News Release

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Sprague Resources LP Reports First Quarter 2020 Results

Portsmouth, NH (May 7, 2020) - Sprague Resources LP (“Sprague”) (NYSE: SRLP) today reported its financial results for the first quarter ended March 31, 2020.

First Quarter 2020 Highlights

- Net sales were $959.9 million for the first quarter of 2020, compared to net sales of $1,258.3 million for the first quarter of 2019.
- GAAP net income was $46.7 million for the first quarter of 2020, compared to net income of $33.9 million for the first quarter of 2019.
- Adjusted gross margin* was $83.1 million for the first quarter of 2020, compared to adjusted gross margin of $95.4 million for the first quarter of 2019.
- Adjusted EBITDA* was $42.4 million for the first quarter of 2020, compared to adjusted EBITDA of $50.9 million for the first quarter of 2019.

"While significantly warmer than normal conditions in the quarter limited our opportunities, continued progress in reducing costs somewhat offset the decline in adjusted gross margin," said David Glendon, President and Chief Executive Officer.

Refined Products

- Volumes in the Refined Products segment decreased 13% to 480.5 million gallons in the first quarter of 2020, compared to 549.5 million gallons in the first quarter of 2019.
- Adjusted gross margin in the Refined Products segment decreased $8.9 million, or 20%, to $35.8 million in the first quarter of 2020, compared to $44.7 million in the first quarter of 2019.

“Decreases in Refined Products were driven by the warmer conditions in the first quarter and associated lower demand for heating fuels," stated Mr. Glendon.

Natural Gas

- Natural Gas segment volumes decreased 7% to 18.3 million Bcf in the first quarter of 2020, compared to 19.8 million Bcf in the first quarter of 2019.
- Natural Gas adjusted gross margin decreased $2.5 million, or 8%, to $29.8 million for the first quarter of 2020, compared to $32.3 million for the first quarter of 2019.

"Natural Gas results declined due to lower degree days and limited opportunities for logistics optimization," added Mr. Glendon.

Materials Handling

- Materials Handling adjusted gross margin decreased by $0.9 million, to $15.6 million for the first quarter of 2020, compared to $16.5 million for the first quarter of 2019.

"Materials Handling declined primarily due to the expiration of a crude-by-rail contract last year at Kildair, partially offset by year-on-year increases in windmill and salt related activity."

2020 Guidance

Assuming normal weather and market structure conditions, we expect to achieve the following:

- Adjusted EBITDA is expected to be in the range of $105 million to $120 million.

Quarterly Distribution

On April 24, 2020, the Board of Directors of Sprague's general partner, Sprague Resources GP LLC, announced a cash distribution of $0.6675 per unit for the quarter ended March 31, 2020, consistent with the distributions declared in 2019. Sprague also announced that Sprague Resources Holdings LLC, a wholly owned subsidiary of Axel Johnson Inc. and the owner of Sprague's General Partner will receive cash, in respect of the incentive distribution rights payable in connection with the distribution for the first quarter of 2020. The distribution will be paid on May 11, 2020, to unitholders of record as of the close of business on May 5, 2020.

Financial Results Conference Call

Management will review Sprague's first quarter 2020 financial results in a teleconference call for analysts and investors today, May 7, 2020.

Date and Time:	May 7, 2020 at 1:00 PM ET
Dial-in Numbers:	(866) 516-2130 (U.S. and Canada)
	(678) 509-7612 (International)
Participation Code:	7651275

Participants can dial in up to 30 minutes prior to the start of the call. The conference call may also be accessed live by webcast link: https://edge.media-server.com/mmc/p/mcc8apqh. This link is also available on the "Investor Relations - Calendar of Events" page of Sprague's website at www.spragueenergy.com and will be archived on the website for one year. Certain non-GAAP financial information included in the earnings call will we available at the time of the call on the "Investor Relations - Featured Documents" section of Sprague's website.

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, adjusted for the impact of acquisition related expenses, and when applicable, adjusted for the net impact of retroactive legislation that reinstates an excise tax credit program available for certain of our biofuel blending activities that had previously expired.

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.

Cautionary Statement Regarding 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 5, 2020 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.

