

# FUEL PRODUCTS DISTRIBUTION INSIGHT

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

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# Deal spotlights

August 2023



has sold selected distribution assets to

**An Undisclosed Buyer**

Raymond James served as exclusive financial advisor to seller

### Client description

Family-owned multi-state West Coast fuel and lubricants distributor and cardlock operator

### Deal size

Not disclosed

### Date closed

August 2023

## Raymond James Transaction Alert Hunt & Sons, Inc.

Closed: 8/1/23

### Investment banking role

- Served as the Company’s exclusive sell-side advisor in connection with the transaction
- Raymond James provided comprehensive M&A advisory services including the marketing and positioning of the opportunity to buyers, management of a structured, competitive bidding process, facilitation of buyer diligence and negotiation of transaction documentation

### Summary positioning

- Extremely rare opportunity to acquire a high growth, premier operator of scale with reputation for superior customer service and impossible-to-replicate distribution network

### Marketing efforts

- Individually positioned opportunity to a full set of capable strategic acquirors in highly tailored manner
- Received multiple indications of interest and several competitive letters of intent after a second round of buyer diligence

### Strategic rationale

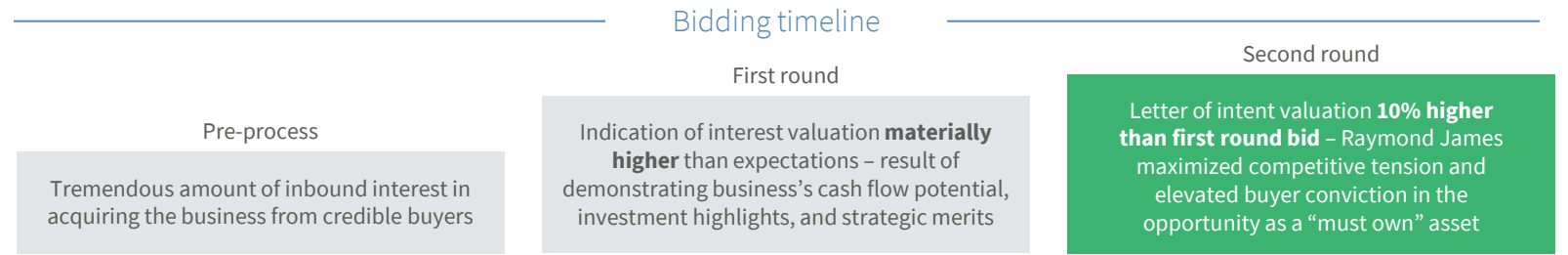
- Distribution network enables buyer to secure demand for renewable fuel products and capture highly attractive California LCFS credits
- Well-entrenched supplier to high quality, growing C&I customer base

### Successful outcome

- Selected buyer submitted premium offer for the business; transaction closed on acceptable terms

### Compelling positioning and competitive tension leads to premium bid

- Marketing effort highlighted scarcity of opportunity, quality of assets, operator reputation, growth potential and strength of management team
- Competitive tension in two-round bidding process drove **final bid meaningfully higher than expectations**



# Deal spotlights

**July 2023**  
(Announced)



has been acquired by



Fuel supply subsidiary of




Source: Press releases, company public filings and Capital IQ.  
(1) Location source: Company websites. States with RaceTrac include states with announced future RaceTrac locations.

## RaceTrac acquires Gulf Oil

Announced: 7/5/23

### Acquiror Overview

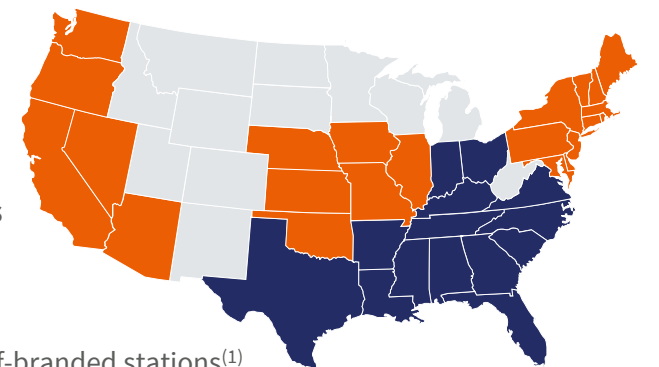
- Founded in 1996, Metroplex Energy is RaceTrac’s wholly owned wholesale fuel supply and trading subsidiary
  - Secures bulk fuel to supply rack sales and delivers gasoline, diesel and biofuel products by pipeline, rail, truck, barge and vessel
  - Transports over three billion gallons of unbranded gasoline and diesel annually in addition to maintaining three million barrels of terminalling capacity in Florida and the Gulf Coast
- Founded in 1934, Atlanta-based RaceTrac is a leading convenience store operator with a portfolio comprised of both company-owned and dealer sites
  - Over 800 locations operating under the RaceTrac and RaceWay brands across 12 states

### Target Overview

- Headquartered in Wellesley Hills, Massachusetts, Gulf Oil is a diversified energy company engaged in the operation of oil terminals / storage outlets and the distribution of refined oil products; Gulf Oil was acquired by ArcLight Capital in 2015 from Cumberland Farms
  - Provides midstream services including terminalling, storage, logistics, purchasing and marketing services for petroleum products to wholesalers, resellers and commercial customers
- With more than ~1,200 Gulf branded stations across the U.S. and Puerto Rico, the company is recognized as one of the largest branded fuel platforms in the industry; Gulf is an iconic American brand with history dating back to 1901
  - Gulf’s branded products segment distributes motor fuels to branded stations (including franchised wholesale jobbers, franchised contract dealers and Massachusetts Turnpike stations), assured dealers (independent franchised fuel dealers who purchase product from Gulf Oil and pay rental income to Gulf for use of the stations) and licensed distributors/dealers

### Strategic Rationale

- **The acquisition aligns with RaceTrac's strategic objective to invest in and grow its transportation fuels network; combined entity expands RaceTrac's geographic reach, creates operational efficiencies and improves its position to serve dealers/distributors**
- With the combination of Metroplex and Gulf, the company establishes a dominant fuel network, positioning itself as a market leader in high-demand regions nationwide



■ States with Gulf-branded stations<sup>(1)</sup>  
■ States with Gulf-branded stations and RaceTrac/RaceWay locations<sup>(1)</sup>

# Deal spotlights (cont'd)



## RelaDyne acquires Sun Coast Resources

Announced: 4/25/23

- RelaDyne is the second largest private company in Cincinnati, Ohio and the nation's largest lubricant distributor and market leader in fuel, DEF and industrial reliability services; the Company was founded in 2010 and has grown to more than 150 locations through numerous strategic acquisitions
- Houston, Texas-based Sun Coast Resources has been one of the nation's premier fuel distributors since 1985; the Company provides fuel and lubricant products, freight and emergency response services
- **Strategic Rationale:** The acquisition significantly expands RelaDyne's market share and geographic footprint throughout Texas, Louisiana, Oklahoma, New Mexico and the Carolinas; the acquisition also provides RelaDyne's customers with new service offerings while granting Sun Coast's existing customers access to RelaDyne's expansive distribution footprint and robust product portfolio



## Offen Petroleum acquires Douglass Distributing (wholesale business)

Announced: 11/1/23

- Offen Petroleum, backed by Court Square Capital Partners, is a diversified fuel distributor with over 2.6 billion gallons of motor fuel distributed annually, serving customers throughout most of the United States
- Douglass Distributing is a propane, lubricant and wholesale and commercial fuel distributor serving customers in Texas and Oklahoma
- **Strategic Rationale:** While Offen has been serving the Texas market for years, this acquisition will become Offen's regional operations center through which it will continue to grow its Texas operations and surrounding markets



## Cadence Petroleum Group acquires Hoosier Penn Oil; Nelson Oil Company

Announced: 10/23/23; 10/19/23

- Hoosier Penn was founded in 1976 in Indianapolis, Indiana, and is a leading lubricants distributor in Indiana and surrounding states
- Nelson was founded in 1925 in Hickory, North Carolina, and is a leading industrial lubricant distributor and service provider in the Carolinas
- **Strategic Rationale:** Cadence, backed by Wellspring Capital Management, continues its accelerated acquisition strategy and growth throughout the Southeast and Mid-Atlantic regions



## First Reserve partners with Palmdale Oil Company

Announced: 5/4/23

- Palmdale currently operates in more than 50 counties across Florida and provides a wide range of tailored commercial fuel and lubricant solutions to customers in the agricultural, industrial, construction, marine and government sectors
- First Reserve is a leading global private equity firm exclusively investing across diversified energy, infrastructure and general industrial end-markets
- **Strategic Rationale:** Accelerates Palmdale's acquisition growth strategy, expands the Company's product and service offerings, enhances its technological capabilities, and provides access to new Florida markets

