

# Evolution 2020

*Moving Forward in Energy and  
Specialty Chemicals*

[www.superiorplus.com](http://www.superiorplus.com)

TSX:SPB

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By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond our control, Superior's or Superior LP's actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value when making acquisitions, increases in debt service charges, the loss of key personnel, fluctuations in foreign currency and exchange rates, inadequate insurance coverage, liability for cash taxes, counterparty risk, compliance with environmental laws and regulations, reduced customer demand, operational risks involving our facilities, force majeure, labour relations matters, our ability to access external sources of debt and equity capital, and the risks identified in (i) our Q1 MD&A under the heading "Risk Factors" and (ii) Superior's most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

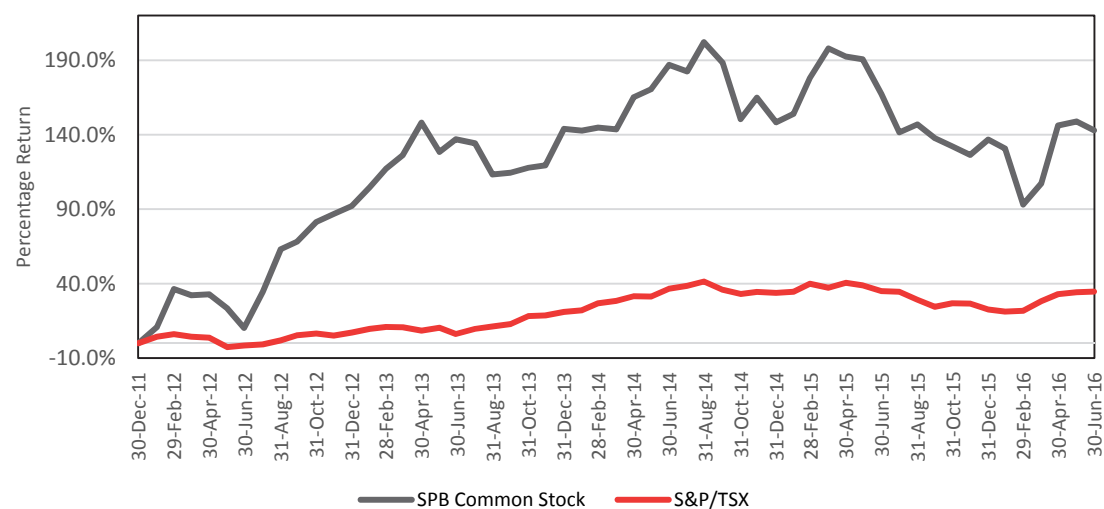
When relying on our forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking information is provided as of the date of this document and, except as required by law, neither Superior nor Superior LP undertakes to update or revise such information to reflect new information, subsequent or otherwise. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

Readers should be cautioned that the information contained in the financial outlooks contained herein may not be appropriate for other purposes. In this presentation, we refer to certain financial measures such as EBITDA, EBITDA from operations, enterprise value and Adjusted Operating Cash Flow that are not determined in accordance with International Financial Reporting Standards ("Canadian GAAP"). For more information about these non-GAAP, additional GAAP and other measures, see the Appendix to this presentation. All financial information is expressed in Canadian dollars unless otherwise specified.



|                                          |                 |
|------------------------------------------|-----------------|
| Shares outstanding                       | 142.2 million   |
| TSX share price <sup>(1)</sup>           | \$11.13         |
| Market capitalization <sup>(1)</sup>     | \$1.6 billion   |
| Enterprise value <sup>(1)</sup>          | \$2.4 billion   |
| Monthly dividend per share               | \$0.06          |
| Dividend yield <sup>(1)</sup>            | 6.5%            |
| Payout Ratio <sup>(2)</sup>              | 55%             |
| EBITDA from operations <sup>(2)(3)</sup> | \$335.2 million |
| Debt/EBITDA <sup>(2)(4)</sup>            | 3.4x            |

**Performance Versus S&P/TSX to June 30, 2016 <sup>(5)</sup>**



- (1) As at July 12, 2016
- (2) See Non-GAAP Financial Measures.
- (3) 2015 Annual Report
- (4) As at March 31, 2016.
- (5) Per Bloomberg, includes reinvested dividends

## A track record of shareholder value creation



- October 6, 2015 announcement to acquire Canexus Corporation (“Canexus”)
- October 28, 2015 closing of equity issuance for net proceeds of \$138 million
- June 30, 2016 announcement terminating the Arrangement Agreement with Canexus
- July 5, 2016 announcement of the agreement to sell Construction Products Distribution business for approximately \$420 million CAD
  - Anticipated to close in late Q3/early Q4



