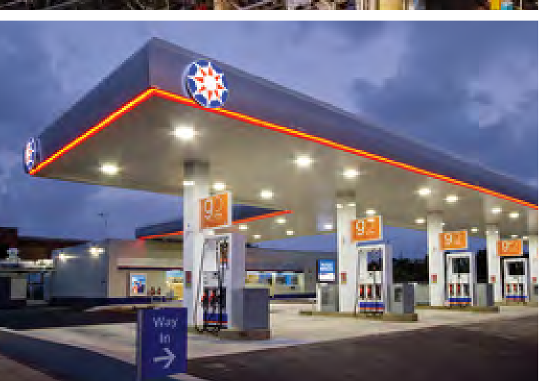
Parkland
FUEL CORPORATION

Q1 2019



Three months ended March 31, 2019

Report to shareholders

Management's Discussion and Analysis Q1 2019

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Basis of presentation

This Management's Discussion and Analysis ("MD&A") for Parkland Fuel Corporation ("Parkland", "we", "our" or "us") dated May 1, 2019 should be read in conjunction with our March 31, 2019 unaudited interim condensed consolidated financial statements (the "Interim Condensed Consolidated Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2018 (the "Annual Consolidated Financial Statements"), our 2018 annual MD&A (the "Annual MD&A"), and our annual information form for the fiscal year ended December 31, 2018 dated March 29, 2019 (The "Annual Information Form"). Information contained within the Annual MD&A is not discussed in this MD&A if it remains substantially unchanged.

Unless otherwise noted, all financial information is prepared in accordance with International Accounting Standard ("IAS") 34-Interim Financial Reporting within the framework of International Financial Reporting Standards ("IFRS"), also referred to as Generally Accepted Accounting Principles ("GAAP"), using the accounting policies described in Note 2 of the Annual Consolidated Financial Statements and in Note 2 of the Interim Condensed Consolidated Financial Statements. Effective January 1, 2019, Parkland adopted the new accounting standard, IFRS 16 — Leases ("IFRS 16)", that is discussed in "Accounting Policies and Critical Accounting Estimates" in this MD&A. The adoption of IFRS 16 has a significant effect on Parkland's reported results. Due to Parkland's selected transition method, it has not restated its prior year comparative figures. The MD&A is presented in millions of Canadian dollars unless otherwise noted. Additional information about Parkland including quarterly and annual reports and the Annual Information Form is available online at www.sedar.com and Parkland's website, www.parkland.ca.

Non-GAAP financial measures and key performance indicators

Parkland has identified several key operating performance measures that management believes provide meaningful information in assessing Parkland's underlying performance. Readers are cautioned that these measures may not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to Section 13 of this MD&A for a list of defined non-GAAP financial measures and key performance indicators ("KPIs").

Adjusted EBITDA and adjusted gross profit

Adjusted EBITDA and adjusted gross profit, including fuel and petroleum product adjusted gross profit, are measures of segment profit as reported in Note 20 of the Interim Condensed Consolidated Financial Statements and Note 24 of the Annual Consolidated Financial Statements. Refer to Section 13 of this MD&A for more information on these measures of segment profit.

Risks and forward-looking information

Parkland's financial and operational performance is potentially affected by a number of factors including, but not limited to, the factors described within the forward-looking Information section and Risk Factors section of this MD&A and the Annual Information Form. The information within these sections of this MD&A is based on Parkland's current expectations, estimates, projections and assumptions that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is subject to a number of risks and uncertainties beyond Parkland's control including, without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under Section 9 of this MD&A and the Risk Factors section of the Annual Information Form. Readers are cautioned that such forward-looking information contained in this MD&A should not be used for purposes other than for which it is disclosed herein and are cautioned not to place undue reliance on these forward-looking statements. Refer to Section 14 of this MD&A for further details.

1. PARKLAND OVERVIEW

Who we are

Parkland Fuel Corporation ("Parkland") is one of the fastest growing independent marketers of fuel and petroleum products in the Americas and a leading convenience store operator. Parkland serves customers through three channels: retail, commercial and wholesale, and optimizes its fuel supply across these channels by operating it's refinery located in Burnaby, British Columbia (the "Burnaby Refinery"), as well as leveraging a growing portfolio of supply relationships and storage infrastructure. Parkland provides trusted and locally relevant fuel brands and convenience store offerings in the communities it serves.

Parkland creates value for shareholders by focusing on its proven strategy of growing organically, realizing a strong supply advantage, acquiring prudently and integrating successfully. At the core of our strategy are our people as well as our values of safety, integrity, community and respect, which are embraced across our organization.

Parkland is listed on the Toronto Stock Exchange and trades under the symbol PKI. We operate through five operating segments: Canada Retail, Canada Commercial, USA, International, and Supply.

Our mission

Great people working together to be the partner of choice for our customers and suppliers.

Our four strategic imperatives

Parkland is committed to delivering competitive and sustainable returns to shareholders by being the partner of choice for our suppliers and our customers. Parkland's strategy consists of the following four strategic imperatives:

1. Grow organically

Parkland drives organic growth by innovatively pursuing opportunities to increase gross profit. We sell great products under highly valued brands, while delivering great customer experiences, building loyalty, expanding the reach of our private label offerings, and continuously increasing efficiencies. Parkland effectively deploys growth capital, operates safely and efficiently, and is a responsible steward of the environment. We believe these activities enable us to grow organically in all fuel marketing channels and convenience stores. Our annual average Adjusted EBITDA strategic organic growth target is 3-5%.

2. Strong supply advantage

Parkland achieves a supply advantage by safely and reliably operating the Burnaby Refinery, leveraging market inefficiencies and being a partner of choice for refiners. We work hard to efficiently and consistently purchase large volumes of the full range of products produced by refineries in the geographic markets in which we operate. We sell our products through a variety of marketing channels, including Company retail gas stations, commercial diesel cardlocks, and commercial fuel, propane and lubricant delivery branches, and also supply third parties over and above our own system requirements. We also use our Dealer retail network and wholesale activities to supplement our volumes and to optimize our supply advantage through market insights, logistic expertise, strategic infrastructure and strong supplier relationships.

3. Acquire prudently and integrate

Parkland is a disciplined acquirer that actively seeks complementary scale and scope opportunities. We build and leverage relationships with the objective of being the buyer of choice for vendors, and effectively integrate acquisitions to drive operational efficiency, create synergies and generate shareholder value with support from our strong supply advantage and marketing platform. As the fuel distribution market remains significantly fragmented, we are well-positioned to be a leader in its consolidation given potential supply and cost synergies as well as our experience across all fuel marketing channels. We believe that our combination of acquisitive and organic growth enables us to earn an attractive return for our shareholders.

4. Enable our teams to succeed

People are at the core of our strategic imperatives. We are committed to enabling our teams to succeed by recruiting great, high-calibre people, fostering engagement, building an industry-leading people culture and investing in technology. We champion the Parkland BOLD leadership model by empowering our employees to build, own, lead and deliver on their mandates. Our employees also embrace our Parkland values of safety, integrity, community and respect, which are at the core of everything we do. At Parkland, our employees are our most important resource and by investing in our people, we are directly contributing to the success of our organization.

2. FINANCIAL AND OPERATING SUMMARY

2019 results reflect the adoption of IFRS 16 as of January 1, 2019. 2018 and 2017 comparative figures reflect the accounting standards in effect for those years. Specifically, those periods are not restated to reflect the impact of IFRS 16 which is allowed under the modified retrospective approach for IFRS 16 adoption. Please see the reconciliation of IFRS 16 impact on Adjusted EBITDA for the three months ended March 31, 2019 on page 4 of this MD&A.

($ millions, unless otherwise noted)	Three months ended March 31,		
	2019	2018	2017
Financial Summary			
Sales and operating revenue	**4,215**	3,342	1,765
Adjusted gross profit[1]	**697**	430	191
Adjusted EBITDA including non-controlling interest ("NCI")	**339**	153	70
Adjusted EBITDA attributable to NCI	**24**	—	—
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[1]	**315**	153	70
Net earnings	**91**	20	22
Net earnings attributable to:			
Parkland	**77**	20	22
NCI	**14**	—	—
Net earnings per share ($ per share)			
Per share – basic	**0.53**	0.15	0.23
Per share – diluted	**0.52**	0.15	0.22
Distributable cash flow[2]	**122**	29	38
Per share[2][3]	**0.84**	0.22	0.40
Adjusted distributable cash flow[2]	**135**	110	46
Per share[2][3]	**0.93**	0.84	0.48
Dividends	**43**	38	28
Dividends declared per share outstanding	**0.2951**	0.2902	0.2852
Dividend payout ratio[2]	**35%**	131%	72%
Adjusted dividend payout ratio[2]	**32%**	35%	60%
Total assets	**8,998**	5,492	2,469
Total long-term liabilities	**5,108**	2,524	690
Shares outstanding (millions)	**146**	132	97
Weighted average number of common shares (millions)	**145**	131	96
Operating Summary			
Fuel and petroleum product volume (million litres)[4]	**5,336**	4,211	2,756
Fuel and petroleum product adjusted gross profit[2] (cpl)[5][7]			
Canada Retail	**7.59**	7.88	5.25
Canada Commercial[6]	**7.91**	6.74	7.11
USA	**4.53**	3.65	3.58
International	**11.95**	—	—
Refinery utilization[7]	**92.0%**	33.2%	—%

[1] Measure of segment profit. See Section 13 of this MD&A.
[2] Non-GAAP financial measure. See Section 13 of this MD&A.
[3] Calculated using the weighted average number of common shares.
[4] Fuel and petroleum product volume represents external volumes only. Intersegment volumes, including volumes produced by the Burnaby Refinery and transferred to the Canada Retail and Canada Commercial segments, are excluded from this reported volume.
[5] "cpl" stands for cents-per-litre and is a key performance indicator. See Section 13 of this MD&A.
[6] For comparative purposes, fuel and petroleum product volume, and sales and operating revenue for the three months ended March 31, 2018 were restated due to a change in segment presentation, resulting from a reclassification of wholesale customers from the Supply segment to the Canada Commercial segment, reflecting a change in organizational structure in 2019.
[7] Key performance indicator. See Sections 4 and 13 of this MD&A.

The following table outlines the impact of IFRS 16 on Adjusted EBITDA as reported for the three months ended March 31, 2019:

	Three months ended March 31,			
	2019			2018
	Adjusted EBITDA as reported	**IFRS 16 Impact**	**Pre-IFRS 16 Amount[1]**	Adjusted EBITDA as reported
Canada Retail	**73**	**(5)**	**68**	69
Canada Commercial	**44**	**(1)**	**43**	38
USA	**11**	**–**	**11**	4
Supply	**143**	**(6)**	**137**	71
International	**71**	**(14)**	**57**	—
Corporate	**(27)**	**(1)**	**(28)**	(29)
Consolidated	**315**	**(27)**	**288**	153

[1] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

3. PERFORMANCE OVERVIEW

Q1 2019 Highlights

Parkland achieved record first quarter Adjusted EBITDA of $315 million and net earnings of $77 million compared to Adjusted EBITDA of $153 million and net earnings of $20 million for the first quarter of 2018. This exceptional performance was primarily driven by additional contributions from the Sol Transaction of $71 million, strong Supply results as a result of the 2018 Turnaround in the first quarter of 2018 and continued efforts in executing Parkland's supply strategy, and the adoption of IFRS 16 as of January 1, 2019. Compared to Q1 2018, Supply's Adjusted EBITDA increased $72 million; USA's Adjusted EBITDA increased $7 million; Canada Commercial Adjusted EBITDA increased $6 million; and Canada Retail Adjusted EBITDA remained relatively flat. Furthermore, Company C-Store SSSG[2] was 6.0% (2018 – 4.1%) across Canada. Given the strong first quarter results, adjusted dividend payout ratio[1] for the first three months of 2019 was 32% (2018 – 35%), adjusted distributable cash flow per share[1] was $0.93 (2018 – $0.84), and Total Funded Debt to Credit Facility EBITDA ratio[1][2] was 2.71 (2018 – 2.47).

Grow

Financial Highlights

- Parkland achieved a record first quarter Adjusted EBITDA of $315 million in 2019, more than double that of the $153 million achieved for the same period in 2018. This growth was primarily driven by the Sol Transaction in International, exceptional results in Supply, strong results in USA driven by the Rhinehart Acquisition and strong fuel margins in Canada Commercial, and relatively flat results in Canada Retail. The results include the impact of the adoption of IFRS 16 as of January 1, 2019 (see below). The 2018 Turnaround began in early February 2018 and was completed in the first week of April 2018.
- The results for the first quarter of 2019 includes the impact of the adoption of IFRS 16 as of January 1, 2019. Parkland's Adjusted EBITDA of $315 million would have been $288 million if the $27 million impact resulting from the adoption of IFRS 16 were excluded. The adoption of IFRS 16 has resulted in an increase in Adjusted EBITDA compared to the comparative period as 2018 comparative figures were not restated. IFRS 16 constitutes 17% of the total increase in Adjusted EBITDA, the majority of which impacts the International segment due to the significant leases associated with its shipping vessels.
- Parkland delivered 5,336 million litres of fuel and petroleum product volume in the first quarter of 2019, compared to 4,211 million litres for the same period in 2018. The additional volume was primarily driven by incremental business from the Sol Transaction.
- Sales and operating revenue increased to $4,215 million in the first quarter of 2019 from $3,342 million in the same period of 2018 driven mainly by the Sol Transaction.
- Parkland also saw Company C-Store same-store sales growth ("SSSG") of 6.0% across Canada and Company Volume SSSG growth of 1.4% for the first quarter of 2019, showing an increase in our market share and demonstrating our commitment to grow organically.
- Net earnings attributable to Parkland and net earnings per share ($ per share) increased $57 million and $0.38 respectively, compared to the same period in the prior year due to the factors outlined above.

Strategic Highlights

- Canada Retail achieved Company C-Store SSSG of 6.0% across Canada in the first quarter of 2019, marking the 13th consecutive quarter of positive Company C-Store SSSG at Parkland. This strong Company C-Store SSSG was driven by ongoing marketing programs, rollout of our proprietary private label brand (59th Street Food Co.). On The Run conversions, new product launches and continued focus on optimizing operations and improving customer focus that resulted in higher forecourt to backcourt conversion rates. Parkland also saw growth in higher-margin categories such as beverage, snacks and confectionery.
- Parkland continued the successful rollout of the national refreshed On the Run / Marché Express store concepts, completing 90 "Retrofit" sites to date, where existing locations are upgraded to the new store concept. In addition, Parkland has completed 13 "Flagship" sites to date, constructed at "new-to-industry" or "replacement" sites, which are new full-offer facilities and include car washes and quick serve restaurants. The new On the Run / Marché Express store concepts elevate the customer experience and support the shift to higher margin categories while growing basket size and improving forecourt to backcourt conversion rates with results to date exceeding expectations.

(1) Non-GAAP financial measure. See Section 13 of this MD&A.
(2) Key performance indicator. See Sections 4 and 13 of this MD&A.

- Parkland's proprietary private label brand, 59th Street Food Co., developed in 2017 and successfully launched across numerous locations, continues to perform well with plans on track to double the selection of product offerings to grow our C-Store product mix in 2019.
- Parkland is piloting its new customer loyalty program, Journie Rewards, in two markets. The new loyalty program is designed to expand a loyal customer base, attract new customers and build recurring fuel and merchandise sales.
- Parkland is in the process of a one-time conversion of Ultramar company-owned, company-operated ("COCO") sites to company-owned, retailer-operated ("CORO") sites (the "CORO Conversion"), which is expected to lower costs, realize synergies, and provide Parkland with higher returns. The completion of the CORO Conversion is on track to be completed by end of 2019.
- Canada Commercial is currently embarking on the optimization of its brand portfolio in various geographies. Certain legacy operations, particularly in eastern Canada, were successfully rebranded to Ultramar, enabling Parkland to drive future growth and sustained profitability under one aligned customer value proposition.

Supply

Financial Highlights

- Supply's Adjusted EBITDA for the three months ended March 31, 2019 was $143 million (2018 – $71 million). The significant increase in Adjusted EBITDA was primarily as a result of the comparative period including the 2018 Turnaround, continued efforts in executing Parkland's supply strategy during the first quarter of 2019 and the adoption of IFRS 16 as of January 1, 2019.
- Supply's external fuel and petroleum product volume increased 50 million litres for the first quarter of 2019 compared to the same period in 2018. This was mainly driven by increased export opportunities captured by Elbow River Marketing in the US for both crude and refined products.

Strategic Highlights

- The Burnaby Refinery achieved refinery utilization of 92% in the first quarter of 2019.
- Parkland successfully started processing bio-fuels such as canola and tallow at the Burnaby Refinery in 2019. This allows for increased production of lower-carbon intensity fuels, demonstrating Parkland's commitment and leadership in low-carbon initiatives.

Acquire

Financial Highlights

Sol Transaction

Parkland successfully completed the acquisition of 75% of the outstanding shares of Sol Investments Limited ("SIL" and with its subsidiaries, "Sol"), on January 8, 2019 (the "Sol Transaction"). With operations in 23 countries, Sol is the largest independent fuel marketer in the Caribbean and was a privately held company owned by the Simpson Group through Sol Limited.

