

2021

Presentation

Natural Gas Services Group, Inc.



SEPTEMBER 2021

FORWARD LOOKING STATEMENTS

This presentation contains certain "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, and information pertaining to us, our industry and the oil and natural gas industry that is based on the beliefs of our management, as well as assumptions made by and information currently available to our management. All statements, other than statements of historical facts contained in this presentation, including statements regarding our future financial position, growth strategy, budgets, projected costs, plans and objectives of management for future operations, are forward-looking statements. We use the words "may," "will," "expect," "anticipate," "estimate," "believe," "continue," "intend," "plan," "budget" and other similar words to identify forward-looking statements. You should read statements that contain these words carefully and should not place undue reliance on these statements because they discuss future expectations, contain projections of results of operations or of our financial condition and/or state other "forward-looking" information. We do not undertake any obligation to update or revise publicly any forward-looking statements. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, no assurance can be given that these expectations or assumptions will prove to have been correct. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include, but are not limited to, the following factors:

- significant economic disruptions and adverse consequences resulting from current and possible long-term effects of the COVID-19 global pandemic;
- conditions in the oil and natural gas industry, including the supply and demand for natural gas and wide fluctuations and possible prolonged depression in the prices of oil and natural gas;
- economic challenges presently faced by our customers in the oil and natural gas business that, in turn, could adversely affect our sales, rentals and collectability of our accounts receivable;
- regulation or prohibition of horizontal well completion techniques;
- competition among the various providers of compression services and products;
- changes in safety, health and environmental regulations;
- changes in economic or political conditions in the markets in which we operate;
- failure of our customers to continue to rent equipment after expiration of the primary rental term;
- the inherent risks associated with our operations, such as equipment defects, malfunctions and natural disasters;
- our inability to comply with covenants in our debt agreements and the decreased financial flexibility associated with our debt;
- future capital requirements and availability of financing;
- fabrication and manufacturing costs;
- general economic conditions;
- acts of terrorism; and
- fluctuations in interest rates.

In addition to the risks noted above, you should review the factors and risks we describe in our Annual Report on Form 10-K for the year ended December 31, 2020 and our other reports filed from time to time with the SEC. All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement.

CORPORATE OVERVIEW

- Headquartered in Midland, TX
- Employee Headcount: 237
- Current Fleet: 2,275 compressors
- Founded in 1998/IPO in 2002
- Listed on NYSE in 2008
- Only rental company with proprietary compressor brand (CiP)
- Only major rental company with In-House fabrication capability.



Natural Gas Services Group, Inc. is a leading provider of small, medium and large horsepower compression equipment to the oil and natural gas industry. We focus primarily on the nonconventional natural gas and oil production business in the United States. We manufacture, fabricate and rent natural gas compressors that enhance the production of oil and natural gas wells and provide maintenance services for those compressors.

CORPORATE OVERVIEW

- NGS focuses primarily on non-conventional natural gas and oil production business in the United States (such as coal bed methane, gas shale, tight gas and oil shales). According to data from the Energy Information Administration ("EIA"), this has been the single largest and fastest growing segment of U.S. hydrocarbon production over the past decade.
- NGS manufactures, fabricates and rents natural gas compressors that enhance the production of oil and natural gas wells and provides maintenance services for those compressors.
- NGS sells custom fabricated natural gas compressors to meet customer specifications dictated by well pressures, production characteristics and particular applications; including traditional oil and gas and energy transition products.
- NGS designs and manufactures flare systems for oil and gas processing and production facilities.
- The vast majority of our rental operations are in non-conventional natural gas and oil regions, which typically have lower initial reservoir pressures, lower production pressures and/or faster well decline rates. These areas usually require compression to be installed relatively sooner and with greater frequency.

KEY STRATEGIC INITIATIVES

Strategic Move Into High Horsepower Market

- Significant opportunity to penetrate market demand for high horsepower compression
- Long-term, premium rental rates
- 90%+ utilization for large horsepower compression
- Significant capital commitment supported by long-term contracts with credit-worthy customers providing solid long-term returns on investment

Share Repurchase

- Authorized the repurchase of up to \$10 million of outstanding shares of common stock
- Commitment by Board of Directors underpins confidence in long-term value

Industry-Leading Financial Strength

- Self-funded \$200+ million in capex over the past 10 years
- No debt with cash balance of approximately \$24.4 million (September 30, 2021)

NGS STRATEGIC FOCUS

Focus On Unconventional Natural Gas and Oil Production	<ul style="list-style-type: none">⑩ Compression Intensive⑩ Low risk, land-based production
Introduction of New Large Horsepower Compression Products	<ul style="list-style-type: none">⑩ Movement into larger horsepower (400HP+) offerings⑩ Gateway to midstream opportunities
Rental Fleet as The Growth Driver	<ul style="list-style-type: none">⑩ Higher margins and barriers to entry⑩ Optimum strategic positioning – aggressive and defensive
Increased Emphasis On Oil/Liquids Oriented Shales	<ul style="list-style-type: none">⑩ Higher producer activity and returns⑩ Gas-lift compression is a preferred method of oil production and enhancement

