

# Convenience Store Market Quarterly Newsletter

## Table of Contents

1. Market Summary
2. Money and Commodity Markets
3. Capital Markets
4. Equity Markets
5. Public Company Information
10. Comparative Graphics
11. Private Transactions
12. Earnings Announcements
14. Other M&A News
15. Featured Article

## About Trefethen Advisors, LLC

Trefethen Advisors is a privately held investment bank. Trefethen is unique in its ability to maximize value for its clients by providing strategy-led, consultative investment banking services in situations requiring specialized industry, analytical, and/or structuring expertise. We offer skilled transaction execution capabilities and a full range of financial and strategic advisory services:

- Mergers & Acquisitions (Buy-Side & Sell-Side)
- Corporate Finance
- Financial Restructuring and Distressed M&A
- ESOP Buyouts

### Corporate Finance Products Include:

- Family Offices
- Venture Capital
- Debt/Sub-Debt
- Private Equity
- Financial Companies
- Sale-Leaseback Financing

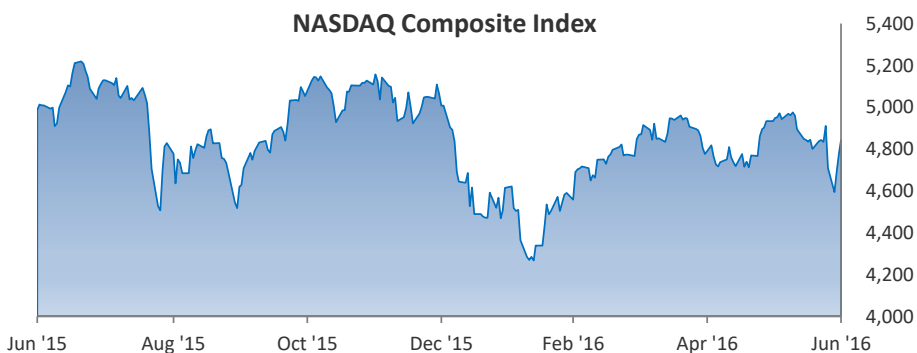
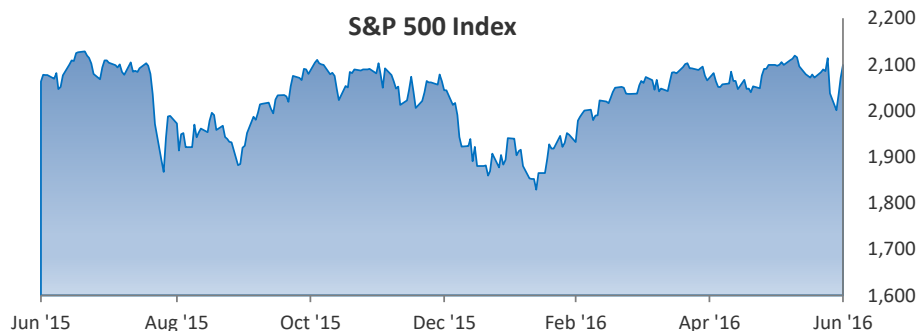
For more company information, please visit our website at [www.trefethenib.com](http://www.trefethenib.com)

For more c-store information, please contact Robert Valentine at [rvalentine@trefethenib.com](mailto:rvalentine@trefethenib.com)

*Trefethen Advisors, LLC is pleased to bring you this quarterly edition of its market update. This periodical is designed to provide current information on the public equity markets, convenience retailing markets, M&A activity as well as market and sector commentary. If you would like to add any colleagues to this newsletter, please contact us at [mokeefe@trefethenib.com](mailto:mokeefe@trefethenib.com)*

## Market Summary

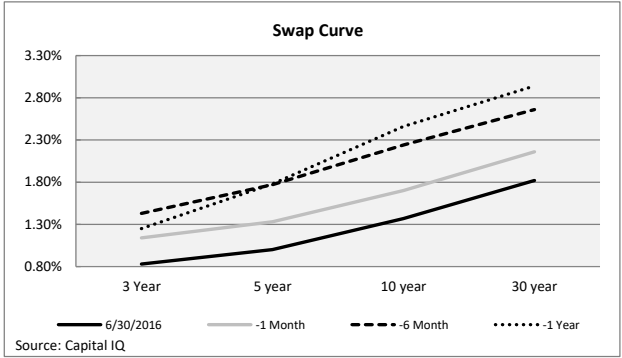
During the month of June, U.S. Stocks were driven higher and lower almost exclusively by the UK referendum vote on whether to exit the EU (BREXIT). The decision in favor of leaving the European Union caused one of the largest sell offs since 2011. S&P 500 and NASDAQ declined 3.0% and 5.3%, respectively, during the month of June. The British pound fell to lows not seen in more than 30 years while "safe" assets like U.S. Treasuries and precious metals spiked higher. Globally, WTI oil prices rebounded from lows of \$27/barrel in early February to nearly \$48/barrel by the end of June. New jobless claims continued to fall in June, signaling a recovery in the U.S. Economy. Meanwhile, investors fled to perceived "safe" assets as the Japanese Yen rose 18% versus U.S. Dollar and gold increased nearly 24% since the start of this year. Equity performance of the Trefethen C-Store Index increased 0.44% for the month of June and 4.34% for the year.



# Money & Commodity Markets

## Money Markets

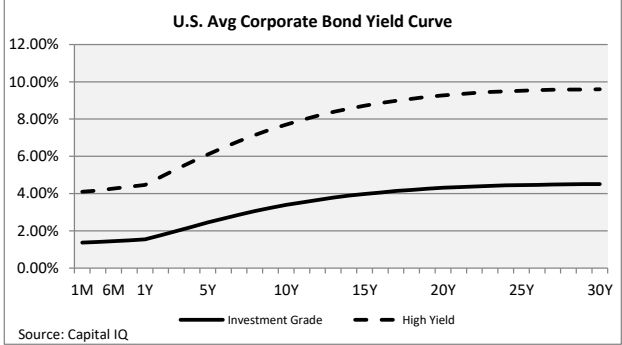
	6/30/2016	-1 Week	-1 Month	-6 Month	-1 Year
<b>Treasury Rates</b>					
6 Month	0.36%	0.43%	0.47%	0.47%	0.11%
1 Year	0.45%	0.58%	0.68%	0.64%	0.28%
5 Year	1.01%	1.25%	1.39%	1.80%	1.63%
10 year	1.49%	1.74%	1.85%	2.31%	2.35%
30 year	2.30%	2.55%	2.65%	3.04%	3.11%
<b>Swaps</b>					
3 Year	0.83%	1.01%	1.14%	1.43%	1.25%
5 year	1.00%	1.20%	1.33%	1.77%	1.78%
10 year	1.37%	1.60%	1.70%	2.24%	2.46%
30 year	1.82%	2.06%	2.16%	2.66%	2.94%
<b>LIBOR</b>					
1 Month	0.47%	0.45%	0.46%	0.43%	0.19%
3 Month	0.65%	0.64%	0.67%	0.61%	0.28%
1 year	1.23%	1.25%	1.32%	1.17%	0.77%
<b>Other Key Rates</b>					
Prime	3.50%	3.50%	3.50%	3.50%	3.25%
Discount	1.00%	1.00%	1.00%	1.00%	0.75%
<b>Foreign Exchange</b>					
Dollar Index (USD/Basket)	95.96	93.21	95.70	98.26	95.53
Pound/USD	1.33	1.48	1.46	1.48	1.57
Euro/USD	1.11	1.14	1.11	1.09	1.11
USD/¥en	102.70	105.80	111.07	120.59	122.30
USD/CNY	6.65	6.58	6.58	6.49	6.20



### Market Commentary

Money markets rallied during the month of June on the impact of BREXIT vote. Bond yields fell sharply in respond to investor demand. During the month, the US Dollar posted a rally against most major foreign currencies as sovereign debt concerns triggered buying of the greenback. The British pound fell to lowest not seen in more than 30 years. Our featured economic statistic this issue is the Corporate bond yield curve and the premium required for high yield bonds. Over the short term, premiums are roughly 3%, however longer term premiums expand to 5%.

### Featured Economic Graphic:



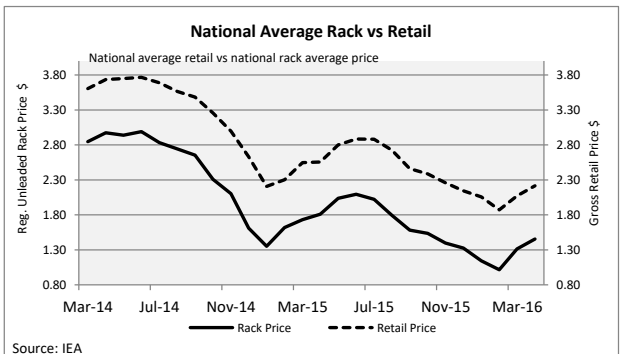
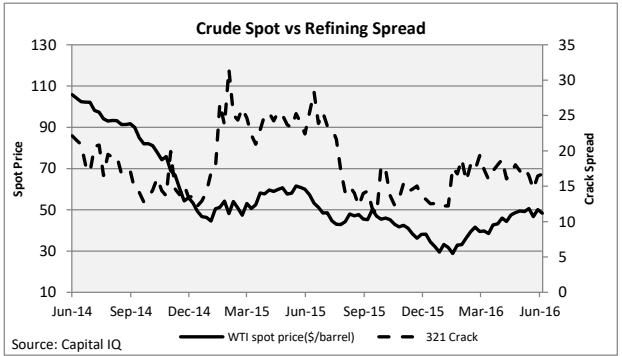
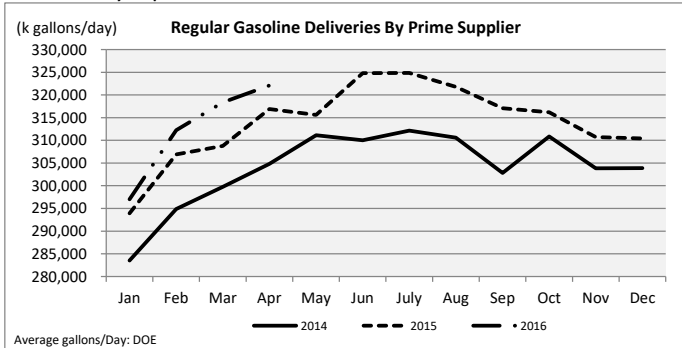
## Commodity Markets

	6/30/2016	-1 Week	-1 Month	-6 Month	-1 Year
<b>Energy Markets</b>					
Crude (W. TX Cushing Spot)	48.33	50.11	49.61	37.64	59.83
Crack Spread (NYMEX 3-2-1)	16.71	16.46	17.15	13.49	22.40
Retail Gasoline (US Avg.)	2.43	2.46	2.44	2.14	2.89
Rack (US Avg.)	-	-	1.45	1.33	2.09
Rack to Retail Spread	-	-	0.99	0.81	0.80
<b>Other Commodity Markets</b>					
Gold	1,320.60	1,263.10	1,216.70	1,059.80	1,171.80
Silver	18.62	17.35	16.27	13.84	15.58
Wheat	4.45	4.65	4.81	4.69	6.15
Corn	3.65	3.92	4.12	3.59	4.22

### Market Commentary

Crude prices were volatile during June and refining spreads after a period of stability posted a recent increase. Both Gold and Silver soared after UK voted to leave the EU. Our featured commodity graphic this issue focuses on gasoline demand measured by average deliveries of gasoline by prime suppliers. Data through April 2016 show a modest increase in demand over the pervious year reflecting the slow turn around of the economy.

