

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of Earliest Event Reported): May 29, 2024

NATURAL GAS SERVICES GROUP, INC.

(Exact Name of Registrant as Specified in Charter)
1-31398

75-2811855

Colorado
(State or Other Jurisdiction
of Incorporation)

(Commission File Number)

(IRS Employer Identification No.)

404 Veterans Airpark Lane, Suite 300
Midland, TX 79705

(Address of Principal Executive Offices)
(432) 262-2700

(Registrant's Telephone Number, Including Area Code)
N/A

(Former Name or Former Address if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, Par Value \$0.01	NGS	NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

On May 29, 2024, Natural Gas Services Group, Inc. (the “Company”) posted to its website a company presentation (the “Presentation Materials”) that management intends to use from time to time. The Company may use the Presentation Materials, possibly with modifications, in presentations to current and potential investors, lenders, creditors, vendors, customers and others with an interest in the Company and its business.

The information contained in the Presentation Materials is summary information that should be considered in the context of the Company’s filings with the Securities and Exchange Commission and other public announcements that the Company may make by press release or otherwise from time to time. The Presentation Materials speak as of the date of this Current Report on Form 8-K. While the Company may elect to update the Presentation Materials in the future or reflect events and circumstances occurring or existing after the date of this Current Report on Form 8-K, the Company specifically disclaims any obligation to do so. The Presentation Materials are furnished herewith as Exhibit 99.1 to this Current Report on Form 8-K and are incorporated herein by reference.

The information in this Current Report on Form 8-K furnished pursuant to Item 7.01, including Exhibit 99.1, shall not be deemed to be “filed” for the purposes of Section 18 of the Exchange Act, or otherwise subject to liability under that section, and they shall not be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing. By filing this Current Report on Form 8-K and furnishing this information pursuant to Item 7.01, the Company makes no admission as to the materiality of any information in this Current Report on Form 8-K, including Exhibit 99.1, that is required to be disclosed solely by Regulation FD.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The Exhibit listed below is furnished as an Exhibit to this Current Report on Form 8-K.

Exhibit No.	Description
99.1	Presentation Materials dated May 29, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NATURAL GAS SERVICES GROUP, INC.

Date: May 29, 2024

By: /s/ Justin C. Jacobs

Justin C. Jacobs
Chief Executive Officer
(Principal Executive Officer)



PERFORMANCE UNDER PRESSURE



INVESTOR PRESENTATION | MAY 2024

Disclaimer and Forward-Looking Statements

Forward-Looking Statements

This Presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact included in this Presentation, regarding our strategy, future operations, financial position, estimated revenues, income, and losses, projected costs, prospects, guidance, plans and objectives of management are forward-looking statements. When used in this Presentation, the words "could," "may," "will," "believe," "anticipate," "intend," "estimate," "expect," "guidance," "project," "goal," "plan," "potential," "probably," "target" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management's current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future 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 the Company. Forward-looking information includes, but is not limited to, statements regarding: guidance or estimates related to EBITDA growth, projected capital expenditures; returns on invested capital, fundamentals of the compression industry and related oil and gas industry, valuations, compressor demand assumptions and overall industry outlook, and the ability of the Company to capitalize on any potential opportunities.

While the Company believes that the assumptions concerning future events are reasonable, investors are cautioned that there are inherent difficulties in predicting certain important factors that could impact the future performance or results of its business. Some of these factors that could cause results to differ materially from those indicated by such forward-looking statements include, but are not limited to: (i) achieving increased utilization of assets, including rental fleet utilization and unlocking other non-cash balance sheet assets; (ii) failure of projected organic growth due to adverse changes in the oil and gas industry, including depressed oil and gas prices, oppressive environmental regulations and competition; (iii) inability to finance capital expenditures; (iv) adverse changes in customer, employee or supplier relationships; (v) adverse regional and national economic and financial market conditions, including in our key operating areas; (vi) impacts of world events, including pandemics, wars, and military activities; the financial condition of the Company's customers and failure of significant customers to perform their contractual obligations; (vii) the Company's ability to economically develop and deploy new technologies and services, including technology to comply with health and environmental laws and regulations; and (viii) failure to achieve accretive financial results in connection with any acquisitions the Company may make.

