







MURPHY USA

Goldman 27th Annual Global Retailing Conference

September 2020

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-Q and 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, 2019, 2018, 2017, 2016, and 2015. 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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Management



Andrew Clyde, President and Chief Executive Officer

- Appointed President and Chief Executive Officer of Murphy USA January 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 of Fuels and Chief Financial Officer

- Joined Murphy USA at spin; previously VP and Treasurer of Murphy Oil Corporation with 17 years of experience in Accounting, Planning, IR and Treasury roles
- 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



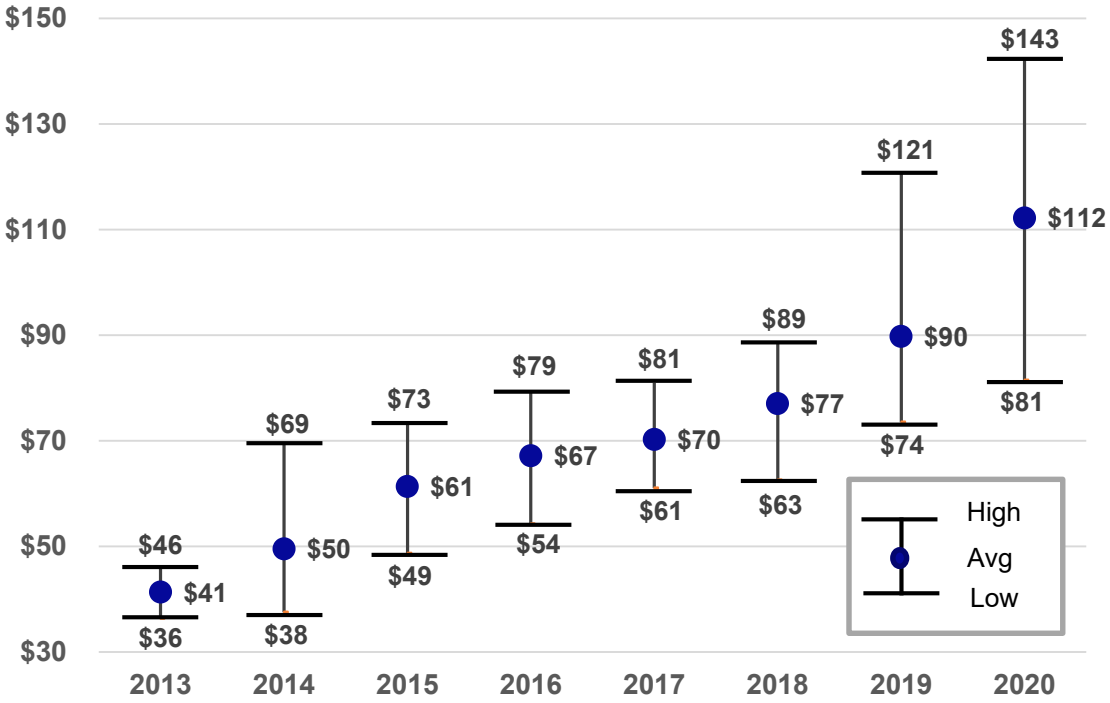
Christian Pikul, Vice President of Investor Relations and FP&A

- Joined Murphy USA in 2015 after a 20-year career in equity research and corporate finance
- Leads the investor relations function and oversees corporate financial planning, budgeting and forecasting functions
- Masters in Finance; Chartered Financial Analyst; IRC

