bp leans into convenience and mobility across US, agrees to purchase leading travel center operator, TravelCenters of America

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- Adds a network of around 280 travel centers, strategically-located on major highways across US; complementing bp's US convenience and mobility business.
- $1.3bn cash acquisition within bp's $16-18bn frame, with acquisition multiple of around six times based on last 12 months' TravelCenters EBITDA (4Q21-3Q22)[i]
- Adds EBITDA immediately, expected to grow to around $800m by 2025, underpinned by investment, integration value and synergies.
- Expected to deliver over 15% returns and be accretive to free cash flow per share from 2024.
- Almost doubles bp's global convenience gross margin.
- Brings growth opportunities for 4 of bp's 5 transition growth engines including convenience, EV charging, biofuels/ renewable natural gas (RNG) and, later, hydrogen.

HOUSTON – BP Products North America Inc., a wholly-owned indirect subsidiary of BP p.l.c. (NYSE: bp) has reached an agreement to purchase TravelCenters of America (Nasdaq: TA), one of the country's leading full-service travel center operators. The acquisition, which is subject to regulatory and TravelCenters of America shareholder approval, will be for $1.3 billion in cash.

TA's strategically-located network of highway sites complements bp's existing predominantly off-highway convenience and mobility business, enabling TA and bp to offer fleets a seamless nationwide service. In addition, bp's global scale and reach will, over time, bring advantages in fuel and biofuel supply as well as convenience offers for consumers. It will provide options to expand and develop new mobility offers including electric vehicle (EV) charging, biofuels, renewable natural gas (RNG) and later hydrogen, both for passenger vehicles and fleets.

Convenience is one of bp's five strategic transition growth engines in which it aims to significantly grow investment through this decade. By 2030, bp aims for around half its annual investment to go into these transition growth engines. Over 2023-2030 it aims that around half of its cumulative $55-65 billion transition growth engine investment will go into convenience, bioenergy and EV charging.

Bernard Looney, CEO bp, said: "This is bp's strategy in action. We are doing exactly what we said we would, leaning into our transition growth engines. This deal will grow our convenience and mobility footprint across the US and grow earnings with attractive returns. Over time, it will allow us to advance four of our five strategic transition growth engines. By enabling growth in EV charging, biofuels and RNG and later hydrogen, we can help our customers decarbonize their fleets. It's a compelling combination."

The acquisition is expected to bring around 280 TravelCenters of America sites, spanning 44 US states nationwide, into the bp portfolio. These travel centers, which average around 25 acres, offer a full range of facilities for vehicles and fleet trucks, including more than 600 full-service and quick service restaurants, as well as truck maintenance and repair services. Around 70% of TA's total gross margin is generated by its convenience services business, almost double bp's global convenience gross margin.

Dave Lawler, chairman and president of bp America: "Subject to approvals, we look forward to welcoming the TA team to bp. TA's amazing nationwide network of on-highway locations combined with bp's more than 8,000 off-highway locations have the potential to offer travelers and professional drivers a seamless experience for decades to come."

bp yesterday announced plans to invest $1bn in EV charging across the US by 2030.

As part of the transaction, TA will enter into amended lease agreements with Service Properties Trust (NASDAQ: SVC), establishing long-term real estate access. bp looks forward to continuing TA's existing strong relationship with SVC.

The acquisition price of $1.3 billion, or $86 per share, represents a multiple of around 6 times based on last twelve months' TA EBITDA (4Q21 to 3Q22)[i]. It is expected to add EBITDA for bp immediately, growing to around $800 million in 2025.

It supports delivery of bp's convenience and EV charging growth engine target of more than $1.5bn EBITDA in 2025 and aim for more than $4bn in 2030. bp expects the acquisition to be accretive to free cash flow per share from 2024 and to deliver a return of over 15%.

Further information

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Notes

Goldman Sachs & Co. LLC is acting as lead financial adviser to bp, Robey Warshaw LLP is acting as financial adviser to bp, and Sullivan & Cromwell LLP is acting as lead legal adviser to bp.

Footnote

[i] Sourced from TA's November 2022 investor presentation.

Cautionary statement

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA') and the general doctrine of cautionary statements, bp is providing the following cautionary statement.

This document contains certain forecasts, projections and forward-looking statements – that is, statements related to future, not past events and circumstances – with respect to the financial condition, results of operations and businesses of bp and certain of the plans and objectives of bp with respect to these items. These statements are generally, but not always, identified by the use of words such as ‘will’, ‘expects’, ‘is expected to’, ‘targets’, ‘aims’, ‘should’, ‘may’, ‘objective’, ‘is likely to’, ‘intends’, ‘believes’, ‘anticipates’, ‘plans’, ‘we see’ or similar expressions. In particular, the following, among other statements, are all forward-looking in nature: expectations in relation to the completion of the transaction described including the outcome of regulatory and shareholder approvals and the amount and form of the consideration; expectations in relation to future services and offers from TA and bp including in relation to fuel and biofuel supply as well as convenience offers; expectations that the transaction will provide bp with options to expand and develop new mobility offers including electric vehicle charging, biofuels, renewable natural gas and hydrogen; bp’s plans and expectations to grow its transition growth engines (TGEs) through this decade including that investment into bp’s TGEs will be around half of bp’s total capital expenditure by 2030 and for cumulative capital expenditure into TGEs to be $55-65 billion over the period 2023-2030; expectations regarding EBITDA from TA’s business, including expectations to grow that EBITDA through to 2025 underpinned by growth, integration value and synergies; expectations regarding the delivery of bp’s 2025 target and 2030 aim for combined EBITDA from its convenience and EV charging TGEs; expectations that the acquisition will be accretive to free cash flow on a per share basis from 2024; expectations relating to the transaction’s rate of return; expectations in relation to the impact of the acquisition on bp’s convenience gross margin; plans and expectations regarding the impact of the transaction on bp’s financial frame including expectations for bp’s annual capital expenditure and allocation of that expenditure; expectations relating to bp’s announced plans to invest $1 billion in EV charging across the United States by 2030; and plans and expectations relating to bp’s strategy, including bp’s transformation to an integrated energy company.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of bp. Actual results or outcomes, may differ materially from those expressed in such statements, depending on a variety of factors, including the risk factors discussed under “Risk factors” in bp’s Annual Report and Form 20-F 2021 as filed with the US Securities and Exchange Commission and in any of our more recent public reports.

Our most recent Annual Report and Form 20-F and other period filings are available on our website at www.bp.com, or can be obtained from the SEC by calling 1-800-SEC-0330 or on its website at www.sec.gov.