

# Coast Wholesale Appliances Income Fund Investor Update

September 2007



*COAST Wholesale*  
**APPLIANCES**

*"Innovative Products for Builders, Designers & Home Owners"*

# Senior Management



- R. Blain Lawson  
President and CEO
  
- Jack G. Peck  
Vice President and CFO

# Forward-Looking Statements



This presentation may contain forward-looking statements relating to expected future events, and financial and operating results of Coast that involve risks and uncertainties. The actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons. These include market and general economic conditions, and the risks and uncertainties detailed from time to time in Coast's continuous disclosure materials filed with Canadian securities regulatory authorities, including the second quarter 2007 and the 2006 year-end management's discussion and analyses filed at SEDAR ([www.sedar.com](http://www.sedar.com)).

These forward-looking statements are based on assumptions that management considered reasonable at the time they were prepared. Due to the potential impact of these factors, Coast disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

# Strong Performance, Solid Results



- Healthy sales growth across Western Canada
- Good progress with Alberta expansion
- Strong and steady cash flow generation



# Presentation Overview



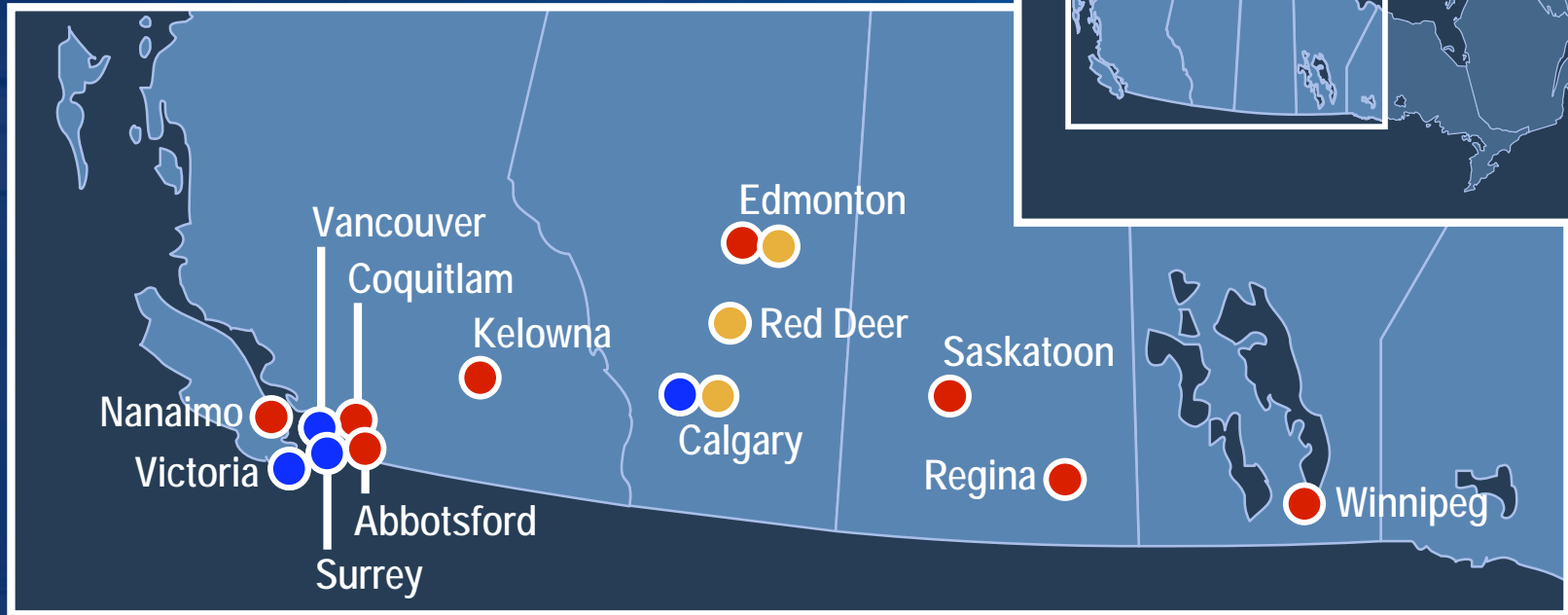
- Growth strategy
- The business environment
- Q2 performance highlights
- Financial review
- Business outlook and plans

