

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 6, 2019

**CrossAmerica Partners LP**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-35711**  
(Commission File Number)

**45-4165414**  
(IRS Employer  
Identification No.)

**600 Hamilton Street, Suite 500**  
**Allentown, PA**  
(Address of principal executive offices)

**18101**  
(Zip Code)

Registrant's telephone number, including area code: **(610) 625-8000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Units	CAPL	New York Stock Exchange

## Item 2.02 Results of Operations and Financial Condition.

On May 6, 2019, CrossAmerica Partners LP (NYSE: CAPL) (“CrossAmerica” or the “Partnership”) issued a press release announcing the financial results for CrossAmerica for the quarter ended March 31, 2019. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Furnished herewith as Exhibit 99.2 are slides that senior management of CrossAmerica will utilize in CrossAmerica’s 2019 first quarter earnings call. The slides are available on the Webcasts & Presentations page of CrossAmerica’s website at [www.crossamericapartners.com](http://www.crossamericapartners.com).

The information in this Current Report on Form 8-K is being furnished pursuant to Regulation FD. The information in Item 2.02 and Exhibits 99.1 and 99.2 of Item 9.01 of this report, according to general instruction B.2., shall not be deemed “filed” for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement pursuant to the Securities Act of 1933, as amended. By filing this report on Form 8-K and furnishing this information, the Partnership makes no admission as to the materiality of any information in this report that the Partnership chooses to disclose solely because of Regulation FD.

### *Safe Harbor Statement*

Statements contained in the exhibit to this report that state the Partnership’s or its management’s expectations or predictions of the future are forward-looking statements. It is important to note that the Partnership’s actual results could differ materially from those projected in such forward-looking statements. Factors that could affect those results include those mentioned in the documents that the Partnership has filed with the Securities and Exchange Commission (the “SEC”). The Partnership undertakes no duty or obligation to publicly update or revise the information contained in this report, although the Partnership may do so from time to time as management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

## Item 9.01 Financial Statements and Exhibits

### (d) Exhibits

- |      |   |
|------|---|
| 99.1 | <a href="#">Press Release dated May 6, 2019 regarding CrossAmerica’s earnings</a> |
| 99.2 | <a href="#">Investor Presentation Slides of CrossAmerica</a>                      |
-

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CrossAmerica Partners LP**

By: CrossAmerica GP LLC  
its general partner

By: /s/ Michael W. Federer

Name: Michael W. Federer

Title: Senior Director - Legal, and Corporate Secretary

Dated: May 6, 2019



### CrossAmerica Partners LP Reports First Quarter 2019 Results

- Reported First Quarter 2019 Operating Income of \$7.6 million and Net Income of \$0.2 million
- Generated First Quarter 2019 Adjusted EBITDA of \$21.4 million and Distributable Cash Flow of \$13.3 million, respectively
- Reported First Quarter 2019 Gross Profit for the Wholesale Segment of \$29.0 million
- The Distribution Coverage Ratio for the current quarter was 0.73 times. The Distribution Coverage Ratio was 1.03 times for the trailing twelve months ended March 31, 2019, as compared to 0.96 times for the trailing twelve months ended March 31, 2018
- The Board of Directors of CrossAmerica's General Partner declared a quarterly distribution of \$0.5250 per limited partner unit attributable to the First Quarter 2019

Allentown, PA May 6, 2019 – CrossAmerica Partners LP (NYSE: CAPL) (“CrossAmerica” or the “Partnership”), a leading wholesale fuels distributor and owner and lessor of real estate used in the retail distribution of motor fuels, today reported financial results for the first quarter ended March 31, 2019.

"Our Operating income increased 3% for the first quarter, while our Wholesale segment also generated a 3% year-over-year increase in motor fuel gross profit," said Gerardo Valencia, CEO and President of CrossAmerica. "While we did experience some challenges during the quarter, including unfavorable weather across several of our regions, our team did a good job in what has historically been our seasonally weakest quarter. We are in a good position as our strategic initiatives progress provides us with strong momentum as we move into the spring and summer driving season." Valencia went on to say, "We have made great progress with the first tranche of our asset exchange with our General Partner and are pleased with the strength of the dealer contracts that we have signed. We expect to close this first tranche in the second quarter and anticipate closing the entire asset exchange transaction ahead of plan."

#### **First Quarter Results**

##### *Consolidated Results*

Operating income was \$7.6 million for the first quarter 2019 compared to \$7.4 million achieved in the first quarter 2018, representing an increase of 3%, and Net income was \$0.2 million for the first quarter 2019 compared to a Net loss of \$0.8 million for the first quarter 2018. EBITDA was \$20.6 million for the three-month period ended March 31, 2019 compared to \$21.8 million for the same period in 2018, representing a 6% decrease. Adjusted EBITDA was \$21.4 million for the first quarter 2019 compared to \$26.0 million for the same period in 2018, representing a decrease of 18%. The decline in EBITDA and Adjusted EBITDA was primarily as a result of the new lease accounting guidance (ASU 2016-02-Leases). Lease payments on the Partnership's previous sale-leaseback transactions totaling \$1.8 million were characterized as principal and interest expense in periods prior to 2019. However, beginning with the first quarter 2019 this is now characterized as rent expense, thus reducing these non-GAAP measures. Also contributing to the decline was a decrease in gross profit in the Retail segment. Additionally, CrossAmerica settled \$3.3 million of omnibus charges in common units in the first quarter 2018. This was partially offset by a reduction in both operating and general and administrative expenses (Non-GAAP measures, including EBITDA, as described are reconciled to the corresponding GAAP measures in the Supplemental Disclosure section of this release).

### *Wholesale Segment*

During the first quarter 2019, CrossAmerica's Wholesale segment generated \$29.0 million in gross profit compared to \$30.7 million in gross profit for the first quarter 2018, representing a decline of 6%. The Partnership distributed, on a wholesale basis, 231.2 million gallons of motor fuel at an average wholesale gross profit of \$0.064 per gallon, resulting in motor fuel gross profit of \$14.8 million. For the three-month period ended March 31, 2018, CrossAmerica distributed, on a wholesale basis, 249.5 million gallons of fuel at an average wholesale gross profit of \$0.057 per gallon, resulting in motor fuel gross profit of \$14.3 million. The 3% increase in motor fuel gross profit was primarily due to a 12% increase in fuel margin per gallon. The main driver of the increase was a \$1.1 million improvement in CrossAmerica's fuel margin from sites in its Alabama market driven by the rebranding of these sites beginning November 1, 2018 and the concurrent change in terms under the subjobber agreement with Circle K. This was partially offset by a reduction in Terms Discounts in 2019 as compared to 2018 due to the decrease in motor fuel prices. Volume declined 7% as a result of the 2018 divestitures mandated by FTC orders, the termination or non-renewal of fuel supply contracts (a significant number of which were low margin) and seasonal weather.

