

# Investor Presentation

November 2021

**Cautionary Statement Regarding Forward-Looking Statements**

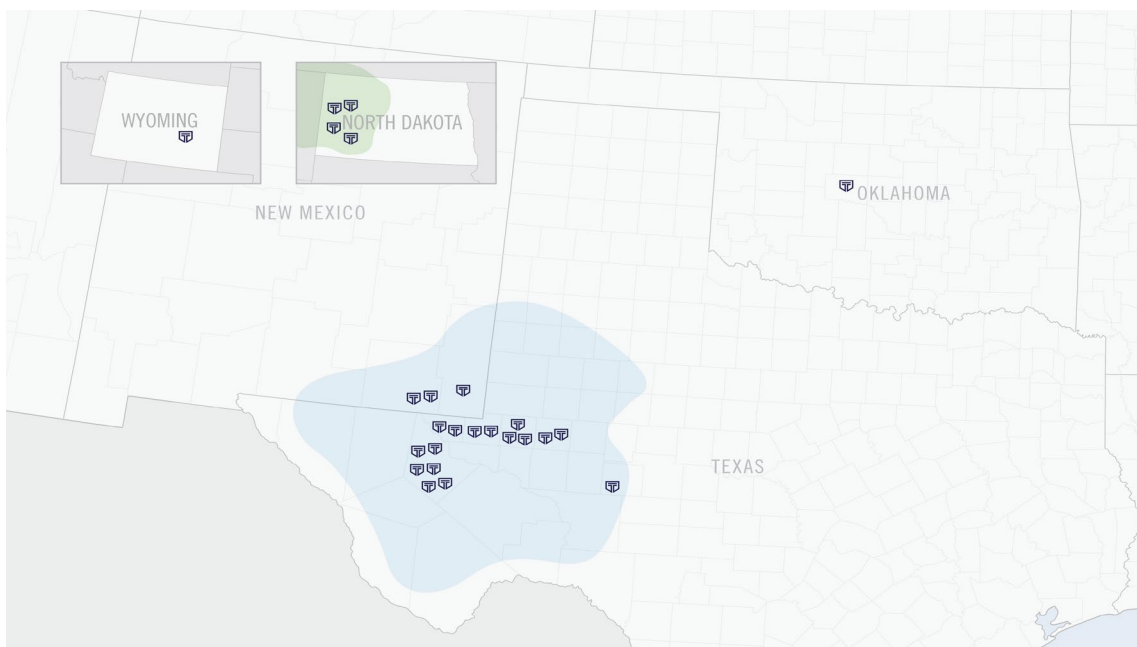
This presentation contains statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as “forward-looking statements.” You can identify these statements by the fact that they do not relate strictly to historical or current facts. Management cautions that any or all of Target Hospitality’s forward-looking statements may turn out to be wrong. Please read Target Hospitality’s annual, quarterly and current reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, including its third quarter 2021 Form 10-Q filed on November 12, 2021 and 2020 Form 10-K/A filed on May 24, 2021 for additional information about the risks, uncertainties and other factors affecting these forward-looking statements and Target Hospitality generally. Target Hospitality’s actual future results may vary materially from those expressed or implied in any forward-looking statements. All of Target Hospitality’s forward-looking statements, whether written or oral, are expressly qualified by these cautionary statements and any other cautionary statements that may accompany such forward-looking statements. In addition, Target Hospitality disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof.

**Non-GAAP Financial Measures**

This presentation contains historical non-GAAP financial measures including EBITDA, Adjusted EBITDA, Discretionary Cash Flow and Discretionary Cash Flow Yield. Reconciliations of these historical measures to the most directly comparable GAAP financial measures are contained herein. This presentation also contains forward-looking non-GAAP financial measures including Adjusted EBITDA and Discretionary Cash Flow. Reconciliations of these forward-looking measures to their most directly comparable GAAP financial measures are unavailable to Target Hospitality without unreasonable effort. We cannot provide reconciliations of forward-looking Adjusted EBITDA or Discretionary Cash Flow to GAAP financial measures because certain items required for such reconciliations are outside of our control and/or cannot be reasonably predicted, such as the provision for income taxes. Preparation of such reconciliations would require a forward-looking balance sheet, statement of income and statement of cash flow, prepared in accordance with GAAP, and such forward-looking financial statements are unavailable to us without unreasonable effort. Although we provide a range of Adjusted EBITDA and Discretionary Cash Flow that we believe will be achieved, we cannot accurately predict all the components of the Adjusted EBITDA and Discretionary Cash Flow calculation. To the extent required, statements disclosing the definitions, utility and purposes of these measures are set forth in our earnings press release for the third quarter 2021, which is available on our website free of charge at [www.TargetHospitality.com](http://www.TargetHospitality.com).

