Murphy USA Q4 and Full-Year 2025 Prepared Remarks Transcript

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Call Participants:

- **Mindy West** – President and Chief Executive Officer
- **Donnie Smith** – Chief Accounting Officer and Interim Chief Financial Officer
- **Christian Pikul** – Vice President of Investor Relations and FP&A

Transcript:

Christian Pikul

Good Afternoon everyone and thank you for listening in today. With me are **Mindy West**, President and Chief Executive Officer and **Donnie Smith** Chief Accounting Officer and Interim Chief Financial Officer.

After some opening comments from Mindy, Donnie will review some performance highlights from 2025 and discuss 2026 guidance metrics, followed by some closing comments from Mindy. As a reminder, we will be publishing a transcript and recorded playback of these remarks this afternoon, and then we will host a live Question and Answer session tomorrow morning at 10 am Central time. Details can be found in our investor relations website and in today's earnings release.

Please keep in mind that some of the comments made during these remarks, including the Q&A portion tomorrow, 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 discussion, we may also provide certain performance measures that do not conform to Generally Accepted Accounting Principles, or GAAP. We have provided schedules to reconcile these Non-GAAP measures with the reported results on a GAAP basis as part of our earnings press release, which can be found on the investor section of our website.

With that, I will turn the call over to Mindy.

Mindy West

Thank you Christian.

I want to start off our conversation today by thanking Andrew Clyde for his extraordinary leadership since our spinoff in 2013. His strategic vision, operational discipline, and formative impact on our culture helped shape Murphy USA into what it is today---a Company that is high-performing, resilient, and customer-focused. As current or prospective investors, you may be wondering what might be different under my leadership, but I believe the more important question is: What is going to stay the same?

I want to be very clear on this point: Our commitment to value creation through Organic Growth, our continuous improvement mindset, and our disciplined, balanced capital allocation strategy will remain unchanged. My leadership style is grounded in transparency, accountability, and empowering people, giving them the opportunity to innovate and challenge the status quo. Having served as CFO and COO since the spinoff, I understand this business and I'm excited to lead Murphy USA into its next chapter. We will carry forward the habits, processes, and principles that have driven our success as a stand-alone Company. My mission going forward is to unleash even more creativity and innovative thinking within our senior leadership team so that we can extend our value-creation journey well into the next decade. Our foundation is strong, our opportunities are compelling, and our team is fully aligned around the next phase of disciplined growth.

When considering how I wanted to run these earnings calls going forward, I took a page from the book of one of my favorite Presidents, Franklin Roosevelt. What I liked most about his leadership style were his Fireside Chats: a commitment to truth, clarity, and transparency, delivered in simple, straightforward language that resonated deeply with the American public. By speaking plainly and directly, he built trust, dispelled rumors, strengthened morale, and helped unify the country behind important actions.

The term Fireside Chat is perhaps more familiar to you all as an industry term for the forums where corporate leaders talk candidly with analysts, so this idea feels like a natural fit to me. It also reflects how I like to interact with my teams every day: with candor, clarity, and accessibility. And that is the same tone and format I hope to bring to these quarterly discussions with you.

In that spirit, there are three key points I want to make before I hand the call over to Donnie, and the first is:

Retail margins in 2025 were flat to 2024 at 28.1 cents per gallon, despite experiencing far less volatility in 2025. Given that retail margins remained flat in this environment is a strong indicator that we are seeing structural support for higher retail margins when normal levels of volatility are re-introduced to the market. RBOB prices ranged from about $1.60 per gallon to about $2.15 in 2025, or a range of only $0.55 cents, and with only about $0.30 cents through the first 3 quarters of the year, versus much wider ranges of 72 cents in 2024 and $1.07 in 2023, years which we would characterize as more typical with respect to price volatility. As we would expect, given a little fourth quarter volatility, fuel performance was the best we have seen all year. Retail margins were up about two pennies, SS volumes were down only slightly at 0.6%, and total volumes were up 3.1%. Therefore, importantly, we believe retail margins are likely at or very near a bottom and there is far more likelihood of upside potential versus further downside pressure going forward

