



COAST Wholesale  
APPLIANCES LTD.

# Coast Wholesale Appliances Income Fund Investor Update

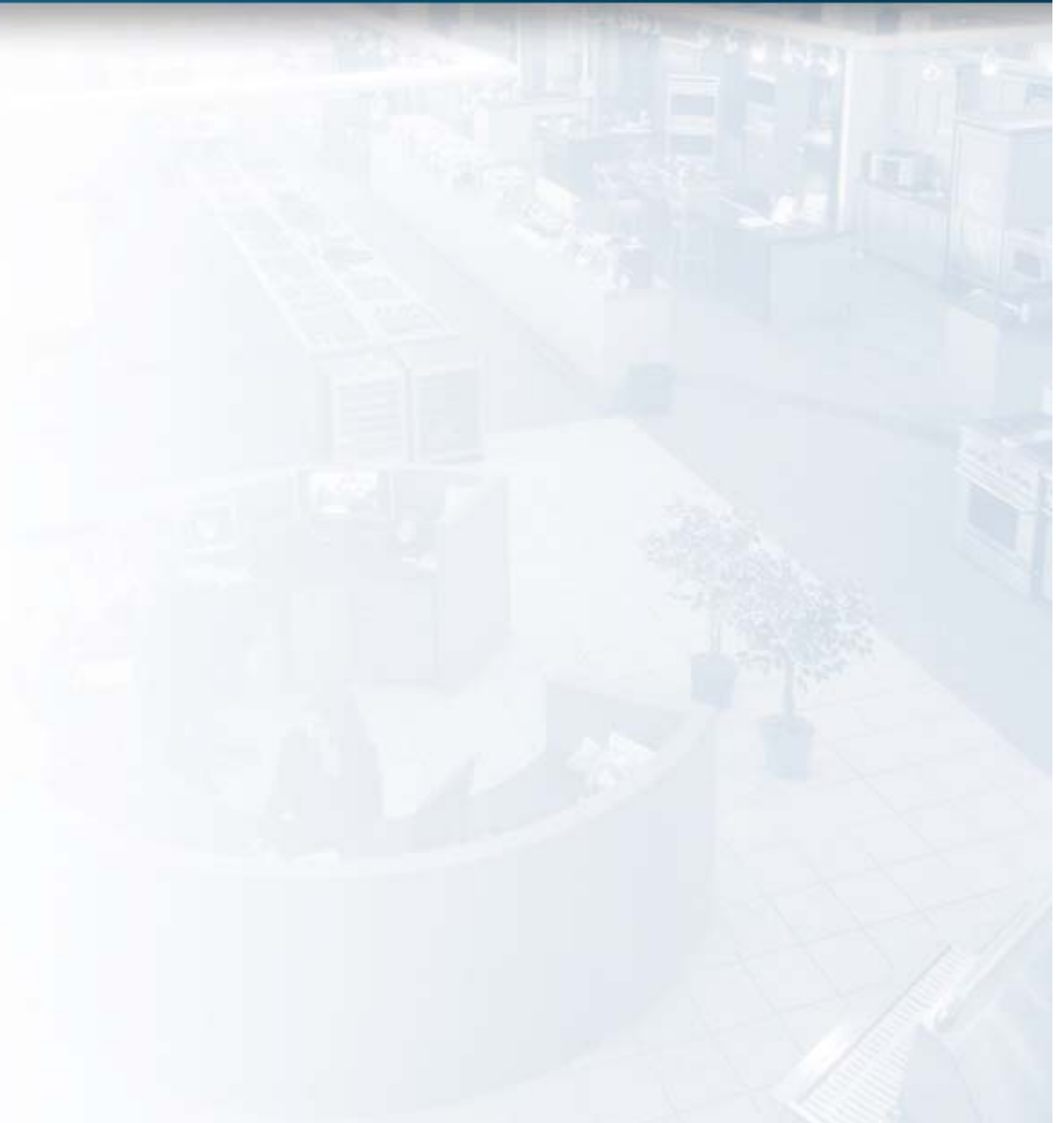
June 2006



# Senior Management



- **Harlow B. Burrows**  
President and CEO
- **Jack G. Peck**  
Vice President and CFO



