



Solaris Energy Infrastructure, Inc. (NYSE: SEI)

Second Quarter 2025 Earnings Call Prepared Remarks

July 24, 2025, 8:00 AM Central

Yvonne Fletcher, Senior Vice President of Finance and Investor Relations

Thank you, operator. Good morning and welcome to the Solaris Second Quarter 2025 Earnings Conference Call.

Joining us today are our Chairman and CEO Bill Zartler and our President and CFO Kyle Ramachandran.

Before we begin, I'd like to remind you of our standard cautionary remarks regarding the forward-looking nature of some of the statements that we will make today. Such forward-looking statements may include comments regarding future financial results and reflect a number of known and unknown risks. Please refer to our press release issued yesterday along with other recent public filings with the Securities and Exchange Commission that outline those risks. We also encourage you to refer to our Earnings Supplement slide deck which was published last night on the Investor Relations section of our website under "Events & Presentations."

I would like to point out that our earnings release and today's conference call will contain discussion of non-GAAP financial measures, which we believe can be useful in evaluating our performance. The presentation of this additional information should not be considered in isolation or as a substitute for results prepared in accordance with GAAP. Reconciliations to comparable GAAP measures are available in our earnings release, which is posted in the News section on our website.

I'll now turn the call over to our Chairman and CEO, Bill Zartler.

Bill Zartler, *Chairman and CEO*

Thank you, Yvonne, and thank you, everyone, for joining us this morning.

Solaris delivered strong second quarter results across both business segments. The second quarter marks the third full quarter since introducing our Power Solutions business. We continue to grow our Power Solutions business and generate significant cash flow from our legacy Logistics Solutions business. The continued integration of the business lines demonstrates the complementary strengths of both our people and our businesses.

I'll begin with an update on our Power Solutions segment.

During the quarter, we added capacity with current customers and introduced new customers to our Power Solutions offering. If we look back at the time that we acquired the Mobile Energy Rentals business ten months ago, they were operating approximately 150 MW. Today, we have over 600 MW working for six different customers. Additionally, we have contracts in place with many of these customers and with others to further accelerate our activity over the course of the next several quarters as we take delivery of previously ordered new generation capacity.

As a result of this commercial momentum, we are servicing an increasingly diverse set of end markets. These include microgrids focused on energy production, gas processing plants, shorter-term utility grid resiliency efforts, including synchronization with the grid to provide additional power to our customer, and data centers supporting artificial intelligence applications. Our commercial opportunities span various industries with multiple customers for projects totaling several gigawatts of opportunity. Customer feedback thus far indicates that our modular and reliable power generation equipment, coupled with its

favorable emissions profile and other unique operational benefits, provide us with a competitive edge in these opportunities.

Market demand for power generation continues to accelerate as the confluence of the electrification-of-everything theme, artificial intelligence power needs, and the reshoring of manufacturing unfolds which, in our view, is likely still in its early innings. The grid continues to be challenged to address these needs, considering both time to power as well as the complex nature of the size and, in the case of artificial intelligence applications, variability of the load demand that is being introduced.

Reliability is critical to our customers. We consider modular, power dense generation uniquely capable of addressing this requirement, as operational risk is distributed across multiple, appropriately sized nodes, creating layers of redundancy. For instance, a robust microgrid may integrate multiple small or midsized turbines with grid power or large frame turbines, potentially supplemented with energy storage solutions like batteries. We believe this hybrid structure delivers optimal redundancy, with greater inertia and spinning reserve capacity, enabling high reliability.

Modular generation also allows customers to scale their power capacity in increments, as needed. Large-scale microgrids, particularly for artificial intelligence computing applications, rarely require full peak power from the outset. Modular power solutions offer an effective strategy to synchronize the growth of the power supply with the growth of the data center load until reaching full data deployment, while continuing to provide additional layers of redundancy via spinning reserve capacity at scale.

The regulatory backdrop has offered recent clarity in support of our distributed generation solutions, for example Senate Bill 6 in Texas which was recently signed into law. The new law requires enough co-located generation for large demand loads so that they can be self-sufficient off the grid. We have

observed that this regulatory clarity is creating numerous potential commercial opportunities as industry participants continue to acknowledge the reliability that our solutions can provide, both directly to the customer, but also to the broader power supply, transmission, and regulatory ecosystem.

Our current power solutions, which include both turbine and reciprocating generation, deliver benefits such as reduced time to power, low emissions, high power density, and operational reliability. By maintaining a generation-agnostic approach, we can tailor combinations of power solutions to best meet the specific needs of each project.

We are also focused on strengthening our business by evaluating adjacent opportunities that complement our core offerings. As a recent example, our engineering, manufacturing and operations teams collaborated to design and implement modifications to Selective Catalytic Reduction systems, or “SCRs,” to make those systems more mobile. This enhanced mobility enables more efficient assembly and equipment placement onsite and is expected to reduce operational downtime on location. The installation of these modified SCRs began two months ago on our initial data center project, and implementation is going quite well. These proprietary modifications also enabled us to significantly accelerate the commissioning of the SCR units, highlighting another benefit of the leveraging of our organizational agility that is core to Solaris’ DNA. When paired with our already low-emission turbines, these enhanced SCRs will support customers in achieving an attractive emission profile at the site.

Another example is that we have recently utilized our in-house software and technology expertise to develop an in-house application called Solaris Pulse to enable the centralized, finger-tip remote monitoring of our power generation, enabling efficient operation and maintenance of our equipment.

We are also focused on other “balance of plant” equipment and systems that are critical to providing power to our customers in the form they require. This can include transformers, switchgears, breakers, and wiring. We’ve collaborated with several partners to offer customized “balance of plant” solutions to manage our customers’ complex loads and are exploring ways to further integrate this capability in-house.