The prices paid by the Partnership to its motor fuel suppliers for wholesale motor fuel (which affects the cost of sales) are highly correlated to the price of crude oil. The average daily spot price of West Texas Intermediate crude oil decreased approximately 13% to \$54.82 per barrel during the first quarter 2019 as compared to \$62.91 per barrel during the same period in 2018.

CrossAmerica's gross profit from Rent and Other for the Wholesale segment, which primarily consists of rental income, was \$14.2 million for the first quarter 2019 compared to \$16.4 million for the first quarter 2018, representing a decrease of 13%. The decline in Rent and Other was primarily as a result of the new lease accounting guidance. Lease payments on CrossAmerica's previous sale-leaseback transactions totaling \$1.7 million were characterized as principal and interest expense in 2018, whereas such payments were characterized as rent expense in 2019.

Operating expenses declined \$0.2 million or 2% primarily as a result of lower remediation costs incurred at individual sites that are not covered by state underground storage tanks (UST) funds, insurance or other indemnifications.

Adjusted EBITDA for the Wholesale segment was \$24.3 million for the first quarter 2019 compared to \$26.2 million for the same period in 2018. As discussed above, the year-over-year decrease was primarily driven by the new lease accounting guidance (see Supplemental Disclosure Regarding Non-GAAP Financial Information below).

### *Retail Segment*

For the first quarter 2019, the Partnership sold 43.5 million gallons of motor fuel at an average retail motor fuel gross profit of \$0.035 per gallon, net of commissions and credit card fees, resulting in motor fuel gross profit of \$1.5 million. For the same period in 2018, CrossAmerica sold 51.7 million gallons in its retail segment at an average gross profit of \$0.042 per gallon, net of commissions and credit card fees, resulting in motor fuel gross profit of \$2.2 million. The decrease in motor fuel gross profit is attributable to a 16% decrease in volume driven by the 2018 divestitures of seven company operated Upper Midwest and two commission agent sites mandated by FTC orders, the conversion of commission sites in the Retail segment to lessee dealer sites in CrossAmerica's Wholesale segment and seasonal weather. In addition, CrossAmerica realized a lower margin per gallon at its company operated sites in 2019 as compared to 2018, driven by the movement in crude oil prices throughout the two periods.

During the quarter, the Partnership generated \$4.9 million in gross profit from merchandise and services versus \$5.7 million for the same period in 2018. This was driven by the 2018 divestitures of seven company operated Upper Midwest sites mandated by FTC orders. Gross profit from Rent and Other for the Retail segment was \$1.4 million for the first quarter 2019 compared to \$1.5 million for the same period in 2018, reflecting a decrease of 6%. Rent and other gross profit decreased \$0.1 million primarily as a result of the new lease accounting guidance. Lease payments on the Partnership's previous sale-leaseback transactions totaling \$0.1 million were characterized as principal and interest expense in 2018, whereas such payments were characterized as rent expense in 2019.

Operating expenses declined \$0.8 million or 10% primarily as a result of the 2018 divestitures of seven company operated Upper Midwest and two commission agent sites mandated by FTC orders and the conversion of commission sites in the Retail segment to lessee dealer sites in the Wholesale segment.

Adjusted EBITDA for the Retail segment was \$0.6 million for the first quarter 2019 compared to \$1.3 million for the first quarter 2018.

The decline in gross profit and Adjusted EBITDA were primarily due to the 2018 divestitures of seven company operated sites in the Upper Midwest and two commission sites mandated by FTC orders as well as the conversion of commission sites in CrossAmerica's Retail segment to lessee dealer sites in the Wholesale segment. (see Supplemental Disclosure Regarding Non-GAAP Financial Information below).

#### *Distributable Cash Flow and Distribution Coverage Ratio*

Distributable Cash Flow was \$13.3 million for the three-month period ended March 31, 2019, compared to \$16.7 million for the same period in 2018. The decline in Distributable Cash Flow was primarily due to the new lease accounting guidance and declines in EBITDA for both the Wholesale and Retail segments. This was partially offset by a reduction in both operating and general and administrative expenses. The Distribution Coverage Ratio for the current quarter was 0.73 times. The Distribution Coverage Ratio was 1.03 times for the trailing twelve months ended March 31, 2019, as compared to 0.96 times for the trailing twelve months ended March 31, 2018 (see Supplemental Disclosure Regarding Non-GAAP Financial Information below).

#### **Liquidity and Capital Resources**

On April 1, 2019, the Partnership entered into a new \$750 million senior secured revolving credit facility, maturing in April 2024.

The New Credit Agreement replaced CrossAmerica's previous credit agreement, dated as of March 4, 2014, and provided the following key benefits:

- Increased commitments from \$650 million to \$750 million with the ability to increase commitments by \$300 million, subject to certain conditions;
- Provides for the current and future asset exchange transactions with Circle K, subject to certain conditions being satisfied;
- Provided for a general reduction in the applicable margin;
- Increased the maximum permitted leverage ratio during most periods;
- Reduced cost of compliance, including the removal of the requirement to mortgage real property; and
- Extended the maturity from April 2020 to April 2024.

The amount of availability under the New Credit Agreement at May 2, 2019, after taking into consideration debt covenant restrictions, was approximately \$20.8 million.

#### **Impact of Adopting New FASB Lease Accounting Guidance**

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02—Leases (Topic 842). This standard modifies existing guidance for reporting organizations that enter into leases to increase transparency by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This guidance became effective for CrossAmerica on January 1, 2019.

