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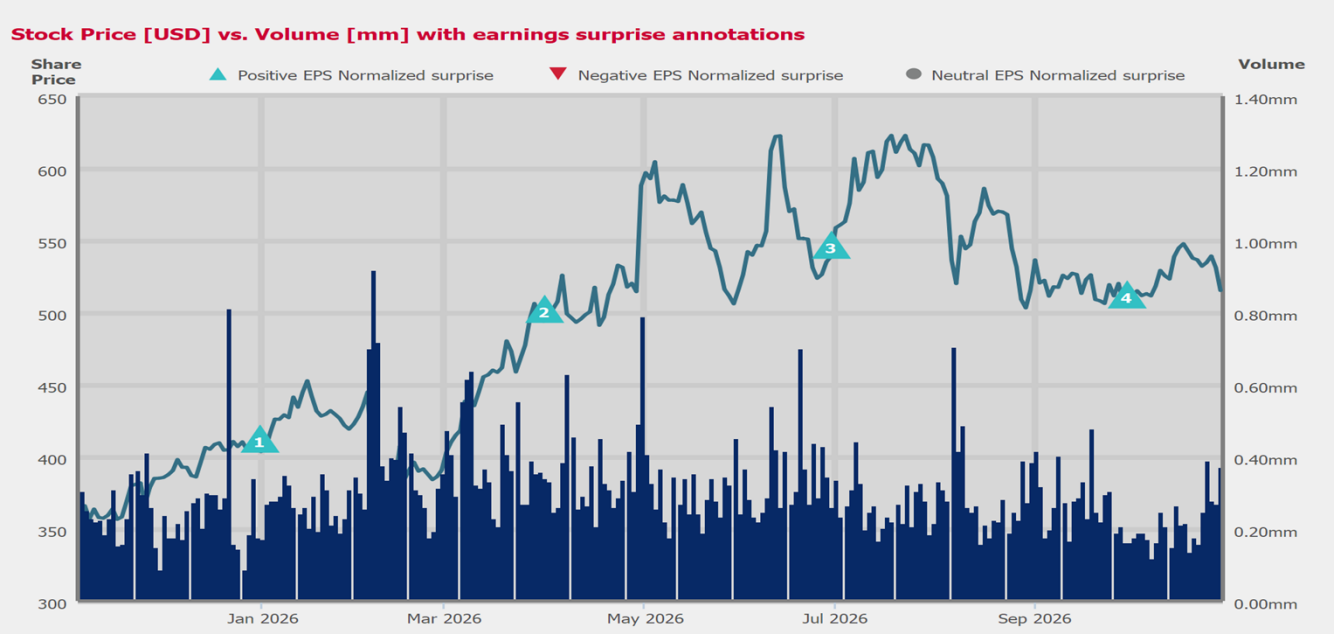
FQ3 2026 Earnings Call Transcripts

Thursday, October 29, 2026 3:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2026-			-FQ4 2026-	-FY 2026-	-FY 2027-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	8.54	9.63	12.76	7.42	34.67	NA
Revenue (mm)	6247.58	6889.70	10.28	6144.15	24487.18	NA

Currency: USD
Consensus as of Oct-29-2026 12:57 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ4 2025	6.90	7.88	1 14.20 %
FQ1 2026	5.50	7.28	2 32.36 %
FQ2 2026	10.02	11.24	3 12.18 %
FQ3 2026	8.54	9.63	4 12.76 %

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Presentation

Operator

Thank you for standing by. My name is Freda, and I will be your conference operator today. At this time, I would like to welcome everyone to Murphy USA's Third Quarter 2026 Earnings Q&A Call. I would now like to turn the call over to Christian Pikul. Please go ahead.

Christian Pikul
Vice President of Investor Relations & FP&A

Thanks, Freda. Good morning, everybody. Thanks for joining us. With me are Mindy West, Chief Executive Officer; and Donnie Smith, Chief Financial Officer.

I know you've all probably accessed our earnings release and management commentary from the website last night, so we'll go ahead and kick off the Q&A session. Please limit your question and then get back in the queue to make sure we get to everybody.

