WESTPEAK RESEARCH ASSOCIATION

Murphy USA (NYSE: MUSA)

Consumer Cyclical –Specialty Retail

All Gas, No Brakes

January 5, 2024

Murphy USA Corporation ("Murphy USA" or the "Company") is one of the United States' largest independent retailers of gasoline and convenience store products. With over 1,700 locations across 27 states, Murphy USA prides itself on saving its customers money on gas and items within its stores.

Thesis

Murphy USA's revenue will continue to climb in the coming years with its inorganic growth plan acting as a foundation for its future. This reinvestment only increases our optimism, as its asset turnover ratio is the sector's best at 5.21 compared to the average of 1.95. Additionally, in 2023, Murphy USA experienced significant revenue growth due to organic expansion in prime locations, leveraging shared consumer reach with Walmart. We anticipate further growth in its 2024 fiscal year, surpassing last year's record performance.

Drivers

Intense competition within the sector drives prices down reducing profit. Many companies struggle to keep up consistent growth and with numerous new entrants into the industry, profits in the future will become more difficult to sustain, but Murphy USA's uncontested asset turnover rate, mixed with their dedication to self-improvement allows them to stay ahead of competition.

Valuation

We initiate a **BUY** rating on Murphy USA, with a target price of $484.71 based on our Perpetuity Growth Multiple and EV/EBITDA Exit Mulitple both weighted at 70%. Additionally, we used P/E and EV/EBITDA Multiple from our Comparable Companies Analysis, both weighted at 15% each.

Analyst: Jack Callow, BCom. '27
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Equity Research	US
Price Target	**USD$ 484.71**
Rating	Buy
Share Price (Mar 15. Close)	CAD$ 421.79
Total Return	14.9%

Key Statistics	
52 Week H/L	$426.8/$237.6
Market Capitalization	$8.78B
Average Daily Trading Volume	196.53K
Net Debt	$1.68B
Enterprise Value	$10.59B
Net Debt/EBITDA	1.59x
Diluted Shares Outstanding	21.90M
Free Float	91%
Dividend Yield	0.4%

WestPeak's Forecast

	2021A	2022A	2023A
Revenue	$17.4B	$23.5B	$21.5B
EBITDA	$817M	$1.19B	$1.06B
Net Income	$397M	$673M	$557M
EPS	$14.92	$28.10	$25.49
P/E	10.7x	8.7x	12.9x
EV/EBITDA	7.7x	6.8x	8.8x

1-Year Price Performance

Business Overview

Company Overview

Murphy USA Corporation is one of the United States' largest independent retailers of gasoline and convenience store products. Company stock is traded on the New York Stock Exchange (NYSE) under the ticker symbol "MUSA". From their humble beginnings in Chattanooga, Tennesse, Murphy USA has focused on offering the lowest prices on gasoline and exclusive prices on items since 1996. Headquartered in El Dorado, Arkansas, Murphy USA stores stretch across the Southwest, Southeast, Midwest, and Northeast of the United States, with locations in 27 States. All 1,712 stores and counting, are placed in convenient locations for the consumers, most commonly near Walmart superstores for increased exposure. These 1,712 locations are currently divided into 1,151 Murphy USA stores, 404 Murphy Express shops and 157 QuickCheks.

Segments

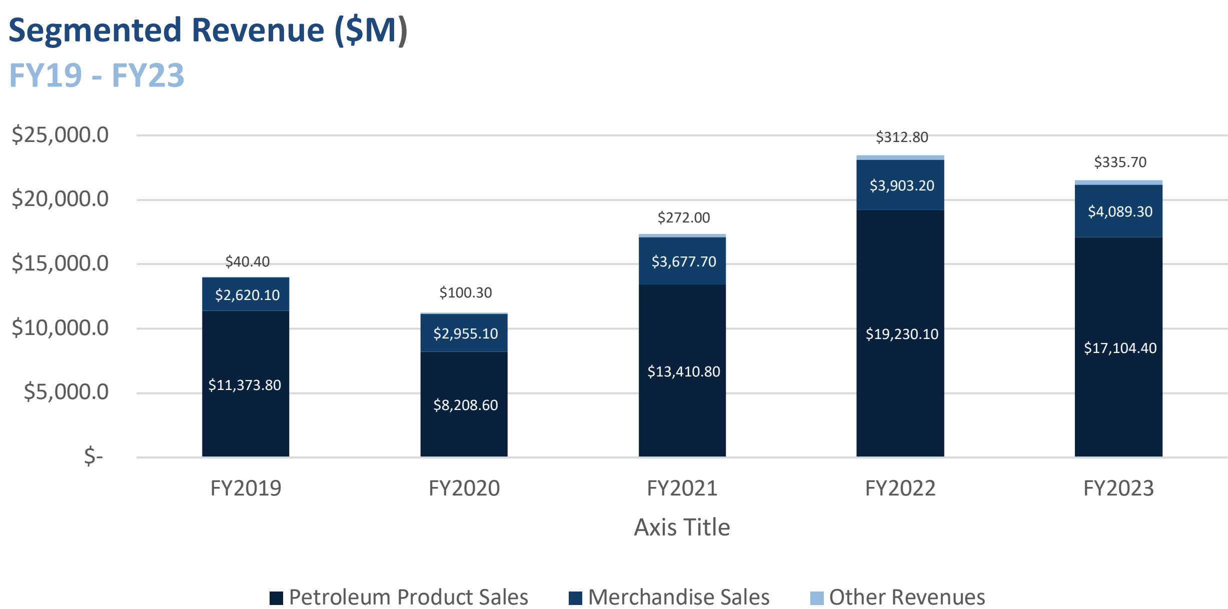
Gasoline

With over 80% of its revenue coming from gasoline, Murphy USA is heavily reliant on its fuel stations. The company's current strategy allows them to buy gasoline at a heavily discounted price. This is done by purchasing the fuel from non-contractual suppliers. By purchasing fuel at wholesale prices in large quantities and keeping purchases non-contractual, Murphy USA can stay flexible and agile, constantly pursuing the lowest price without having to stay loyal to a single producer.

Retail

In recent years Murphy USA has taken many strides to further themselves within the retail industry. The company has averaged an increase of 12.9% in merchandise sales over the past 4 years, which is close to 10% over the average increase in the sector. Numerous strategic decisions have led to this impressive feat. Leading the charge has been the company's acquisition of QuickChek. This acquisition was very lucrative for Murphy USA, as it gave the company an all-new range of goods to deliver to customers. Before this acquisition, both, Murphy USA stores, and Murphy Express stores sold common gas station snacks, but QuickChek offers a completely new menu and range of goods for customers, such as baked goods, breakfast foods, subs, seasonal foods and much more. In addition to its impressive menu, QuickChek will also open up Murphy USA to New York and New Jersey, 2 entirely new states for the company, expanding its geographical reach to the 4th and 11th most populated states in the United States.

To further this impressive growth, the company has also started to deliver their goods using online services such as Hyperflyer and Instacart. This additional way of delivering products to consumers increases accessibility and adds another potential point of sale for customers. The last reason for this success has been the company's reward program. The application on your mobile device allows you to not only save money while purchasing food or beverages but also allows you to save money while at the pumps. The main differentiation point from other rewards services is the partnership with Walmart, which allows you to use the points earned at Walmart or vice-versa.



Divisions

Murphy USA

Murphy USA's stores have been specifically placed near the world's largest retailer, Walmart. These stations are designed to be a quick splash-and-dash experience with most stores only being around 200-440 square feet. However, in recent years the company has begun to expand these to around 1200 square feet. This extra space has allowed Murphy USA to include more variety in the products they serve, which has increased customer satisfaction.

Murphy Express

Murphy Express locations are the best of the best when it comes to amenities available for customers. These stand-alone buildings range up to 3,500 square feet and offer a minimum of 12 pumping stations, ATMs, 8 coffee stations and much more. This larger format of the station allows Murphy Express to sell the variety and selection that the customers are looking for without needing to make another stop.

QuickChek

QuickChek is the most recent acquisition from Murphy USA, which took place in January of 2021, with an all-cash $645m transaction. QuickChek is an all-new type of convenience store, focusing less on packaged goods and committing itself to providing fresh foods. These stores take fresh local ingredients and make meals right before the customer's eyes, meals that can be picked up on-site or delivered to the purchaser's location. In addition to these consumer improvements, shareholders will also enjoy this acquisition as Murphy USA has seen an increase in gross profit % after the acquisition and an expansion of consumer reach, stretching out into New Jersey and New York, 2 untapped states for Murphy USA.

Corporate Strategy

Historic Value Creation

Murphy USA has focused heavily in the past decade on creating value in the company. The most evident source of value created has been the 500+ new stores that have been added or built to Murphy USA's network. This is in addition to the 175 plus, stores that have been razed and rebuilt. The last physical change in the past decade has been the acquisition of QuickChek. This momentous acquisition opens new doors for the company's future concerning the food and beverage selection that is being offered. On the more technical side, Murphy USA has taken great strides to leverage its scale to cut the costs of fuel. Since the company buys wholesale, Murphy USA has begun to increase the amount bought at a time which allows them to acquire the fuel at a discounted rate. The company has also introduced new IT infrastructure for their stores. This new structure has proven successful, allowing stores to run at a higher capacity while being more scalable. On the shareholder's side, Murphy USA has dedicated itself to improving the shareholders' experience. This includes a reduced share count of 53% due to mass buyback plans and the initiation of a dividend for shareholders, which has been steadily increasing in size since its inception.