As was noted in CrossAmerica's recent 2018 Form 10-K (Annual Report), certain previous sale-leaseback transactions that were accounted for similarly to capital leases were required to be reassessed under the new guidance as part of adopting ASU 2016-02. These leases are accounted for as operating leases under the new guidance, and so the \$42.0 million of net property and equipment and \$76.1 million of sale-leaseback financing obligations recorded on the balance sheet as of December 31, 2018 were removed as part of the transition adjustment effective January 1, 2019.

Since CrossAmerica is not restating prior periods as part of adopting this guidance, the results in 2019 will not be directly comparable to the results for periods before 2019. Specifically, payments on these sale-leaseback obligations were characterized as principal and interest expense in periods prior to 2019. Starting in 2019, these payments are characterized as rent expense and thus reduce gross profit from the wholesale segment, operating income, income before income taxes, and net income relative to the results reported for periods prior to 2019.

The adoption of the new lease standard does not affect the Partnership's covenant calculations with regard to its Credit Agreement, nor has there been any change in the underlying cash flows related to these leases. The adoption of the new lease standard, if it had been adopted January 1, 2018, would have impacted CrossAmerica's full year 2018 financial results in the following manner: Adjusted EBITDA would have been lower by approximately \$7.2 million, primarily affecting the Wholesale Segment, and Distributable Cash Flow would have been lower by approximately \$1.7 million. CrossAmerica anticipates a similar effect on its 2019 financial results (Non-GAAP measures used in this release include Adjusted EBITDA and Distributable Cash Flow, which non-GAAP measures are further described to their most directly comparable GAAP measures in the Supplemental Disclosure Regarding Non-GAAP Financial Measures section of this release).

### **Distributions**

On April 25, 2019, the Board of the Directors of CrossAmerica's General Partner ("Board") declared a quarterly distribution of \$0.5250 per limited partner unit attributable to the first quarter of 2019. As previously announced, the distribution will be paid on May 13, 2019 to all unitholders of record as of May 6, 2019. The amount and timing of any future distributions is subject to the discretion of the Board (see Supplemental Disclosure Regarding Non-GAAP Financial Information below).

### **Conference Call**

The Partnership will host a conference call on May 7, 2019 at 9:00 a.m. Eastern Time to discuss first quarter 2019 earnings results. The conference call numbers are 877-420-2982 or 847-619-6129 and the passcode for both is 7118414#. A live audio webcast of the conference call and the related earnings materials, including reconciliations of non-GAAP financial measures to GAAP financial measures and any other applicable disclosures, will be available on that same day on the investor section of the CrossAmerica website ([www.crossamericapartners.com](http://www.crossamericapartners.com)). A slide presentation for the conference call will also be available on the investor section of the Partnership's website. To listen to the audio webcast, go to <https://caplp.gcs-web.com/webcasts-presentations>. After the live conference call, a replay will be available for a period of thirty days. The replay numbers are 888-843-7419 or 630-652-3042 and the passcode for both is 7118414#. An archive of the webcast will be available on the investor section of the CrossAmerica website at <https://caplp.gcs-web.com/webcasts-presentations> within 24 hours after the call for a period of sixty days.

**CROSSAMERICA PARTNERS LP**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Thousands of Dollars, Except Unit and Per Unit Amounts)  
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
Operating revenues <sup>(a)</sup>	\$ 471,786	\$ 554,570
Costs of sales	434,709	514,619
Gross profit	37,077	39,951
Income from CST Fuel Supply equity interests	3,426	3,805
Operating expenses:		
Operating expenses	15,353	16,342
General and administrative expenses	4,418	4,720
Depreciation, amortization and accretion expense	13,061	15,500
Total operating expenses	32,832	36,562
(Loss) gain on dispositions and lease terminations, net	(59)	230
Operating income	7,612	7,424
Other income, net	86	94
Interest expense	(7,337)	(8,052)
Income (loss) before income taxes	361	(534)
Income tax expense	149	273
Net income (loss)	212	(807)
Less: net loss attributable to noncontrolling interests	—	(2)
Net income (loss) attributable to limited partners	212	(805)
IDR distributions	(133)	(1,180)
Net income (loss) available to limited partners	\$ 79	\$ (1,985)
<b>Basic and diluted income (loss) per limited partner unit</b>	<b>\$ 0.00</b>	<b>\$ (0.06)</b>

**Weighted-average limited partner units:**

Basic common units	34,444,113	34,157,088
Diluted common units <sup>(b)</sup>	34,456,465	34,165,060

**Supplemental information:**

(a) Includes excise taxes of:	\$ 20,444	\$ 24,358
(a) Includes revenues from fuel sales to and rental income from related parties of:	73,627	103,521

(b) Diluted common units were not used in the calculation of diluted earnings per common unit for the three months ended March 31, 2018 because to do so would have been antidilutive.



## Segment Results

### Wholesale

The following table highlights the results of operations and certain operating metrics of the Wholesale segment (thousands of dollars, except for the number of distribution sites and per gallon amounts):

	Three Months Ended March 31,	
	2019	2018
<b>Gross profit:</b>		
Motor fuel—third party	\$ 8,068	\$ 7,632
Motor fuel—intersegment and related party	6,702	6,667
Motor fuel gross profit	14,770	14,299
Rent and other <sup>(a)</sup>	14,210	16,379
Total gross profit	28,980	30,678
Income from CST Fuel Supply equity interests <sup>(b)</sup>	3,426	3,805
Operating expenses	(8,118)	(8,320)
<b>Adjusted EBITDA<sup>(c)</sup></b>	<b>\$ 24,288</b>	<b>\$ 26,163</b>
<b>Motor fuel distribution sites (end of period):<sup>(d)</sup></b>		
Motor fuel—third party		
Independent dealers <sup>(e)</sup>	363	383
Lessee dealers <sup>(f)</sup>	502	449
Total motor fuel distribution—third party sites	865	832
Motor fuel—intersegment and related party		
DMS (related party) <sup>(g)</sup>	82	134
Circle K (related party)	43	43
Commission agents (Retail segment) <sup>(h)</sup>	172	180
Company operated retail sites (Retail segment) <sup>(i)</sup>	63	71
Total motor fuel distribution—intersegment and related party sites	360	428
<b>Motor fuel distribution sites (average during the period):</b>		
Motor fuel—third party distribution	863	824
Motor fuel—intersegment and related party distribution	363	435
Total motor fuel distribution sites	1,226	1,259
<b>Volume of gallons distributed (in thousands)</b>		
Third party	151,397	149,259
Intersegment and related party	79,836	100,249
Total volume of gallons distributed	231,233	249,508
<b>Wholesale margin per gallon</b>	<b>\$ 0.064</b>	<b>\$ 0.057</b>

(a) See “Impact of Adopting New FASB Lease Accounting Guidance” section of this release for additional information regarding the impact of adopting ASC 842 effective January 1, 2019, which impacted rent and other gross profit for 2019, resulting in the results for the three months ended March 31, 2019 not being comparable to CrossAmerica’s results for the three months ended March 31, 2018.

