Corner Capital

JULY 2026

M&A & CAPITAL MARKETS PERSPECTIVE

Downstream Energy: Mid-Year 2026 Market Update

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What We're Seeing at Mid-Year

Five themes shaping the downstream M&A market

1 **The first half of 2026 stress-tested the downstream industry and the industry passed.** The Middle East supply shock whipsawed fuel costs through H1, yet per-gallon margins expanded through the volatility.

2 **Record results are funding an aggressive buyer pool.** Public consolidators posted 29% to 65% year-over-year Adj. EBITDA growth and carry stated acquisition budgets, led by Sunoco's $500M+ annual bolt-on program. H1's 22 announced deals keep activity at 2025's elevated pace.

3 **Valuations are being validated from two directions.** Public trading multiples across the retail and wholesale basket sit near cyclical highs, and the reopened IPO window (APC in February, Yesway in April, EG Group on file) shows public investors underwriting the same values private buyers are paying.

4 **Washington moved the math in favor of doing deals.** Permanent 100% bonus depreciation, restored EBITDA-based interest deductibility, and expanded QSBS let buyers pay roughly 10% more for the same after-tax return while sellers keep more of the proceeds.

5 **Deals are clearing on demand, not cheap debt.** Short rates are down roughly 170 bps from the peak but long rates remain firm. Today's activity rests on strategic demand, synergies, and tax math — a more durable window than a rate-driven cycle.

22
H1 2026 downstream deals announced (CCA database)

+7cpg
step-up in rack-to-retail fuel margins, 12/31/2025 to 6/30/2026

$341B
record 2025 inside sales; 23rd straight year of growth (NACS)

13.2x
cap-weighted forward EV/EBITDA, retail & wholesale basket

2
downstream energy IPOs completed in H1 2026 (APC, YSWY)

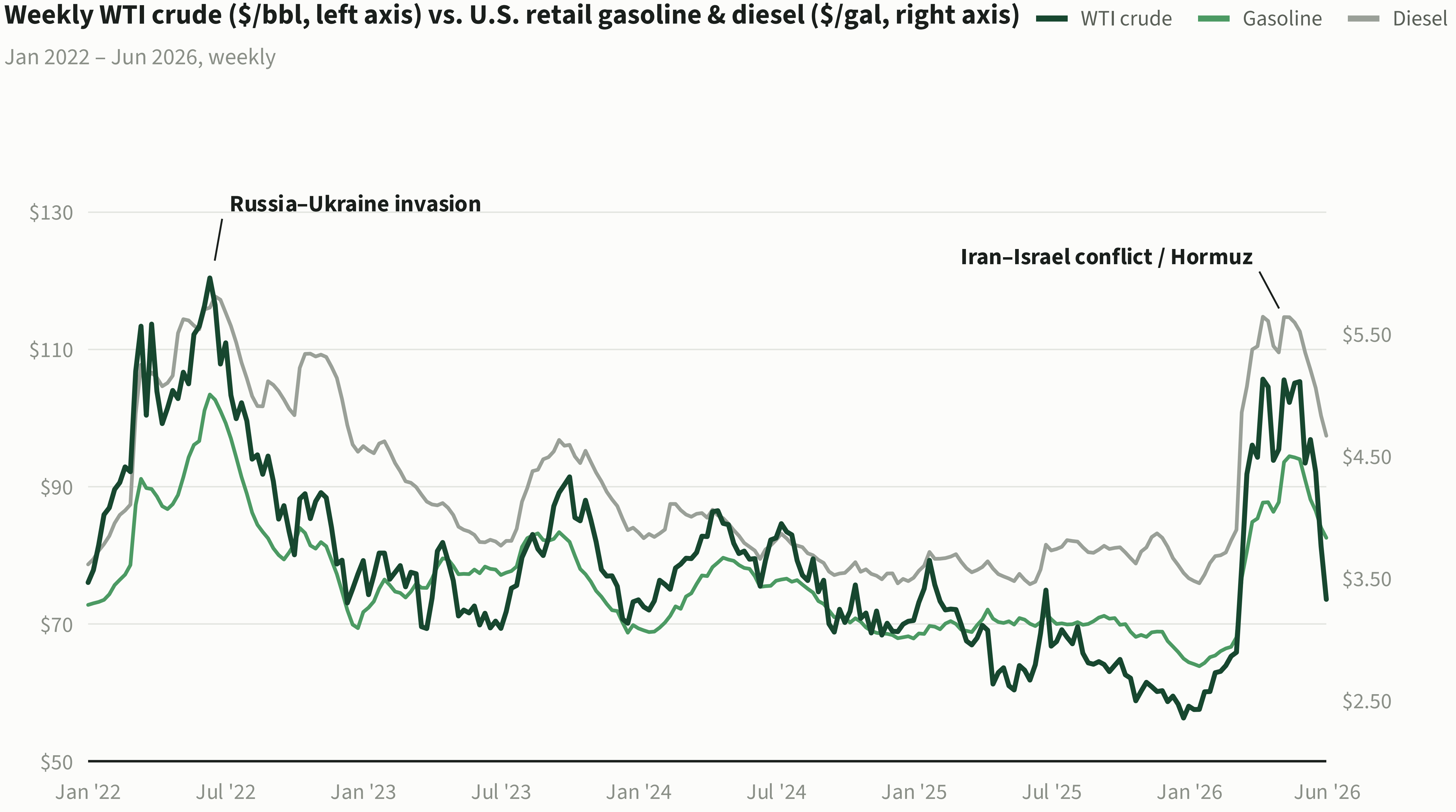
Figures reference the underlying chapters of this report; sources and methodologies appear on the following pages.

