

FUEL PRODUCTS DISTRIBUTION INSIGHT

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

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Recent, Notable M&A Transactions
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Deal spotlight



Leading Spotlight: Chevron acquires Renewable Energy Group

Announced: 2/28/22

- Chevron (NYSE: CVX) is a diversified energy company headquartered in San Ramon, California with operations in both the upstream and downstream segments generating more than \$155 billion in annual revenue
- Renewable Energy Group (NASDAQ: REGI) is a producer and supplier of clean fuels such as biodiesel and renewable diesel, with more than 621 million gallons sold in 2021 and over \$3 billion in revenue
- **Strategic Rationale:** In 2021, Chevron announced its intention to invest over \$10 billion in lower carbon energy by 2028; this transaction accelerates Chevron's progress towards its goal of growing renewable fuels production capacity by 100,00 barrels per day by 2030, enhances its ESG profile, and will create cost synergies between \$50 and \$100 million per year



Jankovich acquires CityServiceValcon

Announced: 3/18/22

- The Jankovich Company, a subsidiary of NorthStar Energy, is a California-based full-service marine, land fuel and lubricants distributor
- CityServiceValcon, founded in 1932, is a distributor of fuel, propane, aviation fuel, and more serving the Pacific Northwest and Northern Rockies markets



Holly Frontier acquires Sinclair Oil

Closed: 3/14/22

- Holly Frontier is a Dallas-based producer and refiner of gasoline, diesel fuel, jet fuel, renewable diesel and other specialty products
- Sinclair Oil is privately held, vertically integrated oil company that supplies fuel to over 1,300 Sinclair branded gas stations in 29 states
- The combined entity, HF Sinclair Corporation, will trade on the NYSE under the ticker "DINO"



ARKO Corp. acquires cardlock and fuel distribution assets of Quarles Petroleum, Inc.; Superior Plus acquires propane assets of Quarles Petroleum, Inc.

Announced: 2/23/22

- Quarles is the largest fleet fueling cardlock operator on the east coast with more than 121 branded and 64 contracted cardlock sites, and one of the largest propane distributors in Virginia with ~55,000 residential and commercial customers
- ARKO is one of the largest c-store operators and wholesale fuel distributors in the U.S., with approximately 2 billion gallons of annual fuel volume
- Superior Plus (TSX: SPB) is a distributor and marketer of propane and distillates, with more than 890,000 customer locations

Deal spotlight (cont'd)



Renewable Energy Group acquires Amber Resources

Announced: 1/2/22

- Amber Resources is a California-based, full-service distributor of diesel, gasoline, lubricants and other additives with annual diesel volumes greater than 60 million gallons
- Renewable Energy Group (NASDAQ: REGI) is a producer and supplier of clean fuels such as biodiesel and renewable diesel, with more than 621 million gallons sold in 2021 and over \$3 billion in revenue

AMERICAN
INDUSTRIAL
PARTNERS



American Industrial Partners acquires RelaDyne

Announced: 12/23/21

- RelaDyne is a provider of lubricants and distributor of fuel, diesel exhaust fluid, chemicals and other products in the U.S.; serves more than 25,000 customers throughout the industrial, commercial and automotive industries
- American Industrial Partners is a New York-based private equity firm with more than \$7 billion of assets under management



Cadence acquires Brewer-Hendley Oil Company

Announced: 12/20/21

- Founded in 1982, Brewer-Hendley Oil Company is a lubricants and fuel distributor with six warehouses throughout the Southeast and 14 company-operated convenience stores spanning from Charlotte to Myrtle Beach (c-stores acquired separately)
- Cadence Petroleum is a North Carolina-based distributor of lubricants, fuel, antifreeze, diesel exhaust fluid and other products primarily serving the eastern and central U.S.

PILOT
COMPANY



Pilot Company acquires SC Fuels

Announced: 12/10/21

- SC Fuels is the oldest petroleum distributor on the West Coast, delivering branded and unbranded fuel among other petroleum products to their extensive customer network and 47 proprietary cardlock stations
- Pilot Company is based in Knoxville, Tennessee and supplies more than 12 billion gallons of fuel per year to customers

Recent, notable M&A transactions

Announced Date	Acquiror	Target	Target Description
3/29/2022	Superior Plus	Propane business and assets of Quarles Petroleum	Quarles is one of the largest propane distributors in Virginia with ~55,000 residential and commercial customers
2/23/2022	ARKO (NASDAQ: ARKO)	Cardlock and fuel distribution assets of Quarles Petroleum	Quarles Petroleum is the largest fleet fueling cardlock operator on the east coast, with over 121 branded and 64 contracted cardlock sites
2/14/2022	DCC Propane	JC Propane	Founded in 1988, JC Propane serves nearly 7,000 customers in the residential, commercial and agricultural industries in Colorado
2/9/2022	Global Partners	Wholesale fuel accounts of Millers Energy	Millers Energy's wholesale fuel network consists of more than 70 dealer accounts throughout Virginia and North Carolina
2/8/2022	RelaDyne	The Farley Company	Founded in 1925, The Farley Company is an Ohio-based supplier of lubricants and chemicals to industrial businesses
1/27/2021	US Lubricants	Maxim Petrochemical Corp.	Maxim Petrochemical Corp is a manufacturer and distributor of industrial lubricants, metalworking fluids, and process chemicals for the industrial sector
1/20/2022	Sail Energy	Rinker Oil	Rinker Oil is a full-service propane, heating fuels and motor fuel delivery business serving customers in New York and Pennsylvania
1/12/2022	Sapp Bros, Inc.	Pelgas, Inc.	Founded in 1947, Pelgas is a family-owned business serving both residential and commercial propane customers in Iowa
1/11/2022	Hartree Partners	Sprague Resources (NYSE: SLRP)	Sprague Resources, one of the largest independent energy suppliers in the Northeast, will merge with Hartree via an acquisition vehicle which would merge into Sprague LP, with Sprague LP surviving the merger
1/6/2022	PetroChoice	APS Lubricants	APS Lubricants is a lubricants distribution company serving industrial, fleet, and automotive customers in Alabama

