USA Compression Partners, LP Reports Third Quarter 2019 Results; Updates 2019 Outlook

November 5, 2019

AUSTIN, Texas--(BUSINESS WIRE)--Nov. 5, 2019-- USA Compression Partners, LP (NYSE: USAC) ("USA Compression" or the "Partnership") announced today its financial and operating results for the third quarter 2019.

Third Quarter 2019 Highlights

- Total revenues were $175.8 million for the third quarter 2019, compared to $168.9 million for the third quarter 2018.
- Net income was $13.3 million for the third quarter 2019, compared to a net loss of $0.6 million for the third quarter 2018.
- Net cash provided by operating activities was $61.3 million for the third quarter 2019, compared to $38.8 million for the third quarter 2018.
- Adjusted EBITDA was $104.3 million for the third quarter 2019, compared to $90.1 million for the third quarter 2018.
- Distributable Cash Flow was $54.9 million for the third quarter 2019, compared to $47.5 million for the third quarter 2018.
- Announced cash distribution of $0.525 per common unit for the third quarter 2019, consistent with the third quarter 2018.
- Distributable Cash Flow Coverage was 1.08x for the third quarter 2019, compared to 1.01x for the third quarter 2018.
- Cash Coverage was 1.09x for the third quarter 2019, compared to 1.01x for the third quarter 2018.

"The third quarter continued the solid performance USA Compression has achieved thus far during 2019, demonstrating the continued stability of our contract compression services business and leading to solid Adjusted EBITDA and Distributable Cash Flow generation during the quarter," commented Eric D. Long, USA Compression's President & Chief Executive Officer. "Pricing across the fleet moved up and utilization remained at high levels, reflecting the current attractive marketplace and robust demand for our infrastructure-based services."

He continued, "While the broader energy industry continues to evolve throughout the world, the outlook for domestic natural gas production and demand looks positive, driven by industrial demand, global exports, including LNG, and the continual replacement of coal-fired power generation. We believe these macro factors will continue to support the buildout of natural gas infrastructure in this country, which will continue to require the large horsepower compression services that USA Compression provides."

"Our capital investment program for 2019 is almost complete, with expected deliveries in the fourth quarter of only 8,750 horsepower. Looking ahead to 2020, many of our customers continue to refine their capital budgets as they form a view on where the industry is headed in the next 12 – 24 months. Accordingly, at this stage, we continue to be cautious with respect to our capital spending, with a total of 56,500 horsepower currently on order for delivery in 2020. Consistent with our past, we plan to invest limited capital in only the most attractive opportunities with the financially strongest of our customers, and by doing so, work to reduce leverage and build Distributable Cash Flow coverage over time."

Expansion capital expenditures were $52.9 million, maintenance capital expenditures were $7.0 million and cash interest expense, net was $30.7 million for the third quarter 2019.

On October 17, 2019, the Partnership announced a third quarter cash distribution of $0.525 per common unit, which corresponds to an annualized distribution rate of $2.10 per common unit. The distribution will be paid on November 8, 2019 to common unitholders of record as of the close of business on October 28, 2019. For the third quarter of 2019, the Partnership's Distributable Cash Flow Coverage Ratio was 1.08x and Cash Coverage Ratio was 1.09x.

Operational and Financial Data

	Three Months Ended		
	September 30, 2019	**June 30, 2019**	**September 30, 2018**
Operational Data			
Fleet Horsepower (at period end)	3,678,804	3,657,362	3,613,647
Revenue Generating Horsepower (at period end)	3,278,947	3,259,795	3,217,923
Average Revenue Generating Horsepower	3,258,125	3,270,379	3,212,183
Revenue Generating Compression Units (at period end)	4,546	4,518	4,756
Horsepower Utilization (at period end) (1)	93.7%	94.5%	93.2%
Average Horsepower Utilization (for the period) (1)	93.9%	94.6%	92.8%

Financial Data ($ in thousands, except per horsepower data)			
Revenue	$ 175,756	$ 173,675	$ 168,947
Average Revenue Per Revenue Generating Horsepower Per Month (2)	$ 16.73	$ 16.60	$ 16.17
Net income (loss)	$ 13,315	$ 9,949	$ (563)
Operating income	$ 46,164	$ 42,891	$ 23,940
Net cash provided by operating activities	$ 61,294	$ 99,817	$ 38,830
Gross Operating Margin (3)	$ 118,333	$ 117,430	$ 104,638
Gross Operating Margin Percentage	67.3%	67.6%	61.9%
Adjusted EBITDA (3)	$ 104,327	$ 104,708	$ 90,132
Adjusted EBITDA Percentage	59.4%	60.3%	53.3%
Distributable Cash Flow (3)	$ 54,933	$ 54,062	$ 47,478

(1) Horsepower utilization is calculated as (i) the sum of (a) revenue generating horsepower; (b) horsepower in the Partnership's fleet that is under contract but is not yet generating revenue; and (c) horsepower not yet in the Partnership's fleet that is under contract, not yet generating revenue and that is subject to a purchase order, divided by (ii) total available horsepower less idle horsepower that is under repair.

