



July 30, 2015

Superior Plus Corp. Confirms 2015 Second Quarter Results

Highlights

- For the quarter ended June 30, 2015, Superior generated adjusted operating cash flow (AOCF) per share of \$0.18 compared to the prior year quarter of \$0.26 per share before restructuring costs and \$0.18 per share after restructuring costs. Second quarter results are consistent with the preliminary second quarter results issued on July 23, 2015. Superior does not anticipate any restructuring costs in 2015.
- As previously communicated on July 23, 2015, Superior's 2015 financial outlook of AOCF per share has been reduced to \$1.65 to \$1.85 from \$1.80 to \$2.10 per share as provided in the first quarter of 2015. The reduction in the 2015 financial outlook is due to a reduced outlook for the Specialty Chemicals business for the second half of 2015 in addition to lower than expected results for the second quarter of 2015. See the financial outlook section of the Specialty Chemicals review and "2015 Financial Outlook" for additional details on the reduction in the 2015 financial outlook.
- Superior's total debt to EBITDA at June 30, 2015 was 3.4X. Superior's forecasted December 31, 2015 total debt to EBITDA ratio is 3.4X to 3.8X, compared to the range of 3.0X to 3.4X provided in the first quarter of 2015. The increase in the forecasted range is a result of the reduced financial outlook for 2015 as noted above. See "Debt Management Update" for additional details.
- Energy Services results for the second quarter were consistent with the prior year quarter and management's expectations as improved gross profits were offset by higher operating costs, both of which were impacted by a stronger U.S. dollar on the translation of U.S. denominated gross profits and expenses. Retail propane and heating oil gross profits benefited from a lower wholesale cost of propane and heating oil in the current year quarter compared to the prior year quarter. In addition, results in the prior year quarter benefitted from the recognition of a \$3.7 million one-time insurance and litigation settlement. Business improvement and cost reduction initiatives throughout the Energy Services business continue to track consistent with management's expectations.
- Specialty Chemicals results for the second quarter were lower than the prior year quarter and below management's expectations. Sodium chlorate gross profits were lower than the prior year quarter as a result of reduced sales volumes and higher average electricity costs. Sales volumes were negatively impacted by higher than average customer maintenance in the second quarter and a reduction in the nomination of volume under the Tronox LLC (Tronox) supply agreement. Chloralkali gross profits were lower than the prior year quarter due primarily to reduced hydrochloric acid pricing.
- The Construction Products Distribution ("CPD") business results were higher than the prior year quarter and consistent with management's expectations. Second quarter results were impacted by ongoing volume and margin improvements in U.S. markets, the impact of a stronger U.S. dollar and modestly higher Canadian results.

Second Quarter Financial Summary

<i>(millions of dollars except per share amounts)</i>	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Revenue	743.9	895.4	1,750.5	2,177.7
Gross profit	192.8	196.0	482.5	486.2
EBITDA from operations ⁽¹⁾⁽²⁾	37.2	50.6	155.0	166.4
Interest expense	(11.1)	(11.6)	(25.4)	(24.5)
Corporate costs	(2.2)	(6.0)	(9.8)	(10.8)
Cash income tax expense	(0.6)	(0.5)	(1.3)	(0.9)
Adjusted operating cash flow before restructuring costs	23.3	32.5	118.5	130.2
Restructuring costs	-	(9.3)	-	(11.1)
Adjusted operating cash flow	23.3	23.2	118.5	119.1
Adjusted operating cash flow per share before restructuring costs, basic ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$0.18	\$0.26	\$0.94	\$1.03
Adjusted operating cash flow per share before restructuring costs, diluted ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$0.18	\$0.26	\$0.91	\$1.00
Adjusted operating cash flow per share, basic ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$0.18	\$0.18	\$0.94	\$0.94
Adjusted operating cash flow per share, diluted ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$0.18	\$0.18	\$0.91	\$0.92
Dividends paid per share	\$0.18	\$0.15	\$0.36	\$0.30

⁽¹⁾ EBITDA from operations and adjusted operating cash flow are key performance measures used by management to evaluate the performance of Superior. These measures are defined under “Non-GAAP Financial Measures” in Superior’s 2015 second quarter Management’s Discussion and Analysis (MD&A).

⁽²⁾ Superior has reclassified its 2014 second quarter results for the impact of accounting adjustments as disclosed in Superior’s 2014 third quarter earnings release dated October 30, 2014. The impact of the adjustment results in an increase in 2014 second quarter EBITDA from operations for the Energy Services segment of \$0.7 million (\$17.9 million on a total basis compared to the previously reported \$17.2 million). There is no impact on operating cash flow per share of \$0.18 for the comparative quarter period. See Superior’s 2015 second quarter MD&A for additional details.

⁽³⁾ The weighted average number of shares outstanding for the three months ended June 30, 2015 is 126.7 million (2014 – 126.2 million) and for the six months ended June 30, 2015 is 126.4 million (2014 – 126.2 million).

⁽⁴⁾ See “Supplemental Financial Information” for additional details on diluted per share amounts.

Segmented Information

<i>(millions of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
EBITDA from operations:				
Energy Services	14.5	17.9	97.8	99.6
Specialty Chemicals	10.0	24.7	40.5	54.3
Construction Products Distribution	12.7	8.0	16.7	12.5
	37.2	50.6	155.0	166.4

Comparable GAAP Financial Information ⁽¹⁾

<i>(millions of dollars except per share amounts)</i>	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Net earnings	40.9	5.9	31.1	56.0
Net earnings per share basic	\$0.32	\$0.05	\$0.25	\$0.44
Net earnings (loss) per share diluted	\$0.25	\$(0.02)	\$0.24	\$0.44
Net cash flows from operating activities	68.1	121.5	200.0	172.6
Net cash flows from operating activities per share basic	\$0.54	\$0.96	\$1.58	\$1.37
Net cash flows from operating activities per share diluted	\$0.53	\$0.93	\$1.53	\$1.32

⁽¹⁾ See “Non-GAAP Financial Measures” in Superior’s 2015 second quarter MD&A for additional details.

Energy Services

- EBITDA from operations for the second quarter was \$14.5 million compared to \$17.9 million in the prior year quarter. Results were consistent with the prior year after normalizing the prior year quarter results which included a one-time litigation and insurance settlement of \$3.7 million. Results in the current year quarter benefited from lower operating costs and higher average retail margins which more than offset reduced sales volumes.
- The Canadian propane business generated gross profit of \$47.7 million in the second quarter compared to \$47.5 million in the prior year quarter, as higher average sales margins, were offset by a reduction in sales volumes.
- Canadian propane average sales margins were 20.9 cents per litre in the second quarter compared to 18.6 cents per litre in the prior year quarter. Average sales margins in the second quarter of 2015 benefitted from a low price environment for the wholesale cost of propane, improved sales mix and the impact of ongoing pricing management initiatives. The low wholesale cost of propane is due largely to the reduced price of crude oil as compared to the prior year period and higher than historical propane inventory levels. Historically, a low price environment is conducive to higher margins. Superior anticipates that propane margins will moderate throughout the second half of 2015 as the spread between retail pricing and the wholesale cost of propane normalize.
- Canadian propane distribution sales volumes were 11% lower than the prior year quarter due primarily to reduced industrial and commercial sales volumes. Industrial sales volumes were impacted by weaker oil field sales volumes due to reduced customer activity as a result of the decline in crude oil prices. Commercial sales volumes were negatively impacted by warmer than average temperatures relative to the prior year quarter. Residential, agricultural and automotive sales volumes were consistent with the prior.
- Average weather across Canada, as measured by degree days, for the second quarter was 12% warmer than the prior year and 8% warmer than the 5-year average. Due to the seasonal nature of heating related volumes, weather in the second quarter does not typically have a material impact on the majority of end-use sales volumes.
- The U.S. refined fuels business generated gross profits of \$30.7 million in the second quarter compared to \$26.4 million in the prior year quarter. Gross profits benefited from improved average sales margins offset by modestly lower sales volumes.
- U.S. refined fuels average sales margin of 9.1 cents per litre in the second quarter was higher than the prior year quarter of 7.6 cents per litre. Similar to the Canadian propane business, average sales margins benefitted from the low price environment for both wholesale propane and heating oil. In addition, residential margins benefitted from ongoing margin management initiatives and strategic supply initiatives.
- Sales volumes within the U.S. refined fuels business were lower than the prior year quarter due to modest reductions in residential and commercial sales volumes due to ongoing heating oil customer attrition and warmer than average temperatures. Additionally, commercial sales volumes were negatively impacted by reduced agricultural volumes as a result of unfavourable weather conditions.
- Average weather for the U.S. refined fuel business, as measured by degree days, for the second quarter was 10% warmer than the prior year and 4% warmer than the 5-year average. Similar to the Canadian propane business, the impact of weather on the second quarter results is typically not material due to the seasonal nature of heating related volumes.
- The supply portfolio management business generated gross profits of \$6.7 million in the second quarter compared to \$7.0 million in the prior year quarter. Results in the current year quarter benefitted from the reduced wholesale cost of propane compared to the prior year quarter. Market trading opportunities were consistent with the prior year quarter. Superior anticipates that annual profitability for the supply portfolio management business in 2015 will be consistent with 2014.
- The fixed-price energy services business generated gross profits of \$3.6 million compared to \$3.1 million in the prior year quarter. Natural gas and electricity gross profits were consistent with the prior year quarter.
- Operating expenses were \$81.4 million in the second quarter compared to \$74.3 million in the prior year quarter. Operating expenses compared to the prior year quarter were impacted by a stronger U.S. dollar on the translation of U.S. denominated expenses and the inclusion of a \$3.7 million one-time litigation and insurance settlement recognized in the prior year quarter. Operating costs continue to be positively impacted by the

implementation of *The Superior Way* business process initiatives and reduced headcount. Net of the impact of foreign currency translation and the one-time settlement in the prior year quarter, operating costs were modestly lower than the prior year quarter.

- Superior continues to make excellent progress on sustainably reducing the cost structure of its Energy Services business as part of its ongoing expense reduction initiatives, including the implementation of *The Superior Way* project, which was successfully implemented across all operating regions in the second half of 2014. Superior anticipates seeing ongoing improvements in the cost structure relative to the prior year quarter, in particular the Canadian propane business throughout 2015.
- EBITDA from operations for 2015 for the Energy Services business is anticipated to be consistent to modestly higher than in 2014, consistent with the forecast provided in the first quarter 2015. EBITDA from the Canadian propane and U.S. refined fuels businesses will benefit from ongoing operational improvements. Operating costs as a percentage of gross profits are anticipated to benefit from a full year run rate of business initiatives and *The Superior Way* project, offset in part, by the impact of reduced oil field gross profits. Gross profits in the Canadian Propane and U.S. refined fuels business are anticipated to be consistent with 2014 with the exception of industrial related gross profits in the Canadian propane business. Superior is forecasting a modest reduction in gross profits related to oil and gas sales volumes within the Canadian propane business as a result of ongoing volatility in crude oil. Gross profit from the supply portfolio management business is anticipated to be similar to 2014 whereas gross profit from the fixed-price energy business will be higher in 2015 than in 2014 due to the absence of losses that resulted from the temperatures experienced in the first quarter of 2014. Average weather, as measured by degree days, for the remainder of 2015 is anticipated to be consistent with the 5-year average period. Operating conditions for 2015 are anticipated to be similar to 2014 with the exception of the decline in the wholesale cost of propane which Superior anticipates will persist throughout 2015.

Specialty Chemicals

- EBITDA from operations for the second quarter was \$10.0 million compared to \$24.7 million in the prior year quarter.
- Sodium chlorate gross profits were lower than the prior year quarter due to a reduction in sales volumes and average gross margins.
- Sodium chlorate sales volumes were 22% lower than the prior year quarter due to a reduction in the nomination of volumes under the agreement with Tronox and reduced customer demand as a result of extended pulp producer maintenance downtime in the second quarter relative to maintenance in prior years. Historically, pulp producers complete normal course maintenance throughout the second quarter. During the second quarter of 2015, the maintenance downtime was on average two to two and a half times longer than historical averages for a majority of Superior's customer base. It appears that pulp producers who have been operating at very high utilization rates due to strong market conditions for pulp were required to undertake more significant maintenance relative to prior years. The pulp producer downtime has resulted in a tightening of pulp inventories with a corresponding tightening of sodium chlorate inventories as production levels were reduced in light of reduced customer demand. Tighter pulp and sodium chlorate inventory levels should be supportive to pricing over the next several quarters.
- Gross margin per tonne was modestly lower than the prior year due to higher electricity costs and a reduction in average realized selling prices. Realized average selling prices include the impact of existing foreign currency hedge contracts. Selling prices excluding the impact of foreign currency hedging contracts were higher than the prior year. Gross margin per tonne was also negatively impacted by a higher mix of international sales volumes.
- Superior's foreign currency hedge contracts for the 2015 fiscal year were entered into in prior years when the Canadian dollar was stronger relative to the U.S. dollar. As a result, Superior's effective U.S. exchange rate for 2015 is approximately 1.04 per Canadian dollar for 1.00 U.S. dollar. Beginning in 2016, lower value foreign currency contracts roll-off and Superior's effective U.S. exchange rate will significantly improve which is expected to result in incremental consolidated earnings of \$15 to \$20 million in 2016 relative to 2015. See "Financial Instruments – Risk Management" in Superior's 2015 second quarter MD&A for a summary of Superior's foreign currency hedge contracts.

- As previously disclosed, Specialty Chemicals has provided notification that it will not be nominating any volume for fiscal 2016 related to its 130,000MT sodium chlorate supply agreement with Tronox. During the second quarter, Tronox provided formal notification to Superior that it will be commencing with a decommissioning of the facility upon completion of Superior's 2015 supply requirements. The decommissioning of the facility will result in the acceleration of certain fees, requiring Superior to make a payment to Tronox of approximately US \$3.3 million in the first quarter of 2016.
- With Tronox determining that it will cease sodium chlorate manufacturing at the Hamilton, Mississippi facility, the supply and demand fundamentals for North American sodium chlorate would largely be balanced when current exports are taken into consideration. The potential for an improved supply and demand balance beginning in 2016 provides an improved environment for Superior to recover production cost increases, particularly electricity cost increases, that Superior has had to absorb over the last several years.
- Chloralkali gross profits were lower than the prior year quarter due to lower average realized sales prices including the impact of foreign currency hedge contracts; sales volumes were consistent with the prior year quarter. Sales prices, before the impact of foreign currency hedging contracts, for chlorine were higher than the prior year, for caustic were consistent to modestly higher than the prior year, and for hydrochloric acid were materially lower than the prior year. Hydrochloric acid pricing has been negatively impacted by reduced demand from the oil and gas industry. In addition to the impact of selling prices, chloralkali gross margins were negatively impacted by higher electricity costs and a higher proportion of lower margin hydrochloric acid sales volumes compared to higher margin caustic sales volumes in the prior year quarter.
- Operating expenses of \$41.2 million were \$38.9 million higher than the prior year quarter due to the impact of a stronger U.S. dollar on the translation of U.S. denominated expenses and general inflationary increases.
- Superior expects EBITDA from operations for 2015 to be approximately \$30 million lower than in 2014. Superior's forecast for its Specialty Chemicals business at the end of the first quarter of 2015 was for results in 2015 to be modestly lower than in 2014. The reduction in the 2015 forecast is a result of lower than anticipated actual results in the second quarter of 2015, in addition to a reduction in the anticipated contribution for the third and fourth quarters of 2015. The reduction in the forecast for the second half of 2015 is due in part to lower than previously anticipated sodium chlorate gross profits as a result of a reduction in sales volumes. The reduction in sodium chlorate sales volumes is due largely to the impact of a stronger U.S. dollar which has resulted in a higher effective price of pulp, resulting in upwards pressure on the price of paper and other pulp derivatives which is causing reduced demand and therefore reduced demand for pulp and sodium chlorate. Chloralkali gross profits are now anticipated to be weaker than previously disclosed due to additional weakness in hydrochloric acid sales volumes and pricing. Since the first quarter of 2015, there has been intense pressure on both pricing and sales volumes. Although pricing has generally been consistent with management's expectations, there have been greater than anticipated volume declines as inventories from other geographic and end-use markets are being sold into Superior's markets. Sales prices and sales volumes of caustic and chlorine are consistent with the previously provided forecast and are anticipated to be modestly higher than the prior year. Supply and demand fundamentals in the chloralkali markets in which Superior operates are anticipated to remain similar to 2014 with the exception of hydrochloric acid as noted above.

Construction Products Distribution

- EBITDA from operations for the second quarter was \$12.7 million compared to \$8.0 million in the prior year quarter. Results in the second quarter benefitted from ongoing improvements in U.S. markets in addition to normal weather and operating conditions in the current year quarter which positively impacted sales volumes and operating costs compared to the prior year quarter. Prior year quarter results were negatively impacted by difficult weather conditions.
- Total gross profit of \$59.5 million was \$8.9 million higher than the prior year quarter due to improved sales volumes, higher average selling prices, higher average sales margins and the impact of a stronger U.S. dollar.
- Gypsum revenues were higher than the prior year quarter due to improved U.S. sales volumes as a result of ongoing improvements in the U.S. residential construction sector, higher average selling prices and the impact of a stronger U.S. dollar on the translation of U.S. denominated revenues. Average sales margins in the U.S. were higher than the prior year quarter due to ongoing pricing and procurement initiatives, improved market conditions and the timing of the recognition of rebates in 2015 compared to 2014, which more than offset the

impact of a higher mix of large industrial projects. Canadian revenues were higher than the prior year quarter due to improved weather and operating conditions compared to the prior quarter which was partially offset by a modest decline in gross margins due to competitive pressures.

- Commercial and industrial insulation (C&I) revenues increased over the prior year quarter due to higher industrial market activity, improvements in U.S. end-use markets, an increase in market share due to investments in sales and marketing and the impact of a stronger U.S. dollar on the translation of U.S. denominated revenues. C&I gross margins were consistent with the prior year quarter.
- Operating expenses for the second quarter were \$46.8 million compared to \$42.6 million in the prior year quarter. Operating costs were impacted by higher sales volumes and the impact of a stronger U.S. dollar on the translation of U.S. denominated expenses. Operating expenses as a percentage of sales were lower than the prior year.
- CPD has approved and begun a systems integration project that will replace two legacy ERP systems with a single, standardized solution. The updated system will provide enhanced procurement, pricing and operational effectiveness, enabling CPD to further improve margins and operating costs once complete. CPD anticipates that the project will be completed over the next two years at a total cost of approximately US\$22 million which is split between capital investment of US\$12 million and one-time operating costs of US\$10 million (US\$3 million 2015 and US\$7 million 2016). Superior anticipates that approximately 60% of these costs will be incurred in 2015 with the remainder in 2016. Total costs incurred to date are US\$2.7 million consisting of US\$2.1 million in capital and US\$0.6 million in operating expense.
- Superior anticipates that EBITDA from operations in 2015 will be higher than in 2014 due to continued improvements in the U.S. residential market, the product expansion of drywall into ceiling-only branches and benefits resulting from ongoing pricing and procurement initiatives. Superior anticipates that the U.S. commercial market will be modestly improved in 2015 compared to 2014 and that the Canadian residential market will continue to be challenging.

Corporate Related

- Interest expense for the second quarter was \$11.1 million compared to \$11.6 million in the prior year quarter. Interest expense was lower than the prior year quarter due to lower average interest rates and lower average debt levels. Superior's average interest rate was positively impacted by settlements on interest rate swaps which more than offset the impact of higher rates due to Superior's 7-year, \$200 million, 6.50% senior unsecured note offering which closed on December 9, 2014. Superior anticipates that interest costs will be consistent with the prior year for the remaining two quarters of 2015 due to reduced debt levels and lower effective interest rates.
- On June 30, 2015, Superior completed the redemption of the entire \$172.5 million outstanding principal amount of its 5.75% convertible debentures utilizing funds from its existing credit facility to fund the redemption.
- Corporate costs were \$2.2 million in the second quarter which was \$3.8 million lower than the prior year quarter. The decrease in corporate costs is due to reduced long-term incentive plan costs relative to the prior year quarter as a result of fluctuations in Superior's share price. Additionally, corporate costs in the prior year quarter included one-time costs associated with the potential CPD sales process.
- Superior's total debt (including convertible debentures) to Compliance EBITDA before restructuring costs was 3.4X as at June 30, 2015 (3.4X after restructuring costs) compared to 3.5X as at December 31, 2014 (3.6X after restructuring costs). The reduction in leverage is due to lower debt levels as a result of reduced working capital requirements. See "Debt Management Update" for additional details.
- As disclosed on June 17, 2015, Mr. Wayne Bingham, Chief Financial Officer (CFO) is expected to retire no later than February 2016. Mr. Bingham joined Superior in the capacity of CFO in October 2006. Mr. Bingham will remain with Superior until February 2016 or until his retirement date to assist in the transition of the new CFO as well as the corporate office relocation to Toronto which is anticipated in the fourth quarter of 2015. Superior has commenced a search for a successor to Mr. Bingham.

- On June 29, 2015, Standard & Poor's confirmed Superior Plus Corp.'s corporate credit rating as BB and Superior Plus LP's senior secured debt rating as BBB- and Superior Plus LP's senior unsecured debt rating as BB. The outlook for the long-term corporate rating remains stable.
- On June 26, 2015, DBRS confirmed Superior Plus Corp.'s corporate credit rating as BB high (stable), Superior Plus LP's senior secured rating as BB high (stable) and Superior Plus LP's senior unsecured debt rating as BB low (stable).

CRA Income Tax Update

As previously disclosed, On April 2, 2013, Superior received, from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of the Conversion. On November 7, 2014, Superior received the Notices of Reassessment for the 2011 to 2013 taxation years. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the *Income Tax Act* (Canada).

The table below summarizes Superior's estimated tax liabilities and payment requirements associated with the received and anticipated Notices of Reassessment. Upon receipt of the Notices of Reassessment, 50% of the taxes payable pursuant to such Notices of Reassessment, must be remitted to the CRA.

Taxation Year	Taxes Payable ⁽¹⁾⁽²⁾	50% of the Taxes Payable ⁽¹⁾⁽²⁾	Month/year - paid/payable
2009/2010	\$13.0	\$6.5	April 2013
2011	\$12.8	\$6.4	February 2015
2012	\$8.8	\$4.4	February 2015
2013	\$9.4	\$4.7	February 2015
2014	\$13.0 ⁽³⁾	\$6.5	2015
2015	\$12.0 ⁽³⁾	\$6.0	2016
Total	\$69.0	\$34.5	

⁽¹⁾ In millions of dollars.

⁽²⁾ Includes estimated interest and penalties.

⁽³⁾ Estimated based on Superior's previously filed tax returns, 2014 financial results and the midpoint of Superior's 2015 financial outlook.

On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notice of Reassessments received on April 2, 2013. On February 4, 2015, Superior filed a Notice of Objection with respect to the Notice of Reassessments received on November 7, 2014. Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard within two years, with a decision rendered six to twelve months after completion of the court hearings. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional two years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest. If Superior is unsuccessful, then any remaining taxes payable plus interest and penalties will have to be remitted to the CRA.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and intends to vigorously defend such position and to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

Interim tax payments made by Superior will be recorded to the balance sheet and will not materially impact either adjusted operating cash flow or net earnings.

Based on the midpoint of Superior's 2015 financial outlook of AOCF per share of \$1.75, if the tax pools from the Conversion were not available to Superior, the impact would be an increase to cash income taxes of approximately

\$12.0 million or \$0.09 per share for 2015. As previously stated, Superior intends to file its future income tax returns on a basis consistent with its view of the outcome of the Conversion.

2015 Financial Outlook

As previously disclosed on July 23, 2015, Superior's 2015 financial outlook of AOCF per share has been reduced to \$1.65 to \$1.85 from \$1.80 to \$2.10 per share as provided in the first quarter of 2015. The reduction in the 2015 financial outlook is due to a reduced outlook for the Specialty Chemicals business for the second half of 2015 in addition to lower than expected results for the second quarter of 2015. The reduction in the outlook and second quarter results for the Specialty Chemicals business is due to weaker than anticipated hydrochloric acid pricing and sales volumes and a reduction in second quarter sodium chlorate sales volumes due to longer than anticipated pulp mill plant maintenance closures.

