







MURPHY USA

Raymond James 39th Institutional Investors Conference

Orlando, FL • March 6, 2018

Cautionary Statement

This presentation contains forward-looking statements. These statements, which express management's current views concerning future events or results, are subject to inherent risks and uncertainties. Factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements include, but are not limited to, the volatility and level of crude oil and gasoline prices, the pace and success of our expansion plan, our relationship with Walmart, political and regulatory uncertainty, uncontrollable natural hazards, and adverse market conditions or tax consequences, among other things. For further discussion of risk factors, see "Risk Factors" in the Murphy USA registration statement on our latest form 10-K. Murphy USA undertakes no duty to publicly update or revise any forward-looking statements.

The Murphy USA financial information in this presentation is derived from the audited and unaudited consolidated financial statements of Murphy USA, Inc. for the years ended December 31, 2017, 2016, 2015, 2014, and 2013. Please reference our most recent 10-K, 10-Q, and 8-K filings for the latest information.

If this presentation contains non-GAAP financial measures, we have provided a reconciliation of such non-GAAP financial measures to the most directly comparable measures prepared in accordance with U.S. GAAP in the Appendix to this presentation.

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Today's presenters



Andrew Clyde, President and Chief Executive Officer

- Appointed President and Chief Executive Officer of Murphy USA on January 8, 2013
- Leads the development and execution of our strategy for creating long-term shareholder value
- Oversees corporate-wide strategic initiatives enabling Murphy USA's growth, margin expansion and cost leadership
- Spent 20 years at Booz & Company leading downstream and retail organizations on strategy, organization, and performance initiatives

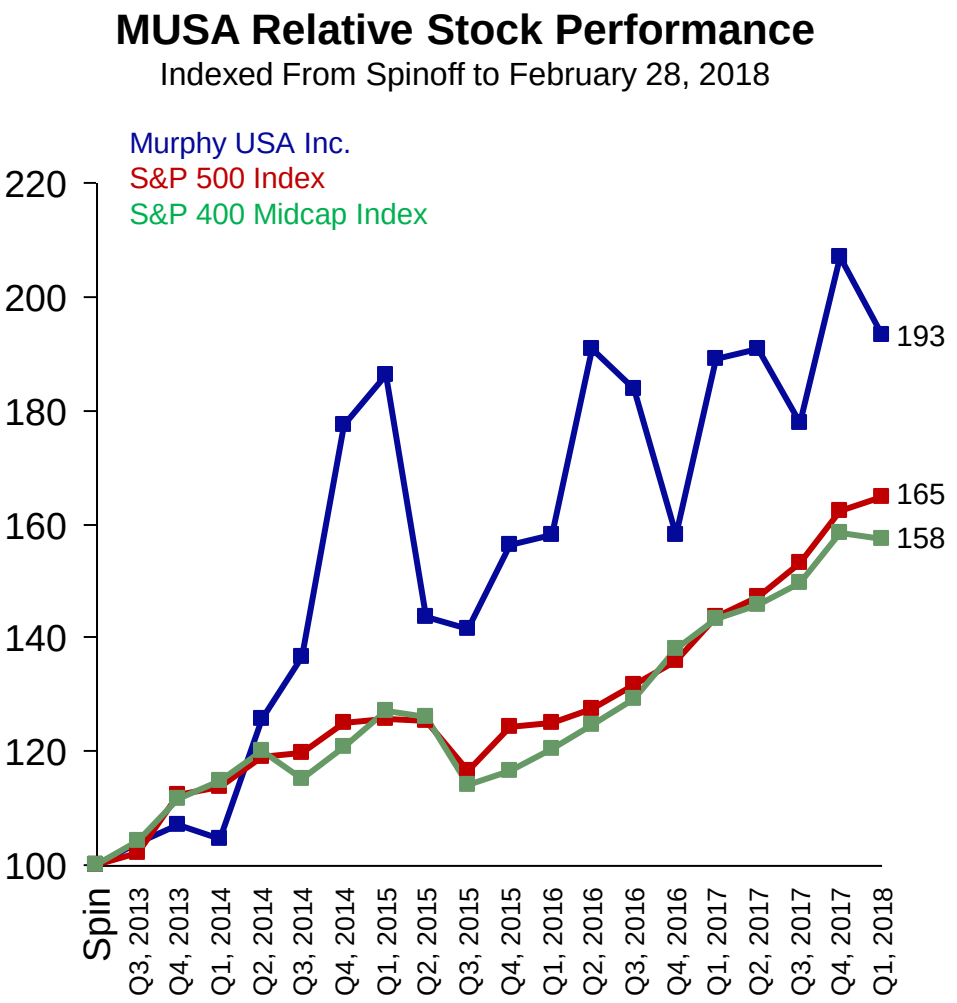


Mindy West, Executive VP and Chief Financial Officer

- Joined Murphy USA at spin-off after transitioning from Vice President and Treasurer of Murphy Oil Corporation
- Oversees key resource allocation programs, including site builds, network re-investment and shareholder distributions
- Leads corporate-wide strategic initiatives driving operational efficiencies and systems/processes enhancements
- Spent seventeen years with Murphy Oil Corporation in Accounting, Employee Benefits, Planning, Investor Relations and Treasury roles
- Licensed Certified Public Accountant and Certified Treasury Professional

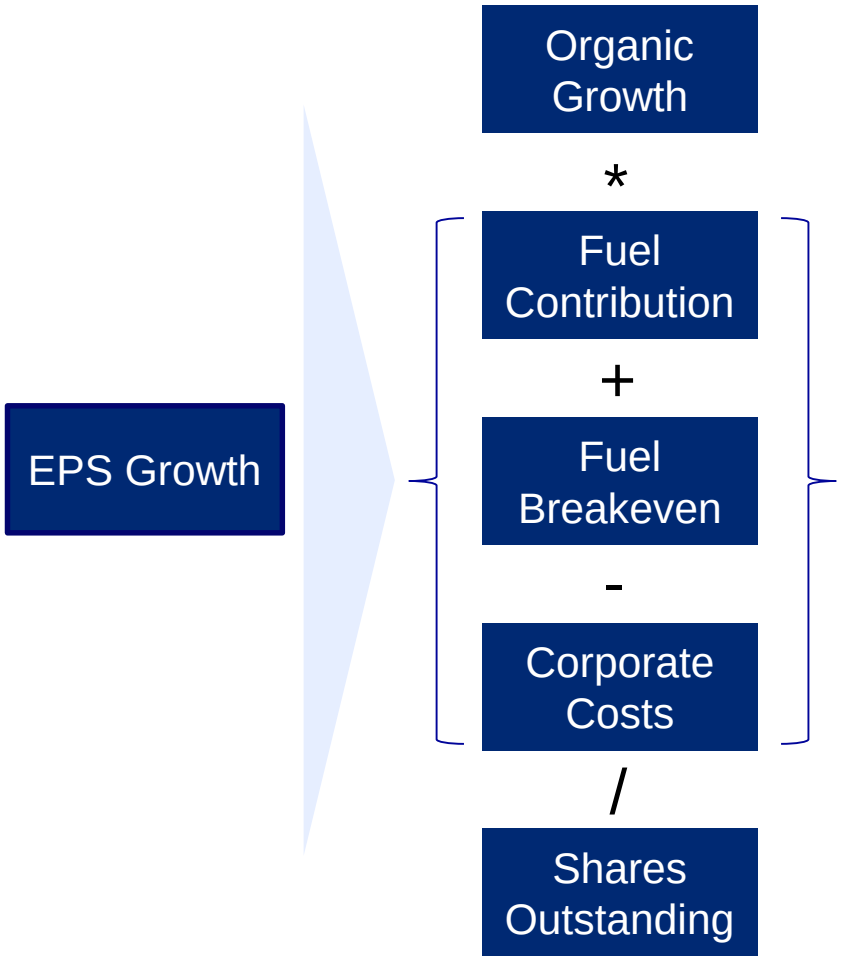
Murphy USA continues its proven and differentiated strategy

