

# Stroud Terminal Acquisition

June 2017



# Cautionary Statements

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This presentation contains forward-looking statements within the meaning of U.S. federal securities laws, with respect to USD Partners LP (“USDP” or the “Partnership”), including statements related to the acquisition of the Stroud terminal and its impact on the Partnership’s cash flows, results of operations and cash available for distribution, the growth and sustainability of rail solutions in Western Canada, the Partnership’s ability to grow business at the Stroud terminal, the creditworthiness of the Partnership’s customers and their ability to pay, the ability of the Partnership’s network of terminals to drive additional commercial opportunities, the stability and predictability of the Partnership’s cash flows, the Partnership’s financial flexibility, the Partnership’s plans with respect to leverage, the intention of Energy Capital Partners to invest in our sponsor, Canadian oil sands growth expectations and sensitivity to price movements, expectations with respect to end markets for Canadian oil sands production, pipeline capacity and the timing of completion of pipeline expansion projects, expectations related to crude oil spreads and their impact on demand for our terminalling services and expectations related to the buildout and commercialization of the sponsor’s Houston Ship Channel joint venture. These statements can be identified by the use of forward-looking terminology including “may,” “believe,” “will,” “expect,” “anticipate,” “estimate,” “continue,” or other similar words. These statements discuss future expectations, contain projections of results of operations or of financial condition, or state other “forward-looking” information. These forward-looking statements involve risks and uncertainties. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this presentation, which could cause our actual results to differ materially from those contained in any forward-looking statement.

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Changes in general economic conditions; the effects of competitive conditions in our industry, in particular, by pipelines and other terminalling facilities; shut-downs or cutbacks at upstream production facilities or refineries or other businesses to which we transport products; the supply of, and demand for, crude oil and biofuels rail terminalling services; our limited history as a separate public partnership; our ability to successfully implement our business plan; our ability to complete growth projects on time and on budget; operating hazards and other risks incidental to handling crude oil and biofuels that may not be fully covered by insurance; disruptions due to equipment interruption or failure at our facilities or third-party facilities on which our business is dependent; our ability to successfully identify and finance acquisitions and other growth opportunities; natural disasters, weather-related delays, casualty losses and other matters beyond our control; interest rates; labor relations; large customer defaults; change in availability and cost of capital; changes in tax status; changes in laws or regulations to which we are subject, including compliance with environmental and operational safety regulations that may increase our costs; changes in insurance markets impacting cost and the level and types of coverage available; disruptions due to equipment interruption or failure at our facilities or third-party facilities on which our business is dependent; the effects of future litigation; and the factors discussed in the “Risk Factors” section of the Partnership’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as updated by the Partnership’s subsequently filed Quarterly Reports on Form 10-Q, which are available to the public at the U.S. Securities and Exchange Commission’s website ([www.sec.gov](http://www.sec.gov)) and at the Partnership’s website ([www.usdpartners.com](http://www.usdpartners.com)).

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# Creating Rail-to-Pipeline Solutions: Overview of Stroud Terminal Acquisition

*On June 2, 2017, USD Partners acquired the Stroud destination terminal near Cushing, Oklahoma, and entered into commercial agreements at Hardisty and Stroud to provide takeaway for a new customer's growing oil sands production*

**\$25.0 million all-in purchase price represents ~2.5x 2018E Adjusted EBITDA associated with the take-or-pay contract at the Stroud terminal which we arranged to be in place at the closing of the acquisition**

- Includes ~\$2.2 million of estimated one time costs and anticipated growth capital expenditures to retrofit the Stroud terminal to handle heavy grades of Canadian crude oil

**Concurrent with the acquisition, USDP entered into a new 33-month terminal services agreement with an investment grade, multi-national energy company to unload crude oil at Stroud and deliver it to Cushing**

- Begins October 1, 2017
- Represents ~50% of the Stroud terminal's available capacity

**Stroud customer also secured Hardisty origination slots previously held by J. Aron and USD Marketing**

- New customer for Hardisty terminal
- Represents ~25% of Hardisty terminal's current capacity
- Extended contract term from mid-2019 to mid-2020

**Acquisition was funded using available capacity on revolving credit facility**

***Delivering an origin-to-destination rail solution for a new, high-quality customer affirms our long-held expectation of a growing and sustainable role for rail in Western Canada***



