



News Release

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Sprague Resources LP Reports Fourth Quarter and Full Year 2017 Results

Partnership issues 2018 Adjusted EBITDA Guidance of \$120 to \$140 Million

Portsmouth, NH (March 14, 2018) - Sprague Resources LP (“Sprague”) (NYSE: SRLP) today reported its financial results for the fourth quarter and twelve months ended December 31, 2017.

Fourth Quarter 2017 Highlights

- Net sales were \$932.2 million for the fourth quarter of 2017, compared to net sales of \$766.8 million for the fourth quarter of 2016.
- GAAP net loss was \$12.9 million for the fourth quarter of 2017, compared to net loss of \$1.1 million for the fourth quarter of 2016.
- Adjusted gross margin⁽¹⁾ was \$82.1 million for the fourth quarter of 2017, compared to adjusted gross margin of \$69.4 million for the fourth quarter of 2016.
- Adjusted EBITDA⁽¹⁾ was \$41.9 million for the fourth quarter of 2017, compared to adjusted EBITDA of \$30.7 million for the fourth quarter of 2016.

Full Year 2017 Highlights

- Net sales were \$2.9 billion in 2017, compared to net sales of \$2.4 billion in 2016.
- GAAP net income was \$29.5 million in 2017, compared to net income of \$10.2 million in 2016.
- Adjusted gross margin was \$261.7 million in 2017, compared to adjusted gross margin of \$259.3 million in 2016.
- Adjusted EBITDA was \$109.2 million in 2017, compared to adjusted EBITDA of \$110.2 million in 2016.

⁽¹⁾ Please refer to Reconciliation of Net Income (Loss) to Non-GAAP Measures

"The closing of five acquisitions in the past year provides an expanded platform for growth in 2018 and beyond. Combined with the return of more supportive weather in the first quarter, we're expecting this year's adjusted EBITDA to be in the range of \$120 to \$140 million," said David Glendon, President and Chief Executive Officer.

Refined Products

- Volumes in the Refined Products segment increased 1% to 421.7 million gallons in the fourth quarter of 2017, compared to 417.8 million gallons in the fourth quarter of 2016.
- Adjusted gross margin in the Refined Products segment increased \$8.6 million, or 22%, to \$47.2 million in the fourth quarter of 2017, compared to \$38.5 million in the fourth quarter of 2016.
- Volumes in the Refined Products segment increased 20.2 million gallons, or 1%, to 1.4 billion gallons in 2017 compared to 2016.
- Refined Products adjusted gross margin of \$142.5 million in 2017, declined nominally compared to \$142.6 million in 2016.

"Sprague's Refined Products adjusted gross margin increased 22% for the quarter, driven by the impact of the recent acquisitions, and the return of cold weather late in the quarter," said Mr. Glendon. "For the year, our adjusted gross margin was flat as the impact from the acquisitions was partially offset by warmer than normal weather and compressed margins in an oversupplied market."

Natural Gas

- Natural Gas segment volumes increased 2% to 17.2 Bcf in the fourth quarter of 2017, compared to 16.9 Bcf in the fourth quarter of 2016.
- Natural Gas adjusted gross margin increased \$2.0 million, or 11%, to \$20.7 million for the fourth quarter of 2017, compared to \$18.7 million for the fourth quarter of 2016.
- Volumes in the Natural Gas segment increased 0.2 Bcf, to 61.9 Bcf in 2017 compared to 2016.
- Natural Gas adjusted gross margin increased 4% to \$65.1 million in 2017, compared to \$62.4 million in 2016.

"The Global acquisition was the primary driver of the volume and adjusted gross margin increases over the prior year," said Mr. Glendon.

Materials Handling

- Materials Handling adjusted gross margin increased by \$2.5 million, or 25%, to \$12.4 million for the fourth quarter of 2017, compared to \$9.9 million for the fourth quarter of 2016.
- Materials Handling adjusted gross margin increased 2% to \$46.5 million in 2017 compared to \$45.7 million in 2016.

"Increased asphalt handling, from expansion capex projects at our River Road and Providence terminals, combined with additional feedstock handling activity at Kildair, produced the improvements for the quarter and year," reported Mr. Glendon.

Quarterly Distribution Increase

On January 26, 2018, the Board of Directors of Sprague's general partner, Sprague Resources GP LLC, announced its eleventh consecutive distribution increase and approved a cash distribution of \$0.6375 per unit for the quarter ended December 31, 2017, representing a 2% increase over the distribution declared for the quarter ended September 30, 2017. The distribution was paid on February 12, 2018 to unitholders of record as of the close of business on February 6, 2018.

