



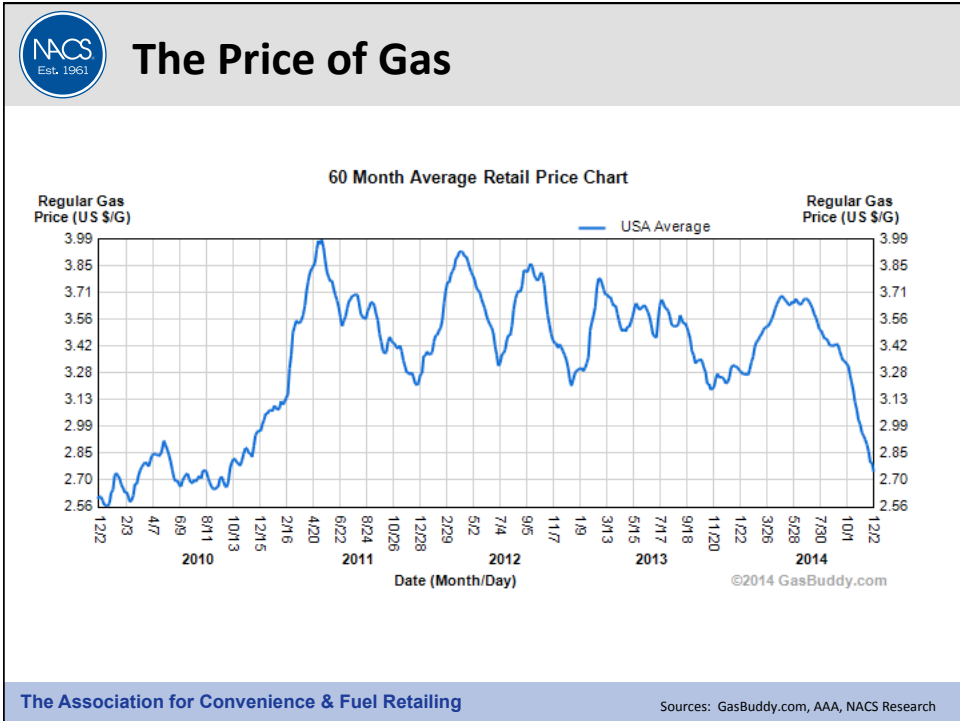
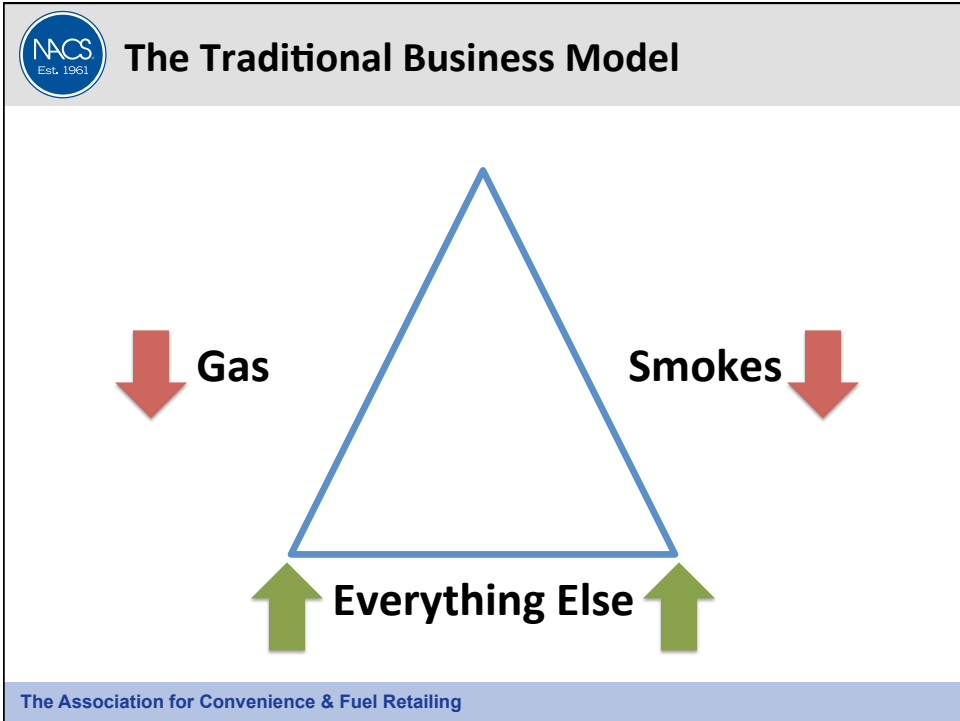
## What happened in 2014?