Murphy USA's Growth Strategy

Murphy USA has no plans of slowing down. The company already has proposed to build over 40 new stores in 2024 and improve many already existing stores to give them a fresh new look. As QuickChek has been a major success, Murphy USA is also looking for other M&A opportunities for higher quality items, this in turn will build scale and augment unit growth. In the future, the company plans on cutting costs even more. This will be achieved by creating distinct branded food and beverage initiatives that will increase returns and provide the stores with a greater variety of items. Murphy USA will also expand their loyalty reach, impact and profitability by transforming their already established rewards app. Moreover, the company has plans on further increasing dividends and will continue to reduce the share count. This will in time strengthen the company's stock and the shareholder's trust.

Competitive Advantage

More Convenient locations

One of the reasons Murphy USA has been able to sustain high growth for such an extended amount of time has been the company's unwillingness to stop building and evolving. In the past decade, they have added over 500 stores to their network and have razed and rebuilt pre-existing stores that did not meet the standard. For the company to sacrifice short-term income for a better image and long-term revenue is one of the driving reasons why this stock has done so well.

Asset Turnover

The industry average for an asset turnover ratio is 1.95, Murphy USA's is 5.21. This means that the company earns $5.21 in sales for every dollar in assets they have. This metric is extremely useful in this industry as it displays how efficient the company currently is with its assets. Murphy USA is currently operating at the top of its sector when using this ratio, which is positive when we look at the current state of the company, as well as the future of it. Murphy USA's effectiveness is a positive sign for estimating the future as it instills optimism into us that the capital that they reinvest is not being wasted.

More Variety

As Murphy USA is continuously expanding, the demand for new and exciting items on their shelves also expands. The world is moving into a technological age where we are seemingly never satisfied and always wanting more. The company has been able to combat this never-ending desire by increasing store sizes and acquiring QuickChek, which gave them control of a completely new genre of convenience products.

Industry Analysis

Murphy USA operates in the combined convenience store and gas station sector. This sector is separate from the convenience store sector and the gas station sector, as it operates in an industry that only contains both. In 2023, this sector in the United States alone, earned $641.5 billion in revenue, with an average of 5.1% increase each year for the past 5 years (IBIS World). The sector's steady growth is due to the gas station portion of the business being quite inelastic. For many, gasoline is a necessity to travel and throughout the COVID pandemic, while many others suffered, companies such as Murphy USA were less affected.

Future of Convenience Stores

Even though the industry was not directly affected by COVID as much as some other industries might have been, the perception of what a convenience store should be has changed. The pandemic has made much of the public very conscious of cleanliness and sustainability, meaning convenience stores can no longer be the traditional unsanitary truck stops, that show no attempt to look appealing. The bar has risen, and the public now looks for a destination to stop and enjoy their time. Clean bathrooms, an organized store with a variety of food and the most recent, car charging stations. Over the past 4 years, the demand for these chargers has risen exponentially. The amount of EVSE ports in the United States has risen by over 240%, adding to the over 270% increase in charging stations. This rising demand is further bolstered by the Biden administration's EV policies: For example, the National Electric Vehicle Infrastructure (NEVI) program plans to have EV charges no more than every 50 miles along all major roads, interstates, and freeways. This program is a very telling sign that the EV car market is here to stay, and EV car charges will be one of, if not the most, important addition to all convenience store locations.

Industry Trends

Gas

Transitioning into 2024, the US Energy Information Administration has projected the price of gasoline to slowly decrease. This is due to an increase in production and refinement that is greater than the increase in consumption, as well as added capacity for reserve fuel. Gasbuddy, a smartphone app that gives prices of gasoline, has also projected a slight decrease in prices, but an increase in the short-term moving towards the summer of 2024. The low prices are a relief for consumers as it has helped consumer confidence reach a five-month high in December 2022 (Reuters), which in turn has influenced many to purchase motor gasoline-powered vehicles, instead of switching to electric.

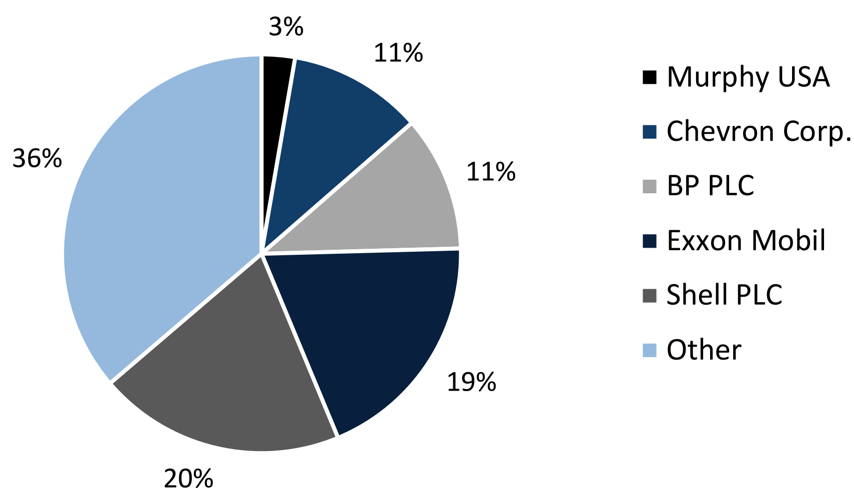
Retail

2024 is projected to be one of the best years yet for convenience stores. Revenue, profit and volume of sales are all reaching peak levels which have made the convenience section of this sector very competitive. Competitors are doing everything to set themselves apart, including altering the size of stores and supersizing snacks, implementing made-to-order foods (MTO), and building superior loyalty and reward programs. Since the future of convenience stores requires more amenities, convenience stores have had to make space in their stores for these newly adopted amenities, and because of the prime locations many of these stores have begun to take the place of grocery stores. Customers prefer the convenience of doing everything at the same place instead of having to drive to 2 different locations. With all this extra space in the stores, many stores in this sector have pushed their independent made-to-order food, we have seen this with QuickChek and Sheetz for example. Consumers enjoy convenience and can order food while filling up or order the food to be delivered to their house. The next rising trend is loyalty rewards. According to Forbes, 90% of companies offer them and there are over 3.3 billion loyalty memberships: 57% of consumers say they spend more on brands which have these programs, and 90% say they are equal or more loyal to brands than years previous (Forbes). The statistics are overwhelmingly positive and have brought brand loyalty into a new era. With all the points that customers earn from these programs, consumers might be worried about how to maximize their rewards. Value maximization has become one of the largest issues for consumers in today's market. That's why many stores are beginning to sell king-sized snacks. For many brands, the term king-sized refers to the largest of products they offer and offers the best value for money. As a result of the increased demand for value for money, almost all major snack and candy brands have begun to offer king-sized snacks.

Competitive Landscape

The US convenience and gas station sector is mainly dominated by 4 main players, Chevron, Shell, Exxon Mobil and 7 & I Holdings, 7-Eleven's parent company. These 4 companies make up most of the sector. The reason for the success of these companies is the over-arching theme of cost minimization. Chevron, Shell and Exxon Mobil all produce their gasoline, supplying their stores at cost. While 7-Eleven does not produce its gas, they have mastered selling instant gratification to its customers. This has cemented 7-Eleven's positioning in this sector. Murphy USA competes with slightly smaller companies such as Casey's Retail Company, Sunoco LP, Alimentation Couche-Tard, Phillips 66 and CrossAmerica Partners LP. Even though Cross America Partners, Phillips 66 and Sunoco LP all sell fuel wholesale, Murphy USA still sees direct competition to them in the consumer space as all three of these brands have a much smaller foothold than the 4 main players. Alimentation Couche-Tard sees competition to Murphy USA with their company Circle-K. Circle-K competes in the same sector as Murphy USA with both companies having locations within close proximity of one another. Casey's Retail Company also competes with Murphy USA, but on a much smaller scale. The company focuses on very small towns, finding the space they most excel in places with the smallest population.

U.S. Convenience Stores with Gas Stations by Company
FY 2023



Outlook

The convenience store and gas station sector is forecasted to continue growing for the time being. This growth will mostly be due to the increased use of convenience stores and their amenities. While we have seen high levels of competition within this sector, due to low barriers to entry, companies have been able to stand out with online delivery, a great variety of products, and continuous change. While the convenience store portion of this sector is booming, the gas station segment may begin to plateau. Massive strides for carbon neutrality have been taken by the government, such as putting more regulations on gas vehicles and supplying more money to bills that put in place EV infrastructure. All this has led people to begin to doubt the future of the gas station sector, within the United States and internationally.

Investment Thesis

The Walmart of Gas Stations

Murphy USA's current positioning in its sector would have never been possible without its strategic positioning around the world's largest supermarket chain, Walmart. The relationship between Murphy USA and Walmart has grown so prominent that in the South-East of the United States, it is known as the 'Walmart of Gas Stations'. This relationship has been an integral part of Murphy USA's strategy, as it has been one of the largest backers of Murphy USA's growth. With close to 75% of Murphy USA's stores residing within the parking lots of Walmart, we can see unequivocal evidence of the connection. Murphy USA also saw its highest level of volume ever in 2023, mirroring the record-setting year of Walmart. For the future, Murphy USA has devised a plan that encompasses a multi-billion-dollar reinvestment back into the corporation, encompassing the creation of new stores, the rejuvenation of existing ones, and the maximization of prime locations located in Walmart parking lots. Every year, for the past five fiscal years the company has continuously spent more on capital expenditures, steadily increasing from $204.3 million in 2018, to $335.6 million in 2023. With this increased spending the firm has proposed to acquire 50 new stores per annum in addition to razing and rebuilding existing locations. With this strategy we anticipate growth in Murphy USA's 2024 fiscal year, aiming to surpass last year's record-setting performance.

