



# The Future of M&A

---

By Melissa Kress

The top convenience store chains retained their rankings over the past 12 months, but what effect the pandemic has on industry consolidation remains to be seen

**OVER THE PAST** few years, it's seemed that nothing could curb the consolidation wave that was washing over the convenience channel. Big brand names traded hands as even bigger names competed for them. The majority of the past 12 months has been no exception.

As the *2020 Convenience Store News Top 100* report shows, merger and acquisition (M&A) activity continued to be a key trend in the industry over the past year, driving the top chains to keep a tight grasp on their titles, as others jockeyed to become the next big c-store player.

The percentage of the industry's total stores operated by the top 100 increased by one point to 43 percent. The top 100 operate 63,843 stores, up from 63,258 in 2019. The percentage of stores operated by just the top 10 chains also grew

year over year, rising by one point to 28 percent. The top 10 chains operate 42,698 stores, up from 41,804 the prior year.

In a similar picture to 2019, this year's top 10 remains largely unchanged. Irving,

**TOP 100**

2020 Rank	2019 Rank	Company, City, State	Annual ACV* (\$'000)	Total U.S. Store Count	Company-Operated Stores	Franchise/Licensee Stores	Primary Store Names
1	1	<b>7-Eleven Inc.</b> Irving, Texas	\$34,996,312	9,419	1,740	7,679	7-Eleven, Stripes, Tedeschi Food Shop, White Hen Pantry
2	2	<b>Alimentation Couche-Tard Inc.</b> Laval, Quebec, Canada	\$27,991,912	6,924	5,955	969	Couche-Tard, Circle K, Holiday
3	3	<b>Marathon Petroleum Corp.</b> Findlay, Ohio	\$24,227,632	6,020	3,384	2,636	Marathon, Rich Oil, Speedway, <i>ampm</i> /Andeavor, Flyers, Giant, Giant Service, Howdy's Foodmart, Mustang, SuperAmerica, Tesoro, USA Fuel Center, USA Gas, USA Mini Mart, USA Petroleum
4	4	<b>Shell Oil Co./ Motiva Enterprises LLC</b> Houston	\$11,955,632	4,159	9	4,150	Shell
5	5	<b>Chevron Corp.</b> San Ramon, Calif.	\$29,727,308	3,801	13	3,788	Chevron, Chevron ExtraMile, Texaco
6	6	<b>Exxon Mobil Corp.</b> Irving, Texas	\$9,359,584	3,292	0	3,292	Exxon, Exxon On The Run, Exxon Tiger Mart, Mobil, Mobil Mart, Mobil On The Run
7	7	<b>BP North America</b> Houston	\$11,745,708	3,090	0	3,090	Amoco, <i>ampm</i> , Arco, Arco Thrifty, BP, BP Connect, BP Shop
8	8	<b>Casey's General Stores Inc.</b> Ankeny, Iowa	\$8,553,220	2,210	2,210	0	Casey's General Store
9	13	<b>EG America</b> Westborough, Mass.	\$12,875,356	2,047	1,685	362	Cumberland Farms, Fresh Eats MKT, Kroger Express, Kroger Fuel Center, Kwik Shop, Loaf 'N Jug, Quik Stop, Tom Thumb, Turkey Hill Minit Market, EG America
10	9	<b>Sunoco LP</b> Dallas	\$9,939,488	1,736	78	1,658	APlus, Aloha Island Mart, Coastal, Menchune Food Mart, Sunoco
11	10	<b>CITGO Petroleum Corp.</b> Houston	\$3,494,660	1,356	0	1,356	CITGO
12	11	<b>GPM Investments LLC</b> Richmond, Va.	\$3,148,340	1,241	1,241	0	Admiral Petroleum, Apple Market, BreadBox, E-Z Mart, Fas Mart, Jetz, Jiffy Stop, Jiffy Stop Food Marts, Li'l Cricket, Next Door Food Store, I-Stop Food Stores, RStore, Roadrunner Markets, Scotchman, Shore Stop, Town Star, Village Pantry, Young's
13	12	<b>ConocoPhillips/Phillips 66</b> Houston	\$3,469,752	1,115	0	1,115	76, Conoco, Phillips 66
14	15	<b>Wawa Inc.</b> Media, Pa.	\$10,389,340	897	897	0	Wawa
15	17	<b>QuikTrip Corp.</b> Tulsa, Okla.	\$10,168,600	828	828	0	QuikTrip
16	18	<b>RaceTrac Petroleum Inc.</b> Atlanta	\$6,201,520	803	558	245	RaceTrac, RaceWay
17	16	<b>Valero Energy Corp.</b> San Antonio	\$3,402,360	781	0	781	Valero
18	19	<b>Pilot Co.</b> Knoxville, Tenn.	\$2,944,500	717	692	25	Flying J, Mr. Fuel, Pilot Express, Pilot Food Mart, Pilot Travel Center
19	20	<b>Kwik Trip Inc.</b> La Crosse, Wis.	\$2,765,360	683	683	0	Kwik Star, Kwik Trip, Tobacco Outlet Plus Grocer
20	22	<b>Sheetz Inc.</b> Altoona, Pa.	\$7,375,420	604	604	0	Sheetz
21	21	<b>Military</b> Arlington, Va.	\$3,447,444	572	572	0	AAFES Exchange Store, Coast Guard Mini Mart, Marine Corps Shoppette, NEXCOM Mini Mart, Shoppette, Troop Store
22	23	<b>Love's Country Stores Inc.</b> Oklahoma City	\$1,472,120	516	516	0	Love's Country Store, Love's Travel Stop
23	48	<b>BW Gas &amp; Convenience LLC</b> Beverly, Mass.	\$540,436	411	411	0	Yesway
24	24	<b>Kum &amp; Go LC</b> Des Moines, Iowa	\$2,330,640	401	401	0	Kum & Go
25	25	<b>CHS Inc.</b> Inver Grover Heights, Minn.	\$762,320	378	44	334	Ampride, Cenex, CHS, Zip Trip