April 28, 2015



### Key Drivers

1. Price of Gas
2. Mergers & Acquisitions
3. Gallon growth = inside growth



**For the first time since 2008, the share of people expressing optimism exceeded the share expressing pessimism.**

Gallup's U.S. Economic Confidence Index -- Weekly Averages, 2008-2014

Latest results for week ending Dec. 28, 2014

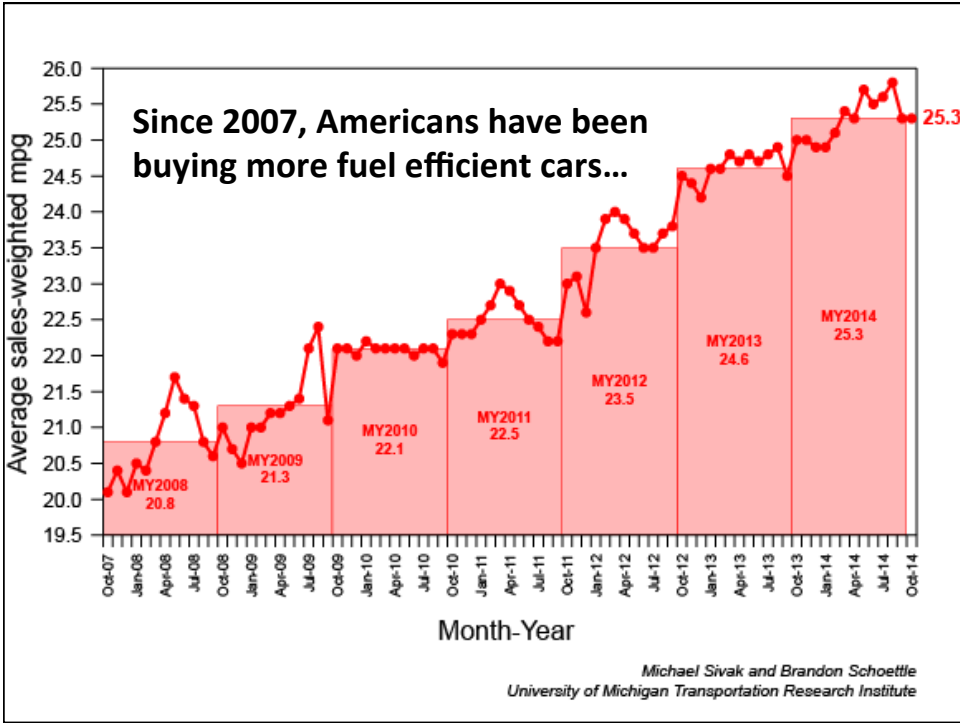
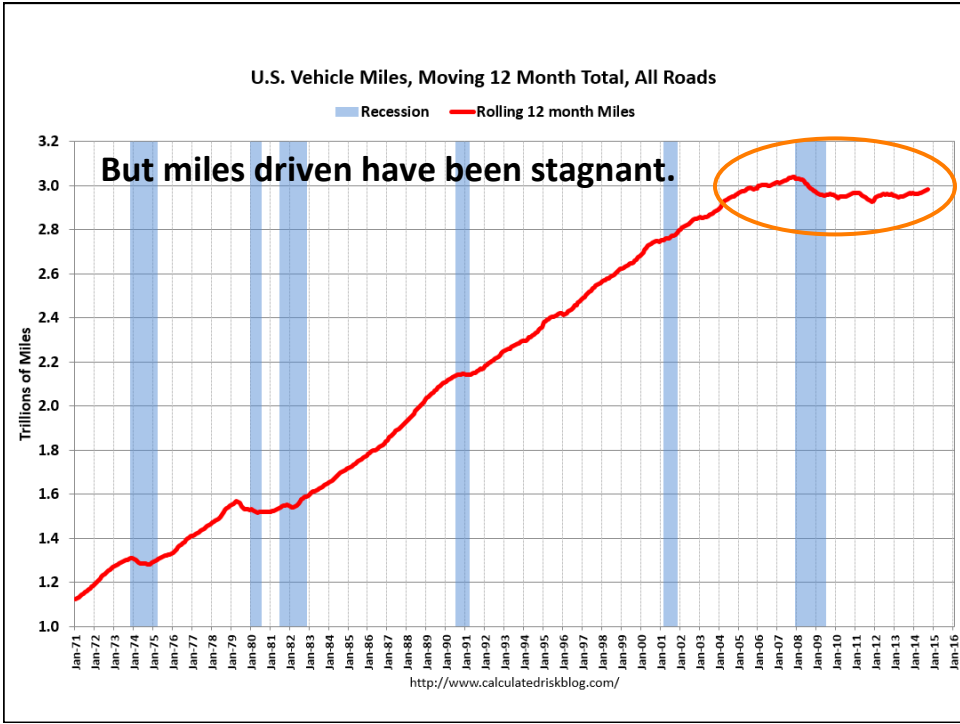


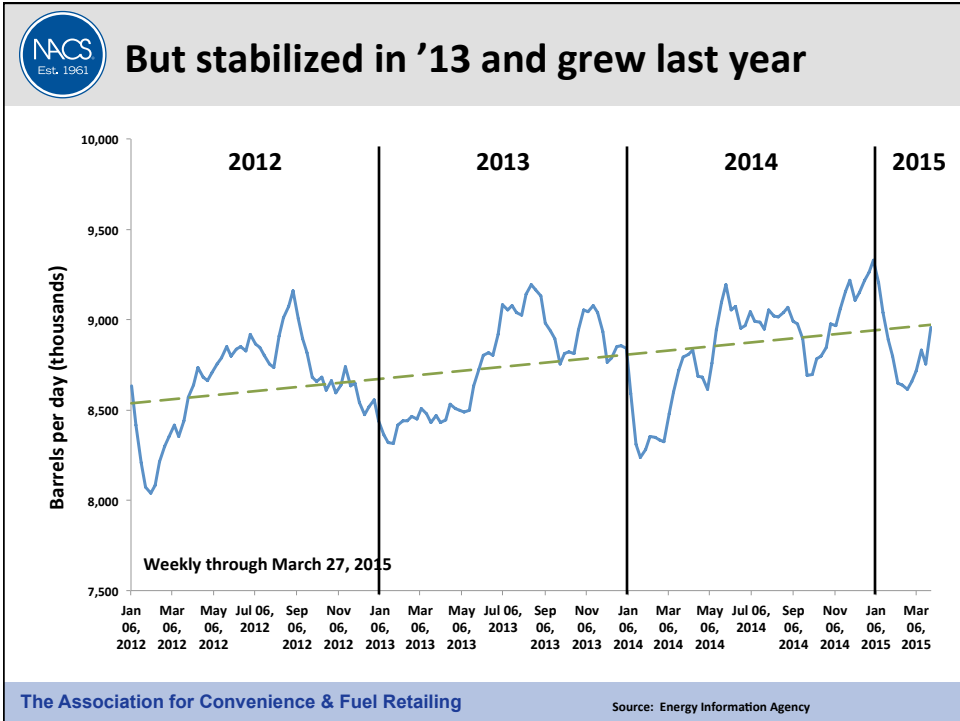
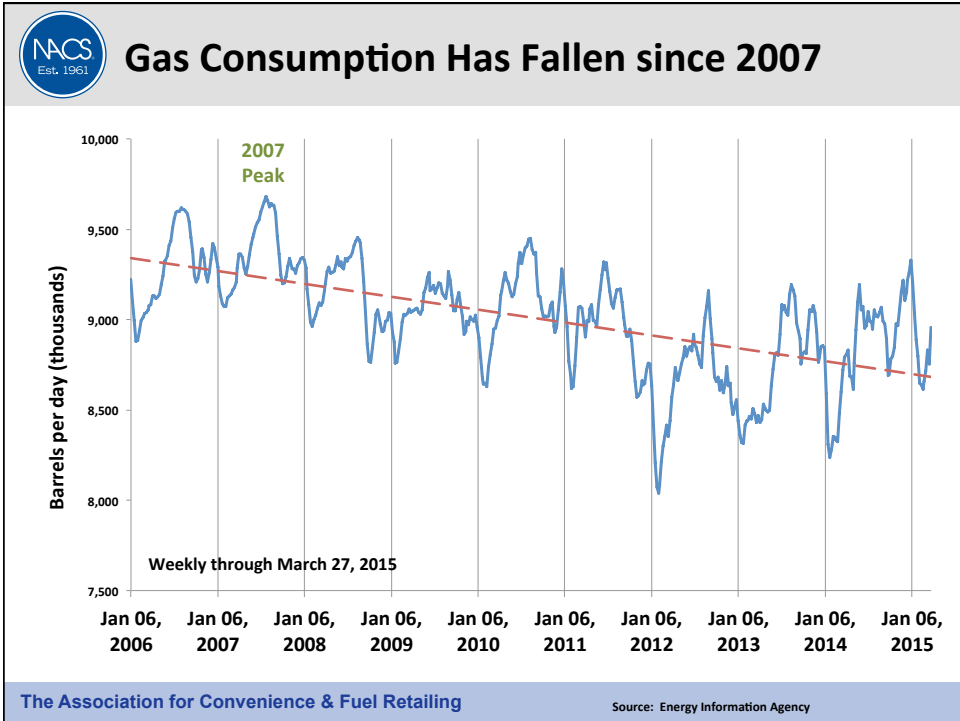
GALLUP