For additional details on the assumptions underlying the 2015 financial outlook, see Superior's 2015 second quarter MD&A.

Debt Management Update

Superior remains focused on managing both its total debt and its total debt to EBITDA. Superior is currently forecasting a total debt to EBITDA ratio at December 31, 2015 of 3.4 X to 3.8X compared to the previously provided range of 3.0X to 3.4X forecast at the first quarter of 2015. The change to Superior's forecasted debt and leverage levels is due to a reduction in Superior's 2015 financial outlook. See "2015 Financial Outlook" for additional details.

Superior's anticipated debt repayment for 2015 and total debt to EBITDA leverage ratio as at December 31, 2015, based on Superior's 2015 financial outlook is detailed in the chart below.

	Dollar Per Share	Millions of Dollars
2015 financial outlook AOCF per share – midpoint ⁽¹⁾	1.75	222.0
Maintenance capital expenditures, net	(0.39)	(50.0)
Capital lease obligation repayments	(0.20)	(25.0)
Cash flow available for dividends and debt repayment before growth capital	1.16	147.0
Growth capital expenditures	(0.21)	(27.0)
CPD system integration costs	(0.11)	(14.0)
Tax payments to CRA (50%)	(0.17)	(22.0)
Estimated 2015 free cash flow available for dividends and debt repayment	0.67	84.0
Conversion of 7.50% convertible debentures to equity-callable no earlier than October 31, 2015	0.59	75.0
Dividends	(0.72)	(92.0)
Total estimated reduction in debt	0.54	67.0
Estimated total debt to EBTIDA as at December 31, 2015	3.4X – 3.8X	3.4X – 3.8X
Dividends	0.72	92.0
Calculated payout ratio after maintenance capital and capital lease repayments	62%	62%
Calculated payout ratio after all capital (excluding tax payments to CRA)	86%	86%

⁽¹⁾ See "Financial Outlook" in Superior's 2015 second quarter MD&A for additional details including assumptions, definitions and risk factors.

Superior's total debt (including convertible debentures) to Compliance EBITDA before restructuring costs was 3.4X as at June 30, 2015 (3.4X after restructuring costs), lower than the 3.5X as at December 31, 2014 (3.6X after restructuring costs). Debt levels and the total leverage ratio as at June 30, 2015 were lower than December 31, 2014 levels due debt repayment as a result of free cash flow generation in the first and second quarters of 2015. Superior continues to focus on reducing its total leverage through ongoing debt reduction, including reducing working capital requirements and improving business operations.

2015 Detailed Second Quarter Results

Superior's 2015 Second Quarter Management's Discussion and Analysis is attached and is also available on Superior's website at www.superiorplus.com under the Investor Relations section.

2015 Second Quarter Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2015 Second Quarter Results at 8:30 a.m. MDT on Friday, July 31, 2015. To participate in the call, dial:1-800-396-7098. An archived recording of the call will be available for replay until midnight, September 30, 2015. To access the recording, dial: 1-800-408-3053 and enter pass code 7316441 followed by the # key. Internet users can listen to the call live, or as an archived call, on Superior's website at www.superiorplus.com.

Supplemental Financial Information

Diluted AOCF Per Share

There were no dilutive instruments for the three months ended June 30, 2015 and 2014. For the six months ended June 30, 2015, the dilutive impact of the 7.50%, October 31, 2016 convertible debentures was 6.1 million shares (132.5 million total shares on a dilutive basis) with a resulting impact on AOCF of \$2.6 million (\$121.1 million total on a dilutive basis). For the six months ended June 30, 2014, the dilutive impact of the 7.50%, October 31, 2016 convertible debentures was 6.6 million shares (132.8 million total shares on a dilutive basis) with a resulting impact on AOCF of \$2.8 million (\$121.9 million total on a dilutive basis).

Forward Looking Information

Certain information included herein is forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information may include statements regarding the objectives, business strategies to achieve those objectives, expected financial results (including those in the area of risk management), economic or market conditions, and the outlook of or involving Superior, Superior LP and its businesses. Such information is typically identified by words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "plan", "intend", "forecast", "future", "guidance", "may", "predict", "project", "should", "strategy", "target", "will" or similar expressions suggesting future outcomes.

Forward-looking information in this document includes: future financial position, consolidated and business segment outlooks, expected EBITDA from operations, expected adjusted operating cash flow (AOCF) and adjusted operating cash flow per share, expected leverage ratios and debt repayment, debt management summary, expectations in terms of the cost of operations, capital spend and maintenance and the variability of these costs, timing, costs and benefits of restructuring activities, nomination of sodium chlorate volumes under supply agreements and the related costs and potential benefits, future supply and demand fundamentals for North American sodium chlorate, business strategy and objectives, development plans and programs, business expansion and cost structure and other improvement projects, expected product margins and sales volumes, expected timing of commercial production and the costs and benefits associated therewith, anticipated timing and impact of Tronox zero nomination for 2016, market conditions in Canada and the U.S., expected tax consequences of the Conversion, the challenge by the CRA of the tax consequences of the Conversion (and the expected timing and impact of such process including any payment of taxes and the quantum of such payments), future income taxes, the impact of proposed changes to Canadian tax legislation or U.S. tax legislation, future economic conditions, future exchange rates, exposure to such rates and incremental earnings associated with such rates, dividend strategy, payout ratio, expected weather, expectations in respect to the global economic environment, our trading strategy and the risk involved in these strategies, the impact of certain hedges on future reported earnings and cash flows, commodity prices and costs, the impact of contracts for commodities, demand for propane, heating oil and similar products, demand for chemicals including sodium chlorate and chloralkali, effect of operational and technological improvements, anticipated costs and benefits of business enterprise system upgrade plans, future working capital levels, expected governmental regulatory regimes and legislation and their expected impact on regulatory and legislative compliance costs, expectations for the outcome of existing or potential legal and

contractual claims, our ability to obtain financing on acceptable terms, anticipated relocation costs, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior Plus LP.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Superior believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Those assumptions and expectations are based on information currently available to Superior, including information obtained from third party industry analysts and other third party sources, and the historic performance of Superior's businesses. Such assumptions include anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, trading data, cost estimates, our ability to obtain financing on acceptable terms, the assumptions set forth under the "Financial Outlook" sections of our second quarter management's discussion and analysis ("MD&A") and are subject to the risks and uncertainties set forth below.

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 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.

For more information about Superior, visit our website at www.superiorplus.com or contact:

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF 2015 SECOND QUARTER RESULTS

July 30, 2015

The following Management Discussion & Analysis (MD&A) is a review of the financial performance and position of Superior Plus Corp. (Superior) as at and for the three months ended June 30, 2015 and 2014. The information in this MD&A is current to July 30, 2015. This MD&A should be read in conjunction with Superior's audited consolidated financial statements and notes to those statements as at and for the twelve months ended December 31, 2014 and its December 31, 2014 MD&A. Additional information regarding Superior, including the Annual Information Form, is available on SEDAR at www.sedar.com, and on Superior's website, www.superiorplus.com.

The accompanying unaudited condensed consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's unaudited condensed consolidated financial statements were prepared in accordance with *International Accounting Standard 34 Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). Dollar amounts in this MD&A are expressed in Canadian dollars and millions except where otherwise noted.

OVERVIEW OF SUPERIOR

Superior is a diversified business corporation. Superior holds 99.9% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. (Superior GP) as general partner and Superior as limited partner. Superior owns 100% of the shares of Superior GP and Superior GP holds 0.1% of Superior LP. The cash flow of Superior is solely dependent on the results of Superior LP and is derived from the allocation of Superior LP's income to Superior by means of partnership allocations. Superior, through its ownership of Superior LP and Superior GP, has three operating segments: the Energy Services segment, which includes a Canadian propane distribution business, a U.S. refined fuels distribution business, a fixed-price energy services business and a supply portfolio management business; the Specialty Chemicals segment; and the Construction Products Distribution segment.

FINANCIAL OVERVIEW

Summary of Adjusted Operating Cash Flow

<i>(millions of dollars except per share amounts)</i>	Three months ended June 30		Six months ended June 30	
	2015	2014 ⁽⁵⁾	2015	2014 ⁽⁵⁾
Revenue	743.9	895.4	1,750.5	2,177.7
Gross profit	192.8	196.0	482.5	486.2
EBITDA from operations: ⁽¹⁾	37.2	50.6	155.0	166.4
Interest expense	(11.1)	(11.6)	(25.4)	(24.5)
Corporate costs	(2.2)	(6.0)	(9.8)	(10.8)
Cash income tax expense	(0.6)	(0.5)	(1.3)	(0.9)
Adjusted operating cash flow ⁽¹⁾ before restructuring costs	23.3	32.5	118.5	130.2
Restructuring costs ⁽²⁾	–	(9.3)	–	(11.1)
Adjusted operating cash flow ⁽¹⁾	23.3	23.2	118.5	119.1
Adjusted operating cash flow per share before restructuring costs, basic ⁽¹⁾⁽²⁾⁽³⁾	\$0.18	\$0.26	\$0.94	\$1.03
Adjusted operating cash flow per share before restructuring costs, diluted ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$0.18	\$0.26	\$0.91	\$1.00
Adjusted operating cash flow per share, basic ⁽¹⁾⁽²⁾⁽³⁾	\$0.18	\$0.18	\$0.94	\$0.94
Adjusted operating cash flow per share, diluted ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$0.18	\$0.18	\$0.91	\$0.92

- (1) Earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted operating cash flow (AOCF) are not GAAP measures. See “Non-GAAP Financial Measures”.
- (2) Superior has presented its 2014 financial results on a before and after restructuring cost basis due to the one-time nature of these items. See “Non-GAAP Restructuring Costs” for further details.
- (3) The weighted average number of shares outstanding for the three and six months ended June 30, 2015, is 126.7 million and 126.4 million, respectively (three and six months ended June 30, 2014 – 126.2 million).
- (4) There were no dilutive instruments for the three months ended June 30, 2015 and 2014. For the six months ended June 30, 2015, the dilutive impact of the 7.50%, October 31, 2016 convertible debentures was 6.1 million shares (132.5 million total shares on a dilutive basis) with a resulting impact on AOCF of \$2.6 million (\$121.1 million total on a dilutive basis). For the six months ended June 30, 2014, the dilutive impact of the 7.50%, October 31, 2016 convertible debentures was 6.6 million shares (132.8 million total shares on a dilutive basis) with a resulting impact on AOCF of \$2.8 million (\$121.9 million total on a dilutive basis).
- (5) June 30, 2014 amounts have been adjusted. See “Prior Period Adjustments Details”.

Comparable GAAP Financial Information ⁽¹⁾

<i>(millions of dollars except per share amounts)</i>	Three months ended June 30		Six months ended June 30	
	2015	2014 ⁽²⁾	2015	2014 ⁽²⁾
Net earnings (loss)	40.9	5.9	31.1	56.0
Net earnings (loss) per share basic	\$0.32	\$0.05	\$0.25	\$0.44
Net earnings (loss) per share diluted	\$0.25	\$(0.02)	\$0.24	\$0.44
Net cash flows from (used in) operating activities	68.1	121.5	200.0	172.6
Net cash flows from (used in) operating activities per share basic	\$0.54	\$0.96	\$1.58	\$1.37
Net cash flows from (used in) operating activities per share diluted	\$0.53	\$0.93	\$1.53	\$1.32

⁽¹⁾ See “Non-GAAP Financial Measures”.

⁽²⁾ June 30, 2014 amounts have been adjusted. See “Prior Period Adjustments Details”.

Segmented Information

<i>(millions of dollars)</i>	Three months ended		Six months ended	
	2015	June 30 2014 ⁽²⁾	2015	June 30 2014 ⁽²⁾
EBITDA from operations: ⁽¹⁾				
Energy Services	14.5	17.9	97.8	99.6
Specialty Chemicals	10.0	24.7	40.5	54.3
Construction Products Distribution	12.7	8.0	16.7	12.5
	37.2	50.6	155.0	166.4

⁽¹⁾ See “Non-GAAP Financial Measures”.

⁽²⁾ June 30, 2014 amounts have been adjusted. See “Prior Period Adjustments Details”.

AOCF Reconciled to Net Cash Flow from Operating Activities ⁽¹⁾

<i>(millions of dollars)</i>	Three months ended		Six months ended	
	2015	June 30 2014 ⁽³⁾	2015	June 30 2014 ⁽³⁾
Net cash flow from operating activities	68.1	121.5	200.0	172.6
Add: Non-cash interest expense	3.9	1.7	5.6	3.2
Increase (decrease) in non-cash working capital	(33.1)	(86.2)	(54.8)	(28.1)
Loss on debenture redemption	(0.1)	–	(0.1)	–
Cash income tax expense	(0.6)	(0.5)	(1.3)	(0.9)
Finance expense recognized in net earnings	(14.9)	(13.3)	(30.9)	(27.7)
AOCF⁽²⁾	23.3	23.2	118.5	119.1

⁽¹⁾ See the unaudited condensed consolidated financial statements for net cash flow from operating activities and changes in non-cash working capital.

⁽²⁾ See “Non-GAAP Financial Measures”.

⁽³⁾ June 30, 2014 amounts have been adjusted. See “Prior Period Adjustments Details”.

Second quarter AOCF was \$23.3 million, a decrease of \$9.2 million or 28% from the prior year quarter AOCF of \$32.5 million (before restructuring costs of \$9.3 million). The decrease in AOCF was primarily due to lower operating results at Specialty Chemicals and Energy Services, partially offset by higher operating results at Construction Products Distribution (CPD), lower interest and corporate costs. AOCF per share of \$0.18 per share was \$0.08 or 31% lower than the prior year quarter of \$0.26 per share (before restructuring costs) due to the decrease in AOCF and modestly higher weighted average share outstanding. The weighted average shares outstanding increased 0.5 million due to the conversion of \$5.3 million of debentures.

Adjusted operating cash flow for the six months ended June 30, 2015 was \$118.5 million, a decrease of \$11.7 million or 9% from the prior year AOCF of \$130.2 million (before restructuring costs of \$11.1 million). The decrease in AOCF was primarily due to lower operating results at Specialty Chemicals and Energy Services, higher interest costs and higher cash taxes, partially offset by higher operating results at Construction Products Distribution (CPD), lower corporate costs. AOCF per share of \$0.94 per share was \$0.09 or 9% lower than the prior year quarter of \$1.03 per share (before restructuring costs) due to the decrease in AOCF and a modest increase in weighted average shares outstanding as noted above.

Second Quarter Comparison to Prior Year Quarter

Net earnings for the second quarter were \$40.9 million, an increase of \$35.0 million or 593% from the prior year quarter. The increase in net earnings was due primarily to higher unrealized gains on derivative financial instruments and a recovery on income taxes, offset in part by lower revenue and gross profit, and higher operating costs and finance expenses. Unrealized gains on derivative financial instruments were higher due primarily to unrealized gains recorded on Superior’s embedded debenture derivatives as a result of the decrease in Superior’s share price, compared to unrealized losses in the prior year quarter. Total income tax recovery for the second quarter was \$3.2 million compared to income tax expense of \$3.0 million in the prior year quarter. The income tax recovery was due primarily to the impact of the change in the statutory tax rates in Alberta on deferred tax.

Revenue of \$743.9 million was \$151.5 million lower than in the prior year's quarter due primarily to decreased Energy Services and Specialty Chemicals revenue, partially offset by increased Construction Products Distribution (CPD) revenue. Energy Services revenue decreased due to lower propane, heating oil, natural gas, and refined fuels commodity prices. Specialty Chemicals revenue decreased due to lower volumes. CPD revenues increased due to higher volumes and the impact of foreign exchange on U.S. denominated revenues. Gross profit of \$192.8 million was \$3.2 million lower than the prior year quarter gross profit of \$196.0 million due primarily to decreased revenues. See "Prior Period Adjustment Details" for discussion of the adjustments impacting Q2 2014 gross profit.

Operating expenses of \$187.4 million in the second quarter were \$8.1 million higher than operating expenses in the prior year quarter primarily due to the impact of the weaker Canadian dollar on the translation of U.S. denominated operating expenses, offset in part by decreased operating expenses associated with head count reduction at Energy Services. Finance expenses were higher due primarily to the interest on the high-yield debenture issuance.

Year-to-Date Comparison to Prior Year-to-Date

The net earnings for the six months ended June 30, 2015 was \$31.1 million, a \$24.9 million or 44% decrease from the prior year. The decrease was due primarily to lower revenue, higher operating expenses and interest costs, unrealized losses on derivative financial instruments and modestly higher income tax expense.

Revenue for the six months ended June 30, 2015 of \$1,750.5 million was \$427.2 million or 20% lower than the prior year due primarily to decreased Energy Services revenue, decreased Specialty Chemicals revenue, partially offset by increased CPD revenue. Energy Services revenue was lower due to the decrease in the wholesale cost of propane, natural gas, and refined fuels. Specialty Chemicals revenue decreased due to lower volumes, offset in part by the favourable impact of foreign exchange. CPD revenue increased due primarily to the favourable impact of foreign exchange and higher volumes. Gross profit of \$482.5 million was \$3.7 million lower than the adjusted prior year quarter gross profit of \$486.2 million. See "Prior Period Adjustment Details" for discussion of the adjustments impacting the six months ended June 30, 2014 gross profit.

Operating expenses for the six months ended June 30, 2015 of \$395.3 million were \$11.2 million higher than operating expenses in the prior year quarter primarily due to the negative impact of weaker Canadian dollar on the translation of U.S. denominated operating expenses, offset in part by the decreased operating expenses associated with head count reduction at Energy Services. Finance expenses were higher due to the interest on high-yield debentures.

Prior Period Adjustments Details

During the first and second quarters of 2014, Superior recognized \$9.5 million and \$0.7 million, respectively (\$0.08 and \$0.01 per share, respectively) in adjustments related to its supply portfolio management business and its U.S. refined fuels business. The adjustment in the supply portfolio management business was primarily due to the over-accrual of freight charges during the fourth quarter of 2013 and throughout the first quarter of 2014. The adjustment in the U.S. refined fuels business was due to inaccurate inventory costing in prior periods as a result of not properly recognizing book to physical inventory adjustments.

Superior has recognized an adjustment, as detailed below, of \$0.7 million in its second quarter 2014 results, and \$10.2 million for the six months ended June 30, 2014 within the Energy Services business.

A summary of the adjustments related to the first and second quarters of 2014 is as follows:

<i>(millions of dollars)</i>	Three months ended	Six months ended June 30, 2014
Supply portfolio management freight accrual and other adjustments related to 2013	–	8.1
Supply portfolio management freight accrual and other adjustments related to 2014	0.7	9.9
Total supply portfolio management freight accrual and other adjustments	0.7	18.0
U.S. refined fuels inventory costing adjustment related to 2013	–	(7.8)
Total	0.7	10.2
Energy services EBITDA from operations as reported	17.2	89.4
Energy services EBITDA from operations adjusted for above items	17.9	99.6

OPERATING RESULTS

Energy Services

Energy Services' condensed operating results for 2015 and 2014:

<i>(millions of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2015	2014 ⁽⁴⁾	2015	2014 ⁽⁴⁾
Revenue ⁽¹⁾	361.5	518.4	979.4	1,457.9
Cost of sales ⁽¹⁾	(265.6)	(426.2)	(700.9)	(1,177.0)
Gross profit	95.9	92.2	278.5	280.9
Less: Cash operating and administrative costs ⁽¹⁾	(81.4)	(74.3)	(180.7)	(181.3)
EBITDA from operations ⁽²⁾⁽³⁾	14.5	17.9	97.8	99.6
Net earnings ⁽²⁾⁽³⁾	7.4	1.2	94.6	82.0

⁽¹⁾ In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this MD&A to present its results as if it had accounted for various transactions as accounting hedges. See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A" for detailed amounts.

⁽²⁾ For the three and six months ended June 30, 2014, Energy Services restructuring cost of \$9.3 million and \$11.1 million, respectively, have been excluded from EBITDA from operations. See "Non-GAAP Restructuring Costs" for further details.

⁽³⁾ EBITDA from operations is a Non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

⁽⁴⁾ June 30, 2014 amounts have been adjusted. See "Prior Period Adjustments Details".

Revenues for the second quarter of 2015 were \$361.5 million, a decrease of \$156.9 million or 30% from revenues of \$518.4 million in 2014. The decrease in revenues was primarily due to lower commodity prices as compared to the prior year quarter. The average wholesale cost of propane in the second quarter of 2015 was 62% lower than the prior year quarter. Total gross profit for the second quarter of 2015 was \$95.9 million, an increase of \$3.7 million or 4% as compared to the prior year quarter. The increase in gross profit was primarily due to higher U.S. refined fuels distribution gross profits, offset in part by lower contribution from other services. A summary and detailed review of gross profit is provided below.

Gross Profit Detail

<i>(millions of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2015	2014 ⁽¹⁾	2015	2014 ⁽¹⁾
Canadian propane distribution	47.7	47.5	136.1	137.8
U.S. refined fuels distribution	30.7	26.4	105.0	87.4
Other services	7.2	8.2	14.1	17.3
Supply portfolio management	6.7	7.0	18.0	39.6
Fixed-price energy services	3.6	3.1	5.3	(1.2)
Total gross profit	95.9	92.2	278.5	280.9

⁽¹⁾ June 30, 2014 amounts have been adjusted. See "Prior Period Adjustments Details".

Canadian Propane Distribution

Canadian propane distribution gross profit for the second quarter was \$47.7 million, consistent with the prior year quarter. Average weather across Canada for the second quarter, as measured by degree days, was 12% warmer than the prior year and 8% warmer than the five-year average. Due to the seasonal nature of heating related volumes, weather in the second quarter did not have a material impact on sales volumes.

Residential sales volumes were consistent with the prior year as colder than average temperatures experienced in Eastern Canada more than offset the impact of warmer than average temperatures in Western Canada. Industrial sales volumes decreased by 18 million litres or 12% due to lower oil field demand due to reduced customer activity as a result of the decline in crude oil prices and warmer than average temperatures in Western Canada. Commercial sales volumes decreased 9 million litres or 17% due to warmer than average temperatures in Western Canada relative to the record or near record low average temperatures experienced through the majority of Canada in the prior year quarter, which more than offset the benefit of colder temperatures in Eastern Canada.

Average propane sales margins for the second quarter increased to 20.9 cents per litre from 18.6 cents per litre in the prior year quarter. Average sales margins in the second quarter of 2015 benefitted from a low price environment for the wholesale cost of propane, improved sales mix and the impact of ongoing pricing management initiatives.

Canadian Propane Distribution Sales Volumes

<i>Volumes by End-Use Application</i>			<i>Volumes by Region ⁽¹⁾</i>		
	Three months ended June 30			Three months ended June 30	
<i>(millions of litres)</i>	2015	2014	<i>(millions of litres)</i>	2015	2014
Residential	18	19	Western Canada	115	140
Commercial	43	52	Eastern Canada	89	92
Agricultural	7	7	Atlantic Canada	24	23
Industrial	137	155			
Automotive	23	22			
	228	255		228	255

<i>Volumes by End-Use Application</i>			<i>Volumes by Region ⁽¹⁾</i>		
	Six months ended June 30			Six months ended June 30	
<i>(millions of litres)</i>	2015	2014	<i>(millions of litres)</i>	2015	2014
Residential	75	79	Western Canada	337	400
Commercial	153	170	Eastern Canada	254	251
Agricultural	25	25	Atlantic Canada	61	58
Industrial	359	398			
Automotive	40	37			
	652	709		652	709

⁽¹⁾ Regions: Western Canada region consists of British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Ontario, Yukon and Northwest Territories; Eastern Canada region consists of Ontario (except for Northwest Ontario) and Quebec; and Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island.

U.S. Refined Fuels Distribution

U.S. refined fuels distribution gross profit for the second quarter was \$30.7 million, an increase of \$4.3 million or 16% from the prior year quarter. The increase in gross profit was due primarily to higher average sales margins, offset in part by lower volumes. Average weather in the Northeastern U.S., as measured by heating degree days, for the second quarter was 10% warmer than the prior year quarter and 4% warmer than the 5-year average. Similar to the Canadian propane business, the impact of weather on the second quarter results is typically not material due to the seasonal nature of heating related volumes.