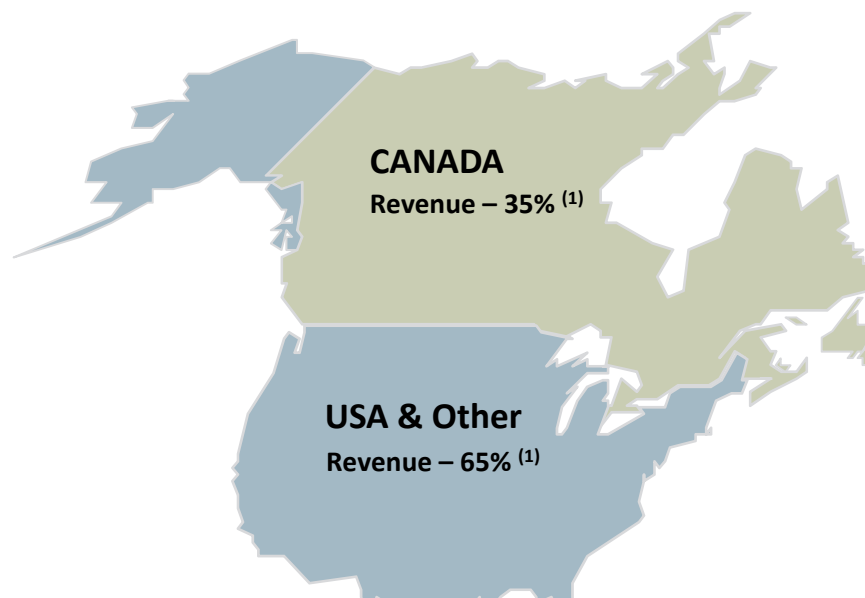
### Energy Distribution

- Leading distributor and marketer of propane in Canada
- Distribution of retail and wholesale propane and distillates in the Northeast U.S.
- Wholesale propane marketing

### Specialty Chemicals

Production and sales of:

- Sodium Chlorate products in North America
- Chlor-Alkali and related products in North America
- Sodium Chlorate in Chile, South America
- Exports represent 10-15% of production



Energy Distribution and Chemicals have:

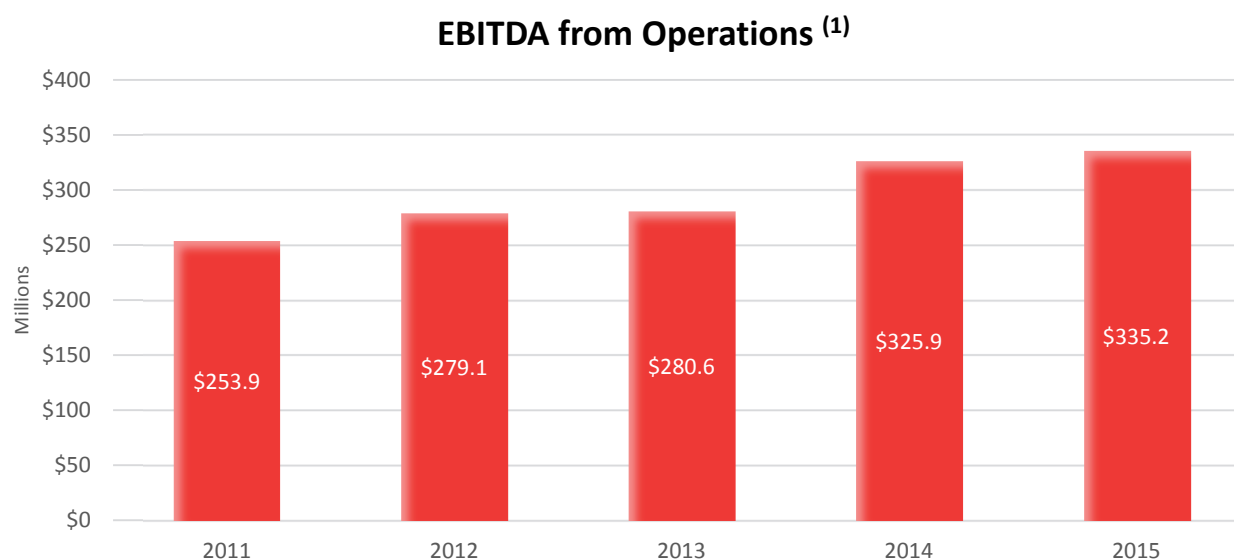
- > Solid industry positions
- > Attractive acquisition opportunities
- > Sustainable free cash flow models
- > Opportunities for geographic and market expansion

<sup>(1)</sup> Based on 2015 Annual results excluding Construction Products Distribution. USA includes results from Chile, representing ~5% of gross revenue.