## Impact of Lower Gas Prices

1. EIA estimates reg gas to average \$2.40/gallon in 2015, vs. \$3.36/gallon last year.
2. **Winner: Typical American HH will spend \$1,817 on gas in 2015, vs. \$2,513 last year.**
  - Lowest expenditure on gas since 2004.
3. **Winner: Automakers and manufacturing.**
  - Americans may drive more and buy less fuel efficient vehicles....
4. **Losers: Oil producing countries AND US oil states.**
  - OPEC revenue (\$590)B; 2015 Russian economy assumed \$100 oil
5. **Unclear: Fuel economy standards....**
  - Federal standards dictate what automakers must do. Consumers are free to buy whatever cars they want. If they continue to buy larger, less-efficient cars, automakers will have problems

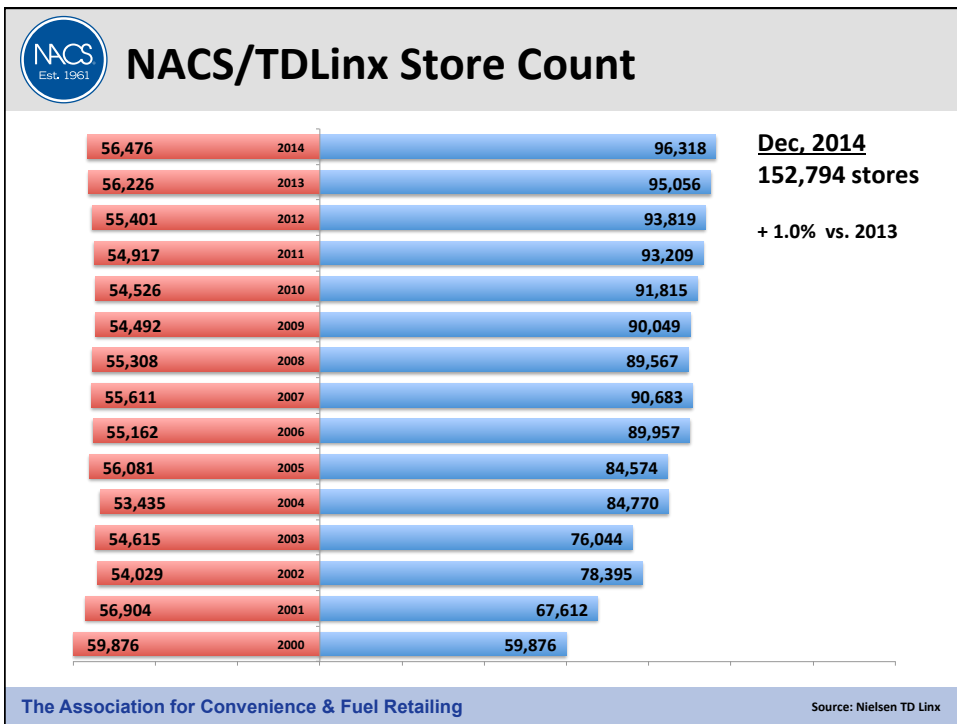




**NACS** Est. 1961 **US Brick & Mortar Retail**  
YoY Change

Channel	2013	2014	Unit Change	% Change
<b>Convenience Store</b>	<b>151,282</b>	<b>152,794</b>	<b>1,512</b>	<b>1.0%</b>
<b>Single Stores</b>	<b>95,056</b>	<b>96,318</b>	<b>1,262</b>	<b>1.3%</b>
Category Killer	83,959	85,822	1,863	2.2%
Liquor Store	46,266	46,351	85	0.2%
Drug	41,378	41,799	421	1.0%
Supermarket	50,645	50,839	194	0.4%
Dollar	24,853	25,952	1,099	4.4%
Cigarette Outlet	10,956	11,270	314	2.9%
Mass Merchandiser	7,177	7,113	(64)	(0.9%)
Warehouse Club	1,286	1,320	34	2.6%
Kiosk/Other	22,847	22,303	(544)	(2.4%)
<b>Total Retail</b>	<b>440,649</b>	<b>445,563</b>	<b>4,914</b>	<b>1.1%</b>

The Association for Convenience & Fuel Retailing Source: Nielsen TD Linx





### Top 20 Firms

By North American Store Count

- |  |   |
|--|---|
| 1. 7-Eleven = 8,278                                    | 11. Chevron = 750                               |
| 2. <b>Couche Tard + Pantry = 7,250</b>                 | 12. Pilot Flying J = 724                        |
| 3. <b>Speedway + Hess = 2,740</b>                      | 13. QuikTrip = 707                              |
| 4. <b>CST + LGP + Nice N Easy = 1,900</b>              | 14. Wawa = 660                                  |
| 5. <b>ETP + Sunoco + MACs + Susser + Aloha = 1,838</b> | 15. Tesoro = 586                                |
| 6. Casey's = 1,835                                     | 16. Cumberland Gulf = 549                       |
| 7. Murphy USA = 1,184                                  | 17. Sheetz = 502                                |
| 8. BP America = 970                                    | 18. (Tie - Canadian) Shell & Husky Energy = 500 |
| 9. Kroger = 785  | 19. Kwik Trip = 476                             |
| 10. Suncor/PetroCanada = 752                           | 20. GPM = 463                                   |

Approximate, as of April 2015

The Association for Convenience & Fuel Retailing

Source: CSP & NACS Research


















### What is an MLP?

















**A publicly traded partnership that allows for the pass through of income to its unit holders.**

- **Income & Taxes paid by limited partners on their individual tax returns.**
- **Must meet an IRS 90% qualifying income test.**
  - Exploration, production, refining, transportation or marketing of hydrocarbons, minerals or natural resources
  - Dividend income
  - Rents from real estate