### Featured Commodity Graphic



# Capital Markets

	Senior Term Debt	Senior Debt Asset Based	Mortgage Financing	High Yield	Mezzanine / Subordinated Debt	Private Equity	Sale Lease-Back
Issuers / Providers	Reduced base of traditional lenders including national, super-regional, regional and local banks	Bank and non-bank lenders (e.g. captive subs. of large commercial banks, stand-alone finance companies, and finance arms of large diversified corporations)	Bank and non-bank lenders (e.g. captive subs. of large commercial banks, stand-alone finance companies, and finance arms of large diversified corporations)	Institutional investors	Private investment funds / hedge funds, captive subsidiaries of large commercial banks and stand-alone finance companies	Private equity / hedge funds and captive subsidiaries of large commercial banks	Individual retail investors, private real estate companies, REIT's, developers and private equity / hedge funds
General Structure / Issue Size	Revolver and/or funded term loan. Issue size may determine need for syndication on a best efforts or underwritten basis	Revolver - generally	Term loan	Non-amortizing; bullet maturity. Suggested minimum transaction size of \$125.0 to \$150.0 million. Absolute minimum EBITDA of \$30 million	Amortizing term loan \$5 to \$50 million	Issue size generally \$20.0 to \$200.0 million	From a single asset to a total issue size up to \$300 million
Cost of Capital	Libor + 225-375 bps	Libor + approx. 225-375 bps	Fixed: Swaps + approx. 175-300 bps. Variable: Libor + approx. 175-300 bps.	2.69%-9.86% depends on ratio	Generally pricing in the teens. May include warrants	20%-30%	5.5% to 10.5% depending on asset quality, escalation provisions, unit economics and tenant credit
Interest Type	Fixed to swaps and variable	Variable	Long-term fixed rate financing (can be variable)	Fixed	Fixed / Variable. May include PIK component	May include preferred dividends - cash or PIK	Fixed - with periodic escalations
Advance Rate	Capacity limited by leverage. Availability up to 5.5x lease adjusted leverage	Capacity limited by asset coverage. Typically <70% of A/R and inventory balances	60% to 70% loan to real estate value	Generally up to 5X firm cash flow	Generally up to 5X firm cash flow depending on nature of assets (fee RE vs leased RE)	Investors will typically desire aggressive levels of leverage in order to maximize return on investment	100% of real estate value
Term / Amortization	Term of 5 years. Amortization up to 15 years	1 to 3 years - generally. Interest only. CO TERM ALSO	10 to 30 years	Generally 7 to 10 years. Non-amortizing; bullet maturity	Term is generally less than 7 years. Amortization varies	Generally 3 to 5 years	Primary term 15 to 20 years plus multiple tenant option terms
Collateral / Security	Senior lien on all long-term assets. Personal guaranties most likely required for smaller companies	A/R, inventory and other available assets	Specific real estate assets	Senior, senior-subordinated or subordinated lien on specific or all long-term assets	First or second lien on all assets. Personal guaranties may be required for smaller companies	Warrants / shares with put rights and other substantial minority protections. May have outright control	Lessor owns assets
Typical Covenants	Numerous balance sheet and income statement covenants	Numerous balance sheet and income statement covenants	Minimum balance sheet covenants. Moderate income statement coverage types of covenants	Numerous balance sheet and income statement covenants - but generally less restrictive than bank covenants	Moderate balance sheet and income statement covenants (subject to senior lender requirements). May contain control provisions	Control provisions / board representations	Minimal covenants
Call Protection	Yield maintenance for fixed little or no premium for floating rate	Pre-payable with little or no call premiums	Yield maintenance for fixed little or no premium for floating rate	Non-callable for 3/4 years; thereafter at set premiums	Non-callable / make-whole payments	N/A	N/A
Other General Advantages / Disadvantages	No public disclosure of financial performance	No public disclosure of financial performance	No public disclosure of financial performance	Least restrictive covenant package. S&P and Moody's rating required. Public disclosure requirements / Sarbanes Oxley	No public disclosure of financial performance. Premium pricing to public bond	Negotiable control and governance issues. No public disclosure of financial performance	Minimal covenants, higher advance rates and ability to control the property for up to 50 years through options
Other General Comments	Select lenders are getting more active in the industry. Underwriting is conservative, but there is debt available	The Asset Based Lending market is driven by current economic conditions, contraction in the traditional bank market and a renewed focus on structure and collateral by issuers	May be expensive to pre-pay	The high yield market may entertain lower rated issuers as investors may be willing to take on greater risk in the search for yield	Credit requirements include a strong, sustainable cash flow, growth potential in revenue and cash flow, strong asset base and experienced management teams with ownership position	May be useful for growth capital / acquisitions / large project financing. Requirements would include current or near term profitability, strong management team	Market is gaining some liquidity resulting in compressed cap rates

# Equity Markets

(\$MM, Except per Share Data)			\$ in Local Currency			Selected Financial Data (US \$)					Price/Earnings			TEV/EBITDA			Leverage		
Security	Ticker	Most Recent Qtr. End	Last 06/30/16	52 W High	52 W Low	Market Cap (MM)	Net Debt	TEV	TTM EPS	LTM EBITDA	LTM	NTM (Est)	+2Y (Est)	LTM	NTM (Est)	+2Y (Est)	Total Debt	LTM EBITDA	Lease Adj. Leverage (Est)
<b>Indices</b>																			
DOW JONES INDUS. AVG	^DJI		17,930	18,120	15,660														
S&P 500 INDEX	^SPX		2,099	2,128	1,829														
SPDR S&P RETAIL ETF	ARCA:XRT		41.96	50.97	37.80														
TREFETHEN C-STORE INDEX			57.71	62.53	45.34														
<b>Convenience</b>																			
ALIMENTATION COUCHE-TARD - B	TSX:ATD.B	04/16	42.74	49.45	37.10	24,362	2,479	27,471	2.08	2,277	20.1	19.4	17.2	12.1	11.4	10.3	3,079	1.4	2.3
CASEY'S GENERAL STORES INC	NasdaqGS:CASY	04/16	131.51	131.52	95.30	5,147	762	5,910	5.07	560	23.0	22.5	22.5	10.6	10.0	9.2	838	1.5	1.5
CST BRANDS, INC.	NYSE:CST	06/16	43.08	45.28	29.73	3,261	1,587	5,519	1.95	481	21.4	23.4	23.4	11.5	13.3	12.5	1,783	3.7	3.6
MURPHY USA, INC.	NYSE:MUSA	06/16	74.16	74.20	47.73	2,922	424	3,414	3.81	389	15.8	16.5	16.5	8.8	8.2	7.9	679	1.7	2.0
TRAVELCENTERS OF AMERICA	NasdaqGS:TA	06/16	8.16	16.95	6.41	317	612	525	0.34	112	153.7	21.1	21.1	4.7	3.8	3.3	746	6.7	6.3
<b>Refining/Wholesale/Retail</b>																			
ALON USA ENERGY INC	NYSE:ALJ	06/16	6.48	23.29	5.93	455	350	882	(0.95)	196	NM	NM	NM	4.5	4.6	4.1	556	2.8	3.7
CROSSAMERICA PARTNERS LP	NYSE:CAPL	06/16	24.52	31.49	17.39	815	481	1,317	0.52	105	54.0	43.9	43.9	12.5	12.0	11.0	485	4.6	4.6
DELEK US HOLDINGS INC	NYSE:DK	06/16	13.21	40.47	11.41	816	564	1,629	(0.79)	193	130.1	NM	NM	8.4	6.9	5.8	941	4.9	4.8
GLOBAL PARTNERS LP	NYSE:GLP	06/16	13.71	35.67	12.28	460	1,384	1,847	(0.33)	199	NM	NM	NM	9.3	9.7	9.7	1,392	7.0	6.6
HOLLYFRONTIER CORP	NYSE:HFC	06/16	23.77	54.73	22.53	4,179	1,145	5,932	(1.31)	1,215	8.2	10.4	10.4	4.9	5.6	4.8	1,678	1.4	1.9
MARATHON OIL CORP	NYSE:MRO	06/16	15.01	26.38	6.52	12,723	4,697	17,932	(2.89)	1,923	NM	NM	NM	9.3	10.1	8.0	7,281	3.8	4.0
MURPHY OIL CORP	NYSE:MUR	06/16	31.75	41.51	14.30	5,467	2,057	8,327	(13.75)	864	NM	NM	NM	9.6	9.0	7.1	2,455	2.8	3.5
PHILLIPS 66	NYSE:PSX	06/16	79.34	94.12	68.84	41,700	6,630	49,667	5.78	6,779	11.9	14.0	14.0	7.3	7.9	7.3	8,862	1.3	1.6
SUNOCO LP	NYSE:SUN	06/16	29.95	46.08	22.86	3,347	4,112	7,468	1.19	602	29.5	14.0	14.0	12.4	10.0	9.2	4,195	7.0	7.1
TESORO CORP	NYSE:TSO	06/16	74.92	119.67	67.80	8,989	3,394	15,040	10.59	3,490	6.3	10.5	10.5	4.3	5.9	5.6	4,515	1.3	2.2
VALERO ENERGY CORP	NYSE:VLO	06/16	51.00	73.88	49.91	23,960	2,585	28,356	6.22	7,100	7.1	9.1	9.1	4.0	4.6	4.4	7,510	1.1	1.7
WESTERN REFINING INC	NYSE:WNR	06/16	20.63	50.71	18.14	1,883	1,872	4,634	2.81	881	5.9	12.0	12.0	5.3	7.7	6.2	2,070	2.3	2.7
<b>Major Oil</b>																			
BP PLC	LSE:BP.	06/16	5.82	5.92	3.32	109,325	32,103	138,930	(0.29)	16,176	NM	23.4	23.4	8.6	6.1	5.1	55,727	3.4	4.4
CHEVRON CORP	NYSE:CVX	06/16	104.83	105.00	69.58	197,573	36,001	232,202	(0.40)	19,657	151.8	36.7	36.7	11.8	7.9	6.5	45,085	2.3	2.3
CONOCOPHILLIPS	NYSE:COP	06/16	43.60	60.77	31.05	53,994	24,525	78,594	(5.69)	3,235	NM	NM	NM	24.3	10.7	7.7	28,677	8.9	8.4
EXXON MOBIL CORP	NYSE:XOM	06/16	93.74	93.83	66.55	388,703	40,113	433,276	2.52	32,835	30.2	28.3	28.3	13.2	10.0	8.3	44,471	1.4	1.7
ROYAL DUTCH SHELL PLC-A SHS	ENXTAM:RDSA	06/16	27.40	30.13	18.35	220,268	75,107	289,840	(0.69)	37,887	NM	23.7	23.7	7.7	6.9	5.9	90,329	2.4	2.8
TOTAL SA	ENXTPA:FP	06/16	48.18	52.64	39.10	115,100	30,786	147,333	1.27	20,149	29.5	13.8	13.8	7.3	6.4	5.2	55,457	2.8	2.4
<b>Drug</b>																			
CVS CAREMARK CORP	NYSE:CVS	06/16	95.74	113.65	81.37	102,827	27,429	128,438	4.34	12,365	20.8	15.9	15.9	10.4	9.6	9.0	28,636	2.3	3.0
WALGREEN CO	NasdaqGS:WBA	05/16	83.27	97.30	71.50	89,952	10,199	100,770	2.89	8,373	27.2	17.4	17.4	12.0	11.0	10.1	13,525	1.6	3.3
<b>Restaurant</b>																			
DARDEN RESTAURANTS INC	NYSE:DRI	05/16	63.34	75.60	53.38	8,027	165	8,192	2.78	918	22.8	16.4	16.4	8.9	8.3	8.0	440	0.5	2.2
MCDONALD'S CORP	NYSE:MCD	06/16	120.34	131.96	87.50	105,641	22,882	125,684	5.24	9,182	23.1	21.1	21.1	13.7	13.3	12.8	26,010	2.8	3.7
STARBUCKS CORP	NasdaqGS:SBUX	06/16	57.12	64.00	42.05	83,675	1,286	85,256	1.78	4,999	33.8	27.6	27.6	17.1	15.2	14.2	3,602	0.7	2.0
YUM! BRANDS INC	NYSE:YUM	06/16	82.92	92.42	64.58	33,785	4,568	37,743	3.32	2,877	27.4	22.1	22.1	13.1	12.2	11.8	5,363	1.9	3.5
<b>Grocery</b>																			
KROGER CO	NYSE:KR	05/16	36.79	42.75	27.32	34,913	11,995	46,950	2.14	5,837	17.2	16.1	16.1	8.0	7.5	7.2	12,386	2.1	2.3
<b>Home Improvement</b>																			
HOME DEPOT INC	NYSE:HD	05/16	127.69	137.82	92.17	158,847	17,691	176,538	5.69	14,080	22.4	19.7	19.7	12.5	11.4	10.8	20,948	1.5	1.9
LOWE'S COS INC	NYSE:LOW	04/16	79.17	80.76	62.62	70,153	10,670	80,823	3.00	7,248	26.4	18.9	18.9	11.2	9.9	9.4	15,405	2.1	2.3
<b>Discount</b>																			
DOLLAR GENERAL CORP	NYSE:DG	04/16	94.00	94.27	59.75	26,675	2,804	29,479	4.14	2,357	22.7	19.7	19.7	12.5	11.1	10.7	2,991	1.3	3.1
WAL-MART STORES INC	NYSE:WMT	04/16	73.02	74.14	56.30	227,578	42,952	273,105	4.52	34,043	16.1	17.0	17.0	8.0	8.5	8.4	50,549	1.5	1.6