My second point is on new stores…We added 51 new stores to the network in 2025, an achievement we are proud of and a level of activity we expect to sustain in 2026 and beyond. The new stores are delivering results aligned with our high expectations. For instance, the 2022 and 2023 build classes, collectively comprised of 56 stores, contributed $32M to EBITDA in 2025, in the second and third year of their ramp, respectively. As such, we still expect a full build class of 50 new stores to generate roughly $35 to $40M of EBITDA annually at maturity after 3 years of ramp. As we enter 2027, we will begin to see the cumulative effect of several years of approximately 50 new stores per year and expect to see sustainable EBITDA growth as these stores ramp to maturity.

Third I'm going to go ahead and discuss the EBITDA outlook for 2026. While there were puts and takes in 2025 results, total EBITDA of $1.02 billion is roughly in-line with what we indicated the business would generate using 30.5 cents per gallon to achieve $1B of EBITDA as noted in our original 2025 guidance and again reiterated in the third quarter call in November. All-in fuel margins of 30.7 cents per gallon in 2025 were 20 basis points higher year over year, attributable to slightly better performance from the Product Supply and Wholesale segment, which delivered 2.6 cents of contribution margin, within our long-term expectations of 2 to 3 cents.

Looking back over the past several years, all-in fuel margins since 2022 have landed within our expected short-term range of 30 to 32 cents, as initially described in our third quarter 2024 conference call. As we look into 2026 and weigh, assess, and risk the set of factors that drive our business, our expectations are that we will face a similar environment to what we encountered in 2025, characterized by low absolute prices, low volatility, and continued competitive pressure. As such, we think these factors will continue to limit retail margin expansion in the near-term. Although geopolitical risk has heightened over the last few months, we don't expect a year of above-normal earnings for the supply business in 2026 and are using approximately 2.5 cpg in our Plan. Therefore, to anchor net income and EBITDA expectations in 2026, using the midpoint of all other guided ranges, we would expect EBITDA of about $1 billion at 30.5 cents per gallon, which is comprised of retail margins of 28 cents and PS&W contribution of 2.5 cents per gallon.

Our forecast of flat to slightly lower EBITDA reflects several different inputs from across the business. From a volume perspective, we expect SS pressure will continue to impact volumes, as laid out in our guidance. These same-store pressures are a function of the ongoing low-price environment where our customers will occasionally choose convenience over price and the active pace of new store growth from competitors in our markets, primarily Colorado and Florida. Further, low price volatility impacts our ability to profitably widen our discount versus the competitor set in each market, limiting our ability to take share. Importantly, while likely to persist in 2026, we do view these factors as transitory. Additionally, while we are excited about our accelerated new store growth, the larger high-performing stores do tend to come front-loaded with higher operating expense in the first year as the store begins its 3 year maturity ramp to higher merchandise growth, resulting in a temporary drag on earnings.

That being said, as the program builds momentum, the plus or minus 100 new stores that will be in service in 2027 will provide a material boost to our earnings power, even if fuel markets do not normalize by then. That momentum will continue into 2028 as roughly 3 years of 50+ store build classes will stabilize the earnings base with one class reaching maturity as the newest class enters the first year of its ramp. At which point 2025 results, and whatever happens in 2026 will likely be viewed in retrospect as an inflection point in our ability to deliver higher sustainable EBITDA growth.

Importantly, as I mentioned earlier, as we accelerate new store growth, we do NOT view the risks above and below the 30.5 cent benchmark as balanced. We think there is far more upside potential given the price volatility that was introduced in the fourth quarter of 2025 and which helped to generate stronger fuel performance. Given the extremely low relative volatility in 2025 and a tendency for markets to revert to mean levels of volatility over time, the likelihood of all-in margins to outperform our 30.5 cent forecast remains higher versus the factors that might drive year-over-year margins lower in the near-term.