Sol has an integrated supply chain backed by an extensive distribution network, fortress assets, a premier brand portfolio and an exceptional team. The businesses and assets included in the Sol Transaction are predominantly located in the Caribbean and north eastern coast of South America and consist of: (i) Sol's retail businesses, which include 268 company-owned or company-leased sites and 239 dealer-owned and dealer-operated sites under brands such as Esso, Shell and Sol; (ii) Sol's supply and distribution businesses, which include owned or leased infrastructure assets including 32 import terminals, 7 pipelines, 3 marine berths and 10 charter ships; (iii) Sol's commercial and industrial businesses, which supply gasoline, diesel, fuel oil, propane and lubricants, as well as aviation operations in 13 countries. The Sol Transaction, which extends Parkland's supply reach globally and builds on Parkland's supply advantage strategy, will provide Parkland with a significant North American and Caribbean growth platform for future strategic initiatives, as well as access to key markets in 23 countries and comprehensive supply infrastructure in the Caribbean and north eastern coast of South America.

On January 8, 2019, Parkland closed the Sol Transaction for a preliminary purchase consideration of $1,350 million, consisting of cash consideration of $960 million net of estimated cash assumed, preliminary working capital adjustments of $21, gain on a US dollar currency hedge of $12 and fair value of share consideration of $423 million (representing 12.2 million common shares calculated using the trading price of $34.56 per share) pursuant to the Sol Business Combination Agreement (the "Sol Agreement").

The preliminary purchase price is subject to change as a result of customary post-closing activities and will be finalized no later than one year from the acquisition date.

The Sol Transaction includes a non-expiring call right for Parkland to acquire (the "Sol Call Option") and a non-expiring put right for the shareholders of Sol Investments Limited ("SIL" and with its subsidiaries "Sol), along with its affiliates, to sell (the "Sol Put Option") the remaining outstanding shares of Sol at a proportionate purchase price based on Sol's contractually-defined trailing-twelve-month Adjusted EBITDA multiplied by 8.5, and including other adjustments as defined in the Sol Agreement. Parkland will have the non-expiring right to refuse the exercise by the shareholders of SIL, along with its affiliates of its put right on up to two occasions. The Sol Put Option is first exercisable after the release of Parkland's audited consolidated financial statements for the year ended December 31, 2021. The Sol Call Option has no separate value as it is exercisable at Parkland's discretion.

Rhinehart Acquisition

On August 27, 2018, Parkland completed the acquisition of all outstanding shares of Rhinehart Oil Co., Inc. and its affiliates (collectively, "Rhinehart") for a preliminary purchase price of $176 million (the "Rhinehart Acquisition"). Rhinehart markets and distributes fuels, lubricants and specialty products in Utah, Colorado, Wyoming and New Mexico. The businesses acquired include ten distribution facilities, nine retail sites and four cardlock facilities. The Rhinehart Acquisition doubled the size of Parkland USA and provided Parkland with talented staff and scalable infrastructure to establish a Regional Operations Centre ("ROC") in the Rocky Mountain tributary. This ROC will be the platform that enables organic growth and future acquisitions across the region, leveraging substantial existing capacity within current rail hubs, bulk storage terminals, and warehouses.

Ultramar Acquisition and Chevron Acquisition synergies update

Parkland acquired the majority of the Canadian business and assets of CST Brands, Inc. on June 28, 2017 for a purchase price of $978 million (the "Ultramar Acquisition") and all outstanding shares of Chevron Canada R & M ULC on October 1, 2017 for a purchase price of $1,684 million (the "Chevron Acquisition"). These two acquisitions enhance Parkland's network coverage across Canada and added significant supply and marketing infrastructure.

The businesses acquired as part of the Ultramar Acquisition and Chevron Acquisition have performed very well since their respective closing dates, as demonstrated by strong results in 2018 and 2019, and the successful 2018 Turnaround. Acquisition synergy targets continue to pace above the original plan, reinforcing Parkland's ability and commitment to acquire prudently and integrate successfully. As at March 31, 2019, Parkland completed initiatives that are expected to result in Annual Synergies[(1)] on the Acquisitions of approximately $100 million per year. Parkland expects that Annual Synergies on the Acquisitions will reach a run rate of approximately $180 million per year[(1)] by the end of 2020. Parkland continues to implement its comprehensive plan to integrate the acquired businesses to drive synergies and future growth.

Strategic Highlights

Chevron Acquisition integration update

Previously, Parkland successfully completed the conversion of the ERP system used in the Canada Retail and Canada Commercial segments of the Chevron Acquisition to Parkland's ERP system in the third quarter of 2018 ("Phase I of the Chevron TSA"). Further, Parkland successfully completed the conversion of the ERP system used in the Supply segment of the Chevron Acquisition to Parkland's ERP system on April 1, 2019, which is the second and final phase of the Chevron TSA exit.

Enable our teams to succeed

Strategic Highlights

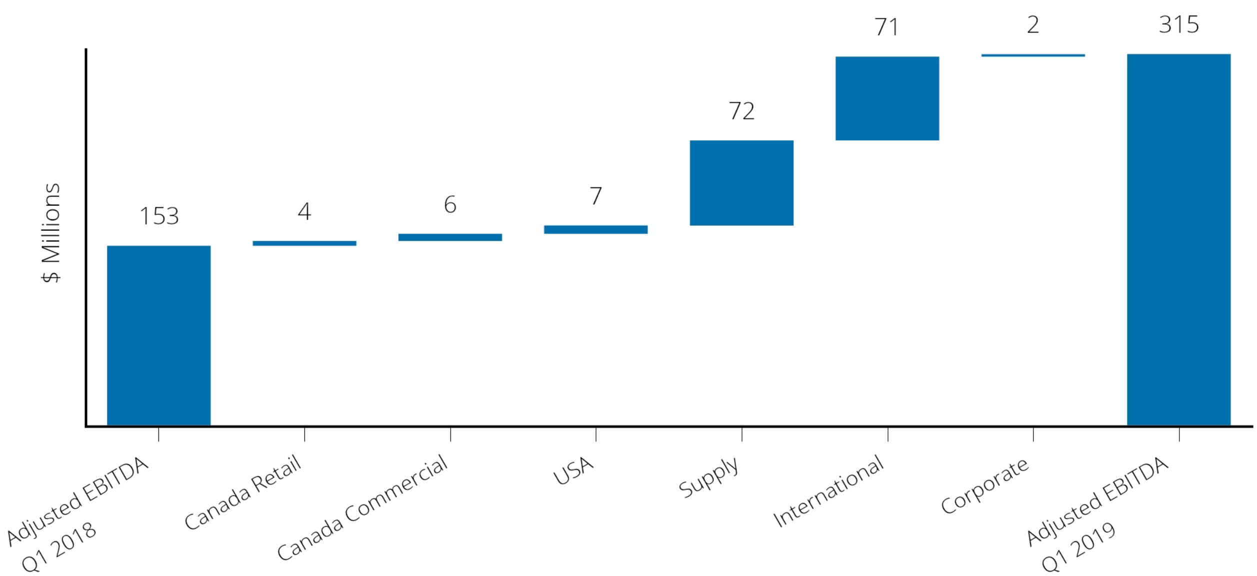
- Parkland is committed to ensuring a safe working environment that protects our employees, customers and the environment. Compared to 2018, the first quarter of 2019 saw a reduction in our lost time injury frequency from 0.30 to 0.27 and in our total recordable injury frequency from 2.21 to 1.71. Parkland is committed to reducing injuries and incidents in our workplaces and at customer sites, actively involving our employees in enhancing, tracking and measuring our performance, and training our employees to ensure they have the knowledge and skills necessary to perform their work safely.
- Parkland completed the ERP system conversions for all phases of the Chevron TSA to empower the teams, continue to drive synergies and decrease Corporate integration costs.

[(1)] "Annual Synergies" is a forecasted annualized run-rate measure and is considered to be forward-looking information. See Sections 13 and 14 of this MD&A.

- Parkland has continued to build our "One Parkland Team" culture focused on integrity, respect, safety and community. In 2018, Parkland made significant strides in integrating the Ultramar and Chevron teams into the Parkland family while driving commercial intensity as evidenced by our financial results.

Q1 2019 vs. Q1 2018 overall performance

Adjusted EBITDA[1] growth by segment



[1] Adjusted EBITDA is a measure of segment profit. See Section 13 of this MD&A.

Adjusted EBITDA to net earnings

For the three months ended March 31 ($ millions)	**2019**	2018[4]	Change	%
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")				
Canada Retail	**73**	69	4	6 %
Canada Commercial	**44**	38	6	16 %
USA	**11**	4	7	175 %
Supply	**143**	71	72	101 %
International	**71**	—	71	100 %
Corporate	**(27)**	(29)	2	(7)%
Adjusted EBITDA	**315**	153	162	106 %
Add: Adjusted EBITDA attributable to NCI	**24**	—	24	100 %
Adjusted EBITDA including NCI	**339**	153	186	122 %
Less:				
Depreciation and amortization	**135**	69	66	96 %
Finance and other costs				
Interest on long-term debt	**49**	29	20	69 %
Change in fair value of Redemption Options	**(27)**	4	(31)	(775)%
Change in redemption value of Sol Put Option	**30**	—	30	100 %
Other finance costs[2]	**26**	8	18	225 %
Acquisition, integration and other costs	**35**	17	18	106 %
(Gain) loss on risk management and other derivatives - unrealized	**(4)**	5	(9)	(180)%
Gain on foreign exchange – unrealized	**(32)**	(2)	(30)	1,500 %
Other adjusting items[3]	**8**	(6)	14	(233)%
Income tax expense	**28**	9	19	211 %
Net earnings	**91**	20	71	355 %
Less: Net earnings attributable to NCI	**14**	—	14	100 %
Net earnings attributable to Parkland	**77**	20	57	285 %

[1] Measure of segment profit. See Section 13 of this MD&A.
[2] Includes interest income, amortization, accretion and other finance costs. See Note 18 of the Interim Condensed Consolidated Financial Statements.
[3] Other adjusting items include a $14 million unrealized loss (2018 – $2 million unrealized gain) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases.
[4] 2019 results reflect the adoption of IFRS 16 as of January 1, 2019. 2018 comparative figures reflect the accounting standards in effect for those years. Specifically, they are not restated to reflect the impact of IFRS 16, which is allowed under the modified retrospective approach for the adoption of IFRS 16. Please see the reconciliation of IFRS 16's impact on Adjusted EBITDA for the three months ended March 31, 2019 on page 4 of this MD&A.

The following table outlines the impact of IFRS 16 on Adjusted EBITDA as reported for the three months ended March 31, 2019:

	Three months ended March 31,			
		2019		2018
	Adjusted EBITDA as reported	**IFRS 16 Impact**	**Pre-IFRS 16[5]**	Adjusted EBITDA as reported
Canada Retail	**73**	**(5)**	**68**	69
Canada Commercial	**44**	**(1)**	**43**	38
USA	**11**	**–**	**11**	4
Supply	**143**	**(6)**	**137**	71
International	**71**	**(14)**	**57**	—
Corporate	**(27)**	**(1)**	**(28)**	(29)
Consolidated	**315**	**(27)**	**288**	153

[5] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

Please refer to Note 3 of the Interim Condensed Consolidated Financial Statements for additional information regarding the calculation of IFRS 16 adjustments.

- Parkland achieved record first quarter Adjusted EBITDA of $315 million, representing growth of $162 million driven mainly by the Sol Transaction along with strong results in Supply, and the adoption of IFRS 16 as of January 1, 2019 (see below). Supply's Adjusted EBITDA increased $72 million as a result of the 2018 Turnaround in the first quarter of 2018 and continued efforts in executing Parkland's supply strategy. Adjusted EBITDA for USA increased by $7 million, primarily due to the Rhinehart Acquisition in October 2018. Canada Commercial's Adjusted EBITDA grew by $6 million largely due to a decrease in operating costs and Canada Retail remains relatively flat without the $5 million impact of adoption of IFRS 16 as of January 1 ,2019. Despite supporting this exceptional growth, a larger integrated business and costs for executing future strategies in Corporate decreased by $2 million due to strong management of expenses.
- The results for the first quarter of 2019 include the impact of the adoption of IFRS 16 on January 1, 2019. Parkland's Adjusted EBITDA of $315 million would have been $288 million excluding the $27 million impact resulting from the adoption of IFRS 16. The adoption of IFRS 16 has resulted in an increase in adjusted EBITDA compared to last year as 2018 comparative figures were not restated. IFRS 16 has contributed 17% of the first quarter growth, the majority of which impacts the International segment due to its significant leases associated with its shipping vessels. For more information on the impact on this new standard, please see "Accounting Policies and Critical Accounting Estimates" of this MD&A and Note 3 of the Interim Condensed Consolidated Financial Statements. The adoption of IFRS 16 had a significant effect on Parkland's reported results. Due to Parkland's selected transition method, Parkland has not restated prior year comparative figures as allowed under IFRS 16.
- Depreciation and amortization increased $66 million, driven by higher property, plant and equipment and intangible asset balances from the Rhinehart Acquisition and Sol Transaction, and also by $31 million pertaining to the adoption of IFRS 16 as of January 1, 2019.
- Finance and other costs increased $37 million from the first quarter of 2018. Increase in long-term debt, largely due to the March 23, 2018 private placement of 6.00% US Senior Notes and the November 21, 2018 private placement of 6.50% Senior Notes (collectively "the Senior Notes"), resulted in higher interest cost compared to the comparative quarter. Furthermore, the change in the redemption value of the Sol Put Option included in finance and other costs was $30 million for the first quarter of 2019. The impact of the adoption of IFRS 16 was an increase in finance and other costs of $7 million. This increase in finance and other costs was offset by a $27 million change in fair value of the Redemption Options of the Senior Notes during the first quarter of 2019, driven by lower market interest rates and favourable credit spreads. The fair value of the Redemption Options embedded derivatives represents the non-cash value of the options that allow Parkland to redeem the Senior Notes at any time prior to their maturity and considers the redemption premium, credit spread, risk-free yield curve and other factors that are driven by changing debt market conditions.
- Acquisition, integration and other costs reflected in the Corporate segment increased $18 million due to higher acquisition costs relating to the Sol Transaction, and one-time costs related to Phase II of the Chevron TSA which was essentially completed on April 1, 2019.
- The $32 million unrealized gain on foreign exchange was driven primarily by the translation impact of the 6.00% US Senior Notes prior to the designation of the Net Investment Hedge (see Section 8 of this MD&A) and the USD-denominated Intermediation Facility in a stronger Canadian dollar environment.
- Income tax expense increased $19 million for the first quarter of 2019 due to higher taxable earnings.
- As a result of the above main drivers, net earnings attributable to Parkland were $77 million for the first quarter of 2019 compared to $20 million in the first quarter of 2018.

4. SEGMENT RESULTS

Refer to Note 20 of the Interim Condensed Consolidated Financial Statements for a description of Parkland's segments.

Canada Retail

Overview

Canada Retail (formerly Retail) supplies and supports a network of 1,854 retail gas stations in Canada. Parkland operates under six key retail fuel brands: Ultramar, Esso, Fas Gas Plus, Chevron, Pioneer, and Race Trac. In addition, Parkland operates a leading convenience store brand, On the Run / Marché Express, as well as other convenience store brands that will be migrated over time to the On the Run / Marché Express brand where appropriate. Refer to the Annual MD&A for a detailed description of Parkland's multi-brand strategy and business models.

Seasonality

Canada Retail results fluctuate based on seasonality and generally experience higher volumes and Adjusted EBITDA in the second and third quarters of the year during the summer driving season.

Site count by brand and business model

The following table provides site count by brand and business model within the Canada Retail segment:

	Ultramar	Esso	Fas Gas Plus	Chevron	Pioneer	Race Trac	Other	Total
Company sites	**160**	**75**	**91**	**163**	**123**	**1**	**11**	**624**
Dealer sites	**482**	**514**	**96**	**19**	**39**	**62**	**18**	**1,230**
Site count, as at March 31, 2019	**642**	**589**	**187**	**182**	**162**	**63**	**29**	**1,854**
Company sites	160	73	91	161	120	1	11	617
Dealer sites	484	517	98	19	38	63	19	1,238
Site count, as at December 31, 2018	644	590	189	180	158	64	30	1,855
Net change in site count	(2)	(1)	(2)	2	4	(1)	(1)	(1)

The change in site count is attributable to network plan optimization and routine site count fluctuations as a result of new site builds (also known as new-to-industry, or NTI, sites), new dealers, site conversions, site sales, site closures, or site rebranding.

Canada Retail segment performance highlights

Canada Retail Adjusted EBITDA increased $4 million to $73 million for the first quarter of 2019 compared to the same period in 2018, primarily due to the adoption of IFRS 16. The adoption of IFRS 16 increased Canada Retail Adjusted EBITDA by $5 million for the first quarter of 2019.

The first quarter of 2019 also saw a slight increase in non-fuel adjusted gross profit as a result of continued efforts in Company C-Store activities and focus on in-store execution. Parkland achieved Company C-Store SSSG of 6.0% for the three months ended March 31, 2019 , marking its 13^{th} consecutive quarter of positive Company C-Store SSSG. This growth was attributable to the strong operational execution, successful implementation of the new On the Run / Marché Express Flagship and Retrofit store concepts, the rollout of Parkland's proprietary private label brand 59^{th} Street Food Co., and continued backcourt convenience store optimization that resulted in higher forecourt to backcourt conversion rates. Parkland also saw a Company Volume SSSG growth of 1.4% for the first quarter of 2019, showing an increase in our market share and demonstrating our commitment to grow organically.