# Growth Strategy 1

## Expand Geographic Coverage

- Increase coverage of Western Canadian market

● Retail Store   ● New Retail Stores   ● Retail Store and Warehouse



- Possible entry to eastern Canadian market via acquisition

# Growth Strategy 2



## Increase Sales From Existing Branches

- Enhance appeal of showrooms as a retail destination
- Capitalize on Coast's growing brand recognition
- Expand product offerings
- Build on strength of sales force
- Tailor product offerings to regional preferences



# Growth Strategy 3



## Enhance Profitability

- Sharpen focus on higher-margin products
- Work with suppliers to drive value for customers
- Achieve additional operating efficiencies



# Positive Economic Growth Fundamentals



- Continued strong demand for major home appliances driven by favourable demographics and population growth
- Sales spurred by robust housing activity and increasing home renovation
- Sales growth also supported by new product innovations and increasing focus on home décor



# Balanced Revenue Stream



- Initially a wholesale supplier to the single-family and multi-family builder markets
- Gradually began to deal more directly with the end consumer at the retail level
- Sales now approximately evenly split between contract sales to developers, builders and designers, and direct sales to retail customers
- Widely recognized as a leader in both market segments



# Q2 2007 Performance Highlights



- Grew sales by 19.5% over Q2 2006
- Comparable-store sales up 13.1% year-over-year
- Improved gross margin to 25.1% from 25.0% in Q2 2006
- Extended maturity of credit facilities through July 2010
- Added new \$13.5 million acquisition facility to support growth
- Reduced adjusted payout ratio to 83.8% from 103.1% in Q2 2006



