

June 30, 2025

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Return on Investment

Current Share Price	\$67.69
Target Price	\$73.00
Dividend Yield	1.00%
Implied Return	9%
Conviction Rating	2

Market Profile

52-Week Range	\$65.95 - \$85.53
Market Capitalization (US\$B)	\$52.1
Net Debt (US\$B)	\$11.9
Enterprise Value (US\$B)	\$64.0
Beta (5-Year Monthly)	0.65

Metrics	2024A	2025E	2026E
Revenue (US\$B)	\$72.9	\$84.3	\$91.4
EBITDA (US\$B)	\$5.3	\$5.8	\$6.1
EPS (US\$)	\$2.72	\$2.89	\$3.02
EV/EBITDA	12.1x	11.1x	10.4x

Holding Trading Performance (Indexed to \$100)

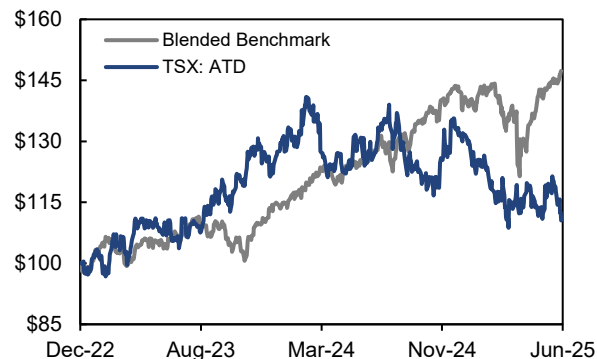
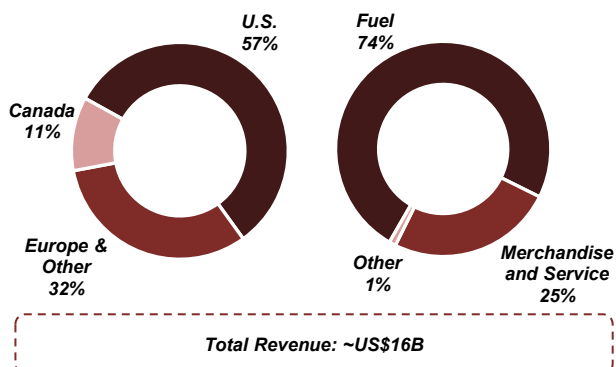


Figure 1: FY2025 Q4 Revenue Segmentation



Source: Company Filings

Business Description

Alimentation Couche-Tard Inc. (TSX: ATD) is a global operator and licensor of convenience stores (c-stores) and fuel retail sites, serving millions of customers across North America, Europe, and Asia. The Company operates under a decentralized model across three primary revenue segments: (1) Merchandise and Service Revenues, (2) Road Transportation Fuel Revenues, and (3) Other Revenues.

Merchandise and Services: ATD generates merchandise and service revenues through over 7,000 c-stores in Canada and the U.S., operating under banners including Circle K, Couche-Tard, and Holiday, as well as international locations under the Circle K brand. Offerings include packaged beverages, fresh food, quick-service restaurants, snacks, tobacco, lottery tickets, and car wash services. The segment has shown resilience, supported by organic growth, network expansion, and contributions from acquisitions, although same-store trends vary by region.

Road Transportation Fuel: This segment focuses on the sale of transportation fuels across company-owned and partner-operated sites globally. ATD leverages its broad North American and European network to drive volume and operational efficiency. The Company is also investing in electric vehicle charging infrastructure to adapt to long-term shifts in mobility and consumption.

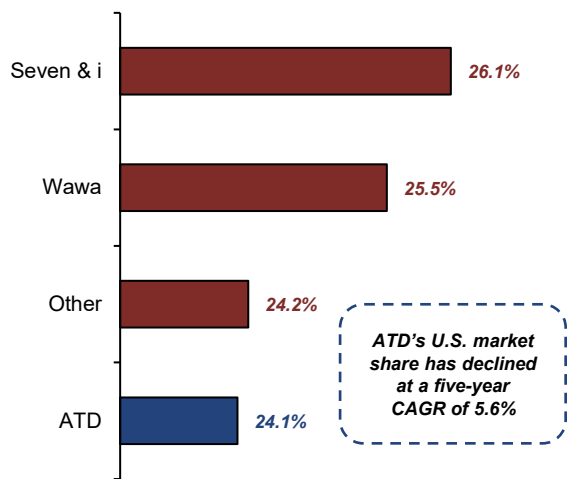
Other Revenues: Other revenues primarily include aviation fuel and stationary energy solutions, along with lower-revenue items such as heating oil and marine fuel products, mainly in Europe. This segment, though smaller in size, provides diversification and reflects ATD's wholesale energy operations in select international markets.

