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<<Ben Bienvenu, Analyst, Stephens Inc.>>

Okay, thanks so much for everybody joining today. I'm Ben Bienvenu. I cover the Grocery and Convenience Store Industry here at Stephens. Thrilled to have with us today, the team from Murphy USA. Murphy as you all know is one of the largest convenience store chains in the U.S., high volume, low price leader in the market who has a perennial command over capital allocation and has demonstrated that discipline over 10 years since it's been public.

I think to the benefit of shareholders, thrilled to have and delighted to have from the company today, here with us, Andrew Clyde, Chief Executive Officer, to talk about the company, answer our questions. This will be a fireside chat format. I'll leave the Q&A, but I'll check in periodically with the crowd and see if there are questions that you guys want to interject.

Andrew, thanks so much for being here. Appreciate your time. Look forward to hearing about what's going on at Murphy.

<<Andrew Clyde, President and Chief Executive Officer>>

Good. It's good to be in Nashville, too.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Good, yeah, it's good to be in Nashville. Well, the most recent news you guys had a press release yesterday, continuing your commitment to repurchasing shares. It's not necessarily new, but a continuation of what you've been doing. It probably speaks to the confidence you guys have in the business, but just to be curious, why you felt it was important to maybe present the size of the program that you did.

<<Andrew Clyde, President and Chief Executive Officer>>

Sure. So our Board of Directors met yesterday. We review our annual financial plan. Part of that also looks out the next five years and one of the things that was very clear to us, even in a higher, but conservative, normalized margin is business continues to generate a lot of free cash flow. And that's even with growth capital north of $400 million. We'll be wrapping up the prior $500 million program. And so while $1 billion seems like a bigger number, we gave ourself five years and at $200 million a year, if we did it ratably that's half the amount that we're going to put into organic growth, which is still our priority.

Certainly, if we're able to maintain the type of margins, we've experienced year-to-date, we'll be able to do that quicker. And so we just felt that was an appropriate size given the last two. We gave ourselves plenty of time and there's plenty of optionality as well, given the environment.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Inflation, I think has been the most topical pervasive dynamic in the market. This year broadly across lots of different industries, it's everywhere. It's certainly evident in the convenience store industry. How do you think you all are positioned relative to this dynamic?

<<Andrew Clyde, President and Chief Executive Officer>>

Yeah, I think we're actually positioned very well almost to the point where it's an advantage. Let me try to explain why, if I think about some of the inherent or structural advantages to our business. We're in smaller, more rural markets. And so you see less cost pressure there, you see sort of less competition for labor. So we certainly seen versus some of the bigger national players in advantage from that standpoint. Structurally on average, we have smaller formats, right.

And so the labor compliment, the less complex operation that we run is another advantage, versus the smaller operations, the scale, the technology, the amount of activities that are automated at our stores. And we're seeing some of that, frankly with QuickChek where there's maybe a lack of automation around some of the paper flows and other things if you say, hey, I only want labor to focus on the most important customer facing activities.

If you don't have scale and automation and technology, there's some basic compliance things that labor is going to have to do. And the next thing, you're running up your labor hours. So I just think we have inherent advantages, structural advantages, technology advantages, and as the smaller players, then take their disadvantages and say, well, I've got to raise prices and margins to accommodate for that. That's where it flows through to an advantage for us because we've maintained a low break even throughout COVID, throughout the inflationary period. And as a result, it's all going into higher fuel margins for us.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Yeah. I want to dovetail off of that because there's been a lot of focus around higher fuel margins in the industry. Understandably, they've been evidenced in your numbers and those of your peers, competitors but you don't really get to enjoy the benefits of a structurally higher fuel margin. Unless you're sustaining or reducing your fuel break even requirement, you'll have done a lot of things that I think really haven't gotten as much focus relative to the fuel margins. But if you hadn't done them, we wouldn't see the

earnings power improvement that we've seen in your business. So let me talk about some of those things.