The Association for Convenience & Fuel Retailing

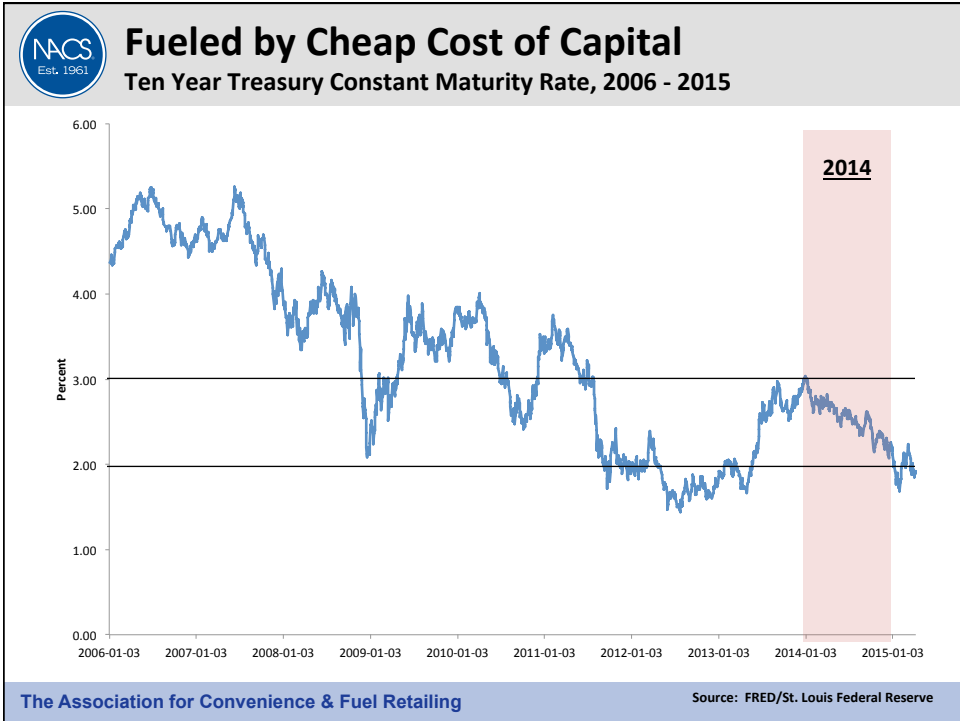
 <b>2014: Retail/Restaurant Deals</b>			
	+		= \$15.3B
	+		= \$13.4B
	+		= \$9.2B
	+		= \$8.5B
	+		= \$2.7B
	+		= \$2.1B
	+		= \$2.1B

The Association for Convenience & Fuel Retailing Source: PWC US Retail & Consumer Deals Insights, 2014

 <b>2014: CPG/Supplier Deals</b>					
	+		= \$50B+		
	+		= \$27.4B		
	+		= \$7.7B		
	+		= \$5.8B		
	+		= \$5.0B		
	+		= \$3.1B		
	+		+		= \$2.2B, \$1.3B

The Association for Convenience & Fuel Retailing Source: PWC US Retail & Consumer Deals Insights, 2014





The Association for Convenience & Fuel Retailing

## Burger IPOs in 2014

**Habit Burger**  
100 locations in 4 states  
(HABT) IPO closed Nov 25, 2014.  
Raised \$92.4m at \$18/share.  
Trading at \$31.00, 72.2% increase.

**Shake Shack**  
63 global locations  
(SHAK) Filed for IPO Dec 29, 2014  
Raised \$105m at \$21/share.  
Trading at \$49.79, 137.1% increase.

The Association for Convenience & Fuel Retailing



# Restaurant IPOs in 2014



**Zoe's Kitchen**  
125 locations in 15 states.  
(ZOES) IPO closed Apr 10, 2014.  
Raised \$87.5m at \$15/share.  
Trading at \$34.09, 127.3% increase.



**El Pollo Loco**  
400 restaurants in 5 states.  
(LOCO) IPO closed Jul 30, 2014.  
Raised \$112.8m at \$15/share.  
Trading at \$27.63, 84.2% increase.

The Association for Convenience & Fuel Retailing



# Pizza Chains to Watch in 2015

Pizza: \$39B/yr spend in US



**Pizza Studio**  
24 stores, 18 Franchise  
\$1.2m on \$11.5 sales; \$6.5m in funding

**Pieology**  
42 stores



**Blaze Pizza**  
45 stores

The Association for Convenience & Fuel Retailing




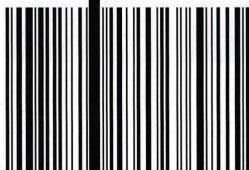
# Amazon Drone Delivery



The Association for Convenience & Fuel Retailing

“Wired” Magazine  
July, 2014

JUL 2014	ARGUMENT
	BY MARCUS WOHLSSEN

## GROUND WAR TECH TITANS TAKE THEIR FIGHT TO THE STREETS

**CONVENIENCE STORES** are a trillion-dollar industry worldwide, despite the fact that they're not actually very convenient. In principle, at least. 7-Elevens have been optimally spread throughout your region and optimally stocked with items you want in a pinch. But with their limited footprints, they can't stock nearly enough items to satisfy everyone. And given that you probably need to drive there anyway, you might as well travel the extra 10 minutes to the supermarket or big-box retailer that has what you really want. True convenience shopping is on its way, though, and we won't need to drive at all to enjoy it. Instead, the store will come to us. Within five

025  
L&L DESIGN



# Roaming Convenience Trucks



The Association for Convenience & Fuel Retailing

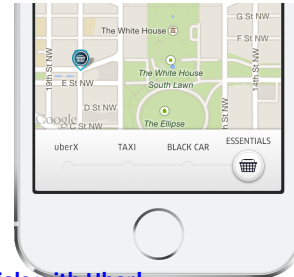
U B E R

BRINGING THE NEIGHBORHOOD  
SHOP TO YOUR DOORSTEP





## Seasonal Items...



### [From costumes to candy, request your Halloween essentials with Uber!](#)

Starting today through October 31st, we're bringing you **bags of fun size candy, costume accessories, and pumpkin carving kits** on demand.

Forgot to pick up candy for trick-or-treaters?

Invited to a Halloween party without a costume handy?

Don't have the necessary tools to create the perfect jack-o-lantern?

Simply toggle over to **ESSENTIALS** in the Uber app and request to bring the store right to your doorstep.

The Association for Convenience & Fuel Retailing



## ...and Healthcare...



### HOW IT WORKS

[UberHEALTH is available from 10am - 3pm on Thursday, October 23rd.](#)

To request, choose the **UberHEALTH** option in your app. An UberSUV will arrive at your location with your very own flu prevention pack.

Upon arrival, you'll also have the option to request a flu shot from a registered nurse for up to 10 people.

### THE DETAILS

Cost: **FREE**

All vaccinations (appropriate for ages 4 and up) will be administered by a registered nurse from

[Passport Health. All consent information and paperwork stays between the recipient and them.](#)

If you or your friends choose to be vaccinated, please arrange for a suitable indoor environment before your nurse arrives.

The Association for Convenience & Fuel Retailing



# ...and Puppies!

JANUARY 28, 2015  
POSTED BY AMBER



## PUPPIES ON DEMAND

In preparation for the biggest event in canine sports history, **PUPPY BOWL XI**, we are teaming up with Animal Planet to deliver adoptable puppies to animal lovers across Atlanta, Baltimore, Cleveland, Dallas, DC, Denver, Indianapolis, LA, Phoenix & Seattle! Break out all the warm fuzzy feelings and get ready to go "awwwww" - you'll get to cheer on Team Ruff and Team Fluff with #UberPuppyBowl and see who will take home the title of top dog!