Horsepower utilization based on revenue generating horsepower and fleet horsepower at September 30, 2019, June 30, 2019 and September 30, 2018 was 89.1%, 89.1% and 89.0%, respectively.

Average horsepower utilization based on revenue generating horsepower and fleet horsepower was 88.9%, 89.9% and 89.7% for the three months ended September 30, 2019, June 30, 2019 and September 30, 2018, respectively.

(2) Calculated as the average of the result of dividing the contractual monthly rate for all units at the end of each month in the period by the sum of the revenue generating horsepower at the end of each month in the period.

(3) Gross operating margin, Adjusted EBITDA and Distributable Cash Flow are all non-U.S. generally accepted accounting principles ("Non-GAAP") financial measures. For the definition of each measure, as well as reconciliations of each measure to its most directly comparable financial measures calculated and presented in accordance with GAAP, see "Non-GAAP Financial Measures" below.

Liquidity and Long-Term Debt

As of September 30, 2019, the Partnership was in compliance with all covenants under its $1.6 billion revolving credit facility. As of September 30, 2019, the Partnership had outstanding borrowings under the revolving credit facility of $394.5 million, $1.2 billion of borrowing base availability and, subject to compliance with the applicable financial covenants, available borrowing capacity of $410.4 million. As of September 30, 2019, the outstanding aggregate principal amount of the Partnership's 6.875% senior notes due 2026 and 6.875% senior notes due 2027 was $725 million and $750 million, respectively.

Full-Year 2019 Outlook

USA Compression is updating its full-year 2019 guidance as follows:

- Net income range of $35.0 million to $45.0 million;
- A forward-looking estimate of net cash provided by operating activities is not provided because the items necessary to estimate net cash provided by operating activities, in particular the change in operating assets and liabilities, are not accessible or estimable at this time. The Partnership does not anticipate the changes in operating assets and liabilities to be material, but changes in accounts receivable, accounts payable, accrued liabilities and deferred revenue could be significant, such that the amount of net cash provided by operating activities would vary substantially from the amount of projected Adjusted EBITDA and Distributable Cash Flow;
- Adjusted EBITDA range of $405.0 million to $415.0 million; and
- Distributable Cash Flow range of $210.0 million to $220.0 million.

Conference Call

The Partnership will host a conference call today beginning at 11:00 a.m. Eastern Time (10:00 a.m. Central Time) to discuss third quarter 2019 performance. The call will be broadcast live over the Internet. Investors may participate either by phone or audio webcast.

By Phone: Dial 800-367-2403 inside the U.S. and Canada at least 10 minutes before the call and ask for the USA Compression Partners Earnings Call. Investors outside the U.S. and Canada should dial 334-777-6978. The conference ID for both is 1475397.

A replay of the call will be available through November 15, 2019. Callers inside the U.S. and Canada may access the replay by dialing 888-203-1112. Investors outside the U.S. and Canada should dial 719-457-0820. The conference ID for both is 1475397.

By Webcast: Connect to the webcast via the “Events” page of USA Compression’s Investor Relations website at http://investors.usacompression.com. Please log in at least 10 minutes in advance to register and download any necessary software. A replay will be available shortly after the call.

About USA Compression Partners, LP

USA Compression Partners, LP is a growth-oriented Delaware limited partnership that is one of the nation’s largest independent providers of compression services in terms of total compression fleet horsepower. The Partnership partners with a broad customer base composed of producers, processors, gatherers and transporters of natural gas and crude oil. The Partnership focuses on providing compression services to infrastructure applications primarily in high-volume gathering systems, processing facilities and transportation applications. More information is available at usacompression.com.

Non-GAAP Financial Measures

This news release includes the Non-GAAP financial measures of gross operating margin, Adjusted EBITDA, Distributable Cash Flow, Distributable Cash Flow Coverage Ratio and Cash Coverage Ratio.

