

Management

William Zartler, Chairman & CEO
Kyle Ramachandran, President and CFO
Christopher Wirtz, CAO
Brendan Gilbert, EVP, Operations

www.solaris-energy.com

EPG Commentary by Dan Steffens

Solaris Energy Infrastructure (SEI) is in our Small-Cap Growth Portfolio. It is a highly respected oilfield services company that gained market share during the Pandemic. On July 9, 2024 they announced an agreement to acquire **Mobile Energy Rentals LLC (MER)**.

SEI's Q4 2024 results beat my forecast and their fresh guidance increase my confidence level in my forecast model.

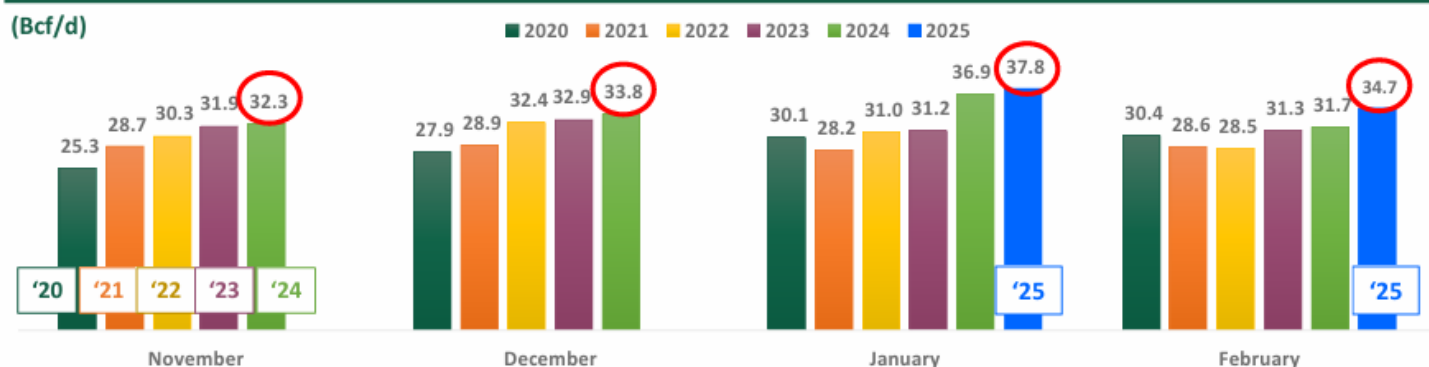
I am extremely bullish on the potential for the **Distributed Power Market** in North American. Several of the upstream companies that I follow have already started using produced natural gas to generate electricity for their field operations. **Riley Exploration Permian (REPX)** is doing it in West Texas. **Chevron Corp. (CVX)** and **Diamondback Energy (FANG)**, two of the largest and most profitable upstream companies in the Permian Basin are going to do it.

The U.S. energy transition is the “**Electrification of Everything**”. Just to meet the electricity demand growth for **electric vehicles** and **AI data centers**, **hundreds of natural gas fired power plants of all sizes will need to be built over the next three years.** This is why I am bullish on the impact of SEI's acquisition of **MER**, a premier provider of distributed power solutions that **closed on September 11, 2024.**

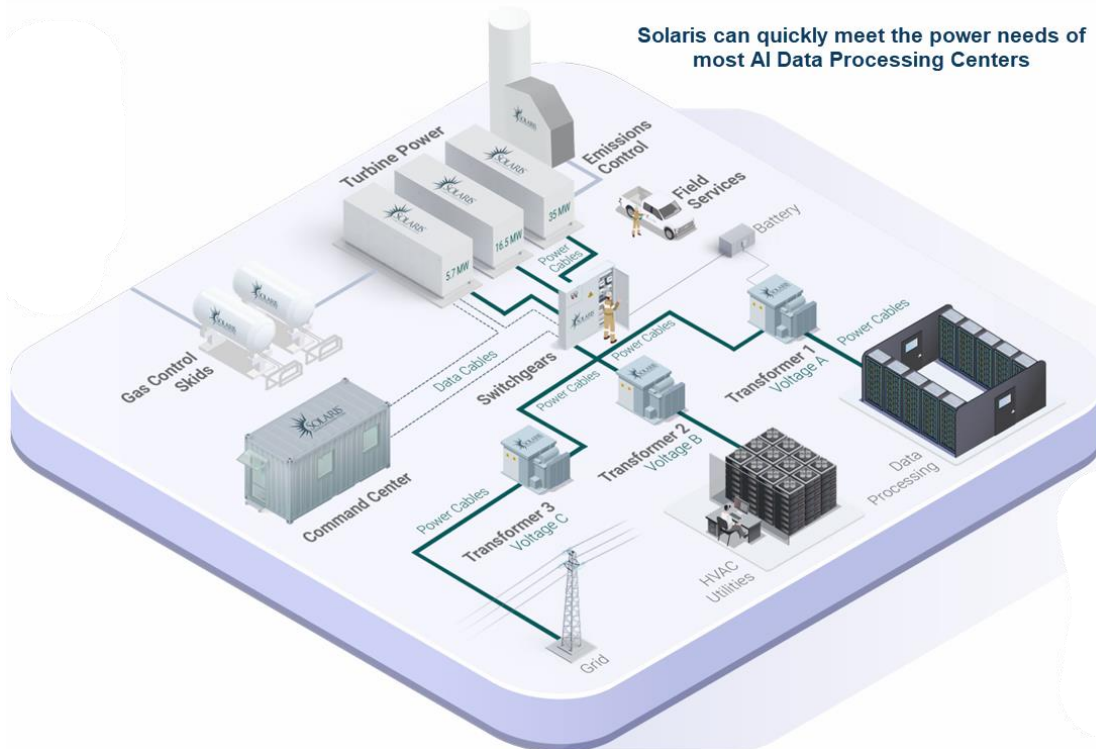
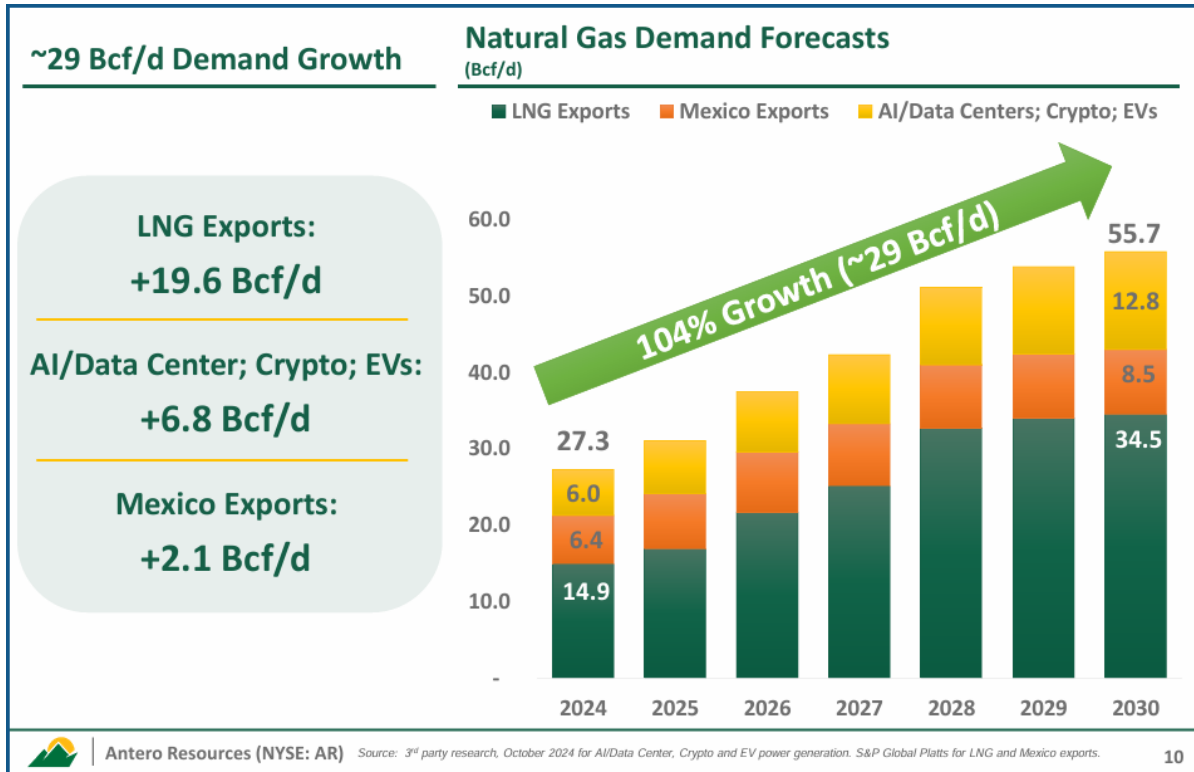
“We believe reliable power access will become a growing challenge that larger scale, distributed power generation assets are well-positioned to address. Together with MER, we will continue to build on the ten plus years of innovation and leading service quality delivery across our business lines.” – Bill Zartler, SEI's Chairman & CEO

