Sprague Resources LP Announces the Closing of Two Strategic Acquisitions Totaling $37.3 Million

PORTSMOUTH, N.H., Feb. 06, 2017 (GLOBE NEWSWIRE) -- Sprague Resources LP ("Sprague") (NYSE:SRLP) announced today that its wholly owned subsidiaries, Sprague Operating Resources LLC and Sprague Energy Solutions Inc., have completed the purchase of two strategic acquisitions.

On February 1, 2017, Global Partners LP's ("Global") natural gas marketing and electricity brokerage assets were acquired for approximately $17.3 million in cash, plus payments for inventory and other customary items. Following this acquisition, Sprague will supply natural gas to approximately 20,000 customer locations within its existing service area.

Also on February 1, 2017, L. E. Belcher, Inc.'s ("L.E. Belcher") refined product terminal assets in Springfield, MA were purchased for $20 million in cash, plus payments for inventory and other customary items. This acquisition includes L.E. Belcher's wholesale and commercial fuels business, expands Sprague's terminal network and increases storage capacity by 295,000 barrels.

"The addition of Global's natural gas marketing and electricity brokerage business increases customer penetration within our core footprint, while further strengthening our presence in New York City. The value of this transaction is further enhanced by leveraging our unique supply capabilities to service more customer locations within our existing service area," said David Glendon, Sprague's President and CEO. "The acquisition of L.E. Belcher's terminal adds a high quality asset in a location not served by our existing network. These strategic acquisitions are expected to be immediately accretive to unitholders and generate an estimated $6 to $7 million of adjusted EBITDA annually."

<u>About Sprague Resources LP</u>
Sprague Resources LP is engaged in the purchase, storage, distribution and sale of refined petroleum products and natural gas. The company also provides storage and handling services for a broad range of materials. More information concerning Sprague can be found at www.spragueenergy.com.

<u>Forward-Looking Statements</u>
This press release may include 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; changes in supply or demand for our products; changes in operating conditions and costs; changes in the level of environmental remediation spending; potential equipment malfunction; potential labor issues; the legislative or regulatory environment; terminal construction/repair delays; nonperformance by major customers or suppliers; and political and economic conditions, including the impact of potential terrorist acts and international hostilities. These and 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 10, 2016, and in our subsequent Form 10-Q filings, as well as 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.

Non-GAAP Financial Measures

To supplement the financial information presented in accordance with United States generally accepted accounting principles ("GAAP"), Sprague's management uses certain non-GAAP financial measurements to evaluate its results of operations which include EBITDA, adjusted EBITDA, adjusted gross margin and distributable cash flow. 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.

As EBITDA, adjusted EBITDA, adjusted gross margin and distributable cash flow are measures not prepared in accordance with GAAP they should not be considered as alternatives to net income (loss), or operating income or any other measure of financial performance presented in accordance with GAAP. Additionally, Sprague's calculations of non-GAAP measures may not be comparable to similarly titled measures of other businesses because they may be defined differently by other companies.

You can find disclosures on our use of these non-GAAP measures, as well as reconciliations between GAAP and these non-GAAP measures, in Sprague's "Non-GAAP Measures Quarterly Supplement" located in the Investor Relations section of Sprague's website at www.spragueenergy.com.

EBITDA

Sprague defines EBITDA as net income (loss) before interest, income taxes, depreciation and amortization. EBITDA is used as a supplemental financial measure by external users of Sprague's financial statements, such as investors, trade suppliers, research analysts and commercial banks to assess:

- The financial performance of Sprague's 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.

Adjusted Gross Margin and Adjusted EBITDA

The Partnership trades, purchases, stores and sells energy commodities that experience market value fluctuations. To manage the Partnership's underlying performance, including its physical and derivative positions, management utilizes adjusted gross margin, which is a non-GAAP financial measure. Adjusted gross margin is also used by external users of the Partnership's consolidated financial statements to assess the Partnership's economic results of operations and its commodity market value reporting to lenders. In determining adjusted gross margin, the Partnership adjusts its segment results for the impact of unrealized hedging gains and losses with regard to refined products and natural gas inventory, prepaid forward contracts and natural gas transportation contracts, which are not marked to market for the purpose of recording unrealized gains or losses in net income (loss). These adjustments align the unrealized hedging gains and losses to the period in which the revenue from the sale of inventory, prepaid fixed forwards and the utilization of transportation contracts relating to those hedges is realized in net income (loss). Adjusted gross margin has no impact on reported volumes or net sales. Adjusted gross margin and adjusted EBITDA are used as supplemental financial measures by management to describe its operations and economic performance to investors, trade suppliers, research analysts and commercial banks to assess:

• The economic results of its operations;
• The market value of its inventory and natural gas transportation contracts for financial reporting to lenders, as well as for borrowing base purposes; and
• Repeatable operating performance that is not distorted by non-recurring items or market volatility.

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