# First Half Financial Review



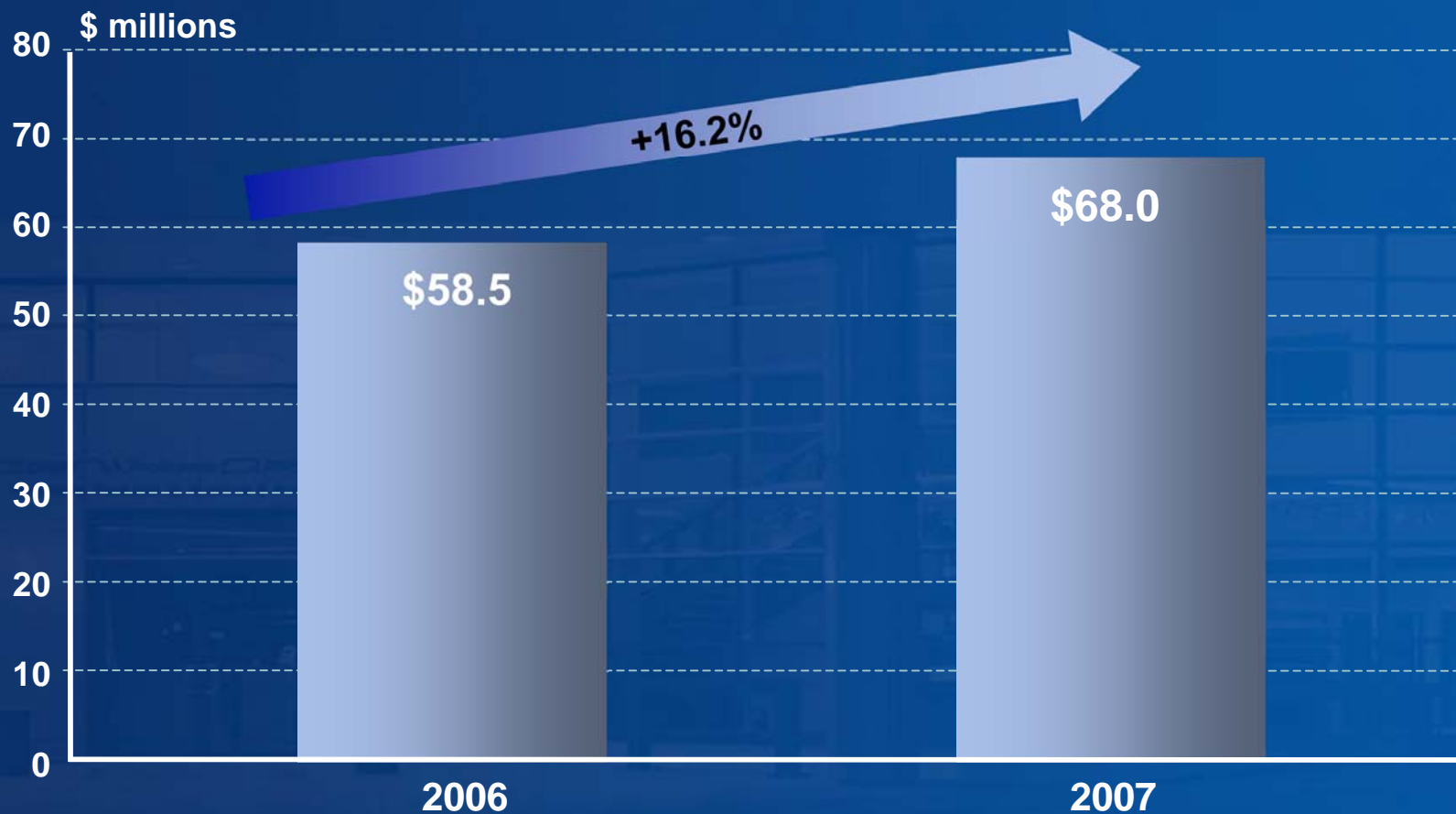
*COAST Wholesale*  
**APPLIANCES**

*"Innovative Products for Builders, Designers & Home Owners"*

# Sales Growth



Six Months to June 30

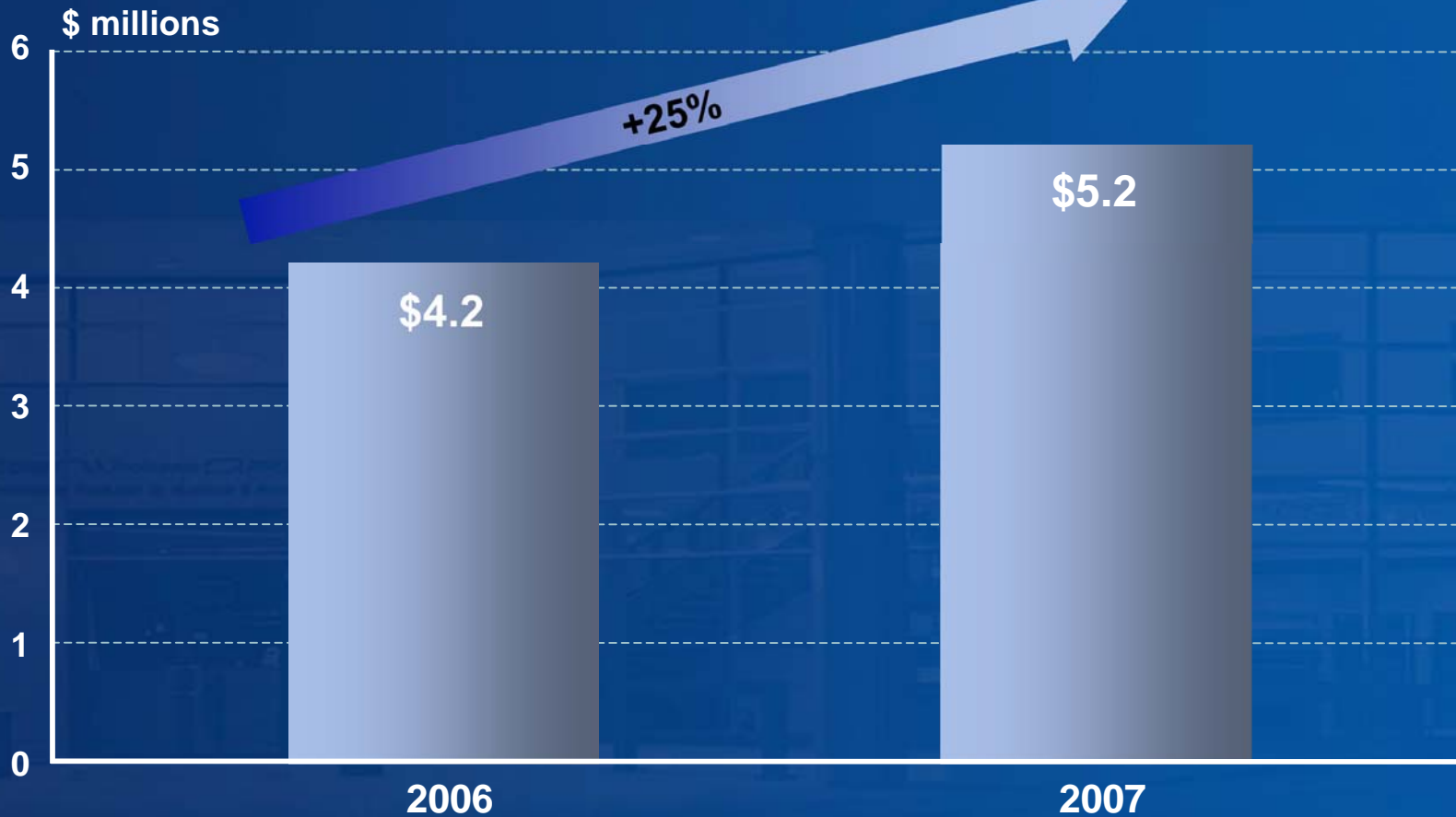


# Net Income Growth



COAST Wholesale  
APPLIANCES

Six Months to June 30

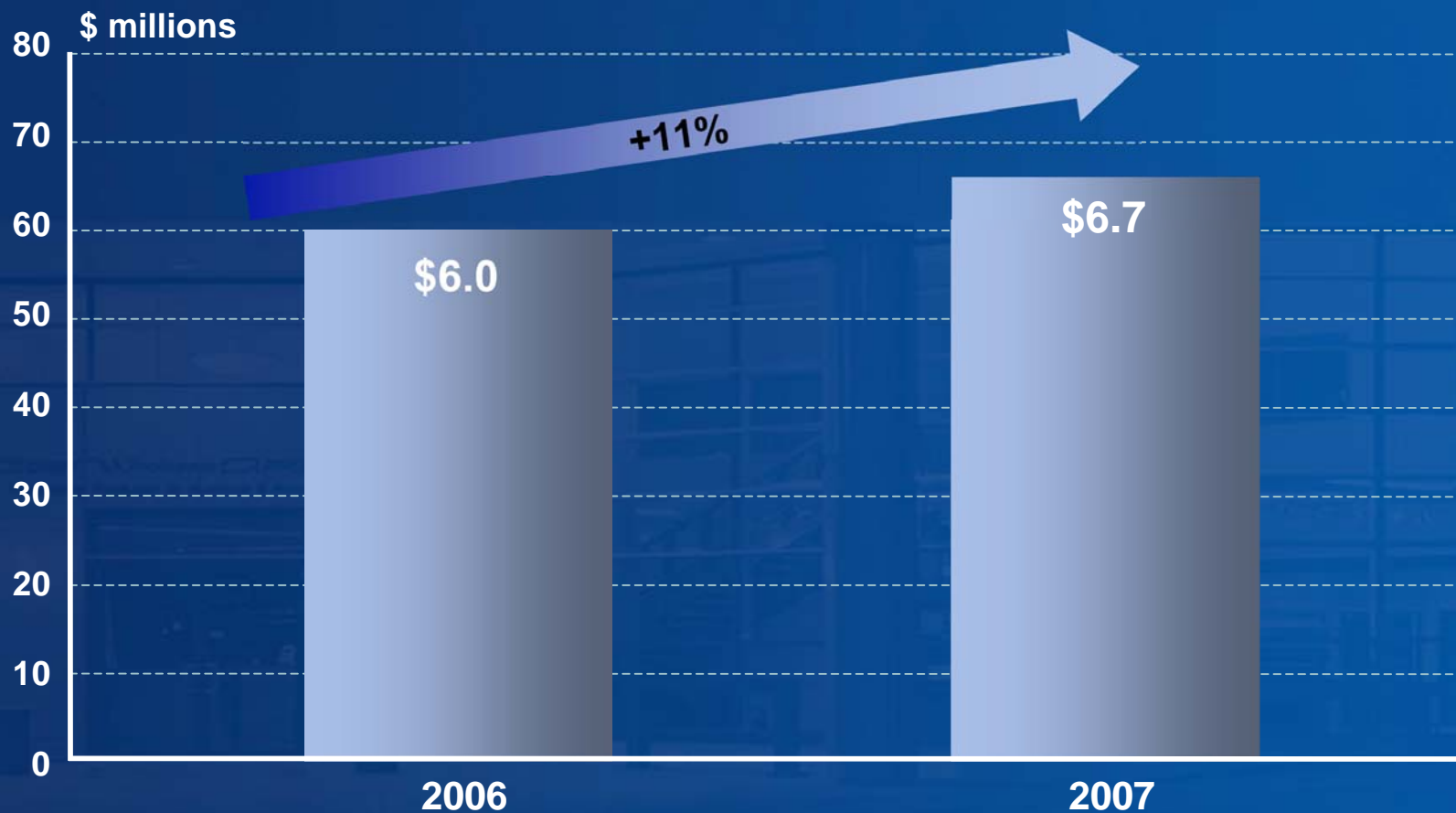


# EBITDA Growth



COAST Wholesale  
APPLIANCES

Six Months to June 30

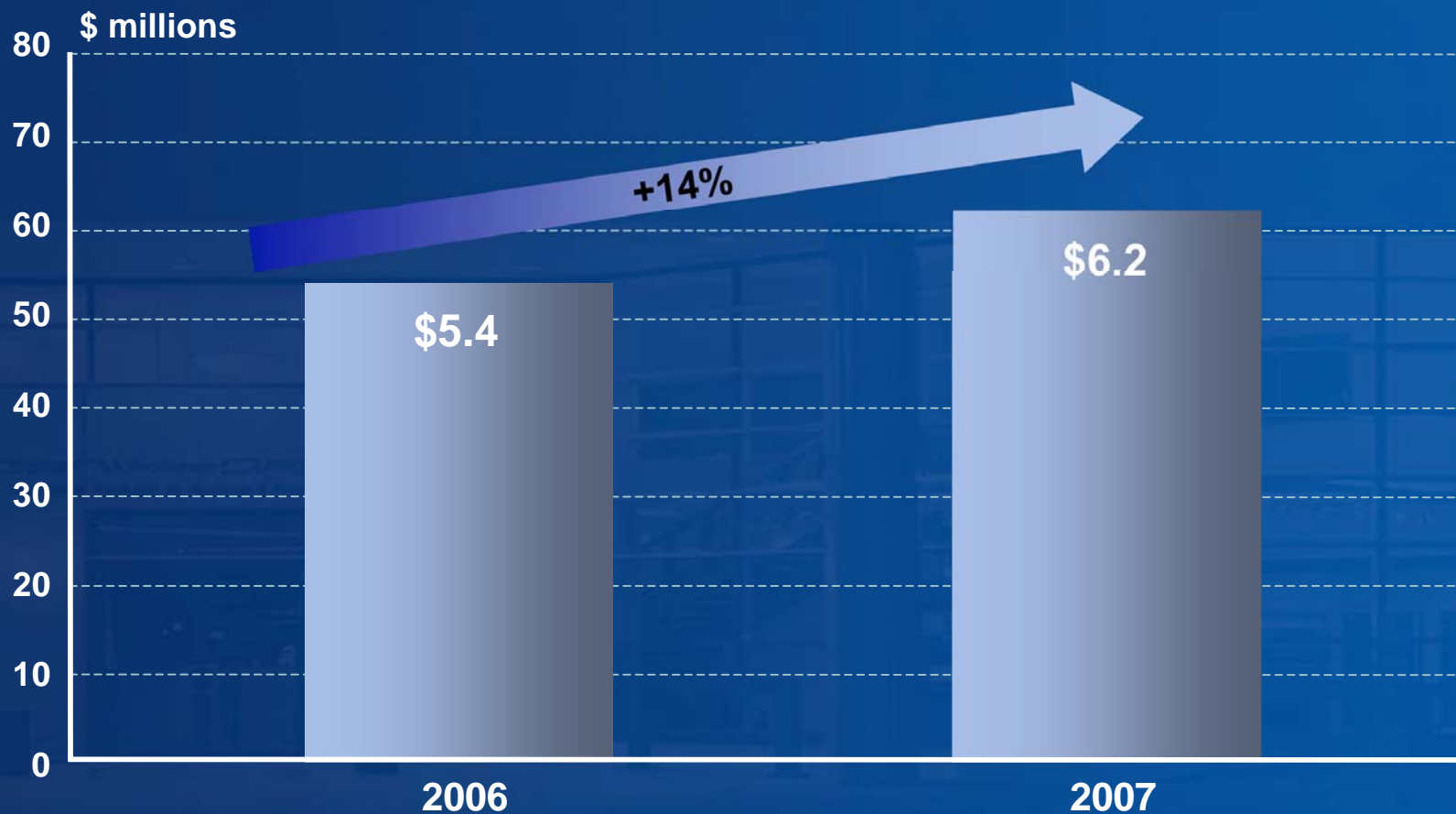


