



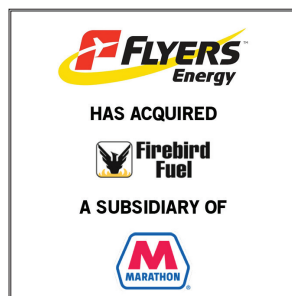
Energy Sector Market Update

Summer 2022

M&A Advisory for the Energy Industry

DCA Partners is a boutique investment bank specializing in M&A advisory services throughout the western United States. Our industry expertise and entrepreneurial experience allows us to bring a unique perspective to every single engagement.

Select Transactions



Our Energy Team



CURT ROCCA
Managing Partner
crocca@dcapartners.com



BRENT HAAPANEN
Managing Director
bhaapanen@dcapartners.com



LARS BECHERT
Associate
lbechert@dcapartners.com



AMANDA SCHROEDER
Director of Marketing
aschroeder@dcapartners.com

The New Frontier for C-Stores: EV Charging Stations

The Energy sector is currently facing a significant number of challenges. Business leaders have to navigate inflation at each stage of the value chain, a shortage of skilled labor, rising interest rates, as well as geopolitical tensions and embargos. The more downstream subsectors, including fuel distribution and C-stores, often face public scrutiny, being blamed for high prices at the pump.

Executives currently focus most of their attention on operations, particularly in the areas of sourcing, pricing, and hiring. Nonetheless, they're cautioned not to lose track of strategic objectives. As sustainability practices become industry norms, companies need to stay current on the latest market dynamics. Among those trends, C-store operators are increasingly faced with the question of whether to add charging stations to accommodate drivers of EVs.

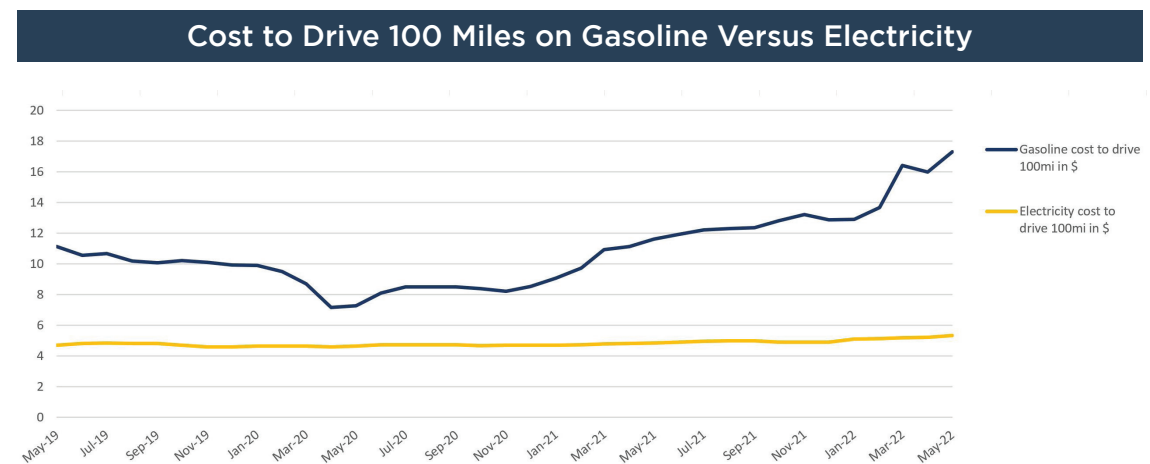
This decision is partly driven by predicting future demand. Some states have already passed laws restricting the sale of gas-powered vehicles in future years, with several others likely to follow suit. Consumer preferences are changing

concurrently, partly driven by high fuel costs. In order to continue to attract people to higher-margin in-store items, C-store operators will need to be able to fuel up their customers' new vehicles.

Some companies have already taken the leap. 7-Eleven expressed their goal to add charging ports to 250 of its stores in the U.S. and Canada by year-end. Circle K, Stewart's Shops, Sheetz, Pilot Co. and bp are some of the other operators that have integrated, or are planning to integrate, EV charging into their forecourts, while also taking

advantage of state and federal grants and tax deductions.

