TSX: SPB **May 2, 2017**

Superior Plus Corp. Announces Strong 2017 First Quarter Results

Superior Plus Corp. ("Superior") (TSX:SPB) announced today the financial and operating results for the three months ended March 31, 2017. All financial figures are expressed in Canadian dollars.

Highlights

- Achieved Adjusted Operating Cash Flow ("AOCF") per share before transaction and other costs of $0.77, a 24% increase over the prior year quarter of $0.62 per share due to higher Adjusted EBITDA and lower interest expense.
- Adjusted EBITDA increased $19.7 million or 20% over the prior year quarter due to lower realized losses on foreign exchange hedging contracts, higher EBITDA from operations for Specialty Chemicals and income associated with the Canwest Propane transaction, partially offset by higher corporate costs and modestly lower EBITDA from operations for Energy Distribution.
- On March 1, 2017, Superior paid $412.0 million plus $22.8 million for a working capital adjustment (total of $434.8 million) to Gibson Energy ULC for the right to acquire Canwest Propane ("Canwest") upon satisfaction of certain conditions, including receipt of regulatory approvals (the "Canwest Transaction"). Superior anticipates the acquisition will be completed in the second half of 2017.
- Raised $250 million in 5.25% Senior Unsecured Notes (the "Notes") through a private placement issuance. The Notes are due February 27, 2024 and proceeds were used to partially finance the Canwest Transaction.
- EBITDA from operations for the Energy Distribution business was modestly lower than the prior year quarter due to a decrease in gross profit at U.S. refined fuels ("USRF"), partially offset by a decrease in operating expenses at USRF. USRF gross profit and operating expenses were lower in the first quarter of 2017 due to the impact of the stronger CAD on the translation of U.S denominated results.
- EBITDA from operations for the Specialty Chemicals business increased $5.6 million or 21% compared to the prior year quarter due primarily to higher chlor-alkali gross profit and lower operating costs.
- Superior's 2017 financial outlook of AOCF per share has been updated to $1.50 to $1.75 and now reflects the anticipated impact of the Canwest Transaction. See "2017 Financial Outlook" for further details.

"Superior has had an excellent start to 2017," said Luc Desjardins, Superior's President and Chief Executive Officer. "The acquisition of Canwest is anticipated to significantly enhance Superior's current Energy Distribution business, while positioning the business for oilfield activity recovery and increasing demand in Western Canada. I'm pleased with the results from the Energy Distribution business as we faced warmer than average weather in Central Canada and the Northeast U.S. in the early part of the quarter."

Financial Overview

(millions of dollars, except per share amounts)	**Three Months Ended March 31, 2017**	**2016**
Revenue [1]	**675.7**	563.5
Gross Profit [1]	**225.7**	216.6
Net earnings	**53.2**	99.9
Net earnings per share, basic	**$0.37**	$0.71
Net earnings per share, diluted	**$0.34**	$0.66
EBITDA from operations [1][2]	**119.0**	114.1
Net cash flows from operating activities	**91.7**	89.7
Net cash flows from operating activities per share – basic and diluted	**$0.64**	$0.64
Adjusted operating cash flow before transaction and other costs [1][2][3]	**109.3**	88.0
Adjusted operating cash flow before transaction and other costs per share – basic and diluted [1][2][4]	**$0.77**	$0.62
Adjusted operating cash flow [1][2]	**107.8**	79.5
Adjusted operating cash flow per share – basic and diluted [1][2][4]	**$0.75**	$0.56
Cash dividends declared	**$25.7**	$25.3
Cash dividends declared per share	**$0.18**	$0.18

(1) Revenue, gross profit, EBITDA, AOCF and AOCF per share for 2016 exclude the results of Construction Products Distribution ("CPD") as that business was divested on August 9, 2016. Prior year results reflect the continuing operations of Superior.

(2) EBITDA from operations and AOCF are non-GAAP measures. Refer to "Non-GAAP Financial Measures" for further details and the first quarter Management Discussion and Analysis (MD&A) for reconciliations.

(3) Transaction and other costs for the three months ended March 31, 2017 are related to the Canwest Transaction. Transaction and other costs for the three months ended March 31, 2016 are related to the terminated acquisition of Canexus Corporation. Refer to "Transaction and Other Costs" in the first quarter MD&A for further details.

(4) The weighted average number of shares outstanding for the three months ended March 31, 2017 is 142.8 million (March 31, 2016 – 141.1 million) There were no dilutive instruments with respect to AOCF per share for the three months ended March 31, 2017 and March 31, 2016.

Segmented Information

(millions of dollars)	**Three months ended March 31, 2017**	2016
EBITDA from operations[1]		
Energy Distribution	**86.1**	86.8
Specialty Chemicals	**32.9**	27.3
	119.0	114.1

(1) See "Non-GAAP Financial Measures".

Operational and Financial Highlights

Energy Distribution

- Average weather across Canada for the quarter as measured by degree days was 6% colder than the prior year quarter and 2% warmer than the five-year average. Average weather in the U.S. northeast as measured by degree days was 1% warmer than the prior year and 11% warmer than the five-year average.
- Gross profit for the first quarter decreased $2.6 million to $171.8 million from the prior year quarter due to lower gross profits for the USRF business and other services, partially offset by modestly higher gross profits for the Canadian propane distribution business.

