



**LEHIGH GAS**  
**PARTNERS LP**



# Forward Looking and Cautionary Statements

---

This presentation and oral statements made regarding the subjects of this presentation may contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, or the Reform Act, which may include, but are not limited to, statements regarding our plans, objectives, expectations and intentions and other statements that are not historical facts, including statements identified by words such as "outlook," "intends," "plans," "estimates," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "anticipates," "foresees," or the negative version of these words or other comparable expressions. All statements addressing operating performance, events, or developments that the Partnership expects or anticipates will occur in the future, including statements relating to revenue growth and earnings or earnings per unit growth, as well as statements expressing optimism or pessimism about future operating results, are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are based upon our current views and assumptions regarding future events and operating performance and are inherently subject to significant business, economic and competitive uncertainties and contingencies and changes in circumstances, many of which are beyond our control. The statements in this presentation are made as of the date of this presentation, even if subsequently made available by us on our website or otherwise. We do not undertake any obligation to update or revise these statements to reflect events or circumstances occurring after the date of this presentation.

Although the Partnership does not make forward-looking statements unless it believes it has a reasonable basis for doing so, the Partnership cannot guarantee their accuracy. Achieving the results described in these statements involves a number of risks, uncertainties and other factors that could cause actual results to differ materially, including the factors discussed in this presentation and those described in the "Risk Factors" section of the Partnership's Form 10-K filed on March 28, 2013, with the Securities and Exchange Commission as well as in the Partnership's other filings with the Securities and Exchange Commission. No undue reliance should be placed on any forward-looking statements.

# Lehigh Gas Overview

- Lehigh Gas Partners LP (“LGP” or “Lehigh Gas”) is a leading wholesale distributor of motor fuels and owner and lessee of real estate related to retail fuel distribution. Its Predecessor was founded in 1992
  - Focused on distributing fuels to and owning and leasing sites primarily located in metropolitan and urban areas
- Completed a \$138 million Initial Public Offering on October 30, 2012<sup>(1)</sup>
- Equity market capitalization of \$372 million and enterprise value of \$628 million as of 6/30/13
- As of 6/30/2013, distribute to 713 locations primarily in the Northeastern United States, Florida and Ohio
  - 210 owned sites and 294 leased sites<sup>(2)</sup>
  - Also distribute to 209 independent dealer sites and through eight sub-wholesalers<sup>(2)</sup>
- Distributed 310.4 million gallons of motor fuel in the period ending six months June 30, 2013

## Top 10 Distributor for<sup>(3)</sup>:



(1) Includes \$18 million exercise of over-allotment.

(2) As of June 30, 2013.

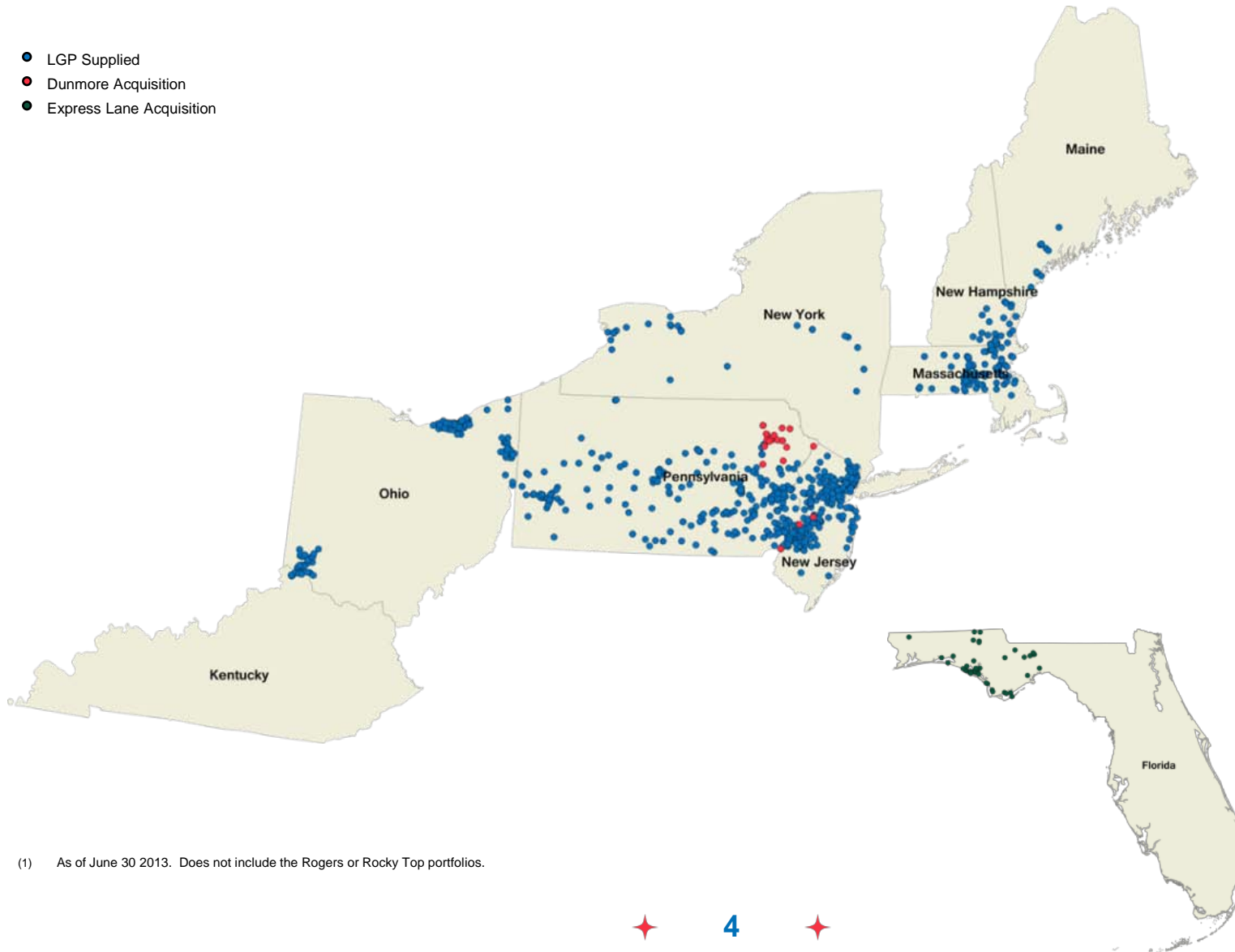
(3) Based on 2012 volume.