## North America's Largest Provider of Comprehensive Hospitality Solutions

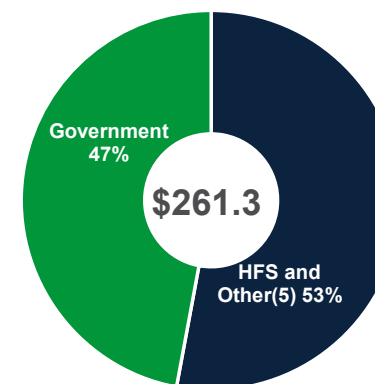
- TH operates North America's largest network of geographically relocatable assets with 14,697 average available beds across 26 locations
- TH leverages a premier network and first-class customer base, which provides increased revenue visibility through minimum revenue commitment contracts and customer exclusivity provisions
- Servicing a diversified customer base including Government and non-profits in support of humanitarian aid efforts
- Utilizing distinct core competencies to provide a comprehensive suite of hospitality solutions



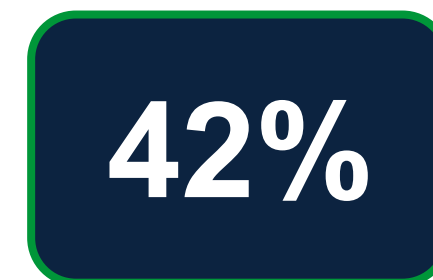
## Key Differentiating Attributes

- ✓ **North America's Largest Network**  
*Strategically located network creates scale and flexibility that continues to drive profitability*
- ✓ **Premier Customers**  
*Long-standing customer relationships; ~ 4 yrs. wtd. avg. contract duration and +90% contract renewal rate drives visibility*
- ✓ **Diversified Service Offerings**  
*Distinct core competencies provide unique opportunities to drive value enhancing diversification*
- ✓ **Exceeding Analyst Expectation**  
*Executing against expectations, with six consecutive quarterly "Beats" versus analyst estimates*

### LTM Total Revenue<sup>(1)</sup>



### LTM Discretionary Cash Flow Yield<sup>(2)</sup>



(1) \$ in millions, total consolidated revenue for the twelve months ended September 30, 2021

(2) Defined as Discretionary Cash Flow for the twelve months ended September 30, 2021 divided by total consolidated revenue for the twelve months ended September 30, 2021. Discretionary Cash Flow is a non-GAAP financial measure; see appendix for a reconciliation to GAAP measures

(3) Includes HFS – South, HFS – Midwest, TCPL Keystone and All Other segments



## Strategically Focused on Enhancing Value through a Balanced Portfolio of Service Offerings

### Premier Network

**Network size and scale** provide efficient operating structure and promote meaningful **strategic advantages** in servicing a **diversified customer base**

### Distinct Core Competencies

**Best in class customers** find increasing value in Target's distinctive set of **core competencies** which provide the basis for **comprehensive hospitality solutions** including:

- Food Management - Workforce Accommodations
- Lodging Infrastructure - Logistics - Facilities Maintenance
- Premium Catering

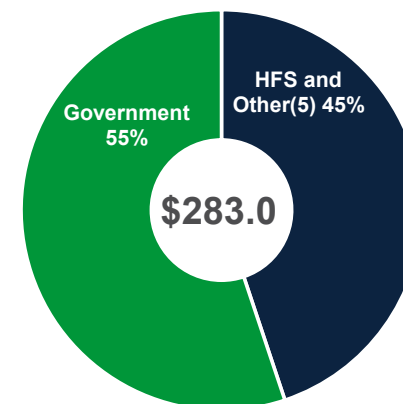
### Unique Capabilities

Target's **premium service offerings** provide the basis for expanding its commercial reach beyond its core accommodations platform while **unlocking value** within its existing **core competencies**. Target's suite of comprehensive hospitality service offerings and **unique capabilities** translate across a variety of end markets, creating **multiple growth vectors** to further **enhance value**.

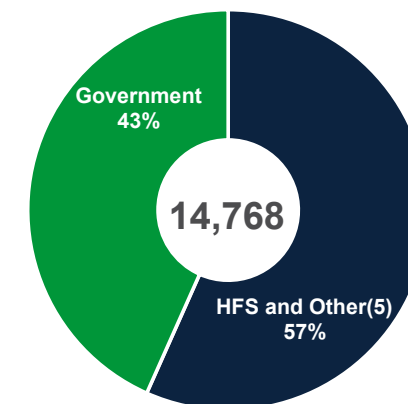
### Creating Value with Existing Core Competencies

- Utilizing existing capabilities to identify and pursue high growth opportunities, with limited infrastructure capital, generating industry leading returns on invested capital
- Diversified customer base creates unique opportunities to accelerate value creation across multiple growth platforms

Estimated Full Year  
2021 Total Revenue<sup>(1)</sup>




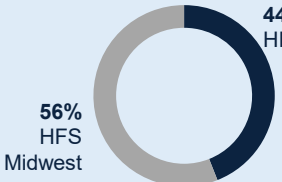
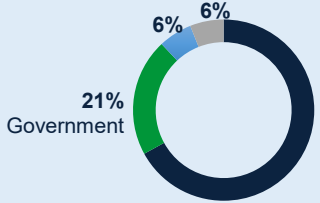
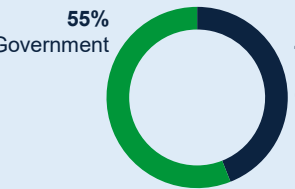
Estimated 2021 Average  
Available Beds<sup>(2)</sup>



(1) Represents mid-point of 2021 financial outlook, as announced on November 2, 2021 and reiterated on November 12, 2021

(2) Represents anticipated average available beds as of December 31, 2021. Comprised of 6,400 available Government beds and 8,368 available HFS and Other beds

