



## Investment Banking | **Industry Spotlight**



**Downstream Petroleum | Q3 2016**

## Downstream Petroleum Investment Banking

### Commitment to Downstream Petroleum

- Fifth Third is a leading financial partner and capital markets advisor in the Convenience Store and Downstream Fuel and Lubricant Distribution industries (collectively "Downstream Petroleum")
- Fifth Third has extensive credit exposure to the Downstream Petroleum industry and is actively engaged in the M&A marketplace
- Fifth Third has relationships with the largest operators in the U.S., reflecting our dedication to the C-Store industry with M&A advisory, capital markets activity, lending, and risk management strategies

### Representative Services

#### Capital Raising & Advisory

- M&A Advisor
- Lead Credit Provider
- Co-Manager on Bond Transactions
- Syndicated Lending

#### Risk Management

- Treasury Management
- Commodities Hedging
- Foreign Exchange Risk Management
- Interest Rate Risk Management

## Key Downstream Petroleum Contacts

### Investment Banking

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## Sector Leadership Team

### Michael J. Burr

#### Sr. Managing Director

- Mike has 25+ years of investment banking experience with JP Morgan, Challenger Capital and Fifth Third Securities
- Mike has advised several of the largest c-store operators in North America in M&A as well as debt and equity capital raises

### Robert Bohn

#### Director

- Rob has 12+ years of investment banking experience with Citigroup, Ewing Bemiss & Co. and Fifth Third Securities
- Rob has been active in developing Fifth Third's c-store relationships, advising on M&A and capital structuring issues