($ millions, unless otherwise noted)	**As reported Three months ended March 31, 2019**	2018	Change	%
Fuel and petroleum product volume[1] (million litres)	**1,608**	1,586	22	1 %
Sales and operating revenue	**1,370**	1,534	(164)	(11)%
Fuel and petroleum product adjusted gross profit[2]	**122**	125	(3)	(2)%
Non-fuel adjusted gross profit[2]	**36**	35	1	3 %
Adjusted gross profit[2]	**158**	160	(2)	(1)%
Operating costs	**69**	76	(7)	(9)%
Marketing, general and administrative	**16**	15	1	7 %
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[2]	**73**	69	4	6 %
KPIs:				
Fuel and petroleum product adjusted gross profit (cpl)	**7.59**	7.88	(0.29)	(4)%
Operating costs (cpl)	**4.29**	4.79	(0.50)	(10)%
Marketing, general and administrative (cpl)	**1.00**	0.95	0.05	5 %
Adjusted EBITDA (cpl)	**4.54**	4.35	0.19	4 %
Company Volume SSSG[5][6]	**1.4%**	0.1%	1.3 p.p	
Company C-Store SSSG[5]	**6.0%**	4.1%	1.9 p.p	
TTM net unit operating cost ("NUOC")[3][4] (cpl)	**3.15**	3.01	0.14	5 %

[1] Includes gasoline, diesel and propane volumes.
[2] Measure of segment profit. See Section 13 of this MD&A.
[3] Non-GAAP financial measure. See Section 13 of this MD&A.
[4] Amounts presented on a trailing-twelve-month ("TTM") basis.
[5] SSSG denotes same-store sales growth. See Section 13 of this MD&A for an explanation of this KPI. This includes results of sites acquired under the Ultramar Acquisition for both periods but excludes results of sites acquired under the Chevron Acquisition for both periods, as comparable information is not available.
[6] Company Volume SSSG includes gasoline and diesel volumes, but excludes propane volumes sold at retail sites.

The impact of IFRS 16 on the financial information of the Canada Retail segment for the first quarter of 2019 was as follows:

	Three months ended March 31, 2019			2018
($ millions, unless otherwise noted)	**As reported**	**IFRS 16 impact**	**Pre-IFRS 16[7]**	As reported
Fuel and petroleum product volume (million litres)	**1,608**	**–**	**1,608**	1,586
Sales and operating revenue	**1,370**	**–**	**1,370**	1,534
Fuel and petroleum product adjusted gross profit	**122**	**–**	**122**	125
Non-fuel adjusted gross profit	**36**	**–**	**36**	35
Adjusted gross profit	**158**	**–**	**158**	160
Operating costs	**69**	**4**	**73**	76
Marketing, general and administrative	**16**	**1**	**17**	15

[7] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

	Three months ended March 31, 2019			2018
	Adjusted EBITDA as reported	**IFRS 16 impact**	**Pre-IFRS 16[8]**	Adjusted EBITDA as reported
Canada Retail	**73**	**(5)**	**68**	69

[8] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

Q1 2019 vs. Q1 2018

Fuel and petroleum product volume increased slightly by 22 million litres for the first quarter of 2019 primarily due to new-to-industry sites as well as Company Volume SSSG, driven by volume growth at Company sites. This was partially offset by lower demand in our dealer network and softer demand in the Pacific region.

Sales and operating revenue decreased $164 million for the first three months of 2019 primarily due to declining fuel and petroleum product commodity prices as compared to the comparative period.

Adjusted gross profit consists of: (i) fuel and petroleum product adjusted gross profit primarily from gasoline and diesel sales, and (ii) non-fuel adjusted gross profit primarily from convenience store merchandise sales, convenience store rents, car wash revenue, and other ancillary sales. Fuel and petroleum product adjusted gross profit decreased $3 million for the first quarter of 2019, primarily due to declining retail margins in the market. Despite the investment in the one-time CORO conversion, non-fuel adjusted gross profit increased $1 million for the first quarter of 2019 as a result of continued successful efforts in Company C-Store activities such as the successful implementation of the new On the Run / Marché Express store concepts and rollout of our private label offering. Canada Retail achieved Company C-Store same-store sales growth ("SSSG") of 6.0% across Canada in the first quarter of 2019, marking the 13th consecutive quarter of positive Company C-Store SSSG at Parkland.

Operating costs are expenses incurred primarily at Company sites, including retailer fuel commissions, supplies and costs associated with owning and maintaining the property, building and equipment, such as rents, repairs and maintenance, environmental, utilities, insurance and property tax costs. Operating costs decreased $7 million for the first quarter of 2019, primarily as a result of lower facility rents ($4 million) resulting from the adoption of IFRS 16 and a decrease in store labour costs due to CORO conversions as well as effective cost control measures.

Canada Retail marketing, general and administrative expenses include marketing, real estate, finance, operations, credit, network development and infrastructure expenses. Marketing, general and administrative expenses remained fairly consistent for the first quarter of 2019. Parkland also invested in the On the Run / Marché Express new store concepts, rollout of our private label offering, and other strategic marketing programs to drive future growth in volume and backcourt convenience store sales.

KPIs

Operating costs (cpl), marketing, general and administrative (cpl), Adjusted EBITDA (cpl) and TTM net unit operating cost ("NUOC") (cpl) are KPIs for Canada Retail that are impacted by the adoption of IFRS 16 as of January 1, 2019.

Fuel and petroleum product adjusted gross profit on a cpl basis decreased marginally for the first quarter of 2019 primarily due to declining fuel and petroleum product commodity prices.

Operating costs on a cpl basis improved for the first quarter of 2019 primarily as a result of the adoption of IFRS 16 as of January 1 ,2019, along with lower store labour costs due to the CORO Conversion as well as effective cost control measures.

Marketing, general and administrative expenses on a cpl basis increased for the first quarter of 2019 primarily due to additional expenses related to the On the Run / Marché Express new store concepts, rollout of our private label offering, and other strategic marketing programs to drive future growth.

Company Volume SSSG was 1.4% for the first quarter of 2019 compared to 0.1% for the same period in 2018, primarily due to strategic efforts to increase same-store volume at Company sites.

Company C-Store SSSG improved to 6.0% for the first quarter of 2019, surpassing strong growth of 4.1% for the same period in 2018. This growth, experienced in both western and eastern Canada was attributable to ongoing marketing programs including the new On the Run / Marché Express store concepts and rollout of the proprietary private label brand 59th Street Food Co. Parkland saw strong performance in Company C-Store SSSG across all merchandise categories.

NUOC remained relatively consistent in the trailing twelve months ended March 31, 2019 compared to the same period in 2018.

Canada Commercial

Overview

Canada Commercial (formerly "Commercial") delivers bulk fuel, bulk and cylinder exchange propane, heating oil, lubricants and other related products and services to commercial, industrial, wholesale and residential customers across Canada through a national delivery network and operates an extensive cardlock network. Parkland uses a variety of regionally relevant trade names, service marks and trademarks in the businesses that are considered important and valuable in marketing its products. The family of brands in this segment includes Ultramar, Bluewave Energy, Pipeline Commercial, Chevron, Columbia Fuels, and Sparlings Propane. Parkland's Canada Commercial customer base is diverse, supplying a broad cross-section of industries across Canada including oil and gas, construction, mining, forestry, fishing and transportation. Parkland also sells propane and heating oil to residential customers.

Seasonality

Canada Commercial results fluctuate based on seasonality and generally experiences higher volumes and Adjusted EBITDA in the first and fourth quarters of the year as a result of higher demand for heating oil and propane in the winter, and lower volumes and Adjusted EBITDA in the second and third quarters of the year as a result of lower demand for heating oil and propane in the summer.

Canada Commercial segment performance highlights

Adjusted EBITDA increased by $6 million to $44 million for the first quarter of 2019 compared to the first quarter of 2018 primarily due to strong fuel margins on cardlock, propane, and furnace oil, particularly in Ontario and Quebec, and lower operating costs. This performance was partially offset by a decline in service margins and higher labour costs. The adoption of IFRS 16 has a negligible impact on the Canada Commercial Adjusted EBITDA for the first quarter of 2019. Canada Commercial is currently embarking on the optimization of its brand portfolio in various geographic locations. Certain legacy operations, particularly in eastern Canada, were successfully rebranded to Ultramar, enabling Parkland to drive future growth and sustained profitability under one aligned customer value proposition.

	As reported			
	Three months ended March 31,			
($ millions, unless otherwise noted)	**2019**	2018	Change	%
Gas and diesel volume (million litres)[5]	**1,060**	1,179	(119)	(10)%
Propane volume (million litres)	**153**	156	(3)	(2)%
Fuel and petroleum product volume[1][5] (million litres)	**1,213**	1,335	(122)	(9)%
Sales and operating revenue[5]	**982**	1,129	(147)	(13)%
Fuel and petroleum product adjusted gross profit[2]	**96**	90	6	7 %
Non-fuel adjusted gross profit[2]	**12**	14	(2)	(14)%
Adjusted gross profit[2]	**108**	104	4	4 %
Operating costs	**53**	57	(4)	(7)%
Marketing, general and administrative	**12**	9	3	33 %
Other income	**(1)**	—	(1)	100 %
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[2]	**44**	38	6	16 %
KPIs:				
Fuel and petroleum product adjusted gross profit[5] (cpl)	**7.91**	6.74	1.17	17 %
Operating costs[5] (cpl)	**4.37**	4.27	0.10	2 %
Marketing, general and administrative[5] (cpl)	**0.99**	0.67	0.32	48 %
Adjusted EBITDA[5] (cpl)	**3.63**	2.85	0.78	27 %
TTM operating ratio[3][4]	**69.8 %**	73.4%	(3.6) p.p	

[1] Includes gasoline, diesel and propane volumes.
[2] Measure of segment profit. See Section 13 of this MD&A.
[3] Non-GAAP financial measure. See Section 13 of this MD&A.
[4] Amounts presented on a trailing-twelve-month ("TTM") basis.
[5] For comparative purposes, gas and diesel volume, propane volume, sales and operating revenue, and cpl KPI metrics for the three months ended March 31, 2018 were restated due to a change in segment presentation, resulting from a reclassification of wholesale customers from the Supply segment to the Canada Commercial segment, reflecting a change in organizational structure in 2019.

The impact of IFRS 16 on the financial information of the Canada Commercial segment for the first quarter of 2019 was as follows:

	Three months ended March 31,			
	2019			2018
($ millions, unless otherwise noted)	**As reported**	**IFRS 16 impact**	**Pre-IFRS 16[(1)]**	As reported
Gas and diesel volume (million litres)	**1,060**	**–**	**1,060**	1,179
Propane volume (million litres)	**153**	**–**	**153**	156
Fuel and petroleum product volume (million litres)	**1,213**	**–**	**1,213**	1,335
Sales and operating revenue	**982**	**–**	**982**	1,129
Fuel and petroleum product adjusted gross profit	**96**	**–**	**96**	90
Non-fuel adjusted gross profit	**12**	**–**	**12**	14
Adjusted gross profit	**108**	**–**	**108**	104
Operating costs	**53**	**1**	**54**	57
Marketing, general and administrative	**12**	**–**	**12**	9
Other income	**(1)**	**–**	**(1)**	—

(1) Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

	Three months ended March 31,			
	2019			2018
	Adjusted EBITDA as reported	**IFRS 16 impact**	**Pre-IFRS 16[(2)]**	Adjusted EBITDA as reported
Canada Commercial	**44**	**(1)**	**43**	38

(2) Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

Q1 2019 vs. Q1 2018

Fuel and petroleum product volume decreased 122 million litres for the first quarter of 2019 primarily due to adjustments in our customer portfolio, which successfully drove a 4% increase in adjusted gross profit.

Sales and operating revenue decreased $147 million for the first quarter of 2019 primarily due to lower volumes as compared to the first quarter of 2018.

Adjusted gross profit increased slightly by $4 million for the first quarter of 2019 despite lower volumes primarily as a result of pricing dynamics.

Operating costs include driving and administrative labour, fleet maintenance and operating costs, third-party delivery expenses, and costs associated with owning and maintaining land, buildings and equipment, such as rent, repairs and maintenance, environmental, utilities, insurance and property tax costs. Operating costs decreased slightly for the first quarter of 2019, primarily due to Parkland's continued efforts to maintain a strong emphasis on cost management across the Canada Commercial segment.

Marketing, general and administrative expenses in the Canada Commercial business are typically fixed in nature and do not vary significantly with volume. Activities in this category include sales, marketing, real estate, finance, operations, credit, network development and infrastructure. Marketing, general and administrative expenses increased for the first quarter of 2019 due to one time brand optimization and consolidation costs. Parkland continues to maintain a strong emphasis on cost management across the Canada Commercial segment.

KPIs

KPIs in the Canada Commercial segment was negligibly impacted by the adoption of IFRS 16 as of January 1, 2019.

Fuel and petroleum product adjusted gross profit on a cpl basis increased 17% for the first quarter of 2019 despite lower volumes primarily as a result of pricing dynamics.

Operating costs were well managed and on a cpl basis remained relatively consistent for the first quarter of 2019.

Although marketing, general and administrative expenses on a cpl basis increased 48% for the first quarter of 2019 due to lower volumes, the TTM operating ratio, which is the ratio of operating costs and marketing, general and administrative expenses to adjusted gross profit, improved by 3.6 p.p to 69.8% for the first quarter of 2019 due to costs control initiatives, offset by one time brand optimization and consolidation costs.

Adjusted EBITDA on a cpl basis improved materially by 27% due to pricing dynamics.

USA

Overview

The USA segment (formerly "Parkland USA") supports a network of gas stations and delivers bulk fuel, lubricants and other related products and services to customers throughout Arizona, Colorado, Minnesota, Montana, New Mexico, North Dakota, South Dakota, Utah and Wyoming. The USA segment is a platform for growth in the United States and provides Parkland export opportunities for products from western Canada. Brands in this segment include Farstad Oil, Superpumper, Rhinehart Oil, and Harts. Please refer to the Annual MD&A for a detailed overview of the USA business models.

Rhinehart Acquisition and operating model

The Rhinehart Acquisition, which closed on August 27, 2018, added ten distribution facilities, nine retail sites, and four cardlock facilities. Unlike the USA's Base Business, Rhinehart does not have significant bulk fuel operations, which are high volume and low margin in nature. In addition, Rhinehart's operating model focuses heavily on lubricants, which are not included in fuel and petroleum product volume. As a result, the introduction of the Rhinehart business increases overall non-fuel adjusted gross profit due to higher lubricant sales. It also increases fuel and petroleum product adjusted gross profit, operating costs and marketing, general and administrative expenses on a cpl basis due to the nature of the lubricants business.

USA segment performance highlights

USA's Adjusted EBITDA increased $7 million for the first quarter of 2019 primarily due to the Rhinehart Acquisition and Parkland's continued focus on its strategy to drive new business, grow organically and manage costs. The adoption of IFRS 16 has a negligible impact on the USA Adjusted EBITDA for the first quarter of 2019.

($ millions, unless otherwise noted)	As reported Three months ended March 31, 2019	2018	Change	%
Retail volume (million litres)	**51**	32	19	59%
Wholesale volume (million litres)	**280**	187	93	50%
Fuel and petroleum product volume[1] (million litres)	**331**	219	112	51%
Sales and operating revenue	**318**	181	137	76%
Fuel and petroleum product adjusted gross profit[2]	**15**	8	7	88%
Non-fuel adjusted gross profit[2]	**23**	8	15	188%
Adjusted gross profit[2]	**38**	16	22	138%
Operating costs	**21**	10	11	110%
Marketing, general and administrative	**6**	2	4	200%
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[2]	**11**	4	7	175%
KPIs:				
Fuel and petroleum product adjusted gross profit (cpl)	**4.53**	3.65	0.88	24%
Operating costs (cpl)	**6.34**	4.57	1.77	39%
Marketing, general and administrative (cpl)	**1.81**	0.91	0.90	99%
Adjusted EBITDA (cpl)	**3.32**	1.83	1.49	81%
TTM operating ratio[3][4]	**70.3%**	74.2%	(3.9 p.p.)	

[1] Includes gasoline, diesel and propane volumes.
[2] Measure of segment profit. See Section 13 of this MD&A.
[3] Non-GAAP financial measure. See Section 13 of this MD&A.
[4] Amounts presented on a trailing-twelve-month ("TTM") basis.

The impact of IFRS 16 on the financial information of the USA segment for the first quarter of 2019 was as follows:

	Three months ended March 31, 2019			2018
($ millions, unless otherwise noted)	**As reported**	**IFRS 16 impact**	**Pre-IFRS 16[5]**	As reported
Retail volume (million litres)	**51**	–	**51**	32
Wholesale volume (million litres)	**280**	–	**280**	187
Fuel and petroleum product volume (million litres)	**331**	–	**331**	219
Sales and operating revenue	**318**	–	**318**	181
Fuel and petroleum product adjusted gross profit	**15**	–	**15**	8
Non-fuel adjusted gross profit	**23**	–	**23**	8
Adjusted gross profit	**38**	–	**38**	16
Operating costs	**21**	–	**21**	10
Marketing, general and administrative	**6**	–	**6**	2

[5] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

	Three months ended March 31, 2019			2018
	Adjusted EBITDA as reported	**IFRS 16 Impact**	**Pre-IFRS 16[6]**	Adjusted EBITDA as reported
USA	**11**	–	**11**	4

[6] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

Q1 2019 vs. Q1 2018

Fuel and petroleum product volume increased 112 million litres for the first quarter of 2019 primarily due to the Rhinehart Acquisition as well as organic growth. The increase in volumes drove a 76% increase in sales and operating revenue for the first quarter of 2019.