# Recent, notable M&A transactions

Announced Date	Acquiror	Target	Target Description
12/7/2023	Jackson Energy	Sun Pacific Energy	Distributor of branded and unbranded motor fuels in the Pacific Northwest, with nine company-operated convenience stores, over 130 branded dealer accounts and a transportation fleet
12/4/2023	Dead River Company	Roby's Propane Gas	Propane and heating oil distributor and related-service provider to the South Coast and Cape Cod regions of Massachusetts
11/16/2023	Energy Distribution Partners	Lykins Energy Solutions	Propane division of Lykins Energy Solutions, a division of World Kinect Corporation, with an office, three storage facilities and 3,000 customers in southwestern Ohio
11/8/2023	Rhoads Energy	Solanco Propane and Heating	Maryland-based propane, heating oil and diesel fuel distributor to both residential and commercial customers
11/1/2023	U.S. Petroleum Partners	Barrick Enterprises and B&R Trucking	Family-owned-and-operated wholesale fuel distributor in Southeastern Michigan
11/1/2023	Offen Petroleum	Douglass Distributing's wholesale business	Leader in the propane, lubricant and wholesale / commercial fuel businesses in Texas and Oklahoma
10/26/2023	Firmament	Matador Gas	Operates in the propane distribution and standby generator space in Texas
10/23/2023	Cadence Petroleum	Hoosier Penn Oil	Lubricants distributor and related-services provider with offices in Indiana and Missouri
10/19/2023	Cadence Petroleum	Nelson Oil Company	North Carolina-based lubricants distributor and industrial services provider
10/13/2023	Sail Energy	Blanchard's Cash Fuel	Maine-based propane and heating oil distributor
10/5/2023	Parman Energy Group	Brad Hall Fuel's TN Commercial Fuel Business	Supply and distribution location in Morristown, Tennessee, providing service to the greater Knoxville area
10/5/2023	Palmdale Oil	Como Oil & Propane	Florida-based propane and fuel distributor and related-service provider, previously owned by Minnesota-based Superior Fuel Co.
9/18/2023	Lakes Gas	Northeast Oil	South Dakota-based propane and refined fuel distributor

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

# Recent, notable M&A transactions (cont'd)

Announced Date	Acquiror	Target	Target Description
9/15/2023	Eastern Propane	Blue Fame Gas	Maine-based, full-service propane distributor and appliance retailer
9/8/2023	Star Group	Ideal Bottle Gas	Propane distributor serving Long Island, New York and surrounding areas
8/30/2023	RelaDyne	Great Lakes Lubricants	Michigan-based lubricants distributor offering a wide variety of heavy-duty and industrial products with three distribution locations
8/22/2023	Petroleum Marketing Group	Mystic Oil Company	Connecticut-based transportation fuels distributor to approximately 150 Gulf, Citgo, ExxonMobil, Shell and unbranded customers in five states
8/21/2023	Parker Oil	Thomas Brothers	Propane distributor serving residential and commercial customers located in Blackstone, Virginia
8/10/2023	DCC Propane	San Isabel Services Propane	Residential and commercial propane distributor headquartered in Pueblo West, Colorado
8/9/2023	Energy North Group	Hartmann Oil & Propane	New Hampshire-based propane and heating distillates distributor
8/3/2023	Rogers Petroleum	Deloy L. Brown Petroleum	Leading Exxon petroleum, industrial oil and lubricant distributor in Crossville, Tennessee
7/19/2023	Dead River Company	Augusta Fuel	Commercial and residential propane and heating oil distributor based in Maine
7/11/2023	MFA Oil	Gygr-Gas	Independent propane retailer and metered service provider headquartered in Boonville, Missouri
7/5/2023	RaceTrac (Metroplex Energy)	Gulf Oil	Leading fuel supplier with ~1,200 branded locations across the U.S. and Puerto Rico
7/5/2023	ThompsonGas	South Florida Gas	Propane distributor delivering to residential and metered propane systems along the Gulf Coast
6/28/2023	RelaDyne	Michigan Petroleum Technologies	Michigan-based motor fuel and lubricant distributor formed by the merger of Secory Oil and White Oil in 1998

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

# Recent, notable M&A transactions (cont'd)

Announced Date	Acquiror	Target	Target Description
6/21/2023	Van Etten Oil	Evergreen Fuels	New York-based propane, heating oil, diesel and kerosene distributor
6/19/2023	Energy North Group	Huhtala Oil & Propane; Concord Oil	Two separate Massachusetts-based heating oil and propane distributors and related-service providers
6/12/2023	ARKO Corp.	WTG Fuels	Assets sold include 24 Uncle's branded c-stores, 57 proprietary GASCARD branded cardlock sites, 52 private cardlock sites, fleet card assets and additional dealer accounts
5/25/2023	Suburban Propane	PacWest Propane	Washington-based propane distributor with a multitude of services including installation of gas lines, refill services and pressure checking
5/18/2023	Hemisphere Limited	White Oil	Provider of bulk fuel and heating oil distribution services in addition to Marathon fuel branding throughout Kentucky
5/17/2023	Gaubert Oil Company	Morgan Oil Company	Commercial fuel, lubricant and fuel additive distributor based in Georgia
5/11/2023	Boyett Petroleum	Wholesale Fuel Business of United Pacific	Conoco, Shell and United Oil branded wholesale motor fuel distributor on the West Coast
5/4/2023	First Reserve	Palmdale Oil	Florida-based statewide provider of fuels, lubricants, and chemicals with delivery and management solutions
4/25/2023	RelaDyne	Sun Coast Resources	Prominent fuel, lubricants and DEF distributor with operations in Texas, Oklahoma, Louisiana and surrounding states
4/21/2023	Maverik	Solar Transport	Tank truck carrier and logistics provider acquired as part of Maverik's acquisition of Kum & Go
4/20/2023	Santmyer Oil	Cole Distributing	Commercial fuel, propane and lubricant distributor based in Shelby, Ohio
4/17/2023	American Welding & Gas	TriCounty Gas	Family-operated propane distributor in Buffalo, Wyoming
4/11/2023	Christensen	Select Assets from Southwest Fuel Supply	Supply of unbranded and branded fuel to gas stations in the greater Phoenix and Tucson, Arizona regions

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

# Capital Markets Spotlight

**June 2023**



**\$350,000,000**  
Convertible Senior Notes

Co-Bookrunning Manager  
**RAYMOND JAMES**

<b>Offering type</b> Convertible senior notes due 2028	<b>Coupon</b> 3.250%
<b>Closing date</b> June 26, 2023	<b>Aggregate size</b> \$350,000,000

## Raymond James Transaction Alert World Kinect Convertible Notes Offering Summary

Closed: 6/26/23

- 144A private offering of \$350 million aggregate principal amount (upsized \$50 million, plus \$50 million shoe) of 3.250% Convertible Senior Notes due 2028
- Priced at midpoint of coupon range (3.250%) and the midpoint of the premium range (27.5%)
- Company purchased a call spread to increase effective premium to 80%
- “This transaction **diversifies the Company’s capital structure** while allowing us to **reduce interest expense**,” said Ira M. Birns, Executive Vice President and Chief Financial Officer. “We structured the offering to protect equity investors with the principal amount of the Notes to be paid in cash upon maturity. In addition, dilution upon a conversion of the Notes will be mitigated as a result of the related bond hedge transactions, which increased the effective conversion price of the Notes to approximately \$40.14. The conversion price represents a premium of 80% over the closing price of the common stock of \$22.30 per share on June 21, 2023, the day that we priced the offering.”

### Rationale and successful outcome

- World Kinect intends to use the net proceeds from the offering primarily for general corporate purposes, including the repayment of a portion of the amounts outstanding under the revolving credit facility, to pay the cost of convertible note hedge transactions and to repurchase approximately 2.24 million shares of World Kinect’s common stock for an aggregate purchase price of approximately \$50.0 million
- The aggregate principal amount of the offering was increased from the previously announced offering size of \$250 million
- Raymond James served as co-bookrunning manager on the successful transaction

### Company description

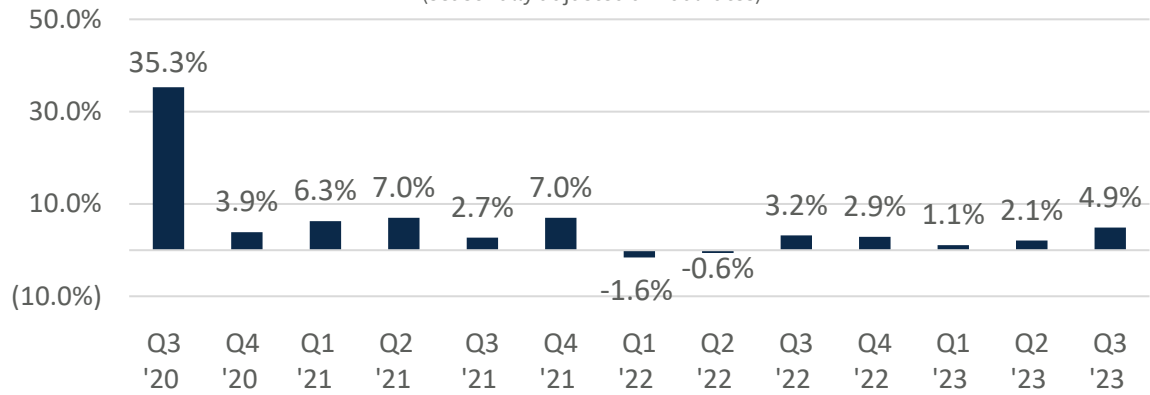
- Headquartered in Miami, Florida, World Kinect Corporation engages in the distribution of conventional and renewable liquid fuels, lubricants, electricity and natural gas, as well as related products and services in the aviation, marine and land transportation industries in over 200+ countries and territories worldwide
- The Company offers a broad suite of energy advisory, management and fulfillment services, digital and other technology solutions, as well as sustainability products and services across the energy product spectrum