Natural gas demand from power burn has broken records every month this winter while ResComm demand in January 2025 was the highest on record

U.S. Natural Gas Demand From Power Burn (Winter Months)



Source: Antero Resources 3-3-2025



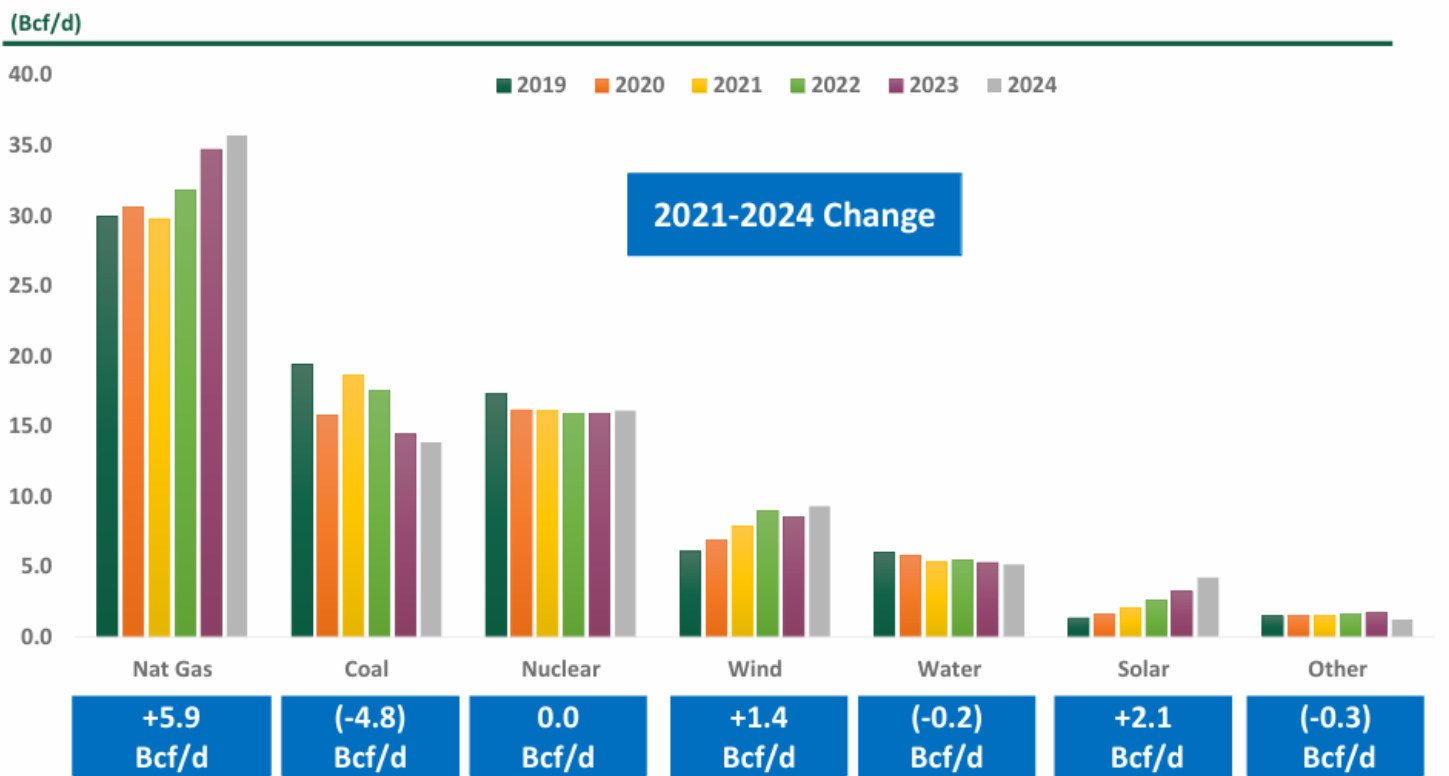
Acquisition of Mobile Energy Rentals (MER)

On September 11, 2024, Solaris acquired **Mobile Energy Rentals LLC (“MER”)**, a premier provider of distributed power solutions serving the energy and commercial & industrial (“C&I”) end-markets, for a purchase price of \$200 million. Transaction consideration includes \$60 million of cash and the issuance of approximately 16.5 million shares of Solaris Class B common stock to MER’s founders and management team, who will join Solaris post-closing.