(3) Includes HFS – South, HFS – Midwest, TCPL Keystone and All Other segments

	2014	2019	2021
<b>Business Profile</b>	Provider of turnkey specialty rental units to niche customer	Largest provider of vertically-integrated hospitality services	North America's market leading provider of full turnkey hospitality solutions, including facilities maintenance and holistic hospitality support services
<b>Highlights / Key Initiatives</b>	Predominately focused in HFS - Midwest region	Focused concentration on high growth regions with large long-term oriented customers	Strategically positioned to accelerate growth through a balanced portfolio of service offerings. High-grading contracts through a diversified suite of hospitality solutions
<b>Business Mix</b>	 <p>56% HFS Midwest</p> <p>44% HFS South</p> <p><b>100% Energy End Market Focused</b></p>	 <p>67% HFS South</p> <p>21% Government</p> <p>6% [Category]</p> <p>6% [Category]</p> <p><b>80% Energy End Market Focused</b></p>	 <p>55% Government</p> <p>44% HFS and Other</p> <p><b>Over 50% Government Services End Market</b></p>
<b>Customer Diversity</b>	Upstream oil field services and select midstream customers	Diversified energy end market customers and US Government	Fully-integrated natural resource development and service companies with a growing concentration serving the US Government
<b>Network Scale</b>	10 Communities	20 Communities	26 Communities
<b>Available Beds</b>	5,185	12,004	14,768



- **Multiyear Contracts Provide Greater Visibility on Long-Term Revenue and Cash Flow -**
- **Attractive Exposure to Multiple End Markets Supports Diversified Revenue -**
- **Weighted Average Contract Length ~4 Years -**

## Hospitality and Facilities Services

- Long-standing relationships with the world's largest companies, providing enhanced revenue visibility via minimum revenue commitments
- Strength of customer base drives continued success
  - Top 8 HFS customers average enterprise value ~\$60Bn
  - Multi-year history of +90% renewal rate
- Contract structure, including exclusivity, provides foundation for increasing effective market share as commercial activity and demand increase
- ~\$144 million of minimum revenue commitments through 2026

## Government Services

- Renewed and extended legacy contract for five-years, through 2026, Securing ~\$265 million in minimum revenue commitments
- Executed ~\$118 million minimum revenue contract supporting humanitarian aid efforts
- ~\$383 million of minimum revenue commitments backed by U.S. Government
- Positions Target to potentially expand service offerings supporting critical humanitarian aid efforts and local communities

**Minimum Revenue Commitments of ~\$527 million**

2021

2022

2023




2024

2025




2026

## Serving Vulnerable People in Crisis Situations



### Reliable

-  Trusted provider of comprehensive hospitality solutions across three Presidential administrations
-  Providing premium accommodation service offerings to the U.S. Government since 2014
-  Target's operational scale and efficiencies support the ability to quickly respond to varying customer needs

### Caring & Holistic

-  Providing safe, clean and comfortable hospitality services for vulnerable populations
-  Best-in-class communities with interactive educational services, recreational facilities and comprehensive medical treatment capabilities
-  Compassionate and effective accommodation solutions for displaced persons and disadvantaged family units