(b) Represents income from the Partnership’s equity interest in CST Fuel Supply.

(c) Please see the reconciliation of the segment’s Adjusted EBITDA to consolidated net income under the heading “Supplemental Disclosure Regarding Non-GAAP Financial Measures.”

(d) In addition, as of March 31, 2019 and 2018, CrossAmerica distributed motor fuel to 13 and 14 sub-wholesalers, respectively, who distributed to additional sites.

(e) The decrease in the independent dealer site count was primarily attributable to the termination or non-renewal of fuel supply contracts, a significant number of which were low margin.

(f) The increase in the lessee dealer site count was primarily attributable to converting sites operated by DMS and commission agents to lessee dealers.

(g) The decrease in the DMS site count was primarily attributable to converting DMS sites to lessee dealer sites.

- (h) The decrease in the commission site count was primarily attributable to converting commission sites in the Retail segment to lessee dealer sites in the Wholesale segment.
- (i) The decrease in the company operated site count was primarily attributable to the divestiture mandated by FTC orders.

### Retail

The following table highlights the results of operations and certain operating metrics of the Retail segment (thousands of dollars, except for the number of retail sites, gallons sold per day and per gallon amounts):

	Three Months Ended March 31,	
	2019	2018
<b>Gross profit:</b>		
Motor fuel	\$ 1,544	\$ 2,156
Merchandise and services	4,911	5,742
Rent and other <sup>(a)</sup>	1,388	1,473
Total gross profit	7,843	9,371
Operating expenses	(7,235)	(8,022)
Adjusted EBITDA <sup>(b)</sup>	<u>\$ 608</u>	<u>\$ 1,349</u>
<b>Retail sites (end of period):</b>		
Commission agents <sup>(c)</sup>	172	180
Company operated retail sites <sup>(d)</sup>	63	71
Total system sites at the end of the period	<u>235</u>	<u>251</u>
<b>Total system operating statistics:</b>		
Average retail fuel sites during the period	235	250
Motor fuel sales (gallons per site per day)	2,060	2,296
Motor fuel gross profit per gallon, net of credit card fees and commissions	\$ 0.035	\$ 0.042
<b>Commission agents statistics:</b>		
Average retail fuel sites during the period	172	180
Motor fuel gross profit per gallon, net of credit card fees and commissions	\$ 0.016	\$ 0.014
<b>Company operated retail site statistics:</b>		
Average retail fuel sites during the period	63	70
Motor fuel gross profit per gallon, net of credit card fees	\$ 0.080	\$ 0.101
Merchandise and services gross profit percentage, net of credit card fees	24.5%	25.4%

- (a) See "Impact of Adopting New FASB Lease Accounting Guidance" section of this release for additional information regarding the impact of adopting ASC 842 effective January 1, 2019, which impacted rent and other gross profit for 2019, resulting in the results for the three months ended March 31, 2019 not being comparable to CrossAmerica's results for the three months ended March 31, 2018.
- (b) Please see the reconciliation of the segment's Adjusted EBITDA to consolidated net income under the heading "Supplemental Disclosure Regarding Non-GAAP Financial Measures" below.
- (c) The decrease in the commission site count was primarily driven by the conversion of commission sites in the Retail Segment to lessee dealer sites in the Wholesale segment.
- (d) The decrease in the company operated retail site count was primarily driven by the divestitures mandated by FTC orders.

## Supplemental Disclosure Regarding Non-GAAP Financial Measures

CrossAmerica uses non-GAAP financial measures EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio. EBITDA represents net income available to the Partnership before deducting interest expense, income taxes, depreciation, amortization and accretion. Adjusted EBITDA represents EBITDA as further adjusted to exclude equity funded expenses related to incentive compensation and the Amended Omnibus Agreement, gains or losses on sales of assets, certain discrete acquisition related costs, such as legal and other professional fees and separation benefit expenses associated with recently acquired companies, and certain other discrete non-cash items arising from purchase accounting. Distributable Cash Flow represents Adjusted EBITDA less cash interest expense, sustaining capital expenditures and current income tax expense. Distribution Coverage Ratio is computed by dividing Distributable Cash Flow by the weighted average diluted common and subordinated units and then dividing that result by the distributions paid per limited partner unit.

EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio are used as supplemental financial measures by management and by external users of the CrossAmerica financial statements, such as investors and lenders. EBITDA and Adjusted EBITDA are used to assess the financial performance without regard to financing methods, capital structure or income taxes and the ability to incur and service debt and to fund capital expenditures. In addition, Adjusted EBITDA is used to assess the operating performance of the CrossAmerica business on a consistent basis by excluding the impact of items which do not result directly from the wholesale distribution of motor fuel, the leasing of real property, or the day to day operations of the Partnership's retail site activities. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio are also used to assess the ability to generate cash sufficient to make distributions to the Partnership's unitholders.

