Sidoti & Company, LLC
Member FINRA & SIPC

USD Partners LP (USDP)

Expect Diluent Recovery Unit To Drive Increased Demand For Long-Term Contracts At Hardisty; Stable, Secure Cash Flow Will Support Increased Distributions; Maintain $11 Price Target

	2020	2021E OLD	2021E NEW	2022E OLD	2022E NEW	2023E OLD	2023E NEW
Mar.	$0.39	$0.46A		$0.45		$0.49	
June	0.36	0.53A		0.48		0.51	
Sep.	0.50	0.39A		0.49		0.52	
Dec.	0.48	0.43		0.50		0.54	
DCF per unit	**$1.75**	**$1.81**		**$1.92**		**$2.07**	
P/DCF				**2.6x**		**2.4x**	
EPU	**$0.58**	**$0.82**		**$0.95**		**$1.10**	
P / EPU				5.2x		4.5x	

Note: EPU measures earnings per common (or LP) unit. DCF (distributable cash flow) per common unit is calculated by subtracting cash taxes, interest and maintenance cap-ex from adjusted EBITDA (excluding one-time or non-recurring benefits or charges) and is viewed as the best metric to judge the safety and growth potential of distributions from MLPs but is a non-GAAP measure. 2020 EPU excludes a ($1.32) per unit goodwill impairment to the Casper Terminal. *EPS including amortization expense. *EPS including amortization expense.

Year	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Rev.(Mil.)	$36.1	$81.8	$111.1	$111.3	$119.2	$113.7	$120.0	$124.5	$133.4	$141.3
GAAP EPU	($0.29)	$0.83	$1.06	$0.88	$0.77	$0.22	($0.74)	$0.82	$0.95	$1.10

Description: USD Partners LP (www.usdpartnerscom) provides railcar loading and unloading, tank storage and blending, pipeline connectivity, truck transloading and leased railcars to customers including integrated oil companies, marketers and refiners through a network of two origination and two destination terminals in North America. US Development Group (USDG) owns about 41.7% of the common units, the 1.7% general partner (GP) interest and incentive distribution rights (IDRs) of the master limited partnership (MLP). Headquarters are in Houston, TX.

- **USD Partners announced this week the diluent recovery unit (DRU) at the Hardisty Terminal has been declared fully operational.**
- **About 32% of the oil volume transported through the Hardisty Terminal is now under a long-term, take-or-pay agreement through 2031.**
- **We expect the benefits of DRUbit, along with growing Western Canadian oil production and limited additional egress options, will drive further demand, enabling USD Partners to reach additional long-term agreements on volume transloaded at the terminal.**
- **We anticipate those long-term agreements will provide USDP with stable cash flow to support a growing distribution to unit holders.**
- **USD Partners has raised its distribution for three consecutive quarters but still maintains a healthy distribution coverage ratio of 3.2x.**
- **We maintain our Moderately Risky rating, given the improving balance sheet (net leverage has declined to 2.9x in 3Q:21 from 3.7x last year) and stable cash flow generated through long-term take-or-pay agreements. The partnership recently extended the maturity of its senior credit facility by one year to November 2023.**
- **We also maintain our $11 price target, which is based on 5.5x multiple our 2022 DCF per unit estimate of $1.92. The multiple is in line with a peer group of MLPs with storage and terminals.**

We expect the fully operational DRU to help generate stable, long-term cash flow through 10-year take-or-pay agreements at Hardisty. The DRU is operated through a joint venture between USDP's general partner and Gibson Energy (TSE: GEI). Shipments for the initial customer, ConocoPhillips (NYSE: COP, NC), commenced in 3Q:21. The DRU separates diluent from raw bitumen, allowing recovery of the diluent used to move bitumen through pipelines while creating DRUbit, a heavy Canadian oil that is safer to transport by rail. DRUbit is classified as a non-hazardous non-flammable commodity when transported by rail

