Sprague

Our Energy Makes the Difference™

# Sprague Resources LP

**MLP and Energy Infrastructure**
**May 23, 2018**

# Forward Looking Statements and Non-GAAP Measures

This presentation contains unaudited quarterly results which should not be taken as an indication of the results of operations to be reported for any subsequent period or for the full fiscal year.

**Forward-Looking Statements:** Some of the statements in this presentation contain forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We believe these statements to be reasonable as of the date of this presentation only. Our actual future results and financial condition may differ materially because of risks and uncertainties that are difficult to predict. For a more detailed description of these and other risks and uncertainties, please see the "Risk Factors" section in our most recent Annual Report on Form 10-K and/or most recent Form10-Q, Form 8-K and other items filed with the U.S. Securities and Exchange Commission "SEC" and also available in the "Investor Relations" section of our website www.spragueenergy.com.

**Non-GAAP Measures:** In this presentation, and in statements we make in connection with this presentation, we refer to certain historical and forward looking financial measures not prepared in accordance with U.S. generally accepted accounting principles, or GAAP. Non-GAAP measures include adjusted gross margin, adjusted gross unit margin, adjusted EBITDA, distributable cash flow (DCF), coverage ratio, leverage, permanent leverage ratio, and liquidity. Please refer to the Appendix for a description of the non-GAAP measures used in this presentation, including reconciliations with comparable GAAP financial measures.

**Additional Information:** References in this presentation to volume sold, or handled, adjusted gross margin, distributable cash flow, distribution coverage, and adjusted gross unit margin are as of March 31, 2018 on a trailing-twelve-month period, unless a specific year or quarter is referenced. References to permanent leverage, storage capacity, and customer count are as of March 31, 2018. Amounts shown as investments in acquisitions exclude consideration paid for working capital. Under the terms of a three-year earn-out agreement related to the Coen Energy acquisition, additional consideration of up to $12 million may be paid if certain performance targets are met. Representative throughput and wholesale supply services margins are based on Sprague estimates.

# Sprague Overview

***Sprague was founded in 1870 and has grown to become one of the largest suppliers of energy and materials handling services to commercial and industrial customers in the northeast United States and Quebec***

### Refined Products

- 14.7 million barrels of storage
- 1.5 billion gallons sales
- $159 million Adjusted Gross Margin

### Natural Gas

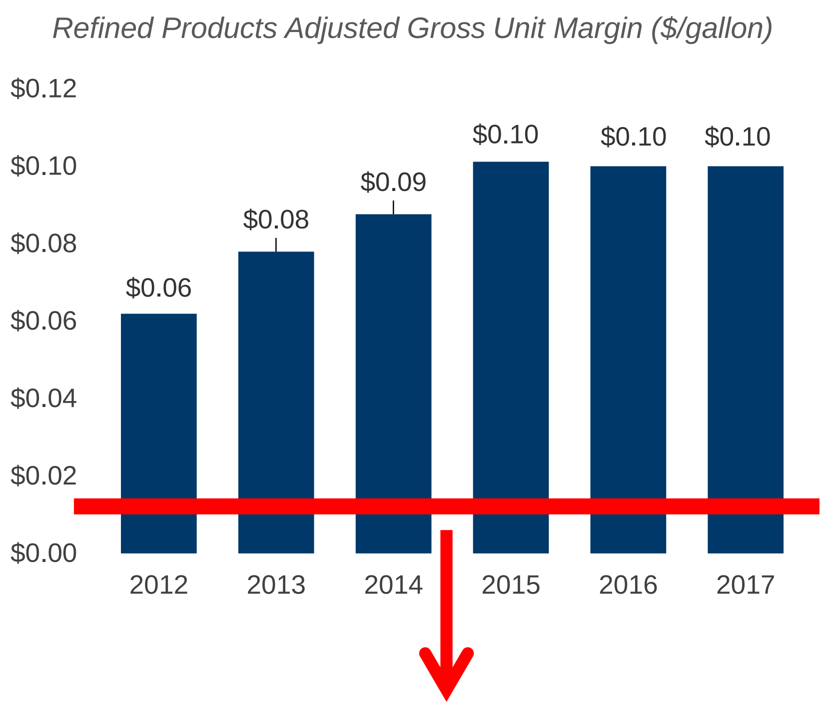
- 16,000 customers in 13 states
- 62 Bcf of sales
- $64 million Adjusted Gross Margin