- Gross profit for the Canadian propane distribution business of $100.1 million was modestly higher than the prior year quarter due to an increase in sales volumes, partially offset by a decrease in average margins. Sales volumes increased 49 million litres or 11% due primarily to higher wholesale and commercial volumes, partially offset by lower industrial volumes. Average margins for the first quarter were 20.9 cents per litre compared to 23.1 cents per litre in the prior year. The decrease in average margins was due to sales mix and the impact of market fundamentals on the supply portfolio management business.
- Gross profit for the USRF business of $65.8 million was $2.3 million or 3% lower than the prior year quarter due to the impact of foreign exchange noted above. USRF sales volumes decreased 25 million litres, which was offset by an increase in average unit margins in USD. Sales volumes decreased 25 million litres or 6% due primarily to a decrease in wholesale volumes related to competitive pressures in the U.S. Northeast distillate market. Unit margins were 16.6 cents per litre compared to 16.1 cents per litre. The increase in average margins was due to sales mix and sales and marketing initiatives in the retail heating oil and the wholesale businesses.
- Other services gross profit of $5.9 million was $1.3 million lower than the prior year quarter due to reduced demand in Western Canada related to weaker economic conditions and the impact of the stronger CAD on USRF results.
- Operating and administrative costs were $85.7 million, a decrease of $1.9 million compared to the prior year quarter due to the impact of foreign exchange and restructuring activities implemented in 2016.
- On April 20, 2017, Superior General Partner Inc., a subsidiary of Superior, acquired Pomerleau Gaz Propane Inc., a small propane distributor serving residential and commercial customers in southeastern Quebec. The acquisition complements Superior's existing operations in Quebec and is consistent with the *Evolution 2020* strategy to grow the Energy Distribution business through tuck-in acquisitions of propane companies and leverage Superior's solid operating platform to achieve operational cost efficiencies.

Specialty Chemicals

- Chemical revenue was $158.3 million in the first quarter, modestly higher than the prior year quarter due to a decrease in the realized loss on the translation of U.S. denominated working capital and an increase in chlor-alkali sales volumes.
- Gross profit was $67.3 million in the first quarter, $4.0 million higher than the prior year quarter due primarily to the decrease in realized losses on the translation of U.S. denominated working capital noted above as well as an increase in chlor-alkali gross profits. Chlor-alkali gross profit increased due to higher sales volumes in all products and higher netbacks for chlorine and caustic soda, partially offset by lower netbacks for hydrochloric acid and caustic potash. Sodium chlorate gross profits were modestly lower due to a decrease in sales prices.
- Operating expenses were $34.4 million in the first quarter, a decrease of $1.6 million or 4% compared to the prior year due to lower distribution costs.

Income from the Canwest Transaction

Earnings from Canwest were attributable to Superior as of March 1, 2017. Canwest contributed $6.2 million in income for the first quarter.

Corporate Related

- On May 1, 2017, Superior extended its syndicated credit facility with ten lenders, increasing the size of the facility to $620 million from $570 million, with no changes to the financial covenants. The facility matures on April 28, 2022 and can be expanded up to $800 million.

Financial Outlook

Superior has updated its 2017 financial outlook of AOCF per share to $1.50 to $1.75 to reflect the impact of the Canwest acquisition and year-to-date results. Key assumptions related to the updated financial outlook are:

- EBITDA from operations for Energy Distribution is anticipated to be consistent to modestly higher than 2016. Average weather, as measured by degree days, for the remainder of the year is anticipated to be consistent with the five-year average.
- EBITDA from operations for Specialty Chemicals is anticipated to be consistent with 2016.
- The contribution from the Canwest Transaction is anticipated to increase EBITDA. As the close of the Canwest Transaction is anticipated in the second half of 2017, the contribution from Canwest doesn't include any of the estimated synergies.
- Interest expense is anticipated to increase due to higher average debt levels related to the Canwest Transaction and the interest costs for the Notes.
- Realized losses on foreign currency hedging contracts are anticipated to be lower than 2016 due to the increase in the average hedge rate.

Capital expenditures

Total capital expenditures, including finance leases, in the first quarter were $17.1 million compared to $31.7 million in the prior year quarter due primarily to a decrease in maintenance capital. Maintenance capital was $15.3 million lower as Specialty Chemicals purchased chlorine rail cars in the first quarter of 2016.

Total Debt and Leverage

- Total debt as at March 31, 2017 was $935.9 million, an increase of $394.2 million compared to total debt of $541.7 million as at December 31, 2016. Total debt was higher due primarily to the Canwest Transaction, partially offset by cash flows from operating activities.
- Total debt to adjusted EBITDA for the trailing twelve months as at March 31, 2017 was 3.3x, compared to 2.1x at December 31, 2016. Total debt to adjusted EBITDA is currently above the long-term target of 3.0x. Superior anticipates the total debt to adjusted EBITDA ratio will be in the range of 3.2x to 3.6x at December 31, 2017.

MD&A and Financial Statements

Superior's MD&A, the unaudited Consolidated Financial Statements and the Notes to the Consolidated Financial Statements for the three months ended March 31, 2017 provide a detailed explanation of Superior's operating results. These documents are available online at Superior's website at www.superiorplus.com under the Investor Relations section and on SEDAR under Superior's profile at www.sedar.com.

2017 First Quarter Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2017 First Quarter Results at 10:30 a.m. EDT on Wednesday, May 3, 2017. To participate in the call, dial: 1-844-389-8661. Internet users can listen to the call live, or as an archived call on Superior's website at www.superiorplus.com under the Events section.

Superior Plus Corp Website

Superior launched an updated investor relations website in the first quarter of 2017. The updated website is anticipated to provide improved access to information for investors, analysts and other stakeholders regarding

Superior and its divisions, including financial information, investor relations presentations and press releases. The website has also been updated to improve viewing on mobile devices.

