



# Independent Stock Idea

April 29, 2009

rating: buy  
s&p 500: 874

## Canadian Oil Sands Trust (COSWF) Cash Flow Exceeds Distribution

<i>Symbol</i>	COSWF	<i>Ebitda Next Twelve Months ending 3/31/10 (US\$mm)</i>	920
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	-7
<i>Price (US\$/un)</i>	21.87	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	4/29/09	<i>Adjusted Reserves/Production NTM</i>	23.2
<i>Units (mm)</i>	482	<i>EV/Ebitda</i>	12.6
<i>Market Capitalization (US\$mm)</i>	10,500	<i>PV/Ebitda</i>	23.1
<i>Debt (US\$mm)</i>	1,100	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	11,700	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	21.51
<i>Present Value (PV) (US\$mm)</i>	21,400	<i>Present Value Proven Reserves(US\$/boe)</i>	25.21
<i>Net Present Value (US\$/unit)</i>	42	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	43
<i>Debt/Present Value</i>	0.05	<i>Earnings Next Twelve Months (US\$/un)</i>	0.84
<i>McDep Ratio - EV/PV</i>	0.55	<i>Price/Earnings Next Twelve Months</i>	26
<i>Distribution Yield (%/year)</i>	2.3	<i>Distribution Next Twelve Months (US\$/sh)</i>	0.50
Note: Estimated cash flow and earnings tied to one-year futures prices for oil.			
Estimated present value presumes a long-term price for oil of US\$75 a barrel and natural gas, \$10 a million btu.			
For historical analysis of COS since 2002 see <a href="http://www.mcdep.com/4cos.htm">www.mcdep.com/4cos.htm</a>			

### Summary and Recommendation

Buy-recommended **Canadian Oil Sands Trust (COSWF)** offers unlevered appreciation potential of 83% to a McDep Ratio of 1.0 and levered appreciation potential of 92% to Net Present Value (NPV) of US\$42 a share. During the first quarter, according to results released today, COSWF generated unlevered cash from oil and gas production of about US\$12 a barrel as the difference between price of about US\$44 and cash operating costs of about US\$32. Disclosed just before the market close on April 29, the quarterly distribution continues at the nominal rate C\$0.15 a unit. The rate is only 28% of our projected cash flow (Ebitda minus interest) for the four quarters ended March 31, 2010 (see table Next Twelve Months Operating and Financial Estimates). Our projections are consistent with new guidance from management with the exception that we do not reduce cash flow for Non-Production costs and changes in working capital. Rather than distribute more of cash to unitholders, management is applying the withheld funds to finance capital expenditures while credit markets are unsettled. Meanwhile, Syncrude production is expected to jump again in the warmer months as has been the case for the past four years (see chart Syncrude Production). Pointing to expected oil price recovery, futures prices for the next six years averaged US\$66 a barrel recently (see charts Six-Year Commodity Price Meter and Six-Year and One-Year Natural Gas and Oil Futures). Among other points he made at the annual meeting today in Calgary, Chief Executive Marcel Coutu stressed that particularly after Suncor and Petro-Canada are merged, COSWF is the only pure play on Canada's oil sands.

