

# Parkland Fuel Corporation Reports Strong Third Quarter 2015 Results

**Parkland Achieves \$59.1 Million of Adjusted EBITDA and Re-Confirms Guidance for 2015 and 2016 Through Solid Base Business Performance and Acquisitions Outpacing Plan**

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RED DEER, AB--(Marketwired - November 05, 2015) - Parkland Fuel Corporation ("**Parkland**" or the "**Corporation**") (TSX: PKI), one of North America's fastest growing distributors and marketers of fuels and lubricants, today announced the financial and operating results for the three and nine months ended September 30, 2015. All financial figures are expressed in Canadian dollars.

"Parkland delivered another strong quarter despite a tough economic environment in the western Canada and the US Bakken Region," said Bob Espey, President and Chief Executive Officer of Parkland. "This quarter has continued to demonstrate the value that geographic, customer and product diversity contributes to our business, and the exceptional work that our team has done to continue to deliver strong performance this year. The integration of Pioneer Energy, the largest acquisition in Parkland's history, has thus far been a resounding success, as the business has exceeded our expectations on all fronts. This is a testament both to the quality of the business that was built by the Hogarth family, and the hard work of the Parkland and Pioneer Energy operational teams to effectively integrate the business."

Parkland achieved \$59.1 million in Adjusted EBITDA in the third quarter of 2015. This is an improvement of \$23.9 million when compared with the \$35.2 million generated in the third quarter of 2014. For the year-to-date period, Parkland has achieved \$150.3 million in Adjusted EBITDA in 2015, compared with \$132.1 million in 2014. "The continued resiliency in our cash flows combined with the recent closing of Pioneer Energy gives us confidence to re-confirm our 2015 guidance of \$200 million to \$230 million in Adjusted EBITDA and our 2016 guidance of \$235 million to \$265 million in Adjusted EBITDA," said Mike McMillan, Chief Financial Officer of Parkland.

## Third Quarter Highlights

### *Grow*

- Integration of the Pioneer Energy business into Parkland's existing Retail Fuels' operations exceeding expectations;
- Successfully integrated 11 Chevron sites in western Canada and five retail service stations in North Dakota into their respective business segments; and
- Promoted Darren Smart to the role of Vice President, Corporate Development.

### *Supply*

- Parkland achieved 17% growth in total fuel volume, delivering 2.7 billion litres of fuel and petroleum products in the quarter, compared to 2.3 billion litres in the same quarter of 2014; and
- Continued our focus on becoming the partner of choice for our refiners by buying more fuel than any other independent fuel marketer in Canada, rateably, and in the mix that they produce.

### *Operate*

- Continued our roll-out of innovative truck monitoring technology across the commercial truck fleet resulting in cost effective dispatching and improved routing efficiencies; and
- Maintained safe operations, reaching a corporate-record 18 consecutive months without a lost time injury.

The Retail Fuels and Wholesale, Supply and Distribution business segments were able to achieve solid performance in the third quarter despite economic softness mainly in western Canada. In the SPF Energy business segment in the US, a decline in oil prices resulted in both a reduction in drilling activity in the Bakken and an offsetting favourable movement in the CAD to USD exchange rate. This is similar to the impact experienced in this business in the second quarter. Pioneer Energy's contribution was the main reason for the significant increase in Retail Fuels' profitability this quarter as compared to the third quarter of 2014. This business and the synergies associated with Pioneer Energy's acquisition continue to pace ahead of plan.

Finally, there is no new material information to report with regard to Parkland's ongoing interactions with the Competition Bureau and the action that is before the Competition Tribunal beyond what information which has been publicly disclosed by Parkland to date.

