

Non-GAAP Financial Measures

Cash Interest, Adjusted EBITDA and Distributable Cash Flow are supplemental non-GAAP financial measures that are used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. These non-GAAP financial measures should not be considered in isolation or as a substitute for interest expense, net income (loss), operating income (loss), net cash provided by (used in) operating activities or any other measures prepared under GAAP. Because Cash Interest, Adjusted EBITDA and Distributable Cash Flow exclude some but not all items that affect interest expense, net income and net cash provided by operating activities and may vary among companies, the amounts presented may not be comparable to similar metrics of other companies.

Cash Interest

We define Cash Interest as interest expense plus capitalized interest less amortization of deferred financing costs included in interest expense. Cash Interest is not a measure of interest expense as determined by GAAP. Management believes that the presentation of Cash Interest provides useful additional information to investors and analysts for assessing the interest charges incurred on our debt, excluding non-cash amortization, and our ability to maintain compliance with our debt covenants.

The following table presents a reconciliation of the GAAP financial measure of interest expense, net of capitalized interest, to the non-GAAP financial measure of Cash Interest for the periods presented:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-----------------|------------------------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | (In thousands) | | | |
| Interest expense, net of capitalized interest | \$ 183 | \$ 3,014 | \$ 445 | \$ 4,231 |
| Capitalized interest | 1,362 | 113 | 2,197 | 222 |
| Amortization of deferred financing costs ⁽¹⁾ | (117) | — | (233) | — |
| Cash Interest | \$ 1,428 | \$ 3,127 | \$ 2,409 | \$ 4,453 |

(1) Represents the amortization of deferred financing costs on the Revolving Credit Facility. See Note 7 to our unaudited condensed consolidated financial statements for a description of our long-term debt.

Adjusted EBITDA

We define Adjusted EBITDA as earnings before interest expense (net of capitalized interest), income taxes, depreciation, amortization, equity-based compensation expenses and other similar non-cash adjustments. Adjusted EBITDA should not be considered an alternative to net income, net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Management believes that the presentation of Adjusted EBITDA provides information useful to investors and analysts for assessing the Partnership's results of operations, financial performance and its ability to generate cash from its business operations without regard to its financing methods or capital structure, coupled with the Partnership's ability to maintain compliance with its debt covenants. The GAAP measures most directly comparable to Adjusted EBITDA are net income and net cash provided by operating activities, respectively.

Distributable Cash Flow

We define Distributable Cash Flow as Adjusted EBITDA attributable to the Partnership less Cash Interest and maintenance capital expenditures attributable to the Partnership. Distributable Cash Flow should not be considered an alternative to net income, net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Management believes that the presentation of Distributable Cash Flow provides information useful to investors and analysts for assessing the Partnership's results of operations, financial performance and ability to generate cash from its business operations without regard to its financing methods or capital structure, coupled with the Partnership's ability to make distributions to its unitholders. The GAAP measures most directly comparable to Distributable Cash Flow are net income and net cash provided by operating activities, respectively.

The following table presents reconciliations of the GAAP financial measures of net income and net cash provided by operating activities to the non-GAAP financial measure of Adjusted EBITDA and Distributable Cash Flow for the periods presented:



| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------------|------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | (In thousands) | | | |
| Net income | \$ 37,485 | \$ 12,427 | \$ 69,014 | \$ 24,676 |
| Income tax expense | — | 7,665 | — | 14,960 |
| Depreciation and amortization | 6,659 | 3,753 | 13,023 | 7,211 |
| Equity-based compensation expense | 103 | 365 | 166 | 713 |
| Interest expense, net of capitalized interest | 183 | 3,014 | 445 | 4,231 |
| Adjusted EBITDA | 44,430 | \$ 27,224 | 82,648 | \$ 51,791 |
| Less: Adjusted EBITDA attributable to non-controlling interests | 28,015 | | 52,511 | |
| Adjusted EBITDA attributable to Oasis Midstream Partners LP | 16,415 | | 30,137 | |
| Cash Interest attributable to Oasis Midstream Partners LP | 1,428 | | 2,409 | |
| Maintenance capital expenditures | 497 | | 1,293 | |
| Distributable Cash Flow attributable to Oasis Midstream Partners LP | \$ 14,490 | | \$ 26,435 | |
| Net cash provided by operating activities | \$ 41,396 | \$ 22,098 | \$ 116,147 | \$ 42,477 |
| Current tax expense | — | 6,218 | — | 11,576 |
| Interest expense, net of capitalized interest | 183 | 3,014 | 445 | 4,231 |
| Changes in working capital | 2,841 | (4,106) | (33,840) | (6,493) |
| Other non-cash adjustments | 10 | — | (104) | — |
| Adjusted EBITDA | 44,430 | \$ 27,224 | 82,648 | \$ 51,791 |
| Less: Adjusted EBITDA attributable to non-controlling interests | 28,015 | | 52,511 | |
| Adjusted EBITDA attributable to Oasis Midstream Partners LP | 16,415 | | 30,137 | |
| Cash Interest attributable to Oasis Midstream Partners LP | 1,428 | | 2,409 | |
| Maintenance capital expenditures | 497 | | 1,293 | |
| Distributable Cash Flow attributable to Oasis Midstream Partners LP | \$ 14,490 | | \$ 26,435 | |