- Reported fourth quarter 2015 EBITDA of $57 million and distributable cash flow of $53 million
- Delivered annual distribution growth of 27 percent in 2015
- Reported 2.33x coverage ratio for the fourth quarter of 2015
- Targeting 25 percent annual distribution growth through 2017
- Expanded revolving credit facility to $750 million

SAN ANTONIO, Feb. 4, 2016 /PRNewswire/ -- Valero Energy Partners LP (NYSE: VLP, the "Partnership") today reported fourth quarter 2015 net income attributable to partners of $45 million, or $0.69 per common limited partner unit. The Partnership generated earnings before interest, income taxes, depreciation, and amortization ("EBITDA") of $57 million and distributable cash flow of $53 million. VLP's coverage ratio for the fourth quarter was 2.33x.

For the year ended December 31, 2015, net income attributable to partners was $132 million, or $2.12 per common limited partner unit. EBITDA was $171 million and distributable cash flow was $162 million.

"With solid operations, a strong balance sheet, and a healthy coverage ratio, VLP is well positioned to achieve our distribution growth target," said Joe Gorder, Chairman and Chief Executive Officer of VLP's general partner.

The Partnership expects to grow distributions at an annual rate of 25 percent through 2017.

On January 25, the board of directors of VLP's general partner declared a fourth quarter 2015 cash distribution of $0.32 per unit. This distribution represents a 4 percent increase from the third quarter of 2015 and results in a 27 percent annual increase.

Financial Results

Revenues were $79 million for the fourth quarter of 2015 and $244 million for 2015. Operating expenses in the fourth quarter of 2015 were $19 million, general and administrative expenses were $3 million, and depreciation expense was $9 million. For 2015, operating expenses were $84 million, general and administrative expenses were $14 million, and depreciation expense was $38 million. Revenues for the Partnership were higher in 2015 compared to 2014 primarily due to the acquisition of the Houston, St. Charles, and Corpus Christi terminals in 2015.

Liquidity and Financial Position

In November, VLP expanded its revolving credit facility from $300 million to $750 million and completed its first equity offering subsequent to its initial public offering, issuing 4.25 million common units. The offering generated gross proceeds of $197 million, of which $185 million was used to pay down a subordinated loan with Valero Energy Corp. (NYSE: VLO). As of December 31, 2015, the Partnership had $656 million of total liquidity consisting of $81 million in cash and cash equivalents and $575 million available on its revolving credit facility. Capital expenditures attributable to the Partnership in the fourth quarter of 2015 were $5 million, including $3 million for expansion and $2 million for maintenance. For 2015, capital expenditures attributable to the Partnership were $8 million, including $4 million for expansion and $4 million for maintenance.

The Partnership expects 2016 capital expenditures to be approximately $16 million, which includes $11 million for maintenance and $5 million for expansion.

Conference Call

The Partnership's senior management will host a conference call at 3 p.m. ET today to discuss this earnings release. A live broadcast of the conference call will be available on the Partnership's website at www.valeroenergypartners.com.

About Valero Energy Partners LP

Valero Energy Partners LP is a fee-based master limited partnership formed by Valero Energy Corp. to own, operate, develop and acquire crude oil and refined products pipelines, terminals, and other transportation and logistics assets. With headquarters in San Antonio, the Partnership's assets include crude oil and refined petroleum products pipeline and terminal systems in the Gulf Coast and Mid-Continent regions of the United States that are integral to the operations of nine of Valero's refineries. Please visit www.valeroenergypartners.com for more information.

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Safe-Harbor Statement

This release contains forward-looking statements within the meaning of federal securities laws. These statements discuss future expectations, contain projections of results of operations or of financial condition or state other forward-looking information. You can identify forward-looking statements by words such as "anticipate," "believe," "estimate," "expect," "forecast," "project," "could," "may," "should," "would," "will" or other similar expressions that convey the uncertainty of future events or outcomes. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Partnership's control and are difficult to predict. These statements are often based upon various assumptions, many of which are based, in turn, upon further assumptions, including examination of historical operating trends made by the management of the Partnership. Although the Partnership believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, the Partnership cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements contained in the Partnership's filings with the SEC, including the Partnership's annual reports on Form 10-K and quarterly reports on Form 10-Q available on the Partnership's website at www.valeroenergypartners.com. These risks could cause the Partnership's actual results to differ materially from those contained in any forward-looking statement.