Raising the bar on shareholder value proposition

MUSA High and Low Closing Share Price with Annual Average by Year Since Spin

As of 8/31/2020



TSR	2013	2014	2015	2016	2017	2018	2019	2020
CAGR[4]	17%	15%	13%	14%	17%	21%	26%	NA

(4) Annual average to 2020 YTD average

Set the Bar

Spin to 2018
TSR: 14% CAGR

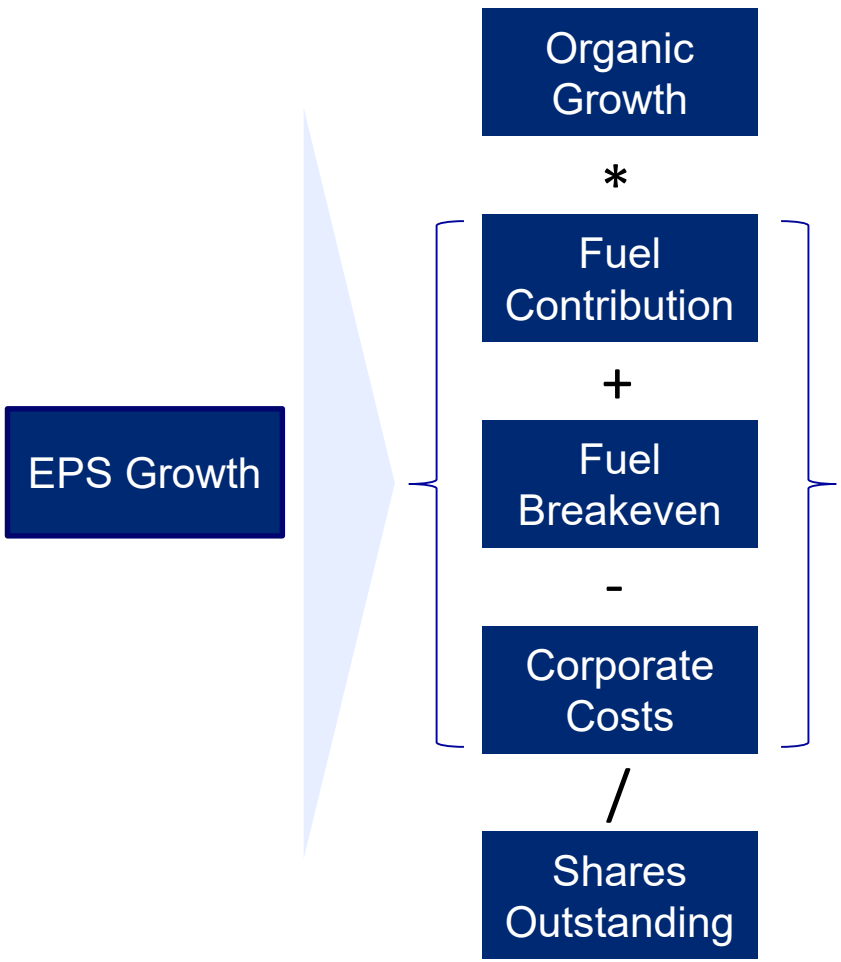
Raise the Bar

2019 to 2023
TSR: 15+% CAGR

	2013	2018	2019	2023
Adjusted EBITDA	$340	$412	$423	$500+
Shares Outstanding (MM)	46.8	32.3	30.5[1]	27.3[2]
EV/EBITDA Multiple[3]	6	9	10	10+

(1) Reflects 2019 ending share count
(2) Illustrative view of 2023 if 5.0 mm shares repurchased from 2019-2023; Repurchased 1.4 mm shares in 2020
(3) High achieved at referenced year's Adjusted EBITDA

Creating value through a simple formula – and executing



Strategy	Levers
Build/Rebuild assets where we have a right to win	• Build high-return 2,800 sq. ft. NTIs in target markets • Convert high-performing kiosks to 1,400 sq. ft. stores • Manage portfolio for long-term
Increase productivity of existing stores to grow competitive advantage	• Grow fuel volume/share profitably – Price with Excellence – Optimize supply chain • Accelerate merchandise sales – Sustain tobacco leadership – Enhance non-tobacco offers and capabilities • Maintain cost leadership – Extend Opex effectiveness – Optimize and scale SG&A
Continue capital allocation discipline to grow company	• Grow free cash flow with earnings • Leverage balance sheet opportunistically • Buyback shares with discipline