Attracting customers through charging stations could offset the decline in the number of transactions that C-stores have faced since COVID. But C-store operators are looking at the opportunity holistically: since EV charging takes 30 minutes to several hours, drivers will seek chargers in locations where they prefer to spend time, such as shopping malls and movie theaters. In order to compete, C-stores will need to provide leisure areas, such as cafes or other fresh-food service.



Sources: U.S. Energy Information Administration, U.S. Environmental Protection Agency, Federal Reserve Bank of St. Louis, Eco Cost Savings

Short-Term Fossil Fuel Renaissance

The Energy sector has experienced a lot of volatility in the past 12 months. While 2021 was largely characterized by the recovery from the COVID pandemic, 2022 has started off with an Energy emergency brought about by the conflict between Russia and Ukraine.

As a result of the conflict, Western countries have introduced sanctions that make it difficult to clear Russian oil transactions, which account for about 10% of global supply, through

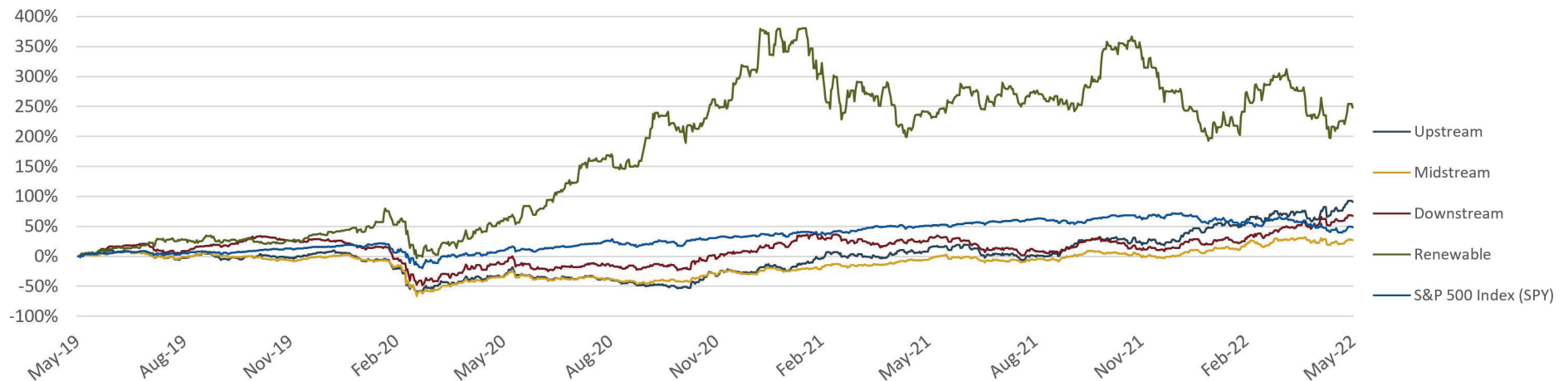
Western financial institutions. At the same time, Energy demand continues to be high. This has led to price increases throughout the sector, with fuels becoming one of the main contributors to inflation in the US.

Oil companies have mostly benefitted from these dynamics, largely outperforming the market in 2022. The effect of the Energy emergency on renewables has been more nuanced and volatile with

average valuations down from their previous local high at the end of last year.

It has become apparent from the Energy emergency that renewable sources are not yet sufficient in plugging holes in demand created by reduced oil supply. This has led both the private and public sectors to shift their focus to investing in and increasing fossil fuel capacity in the short term, hurting renewable valuations as a result.

Public Valuations: Share Price (Growth Over Trailing 36 Months)



Note: Underlying companies within the data sets above are detailed on the following four pages.