Texas-based 7-Eleven Inc. keeps its title as the largest U.S. chain, with a total 9,419 convenience stores across the nation, according to the data provided to CSNews by Nielsen TDLinx.

Also in a repeat of last year, Laval, Quebec-based Alimentation Couche-Tard Inc. and Findlay, Ohio-based Marathon Petroleum Corp. round out the top three. The percentage of the industry's stores operated by just these three players continues

**TOP 100**

2020 Rank	2019 Rank	Company, City, State	Annual ACV* (\$000)	Total U.S. Store Count	Company-Operated Stores	Franchise/Licensee Stores	Primary Store Names
26	28	<b>Maverik Inc.</b> Salt Lake City	\$715,260	349	349	0	Maverik
27	26	<b>COPEC Inc.</b> Franklin, Tenn.	\$1,655,680	345	345	0	Delta Express, Discount Food Mart, Favorite Market, MAPCO, MAPCO Express, MAPCO Mart
28	29	<b>Murphy USA Inc.</b> El Dorado, Ark.	\$576,420	338	338	0	Murphy Express, Murphy USA
29	27	<b>Stewart's Shops Corp.</b> Ballston Spa, N.Y.	\$1,491,880	336	336	0	Stewart's Shops
29	31	<b>United Pacific</b> Long Beach, Calif.	\$1,870,700	297	296	1	My Goods Market, United Oil, We Got It Food Mart
31	32	<b>Global Partners LP/Alliance Energy Corp.</b> Waltham, Mass.	\$627,640	273	273	0	Alltown, Alltown Fresh, Convenience Plus, Fast Freddie's, Honey Farms, Jiffy Mart, Mr. Mike's, P&H Truck Stop, T-Bird, Xtra Mart
32	33	<b>TravelCenters of America Inc.</b> Westlake, Ohio	\$3,742,180	256	236	20	Petro Stopping Center, TA, TA Express
33	35	<b>Texas Petroleum Group LLC</b> Houston	\$214,188	228	228	0	Timewise
34	38	<b>Two Farms Inc.</b> Baltimore	\$488,800	227	227	0	Royal Farms
35	36	<b>Giant Eagle Inc.</b> Pittsburgh	\$2,205,060	219	219	0	GetGo, Ricker's
36	40	<b>United Refining Co. of Pennsylvania</b> Warren, Pa.	\$1,042,340	210	207	3	Country Fair, Kwik Fill, Kwik Fill & Smokers Outlet
37	39	<b>Cal's Convenience Inc.</b> Frisco, Texas	\$1,558,700	208	208	0	Stripes
38	37	<b>Fikes Wholesale Inc.</b> Temple, Texas	\$203,840	207	207	0	CEFCO Food Stores, Food Fast
39	41	<b>Thorntons LLC</b> Louisville, Ky.	\$741,000	200	200	0	Thorntons
40	34	<b>Jacksons Food Stores Inc.</b> Meridian, Idaho	\$390,000	186	186	0	Jacksons Food Store
41	44	<b>United Dairy Farmers</b> Cincinnati	\$627,640	176	176	0	United Dairy Farms
42	46	<b>Sinclair Oil Corp.</b> Salt Lake City	\$412,152	164	0	164	Sinclair
43	45	<b>QuickChek Inc.</b> Whitehouse Station, N.J.	\$1,156,480	161	161	0	QuickChek
44	47	<b>Hy-Vee Food Stores Inc.</b> West Des Moines, Iowa	\$382,460	156	156	0	Hy-Vee Gas Station
45	43	<b>Dunne Manning Inc.</b> Allentown, Pa.	\$486,980	152	86	66	Choice, Express Lane, Hy-Miller, Joe's Kwik Mart, Rocky Top Market, Uni Mart, Zoomerz
46	42	<b>Meijer</b> Grand Rapids, Mich.	\$1,296,880	146	146	0	Meijer Gas Station
47	54	<b>Terrible Herbst Inc.</b> Las Vegas	\$222,092	142	142	0	Terrible Herbst
48	59	<b>Croton Holding Co.</b> Pittsburgh	\$480,740	140	140	0	Par Mar Stores
49	49	<b>Blarney Castle Oil Co.</b> Bear Lake, Mich.	\$535,600	137	137	0	E Z Mart
50	50	<b>Convenient Food Mart Inc.</b> Mentor, Ohio	\$252,720	130	63	67	Convenient Food Mart