CrossAmerica believes the presentation of EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio provides useful information to investors in assessing the financial condition and results of operations. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio should not be considered alternatives to net income or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio have important limitations as analytical tools because they exclude some but not all items that affect net income. Additionally, because EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio may be defined differently by other companies in the industry, the Partnership's definitions may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

The following table presents reconciliations of EBITDA, Adjusted EBITDA, and Distributable Cash Flow to net income, the most directly comparable U.S. GAAP financial measure, for each of the periods indicated (in thousands, except for per unit amounts):

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Net income (loss) available to limited partners<sup>(a)</sup></b>	\$ 79	\$ (1,985)
Interest expense <sup>(a)</sup>	7,337	8,052
Income tax expense	149	273
Depreciation, amortization and accretion expense	13,061	15,500
<b>EBITDA<sup>(a)</sup></b>	<b>20,626</b>	<b>21,840</b>
Equity funded expenses related to incentive compensation and the Amended Omnibus Agreement <sup>(b)</sup>	202	3,343
Loss (gain) on dispositions and lease terminations, net	59	(230)
Acquisition-related costs <sup>(c)</sup>	558	1,056
<b>Adjusted EBITDA<sup>(a)</sup></b>	<b>21,445</b>	<b>26,009</b>
Cash interest expense <sup>(a)</sup>	(7,047)	(7,624)
Sustaining capital expenditures <sup>(d)</sup>	(326)	(790)
Current income tax expense	(815)	(924)
<b>Distributable Cash Flow<sup>(a)</sup></b>	<b>\$ 13,257</b>	<b>\$ 16,671</b>
Weighted-average diluted common units	34,456	34,165
Distributions paid per limited partner unit <sup>(e)</sup>	\$ 0.5250	\$ 0.6275
<b>Distribution Coverage Ratio<sup>(a)(f)</sup></b>	<b>0.73x</b>	<b>0.78x</b>

- (a) As further discussed in the “Impact of Adopting New FASB Lease Accounting Guidance” section of this release, CrossAmerica adopted ASC 842 effective January 1, 2019, and as a result, the Partnership’s results for the three months ended March 31, 2019 are not directly comparable to the results for the three months ended March 31, 2018. Most significantly, payments on CrossAmerica’s previous failed sale-leaseback obligations were characterized as principal and interest expense in periods prior to 2019. Starting in 2019, these payments are characterized as rent expense. These payments for the three months ended March 31, 2018 amounted to approximately \$1.7 million and \$0.1 million for the wholesale and retail segments, respectively. Of the total payments, \$1.4 million was classified as interest expense for the three months ended March 31, 2018.
- (b) As approved by the independent conflicts committee of the Board, the Partnership and Circle K mutually agreed to settle certain amounts due under the terms of the Amended Omnibus Agreement in limited partner units of the Partnership.
- (c) Relates to certain discrete acquisition related costs, such as legal and other professional fees, separation benefit costs and certain purchase accounting adjustments associated with recently acquired businesses.
- (d) Under the Partnership Agreement, sustaining capital expenditures are capital expenditures made to maintain CrossAmerica’s long-term operating income or operating capacity. Examples of sustaining capital expenditures are those made to maintain existing contract volumes, including payments to renew existing distribution contracts, or to maintain CrossAmerica’s sites in conditions suitable to lease, such as parking lot or roof replacement/renovation, or to replace equipment required to operate the existing business.
- (e) On April 25, 2019, the Board approved a quarterly distribution of \$0.5250 per unit attributable to the first quarter of 2019. The distribution is payable on May 13, 2019 to all unitholders of record on May 6, 2019.
- (f) The distribution coverage ratio is computed by dividing Distributable Cash Flow by the weighted-average diluted common units and then dividing that result by the distributions paid per limited partner unit.

The table below shows approximate adjustments to CrossAmerica’s Net loss available to limited partners, EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage for the three months ended March 31, 2018 as if ASC 842 had been applied since January 1, 2018 (in thousands, except for per unit amounts).

	<u>As Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
<b>Net loss available to limited partners</b>	\$ (1,985)	\$ (404)	\$ (2,389)
Interest expense	8,052	(1,403)	6,649
Income tax expense	273	—	273
Depreciation, amortization and accretion expense	15,500	—	15,500
<b>EBITDA</b>	<u>21,840</u>	<u>(1,807)</u>	<u>20,033</u>
Equity funded expenses related to incentive compensation and the Amended Omnibus Agreement	3,343	—	3,343
Gain on dispositions and lease terminations, net	(230)	—	(230)
Acquisition-related costs	1,056	—	1,056
<b>Adjusted EBITDA</b>	<u>26,009</u>	<u>(1,807)</u>	<u>24,202</u>
Cash interest expense	(7,624)	1,403	(6,221)
Sustaining capital expenditures	(790)	—	(790)
Current income tax expense	(924)	—	(924)
<b>Distributable Cash Flow</b>	<u>\$ 16,671</u>	<u>\$ (404)</u>	<u>\$ 16,267</u>
Weighted-average diluted common units	34,165	34,165	34,165
Distributions paid per limited partner unit	\$ 0.6275	\$ 0.6275	\$ 0.6275
<b>Distribution Coverage Ratio</b>	<b>0.78x</b>	<b>-0.02x</b>	<b>0.76x</b>

The following table reconciles the segment Adjusted EBITDA to Consolidated Adjusted EBITDA presented in the table above (in thousands):

	<b>Three Months Ended March 31,</b>			
	<b>2019</b>		<b>2018</b>	
Adjusted EBITDA - Wholesale segment	\$	24,288	\$	26,163
Adjusted EBITDA - Retail segment		608		1,349
Adjusted EBITDA - Total segment	\$	24,896	\$	27,512
<b>Reconciling items:</b>				
Elimination of intersegment profit in ending inventory balance		254		(98)
General and administrative expenses		(4,418)		(4,720)
Other income, net		86		94
Equity funded expenses related to incentive compensation and the Amended Omnibus Agreement		202		3,343
Acquisition-related costs		558		1,056
Net loss attributable to noncontrolling interests		—		2
IDR distributions		(133)		(1,180)
Consolidated Adjusted EBITDA	\$	21,445	\$	26,009

### About CrossAmerica Partners LP

CrossAmerica Partners LP is a leading wholesale distributor of motor fuels and owner and lessee of real estate used in the retail distribution of motor fuels. Its general partner, CrossAmerica GP LLC, is a wholly owned subsidiary of Alimentation Couche-Tard Inc. Formed in 2012, CrossAmerica Partners LP is a distributor of branded and unbranded petroleum for motor vehicles in the United States and distributes fuel to over 1,200 locations and owns or leases approximately 900 sites. With a geographic footprint covering 31 states, the Partnership has well-established relationships with several major oil brands, including ExxonMobil, BP, Shell, Chevron, Sunoco, Valero, Gulf, Citgo, Marathon and Phillips 66. CrossAmerica Partners LP ranks as one of ExxonMobil's largest distributors by fuel volume in the United States and in the top 10 for additional brands. For additional information, please visit [www.crossamericapartners.com](http://www.crossamericapartners.com).