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

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

Announced Date	Acquiror	Target	Target Description
1/4/2022	Shiple Energy Company	Bollinger Energy Corporation petroleum products	Bollinger Energy is a Maryland-based energy supplier that has been providing gasoline, diesel, heating oil, natural gas and more to Maryland businesses since 1988
1/4/2022	Renewable Energy Group	Amber Resources LLC	Amber Resources is a Southern California full-service distributor of diesel, gasoline, lubricants, fuel components and additives
1/3/2022	DCC Propane	Greenwell's Propane Gas	Greenwell's Propane Gas is located in Taylorsville, Kentucky, and serves more than 2,600 customers throughout the state
12/23/2021	American Industrial Partners (AIP)	RelaDyne	With more than 25,000 customers throughout the industrial, commercial and automotive industries, RelaDyne is one of the largest fuel product distributors in the U.S.
12/21/2021	Majors Management, LLC	Wholesale fuel business of Haywood Oil Company (dba Peak Energy)	Haywood Oil Company's wholesale fuel business offers BP, Exxon, Mobil, Citgo, Sunoco and independent brands to a network of 100+ dealers
12/20/2021	Cadence Petroleum	Brewer-Hendley Oil Company	Brewer-Hendley is a 2nd generation fuel, oil and diesel exhaust fluid distributor with multiple locations across the Carolinas and Georgia
12/17/2021	Pinnacle Propane	United Propane & Collins Propane	Located in the Dallas-Forth Worth area, United and Collins Propane serve more than 15,000 customers in the rapidly growing Texas market
12/16/2021	Circle K Stores	Wholesale fuel accounts & assets of Slidell Oil Company	Slidell Oil Company, founded in 1948, has an extensive history in both the convenience retail and wholesale fuels business, primarily in Louisiana and Alabama
12/16/2021	Superior Plus Corp.	Hopkins LP Gas & Mountain Energy Gas	Hopkins LP Gas and Mountain Energy Gas are regional propane distributors operating in Michigan and North Carolina, respectively
12/16/2021	Valor, LLC	Assets of Ford's Fuel Service	Ford's Fuel Service is a wholesale petroleum distributor that has been serving the Carolinas since 1923

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

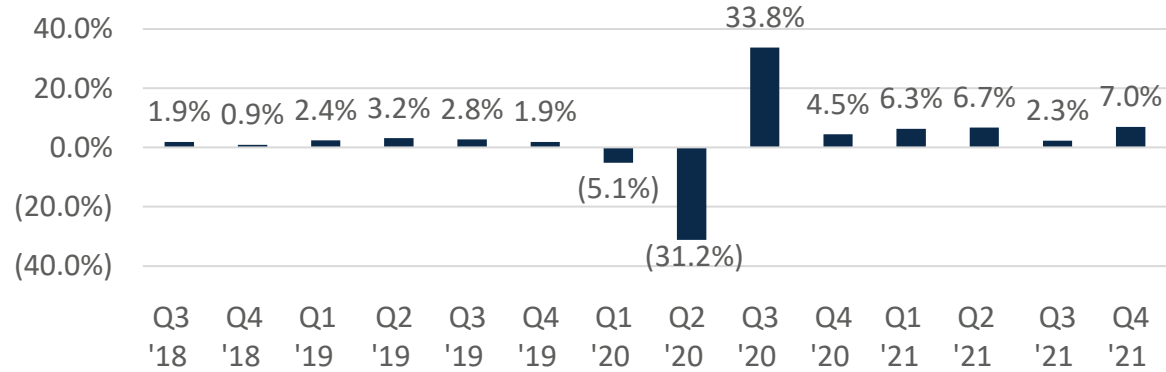
Recent, notable M&A transactions (cont'd)

Announced Date	Acquiror	Target	Target Description
12/16/2021	Sharp Energy	Propane assets of Diversified Energy Co.	Based in Boone, North Carolina, Diversified Energy Co. is an energy distributor with 10.3 million gallons of annual propane sales
12/10/2021	Pilot Company	SC Fuels	SC Fuels is the oldest petroleum distributor on the West Coast, with an extensive customer network and 47 proprietary cardlock stations
12/7/2021	PetroCard, Inc.	Assets of Marc Nelson Oil Products	Based in Salem, Oregon, Marc Nelson Oil Products is a wholesale fuel and lubricant distributor operating bulk fuel locations in addition to a network of Pacific Pride and CFN cardlock stations
12/7/2021	Christensen, Inc.	Yorkston Oil Co.	Yorkston Oil Co. owns and operates CFN cardlock sites in addition to providing numerous independent and commercial account with heating fuels, industrial & motor oils, marine fuels and more
11/23/2021	Coleman Oil Company	Assets of Busch Distributing, Inc.	Busch Distributing is a third-generation family business engaging in the fuel and lubricants marketing and distribution businesses; the transaction included 24 CFN cardlock sites

Macroeconomic indicators

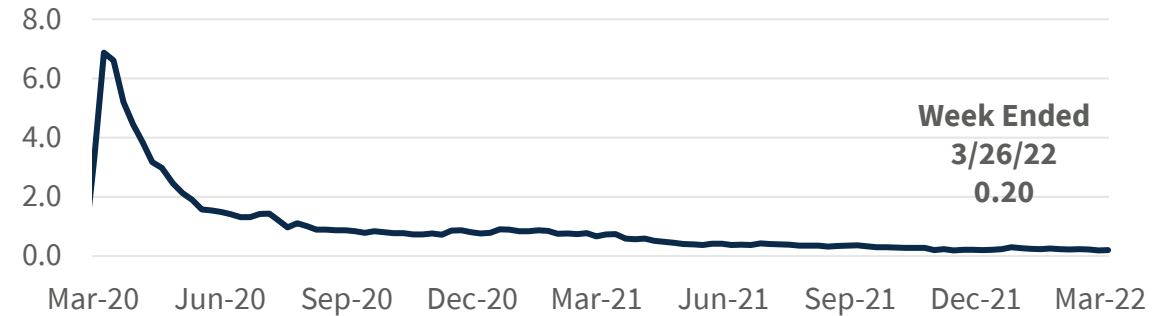
Real GDP Growth

(seasonally adjusted annual rates)



