USA COMPRESSION

USA Compression Partners, LP

J.P. Morgan 2017 Energy Equity Conference

June 26 – 28, 2017

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USAC: A Differentiated Contract Compression Provider

- 19-year history in the compression services segment
  - Core business strategy has remained constant: **Large HP focus**
  - Prospered through multiple commodity cycles: **Fixed-fee contracts**
  - Long customer & supplier relationships
- IPO in Jan 2013
  - Provided currency for growth
  - Stable cash flows, midstream focus a strong MLP fit
- Experienced management team & sponsor
  - Meaningful history of involvement in compression services
  - Alignment of sponsor with public through significant LP ownership

Market Data (1)

NYSE	USAC
Unit Price	$16.53
Market Cap	$1.0 billion
Enterprise Value	$1.7 billion
Distribution	$2.10 (annualized)
Yield	13%

Asset Overview (2)

- 1.4 million active HP
- 89.9% horsepower utilization
- Presence in Permian/Delaware, Marcellus/Utica, Mid-Continent (SCOOP/STACK), Haynesville, Eagle Ford and Fayetteville areas

(1) Market data as of June 16, 2017. GP value excluded from Enterprise Value; Distribution reflects Q1 2017 distribution.
(2) Asset details as of March 31, 2017. See "Basis of Presentation; Explanation of Non-GAAP Financial Measures" for additional information.

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Importance of Compression

Critical Application; "Heart" of the Domestic Pipeline System

- Compression moves natural gas into / through the pipeline / processing infrastructure
  - Processing plant inlet / outlet recompression
  - Transports natural gas through gathering lines and into pipelines
  - Injects and withdraws natural gas into and out of storage
  - Delivers natural gas through pipelines to end users
  - Enhances oil and natural gas production
- USAC is focused on Midstream Applications:
  - Central Delivery Points (CDPs)
  - Processing Plants
  - Regional Gathering

- As industry activity picks up, more and more compression will be needed
- A typical large horsepower Cat 3608 machine in the Marcellus will move ~25 MMcf/d – @ $3/Mcf, generates ~$28 MM/annually – with compression costs to the customer of only 5–6 ¢/Mcf. . . .
- Compression also needed for legacy production

Without compression, natural gas cannot move throughout the domestic pipeline system

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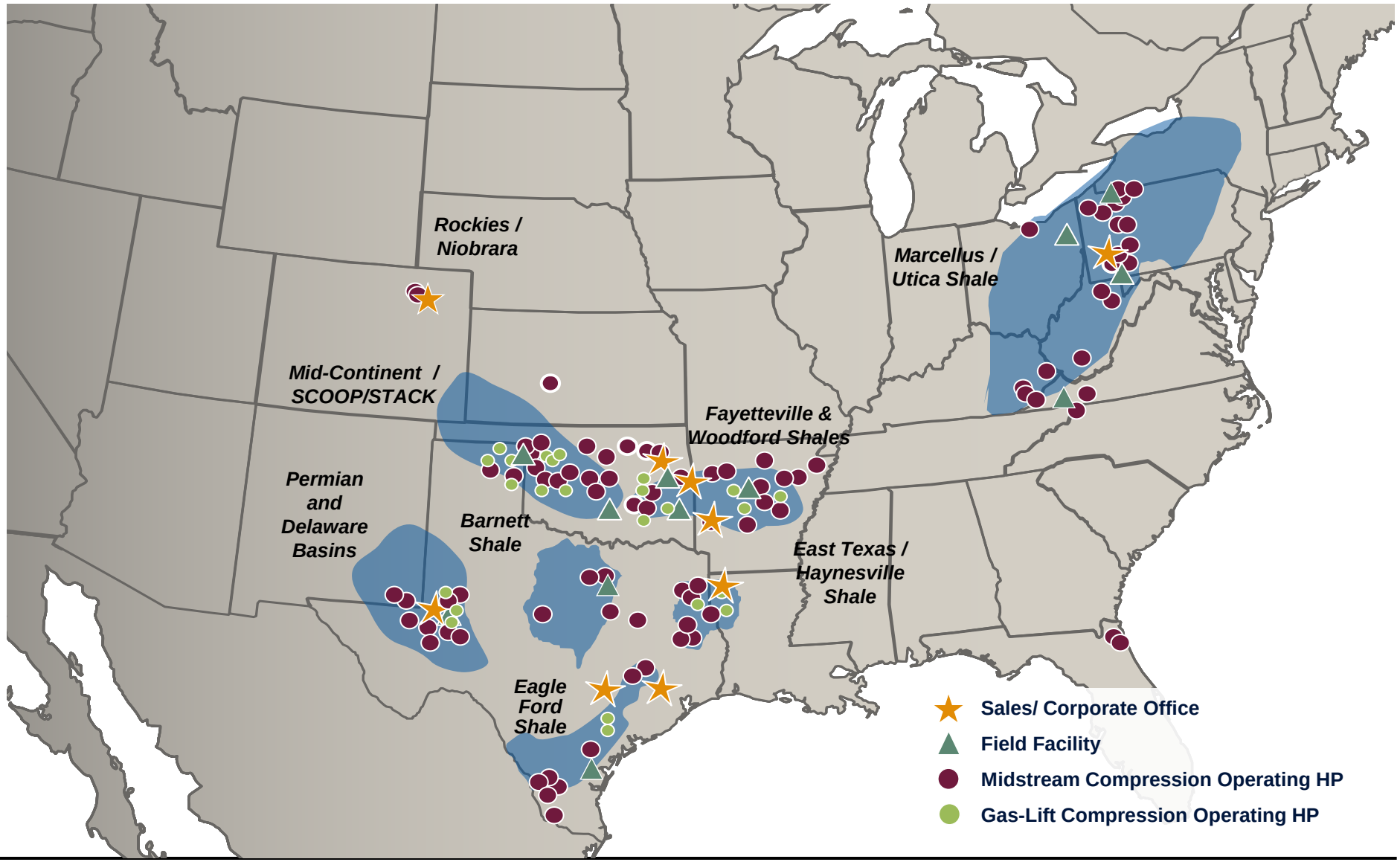
USAC Geographical Presence

Diversified Presence in Key Geographical Regions



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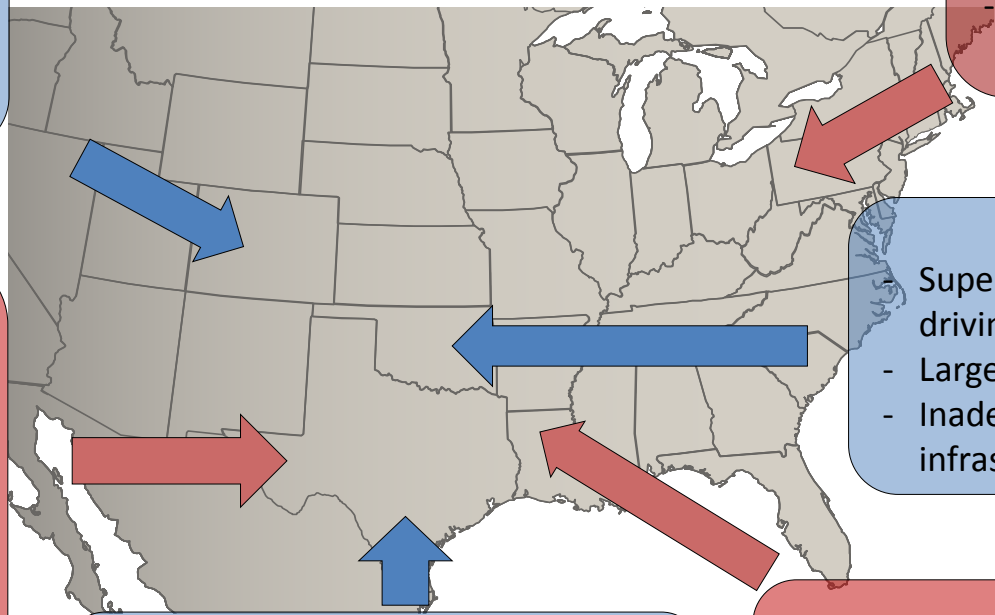
Basin-by-Basin Dynamics & USAC Strategy

Region-Specific Strategies & Initiatives

Rockies/Niobrara:
- Reshaping of industry landscape
- Smaller, newer entrants active
- Legacy operators streamlining

Marcellus/Utica:
- Region still growing, albeit slower than recent past
- Prepare for coming trans-mission line debottlenecks
- Build on attractive footprint with large & small customers



Permian/Delaware:
- Dramatic industry growth
- Partner with larger customers installing **big** projects with large HP
- Customer service key to winning & keeping customers

SCOOP/STACK:
- Superior producer economics driving development
- Large volumes of associated gas
- Inadequate gathering/processing infrastructure

Eagle Ford:
- Increasing gas flows (incl. Mexico) is expanding importance
- Bring USAC large HP expertise to new installations

Haynesville:
- Production increasing with new entrants
- Lag for required compression
- Align with PE-backed producers
- Build operational density

Note: Reflects management views and industry assessment.

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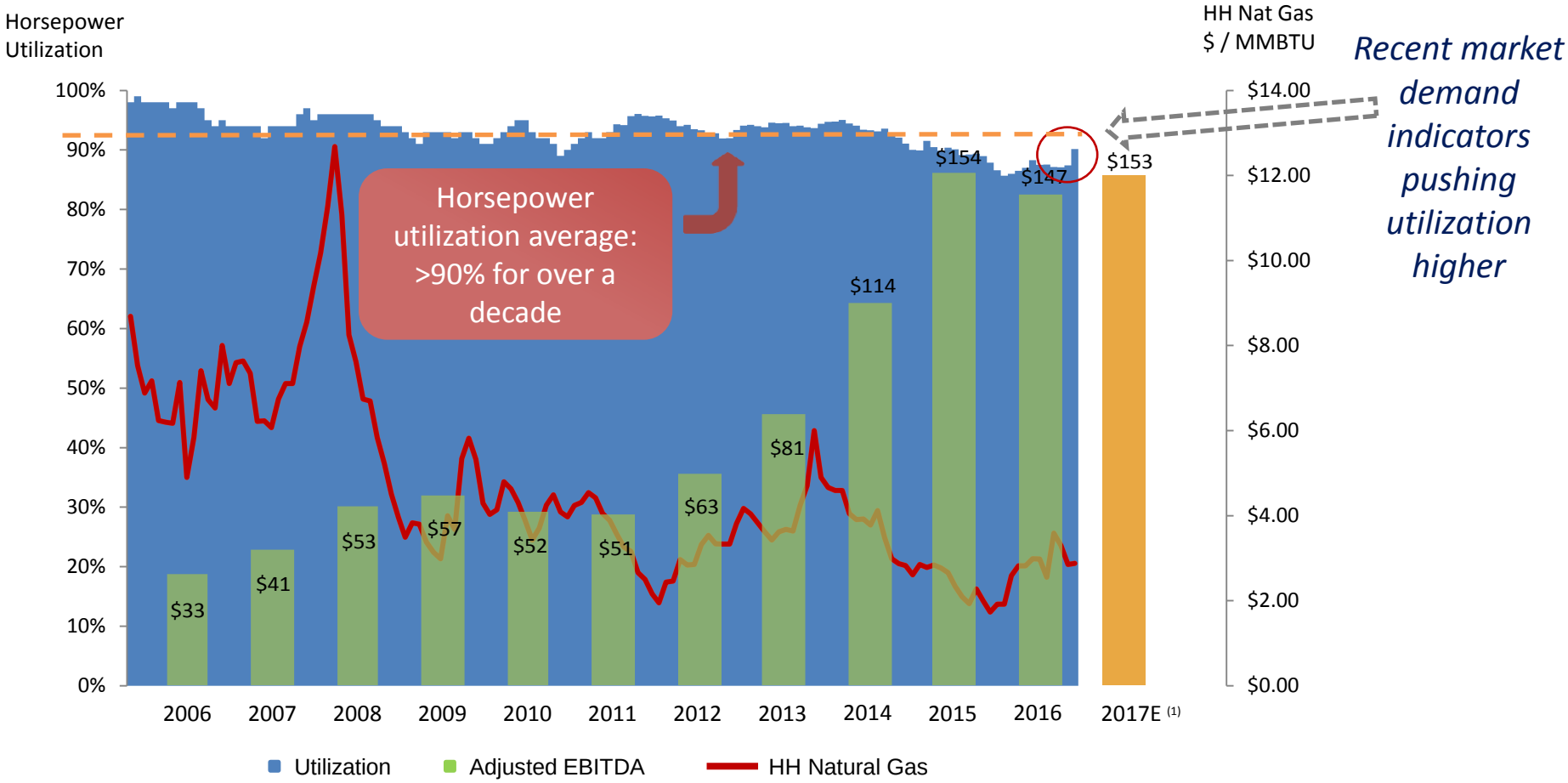
Business Model Stability

- The critical nature of compression services results in cash flow stability, unlike many "service" companies
  - Largely agnostic to commodity prices; USAC services are required no matter the price of gas



Source: EIA and Partnership historical financials.