# Lehigh Gas Portfolio Overview

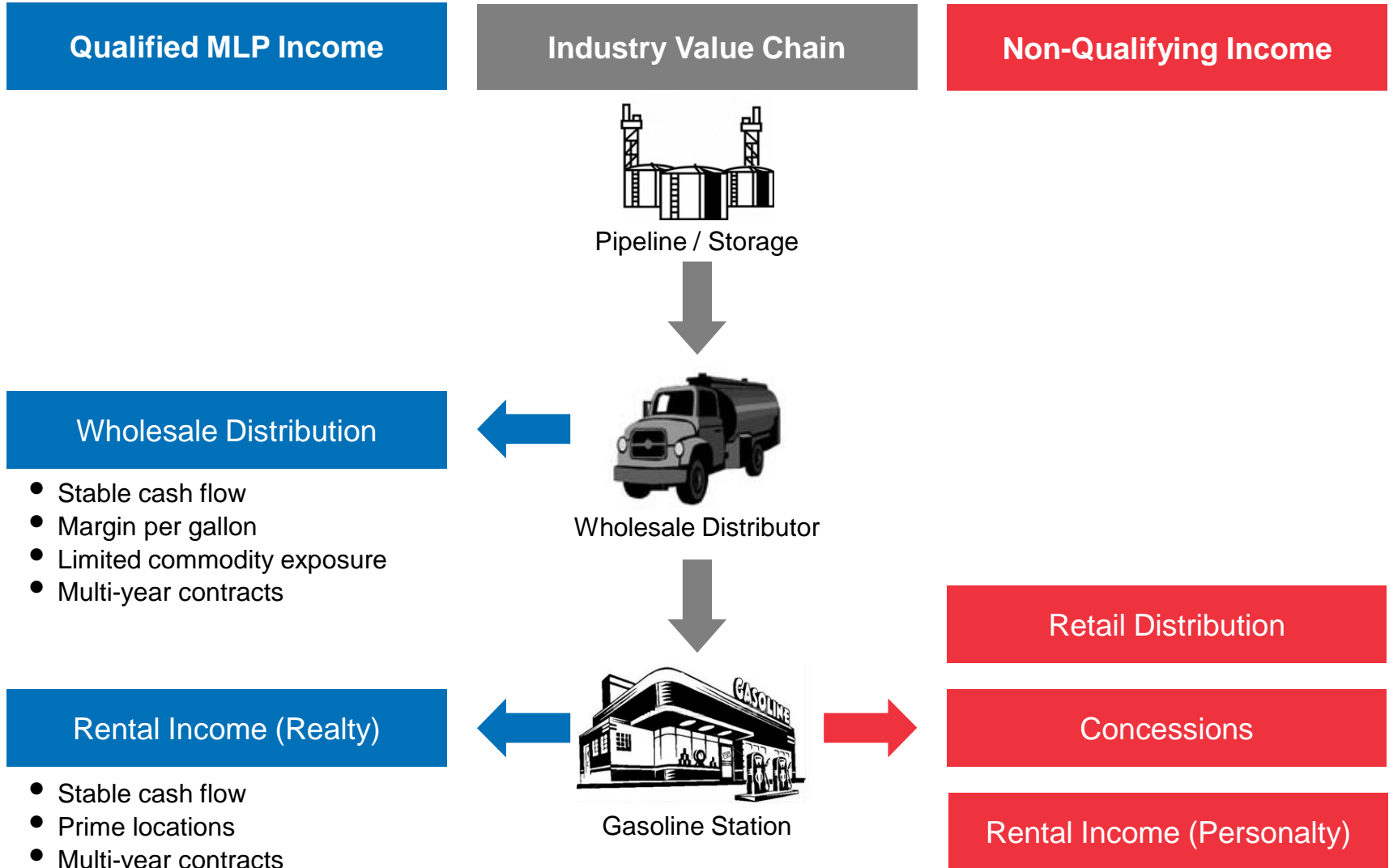
---

- LGP Supplied
- Dunmore Acquisition
- Express Lane Acquisition



(1) As of June 30 2013. Does not include the Rogers or Rocky Top portfolios.

