



# Parkland Income Fund

*Strategic Focus*  
*Focused People*

**Mike Chorlton**  
**President and CEO**

December 2009

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## Forward Looking Statements

*Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving Parkland. Many of these statements can be identified by looking for words such as “believe”, “expects”, “expected”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues”, or similar words. Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in the Fund’s annual report, annual information form and other continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause the Fund’s actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond the control of Parkland. Any forward-looking statements are made as of the date hereof and the Fund does not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.*



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# Parkland's Business Model

- Independent fuel and related products and services marketer focused on non-urban markets
- Multi branded retailer with 612 service stations in Western Canada and Ontario
- Multi branded commercial fuels business focused in Alberta, British Columbia and the Yukon
- Internal trucking for superior service
- Strong, long-term supply and marketing arrangements with the major refiners
- Active industry consolidator



# Parkland News

- Solid Third Quarter Results
  - Strong volume growth from 2008 acquisitions
  - \$21.4 million quarterly EBITDA up 8% from 2008; year-to-date EBITDA \$77.1 million, up 37%
  - Distribution payout ratio 86% for the quarter and 78% year-to-date
  
- Convertible Debenture Issue
  - \$85 million plus 15% option for \$97.75 million
  - 6 1/2% coupon, 30% conversion premium
  
- Acquisition of Columbia Fuels effective June 1, 2009
  - Leading supplier of heating oil and bulk fuels
  - Fills in Vancouver Island and Coastal BC territory
  - \$34.5 million price; immediately accretive
  
- Acquisition of Anmart Fuels
  - \$4.8 million price; immediately accretive



# Investment Highlights

- Financial Position
  - Maintaining current level of distributions
  - Unit price recently hit a 52 week high
  - Long-term debt 94% of 12 month EBITDA
  - With addition of convertible debentures, well positioned to finance growth
  - Staying on strategy and seeking growth
  
- Retail business performing very well
  - Margins have been excellent
  - Volumes have held – 2009 same-store growth despite total market off versus 2008
  
- Commercial business has held as well but facing challenges
  - Cutting costs where we have exposure to distressed sectors and loss of volume
  - Maintaining margins
  
- Refiners' margins have decreased following strong first half
  - Benefit through supply contract
  
- Actively reviewing Trust to Corporate conversion options
  - Base case January 2011 conversion
  - Viable yield and growth options
  - Dividend level will be set closer to conversion date



# Parkland's Financial Profile

■ Listing (TSX)	PKI.UN
■ Units Outstanding	50.2 million
■ Market Capitalization (November 30, 2009)	\$622 million
■ Term Debt	\$ 98 million
■ Enterprise Value	\$720 million
■ Monthly Distribution	\$0.105 per unit