(1) Reflects mid-point of Adjusted EBITDA guidance range affirmed on May 4, 2017. See "Basis of Presentation; Explanation of Non-GAAP Financial Measures" for additional information.

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Macro Overview

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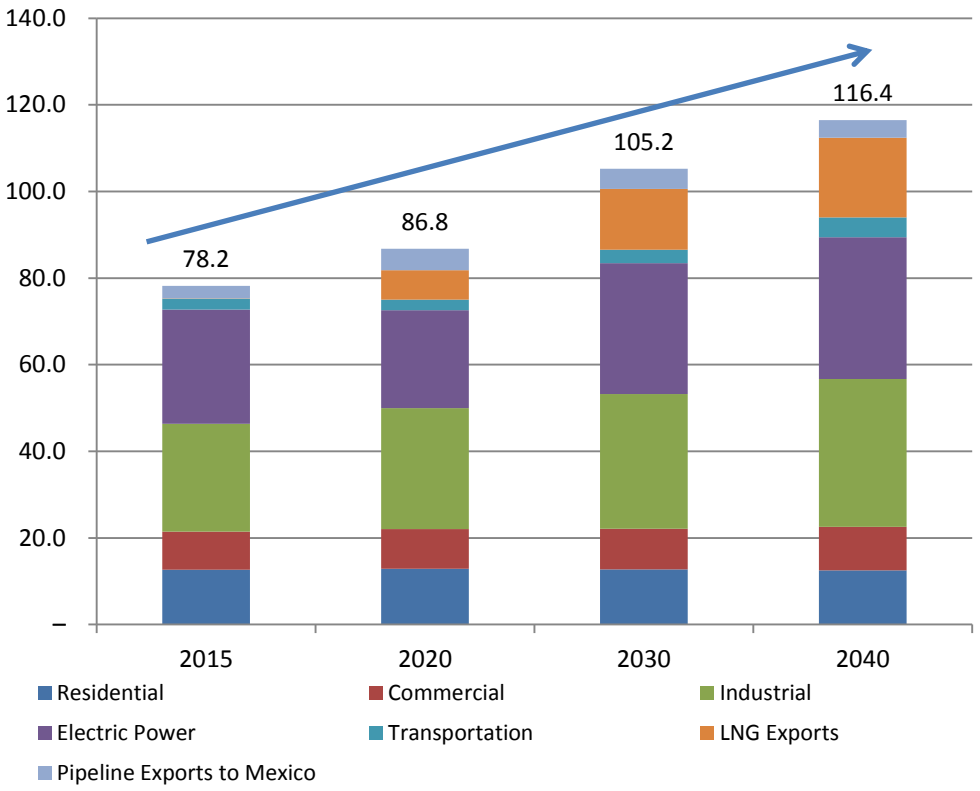
Domestic Natural Gas Supply & Demand Growth

Natural Gas Supply & Demand Continues to Grow :

EIA projects ~60% increase by 2040 —

as does the need for midstream infrastructure to move it through the pipeline system

Projected Natural Gas Demand (Bcf/d)



Exports to Mexico:

- Growing power needs to be met by US shale gas
- ~5Bcf/d via pipe to Mexico by 2020

LNG Exports:

- ~6 Bcf/d by 2020; 18Bcf/d by 2040
- Cheniere > 100 cargos (0 until Jan '16)

Gas-fired Power:

- Demand >6 Bcf/d by 2040
- Coal plant retirements expected to continue

Industrial Demand:

- Demand >9 Bcf/d by 2040
- Petrochemical plants (Gulf Coast, NE) driving demand

Source: U.S. Energy Information Administration, Annual Energy Outlook 2016, August 2016; industry reports.

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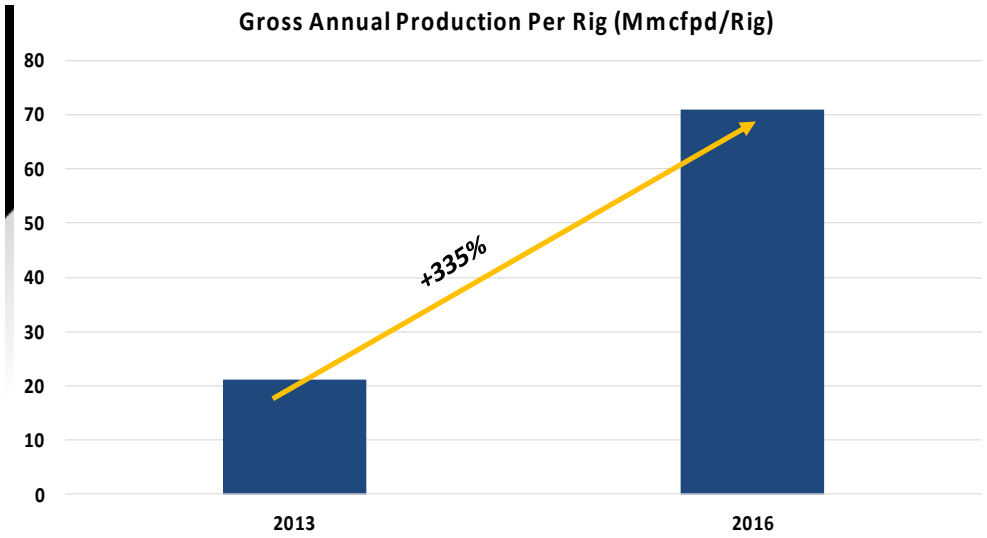
Total Domestic Production Flat-to-Down…for Now

- 3 years of industry spending cuts have impacted production – but the industry has adapted:
  - Lateral lengths up 60% from 4,500’ to 7,000’ or more
  - Proppant density up from 500 – 1,000 lbs/foot to 3,000 lbs/foot and increasing
  - Frac fluid density up from ~45 bbls/foot to 80+ bbls/foot
  - Days to drill down ~50% or more . . .
- Leading to higher initial production rates and ultimate recoveries per well
- By example, from 2013 to 2016, gross annual production per Haynesville drilling rig is up ~335% ! ! !



- Results in lower breakeven pricing and strong returns at current price decks
- All culminating in the resumption of supply growth – requiring substantial additional compression

Source: DrillingInfo, U.S. Capital Advisors

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E&P Activity Accelerating in '17

Will Drive the Need for Midstream Infrastructure…including Compression

- Commodity price stabilization and cost reductions have spurred an increase in E&P drilling activity
  - Industry spending in 2016 was down ~30-35% over 2015
  - Signs of US spending up >50% in 2017
  - Producers adding rigs in areas of attractive returns

DJ Basin

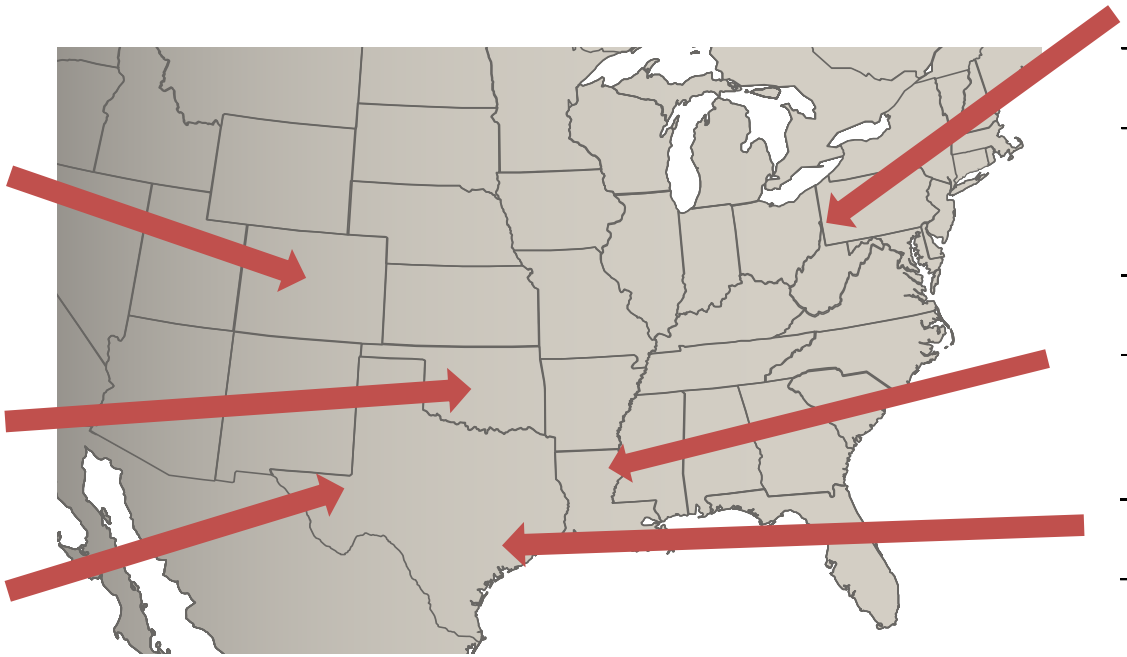
Rig	% Chg	
Total	Trough	Peak
55	112%	(41%)

SCOOP/Stack

Rig	% Chg	
Total	Trough	Peak
121	188%	34%

Permian

Rig	% Chg	
Total	Trough	Peak
368	169%	(35%)



Marcellus

Rig	% Chg	
Total	Trough	Peak
45	73%	(46%)

Utica

Rig	% Chg	
Total	Trough	Peak
28	155%	(36%)

Haynesville

Rig	% Chg	
Total	Trough	Peak
36	140%	6%

Eagle Ford

Rig	% Chg	
Total	Trough	Peak
83	207%	(57%)

Source: FBR & Co., Baker Hughes Rig Count data as of June 9, 2017.