Natural Gas Dominates Power Generation Mix

Natural gas power generation demand grew by ~6.0 Bcf/d, or ~20% from 2021 to 2024, while all other categories declined by a total of ~1.7 Bcf/d

Power Generation Mix



Antero Resources (NYSE: AR)

Source: EIA.
Power numbers on a natural gas equivalent basis.

Investment Highlights and Strategy



Demonstrated Growth Across Key End Markets

- Recently contracted >80% of exit 2025 fleet with data center and energy (upstream, midstream, and downstream) customers at tenors ranging from 2-4 years
- Existing customer base has expressed growth plans that exceed current available MWs



Compelling Organic Investment Opportunity

- Reinvesting Logistics Solutions mature cash flow to fund Power Solutions fleet expansion at attractive returns (~3-4-year paybacks)
- Significant free cash flow inflection expected in 2H 2025 that can be redeployed for continued growth, used to strengthen the balance sheet, or returned to shareholders



Experienced and Aligned Management Team

- Management team has solved equipment-based bottlenecks and built differentiated businesses in sand handling, trucking, water recycling and power markets
- Founder-run with high inside ownership of >50% enhancing shareholder alignment



Trades at a Discount to Peers

- Shares trade at a significant discount to other companies with data center and power/electrification exposure
- New Power Growth story starting to gain traction






Committed to Growing Shareholder Value

- Conservative financial profile, with <2x leverage pro forma for new equipment deployments
- Continued prioritization of shareholder returns through dividends and opportunistic buybacks

My Fair Value estimate for SEI is \$48.50 per share

Compare to TipRanks' Price Target of \$46.40

Disclosure: I have a long position in SEI and I do not intend on buying or selling it in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this article.

Recent Price Targets submitted to TipRanks					Price target ⓘ
Analyst/Rank	Analyst firm	Rating	Date		
 Stephen Gengaro ★ ★ ★ ★ ★	Stifel Nicolaus	Buy	03/18/2025		\$48.00
 Thomas Meric ★ ★ ★ ★ ★	Janney Montgomery	Buy	02/25/2025		\$57.00
 Derek Podhaizer ★ ★ ★ ★ ★	Piper Sandler	Buy	02/24/2025		\$50.00

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Company Overview

Solaris Energy Infrastructure (NYSE:SEI) (previously named Solaris Oilfield Infrastructure) was formed in 2014 and went public in 2017. Following the MER Acquisition it has two reporting segments:

Solaris Logistics Solutions – designs and manufactures specialized equipment that enables the efficient management of raw materials used in the completion of oil and natural gas wells. Solaris' equipment-based logistics services include field technician support, software solutions, and may also include last mile and mobilization services.

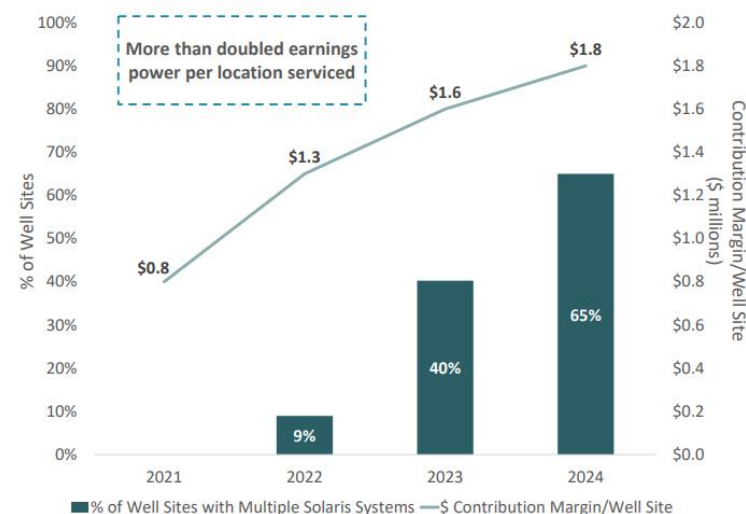
Solaris Power Solutions – provides configurable sets of natural gas-powered mobile turbines and ancillary equipment. This segment primarily leases equipment to data center and oilfield customers and is focused on continuing to grow its services with these customers as well as across multiple commercial and industrial end markets

The Company's oilfield technologies include the Solaris Mobile Proppant Management System and the Solaris Mobile Chemical Management System, which lowers well completion times and costs by increasing proppant and chemical storage capacity on well sites. Their systems improve well site safety by significantly reducing the presence of free-floating silica dust, the number of handling points for chemicals and the number of personnel required to manage proppant and chemicals at the well site. In addition, each system has the ability to real-time measure proppant and chemical inventory and delivery rates through the proprietary Solaris Lens™ software.

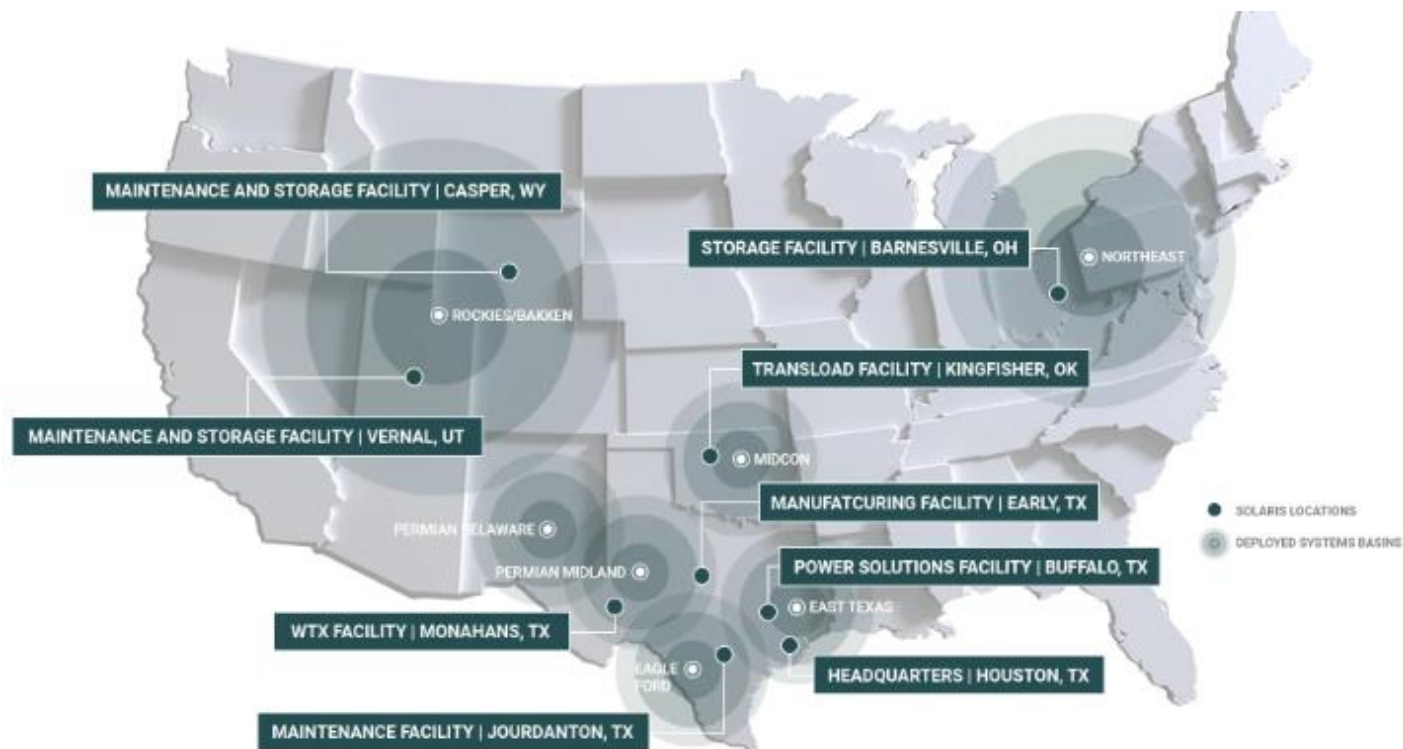
Evolution of Solaris Logistics Product and Service Offering