<<Andrew Clyde, President and Chief Executive Officer>>

Sure. I mean, since the spin in 2013, we've taken it from almost $0.035 down to zero. And in our current business with QuickChek, every penny on 5 billion gallons is worth $50 million. And so that's the opportunity that wouldn't be there. Had we not taken those continuous improvement efforts, the formula is simple is the merchandise contribution minus the OpEx and the marketing SG&A over volume. And so on merchandising, we continue to benefit in the tobacco area where we gained share during COVID, we sustain share as prices go up, and we'll continue to go up. Maybe there's going to be a FET.

We gained disproportionately because customers become more price sensitive because of our large profile with the manufacturers. They want to introduce their nicotine pouches and lower risk products through us because the cost to acquire a customer through us, through our sales force, our store managers, the upselling through MDR, allow them to get a higher marketing return on investment when they do that.

So we're disproportionately gaining share in the new innovative products, which by the way, have higher margins as well. So overall, nicotine categories doing well, certainly as fuel volume begins to recover, we're selling less mask and sanitizers, but we're selling more products attached to fuel. Packaged beverages, being a great example, we love the fact that the manufacturers are innovating a special around energy drinks, tea, special waters, et cetera.

And so, we're known for selling the best brands at the best values and customers find it real easy to come into our store, see all those products get in and out quickly, meat snacks, larger package sizes, et cetera. So that's all going really well from that standpoint. And then the operating cost side, we've already talked a little bit about some of the initiatives there.

We're certainly not immune to the headwinds. We've had to increase hourly wages, seasonal wages, some retention wages as well it's arrested the challenges. There's still room to go for things to get better out there. I'd say out of 15,000 employees or probably 1,200 positions we would like to fill. And so we're having to use overtime, working the store managers a little bit harder, just reducing some activities to focus on the most important customer facing activities to make that work.

But all-in-all that's playing out nicely, I think next year because of some of the increases we've already made. We're probably looking at 2.5% to 3% OpEx inflation on a per store basis, which still beats our goal of beating inflation every year. Given we expect inflation to run hotter than 3% for a while.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

I want to ask maybe a follow up on that. And then that's the second part of the question, the first part is what I've asked all of our companies. Are you seeing labor getting better, worse, the same kind of where do you think we are in that cycle of labor tightness?

<<Andrew Clyde, President and Chief Executive Officer>>

I would say probably about the same, there is that period of time when the additional stimulus checks and unemployment benefits stopped, we didn't really see a marked change at that point, probably for a couple of reasons. In some of our more rural stores, we haven't had the same degree of challenges there. I think in our more urban stores where we have some of our larger formats, there's just a lot more competition for wages and labor in those markets.

So we haven't seen it get any better. We haven't seen it get any worse. And certainly I think the changes we've made have stopped it from getting any worse. My sense is though, we are still having a better go with it than many of the competitors out there that we're seeing.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Yeah. Sure. Okay. Second part of my question is as labor you talked about unfilled positions using overtime, have y'all had to restrict hours of service at all, how have your stores hours been?

<<Andrew Clyde, President and Chief Executive Officer>>

We have, so I would say it was probably May, June was the period in which we restricted them the most and we're feeling the most pressure. Now that we're going into fall and winter time, we would normally reduce hours seasonally anyway. And so now we're kind of back to what we would call our more normalized winter hours. So it's kind of back to normal, but seasonally as we're heading into the summer, that's when we really faced the tightest pressure and had to take steps to do that.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Okay. One more from me and then I'll see if there are questions in the audience before I keep going. You're three quarters into integrating QuickChek, love to hear what surprises there've been in the process maybe pleasant and unpleasant?

<<Andrew Clyde, President and Chief Executive Officer>>

Sure. I think the most pleasant surprise is one that we anticipated going in was the people and culture. It's the only pitch deck I've ever seen, where engagement scores were included. And they have a very highly engaged organization. The home office support centers just insanely focused on supporting the store associates that are insanely focused on serving the customers, they're also frugal and low costs and they have an everyday

low cost model, their value proposition for subway sandwiches. And self-service coffee is a low price value, but high quality item. It got the number one best value Italian Southern New Jersey last year and number two and overall value. And so it's a good product at a great value delivered really well. And so that culture was something and now we really understand more of what makes it tick, it's very aligned with ours.