OVERVIEW OF COMPRESSION BUSINESS

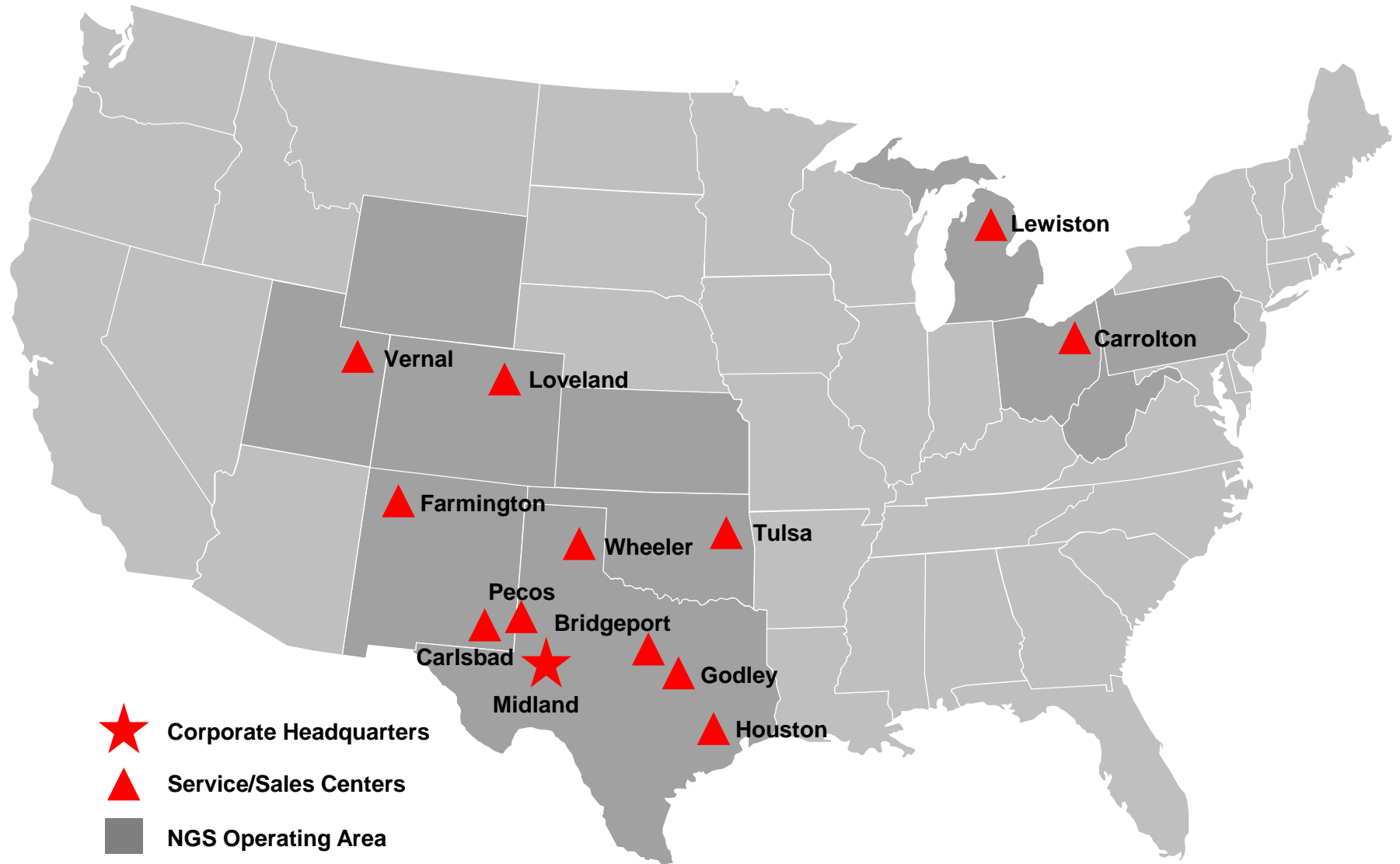
Overview

- Natural gas compressors are used in a number of applications for the production and transportation of natural gas at the wellhead and through gathering and transmission lines.
- Compression equipment is often required to boost a well's production to economically viable levels and to enable gas to continue to flow in the pipeline to its destination.
- With the advent of shale oil production, gas compression is an integral part of enhancing the production of oil wells through gas-lift operations.

Strategic Drivers of Compression Business

- A driver of growth in rental compression activity in the U.S. market has been driven by the trend toward outsourcing by energy producers and processors.
- Customer's are not required to maintain repair and maintenance staff or facilities
- Renting does not require the purchaser to make large capital expenditures for new equipment or to obtain financing through a lending institution, allowing the customer's capital to be used for additional exploration and production of natural gas and oil.
- Balance sheet pressure associated with volatile energy prices may make renting an even more attractive option.

NGS OPERATIONAL FOOTPRINT



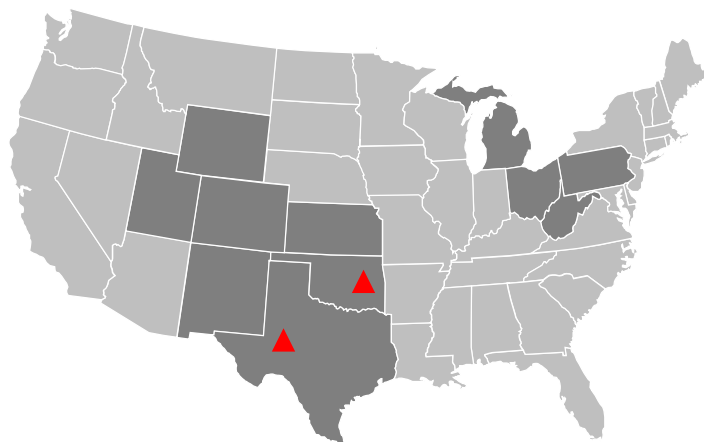
MANUFACTURING AND FABRICATION CAPABILITIES

Fully-Staffed Manufacturing and Fabrication Facilities

- Greater ability to control deliveries and provide customization
- Highly experienced in the design and fabrication process through decades of prior work
- Only major integrated rental company with fabrication

Customization Advantages

- Ability to meet demanding and difficult customer specifications
- Customer specifications vary based on well pressure, production characteristics and the particular applications for which compression is sought



▲ Manufacturing and Fabrication Facilities

NGS operates two manufacturing and fabrication facilities located in Midland, Texas and Tulsa, Oklahoma. The diverse geographic footprint allows NGS to work more closely to their customers in a variety of operating basins.

