

UNLOCKING STRATEGIC M&A SUCCESS IN THE REFINED PRODUCTS SECTOR WITH CAPSPIRE

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BUSINESS
ADVISORY AND
TECHNOLOGY
CONSULTING
SERVICES FOR
THE ENERGY AND
COMMODITIES
INDUSTRY

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OBJECTIVE

This paper will summarize trends and challenges capSpire foresees in the M&A market in 2025 and outline capSpire's Advisory M&A offerings for companies operating in the refined products space. Examples of successful outcomes and contact information are provided for those who wish to follow up for more information.

INTRODUCTION

The refined product space experienced a high level of acquisition activity in 2024 that is poised to continue throughout 2025. For companies operating in this dynamic environment—such as refiners, midstream, wholesalers, and convenience stores—successful M&A execution is essential to achieving strategic growth and operational efficiencies. This activity has been a byproduct of complex elements. For example, evolving consumer preferences, margin and volume pressures, technological advances, labor needs, land value changes, and the increasing value of streamlined supply chains all have contributed. For companies navigating these transactions, the stakes are high: a well-executed deal can unlock tremendous growth potential, while a misstep can be costly in the long term.

capSpire's Advisory team specializes in providing critical experience to organizations navigating these complex transactions and delivers end-to-end solutions ranging from negotiation and deal evaluation to post-transaction integration and operational optimization. Our expertise helps clients mitigate risk, identify key value drivers, and achieve seamless integration into their post-acquisition business. Our approach is to partner with clients and ensure a high-level strategy is executed while remaining uncompromisingly focused on handling critical details seamlessly.

TRENDS IN M&A ACTIVITY

The downstream sector is undergoing a transformative period, influenced by economic shifts, regulatory changes, energy transition imperatives, and geopolitical dynamics. These factors are shaping M&A activity in several keyways:

LAND VALUATION REMAINS IMPORTANT

In any transaction, there will be a mix of high-performing, average, and under-performing assets. However, understanding the true value of what you're acquiring—or divesting—can significantly impact the success of a deal. Land valuation is a critical driver in determining purchase price and can strengthen both buy-side and sell-side value propositions. For example, the composition of owned versus leased sites within a portfolio has long-term implications for financing flexibility, operational costs, and future construction needs.

PORTFOLIO OPTIMIZATION MATTERS

Market participants are increasingly divesting non-core assets to streamline operations and concentrate on higher-margin activities. This trend creates strategic opportunities for smaller firms and private equity investors to acquire valuable downstream assets, unlocking growth potential and operational efficiencies.

SYNERGIES FOUND IN VALUE LEVERS

Successful integrations capitalize on existing business strengths, leveraging teams that are already equipped to manage expanded geographic footprint, additional business line complexities, and diverse organizational cultures. Identifying and activating these value levers is key to realizing synergies and maximizing post-deal performance.

CHALLENGES IN M&A

Mergers and acquisitions are inherently complex, with companies facing challenges across multiple dimensions:

COMPOUNDING COMPLEXITIES

Integrating or acquiring business units introduces significant complexities related to systems, processes, personnel, and corporate cultures. In the refined products and fuel logistics sectors, these challenges are amplified by the intricacies of managing supply chains. A thorough deal evaluation must account for both operational and financial synergies tied to:

- Distribution networks
- Storage assets
- Hauling and transportation options
- Biofuel components
- Consumer preferences and loyalty programs
- Store imaging and marketing strategies
- A wide range of contractual obligations

Effectively navigating these factors is critical to ensuring a seamless transition and realizing the full value of the transaction.

TIME CONSTRAINTS AND RESOURCE STRAIN

M&A transactions are often executed under tight timelines, creating a sense of urgency that adds pressure to an already complex process. Internal teams are frequently stretched thin as they juggle day-to-day operational responsibilities alongside the intensive demands of due diligence, negotiations, and integration planning. This resource strain can impact decision-making and overall transaction efficiency if not properly managed.