# Alimentation Couche Tard, Inc.

Ticker: TSX:ATD.B

Alimentation Couche-Tard, Inc. operates a network of 24-hour convenience stores in the United States and Canada. In Europe, Couche-Tard is also a leader in convenience store and road transportation fuel retail in the Scandinavian and Baltic countries with a significant presence in Poland. The Company offers a variety of food and other products, fast-food services, lottery and gasoline sales, and automated banking machines.

(USD MM, Except per Share Data and Where Otherwise Noted)

## Valuation Analytics (USD)

Latest Fiscal Year:

LTM as of:

52-Week High

52-Week Low

Daily Volume (30 Day Average, Thousand)

Current Price (USD)

52-Week High (% Chg)

52-Week Low (% Chg)

% 52 Week Price Range High/Low

Shares Outstanding (MM)

Market Capitalization (USD)

Total Debt

Preferred Stock

Minority Interest

Cash and Equivalents

Enterprise Value

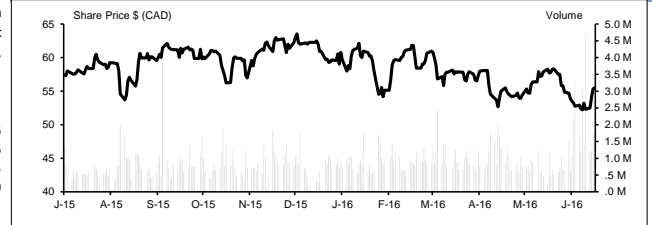
Relative Stock Price Performance

YTD Change

YTD % Change

Spider Retail Index YTD % Change

## Share Price and Volume



4/24/2016

4/24/2016

49.45

37.10

1,435.4

42.74

(13.6%)

## Market Data

Dividend Yield %

Beta 5Y

Float %

Short Int. (Short Interest to Total Shares Outstanding)

1 Yr Return on Equity

YTD Return

Relative Strength Index

S&P STARS Ranking

S&P Quality Ranking

Valuation

Enterprise Value / Revenue

Enterprise Value / EBITDA

Price / Earnings (P/E)

0.49%

(0.58)

71.4%

-

27.6%

(8.9%)

55.59

NA

A+

0.8

12.0

27.8

0.8

10.7

20.3

0.7

10.1

18.2

## Income Statement (USD Millions)

	Fiscal Year Ended					Prev LTM	Cur LTM	FY+1	FY+2	FQ+1	FQ+2
	4/29/2012	4/28/2013	4/27/2014	4/26/2015	4/24/2016						
Sales	22,980	35,543	37,962	34,530	34,145	34,033	34,145	40,242	41,988	9,948	10,189
Gross Profit	2,975	4,610	4,988	5,268	6,082	5,862	6,082	NA	NA	NA	NA
Operating Expense	2,397	3,757	3,999	3,905	4,468	4,296	4,468	NA	NA	NA	NA
Operating Income	578	853	989	1,363	1,614	1,565	1,614	NA	NA	NA	NA
EBITDA	839	1,390	1,591	1,913	2,281	2,164	2,277	2,561	2,727	607	623
Net Income	458	573	811	933	1,194	1,117	1,194	1,228	1,287	NA	NA
Normalized Diluted EPS	0.81	1.11	1.35	1.80	2.11	2.00	2.11	2.35	2.57	0.58	0.60

## Margins:

Gross Profit (%)

Operating Income (%)

EBITDA Margin (%)

Net Income (%)

## Fuel Operations (U.S. Stores):

Fuel Volume (MM Gallons)

Fuel Gross Profit

Fuel margin (CPG)

Same Store Fuel Vol in U.S. (%Chg)

## Merchandise /Service (U.S. Stores):

Merchandise /Service Sales

Merchandise /Service Gross Profit

Merchandise /Service Margin (%)

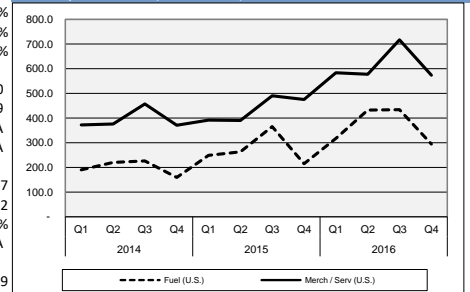
Same Store Merch /Serv Sale in US (%Chg)

## Other Information:

Number of U.S. Stores (Co-op)

Capital Expenditures

## Quarterly Gross Profit (USD Millions)



## Balance Sheet

Assets:	
Total Current Assets	2,935
<b>LT Assets:</b>	
Net Fixed Assets	6,405
Other	2,842
Long Term Investments	123
Total LT Assets	9,369
Total Assets	12,304
<b>Liabilities:</b>	
ST Liabilities	2,706
<b>LT Liabilities:</b>	
LT Debt	3,050
Other LT	1,505
Total Liabilities	7,260
<b>Shareholder's Equity:</b>	
Paid in Capital	15
Preferred Equity & Minority	-
Retained Earnings	5,022
Comprehensive Income	(693)
Treasury Stock	-
Common Stock	700
Total Liabilities & Equity	12,304

## Credit Ratings

S&P Credit Rating

S&P Outlook

## Credit Metrics

Funded Debt / EBITDA

Lease Adjusted Leverage\*

Total Debt to Capital

Current Ratio

## Profitability Metrics

Return on Capital (LTM)

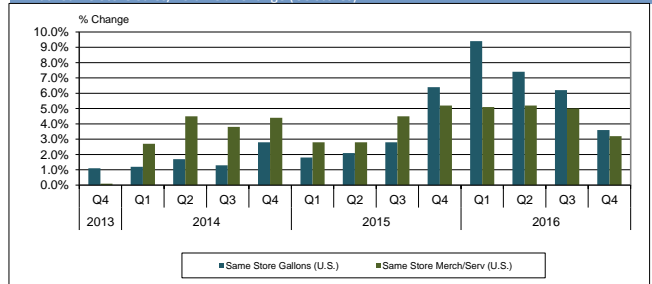
Return on Common Equity (LTM)

## Notes

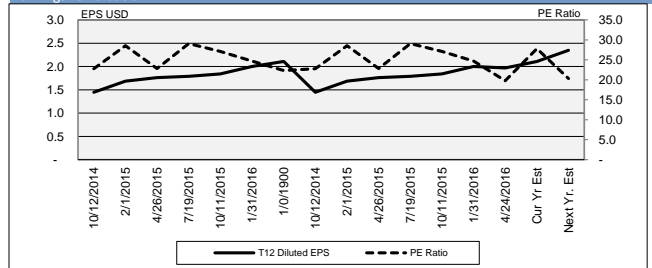
\*Calculated as follows: [(Net Rent Expense\* 8) + LT debt] / EBITDAR

## Graphics

### Annual Same Store Sales/Volume % Change (US stores)



### Earnings vs Valuation



# Casey's General Store, Inc.

Ticker: NasdaqGS:CASY

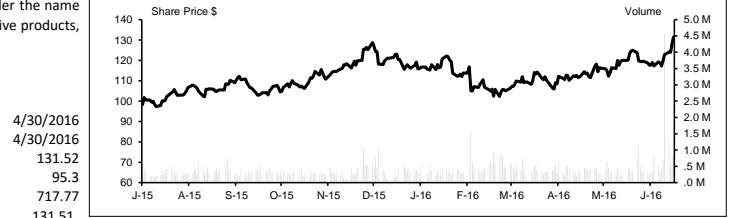
Casey's General Stores, Inc. operates convenience stores in the Midwest. The Company's stores, operating under the name Casey's General Store, carry a selection of food, beverages, tobacco products, health and beauty aids, automotive products, and other non-food items, as well as sells gasoline.