### Significant achievement of Destination 2015 objectives

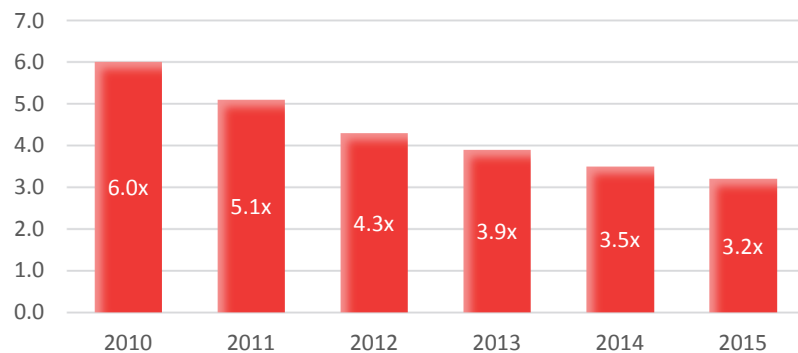
- > Achievement of target capital structure
- > Improved efficiency and cost structure in all businesses
- > Re-location of head office to Toronto
- > Implementation of ERP system in Construction Products Distribution with new management team based in Dallas



<sup>(1)</sup> Per 2015 Annual Report and excludes the impact of realized gains or (losses) on foreign currency hedging contracts.



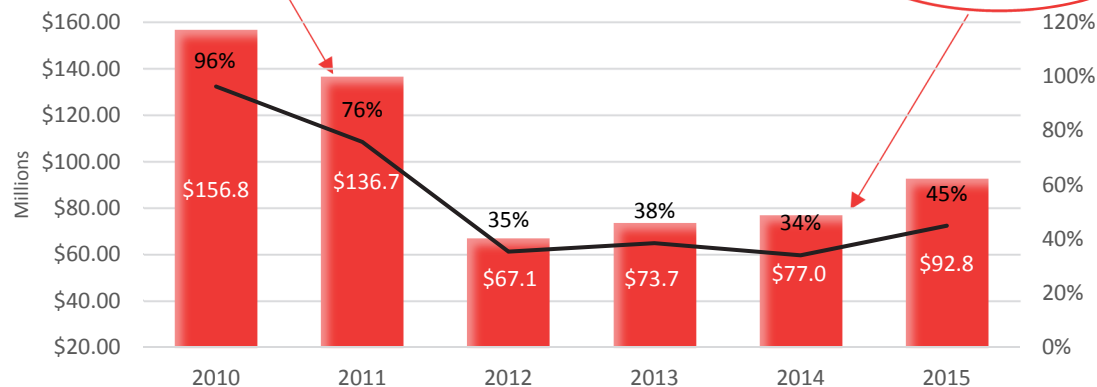
### Reduced Leverage: Total Debt/EBITDA <sup>(1)</sup>



■ Total debt/EBITDA

*Dividend reduced twice from \$1.62 to \$0.60 cents per share*

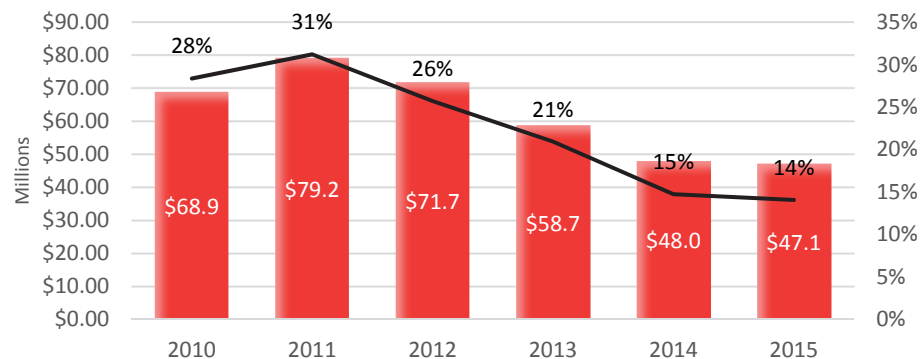
### Conservative Dividend Policy: Dividends paid as a % of AOCF <sup>(1)(2)</sup>:



■ Dividends Paid

— % of AOCF after non-recurring items

### Reduced Interest Burden: Interest Expense <sup>(1)</sup>



■ Interest Expense

— As % of EBITDA from operations

*Annual dividend raised from 60 cents per share to 72 cents per share*

<sup>(1)</sup> Per Annual Reports. <sup>(2)</sup> See Non-GAAP Financial Measures.

## Sustainable dividend well supported by free cash flow



### **“We will focus on improving our operations and building our future.”**

#### Internal Growth:

- > Effective sales and marketing to target 2% growth above the industry
- > Differentiate our products through industry-leading customer service
- > Leverage our superior logistics and technology to build strong partnerships
- > De-commoditize our goods and services through differentiation and digitalization

#### Cost Control:

- > A culture of continuous improvement
- > Maintain a sustainable and competitive cost profile

#### Acquisitions:

- > Strategic and accretive with disciplined approach
- > Expanding and diversifying our customer base
- > Implementing best-in-class integration

#### Talent Management:

- > The right people directed to organizational competencies
- > Compensation aligned to performance

**Well-positioned for growth above the industry**



*Superior Plus head office team serves to further enhance value driven initiatives*