ROA

Murphy USA's asset turnover ratio is second to none in the sector, making us very optimistic about the promise of expansion. The company's expansion in the last decade has been rapid with over 500 new stores, all this while keeping their return on assets. Currently, their ratio is sitting at 5.21, miles ahead of the sector's average of 1.95. With a ratio this good, it's difficult to see why potential investors may have overlooked this stock, but stepping into the mind of the investor we have found two. The first reason is the longevity of the gas station industry, given that the EV revolution is in full swing. As we do see this as an issue a decade down the line, the industry has seen consistent growth year over year and is in no way slowing down. The second reason why Murphy USA may be overlooked is the fact that other companies in the industry focus on sheer numbers when growing rather than the quality of growth. While Murphy USA may have seen less growth compared to its competitors concerning the number of stores, the company has seen consistent growth, not only in total revenue but also in revenue per store. Many other companies in the sector have had complete maturity within their stores and only see growth in revenue with expansion, Murphy USA's continued growth per store puts it ahead of the competition.

Poised for Future Acquisitions

The acquisition of QuickChek was a game changer for Murphy USA, as it demonstrated the capacity at which the company was ready and willing to expand. In an all-cash transaction for $645 million, made up of $20 million in tax benefits and an after-tax purchase price of $625 million. Financially, this was an excellent acquisition from Murphy USA, as when we take the annual run-rate synergies and the tax benefits we see the acquisition reflecting a multiple of 8.3 estimated LTM Adjusted EBITDA. Murphy USA is excited to continue its momentum with more acquisitions focused on increasing its geographical reach and product line. As the acquisition of QuickChek broke the company into 2 brand new states, the company is hoping to further expand their eastern front, opening up to millions of new potential consumers. A potential acquisition for the company may include the acquisition of Casey's Retail Stores. Strategically, Casey's would be geographically beneficial for Murphy USA pushing the company Northwest into states such as North Dakota, South Dakota and Minnesota. The acquisition would also complement Murphy USA's brand image of quality over quantity. While the acquisition would be quite expensive for Murphy USA, it would be a huge step towards catching the largest players in the industry.

Management Team

R. Andrew Clyde – President and Chief Executive Officer

R. Andrew Clyde currently holds the positions of President, Chief Executive Officer, and Director at Murphy USA, Inc., and Murphy Oil USA, Inc., a subsidiary of Murphy USA, Inc. He is also the President and Director at Green Plains Hereford LLC. Before his current roles, Clyde had an extensive career at Booz & Company (formerly Booz Allen Hamilton), where he joined in 1993, became a partner in 2000, and assumed leadership roles such as North American Energy Practice Leader and Managing Partner of the Dallas office. His expertise lies in the global energy practice, focusing on downstream petroleum and retail clients, particularly in areas of corporate and business unit strategy, organization design, and performance improvement. Beyond his corporate responsibilities, R. Andrew Clyde contributes to various boards, including the Federal Reserve Bank of St. Louis and the Boys & Girls Clubs of America. He holds an undergraduate degree from Southern Methodist University and a graduate degree from the Kellogg School of Management.

Mindy West – Executive Vice President of Fuels and Chief Financial Officer

Mindy West, the Chief Financial Officer, Executive Vice President, and Treasurer at Murphy USA Inc. since its spin-off from Murphy Oil Corporation in 2013, boasts 17 years of prior experience with the latter. Beyond her corporate role, Ms. West actively contributes to the community by serving on various boards. Holding degrees in Finance and Accounting, she is both a Certified Public Accountant and a Certified Treasury Professional. Despite external recognition, feedback from within the Finance department reveals mixed sentiments, with employees describing a comfortable but not challenging work environment and expressing concerns about career growth opportunities and alignment with company goals. Nevertheless, Ms. West's leadership remains pivotal to the culture and operations of Murphy USA's Finance department, overseeing the financial aspects of nearly 1,700 retail stores across 27 states.

Renee Bacon – Senior Vice President Sales and Chief Merchandising Officer

Renee Bacon, a seasoned professional and committed learner, currently holds the position of National Vice President of Sales and Operations at Murphy USA. With a robust educational background, she graduated early from both high school and the University of Texas, later completing the executive MBA program at the University of Houston. Bacon's career began in marketing ExxonMobil's fuel products, and she subsequently ventured into roles of increasing responsibility at Taco Bell and Dollar General, where she served as Division Vice President for Store Operations. Known for her leadership and achievements, Bacon is now based in Nashville, TN, contributing to Murphy USA as a Senior Vice President of Sales and Operations and Chief Merchandising Officer. Beyond her corporate success, she takes pride in mentoring others and holds a law degree earned while managing her own business and raising two children. Her professional skills span entrepreneurship, mergers and acquisitions, and strategic planning, making her a valuable contributor to the industry.

Shareholder Base, Liquidity, Market Depth

Shareholder Base

MUSA's top 10 shareholders control 43.294% of the company's common shares. The largest shareholder is BlackRock Inc. controlling 9.513% with a market value of $764.3 million. BlackRock is one of the world's leading providers of investment, advisory and risk management solutions.

Holder	Common Stock Equivalent Held	% Of CSO	Market Value (USD in mm)
BlackRock, Inc. (NYSE:BLK)	2,024,177	9.513	$ 764.3
The Vanguard Group, Inc.	2,004,362	9.42	$ 756.9
FMR LLC	1,079,795	5.075	$ 407.7
Deming J.D., Claiborne P. (Independent Director)	662,558	3.114	$ 250.2
State Street Global Advisors, Inc.	586,236	2.755	$ 221.4
Murphy, Robert Madison (Independent Non-Executive Chairman)	577,356	2.714	$ 218.0
Dimensional Fund Advisors LP	520,227	2.445	$ 196.4
Renaissance Technologies LLC	497,000	2.336	$ 187.7
River Road Asset Management, LLC	428,995	2.016	$ 162.0
BancorpSouth Investment Services, Inc.	420,677	1.977	$ 158.9
Fuller & Thaler Asset Management, Inc.	410,428	1.929	$ 155.0
Top 10 Shareholders	**9,211,811**	**43.294**	**$ 3,478.5**

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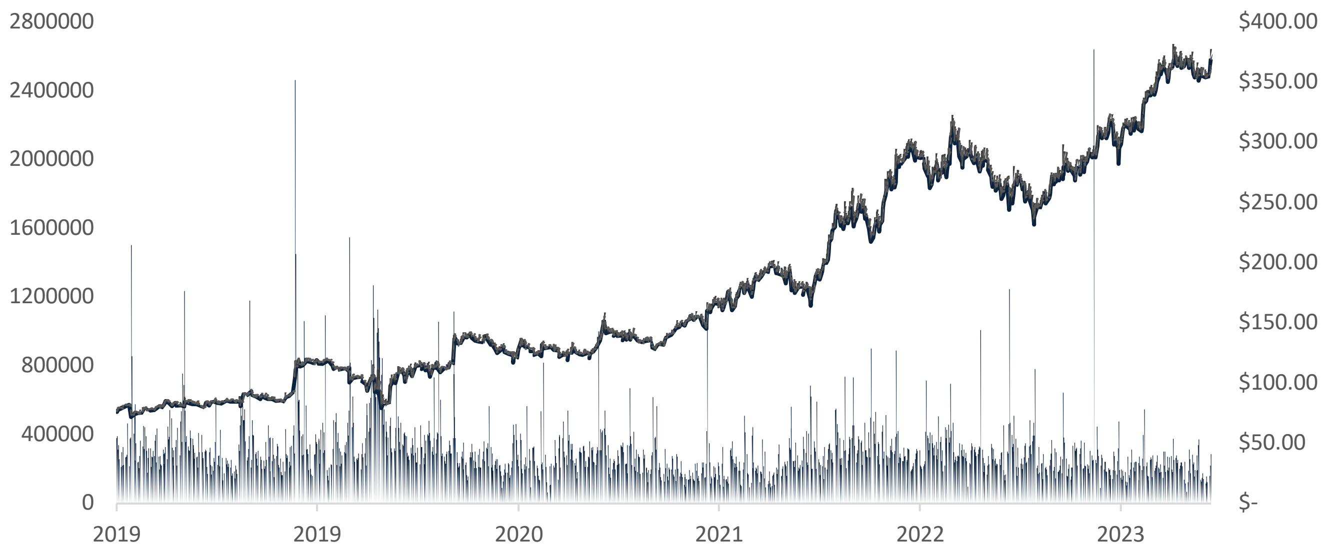
Liquidity

Over the past 5 years, the average volume traded was 306,285 units, with the largest volume traded in a day peaking at 2,643,500 units and the lowest at 63,800 units. The average trading volume over the last twelve months (LTM) was 208,085 with the highest volume traded reaching 2,643,500 and a low of 68,500 units. The high volume traded is a great indicator of healthy liquidity and shareholders are easily able to exit positions within the company.