A plus and a minus is the impact of a lack of scale in an organization of that size, means you have to invest on the things that are most important and you don't invest on things that are less important. So what's important from a technology standpoint, it was their customer self-checkout and ordering system. I mean, they've had that since 2006. I mean, you've got brands that are known around the world that are still experimenting with that.

What's less automated is paperwork, right. And the time it takes to deal and process with all of that, what they'd been really open to where the investments our team has been able to make, so where they would make on Sunday night, a dashboard for their field force by taking screenshots of Excel spreadsheets and putting them into a PDF and saying, here's your store performance for the week.

We've already implemented our Power BI dashboards with 13 page metrics where they can slice and dice every metric, every store, every number. And it's not going to change the number of people, but it's going to change the quality of the diagnostic and the decision-making that's happening out there. And if you just think about one problem at one store running one week longer than it needs to, because you couldn't readily identify it, that's going to create a ton of value.

So there's some heavier lifting to do around integrating their loss and accounting ERP system with J.D. Edwards, their weekly accounting process versus our monthly quarterly in the systems environment. But I wouldn't call that unpleasant. I mean, hard work has its rewards, satisfaction at the end.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Yeah, sounds like synergy, maybe too.

<<Andrew Clyde, President and Chief Executive Officer>>

Maybe a synergy, yeah. We put out some numbers on that that are on track.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Okay. Before I pivot to the merchandise side of the business, maybe I'll see if there are any questions in the audience.

Okay. Tobacco, we've seen a number of years of really strong tobacco trends you guys are taking share in the midst of that stronger backdrop to, do you expect that category to settle back into historical patterns? You mentioned FET potentially, but that's probably a

scenario where you guys would take share, how much share is left do you think for you guys to take, because it's been notable, how much share has been taken over the last few years?

<<Andrew Clyde, President and Chief Executive Officer>>

So the pantry loading, stay-at-home gains that we saw in 2020 and early 2021, I would say are over, right? We're seeing now certainly on the cigarette side year-over-year declines in units. We're seeing very small year-over-year declines in units, but several points above what the market is doing. So we're continuing to gain share there. And the manufacturers are continuing to raise prices 3x a year and so the category continues to be more profitable.

So we expect to continue to just even in the normal course of the evolution of single-digit declines, price increases for customers on the margin to be more price sensitive. And because of our value proposition continue to take share. If there was an FET, of course, if it's the size of the last one, there'll be some demand destruction, there'll be even greater price sensitivity and we'll be able to benefit from a share of standpoint.

The benefit though, we're getting because of our scale of the category is all the innovation that's going on. So when you have the nicotine patches and other products that are being introduced we're able to grow share quickly and get up to the same kind of over indexed share, the 16%, 17%, 18% like we have in cigarettes, even though we have a much smaller store share. And we're seeing the same in moist smokeless tobacco as well, where three can and five can rolls are having a lot more impact as well as some of the OTP products where our promotional strategies have changed from discounting singles to discounting larger SKU packages.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Okay. On the non-tobacco side of things, what's working for you? What – you talked about some adjustments that you made in the midst of the pandemics and now readjustments post-pandemic. What do you guys see as the opportunities in that piece of the business?

<<Andrew Clyde, President and Chief Executive Officer>>

So a lot of the improvements that we've seen over the last couple of years for resets that are smaller store. So we finally went and did the big reset initiative at our bigger 2,800 square foot stores. And that has paid off very handsomely. And we'll be seeing those benefits throughout all of next year. So we'll have a full year run rate of that. Certainly one of the ongoing benefits we've had is the reason rebuilds and we've continued to do those at scale 25 to 30 year. And those won't slow down.