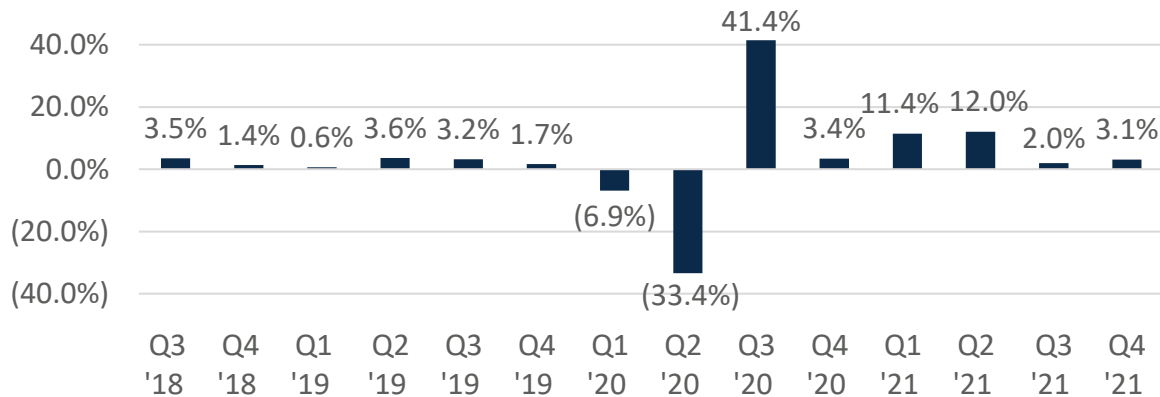
Initial Jobless Claims

(in millions)

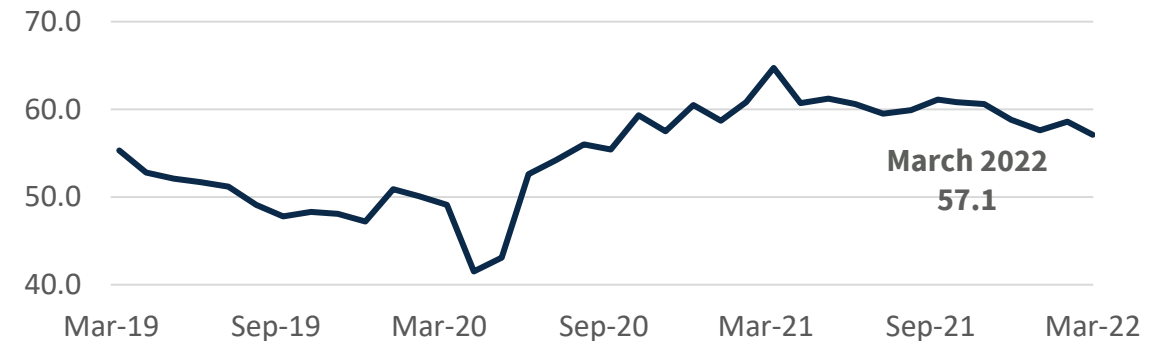


Consumer Spending Growth

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



Purchasing Managers Index

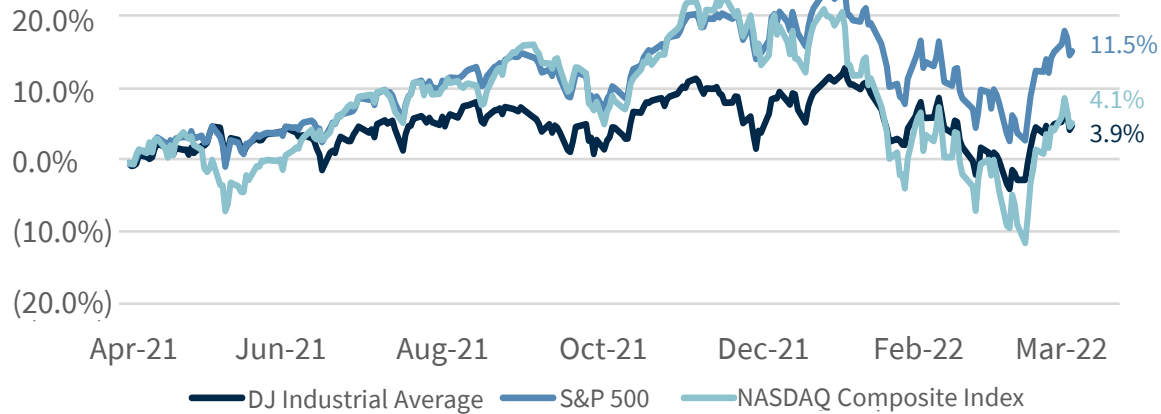


Note: PMI Index figures above 50 indicate expansion

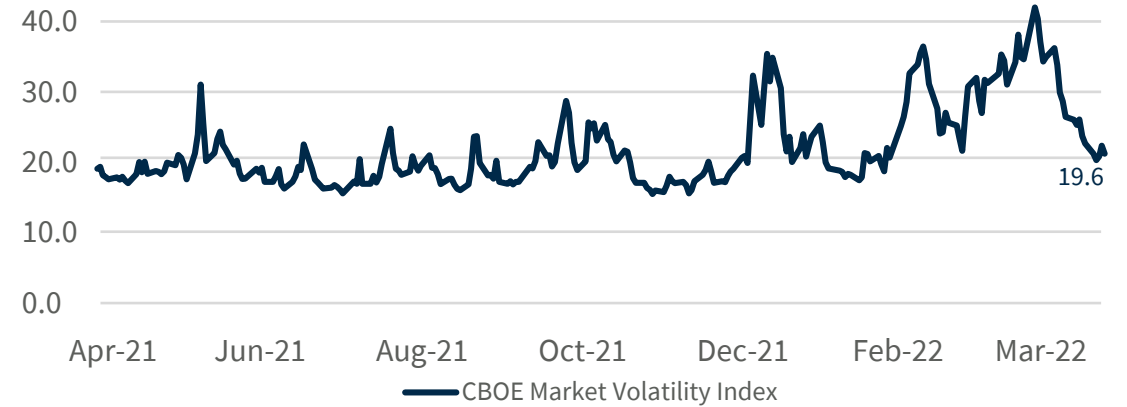
Source: Bureau of Economic Analysis, St. Louis Federal Reserve, Bureau of Labor Statistics, Institute for Supply Management and Capital IQ. All data as of 4/5/22.