## Recent M&A Transactions



has been acquired by

**Croton Holding Company**

Sell-Side Advisor



\$425,000,000



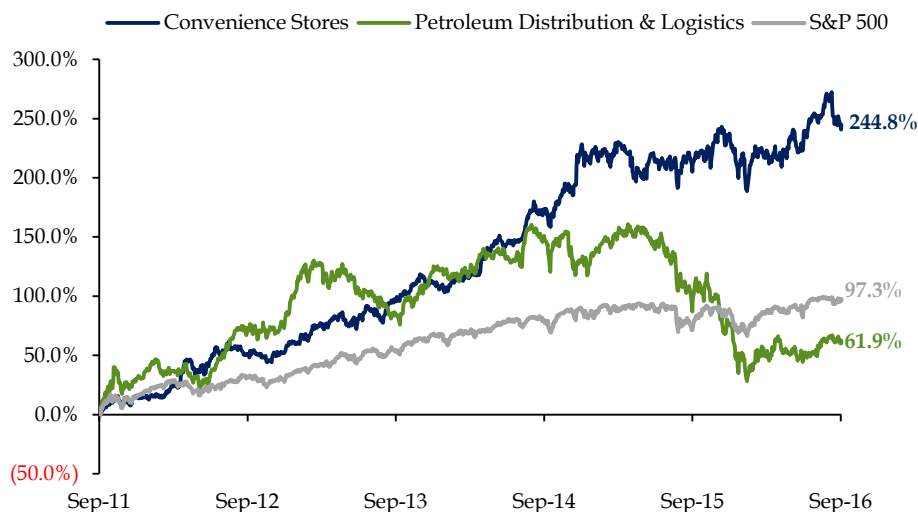
has been acquired by



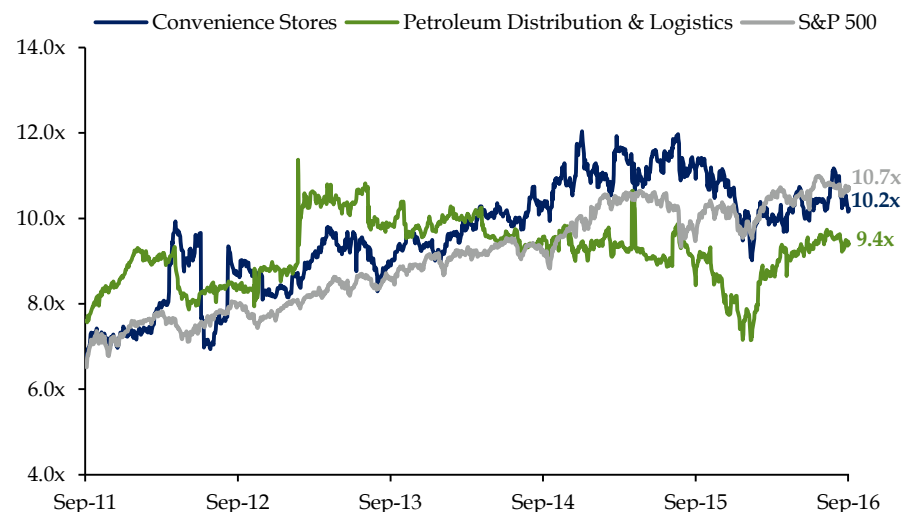
Sell-Side Advisor



## 5-Year Share Price Performance



## 5-Year EV / Forward EBITDA Performance



## Sub Sector Indices' Stock Price Performance

Sub-Sector	Number of Companies	Median Enterprise Value \$ in millions	Median % Change in Stock Price		Median TEV / LTM Multiples		Median TEV / Forward Multiples	
			12 Months	YTD	Revenue	EBITDA	Revenue	EBITDA
C-Stores	4	\$6,379.7	10.9%	5.0%	0.7x	11.1x	0.6x	10.1x
Petroleum Distribution & Logistics	8	1,901.4	(8.3%)	3.8%	0.3x	12.7x	0.3x	10.8x
<b>S&amp;P 500</b>	<b>500</b>		<b>12.7%</b>	<b>6.1%</b>	<b>2.2x</b>	<b>11.6x</b>	<b>2.1x</b>	<b>10.7x</b>

# Public Company Comparables

Downstream Petroleum | **Industry Spotlight**  
Q3 2016

## Operating Statistics (\$ in millions)

Ticker	Revenue			EBITDA			LTM Margins		Debt/ Cap	Debt/ EBITDA	Earnings Per Share			5-YR Est. EPS Growth	
	LTM	2016E	2017P	LTM	2016E	2017P	Gross	EBITDA			LTM	2016E	2017P		
<b>C-Stores</b>															
Alimentation Couche-Tard Inc.	ATD.B	\$33,586	\$36,777	\$47,072	\$2,322	\$2,447	\$2,902	18.4%	6.9%	37.1%	1.3x	\$2.15	\$2.22	\$2.72	13.2%
Sunoco LP	NYSE:SUN	14,619	15,165	18,470	577	692	812	10.5%	3.9%	59.5%	7.3x	1.19	2.68	1.73	NA
Casey's General Stores, Inc.	CASY	6,226	7,321	8,694	571	565	641	26.5%	9.2%	43.6%	1.6x	5.86	5.58	6.36	13.0%
Murphy USA Inc.	MUSA	9,694	11,774	13,629	397	440	440	5.4%	4.1%	47.2%	1.7x	5.34	4.78	4.98	11.7%
<b>Mean</b>								<b>15.2%</b>	<b>6.0%</b>	<b>46.9%</b>	<b>3.0x</b>				<b>12.6%</b>
<b>Median</b>								<b>14.4%</b>	<b>5.5%</b>	<b>45.4%</b>	<b>1.6x</b>				<b>13.0%</b>
<b>Petroleum Product Distribution and Logistics</b>															
Energy Transfer Partners, L.P.	ETP	\$20,117	\$22,024	\$27,374	\$4,346	\$5,683	\$6,720	21.6%	21.6%	52.2%	6.7x	(\$0.63)	\$0.83	\$2.40	3.0%
Sunoco Logistics Partners L.P.	SXL	8,757	9,388	11,743	1,000	1,267	1,606	14.3%	11.4%	42.9%	6.1x	0.28	0.85	1.38	37.3%
World Fuel Services Corp.	INT	26,367	26,359	32,038	307	323	378	3.4%	1.2%	29.0%	2.6x	2.68	2.72	3.26	5.0%
Global Partners LP	GLP	8,553	8,610	9,397	205	184	191	6.6%	2.4%	68.3%	6.8x	(0.33)	(0.90)	(0.17)	2.0%
Delek US Holdings, Inc.	DK	5,451	5,051	5,410	107	149	254	11.6%	2.0%	41.7%	8.8x	(0.79)	(1.46)	0.12	NA
CrossAmerica Partners LP	CAPL	1,872	1,947	2,226	79	106	119	8.3%	4.2%	67.4%	6.1x	0.52	0.33	0.55	NA
Sprague Resources LP	SRLP	2,422	2,560	2,685	105	111	117	10.7%	4.3%	73.6%	4.1x	2.63	2.23	2.98	NA
Alon USA Energy, Inc.	ALJ	3,712	3,593	4,085	158	90	167	9.8%	4.2%	47.0%	3.5x	(0.95)	(1.14)	(0.39)	NA
<b>Mean</b>								<b>10.8%</b>	<b>6.4%</b>	<b>52.8%</b>	<b>5.6x</b>				<b>11.8%</b>
<b>Median</b>								<b>10.2%</b>	<b>4.2%</b>	<b>49.6%</b>	<b>6.1x</b>				<b>4.0%</b>
<b>Mean</b>								<b>12.3%</b>	<b>6.3%</b>	<b>50.8%</b>	<b>4.7x</b>				<b>12.2%</b>
<b>Median</b>								<b>10.6%</b>	<b>4.2%</b>	<b>47.1%</b>	<b>5.1x</b>				<b>11.7%</b>