**Cost: \$30**  
**Time: 15 minutes**  
**Offices only**  
**Between 11am and 3pm**

**UBER IS DELIVERING PUPPY BOWL ON DEMAND IN 10 CITIES!**

The Association for Convenience & Fuel Retailing

Source: Uber, Jan 28 2015



# Don't forget Starbucks

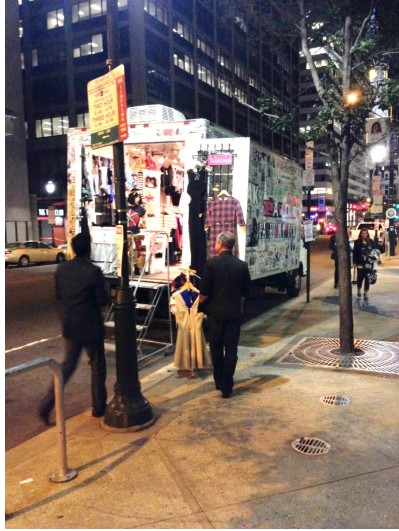


The Association for Convenience & Fuel Retailing

Source: Bloomberg, August 28, 2014



## Fashion Truck



The Association for Convenience & Fuel Retailing

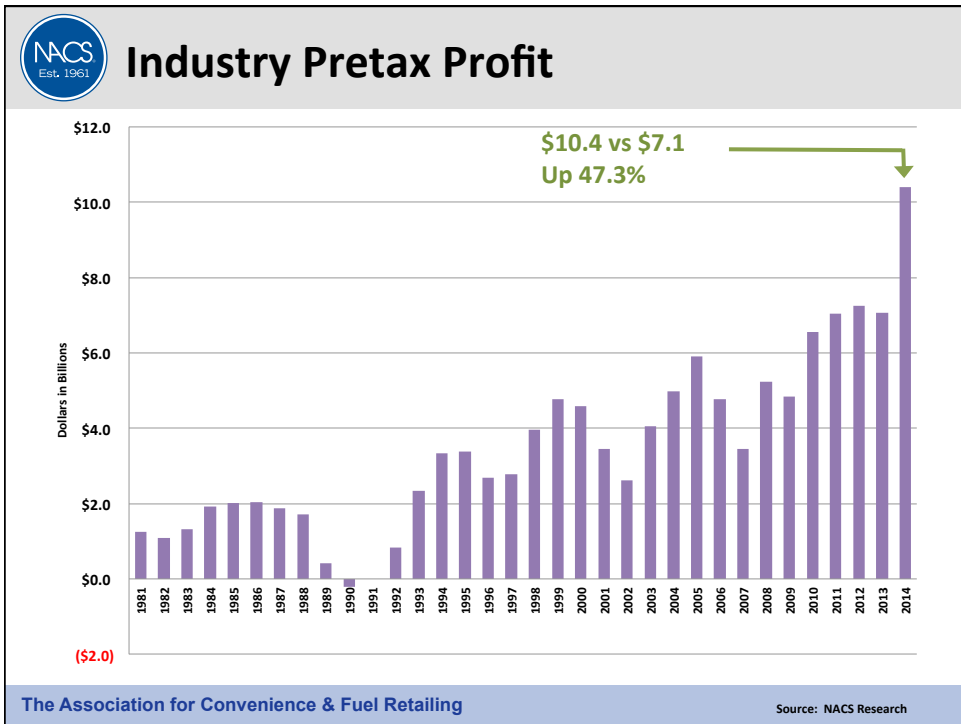
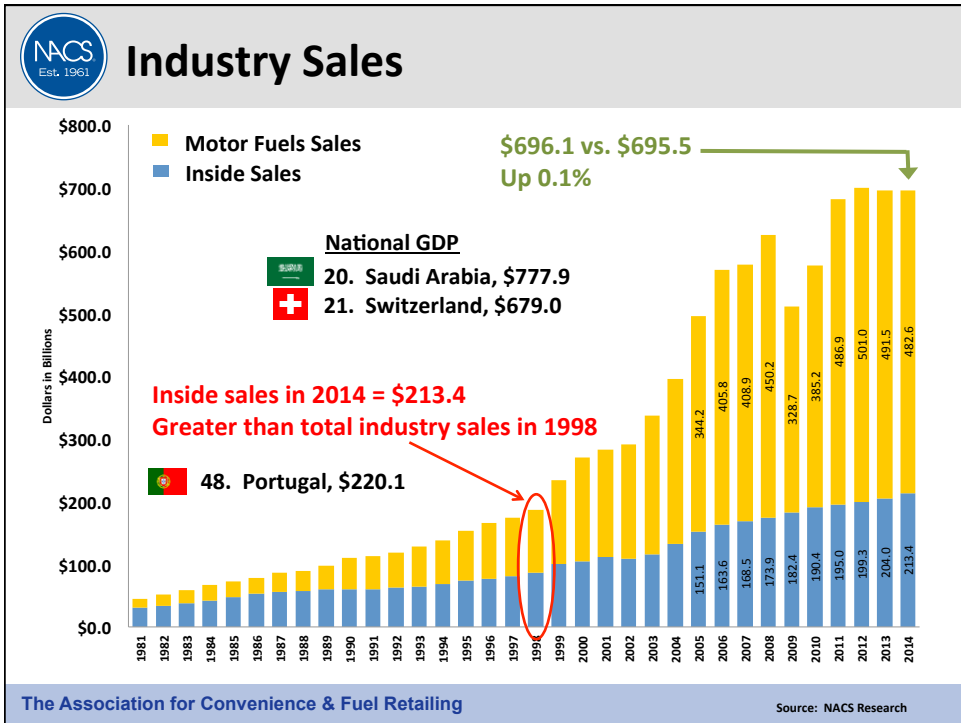


