



Universal Compression Reports Fiscal 2002 Third Quarter Results; EBITDA Up 154 Percent Over Last Year

January 28, 2002

HOUSTON, Jan. 28 /PRNewswire-FirstCall/ -- Universal Compression Holdings, Inc. (NYSE: UCO), a leading provider of natural gas compression services, today reported net income for its fiscal 2002 third quarter ended December 31, 2001 of \$13.8 million, or \$0.45 per diluted share, on revenues of \$177.4 million. In the third quarter of fiscal 2001, the Company reported net income of \$3.1 million, or \$0.21 per diluted share, on revenue of \$60.0 million.

EBITDA increased 154 percent to \$55.1 million from \$21.7 million in the prior year period. EBITDA is defined as net income plus income taxes, interest expense, leasing expense, management fees, depreciation and amortization excluding non-recurring items and extraordinary gains or losses.

"Universal Compression continues to record strong financial results despite the current slowdown in overall economic activity," said Stephen A. Snider, Universal's President and Chief Executive Officer. "Going forward, we will continue our efforts to maximize operating results by seizing market opportunities while maintaining a strong financial position."

Segment Information

The contract compression segment provided revenue of \$85.9 million, an increase of 138 percent from the prior year period. The Company's contract compression compressor fleet has increased to approximately 2.2 million horsepower at December 31, 2001 from 841,000 horsepower at December 31, 2000, and the fleet average horsepower utilization was 89 percent, unchanged from the year ago period. International contract compression revenue for the quarter was \$16.5 million, an increase of 273 percent from the prior year period. At December 31, 2001, the Company's international fleet totaled approximately 340,000 horsepower. "The growth in our compressor fleet, through consolidating acquisitions and providing incremental compression units to meet customer demand, has driven the impressive increase in the contract compression segment's financial contribution. However, the financial situation in Argentina has the potential to negatively impact the level of future results, although this situation had a minimal impact in the December 2001 period," said Snider.

The fabrication segment recorded revenue of \$55.3 million, an increase of 219 percent from the prior year period. Fabrication backlog was \$101 million at December 31, 2001 and September 30, 2001, up from \$30.5 million at December 31, 2000. The parts sales and service segment recorded revenue of \$36.2 million compared to \$6.5 million in the prior year period. "The increase in financial contribution from the fabrication and parts sales and service segments reflects our success in providing a wider range of compression products and services," said Snider.

Conference Call

Universal will host a conference call on Tuesday, January 29, 2002 at 10:00 am Central Time, 11:00 am Eastern Time to discuss the quarter's results and other corporate matters. The conference call will be broadcast over the Internet to provide interested persons the opportunity to listen to it live. The call will also be archived for one week to provide an opportunity to those unable to listen to the live broadcast. Both the live broadcast and replay of the archived version are free of charge to the user.

Persons wishing to listen to the conference call live may do so by logging onto <http://www.universalcompression.com> (click "Company Overview" in the "Company Information" section) or <http://www.videonewswire.com/event.asp?id=2893> at least 15 minutes prior to the start of the call. A replay of the call will remain available at the Web sites www.universalcompression.com and <http://www.prnewswire.com> through February 5, 2002.

Universal Compression, headquartered in Houston, Texas, is a leading natural gas compression services company, providing a full range of contract compression, sales, operations, maintenance and fabrication services to the domestic and international natural gas industry.

Statements about Universal's outlook and all other statements in this release other than historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties and factors, many of which are outside Universal's control, which could cause actual results to differ materially from such statements. While Universal believes that the assumptions concerning future events are reasonable, it cautions that there are inherent difficulties in predicting certain important factors that could impact the future performance or results of its business. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are integration of acquisitions, the demand for Universal's products and services and worldwide economic conditions. These and other risk factors are discussed in Universal's filings with the Securities and Exchange Commission, copies of which are available to the public. Universal expressly disclaims any intention or obligation to revise or update any forward-looking statements whether as a result of new information, future events, or otherwise.