NR
Price Target: $11
Price: $5.18
Risk Rating: M

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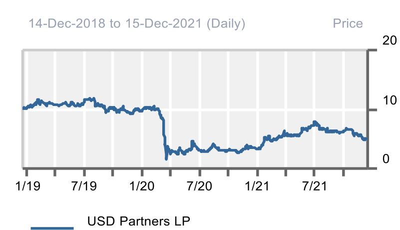
Key Statistics

Analysts Covering	1
Market Cap (Mil)	$140
Enterprise Value	$307
52-Week Range (NYSE)	8-3
5-Year EPU CAGR	4%
Avg. Daily Trading Volume	68,000
Units Out (Mil)	27.225
Float Units (Mil)	13.264
Insider Ownership	51%
Institutional Holdings	32%
Annualized Distribution	$0.47
Distribution Yield	9.5%
DCF Per Share (2023E)	$2.07
DCF Yield (2023E)	40.0%
Net Cash Per Unit (2023E)	($3.57)
Price to Book Value	8.8x
Return on Partner Cap. (2023E)	38.1%
Total Debt to Capital	92%
Interest Coverage Ratio	3.7x
Short Interest %	0.5%
Short Interest Days To Cover	1.2
Russell 2000	2,152
Russell 2000 – Last 12 Months	12.0%
USDP – Last 12 Months	34.0%



Source: FactSet Prices

in North America. The recovered diluent is returned to ConocoPhillips for reuse. The DRU increases netbacks (gross profit) as it essentially eliminates the cost of condensates while also providing safe transportation of the valuable undiluted bitumen. Hardisty accounts for about 60-65% of USDP's revenue. We suggest locking in long-term agreements for all the volume loaded at that terminal would provide secure, stable cash flow to support distributions. Management has already raised the distribution in each of the last three quarters. Increasing Western Canadian production without incremental egress options could also drive demand for rail transport. Canadian exports by rail more than doubled to 164,180 barrels per day year over year in September, as production has recovered from the COVID slump, according to the Canadian Energy Regulator. Western Canadian oil sands production has expanded more than 11% YTD through October. Production could be further driven in 2022 by increased drilling. The Canadian Association of Energy Contractors (CAOEC) projects 27% more wells will be drilled in Western Canada next year.

We expect improving EBITDA from West Colton due to a new renewable diesel contract and recovering profitability at Stroud in 2H:22 following completion of a new connection. We project an additional $2 million in annual EBITDA at West Colton starting in 4Q:21 with the commencement of a new five-year renewable diesel contract, which required only $1.8 million in investment. The partnership's sponsor is adding a pipeline connection to a second storage tank at the Cushing Hub, enabling the Stroud Terminal to service multiple customers. We anticipate the expansion to be completed in 1H:22. We expect the connection could help USDP to fill unallocated slots at Stroud. We also expect potential growth at Casper, following Enbridge 's (NYSE: ENB, NC) addition of capacity on its Express pipeline. The Casper Terminal has a direct pipeline connection to the Express and Platte pipelines.

Management continues to improve the balance sheet. Net debt has declined by $32 million over the last year reducing net leverage (net debt/trailing 12-month EBITDA) to 2.9x (from 3.7x a year ago). We expect improving cash flow could be used to further reduce debt or increase distributions. We note that despite the three consecutive distribution hikes, the distribution coverage ratio remains a healthy 3.2x. We expect increases in distributions as USDP gains additional long-term agreements at the Hardisty Terminal.

<table>
<tr><td>Valuation</td><td colspan="3">We maintain our $11 price target, which is based on 5.5x our 2022 DCF per unit estimate of $1.92. The multiple is in line with other MLPs with storage and terminal assets. We think the partnership is well positioned to extend long-term agreements for its Hardisty Terminal services, given the launch of the DRU unit. We also think the partnership could reach additional agreements for terminal services at its West Colton facility, which may only require minimal investments, add take-or-pay contracts at Casper, as well as the potential accretive drop down of assets from the sponsor, including the South Hardisty expansion and additional capacity at Stroud.</td></tr>
<tr><td>Key Risks</td><td>Agreement renewals</td><td>Government tax policy</td><td>Interest rates</td></tr>
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Table 1. USD Partners Income Statement
($s in thousands, except per unit data)