- Murphy USA is uniquely positioned as a low-cost fuel and convenience retailer
- Our strategy to compete has five coherent elements:
  - Grow Organically
  - Diversify Merchandise Mix
  - Sustain Cost Leadership Position
  - Create Advantage from Market Volatility
  - Invest for the Long-Term
- Our business model is resilient to, and takes advantage of, volatile market conditions
- Our independent growth plan combines efficient unit-growth and shareholder-friendly capital allocations
- Murphy USA has a proven track record of execution since our 2013 spin-off
- We believe we have a very bright future ahead



MUSA creates value through a simple formula – and executes

MUSA Value Creation Drivers

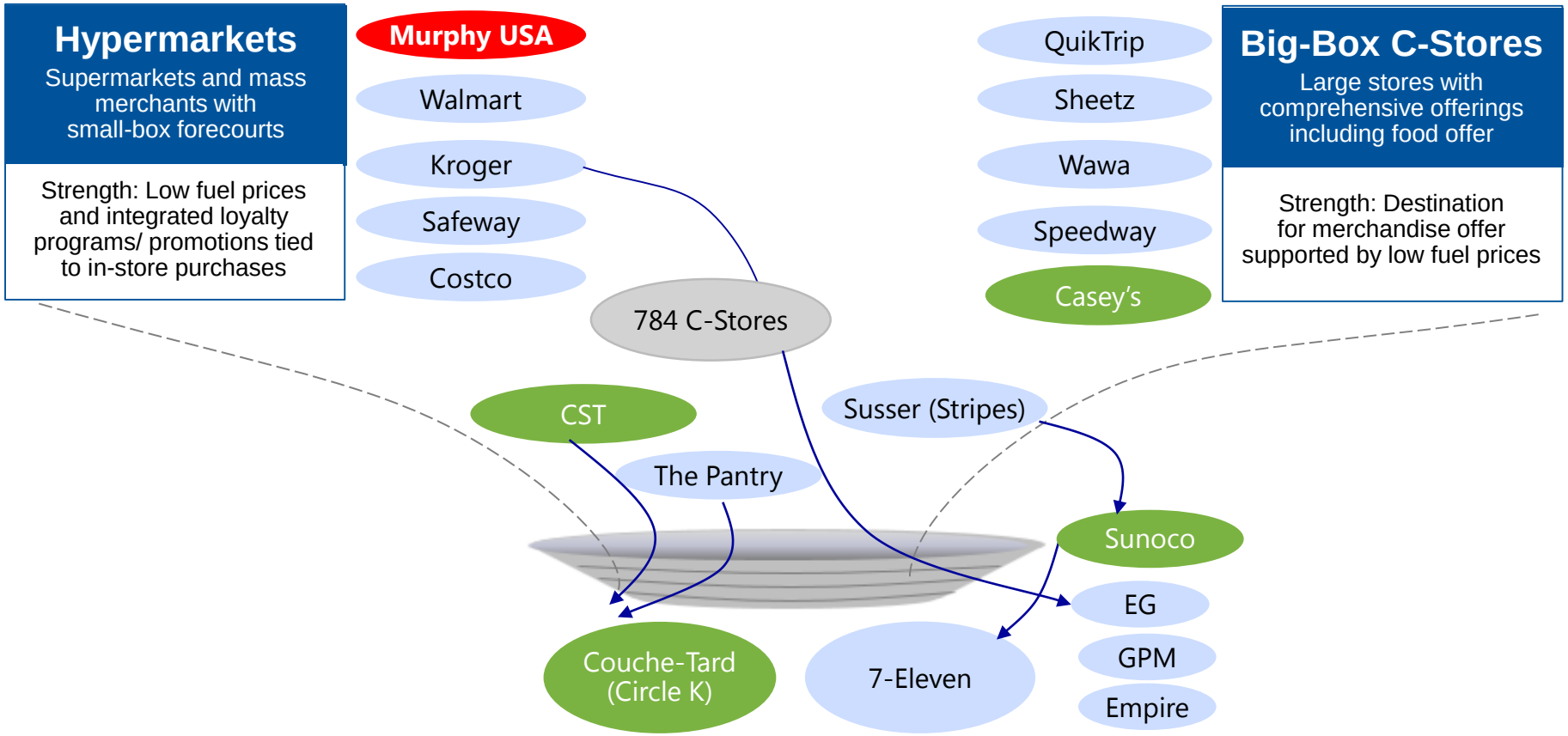


	2016 Proof Point	2017 Proof Point
	5% unit growth • 67 new sites; 10 R&R • 300 refresh; 180 super coolers	3% unit growth • 45 new sites; 21 R&R • 300 refresh; 244 super coolers
	5% contribution $ growth • +1.7% volume growth • 15.4 cpg total margin • 3.8 cpg from PS&W/RINs	4.7% contribution $ growth • -1.3% volume growth • 16.4 cpg total margin • 2.4 cpg from PS&W/RINs
	Reduced to 1.3 cpg from 2.3 • +120 bps merchandise • +11.2% merch contrib $ • -4.1% site opex* APSM	Reduced to 1.2 cpg from 1.3 • +50 bps merchandise • +4.7% merch contrib $ • -2.6% site opex* APSM
	SG&A per store down 10% • $6.6 million decline in total SG&A • Tax-efficient non-core asset sale	SG&A per store up 3% • $8.5 million increase in total SG&A** • Investing in people and capabilities
	Repurchased 4.9M shares • $323 million of capital • 11% of shares outstanding	Repurchased 3.0M shares • $206 million of capital • 8% of shares outstanding