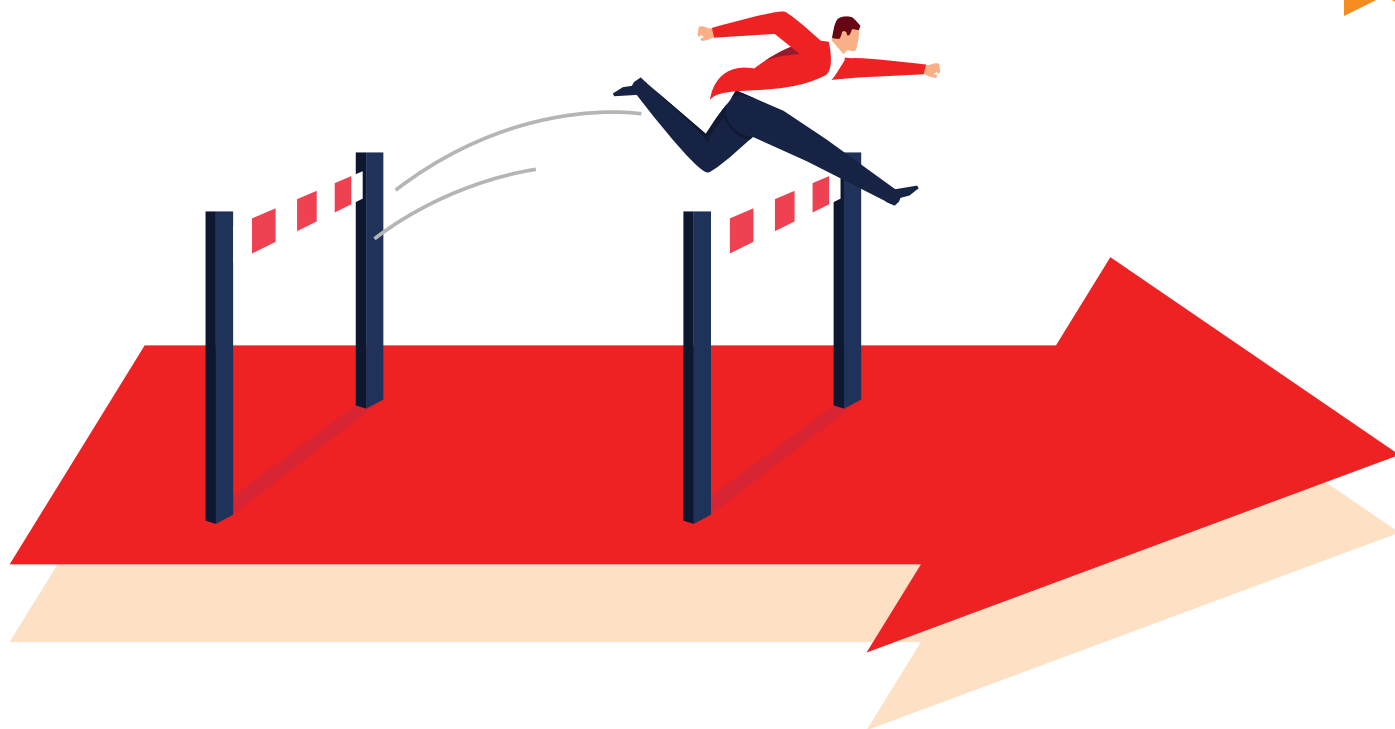
to increase. They now operate 22,363 stores, which accounts for 15 percent of the industry, up one point from 2019.

This year's ranking, though, does show some companies succeeding in climbing the ranks.

EG America, the U.S. retail division of United Kingdom-based EG Group, cracked the top 10 to capture the No. 9 spot with 2,047 stores (up from No. 13 last year). The boost came largely as a result of EG's acquisition of Westborough, Mass.-based Cumberland Farms. That transaction, which closed in October 2019, added more

**TOP 100**

2020 Rank	2019 Rank	Company, City, State	Annual ACV* (\$000)	Total U.S. Store Count	Company-Operated Stores	Franchise/Licensee Stores	Primary Store Names
51	67	<b>True North Energy</b> Brecksville, Ohio	\$256,620	129	129	0	True North
52	52	<b>Go Mart Inc.</b> Gassaway, W. Va.	\$585,000	123	123	0	Go Mart
52	51	<b>Krauszer's Food Store</b> Edison, N.J.	\$254,540	123	0	123	Krauszer's Food Store
52	52	<b>Martin &amp; Bayley Inc.</b> Carmi, Ill.	\$516,880	123	123	0	Huck's
55	56	<b>Kwik Stop Inc.</b> Plantation, Fla.	\$271,700	119	0	119	Kwik Stop
55	57	<b>Englefield Oil Co.</b> Heath, Ohio	\$590,460	119	119	0	Duchess Shoppe
57	55	<b>Clark Brands LLC</b> Naperville, Ill.	\$329,160	114	0	114	Clark
58	59	<b>Enmarket Inc.</b> Savannah, Ga.	\$629,460	112	112	0	E-Z Shop, Enmarket