(USD MM, Except per Share Data and Where Otherwise Noted)

## Valuation Analytics

Latest Fiscal Year:		4/30/2016
LTM as of:		4/30/2016
52-Week High		131.52
52-Week Low		95.3
Daily Volume (30 Day Average, Thousand)		717.77
Current Price		6/30/2016
52-Week High % Change		131.51
52-Week Low % Change		(0.0%)
% 52 Week Price Range High/Low		38.0%
Shares Outstanding (MM)		38.0%
Market Capitalization		39.1
Total Debt		5,147
Preferred Stock		838
Minority Interest		-
Cash and Equivalents		-
Enterprise Value		76
Relative Stock Price Performance		5,910
YTD Change		11.06
YTD % Change		9.2%
Spider Retail Index YTD % Change		(3.0%)

## Share Price and Volume



## Market Data

Dividend Yield	0.73%
Beta 5Y	0.48
Float %	99.0%
Short Int. (Short Interest to Total Shares Outstanding)	6.7%
1 Yr Return on Equity	23.1%
YTD Return	9.2%
Relative Strength Index	73.92
S&P STARS Ranking (1 - 5)	4
S&P Quality Ranking	A+
Valuation	
Enterprise Value / Revenue	Last Fiscal: 0.8, LTM: 0.8, FY+1: 0.8, FY+2: 0.7
Enterprise Value / EBITDA	Last Fiscal: 10.6, LTM: 10.6, FY+1: 10.0, FY+2: 9.0
Price / Earnings (P/E)	Last Fiscal: 23.0, LTM: 23.0, FY+1: 22.5, FY+2: 20.0

## Income Statement (USD Millions)

	Fiscal Year Ended					Quarterly (USD Millions)					
	4/30/2012	4/30/2013	4/30/2014	4/30/2015	4/30/2016	Prev LTM	Cur LTM	FY+1	FY+2	FQ+1	FQ+2
Sales	6,461	6,655	7,194	7,052	6,304	6,478	6,304	7,660	8,736	1,951	1,953
Gross Profit	1,000	1,071	1,222	1,440	1,614	1,572	1,614	NA	NA	NA	NA
Operating Expense	785	869	986	1,115	1,223	1,189	1,223	NA	NA	NA	NA
Operating Income	215	203	236	325	391	383	391	NA	NA	NA	NA
EBITDA	315	329	377	479	560	548	560	593	658	164	165
Net Income	115	104	127	181	226	220	226	231	259	NA	NA
Normalized Diluted EPS	3.04	2.91	3.46	4.62	5.73	5.59	5.73	5.84	6.57	1.75	1.74

## Margins:

	4/30/2012	4/30/2013	4/30/2014	4/30/2015	4/30/2016	Prev LTM	Cur LTM
Gross Profit (%)	15.5%	16.1%	17.0%	20.4%	25.6%	24.3%	25.6%
Operating Income (%)	3.3%	3.0%	3.3%	4.6%	6.2%	5.9%	6.2%
EBITDA Margin (%)	4.9%	4.9%	5.2%	6.8%	8.9%	8.5%	8.9%
Net Income (%)	1.8%	1.6%	1.8%	2.6%	3.6%	3.4%	3.6%

## Fuel Operations:

	4/30/2012	4/30/2013	4/30/2014	4/30/2015	4/30/2016	Prev LTM	Cur LTM
Fuel Volume (MM Gallons)	1,476	1,535	1,666	1,817	1,952	1,914.45	1,951.81
Fuel Gross Profit	227	233	268	351	382	371.06	381.66
Fuel margin (CPG)	15.4	15.2	16.8	19.3	19.6	NA	NA
Same Store Fuel Vol (%Chg)	(1.5%)	0.1%	3.1%	2.6%	2.6%	NA	NA

## Grocery & Other Merchandise:

	4/30/2012	4/30/2013	4/30/2014	4/30/2015	4/30/2016	Prev LTM	Cur LTM
Grocery & Other Merchandise Sales	1,365	1,419	1,583	1,795	1,974	1,933.18	1,974.07
Grocery & Other Merchandise Gross Profit	443	463	508	576	629	616.17	629.23
Grocery & Other Merchandise Margin (%)	32.5%	32.6%	32.1%	32.1%	31.9%	31.9%	31.9%
Same Store Grocery/Merch Sale (%Chg)	6.7%	0.8%	7.4%	7.8%	7.1%	NA	NA

## Other Information:

	4/30/2012	4/30/2013	4/30/2014	4/30/2015	4/30/2016	Prev LTM	Cur LTM
Number of Stores (Co-op)	1,699	1,749	1,808	1,878	1,931	1,911	1,931
Capital Expenditures	241	305	309	361	393	381	393

## Balance Sheet

Assets:	
Total Current Assets	326
LT Assets:	
Net Fixed Assets	2,252
Other	148
Long Term Investments	-
Total LT Assets	2,400
Total Assets	2,726
Liabilities:	
ST Liabilities	388
LT Liabilities:	
LT Debt	814
Other LT	441
Total Liabilities	1,643
Shareholder's Equity:	
Paid in Capital	-
Preferred Equity & Minority	-
Retained Earnings	1,011
Comprehensive Income	-
Treasury Stock	-
Common Stock	73
Total Liabilities & Equity	2,726

## Credit Ratings

S&P Credit Rating	-
S&P Outlook	-
Credit Metrics	
Funded Debt / EBITDA	1.4
Lease Adjusted Leverage*	1.5
Total Debt to Capital	44%
Current Ratio	0.8

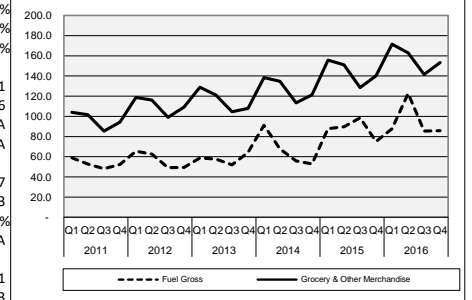
## Profitability Metrics

Return on Capital (LTM)	13.4%
Return on Common Equity (LTM)	23.1%

## Notes

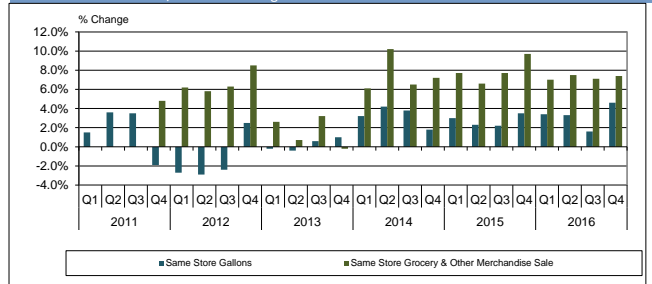
\*Calculated as follows: [(Net Rent Expense \* 8) + LT debt] / EBITDAR

## Quarterly Gross Profit (USD Millions)

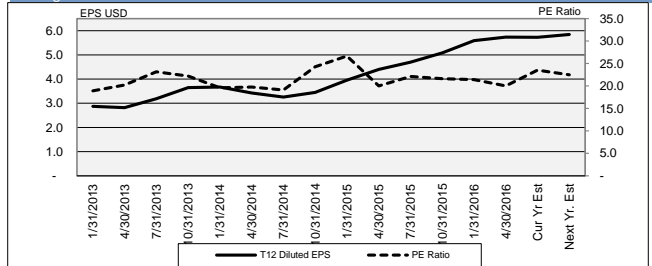


## Graphics

### Annual Same Store Sales/Volume % Change



## Earnings vs Valuation



# CST Brands, Inc.

Ticker: NYSE:CST

CST Brands, Inc. operates as an independent retailer of motor fuel and convenience merchandise items in the United States and eastern Canada. The Company's retail operations include sale of motor fuel at convenience stores, commission agents, and cardlocks; food, merchandise items, and services at convenience stores; and heating oil to residential customers, as well as heating oil and motor fuel to small commercial customers

(\$USD MM, Except per Share Data and Where Otherwise Noted)

## Valuation Analytics

Latest Fiscal Year:

LTM as of:

52-Week High

52-Week Low

Daily Volume (30 Day Average, Thousand)

Current Price

52-Week High % Change

52-Week Low % Change

% 52 Week Price Range High/Low

Shares Outstanding (MM)

Market Capitalization

Total Debt

Preferred Stock

Minority Interest

Cash and Equivalents

Enterprise Value

Relative Stock Price Performance

YTD Change

YTD % Change

Spider Retail Index YTD % Change

12/31/2015

3/31/2016

45.275

29.73

1031.4

43.08

(4.8%)

44.9%

52.3%

75.5

3,261 Short Int. (Short Interest to Total Shares Outstanding)

1,820

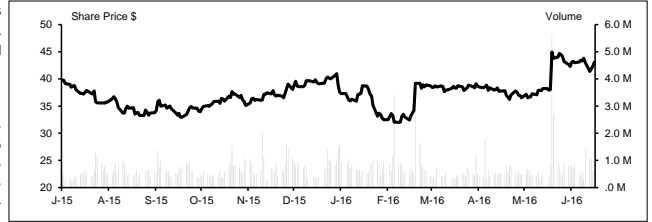
-

605

167

5,519

## Share Price and Volume



## Market Data

Dividend Yield 0.58%

Beta 5Y 1.15

Float % 98.0%

Short Int. (Short Interest to Total Shares Outstanding) 6.5%

1 Yr Return on Equity 9.6%

YTD Return 10.1%

Relative Strength Index 57.38

S&P STARS Ranking (1 - 5) 3

S&P Quality Ranking NR

## Valuation

3.94 Enterprise Value / Revenue

10.1% Enterprise Value / EBITDA

(3.0%) Price / Earnings (P/E)

