>Large HP is more cost effective than a series of smaller HP units</li> </ul>
<b>Increasing Lateral Lengths</b>	<ul style="list-style-type: none"> <li>Longer lateral lengths increase flow to the wellhead</li> <li>Higher volumes require more compression</li> </ul>
<b>Pad Drilling from Shale Wells</b>	<ul style="list-style-type: none"> <li>Pad drilling brings multiple wells to a single wellsite, increasing volumes and compression demand</li> </ul>
<b>Gas Associated with Oil Production</b>	<ul style="list-style-type: none"> <li>Lower initial pressure vs. dry gas wells; requires more compression</li> <li>Compressors economically advantaged in gas lift</li> </ul>

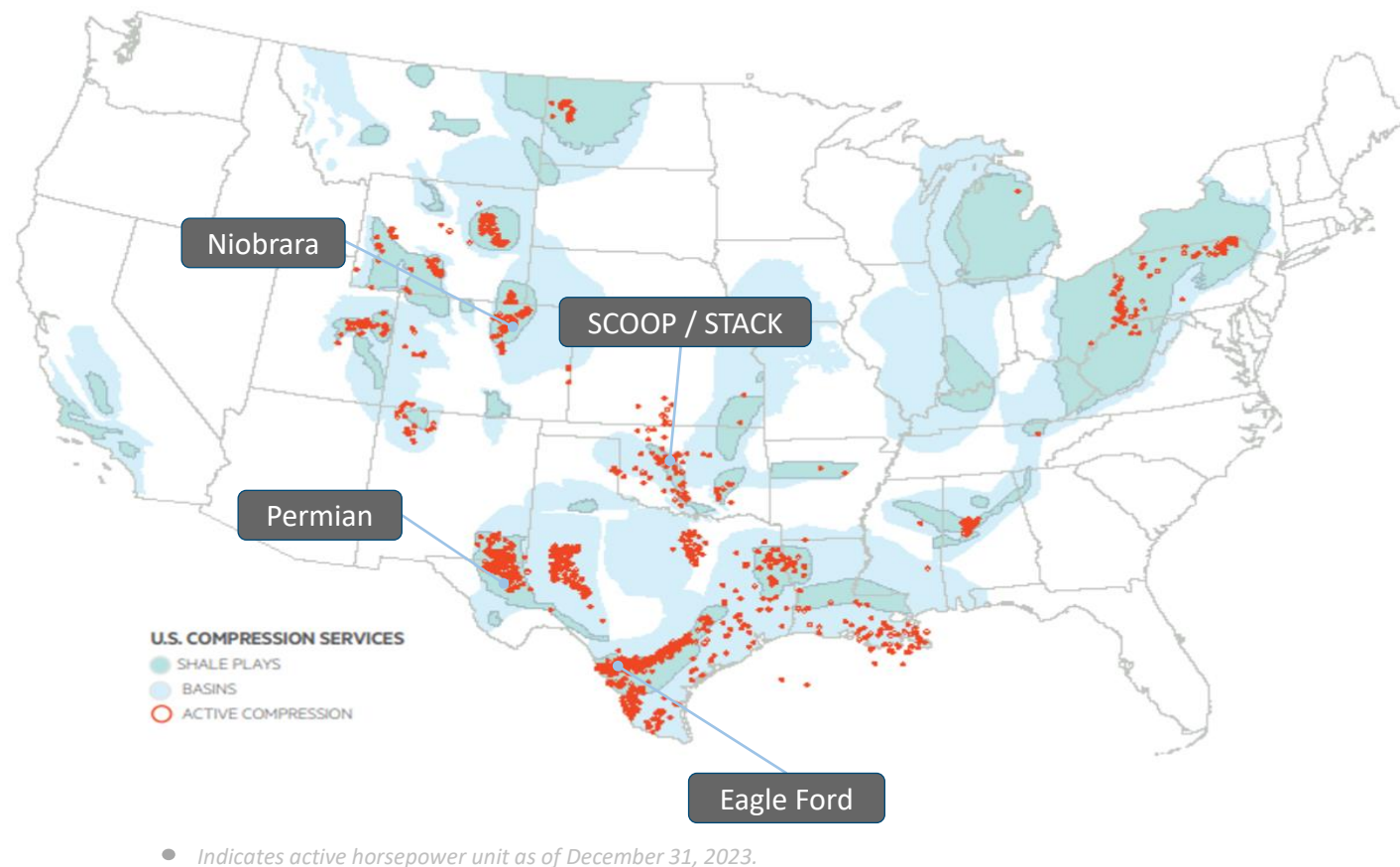
*Note: Small compressors are 1,000 horsepower and less and large compressors are greater than 1,000 horsepower.*

*(1) Based on total horsepower as of March 31, 2024.*

# Significant Horsepower Density in Oil-Driven Shale Plays

*Associated gas volumes need to be transported, and therefore compressed*

- Oil prices continue to support healthy economics for oil-directed drilling in shale plays like the Permian and Eagle Ford
  - Permian and Eagle Ford represent ~2/3 of operating HP<sup>(1)</sup>
  - Driving strong demand for our midstream horsepower, even in the lower gas price environment
- Regional diversification provides protection against basin-specific headwinds
- Mobile units capable of re-deployment to meet changing customer demand or market pressure



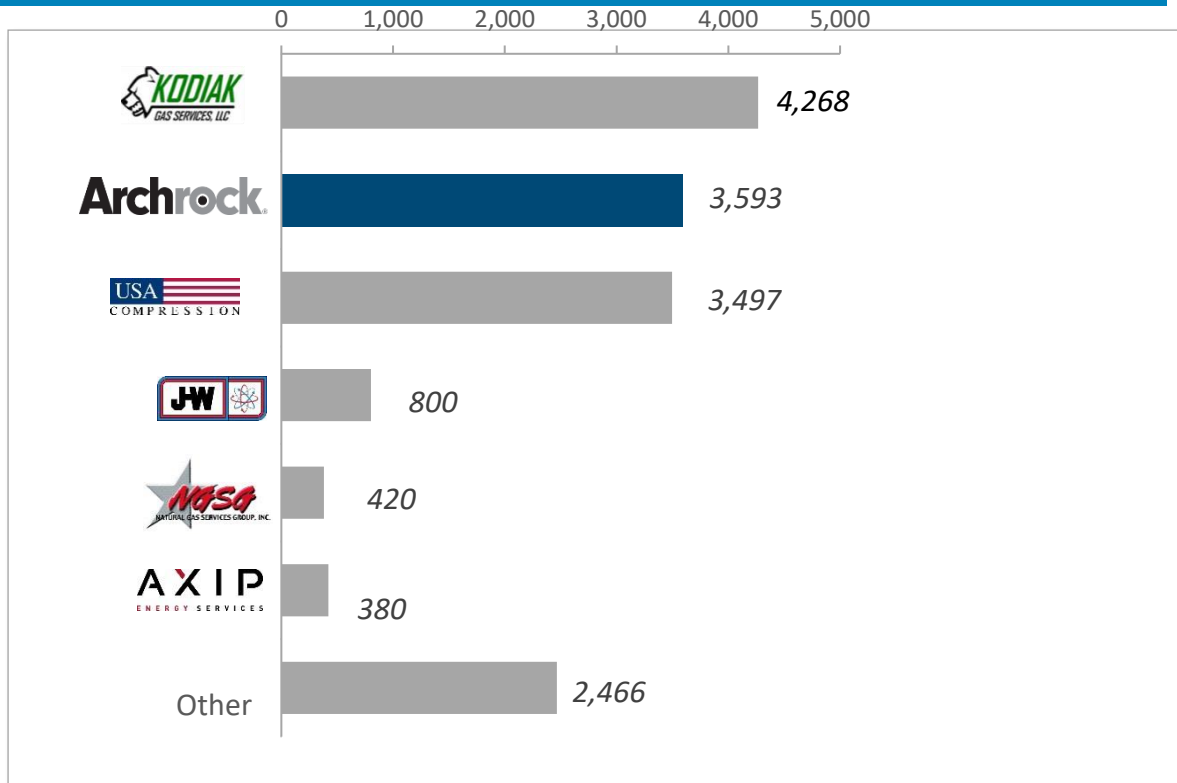
(1) As of December 31, 2023.

# A Leader in U.S. Natural Gas Compression

Leading contract compression position supplemented by AMS capabilities



## Contract Operations<sup>(1)</sup>



## Aftermarket Services (AMS)



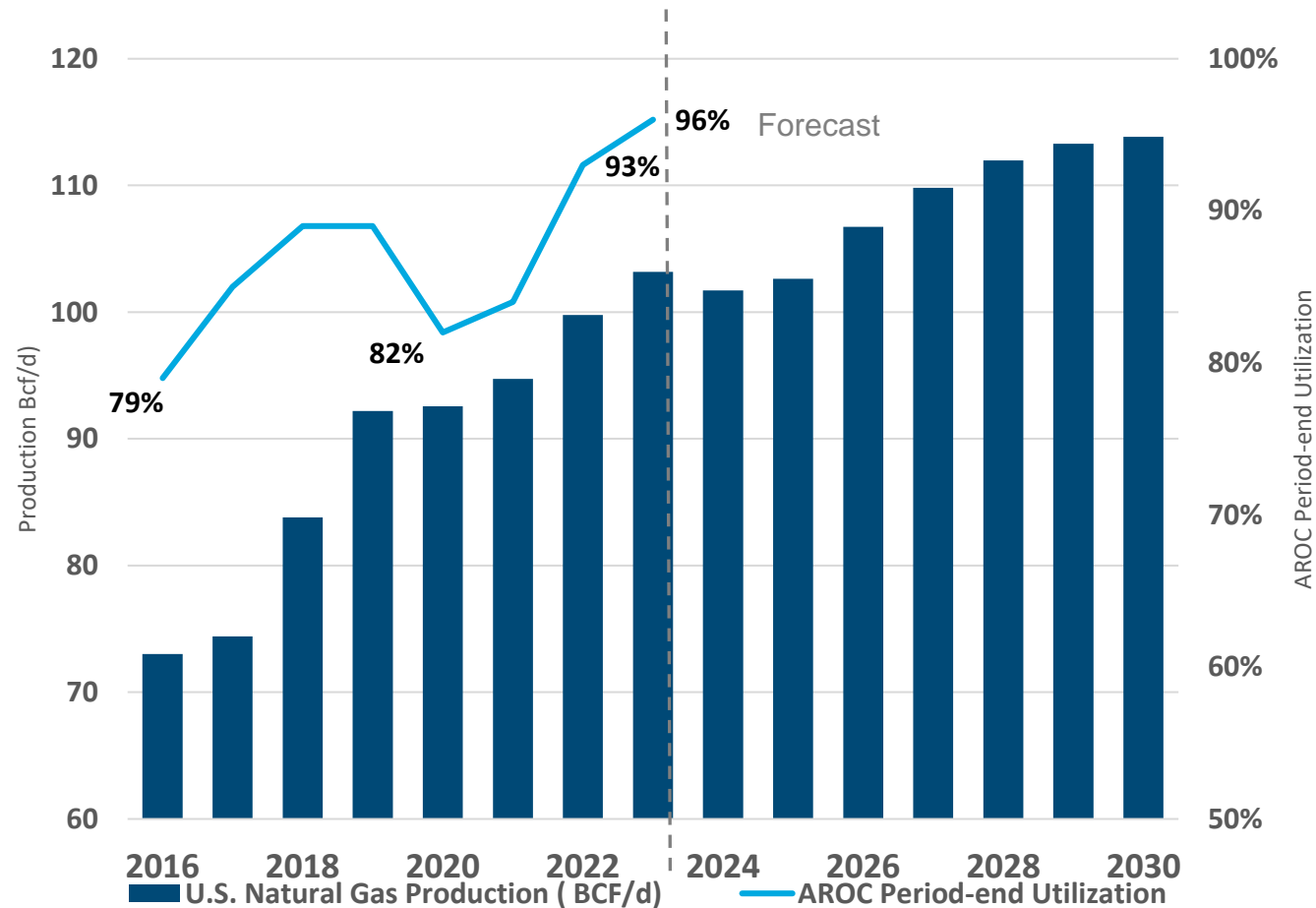
- Our Aftermarket Services business expands our addressable market
- Allows us to service the customer base that owns their compression
- Provides attractive diversification to customer and service base

(1) Chart represents operating HP for outsourced compression (in thousands). USA Compression and Archrock operating HP as of March 31, 2024; Kodiak HP is pro-forma for CSI acquisition and as of May 10, 2024 investor presentation. NGSG as of December 31, 2023. Axip, J-W Power and other operating HP as of June 30, 2023. Based on SEC filings and management estimates.