5 Year Liquidity
FY 2019-2023



Valuation

Discounted Cashflow (DCF) Assumptions

Revenue Forecasts

Murphy USA's cash flow can be broken up into three different streams of revenue: petroleum products sales, merchandise sales and others. Petroleum product sales, which make up 80% of sales, are the largest of the company's revenue streams. So far in the 2023 fiscal year this revenue stream has performed admirably. Currently, we can see an 8.9% drop in revenue which is good as we take into consideration that average fuel prices have dropped 11%. This has translated into a 1.1% increase in gallons of fuel pumped per store and 28 new stores being built. The second largest source of income, merchandise sales, making up just over 18% of sales, has performed much better than expected. In the past 4 years, many major events have taken place such as COVID and the acquisition of QuickChek, and still, this company has managed to increase their revenue by an average of 12.9% each year. Producing numbers that are about 10% above average, is staggering and just goes to show the abilities of the company. The final portion of revenues, named other revenues, is stated by Murphy USA in their most recent 10K as “items reported as other operating revenues include collection allowances for excise and sales tax and other miscellaneous items and are recognized as revenue when a transaction is completed”. This revenue stream holds about 1.5% of Murphy USA’s yearly revenue and comes from transactions that are not encompassed in the other streams.

Cost of Goods Sold (COGS)

Even though the cost of goods sold value has ranged drastically in the past 3 years, from $9.8-$21.1 billion, the percentage has stayed within a range of 87.2%-89.8%. The slight increase from 87.2% to 89.8% was mainly an issue with logistics. As Murphy USA has acquired QuickChek the cost to produce many items QuickChek sells is higher than Murphy USA. This is the result of their fresh and made-to-order food. For the 2024 fiscal year, we forecast the average to be 89.3% a slight decline as Murphy USA can assist QuickChek with supply costs. Throughout the 2024 fiscal year, we project conservative percentages, taking into account the previous fiscal years’s inconsistancies. Beyond 2024 we predict a consistent COGS rate of 89.3%. We estimate this on the conservative side, considering many aspects. Even though we may feel that this will continue to decline from its peak of 89.8%, there may be unforeseen aspects that hinder the company’s ability to continue the decline in costs.

Selling, General and Administrative Expenses (SG&A)

We forecasted SG&A as a percentage of revenue at 1.1% for the coming fiscal year and the years following. This percentage has been very stable, so we have derived this using the company’s historical mean.

Capital Expenditures (CAPEX)

Capital expenditures have grown consistently year over year while staying evenly around 12% of the beginning P&E. These expenditures have facilitated the growth of the company, concerning additions to the network of stores while also refurbishing or rebuilding previous stores. The 12% that was calculated was derived by using the company’s historical mean.

Weighted Average Cost of Capital (WACC)

The weighted average cost of capital for MUSA was calculated at 8.1%. This was found by taking the 5-year S&P500 expected market return, which is sitting at 12% and subtracting the US risk-free rate, bringing the market risk premium to 8.1%. The cost of equity was found by multiplying the market risk premium and the beta, which is sitting at 0.70, and adding back the risk-free rate. The cost of debt was calculated with the pre-tax cost of debt, which is currently 6.1% and the effective tax rate, which in the United States is 24.9%. Using these values, we calculate the cost of debt to be 4.6%.

Perpetuity Growth Rate

We assumed a perpetuity growth rate of 3.0%. We believe that the industry and Murphy USA's position in it have been represented justly by this.

Terminal EV/EBITDA Mulitple

The terminal EV/EBITDA multiple of 11x was calculated using the median multiple from the comparable companies' analysis.

Terminal P/E Multiple

The terminal P/E multiple of 22.1x was calculated using the median multiple from the Comparable c\Companies Analysis.

Comparable Companies Analysis Set

For our comparable companies' analysis, we selected similar businesses within the same sector that used business models that closely resembled Murphy USAs. Using the median multiple, our set returned an EV/EBITDA implied price of $373.23 with an implied downside of 12% and a P/E implied price of $548.41, implying an upside of 46.5%.

Casey's Retail Company (NASDAQ: CASY)

Casey's Retail Company is a chain of convenience stores based in the midwestern and southern states of the United States. This company has over 2,500 stores in 16 of the states. Casey's retail company, which was previously Casey's general store, operates out of smaller towns and has seen more success the lesser the population. Casey's is famous for their pizza which has made them the fifth-largest pizza chain in the country. Casey's earns money from 4 streams of revenue: fuel, grocery and general merchandise, prepared food and dispensed beverages, and others. The revenue earned from fuel makes up over 60% of total revenue.

Alimentation Couche-Tard Inc (TSE: ATD)

Alimentation Couche-Tard is one of the largest convenience stores in the sector, operating internationally. This company currently operates under Couche-Tard, Circle K and Ingo brands. Beginning in Quebec, Alimentation Couche-Tard grew rapidly while acquiring stores such as Circle K and Ingo. Couche-Tard, the flagship brand operates out of Canada, while Circle K and Ingo have stores globally. This company earns nearly 70% of their revenue from American stores. Currently, the company is operating just over 7,100 in the United States with an additional 9,600 stores globally. The majority of these stores are a combination of gas and convenience while a small portion of stores in North America only operate convenience stores.

Sunoco LP (NYSE: SUN)

Starting in 1886 as an oil business in Pittsburgh and now one the nation's leaders in domestic sales, Sunoco has been proudly American for over 130 years. Operating over 5000 stations in over 30 states this company is one of the national largest sellers of gas to the public. Currently, Sunoco earns money from 6 revenue streams, these are as follows: distributor, dealer, unbranded wholesale, commission agent, rental income and other. The distributor segment earns 52% of the company's revenue from the distribution of fuel to consumers. The dealer segment makes 22% with unbranded wholesale coming in at third with 18%. The commission agent segment has made up 9% of the company's revenue in this fiscal year, with both the rental income segment and other segment, making no revenue up to this point in the year.

Philips 66 (NYSE: PSX)

Phillips 66 is an integrated energy company, involved in processing, transporting, storing, and marketing natural gas and petroleum products. The company's revenue segments are as follows, marketing and specialties, refining, midstream, chemicals, corporate and others. Phillips 66 reports that about 69% of its revenue is generated from marketing and specialties which "includes purchases for resale and markets refined petroleum products, mainly in the United States and Europe. In addition, this segment also includes the manufacturing and marketing of specialty products.". The refining portion of the company makes up about 24% of the revenue, with midstream as the final large portion making up 6%. Corporate and other along with the chemicals segment make up the remaining revenue. Phillips 66 currently operates over 2,500 stores within the US, with locations in 33 states and counting. 542 stores are within the state of Missouri, with the placement of stores heavily focused on the southeast of the United States.

CrossAmerica Partners LP (NYSE: CAPL)

CrossAmerica Partners LP is a US wholesale distributor of motor fuels and operator of convenience stores. The company also leased real estate used in the distribution of motor fuels to other companies and was formed in 2012 with the partnership of well-established companies such as Exxon, Mobil, BP, Shell, Valero, Citgo, Marathon, and Phillips 66. CrossAmerica is ranked in the top 10 fuel distributors by volume. The company splits their revenue into 2 segments: wholesale and retail. The company's wholesale segment generated 81% of CrossAmerica's revenue with retail making the remaining 19%. CrossAmerica Partners LP operates over 250 stores across the eastern United States.

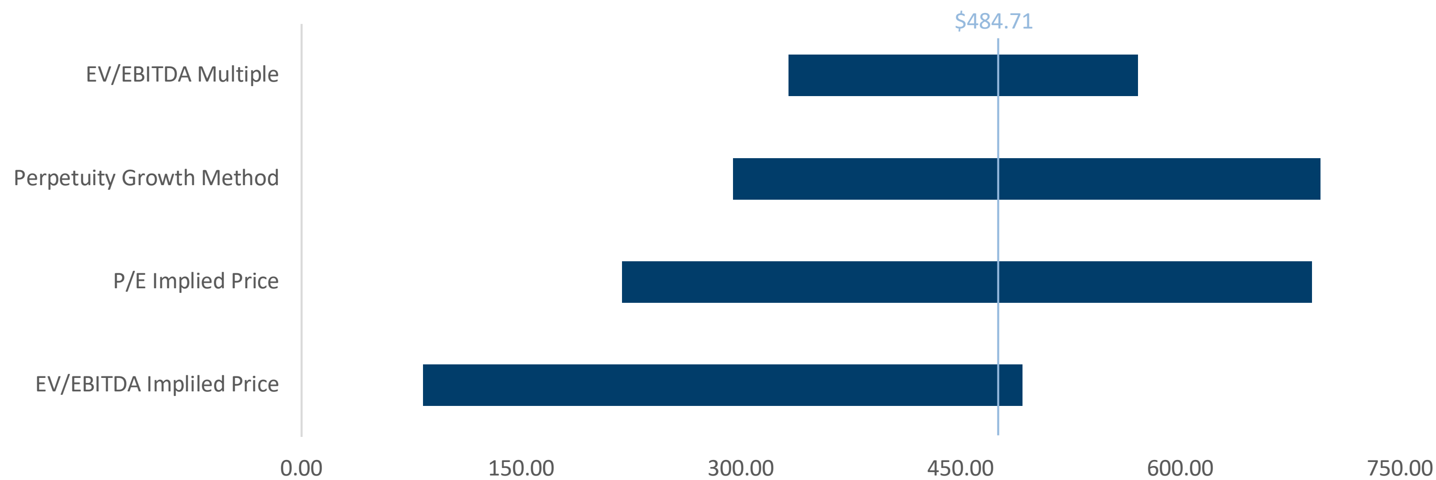
Recommendation

Buy

We currently recommend a **BUY** on MUSA. With the end of the pandemic and the market returning to its pre-pandemic levels, some companies like Murphy USA have excelled and taken the opportunities that were presented to them. This includes the acquisition of QuickChek which has diversified Murphy USA's geographic portfolio into different states. The increased number of stores that the company is currently building has also shown the public how committed and strategic they are when preparing for their future. And with a sector-leading asset turnover rate we are assured that these reinvestments by Murphy USA will lead to even more ground-breaking success. Their newer stores will continue to follow the already-established plan of being built within a small radius of Walmart stores, as this has been a powerhouse for their organic growth, showing consistent and rapid growth. With all this considered we have set a target price of $484.71 with a 14.9% upside. This valuation used Perpetuity Growth Multiple and EV/EBITDA Exit Mulitple both weighted at 70%. Additionally, we used P/E and EV/EBITDA Multiple from our Comparable Companies Analysis, both weighted at 15% each.