Impact of Adding New Product Adjacencies



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Solaris Energy Infrastructure, Inc.

NYSE: SEI; ~\$1.5 Billion Market Capitalization

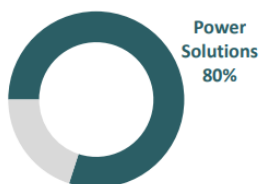
Provides power-as-a-service to multiple end markets with scalable equipment-based solutions for off-grid and behind-the-meter generation; also provides raw material handling services for the energy industry using in-house designed and manufactured all-electric equipment.

Business Segments



Power Solutions

Illustrative Pro Forma Adj. EBITDA Contribution



End Markets



Business Characteristics

- Growing to 1.4 GW by 1H 2027 from 260 MW in Q4 2024
- >2/3 of pro forma fleet (current + on order) recently contracted
- Rapidly growing end markets create opportunities to enhance scale and breadth of offering



Logistics Solutions



Energy - Upstream

- Mature end market
- Established market leader
- Low maintenance capital requirements drive significant Free Cash Flow

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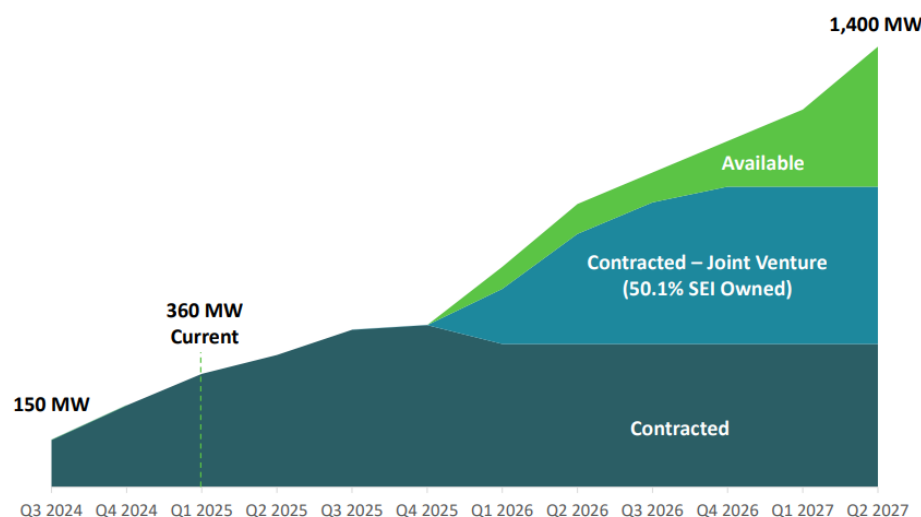
Fourth Quarter 2024 Summary Results and Key Business Updates

- **Doubling of Fleet:** Announced 700 MW of new equipment orders to grow operated Solaris Power Solutions fleet to 1,400 MW by 1H 2027 from prior expectation of ~700 MW by 1H 2026
- **Establishing Long-term Partnership with a Key Customer:** New commercial contract for a minimum of 500 MW for an initial term of six years to support construction of a new data center; finalizing 50.1% / 49.9% Joint Venture with customer to co-own the power plant equipment for this data center
- **Strong Q4 2024 Results:** Reported solid Q4 2024 performance with Adjusted EBITDA of approximately \$37 million
- **Increased Guidance:** Raised Q1 guidance for Adjusted EBITDA by 10% to \$44-48 million; Established Q2 Adjusted EBITDA guidance of \$50-55 million

Rapid Growth as a Premier Power Solutions Company

Early Mover Advantage in Addressing Nascent and Rapidly Expanding Market Opportunity

Expected Fleet and Contract Growth Based on Current Order Book (MW)



Pro Forma Fleet
(Current + On order)

1,400 MW
Consolidated

1,100 MW
Net Owned
by SEI

1H 2027 Fleet

2027+

Multi-year, unprecedented power demand growth opportunity likely ahead

Advanced AI models/data centers could need up to 5GW each of power within the next few years

Permian Basin power demand to grow by >8 GW in the next decade

~60% of forecasted US power demand growth comes from non-AI drivers such as onshoring of manufacturing, electrification, EVs, etc.

2027+

“The fourth quarter of 2024 was our first complete quarter operating our new Solaris Power Solutions segment and the team continues to execute well on our strategy of using the stable cash flow from our Solaris Logistics Solutions business to help fund the tremendous growth opportunity for behind-the-meter power deployments across a variety of end markets. We continue to see an acceleration of demand for behind-the-meter projects and, to support this growth, we have secured approximately 700 megawatts of new power generation capacity, which will effectively double our operated fleet over the next two years. This additional capacity will allow us both to service growth from our current customer base as well as to continue to expand our offering with new customers.

“The Solaris Logistics Solutions segment has demonstrated a strong rebound in activity early in 2025 relative to the seasonal softness experienced in the fourth quarter. The increase in activity is due to continued market adoption of multiple types of Solaris systems on an increased number of well sites and a reset of completion budgets. We are excited with recent results from both business segments, the growing opportunity set we are seeing in the distributed power space, and the exceptional team and innovative culture that we continue to build. We believe we will continue to drive total shareholder value by growing the company, continuing to pay our dividend, and maintaining a balanced and attractive financial profile,” – Bill Zartler, Chairman and CEO.