# Industry Fundamentals Support Multi-Year Upcycle

*Strong U.S. natural gas volumes and record compression market tightness*

### U.S. Dry Natural Gas Production and AROC Utilization <sup>(1)</sup>



#### Durable Natural Gas Fundamentals

*10% U.S. gas production growth 2023-2030<sup>(1)</sup>*

#### Historically High Equipment Utilization

*95%<sup>(2)</sup> exceeding prior cycle peak*

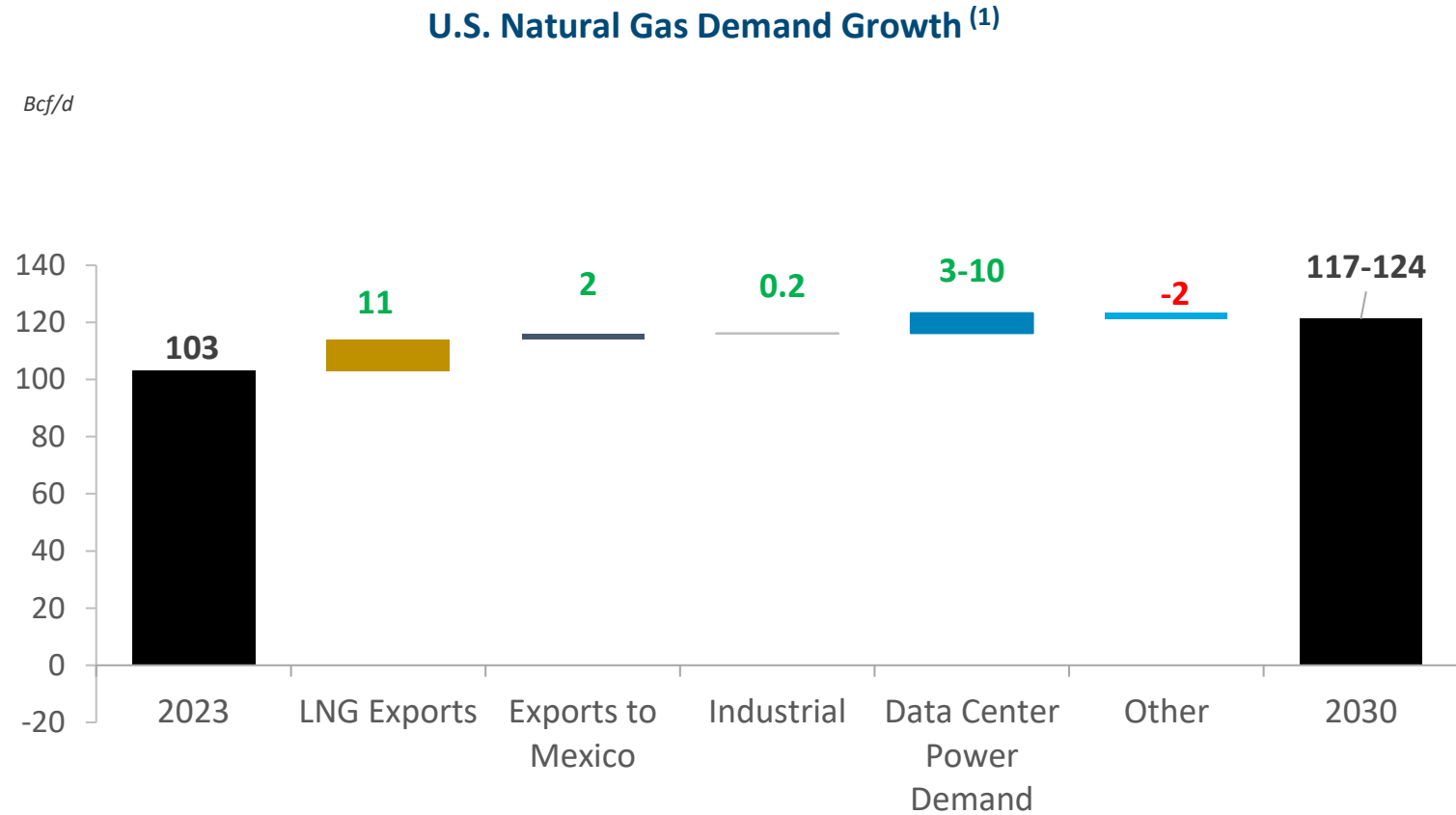
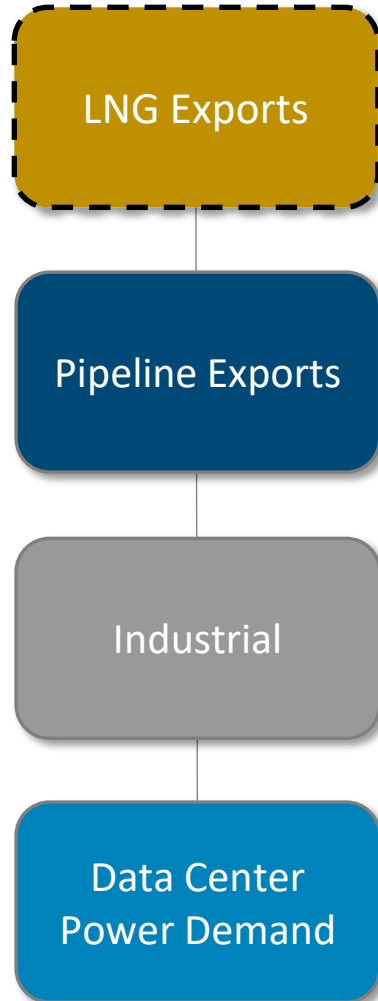
#### Capital Discipline

*Significant industry underinvestment*

Source: EIA and Enverus (1) 2023-2030 U.S. gas production represents Enverus forecast (March 2024) (2) As of March 31, 2024.

# Key Natural Gas Demand Drivers

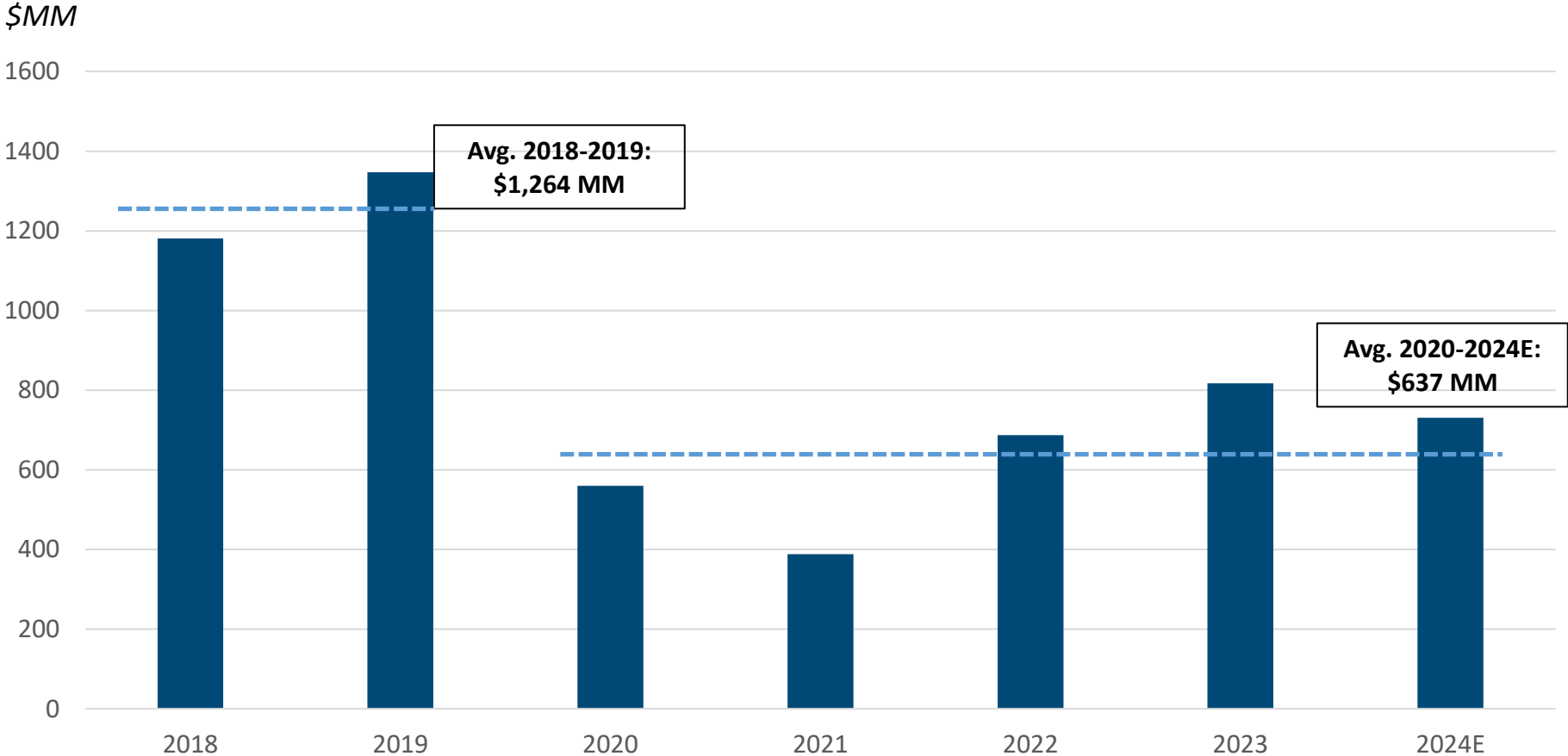
*Robust medium- and long-term demand drivers led by natural gas export opportunities*



Source: Enverus Fundamental Edge Report (March 2024). (1) Data center power demand range based on Goldman Sachs Research: "AI, data centers and the coming US power demand surge," Raymond James Research: "Can the U.S. Generate Enough Electricity for the AI Boom" and Wells Fargo Research: "AI Power Surge: Using a Demand-Based Model to Forecast AI Power Growth."

*Lower investment driven by free cash flow, shareholder return and deleveraging priorities*

### Publicly-Traded Pure-Play Compression Company Total Capex <sup>(1)</sup>



Source: Company Reports and Consensus Estimates (1) Public pure-play compression companies include AROC, USAC, CCLP (pre-2024) and KGS.

*Strong relationships with top-tier energy companies*

Revenue  
Diversification

**~57%**

% of revenue from top 10 customers<sup>(1)</sup>

Long-term  
Relationships

**>20 years**

Avg. relationship length with top 10 customers<sup>(2)</sup>

High  
Quality  
Partners

**6 of 10**

Top 10 customers with investment grade credit<sup>(2)</sup>

Revenue  
Stability

**77%**

Operating HP under long-term contract or strategic agreement<sup>(2)</sup>

## Top 10 Customers

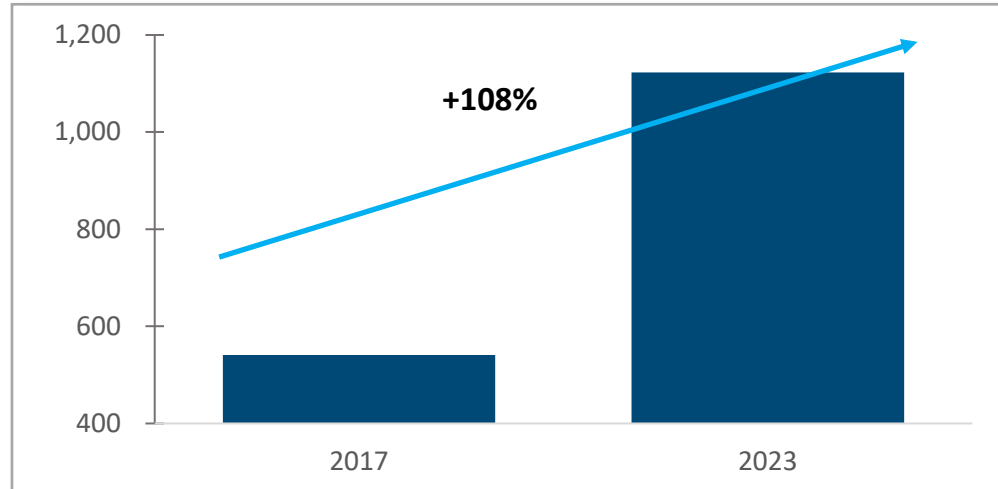


*(1) Year to-date through March 31, 2024. Contract Operations revenue. (2) As of March 31, 2024.*

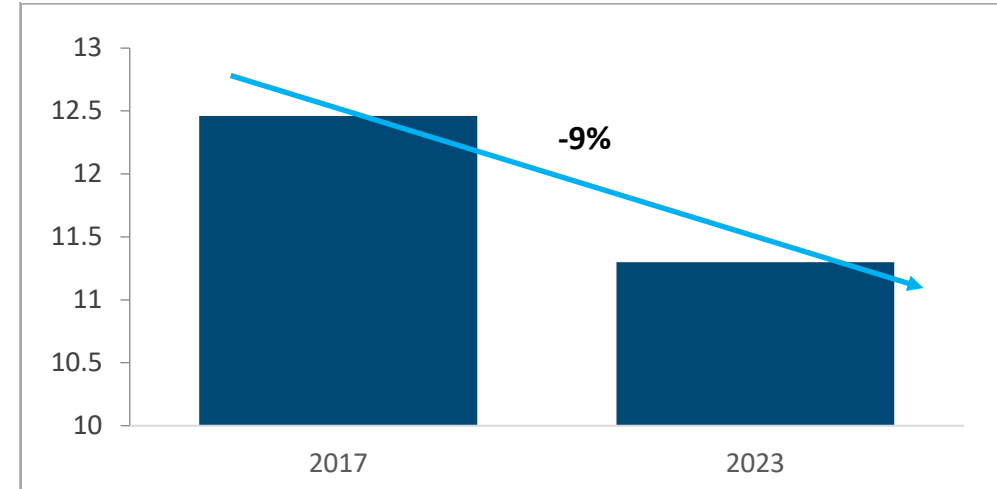
# Franchise Transformation Delivering Results

Multi-year high-grading of our fleet, talent, customers and technology

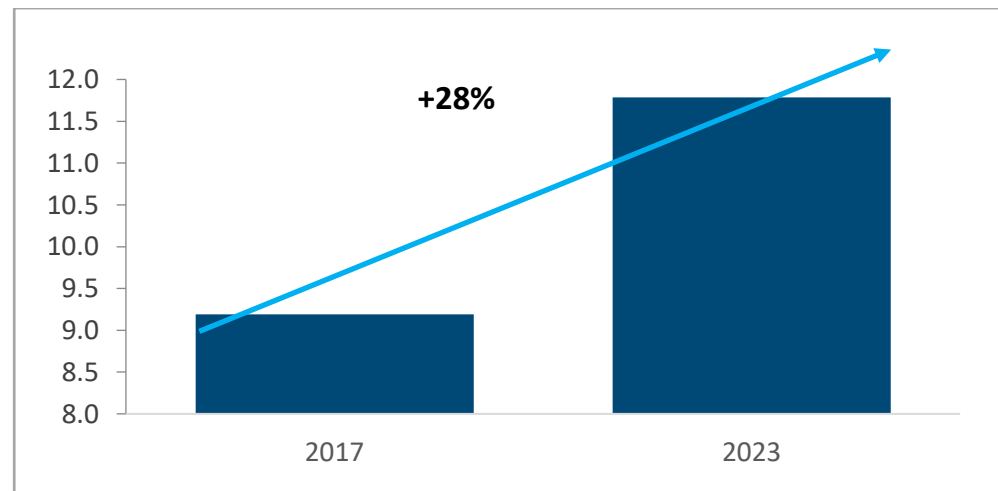
### Horsepower per Unit<sup>(1)</sup>



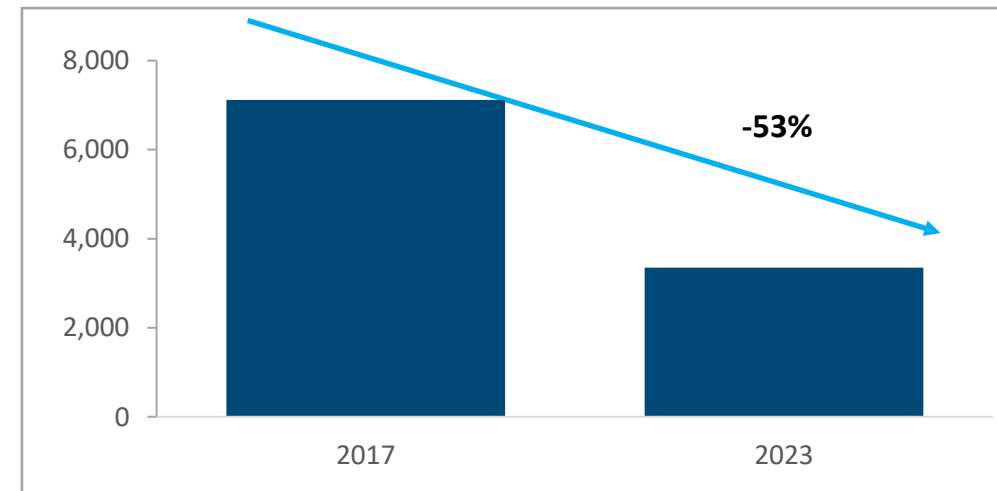
### Fleet Age (Years)<sup>(2)</sup>



### Adjusted Gross Margin \$/HP/Month<sup>(3)</sup>



### Compressor Units



(1) Based on total horsepower and unit count at year end. (2) Total horsepower at year end, weighted by horsepower. (3) See Addendum I regarding non-GAAP measures for information on adjusted gross margin; based on average operating HP.