Adjusted gross profit increased $22 million for the first quarter of 2019 primarily due to the Rhinehart Acquisition as well as organic growth. Adjusted gross profit for the first three months of 2019 also benefited from strong lubricant margins.

Operating costs and marketing, general and administrative expenses increased $11 million and $4 million, respectively, for the first quarter of 2019 primarily due to the Rhinehart Acquisition.

KPIs

KPIs in the USA segment was negligibly impacted by the adoption of IFRS 16 as of January 1, 2019. However, KPIs for USA have significantly changed for the first quarter of 2019 as compared to the comparative period, primarily due to the Rhinehart Acquisition, which has a different business sales mix as discussed in the "Rhinehart Acquisition and operating model" section above.

Fuel and petroleum product adjusted gross profit on a cpl basis increased 24% for the first quarter of 2019 primarily due to the Rhinehart Acquisition, which has a different business sales mix as discussed in the "Rhinehart Acquisition and operating model" section above.

Operating costs on a cpl basis and marketing, general and administrative expenses on a cpl basis increased 39% and 99% ,respectively, for the first quarter of 2019 primarily due to the Rhinehart Acquisition, which has a higher cost operating model as discussed above.

The TTM operating ratio improved from 74.2% to 70.3% for the first quarter of 2019, reflecting our commitment to successfully implement cost control measures while driving business growth.

Supply

Parkland's Supply segment consists of three business units; the Burnaby Refinery, Elbow River Marketing and Supply and Distribution. Supply optimizes fuel supply by operating the Burnaby Refinery, contracting and purchasing fuel from other refiners and suppliers, distributing through ships, rail and highway carriers, storing fuel in owned and leased facilities, serving wholesale and reseller customers in North America, and producing and selling aviation fuel to airlines operating out of the Vancouver International Airport. Supply serves Canada Retail, Canada Commercial and International as well as external customers and markets products via the Parkland, Les Pétroles Parkland, Elbow River Marketing and Chevron brands. Refer to the Annual MD&A for a detailed overview of Supply's sales categories and operations.

Burnaby Refinery

Parkland owns and operates a 55,000 bpd light/sweet crude refinery in Burnaby, British Columbia (Burnaby Refinery), which is ideally located to serve the key lower mainland of British Columbia market. The Burnaby Refinery, the only one in the lower mainland, and the largest of two BC refineries, primarily sources Canadian light crude by way of pipeline from Edmonton, Alberta. The Burnaby Refinery also has direct access to truck, rail, and marine terminals from which it can import or export crude and finished products. Approximately 85% of the Burnaby Refinery output supplies internal demands (Canada Retail and Canada Commercial operations in British Columbia), with the remaining 15% serving third parties.

Elbow River Marketing

Parkland owns Elbow River Marketing, an independent fuel marketing, logistics and transportation operating entity. Elbow River Marketing buys crude, finished products and natural gas liquids from producers and other marketers and sells these products to large consumers. Typically, the suppliers and buyers are separated by distances that require the transportation and logistics capabilities of Elbow River Marketing, who makes a “spread” between the purchase and selling prices for its unique marketing, transportation and logistics services. Elbow River Marketing helps supply Canada Retail, Canada Commercial and Supply and Distribution within Supply with crude, finished products and propane as part of its day-to-day operations. Elbow River Marketing operates in Canada, the US and Mexico.

Supply and Distribution

Parkland's Supply and Distribution operations effectively sources fuels from third party refineries, the Burnaby Refinery, and organizes the pick up and delivery of products to Canada Retail, Canada Commercial, USA and International as well as third parties.

Supply segment performance highlights

Supply Adjusted EBITDA for the first quarter of 2019 was $143 million, more than double compared to the same period in the prior year (2018 – $71 million). The adoption of IFRS 16 increased Supply Adjusted EBITDA by $6 million for the first quarter of 2019. In the first quarter of 2018, the Burnaby Refinery was shut down for planned maintenance for almost eight weeks for the 2018 Turnaround. During the 2018 Turnaround, the Burnaby Refinery profitably sourced products to supply its customers but did not incur refining operating profitability for the full quarter. During the first quarter of 2019, the Burnaby Refinery went through some scheduled maintenance that did not require plant shutdown and the refinery incurred operational profitability throughout the quarter. Furthermore, Parkland is committed in executing its supply advantage strategy in 2019, which includes market insights, logistic expertise, strategic infrastructure and strong supplier relationships.

	As reported			
	Three months ended March 31,			
($ millions, unless otherwise noted)	**2019**	2018	Change	%
Fuel and petroleum product volume[1][4] (million litres)	**1,121**	1,071	50	5 %
Sales and operating revenue[4]	**483**	498	(15)	(3)%
Fuel and petroleum product adjusted gross profit[2]	**232**	147	85	58 %
Non-fuel adjusted gross profit[2]	**4**	6	(2)	(33)%
Adjusted gross profit[2]	**236**	153	83	54 %
Operating costs	**75**	64	11	17 %
Marketing, general and administrative	**18**	18	—	— %
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[2]	**143**	71	72	101 %
KPIs:				
Refinery utilization[3]	**92.0%**	33.2%	58.8 p.p.	
Crude throughput[3] (000's bpd)	**50.6**	18.2	32.4	178 %

[1] Includes external gasoline, diesel, propane, crude oil and other volumes. Intersegment volumes, including volumes produced by the Burnaby Refinery and transferred to the Canada Commercial segment are excluded from these reported volumes.

[2] Measure of segment profit. See Section 13 of this MD&A.

[3] See Section 13 of this MD&A for a description of this KPI.

[4] For comparative purposes, fuel and petroleum product volume, and sales and operating revenue for the three months ended March 31, 2018 were restated due to a change in segment presentation, resulting from a reclassification of wholesale customers from the Supply segment to the Canada Commercial segment, reflecting a change in organizational structure in 2019.

The impact of IFRS 16 on the financial information of the Supply segment for the first quarter of 2019 was as follows:

	Three months ended March 31,			
	2019			2018
($ millions, unless otherwise noted)	**As reported**	**IFRS 16 impact**	**Pre-IFRS 16[5]**	As reported
Fuel and petroleum product volume (million litres)	**1,121**	**–**	**1,121**	1,071
Sales and operating revenue	**483**	**–**	**483**	498
Fuel and petroleum product adjusted gross profit	**232**	**(1)**	**231**	147
Non-fuel adjusted gross profit	**4**	**–**	**4**	6
Adjusted gross profit	**236**	**(1)**	**235**	153
Operating costs	**75**	**5**	**80**	64
Marketing, general and administrative	**18**	**–**	**18**	18

[5] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

	Three months ended March 31,			
	2019			2018
	Adjusted EBITDA as reported	**IFRS 16 impact**	**Pre-IFRS 16[(1)]**	Adjusted EBITDA as reported
Supply	**143**	**(6)**	**137**	71

(1) Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

Q1 2019 vs. Q1 2018

Fuel and petroleum product volume increased 50 million litres for the first quarter of 2019, This was mainly driven by increased export opportunities captured by Elbow River Marketing in the US for both crude and refined products.

Sales and operating revenue decreased $15 million for the first quarter of 2019 due to lower average commodity prices, despite the marginally higher volumes.

Adjusted gross profit increased $83 million for the first quarter of 2019, primarily as a result of the 2018 Turnaround, which reduced refining operations in that year. In addition, crack spreads were marginally better in the first quarter of 2019 compared to the same period in 2018 and Elbow River Marketing increased crude exports to the US.

Operating costs increased $11 million for the first quarter of 2019 in part due to a continued increase in natural gas costs to run the Burnaby Refinery resulting from a natural gas pipeline interruption in British Columbia in the first quarter of 2019, higher maintenance and other operational costs during the first quarter of 2019, and also as a result of the 2018 Turnaround which reduced refining operations in that year. Parkland continues to drive ongoing cost improvements in our storage and distribution operations as part of our supply advantage strategy.

Marketing, general and administrative expenses, which relate to employee and market development costs, remained relatively consistent for the first quarter of 2019 due to an emphasis on cost management despite business growth.

KPIs

Refinery utilization is a key performance indicator that measures crude oil throughput and is expressed as a percentage of the 55,000 bpd total crude distillation capacity at the Burnaby Refinery. Refinery utilization was 92.0% for the first quarter of 2019 compared to 33.2% for the first quarter of 2018 primarily as a result of the 2018 Turnaround, which began in early February 2018 and was completed in the first week of April 2018.

Crude throughput is a key performance indicator that measures the amount of crude oil processed and converted to products in the Burnaby Refinery. Average crude throughput for the first quarter of 2019 at the Burnaby Refinery was approximately 50,600 bpd, an increase from 18,200 bpd for the first quarter of 2018 as a result of higher crude throughput in the first quarter of 2019 as the 2018 Turnaround occurred throughout the majority of the first quarter of 2018.

International

Overview

Parkland successfully completed the acquisition of 75% of the outstanding shares of Sol Investments Limited ("SIL" and with its subsidiaries.; "Sol"), on January 8, 2019 (the "Sol Transaction"). With operations in 23 countries, Sol is the largest independent fuel marketer in the Caribbean and was a privately held company owned by the Simpson Group through Sol Limited prior to closing. Through the Sol Transaction, Parkland has enhanced its integrated supply chain backed by an extensive distribution network, as well as adding additional fortress assets, a premier brand portfolio and expanding its exceptional team. The businesses and assets included in the Sol Transaction are predominantly located in the Caribbean and north eastern coast of South America. International operates and generates profits from the following channels:

- **Retail** - International's retail business includes Company and Dealer sites under the Esso, Shell and Sol brands. Sol is also the owner of the Sol Shop convenience store brand.
- **Commercial** - International's commercial business delivers and supplies gasoline, diesel, fuel oil, propane and lubricants to customers in various geographies and sectors, from power companies to natural resource development sectors. Furthermore, International's aviation business operates at airports in 13 countries in this region, supplying aviation fuel and services to airlines in the region.
- **Supply and Distribution** - International's supply and distribution business includes owned or leased infrastructure assets, including import terminals, pipelines, marine berths and a fleet of charter ships.

The Sol Transaction, which extends Parkland's supply reach and builds on Parkland's supply advantage strategy provides Parkland with a significant North American and Caribbean growth platform for future strategic initiatives as well as access to key markets in 23 countries and comprehensive supply infrastructure in the Caribbean and north eastern coast of South America.

Business models

International Retail operates under two main business models:

Company-owned or company-leased sites: These sites are owned or leased by International and operated by a dealer or employees of the International segment. Sites operating under industry models such as "company-owned, dealer-operated" ("CODO"), "company-leased, dealer-operated" ("CLDO") and "company-owned, company-operated" ("COCO") are included in this model. In CODO and CLDO sites, the dealer owns the convenience store and fuel inventory, and sells the fuel at the pump. In COCO sites, International owns the convenience store and fuel inventory, and sells the fuel at the pump.

Dealer-owned and dealer-operated sites: These sites, also known as "DODO", are owned, managed and operated by the dealer. International secures long-term fuel supply contracts with the dealer and supplies fuel to the dealer. The dealer owns the fuel inventory and sells the fuel at the pump. Convenience store inventory is usually owned by the dealer. Other operating model variants where the site is not owned or leased by International are also included in this category.

Retail site count by brand and business model

The following table provides retail site count by brand and business model within the International segment:

	Sol	Esso	Shell	Other	Total
Company-owned or company-leased	**52**	**98**	**115**	**3**	**268**
Dealer-owned and dealer-operated	**45**	**61**	**91**	**42**	**239**
Site count, as at March 31, 2019	**97**	**159**	**206**	**45**	**507**

International operating model

International Adjusted EBITDA consists of results from retail, commercial, supply and distribution businesses across 23 countries. The 23 countries are organized into five regions as follows:

Eastern Caribbean	Western Caribbean	Spanish Caribbean	French Caribbean	South America
Anguilla Antigua Barbados British Virgin Islands Dominica Grenada St. Kitts St. Lucia St. Maarten St. Vincent	Bahamas Bermuda Cayman Islands Jamaica	Belize Dominican Republic Puerto Rico	French Guiana Guadeloupe Haiti Martinique	Guyana Suriname

International KPIs and metrics are not comparable to other Parkland segments as they include margins earned by supply and distribution and the segment includes results from retail, commercial and wholesale channels. This increased fuel and petroleum product adjusted gross profit and decreased TTM operating ratio. Additionally, the geographical environment in which the businesses operate are substantively different from operations in Canada and the USA.

International results and seasonality

International results are expected to be influenced by a variety of factors. The volumes and Adjusted EBITDA of the Eastern, Western, Spanish and French Caribbean are expected to be higher in the first and fourth quarters of the year during tourism high season as compared to the second and third quarters of the year during tourism low season. South America's volumes and Adjusted EBITDA are expected to be influenced by volume of activity in the natural resource industries. Adjusted EBITDA results may further be partly influenced by fluctuations in supply cost and weather.

International segment performance highlights

International saw strong performance in its first quarter of operations, achieving an Adjusted EBITDA of $71 million, representing Parkland's 75% share of International since the closing of the Sol Transaction on January 8, 2019. Had the Sol Transaction closed on January 1, 2019, Parkland's share of Adjusted EBITDA would have been approximately $74 million. The adoption of IFRS 16 impacted International Adjusted EBITDA by $14 million for the first quarter of 2019. International saw strong results in South America as a result of natural resource industry development driving stronger volumes in the region as well as strength in the Eastern Caribbean. The adoption of IFRS 16 increased International Adjusted EBITDA by $14 million for the first quarter of 2019.

($ millions, unless otherwise noted)	As reported Three months ended March 31, **2019**	2018	Change	%
Retail volume[1] (million litres)	**424**	—	424	100%
Commercial and other volume[5] (million litres)	**639**	—	639	100%
Fuel and petroleum product volume[1][5] (million litres)	**1,063**	—	1,063	100%
Sales and operating revenue[5]	**1,062**	—	1,062	100%
Fuel and petroleum product adjusted gross profit[2][5]	**127**	—	127	100%
Non-fuel adjusted gross profit[2][5]	**30**	—	30	100%
Adjusted gross profit[2]	**157**	—	157	100%
Operating costs[5]	**43**	—	43	100%
Marketing, general and administrative[5]	**22**	—	22	100%
Other income, net of adjusting items[5]	**(3)**	—	(3)	100%
Adjusted EBITDA including NCI[5]	**95**	—	95	100%
Less: Adjusted EBITDA attributable to NCI	**24**	—	24	100%
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[2]	**71**	—	71	100%
KPIs:				
Fuel and petroleum product adjusted gross profit (cpl)	**11.95**	—	11.95	100%
Operating costs (cpl)	**4.05**	—	4.05	100%
Marketing, general and administrative (cpl)	**2.07**	—	2.07	100%
Adjusted EBITDA(cpl)	**6.68**	—	6.68	100%

[1] Includes gasoline, diesel and propane volumes.
[2] Measure of segment profit. See Section 13 of this MD&A.
[3] Non-GAAP financial measure. See Section 13 of this MD&A.
[4] Amounts presented on a trailing-twelve-month ("TTM") basis.
[5] At 100% Sol interest.

The impact of IFRS 16 on the financial information of the International segment for the first quarter of 2019 was as follows:

	Three months ended March 31, 2019			
	2019			2018
($ millions, unless otherwise noted)	**As reported**	**IFRS 16 impact**	**Pre-IFRS 16[6]**	As reported
Retail volume (million litres)	**424**	**–**	**424**	—
Commercial and other volume (million litres)	**639**	**–**	**639**	—
Fuel and petroleum product volume (million litres)	**1,063**	**–**	**1,063**	—
Sales and operating revenue	**1,062**	**–**	**1,062**	—
Fuel and petroleum product adjusted gross profit	**127**	**(14)**	**113**	—
Non-fuel adjusted gross profit	**30**	**–**	**30**	—
Adjusted gross profit	**157**	**(14)**	**143**	—
Operating costs	**43**	**4**	**47**	—
Marketing, general and administrative	**22**	**1**	**23**	—
Other income	**(9)**	**–**	**(9)**	—

[6] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

	Three months ended March 31, 2019			
	2019			2018
	Adjusted EBITDA as reported	**IFRS 16 Impact**	**Pre IFRS 16 [7]**	Adjusted EBITDA as reported
International	**71**	**(14)**	**57**	—

[7] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

Q1 2019

International results for the first quarter of 2019 are consistent with the Parkland's plan for the Sol Transaction.

Fuel and petroleum product volume was 1,063 million litres for the first quarter of 2019, primarily consisting of 424 million litres sold through retail channels and 639 million litres sold through commercial and wholesale channels. Higher shares of volumes were delivered in the Spanish Caribbean and Eastern Caribbean regions as compared to other regions due to the size of operations in those areas. South America saw strong volume growth performance due to natural resource industry development in the region.

Sales and operating revenue were $1,062 million for the first quarter of 2019, with higher shares of revenue generated in the Spanish Caribbean and Eastern Caribbean regions as compared to other regions due to larger volumes. Fuel revenue was $1,013 million and non-fuel revenue was $49 million.

Adjusted gross profit was $157 million for the first quarter of 2019, consisting of $127 million of fuel and petroleum product adjusted gross profit and $30 million of non-fuel adjusted gross profit. Fuel and petroleum product adjusted gross profit was primarily generated from sales of gasoline, diesel and aviation fuel. Non-fuel adjusted gross profit was primarily generated from service revenue, lubricants, rental revenue and convenience store royalties.

Operating costs were $43 million for the first quarter of 2019, primarily consisting of employee costs, transportation costs, depot throughput fees, repairs and maintenance, and other operating expenses. The Spanish Caribbean and Eastern Caribbean regions incur higher operating costs than other regions due to larger operations in those areas.