Kurt H. Wulff, CFA



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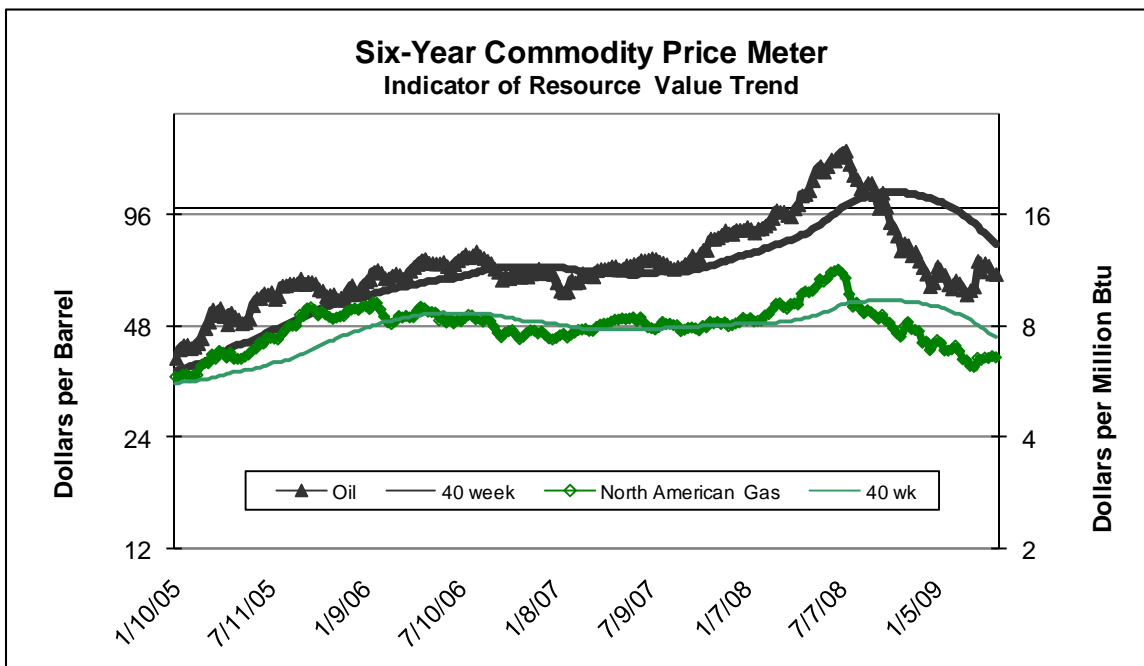
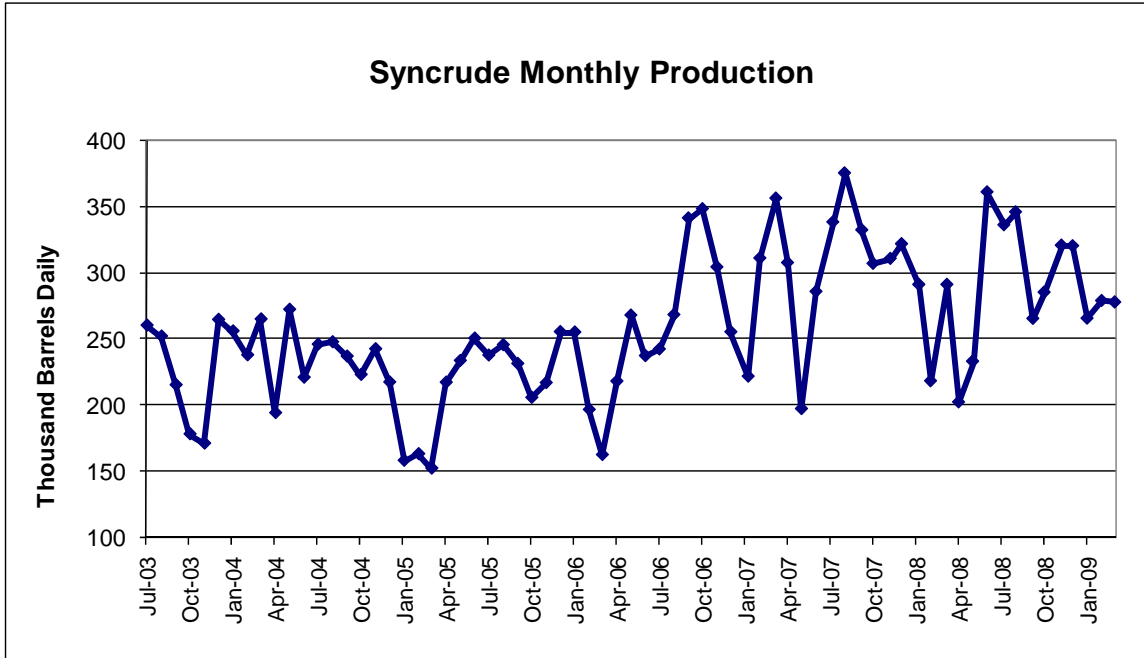
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Canadian Oil Sands Trust									
Next Twelve Months Operating and Financial Estimates									
(Canadian Dollars)									
									Next
									Twelve
	Q1	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Months
	3/31/08	12/31/08	2008	3/31/09	6/30/09	9/30/09	12/31/09	2009E	3/31/10
<b>Volume</b>									
Syncrude (mmb)	24.4	28.4	105.9	24.6	24.8	30.0	30.0	109.4	114.7
Syncrude (mbd)	268	308	289	274	272	326	326	300	314
Days	91	92	366	90	91	92	92	365	365
Trust share (%)	37.1	35.7	36.6	37.6	36.7	36.7	36.7	36.9	36.7
Trust Oil (mmb)	9.03	10.14	38.8	9.25	9.09	11.02	11.02	40.4	42.1
Trust Oil (mbd)	99.2	110.2	106.0	102.8	99.9	119.8	119.8	110.6	115.5
<b>Price</b>									
WTI Cushing (US\$/bbl)	97.94	58.45	99.59	42.96	49.97	52.66	55.70	50.32	54.12
Currency (US\$/C\$)	1.00	0.83	0.96	0.80	0.83	0.83	0.83	0.83	0.83
WTI Cushing (C\$/bbl)	98.40	70.62	104.25	53.43	60.08	63.31	66.97	60.95	65.07
Differential	1.91	(1.22)	2.62	1.79	(4.00)	(4.00)	(4.00)	(2.30)	(3.77)
Trust Oil Price (C\$/bbl)	100.31	69.40	106.88	55.22	56.08	59.31	62.97	58.64	61.30
Henry Hub Nat Gas (US\$/mmBtu)	8.02	6.95	9.04	4.90	3.42	3.62	4.57	4.13	4.30
Henry Hub Nat Gas (C\$/mmBtu)	8.05	8.40	9.46	6.09	4.11	4.36	5.49	5.00	5.17
AECO Natural Gas (C\$/GJ)	7.30	6.41	7.74	4.96	3.49	3.21	4.19	3.96	4.10
<b>Revenue (\$mm)</b>									
Oil	905	704	4,146	511	510	654	694	2,368	2,583
Transportation & Marketing	10	10	37	-	-	-	-	-	-