Site Opex excludes credit card fees

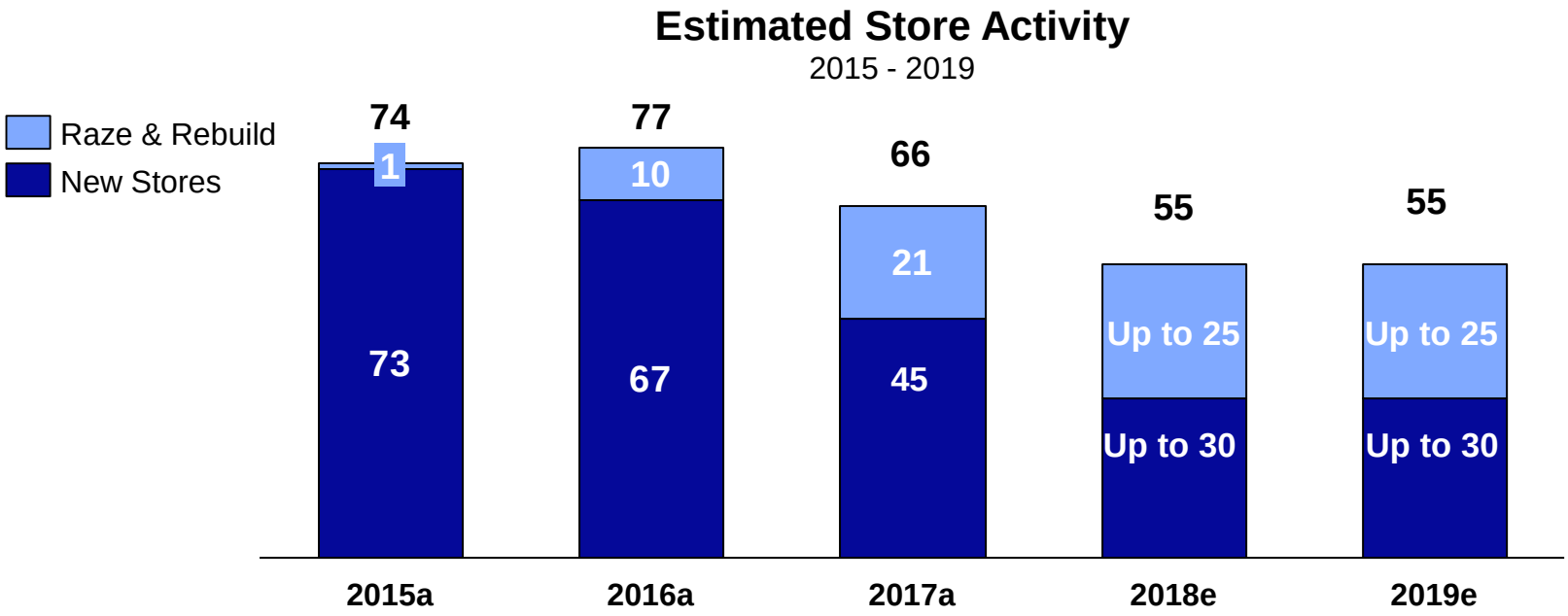
***SG&A per-store excludes stock-based compensation; 2017 proof points exclude $10mm charitable contribution*

The competitive landscape continues to evolve



C-Store Study conducted by Market Force Information, published in Convenience Store News

Organic growth moderates ahead of shift in format strategy



Total Units	**1,335**	**1,401**	**1,446**	***1,476***	***1,506***
Raze & Rebuild	**1**	**11**	**32**	***57***	***82***

Reinvestment programs enhance existing network quality

Raze and Rebuild Program

- 32 sites completed through 2017 with goal of up to 25 stores in 2018
- Kiosks replaced with 1,200 sq ft stores along with more dispensers and increased fuel offer
- Given the premium locations, we estimate per site unlevered IRR's between 15% and 35%



APSM Fuel Gallons*



APSM Merchandise Sales $*

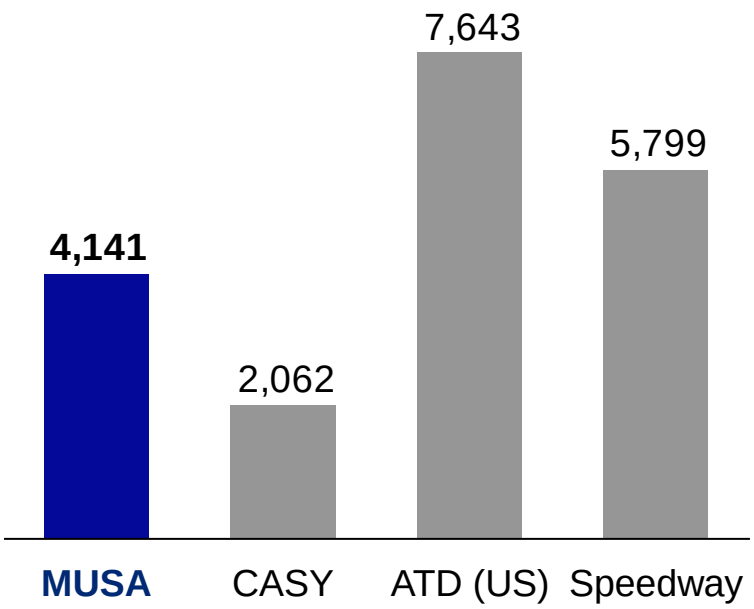




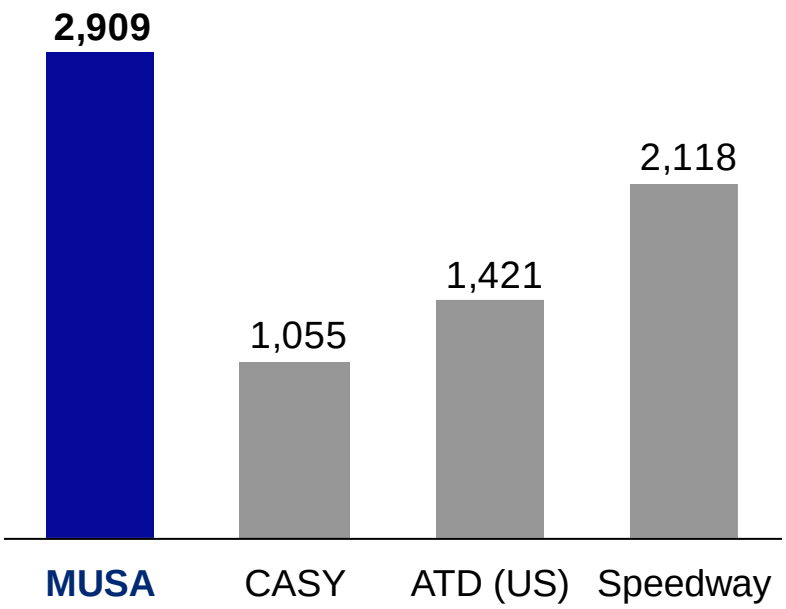
* 2016 & 2017 Raze & Rebuild Class Average