# Stroud Destination Terminal Connects Western Canadian Crude to Cushing

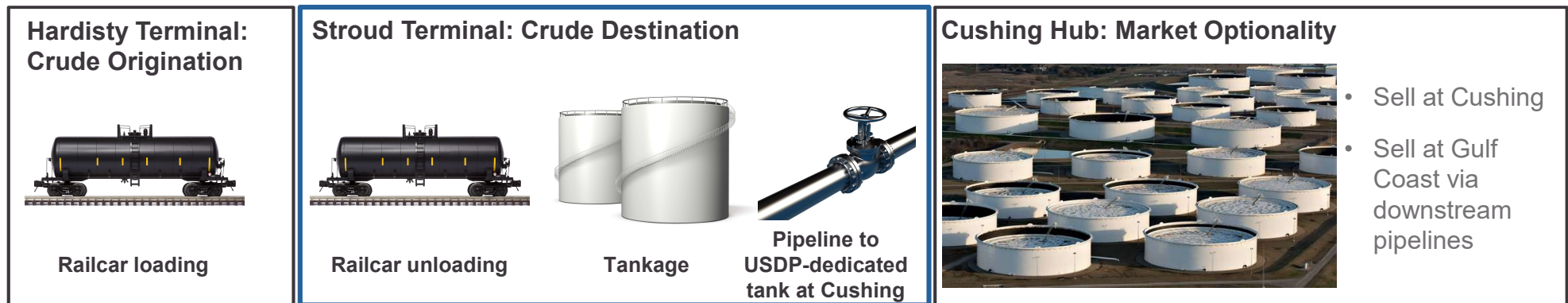
## Terminal Overview

- 76-acre terminal with capacity to unload one unit train per day
- Includes two 70,000 barrel storage tanks and one truck bay
- Commenced operations in January 2010
  - Previously received seller's Bakken Shale production
- Served by the BNSF and Union Pacific railways
- Includes the Hawthorn Pipeline, a 17-mile pipeline connecting the Stroud terminal to the Cushing, Oklahoma, storage hub
- Partnership obtained lease for 300,000 barrels of segregated working storage capacity at Cushing to facilitate outbound shipments