Other	(12)	(12)	(58)	(1)	-	-	-	(1)	-
Total	907	705	4,167	512	510	654	694	2,370	2,583
<b>Expense</b>									
Production	253	261	1,086	308	278	278	278	1,142	1,112
Purchased Energy	71	65	282	51	36	40	53	180	186
Crown Royalties	131	59	599	4	18	43	48	113	143
Insurance	2	1	6	2	2	2	2	8	8
Administration	4	1	17	6	6	6	6	24	23
Taxes and Other	-	-	-	-	-	-	-	-	-
Total	461	387	1,990	371	340	370	387	1,468	1,471
<b>Ebitda</b>	446	318	2,177	141	170	284	307	902	1,112
Deprec., Deplet., & Amort.	102	119	444	106	106	106	106	424	424
Currency Hedging	(1)	-	(3)	-	-	-	-	-	-
Non-Production	17	24	78	33	33	33	33	132	121
Exchange on U.S. Debt	26	106	159	29	-	-	-	29	-
Future Income Tax	(14)	(75)	(93)	(90)	-	-	-	(90)	-
<b>Ebit</b>	316	144	1,592	63	31	145	168	407	567
Interest	17	19	68	20	20	20	20	80	82
<b>Net Income (\$mm)</b>	299	125	1,524	43	11	125	148	327	485
Per Unit (\$)	0.62	0.26	3.17	0.09	0.02	0.26	0.31	0.68	1.01
<b>Units (millions)</b>	479	482	481	482	482	482	482	482	482
Ebitda minus Interest	429	299	2,109	121	150	264	287	822	1,030
Per Unit (\$)	0.90	0.62	4.39	0.25	0.31	0.55	0.60	1.71	2.14
<b>Ratios</b>									
Production (\$/bbl)	28.04	25.78	27.99	33.26	30.57	25.23	25.23	28.27	26.39
Purchased Energy (\$/bbl)	7.86	6.37	7.28	5.54	3.98	3.67	4.78	4.47	4.40
Prod&Purch En (\$/bbl)	35.90	32.16	35.27	38.79	34.55	28.89	30.01	32.74	30.79
Crown Royalties & Taxes	14%	8%	14%	1%	4%	7%	7%	5%	6%
Other Expense (\$/bbl)	-	-	-	-	-	-	-	-	-
Ebitda Margin	49%	45%	52%	28%	33%	43%	44%	38%	43%
Deprec., D.& A (\$/bbl)	11.30	11.74	11.45	11.45	11.66	9.62	9.62	10.50	10.06
<b>Distribution</b>	0.75	0.75	3.75	0.15	0.15	0.15	0.15	0.60	0.60