\* Excluded from mean and median NA - Not available NM - Not meaningful E - Estimate

Enterprise value equals market capitalization plus minority equity plus debt minus cash.

Source: Company filings and S&P Capital IQ.

# Public Company Comparables

Downstream Petroleum | **Industry Spotlight**  
Q3 2016

## Trading Statistics (\$ in millions)

	Stock		% of 52- Week High	Market Cap	Enterprise Value	Enterprise Value /						Price / Earnings Ratio			PEG Ratio 2016E
	Price at 9/30/16	52-week High				Revenue	EBITDA			Calendar					
			LTM	2016E	2017P		LTM	2016E	2017P	LTM	2016E	2017E			
<b>C-Stores</b>															
Alimentation Couche-Tard Inc.	\$48.44	\$52.29	92.6%	\$27,558	\$30,054	0.9x	0.8x	0.6x	12.9x	12.3x	10.4x	22.5x	21.8x	17.8x	1.7x
Sunoco LP	29.01	40.06	72.4%	3,242	7,354	0.5x	0.5x	0.4x	12.7x	10.6x	9.1x	24.4x	10.8x	16.8x	NM
Casey's General Stores, Inc.	120.15	136.22	88.2%	4,707	5,406	0.9x	0.7x	0.6x	9.5x	9.6x	8.4x	20.5x	21.5x	18.9x	1.6x
Murphy USA Inc.	71.36	80.44	88.7%	2,795	3,219	0.3x	0.3x	0.2x	8.1x	7.3x	7.3x	13.4x	14.9x	14.3x	1.3x
<b>Mean</b>			<b>85.5%</b>			<b>0.6x</b>	<b>0.6x</b>	<b>0.5x</b>	<b>10.8x</b>	<b>9.9x</b>	<b>8.8x</b>	<b>20.2x</b>	<b>17.3x</b>	<b>16.9x</b>	<b>1.5x</b>
<b>Median</b>			<b>88.5%</b>			<b>0.7x</b>	<b>0.6x</b>	<b>0.5x</b>	<b>11.1x</b>	<b>10.1x</b>	<b>8.7x</b>	<b>21.5x</b>	<b>18.2x</b>	<b>17.3x</b>	<b>1.6x</b>
<b>Petroleum Product Distribution and Logistics</b>															
Energy Transfer Partners, L.P.	\$37.00	\$47.53	77.8%	\$19,370	\$55,380	2.8x *	2.5x *	2.0x *	12.7x	9.7x	8.2x	NM	44.5x *	15.4x	14.8x
Sunoco Logistics Partners L.P.	28.41	32.89	86.4%	9,328	16,408	1.9x *	1.7x *	1.4x *	16.4x	12.9x	10.2x	NM	33.2x *	20.5x	0.9x
World Fuel Services Corp.	46.26	51.01	90.7%	3,259	3,336	0.1x	0.1x	0.1x	10.9x	10.3x	8.8x	17.2x	17.0x	14.2x	3.4x
Global Partners LP	16.14	35.00	46.1%	541	1,969	0.2x	0.2x	0.2x	9.6x	10.7x	10.3x	NM	NM	NM	NM
Delek US Holdings, Inc.	17.29	29.90	57.8%	1,069	1,834	0.3x	0.4x	0.3x	17.1x	12.3x	7.2x	NM	NM	NM	NM
CrossAmerica Partners LP	25.39	27.69	91.7%	848	1,329	0.7x	0.7x	0.6x	16.8x	12.6x	11.2x	49.2x	NM	46.3x *	NM *
Sprague Resources LP	23.69	26.00	91.1%	505	930	0.4x	0.4x	0.3x	8.8x	8.4x	7.9x	9.0x	10.6x	7.9x	NM
Alon USA Energy, Inc.	8.06	19.84	40.6%	572	984	0.3x	0.3x	0.2x	6.2x *	10.9x	5.9x *	NM	NM	NM	NM
<b>Mean</b>			<b>72.8%</b>			<b>0.3x</b>	<b>0.3x</b>	<b>0.3x</b>	<b>13.2x</b>	<b>11.0x</b>	<b>9.1x</b>	<b>25.2x</b>	<b>13.8x</b>	<b>14.5x</b>	<b>6.3x</b>
<b>Median</b>			<b>82.1%</b>			<b>0.3x</b>	<b>0.3x</b>	<b>0.3x</b>	<b>12.7x</b>	<b>10.8x</b>	<b>8.8x</b>	<b>17.2x</b>	<b>13.8x</b>	<b>14.8x</b>	<b>3.4x</b>
<b>Mean</b>			<b>77.0%</b>			<b>0.5x</b>	<b>0.4x</b>	<b>0.4x</b>	<b>12.3x</b>	<b>10.6x</b>	<b>9.0x</b>	<b>22.3x</b>	<b>16.1x</b>	<b>15.7x</b>	<b>3.9x</b>
<b>Median</b>			<b>87.3%</b>			<b>0.4x</b>	<b>0.4x</b>	<b>0.3x</b>	<b>12.7x</b>	<b>10.7x</b>	<b>8.8x</b>	<b>20.5x</b>	<b>16.0x</b>	<b>16.1x</b>	<b>1.7x</b>