Emerging from COVID-19 with positive comps and momentum

Proof Points		Q2 Actuals	July Actuals	August Estimates(*)	September R7 Estimates(*)
Fuel Strength	APSM Gallons	▼ 26.7%	▼ 12.8%	▼ 14.5%	▼ 7.9%
	Total Fuel Contribution ($)	▲ 93.9%	▲ 0.0%	▼ 12.0%	N/A
Merchandise Acceleration	APSM Tobacco Sales	▲ 15.4%	▲ 14.5%	▲ 6.8%	▲ 11.4%
	APSM Non-Tobacco Sales	▲ 13.3%	▲ 16.5%	▲ 8.5%	▲ 18.9%
	Total Merchandise Contribution ($)	▲ 12.3%	▲ 11.8%	▲ 3.7%	▲ 8.0%
Expense Control	APSM Site Operating Expense	▼ 1.4%	▲ 4.9%	N/A	N/A
	Total Operating Expense	▼ 9.4%	▼ 1.0%	N/A	N/A
Financial Metrics	Adjusted EBITDA (MM)	• $274	• $59	• $44	N/A
	Cash (MM)	• $404	• $394	• $450	N/A
	Diluted Earnings Per Share	• $5.73	• $1.05	• $0.68	N/A

* August and September y-o-y comparisons are impacted by multiple events: Labor day weekend 2019 fell primarily in August while Labor Day weekend 2020 fell solely in September; additionally, pre-buying activity from hurricane Dorian was in August 2019 results while August 2020 results reflect both pre-buying activity and subsequent demand loss from Hurricane Laura. Estimates based on available data through September 8. Financial and operating metrics represent actual QTD performance estimates and are not intended to represent Q3 guidance or changes to previously provided annual guidance metrics.

Growing fuel volume/share profitably

Retail Pricing Excellence

- Provide consistent customer-value proposition
- Tailor playbooks by store
- Leverage data and technology

Market and Competitive Dynamics

- Leverage continued price volatility
- Capture share from high-cost players
- Secure advantaged supply with growing “short”

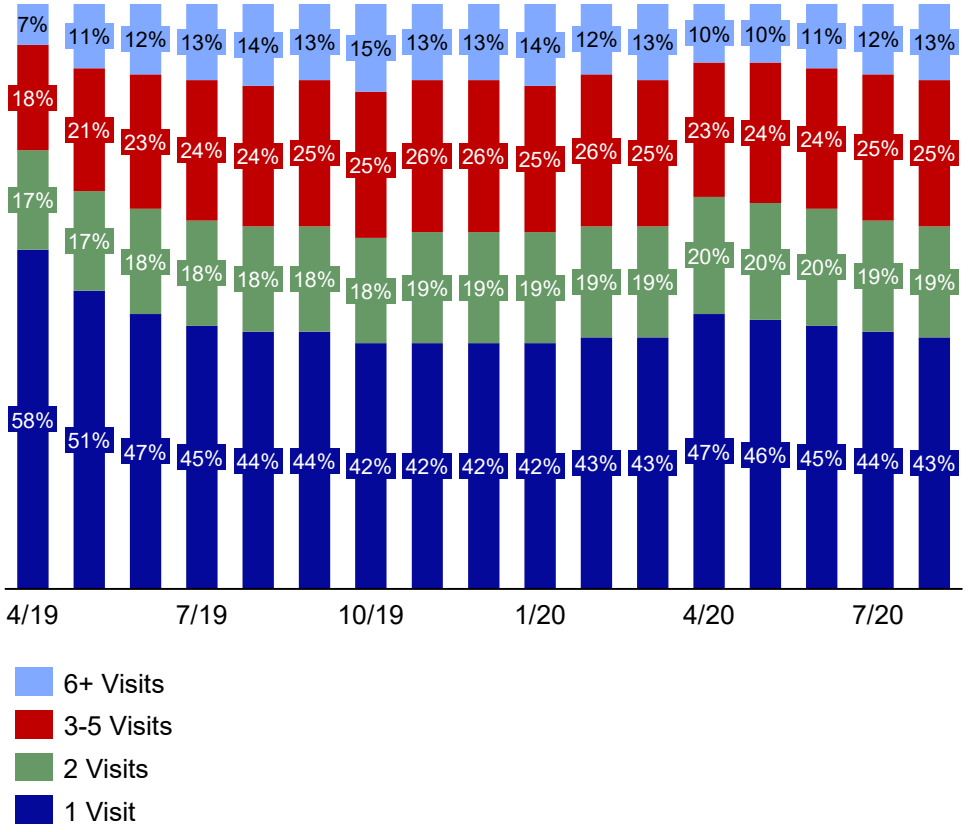
Supply and Distribution

- Increase optionality through contracts
- Optimize store-level supply costs
- Grow proprietary terminal throughput