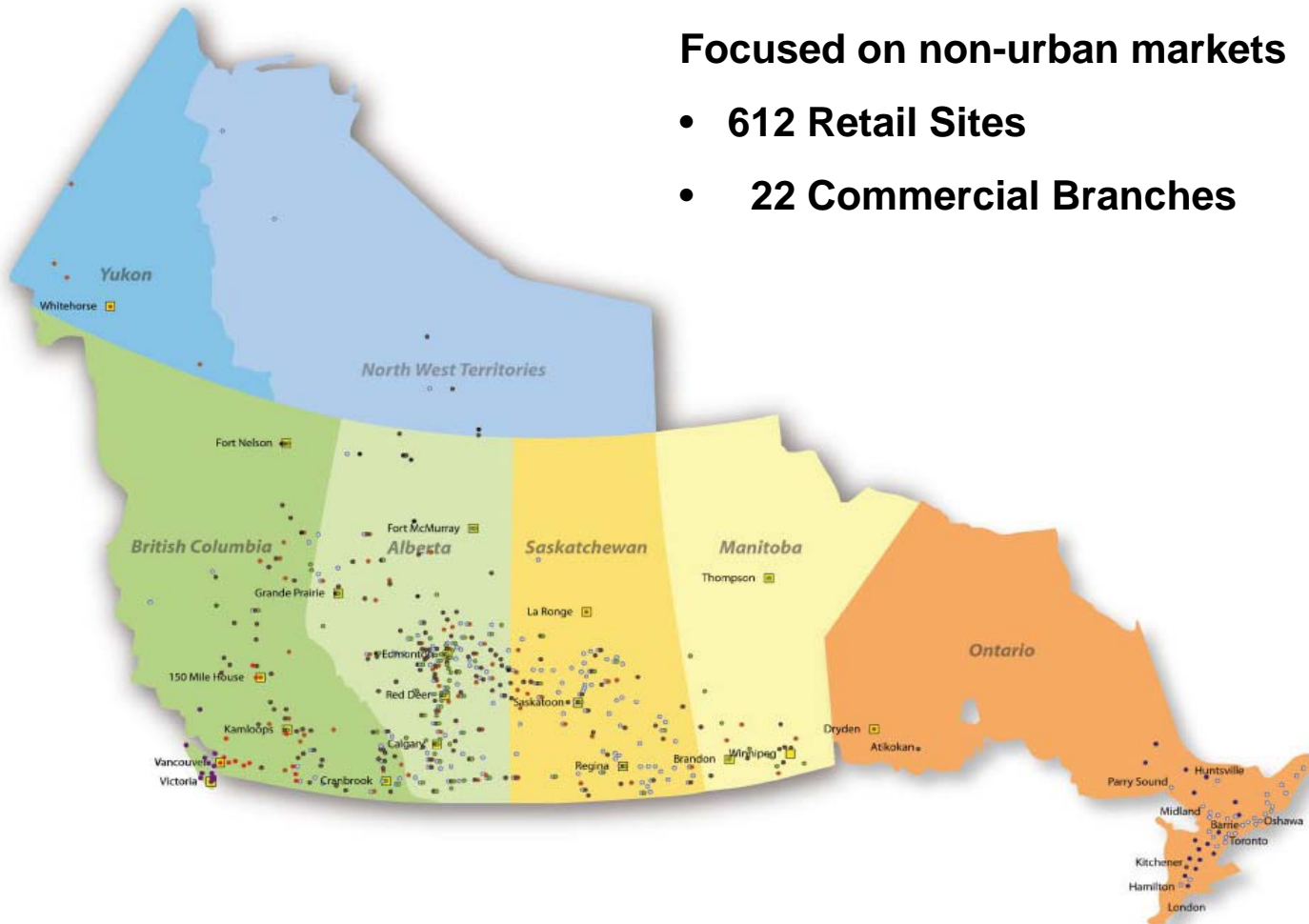


# Parkland Overview

*One of Canada's Leading Independent Fuel Marketers*

Focused on non-urban markets

- 612 Retail Sites
- 22 Commercial Branches



# Parkland Overview

## Storage, supply and distribution capabilities



- Supply – long-term contracts with major refiners
- Parkland Refining: Bowden refinery utilized for storage and contract processing
- Trucking: Fuel trucking – over 70% of internal needs
- Other long haul trucking – propane, fertilizer, dry bulk, etc. – shared facilities, drivers and equipment to reduce costs



# Weathering the Storm

- Non-urban focus
- Geographic diversification
- Complementary products and businesses
- Portfolio of brands
- Commercial customer diversification
- Integrated distribution
- Conservative Balance Sheet



# Outlook

- Refiners' margins have softened since mid year
  - Gasoline shortages in Western Canada were not reflected in rack pricing
  - North American inventory surplus of refined products and crude
- Retail volumes have remained strong to date though market not expected to achieve historic growth and Q4 is historically off season; Retail margins have been strong all year
- Commercial volumes will be negatively impacted by oil and gas drilling reductions and generally soft commodity markets. Margins have held up.