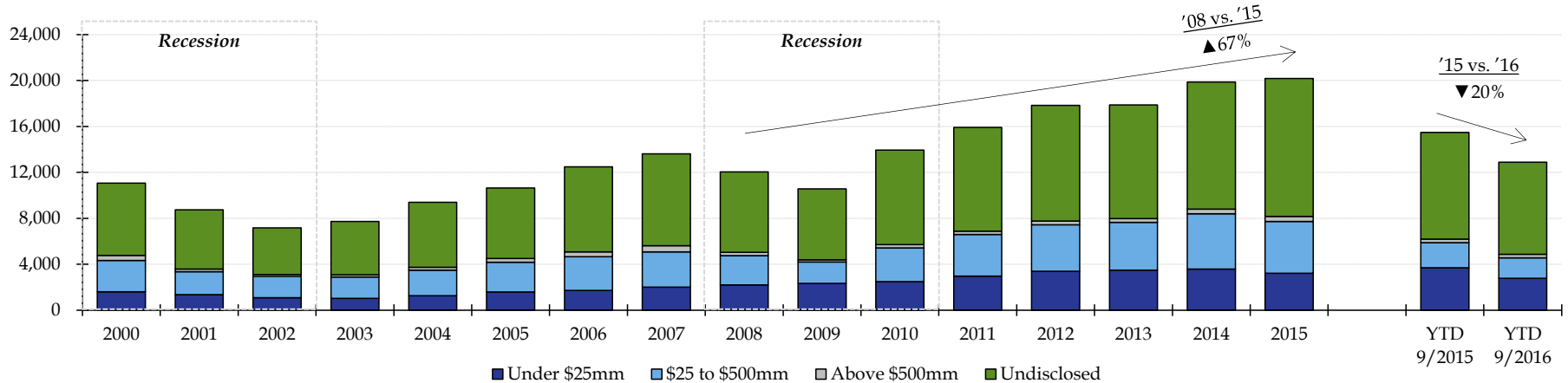
\* Excluded from mean and median NA - Not available NM - Not meaningful E - Estimate

Enterprise value equals market capitalization plus minority equity plus debt minus cash.

Source: Company filings and S&P Capital IQ.

