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USD Partners LP Announces Strategic Acquisition of Crude Oil Terminal in Casper, Wyoming

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Unit train-capable origination terminal with inbound pipeline connection and 900,000 barrels of onsite storage

HOUSTON--(BUSINESS WIRE [2])--USD Partners LP (NYSE: USDP) (the "Partnership") has agreed to acquire 100% of the equity interests in Casper Crude to Rail, LLC (the "Casper terminal") from Stonepeak Infrastructure Partners, Cogent Energy Solutions and The Granite Peak Group for total consideration of $225.0 million, subject to closing adjustments. The purchase price includes $208.3 million of cash and $16.7 million of limited partner units issued to the sellers.

The Casper terminal's principal assets include i) a unit train-capable crude oil loading rail terminal with 100,000 barrels per day of capacity and dual loop tracks, ii) six customer-dedicated storage tanks with 900,000 barrels of total capacity and iii) a six-mile, 24-inch diameter pipeline with a direct connection from Spectra Energy Partners LP's Express crude oil pipeline, which runs from Hardisty, Alberta, to Casper, Wyoming, and provides access to multiple grades of Canadian crude oil. The terminal's advantaged location supports best-in-class access to multiple refining centers across the U.S., enhanced by onsite storage and blending capabilities, which enables customers to ship preferred grades of crude oil from Casper. Additionally, the terminal's footprint and modular design allows for the addition of a second loading station and an additional 1.1 million barrels of storage capacity with minimal disruption to existing operations and relatively low incremental capital costs.

"We are pleased to announce our first acquisition since the Partnership's initial public offering last October. The Casper terminal represents an attractive opportunity to deliver a highly accretive, complementary acquisition to our unitholders and supports the Partnership's ability to achieve its targeted distribution growth over the next several years," said Dan Borgen, the Partnership's Chief Executive Officer. "The terminal's high-quality customer base and strategic location ensure competitive, sustainable market access, as well as provide an additional platform for heavy crude oil solutions."

The Casper terminal commenced operations in September 2014 and is supported by take-or-pay contracts with primarily investment grade refiners and a weighted-average remaining contract life of approximately three years. For the full year 2016, the Casper terminal is expected to contribute minimum contracted Adjusted EBITDA of approximately $26 million.

The Partnership intends to fund the cash portion of the purchase price with approximately $35 million of cash on hand and approximately $173 million of senior secured credit facility borrowings. The Partnership will issue approximately 1.7 million common units as equity consideration based on a unit price of $9.62, the volume-weighted average daily closing price for the Partnership's common units for the 30 trading day period prior to October 12, 2015. The Partnership believes the transaction will be immediately accretive to distributable cash flow per unit upon closing, which is expected to occur in Q4 2015.

The Partnership has posted a presentation on its website with additional information regarding the pending acquisition of the Casper terminal and its anticipated impact on the Partnership. The presentation can be accessed from the Partnership's website at http://investor.usdpartners.com/events-and-presentations [3].

Conference Call Information

The Partnership will host a conference call and webcast to discuss the transaction at 9:00 a.m. Eastern Time (8:00 a.m. Central Time) on Tuesday, October 13, 2015.

To listen live over the Internet, participants are advised to log on to the Partnership's website at www.usdpartners.com [4] and select the "Events & Presentations" sub-tab under the "Investors" tab. To join via telephone, participants may dial (877) 266-7551 domestically or +1 (339) 368-5209 internationally, conference ID 53978955. Participants are advised to dial in at least five minutes prior to the call.

An audio replay of the conference call will be available for thirty days by dialing (855) 859-2056 domestically or +1 (404) 537-3406 internationally, conference ID 53978955. In addition, a replay of the audio webcast will be available by accessing the Partnership's website after the call is concluded.

About USD Partners LP

The Partnership is a fee-based, growth-oriented master limited partnership formed by US Development Group, LLC to acquire, develop and operate energy-related rail terminals and other high-quality and complementary midstream infrastructure assets and businesses. The Partnership's assets consist primarily of: (i) an origination crude-by-rail terminal in Hardisty, Alberta, Canada, with capacity to load up to two 120-railcar unit trains per day and (ii) two destination unit train-capable ethanol rail terminals in San Antonio, Texas, and West Colton, California, with a combined capacity of approximately 33,000 barrels per day. In addition, the Partnership provides railcar services through the management of a railcar fleet that is committed to customers on a long-term basis.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of U.S. federal securities laws, including statements related to the closing of the acquisition, the ability to expand the Casper terminal, the ability of the Partnership to achieve targeted distribution growth, the expected minimum Adjusted EBITDA contribution of the Casper terminal and whether the acquisition will be accretive to distributable cash flow per unit. Words and phrases such as "is expected," "is planned," "believes," "projects," and similar expressions are used to identify such forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements relating to the Partnership are based on management's expectations, estimates and projections about the Partnership, its interests and the energy industry in general on the date this press release was issued. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Factors that could cause actual results or events to differ materially from those described in the forward-looking statements include those as set forth under the heading "Risk Factors" in the Partnership's most recent Annual Report on Form 10-K and in our subsequent filings with the Securities and Exchange Commission. The Partnership is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

We define Adjusted EBITDA as net income before depreciation and amortization, interest and other income, interest and other expense, unrealized gains and losses associated with derivative instruments, foreign currency transaction gains and losses, income taxes, non-cash expense related to our equity compensation programs, discontinued operations, adjustments related to deferred revenue associated with minimum monthly commitment fees and other items which management does not believe reflect the underlying performance of our business. Adjusted EBITDA is a non-GAAP, supplemental financial measure used by management and by external users of our financial statements, such as investors and commercial banks, to assess:

- our operating performance as compared to those of other companies in the midstream sector, without regard to financing methods, historical cost basis or capital structure;
- the ability of our assets to generate sufficient cash flow to make distributions to our partners;
- our ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and our ability to generate incremental cash flows from these opportunities.

We believe that the presentation of Adjusted EBITDA provides information useful to investors in assessing our financial condition and results of operations. We further believe that the presentation of Adjusted EBITDA enhances investors' understanding of our ability to generate cash for payment of distributions and other purposes. The GAAP measures most directly comparable to Adjusted EBITDA are Net Income and Cash Flows from Operating Activities. Adjusted EBITDA should not be considered an alternative to Net Income, Cash Flows from Operating Activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjusted EBITDA excludes some, but not all, items that affect Net Income, and these measures may vary among other companies. As a result, Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Reconciliation of Estimated Minimum Contracted Adjusted EBITDA to Net Income

($ in millions)	**Projected 12 Months Ended 12/31/2016 [1]**	
Net income	**$**	**16**
Add:		
Interest expense		7
Depreciation		3
Provision for income taxes		0
Estimated Adjusted EBITDA	**$**	**26**

[1] *Depreciation and provision for income taxes estimated based on actual results from 1/1/2015 through 5/31/2015. Interest expense estimated using a 3.75% interest rate on the portion of the purchase price expected to be funded with additional credit facility borrowings.*

Language:
English

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