Use of Non-GAAP Financial Information

This earnings release includes the terms "EBITDA," "distributable cash flow," and "coverage ratio." These terms are supplemental financial measures that are not defined under United States generally accepted accounting principles (GAAP). We reconcile these non-GAAP measures to the most directly comparable GAAP measures in the tables that accompany this release. In note (k) to the tables that accompany this release, we disclose the reasons why we believe our use of the non-GAAP financial measures in this release provides useful information.

VALERO ENERGY PARTNERS LP

EARNINGS RELEASE

(In Thousands, Except per Unit Amounts, per Barrel Amounts, and Ratios)
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Statement of income data (a):				
Operating revenues – related party (b)	$ 79,456	$ 34,182	$ 243,624	$ 129,180
Costs and expenses:				
Operating expenses (c)	19,312	25,285	83,681	88,200
General and administrative expenses (d)	3,322	3,089	13,758	12,921
Depreciation expense (e)	9,151	8,583	38,203	30,098
Total costs and expenses	31,785	36,957	135,642	131,219
Operating income (loss)	47,671	(2,775)	107,982	(2,039)
Other income, net (f)	57	189	223	1,504
Interest and debt expense, net of capitalized interest (g)	(2,748)	(209)	(6,113)	(872)
Income (loss) before income taxes	44,980	(2,795)	102,092	(1,407)
Income tax expense (h)	313	112	251	548
Net income (loss)	44,667	(2,907)	101,841	(1,955)
Less: Net loss attributable to Predecessor	—	(21,963)	(30,037)	(61,236)
Net income attributable to partners	44,667	19,056	131,878	59,281
Less: General partner's interest in net income	2,248	574	6,069	1,379
Limited partners' interest in net income	$ 42,419	$ 18,482	$ 125,809	$ 57,902
Net income per limited partner unit				
(basic and diluted):				
Common units	$ 0.69	$ 0.32	$ 2.12	$ 1.01
Subordinated units	$ 0.66	$ 0.32	$ 2.07	$ 1.01
Weighted-average limited partner units outstanding:				
Common units – public (basic)	19,005	17,250	17,692	17,250
Common units – public (diluted)	19,005	17,251	17,692	17,251
Common units – Valero (basic and diluted)	15,019	11,540	13,530	11,540
Subordinated units – Valero (basic and diluted)	28,790	28,790	28,790	28,790

VALERO ENERGY PARTNERS LP
EARNINGS RELEASE
(In Thousands, Except per Unit Amounts, per Barrel Amounts, and Ratios)
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Operating highlights (a):				
Pipeline transportation:				
Pipeline transportation revenues (b)	$ 20,271	$ 20,895	$ 81,435	$ 72,737
Pipeline transportation throughput (BPD) (i)	906,870	993,861	949,884	908,095
Average pipeline transportation revenue per barrel (j)	$ 0.24	$ 0.23	$ 0.23	$ 0.22
Terminaling:				
Terminaling revenues (b)	$ 59,050	$ 13,152	$ 161,649	$ 55,495
Terminaling throughput (BPD)	1,827,623	500,612	1,340,407	545,135
Average terminaling revenue per barrel (j)	$ 0.35	$ 0.29	$ 0.33	$ 0.28
Storage revenues	$ 135	$ 135	$ 540	$ 948
Total operating revenues – related party	$ 79,456	$ 34,182	$ 243,624	$ 129,180
Capital expenditures (a):				
Maintenance	$ 1,621	$ 9,981	$ 9,490	$ 28,315
Expansion	3,303	17,906	21,479	75,637
Total capital expenditures	4,924	27,887	30,969	103,952
Less: Capital expenditures attributable to Predecessor	—	23,942	22,492	93,758
Capital expenditures attributable to Partnership	$ 4,924	$ 3,945	$ 8,477	$ 10,194
Other financial information:				
Distribution declared per unit	$ 0.3200	$ 0.2660	$ 1.1975	$ 0.9410
EBITDA attributable to Partnership (k)	$ 56,879	$ 23,741	$ 171,006	$ 75,368
Distributable cash flow (k)	$ 52,861	$ 22,606	$ 162,244	$ 72,952
Distribution declared:				
Limited partner units – public	$ 6,883	$ 4,591	$ 22,028	$ 16,238
Limited partner units – Valero	14,019	10,727	51,566	37,950
General partner units – Valero	1,809	511	5,003	1,304
Total distribution declared	$ 22,711	$ 15,829	$ 78,597	$ 55,492
Coverage ratio (k)	2.33x	1.43x	2.06x	1.31x