# Macroeconomic indicators

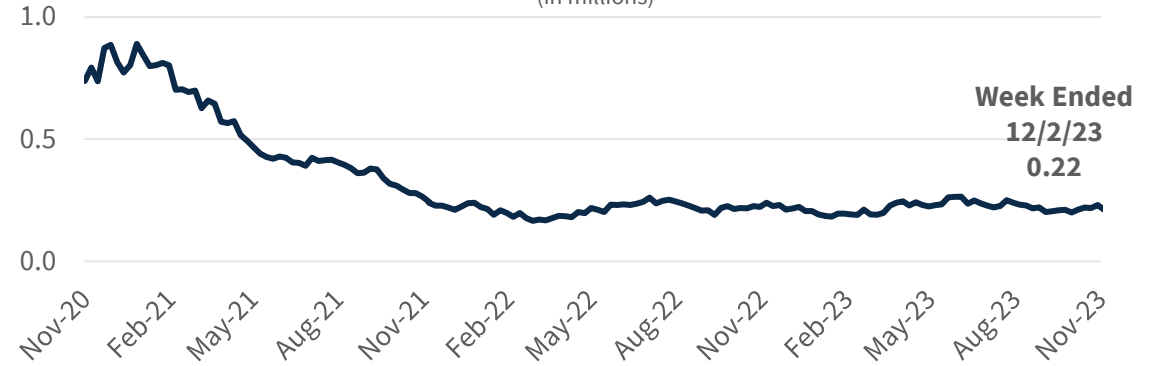
## Real GDP Growth

(seasonally adjusted annual rates)



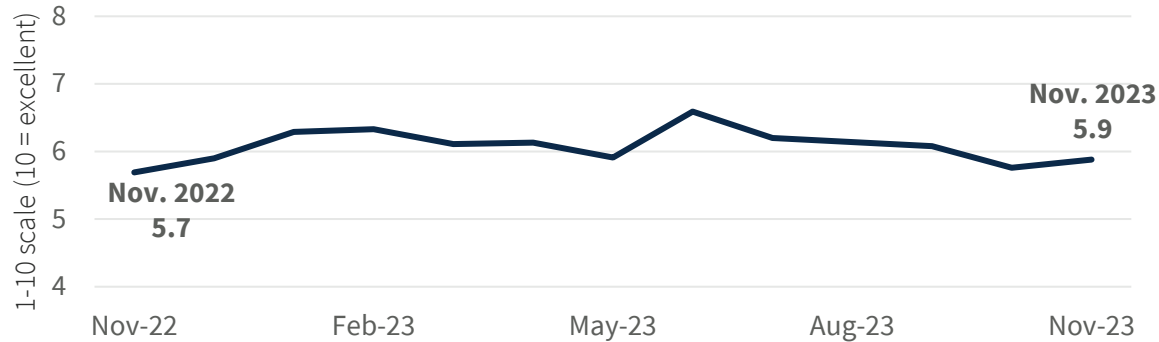
## Initial Jobless Claims

(in millions)

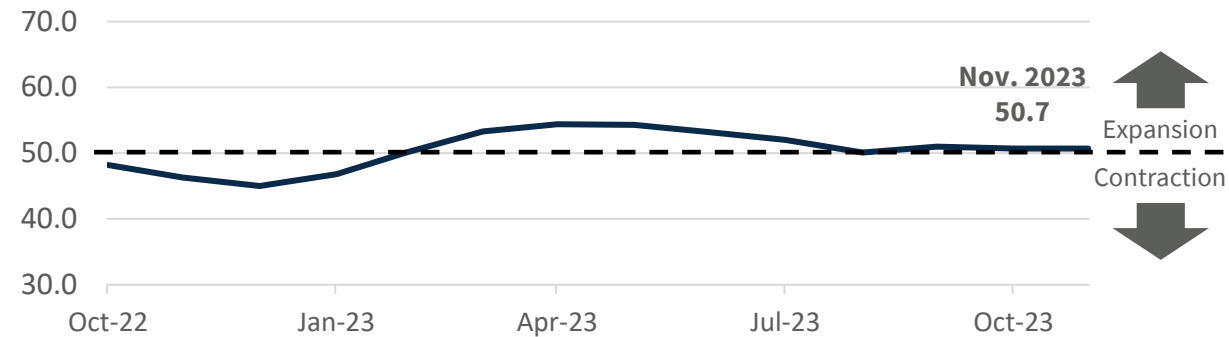


## CEO Confidence Index

(CEO forecast of business conditions 12 months from now)



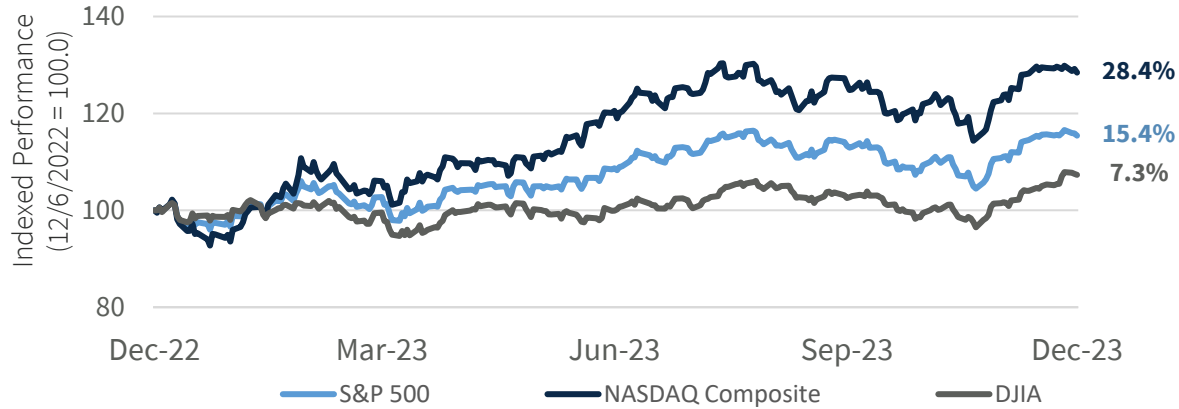
## Composite Purchasing Managers' Index



Source: Bureau of Economic Analysis, St. Louis Federal Reserve, Bureau of Labor Statistics, Institute for Supply Management, Chief Executive Group and Capital IQ.

# Macroeconomic indicators (cont'd)

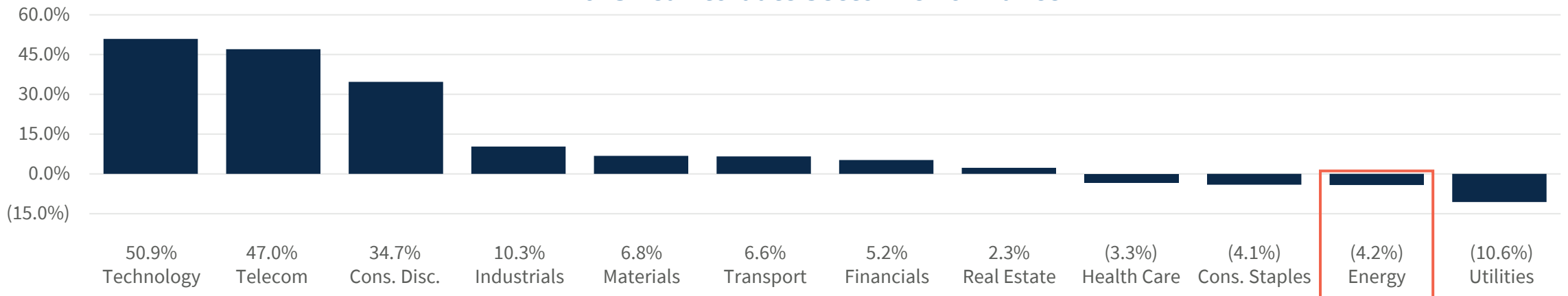
Equity Markets



Volatility



2023 Year-to-date Sector Performance



Sources: FRED St Louis, Capital IQ, Bloomberg.  
2023 YTD Sector Performance data as of 12/1/2023.