# Forward-looking Statements



This presentation may contain forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the fund or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements relate to future events or future performance and reflect our expectations regarding growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect our current beliefs and are based on information currently available to the fund. They reflect current expectations regarding future events and operating performance and speak only as of the date of this presentation. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: sensitivity to general economic conditions; maintaining profitability and managing growth; competition; extended warranty programs; changes to planning and supply chain processes; changes in consumer preferences; mix of product sales; reliance on suppliers; lack of supplier agreements; reliance on key personnel; and interest rates. The fund cannot assure investors that actual results will be consistent with these forward-looking statements, and the fund does not assume any obligation to update or revise these forward-looking statements to reflect new events or circumstances.

# Today's Presentation



- Fund structure
- Operating business overview
- Growth plans and strategy
- Performance highlights
- Financial review
- Business outlook



# Structure of the Fund



- Launched June 23, 2005 following successful IPO
- Created to acquire and hold 65% indirect interest in Coast Wholesale Appliances LP
  - Remaining 35% interest retained by founders of the business
- Distributions to unitholders entirely dependent on Coast LP's performance
- Distributions to retained interest subordinated for minimum of 2 years from IPO

# Business Background

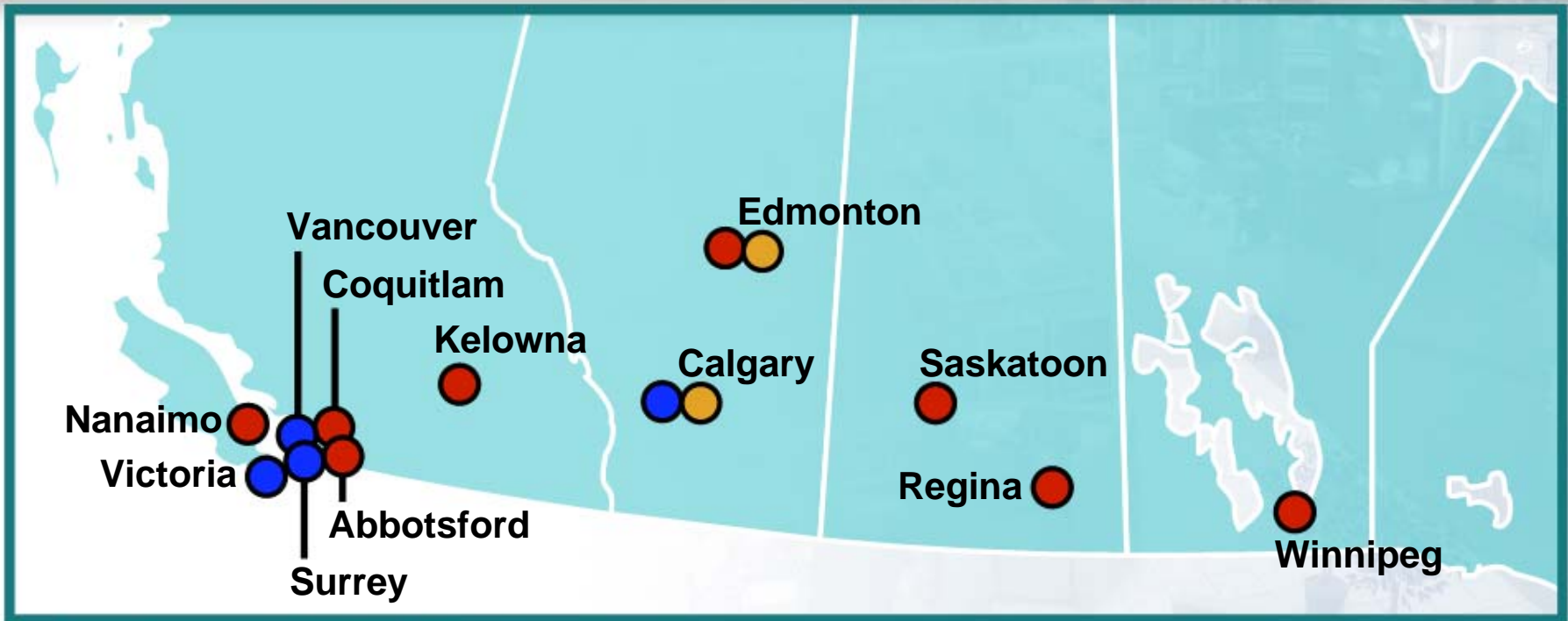


## 28 year track record of success

- Established as wholesale supplier to developers and builders
- Began dealing directly with end consumers
- Sales now divided evenly between developer / builder and retail customers