The Fuel-Price Environment

Two supply shocks: 2022 and 2026

Weekly WTI crude ($/bbl, left axis) vs. U.S. retail gasoline & diesel ($/gal, right axis)

Jan 2022 – Jun 2026, weekly



Source: U.S. Energy Information Administration. Latest retail week: June 30, 2026.

KEY TAKEAWAYS

Volatility strained pricing, but margins held. Keeping the street priced against whipsawing crude was no small task in H1, yet even through the Iran–Israel shock operators largely kept pace, capturing incremental margin on the swings, just as they did through 2022.

A cost event, not a demand event. The H1 volatility came from supply and geopolitics, not changing consumption. Fuel costs whipsawed while demand held its trend, with vehicle miles traveled at a record ~3.34 trillion on a rolling twelve-month basis (FHWA).

> **Iran–Israel conflict & Strait of Hormuz crisis:** Crude and wholesale prices spiked in H1 due to conflict in the Middle East, then eased — a volatile half for fuel costs.

Russia–Ukraine invasion (2022). Crude topped $120/bbl and pump prices hit records before retracing. The 2026 shock peaked lower and eased faster.

Policy Backdrop: A Tailwind for Deals

Tax and energy policy now favor both buyers and sellers

ONE BIG BEAUTIFUL BILL — THE TAX CASE

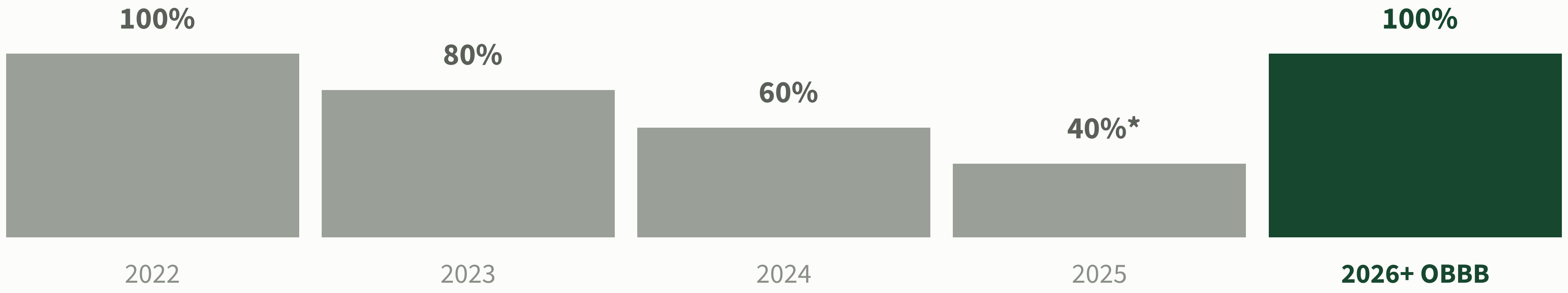
100% bonus depreciation is now permanent. Buyers expense qualifying assets, including 15-year c-store property, in Year 1, reversing the phase-down that fell to 40% in 2025.

Interest deductibility restored — §163(j). The 30% cap is measured on EBITDA again, not EBIT, unlocking more deductible interest and debt capacity on acquisitions.

QBI deduction made permanent — §199A. The 20% pass-through deduction, set to expire 12/31/25, is locked in; most fuels and c-store operators qualify.

Expanded QSBS for sellers — §1202. Tiered gain exclusion starting at year 3; gross-asset cap raised to $75M and exclusion cap to $15M.

Year-one bonus depreciation by year placed in service



ENERGY & AUTO — A DEMAND TAILWIND

EV tax credits ended. $7,500 new / $4,000 used EV credits terminated for vehicles acquired after Sept. 30, 2025.

CAFE penalties zeroed. OBBB §40006 reset the CAFE noncompliance penalty to $0 (was $17 per vehicle per 0.1 mpg), easing the de facto EV mandate.

Net effect on fuel demand. Removes a long-run drag on gasoline demand; CRS projects EV sales fall 25–30%.

SUPPLY & GEOPOLITICS

Domestic-production tilt. Policy favors U.S. output, supporting a steadier fuel-supply backdrop.

Premium on scale & supply. H1 Middle East volatility rewards operators with supply control and scale.

> **Bottom line:** on a typical downstream deal, 100% bonus depreciation alone lets a buyer pay ~10% more for the same after-tax return (CCA analysis). Now permanent, the tax backdrop is a durable tailwind for deals.