## Prioritizing shareholder returns

1  
**Capital  
Return**

**\$0.165**  
Quarterly Dividend per  
Share  
**\$50 MM**  
share repurchase  
authorization

- 10% increase in dividend per share since Q422
- Increasing return of capital to shareholders YoY and long-term
- Dividend growth complimented by strong expected dividend coverage of above 2.0x<sup>(1)</sup>
- Free cash flow generation preserves flexibility for additional share repurchases

2  
**Capital  
Investment**

**~\$190 MM**  
2024  
growth capex

- 2024 growth capital expenditures of ~\$190 million, consistent with 2023
- New build horsepower investment underpinned by long-term contracts with high-quality customers and attractive returns
- Funded by operations, with the potential for additional support from modest non-strategic asset sale proceeds

3  
**Leverage  
Reduction**

**3.0x - 3.5x**  
Debt-to- adjusted  
EBITDA target  
through cycles

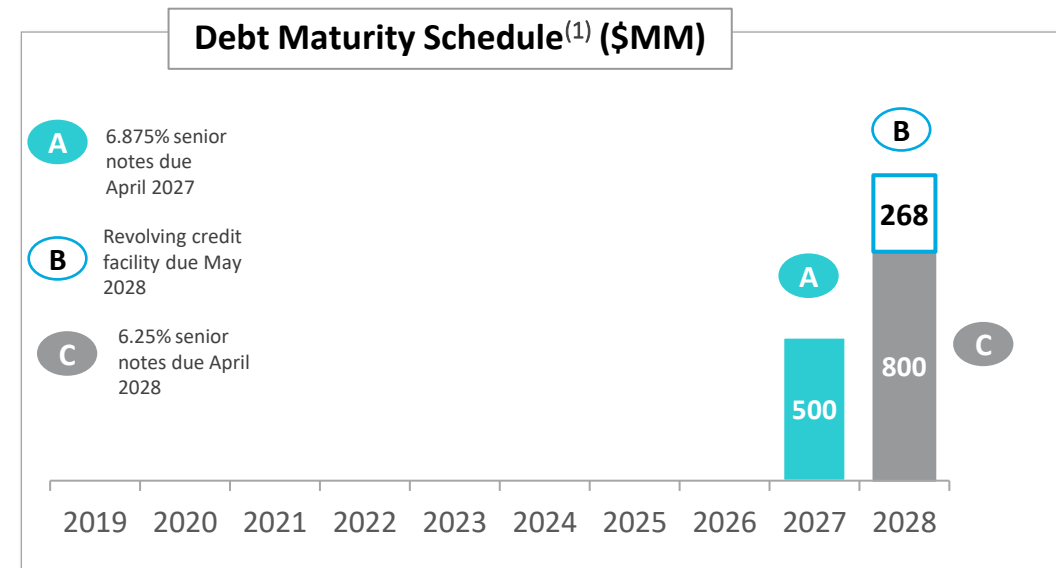
- Deleveraging expected through enhanced operational leverage and adjusted EBITDA generation from profitability improvements, portfolio rationalization, technology deployment and capital discipline

(1) See Addendum I regarding non-GAAP measures for information on adjusted EBITDA, cash available for dividend and cash available for dividend coverage.

## Deleveraging and no near-term debt maturities

### Balance Sheet & Funding Overview

- Recent issuer credit rating upgrade to 'BB-' from 'B+' with a stable outlook by S&P
  - S&P also raised issue-level rating on senior unsecured debt to 'BB-' from 'B+'.
- No near-term debt maturities
- Over \$270 million in debt reduction since the end of 2019
- Leverage ratio target of 3.0-3.5x through cycles; Q124 leverage of 3.2x
- Variable rate debt represents less than 20% of total long-term debt<sup>(1)</sup>



### Archrock Borrowing Capacity Summary<sup>(1)</sup>

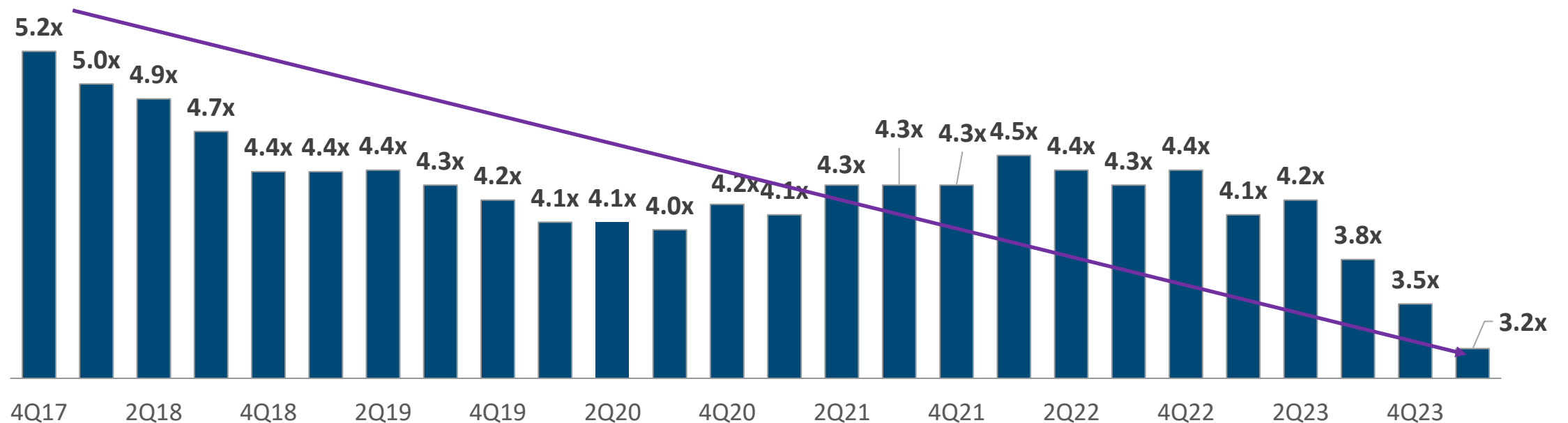
\$MM	
Revolver credit facility capacity	\$750
Borrowings under facility	\$(268)
Letters of credit	\$(4)
<b>Borrowing Capacity at Archrock</b>	<b>\$478</b>

(1) As of March 31, 2024.

## Reducing leverage to strengthen balance sheet

- Over \$270 million in absolute debt reduction since the end of 2019
- Target leverage ratio of 3.0-3.5x

### Target leverage ratio of 3.0-3.5x through cycles



Note: 4Q17 and 1Q18 are presented pro forma for the merger of APLP. 1Q20 presented pro forma for redemption of senior notes due 2022.

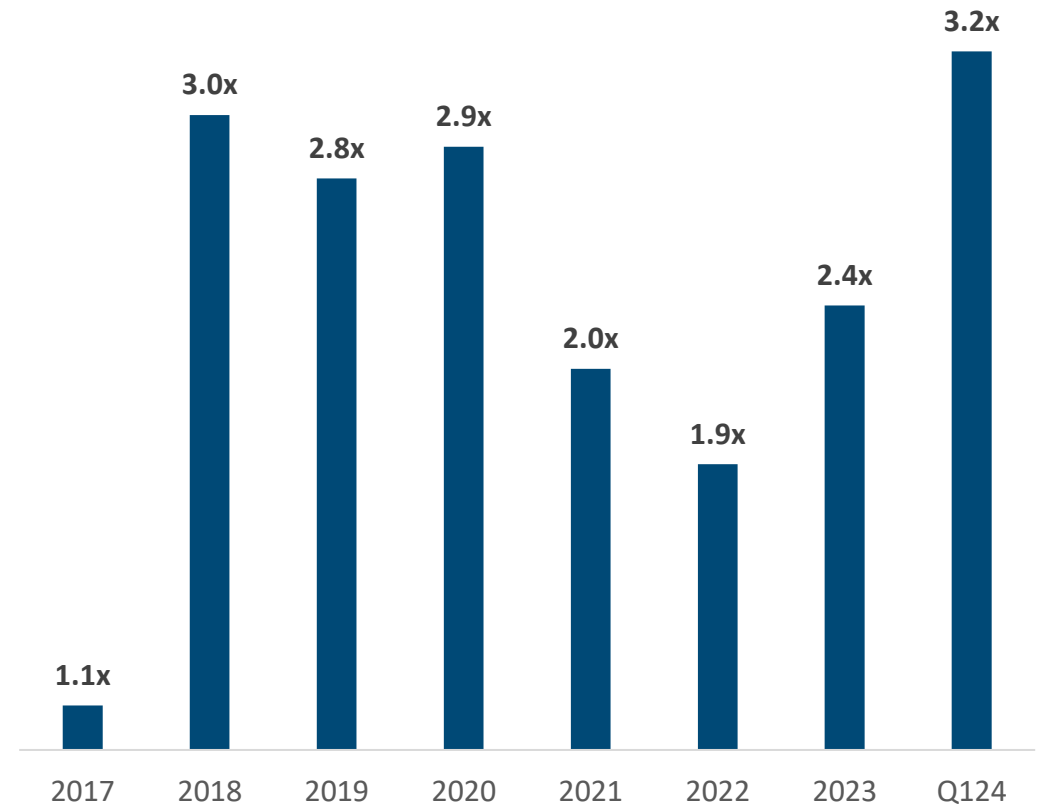
# Growing and Well-Covered Dividend

42 consecutive quarters of cash dividends

### Recent Dividends per Share Declared<sup>(1)</sup>



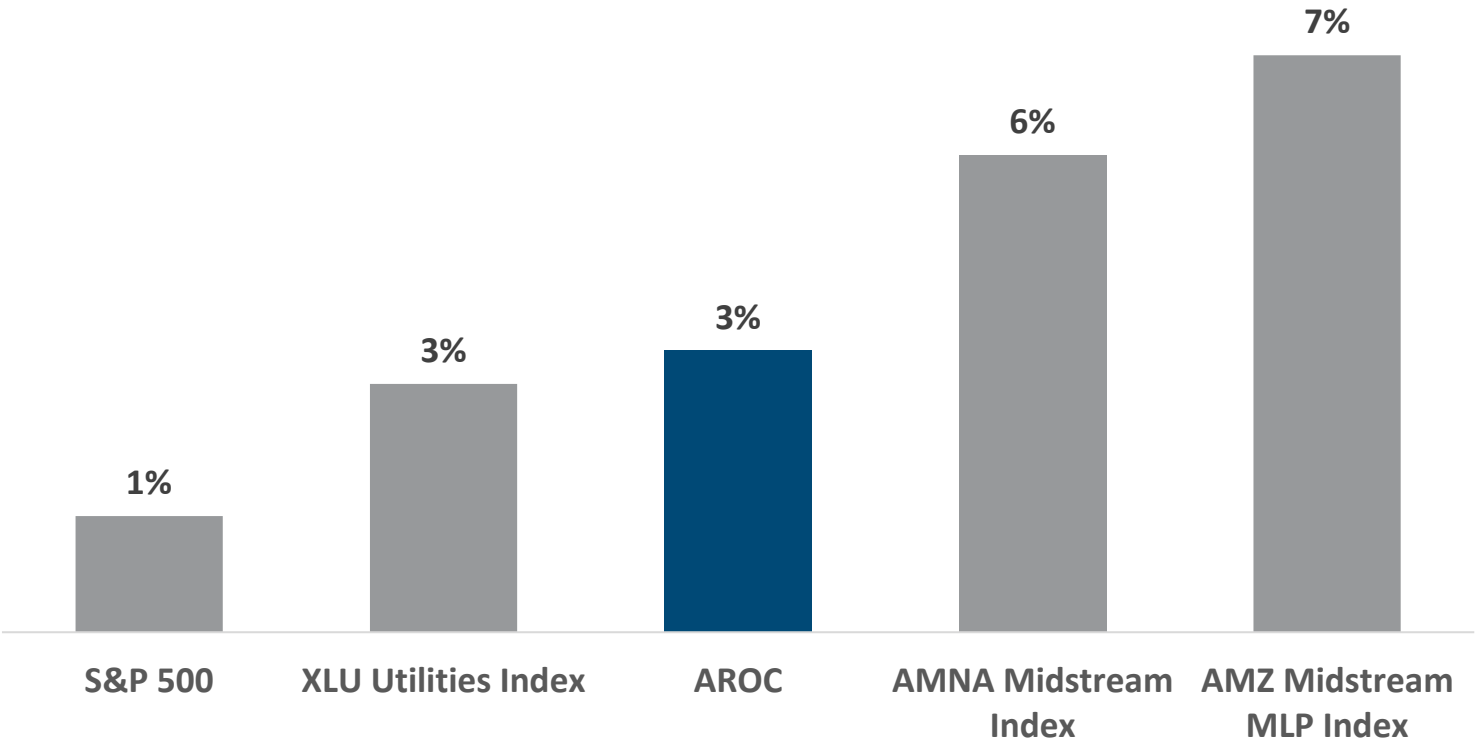
### Cash Available for Dividend Coverage<sup>(2)</sup>



(1) Current represents most recent quarterly dividend annualized. (2) See Addendum I regarding non-GAAP measures for information on dividend coverage.