Sales volumes of 338 million litres were 9 million litres or 3% lower than the prior year quarter due primarily to decreased commercial volumes. Commercial sales volumes were lower due to warmer weather and decreased agricultural volumes as a result of unfavourable weather conditions.

Average U.S. refined fuels sales margins of 9.1 cents per litre increased from 7.6 cents per litre in the prior year quarter. Sales margins were positively impacted by the lower wholesale cost of propane and heating oil, ongoing price and supply management initiatives, the implementation of a standardized delivery charge for residential propane customers, and favourable foreign exchange translation contribution.

U.S. Refined Fuels Distribution Sales Volumes

<i>Volumes by End-Use Application</i> ⁽¹⁾			<i>Volumes by Region</i> ⁽²⁾		
Three months ended June 30			Three months ended June 30		
<i>(millions of litres)</i>	2015	2014	<i>(millions of litres)</i>	2015	2014
Residential	38	40	Northeast United States	338	347
Commercial	167	177			
Wholesale	133	130			
	338	347		338	347

<i>Volumes by End-Use Application</i> ⁽¹⁾			<i>Volumes by Region</i> ⁽²⁾		
Six months ended June 30			Six months ended June 30		
<i>(millions of litres)</i>	2015	2014	<i>(millions of litres)</i>	2015	2014
Residential	193	204	Northeast United States	831	839
Commercial	389	388			
Wholesale	249	247			
	831	839		831	839

⁽¹⁾ Volume: Volume of heating oil, propane, diesel and gasoline sold (millions of litres).

⁽²⁾ Regions: Northeast United States region consists of Pennsylvania, Connecticut, New York, and Rhode Island.

Other Services

Other services gross profit was \$7.2 million in the second quarter, a decrease of \$1.0 million from the prior year quarter due primarily to a significant reduction in service technicians in the U.S. refined fuels business as part of the restructuring activities in 2013 and 2014.

Supply Portfolio Management

Supply portfolio management gross profits were \$6.7 million in the second quarter, a decrease of \$0.3 million from the prior year quarter. Results in the current year quarter benefitted from the reduced wholesale cost of propane compared to the prior year quarter. Market trading opportunities were consistent with the prior year quarter. Superior anticipates that annual profitability for the supply portfolio management business in 2015 will be consistent with 2014.

Fixed-Price Energy Services

Fixed-Price Energy Services Gross Profit

<i>(millions of dollars except volume and per unit amounts)</i>	Three months ended June 30, 2015			Three months ended June 30, 2014		
	Gross Profit	Volume	Per Unit	Gross Profit	Volume	Per Unit
Natural gas ⁽¹⁾	2.4	4.7 GJ	51.1¢/GJ	2.1	4.7 GJ	44.7¢/GJ
Electricity ⁽²⁾	1.2	145.1 KWh	0.83¢/KWh	1.0	156.5KWh	0.64¢/KWh
Total	3.6			3.1		

<i>(millions of dollars except volume and per unit amounts)</i>	Six months ended June 30, 2015			Six months ended June 30, 2014		
	Gross Profit	Volume	Per Unit	Gross Profit	Volume	Per Unit
Natural gas ⁽¹⁾	3.3	9.4 GJ	35.1¢/GJ	(0.5)	9.3 GJ	(5.4¢)/GJ
Electricity ⁽²⁾	2.0	288.0 KWh	0.69¢/KWh	(0.7)	400.9KWh	(0.17¢)/KWh
Total	5.3			(1.2)		

⁽¹⁾ Natural gas volumes are expressed in thousands of gigajoules (GJ).

⁽²⁾ Electricity volumes are expressed in thousands of kilowatt hours (KWh).

Fixed-price energy services gross profit was \$3.6 million in the second quarter, an increase of \$0.5 million from the prior year quarter. Natural gas gross profit was \$2.4 million, an increase of \$0.3 million from the prior year quarter due to higher margins. Natural gas gross profit per unit was 51.1 cents per gigajoule (GJ), an increase of 6.4 cents per GJ from the prior year quarter due to positive balancing gains related to favourable supply prices in the current quarter. Sales volumes of natural gas were 4.7 million GJ, consistent with the prior year quarter. Electricity gross profit in the second quarter of 2015 was \$1.2 million, modestly higher than the prior year quarter.

Operating Costs – Energy Services

Energy Services cash operating and administrative costs were \$81.4 million in the second quarter of 2015, an increase of \$7.1 million or 10% from the prior year quarter. The increase in expenses was primarily due to the impact from a stronger U.S. dollar on the translation of U.S. denominated expenses and the inclusion of a \$3.7 million one-time litigation and insurance settlement recognized in the prior year quarter, offset in part by the reduced headcount and operational improvements from *The Superior Way* initiatives.

Financial Outlook

EBITDA from operations for 2015 for the Energy Services business is anticipated to be consistent to modestly higher than in 2014, consistent with the forecast provided in the first quarter 2015. EBITDA from the Canadian propane and U.S. refined fuels businesses will benefit from ongoing operational improvements. Operating costs as a percentage of gross profits are anticipated to continue to improve in 2015 due to a full year run rate of business initiatives and *The Superior Way* project. Gross profits in the Canadian Propane and U.S. refined fuels business are anticipated to be consistent with 2014 with the exception of industrial related gross profits in the Canadian propane business.

Superior is forecasting a modest reduction in gross profits related to oil and gas sales volumes within the Canadian propane business as a result of ongoing volatility in crude oil. Gross profit from the supply portfolio management business is anticipated to be similar to 2014 whereas gross profit from the fixed-price energy business will be higher in 2015 than in 2014 due to the absence of losses that resulted from the temperatures experienced in the first quarter of 2014. Average weather, as measured by degree days, for the remainder of 2015 is anticipated to be consistent with the 5-year average period. Operating conditions for 2015 are anticipated to be similar to 2014 with the exception of the decline in the wholesale cost of propane which Superior anticipates will persist throughout 2015.

SPECIALTY CHEMICALS

Specialty Chemicals' condensed operating results for 2015 and 2014:

<i>(millions of dollars except per metric tonne (MT) amounts)</i>	Three months ended June 30				Six months ended June 30			
	2015		2014		2015		2014	
	\$ per MT		\$ per MT		\$ per MT		\$ per MT	
Chemical revenue ⁽¹⁾	142.0	729	166.3	716	319.9	766	325.4	716
Chemical cost of sales ⁽¹⁾	(90.8)	(466)	(102.7)	(442)	(195.3)	(468)	(193.8)	(426)
Chemical gross profit	51.2	263	63.6	274	124.6	298	131.6	290
Less: Cash operating and administrative costs ⁽¹⁾	(41.2)	(211)	(38.9)	(168)	(84.1)	(201)	(77.3)	(170)
EBITDA from operations ⁽²⁾	10.0	52	24.7	106	40.5	97	54.3	120
Chemical volumes sold (thousands of MTs)		195		232		418		454

⁽¹⁾ In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this MD&A related to derivative financial instruments, non-cash amortization and foreign currency translation losses or gains related to U.S.-denominated working capital. See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A" for detailed amounts.

⁽²⁾ EBITDA from operations is a Non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

Chemical revenue for the second quarter of \$142.0 million was \$24.3 million or 15% lower than in the prior year quarter due primarily to a decrease in sodium chlorate sales volumes and average gross margins and a decrease in chloralkali average realized sales prices including the impact of foreign currency hedge contracts. Sodium chlorate sales volumes were 22% lower than the prior year quarter due to reduced customer demand as a result of extended pulp producer maintenance downtime in the second quarter relative to maintenance in prior years. Chloralkali sales prices, before the impact of foreign currency hedging contracts, for chlorine were higher than the prior year, for caustic were consistent to modestly higher than the prior year, and for hydrochloric acid were materially lower than the prior year.

Second quarter gross profit of \$51.2 million was \$12.4 million lower than in the prior year quarter due primarily to lower sodium chlorate and chloralkali gross profits. Sodium chlorate gross profits decreased due to higher electricity costs and a reduction in average realized selling prices. Realized average selling prices include the impact of existing foreign currency hedge contracts. Selling prices excluding the impact of foreign currency hedging contracts were higher than the prior year. Gross margin per tonne was also negatively impacted by a higher mix of international sales volumes. Chloralkali gross profits were lower than the prior year quarter due to higher electricity costs and a higher proportion of lower margin hydrochloric acid sales volumes compared to higher margin caustic sales volumes in the prior year quarter.

Cash operating and administrative costs of \$41.2 million were \$2.3 million or 6% higher than in the prior year quarter due to impact of a weaker Canadian dollar on the translation of U.S. dollar denominated expenses and general inflationary increases.

Superior's foreign currency hedge contracts for the 2015 fiscal year were entered into in prior years when the Canadian dollar was stronger relative to the U.S. dollar. As a result, Superior's effective U.S. exchange rate for 2015 is approximately 1.04 per Canadian dollar for 1.00 U.S. dollar. Beginning in 2016, lower value foreign currency contracts roll-off and Superior's effective U.S. exchange rate will significantly improve which is expected to result in incremental consolidated earnings of \$15 to \$20 million in 2016 relative to 2015. See "Financial Instruments – Risk Management" in Superior's 2015 second quarter MD&A for a summary of Superior's foreign currency hedge contracts.

Strategic Supply Agreement

As previously disclosed, Specialty Chemicals has provided notification that it will not be nominating any volume for fiscal 2016 related to its 130,000MT sodium chlorate supply agreement with Tronox. During the second quarter, Tronox provided formal notification to Superior that it will be commencing with a decommissioning of the facility upon completion of Superior's 2015 supply requirements. The decommissioning of the facility will result

in the acceleration of certain fees, requiring Superior to make a payment to Tronox of approximately US \$3.3 million in the first quarter of 2016.

With Tronox determining that it will cease sodium chlorate manufacturing at the Hamilton, Mississippi facility, the supply and demand fundamentals for North American sodium chlorate would largely be balanced when current exports are taken into consideration. The potential for an improved supply and demand balance beginning in 2016 provides an improved environment for Superior to recover production cost increases, particularly electricity cost increases, that Superior has had to absorb over the last several years.

Financial Outlook

Superior expects EBITDA from operations for 2015 to be approximately \$30 million lower than in 2014. Superior's forecast for its Specialty Chemicals business at the end of the first quarter of 2015 was for results in 2015 to be modestly lower than in 2014. The reduction in the 2015 forecast is a result of lower than anticipated actual results in the second quarter of 2015, in addition to a reduction in the anticipated contribution for the third and fourth quarters of 2015. The reduction in the forecast for the second half of 2015 is due in part to lower than previously anticipated sodium chlorate gross profits as a result of a modest reduction in sales volumes and lower chloralkali gross profits as a result of a decrease in hydrochloric acid contribution.

The reduction in sodium chlorate sales volumes is due largely to the impact of a stronger U.S. dollar which has increased the selling price of pulp, resulting in upwards pressure on the price of paper and other pulp derivatives which is causing reduced demand and therefore reduced demand for pulp and sodium chlorate.

Chloralkali gross profits are now anticipated to be weaker than previously disclosed due to additional weakness in hydrochloric acid sales volumes and pricing. Superior has determined that its previous forecast for hydrochloric acid selling prices and volumes was not conservative enough. Since the first quarter of 2015, there has been intense pressure on both pricing and sales volumes. Although pricing has generally been consistent with management's expectations, there have been greater than anticipated volume declines as inventories from other geographies are being sold into Superior's markets.

Sales prices and sales volumes of caustic and chlorine are consistent with the previously provided forecast and are anticipated to be modestly higher than the prior year. Supply and demand fundamentals in the chloralkali markets in which Superior operates are anticipated to remain similar to 2014 with the exception of hydrochloric acid as noted above.

In addition to the significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of the significant business risks affecting Superior's Specialty Chemicals' segment.

CONSTRUCTION PRODUCTS DISTRIBUTION

Construction Products Distribution's condensed operating results for 2015 and 2014:

<i>(millions of dollars)</i>	Three months ended		Six months ended	
	2015	2014	2015	2014
Revenue ⁽¹⁾	238.9	209.0	456.1	394.8
Cost of sales ⁽¹⁾	(179.4)	(158.4)	(343.0)	(296.7)
Gross profit	59.5	50.6	113.1	98.1
Less: Cash operating and administrative costs	(46.8)	(42.6)	(96.4)	(85.6)
EBITDA from operations ⁽²⁾	12.7	8.0	16.7	12.5
Net earnings ⁽²⁾	10.8	7.2	12.8	9.9

⁽¹⁾ In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this MD&A to present its results as if it had accounted for various transactions as accounting hedges. See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A" for detailed amounts.

⁽²⁾ EBITDA from operations is a Non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

Revenues of \$238.9 million for the second quarter of 2015 were \$29.9 million or 14% higher than in the prior year quarter due to increased gypsum and commercial and industrial insulation (C&I) revenues. Gypsum revenues were higher than the prior year quarter due to improved U.S. sales volumes as a result of ongoing improvements in the U.S. residential construction sector, higher average selling prices and the impact of a stronger U.S. dollar on the translation of U.S. denominated revenues. Canadian revenues were higher than the prior year quarter due to improved weather and operating conditions compared to the prior quarter which was partially offset by a modestly decline in gross margins due to competitive pressures. Commercial and industrial insulation (C&I) revenues increased over the prior year quarter due to higher industrial market activity, improvements in U.S. end-use markets, an increase in market share due to investments in sales and marketing and the impact of a stronger U.S. dollar on the translation of U.S. denominated revenues.

Gross profits of \$59.5 million in the second quarter were \$8.9 million or 18% higher than in the prior year quarter primarily due to improved sales volumes, higher average selling prices and the impact of the stronger U.S. dollar. Average sales margins were higher than the prior year quarter due to ongoing pricing and procurement initiatives, improved market conditions and the timing of the recognition of rebates in 2015 compared to 2014, which more than offset the impact of a higher mix of large industrial projects.

Cash operating and administrative costs were \$46.8 million in the second quarter, an increase of \$4.2 million or 10% from the prior year quarter. The increase was primarily due to higher sales volumes and the impact of the stronger U.S. dollar on the translation of U.S. denominated operating costs.

System Integration

CPD has approved and begun a systems integration project that will replace two legacy ERP systems with a single, standardized solution. The updated system will provide enhanced procurement, pricing and operational effectiveness, enabling CPD to further improve margins and operating costs once complete. CPD anticipates that the project will be completed over the next two years at a total cost of approximately US\$22 million which is split between capital investment of US\$12 million and one-time operating costs of US\$10 million (US\$3 million 2015 and US\$7 million 2016). Operating Superior anticipates that approximately 60% of these costs will be incurred in 2015 with the remainder in 2016. Total costs incurred to date are US\$2.7 million consisting of US\$2.1 million in capital and US\$0.6 million in operating expense.

Financial Outlook

Superior anticipates that EBITDA from operations in 2015 will be higher than in 2014 due to continued improvements in the U.S. residential market, the product expansion of drywall into ceiling-only branches and benefits resulting from ongoing pricing and procurement initiatives. Superior anticipates that the U.S. commercial market will be modestly improved in 2015 compared to 2014 and that the Canadian residential market will continue to be challenging.

In addition to the Construction Products Distribution segment's significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of the significant business risks affecting Superior's Construction Products Distribution segment.

Consolidated Capital Expenditure Summary

<i>(millions of dollars)</i>	Three months ended		Six months ended	
	2015	June 30 2014	2015	June 30 2014
Efficiency, process improvement and growth-related	12.4	14.8	17.3	25.3
Other capital	5.1	10.5	14.0	16.8
	17.5	25.3	31.3	42.1
Proceeds on disposition of capital and intangible assets	(0.6)	(4.2)	(1.1)	(4.6)
Proceeds from finance lease arrangement termination	–	(8.2)	–	(8.2)
Acquisitions	1.6	–	1.6	–
Total net capital expenditures	18.5	12.9	31.8	29.3
Investment in finance leases	9.6	5.6	10.2	6.5
Total expenditures including finance leases	28.1	18.5	42.0	35.8

Efficiency, process improvement and growth related expenditures were \$12.4 million in the second quarter compared to \$14.8 million in the prior year quarter. The decrease compared to prior year is due primarily to the completion of expansion projects at Specialty Chemicals in late 2014. Efficiency, process improvement and growth-related expenditures in 2015 are primarily related to Energy Services' purchases of rental assets and truck related expenditures. Other capital expenditures were \$5.1 million in the second quarter compared to \$10.5 million in the prior year quarter, consisting primarily of required maintenance and general capital across all of Superior's segments. Proceeds on the disposition of capital were \$0.6 million in the second quarter and consisted of Superior's disposition of surplus tanks, cylinders and property. During the second quarter Superior entered into new leases with a capital equivalent value of \$9.6 million primarily related to delivery vehicles for the Energy Services and Construction Products Distribution segments. Expenditures related to the acquisition of Warner's Gas Service Inc. in the second quarter of 2015 amounted to \$1.6 million. See Note 4 to the unaudited condensed consolidated financial statements for further details.

CORPORATE AND INTEREST COSTS

Corporate costs for the second quarter were \$2.2 million, compared to \$6.0 million in the prior year quarter. The \$3.8 million decrease was primarily due to reduced long-term incentive plan costs relative to the prior year quarter as a result of fluctuations in Superior's share price. Additionally, corporate costs in the prior year quarter included one-time costs associated with the potential CPD sales process.

Interest expense on borrowing and finance lease obligations for the second quarter was \$11.1 million, compared to \$11.6 million in the prior year quarter. The modest decrease was due to lower average interest rates and lower average debt levels. Superior's average interest rate was positively impacted by settlements on interest rate swaps which more than offset the impact of higher rates due to Superior's 7-year, \$200 million, 6.50% senior unsecured note offering which closed on December 9, 2014. Superior anticipates that interest costs will be consistent with the prior year for the remaining two quarters of 2015 due to reduced debt levels and lower effective interest rates.

Superior Plus Office Relocation

As previously disclosed, Superior will be relocating its corporate office to Toronto, Ontario from the current location of Calgary, Alberta during the second half of 2015. The relocation of the corporate office will provide closer proximity for Superior's corporate executive team to Superior's operating businesses. Superior's President and Chief Executive Officer and Chief Legal Officer, along with other members of Superior's corporate team will be relocating to Toronto as part of the corporate office relocation.

Retirement of Wayne Bingham

As disclosed on June 17, 2015, Mr. Wayne Bingham, Chief Financial Officer (CFO), is expected to retire no later than February 2016. Mr. Bingham joined Superior in the capacity of CFO in October 2006. Mr. Bingham will remain with Superior until February 2016 or until his retirement date to assist in the transition of the new CFO as well as the corporate office relocation to Toronto which is anticipated in the fourth quarter of 2015. Superior has commenced a search for a successor to Mr. Bingham.

Non-GAAP Restructuring Costs

Superior's restructuring costs incurred during 2014 were categorized together and excluded from segmented results. Below is a table summarizing these costs for comparative purposes:

<i>(millions of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Severance costs	–	4.8	–	5.2
Branch closure costs and lease termination costs	–	2.0	–	2.0
Consulting costs	–	2.5	–	3.9
Total restructuring costs	–	9.3	–	11.1

Restructuring costs incurred during 2014 and 2013 consisted of both costs included in, and excluded from, the restructuring provision. Superior incurred \$9.3 million of restructuring costs during the second quarter 2014 related to employee severance costs and consulting costs at Energy Services. Total restructuring costs incurred during 2014 and 2013 in order to complete the restructuring projects were \$26.6 million.

Income Taxes

Total income tax recovery for the second quarter was \$3.2 million and consists of \$0.6 million in cash income tax expense and \$3.7 million in deferred income tax recovery, compared to a total income tax expense of \$3.0 million in the prior year quarter, which consisted of \$0.5 million in cash income tax expense and a \$2.5 million deferred income tax expense.

Cash income tax expense for the second quarter was \$0.6 million and consisted of income tax expense in the U.S. of \$0.6 million (2014 Q2 – \$0.5 million of U.S. cash tax expense). Deferred income tax recovery for the second quarter was \$3.7 million (2014 Q2 - \$3.0 million deferred income tax expense), resulting in a corresponding net deferred income tax asset of \$257.6 million as at June 30, 2015. The deferred income tax recovery was due to the impact of the increase in statutory rates in Alberta on deferred tax.

Canada Revenue Agency (CRA) Income Tax Update

As previously disclosed, on April 2, 2013, Superior received, from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of Superior's corporate conversion transaction ("Conversion") which occurred on December 31, 2008. Subsequently on November 7, 2014, Superior received the Notices of Reassessment for the 2011 to 2013 taxation years. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the *Income Tax Act* (Canada).

The table below summarizes Superior's estimated tax liabilities and payment requirements associated with the received and anticipated Notices of Reassessment. Upon receipt of the Notices of Reassessment, 50% of the taxes payable pursuant to such Notice of Reassessment must be remitted to the CRA.

Taxation Year	Taxes Payable ⁽¹⁾⁽²⁾	50% of the Taxes Payable ⁽¹⁾⁽²⁾	Month/Year Paid/Payable
2009/2010	\$13.0	\$6.5	April 2013
2011	\$12.8	\$6.4	February 2015
2012	\$8.8	\$4.4	February 2015
2013	\$9.4	\$4.7	February 2015
2014	\$13.0 ⁽³⁾	\$6.5	2015
2015	\$12.0 ⁽³⁾	\$6.0	2016
Total	\$69.0	\$34.5	

⁽¹⁾ In millions of dollars.

⁽²⁾ Includes estimated interest and penalties.

⁽³⁾ Estimated based on Superior's previously filed tax returns, 2014 financial results and the midpoint of Superior's 2015 outlook.

On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notice of Reassessments received on April 2, 2013. On February 4, 2015, Superior filed a Notice of Objection with respect to the Notice of Reassessments received on November 7, 2014. Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard within two years, with a decision rendered six to twelve months after completion of the court hearings. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional two years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest. If Superior is unsuccessful, then any remaining taxes payable plus interest and penalties will have to be remitted to the CRA.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and intends to vigorously defend such position and to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

Interim tax payments made by Superior will be recorded to the balance sheet and will not materially impact either AOCF or net earnings.

Based on the midpoint of Superior's 2015 financial outlook of AOCF per share of \$1.75, if the tax pools from the Conversion were not available to Superior, the impact would be an increase to cash income taxes of approximately \$12.0 million or \$0.09 per share for 2015. As previously stated, Superior intends to file its future income tax returns on a basis consistent with its view of the outcome of the Conversion.

FINANCIAL OUTLOOK

As previously disclosed on July 23, 2015, Superior's 2015 financial outlook of AOCF per share has been reduced to \$1.65 to \$1.85 from \$1.80 to \$2.10 per share as provided in the first quarter of 2015. The reduction in the 2015 financial outlook is due to a reduced outlook for the Specialty Chemicals business for the second half of 2015 in addition to lower than expected results for the second quarter of 2015. The reduction in the outlook and second quarter results for the Specialty Chemicals business is due to weaker than anticipated hydrochloric acid pricing and sales volumes and a reduction in second quarter sodium chlorate sales volumes due to longer than anticipated pulp mill plant maintenance closures.

Achieving Superior's adjusted operating cash flow depends on the operating results of its three operating segments.

In addition to the operating results of Superior's three operating segments, significant assumptions underlying Superior's 2015 outlook are:

- Economic growth in the U.S. is expected to be similar to or modestly higher than in 2014 and growth in Canada is anticipated to be similar to modestly lower than in 2014;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- Superior's estimated total debt to EBITDA ratio is based on maintenance and growth related expenditures of \$91.0 million in 2015 and working capital funding requirements which do not contemplate any significant commodity price changes;
- As at July 31, 2015, Superior is substantively hedged for its estimated U.S. dollar exposure for 2015, and due to the hedge position, a change in the Canadian to U.S. dollar exchange rate for 2015 would not have a material impact to Superior. The foreign currency exchange rate between the Canadian dollar and US dollar is expected to average 0.80 in 2015 on all unhedged foreign currency transactions;
- Financial and physical counterparties are expected to continue fulfilling their obligations to Superior;
- Regulatory authorities are not expected to impose any new regulations impacting Superior;
- Superior's average interest rate on floating-rate debt is expected to remain consistent with 2014 levels; and
- Canadian and U.S. based cash taxes are expected to be minimal for 2015 based on existing statutory income tax rates and the ability to use available tax basis.