58	58	<b>Pester Marketing Co.</b> Denver	\$389,480	112	110	2	Alta Convenience, Kwik Stop, Smitty's
60	62	<b>Mirabito Energy Products</b> Binghamton, N.Y.	\$245,180	109	109	0	Mirabito
61	66	<b>Stinker Stores Inc.</b> Boise, Idaho	\$463,580	108	108	0	Stinker Stores
61	62	<b>Plaid Pantries Inc.</b> Beaverton, Ore.	\$130,780	108	108	0	Plaid Pantry
63	64	<b>Little General Stores Inc.</b> Beckley, W. Va.	\$328,120	107	107	0	Little General
64	68	<b>Town Pump Inc.</b> Butte, Mont.	\$314,080	101	101	0	Town Pump
65	69	<b>M.M. Fowler Inc.</b> Durham, N.C.	\$253,760	97	97	0	Family Fare
66	73	<b>Petrogas Group SC LLC</b> Lexington, S.C.	\$216,060	93	93	0	Applegreen, Pitt Stop, S-Mart
67	70	<b>Panjwani Energy LLC</b> Houston	\$194,740	92	92	0	Star Stop
68	75	<b>Buchanan Oil Co.</b> Omaha, Neb.	\$375,700	90	90	0	Bucky's
69	73	<b>Tri Star Energy LLC</b> Nashville, Tenn.	\$288,340	89	89	0	Daily's, T Fuel, Tri Star Energy, Twice Daily
69	72	<b>Sampson Bladen Oil Co. Inc.</b> Clinton, N.C.	\$222,820	89	89	0	Han-dee Hugo's
71	77	<b>Empire Petroleum Partners LLC</b> Dallas	\$543,920	86	86	0	Fast Market, Fiesta Mart, Quik Way Food Mart
72	78	<b>Newcomb Oil Co.</b> Bardstown, Ky.	\$276,120	85	85	0	Five Star Food Mart
72	81	<b>The Spinx Co. Inc.</b> Greenville, S.C.	\$271,700	85	85	0	Spinx Store
72	164	<b>Quick Track Inc.</b> Marshall, Texas	\$177,840	85	76	9	Quick Track
75	71	<b>C.A.R. Enterprises Inc.</b> Upland, Calif.	\$379,860	84	84	0	2 Go Mart, Rebel