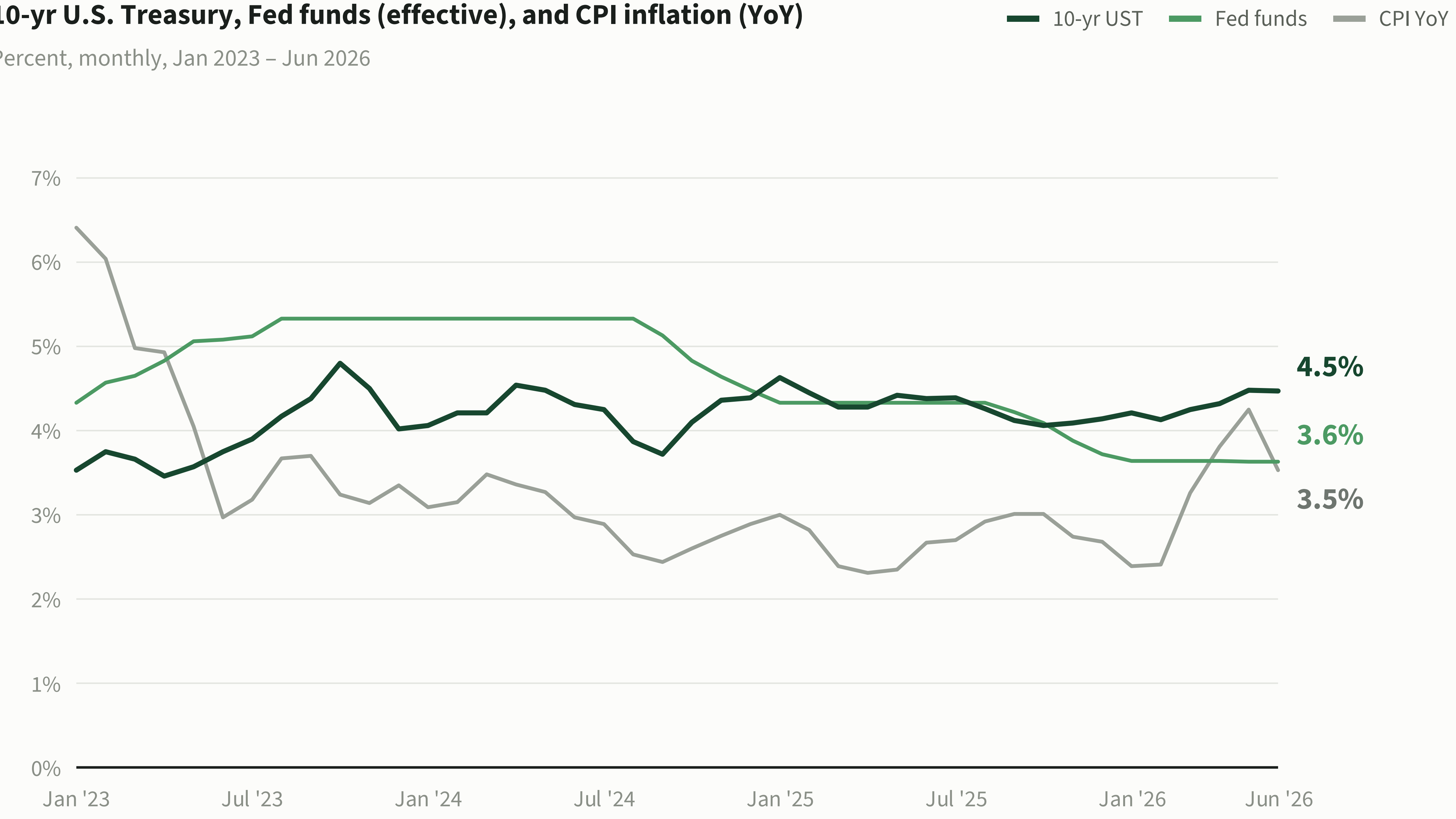
*2025 statutory rate was 40%; OBBB applies 100% expensing retroactively to qualified property acquired and placed in service after Jan. 19, 2025.
Sources: One Big Beautiful Bill Act (P.L. 119-21); IRS; Congressional Research Service; NHTSA / Federal Register. Illustrative and informational; not tax advice.

The Cost of Capital Backdrop

Rates and inflation

10-yr U.S. Treasury, Fed funds (effective), and CPI inflation (YoY)

Percent, monthly, Jan 2023 – Jun 2026



Source: Federal Reserve Economic Data (FRED), St. Louis Fed. Monthly data through June 2026.

LATEST · JUNE 2026

10-yr U.S. Treasury	4.5%
Fed funds (effective)	3.6%
CPI inflation (YoY)	3.5%

~170 bps of Fed-funds cuts from the recent peak (5.33% → 3.6%)

THE READ

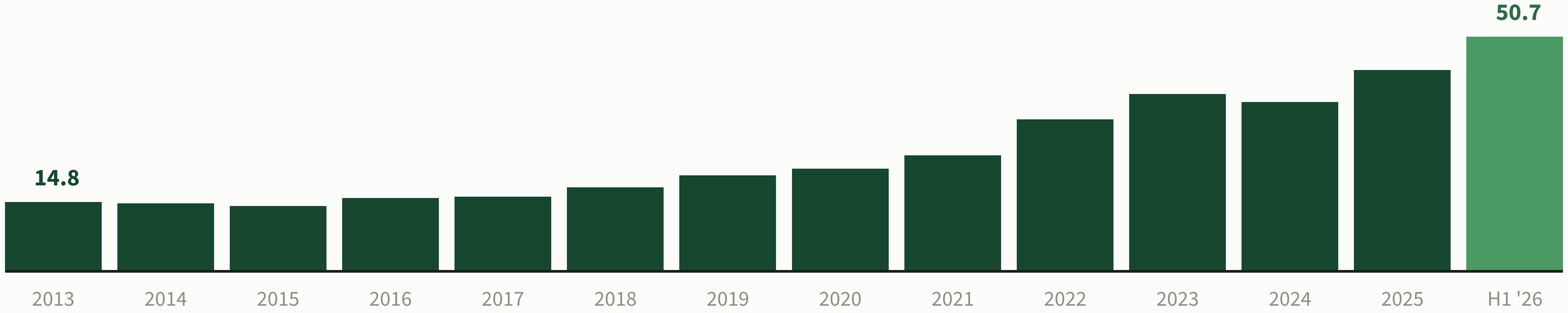
The easing has been front-end only. The Fed has cut ~170 bps since September 2024, but the 10-year (~4.5%) still sits near its 2023 highs. Inflation spiked to ~4.2% this spring on the crude shock before cooling to 3.5% in June; the curve has steepened rather than shifted down.