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(Financial Tables Below)

Sprague Resources LP
Summary Financial Data
Three Months Ended March 31, 2020 and 2019

	Three Months Ended March 31, 2020 (unaudited)	Three Months Ended March 31, 2019 (unaudited)
	($ in thousands)	
Income Statements Data:		
Net sales	$ 959,879	$ 1,258,308
Operating costs and expenses:		
Cost of products sold (exclusive of depreciation and amortization)	850,020	1,159,112
Operating expenses	20,812	23,789
Selling, general and administrative	20,033	20,913
Depreciation and amortization	8,598	8,388
Total operating costs and expenses	899,463	1,212,202
Operating income	60,416	46,106
Interest income	175	187
Interest expense	(11,286)	(11,959)
Income before income taxes	49,305	34,334
Income tax provision	(2,571)	(413)
Net income	46,734	33,921
Incentive distributions declared	(2,072)	(2,055)
Limited partners' interest in net income	$ 44,662	$ 31,866
Net income per limited partner unit:		
Common - basic	$ 1.96	$ 1.40
Common - diluted	$ 1.95	$ 1.40
Units used to compute net income per limited partner unit:		
Common - basic	22,820,983	22,733,977
Common - diluted	22,871,748	22,739,609
Distribution declared per unit	$ 0.6675	$ 0.6675

Sprague Resources LP
Volume, Net Sales and Adjusted Gross Margin by Segment
Three Months Ended March 31, 2020 and 2019

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	(unaudited)	(unaudited)
	($ and volumes in thousands)	
Volumes:		
Refined products (gallons)	480,486	549,492
Natural gas (MMBtus)	18,328	19,804
Materials handling (short tons)	886	922
Materials handling (gallons)	78,447	106,223
Net Sales:		
Refined products	$ 841,942	$ 1,120,123
Natural gas	95,778	114,167
Materials handling	15,557	16,481
Other operations	6,602	7,537
Total net sales	$ 959,879	$ 1,258,308
Reconciliation of Operating Income to Adjusted Gross Margin:		
Operating income	$ 60,416	$ 46,106
Operating costs and expenses not allocated to operating segments:		
Operating expenses	20,812	23,789
Selling, general and administrative	20,033	20,913
Depreciation and amortization	8,598	8,388
Add/(deduct):		
Change in unrealized (loss) gain on inventory	(13,549)	4,236
Change in unrealized value on natural gas transportation contracts	(13,199)	(7,988)
Total adjusted gross margin:	$ 83,111	$ 95,444
Adjusted Gross Margin:		
Refined products	$ 35,792	$ 44,739
Natural gas	29,787	32,322
Materials handling	15,581	16,451
Other operations	1,951	1,932
Total adjusted gross margin	$ 83,111	$ 95,444

Sprague Resources LP

Reconciliation of Net Income to Non-GAAP Measures

Three Months Ended March 31, 2020 and 2019

	Three Months Ended March 31,	
	2020	2019
	(unaudited)	(unaudited)
	($ in thousands)	
Reconciliation of net income to EBITDA, Adjusted EBITDA and Distributable Cash Flow:		
Net income	$ 46,734	$ 33,921
Add/(deduct):		
Interest expense, net	11,111	11,772
Tax provision	2,571	413
Depreciation and amortization	8,598	8,388
EBITDA	$ 69,014	$ 54,494
Add/(deduct):		
Change in unrealized (loss) gain on inventory	(13,549)	4,236
Change in unrealized value on natural gas transportation contracts	(13,199)	(7,988)
Acquisition related expenses	1	8
Other adjustments (1)	159	171
Adjusted EBITDA	$ 42,426	$ 50,921
Add/(deduct):		
Cash interest expense, net	(9,830)	(10,453)
Cash taxes	(3,061)	611
Maintenance capital expenditures	(2,763)	(1,466)
Elimination of expense relating to incentive compensation and directors fees expected to be paid in common units	409	(197)
Other	1,019	1
Distributable cash flow	$ 28,200	$ 39,417

(1) Represents the change in fair value of contingent consideration related to the 2017 Coen Energy acquisition and other expense.