NEW PRODUCT OFFERINGS

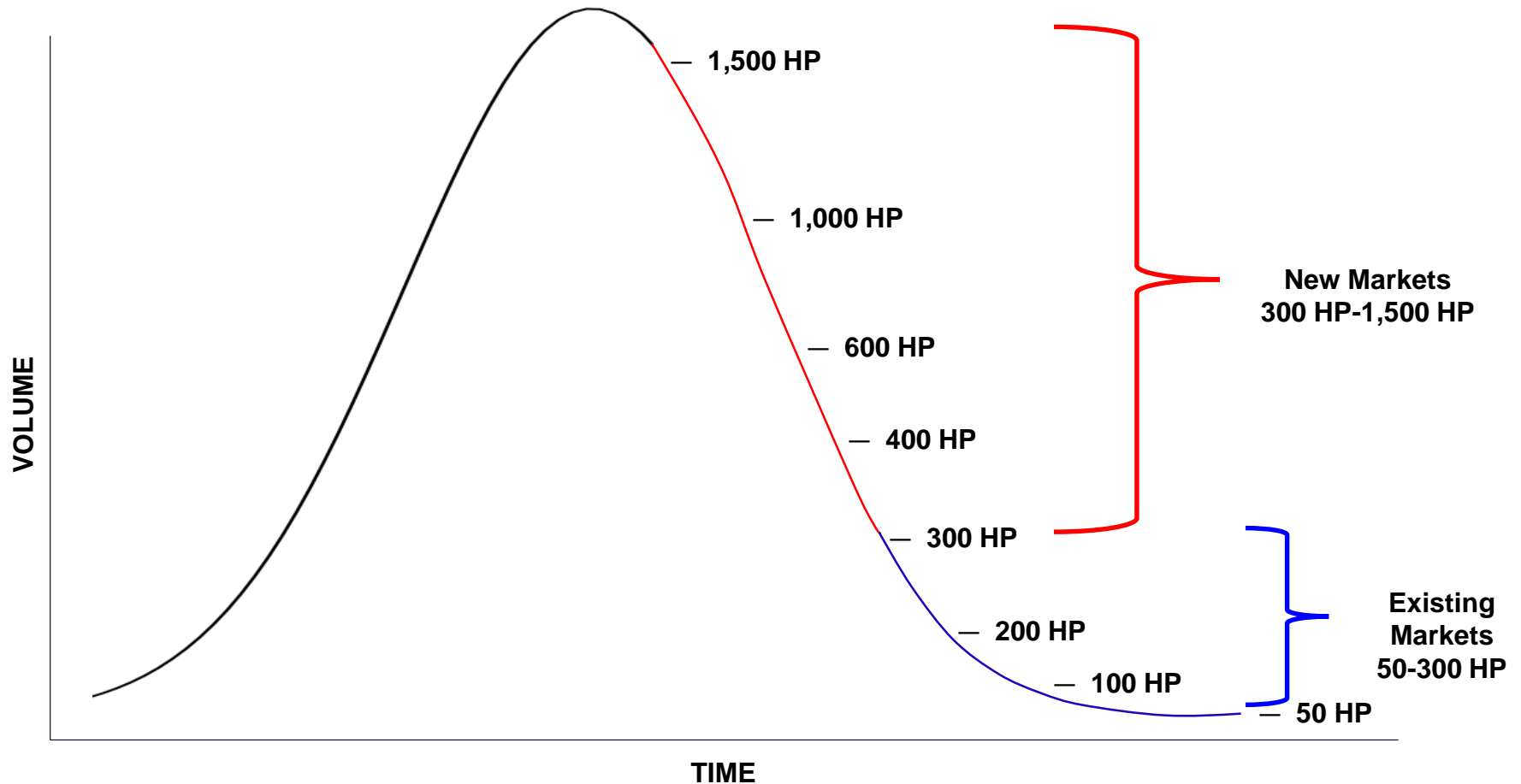
Movement Into Higher Horsepower Offerings

- Expanding into the 400 HP to 1500 HP compression market
- Application diversity
 - Higher well flows and larger gathering systems
 - Pad-drilling
 - Centralized gas-lift
- Potential market is ~2x larger than the present market as measured by horsepower count

Expansion of Vapor Recovery Unit (VRU) Equipment Line

- 50 HP-100 HP offerings
- Growing market opportunity
 - Environmentally driven with increasingly stringent regulations on methane capture
 - Oil-shale wells are of particular focus
- Projected to be 5%-10% of the NGS rental fleet in the future

HIGH HORSEPOWER MARKET



The move into higher horsepower equipment allows NGS to capture a greater percentage of the life of a well and provides the opportunity to feed into our existing medium horsepower wellhead equipment.

HIGH HORSEPOWER MARKET

Advantages of High Horsepower Offerings

- Longer contracted terms
- Equipment typically on location longer than wellhead HP
- Higher “frictional” costs contribute to longer terms
 - Customer has high freight and installation costs
- Production and compression dynamics change (favor higher HP)
 - Smaller/medium HP is easy and inexpensive to move so compression is usually changed out as HP needs decline
 - Large HP is expensive to move so additional production is typically sourced to keep the equipment in place
- Higher competitive barrier to entry
 - There are only a handful of companies with the financial, operating and technical wherewithal to successfully compete in the high HP market.
- Greater opportunity to grow
 - NGS can grow at market rates plus market penetration
- On a horsepower basis this market is twice the size of the small/medium business line

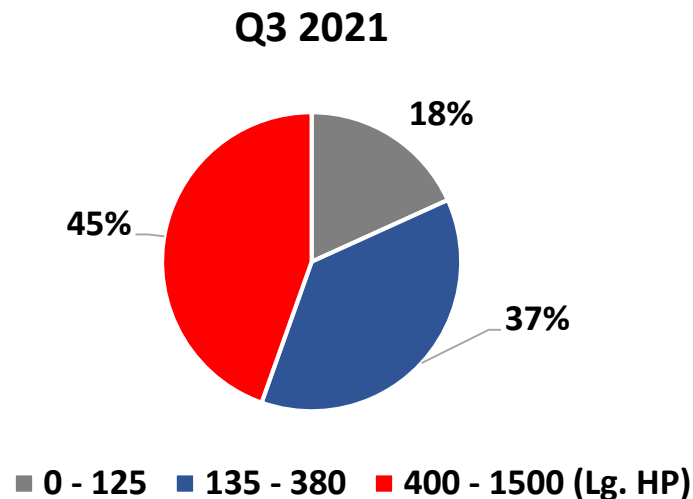
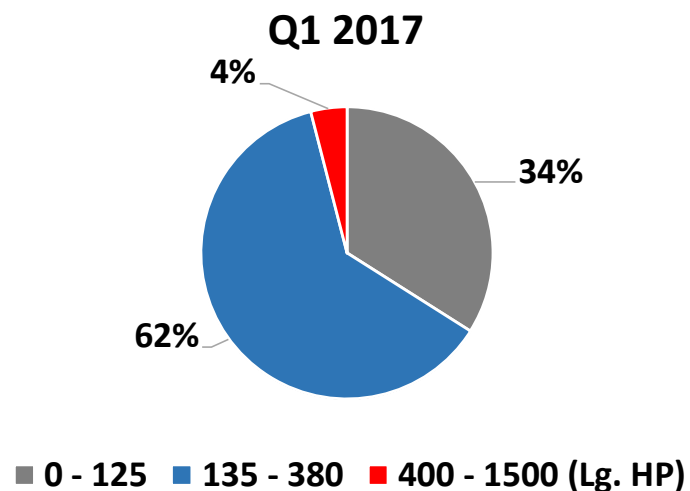
HIGH HORSEPOWER MARKET