Public Comparables Analysis – Upstream

As of May 31, 2022 (USD in millions)

Comparables Subset – Upstream								
Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value/	
							Revenue	EBITDA
Exxon Mobil Corp	XOM	\$404,404	\$448,178	\$306,874	\$61,561	20.1%	1.5x	7.3x
Chevron Corp	CVX	343,174	361,684	176,844	46,708	26.4%	2.0x	7.7x
Conocophillips	COP	145,332	156,934	53,764	27,230	50.6%	2.9x	5.8x
EOG Resources	EOG	80,219	81,532	22,386	9,326	41.7%	3.6x	8.7x
Occidental Petroleum	OXY	64,957	99,913	29,012	15,451	53.3%	3.4x	6.5x
Pioneer Natural Resources	PXD	67,250	70,019	20,953	8,169	39.0%	3.3x	8.6x
Hess Corp	HES	38,307	46,300	7,888	3,700	46.9%	5.9x	12.5x
Oasis Petroleum	OAS	3,116	3,110	1,877	387	20.6%	1.7x	8.0x
Diamondback Energy	FANG	26,982	33,790	8,021	5,127	63.9%	4.2x	6.6x
Phillips 66	PSX	48,500	59,905	126,028	5,509	4.4%	0.5x	10.9x
Devon Energy Corporation	DVN	49,434	53,816	13,968	6,745	48.3%	3.9x	8.0x
Marathon Oil Corporation	MRO	22,243	25,576	6,185	3,942	63.7%	4.1x	6.5x
	Mean	\$107,826	\$120,063	\$64,483	\$16,155	39.9%	3.1x	8.1x
	Median	\$57,195	\$64,962	\$21,670	\$7,457	44.3%	3.4x	7.9x

Source: Pitchbook. “NM” = Not Meaningful



Public Comparables Analysis – Midstream

As of May 31, 2022 (USD in millions)

Comparables Subset – Midstream								
Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value/	
							Revenue	EBITDA
Enterprise Products Partners LP	EPD	\$59,788	\$90,228	\$44,660	\$7,974	17.9%	2.0x	11.3x
Kinder Morgan Inc.	KMI	44,647	77,624	15,692	4,901	31.2%	4.9x	15.8x
Williams Cos Inc. (The)	WMB	45,140	69,652	10,539	5,080	48.2%	6.6x	13.7x
MPLX LP	MPLX	33,355	55,985	9,836	5,270	53.6%	5.7x	10.6x
Energy Transfer LP	ET	35,977	100,097	70,913	10,761	15.2%	1.4x	9.3x
ONEOK Inc	OKE	29,410	43,205	18,790	3,327	17.7%	2.3x	13.0x
Cheniere Energy Partners LP	CQP	26,026	42,149	10,799	2,830	26.2%	3.9x	14.9x
Cheniere Energy	LNG	34,759	65,699	20,258	(1,433)	NM	3.2x	NM
Magellan Midstream Partners LP	MMP	10,938	16,420	2,777	1,341	48.3%	5.9x	12.2x
Targa Resources Corp	TRGP	16,420	26,602	18,276	1,632	8.9%	1.5x	16.3x
Western Midstream Partners LP	WES	11,152	17,953	2,960	1,968	66.5%	6.1x	9.1x
Plains All American Pipeline LP	PAA	8,003	22,209	47,389	1,773	3.7%	0.5x	12.5x
Hess Midstream LP	HESM	1,434	4,570	1,227	918	74.8%	3.7x	5.0x
Phillips 66 Partners LP	PSXP	7,864	12,696	1,080	864	80.0%	11.8x	14.7x
	Mean	\$27,465	\$48,646	\$21,086	\$3,565	34.4%	3.7x	12.0x
	Median	\$29,410	\$43,205	\$15,692	\$2,830	28.7%	3.7x	12.4x

Source: Pitchbook. “NM” = Not Meaningful



Public Comparables Analysis – Downstream

As of May 31, 2022 (USD in millions)