Fuel differentiates MUSA from its peers

Total Chain Fuel Volume (MMgal)
Last Fiscal Year



Annual Fuel Volumes (Kgal) / Avg Store
Last Fiscal Year

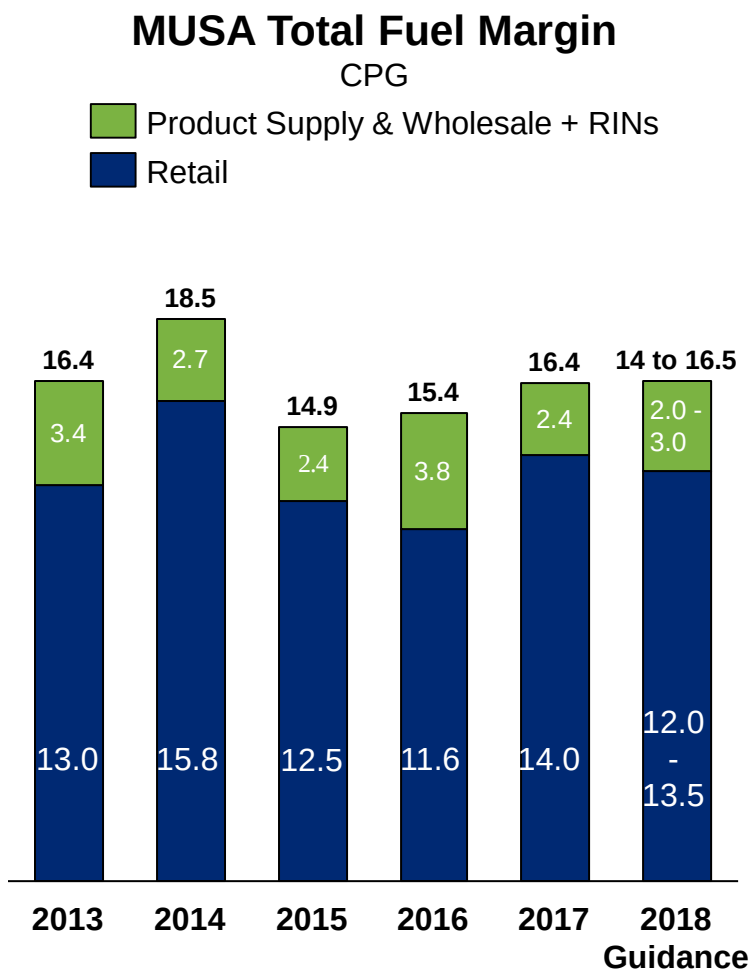


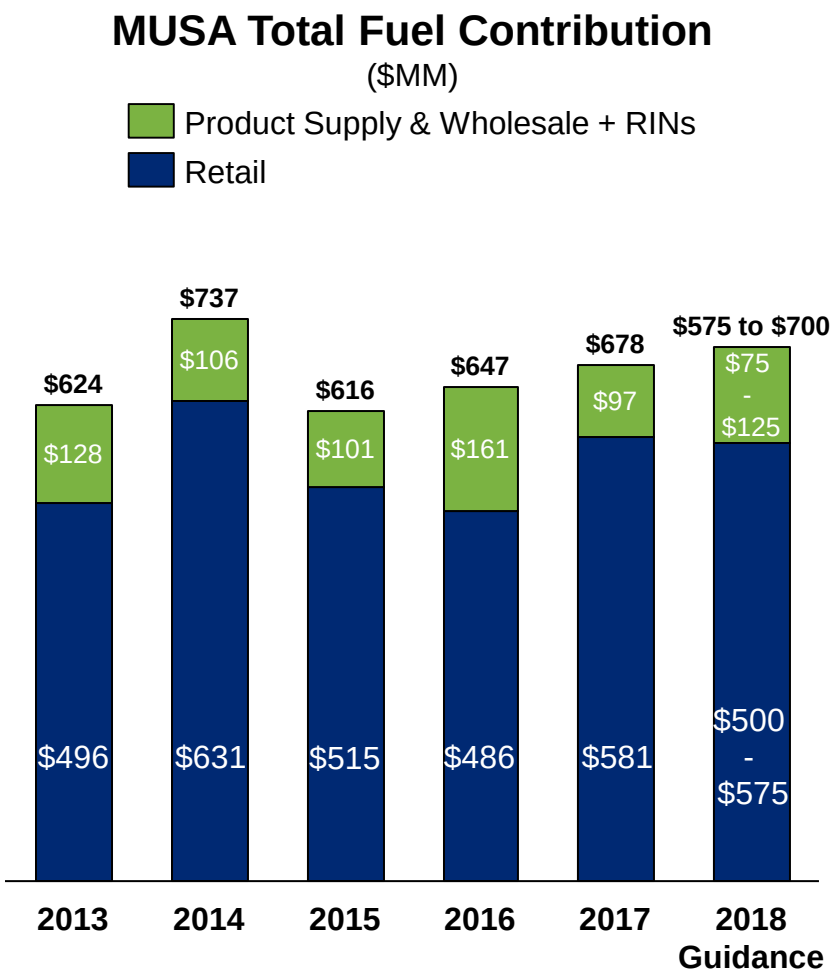
Average U.S. Store Count By Chain*
Last Fiscal Year

MUSA	CASY	ATD (US)	Speedway
1,424	1,955	5,380**	2,739

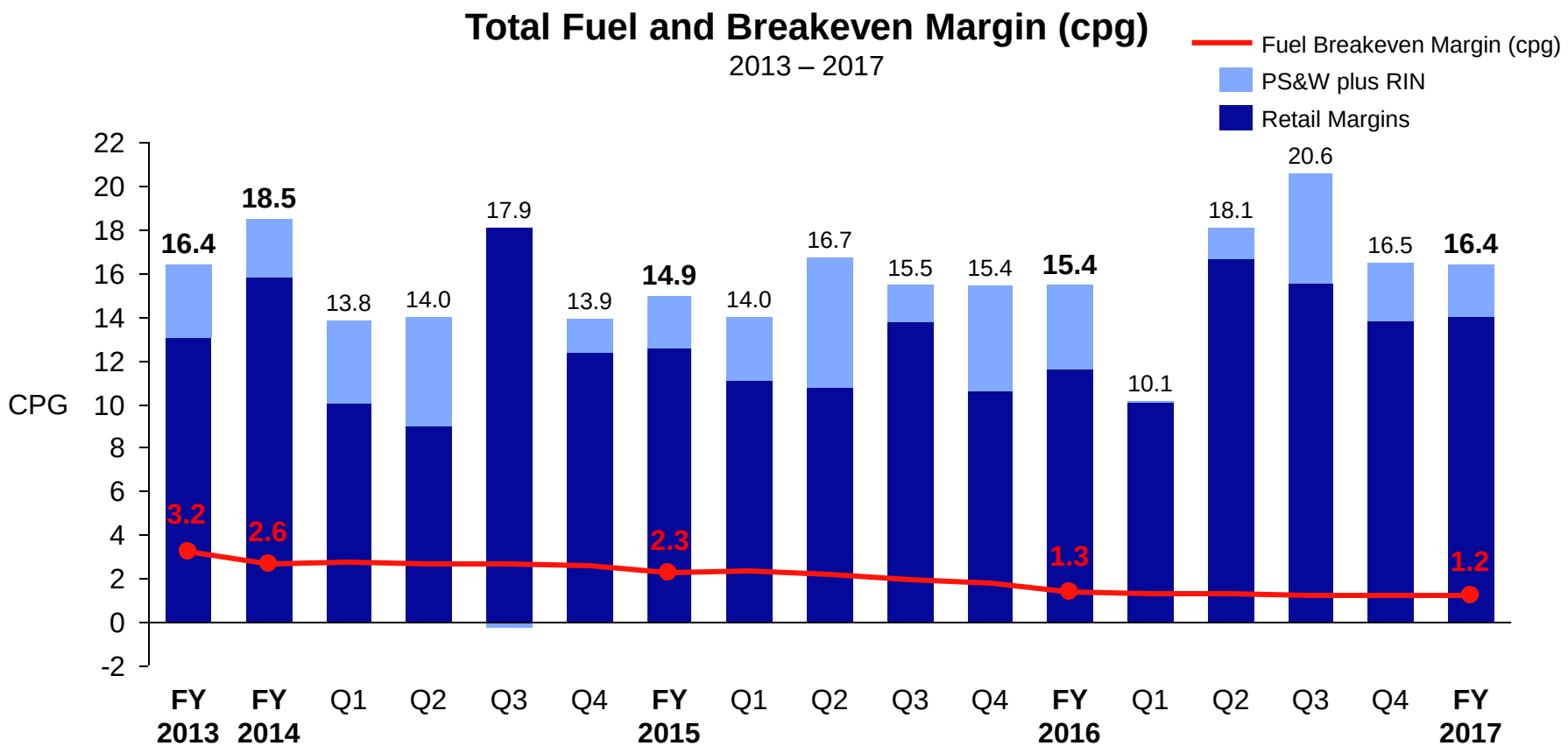
** Average stores is midpoint of beginning and ending store count*
*** 5,380 used for ATD avg store count, excludes franchised stores and gallons*