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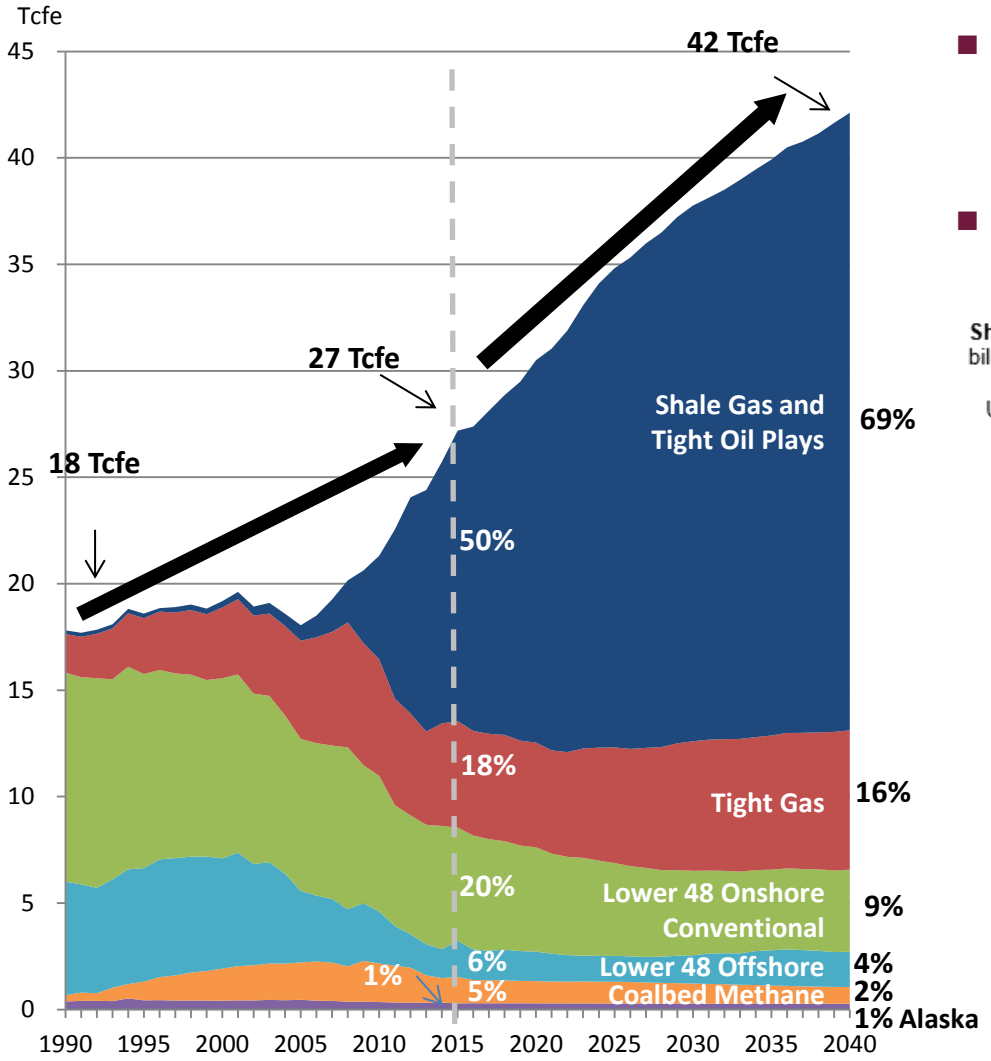
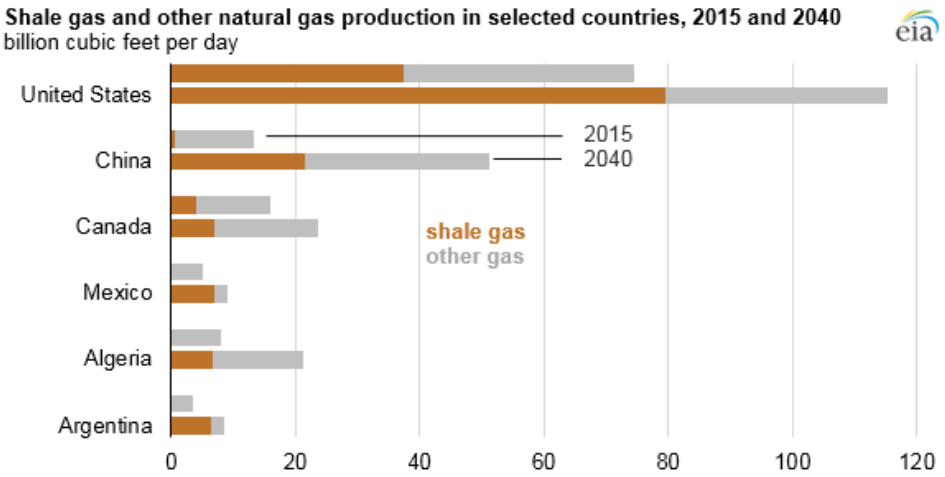
Macro Thesis: The "Shift to Shale"

Shale Gas Expected to be the Primary Source in Future



- **Shale Ramp**: Production from shale has now pulled **even** with all other sources
  - 2016 est. ~ 14 Tcfe of shale production – 53% of total
- **Pie Getting Bigger**: EIA projecting ~116 Bcf/d of total production by 2040 – with shale ~70% of total



Shale Gas Expected to Become the Most Important Domestic Gas Source – Estimates Continue to Be Revised Upward

Source: U.S. Energy Information Administration, Annual Energy Outlook 2016, August 2016.

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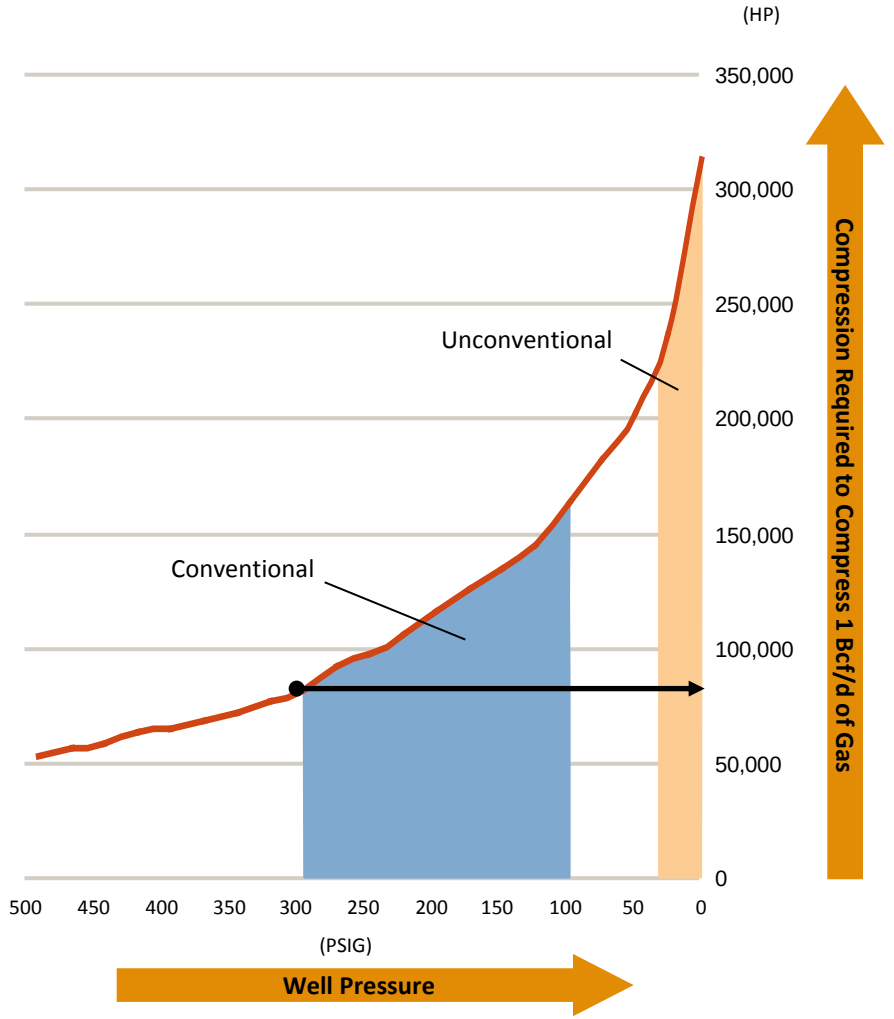
Shale Requires More Compression

Shale Production Drives Increasing Compression Requirements (1)

- Shale gas is typically produced at lower wellhead pressures (0-50 PSIG) in contrast to conventional gas wells (100-300 PSIG)
- Pipeline specifications remain constant – requiring gas pressure to be increased significantly to move gas into and through pipelines
- As a result, to move the same amount of gas requires significantly more compression

USAC believes compression needs for unconventional basins are up to 3X those of conventional supplies



Source: Ariel Corporation: compressor sizing protocol.

(1) Assumes Discharge Pressure = 1,200 PSIG.

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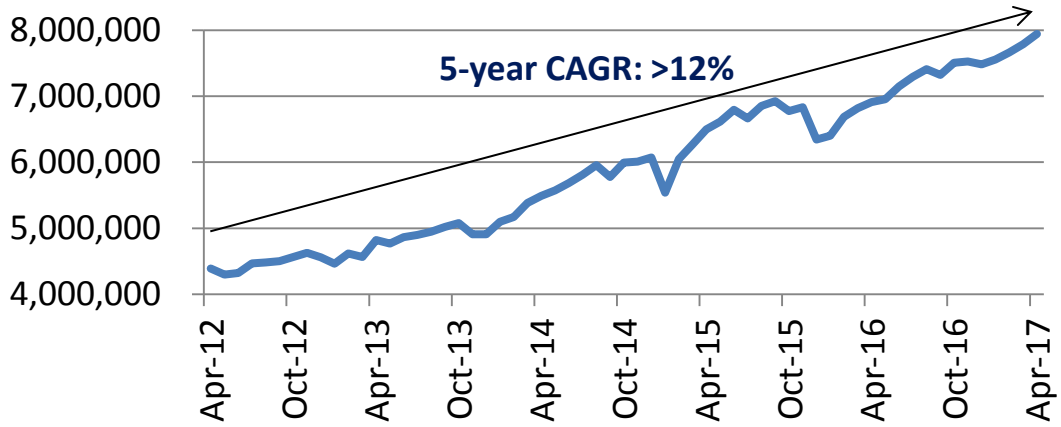
Permian Infrastructure…Its Not Just Crude Oil

- While Permian/Delaware Basin crude oil activity gets all the headlines, significant amounts of associated natural gas is being produced – and it must be compressed

Permian Basin Natural Gas Production



USAC Permian Strategy:
Focus on the larger participants in the basin and provide a range of compression services

- Major midstream companies planning takeaway capacity:
  - Kinder Morgan Gulf Coast Express: (Waha-to-Agua Dulce)
    - 430 mi; 42”; 1.7 Bcf/d
    - In-svc 2H 2019
  - Namerico Partners Pecos Trail Pipeline (Permian to Corpus Christi)
    - 468 mi; 42”; 1.85 bcf/d
    - In-svc 2019
  - Enterprise Products Partners considering a similar pipeline

Source: EIA, Company press releases and industry news.