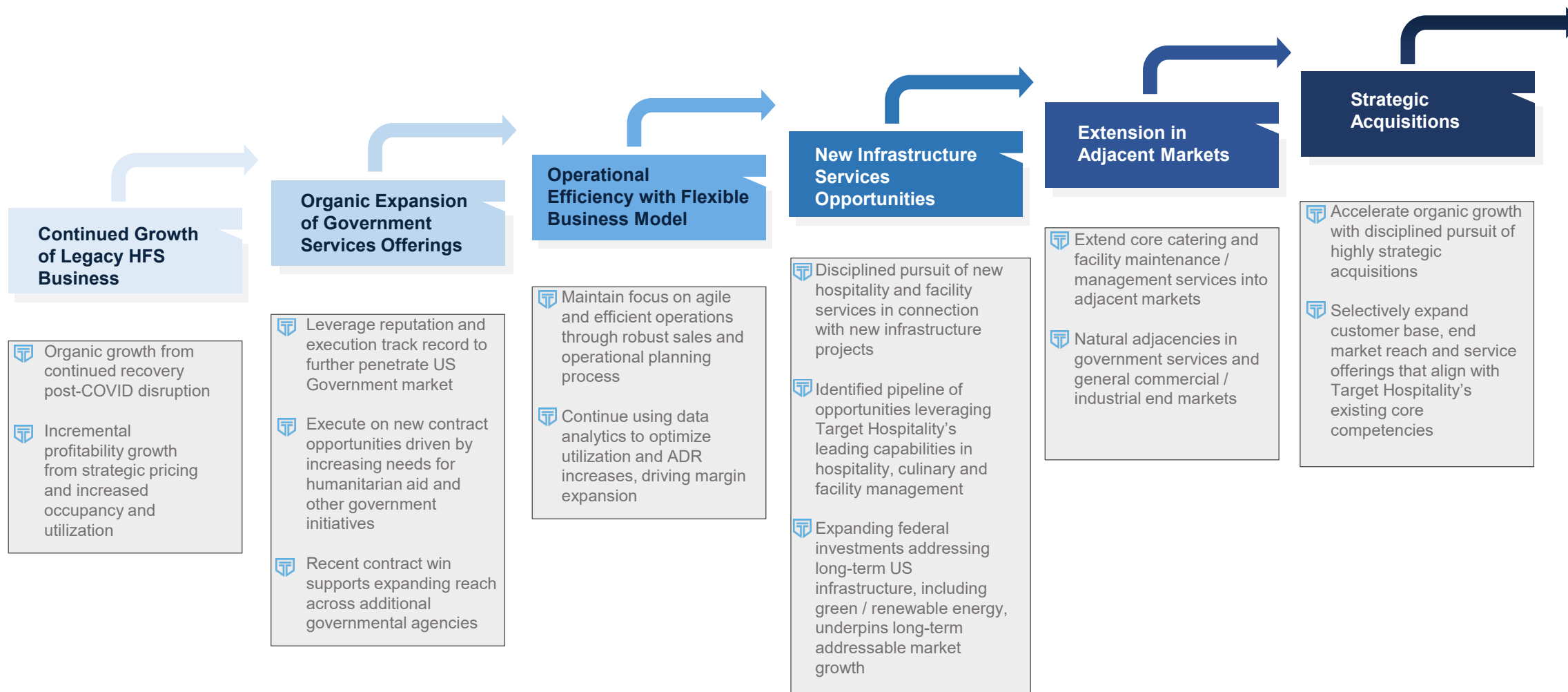
### Partnership

-  Largest provider of permanent hospitality solutions supporting the United States Government and their humanitarian aid efforts
-  Ensuring basic human needs are met to alleviate the pressures of desperate situations





## Strength in Core Offerings Underpins Multiple Avenues to Accelerate Growth





## Financial Strength

## Significant Cash Flows Strengthens Operational Flexibility & Supports Value Creation

### Third Quarter 2021 Highlights

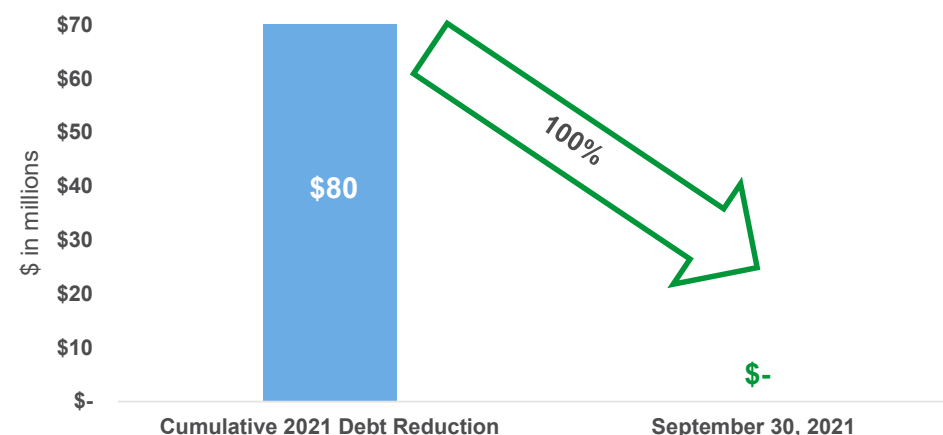
- Generated revenue of \$89 million and Adjusted EBITDA<sup>(1)</sup> of \$38 million
- Meaningful cash generation with operating cash flow of \$40 million and Discretionary Cash Flow (“DCF”)<sup>(1)</sup> of \$35 million
- Premier customer diversification with ~52% of third quarter revenue tied to minimum revenue contracts backed by the United States Government
- Continued strengthening customer demand with utilization of 75%, representing the fourth consecutive increase in quarterly utilization
- Approximately 73% of estimated full year 2021 revenue under committed revenue contracts and 99% under contract
- Exceeding analyst expectations with six consecutive quarterly “Beats” versus estimates

### Consistently Enhancing Financial Strength

- Improved net leverage ratio by 52% since the beginning of 2021
- Significant financial flexibility, with more than \$155 million of total available liquidity<sup>(2)</sup> and net leverage<sup>(2)(3)</sup> of 3.1x

### Meaningfully Promoting Capital Flexibility

- Impressive execution on focused debt reduction, significantly enhancing financial strength and operational flexibility



(1) Adjusted EBITDA and Discretionary Cash Flow are non-GAAP financial measures; see appendix for a reconciliation to GAAP measures

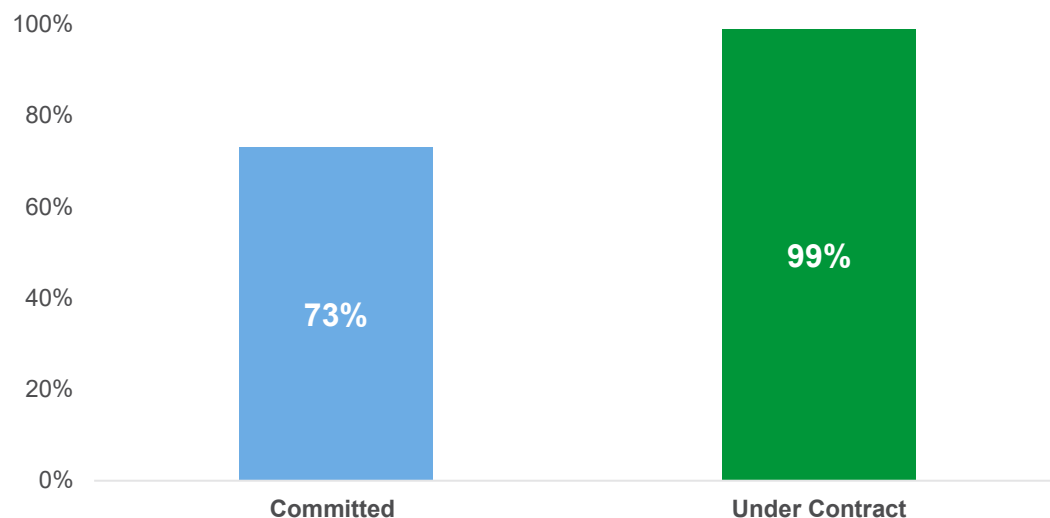
(2) As of September 30, 2021

(3) Total net leverage ratio is defined in the credit facility as consolidated total net debt to consolidated EBITDA for the preceding four fiscal quarters

