



Murphy USA Inc. Reports First Quarter 2022 Results

El Dorado, Arkansas, May 3, 2022 (BUSINESS WIRE) – Murphy USA Inc. (NYSE: MUSA), a leading marketer of retail motor fuel products and convenience merchandise, today announced financial results for the three months ended March 31, 2022.

Key Highlights:

- Net income was \$152.4 million, or \$6.08 per diluted share, in Q1 2022 compared to net income of \$55.3 million, or \$2.01 per diluted share, in Q1 2021. Current year results include three months of QuickChek versus two months in the prior year period.
- Total fuel contribution (retail fuel margin plus product supply and wholesale ("PS&W") results including RINs) for Q1 2022 was 34.0 cpg, compared to 22.5 cpg in Q1 2021
- Total retail gallons increased 7.8% to 1.1 billion gallons in Q1 2022 compared to Q1 2021, while volumes on a same store sales ("SSS") basis increased 3.8%
- Merchandise contribution dollars for Q1 2022 increased 18.4% to \$175.7 million on average unit margins of 19.7%, compared to the prior-year quarter contribution dollars of \$148.4 million on unit margins of 17.8%
- Food and beverage contribution margin increased to 14.6% of total merchandise contribution dollars in Q1 2022 compared to 11.5% in the prior year period
- During Q1 2022, the Company opened 6 new Murphy Express stores and 1 QuickChek store which increased the quarter-end store count to 1,686. There are 17 new Murphy Express stores, 2 new QuickChek stores, and 17 raze-and-rebuild Murphy USA stores currently under construction
- Common shares repurchased during Q1 2022 were approximately 0.8 million for \$151.8 million at an average price of \$181.36 per share
- The Company paid a quarterly cash dividend of \$0.29 per share, or \$1.16 per share on an annualized basis, on March 3, 2022, for a total cash payment of \$7.2 million

"Our Q1 results continue to highlight the benefits of Murphy USA's advantaged and resilient low-cost business model, affordable every-day-low-prices, and incredibly engaged associates who go the extra mile for their customers," said President and CEO Andrew Clyde. "Through competitive pricing and promotions that resonate with our value-driven customers, we are profitably gaining share in established and emerging categories, as existing customer spending remains strong and new customers seek greater value in the current environment. This enduring advantage is key to the virtuous cycle through which all Murphy USA stakeholders win."

Consolidated Results

Key Operating Metrics	Three Months Ended March 31,	
	2022	2021
Net income (loss) (\$ Millions)	\$ 152.4	\$ 55.3
Earnings per share (diluted)	\$ 6.08	\$ 2.01
Adjusted EBITDA (\$ Millions)	\$ 277.0	\$ 154.8

Net income and Adjusted EBITDA for Q1 2022 were higher versus the prior period, due primarily to higher contribution margins from both fuel and merchandise sales, partially offset by higher store operating expenses and higher payment fees. Net income was further impacted by higher depreciation expense, increased selling, general and administrative expenses, and higher income tax expense, which were partially offset by the benefit of lower acquisition related costs. All amounts reported for the 2021 period include the consolidated results of our wholly-owned subsidiary, Quick Chek Corporation ("QuickChek") from January 29, 2021 (the date of acquisition).

Fuel

Key Operating Metrics	Three Months Ended March 31,	
	2022	2021
Total retail fuel contribution (\$ Millions)	\$ 253.6	\$ 156.9
Total PS&W contribution (\$ Millions)	39.6	3.7
RINs and other (included in Other operating revenues on Consolidated Income Statement) (\$ Millions)	76.6	66.7
Total fuel contribution (\$ Millions)	\$ 369.8	\$ 227.3
Retail fuel volume - chain (Million gal)	1,088.3	1,009.1
Retail fuel volume - per store (K gal APSM) ¹	224.9	215.1
Retail fuel volume - per store (K gal SSS) ²	222.8	212.9
Total fuel contribution (including retail, PS&W and RINs) (cpg)	34.0	22.5
Retail fuel margin (cpg)	23.3	15.5
PS&W including RINs contribution (cpg)	10.7	7.0