Total fuel margins consistently generate 14-16 cpg



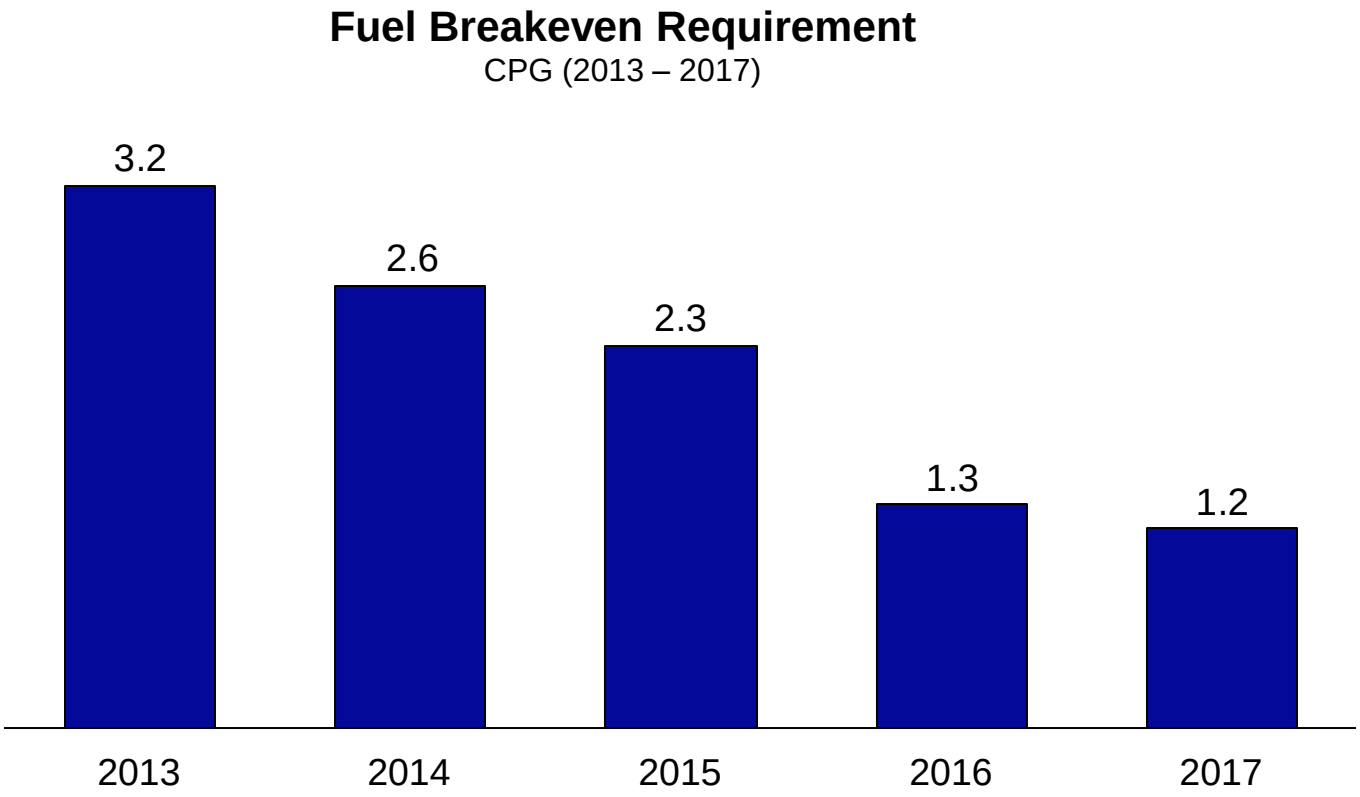


Volatility favors our low-cost business model



PS&W + RIN	**3.4**	**2.7**	3.8	5.0	-0.2	1.5	**2.4**	2.9	5.9	1.8	4.8	**3.8**	0.0	1.5	5.1	2.7	**2.4**
Retail Margin	**13.0**	**15.8**	10.0	9.0	18.1	12.4	**12.5**	11.1	10.8	13.7	10.6	**11.6**	10.1	16.6	15.5	13.8	**14.0**

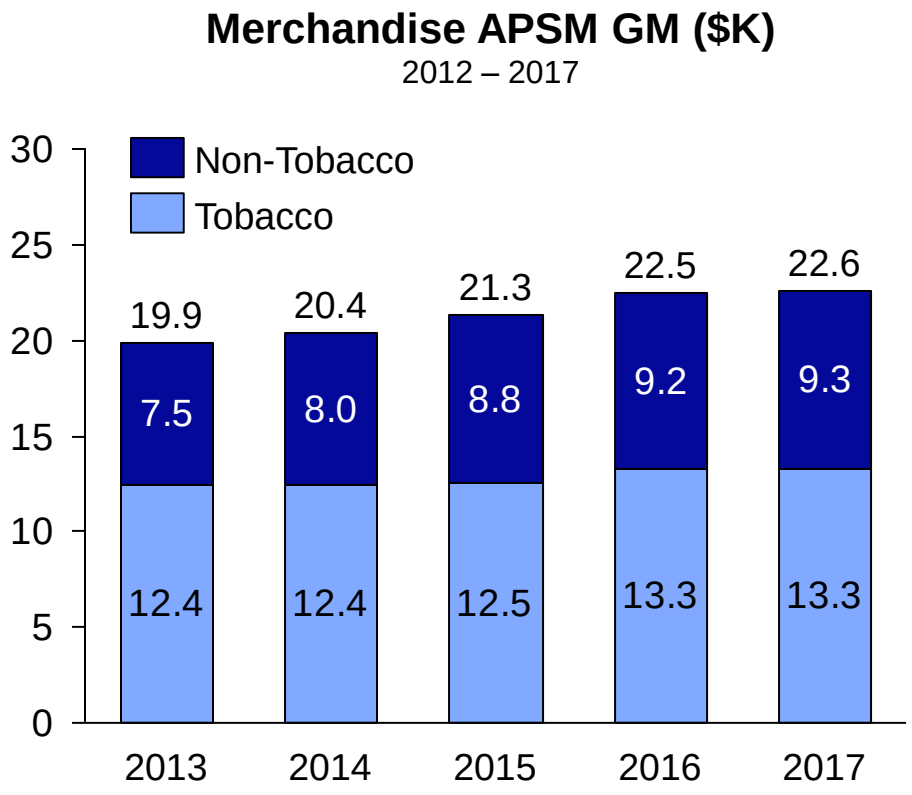
We actively make our business more competitive