# Lehigh Gas Operations



# Investment Highlights

- Stable Cash Flows from Rental Income and Wholesale Fuel Distribution
- Prime Real Estate Locations in Areas with High Traffic
- Long-Term Relationships with Major Integrated Oil Companies and Refiners
- Established History of Completing and Integrating Acquisitions
- Aligned Equity Ownership
- Financial Flexibility to Pursue Acquisitions and Expansion Opportunities



## **BP Station**

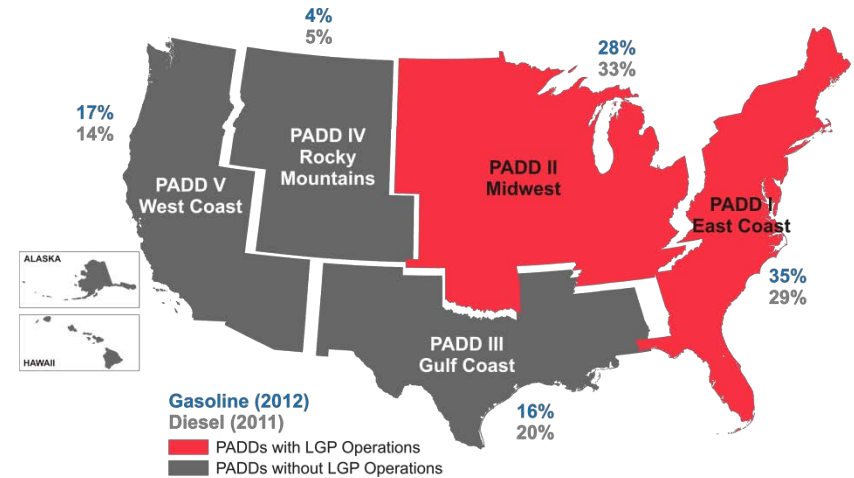
*Union Centre Blvd., West Chester, OH  
(Metro Cincinnati)*



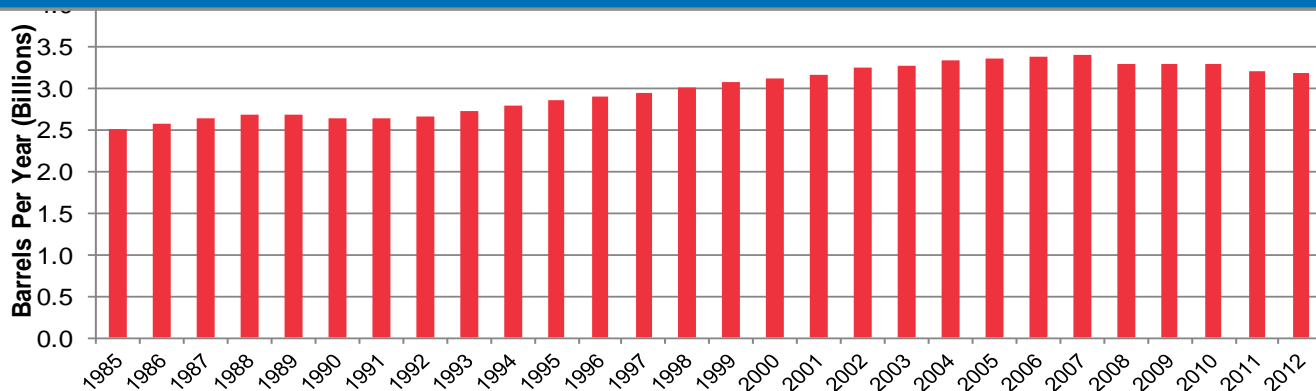
# U.S. Motor Fuel Consumption<sup>(1)</sup>

- Gasoline consumption in the U.S. has proven to be stable, with growth in 52 of the last 66 years
- Since 1985 gasoline consumption has increased from 2.5 to 3.2 billion barrels per year in 2012 (CAGR of 1%)
  - Down years driven by historical external shocks or other unusual economic factors
  - Except for the energy crisis of the late 1970s, declines were less than 3% in any given year
- Since 1985, diesel consumption has increased from 0.4 to 0.9 billion barrels in 2011 (CAGR 2.9%)

## Motor Fuel Consumption by PADD<sup>(2)</sup>



## Historical Consumption of Gasoline in the U.S.



(1) Source: Energy Information Administration (EIA).  
 (2) Petroleum Administration for Defense Districts (PADD).



# Wholesale Industry Overview

## Wholesale Business

- Wholesale motor fuel distribution consists of sales of branded and unbranded gasoline and diesel to retail gas station operators and other wholesale distributors
- Wholesale marketing is **fragmented and local**
- **Product differentiation** is achieved through branding gasoline, which can be sold at a premium price
  - Exxon, Mobil, BP, Shell and Valero are considered premium brands
- SG&A costs are mostly fixed with a small portion of variable costs
- Wholesale fuels marketing has **limited commodity exposure**

## Classes of Trade

- **Lessee dealers** – Wholesale distributor owns or leases sites and leases or subleases sites to the lessee dealer
- **Independent dealer** – Sites are owned by an independent dealer or leased by an independent dealer from a third party
- **Sub-wholesalers** – Wholesale distributor sells to sub-wholesalers
- **Company operated stores** – Wholesale distributor owns or leases sites and conducts the retail operations





# Lehigh Gas Strategy

- Own or lease sites in prime locations and seek to **enhance cash flow**
- Expand within and beyond core geographic markets through **acquisitions**
- Serve as a **preferred distributor** and dedicated supplier
- Increase motor fuel distribution business by **expanding market share**
- Maintain **strong relationships** with major integrated oil companies and refiners
- **Manage risk and mitigate exposure** to environmental liabilities