# Geographic Coverage



- Retail Branch
- Retail Branch and Warehouse
- Branches Opening in 2006

# Industry Leadership



- Offer customers convenient, one-stop shopping for all major home appliances
  - More than 30 brands showcased in working designer kitchens
- Provide superior value to developers and builders, and their customers
  - Able to accommodate staggered, irregular construction schedules with “just-in-time” delivery and installation



# Positive Economic Growth Fundamentals



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



# Growth Strategy



## Expand geographic coverage

- Increase coverage of Western Canadian market
- Possible Eastern Canadian market entry via acquisition

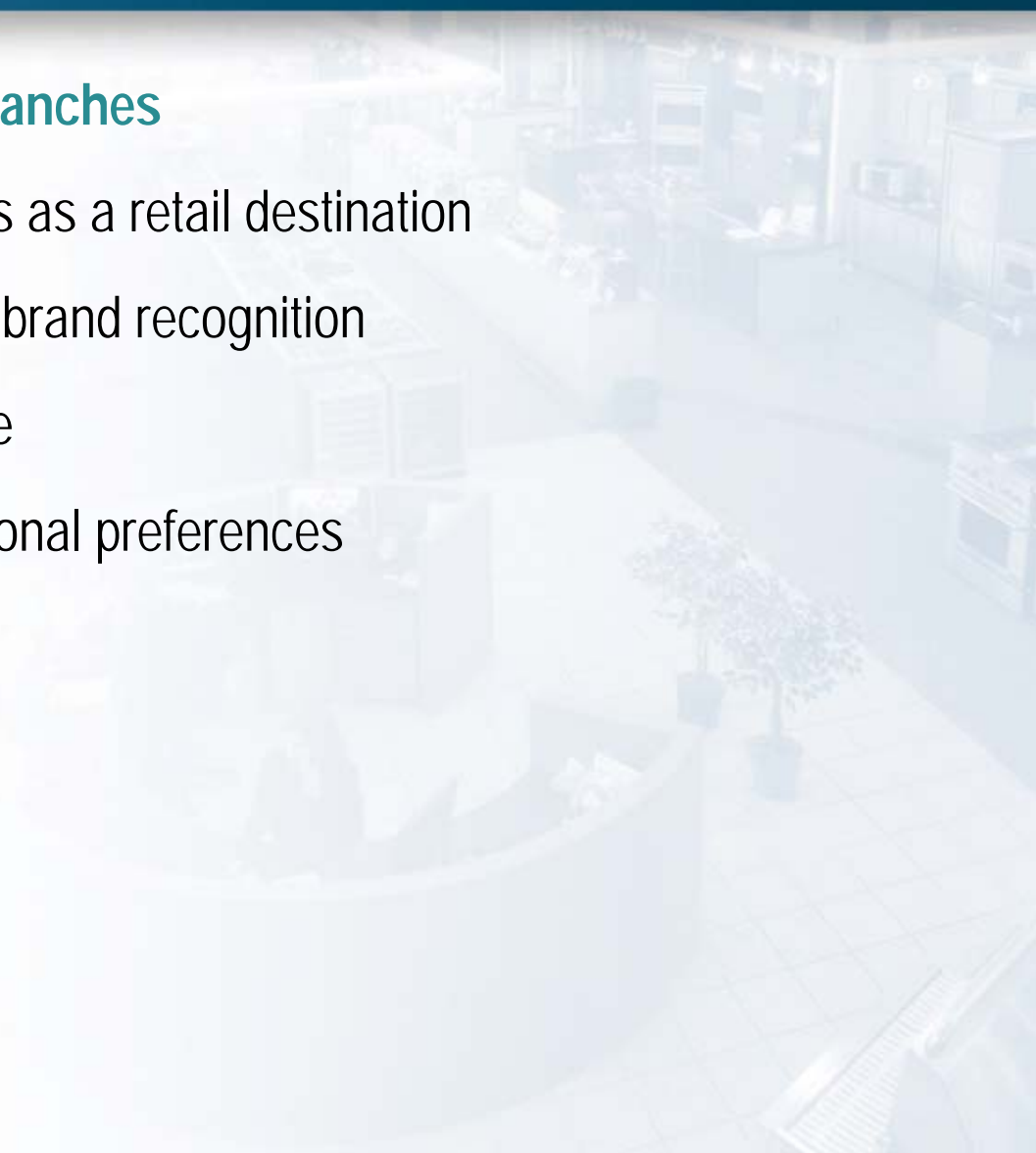


# Growth Strategy



## Increase sales from existing branches

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



# Growth Strategy



## Enhance profitability

- Relocate certain branches to higher traffic areas
- Sharpen focus on higher-margin products
- Achieve additional operating efficiencies



# Strong Sales Performance



- 2005 6-month sales up by 7.8% year-over-year\*
- First quarter 2006 sales up by 17.1% over 2005\*
- Growth came from across the business

\*Compared to Coast Ltd., the predecessor business

# Balanced Revenue Stream



## Revenues by Sector

**Fiscal 2005**



**Q1 2006**



# 2005 Operational Highlights



- Major upgrades at 4 of 12 branch locations
  - Expanded and relocated Saskatoon and Winnipeg branches
  - Renovated Surrey and Nanaimo branches
- Proceeded with plans for two new Alberta branches
  - Second Calgary branch to open by early July 2006
  - Second Edmonton branch to open in fourth quarter of 2006
- Added new, higher-margin products to core offerings
  - First Canadian distributor to launch Electrolux Icon™ Pro line
  - Also launched energy-saving Electrolux Next Level washers and dryers

# Fiscal 2005 Financial Highlights



- Sales for the partial year period totaled \$66.6 million
  - 6-month sales increased to \$63.1 million from \$58.5 million in Coast Ltd.'s fiscal 2004
