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SPRING 2023

CONVENIENCE STORE **Insight**

MERGERS & ACQUISITIONS, PUBLIC & PRIVATE
CAPITAL AND FINANCIAL ADVISORY SERVICES

RAYMOND JAMES

INVESTMENT BANKING

IN THIS ISSUE

Recent, notable M&A transactions

Macroeconomic indicators

Debt and equity market conditions

What we're reading

Deal spotlight

Majors Management and Couche-Tard to acquire MAPCO Express

- **Announced:** April 28, 2023; transaction close pending
- **Transaction Detail:** Majors Management LLC entered into an agreement to acquire 192 MAPCO Express stores and the MAPCO brand. The deal is contingent on Alimentation Couche-Tard acquiring in a separate transaction 112 company-operated sites in Tennessee, Alabama, Kentucky and Georgia, the majority of which are fee-owned. Further, Couche-Tard will acquire surplus property and a logistics fleet. Transaction value between the two deals totals ~\$725 million.
- **Rationale:** The transaction will grow the market presence of Majors Management, predominantly in Tennessee, Alabama and Georgia, while adding an established brand to its Portfolio. Additionally, Majors will benefit from the MAPCO My Reward\$ loyalty program. Similarly, the contingent carve-out for Couche-Tard will bolster Circle K's footprint in the Southeast.
- **Target:** MAPCO, a subsidiary of COPEC, is based in Franklin, Tennessee and has 304 locations in Tennessee, Alabama, Georgia, Arkansas, Kentucky and Mississippi.



Maverik to acquire Kum & Go

- **Announced:** April 21, 2023; transaction close pending
- **Transaction Detail:** Maverik – Adventure's First Stop, with its parent company, FJ Management, will acquire Kum & Go. The transaction includes over 400 locations across 13 states, along with Solar Transport, a tank truck carrier and logistic provider owned by the Krause Group. No financials were disclosed.
- **Rationale:** The deal brings together two leading family-owned, customer-centric retailers and enhances both companies' distinct capabilities to create a differentiated value proposition. Additionally, with a combined footprint of over 800 stores spanning 20 states in the Midwest and Rocky Mountain regions, the transaction will mark the entry of eight new states of operation for Maverik.
- **Target:** Kum & Go is a fourth-generation, family-owned convenience store chain established in Hampton, Iowa in 1959. The company has been dedicated to meeting customer needs and supporting its communities for 60 years. Similarly, Solar Transport has managed, transported and delivered petroleum products for 60 years. The Krause Group is parent company to both entities.



Alimentation Couche-Tard to acquire assets from TotalEnergies

- **Announced:** March 16, 2023; transaction close pending
- **Transaction Detail:** Alimentation Couche-Tard Inc. announced it entered into a firm and irrevocable offer to acquire nearly 2,200 gas stations and convenience stores in Europe from TotalEnergies for approximately €3.1 billion (100% of the French oil company's retail assets in Germany and the Netherlands, and a 60% controlling interest in its retail assets in Belgium and Luxembourg).
- **Rationale:** The deal offers a strong geographic and strategic fit with leading positions in large European economies; the sites are a natural extension of Couche-Tard's existing business in adjacent markets with increased scale and a sales uplift expected to generate significant synergies (~€120m over the first three years post-closing). Further, the assets include strategically-positioned sites in EV growth markets such as Germany.
- **Target:** TotalEnergies is a French multinational integrated energy company. The retail assets included in the proposed acquisition cover 2,193 sites: 1,195 in Germany, 566 in Belgium, 387 in Netherlands and 45 in Luxembourg. Of those sites, 68% are company owned and 32% are dealer-owned, while 975 of the sites include car washes.



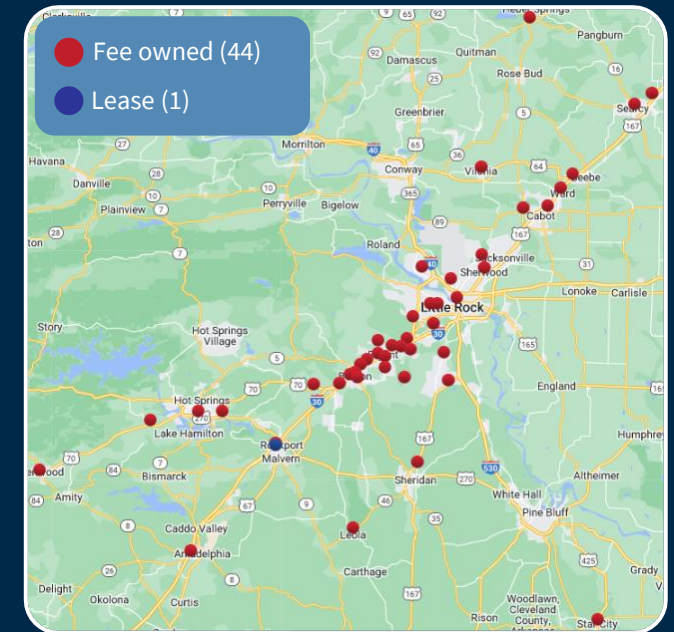
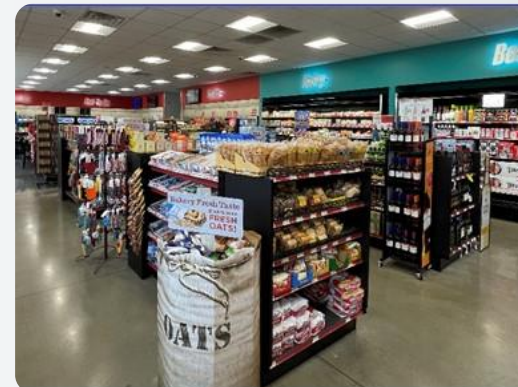
BP to acquire TravelCenters of America

- **Closed:** May 15, 2023
- **Transaction Detail:** BP Products North America Inc., wholly owned indirect subsidiary of BP plc, has reached an agreement to purchase TravelCenters of America for \$1.3 billion in cash or \$86.00 per share (representing ~6x LTM EBITDA). The deal includes ~280 travel centers spanning 44 states nationwide, and significantly bolsters bp's convenience services business. The transaction is expected to be accretive to bp's free cash flow per share in 2024.
- **Rationale:** The transaction significantly increases bp's convenience and mobility footprint across the US; TA's strategically-located network of highway sites complements bp's existing predominantly off-highway convenience and mobility business, enabling TA and bp to offer fleets a seamless nationwide service. The deal will also provide options to advance four of bp's long-term strategic growth engines: EV charging, biofuels, RNG and hydrogen.
- **Target:** Founded in 1972 and based in Westlake, Ohio, TA operates a large network of ~280 locations in 44 states under the TA, Petro Stopping Centers and TA Express brands.



Activity spotlight: Alimentation Couche-Tard acquires Big Red Stores

- On April 17, 2023, Circle K (Alimentation Couche-Tard Inc.), one of the largest convenience store operators in the US, closed on the acquisition of Big Red Stores from Summerwood Partners LLC, featuring a premier 45 convenience store chain, strategically developed over a 75-mile radius with market density in attractive suburban markets
- The acquisition significantly bolsters Circle K’s footprint in Central Arkansas. Additionally, the network predominately features high-quality locations with large-format stores, providing ample space for future foodservice and product offering expansion
- Raymond James served as Summerwood Partners’ exclusive sell-side advisor for the sale of its 45 convenience stores, including 20 new-to-industry stores built since 2015



A leading regional chain
3rd largest
in Arkansas

Notable M&A transactions 2023 YTD

Announced date	Acquiror	Target / seller	Retail store count ⁽¹⁾	Target description
4/28/2023	Majors Management / Alimentation Couche-Tard Inc.	MAPCO	304	Portfolio includes 304 stores across the Southeast (112 stores to be carved out in a separate transaction to Couche-Tard)
4/21/2023	Maverik	Kum & Go	~400	Kum & Go, a fourth-generation leading convenience store chain, operates more than 400 locations across 13 states. Deal also includes Solar Transport, a tank truck carrier and logistic provider owned by the Krause Group
4/20/2023	Tri Star Energy	Cox Oil Co.	54	Cox Oil Co. portfolio includes 42 company-operated stores and 2 dealer-operated locations under the Little General Convenience Stores and Maverik Quick Shop brands
4/12/2023	Petroleum Marketing Group	Li'l Thrift Food Marts Inc. / Short Stop	43	The deal encompasses 43 company-operated convenience stores operating under the Short Stop brand in Fayetteville, North Carolina
4/12/2023	Love's Travel Stops	EZ GO	22	The acquisition includes six truck stops located on Oklahoma turnpikes, five on the Kansas turnpike and 11 convenience stores in Oklahoma and Nebraska, for a total of 22 stores
3/30/2023	Global Partners / Exxon	Landmark Group	64	Portfolio includes 64 Houston-area convenience and fueling facilities operating under the Timewise brand in the Houston, San Antonio, Austin and Laredo, Texas markets
3/16/2023	Alimentation Couche-Tard Inc.	TotalEnergies	2,193	Nearly 2,200 gas stations and convenience stores in Germany, Belgium, Netherland and Luxembourg, of which 975 sites include car washes
2/27/2023	Alimentation Couche-Tard Inc.	Big Red Stores	45	The deal includes 45 large-format fuel and convenience stores in Central Arkansas of which 44 were fee-owned, strategically developed over a 25-year period
2/16/2023	BP plc	TravelCenters of America	~280	TravelCenters of America operates approximately 280 travel centers spanning 44 states nationwide, including more than 600 on-site full-service / quick service restaurants