than 560 locations to EG's growing U.S. footprint.

Also making a strong showing in this year's *Top 100* report is Yesway, the operating banner of Beverly, Mass.-based BW Gas & Convenience LLC. Operating out of Des Moines, Iowa, Yesway closed on the largest deal in its four-year company history when it acquired Allsup's Convenience Stores in November 2019. This catapulted Yesway to No. 23 on the annual list, up from No. 48 in 2019 — an impressive jump of 25 spots.

### Large & Well-Capitalized

Steve Montgomery, president of b2b Solutions LLC, is not surprised that this year's Top 100 report doesn't deliver any big surprises. He noted that the pace of consolidation the c-store industry has experienced over the past few years is difficult to sustain.

"One factor may also have been the shift in the sellers' evaluation thinking. At one time, the seller priced their company on its historic results with some adjustments. The buyer looked at that data and based their willingness to pay based on the potential upside they could achieve," Montgomery explained. "Today, that is often just the starting point. They also want the price to reflect some, if not all, of the potential upside to the buyer."

While c-store industry consolidation is certainly still at a much lower level than in the quick-service restaurant industry, where huge names like McDonald's and

Burger King dominate that space, the convenience channel is seeing its top-tier group pull further and further away from their peers in terms of key metrics like sales and profitability, according to John Sartory, a managing director at Petroleum Capital & Real Estate LLC.

"As the industry continues to consolidate, it is natural that you are going to see the largest, the most well-capitalized companies in the industry — the Circle Ks, the 7-Elevens, the Speedways — become more entrenched," he said.

Joining the top ranks takes the right deal at the right time, and it also takes capital — something movers like EG America and Yesway have.

"EG and Yesway have been able to jump because they are backed by large private equity companies. They have access to the capital to force their way into that very elite top-tier group," Sartory explained, adding that it would be "almost impossible" for a privately held company with 100 stores to complete a 1,000-store acquisition.

There could be some surprises, he acknowledged, but they would likely have to have some substantial backing from private equity that would give them the financial wherewithal to make that jump. "EG is the best example," he noted. "They are backed by a European private equity company that has a lot of experience in the middle market space. They started their rollup in Europe, then jumped into the United States because of the fractured nature of it."