## Financial Summary

(in millions of Canadian dollars and shares)	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	2013	2015	2014	2013
Sales and operating revenues	<b>1,862.2</b>	1,898.7	1,509.0	<b>4,643.8</b>	5,789.2	4,064.6
Adjusted gross profit <sup>(1)</sup>	<b>167.0</b>	117.8	105.4	<b>445.2</b>	399.3	358.1
Net earnings	<b>14.6</b>	10.4	19.1	<b>23.8</b>	39.7	69.9
Per share - basic	<b>0.16</b>	0.14	0.27	<b>0.28</b>	0.53	1.00
Per share - diluted	<b>0.16</b>	0.14	0.27	<b>0.28</b>	0.53	0.99
Adjusted EBITDA <sup>(1)</sup>	<b>59.1</b>	35.2	37.8	<b>150.3</b>	132.1	156.9
Dividends	<b>25.4</b>	20.0	18.4	<b>72.2</b>	58.9	54.3
Dividends declared per share	<b>0.28</b>	0.26	0.26	<b>0.80</b>	0.77	0.76
Distributable cash flow <sup>(2)</sup>	<b>29.2</b>	17.1	23.2	<b>74.5</b>	83.9	110.4
Per share - outstanding <sup>(2)</sup>	<b>0.32</b>	0.22	0.33	<b>0.82</b>	1.10	1.55
Dividend payout ratio <sup>(2)</sup>	<b>87%</b>	117%	79%	<b>97%</b>	70%	49%
Total assets	<b>1,836.9</b>	1,426.8	1,255.2	<b>1,836.9</b>	1,426.8	1,255.2
Total long-term liabilities	<b>598.4</b>	464.0	360.3	<b>598.4</b>	464.0	360.3
Total funded debt <sup>(1)</sup>	<b>455.2</b>	278.3	230.6	<b>455.2</b>	278.3	230.6
Shares outstanding	<b>90.8</b>	76.1	71.0	<b>90.8</b>	76.1	71.0

<sup>(1)</sup> Non-GAAP financial measure. See the "Non-GAAP Financial Measures" section below and the "Non-GAAP financial measures, reconciliations and advisories" section of the MD&A.

<sup>(2)</sup> Non-GAAP financial measure. See the "Non-GAAP Financial Measures" section below and the "Distributable cash flow" section of the MD&A for reconciliation and calculation.

## Operating Summary

	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	2013	2015	2014	2013
Fuel volume (millions of litres)	<b>2,731</b>	2,333	1,762	<b>7,000</b>	6,527	4,742
Fuel and petroleum product adjusted gross profit <sup>(1)</sup> (cpl):						
Retail Fuels	<b>5.63</b>	5.28	4.99	<b>5.34</b>	4.89	4.76
Commercial Fuels	<b>8.89</b>	8.57	7.94	<b>11.33</b>	10.07	9.82
SPF Energy	<b>3.34</b>	3.13	-	<b>3.36</b>	3.05	-
Operating costs (cpl)	<b>2.71</b>	3.13	2.50	<b>2.87</b>	2.80	2.74
Adjusted marketing, general and administrative <sup>(1)</sup> (cpl)	<b>1.26</b>	1.10	1.35	<b>1.37</b>	1.32	1.54

<sup>(1)</sup> Non-GAAP financial measure. See the "Non-GAAP Financial Measures" section below and the "Non-GAAP financial measures, reconciliations and advisories" section of the MD&A.

## Additional Considerations

Other than as disclosed above, the factors and assumptions which contribute to Parkland's assessment of the 2016 Guidance Range are consistent with existing Parkland disclosure. Parkland's 2016 Guidance Range is subject to risks and uncertainties inherent in Parkland's business. Readers are directed to Parkland's Management's Discussion and Analysis for the three and nine months ended September 30, 2015 and the year ended December 31, 2014 and Parkland's Annual Information Form for the year ended December 31, 2014 for a description of such factors, assumptions, risks and uncertainties, the manner in which Adjusted EBITDA is determined and Parkland's Adjusted EBITDA for the year ended December 31, 2014.

Parkland's 2016 Guidance Range assumes that 2015 Adjusted EBITDA guidance (see Revised 2015 Adjusted Guidance section of the June 25, 2015 news release) will be achieved and reflects management's current views of the variances therefrom that are expected to result from Parkland's operations and business in 2016.