Our new to industry stores, we had a little bit of a hiccup this year because the underground tank supply, the coating that covers those had a supply chain disruption. So

our new to industry stores didn't have as much impact at 30 versus 50 to 60, but we'll be back on track 55 to 60 next year and continue to grow those. Other than that, a lot of it's just the innovation that we're seeing and just constantly adjusting the mix. If I think about how many facings were on carbonated soft drinks, when I joined in 2013 versus I go into a store now, and I see the range of energy drinks, water, teas, other products, it's amazing just how much innovation has taken place.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

On the margin side of the equation. The mix has been huge over the last couple of quarters in particular with QuickChek coming in. What are you all doing exclusive of QuickChek to drive and improve margins in the non-tobacco business? Maybe talk between the two categories, tobacco and non-tobacco, how you kind of see that mix shift playing out as you fully integrate QuickChek as well.

<<Andrew Clyde, President and Chief Executive Officer>>

Yeah. So look, I think on tobacco, a lot of is just going to be the non-combustible products are going to have a higher margin. There, that will benefit us. On the non-tobacco side, I mean, I take meat snacks, for example. We're selling larger bags at a higher ring that are higher quality and getting a much, much better contribution from that. Within the food and beverage offering at the Murphy stores, some of the work we're doing is really suggesting that our customers, the one thing our brand spikes is around trusted brands, a great value.

And so if you think about the refrigerated options where you can have grab and go type food versus maybe something prepared like roller grill, we're going to see higher margins in those in part, because there's less waste and shrink associated with those. We think there's some opportunities around dispense beverages where we can take some of our advantages and some of the packaged beverage subcategories and apply that to some innovative ways to dispense beverages and have a good margin there as well.

So I would say, just across the board, there's just – it's a lot of singles, there's no kind of big home run. I think the big resets on the 2,800's were kind of the big change that we'll see, but then there'll be a lot of incremental improvement around that.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Two years ago, I feel like all we talked about was MDR and now we never talk about it. I'm sure it's chugging along. How are you all using that tool today? And maybe as you think about mix and encouraging the customer to purchase certain products that they might not have otherwise considered drive engagement, loyalty. How is that factoring into your...

<<Andrew Clyde, President and Chief Executive Officer>>

Yeah. So look, it continues to grow, which is amazing thus far in. We look every month at the number of customers that have grown, how engaged they are based on their usage and really pleased with the results. Obviously it is kind of a tobacco and fuel-first model. There's still a lot of opportunity in the other products, it is a great communication tool. So when we think about a raise in rebuilt store, typically there's another Murphy store nearby.

And so one of the things that we're doing proactively is going in and saying your store's about to close here or the next depending on the market, let's say it's DFW two, three stores in proximity. Here's some benefits for shopping at those stores and then letting those customers know when they're coming back, we're seeing a lot of customer retention as a result of that, where you don't have to overly price discount to get them back.

As part of our 2,800 square foot resets we offered – we offer now a larger range of items that I would call kind of the grocery top-up grocery items. And in doing so we're using besides point of sale marketing Murphy offer let customers know about the EBT, SNAP items. And we've seen significant uplift across the store as a result of that communication around that payment method. So lots of different things we're able to do with that. We continue to do the sweepstakes that allow us to largely with our partners funds, reduce the liability on the books for the program as well.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

You guys have good insight into your consumer base. You guys do a lot of surveys. I don't know if that's something you still do. How do you feel about the low end consumer? I think that's something that's top of mind for investors as we move maybe away from some of the enhanced stimulus and into 2022.

<<Andrew Clyde, President and Chief Executive Officer>>

The segment continues to grow. I think we're going to continue to see that. And so, we'd benefit from that standpoint, bankers that I talked to look at average deposit levels for when stimulus checks were coming in versus now, and those deposit levels are lower, right? And so customers are going to become more and more price sensitive. And a good example is, versus a year ago, the average fill rate at our store is down 10%. You buy 11 gallons, now you're buying 10 gallons, but the transactions are up 15%.