SUPPLY AGREEMENTS

The structure and terms of supply agreements can significantly influence the feasibility of a deal and post-acquisition operations. Asking the right questions during due diligence is critical, as long-term branded supply agreements may introduce complexities that affect flexibility, margins, and strategic alignment. Carefully weighing the advantages and potential constraints of these agreements is essential for both buy-side and sell-side operators to optimize deal outcomes.

VOLATILITY IN MARGINS AND SALES VOLUME

Fluctuations in commodity prices and tightening margins within the refined products sector add layers of complexity to financial forecasting and valuation during M&A processes. Accurate forecasting is critical for assessing long-term value and mitigating risk. For example, evaluating the impact of geographical factors and consumption trends on five-to-ten-year financial projections can provide valuable insights. Sound forecasting not only helps clients understand the factors that have shaped current performance but also identifies strategies to strengthen future growth and resilience.

THE CAPSPIRE ADVANTAGE

capSpire addresses M&A challenges by augmenting client teams with seasoned experts who possess deep experience in the refined products sector. Our M&A support services are intentionally designed to empower executives and corporate teams across functions such as FP&A, strategy, fuel supply, IT, transportation, and trading. With decades of experience in energy, commodities, and downstream markets, capSpire delivers unparalleled industry insight. Our team understands the nuances of refined products supply chains, retail fuel pricing, risk mitigation, system integrations, and operational efficiencies—enabling us to identify value creation opportunities, streamline transitions, and support sustainable growth throughout the M&A lifecycle.

CONTEXT AND ACHIEVEMENTS

In 2024, capSpire successfully secured multiple high-profile M&A engagements within the refined products sector. These achievements highlight our ability to deliver value across all stages of the M&A lifecycle:

NEGOTIATION

We provide expert guidance to help structure and secure favorable deal terms. capSpire supports clients through both pre- and post-acquisition phases, leveraging deep industry relationships and expertise in deal structures. This enables our clients to confidently pursue transactions, knowing they are positioned for fair, strategic outcomes.

DEAL EVALUATION

We conduct comprehensive due diligence to assess risks, identify synergies, and uncover value levers. For example, capSpire has performed fuel pricing due diligence for buy-side clients. Leveraging publicly available data, we analyzed pricing trends from sell-side operators to verify that their stated pricing strategies aligned with actual market behaviors.

SYSTEM RATIONALIZATION

capSpire identifies and consolidates duplicative or inefficient systems to streamline operations. For instance, we evaluated industry-leading training providers to consolidate UST training for a buy-side client. Additionally, we have conducted system evaluations across a range of software options to enhance operational efficiency.

STANDUP ACTIVITIES

We support the rapid establishment of standalone operations for acquired entities. capSpire's internal capabilities allow us to temporarily step in as operators while clients recruit fuel employees and operations personnel. This short-to-medium-term solution gives clients the freedom to focus on finishing the deal and hiring the right personnel while we keep operations running profitably and efficiently.

These engagements not only reinforce capSpire's role as a trusted M&A partner but also open doors for sustained collaboration, extending our value proposition through years of operational and strategic support.

HOW WE DELIVER VALUE

COMPREHENSIVE DUE DILIGENCE

We conduct in-depth evaluations that go beyond surface-level analysis, combining operational metrics with advanced analytics to uncover critical insights often overlooked. This approach ensures a thorough, data-driven and actionable assessment that supports confident decision-making.

STRATEGIC VALUE INTEGRATION PLANNING

Our expertise lies in identifying and activating value levers that drive deal success. Drawing on extensive M&A experience, we efficiently uncover growth opportunities and develop integration strategies that maximize long-term impact and return on investment.

NETWORK OPTIMIZATION

We analyze geographic coverage and asset performance to identify underperforming locations, operational inefficiencies, and new growth opportunities. This targeted approach helps clients optimize their asset portfolio and strengthen market presence.

EXPERT AUGMENTATION

capSpire enhances client teams with seasoned professionals who have successfully navigated similar transitions. Our experts bring a unique blend of technical knowledge and hands-on operational insights, providing practical guidance throughout the M&A lifecycle.