- Continued Strength in Core Business and Customer Demand -
- Diversification of End-Markets Provides Strong Revenue Visibility -
- Generating Meaningful Discretionary Cash Flow -

## Estimated Full Year 2021 Revenue

- Approximately 73% of expected full year 2021 revenue has committed payment provisions and approximately 99% is under contract, including exclusivity



## 2021 Financial Outlook<sup>(1)</sup>

- Improving economic outlook promotes increased commercial activity and continued strengthening customer demand
- Strong cash generation supporting meaningful debt reduction, providing significantly enhanced liquidity and meaningful progress towards 2021 target net leverage ratio

	Full Year 2021 Outlook Range	
(\$ in millions)		
Total Revenue	\$ 280	\$ 285
Adjusted EBITDA <sup>(2)</sup>	\$ 110	\$ 113
Interest Expense <sup>(3)</sup>	\$ 33	\$ 35
Total Capital Spending <sup>(4)</sup>	\$ 25	\$ 30
Discretionary Cash Flow ("DCF") <sup>(2)</sup>	\$ 75	\$ 80
Total net leverage ratio <sup>(5)</sup>	Below 3.0x	

(1) As provided on November 2, 2021 and reiterated on November 12, 2021

(2) Information reconciling forward-looking Adjusted EBITDA and Discretionary Cash Flow to GAAP financial measures is unavailable to the Company without unreasonable effort, and therefore, no reconciliation to the most comparable GAAP measures is provided for the 2021 outlook

(3) Interest expense excludes amortization of deferred financing costs and original issue discount

(4) Total capital expenditures, excluding acquisitions

(5) Total net leverage ratio is defined in the credit facility as consolidated total net debt to consolidated EBITDA for the preceding four fiscal quarters



- Liquidity of +\$155 million<sup>(1)</sup>
- \$340<sup>(2)</sup> million of 9.5% senior secured notes, maturing March 2024
- Zero outstanding borrowings on \$125 million asset-based credit facility, maturing September 2023<sup>(1)</sup>

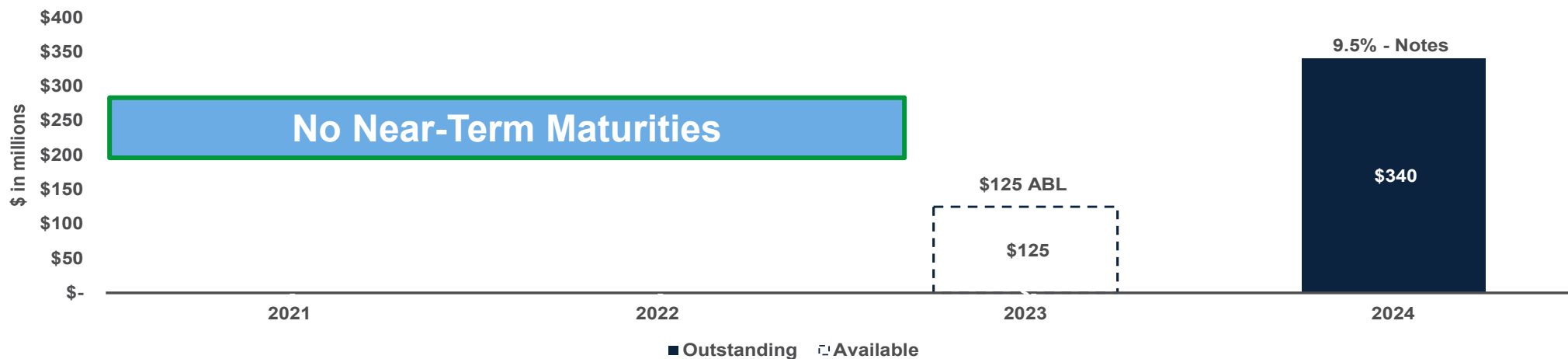
## TH Capitalization and Liquidity

\$ in millions

9/30/2021

Cash and Cash Equivalents	\$	30.6
ABL Facility - \$125 million capacity		-
Senior Secured Notes		340.0
Capital Leases and other financing obligations		0.1
<b>Total Debt</b>	<b>\$</b>	<b>340.1</b>
<b>Net Debt</b>	<b>\$</b>	<b>309.5</b>
<b>Total Liquidity</b>	<b>\$</b>	<b>155.6</b>