### Superior Plus Corporate Team

|                                                 |                                                                                                                                                                                                                          |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Leadership</b>                               | Luc Desjardins, President & Chief Executive Officer<br>Beth Summers, VP & Chief Financial Officer<br>Darren Hribar, Chief Legal Officer<br>John Engelen, VP Mergers and Acquisitions<br>Julien Houle, VP Human Resources |
| <b>Head Office</b>                              | Toronto, Ontario                                                                                                                                                                                                         |
| <b>2015 Consolidated EBITDA from Operations</b> | \$335.2 million                                                                                                                                                                                                          |
| <b>Employees</b>                                | <ul style="list-style-type: none"> <li>~4,500 employees in Canada, US and Chile</li> </ul>                                                                                                                               |

#### Continuous over-riding focus:

- > Culture
- > Values
- > Leadership

**Focus drives value creation**

#### Services provided by Plus office:

- > Talent Management
- > M&A opportunities
- > Marketing, Sales & IT initiatives

**Value creation not reached without the best people**

<sup>(1)</sup> Per 2015 Annual Report and 2015 AIF.

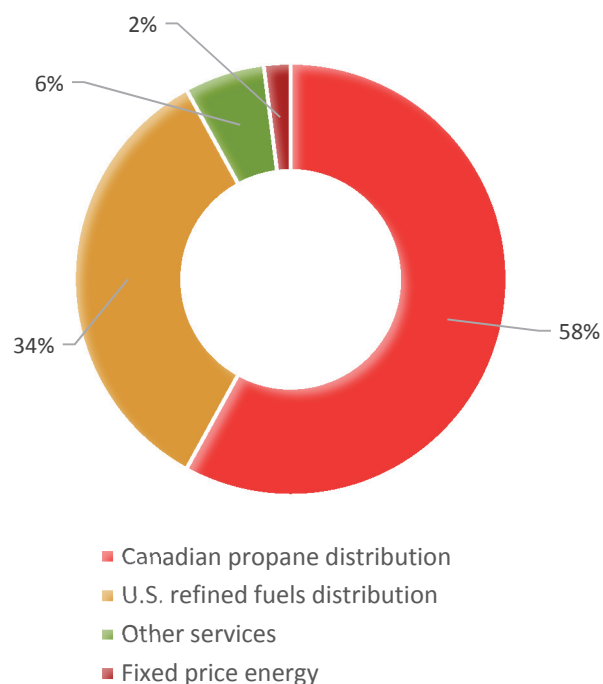
**Corporate office now located closer to divisions and capital markets**



## Superior Plus Energy Distribution

|                                    |                                                                                                                                                                                                                                                                             |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Leadership</b>                  | <p>Greg McCamus, President</p> <p>Shawn B. Vammen, Senior Vice President, Superior Gas Liquids</p> <p>Keith Wrisley, President, U.S. Refined Fuels</p>                                                                                                                      |
| <b>Head Offices</b>                | <p>Mississauga, Ontario</p> <p>Calgary, Alberta</p> <p>Rochester, New York</p>                                                                                                                                                                                              |
| <b>Products and Services</b>       | <ul style="list-style-type: none"> <li>• Distribution and retail marketing of propane-related products and services</li> <li>• Distribution of liquid fuels including heating oil and propane gas</li> <li>• Wholesale marketing services of natural gas liquids</li> </ul> |
| <b>End Markets</b>                 | Across Canada and Northeastern United States                                                                                                                                                                                                                                |
| <b>2015 EBITDA from Operations</b> | \$169.9 million                                                                                                                                                                                                                                                             |
| <b>Employees</b>                   | <ul style="list-style-type: none"> <li>• 1,379 in Canada</li> <li>• 1,056 in United States</li> </ul>                                                                                                                                                                       |