Non-GAAP Measures

Throughout the first quarter earnings release, Superior has used the following terms that are not defined by GAAP, but are used by management to evaluate the performance of Superior and its business. These measures may also be used by investors, financial institutions and credit rating agencies to assess Superior's performance and ability to service debt. 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 be clearly defined, qualified and reconciled to their most comparable 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. 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 AOCF, Adjusted EBITDA, and Adjusted EBITDA from operations 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 infrequent in nature and could distort the analysis of trends in business performance. Excluding these items does not imply that they are non-recurring. AOCF and AOCF per share are presented before and after transaction and other costs.

AOCF per share before transaction and other costs is calculated by dividing AOCF before transaction and other costs by the weighted average number of shares outstanding. AOCF per share is calculated by dividing AOCF by the weighted average number of shares outstanding.

AOCF is the main performance measure used by management and investors to evaluate Superior's ongoing performance of its businesses and ability to generate cash flow. 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. AOCF is also used as one component in determining short-term incentive compensation for certain management employees.

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 Distribution 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.

Adjusted EBITDA

Adjusted EBITDA represents earnings before taxes, depreciation, amortization, losses/(gains) on disposal of assets, finance expense, restructuring, transaction and other costs and unrealized gains/(losses) on derivative financial instruments. Adjusted EBITDA is used by Superior and investors to assess its consolidated results and those of its operating segments.

EBITDA from Operations

EBITDA from operations is defined as adjusted EBITDA excluding gains/(losses) on foreign currency hedging contracts, corporate costs and transaction and other costs. For purposes of this MD&A, foreign currency hedging contract gains and losses are excluded from the results of the operating segments. EBITDA from operations is used by Superior and investors to assess the results of its operating segments. EBITDA from operations is reconciled to net earnings before income taxes in the first quarter MD&A.

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", "estimate", "expect", "plan", "forecast", "future", "outlook, "guidance", "may", "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 AOCF and AOCF per share, expected leverage ratios and debt repayment, expectations in terms of the cost of operations, business strategy and objectives, development plans and programs, business expansion and cost structure and other improvement projects, expected product margins and sales volumes, market conditions in Canada and the U.S., continued improvements in operational efficiencies and sales and marketing initiatives in Energy Distribution, expected synergies as a result of the acquisition of Canwest, anticipated acquisition closing and financing, future economic conditions, future exchange rates, exposure to such rates and incremental earnings associated with such rates, expected weather, expectations for 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 chlor-alkali, 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, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior 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, future commodity prices relating to the oil and gas industry, future oil rig activity levels as well as receipt and conditions of required regulatory approvals to complete the acquisition of Canwest, trading data, cost estimates, our ability to obtain financing on acceptable terms, the assumptions set forth under the "Financial Outlook" sections of our first quarter 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 2017 FIRST QUARTER RESULTS
May 2, 2017

This Management's Discussion and Analysis (MD&A) contains information about the performance and financial position of Superior Plus Corp. (Superior) as at and for the three months ended March 31, 2017, as well as forward-looking information about future periods. The information in this MD&A is current to May 2, 2017, and should be read in conjunction with Superior's first quarter 2017 unaudited condensed interim consolidated financial statements and notes thereto as at and for the three months ended March 31, 2017.

The accompanying unaudited condensed interim consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2017 and 2016 were prepared in accordance with International Financial Reporting Standards (IFRS).

All dollar amounts in this MD&A are expressed in millions of Canadian dollars except where otherwise noted. This MD&A includes forward-looking statements and assumptions. See "Forward-Looking Information" for more details.

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 two operating segments: the Energy Distribution segment, which includes a Canadian propane distribution business and a U.S. refined fuels distribution business; and the Specialty Chemicals segment, which produces and distributes sodium chlorate, chlor-alkali products and sodium chlorite.

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 the performance of Superior and its business: adjusted operating cash flow (AOCF) before and after transaction and other costs, earnings before interest, taxes, depreciation and amortization (EBITDA) from operations, adjusted EBITDA and compliance EBITDA. These measures may also be used by investors, financial institutions and credit rating agencies to assess Superior's performance and ability to service debt. 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 most comparable 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 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; 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.

See "Non-GAAP Financial Measures" for more information about these measures.

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”, “estimate”, “expect”, “plan”, “forecast”, “future”, “outlook, “guidance”, “may”, “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 adjusted EBITDA from operations (EBITDA from operations), expected AOCF and AOCF per share, expected leverage ratios and debt repayment, expectations in terms of the cost of operations, business strategy and objectives, development plans and programs, business expansion and cost structure and other improvement projects, expected product margins and sales volumes, market conditions in Canada and the U.S., continued improvements in operational efficiencies and sales and marketing initiatives in Energy Distribution, expected synergies as a result of the acquisition of Canwest, anticipated acquisition closing and financing, future economic conditions, future exchange rates, exposure to such rates and incremental earnings associated with such rates, expected weather, expectations for to the global economic environment, Superior’s 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 chlor-alkali, effect of operational and technological improvements, 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, Superior’s ability to obtain financing on acceptable terms, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior 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 historical 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, future commodity prices relating to the oil and gas industry, future oil rig activity levels as well as receipt of required regulatory approvals to complete the acquisition of Canwest, trading data, cost estimates, Superior’s ability to obtain financing on acceptable terms, the assumptions set forth under “Financial Outlook” in this 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 Superior’s 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 Superior’s facilities, force majeure, labour relations matters, Superior’s ability to access external sources of debt and equity capital, and the risks identified in (i) this MD&A under “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 Superior’s 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.

Basis of Presentation

On August 9, 2016, Superior divested its Construction Products Distribution (CPD) business, which distributed drywall, insulation, framing and other construction products mainly in Canada and the United States. Accordingly, prior period financial information in this MD&A has been restated to exclude the results of operations of CPD. This MD&A reflects the results of continuing operations, unless otherwise noted.