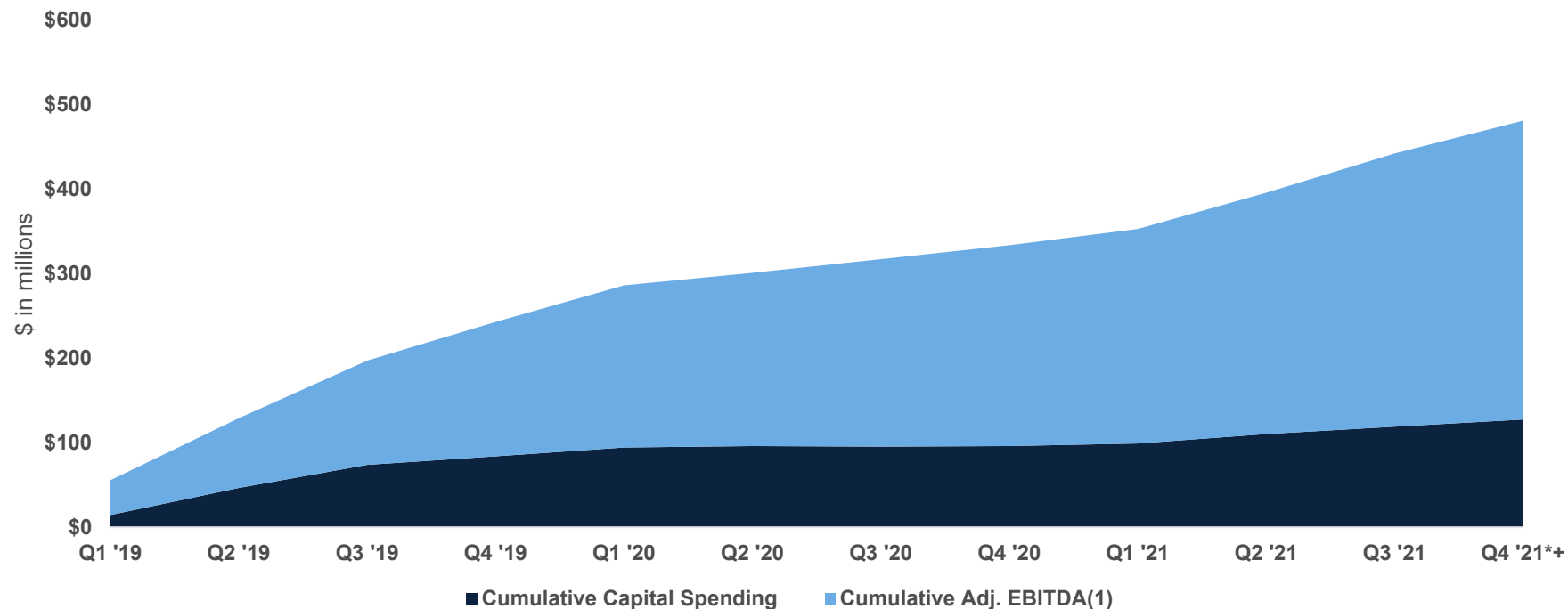
## TH Debt Maturity Profile (\$MM)



(1) As of September 30, 2021

(2) Excludes unamortized discount and deferred financing costs

- Target's efficient operating structure and unique capabilities, create a highly scalable business model, providing the foundation to meet increasing customer demand with little incremental capital
- High quality contracts support meaningful cash generation, coupled with minimal capital spending, results in industry leading Return on Invested Capital
- These attributes, along with minimal projected near-term capital spending, should continue to support strong returns and meaningful cash generation



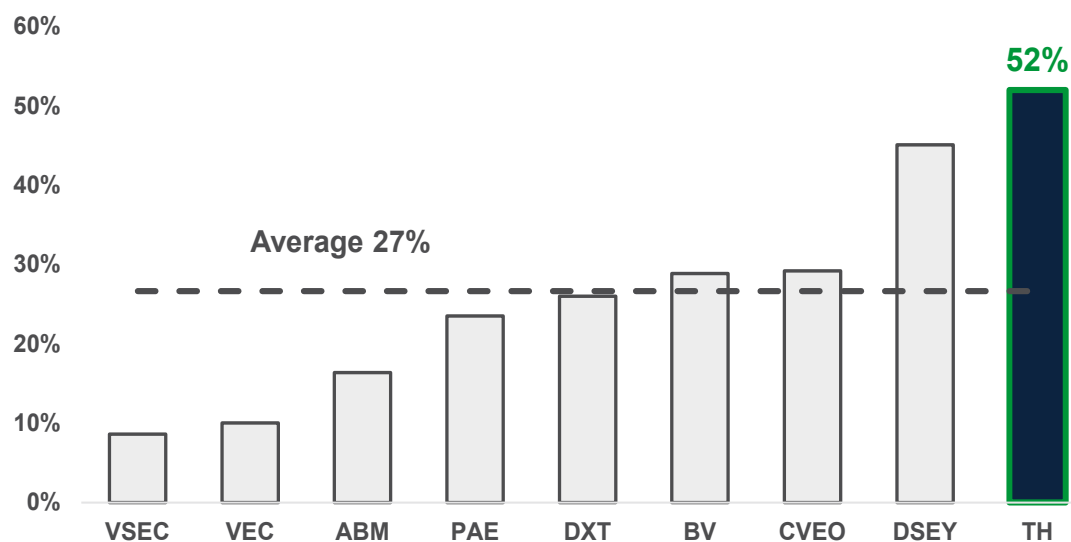
(\*) Q4 2021 projected Adj. EBITDA and total capital spending outlook imply second half 2021 performance in-line with the full-year 2021 financial outlook as provided on November 2, 2021 and reiterated on November 12, 2021

(+) Information reconciling forward-looking Adjusted EBITDA to GAAP financial measures is unavailable to the Company without unreasonable effort, and therefore, no reconciliation to the most comparable GAAP measures is provided for the 2021 outlook