And so you think about our customer, they got a $10 bill or a $20 bill in their pocket. And they come to our store and they say, I want a pack of this or a bag of this and put the rest on pump six. First of all, they're not getting as much change back because we've seen price increases on the other stuff and the amount of change they get back, isn't buying enough gallons, right? And now they're seeing inflation across everything else, and it's not keeping up with wages. So that's what I mean by that segment is growing and they're going to become more and more price sensitive.

And what we've seen at Murphy, and what I saw historically in my old career is that consumers don't stop buying less gasoline at $3 a gallon or $3.25 they just become more price sensitive. It's only until you get to $3.75, $4 a gallon or higher that you really start seeing macro demand change. And so what we expect to see and are seeing is market share gains on the fuel side and the other categories as people become more and more price sensitive on the margin, because they're not getting as much change back.

First of all, that $20 bill isn't worth as much anymore with inflation, they're not getting as much change back, they're not buying as many gallons and they're having to make more trips. And I don't see any signs of that letting off really in the next six to 12 months, right? And so I think the challenges faced by the lower income, middle income consumer is going to be there. And I think that's where brands like Murphy that stick to everyday low price and brands like ours that spike around value and just never give up that value position.

We have an advantage in this marketplace, but our differentials to our competitors are the same or wider. We're not being less aggressive on relative price, we're being more aggressive and letting that customer know we're there for them in this environment.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

There's another retailer that operates with that strategy that you have a lot of stores right next to Walmart. You guys have the Walmart+ relationship, but that kind of lot of attention last year. Can we revisit the merits of that relationship for you all? Does it register at all in your business? Does it create more stickiness? What do you see as the implications of that sort of program for your business?

<<Andrew Clyde, President and Chief Executive Officer>>

Sure. So Walmart+ was a low risk, no risk opportunity for us. We moved very quickly when they brought it to our attention. In fact, we moved faster than Sam's did because we control our own technology and we're able to get it to work in our dispensers because we run our own point of sale system. I would say, as a Walmart customer yourself, fuel was not featured prominently in any of the early advertising or promotional activity for Walmart+ only recently you're now seeing some geo-fencing messaging associated with that.

And you start to see a small bump from that. So it's not material, it's not moving the needle, I say yet. We all believe that it should have that potential. I personally think one of the challenges in today's environment, a $0.05 discount is that really enough to move the needle? We've got partnerships with other firms on credit cards, Payactiv for one public benefit company that we use to give next day pay for our employees. You work today, you get paid tomorrow. They have a B2C product and you get $0.10 off with that.

So I think it probably needs to be more competitive and certainly there's the financial wherewithal to do it with membership fees and the crossover that you would get. So

everything's kind of working within the system. All the stores have some transactions associated with it. It's just not moving the needle yet, but we believe it has potential.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

On the store OpEx side of things you talked – I think you said, spitballing probably it's early for next year with 3%-ish growth for next year. That's quite good. I think relative to what everyone would expect. How do you – how are you achieving that?

<<Andrew Clyde, President and Chief Executive Officer>>

So part of it is we've made wave changes this year, right? And again, going back to our inherent and structural advantages, what markets are we in? What kind of formats we have? What's the labor mix at those? It's just an advantage there versus being in high cost markets with high cost formats, meaning higher labor, higher dollar laborers in those markets. We have some maintenance expenses this year associated with the EMV dispensers and some replacements around that. We're not going to run against some of those same headwinds next year from a cost standpoint and a fight as a handful of other things that we feel like will be moderated.

And so kind of gets into the definition of inflation it's the year-over-year change, so we've all seen some sizable changes this year or ours less so, again than others, but the year-over-year change from that higher base, just isn't going to be as great for us. I think given our inherent structural advantages.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Consumer mobility comes up a lot. What the new normal looks like? What do you all see in your business? Do you think we'll see gasoline consumption get back to where it was pre-pandemic? How did the day parts of your business look different than they did before? And how have you guys adjusted accordingly?