I will now hand it over to Donnie to discuss performance against our 2025 guidance metrics and introduce our 2026 guidance.

Donnie Smith

Thanks Mindy,

Let me start off by reviewing 2025 performance results and highlights in combination with the elements of our 2026 guidance.

Starting with new store growth. We placed 51 new-to-industry stores into service in 2025, slightly exceeding our guided range of up to 50 stores. Special thanks to our Store Development and Asset Management team along with our Sales and Operations team for helping us achieve this important milestone. We also completed 23 raze-and-rebuilds, transforming a smaller kiosk to a 1,400 square foot walk-in store.

Since year-end, we have opened 2 additional stores with 18 stores currently under construction, giving us high confidence in the sustainability of our Organic Growth strategy for the next several years. Our pipeline remains healthy and we are on track to deliver 45 to 55 new stores in 2026, with the lower-end of the range representing our internal organic growth plan and the higher-end representing the ability to bolt-on a few stores through opportunistic acquisition in strong markets, much as we did in 2025 with the purchase of 4 stores in the Denver area. In addition, we expect to undertake up to 30 raze and rebuild projects in 2026.

To reiterate, our primary focus remains adding highly productive 2,800 square foot stores to the network as part of our long-term goal of building 500 or more new stores over the next decade. Going forward, we are taking a more holistic approach to formats, understanding in some markets, larger or smaller formats may be more desirable than our standard 2,800 square foot format. We will keep you updated on the evolution of our new store program in the coming quarters as we continue to prioritize our organic growth strategy as the primary vehicle to grow shareholder value.

Turning to fuel volume. In total, we sold 4.85 billion gallons of fuel in 2025, up about 0.6% from 2024, translating to a 2% decline on an average per store month basis and a 2.6% decline on a same-store basis.

Average per store month fuel volumes of 235,800 gallons in 2025 finished near the midpoint of our revised guided range of 235k to 237k as updated in our third quarter earnings release, but below the original guided range of 240k to 245k gallons issued in early February 2025. As we discussed last year, there were several factors pressuring volumes in 2025, including severe weather in the first quarter, above-normal competitive pressure in some of our markets, and more impactfully, the low absolute fuel price environment, rendering our customers less price-sensitive and prone to losing an occasional trip to a convenience-driven occasion versus a price-driven decision. Importantly, as Mindy referenced earlier, we view all these elements as transitory over time: Weather will come and go, pockets of competition have waxed and waned in intensity as long as we have been in business, and fuel prices are unlikely to stay low over the long-term. Given these factors, we are pleased with our overall fuel performance in 2025 and maintain the highest level of conviction that our low-price strategy will continue to win with customers over time.

Against that backdrop, our current view is that 2026 could look pretty similar to 2025, with low prices likely to persist over the near-term as supply remains healthy and markets remain balanced, despite what appears to be an increase in geopolitical risk surrounding oil producing regions around the globe.

Going forward, we expect average per-store fuel volumes to remain relatively flat with high-performing new store gallons largely offsetting legacy declines in our older smaller format stores, a more likely outcome now that new store activity is ramping to previously expected levels.

As such, we expect to maintain average per-store-month volumes within a range of 233k to 237k, the midpoint of which represents flat to slightly below 2025 APSM volumes. In 2026, we expect to sell just over 4.97 billion gallons of fuel in total, up from 4.85 billion gallons in 2025. These figures correspond to a 1-3% decline in same-store fuel volumes, which is a guided metric we have added in an effort to provide additional transparency around our volumetric performance and align more closely with other retail peers.

Moving to merchandise:

We generated $869 million in merchandise contribution margin dollars in 2025, up 4.2% versus 2024, largely in-line with our expectations. Robust promotional activity and steadfast category management offset a challenging customer environment and continued margin compression, particularly in the food and beverage categories.