$$\text{Fuel Breakeven} = \frac{\text{(Operating expense less payment fees and rent – merchandise margins)}}{\text{Fuel Gallons}}$$

Note: Operating expense includes allocated G&A and other income/expense

Merchandise margins and contribution expanding



Merchandise Margin %	13.1%	14.0%	14.4%	15.6%	16.1%
Non-Tobacco % of GM$	38%	39%	41%	41%	41%

Drivers

Continuous Improvement Initiatives

- Price optimization
- Promotion effectiveness
- Product assortment by format
- Visual merchandise by geography
- Inventory and demand management

Organic Growth Improvements

- Building larger stores
- Raze and Rebuild
- Supercooler and refresh programs
- Loyalty initiative

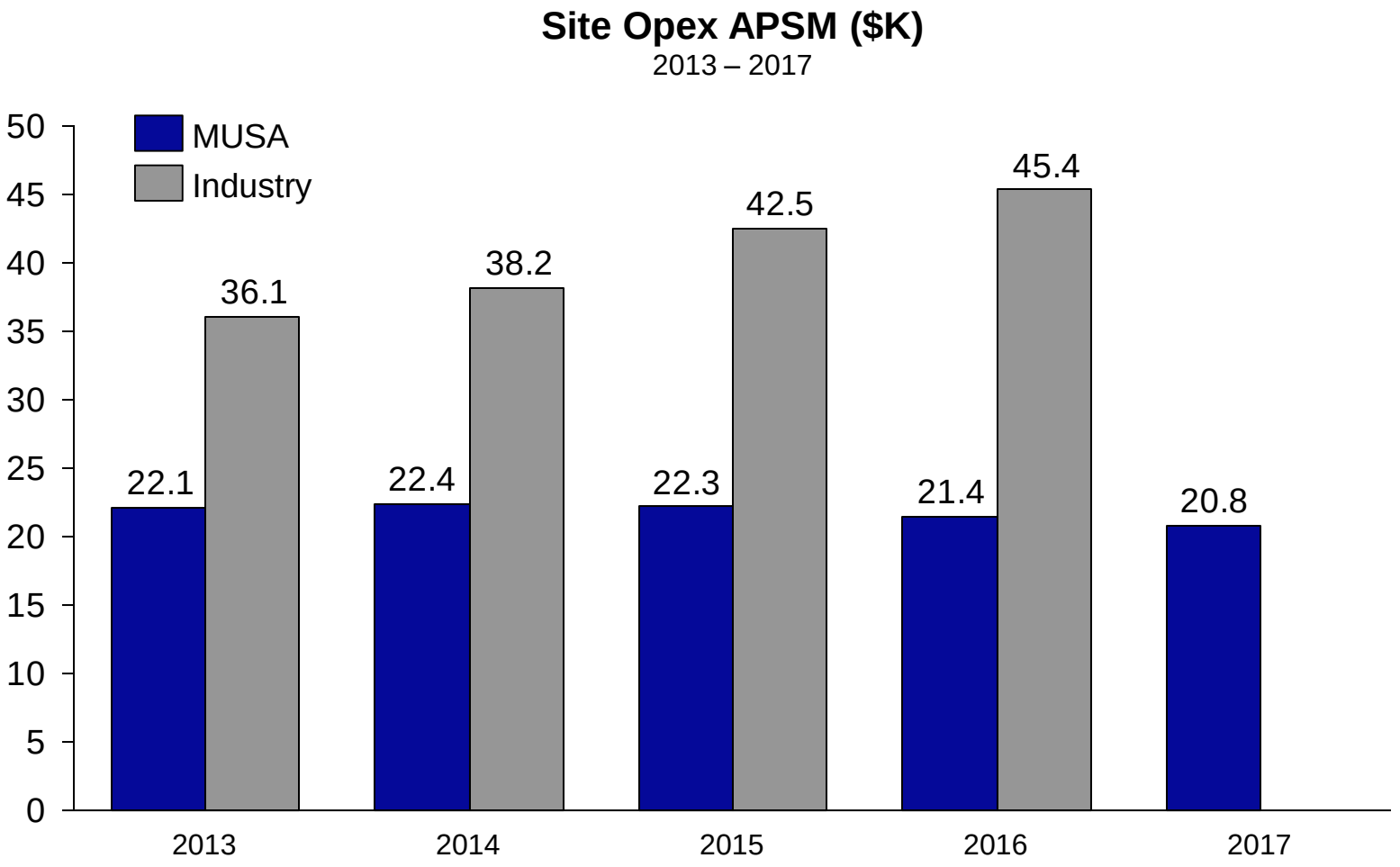
Murphy Drive Rewards: A unique and distinctive loyalty platform

Murphy Drive Rewards is a customer appreciation program that:

- Engages and motivates current customers
- Attracts new customers
- Incentivizes all customers to buy more fuel and more merchandise



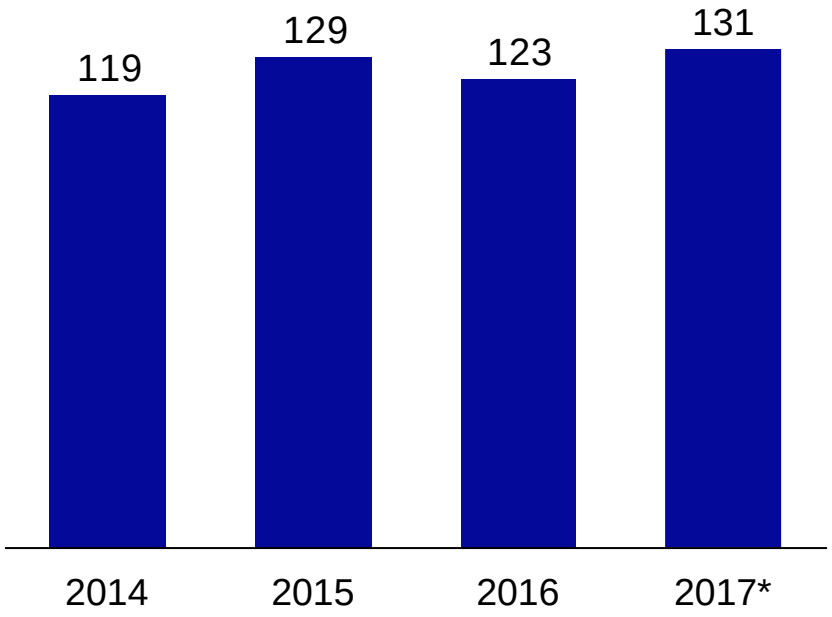
Operating costs declining, bucking the industry trend