Industry Overview

ATD is the second largest global operator of gas stations and c-stores, following Seven & i Holdings (TYO: 3382), the parent company of 7-Eleven. The U.S. gas station and c-store industry has seen significant consolidation since 2022. That year, the two largest operators, ATD and Seven & i, held 17% of total market share. By 2024, following a wave of consolidation, their share rose to 52%, now led by Seven & i and Wawa. Other key U.S. players include Casey's General Stores Inc. (NASDAQ: CASY) and Sunoco LP (NYSE: SUN). Despite this trend, independently owned c-stores still represent 60% of all locations. This fragmentation means single-store operators generate lower revenue per site due to smaller scale, limited offerings, and weaker brand presence. The combination of fragmentation and scale advantages creates strong potential for further consolidation. In Canada, the industry is largely dominated by a few players: ATD, Seven & i, and Parkland Corporation (TSX: PKI).

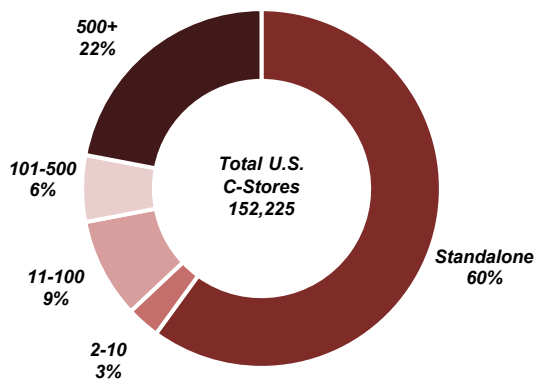
Gas stations and c-stores compete on location, price, selection, and customer experience. Fuel prices adjust to reflect refined product costs, with fluctuations passed to customers, highlighting the sector's margin structure. Customer experience is shaped by brand loyalty, rewards programs, and digital platforms. Major integrated oil companies such as ExxonMobil (NYSE: XOM), Shell plc (NYSE: SHEL), and Chevron (NYSE: CVX) also operate in this space, adding competitive dynamics through vertical integration. (cont.)

Figure 2: 2024 U.S. C-Store Market Share by Operator



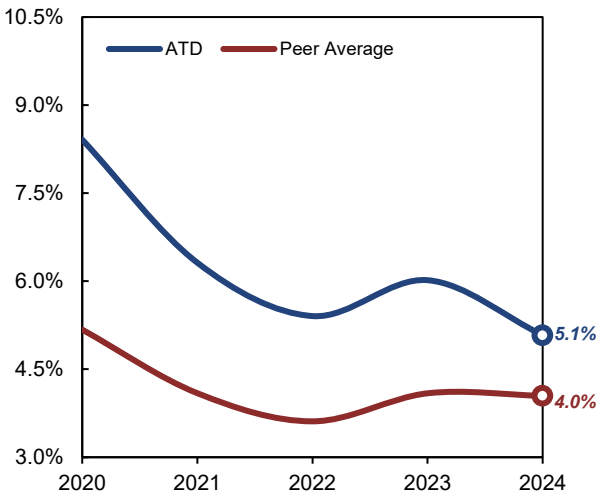
Source: IBISWorld

Figure 3: 2024 U.S. C-Stores Chain Size Segmentation



Source: Company Filings

Figure 4: Operating Margin vs Peer Average



Source: S&P Capital IQ

The gas station and c-store industry benefits from higher consumer spending and increases with vehicle-miles driven. U.S. consumer spending has slowed in recent months, as consumers accelerated their purchases in anticipation of upcoming tariffs. Tariff impacts are expected to remain a headwind due to resulting higher prices. At the same time, U.S. vehicle-miles held steady, increasing ~1% from 2023 to 2024. The share of U.S. electric vehicles (EVs) sales has grown significantly, increasing from ~2% in 2019 to ~10% in 2024, representing a five-year CAGR of ~38%. In Europe, EV adoption is more prominent with EVs accounting for ~16% of new vehicle registrations. Gas stations are responding to this growth by building charging stations and amenities for customers while they wait. The fastest charging method on average can charge an EV to 80% in 20 minutes to 1 hour, causing EV owners to spend ~13% more at c-stores. Gas stations also compete with automakers' charging networks, adding new pressure to adapt.