¹ Average Per Store Month ("APSM") metric includes all stores open through the date of calculation

² 2021 amounts not revised for 2022 raze-and-rebuild activity

Total fuel contribution dollars of \$369.8 million increased 62.7%, or \$142.5 million, in Q1 of 2022 compared to Q1 of 2021 on favorable pricing and higher volumes. Retail fuel margins in the current period increased to 23.3 cpg, or 50.3%, above the prior period despite a rising commodity price environment. Consequently, total retail fuel contribution dollars increased \$96.7 million, or 61.6%, to \$253.6 million compared to the prior-year quarter, supported by both higher retail fuel margins and volumes. PS&W margin (including RINs) increased \$45.8 million when compared to Q1 2021, primarily reflecting higher contribution from typical inventory timing and price-related impacts of the product supply chain.

Merchandise

Key Operating Metrics	Three Months Ended March 31,	
	2022	2021
Total merchandise contribution (\$ Millions)	\$ 175.7	\$ 148.4
Total merchandise sales (\$ Millions)	\$ 892.0	\$ 833.2
Total merchandise sales (\$K SSS) ^{1,2}	\$ 173.2	\$ 161.3
Merchandise unit margin (%)	19.7%	17.8%
Tobacco contribution (\$K SSS) ^{1,2}	\$ 16.9	\$ 15.6
Non-tobacco contribution (\$K SSS) ^{1,2}	\$ 16.0	\$ 9.8
Total merchandise contribution (\$K SSS) ^{1,2}	\$ 32.9	\$ 25.4

¹2021 amounts not revised for 2022 raze-and-rebuild activity

²Includes store-level discounts for Murphy Drive Reward ("MDR") redemptions and excludes change in value of unredeemed MDR points

Total merchandise contribution increased \$27.3 million, or 18.4%, to \$175.7 million in Q1 2022 from the prior year quarter due primarily to higher unit sales volumes and retail prices along with a mix shift to higher margin products. In addition, there was one additional QuickChek month in Q1 2022. Total tobacco contribution dollars increased 12.3% and non-tobacco contribution dollars increased 24.3% compared to the prior year. Food and beverage contribution, a subset of non-tobacco, increased to 14.6% of total merchandise contribution in the current period compared to 11.5% from Q1 2021.

Other Areas

Key Operating Metrics	Three Months Ended March 31,	
	2022	2021
Total store and other operating expense (\$ Millions)	\$ 222.7	\$ 177.1
Store OPEX excluding payment fees and rent (\$K APSM)	\$ 29.5	\$ 25.3
Total SG&A cost (\$ Millions)	\$ 46.2	\$ 44.3

Total store and other operating expense were \$45.6 million higher in Q1 2022 versus the prior year quarter mainly due to one additional month of QuickChek expenses, along with higher employee related expenses, payment fees, rent and store maintenance costs. Store OPEX excluding payment fees and rent on an APSM basis were 16.5% higher versus the year-ago period, primarily attributable to the one additional QuickChek month and increased employee-related expenses and maintenance costs. Total SG&A costs were \$1.9 million higher than the year-ago period, primarily due to higher professional fees and outsourced services.

Store Openings

The Company opened 7 new-to-industry retail locations in Q1 2022, bringing the network total to 1,686. This total consists of 1,151 Murphy USA stores, 376 Murphy Express stores, and 159 QuickChek stores. There are a total of 36 stores currently under construction, including 17 new Murphy Express stores, 2 QuickChek stores, and 17 raze-and-rebuild Murphy USA stores.