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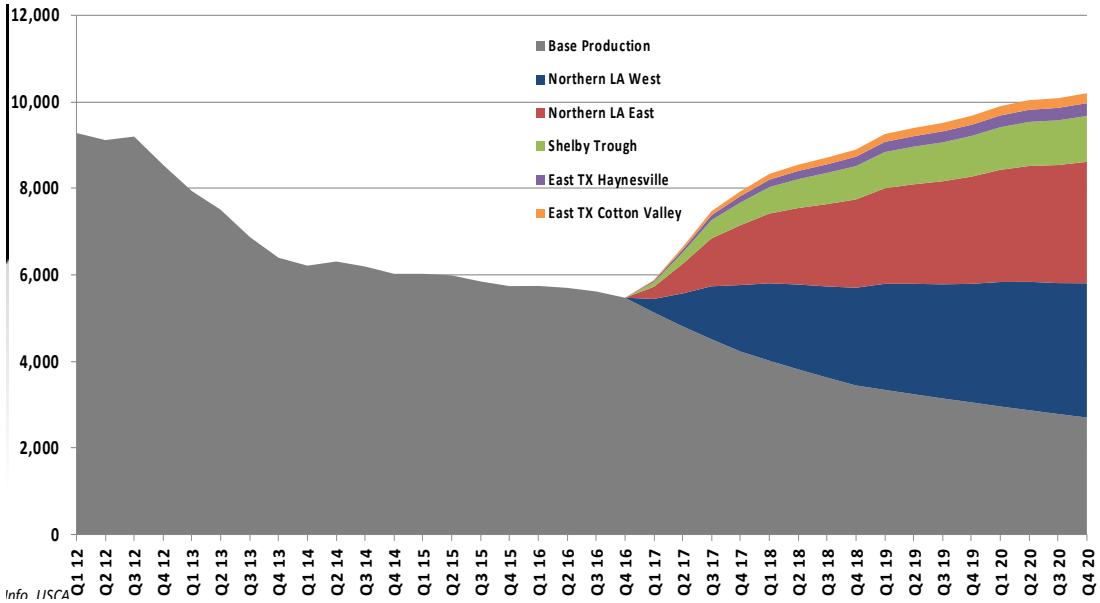
Haynesville Resurgence?

Production Declines Reversed; New Owners Getting Active; Rig Count Up 3x from Lows

- **M&A**: Majority of acreage has traded hands in last 12 months
- **Regional Hub**: Perryville set to become important hub for gas flows; Gulf LNG exports also expected to drive volumes
- **Attractive Economics:** Operators have stated $3 gas works; higher proppant density and longer laterals driving returns

Haynesville Gas Production Forecast (Mmcf/d)



Haynesville Operators : New & Old

COVEYPARK ENERGY
Indigo
bp
XTO ENERGY
Vine OIL & GAS
RANGE RESOURCES
Chesapeake ENERGY
GEOSOUTHERN ENERGY CORPORATION

USAC Haynesville Strategy:
Partner with new entrants; optimize compression requirements

Source: EIA, DrillingInfo, U.S. Capital Advisors

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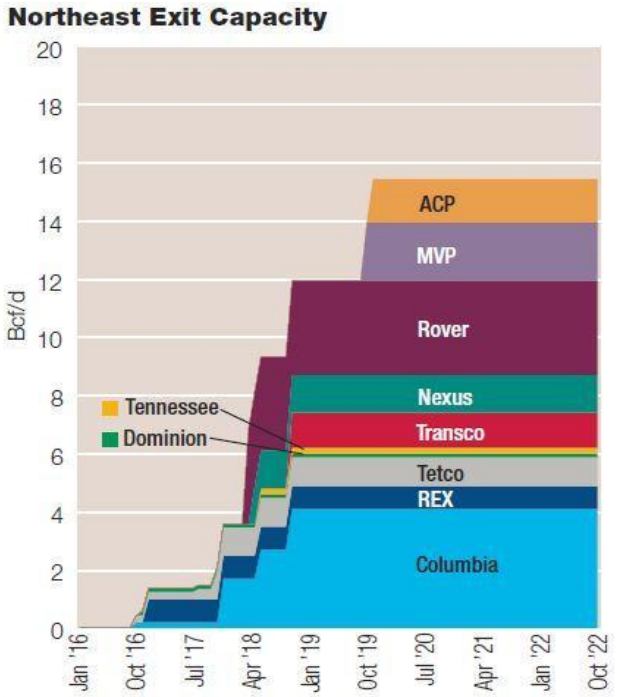
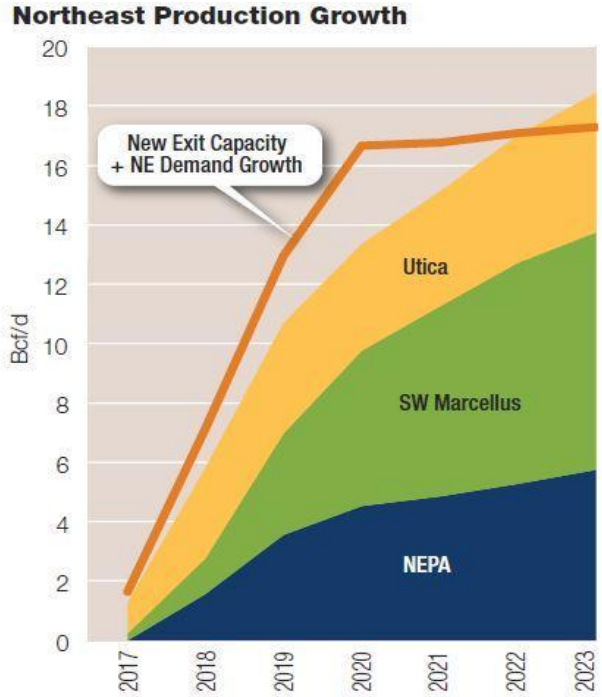
Marcellus / Utica Basins

Northeast to Continue as Leading Gas Supplier; Debottleneck In Progress

- Significant gas production: Marcellus & Utica @ ~22 Bcf/d (Dec 16) – more than the Permian, Eagle Ford and Haynesville combined
- Expected supply growth: ~18 Bcf/d by 2023
- Infrastructure projects continue; at least 16 projects to move ~15 Bcf/d
  - ~4 Bcf/d pipeline reversals south from Ohio
  - >5 Bcf/d pipelines to Southeast / Gulf
  - >4 Bcf/d of pipelines targeting Midwest markets





USAC Marcellus/Utica Strategy:
Gas production to rise; focus on large HP requirements; industry players generally constant; operation density

Source: Wood Mackenzie, Williams Cos., Inc.

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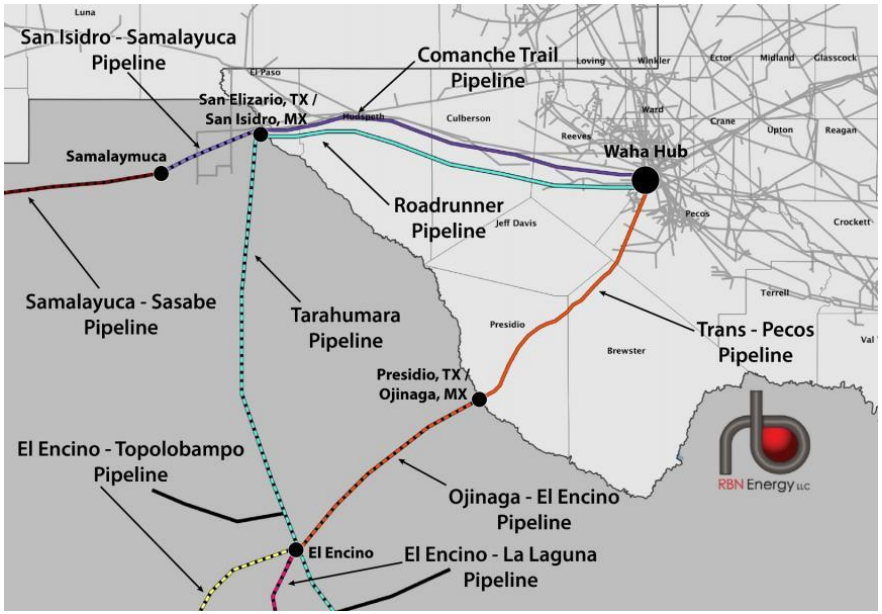
Mexico Export Pipelines

Meaningful Midstream Buildout to Move Gas South of the Border

- Significant investments in Mexican gas-fired power plants
- Midstream infrastructure being built
  - Over 3,000 miles of pipelines (>8.0 Bcf/d)
- Infrastructure south of the border continues (map, right)
- Texas projects to meet gas demand
  - ETP Trans-Pecos Pipeline (1.4 Bcf/d)
  - ONEOK Roadrunner Gas Transmission (640 mmcf/d by 2019)
  - ETP Comanche Trail Pipeline (1.1 Bcf/d)



Eagle Ford/Mexico Strategy:
Pipelines being built to export gas; compression needed; focus on domestic business opportunities

Source: RBN Energy LLC.

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USAC: The Right Strategy for Changing Times

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Q1 2017 Recap

Turning the Corner; Prepared for Growth

Operational Update

- Q1 2017 fleet HP of 1.7 million and average revenue generating HP of 1.4 million
- Average horsepower utilization of 88.2% (up from 87.4% for Q4 2016)
- Stability in rates & increased demand for large HP units
- Total fleet deliveries during Q1 of ~25,000 HP – all very large horsepower class

Financial Update

- Q1 saw increased compression services results & reduced retail revenues (vs Q4)
  - Adjusted EBITDA of $36.0mm
  - Distributable Cash Flow ("DCF") of $27.2mm
- Q1 gross operating margin % of 65.9%, Adjusted EBITDA margin of 54.5%, both improved over Q4 as a result of less lower-margin retail work
- LP distribution of $0.525 for Q1 2016; DCF coverage of 0.82x
  - Cash coverage of 1.04x; Riverstone increased DRIP participation to 50% to provide cushion for public LP holders

Note: See "Basis of Presentation; Explanation of Non-GAAP Financial Measures" for additional information on calculations of Adjusted EBITDA, DCF, DCF coverage, cash coverage and average horsepower utilization.

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2017 Outlook / Strategy

Utilization

- Continued focus on redeploying idle units: important strategic priority
  - Through Q1 2017, seeing continued decrease in idle HP
  - Large HP class units have seen Y-t-D demand; expected to be in short supply by year-end

Capex

- Expect $80-90mm of growth capex in 2017; up from initial guidance of $50-60mm
  - Additionally, ~20,000 HP currently on order for 1H'18; all very large (>2,500 HP) units
- Increased new capex spending on very large HP units, earmarked for specific customer demand
- Remainder of capex will be spent in redeploying idle units back into field

Customers

- Continue to partner with large operators building infrastructure in areas of activity
  - Providing ancillary services as a value-add to customers
- Both majors and independents on the E&P side, as well as various midstream participants
- Customer service remains at the core of USAC's operations

Financial Flexibility

- December equity offering was an opportunistic capital raise; proceeds used to pay down debt, but in effect, pre-funded certain growth capex purchases in Q1 2017
- Sustaining distribution, in conjunction with sponsor DRIP, has maintained access to capital markets for future growth requirements