Last Fiscal LTM FY+1 FY+2

0.6 0.6 0.6

12.8 12.1 13.8

22.1 21.4 23.6 21.1

## Income Statement (USD Millions)

	Fiscal Year Ended					Periods					
	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	Prev LTM	Cur LTM	FY+1	FY+2	FQ+1	FQ+2
Sales	10,826	11,058	12,777	12,754	11,444	11,444	11,070	9,578	10,868	2,533	2,604
Gross Profit	1,133	1,133	1,097	1,273	1,383	1,383	1,413	1,420	1,521	376	390
Operating Expense	808	820	853	974	1,116	1,116	1,136	NA	NA	NA	NA
Operating Income	325	313	244	299	267	267	277	NA	NA	NA	NA
EBITDA	-	-	366	441	432	503	456	401	441	105	117
Net Income	218	208	139	200	149	149	154	135	152	38	48
Normalized Diluted EPS	-	2.12	1.89	2.38	2.19	3.03	3.26	1.83	2.04	0.48	0.62

## Margins:

Gross Profit (%) 10.5% 10.2% 8.6% 10.0% 12.1% 12.1% 12.8%

Operating Income (%) 3.0% 2.8% 1.9% 2.3% 2.3% 2.3% 2.5%

EBITDA Margin (%) - - 2.9% 3.5% 3.8% 4.4% 4.1%

Net Income (%) 2.0% 1.9% 1.1% 1.6% 1.3% 1.3% 1.4%

## Fuel Operations (U.S. Retail):

Fuel Volume (MM Gallons) 1,843 1,915 1,890 1,826 1,953 NA NA

Fuel Gross Profit 258 298 262 383 376 376 391

Fuel margin (CPG) 15.0 16.0 14.0 20.1 19.5 NA NA

Same Store Fuel Vol (%Chg) NA NA (3.2%) (4.6%) (0.9%) NA NA

## Merchandise/Service (U.S. Retail):

Merchandise/Service Sales 1,276 1,295 1,335 1,396 1,514 1,514 1,583

Merchandise/Service Gross Profit 406 367 436 460 497 497 526

Merchandise/Service Margin (%) 31.8% 28.3% 32.7% 33.0% 32.8% 32.8% 33.2%

Same Store Merch Sale (%Chg) NA NA (0.7%) 1.1% 2.9% NA NA

## Other information:

Number of Stores (Co-op) 998 1,032 1,036 1,021 1,049 1,049 1,219

Capital Expenditures 130 156 200 285 343 343 359

## Balance Sheet

Assets: Total Current Assets 612

LT Assets: Net Fixed Assets 2,496

Other 1,140

Long Term Investments

Total LT Assets 3,636

Total Assets 4,248

## Liabilities:

ST Liabilities 582

LT Liabilities: LT Debt 1,735

Other LT 389

Total Liabilities 2,706

## Shareholder's Equity:

Paid in Capital 626

Preferred Equity & Minority 605

Retained Earnings 412

Comprehensive Income (15)

Treasury Stock (87)

Common Stock 1

Total Liabilities & Equity 4,248

## Credit Ratings

S&P Credit Rating BB

S&P Outlook NM

## Credit Metrics

Funded Debt / EBITDA 3.5

Lease Adjusted Leverage\* 3.6

Total Debt to Capital 54%

Current Ratio 1.1

## Profitability Metrics

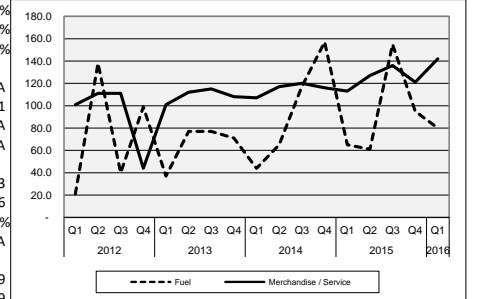
Return on Capital (LTM) 5.6%

Return on Common Equity (LTM) 18.3%

## Notes

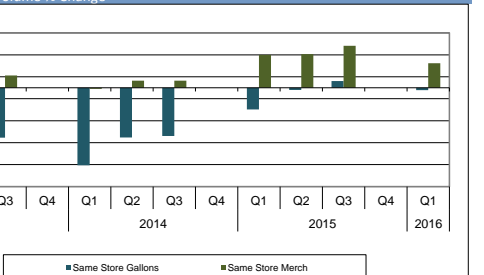
\*Calculated as follows: [(Net Rent Expense \* 8) + LT debt] / EBITDAR

## Quarterly Gross Profit (USD Millions)

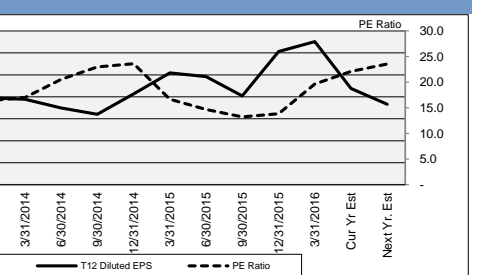


## Graphics

### Annual Same Store Sales/Volume % Change



## Earnings vs Valuation





# Murphy USA, Inc.

Ticker: NYSE:MUSA

Murphy USA, Inc. operates a chain of retail stores in the United States. The Company's retail stores offer motor fuel product and convenience merchandise.

(USD MM, Except per Share Data and Where Otherwise Noted)

## Valuation Analytics

Latest Fiscal Year:

LTM as of:

52-Week High 6/30/2016 74.2

52-Week Low 8/26/2015 47.73

Daily Volume (Thousand) 307.4

Current Price 6/30/2016 74.16

52-Week High % Change (0.1%)

52-Week Low % Change 55.4%

% 52 Week Price Range High/Low 55.5%

Shares Outstanding (MM) 39.4

## Market Capitalization

Total Debt 688

Preferred Stock -

Minority Interest -

Cash and Equivalents 196

Enterprise Value 3,414

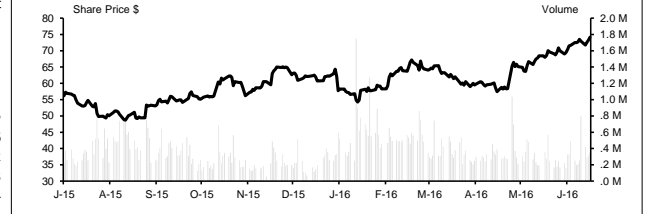
## Relative Stock Price Performance

YTD Change 13.42

YTD % Change 22.1%

Spider Retail Index YTD % Change (3.0%)

## Share Price and Volume



## Market Data

Dividend Yield 0.00%

Beta 5Y 0.81

Float % 93.4%

Short Int. (Short Interest to Total Shares Outstanding) 2.3%

1 Yr Return on Equity 25.5%

YTD Return 22.1%

Relative Strength Index 69.25

S&P STARS Ranking (1 - 5) NA

S&P Quality Ranking NA

Valuation Last Fiscal LTM FY+1 FY+2

Enterprise Value to Revenue 0.3 0.3 0.3 0.2

Enterprise Value to EBITDA 10.0 9.4 8.0 7.9

Price to Earnings (P/E) 23.6 15.8 16.4 15.2

## Income Statement (USD millions)

	Fiscal Year Ended					Prev LTM	Cur LTM	FY+1	FY+2	FQ+1	FQ+2
	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015						
Sales	17,088	17,339	15,930	15,055	10,731	10,731	10,291	12,028	13,714	3,086	3,292
Gross Profit	470	398	466	565	472	472	492	1,045	1,108	248	288
Operating Expense	159	186	189	200	217	217	220	NA	NA	NA	NA
Operating Income	311	212	277	365	255	255	272	NA	NA	NA	NA
EBITDA	-	-	340	475	343	344	365	427	432	100	129
Net Income	324	84	235	244	176	176	239	175	42	42	63
Normalized Diluted EPS	-	-	3.27	5.11	4.05	3.39	4.33	4.53	4.87	1.07	1.54

## Margins:

Gross Profit (%) 2.8% 2.3% 2.9% 3.8% 4.4%

Operating Income (%) 1.8% 1.2% 1.7% 2.4% 2.4%

EBITDA Margin (%) - - 2.1% 3.2% 3.2%

Net Income (%) 1.9% 0.5% 1.5% 1.6% 1.6%

## Fuel Operations:

Fuel Volume (Million Gallons) 3,716 3,796 3,800 3,981 4,124

Fuel Gross Profit 625.7 556.7 550.4 653.9 510.2

Fuel margin (CPG) 15.6 12.9 13.0 15.8 12.5

Avg Per Store Month Fuel Vol (%Chg) (9.4%) (0.3%) (3.1%) 0.7% (0.9%)

## Merchandise:

Merchandise Sales 2,116 2,144 2,159 2,161 2,274

Merchandise Gross Profit 264 289 282 302 327

Merchandise Margin (%) 12.5% 13.5% 13.1% 14.0% 14.4%

APSM Merch Sales (%Chg) 3.0% (1.1%) (2.5%) (3.7%) 0.6%

## Other Information:

Number of Stores (Co-op) 1,128 1,165 1,203 1,263 1,335

Capital Expenditures 100 105 163 135 205

## Balance Sheet

Assets: Total Current Assets 491

## LT Assets:

Net Fixed Assets 1,385

Other 145

Long Term Investments -

Total LT Assets 1,530

Total Assets 2,021

## Liabilities:

ST Liabilities 400

## LT Liabilities:

LT Debt 658

Other LT 237

Total Liabilities 1,295

## Shareholder's Equity:

Paid in Capital 550

Preferred Equity & Minority -

Retained Earnings 614

Comprehensive Income -

Treasury Stock (438)

Common Stock 0

Total Liabilities & Equity 2,021

## Credit Ratings

S&P Credit Rating BB+

S&P Outlook Stable

## Credit Metrics

Funded Debt / EBITDA 1.8

Lease Adjusted Leverage\* 2.0

Total Debt to Capital 49%

Current Ratio 1.2

## Profitability Metrics

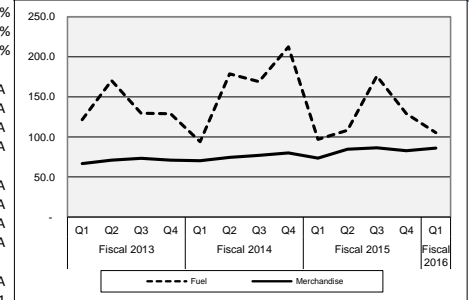
Return on Capital (LTM) 12.4%

Return on Common Equity (LTM) 25.5%

## Notes

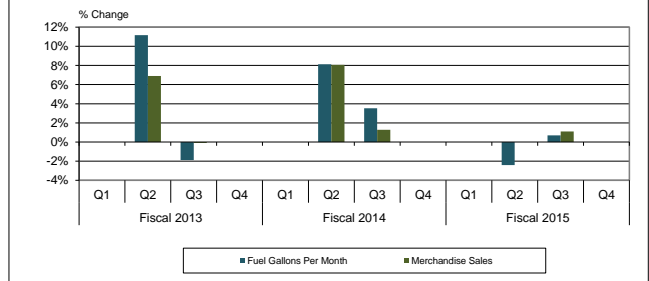
\*Calculated as follows: [(Net Rent Expense \* 8) + LT debt] / EBITDAR