Management views Adjusted EBITDA as one of its primary tools for evaluating the Partnership’s results of operations, and the Partnership tracks this item on a monthly basis both as an absolute amount and as a percentage of revenue compared to the prior month, year-to-date, prior year and budget. The Partnership defines EBITDA as net income (loss) before net interest expense, depreciation and amortization expense, and income tax expense (benefit). The Partnership defines Adjusted EBITDA as EBITDA plus impairment of compression equipment, impairment of goodwill, interest income on capital lease, unit-based compensation expense, severance charges, certain transaction fees, loss (gain) on disposition of assets and other. Adjusted EBITDA is used as a supplemental financial measure by management and external users of its financial statements, such as investors and commercial banks, to assess:

- the financial performance of the Partnership’s assets without regard to the impact of financing methods, capital structure or historical cost basis of the Partnership’s assets;
- the viability of capital expenditure projects and the overall rates of return on alternative investment opportunities;
- the ability of the Partnership’s assets to generate cash sufficient to make debt payments and pay distributions; and
- the Partnership’s operating performance as compared to those of other companies in its industry without regard to the impact of financing methods and capital structure.

Management believes that Adjusted EBITDA provides useful information to investors because, when viewed with GAAP results and the accompanying reconciliations, it provides a more complete understanding of the Partnership’s performance than GAAP results alone. Management also believes that external users of its financial statements benefit from having access to the same financial measures that management uses in evaluating the results of the Partnership’s business.

Adjusted EBITDA should not be considered an alternative to, or more meaningful than, net income (loss), operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP as measures of operating performance and liquidity. Moreover, Adjusted EBITDA as presented may not be comparable to similarly titled measures of other companies.

Gross operating margin is defined as revenue less cost of operations, exclusive of depreciation and amortization expense. Management believes that gross operating margin is useful as a supplemental measure of the Partnership’s operating profitability. Gross operating margin is impacted primarily by the pricing trends for service operations and cost of operations, including labor rates for service technicians, volume and per unit costs for lubricant oils, quantity and pricing of routine preventative maintenance on compression units and property tax rates on compression units. Gross operating margin should not be considered an alternative to, or more meaningful than, operating income, its most directly comparable GAAP financial measure, or any other measure of financial performance presented in accordance with GAAP. Moreover, gross operating margin as presented may not be comparable to similarly titled measures of other companies. Because the Partnership capitalizes assets, depreciation and amortization of equipment is a necessary element of its costs. To compensate for the limitations of gross operating margin as a measure of the Partnership’s performance, management believes that it is important to consider operating income determined under GAAP, as well as gross operating margin, to evaluate the Partnership’s operating profitability. A reconciliation of gross operating margin to operating income is provided in this news release.

Distributable Cash Flow is defined as net income (loss) plus non-cash interest expense, non-cash income tax expense (benefit), depreciation and amortization expense, unit-based compensation expense, impairment of compression equipment, impairment of goodwill, certain transaction fees, severance charges, loss (gain) on disposition of assets, proceeds from insurance recovery and other, less distributions on the Partnership’s Series A Preferred Units (“Preferred Units”) and maintenance capital expenditures.

Distributable Cash Flow should not be considered as an alternative to, or more meaningful than, net income (loss), operating income, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP as measures of operating performance and liquidity. Moreover, our Distributable Cash Flow as presented may not be comparable to similarly titled measures of other companies.

Management believes Distributable Cash Flow is an important measure of operating performance because it allows management, investors and others to compare basic cash flows the Partnership generates (after distributions on the Partnership’s Preferred Units but prior to any retained cash reserves established by the Partnership’s general partner and the effect of the Distribution Reinvestment Plan (“DRIP”)) to the cash distributions the Partnership expects to pay its common unitholders.

Distributable Cash Flow Coverage Ratio is defined as Distributable Cash Flow divided by distributions declared to common unitholders in respect of such period. Cash Coverage Ratio is defined as Distributable Cash Flow divided by cash distributions expected to be paid to common unitholders in respect of such period, after taking into account the non-cash impact of the DRIP. Management believes Distributable Cash Flow Coverage Ratio and Cash Coverage Ratio are important measures of operating performance because they allow management, investors and others to gauge the Partnership’s ability to pay cash distributions to common unitholders using the cash flows the Partnership generates. The Partnership’s Distributable Cash Flow Coverage Ratio and Cash Coverage Ratio as presented may not be comparable to similarly titled measures of other companies.