Creating Customer Stickiness Through MDR

MDR Member Fuel Visits per Month

April 2019 – August 2020



Leveraging long-standing partnerships to drive value



Introducing Walmart+

How it works:

- 5 CPG Fuel discount available to Walmart+ members at Murphy USA and Express sites
- The discount will be activated at the pump for convenient instant savings
- Walmart+ is separate and distinct from the Murphy Drive Rewards loyalty program

Why it makes sense:

- 50% of Murphy USA customers are typically traveling to or from Walmart in the same visit
- Estimated 6 out of 7 Walmart customers do not currently shop at Murphy USA sites
- Walmart+ provides exposure to a different segment of Walmart customers

Accelerating merchandise sales across categories

Tobacco: Growing Same-Store Units

- Maximize funding through enhanced MDR capabilities
- Align growth objectives with partners through innovative promotional strategies
- Leverage category management and pricing expertise

Non-tobacco: Renewed Focus on Promotions and Execution

- Re-invest in categories under pressure
- Re-envision design of large formats
- Intensify focus on execution

Supply Chain: Investing in Efficiency

- Evaluate Core-Mark contract renewal
- Maximize in-stock inventory and DSD service levels
- Automate supply chain processes

Creating Value For Customers and Suppliers Across Product Lifecycle Through MDR

Nicotine Product Examples

	New Products	Core Products	Product Exits
Purpose:	Introduction & trial	Grow share of market	Sell through discontinued inventory
Example:	Oral nicotine	Core cigarette, smokeless, and cigar brands	Flavored vapor pods
MDR Approach:	Create awareness and trial with larger captive audience	Increase units sold per transaction at attractive marketing ROI	Efficiently distribute and retail limited items

Maintaining cost leadership with integrity

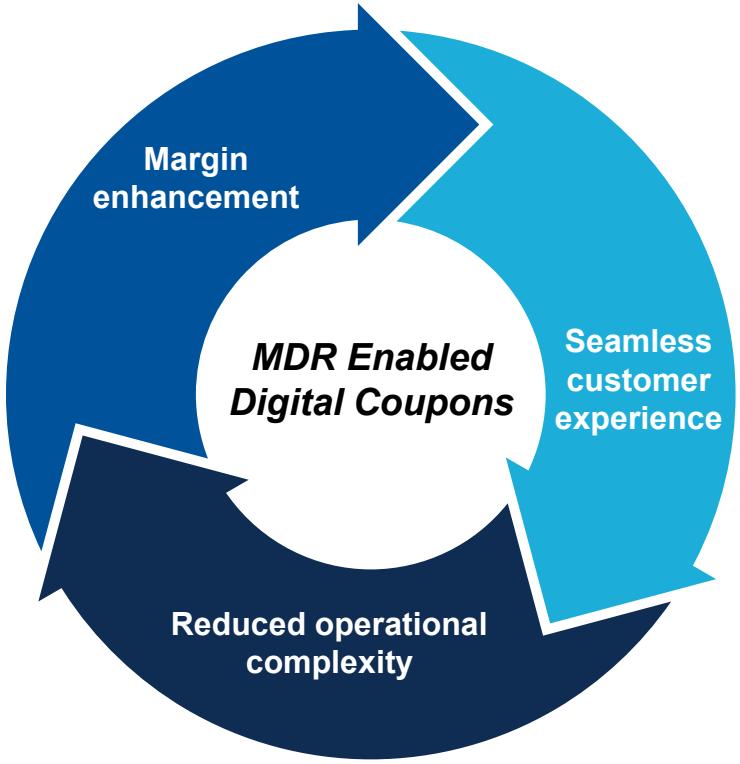
Store Opex: Raising the Bar on Execution Despite Headwinds