Mixed for deal financing. Floating-rate acquisition debt costs meaningfully less than at the 2023 highs, but firm long rates keep discount rates elevated, and buyers are underwriting at today's cost of capital. Deal activity has held up anyway, carried by strategic demand rather than cheap debt.

Margins & Inside Sales

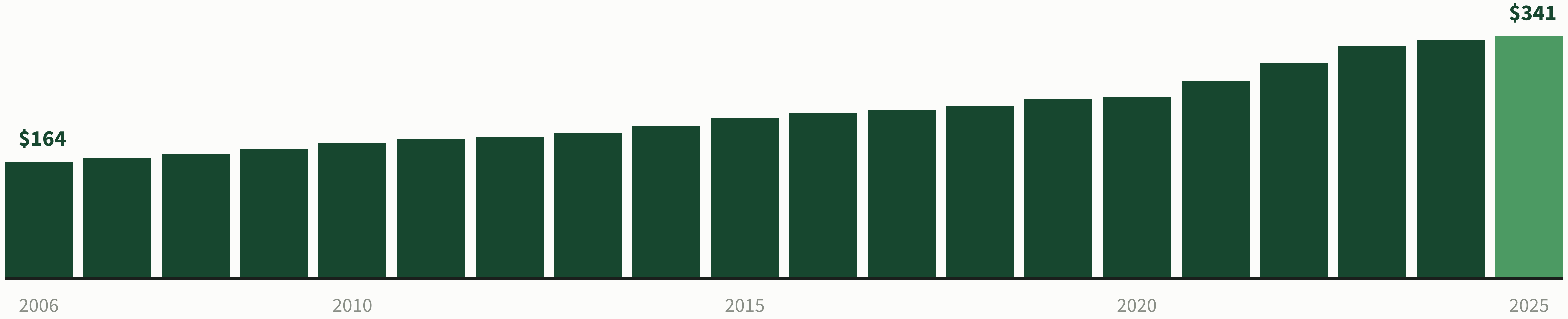
Record profitability underpins today's valuations

National rack-to-retail gasoline margins (cents per gallon)



U.S. industry inside sales ($ billions)

CAGR ~4% · 2006–2025



Sources: NACS SOI Report 2025; OPIS MarginPro; U.S. Energy Information Administration.

KEY TAKEAWAYS

Fuel margins have reset to a structurally higher "new normal" versus the pre-2020 baseline. This is the single biggest driver of operator profitability and a foundation of today's valuations.

Inside sales reached a record $341.2 billion in 2025, the 23rd consecutive year of growth. Foodservice led the way at 28.5% of in-store sales but nearly 39% of in-store gross profit dollars, the engine behind premium multiples.

Margin strength has proven durable in rising and falling price environments: retail gas prices fell ~6% in 2025, yet gallons held steady and per-gallon margins kept expanding — profitability has decoupled from pump prices.