OPERATIONAL CONTINUITY

We allow clients to maintain focus on their core operations while we manage the complexities of the transaction. Our partnership ensures business continuity, minimizes disruption, and supports a seamless transition during critical phases of the deal.

CHANGE MANAGEMENT

Change management is a critical component of any successful M&A process, particularly in the refined products sector, where cultural alignment and operational harmonization are key to

unlocking value. capSpire's change management expertise helps clients navigate the human and organizational challenges associated with integration, ensuring smoother transitions and long-term success.

CULTURAL ALIGNMENT

Aligning organizational cultures is essential for sustaining performance post-merger. capSpire facilitates workshops and leadership alignment initiatives to bridge cultural gaps, foster shared values, and promote a unified corporate vision.

WORKFORCE TRANSITION PLANNING

Employee retention and morale are often at-risk during mergers and acquisitions. capSpire develops detailed workforce transition plans designed to minimize disruptions, maintain productivity, and support employee engagement throughout the integration process.

LEADERSHIP TRAINING

Equipping leaders with the skills to manage change effectively is vital. capSpire provides tailored training programs that help executives and managers lead through periods of uncertainty, inspire confidence, and drive positive outcomes across teams.

PROCESS HARMONIZATION

Consolidating operational processes is one of the most significant challenges in M&A. capSpire's structured approach to process harmonization ensures seamless integration while identifying opportunities for efficiency gains and performance improvements.

COMMUNICATION STRATEGIES

Effective communication is the cornerstone of successful change management. capSpire designs robust communication plans to keep stakeholders informed, engaged, and aligned throughout the M&A lifecycle, reducing resistance to change and fostering transparency.

By addressing these critical dimensions, capSpire helps organizations achieve smoother integrations, accelerate synergy realization, and build resilient, future-ready operations.

CASE INSIGHTS

While confidentiality agreements prevent us from naming specific clients, recent capSpire M&A engagements in the refined products sector highlight our impact:

- **Fuel Supply Integration:** Successfully integrated a downstream wholesaler's fuel supply operation into a larger refining network, enhancing supply chain efficiency and strategic alignment.
- **IT System Rationalization:** Led the rationalization of overlapping IT systems following a pipeline acquisition, resulting in significant cost savings and operational efficiencies.
- **Trading Entity Standup:** Supported the rapid standup of an independent trading entity post-acquisition, ensuring full market readiness within 90 days.

CONCLUSION

capSpire's proven approach to M&A equips clients with the tools, expertise, and support needed to navigate the complexities of mergers and acquisitions. By partnering with us, companies in the refined products sector can unlock greater value, achieve seamless integrations, and position themselves for sustained success in an evolving market landscape.

FUTURE OUTLOOK

Looking ahead, the M&A landscape in the refined products industry will continue to be shaped by global trends, including the energy transition, the rise of sustainable fuels, and advancements in digital technologies. capSpire is committed to staying at the forefront of these changes, ensuring our clients are well-positioned to seize emerging opportunities, navigate industry shifts, and mitigate potential risks.

ABOUT CAPSPIRE

capSpire propels energy and commodity businesses forward by blending human ingenuity with deep market expertise to solve complex challenges. Our mission is to deliver transformative solutions that empower businesses to grow, scale, and succeed.

With three integrated services—Advisory, Delivery, and Operations and Support—capSpire offers holistic solutions that start with strategy and carry clients seamlessly through to scale.

What sets capSpire apart is our ability to connect every stage of the value chain, delivering tailored solutions that integrate technology, processes, and industry insight. From strategy consulting and technology implementation to operational excellence, we ensure that every solution drives measurable impact and uncovers new growth opportunities.

At capSpire, we don't just implement solutions; we become an extension of your team. We empower businesses to maximize their investments and push forward—confidently and strategically—into the future. Together, we'll power forward.

CONTACT US

To learn more about how capSpire can support your M&A initiatives, please reach out to our Advisory team using the contact information below. Together, we can transform challenges into opportunities and help your organization secure a lasting competitive edge in the marketplace.

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