<<Andrew Clyde, President and Chief Executive Officer>>

Yeah. So look, I think for the QuickChek business in New Jersey, the morning day part, the commute day park still hasn't fully covered. And so that, I think that impacts not only the motor fuel, but the coffee side as well. People come in a little bit later in the morning and get their breakfast sandwich and coffee, but maybe they've already made a pot at home. And we're not expecting that to get back to 100% because of the remote work and the commute work into the New York metropolitan area.

I think in our more metropolitan areas, our customers are typically not ones that have a lot of remote work options, right? And so we're not seeing that. Are we going to get back to a 100%? I don't know. We should be back to 95% to 100% in that range and we've been moving closer and closer to that. So feel pretty good about that. But again, it gets

back to who are your customers and our customers are not going to be the remote workers typically.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Okay. Let me check again and see if there are questions. Yeah, go ahead.

Q&A

<Q>: [Question Inaudible]

<A – Andrew Clyde>: Yeah. So on the food program, the Murphy stores are never going to be a made to order business. We're never going to have 12 coffee dispensers with alarms on them going off every 20 minutes. That give the customer that assurance that it's fresh. But if I think about, again the refrigerated options and the grab-and-go there's a lot to learn there. There's a lot to learn about food and safety handling, which is really important. You don't have to go back too many years to understand how much shareholder value is impacted from firms that had a slip and fall in that area. So that's an area they're very strong in their production and planning. We can help them digitize that and automate a lot of that.

So I think it's going to be learning more about the process, sharing insights about the categories that we're going to share. They make great cup of coffee Dean and the team spend a lot of time kind of perfecting that, we can get that blend of coffee roasted in our markets versus in New Jersey and spending the money to ship it. So there's a lot of things like that we can learn.

I think the big importance there is that look as a fuel-lead company, there's a consumer perception about brand like Murphy and there's a lot of brands like that. And there's a big chasm between those brands and say the 7-Elevens of the world and there's a whole another chasm between them and the QuickChek and the Wawas of the world. And we really looked at QuickChek as the only way one could jump the chasm in one step. And then as we think about future growth, we now have a NTI, New-To-Industry option that we never would've really been able to build the capabilities to do on our own. So there's going to be learning from a process and a recipe, and a supply chain, and now with Performance Food Group and Core-Mark partnered up, that'll be very natural.

They implemented their loyalty program late. I mean, very recent. It's a off the shelf program, pretty rich. And the positive things are, you can do customer ordering and it looks just like the self-serve screen and the like, but I think there's a lot of synergy and opportunities there leveraging how we thought about it with our new senior leader up there and how he thinks about marketing and loyalty, and analytics. We ought to be able to share all the back office information, insights coming out of the loyalty programs and leverage that with our manufacturing partners. So a lot more to do there.

<Q>: So when your new store builds at on the Murphy site, with the learnings you have for QuickChek, you see significant changes to what you might be going to take on food site?

<A – Andrew Clyde>: Less from our learnings there, more from some strategic work we're doing right now. That includes to your point, a lot of consumer research about what does our brand stand for? Where do we spike? What do we get credit for? What makes sense in that environment? And then you think about the labor and the operating model to deliver that in today's environment, what makes sense there.

So it's really doing the same initiative for both businesses to say, I mean, they're both great brands that spike on different things and how do you move them both in their logical instates, but they're going to stay separate brands. They're doing different things. They're both highly regarded by customers for those different things. And it's all about doing the right fit for purpose things that the customer gives you credit for versus going down a 20-year path to try to do something that frankly with our small formats or probably never going to get credit for. So the good questions. Thank you.

<Q>: So when you're thinking about the 50 or 60 that you'll build next year, are those, I guess what flags of those going under, are you going to be leaning more towards the rural more, clearly cost competitive versus the higher labor content, more like called QuickChek kind of areas?