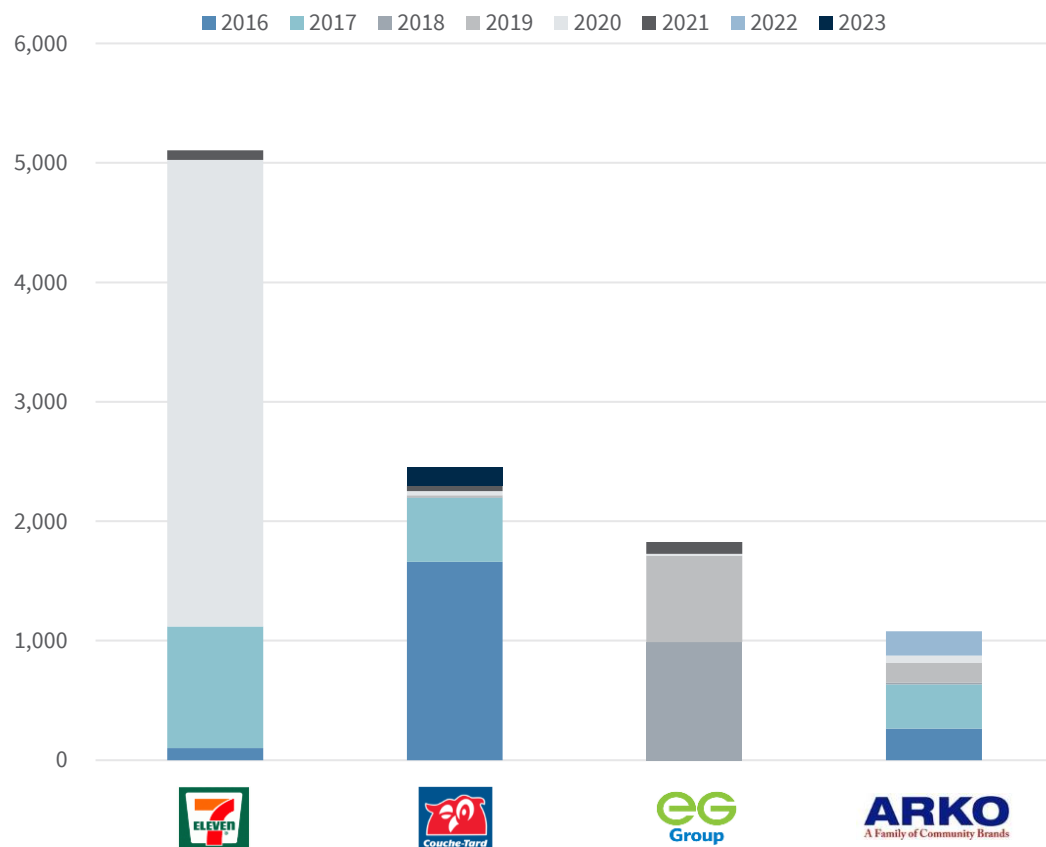
Source: Public company filings, press releases and Capital IQ.

Note: (1) Includes only company-operated retail stores.

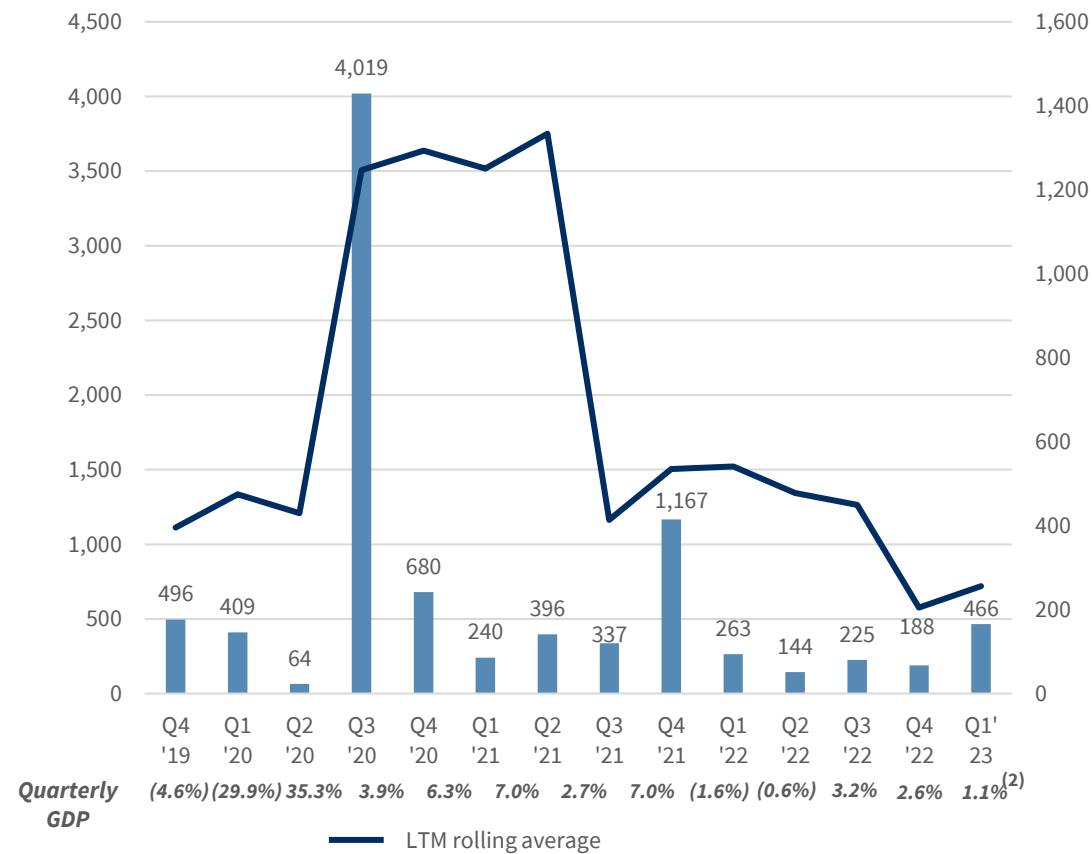
M&A transactions

Most active acquirors⁽¹⁾

of stores acquired



M&A activity by store count⁽¹⁾

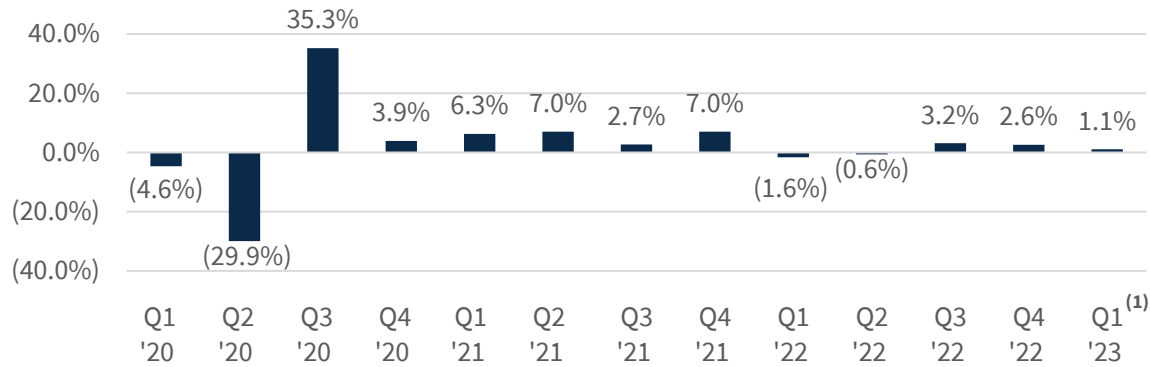


Notes: (1) Public company filings and press releases; count as of announcement date. Includes only U.S. deals. All data as of 4/27/23.
 (2) 1Q23 GDP advance estimate released 4/27/2023.

