Emerge Energy Services LP

Full Year 2017 and 2018 Guidance

as of May 2017

Adjusted EBITDA Disclosure

We calculate Adjusted EBITDA, a non-GAAP measure, in accordance with our current Credit Agreement as: net income (loss) plus consolidated interest expense (net of interest income), income tax expense, depreciation, depletion and amortization expense, non-cash charges and losses that are unusual or non-recurring less income tax benefits and gains that are unusual or non-recurring and other adjustments allowable under our existing credit agreement. Adjusted EBITDA is used as a supplemental financial measure by our management and external users of our financial statements, such as investors and commercial banks, to assess:

- our debt covenant compliance. Adjusted EBITDA is a key component of critical covenants to our Credit Agreement;
- the financial performance of our assets without regard to the impact of financing methods, capital structure or historical cost basis of our assets;
- the viability of capital expenditure projects and the overall rates of return on alternative investment opportunities;
- our liquidity position and the ability of our assets to generate cash sufficient to make debt payments and to make distributions; and
- our operating performance as compared to those of other companies in our industry without regard to the impact of financing methods and capital structure.

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

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

Reconciliation of Net Income (Loss) to Adjusted EBITDA Guidance

($ in millions)	Full Year 2017	2018 Low	2018 High
Net Income	**$ (13.0)**	**$ 97.0**	**$ 115.0**
Interest expense, net	17.0	18.0	19.0
Depreciation, depletion and amortization	23.0	23.0	24.0
Provision for income taxes	0.1	0.8	1.0
EBITDA	**$ 27.1**	**$ 138.8**	**$ 159.0**
Equity-based compensation expense	1.4	1.5	1.7
Accretion expense	0.1	0.1	0.1
Other state and local taxes	1.8	1.9	1.9
Permitted acquisition transaction expenses	0.5	-	-
Non-cash deferred lease expense	8.0	(2.8)	(2.8)
Unrealized loss on fair value of warrant	0.7	-	-
Other adjustments allowable under our existing credit agreement	0.4	0.5	0.1
Adjusted EBITDA	**$ 40.0**	**$ 140.0**	**$ 160.0**