Energy Services

- Average weather across Canada and the Northeast U.S., as measured by degree days, for 2015 is anticipated to be consistent with the 5-year average period;
- Total propane and U.S. refined fuels-related sales volumes are expected to decrease modestly in 2015 due primarily to lower oilfield customer demand related to the decline in the price of oil and lower residential volumes as weather is expected to be consistent with the five-year average, partially offset by customer growth initiatives and retention programs;
- Wholesale propane and U.S. refined fuels-related prices are not anticipated to significantly affect demand for propane and refined fuels and related services;
- Supply portfolio management gross profit for 2015 is expected to be consistent with normalized 2014 gross profit;
- Fixed-price energy services results for 2015 are expected to increase from 2014 due to assumptions weather will be consistent with the five-year average, and the absence of market challenges experienced during the first quarter of 2014; and
- Operating costs are expected to decrease in 2015 from 2014 due to improvements in operational efficiencies from the completion of restructuring activities.

Specialty Chemicals

- Sodium chlorate contribution will decrease from 2014 due to lower sales volumes, higher electricity and plant operating costs;
- Chloralkali contribution will decrease from 2014 due to lower sales prices for hydrochloric acid and caustic. The chloralkali segment will have higher sales volumes associated with the completion of the Port Edwards and Saskatoon HCl burner expansions. Sales volumes of caustic soda, potassium caustic and hydrochloric acid are anticipated to be modestly higher than in 2014. Supply and demand fundamentals in the chloralkali markets in which Superior operates are anticipated to remain similar to 2014 with the exception of hydrochloric acid as noted above; and
- Average plant utilization will approximate 90%-95% in 2015.

Construction Products Distribution

- Revenues will increase over 2014 due to continued growth in U.S.-based GSD sales as the U.S. residential market continues to improve, higher C&I sales revenue due to improvement in the U.S. industrial construction segment, a stronger U.S. dollar, and the product expansion of drywall into ceiling-only branches. Canada revenue will grow modestly as the Canadian residential market remains challenging;

- Sales margins will increase from 2014 due to the continued focus on price management, customer profitability and procurement. Gross profit for 2015 will increase due to higher revenue and higher gross margins; and
- Operating costs as a percentage of revenue will be comparable to 2014 due to anticipated savings from restructuring efforts and other cost management activities, offset in part by investments in sales and supply chain capability and system integration costs. Operating costs will increase modestly from 2014 due to higher sales volumes and activity, partially offset by further improvements in operational efficiency related to restructuring in 2013 and 2014.

Debt Management Update

Superior remains focused on managing both its total debt and its total debt to EBITDA. Superior is currently forecasting a total debt to EBITDA ratio at December 31, 2015 of 3.4 X to 3.8X compared to the previously provided range of 3.0X to 3.4X forecast at the first quarter of 2015.

Superior's anticipated debt repayment for 2015 and total debt to EBITDA leverage ratio as at December 31, 2015, based on Superior's 2015 financial outlook is detailed in the chart below.

	Dollar Per Share	Millions of Dollars
2015 financial outlook AOCF per share – midpoint ⁽¹⁾	1.75	222.0
Maintenance capital expenditures, net	(0.39)	(50.0)
Capital lease obligation repayments	(0.20)	(25.0)
Cash flow available for dividends and debt repayment before growth capital	1.16	147.0
Growth capital expenditures	(0.21)	(27.0)
CPD system integration costs	(0.11)	(14.0)
Tax payments to CRA (50%)	(0.17)	(22.0)
Estimated 2015 free cash flow available for dividends and debt repayment	0.67	84.0
Conversion of 7.50% convertible debentures to equity-callable no earlier than October 31, 2015	0.59	75.0
Dividends	(0.72)	(92.0)
Total estimated reduction in debt	0.54	67.0
Estimated total debt to EBTIDA as at December 31, 2015	3.4X – 3.8X	3.4X – 3.8X
Dividends	0.72	92.0
Calculated payout ratio after maintenance capital and capital lease repayments	62%	62%
Calculated payout ratio after all capital (excluding tax payments to CRA)	86%	86%

⁽¹⁾ See "Financial Outlook" for additional details including assumptions, definitions and risk factors.

In addition to Superior's significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of Superior's significant business risks.

LIQUIDITY AND CAPITAL RESOURCES

Superior's revolving syndicated bank facility (credit facility), term loans and finance lease obligations (collectively borrowing) before deferred financing fees totaled \$656.1 million as at June 30, 2015, an increase of \$122.9 million from December 31, 2014. The increase in borrowing was primarily due to the redemption of the \$172.5 million 5.75% debentures, offset in part by cash flow from operating activities.

On June 20, 2014, and November 26, 2014 Superior extended the maturity date of its credit facility to June 27, 2018. Financial covenant ratios were unchanged with a consolidated secured debt to consolidated EBITDA ratio and a consolidated debt to consolidated EBITDA ratio of 3.0x and 5.0x, respectively. Superior maintains the flexibility to expand the facility up to \$750.0 million. See "Summary of Cash Flow" for details on Superior's sources and uses of cash.

On December 9, 2014, Superior completed an offering of \$200.0 million 6.50% senior unsecured notes (senior notes). The senior notes were issued at par value and mature on December 9, 2021. The senior notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior notes at various redemption prices, which include the principal amount plus accrued and unpaid interest, if any, to the applicable redemption date. Interest is payable semi-annually on June 9 and December 9, commencing June 9, 2015. Under the terms of the agreement, Superior must maintain a fixed-charge coverage ratio of no less than 2.0 to 1.0. As at June 30, 2015, the fixed-charge coverage ratio for purposes of this agreement was 4.5 to 1.0.

As at June 30, 2015, debentures (before deferred issuance fees and discount values) issued by Superior totaled \$316.3 million, \$177.9 million lower than December 31, 2014 due to the \$172.5 million redemption of the 5.75% debentures plus costs and interest. See Note 13 to the unaudited condensed consolidated financial statements for additional details on Superior's debentures.

Consolidated net working capital was \$247.9 million as at June 30, 2015, a decrease of \$16.9 million from net working capital of \$264.8 million as at December 31, 2014. The decrease was due primarily to the seasonal decline in net working capital requirements at Energy Services, offset in part by higher net working capital requirements at CPD related to the pickup in U.S. construction activity. Superior's net working capital requirements are financed from its credit facility.

As at June 30, 2015, when calculated in accordance with the credit facility, the consolidated secured debt to compliance EBITDA ratio was 1.6 to 1.0 (December 31, 2014 – 1.2 to 1.0) and the consolidated debt to compliance EBITDA ratio was 2.3 to 1.0 (December 31, 2014 – 1.9 to 1.0). For both of these covenants, debentures are excluded. These ratios are within the requirements of Superior's debt covenants. In accordance with the credit facility, Superior must maintain a consolidated secured debt to compliance EBITDA ratio of not more than 3.0 to 1.0 and not more than 3.5 to 1.0 as a result of acquisitions.

In addition, Superior must maintain a consolidated debt to compliance EBITDA ratio of not more than 5.0 to 1.0, excluding debentures. Superior's total debt to compliance EBITDA ratio was 3.4 to 1.0 as at June 30, 2015. Also, Superior is subject to several distribution tests and the most restrictive stipulates that distributions (including debenture holders and related payments) cannot exceed compliance EBITDA less cash income taxes, plus \$35.0 million on a trailing 12-month rolling basis. On a 12-month rolling basis as at June 30, 2015, Superior's available distribution amount was \$150.0 million under the above noted distribution test.

As of June 30, 2015, US\$30 million of U.S. notes, issued October 29, 2003 by way of private placement, were outstanding. On March 30, 2010, certain financial covenant ratios of the U.S. Note Agreement were amended to make them consistent with the financial covenant ratios under the amended credit facility other than the exclusion of any obligations owing under an accounts receivable securitization program from the calculation of consolidated secured debt for purposes of the consolidated secured debt to compliance EBITDA ratio calculation.

On June 29, 2015, Standard & Poor's confirmed Superior and Superior LP's long-term corporate credit rating of BB and the senior secured debt rating of BBB-. The outlook rating for Superior remains stable. On June 26, 2015, Dominion Bond Rating Service confirmed Superior LP's senior secured rating of BB (high) and Superior LP's senior unsecured rating of BB (low). The trend for both ratings is stable.

As at June 30, 2015, Superior had an estimated defined benefit pension solvency deficiency of approximately \$9.0 million (December 31, 2014 – \$12.3 million) and a going concern surplus of approximately \$28.0 million (December 31, 2014 – surplus of \$22.6 million). Funding requirements required by applicable pension legislation are based upon going concern and solvency actuarial assumptions. These assumptions differ from the going concern actuarial assumptions used in Superior's financial statements. Superior has sufficient liquidity through its existing credit facility and anticipated future operating cash flow to fund this deficiency over the prescribed period.

In the normal course of business, Superior is subject to lawsuits and claims. Superior believes the resolution of these matters will not have a material adverse effect, individually or in the aggregate, on Superior's liquidity, consolidated financial position or results of operations. Superior records costs as they are incurred or when they become determinable.

SHAREHOLDERS' CAPITAL

The weighted average number of common shares issued and outstanding at the end of the second quarter was 126.4 million shares, which was a 0.2 million increase from the prior year quarter related to conversions of the 7.50% debentures in 2015.

As at July 30, 2015, June 30, 2015 and December 31, 2014, the following common shares and securities convertible into common shares were issued and outstanding:

<i>(millions of dollars)</i>	July 30, 2015		June 30, 2015		December 31, 2014	
	Convertible Securities	Shares	Convertible Securities	Shares	Convertible Securities	Shares
Common shares outstanding		126.4		126.4		126.2
5.75% Debentures ⁽¹⁾	—	—	—	—	\$172.5	9.1
6.00% Debentures ⁽²⁾	\$150.0	9.9	\$150.0	9.9	\$150.0	9.9
7.50% Debentures ⁽³⁾	\$69.3	6.1	\$69.3	6.1	\$74.7	6.6
6.00% Debentures ⁽⁴⁾	\$97.0	5.8	\$97.0	5.8	\$97.0	5.8
Shares outstanding and issuable upon conversion of debentures		148.2		148.2		157.6

⁽¹⁾ Convertible at \$19.00 per share.

⁽²⁾ Convertible at \$15.10 per share.

⁽³⁾ Convertible at \$11.35 per share.

⁽⁴⁾ Convertible at \$16.75 per share.

Dividends Paid to Shareholders

Dividends paid to Superior's shareholders depend on its cash flow from operating activities with consideration for Superior's changes in working capital requirements, investing activities and financing activities. See "Summary of Adjusted Operating Cash Flow" and "Summary of Cash Flow" for additional details.

On October 30, 2014, Superior announced that its monthly dividend would be increased by 20% to \$0.06 per share or \$0.72 per share on an annualized basis from the previous dividend of \$0.05 or \$0.60 per share on an annualized basis. Dividends paid to shareholders for 2015 were \$45.5 million or \$0.36 per share compared to \$37.9 million or \$0.30 per share in 2014. The increase of \$7.6 million was due to the higher dividend rate. See "Debt Management Update" for further details. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

SUMMARY OF CASH FLOWS

Superior's primary sources and uses of cash are detailed below⁽¹⁾:

<i>(millions of dollars)</i>	Three months ended		Six months ended	
	2015	June 30 2014	2015	June 30 2014
Cash flow from operating activities	42.2	98.1	154.4	144.3
Investing activities ⁽²⁾ :				
Purchase of property, plant and equipment	(17.5)	(25.3)	(31.3)	(42.1)
Proceeds from finance lease arrangement termination	–	8.2	–	8.2
Proceeds from disposal of property, plant and equipment and intangible assets	0.6	4.2	1.1	4.6
Acquisitions	(1.6)	–	(1.6)	–
Cash flow used in investing activities	(18.5)	(12.9)	(31.8)	(29.3)
Financing activities:				
Net provision from (repayment of) revolving term bank credits and other debt	161.7	(65.0)	106.6	(65.0)
Redemption of 5.75% convertible debentures	(172.5)	–	(172.5)	–
Repayment of finance lease obligation	(5.3)	(5.0)	(10.3)	(9.7)
Dividends paid to shareholders	(22.8)	(19.0)	(45.5)	(37.9)
Cash flow used in financing activities	(38.9)	(89.0)	(121.7)	(112.6)
Net (decrease) increase in cash and cash equivalents	(15.2)	(3.8)	0.9	2.4
Cash and cash equivalents, beginning of period	20.0	14.6	3.1	8.3
Effect of translation of foreign currency-denominated cash and cash equivalents	(0.2)	(0.3)	0.6	(0.2)
Cash and cash equivalents, end of period	4.6	10.5	4.6	10.5

⁽¹⁾ See the consolidated statement of cash flow for additional details.

⁽²⁾ See "Consolidated Capital Expenditure Summary" for additional details.

FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Derivative and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates, share-based compensation and commodity prices. Superior assesses the inherent risks of these instruments by grouping derivative and non-financial derivatives related to the exposures these instruments mitigate. Superior's policy is not to use derivative or non-financial derivative instruments for speculative purposes. Superior does not formally designate its derivatives as hedges and, as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as held for trading. Refer to Superior's 2014 Annual MD&A for further details on financial instrument risk management.

As at June 30, 2015, Superior has substantively hedged its estimated U.S. dollar exposure for 2015 and 78% for 2016. Due to the hedge position, a change in the Canadian to U.S. dollar exchange rate for 2015 would not have a material impact to Superior. A summary of Superior's U.S. dollar forward contracts for 2015 and beyond is provided in the table below.

<i>(US\$ millions except exchange rates)</i>	2015	2016	2017	2018	2019	2020 and later	Total
Energy Services – US\$ forward sales	11.0	–	–	–	–	–	11.0
Construction Products Distribution – US\$ forward sales	14.0	33.0	24.0	–	–	–	71.0
Specialty Chemicals – US\$ forward sales	86.0	164.4	123.0	96.0	48.0	–	517.4
Energy Services – US\$ forward purchases	(4.0)	(4.9)	–	–	–	–	(8.9)
Net US\$ forward sales	107.0	192.5	147.0	96.0	48.0	–	590.5
Energy Services – Average US\$ forward sales rate	1.08	–	–	–	–	–	1.08
Construction Products Distribution – Average US\$ forward sales rate	1.11	1.14	1.20	–	–	–	1.16
Specialty Chemicals – Average US\$ forward sales rate	1.03	1.10	1.13	1.20	1.20	–	1.12
Energy Services – US\$ forward purchases rate	1.23	1.23	–	–	–	–	1.23
Net average external US\$/CDN\$ exchange rate	1.04	1.10	1.15	1.20	1.20	–	1.13

For additional details on Superior’s financial instruments, including the amount and classification of gains and losses recorded in Superior’s second quarter condensed consolidated financial statements, summary of fair values, notional balances, effective rates and terms, and significant assumptions used in the calculation of the fair value of Superior’s financial instruments, see Note 14 to the unaudited condensed consolidated financial statements.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

Superior’s Management is responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 “Certification of Disclosure in Issuers’ Annual and Interim Filings”. The objective of this instrument is to improve the quality, reliability and transparency of information that is filed or submitted under securities legislation.

Superior’s President and Chief Executive Officer (CEO) and the Executive Vice President and Chief Financial Officer (CFO), with the assistance of Superior employees, have designed DC&P and ICFR to provide reasonable assurance that material information relating to Superior’s business is communicated to them, reported on a timely basis, financial reporting is reliable, and the financial statements for external purposes are in accordance with IFRS.

During the second quarter of 2015, there were no changes made to Superior’s ICFR that materially affected, or are reasonably likely to materially affect, Superior’s ICFR.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Superior’s unaudited condensed consolidated financial statements have been prepared in accordance with IFRS. The significant accounting policies are described in the unaudited condensed consolidated financial statements for the period ended June 30, 2015. Certain of these accounting policies, as well as estimates made by management in applying such policies, are recognized as critical because they require management to make subjective or complex judgments about matters that are inherently uncertain. Our critical accounting estimates relate to the allowance for doubtful accounts, employee future benefits, future income tax assets and liabilities, the valuation of derivatives and non-financial derivatives and asset impairments and the assessment of potential provision retirement obligations.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments or improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting periods beginning on January 1, 2015 or later. The affected standards are consistent with those disclosed in Superior’s 2014 annual consolidated financial statements.

New and revised IFRS standards issued but not yet effective

IFRS 9 – *Financial Instruments: Classification and Measurement*

IFRS 9 was issued in November 2009 and is intended to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. Another revised version of IFRS 9 was issued in July 2014 to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing the fair value through other comprehensive income measurement category for certain simple debt instruments. This standard must be applied for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. Superior is assessing the effect of IFRS 9 on its financial results and financial position; changes, if any, are not expected to be material.

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 – *Revenue*, IAS 11 – *Construction Contracts* and the related interpretation when it becomes effective. Under IFRS 15, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity is required to recognize revenue when the performance obligation is satisfied. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. Superior is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IAS 16 and IAS 38 – *Property, Plant and Equipment and Intangible Assets*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant, and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the event when the intangible asset is expressed as a measure of revenue or, when it can be demonstrated that revenue and consumption of the economic benefits of the intangible assets are highly correlated. This standard must be applied for accounting periods beginning on or after January 1, 2016, with earlier adoption permitted. Superior currently amortizes property, plant and equipment and intangible assets using the straight-line method and therefore, does not anticipate the application of these amendments to IAS 16 and IAS 18 having a material impact on Superior's consolidated financial statements.

NON-GAAP FINANCIAL MEASURES

Throughout the MD&A, Superior has used the following terms that are not defined by GAAP, but are used by management to evaluate performance of Superior and its business. 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 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.

The seasonality of Superior's individual quarterly results must be assessed in the context of annualized AOCF. Adjustments recorded by Superior as part of its calculation of AOCF include, but are not limited to, the impact of the seasonality of Superior's businesses, principally the Energy Services segment, by adjusting for non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Superior's revenues and expenses, which can differ significantly from quarter to quarter. Adjustments are also made to reclassify the cash flow related to natural gas and electricity customer contract-related costs in a manner consistent with the income statement's recognition of these costs. AOCF is reconciled to net cash flow from operating activities on page 13.

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. Net earnings before income taxes are reconciled to EBITDA from operations on page 34.

Compliance EBITDA

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and certain other non-cash expenses calculated on a 12-month trailing basis, giving pro forma effect to acquisitions and divestitures, and is used by Superior to calculate compliance with its debt covenants and other credit information. See Note 16 to the audited consolidated financial statements for a reconciliation of net earnings to compliance EBITDA.

Payout Ratio

Payout ratio represents dividends as a percentage of AOCF less other capital expenditures, and is used by Superior to assess its financial results and leverage. Payout ratio is not a defined performance measure under GAAP. Superior's calculation of payout ratio may differ from similar calculations used by comparable entities. See page 26 "Debt Management Summary" for Superior's anticipated payout ratio for 2015.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures

<i>(millions of dollars except per share and volume amounts)</i>	2015 Quarters		2014 Quarters ⁽²⁾				2013 Quarters	
	Second	First	Fourth	Third	Second	First	Fourth	Third
Canadian propane sales volumes (millions of litres)	228	424	377	230	255	454	405	232
U.S. refined fuels sales volumes (millions of litres)	338	494	407	335	347	492	411	326
Natural gas sales volumes (millions of GJs)	5	5	4	4	5	5	5	5
Electricity sales volumes (millions of kWh)	145	143	137	139	157	244	228	249
Chemical sales volumes (thousands of MT)	195	223	231	224	232	223	220	204
Revenues	743.9	1,006.6	956.8	841.4	895.4	1,282.3	1,034.7	813.8
Gross profit	192.8	289.7	244.9	188.4	196.0	290.2	240.8	184.9
Net (loss) earnings	40.9	(9.8)	36.5	(42.4)	5.9	50.1	10.9	35.9
Per share, basic	\$0.32	\$(0.08)	\$0.34	\$(0.34)	\$0.05	\$0.40	\$0.09	\$0.28
Per share, diluted	\$0.25	\$(0.08)	\$(0.03)	\$(0.34)	\$(0.02)	\$0.34	\$0.05	\$0.12
Net working capital ⁽¹⁾	247.9	273.6	264.1	225.1	248.9	345.8	293.1	202.0

⁽¹⁾ Net working capital reflects amounts as at the quarter-end and is comprised of trade and other receivables, prepaid expenses and inventories, less trade and other payables, deferred revenue, and dividends and interest payable.

⁽²⁾ The first and second quarters of 2014 have been adjusted and include the impact of the first and second quarter 2014 adjustments. See "Prior Period Adjustment Details".

Non-GAAP Measures

<i>(millions of dollars except per share amounts)</i>	2015 Quarters		2014 Quarters ⁽¹⁾				2013 Quarters	
	Second	First	Fourth	Third	Second	First	Fourth	Third
Adjusted operating cash flow	23.3	95.2	83.3	22.7	23.2	95.9	55.9	24.2
Per share, basic	\$0.18	\$0.75	\$0.68	\$0.18	\$0.18	\$0.76	\$0.44	\$0.19
Per share, diluted	\$0.18	\$0.73	\$0.66	\$0.18	\$0.18	\$0.73	\$0.43	\$0.19
Adjusted operating cash flow before restructuring costs	23.3	95.2	83.5	22.7	32.5	97.7	70.1	24.4
Per share, basic	\$0.18	\$0.75	\$0.68	\$0.18	\$0.26	\$0.77	\$0.56	\$0.19
Per share, diluted	\$0.18	\$0.73	\$0.66	\$0.18	\$0.26	\$0.75	\$0.54	\$0.19

⁽¹⁾ The first and second quarters of 2014 have been adjusted and include the impact of the first and second quarter 2014 adjustment. See "Prior Period Adjustment Details".

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO EBITDA FROM OPERATIONS⁽¹⁾⁽²⁾

	Energy Services	Specialty Chemicals	Construction Products Distribution
For the three months ended June 30, 2015 (millions of dollars)			
Net Earnings before income taxes	7.4	1.5	10.8
Add: Depreciation included in selling, distribution and administrative costs and amortization of intangible assets	13.0	–	1.7
Depreciation included in cost of sales	–	15.3	–
Customer contract-related costs	(0.3)	–	–
Losses on disposal of assets	(0.3)	–	–
Finance expense	0.7	0.2	0.2
Unrealized (gains) losses on derivative financial instruments	(6.0)	(7.0)	–
EBITDA from operations	14.5	10.0	12.7

	Energy Services ⁽³⁾	Specialty Chemicals	Construction Products Distribution
For the three months ended June 30, 2014 (millions of dollars)			
Net Earnings before income taxes	1.2	13.1	7.2
Add: Depreciation included in selling, distribution and administrative costs and amortization of intangible assets	10.0	–	0.5
Depreciation included in cost of sales	–	12.1	–
Customer contract-related costs	(0.3)	–	–
Losses on disposal of assets	(3.9)	–	0.1
Restructuring costs	9.3	–	–
Finance expense	0.8	0.2	0.2
Unrealized gains on derivative financial instruments	0.8	(0.7)	–
EBITDA from operations	17.9	24.7	8.0

	Energy Services	Specialty Chemicals	Construction Products Distribution
For the six months ended June 30, 2015 (millions of dollars)			
Net Earnings before income taxes	94.6	13.2	12.8
Add: Depreciation included in selling, distribution and administrative costs and amortization of intangible assets	25.9	–	3.5
Depreciation included in cost of sales	–	28.8	–
Customer contract-related costs	(0.7)	–	–
Losses on disposal of assets	–	0.2	–
Finance expense	1.3	0.4	0.4
Unrealized gains on derivative financial instruments	(23.3)	(2.1)	–
EBITDA from operations	97.8	40.5	16.7

	Energy Services ⁽³⁾	Specialty Chemicals	Construction Products Distribution
For the six months ended June 30, 2014 (millions of dollars)			
Net Earnings before income taxes	82.0	30.0	9.9
Add: Depreciation included in selling, distribution and administrative costs and amortization of intangible assets	20.6	–	2.1
Depreciation included in cost of sales	–	24.0	–
Customer contract-related costs	(0.7)	–	–
Losses on disposal of assets	(3.9)	–	0.1
Restructuring costs	11.1	–	–
Finance expense	1.5	0.5	0.4
Unrealized gains on derivative financial instruments	(11.0)	(0.2)	–
EBITDA from operations	99.6	54.3	12.5

⁽¹⁾ See the unaudited condensed consolidated financial statements for net earnings before income taxes, depreciation of property, plant, equipment, intangible assets and accretion of convertible debenture issuance costs, depreciation included in cost of sales, customer contract-related costs and unrealized gains or losses on derivative financial instruments.