Advantages of High Horsepower Offerings

- Higher horsepower has a “natural” economic scale of horsepower in each unit
 - Higher horsepower is approximately 7x larger than NGS’s average small/medium unit horsepower (200 HP vs. 1380 HP)
- Delivers higher revenue and EBITDA per location
 - Approximately 7x higher revenue per unit than NGS’ average rental rate
- Ability to deliver higher margins
 - Greater density at higher revenue
- Tendency to stay on any given location for longer
 - Both contractually and on average
- Because high horsepower has a greater density of horsepower per package, the cost per horsepower to buy (and build and rent) is lower per horsepower

HIGH HORSEPOWER MARKET

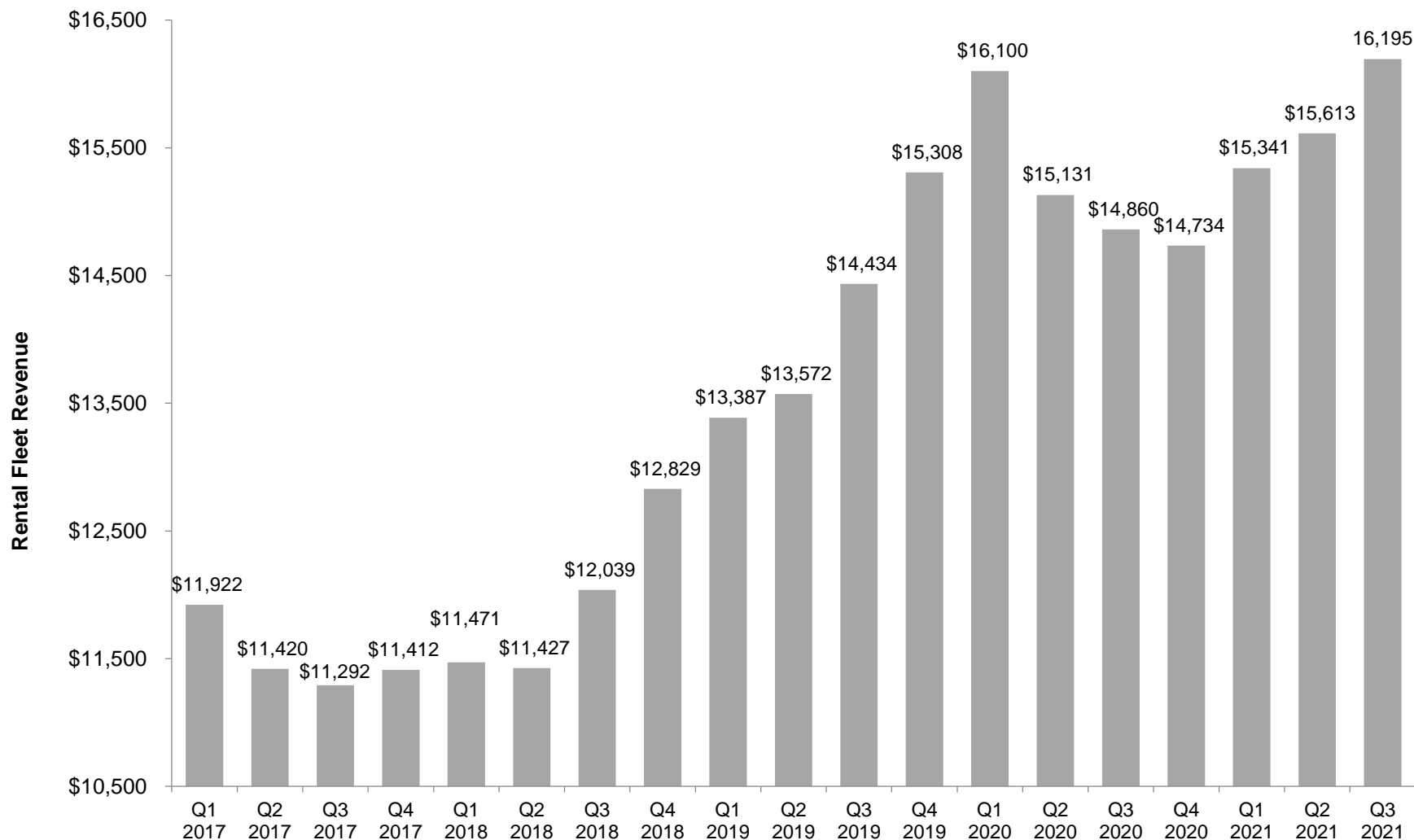
NGS self-funded its entrance into the high horsepower market. Large horsepower compression was 45% (by HP) of the utilized NGS fleet in Q3 2021, up from Q1 2017.