**Energy Distribution - 2015 Gross Profit by Segment <sup>(1)</sup>**

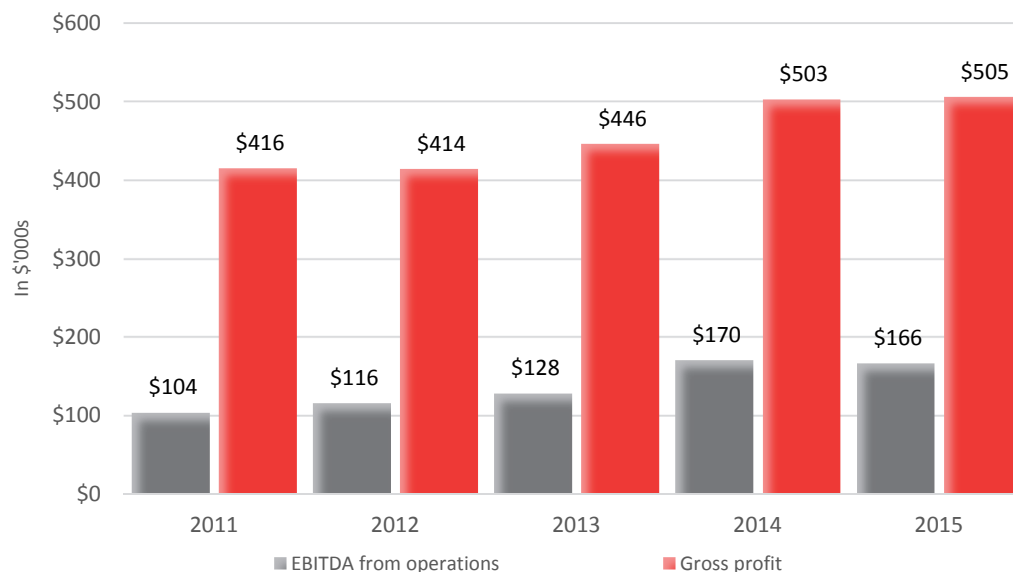


<sup>(1)</sup> Per 2015 Annual Report and 2015 AIF.

**Continuing improvement in our day-to-day operations**



**Energy Distribution EBITDA and Gross Profit <sup>(1)(2)</sup>**



A continuing emphasis on operational efficiency produces:

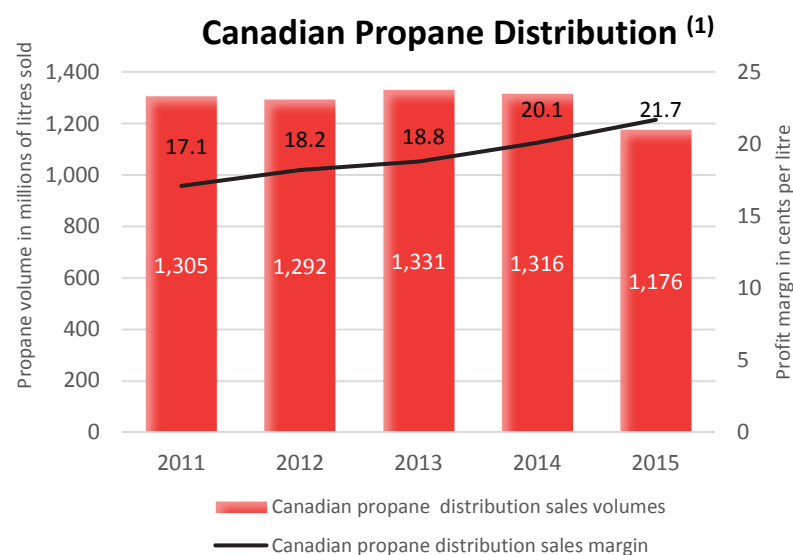
- > Year-over-year growth in EBITDA from operations
- > Consistent gross profit in the face of declining volumes
- > Potential for significantly higher cash flow at normal sales volumes

<sup>(1)</sup> Per Annual Reports and Management Information.

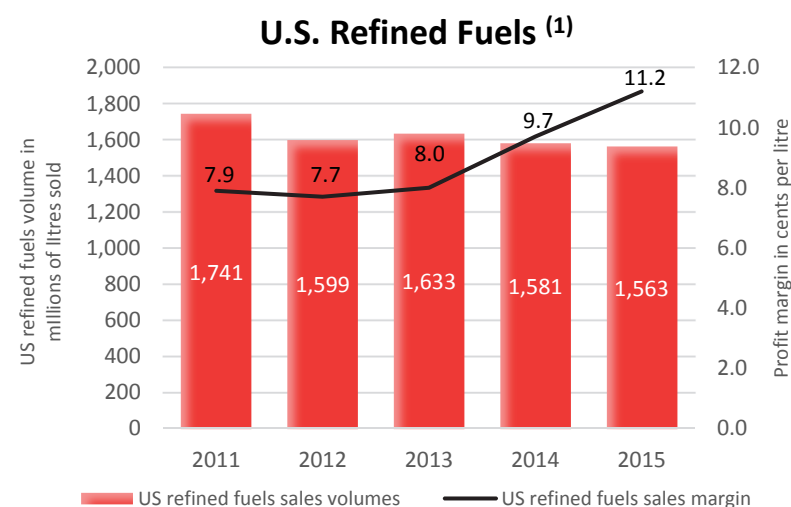
<sup>(2)</sup> EBITDA from operations, gross profit, and gross margins exclude the results from Fixed-price Energy Services.