One possible contender that is closely following Yesway's path, according to the M&A expert, is Charleston, S.C.-based Refuel LLC. This February, the company expanded its footprint into two new states with an agreement to acquire Double Quick Inc., an Indianola, Miss.-based retail fuel distribution and convenience store chain that operates 48 stores across western Mississippi and eastern

Arkansas. With this deal, Refuel will up its portfolio to roughly 100 stores.

“They are a new company that is driven and sponsored by a private equity company,”

Sartory said. “They believe there is opportunity in the space, as consolidation continues, to do a rollup — a bunch of acquisitions — to drive rapid growth and get the economies in the industry to achieve a higher return on investment.”

**TOP 100**

2020 Rank	2019 Rank	Company, City, State	Annual ACV* (\$000)	Total U.S. Store Count	Company-Operated Stores	Franchise/Licensee Stores	Primary Store Names
76	108	<b>Bolla Management Corp.</b> Garden City, N.Y.	\$527,020	83	83	0	Bolla Market
77	78	<b>Reid Stores Inc.</b> Lockport, N.Y.	\$129,740	82	82	0	Crosby's
78	75	<b>Victory Marketing LLC</b> Ridgeland, Miss.	\$122,720	81	81	0	Sprint Mart
78	83	<b>Toot N Totum Food Stores Inc.</b> Amarillo, Texas	\$204,880	81	81	0	Toot N Totum
80	85	<b>FKG Oil Co.</b> Belleville, Ill.	\$323,700	79	79	0	Moto Mart
81	90	<b>CHR Corp.</b> York, Pa.	\$139,360	78	78	0	Rutter's
82	88	<b>C.N. Brown Co.</b> South Paris, Maine	\$187,200	77	77	0	Big Apple
83	83	<b>Johnson Oil Co.</b> Rock Falls, Ill.	\$151,840	76	76	0	Express Lane
83	87	<b>MFA Oil Co.</b> Columbia, Mo.	\$132,600	76	76	0	Break Time, MFA Oil, Petro Card 24
83	81	<b>Sam's Food Store</b> Rocky Hill, Conn.	\$147,160	76	76	0	Chucky's Food Store, Hess/Aldin Associates, Sam's Food Store
86	89	<b>Southeast Petro Distribution</b> Cocoa, Fla.	\$190,840	75	48	27	Sunshine Express, Sunshine Food Mart
87	95	<b>Gulshan Enterprises</b> Sugar Land, Texas	\$143,000	74	40	34	Handi Plus, Handi Stop
87	112	<b>Campbell Oil Co.</b> Massillon, Ohio	\$188,760	74	74	0	BellStores
88	92	<b>Family Express Corp.</b> Valparaiso, Ind.	\$167,440	73	73	0	Family Express
88	86	<b>Southwest Georgia Oil Co.</b> Bainbridge, Ga.	\$161,460	73	73	0	Inland Sun Stop, S&S Food Store, Sun Valley Market & Deli
91	94	<b>Coen Oil Co.</b> Canonsburg, Pa.	\$302,120	72	64	8	CoGo's, Ruff Creek Markets
92	93	<b>Gate Petroleum Co.</b> Jacksonville, Fla.	\$171,340	71	71	0	Gate
93	99	<b>BFS Foods Inc.</b> Morgantown, W. Va.	\$125,840	68	68	0	BFS Foods
93	90	<b>Turn Outz Inc.</b> Roanoke, Va.	\$247,260	68	38	30	One Stop WV, Stop In
95	95	<b>Weigel's Stores Inc.</b> Powell, Tenn.	\$176,540	67	67	0	Weigel's, Jug O Milk Store
95	98	<b>Clark's Pump-N-Shop Inc.</b> Columbus, Ohio	\$188,760	67	67	0	Clark's Pump-N-Shop
97	102	<b>7-Eleven Hawaii Inc.</b> Honolulu	\$88,660	66	66	0	7-Eleven
98	102	<b>Par Pacific Holdings Inc.</b> Houston	\$185,120	65	65	0	Hele, 76
98	99	<b>Dandy Mini Marts Inc.</b> Sayre, Pa.	\$147,420	65	65	0	Dandy Mini Mart
100	105	<b>MNS Ltd</b> Honolulu	\$63,960	64	64	0	ABC Stores

Source: Nielsen TDLinX, April 2020  
 Only U.S. stores are included in this ranking  
 \*All Commodity Volume (ACV) is provided by Nielsen TDLinX. ACV is an annualized range of the estimated retail sales volume of all items sold in a store that pass through the retailer's cash registers. Lottery sales are not included; gas sales are included where applicable. The Nielsen TDLinX ACV is an estimate — a directional measure to be used as an indicator of company size.