December 31,

	2015	2014
Balance sheet data (a):		
Total assets	850,107	975,953
Current portion of debt and capital lease obligations	913	1,200
Debt and capital lease obligations, less current portion	545,246	1,519
Total debt and capital lease obligations	546,159	2,719
Partners' capital	290,153	965,099
Working capital	86,231	238,365

See Notes to Earnings Release on Table Page 6.

VALERO ENERGY PARTNERS LP
EARNINGS RELEASE
(In Thousands, Except per Unit Amounts, per Barrel Amounts, and Ratios)
(Unaudited)

	Three Months Ended December 31,	
	2015	2014
Reconciliation of net income (loss) to EBITDA and distributable cash flow (a)(k):		
Net income (loss)	$ 44,667	$ (2,907)
Plus:		
Depreciation expense	9,151	8,583
Interest and debt expense, net of capitalized interest	2,748	209
Income tax expense	313	112
EBITDA	56,879	5,997
Less: EBITDA attributable to Predecessor	—	(17,744)
EBITDA attributable to Partnership	56,879	23,741
Plus:		
Adjustments related to minimum throughput commitments	18	(164)
Projects prefunded by Valero	—	865
Other	—	—
Less:		
Cash interest paid	2,415	213
Income taxes paid	—	—
Maintenance capital expenditures		

1,621

1,623

Distributable cash flow	$ 52,861	$ 22,606
Reconciliation of net cash provided by operating activities to EBITDA and distributable cash flow (a)(k):		
Net cash provided by operating activities	$ 47,584	$ 6,303
Plus:		
Changes in current assets and current liabilities	4,330	(617)
Changes in deferred charges and credits and other operating activities, net	2,076	(10)
Interest and debt expense, net of capitalized interest	2,748	209
Current income tax expense	141	112
EBITDA	56,879	5,997
Less: EBITDA attributable to Predecessor	—	(17,744)
EBITDA attributable to Partnership	56,879	23,741
Plus:		
Adjustments related to minimum throughput commitments	18	(164)
Projects prefunded by Valero	—	865
Other	—	—
Less:		
Cash interest paid	2,415	213
Income taxes paid	—	—
Maintenance capital expenditures	1,621	1,623
Distributable cash flow	$ 52,861	$ 22,606

See Notes to Earnings Release on Table Page 6.

VALERO ENERGY PARTNERS LP

EARNINGS RELEASE

(In Thousands, Except per Unit Amounts, per Barrel Amounts, and Ratios)
(Unaudited)

	Three Months E December 31,	
	2015	20
Comparison of ratio of net income attributable to partners divided by total distribution declared to coverage ratio (k):		
Net income attributable to partners	$ 44,667	$
Total distribution declared	$ 22,711	$
Ratio of net income attributable to partners divided by total distribution declared	1.97x	1.
Coverage ratio: Distributable cash flow divided by total distribution declared	2.33x	1.

The following tables present our consolidated statements of income for the three months and year ended December 31, 2014. To the extent necessary, financial results have been adjusted for the acquisitions of the Houston and St. Charles Terminal Services Business and the Corpus Christi Terminal Services Business for the periods prior to March 1, 2015 and October 1, 2015, respectively. See Note (a) of Notes to Earnings Release for a discussion of the basis of this presentation.

	Three Months Ended December 31, 2014	
	Valero Energy Partners LP (Previously Reported)	Houston and St. Charles Terminal Services Business (September 1, 2014 to Dece
Operating revenues – related party (b)	$ 34,182	$ &mdas
Costs and expenses:		
Operating expenses	7,692	12,753
General and administrative expenses	2,938	68
Depreciation expense	4,364	3,363
Total costs and expenses	14,994	16,184
Operating income (loss)	19,188	(16,184)
Other income, net	189	—
Interest and debt expense, net of capitalized interest	(209)	—
Income (loss) before income taxes	19,168	(16,184)
Income tax expense	112	—
Net income (loss)	19,056	(16,184)
Less: Net loss attributable to Predecessor	—	(16,184)
Net income attributable to partners	$ 19,056	$ &mdas
See Notes to Earnings Release on Table Page 6.		