*Marketing, Sales, IT and intelligent pricing strategies drive competitive advantage*



Consistent improvement in profit margin per litre



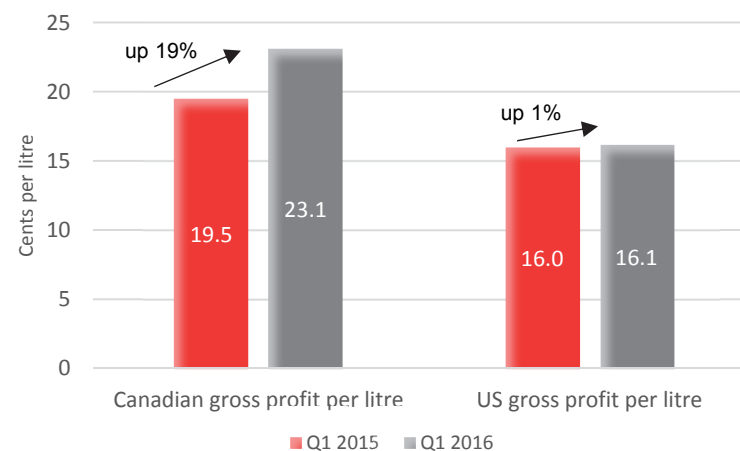
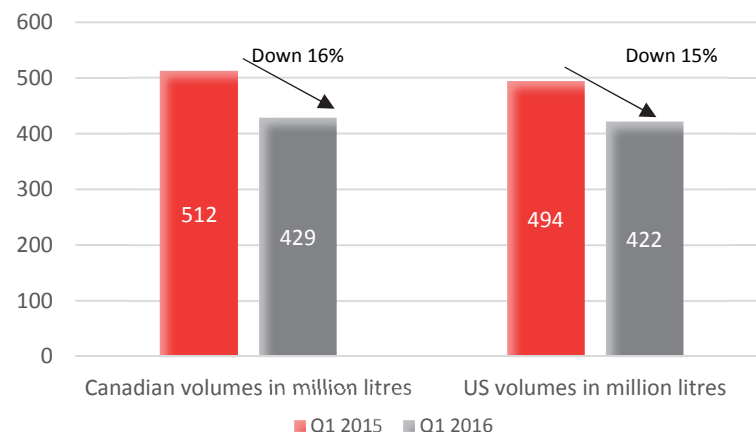
Investment in cost control mitigates reduction in demand from abnormally warm weather

<sup>(1)</sup> Per 2015 Annual Report. Results from Canadian Propane Distribution do not include Supply Portfolio Management.

**Our investments are producing significant results**



| Input Factor                    | EBITDA Impact | Discussion                                                                                                                                                                                                               |
|---------------------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Warmer than Average Temperature | ↓             | Q1 2016 Canada 13% warmer than Q1 2015<br>Q1 2016 in US markets 26% warmer than Q1 2015<br>Reduced demand for heating impacts sales volumes<br><i>Residential heating demand is 70% of US refined fuels gross profit</i> |
| Lower Energy Prices             | ↓             | Reduced demand from decline in oilfield activity                                                                                                                                                                         |
| Lower Energy Prices             | ↑             | Reduced wholesale cost of propane                                                                                                                                                                                        |
| Reduced Operating Costs         | ↑             | Canadian propane and U.S. Refined Fuels should benefit from ongoing continuous improvement initiatives                                                                                                                   |
| Sales and Marketing             | ↑             | Volume growth from sales and marketing initiatives as well as tuck-in acquisitions                                                                                                                                       |



<sup>(1)</sup> Per 2016 First Quarter Report.

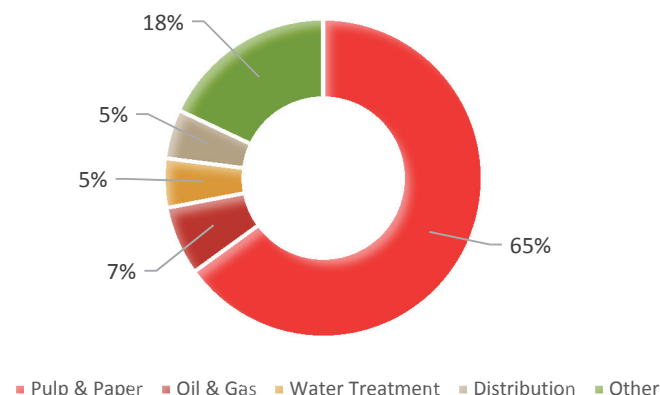
**Growing margins in the face of dramatic industry headwinds**