Such statements are subject to certain risks and uncertainties which are disclosed in the Company's reports filed with the Securities and Exchange Commission ("SEC"), including its Form 10-K for the fiscal year ended December 31, 2023, and its other filings with the SEC. All forward-looking statements in this Presentation are expressly qualified by the cautionary statements and by reference to the underlying assumptions that may prove to be incorrect.

The Company undertakes no obligation to revise these forward-looking statements to reflect events or circumstances that arise after the date hereof, except as required by applicable law. The financial and operating estimates contained in this Presentation represent our reasonable estimates as of the date of this Presentation. Neither our independent auditors nor any other third party has examined, reviewed or compiled the estimates and, accordingly, neither of the foregoing expresses an opinion or other form of assurance with respect thereto. The assumptions upon which the estimates are based are described in more detail herein. Some of these assumptions inevitably will not materialize, and unanticipated events may occur that could affect our results. Therefore, our actual results achieved during the periods covered by the estimates will vary from the estimated results. Investors are not to place undue reliance on the estimates included herein.

Supplemental Non-GAAP Financial Measures

This Presentation includes financial measures that are not in accordance with accounting principles generally accepted in the United States ("GAAP"), such as "Adjusted Net Income," "Adjusted EBITDA," and "Adjusted Gross Margin." While management believes that such measures are useful for investors, they should not be used as a replacement for financial measures that are in accordance with GAAP. For definitions of such non-GAAP financial measures and their reconciliations to GAAP measures, please see the Appendix.

Overview

- Natural Gas Services Group, Inc. ("NGS") is a premier provider of natural gas compression equipment to the energy industry.
- The company rents, operates, and maintains compression equipment for use in oil and natural gas production applications, and provides in-house field maintenance, parts, and other support services.
- The company maintains a staff of specialized mechanics and a network of service centers strategically located in oil and natural gas producing basins.
- Rental contracts generally provide for initial terms of up to 60 months with most customers continuing to rent post the initial term.

Ticker (NYSE):	NGS
Founded:	December 1998
IPO:	October 2002
Market Cap:	\$272 million
Shares Outstanding: (Fully Diluted):	12.5 million
Enterprise Value:	\$439 million
2024 Adj. EBITDA Outlook:	\$61 - \$67 million

Note: Based on NGS stock price at market close on May 24, 2024.
Adjusted EBITDA is a non-GAAP financial measure that excludes certain items to provide a view of financial performance; it should not be considered a substitute for (or superior to) GAAP financial measures and may not be comparable to similar measures utilized by competitors or other companies.

What is Natural Gas Compression?

The extraction of natural gas from a well or pipeline, compressing it to a desired pressure and flow, and injecting it into a system.

- Natural gas compressors are used in a number of applications for the production and transportation of oil and gas.
- With the advent of shale oil production, gas compression is an integral part of enhancing the production of oil wells through gas-lift operations.
- Compression equipment is often required to boost a well's production to economically viable levels.

Strategic Drivers of Compression Business



Customers are not required to maintain repair and maintenance staff or facilities.



Renting allows the customer's capital to be used for their core business: the exploration and production of oil and natural gas.



Balance sheet pressure associated with volatile energy prices may make renting an even more attractive option.

Company Highlights

NGS has a fleet of large, medium, and small horsepower units with a significant majority of revenue derived from units in the Permian Basin

Fleet Highlights

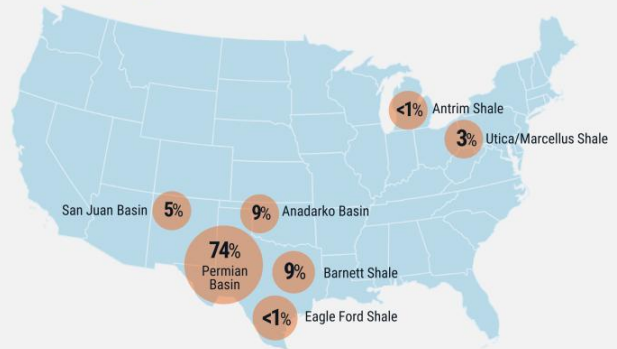
- Unit Utilization: 62%
- HP Utilization: 81%

	Units		Horsepower	
	#	%	HP (000s)	%
Large	290	15%	304	54%
Medium	1,095	55%	192	34%
Small	610	31%	65	12%
	1,995		561	

Note: Fleet is as of 4/30/24. Large horsepower units are 400HP or more, medium horsepower are 200-399HP, and small horsepower are below 200HP.