<A – Andrew Clyde>: Yeah. Good question. So we expect, somewhere in that seven, eight on the quick check side. I think ultimately get to a target about 10 the balance being Murphy stores. Most of those new builds will be in the core markets that we've talked about before DFW, Denver, Southern Florida where we're building that larger 2,800 square foot store. The smaller rural markets where we have our kiosk our new 1,200 square foot stores in front of Walmart Supercenters. We've largely built out the smaller rural markets, but there's a lot of markets like in West Texas Lubbock where we're building a handful of 2,800 square foot stores. It's kind of an infield offer where there's not a lot of big box competition in there. So we get those same benefits in that type of market.

<Q>: [Question Inaudible]

<A – Andrew Clyde>: Well, that's one of the things we'll learn about their brand, how does it resonate? What would that look like? The company had success in the Lower Hudson valley area. I'd say it probably had less success in the Long Island area, when it moved in that direction. And so that's one of the things, what does that brand expansion look like? What marketing activities would you have to take to create that brand awareness? What does the competitive mix look like in the areas where you're going. And I think we're seeing pretty good results in some of the areas they've ventured into less good results than some of the other areas they've ventured into before.

But in terms of taking it down, I-95 to Florida, like Wawa did, that's certainly a hypothesis. I think that would involve a bit of market research to find out, okay, how many north and central New Jersey folks would recognize the brand or in those areas before you would go down that path.

<Q> – Ben Bienvenu>: Sticking with new store builds. You guys have kind of fallen behind this year and keeping up with the pace of what you've targeted for your new store builds. How's that line of sight progressing today. Do you think – do you feel good about your abilities to deliver on new store growth in the next year?

<A – Andrew Clyde>: We do. So we probably have a pipeline that's always, 130, 140 stores at different stages of the contract. And every week when we update the numbers, no matter how many new ones we open, there's always pipeline of about that number. So the team's doing a great job out there identifying locations, some fall out of the process, the new ones come in and ones get built, et cetera. And so we're going to make up some next year, but it's going to be hard to make up, 20, 25 stores in one year.

So, over the next two, three years, we'll have some accelerated growth. And then, we'll probably just settle into that 50, 60, year it's kind of a 3% growth rate on the Murphy side, eight to 10 on the QuickChek side as you know kind of 5% to 7% growth rate for that network.

<Q> – Ben Bienvenu>: When we're sitting here maybe this time next year, what do you think we'll be focused on talking about? Do you think it'll be the same things and seeing more proof from the putting maybe around fuel margins, I don't want to put too many words in your mouth and I'm curious what you think?

<A – Andrew Clyde>: Yeah, I think so. Look, I think we've been talking about this fuel breakeven concept for a long time. And there's always this discussion with investors, am I going to invest on fundamentals or am I going to be investing on some future expectation?

I mean, the last two years was the best natural experiment one could have for people to understand that fundamental value driver. We've talked about how our advantage fuel breakeven and the challenges of the weaker players that have kept margins elevated has benefited us. And that's the fundamental. I think the expectation we'll be talking about a year from now, we see here today is, is the elevated margin we're going to see permanent? Or is it transitory? Does it go back to where it was? Does it go back to a higher level? When I say what it was, meaning going all the way back to $0.16, have a hard time believing that, right?

Just because the higher cost that we're seeing, the market share losses, smaller firms have had, they're not going to be able to invest in price to get that back. So, I think your nice writeup, a few weeks ago, it's not kind of when or if, but it's by how much. And somewhere between some new higher normal and some higher number above that is

where we'll be. We build our plan off of what I think is a more conservative number. And I think there's probably more upside than downside in that mix.

But I think we'll be talking about that. I think we'll still be talking about inflation. I think we'll be talking about advantage versus disadvantaged business models. We'll be talking about innovation and technology. We'll be talking about things that advantage firms that are built to last.

<<Andrew Clyde, President and Chief Executive Officer>>

Okay. I think that's a good place to leave it. Thanks for your time. Appreciate your thoughts.

<<Andrew Clyde, President and Chief Executive Officer>>

Thank you.

<<Ben Bienvenu, Analyst, Stephens Inc.>>

Yeah. Thanks.

<<Andrew Clyde, President and Chief Executive Officer>>

Thanks everyone.