- Implement site and market specific performance plans
- Maintain reputational integrity (e.g. age verification, safety, environmental)
- Target new savings opportunities (e.g. asset protection)
- Continue to effectively navigate variable costs despite COVID-19

SG&A: Scale Corporate Investments

- Leverage investment in strategic capabilities (e.g. MDR, data analytics)
- Sustain and prioritize high-table stakes capabilities (e.g. data security)
- Gain scale and maintain agility with high performing organization
- Targeted investments in Food and Beverage capabilities

Reducing Customer Friction and Creating Operational Efficiencies Through MDR



Building high performing new stores

Building Bigger Stores

- Up to 30 NTI's in 2020; 50 thereafter
- Primarily 2,800 sq. ft. stores
- Doubling square footage with fewer stores vs. WMT 200 program

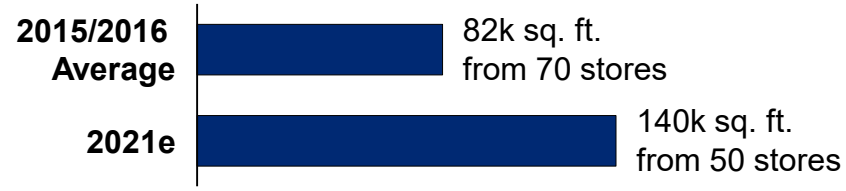
Opening Faster and More Efficiently

- Reduced 22 NTI build days in 2019
- Optimizing merchandise mix for incremental returns
- Ongoing efficiency analysis for labor and store Opex

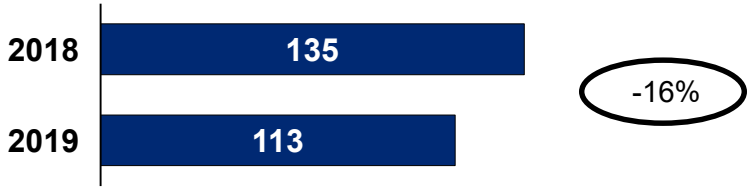
Accelerating Ramp-Up and Returns

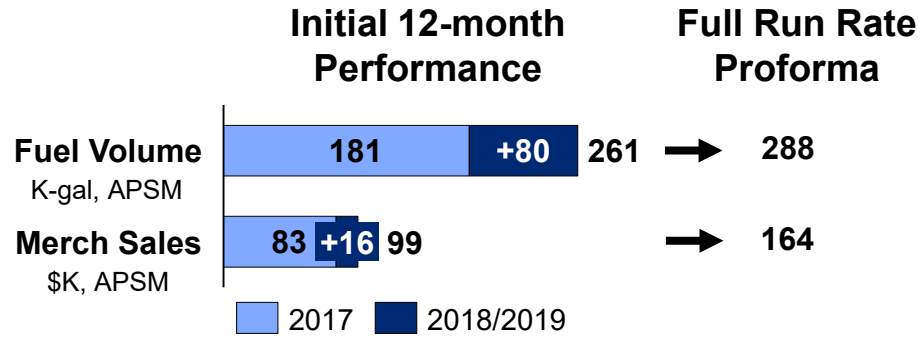
- Fuel volumes up 45%, merchandise sales up 19% in first 12 months
- Proforma unlevered returns of 10%+
- Upside potential from core-store productivity initiatives

Annual Square Footage Additions



2,800 Format Days-to-Build





(1) Full run-rate proforma after 3-year ramp period

Rebuilding kiosks into even higher performing small stores

Replacing High-performing Kiosks with 1,400 sq. ft. Walk-in Stores

- Expanded merchandise offer
- Enhanced customer experience
- Reduced network age