⁽²⁾ See “Non-IFRS Financial Measures” for additional details.

⁽³⁾ June 30, 2014 amounts have been adjusted. See “Prior Period Adjustments Details”.

RECONCILIATION OF DIVISIONAL SEGMENTED REVENUE, COST OF SALES AND CASH OPERATING AND ADMINISTRATIVE COSTS INCLUDED IN THIS MD&A

	For the three months ended June 30, 2015			For the three months ended June 30, 2014		
	Energy Services	Specialty Chemicals	Construction Products Distribution	Energy Services ⁽¹⁾	Specialty Chemicals	Construction Products Distribution
Revenue per financial statements	361.5	143.5	238.9	518.4	168.0	209.0
Foreign currency losses related to working capital	–	(1.5)	–	–	(1.7)	–
Revenue per the MD&A	361.5	142.0	238.9	518.4	166.3	209.0
Cost of products sold per financial statements	(265.6)	(106.1)	(179.4)	(426.2)	(114.8)	(158.4)
Non-cash amortization	–	15.3	–	–	12.1	–
Cost of products sold per the MD&A	(265.6)	(90.8)	(179.4)	(426.2)	(102.7)	(158.4)
Gross profit	95.9	51.2	59.5	92.2	63.6	50.6
Cash selling, distribution and administrative costs per financial statements	(93.8)	(42.7)	(48.5)	(89.4)	(40.6)	(43.2)
Amortization and depreciation expenses	13.0	–	1.7	10.0	–	0.5
Losses on disposal of assets	(0.3)	–	–	(3.9)	–	0.1
Customer contract-related costs	(0.3)	–	–	(0.3)	–	–
Restructuring costs	–	–	–	9.3	–	–
Reclassification of foreign currency losses related to working capital	–	1.5	–	–	1.7	–
Cash operating and administrative costs per the MD&A	(81.4)	(41.2)	(46.8)	(74.3)	(38.9)	(42.6)

⁽¹⁾ June 30, 2014 amounts have been adjusted. See “Prior Period Adjustments Details”.

	For the six months ended June 30, 2015			For the six months ended June 30, 2014		
	Energy Services	Specialty Chemicals	Construction Products Distribution	Energy Services ⁽¹⁾	Specialty Chemicals	Construction Products Distribution
Revenue per financial statements	979.4	315.0	456.1	1,457.9	325.0	394.8
Foreign currency gains related to working capital	–	4.9	–	–	0.4	–
Revenue per the MD&A	979.4	319.9	456.1	1,457.9	325.4	394.8
Cost of products sold per financial statements	(700.9)	(224.1)	(343.0)	(1,177.0)	(217.8)	(296.7)
Non-cash amortization	–	28.8	–	–	24.0	–
Cost of products sold per the MD&A	(700.9)	(195.3)	(343.0)	(1,177.0)	(193.8)	(296.7)
Gross profit	278.5	124.6	113.1	280.9	131.6	98.1
Cash selling, distribution and administrative costs per financial statements	(205.9)	(79.4)	(99.9)	(208.4)	(76.9)	(87.8)
Amortization and depreciation expenses	25.9	–	3.5	20.6	–	2.1
Losses on disposal of assets	–	0.2	–	(3.9)	–	0.1
Customer contract-related costs	(0.7)	–	–	(0.7)	–	–
Restructuring costs	–	–	–	11.1	–	–
Reclassification of foreign currency gains related to working capital	–	(4.9)	–	–	(0.4)	–
Cash operating and administrative costs per the MD&A	(180.7)	(84.1)	(96.4)	(181.3)	(77.3)	(85.6)

RISK FACTORS TO SUPERIOR

The risks factors and uncertainties detailed below are a summary of Superior's assessment of its material risk factors as detailed in Superior's 2014 Annual Information Form under "Risk Factors" which is filed on the Canadian Securities Administrators' website, www.sedar.com, and on Superior's website, www.superiorplus.com.

Risks to Superior

Superior depends entirely on the operations and assets of Superior LP. Superior's ability to make dividend payments to its shareholders depends on Superior LP's ability to make distributions on its outstanding limited partnership units, as well as on the operations and business of Superior LP.

There is no assurance regarding the amount of cash to be distributed by Superior LP or generated by Superior LP and, therefore, there is no assurance regarding funds available for dividends to shareholders. The amount distributed in respect of the limited partnership units will depend on a variety of factors including, without limitation, the performance of Superior LP's operating businesses, the effect of acquisitions or dispositions on Superior LP, and other factors that may be beyond the control of Superior LP or Superior. In the event significant sustaining capital expenditures are required by Superior LP or the profitability of Superior LP declines, there would be a decrease in the amount of cash available for dividends to shareholders and such decrease could be material.

Superior's dividend policy and the distribution policy of Superior LP are subject to change at the discretion of the Board of Directors of Superior or the Board of Directors of Superior General Partner Inc., the general partner of Superior LP, as applicable. Superior's dividend policy and the distribution policy of Superior LP are also limited by contractual agreements including agreements with lenders to Superior and its affiliates and by restrictions under corporate law.

As previously disclosed, On April 2, 2013, Superior received, from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of the Conversion. Subsequently on November 7, 2014, Superior received the Notices of Reassessment for the 2011 to 2013 taxation years. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the *Income Tax Act* (Canada). See "CRA Income Tax Update".

On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notice of Reassessments received on April 2, 2013. On February 4, 2015 Superior filed a Notice of Objection with respect to the Notice of Reassessments received on November 7, 2014. Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard within two years, with a decision rendered six to twelve months after completion of the court hearings. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional two years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest and if Superior is unsuccessful then any remaining taxes payable plus interest and penalties will have to be remitted.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the conversion and intends to vigorously defend such position. Superior also strongly believes that there was no acquisition of control of Ballard and that the general anti-avoidance rule does not apply to the conversion and, accordingly, Superior intends to file its future tax returns on a basis consistent with its view of the outcome of the conversion.

Upon receipt of the Notices of Reassessment, 50% of the reassessed taxes payable must be remitted to the CRA. Superior would also be required to make a payment of 50% of the taxes the CRA claims are owed in any future tax year if the CRA were to issue a similar notice of reassessment for such years and Superior were to appeal such other years. See "CRA Income Tax Update" for further details on the amounts paid and estimated amounts payable.

The credit facilities and U.S. notes of Superior LP contain covenants that require Superior LP to meet certain financial tests and that restrict, among other things, the ability of Superior LP to incur additional debt, dispose of assets or pay dividends/distributions in certain circumstances. These restrictions may preclude Superior LP from returning capital or making distributions on the limited partnership units.

The payout by Superior LP of substantially all of its available cash flow means that capital expenditures to fund growth opportunities can only be made in the event that other sources of financing are available. Lack of access to such additional financing could limit the future growth of the business of Superior LP and, over time, have a material adverse effect on the amount of cash available for dividends to shareholders.

To the extent that external sources of capital, including public and private markets, become limited or unavailable, Superior's and Superior LP's ability to make the necessary capital investments to maintain or expand the current business and to make necessary principal payments and debenture redemptions under its term credit facilities may be impaired.

Superior maintains substantial floating interest rate exposure through a combination of floating interest rate borrowing and the use of derivative instruments. Demand levels for approximately half of Energy Services' sales and substantially all of Specialty Chemicals' and Construction Products Distribution's sales are affected by general economic trends. Generally speaking, when the economy is strong, interest rates increase, as does demand from Superior's customers, thereby increasing Superior's sales and its ability to pay higher interest costs, and vice-versa. In this way, there is a common relationship among economic activity levels, interest rates and Superior's ability to pay higher or lower rates. Increased interest rates, however, will affect Superior's borrowing costs, which may have an adverse effect on Superior.

A portion of Superior's net cash flow is denominated in U.S. dollars. Accordingly, fluctuations in the Canadian/U.S. dollar exchange rate can affect profitability. Superior attempts to mitigate this risk with derivative financial instruments.

The timing and amount of capital expenditures incurred by Superior LP or its subsidiaries will directly affect the amount of cash available to Superior for dividends to shareholders. Dividends may be reduced, or even eliminated, at times when significant capital expenditures are incurred or other unusual expenditures are made.

If the Board of Directors of Superior decides to issue additional common shares, preferred shares or securities convertible into common shares, existing shareholders may suffer significant dilution.

There can be no assurance that income tax laws in the numerous jurisdictions in which Superior operates will not be changed, interpreted or administered in a manner which adversely affects Superior and its shareholders. In addition, there can be no assurance that the CRA (or a provincial tax agency), the U.S. Internal Revenue Service (or a state or local tax agency), or the Chilean Internal Revenue Service will agree with how Superior calculates its income for tax purposes or that these various tax agencies reference herein will not change their administrative practices to the detriment of Superior or its shareholders.

As previously disclosed, Superior will be relocating its corporate office to Toronto, Ontario from the current location of Calgary, Alberta during the second half of 2015. The relocation of the corporate office will provide closer proximity for Superior's corporate executive team to Superior's operating businesses. Superior's President and Chief Executive Officer, Chief Financial Officer and Chief Legal Officer, along with other members of Superior's corporate team will be relocating to Toronto as part of the corporate office relocation. The relocation of the corporate office could impact Superior's ability to report financial results in a timely manner. To mitigate this risk, Superior has established a project management team and developed a relocation plan, which will provide for appropriate overlap of existing and new financial reporting staff.

RISKS TO SUPERIOR'S SEGMENTS

Energy Services

Canadian Propane Distribution and U.S. Refined Fuels

Propane is sold in competition with other energy sources such as fuel oil, electricity and natural gas, some of which are less costly on an energy-equivalent basis. While propane is usually more cost-effective than electricity, electricity is a major competitor in most areas. Fuel oil is also used as a residential, commercial and industrial source of heat and, in general, is less costly on an equivalent-energy basis, although operating efficiencies, environmental and air quality factors help make propane competitive with fuel oil. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas with natural gas service. Other alternative energy sources such as compressed natural gas, methanol and ethanol are available or could be further developed and could have an impact on the future of the propane industry in general and Canadian propane distribution in particular.

The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane demand and Canadian propane distribution's sales. Demand for traditional propane end-use applications is increasing marginally with general economic growth. However, increases in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand.

Automotive propane demand is currently stabilizing after several years of decline but the decline trend could resume depending on propane pricing, the market's acceptance of propane conversion options and the availability of infrastructure.

Competition in the U.S. refined fuels business' markets generally occurs on a local basis between large, full-service, multi-state marketers and smaller, independent local marketers. Marketers primarily compete based on price and service and tend to operate in close proximity to customers, typically within a 35-mile marketing radius from a central depot, in order to minimize delivery costs and provide prompt service.

Weather and general economic conditions affect distillates market volumes. Weather influences the immediate demand for distillates, primarily for heating, while longer-term demand declines due to economic conditions as customers trend towards conservation and supplement heating with alternative sources such as wood pellets. Also, harsh weather can create conditions that exacerbate demand for propane, impede the transportation and delivery of propane, or restrict the ability for Superior to obtain propane from its suppliers. Such conditions may also increase Superior's operating costs and may reduce customers' demand for propane, any of which may have an adverse effect on Superior. Spikes in demand caused by weather or other factors can stress the supply chain and hamper Superior's ability to obtain additional quantities of propane. Transportation providers (rail and truck) have limited ability to provide resources in times of extreme peak demand. Changes in propane supply costs are normally passed through to customers, but timing lags (between when Superior purchases the propane and when the customer purchases the propane) may result in positive or negative gross margin fluctuations.

Superior offers its customers various fixed-price propane and heating oil programs. In order to mitigate the price risk from offering these services, Superior uses its physical inventory position, supplemented by forward commodity transactions with various third parties having terms and volumes substantially the same as its customers' contracts. In periods of high propane price volatility the fixed-price programs create exposure to over or under-supply positions as the demand from customers may significantly exceed or fall short of supply procured. In addition, if propane prices decline significantly subsequent to customers signing up for a fixed-price program, there is a risk that customers will default on their commitments.

Superior's operations are subject to the risks associated with handling, storing and transporting propane in bulk. To mitigate risks, Superior has established a comprehensive environmental, health and safety protection program. It

consists of an environmental policy, codes of practice, periodic self-audits, employee training, quarterly and annual reporting and emergency prevention and response.

The U.S. refined fuels business, through a centralized safety and environment management system, ensures that safety practices and regulatory compliance are an important part of its business. The storage and delivery of refined fuels pose the risk of spills which could adversely affect the soil and water of storage facilities and customer properties.

Superior's fuel distribution businesses are based and operate in Canada and the United States and, as a result, such operations could be affected by changes to laws, rules or policies which could either be more favourable to competing energy sources or increase compliance costs or otherwise negatively affect the operations of Energy Services in comparison with such competing energy sources. Any such changes could have an adverse effect on the operations of Energy Services.

Approximately 19% of Superior's Canadian propane distribution business employees and 5% of U.S. refined fuels distribution business employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the renegotiation process that could have an adverse impact on Superior.

Fixed-price Energy Services Business

There may be new market entrants in the energy retailing business that compete directly for the customer base that Superior targets, slowing or reducing its market share.

Fixed-price energy services purchases natural gas to meet its estimated commitments to its customers based on their historical consumption of gas. Depending on a number of factors, including weather, customer attrition and poor economic conditions affecting commercial customers' production levels, customer natural gas consumption may vary from the volume purchased. This variance must be reconciled and settled at least annually and may require fixed-price energy services to purchase or sell natural gas at market prices, which may have an adverse impact on the results of this business. To mitigate potential balancing risk, fixed-price energy services closely monitors its balancing position and takes measures such as adjusting gas deliveries and transferring gas between pools of customers, minimizing imbalances. The reserve is reviewed monthly to ensure that it is sufficient to absorb any balancing losses.

Fixed-price energy services matches its customers' estimated electricity requirements by entering into electricity swaps. Depending on several factors, including weather, customers' energy consumption may vary from the volumes purchased by fixed-price energy services. Fixed-price energy services is able to invoice existing commercial electricity customers for balancing charges when the amount of energy used is greater or less than the tolerance levels set initially. In certain circumstances, there can be balancing issues for which fixed-price energy services is responsible when customer aggregation forecasts are not realized.

Fixed-price energy services resources its fixed-price term natural gas sales commitments by entering into various physical and financial natural gas and U.S. dollar foreign exchange purchase contracts for similar terms and volumes to create an effective Canadian dollar fixed-price cost of supply. Superior transacts with nine financial and physical natural gas counterparties. There can be no assurance that any of these counterparties will not default on any of their obligations to Superior. The financial condition of each counterparty is, however, evaluated and credit limits are established to minimize Superior's exposure to this risk. There is also a risk that supply commitments and foreign exchange positions may become mismatched; this is monitored daily, however, in compliance with Superior's risk management policy.

Fixed-price energy services must retain qualified sales agents in order to properly execute its business strategy. The continued growth of fixed-price energy services is reliant on the services of agents to sign up new customers. There

can be no assurance that competitive conditions will allow these agents to achieve these customer additions. Lack of success in the marketing programs of fixed-price energy services would limit future growth of cash flow.

Fixed-price energy services operates in the highly regulated energy industry in Ontario, Quebec, Alberta and British Columbia. Changes to laws could impact this business' operations. As part of the current regulatory framework, local delivery companies are mandated to perform certain services on behalf of fixed-price energy services, including invoicing, collection, assuming specific bad debt risks, and storage and distribution of natural gas. Any elimination or changes to these rules could have a significant adverse effect on the results of this business.

Specialty Chemicals

Specialty Chemicals competes with sodium chlorate, chloralkali and potassium producers on a worldwide basis. Key competitive factors include price, product quality, logistics capability, reliability of supply, technical capability and service. The end-use markets for products are correlated to the general economic environment and the competitiveness of customers, all of which are outside of the segment's control, along with market pricing for pulp.

Specialty Chemicals has long-term electricity contracts or electricity contracts that renew automatically with power producers in each of the jurisdictions where its plants are located. There is no assurance that Specialty Chemicals will remain able to secure adequate supplies of electricity at reasonable prices or on acceptable terms.

Potassium chloride (KCl) is a major raw material used in the production of potassium hydroxide at the Port Edwards, Wisconsin facility. Substantially all of Specialty Chemicals' KCl is received from Potash Corporation of Saskatchewan. Specialty Chemicals has limited ability to source KCl from additional suppliers.

Specialty Chemicals is exposed to fluctuations in the U.S. dollar and the euro versus the Canadian dollar. Specialty Chemicals manages its exposure to fluctuations between the U.S. dollar and Canadian dollar by entering into hedge contracts with external third parties and internally with other Superior businesses.

Specialty Chemicals' operations involve the handling, production, transportation, treatment and disposal of materials that are classified as hazardous and are regulated by environmental, health and safety laws, regulations and requirements. There is potential for the release of highly toxic and lethal substances, including chlorine from a facility or transportation equipment. Equipment failure could result in damage to facilities, death or injury and liabilities to third parties. If at any time the appropriate regulatory authorities deem any of the segment's facilities unsafe, they may order that such facilities be shut down.

Specialty Chemicals' operations and activities in various jurisdictions require regulatory approval for the handling, production, transportation and disposal of chemical products and waste substances. The failure to obtain or comply fully with such applicable regulatory approval may materially adversely affect Specialty Chemicals.

Specialty Chemicals' does not directly operate or control Tronox's Hamilton, Mississippi sodium chlorate facility. A major production outage or unplanned downtime could harm Specialty Chemicals' reputation and its ability to meet customer requirements.

Specialty Chemicals' production facilities maintain complex process and electrical equipment. The facilities have existed for many years and undergone upgrades and improvements. Routine maintenance is regularly completed to ensure equipment is operated within appropriate engineering and technical requirements. Notwithstanding Specialty Chemicals' operating standards and history of limited downtime, breakdown of electrical transformer or rectifier equipment would temporarily reduce production at the affected facility. Although the segment has insurance to mitigate substantial loss due to equipment outage, Specialty Chemicals' reputation and its ability to meet customer requirements could be harmed by a major electrical equipment failure.

Approximately 25% of Specialty Chemicals' employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the negotiation process that could have an adverse impact on Superior.

Construction Products Distribution

Activity in the Construction Products Distribution segment is subject to changes in general economic activity and, in particular, residential and non-residential construction. New residential construction is subject to such factors as household income, employment levels, customer confidence, population changes and the local supply of residential units. Residential renovation is not as sensitive to these factors and can provide some balance in the demand for residential construction product distribution. Non-residential activity can be subdivided into commercial, industrial and institutional. New construction in these sectors is subject to many of the same general economic factors as residential activity. In the industrial and institutional subsectors, government and regulatory programs can also have a significant impact on the outlook for product distribution, particularly as related to Superior's insulation businesses. As a result, changes to general economic activity or other factors mentioned above that affect the amount of construction or renovation in residential and non-residential markets can have an adverse effect on the segment's business and Superior.

Construction Products Distribution competes with other specialty construction distributors servicing the builder/contractor market, in addition to big-box home centres and independent lumber yards. The ability to remain competitive depends on the segment's ability to provide reliable service at competitive prices.

The GSD market is driven largely by residential and non-residential construction. Demand for wall and ceiling building materials is affected by changes in general and local economic factors including demographic trends, employment levels, interest rates, consumer confidence and overall economic growth. These factors in turn affect existing housing sales, new home construction, new non-residential construction, and office/commercial space turnover, all of which are significant factors in determining demand for products and services.

The C&I market is driven largely by C&I construction spending and economic growth. Demand is influenced by commercial construction and renovation, the construction, maintenance and expansion of industrial process facilities (such as oil refineries, petrochemical plants and power generation facilities) and institutional facilities in the government, healthcare and education sectors.

The distribution of walls and ceilings and C&I products involves risks, including the failure or substandard performance of equipment, human error, natural disasters, suspension of operations and new government statutes, regulations, guidelines or policies. Operations are also subject to various hazards incidental to the handling, processing, storage and transportation of certain hazardous materials, including industrial chemicals. These hazards can result in personal injury including fatalities, damage to and destruction of property and equipment and environmental damage. There can be no assurance that as a result of past or future operations, there will not be claims of injury by employees or members of the public due to exposure, or alleged exposure, to these materials. There can be no assurance as to the actual amount of these liabilities or their timing, if any. The business maintains safe working practices through proper procedures, direction and utilization of equipment such as forklifts, boom trucks, fabrication equipment and carts/dollies. The business handles and stores a variety of construction materials and maintains appropriate material handling compliance programs in accordance with local, state/provincial and federal regulations.

Construction Products Distribution has approved and begun a system integration project to fully integrate its C&I and GSD enterprise resource planning (ERP) systems. The project will consist of adopting best practice common business processes, and integrating all operations onto a single, standardized ERP system. The updated ERP system will provide enhanced procurement, pricing and operational effectiveness, enabling CPD to further improve margins and operating costs once complete. Business process development in preparation of the implementation is underway. The project is expected to be completed over the next two years. Upon full commencement of the project, the scoping, requirements definition, business process definition, design, and testing of the integrated ERP

system could take approximately one year with the branch conversions taking place the following year. Implementation problems could result in disruption to the business and/or inaccurate information for management and financial reporting. Risk will be mitigated by a project governance structure, extensive testing and a regionally phased implementation.

Approximately 5% of Construction Products Distribution's employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the negotiation process that could have an adverse impact on the segment and Superior.

SUPERIOR PLUS CORP.
Condensed Consolidated Balance Sheets

(unaudited, millions of Canadian dollars)	Note	June 30 2015	December 31 2014
Assets			
Current Assets			
Cash and cash equivalents		4.6	3.1
Trade and other receivables	5&14	347.6	428.7
Prepaid expenses		46.7	48.2
Inventories		170.9	184.5
Unrealized gains on derivative financial instruments	14	5.9	10.7
Total Current Assets		575.7	675.2
Non-Current Assets			
Property, plant and equipment	7	952.8	932.2
Intangible assets		20.8	18.7
Goodwill		195.4	194.2
Notes and finance lease receivables		3.1	3.3
Employee future benefits		3.7	3.4
Deferred tax	15	272.8	284.4
Unrealized gains on derivative financial instruments	14	1.4	3.5
Total Non-Current Assets		1,450.0	1,439.7
Total Assets		2,025.7	2,114.9
Liabilities and Equity			
Current Liabilities			
Trade and other payables	9	300.0	379.0
Deferred revenue	10	8.8	9.1
Borrowing	12	69.8	66.7
Dividends and interest payable		8.5	8.5
Unrealized losses on derivative financial instruments	14	53.7	62.4
Total Current Liabilities		440.8	525.7
Non-Current Liabilities			
Borrowing	12	579.7	459.5
Convertible unsecured subordinated debentures	13	300.9	473.8
Other liabilities	11	2.7	1.9
Provisions	8	21.7	22.7
Employee future benefits		26.0	26.2
Deferred tax	15	15.2	8.3
Unrealized losses on derivative financial instruments	14	66.4	46.4
Total Non-Current Liabilities		1,012.6	1,038.8
Total Liabilities		1,453.4	1,564.5
Equity			
Capital		1,793.2	1,788.2
Deficit		(1,275.5)	(1,261.1)
Accumulated other comprehensive loss		54.6	23.3
Total Equity	16	572.3	550.4
Total Liabilities and Equity		2,025.7	2,114.9

See accompanying Notes to the Condensed Consolidated Financial Statements.