Comparables Subset – Downstream								
Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value/	
							Revenue	EBITDA
Phillips 66	PSX	\$48,500	\$59,905	\$126,028	\$5,509	4.4%	0.5x	10.9x
Marathon Petroleum Corp	MPC	55,068	79,832	135,330	8,934	6.6%	0.6x	8.9x
Valero Energy Corp	VLO	52,889	65,001	131,713	6,564	5.0%	0.5x	9.9x
New Fortress Energy Inc	NFE	9,670	14,052	1,682	634	37.7%	8.4x	22.2x
HollyFrontier Corp	HFC	12	15	13	1	9.3%	1.1x	12.3x
Renewable Energy Group	REGI	3,097	3,005	3,640	241	6.6%	0.8x	12.4x
Clean Energy Fuels Corp	CLNE	1,232	1,093	262	(61)	NM	4.2x	NM
Sunoco LP	SUN	3,454	7,571	19,527	950	4.9%	0.4x	8.0x
CVR Energy Inc	CVI	3,461	4,624	8,152	740	9.1%	0.6x	6.2x
World Fuel Services Corp	INT	1,562	2,184	37,761	239	0.6%	0.1x	9.1x
Enviva Partners LP	EVA	5,184	6,349	1,034	(58)	NM	6.1x	NM
Delek US Holdings	DK	2,063	3,739	12,715	299	2.3%	0.3x	12.5x
PBF Energy Inc	PBF	4,011	8,191	31,470	1,151	3.7%	0.3x	7.1x
Gevo Inc	GEVO	847	628	1	(60)	NM	810.9x	NM
	Mean	\$13,646	\$18,299	\$36,381	\$1,792	8.2%	59.6x	10.9x
	Median	\$3,458	\$5,487	\$10,434	\$466	5.0%	0.6x	9.9x

Source: Pitchbook. “NM” = Not Meaningful



Public Comparables Analysis – Renewables

As of May 31, 2022 (USD in millions)

Comparables Subset – Renewables								
Company Name	Ticker	Market Cap	Enterprise Value	Last Twelve Months				
				Revenue	EBITDA	EBITDA Margin	Enterprise Value/	
							Revenue	EBITDA
Renewable Energy Group	REGI	\$3,097	\$3,005	\$3,640	\$241	6.6%	0.8x	12.4x
Brookfield Renewable Corp	BEPC	6,200	30,278	3,457	2,268	65.6%	8.8x	13.3x
NextEra Energy Partners LP	NEP	6,012	19,572	1,017	842	82.8%	19.2x	23.2x
Ormat Technologies Inc	ORA	4,708	6,578	680	387	56.9%	9.7x	17.0x
Sunnova Energy International Inc	NOVA	2,293	6,122	266	43	16.2%	23.0x	141.8x
SunRun	RUN	5,488	13,783	1,771	(165)	NM	7.8x	NM
First Solar Inc	FSLR	7,526	6,378	2,487	521	20.9%	2.6x	12.3x
SunPower Corp	SPWR	3,072	3,192	1,367	47	3.4%	2.3x	68.0x
Enphase Energy	ENPH	25,141	25,365	1,522	262	17.2%	16.7x	96.8x
Plug Power	PLUG	10,683	8,059	571	(513)	NM	14.1x	NM
ON Semiconductor Corporation	ON	26,366	27,946	7,203	2,390	33.2%	3.9x	11.7x
SolarEdge Technologies, Inc.	SEDG	15,109	14,686	2,213	242	10.9%	6.6x	60.6x
Cree, Inc.	CREE	9,301	9,034	664	(219)	NM	13.6x	NM
	Mean	\$9,615	\$13,384	\$2,066	\$488	31.4%	9.9x	45.7x
	Median	\$6,200	\$9,034	\$1,522	\$242	19.1%	8.8x	20.1x

