

# Parkland Fuel Corporation Enters Agreement to Acquire Pioneer Energy, Canada's Largest Private Independent Fuel Marketer

**Pioneer Energy is Expected to Add More Than Two Billion Litres in Fuel Sales and \$55 million in EBITDA During its First Year With Parkland. Parkland, Which Now Expects to Achieve the Penny Plan One Year Earlier than Expected, Increases 2015 Adjusted EBITDA Guidance to \$250 million**

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**RED DEER, ALBERTA--(Marketwired - Sept. 17, 2014)** - Parkland Fuel Corporation ("Parkland" or the "Corporation") (TSX:PKI), North America's fastest growing distributor and marketer of fuels and lubricants, today announced that it has entered into a definitive agreement to acquire the assets (the "Acquisition") of Pioneer Energy ("Pioneer"). All financial figures are expressed in Canadian dollars.

Subject to the satisfaction of closing conditions and closing adjustments, the assets of Pioneer will be purchased for \$378 million, including \$259 million in cash, \$119 million in common shares of Parkland, and the assumption of standard operating liabilities. At 6.9 times Pioneer's trailing twelve month EBITDA of approximately \$55 million, this acquisition is both accretive and attractively priced for a premier retail fuel network.

Pioneer's current joint owners, The Pioneer Group Inc. and Suncor Energy Inc., will receive consideration as follows:

- The Pioneer Group Inc. will receive \$76 million or 39% of their total consideration in cash and \$119 million or 61% of their total consideration in common shares of Parkland. One third of the common shares held by The Pioneer Group Inc. will be subject to a one year minimum holding period, and the remaining two thirds are subject to a two year minimum holding period; and
- Suncor Energy Inc. will receive \$183 million in cash.

Parkland remains poised for further growth with a strong balance sheet. Parkland's existing credit facility can be utilized to fund the cash consideration of the Acquisition.

"We have long recognized the Ontario retail marketplace as a critical growth opportunity for Parkland, aligning with Parkland's overarching supply strategy. We also recognize Pioneer Energy as one of Canada's most respected independent retail fuel marketers, having built Pioneer into the strongest independent retail fuel brand in Ontario. Given the Pioneer Group's sophisticated understanding of the retail fuel industry, their investment in Parkland is a strong endorsement of our strategy, and we look forward to welcoming their team," said Bob Espey, President and Chief Executive Officer of Parkland. "Our five year growth plan has progressed rapidly as a result of our team's ability to identify and execute disciplined transactions. We continue to anticipate additional accretive acquisitions, adhering to our disciplined approach to growth."

Including the Acquisition, since 2011 Parkland has successfully added six billion litres in petroleum volume, \$115 million in annualized EBITDA through acquisitions and their associated synergies, and \$11 million from the Give me Five! initiative. With the Acquisition, Parkland is expected to attain its goal to add \$125 million in additional Adjusted EBITDA by 2015, a full year earlier than expected.

### **Acquisition Highlights:**

#### **Grow**

- Adds 319 gas stations in Ontario and 74 gas stations in Manitoba, increasing Parkland's national footprint to more than 1,000 gas stations, or roughly 9 percent of the Canadian retail fuel market;
- Includes 148 Pioneer-branded and 228 Esso-branded gas stations, many of which are in prime urban locations;
- Increases distributable cash flow by \$0.26 per share annually; and
- Achieves annual Adjusted EBITDA of \$250 million by 2015.

#### **Supply**

- Adds scale and diversity to Parkland's central Canadian supply portfolio; and
- Generates material supply synergies.

#### **Operate**

- Integration of Pioneer operations is expected to occur over the course of 24 months;
- Pioneer's Network of 393 gas stations includes 152 company and 241 independent dealer stations; and
- Pioneer's commercial fuel business is similar to Parkland.

Founded in 1956 by the late Murray Hogarth, Pioneer has built a premier network of gas stations throughout Ontario and Manitoba, operating primarily under the Pioneer and Esso brands. Today, Pioneer distributes more than two billion litres of fuel annually through 393 gas stations and a recently acquired commercial operation in Ontario, New Brunswick and Nova Scotia. Pioneer currently distributes 5.1% of total retail fuel volumes across Canada and has a 12% share of the Ontario and Manitoba retail gas markets.

Pioneer founder Murray Hogarth commented before his recent passing, "It is extremely gratifying to me that the Pioneer team and brand will continue driving forward with Parkland along with our successful legacy that began in 1956."

"I want to thank everyone in the Pioneer family for their tremendous work and dedication over the years in making Pioneer a great success and one of Canada's most respected independent fuel marketers," said Tim Hogarth, Chief Executive Officer and Executive Chairman of Pioneer. "The Pioneer Group chose to invest the majority of its proceeds in Parkland because of our long term industry commitment and belief in Parkland's ability to continue its aggressive growth path."

Tim Hogarth, Chief Executive Officer and Executive Chairman of Pioneer, is expected to be appointed to Parkland's Board of Directors conditional upon completion of the Acquisition.

The Acquisition is subject to the receipt of customary third party consents and regulatory approvals, including approvals from the Toronto Stock Exchange and the Competition Bureau.