### Contact

Investor Relations: Randy Palmer, Director – Investor Relations, 210-742-8316

### Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this release that state the Partnership's or management's expectations or predictions of the future are forward-looking statements. The words "believe," "expect," "should," "intends," "estimates," "target" and other similar expressions identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see CrossAmerica's Form 10-K or Forms 10-Q filed with the Securities and Exchange Commission, and available on the CrossAmerica's website at [www.crossamericapartners.com](http://www.crossamericapartners.com). The Partnership undertakes no obligation to publicly update or revise any statements in this release, whether as a result of new information, future events or otherwise.

**Note to Non-United States Investors:** This release is intended to be a qualified notice under Treasury Regulation Section 1.1446-4(b). Brokers and nominees should treat one hundred percent (100%) of CrossAmerica Partners LP's distributions to non-U.S. investors as attributable to income that is effectively connected with a United States trade or business. Accordingly, CrossAmerica Partners LP's distributions to non-U.S. investors are subject to federal income tax withholding at the highest applicable effective tax rate.



**CROSSAMERICA**  
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# First Quarter 2019 Earnings Call

**May 2019**



# Forward Looking Statement

Statements contained in this presentation that state the Partnership's or management's expectations or predictions of the future are forward-looking statements. The words "believe," "expect," "should," "intends," "anticipates," "estimates," "target" and other similar expressions identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see CrossAmerica's annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports filed with the Securities and Exchange Commission and available on the Partnership's website at [www.crossamericapartners.com](http://www.crossamericapartners.com). If any of these factors materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. Any forward-looking statement you see or hear during this presentation reflects our current views as of the date of this presentation with respect to future events. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise.





# CrossAmerica Business Overview

Gerardo Valencia, CEO & President





# First Quarter Operating Results

OPERATING RESULTS (in thousands, except for per gallon and site count)	Three Months ended March 31,		% Change
	2019	2018	
Total Motor Fuel Distribution Sites (period avg.)	1,226	1,259	(3%)
Total Volume of Gallons Distributed	231,233	249,508	(7%)
Wholesale Fuel Margin per Gallon	\$0.064	\$0.057	12%
Wholesale Fuel Gross Profit	\$14,770	\$14,299	3%
Rental & Other Gross Profit (Net) (Wholesale & Retail)	\$15,598	\$17,852	(13%)
Operating Expenses	\$15,353	\$16,342	(6%)
General & Administrative Expenses	\$4,418	\$4,720	(6%)

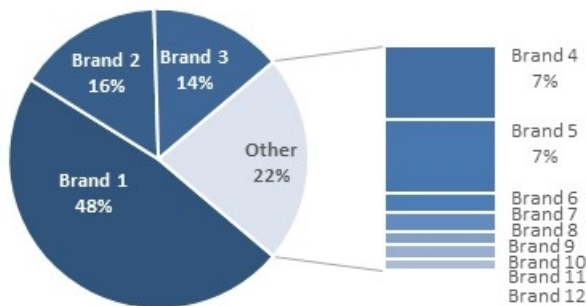
- Volumes impacted by optimization efforts, soft demand and site divestment
- Margin Optimization – exiting low margin business and improving profitability of base business
- Rental GP impacted by new lease standard
- Cost discipline and efficiencies to improve base



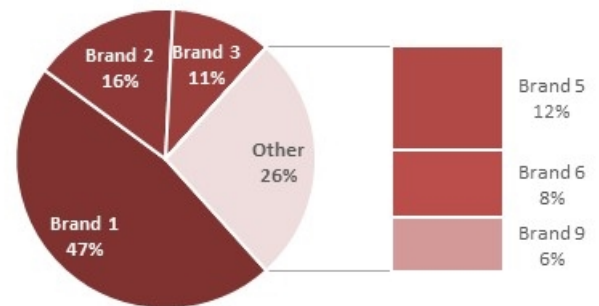
# Strong Progress on Strategic Initiatives

- **Progressing Asset Exchange with ACT – profitable and at speed**
  - Dealerized 60 sites this quarter – first tranche of asset exchange in the 2<sup>nd</sup> Quarter
  - Expect EBITDA from first 60 sites to be in the high end of range that was previously disclosed
  - 64 additional sites with signed LOI and 25 of these with signed dealer contracts
- **Fuel Supply Strategic Review (Fuel Synergies)**
  - Completed and finishing implementation of new contracts – anticipate impact in 2Q
  - Expected value of synergies to be in line with previous communications
  - Sites rebranded or refreshed can provide additional value through higher sales

Fuel Brands Before Strategic Supply Review



Fuel Brands After Strategic Supply Review



Circa 320 million gallons per year  
68 sites changed brands



# Strategic Initiatives Progress

- **Alabama transformation**

- Changed dispensers in over half of the network
- Hard branding and reimagining progressing
- Plan to complete transformation by 3Q 19



- **Exit of Retail Operations**

- Signed LOI with strong operator for balance of company operated network post exchange
- On track to exit company retail operations by end of 2019

- **Base Business Improvement**

- Expect to finish year with about 75 additional C-Store franchised locations
- Strategic collaboration with fuel brands established



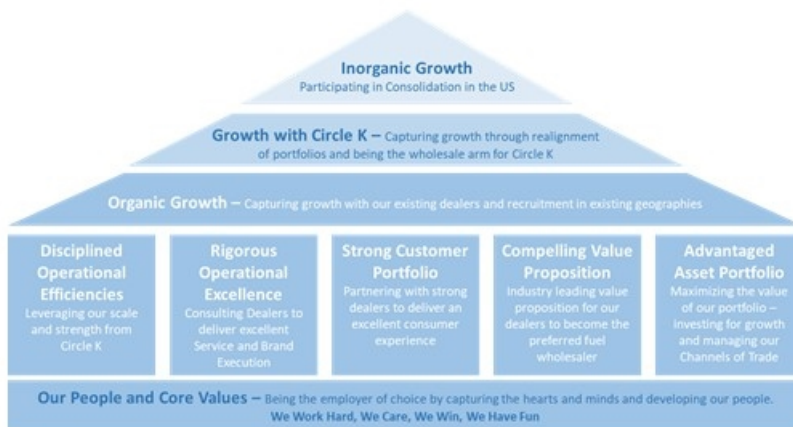
# Long Term Strategy

- **Who we are**

- One of the largest branded fuel wholesalers in North America, and likely the one with the largest portfolio of controlled properties
- With access to a leading Back Court C-Store franchise