## Key Industry Metrics

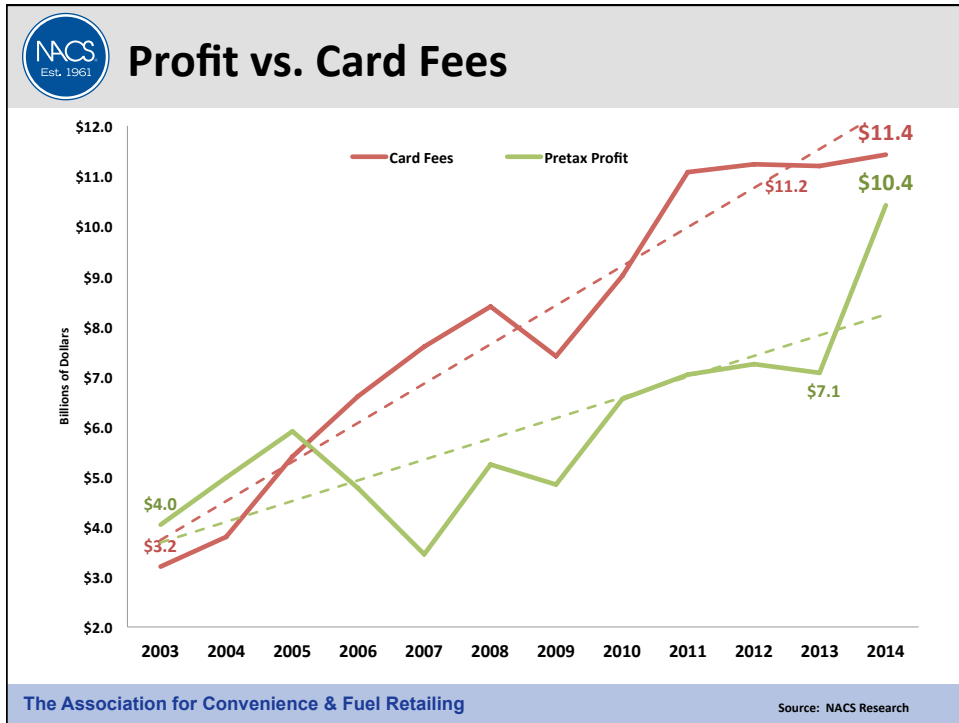
Snapshot	2013	2014	% Change
Store Count	151,282	152,794	1.0%
Inside Sales	\$204.0B	\$213.5B	4.6%
Fuel Sales	\$491.5B	\$482.6B	(1.8)%
Total Sales	\$695.5B	\$696.1B	0.1%
Pretax Profit	\$7.1B	\$10.4B	46.5%
Credit Card Fees	\$11.2B	\$11.4B	2.3%
US Gas Consumption (bbl/day)	8.75M	8.84M	1.1%
Employees	2.20M	2.43M	10.6%
Fuel Margin (cpg)	18.7¢	21.9¢	17.1%
Net of CC Fees	13.4¢	16.9¢	26.4%

The Association for Convenience & Fuel Retailing

Source: Nielsen TDLinX , NACS State of the Industry Survey of 2014 Data & CSX, LLC & U.S. Energy Information Administration







Per Store/Per Month	2013	2014	△
<b>Total All Sales</b>	<b>\$597,069</b>	<b>\$596,004</b>	<b>(0.2)%</b>
<b>Fuel Sales</b>	<b>\$486,314</b>	<b>\$477,390</b>	<b>(1.8)%</b>
<b>Fuel Gallons</b>	<b>140,586</b>	<b>143,780</b>	<b>2.3%</b>
<b>Average Selling Price</b>	<b>\$3.46</b>	<b>\$3.32</b>	<b>(4.0)%</b>
<b>In-Store Sales</b>	<b>\$139,680</b>	<b>\$146,049</b>	<b>4.6%</b>
<b>Foodservice Sales</b>	<b>\$25,675</b>	<b>\$28,170</b>	<b>9.7%</b>
<b>Merchandise Sales</b>	<b>\$114,534</b>	<b>\$118,403</b>	<b>3.4%</b>
<b>Mdse - Cigarettes</b>	<b>\$67,243</b>	<b>\$70,936</b>	<b>5.5%</b>
<b>Cigarettes</b>	<b>\$48,411</b>	<b>\$48,479</b>	<b>0.1%</b>