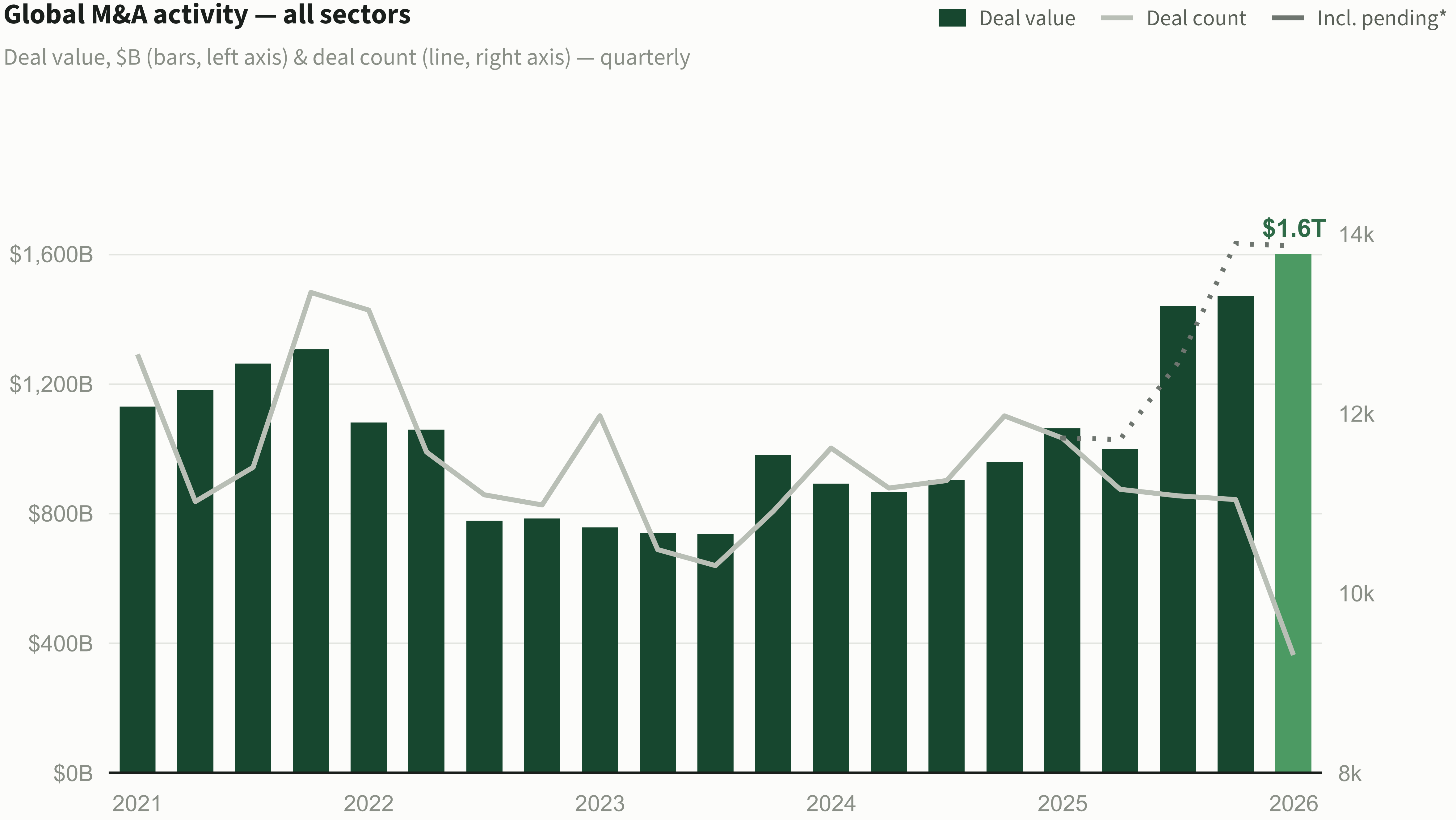
Record profitability has tightened the supply of quality assets. Buyers with capital to deploy are competing for scarce opportunities, creating premium valuations for owners who choose to transact.

The Broader M&A Backdrop

All-sector activity sets the stage for downstream

Global M&A activity — all sectors

Deal value, $B (bars, left axis) & deal count (line, right axis) — quarterly



Source: PitchBook, Global M&A Report. Data through March 31, 2026 (latest available). *Includes estimates for pending transactions.

OBSERVATIONS

Q1 2026 global deal value reached roughly $1.6 trillion — the strongest quarter in the five-year series — extending the large-cap-led rebound that gathered pace through 2025.

Growth remains value-led rather than volume-led: reported deal count softens at the latest quarter, but that partly reflects reporting lag — pending-deal estimates (dotted) sit well above recorded counts.

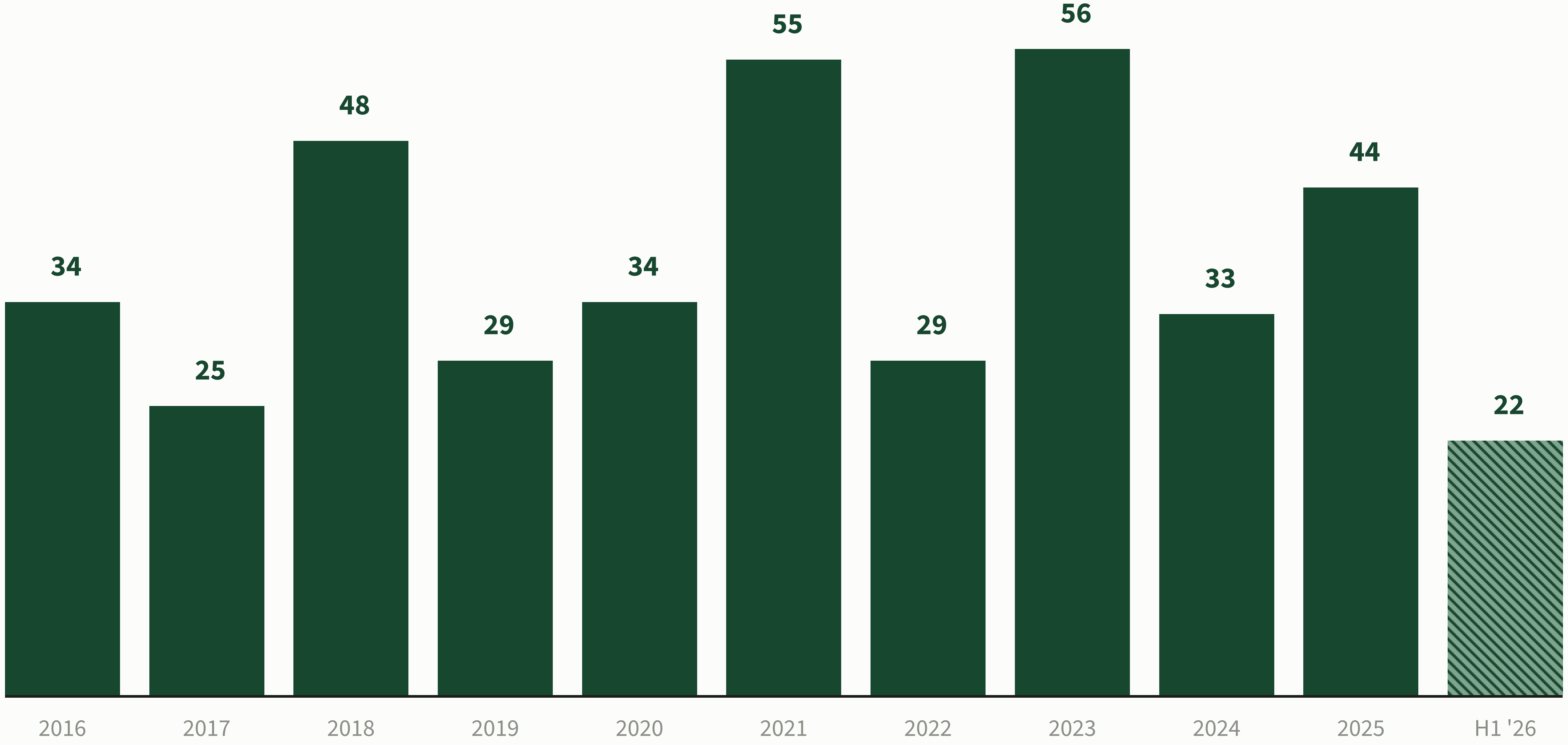
Stabilizing multiples and renewed lender participation suggest growing comfort with pricing; broader mid-market volume could follow if financing costs ease through 2026.