## Quarterly Gross Profit (USD Millions)

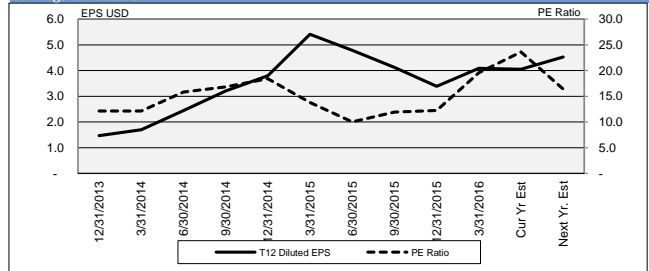


## Graphics

### Annual Same Store Sales/Volume % Change



### Earnings vs Valuation





# TravelCenters of America LLC

Ticker: NasdaqGS:TA

TravelCenters of America LLC operates and franchises travel center and convenience store. The Company's convenience store business, operating under the Minit Mart brand, offers gasoline, packages food and snack items, non-prescription drug and beauty supplies, tobacco products and video products. The Company also provides roadside truck service program for truck and trailer repair services.

(USD MM, Except per Share Data and Where Otherwise Noted)

## Valuation Analytics

Latest Fiscal Year:

LTM as of:

52-Week High 8/5/2015

52-Week Low 1/20/2016

Daily Volume (Thousand)

Current Price 6/30/2016

52-Week High % Change

52-Week Low % Change

% 52 Week Price Range High/Low

Shares Outstanding (MM)

Market Capitalization

Total Debt

Preferred Stock

Minority Interest

Cash and Equivalents

Enterprise Value

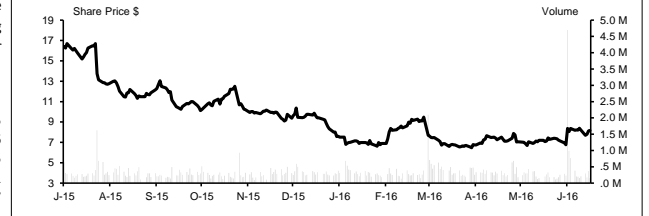
Relative Stock Price Performance

YTD Change

YTD % Change

Spider Retail Index YTD % Change

## Share Price and Volume



12/31/2015

3/31/2016

16.95

6.41

475.7

8.16

(51.9%)

## Market Data

27.3% Dividend Yield 0.00%

164.4% Beta 5Y 2.94

38.8% Float % 91.7%

317 Short Int. (Short Interest to Total Shares Outstanding) 0.9%

338 1 Yr Return on Equity 0.4%

- YTD Return (13.2%)

- Relative Strength Index 57.62

130 S&P STARS Ranking (1 - 5) NA

525 S&P Quality Ranking B-

## Valuation

(1.24) Enterprise Value to Revenue 0.1 0.1 0.1 0.1

(13.2%) Enterprise Value to EBITDA 3.5 4.7 4.0 3.3

(3.0%) Price to Earnings (P/E) 11.3 153.7 25.4 10.3

## Income Statement (USD millions)

	Fiscal Year Ended					Prev LTM	Cur LTM	FY+1	FY+2	FQ+1	FQ+2
	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015						
Sales	7,889	7,996	7,945	7,779	5,851	7,779	5,607	5,641	6,446	1,446	1,547
Gross Profit	361	387	397	503	504	503	477	NA	NA	NA	NA
Operating Expense	327	346	366	390	426	390	440	NA	NA	NA	NA
Operating Income	34	42	31	114	78	114	37	NA	NA	NA	NA
EBITDA	81	93	80	179	150	150	111	130	161	41	48
Net Income	24	32	32	61	28	61	2	15	31	8	13
Normalized Diluted EPS	1.00	1.15	0.54	1.64	0.97	0.78	0.27	0.32	0.79	0.21	0.35

## Margins

Gross Profit (%) 4.6% 4.8% 5.0% 6.5% 8.6% 6.5% 8.5%

Operating Income (%) 0.4% 0.5% 0.4% 1.5% 1.3% 1.5% 0.7%

EBITDA Margin (%) 1.0% 1.2% 1.0% 2.3% 1.9% 1.9% 2.0%

Net Income (%) 0.3% 0.4% 0.4% 0.8% 0.5% 0.8% 0.0%

## Fuel Operations:

Fuel Volume (MM) 2,087 2,040 2,035 2,025 2,130 2,025 NA

Fuel Gross Profit 301 326 342 429 414 429 NA

Fuel margin (CPG) 15.0 16.7 17.2 19.8 20.5 19.8 NA

Same Store Fuel Vol. (%Chg) 0.0% (4.2%) (3.1%) (4.3%) 0.7% (4.3%) NA

## Merchandise:

Merchandise Sales 1,271 1,345 1,451 1,617 1,783 1,617 NA

Merchandise Gross Profit 723 745 798 878 963 878 NA

Merchandise Margin (%) 56.9% 55.4% 55.0% 54.3% 54.0% 54.3% NA

Same Store Merch Sale (%Chg) 8.4% 3.2% 2.7% 4.1% 5.4% 4.1% 5.4%

## Other Information:

Number of Stores (Co-op) 196 210 251 254 426 254 452

Capital Expenditures 125 189 164 170 295 170 311

## Balance Sheet

Assets: Total Current Assets 466

LT Assets: Net Fixed Assets 1,030

Other 115

Long Term Investments 28

Total LT Assets 1,172

Total Assets 1,638

## Liabilities:

ST Liabilities 331

LT Liabilities: LT Debt 317

Other LT 450

Total Liabilities 1,097

## Shareholder's Equity:

Paid in Capital -

Preferred Equity & Minority -

Retained Earnings (143)

Comprehensive Income 0

Treasury Stock -

Common Stock 683

Total Liabilities & Equity 1,638

## Credit Ratings

S&P Credit Rating NR

S&P Outlook NR

## Credit Metrics

Funded Debt / EBITDA 2.8

Lease Adjusted Leverage\* 6.3

Total Debt to Capital 38%

Current Ratio 1.4

## Profitability Metrics

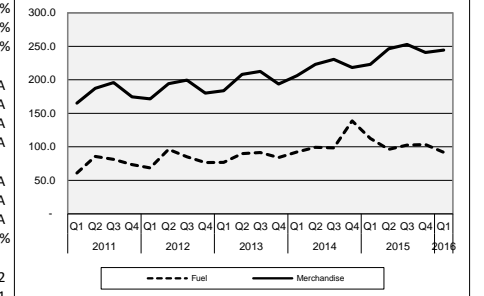
Return on Capital (LTM) 2.7%

Return on Common Equity (LTM) 0.4%

## Notes

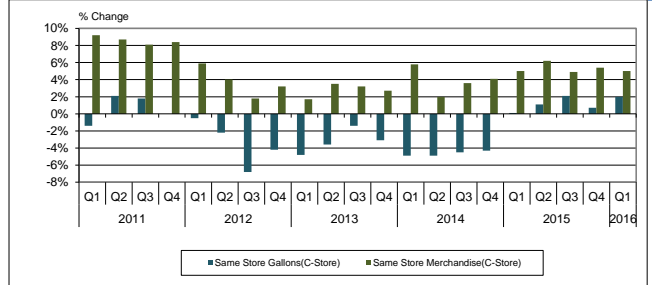
\*Calculated as follows: [(Net Rent Expense\* 8) + LT debt] / EBITDAR