	Mar	Jun	Sept	Dec	2020	Mar A	Jun A	Sept A	Dec E	2021E	Mar E	Jun E	Sept E	Dec E	2022E	2023E
Revenue																
Terminalling services	**24,235**	**22,309**	**28,905**	**28,604**	**104,053**	**28,105**	**30,992**	**28,070**	**28,747**	**115,914**	**29,510**	**30,992**	**31,719**	**33,059**	**125,280**	**133,337**
Terminalling services - related party	**4,088**	**3,800**	**1,041**	**1,102**	**10,031**	**1,103**	**1,111**	**313**	**551**	**3,078**	**552**	**556**	**322**	**568**	**1,997**	**2,047**
Fleet leases - related party	**984**	**983**	**984**	**984**	**3,935**	**984**	**983**	**984**	**984**	**3,935**	**984**	**983**	**984**	**984**	**3,935**	**4,033**
Fleet services	**50**	**51**	**51**	**51**	**203**	**24**				**24**					**0**	**0**
Fleet services - R/P	**227**	**228**	**227**	**228**	**910**	**227**	**228**	**227**	**235**	**917**	**233**	**234**	**233**	**241**	**940**	**963**
Freight & other reimbursables	622	64	64	95	845	156	207	170	98	631	160	212	174	100	647	663
Freight & other reimbursables - R/P		1	65		66			0	0	0	0		0	0	0	0
Total	**30,206**	**27,436**	**31,337**	**31,064**	**120,043**	**30,599**	**33,521**	**29,764**	**30,615**	**124,499**	**31,438**	**32,976**	**33,432**	**34,952**	**132,799**	**141,043**
Operating costs																
Subcontracted rail services	**3,445**	**2,688**	**2,300**	**2,412**	**10,845**	**3,141**	**3,523**	**3,693**	**3,521**	**13,878**	**3,458**	**3,627**	**3,678**	**3,845**	**14,608**	**15,515**
Pipeline fees	**6,347**	**5,395**	**5,936**	**6,184**	**23,862**	**6,046**	**6,398**	**6,031**	**6,153**	**24,628**	**6,313**	**6,625**	**6,729**	**7,062**	**26,728**	**29,243**
Fleet leases																
Frieght & other reinmbursables	**622**	**65**	**129**	**95**	**911**	**156**	**207**	**170**	**170**	**703**	**170**	**170**	**170**	**170**	**680**	**782**
Operating & maintenance	**3,081**	**2,564**	**2,299**	**2,515**	**10,459**	**2,832**	**2,602**	**2,538**	**2,602**	**10,574**	**2,672**	**2,593**	**2,884**	**3,006**	**11,155**	**11,991**
Operating & maintenance - R/P	**2,027**	**2,065**	**2,102**	**2,093**	**8,287**	**2,090**	**2,101**	**1,959**	**1,770**	**7,920**	**1,768**	**1,595**	**1,385**	**1,613**	**6,361**	**6,489**
SG&A	**3,180**	**2,620**	**2,510**	**2,573**	**10,883**	**3,056**	**2,411**	**2,596**	**2,599**	**10,662**	**3,117**	**2,604**	**2,648**	**2,651**	**11,020**	**11,027**