Source: Pitchbook. "NM" = Not Meaningful

Select Recent Energy Sector M&A Activity

Financing Date	Investor(s)/Buyer(s)	Target	Target Description	Deal Type	Value (\$M)
June-22	Chevron	Renewable Energy Group	Producer and refiner of biofuels in the oil and gas industry.	Merger/Acquisition	2,067
June-22	Superior Plus	Quarles Petroleum (Delivered Fuels Business)	Distributor of retail propane intended to serve residential and commercial customers.	Merger/Acquisition	144
May-22	PPL	Rhode Island Energy	Rhode Island's primary electric and gas utility. Formerly Narragansett Electric Co.	Merger/Acquisition	5,300
May-22	Centennial Resource Development	Colgate Energy	Operator of an oil exploration and production company based in Midland, Texas.	Merger/Acquisition	3,900
May-22	Kohlberg Kravis Roberts	ContourGlobal	Wholesale power generation group with thermal and renewable power generation assets.	Buyout/LBO	1,930
May-22	PDC Energy	Great Western Petroleum	Provider of exploration and drilling services intended for oil and natural gas.	Merger/Acquisition	1,300
May-22	Renewable Energy Group	Dawson Oil Company	Supplier of diesel, gasoline, DEF and lubricants.	Merger/Acquisition	Undisclosed
March-22	Crescent Energy Company, EnCap Investments, Verdun Oil Company	EP Energy (Uinta Oil And Gas Assets In Utah)	A portfolio of oil and gas producing assets located in the Uinta Basin of Utah.	Buyout/LBO	1,445
March-22	Northstar Energy Corporation	City Service Valcon	Distributor of fuel, propane and lubricants to both commercial and residential sectors.	Merger/Acquisition	Undisclosed
March-22	HF Sinclair	Sinclair Oil	Operator of a vertically-integrated oil firm offering expertise from oil and gas exploration to motor fuel distribution.	Merger/Acquisition	2,600
March-22	Chesapeake Energy	Chief Oil & Gas	Operator of natural gas exploration and production company focused on the Marcellus Shale in Northeast Pennsylvania.	Merger/Acquisition	2,600
March-22	Whiting Petroleum	Oasis Petroleum	Independent exploration and production company.	Merger/Acquisition	5,828
March-22	Kohlberg Kravis Roberts	Clearway Community Energy	Provider of district energy, combined heat and power and microgrids.	Buyout/LBO	1,900
February-22	JP Morgan Asset Management	South Jersey	Primarily involved in transmitting, distributing, and selling natural gas and electricity in the mid-Atlantic U.S.	Buyout/LBO	8,071
February-22	News Corp	Oil Price Information Service	Provider of oil price information services intended to bring price transparency across the global fuel supply chain.	Merger/Acquisition	1,150
February-22	ArcLight Capital Partners	PSEG (Fossil Generating Portfolio)	6,750-megawatt fossil generating portfolio in New Jersey, Connecticut, Maryland and New York.	Buyout/LBO	1,920
February-22	Enterprise Products Partners	Navitas Midstream Partners	Operator of a midstream oil and gas company focused on midstream assets across multiple basins in North America.	Merger/Acquisition	3,250
January-22	Pemex	Deer Park Refining	Operator of a crude oil refining company based in Deer Park, Texas.	Merger/Acquisition	1,192
January-22	Renewable Energy Group	Amber Resources	Distributor of petroleum products intended to serve oilwell drilling industry.	Merger/Acquisition	Undisclosed
January-22	World Fuel Services	Flyers Energy	Provider of fleet fueling, diesel exhaust fluid, lubricants, fleet fuel cards, and other petroleum solutions.	Merger/Acquisition	775

Transaction led by DCA Partners

C-Stores Still In High Demand

Global M&A markets, in particular large strategic transactions and buyouts, seem to have cooled off in 2022, owing to inflationary pressures, recession fears and the rising cost of capital.