FINANCIAL OVERVIEW

Summary of Adjusted Operating Cash Flow

	Three months ended March 31	
(millions of dollars, except per share amounts)	**2017**	2016
Revenue	**675.7**	563.5
Gross profit	**225.7**	216.6
EBITDA from operations(1)	**119.0**	114.1
Income from Canwest Propane	**6.2**	–
Corporate costs	**(5.4)**	(3.3)
Realized losses on foreign currency hedging contracts	**(0.6)**	(11.3)
Adjusted EBITDA(1)	**119.2**	99.5
Interest expense	**(8.7)**	(10.3)
Cash income tax expense	**(1.2)**	(1.2)
Adjusted Operating Cash Flow before transaction and other costs(1)	**109.3**	88.0
Transaction and other costs(2)	**(1.5)**	(8.5)
Adjusted operating cash flow(1)	**107.8**	79.5

Adjusted operating cash flow per share before transaction and other costs, basic and diluted(3)	**$0.77**	$0.62
Adjusted operating cash flow per share, basic and diluted(3)	**$0.75**	$0.56
Dividends paid per share	**$0.18**	$0.18

(1) EBITDA from operations, adjusted EBITDA and AOCF are non-GAAP measures. See “Non-GAAP Financial Measures” and “Reconciliation of Net Earnings to EBITDA from Operations” and “Reconciliation of Net Earnings to Adjusted EBITDA”.

(2) Transaction and other costs for the three months ended March 31, 2017, include $1.5 million of costs related to the acquisition of Canwest Propane. Transaction and other costs for the three months ended March 31, 2016, include $8.5 million in costs related to the terminated acquisition of Canexus Corporation. See “Transaction and Other Costs” for further details.

(3) The weighted average number of shares outstanding for the three months ended March 31, 2017, is 142.8 million (March 31, 2016 – 141.1 million). There were no dilutive instruments with respect to AOCF per share for the three months ended March 31, 2017 or the three months ended March 31, 2016.

Comparable GAAP Financial Information

	Three months ended March 31	
(millions of dollars, except per share amounts)	**2017**	2016
Net earnings from continuing operations	**53.2**	99.9
Net earnings per share from continuing operations, basic	**$0.37**	$0.71
Net earnings per share from continuing operations, diluted	**$0.34**	$0.66
Net cash flows from operating activities	**91.7**	89.7
Net cash flows from operating activities per share, basic and diluted	**$0.64**	$0.64

Segmented Information

(millions of dollars)	Three months ended March 31 2017	2016
EBITDA from operations[1]:		
Energy Distribution	**86.1**	86.8
Specialty Chemicals	**32.9**	27.3
	119.0	114.1

[1] EBITDA from operations is a non-GAAP measure. See "Non-GAAP Financial Measures."

Adjusted Operating Cash Flow Reconciled to Net Cash Flow from Operating Activities[1]

(millions of dollars)	Three months ended March 31 2017	2016
Net cash flow from operating activities	**91.7**	89.7
Add (Deduct):		
Non-cash interest expense	**1.2**	1.2
Discontinued operations	–	(6.8)
Increase in non-cash working capital	**24.2**	8.6
Depreciation and amortization – Canwest Propane	**1.8**	–
Cash income tax expense	**(1.2)**	(1.2)
Finance expense recognized in net earnings	**(9.9)**	(12.0)
Adjusted Operating Cash Flow	**107.8**	79.5

[1] AOCF is a non-GAAP measure. See "Non-GAAP Financial Measures".

Option to Purchase Canwest Propane (Canwest)

As announced on March 1, 2017, Superior has entered into certain agreements to purchase the entities that carry on the industrial propane business of Canwest from Gibson Energy ULC for $412.0 million. The acquisition of Canwest is subject to the satisfaction of certain conditions, including the receipt of customary regulatory approvals. As of March 1, 2017, Superior is entitled to the benefit of the net profits of Canwest.

The acquisition of the Option occurred on March 1, 2017 for cash consideration of $412.0 million plus 22.8 million, of working capital adjustments. Superior anticipates the acquisition will close in the second half of 2017.

Canwest was founded in 1987 and is a leading propane supply and distribution franchise in western Canada, serving a diverse customer base of oil and gas, commercial and industrial, residential and construction under the brands of Canwest and Stittco. Canwest has over 50,000 customers and has established long-term relationships with a customer base that includes international, national and large regional companies. The asset base of over 60 locations in six provinces/territories had average annual propane sales volumes of approximately 470 million litres over the past two years.

The acquisition of Canwest is anticipated to significantly enhance Superior's Energy Distribution business, while positioning the business for oilfield activity recovery and improved demand in Western Canada.

Acquisition of Pomerleau Propane Gaz Inc.

On April 20, 2017, Superior General Partner Inc., a subsidiary of Superior, acquired Pomerleau Propane Gaz Inc., a small propane distributor serving residential and commercial customers in southeastern Quebec for cash consideration of $10.8 million.

The acquisition complements Superior's existing operations in Quebec and is consistent with the *Evolution 2020* strategy to grow the Energy Distribution business through tuck-in acquisitions of propane companies and leverage Superior's solid operating platform to achieve operational cost efficiencies.

Q1 2017 Summary Results

AOCF before transaction and other costs for the three months ended March 31, 2017 was $109.3 million, an increase of $21.3 million from the prior year quarter AOCF of $88.0 million due to higher EBITDA from operations, income from Canwest Propane, lower realized losses on foreign currency hedging contracts and lower interest expense.