This news release also contains a forward-looking estimate of Adjusted EBITDA and Distributable Cash Flow projected to be generated by the Partnership in its 2019 fiscal year. A forward-looking estimate of net cash provided by operating activities and reconciliations of the forward-looking estimates of Adjusted EBITDA and Distributable Cash Flow to net cash provided by operating activities are not provided because the items necessary to estimate net cash provided by operating activities, in particular the change in operating assets and liabilities, are not accessible or estimable at this time. The Partnership does not anticipate the changes in operating assets and liabilities to be material, but changes in accounts receivable, accounts payable, accrued liabilities and deferred revenue could be significant, such that the amount of net cash provided by operating activities would vary substantially from the amount of projected Adjusted EBITDA and Distributable Cash Flow.

See “Reconciliation of Non-GAAP Financial Measures” for Adjusted EBITDA reconciled to net income (loss) and net cash provided by operating activities, and net income (loss) and net cash provided by operating activities reconciled to Distributable Cash Flow, Distributable Cash Flow Coverage Ratio and Cash Coverage Ratio.

Forward-Looking Statements

Some of the information in this news release may contain forward-looking statements. These statements can be identified by the use of forward-looking terminology including “may,” “believe,” “expect,” “intend,” “anticipate,” “estimate,” “continue,” “if,” “project,” “outlook,” “will,” “could,” “should,” or other similar words or the negatives thereof, and include the Partnership’s expectation of future performance contained herein, including as described under “Full-Year 2019 Outlook.” These statements discuss future expectations, contain projections of results of operations or of financial condition, or state other “forward-looking” information. You are cautioned not to place undue reliance on any forward-looking statements, which can be affected by assumptions used or by known risks or uncertainties. Consequently, no forward-looking statements can be guaranteed. When considering these forward-looking statements, you should keep in mind the risk factors noted below and other cautionary statements in this news release. The risk factors and other factors noted throughout this news release could cause actual results to differ materially from those contained in any forward-looking statement. Known material factors that could cause the Partnership’s actual results to differ materially from the results contemplated by such forward-looking statements are described in Part I, Item 1A (“Risk Factors”) of the Partnership’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, which was filed with the Securities and Exchange Commission on February 19, 2019, and include:

- changes in general economic conditions and changes in economic conditions of the crude oil and natural gas industries specifically;
- competitive conditions in the industry;
- changes in the long-term supply of and demand for crude oil and natural gas;
- the Partnership’s ability to realize the anticipated benefits of acquisitions;
- actions taken by the Partnership’s customers, competitors and third-party operators;
- the deterioration of the financial condition of our customers;
- changes in the availability and cost of capital;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond the Partnership’s control;
- the effects of existing and future laws and governmental regulations;
- the effects of future litigation; and
- other factors discussed in the Partnership’s filings with the Securities and Exchange Commission.

All forward-looking statements speak only as of the date of this news release and are expressly qualified in their entirety by the foregoing cautionary statements. Unless legally required, the Partnership undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Unpredictable or unknown factors not discussed herein also could have material adverse effects on forward-looking statements.

USA COMPRESSION PARTNERS, LP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for per unit amounts — Unaudited)

	Three Months Ended		
	September 30, 2019	**June 30, 2019**	**September 30, 2018**
Revenues:			
Contract operations	$ 166,197	$162,937	$ 158,664
Parts and service	4,460	4,400	6,012
Related party	5,099	6,338	4,271
Total revenues	175,756	173,675	168,947
Cost of operations, exclusive of depreciation and amortization	57,423	56,245	64,309
Gross operating margin	118,333	117,430	104,638
Other operating and administrative costs and expenses:			
Selling, general and administrative	16,631	16,210	17,753
Depreciation and amortization	57,513	56,783	59,403
Loss (gain) on disposition of assets	(1,975)	1,546	1,250
Impairment of compression equipment	—	—	2,292
Total other operating and administrative costs and expenses	72,169	74,539	80,698