# Macroeconomic indicators (cont'd)

**West Texas Intermediate**

(\$ per barrel)



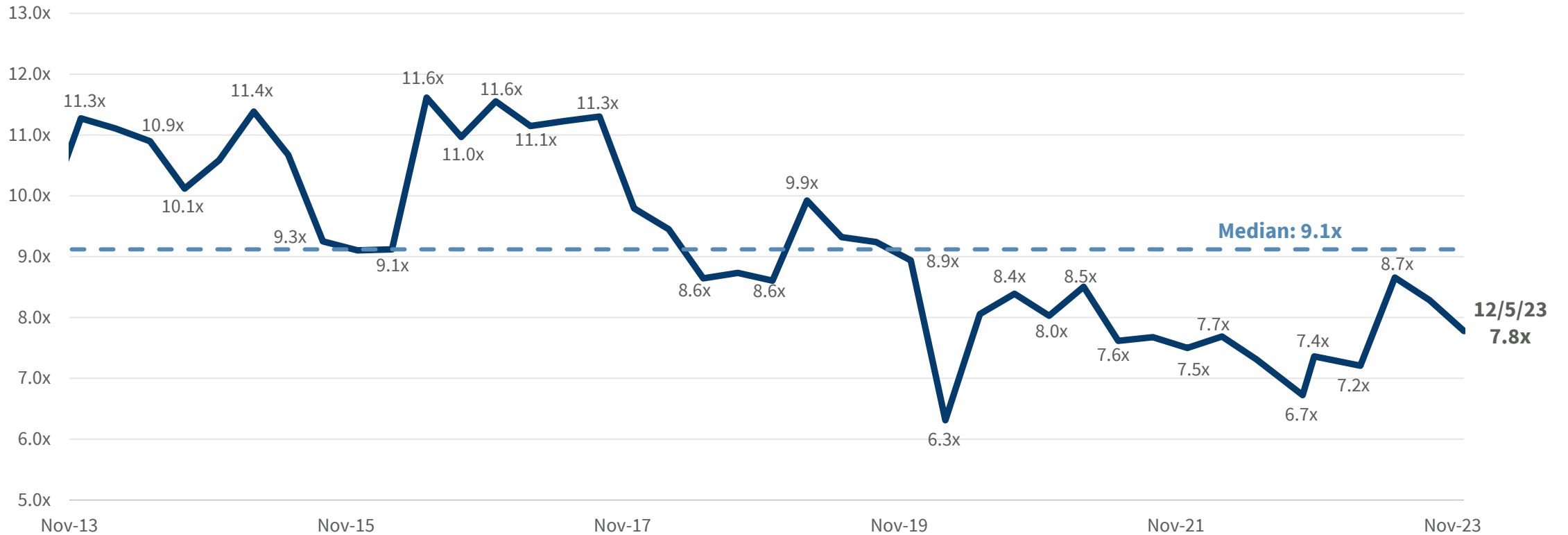
**Inflation vs. 10-year Treasury**



Source: Bureau of Economic Analysis, St. Louis Federal Reserve, Bureau of Labor Statistics, Institute for Supply Management and Capital IQ.

# Public company share price performance

**10-year Fuel Distributor Historical Trading Multiples (EV/EBITDA)<sup>(1)</sup>**

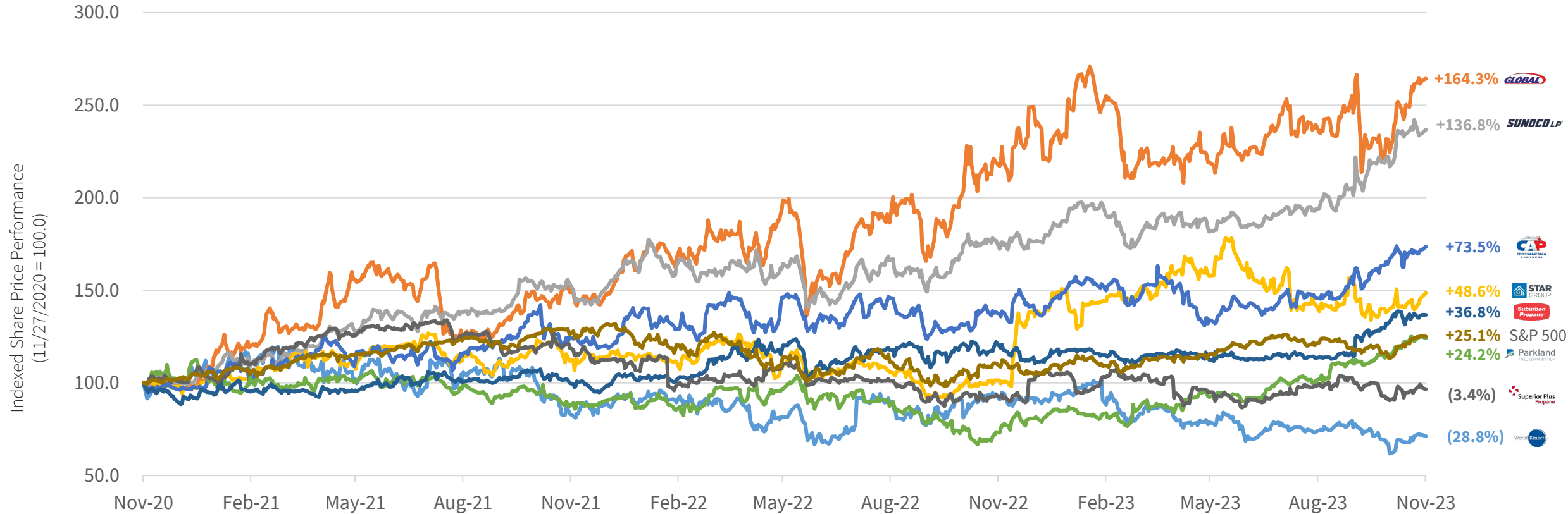


Source: Capital IQ.

(1) Median EV/LTM EBITDA multiple for PKI, SUN, GLP, CAPL, WKC, SPB, UGI, SPH and SGU.

# Public company share price performance (cont'd)

**Fuel Distributor Trailing Three-year Stock Price Performance<sup>(1)</sup>**

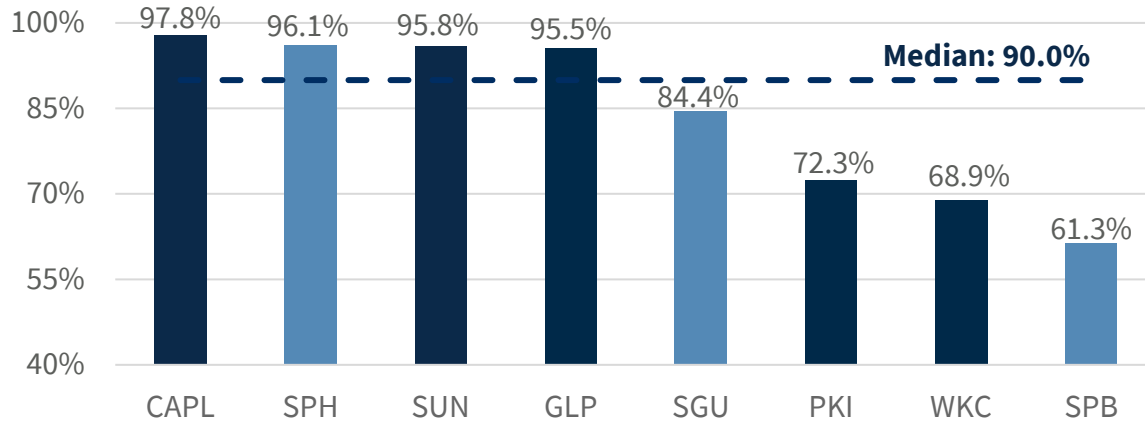


Source: Capital IQ.

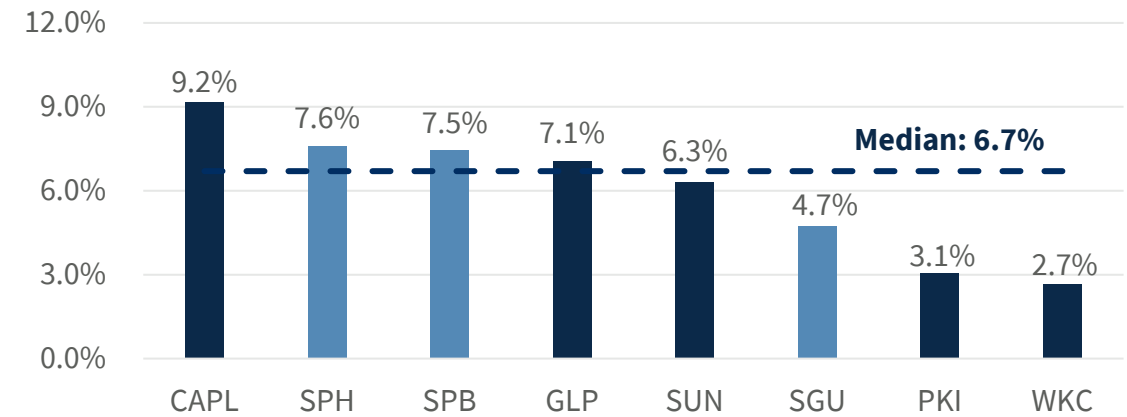
(1) Dividend adjusted share price performance.