Financial Resources

Key Financial Metrics	As of March 31,	
	2022	2021
Cash and cash equivalents (\$ Millions)	\$ 356.2	\$ 304.1
Long-term debt, including capital lease obligations (\$ Millions)	\$ 1,797.4	\$ 1,796.8

Cash balances as of March 31, 2022 totaled \$356.2 million. Long-term debt consisted of approximately \$493 million in carrying value of 3.75% senior notes due in 2031, \$494 million in carrying value of 4.75% senior notes due in 2029, \$298 million in carrying value of 5.625% senior notes due in 2027 and \$384 million of term debt. In addition, the Company has approximately \$128 million in long-term capital leases. The cash flow revolving facility remained undrawn as of March 31, 2022.

Key Financial Metric	Three Months Ended March 31,	
	2022	2021
Average shares outstanding (diluted) (in thousands)	25,074	27,488

At March 31, 2022, the Company had common shares outstanding of 24,201,591. Common shares repurchased during the quarter were approximately 0.8 million shares for \$151.8 million, which were purchased under the November 2020 repurchase authorization (now completed) and the 2021 authorized up to \$1 billion share repurchase plan. As of March 31, 2022, \$868.2 million remained available under the December 2021 plan, to be executed by December 31, 2026.

The effective income tax rate for Q1 2022 was 24.0% compared to 24.6% in Q1 2021.

The Company paid a quarterly dividend of \$0.29 per share, or \$1.16 per share on an annualized basis, on March 3, 2022, for a total cash payment of \$7.2 million.

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Earnings Call Information

The Company will host a conference call on May 4, 2022 at 10:00 a.m. Central Time to discuss first quarter 2022 results. The conference call number is 1 (888) 330-2384 and the conference number is 6680883. The earnings and investor related materials, including reconciliations of any 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 Murphy USA website (<http://ir.corporate.murphyusa.com>). Approximately one hour after the conclusion of the conference, the webcast will be available for replay. Shortly thereafter, a transcript will be available.

Source: Murphy USA Inc. (NYSE: MUSA)

Forward-Looking Statements

Certain statements in this news release contain or may suggest “forward-looking” information (as defined in the Private Securities Litigation Reform Act of 1995) that involve risk and uncertainties, including, but not limited to our M&A activity, anticipated store openings, fuel margins, merchandise margins, sales of RINs, trends in our operations, dividends, and share repurchases. Such statements are based upon the current beliefs and

expectations of the Company's management and are subject to significant risks and uncertainties. Actual future results may differ materially from historical results or current expectations depending upon factors including, but not limited to: The Company's ability to realize projected synergies from the acquisition of QuickChek and successfully expand our food and beverage offerings; our ability to continue to maintain a good business relationship with Walmart; successful execution of our growth strategy, including our ability to realize the anticipated benefits from such growth initiatives, and the timely completion of construction associated with our newly planned stores which may be impacted by the financial health of third parties; our ability to effectively manage our inventory, disruptions in our supply chain and our ability to control costs; geopolitical events, such as Russia's invasion of Ukraine, that impact the supply and demand and price of crude oil; the impact of severe weather events, such as hurricanes, floods and earthquakes; the impact of a global health pandemic, such as COVID-19, including the impact on the Company's fuel volumes if the gradual recoveries experienced throughout 2020 and 2021 stall or reverse as a result of any resurgence in COVID-19 infection rates and government reaction in response thereof; the impact of any systems failures, cybersecurity and/or security breaches of the company or its vendor partners, including any security breach that results in theft, transfer or unauthorized disclosure of customer, employee or company information or our compliance with information security and privacy laws and regulations in the event of such an incident; successful execution of our information technology strategy; reduced demand for our products due to the implementation of more stringent fuel economy and greenhouse gas reduction requirements, or increasingly widespread adoption of electric vehicle technology; future tobacco or e-cigarette legislation and any other efforts that make purchasing tobacco products more costly or difficult could hurt our revenues and impact gross margins; changes to the Company's capital allocation, including the timing, declaration, amount and payment of any future dividends or levels of the Company's share repurchases, or management of operating cash; the market price of the Company's stock prevailing from time to time, the nature of other investment opportunities presented to the Company from time to time, the Company's cash flows from operations, and general economic conditions; compliance with debt covenants; availability and cost of credit; and changes in interest rates. Our SEC reports, including our most recent annual Report on Form 10-K and quarterly report on Form 10-Q, contain other information on these and other factors that could affect our financial results and cause actual results to differ materially from any forward-looking information we may provide. The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