The risks that Murphy USA has outlined in their most recent 10k, are not the slightest bit concerning to us. The aggressive approach to expansion that the company displays is encouraging and has done well in the past few years. The company's consistency, coupled with the non-elasticity of the sector, allows us to feel very confident with this rating.

Murphy USA (NYSE: MUSA) Share Implied Price



Risks

Operational Insurance

Liabilities within the fuel industry demand a comprehensive insurance strategy, yet not all risks can be fully covered. The looming spectre of uninsured losses poses a substantial threat to both short- and long-term income stability. This financial impact extends beyond immediate operational constraints, diminishing available funds for crucial capital and investment spending. Moreover, the repercussions transcend financial boundaries, impacting the company's reputation and relationships with customers and investors. Successfully navigating uninsured liabilities is pivotal for financial resilience and positioning the company for sustained success in a competitive market.

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Debt Obligations

Murphy USA uses debt to improve future cash flow by investing it into operating activities. However, if this company over-calculates the amount of debt needed or uses the capital incorrectly and cannot pay back this debt, many unfortunate circumstances could happen. These include not being able to pay back other debt, defaulting on debt, reducing the amount of capital for investing in the long term, and limiting flexibility with other capital. All these situations will lead to the company being at a competitive disadvantage to other companies.

Waning Global Demand

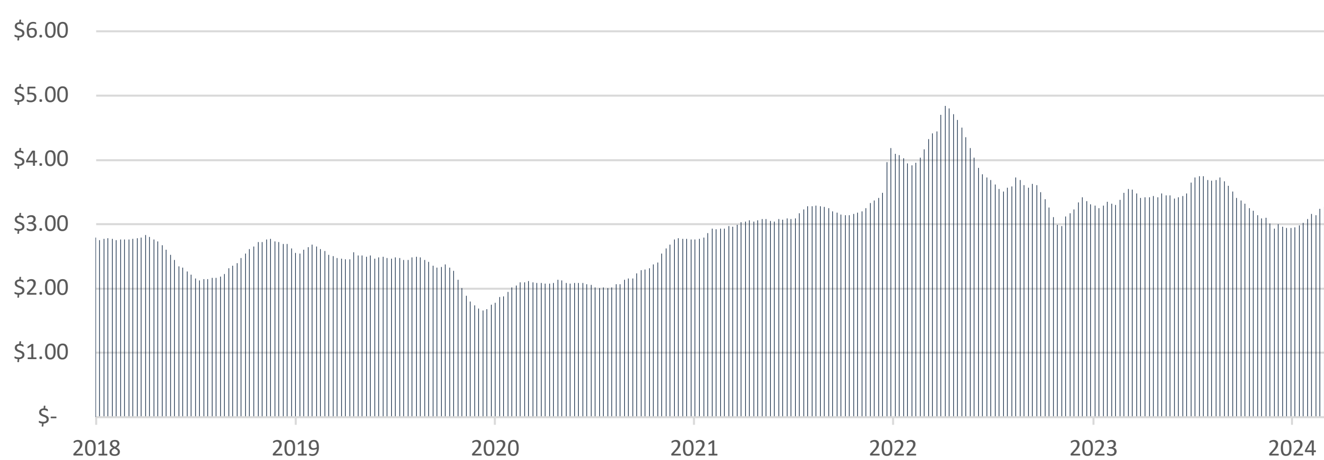
As the world moves into a new age of transportation, the energy supplying these new vehicles also has to change. In recent years we have seen a dramatic increase in electric vehicles supplied, and an even larger increase in vehicles demanded. Many countries have begun to pass laws banning the sale of electric vehicles in certain years, but many vehicle producers will not have any gasoline vehicles in production by then. With the absolute elimination of gasoline-powered vehicles, Murphy USA will have to change how it can generate revenue in the long run. The shorter-run decrease in growth in revenue from gasoline sales was projected in our analysis.

Global Oil Prices

As Murphy USA does not produce their fuel, they have no control over the price of oil. Fuel production levels and prices can be affected by internal issues such as supply chain issues or company relationships. Other issues that may also affect prices are international disputes and natural disasters. Currently, external issues such as the conflict in eastern Ukraine have played a part in the price of oil prices, conflicts like these can change the course of the industry and are very difficult for companies to predict.

U.S. Regular Retail Gasoline Prices

FY 2018 - 2024



Appendix 1: Summary Page

Summary Page

	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29
(Figures in mm USD)	FY2018	FY2019	FY2020	FY2021	FY2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Income Statement															
Revenue	14,362.9	14,034.6	11,264.3	17,360.5	23,446.1	5,077.2	5,585.4	5,797.9	5,068.9	21,529.4	23,566.3	25,327.7	26,817.6	28,180.6	29,387.8
EBITDA	409.8	420.5	718.7	815.1	1,186.7	219.4	256.4	305.3	274.4	1,055.5	1,195.2	1,291.7	1,367.7	1,437.2	1,498.8
Net Income	213.6	154.8	386.1	396.9	672.9	106.3	132.8	167.7	150.0	556.8	660.1	733.6	787.1	837.2	877.2
Earnings Per Share	$ 6.48	$ 4.86	$ 13.20	$ 14.92	$ 28.10	$ 4.80	$ 6.02	$ 7.70	$ 6.88	$ 25.38	$ 32.84	$ 42.40	$ 49.81	$ 61.56	$ 71.32
Cash Flow Statement															
Capital Expenditures	(204.3)	(204.8)	(230.7)	(274.7)	(305.3)	(72.7)	(72.5)	(79.4)	(111.0)	(335.6)	(316.8)	(317.6)	(326.9)	(336.4)	(346.2)
Acquisitions	-	-	(1.7)	(641.1)	-	-	-	-	-	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Payment	-	-	-	(27.3)	(29.9)	(8.1)	(8.2)	(8.4)	(8.7)	(33.4)	(34.7)	(28.7)	(26.7)	(23.1)	(21.1)
Dividend Per Share	$ -	$ -	$ -	$ 1.04	$ 1.27	$ 0.37	$ 0.38	$ 0.39	$ 0.40	$ 1.54	$ 1.66	$ 1.69	$ 1.72	$ 1.74	$ 1.76
Dividend Payout to Earnings	-	-	-	6.9%	4.4%	7.6%	6.2%	5.0%	5.8%	6.0%	5.3%	3.9%	3.4%	2.8%	2.4%
Dividend Payout to Core FCF	-	-	-	2.7%	2.3%	3.6%	3.4%	3.1%	2.3%	3.0%	2.8%	2.2%	2.0%	1.6%	1.4%
Dividend Yield	-	-	-	0.6%	0.5%	0.1%	0.1%	0.1%	0.1%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%
Balance Sheet															
Current Assets	570.1	710.8	625.2	767.8	726.8	711.3	763.2	840.3	826.5	826.5	1,325.5	2,052.0	2,785.0	3,565.0	4,379.2
Non-Current Assets	1,790.7	1,976.4	2,060.5	3,280.4	3,396.4	3,407.9	3,441.6	3,465.0	3,513.6	3,513.6	3,588.8	3,665.8	3,745.0	3,826.6	3,910.5
Assets	2,360.8	2,687.2	2,685.7	4,048.2	4,123.2	4,119.2	4,204.8	4,305.3	4,340.1	4,340.1	4,914.3	5,717.7	6,530.0	7,391.5	8,289.7
Current Liabilities	478.1	505.0	531.1	675.3	854.2	772.0	815.3	827.2	872.8	872.8	821.6	920.2	972.1	1,019.5	1,061.6
Non-Current Liabilities	1,075.4	1,379.2	1,370.5	2,565.7	2,628.3	2,630.4	2,638.7	2,634.0	2,638.4	2,638.4	2,638.4	2,638.4	2,638.4	2,638.4	2,638.4
Liabilities	1,553.5	1,884.2	1,901.6	3,241.0	3,482.5	3,402.4	3,454.0	3,461.2	3,511.2	3,511.2	3,460.0	3,558.6	3,610.5	3,657.9	3,700.0
Shareholders' Equity	807.3	803.0	784.1	807.2	640.7	716.8	750.8	844.1	828.9	828.9	1,454.3	2,159.1	2,919.5	3,733.6	4,589.7
Cash	184.5	280.3	163.6	256.4	60.5	102.1	92.9	124.8	117.8	117.8	686.7	1,313.1	2,003.1	2,743.6	3,523.0
Debt	863.3	1,163.4	1,152.7	2,242.1	2,271.6	2,243.3	2,268.4	2,272.8	2,272.8	2,272.8					
Net Debt	678.8	883.1	989.1	1,985.7	2,211.1	2,141.2	2,175.5	2,148.0	2,155.0	2,155.0	(686.7)	(1,313.1)	(2,003.1)	(2,743.6)	(3,523.0)
Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt/EBITDA	1.7 x	2.1 x	1.4 x	2.4 x	1.9 x					2.0 x	n/a	n/a	n/a	n/a	n/a
Operating Metrics															
Return on Equity (ROE)	27.6%	19.2%	48.7%	49.9%	93.0%	83.1%	76.2%	65.2%	64.0%	72.5%	53.1%	42.1%			
Return on Assets (ROA)	9.1%	6.1%	14.4%	11.8%	16.5%	15.1%	13.7%	12.4%	12.4%	13.1%	11.2%	9.2%			
Return on Invested Capital (ROIC)	19.8%	15.2%	29.0%	24.9%	33.5%	30.2%	28.0%	25.3%	25.3%	25.3%					
Valuation Metrics															
Stock Price (High)	$ 89.38	$ 141.22	$ 159.00	$ 201.14	$ 323.00	$ 281.44	$ 298.33	$ 323.40	$ 421.79	$ 421.79	$ 421.79	$ 421.79	$ 421.79	$ 421.79	$ 421.79
Stock Price (Low)	$ 69.98	$ 78.75	$ 117.08	$ 119.47	$ 164.30	$ 231.65	$ 231.65	$ 275.02	$ 421.79	$ 231.65	$ 421.79	$ 421.79	$ 421.79	$ 421.79	$ 421.79
Stock Price (Average)	$ 79.68	$ 109.99	$ 138.04	$ 160.31	$ 243.65	$ 256.55	$ 264.99	$ 299.21	$ 421.79	$ 326.72	$ 421.79	$ 421.79	$ 421.79	$ 421.79	$ 421.79
Diluted Shares Outstanding (Average)	33.0	31.9	29.3	26.6	24.0	22.1	22.1	21.8	21.8	21.9	20.1	17.3	15.8	13.6	12.3
Market Capitalization (Average)	2,628.1	3,503.9	4,038.5	4,264.8	5,835.4	5,678.1	5,843.3	6,519.8	9,190.8	7,168.6	8,478.0	7,297.0	6,664.3	5,736.3	5,188.0
Enterprise Value (Average)	3,306.9	4,387.0	5,027.6	6,250.5	8,046.5	7,819.3	8,018.8	8,667.8	11,345.8	9,323.6	7,791.3	5,983.9	4,661.2	2,992.7	1,665.0
P/E	12.3 x	22.6 x	10.5 x	10.7 x	8.7 x					12.9 x	12.8 x	9.9 x	8.5 x	6.9 x	5.9 x
EV/EBITDA	8.1 x	10.4 x	7.0 x	7.7 x	6.8 x					8.8 x	6.5 x	4.6 x	3.4 x	2.1 x	1.1 x
FCF Yield to Market Capitalization	7.4%	4.8%	9.1%	9.8%	11.5%					7.2%	7.8%	9.8%	11.6%	14.3%	16.6%
FCF Yield to Enterprise Value	5.9%	3.8%	7.3%	6.7%	8.4%					5.5%	8.5%	11.9%	16.6%	27.4%	51.7%
Free Cash Flow															
EBIT	325.1	268.5	559.0	604.0	968.4	162.8	198.7	247.3	217.2	826.0	954.5	1,053.1	1,123.4	1,189.2	1,249.6
Tax Expense	(60.3)	(47.6)	(123.0)	(125.0)	(210.9)	(32.7)	(42.9)	(55.7)	(54.1)	(205.9)	(238.0)	(262.5)	(280.1)	(296.5)	(311.5)
D&A	134.0	152.2	161.0	212.6	220.4	56.4	57.8	57.5	24.0	228.7	241.7	240.6	247.6	254.8	262.3
Capital Expenditures	(204.3)	(204.8)	(230.7)	(274.7)	(305.3)	(72.7)	(72.5)	(79.4)	(111.0)	(335.6)	(316.8)	(317.6)	(326.9)	(336.4)	(346.2)
Changes in NWC	-	-	-	-	-	-	-	-	-	-	18.7	(1.5)	8.8	8.1	7.2
Unlevered Free Cash Flow	194.5	168.3	366.3	416.9	672.6	113.8	141.1	169.7	76.1	513.2	660.1	712.0	772.9	819.3	861.3