### Materials Handling

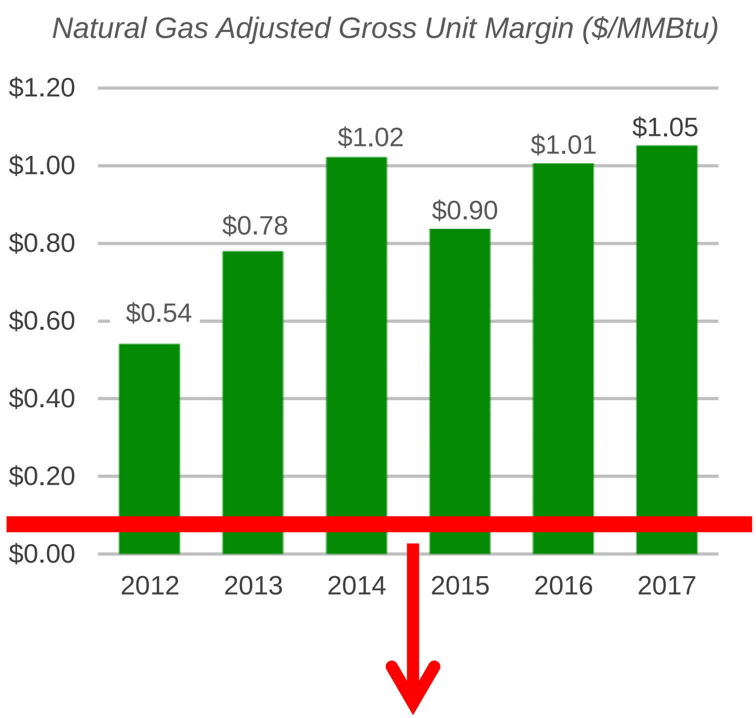
- Handle 2.5 million short tons and 381 million gallons
- $50 million Adjusted Gross Margin