Please also keep in mind that some of the comments made during this call, including the Q&A portion, will be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. As such, no assurances can be given that these events will occur or that the projections will be attained. A variety of factors exist that may cause actual results to differ. For further discussion of risk factors, please see the latest Murphy USA Forms 10-K, 10-Q, 8-K and other recent SEC filings. Murphy USA takes no duty to publicly update or revise any forward-looking statements. During today's call, we may also provide certain performance measures that do not conform to generally accepted accounting principles or GAAP. We have provided schedules to reconcile those non-GAAP measures with the reported results on a GAAP basis as part of our earnings press release, which can be found on the Investors section of our website.
With that, let's go ahead and open up the call. I'll turn it back over to Freda.

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Question and Answer

Operator

Your first question from the line of Jacob Aiken-Phillips with Melius Research.

Jacob Aiken-Phillips
Melius Research LLC

So just on the unit pipeline, you have 18 stores through today and 55 under construction. Does the 45 openings this year still hold? And how many construction sites to open this year versus the first and second quarters of 2027? And then also, will 2027 be back half weighted?

Malynda K. West
President, CEO & Director

Thanks for your question, Jacob. Yes, we're really pleased to have built the pipeline where we have 18 stores open year-to-date, 55, as you mentioned, under construction, and also a firm plan to start 15 to 20 between now and the end of January. So our guidance still holds. We'll be around that 45 to 50, probably obviously a little bit better than 45, we hope as we end the year. Very difficult to predict what stores are going to open December 31, for example, versus January 2 because we have so many in flight right now.

But that's why we wanted to give you comfort in the stores under construction because, obviously, whatever doesn't open in December is going to open very soon within the new year, starting our 2027 pipeline off in a good direction. So we are still firm that we are -- have built our pipeline sufficient now to be able to carry out 50 stores a year, not just for this year, but also next year and maybe even do better than that by the time we get to 2028.

I would also estimate that by 2028, our hope is to get our pipeline more ratable. So instead of opening everything kind of at the end of the year, first of the year, we're more ratable throughout the year. So too soon to tell how lumpy the pipeline is going to be in 2027. Obviously, we're going to have a slug of stores that are going to open early, but then we would also expect to have a nice complement of stores going behind that in the second, third and fourth quarters as well.

Jacob Aiken-Phillips
Melius Research LLC

Super helpful. And then just on the White Castle partnership, any early reads or customer behavior that you're willing to disclose?

Malynda K. West
President, CEO & Director

Yes, that's a great question, too, Jacob, and one actually we anticipated getting. And just to clarify for everyone, we actually refer to that program internally as MARS. So Murphy Automated Restaurant Solutions. We view this as a test-to-scale program. So currently, we have more than 100 units in the market today and are deliberately scaling the program across new markets and formats.

Our goal, though, really is threefold. It's to build evidence around customer demand, fit to our operating model and also the store level economics as we deploy this out. So at this point, it's simply too early to comment on any scalable performance potential, although we will say the initial results that we've seen so far are encouraging. But that's really all that we really want to say at this time. So hopefully, in future calls, we will have line of sight to some more detail to be able to provide you.

Operator

Your next question from the line of Bonnie Herzog with Goldman Sachs.

Bonnie Lee Herzog
Goldman Sachs Group, Inc., Research Division

I just had a quick question on fuel volumes. You mentioned that you are confident in your SS fuel volume guidance of minus 1% to minus 3%. But then looking at year-to-date, your volumes are essentially flat. And I know you have a tougher comp in Q4, but it does sort of suggest you'll maybe be at the, I guess, high end of that range. So hoping, Mindy, you could talk about how we should think about that, maybe what you're seeing from a fuel volume dynamic and any consumer behavior at the pump?

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Malynda K. West
President, CEO & Director

Yes. I would say that our business is advantaged as we enter this more elevated price environment for longer because that is going to make customers more price sensitive. For the third quarter, I believe we have prices above $4 in 10 out of our 27 states. But I think the longer that continues, the more price fatigue there is going to be on our customer, the more budget fatigue there's going to be. So we would expect gallon growth from that. And also, we're continuing to take share.

What our third quarter results tell us is that we took share on both a total gallon basis, but also a same-store basis as we were plus 6% versus OPIS. So we were slightly positive when OPIS would tell us that we were going to do -- to be flat. So we know that higher absolute prices absolutely increase price sensitivity. But also, we still need that right environment and price-wise to be able to create that separation to drive incremental value. We saw that a little bit for 1/3 of this quarter being in a high-price environment combined with a favorable falloff, and we saw the behavior that we would expect.