# Public company trading statistics

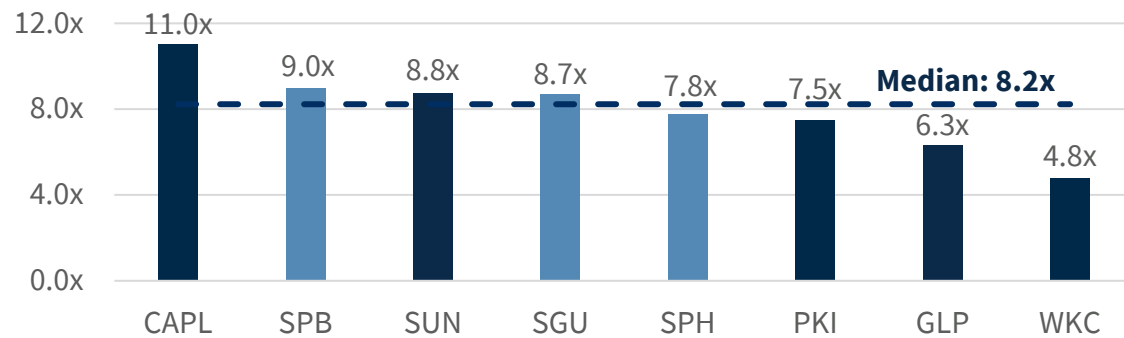
**Current Price as a % Of LTM High**



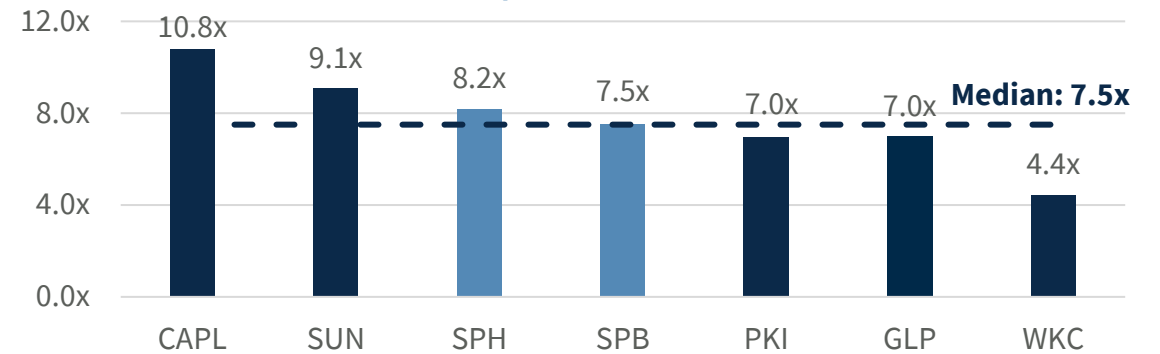
**LTM Dividend / Distribution Yield**



**EV / LTM EBITDA**



**EV / NTM EBITDA**



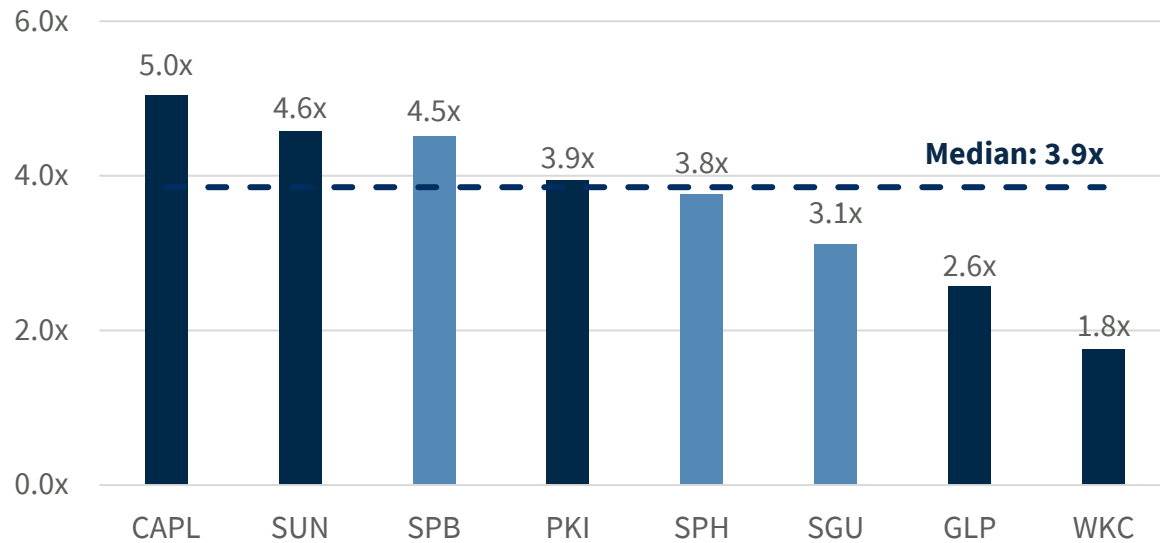
■ Motor Fuel Distributor  
■ Propane / Heating Oil Distributor

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

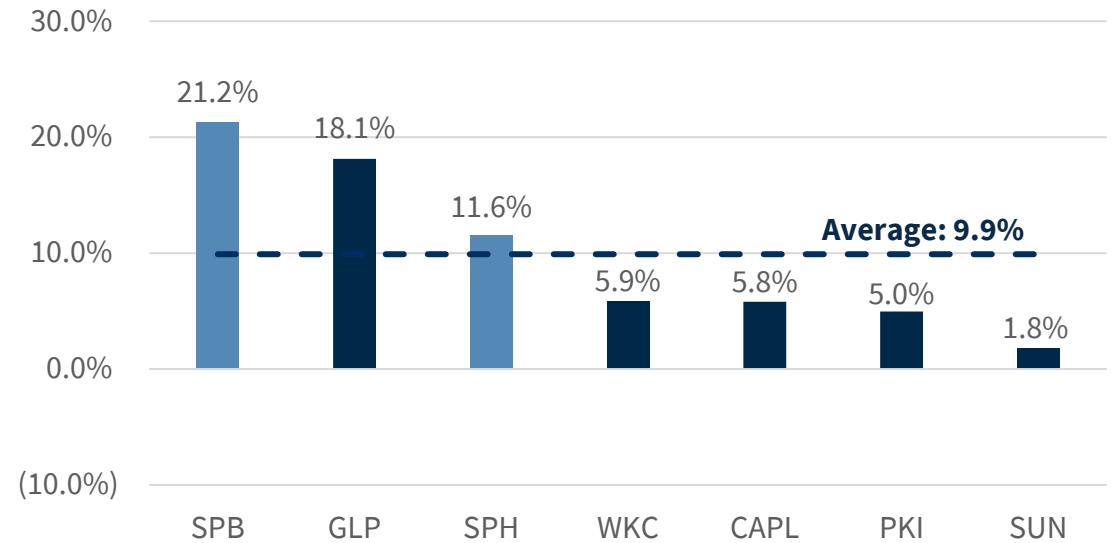
Note: Share prices current as of 12/5/2023. SUN = Sunoco LP, CAPL = CrossAmerica Partners LP, GLP = Global Partners LP, PKI = Parkland Fuel Corp., WKC = World Kinect Corp., SPH = Suburban Propane Partners, Star Group LP = SGU and SPB = Superior Plus Corp.