*Compelling dividend yield*

Dividend/Distribution Yield<sup>(1)</sup>



*(1) Based on Bloomberg data as of May 14, 2024.*

Environmental	Social	Governance
<p><b>-12%</b> Emissions Intensity Scope 1 and 2 Emissions 2022 v. 2021</p>	<p><b>0.32</b> Total Recordable Incident Rate</p>	<p><b>20%</b> Quantifiable ESG Metrics in Incentive Program</p>
<p><b>\$18 MM</b> Investment in Electric Drive Compression</p>	<p><b>Zero</b> Lost Time Incident Rate</p>	<p><b>3/7</b> Female or Ethnically Diverse Independent Board Members</p>
<p><b>Methane Monitoring</b> Acquired 25% Equity Stake in ECOTEC Solutions</p>	<p><b>33%</b> Female in Executive Management</p>	<p><b>100%</b> Cybersecurity Training Completion Rate</p>
<p><b>Methane Capture</b> Filed Patent for Compressor Device</p>	<p><b>Diversity and Inclusion</b> Implemented Policy and Launched Training</p>	<p><b>Business Continuity</b> Developed and Implemented Plan</p>



**2023 Hart Energy ESG Award Recipient in Public Midstream Category**

More information on Archrock's latest Sustainability efforts can be found in our [2022 Sustainability Report](#)

## *Successful field pilot of patent-pending technology*

- Archrock New Ventures Team developed methane capture technology that reduces fugitive emissions from certain parts of the compressor package
  - Unit blowdowns and compressor packings
- Complementary and value enhancing to our core contract compression services
  - Skid mounted solution for natural gas powered and electric motor driven compressor packages
  - Can be applied to existing compression facilities as well as greenfield locations
  - We believe it is cost competitive with our customers' internal cost of carbon
  - Will allow us to maintain our commitment to maximize uptime
- Successfully piloted the technology in the field at a United Production Partners gathering facility, operated by EnerVest, in the Barnett Shale
  - The field pilot comes following extensive testing of the technology in a lab setting
- Engaged with multiple customers across all basins on the technology, have received positive reception and commenced marketing efforts



## *Scalable and cost-efficient technology*

- Archrock served as lead investor in a Series A financing round for Ionada PLC, a global carbon capture technology company
- Ionada has developed a post combustion carbon capture solution
  - Designed and engineered for small to mid-sized industrial emitters in the energy, marine, and e-fuels industries
  - Conducted extensive research and development and completed successful testing in a lab setting
- We believe Ionada's technology is scalable and cost efficient, with possible application to natural gas compression
- Archrock's investment is expected to be used primarily for additional research and development, as well as the construction of field demonstration units



*We are the leader in U.S. natural gas compression*

Midstream /  
Large HP Focus

Resilience  
Through Cycles

Structural,  
Long-Term  
Demand Drivers

Solid Financial  
Position

Sustainable  
Future



# Archrock™

# APPENDIX



## *Solid opportunities to service customer-owned compressors*

- Ability to serve the entire U.S. compression market
- Margin contribution from customers with their own compression solutions
- Minimal capital requirements, enhancing overall returns
- Leverages existing infrastructure and contract compression business customer network

### Field Services



- Scheduled on-site maintenance
- Major on-site maintenance
- Unscheduled on-site call-outs

### Parts



- Sale of compressor components (engines, compressors, other parts)
- Used for maintenance and repair of compression equipment

### Shop Services

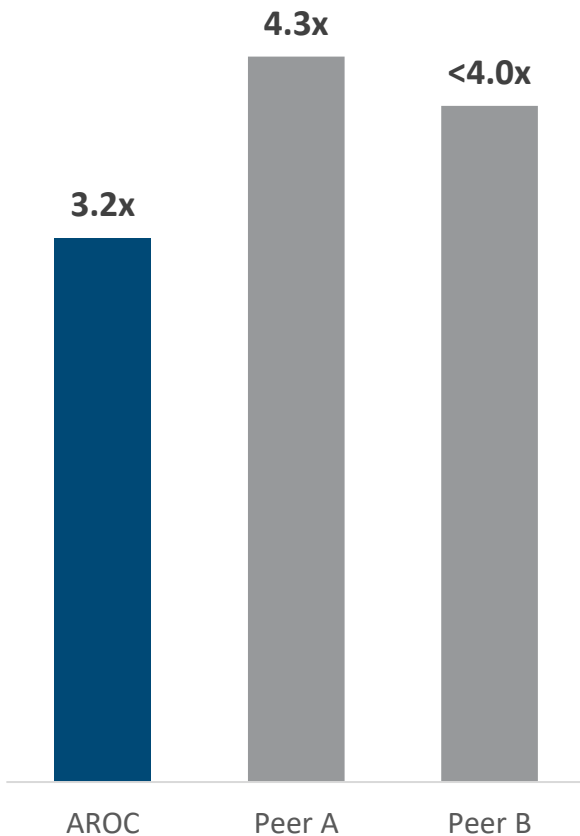


- Parts remanufacturing, valve repair and machining
- Re-design of existing assets to meet new operating requirements
- Performed in Archrock shops across the U.S.

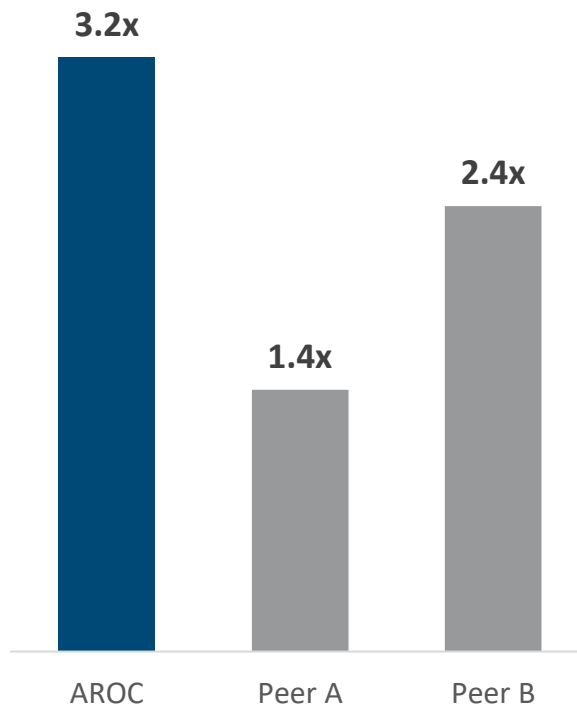
# Strong Capital Allocation Metrics Vs. Compression Peers

*Driving leverage lower, shareholder returns higher and maintaining solid dividend coverage*

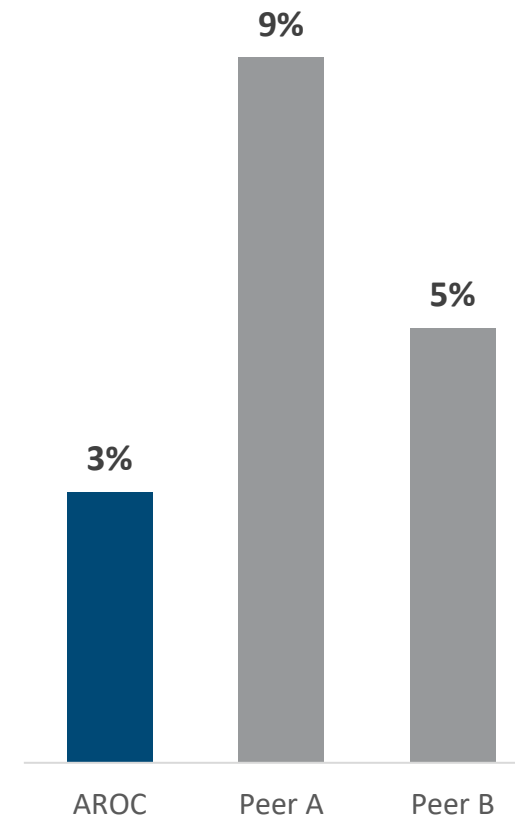
### Leverage Ratio<sup>(1)</sup>



### Cash Available for Dividend Coverage<sup>(1) (3)</sup>



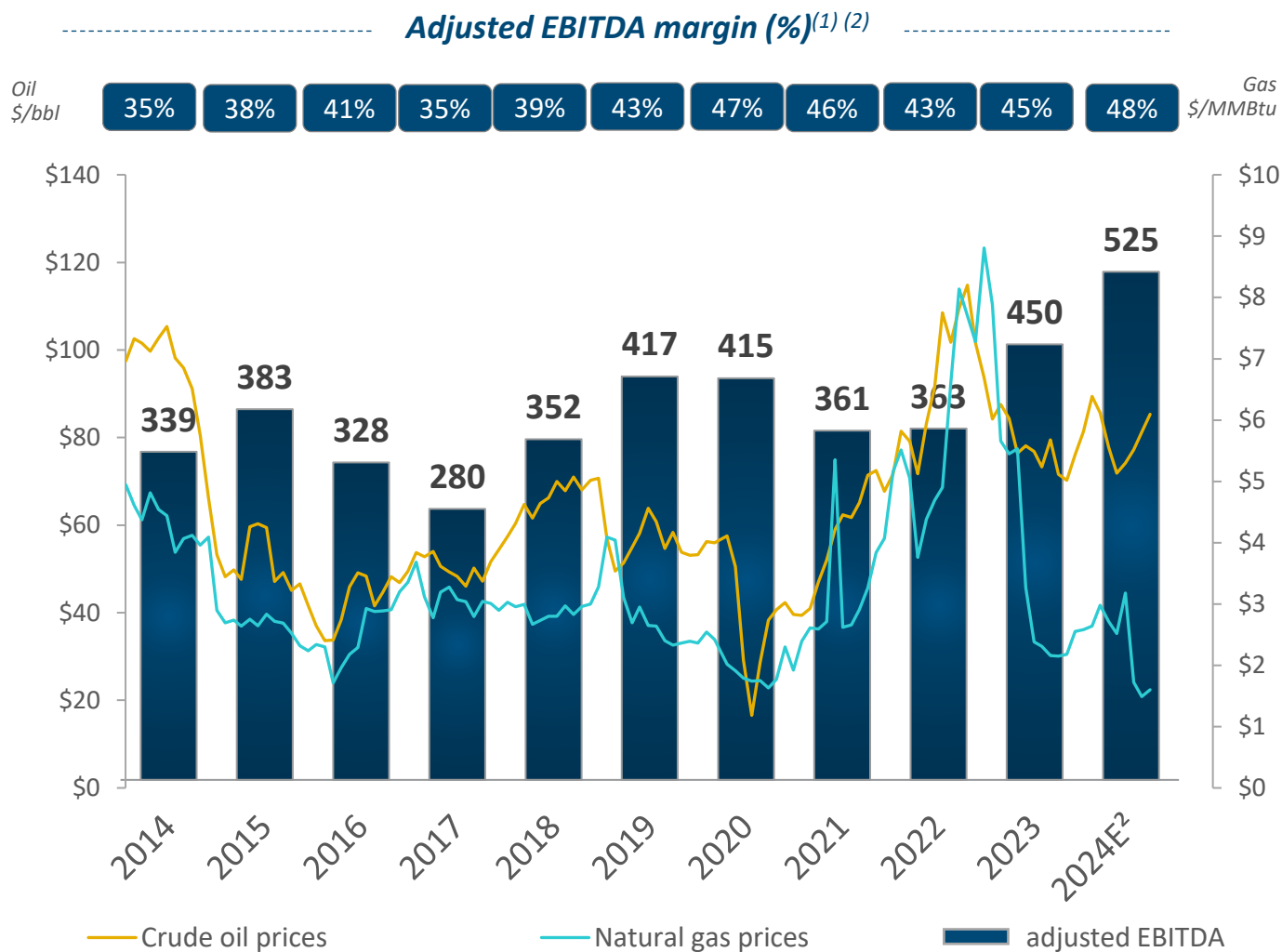
### Dividend Yield<sup>(2)</sup>



Source: Factset, Bloomberg and Company Reports. Peers include USA Compression and Kodiak. (1) As of March 31, 2024. (2) Yield data as of May 14, 2024. (3) See Addendum I regarding non-GAAP measures for information on adjusted EBITDA and Cash Available for Dividend Coverage.

# Solid Profitability Through Cycles

*A resilient business model tied to production, not commodity prices*



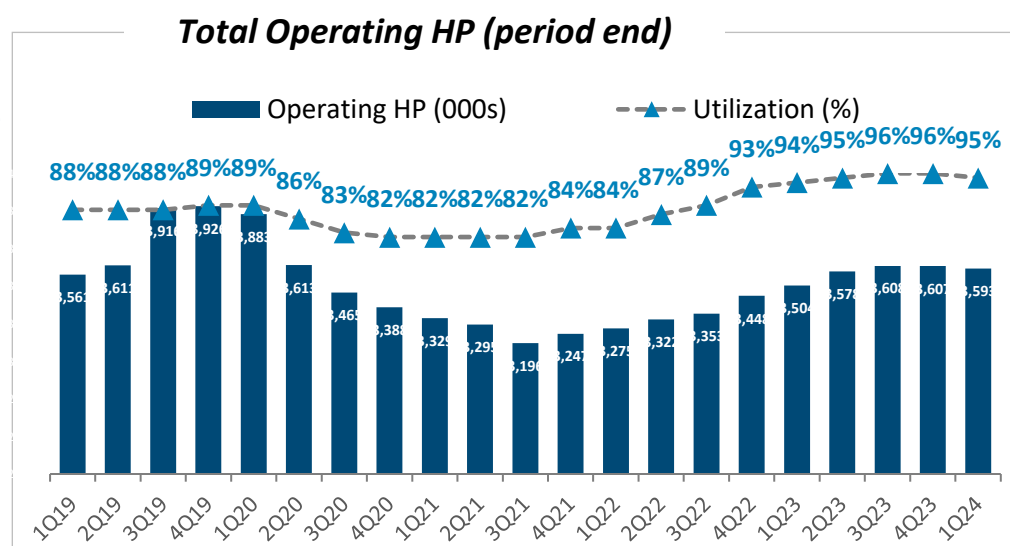
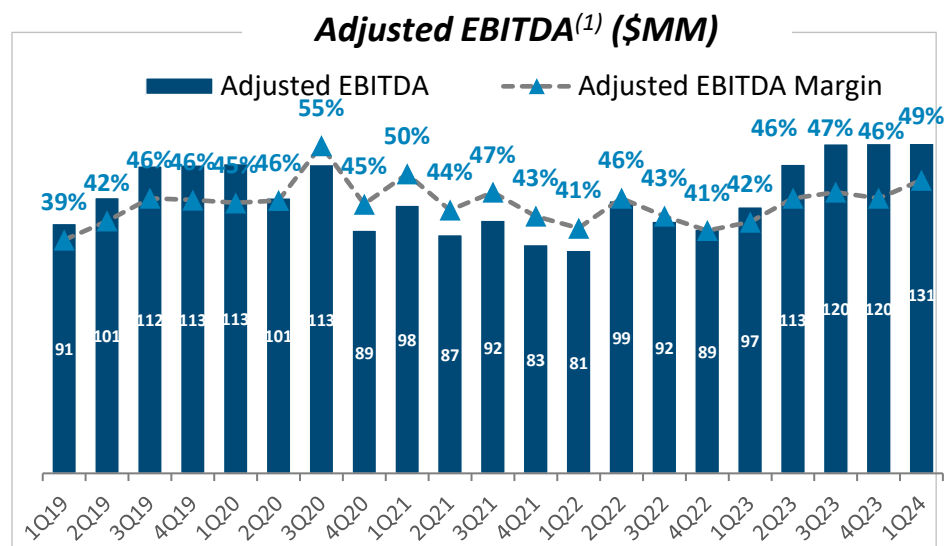
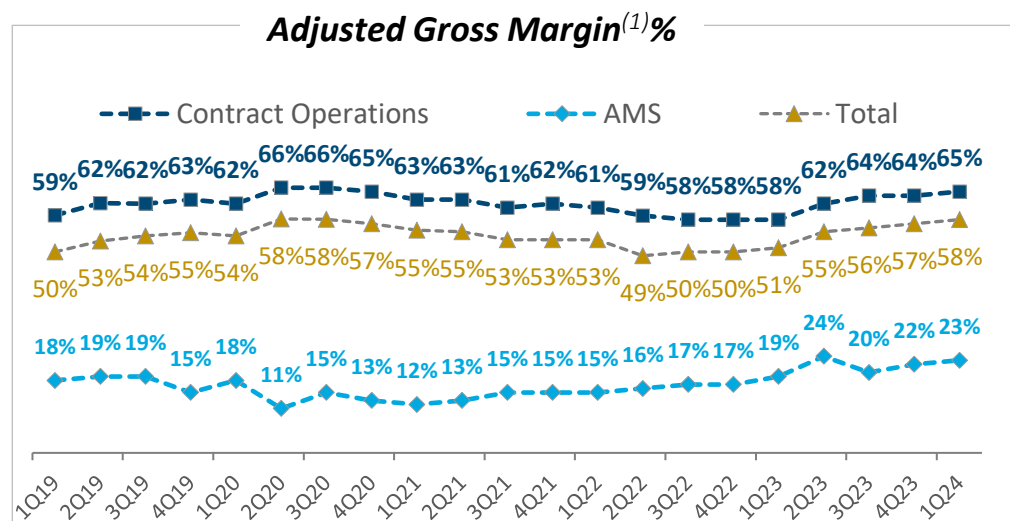
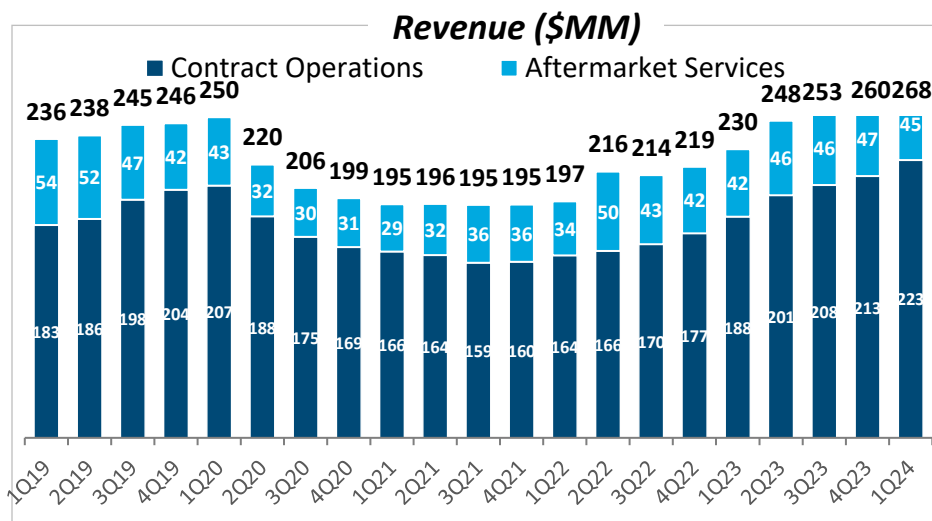
- Track record of generating attractive EBITDA margins
- Financial performance tied to production
- Proactive operational enhancements through cycles drive steady margin improvement
- Realize positive adjusted EBITDA through cycles