We believe this turnkey approach, providing both an optimal source of generation as well as bespoke balance of plant solutions, is an opportunity for us to further differentiate our “power as a service” offering. We believe we are well positioned to add value to our customers and grow both organically and inorganically.

Turning to our Logistics Solutions segment.

The investments we’ve made in our systems have helped us drive further frac efficiencies for our customers and end-users, which in turn has enhanced earnings and cash flow for Solaris. Our silo systems, when combined with a top fill, can help our customers process large volumes of sand in support of simul-frac and trimul-fracs completions. As an example, we are currently working on a pad for a major E&P operator where we have twelve silos and two top fills on a leading-edge completion design job using trimul-fracs.

Financially, this has had a meaningful impact on Solaris. When our Logistics Solutions business started, we offered one piece of kit, and we earned about \$1 million of profit per frac crew on an annual basis. Now our leading-edge job has four different equipment systems earning closer to \$4 million of profit per frac crew annually. Structurally, we see a continued reduction in the number of active frac crews required to keep oil and gas production flat. To achieve these efficiencies, each crew will be asked to do more and we believe our equipment is designed and built to help deliver those efficiencies.

While activity during the second half of the year is likely to slow down further due to the recent softness in oil prices, we believe that we remain well-positioned to maintain or grow share as completion intensity continues to rise. With this business in cash generation and harvest mode, we believe the segment will continue to generate significant free cash flow.

In summary, we are pleased with both the operational and commercial advancements achieved during the quarter. We are confident that we are establishing a robust and distinctive business positioned for continued growth and future opportunities.

With that, I will turn it over to Kyle.

Kyle Ramachandran, *President and Chief Financial Officer*

Thanks, Bill, and good morning, everyone.

I'll begin this morning by providing a review of our quarterly results, an overview of our updated guidance and outlook, and a recap of recent financings and our current liquidity.

During the second quarter, Solaris generated total revenue of \$149 million, which reflected an 18% increase from the prior quarter due to continued activity growth in Power Solutions which more than offset a modest decline in Logistics Solutions activity. Adjusted EBITDA of \$61 million represented a 29% increase from the prior quarter. Power Solutions contributed 67% of our total Segment Adjusted EBITDA and remains on track to deliver more than 80% of our total Segment Adjusted EBITDA after our on-order fleet is deployed.

During the second quarter, we formed Stateline Power, LLC, a 50.1% Solaris-owned joint venture with an existing data center customer to co-own and operate approximately 900 MW at a single site. Adjusting for the 49.9% of non-controlling interest in the JV, Adjusted EBITDA attributable to Solaris shareholders was approximately \$62 million. While our results are reported on a consolidated basis, which includes 100% of the JV, we believe that Adjusted EBITDA attributable to Solaris shareholders is an important metric for the investment community and our shareholders, and we plan to provide this additional profitability measure going forward.

Turning now to our segment results and outlook.

During the second quarter, the Power Solutions segment generated revenue from approximately 600 MW of capacity, an increase of greater than 50% from the prior quarter. This increase was driven by increased demand from our customers which we are meeting using a combination of new equipment deliveries as well as selective, short-term sourcing of third-party power generation capacity. For the third quarter of 2025, we expect activity, as measured by average MW earning revenue, to be at least 600 MW.

Segment Adjusted EBITDA for Solaris Power Solutions was \$46 million, a 43% increase from the first quarter. Our order delivery schedule for the remainder of 2025 reflects fewer new equipment deliveries before picking up again in the first quarter of 2026. This drives our expectation for Segment Adjusted EBITDA contribution over the next two quarters to be modestly higher. Additionally, we benefited in the second quarter from project start-up and commissioning revenue that was pulled forward due to the acceleration of capacity that are unlikely to repeat at a similar magnitude in any single quarter.

In our Logistics Solutions segment, we averaged 94 fully utilized systems, a decline of 4% from the first quarter. We expect continued oil price softness to drive lower drilling and completion activity. While we are evaluating opportunities to continue to drive new customer additions, the expected decline in market activity levels result in a forecasted fully utilized system count down approximately 10-15% for the third quarter, with a slightly more pronounced decline in Segment Adjusted EBITDA due to the impact of fixed cost absorption.

Netting these factors and considering corporate and other expense results in total company Adjusted EBITDA guidance for both the third and fourth quarters of \$58-63 million, relatively flat from the second quarter, driven by some continued growth in Power Solutions, limited benefit from start-up and commissioning activities and a lower Logistics Solutions outlook.

For more details on the guidance and other corporate modeling items such as interest expense, depreciation and amortization, tax rate, and share count, please refer to the Earnings Supplement slide deck published on our website.

Turning now to a recap of our financing activity during the quarter.

Solaris raised \$155 million in the form of 4.75% senior convertible notes due in 2030. The proceeds from this financing, combined with operating cash from non-JV activities, are expected to cover the company's remaining capital expenditure commitments.

On behalf of the JV, we closed a \$550 million senior secured loan facility and subsequently drew an initial funding of \$72 million. This facility is expected to cover all remaining planned JV capex needs to deliver and stand up its stated capacity of approximately 900 MW.

The flatter delivery schedule during the second half of 2025 also coincides with fewer required Solaris-only progress payments for our order book over the next two quarters, which will result in a moderated capex profile during the second half of the year in advance of final payments on equipment in 2026.

We are excited about the expanding opportunity set available to Solaris. Our continued priority is to deliver strong returns on invested capital as we continue to develop our Power Solutions business, while sustaining strong cash flow from our Logistics operations.

With that, we'd be happy to take your questions.