# Public company trading statistics (cont'd)

**Net Debt / LTM EBITDA**



**2024E Year-over-year EBITDA Growth**



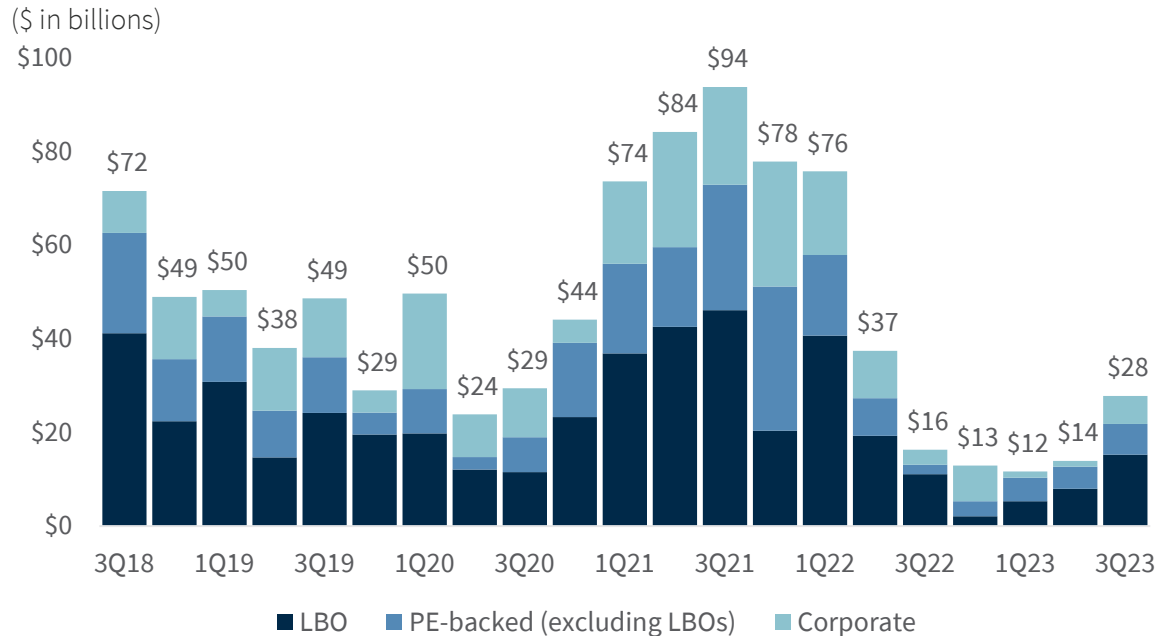
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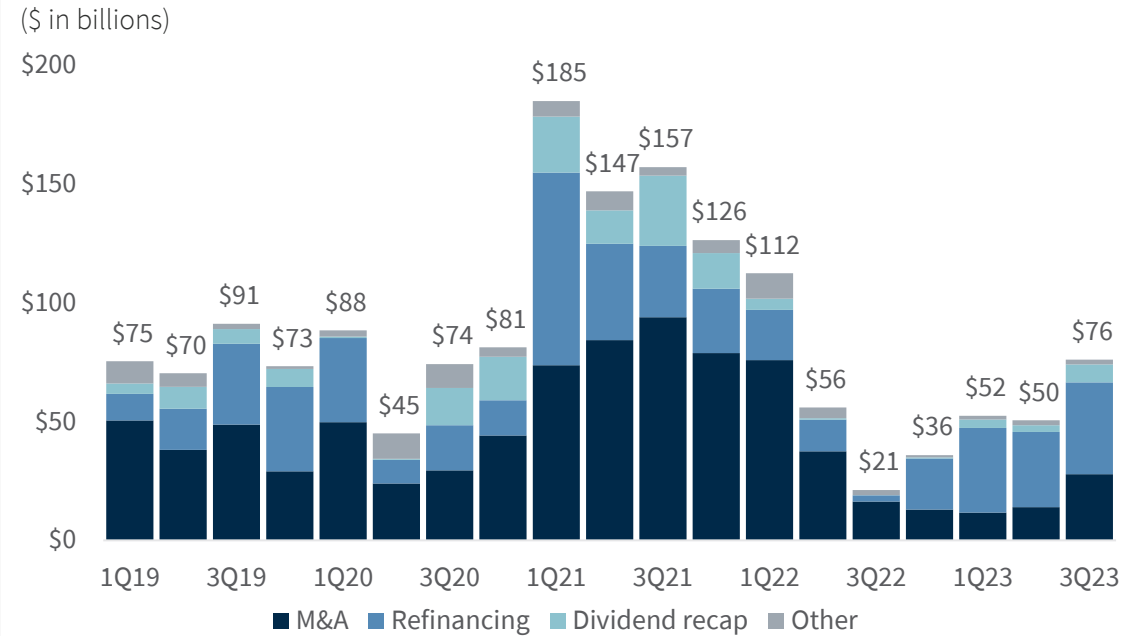
# Debt market outlook

## U.S. Institutional Loan Volume Backing M&A



- Total LBO/M&A loan volume reached a five-quarter high of \$27.8bn in 3Q23
- LBO loans totaled \$15.3bn, representing 55% of the volume
  - Third straight quarter of growth and the most since 2Q22
  - Total of 12 BSLs for LBOs in 3Q23 is also the most since 2Q22
- Market activity is focused on higher-rated issuers; 95% of YTD LBO volume is from issuers rated B/B+ or higher, up from 44% in FY22
- Despite the promising uptick in acquisition-related financing, the market still badly lags historical comparable periods

## U.S. Institutional Volume By Proceeds



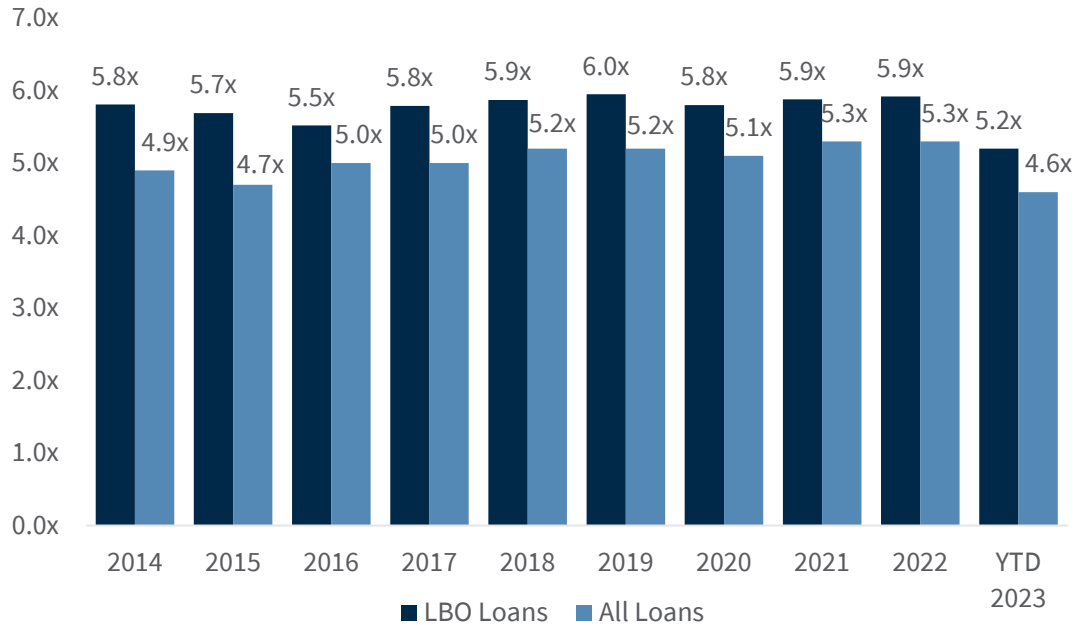
- Leveraged loan market new issuance in 3Q23 totaled \$76.0bn, the highest mark since the current cycle of Fed rate hikes began in 1Q22
- Refinancing transactions continue to dominate the market for the fourth quarter in a row, representing a 51% share in 3Q23 and a 59% YTD 2023
- Increasing M&A loans contributed to overall growth, accounting for 37% of total volume and reaching a five-quarter high of \$27.8 bn in 3Q23
- Dividend recapitalization increased to 10% of total volume although lenders remain cautious over opportunistic transactions

Source: Leveraged Commentary and Data.



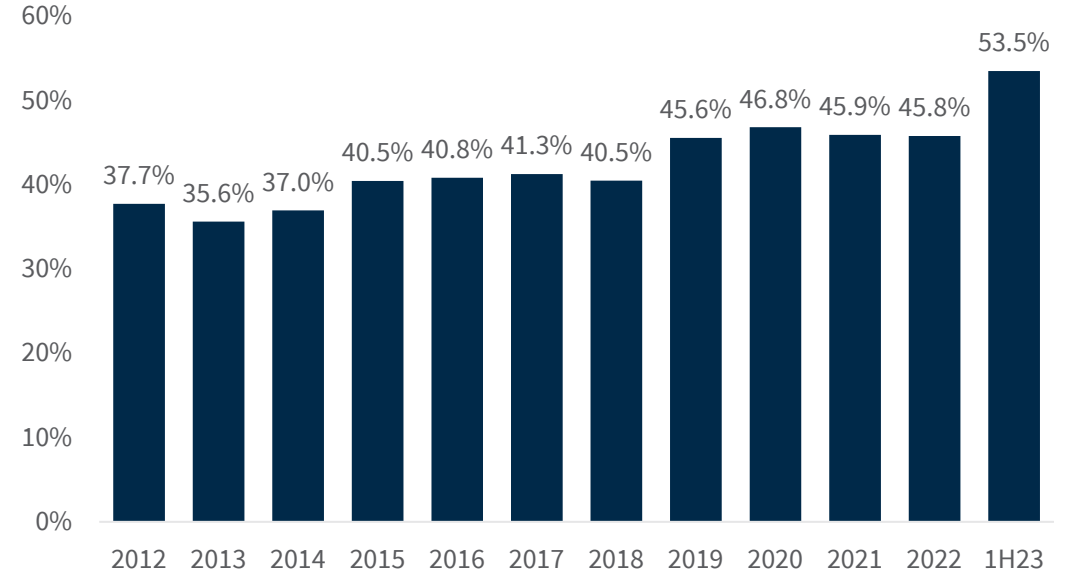
# Debt market outlook (cont'd)

**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; however, YTD 2023 has seen a substantial dip to 5.2x, reaching the lowest value since 2012
- Looking at the overall market, average debt multiples declined to 4.6x YTD 2023, nearing the lowest level in over 10 years