So for the fourth quarter, too soon to know what that's going to look like, but I would say that we are encouraged by volumes so far in the month of October being at 100% of the prior year because that's despite some hurricane activity, which really took a large percentage of our stores down for several days. So we're optimistic about what we see, and we're also optimistic as we go into 2027 because we think this heightened volatility and these higher prices are going to continue as we enter into next year.

Bonnie Lee Herzog
Goldman Sachs Group, Inc., Research Division

Yes, that kind of does make sense. And if I could ask maybe just a follow-up on sticking with fuel because on that point, looking at your fuel margins in the quarter, could you maybe just touch on a little bit more on the composition of total fuel contribution? What I mean by that is I was looking at the retail fuel margins seem to be a little bit more under pressure. So maybe talk about that. And then I know a lot of the fuel supply and RINs strength was due to uncontrollable factors, but how should we think about modeling the fuel supply segment, I guess, in Q4 and maybe next year, Mindy, based on what you just said?

Malynda K. West
President, CEO & Director

Well, I'm actually glad I'm not an analyst and don't actually have to model it because I appreciate there's a lot of moving parts. There's a lot of nuances that happen out there, and every one of those absolutely can make a difference in our results. But I'll try to help you out as much as I can. So as I unpack the third quarter, the retail margin, it may have looked soft to you. But actually, what we saw in July was a run-up in price. And so that's not going to be an environment favorable to margins.

So actually, margin -- I mean, prices creeped up for almost all of the quarter, which is not a great backdrop to earning margin. So the fact that we were within $0.01 of the prior year, which had a falling price environment is telling us, that structural component that we talk about is still there, causing pressure on those marginal retailers. It really wasn't until the last half of September where we had the elevated prices combined with a falloff that we were able to create that separation and drive both margin and volume.

And then when I look at the fuel supply results, again, it was an upward sloping environment. So we had an impact on the uncontrollables as we call them, especially during the month of July. And then from a controllable standpoint, product supply was still very tight, not as tight as it was in the shock, maybe the first shock that we saw in the second quarter. So the controllables were lower in the third quarter versus the second quarter because the second quarter was dealing with that initial shock, but we still see a tight supply condition going into the fourth quarter.

We don't expect that to alleviate. I don't know what's going to happen with the pricing environment, but I want to remind people if we do see a falloff, yes, that will cause an effect in what we determine our uncontrollables, but that should also have a very positive effect on the retail side of the margin with expanded margin and then hopefully also a chance to create separation and drive volume so that total fuel contribution would be very healthy in that type of environment. But appreciate, Bonnie, that there's lots of moving parts. I don't know how to tell you to model it, but look forward to unpacking the results for the fourth quarter when we are talking in January. So hopefully, that helps a little bit, at least.

Operator

Your next question from the line of Tom Palmer with JPMorgan.

Thomas Hinsdale Palmer
JPMorgan Chase & Co, Research Division

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Maybe I could just follow up on Bonnie's question on fuel supply, and kind of clarify on the controllable side, how do -- because they were bucketed in controllable RIN prices. How do they impact your fuel profit? Should we think about elevated RIN prices as being a more enduring tailwind versus like, say, the $0.03 or so outlook you've talked about in the past? Or is there -- is it more about like the volatility of RINs? Just any help there.

Malynda K. West
President, CEO & Director

The volatility of RINs can have an impact that is temporary, but largely RIN prices are a pass-through because the prices of the RIN that we're getting was embedded in the cost that we incurred to get that supply in the first place. So yes, if RIN prices rise really rapidly or fall really rapidly, that may not take -- that may not have an impact immediately within the cost of our supply. But over the course of a few days, that's going to normalize out.

And so we really don't concern ourselves with what the price of the RIN is because it is strictly a pass-through. And that $0.02 to $0.03 that we talk about, that is what we would expect to earn during a normalized environment where that uncontrollable piece is more or less flat. That is the $0.02 to $0.03 that we believe that we can earn from the controllable side of the business.