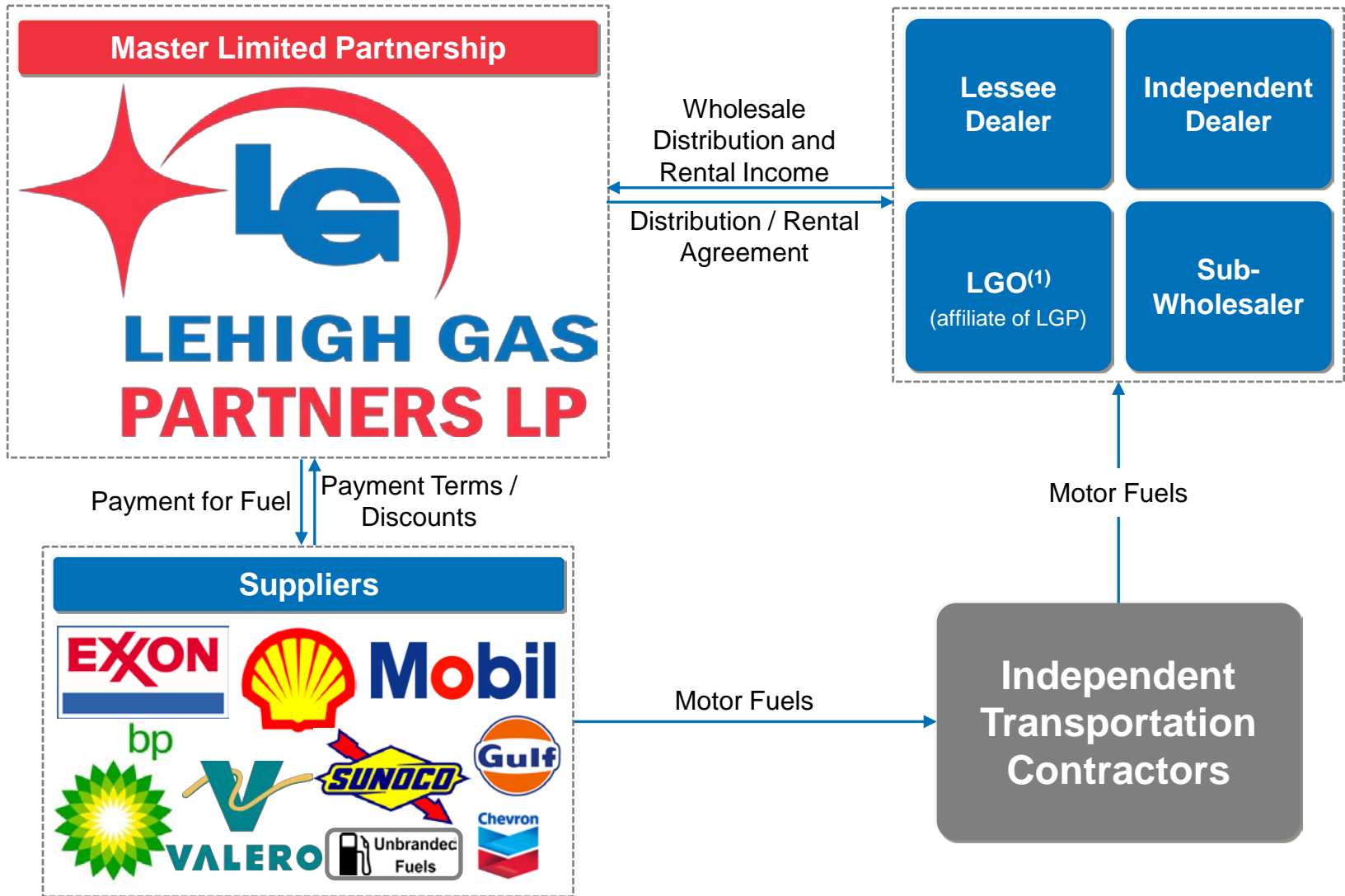


**Shell Station**

*Route 17, Hasbrouck Heights, NJ*



# Lehigh Gas Operating Model



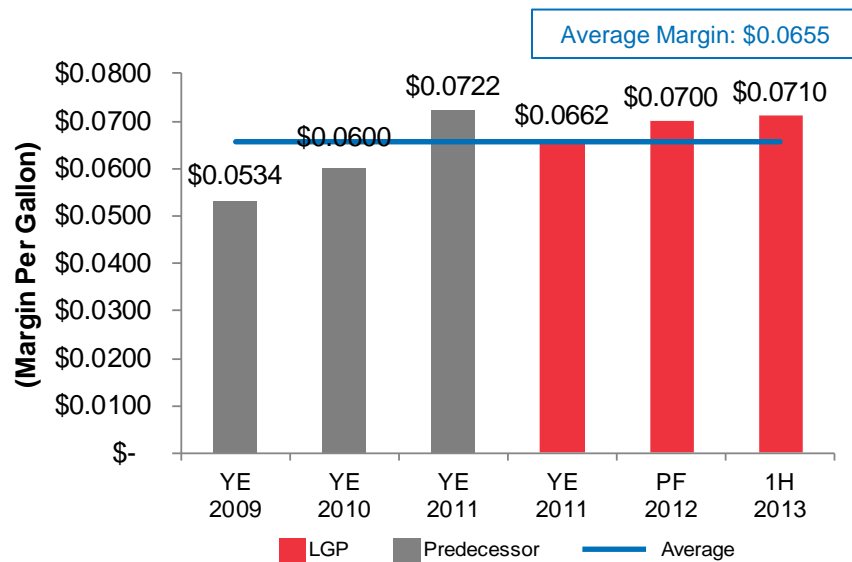
(1) Lehigh Gas – Ohio, LLC ("LGO").