EBITDA from operations at Energy Distribution decreased as a result of the weaker U.S. dollar in the first quarter of 2017 compared to the prior year quarter on U.S. denominated EBITDA. EBITDA from operations at Specialty Chemicals increased primarily due to lower realized losses on the translation of working capital, higher chlor-alkali sales volumes and higher margins for caustic soda and caustic potash. Income from Canwest Propane was $6.2 million, as Superior is entitled to the benefit of the net profits of Canwest from March 1, 2017. Realized losses on foreign currency hedging contracts decreased to $0.6 million in 2017, from $11.3 million in the prior year as a result of settling foreign exchange hedging contracts in August 2016 and re-entering into new foreign exchange hedging contracts at August 2016 market rates. Interest expense decreased to $8.7 million, from $10.3 million in the prior year quarter. The decrease is due to lower average effective interest rates and lower average debt levels during the quarter, due to the redemption of $150.0 million of 6.0% Debentures in September 2016 and the proceeds from the sale of CPD being used to repay bank debt. The lower interest expense was partially offset by interest costs related to the issuance of $250.0 million of 5.25% senior unsecured notes (the Notes) on February 27, 2017.

AOCF per share before transaction and other costs of $0.77 per share was $0.15 or 24% higher than the prior year's AOCF of $0.62 per share mainly due to the increased in EBITDA from operations, income from Canwest Propane and the decrease in interest expense.

AOCF after transaction and other costs for the three months ended March 31, 2017 was $107.8 million, an increase of $28.3 million or 36% from the prior year's AOCF of $79.5 million. Transaction and other costs for the three months ended March 31, 2017 were $1.5 million, compared to $8.5 million in the prior year quarter. Transaction and other costs for the three months ended March 31, 2017 include $1.5 million of costs related to the acquisition of Canwest Propane. Transaction and other costs for the three months ended March 31, 2016 include $8.5 million in costs related to the terminated acquisition of Canexus. See "Transaction and Other Costs" for further details.

AOCF per share after transaction and other costs of $0.75 per share was $0.19 per share or 34% higher than the prior year's AOCF of $0.56 per share due to the increase in EBITDA from operations, income from Canwest Propane, lower realized losses on foreign currency hedging contracts, lower interest expense and lower transaction and other costs discussed above.

Consolidated Statement of Net Earnings

(millions of dollars except per share amounts)	**2017**	2016
Revenues	**675.7**	563.5
Cost of sales (includes products and services)	**(450.0)**	(346.9)
Gross profit	**225.7**	216.6
Expenses		
Selling, distribution and administrative costs	**(137.4)**	(154.3)
Finance expense	**(9.9)**	(11.7)
Unrealized (losses) gains on derivative financial instruments	**(6.4)**	73.4
	(153.7)	(92.6)
Net earnings from continuing operations before income taxes	**72.0**	124.0
Income tax expense	**(18.8)**	(24.1)
Net earnings from continuing operations	**53.2**	99.9
Net earnings from discontinued operations, net of tax	–	5.2
Net earnings	**53.2**	105.1
Net earnings per share from continuing operations, basic	**$0.37**	$0.71
Net earnings per share from continuing operations, diluted	**$0.34**	$0.66

Revenue for the three months ended March 31, 2017 of $675.7 million was $112.2 million or 20% higher than in the prior year quarter due to increased Energy Distribution and Specialty Chemicals revenue. Energy Distribution revenue for the three months ended March 31, 2017 was $517.6 million, an increase of $103.8 million from the prior year due to an increase in commodity prices compared to the prior year quarter. Specialty Chemicals revenue for the three months ended March 31, 2017 was $158.7 million, an increase of $9.0 million from the prior year quarter due to higher chlor-alkali sales volumes and the reduction of realized losses on foreign currency hedging contracts from the prior year quarter, offset in part by lower average sales prices for sodium chlorate, hydrochloric acid and caustic potash from the prior year quarter.

Gross profit for the three months ended March 31, 2017 was $225.7 million, compared to $216.6 million in the prior year quarter. Gross profit at Energy Distribution decreased due to the weaker U.S. dollar in the first quarter of 2017 compared to the prior year quarter on U.S. denominated EBITDA, which was more than offset by higher gross profit at Specialty Chemicals due to higher chlor-alkali sales volumes and margins.

Selling, distribution and administrative costs were $137.4 million in the three months ended March 31, 2017, a decrease of $16.9 million or 11% from the prior year quarter. Energy Distribution costs for the three months ended March 31, 2017 were $95.6 million, a decrease of $6.8 million from the prior year quarter. The decrease is mainly due to the positive impact of restructuring activities in western Canada. Selling, distribution and administrative costs also include the income from Canwest of $4.4 million, net of depreciation expense. Specialty Chemicals costs were $34.8 million for the three months ended March 31, 2017, a decrease of $5.2 million from the prior year quarter. The decrease was mainly due to lower foreign currency losses related to working capital. Corporate selling, distribution and administrative costs were $7.0 million, compared to $11.9 million in the prior year. The $4.9 million decrease was primarily due to higher costs incurred in the prior year associated with the terminated acquisition of Canexus, partially offset by higher incentive costs.

Finance expense was $9.9 million for the three months ended March 31, 2017 compared to $11.7 million in the prior year quarter, a decrease of $1.8 million. The decrease was mainly due to lower average effective interest rates and lower average debt levels during the quarter, due to the redemption of $150.0 million of 6.0% Debentures in September 2016 and the proceeds from the sale of CPD being used to repay bank debt. The lower interest expense was partially offset by the issuance of the Notes on February 27, 2017.

Unrealized losses on derivative financial instruments in the three months ended March 31, 2017 were $6.4 million compared to an unrealized gain of $73.4 million in the prior year quarter. This is mainly related to the change in the Canadian dollar relative to the U.S. dollar and the timing of maturities of the underlying financial instruments. For additional details, refer to Note 14 of the Q1 2017 unaudited condensed consolidated financial statements.