Note: MUSA Site OPEX excludes credit card fees; Industry Site Opex sourced from NACS: State of the Industry reports (2017 data not yet available)

SG&A investments enhance capabilities and scalability

Total SG&A ($MM)
2014 – 2017



SG&A per Store (K)**
2014 – 2017

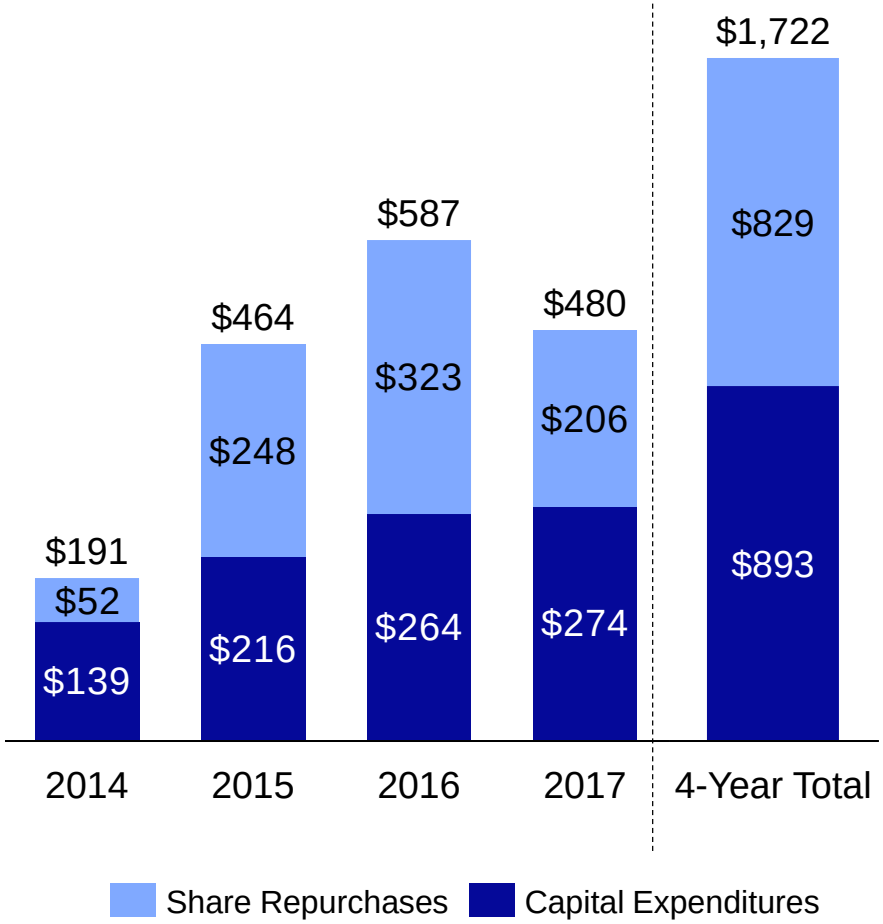
94	**97**	**88**	**91**

*Excludes $10mm charitable contribution
**Using end-of-year store count

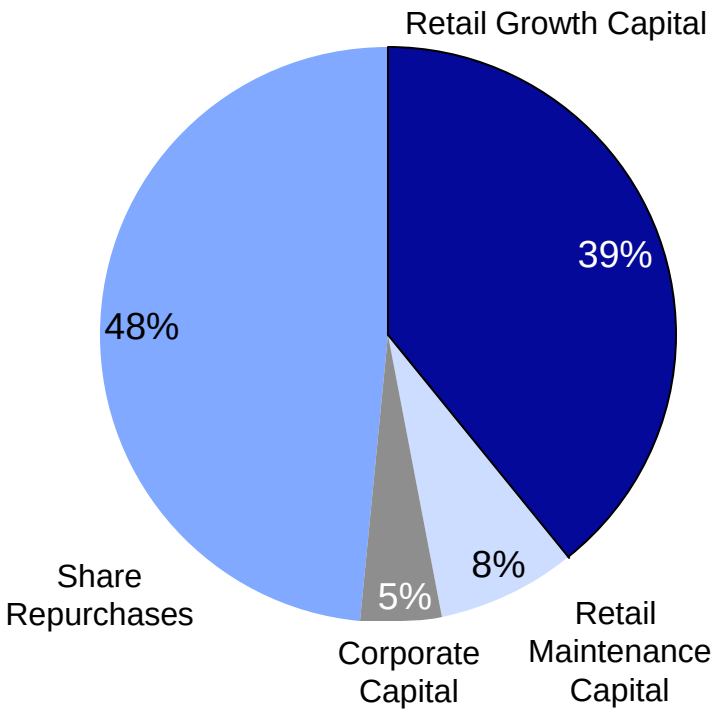
- **People**
  - Establishing competencies to achieve corporate goals and strategies
  - Aligning incentive plans with principles and competencies
  - Empowering leadership to drive change and support value creation process
- **Process**
  - Restructuring corporate functions to support strategy execution
  - Establishing process framework vs. break/fix cycle
  - Proactively managing enterprise risk across the organization
- **Technology**
  - Executing IT strategy and roadmap to manage business priorities and replace patchwork legacy systems
  - Investing in scalable and secure technology platforms
  - Upgrading capabilities in line with major retailing standards

Capital allocation balances growth and capital returns

Capital Allocation ($MM)
2014 - 2017



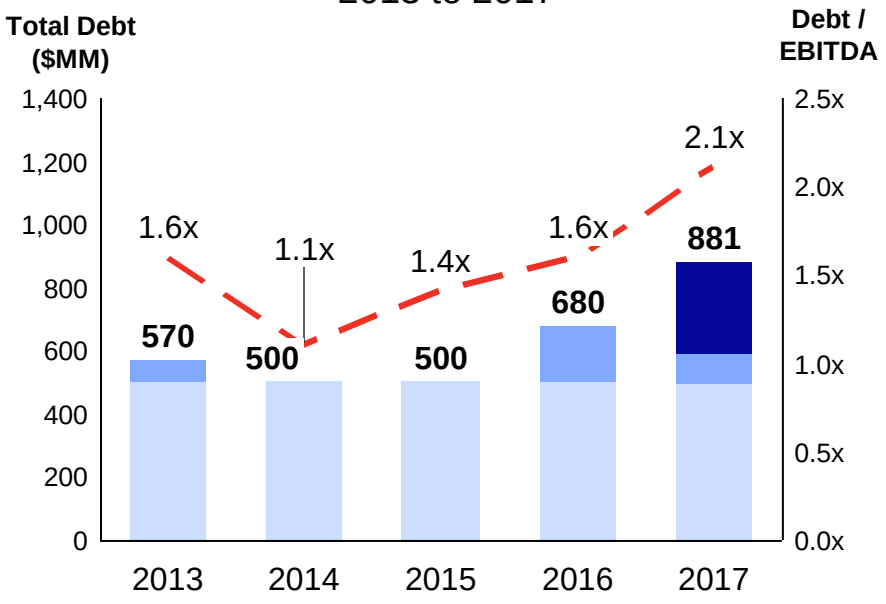
Capital Allocation
2014 - 2017



We have strategically added leverage to boost equity returns

Leverage Structure and Ratio

2013 to 2017



	2013	2014	2015	2016	2017
Total Debt*	**570**	**500**	**500**	**680**	***881***
Senior Note Due 2023	500	500	500	500	*494*
Term Loan	70			180	*92*
Senior Note Due 2027					*295*