Operating income	46,164	42,891	23,940
Other income (expense):			
Interest expense, net	(32,626)	(32,679)	(25,443)
Other	21	12	22
Total other expense	(32,605)	(32,667)	(25,421)
Net income (loss) before income tax expense (benefit)	13,559	10,224	(1,481)
Income tax expense (benefit)	244	275	(918)
Net income (loss)	13,315	9,949	(563)
Less: distributions on Preferred Units	(12,188)	(12,188)	(12,188)
Net income (loss) attributable to common and Class B unitholders' interests	$ 1,127	$ (2,239)	$ (12,751)
Net income (loss) attributable to:			
Common units	$ 2,084	$ 1,047	$ (8,768)
Class B Units	$ (957)	$ (3,286)	$ (3,983)
Weighted average common units outstanding - basic	94,625	90,209	89,973
Weighted average common units outstanding - diluted	94,846	90,421	89,973
Weighted average Class B Units outstanding - basic and diluted	2,017	6,398	6,398
Basic and diluted net income (loss) per common unit	$ 0.02	$ 0.01	$ (0.10)
Basic and diluted net loss per Class B Unit	$ (0.47)	$ (0.51)	$ (0.62)
Distributions declared per common unit in respective periods	$ 0.525	$ 0.525	$ 0.525

USA COMPRESSION PARTNERS, LP
SELECTED BALANCE SHEET DATA
(In thousands, except unit amounts — Unaudited)

	September 30, 2019
Selected Balance Sheet Data	
Total assets	$ 3,751,230
Long-term debt, net	$ 1,843,309
Total partners' capital	$ 1,233,920
Common units outstanding	96,615,998

USA COMPRESSION PARTNERS, LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands — Unaudited)

	Three Months Ended		
	September 30, 2019	June 30, 2019	September 30, 2018
Net cash provided by operating activities	$ 61,294	$ 99,817	$ 38,830
Net cash used in investing activities	$ (32,278)	$ (41,296)	$ (50,879)
Net cash provided by (used in) financing activities	$ (29,016)	$ (58,746)	$ 12,352

USA COMPRESSION PARTNERS, LP
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
ADJUSTED EBITDA TO NET INCOME (LOSS) AND NET CASH PROVIDED BY OPERATING ACTIVITIES
(In thousands — Unaudited)

The following table reconciles Adjusted EBITDA to net income (loss) and net cash provided by operating activities, its most directly comparable GAAP financial measures, for each of the periods presented:

	Three Months Ended		
	September 30, 2019	June 30, 2019	September 30, 2018
Net income (loss)	$ 13,315	$ 9,949	$ (563)
Interest expense, net	32,626	32,679	25,443
Depreciation and amortization	57,513	56,783	59,403
Income tax expense (benefit)	244	275	(918)
EBITDA	**$ 103,698**	**$ 99,686**	**$ 83,365**
Interest income on capital lease	159	177	225
Unit-based compensation expense (1)	2,090	2,706	1,892
Transaction expenses (2)	4	465	1,257
Severance charges	351	128	(149)
Loss (gain) on disposition of assets	(1,975)	1,546	1,250
Impairment of compression equipment (3)	—	—	2,292
Adjusted EBITDA	**$ 104,327**	**$104,708**	**$ 90,132**
Interest expense, net	(32,626)	(32,679)	(25,443)
Non-cash interest expense	1,965	1,975	1,516
Income tax (expense) benefit	(244)	(275)	918
Interest income on capital lease	(159)	(177)	(225)
Transaction expenses	(4)	(465)	(1,257)
Severance charges	(351)	(128)	149
Other	152	486	(688)
Changes in operating assets and liabilities	(11,766)	26,372	(26,272)
Net cash provided by operating activities	**$ 61,294**	**$ 99,817**	**$ 38,830**

(1) For the three months ended September 30, 2019, June 30, 2019 and September 30, 2018, unit-based compensation expense included $0.6 million, $0.6 million and $0.4 million, respectively, of cash payments related to quarterly payments of distribution equivalent rights on outstanding phantom unit awards and $0.1 million, $0.3 million and $0, respectively, related to the cash portion of any settlement of phantom unit awards upon vesting. The remainder of the unit-based compensation expense for all periods was related to non-cash adjustments to the unit-based compensation liability.

(2) Represents certain expenses related to potential and completed transactions and other items. The Partnership believes it is useful to investors to exclude these fees.

(3) Represents non-cash charges incurred to write down long-lived assets with recorded values that are not expected to be recovered through future cash flows.