VALERO ENERGY PARTNERS LP
EARNINGS RELEASE
(In Thousands, Except per Unit Amounts, per Barrel Amounts, and Ratios)
(Unaudited)

	Year Ended December 31, 2014	
	Valero Energy Partners LP (Previously Reported)	Corpus Christi Terminal Serv (January 1, 2014 to December 31, 2014)
Operating revenues – related party (b)	$ 129,180	$ &mdash
Costs and expenses:		
Operating expenses	70,507	17,693
General and administrative expenses	12,597	324
Depreciation expense	26,953	3,145
Total costs and expenses	110,057	21,162
Operating income (loss)	19,123	(21,162)
Other income, net	1,504	—
Interest and debt expense, net of capitalized interest	(872)	—
Income (loss) before income taxes	19,755	(21,162)
Income tax expense	548	—
Net income (loss)	19,207	(21,162)
Less: Net loss attributable to Predecessor	(40,074)	(21,162)
Net income attributable to partners	$ 59,281	$ &mdash

The following table presents our balance sheet data as of December 31, 2014, giving effect to the acquisition of the Corpus Christi Terminal Services Business. See Note (a) of Notes to Earnings Release for a discussion of the basis of this presentation.

	December 31, 2014	
	Valero Energy Partners LP (Previously Reported)	Corpus Christi Terminal S
Cash and cash equivalents	$ 236,579	$ &mdas
Total assets	891,764	84,189
Current portion of debt and capital lease obligations	1,200	—
Debt and capital lease obligations, less current portion	1,519	—
Total debt and capital lease obligations	2,719	—
Partners' capital	880,910	84,189
Working capital	238,365	—

See Notes to Earnings Release on Table Page 6.

VALERO ENERGY PARTNERS LP
NOTES TO EARNINGS RELEASE

(a) References to "Partnership," "we," "us," or "our" refer to Valero Energy Partners LP, one or more of its subsidiaries, or all of the Energy Partners LP Predecessor, our Predecessor for accounting purposes. References in these notes to "Valero" may refer t Valero Energy Partners LP, any of its subsidiaries, or its general partner.

Effective October 1, 2015, we acquired the Corpus Christi Terminal Services Business from Valero for total consideration of $4 units representing limited partner interests in us and 32,051 general partner units representing general partner interests in us h with proceeds from a subordinated credit agreement with Valero, and began receiving fees for services provided by this busine

Effective March 1, 2015, we acquired the Houston and St. Charles Terminal Services Business from Valero for total considerat common units representing limited partner interests in us and 38,941 general partner units representing general partner interes to Valero with $211.2 million of our cash on hand, $200.0 million of borrowings under our revolving credit facility, and $160.0 m services provided by this business commencing on March 1, 2015.

Effective July 1, 2014, we acquired the Texas Crude Systems Business from Valero for total cash consideration of $154.0 milli

The above-mentioned acquisitions were each accounted for as transfers of a business between entities under the common co expenditures data have been retrospectively adjusted to include the historical results of operations of the acquired businesses

(b) Operating revenues include amounts attributable to our Predecessor. Prior to being acquired by us, the Texas Crude Systems Valero, but the Houston and St. Charles Terminal Services Business and the Corpus Christi Terminal Services Business did no each acquisition, we entered into additional schedules to our commercial agreements with Valero with respect to the services w pipeline and terminaling throughput fees previously charged to Valero for services provided by certain assets and new charges

