

**FOR IMMEDIATE RELEASE: Friday, July 31, 2009**

## **PARKLAND REPORTS SECOND QUARTER FINANCIAL RESULTS**

### **SECOND QUARTER 2009 PERFORMANCE HIGHLIGHTS:**

- Record Q2 fuel sales volumes of 628 million litres, up 20% from 525 million litres the prior year, driven by strategic acquisitions.
- Q2 EBITDA of \$23.4 million, up 23% from \$19.0 million in 2008.
- Q2 2009 net earnings of \$14.3 million, up 29% from \$11.0 million in 2008.
- Acquisition of the fuel distribution business of Columbia Fuels on Vancouver Island.
- Completed a new banking facility with increased credit lines.
- Distribution payout ratio of 73% for Q2 2009 compared to 104% in 2008.

Red Deer, July 31, 2009 – Parkland Income Fund (TSX: PKI.UN) today announced its business performance for the second quarter of 2009. Fuel volumes achieved record levels for the quarter and earnings before interest, taxes, depreciation and amortization (EBITDA) for Q2 2009 was higher than the same period a year earlier.

President and CEO Mike Chorlton commented “In the second quarter of 2009, retail marketing continued to be strongly profitable including the contribution from branded distributorship volumes acquired in late 2008. Our share of refiners’ margins declined from the first quarter of 2009 but was well ahead of the second quarter of 2008. The contribution from commercial fuel sales in northern Alberta was weaker than the prior year reflecting reduced economic activity as the oil and gas drilling industry continued to lag prior years.”

“With the acquisition of Columbia Fuels we have been able to demonstrate a continued ability to grow our marketing business in a profitable manner in challenging economic times. Furthermore, we have been able to source additional bank credit lines even though credit markets have contracted” said Mr. Chorlton.

Distributable cash exceeded cash distributions in the second quarter. The distribution payout ratio was 73% compared to 104% in 2008. We have maintained our monthly distribution rate of \$0.105 per unit.

On June 15, 2009 we completed the acquisition of the fuel distribution business of Columbia Fuels, headquartered in Victoria BC. The purchase price was \$34.5 million plus closing adjustments, financed by a combination of equity, debt and existing cash balances.

In July 2009 Parkland acquired the fuel marketing business of Anmart Fuels. Anmart serves southern Alberta with two cardlock locations, lubricants and bulk deliveries of fuel and related products. The purchase price was \$4.7 million financed by existing cash balances.

### **OUTLOOK**

Retail fuel volumes in our market area continue to show same-store sales growth despite the overall weakness in the economy. Commercial fuel sales volumes have reflected the weakness in the diesel and

propane markets which have been impaired by the decline in the forestry, trucking and oil and gas drilling industries.

Refiners' margins for gasoline declined after reaching a peak in February but recovered in May and June and remain positive. Refiners' margins for diesel declined from their very strong level at the beginning of the year and are below historical values as reduced commercial business activity has left the market with excess supply.

## **FUEL VOLUMES**

Fuel volumes were strong with total sales of 628 million litres in the quarter ended June 30, 2009, an increase of 20% from 525 million litres for the same period in 2008. The increase resulted primarily from the acquisitions completed over the past year with the greatest growth in the branded distributorship area. The propane portion of these volumes was down 13% but unit margins were higher, resulting in gross profit similar to the prior year.

Retail fuel volumes in company-operated stations were 9% higher than the prior year. We attribute this to our strong marketing programs and predominantly non-urban locations where sales volumes have held up well.

## **GROSS PROFIT**

Sales revenues were lower than the prior year as underlying crude oil prices were lower. Cost of sales declined more than sales leaving higher profit margins on a per litre basis. In addition to the retail margins for gasoline and diesel, we participate in the refiners' margins for a significant portion of our supply volumes. In the second quarter this participation yielded earnings approximately \$5.2 million higher than the comparative period in 2008.

Although the commercial business segment had expected exceptionally strong spring fertilizer sales, the late, cool spring weather restrained sales volumes to more average levels. In 2009 fertilizer gross margins have declined from their exceptionally high levels realized in 2008.

Our inventory of fuel volumes is subject to revaluation as underlying crude oil prices rise and fall. In the second quarter of 2009 it resulted in an increase in earnings of \$2.3 million (\$6.9 million for six months) compared to a gain of \$5.9 million (\$9.9 million for six months) in 2008.

Our operating and direct costs were \$24.9 million in the second quarter compared to \$20.3 million for the same period in 2008. The increase is primarily a result of additional business operations acquired over the course of 2008.

Our marketing, general and administrative expenses were \$11.8 million in the second quarter compared to \$12.2 million for the same period in 2008.