# Stable Cash Flows: Wholesale Distribution

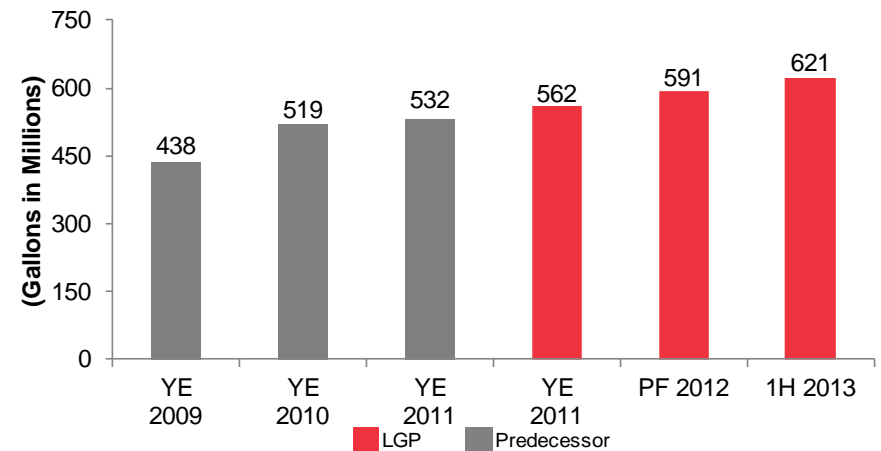
Stable cash flows from long-term wholesale motor fuel distribution contracts

- Our supply agreements with independent dealers generally have 10-year terms
- Lessee dealers generally have 3-year terms
- LGO generally has a 15-year term

## Wholesale Distribution Margin Per Gallon<sup>(1)(2)</sup>



## Gallons of Motor Fuel Distributed<sup>(2)(3)</sup>



(1) Wholesale Distribution Margin Per Gallon represents revenues from fuel sales minus costs from fuel sales (including amounts to affiliates) divided by the gallons of motor fuel distributed.

(2) YE (Year End) represents twelve months ended December 31 of the applicable year and 2012 PF (Pro Forma) represents 2012 pro forma as presented on Form 8-K filed with the SEC on March 28, 2013. 1H 2013 represents annualized results for 1H 2013

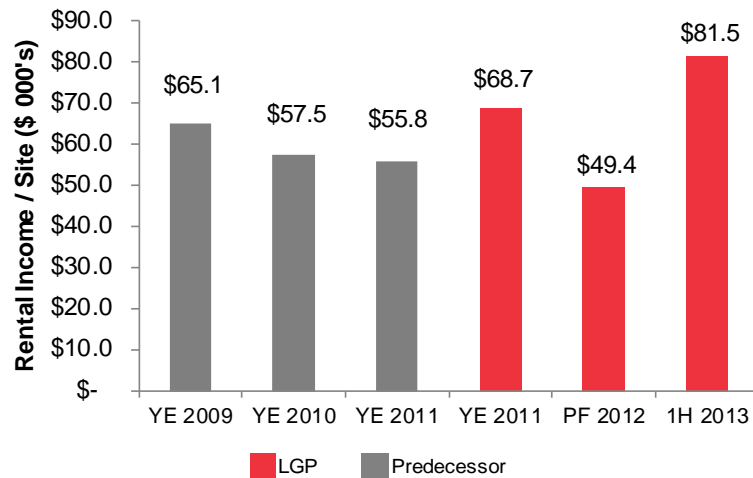
(3) Excludes gallons of motor fuel distributed to sites classified as discontinued operations with respect to the periods presented for our predecessor.

# Stable Cash Flows: Rental Income

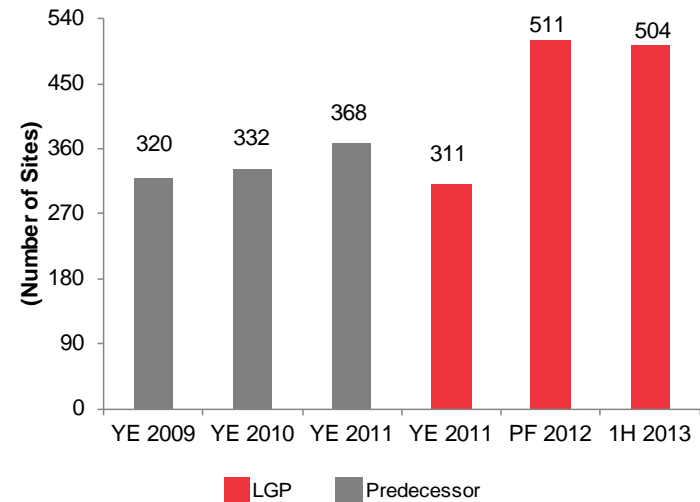
Stable cash flows from rental income associated with long-term leases

- Lease agreements with lessee dealers generally have 3-year terms and had an average of 2.8 years remaining as of June 30, 2013
- LGO agreements have 15-year terms and had an average of 14.4 years remaining as of June 30 2013