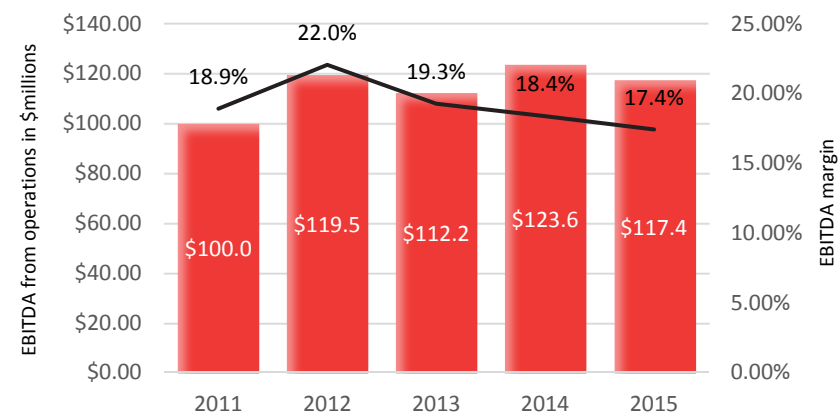
## Superior Plus Specialty Chemicals

|                                    |                                                                                                                                                                                                                                                      |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Leadership</b>                  | Ed Bechberger, President<br>Rich McLellan, VP Finance<br>Thomas Barrett, VP Sales & Marketing<br>John Christie, VP Operations                                                                                                                        |
| <b>Head Offices</b>                | Etobicoke, Ontario                                                                                                                                                                                                                                   |
| <b>Products and Services</b>       | <ul style="list-style-type: none"> <li>• Production and sales of Sodium Chlorate and related products</li> <li>• Production and sales of Chlor-Alkali and related products</li> <li>• Production and sales of chlorine dioxide generators</li> </ul> |
| <b>End Markets</b>                 | 59% United States, 24% Canada, 17% International in 2015                                                                                                                                                                                             |
| <b>Facilities</b>                  | Eight across North America and one in Chile                                                                                                                                                                                                          |
| <b>2015 EBITDA from Operations</b> | \$117.4 million                                                                                                                                                                                                                                      |
| <b>Employees</b>                   | 556 full-time employees                                                                                                                                                                                                                              |

**Specialty Chemical Revenue by Customer Type <sup>(1)</sup>**



**Specialty Chemical EBITDA Margins <sup>(2)</sup>**

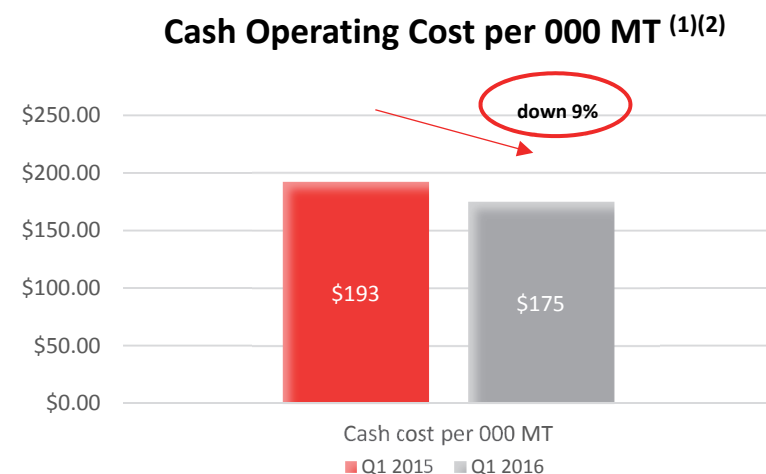
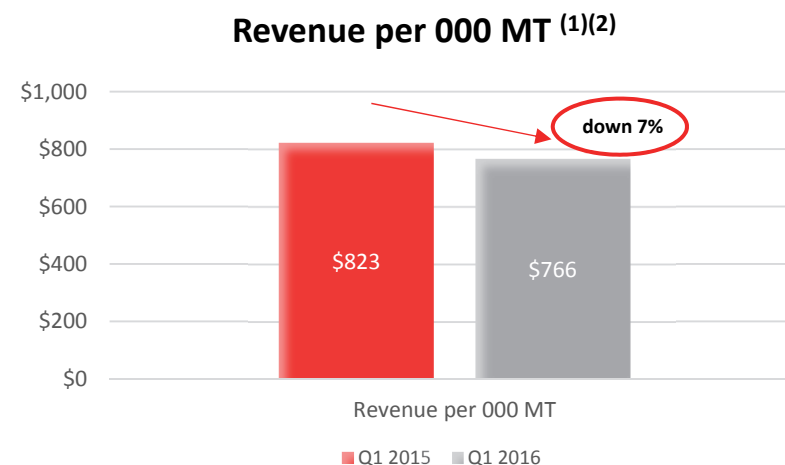


<sup>(1)</sup> 2014 data from 2015 Investor Day presentation.

<sup>(2)</sup> Per Annual Reports.



| Input Factor                   | EBITDA Impact | Discussion                                                              |
|--------------------------------|---------------|-------------------------------------------------------------------------|
| Lower Commodity Prices         | ↓             | Reduced demand and pricing for hydrochloric acid from oilfield activity |
| End of Tronox Agreement        | ↓             | Lower sales volumes of sodium chlorate                                  |
| End of Tronox Agreement        | ↑             | Reduced plant expenses and fees related to Tronox                       |
| Higher US\$ versus C\$         | ↑             | Benefit from U.S. operations and sales, offset by impact of hedges      |
| Lower Bleached Pulp Production | ↓             | Lower demand for sodium chlorate                                        |



<sup>(1)</sup> MT – Metric tonne

<sup>(2)</sup> Data taken from 2016 First Quarter Report.