Investor Contact:

Christian Pikul

Vice President, Investor Relations and Financial
Planning and Analysis

christian.pikul@murphyusa.com

Murphy USA Inc.
Consolidated Statements of Income
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
<i>(Millions of dollars, except share and per share amounts)</i>		
Operating Revenues		
Petroleum product sales (a)	\$ 4,148.4	\$ 2,635.8
Merchandise sales	892.0	833.2
Other operating revenues	78.0	68.1
Total operating revenues	<u>5,118.4</u>	<u>3,537.1</u>
Operating Expenses		
Petroleum product cost of goods sold (a)	3,856.2	2,476.1
Merchandise cost of goods sold	716.3	684.8
Store and other operating expenses	222.7	177.1
Depreciation and amortization	55.4	51.0
Selling, general and administrative	46.2	44.3
Accretion of asset retirement obligations	0.7	0.6
Acquisition related costs	0.2	8.8
Total operating expenses	<u>4,897.7</u>	<u>3,442.7</u>
Gain (loss) on sale of assets	—	0.2
Income (loss) from operations	<u>220.7</u>	<u>94.6</u>
Other income (expense)		
Interest expense	(19.6)	(21.3)
Other nonoperating income (expense)	(0.7)	—
Total other income (expense)	<u>(20.3)</u>	<u>(21.3)</u>
Income before income taxes	200.4	73.3
Income tax expense (benefit)	48.0	18.0
Net Income	<u><u>\$ 152.4</u></u>	<u><u>\$ 55.3</u></u>
Basic and Diluted Earnings Per Common Share		
Basic	\$ 6.18	\$ 2.04
Diluted	\$ 6.08	\$ 2.01
Weighted-average Common shares outstanding (in thousands):		
Basic	24,655	27,131
Diluted	25,074	27,488
Supplemental information:		
(a) Includes excise taxes of:	\$ 514.1	\$ 469.6

Murphy USA Inc.
Segment Operating Results
(Unaudited)

(Millions of dollars, except revenue per same store sales (in thousands) and store counts)

	Three Months Ended March 31,	
Marketing Segment	2022	2021
Operating Revenues		
Petroleum product sales	\$ 4,148.4	\$ 2,635.8
Merchandise sales	892.0	833.2
Other operating revenues	77.9	68.1
Total operating revenues	<u>5,118.3</u>	<u>3,537.1</u>
Operating expenses		
Petroleum products cost of goods sold	3,856.2	2,476.1
Merchandise cost of goods sold	716.3	684.8
Store and other operating expenses	222.7	177.1
Depreciation and amortization	51.7	46.9
Selling, general and administrative	46.2	44.3
Accretion of asset retirement obligations	0.7	0.6
Total operating expenses	<u>4,893.8</u>	<u>3,429.8</u>
Gain (loss) on sale of assets	<u>—</u>	<u>0.1</u>
Income (loss) from operations	<u>224.5</u>	<u>107.4</u>
Other income (expense)		
Interest expense	<u>(2.2)</u>	<u>(1.5)</u>
Total other income (expense)	<u>(2.2)</u>	<u>(1.5)</u>
Income (loss) before income taxes	222.3	105.9
Income tax expense (benefit)	<u>53.2</u>	<u>25.5</u>
Income (loss) from operations	<u>\$ 169.1</u>	<u>\$ 80.4</u>
Total tobacco sales revenue same store sales ^{1,2}	\$ 113.9	\$ 114.9
Total non-tobacco sales revenue same store sales ^{1,2}	<u>59.3</u>	<u>46.4</u>
Total merchandise sales revenue same store sales ^{1,2}	<u>\$ 173.2</u>	<u>\$ 161.3</u>