Source for oil and gas prices: EIA through April 2024.

(1) See Addendum I regarding non-GAAP measures for information on adjusted EBITDA and adjusted EBITDA margin.

(2) 2024 represents midpoint of guidance, which was provided on April 30, 2024.

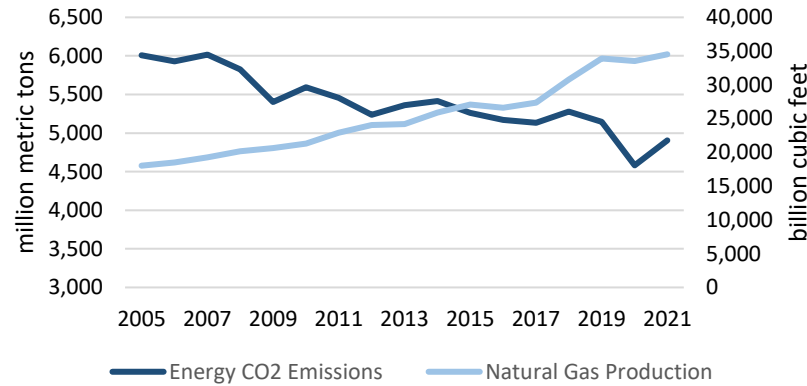
## Maintaining strong profitability and fleet utilization



(1) See Addendum I regarding non-GAAP measures for information on adjusted gross margin, adjusted EBITDA and adjusted EBITDA margin.

## Natural gas is abundant, reliable and cleaner

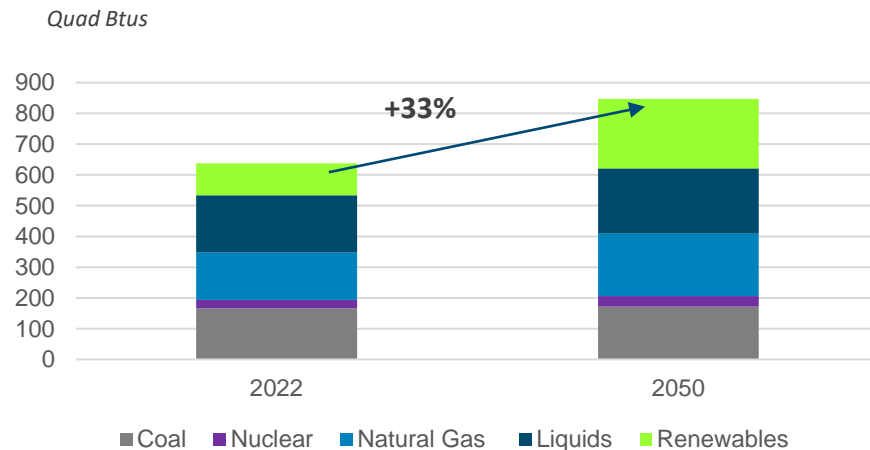
U.S. Natural Gas Production vs. CO2 Emissions



- U.S. emissions reductions driven by coal to natural gas switching for electricity generation
- Between 2006 and 2021 U.S. natural gas production was up 87% while emissions were down 17%

## Natural Gas expected to be an integral part of global energy mix for the foreseeable future

World Primary Energy Consumption by Energy Source

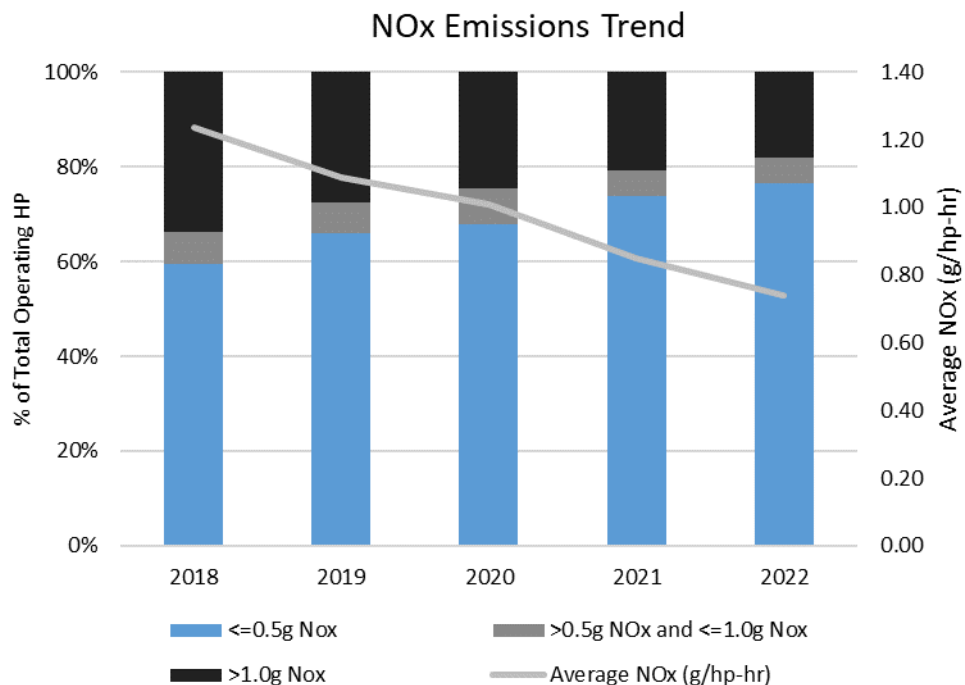


- Global energy consumption to increase 33% from 2022-2050
  - Natural gas consumption anticipated to grow 33% between 2022 and 2050
- Natural gas expected to maintain a 24% market share of world energy consumption in 2050
  - Renewable energy displaces coal, liquids and nuclear consumption

Source: EIA International Energy Outlook (October 2023).

*Leveraging the strength of our core compression franchise as we invest in emissions reduction*

## Improved Compression Engine Emissions Efficiency



- Focus on large horsepower
- Accelerating investment in electric motor-drive compression
- Divesting older, higher-emitting compression
- New Ventures Team exploring and developing solutions to support our customers' emissions reduction goals
- Leveraging remote monitoring to reduce vehicle miles; expected to reduce Scope 1 emissions

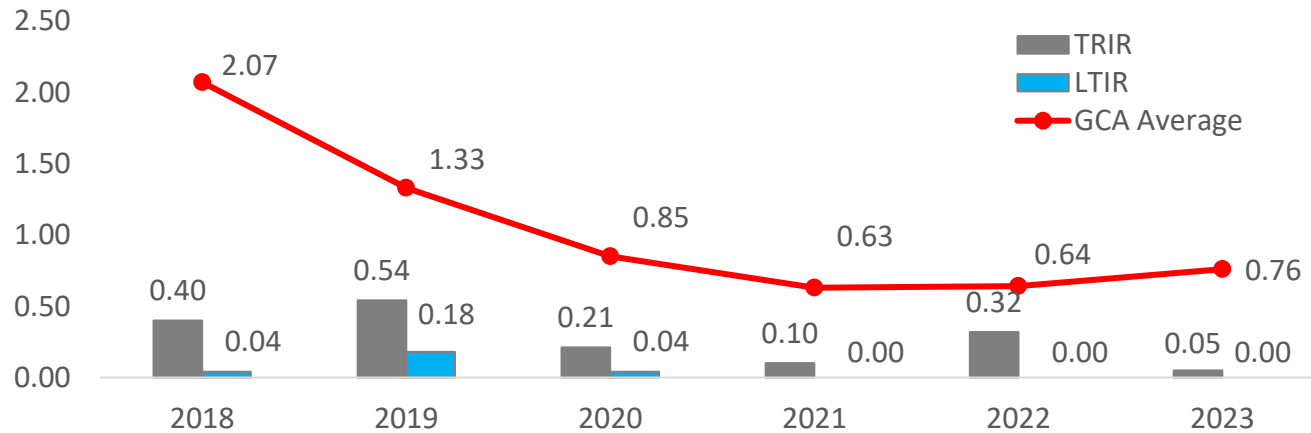
*Note: NOx emissions are estimates based on internal analysis of operating horsepower and engine configurations, applied consistently across all years reported.*

## Safety culture reflected in excellent 2022 performance

- Target Zero™ is foundation of internal HSE program, which reports directly to CEO and reports quarterly safety results to board of directors
- Member of ISNetworld®
- TRIR of 0.05 in 2023, ahead of 0.50 target
- GPS monitoring of vehicles with PVIR of 0.18 in 2023, ahead of 0.50 target
- No lost time incidents injuries



### Safety Trends



**TRIR** – Total Recordable Incident Rate

**LTIR** – Lost Time Incident Rate

**GCA TRIR** – Gas Compressor Association Total Recordable Incident Rate Average

In each case, per 200,000 hours worked

\* Note: GCA TRIR average shown for 2023 represents Jan-Jun 2023

*“We believe that nothing is more important than safety – both on the job and away from it – and that is why excellence in safety is a core value at Archrock.” – Brad Childers, President & CEO*

## *Methane emissions management investment and partnership*

- Acquired a **25% equity stake** in Ecotec International Holdings, LLC, a global leader in methane emissions monitoring and management
- Proven technology and emissions detection history with natural gas, utility, landfills, RNG, and carbon credits
- ECOTECH management has 30+ year history in biogas, waste management, and utilities industries
- Opportunity to introduce Archrock's customer base to ECOTECH's suite of solutions
- Assisting ECOTECH in successfully demonstrating their proven suite of solutions in oil and gas applications at customer sites



# N

## **NOTIFICATION**

*Continuous remote stationary methane monitoring with real-time alerts*



# I

## **IDENTIFICATION**

*Rapid and economic identification of leaking components*



# Q

## **QUANTIFICATION**

*Direct measurement of the methane emission rate*



*Engaged in communities across the U.S.*

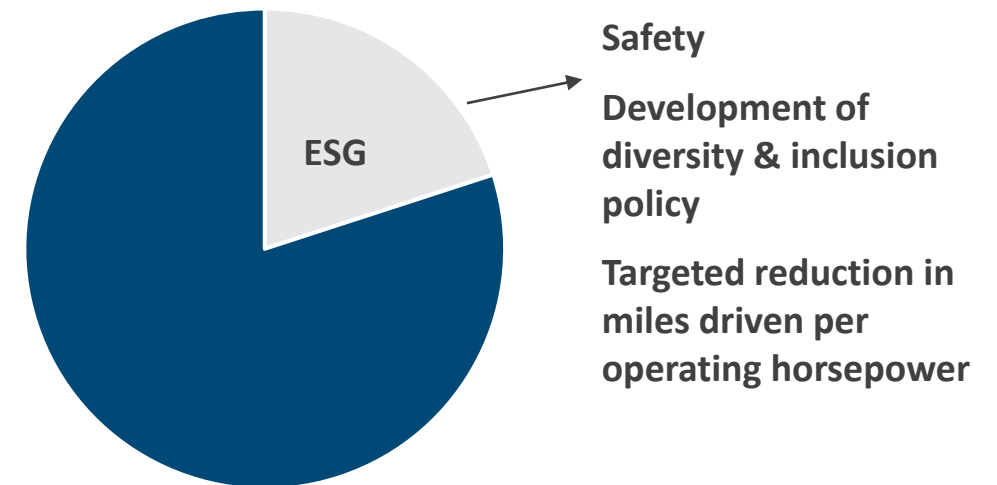
- Archrock Cares prioritizes and coordinates our involvement in community initiatives
  - Directs allocation of corporate-funded charitable donations
- Paid time off for voting, jury service and volunteer activities
- RockFIT Wellness Program has developed and sponsored corporate fitness and wellness challenges since its inception in 2016
- Full range of employee benefits
- Extensive training and ongoing mentoring
- Inclusive hiring practices; Developed diversity and inclusion policy in 2022



## Sustainability commitment rooted in strong corporate governance

- Separate Chairman and CEO
- Majority independent Board
- 100% independent Board committees
- 3 of 7 independent Directors are female or a member of an underrepresented racial/ethnic group
- 2 of 3 committee chairs are female
- Executive compensation aligned with business strategy

### 20% Quantifiable ESG Performance Metrics in 2023 Incentive Program



Click for more information on Archrock's key [Policies and Practices](#)

*Driving new pinnacles of customer service, employee satisfaction, sustainability and profitability*

