

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

USAC.N - Q3 2025 USA Compression Partners LP Earnings Call

EVENT DATE/TIME: NOVEMBER 05, 2025 / 4:00PM GMT

CORPORATE PARTICIPANTS

Chris Porter *USA Compression Partners LP - Vice President, General Counsel, Secretary*

Micah Green *USA Compression Partners LP - President, Chief Executive Officer of General Partner*

Christopher Paulsen *USA Compression Partners LP - Chief Financial Officer, Vice President, Treasurer of General Partner*

Chris Wauson *USA Compression Partners LP - Vice President, Chief Operating Officer*

CONFERENCE CALL PARTICIPANTS

Nate Pendleton *Texas Capital - Analyst*

PRESENTATION

Operator

Good morning. Welcome to the USA Compression Partners third-quarter 2025 earnings conference call. (Operator Instructions) This conference is being recorded today, November 5, 2025.

I now would like to turn the call over to Chris Porter, Vice President, General Counsel, and Secretary. Mr. Porter, you may begin.

Chris Porter - *USA Compression Partners LP - Vice President, General Counsel, Secretary*

Good morning, everyone, and thank you for joining us. With me today is Clint Green, President and CEO; Chris Paulsen, Vice President and CFO; and Chris Wauson, Vice President of COO.

This morning, we released our operational and financial results for the quarter ending September 30, 2025. You can find a copy of our earnings release as well as a recording of this call in the investor relations section of our website at usacompression.com.

During this call, our management will reference certain non-GAAP measures. You will find definitions and reconciliations of these non-GAAP measures to the most comparable US GAAP measures in our earnings release.

As a reminder, our conference call will include forward-looking statements. These statements are based on management's current beliefs and include projections and expectations regarding our future performance and other forward-looking matters. Actual results may differ materially from these statements.

Please review the risk factors included in this morning's earnings release and in our other public filings. Please note that information provided on this call speaks only to management's views as of today, November 5, 2025, and may no longer be accurate at the time of a replay.

I will now turn the call over to Clint Green, President and CEO of USA Compression.

Micah Green - *USA Compression Partners LP - President, Chief Executive Officer of General Partner*

Thanks, Chris, and good morning. Thank you all for joining our call.

We are pleased to deliver another solid quarter with revenues of over \$250 million, adjusted EBITDA over \$160 million, and DCF approaching \$104 million, with strong margins and consistent utilization resulting in improved leverage ratio of 3.9 times and DCF coverage ratio of 1.6 times.

Based on year-to-date performance, we have increased our 2025 ranges for EBITDA and DCF guidance. This increase in guidance is a result of management's commitment to effective cost management and operational discipline. This includes certain one-time impacts that Chris Paulsen will discuss later in the call.

Additionally, we will deploy most of our 2025 new unit horsepower in Q4, setting the foundation for continued momentum in 2026. We are in the process of finalizing our 2026 capital budget, which we anticipate releasing in February.

We expect that new horsepower will exceed 2025 levels given continued natural gas demand and new projects both expanding takeaway capacity and increased localized demand in the Permian and Northeast. We have already committed to several deliveries in Q2 and Q3 of 2026.

Notably, we have recently seen lead times increase to more than 60 weeks for larger orders. Although US producers are still evaluating macro market conditions to arrive at their appropriate capital budgets for 2026, we continue to see growth opportunities in the markets we operate.

We expect our active horsepower in the Northeast and Central regions to grow by more than 40,000 horsepower before the end of 2025 relative to Q2. This is partially due to contracting 300 small horsepower units that will draw from idle capacity and increase small horsepower utilization to nearly 80% over the coming months.

These contracts include a 36-month initial term. This deployment, coupled with Q4 new unit deliveries to the Permian, will bring our projected year-end active fleet to roughly 3.6 million horsepower.

Turning to SG&A. We now expect to realize the majority of the \$5 million of shared services annualized savings in 2025, ahead of the 2026 timeline shared on our last call. These savings have and will continue to come from cost improvements seen through centralized IT efforts and other savings due to economies of scale.

For example, Q3 benefited from a one-time healthcare cost true-up, reflecting a lower monthly per employee healthcare cost than previously estimated. We expect 2026 G&A to grow modestly off of our new baseline, reflecting typical wage inflation and modest investments in new commercial and financial capabilities.

Finally, we are pleased that both our bank syndicate and long-term investors continue to recognize the quality of the compression market. In Q3, we refinanced our ABL and our 2027 senior notes, significantly reducing our weighted average borrowing cost and improved strategic flexibility.

With that, I will turn the call over to Chris Paulsen, our Chief Financial Officer, for a detailed financial update.

Christopher Paulsen - USA Compression Partners LP - Chief Financial Officer, Vice President, Treasurer of General Partner

Thanks, Clint. In Q3, our sales team continued to build upon pricing improvements, up to an all-time high, averaging \$21.46 per horsepower for the third quarter, a 1% increase in sequential quarters and a 4% increase compared to a year ago. Average active horsepower remained flattish compared to Q2 at \$3.55 million.

Our third-quarter adjusted gross margins were higher at 69.3%, in large part due to the realization of both onetime and ongoing cost savings tied to our centralized procurement processes, employee healthcare savings, and one-time sales tax refund recognized at the completion of a prior year sales tax audit. While Q3 gross margins were partially elevated due to one-time true-up and cost savings, going forward, we expect margins to stay consistent with our trailing 12-month rate.