SG&A - R/P	1,993	1,835	1,735	1,811	7,374	1,677	1,625	1,649	1,630	6,581	1,711	1,658	1,682	1,662	6,713	6,914
Goodwill impairment	33,589				33,589					0					0	0
Depreciation & amortization	5,422	5,203	5,430	5,441	21,496	5,471	5,500	5,604	5,604	22,179	5,604	5,604	5,604	5,604	22,416	22,416
Total operating costs	**59,706**	**22,435**	**22,441**	**23,124**	**127,706**	**24,469**	**24,367**	**24,240**	**24,048**	**97,124**	**24,813**	**24,475**	**24,780**	**25,612**	**99,681**	**104,376**
Operating income (loss)	**(29,500)**	**5,001**	**8,896**	**7,940**	**(7,663)**	**6,130**	**9,154**	**5,524**	**6,567**	**27,375**	**6,625**	**8,501**	**8,653**	**9,339**	**33,118**	**36,668**
Other:																
Interest expense	2,739	2,256	2,045	1,892	8,932	1,735	1,591	1,480	1,462	6,268	1,462	1,462	1,462	1,462	5,850	5,169
Loss (gain) on derivatives	2,873	332	1,200	(509)	3,896	(3,076)	718	(110)	0	(2,468)	0	0	0	0	0	0
FX	(92)	1,150	(246)	(545)	267	(61)	(41)	294	0	192	0	0	0	0	0	0
Other income, net	(732)	(111)	(33)	(27)	(903)	(20)	4	3		(13)					0	0
Pretax income	(34,288)	1,374	5,930	7,129	(19,855)	7,552	6,882	3,857	5,104	23,395	5,163	7,038	7,190	7,877	27,268	31,499
Provision (benefit) for income taxes	(507)	188	(307)	585	(41)	224	166	49	153	592	155	211	216	236	818	945
Net income	**(33,781)**	**1,186**	**6,237**	**6,544**	**(19,814)**	**7,328**	**6,716**	**3,808**	**4,951**	**22,803**	**5,008**	**6,827**	**6,975**	**7,640**	**26,450**	**30,554**
Net income attributable to LP interests	**(33,210)**	**1,166**	**6,131**	**6,434**	**(19,479)**	**7,204**	**6,605**	**3,744**	**4,869**	**22,421**	**4,925**	**6,715**	**6,860**	**7,515**	**26,014**	
Adjusted EBITDA	**12,285**	**12,778**	**15,636**	**14,897**	**55,596**	**14,551**	**16,323**	**12,319**	**13,604**	**56,797**	**14,245**	**15,139**	**15,312**	**15,625**	**60,321**	**64,272**
Distributable cash flow	**9,853**	**9,706**	**13,550**	**12,949**	**46,508**	**12,513**	**14,402**	**10,708**	**11,779**	**49,402**	**12,418**	**13,255**	**13,424**	**13,716**	**52,813**	**57,319**
Distributable cash flow per unit	**$0.39**	**$0.36**	**$0.50**	**$0.48**	**$1.75**	**$0.46**	**$0.53**	**$0.39**	**$0.43**	**$1.82**	**$0.45**	**$0.48**	**$0.49**	**$0.50**	**$1.92**	**$2.06**
Cash distributions	**10,655**	**3,182**	**3,183**	**3,183**	**20,203**	**3,183**	**3,303**	**3,375**	**3,444**	**13,305**	**4,911**	**4,925**	**4,938**	**6,421**	**21,195**	**26,303**