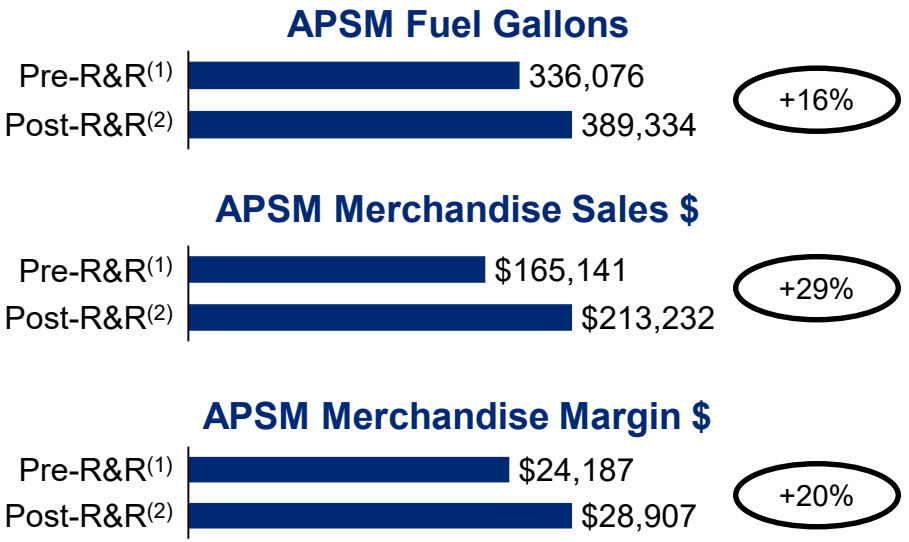
Premium Locations - High Returns

- Completed 86 sites through 2019
- Realized gains in all key metrics
- Unlevered IRR's of 15% to 35%

Portfolio Management

- Planned and preventative maintenance extend useful life
- Network planning opportunities with new in-field locations
- Few, but very limited, end of life exits (e.g. lease renewals on lower performing stores)

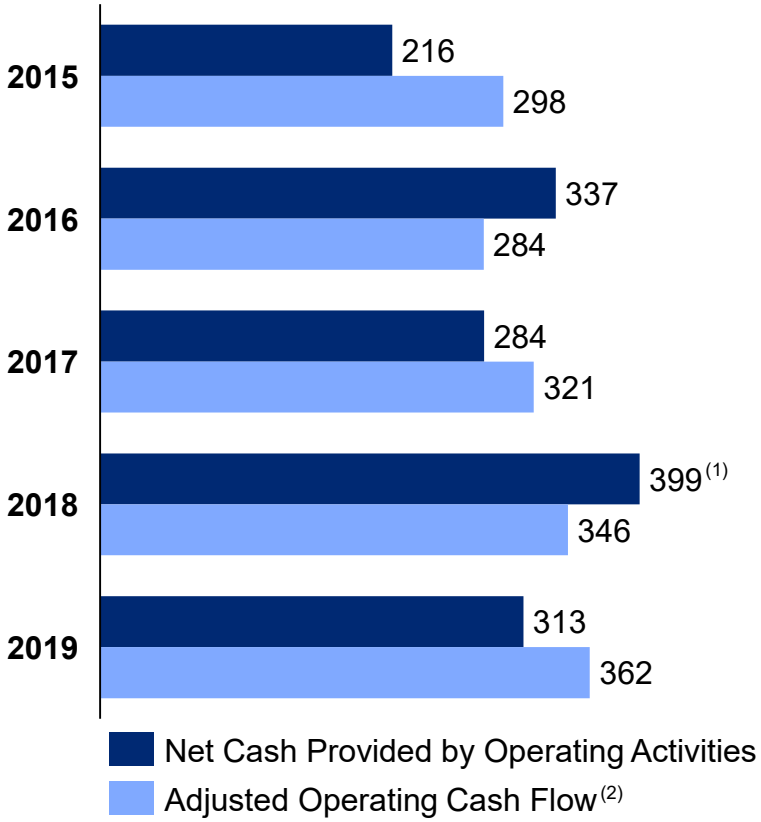




(1) Pre-R&R period reflects LTM performance prior to store closing
(2) Post-R&R period reflects FYE19 performance for all sites with at least 6 full months of performance

Creating optionality through high cash flow operations

Cash Provided by Operating Activities



Net Debt (MM)