But I will say in a tight supply environment like we are in now, that is where our fuel advantages are to the most effect because we have all this optionality around how we acquire supply, so we can acquire it cheaper than we could if we just bought it at the rack. So we would expect our product supply and wholesale business to earn over the $0.02 and $0.03 in a tight supply environment. And then obviously, this uncontrollable piece will have an impact pertaining to the direction of the prices.

Thomas Hinsdale Palmer
JPMorgan Chase & Co, Research Division

Okay. And I just wanted to clarify, I know there was some language about this, but when we're looking at the stepped-up OpEx in the fourth quarter, I know a lot of it is kind of referring to laps, but there is also maybe some deferral of certain things that are falling into 4Q. To what extent should we start thinking about any level of heightened OpEx growth next year? Or is that not the case?

Malynda K. West
President, CEO & Director

Well, we're always going to have a focus on controlling our cost. So the elevated -- we were actually down this quarter. We're expecting a little bit of a catch-up in next quarter, but also we're overlapping some initiatives that we deliberately put in place last year with regard to maintenance. So as we overlap those cost savings that we already got in the fourth quarter of last year, that's part of what is driving the modest increase.

But again, for guidance purposes, we still expect to end the year even below our very low guidance that we already put out there. And then as we enter next year, our intent is going to be to sustain the advantages that we already have and create some new ones as well. But too early to guide specifically as to what that's going to look like.

Operator

Your next question from the line of Edward Kelly with Wells Fargo.

Edward Joseph Kelly
Wells Fargo Securities, LLC, Research Division

I want to follow up on fuel margins. And you mentioned retail margins better than you would have thought and a rising price environment. Could you maybe provide a little bit context around that competitively and what's allowing that to happen? And then as part of that, as you think about maybe eventually, right, the situation in Iran stabilizing, curious as to what your thoughts are on where margins could settle out versus the $0.28 you earned in '24 and '25 on the retail side and maybe how independent breakevens are informing that?

Malynda K. West
President, CEO & Director

Yes. When we talk about a rising price environment not being conducive to margin, it is because you're constantly having to catch up for the price increases that you're incurring. So the market continues to have to restore. And in a choppy market, especially one that we saw during this quarter, it was very difficult to get ahead of it. And so we were always trying to restore the market versus the prior period where you had lower absolute prices, but a falloff in prices that sustain for a longer period of time.

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But what we are also seeing is that, for instance, when we take share of market, which OPIS would indicate that we are, that is just putting more pressure on those marginal retailers who their only way to make up for that lost volume is to make up for it in margin. So that is continuing to support that structural margin element that we talked about that maybe will be $0.05 a year, don't know. But that certainly is seeming to hold up as our results this quarter would verify based on our retail margin being very close to what we reported last year in a completely different environment.

As we look forward, we actually expect this heightened tight supply elevated volatility to carry on into next year. Don't know when the war is going to end, but even after it does, the normalization effect is going to be really complicated because we're going to have infrastructure impacts, refinery maintenance that's been postponed, supply chain recovery, strategic reserves have to be replenished. And as long as supplies remain tight, we were going to expect continued volatility, which actually is an opportunity for the Murphy USA business because we are built for this environment. And our capabilities allow us to capitalize on that continued volatility.

So we will be able to capitalize on it on the product supply side, but that pressure that we're also putting that marginal retailer is going to allow margins to elevate for all in the business. So we'll be able to capture benefits on both sides of the fuel business and with all these stores that we have in the pipeline, they're going to open next year, they're going to open into a favorable environment also, which will increase our earnings power for 2027 and beyond.

Edward Joseph Kelly
Wells Fargo Securities, LLC, Research Division

And maybe just as a follow-up from a competition standpoint, can you just talk about some of the differences that you're seeing in some of the markets that have been a little bit more difficult from a volume perspective, whether you're seeing any easing there? Or are there any other changes that we should note in this regard?

Malynda K. West
President, CEO & Director

Yes. No real changes. There continue to be areas of pressure, but pressure is just going to naturally shift across the chain over time as markets are simply all at different stages of maturity and competitive intensity. I know that Colorado and Florida have been 2 states that we've mentioned with material competitive pressure. But just like we discussed in this year's investor deck, Colorado is a great example of what happens when the market is starting to normalize. Volumes are still under pressure, and I can tell you that they still are.