## Quarterly Gross Profit (USD Millions)

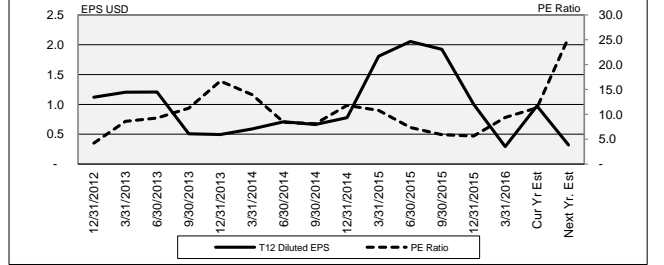


## Graphics

## Annual Same Store Sales/Volume % Change

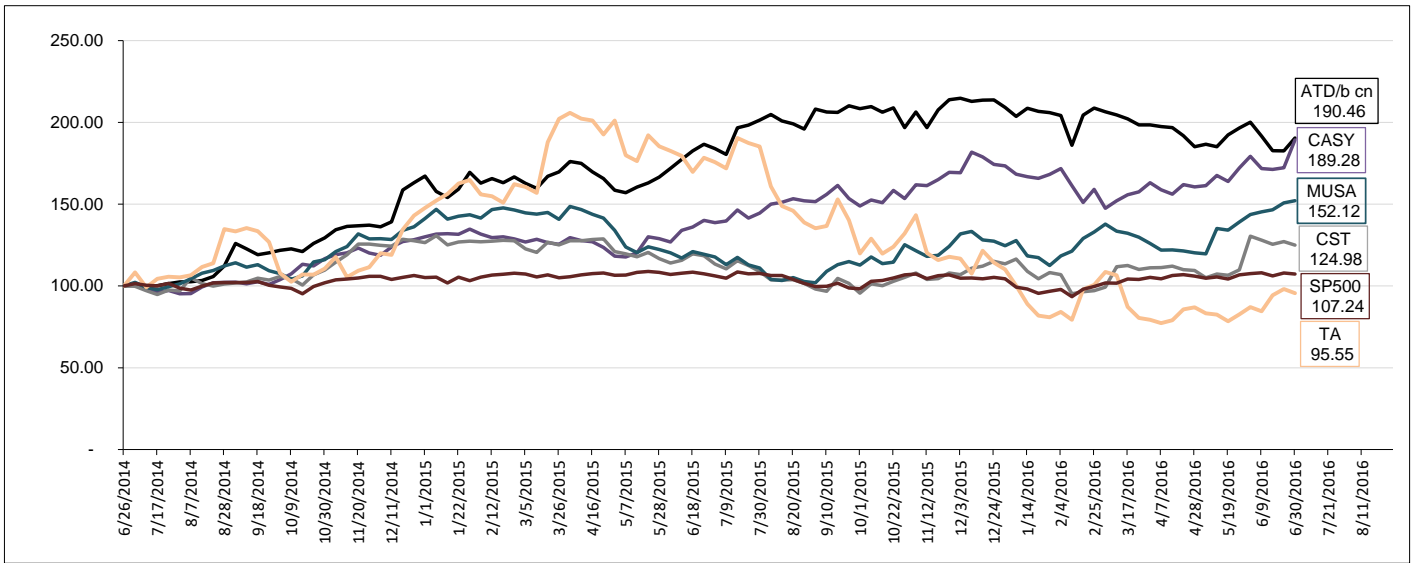


## Earnings vs Valuation



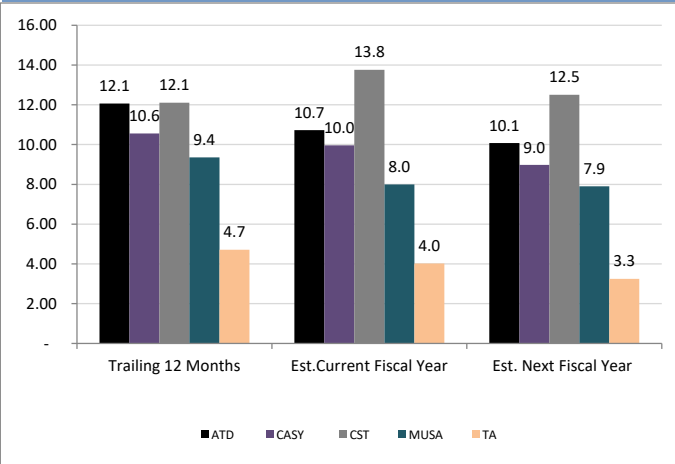
# Comparison Graphics: Convenience Retailing

## Historical Relative Performance

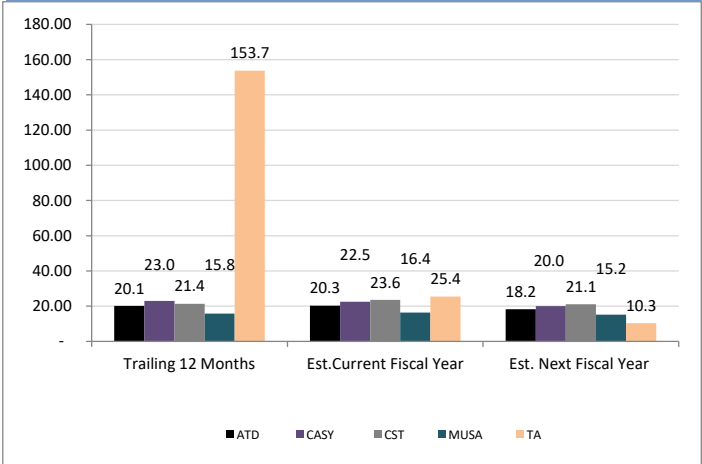


Index, 100 = June 26, 2014

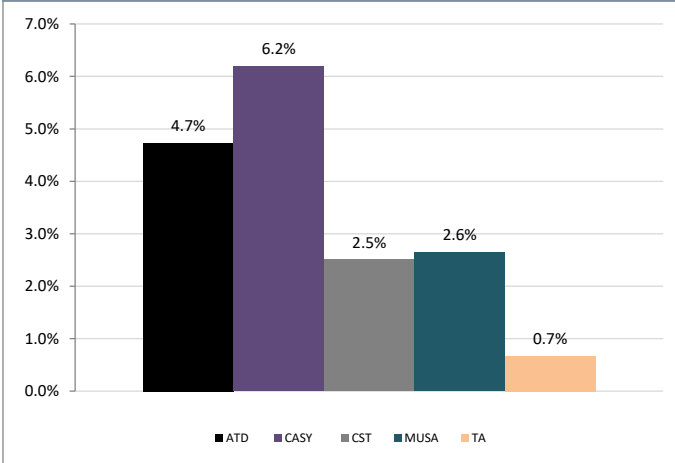
## EV / Corp. EBITDA



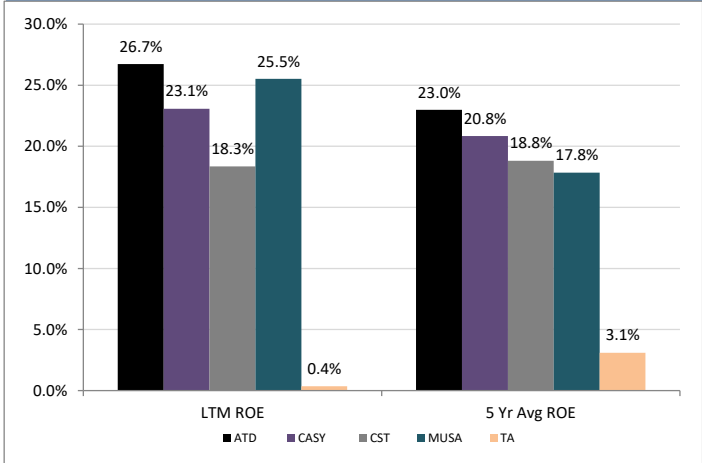
## Price / Earnings Ratio



## LTM Operating Margin (%)



## Return on Avg Common Equity



# Private Transactions

## Private Transaction Valuation Metrics

	Fee Owed Real Estate	
	Low	High
<b>Corporate EBITDA Multiple</b>	5.0	10.0
<b>Store Level EBITDA Multiple</b>	4.0	8.0

The above capital market multiples were derived by Trefethen Advisors, LLC based on an analysis of private transactions involving the sale of petroleum retailing/convenience store companies and/or specific assets, from interviews with active buyers and sellers and from analysis of publicly available information relating to the industry. All transactions were analyzed using a consistent methodology. The multiples above reflect a composite of transactions, interviews and other publicly available information and do not reflect the multiple for any individual transaction. The above multiples do not reflect transactions involving individual assets which may be significantly higher (or lower) for certain types of assets. For leasehold, the above multiples would generally be lower.

It is important that the methodology utilized to derive the multiples be understood. The multiples reflect the gross purchase price (cash plus any liabilities assumed before transaction costs) divided by various measures of EBITDA (earnings before interest, taxes, depreciation, and amortization) for the most recent; 12-month period prior to the transaction adjusted for non-recurring and extraordinary items. Corporate EBITDA reflects EBITDA after all corporate G&A expenses. Store level EBITDA reflects EBITDA before G&A expenses and approximates store level EBITDA. G&A generally includes all corporate expenses not directly incurred at the store level such as area managers, corporate staff, home office expenses, advertising/marketing, etc.

## Announced Private Transactions

Date	Buyer	Seller	Purchase Price(MM)	Units	Location	Comments
Jun-16	Institutional Real-Estate Investor	Global Partners LP	\$63.50	30	NE	Sale-leaseback Deal
Jun-16	Delano Oil Co.	Midwest Petroleum Corp.		5	MO	
Jun-16	TravelCenters of America LLC	Seveoil Est OU		23	Estibua	
Jun-16	Sunoco LP	Valentine Stores, Inc.		18	NY	Nice N Easy Grocery
Jun-16	Sunoco LP	Kolkhorst Petroleum Inc.		14	TX	Rattlers C-Stores
Jun-16	TravelCenters of America LLC	Illico, Inc.		5	IL	Apollo Marts
May-16	Dunne Manning, Inc.	District Petroleum, Inc.		22	OH	Hy-Miler C-Stores
May-16	Mirabito Holdings, Inc.	Global Partners LP		31	NY, PA	
May-16	GPM Investment LLC	Gas-Mart USA Inc.	6.98	21	IL, IO, NE	
May-16	Alimentation Couche-Tard, Inc.	A/S Dansk Shell		286	Denmark	Closed
Apr-16	Hurd Real Estate Services, Inc.	Hy-Vee, Inc.	82.35	12		
Apr-16	One Rock Capital Partners	Chevron Corp.		58	Hawaii	
Apr-16	Cary Oil Co.	Mount Airy Oil Co.		6	NC	

# Earnings Announcements

**Alimentation Couche-Tard, Inc. (ATD)** reported on July 11, 2016 the results for the fourth quarter and the fiscal 2016. Annual same-store merchandise revenue grew in all markets: 4.6% in the U.S., 2.8% in Europe and 2.9% in Canada. They successfully acquired Topaz which comprises 444 service stations on February 1st, 2016. Highlights include:

Income: Net earnings totaled \$206.2 million up 62.5% in fourth quarter and \$1,193.7 million for fiscal 2016, up 28.4% over fiscal 2015. Excluding adjustments and acquisition costs, earnings rose from a combination of acquisitions, higher fuel margins in the U.S. as well as continued organic growth.

EBITDA: EBITDA increased by 45.0% compared with the same quarter last year and 24.4% compared with last year, reaching \$462.7 million for fourth quarter and \$2.3 billion for fiscal 2016.

Merchandise & Service: During fiscal 2016, merchandise and service gross margin increased by 0.4% in the U.S., by 1.3% in Europe and a slight decrease of 0.1% in Canada. Further cost savings are expected due to economies of scale from recent acquisitions and improved supply conditions.

Fuel: For fiscal 2016, U.S and Europe same-store road transportation fuel volumes grew 6.6% and 2.6%, respectively. In Canada same-store road transportation fuel volumes increased slightly 0.9%. Fuel gross margin were \$0.202 per gallon in the U.S., \$0.0882 per liter in Europe and of C\$0.0641 per liter in Canada. In local currencies, the margin in Europe was similar to the margin of fiscal 2015.

**Casey's General Stores, Inc. (CASY)** reported on June 6, 2016 the results for the fourth quarter and fiscal year end of fiscal 2016. Highlights include:

Income: Net income rose to \$47.0 million, up from \$41.3 million the prior year. For the year, net income grew to \$226.0 million, up from \$180.6 million the prior year.

Merchandise & Service: For the fourth quarter, grocery same-store sales were up 7.4% with an average margin of 32.1%. For the year, grocery same-store sales were up 7.1% with an average margin of 32.1%. Cigarette sales continued to lead the category as customers traded up to premium brands in response to lower retail fuel prices.

Prepared Foods & Fountain: For the year, same-store sales were up 8.4% with an average margin of 62.5%. For the fourth quarter, same-store sales were up 8.2% with an average margin of 61.9%. Casey's implemented on-line ordering in all stores and continue to roll out major remodels, 24-hour conversions, and pizza delivery.

Fuel: For the year, same-store gallons sold were up 3% with an average margin of 19.6 cents per gallon. For the quarter, same-store gallons rose 4.6% with an average margin of 17.8 cents per gallon. For fiscal 2016, total gallons sold were up 7.4% to 2.0 billion, while gross profit rose 8.7% to \$381.7 million.