Seven & i Holdings Acquisition Proposal

On January 24, 2025, ATD submitted a US\$52B revised non-binding offer for Seven & i. The proposed transaction would represent the largest foreign takeover in Japan's history and would significantly expand ATD's global footprint. In March, Seven & i granted ATD access to confidential data and both parties have begun buyer outreach to identify U.S. stores that could be divested to satisfy antitrust regulations. Seven & i cites ~2,000 stores as a material antitrust hurdle. Investors pressure persists, but no timeline has been set for the transaction.

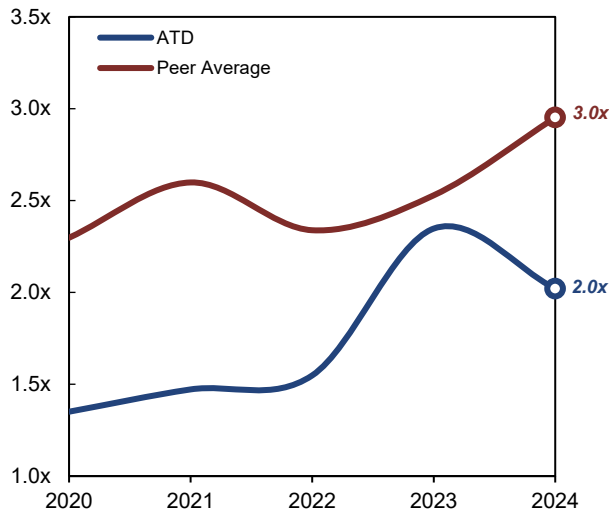
Mandate Fit

Quality Management: Alex Miller has served as President and CEO of ATD since September 2024, following nearly 13 years with the Company in senior leadership roles, including as COO, Executive Vice President of Operations, and Executive Vice President of Commercial Optimization. With over 25 years of experience in the retail fuel and convenience store industry, Miller has been a key figure in advancing ATD's growth strategy and optimizing operational performance. As COO, he played an important role in the acquisition of 270 GetGo Café and Market locations from Giant Eagle, a US\$1.6B transaction that expanded the Company's footprint across five U.S. states and strengthened network density. As of FY2024, Miller's total compensation was ~\$4.5mm, with ~84% at risk and tied to adjusted EBIT, FCF generation, and relative total shareholder return against peers.

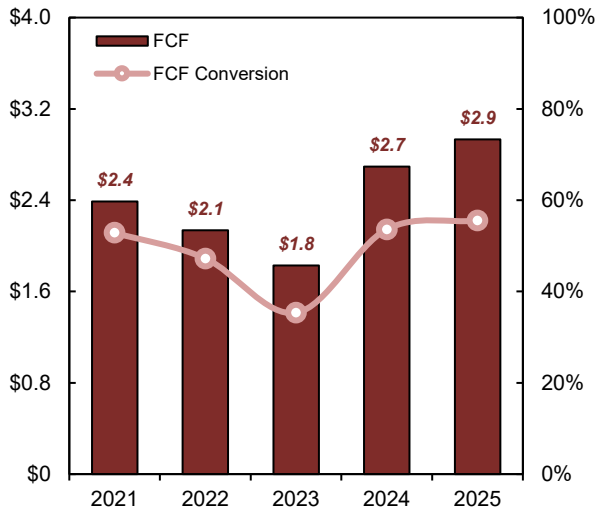
Competitive Advantage: ATD operates in mature North American and European markets. Its large store network gives it scale advantages, cost efficiencies, and brand strength that help maintain its competitive position. The Company's decentralized operating model lets local managers adjust products and pricing to fit regional needs, improving customer loyalty and driving repeat visits.

While ATD's operating margin has declined slightly in recent years due to cost pressures, it still outperforms peers, showcasing its ability to manage costs at scale. A key advantage is ATD's ability to scale and integrate acquisitions. This has enabled improvements in supply chain efficiency, store-level execution, and regional density across North America and Europe, reinforcing its competitive position through operational and geographic strength.