Valuation Summary

Current Price	**$ 421.79**
Target Price	$ 484.71
Total Return	14.9%
Recommendation	**BUY**

DCF Valuation	
Perpetuity Growth Implied Price	$ 501.54
Exit Multiple Implied Price	$ 488.36
Comps Valuation	
Comps - EV/EBITDA Implied Price	$ 373.23
Comps - P/E Implied Price	$ 548.41

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Appendix 2: Discounted Cash Flow Analysis

Discounted Cash Flow Analysis

(Figures in mm USD)	Dec-19 FY2018	Dec-20 FY2019	Dec-21 FY2020	Dec-22 FY2021	Dec-23 FY2022	Mar-24 Q1-2023	Jun-24 Q2-2023	Sep-24 Q3-2023	Dec-24 Q4-2023	Dec-24 FY2023	Dec-25 FY2024	Dec-26 FY2025	Dec-27 FY2026	Dec-28 FY2027	Dec-29 FY2028
Free Cash Flow															
EBIT	325.1	268.5	559.0	604.0	968.4	162.8	198.7	247.3	217.2	826.0	954.5	1,053.1	1,123.4	1,189.2	1,249.6
Less: Tax expense	(60.3)	(47.6)	(123.0)	(125.0)	(210.9)	(32.7)	(42.9)	(55.7)	(54.1)	(205.9)	(238.0)	(262.5)	(280.1)	(296.5)	(311.5)
Add: Depreciation and amortization	134.0	152.2	161.0	212.6	220.4	56.4	57.8	57.5	24.0	228.7	241.7	240.6	247.6	254.8	262.3
Less: Capital expenditures	(204.3)	(204.8)	(230.7)	(274.7)	(305.3)	(72.7)	(72.5)	(79.4)	(111.0)	(335.6)	(316.8)	(317.6)	(326.9)	(336.4)	(346.2)
Less: Change in net working capital	-	-	-	-	-	-	-	-	-	-	18.7	(1.5)	8.8	8.1	7.2
Unlevered Free Cash Flow	**194.5**	**168.3**	**366.3**	**416.9**	**672.6**	**113.8**	**141.1**	**169.7**	**76.1**	**513.2**	**660.1**	**712.0**	**772.9**	**819.3**	**861.3**
Discount factor						-	-	-	0.25	0.25	1.25	2.25	3.25	4.25	5.25
Present Value of Unlevered Free Cash Flow						**-**	**-**	**-**	**74.6**	**74.6**	**618.6**	**596.4**	**598.3**	**586.1**	**569.5**

WACC Calculations

Cost of Equity	
Risk-free rate	3.9%
Expected market return	12.0%
Market Risk Premium	**8.1%**
Beta	0.70
Cost of Equity	**9.6%**

Cost of Debt	
Pre-tax cost of debt	6.1%
Effective tax rate	24.9%
Cost of Debt	**4.6%**

WACC	
Market value of equity	9,195.0
Market value of debt	3,511.2
Total Capitalization	**12,706.2**
Cost of equity	9.6%
Cost of debt	4.6%
WACC	**8.2%**

Discounted Cash Flow Valuations

Perpetuity Growth Method		
Perpetuity Growth Rate		3.0%
PV sum of unlevered FCF		3,043.4
Terminal value		11,283.5
Enterprise Value		**14,326.9**
Add: Cash		117.8
Less: Debt		3,511.2
Less: Other EV adjustments		-
Equity Value		**10,933.5**
Shares outstanding		21.8
Implied Share Price	**$**	**501.54**
Current Price	$	421.79
Implied Price	**$**	**501.54**
Total Return		**18.9%**

Exit Multiple Method		
Terminal EV/EBITDA Multiple		11.0 x
PV sum of unlevered FCF		3,043.4
Terminal value		10996.20221
Enterprise Value		**14,039.6**
Add: Cash		117.8
Less: Debt		3,511.2
Less: Other EV adjustments		-
Equity Value		**10,646.2**
Shares outstanding		21.8
Implied Share Price	**$**	**488.36**
Current Price	$	421.79
Implied Price	**$**	**488.36**
Total Return		**15.8%**

Perpetuity Growth Rate \ WACC	9.00%	8.50%	8.00%	7.50%	7.00%
1.00%	$ 298.14	$ 329.48	$ 365.33	$ 406.72	$ 455.05
1.50%	$ 320.96	$ 356.08	$ 396.63	$ 443.98	$ 499.96
2.00%	$ 347.05	$ 386.78	$ 433.16	$ 488.00	$ 553.84
2.50%	$ 377.16	$ 422.60	$ 476.32	$ 540.83	$ 619.70
3.00%	$ 412.28	$ 464.92	$ 528.12	$ 605.40	$ 702.03

Terminal EV/EBITDA Multiple \ WACC	9.00%	8.50%	8.00%	7.50%	7.00%
8.0 x	$ 333.75	$ 344.30	$ 355.14	$ 366.28	$ 377.74
9.0 x	$ 377.87	$ 389.49	$ 401.44	$ 413.72	$ 426.36
10.0 x	$ 421.98	$ 434.68	$ 447.74	$ 461.16	$ 474.98
11.0 x	$ 466.09	$ 479.87	$ 494.04	$ 508.61	$ 523.59
12.0 x	$ 510.21	$ 525.06	$ 540.34	$ 556.05	$ 572.21

Appendix 3: Comparable Companies Analysis

Comparable Company Analysis

(Figures in mm USD)