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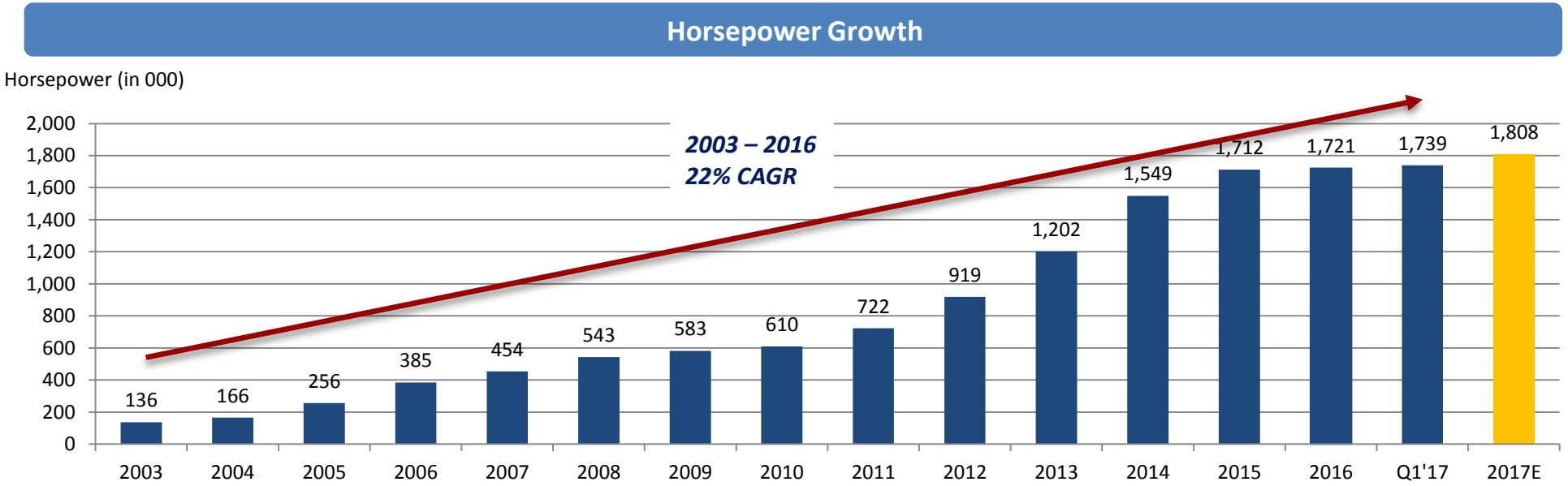
USAC Growth

Continual Growth Over Time

- USAC has continued to prudently grow over time
  - Grow when the market demands; reign in spending when market is softer
  - 2016 reflected a challenging year for the industry; as a result, USAC cut back on spending and maintained our current fleet
- 2017 will see new HP adds to meet increasing customer demand
  - Order expected to consist entirely of large HP units



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USAC Business Drivers

Compression is Critical Infrastructure for Producing & Transporting Hydrocarbons

Overall Gas Demand & Production

- ~85% of USAC's business (by HP) installed in natural gas-based infrastructure applications
- Projected increasing demand / steady production of natural gas
- LNG exports, Mexico exports add to the increasing demand macro picture
- Largely gas price agnostic; activity driven by production volumes and the need to move the gas

Shale Activity

- Expect majority of gas production growth to be satisfied by shale production
- Typically lower pressures (vs. conventional) require significantly more compression to move gas (~3x HP)
- Changing operating conditions over time require flexible assets
- Infrastructure build out in early innings; compression follows

Customer Preference to Outsource

- Decision to outsource compression can be due to safety, lack of expertise, labor scarcity, alternative capital investment opportunities and other factors
  - Expect more opportunities in current commodity price environment
- Mission-critical assets must run
- Guaranteed run time backed up by exemplary service and adherence to maintenance intervals

"Core" Crude Oil Production

- Economical crude oil production continuing in core areas
- Already-drilled horizontal wells regularly use gas lift to extract crude oil

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Large Horsepower Gas Applications Drives Stability

Gas Compression Industry Varies By Size of Compression Unit

Gas Compression Industry: Key Characteristics by Size					
	Small	Medium	Large	Extra Large	Commentary
Compression Unit HP Range	0 – 400 HP	400 – 1,000 HP	1,000 – 1,500 HP	1,500+ HP	**More horsepower required to move larger volumes → critical gas infrastructure**
Gas Volumes Moved (mmcf/d)	0.90	3.20	6.50	13.00+	
Size (L x W x H, ft.)	21 x 12 x 11	33 x 19 x 16	38 x 27 x 20	77 x 17 x 27	**Increasing size & demobilization costs create significant 'barriers to exit'**
Weight (lbs.)	~40,000	~85,000	~150,000	~250,000+	
De-mobilization Costs (typically borne by customer)	< $10K	~$25K	~$50K	$100K+	
Typical Contract Length in Industry	1 – 12 months	6 months – 2 years	2 – 5 years	2 – 5 years	**Larger units = longer deployment cycles**

Note: Used CAT 3306TA ,CAT 3508TALE, CAT 3516BLE, and CAT 3608TALE as representative units for small, medium, large and extra large horsepower categories, respectively. Gas volumes based off of 50 psi suction pressure and 1200 psi discharge pressure.

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Nature of USA Compression's Contracts

Compression Services Contract Profile

Contract Service Rate Structure is 100% Fixed-Fee

- USA Compression's service contract rates are billed monthly (typically 30 days in advance) and are 100% fixed fee (i.e. contract stipulates a specific $ / month)
  - Structured similar to take-or-pay contracts commonly seen with midstream companies who operate long-haul, interstate pipelines and large-scale storage assets
- USAC contracts are not tied to either volumetric throughput or any direct commodity price exposure

Critical Nature of Contracts in Distressed Situations

- In the case of customer credit issues, the critical nature of our services is generally recognized by our customers as well as the courts
- We also tend to get paid on an ongoing basis for our services following a customer's bankruptcy petition
  - Without compression, gas is not able to flow and therefore there are no cash flows for our customers to service debt and pay bills
  - Unlike drilling services providers, USAC is as a long-term provider of mission critical compression services under long-term fee based contracts

Unit Level Contracts Limit Large-Scale Returns

- Each of our 2,500+ active units has its own separate and discrete contract with its own original start date and primary term
- Over 60% of our active fleet is under contract with remaining primary term
  - Little risk of large portion of our fleet being returned

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Strong, Large-Cap Customer Base Able to Weather the Storm

Diverse Customer Base Includes O&G Majors, Independent E&Ps, Large Midstream Operators and Regional Gatherers

Rank	Top Customers	Length of Relationship
1	Large Public Independent E&P	3 years
2	Pipeline Subsidiary of Utility	5 years
3	Large Public Independent E&P	10+ years
4	Large Private Midstream	5 years
5	Large Public MLP	5 years
6	Public Independent E&P	4 years
7	Large Public Independent E&P	10+ years (1)
8	Oil and Gas Major	10+ years
9	Large Diversified Oil and Gas and MLP Sub	10+ years
10	Pipeline Subsidiary of Diversified Oil and Gas	10 years

Top 10 customers represent over 43% of total revenue, have a weighted average market cap of >$30 billion(2) and a weighted average credit rating of investment grade(3)

- USAC has historically had very little bad debt write-offs; in fact, over the last **12+ years, USAC has written off only ~$1.1 million in bad debts**
  - Equates to 0.07% of total billings (>$1.6 billion) over same period

Note: Rankings and %'s of revenue reflect Q1 2017 revenue.
(1) Includes prior relationship with S&R Compression, which USAC acquired in August 2013.
(2) Per Google Finance as of 6/19/17.
(3) Per S&P, as of May 2017.

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Financial Overview and Investment Highlights

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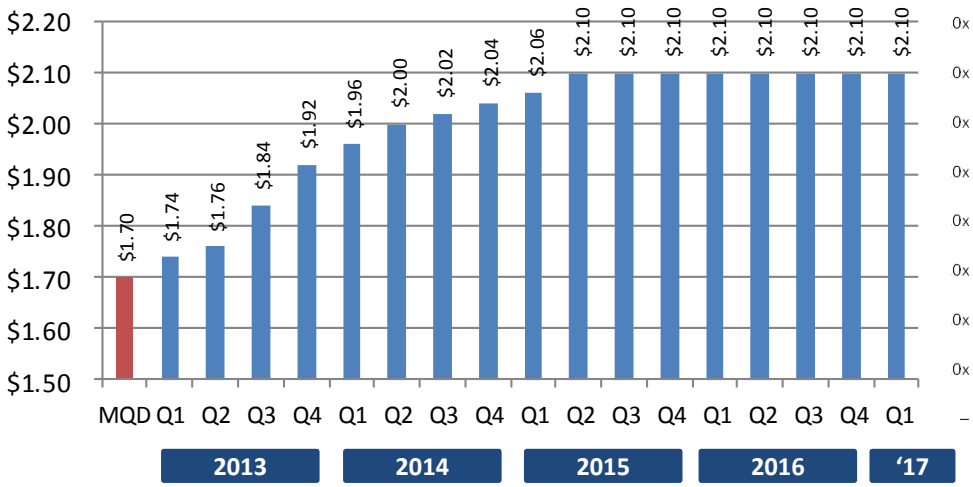
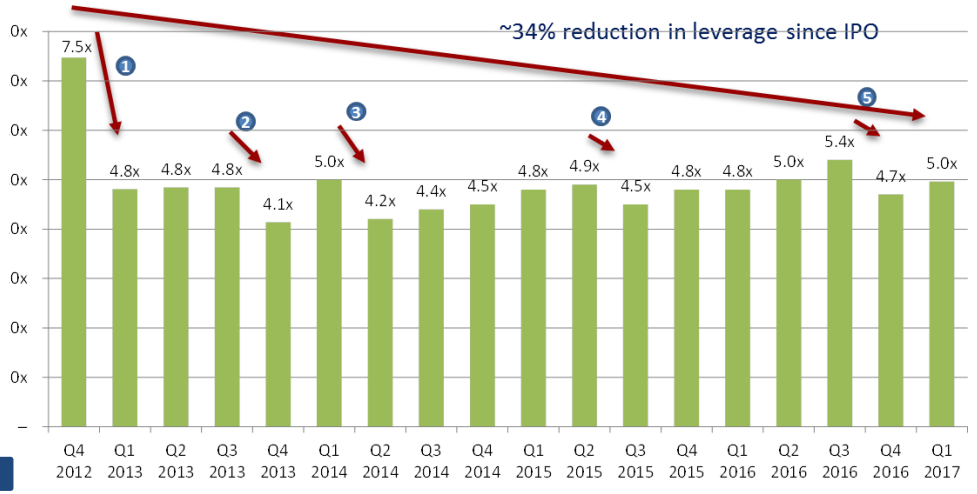
Balancing Distribution Stability and Leverage

Prudent Balance Between Distribution Growth, Coverage and Leverage

Annualized Distributions per LP Unit



USAC Historical Leverage(2)



- DCF coverage for Q1 2017 was 0.82x and Cash Coverage Ratio (1) was 1.04x

DRIP Program

- The DRIP has given all investors the option to reinvest distributions on their units into newly issued common units
- The participation by affiliates of USAC in the DRIP has allowed USAC to retain a significant portion of its quarterly cash distributions, providing an additional cash coverage cushion and permit us to utilize the retained cash to fund continued organic growth or to help de-lever the balance sheet

Legend:

1) $198mm IPO proceeds;
2) $182mm acquisition of S&R gas lift fleet; 100% equity
3) $138mm follow-on offering
4) $74mm follow-on offering
5) $81mm follow-on offering

(1) See "Basis of Presentation; Explanation of Non-GAAP Financial Measures" for additional information on calculation of DCF coverage and Cash Coverage Ratios.
(2) Historical leverage calculated as total debt divided by annualized quarterly Adjusted EBITDA for the applicable quarter, in accordance with our current Credit Agreement. Actual historical leverage may differ based on certain adjustments, and prior to Q4 2013 was calculated using LTM Adjusted EBITDA.