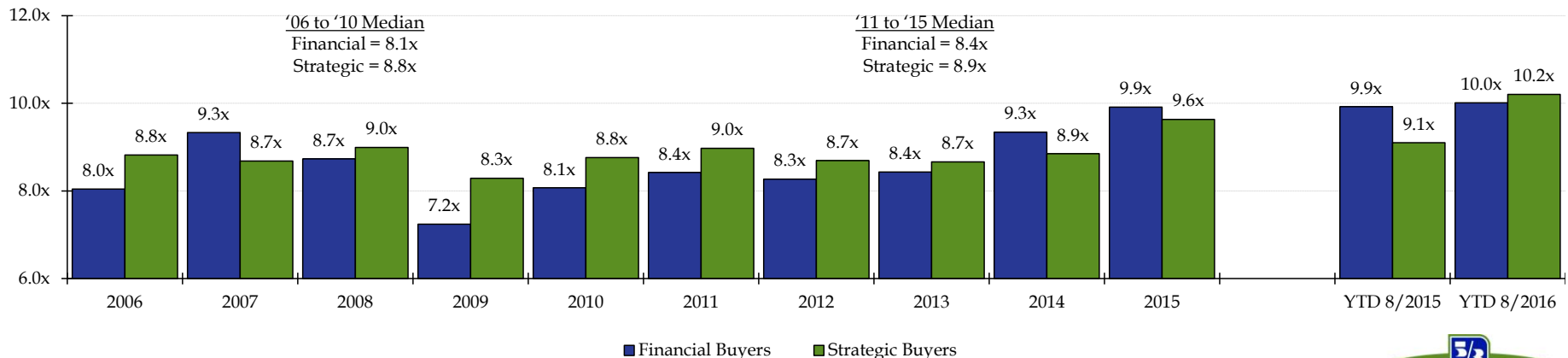
## Transaction Volume

- Historically, M&A cycles have not extended past seven years; 2016 is year six of the cycle
  - Relative to past cycles, interest rates are lower, corporate balance sheets are stronger, and private equity firms have more untapped capital
- 2016 has demonstrated signs that the buyout cycle is slowing, however, plenty of positive drivers remain



## Median Transaction Multiples (Enterprise Value / LTM EBITDA)

- Purchase multiples by both financial and strategic buyers remain above their five-year median
- Deal multiples may remain elevated due to strong competition for high quality assets as strategic corporate and private equity firms continue to seek acquisitions to fuel growth and deploy capital



Note: This data represents the entire U.S. market (all industries)  
Source: Pitchbook, S&P Capital IQ, and S&P Capital IQ LCD

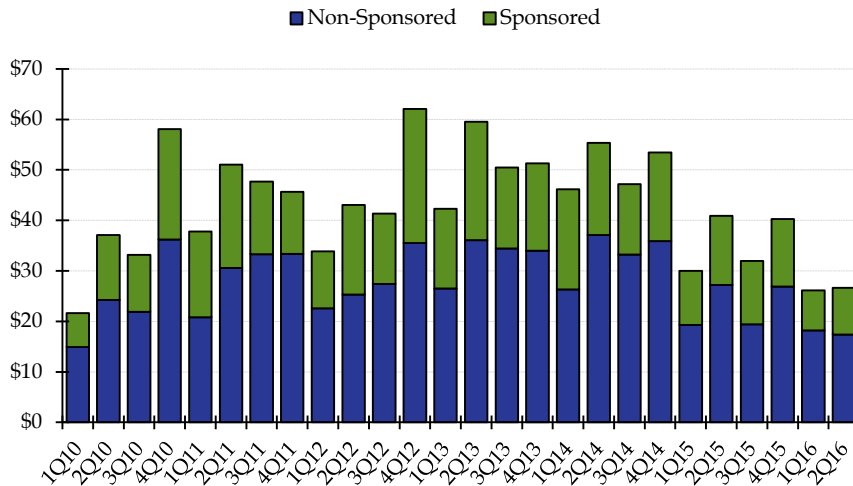
- Valuations have remained strong for the best assets as the industry continues to consolidate as benefits of scale are realized
- Continued global economic uncertainty is decreasing the likelihood of interest rate increases, which coupled with large amounts of available capital is keeping the cost of capital low for consolidators - enabling buyers to stretch their equity
- MLPs remain interested in retail assets to support strong growth expectations from public investors
- Foreign chains are looking to North America for growth opportunities, increasing already significant competition for quality assets
- C-store operators with significant scale, geographic concentration and integrated operations are likely to be highly valued in today's environment