UNIVERSAL COMPRESSION HOLDINGS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

| Three Months Ended | | |
|--------------------|---------------|--------------|
| December 31, | September 30, | December 31, |
| 2001 | 2001 | 2000 |

Revenue :

| | | | |
|---|----------|----------|----------|
| Contract compression | \$85,942 | \$85,190 | \$36,172 |
| Fabrication | 55,258 | 56,831 | 17,329 |
| Parts sales and service | 36,179 | 32,287 | 6,471 |
| Total revenue | 177,379 | 174,308 | 59,972 |
| Costs and expenses: | | | |
| Cost of sales - contract compression | 29,567 | 29,749 | 12,259 |
| Cost of sales - fabrication | 48,703 | 50,780 | 15,624 |
| Cost of sales - parts sales and service | 27,854 | 25,650 | 5,708 |
| Depreciation and amortization | 12,233 | 11,712 | 7,726 |
| Selling, general and administrative | 16,134 | 15,813 | 4,747 |
| Operating lease | 14,788 | 12,973 | 3,539 |
| Interest expense | 5,357 | 6,573 | 5,372 |
| Other | 194 | 189 | (42) |
| Total costs and expenses | 154,830 | 153,439 | 54,933 |
| Income before income taxes | 22,549 | 20,869 | 5,039 |
| Income taxes | 8,798 | 8,076 | 1,909 |
| Net income | \$13,751 | \$12,793 | \$3,130 |
| Weighted average common and common equivalent shares outstanding: | | | |
| Basic | 30,567 | 30,396 | 14,666 |
| Diluted | 30,844 | 30,606 | 15,052 |
| Earnings per share: | | | |
| Basic | \$0.45 | \$0.42 | \$0.21 |
| Diluted | \$0.45 | \$0.42 | \$0.21 |

UNIVERSAL COMPRESSION HOLDINGS, INC.
UNAUDITED SUPPLEMENTAL INFORMATION
(In thousands)

| | Three Months Ended | | |
|------------------------------------|----------------------|-----------------------|----------------------|
| | December 31, 2001 | September 30, 2001 | December 31, 2000 |
| Revenue: | | | |
| Domestic contract compression | \$69,423 | \$68,871 | \$31,747 |
| International contract compression | 16,519 | 16,319 | 4,425 |
| Fabrication | 55,258 | 56,831 | 17,329 |
| Parts sales and service | 36,179 | 32,287 | 6,471 |
| Total | \$177,379 | \$174,308 | \$59,972 |
| Gross Profit: | | | |
| Domestic contract compression | \$44,465 | \$43,882 | \$20,526 |
| International contract compression | 11,910 | 11,559 | 3,387 |
| Fabrication | 6,555 | 6,051 | 1,705 |
| Parts sales and service | 8,325 | 6,637 | 763 |
| Other | (24) | (189) | 42 |

| | | | |
|--|----------|----------|----------|
| Total | \$71,231 | \$67,940 | \$26,423 |
| Selling, General and Administrative | \$16,134 | \$15,813 | \$4,747 |
| % of Revenue | 9% | 9% | 8% |
| EBITDA, as adjusted | \$55,097 | \$52,127 | \$21,676 |
| % of Revenue | 31% | 30% | 36% |
| Profit Margin: | | | |
| Domestic contract compression | 64% | 64% | 65% |
| International contract compression | 72% | 71% | 77% |
| Fabrication | 12% | 11% | 10% |
| Parts sales and service | 23% | 21% | 12% |
| Total | 40% | 39% | 44% |

EBITDA, as adjusted, is defined as net income plus income taxes, interest expense, leasing expense, management fees, depreciation and amortization, excluding non-recurring items and extraordinary gains and losses.

| | December 31, 2001 | March 31, 2001 |
|----------------------|----------------------|-------------------|
| Debt | \$222,828 | \$215,107 |
| Operating Leases | \$708,500 | \$527,500 |
| Shareholders' Equity | \$745,712 | \$652,574 |

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Audio: <http://www.videonewswire.com/event.asp?id=2893>

CAPTION: UCOLOGO UNIVERSAL COMPRESSION HOLDINGS LOGO Universal, headquartered in Houston, Texas, is a leading natural gas compression services company, providing a full range of contract compression, sales, operations, maintenance and fabrication services to the domestic and international natural gas industry. (PRNewsFoto)[TK] HOUSTON, TX USA 10/08/2001