* Year-end Balances

- Adding appropriate debt to the balance sheet allows us to leverage business improvements for the benefit of long-term shareholders
- Incremental debt has been opportunistic and cost-efficient
  - Advantaged rate term loan
  - 10 Year Senior Notes @ 5.625%
- Term loan pre-payment flexibility allows for active management of leverage ratio to remain within 2.5x restricted payment covenant
- Buying back shares at advantaged prices will benefit long-term investors given continuous improvements we are making in the business and our view of long-term value creation potential

2018 guidance

	2017 Updated Guidance Range	2017 Actual Results	2018 Guidance Range
Organic Growth			
New Stores	45 to 50	45	Up to 30
Raze and Rebuilds	15 to 20	21	Up to 25
Fuel Contribution			
Total fuel contribution ($ Millions)	N/A	$678	$575 to $700
Annual retail volume (Billion gallons)	4.3 to 4.5	4.1	4.1 to 4.3
Retail fuel volume per store (K gallons APSM)	255 to 265	245.3	235 to 245
Total fuel contribution (cpg)	12.5 to 15	16.4	14 to 16.5
Fuel Breakeven			
Merchandise contribution ($ Millions)	$380 to $390	$381	$390 to $400
Total merchandise sales ($ Millions)	$2,400 to $2,450	$2,373	$2,400 to $2,450
Retail station OPEX excluding credit cards (APSM % YOY change)	Flat to -2%	(2.60)%	Flat to +2%
Corporate Costs			
SG&A ($ Millions per year)	$135 to $140	$141	$135 to $140
Effective Tax Rate	N/A	(2.20)%	24% to 26%
Capital Allocation			
Capital expenditures ($ Millions)	$250 to $300	$274	$225 to $275
Net income ($ Millions)	$90 to $160	$245	$155 to $195
Adjusted EBITDA (non-GAAP) ($ Millions)	$340 to $410	$406	$390 to $440

Through our formula, we continue to build a bright future

MUSA Formula for EPS Growth

EPS Growth

Organic Growth

*

Fuel Contribution

+

Fuel Breakeven

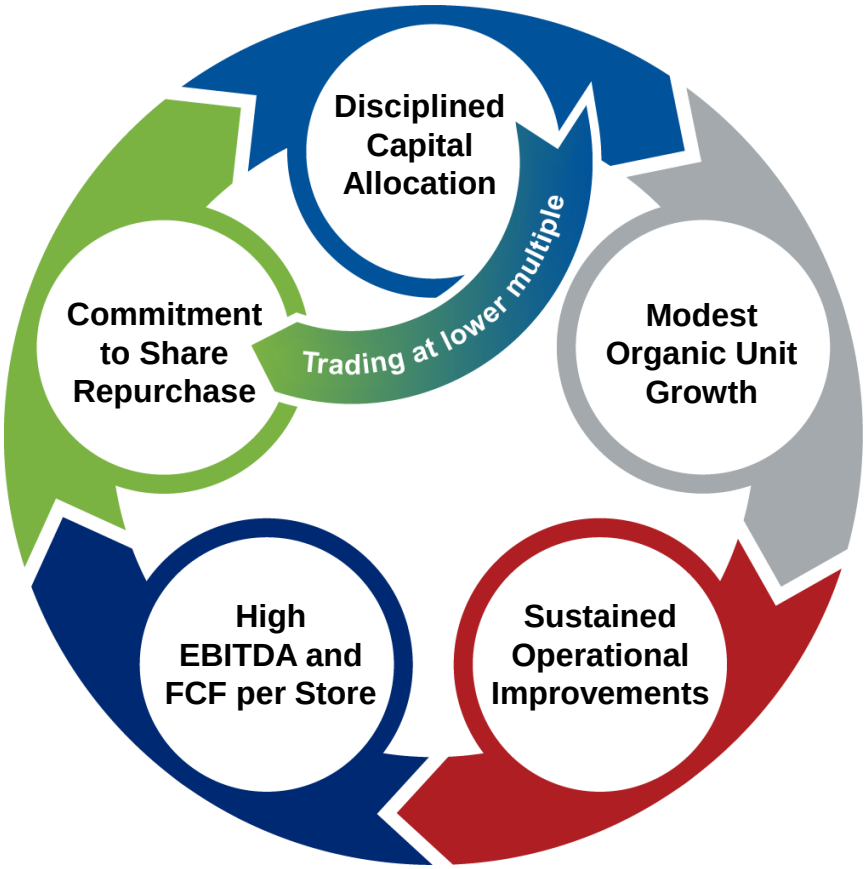
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Corporate Costs

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Shares Outstanding

MUSA Value Creation Drivers



Non-GAAP Adjusted EBITDA Reconciliation

(Thousands of dollars)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2016
Net income	$ 124,840	$ 43,817	$ 245,264	$ 221,492
Income tax expense (benefit)	(73,631)	23,015	(5,242)	130,539
Interest expense, net of interest income	12,314	9,820	45,351	39,126
Depreciation and amortization	33,452	25,863	116,966	98,610
EBITDA	$ 96,975	$ 102,515	$ 402,339	$ 489,767
Accretion of asset retirement obligations	450	414	1,785	1,650
(Gain) loss on sale of assets	524	428	3,950	(88,212)
Other nonoperating (income) expense	1,089	(114)	(2,180)	(3,080)
Adjusted EBITDA	$ 99,038	$ 103,243	$ 405,894	$ 400,125

2018 Full Year Guidance - GAAP to non-GAAP Reconciliation

An itemized reconciliation between projected Net Income and Adjusted EBITDA for the full year 2018 is as follows:

(Millions of dollars)	Fiscal Year 2018
Net Income	**$155 to $195**
	Mid-point
Income taxes	$58
Interest expense, net of interest income	$46
Depreciation and amortization	$133
Other operating and nonoperating expenses, net	$3
Adjusted EBITDA	$390 to $440

For purposes of this reconciliation, the midpoint of a range for each reconciling item was used, and therefore actual results for each of these reconciling items is expected to be higher or lower than the amounts shown above. The size of the ranges varies based on the individual reconciling item and the assumptions made.