Rental Income Per Site<sup>(1)(2)</sup>



Number of Sites Owned and Leased<sup>(2)</sup>



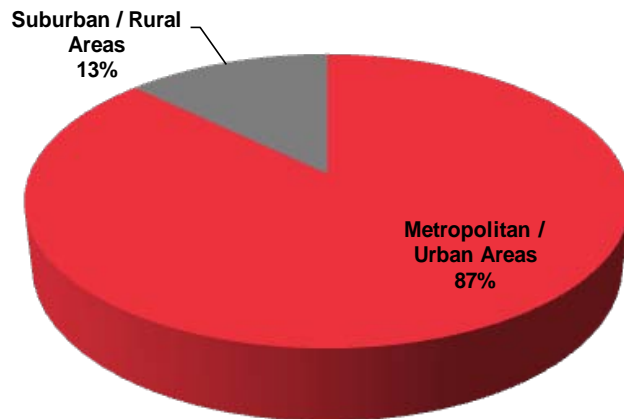
(1) Rental income is rental income from lessee dealers and from affiliates.

(2) YE (Year End) represents twelve months ended December 31 of the applicable year and PF 2012 Pro Forma) represents 2012 pro forma as presented on Form 8-K filed with the SEC on March 28, 2013. 1H 2013 represents annualized results for the period ending June 30, 2013 for the purposes of average rent per site.

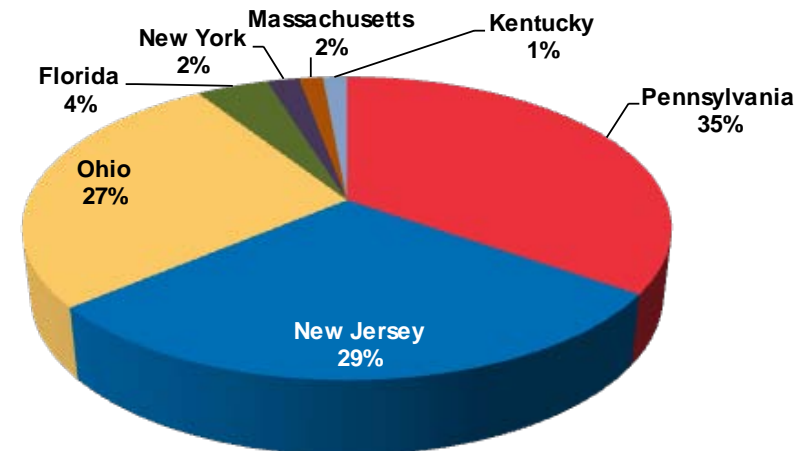
# Prime Real Estate Locations

- We derive rental income from sites we own or lease that provide convenient fueling locations primarily in areas that are densely populated
- We own or lease sites in nine states<sup>(1)</sup>
  - Over 60% of US gasoline consumption is in the Midwest and Northeast<sup>(2)</sup>
- Limited availability of undeveloped real estate in our current locations presents a high barrier to entry for the development of competing sites
- Due to prime locations, owned real estate sites have high alternate use values, which provides additional risk mitigation

LGP Owned and Leased Sites by Area<sup>(1)</sup>



LGP Owned Sites by State<sup>(1)</sup>



(1) As of June 30, 2013.  
(2) Source EIA.

# Long-Term Relationships

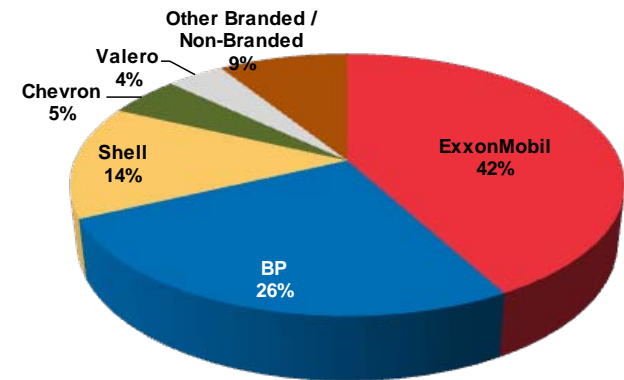
- One of the ten largest independent distributors by volume in the U.S. for Exxon, Mobil, and BP branded fuels
  - Also distribute Shell, Valero, Sunoco, Chevron and Gulf-branded motor fuels
- Prompt payment history and good credit standing with suppliers allow us to receive certain term discounts on fuel purchases, which increases wholesale profitability
- Branded fuel is perceived by retail customers as higher quality and commands a price premium

## Brands Distributed



## LGP Fuel Distribution by Brand<sup>(1)</sup>

Supplier	% of Total	Suppliers Since:
ExxonMobil	42%	2002
BP	26%	2009
Shell	14%	2004
Valero	4%	2007
Chevron	5%	2012
Other Branded / Non-Branded	9%	n/a
<b>Total</b>	<b>100%</b>	



(1) For the Quarter ending June 30, 2013. Relationships shown began with our Predecessor.