						EV/EBITDA Multiple			P/E Multiple		
Company	**Ticker**	**Share Price**	**Diluted Shares Outstanding**	**Equity Value**	**Enterprise Value**	**2022A EV/EBITDA**	**2023A EV/EBITDA**	**2024E EV/EBITDA**	**2022A P/E**	**2023A P/E**	**2024E P/E**
Caseys General Stores Inc	(NASDAQ: CASY)	$ 287.52	37.2	10,703.8	11,943.9	14.8 x	12.4 x	11.5 x	31.6 x	24.1 x	22.4 x
Alimentation Couche-Tard Inc	(TSE: ATD)	$ 78.02	966.6	75,414.1	84,264.2	16.1 x	14.1 x	13.6 x	31.0 x	25.1 x	24.2 x
Sunoco LP	(NYSE: SUN)	$ 60.89	84.1	5,118.7	9,213.7	1.8 x	1.6 x	1.5 x	24.2 x	19.9 x	18.9 x
Philips 66	(NYSE: PSX)	$ 132.87	447.0	59,392.9	76,445.9	5.4 x	7.1 x	6.3 x	5.7 x	8.0 x	8.7 x
Cross America Partners LP	(NYSE: CAPL)	$ 23.44	38.0	890.0	1,806.5	10.2 x	11.0 x	11.3 x	14.7 x	22.1 x	27.6 x
Murphy USA	**(NYSE: MUSA)**	**$ 421.79**	**21.8**	**9,195.0**	**12,588.4**	**10.1 x**	**12.0 x**	**12.1 x**	**15.0 x**	**17.0 x**	**16.9 x**
Median							**11.0 x**	**11.3 x**		**22.1 x**	**22.4 x**
Mean		**XOM**					**9.2 x**	**8.8 x**		**19.9 x**	**20.4 x**
High							**14.1 x**	**13.6 x**		**25.1 x**	**27.6 x**
Low							**1.6 x**	**1.5 x**		**8.0 x**	**8.7 x**

	EV/EBITDA Implied Price		P/E Implied Price	
Median	**$ 373.23**	**$ 382.15**	**$ 548.41**	**$ 559.17**
Mean	$ 288.21	$ 265.48	$ 492.30	$ 509.28
High	$ 520.40	$ 491.91	$ 622.15	$ 689.69
Low	-$ 78.93	-$ 82.32	$ 198.74	$ 218.62