Downstream M&A Activity

Convenience & fuels-distribution deal count and assets transacted

C&G and fuels distribution — annual deal counts

Dealer fuel supply and convenience retail M&A transactions, # of deals



Source: Corner Capital Transactions Database, Company Filings, Industry News Releases. Includes transactions with 10+ convenience stores or 25+ dealer supply accounts.

OBSERVATIONS

Deal count rose to 44 in 2025 from 33 in 2024; H1 2026 deal count of 22 keeps activity in line with recent years.

Consolidation is increasingly concentrated among larger strategic acquirers, reducing the pool of mid-sized regional targets and contributing to uneven transaction activity across energy subsectors.

2026 headline deals underscore the trend: Sunoco alone has announced four acquisitions in H1, including Alexander Oil's dealer wholesale assets (a Corner Capital transaction), 48 Capitol Petroleum metro-NY sites, and Jernigan Oil's 56 Duck Thru stores; meanwhile, Cumberland Farms (EG Group) acquired Coen Markets' 54 locations.

Market dynamics continue to favor sellers, with strong interest from national and regional consolidators against a constrained supply of quality acquisition opportunities.

> **Corner Capital has seen a steady rise in inbound interest** from national consolidators actively hunting for deals.

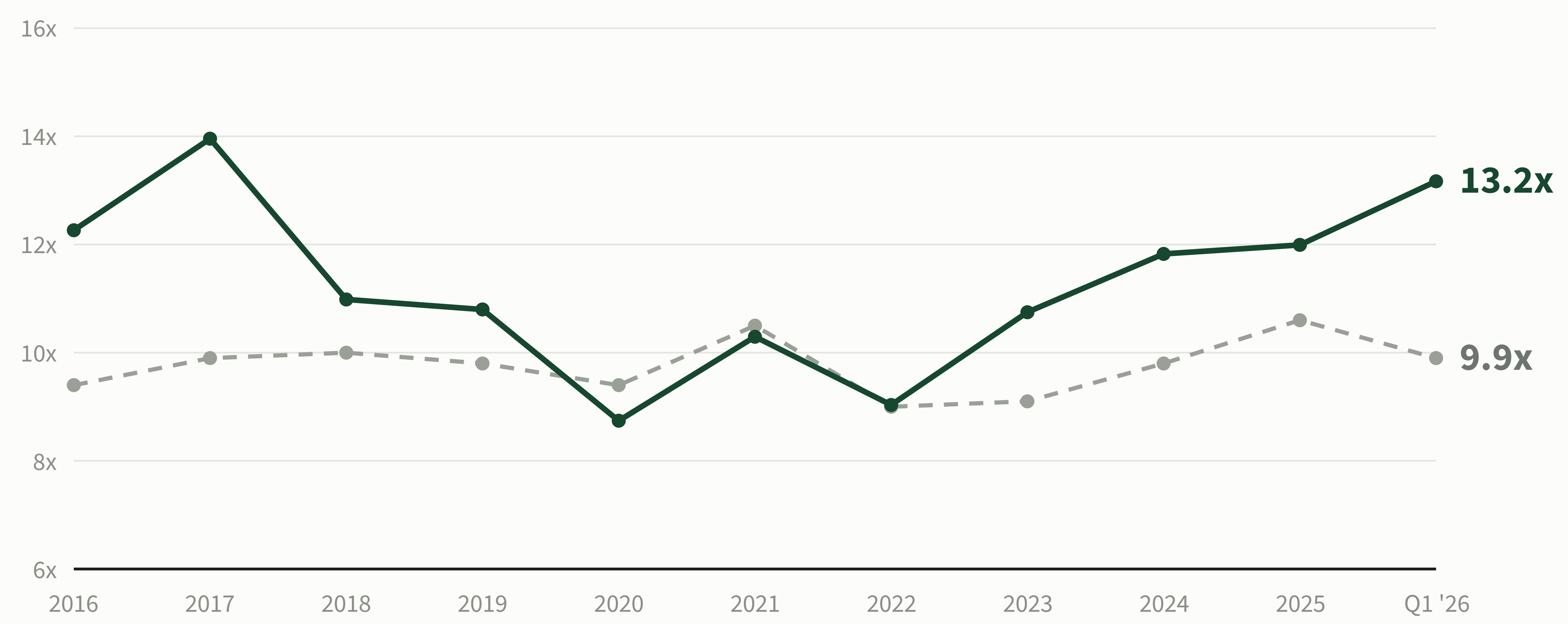
Public Trading Multiples — Valuation Update

