Sprague Resources LP to Acquire Natural Gas Marketing Business

Sprague's Purchase Will Increase Natural Gas Customer Count Within Core Northeast Footprint

PORTSMOUTH, N.H., Jan. 19, 2016 (GLOBE NEWSWIRE) -- Sprague Resources LP ("Sprague") (NYSE:SRLP) announced today that its wholly owned subsidiaries, Sprague Operating Resources LLC and Sprague Energy Solutions Inc., signed a definitive agreement with Santa Buckley Energy, Inc. ("Santa") to acquire the assets of Santa's natural gas marketing and electricity brokerage business for $17.5 million in cash.

Santa's natural gas marketing and electricity brokerage business, headquartered in Bridgeport, Connecticut, serves approximately 1,000 commercial and industrial customers across Connecticut, Rhode Island, Massachusetts and New Hampshire. The acquired customer portfolio is expected to increase Sprague's annual natural gas sales volume by 10 Bcf, all within Sprague's current service area. After the purchase is closed, Sprague will serve approximately 16,000 customer locations with natural gas and broker electricity to 6,500 commercial and industrial accounts. The acquired portfolio of business has historically generated an average of $3.5 million in adjusted EBITDA annually.

"I am excited to announce another outstanding strategic acquisition for Sprague's natural gas business," said David Glendon, President and Chief Executive Officer. "The combination continues our strategy of supplying smaller to mid-size commercial and industrial customers with a premier suite of service offerings, and strengthens Sprague's presence in our core Northeast market. Sprague's natural gas supply and logistics capabilities are also expected to bring substantial additional value to Santa's existing strong marketing platform."

"As we work to close our latest acquisition, Sprague's financial position remains very strong. Coverage remains high and more than sufficient to meet our stated cash distribution growth goals, we have been de-leveraging our balance sheet from already modest levels with excess cash flows from operations, and our credit facility has ample liquidity available to fund organic capex and meaningful near term acquisition growth without additional equity issuance," said David Glendon.

Sprague intends to fund the transaction with borrowings from its senior secured credit facility. Sprague believes the transaction will be immediately accretive to distributable cash flow per unit upon closing, which is expected to occur within thirty days.

About Sprague Resources LP

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.

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. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements that are described more fully in Sprague's prospectus, our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2015, and in Sprague's subsequent Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 and other documents filed by Sprague from time to time with the Securities Exchange Commission. Sprague undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release.

Definitions of Non-GAAP Financial Measures

EBITDA and adjusted EBITDA in this news release are used as supplemental financial measures by management and external users of Sprague's financial statements, such as investors, commercial banks, trade suppliers and research analysts, 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 Sprague's assets to generate cash sufficient to pay interest on its indebtedness and make distributions to its equity holders;
- The viability of acquisitions and capital expenditure projects;
- The market value of its inventory and natural gas transportation contracts for financial reporting to its lenders, as well as for borrowing base purposes; and
- Repeatable operating performance that is not distorted by non-recurring items or market volatility.

Sprague defines EBITDA as net income before interest, income taxes, depreciation and amortization. Sprague defines adjusted EBITDA as EBITDA increased by 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.

EBITDA and adjusted EBITDA are not prepared in accordance with GAAP. These measures should not be considered as alternatives to net income, income from operations, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP.

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