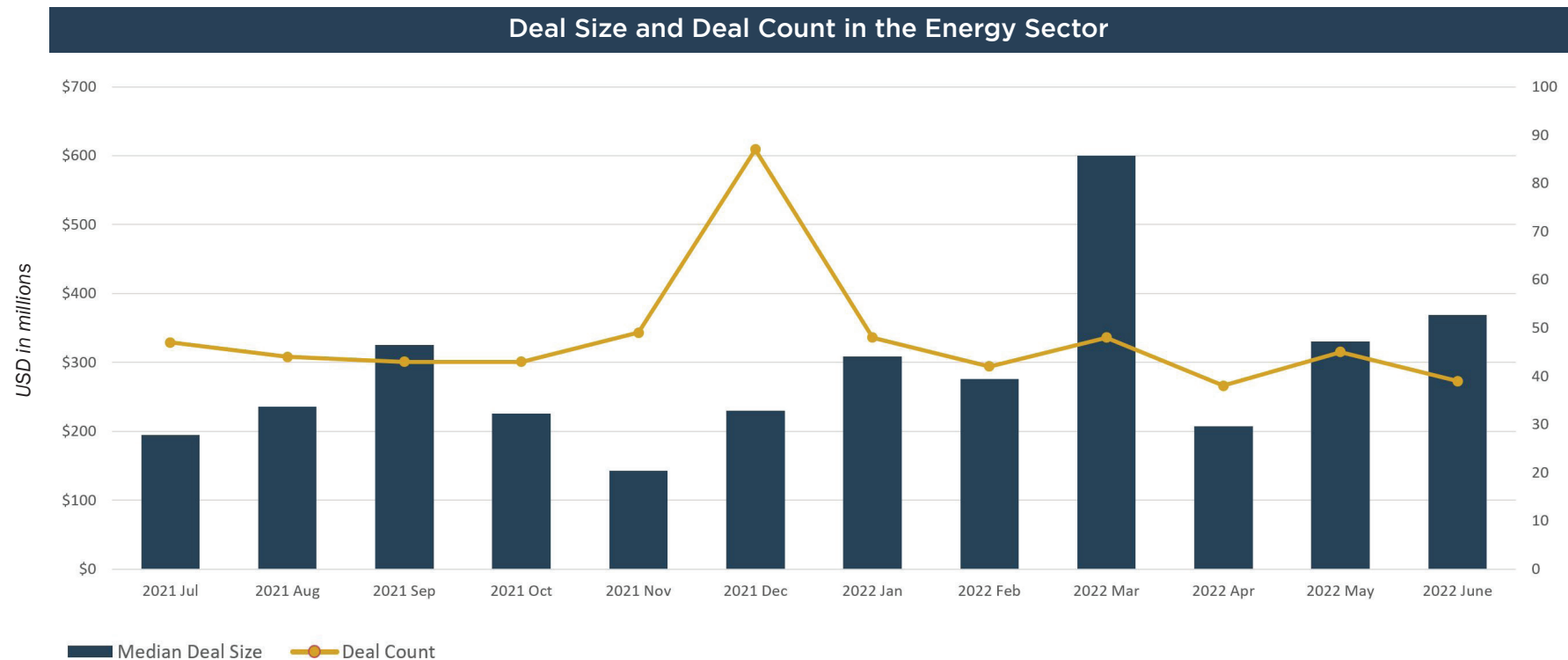
In contrast, the Energy sector has seen no slowdown, partly buoyed by strong valuations. Following a high in deal count at year end, which is often a convenient close date, activity has remained consistently

strong throughout 2022. March spiked in median deal size due to a number of large Energy exploration deals.

One subsector that has fared particularly well this year is retail fuel distribution, as owners continue to reevaluate their portfolios in the face of changing market dynamics.

In June alone, a large number of important transactions were

announced or closed. This included the transactions between Shell and the Landmark group (184 C-stores, June 1), BreakTime and CEFCO (48 C-stores, June 2), White Oak and Kum & Go (14 C-stores, June 13), Refuel and Embark (11 C-stores, June 14), Heas Energy and Moore's (6 C-stores, June 21), as well as Moe's and Loeder (9 C-stores, June 22). High M&A activity is expected to continue throughout the summer months.



Source: Pitchbook



About DCA Partners

Growth Through Acquisition

Our advisors help companies accomplish their growth objectives through a well-executed, acquisition-driven growth strategy that maximizes financial returns and mitigates risks—no matter how large, small, or specialized the transaction may be.

Sell Your Business

We bring technological sophistication, broad transaction experience, and deep industry expertise and relationships to every one of our sell-side engagements. The result is a world-class suite of services coupled with a unique and highly competitive transaction process that ultimately creates premium value for our clients.

Strategic Advisory

DCA serves some of the most respected companies in the region, providing guidance, strategic advice, and operational oversight to businesses across a wide range of industry sectors.

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We are happy to answer your questions and provide a confidential, complementary conversation regarding your strategic business goals.

3721 Douglas Boulevard, Suite 350
Roseville, CA 95661

(916) 960-5350 | info@dcapartners.com

DCAPARTNERS.COM