Distributions per unit	**$0.111**	**$0.111**	**$0.111**	**$0.111**	**$0.444**	**$0.114**	**$0.116**	**$0.119**	**$0.119**	**$0.467**	**$0.169**	**$0.169**	**$0.169**	**$0.219**	**$0.724**	**$0.889**
Distribution coverage ratio	**0.9x**	**3.1x**	**4.3x**	**4.1x**	**2.3x**	**3.9x**	**4.4x**	**3.2x**	**3.4x**	**3.7x**	**2.5x**	**2.7x**	**2.7x**	**2.1x**	**2.5x**	**2.3x**
Earnings per common unit	($1.30)	$0.05	$0.23	$0.28	($0.74)	$0.27	0.24	0.13	0.18	0.82	0.18	0.24	0.25	0.27	0.95	1.10
Adjusted EPU	**$0.02**	**$0.05**	**$0.23**	**$0.28**	**$0.58**	**$0.27**	**$0.24**	**$0.13**	**$0.18**	**$0.82**	**$0.18**	**$0.24**	**$0.25**	**$0.27**	**$0.95**	**$1.10**
Common units	25,516	26,844	26,844	26,852	26,514	27,030	27,224	27,225	27,305	27,196	27,385	27,465	27,545	27,625	27,505	27,825
GP Units	461	461	461	461	461	461	461	461	461	461	461	461	461	461	461	461
Total units	25,977	27,305	27,305	27,313	26,975	27,491	27,685	27,686	27,766	27,657	27,846	27,926	28,006	28,086	27,966	28,286
YOY Growth:																
Revenue	10.4%	2.3%	4.8%	5.0%	5.6%	1.3%	22.2%	-5.0%	-1.4%	3.7%	2.7%	-1.6%	12.3%	14.2%	6.7%	6.2%
SG&A	5.0%	-9.9%	-2.3%	-5.2%	-3.1%	-8.5%	-9.4%	0.0%	-3.5%	-5.6%	2.0%	5.6%	2.0%	2.0%	2.8%	1.2%
Operating income	NM	-3.4%	55.2%	83.8%	NM	NM	83.0%	-37.9%	-17.3%	NM	8.1%	-7.1%	56.6%	42.2%	21.0%	10.7%
Adjusted EBITDA	6.7%	4.9%	11.7%	16.4%	10.1%	18.4%	27.7%	-21.2%	-8.7%	2.2%	-2.1%	-7.3%	24.3%	14.9%	6.2%	6.6%
Distributions per unit	-69.4%	-69.6%	-69.8%	-70.0%	-69.7%	2.3%	4.4%	6.8%	6.8%	5.0%	48.5%	45.3%	42.2%	84.4%	55.2%	22.8%
DCF per common unit	5.8%	0.1%	17.0%	23.5%	13.2%	19.9%	46.3%	-22.1%	-10.5%	3.6%	-2.0%	-8.8%	23.9%	15.1%	5.7%	7.3%
Net income	NM	24.7%	196.2%	205.8%	NM	NM	466.3%	-38.9%	-24.3%	NM	-31.7%	1.7%	83.2%	54.3%	16.0%	15.5%
EPU(ex. one-time items)	-45.4%	66.7%	187.5%	250.0%	162.0%	1547.4%	380.0%	-43.5%	-36.3%	42.0%	-33.4%	1.9%	91.6%	52.6%	15.5%	16.1%
Margins:																
SG&A/sales	17.1%	16.2%	13.5%	14.1%	15.2%	15.5%	12.0%	14.3%	13.8%	13.8%	15.4%	12.9%	13.0%	12.3%	13.4%	12.7%
Operating profit	-97.7%	18.2%	28.4%	25.6%	-6.4%	20.0%	27.3%	18.6%	21.4%	22.0%	21.1%	25.8%	25.9%	26.7%	24.9%	26.0%
Adjusted EBITDA	40.7%	46.6%	49.9%	48.0%	46.3%	47.6%	48.7%	41.4%	44.4%	45.6%	45.3%	45.9%	45.8%	44.7%	45.4%	45.6%
Distributable cash flow	32.6%	35.4%	43.2%	41.7%	38.7%	40.9%	43.0%	36.0%	38.5%	39.7%	39.5%	40.2%	40.2%	39.2%	39.8%	40.6%
Net income	-111.8%	4.3%	19.9%	21.1%	-16.5%	23.9%	20.0%	12.8%	16.2%	18.3%	15.9%	20.7%	20.9%	21.9%	19.9%	21.7%