## Recent Milestones

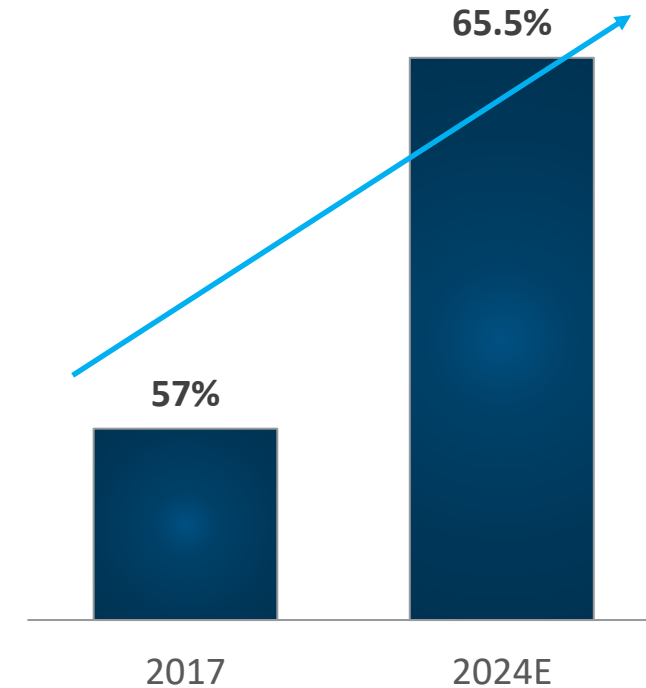
- Completed installation of expanded telematics across fleet
- Implemented cloud-based ERP system
- Launched suite of leading-edge mobile tools for field service technicians



## Expected Benefits

- Increased asset uptime
- Improved efficiency of field service technicians
- Optimized supply chain and inventory management
- Reduced miles driven and carbon footprint
- Improved profitability

Contract Operations Adjusted Gross Margin<sup>(1)</sup>



*(1) See Addendum I regarding non-GAAP measures for information on adjusted gross margin. 2024E contract operations adjusted gross margin represents guidance midpoint provided on April 30, 2024.*

## Highly qualified and experienced management team



### **D. Bradley Childers**, *President and Chief Executive Officer*

Brad Childers is President, Chief Executive Officer and a director of Archrock, Inc. Previously, he served as Chairman of the Board of Archrock GP LLC, the managing general partner of Archrock Partners, L.P., as Senior Vice President and as President, North America Operations, of Exterran Energy Solutions, L.P. and as Senior Vice President, Corporate Development. Prior to the 2007 merger of Hanover Compressor Company and Universal Compression Holdings, Inc. ("Universal"), Childers joined Universal in 2002 and served in a number of management positions, including as President of the International Division of Universal Compression, Inc. (Universal's wholly owned subsidiary), and as Senior Vice President, Business Development of Universal. Childers also is an officer of certain Archrock majority-owned subsidiaries.



### **Doug S. Aron**, *Senior Vice President and Chief Financial Officer*

Doug Aron is Senior Vice President and Chief Financial Officer of Archrock, Inc., and he is also an officer and director of certain Archrock majority-owned subsidiaries. Mr. Aron previously served as Executive Vice President and Chief Financial Officer of HollyFrontier Corporation from 2011 to 2017, having served in the same capacity for Frontier Oil Corporation from 2009. He also served as Frontier's Vice President of Corporate Finance from 2005 to 2009 and as Director of Investor Relations from 2001 to 2005. During 2017, he served as Executive Vice President and Chief Financial Officer of Nine Energy Service.



### **Stephanie C. Hildebrandt**, *Senior Vice President, General Counsel and Secretary*

Stephanie Hildebrandt is Senior Vice President, General Counsel and Secretary of Archrock, Inc. Prior to joining Archrock in August 2017, Hildebrandt was a partner with the Houston law firm of Norton Rose Fulbright, with a practice focused on corporate governance, energy transactions and mergers and acquisitions. Previously, she was Senior Vice President, General Counsel and Secretary of Enterprise Products Partners L.P., a publicly traded pipeline partnership and a provider of midstream energy service, from 2010 to 2014, and held various other roles at Enterprise from 2004, including Vice President, Deputy General Counsel and Assistant Secretary. Hildebrandt was an attorney for El Paso Corporation / GulfTerra Energy Partners from 2001 until its merger with Enterprise in 2004 and an attorney for Texaco, Inc. from 1989 to 2001.

## Highly qualified and experienced management team



### **Jason G. Ingersoll**, *Senior Vice President, Sales and Operations Support*

Jason Ingersoll is Senior Vice President of Marketing & Sales of Archrock Inc., where he is responsible for sales teams and processes, including direct sales, strategic accounts, business development and sales support infrastructure. He also serves as Senior Vice President of Marketing & Sales of Archrock GP LLC. Previously, he held positions of increasing responsibility with Exterran Energy Solutions, L.P., including Vice President, Sales, Regional Vice President of the West Region of North America, Business Unit Director of the Northern Rockies and Business Unit Director of the Southern Rockies. He joined a predecessor of Archrock, Universal Compression in 1998 where he held several positions of increasing responsibility including Country Manager of China located in Beijing, China.



### **Eric Thode**, *Senior Vice President, Operations*

Eric Thode is Senior Vice President, Operations. He previously served as Vice President, Operations from October 2018 and as Vice President of the South Texas Business Unit prior to this. He was the Director of the South Texas Business Unit from December 2014 to July 2018 and the Director of the Barnett Business Unit from June 2012 to December 2014 of Archrock Services, L.P., our wholly-owned operating subsidiary. He also previously served as Director, Business Development, negotiating alliance contracts that generated over \$100 million in annual revenue. He has worked with us and our predecessor subsidiaries, Exterran Energy Services, L.P. and Universal Compression, Inc., since 2004. Prior to joining us, Mr. Thode worked at Enron Corporation as Director, Public Relations from 1999 to 2004 and at TEPPCO Partners as Manager, Government and Public Affairs from 1991 to 1999.



### **Elsbeth A. Inglis**, *Senior Vice President and Chief Human Resources Officer*

Elsbeth Inglis is Senior Vice President Human Resources and Chief Human Resources Officer. She served as Vice President, Culture Integration at Baker Hughes during the merger with GE Oil and Gas. From 2013 to 2017, she served at GE Oil and Gas as Head of Human Resources, Downstream Technology Services, a global manufacturing business. Previously, she worked for Reliance Industries from 2011 to 2013 as Vice President, Human Resources supporting the startup operations for their US unconventional shale gas business. She served in a number of positions from 2002 to 2009 at CGG, the industry's largest pure play geophysical services company, including Marine HR Manager, VP HR Western Hemisphere in Houston and SVP Geophysical Services based in Paris. From 1987 to 2001 she has held in a number of positions of increasing responsibility at Enron, Total and Corporation of London. She serves on the Human Resource Committee of Catholic Charities Board and is an Advisory Board Member of Workforce Next.

## *Archrock, Inc.*

*Adjusted gross margin, a non-GAAP measure, is defined as total revenue less cost of sales excluding depreciation and amortization. Adjusted gross margin percentage is defined as adjusted gross margin divided by revenue.*

*Adjusted EBITDA, a non-GAAP measure, is defined as net income (loss) excluding interest expense, income taxes, depreciation and amortization, long-lived and other asset impairment, unrealized change in fair value of investment in unconsolidated affiliate, restructuring charges, non-cash stock-based compensation expense, amortization of capitalized implementation costs and other items. Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.*

*Cash available for dividend, a non-GAAP measure, is defined as net income (loss) excluding interest expense, income taxes, depreciation and amortization, long-lived and other asset impairment, unrealized change in fair value of investment in unconsolidated affiliate, restructuring charges, non-cash stock-based compensation expense, amortization of capitalized implementation costs and other items, less maintenance capital expenditures, other capital expenditures, cash taxes and cash interest expense. Cash available for dividend coverage is defined as cash available for dividend divided by dividends declared.*

# AROC Addendum I-B

(\$ in thousands)	Q1-19	Q2-19	Q3-19	Q4-19	2019	Q1-20	Q2-20	Q3-20	Q4-20	2020	Q1-21	Q2-21	Q3-2021	Q4-2021	2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	2023	Q1-2024	
<b>Revenue</b>																											
Contract Operations	\$182,507	\$186,258	\$198,337	\$204,437	\$771,539	\$206,974	\$187,949	\$175,223	\$168,772	\$738,918	\$166,034	\$163,865	\$158,911	\$159,501	\$648,311	\$163,656	\$166,298	\$170,497	\$177,350	\$677,801	\$187,745	\$201,120	\$207,552	\$213,022	\$809,439	\$223,051	
Aftermarket Services	53,652	52,132	46,612	41,550	193,946	42,723	32,367	30,408	30,554	136,052	29,397	31,750	36,255	35,748	133,150	33,545	49,530	43,171	41,521	167,767	42,089	46,423	45,815	46,571	180,898	45,437	
<b>Total Revenue</b>	<b>236,159</b>	<b>238,390</b>	<b>244,949</b>	<b>245,987</b>	<b>965,485</b>	<b>249,697</b>	<b>220,316</b>	<b>205,631</b>	<b>199,326</b>	<b>874,970</b>	<b>195,431</b>	<b>195,615</b>	<b>195,166</b>	<b>195,249</b>	<b>781,461</b>	<b>197,201</b>	<b>215,828</b>	<b>213,668</b>	<b>218,871</b>	<b>845,568</b>	<b>229,834</b>	<b>247,543</b>	<b>253,367</b>	<b>259,593</b>	<b>990,337</b>	<b>268,488</b>	
<b>Cost of Sales (excluding depreciation and amortization)</b>																											
Contract Operations	74,735	70,521	75,941	76,063	297,260	78,651	63,390	60,444	58,602	261,087	61,365	61,387	61,280	60,454	244,486	64,501	68,355	71,694	74,348	278,898	79,482	76,033	75,273	75,960	306,748	77,743	
Aftermarket Services	43,902	42,215	37,625	35,236	158,978	34,991	28,686	25,709	26,720	116,106	25,783	27,490	30,652	30,506	114,431	28,638	41,710	35,833	34,405	140,586	33,908	35,343	36,688	36,332	142,271	35,000	
<b>Total Cost of Sales (excluding depreciation and amortization)</b>	<b>118,637</b>	<b>112,736</b>	<b>113,566</b>	<b>111,299</b>	<b>456,238</b>	<b>113,642</b>	<b>92,076</b>	<b>86,153</b>	<b>85,322</b>	<b>377,193</b>	<b>87,148</b>	<b>88,877</b>	<b>91,932</b>	<b>90,960</b>	<b>358,917</b>	<b>93,139</b>	<b>110,065</b>	<b>107,527</b>	<b>108,753</b>	<b>419,484</b>	<b>113,390</b>	<b>111,376</b>	<b>111,961</b>	<b>112,292</b>	<b>449,019</b>	<b>112,743</b>	
Depreciation and amortization	44,106	45,482	48,409	50,087	188,084	49,822	48,849	47,279	47,188	193,138	45,712	44,193	45,280	43,761	178,946	43,039	41,356	39,953	39,911	164,259	40,181	41,210	42,155	42,695	166,241	42,835	
<b>Gross Margin</b>	<b>73,416</b>	<b>80,172</b>	<b>82,974</b>	<b>84,601</b>	<b>321,163</b>	<b>86,233</b>	<b>79,391</b>	<b>72,199</b>	<b>66,816</b>	<b>304,639</b>	<b>62,571</b>	<b>62,545</b>	<b>57,954</b>	<b>60,528</b>	<b>243,598</b>	<b>61,023</b>	<b>64,407</b>	<b>66,188</b>	<b>70,207</b>	<b>261,825</b>	<b>76,263</b>	<b>94,957</b>	<b>99,251</b>	<b>104,606</b>	<b>375,077</b>	<b>112,910</b>	
Depreciation and Amortization	44,106	45,482	48,409	50,087	188,084	49,822	48,849	47,279	47,188	193,138	45,712	44,193	45,280	43,761	178,946	43,039	41,356	39,953	39,911	164,259	40,181	41,210	42,155	42,695	166,241	42,835	
<b>Adjusted Gross Margin<sup>(1)</sup></b>	<b>117,522</b>	<b>125,654</b>	<b>131,383</b>	<b>134,688</b>	<b>509,247</b>	<b>136,055</b>	<b>128,240</b>	<b>119,478</b>	<b>114,004</b>	<b>497,777</b>	<b>108,283</b>	<b>106,738</b>	<b>103,234</b>	<b>104,289</b>	<b>422,544</b>	<b>104,062</b>	<b>105,763</b>	<b>106,141</b>	<b>110,118</b>	<b>426,084</b>	<b>116,444</b>	<b>136,167</b>	<b>141,406</b>	<b>147,301</b>	<b>541,318</b>	<b>155,745</b>	
<b>Contract Operations Adjusted Gross Margin</b>	<b>107,772</b>	<b>115,737</b>	<b>122,396</b>	<b>128,374</b>	<b>474,279</b>	<b>128,323</b>	<b>124,559</b>	<b>114,779</b>	<b>110,170</b>	<b>477,831</b>	<b>104,669</b>	<b>102,478</b>	<b>97,631</b>	<b>99,047</b>	<b>403,825</b>	<b>99,155</b>	<b>97,943</b>	<b>98,803</b>	<b>103,002</b>	<b>398,903</b>	<b>108,263</b>	<b>125,087</b>	<b>132,279</b>	<b>137,062</b>	<b>502,691</b>	<b>145,308</b>	
<b>Aftermarket Services Adjusted Gross Margin</b>	<b>9,750</b>	<b>9,917</b>	<b>8,987</b>	<b>6,314</b>	<b>34,968</b>	<b>7,732</b>	<b>3,681</b>	<b>4,699</b>	<b>3,834</b>	<b>19,946</b>	<b>3,614</b>	<b>4,260</b>	<b>5,603</b>	<b>5,242</b>	<b>18,719</b>	<b>4,907</b>	<b>7,820</b>	<b>7,338</b>	<b>7,116</b>	<b>27,181</b>	<b>8,181</b>	<b>11,080</b>	<b>9,127</b>	<b>10,239</b>	<b>38,627</b>	<b>10,437</b>	
<b>Total Adjusted Gross Margin</b>	<b>117,522</b>	<b>125,654</b>	<b>131,383</b>	<b>134,688</b>	<b>509,247</b>	<b>136,055</b>	<b>128,240</b>	<b>119,478</b>	<b>114,004</b>	<b>497,777</b>	<b>108,283</b>	<b>106,738</b>	<b>103,234</b>	<b>104,289</b>	<b>422,544</b>	<b>104,062</b>	<b>105,763</b>	<b>106,141</b>	<b>110,118</b>	<b>426,084</b>	<b>116,444</b>	<b>136,167</b>	<b>141,406</b>	<b>147,301</b>	<b>541,318</b>	<b>155,745</b>	
<b>Adjusted Gross Margin Percentage<sup>(1)</sup></b>																											
Contract Operations	59%	62%	62%	63%	61%	62%	66%	66%	65%	65%	63%	63%	61%	62%	62%	61%	59%	58%	58%	59%	58%	62%	64%	64%	62%	65%	
Aftermarket Services	18%	19%	19%	15%	18%	18%	11%	15%	13%	15%	12%	13%	15%	15%	14%	15%	16%	17%	17%	16%	19%	24%	20%	22%	21%	23%	
<b>Total Adjusted Gross Margin Percentage</b>	<b>50%</b>	<b>53%</b>	<b>54%</b>	<b>55%</b>	<b>53%</b>	<b>54%</b>	<b>58%</b>	<b>58%</b>	<b>57%</b>	<b>57%</b>	<b>55%</b>	<b>55%</b>	<b>53%</b>	<b>53%</b>	<b>54%</b>	<b>53%</b>	<b>49%</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>	<b>51%</b>	<b>55%</b>	<b>56%</b>	<b>57%</b>	<b>55%</b>	<b>58%</b>	

(1) See Addendum I-A for more information on adjusted gross margin and adjusted gross margin percentage and Addendum I-C for a reconciliation to net income (loss).