Public multiples remain supportive of private market valuations

Enterprise value / corporate EBITDA multiples

Retail & Wholesale = forward trading multiples; All Sector = transaction multiples

Retail & Wholesale   All-sector M&A



Retail & Wholesale multiples are the market-cap-weighted average of the following downstream energy companies:[1]

Source: PitchBook Data as of March 31, 2026 (latest available). [1] Historical public trading data for Parkland was included in applicable historical periods prior to its 2026 acquisition.

OBSERVATIONS

All-sector M&A multiples have held broadly steady, while public trading multiples for convenience and fuels retailers have climbed from about 10.7x in 2023 to approximately 13.2x as of Q1 2026.

Most of that lift comes from a few large players. Casey's in particular has re-rated meaningfully over the past year, pulling the group average higher.

The IPO window has reopened: ARKO Petroleum (APC) listed in February and Yesway (YSWY) in April, the first c-store IPOs in years, and EG Group (Cumberland Farms) has confidentially filed for a ~$1B U.S. listing at about a $9B valuation. Public investors are validating the values private buyers are paying.

A stronger public market also pulls activity into the private channel, encouraging owners to bring assets to market and supporting deal flow across the sector.

Public Company Comparables

Convenience retail and fuel distribution baskets

Retail trades richer — ~11x forward EBITDA at the median, though the basket is wide (ATD and MUSA ~10x, CASY a ~20x outlier). **Distribution screens cheaper** at ~9x forward but pays 6–11% yields.

RETAIL BASKET

	EV/LTM EBITDA	EV/2026E EBITDA	P/E 2026E	Div yield	Debt/EBITDA	% of LTM high
ATD	10.7x	10.4x	19.3x	0.9%	2.2x	95.2%
CASY	20.4x	19.5x	37.7x	0.3%	2.0x	85.7%
MUSA	11.1x	10.4x	16.9x	0.4%	2.4x	84.7%
ARKO*	11.7x	12.0x	27.7x	1.5%	9.9x	86.2%
Median	**11.4x**	**11.2x**	**23.5x**	**0.7%**	**2.3x**	**86.0%**

DISTRIBUTION BASKET

	EV/LTM EBITDA	EV/2026E EBITDA	P/E 2026E	Div yield	Debt/EBITDA	% of LTM high
SUN	11.5x	8.4x	13.6x	5.6%	4.6x	92.6%
CAPL	11.0x	10.8x	21.5x	9.3%	4.3x	96.1%
GLP	9.0x	8.4x	9.9x	6.5%	4.9x	87.2%
APC*	n.m.	10.3x	15.3x	10.6%	n.m.	86.8%
Median	**11.0x**	**9.4x**	**14.5x**	**7.9%**	**4.6x**	**89.9%**

* APC completed its carve-out IPO from ARKO on 2/12/2026; ARKO retains a 73.6% interest and consolidates APC. LTM figures reflect pre-separation carve-out financials and are shown as n.m. where not comparable. Source: PitchBook, as of June 30, 2026.

Who's Buying... and How Much

A deep buyer pool with stated budgets and repeatable playbooks, funded by record results: retail fuel margins rose ~9cpg year-over-year, driving 29–65% Adj. EBITDA growth at ATD, CASY, and ARKO

SUN · Sunoco LP

$500M+ / yr in bolt-ons

High-return bolt-ons plus geographic expansion into Canada, the Caribbean, and Europe.

"we have at least $500 million of bolt-on acquisition opportunities each year" — Joe Kim, CEO · Feb 2026

CASY · Casey's

+400 stores, FY27–29

~50/50 builds & M&A. Disciplined M&A at <10x… an acquired site (~$4.5M) runs below a ~$5.5M new build, with 30–50% synergies and mid-teen returns by year three.

"Our plan is to deliver top quintile EBITDA growth of 8-10%" — Steve Bramlage, CFO · Jun 2026

MUSA · Murphy USA

50+ NTI stores / yr

Organic new-to-industry builds ramping to ~16% ROIC, supplemented by opportunistic M&A.

"supplementing organic growth with small scale M&A opportunities as they arrive" — Andrew Clyde, CEO · Oct 2025

ARKO · ARKO Corp

Mid-single-digit gallon growth

Serial consolidator of family-owned operators; turnarounds and 'dealerization' of 450 sites.