# We focus on Integrated Supply, Logistics & Marketing

*Sprague thinks past "commodity" when it comes to commodity marketing*



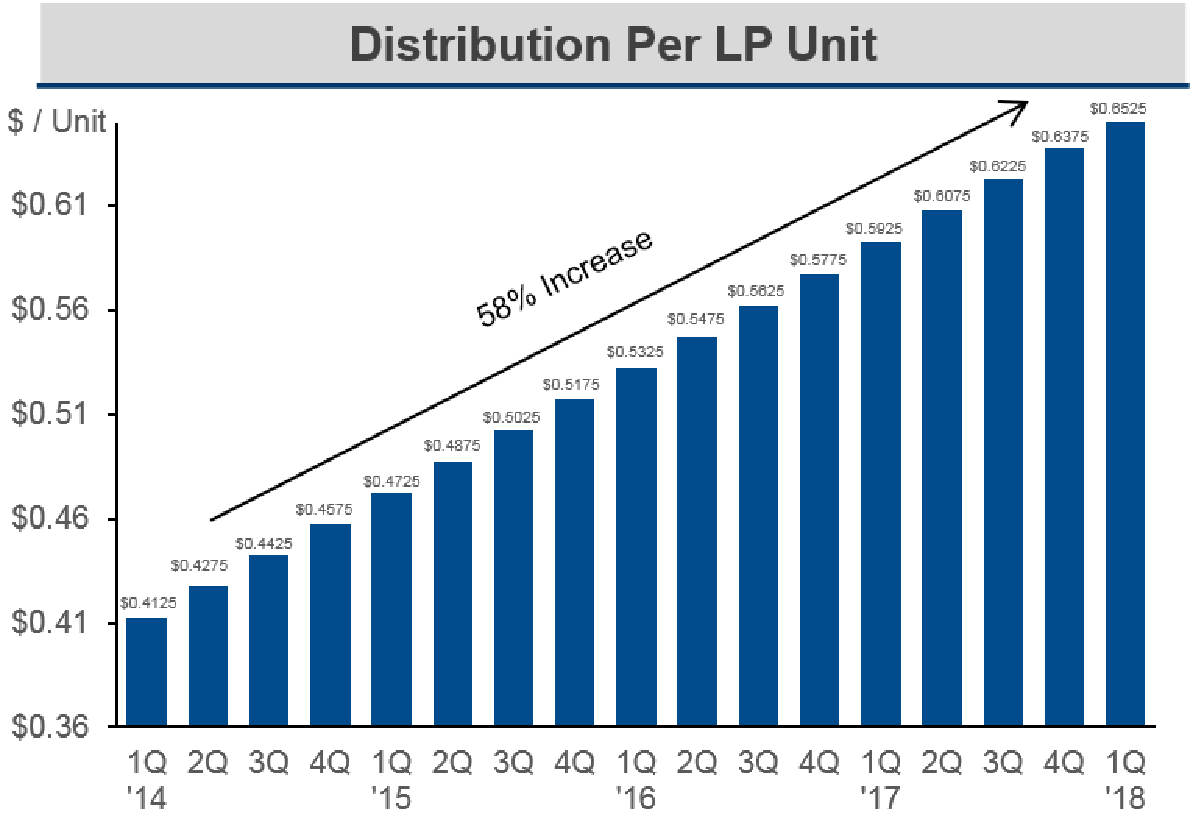

*Representative Throughput Model Margin*




*Representative Wholesale Supply Services Margin*

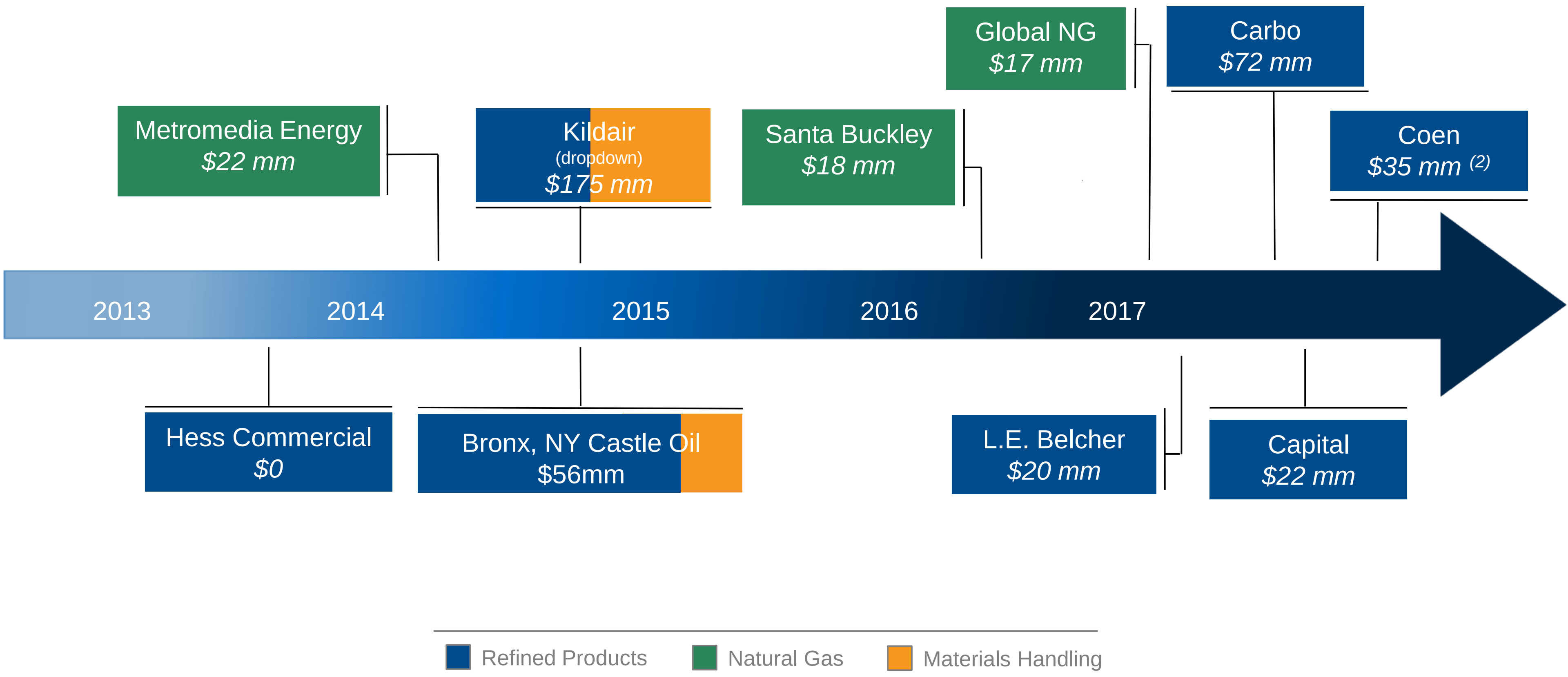