The Association for Convenience & Fuel Retailing Source: CSX, LLC

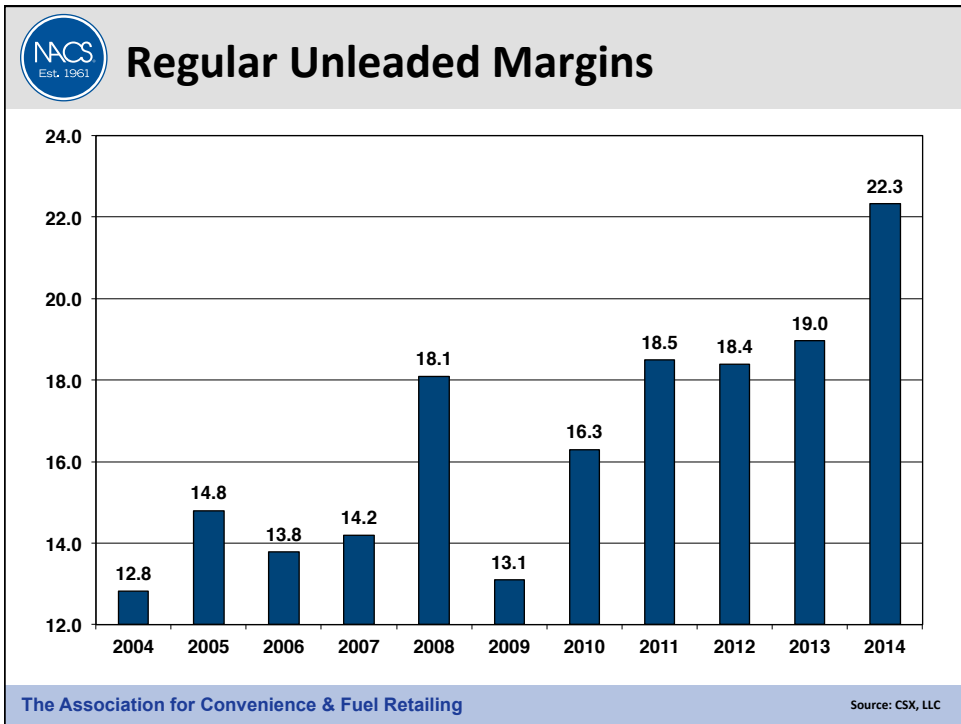
**NACS**  
Est. 1961

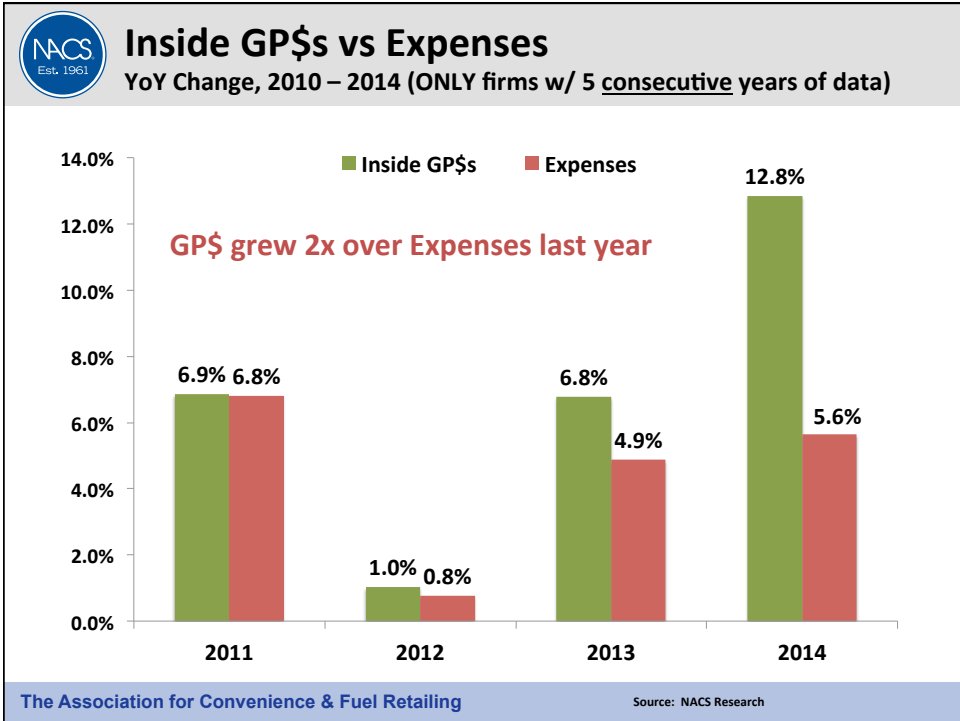
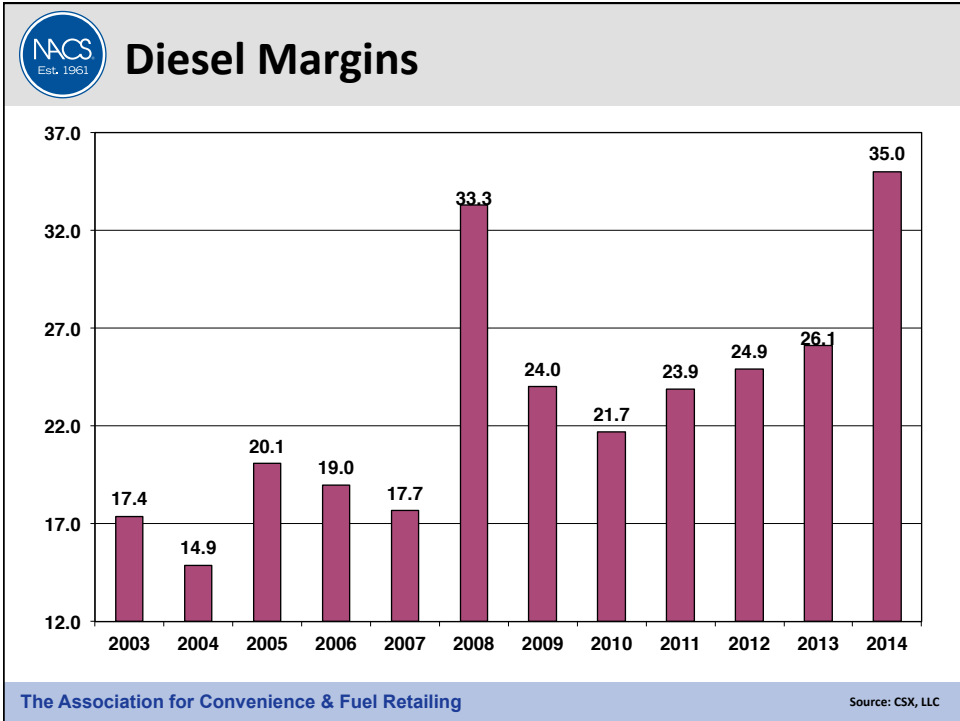
## Gross Profit \$

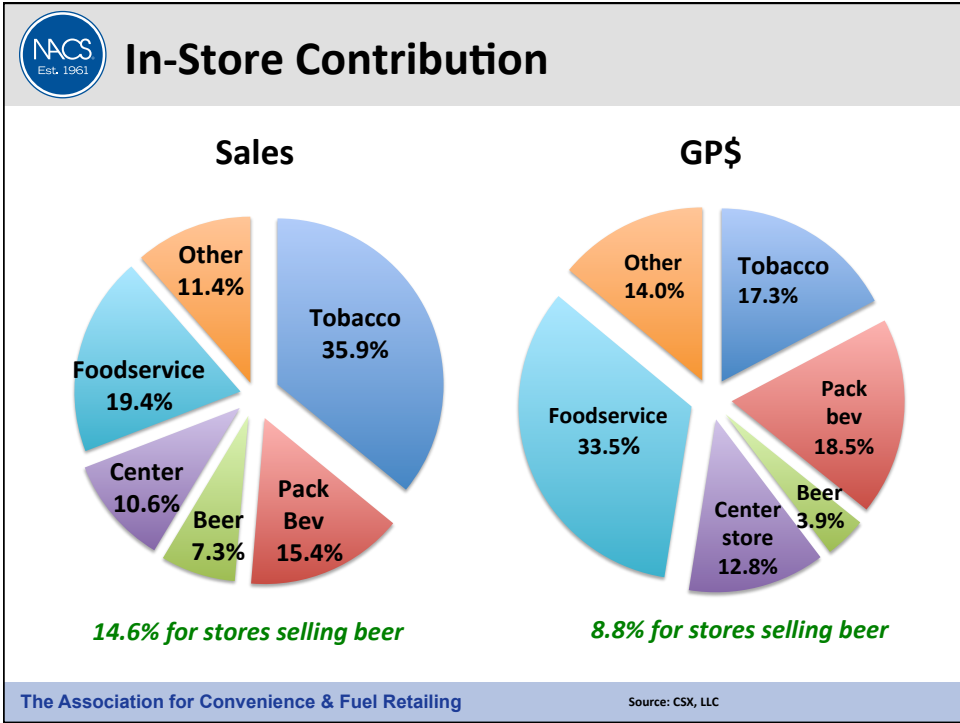
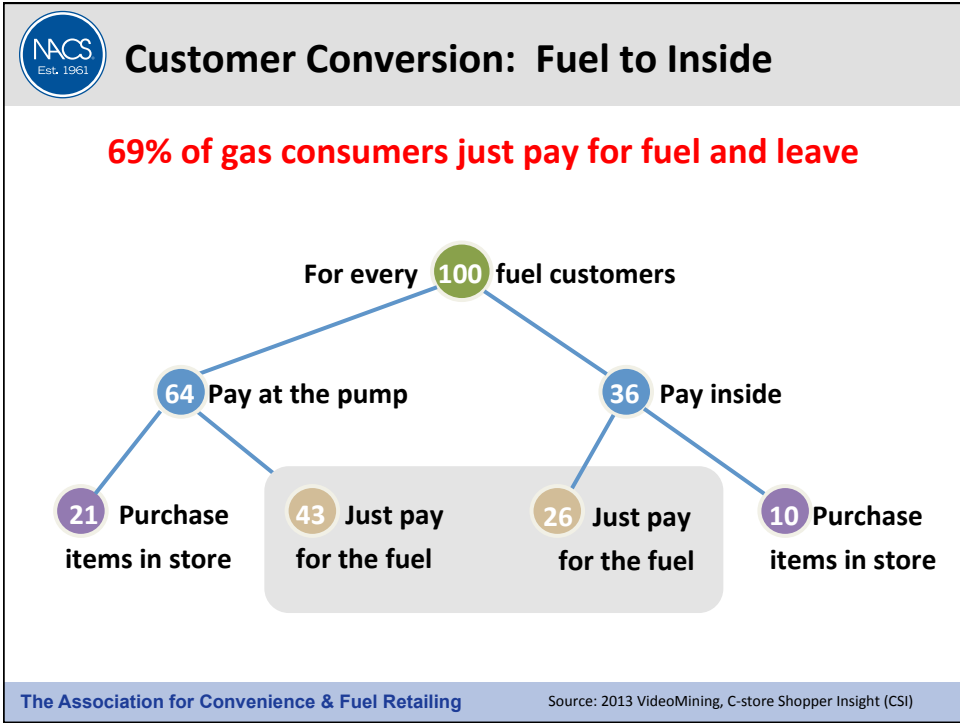
Same Firms