**Average LBO Equity Contribution**



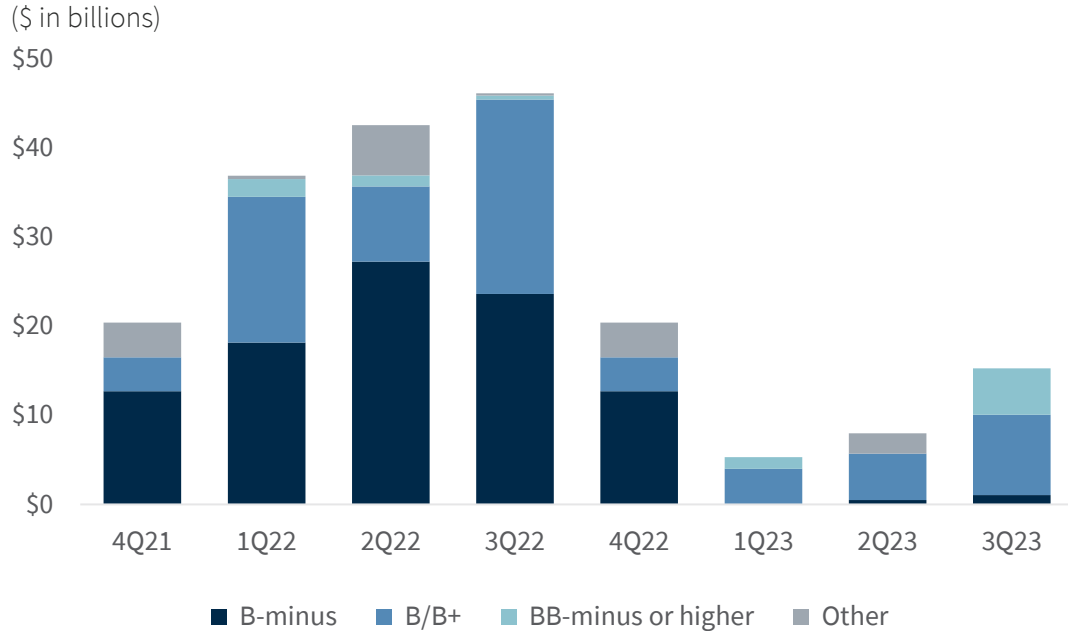
- Equity contributions have remained flat over the past few years, but saw a notable uptick, reaching 53.5% in 1H23, the highest level on record, as debt capacity has declined materially for borrowers amid a spike in interest rates and economic uncertainty

Source: Leveraged Commentary and Data. Data through 9/30/2023.

(1) Equity contribution for Large Corporate LBOs data calculated on half-yearly basis and is as of 6/30/2023.

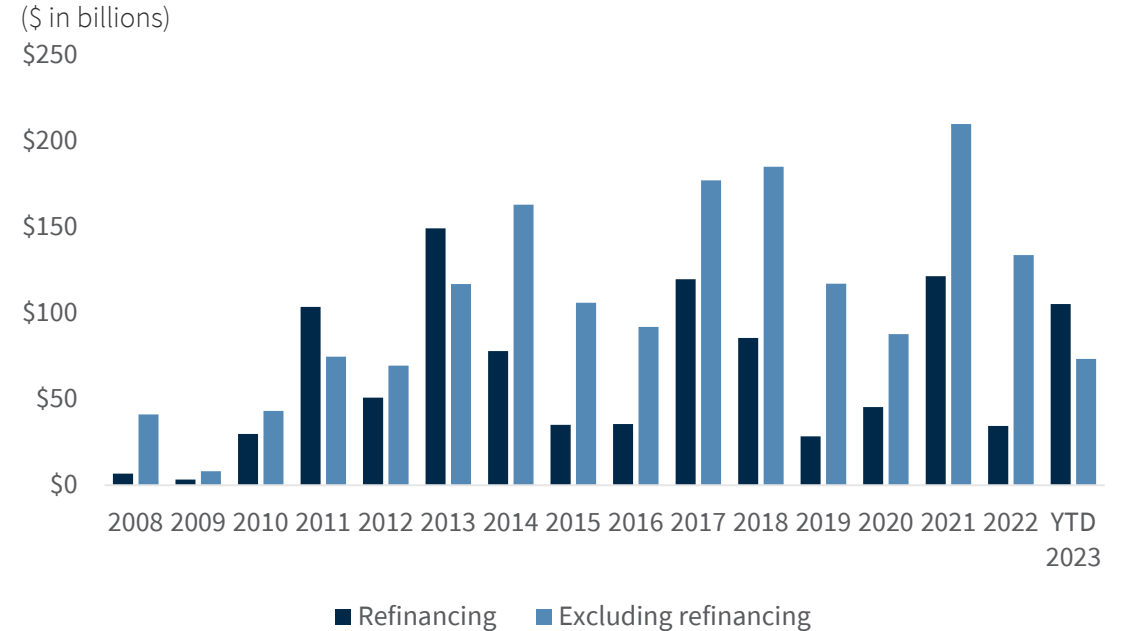
# Debt market outlook (cont'd)

## LBO Institutional Loan Volume by Borrower Rating



- New LBOs have leaned toward higher rated borrowers
- 95% of YTD LBO volume is from issuers carrying ratings of at least B/B+, which is up from 44% in FY22
  - In fact, there have been only three LBO deals in all of 2023 that were from issuers rated B-minus: Cvent in Q2; and Fogo de chao and Aramsco in Q3
  - Lower rated issuers have increasingly reverted to the private credit market for their financing needs

## Year-to-date institutional loan volume




- YTD 2023 issuance of \$179bn is the lowest amount since 2010, when \$107bn was issued over the same period
- Refinancing volume is relatively strong – only four years since the Global Financial Crisis had greater volume in the first three quarters versus the \$105bn this period
- Non-refinancing volume stands at \$73bn, a trough not seen since the same period in 2010

Source: Leveraged Commentary and Data.


# Quarterly earnings recap

## CrossAmerica Partners (NYSE: CAPL)

	Quarter ended		Change
	9/30/23	9/30/22	
 <b>Earnings per unit</b>	\$0.31	\$0.71	(56.3%)
<b>Wholesale volume</b>	217.3	212.7	2.2%
<b>Wholesale fuel margin (CPG)</b>	8.6	9.2	(6.5%)
<b>Retail volume</b>	132.2	126.7	4.3%
<b>Retail fuel margin (CPG)</b>	37.2	53.4	(30.3%)
<b>Adjusted EBITDA</b>	\$44.2	\$62.2	(28.9%)
<b>One-day stock price reaction</b>			5.0%

“If you recall, we and the industry experienced an exceptionally strong fuel margin environment in the third quarter of 2022. While the third quarter of 2023 was a generally favorable environment for fuel margins, it was not nearly as favorable as the fuel margin environment in the prior year.”

## Sunoco LP (NYSE: SUN)

	Quarter ended		Change
	9/30/23	9/30/22	
 <b>Earnings per unit<sup>(1)</sup></b>	\$2.95	\$0.75	293.3%
<b>Total fuel volume</b>	2,124	1,986	6.9%
<b>Fuel margin (CPG)<sup>(1)</sup></b>	13.0	13.9	(6.5%)
<b>Adjusted EBITDA<sup>(1)</sup></b>	\$257.0	\$276.0	(6.9%)
<b>One-day stock price reaction</b>			3.2%

“This quarter marks the highest volume quarter in our history and the second consecutive quarter where our volumes were above the 2-billion-gallon mark. When you compare this to various reports on U.S. demand, it is clear that we are outpacing the sector and picking up market share. Another sign that our growth is delivering tangible results. This is all occurring as we grow in our existing geographies and enter new markets. As we look to the end of the year, we expect that volume in the fourth quarter would see a normal seasonal decline sequentially, but our relative position in the market will remain strong.”

## Global Partners LP (NYSE: GLP)

	Quarter ended		Change
	9/30/23	9/30/22	
 <b>Earnings per unit</b>	\$0.60	\$3.12	(80.8%)
<b>GDSO product margin<sup>(2)</sup></b>	\$206.5	\$261.6	(21.1%)
<b>Wholesale product margin</b>	\$37.2	\$79.3	(53.1%)
<b>Commercial product margin</b>	\$8.4	\$10.4	(19.2%)
<b>Adjusted EBITDA</b>	\$77.7	\$168.5	(53.9%)
<b>One-day stock price reaction</b>			2.1%

“The Global team delivered solid results in the quarter, which was in-line with our expectations in a more normalized market compared with last year. We continue to deliver value across the midstream and downstream liquid energy markets, providing customers with essential products and services through our integrated fuel storage distribution and retail assets. As part of our alternative fuel strategy, we recently activated our first company-owned electric vehicle charging stations.”

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

Note: \$ and gallons in millions, except EPS and CPG data.

(1) Not adjusted for lower of cost or market inventory adjustments; Adjusted EBITDA and fuel margin exclude impact.

(2) GDSO segment – Gasoline distribution and station operations.