### Recent M&A Transactions

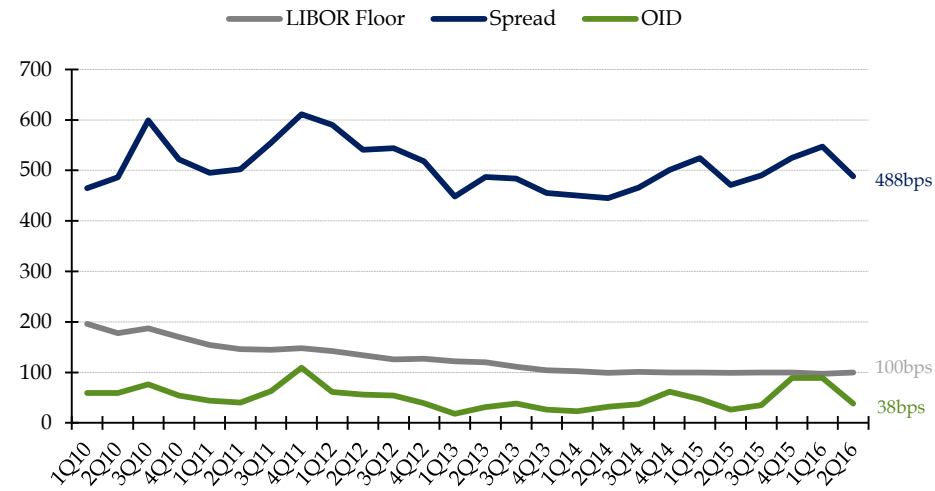
Date Announced	Target	Acquirer	Transaction's Enterprise Value	Implied Enterprise Value / LTM	
				Revenue	EBITDA
Sep-16	139 Convenience Stores and 33 Tobacco Stores in Michigan and Indiana	GPM Investments, LLC	\$35.0	-	-
Aug-16	MAPCO Express, Inc.	Copec Inc.	\$535.0	-	-
Aug-16	CST Brands	Alimentation Couche-Tard Inc.	\$4,430.0 *	0.50x	10.4x
Jul-16	State Oil Company	CrossAmerica Partners LP (NYSE:CAPL)	\$43.1	-	-
May-16	CST Brands	7-Eleven	\$408.0	-	-
Mar-16	Shell Denmark Retail Business	Alimentation Couche-Tard Inc.	\$300.0	-	-
Mar-16	Par Mar Oil Company	Croton Holding Company	Currently Undisclosed [Negotiated Transaction]		
Mar-16	Imperial Oil Ltd, Canadian Retail	Couche Tard, Inc.	\$1,259.6	-	-
Jan-16	Gas-Mart USA Inc. Assets	GPM Investments	\$6.1	-	-
Jan-16	Fuel USA	GPM Investments	\$22.3	-	-
Jan-16	SSG Corporation Convenience Stores	CrossAmerica Partners	\$48.5	-	-
Dec-15	Topaz Energy Group	Alimentation Couche-Tard Inc.	\$477.6	-	-
Nov-15	Flash Foods	CST Brands	\$425.0	Currently Undisclosed	
Sep-15	Various Convenience Stores	GPM Investments	\$29.0	-	-
Aug-15	Various Convenience Stores	TravelCenters of America	\$226.0	-	-
Jun-15	One Stop Inc.	CrossAmerica Partners LP	\$42.0	-	-
May-15	Aziz Convenience Stores	Susser Petroleum Property Company	\$41.6	-	13.9x
Apr-15	Capitol Petroleum Group	Global Partners, L.P.	\$156.0	-	-
Mar-15	Susser Petroleum	Sunoco	\$1,923.6	0.12x	14.7x
Dec-14	The Pantry, Inc.	Alimentation Couche-Tard Inc.	\$1,725.4 **	0.26x	7.8x
Oct-14	Warren Equities, Inc. [Xtra Mart]	Global Partners L.P.	\$387.0	-	19.1x
Sep-14	Mid-Atlantic Convenience Stores	Susser Petroleum Property Company	\$904.1	0.59x	12.5x
Sep-14	Aloha Petroleum, Ltd.	Susser Petroleum Property Company	\$274.6	0.37x	9.1x
May-14	Hess Retail Corporation	Speedway LLC	\$2,370.0	-	16.1x
May-14	Petroleum Marketers	Pinehurst Petroleum LLC	\$72.4	0.07x	13.7x
Apr-14	Susser Holdings Corporation	Energy Transfer Partners	\$2,449.5	0.40x	15.6x
<b>Mean</b>				<b>0.33x</b>	<b>13.3x</b>
<b>Median</b>				<b>0.37x</b>	<b>13.8x</b>

\*Buyer paid 41% market premium  
\*\*Buyer paid 27% market premium  
Source: S&P Capital IQ