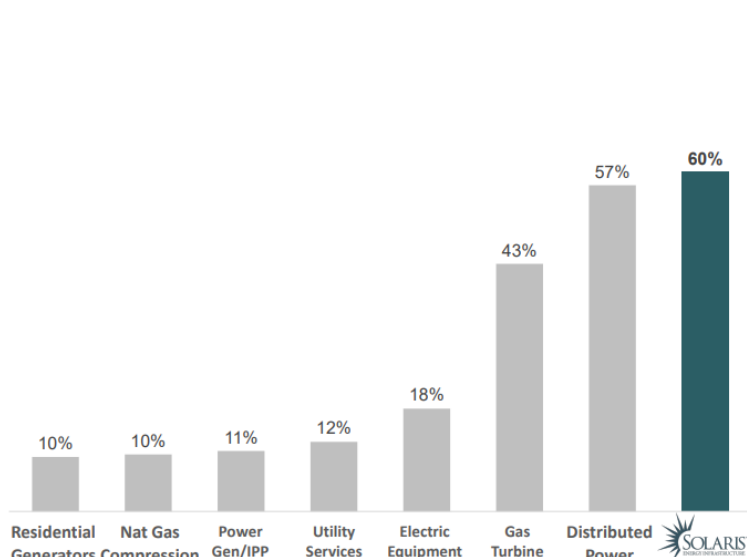
Fourth Quarter 2024 Financial Review

Revenue and Profitability

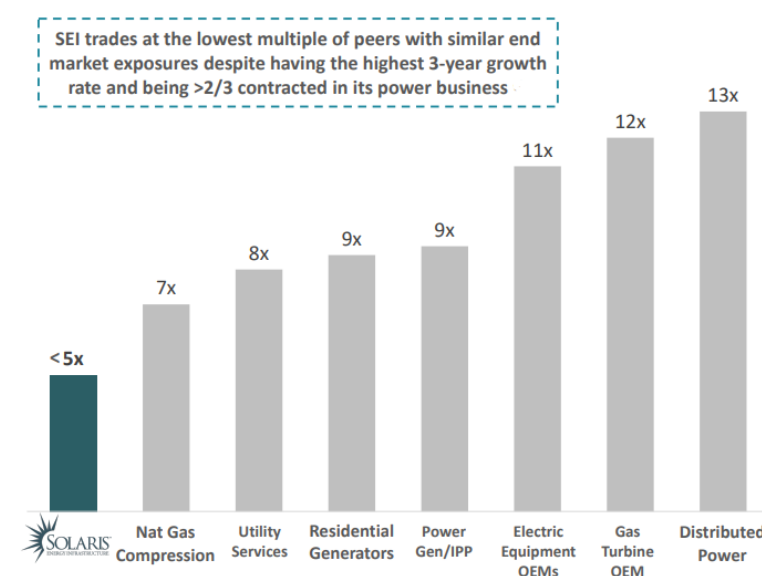
- Revenue of \$96 million increased 28% sequentially from the third quarter 2024 due to a full quarter of contribution from Solaris Power Solutions following the closing of the acquisition of Mobile Energy Rentals LLC (“MER,” and such acquisition, the “MER Acquisition”) on September 11, 2024, as well as continued activity growth within Solaris Power Solutions.
- Net income of \$14 million and \$0.19 per diluted Class A share; Adjusted pro forma net income of \$7 million and \$0.12 per fully diluted share.
- Total Adjusted EBITDA of \$37 million

A Unique Way to Invest in Electrification – High Growth Trading at a Discount

Bloomberg 2024-2027 3-Year EBITDA CAGR (As of 3/13/25)



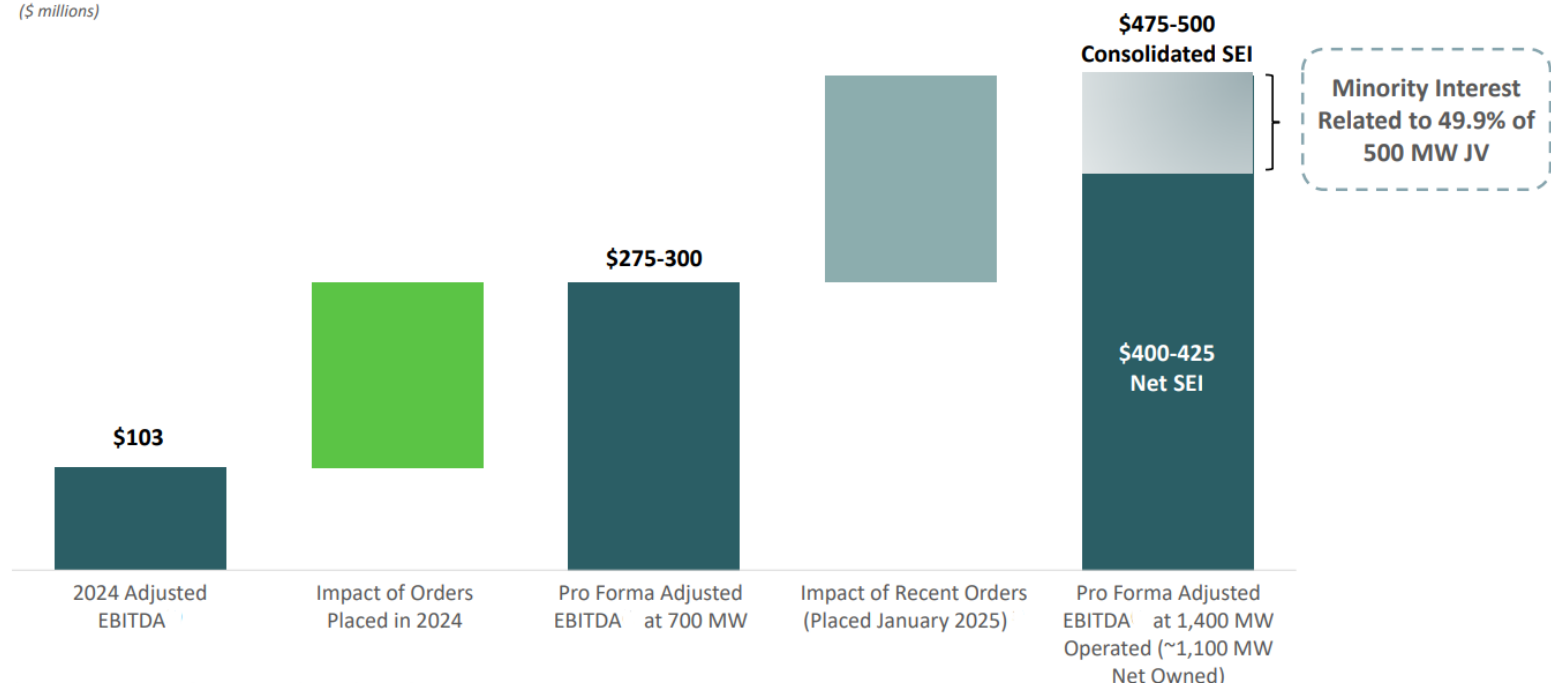
Bloomberg EV/2027 Adjusted EBITDA Multiple (As of 3/13/25)