Total income tax expense for the three months ended March 31, 2017 of $18.8 million was $5.3 million lower than the prior year quarter expense of $24.1 million primarily due to a decrease in net earnings before income taxes.

The net earnings from continuing operations for the three months ended March 31, 2017 totalled $53.2 million, compared to $99.9 million in the prior year quarter, due to the changes in revenue, operating expenses, finance expense and unrealized gains on derivative financial instruments discussed above. Basic net earnings per share from continuing operations for the three months ended March 31, 2017 was $0.37, compared to $0.71 in the prior year.

Net earnings from discontinued operations for the three months ended March 31, 2017 was $nil, compared to $5.2 million in the prior year quarter. The decrease in net earnings from discontinued operations was mainly due to the sale of CPD on August 9, 2016 and the sale of the Fixed-price energy services business in the first quarter of 2016. Basic net earnings per share from discontinued operations was $nil, compared to $0.04 in the prior year quarter. For additional details, refer to Note 4 of the Q1 2017 unaudited condensed interim consolidated financial statements.

OPERATING RESULTS

ENERGY DISTRIBUTION

Energy Distribution's condensed operating results for 2017 and 2016:

	Three months ended March 31	
(millions of dollars)	**2017**	2016
Revenue	**517.6**	413.8
Cost of sales(1)	**(345.8)**	(239.4)
Gross profit(1)	**171.8**	174.4
Less: Cash operating and administrative costs(1)	**(85.7)**	(87.6)
EBITDA from operations(1)(2)	**86.1**	86.8
Net earnings	**68.5**	99.2

(1) See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A."

(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 were $517.6 million in the three months ended March 31, 2017, an increase of $103.8 million or 25% from the prior year quarter. The increase was primarily due to higher commodity prices compared to the prior year. Propane supply prices were higher than in the prior year due to increased weather related demand and the impact of production curtailment.

Total gross profit for the three months ended March 31, 2017 was $171.8 million, a decrease of $2.6 million or 1% from the prior year quarter. The decrease in gross profit was primarily due to lower volumes in U.S. refined fuels related to warmer weather, the impact of the weaker U.S. dollar in the first quarter of 2017 compared to the prior year quarter, and lower gross profit from other services. A review of gross profit is provided below.

Gross Profit Review

	Three months ended March 31	
(millions of dollars)	**2017**	2016
Canadian propane distribution	**100.1**	99.1
U.S. refined fuels distribution	**65.8**	68.1
Other services	**5.9**	7.2
Total gross profit	**171.8**	174.4

Canadian Propane Distribution

Canadian propane distribution's gross profit for the three months ended March 31, 2017 was $100.1 million, an increase of $1.0 million from the prior year quarter, due to higher volumes, partially offset by lower unit margins. Wholesale propane volumes increased by 46 million litres or 30% due to higher third-party sales activity related to sales and marketing initiatives in the supply portfolio group. Residential sales volumes increased by 5 million litres or 10% from the prior year quarter primarily due to colder weather. Average weather across Canada for the quarter, as measured by degree days, was 6% colder than in the prior year but 2% warmer than the five-year average. Commercial volumes increased by 13 million litres or 14% from the prior year largely due to colder weather in western Canada. Industrial volumes decreased by 15 million litres or 14% from the prior year primarily due to reduced oilfield customer demand and reduced construction activity, predominantly in Western Canada.

Average propane sales margins for the three months ended March 31, 2017 decreased to 20.9 cents per litre from 23.1 cents per litre in the prior year quarter. The decrease was primarily due to sales mix as 2017 included an increased proportion of lower-margin wholesale volumes and the impact of wholesale market fundamentals compared to the prior year quarter.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application

(millions of litres	Three months ended March 31 2017	2016
Residential	**53**	48
Commercial	**103**	90
Agricultural	**17**	15
Industrial	**93**	108
Wholesale	**197**	151
Automotive	**15**	17
Total	**478**	429

Volumes by Region[(1)]

(millions of litres)	Three months ended March 31 2017	2016
Western Canada	**200**	213
Eastern Canada	**163**	145
Atlantic Canada	**37**	35
United States	**78**	36
Total	**478**	429

(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; Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island. United States region consists primarily of Maine, Idaho, Kansas, Michigan, Washington, Alaska and California.

U.S. Refined Fuels Distribution

U.S. refined fuels gross profit for the three months ended March 31, 2017 was $65.8 million, a decrease of $2.3 million or 3% from the prior year quarter. The decrease in gross profit was due to lower volumes and the impact of the weaker U.S. dollar in the first quarter of 2017 compared to the prior year quarter. Residential sales volumes decreased by 2 million litres or 2% from the prior year primarily driven by warmer weather. Weather as measured by heating degree days for the first quarter was 1% warmer than the prior year and 11% warmer than the five-year average. Commercial sales volumes decreased by 2 million litres or 2% largely due to warmer weather and increased competition. Wholesale volumes decreased 21 million litres or 10% due to competitiveness in this segment.

Average U.S. refined fuels sales margins were 16.6 cents per litre and increased 3% from 16.1 cents per litre in the prior year. Sales margins increased due to sales mix and marketing initiatives in the retail heating oil and the wholesale business, partly offset by the impact of the weaker U.S. dollar in the first quarter of 2017 compared to the prior year quarter.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application[(1)(2)]

(millions of litres)	Three months ended March 31 2017	2016
Residential	**115**	117
Commercial	**94**	96
Wholesale	**188**	209
Total	**397**	422

Other Services
Other services primarily include equipment installation, maintenance and repair. Gross profit was $5.9 million in the three months ended March 31, 2017, a decrease of $1.3 million or 18% from the prior year. The decrease in other services gross profit is due to weaker economic conditions in western Canada and the impact of the weaker U.S. dollar in the first quarter of 2017 compared to the prior year quarter.