Macroeconomic indicators (cont'd)

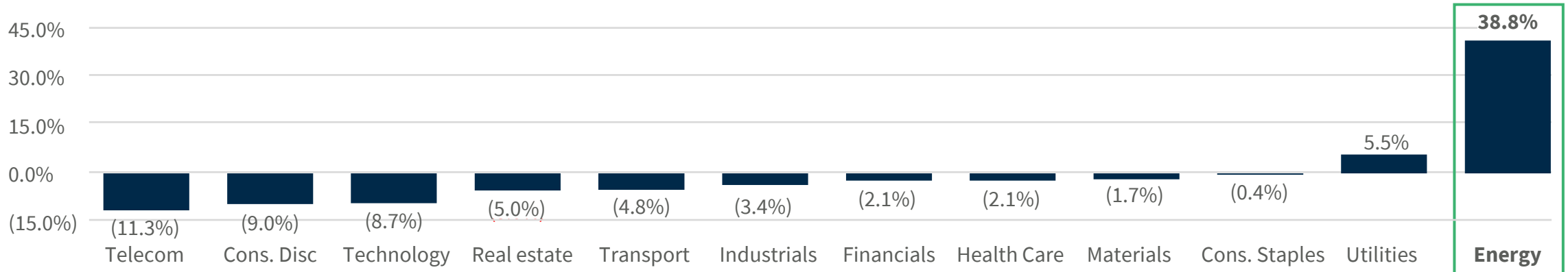
Equity markets



Volatility



2022 YTD sector performance



Source: Bloomberg.
All data as of 4/4/2022.

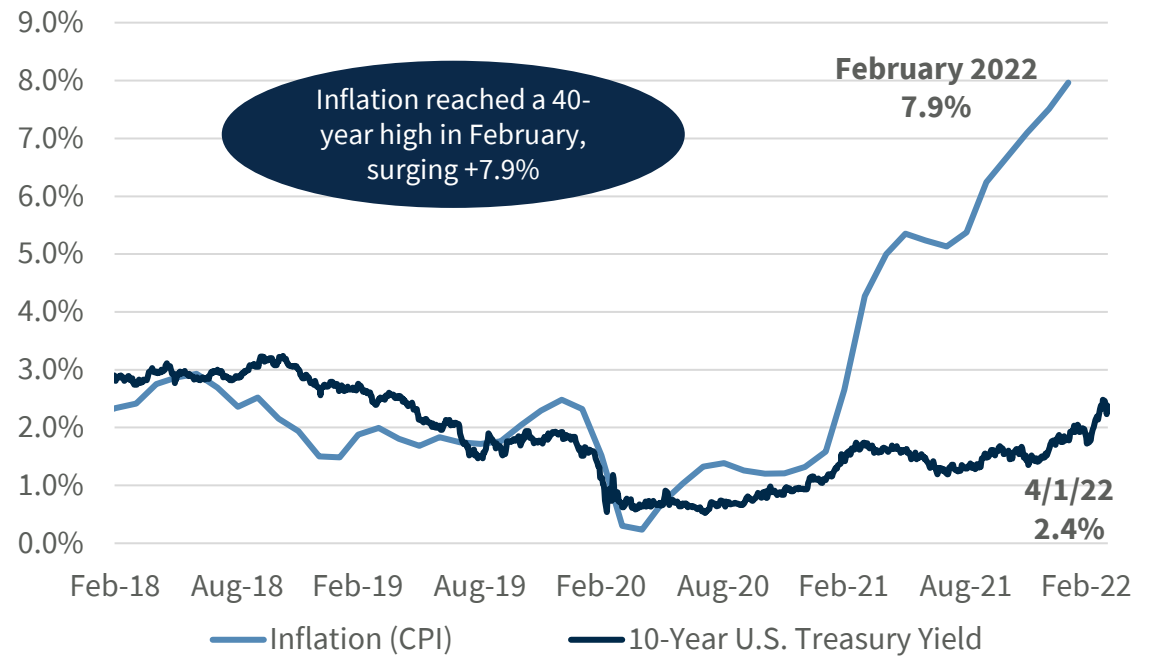
Macroeconomic indicators (cont'd)

West Texas Intermediate

(\$ per barrel)



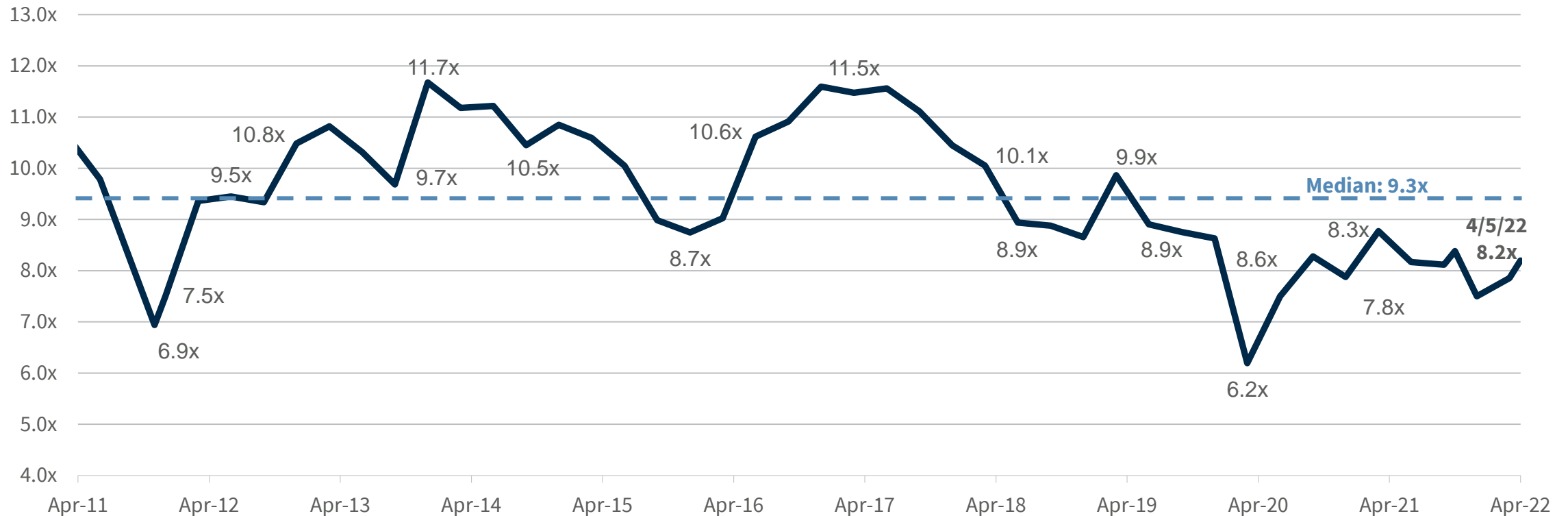
Inflation vs. 10-year treasury



Source: Bureau of Economic Analysis, St. Louis Federal Reserve, Bureau of Labor Statistics, Institute for Supply Management and Capital IQ. All data as of 4/5/22.