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# Strategic Approach



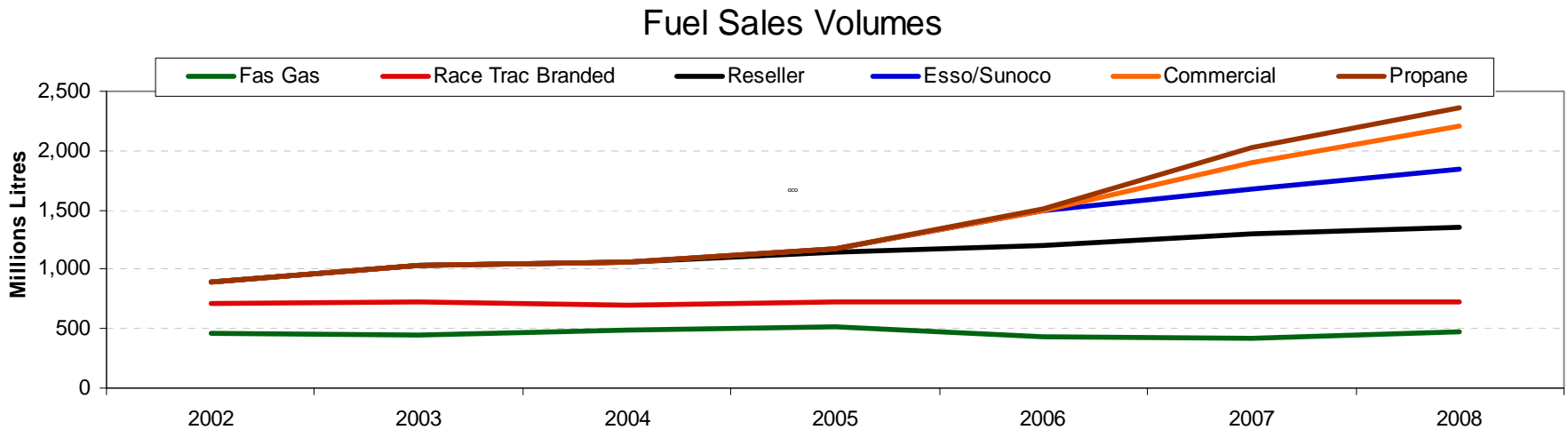
# Strategic Focus

- Parkland is focused on four strategic pillars...



# Strategic Focus: Growth of Fuel Marketing Business

*Strong growth in volume and cash flow*



- Growth waves since 2005
  - 2005 entered Esso Retail Branded distributorship in Saskatchewan and Alberta; subsequent steps in BC and ON
  - 2007 ramped up Commercial business with Neufeld Petroleum & Propane, Joy Propane, UPPI and others
  - 2008 largely devoted to consolidation and synergies with steps in trucking (Wiebe Transport) and Ontario (Noco)
  - 2009 started strong from 40 new Esso sites acquired in Q4, 2008 and followed with acquisitions of Columbia Fuels and Anmart.
- Columbia Fuels acquisition adds further 6% volume
- Opportunity list strong going forward



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# Strategic Focus: Managing Risk

- Parkland's management of business risk has helped us weather the financial storm:
  - Conservative financial management
  - Focus on non-urban markets
  - Diversified customer base
  - Strong supply contracts
  - Focus on non-fuel revenues



# Strategic Focus: Increase Competitiveness

- Parkland maintains supply from each of the 3 major regional refiners in Western Canada and 4 in Central Canada
  - Diversified supply portfolio, positive supplier relationships
  - Long-term agreements
  - Participation in Refiners' Margin
  - Acquisitions increase Parkland's importance to refiners
  - Bowden storage adds flexibility
- Highly focused on economic replacement of Suncor contract benefit in 2013
- Continuous focus on upgrading/closing sites
  - All sites evaluated on Net Unit Operating Cost and Volume

***Diversified portfolio enabled Parkland to avoid fallout from supply disruptions at several Canadian refineries in 2008...***



# Strategic Focus: Organizational Effectiveness

- Process re-engineering and new ERP system will go live in Q1, 2010
- Big push on developing common culture as we acquire and grow
  - Values based leadership
- Key senior hires
  - Weak economy is making premier resources available
- Strengthening human resources in the organization
- Effectively integrating new acquisitions