# Established History of Acquisitions

- We have grown primarily through acquisitions
  - Since 2004, LGP and our Predecessor, have grown the business from 9 owned sites to 210 owned sites, as of June 30, 2013
  - We have completed twelve acquisitions that included 10+ sites per transaction
- Majority of our sites were purchased from major integrated oil companies
- Established history of quickly financing and closing acquisitions
- Wholesale marketing is **fragmented and local**, providing **many acquisition opportunities**
  - Wholesalers sell to 121,000 sites across the US<sup>(1)</sup>
  - ~73% of convenience store operators which distributed retail fuel own 50 or fewer sites<sup>(1)</sup>

## Major Acquisitions Since 1/1/2009

Seller	Year	Sites Acquired	Purchase Price (\$MM)	Brand	Wholesale Supply Agreements	States
Express Lane	2012	48	\$45.4	Exxon/Chevron		FL
Dunmore Oil Company	2012	24	\$29.0	Exxon/Valero		PA
Motiva Enterprises <sup>(2)</sup>	2011	26	\$30.4	Shell	30	NJ
BP Products North America	2009	85	\$68.4	BP	2	OH & KY
Uni-Mart	2009	24	\$12.1	BP	4	OH

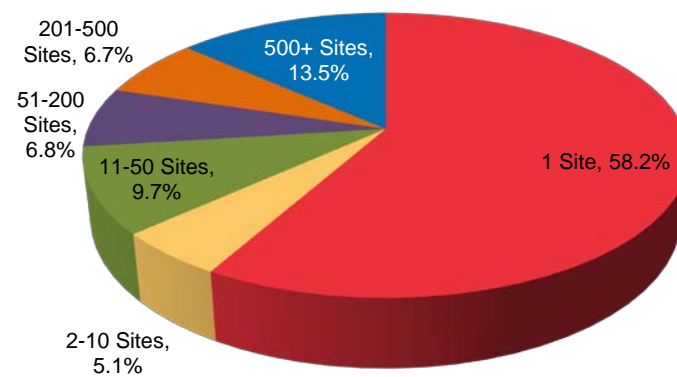
## Recent Sellers



(2)



## Convenience Store Operators with Retail Fuel Distribution Site Count<sup>(3)</sup>



(1) Source: 2012 Association for Convenience & Fuel Retailing (NACS).  
 (2) Motiva is a joint venture between Shell and Saudi Arabia Refining Company Inc.  
 (3) Source: 2012 NACS Report.



# Overview of Rogers and Rocky Top Acquisitions

---

- Announced two acquisitions during the third quarter of 2013
  - Rogers Petroleum (“Rogers”) – a 17 site portfolio in Tri-Cities, TN Region
  - Rocky Top Markets, LLC (“Rocky Top”) – a 34 site portfolio in Knoxville, TN Region
- Rogers portfolio purchase price of \$21.1 million
  - Portfolio sold 18.7 million gallons of fuel in 2012
  - Primarily unbranded sites
- Rocky Top portfolio purchase price of \$36.9 million
  - Portfolio sold 34.1 million gallons of fuel in 2012
  - 31 of 34 sites are Shell branded
- Portfolios are geographically adjacent to each other
  - Provides economies of scale in region and a platform to expand
- The Partnership will lease the sites to LGO and supply fuel to the sites for a 15-year initial period
- Since IPO, the Partnership has announced acquisitions of \$132 million

# Risk Management Overview

---

## Environmental

- Liability on portfolio at IPO retained by predecessor entities
- Rigorous diligence process to identify any issues prior to acquisition
- Escrow funds at closing for identified liabilities
- Purchase insurance to protect against cost overruns for known liabilities and to protect against unknown conditions
- Participate in state programs that provide funds to assist in remediation

## Commodity

- Purchase and deliver fuel on the same day
- No overnight ownership of inventory

## Credit

- Daily collection and settlement procedures
- Dealer credit card transactions routed through an LGP subsidiary

## Transportation

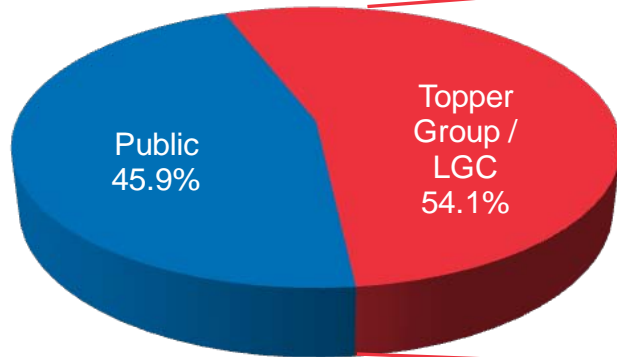
- Outsource delivery of fuel to independent third party haulers
- Lowers capital and labor needs and reduces liability exposure

# Aligned Equity Ownership

- Topper Group and LGC<sup>(1)</sup> retain approximately 54.1% ownership in LGP
  - 92.3% of units owned by Topper Group and LGC<sup>(1)</sup> are subordinated
- Lehigh Gas GP (the general partner) has a non-economic general partner interest in Lehigh
- 45.9% of LGP held by public