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Changes in Equity

(unaudited, millions of Canadian dollars)	Share Capital	Contributed Surplus ⁽²⁾	Total Capital ⁽²⁾	Deficit	Accumulated other comprehensive loss	Total
January 1, 2014⁽¹⁾	1,786.5	1.4	1,787.9	(1,239.8)	(7.9)	540.2
Net earnings	–	–	–	56.0	–	56.0
Conversion of 7.5% convertible unsecured subordinated debentures	0.3	–	0.3	–	–	0.3
Dividends declared to shareholders	–	–	–	(37.8)	–	(37.8)
Unrealized foreign currency loss on translation of foreign operations	–	–	–	–	(1.1)	(1.1)
Actuarial defined benefit loss	–	–	–	–	(2.0)	(2.0)
Income tax recovery on other comprehensive income	–	–	–	–	0.5	0.5
June 30, 2014⁽¹⁾	1,786.8	1.4	1,788.2	(1,221.6)	(10.5)	556.1
Net earnings	–	–	–	0.9	–	0.9
Dividends declared to shareholders	–	–	–	(40.4)	–	(40.4)
Unrealized foreign currency gains on translation of foreign operations	–	–	–	–	37.1	37.1
Actuarial defined benefit loss	–	–	–	–	(3.6)	(3.6)
Reclassification of derivatives losses previously deferred	–	–	–	–	(0.5)	(0.5)
Income tax recovery on other comprehensive income	–	–	–	–	0.8	0.8
December 31, 2014	1,786.8	1.4	1,788.2	(1,261.1)	23.3	550.4
Net earnings	–	–	–	31.1	–	31.1
Conversion of 7.5% convertible unsecured subordinated debentures	5.2	–	5.2	–	–	5.2
Option value associated with redemption of convertible debentures	–	(0.2)	(0.2)	–	–	(0.2)
Dividends declared to shareholders	–	–	–	(45.5)	–	(45.5)
Unrealized foreign currency gain on translation of foreign operations	–	–	–	–	32.8	32.8
Actuarial defined benefit loss	–	–	–	–	(2.1)	(2.1)
Income tax recovery on other comprehensive income	–	–	–	–	0.6	0.6
June 30, 2015	1,792.0	1.2	1,793.2	(1,275.5)	54.6	572.3

⁽¹⁾ The three and six months ended June 30, 2014 have been revised to include the impact of first and second quarter adjustments (refer to Note 23 for details).

⁽²⁾ Contributed surplus represents Superior's equity reserve for the option value associated with the issuance of convertible unsecured subordinated debentures and warrants.

See accompanying Notes to the Condensed Consolidated Financial Statements.

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Net Earnings and Total Comprehensive Income (Loss)

(unaudited, millions of Canadian dollars except per share amounts)	Note	Three months ended June 30		Six months ended June 30	
		2015	2014 ⁽¹⁾	2015	2014 ⁽¹⁾
Revenues	19	743.9	895.4	1,750.5	2,177.7
Cost of sales (includes products & services)	19	(551.1)	(699.4)	(1,268.0)	(1,691.5)
Gross profit		192.8	196.0	482.5	486.2
Expenses					
Selling, distribution and administrative costs	19	(187.4)	(179.3)	(395.3)	(384.1)
Finance expense	19	(14.9)	(13.3)	(30.9)	(27.7)
Unrealized gains (losses) on derivative financial instruments	14	47.2	5.5	(4.7)	1.4
		(155.1)	(187.1)	(430.9)	(410.4)
Net earnings before income taxes		37.7	8.9	51.6	75.8
Income tax recovery (expense)	15	3.2	(3.0)	(20.5)	(19.8)
Net earnings		40.9	5.9	31.1	56.0
Net earnings		40.9	5.9	31.1	56.0
Other comprehensive income:					
Unrealized foreign currency (loss) gains on translation of foreign operations		(9.2)	(15.8)	32.8	(1.1)
Actuarial defined benefit gains (loss)		1.2	(1.9)	(2.1)	(2.0)
Income tax (expense) recovery on other comprehensive income		(0.3)	0.4	0.6	0.5
Other comprehensive (loss) income for the period		(8.3)	(17.3)	31.3	(2.6)
Total comprehensive income (loss) for the period		32.6	(11.4)	62.4	53.4
Net earnings (loss) per share					
Basic	17	\$0.32	\$0.05	\$0.25	\$0.44
Diluted	17	\$0.25	\$(0.02)	\$0.24	\$0.44

⁽¹⁾ The three and six months ended June 30, 2014 have been revised to include the impact of first and second quarter adjustments (refer to Note 23 for details), as well as to include the reclassification of previously disclosed discontinued operations into continuing operations.

See accompanying Notes to the Condensed Consolidated Financial Statements.

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Cash Flows

(unaudited, millions of Canadian dollars)	Notes	Three months ended June 30		Six months ended June 30	
		2015	2014 ⁽¹⁾	2015	2014 ⁽¹⁾
OPERATING ACTIVITIES					
Net earnings for the period		40.9	5.9	31.1	56.0
Adjustments for:					
Depreciation included in selling, distribution and administrative costs	7	13.2	10.0	26.3	21.4
Amortization of intangible assets		1.7	0.6	3.4	1.5
Depreciation included in cost of sales	7	15.3	12.1	28.8	24.0
Gain on sale of customer list		(0.3)	(3.7)	(0.3)	(3.7)
(Gain) Loss on disposal of assets		–	(0.1)	0.5	(0.1)
Unrealized (gains) losses on derivative financial instruments	14	(47.2)	(5.5)	4.7	(1.4)
Customer contract-related costs		(0.3)	(0.3)	(0.7)	(0.7)
Finance expense recognized in net earnings		14.9	13.3	30.9	27.7
Income tax (recovery) expense recognized in net earnings		(3.2)	3.0	20.5	19.8
Decrease in non-cash operating working capital	18	33.1	86.2	54.8	28.1
Net cash flows from operating activities		68.1	121.5	200.0	172.6
Income taxes paid		(0.1)	(1.7)	(17.0)	(1.8)
Interest paid		(25.8)	(21.7)	(28.6)	(26.5)
Cash flows from operating activities		42.2	98.1	154.4	144.3
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	7	(17.5)	(25.3)	(31.3)	(42.1)
Proceeds from finance lease arrangement termination		–	8.2	–	8.2
Proceeds from disposal of property, plant and equipment and intangible assets	7	0.6	4.2	1.1	4.6
Acquisitions	4	(1.6)	–	(1.6)	–
Cash flows used in investing activities		(18.5)	(12.9)	(31.8)	(29.3)
FINANCING ACTIVITIES					
Net repayment of revolving term bank credits and other debt		161.7	(65.0)	106.6	(65.0)
Redemption of 5.75% convertible debentures	13	(172.5)	–	(172.5)	–
Repayment of finance lease obligations		(5.3)	(5.0)	(10.3)	(9.7)
Dividends paid to shareholders		(22.8)	(19.0)	(45.5)	(37.9)
Cash flows used in financing activities		(38.9)	(89.0)	(121.7)	(112.6)
Net (decrease) increase in cash and cash equivalents		(15.2)	(3.8)	0.9	2.4
Cash and cash equivalents, beginning of period		20.0	14.6	3.1	8.3
Effect of translation of foreign currency-denominated cash and cash equivalents		(0.2)	(0.3)	0.6	(0.2)
Cash and cash equivalents, end of period		4.6	10.5	4.6	10.5

⁽¹⁾ The three and six months ended June 30, 2014 have been revised to include the impact of first and second quarter adjustments (refer to Note 23 for details).

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, tabular amounts in millions of Canadian dollars, except per share amounts)

1. ORGANIZATION

Superior Plus Corp. (Superior) is a diversified business corporation, incorporated under the Canada Business Corporations Act. The registered office is at suite 1400, 840 – 7th Avenue S.W., Calgary, Alberta. Superior holds 100% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. as general partner and Superior as limited partner. Superior holds 100% of the interest of Superior General Partner Inc. Superior does not conduct active business operations but rather distributes to shareholders a portion of the income it receives from Superior Plus LP in the form of partnership allocations, net of expenses and interest payable on the convertible unsecured subordinated debentures (the debentures). Superior's investments in Superior Plus LP are financed by share capital and debentures. Superior is a publicly traded company with its common shares trading on the Toronto Stock Exchange (TSX) under the exchange symbol SPB.

The accompanying unaudited condensed consolidated financial statements (consolidated financial statements) of Superior as at June 30, 2015 and the three and six months ended June 30, 2015 and 2014 were authorized for issuance by the Board of Directors on July 30, 2015.

Reportable Operating Segments

Superior operates three distinct reportable operating segments: Energy Services, Specialty Chemicals and Construction Products Distribution. Superior's Energy Services' operating segment provides distribution, wholesale procurement and related services in relation to propane, heating oil and other refined fuels under the following: Canadian propane division and U.S. refined fuels division. Energy Services also provides fixed-price natural gas and electricity supply services under Superior Energy Management. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chloralkali products in the U.S. Midwest. Construction Products Distribution is one of the largest distributors of commercial and industrial insulation in North America and the largest distributor of specialty construction products to the walls and ceilings industry in Canada (See Note 21).

2. BASIS OF PRESENTATION

The accompanying consolidated financial statements were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) as issued by the International Accounting Standards Board (IASB) using the accounting policies Superior adopted in its annual consolidated financial statements as at and for the year ended December 31, 2014 other than the standards adopted as at January 1, 2015. The accounting policies are based on the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that were applicable at that time. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently throughout the consolidated entities.

The consolidated financial statements are presented in Canadian dollars, Superior's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest hundred-thousand. These consolidated financial statements should be read in conjunction with Superior's 2014 annual consolidated financial statements.

The consolidated financial statements were prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in Superior's 2014 annual consolidated financial statements and incorporate the accounts of Superior and its wholly-owned subsidiaries. Subsidiaries are all entities over which Superior has the power to govern the financial and operating policies generally accompanying

a shareholding of more than one-half of the voting rights. The results of subsidiaries are included in Superior's statement of net earnings from date of acquisition or, in the case of disposals, up to the effective date of disposal. All transactions and balances between Superior and Superior's subsidiaries are eliminated upon consolidation. Superior's subsidiaries are all wholly owned directly or indirectly by Superior Plus Corp.

Significant Accounting Policies

(a) Significant Accounting Judgments, Estimates and Assumptions

The preparation of Superior's consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings and related disclosure. The estimates and associated assumptions are based on historical experience and various other factors deemed reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are consistent with those disclosed in Superior's 2014 annual consolidated financial statements.

(b) Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning January 1, 2015 or later periods. The affected standards are consistent with those disclosed in Superior's 2014 annual consolidated financial statements.

New and revised IFRS standards issued but not yet effective

IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 9 was issued in November 2009 and is intended to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. Another revised version of IFRS 9 was issued in July 2014 to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing the fair value through other comprehensive income measurement category for certain simple debt instruments. This standard must be applied for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. Superior is assessing the effect of IFRS 9 on its financial results and financial position; changes, if any, are not expected to be material.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 – *Revenue*, IAS 11 – *Construction Contracts* and the related interpretation when it becomes effective. Under IFRS 15, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity is required to recognize revenue when the performance obligation is satisfied. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. Superior is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IAS 16 and IAS 38 – *Property, Plant and Equipment and Intangible Assets*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant, and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the event when the intangible asset is expressed as a measure of revenue or, when it can be demonstrated that revenue and consumption of the economic benefits of the intangible assets are highly correlated. This standard must be applied for accounting periods beginning on or after January 1, 2016, with earlier adoption permitted. Superior currently amortizes property, plant and equipment and intangible assets using the straight-line method and therefore, does not anticipate the application of these amendments to IAS 16 and IAS 18 having a material impact on Superior's consolidated financial statements.

3. SEASONALITY OF OPERATIONS

Energy Services

Sales typically peak in the first quarter when approximately one-third of annual propane and other refined fuels sales volumes and gross profits are generated due to the demand from heating end-use customers. They then decline through the second and third quarters, rising seasonally again in the fourth quarter with heating demand. Similarly, net working capital is typically at seasonal highs during the first and fourth quarters, and normally declines to seasonal low in the second and third quarters. Net working capital is also significantly influenced by wholesale propane prices and other refined fuels.

Construction Products Distribution

Sales typically peak during the second and third quarters with the seasonal increase in building and renovation activities. They then decline through the fourth quarter and into the subsequent first quarter. Similarly, net working capital is typically at seasonally high levels during the second and third quarters, and normally decline to seasonal lows in the fourth and first quarters.

4. ACQUISITIONS

On April 1, 2015, Superior acquired the assets of Warner's Gas Service Inc. (Warner's) which is a small private propane and fuel distribution business in Vestal, New York for an aggregate purchase price of \$5.5 million including adjustments to net working capital and deferred consideration. The operations will provide U.S. refined fuels with access to additional propane customers.

Warner's Acquisition	Fair Value Recognized on Acquisition
Property, plant and equipment	1.9
Intangible assets	3.5
Trade and other payables	(0.7)
	4.7
Net identifiable assets and liabilities	4.7
Goodwill arising on acquisition	0.8
Total consideration	5.5
Purchase consideration components:	
Cash (paid on April 1, 2015)	1.6
Deferred consideration	3.9
Total purchase consideration	5.5

Revenue and net earnings for the three months ended June 30, 2015 would have been \$1.4 million and \$(0.2) million, respectively, if the acquisition had occurred on January 1, 2015. Revenue and net earnings for the six months ended June 30, 2015 would have been \$6.0 million and \$0.5 million, respectively, if the acquisition had occurred on January 1, 2015. Subsequent to the acquisition date of April 1, 2015, the acquisition contributed revenue and net earnings, respectively, of \$1.4 million and \$(0.2) million to Energy Services for the period ended June 30, 2015.

5. TRADE AND OTHER RECEIVABLES

A summary of trade and other receivables is as follows:

	Note	June 30 2015	December 31 2014
Trade receivables, net of allowances	14	321.1	392.5
Accounts receivable – other		26.5	36.2
Trade and other receivables		347.6	428.7

6. INVENTORIES

The cost of inventories recognized as an expense during the three and six months ended June 30, 2015 was \$481.2 million (June 30, 2014 – \$624.0 million) and \$1,095.2 million (June 30, 2014 – \$1,533.2 million); respectively. Superior recorded an inventory write-down during the three and six months ended June 30, 2015 of \$0.5 million (June 30, 2014 – \$nil) and \$1.5 million (June 30, 2014 – \$nil); respectively. Superior recorded a write-down reversal during the three and six months months ended June 30, 2015 of \$1.1 million (June 30, 2014 – \$nil) and \$5.8 million (June 30, 2014 – \$nil); respectively.

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Specialty Chemicals Plant & Equipment	Energy Services Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Balance at December 31, 2014	30.6	171.3	891.3	684.2	54.2	11.9	1,843.5
Balance at June 30, 2015	31.8	177.7	932.3	713.5	62.9	12.3	1,930.5
Accumulated Depreciation							
Balance at December 31, 2014	–	58.2	443.5	369.9	30.9	8.8	911.3
Balance at June 30, 2015	–	63.1	480.0	392.7	32.7	9.2	977.7
Carrying Amount							
Balance at December 31, 2014	30.6	113.1	447.8	314.3	23.3	3.1	932.2
Balance at June 30, 2015	31.8	114.6	452.3	320.8	30.2	3.1	952.8

Depreciation per cost category:

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Cost of sales	15.3	12.1	28.8	24.0
Selling, distribution and administrative costs	13.2	10.0	26.3	21.4
Total	28.5	22.1	55.1	45.4

The carrying amount of Superior's property, plant, and equipment includes \$84.4 million of leased assets as at June 30, 2015 (December 31, 2014 – \$86.6 million).

8. PROVISIONS

	Restructuring	Decommissioning	Environmental	Total
Balance at December 31, 2014	7.4	18.7	1.2	27.3
Additions	–	0.1	–	0.1
Utilization	(4.8)	(0.1)	(0.1)	(5.0)
Amounts reversed during the year	(0.8)	–	–	(0.8)
Unwinding of discount	–	0.8	–	0.8
Impact of change in discount rate	–	0.1	–	0.1
Net foreign currency exchange difference	–	0.9	0.1	1.0
Balance at June 30, 2015	1.8	20.5	1.2	23.5

	Note	June 30 2015	December 31 2014
Current	9	1.8	4.6
Non-current		21.7	22.7
		23.5	27.3

Restructuring

Restructuring costs under the provision are recorded in selling, distribution, and administrative costs. For the three and six months ended June 30, 2015 restructuring costs was \$nil (June 30, 2014 – \$9.3 million) and \$nil (June 30, 2014 – \$11.1 million), respectively. Provisions for restructuring are recorded in provisions, except for the current portion, which is recorded in trade and other payables. As at June 30, 2015, the current portion of restructuring costs was \$1.8 million (December 31, 2014 – \$4.6 million). As at June 30, 2015, the long term portion of restructuring costs was \$nil (December 31, 2014 – \$2.9 million). The provision is primarily for severance, lease costs and consulting fees.

Decommissioning

The provisions are on a discounted basis and are based on existing technologies at current prices or long-term price assumptions, depending on the activity's expected timing.

Specialty Chemicals

Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. As at June 30, 2015, the discount rate used in Superior's calculation was 2.31% (December 31, 2014 – 2.33%). Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately \$22.0 million (December 31, 2014 – \$21.4 million) which will be paid over the next 17 to 25 years. While Superior's provision for decommissioning costs is based on the best estimate of future costs and the economic lives of the chemical facilities, the amount and timing of these costs is uncertain.

Energy Services

Superior makes full provision for the future costs of decommissioning certain assets associated with the Energy Services segment. Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately \$11.1 million at June 30, 2015 (December 31, 2014 – \$9.6 million) which will be paid over the next 17 years. The discount rate of 2.31% at June 30, 2015 (December 31, 2014 – 2.33%) was used to calculate the present value of the estimated cash flows.

Environmental

Provisions for environmental remediation are made when a clean-up is probable and the amount of the obligation can be reliably estimated. Generally, this coincides with commitment to a formal plan or, if earlier, on divestment or closure of inactive sites. Superior estimates the total undiscounted expenditures required to settle its environmental expenditures to be approximately \$1.2 million at June 30, 2015 (December 31, 2014 – \$1.2 million) which will be paid over the next two years. The provision for environmental expenditures has been estimated using existing technology, at current prices and discounted using a discount rate of 2.31% at June 30, 2015 (December 31, 2014 – 2.33%). The extent and cost of future remediation programs are inherently difficult to estimate. They depend on the scale of any possible contamination, the timing and extent of corrective actions, and Superior's share of the liability.

9. TRADE AND OTHER PAYABLES

A summary of trade and other payables is as follows:

	Notes	June 30 2015	December 31 2014
Trade payables		201.6	279.5
Other payables		80.4	76.7
Net benefit obligation		4.6	4.6
Restructuring provision	8	1.8	4.6
Amounts due to customers under construction contracts		–	1.6
Share-based payments		11.6	12.0
Trade and other payables		300.0	379.0

10. DEFERRED REVENUE

	June 30 2015	December 31 2014
Balance at the beginning of the period	9.1	24.8
Deferred during the period	11.0	17.9
Released to net earnings (loss)	(11.8)	(34.3)
Foreign exchange impact	0.5	0.7
Balance at the end of the period	8.8	9.1

The deferred revenue relates to Energy Services' unearned service and product revenue and Specialty Chemicals' unearned product-related revenues.

11. OTHER LIABILITIES

	June 30 2015	December 31 2014
Supply agreement	2.7	1.9
	2.7	1.9

The supply agreement above relates to Specialty Chemicals' supply agreement with Tronox LLC (Tronox) to purchase 130,000 metric tones (MT) of sodium chlorate per year from Tronox's Hamilton, Mississippi facility as nominated annually by Specialty Chemicals. Specialty Chemicals has provided notification that it will not be nominating any volume for fiscal 2016 related to this agreement.

12. BORROWING

	Year of Maturity	Effective Interest Rate	June 30 2015	December 31 2014
Revolving Term Bank Credit Facilities⁽¹⁾				
Bankers' Acceptances (BA)	2019	Floating BA rate plus applicable credit spread	255.4	71.8
Canadian Prime Rate Loan	2019	Prime rate plus applicable credit spread	7.3	16.4
LIBOR Loans (U.S. \$41.0 million; 2014 – U.S. \$92.0 million)	2019	Floating LIBOR rate plus applicable credit spread	51.1	106.7
US Base Rate Loan (U.S. \$16.0 million; 2014 – U.S. \$19.8 million)	2019	US Prime rate plus credit spread	20.0	23.0
			333.8	217.9
Other Debt				
Accounts receivable factoring program ⁽²⁾	–	Floating BA Plus	2.4	5.6
Deferred consideration	2015-2018	Non-interest-bearing	6.5	2.8
			8.9	8.4
Senior Secured Notes⁽³⁾				
Senior secured notes subject to fixed interest rates (U.S. \$30.0 million; 2014 – U.S. \$30.0 million)	2015	7.62%	37.4	34.8
Senior Unsecured Notes				
Senior unsecured notes ⁽⁴⁾	2021	6.50%	200.0	200.0
Finance Lease Obligations				
Finance lease obligation			76.0	72.1
Total borrowing before deferred financing fees			656.1	533.2
Deferred financing fees			(6.6)	(7.0)
Borrowing			649.5	526.2
Current maturities			(69.8)	(66.7)
Borrowing			579.7	459.5

⁽¹⁾ On May 27, 2015, Superior and its wholly-owned subsidiaries, Superior Plus US Financing Inc. and Commercial E Industrial (Chile) Limitada, extended the maturity date of its credit facility, which totals \$570.0 million, to June 27, 2019. The credit facility, which includes eight lenders, can be expanded up to \$750.0 million. Superior maintains the flexibility to expand the facility up to \$750.0 million. As at June 30, 2015, Superior had \$29.2 million of outstanding letters of credit (December 31, 2014 – \$30.6 million) and approximately \$133.1 million of outstanding financial guarantees (December 31, 2014 – \$128.6 million). The fair value of Superior's revolving term bank credit facilities, other debt, letters of credit, and financial guarantees approximates their carrying value as a result of the market-based interest rates, the short-term nature of the underlying debt instruments and other related factors.

⁽²⁾ Superior has entered into a Master Receivables Purchase Agreement with a financial institution by which it may purchase from time to time, on an uncommitted revolving basis, a 100% interest in receivables from Superior. The maximum aggregate amount of purchased receivables purchased by the financial institution under this agreement and outstanding at any time is limited to \$15.0 million. As at June 30, 2015, the accounts receivable factoring program totalled CDN \$2.4 million (December 31, 2014 – CDN \$5.6 million).

⁽³⁾ Senior secured notes (the notes) totalling U.S. \$30.0 million at June 30, 2015 and December 31, 2014 (CDN \$37.4 million CDN \$34.8 million, respectively) are secured by a general charge over the assets of Superior and certain of its subsidiaries. Principal repayments began in the fourth quarter of 2009. Management has estimated the fair value of the notes based on comparisons to U.S. Treasury instruments with similar maturities, interest rates and credit risk profiles. The estimated fair value of the notes as at June 30, 2015 was CDN \$38.5 million (December 31, 2014 – CDN \$36.6 million).

⁽⁴⁾ On December 9, 2014, Superior completed an offering of \$200.0 million 6.50% senior unsecured notes (the senior notes). The senior notes were issued at par value and mature on December 9, 2021. The senior notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior notes at various redemption prices, which include the principal amount plus accrued and unpaid interest, if any, to the application redemption date. Interest is payable semi-annually on June 9 and December 9, commencing June 9, 2015.

Repayment requirements of borrowing before deferred financing fees are as follows:

Current maturities	69.8
Due in 2016	22.8
Due in 2017	8.7
Due in 2018	8.1
Due in 2019	339.2
Due in 2020	7.5
Subsequent to 2020	200.0
Total	656.1

13. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

Superior's debentures are as follows:

Maturity	June 2017 ⁽¹⁾	June 2018	October 2016	June 2019	Total Carrying Value
Interest rate	5.75%	6.00%	7.50%	6.00%	
Conversion price per share	\$19.00	\$15.10	\$11.35	\$16.75	
Debentures outstanding as at June 30, 2015	–	146.4	68.2	86.3	300.9
Debentures outstanding as at December 31, 2014	169.6	145.9	73.1	85.2	473.8
Quoted market value as at June 30, 2015	–	154.1	81.8	101.9	337.8
Quoted market value as at December 31, 2014	176.0	155.3	80.9	100.4	512.6

⁽¹⁾ Superior redeemed \$172.5 million being the total outstanding amount of the 5.75% June 2017 convertible unsecured subordinated debentures on June 30, 2015.