Per Store/Per Month	2013	2014	△
<b>Total Gross Profit</b>	<b>\$73,179</b>	<b>\$81,833</b>	<b>11.8%</b>
<b>Fuel</b>	<b>\$26,304</b>	<b>\$32,314</b>	<b>22.8%</b>
<b>Pool Margin</b>	<b>18.71</b>	<b>22.47</b>	<b>20.1%</b>
<b>Margin – CC Fees</b>	<b>13.41</b>	<b>17.19</b>	<b>28.2%</b>
<b>In-Store</b>	<b>\$44,636</b>	<b>\$47,382</b>	<b>6.2%</b>
<b>Foodservice</b>	<b>\$14,472</b>	<b>\$15,892</b>	<b>9.8%</b>
<b>Merchandise</b>	<b>\$30,462</b>	<b>\$31,786</b>	<b>4.3%</b>
<b>Mdse - Cigarettes</b>	<b>\$23,986</b>	<b>\$25,514</b>	<b>6.4%</b>
<b>Cigarettes</b>	<b>\$6,739</b>	<b>\$6,562</b>	<b>(2.6)%</b>

The Association for Convenience & Fuel Retailing Source: CSX, LLC








 <b>Foodservice</b> Jan-Dec 2014			
Per Store/Per Month	Sales \$	Margin \$	GM%
Prepared Food	\$23,011	\$13,254	57.60%
Commissary	\$1,846	\$719	38.96%
Hot Dispensed Beverages	\$4,373	\$2,493	57.01%
Cold Dispensed Beverages	\$4,179	\$2,287	54.73%
Frozen Dispensed Beverages	\$1,055	\$588	55.78%


The Association for Convenience & Fuel Retailing Source: CSX, LLC

 <b>Foodservice Sales and Margin Change</b> Jan-Dec 2014 vs Jan-Dec 2013			
Per Store/Per Month	Sales % Change	GP % Change	GM% Pt Change
Prepared Food	7.7%	5.7%	(1.10)
Commissary	9.8%	13.1%	3.0
Hot Dispensed Beverages	0.8%	2.6%	0.98
Cold Dispensed Beverages	0.8%	1.9%	0.58
Frozen Dispensed Beverages	4.3%	9.5%	2.62


The Association for Convenience & Fuel Retailing Source: CSX, LLC

 <b>Top Ten Merchandise Categories</b> Jan-Dec 2014			
Per Store/Per Month	Sales \$	Margin \$	GM%
Cigarettes	\$48,479	\$6,562	13.54%
Packaged Beverages	\$22,824	\$9,083	39.80%
Beer	\$15,432	\$2,944	19.08%
Other Tobacco Products	\$7,373	\$2,157	29.25%
Salty Snacks	\$6,499	\$2,528	38.89%
Candy	\$4,792	\$2,315	48.31%
Packaged Sweet Snacks	\$3,108	\$1,093	35.18%
General Merchandise	\$2,257	\$910	40.30%
Milk	\$2,101	\$604	28.74%
Ice Cream/Novelties	\$1,750	\$788	45.00%


The Association for Convenience & Fuel Retailing Source: CSX, LLC

 <b>Top Ten Merchandise Categories</b> Jan-Dec 2014 vs Jan-Dec 2013			
Per Store/Per Month	Sales % Chg	Margin % Chg	GM% Pt Chg
Cigarettes	0.1%	(2.6)%	(0.39)
Packaged Beverages	6.5%	5.9%	(0.22)
Beer	3.5%	5.6%	0.38
Other Tobacco Products	4.9%	1.3%	(1.05)
Salty Snacks	8.5%	11.2%	0.94
Candy	4.0%	7.1%	1.42
Packaged Sweet Snacks	3.3%	2.3%	(0.35)
General Merchandise	16.4%	17.3%	0.31
Milk	3.8%	(0.9)%	(1.37)
Ice Cream/Novelties	0.2%	(1.2)%	(0.63)

The Association for Convenience & Fuel Retailing Source: CSX, LLC

 <b>Category Sales</b> Quartiles based on Store Operating Profit				
2014	Top Quartile	2 <sup>nd</sup> Quartile	3 <sup>rd</sup> Quartile	Bottom Quartile
Fuel Gallons	199,307	115,125	96,652	99,647
Cigarettes	\$64,118	\$40,570	\$34,870	\$33,100
Packaged Beverages	\$29,226	\$19,935	\$14,312	\$12,927
Beer	\$18,691	\$12,492	\$14,662	\$12,792
Other Tobacco Products	\$8,291	\$6,514	\$5,923	\$7,600
Candy	\$5,233	\$4,348	\$3,559	\$3,517
Salty Snacks	\$8,384	\$4,621	\$4,213	\$3,757
Prepared Food	\$29,176	\$19,893	\$9,505	\$12,121
Hot Dispensed Beverages	\$8,395	\$3,566	\$1,951	\$2,453
Cold Dispensed Beverages	\$5,007	\$3,945	\$3,514	\$2,023

The Association for Convenience & Fuel Retailing Source: NACS State of the Industry Survey and CSX LLC

 <b>Category Gross Margin %</b> Quartiles based on Store Operating Profit				
2014	Top Quartile	2 <sup>nd</sup> Quartile	3 <sup>rd</sup> Quartile	Bottom Quartile
Fuel	7.31%	6.47%	5.73%	5.68%
Cigarettes	12.52%	14.99%	14.73%	13.12%
Packaged Beverages	39.45%	40.66%	39.36%	38.09%
Beer	18.97%	19.13%	19.21%	23.49%
Other Tobacco Products	27.63%	31.71%	28.69%	28.23%
Candy	48.75%	49.79%	47.24%	49.03%
Salty Snacks	39.28%	38.45%	36.01%	34.62%
Prepared Food	54.99%	62.23%	54.08%	46.24%
Hot Dispensed Beverages	65.31%	63.25%	48.72%	52.62%
Cold Dispensed Beverages	54.45%	56.08%	50.18%	41.93%

The Association for Convenience & Fuel Retailing Source: NACS State of the Industry Survey and CSX LLC