In 2026, we believe our core customer remains strong and we expect that strength to continue to drive merchandising growth opportunities. In 2026, we are forecasting total merchandise contribution dollars to come in between $890 and $900 million, the midpoint of which represents approximately 3% year-over-year growth.

Importantly, our 2026 merchandising growth outlook incorporates several incremental headwinds relative to 2025, including expected changes to the SNAP program, which have been conservatively reflected in this guidance. Additionally, while our nicotine promotional engine is expected to remain a durable contributor to growth, our 2026 outlook does not assume a repeat of the outsized, one-time event that supported performance in 2025. Rather, we anticipate a normalized promotional environment and meaningful investments in both core and emerging segments, supported by a healthy pipeline of nicotine-related opportunities enabled through broader vendor support. These promotions are expected to drive traffic and support both sales and margin performance. Absent these factors, we would expect merchandise growth to track at our normal cadence of approximately 4%.

Moving to OpEx. In 2025, the team continued to drive efficiencies at the store level, as initiatives around labor-planning and loss prevention helped offset continued pressures in store maintenance. Collectively, per store expense growth in 2025 was only 3.3%, for a total of $36.1k dollars per store month, just below the low-end of revised guidance of $36.2 to $36.6k, and well below originally issued guidance of $36.5k to $37k.

In 2026, we will continue to find ways to make the network more efficient, helping to offset the impact of the higher number of larger stores we are adding to the network in both 2025 and 2026. As such, we expect a slight increase to 37k to 38k average per store month in 2026, the midpoint of which represents roughly 3.8% growth versus 2025.

As a reminder, nearly half of our projected total OpEx increase is again a direct outcome of our decision to build larger format stores, which are more costly to run than the network average. Also, keep in mind that when new stores are put into service, operating expenses are running very close to the target maturity rate as we schedule above normal labor hours to ensure new customers have a positive experience their first time visiting the store. Merchandise dollars on the other hand take about 3 years to reach maturity. Thus, in the early years of accelerating these stores, you will see OpEx growing a little bit more than merchandising contribution until the stores reach maturity, at which point the coverage ratio turns positive in our new larger format stores.

Now moving to corporate cost. SG&A expense was $232M in 2025, down about 1% from $235 million in 2024, toward the low-end of our adjusted guidance range of $230 million to $240 million and well below the original guided range of $245M to $255M. As we announced in the third quarter, we completed an organizational restructuring which helped streamline our workflows, simplified our processes and eliminated technical redundancies, all while preserving our agile data-driven decision capabilities.

In 2026, we expect SG&A expense to run between $240 and $250 million, largely reflecting annual merit-based wage adjustments and continued growth in other employee related-benefit costs such as healthcare.

Tax Rate

From a tax perspective, income tax expense was 22.8%, versus 22.9% in 2024. 2025 taxes were lower than planned due to some discrete state tax refunds we received and acquisition of some Federal Energy Tax Credits. In

2026, we anticipate an all-in effective tax rate between 23% and 25% for the full year, which would assume no retroactive WOTC approval and continued use of Federal Energy Tax Credits.

Finally, to capital spending. Total capital spending in 2025 came in at $432 million, slightly below our adjusted guided range of $450 million to $500 million, primarily due to timing of new store construction and equipment orders for the 2026 and 2027 build class.

In 2026, we expect a capital program between $475 million and $525 million as the new store growth program accelerates to a higher level of ongoing activity. Of this amount, $375 million to $400 million is allocated to retail growth, including new stores and raze and rebuilds, $80 to $95 million of maintenance capital with the remaining funds earmarked for strategic initiatives and other corporate investments. Of note, our maintenance capital budget is about $30 to $40 million higher than in prior years due to a slate of initiatives intended to proactively replace equipment that has reached end-of-life, limiting operational disruptions from broken equipment and increasing up-time across the network.