# Since our IPO in 2013, Sprague has…

- ***Grown distributions for 16 consecutive quarters at a double digit annual pace***



# Since our IPO in 2013, Sprague has…

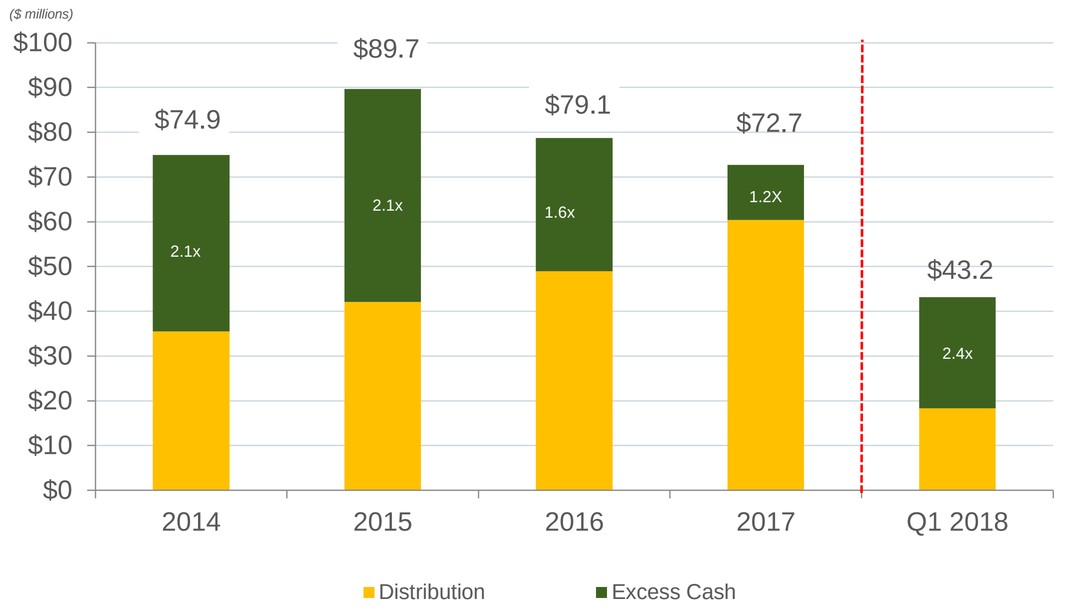
- ***Invested over $425 million in growth, completing 10 acquisitions, with no external equity raise***