But CPG is more than offsetting that gallon decline, which is driving total contribution up for the market and for players like us. So look, we're still investing in desirable markets where people want to grow. That's fine because we know over time, that competition is going to put additional pressure again on that marginal retailer supporting the structural margin. So yes, we have volume pressure in certain states. Colorado and Florida were 2 of those, but 7 out of our top 10 actually show same-store growth, which is the benefit of us having a broader footprint.

So competitive intensity continues. I wouldn't say it's any more or any less. I would just say the pockets of intensity tend to move over time and evolve, but in a very predictable way.

Operator

Your next question from the line of Bobby Griffin with Raymond James.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

I guess, Mindy, first, I want to switch back to the stores. I think you guys have opened up a little over 40 over the trailing 12 months. Can you maybe talk a little bit how those have opened or performed in the first year? And then I think you guys were debating maybe a little bit different store prototypes or having a second prototype or something like that. So just any updates there on kind of that aspect of the store growth pipeline over the next couple of years?

Malynda K. West
President, CEO & Director

Yes, sure. Thanks for the question, Bobby. Yes, I would say the latest class, the build class is ramping up good, maybe a little bit slower on the fuel side because you remember, we opened a lot at the end of the year. So they ramped in first to all the winter storms -- impacting our network. Then they ramped into all this price increase. So that wasn't a great environment to create separation and volume. But they're ramping despite what the environment that they face.

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When we look at the build class from the year before, what we talked about in 2025 was we were seeing those build classes return 15% fully ramped up after tax. That was in the trough environment. So we would expect that to be even better when we look at them this year. But we're building really strong assets to last for 30 years. And as you know, our issue really hasn't been performance and still isn't. Our issue has been pace of store openings because the math would tell you, had we opened 50 stores per year from 2021 to 2024, our EBITDA last year actually would have exceeded $1.1 billion.

But obviously, we didn't do that. We opened 18 stores, 35, 22 and 29 stores, and that really created a tax on our business, not allowing us to show incremental EBITDA improvement in what was the worst possible fuel macro environment last year. So that's why we're excited now to have our pipeline built up because we can sustain that pace that we have talked about for the last several years. And we know that's going to be able to drive ratable EBITDA improvement for us regardless of the macro.

So last year's stores are ramping in a challenged environment, but they're coming along fine. This year's build class is going to do just fine as well. We are continuing to build great sites in great locations. But also as the second part to your question, we are definitely looking at new formats, not completely abandoning the model. The 2,800 is still going to have its place in our portfolio, but we're also looking at are there things that we can do that are maybe slightly smaller, slightly larger or just new and different from what we have done.

We've also reimagined our raze-and-rebuild programs, too, where it may not be a raze-and-rebuild that we do. We may do a heavy refresh, heavy remodel, do things like that. So just having a little more optionality in our model than what we have had before. But too soon to really talk about specifics as to what those will be.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

Okay. That's helpful. Makes sense. And then maybe switching gears just over to the inside store business, in particular on nicotine, obviously, lapping the ZYN promo from last year. But, just curious, what are you hearing from that category about the promo environment going into '27? And I believe with some of the FDA changes, vapes might have been hitting the floors late in 3Q or maybe early 4Q. So just anything there on some of the changes there that were taking place?

Malynda K. West
President, CEO & Director

Yes, sure. And look, it still continues to be very promotional, the whole category as consumers are still really in a test and try environment. They're not necessarily really loyal to any one thing. And we're seeing a lot of customer sets from the oral nicotine in particular, where we've seen people switching from their traditional method. We've seen people trying it in conjunction to their traditional. We're also seeing new nicotine customers that are new to us buying from us instead of someone else.

So vendors are still going to be very promotional around this category and make investments with us because we offer a high ROI on that investment. Then you also mentioned the vape and other things that may be entering. Legal vape is an incremental opportunity. We do have one brand in our stores today. We have additional products expected in 2027. So it's still limited right now, but it will become more meaningful as more products are allowed to be available.

And it's been an important category historically. So we know there is opportunity as volume moves back into the legal channel. So we definitely expect that to happen, and we will leverage our supply chain, our capabilities, the investments that we've made to be among the first to be able to offer that to our customers.

Operator

Your next question from the line of Pooran Sharma with Stephens.