## Reconciliation of Net Income (Loss) to Adjusted Gross Margin

<i>(in thousands)</i>	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
<b>Net income (loss)</b>	<b>\$19,456</b>	<b>\$11,423</b>	<b>\$20,407</b>	<b>\$46,044</b>	<b>(\$61,187)</b>	<b>(\$30,381)</b>	<b>\$18,332</b>	<b>\$4,791</b>	<b>\$4,169</b>	<b>\$8,752</b>	<b>\$9,304</b>	<b>\$5,992</b>	<b>\$1,721</b>	<b>\$16,746</b>	<b>\$15,371</b>	<b>\$10,458</b>	<b>\$16,485</b>	<b>\$24,653</b>	<b>\$30,858</b>	<b>\$33,002</b>	<b>\$40,532</b>
Loss from discontinued operations, net of tax	273	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative	28,989	28,618	29,526	30,594	30,626	28,745	18,681	27,048	25,084	26,077	28,839	27,167	27,773	27,691	30,500	31,220	26,425	28,630	28,558	33,007	31,665
Long-lived and other asset impairment	3,092	8,632	7,097	25,842	6,195	55,210	10,727	7,424	7,073	2,960	5,121	6,243	7,416	4,647	4,154	5,225	2,569	2,892	2,922	3,658	2,568
Goodwill impairment	-	-	-	-	99,830	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restatement and other charges	421	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring and other charges	-	-	-	-	1,728	2,408	2,900	1,414	897	743	313	950	-	-	-	-	1,047	(85)	592	221	-
Interest expense	23,617	25,954	27,401	27,709	29,665	25,778	25,221	25,052	31,245	25,958	25,508	25,424	25,246	24,456	25,177	26,380	26,581	28,630	28,339	27,938	27,334
Debt extinguishment loss	-	3,653	-	-	-	3,971	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transaction-related costs	180	2,687	4,905	441	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets, net	16	(1,801)	(7,859)	(6,372)	(4,116)	2,189	(9,146)	430	(11,032)	(3,124)	(15,393)	(709)	(2,112)	(18,948)	(12,695)	(6,739)	(3,605)	(1,176)	(3,237)	(2,181)	(2,381)
Other (income) expense, net	(221)	(209)	49	(280)	30,734	37,693	(324)	(42)	(1,889)	(82)	337	(3,073)	36	497	(585)	1,897	603	1,482	(235)	(745)	139
Provision for (benefit from) income taxes	(2,407)	1,191	1,448	(39,377)	(15,953)	(8,091)	5,808	699	7,024	1,261	3,925	(1,466)	943	9,318	4,266	1,766	6,158	9,931	11,454	9,706	13,053
<b>Gross margin</b>	<b>\$73,416</b>	<b>\$80,172</b>	<b>\$82,974</b>	<b>\$84,601</b>	<b>\$117,522</b>	<b>\$117,522</b>	<b>\$72,199</b>	<b>\$66,816</b>	<b>\$62,571</b>	<b>\$62,545</b>	<b>\$57,954</b>	<b>\$60,528</b>	<b>\$61,023</b>	<b>\$64,407</b>	<b>\$66,188</b>	<b>\$70,207</b>	<b>\$76,263</b>	<b>\$94,957</b>	<b>\$99,251</b>	<b>\$104,606</b>	<b>\$112,910</b>
Depreciation and amortization	44,106	45,482	48,409	50,087	49,822	48,849	47,279	47,188	45,712	44,193	45,280	43,761	43,039	41,356	39,953	39,911	40,181	41,210	42,155	42,695	42,835
<b>Adjusted Gross Margin<sup>(1)</sup></b>	<b>\$117,522</b>	<b>\$125,654</b>	<b>\$131,383</b>	<b>\$134,688</b>	<b>\$167,344</b>	<b>\$166,371</b>	<b>\$119,478</b>	<b>\$114,004</b>	<b>\$108,283</b>	<b>\$106,738</b>	<b>\$103,234</b>	<b>\$104,289</b>	<b>\$104,062</b>	<b>\$105,763</b>	<b>\$106,141</b>	<b>\$110,118</b>	<b>\$116,444</b>	<b>\$136,167</b>	<b>\$141,406</b>	<b>\$147,301</b>	<b>\$155,745</b>

(1) See Addendum I-A for more information on adjusted gross margin.

## Reconciliation of Net Income (Loss) to Adjusted EBITDA

(\$ in thousands)	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
<b>Net income (loss)</b>	\$19,456	\$11,423	\$20,407	\$46,044	(\$61,187)	(\$30,381)	\$18,332	\$4,791	\$4,169	\$8,752	\$9,304	\$5,992	\$1,721	\$16,746	\$15,371	\$10,458	\$16,485	\$24,653	\$30,858	\$33,002	\$40,532
Loss from discontinued operations, net of tax	273	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	44,106	45,482	48,409	50,087	49,822	48,849	47,279	47,188	45,712	44,193	45,280	43,761	43,039	41,356	39,953	39,911	40,181	41,210	42,155	42,695	42,835
Long-lived and other asset impairment	3,092	8,632	7,097	25,842	6,195	55,210	10,727	7,424	7,073	2,960	5,121	6,243	7,416	4,647	4,154	5,225	2,569	2,892	2,922	3,658	2,568
Unrealized change in fair value of investment in unconsolidated affiliate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,864	254	1,742	-	(1,023)	-
Goodwill impairment	-	-	-	-	99,830	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restatement and other charges	421	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring and other charges	-	-	-	-	1,728	2,408	2,900	1,414	897	743	313	950	-	-	-	-	1,047	(85)	592	221	-
Corporate office relocation costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	23,617	25,954	27,401	27,709	29,665	25,778	25,221	25,052	31,245	25,958	25,508	25,424	25,246	24,456	25,177	26,380	26,581	28,630	28,339	27,938	27,334
Debt extinguishment loss	-	3,653	-	-	-	3,971	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transaction-related costs	180	2,687	4,905	441	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation expense	2,357	1,512	2,276	1,960	3,006	2,772	2,645	2,128	2,663	3,178	2,900	2,595	3,067	2,970	2,998	2,893	3,327	3,197	3,191	3,283	3,964
Indemnification (income) expense, net	101	106	190	(194)	(191)	(7)	(278)	16	(869)	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of capitalized implementation costs <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	543	597	605	639	783	738
Provision for (benefit from) income taxes	(2,407)	1,191	1,448	(39,377)	(15,953)	(8,091)	5,808	699	7,024	1,261	3,925	(1,466)	943	9,318	4,266	1,766	6,158	9,931	11,454	9,706	13,053
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>\$91,196</b>	<b>\$100,664</b>	<b>\$112,133</b>	<b>\$112,512</b>	<b>\$112,915</b>	<b>\$100,509</b>	<b>\$112,634</b>	<b>\$88,712</b>	<b>\$97,914</b>	<b>\$87,045</b>	<b>\$92,351</b>	<b>\$83,499</b>	<b>\$81,432</b>	<b>\$99,493</b>	<b>\$91,919</b>	<b>\$89,040</b>	<b>\$97,199</b>	<b>\$112,775</b>	<b>\$120,150</b>	<b>\$120,263</b>	<b>\$131,024</b>
<b>Adjusted EBITDA margin<sup>(2)</sup></b>	<b>39%</b>	<b>42%</b>	<b>46%</b>	<b>46%</b>	<b>45%</b>	<b>46%</b>	<b>55%</b>	<b>45%</b>	<b>50%</b>	<b>44%</b>	<b>47%</b>	<b>43%</b>	<b>41%</b>	<b>46%</b>	<b>43%</b>	<b>41%</b>	<b>42%</b>	<b>46%</b>	<b>47%</b>	<b>46%</b>	<b>49%</b>

(1) The amortization of capitalized implementation costs is a new adjustment beginning in the fourth quarter of 2022; as such, only the amounts for the fourth quarter of 2022 have been included. (2) See Addendum I-A for more information on adjusted EBITDA and adjusted EBITDA margin.

## Reconciliation of Net Income (Loss) to Adjusted EBITDA

(\$ in thousands)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net income (loss)</b>	<b>(\$355,308)</b>	<b>(\$37,696)</b>	<b>\$126,606</b>	<b>\$88,661</b>	<b>(\$125,697)</b>	<b>(\$65,243)</b>	<b>\$18,410</b>	<b>\$29,160</b>	<b>\$97,330</b>	<b>(\$68,445)</b>	<b>\$28,217</b>	<b>\$44,296</b>	<b>\$104,998</b>
(Income) loss from discontinued operations, net of tax	242,605	(96,966)	(129,654)	(105,774)	(33,677)	426	54	-	273	-	-	-	-
Depreciation and amortization	178,492	181,678	187,476	212,268	229,127	208,986	188,563	174,946	188,084	193,138	178,946	164,259	166,241
Long-lived and other asset impairment	5,716	131,417	16,696	42,828	124,979	87,435	29,142	28,127	44,663	79,556	21,397	21,442	12,041
Unrealized change in fair value of investment in unconsolidated affiliate	-	-	-	-	-	-	-	-	-	-	-	1,864	973
Goodwill impairment	31,994	-	-	-	3,738	-	-	-	-	99,830	-	-	-
Restatement and other charges	-	-	-	-	-	13,470	4,370	19	445	-	-	-	-
Restructuring and other charges	4,463	2,579	-	5,394	4,745	16,901	1,386	-	-	8,450	2,903	-	1,775
Corporate office relocation charges	-	-	-	-	-	-	1,318	-	-	-	-	-	-
Interest expense	145,100	129,058	112,194	112,273	107,617	83,899	88,760	93,328	104,681	105,716	108,135	101,259	111,488
Debt extinguishment loss	-	-	-	-	9,201	-	291	2,450	3,653	3,971	-	-	-
Transaction-related costs	-	-	246	2,471	-	172	275	10,162	8,213	-	-	-	-
Stock-based compensation expense	N/A	N/A	6,418	8,998	10,029	8,969	8,41	7,388	8,105	10,551	11,336	11,928	12,998
Amortization of capitalized implementation costs	-	-	-	-	-	-	-	-	-	-	-	1,984	2,624
Indemnification (income) expense, net	-	-	-	-	-	(2,593)	430	526	203	(460)	(869)	-	-
Provision for (benefit from) income taxes	(50,379)	(77,034)	(17,840)	(28,066)	53,189	(24,604)	(61,083)	6,150	(39,145)	(17,537)	10,744	16,293	37,249
<b>Adjusted EBITDA<sup>(1), (2)</sup></b>	<b>\$202,683</b>	<b>\$233,036</b>	<b>\$302,142</b>	<b>\$339,053</b>	<b>\$383,251</b>	<b>\$327,818</b>	<b>\$280,377</b>	<b>\$352,256</b>	<b>\$416,505</b>	<b>\$414,770</b>	<b>\$360,809</b>	<b>\$363,325</b>	<b>\$450,387</b>
<b>Revenues</b>													
Contract operations	570,780	596,011	627,844	729,103	781,166	647,828	610,921	672,536	771,539	738,918	648,311	677,801	809,439
Aftermarket services	209,076	240,813	234,928	230,050	216,942	159,241	183,734	231,905	193,946	136,052	133,150	167,767	180,898
<b>Total</b>	<b>\$779,856</b>	<b>\$836,824</b>	<b>\$862,772</b>	<b>\$959,153</b>	<b>\$998,108</b>	<b>\$807,069</b>	<b>\$794,655</b>	<b>\$904,441</b>	<b>\$965,485</b>	<b>\$874,970</b>	<b>\$781,461</b>	<b>\$845,568</b>	<b>\$990,337</b>
<b>Adjusted EBITDA margin<sup>(2)</sup></b>	<b>26%</b>	<b>28%</b>	<b>35%</b>	<b>35%</b>	<b>38%</b>	<b>41%</b>	<b>35%</b>	<b>39%</b>	<b>43%</b>	<b>47%</b>	<b>46%</b>	<b>43%</b>	<b>45%</b>

(1) We revised our definition of adjusted EBITDA to exclude the impact of non-cash stock-based compensation expense. Historical periods for the years ended December 31, 2011 and 2012 have not been updated to conform to the current definition. In addition, during the fourth quarter of 2022, we revised our definition of adjusted EBITDA to exclude the impact of unrealized change in fair value of investment in unconsolidated affiliate and amortization of capitalized implementation costs. Historical periods prior to the year ended December 31, 2022 have not been updated to conform to the current definition.

(2) See Addendum I-A for more information on adjusted EBITDA and adjusted EBITDA margin.