Marketing, general and administrative expenses were $22 million for the first quarter of 2019, primarily consisting of employee costs, marketing costs, IT, professional fees and general administrative expenses.

Other income included in Adjusted EBITDA primarily consists of the equity in net earnings from Sol's 29% interests in the Société Anonyme de la Raffinerie des Antilles ("SARA Refinery"), located in Martinique.

KPIs

Fuel and petroleum product adjusted gross profit (cpl), operating costs (cpl), marketing, general and administrative (cpl), and Adjusted EBITDA (cpl) were impacted by the adoption of IFRS 16 as of January 1, 2019.

Fuel and petroleum product adjusted gross profit on a cpl basis were 11.95, operating costs on a cpl basis was 4.05, and marketing, general and administrative expenses on a cpl basis was 2.07. International's KPIs and metrics are not comparable to other Parkland segments as they include margins earned by supply and distribution, have several distribution channels and the geographical environment in which the businesses operate are substantively different from operations in Canada and USA. Over the remainder of 2019, Parkland will maintain a strong emphasis on cost management and work to realize synergies while optimizing service delivery for customers.

Corporate

The Corporate segment includes centralized administrative services and expenses incurred to support operations. Due to the nature of these activities, these costs are not specifically allocated to Parkland's operating segments. Parkland's objective is to manage corporate expenses tightly so that they increase at a slower pace than Parkland's adjusted gross profit.

Corporate segment performance highlights

	As reported			
	Three months ended March 31,			
($ millions)	**2019**	2018	Change	%
Marketing, general and administrative	**27**	26	1	4 %
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[1]	**(27)**	(29)	2	(7)%
Acquisition, integration and other costs	**35**	17	18	106 %
KPI:				
Corporate marketing, general and administrative expenses as a % of total adjusted gross profit	**3.9%**	6.0%	(2.1 p.p.)	

[1] Measure of segment profit. See Section 13 of this MD&A.

The impact of IFRS 16 on the financial information of the Corporate segment for the first quarter of 2019 was as follows:

	Three months ended March 31,			
	2019			2018
($ millions)	**As reported**	**IFRS 16 impact**	**Pre-IFRS 16[2]**	As reported
Marketing, general and administrative	**27**	**1**	**28**	26
Acquisition, integration and other costs	**35**	**–**	**35**	(29)

[2] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

	Three months ended March 31,			
	2019			2018
	Adjusted EBITDA as reported	**IFRS 16 impact**	**Pre-IFRS 16 [3]**	Adjusted EBITDA as reported
Corporate	**(27)**	**(1)**	**(28)**	(29)

[3] Pre-IFRS 16 amounts are comparable to the reported information in Q1 2018, which was calculated under IAS 17.

Q1 2019 vs. Q1 2018

Compared to the equivalent period in the prior year, marketing, general and administrative expenses for the first quarter of 2019 increased $1 million, primarily due to additional corporate costs to support the larger integrated business and execute growth strategies as expected. Corporate Adjusted EBITDA expense favourably decreased $2 million for the first quarter of 2019 as compared to the same quarter in 2018 due to cost control measures. The adoption of IFRS 16 did not materially impact the Corporate segment.

On a consolidated basis, Corporate marketing, general and administrative expenses as a percentage of total adjusted gross profit favourably decreased for the first quarter of 2019, primarily due to the significant increase of $267 million in total adjusted gross profit. Furthermore, Parkland continues to maintain a disciplined approach towards cost management.

Acquisition, integration and other costs increased $18 million for the first quarter of 2019 primarily due to the Sol Transaction and one-time costs related to Phase II of the Chevron TSA, which was completed on April 1, 2019. With all phases of the Chevron TSA exit now complete, there will be lower integration costs related to the Chevron acquisition going forward.

Health, safety and environment ("HS&E")

Parkland is committed to ensuring a safe working environment that protects our employees, customers and the environment. Parkland is committed to reducing injuries and incidents in our workplaces and at customer sites, actively involving our workers in enhancing, tracking and measuring our performance, and training our workers to ensure they have the knowledge and skills necessary to perform their work safely. Parkland has a number of internal HS&E programs in place, including "Stop, Think, Act", which reinforces a strong safety culture among all employees in the workplace, and "Drive to Zero", which aim to reduce safety incidents at Parkland down to zero.

The table below presents Parkland's consolidated lost time injury frequency ("LTIF") and total recordable injury frequency ("TRIF") calculated on a trailing-twelve-month basis, including the results of the Acquisitions and the Sol Transaction since the dates of their respective acquisition.

	March 31, 2019	March 31, 2018
TTM LTIF[1]	**0.27**	0.30
TTM TRIF[1]	**1.71**	2.21

[1] Key performance indicator. See Section 13 of this MD&A.

5. QUARTERLY FINANCIAL DATA

		Pre-IFRS 16						
($ millions, unless otherwise noted)	**2019[6]**	2018[6]				2017[6]		
For the three months ended	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Financial Summary								
Sales and operating revenue	**4,215**	3,468	3,849	3,783	3,342	3,429	2,580	1,786
Adjusted gross profit[1]	**697**	587	465	513	430	469	266	168
Adjusted EBITDA including NCI[1]	**339**	285	200	249	153	198	96	54
Adjusted EBITDA attributable to NCI	**24**	—	—	—	—	—	—	—
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[1]	**315**	285	200	249	153	198	96	54
Canada Retail	**73**	78	87	82	69	94	74	38
Canada Commercial	**44**	30	11	19	38	28	8	5
USA	**11**	11	8	5	4	4	4	5
International	**71**	—	—	—	—	—	—	—
Supply	**143**	196	120	169	71	94	25	18
Corporate	**(27)**	(30)	(26)	(26)	(29)	(22)	(15)	(12)
Net earnings	**91**	77	49	60	20	49	12	(1)
Net earnings attributable to:								
Parkland	**77**	77	49	60	20	49	12	(1)
NCI	**14**	—	—	—	—	—	—	—
Net earnings per share ($ per share)								
Per share – basic	**0.53**	0.58	0.37	0.45	0.15	0.37	0.10	(0.01)
Per share – diluted	**0.52**	0.57	0.36	0.45	0.15	0.37	0.10	(0.01)
Distributable cash flow[2]	**122**	151	112	118	29	45	45	23
Per share[2][3]	**0.84**	1.14	0.84	0.89	0.22	0.33	0.35	0.20
Adjusted distributable cash flow[2]	**135**	175	138	139	110	102	64	39
Per share[2][3]	**0.93**	1.32	1.04	1.05	0.84	0.78	0.50	0.35
Dividends	**43**	41	39	41	38	39	38	33
Dividends declared per share outstanding	**0.2951**	0.2934	0.2934	0.2934	0.2902	0.2886	0.2886	0.2886
Dividend payout ratio[2]	**35%**	27%	35%	35%	131%	89%	83%	146%
Adjusted dividend payout ratio[2]	**32%**	23%	28%	29%	35%	38%	59%	84%
Total assets	**8,998**	5,661	5,736	5,592	5,492	5,412	4,830	4,281
Shares outstanding (millions)	**146**	134	133	132	132	131	131	130
Weighted average number of common shares (millions)	**145**	133	133	132	131	131	131	111
Operating Summary								
Fuel and petroleum product volume (million litres)[4]	**5,336**	4,354	4,211	4,202	4,211	4,432	3,557	2,588
Fuel and petroleum product adjusted gross profit (cpl)[5]								
Canada Retail	**7.59**	7.69	7.78	8.00	7.88	8.95	7.10	5.78
Canada Commercial	**7.91**	6.52	4.65	5.61	6.74	5.64	4.09	4.20
USA	**4.53**	4.97	3.27	3.66	3.65	3.48	2.97	3.31
International	**11.95**	—	—	—	—	—	—	—
Refinery Utilization[7]	**92.0%**	87.8%	97.7%	90.9%	33.2%	94.4%	—%	—%

(1) Measure of segment profit. See Section 13 of this MD&A.
(2) Non-GAAP financial measure. See Section 13 of this MD&A.
(3) Calculated using the weighted average number of common shares.
(4) Fuel and petroleum product volume represents external volumes only. Intersegment volumes, including volumes produced by the Burnaby Refinery and transferred to the Canada Retail and Canada Commercial segments, are excluded from this reported volume.
(5) "cpl" stands for cents-per-litre and is a key performance indicator. See Section 13 of this MD&A.
(6) 2019 results reflect the adoption of IFRS 16 as of January 1, 2019. 2018 and 2017 comparative figures reflect the accounting standards in effect for those years. Specifically, those periods are not restated to reflect the impact of IFRS 16 which is allowed under the modified retrospective approach for the adoptions of IFRS 16. Please see the reconciliation of IFRS 16's impact on Adjusted EBITDA for the three months ended March 31, 2019 on page 4 of this MD&A.
(7) Key performance indicator. See Sections 4 and 13 of this MD&A.

Over the last eight quarters, Parkland's quarterly results were primarily impacted by the Acquisitions and the Sol Transaction. In particular:

- Sales and operating revenue increased significantly over the last eight quarters due to the Ultramar Acquisition on June 28, 2017, Chevron Acquisition on October 1, 2017, and Sol Transaction on January 8, 2019. Higher fuel and petroleum product volumes and commodity prices over time also contributed to the increase. Sales and operating revenue is generally sensitive to fluctuations in commodity prices and energy markets.
- Adjusted EBITDA of $315 million for the first quarter of 2019 was primarily due to contributions from the Sol Transaction, integration synergies, continued significant progress made in optimizing supply economics, and the adoption of IFRS 16 as of January 1, 2019. Adjusted EBITDA in the first quarter of 2019 and the fourth quarter of 2018 was higher than the remaining quarters in 2018 and those in 2017 due to exceptionally high refining margins in Supply, and the adoption of IFRS 16 as at January 1, 2019. Supply Adjusted EBITDA was lower in the remaining prior periods due to lower crack spreads, which are inherently volatile, and which generated lower refining margins.
- Net earnings consistently grew during 2017, 2018 and the first quarter of 2019 due to the Ultramar Acquisition, Chevron Acquisition, Rhinehart Acquisition, and the Sol Transaction in addition to a commitment to organic growth. The first and third quarters of 2018 were an exception, with lower net earnings due to the 2018 Turnaround in the first quarter of 2018 and due to lower refining crack spreads in the third quarter of 2018 respectively, as compared to other quarters.
- Total assets increased significantly in the last eight quarters due to the debt and equity financing raised for the Ultramar Acquisition, Chevron Acquisition, Rhinehart Acquisition, and the Sol Transaction, which closed on June 28, 2017, October 1, 2017, August 27, 2018, and January 8, 2019, respectively.
- Over the last eight quarters, there were significant changes to the fuel and petroleum product adjusted gross profit for Canada Retail, Canada Commercial, USA, and International, primarily due to the Ultramar Acquisition, Chevron Acquisition, Rhinehart Acquisition, and the Sol Transaction, which have different operating models and operating model mixes, as further described in Section 4 of this MD&A.

6. DIVIDENDS, DISTRIBUTABLE CASH FLOW AND DIVIDEND PAYOUT RATIO

($ millions, unless otherwise noted)	Three months ended March 31, 2019	2018
Cash generated from operating activities	**136**	93
Exclude: Adjusted EBITDA attributable to NCI	**(24)**	—
	112	93
Reverse: Change in other liabilities and other assets	**(18)**	6
Exclude: Change in other liabilities — Intermediation Facility Derivatives	**14**	(2)
Reverse: Net change in non-cash working capital	**62**	7
Include: Maintenance capital expenditures attributable to Parkland	**(50)**	(76)
Include: Proceeds on asset disposals	**2**	1
Distributable cash flow[5]	**122**	29
Reverse: Acquisition, integration and other costs	**35**	17
Reverse: Payments on principal amount on leases	**(26)**	—
Exclude: Payments on principal amount on leases attributable to NCI	**4**	—
Reverse: 2018 Turnaround maintenance capital expenditures	**—**	64
Adjusted distributable cash flow[5]	**135**	110
Weighted average number of common shares (millions)	**145**	131
Distributable cash flow per share[4][5]	**0.84**	0.22
Reverse: Acquisition, integration and other costs	**0.24**	0.13
Reverse: Payments on principal amount on leases	**(0.18)**	—
Reverse: Payments on principal amount on leases attributable to NCI	**0.03**	—
Reverse: 2018 Turnaround maintenance capital expenditures	**—**	0.49
Adjusted distributable cash flow per share[4][5]	**0.93**	0.84
Dividends	**43**	38
Dividend payout ratio[5]	**35 %**	131 %
Reverse: Acquisition, integration and other costs	**(8)%**	(48)%
Reverse: Payments on principal amount on leases	**5 %**	— %
Reverse: 2018 Turnaround maintenance capital expenditures	**— %**	(48)%
Adjusted dividend payout ratio[5]	**32 %**	35 %
Dividends paid to shareholders, net of dividend reinvestment plan	**27**	26

(1) Measure of segment profit. See Section 13 of this MD&A.
(2) Refer to Section 13 of this MD&A for a detailed reconciliation from Adjusted EBITDA to net earnings.
(3) Refer to the consolidated statements of cash flows in the Interim Condensed Consolidated Financial Statements for a detailed reconciliation.
(4) Calculated using the weighted average number of common shares.
(5) Non-GAAP financial measure. See Section 13 of this MD&A.

Dividends

Dividends paid to shareholders increased for the first quarter of 2019, primarily due to an increase in the number of common shares outstanding driven by shares issued in connection with the closing of the Sol Transaction, shares issued under the dividend reinvestment and stock option plans, vesting of restricted share units, and growth in the dividend reinvestment plan participation rate. Furthermore, there was a $0.02 increase in annual dividend to $1.194 per share, effective March 22, 2019. The dividend reinvestment plan participation rate as at the dividend record date of March 22, 2019 was 34.9% (March 22, 2018 — 27.9%).

Distributable cash flow, adjusted distributable cash flow, dividend payout ratio and adjusted dividend payout ratio

Q1 2019 vs. Q1 2018

The dividend payout ratio improved by 96 percentage points to 35% for the first quarter of 2019 due to higher cash flow available for distribution resulting from higher Adjusted EBITDA in proportion to higher dividends declared. Distributable cash flow increased $93 million for the first quarter of 2019 primarily due to an increase in Adjusted EBITDA of $162 million driven by the Sol Transaction, Rhinehart Acquisition and exceptional results in the Supply segment.

Excluding the impact of acquisition, integration and other costs, the maintenance capital expenditures related to the 2018 Turnaround, and the payments on principal amount on leases, adjusted distributable cash flow increased $25 million for the first quarter of 2019. The adjusted dividend payout ratio improved by 3 percentage points to 32% for the first quarter of 2019 primarily due to the increase in Adjusted EBITDA driven by the adoption of IFRS 16 as of January 1, 2019, and as a result of the 2018 Turnaround which reduced refining operations in that year.

7. LIQUIDITY

Cash flows

2019 results reflect the adoption of IFRS 16 as of January 1, 2019. 2018 and 2017 comparative figures reflect the accounting standards in effect for those years. Specifically, those periods are not restated to reflect the impact of IFRS 16 which is allowed under the modified retrospective approach for the adoptions of IFRS 16. Please see the reconciliation of IFRS 16's impact on Adjusted EBITDA for the three months ended March 31, 2019 on page 4 of this MD&A.0

The following table presents summarized information from the consolidated statements of cash flows:

	Three months ended March 31,		
($ millions)	**2019**	2018	2017
Cash generated from operating activities	**136**	93	40
Cash used in investing activities	**(1,035)**	(46)	(15)
Net cash generated (used) before financing activities	**(899)**	47	25
Cash generated from (used in) financing activities	**1,124**	(38)	(33)
Increase (decrease) in net cash	**225**	9	(8)
Impact of foreign currency translation on cash	**(1)**	—	—
Net cash, beginning of period	**40**	23	26
Net cash, end of period	**264**	32	18

Operating activities

Cash flows from operating activities are used to fund maintenance capital expenditures, interest, income taxes and dividends. Excess cash flows from operating activities are also used to fund growth capital expenditures, debt repayment, or acquisition of businesses as appropriate. Parkland anticipates meeting payment obligations as they come due.

Q1 2019 vs. Q1 2018

Cash generated from operating activities was $136 million for the first quarter of 2019, primarily due to Adjusted EBITDA of $315 million. This was partially offset by: (i) net cash working capital outflow of $62 million largely attributable to higher accounts receivable and higher inventories, (ii) $49 million of interest on long-term debt, primarily relating to the March 23, 2018 private placement of 6.00% US Senior Notes, as well as the November 21, 2018 private placement of 6.50% Senior Notes and increase in interest expense on leases of $7 million as a result of the adoption of IFRS 16 as of January 1, 2019, and (iii) $35 million in acquisition, integration and other costs incurred primarily in connection with the Sol Transaction, and one-time costs related to Phase II of the Chevron TSA, which was completed on April 1, 2019. In contrast, operating activities generated $93 million of cash for the first quarter of 2018, primarily due to $153 million of Adjusted EBITDA, partially offset by $29 million of interest on long-term debt primarily related to financing the Ultramar and Chevron Acquisitions and $17 million of acquisition, integration and other costs relating to the closing and integration activities for the Acquisitions.

Investing activities

Parkland's investing activities primarily consist of business acquisitions and additions to property, plant and equipment and intangible assets through maintenance and growth capital expenditures. Parkland will continue to acquire prudently as attractive investment opportunities arise. Moreover, investments in growth and maintenance capital expenditures are expected to support our ability to grow our existing businesses organically over the coming years.