Illustrative Pro Forma Adjusted EBITDA Opportunity at Full Fleet Deployment

Pro Forma Profitability of Owned and Operated Fleet Expected in 1H 2027 vs Prior Order Book

(\$ millions)



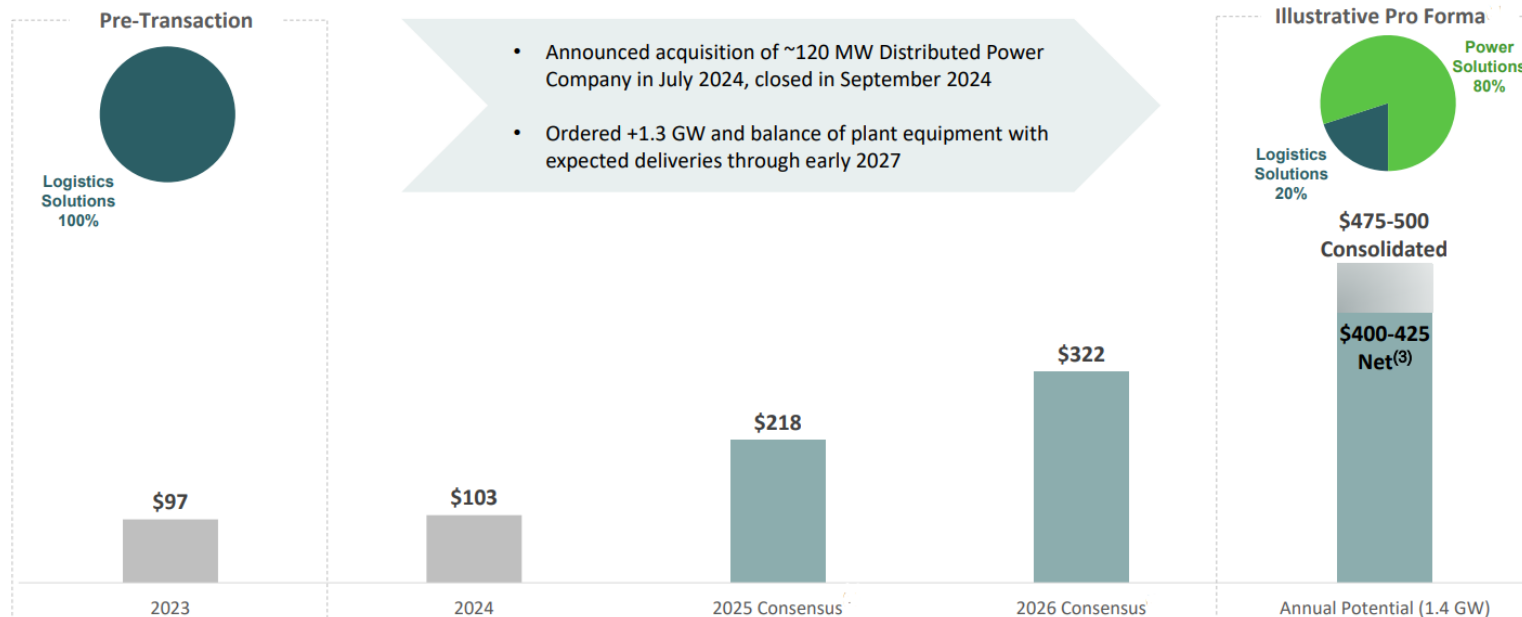
Cash Flow, Capital Expenditures and Liquidity

- Net cash from operating activities was \$13 million in the fourth quarter 2024, and capital expenditures were approximately \$127 million, which primarily consisted of progress and delivery payments for power equipment. Net cash used in investing activities was approximately \$115 million.
- As of December 31, 2024, Solaris had \$325 million in outstanding borrowings and \$160 million in total cash, of which \$46 million was restricted for certain growth capital expenditures. The year-end cash balance reflected the impact from the net proceeds of approximately \$156 million from an underwritten public offering of 6.5 million shares of Class A common stock on December 11, 2024.

Solaris Earnings Undergoing a Significant Transformation

Driven by recent power solutions acquisition and associated growth capital plans

Illustrative Annual Adjusted EBITDA Contribution Pro Forma for Power Fleet Equipment Deliveries (\$ Millions)