The c-store consolidation trend will not necessarily wane, according to Sartory, who believes there's still room to grow and notes that the oil companies are showing interest again.

"Look at BP's initiative to buy Thorntons. Same with Chevron and Jacksons Food Stores. The oil companies are smart by teaming up with proven operators in the industry," he pointed out. "Being in the retail industry means you have to be entrepreneurial, you have to be quick, you have to be nimble. So, people that see trends in the industry and move in that direction and take the initiative are the ones that will benefit the most. That goes against the grain of an engineering type of thought process that you see in oil companies."

### M&A on Pause?

Questions are emerging regarding what impact the coronavirus pandemic and the economic slowdown will have on industry M&A through the second half of 2020.

There could be "somewhat of a pause" for a good portion of the year until the path forward for both the industry and the economy comes into a sharper focus, according to Sartory. That being said, the number of transactions that closed in the first quarter of the year was on near-equal historical footing with previous years. Notable transactions included Refuel's acquisition of Double Quick and 7-Eleven's acquisition of 7-Eleven Stores of Oklahoma.

"I think the amount of M&A activity over the next couple of quarters is probably going to be muted. That doesn't mean there is going to be nothing," he added.

For example, his company, PetroCapRE, worked with Heas Energy Services LLC on the purchase of a 10-store chain in central Virginia. That deal required some additional work after the COVID-19 pandemic hit, but it closed in June.

"The original source of capital that was going to fund the transaction withdrew their offer because we were originally going to close around April 1. There was too much uncertainty. So, we worked with both the seller and the buyer to recast the deal, but we got it done," he said.

The pandemic may end up fueling future deals, pointed out Ken Shriber, managing director and CEO of Petroleum Equity Group. "We believe that the COVID quiet period will result in pent-up demand for acquisitions," he said. "Active acquirers

before COVID will likely continue. 7-Eleven and Casey's [General Stores Inc.], for example, have not wavered from their growth strategies."

In addition, master limited partnerships will have the continued need to accrete earnings to pay dividends. Smaller-sized buyers, though, may have less cash on hand to fund acquisitions.

### Questions & More Questions

There is no doubt that uncertainty lingers, but for how long?

One of the issues both buyers and sellers face is how to evaluate the impact the pandemic has had, and continues to have, on the c-store industry, noted Montgomery.

"How do the parties evaluate the past 12 months' sales and margins when at least five of them have been directly impacted by the pandemic?" he asked. "There have been many articles about the impact on store traffic, fuel

**"I think the amount of M&A activity over the next couple of quarters is probably going to be muted. That doesn't mean there is going to be nothing."**

— John Sartory, Petroleum Capital & Real Estate LLC





**“We experienced a real shock and the impacts will linger in some form for at least the next 12 to 18 months through 2021. To what degree, there’s no crystal ball.”**

— Ken Shriber, Petroleum Equity Group

sales, and margins. How do they predict the going-forward impact for the rest of 2020 and beyond?”

Other questions being asked are: How long will the double-digit unemployment last? Will motorists take to the roads again? Will commuters even have an office to go back to?

“The industry is heavily dependent on what has been referred to as the motor-ing public. What happens if companies determine their employees can and/or should continue to work from home until some date in the future?” Mont-gomery posed. “This will not be true for all employees, but the percentage of long-term work from home is yet to be determined.”

Sartory agrees. “Do we get all the way back to the miles driven on an annual basis pre-COVID or do we end up with maybe 10 percent below that? Then, you have a permanent 10-percent drop in volume for whatever dynamic reasons,” he said.