**CST Brands, Inc. (CST)** reported on May 6, 2016 the first quarter 2016 results. Highlights include:

Income: First quarter net income was \$19 million, up from \$14 million the prior year. This was driven by an increase in the U.S. motor fuel and merchandise and services gross profit during the quarter.

EBITDA: EBITDA was \$79 million for the quarter compared to \$66 million for the prior year. The increase in EBITDA was due primarily to an increase in U.S. motor fuel and merchandise and service gross profits along with an increase in Other income of \$9 million primarily related to a foreign currency gain on a U.S. dollar denominated intercompany loan.

Merchandise & Service: U.S. Merchandise and Services Gross Profit growth of 25% year-over-year was driven by 20% sales growth and a 160 basis point improvement in gross margin. Same Store Merchandise and Services grew in both the U.S., up 2.2%, and Canada, up 5.6% (excluding foreign currency impact).

Fuel: Gross Profit on U.S. fuel sales improved to \$75 million from \$63 million in the same quarter of 2015, driven by an overall favorable margin environment and fuel pricing optimization initiatives.

Acquisition and organic growth added 173 stores during the quarter and they also announced the commencement of an exploration of strategic alternatives to further enhance stockholder value.

## Earnings Announcements (Cont')

**Murphy USA, Inc. (MUSA)** reported on May 9, 2016 the first quarter 2016 results. Store construction in progress includes 23 new sites and ten raze and rebuilds, most of which will be placed into service late in the second quarter. Highlights include:

Income: Net income was \$85.9 million in Q1 2016, which included \$56.0 million of after-tax gain on disposition of the CAM pipeline system, which closed on March 31. This was up from \$22.9 million for the first quarter in the prior year.

EBITDA: Adjusted EBITDA rose to \$83.1 million in the first quarter, up from \$63.5 million the prior year, due to higher retail fuel margins, higher network fuel volumes, record merchandise margins, and higher RINs sales, partially offset by lower PS&W contributions.

Merchandise & Service: Total merchandise sales increased 7.2% in Q1, driven both by new store additions and 1.8% increase in APSM sales. Total margin contribution increased 16.8% for the quarter, due primarily to the benefits recognized from the Core-Mark supply contract, in addition to per store improvements and better promotional effectiveness. Total unit margins were up by 130 basis points from 14.0% in the prior period, setting a new quarterly record of 15.3%. Tobacco sales were down 0.6% on an APSM basis while non-tobacco sales were up 9.9% versus the prior period.

Fuel: Total network retail gallons sold in the quarter increased by 4.6%, while same store gallons increased by 0.2%. Per store volumes declined 0.6% on an APSM basis, reflecting the impact of the high number of new stores opened in Q4 2015 that are ramping up. Product supply and wholesale margin dollars declined in the quarter as elevated RINs and strong crack spreads pressured product prices at the rack. In the current period, 54.0 million RINs were sold at an average price of \$0.72 per RIN, or \$38.8 million, in the current period. For the prior year quarter, RINs added

**TravelCenters of America LLC (TA)** reported on May 9, 2016 the results for the first quarter 2016. Highlights include:

Income: Net loss for the first quarter was (\$9.9 million), compared to net income of \$15.7 million for the 2015 first quarter. The change in net income is primarily due to the decrease in fuel gross margin.

EBITDAR: EBITDAR for the 2016 first quarter was \$75.3 million, a decrease of \$30.4 million, or 28.8%, compared to the 2015 first quarter EBITDAR of \$105.7 million primarily due to the decrease in fuel gross margin.

Merchandise & Service: Nonfuel revenue was up 12.2% to \$450.6 million, up from \$401.5 million, with gross margin on nonfuel sales declining 140 basis points from 55.6% to 54.2%. \$42.7 million of the revenue increase was due to sites acquired since the beginning of 2015 and \$6.4 million was due to an increase in same site revenue.

Fuel: Fuel sales volume increased 40.4 million gallons, or 8.1%, in the 2016 first quarter to 541.004 million gallons compared to the 2015 first quarter of 500.609 million gallons: a 48.6 million gallon increase from sites acquired since the beginning of 2015, offset by an 8.2 million gallon decrease in same site volume. Fuel revenue declined by \$293.6 million, or 29.3%, due to significantly lower market prices for fuel compared to the 2015 first quarter.

## Featured Article: Why Consider an ESOP Transaction

Trefethen Advisors has well-rounded investment bankers who are experienced in M&A and capital placement transactions, but also who specialize in buyout transactions using Employee Stock Ownership Plans (ESOPs). ESOPs are an often overlooked and misunderstood exit option. However business owners looking to sell their businesses would be wise to consider the significant tax benefits associated with ESOP buyout transactions, which is a flexible succession planning tool that has several tax advantages including (i) a tax deferred, potentially tax-free sale for the selling shareholders, and (ii) a significant tax-shield or potentially a full tax exemption for the company post-transaction. We have had great success in completing transactions using ESOPs so that the business owners can sell their company stock for cash in a manner that the company and its employees ultimately also benefit from the transaction.

ESOPs offer many benefits to business owners, companies, and employees. ESOPs provide a tax-efficient structure for shareholders to sell some or all of their stock to a trust set up for the benefit of the company's employees (aka the ESOP). In certain ESOP transactions, shareholders can defer the capital gains taxes on the sale of their stock and post-transaction the company can deduct the cost of purchasing the stock or exempt all or part of its income from federal or state taxation indefinitely. As a result, the federal and state government essentially finance the cost of the stock purchase by the ESOP.

The ultimate tax efficiency is achieved when a company is owned 100% by its ESOP and elects to be treated as an S-Corporation for tax purposes. Under these circumstances, the corporation's income escapes taxation at the shareholder level, as well as at the corporate level, because the ESOP is a tax-exempt shareholder. This tax-free arrangement enables a company to utilize the cash (that would have otherwise been used to pay income tax) to grow and possibly, acquire other companies.

Our ESOP team can help business owners in properly evaluating, structuring and completing an ESOP buyout transaction to maximize the benefits to the business owners and their loyal management and employees. We also have a wealth of experience in working with lenders to finance ESOP buyout transactions. We are able to offer creative solutions to lenders to create more cash at closing for the selling shareholders.

An ESOP may be a good fit for your company and its culture. We would appreciate the opportunity to discuss with you how an ESOP buyout may achieve your succession planning goals and objectives and may help your business.

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### About Trefethen Advisors, LLC

Trefethen Advisors, LLC is an independent financial and strategic advisory firm, serving leading middle-market public and private corporations, family offices, institutional investors, operating executives and individual business owners. Our hands-on senior partners have negotiated, structured, and completed more than \$8 billion in transactions. Trefethen's sector-focused model enables us to provide our clients with a complete perspective of the micro and macro economic trends affecting their industry and business, and influencing their complex strategic decisions.

Trefethen's collaborative approach consists of developing and executing value-maximizing strategies that are aligned with our clients' objectives. We offer a full range of financial and strategic advisory services (e.g., M&A; Corporate Finance; Financial Restructuring, ESOP Buyouts), and skilled transaction execution capabilities. Our principals have significant experience in senior housing and have extensive relationships with industry and capital markets participants. Our focus on value-added research provides our clients with insight on industry specific and macro issues affecting their business.

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## Other M&A News

**Delano Oil** announced June 27, 2016 that it was selling its five Delano gas stations and Station Break convenience stores to Midwest Petroleum.

**Sunoco** announced June 23, 2016 that it completed the acquisition of 18 Valentine Stores in upstate New York including convenience stores and QSR operations as well as the acquisition of Rattlers convenience-stores and wholesale fuel business from Kolkhorst Petroleum Inc. Trefethen Advisors advised on the Valentine Stores

**Alimentation Couche-Tard Inc.** announced June 20, 2016 that it signed an agreement to purchase the majority of the assets operated under the Premium 7 brand from Sevenoil Est OÜ in Estonia.

**Alimentation Couche-Tard Inc.** announced June 10, 2016 the acquisition of the Apollo Mart locations in central Illinois and will rebrand those its Mini Mart c-store brand.

**Global Partners LP** announced May 31, 2016 an agreement to acquire from an institutional real-estate investor through a sale and leaseback 33 gas stations and convenience stores in New England.

**Dunne Manning** announced May 31, 2016 completion of the purchase of District Petroleum Inc., which owns and operates 22 Hy-Miler convenience stores in Ohio.

**Mirabito Holdings Inc.** announced May 26, 2016 the purchase of 31 Global Partners gas station and convenience stores in New York and Pennsylvania.

**Sunshine Fuel** announced May 4, 2016 that they are selling a leasehold interests in 21 convenience stores with gasoline in Kansas, Missouri and Oklahoma, along with sublease/fuel supply interests, as well as two fuel supply

**Alimentation Couche-Tard Inc.** announced May 3, 2016 that they completed the previously announced acquisition of A/S Dansk Shell's downstream retail business in Denmark.

**Hurd Real Estate Services Inc.** announced April 28, 2016 that it acquired seven Hy-Vee grocery stores and five convenience stores located in three states for \$82.35 million through a sale-leaseback transaction.

**Global Partners** announced April 27, 2016 that it is selling 86 convenience stores with gasoline in the Northeast and mid-Atlantic.

**One Rock Capital Partners** announced April 20, 2016 purchased Chevron's 58 retail convenience store locations, four product distribution terminals, pipeline distribution systems and other related downstream assets in Hawaii.

**Global Partners** announced April 15, 2016 that it expanded its gas station and convenience-store network to western Massachusetts with the addition of 22 retail sites through long-term leases with O'Connell Oil Associates Inc.

**Cary Oil** announced April 14, 2016 purchase of six North Carolina c-stores from Mount Airy Oil Co.

**MFA Oil Co.** announced April 12, 2016 the acquisition of Brownfield Oil Co., a refined fuels and lubricants supplier based in Missouri and includes a Sinclair gas station in and a Sinclair cardlock fueling facility.

**Croton Holding Co.** announced April 11, 2016 the purchase of Par Mar Oil Co.'s 52 Par Mar convenience stores in Pennsylvania, Ohio, West Virginia and Kentucky.

**Wallis Oil. Co.** purchased four Schnucks Express convenience stores in Illinois and Missouri, which was announced April 8, 2016.

**Nouria Energy Corp.** announced April 5, 2016 the acquisition of the assets of J&S Oil, including eight Xpress Stop convenience stores with fuel, two Express Lube auto-service locations and three Ultra Clean car washes.

**TravelCenters of America** announced April 1, 2016 the completed acquisition of 17 QMart convenience stores in Wisconsin from Quality State Oil Co. Inc.