Macroeconomic indicators

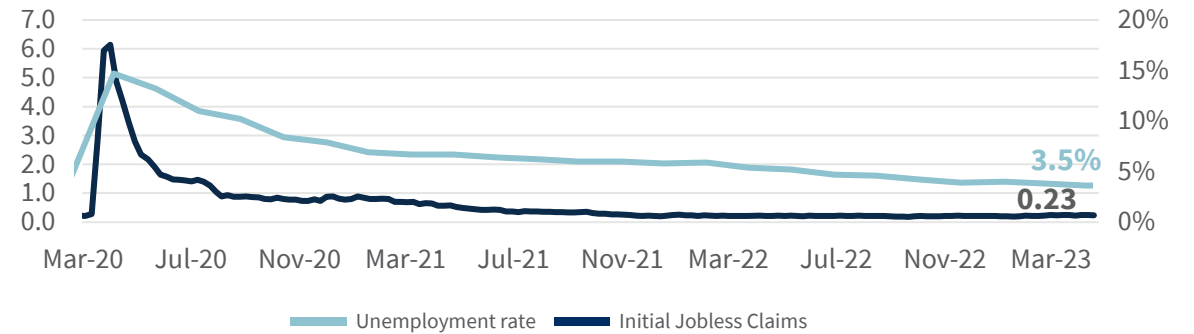
Real GDP growth

(seasonally adjusted annual rates)



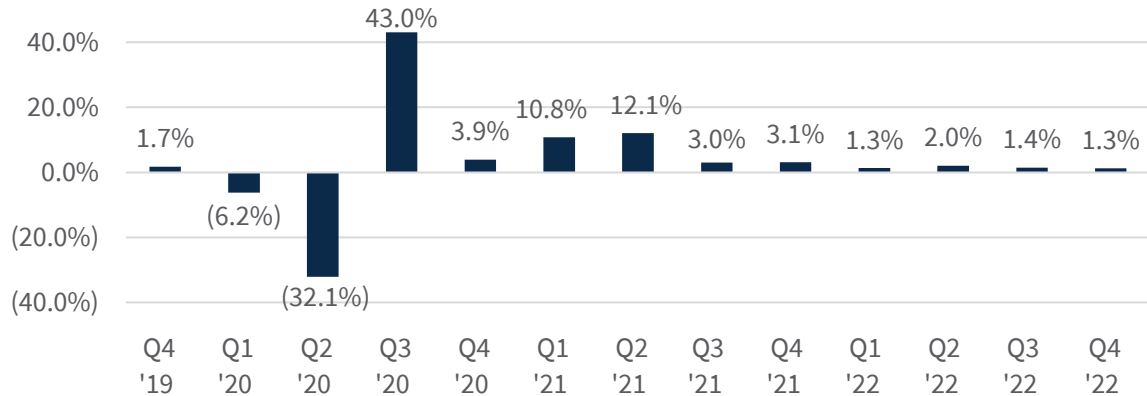
Initial jobless claims and unemployment rate⁽¹⁾

(jobless claims in millions)



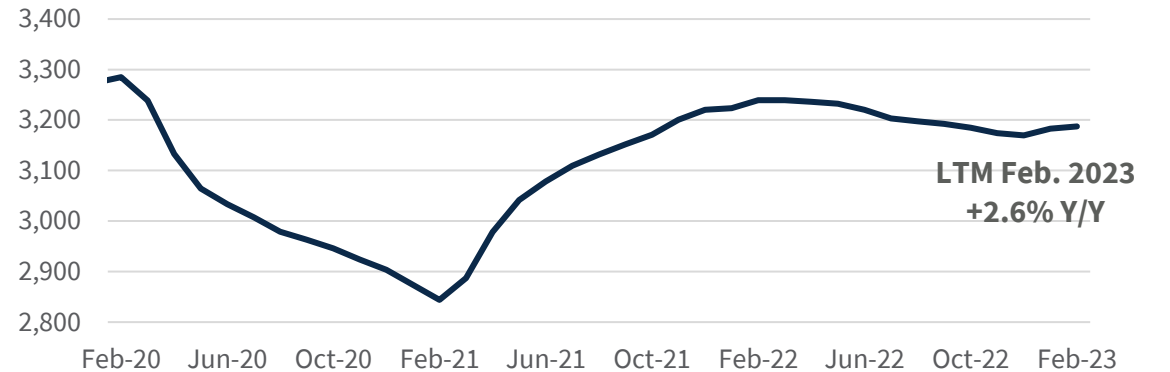
Consumer spending growth

(real PCE % change, seasonally adjusted at annual rates)



Total vehicle miles traveled

(rolling 12-months; in billions)



Source: Bureau of Economic Analysis, St. Louis Federal Reserve, Bureau of Labor Statistics, Federal Highway Administration and Capital IQ.

All data as of 4/27/2023.

Notes: (1) 1Q23 GDP advance estimate released 4/27/2023.

(2) Unemployment rate as of 3/1/23; Initial jobless claims as of 4/22/23.

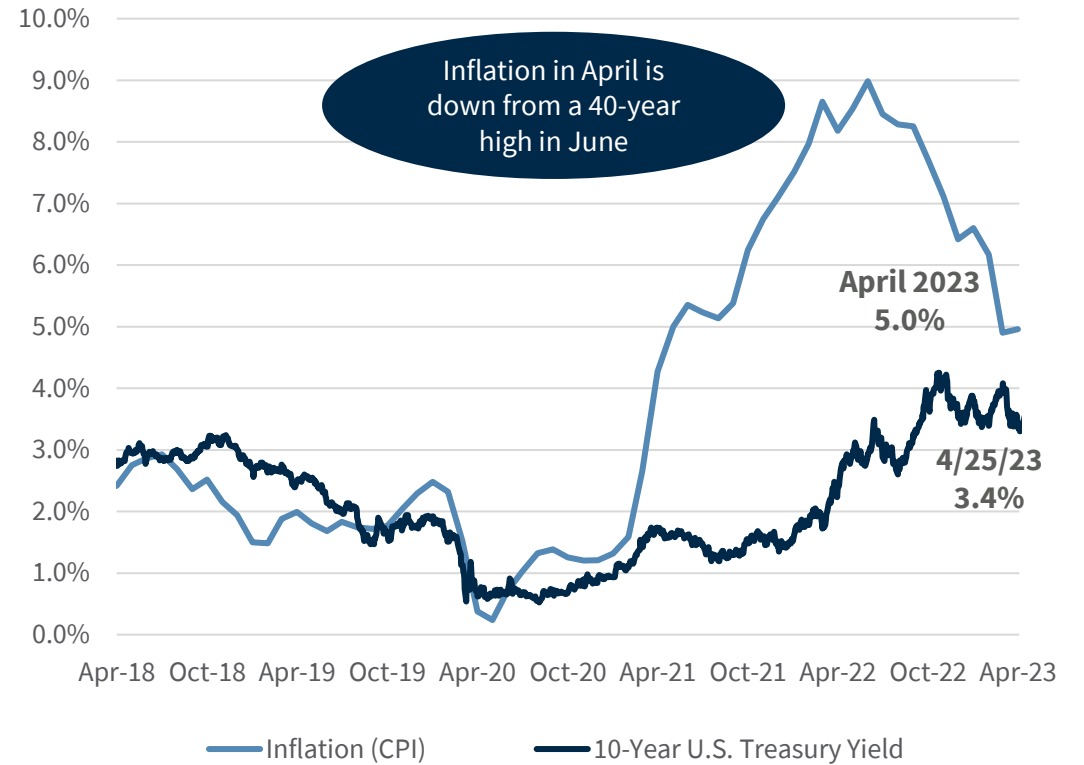
Macroeconomic indicators (cont.)

West Texas intermediate

(\$ per barrel)