USA COMPRESSION PARTNERS, LP
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
DISTRIBUTABLE CASH FLOW TO NET INCOME (LOSS) AND NET CASH PROVIDED BY OPERATING ACTIVITIES
(Dollars in thousands — Unaudited)

The following table reconciles Distributable Cash Flow to net income (loss) and net cash provided by operating activities, its most directly comparable GAAP financial measures, for each of the periods presented:

	Three Months Ended		
	September 30, 2019	June 30, 2019	September 30, 2018
Net income (loss)	$ 13,315	$ 9,949	$ (563)
Non-cash interest expense	1,965	1,975	1,516
Depreciation and amortization	57,513	56,783	59,403
Non-cash income tax expense (benefit)	151	187	(1,038)
Unit-based compensation expense (1)	2,090	2,706	1,892
Transaction expenses (2)	4	465	1,257
Severance charges	351	128	(149)
Loss (gain) on disposition of assets	(1,975)	1,546	1,250
Impairment of compression equipment (3)	—	—	2,292
Distributions on Preferred Units	(12,188)	(12,188)	(12,188)
Proceeds from insurance recovery	737	383	253
Maintenance capital expenditures (4)	(7,030)	(7,872)	(6,447)

Distributable Cash Flow	**$ 54,933**	**$ 54,062**	**$ 47,478**
Maintenance capital expenditures	7,030	7,872	6,447
Transaction expenses	(4)	(465)	(1,257)
Severance charges	(351)	(128)	149
Distributions on Preferred Units	12,188	12,188	12,188
Other	(736)	(84)	97
Changes in operating assets and liabilities	(11,766)	26,372	(26,272)
Net cash provided by operating activities	**$ 61,294**	**$ 99,817**	**$ 38,830**
Distributable Cash Flow	$ 54,933	$ 54,062	$ 47,478
Distributions for Distributable Cash Flow Coverage Ratio (5)	$ 50,723	$ 47,356	$ 47,233
Distributions reinvested in the DRIP (6)	$ 282	$ 236	$ 218
Distributions for Cash Coverage Ratio (7)	$ 50,441	$ 47,120	$ 47,015
Distributable Cash Flow Coverage Ratio	1.08	1.14	1.01
Cash Coverage Ratio	1.09	1.15	1.01

(1) For the three months ended September 30, 2019, June 30, 2019 and September 30, 2018, unit-based compensation expense included $0.6 million, $0.6 million and $0.4 million, respectively, of cash payments related to quarterly payments of distribution equivalent rights on outstanding phantom unit awards and $0.1 million, $0.3 million and $0, respectively, related to the cash portion of any settlement of phantom unit awards upon vesting. The remainder of the unit-based compensation expense for all periods was related to non-cash adjustments to the unit-based compensation liability.

(2) Represents certain expenses related to potential and completed transactions and other items. The Partnership believes it is useful to investors to exclude these fees.

(3) Represents non-cash charges incurred to write down long-lived assets with recorded values that are not expected to be recovered through future cash flows.

(4) Reflects actual maintenance capital expenditures for the period presented. Maintenance capital expenditures are capital expenditures made to maintain the operating capacity of the Partnership's assets and extend their useful lives, replace partially or fully depreciated assets or other capital expenditures that are incurred in maintaining the Partnership's existing business and related cash flow.

(5) Represents distributions to the holders of the Partnership's common units as of the record date.

(6) Represents distributions to holders enrolled in the DRIP as of the record date.

(7) Represents cash distributions declared on the Partnership's common units not participating in the DRIP.

USA COMPRESSION PARTNERS, LP
FULL-YEAR 2019 ADJUSTED EBITDA AND DISTRIBUTABLE CASH FLOW GUIDANCE RANGE
RECONCILIATION TO NET INCOME
(Unaudited)

	Guidance
Net income	$35.0 million to $45.0 million
Plus: Interest expense, net	$123.8 million
Plus: Depreciation and amortization	$230.5 million
Plus: Income tax expense	$0.7 million
EBITDA	$390.0 million to $400.0 million
Plus: Interest income on capital lease	$0.6 million
Plus: Unit-based compensation expense	$9.9 million
Plus: Transaction expenses and severance charges	$1.3 million
Plus: Impairment of compression equipment	$3.2 million
Adjusted EBITDA	$405.0 million to $415.0 million

Less: Cash interest expense	$117.5 million
Less: Current income tax expense	$0.5 million
Less: Maintenance capital expenditures	$28.0 million
Less: Distributions on Preferred Units	$49.0 million
Distributable Cash Flow	$210.0 million to $220.0 million

View source version on businesswire.com: https://www.businesswire.com/news/home/20191105005366/en/

Source: USA Compression Partners, LP

USA Compression Partners, LP
Matthew C. Liuzzi
Chief Financial Officer
512-369-1624
ir@usacompression.com