# Operational and Financial Performance



# Performance Measures

**Continued growth in fuel volumes and maintaining monthly distributions**

	<b>9 Months 2009</b>	<b>9 Months 2008</b>	<b>Change</b>
Fuel Volume (billion litres)	2.0	1.7	+19%
Gross Profit (\$ million)	192.6	156.0	+23%
EBITDA (\$ million)	77.1	56.1	+ 37%
Monthly Distributions	\$0.105	\$0.105	-
Total Distributions (\$ million)	47.2	47.5	-
Payout Ratio	71%	91%	-



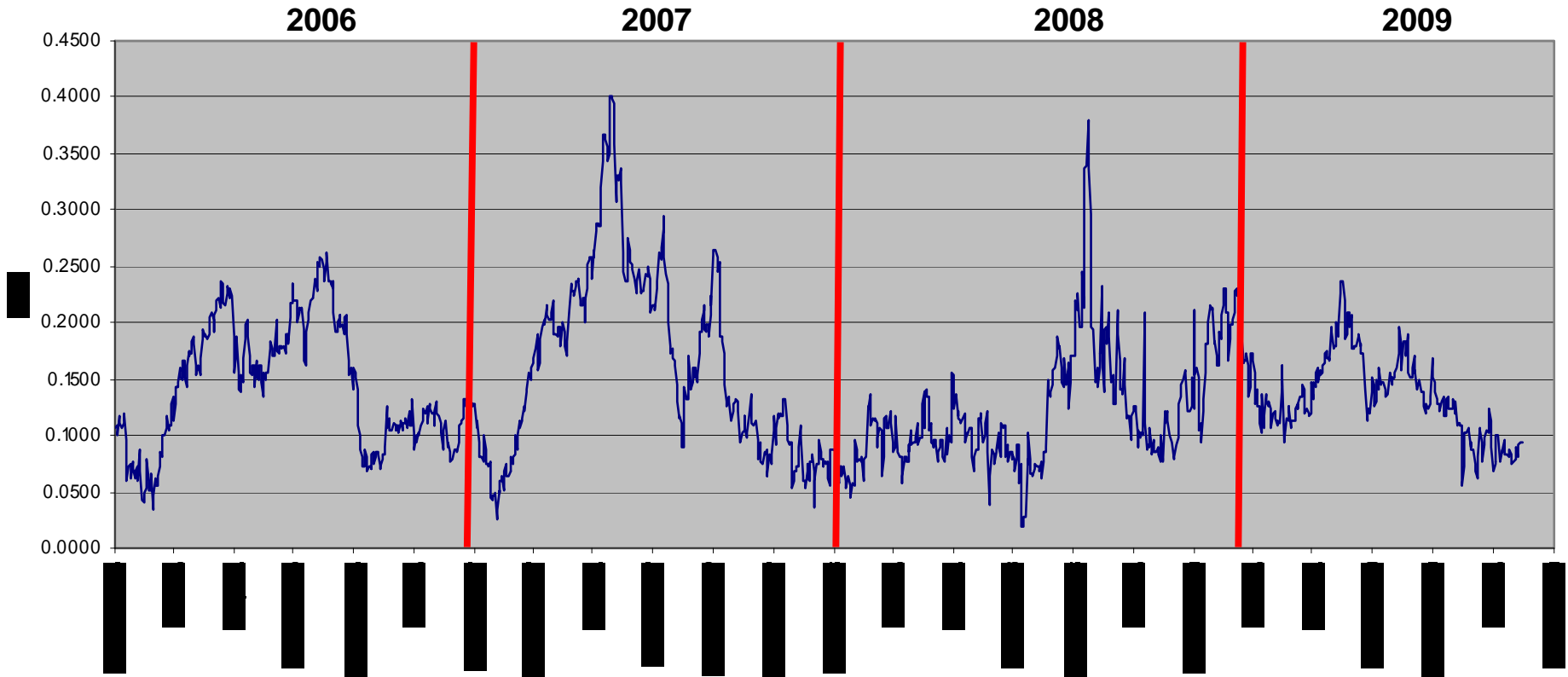
# Operational and Financial Performance

New York Harbor 3-2-1 Crack Spread



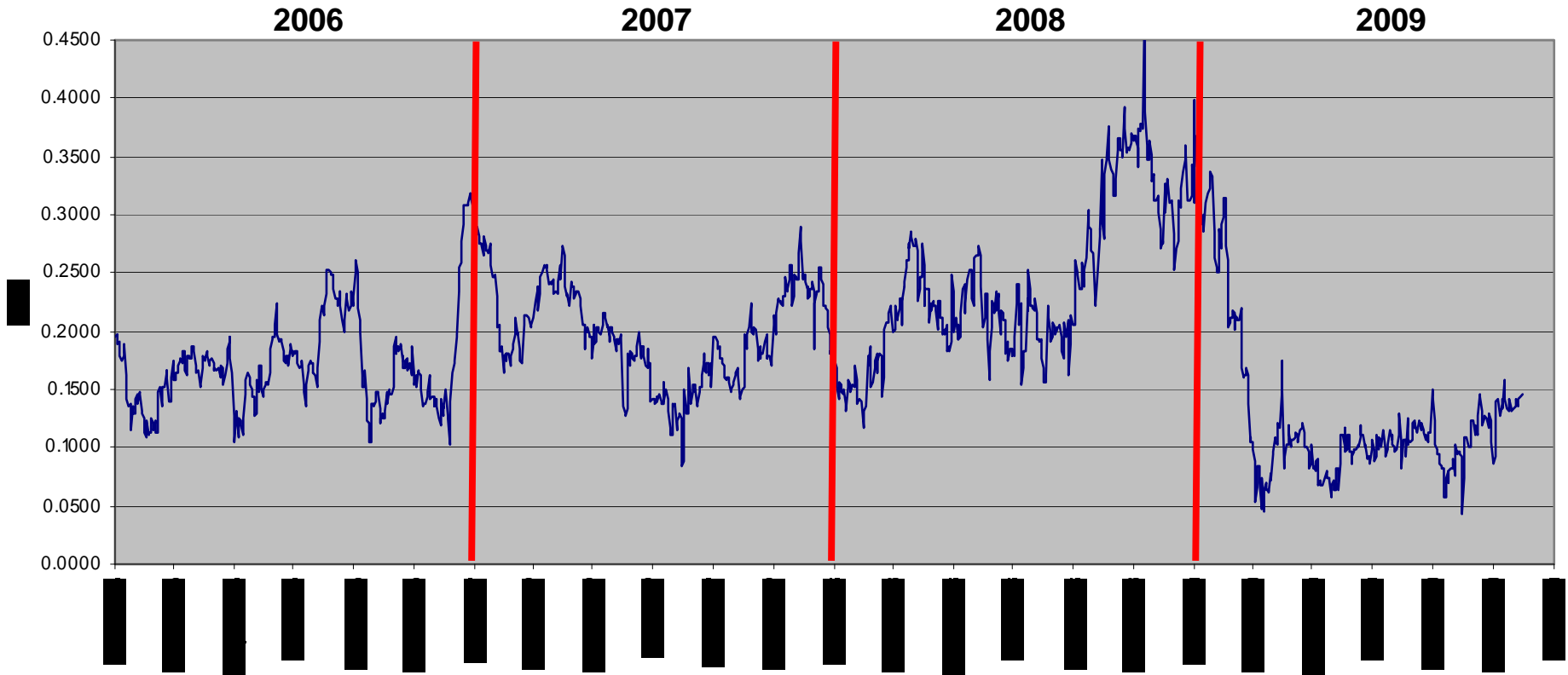
# Operational and Financial Performance

Daily Edmonton Regular Unleaded Gasoline Refinery Margin  
in Canadian Cents per Litre