# Adjusted Distributable Cash Generated



COAST Wholesale  
APPLIANCES

Six Months to June 30



# Cash Distributions



- Monthly distributions continued at \$0.10 per unit
- Generated \$6.2 million (\$0.62 per unit) in adjusted distributable cash\*, up from \$5.4 million (\$0.54 per unit) in first half 2006
- Distributed and accrued for payment \$6.0 million (\$0.60 per unit) to unitholders and non-controlling interest in both years
- Six-month adjusted payout ratio improved to 97.3% from 111.0% in 2006
  - Trailing 12-month payout ratio of 87.4% vs. 97.8%

\* Before non-controlling interest

# Positive Business Outlook



- Continued strong demand for major appliances fueled by healthy economic growth in Western Canada
- Steady sales growth from existing stores with incremental gains from new Alberta locations
- New stores expected to be profitable within six months of opening



# Growth Plans



- Actively seeking additional BC and Alberta locations
- Proceeding with initiatives to increase sales and enhance profitability
  - Two stores scheduled to be relocated to higher-traffic areas over next 12 months
  - Calgary warehouse to be relocated to newer, larger facility in Q3 2007
  - Inventory systems upgrade expected to be substantially complete by year-end



# Trust Taxation Changes



- Fund continues to evaluate federal government's new taxation of income trusts beginning in 2011
- Coast has unused tax shield of approximately \$47 million
  - Can be used to reduce taxable income by approximately \$4 million per year