Sprague Resources LP Schedule K-1s Now Available

Sprague has finalized 2017 tax packages for its unitholders, including Schedule K-1 and made available via Sprague's website at www.spragueenergy.com under "Investor Relations / K-1 Tax Information". The tax packages will be mailed by March 14, 2018. For additional information, unitholders may call 855-521-8150 Monday through Friday from 8:00 AM to 5:00 PM CDT, or visit www.taxpackagesupport.com/SRLP.

Financial Results Conference Call

Management will review Sprague's fourth quarter 2017 financial results in a teleconference call for analysts and investors today, March 14, 2018.

Date and Time: March 14, 2018 at 1:00 PM ET

Dial-in numbers: (866) 516-2130 (U.S. and Canada)

(678) 509-7612 (International)

Participation Code: 3095754

The conference call may also be accessed live by a webcast available on the "Investor Relations" page of Sprague's website at www.spragueenergy.com and will be archived on the website for one year.

About Sprague Resources LP

Sprague Resources LP is a master limited partnership engaged in the purchase, storage, distribution and sale of refined petroleum products and natural gas. Sprague also provides storage and handling services for a broad range of materials.

Non-GAAP Financial Measures

EBITDA, adjusted EBITDA and adjusted gross margin are measures not defined by GAAP. Sprague defines EBITDA as net income (loss) before interest, income taxes, depreciation and amortization.

We define adjusted EBITDA as EBITDA increased for unrealized hedging losses and decreased by unrealized hedging gains (in each case with respect to refined products and natural gas inventory, prepaid forward contracts and natural gas transportation contracts), changes in fair value of contingent consideration, the net impact of legislation that reinstated an excise tax credit program available for certain of our biofuel blending activities that had previously expired on December 31, 2016, and commencing in 2017, adjusted for the impact of acquisition related expenses. Accordingly, adjusted EBITDA for periods prior to 2017 have been revised to conform to the 2017 presentation.

We define adjusted gross margin as net sales less cost of products sold (exclusive of depreciation and amortization) decreased by total commodity derivative gains and losses included in net income (loss) and increased by realized commodity derivative gains and losses included in net income (loss), in each case with respect to refined products and natural gas inventory, prepaid forward contracts and natural gas transportation contracts. Adjusted gross margin has no impact on reported volumes or net sales.

To manage Sprague's underlying performance, including its physical and derivative positions, management utilizes adjusted gross margin. Adjusted gross margin is also used by external users of our consolidated financial statements to assess our economic results of operations and its commodity market value reporting to lenders. EBITDA and adjusted EBITDA are used as supplemental financial measures by external users of our financial statements, such as investors, trade suppliers, research analysts and commercial banks to assess the financial performance of our assets, operations and return on capital without regard to financing methods, capital structure or historical cost basis; the ability of our assets to generate sufficient revenue, that when rendered to cash, will be available to pay interest on our indebtedness and make distributions to our equity holders; repeatable operating performance that is not distorted by non-recurring items or market volatility; and, the viability of acquisitions and capital expenditure projects.

Sprague believes that investors benefit from having access to the same financial measures that are used by its management and that these measures are useful to investors because they aid in comparing its operating performance with that of other companies with similar operations. The adjusted EBITDA and adjusted gross margin data presented by Sprague may not be comparable to similarly titled measures at other companies because these items may be defined differently by other companies. Please see the attached reconciliations of net income to adjusted EBITDA and operating income to adjusted gross margin.

With regard to guidance, reconciliation of non-GAAP adjusted EBITDA to the closest corresponding GAAP measure (expected net income (loss)) is not available without unreasonable efforts on a forward-looking basis due to the inherent difficulty and impracticality of forecasting certain amounts required by GAAP such as unrealized gains and losses on derivative hedges, which can have a significant and potentially unpredictable impact on our future GAAP financial results.

Forward Looking Statements

Any statements in this press release about future expectations, plans and prospects for Sprague Resources LP or about Sprague Resources LP's future expectations, beliefs, goals, plans or prospects, constitute forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Any statements that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should also be

considered forward-looking statements. These forward-looking statements involve risks and uncertainties and other factors that are difficult to predict and many of which are beyond management's control. Although Sprague believes that the assumptions underlying these statements are reasonable, investors are cautioned that such forward-looking statements are inherently uncertain and involve risks that may affect our business prospects and performance causing actual results to differ from those discussed in the foregoing release. Such risks and uncertainties include, by way of example and not of limitation: increased competition for our products or services; adverse weather conditions; changes in supply or demand for our products or services; nonperformance by major customers or suppliers; changes in operating conditions and costs; changes in the level of environmental remediation spending; potential equipment malfunction and unexpected capital expenditures; our ability to complete organic growth and acquisition projects; our ability to integrate acquired assets; potential labor issues; the legislative or regulatory environment; terminal construction/repair delays; political and economic conditions; and, the impact of security risks including terrorism, international hostilities and cyber-risk. These are not all of the important factors that could cause actual results to differ materially from those expressed in forward looking statements. Other applicable risks and uncertainties have been described more fully in Sprague's most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 14, 2018 and in the Partnership's subsequent Form 10-Q, Form 8-K and other documents filed with the SEC. Sprague undertakes no obligation and does not intend to update any forward-looking statements to reflect new information or future events. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release.