Appendix 4: Operating Model

Income Statement															
Revenue	14,362.9	14,034.6	11,264.3	17,360.5	23,446.1	5,077.2	5,585.4	5,797.9	5,068.9	21,529.4	23,566.3	25,327.7	26,817.6	28,180.6	29,387.8
COGS	13,273.6	12,908.1	9,821.4	15,511.6	21,046.2	4,559.7	5,012.2	5,166.3	4,477.4	19,215.6	21,047.3	22,617.6	23,948.1	25,165.3	26,243.3
Gross Profit	1,089.3	1,126.5	1,442.9	1,848.9	2,399.9	517.5	573.2	631.6	591.5	2,313.8	2,519.0	2,710.1	2,869.5	3,015.3	3,144.5
SG&A	136.2	144.6	171.1	193.6	232.5	59.0	59.4	60.0	62.1	240.5	259.2	278.6	295.0	310.0	323.3
Acquisition Related Costs			1.7	10.4	1.5				-	-					
ARO	2.0	2.1	2.3	2.5	2.7	0.8	0.7	0.7	0.8	3.0	-	-	-	-	-
OPEX	541.3	559.3	549.1	827.3	976.5	238.3	256.7	265.6	254.2	1,014.8	1,064.7	1,139.7	1,206.8	1,268.1	1,322.5
EBITDA	409.8	420.5	718.7	815.1	1,186.7	219.4	256.4	305.3	274.4	1,055.5	1,195.2	1,291.7	1,367.7	1,437.2	1,498.8
Net settlement proceeds	50.4	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	(1.1)	0.1	1.3	1.5	2.1	(0.2)	0.1	(0.5)	(0.2)	(0.8)	1.0	2.0	3.3	6.8	13.1
D&A	134.0	152.2	161.0	212.6	220.4	56.4	57.8	57.5	57.0	228.7	241.7	240.6	247.6	254.8	262.3
EBIT	325.1	268.5	559.0	604.0	968.4	162.8	198.7	247.3	217.2	826.0	954.5	1,053.1	1,123.4	1,189.2	1,249.6
Interest Expense	52.9	69.7	51.2	82.4	85.3	24.9	25.0	24.6	24.0	98.5	88.9	91.0	91.0	91.0	91.0
Other nonoperating Expense (Income)	(0.2)			(0.2)	2.3	(0.3)	(0.2)	1.4	(0.9)	-	1.6	2.0	2.0	2.0	2.0
Investment (Income)	(1.5)	(3.6)	(1.3)	(0.1)	(3.0)	(0.8)	(1.8)	(2.1)	(2.2)	(6.9)	(3.9)	(3.9)	(3.9)	(3.9)	3.9
EBT	273.9	202.4	509.1	521.9	883.8	139.0	175.7	223.4	196.3	734.4	867.9	964.0	1,034.3	1,100.1	1,152.7
Income Tax	60.3	47.6	123.0	125.0	210.9	32.7	42.9	55.7	46.3	177.6	207.8	230.4	247.2	262.9	275.5
Net income	213.6	154.8	386.1	396.9	672.9	106.3	132.8	167.7	150.0	556.8	660.1	733.6	787.1	837.2	877.2
Shares Outstanding, Basic	32.7	31.6	29.1	26.2	23.5	21.7	21.7	21.4	21.4	21.6	19.8	17.0	15.5	13.3	12.0
Shares Outstanding, Diluted	33.0	31.9	29.3	26.6	24.0	22.1	22.1	21.8	21.8	21.9	20.1	17.3	15.8	13.6	12.3
Earnings Per Share, Basic	$ 6.54	$ 4.90	$ 13.25	$ 15.14	$ 28.63	$ 4.89	$ 6.12	$ 7.84	$ 7.01	$ 25.83	$ 33.34	$ 43.15	$ 50.78	$ 62.94	$ 73.10
Earnings Per Share, Diluted	$ 6.48	$ 4.86	$ 13.20	$ 14.92	$ 28.10	$ 4.80	$ 6.02	$ 7.70	$ 6.88	$ 25.38	$ 32.84	$ 42.40	$ 49.81	$ 61.56	$ 71.32
Cumulative Cash Flow Statement															
Cash Flow Statement															
Operating Activities															
Net income	213.6	154.8	386.1	396.9	672.9	106.3	132.8	167.7	150.0	556.8	660.1	733.6	787.1	837.2	877.2
Depreciation and amortization	134.0	152.2	161.0	212.6	220.4	56.4	57.8	57.5	57.0	228.7	241.7	240.6	247.6	254.8	262.3
Deferred and noncurrent income tax charges (benefits)	37.9	23.7	2.5	19.0	31.5	6.6	2.8	(9.3)	1.9	2.0	-				
Accretion of asset retirement obligations	2.0	2.1	2.3	2.5	2.7	0.8	0.7	0.7	0.8	3.0	-				
Pretax (gains) losses from sale of assets	1.1	(0.1)	(1.3)	(1.5)	(2.1)	0.2	(0.1)	0.5	0.2	0.8	-				
Net decrease (increase) in noncash operating working capital	2.3	(48.7)	(13.1)	82.8	44.8	(30.4)	(31.2)	(35.6)	55.1	(42.1)	-				
Other operating activities - net	7.8	14.5	26.2	25.1	24.6	9.8	8.4	8.5	8.5	35.2	-				
Loss on early debt extingusihment	-	14.8	-	-	-	-	-	-	-	-	-				
Amortization of discount on marketable securities	-	-	-	-	(0.1)	-	-	-		(0.4)	-				
Account	-	-	-	-	-	-	-	-		-	-				
Account	-	-	-	-	-	-	-	-		-	-				
Account	-	-	-	-	-	-	-	-		-	-				
Account	-	-	-	-	-	-	-	-		-	-				
Account	-	-	-	-	-	-	-	-		-	-				
Cash Flow Before Working Capital	398.7	313.3	563.7	737.4	994.7	149.7	171.2	190.0	273.5	784.0	901.7	974.2	1,034.7	1,092.0	1,139.5
Accounts receivable	-	-	-	-	-	-	-	-	-	-	52.5	(45.1)	(19.4)	(17.7)	(15.7)
Inventories	-	-	-	-	-	-	-	-	-	-	13.3	(52.0)	(22.3)	(20.4)	(18.1)
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	4.1	(3.0)	(1.3)	(1.2)	(1.1)
Working Capital Asset Account	-	-	-	-	-	-	-	-	-	-	-				
Working Capital Asset Account	-	-	-	-	-	-	-	-	-	-	-				
Working Capital Asset Account	-	-	-	-	-	-	-	-	-	-	-				
Accounts payable	-	-	-	-	-	-	-	-	-	-	(51.2)	98.6	51.9	47.5	42.0
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Working Capital Liability Account	-	-	-	-	-	-	-	-	-	-	-				
Working Capital Liability Account	-	-	-	-	-	-	-	-	-	-	-				
Working Capital Liability Account	-	-	-	-	-	-	-	-	-	-	-				
Net CFO	398.7	313.3	563.7	737.4	994.7	149.7	171.2	190.0	273.5	784.0	920.4	972.7	1,043.5	1,100.1	1,146.6
Investing Activities															
Capital expenditures	(204.3)	(204.8)	(230.7)	(274.7)	(305.3)	(72.7)	(72.5)	(79.4)	(111.0)	(335.6)	(316.8)	(317.6)	(326.9)	(336.4)	(346.2)
Acquisitions	-	-	(1.7)	(641.1)	-	-	-	-	-	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	1.2	2.5	8.1	3.4	8.8	-	1.8	0.5	0.1	2.4	-				
Changes in restriced cash	-	-	-	-	-	-	-	-	-	-	-				
Other investing activities - net	(6.0)	(0.8)	-	(1.8)	(0.6)	(0.8)	(0.2)	(0.4)	(0.2)	(1.6)	-				
Payments for acquisition net of cash acquired	-	-	-	-	-	-	-	-	-	-	-				
Investment in marketable securities	-	-	-	-	(22.2)	-	(8.4)	(2.9)	(1.5)	(12.8)	-				
Redemptions of marketable securities	-	-	-	-	-	4.5	6.0	7.5	6.0	24.0	-				
Account	-	-	-	-	-	-	-	-	-	-	-				
Net CFI	(209.1)	(203.1)	(224.3)	(914.2)	(319.3)	(69.0)	(73.3)	(74.7)	(106.6)	(323.6)	(316.8)	(317.6)	(326.9)	(336.4)	(346.2)
Financing Activities															
Dividends paid	-	-	-	(27.3)	(29.9)	(8.1)	(8.2)	(8.4)	(8.7)	(33.4)	(34.7)	(28.7)	(26.7)	(23.1)	(21.1)
Purchase of treasury stock	(144.4)	(165.8)	(399.6)	(355.0)	(806.4)	(13.7)	(94.2)	(64.8)	(160.5)	(333.2)	-				
Repayments of long-term debt	(21.3)	(573.4)	(6.9)	(224.3)	(20.2)	(11.8)	(3.9)	(3.9)	(3.8)	(23.4)	-				
Borrowing of debt	-	743.8	(38.9)	892.8	5.0	8.0	-	-	-	8.0	-				
Debt issuance costs	-	(4.1)	-	(9.9)	-	-	-	-	-	-	-				
Amounts related to share-based compensation	(9.4)	(4.5)	(10.7)	(6.7)	(19.8)	(13.5)	(0.8)	(6.3)	(0.5)	(21.1)	-				
Early debt extinguishment costs	-	(10.4)	-	-	-	-	-	-	-	-	-				
Account	-	-	-	-	-	-	-	-	-	-	-				
Account	-	-	-	-	-	-	-	-	-	-	-				
Account	-	-	-	-	-	-	-	-	-	-	-				
Account	-	-	-	-	-	-	-	-	-	-	-				
Account	-	-	-	-	-	-	-	-	-	-	-				
Net CFF	(175.1)	(14.4)	(456.1)	269.6	(871.3)	(39.1)	(107.1)	(83.4)	(173.5)	(403.1)	(34.7)	(28.7)	(26.7)	(23.1)	(21.1)
FX effect	-	-	-	-	-	-	-	-		-	-				
Net Change in Cash Balance	14.5	95.8	(116.7)	92.8	(195.9)	41.6	(9.2)	31.9	(6.6)	57.3	568.9	626.3	690.0	740.6	779.3
Beginning Cash Balance	170.0	184.5	280.3	163.6	256.4	60.5	102.1	92.9	124.8	60.5	117.8	686.7	1,313.1	2,003.1	2,743.6
Ending Cash Balance	184.5	280.3	163.6	256.4	60.5	102.1	92.9	124.8	117.8	117.8	686.7	1,313.1	2,003.1	2,743.6	3,523.0
Balance Sheet															
Current Assets															
Cash and cash equivalents	184.5	280.3	163.6	256.4	60.5	102.1	92.9	124.8	117.8	117.8	686.7	1,313.1	2,003.1	2,743.6	3,523.0
Accounts receivable	138.8	172.9	168.8	195.7	281.7	264.7	270.7	344.2	336.7	336.7	284.2	329.3	348.6	366.3	382.0
Inventories	221.5	227.6	279.1	292.3	319.1	303.6	349.9	335.4	341.2	341.2	327.9	379.9	402.3	422.7	440.8
Prepaid expenses	25.3	30.0	13.7	23.4	47.6	27.4	36.7	27.4	23.7	23.7	19.6	22.6	23.9	25.2	26.2
Marketable securities, current					17.9	13.5	13.0	8.5	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Account										-	-	-	-	-	-
Account										-	-	-	-	-	-
Total Current Assets	570.1	710.8	625.2	767.8	726.8	711.3	763.2	840.3	826.5	826.5	1,325.5	2,052.0	2,785.0	3,565.0	4,379.2
Non-Current Assets															
Property and equipment	1,748.2	1,807.3	1,867.6	2,378.4	2,459.3	2,476.0	2,500.7	2,520.1	2,571.8	2,571.8	2,647.0	2,724.0	2,803.2	2,884.8	2,968.7
Other assets	42.5	169.1	10.6	14.1	14.7	15.7	17.1	17.7	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Operating lease right of use assets			147.7	419.2	449.6	443.5	448.2	451.9	452.1	452.1	452.1	452.1	452.1	452.1	452.1
Intangible assets, net of amortization			34.6	140.7	140.4	140.3	140.2	139.9	139.8	139.8	139.8	139.8	139.8	139.8	139.8
Goodwill				328.0	328.0	328.0	328.0	328.0	328.0	328.0	328.0	328.0	328.0	328.0	328.0
Marketable securities, non-current					4.4	4.4	7.4	7.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Account											-	-	-	-	-
Total Non-Current Assets	1,790.7	1,976.4	2,060.5	3,280.4	3,396.4	3,407.9	3,441.6	3,465.0	3,513.6	3,513.6	3,588.8	3,665.8	3,745.0	3,826.6	3,910.5
Total Assets	2,360.8	2,687.2	2,685.7	4,048.2	4,123.2	4,119.2	4,204.8	4,305.3	4,340.1	4,340.1	4,914.3	5,717.7	6,530.0	7,391.5	8,289.7
Current Liabilities															
Current portion of long-term debt	21.2	38.8	51.2	15.0	15.0	14.7	14.9	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Accounts payable and accrued liabilities	456.9	466.2	471.1	660.3	839.2	754.2	800.4	800.6	834.7	834.7	783.5	882.1	934.0	981.4	1,023.5
Accounts payable			-	-					-		-	-	-	-	-
Accrued liabilities			-	-					-		-	-	-	-	-
Income tax payable			8.8	-	-	3.1		11.6	23.1	23.1	23.1	23.1	23.1	23.1	23.1
Account									-		-	-	-	-	-
Total Current Liabilities	478.1	505.0	531.1	675.3	854.2	772.0	815.3	827.2	872.8	872.8	821.6	920.2	972.1	1,019.5	1,061.6
Non-Current Liabilities															
Long-term debt	842.1	999.3	951.2	1,800.1	1,791.9	1,789.4	1,787.3	1,786.4	1,784.7	1,784.7	1,784.7	1,784.7	1,784.7	1,784.7	1,784.7
Deferred income taxes	192.2	216.7	218.4	295.9	327.4	334.1	337.0	327.7	329.5	329.5	329.5	329.5	329.5	329.5	329.5
Asset retirement obligations	30.7	32.8	35.1	39.2	43.3	43.9	43.6	44.0	46.1	46.1	46.1	46.1	46.1	46.1	46.1
Deferred credits and other liabilities	10.4	130.4	23.3	21.6	21.5	23.8	25.5	26.1	27.8	27.8	27.8	27.8	27.8	27.8	27.8
Non-current operating lease liabilities			142.5	408.9	444.2	439.2	445.3	449.8	450.3	450.3	450.3	450.3	450.3	450.3	450.3
Account											-	-	-	-	-
Account											-	-	-	-	-
Total Non-Current Liabilities	1,075.4	1,379.2	1,370.5	2,565.7	2,628.3	2,630.4	2,638.7	2,634.0	2,638.4	2,638.4	2,638.4	2,638.4	2,638.4	2,638.4	2,638.4
Total Liabilities	1,553.5	1,884.2	1,901.6	3,241.0	3,482.5	3,402.4	3,454.0	3,461.2	3,511.2	3,511.2	3,460.0	3,558.6	3,610.5	3,657.9	3,700.0
Shareholders' Equity															
Common stock	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Additional paid-in capital	539.0	538.7	533.3	534.8	518.9	501.7	505.8	502.7	508.1	508.1	508.1	508.1	508.1	508.1	508.1
Retained earnings (accumulated deficit)	1,208.1	1,362.9	1,743.1	2,112.4	2,755.1	2,853.2	2,977.7	3,136.8	3,278.1	3,278.1	3,903.5	4,608.3	5,368.7	6,182.8	7,038.9
Treasury stock	(940.3)	(1,099.8)	(1,490.9)	(1,839.3)	(2,633.3)	(2,638.3)	(2,733.1)	(2,795.9)	(2,957.8)	(2,957.8)	(2,957.8)	(2,957.8)	(2,957.8)	(2,957.8)	(2,957.8)
Accumulated other comprehensive income (loss)	-	0.7	(1.9)	(1.2)	(0.5)	(0.3)	(0.1)	-	-	-	-	-	-	-	-
Total Shareholders' Equity	807.3	803.0	784.1	807.2	640.7	716.8	750.8	844.1	828.9	828.9	1,454.3	2,159.1	2,919.5	3,733.6	4,589.7
Minority interests									-	-	-	-	-	-	-
Total Equity	807.3	803.0	784.1	807.2	640.7	716.8	750.8	844.1	828.9	828.9	1,454.3	2,159.1	2,919.5	3,733.6	4,589.7

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