- > Sale of division announced July 5, 2016 to Foundation Building Materials
  - > Why now?
    - Attractive valuation: high multiple and weaker CAD beneficial to Superior
    - U.S. construction in early stages of recovery, driving higher transaction multiple
  - > Rational for divestiture:
    - Simplifies business model – CPD was the most cyclical of Superior's businesses
    - Significant deleveraging
    - Capital to grow Energy Distribution and Specialty Chemicals
- Divestiture timing:**
- Q3 2016 – satisfaction of conditions and financing by purchaser
  - Q4 2016 – conclusion of process



## Goals for 2016

|                                           |                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Superior Plus</b>                      | <ul style="list-style-type: none"> <li>&gt; Execution on key themes of Evolution 2020               <ul style="list-style-type: none"> <li>• Internal growth</li> <li>• Continuous improvement programs</li> <li>• Talent management</li> <li>• Sustainable capital structure and cash flow profile</li> </ul> </li> </ul> |
| <b>Energy Distribution</b>                | <ul style="list-style-type: none"> <li>&gt; Continuous focus on cost improvement</li> <li>&gt; Growth of wholesale business</li> <li>&gt; Investment in sales and marketing in support of growth</li> <li>&gt; Strategic tuck-in acquisitions</li> </ul>                                                                   |
| <b>Specialty Chemicals</b>                | <ul style="list-style-type: none"> <li>&gt; Focus on plant optimization and logistics</li> <li>&gt; Developing advanced sales and marketing approach</li> <li>&gt; Maintaining excellent customer partner relationships</li> <li>&gt; Continue to develop export market</li> </ul>                                         |
| <b>Construction Products Distribution</b> | <ul style="list-style-type: none"> <li>&gt; Completion of ERP system conversion project</li> <li>&gt; Completion of sales process</li> </ul>                                                                                                                                                                               |



### Industry Leadership:

- > Experienced management team with best in class operations
- > Continued efforts to create value through differentiation and digitalization
- > Economies of scale creates procurement and logistics advantages

### Proven Business Model:

- > Focus on customer service excellence in all our businesses
- > A culture of continuous improvement and differentiation
- > Culture, Values, People

### Strong Financial Profile:

- > Achieving target leverage ratio
- > Capital and liquidity to fund future growth
- > Strong free cash flow generation
- > Attractive and supported dividend yield

### Compelling Growth Prospects:

- > Numerous unique organic growth opportunities currently under evaluation
- > Disciplined and focused capital allocation strategy underpins M&A process





# Questions

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Throughout the presentation, Superior has used the following terms that are not defined by GAAP, but are used by management to evaluate the performance of Superior and its businesses. Since non-GAAP financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies, securities regulations require that non-GAAP financial measures are clearly defined, qualified and reconciled to their nearest GAAP financial measures. Except as otherwise indicated, these Non-GAAP financial measures are calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods. The intent of non-GAAP financial measures is to provide additional useful information to investors and analysts and the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate non-GAAP financial measures differently.

Investors should be cautioned that EBITDA, EBITDA from operations and AOCF should not be construed as alternatives to net earnings, cash flow from operating activities or other measures of financial results determined in accordance with GAAP as an indicator of Superior's performance.

Non-GAAP financial measures are identified and defined as follows:

## **Adjusted Operating Cash Flow**

AOCF is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, other expenses, non-cash interest expense, current income taxes and finance costs. Superior may deduct or include additional items in its calculation of AOCF; these items would generally, but not necessarily, be items of a non-recurring nature. AOCF is the main performance measure used by management and investors to evaluate Superior's performance. AOCF represents cash flow generated by Superior that is available for, but not necessarily limited to, changes in working capital requirements, investing activities and financing activities of Superior.

## **EBITDA**

EBITDA represents earnings before taxes, depreciation, amortization, finance expense, and certain other non-cash expenses, and is used by Superior to assess its consolidated results and those of its operating segments. The EBITDA of Superior's operating segments may be referred to as EBITDA from operations.

## **EBITDA from operations**

EBITDA from operations is defined as EBITDA excluding gains/(losses) on foreign currency hedging contracts. For purposes of this presentation, foreign currency hedging contract gains and losses are excluded from the results of the operating segments.

## **Payout ratio**

Payout ratio represents dividends as a percentage of AOCF less other capital expenditures, CRA payments and capital lease repayments and is used by Superior to assess its financial results and leverage. Payout ratio is not a defined performance under GAAP. Superior's calculation of payout ratio may differ from similar calculations provided by comparable entities. Forecasted payout ratio for 2016 as per slide 2 on this presentation is based on midpoint of Adjusted Operating Cash Flow guidance. See Q1 Report for further detail.

## **Dividends paid as a percentage (%) of AOCF after non-recurring items**

Represents dividends paid as a percentage of AOCF after non-recurring items. Dividends paid as a percentage of AOCF after non-recurring items is not a defined performance under GAAP.

For additional information with respect to financial measures which have not been identified by GAAP, including reconciliations to the closest comparable GAAP measure, see Superior's Q1 2016 MD&A, available on SEDAR at [www.sedar.com](http://www.sedar.com)