Sources: Sidoti & Company, LLC and company reports.

Table 2. USD Partners Cash Flow Statement

($s in thousands, except per unit data)

	Mar	Jun	Sept	Dec	2020	Mar A	Jun A	Sept A	Dec E	2021	2022	2023
Net income	**(33,781)**	**1,186**	**6,237**	**6,544**	**(19,814)**	**7,328**	**6,716**	**3,808**	**4,951**	**22,803**	**26,450**	**30,554**
Adjustments:												
Depreciation & amortization	5,422	5,203	5,430	5,441	21,496	5,471	5,500	5,604	5,604	22,179	22,416	22,416
Loss (gain) on derivatives	2,873	332	1,200	(509)	3,896	(3,076)	718	(110)		(2,468)	0	0
Settlement of derivatives	(6)	(283)	(342)	(261)	(892)	(264)	(279)	(286)		(829)	0	0
Unit based compensation expense	1,635	1,630	1,644	1,654	6,563	1,512	1,405	1,357	1,426	5,700	5,985	6,284
Deferred income taxes	(352)	(189)	(722)	290	(973)	(18)	(72)	(135)	77	(148)	409	472
Other	207	207	208	207	829	207	212	834		1,253		
Goodwill impairment	33,589				33,589					0	0	0
Working capital:	2,130	(2,677)	2,979	(1,312)	1,120	1,485	(146)	(87)	162	1,414	(1,631)	(400)
Cash flow from operations	**11,717**	**5,409**	**16,634**	**12,054**	**45,814**	**12,645**	**14,054**	**10,985**	**12,220**	**49,904**	**53,629**	**59,327**
Investing cash flows												
Capex	(147)	(230)	(18)	(89)	(484)	(483)	(901)	(961)	(483)	(2,828)	(2,100)	(2,205)
Cash used by investing activities	**(147)**	**(230)**	**(18)**	**(89)**	**(484)**	**(483)**	**(901)**	**(961)**	**(483)**	**(2,828)**	**(2,100)**	**(2,205)**
Financing cash flows												
Payments of deferred financing					0					0	0	0
Distributions	(10,655)	(3,182)	(3,183)	(3,183)	(20,203)	(3,183)	(3,303)	(3,375)	(3,444)	(13,305)	(21,195)	(26,303)
Vested phantom units	(1,788)		(1)		(1,789)	(857)		(2)		(859)	0	0
Proceeds from long-term debt	10,000		2,000		12,000			0		0	0	0
Repayments of long-term debt	(6,000)	(6,000)	(11,000)	(12,000)	(35,000)	(8,000)	(10,000)	(5,000)	(5,000)	(28,000)		
Other					0					0	0	0
Cash flows from financing	**(8,443)**	**(9,182)**	**(12,184)**	**(15,183)**	**(44,992)**	**(12,040)**	**(13,303)**	**(8,377)**	**(8,444)**	**(42,164)**	**(21,195)**	**(26,303)**
Effect of FX	(989)	1,427	(145)	(321)	(28)	(95)	(53)	13		(135)	0	0
Net change in cash	**2,138**	**(2,576)**	**4,287**	**(3,539)**	**310**	**27**	**(203)**	**1,660**	**3,292**	**4,776**	**30,334**	**30,819**
Cash, equivalents and restricted cash at beginning of period	10,684	12,822	10,246	14,533	10,684	10,994	11,021	10,818	12,478	10,994	15,771	46,105
Cash, equivalents and restricted cash at end of period	**12,822**	**10,246**	**14,533**	**10,994**	**10,994**	**11,021**	**10,818**	**12,478**	**15,771**	**15,771**	**46,105**	**76,925**
Free cash flow	**11,570**	**5,179**	**16,616**	**11,965**	**45,330**	**12,162**	**13,153**	**10,024**	**11,737**	**47,076**	**51,529**	**57,122**
Distributable cash flow reconciliation:												
Operating cash flow	**11,717**	**5,409**	**16,634**	**12,054**	**45,814**	**12,645**	**14,054**	**10,985**	**12,220**	**49,904**	**53,629**	**59,327**
Amortization of deferred financing	(207)	(207)	(208)	(207)	(829)	(207)	(207)	(208)	(208)	(830)	(832)	(832)
Deferred income taxes	352	189	722	(290)	973	18	72	135	(77)	148	(409)	(472)
Accounts receivable	1,803	334	(69)	984	3,052	(4)	(143)	(313)	90	(370)	1,110	255
Accounts payable	(898)	2,130	(545)	358	1,045	(265)	(281)	(54)	(36)	(636)	156	(119)
Deferred revenue	(3,035)	213	(2,365)	(30)	(5,217)	(1,216)	570	(166)	0	(812)	0	0
Interest expense	2,715	2,253	2,036	1,891	8,895	1,734	1,590	1,479	1,462	6,265	5,850	5,169
Income taxes	(507)	188	(307)	585	(41)	224	166	49	153	592	818	945
FX	(92)	1,150	(246)	(545)	267	(61)	(41)	294	0	192	0	0
Other income										0	0	0
Non-cash deferred amounts	437	1,119	(16)	97	1,637	1,683	543	118		2,344	0	0
Adjusted EBITDA	**12,285**	**12,778**	**15,636**	**14,897**	**55,596**	**14,551**	**16,323**	**12,319**	**13,604**	**56,797**	**60,321**	**64,272**
Cash paid for income taxes	(317)	(116)	(190)	(151)	(324)	(286)	(248)	(144)	(153)	(831)	(818)	(945)
Cash paid for interest	(2,083)	(2,874)	(1,880)	(1,756)	(8,593)	(1,549)	(1,438)	(1,309)	(1,462)	(5,758)	(5,850)	(5,169)
Maintenance capex	(32)	(82)	(16)	(41)	(171)	(203)	(235)	(158)	(210)	(806)	(840)	(840)
Distributable cash flow	**9,853**	**9,706**	**13,550**	**12,949**	**46,508**	**12,513**	**14,402**	**10,708**	**11,779**	**49,402**	**52,813**	**57,319**