Cash Operating and Administrative Costs
Operating and administrative costs were $85.7 million in 2016, a decrease of $1.9 million or 2% from the prior year. Operating costs decreased mainly due to headcount reductions and the impact of the weaker U.S. dollar on U.S. denominated expenses.

Financial Outlook
EBITDA from operations for 2017 for the Energy Distribution business is anticipated to be consistent to modestly higher than 2016. EBITDA from the Canadian propane and U.S. refined fuels businesses should benefit from ongoing operational and procurement improvements and sales and marketing initiatives. Gross profits in the Canadian propane business are anticipated to be consistent with 2016 as increases in volumes are anticipated to be offset by lower average margins. Gross profits in the U.S. refined fuels business are anticipated to be modestly higher than 2016 due to increased volumes, partially offset by the warmer weather experienced in the early part of the first quarter of 2017. Cash operating costs are anticipated to be consistent with 2016 due to higher volume related expenses, offset by continuous improvement initiatives. Average weather, as measured by degree days, for the remainder of 2017 is anticipated to be consistent with the 5-year average period.

In addition to the significant assumptions referred to above, refer to "Forward-Looking Information" and "Risk Factors to Superior" for a detailed review of significant business risks affecting the Energy Distribution' businesses.

INCOME FROM CANWEST PROPANE
As of March 1, 2017, Superior is entitled to the benefit of the net profits of Canwest. As a result, Superior recorded $6.2 million of adjusted EBITDA in the first quarter of 2017.

SPECIALTY CHEMICALS
Specialty Chemicals' condensed operating results for 2017 and 2016:

	Three months ended March 31			
(millions of dollars, except per metric tonne (MT) amounts)	**2017**		2016	
		$ per MT		$ per MT
Revenue[1]	**158.3**	**747**	157.0	766
Cost of sales[1][2]	**(91.0)**	**(429)**	(93.7)	(457)
Gross profit[1]	**67.3**	**318**	63.3	309
Less: Cash operating and administrative costs[1][2]	**(34.4)**	**(162)**	(36.0)	(176)
EBITDA from operations[1][3]	**32.9**	**156**	27.3	133
Net earnings[3]	**19.5**		1.2	

(1) See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A."
(2) Certain costs have been reclassified between cost of sales and cash operating and administrative costs and prior periods were reclassified to conform to the current year presentation. See "Reclassification of Prior Periods."
(3) EBITDA from operations is a non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

Sales Volumes by Product

(thousands of MTs)	**2017**	2016
Sodium chlorate	**128**	130
Chlor-alkali	**83**	74
Chlorite	**1**	1
Total	**212**	205

Chemical revenue was $158.3 million in the three months ended March 31, 2017, an increase of $1.3 million from the prior year quarter. The increase in revenue was due to lower foreign currency losses related to U.S. denominated working capital compared to the prior year quarter and higher chlor-alkali sales volumes, offset in part by lower average selling prices for sodium chlorate, hydrochloric acid and caustic potash due to product and customer mix and the weaker Canadian dollar in the first quarter of 2016.

Gross profit of $67.3 million in the three months ended March 31, 2017 increased by $4.0 million from the prior year quarter. The increase in gross profit was due to lower foreign currency losses related to working capital and higher chlor-alkali gross profit as a result of higher sales volumes and higher caustic soda average selling prices. Lower caustic potash average selling prices were more than offset by lower production costs.

Sodium chlorate sales volumes decreased by 2,000 tonnes or 2% as the prior year included volumes delivered to Tronox. Average realized selling prices for sodium chlorate were 3% lower than in the prior year.

Chlor-alkali sales volumes increased by 9,000 tonnes or 12% due to higher demand for caustic soda and caustic potash related to runway de-icing.

Operating and administrative costs were $34.4 million in the three months ended March 31, 2017, a decrease of $1.6 million or 4% from the prior year due to lower distribution costs and the workforce restructuring that occurred in 2016.

Reclassification of Prior Periods

During 2016, Superior reviewed the classification of operating expenses in its Specialty Chemicals business and has reclassified certain costs that were classified as cost of sales or selling, distribution, and administrative costs. For the three months ended March 31, 2016, this resulted in an increase to selling, distribution and administrative costs of $0.2 million, and a corresponding decrease in cost of sales As a result of this reclassification, there was no change to previously reported net earnings, operating, financing or investing cash flows, or the amounts presented in the consolidated balance sheet.

Financial Outlook

Superior expects EBITDA from operations for 2017 to be consistent with 2016. Sodium chlorate's adjusted EBITDA is anticipated to be modestly lower as modest improvements in pricing are expected to be offset by a modest decrease in sales volumes and increased production costs related to expected electricity mill rates. Chlor-alkali adjusted EBITDA is anticipated to be consistent to modestly higher than in 2016 due to increased sales volumes and higher caustic soda average sales prices. Operating conditions for 2017 are expected to be consistent with 2016.

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

CONSOLIDATED CAPITAL EXPENDITURE SUMMARY

Superior classifies its capital expenditures into three main categories: efficiency, process improvement and growth-related; maintenance capital; and investment in finance leases.

Efficiency, process improvement and growth-related expenditures include expenditures such as acquisition of new customer equipment to facilitate growth, system upgrades and initiatives to facilitate improvements in customer service.

Maintenance capital expenditures will include required regulatory spending on tank refurbishments, replacement of chlorine railcars, replacement of plant equipment and any other required expenditures related to maintaining operations.