Aerial view of the Stroud Terminal

## The Only Unit-Train Facility Directly Connected to the Cushing Storage Hub



# Stroud Terminal Adds Term and New High Quality Customer to Contract Mix

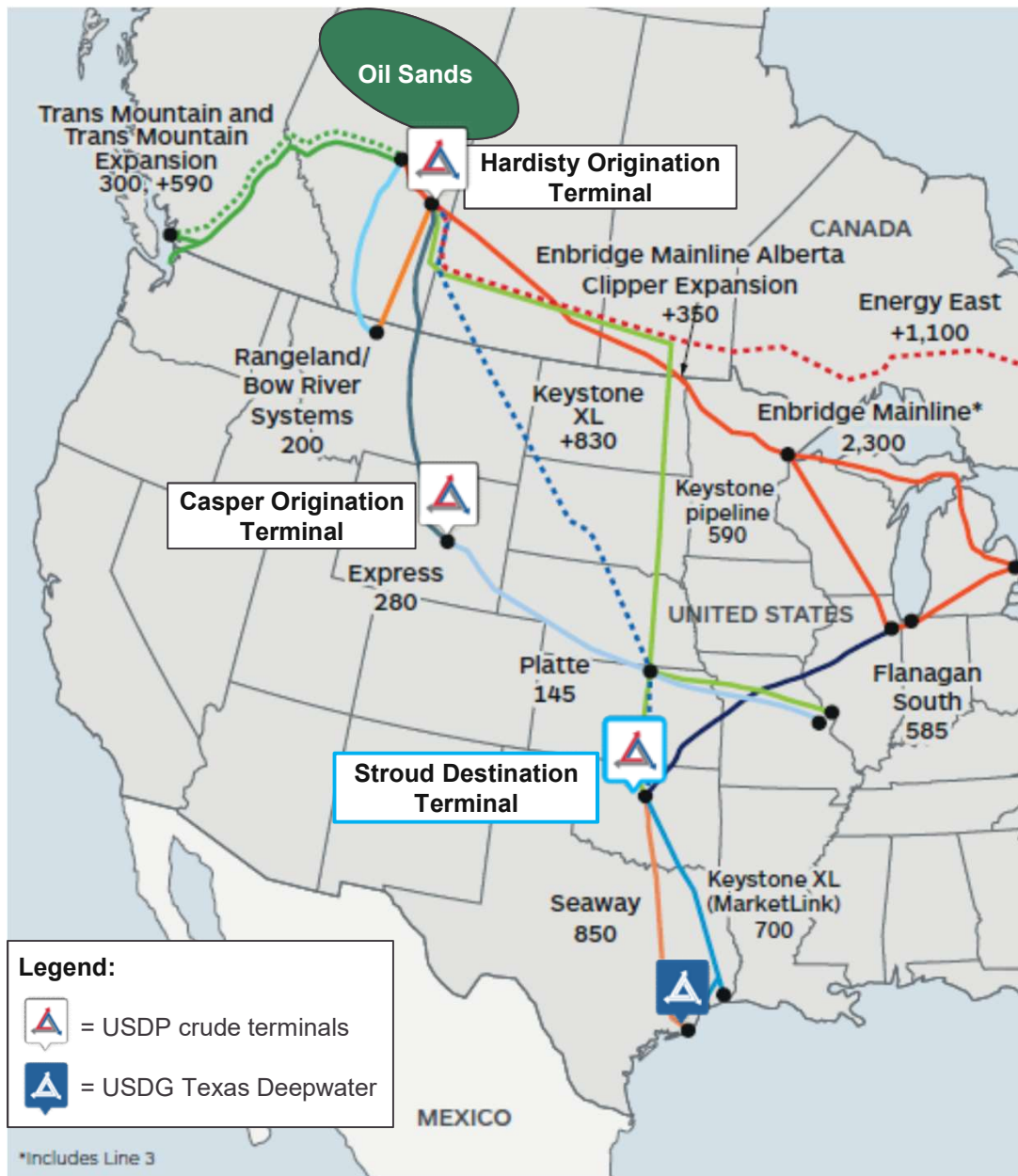
	Customer Type	Credit Rating	Investment Grade?	Contract Term Through Date
<b><i>Hardisty Terminal</i></b>				
	Producer <sup>1</sup>	A- / Baa2	✓	Jun-2020
	Refiner	BBB+ / A3	✓	Jun-2019
	Integrated	A- / Baa1	✓	Jun-2019
	Integrated	A+ / Aa3	✓	Jun-2019
	Integrated	BBB / Ba2	Split	Jun-2019
	Marketer	BB / Ba2		Jun-2019
<b><i>Casper Terminal</i></b>				
	Refiner	BB+ / Ba1		Aug-2019
	Refiner	BBB+ / A3	✓	Oct-2018
	Refiner	BBB / Baa2	✓	Aug-2017
<b><i>Stroud Terminal</i></b>				
	Producer	A- / Baa2	✓	Jun-2020

Source: Standard & Poor's, Moody's (as of 5/30/2017)

Note: Certain USD customers are wholly-owned subsidiaries of the entities whose credit rating and yield are shown above. Marketers include midstream companies with marketing operations as well as trading-focused companies. Ratings of Baa3 / BBB- or better are considered investment grade.

<sup>1</sup> Producer's capacity at Hardisty via USD Marketing's contracted capacity with the Partnership.

# Strategically Positioned Network Levered to Growing Oil Sands Production



Source: IHS Markit (map)

## Scalable takeaway capacity out of Hardisty, Canada's largest crude oil hub

- Rail direct from Hardisty to preferred destination
- Pipeline-to-rail delivery from Casper to the coasts
- Rail-to-pipeline access to Gulf Coast via Hardisty to Stroud
- Avoid congestion on Canada's export pipelines

## Terminals deliver market access and optionality

- Direct access to large, liquid crude oil markets
- Leverage available pipeline capacity
- Preserve quality of product and opportunity to blend

## Network drives additional commercial opportunities

- Comprehensive solution for heavy crude oil from origin to destination
- Potential for in-network flexibility
- Advantaged rates

# USD Partners LP Investment Highlights

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Units offer ~10% Yield and Expected 2017 Distribution Growth of 5-10%



Multi-Year Take-or-Pay Contracts



High Quality, Primarily Investment Grade Customers



Strategically Positioned Terminals Levered to Growing Oil Sands Production



Financial Flexibility to Pursue Organic Growth and Accretive Acquisitions



Relationship with Sponsor and Energy Capital Partners