Sources: Sidoti & Company, LLC and company reports.

Table 3. USD Partners Balance Sheet
($s in thousands, except per unit data)

	Mar	Jun	Sept	2020	Mar A	Jun A	Sept A	2021	2022	2023
Assets										
Cash, equivalents and restricted	12,822	10,246	14,533	10,994	11,021	10,818	12,478	15,770	46,104	76,924
Accounts receivable	4,530	4,515	4,346	4,049	4,467	4,938	4,043	4,133	5,243	5,498
Accounts receivable - R/P	2,556	2,461	2,508	2,460	2,569	1,442	2,658	2,602	3,320	3,482
Prepaid expenses	2,560	2,129	1,529	1,959	1,788	2,556	2,609	2,449	2,097	2,199
Other current assets	859	995	1,189	1,777	1,035	465	129	129	129	129
Other current assets - R/P	196	55	35	15		242	259	259	259	259
Total current assets	**23,523**	**20,401**	**24,140**	**21,254**	**20,880**	**20,461**	**22,176**	**25,343**	**57,153**	**88,491**
PPE, net	141,232	140,976	139,745	139,841	138,731	138,140	135,243	133,273	125,561	117,954
Intangble assets	70,947	67,796	64,644	61,492	58,341	55,189	52,037	48,886	36,282	23,678
Goodwill				0				0	0	0
Operating lease assets	13,253	11,948	10,956	9,630	8,320	7,551	7,047	7,047	7,047	7,047
Other non-current assets	1,770	2,663	3,571	3,625	4,320	3,941	3,876	3,876	3,876	3,876
Other non-current assets - R/P	375	800	1,227	1,706	2,138	2,337	2,290	2,290	2,290	2,290
Total assets	**251,100**	**244,584**	**244,283**	**237,548**	**232,730**	**227,619**	**222,669**	**220,715**	**232,209**	**243,336**
Liabilities & partners' capital										
Accounts payable	3,190	1,633	2,214	1,865	2,303	2,686	2,566	2,602	2,447	2,566
Accounts payable - R/P	951	374	384	383	359	348	299	299	299	299
Deferred revenue	4,616	5,531	5,607	6,367	6,968	5,949	5,569	5,569	5,569	5,569
Deferred revenue - R/P	1,395	410	410	410	410	410	410	410	410	410
Operating leases	5,212	5,130	5,371	5,291	5,153	5,627	5,180	5,180	5,180	5,180
Other current liabs.	6,289	4,524	5,495	4,222	4,407	5,087	6,991	6,991	6,991	6,991
Current liabilities	**21,653**	**17,602**	**19,481**	**18,538**	**19,600**	**20,106**	**21,015**	**21,051**	**20,896**	**21,015**
Long-term debt	221,859	216,066	207,273	195,480	187,688	177,895	173,102	168,102	168,102	168,102
Deferred income taxes	90	31	10	40	4		16	93	502	974
Operating leases	8,219	6,961	5,685	4,392	3,155	1,894	1,823	1,823	1,823	1,823
Other non-current liabs.	7,397	9,542	12,111	12,830	10,927	11,104	9,303	9,303	9,303	9,303
Total liabilities	**259,218**	**250,202**	**244,560**	**231,280**	**221,374**	**210,999**	**205,259**	**200,372**	**200,625**	**201,217**
Total partners' capital	**(8,118)**	**(5,618)**	**(277)**	**6,268**	**11,356**	**16,620**	**17,410**	**20,343**	**31,583**	**42,119**
Total liabilities & partners' capital	**251,100**	**244,584**	**244,283**	**237,548**	**232,730**	**227,619**	**222,669**	**220,715**	**232,209**	**243,336**
Net debt	217,237	212,973	200,345	192,440	184,622	174,764	168,710	160,418	130,084	99,264
Net debt per common unit	8.51	7.93	7.46	7.26	6.83	6.42	6.20	5.90	4.73	3.57
Net leverage (Net debt/TTM EBITDA)	4.2	4.1	3.7	3.5	3.2	2.8	2.9	2.8	2.2	1.5
Total debt-to-total capital	103.8%	102.7%	100.1%	96.9%	94.3%	91.5%	90.9%	89.2%	84.2%	80.0%
Return on partners' capital	NM	NM	NM	NM	332.6%	192.1%	89.5%	171.4%	46.6%	38.1%
Return on invested capital	NM	2.2%	12.0%	NM	14.6%	13.7%	7.9%	11.7%	13.6%	14.9%