As of June 30, 2020

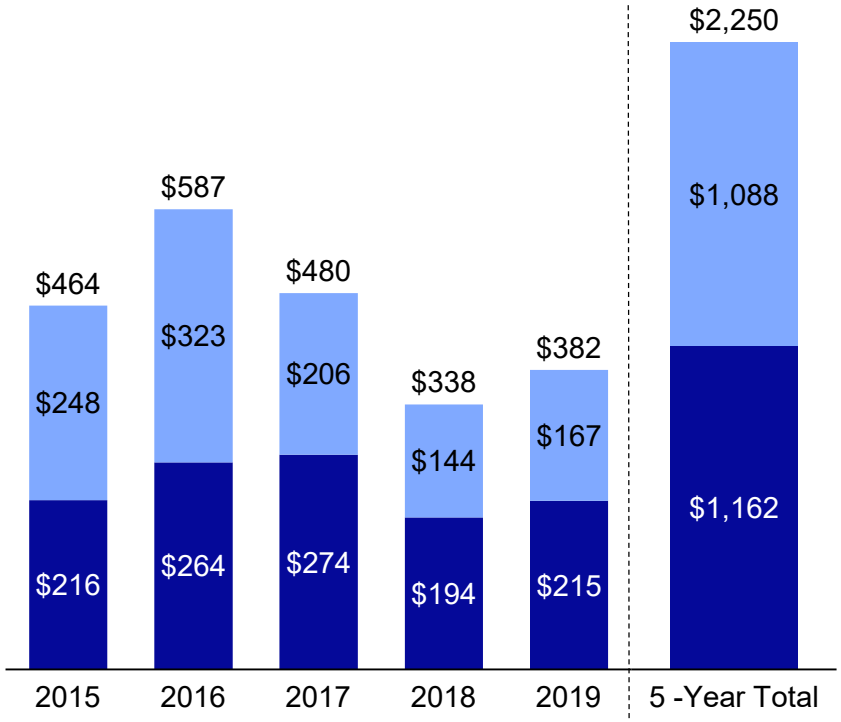
Term Loan	$238
Bonds:	
2017 5.625%	296
2019 4.750%	493
Total Debt	$1,027
Less Cash(3)	(404)
Net Debt	$623
Leverage Ratio(4):	1.4x

(1) 2018 operating cash flow includes BP litigation settlement of approximately $50.4 million
(2) Operating cash flows less non-cash w/c changes and one-time adjustments
(3) Net debt is a non-GAAP financial measure that equals total debt less cash and cash equivalents
(4) As reported to lenders per debt covenant requirements
Note: All cash flows include changes in non-cash working capital

Allocating capital strategically

Capital Allocation ($MM)