Financial and Operating Appendix

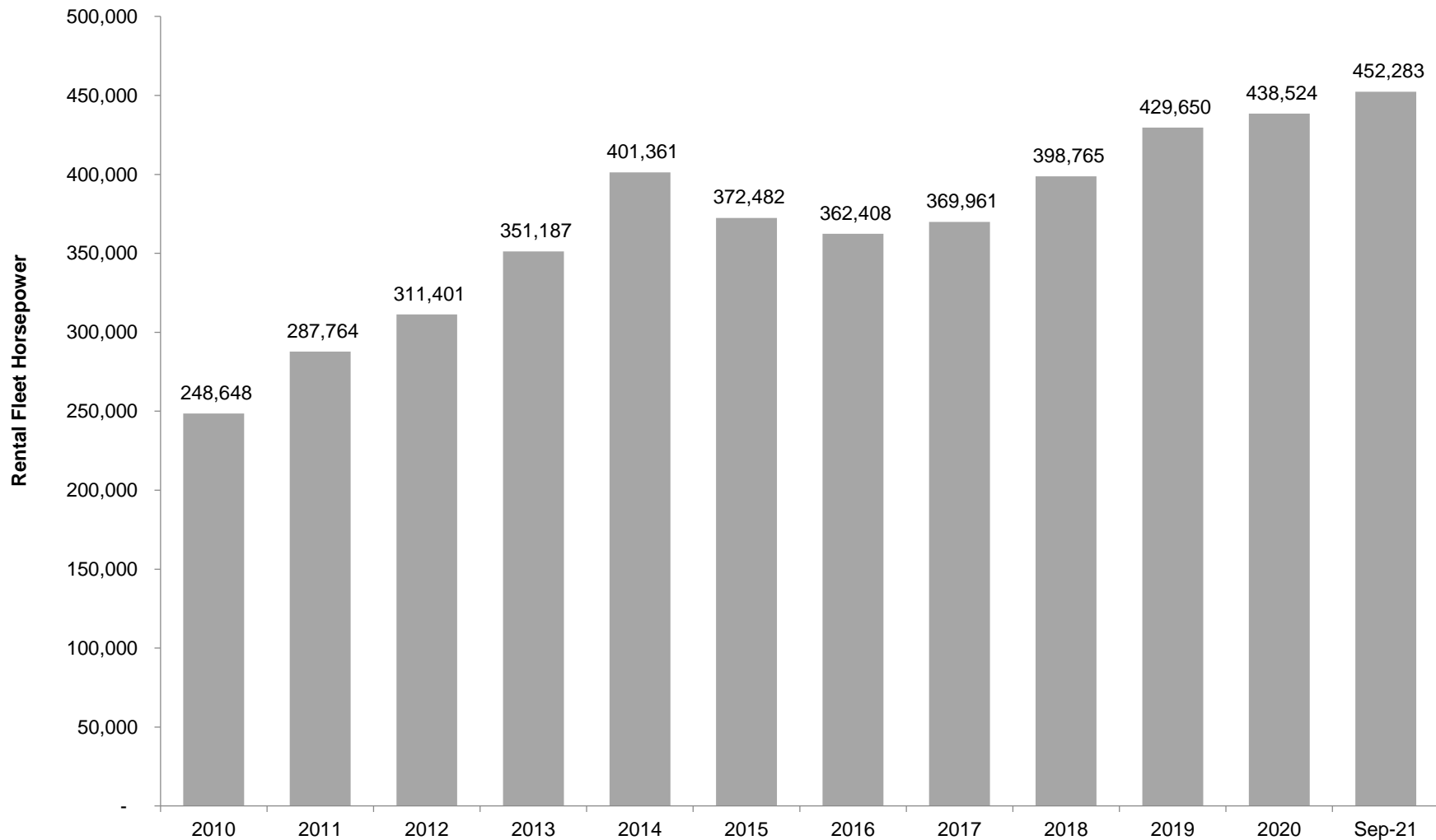
NATURAL GAS SERVICES GROUP— RENTAL FLEET

Quarterly Rental Fleet Revenue



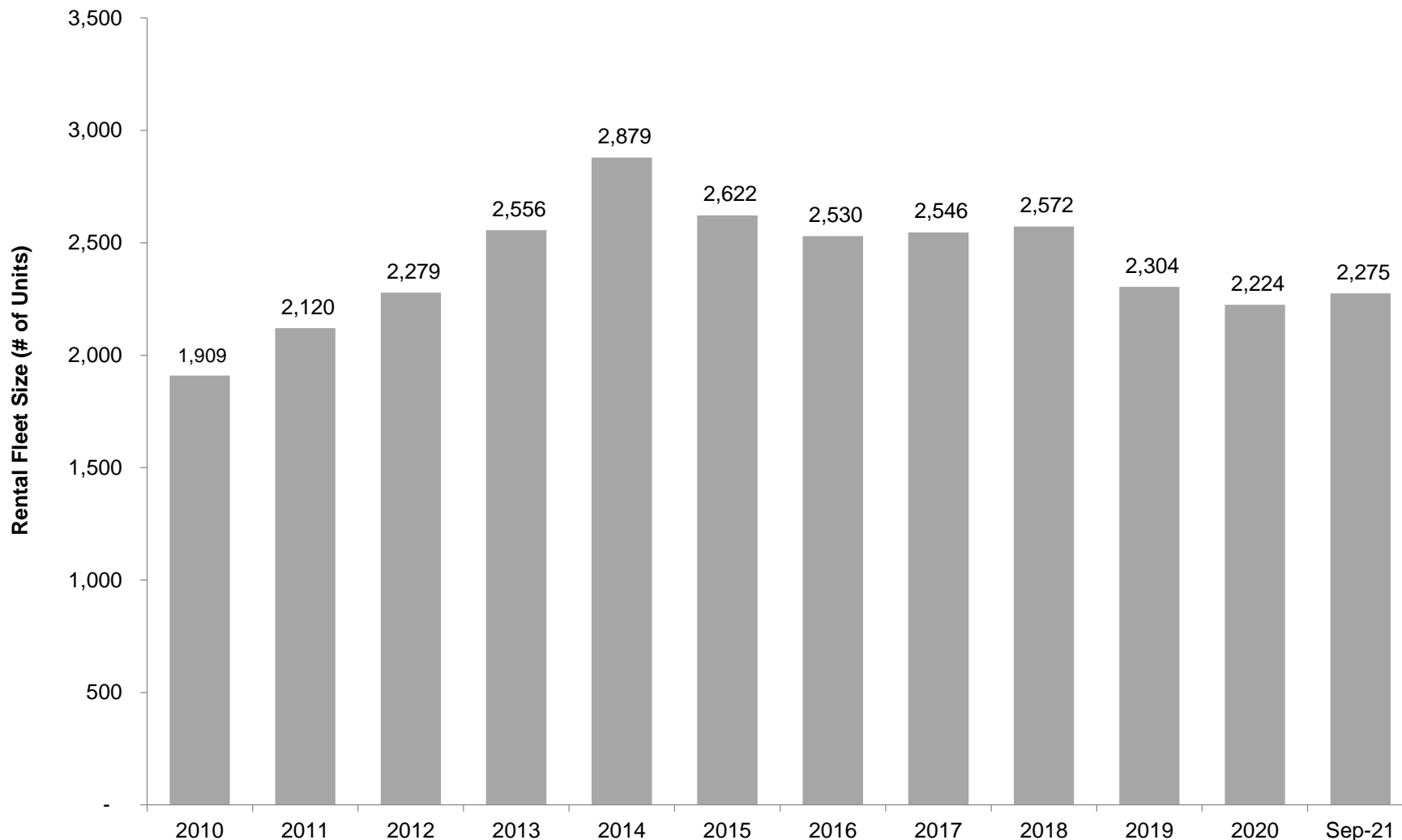