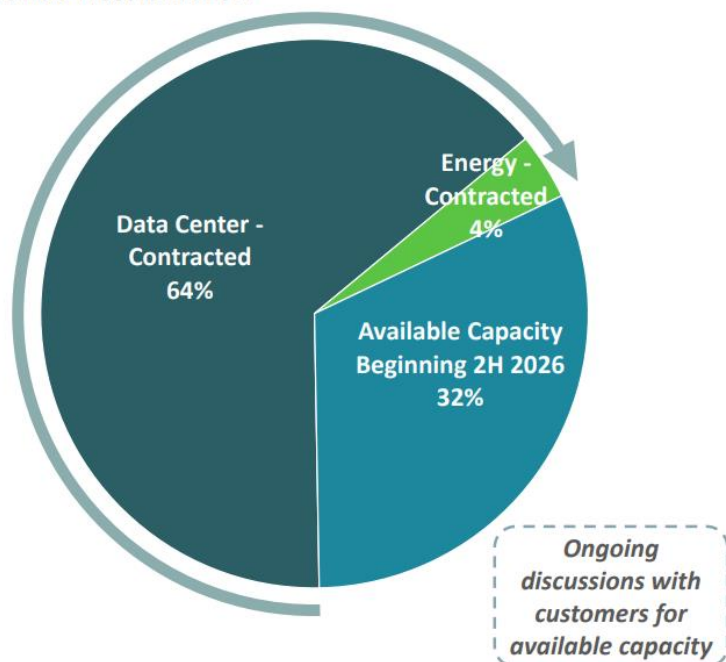
Segment Results and Outlook

Solaris Power Solution

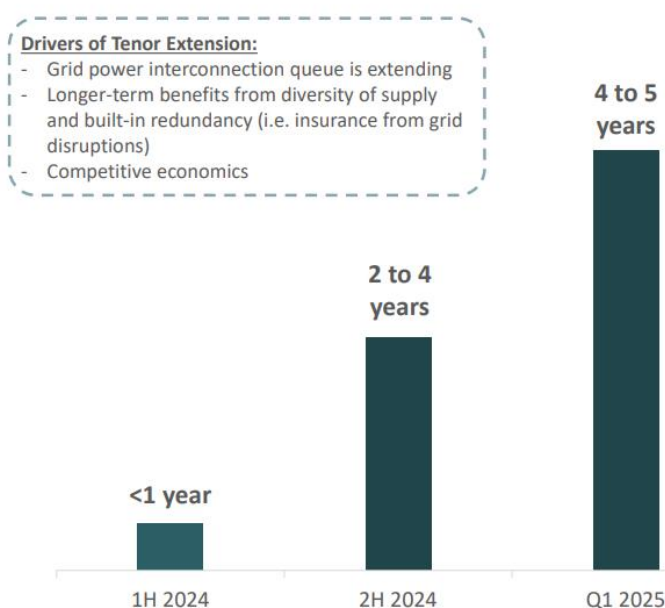
- Fourth Quarter 2024 Activity – Averaged approximately 260 MW of capacity earning revenue.
- First and Second Quarter 2025 Activity – Revenue generating capacity is expected to grow to an average of 360 MW and 420 MW in first and second quarters of 2025, respectively.
- Revenue – Fourth quarter 2024 revenue of \$34 million is expected to grow sequentially with MW capacity earning revenue.
- Profitability – Fourth quarter 2024 Segment Adjusted EBITDA of \$24 million is expected to grow sequentially with owned MW growth, with additional smaller contribution earned from the portion of revenue generated from third-party leased MW.

Solaris Power Solutions Fleet is Highly Contracted

Customer End Market Exposure of Expected Total Operated
1,400 MW Fleet in 1H 2027



Evolution of Average Contract Tenor Over the Last Year

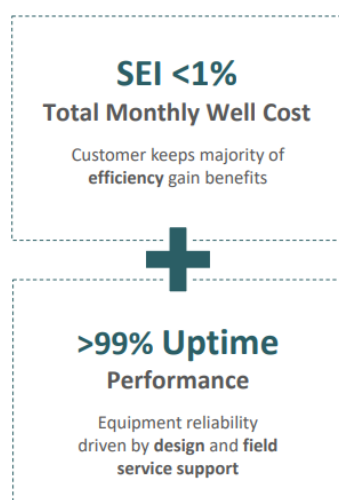


Solaris Logistics Solution

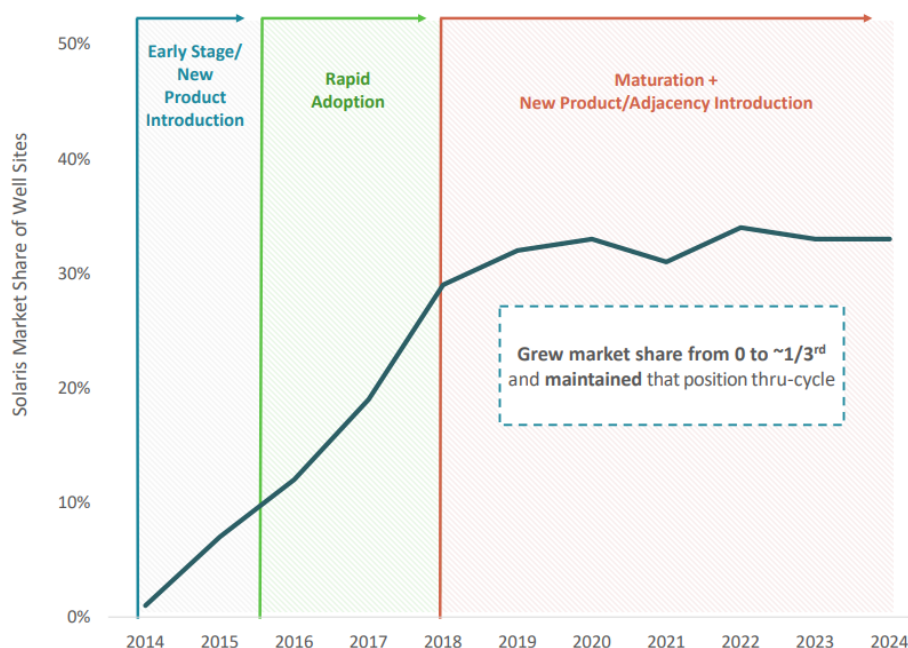
- Fourth Quarter 2024 Activity – 78 fully utilized systems, down 15% sequentially from third quarter 2024.
- First and Second Quarter 2025 Expected Activity – Approximately 90 to 95 fully utilized systems, which reflects over 15% improvement from fourth quarter 2024.
- Revenue – Fourth quarter 2024 revenue of \$62 million decreased 11% from third quarter 2024, in line with the seasonal decline in fully utilized systems and is expected to grow in line with system growth in first quarter 2025.
- Profitability – Fourth quarter 2024 Segment Adjusted EBITDA of \$19 million decreased 22% from third quarter 2024 and reflected negative cost absorption due to the decline in fully utilized system count. The Company expects first quarter 2025 per system profitability to approximate third quarter 2024 levels.

Team Track Record: Built and Sustained a Leading Market Position in Logistics Solutions

Cost Effective and Reliable Services Drive Leading Market Position



Sustained Market Position Thru-Cycle






Shareholder Returns

- Approved first quarter 2025 dividend of \$0.12 per share on February 18, 2025, to be paid on March 21, 2025, to holders of record as of March 11, 2025, which, once paid, will represent Solaris' 26th consecutive dividend and, combined with share repurchases, will result in a total of \$198 million cumulatively returned to shareholders.