Pooran Sharma
Stephens Inc., Research Division

Maybe wanted to -- maybe I wanted to just start out with the broader consumer. I wanted to kind of get your view on maybe the different cohorts. I know you mainly index to kind of lower income consumers. But in this higher gasoline price environment, are you seeing consumers trading down from premium and mid-grade to regular? And more broadly, are you seeing consumers trading down from higher-priced competitors to Murphy in general?

Malynda K. West
President, CEO & Director

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Are you meaning strictly on the fuel side or also inside the store?

Pooran Sharma
Stephens Inc., Research Division

Kind of -- on both, really.

Malynda K. West
President, CEO & Director

Okay. Perfect. Let's do both. So your specific question as to RUL, yes, RUL actually for the quarter was up almost 2.5%, was actually up double that in the month of September. As you're right, we are seeing customers, both our customers trading down from premium and mid-grade but also customers trading in from other competitors because of our low price. Inside the store, we would also characterize our customers as resilient despite the ongoing pressure. We're calling them selective but resilient.

As we know, our customers have both discretionary and nondiscretionary spend. We've seen them continue to spend on those nondiscretionary purchases despite the rising fuel cost. But their purchases are remaining disciplined. They're not deteriorating. And to give you a proof point, we have a static panel of over 2 million of our Murphy Drive Rewards customers. Their total spend is up $50 year-over-year with us, and that's driven by the higher fuel spend, right?

But the merch spend is also remaining static, actually up slightly. So our customers are making the trade-offs, but they're doing it in other areas of their household budgets to absorb that higher fuel spend. And we continue to resonate because of our value proposition, our everyday low price position, we stand for value. So we are helping to support them even as their household budgets are remaining constrained. So maybe a little bit of pressure on the nondiscretionary purchases. But for those discretionary purchases in our store, even inside the store, those are very much tied to routine everyday things and customers are still finding room in their wallets to be able to come in our stores and purchase those.

Pooran Sharma
Stephens Inc., Research Division

Great. Appreciate that color. And just for my follow-up, I wanted to ask about volumes. I know a few folks have asked about it already. But just October volumes last year were about 2% lower. So I think it was a little bit easier comp. You finished 4Q last year around flattish volumes, which implies harder comps in November and December, as Bonnie had pointed out. But as you mentioned historically, a sustained decline in pricing is that type of environment where you can kind of create some separation.

And so as I'm looking to 4Q, even though you have harder comps in November and December, if RBOB holds here or kind of drops further, do you think it would be justified to think that you could see positive same-store gallon growth in November and December this year?

Malynda K. West
President, CEO & Director

We could, Pooran. I think October, the fact that we're flat despite the hurricane impacting our stores is significant because last year, while it was an easy comp, we didn't have any hurricane activity at all. But from a pricing standpoint, yes, last year was an absolutely low price. But we did have a down in October. We had another down in the month of November. So when we look at this October, we had an up and then a down, and it remains to be seen what we're going to have for the rest of the year.

But if we continue to get sustained prices above $4 and if we can even rise a little bit from there, so we can get more of our network above the $4 mark and importantly, our competitors way above that $4 mark. I think that, that is going to make customers more price sensitive. And then obviously, if we could have a glide down in the second half of November that was on a sustained basis, not a choppy basis, that would certainly be an environment where even despite the difficult comp, we might could improve. But really too soon to -- in the crystal ball to be able to tell what's going to happen for the rest of the year. Is it doable? Yes, but it would take the right set of conditions to make that happen.

Operator

Your next question comes from Dan Guglielmo with Capital One Securities.

Daniel Edward Guglielmo
Capital One Securities, Inc., Research Division

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Just one for me. You mentioned in an earlier answer that you expect the normalization effect to be complicated, and the team has so much experience in the industry. So I'm just curious, what do you look for when judging if we have reentered a normalized period?

Malynda K. West
President, CEO & Director

Well, the spot to rack differential is going to tell you one, but the leading indicators will be, one, does the war actually end? And does it actually end? Or is it just talk that it will end? Finding out what's happening with the infrastructure overseas will be important. Refineries that have been running in North America full out for almost 2 years. Refineries are not designed to do that. They're going to have to come down for maintenance.