A comparison of EBITDA for the second quarter of 2009 with the second quarter of 2008 is available online at <http://files.newswire.ca/714/WaterfallChartQ22009.pdf>.

## **CAPITAL RESOURCES**

We completed arrangement of our new banking syndicate and increased our senior secured credit facility, including operating line, letters of credit and capital facility, to \$265 million from \$169 million. This is expected to provide sufficient funding for our 2009 growth capital program and allow for potential acquisitions.

## CONSOLIDATED HIGHLIGHTS

<i>(in millions of Canadian dollars except volume and per Unit amounts)</i>	Three months ended June 30, 2009	Three months ended June 30, 2008	Change
Fuel volume (millions of litres)	<b>628</b>	525	20%
Net sales and operating revenues	<b>479.5</b>	606.6	-21%
Gross profit	<b>60.1</b>	51.4	17%
Gross margin	<b>13%</b>	9%	
Operating and direct costs	<b>24.9</b>	20.3	23%
Marketing, general & administrative	<b>11.8</b>	12.2	-4%
Income before income taxes	<b>14.3</b>	10.3	38%
Income tax expense (recovery)	<b>0.0</b>	(0.7)	
Net earnings	<b>14.3</b>	11.0	29%
EBITDA <sup>(1)</sup>	<b>23.4</b>	19.0	23%
Earnings per Unit - basic	<b>\$ 0.28</b>	\$ 0.22	
Earnings per Unit - diluted	<b>\$ 0.28</b>	\$ 0.22	
Distributable cash flow <sup>(2)</sup>	<b>21.6</b>	15.3	42%
Distributions	<b>15.7</b>	15.8	
Distribution payout ratio	<b>73%</b>	104%	

<sup>(1)</sup> Please refer to the EBITDA section for a definition of this non-GAAP measure

<sup>(2)</sup> Please see Distributable Cash Flow reconciliation table

The MD&A as well as the unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements for the second quarter ended June 30, 2009 are available online at [http://files.newswire.ca/714/PARKLAND\\_IF\\_Q209.pdf](http://files.newswire.ca/714/PARKLAND_IF_Q209.pdf)

## FUND DESCRIPTION

Parkland Income Fund currently operates retail and wholesale fuels and convenience store businesses under its Fas Gas Plus, Fas Gas, Race Trac Fuels and Short Stop Food Stores brands and through independent branded dealers, and transports fuel and other products through its Distribution division. With approximately 619 locations, Parkland has developed a strong market niche in Canadian non-urban markets focused in the West and Ontario. The Fund supplies propane, bulk fuel, heating oil, lubricants, industrial fluids, agricultural inputs and associated services to commercial and industrial customers in Alberta, British Columbia and the Yukon Territory under the Neufeld, United Petroleum, Columbia Fuels and Great Northern Oil brands. Additionally, Parkland operates the Bowden refinery near Red Deer, Alberta as a storage and contract-processing site.

Parkland is focused on creating and delivering value for its unitholders through the continuous refinement of its site portfolio, increasing revenue diversification through growth in non-fuel revenues and active supply chain management.

The Fund's units trade on the Toronto Stock Exchange (TSX) under the symbol PKI.UN. For more information, visit [www.parkland.ca](http://www.parkland.ca).

*Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving Parkland. Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "projected", "anticipates", "estimates", "continues", or similar words and include but are not limited to, statements regarding the accretive effects of the acquisition and the anticipated*

*benefits of the acquisition. Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in the Fund's annual report, annual information form and other continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause the Fund's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond the control of Parkland. Any forward-looking statements are made as of the date hereof and the Fund does not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.*

## **CONFERENCE CALL**

Parkland will hold a conference call for Analysts, Brokers and Investors to discuss second quarter results as follows:

Tuesday, August 4, 2009, 9:00 a.m. (11:00 a.m. Eastern Time)  
Direct: 416-644-3414  
Toll-free: 800-733-7571  
Passcode: 21310836 followed by the pound sign

The replay will be available as follows:

From Tuesday, August 4, 2009, 9:00 a.m. (11:00 a.m. Eastern Time)  
To Tuesday, August 18, 2009 at 9:59 p.m. (11:59 p.m. Eastern Time)  
Direct: 416-640-1917  
Toll-free: 877-289-8525  
Passcode: 21310836 followed by the pound sign

## **WEBCAST**

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2734380>

- 30 -

For further information:

Red Deer: Mike W. Chorlton, President and CEO (403) 357-6400  
Ken J. Grondin, Vice President and CFO (403) 357-6400

*If you prefer to receive Company news releases via e-mail, please request at [corpinfo@parkland.ca](mailto:corpinfo@parkland.ca).*