Revenue by Basin

● % of rental revenue in Q1 2024



Investment Highlights

A Premier Compression Opportunity with Multiple, Compelling Growth Paths and Value Levers



Attractive Industry Fundamentals

- Oil production is stable and projected to continue to grow with significantly higher growth in the Permian Basin
- A significant majority of U.S. shale oil wells require natural gas compression equipment to operate economically
- Capital discipline has been imposed on energy industry; combined with supply chain challenges, compression supply is constrained amid growing demand



Recurring Rental Business

- Long-term contracts
- Monthly fixed fee provides stable cash flows
- Resilient to commodity price swings



Proven Growth with Conservative Leverage

- Highest growth rate among public peers with greater future opportunities
- Lowest leverage among public peers with one of the lowest in entire compression industry
- Low enterprise valuation multiple relative to public peers



Industry-Leading Technology

- SMART System = Improves run time performance
- eComp System = Reduces emissions
- Increases data and analytics opportunities
- Strengthens customer relationships

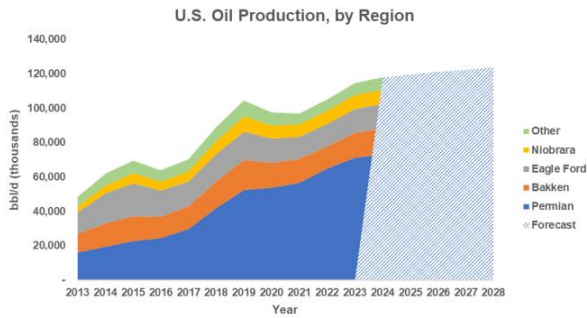


Growth Opportunities and Value Levers

- Optimize Existing Utilized Compression Fleet
- Improve Asset Utilization
 - Increase Fleet Utilization
 - Convert Non-Cash Assets into Cash
- Expand High Horsepower Rental Fleet
- Execute Accretive M&A

Attractive Industry Fundamentals

Oil production is stable and projected to continue to grow with greater need for compression



Source: U.S. Energy Information Administration

- The Permian Basin has been the main engine to drive U.S. oil production to world leadership
- Oil production is expected to continue to grow with most of that growth coming from the Permian Basin
- Artificial lift is essential for the vast majority of domestic oil wells, significantly boosting production by using natural gas from the well to improve productivity and profits
- Demand for rented compression exceeds supply
 - Capital discipline has been imposed on the energy industry
 - Prolonged lead times with key OEMs limits supply

Recurring Rental Business



Long term contracts:

- Initial terms for rental units range from 6-60 months
- New large horsepower units are typically at the high end of the range
- Most customers continue to rent past the initial term

Stable cash flows:

- Compression assets are “sticky”—once on a site, there are material switching costs (shutdown, demobilization, transportation, downtime) borne by operators to change to a competitor after lease expiration
- Assets have 15-25 year useful lives—quality equipment that is well-maintained withstands the test of time
- NGS serves leading operators in the Permian Basin and beyond which limits counterparty (credit) risk

Resilience to commodity price swings:

- The rental compression industry is directly tied to oil production and only indirectly tied to exploration
- Oil production is materially less volatile than exploration as production only stops when the incremental cost of production goes below the price
- The Permian Basin has one of the lowest levels of marginal production cost for an incremental barrel of oil

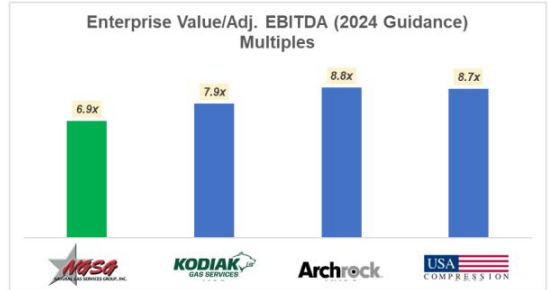
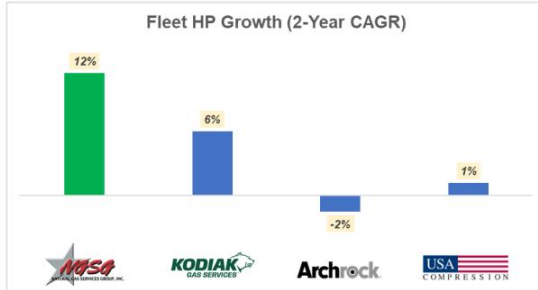
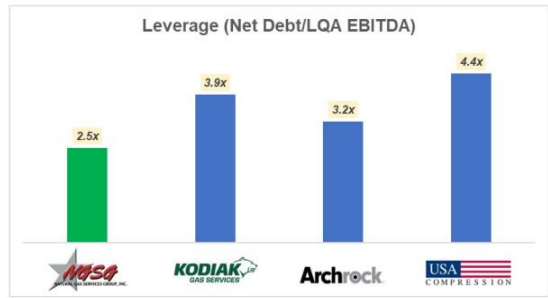
Industry-Leading Technology