Regarding the consolidated financial results, our third-quarter 2025 net income was \$34.5 million. Operating income was \$83.9 million. Net cash provided by operating activities was \$75.9 million, and cash interest expense net was \$44.9 million.

Our leverage ratio at the end of the third quarter was 3.9 times. As you may recall, our leverage ratio is determined in accordance with our ABL definition, which remained consistent with our latest refinancing and is calculated as funded debt divided by the latest quarter annualized adjusted EBITDA.

Turning to operational results. Our total fleet horsepower at the end of the quarter was approximately 3.9 million horsepower, essentially flat versus the prior quarter. Our average utilization for the third quarter was 94%, consistent with the prior quarter.

Third quarter 2025 expansion capital expenditures were \$37.3 million, and our maintenance capital expenditures were \$9 million. Expansion capital spending in Q3 primarily consisted of new units, and we expect that to be the same in Q4.

Turning to 2025 guidance. We have increased and tightened our adjusted EBITDA range to \$610 million to \$620 million, increasing the midpoint of the range by approximately \$15 million. We have also increased our DCF range to \$370 million to \$380 million, reduced our expansion capital range to \$115 million to \$125 million, and maintained our maintenance capital between \$38 million and \$42 million.

Approximately \$11 million of expansion capital tied to late December deliveries is now expected to be realized in 2025 instead of January 2026, as stated in our Q2 call, and therefore, is factored into our 2025 capital range. As previously discussed, we continue to maintain our leverage ratio and expect it to marginally increase at the end of the year as we fund new growth projects that are back-end loaded. Our target remains at or below 4 times debt to EBITDA.

Finally, as Clint mentioned earlier, Q3 was characterized by two major refinancings. First, we extended and expanded our ABL from \$1.6 billion to \$1.75 billion, reducing our drawn cost by approximately 25 basis points.

Second, we called our \$750 million 2027 notes at par in favor of the 2033 notes of the same quantum, reducing our interest rate 62.5 basis points. All in all, we are on track to realize over \$10 million annualized interest savings given these efforts and based on forecasted rate cuts, all while increasing overall liquidity and extending tenor.

And with that, I will turn the call back to Clint for concluding remarks.

Micah Green - USA Compression Partners LP - President, Chief Executive Officer of General Partner

Thanks, Chris. I want to thank our employees that have worked diligently towards our ERP implementation in early 2026. The collaboration across the organization has been significant and has brought regions and departments closer together.

At the same time, we are realizing cost synergies from our new shared services model. The combination of both is improving our control, sophistication, data integrity, and profitability. Therefore, I am excited about the path forward.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Nate Pendleton, Texas Capital.

Nate Pendleton - Texas Capital - Analyst

Congrats on the record quarter. In a sustained slowdown in oil-directed activity, can you speak to your willingness to lean further into compression and dry gas plays in this environment based on the success you just highlighted in your prepared remarks?

And then also, would there be any investment in in-basin facilities required to support any significant increase in gas-directed compression?

Micah Green - USA Compression Partners LP - President, Chief Executive Officer of General Partner

Yeah. So Nate, thank you for that question. We're already established in the dry gas markets. We -- while we have the majority of our operations is in the Permian, we're still very large in the Northeast, up in Oklahoma, down in the Gulf Coast.

And we see with these demands coming online and these pipelines being built out of West Texas or out of the Permian, we see those plays as a place to -- as a growth where we expect to see drilling for gas instead of drilling for gas and -- associated gas and oil.

And I missed the second part of your question there, Nate. What was that?

Nate Pendleton - Texas Capital - Analyst

Just, would there be any incremental investment needed in the in-basin facilities to support any increase in in assets deployed there?

Micah Green - USA Compression Partners LP - President, Chief Executive Officer of General Partner

Well, I mean, we have active horsepower running in those basins -- in the other dry gas basins. And so we can move equipment from anywhere that may slow down to those basins or we can buy new equipment and install there for operating. I hope that answers your question.

Nate Pendleton - Texas Capital - Analyst

Yeah, it does. I was just trying to get at your geographic diversification. It does sound like you're already established there, so it would just be a matter of moving the horsepower in. So definitely positive.

Micah Green - USA Compression Partners LP - President, Chief Executive Officer of General Partner

That's exactly right. Thank you.

Nate Pendleton - Texas Capital - Analyst

And then, Clint, if I may, one more. With the strong pricing trends that you guys noted during the quarter, can you speak to recent pricing dynamics and how spot prices are comparing to your fleet average here?

Chris Wauson - USA Compression Partners LP - Vice President, Chief Operating Officer

Yeah, Nate. It's Chris Wauson. I'll take that one. Our market has definitely picked up since Q2. So our pricing trends from a dollar per horsepower basis is going to be consistent into the back half of 2025 into 2026.

We feel like our dollar per horsepower revenue is going to be consistent. So we'll just see how everything works out, but that's our feeling right now.

Operator

(Operator Instructions) There are no further questions at this time. I'll now turn the conference back over to Clint Green for closing remarks.

Micah Green - *USA Compression Partners LP - President, Chief Executive Officer of General Partner*

Yeah. Thank you all for joining our call. We appreciate the interest in our company, and have a good day.

Operator

This concludes a conference call. You may now disconnect.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2025, Refinitiv. All Rights Reserved.