



**CROSSAMERICA**  
PARTNERS LP

# Third Quarter 2024 Earnings Call

**November 2024**



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# 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



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# Third Quarter Operations

OPERATING RESULTS (in thousands, except for margin per gallon and merchandise gross margin percentage)	Three Months ended Sept 30,		% Change
	2024	2023	
<b>Retail Segment:</b>			
Gross Profit	\$83,587	\$67,588	24%
Operating Income	\$31,363	\$26,450	19%
Motor Fuel Gross Profit	\$45,759	\$36,226	26%
Merchandise Gross Profit*	\$30,494	\$25,427	20%
Retail Margin Per Gallon	\$0.406	\$0.372	9%
Volume of Gallons Sold	148,380	132,160	12%
Same Store Sales Excluding Cigarettes*	\$60,843	\$60,869	0%
Merchandise Gross Margin Percentage*	27.9%	28.7%	(80 bps)
<b>Wholesale Segment:</b>			
Gross Profit	\$27,639	\$32,852	(16%)
Operating Income	\$19,097	\$23,381	(18%)
Motor Fuel Gross Profit	\$16,870	\$18,786	(10%)
Wholesale Margin Per Gallon	\$0.090	\$0.086	5%
Volume of Gallons Distributed	186,946	217,348	(14%)

\*Includes only company operated retail sites



# CrossAmerica Financial Overview

Maura Topper, Chief Financial Officer



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# Third Quarter Results Summary

OPERATING RESULTS (in thousands, except for distributions per unit and coverage)	Three Months ended Sept 30,		% Change
	2024	2023	
Net Income	\$10,708	\$12,292	(13%)
Adjusted EBITDA	\$43,938	\$44,209	(1%)
Distributable Cash Flow	\$27,140	\$31,389	(14%)
Weighted Avg. Diluted Units	38,201	38,139	0%
Distribution Paid per LP Unit	\$0.5250	\$0.5250	0%
Distributions Paid	\$19,975	\$19,934	0%
Distribution Coverage (Paid Basis- current quarter)	1.36x	1.57x	(13%)
Distribution Coverage (Paid Basis – trailing twelve months)	1.26x	1.43x	(12%)

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**

- Third quarter 2024 capital expenditures of \$7.7 million
  - \$5.1M growth capex; \$2.6M sustaining capex
- Growth capital expenditures included investment in our newly converted company operated sites and brand-supported site image upgrades

- **Leverage**

- Credit facility balance at 09/30/24: \$772.4 million
- Leverage ratio was 4.21x at 09/30/24 compared to 4.39x at 06/30/24
- Effective interest rate at 09/30/24: 6.5%
  - Ongoing benefit of interest rate swaps in elevated rate environment
- Continue to manage debt levels and leverage ratio

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



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# Appendix

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# 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.



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# 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Net income</b>	\$ 10,708	\$ 12,292	\$ 5,592	\$ 25,849
Interest expense	14,169	10,559	38,918	33,254
Income tax expense (benefit)	2,416	1,468	(1,678)	2,603
Depreciation, amortization and accretion expense	20,736	19,096	57,903	58,214
<b>EBITDA</b>	<b>48,029</b>	<b>43,415</b>	<b>100,735</b>	<b>119,920</b>
Equity-based employee and director compensation expense	560	961	1,134	2,084
(Gain) loss on dispositions and lease terminations, net <sup>(a)</sup>	(4,682)	(287)	6,546	(5,220)
Acquisition-related costs <sup>(b)</sup>	31	120	1,661	1,361
<b>Adjusted EBITDA</b>	<b>43,938</b>	<b>44,209</b>	<b>110,076</b>	<b>118,145</b>
Cash interest expense	(13,685)	(10,078)	(37,466)	(30,448)
Sustaining capital expenditures <sup>(c)</sup>	(2,594)	(1,837)	(6,162)	(5,322)
Current income tax expense <sup>(d)</sup>	(519)	(905)	(1,527)	(1,458)
<b>Distributable Cash Flow</b>	<b>\$ 27,140</b>	<b>\$ 31,389</b>	<b>\$ 64,921</b>	<b>\$ 80,917</b>
Distributions paid on common units	19,975	19,934	59,880	59,777
<b>Distribution Coverage Ratio</b>	<b>1.36x</b>	<b>1.57x</b>	<b>1.08x</b>	<b>1.35x</b>

- (a) During the nine months ended September 30, 2024, CrossAmerica recorded a \$16.0 million loss on lease terminations with Applegreen, including a \$1.5 million non-cash write-off of deferred rent income. In addition, CrossAmerica recorded \$2.3 million of other losses on lease terminations and asset disposals, including non-cash write-offs of deferred rent income. During the three and nine months ended September 30, 2024, CrossAmerica recorded \$5.3 and \$11.8 million net gains in connection with its ongoing real estate rationalization effort. This was partially offset by \$0.6 million of net losses on lease terminations and asset disposals during the three month period ended September 30, 2024.
- (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.