Public company share price performance

10-year fuel distributor historical trading multiples (EV/EBITDA)⁽¹⁾

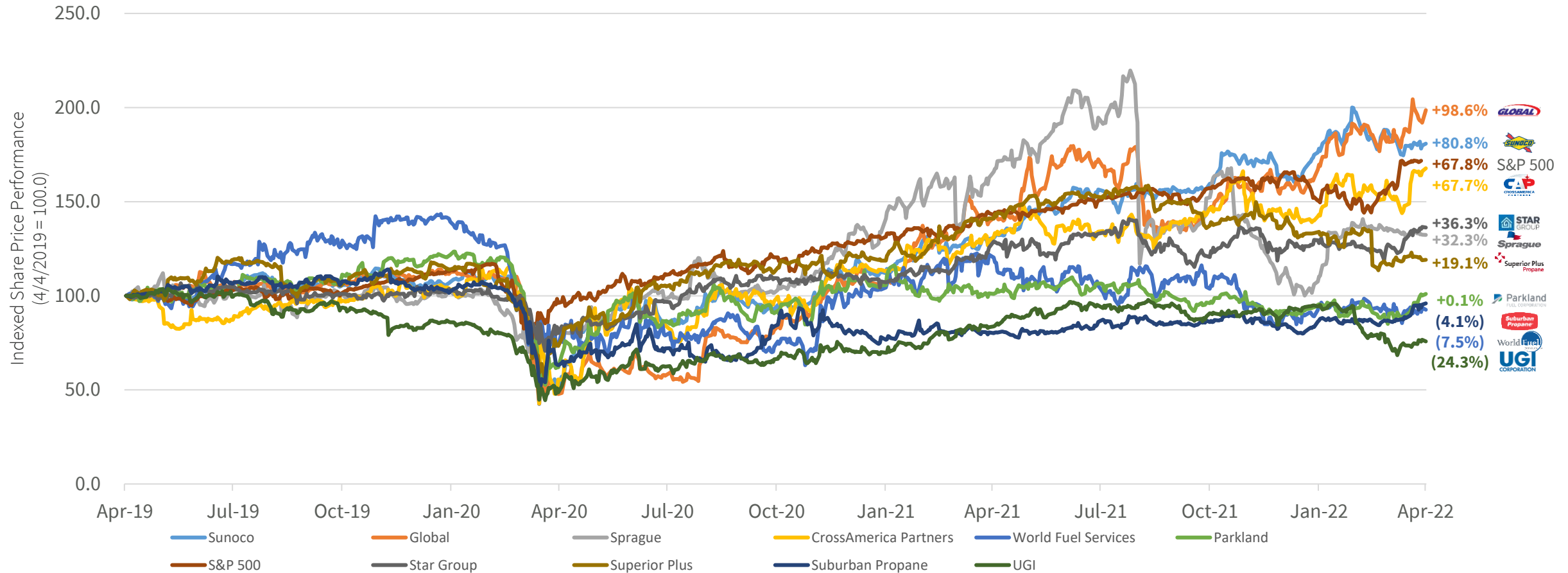


Source: Capital IQ; data as of 4/5/22.

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

Public company share price performance

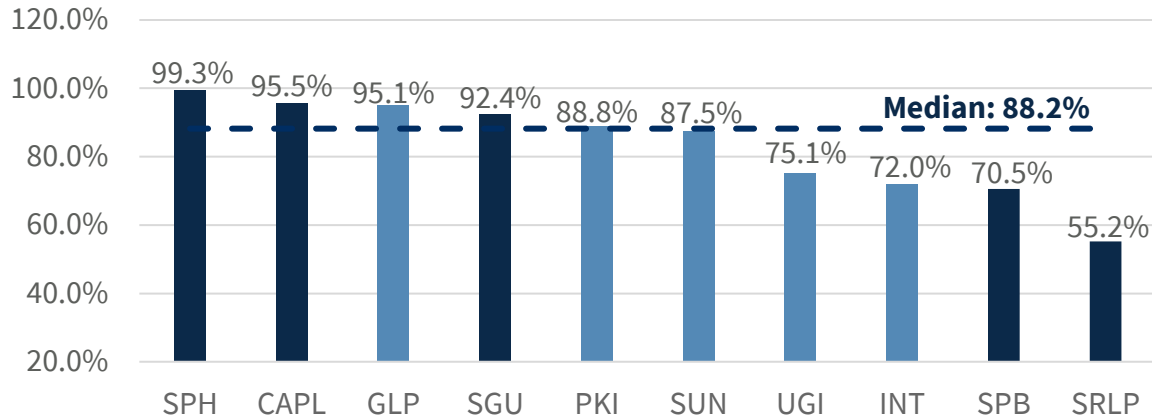
Fuel distributor trailing three-year stock price performance⁽¹⁾



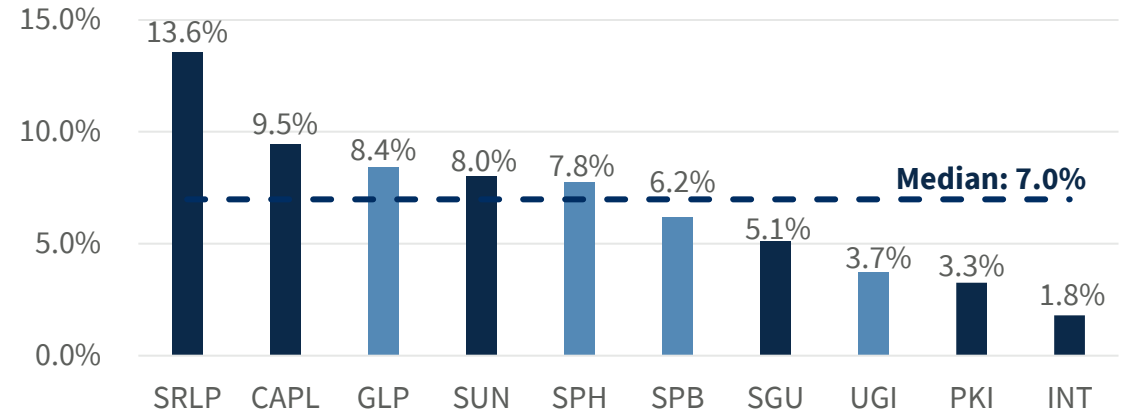
Source: Capital IQ; share price as of 4/5/22.
 (1) Dividend adjusted share price performance.