# Since our IPO in 2013, Sprague has…

- ***Maintained consistently high coverage***

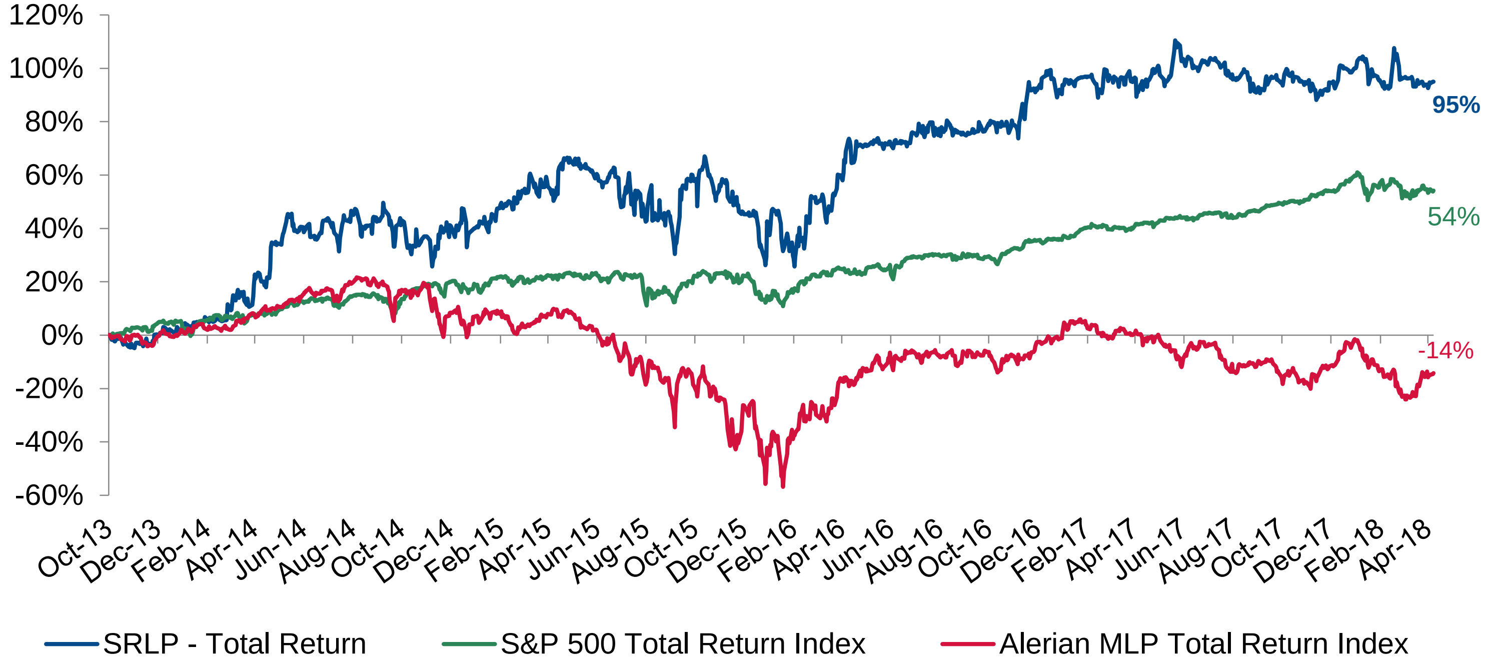
## DCF and Distribution Coverage Ratio



# Since our IPO in 2013, Sprague has…

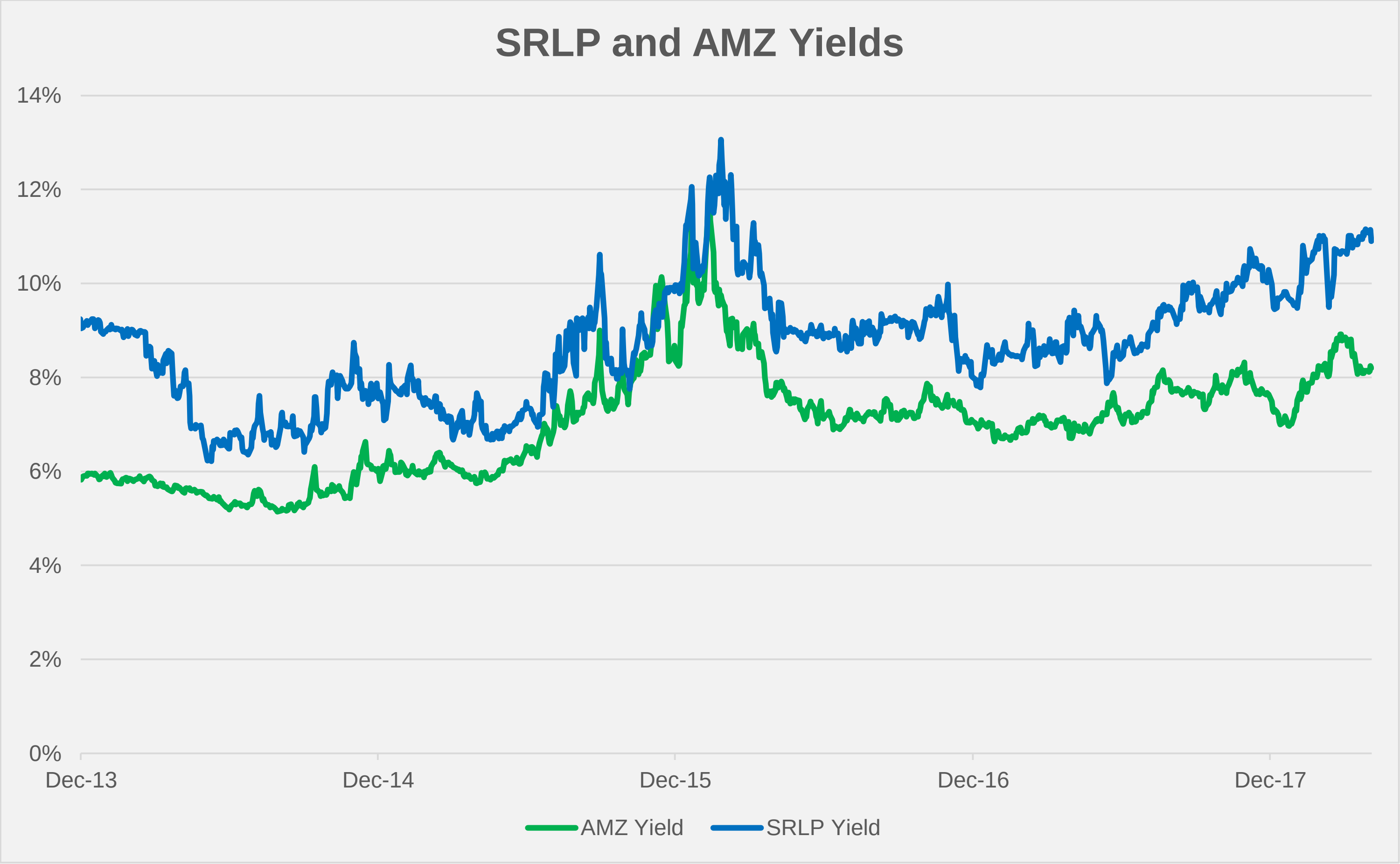
- ***Consistently outperformed the Alerian MLP Index and the S&P 500, generating a total unitholder return approaching 100%***