## MD&A and Financial Statements

Management's Discussion and Analysis (the "**MD&A**"), the unaudited Consolidated Financial Statements, and the Notes to the Consolidated Financial Statements for the three and nine months ended September 30, 2015, will be available online at [www.parkland.ca](http://www.parkland.ca) (<http://ctt.marketwire.com/?release=11G070904-001&id=7626157&type=0&url=http%3a%2f%2fwww.parkland.ca%2f>) and SEDAR shortly after the results are released by newswire.

## Non-GAAP Financial Measures

This news release includes references to "Adjusted EBITDA", "EBITDA", "Adjusted marketing, general and administrative", "adjusted gross profit", "distributable cash flow" and "total funded debt" which are non-GAAP financial measures.

Management uses certain of these non-GAAP measures to exclude the impact of certain expenses and income that must be recognized under GAAP when analyzing consolidated and segment underlying operating performance, as the excluded items are not necessarily reflective of Parkland's underlying operating performance and make comparisons between periods difficult.

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 MD&A for the three and nine months ended September 30, 2015. 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.

### **Conference Call Information**

Parkland Fuel Corporation will host a webcast and conference call at 6:30 a.m. MST (8:30 a.m. EST) on Friday, November 6, 2015 to discuss the results for the three months ended September 30, 2015.

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

<http://www.gowebcasting.com/7055> (<http://ctt.marketwire.com/?release=11G070904-001&id=7626160&type=0&url=http%3a%2f%2fwww.gowebcasting.com%2f7055>)

To access the conference call by telephone dial toll free 1-866-225-6564. Callers from the Toronto area should use (416) 340-2218. Please connect approximately 10 minutes prior to the beginning of the call.

The webcast will be available for replay two hours after the conference call ends. It will remain available at the link above for one year.

### **Forward Looking Information**

Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding Parkland's business objectives; future financial position; the strength of Parkland's balance sheet and financial condition; the expected contribution to 2015 and/or 2016 Adjusted EBITDA from the integration activities identified above; Parkland's 2015 and 2016 Adjusted EBITDA guidance ranges; business projects and growth strategies, including the manner in which such strategies will be implemented; budgets; projected costs; sources of growth; capital expenditures; financial results; taxes; future growth opportunities and Parkland's intentions to pursue further acquisitions and the anticipated benefits and accretive effects of such acquisitions; expansion, efficiencies and accretive effects resulting from the acquisitions identified above; effectiveness of internal controls; sources of funding for growth capital expenditures; anticipated dividends and the amount thereof, if any, to be declared by Parkland Fuel Corporation; and plans and objectives of or involving Parkland. Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "propose", "will", "intends", "projects", "projected", "anticipates", "estimates", "continues", or similar words. Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and necessarily involve a number of known and unknown risks and uncertainties some of which are described in Parkland's annual information form and other continuous disclosure documents. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release. Such factors include, but are not limited to: failure to achieve the anticipated benefits of Parkland's acquisitions and subsequent integration activities identified above (including the amount of potential contribution of such acquisitions to 2015 and/or 2016 Adjusted EBITDA), or any future acquisitions, if any, by Parkland; general economic, market and business conditions; failure to meet financial, operational and strategic objectives and plans, including, without limitation, announcement or completion of further acquisitions, failure to realize 2015 and/or 2016 Adjusted EBITDA in accordance with guidance, the impact to 2015 and/or 2016 Adjusted EBITDA of factors identified by Parkland; industry capacity; competitive action by other companies; refining and marketing

margins; the ability of suppliers to meet commitments; actions by governmental authorities and other regulators; changes and developments 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. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

## **About Parkland Fuel Corporation**

Parkland Fuel Corporation is one of North America's fastest growing distributors and marketers of fuels and lubricants. We deliver gasoline, diesel, propane, lubricants, heating oil and other high quality petroleum products to motorists, businesses, households 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.

To sign up for Parkland new alerts please go to <http://bit.ly/PKI-Alert> (<http://ctt.marketwire.com/?release=11G070904-001&id=7626163&type=0&url=http%3a%2f%2fbit.ly%2fPKI-Alert>) or visit [www.parkland.ca](http://www.parkland.ca) (<http://ctt.marketwire.com/?release=11G070904-001&id=7626166&type=0&url=http%3a%2f%2fwww.parkland.ca%2f>).

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