"track record of accretive acquisitions with a repeatable playbook in a fragmented industry" — Investor Presentation · May 2026

GLP · Global Partners

$500M+ recent terminal deals

Vertical integration of terminals and retail (Motiva $313M / 25 terminals; Gulf Oil $215M).

"recent terminal acquisitions have expanded our reach, strengthened our presence in key markets" — Eric Slifka, CEO · Aug 2025

ATD · Circle K

~750 new stores by 2030

M&A a complementary lever to organic growth, used when returns clear set thresholds. ~$3.1B FY26 free cash flow keeps firepower ready.

"Acquisitions remain a complementary lever, enabling us to accelerate growth, expand our reach." — Couche-Tard mgmt · MD&A FY26 · Jun 2026

Source: AlphaSense.

Corner Capital Transaction Database

Selected H1 2026 downstream transactions

ANNOUNCED	TARGET	ACQUIRER	CHANNELS OF TRADE	GEOGRAPHY	STORES / DEALERS
6/30/2026	**Fleming Brothers Oil Co.**	Blarney Castle Oil Co.	Retail	MI	20
6/25/2026	**Chart Distribution Group**	RelaDyne	Commercial, Lubes	MO	–
6/22/2026	**Sail Energy**	Campbell Oil Company	Propane, Commercial Fuels, Lubes	NY	–
6/1/2026	**Leahy-Wolf Co.**	Ace Solutions	Commercial, Lubes	IL, IN, MI, WI	–
5/29/2026	**Alexander Oil**	Sunoco LP	Dealer	TX	36
5/26/2026	**Quicklee's**	Mirabito	Retail	NY	9
5/21/2026	**John's Fuel Service**	Campbell Oil Company	Dealer	NC, SC	30
5/14/2026	**Atkinson Oil**	Colonial Oil	Commercial, Lubes	GA	–
5/5/2026	**Endicott Oil Service**	Diesel Direct	Dealer	MA	–
4/28/2026	**PowerTrac**	Legacy Markets (Fruition PE)	Retail	NC, SC	10
4/10/2026	**Fastlane**	Brake Time Corner Market	Retail	TX	14
4/8/2026	**Southeast Energy**	Cadence Petroleum Group	Lubes	VA, NC	–
4/6/2026	**Big Boss Stores**	Southwest Georgia Oil	Retail	FL	10
4/3/2026	**BP (Thorntons)**	Giant Oil	Retail	OH, KY	13
3/19/2026	**Aces and Eights**	Dandy Mini Marts	Retail	NY, PA	2
3/12/2026	**Coen Markets**	Cumberland Farms (EG Group)	Retail	OH, PA, WV	54
3/4/2026	**Short Line Express Market**	7-Eleven	Retail	NV	15
3/2/2026	**Fleetwing**	Palmdale Oil Company	Commercial, Lubes	FL	–
3/2/2026	**Capitol Petroleum Group**	Sunoco	Retail	NY	48
2/26/2026	**Monfort Companies**	Multiple*	Retail	CO, MN, OK, TX, WI	80
2/17/2026	**McIntosh Energy Co.**	Ridi Stores	Retail, Commercial	IN	19
2/9/2026	**Jernigan Oil Company, Inc.**	Sunoco	Retail	NC, VA	56
2/3/2026	**Dion and Sons, Inc.**	RelaDyne	Commercial	CA	–
1/28/2026	**Dennis Oil Co.**	RelaDyne	Commercial, Lubes	MO, OK, AR, KS	–
1/21/2026	**Pops Mart Fuel**	Sunoco + Petroleum Marketing Group	Retail, Wholesale	NC, SC, WI	54
1/8/2026	**Stinker Stores**	Murphy USA + local buyers	Retail	CO	12
1/6/2026	**Blythewood Oil**	Petroleum Marketing Group	Retail	NC, SC	9

Note: propane-only transactions are excluded from this table. * Monfort Companies retail assets were sold to multiple acquirers: Kent Kwik, 7-Eleven, Diamond Jubilee Oil, and Azan Petro. Source: Corner Capital Transactions Database, Company Filings, Industry News Releases.

Why Corner Capital

Deep sector expertise · a track record of closed transactions

DEEP & EXPERIENCED TEAM

12 dedicated professionals

250+ combined years of experience

20 years in downstream energy

TRANSACTION EXPERIENCE

100+ transactions across 45 states

50+ closed in the past five years

7,000+ retail sites transacted

SECTORS WE SERVE

- Convenience retail
- Wholesale & dealer fuels
- Commercial & industrial
- Lubricants distribution
- Bobtail & wet hosing
- Propane & heating oil
- Transportation & logistics
- QSR & foodservice

REPRESENTATIVE TRANSACTIONS

Alexander Oil Co.	SOLD TO	Sunoco
JB Dewar, Inc.	HAS ACQUIRED	McCormix Oil Corporation
Bill L. Dover Company, Inc.	SOLD TO	Sunoco
Reeves Oil Company	SOLD TO	World Kinect
Hi-Noon Petroleum	SOLD TO	Jacksons
Schmidt & Sons, Inc.	SOLD TO	Energex Kappa Texas Oil Company
American Natural	SOLD TO	Giant Oil Inc.

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