¹2021 amounts not revised for 2022 raze-and-rebuild activity

²Includes store-level discounts for Murphy Drive Reward ("MDR") redemptions and excludes change in value of unredeemed MDR points

Store count at end of period	1,686	1,660
Total store months during the period	5,031	4,833

Same store sales information compared to APSM metrics

	Variance from prior year period	
	Three months ended	
	March 31, 2022	
	SSS ¹	APSM ²
Fuel gallons per month	3.8 %	4.6 %
Merchandise sales	0.1 %	2.9 %
<i>Tobacco sales</i>	0.2 %	(0.6)%
<i>Non tobacco sales</i>	(0.2)%	9.5 %
Merchandise margin	5.6 %	13.8 %
<i>Tobacco margin</i>	7.8 %	7.9 %
<i>Non tobacco margin</i>	3.4 %	19.5 %

¹Includes store-level discounts for MDR redemptions and excludes change in value of unredeemed MDR points

²Includes all MDR activity

Notes

Average Per Store Month (APSM) metric includes all stores open through the date of the calculation, including stores acquired during the period.

Same store sales (SSS) metric includes aggregated individual store results for all stores open throughout both periods presented. For all periods presented, the store must have been open for the entire calendar year to be included in the comparison. Remodeled stores that remained open or were closed for just a very brief time (less than a month) during the period being compared remain in the same store sales calculation. If a store is replaced either at the same location (raze-and-rebuild) or relocated to a new location, it will be excluded from the calculation during the period it is out of service. Newly constructed stores do not enter the calculation until they are open for each full calendar year for the periods being compared (open by January 1, 2021 for the stores being compared in the 2022 versus 2021 comparison). Acquired stores are not included in the calculation of same store sales for the first 12 months after the acquisition. When prior period same store sales volumes or sales are presented, they have not been revised for current year activity for raze-and-rebuilds and asset dispositions.

QuickChek uses a weekly retail calendar where each quarter has 13 weeks. For the Q1 2022 period, the QuickChek results cover the period from January 1, 2022 to April 1, 2022. For the Q1 2021 period, the QuickChek results cover the period from January 29, 2021 to April 2, 2021. The difference in timing of the period ends is immaterial to the overall consolidated results.

Murphy USA Inc.
Consolidated Balance Sheets

(Millions of dollars, except share amounts)

	March 31, 2022	December 31, 2021
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 356.2	\$ 256.4
Accounts receivable—trade, less allowance for doubtful accounts of \$0.1 in 2022 and 2021	260.4	195.7
Inventories	265.9	292.3
Prepaid expenses and other current assets	28.3	23.4
Total current assets	910.8	767.8
Property, plant and equipment, at cost less accumulated depreciation and amortization of \$1,428.2 and \$1,373.4 at 2022 and 2021, respectively	2,391.6	2,378.4
Operating lease right of use assets, net	420.5	419.2
Intangible assets, net of amortization	140.6	140.7
Goodwill	328.0	328.0
Other assets	14.7	14.1
Total assets	<u>\$ 4,206.2</u>	<u>\$ 4,048.2</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Current maturities of long-term debt	\$ 14.9	\$ 15.0
Trade accounts payable and accrued liabilities	790.8	660.3
Income taxes payable	35.1	—
Total current liabilities	840.8	675.3
Long-term debt, including capitalized lease obligations	1,797.4	1,800.1
Deferred income taxes	303.5	295.9
Asset retirement obligations	39.3	39.2
Non current operating lease liabilities	411.5	408.9
Deferred credits and other liabilities	22.2	21.6
Total liabilities	3,414.7	3,241.0
Stockholders' Equity		
Preferred Stock, par \$0.01 (authorized 20,000,000 shares, none outstanding)	—	—
Common Stock, par \$0.01 (authorized 200,000,000 shares, 46,767,164 shares issued at 2022 and 2021, respectively)	0.5	0.5
Treasury stock (22,565,573 and 21,831,904 shares held at 2022 and 2021, respectively)	(1,982.3)	(1,839.3)
Additional paid in capital (APIC)	516.7	534.8
Retained earnings	2,257.6	2,112.4
Accumulated other comprehensive income (loss) (AOCI)	(1.0)	(1.2)
Total stockholders' equity	791.5	807.2
Total liabilities and stockholders' equity	<u>\$ 4,206.2</u>	<u>\$ 4,048.2</u>