Q1 2019 vs. Q1 2018

During the first quarter of 2019, investing activities used $1,035 million of cash primarily due to $948 million for the Sol Transaction and $89 million capital expenditures paid largely for growth and maintenance projects in the Canada Retail segment and maintenance projects at the Burnaby Refinery. In contrast, the $46 million used in investing activities for the same period in 2018 was primarily due to $72 million of capital expenditures to support growth and operations partially offset by $26 million received from the settlement of the working capital adjustment related to the Chevron Acquisition.

Financing activities

Parkland has a disciplined approach to capital allocation decisions that prioritizes the use of cash flow first to committed capital investment, debt repayment, and then to growth opportunities, while paying sustainable dividends to shareholders. Although Parkland's cash flow typically has seasonal fluctuations, Parkland's Board of Directors currently intends to pay consistent regular monthly dividends throughout the year based on estimated annual cash flow. In its dividend review, the Board of Directors considers current financial performance, historical and future trends in the business, expected sustainability of those trends, and capital levels required to sustain Parkland's financial performance. The declaration and payment of dividends is at the discretion of Parkland's Board of Directors.

Distributable cash is not assured and the actual amount received by shareholders depends on, among other things, Parkland's financial performance, debt covenants and obligations, working capital requirements, future capital requirements, and the deductibility of items for income tax purposes, all of which are susceptible to a number of risks.

Q1 2019 vs. Q1 2018

During the first quarter of 2019, financing activities generated $1,124 million of cash, primarily attributable to net long-term debt proceeds of $1,183 million and an increase of $54 million in the Intermediation Facility liability due to increase in commodity prices. This was offset by cash dividends paid of $27 million and $26 million of payments made on principal amount on leases as a result of the adoption of IFRS 16. In contrast, the $38 million of cash used during the first quarter of 2018 was primarily attributable to cash dividends paid of $26 million, and a $29 million decrease in the Intermediation Facility liability, partially offset by the net debt proceeds of $17 million.

Cash dividends paid, net of the dividend reinvestment plan, increased by $1 million to $27 million compared to the same period in 2018 due to an increase in outstanding common shares and dividends paid per share offset by increased Dividend reinvestment plan ("DRIP") participation. During the first quarter of 2019, Parkland paid a monthly dividend ranging from $0.0978 per share to $0.0995 per share (2018 – $0.0962 per share to $0.0978 per share).

Contractual commitments

Parkland has contracted obligations under various debt agreements, operating leases, capital expenditures and other contractual commitments exceeding a five-year period. Parkland's commitments increased from $4,678 million as at December 31, 2018 to $6,216 million as at March 31, 2019. This increase is primarily attributable to an increase in the Credit Facility debt to partially fund the Sol Transaction.

In addition, Parkland entered into various purchase agreements that require minimum amounts or quantities of fuel and petroleum products, which vary based on volumes and other factors, to be purchased over certain time periods. Parkland has generally exceeded such minimum requirements in the past and expects to continue doing so for the foreseeable future.

8. CAPITAL RESOURCES

Available sources of liquidity

Parkland's sources of liquidity as at March 31, 2019 are cash and cash equivalents as well as available funds under its Credit Facility and Intermediation Facility. While it is typical for Parkland's cash flows to have seasonal fluctuations, such fluctuations do not materially impact Parkland's liquidity and management believes cash flows from operations will be adequate to fund maintenance capital expenditures, interest, income taxes and targeted dividends. Growth capital expenditures in the next twelve months will be funded by cash flows from operations, proceeds from debt and equity offerings, and available borrowing capacity under the Credit Facility. For additional information concerning Parkland's available sources of liquidity, see the Capital Resources section of the Annual MD&A. Any future acquisitions will be funded by cash flows from operations, the Credit Facility, and issuance of new debt or new shares. Any additional debt incurred will be serviced by the anticipated increases in cash flows and will only be borrowed within Parkland's debt covenant limits.

Parkland manages its capital structure and makes adjustments to it for market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, Parkland may adjust capital spending, or dividends paid to shareholders, issue new shares, issue new debt, repay existing debt, adjust the Credit Facility, enter into an Intermediation Facility, or enter into other credit arrangements.

On January 8, 2019, in connection with the Sol Transaction, Parkland amended and restated its revolving extendible credit facility (the "Credit Facility") to expand the available facility and extend the maturity date. The Credit Facility includes a combined revolving facilities amount of US$780 million and $400 million with a maturity date of January 8, 2023, a term loan facility amount of US$250 million with a maturity date of January 8, 2021, and a short-term commitment facility of US$100 million with a maturity date of April 8, 2019. The revolving facilities are extendible each year for a rolling four-year period at Parkland's option, subject to approval by the lenders. Security on the Credit Facility consists of the assignment of insurance and priority interests on all present and future Parkland properties and assets.

The following table provides a summary of available cash and cash equivalents and unused credit facilities:

($ millions)	**March 31, 2019**	December 31, 2018
Cash and cash equivalents	**251**	40
Unused credit facilities	**616**	449
	867	489

Maintenance and growth capital expenditures

The following table provides a summary and reconciliation of maintenance and growth capital expenditures:

	Three months ended March 31,	
($ millions)	**2019**	2018
Growth capital expenditures		
Canada Retail	**11**	7
Canada Commercial	**8**	3
USA	**1**	—
Supply	**4**	—
International	**5**	—
Corporate	**1**	—
Growth capital expenditures	**30**	10
Maintenance capital expenditures		
Canada Retail	**2**	2
Canada Commercial	**6**	3
USA	**1**	—
Supply	**29**	71
International	**15**	—
Corporate	**1**	—
Maintenance capital expenditures	**54**	76
Additions to property, plant and equipment and intangible assets	**84**	86
Growth capital expenditures attributable to Parkland	**29**	10
Maintenance capital expenditures attributable to Parkland	**50**	76
Additions to property, plant and equipment and intangible assets attributable to Parkland	**79**	86

During the first quarter of 2019, Parkland's combined growth and maintenance capital expenditures decreased $2 million compared to the same period in 2018. The increase in growth capital expenditures is due to the construction of new-to-industry retail sites as well as retail station rebrands and refreshes including investments in the new On the Run / Marché Express store concepts in Canada Retail. Additionally, growth capital supported continued focus on the national propane growth strategy in Canada Commercial. Growth capital was also invested in the International segment. 2018 Turnaround costs that were incurred in the first quarter of 2018 were not repeated in 2019, thus resulting in lower maintenance capital expenditures. This was partially offset by an increase in maintenance capital expenditures due to the Sol Transaction. Other major capital expenditure activities in 2019 include equipment purchases to support the integration of the Acquisitions as well as fleet and equipment purchases to support new and existing customer contracts.

Committed capital expenditures

Contractual commitments for the acquisition of property, plant and equipment as at March 31, 2019 were $108 million (December 31, 2018 – $65 million). These contractual commitments are expected to be incurred primarily over the next 12 months, and relate mainly to ongoing maintenance projects at the Burnaby Refinery, and building new and upgrading existing retail service stations, including projects to retrofit and rebrand the On the Run / Marché Express brand. We plan to fund these commitments using cash and cash equivalents, cash flows from operations, and available borrowing under the Credit Facility, as required.

Parkland believes that the current capital programs based on the present state of its assets, opportunities, the outlook for fuel supply and demand as well as industry conditions are sufficient to maintain productive capacity in the medium term. Due to the risks inherent in the industry, particularly the reliance on external parties to supply fuel and propane, general economic conditions, and weather that affects customer demand, there can be no assurance that the capital programs will be sufficient to maintain or increase production levels or cash flows from operating activities.

Financial covenants and metrics

As at March 31, 2019, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing-twelve-month basis. The financial covenants of the Credit Facility are as follows:

	Ratio	Covenant restriction	Management long-term target	Actual debt covenant ratios as at March 31, 2019	December 31, 2018
1.	Senior Funded Debt to Credit Facility EBITDA ratio	< 3.50	< 3.50	**0.93**	0.09
2.	Total Funded Debt to Credit Facility EBITDA ratio	< 5.00	2.00 - 3.50	**2.71**	2.47
3.	Interest coverage ratio	> 3.00	> 3.00	**7.18**	6.52

The Senior Funded Debt and Total Funded Debt to Credit Facility EBITDA ratios are well below the covenant restrictions of 3.50 and 5.00, respectively. Refer to Section 13 of this MD&A for the calculation of Parkland's debt covenants.

9. RISK FACTORS

Key business risks

Parkland is exposed to a number of risk factors through the pursuit of strategic objectives and the nature of our operations, which are outlined in the "Risk Factors" sections of the Annual MD&A and Annual Information Form. These risk factors have not changed materially since the dates of their publication.

Financial instruments and financial risks

Financial instruments recorded at fair value through profit or loss

Parkland's financial instruments recorded at fair value through profit or loss include commodities swaps, forwards and futures contracts, US dollar forward contracts, Intermediation Facility Derivatives, emission credits and allowances, the Sol Put Option and Redemption Options.

Risk management assets and liabilities include outstanding commodities swaps and forward contracts, futures contracts, foreign currency swaps, and foreign currency forward exchange contracts. Parkland periodically enters into derivative contracts that are believed to be economically effective at managing exposure to movements in commodity prices, foreign currency exchange rates and emission credits and allowances. While these derivative contracts form a component of Parkland's overall risk management program, they are not accounted for as hedges under IFRS, with the exception of the Sol Transaction Hedge and Net Investment Hedge described below. The Senior Unsecured Notes contain Redemption Options that allow Parkland to redeem the notes prior to maturity at a premium. The Redemption Options are accounted for as an embedded derivative financial instrument under IFRS. The Sol Put Option is accounted for as a financial instrument under IFRS. For more information on Parkland's financial instruments and related financial risk factors, see Note 11 of the Interim Condensed Consolidated Financial Statements, Note 13 of the Annual Consolidated Financial Statements and Section 9 of Parkland's Annual MD&A.

Sol Put Option

The Sol Put Option is classified as a financial instrument at fair value through profit or loss, with changes in value recorded within finance and other costs on the consolidated statements of income (loss). See Note 11 of the Interim Condensed Consolidated Financial Statements for further details on the Sol Put Option.

Sol Transaction Hedge

On January 8, 2019, the Sol Transaction Hedge contract was exercised in connection with the closing of the Sol Transaction. The effective portion of the hedge is recognized in other comprehensive income (loss). See Note 11 of the Interim Condensed Consolidated Financial Statements for further details on the Sol Transaction Hedge.

Net Investment Hedge

On February 4, 2019, Parkland designated certain USD—denominated debt balances as a net investment hedge to mitigate foreign exchange risk related to foreign operations ("Net Investment Hedge"). The effective portion of the hedge is recognized in other comprehensive income (loss). See Note 10 of the Interim Condensed Consolidated Financial Statements for further details on the Net Investment Hedge.

Fair value measurement hierarchy and impact on the consolidated balance sheets and statements of income

The following table presents information about the financial assets and liabilities measured at fair value on a recurring basis on the consolidated balance sheets and the fair value hierarchy of the valuation techniques used:

	Fair value as at March 31, 2019			
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Other derivatives				
Emission credits and allowances	–	**21**	–	**21**
Risk management and other derivatives — assets	–	**21**	–	**21**
Risk management derivatives				
Commodities swaps, forwards and futures contracts	–	**(3)**	–	**(3)**
US dollar forward contracts	–	**(1)**	–	**(1)**
Other derivatives				
Emission credits and allowances	–	**(1)**	–	**(1)**
Risk management and other derivatives — liabilities	–	**(5)**	–	**(5)**
Other derivatives included in other long-term assets				
Redemption Options	–	**35**	–	**35**
Other derivatives included in provisions and other liabilities				
Intermediation Facility Derivatives	–	**(7)**	–	**(7)**
Sol Put Option	–	–	**(526)**	**(526)**
Other derivatives included in provisions and other liabilities	–	**(7)**	**(526)**	**(533)**

The following table presents the impact of the financial assets and liabilities measured at fair value on the consolidated statements of income:

($ millions)	Three months ended March 31, 2019	2018
Loss on risk management and other derivatives - realized(1)	**(2)**	(5)
Gain (loss) on risk management and other derivatives - unrealized(1)	**4**	(5)
Loss on risk management and other derivatives	**2**	(10)
Change in fair value of Redemption Options(2)	**27**	(4)
Change in redemption value of Sol Put Option(2)	**(30)**	—
(Loss) on Intermediation Facility Derivatives - realized(3)	**(20)**	(7)
(Loss) gain on Intermediation Facility Derivatives - unrealized(3)	**(14)**	2
Impact on consolidated statements of income	**(35)**	(19)

(1) Gains and losses on risk management and other derivatives are primarily driven by commodities swaps, forward contracts, and changes in relative strength of the Canadian dollar relative to US dollar on swap contracts.
(2) Recognized in finance and other costs.
(3) Recognized in cost of purchases.

10. OUTLOOK

Grow organically

Parkland will continue to build and expand its convenience store offering, which will provide a strong platform for Canada Retail growth across Canada. This includes continued implementation of our refreshed On the Run / Marché Express store designs and expansion of our 59th Street Food Co. private label brand offerings. Parkland will implement its new loyalty program, Journie Rewards. The new loyalty program is designed to retain existing customers, attract new customers, and build recurring fuel and merchandise sales with its innovative and fresh approach.

Canada Commercial will continue to optimize its operations and execute strategic initiatives for the remainder of 2019. Among other initiatives, Canada Commercial will continue to be run locally through ROCs to enable organic growth within their regions, leveraging substantial existing capacity within current hubs, bulk storage terminals, and warehouses. Furthermore, Parkland intends to leverage the Pipeline Commercial brand to build a North American cardlock network and continue to invest in the propane business. Overall, Parkland will continue to maintain ongoing focus on retaining existing customers and winning new customers across all segments.

International has established and is executing on organic growth initiatives across its platform. Select initiatives include the enhancement of supply and trading capabilities through investments in strategic infrastructure and logistics optimization, roll-out of a loyalty and fleet card program across the network and operating model refinements to optimize margins in the business. Parkland International also sees opportunity for expansion in existing markets in key business lines such as LPG, Supply, Aviation and Lubricants, as well as growth into new markets across the Caribbean and the Americas over time.

Strong supply advantage

As part of our strategy to enhance our supply advantage, Parkland will focus on the safe and reliable operation of the Burnaby Refinery and improve supply costs across North America. We will also continue to work to be the partner of choice for all refiners and suppliers. Parkland intends to broaden its import and export capability as well as expand distribution and supply points. Parkland will also implement its supply advantage strategy at Sol to realize growth synergies.

Acquire prudently and integrate

In 2019, Parkland will remain focused on business continuity and realizing synergy opportunities from the Sol Transaction, which include implementing supply optimization strategies and making operational improvements. Moreover, Parkland continues to integrate earlier acquisitions such as the Ultramar Acquisition and Chevron Acquisition, and drive synergies to create shareholder value, including the following activities:

- Parkland successfully completed the conversion of the ERP system used in the Supply segment of the Chevron Acquisition to Parkland's ERP system on April 1, 2019 ("Phase II of the Chevron TSA").
- Parkland completed initiatives that are expected to result in Annual Synergies[(1)] on the Acquisitions of approximately $100 million per year. Parkland expects that Annual Synergies on the Acquisitions will reach a run rate of approximately $180 million per year[(1)] by the end of 2020.
- Parkland is in the process of converting the ERP systems used by the various recently acquired USA entities to one common platform.

Furthermore, in line with our disciplined strategy of acquiring prudently, Parkland will continue to review its acquisition pipeline for potential targets and initiate acquisitions as strategic opportunities arise. Parkland sees significant expansion opportunities across its portfolio in regions where Parkland can establish a supply advantage.

Enable our teams to succeed

At the core of our strategic imperatives are our people. We welcome the newest members of our high-performing team from Sol to Parkland. For the remainder of 2019, we will continue to focus on building One Parkland Team under the Parkland BOLD leadership model by leveraging and integrating our team members across the organization and building on our KPI-driven culture. We will enable our teams to succeed by recruiting high-calibre team members, fostering engagement, building an industry-leading people culture, driving efficient process, and investing in technology. At Parkland, our employees are our most important resource and by investing in our people and building One Parkland Team, we are directly contributing to the success of our organization and driving shareholder value.

[(1)] "Annual Synergies" is a forecasted annualized run-rate measure and is considered to be forward-looking information. See Sections 13 and 14 of this MD&A.

2019 Guidance Range

As a result of the performance experienced in 2019 to date, our previously disclosed pre-IFRS 16 Adjusted EBITDA guidance remains unchanged at approximately $960 million with an anticipated variance of up to 5% other than the impact of adopting IFRS 16 on January 1, 2019. The Adjusted EBITDA impact of adopting IFRS 16 was $27 million during the first quarter of 2019 and is expected to be $105 million for the year ending December 31, 2019, resulting in Adjusted EBITDA guidance of $1,065 million with an anticipated variance of up to 5% (the "2019 Post-IFRS 16 Guidance Range"). The 2019 Post-IFRS 16 Guidance Range includes the 75% of Sol's Adjusted EBITDA attributable to Parkland. The 75% of Sol's Adjusted EBITDA attributable to Parkland was similarly included in the pre-IFRS 16 Adjusted EBITDA guidance range. Further, Parkland continues to expect approximately $200 million of growth capital expenditures and $200 million of maintenance capital expenditures in 2019.