Public company trading statistics

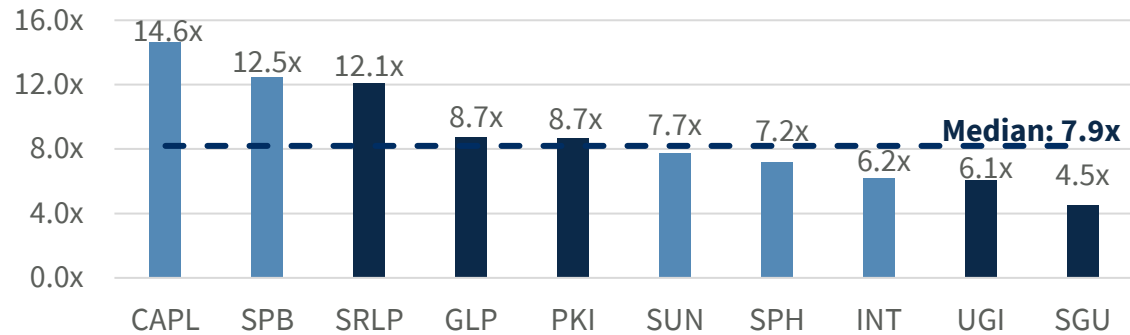
Current price as a % of LTM High



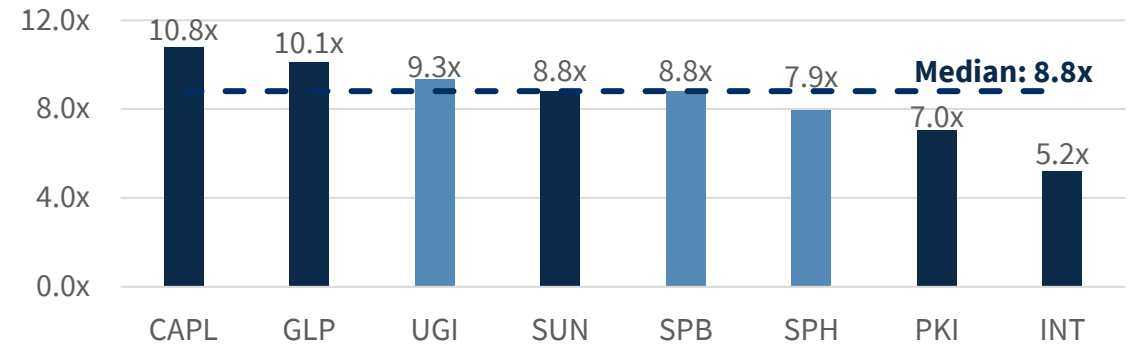
LTM dividend / distribution yield



EV / 2021 EBITDA



EV / 2022E EBITDA



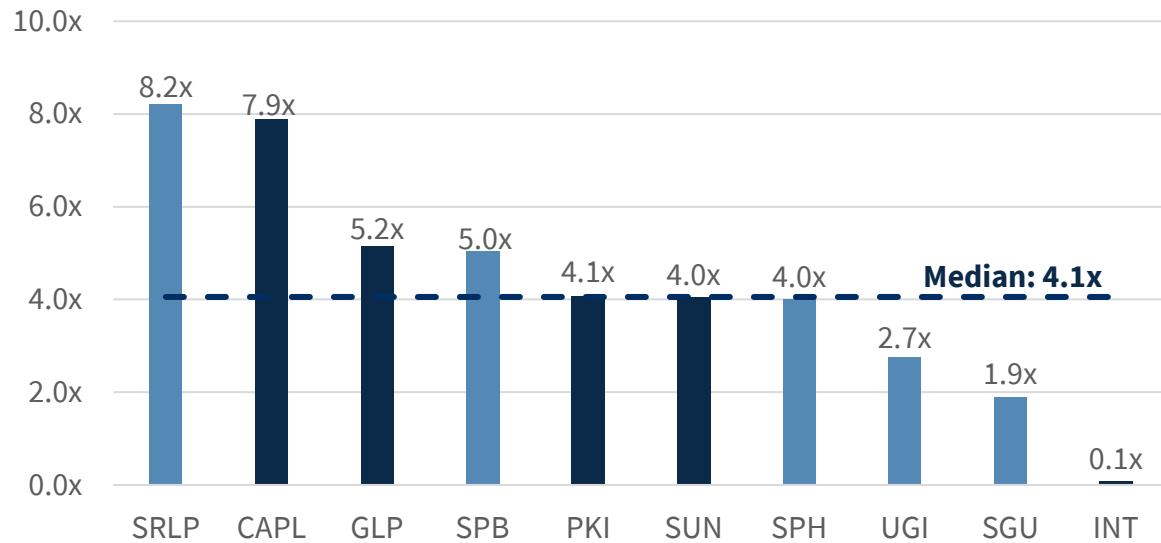
■ Motor Fuel Distributor
 ■ Propane / Heating Oil Distributor

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

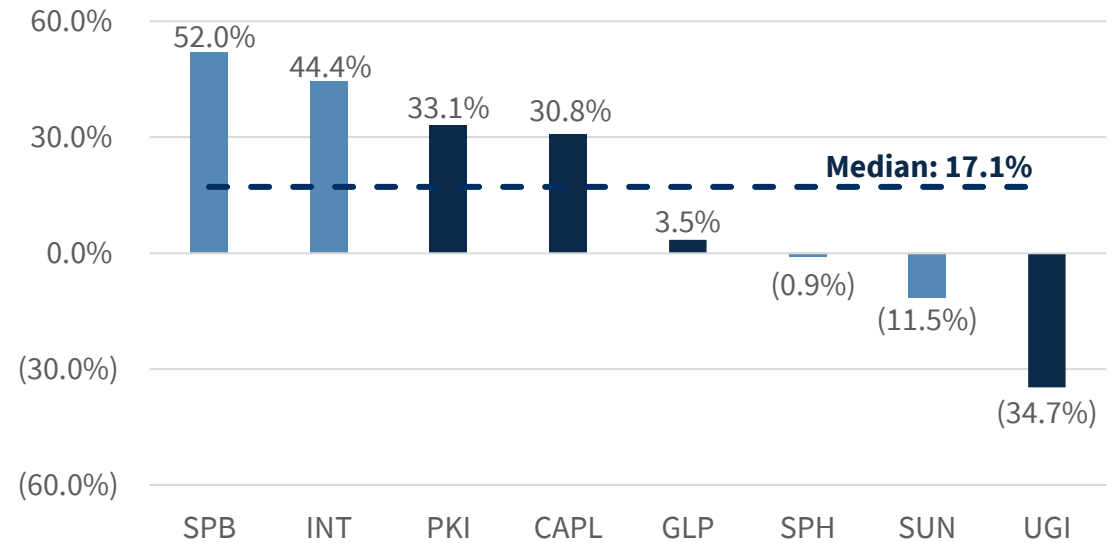
Note: Share prices current as of 4/4/22. SUN = Sunoco LP, CAPL = CrossAmerica Partners LP, GLP = Global Partners LP, PKI = Parkland Fuel Corp., INT = World Fuel Services Corp., SRLP = Sprague Resources LP, SPH = Suburban Propane Partners, UGI = UGI Corp., Star Group LP = SGU and SPB = Superior Plus Corp.