Topper Group / LGC vs. Public Ownership<sup>(1)</sup>

Topper Group / LGC Common vs. Subordinated Unit Ownership<sup>(1)</sup>

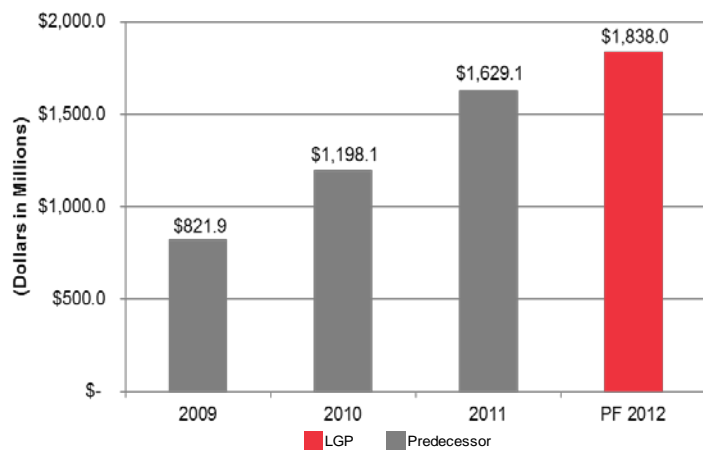


Subordinated Unit Ownership  
92.3%

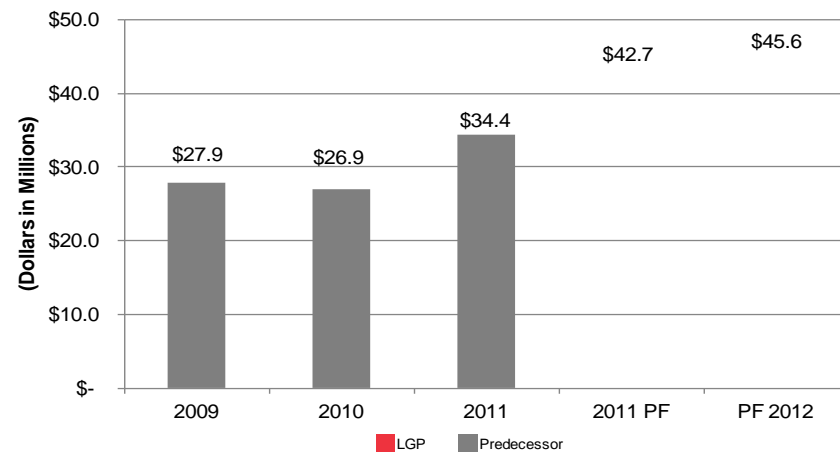
(1) Lehigh Gas Corporation (LGC) is an entity in which Joe Topper holds a 100% ownership interest.

# Historical Performance

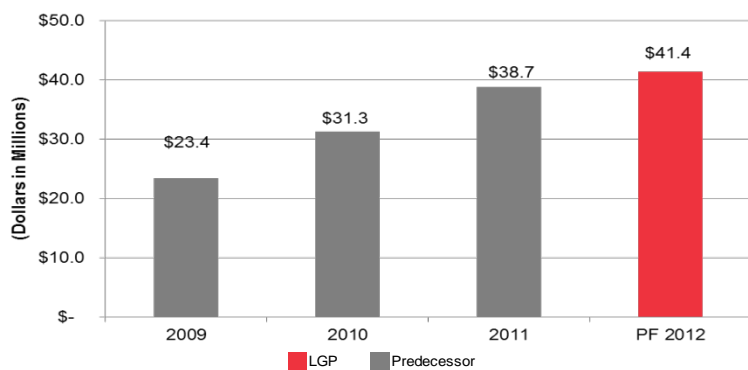
## Revenue<sup>(1)</sup>



## EBITDA<sup>(1)(2)</sup>



## Fuel Gross Profit<sup>(1)</sup>



(1) Based on the December 31, 2012 pro forma as presented on Form 8-K filed with the SEC on March 28, 2013.

(2) PF 2012 EBITDA excludes approximately \$7.7 million in expenses in selling, general, and administrative expenses related to our initial public offering and formation transactions and the two transactions closed at year end. See the 8-K filed with the SEC on March 25, 2013 for additional detail.

# Second Quarter Overview

- Distributed 160.7 million gallons, a 4.4% increase relative to 2012
- Generated gross profit from fuel sales of \$12 million, a 12.1% increase relative to 2012
- Generated adjusted EBITDA of \$14.9 million, a 34.1% increase relative to 2012
- Distributable Cash Flow of \$11.2 million or \$0.75 per common unit
- Increased the distribution 5.5% to \$1.91 / unit on an annual basis
  - Since IPO, distribution has increased a total of 9.1%
- On May 13, increased credit facility by \$75 million to \$324 million
  - \$126 million in pro forma availability
  - Amended certain financial covenants and other terms to provide greater flexibility for acquisitions
- Committed to prudent acquisition strategy with conservative financial management

## Summary Second Quarter Metrics

**(Dollars in thousands, except as noted)**

Fuel Gross Profit	\$ 11,986
Gallons Distributed (millions)	160.7
Margin per Gallon (\$)	\$ 0.075
Net Rental Income (revenue less expenses)	\$ 6,365
EBITDA	\$ 14,071
Non-Cash Equity Incentive Comp Expense	838
Adjusted EBITDA	\$ 14,897
Distributable Cash Flow (DCF)	\$ 11,224
DCF per Unit (\$)	\$ 0.75
Distribution per Unit (\$)	\$ 0.4775
Coverage (DCF / Distribution)	1.6x
Distribution Increase Over Previous Quarter	5.5%

# Investment Highlights

- Stable Cash Flows from Rental Income and Wholesale Fuel Distribution
- Prime Real Estate Locations in Areas with High Traffic
- Long-Term Relationships with Major Integrated Oil Companies and Refiners
- Established History of Completing and Integrating Acquisitions
- Aligned Equity Ownership
- Financial Flexibility to Pursue Acquisitions and Expansion Opportunities



**BP Station**  
*Main Street, Lebanon, OH*