The 2019 Guidance Range includes growth plans and initiatives that build off the 2018 Adjusted EBITDA of $887 million and the assumption that the performance of the businesses purchased through the Acquisitions and Sol Transaction as well as general market conditions, including, but not limited to, fuel margins and weather, will remain substantially consistent in 2019. Additionally, the low end of our 2019 Guidance Range accounts for potential adverse market conditions across our areas of operation as well as lower refining crack spreads, while the high end of our 2019 Guidance Range accounts for contributions from additional synergies relating to prior acquisitions (including the Sol Transaction), higher refining crack spreads and Parkland achieving greater than its previously disclosed average annual organic growth goal of 3-5%. The 2019 Post-IFRS 16 Guidance Range is based on certain assumptions, including, but not limited to, estimates of future performance of the Sol Transaction, with such estimates being based on prior performance.

Other than as disclosed above, the factors and assumptions that contribute to Parkland's assessment of the 2019 Post IFRS 16 Guidance Range are consistent with existing Parkland disclosure and such guidance range is subject to risks and uncertainties inherent in Parkland's business. Readers are directed to Section 9 of this MD&A and Parkland's Annual Information Form for a description of such factors, assumptions, risks and uncertainties. Refer to Parkland's press release issued on February 28, 2019 on SEDAR at www.sedar.com for more information.

11. OTHER

Controls environment

Internal controls over financial reporting

Based on the evaluation of the design of Parkland's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as defined in National Instrument ("NI") 52-109, the Chief Executive Officer and Chief Financial Officer have concluded that Parkland's DC&P and ICFR were designed effectively as at March 31, 2019.

In accordance with the provisions of NI 52-109, Parkland has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of businesses acquired not more than 365 days before March 31, 2019, as Parkland closed the Sol Transaction on January 8, 2019, and the Rhinehart Acquisition on August 27, 2018, and acquired individually immaterial businesses in the second, third and fourth quarters of 2018. This scope limitation is primarily due to the time required for Parkland's management to assess DC&P and ICFR in a manner consistent with Parkland's other operations.

The following tables summarize the financial information related to these acquisitions under the NI 52-109 scope limitation:

($ millions)	**As at March 31, 2019**
Current assets	**827**
Non-current assets	**534**
Current liabilities	**408**
Non-current liabilities	**427**

($ millions)	**Three months ended March 31, 2019**
Sales and operating revenue	**1,202**
Net earnings	**56**

Changes in internal controls over financial reporting

Other than as described above, there were no changes in Parkland's ICFR during the three months ended March 31, 2019 that materially affected, or are reasonably likely to materially affect, Parkland's ICFR. Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems that are determined to be effective can provide only reasonable, but not absolute assurance, that financial information is accurate and complete. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Off-balance sheet arrangements

In the normal course of business, Parkland is obligated to make future payments, including contractual obligations and guarantees. Parkland believes all relationships or arrangements with entities that are likely to have a material effect on its liquidity or the availability of capital resources have been consolidated into the financial statements. Parkland has not created, and is not party to, any special purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating its business.

Guarantees

As at March 31, 2019, Parkland provided $1,189 million (December 31, 2018 – $866 million) of unsecured guarantees to counterparties of commodities swaps used in purchase and supply agreements of crude oil, fuel and other petroleum products.

Letters of credit and surety bonds

Parkland provides guarantees in the form of letters of credit and surety bonds in the ordinary course of business. As at March 31, 2019, these guarantees amount to $241 million (December 31, 2018 – $233 million) and are not recognized in the Annual Consolidated Financial Statements. Maturity dates of these guarantees vary and are up to and including May 16, 2020.

Shares outstanding

As at March 31, 2019, Parkland had approximately 146 million common shares, 4 million share options and 1 million restricted share units outstanding. The share options consist of approximately 2 million share options that are currently exercisable into common shares.

12. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Parkland's significant accounting policies and significant accounting estimates, assumptions and judgments are contained in the Annual Consolidated Financial Statements. Refer to Notes 2 and 3 of the Annual Consolidated Financial Statements and Note 2 of the Interim Condensed Consolidated Financial Statements for a summary of significant accounting policies or references to notes where such policies are contained.

Recently adopted accounting pronouncements

IFRS 16 – Leases

On January 1, 2019, Parkland adopted IFRS 16 – Leases ("IFRS 16") using the modified retrospective approach. The cumulative effect of initially adopting IFRS 16 increased Parkland's assets and liabilities, depreciation and amortization, and finance and other costs, while reducing operating costs. Cash payments associated with operating leases were previously presented under operating activities. On adoption of IFRS 16, the cash flows associated with lease payments are allocated between financing activities for the repayment of the principal liability, and operating activities for the interest component. The overall impact to cash flow for Parkland remains unchanged. Comparative information is not restated and continues to be reported under the previous lease standard in effect during those periods. See Note 3 of the Interim Condensed Consolidated Financial Statements for further information.

Significant accounting estimates, assumptions and judgments

The preparation of Parkland's consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of revenue, expenses, assets, liabilities, accompanying disclosures and the disclosure of contingent liabilities. These estimates and judgments are subject to change based on experience and new information. Refer to "Significant accounting estimates, assumptions and judgments" in the Annual MD&A for further information on these significant accounting estimates, assumptions and judgments. Since the date of our Annual MD&A, there were no material changes to the significant accounting estimates, assumptions and judgments.

13. FINANCIAL MEASURES AND KEY PERFORMANCE INDICATORS

Measures of segment profit – GAAP financial measures

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and adjusted gross profit, including fuel and petroleum product adjusted gross profit and non-fuel adjusted gross profit, are considered IFRS measures as they are determined and presented within Note 20 – Segment Information of the Interim Condensed Consolidated Financial Statements as Parkland's segment profit. These measures are used by the chief operating decision maker to make decisions about resource allocation to the segment and to assess its performance. In accordance with IFRS, adjustments and eliminations made in preparing an entity's financial statements and allocations of revenue, expenses, and gains or losses shall be included in determining reported segment profit or loss only if they are included in the measure of the segment's profit or loss that is used by the chief operating decision maker. As such, these measures are unlikely to be comparable to measures of segment profit and loss presented by other issuers, who may calculate these measures differently. Refer to Note 20 of the Interim Condensed Consolidated Financial Statements for a full reconciliation of Adjusted EBITDA and adjusted gross profit for each of Parkland's operating segments.

Adjusted EBITDA

Parkland views Adjusted EBITDA as the key measure for the underlying core operating performance of business segment activities at an operational level. Adjusted EBITDA is used by management to set targets for Parkland (including annual guidance and variable compensation targets) and is used to determine Parkland's ability to service debt, finance capital expenditures and provide for dividend payments to shareholders. Adjusted EBITDA excludes costs that are not considered representative of Parkland's underlying core operating performance, including, among other items: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, and (v) realized foreign exchange gains and losses as a result of refinancing activities. Note that Adjusted EBITDA for Q1 2019 and periods thereafter includes the adoption of IFRS 16 as of January 1, 2019. Prior periods' Adjusted EBITDA have not been restated to reflect the adoption of IFRS 16.

Adjusted EBITDA is calculated and reconciled from net earnings as follows:

	Three months ended March 31,	
($ millions)	**2019**	2018
Net earnings	**91**	20
Add:		
Depreciation and amortization	**135**	69
Finance and other costs	**78**	41
Acquisition, integration and other costs	**35**	17
Loss on risk management and other derivatives – unrealized	**(4)**	5
(Gain) on foreign exchange – unrealized	**(32)**	(6)
Other adjusting items[1]	**8**	(2)
Income tax expense	**28**	9
Adjusted EBITDA including NCI	**339**	153
Less:		
Adjusted EBITDA attributable to NCI	**24**	—
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**315**	153

[1] Other adjusting items include unrealized (gain) loss on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases.

Adjusted gross profit

Parkland uses adjusted gross profit as a measure of segment profit and loss to analyze the performance of sale and purchase transactions and performance on margin. Adjusted gross profit is calculated and reconciled as follows:

	Three months ended March 31,	
($ millions)	**2019**	2018
Sales and operating revenue	**4,215**	3,342
Cost of purchases	**(3,528)**	(2,901)
Loss on risk management and other derivatives – realized	**(2)**	(5)
Loss on foreign exchange – realized	**(2)**	(4)
Other adjusting items[2]	**14**	(2)
Adjusted gross profit	**697**	430
Fuel and petroleum product adjusted gross profit	**592**	367
Non-fuel adjusted gross profit	**105**	63
Adjusted gross profit	**697**	430

[2] Other adjusting items include unrealized (gain) loss on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases.

Non-GAAP financial measures

Certain financial measures in this MD&A are not prescribed by GAAP. These non-GAAP financial measures are included because management uses the information to analyze operating performance, leverage and liquidity. These non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. Except as otherwise indicated, these non-GAAP measures are calculated and disclosed on a consistent basis from period to period.

Non-GAAP financial measure	Description	Formula	Why we use the measure and why it is useful
Credit Facility earnings before interest, taxes, depreciation and amortization ("Credit Facility EBITDA")[1]	Debt covenant earnings metric defined in Parkland's Credit Facility	Credit Facility EBITDA[1] = Adjusted EBITDA + share incentive compensation + acquisition pro-forma EBITDA adjustment[2] + acquisition, integration and other costs adjustment[2] – IFRS 16 impact on Adjusted EBITDA	We use this metric to monitor Parkland's ability to service debt and meet current and future commitments.
Senior Funded Debt to Credit Facility EBITDA ratio[1]	Debt covenant ratio metric defined in Parkland's Credit Facility, where Credit Facility EBITDA is compared to Senior Funded Debt as a ratio	Senior Funded Debt to Credit Facility EBITDA[1] = Senior Funded Debt ÷ Credit Facility EBITDA Senior Funded Debt = [current portion of long-term debt + bank indebtedness + non-current portion of long-term debt (excluding Senior Notes) + letters of credit and surety bonds – letters of credit and surety bonds attributable to NCI] – cash and cash equivalents and restricted cash + cash and cash equivalents and restricted cash attributable to NCI	We use these ratios to demonstrate compliance with debt covenants and provide users with an indication of Parkland's ability to repay debt. To manage Parkland's financing requirements, we may adjust capital spending or dividends paid to shareholders, or issue new shares or new debt. These metrics are also used to monitor and guide Parkland's overall financial strength and capital structure flexibility.
Total Funded Debt to Credit Facility EBITDA ratio[1]	Debt covenant metric defined in Parkland's Credit Facility, where Credit Facility EBITDA is compared to Total Funded Debt as a ratio	Total Funded Debt to Credit Facility EBITDA[1] = Total Funded Debt ÷ Credit Facility EBITDA Total Funded Debt = Senior Funded Debt + Senior Notes	
Interest coverage ratio[1]	Debt covenant metric defined in Parkland's Credit Facility, where Credit Facility EBITDA is compared to interest[2] as a ratio	Interest coverage ratio[1] = Credit Facility EBITDA ÷ interest[2]	We use this ratio to provide us with an indication of Parkland's ability to pay interest on its outstanding debt, in addition to demonstrating compliance with debt covenants.
Net unit operating cost ("NUOC")[1]	Retail industry metric that represents adjusted fuel gross profit required per litre for the segment to break even on operating costs and management, general and administrative ("MG&A") expenses	NUOC[1] = [operating costs + MG&A expenses – non-fuel adjusted gross profit] ÷ fuel and petroleum product volume	We use this metric to measure performance of the Canada Retail segment. We believe it provides transparency and predictive value for operating costs and MG&A expenses in relation to fuel sales within the segment.
TTM operating ratio[1]	Operating metric that represents operating costs and MG&A expenses as a percentage of gross profit	TTM operating ratio[1] = [operating costs + MG&A expenses] ÷ adjusted gross profit	We use this ratio to measure performance of the Canada commercial, USA and International segments as we believe it provides transparency and predictive value on operating costs and MG&A expenses.
Corporate marketing, general and administrative expenses as a % of adjusted gross profit	Ratio that measures percentage of corporate expenses in relation to Parkland's adjusted gross profit	Corporate MG&A as a % of adjusted gross profit = corporate MG&A expenses ÷ consolidated adjusted gross profit	We use this metric to measure the effectiveness of Parkland's corporate operations in relation to Parkland's overall business. We believe this metric provides transparency and predictive value for corporate MG&A in relation to Parkland's entire adjusted gross profit.
Distributable cash flow	Cash flow metric that adjusts for the impact of seasonality in Parkland's business by removing non-cash working capital items	Distributable cash flow = cash flow from operating activities – change in other liabilities + change in other liabilities - Intermediation Facility Derivatives – net change in non-cash working capital – maintenance capital expenditures + proceeds on asset disposals	We use this metric to monitor normalized cash flows of the business by eliminating the impact of Parkland's working capital fluctuations, which can vary significantly from quarter to quarter.

[1] Calculated on a trailing-twelve-month basis.
[2] Determined pursuant to the terms of the Credit Facility.

Non-GAAP financial measure	Description	Formula	Why we use the measure and why it is useful
Adjusted distributable cash flow	Distributable cash flow metric that excludes acquisition, integration and other costs	Adjusted distributable cash flow = distributable cash flow – acquisition, integration and other costs – turnaround maintenance capital expenditures – payments on principal amount on leases	We use this metric to monitor core distributable cash flows of the business without the impact of expenditures used in acquisitions, integration and other activities, which fluctuate significantly.
Distributable cash flow per share	Distributable cash flow presented on a per share basis	Distributable cash flow per share = distributable cash flow ÷ weighted average number of common shares	We measure this metric on a per share basis, as we believe this provides useful information to individual shareholders.
Adjusted distributable cash flow per share	Adjusted distributable cash flow presented on a per share basis	Adjusted distributable cash flow per share = adjusted distributable cash flow ÷ weighted average number of common shares	
Dividend payout ratio	Ratio of dividends distributed to distributable cash flow	Dividend payout ratio = dividends ÷ distributable cash flow	We use these ratios as indicators of Parkland's ability to generate cash flows to sustain monthly dividends, including those issued under the dividend reinvestment plan.
Adjusted dividend payout ratio	Ratio of dividends distributed to adjusted distributable cash flow	Adjusted dividend payout ratio = dividends ÷ adjusted distributable cash flow	
Maintenance capital expenditures	Capital expenditure metric for activities that are maintenance in nature.	Additions to property, plant and equipment and intangible assets that are considered to be maintenance in nature, including but not limited to: - turnaround and other maintenance projects at the Burnaby Refinery; - upgrades of service stations, including primarily aesthetic major renovations (also known as "refreshes") of retail service stations; - rebrand or refresh of service stations, including securing a supply agreement with a new independent retailer; - replacement of existing concrete structures, paving, roofing, furniture and equipment; - upgrade or replacement of trucking fleets; and - upgrade of software systems or point-of-sale systems.	Parkland uses maintenance capital expenditures as a financial measure to monitor expenditures on property, plant and equipment and intangible assets to sustain the current level of economic activity and maintain cash flows from operating activities at a constant level of productive capacity. Parkland considers the volume of fuel and propane sales, volume of convenience store sales, volume of lubricant sales, agricultural inputs, and delivery to be productive capacity. The classification of capital as growth or maintenance is subject to judgment, as many of Parkland's capital projects have components of both. A reconciliation of this measure is presented in Section 8 of this MD&A.
Growth capital expenditures	Capital expenditure metric for activities that are growth in nature.	Additions to property, plant and equipment and intangible assets that are considered to be growth in nature, including but not limited to: - new retail site builds under the "new-to-industry" program; - construction of a new building on an existing site; - IT capital expenditures related to integration of acquired businesses; - acquisition of new real estate; - addition of new trucks and trailers to increase the size of the fleet; - addition of new equipment to increase the size and capacity of a retail fuel service station; and - addition of new infrastructure and tanks to support large new customer contracts.	Parkland uses growth capital expenditures as a measure to monitor expenditures on property, plant and equipment and intangible assets that increase the current level of economic activity. The classification of capital as growth or maintenance is subject to judgment, as many of Parkland's capital projects have components of both. A reconciliation of this measure is presented in Section 8 of this MD&A.

Non-GAAP financial measure reconciliations

Credit Facility EBITDA

($ millions)	Three months ended June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	Trailing twelve months ended March 31, 2019
Adjusted EBITDA	**249**	**200**	**285**	**315**	**1,049**
Share incentive compensation	**4**	**5**	**4**	**4**	**17**
Reverse: IFRS 16 impact on Adjusted EBITDA	—	—	—	**(27)**	**(27)**
	253	**205**	**289**	**292**	**1,039**
Acquisition pro-forma adjustment[(1)]					**168**
Acquisition, integration and other costs adjustment					**–**
Credit Facility EBITDA					**1,207**

(1) Amounts for the trailing twelve months ended March 31, 2019 include pro-forma pre-acquisition EBITDA estimates as if the acquisitions during the year occurred on April 1, 2018 pursuant to the terms of the Credit Facility. This amount is used for debt covenant calculation purposes only.

($ millions)	Three months ended March 31, 2018[1]	June 30, 2018[1]	September 30, 2018[1]	December 31, 2018[1]	Trailing twelve months ended December 31, 2018
Adjusted EBITDA	153	249	200	285	887
Share incentive compensation	—	4	5	4	13
	153	253	205	289	900
Acquisition pro-forma adjustment[1]					14
Acquisition, integration and other costs adjustment[2]					(1)
Credit Facility EBITDA					913

[1] Amounts for the trailing twelve months ended December 31, 2018 include pro-forma pre-acquisition EBITDA estimates as if the acquisitions during the year occurred on January 1, 2018 pursuant to the terms of the Credit Facility. This amount is used for debt covenant calculation purposes only.