Solaris' Track Record and Framework for Generating Sustainable Returns

Experienced Management Team

Management team has successfully addressed equipment-based bottlenecks and built differentiated businesses in:

-  **Sand Handling and Trucking** – Legacy Solaris Logistics business and follow on top-fill product
-  **Water Handling and Recycling** – SEI Founder and CEO also founded Aris Water Solutions (NYSE: ARIS)
-  **Power Markets** – Solaris Power team has a long track record of developing distributed power solutions

Returns Framework



Guidance Update

- The Company expects first quarter 2025 Total Adjusted EBITDA to be between \$44 and \$48 million and second quarter Total Adjusted EBITDA to be between \$50 and \$55 million

Operational and Financial Guidance: 1H 2025

	<u>Q4 2024 Actual</u>	<u>New Q1 2025 Guidance</u>	<u>Q2 2025 Guidance</u>
Operational			
Average MWs On Revenue (Power Solutions)	260 MW	360 MW	420 MW
Average Fully Utilized (Logistics Solutions)	78 systems	90-95 systems	~90-95 systems
Profitability			
Segment Adjusted EBITDA	\$42 million	\$53-57 million	\$57-62 million
Unallocated Expenses	(\$5 million)	(\$9 million)	(\$7 million)
Total Company Adjusted EBITDA	\$37 million	\$44-48 million	\$50-55 million

Raising Q1 2025 Guidance 10%, Establishing Q2 2025 Guidance Above Current Street Estimates

Solaris Energy Infrastructure

Company Profile

Net Income and Cash Flow Forecast Model

March 24, 2025

Solaris Energy Infrastructure (SEI)		Acquisition of Mobile Energy Rentals LLC closed September 11, 2024						113,940	120,890	131,410	129,470	495,710	676,820	803,670	< TipRanks' Revenue Forecasts	
Net Income and Cash Flow FYE 2022 - 2026																
(last updated 3/24/2025)																
All in \$Thousands except for per share data	Actual 2022	Actual 2023	Actual Qtr1 2024	Actual Qtr2 2024	Actual Qtr3 2024	Actual Qtr4 2024	Forecast 2024	Forecast Qtr1 2025	Forecast Qtr2 2025	Forecast Qtr3 2025	Forecast Qtr4 2025	Forecast 2025	Forecast 2026	Forecast 2027		
REVENUES:																
Total revenues	\$320,005	\$292,947	\$67,890	\$73,886	\$75,018	\$96,297	\$313,091	\$120,000	\$125,000	\$135,000	\$150,000	\$530,000	\$700,000	\$825,000		
GROSS REVENUES	320,005	292,947	67,890	73,886	75,018	96,297	313,091	120,000	125,000	135,000	150,000	530,000	700,000	825,000		
OPERATING EXPENSES:																
Cost of services	219,775	177,847	39,887	46,131	46,923	51,980	184,921	54,000	56,250	60,750	67,500	238,500	315,000	371,250	<55% of Row 9 in Q4 & 45% after 2024	
DD&A	30,433	36,185	9,934	9,565	10,991	16,728	47,218	17,000	18,000	20,000	22,000	77,000	100,000	120,000		
Gain on sale of Kingfisher facility			0	0	0	(7,461)	(7,461)									
Property tax contingency (non-cash accrual)	3,072	0	0	(2,483)	0	0	(2,483)	0	0	0	0	0	0	0	< Q2 2024 gain on tax settlement	
Impairment	0	1,423	0	0	0	0	0	0	0	0	0	0	0	0		
Salaries, benefits and payroll taxes	20,000	19,222	5,219	5,600	6,126	7,526	24,471	8,500	10,000	11,000	13,000	42,500	50,000	60,000		
Stock based compensation	6,092	7,741	2,217	2,659	2,673	3,043	10,592	3,000	3,000	3,000	3,000	12,000	15,000	20,000		
Other non-cash items in G&A	(617)	(12)	554	0	0	0	554	0	0	0	0	0	0	0		
Other	(553)	639	123	560	3,038	(1,258)	2,463	1,500	1,500	1,500	1,500	6,000	8,000	8,000	< Acquisition expenses in 2H 2024	
TOTAL EXPENSES	278,202	243,045	57,934	62,032	69,751	70,558	260,275	84,000	88,750	96,250	107,000	376,000	488,000	579,250		
OPERATING EARNING	41,803	49,902	9,956	11,854	5,267	25,739	52,816	36,000	36,250	38,750	43,000	154,000	212,000	245,750		
OTHER INCOME (EXPENSES)																
Interest income (expense)	(330)	(3,149)	(756)	(641)	(1,971)	(6,125)	(9,493)	(12,000)	(15,000)	(15,000)	(15,000)	(57,000)	(40,000)	(40,000)	< Adding ~\$300 million of debt in 2025 for	
Amortization of debt issuance costs	(159)	(158)	(43)	(44)	(961)	(1,267)	(2,315)	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)	(6,000)	(6,000)	MER power generation equipment	
Loss on debt extinguishment	0	0	0	0	(4,085)	0	(4,085)	0	0	0	0	0	0	0		
Net income related to non-controlling interest	(12,354)	(14,439)	(3,260)	(3,616)	1,242	(7,753)	(13,387)	(3,000)	(3,000)	(3,000)	(3,800)	(12,800)	(15,000)	(20,000)		
INCOME BEFORE INCOME TAXES	28,960	32,156	5,897	7,553	(508)	10,594	23,536	19,500	16,750	19,250	22,700	78,200	151,000	179,750		
INCOME TAXES																
Current	119	569	130	164	174	1,070	1,538	390	335	385	454	1,564	3,020	4,494	< 2%	
Deferred	7,683	7,251	1,727	1,181	286	3,273	6,467	4,290	3,685	4,235	4,994	17,204	33,220	39,545	< 22%	
NET INCOME to common stockholders	\$21,158	\$24,336	\$4,040	\$6,208	(\$968)	\$6,251	\$15,531	\$14,820	\$12,730	\$14,630	\$17,252	\$59,432	\$114,760	\$135,711		
Common Shares Outstanding	31,641	28,967	30,445	30,445	30,445	67,119	39,614	68,000	68,000	68,000	68,000	68,000	68,000	68,000	< Q1-Q3 2024 is Class A common stock o/s 9-30-2024	
Earnings per share	\$0.67	\$0.84	\$0.13	\$0.20	(\$0.03)	\$0.09	\$0.39	\$0.22	\$0.19	\$0.22	\$0.25	\$0.87	\$1.69	\$2.00	Q4 is the fully diluted Class A + Class B stock	
NOTE: Current First Call Estimated EPS								\$0.12	\$0.13	\$0.15	\$0.14	\$0.54	\$1.20	\$2.02	< TipRanks' EPS Estimates	
Cash flow from operations (\$thousands)	\$80,334	\$92,030	\$21,787	\$23,102	\$17,047	\$28,600	\$90,536	\$38,610	\$39,915	\$43,365	\$49,046	\$170,936	\$268,980	\$321,256		
Cashflow per share (before CapEx)	\$2.54	\$3.18	\$0.72	\$0.76	\$0.56	\$0.43	\$2.46	\$0.57	\$0.59	\$0.64	\$0.72	\$2.51	\$3.96	\$4.72	Valuation of 15 X 2024 to 2027 CFPS \$ 48.50	
								\$0.51	\$0.60	\$0.67	\$0.68	\$2.46	\$3.77	N/A	TipRanks' Price Target >>>>> \$ 46.40 < \$36.57	

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