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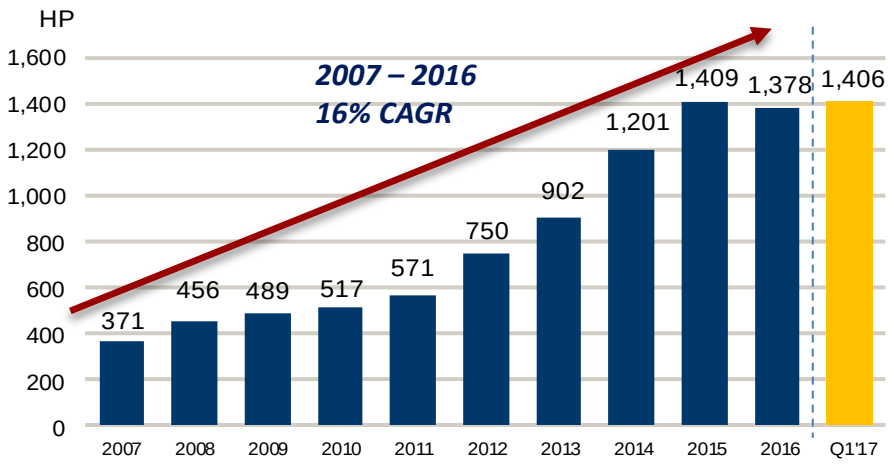
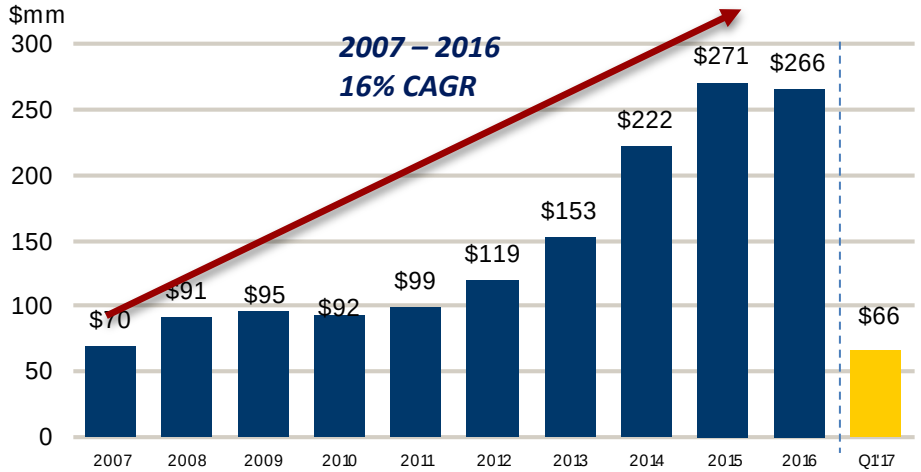
Operational and Financial Performance

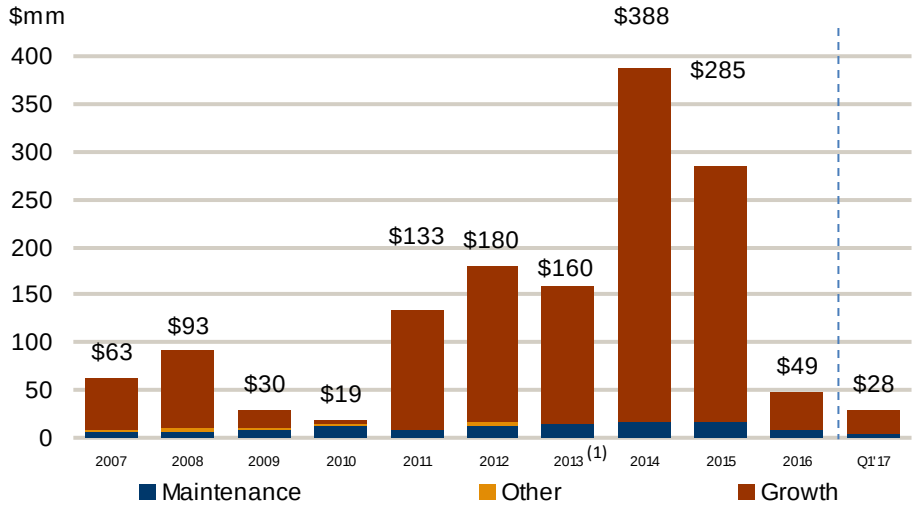
Avg. Revenue Generating HP (000s)



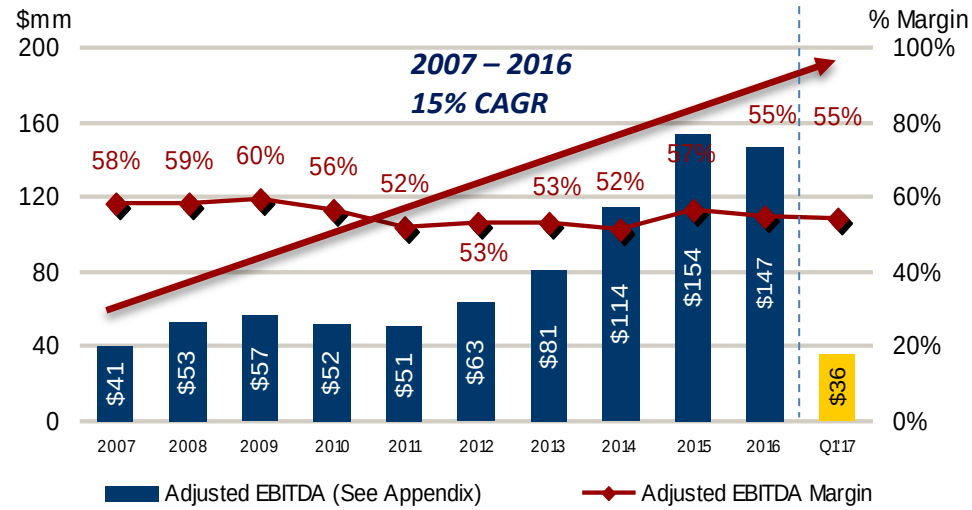
Revenue ($MM)



Total Capex ($MM)



Adjusted EBITDA ($MM) & Margin Percentage(2)



(1) Does not include $182mm acquisition of S&R Compression, financed with 7.4mm Common Units ($178mm net of cash acquired).

(2) See "Basis of Presentation; Explanation of Non-GAAP Financial Measures" for information on calculations of Adjusted EBITDA and Adjusted EBITDA Margin Percentage.

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USAC Investment Highlights

USAC's Business Prospects Driven By Positive Macro Drivers in the Midstream Industry

Critical Midstream Infrastructure

- Continued focus on infrastructure-oriented compression applications; compression is critical to transporting hydrocarbons to end markets
- Shale gas continues to reward flexible compression providers
- Gas lift operations continue in our core areas; well economics (lifting vs. finding costs) still favorable

Exposure to Strategic Producing Regions

- USAC owns and operates assets in prolific oil and gas shale basins benefitting from ongoing midstream build-out
- Well-positioned in previously neglected dry gas basins – able to capitalize on recent shift from "associated gas" growth to dry gas production growth
- Continued organic development through presence in areas of natural gas processing
- Gas-lift compression exposed to favorable trends / markets in crude oil production

Stable Cash Flows with Visible Growth

- Infrastructure nature of assets results in compression units typically remaining in the field well beyond initial contract term
- Continued strong utilization history drives return on capital employed

Strategic Customer Relationships

- Services provided to large, high-quality midstream and upstream customers
- Continued outsourcing of service providers creates strategic opportunities for USAC
- Long-standing customer relationships in all operating regions creates a significant barrier to entry

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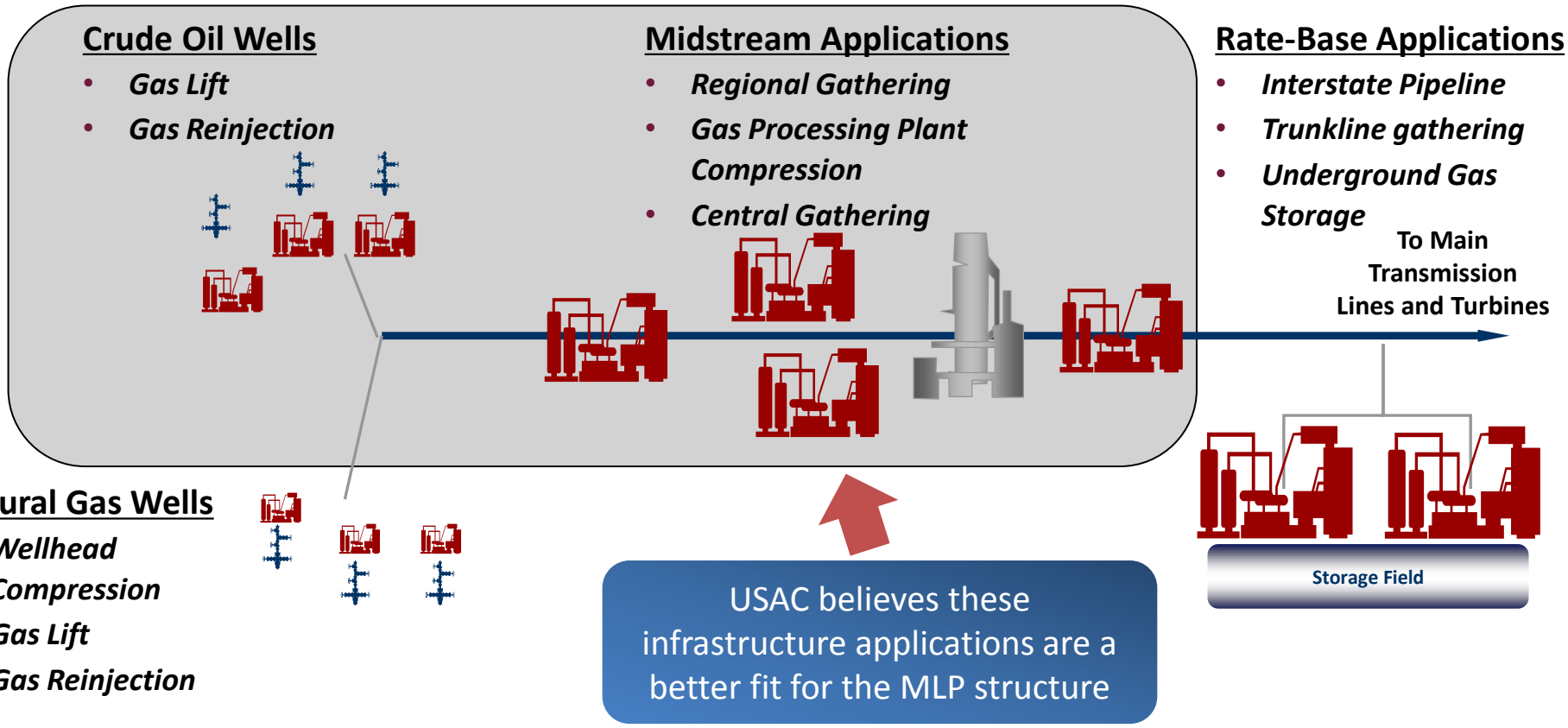
Appendix

Strategic Focus on Infrastructure Applications

- **Compression is a critical service across a range of applications in the production, processing and transportation of oil and natural gas:**
  - Enhances oil and natural gas production
  - Maintains reservoir pressure
  - Transports natural gas through gathering lines and into pipelines
  - Pressurizes natural gas into and out of processing plants
  - Injects and withdraws natural gas into and out of storage
  - Delivers natural gas through pipelines to end users