Public company trading statistics (cont'd)

Net debt / EBITDA



2022 annual EBITDA growth

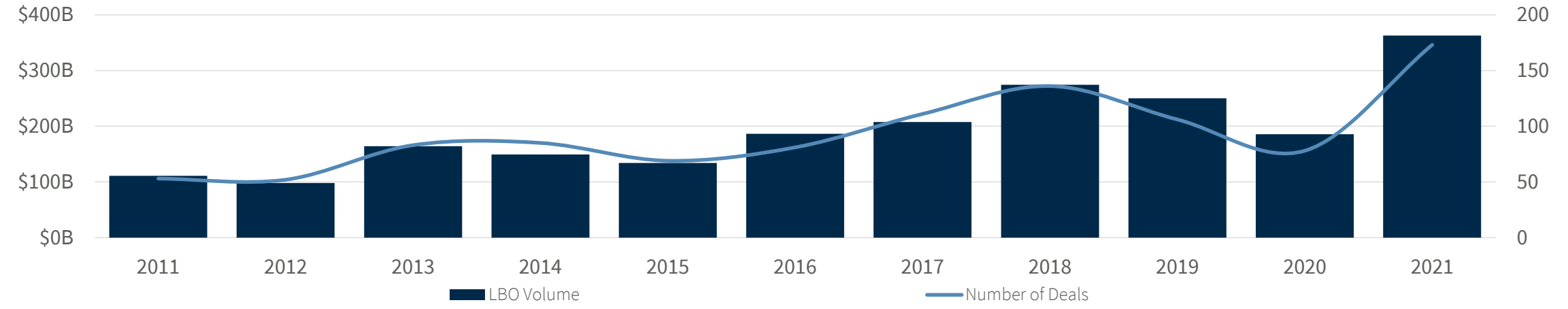


■ Motor Fuel Distributor
■ Propane / Heating Oil Distributor

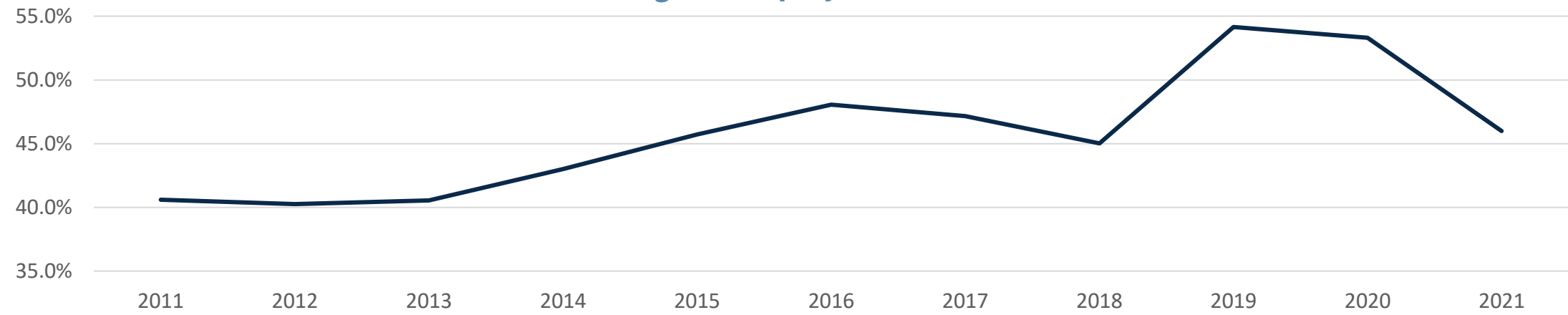
Source: Public company filings, Capital IQ, Wall Street equity research.
 Note: Data current as of 4/4/22. SUN = Sunoco LP, CAPL = CrossAmerica Partners LP, GLP = Global Partners LP, PKI = Parkland Fuel Corp., INT = World Fuel Services Corp., SRLP = Sprague Resources LP, SPH = Suburban Propane Partners, UGI = UGI Corp., Star Group LP = SGU and SPB = Superior Plus Corp.

Debt market outlook

Leveraged finance deal volume



Average LBO equity contribution

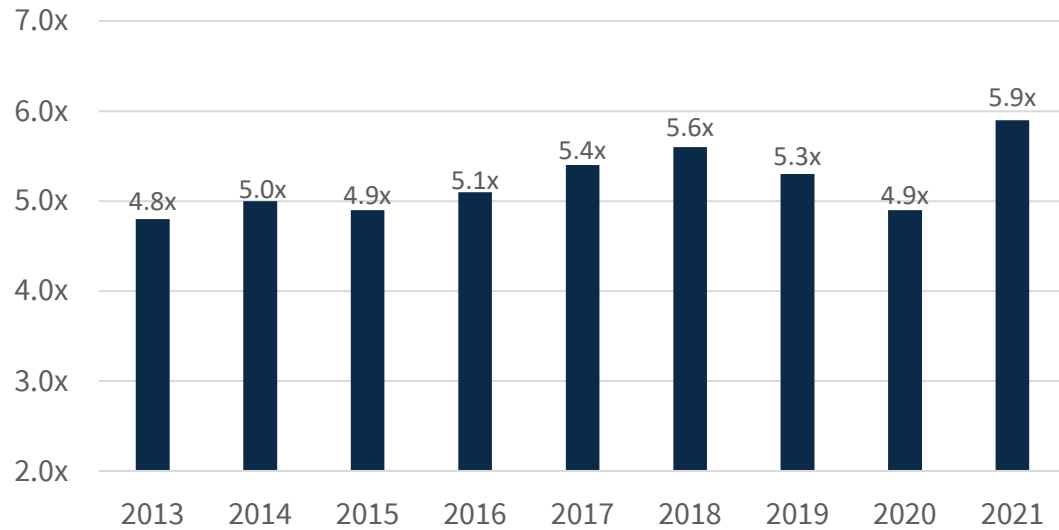


Source: LCD Research. All data as of 4/5/22.