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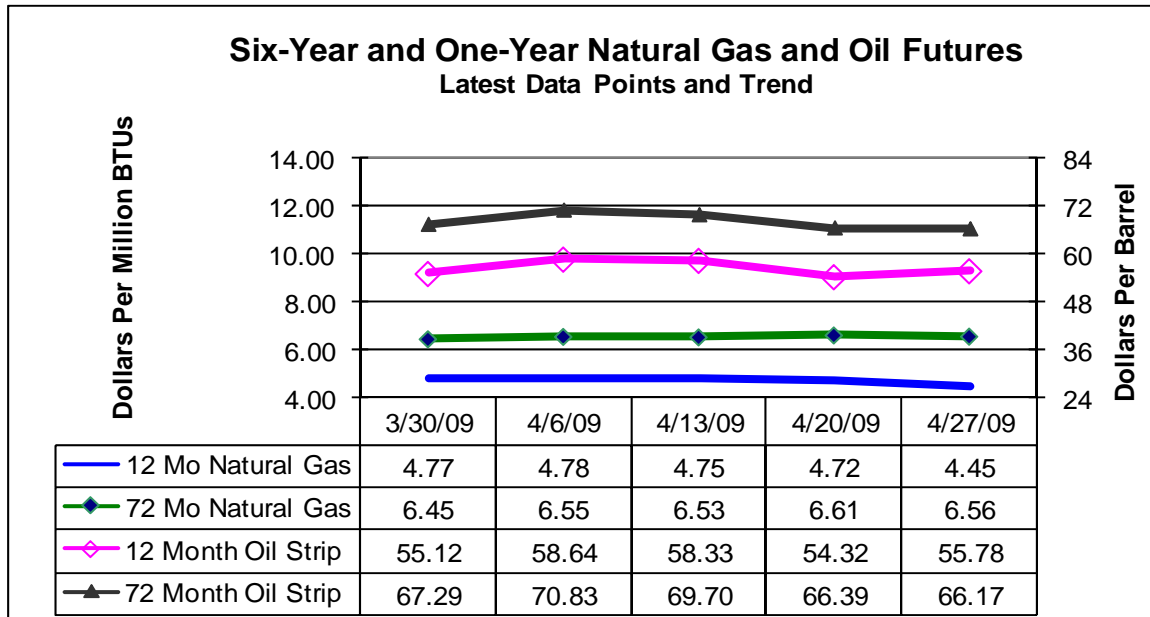
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