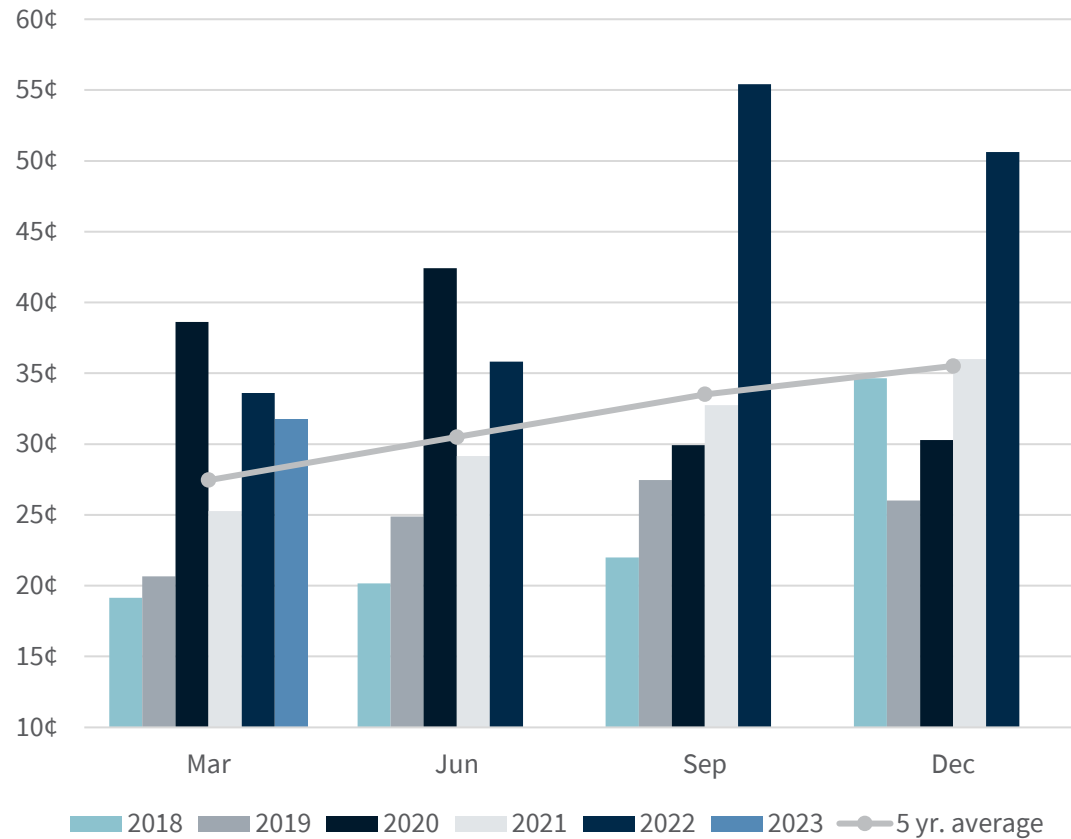
Inflation vs. 10-year treasury



C-store industry fuel margin performance

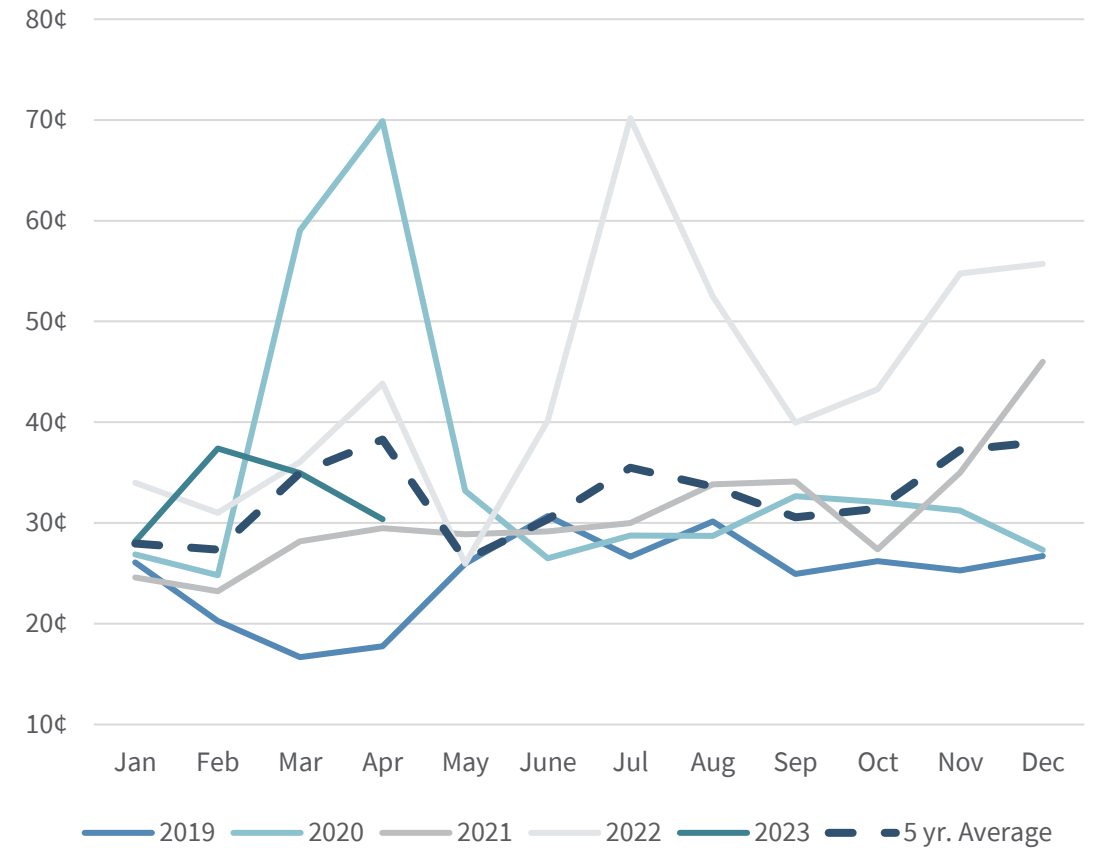
Quarterly national retail gasoline margins

(cents per gallon)



Monthly national retail gasoline margins

(cents per gallon)



Source: OPIS and Raymond James equity research. All data as of 4/27/23.

Quarterly earnings recap



**Alimentation
Couche-Tard Inc.**
TSX: ATD⁽¹⁾

	Quarter ended		Change
	1/29/2023	1/30/2022	
EPS	\$0.74	\$0.70	5.7%
SSS fuel gallons	-2.3%	3.2%	N/A
Fuel margin (CPG)	\$0.468	\$0.396	\$0.073
SSS merch sales	4.8%	3.7%	N/A
In-store margin	33.2%	33.6%	-40 bps

“As our markets across the globe, especially those in Europe, continue to face persistently high inflationary conditions, we have remained focused and committed to delivering a strong and consistent value to our customers and maintaining cost discipline in our operations. In convenience across the network, we had notable sales in our food program as well as with our private brand items, both offering high quality at lower price points... We are excited by the progress we made expanding the network in both store count and services for our mobility customers ... We also announced a definitive agreement to acquire 45 Big Red Stores in Arkansas.”



Arko Corp.
NasdaqCM: ARKO

	Quarter ended		Change
	3/31/2023	3/31/2022	
EPS	-\$0.03	-\$0.00	NM
SSS fuel gallons ⁽²⁾	-5.8%	-3.1%	N/A
Fuel margin (CPG) ⁽²⁾	\$0.354	\$0.375	-\$0.021
SSS merch sales	3.8%	-3.5%	N/A
In-store margin	30.7%	29.5%	120 bps

“This was another strong quarter, with robust in-store performance as we continued to execute our strategy to grow our core convenience store business and our many initiatives continued to gain traction, showing that our value proposition, customer service, and merchandising mix is resonating with customers and creating sales growth... We will continue to execute our strategy, driving sales in our stores and building value for our customers through targeted value-add initiatives, and at the same time grow our business through M&A. ARKO has secured financial commitments that we believe underscore the confidence seasoned investors have in our long-term growth strategy.”



**Casey's General
Stores, Inc.**
NasdaqGS: CASY

	Quarter ended		Change
	1/31/2023	1/31/2022	
EPS	\$2.67	\$1.71	56.1%
SSS fuel gallons	-0.5%	5.7%	N/A
Fuel margin (CPG)	\$0.407	\$0.383	\$0.024
SSS merch sales	5.8%	7.7%	N/A
In-store margin	40.6%	39.4%	120 bps

“Casey's delivered another stellar quarter by driving inside gross profit while managing operating expenses efficiently ... Inside same-store sales were spurred by grocery and general merchandise, notably non-alcoholic and alcoholic beverages, snacks, and candy. Prepared food and dispensed beverage performed well due to strong pizza slice and donut sales. The fuel team continues to strike the right balance between gallon volume and gross profit margin”

Source: Public company filings, Capital IQ, Wall Street equity research.

Notes: (1) Reflects U.S. performance (excluding EPS).

(2) Reflects retail gallons only.

Quarterly earnings recap (cont.)



CrossAmerica Partners
NYSE: CAPL

	Quarter ended		Change
	3/31/2023	3/31/2022	
EPU	-\$0.04	\$0.13	-130.8%
SSS fuel gallons	1.7%	4.5%	N/A
Fuel margin (CPG) ⁽¹⁾	\$0.318	\$0.319	-\$0.001
SSS merch sales	4.2%	-3.2%	N/A
In-store margin	27.8%	26.8%	100 bps

“We had a solid quarter despite ongoing economic headwinds. Our retail segment performed particularly well during the quarter, with same store volumes, store sales and inside sales margin all higher relative to the prior year while our wholesale segment generated increased segment gross profit and fuel margin relative to last year... we completed the refinancing of our credit facility during the quarter, increasing the facility size and extending out its duration for another five years. This important refinancing simplified our capital structure and provides us the necessary capital and liquidity to successfully operate our business going forward.”



Murphy USA Inc.
NYSE: MUSA

	Quarter ended		Change
	3/31/2023	3/31/2022	
EPS	\$4.80	\$6.08	-21.1%
SSS fuel gallons	1.4%	3.8%	N/A
Fuel margin (CPG)	\$0.232	\$0.233	-\$0.001
SSS merch sales	6.0%	0.1%	N/A
In-store margin	19.4%	19.7%	-20 bps

“Murphy USA performance was exceptional during the first quarter, delivering results aligned with our high expectations and future value creation potential... Strong fuel performance and robust customer traffic drove meaningful year-over-year growth inside the stores, translating to strong merchandise performance. With new investments underway to help better serve our customers and grow future earnings, we believe the next five years of high-return organic growth, strong fundamentals and resulting free cash flow make a compelling case for continued share repurchase.”



Parkland Corp.
TSX: PKI⁽²⁾

	Quarter ended		Change
	3/31/2023	3/31/2022	
EPS	\$0.43	\$0.35	22.9%
SSS fuel gallons ⁽³⁾	7.3%	3.2%	N/A
SSS merch sales	1.6%	-5.5%	N/A
In-store margin	33.8%	32.8%	100 bps

“Parkland is a growth company... Acquisitions have played a big part in our growth. We are now focused on integrating the companies we purchased, capturing synergies and driving organic growth. We are exercising strict capital discipline by prioritizing lowering leverage followed by enhancing shareholder distributions and organic growth. Our first quarter results are excellent. We have lots of good news to share, including exceptional same-store volumes and sales in our retail business, and robust growth in our international business from organic initiatives, synergies and a recovery in tourism. We continue to work on the reset of our U.S. business.”

Source: Public company filings, Capital IQ, Wall Street equity research.