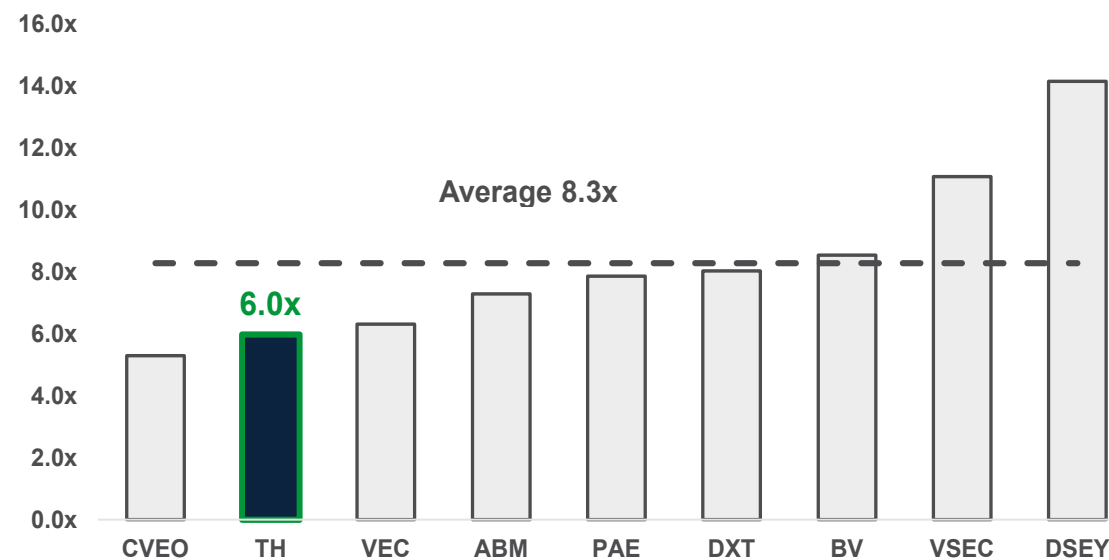
(1) Adjusted EBITDA is a non-GAAP financial measure; see appendix for a reconciliation to GAAP measures

**- Achieving Best-in-Class Operating Margins -**  
**- Generating Significant Discretionary Cash Flow -**  
**- Margin Profile, Cash Flow and Diversified Customer Base Supports Multiple Expansion -**