- **Who we will become**

- The Best Branded Fuel Wholesaler in North America
- Preferred choice for customers, a great employer and brand partner



Financial Objective	5 Year Plan
Distributable Cash Flow Coverage Ratio	+1.10x Target
Debt Leverage Ratio	4.00 – 4.25x Target
Adjusted EBITDA growth	Currently targeting 5% to 15% CAGR

# CrossAmerica Financial Overview

Evan Smith, Chief Financial Officer

# First Quarter Results Summary

OPERATING RESULTS (in millions, except for per gallon and site count)	Three Months ended March 31,		% Change
	2019	2018	
Gross Profit	\$37.1	\$40.0	(7%)
Adjusted EBITDA	\$21.4	\$26.0	(18%)
Distributable Cash Flow	\$13.3	\$16.7	(20%)
Weighted Avg. Diluted Units	34.5	34.2	1%
Distribution Paid per LP Unit	\$0.5250	\$0.6275	(16%)
Distribution Attributable to Each Respective Period per LP Unit	\$0.5250	\$0.5250	0%
Distribution Coverage (Paid Basis – current quarter)	0.73x	0.78x	(6%)
Distribution Coverage (Paid Basis – trailing twelve months)	1.03x	0.96x	7%

Note: See the reconciliation of EBITDA, Adjusted EBITDA and Distributable Cash Flow (or "DCF") to net income and the definitions of EBITDA, Adjusted EBITDA and DCF in the appendix of this presentation.



# Capital Strength

- **Leverage, as defined under our credit facility, was 4.81X as of March 31, 2019**
- **Entered into a New \$750 million Senior Secured Revolving Credit Facility on April 1<sup>st</sup>**
  - Increased commitments from \$650 million to \$750 million with the ability to increase commitments by \$300 million, subject to certain conditions;
  - Provides for the current and future asset exchange transactions with Circle K, subject to certain conditions being satisfied;
  - Provided for a general reduction in the applicable margin;
  - Increased the maximum permitted leverage ratio during most periods;
  - Reduced cost of compliance, including removal of the requirement to mortgage real property; and
  - Extended the maturity from April 2020 to April 2024.
- **Maintain Distribution Rate**
  - Distributable Cash Flow of \$13.3 million for the three-month period ended March 31, 2019
  - Distribution rate of \$0.5250 per unit (\$2.10 per unit annualized) attributable to the first quarter of 2019
  - TTM coverage ratio to 1.03 times for period ending 03/31/19 from 0.96 times in for the TTM ending 03/31/18

# New Lease Accounting Effective in 2019

- **We have benefited in the past from the accounting for our sale-leaseback transactions**
  - Prior accounting guidance effectively resulted in these leases being accounted for as capital leases, with rent payments paid under the leaseback being characterized as principal and interest, neither of which impacted EBITDA
- **Under the new guidance effective 1/1/19, rent payments are characterized as rent expense**
  - Rent payments now reduce EBITDA, primarily within the wholesale segment
  - Significantly lesser impact on DCF as the portion of rent payments previously characterized as interest expense has always reduced DCF

Note: See the reconciliation of EBITDA, Adjusted EBITDA and Distributable Cash Flow (or "DCF") to net income and the definitions of EBITDA, Adjusted EBITDA and DCF in the appendix of this presentation.





# New Lease Accounting Effective in 2019

Pro Forma EBITDA and Distribution Coverage based on Full Year 2018 Results (in thousands, except for per unit amounts)

	*ASU-		
	As Reported	2016-02 Adjusts.	As Adjusted
<b>Net income available to limited partners</b>	\$ 3,672	\$ (1,709)	\$ 1,963
Interest expense	32,872	(5,518)	27,354
Income tax benefit	(2,733)		(2,733)
Depreciation, amortization and accretion	66,549		66,549
<b>EBITDA</b>	<b>100,360</b>	<b>(7,227)</b>	<b>93,133</b>
Equity funded expenses related to incentive compensation and the Amended Omnibus Agreement	3,781		3,781
Loss on dispositions and lease terminations, net	6,297		6,297
Acquisition-related costs	2,914		2,914
<b>Adjusted EBITDA</b>	<b>113,352</b>	<b>(7,227)</b>	<b>106,125</b>
Cash interest expense	(31,338)	5,518	(25,820)
Sustaining capital expenditures	(2,443)		(2,443)
Current income tax expense	(1,528)		(1,528)
<b>Distributable Cash Flow</b>	<b>\$ 78,043</b>	<b>\$ (1,709)</b>	<b>\$ 76,334</b>
Weighted average diluted common units	34,345	34,345	34,345
Distributions paid per limited partner unit	\$ 2.2025	\$ 2.2025	\$ 2.2025
<b>Distribution Coverage Ratio</b>	<b>1.03x</b>	<b>-0.02x</b>	<b>1.01x</b>

\*\$7,227 impact to EBITDA/Adjusted EBITDA: \$6,667 to Wholesale Segment (Rent & Other) and \$560 to Retail segment (Rent & Other)

Note: See the reconciliation of EBITDA, Adjusted EBITDA and Distributable Cash Flow (or "DCF") to net income and the definitions of EBITDA, Adjusted EBITDA and DCF in the appendix of this presentation.