**SRLP Total Return (1)**




1) Source: Bloomberg. Includes re-investment of distributions as of May 1, 2018

# …yet our Yield remains stubbornly high

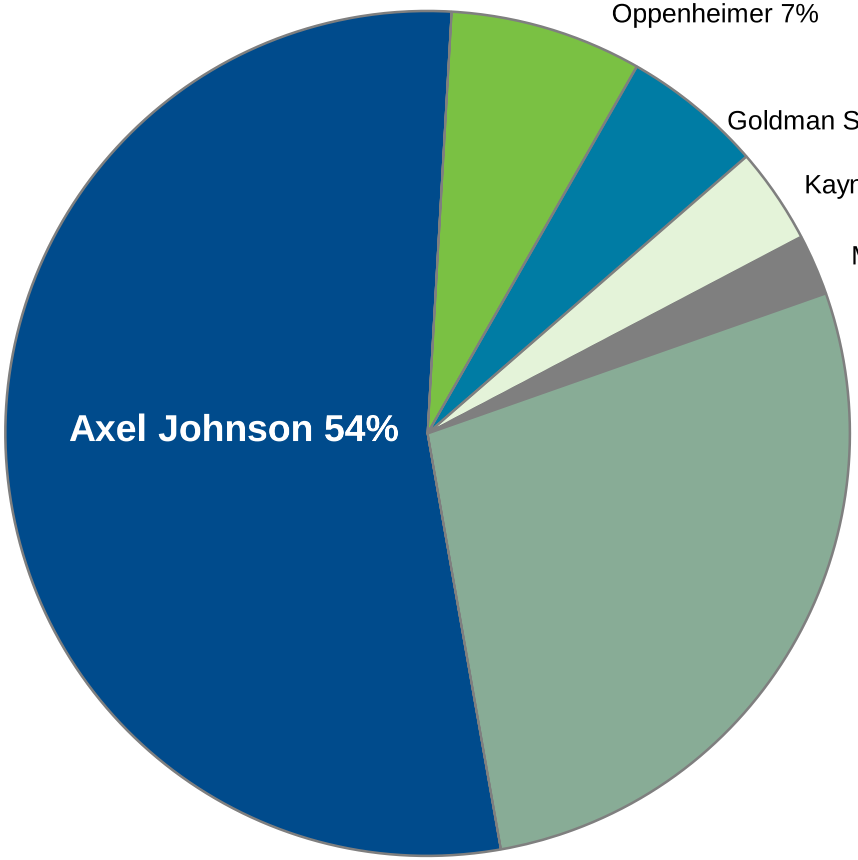



*Source: Bloomberg, Alerian*

# A stable ownership profile drives limited liquidity…

- ***Making SRLP better suited to Retail / Small Institutional Investors***

| Top Institutional Holders | Units at IPO (in '000) | Current Hold (in '000) |
|---|---|---|
| Axel Johnson, Inc. | 11,644 | 12,106 |
| Oppenheimer Funds, Inc. | 500 | 1,657 |
| Goldman Sachs Group Inc. | 500 | 1,211 |
| Carbo Industries Inc. | - | 1,132 |
| Kayne Anderson Capital Advisors LP | 850 | 829 |
| Spirit of America Management | - | 220 |
| Cohen & Steers Inc | 350 | 176 |
| Doheny Asset Management LLC | - | 159 |
| Management | | 693 |
| **Total** | | **18,183** |




*Source: Bloomberg reported holding as of December 31, 2017*

# Key Considerations

**Terminaling, Logistics and Marketing Expertise**

- Proven track record of supply optimization within the unique constraints and challenges presented in the Northeast
- Product and service innovations have generated incremental margins
- Long history of safe, cost-effective operations and environmental stewardship

**Contract-Based Income with Upside Potential**

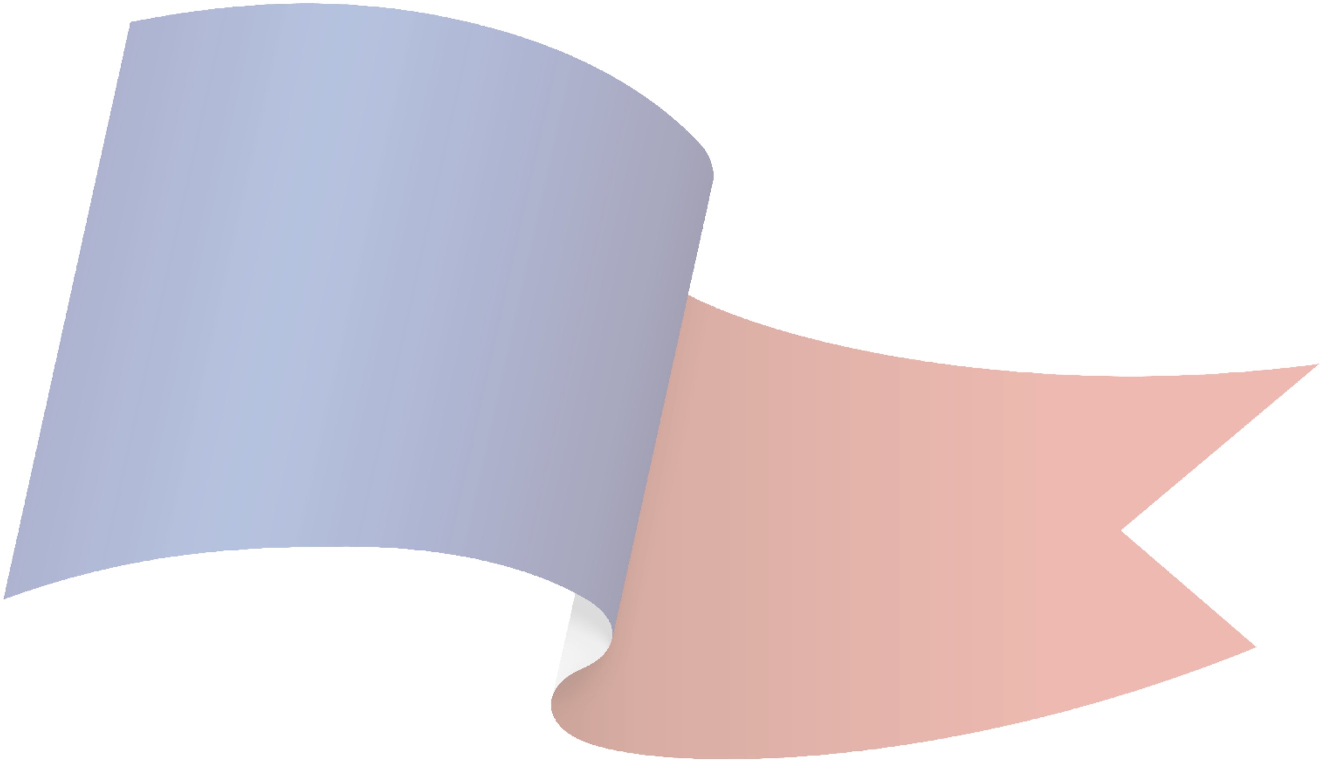
- Materials Handling business is 100% fee-based, backed by long-term contracts
- Over 50% of Refined Product sales volumes are under contract
- Energy Field Service business is backed by master agreements and consistent service delivery designed to produce high levels of customer retention
- Ability to enhance Natural Gas contract base margins by optimization activities