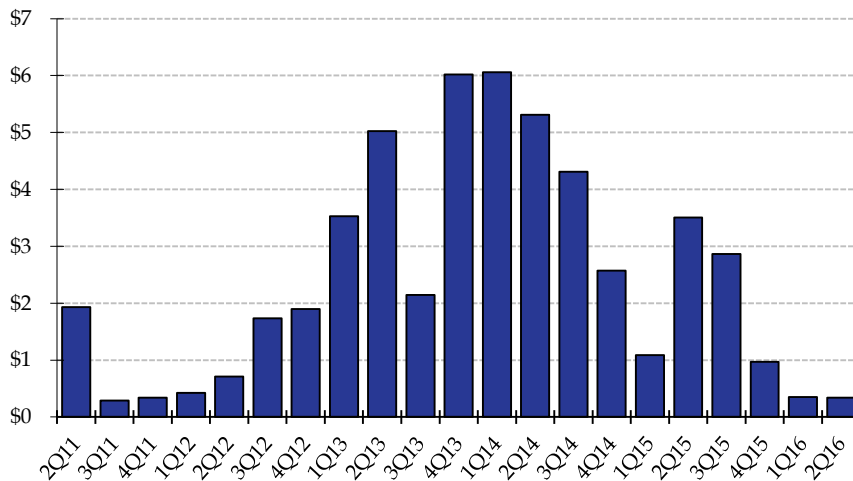
## Loan Volume: Low Level of Supply Continues (\$ in billions)



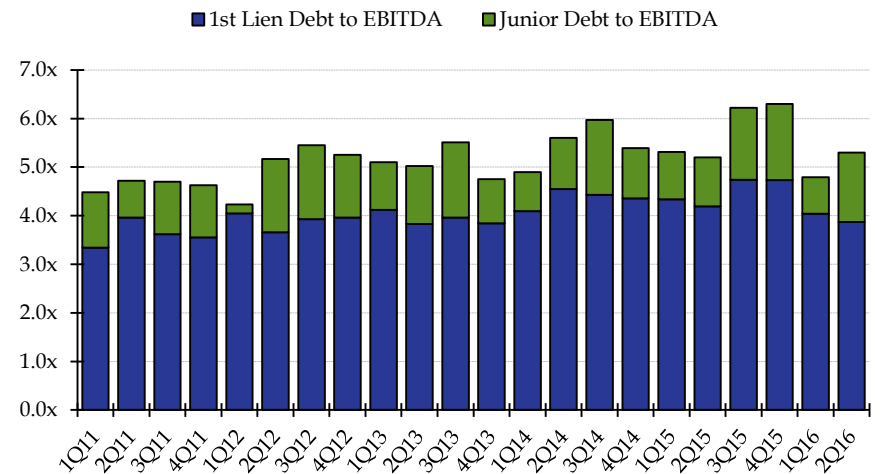
## Term Loan Spreads Tightening [1]



## Covenant Lite Volume Remains Relatively Low (\$ in billions)



## LBO Leverage Climbs Higher, However Lack of Supply Continues



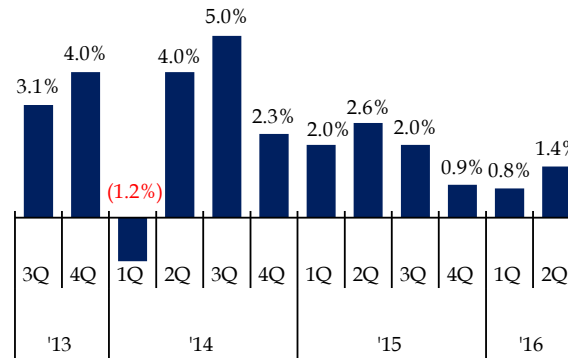
Note: This data represents the entire U.S. middle market (all industries)  
 Note: The middle market is defined as deal size ≤ \$100 million and borrower sales ≤ \$500 million  
 [1] Includes both non-sponsored and sponsored transactions  
 Source: Bloomberg, S&P Capital IQ LCD, and Thomson Reuters LPC