# New Lease Accounting Effective in 2019

**Pro Forma EBITDA and Distribution Coverage for First Quarter Results (in thousands, except for per unit amounts)**

	First Quarter 2019	First Quarter 2018		
	As Reported	As Reported	ASU 2016-02 Adjusts.	As Adjusted
<b>Net income (loss) available to limited partners</b>	\$ 79	\$ (1,985)	\$ (404)	\$ (2,389)
Interest expense	7,337	8,052	(1,403)	6,649
Income tax benefit	149	273		273
Depreciation, amortization and accretion	13,061	15,500		15,500
<b>EBITDA</b>	20,626	21,840	(1,807)	20,033
Equity funded expenses related to incentive compensation and the Amended Omnibus Agreement	202	3,343		3,343
Loss (gain) on dispositions and lease terminations, net	59	(230)		(230)
Acquisition-related costs	558	1,056		1,056
<b>Adjusted EBITDA</b>	21,445	26,009	(1,807)	24,202
Cash interest expense	(7,047)	(7,624)	1,403	(6,221)
Sustaining capital expenditures	(326)	(790)		(790)
Current income tax expense	(815)	(924)		(924)
<b>Distributable Cash Flow</b>	\$ 13,257	\$ 16,671	\$ (404)	\$ 16,267
Weighted average diluted common units	34,456	34,165	34,165	34,165
Distributions paid per limited partner unit	\$ 0.5250	\$ 0.6275	\$ 0.6275	\$ 0.6275

Note: See the reconciliation of EBITDA, Adjusted EBITDA and Distributable Cash Flow (or "DCF") to net income and the definitions of EBITDA, Adjusted EBITDA and DCF in the appendix of this presentation.





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# Appendix

**First Quarter 2019**  
**Earnings Call**



# Non-GAAP Financial Measures

## Non-GAAP Financial Measures

We use non-GAAP financial measures EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio. EBITDA represents net income available to us before deducting interest expense, income taxes and depreciation, amortization and accretion, which includes certain impairment charges. Adjusted EBITDA represents EBITDA as further adjusted to exclude equity funded expenses related to incentive compensation and the Amended Omnibus Agreement, gains or losses on dispositions and lease terminations, certain acquisition related costs, such as legal and other professional fees and separation benefit costs associated with recently acquired companies, and certain other non-cash items arising from purchase accounting. Distributable Cash Flow represents Adjusted EBITDA less cash interest expense, sustaining capital expenditures and current income tax expense. Distribution Coverage Ratio is computed by dividing Distributable Cash Flow by the weighted average diluted common units and then dividing that result by the distributions paid per limited partner unit.

EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio are used as supplemental financial measures by management and by external users of our financial statements, such as investors and lenders. EBITDA and Adjusted EBITDA are used to assess our financial performance without regard to financing methods, capital structure or income taxes and the ability to incur and service debt and to fund capital expenditures. In addition, Adjusted EBITDA is used to assess our operating performance of our business on a consistent basis by excluding the impact of items which do not result directly from the wholesale distribution of motor fuel, the leasing of real property, or the day to day operations of our retail site activities. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio are also used to assess our ability to generate cash sufficient to make distributions to our unit-holders.

We believe the presentation of EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio provides useful information to investors in assessing our financial condition and results of operations. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio should not be considered alternatives to net income or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio have important limitations as analytical tools because they exclude some but not all items that affect net income. Additionally, because EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio may be defined differently by other companies in our industry, our definitions may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.





# Non-GAAP Reconciliation

The following table presents reconciliations of EBITDA, Adjusted EBITDA, and Distributable Cash Flow to net income, the most directly comparable U.S. GAAP financial measure, for each of the periods indicated (in thousands, except for per unit amounts):

	Three Months Ended March 31,	
	2019	2018
Net income (loss) available to limited partners <sup>(a)</sup>	\$ 79	\$ (1,985)
Interest expense <sup>(a)</sup>	7,337	8,052
Income tax expense	149	273
Depreciation, amortization and accretion expense	13,061	15,500
<b>EBITDA<sup>(a)</sup></b>	<b>20,626</b>	<b>21,840</b>
Equity funded expenses related to incentive compensation and the Amended Omnibus Agreement <sup>(b)</sup>	202	3,343
Loss (gain) on dispositions and lease terminations, net	59	(230)
Acquisition-related costs <sup>(c)</sup>	558	1,056
<b>Adjusted EBITDA<sup>(a)</sup></b>	<b>21,445</b>	<b>26,009</b>
Cash interest expense <sup>(a)</sup>	(7,047)	(7,624)
Sustaining capital expenditures <sup>(d)</sup>	(326)	(790)
Current income tax expense	(815)	(924)
<b>Distributable Cash Flow<sup>(a)</sup></b>	<b>\$ 13,257</b>	<b>\$ 16,671</b>
Weighted-average diluted common units	34,456	34,165
Distributions paid per limited partner unit <sup>(e)</sup>	\$ 0.5250	\$ 0.6275
<b>Distribution Coverage Ratio<sup>(a)/(f)</sup></b>	<b>0.73x</b>	<b>0.78x</b>

(a) As further discussed in Note 1 to the financial statements of CrossAmerica's First Quarter 2019 Form 10-Q, the Partnership adopted ASC 842 effective January 1, 2019, and as a result, the Partnership's results for the three months ended March 31, 2019 are not directly comparable to the results for the three months ended March 31, 2018. Most significantly, payments on CrossAmerica's previous failed sale-leaseback obligations were characterized as principal and interest expense in periods prior to 2019. Starting in 2019, these payments are characterized as rent expense. These payments for the three months ended March 31, 2018 amounted to approximately \$1.7 million and \$0.1 million for the wholesale and retail segments, respectively. Of the total payments, \$1.4 million was classified as interest expense for the three months ended March 31, 2018.

(b) As approved by the independent conflicts committee of the Board, the Partnership and Circle K mutually agreed to settle certain amounts due under the terms of the Amended Omnibus Agreement in limited partner units of the Partnership.

(c) Relates to certain discrete acquisition-related costs, such as legal and other professional fees, separation benefit costs and certain purchase accounting adjustments associated with recently acquired businesses.

(d) Under the Partnership Agreement, sustaining capital expenditures are capital expenditures made to maintain our long-term operating income or operating capacity. Examples of sustaining capital expenditures are those made to maintain existing contract volumes, including payments to renew existing distribution contracts, or to maintain our sites in conditions suitable to lease, such as parking lot or roof replacement/renovation, or to replace equipment required to operate the existing business.

(e) On April 25, 2019, the Board approved a quarterly distribution of \$0.5250 per unit attributable to the first quarter of 2019. The distribution is payable on May 13, 2019 to all unitholders of record on May 6, 2019.

(f) The distribution coverage ratio is computed by dividing Distributable Cash Flow by the weighted-average diluted common units and then dividing that result by the distributions paid per limited partner unit.

