



**CROSSAMERICA**  
PARTNERS LP

# Second Quarter 2024 Earnings Call

**August 2024**



Second Quarter 2024 Earnings Call **August 2024**

# 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

Charles Nifong, CEO & President



# Second Quarter Operations

OPERATING RESULTS (in thousands, except for margin per gallon and merchandise gross margin percentage)	Three Months ended June 30,		% Change
	2024	2023	
<b>Retail Segment:</b>			
Gross Profit	\$76,644	\$66,025	16%
Operating Income	\$28,013	\$26,151	7%
Motor Fuel Gross Profit	\$39,289	\$35,737	10%
Merchandise Gross Profit*	\$29,849	\$24,232	23%
Retail Margin Per Gallon	\$0.373	\$0.370	1%
Volume of Gallons Sold	143,016	130,804	9%
Same Store Sales Excluding Cigarettes*	\$53,520	\$52,630	2%
Merchandise Gross Margin Percentage*	28.3%	29.0%	(70 bps)
<b>Wholesale Segment:</b>			
Gross Profit	\$28,118	\$31,699	(11%)
Operating Income	\$20,924	\$21,775	(4%)
Motor Fuel Gross Profit	\$16,639	\$17,933	(7%)
Wholesale Margin Per Gallon	\$0.087	\$0.082	6%
Volume of Gallons Distributed	192,111	218,131	(12%)

\*Includes only company operated retail sites



# CrossAmerica Financial Overview

Maura Topper, Chief Financial Officer



# Second Quarter Results Summary

OPERATING RESULTS (in thousands, except for distributions per unit and coverage)	Three Months ended June 30,		% Change
	2024	2023	
Net Income	\$12,424	\$14,536	(15%)
Adjusted EBITDA	\$42,570	\$42,198	1%
Distributable Cash Flow	\$26,051	\$30,395	(14%)
Weighted Avg. Diluted Units	38,199	38,150	0%
Distribution Paid per LP Unit	\$0.5250	\$0.5250	0%
Distributions Paid	\$19,964	\$19,925	0%
Distribution Coverage (Paid Basis- current quarter)	1.30x	1.53x	(15%)
Distribution Coverage (Paid Basis – trailing twelve months)	1.32x	1.68x	(21%)

Note: See the reconciliation of 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

- **Capital Expenditures**

- Second quarter 2024 capital expenditures of \$5.3 million with \$3.4 million of growth capex
- Growth capital expenditures included investment in our newly converted company operated sites and dispensers at certain locations

- **Leverage**

- Credit facility balance at 06/30/24: \$789.5 million
- Continue to manage debt levels and leverage ratio
- Leverage ratio was 4.39x at 06/30/24 compared to 4.49x at 03/31/24
- Effective interest rate at 06/30/24: 6.7%
  - Ongoing benefit of interest rate swaps in elevated rate environment

**Continued Focus on Execution, Cash Flows, and Strong Balance Sheet**



**CROSSAMERICA**  
PARTNERS LP

# Appendix

**Second Quarter 2024**  
**Earnings Call**



Second Quarter 2024 Earnings Call **August 2024**

# Non-GAAP Financial Measures

## Non-GAAP Financial Measures

We use the non-GAAP financial measures EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio. EBITDA represents net income 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-based compensation expense, gains or losses on dispositions and lease terminations, net and certain discrete acquisition related costs, such as legal and other professional fees, separation benefit costs 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. The Distribution Coverage Ratio is computed by dividing Distributable Cash Flow by distributions paid on common units.

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 the 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 the ability to generate cash sufficient to make distributions to our unitholders.

We believe 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 our industry, our definitions may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.



Second Quarter 2024 Earnings Call **August 2024**

# 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Net income (loss)</b>	\$ 12,424	\$ 14,536	\$ (5,116)	\$ 13,557
Interest expense	14,208	10,683	24,749	22,695
Income tax expense (benefit)	1,703	2,797	(4,094)	1,135
Depreciation, amortization and accretion expense	18,446	19,298	37,167	39,118
<b>EBITDA</b>	<b>46,781</b>	<b>47,314</b>	<b>52,706</b>	<b>76,505</b>
Equity-based employee and director compensation expense	369	562	574	1,123
(Gain) loss on dispositions and lease terminations, net <sup>(a)</sup>	(5,578)	(6,700)	11,228	(4,933)
Acquisition-related costs <sup>(b)</sup>	998	1,022	1,630	1,241
<b>Adjusted EBITDA</b>	<b>42,570</b>	<b>42,198</b>	<b>66,138</b>	<b>73,936</b>
Cash interest expense	(13,723)	(10,207)	(23,781)	(20,370)
Sustaining capital expenditures <sup>(c)</sup>	(1,926)	(1,436)	(3,568)	(3,485)
Current income tax expense <sup>(d)</sup>	(870)	(160)	(1,007)	(554)
<b>Distributable Cash Flow</b>	<b>\$ 26,051</b>	<b>\$ 30,395</b>	<b>\$ 37,782</b>	<b>\$ 49,527</b>
Distributions paid on common units	19,964	19,925	39,905	39,843
<b>Distribution Coverage Ratio</b>	<b>1.30x</b>	<b>1.53x</b>	<b>0.95x</b>	<b>1.24x</b>

- (a) During the three months ended June 30, 2024, CrossAmerica recorded a \$6.5 million net gain in connection with its ongoing real estate rationalization effort, partially offset by \$0.9 million of net losses on lease terminations and asset disposals, including non-cash write-offs of deferred rent income. During the three months ended June 30, 2023, CrossAmerica recorded a \$6.1 million net gain in connection with its ongoing real estate rationalization effort and a \$0.6 million net gain on lease terminations and asset disposals.
- (b) Relates to certain acquisition-related costs, such as legal and other professional fees, separation benefit costs and purchase accounting adjustments associated with recent acquisitions.
- (c) 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 the sites in conditions suitable to lease, such as parking lot or roof replacement/renovation, or to replace equipment required to operate the existing business.
- (d) Excludes income tax incurred on the sale of sites.