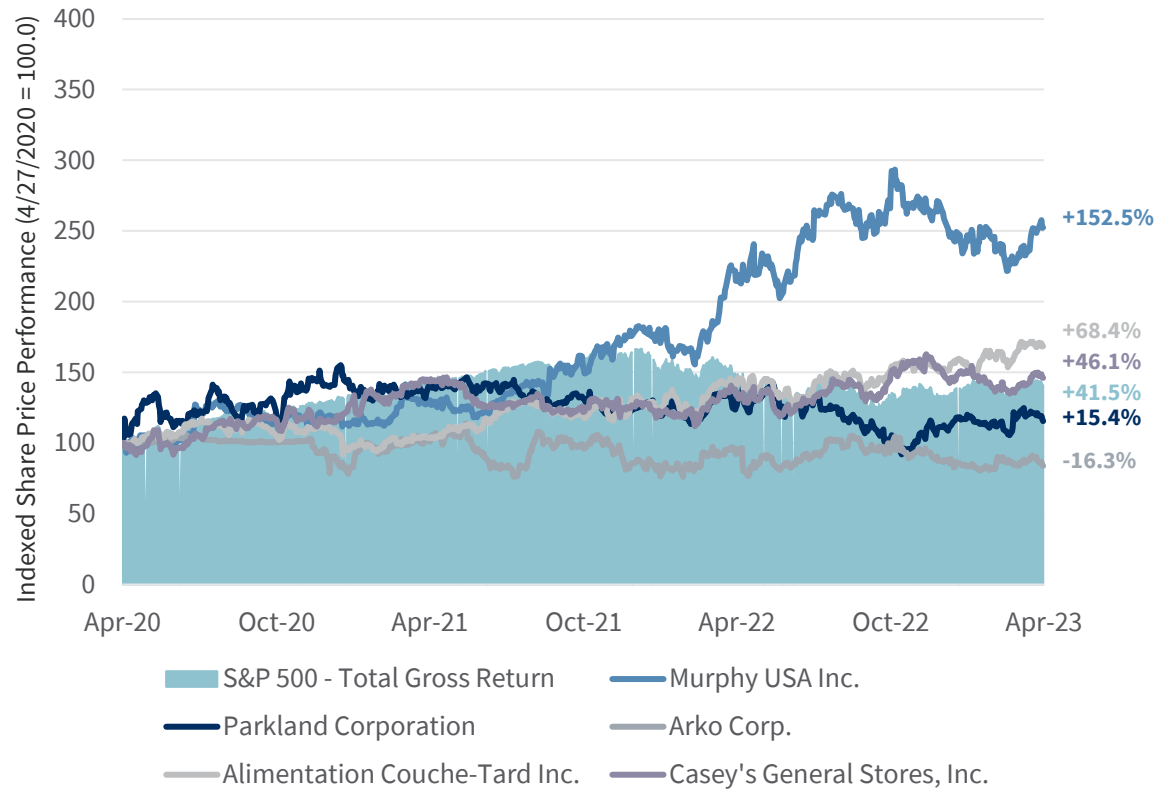
Notes: (1) Reflects Retail fuel margin.

(2) Reflects Canadian performance (excluding EPS).

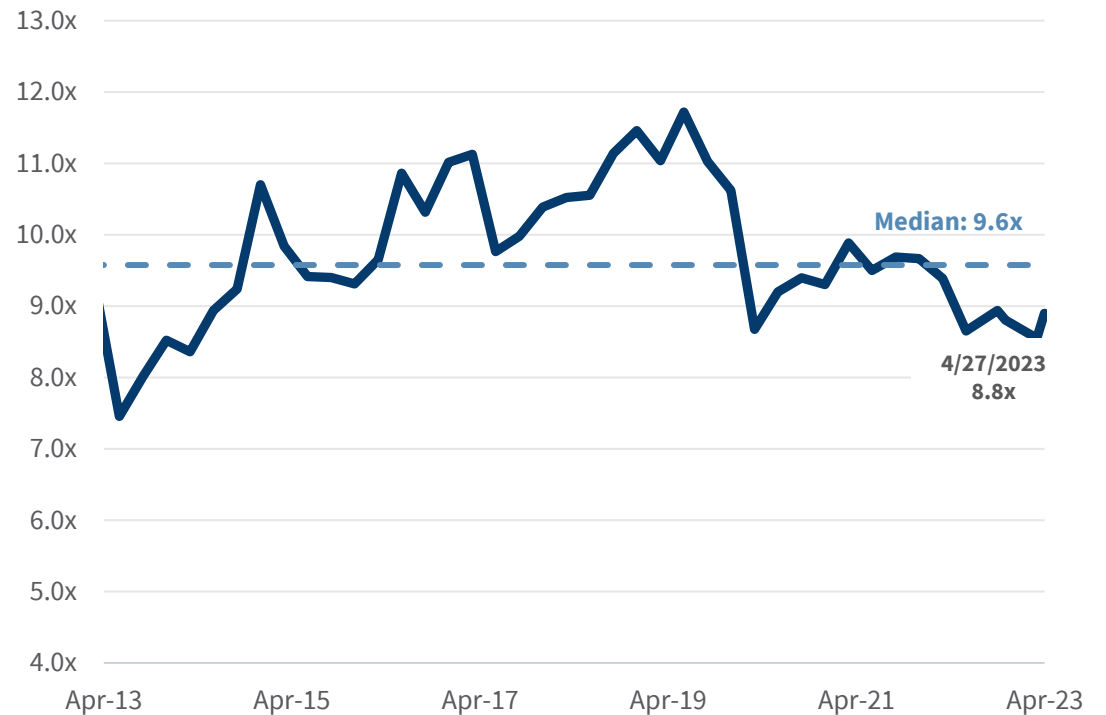
(3) Includes gasoline and diesel volume, but excludes propane volumes sold at retail sites.

Public company share price performance and valuation

Convenience store trailing three-year stock price performance⁽¹⁾



10-year convenience store historical trading multiples (EV/EBITDA)⁽²⁾



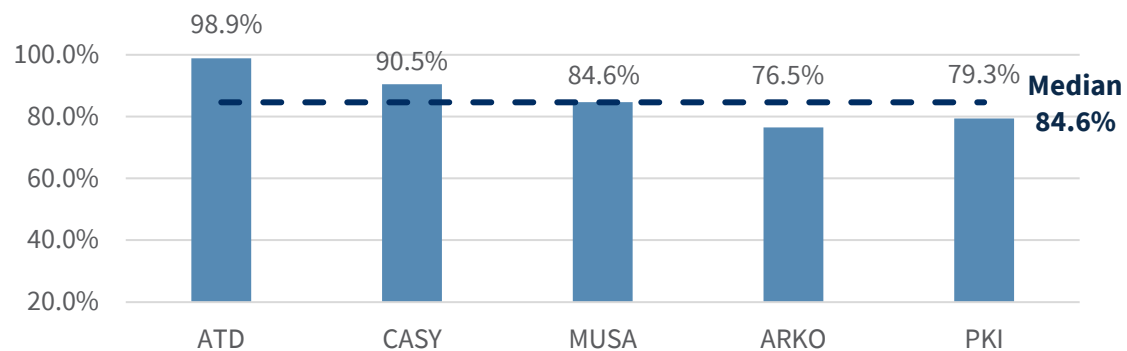
Source: Capital IQ.

Notes: (1) Price performance is based on dividend-adjusted share pricing. Indexed share price performance (4/27/20 = 100.0). All data as of 4/27/23.

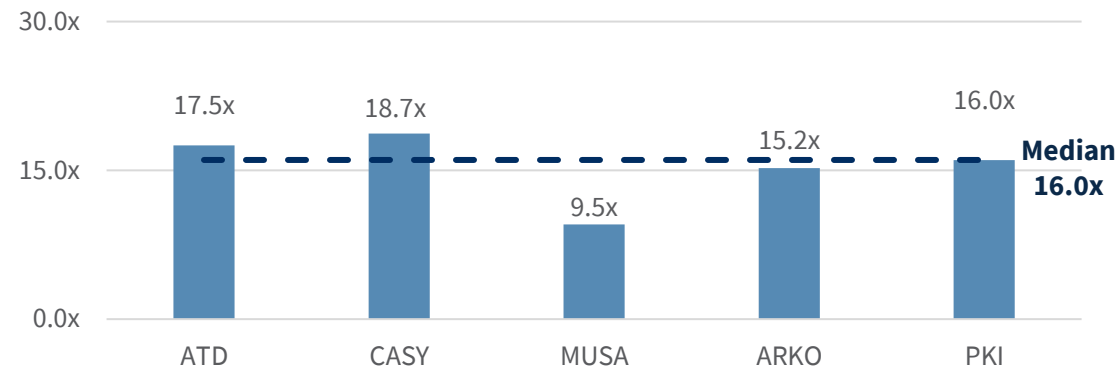
(2) Median EV/LTM EBITDA multiple for ATD, CASY, CST, MUSA, PTRY, and SUSS. CST added on 4/17/2013 (spin-off from Valero Corporation), last day of CST trading was 6/28/17 (included in final quarter). MUSA added on 8/19/2013 (spin-off from Murphy Oil Corporation). PTRY removed on 3/17/2015 (acquired by Alimentation Couche-Tard). SUSS removed on 8/30/2014 (acquired by Sunoco LP). CST removed on 6/28/17 (acquired by Alimentation Couche-Tard). ARKO added on 12/30/2021.