This release is intended to be a qualified notice under Treasury Regulation Section 1.1446-4(b). Brokers and nominees should treat one hundred percent (100.0%) of Sprague's distributions to non-U.S. investors as being attributable to income that is effectively connected with a United States trade or business. Accordingly, Sprague's distributions to non-U.S. investors are subject to federal income tax withholding at the highest applicable effective tax rate.

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(Financial Tables Below)

Sprague Resources LP
Summary Financial Data
Three and Twelve Months Ended December 31, 2017 and 2016

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|---------------------------------|-------------------|----------------------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (unaudited) | (unaudited) | | |
| | (\$ in thousands) | | | |
| Statement of Operations Data: | | | | |
| Net sales | \$ 932,170 | \$ 766,825 | \$ 2,854,996 | \$ 2,389,998 |
| Operating costs and expenses: | | | | |
| Cost of products sold (exclusive of depreciation and amortization) | 881,928 | 715,151 | 2,602,788 | 2,179,089 |
| Operating expenses | 21,660 | 16,804 | 72,284 | 65,882 |
| Selling, general and administrative | 24,110 | 22,158 | 87,582 | 84,257 |
| Depreciation and amortization | 8,588 | 5,236 | 28,125 | 21,237 |
| Total operating costs and expenses | <u>936,286</u> | <u>759,349</u> | <u>2,790,779</u> | <u>2,350,465</u> |
| Operating income (loss) | (4,116) | 7,476 | 64,217 | 39,533 |
| Other (expense) income | (75) | — | 108 | (114) |
| Interest income | 92 | 9 | 339 | 388 |
| Interest expense | (8,741) | (7,354) | (31,345) | (27,533) |
| Income (loss) before income taxes | (12,840) | 131 | 33,319 | 12,274 |
| Income tax (provision) benefit | (54) | (1,247) | (3,822) | (2,108) |
| Net (loss) income | <u>(12,894)</u> | <u>(1,116)</u> | <u>29,497</u> | <u>10,166</u> |
| Incentive distributions declared | (1,373) | (598) | (3,993) | (1,742) |
| Limited partners' interest in net (loss) income | <u>\$ (14,267)</u> | <u>\$ (1,714)</u> | <u>\$ 25,504</u> | <u>\$ 8,424</u> |
| Net (loss) income per limited partner unit: | | | | |
| Common - basic | \$ (0.63) | \$ (0.08) | \$ 1.15 | \$ 0.40 |
| Common - diluted | \$ (0.63) | \$ (0.08) | \$ 1.13 | \$ 0.38 |
| Subordinated - basic and diluted | N/A | \$ (0.08) | N/A | \$ 0.40 |
| Units used to compute net (loss) income per limited partner unit: | | | | |
| Common - basic | 22,551,361 | 11,239,476 | 22,208,964 | 11,202,427 |
| Common - diluted | 22,551,361 | 11,239,476 | 22,474,872 | 11,560,617 |
| Subordinated - basic and diluted | N/A | 10,071,970 | N/A | 10,071,970 |
| Distribution declared per unit | \$ 0.6375 | \$ 0.5775 | \$ 2.4600 | \$ 2.2200 |

Sprague Resources LP
Volume, Net Sales and Adjusted Gross Margin by Segment
Three and Twelve Months Ended December 31, 2017 and 2016