(c)	The decrease in operating expenses for the three months ended December 31, 2015 compared to the three months ended De Charles and Corpus Christi terminals. Additionally, waste handling costs at the St. Charles terminal decreased $1.6 million duri offset by an increase in insurance expense of $1.0 million as a result of the acquired assets being covered under our own insur insurance costs.
	The decrease in operating expenses for the year ended December 31, 2015 compared to the year ended December 31, 2014 terminals and the Lucas crude system. The decrease in maintenance expense was partially offset by an increase in insurance policies. Prior to the acquisitions, our Predecessor was allocated a portion of Valero's insurance costs. Additionally, salaries, w the year ended December 31, 2015 due to the annual merit increase.
(d)	The increase in general and administrative expenses for the three months ended December 31, 2015 compared to the three m the management fee charged to us by Valero as a result of additional administrative services provided to us in connection with Christi Terminal Services Business, partially offset by a decrease of $116,000 in costs related to being a separate publicly trad
	The increase in general and administrative expenses for the year ended December 31, 2015 compared to the year ended Dec fee charged to us by Valero as a result of additional administrative services provided to us in connection with our acquisitions c Services Business, and higher transaction costs of $527,000 associated with the acquisition of businesses from Valero. In 201 the Houston and St. Charles Terminal Services Business and $438,000 in connection with the October 1, 2015 acquisition of th the July 1, 2014 acquisition of the Texas Crude Systems Business. These increases were offset by a decrease of $313,000 in
(e)	The increase in depreciation expense for the three months ended December 31, 2015 compared to the three months ended De placed into service in 2015, including the expansion of our Houston and Corpus Christi terminals.
	The increase in depreciation expense for the year ended December 31, 2015 compared to the year ended December 31, 2014 certain assets in the McKee Crude System, as well as additional depreciation expense associated with assets placed into serv Charles, and Corpus Christi terminals.
(f)	The decrease in "other income, net" for the three months and year ended December 31, 2015 compared to the three months a bank fees) of $106,000 and $651,000, respectively, attributable to a reduced cash balance during the three months and year e fees decreased $141,000 during the year ended December 31, 2015 compared to the year ended December 31, 2014.
(g)	The increase in "interest and debt expense, net of capitalized interest" for the three months and year ended December 31, 201 expense incurred on borrowings under our revolving credit facility and under the subordinated credit agreements with Valero as for the three months and year ended December 31, 2015, respectively.
(h)	Our income tax expense is associated with the Texas margin tax. The decrease in income tax expense for the year ended Dec in our deferred income tax liabilities resulting from a reduction in the relative amount of revenue we generate in Texas compare Charles Terminal Services Business (which includes operations in Louisiana). In addition, in June 2015, the Texas margin tax r

	The variation in the customary relationship between income tax expense and income before income taxes for the year ended D include the $61 million net loss attributable to the acquired businesses for periods prior to their dates of acquisition.
(i)	Represents the sum of volumes transported through each separately tariffed pipeline segment.
(j)	Management uses average revenue per barrel to evaluate performance and compare profitability to other companies in the ind may calculate it in different ways. We calculate average revenue per barrel as revenue divided by throughput for the period. Th days in the period. Investors and analysts use this financial measure to help analyze and compare companies in the industry o alternative to revenues presented in accordance with U.S. generally accepted accounting principles (GAAP).
(k)	We define EBITDA as net income before income tax expense, interest expense, and depreciation expense. We define distribut maintenance capital expenditures, plus adjustments related to minimum throughput commitments, capital projects prefunded b to the total distribution declared.
	EBITDA, distributable cash flow, and coverage ratio are supplemental financial measures that are not defined under GAAP. Th analysts, investors, lenders, and rating agencies, to:
	● describe our expectation of forecasted earnings; ● assess our operating performance as compared to other publicly traded limited partnerships in the transportation and log ● assess the ability of our business to generate sufficient cash to support our decision to make distributions to our unitholde ● assess our ability to incur and service debt and fund capital expenditures; and ● assess the viability of acquisitions and other capital expenditure projects and the returns on investment of various investr
	We believe that the presentation of EBITDA provides useful information to investors in assessing our financial condition and re net cash provided by operating activities. EBITDA should not be considered an alternative to net income or net cash provided b an analytical tool because it excludes some, but not all, items that affect net income or net cash provided by operating activities reported under GAAP. Additionally, because EBITDA may be defined differently by other companies in our industry, our definit diminishing its utility.
	We use distributable cash flow to measure whether we have generated from our operations, or "earned," an amount of cash su contains the concept of "operating surplus" to determine whether our operations are generating sufficient cash to support the d surplus is a cumulative concept (measured from our initial public offering (IPO) date and compared to cumulative distributions f quarterly or annual, rather than a cumulative, basis. As a result, distributable cash flow is not necessarily indicative of the actua
	We use the coverage ratio to reflect the relationship between our distributable cash flow and the total distribution declared. We GAAP measure to distributable cash flow, to the total distribution declared.

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