Public company trading statistics: convenience stores

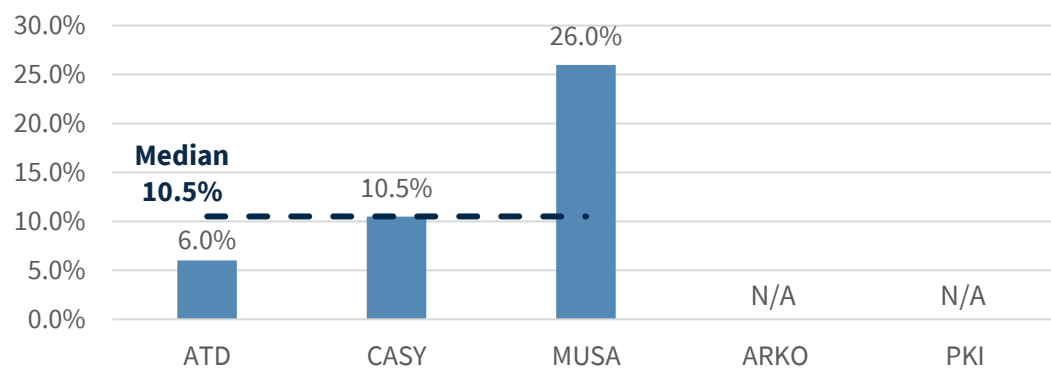
Current price as a % of LTM high



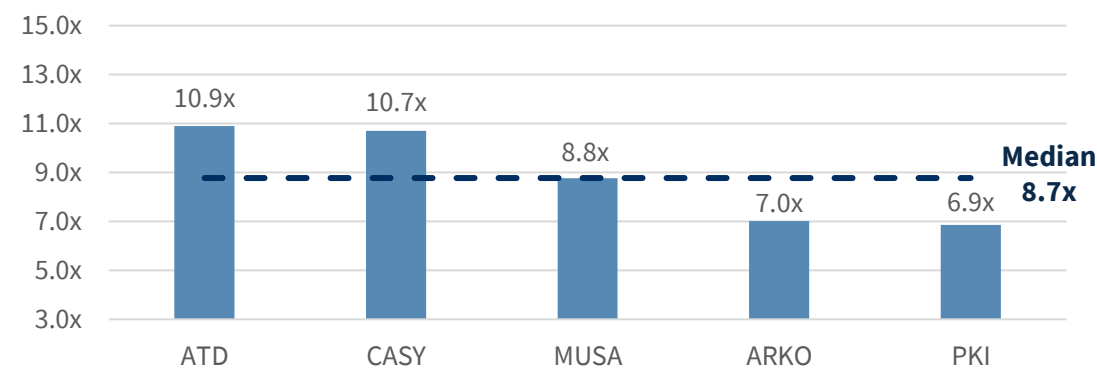
LTM P/E ratio



Estimated 5-year EPS growth



EV / CY 2023E EBITDA

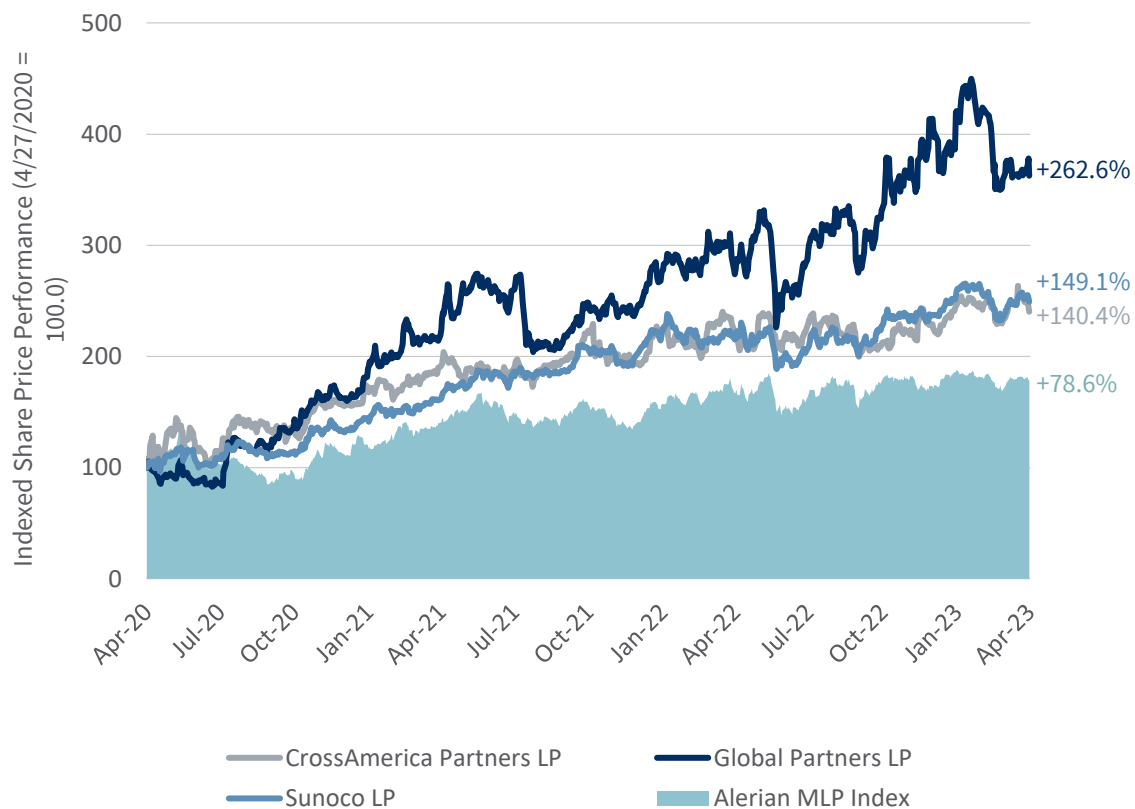


Source: Public company filings, Capital IQ, Wall Street equity research.

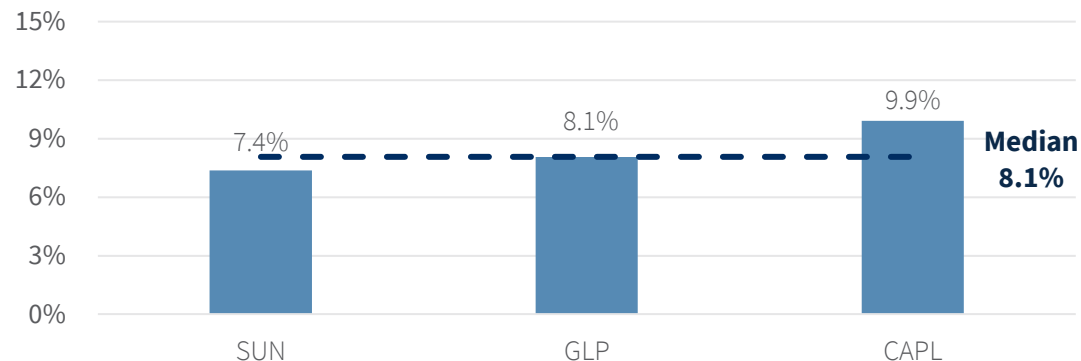
Notes: Share prices current as of 4/27/23. (ATD = Alimentation Couche-Tard Inc., CASY = Casey's General Stores, Inc., MUSA = Murphy USA Inc., ARKO = ARKO Corp., PKI = Parkland Corp.).

Public company trading statistics: wholesale fuel MLP

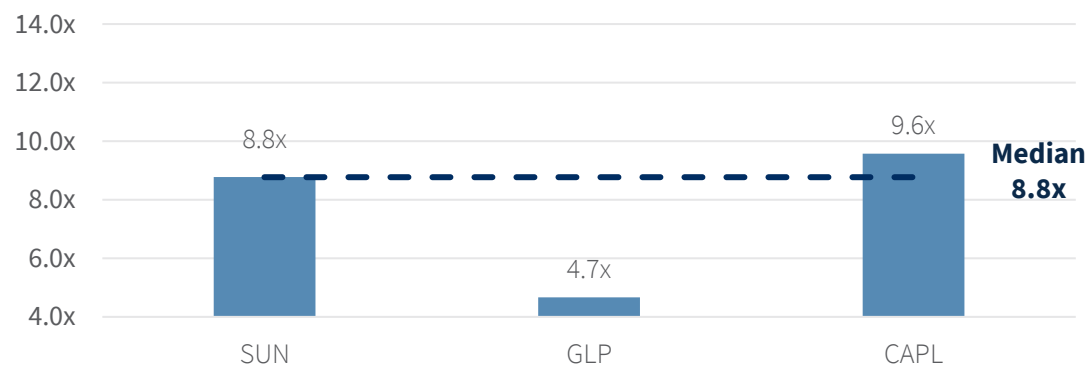
Wholesale fuel MLP dividend adjusted trailing three-year unit price performance (SUN, CAPL, GLP)