NATURAL GAS SERVICES GROUP— RENTAL FLEET

Total Rental Fleet Horsepower



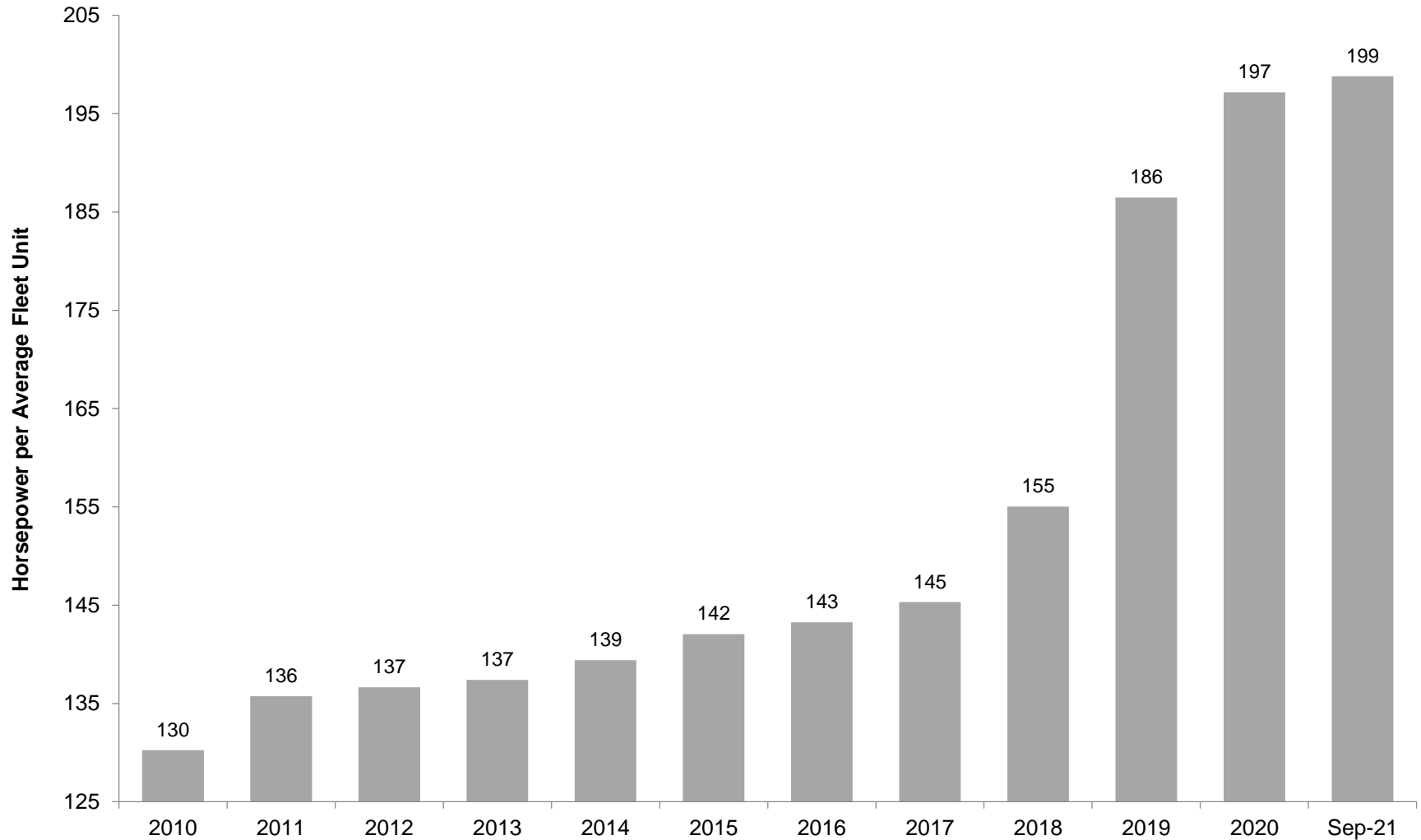
NATURAL GAS SERVICES GROUP— RENTAL FLEET