Under the new normal, Shriber sees it as unlikely that fuel demand will return to the previous 10-million-barrel level of demand in the U.S., given that business closures and unemployment will persist for a while.

“Sporting events alone contribute 6 percent to fuel demand,” he explained. “We experienced a real shock and the impacts will linger in some form for at least the next 12 to 18 months through 2021. To what degree, there’s no crystal ball.”

### Open for Business

It does help that c-stores were deemed an essential business and have remained opened during the pandemic. “I think one of the best investment stories, whether it be for a bank or private equity, is that the industry has been considered fairly recession-proof over the years,” said Sartory. “Historically, even in the worst of economic times, we did not have this tremendous downdraft in revenue and profitability.”

If you talk to sale/leaseback capital providers, 70 percent of retailers, like Gap Inc., stopped paying rent during the pandemic. However, Sartory points out that capital providers have said that almost all of the convenience and gas (C&G) operators who used sale/leaseback money to fund growth continued to pay rent and were not looking for rent relief.

“Many of the national and small retailers in other industries stopped paying rent during the state-ordered lockdown periods. Since states have started to reopen, these retailers have started to resume rent payments. C&G operators, as a whole, continued to pay their rent during the lockdown periods,” he said.

Overall, Sartory sees the convenience channel emerging with a favorable perception.

“I think the storyline coming out of this is the C&G industry continues to be, during bad economic times, a pretty good place to invest your money — whether you are an individual looking to expand and use your own equity or whether it be a capital provider, senior lender, sale/leaseback or private equity company,” he concluded.

### Moving M&A Forward

As the industry enters the second half of the year and the country begins to get back to business, there are some factors c-store retailers must consider when eyeing the M&A field. They include a higher cost of capital, at least for the short term; appraisals of a business that went through months of influx; and higher operational costs brought on by post-pandemic procedures like enhanced cleaning and reconfigured foodservice programs.

“There are some real forces out there that are making some people pause. We are working on some transactions, but most of the buyers are saying they are not going to pay the same multiple they paid pre-COVID. They expect some concessions and, not surprisingly, sellers are trying to downplay this,” Sartory reported.



“If I owned a really successful network of convenience stores, and unless I really had to sell, it might be logical to wait until 2021 to bring my sites to market.”

By then, some of the credit issues and economic issues may have worked themselves out and the industry will have a better feel for how COVID affected the business.

“I think there will be activity, but I think it will be slower for the rest of the year,” Sartory predicted. “Then again, many sellers who were positioning to sell may say it’s not a good year to put my network on the market.”

Petroleum Equity Group expects many convenience industry retailers in the five- to 50-store range to come to market in the next two to three years.

“I would be making this comment in the absence of COVID, but now it’s certainly more relevant,” said Shriber. “Large transactions are behind us, greater than 50 percent of owners in the U.S. have fewer than 10 sites, many are waiting to pick a time to exit, and COVID-19 will be the tipping point.”

What the impact on purchase prices will be remains to be seen. While the cost of capital is now lower, banks will be more selective and will take care of their existing clients first. In addition, it is worth noting that multiples will be buoyed by the investment community, preferring convenience and gas over shopping centers, by comparison, Shriber explained.

He observed that private equity buyers “are already creating chatter, which is another good sign,” as a similar trend followed the 2009 financial crisis.

“Bottom line: We are thankfully in a very robust, resilient and relatively stable industry despite the current disruption, which will attract M&A activity,” he said. “We closed two deals in the past three weeks, and a contract was signed for another multi-store deal at the end of May. So, let it be known that the virus did not kill M&A.” **csn**

# BIGGEST MOVERS

COMPANY	2020 RANK	2019 RANK	SPOTS GAINED
Quick Track Inc.	72	164	92
Bolla Management Corp.	76	108	32
Yesway	23	48	25
True North Energy LLC	51	67	16
Croton Holding Co.	48	59	11
The Spinx Company Inc.	72	81	9
CHR Corp.	81	90	9
Gulshan Enterprises	87	95	8
Petrogas Group SC LLC	66	73	7
Buchanan Oil Co.	68	75	7