Annualized (MRQ) distribution yield



EV / LTM EBITDA



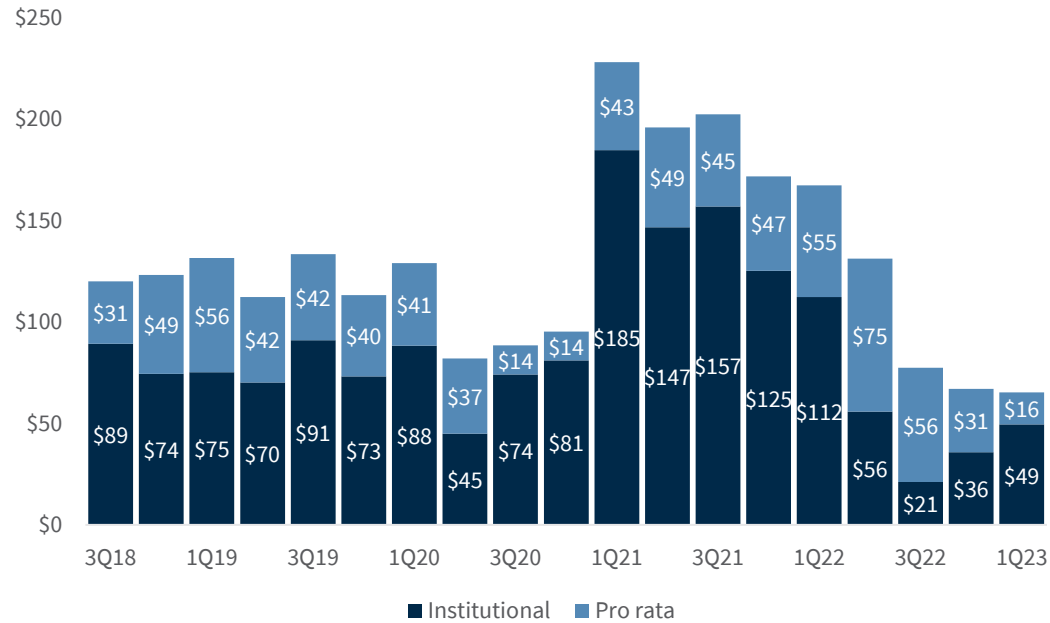
Source: Public company filings, Capital IQ, Wall Street equity research.

Notes: Share prices current as of 3/26/23. Price performance is based on dividend-adjusted share pricing. Indexed share price performance (3/26/2020 = 100.0). (SUN = Sunoco LP, CAPL = CrossAmerica Partners LP, GLP = Global Partners LP).

Debt market outlook

Quarterly U.S. leveraged loan volume

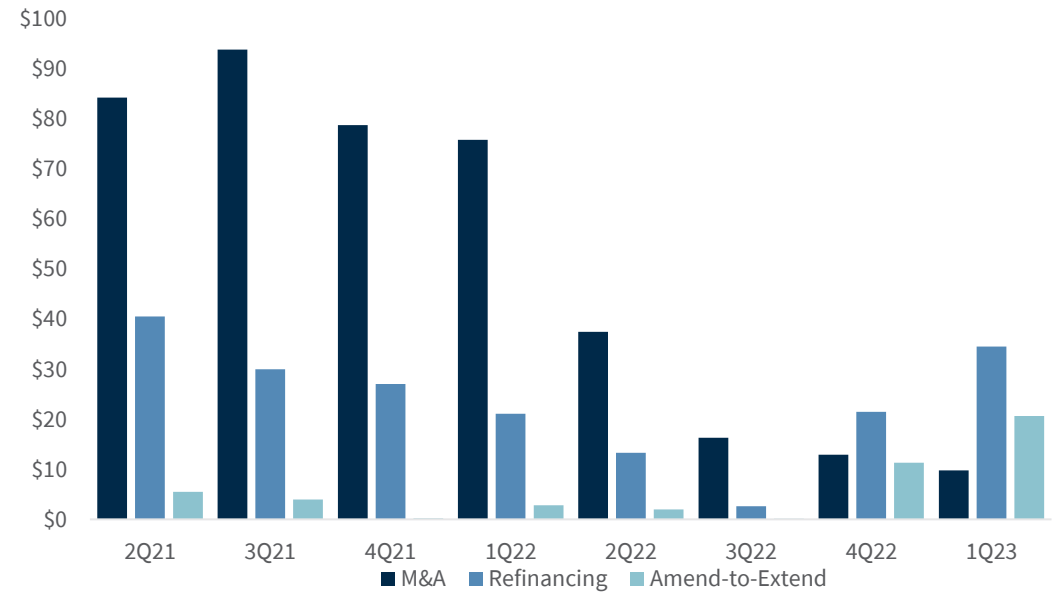
(\$ in billions)



- While institutional leveraged loan issuance grew to \$49 billion in 1Q23 from \$36 billion in 4Q22, it was still the lowest issuance for any first quarter since 2016
- Issuance trended higher in February before being disrupted by concerns from the recent banking crisis, recession fears, and market volatility
- Pro rata activity continued its downward trend with its lightest quarter since 4Q20 as banks become more cautious in light of the recent banking crisis

U.S. institutional leveraged loan volume

(\$ in billions)

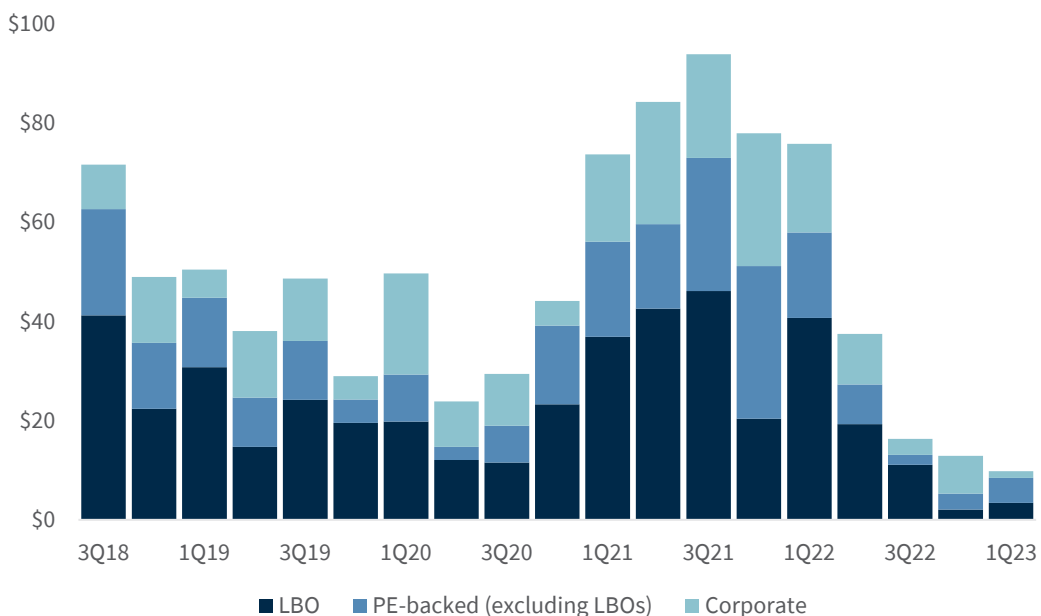


- In addition to \$34.5 billion of refinancing volume, there was \$20.7 billion of amend-and-extend volume (which is not technically included in the refinancing category) in 1Q23 which was the highest since 1Q12
- A-to-E volume also saw an uptick in the previous quarter, meaning that borrowers have been able to push out a significant portion of their near-term maturities

Debt market outlook (cont.)

U.S. institutional loan volume backing M&A

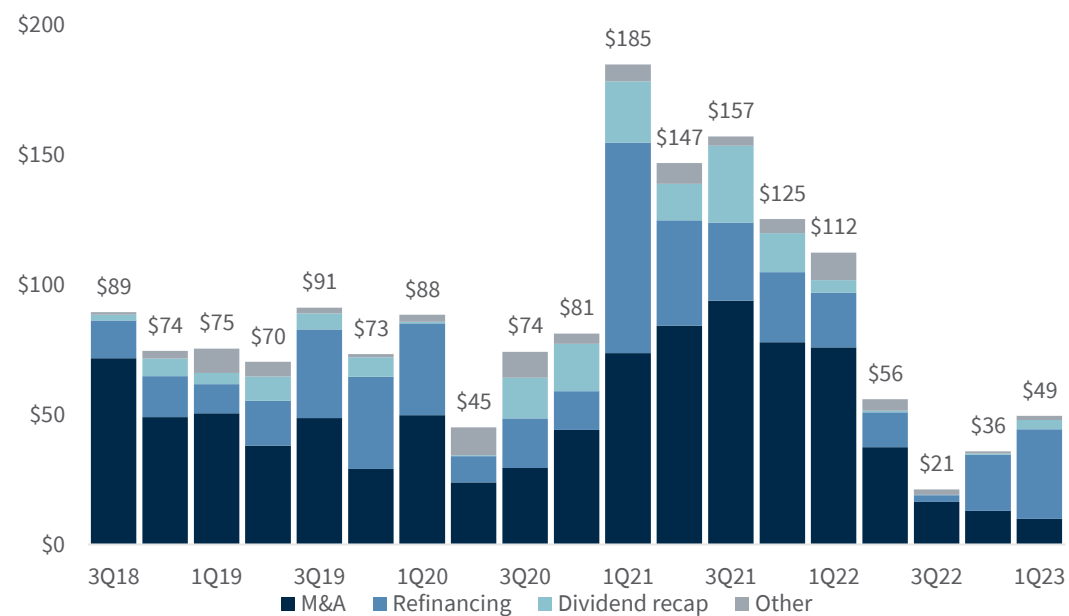
(\$ in billions)