**Financial Strength**

- Strong performance has produced a distribution coverage ratio of 1.2x
- Conservatively managed balance sheet with permanent leverage of 3.1x
- Year over year quarterly distribution growth of 10%

**Visible Growth Prospects**

- Strong track record of accretive acquisition growth and successful integration
- Recent acquisitions provide a solid platform for growth and diversification
- Successful execution of organic growth initiatives at compelling effective multiples



# Appendix

# Volume, Net Sales and Adjusted Gross Margin

Sprague Resources LP
Volume, Net Sales and Adjusted Gross Margin by Segment
Twelve Months Ended March 31, 2018 and 2017

| | Twelve Months Ended March 31, 2018 | Twelve Months Ended March 31, 2017 |
|---|---|---|
| | (unaudited) | (unaudited) |
| | ($ and volumes in thousands) | |
| **Volumes:** | | |
| Refined products (gallons) | 1,519,770 | 1,391,418 |
| Natural gas (MMBtus) | 61,936 | 63,105 |
| Materials handling (short tons) | 2,578 | 2,467 |
| Materials handling (gallons) | 380,604 | 276,276 |
| **Net Sales:** | | |
| Refined products | $ 2,854,847 | $ 2,180,243 |
| Natural gas | 341,930 | 338,050 |
| Materials handling | 49,736 | 44,268 |
| Other operations | 21,824 | 22,337 |
| Total net sales | $ 3,268,337 | $ 2,584,898 |
| **Reconciliation of Operating Income to Adjusted Gross Margin:** | | |
| **Operating income** | $ 78,277 | $ 75,844 |
| Operating costs and expenses not allocated to operating segments: | | |
| Operating expenses | 78,661 | 65,885 |
| Selling, general and administrative | 89,157 | 86,416 |
| Depreciation and amortization | 30,618 | 22,138 |
| Add: unrealized (gain) loss on inventory derivatives | 1,071 | 3,492 |
| Add: unrealized (gain) loss on prepaid forward contract derivatives | (1,103) | (1,044) |
| Add: unrealized (gain) loss on natural gas transportation contracts | 4,187 | 10,454 |
| **Total adjusted gross margin:** | $ 280,868 | $ 263,185 |
| **Adjusted Gross Margin:** | | |
| Refined products | $ 159,324 | $ 140,417 |
| Natural gas | 64,418 | 69,903 |
| Materials handling | 49,735 | 44,245 |
| Other operations | 7,391 | 8,620 |
| Total adjusted gross margin | $ 280,868 | $ 263,185 |

# Sprague Resources LP

## *Non-GAAP Measures*

Sprague's non-GAAP measures should be viewed as supplemental to and not be considered as alternatives to GAAP measures.

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.

We define EBITDA as net income (loss) before interest, income taxes, depreciation and amortization. We define adjusted EBITDA as EBITDA adjusted 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 biofuel excise tax credits in 2017 and 2013, and commencing in the fourth quarter of 2017 adjusted for the impact of acquisition related expenses.

We define Adjusted Gross Margin as net sales less cost of products sold (exclusive of depreciation and amortization) and 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.

We define Adjusted Unit Gross Margin as Adjusted Gross Margin divided by units sold, as expressed in gallons for refined products, and in MMBtus for natural gas.

Sprague defines Distributable Cash flow as adjusted EBITDA less cash interest expense (excluding imputed interest on deferred acquisition payments), cash taxes, and maintenance capital expenditures. Distributable cash flow calculations also reflect the elimination of compensation expense expected to be settled with the issuance of Partnership units, expenses related to business combinations and other adjustments.

Sprague defines the Distribution Coverage Ratio as the ratio of Distributable Cash Flow to the quarterly distribution payable on all outstanding common and subordinated units and incentive distributions.

Sprague uses the term Permanent Leverage or Permanent Leverage Ratio when referring to its Consolidated Total Leverage Ratio as contained in its Credit Agreement. Sprague's Permanent Leverage Ratio equates to the aggregate of its acquisition facility borrowings, capital lease obligations, debentures and other debt divided by the consolidated trailing twelve-month adjusted EBITDA, as defined by the Credit Agreement. For computing compliance with the Credit Agreement, Sprague makes modifications to adjusted EBITDA to reflect the pro forma effect of acquisitions and adjusts for interest income, non-cash expenses, gain (loss) on sale of assets and other adjustments as allowed under the Credit Agreement.