Superior's convertible debentures due in October 2016, June 2018, and June 2019 carry multiple settlement options at conversion. The debentures may be converted into shares at the option of the holder, at the conversion price, at any time prior to the earlier of redemption by Superior or maturity. Superior may elect to pay interest and principal upon maturity or redemption by issuing shares to a trustee in the case of interest payments, and to the debenture holders in the case of payment of principal. The number of any shares issued to the debenture holders will be determined based on the market price per share at the time of issuance. Superior may elect to pay the debenture holders cash in lieu of delivering common shares upon conversion.

The principal amount of all convertible debentures as at June 30, 2015 was \$316.3 million (December 31, 2014 - \$494.2 million).

14. FINANCIAL INSTRUMENTS

IFRS requires disclosure around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Superior's market assumptions. These two types of input create the following fair-value hierarchy:

- *Level 1* – Quoted prices in active markets for identical instruments.
- *Level 2* – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- *Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The fair value of a financial instrument is the consideration estimated to be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices, as appropriate, in the most advantageous active market for that instrument to which Superior has immediate access (Level 1). Where bid and ask prices are unavailable, Superior uses the closing price of the instrument's most recent transaction. In the absence of an active market, Superior estimates fair values based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal or external valuation models, such as discounted cash flow analysis using, to the extent possible, observable market-based inputs (Level 2). Superior uses internally developed methodologies and unobservable inputs to determine the fair value of some financial instruments when required (Level 3).

Fair values determined using valuation models require assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, Superior looks primarily to available readily observable external market inputs including forecast commodity price curves, interest rate yield curves, currency rates, and price and rate volatilities as applicable.

With respect to the valuation of Specialty Chemicals' fixed-price electricity agreement, the valuation of this agreement requires Superior to make assumptions about the long-term price of electricity in electricity markets for which active market information is not available. The impact of the assumption for the long-term forward price curve of electricity has a material impact on the fair value of this agreement. A \$1/MWh change in the forecast price of electricity would result in a change in the fair value of this agreement of \$0.6 million, with a corresponding impact to net earnings (loss) before income taxes.

All financial and non-financial derivatives are designated as held-for-trading upon their initial recognition.

As at

June 30, 2015

	Level 1	Level 2	Level 3	Total
Assets				
Natural gas financial swaps - AECO	–	0.3	–	0.3
Interest rate swaps – CDN\$	–	4.0	–	4.0
Equity derivative contracts	–	2.2	–	2.2
Propane wholesale purchase and sale contracts, net sale – Energy Services	–	0.8	–	0.8
Total assets	–	7.3	–	7.3
Liabilities				
Natural gas financial swaps - AECO	–	18.5	–	18.5
Electricity swaps – Energy Services	–	6.0	–	6.0
Foreign currency forward contracts, net sale	71.2	–	–	71.2
Interest rate swaps – CDN\$	–	0.2	–	0.2
Debenture-embedded derivative	–	–	19.9	19.9
Propane wholesale purchase and sale contracts, net sale – Energy Services	–	2.8	–	2.8
Butane wholesale purchase and sale contracts, net sale – Energy Services	–	0.1	–	0.1
Fixed-price electricity purchase agreements – Specialty Chemicals	–	–	1.4	1.4
Total liabilities	71.2	27.6	21.3	120.1
Total net liability	(71.2)	(20.3)	(21.3)	(112.8)
Current portion of assets	–	5.9	–	5.9
Current portion of liabilities	34.8	18.8	0.1	53.7

As at

December 31, 2014

	Level 1	Level 2	Level 3	Total
Assets				
Natural gas financial swaps - AECO	–	0.2	–	0.2
Electricity swaps – Energy Services	–	0.1	–	0.1
Interest rate swaps – CDN\$	–	5.9	–	5.9
Equity derivative contracts	–	0.4	–	0.4
Propane wholesale purchase and sale contracts, net sale – Energy Services	–	7.6	–	7.6
Total assets	–	14.2	–	14.2
Liabilities				
Natural gas financial swaps - AECO	–	22.6	–	22.6
Electricity swaps – Energy Services	–	4.0	–	4.0
Foreign currency forward contracts, net sale	49.6	–	–	49.6
Interest rate swaps – CDN\$	–	0.1	–	0.1
Debenture-embedded derivative	–	–	14.2	14.2
Propane wholesale purchase and sale contracts, net sale – Energy Services	–	14.1	–	14.1
Diesel wholesale purchase and sale contracts, net sale – Energy Services	–	0.6	–	0.6
WTI wholesale purchase and sale contract, net sale – Energy Services	–	0.1	–	0.1
Fixed-price electricity purchase agreements – Specialty Chemicals	–	–	3.4	3.4
Fixed-price natural gas purchase agreements – Specialty Chemicals	–	0.1	–	0.1
Total liabilities	49.6	41.6	17.6	108.8
Total net liability	(49.6)	(27.4)	(17.6)	(94.6)
Current portion of assets	–	10.7	–	10.7
Current portion of liabilities	28.0	32.9	1.5	62.4

The following table outlines quantitative information about how the fair values of these financial and non-financial assets and liabilities are determined, including valuation techniques and inputs used:

Description	Notional⁽¹⁾	Term	Effective Rate	Valuation Technique(s) and Key Input(s)
Level 1 fair value hierarchy:				
Foreign currency forward contracts, net sale	US\$590.6 ⁽³⁾	2015-2019	1.13	Quoted bid prices in the active market.
Foreign currency forward contracts, balance sheet-related	\$Nil	N/A	N/A	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Natural gas financial swaps–AECO	23.2 GJ ⁽²⁾	2015-2020	CDN \$3.70 /GJ	Discounted cash flow – Future cash flows are estimated based on forward market prices (from observable yield curves at the end of the reporting period) applied to contract volumes, discounted at a rate that reflects the credit risk of various counterparties.
Interest rate swaps (fixed and floating) – CDN\$	\$87.5 ⁽³⁾	2016-2017	6-month BA rate plus 2.67% / 1-month BA rate	Discounted cash flow – Future cash flows are estimated based on forward interest rates and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Equity derivative contracts	\$16.4 ⁽³⁾	2015-2018	\$12.39 /share	Discounted cash flow – Future cash flows are estimated based on equity derivative contracts.
Diesel wholesale purchase and sale contracts, net sale – Energy Services	1.1 USG ⁽⁴⁾	2015	\$1.90 /USG	Quoted bid prices for similar products in the active market.
Propane wholesale purchase and sale contracts, net sale – Energy Services	5.6 USG ⁽⁴⁾	2015-2017	\$0.41 /USG	Quoted bid prices for similar products in the active market.
Electricity swaps – Energy Services	0.6MWh ⁽⁵⁾	2015-2018	\$36.30 /MWh	Discounted cash flow – Future cash flows are estimated based on forward market prices (from observable yield curves at the end of the reporting period) applied to contract volumes, discounted at a rate that reflects the credit risk of various counterparties.
Heating oil purchase and sale contracts – Energy Services	1.2 USG ⁽⁴⁾	2015	US \$2.59 /USG	Quoted bid prices for similar products in the active market.
Fixed-price natural gas purchase agreements – Specialty Chemicals	9,080 DTH ⁽⁷⁾	2015	\$4.25/DTH	Quoted bid prices for similar products in the active market.
Level 3 fair value hierarchy:				
Debenture-embedded derivative	\$316.3 ⁽³⁾	2016 - 2019	–	Black-Scholes model – see “Valuation techniques and significant unobservable inputs” for further details.
Fixed-price electricity purchase agreements – Specialty Chemicals	32-45 MW ⁽⁶⁾	2015-2017	\$45 /MWh	Discounted cash flow – see “Valuation techniques and significant unobservable inputs” for further details.

⁽¹⁾ Notional values as at June 30, 2015.

⁽²⁾ Millions of gigajoules (GJ) purchased.

⁽³⁾ Millions of dollars.

⁽⁴⁾ Millions of United States gallons (USG) purchased.

⁽⁵⁾ Millions of mega-watt hours (MWh).

⁽⁶⁾ Megawatts (MW) on a 24/7 continual basis per year purchased.

⁽⁷⁾ Dekatherms (DTH) purchased.

Valuation techniques and significant unobservable inputs

Financial Instrument	Valuation Technique	Significant Unobservable Inputs	Sensitivity of Input to Fair Value
Debtenture-embedded derivative	Black-Scholes model	Volatility – 20.61%-23.53% (Dec 2014 – 23.47%-24.22%) Risk-free rate – 0.95%-1.40% (Dec 2014 – 1.34%-1.46%)	The estimated fair value would increase (decrease) if: - Volatility decreased (increased) - Risk-free rate decreased (increased)
Fixed-price electricity purchase agreements	Discounted cash flow	Forward electricity prices ⁽¹⁾ – \$39.25-\$66.83 (Dec 2014 - \$35.40-\$44.50) WACC – 9% (Dec 2014 – 9%)	The estimated fair value would increase (decrease) if: - Forward prices increased (decreased) - WACC decreased (increased)

⁽¹⁾ Net of greenhouse gas charge of \$4/MWh.

The change in the fair value of Superior's Level 3 financial instruments for the years ended June 30, 2015 and December 31, 2014 are as follows:

Description	Debtenture - Embedded Derivative	Fixed Price Electricity Purchase Agreements	Total
Balance at December 31, 2014	(14.2)	(3.4)	(17.6)
Unrealized losses ⁽¹⁾	(5.7)	2.1	(3.6)
Other	–	(0.1)	(0.1)
Balance at June 30, 2015	(19.9)	(1.4)	(21.3)

⁽¹⁾ Recorded in "Unrealized losses on derivative financial instruments" through net income in the Statement of Net Earnings and Total Comprehensive Income.

Description	For the three months ended June 30, 2015		For the three months ended June 30, 2014	
	Realized Gain (Loss)	Unrealized Gain (Loss)	Realized Gain (Loss)	Unrealized Gain (Loss)
Natural gas financial swaps – AECO	(4.5)	4.5	(0.1)	(0.9)
Energy Services electricity swaps	(2.3)	(0.2)	(1.0)	(0.7)
Foreign currency forward contracts, net sale	(10.2)	22.9	(3.8)	22.2
Foreign currency forward contracts, balance sheet-related	–	–	–	(1.1)
Interest rate swaps	3.0	(3.9)	1.3	(1.0)
Equity derivative contracts	0.9	(1.5)	–	2.4
Energy Services' propane wholesale purchase and sale contracts	(6.0)	(0.8)	–	0.1
Energy Services' WTI wholesale purchase and sale contracts	0.1	–	–	0.3
Energy Services' butane wholesale purchase and sale contracts	–	(0.1)	–	–
Energy Services' heating oil purchase and sale contracts	(3.1)	2.2	(1.3)	0.4
Energy Services' diesel purchase and sale contracts	–	0.4	–	–
Specialty Chemicals' fixed-price electricity purchase agreements	(0.5)	7.0	(0.4)	0.6
Total (losses) gains on financial and non-financial derivatives	(22.6)	30.5	(5.3)	22.3
Foreign currency translation of senior secured notes	0.3	0.6	–	2.3
Gain on debtenture redemptions	0.1	–	–	–
Unrealized change in fair value of debtenture-embedded derivative	–	16.1	–	(19.1)
Total (losses) gains	(22.2)	47.2	(5.3)	5.5

Description	For the six months ended June 30, 2015		For the six months ended June 30, 2014	
	Realized Gain (Loss)	Unrealized Gain (Loss)	Realized Gain (Loss)	Unrealized Gain (Loss)
Natural gas financial swaps – AECO	(8.9)	4.1	(0.5)	9.5
Energy Services electricity swaps	(2.7)	(2.0)	7.7	4.4
Foreign currency forward contracts, net sale	(21.1)	(21.4)	(7.3)	5.1
Interest rate swaps	3.0	(2.1)	1.3	0.2
Equity derivative contracts	0.8	1.7	–	2.0
Energy Services’ propane wholesale purchase and sale contracts	(15.6)	14.5	–	(3.3)
Energy Services’ WTI wholesale purchase and sale contracts	0.2	0.1	–	–
Energy Services’ butane wholesale purchase and sale contracts	–	(0.1)	–	0.3
Energy Services’ heating oil purchase and sale contracts	(13.8)	6.1	(0.7)	0.1
Energy Services’ diesel purchase and sale contracts	–	0.6	–	–
Specialty Chemicals’ fixed-price electricity purchase agreements	(1.7)	2.1	0.3	0.1
Total gains (losses) on financial and non-financial derivatives	(59.8)	3.6	0.8	18.4
Foreign currency translation of senior secured notes	0.4	(2.6)	–	(0.2)
Gain on debenture redemptions	0.1	–	–	–
Unrealized change in fair value of debenture-embedded derivative	–	(5.7)	–	(16.8)
Total gains (losses)	(59.3)	(4.7)	0.8	1.4

Realized gains or losses on financial and non-financial derivatives and foreign currency translation gains or losses on the revaluation of Canadian domiciled U.S.-denominated working capital have been classified on the statement of net earnings based on the underlying nature of the financial statement line item and/or the economic exposure being managed.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported on the consolidated balance sheets when Superior currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, Superior enters into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting, but that do, however, still allow for the related amount to be set-off in certain circumstances, such as bankruptcy or the termination of contracts.

Derivative Assets	Amounts Offset			Amounts not offset		
	Gross Assets	Gross Liabilities Offset	Net Amounts Presented	Financial Instruments	Cash Collateral Pledged	Net
June 30, 2015						
Natural gas financial swaps – AECO ⁽¹⁾	0.3	–	0.3	–	–	0.3
Propane purchase and sale contracts – Energy Services ⁽²⁾	0.1	–	0.1	–	–	0.1
Total	0.4	–	0.4	–	–	0.4

⁽¹⁾ Subject to an enforceable master netting agreement in the form of an International Swaps and Derivatives Association (ISDA) agreement.

⁽²⁾ Regularly settled gross in the normal course of business.

Derivative Liabilities	Amounts Offset			Amounts not offset		
	Gross Liabilities	Gross Assets Offset	Net Amounts Presented	Financial Instruments	Cash Collateral Pledged	Net
June 30, 2015						
Natural gas financial swaps – AECO ⁽¹⁾	18.9	(0.4)	18.5	–	–	18.5
Electricity swaps – Energy Services ⁽¹⁾	6.5	(0.5)	6.0	–	–	6.0
Propane wholesale purchase and sale contracts – Energy Services ⁽³⁾	3.7	(0.8)	2.9	–	–	2.9
Heating oil purchase and sale contracts – Energy Services ⁽²⁾	0.9	(0.9)	–	–	–	–
Fixed-price electricity purchase agreements – Specialty Chemicals ⁽⁴⁾	36.7	(35.3)	1.4	–	–	1.4
Total	66.7	(37.9)	28.8	–	–	28.8

⁽¹⁾ Subject to an enforceable master netting agreement in the form of an ISDA agreement.

⁽²⁾ Regularly settled net in the normal course of business and considered standardized brokerage accounts.

⁽³⁾ Regularly settled gross in the normal course of business.

⁽⁴⁾ Standard terms of the Power Purchase Agreement (PPA) allowing net settlement of payments in the normal course of business.

Derivative Assets	Amounts Offset			Amounts not offset		
	Gross Assets	Gross Liabilities Offset	Net Amounts Presented	Financial Instruments	Cash Collateral Pledged	Net
December 31, 2014						
Natural gas financial swaps – AECO ⁽¹⁾	0.2	–	0.2	–	–	0.2
Electricity swaps – Energy Services ⁽¹⁾	0.2	(0.1)	0.1	–	–	0.1
Propane purchases and sale contracts – Energy Services ⁽²⁾⁽³⁾	0.1	–	0.1	–	–	0.1
Total	0.5	(0.1)	0.4	–	–	0.4

⁽¹⁾ Subject to an enforceable master netting agreement in the form of an ISDA agreement.

⁽²⁾ Regularly settled net in the normal course of business and considered standardized brokerage accounts.

⁽³⁾ Regularly settled gross in the normal course of business.

Derivative Liabilities	Amounts Offset			Amounts not offset		
	Gross Liabilities	Gross Assets Offset	Net Amounts Presented	Financial Instruments	Cash Collateral Pledged	Net
December 31, 2014						
Natural gas financial swaps – AECO ⁽¹⁾	22.9	(0.3)	22.6	–	–	22.6
Electricity swaps – Energy Services ⁽¹⁾	4.8	(0.8)	4.0	–	–	4.0
Propane wholesale purchase and sale contracts – Energy Services ⁽³⁾	24.4	(10.3)	14.1	–	–	14.1
Heating oil purchase and sale contracts – Energy Services ⁽²⁾	7.5	(7.5)	–	–	–	–
Fixed-price electricity purchase agreements – Specialty Chemicals ⁽⁴⁾	41.8	(38.4)	3.4	–	–	3.4
Fixed-price natural gas agreements – Specialty Chemicals ⁽⁴⁾	0.1	–	0.1	–	–	0.1
Total	101.5	(57.3)	44.2	–	–	44.2

⁽¹⁾ Subject to an enforceable master netting agreement in the form of an ISDA agreement.

⁽²⁾ Regularly settled net in the normal course of business and considered standardized brokerage accounts.

⁽³⁾ Regularly settled gross in the normal course of business.

⁽⁴⁾ Standard terms of the PPA allowing net settlement of payments in the normal course of business.

The following summarizes Superior's classification and measurement of financial assets and liabilities:

	Classification	Measurement
Financial Assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative assets	FVTNEL	Fair Value
Notes and finance lease receivables	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other liabilities	Amortized cost
Dividends and interest payable	Other liabilities	Amortized cost
Borrowing	Other liabilities	Amortized cost
Convertible unsecured subordinated debentures ⁽¹⁾	Other liabilities	Amortized cost
Derivative liabilities	FVTNEL	Fair Value

⁽¹⁾ Except for derivatives embedded in the related financial instruments that are classified as FVTNEL and measured at fair value.

Non-Derivative Financial Instruments

The fair value of Superior's cash and cash equivalents, trade and other receivables, notes and finance lease receivables, trade and other payables, and dividends and interest payable approximates their carrying value due to the short-term nature of these amounts. The carrying value and the fair value of Superior's borrowing and convertible unsecured subordinated debentures are provided in Notes 12 and 13.

Financial Instruments – Risk Management

Market Risk

Derivative and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Superior assesses the inherent risks of these instruments by grouping derivative and non-financial derivatives related to the exposures these instruments mitigate. Superior's policy is not to use derivative or non-financial derivative instruments for speculative purposes. Superior does not formally designate its derivatives as hedges and, as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as held-for-trading.

Energy Services enters into natural gas financial swaps to manage its economic exposure of providing fixed-price natural gas to its customers and maintains its historical natural gas swap positions with six counterparties. Energy Services monitors its fixed-price natural gas positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price natural gas position in relation to its customer supply commitments.

Energy Services enters into electricity financial swaps with four counterparties to manage the economic exposure of providing fixed-price electricity to its customers. Energy Services monitors its fixed-price electricity positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price electricity position in relation to its customer supply commitments.

Specialty Chemicals has entered into a fixed-price electricity purchase agreement to manage the economic exposure of certain chemical facilities to changes in the market price of electricity, in a market where the price of electricity is not fixed. The fair value with respect to this agreement is with a single counterparty.

Energy Services enters into various propane forward purchase and sale agreements with more than 20 counterparties to manage the economic exposure of its wholesale customer supply contracts. Energy Services monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price propane gas position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating divisions, enters into foreign currency forward contracts with 12 counterparties to manage the economic exposure of its operations to movements in foreign currency exchange

rates. Energy Services contracts a portion of its fixed-price natural gas, and propane purchases and sales in U.S. dollars and enters into forward U.S. dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. Specialty Chemicals enters into U.S. dollar forward sales contracts on an ongoing basis to mitigate the impact of foreign exchange fluctuations on sales margins on production from its Canadian plants that is sold in U.S. dollars. Interest expense on Superior's U.S. dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

Superior has interest rate swaps with four counterparties to manage the interest rate mix of its debt portfolio and related overall cost of borrowing. Superior manages its overall liquidity risk in relation to its general funding requirements by utilizing a mix of short-term and longer-term debt instruments. Superior reviews its mix of short-term and longer-term debt instruments on an ongoing basis to ensure it is able to meet its liquidity requirements.

Credit Risk

Superior utilizes a variety of counterparties in relation to its derivative and non-financial derivative instruments in order to mitigate its counterparty risk. Superior assesses the credit-worthiness of its significant counterparties at the inception and throughout the term of a contract. Superior is also exposed to customer credit risk. Energy Services deals with a large number of small customers, thereby reducing this risk. Specialty Chemicals, due to the nature of its operations, sells its products to a relatively small number of customers. Specialty Chemicals mitigates its customer credit risk by actively monitoring the overall credit-worthiness of its customers. Fixed Price Energy Services has minimal exposure to customer credit risk as local natural gas and electricity distribution utilities have been mandated, for a nominal fee, to provide Energy Services with invoicing, collection and the assumption of bad debt risk for residential customers. Energy Services actively monitors the credit-worthiness of its commercial customers. Overall, Superior's credit quality is enhanced by its portfolio of customers, which is diversified across geographical (primarily Canada and the United States) and end-use (primarily commercial, residential and industrial) markets.

Allowances for doubtful accounts and past due receivables are reviewed by Superior at each balance sheet date. Superior updates its estimate of the allowance for doubtful accounts based on the evaluation of the recoverability of trade receivables with each customer, taking into account historical collection trends of past due accounts and current economic conditions. Trade receivables are written-off once it is determined they are uncollectible.

Pursuant to their respective terms, trade receivables, before deducting an allowance for doubtful accounts, are aged as follows:

	June 30 2015	December 31 2014
Current	231.7	282.4
Past due less than 90 days	72.6	101.4
Past due over 90 days	26.2	17.2
Trade receivables	330.5	401.0

The current portion of Superior's trade receivables is neither impaired nor past due and there are no indications as of the reporting date that the debtors will not make payment.

Superior's trade receivables are stated after deducting a provision of \$9.4 million as at June 30, 2015 (December 31, 2014 – \$8.5 million). The movement in the provision for doubtful accounts is as follows:

	June 30 2015	December 31 2014
Allowance for doubtful accounts, at the beginning of the period	(8.5)	(7.3)
Additions	–	(10.7)
Impairment losses recognized on receivables	(5.4)	
Amounts written off during the year as uncollectible	2.7	8.2
Amounts recovered	1.8	1.3
Allowance for doubtful accounts at the end of the period	(9.4)	(8.5)

Liquidity Risk

Liquidity risk is the risk that Superior cannot meet a demand for cash or fund an obligation as it comes due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

To ensure it is able to react to contingencies and investment opportunities quickly, Superior maintains sources of liquidity at the corporate and subsidiary levels. The main sources of liquidity are cash and other financial assets, the undrawn committed revolving-term bank credit facility, equity markets and debenture markets.

Superior is subject to the risks associated with debt financing, including the ability to refinance indebtedness at maturity. Superior believes these risks are mitigated through the use of long-term debt secured by high-quality assets, maintaining debt levels that in management's opinion are appropriate, and by diversifying maturities over an extended period. Superior also seeks to include in its agreements terms that protect it from liquidity issues of counterparties that might otherwise impact liquidity.

Superior's contractual obligations associated with its financial liabilities are as follows:

	2015	2016	2017	2018	2019	2020 and thereafter	Total
Borrowing	69.8	22.8	8.7	8.1	339.2	207.5	656.1
Convertible unsecured subordinated debentures	–	68.2	–	146.4	86.3	–	300.9
US\$ foreign currency forward sales contracts	107.0	192.6	147.0	96.0	48.0	–	590.6
CDN\$ natural gas purchases	8.6	0.5	0.2	–	–	–	9.3
US\$ natural gas purchases	13.7	–	–	–	–	–	13.7
US\$ propane purchases	8.4	5.6	–	–	–	–	14.0
US\$ heating oil purchases	8.8	8.5	0.4	–	–	–	17.7
US\$ butane purchases	0.1	–	–	–	–	–	0.1
Fixed-price electricity purchase commitments	8.9	17.7	17.7	–	–	–	44.3

Superior's contractual obligations are considered normal-course operating commitments and do not include the impact of mark-to-market fair values on financial and non-financial derivatives. Superior expects to fund these obligations through a combination of cash flow from operations, proceeds on revolving term bank credit facilities and proceeds on the issuance of share capital. Superior's financial instruments' sensitivities as at June 30, 2015 are consistent with those disclosed in Superior's 2014 annual consolidated financial statements.