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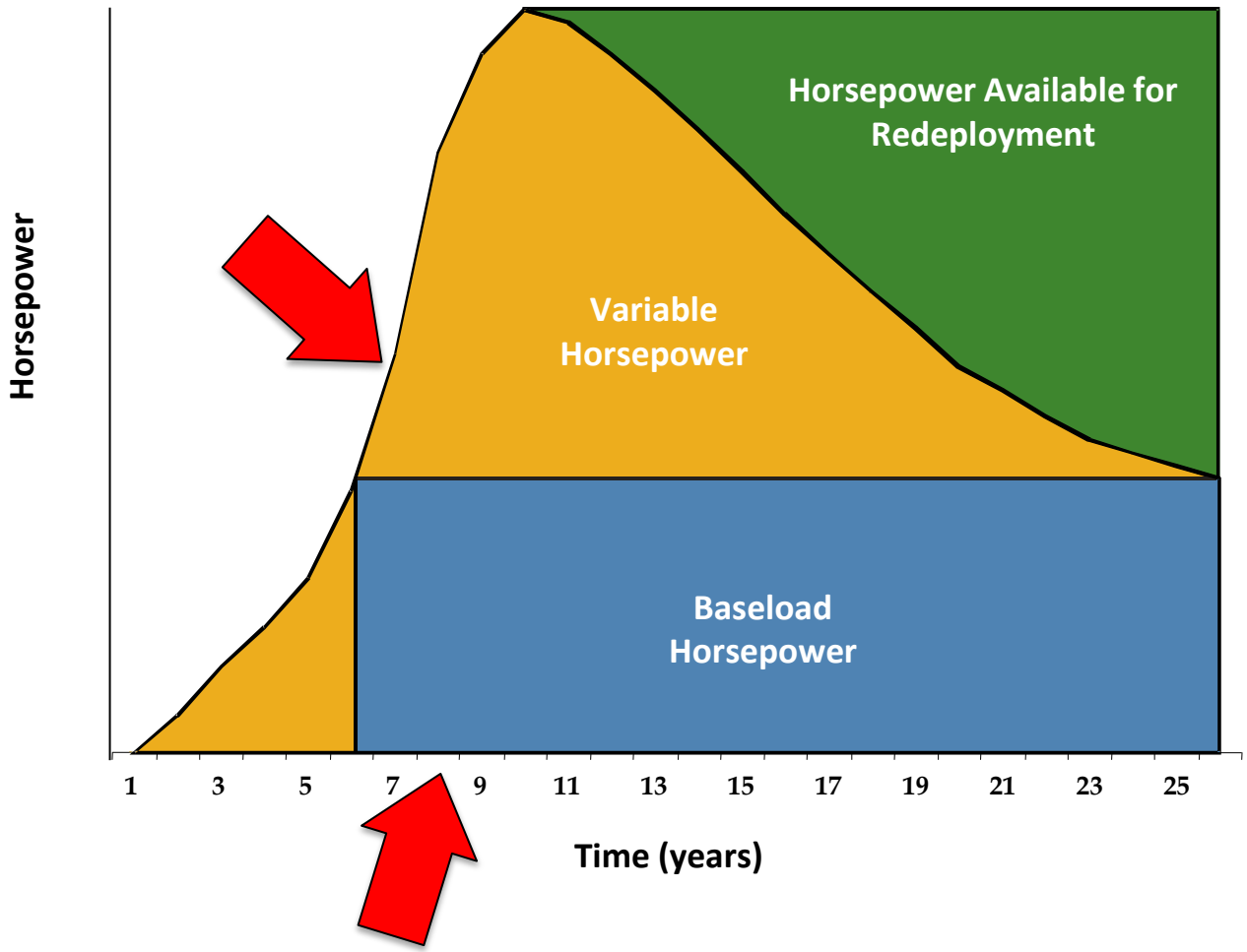
Long-Life Deployment Cycle – “Early to Mid-Innings”



USAC meets changing contract compression requirements during all phases of the life of a developing natural gas play; larger, project-oriented customers provide USAC with a stable, long-life deployment cycle

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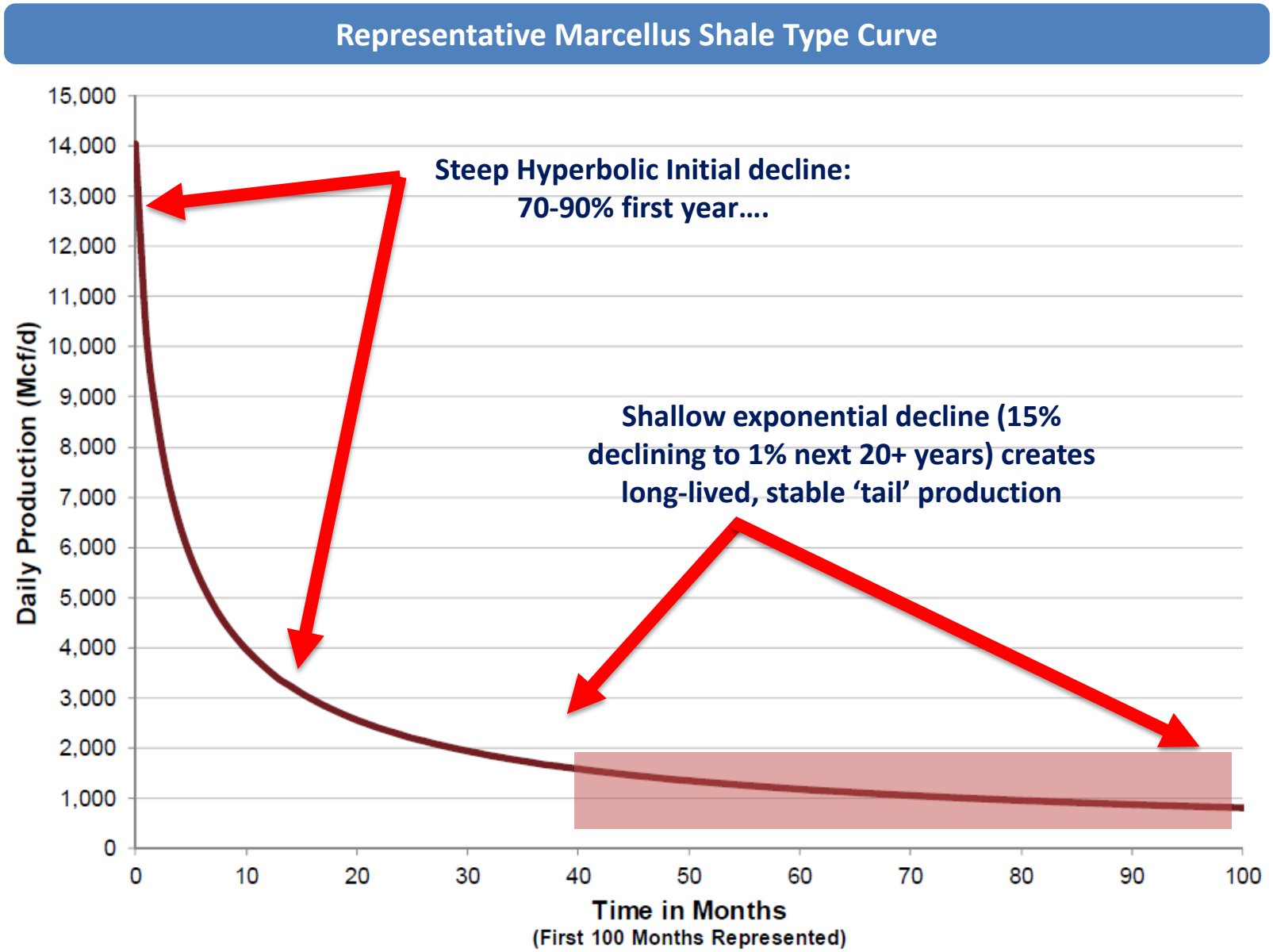
Production Stabilizes in ~ 3 Years then has a LONG life . . .



Source: EQT Corporation.

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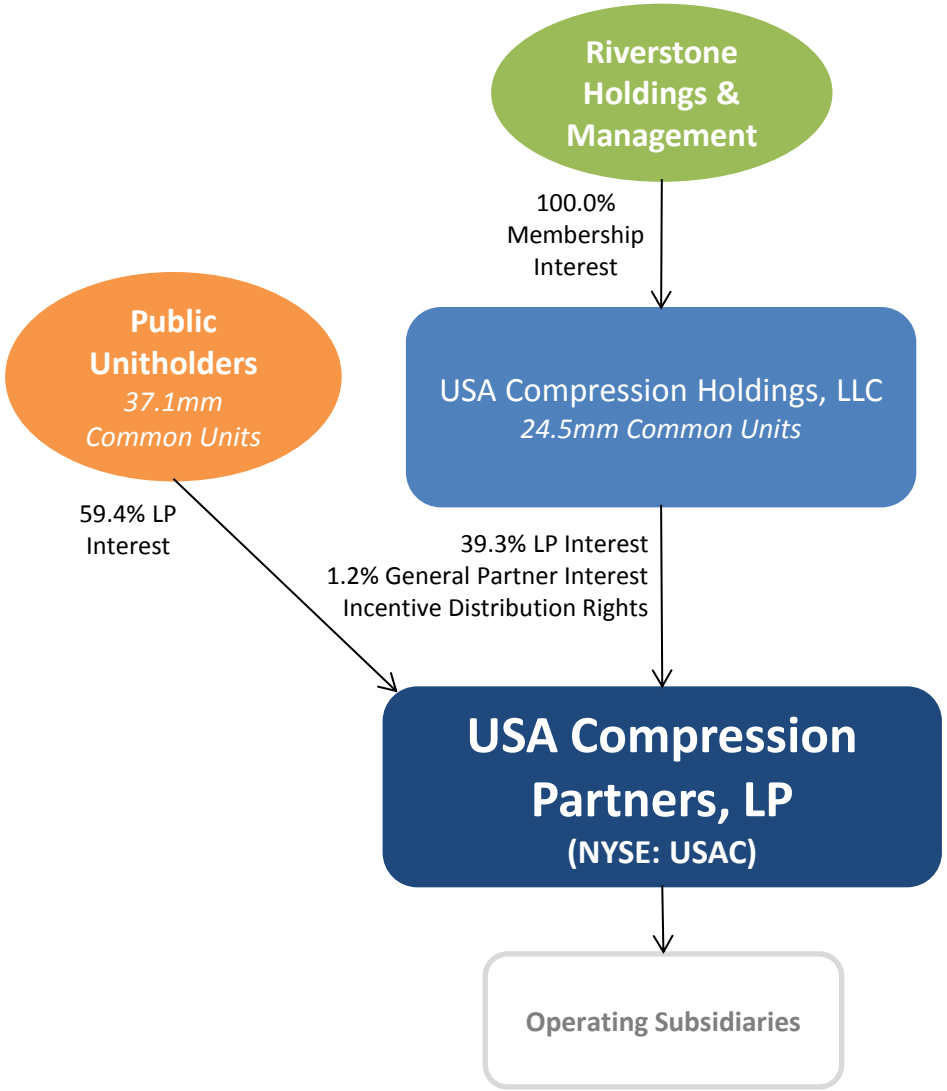
USA Compression Ownership Structure

USAC is a Pure-play Compression MLP Backed by Experienced Energy Investors



Note: Unit counts as of June 16, 2017. Percentage interests may not add to 100% due to rounding.