Murphy USA Inc.
Consolidated Statement of Cash Flows
(Unaudited)

(Millions of dollars)

	Three Months Ended March 31,	
	2022	2021
Operating Activities		
Net income	\$ 152.4	\$ 55.3
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	55.4	51.0
Deferred and noncurrent income tax charges (benefits)	7.5	3.7
Accretion of asset retirement obligations	0.7	0.6
(Gains) losses from sale of assets	—	(0.2)
Net (increase) decrease in noncash operating working capital	118.9	108.0
Other operating activities - net	4.3	11.4
Net cash provided by operating activities	<u>339.2</u>	<u>229.8</u>
Investing Activities		
Property additions	(64.0)	(53.6)
Payments for acquisition, net of cash acquired	—	(642.1)
Proceeds from sale of assets	—	0.3
Other investing activities - net	(0.4)	(0.9)
Net cash required by investing activities	<u>(64.4)</u>	<u>(696.3)</u>
Financing Activities		
Purchase of treasury stock	(151.8)	(50.0)
Dividends paid	(7.2)	(6.8)
Borrowings of debt	—	892.8
Repayments of debt	(3.8)	(214.4)
Debt issuance costs	—	(8.8)
Amounts related to share-based compensation	(12.2)	(5.8)
Net cash provided (required) by financing activities	<u>(175.0)</u>	<u>607.0</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	99.8	140.5
Cash, cash equivalents, and restricted cash at beginning of period	256.4	163.6
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 356.2</u>	<u>\$ 304.1</u>

Supplemental Disclosure Regarding Non-GAAP Financial Information

The following table sets forth the Company's EBITDA and Adjusted EBITDA for the three months ended March 31, 2022 and 2021. EBITDA means net income (loss) plus net interest expense, plus income tax expense, depreciation and amortization, and Adjusted EBITDA adds back (i) other non-cash items (e.g., impairment of properties and accretion of asset retirement obligations) and (ii) other items that management does not consider to be meaningful in assessing our operating performance (e.g., (income) from discontinued operations, net settlement proceeds, (gain) loss on sale of assets, loss on early debt extinguishment, transaction and integration costs related to acquisitions, and other non-operating (income) expense). EBITDA and Adjusted EBITDA are not measures that are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

We use Adjusted EBITDA in our operational and financial decision-making, believing that the measure is useful to eliminate certain items in order to focus on what we deem to be a more reliable indicator of ongoing operating performance and our ability to generate cash flow from operations. Adjusted EBITDA is also used by many of our investors, research analysts, investment bankers, and lenders to assess our operating performance. We believe that the presentation of Adjusted EBITDA provides useful information to investors because it allows understanding of a key measure that we evaluate internally when making operating and strategic decisions, preparing our annual plan, and evaluating our overall performance. However, non-GAAP measures are not a substitute for GAAP disclosures, and EBITDA and Adjusted EBITDA may be prepared differently by us than by other companies using similarly titled non-GAAP measures.

The reconciliation of net income (loss) to EBITDA and Adjusted EBITDA is as follows:

	Three Months Ended March 31,	
	2022	2021
<i>(Millions of dollars)</i>		
Net income	\$ 152.4	\$ 55.3
Income tax expense (benefit)	48.0	18.0
Interest expense, net of interest income	19.6	21.3
Depreciation and amortization	55.4	51.0
EBITDA	\$ 275.4	\$ 145.6
Accretion of asset retirement obligations	0.7	0.6
(Gain) loss on sale of assets	—	(0.2)
Acquisition related costs	0.2	8.8
Other nonoperating (income) expense	0.7	—
Adjusted EBITDA	\$ 277.0	\$ 154.8