2015 – 2019

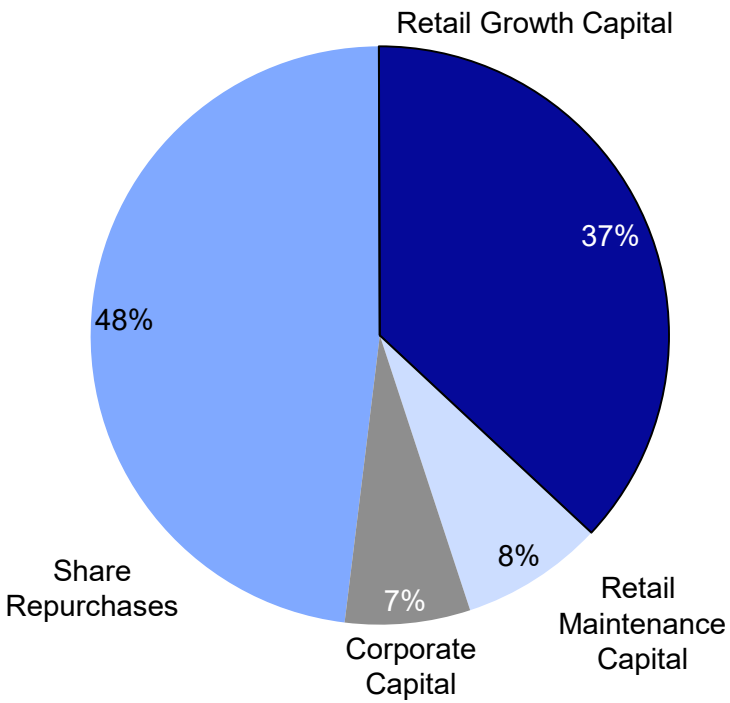


NTI	73	67	45	26	17	228
R&R	1	10	21	27	27	86

Share Repurchases Capital Expenditures

Capital Allocation

2015 – 2019



Appendix

Updated 2020 guidance

	2019 Guidance Range	2019 Actual Results	Updated 2020 Guidance Range
Organic Growth			
New Stores	15-20	17	25-27
Raze and Rebuilds	20-25	27	28-30
Fuel Contribution			
Retail fuel volume per store (K gallons APSM)	240 to 245	248	217.5 to 222.5
Fuel Breakeven			
Merchandise contribution ($ Millions)	$410 to $415	$419	$455 to $460
Retail station Opex excluding credit cards (APSM % YOY change)	Flat to +2%	+2.0%	Up 1% to 3%
Corporate Costs			
SG&A ($ Millions per year)	$145 to $150	$145	$150 to $155
Effective Tax Rate	24% to 26%	24.0%	24% to 26%
Capital Allocation			
Capital expenditures ($ Millions)	$225 to $275	$215	$250 to $275

Note: Guidance updated as of Q2 earnings on July 21

Non-GAAP adjusted EBITDA reconciliation

(Millions of dollars)	Year Ended December 31, 2013	2014	2015	2016	2017	2018	2019	2020 2Q	2020 July	2020 August
Net Income	$ 235.0	$ 243.9	$ 176.3	$ 221.5	$ 245.3	$ 213.6	$ 154.8	$ 168.9	$ 31.0	$ 19.9
Income taxes	100.1	116.4	80.7	130.5	(5.2)	60.3	47.6	54.1	9.9	6.4
Interest expense, net of interest income	13.4	36.4	31.4	39.1	45.4	51.4	51.7	12.8	4.2	4.1
Depreciation and amortization	74.1	79.1	86.6	98.6	116.9	134.0	152.2	39.5	13.8	13.2
EBITDA	$ 422.6	$ 475.7	$ 375.0	$ 489.8	$ 402.4	$ 459.3	$ 406.3	$ 275.3	$ 58.9	$ 43.6
Net settlement proceeds	-	-	-	-	-	(50.4)	(0.1)	-	-	-
Accretion of asset retirement obligations	1.1	1.2	1.5	1.7	1.8	2.0	2.1	0.5	-	-
(Gain) loss on sale of assets	(6.0)	(0.2)	4.7	(88.2)	3.9	1.1	(0.1)	(1.3)	0.1	-
Loss on early debt extinguishment				-	-	-	14.8	-	-	-
Other nonoperating (income) expense	(0.2)	(10.2)	0.5	(3.1)	(2.2)	(0.2)	(0.4)	(0.3)	(0.2)	-
(Income) loss from discontinued operations, net	(80.9)	(20.9)	(38.7)	-	-	-	-	-	-	-
Adjusted EBITDA	$ 336.6	$ 445.7	$ 342.9	$ 400.1	$ 405.9	$ 411.8	$ 422.6	$ 274.2	$ 58.8	$ 43.6

Non-GAAP adjusted Cash Flow Reconciliation

(Millions of dollars)	Year Ended December 31, 2015	2016	2017	2018	2019
Net Cash Provided by Operating Activities	$ 233.7	$ 337.4	$ 283.6	$ 398.7	$ 313.3
Net Change in Noncash Operating Working Capital	46.6	(53.7)	37.0	(2.3)	48.7
Net Cash provided by Disc-Ops	17.9				
One-Time Adjustment (BP Settlement)	-	-	-	(50.4)	-
Adjusted Operating Cash Flow	$ 298.2	$ 283.7	$ 320.6	$ 346.0	$ 362.0

Non-GAAP Adjusted EBITDA Reconciliation

2020 and 2023 – GAAP to non-GAAP Reconciliation

(Millions of dollars)	Calendar Year 2020	Calendar Year 2023
Net Income	$162	$175
Income taxes	$55	$59
Interest expense, net of interest income	$51	$44
Depreciation and amortization	$171	$221
Other operating and nonoperating, net	$1	$1
Adjusted EBITDA	$440	$500

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.