Do they have problems on the way up or not? How soon does the supply chain work its way out and what really is the decrement to the overall supply chain that has to be filled? There will be some leading indicators for that, but those aren't things that are going to normalize within a week or 2. Those are things that are going to take months. And that's why we feel confident, at least at this point that even if the war actually ended today, we would still have lingering impacts well into 2027, which works to our advantage because of the optionality we have around the fuel chain.

We aren't dependent on one source of supply. We can get supply from a lot of places. So if supply happens to be tight in one area, we're not dependent on any one area. That is why we are built for this environment and our capabilities are actually worth a whole lot and our advantage is worth a whole lot. But those are the type of leading indicators that we would point to. But regardless of anything, these things are going to take months and months to work out.

Operator

Your next question from the line of Brad Thomas with KeyBanc Capital Markets.

Bradley Bingham Thomas
KeyBanc Capital Markets Inc., Research Division

Maybe a first one on QuickChek. Can you talk about its performance in the quarter and how you're thinking about its EBITDA going forward?

Malynda K. West
President, CEO & Director

We don't break out the QuickChek EBITDA, but happy to talk about it. That business does continue to face pressure. It is a different business. Look, it is food forward, not fuel forward. It is a higher cost model to run because of that. It also has a very concentrated geographic footprint. So it doesn't have the benefit of stores everywhere where if you're experiencing competitive intensity in Colorado, we have all these other stores everywhere else that are doing just great. It is very concentrated geographically.

So we're remaining focused on improving our merchandise performance through things like sharper pricing, right assortment, executing well on our food and beverage capability. We're also working on the cost side of our business, tightly aligning the labor and our operating costs to the actual customer demand that we're seeing. We're also implementing that sales first model that we have on the Murphy USA side into the QuickChek side with the ability to upsell and better execute on promotions.

But to be quite candid, we expect all the pressures that we have been seeing and are seeing to continue to persist in the near term. And that expectation, though, is reflected in the guidance that you've already seen for the full year. So no additional increment, but that business does continue to face pressure.

Bradley Bingham Thomas
KeyBanc Capital Markets Inc., Research Division

I appreciate it. And then obviously, the overall business on track for a great year here. So I hate to nitpick on the non-nicotine same-store sales. But as you look at that area, clearly, some challenges for the consumer. Maybe can you speak to are you still seeing headwinds from SNAP and how big are those? And then anything interesting that you're seeing in the pipeline or that you're testing in stores that might be helpful to drive some more excitement in that area?

Malynda K. West
President, CEO & Director

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Yes. That's a great question. And look, our non-nicotine performance is primarily due to 2 specific categories, which we've talked about before, it's beer and it's lottery. Those are discretionary categories. Obviously, higher gas prices are not helping those at all. Lottery was the largest driver of our same-store decline, but it's also comping prior year where we had a $1.8 billion Powerball. Beer similarly is also a headwind. We did see some moderation this quarter. It doesn't mean it's positive. It just means it's not as bad as it was.

But if you exclude lottery and beer, our non-nicotine same-store margin was actually up 1% year-over-year. So that's showing you that customers are still engaging in the key categories. Packaged beverage did really well. Snacks did really well. We are gaining share across our center of store categories versus Nielsen. So that speaks to the strength of our value proposition. And also don't forget nicotine. We're continuing to drive results there and take share across that broad portfolio.

SNAP, we're really not seeing a material impact yet. But as a reminder, our exposure there is limited to less than 2% of sales. And SNAP is a currency, not a customer. So yet to be seen with do those customers just come to our stores and buy those products like a Red Bull energy drink, for example, but pay with a different method. And then with regards to initiatives, look, we're continuing just to focus on the basics, our offer being in stock, priced right, promoted effectively and leveraging our continually sophisticated MDR capabilities. So those are the things that we're doing to address that the primary culprits are lottery and beer, and that's not just a Murphy-specific headwind. That's an industry headwind, as you guys know.

Operator

We have reached the end of the Q&A session. I will now turn the call back to Mindy West for closing remarks.

Malynda K. West
President, CEO & Director

All right. Thanks, everyone. We're pleased with the results we have delivered so far this year. We're also even more confident in the underlying strength of our business, but we appreciate your continued interest in Murphy USA and look forward to updating you again next quarter.

Operator
This concludes today's call. Thank you for attending. You may now disconnect.

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