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|---------------------------------|-------------------------|----------------------------------|--------------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (unaudited) | (unaudited) | | |
| | (\$ and volumes in thousands) | | | |
| Volumes: | | | | |
| Refined products (gallons) | 421,722 | 417,816 | 1,416,240 | 1,396,080 |
| Natural gas (MMBtus) | 17,206 | 16,933 | 61,883 | 61,732 |
| Materials handling (short tons) | 487 | 507 | 2,366 | 2,523 |
| Materials handling (gallons) | 84,000 | 41,664 | 385,896 | 276,402 |
| Net Sales: | | | | |
| Refined products | \$ 817,511 | \$ 657,400 | \$ 2,455,577 | \$ 1,988,597 |
| Natural gas | 96,601 | 93,747 | 331,669 | 334,003 |
| Materials handling | 12,395 | 9,886 | 46,513 | 45,734 |
| Other operations | 5,663 | 5,792 | 21,237 | 21,664 |
| Total net sales | <u>\$ 932,170</u> | <u>\$ 766,825</u> | <u>\$ 2,854,996</u> | <u>\$ 2,389,998</u> |
| Reconciliation of Operating Income to Adjusted Gross Margin: | | | | |
| Operating income | \$ (4,116) | \$ 7,476 | \$ 64,217 | \$ 39,533 |
| Operating costs and expenses not allocated to operating segments: | | | | |
| Operating expenses | 21,660 | 16,804 | 72,284 | 65,882 |
| Selling, general and administrative | 24,110 | 22,158 | 87,582 | 84,257 |
| Depreciation and amortization | 8,588 | 5,236 | 28,125 | 21,237 |
| Add: unrealized loss on inventory derivatives | 15,498 | 4,712 | 124 | 31,304 |
| Add: unrealized (gain) on prepaid forward contract derivatives | (169) | (391) | (1,076) | (1,552) |
| Add: unrealized loss on natural gas transportation contracts | 16,546 | 13,391 | 10,441 | 18,612 |
| Total adjusted gross margin: | <u>\$ 82,117</u> | <u>\$ 69,386</u> | <u>\$ 261,697</u> | <u>\$ 259,273</u> |
| Adjusted Gross Margin: | | | | |
| Refined products | \$ 47,160 | \$ 38,511 | \$ 142,467 | \$ 142,581 |
| Natural gas | 20,705 | 18,701 | 65,060 | 62,435 |
| Materials handling | 12,394 | 9,886 | 46,512 | 45,712 |
| Other operations | 1,858 | 2,288 | 7,658 | 8,545 |
| Total adjusted gross margin | <u>\$ 82,117</u> | <u>\$ 69,386</u> | <u>\$ 261,697</u> | <u>\$ 259,273</u> |

Sprague Resources LP
Reconciliation of Net Income (Loss) to Non-GAAP Measures
Three and Twelve Months Ended December 31, 2017 and 2016

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|---------------------------------|------------------|----------------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| | (\$ in thousands) | | | |
| Reconciliation of net (loss) income to EBITDA, Adjusted EBITDA and Distributable Cash Flow: | | | | |
| Net (loss) income | \$ (12,894) | \$ (1,116) | \$ 29,497 | \$ 10,166 |
| Add/(deduct): | | | | |
| Interest expense, net | 8,649 | 7,345 | 31,006 | 27,145 |
| Tax provision | 54 | 1,247 | 3,822 | 2,108 |
| Depreciation and amortization | 8,588 | 5,236 | 28,125 | 21,237 |
| EBITDA | <u>\$ 4,397</u> | <u>\$ 12,712</u> | <u>\$ 92,450</u> | <u>\$ 60,656</u> |
| Add: unrealized loss on inventory derivatives | 15,498 | 4,712 | 124 | 31,304 |
| Add: unrealized (gain) on prepaid forward contract derivatives | (169) | (391) | (1,076) | (1,552) |
| Add: unrealized loss on natural gas transportation contracts | 16,546 | 13,391 | 10,441 | 18,612 |
| Add: biofuel tax credit | 4,022 | — | 4,022 | — |
| Add: acquisition related expenses (1) | 1,331 | 226 | 3,038 | 1,177 |
| Other adjustments | 231 | — | 231 | — |
| Adjusted EBITDA | <u>\$ 41,856</u> | <u>\$ 30,650</u> | <u>\$ 109,230</u> | <u>\$ 110,197</u> |
| Add/(deduct): | | | | |
| Cash interest expense, net | (7,275) | (6,330) | (24,430) | (23,170) |
| Cash taxes | (152) | (789) | (2,966) | (1,719) |
| Maintenance capital expenditures | (3,893) | (2,314) | (12,428) | (9,379) |
| Elimination of expense relating to incentive compensation and directors fees expected to be paid in common units | 586 | 1,411 | 2,289 | 3,075 |
| Other | 126 | 1 | 1,023 | 48 |
| Distributable cash flow | <u>\$ 31,248</u> | <u>\$ 22,629</u> | <u>\$ 72,718</u> | <u>\$ 79,052</u> |

- (1) Beginning in the fourth quarter of 2017, we have excluded the impact of acquisition related expenses from our calculation of adjusted EBITDA. We incur expenses in connection with acquisitions and given the nature, variability of amounts, and the fact that these expenses would not have otherwise been incurred as part of our continuing operations, adjusted EBITDA excludes the impact of acquisition related expenses. Adjusted EBITDA for periods prior to 2017 have been revised to conform to the 2017 presentation.