Total Rental Fleet Units



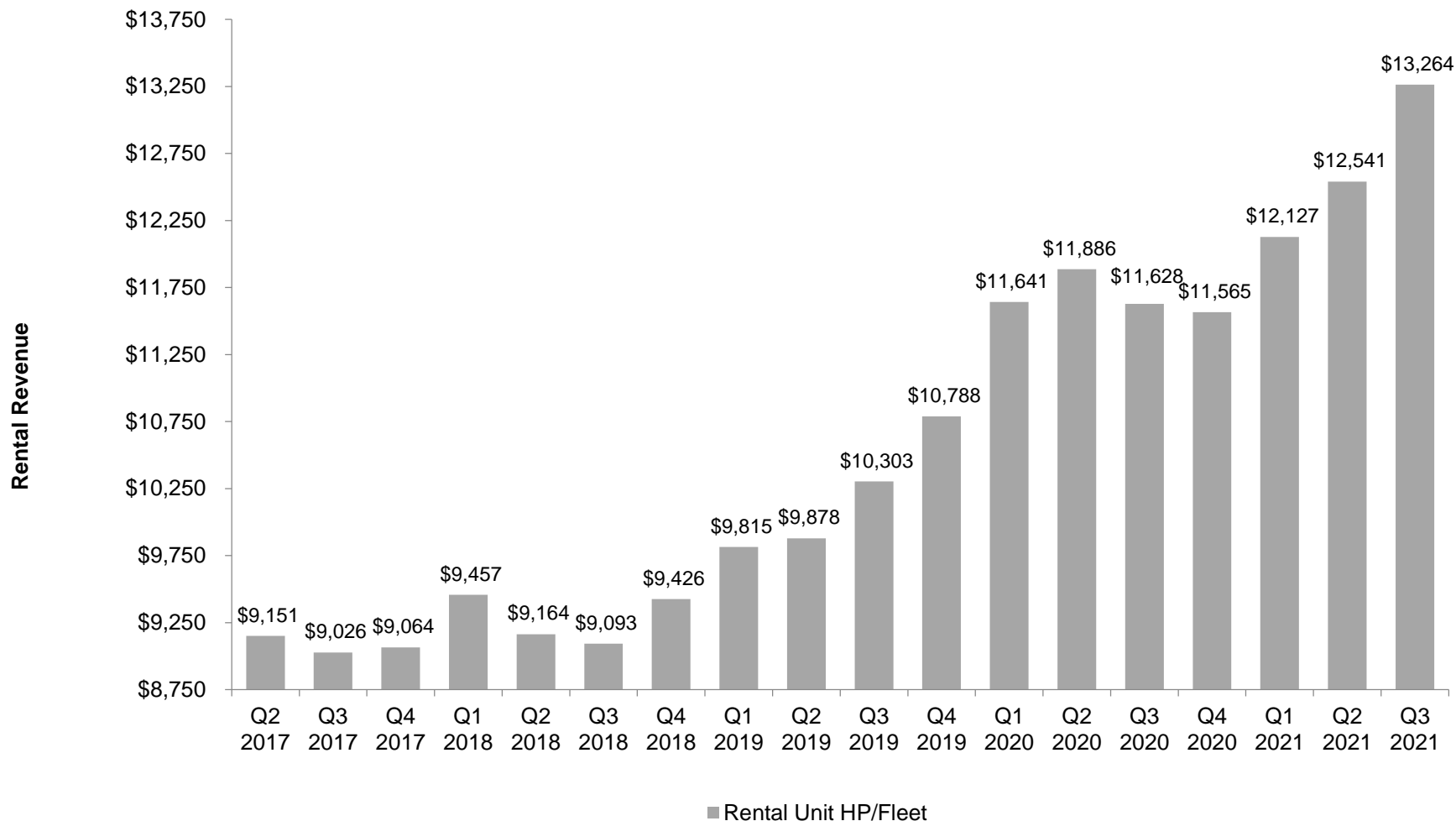
NATURAL GAS SERVICES GROUP— RENTAL FLEET