[2] The adjustment for acquisition, integration and other costs was calculated to be $1 million pursuant to the terms of the Credit Facility dated March 29, 2018. This amount is used for debt covenant calculation purposes only.

Senior Funded Debt and Total Funded Debt to Credit Facility EBITDA ratios

($ millions)	**March 31, 2019**	December 31, 2018
Senior Funded Debt:		
Long-term debt – current portion	**112**	4
Long-term debt – non-current portion (excluding Senior Notes)	**1,596**	89
Letters of credit and surety bonds[3]	**34**	29
Exclude: letters of credit and surety bonds attributable to NCI[3]	**(3)**	—
Less: Cash and cash equivalents	**(251)**	(40)
Exclude: cash and cash equivalents attributable to NCI[3]	**50**	—
Less: IFRS 16 lease obligations	**(418)**	—
Senior Funded Debt	**1,120**	82
Senior Notes	**2,156**	2,170
Total Funded Debt	**3,276**	2,252
Credit Facility EBITDA	**1,207**	913
Senior Funded Debt to Credit Facility EBITDA ratio	**0.93**	0.09
Total Funded Debt to Credit Facility EBITDA ratio	**2.71**	2.47

[3] Calculated pursuant to the terms of the Credit Facility.

Interest coverage ratio

For the trailing twelve months ended ($ millions)	**March 31, 2019**	December 31, 2018
Credit Facility EBITDA	**1,207**	913
Interest[4]	**168**	140
Interest coverage ratio	**7.18**	6.52

[4] Calculated pursuant to the terms of the Credit Facility.

NUOC

Canada Retail

($ millions)	**Three months ended June 30, 2018[6]**	**September 30, 2018[6]**	**December 31, 2018[6]**	**March 31, 2019[6]**	**Trailing twelve months ended March 31, 2019**
Operating costs	**82**	**80**	**76**	**69**	**307**
Marketing, general and administrative	**14**	**15**	**15**	**16**	**60**
Less: Non-fuel adjusted gross profit	**(40)**	**(38)**	**(35)**	**(36)**	**(149)**
	56	**57**	**56**	**49**	**218**
Fuel and petroleum product volume[5] (million litres)	**1,725**	**1,852**	**1,742**	**1,608**	**6,927**
NUOC	**3.25**	**3.08**	**3.21**	**3.05**	**3.15**

[5] Includes gasoline, diesel and propane volumes.

[6] 2019 results reflect the adoption of IFRS 16 as of January 1, 2019. 2018 comparative figures reflect the accounting standards in effect for that year. Specifically, they are not restated to reflect the impact of IFRS 16, which is allowed under the modified retrospective approach for the adoption of IFRS 16.

($ millions)	June 30, 2017[2]	September 30, 2017[2]	December 31, 2017[2]	March 31, 2018[2]	Trailing twelve months ended March 31, 2018
	Three months ended				
Operating costs	25	66	81	76	248
Marketing, general and administrative	7	12	15	15	49
Less: Non-fuel adjusted gross profit	(14)	(33)	(36)	(35)	(118)
	18	45	60	56	179
Fuel and petroleum product volume[1] (million litres)	967	1,667	1,731	1,586	5,951
NUOC	1.91	2.68	3.49	3.53	3.01

[1] Includes gasoline, diesel and propane volumes.
[2] 2018 and 2017 comparative figures reflect the accounting standards in effect for those years. Specifically, they are not restated to reflect the impact of IFRS 16, which is allowed under the modified retrospective approach for the adoption of IFRS 16.

TTM operating ratio

Canada Commercial

($ millions)	**June 30, 2018[3]**	**September 30, 2018[3]**	**December 31, 2018[3]**	**March 31, 2019[3]**	**Trailing twelve months ended March 31, 2019**
	Three months ended				
Operating costs	**46**	**42**	**49**	**53**	**190**
Marketing, general and administrative	**12**	**11**	**13**	**12**	**48**
	58	**53**	**62**	**65**	**238**
Adjusted gross profit	**77**	**64**	**92**	**108**	**341**
TTM operating ratio					**69.8%**

($ millions)	June 30, 2017[4]	September 30, 2017[4]	December 31, 2017[4]	March 31, 2018[4]	Trailing twelve months ended March 31, 2018
	Three months ended				
Operating costs	33	38	51	57	179
Marketing, general and administrative	6	11	13	9	39
	39	49	64	66	218
Adjusted gross profit	45	57	91	104	297
TTM operating ratio					73.4%

[3] 2019 results reflect the adoption of IFRS 16 as of January 1, 2019. 2018 comparatives reflect the accounting standards in effect for that year. Specifically, they are not restated to reflect the impact of IFRS 16, which is allowed under the modified retrospective approach for the adoption of IFRS 16.
[4] 2018 and 2017 comparative figures reflect the accounting standards in effect for those years. Specifically, they are not restated to reflect the impact of IFRS 16, which is allowed under the modified retrospective approach for the adoption of IFRS 16.

USA

($ millions)	**June 30, 2018[5]**	**September 30, 2018[5]**	**December 31, 2018[5]**	**March 31, 2019[5]**	**Trailing twelve months ended March 31, 2019**
	Three months ended				
Operating costs	**11**	**13**	**21**	**21**	**66**
Marketing, general and administrative	**2**	**3**	**6**	**6**	**17**
	13	**16**	**27**	**27**	**83**
Adjusted gross profit	**18**	**24**	**38**	**38**	**118**
TTM operating ratio					**70.3%**

($ millions)	June 30, 2017[6]	September 30, 2017[6]	December 31, 2017[6]	March 31, 2018[6]	Trailing twelve months ended March 31, 2018
	Three months ended				
Operating costs	11	10	10	10	41
Marketing, general and administrative	2	1	3	2	8
	13	11	13	12	49
Adjusted gross profit	18	15	17	16	66
TTM operating ratio					74.2%

[5] 2019 results reflect the adoption of IFRS 16 as of January 1, 2019. 2018 comparative figures reflect the accounting standards in effect for that year. Specifically, they are not restated to reflect the impact of IFRS 16, which is allowed under the modified retrospective approach for IFRS 16 adoption.
[6] 2018 and 2017 comparative figures reflect the accounting standards in effect for those years. Specifically they are not restated to reflect the impact of IFRS 16 which is allowed under the modified retrospective approach for the adoption of IFRS 16.

Corporate marketing, general and administrative expenses as a % of adjusted gross profit

($ millions)	Three months ended March 31, 2019[(1)]	2018[(1)]
Corporate marketing, general and administrative expenses	**27**	26
Parkland's adjusted gross profit	**697**	430
Corporate marketing, general and administrative expenses as a % of Parkland's adjusted gross profit	**3.9%**	6.0%

(1) 2019 results reflect the adoption of IFRS 16 as of January 1, 2019. 2018 comparative figures reflect the accounting standards in effect for that year. Specifically, they are not restated to reflect the impact of IFRS 16, which is allowed under the modified retrospective approach for the adoption of IFRS 16.

Key Performance Indicators ("KPIs")

In addition to non-GAAP financial measures, Parkland uses a number of operational KPIs to measure the success of our strategic objectives and are also used to set variable compensation targets for employees. These KPIs are not accounting measures, do not have comparable IFRS measures, and may not be comparable to similar measures presented by other issuers, as other issuers may calculate these metrics differently.

KPI	Description	Calculation	Why we use the KPI and why it is useful	Comments
Company C-Store same-store sales growth ("Company C-Store SSSG")	Company C-Store SSSG refers to sales growth generated by retail convenience stores at Company sites. The effects of opening and closing stores, temporary closures, expansions and renovations of stores in the period are excluded to derive a comparable same- store metric.	Company C-Store SSSG is derived from the point-of-sale ("POS", i.e. cash register) value of goods and services sold to retail customers at convenience stores operated by retailers at Company sites. Specifically, current year POS sales of active sites are compared to prior year POS sales of comparable sites. Since Parkland generally collects fixed rent for the facilities plus a percentage rent on convenience store sales from the retailer and typically does not directly own or sell the convenience store inventory, POS amounts used to calculate Company C-Store SSSG are not a Parkland financial measure and do not form part of Parkland's consolidated financial statements.	Same-store sales growth is a metric commonly used in the retail industry that provides meaningful information to investors in assessing the health and strength of Parkland's brands and retail network, which ultimately impacts financial performance.	
Company Volume same-store sales growth ("Company Volume SSSG")	Company Volume SSSG refers to fuel and petroleum product sales growth at active Company sites. The effects of opening and closing stores, temporary closures, expansions and renovations of stores in the period are excluded.	Company Volume SSSG is derived by comparing the current year volume of active sites to prior year volume of comparable sites.	Volume SSSG is a metric commonly used in the retail industry that provides meaningful information to investors in assessing the health and strength of Parkland's brands and retail network, which ultimately impacts financial performance.	
Measures calculated on a cents-per-litre ("cpl") basis	Financial measures calculated on a cpl basis (e.g. operating costs - cpl) refer to the specific financial metric for a litre of fuel and petroleum product sold in the related segment.	The financial measure (e.g. adjusted gross profit, operating costs, etc.) is divided by the relevant fuel and petroleum product volume of the segment to arrive at the cpl basis.	Cpl metrics are used by management to identify trends in financial measures while removing the impact of volume variability, where appropriate.	
Refinery utilization	Refinery utilization refers to the amount of crude oil that is run through the crude distillation units compared to crude throughput.	The amount of crude oil that is run through the crude distillation units expressed as a percentage of the 55,000 barrels per day crude distillation capacity at the Burnaby Refinery.	Refinery utilization provides meaningful information to investors in evaluating the operational performance of the refinery.	A higher utilization generally allows for more efficient operations and lower costs per barrel.
Crude throughput	Crude throughput refers to the amount of crude oil that is processed and converted to products in the refinery.	The amount of crude oil that runs through crude distillation units expressed in thousands of barrels per day.	Crude throughput provides meaningful information to investors in evaluating the operational performance of the refinery.	A higher throughput generally allows for more efficient operations and lower costs per barrel.

KPI	Description	Calculation	Why we use the KPI and why it is useful	Comments
Annual Synergies	Annual Synergies is a forward-looking estimate of forecasted improvements in Adjusted EBITDA driven by increases in adjusted gross profit and reductions in operating costs and marketing, general and administrative expenses expected to be realized from integrating the Acquisitions and other related initiatives.	This estimate is stated as a comparison of the acquisitions' performance before and after acquisition, presented as a forecasted annualized run-rate measure. This forward-looking estimate is based on comparative analysis of organizational structures, level of spending, and contract structures, as well as synergies expectations and cost reductions from implementing integration initiatives, increased purchasing power, and contract renegotiations, among other items.	Annual Synergies is used to measure synergy expectations of acquisitions against their investment business case.	Changes to these assumptions, market conditions, commodity prices, and timing of implementation of initiatives can significantly impact Annual Synergies. See Section 14 of this MD&A.
Lost time injury frequency ("LTIF") and total recordable injury frequency ("TRIF")	LTIF and TRIF are industry measures of health and safety that provide the number of lost time incidents and total recordable incidents, respectively, that occurred within a given period relative to a standardized number of hours worked.	LTIF and TRIF are calculated by multiplying the number of incidents by 200,000, divided by the total number of employee hours worked.	LTIF and TRIF provide meaningful information in evaluating performance in providing a safe working environment. LTIF represents the number of people for every 100 employees injured to an extent that they cannot perform any work for a minimum of one day, post-injury.	A lost time incident is one where an employee sustained a job-related injury or illness and was not able to work their next full shift. Recordable incidents include all instances where medical attention from a medical professional is required, even if the employee is able to work their next shift.

Glossary of terms

Term	Definition
Backcourt	Terminology used in the retail gas industry that refers to the part of the retail station where convenience store merchandise and services such as car washes are sold.
Forecourt	Terminology used in the retail gas industry that refers to the part of a retail station where fuel is sold at the pump.
Refining crack spread	Terminology used in the oil and gas industry that refers to the general price differential between crude oil and petroleum products refined from it.

14. FORWARD-LOOKING INFORMATION

Caution regarding forward-looking information

This MD&A contains certain forward-looking information. Forward-looking information can generally be identified by words such as "believes", "expects", "expected", "will", "plan", "intends", "target", "would", "seek", "could", "projects", "projected", "anticipates", "estimates", "continues", or similar words. In particular, this MD&A contains forward-looking information including, without limitation, forward-looking statements regarding Parkland's:

- commitment to delivering competitive and sustainable returns to shareholders by being the partner of choice for our customers and suppliers, and how we plan to accomplish this mission;
- commitment to drive organic growth by innovatively pursuing opportunities to increase gross profit, focusing on delivering a great customer experience and continuously improving efficiencies;
- strategy to reliably and consistently purchase large volumes of the full range of refined products produced by refineries with which we do business;
- goal to deliver a supply advantage by leveraging market inefficiencies and being a partner of choice for refiners;
- expected exercise of the put right for Sol Limited to sell and a call right for Parkland to acquire the remaining outstanding shares of SIL and the terms thereof;
- expectations regarding the anticipated benefits and synergies of completed acquisitions, including the timing of the synergies, success and implementation of the systems integration and its additions to Parkland's fuel sales, Adjusted EBITDA and distributable cash flow;
- business and growth strategies, including the manner in which such strategies will be implemented;
- anticipation of building on the On the Run / Marché Express convenience store franchise system and related trademarks in Canada, providing a strong retail platform for Parkland to expand and support its retail offering across Canada, including, but not limited to, the success of the Flagship and Retrofit site concepts and the profitability of the private label brand, 59th Street Food Co.;
- ability to use market inefficiencies to its advantage by acting on arbitrage opportunities as well as leveraging unbranded volume, transportation, relationships and strategic storage capabilities;
- strategy to optimize the value of other products that are not sold through its "owned" marketing channels;
- platform for growth in North America and the Caribbean;
- ability to build and leverage relationships with the objective of being the buyer of choice for prospective vendors;
- ability to effectively integrate acquisitions to drive operational efficiency, create synergies and generate shareholder value;
- ability to operate the Burnaby Refinery profitably;
- ability to deliver competitive returns to shareholders;
- expectations regarding the effects of seasonality on demand for products offered by Canada's Commercial and Retail business segments;
- ability to meet payment obligations as they come due;
- capital investment philosophy;
- future dividend payments;
- anticipated sources of liquidity to fund maintenance capital, interest, income taxes, targeted dividends and other committed capital expenditures;
- expected sources for growth capital expenditures, future acquisitions and debt servicing payments;
- expectations regarding Annual Synergies and 2019 Guidance Range;

- ability to adjust capital spending and to adjust dividends paid to shareholders; and
- expectations regarding the benefits, including benefits to consumers and marketplace efficiencies, and financial projections of the Acquisitions, and the Sol Transaction.

The forward-looking information contained herein is based upon Parkland's current views with respect to future events based on certain material factors and assumptions. As such, readers are urged to consider the factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements contained in this MD&A are based upon a number of material factors and assumptions including, without limitation:
- the regulatory framework that governs the operation of Parkland's business;
- Parkland's ability to successfully integrate completed acquisitions into Parkland's operations;
- Parkland's ability to realize synergies and cost reductions from the implementation of integration initiatives, increased purchasing power, and contract renegotiations, among other items;
- commodity prices for gasoline, diesel, propane, lubricants, heating oil and other high-quality petroleum products;
- refining crack spreads per barrel;
- financial market conditions, including interest rates and US dollar foreign exchange rates;
- ability to successfully expand Parkland's business into the Caribbean;
- ability of suppliers to meet commitments;
- ability to retain key management;
- Parkland's future debt levels;
- Parkland's ability to generate sufficient cash flows from operations to meet its current and future obligations;
- future capital expenditures to be made by Parkland;
- access to, and terms of, future sources of funding for Parkland's capital program; and
- Parkland's ability to continue to compete in a competitive landscape, as well as the additional factors referenced in the Annual Information Form.

These forward-looking statements involve numerous assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is based upon Parkland's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties including, without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under the heading "Risk Factors" in the Annual Information Form. More specifically, certain material factors and assumptions that could cause actual results to vary materially from those anticipated include, without limitation:
- general market conditions
- ability to execute on our business and growth strategy and realize the benefits therefrom;
- ability to realize the benefits from our core capabilities;
- ability to capture value in each step of the value chain;
- ability to realize the expected benefits, synergies and opportunities from acquisitions;
- ability to secure future capital to support and develop our business, including the issuance of additional common shares;
- ability to secure funding to finance the consideration payable to acquire the remaining portion of the Sol shares;
- effectiveness of Parkland's management systems and programs;
- factors and risks associated with retail pricing, margins and refining crack spreads;
- factors and risks associated with the Sol Transaction, as further particularized in Section 9 of this MD&A;
- availability and pricing of petroleum product supply;
- volatility of crude oil prices;
- the competitive environment of our industry in North America and the Caribbean;
- environmental impact;
- risk of pending or future litigation;
- interest rate and foreign exchange rate fluctuations;
- potential undisclosed liabilities (including environmental) associated with the Acquisitions, and the Sol Transaction;
- failure to meet financial, operational and strategic objectives and plans; and
- availability of capital and operating funds.

Additional information on these and other factors that could affect Parkland's operations or financial results is discussed in this MD&A, the Annual Information Form and other continuous disclosure documents (available under Parkland's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com or Parkland's website at www.parkland.ca).

The forward-looking statements speak only as of the date of this MD&A and Parkland does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by these cautionary statements.

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