# Quarterly earnings recap (cont'd)

## World Kinect Corp. (NYSE: WKC)

World 	Quarter ended		Change
	9/30/23	9/30/22	
<b>Earnings per unit</b>	\$0.58	\$0.68	(14.7%)
<b>Total fuel volume</b>	4,536	4,629	(2.0%)
<b>Aviation segment margin (CPG)</b>	6.5	7.0	(7.2%)
<b>Land segment margin (CPG)</b>	7.8	7.8	0.7%
<b>Marine segment margin (CPG)</b>	3.2	5.9	(44.9%)
<b>Adjusted EBITDA</b>	\$101.0	\$123.0	(17.9%)
<b>One-day stock price reaction</b>			(8.2%)


“Our broad base of customers and supply partners are grappling with an industry influx from changing sustainability requirements and expectations, to an increasingly prescriptive and disjointed regulatory environment. For nearly 40 years we have been providing energy solutions, creating value for both suppliers and customers, and I don’t believe I have ever experienced a more complicated operating environment for our industry than now.”

## Suburban Propane Partners (NYSE: SPH)

	Quarter ended		Change
	9/30/2023	9/30/2022	
<b>Earnings per unit</b>	(\$0.33)	(\$0.86)	61.6%
<b>Total retail gallons</b>	67.4	63.6	5.9%
<b>Fuel margin (CPG)</b>	239.0	160.0	49.4%
<b>EBITDA</b>	\$15.4	(\$24.3)	163.3%
<b>Adjusted EBITDA<sup>(1)</sup></b>	\$3.0	\$2.8	7.1%
<b>One-day stock price reaction</b>			(1.4%)

“All across the energy sector, we are seeing a shift toward cleaner energy alternatives. While propane will continue to be relied upon as a versatile, affordable and available clean energy source that is produced domestically, Suburban Propane will continue to build off of our well-established legacy and core strengths to solidify our place in the localized energy distribution network by making strategic investments in both the propane sector and into renewable energy alternatives for businesses and local communities across the country.”

## Parkland Corp. (TSX: PKI)<sup>(2)</sup>

	Quarter ended		Change
	9/30/23	9/30/22	
<b>Earnings per unit</b>	\$1.28	\$0.66	93.9%
<b>Total fuel volume</b>	1,876.7	1,845.8	1.7%
<b>Fuel margin (CPG)</b>	65.8	43.6	54.3%
<b>Adjusted EBITDA</b>	\$585.0	\$328.0	78.4%
<b>One-day stock price reaction</b>			1.3%

“In the past 5 years, we have invested approximately \$1.7 billion to buy 20 companies. These were primarily in the Pacific Northwest and Rockies markets. However, we also seized an opportunity to build a position in the highly populated growing Florida market. This plays to supply and logistics strengths we have fine-tuned in our neighboring international business. The result is a U.S. business comprising over 650 retail and 45 commercial cardlock sites as well as terminals and bulk plants. Together, they enable us to serve customers with the fuels, lubricants and convenience products on which they depend.”

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

Notes: \$ and gallons in millions, except EPS and CPG data.

(1) Adjusted EBITDA represents EBITDA excluding the unrealized net gain or loss on mark-to-market activity for derivative instruments and other items.


(2) EPS, Fuel Margin and Adjusted EBITDA in Canadian dollars.

# Quarterly earnings recap (cont'd)


## Star Group (NYSE: SGU)

## Superior Plus (TSX: SPB)

## Q3 Takeaways

 <b>STAR GROUP</b>	Quarter Ended		Change
	9/30/23	9/30/22	
<b>EPS</b>	(\$0.42)	(\$1.08)	61.1%
<b>Total product volume</b>	53.1	55.8	(4.8%)
<b>Product margin (CPG)<sup>(1)</sup></b>	72.1	62.5	15.3%
<b>Adjusted EBITDA</b>	(\$31.4)	(\$30.7)	(2.3%)
<b>One-day stock price reaction</b>			13.2%

“As we turn the corner on fiscal 2023, I would say the year was, in many respects, similar to the one before, as we experienced elevated oil prices and continued market volatility and thus, rather high revenue, but largely due to warmer weather, lower overall product demand. Notably, temperatures for the period were 7.7% more than the prior year and 16.3% warmer than normal. To give that some context, fiscal 2023 was the third warmest in 123 years in the New York City metropolitan area. Despite these significant headwinds, we were able to effectively manage costs and further strengthen our margins, delivering \$97 million in adjusted EBITDA as well as slightly improved net customer attrition versus the prior fiscal year.”

 <b>Superior Plus</b>	Quarter Ended		Change
	9/30/23	9/30/22	
<b>EPS</b>	(\$0.46)	(\$1.06)	56.6%
<b>Retail propane volume</b>	95.1	101.4	(6.3%)
<b>Retail propane margin (CPG)</b>	172.3	152.2	13.2%
<b>Adjusted EBITDA</b>	\$25.8	(\$8.8)	393.2%
<b>One-day stock price reaction</b>			(3.7%)

“Today, Superior is firmly established as one of the foremost companies leading the transformation of the energy sector. We are enabling efficient carbon reduction every day while ensuring safety of supply for our customers. In our meetings with investors, we have also been reaffirming our commitment to organic growth, maintaining our dividend, reducing leverage and effective and efficient capital allocation.”

- Fuel demand following longer-term secular decline trendline; consumer spending succumbing to inflationary pressures
- Wholesale clubs / super centers capturing market share from c-stores
- Softer Q3 margin environment (tough y/y comps); catch-up opportunities early in Q4 with declining commodity prices, Oct/Nov strong
- Persistent cost pressures, particularly labor and insurance expenses; regulatory hurdles climbing
- Defensive characteristics attracting investor interest
- Intense investor focus on energy transition / renewable energy solutions

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

Note: \$ and gallons in millions, except EPS and CPG data.

(1) Calculated as product sales less cost of product, divided by total product volume.

**“Wall Street Shrugs Off Latest OPEC+ Oil Cuts” | David Uberti, WSJ**

[December 1, 2023](#) – Members of the oil-producers group known as OPEC+ have tried to push crude prices upward with unexpected supply cuts since last year. Wall Street isn’t yet convinced that will pan out. On Thursday, a million barrel-a-day pullback surprised a market that had largely anticipated that the cartel and its allies would hold output steady.

[Read more](#)

**“EIA: Propane Households Likely To Spend Less On Energy This Winter” | Ellen Kriz, LPGas**

[November 14, 2023](#) – The U.S. Energy Information Administration (EIA) expects winter heating expenditures for U.S. households to remain relatively flat or decrease this season, depending on the main heating fuel households use and the region in which they are located.

[Read more](#)

**“EIA Forecasts Crude Oil Prices Will Increase In 2024 As Demand Rises Above Supply” | Jeff Barron, EIA**

[July 19, 2023](#) – Non-OECD, world consumption of petroleum and liquid fuels is expected to average 55.1 million barrels per day in 2023 and rise to 56.5 million barrels per day in 2024. This is primarily driven by increased consumption in both China and India.

[Read more](#)

**“Hydrogen Fuel Is Gaining Traction With Truckers” | Paul Berger, WSJ**

[November 15, 2023](#) – Jim Gillis is making a big bet on hydrogen-powered big rigs. Gillis, president of the Pacific region for Collierville, Tenn.-based IMC, will take delivery in the coming weeks of his first hydrogen electric fuel-cell Nikola trucks long before the technology is proven and a refueling network is set up.

[Read more](#)

**“Big Oil’s Talent Crisis: High Salaries Are No Longer Enough” | Mari Novik, WSJ**

[August 6, 2023](#) – Even though oil and gas companies are posting record profits, the industry is facing a staffing shortage as the pool of new entrant for petroleum-engineering programs has hit its lowest since before the fracking boom began more than a decade ago.

[Read more](#)

**“Sustainable Fleets Report: Propane Posts Lowest Fuel Cost” | Brian Richesson, LPGas**

[June 8, 2023](#) – In 2022, compressed natural gas averaged \$2.73 per diesel-gallon-equivalent, while propane averaged \$2.10 per-gasoline-gallon equivalent, in contrast to diesel and gasoline, which averaged \$5.78 and \$4.79 per gallon, respectively.

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reading

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Convenience Retail	Merchandise/ Foodservice Distributors
Truck Stop & Travel Center Operators	Mobile Refueling Providers
Alternative Fuel Providers	Car Wash Operators

## Representative transactions

 <p>Has sold distribution assets to <b>An Undisclosed Buyer</b> August 2023</p>	 <p><b>\$350,000,000</b> Convertible Senior Notes Bookrunning Manager June 2023</p>
 <p>Has been acquired by <b>CIRCLE K</b> April 2023</p>	 <p>Has sold select convenience store assets to <b>Casey's CIRCLE K</b> Wills Group March 2022</p>
 <p>Has sold its convenience store assets to <b>ENERGY GLOBAL</b> An Undisclosed Buyer March 2021</p>	 <p>Has completed its business combination with <b>ARKO</b> A Family of Community Brands <b>GPM INVESTMENTS, LLC</b> December 2020</p>

(1) All data as of 11/29/2023.