Average Horsepower Per Rental Fleet Unit



NATURAL GAS SERVICES GROUP— RENTAL FLEET

Quarterly Average Revenue Per Active Rental Fleet Unit



NATURAL GAS SERVICES GROUP— FINANCIAL SUMMARY

Natural Gas Services Group

Revenues (in \$1,000's)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Rental	\$ 11,471	\$ 11,427	\$ 12,039	\$ 12,829	\$ 13,387	\$ 13,572	\$ 14,434	\$ 15,308	\$ 16,100	\$ 15,131	\$ 14,860	\$ 14,734	\$ 15,341	\$ 15,613	\$ 16,195
Sales	\$ 2,998	\$ 6,383	\$ 3,947	\$ 2,941	\$ 4,125	\$ 5,814	\$ 5,877	\$ 3,947	\$ 1,450	\$ 2,008	\$ 537	\$ 1,663	\$ 2,711	\$ 1,573	\$ 1,472
Service and maintenance	\$ 249	\$ 394	\$ 410	\$ 390	\$ 479	\$ 509	\$ 541	\$ 451	\$ 340	\$ 266	\$ 368	\$ 598	\$ 345	\$ 563	\$ 578
Total Revenues	\$ 14,718	\$ 18,204	\$ 16,396	\$ 16,160	\$ 17,991	\$ 19,895	\$ 20,852	\$ 19,706	\$ 17,890	\$ 17,405	\$ 15,765	\$ 16,995	\$ 18,397	\$ 17,749	\$ 18,245
Cost of Revenues (in \$1,000's)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Rental	\$ 4,745	\$ 5,237	\$ 5,811	\$ 6,067	\$ 6,220	\$ 6,613	\$ 6,707	\$ 8,043	\$ 7,897	\$ 6,629	\$ 6,760	\$ 7,220	\$ 7,156	\$ 9,082	\$ 8,826
Sales	\$ 2,191	\$ 4,924	\$ 3,081	\$ 2,368	\$ 3,699	\$ 4,419	\$ 4,390	\$ 3,598	\$ 1,739	\$ 1,860	\$ 997	\$ 1,614	\$ 2,616	\$ 1,777	\$ 1,563
Service and maintenance	\$ 65	\$ 101	\$ 107	\$ 112	\$ 147	\$ 159	\$ 164	\$ 160	\$ 125	\$ 100	\$ 138	\$ 351	\$ 48	\$ 250	\$ 327
Total Cost of Revenues	\$ 7,001	\$ 10,262	\$ 8,999	\$ 8,547	\$ 10,066	\$ 11,191	\$ 11,261	\$ 11,801	\$ 9,761	\$ 8,589	\$ 7,895	\$ 9,185	\$ 9,820	\$ 11,109	\$ 10,716
Gross Profit (in \$1,000's)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Rental	\$ 6,726	\$ 6,190	\$ 6,228	\$ 6,762	\$ 7,167	\$ 6,959	\$ 7,727	\$ 7,265	\$ 8,203	\$ 8,502	\$ 8,100	\$ 7,514	\$ 8,185	\$ 6,531	\$ 7,369
Sales	\$ 807	\$ 1,459	\$ 866	\$ 573	\$ 426	\$ 1,395	\$ 1,487	\$ 349	\$ (289)	\$ 148	\$ (460)	\$ 49	\$ 95	\$ (204)	\$ (91)
Service and maintenance	\$ 184	\$ 293	\$ 303	\$ 278	\$ 332	\$ 350	\$ 377	\$ 291	\$ 215	\$ 166	\$ 230	\$ 247	\$ 297	\$ 313	\$ 251
Total Gross Profit	\$ 7,717	\$ 7,942	\$ 7,397	\$ 7,613	\$ 7,925	\$ 8,704	\$ 9,591	\$ 7,905	\$ 8,129	\$ 8,816	\$ 7,870	\$ 7,810	\$ 8,577	\$ 6,640	\$ 7,529
Gross Margin	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Rental	58.6%	54.2%	51.7%	52.7%	53.5%	51.3%	53.5%	47.5%	51.0%	56.2%	54.5%	51.0%	53.4%	41.8%	45.5%
Sales	26.9%	22.9%	21.9%	19.5%	10.3%	24.0%	25.3%	8.8%	-19.9%	7.4%	-85.7%	2.9%	3.5%	-13.0%	-6.2%
Service and maintenance	73.9%	74.4%	73.9%	71.3%	69.3%	68.8%	69.7%	64.5%	63.2%	62.4%	62.5%	41.3%	86.1%	55.6%	43.4%
Total Gross Margin	52.4%	43.6%	45.1%	47.1%	44.0%	43.7%	46.0%	40.1%	45.4%	50.7%	49.9%	46.0%	46.6%	37.4%	41.3%
EBITDA (in \$1,000's)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Total EBITDA	\$ 5,623	\$ 5,711	\$ 5,228	\$ 5,193	\$ 5,737	\$ 6,203	\$ 6,893	\$ 5,202	\$ 6,284	\$ 7,094	\$ 6,154	\$ 5,367	\$ 6,503	\$ 4,505	\$ 5,363
EBITDA Margin	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Total EBITDA Margin	38.2%	31.4%	31.9%	32.1%	31.9%	31.2%	33.1%	26.4%	35.1%	40.8%	39.0%	31.6%	35.3%	25.4%	29.4%
Net Income (in \$1,000's)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Total Net Income	\$ 195	\$ 211	\$ (118)	\$ (749)	\$ 98	\$ 327	\$ (12,579)	\$ (1,710)	\$ 4,082	\$ 165	\$ (563)	\$ (1,876)	\$ (394)	\$ (1,918)	\$ (1,257)
Net Income Margin	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Total Net Income Margin	1.3%	1.2%	-0.7%	-4.6%	0.5%	1.6%	-60.3%	-8.7%	22.8%	0.9%	122.8%	-11.0%	-2.1%	-10.8%	-6.9%

NATURAL GAS SERVICES GROUP– EXECUTIVE LEADERSHIP

Stephen C. Taylor

Chief Executive Officer; Chairman of the Board of Directors

Stephen C. Taylor has been President and Chief Executive Officer of Natural Gas Services Group since January 2005. Immediately prior to joining Natural Gas Services Group, Mr. Taylor held the position of General Manager – US Operations for Trican Production Services, Inc. from 2002 through 2004. Mr. Taylor joined Halliburton Resource Management in 1976, becoming its Vice President – Operations in 1989. Beginning in 1993, he held multiple senior level management positions with Halliburton Energy Services until 2000 when he was elected Senior Vice President/Chief Operating Officer of Enventure Global Technology, LLC, a joint-venture deep water drilling technology company owned by Halliburton Company and Shell Oil Company. Mr. Taylor elected early retirement from Halliburton Company in 2002 to join Trican Production Services, Inc. Mr. Taylor holds a Bachelor of Science degree in Mechanical Engineering from Texas Tech University and a Master of Business Administration degree from the University of Texas at Austin.

Micah C. Foster

Chief Financial Officer

Micah C. Foster, was appointed Vice President, Chief Financial Officer and Secretary of the Company on May 11, 2021. Mr. Foster has over 17 years of professional experience in the energy industry and public accounting. Prior to joining the Company Mr. Foster served as the Chief Accounting Officer of Legacy Reserves Inc and its predecessor Legacy Reserves LP, a publicly traded oil and natural gas company, from April 2012 until April 2020. Legacy Reserves Inc. filed for protection under Chapter 11 of the federal bankruptcy code in July, 2019 and emerged from bankruptcy in December 2019. Prior to his appointment as Chief Accounting Officer in April 2012, Mr. Foster served in various roles for Legacy ranging from Financial Accountant to Corporate Controller. Prior to joining Legacy, Mr. Foster worked as staff auditor and then senior auditor at Ernst & Young, LLP from July 2003 to January 2006. Mr. Foster holds a BBA in Accounting and Finance from Abilene Christian University and is a Certified Public Accountant.

James R. Hazlett

Vice President – Technical Services

James R. Hazlett has served as Vice President-Technical Services since June 2005. He also served as Vice President of Sales of Screw Compression Systems, Inc. from 1997 until June 2007 when Screw Compression Systems, Inc. was merged into Natural Gas Services Group. After the merger in June 2007, Mr. Hazlett continues to remain employed by Natural Gas Services Group as Vice President-Technical Services. From 1982 to 1996, Mr. Hazlett served in management roles for Ingersoll Rand/Dresser Rand working with compression of all types in several different departments from sales and service to engineering. From 1978 to 1982, Mr. Hazlett was employed by the down-hole tool division of Hughes Tool designing and installing gas lift and plunger systems. Mr. Hazlett holds a Bachelor of Science degree from the College of Engineering at Texas A&M University and has 40 years of industry experience.



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