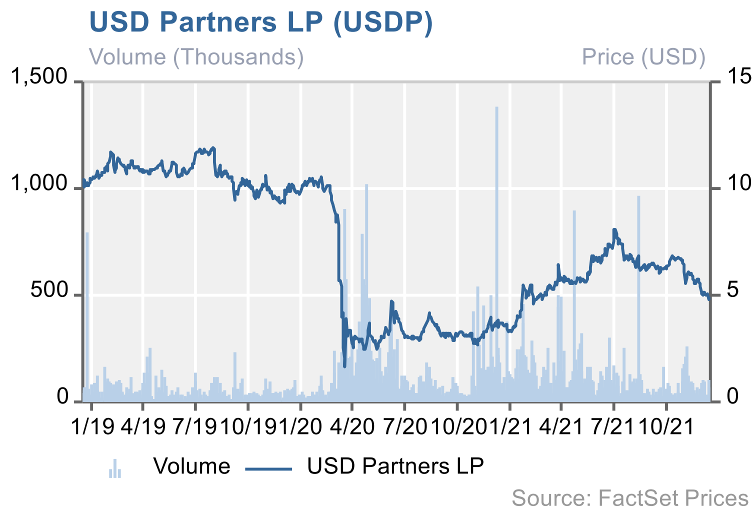
Sources: Sidoti & Company, LLC and company reports.

Required Disclosures

USD Partners LP (USDP-$5.18) NR Price Target: $11 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	8/30/21	6.3	NR	11	M
PT	10/25/21	6.8		11	
PT	11/4/21	5.6		11	



Valuation	We maintain our $11 price target, which is based on 5.5x our 2022 DCF per unit estimate of $1.92. The multiple is in line with other MLPs with storage and terminal assets. We think the partnership is well positioned to extend long-term agreements for its Hardisty Terminal services, given the launch of the DRU unit. We also think the partnership could reach additional agreements for terminal services at its West Colton facility, which may only require minimal investments, add take-or-pay contracts at Casper, as well as the potential accretive drop down of assets from the sponsor, including the South Hardisty expansion and additional capacity at Stroud.		
Key Risks	Agreement renewals	Government tax policy	Interest rates

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