Sprague defines Liquidity as the potential availability under its Credit Agreement (consisting of maximum credit commitments, less balances outstanding) less adjustments associated with compliance with financial covenants and other provisions of the Credit Agreement that may limit borrowings.

*Sprague Resources LP*
*Reconciliations of Non-GAAP Measures*

| *$ in thousands* | | Three Months Ended March 31, 2018 | | Twelve Months Ended March 31, 2018 | | Year Ended December 31, 2017 | | Year Ended December 31, 2016 | | Year Ended December 31, 2015 | | Year Ended December 31, 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income to EBITDA, Adjusted EBITDA and Distributable Cash Flow** | | | | | | | | | | | | |
| **Net income** | $ | 74,921 | $ | 39,919 | $ | 29,497 | $ | 10,166 | $ | 78,348 | $ | 122,814 |
| Add/(deduct): | | | | | | | | | | | | |
| Interest expense, net | | 9,772 | | 33,707 | | 31,006 | | 27,145 | | 26,911 | | 29,082 |
| Tax provision (benefit) | | 2,975 | | 4,695 | | 3,822 | | 2,108 | | 1,816 | | 5,509 |
| Depreciation and amortization | | 8,425 | | 30,618 | | 28,125 | | 21,237 | | 20,342 | | 17,625 |
| **EBITDA** | $ | 96,093 | $ | 108,939 | $ | 92,450 | $ | 60,656 | $ | 127,417 | $ | 175,030 |
| Add/(deduct): | | | | | | | | | | | | |
| Unrealized loss (gain) on inventory derivatives | | (23,561) | | 1,071 | | 124 | | 31,304 | | 2,079 | | (11,070) |
| Unrealized loss (gain) on prepaid forward contract derivatives | | — | | (1,103) | | (1,076) | | (1,552) | | 2,628 | | — |
| Unrealized loss (gain) on natural gas transportation contracts | | (14,068) | | 4,187 | | 10,441 | | 18,612 | | (21,695) | | (58,694) |
| Biofuel tax credit | | (4,022) | | — | | 4,022 | | — | | — | | — |
| Acquisition related expenses (1) | | 443 | | 3,132 | | 3,038 | | 1,177 | | 2,919 | | 3,017 |
| Other adjustments | | 194 | | 425 | | 231 | | — | | — | | — |
| **Adjusted EBITDA** | $ | 55,079 | $ | 116,651 | $ | 109,230 | $ | 110,197 | $ | 113,348 | $ | 108,283 |
| Add/(deduct): | | | | | | | | | | | | |
| Cash interest expense, net (excluding imputed interest on deferred acquisition payments) | | (8,433) | | (26,807) | | (24,430) | | (23,170) | | (23,359) | | (24,265) |
| Cash taxes | | (2,369) | | (4,495) | | (2,966) | | (1,719) | | (1,668) | | (3,042) |
| Maintenance capital expenditures | | (2,262) | | (13,150) | | (12,428) | | (9,379) | | (8,855) | | (8,290) |
| Elimination of expense relating to incentive compensation and directors fees expected to be paid in common units | | 838 | | 2,199 | | 2,289 | | 3,075 | | 8,437 | | 8,182 |
| Other | | 304 | | 1,331 | | 1,023 | | 48 | | 1,786 | | (5,971) |
| **Distributable cash flow** | $ | 43,157 | $ | 75,729 | $ | 72,718 | $ | 79,052 | $ | 89,689 | $ | 74,897 |
| **Distributions declared and equivalent rights paid for the period** | $ | 18,304 | $ | 63,778 | $ | 60,375 | $ | 49,098 | $ | 42,084 | $ | 35,490 |
| **Distribution coverage ratio** | | 2.4x | | 1.2x | | 1.2x | | 1.6x | | 2.1x | | 2.1x |
| **Trailing twelve month distribution coverage ratio** | | 1.2x | | 1.2x | | 1.2x | | 1.6x | | 2.1x | | 2.1x |

(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 all periods shown have been revised to conform to this presentation.

*Sprague Resources LP*
*Reconciliations of Non-GAAP Measures*

| *$ in thousands* | As of March 31, 2018 | As of December 31, 2017 |
|---|---|---|
| **Permanent Leverage Ratio** | | |
| Acquisition facility | $ 379,100 | $ 383,500 |
| Capital leases and other debt | 3,688 | 3,316 |
| **Indebtedness for Credit Agreement Leverage Ratio** | $ 382,788 | $ 386,816 |
| **Credit Agreement EBITDA** (1) | | |
| Adjusted EBITDA | $ 116,651 | $ 109,230 |
| Plus acquisition pro forma adjustments | 4,691 | 10,466 |
| Plus interest income | 367 | 339 |
| Plus non-cash expenses | 299 | (206) |
| Plus loss (minus gain) on sale of assets | (40) | (108) |
| Plus other adjustments as allowed by the Credit Agreement | — | — |
| **Credit Agreement EBITDA** | $ 121,968 | $ 119,721 |
| **Permanent Leverage Ratio** | 3.1x | 3.2x |

(1) On a trailing twelve month basis