## Convenience stores continue to benefit from economic growth and elevated consumer confidence

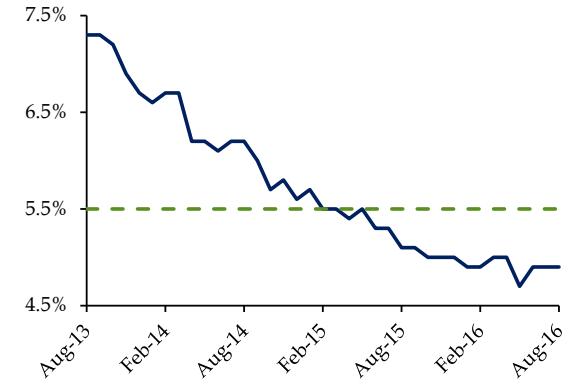
- GDP growth continues at a tepid pace, with recent Q2 2016 growth of 1.4%, below analyst expectations of 2.5%
- The national unemployment rate has declined to 4.9%, while the economy has continued to add jobs at an uneven pace over the preceding months
- Consumer confidence has risen above 91, now slightly above its two-year average
- Steep declines in oil prices lead to retail margin improvement – future volatility unknown
  - While fuel profits have a directional correlation to oil price changes, regional differences such as pricing strategies, distribution agreements, operating cost structures and regional competition, have a significant impact as well

### Real GDP Growth



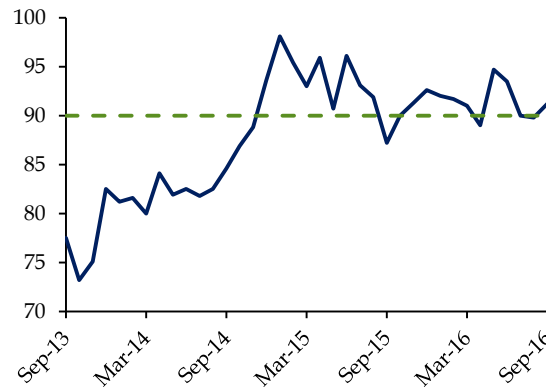
Source: Bureau of Economic Analysis

### National Unemployment Rate



Source: Bureau of Labor Statistics

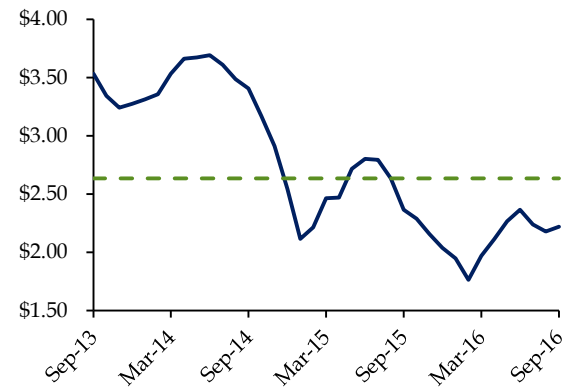
### Consumer Sentiment Index



Source: University of Michigan

### Retail Gas Prices

(in \$'s per gallon)



Source: Energy Information Administration

S&P 500 Index- A broad index that includes American Companies.

EBITDA- A company's earnings before interest, taxes, depreciation, and amortization, is an accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation and amortization are subtracted, as a proxy for a company's current operating profitability.

Dry Powder- Refers to cash reserves kept on hand to cover future obligations or to purchase assets.

GDP- Gross domestic product is the market value of the goods and services produced by labor and property located in the United States

Consumer Sentiment Index- The University of Michigan Consumer Sentiment Index is a consumer confidence index published monthly by the University of Michigan. The index is normalized to have a value of 100 in December 1964

National Unemployment Rate- the percentage of the total labor force that is unemployed but actively seeking employment and willing to work.

Non-Farm Payroll- Nonfarm payroll employment is a compiled name for goods, construction and manufacturing companies in the US. It does not include farm workers, private household employees, non-profit organization employees, or government employees . It is an economic indicator released monthly by the United States Department of Labor as part of a comprehensive report on the state of the labor market.

Housing Starts- are the number of new residential construction projects that have begun during any particular month.

The Economist- offers authoritative insight and opinion on international news, politics, business, finance, science, technology and the connections between them

LBO -- leveraged buyout (LBO) is the acquisition of another company using a significant amount of borrowed money to meet the cost of acquisition. The assets of the company being acquired are often used as collateral for the loans, along with the assets of the acquiring company.

Industrial Production Index (IPI)- is an economic indicator published by the Federal Reserve Board of the United States that measures the real production output of manufacturing, mining, and utilities Capital Goods Orders.

Covenant-lite loans- means that debt is being issued, both personally and commercially, to borrowers with less restrictions on collateral, payment terms, and level of income.

IRR-Internal Rate of Return.

## About Fifth Third Capital Markets

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Are Not FDIC Insured	Offer No Bank Guarantee	May Lose Value
Are Not Insured By Any Federal Government Agency		Are Not A Deposit

+ Services and activities offered through Fifth Third Bank

++ Services and activities offered through Fifth Third Securities, Inc