## LTM Adjusted Gross Profit Margin<sup>(1)</sup>



## Current EV to Adjusted EBITDA<sup>(2)(3)</sup>



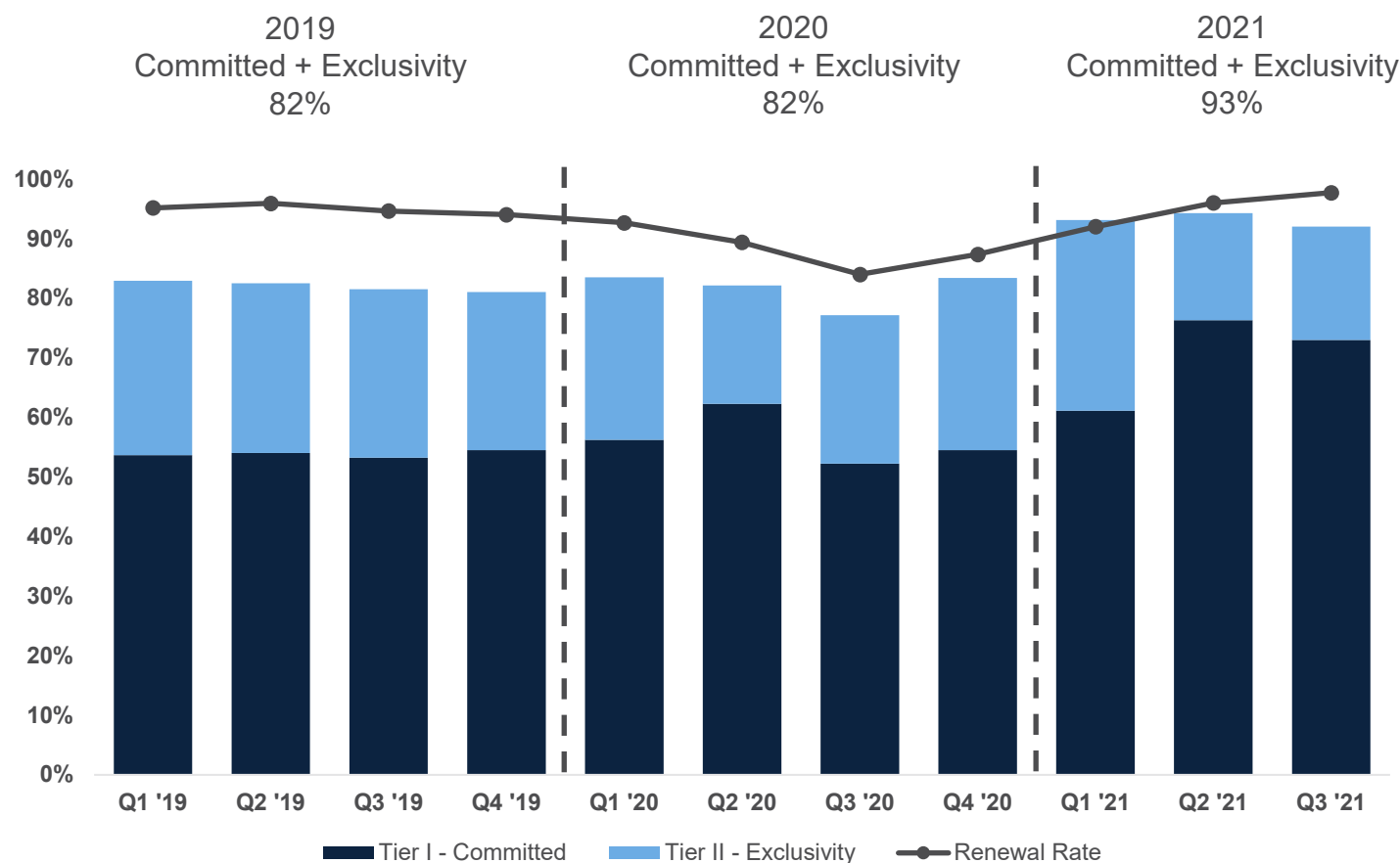


# Appendix



## +80% of Historical Quarterly Revenue is Committed or Includes Exclusivity

- Contract structure, including exclusivity, provide consistent and predictable quarterly revenue -
- Emphasizing importance of consistent customer renewal rate of +90% -



Full Turnkey Culinary  
Services

Technological Services

Full Turnkey Maintenance  
Services

Supply Chain Services

Full Turnkey Facilities  
Management

Full Turnkey Janitorial  
Services

Full Turnkey Transportation  
Services

Site Services

Safety and Security Services

Waste Management Services

Utilities Services

Administrative Services

**Target Hospitality Corp.**  
**Reconciliation of Net Income to EBITDA, Adjusted EBITDA**  
(\$ in thousands)

	For the Three Months Ended September 30,		For the Thirty-Three Months Ended September 30, 2021
	<u>2021</u>	<u>2020</u> (Restated)	
<b>Total Revenue</b>	\$ 89,169	\$ 48,263	\$ 755,891
<b>Net income (loss)</b>	\$ 6,675	\$ (7,603)	\$ (20,534)
Income tax expense (benefit)	1,662	(2,991)	(713)
Interest expense, net	9,465	9,913	102,491
Loss on extinguishment of debt	-	-	907
Other depreciation and amortization	4,008	4,341	43,230
Depreciation of specialty rental assets	14,294	11,995	134,030
<b>EBITDA</b>	<b>\$ 36,104</b>	<b>\$ 15,655</b>	<b>\$ 259,411</b>
<b>Adjustments:</b>			
Transaction bonus amounts	-	-	28,519
Officer loan expense	-	-	1,583
Target Parent selling, general, and administrative costs	-	-	246
Restructuring costs	-	-	168
Currency Loss (Gain), net	-	-	(206)
Other expense (income), net	91	99	9,313
Transaction expenses	49	26	12,199
Acquisition-related expenses	-	-	370
Stock-based compensation	1,362	886	8,716
Change in fair value of warrant liabilities	(1,120)	(267)	(6,666)
Other adjustments	1,048	611	9,458
<b>Adjusted EBITDA</b>	<b>\$ 37,534</b>	<b>\$ 17,010</b>	<b>\$ 323,111</b>



**Target Hospitality Corp.**  
**Reconciliation of Net cash provided by operating activities to Discretionary cash flow**  
(\$ in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Twelve Months Ended September 30, 2021
	2021	2020	2021	2020	
<b>Total Revenue</b>	\$ 89,169	\$ 48,263	\$ 209,647	\$ 173,539	\$ 261,257
<b>Net cash provided by operating activities</b>	\$ 40,006	\$ 3,233	\$ 99,447	\$ 28,592	\$ 117,635
Less: Maintenance capital expenditures for specialty rental assets	(5,341)	(71)	(8,407)	(766)	(8,529)
<b>Discretionary cash flows</b>	\$ 34,665	\$ 3,162	\$ 91,040	\$ 27,826	\$ 109,106
Purchase of specialty rental assets	(9,600)	709	(23,707)	(11,601)	(24,284)
Purchase of property, plant and equipment	(197)	(112)	(301)	(182)	(499)
Proceeds from sale of specialty rental assets and other property, plant and equipment	-	876	-	876	114
Receipt of insurance proceeds	-	-	-	619	-
<b>Net cash used in investing activities</b>	\$ (9,797)	\$ 1,473	\$ (24,008)	\$ (10,288)	\$ (24,669)
Principal payments on finance and capital lease obligations	(1,003)	(539)	(3,693)	(10,654)	(4,620)
Proceeds from borrowings on finance and capital lease obligations	-	-	-	10,151	3,286
Principal payments on borrowings from ABL	(11,000)	(15,000)	(76,000)	(52,500)	(98,000)
Proceeds from borrowings on ABL	6,000	-	28,000	42,500	28,000
Restricted shares surrendered to pay tax liabilities	(14)	(47)	(99)	(206)	(114)
Purchase of treasury stock	-	-	-	(5,318)	-
<b>Net cash provided by (used in) financing activities</b>	\$ (6,017)	\$ (15,586)	\$ (51,792)	\$ (16,027)	\$ (71,448)
Discretionary Cash Flows Yield % to Total Revenue	39%	7%	43%	16%	42%

**Target Hospitality Corp.**  
**Reconciliation of Gross Profit to Adjusted gross profit and Adjusted gross profit margin**  
(\$ in thousands)

	<b>For the Twelve Months Ended September 30, 2021</b>	
<b>Total Revenue</b>	<b>\$</b>	<b>261,257</b>
<b>Gross Profit</b>	<b>\$</b>	<b>82,234</b>
Adjustments:		
Depreciation of specialty rental assets		53,449
<b>Adjusted gross profit</b>	<b>\$</b>	<b>135,683</b>
Adjusted gross profit margin		52%