#### **2014-2015 Adjusted EBITDA Guidance Revised:**

While the Acquisition of Pioneer is expected to boost Parkland's 2015 Adjusted EBITDA expectations to \$250 million, it is not expected to close before the end of 2014. Parkland's expected case forecast for 2014 of \$200 million in Adjusted EBITDA included \$12 million in acquisitions. As timing for the completion of the Acquisition is expected to be later than originally anticipated, Parkland's expected case for 2014 has been reduced by \$12 million (acquired EBITDA assumption) to \$188 million and the low and high cases have also been adjusted down by the corresponding assumption for acquired EBITDA (\$7 million and \$15 million respectively).

<i>Adjusted EBITDA Forecast (\$ millions)</i>	<b>2014</b>	<b>2015</b>
<i>Expected Case</i>	188	250
<i>Low Case</i>	178	235
<i>High Case</i>	194	265

#### **Investor Event and Conference Call Information**

Parkland Fuel Corporation will host an investor event and webcast at 9:30 a.m. MT (11:30 a.m. ET) on September 18<sup>th</sup>, 2014 to discuss the acquisition of Pioneer Energy and Parkland's guidance.

President and Chief Executive Officer Bob Espey, Vice President of Strategy and Corporate Development, Irfhan Rawji, and Vice President, Retail Operations Peter Kilty will be available to take questions from securities analysts, brokers and investors following their formal comments.

Please log into the webcast slide presentation 10 minutes before the start time at:

<http://www.gowebcasting.com/5887> (<http://www.gowebcasting.com/5887>)

To access the conference call by telephone from within Canada dial toll free 1-800-952-4972. International callers or callers from the Toronto area should use 416-340-9432. Please connect approximately 10 minutes prior to the beginning of the call.

The webcast will be available for replay within 24 hours of the end of the conference call.

### **Forward Looking Information**

Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the value of the common shares to be issued and cash to be paid in consideration for the Acquisition, the aggregate purchase price for the Acquisition, the successful completion of the Acquisition and the timing thereof, the anticipated benefits, including, without limitation, the opportunities, capabilities and synergies, that may result as a consequence of the Acquisition, the sources of funding for the Acquisition, the accretive impact of the Acquisition, the operations of Pioneer and Parkland following the completion of the Acquisition, the satisfaction of all conditions to the completion of the Acquisition, including, without limitation, obtaining all necessary third party and regulatory consents and approvals, Parkland's expectation of its future financial position, distributable cash, Adjusted EBITDA pro forma the Acquisition, expected Adjusted EBITDA of Pioneer, business and growth strategies, including the manner in which such strategies will be implemented, budgets, projected costs, sources of growth, capital expenditures, financial results, future acquisitions and the efficiencies to be derived therefrom and plans and objectives of or involving Parkland. Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "projected", "anticipates", "estimates", "continues", or similar words and include, but are not limited to, statements regarding the accretive effects of acquisitions and the anticipated benefits of acquisitions. Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in Parkland's annual information form and other continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause Parkland's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements.

Such factors include, but are not limited to: failure to complete the Acquisition, failure to obtain the necessary regulatory approvals or other third party consents, failure to achieve the anticipated benefits of the Acquisition, failure to meet financial, operational and strategic objectives and plans, general economic, market and business conditions; industry capacity; competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond the control of

Parkland. Any forward-looking statements are made as of the date hereof and Parkland does not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.

## **Non-GAAP Financial Measures**

This press release includes references to Adjusted EBITDA and EBITDA, which are both non-GAAP financial measures.

Adjusted EBITDA is generally used in reference to Parkland's consolidated performance. For a definition of Adjusted EBITDA, please see Adjusted EBITDA in the Non-GAAP financial measures section of Parkland's Management's Discussion and Analysis for the six months ended June 30, 2014. Management uses Adjusted EBITDA to set targets and assess performance of the Corporation.

EBITDA is generally used in reference to the performance of acquired companies. EBITDA is defined simply as net earnings (loss) before interest, income tax (recovery) expense, depreciation and Amortization.

Parkland believes the presentation of Adjusted EBITDA and EBITDA provides useful information to investors and shareholders as it provides increased transparency and predictive value.

## **About Parkland Fuel Corporation**

Parkland Fuel Corporation is North America's fastest growing independent marketer of fuel and petroleum products. We deliver gasoline, diesel, propane, lubricants, heating oil and other high quality petroleum products to motorists, businesses, consumers and wholesale customers in Canada and the United States. Our mission is to be the partner of choice for our customers and suppliers, and we do this by building lasting relationships through outstanding service, reliability, safety and professionalism.

We are unique in our ability to provide customers with dependable access to fuel and petroleum products, utilizing a portfolio of supply relationships, storage infrastructure and third party rail and highway carriers to rapidly respond to supply disruptions in order to protect our customers' operations.

To sign up for Parkland's investor information services, please go to <http://bit.ly/PKI-Info> (<http://bit.ly/PKI-Info>) or visit [www.parkland.ca](http://www.parkland.ca) (<http://www.parkland.ca/>).

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