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Non-GAAP Reconciliations

($ in 000's)	Three Months Ended March 31,		Years Ended December 31,		
	2017	2016	2016	2015	2014
Net income (loss)	$ 1,552	$ 8,538	$ 12,935	$ (154,273)	$ 24,946
Interest expense, net	5,674	5,062	21,087	17,605	12,529
Depreciation and amortization	24,151	22,094	92,337	85,238	71,156
Income tax expense	149	234	421	1,085	103
EBITDA	$ 31,526	$ 35,928	$ 126,780	$ (50,345)	$ 108,734
Impairment of compression equipment	1,112	—	5,760	27,274	2,266
Impairment of goodwill	—	—	—	172,189	—
Interest income on capital lease	431	375	1,492	1,631	1,274
Unit-based compensation expense	2,945	1,812	10,373	3,863	3,034
Transaction expenses for acquisitions	—	—	894	—	1,299
Severance charges	62	411	577	—	—
Other	171	—	—	—	—
Loss (gain) on sale of assets	(244)	(122)	772	(1,040)	(2,198)
Adjusted EBITDA	$ 36,003	$ 38,404	$ 146,648	$ 153,572	$ 114,409
Interest expense, net	(5,674)	(5,062)	(21,087)	(17,605)	(12,529)
Income tax expense	(149)	(234)	(421)	(1,085)	(103)
Interest income on capital lease	(431)	(375)	(1,492)	(1,631)	(1,274)
Non-cash interest expense and other	547	467	2,108	1,702	1,189
Transaction expenses for acquisitions	—	—	(894)	—	(1,299)
Severance charges	(62)	(411)	(577)	—	—
Other	(171)	—	—	—	—
Changes in operating assets and liabilities	(11,777)	(10,829)	(20,588)	(17,552)	1,498
Net cash provided by operating activities	$ 18,286	$ 21,960	$ 103,697	$ 117,401	$ 101,891

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Non-GAAP Reconciliations, Cont'd.

	Years Ended December 31,									
($ in 000's)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net income (loss)	$ 12,935	$ (154,273)	$ 24,946	$ 11,071	$ 4,503	$ 69	$ 10,479	$ 21,228	$ 20,911	$ 7,122
Interest expense, net	21,087	17,605	12,529	12,488	15,905	12,970	12,279	10,043	14,003	16,468
Depreciation and amortization	92,337	85,238	71,156	52,917	41,880	32,738	24,569	22,957	18,016	13,437
Income tax expense	421	1,085	103	280	196	155	155	190	119	155
EBITDA	$ 126,780	$ (50,345)	$ 108,734	$ 76,756	$ 62,484	$ 45,932	$ 47,482	$ 54,418	$ 53,049	$ 37,182
Impairment of compression equipment	5,760	27,274	2,266	203	—	—	—	1,677	—	1,028
Impairment of goodwill	—	172,189	—	—	—	—	—	—	—	—
Interest income on capital lease	1,492	1,631	1,274	—	—	—	—	—	—	—
Unit-based compensation expense	10,373	3,863	3,034	1,343	—	—	382	269	225	2,352
Equipment operating lease expense	—	—	—	—	—	4,053	2,285	553	—	—
Riverstone management fee	—	—	—	49	1,000	1,000	—	—	—	—
Restructuring charges	—	—	—	—	—	300	—	—	—	—
Fees and expenses related to the Holdings Acquisition	—	—	—	—	—	—	1,838	—	—	—
Transaction expenses for acquisitions	894	—	1,299	2,142	—	—	—	—	—	—
Severance charges	577	—	—	—	—	—	—	—	—	—
Loss (gain) on sale of assets and other	772	(1,040)	(2,198)	637	—	—	—	—	—	—
Adjusted EBITDA	$ 146,648	$ 153,572	$ 114,409	$ 81,130	$ 63,484	$ 51,285	$ 51,987	$ 56,917	$ 53,274	$ 40,562
Interest expense, net	(21,087)	(17,605)	(12,529)	(12,488)	(15,905)	(12,970)	(12,279)	(10,043)	(14,003)	(16,468)
Income tax expense	(421)	(1,085)	(103)	(280)	(196)	(155)	(155)	(190)	(119)	(155)
Interest income on capital lease	(1,492)	(1,631)	(1,274)	—	—	—	—	—	—	—
Equipment operating lease expense	—	—	—	—	—	(4,053)	(2,285)	(553)	—	—
Riverstone management fee	—	—	—	(49)	(1,000)	(1,000)	—	—	—	—
Restructuring charges	—	—	—	—	—	(300)	—	—	—	—
Non-cash interest expense and other	2,108	1,702	1,189	1,839	(58)	(920)	3,362	288	201	1,666
Fees and expenses related to the Holdings Acquisition	—	—	—	—	—	—	(1,838)	—	—	—
Transaction expenses for acquisitions	(894)	—	(1,299)	(2,142)	—	—	—	—	—	—
Severance charges	(577)	—	—	—	—	—	—	—	—	—
Changes in operating assets and liabilities	(20,588)	(17,552)	1,498	180	(4,351)	1,895	(220)	(3,474)	1,346	836
Net cash provided by operating activities	$ 103,697	$ 117,401	$ 101,891	$ 68,190	$ 41,974	$ 33,782	$ 38,572	$ 42,945	$ 40,699	$ 26,441

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Non-GAAP Reconciliations, Cont'd.

($ in 000's)	Three Months Ended March 31, 2017	December 31, 2016	March 31, 2016
Net income (loss)	$ 1,552	$ 3,269	$ 8,538
Plus: Non-cash interest expense	547	547	467
Plus: Non-cash income tax expense	109	31	102
Plus: Depreciation and amortization	24,151	23,636	22,094
Plus: Unit-based compensation expense	2,945	1,892	1,812
Plus: Impairment of compression equipment	1,112	1,626	—
Plus: Impairment of goodwill	—	—	—
Plus: Transaction expenses for acquisitions	—	(56)	—
Plus: Severance charges	62	80	411
Plus: Other	171	—	—
Plus: Loss (gain) on sale of assets	(244)	(23)	(122)
Less: Maintenance capital expenditures	(3,182)	(2,299)	(1,389)
Distributable Cash Flow	$ 27,223	$ 28,703	$ 31,913
Plus: Maintenance capital expenditures	3,182	2,299	1,389
Plus: Change in working capital	(11,777)	(21,846)	(10,829)
Less: Transaction expenses for acquisitions	—	56	—
Less: Other	(342)	(111)	(513)
Net cash provided by operating activities	$ 18,286	$ 9,101	$ 21,960
Distributable Cash Flow	27,223	28,703	31,913
Cash distributions to general partner and IDRs	749	723	711
Distributable Cash Flow attributable to limited partner interest	$ 26,474	$ 27,980	$ 31,202
Distributions for Distributable Cash Flow Coverage Ratio	$ 32,119	$ 29,618	$ 28,433
Distributions reinvested in the DRIP	$ 6,635	$ 4,042	$ 9,807
Distributions for Cash Coverage Ratio	$ 25,484	$ 25,576	$ 18,626
Distributable Cash Flow Coverage Ratio	0.82	0.94	1.10
Cash Coverage Ratio	1.04	1.09	1.68

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Non-GAAP Reconciliations, Cont'd.

	Guidance
Net income	$15.8 million to $30.8 million
Plus: Interest expense	$26.9 million
Plus: Depreciation and amortization	$92.3 million
Plus: Income tax expense	$0.2 million
EBITDA	$135.2 million to $150.2 million
Plus: Interest income on capital lease	$1.2 million
Plus: Unit-based compensation expense (1)	$8.6 million
Adjusted EBITDA	$145.0 million to $160.0 million
Less: Cash interest expense	$24.8 million
Less: Current income tax expense	$0.2 million
Less: Maintenance capital expenditures	$12.0 million
Distributable Cash Flow	$108.0 million to $123.0 million

(1) Based on the Partnership's unit closing price as of December 31, 2016.

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Basis of Presentation; Explanation of Non-GAAP Financial Measures

This presentation includes the non-GAAP financial measures of Adjusted EBITDA ,Adjusted EBITDA Margin Percentage, Distributable Cash Flow, Distributable Cash Flow Coverage Ratio and Cash Coverage Ratio, as well as horsepower utilization.

EBITDA, a measure not defined under U.S. generally accepted counting principles ("GAAP"), is defined by USAC as net income (loss) before net interest expense, income taxes, and depreciation and amortization expense. Adjusted EBITDA, which also is a non-GAAP measure, is defined by USAC as EBITDA plus impairment of compression equipment expense, impairment of goodwill, interest income, unit-based compensation expense, restructuring/severance charges, management fees, expenses under our operating lease with Caterpillar, certain transaction fees, (gain)/loss on sale of assets and other. The Partnership's management views Adjusted EBITDA as one of its primary management tools, to assess: (1) 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; (2) the viability of capital expenditure projects and the overall rates of return on alternative investment opportunities; (3) the ability of the Partnership's assets to generate cash sufficient to make debt payments and to make distributions; and (4) 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. The Partnership 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. Adjusted EBITDA Margin Percentage is calculated by USAC as Adjusted EBITDA divided by Revenue for the period presented. LTM Adjusted EBITDA is calculated by USAC as the sum of Adjusted EBITDA for the most recently completed fiscal year and the Adjusted EBITDA for the most recent fiscal year-to-date period for which we have provided an income statement, minus the Adjusted EBITDA for the corresponding year-to-date period of the preceding fiscal year.

Distributable Cash Flow, a non-GAAP measure, is defined as net income (loss) plus non-cash interest expense, non-cash income tax expense, depreciation and amortization expense, unit-based compensation expense, severance charges, impairment of compression equipment, impairment of goodwill, certain transaction fees, and (gain)/loss on sale of assets and other, less maintenance capital expenditures. The definition of Distributable Cash Flow is identical to the definition of Adjusted Distributable Cash Flow previously presented. The Partnership's 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 (prior to the establishment of any retained cash reserves by the Partnership's general partner and the effect of the Partnership's Distribution Reinvestment Plan) to the cash distributions the Partnership expects to pay its unitholders. See previous slides for Adjusted EBITDA reconciled to net income (loss) and net cash provided by operating activities, and net income (loss) reconciled to Distributable Cash Flow.

This presentation contains a forward-looking estimate of Adjusted EBITDA and Distributable Cash Flow projected to be generated by the Partnership in its 2017 fiscal year. A reconciliation of the forward-looking estimates of Adjusted EBITDA and Distributable Cash Flow to 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 amounts, are not accessible or estimable at this time. The Partnership does not anticipate the changes in operating assets and liabilities amounts 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.

Adjusted EBITDA and Distributable Cash Flow 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 presented in accordance with GAAP as measures of operating performance and liquidity. Moreover, Adjusted EBITDA and Distributable Cash Flow as presented may not be comparable to similarly titled measures of other companies because other entities may not calculate such measures in the same manner.

The Partnership 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. Further, the Partnership believes that these measures are useful to investors because they are one of the bases for comparing the Partnership's operating performance with that of other companies with similar operations.

Horsepower utilization is calculated as (i)(a) revenue generating HP plus (b) HP in the Partnership's fleet that is under contract, but is not yet generating revenue plus (c) HP not yet in the Partnership's fleet that is under contract, not yet generating revenue and is subject to a purchase order, divided by (ii) total available HP less idle HP that is under repair. Average utilization calculated as the average utilization for the months in the period based on utilization at the end of each month in the period.

Distributable Cash Flow Coverage Ratio, a non-GAAP measure, is defined as Distributable Cash Flow less cash distributions to the Partnership's general partner and incentive distribution rights ("IDRs"), divided by distributions declared to limited partnership unitholders for the period. We define Cash Coverage Ratio as Distributable Cash Flow less cash distributions to the Partnership's general partner and IDRs divided by cash distributions paid to limited partnership unitholders, after consideration of the DRIP. We believe Distributable Cash Flow Coverage Ratio and Cash Coverage Ratio are important measures of operating performance because they allow management, investors and others to gauge our ability to pay cash distributions to limited partner unitholders using the cash flows we generate. Our Distributable Cash Flow Coverage Ratio and Cash Coverage Ratio as presented may not be comparable to similarly titled measures of other companies.

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