Before I turn it back to Mindy, there's a few more pieces of information I want to provide.

- Retail prices averaged $2.66 cents per gallon in the fourth quarter and $2.77 cents for the full-year
- Total debt on the balance sheet at year-end was approximately $2.18 billion
  - Resulting in a consolidated leverage ratio we report to our banks of 2.1 times
- Additionally, in conjunction with the guidance metrics provided, to further help analysts and investors model the business in 2026, I will provide our expected store months by quarter
  - In the first quarter, we expect 5,403 total store months
  - In the second quarter, we expect 5,336 total store months
  - In the third quarter, we expect 5,377 total store months
  - In the fourth quarter, we expect 5,446 total store months
  - For the full-year 2026, we expect a total of 21,562 store months
  - This forecast is subject to variance largely connected to potential delays we may experience in planned new store openings, the amount of time our raze and rebuilds are under construction, and to a lesser extent, the timing of any planned store closings

Lastly, as mentioned in the earnings release, we continue to execute against our balanced capital allocation strategy, repurchasing approximately 175,000 shares in Q4 reaching a total of over 1.5 million shares in 2025.

The exact number of shares we purchase in any given year will depend on a number of factors including overall indebtedness levels, share price, and our expectations for future value creation, in which we remain steadfast. Given our ability to generate strong free cash flow in any given year, we intend to maintain a balanced capital allocation strategy, investing in the growth and improvement of our store network, and repurchasing shares to enhance the benefits of future earnings growth for long-term shareholders.

I'll now turn it back over to Mindy

Mindy West

Thanks Donnie,

Before I wrap up the call, I want to provide a few data points around January results.

Winter Storm Fern resulted in significant store outages and highly limited customer mobility across a large part of our network in the last week of January, hampering results in what remains a very strong month of performance for Murphy USA. In fact, we set a new record for daily volumes as customer pre-buying behavior accelerated ahead of the storm, just above 18.2 Million gallons in a single day, surpassing the prior record of 17.5 million gallons set in March of 2020.

I want to take this opportunity to directly address all our store managers and associates who performed like champions during this challenging weather event. I couldn't be prouder of you and the way the team stepped up to serve our customers, enabling us to sell record volumes of fuel. I am grateful for your service and extremely glad to see everyone made it through safe and sound.

Due in no small part to the team's efforts, I am pleased to report that January average per store month volumes were about 1-2% higher than prior year, and on an even brighter note, retail fuel margins of roughly 26 cents per gallon are running 2 cents above January of last year. As such, we expect all-in fuel contribution dollars to be well ahead of our internal Plan, getting us off to a great head start in 2026.

Despite the strong start, we recognize near-term challenges to EBITDA growth may persist in 2026. January results are encouraging, but one-month does not make a trend and I don't want to overpromise on our ability to deliver. We don't know when the fuel environment will normalize, but when it does, as we saw in the fourth quarter, the business delivers the kind of results we would expect, with stronger volumes and elevated margins. This optionality around future volatility gives us even more confidence that the earnings power of the business continues to improve.

I assure you this management team is not happy with a forecast of flat to lower EBITDA, and while we can't control many elements of the environment we face from year-to-year, I promise you this:

- Our entire organization is digging into every part of our business to uncover new revenue opportunities, increase operational efficiencies, and drive further savings to the bottom line
- As long as we continue to invest and grow the business through high-performing new stores, we remain confident that our low-price strategy and low-cost business model will win over time
- Value and affordability remain central to more and more American consumers every day, which makes our offer that much more durable and well-positioned to win in the long-run
- In the meantime, we will maintain our relentless focus on growing the earnings power of the company
- All of which means Murphy USA investors will win over the long-term

Thank you everyone and I look forward to the Q&A session tomorrow morning.

Question and Answer Webcast Session: 10 AM CST on February 5, 2026

Please access the webcast through the Murphy USA Investor Relations Website.