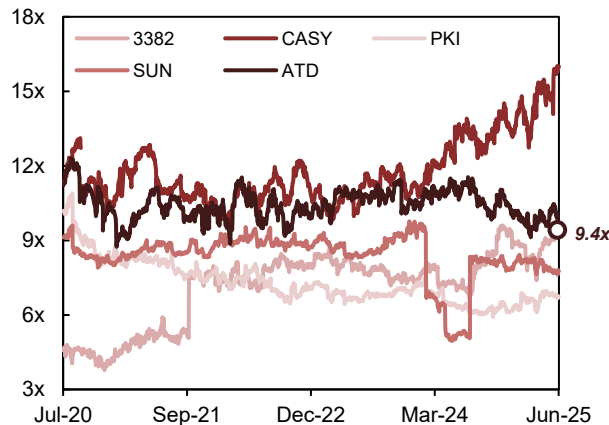
ATD has accelerated its EV charging strategy through acquisitions such as TotalEnergies' European fuel retail assets, enabling deployment in regulated markets with higher EV adoption. The Company now operates 2,500 Circle K Charge points, with (cont.)

Figure 5: Net Debt/EBITDA vs Peer Average

Source: S&P Capital IQ

Figure 6: FCF (US\$B) vs FCF Conversion

Source: S&P Capital IQ

Figure 7: NTM EV/EBITDA vs Peers

Source: S&P Capital IQ

Growth focused on fast-charging in high-traffic areas. These efforts reinforce ATD's long-term mobility positioning as fuel demand shifts.

Strong Balance Sheet: ATD has a Net Debt/EBITDA ratio of 2.0x, significantly below the peer average of 3.0x. The Company has US\$2.3B of cash on hand and a current ratio of 1.0x, in line with the industry average of 1.1x. ATD maintains a disciplined capital structure, with debt-to-equity of 93.4% vs. the peer average of 131.0%, and a weighted average interest rate of 3.9%. Debt maturities are well-staggered, limiting near-term refinancing risk. The Company holds investment grade credit ratings of BBB+ and Baa1 from S&P and Moody's, respectively.

Growing Free Cash Flow: ATD grew FCF from ~US\$2.4B in FY2021 to ~US\$2.9B in FY2025, representing a five-year CAGR of 3.9%. The Company converts 55.0% of EBITDA to unlevered FCF, despite EBITDA margins narrowing from 7.8% to 5.3% over the period. Capex was 3.2% of revenue in FY2025, allocated to new builds, EV charging expansions, and the completed GetGo Café + Market acquisition. In FY2025, ATD returned ~US\$1.0B to shareholders, via US\$510.0mm in buybacks, reducing share base by 0.9%, and through US\$505.0mm in dividends. The Companies NCIB was renewed in May 2024, authorizing up to 10.0% of shares through April 2025. The annual dividend was raised to \$0.76, up 14.3% YoY, marking a five-year dividend CAGR of 29.3%.

Risks

Geopolitical and Fuel Supply Risks: ATD remains exposed to volatility in global fuel markets due to its significant reliance on fuel sales, which account for 74% of the Company's total revenue. Ongoing conflicts involving major oil-producing regions, such as the Russia-Ukraine and Israel-Iran conflict, pose a material risk to global fuel supply stability and prices. ATD addresses this risk through diversified fuel sourcing, inventory management strategies, and expanding its c-store revenue stream. The Company also mitigates price exposure through adjusting its sale prices to reflect fluctuations in refined oil product costs, passing any changes in purchase prices on to its customers.

EV Adoption Growth: EV adoption is strong in Europe, with EVs accounting for ~16% of new vehicle registrations. In early 2025, the EU began enforcing the Corporate Average Fuel Emission regulations, aiming for 100% EV sales by 2035 through progressively stricter CO2 limits. This increases the risk of drivers charging at automakers' networks compared to traditional gas stations. ATD addresses this by enhancing c-store offerings to retain and attract customers during charging stops.

Investment Thesis and Valuation

ATD was valued at US\$73 using a five-year DCF with a WACC of 8.0%. The terminal value was determined using a 50/50 blend of (1) the Gordon Growth method, using a terminal growth rate of 1.5%, and (2) an EV/EBITDA exit multiple of 9.6x.

The CPMT entered a position in ATD in December 2022 due to the Company's dominant market share, global presence, experienced management team, operational excellence, and opportunity to grow through acquisitions. The Fund remains confident in ATD's ability to effectively maintain this excellence through the current market volatility due to the inelastic demand for the products and services provided at gas stations and c-stores. Additionally, the long-term opportunity for ATD to grow through acquisitions in the U.S. remains and the CPMT continues to be optimistic about the Company's ability to effectively allocate capital to create value for shareholders.