## Reconciliation of Net Income (Loss) to Adjusted EBITDA and Cash Available for Dividend

(\$ in thousands)	Q1-19	Q2-19	Q3-19	Q4-19	2019	Q1-20	Q2-20	Q3-20	Q4-20	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021	Q1-22	Q2-22	Q3-22	Q4-22	2022	Q1-23	Q2-23	Q3-23	Q4-23	2023	Q1-24
<b>Net income (loss)</b>	<b>\$19,456</b>	<b>\$11,423</b>	<b>\$20,407</b>	<b>\$46,044</b>	<b>\$97,330</b>	<b>(\$61,187)</b>	<b>(\$30,381)</b>	<b>\$18,332</b>	<b>\$4,791</b>	<b>(\$68,445)</b>	<b>\$4,169</b>	<b>\$8,752</b>	<b>\$9,304</b>	<b>\$5,992</b>	<b>\$28,217</b>	<b>\$1,721</b>	<b>\$16,746</b>	<b>\$15,371</b>	<b>\$10,458</b>	<b>\$44,296</b>	<b>\$16,485</b>	<b>\$24,653</b>	<b>\$30,858</b>	<b>\$33,002</b>	<b>\$104,998</b>	<b>\$40,532</b>
Loss from discontinued operations, net of tax	273	-	-	-	273	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	44,106	45,482	48,409	50,087	188,084	49,822	48,849	47,279	47,188	193,138	45,712	44,193	45,280	43,761	178,946	43,039	41,356	39,953	39,911	164,259	40,181	41,210	42,155	42,695	166,241	42,835
Long-lived and other asset impairment	3,092	8,632	7,097	25,842	44,663	6,195	55,210	10,727	7,424	79,556	7,073	2,960	5,121	6,243	21,397	7,416	4,647	4,154	5,225	21,442	2,569	2,892	2,922	3,658	12,041	2,568
Goodwill impairment	-	-	-	-	-	99,830	-	-	-	99,830	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restatement and other charges	421	24	-	-	445	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring charges	-	-	-	-	-	1,728	2,408	2,900	1,414	8,450	897	743	313	950	2,903	-	-	-	-	-	-	1,047	(85)	592	221	1,775
Unrealized change in fair value of investment in unconsolidated affiliate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,864	1,864	254	1,742	-	(1,023)	973	-
Interest expense	23,617	25,954	27,401	27,709	104,681	29,665	25,778	25,221	25,052	105,716	31,245	25,958	25,508	25,424	108,135	25,246	24,456	25,177	26,380	101,259	26,581	28,630	28,339	27,938	111,488	27,334
Debt extinguishment loss	-	3,653	-	-	3,653	-	3,971	-	-	3,971	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transaction-related costs	180	2,687	4,905	441	8,213	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation expense	2,357	1,512	2,276	1,960	8,105	3,006	2,772	2,645	2,128	10,551	2,663	3,178	2,900	2,595	11,336	3,067	2,970	2,998	2,893	11,928	3,327	3,197	3,191	3,283	12,998	3,964
Indemnification (income) expense, net	101	106	190	(194)	203	(191)	(7)	(278)	16	(460)	(869)	-	-	-	(869)	-	-	-	-	-	-	-	-	-	-	-
Amortization of capitalized implementation costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	543	1,984	597	605	639	783	2,624	738
Provision for (benefit from) income taxes	(2,407)	1,191	1,448	(39,377)	(39,145)	(15,953)	(8,091)	5,808	699	(17,537)	7,024	1,261	3,925	(1,466)	10,744	943	9,318	4,266	1,766	16,293	6,158	9,931	11,454	9,706	37,249	13,053
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$91,196</b>	<b>\$100,664</b>	<b>\$112,133</b>	<b>\$112,512</b>	<b>\$416,505</b>	<b>\$112,915</b>	<b>\$100,509</b>	<b>\$112,634</b>	<b>\$88,712</b>	<b>\$414,770</b>	<b>\$97,914</b>	<b>\$87,045</b>	<b>\$92,351</b>	<b>\$83,499</b>	<b>\$360,809</b>	<b>\$81,432</b>	<b>\$99,493</b>	<b>\$91,919</b>	<b>\$89,040</b>	<b>\$363,325</b>	<b>\$97,199</b>	<b>\$112,775</b>	<b>\$120,150</b>	<b>\$120,263</b>	<b>\$450,387</b>	<b>\$131,024</b>
Less: Maintenance capital expenditures	(14,524)	(17,174)	(14,145)	(12,748)	(58,592)	(15,157)	(8,965)	(3,817)	(4,019)	(31,958)	(8,362)	(13,015)	(14,086)	(11,883)	(47,346)	(13,546)	(21,833)	(24,084)	(24,695)	(84,158)	(22,562)	(27,347)	(24,103)	(18,156)	(92,168)	(19,525)
Less: Other capital expenditures	(7,124)	(3,456)	(5,566)	(10,005)	(26,151)	(8,002)	(9,086)	(7,363)	(4,763)	(29,214)	(2,343)	(5,814)	(3,430)	(1,789)	(13,376)	(1,983)	(1,523)	(2,091)	(3,849)	(9,446)	(2,578)	(5,129)	(5,264)	(3,193)	(16,164)	(2,920)
Less: Cash tax (payment) refund	623	(452)	1,514	288	1,973	195	-	(407)	118	(94)	(4)	(601)	0	358	(247)	(3)	(400)	-	(4)	(407)	(18)	(1,120)	(53)	(120)	(1,311)	89
Less: Cash interest expense	(21,759)	(24,228)	(25,630)	(25,834)	(97,451)	(27,837)	(24,422)	(23,801)	(23,737)	(99,797)	(25,486)	(25,169)	(24,707)	(24,640)	(100,002)	(24,753)	(23,669)	(24,390)	(25,594)	(98,406)	(25,794)	(26,952)	(27,709)	(27,310)	(107,765)	(26,642)
<b>Cash available for dividend<sup>(1)</sup></b>	<b>\$48,412</b>	<b>\$55,354</b>	<b>\$68,306</b>	<b>\$64,213</b>	<b>\$236,284</b>	<b>\$62,114</b>	<b>\$58,036</b>	<b>\$77,246</b>	<b>\$56,311</b>	<b>\$253,707</b>	<b>\$61,719</b>	<b>\$42,446</b>	<b>\$50,128</b>	<b>\$45,545</b>	<b>\$199,838</b>	<b>\$41,147</b>	<b>\$52,068</b>	<b>\$41,354</b>	<b>\$34,898</b>	<b>\$170,908</b>	<b>\$46,247</b>	<b>\$52,227</b>	<b>\$63,021</b>	<b>\$71,484</b>	<b>\$232,979</b>	<b>\$82,026</b>
Dividend declared for the period per share	0.132	0.145	0.145	0.145	0.567	0.145	0.145	0.145	0.145	0.58	0.145	0.145	0.145	0.145	0.58	0.145	0.145	0.145	0.15	0.58	0.15	0.155	0.155	0.165	0.625	0.625
Dividend declared for the period to all shareholders	17,242	22,064	22,051	22,183	83,482	22,171	22,229	22,216	22,192	88,853	22,406	22,404	22,393	22,598	89,590	22,584	22,647	22,645	23,614	91,340	23,504	24,353	24,282	25,913	97,857	25,978
Cash available for dividend coverage <sup>(1)</sup>	2.8x	2.5x	3.1x	2.9x	2.8x	2.8x	2.60x	3.5x	2.5x	2.9x	2.8x	1.9x	2.2x	2.0x	2.2x	1.8x	2.3x	1.8x	1.5x	1.9x	2.0x	2.1x	2.6x	2.8x	2.4x	3.2x

(1) See Addendum I-A for information on adjusted EBITDA, cash available for dividend and cash available for dividend coverage. During the fourth quarter of 2022, we revised our definition of adjusted EBITDA to exclude the impact of unrealized change in fair value of investment in unconsolidated affiliate and amortization of capitalized implementation costs. As such, only the amounts for the fourth quarter of 2022 have been included and historical periods have not been updated to conform to the current definition.

## Reconciliation of Cash Flows from Operating Activities to Cash Available for Dividend

(\$ in thousands)	Q1-19	Q2-19	Q3-19	Q4-19	2019	Q1-20	Q2-20	Q3-20	Q4-20	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021	Q1-22	Q2-22	Q3-22	Q4-22	2022	Q1-23	Q2-23	Q3-23	Q4-23	2023	Q1-24	
<b>Cash flows from operating activities</b>	<b>\$81,400</b>	<b>\$67,263</b>	<b>\$74,962</b>	<b>\$66,522</b>	<b>\$290,147</b>	<b>\$99,129</b>	<b>\$67,945</b>	<b>\$99,760</b>	<b>\$68,444</b>	<b>\$335,278</b>	<b>\$77,555</b>	<b>\$49,062</b>	<b>\$82,108</b>	<b>\$28,675</b>	<b>\$237,400</b>	<b>\$76,572</b>	<b>\$12,952</b>	<b>\$76,808</b>	<b>\$37,118</b>	<b>\$203,450</b>	<b>\$87,856</b>	<b>\$30,542</b>	<b>#####</b>	<b>\$71,719</b>	<b>\$310,187</b>	<b>#####</b>	
Cash flows used in discontinued operations	-	-	269	-	269	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory write-downs	(222)	(270)	(170)	(282)	(944)	(282)	(413)	(220)	(434)	(1,349)	(218)	(293)	(110)	(376)	(997)	(294)	(427)	(319)	(600)	(1,640)	(216)	(143)	(22)	(164)	(545)	(199)	
(Provision for) benefit from credit losses	(428)	93	(644)	(1,588)	(2,567)	(752)	(1,530)	47	(1,290)	(3,525)	(224)	439	(366)	241	90	(108)	(257)	393	(234)	(206)	340	(200)	94	(458)	(224)	75	
Gain (loss) on sale of assets, net	(16)	1,801	7,859	6,372	16,016	4,116	(2,189)	9,146	(430)	10,643	11,032	3,124	15,393	709	30,258	2,112	18,948	12,695	6,739	40,494	3,605	1,176	3,237	2,181	10,199	2,381	
Current income tax provision (benefit)	476	127	(41)	(110)	452	13	60	(21)	175	227	432	(142)	142	(67)	365	57	731	115	161	1,064	277	395	460	459	1,591	593	
Cash tax (payment) refund	623	(452)	1,514	288	1,973	195	-	(407)	118	(94)	(4)	(601)	-	358	(247)	(3)	(400)	-	(4)	(407)	(18)	(1,120)	(53)	(120)	(1,311)	89	
Amortization of operating lease ROU assets	(712)	(713)	(726)	(780)	(2,931)	(781)	(846)	(928)	(922)	(3,477)	(950)	(941)	(1,031)	(958)	(3,880)	(780)	(795)	(832)	(799)	(3,206)	(823)	(826)	(839)	(831)	(3,319)	(947)	
Amortization of contract costs	(5,117)	(5,607)	(6,110)	(6,496)	(23,330)	(6,805)	(6,851)	(6,630)	(6,343)	(26,629)	(5,591)	(5,161)	(4,771)	(4,467)	(19,990)	(4,476)	(4,773)	(4,962)	(4,951)	(19,162)	(5,090)	(5,160)	(5,386)	(5,653)	(21,289)	(5,768)	
Deferred revenue recognized in earnings	12,749	12,478	8,311	8,730	42,268	7,735	5,027	4,421	2,306	19,489	2,328	2,720	3,033	2,301	10,382	3,115	8,426	4,168	5,247	20,956	4,476	4,278	2,289	5,421	16,464	2,859	
Restatement and other charges	421	24	-	-	445	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash restructuring charges	-	-	-	-	-	1,667	2,307	1,402	1,414	6,790	897	743	313	950	2,903	-	-	-	-	-	-	120	842	381	211	1,554	-
Transaction-related costs	180	2,687	4,905	441	8,213	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Indemnification (income) expense, net	101	106	190	(194)	203	(191)	(7)	(278)	16	(460)	(869)	-	-	-	(869)	-	-	-	-	-	-	-	-	-	-	-	
Changes in assets and liabilities	(19,788)	(1,960)	(2,625)	14,006	(10,367)	(18,683)	13,283	(16,797)	3,099	(19,098)	(10,889)	13,419	(25,953)	32,958	9,535	(18,185)	41,019	(20,537)	20,765	24,503	(19,140)	54,919	(27,843)	20,068	28,004	(32,314)	
Maintenance capital expenditures	(14,524)	(17,174)	(14,145)	(12,748)	(58,592)	(15,157)	(8,965)	(3,817)	(4,019)	(31,958)	(8,362)	(13,015)	(14,086)	(11,883)	(47,346)	(13,546)	(21,833)	(24,084)	(24,695)	(84,158)	(22,562)	(27,347)	(24,103)	(18,156)	(92,168)	(19,525)	
Other capital expenditures	(7,124)	(3,456)	(5,566)	(10,005)	(26,151)	(8,002)	(9,086)	(7,363)	(4,763)	(29,214)	(2,343)	(5,814)	(3,430)	(1,789)	(13,376)	(1,983)	(1,523)	(2,091)	(3,849)	(9,446)	(2,578)	(5,129)	(5,264)	(3,193)	(16,164)	(2,920)	
Proceeds from (payments for) settlement of interest rate swaps that include financing elements	393	407	323	57	1,180	(88)	(699)	(1,069)	(1,060)	(2,916)	(1,075)	(1,094)	(1,114)	(1,107)	(4,390)	(1,334)	-	-	-	(1,334)	-	-	-	-	-	-	
<b>Cash available for dividend <sup>(1)</sup></b>	<b>\$48,412</b>	<b>\$55,354</b>	<b>\$68,306</b>	<b>\$64,213</b>	<b>\$236,284</b>	<b>\$62,114</b>	<b>\$58,036</b>	<b>\$77,246</b>	<b>\$56,311</b>	<b>\$253,707</b>	<b>\$61,719</b>	<b>\$42,446</b>	<b>\$50,128</b>	<b>\$45,545</b>	<b>\$199,838</b>	<b>\$41,147</b>	<b>\$52,068</b>	<b>\$41,354</b>	<b>\$34,898</b>	<b>\$170,908</b>	<b>\$46,247</b>	<b>\$52,227</b>	<b>\$63,021</b>	<b>\$71,484</b>	<b>\$232,979</b>	<b>\$82,026</b>	

(1) See Addendum I-A for information on cash available for dividend.

## Reconciliation of Net Income to Adjusted EBITDA

	Full-Year 2024 Guidance <sup>(1)</sup>	
	Low	High
<b>Net income</b> <sup>(2)</sup>	<b>\$144,000</b>	<b>\$174,000</b>
Depreciation and amortization	177,000	177,000
Interest expense	110,000	110,000
Stock-based compensation expense	14,000	14,000
Provision for income taxes	58,000	58,000
Long-lived and other asset impairment	3,000	3,000
Amortization of capitalized implementation costs	4,000	4,000
<b>Adjusted EBITDA</b> <sup>(3) (4)</sup>	<b>\$510,000</b>	<b>\$ 540,000</b>
Less: Maintenance capital expenditures	80,000	85,000
Less: Other capital expenditures	20,000	25,000
Less: Cash tax expense	2,000	2,000
Less: Cash interest expense	108,000	108,000
<b>Cash available for dividend</b> <sup>(4) (5)</sup>	<b>\$300,000</b>	<b>\$320,000</b>

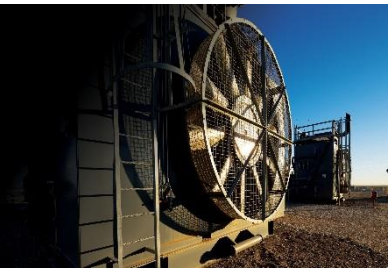
(1) Updated full year 2024 guidance provided on April 30, 2024.

(2) 2024 annual guidance for net income includes \$3.0 million of long-lived and other asset impairment as of March 31, 2024, but does not include the impact of any such future costs, because due to its nature, it cannot be accurately forecasted. Long-lived and other asset impairment does not impact adjusted EBITDA or cash available for dividend, however it is a reconciling item between these measures and net income. Long-lived and other asset impairment for the years 2023 and 2022 was \$12.0 million and \$21.4 million, respectively.

(3) Management believes adjusted EBITDA provides useful information to investors because this non-GAAP measure, when viewed with our GAAP results and accompanying reconciliations, provides a more complete understanding of our performance than GAAP results alone. Management uses this non-GAAP measure as a supplemental measure to review current period operating performance, comparability measure and performance measure for period-to-period comparisons.

(4) See Addendum I-A for information on Adjusted EBITDA and cash available for dividend.

(5) Management uses cash available for dividend as a supplemental performance measure to compute the coverage ratio of estimated cash flows to planned dividends. A forward-looking estimate of cash provided by operating activities is not provided because certain items necessary to estimate cash provided by operating activities, including changes in assets and liabilities, are not estimatable at this time. Changes in assets and liabilities were \$(28.0) million and \$(24.5) million for the years 2023 and 2022, respectively.



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