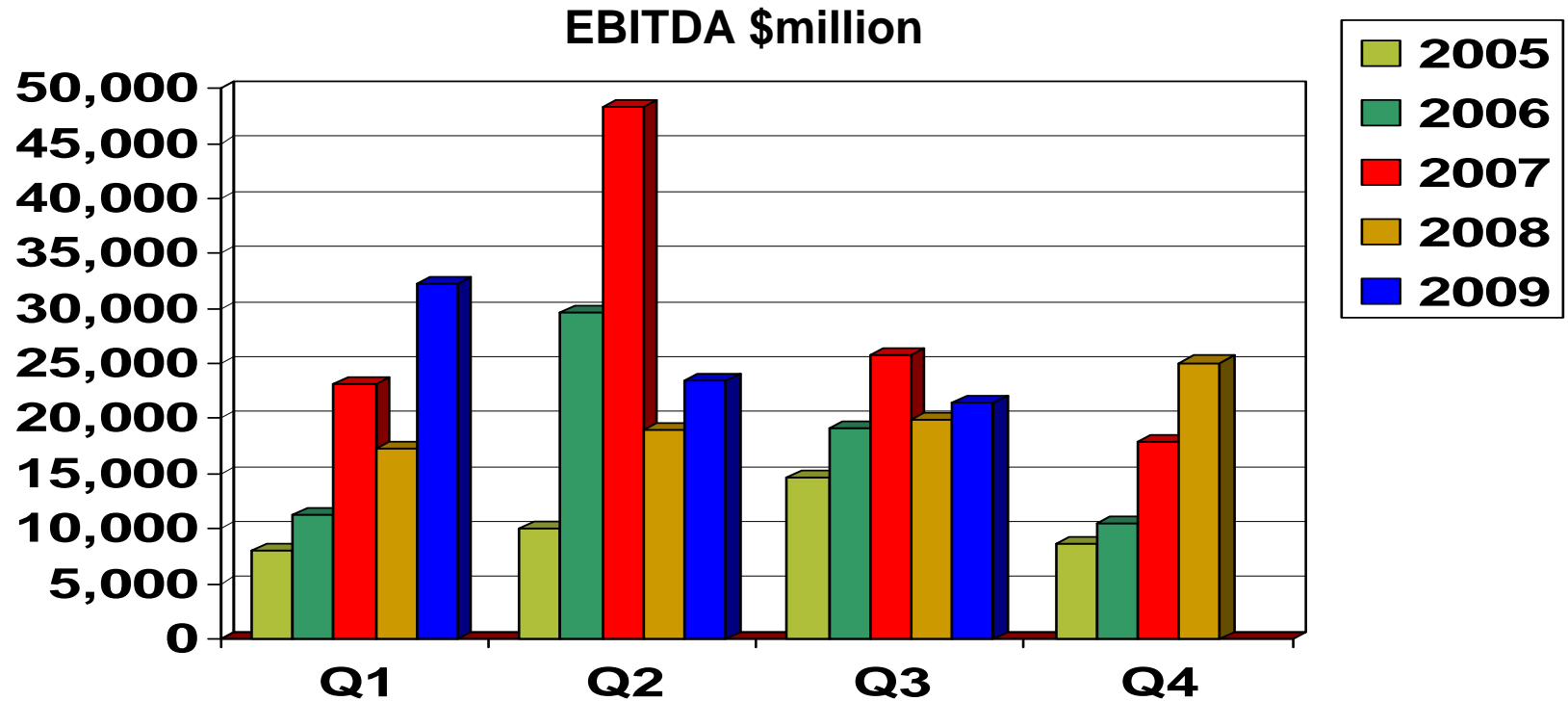
# Operational and Financial Performance

Daily Edmonton Diesel Refinery Margin  
in Canadian Cents per Litre



# EBITDA Performance

- Seasonal Performance



# Balance Sheet Strength

	<b>September 30 2009</b>	December 31 2008
	(\$ million)	(\$ million)
Current Assets	<b>170.6</b>	174.2
Capital Assets / Other	<b><u>266.6</u></b>	<u>231.3</u>
	<b><u>437.2</u></b>	<u>405.5</u>
Current Liabilities	<b>128.6</b>	125.4
Long-term Debt	<b>95.9</b>	70.2
Other	<b>18.4</b>	18.3
Unitholders' Capital	<b><u>194.3</u></b>	<u>191.6</u>
	<b><u>437.2</u></b>	<u>405.5</u>
Ratio		
Long-term Debt to EBITDA (trailing 12 month)	<b><u>0.94</u></b>	<u>0.87</u>



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