- Cost of sales as % of sales was consistent with the predecessor business' fiscal 2004 level
- Gross margin of 25.5% in line with fiscal 2004 level
- EBITDA margin of 12.2% down slightly from 12.9% in fiscal 2004 due to added public company costs

# Fiscal 2005 Cash Distributions



- Earned \$7.3 million (\$0.73 per unit) in distributable cash\*
- Distributed and accrued for payment \$6.3 million (\$0.62 per unit) to unitholders and the non-controlling interest
- Conservative payout ratio of 86%
- For tax purposes treated as 72% income / 28% return of capital

\* Before non-controlling interest

# First Quarter 2006 Results



- Sales increased to \$27.7 million from \$23.6 million in 2005\*
- Cost of sales equaled 76% of sales
- Gross margin of 24% decreased slightly from fiscal 2005 due mainly to recording of annual supplier rebates in the fourth quarter
- EBITDA margin of 9.9% reflected lower gross margin and seasonality of business

\* For Coast Ltd., the predecessor business

# First Quarter 2006 Cash Distributions



- Monthly distributions continued at \$0.10 per unit
- Earned \$2.5 million (\$0.24 per unit) in distributable cash\* during seasonally slow first quarter
- Distributed and accrued for payment \$3.0 million (\$0.30 per unit) to unitholders and non-controlling interest
- Difference funded from undistributed cash from 2005 earnings
- 2006 tax treatment anticipated at 75% income / 25% return of capital
- Trailing payout ratio of 95.2% reflects seasonal impact of quarterly distributable cash fluctuations

\* Before non-controlling interest

# Favourable Business Outlook



- Continued strong economic growth fundamentals
- Second quarter 2006 sales in line with projections
- Steady sales growth anticipated across the business through 2007



# Growth Plans



- Agreements now in place to develop new location for existing Edmonton store to open late 2007
- Negotiations in final stages for new Red Deer, Alberta store
- Actively seeking an additional BC location
- Replacement of Surrey, BC warehouse with new Burnaby facility will accommodate increased sales volumes and reduce shipping costs
- Will continue to explore expansion to Eastern Canada