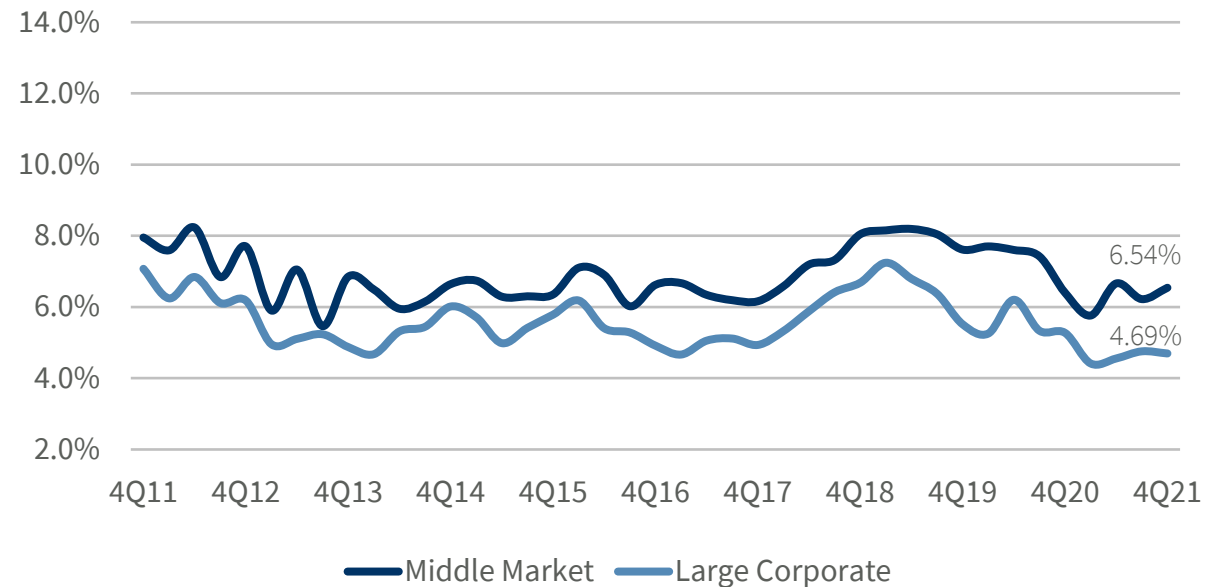
Debt market outlook (cont'd)

Middle Market Leverage Trends

Average leverage ratio⁽¹⁾



New-issue first lien yield to maturity



Source: LCD Research.

(1) Middle market defined as companies with less than \$50 million in EBITDA. All data as of 4/5/22.



What we're reading

“Fed Raises Interest Rates for First Time Since 2018” | Nick Timiraos, WSJ

[March 21, 2022](#) – With inflation touching a 40-year high earlier this year, Federal Reserve officials voted to raise the interest rate a quarter percentage point and has penciled in six more increases by years end, which is expected to bring the rate near 2%. Debate has ensued over how quickly the fed should raise the rate going forward, however.

[Read More](#)

“Oil Markets are Jittery as Russia-Ukraine Tension Drags On” | Clifford Kraus, NY Times

[February 14, 2022](#) – Russia produces 10 million barrels of oil per day, roughly 10% of global demand, and is Europe's largest supplier on natural gas, a critical fuel for power plants. If gas from Russia stops flowing, many Europeans could struggle to heat their homes, utilities might have to cut back on electricity production, and factories may be forced to close early.

[Read More](#)

“What is holding back U.S. Oil Production?” | Robert Rapier, Forbes

[March 11, 2022](#) – The oil industry has stockpiled nearly 9,000 drilling permits, but permits don't equate to production; investors have previously demanded that producers maintain capital discipline and grow volumes modestly. Given the current geopolitical environment, however, that sentiment may be changing with the potential need to replace Russian barrels on the global market.

[Read More](#)

“ExxonMobil Expands Pacific Northwest Finished Lubricants Distribution Network” | Keith Reid, DMN

[February 22, 2022](#) – ExxonMobil recently announced the acquisitions of Tyree and Nelson Petroleum Partners, while expanding the territories of CityServiceValcon and Snider Energy. This network expansion will help strengthen ExxonMobil's Northwestern presence by bringing more localized knowledge and expertise as well as improved technical support.

[Read More](#)

“Central Banks Grapple with Dual Threat of Slowing Growth, Rising Inflation” | Tom Fairless, WSJ

[March 21, 2022](#) – Central banks have moved decisively against inflation with a series of recent decisions to tighten monetary policy, but now, they face the risk of having to squeeze their economies hard and drive up unemployment to get inflation in check. With the war in Ukraine deepening uncertainty, countries, especially those in Europe, must be careful in how they choose to navigate the coming months.

[Read More](#)

“REG and Bunker Holding Enter Strategic Partnership” | Keith Reid, FMN

[February 22, 2022](#) – Bunker Holding Group, the world's largest supplier and trader of marine fuels, has entered into a partnership with Renewable Energy Group, a leading producer and supplier of clean fuels with more than \$3 billion in annual revenue. This partnership will greatly accelerate the marine industry's adoption of biodiesel, helping to reduce greenhouse gas while offering a “plug-and-play” solution for the current shipping infrastructure.

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Deep and experienced team

7 investment bankers
4+ equity research analysts
4+ dedicated equity capital markets pros

Robust transaction experience⁽¹⁾

75+ relevant industry transactions
\$12B+ total deal value
25+ years focused on the industry

Client focus

Oil Jobbers / Wholesale Fuel Distributors	Propane and Heating Oil Marketers
Commercial Fuel & Lube Distributors	Terminal Operators
Convenience Retail	Merchandise/ Foodservice Distributors
Truck Stop & Travel Center Operators	Mobile Refueling
Alternative Fuel Providers	Carwash Operators

Representative transactions

 Has sold select convenience store assets to   Wills Group March 2022	 Has been acquired by  twicedaily July 2020
 Has acquired propane distribution and propane terminal assets from  December 2018	 Has completed its business combination with   December 2020
 Has sold its wholesale fuel and refined fuel terminal assets to  April 2018	 Has sold its fuel distribution assets to   September 2017

(1) All data as of 4/5/22.