15. INCOME TAXES

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and deferred income taxes, including United States income tax and Chilean income tax.

Total income tax (recovery) expense, comprised of current taxes and deferred taxes for the three and six months ended June 30, 2015 was \$(3.2) million and \$20.5 million respectively, compared to \$3.0 million and \$19.8 million in the comparative period. For the three and six months ended June 30, 2015, deferred income tax expense from operations in Canada, the United States and Chile was \$(3.7) million and \$19.2 million, respectively, which resulted in a corresponding total net deferred income tax asset of \$257.6 million at June 30, 2015.

As previously disclosed, on April 2, 2013 Superior received, from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intention to challenge the tax consequences of Superior's corporate conversion transaction (Conversion) which occurred on December 31, 2008. Subsequently on November 7, 2014, Superior received the Notices of Reassessment for the 2011 to 2013 taxation years. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the *Income Tax Act* (Canada).

The table below summarizes Superior's estimated tax liabilities and payment requirements associated with the received and anticipated Notices of Reassessment. Upon receipt of the Notices of Reassessment, 50% of the taxes payable pursuant to such Notices of Reassessment must be remitted to the CRA.

Taxation Year	Taxes Payable⁽¹⁾⁽²⁾	50% of the Taxes Payable⁽¹⁾⁽²⁾	Month/Year Paid/Payable
2009/2010	\$13.0	\$6.5	April 2013
2011	\$12.8	\$6.4	February 2015
2012	\$8.8	\$4.4	February 2015
2013	\$9.4	\$4.7	February 2015
2014	\$13.0 ⁽³⁾	\$6.5	2015
2015	\$12.0 ⁽³⁾	\$6.0	2016
Total	\$69.0	\$34.5	

⁽¹⁾ In millions of dollars.

⁽²⁾ Includes estimated interest and penalties.

⁽³⁾ Estimated based on Superior's previously filed tax returns, 2014 results and the midpoint of Superior's 2015 outlook.

On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notice of Reassessment received on April 2, 2013. On February 4, 2015 Superior filed a Notice of Objection with respect to the Notice of Reassessment received on November 7, 2014. Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard within two years, with a decision rendered six to 12 months after completion of the court hearings. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional two years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest and if Superior is unsuccessful then any remaining taxes payable plus interest and penalties will have to be remitted.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and intends to vigorously defend such position and intends to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

16. TOTAL EQUITY

Superior is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The holders of common shares are entitled to dividends if, as and when, declared by the Board of Directors; to one vote per share at shareholders' meetings; and upon liquidation, dissolution or winding up of Superior to receive pro rata the remaining property and assets of Superior, subject to the rights of any shares having priority over the common shares, of which none is outstanding.

Preferred shares are issuable in series with each class of preferred share having such rights as the Board of Directors may determine. Holders of preferred shares are entitled, in priority over holders of common shares, to be paid ratably with holders of each other series of preferred shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series upon liquidation, dissolution or winding up of Superior. Superior has no preferred shares outstanding.

	Issued Number of Common Shares (millions)	Total Equity
Total Equity, December 31, 2014	126.2	550.4
Net earnings	–	31.1
Other comprehensive income	–	31.3
Conversion of 7.5% convertible unsecured subordinated debentures	0.5	5.2
Option value associated with the redemption of the convertible debentures	–	(0.2)
Dividends declared to shareholders ⁽¹⁾	–	(45.5)
Total Equity, June 30, 2015	126.7	572.3

⁽¹⁾ Dividends to shareholders are declared at the discretion of Superior's Board of Directors. During the six months ended June 30, 2015, Superior paid dividends of \$45.5 million or \$0.36 per share (June 30, 2014 – \$37.9 million or \$0.30 per share).

	June 30 2015	December 31 2014
Accumulated other comprehensive loss before reclassification		
Currency translation adjustment		
Balance at the beginning of the period	40.0	4.0
Unrealized foreign currency gains on translation of foreign operations	32.8	36.0
Balance at the end of the period	72.8	40.0
Actuarial defined benefits		
Balance at the beginning of the period	(9.8)	(5.5)
Actuarial defined benefit loss	(2.1)	(5.6)
Income tax recovery (expense) on actuarial gain	0.6	1.3
Balance at the end of the period	(11.3)	(9.8)
Total accumulated other comprehensive income before reclassification	61.5	30.2
Amounts reclassified from accumulated other comprehensive income		
Accumulated derivative losses		
Balance at the beginning of the period	(6.9)	(6.4)
Reclassification of derivative losses previously deferred ⁽¹⁾	–	(0.5)
Balance at the end of the period	(6.9)	(6.9)
Total amounts reclassified from accumulated other comprehensive loss	(6.9)	(6.9)
Accumulated other comprehensive income at the end of the period	54.6	23.3

⁽¹⁾ The reclassification of derivative losses previously deferred is included in unrealized losses on derivative financial instruments on the statement of net earnings and total comprehensive income.

Other Capital Disclosures

Additional Capital Disclosure

Superior's objectives when managing capital are: (i) to maintain a flexible capital structure to preserve its ability to meet its financial obligations, including potential obligations from acquisitions; and (ii) to safeguard its assets while maximizing the growth of its businesses and returns to its shareholders.

In the management of capital, Superior includes shareholders' equity (excluding accumulated other comprehensive gain (loss)), current and long-term borrowing, convertible unsecured subordinated debentures, securitized accounts receivable and cash and cash equivalents. Superior manages its capital structure and makes adjustments in light of changes in economic conditions and the nature of the underlying assets. In order to maintain or adjust the capital structure, Superior may adjust the amount of dividends to Shareholders, issue additional share capital, issue new debt or convertible unsecured subordinated debentures with different characteristics.

Superior monitors its capital based on the ratio of senior and total debt outstanding to net earnings before interest, taxes, depreciation, amortization and other non-cash expenses (EBITDA), as defined by its revolving term credit facility, and the ratio of total debt outstanding to EBITDA. Superior's reference to EBITDA as defined by its revolving term credit facility may be referred to as compliance EBITDA in its other public reports.

Superior is subject to various financial covenants in its credit facility agreements, including senior debt, total debt to EBITDA ratio and restricted payments test, which are measured on a quarterly basis. As at June 30, 2015 and December 31, 2014 Superior was in compliance with all of its financial covenants.

Superior's financial objectives and strategy related to managing its capital as described above remained unchanged from the prior fiscal year. Superior believes that its debt to EBITDA ratios are within reasonable limits, in light of Superior's size, the nature of its businesses and its capital management objectives.

Financial Measures Utilized for Bank Covenant Purposes

Compliance EBITDA

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and other non-cash expenses calculated on a 12-month trailing basis giving pro forma effect to acquisitions and divestitures and is used by Superior to calculate its debt covenants and other credit information. Compliance EBITDA is not a defined performance measure under IFRS. Superior's calculation of compliance EBITDA may differ from similar calculations used by comparable entities.

The capital structure of Superior and the calculation of its key capital ratios are as follows:

As at	June 30 2015	December 31 2014
Total shareholders' equity	572.3	550.4
Exclude accumulated other comprehensive gain	(54.6)	(23.3)
Shareholders' equity excluding accumulated other comprehensive gain	517.7	527.1
Current borrowing ⁽¹⁾	69.8	66.7
Borrowing ⁽¹⁾	586.3	466.5
Less: Senior unsecured debt	(200.0)	(200.0)
Consolidated secured debt	456.1	333.2
Add: Senior unsecured debt	200.0	200.0
Consolidated debt	656.1	533.2
Convertible unsecured subordinated debentures ⁽¹⁾	316.3	494.2
Total debt	972.4	1,027.4
Total capital	1,490.1	1,554.5

⁽¹⁾ Borrowing and convertible unsecured subordinated debentures are before deferred financing fees and option value.

Twelve months ended	June 30 2015	December 31 2014
Net earnings	32.0	56.9
Adjusted for:		
Finance expense	55.9	52.7
Realized gains on derivative financial instruments included in finance expense	7.5	5.6
Depreciation included in selling, distribution and administrative costs	52.1	47.2
Depreciation included in cost of sales	54.8	50.0
Losses on disposal of assets	1.6	1.0
Gain on sale of customer list	(0.3)	(3.7)
Amortization of intangible assets	6.8	4.9
Income tax expense	16.5	15.8
Unrealized (gains) losses on derivative financial instruments	58.1	52.0
Compliance EBITDA⁽¹⁾	285.0	282.4

⁽¹⁾ EBITDA, as defined by Superior's revolving-term credit facility, is calculated on a trailing 12-month basis taking into consideration the pro-forma impact of acquisitions and dispositions in accordance with the requirements of Superior's credit facility. Superior's calculation of EBITDA and debt to EBITDA ratios may differ from those of similar entities.

	June 30 2015	December 31 2014
Consolidated secured debt to compliance EBITDA	1.6:1	1.2:1
Consolidated debt to compliance EBITDA	2.3:1	1.9:1
Total debt to compliance EBITDA	3.4:1	3.6:1

17. NET EARNINGS PER SHARE

	Three months ended		Six months ended	
	2015	June 30 2014 ⁽¹⁾	2015	June 30 2014 ⁽¹⁾
Net (loss) earnings per share computation, basic				
Net (loss) earnings for the period	40.9	5.9	31.1	56.0
Weighted average shares outstanding (millions)	126.7	126.2	126.4	126.2
Net (loss) earnings per share, basic	0.32	0.05	0.25	0.44

⁽¹⁾ The three and six months ended June 30, 2014 have been revised to include the impact of first and second quarter adjustments (refer to Note 23 for details), as well as to include the reclassification of previously disclosed discontinued operations into continuing operations.

	Three months ended		Six months ended	
	2015	June 30 2014 ⁽¹⁾	2015	June 30 2014 ⁽¹⁾
Net (loss) earnings per share computation, diluted				
Net (loss) earnings for the period	37.5	(3.1)	33.3	59.5
Weighted average shares outstanding (millions)	148.5	148.5	136.4	135.3
Net (loss) earnings per share, diluted	0.25	(0.02)	0.24	0.44

⁽¹⁾ The three and six months ended June 30, 2014 have been revised to include the impact of first and second quarter adjustments (refer to Note 23 for details), as well as to include the reclassification of previously disclosed discontinued operations into continuing operations.

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share in each period.

(millions)	Maturity	Note	Three months ended		Six months ended	
			2015	June 30 2014	2015	June 30 2014
Convertible Debentures						
5.75%	June 2017	13	–	9.1	–	–
6.00%	June 2018	13	–	–	–	9.9
7.50%	October 2016	13	–	–	5.8	6.6
6.00%	June 2019	13	–	–	6.1	5.8
Total anti-dilutive instruments			–	9.1	11.9	22.3

18. SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING WORKING CAPITAL CHANGES

	Three months ended		Six months ended	
	2015	June 30 2014 ⁽¹⁾	2015	June 30 2014 ⁽¹⁾
Changes in non-cash working capital:				
Trade receivables and other	68.9	145.4	82.8	92.4
Inventories	(4.4)	8.7	13.6	39.5
Trade and other payables	(26.9)	(50.0)	(79.2)	(88.1)
Other	(4.5)	(17.9)	37.6	(15.7)
	33.1	86.2	54.8	28.1

⁽¹⁾ The three and six months ended June 30, 2014 have been revised to include the impact of first and second quarter adjustments (refer to Note 23 for details), as well as to include the reclassification of previously disclosed discontinued operations into continuing operations.

19. SUPPLEMENTAL DISCLOSURE OF CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended June 30		Six months ended June 30	
	2015	2014 ⁽¹⁾	2015	2014 ⁽¹⁾
Revenues				
Revenue from products	740.2	879.2	1,743.4	2,141.2
Revenue from the rendering of services	13.0	12.8	27.0	29.6
Rental revenue	5.6	7.0	10.4	12.1
Construction contract revenue	1.3	–	1.8	0.3
Realized losses on derivative financial instruments	(16.2)	(3.6)	(32.1)	(5.5)
	743.9	895.4	1,750.5	2,177.7
Cost of sales (includes products and services)				
Cost of products and services	(525.3)	(684.1)	(1,207.5)	(1,672.2)
Depreciation included in cost of sales	(15.3)	(12.1)	(28.8)	(24.0)
Realized (losses) gains on derivative financial instruments	(10.5)	(3.2)	(31.7)	4.7
	(551.1)	(699.4)	(1,268.0)	(1,691.5)
Selling, distribution and administrative costs				
Selling, general and administrative costs	(57.6)	(53.3)	(109.0)	(110.3)
Restructuring costs	–	(9.3)	–	(11.1)
Employee costs	(95.3)	(87.6)	(213.9)	(194.1)
Employee future benefit expense	(1.0)	(1.1)	(2.0)	(2.0)
Depreciation included in selling, distribution and administrative costs	(13.2)	(10.0)	(26.3)	(21.4)
Amortization of intangible assets	(1.7)	(0.6)	(3.4)	(1.5)
Vehicle operating expense	(9.5)	(11.3)	(30.1)	(33.0)
Facility maintenance expense	(8.7)	(7.3)	(16.1)	(14.0)
Gain (loss) on disposal of assets	0.3	3.8	(0.2)	3.8
Realized gains on LTIP	0.8	–	0.8	–
Realized (losses) gains on the translation of U.S. denominated net working capital	(1.5)	(2.6)	4.9	(0.5)
	(187.4)	(179.3)	(395.3)	(384.1)
Finance expense				
Interest on borrowing	(5.5)	(4.2)	(11.4)	(8.5)
Interest on convertible unsecured subordinated debentures	(7.6)	(7.6)	(15.1)	(15.1)
Interest on obligations under finance leases	(1.0)	(1.1)	(1.9)	(2.2)
Unwinding of discount on debentures, borrowing and decommissioning liabilities	(4.0)	(1.7)	(5.7)	(3.2)
Realized gain recorded to finance expense	3.2	1.3	3.2	1.3
	(14.9)	(13.3)	(30.9)	(27.7)

⁽¹⁾ The three and six months ended June 30, 2014 have been revised to include the impact of first and second quarter adjustments (refer to Note 23 for details), as well as to include the reclassification of previously disclosed discontinued operations into continuing operations.

20. RELATED PARTY TRANSACTIONS

Transactions between Superior and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

For the three and six months ended June 30, 2015, Superior incurred \$0.2 (June 30, 2014 – \$nil) and \$0.4 million (June 30, 2014 – \$0.2 million), respectively, in legal fees, with Norton Rose Canada LLP, a related party with Superior because a member of Superior’s Board of Directors is a Partner at the law firm.

21. REPORTABLE SEGMENT INFORMATION

Superior has adopted IFRS 8 – *Operating Segments*, which requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance.

Superior operates three distinct reportable operating segments: Energy Services, Specialty Chemicals and Construction Products Distribution. Superior’s Energy Services’ operating segment provides distribution, wholesale procurement and related services in relation to propane, heating oil and other refined fuels under the following: Canadian propane division and U.S. refined fuels division. Energy Services also provides fixed-price natural gas and electricity supply services under Superior Energy Management. Specialty Chemicals’ is a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chloralkali products in the U.S. Midwest. Construction Products Distribution is one of the largest distributors of commercial and industrial insulation in North America and the largest distributor of specialty construction products to the walls and ceilings industry in Canada.

Superior’s corporate office arranges intersegment foreign exchange contracts from time to time. Realized gains and losses pertaining to intersegment foreign exchange gains and losses are eliminated under the corporate cost column. All of Superior’s operating segments conduct business with customers of various sizes and do not rely extensively on any single customer for their revenue stream.

For the three months ended June 30, 2015	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenue	361.5	143.5	238.9	–	743.9
Cost of sales (includes products & services)	(265.6)	(106.1)	(179.4)	–	(551.1)
Gross Profit	95.9	37.4	59.5	–	192.8
Expenses					
Depreciation included in selling, distribution and administrative costs	(11.5)	–	(1.7)	–	(13.2)
Amortization of intangible assets	(1.5)	–	–	(0.2)	(1.7)
Selling, distribution and administrative costs	(80.8)	(42.7)	(46.8)	(2.2)	(172.5)
Finance expense	(0.7)	(0.2)	(0.2)	(13.8)	(14.9)
Unrealized gains on derivative financial instruments	6.0	7.0	–	34.2	47.2
	(88.5)	(35.9)	(48.7)	18.0	(155.1)
Net earnings before income taxes	7.4	1.5	10.8	18.0	37.7
Income tax recovery	–	–	–	3.2	3.2
Net Earnings	7.4	1.5	10.8	21.2	40.9

For the three months ended June 30, 2014 ⁽¹⁾	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenue	518.4	168.0	209.0	–	895.4
Cost of sales (includes products & services)	(426.2)	(114.8)	(158.4)	–	(699.4)
Gross Profit	92.2	53.2	50.6	–	196.0
Expenses					
Depreciation included in selling, distribution and administrative costs	(9.5)	–	(0.5)	–	(10.0)
Amortization of intangible assets	(0.5)	–	–	(0.1)	(0.6)
Selling, distribution and administrative costs	(79.4)	(40.6)	(42.7)	(6.0)	(168.7)
Finance expense	(0.8)	(0.2)	(0.2)	(12.1)	(13.3)
Unrealized gains (losses) on derivative financial instruments	(0.8)	0.7	–	5.6	5.5
	(91.0)	(40.1)	(43.4)	(12.6)	(187.1)
Net earnings (loss) before income taxes	1.2	13.1	7.2	(12.6)	8.9
Income tax expense	–	–	–	(3.0)	(3.0)
Net Earnings (Loss)	1.2	13.1	7.2	(15.6)	5.9

⁽¹⁾ The three and six months ended June 30, 2014 have been revised to include the impact of first and second quarter adjustments (refer to Note 23 for details), as well as to include the reclassification of previously disclosed discontinued operations into continuing operations.

For the six months ended June 30, 2015	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenue	979.4	315.0	456.1	–	1,750.5
Cost of sales (includes products & services)	(700.9)	(224.1)	(343.0)	–	(1,268.0)
Gross Profit	278.5	90.9	113.1	–	482.5
Expenses					
Depreciation included in selling, distribution and administrative costs	(22.8)	–	(3.5)	–	(26.3)
Amortization of intangible assets	(3.1)	–	–	(0.3)	(3.4)
Selling, distribution and administrative costs	(180.0)	(79.4)	(96.4)	(9.8)	(365.6)
Finance expense	(1.3)	(0.4)	(0.4)	(28.8)	(30.9)
Unrealized gains (losses) on derivative financial instruments	23.3	2.1	–	(30.1)	(4.7)
	(183.9)	(77.7)	(100.3)	(69.0)	(430.9)
Net earnings (loss) before income taxes	94.6	13.2	12.8	(69.0)	51.6
Income tax expense	–	–	–	(20.5)	(20.5)
Net Earnings (Loss)	94.6	13.2	12.8	(89.5)	31.1

	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
For the six months ended June 30, 2014 ⁽¹⁾					
Revenue	1,457.9	325.0	394.8	–	2,177.7
Cost of sales (includes products & services)	(1,177.0)	(217.8)	(296.7)	–	(1,691.5)
Gross Profit	280.9	107.2	98.1	–	486.2
Expenses					
Depreciation included in selling, distribution and administrative costs	(19.3)	–	(2.1)	–	(21.4)
Amortization of intangible assets	(1.3)	–	–	(0.2)	(1.5)
Selling, distribution and administrative costs	(187.8)	(76.9)	(85.7)	(10.8)	(361.2)
Finance expense	(1.5)	(0.5)	(0.4)	(25.3)	(27.7)
Unrealized gains (losses) on derivative financial instruments	11.0	0.2	–	(9.8)	1.4
	(198.9)	(77.2)	(88.2)	(46.1)	(410.4)
Net earnings (loss) before income taxes	82.0	30.0	9.9	(46.1)	75.8
Income tax expense	–	–	–	(19.8)	(19.8)
Net Earnings (Loss)	82.0	30.0	9.9	(65.9)	(56.0)

⁽¹⁾ The three and six months ended June 30, 2014 have been revised to include the impact of first and second quarter adjustments (refer to Note 23 for details), as well as to include the reclassification of previously disclosed discontinued operations into continuing operations.

Net Working Capital, Total Assets, Total Liabilities, and Purchase of Property, Plant and Equipment

	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
As at June 30, 2015					
Net working capital ⁽¹⁾	58.4	54.0	134.3	1.2	247.9
Total assets	592.8	622.1	270.1	540.7	2,025.7
Total liabilities	227.5	143.8	113.9	968.2	1,453.4
As at December 31, 2014					
Net working capital ⁽¹⁾	88.9	56.4	128.9	(9.4)	264.8
Total assets	685.8	637.1	246.2	545.8	2,114.9
Total liabilities	298.3	162.5	104.0	999.7	1,564.5
For the three months ended June 30, 2015					
Purchase of property, plant and equipment	3.7	9.2	4.6	–	17.5
For the three months ended June 30, 2014⁽²⁾					
Purchase of property, plant and equipment	8.3	15.6	1.4	–	25.3
For the six months ended June 30, 2015					
Purchase of property, plant and equipment	10.8	15.0	5.5	–	31.3
For the six months ended June 30, 2014⁽²⁾					
Purchase of property, plant and equipment	13.6	26.6	1.9	–	42.1

⁽¹⁾ Net working capital reflects amounts as at the period end and is comprised of trade and other receivables, prepaid expenses and inventories less trade and other payables and deferred revenue.

⁽²⁾ The three and six months ended June 30, 2014 have been revised to include the reclassification of previously disclosed discontinued operations into continuing operations.

22. GEOGRAPHICAL INFORMATION

	Canada	United States	Other	Total Consolidated
Revenues for the three months ended June 30, 2015	231.8	484.1	28.0	743.9
Revenues for the six months ended June 30, 2015	593.9	1,099.1	57.5	1,750.5
Property, plant and equipment as at June 30, 2015	472.5	432.6	47.7	952.8
Intangible assets as at June 30, 2015	13.8	7.0	–	20.8
Goodwill as at June 30, 2015	188.2	7.2	–	195.4
Total assets as at June 30, 2015	1,285.9	681.1	58.7	2,025.7
Revenues for the three months ended June 30, 2014 ⁽¹⁾	313.5	550.0	31.9	895.4
Revenues for the six months ended June 30, 2014 ⁽¹⁾	871.4	1,260.5	45.8	2,177.7
Property, plant and equipment as at December 31, 2014	477.2	409.1	45.9	932.2
Intangible assets as at December 31, 2014	15.0	3.7	–	18.7
Goodwill as at December 31, 2014	188.2	6.0	–	194.2
Total assets as at December 31, 2014	1,382.1	676.6	56.2	2,114.9

⁽¹⁾ The three and six months ended June 30, 2014 have been revised to include the impact of first and second quarter adjustments (refer to Note 23 for details), as well as to include the reclassification of previously disclosed discontinued operations into continuing operations.

23. PRIOR YEAR ADJUSTMENT DETAILS

In Q3 2014 Superior recognized a total of \$10.2 million in adjustments to net (loss) earnings related to its supply portfolio management business and its U.S. refined fuels business, of which \$9.5 million were recognized in Q1 2014 and \$0.7 million in Q2 2014. The adjustment in the supply portfolio management business was due to the over-accrual of freight charges during the fourth quarter of 2013 and throughout the first quarter of 2014. Recognizing this adjustment in 2014 increased Superior's 2014 first quarter financial results by \$17.3 million as prior-period results were previously understated. The adjustment in the U.S. refined fuels business was due to inaccurate inventory costing in prior periods as a result of not appropriately recognizing book to physical inventory adjustments. Recognizing this adjustment in 2014 reduced Superior's 2014 full year financial results by \$7.8 million as prior-period results were previously overstated.