- NGS compression assets are differentiated from competition through the use of proprietary System Management and Recovery Technology (“SMART”) – SMART software limits unplanned shutdowns and increases productivity by 5% to 8%
- eComp works with existing equipment to reduce emissions through vent capture and electronic valving
- Rich-burn engines reduce fugitive emissions by limiting gas slippage and burning it to power compression
- New equipment includes telemetry software to meet customer demands for operational data to analyze and streamline production

Proven Growth with Conservative Leverage

2023 Adjusted EBITDA grew 56% with 2024 projected to grow another 34%-47%; ample headroom to finance both organic and inorganic growth



Growth Opportunities and Value Levers

Fleet Optimization

- Opportunity for targeted price increases due to inflation and high utilization
- Optimize operations through increased use of data

Asset Utilization

- **Increase utilization of the existing fleet**
 - Improve the marketability of small and medium HP assets via conversions and upgrades
 - Sell or dispose of units where conversions or upgrades are not justified
- **Convert non-cash assets into cash**
 - Working capital (accounts receivable and inventory)
 - Income tax receivable
 - Owned real estate

Fleet Expansion

- Pre-contract units with strategic customers
- Primarily driven by large horsepower placements at centralized stations
- Meet or exceed target return on invested capital

Accretive M&A

- Pursue value-adding acquisitions in compression rental and related businesses
- Value drivers: equipment type, basin location, customer mix
- Lower leverage results in better flexibility

2024 Guidance



	Low	High
Adjusted EBITDA:	\$61 million	\$67 million
New Unit Capital Expenditures:	\$40 million	\$50 million
Maintenance Capital Expenditures:	\$8 million	\$11 million
Target Return on Invested Capital:	At least 20%	

Investment Highlights Summary



Attractive Industry Fundamentals



Recurring Rental Business



Industry-Leading Technology



Proven Growth with Conservative Leverage



Growth Opportunities and Value Levers



Investor Relations Contact:

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Midland, Texas 79705

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Appendix

Management bios

Justin C. Jacobs

Chief Executive Officer, Director

- Joined NGS as CEO in February 2024, joined Board in April 2023, led Mill Road investment in June 2020
- Mill Road Capital
- LiveWire Capital (Turnaround Management and Principal Investing)
- Blackstone's Private Equity Group

Brian L. Tucker

President & Chief Operating Officer

- Joined NGS as President and Chief Operating Officer in October 2023
- Senior Vice President, Operations, Patterson UTI Energy
- Chief Operating Officer, Pioneer Energy Services
- Vice President, Operations, Helmerich & Payne
- Officer, U.S. Army

John D. Bittner

Interim Chief Financial Officer

- Joined NGS as Interim Chief Financial Officer in October 2023
- Senior Managing Director, Turnaround & Restructuring, Accordion Partners
- Senior Managing Director, Mackinac Partners (Acquired by Accordion Partners)
- Partner, Business Recovery Services, PwC
- Partner, Corporate Advisory and Restructuring Services, Grant Thornton LLP

James R. Hazlett

Vice President, Chief Technical Officer

- Joined NGS as Vice President, Chief Technical Officer in June 2005
- Vice President of Sales, Screw Compression Systems (Acquired by NGS)
- Various Management Roles, Ingersoll Rand/Dresser Rand

Appendix

Non-GAAP financial measure bridges

Net Income to Adjusted EBITDA (in USD thousands)	Q1 2023	Q1 2024
Net Income	\$ 370	\$ 5,098
Interest Expense	--	2,935
Income Tax Expense	150	1,479
Depreciation & Amortization	6,165	7,087
Non-Cash Stock Compensation Expense	487	274
Severance Expenses	612	--
Retirement of Rental Equipment	--	5
Adjusted EBITDA	\$ 7,784	\$ 16,878