- Total M&A volume of ~\$10 billion was the lowest since 2Q10, and just a fraction of the 5-year quarterly average of \$51 billion
- Of all loan volume backing M&A, 51% was for acquisitions made by PE-backed companies
- LBO financings accounted for 35% of total

U.S. institutional volume by proceeds

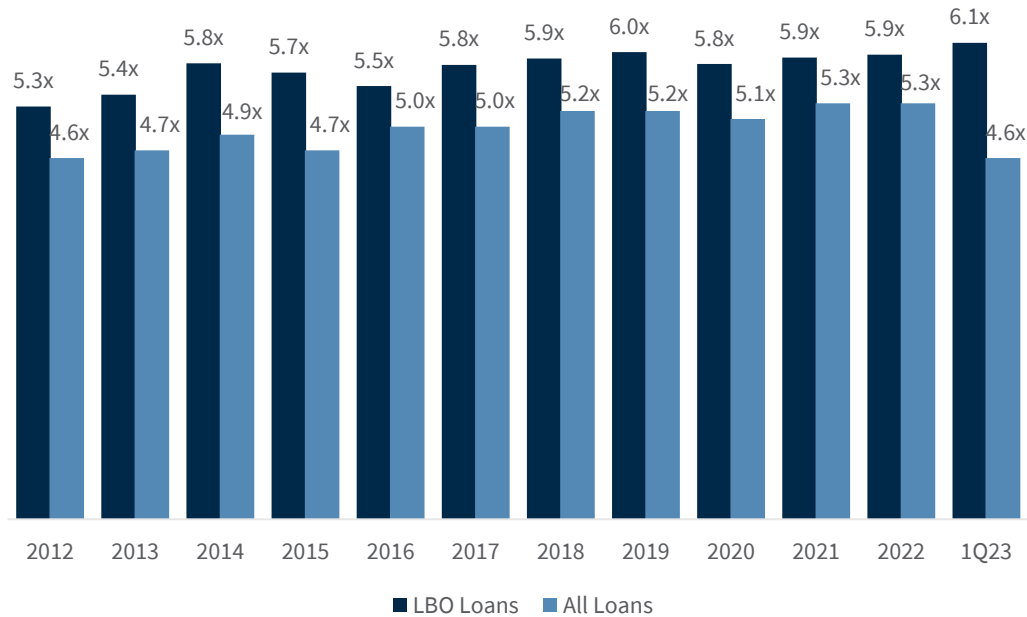
(\$ in billions)



- For the second quarter in a row, refinancing accounted for the majority of total supply in 1Q23 with 70% share, while M&A held the only other significant share at 20%
- Borrowers were able to utilize the reopening of the market in February to manage debt maturities as refinancing activity of \$34.5 billion was the most for any quarter since 2Q21

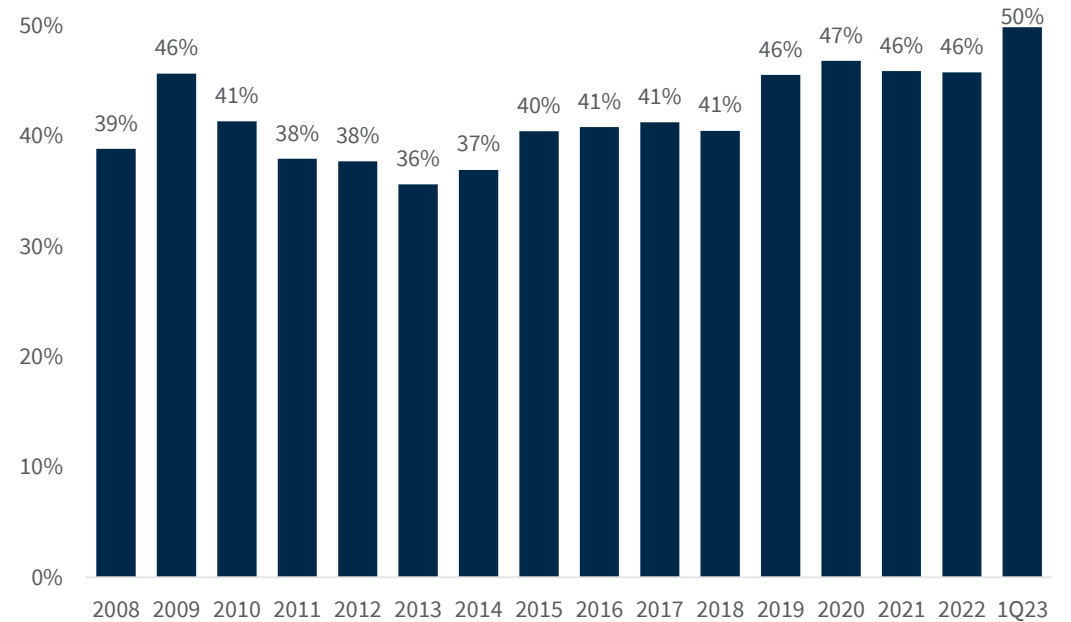
Debt market outlook (cont.)

Average debt multiples of large corporate LBO loans



- Average debt multiples of large corporate LBOs have remained relatively constant over the last few years at around ~6.0x. While 1Q23 was no different, LBO loan activity was limited to just four deals in the quarter
- Looking at the overall market, average debt multiples declined to 4.6x in 1Q23, the lowest level in over 10 years

Average LBO equity contribution



- Equity contributions have remained flat over the past few years, but saw a notable uptick, reaching 50% in 1Q23, the highest level on record, as debt capacity has declined materially for borrowers amid a spike in interest rates and economic uncertainty

Source: LCD Research. All data as of 3/31/23.

What we're reading

“The nerd’s guide to Biden’s newest electric vehicle push”

Politico

April 12, 2023 – The Biden administration’s latest effort to push electric vehicles “rests on two granular pollution regulations that could transform the auto industry.” The regulations could potentially result in ten times the current electric car / light trucks sales by 2032,

Reg. 2060-AV49 “seeks to prod automakers to produce more electric vehicles by slashing the amount of greenhouse gases allowed to come out of tailpipes.” Reg. 2060-AV50 covers heavy-duty vehicles and “follows two prior rounds of greenhouse gas regulations for heavy-duty trucks that manufacturers largely accepted.” The largest obstacles for these goals is the lack of chargers and poor quality of existing charging infrastructure

[“Read More”](#)

“Big Oil Prepares for Upheaval at the Gas Station”

The Wall Street Journal

March 17, 2023 – “Electric vehicles are a small but growing share of cars on the road. Energy companies already need to prepare for how they will change the gas station.”

The transition to alternative sources of energy will change how consumers utilize convenience stores. Operators will need to serve all energy sources.

Customers could potentially be spending up to 25 minutes re-charging their vehicle, bringing to light the importance of a strong retail offering.

[“Read more”](#)

“Diesel Prices Drop. It’s an Economic Danger Sign.”

Barron’s

March 24, 2023 – Diesel prices have fallen to their lowest price in the past year. While this is good for consumers purchasing diesel fuels, “the decline in prices for the fuel suggests a gloomy outlook when it comes to the U.S. economy.”

Lower prices are a result of weaker demand and economic growth. “U.S. government data show diesel demand in the first 10 weeks of this year down 12.6% from the comparable period in 2022.” The drop in demand is due to a slowdown of growth in heavy industries and construction.

[“Read more”](#)

“Energy Industry Wrestles Over Going Green Too Fast

The Wall Street Journal

March 5, 2023 – In the recent years, the push for clean energy sources has grown stronger; but, over the last year, the world has seen the need for more oil and gas.

“The geopolitical and market realignments that followed the Russian invasion of Ukraine have spurred the industry to re-evaluate how the energy transition will work.” Large oil companies have seen record-breaking profits, and many are slowing the “ambitious clean-energy transition.” At least in the short-term, the world needs more oil and gas products.

[“Read more”](#)

Your success is our business

Convenience Store & Fuel Products
Distribution team

Learn how our deep industry expertise and commitment to each transaction can help you achieve your business objectives [here](#).

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DEEP AND EXPERIENCED TEAM

		
8	+4	+4
investment bankers	Dedicated equity capital market pros	equity research analysts

ROBUST TRANSACTION EXPERIENCE⁽¹⁾

		
+80	+25	>\$13B
relevant industry transactions	years focused on the industry	total deal value

CLIENT FOCUS

Convenience retail	Carwash operators
Truck stop and travel center operators	Propane and heating oil marketers
Oil jobbers / wholesale fuel distributors	Terminal operators
Commercial Fuel and lube distributors	Merchandise / foodservice distributors
Alternative fuel providers	Mobile refueling

REPRESENTATIVE TRANSACTIONS

 Has been acquired by CIRCLE K A wholly-owned subsidiary of Couche-Tard April 2023	 Has sold select convenience store assets to  CIRCLE K Wills Group March 2021
 Has sold its convenience store assets to   March 2021	  Has been acquired by Tri Star Energy  July 2020
 Oklahoma Has been acquired by 7-ELEVEN March 2020	 Has been acquired by  \$289,000,000 November 2018

Note: (1) As of 4/27/23