Superior's capital expenditures for 2017 and 2016:

	Three months ended March 31	
(millions of dollars)	**2017**	2016
Efficiency, process improvement and growth-related	**2.1**	4.8
Maintenance capital	**8.1**	23.4
	10.2	28.2
Proceeds on disposition of property, plant & equipment	**(1.2)**	(0.4)
Total net capital expenditures	**9.0**	27.8
Investment in finance leases	**8.1**	3.9
Total expenditures including finance leases	**17.1**	31.7

Efficiency, process improvement and growth related expenditures were $2.1 million in the first quarter of 2017 compared to $4.8 million in the prior year quarter and are primarily related to the purchase of tanks for new propane customers and costs related to the implementation of an updated USRF wholesale information system. The decrease of $2.7 million is due to lower spending on the USRF wholesale information system implementation.

Maintenance capital expenditures were $8.1 million in the first quarter of 2017 compared to $23.4 million in the prior year quarter, a decrease of $15.3 million due primarily to Specialty Chemicals' $13.5 million investment in chlorine railcars in the prior year.

Superior entered into new leases with capital-equivalent value of $8.1 million in the first quarter of 2017 compared to $3.9 million in the prior year quarter, an increase of $4.2 million due to the timing of delivery of vehicles for the Energy Distribution segment to support customer growth and replace aging vehicles in the fleet.

CORPORATE AND INTEREST COSTS

Corporate costs for the first quarter were $5.4 million, compared to $3.3 million in the prior year quarter. The $2.1 million increase was primarily due to higher long-term incentive plan costs as a result of increases in Superior's share price compared to the prior year quarter.

Interest expense on borrowing and finance lease obligations for the first quarter was $8.7 million, compared to $10.3 million in the prior year quarter. The decrease was mainly due to lower average effective interest rates and lower average debt levels during the quarter, due to the redemption of $150.0 million of 6.0% Debentures in September 2016 and the proceeds from the sale of CPD being used to repay bank debt. The lower interest expense was partially offset by interest costs related to the issuance of the Notes on February 27, 2017.

Transaction and Other Costs

Superior's transaction and other costs have been categorized together and excluded from segmented results. Below is a table summarizing these costs for comparative purposes:

	Three months ended March 31	
(millions of dollars)	**2017**	2016
Transaction costs	**1.5**	8.5

For the three months ended March 31, 2017, Superior incurred $1.5 million in costs related to legal and regulatory proceedings for the acquisition of Canwest Propane. For the three months ended March 31, 2016, Superior incurred $8.5 million in costs related to legal and regulatory proceedings for the terminated acquisition of Canexus.

Income Taxes

Total income tax expense for the first quarter was \$18.8 million and consists of \$1.2 million in cash income tax expense and \$17.6 in deferred income tax expense, compared to a total income tax expense of \$24.1 million in the prior year quarter, which consisted of \$1.2 million in cash income tax expense and a \$22.9 million in deferred income tax expense.

Cash income tax expense for the first quarter was \$1.2 million and consisted of income tax expense in the U.S. of \$0.7 million (2016 - \$0.7 million of U.S. cash tax expense) and \$0.5 million in Chile (2016 – \$0.5 million of Chile cash tax expense). Deferred income tax expense for the first quarter was \$17.6 (2016 - \$22.9 million deferred income tax expense), resulting in a corresponding net deferred income tax asset of \$214.4 million as at March 31, 2017.

Canada Revenue Agency (CRA) Income Tax Update

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. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the Income Tax Act (Canada). On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notices of Reassessment received on April 2, 2013. Superior has been reassessed for subsequent taxation years by the CRA and the provincial tax agencies and has filed a Notice of Objection for each Notice of Assessment received.

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 and the provincial tax agencies within 90 days.

Taxation Year	Taxes Payable(1)(2)(3)	50% of the Taxes Payable(1)(2)	Month/Year - Paid/Payable
2009/2010	\$13.0	\$6.5	April 2013
2011	\$15.0	\$7.5	February 2015
2012	\$10.0	\$5.0	February 2015
2013	\$11.0	\$5.5	February 2015
2014	\$16.0	\$8.0	December 2015
2015	\$1.0	\$0.5	November 2016
2016	\$3.0	\$1.5	2017
2017	\$24.0	\$12.0	2018
Total	**\$93.0**	**\$46.5**	

(1) In millions of dollars.
(2) Includes estimated interest and penalties up to payment date of 50%.
(3) Estimated based on Superior's previously filed tax returns, 2016 results Superior's 2017 outlook.

A trial date has been set at the Tax Court of Canada related to the CRA's challenge of the Conversion and is anticipated to occur in the second quarter of 2018. A decision is expected to be rendered six to twelve months after completion of the court hearings. If the 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 and Superior would not be able to use the tax attributes from the Conversion.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and currently 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.

If the tax pools from the Conversion were not available to Superior, the impact would be an increase to cash income taxes of approximately $24.0 million or $0.17 per share for 2017.

FINANCIAL OUTLOOK

Superior has updated its 2017 financial outlook of AOCF per share to $1.50 to $1.75 reflecting the Canwest acquisition and year-to-date results. As previously noted in the individual business financial outlook sections, the Energy Distribution results are anticipated to be consistent to modestly higher than 2016 and Specialty Chemicals results are anticipated to be consistent with 2016.

Achieving Superior's AOCF depends on the operating results of its segments. In addition to the operating results of Superior's segments, significant assumptions underlying the achievement of Superior's 2017 midpoint guidance are:

- Economic growth in Canada and the U.S. is expected to increase modestly;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- Superior's estimated total debt to adjusted EBITDA ratio is based on maintenance and growth-related expenditures as well as capital equivalent of operating leases of $100 million to $105 million in 2017 and on working capital funding requirements which do not contemplate any significant commodity price changes;
- Superior is substantively hedged for its estimated U.S. dollar exposure for 2017, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2017 would not have a material impact to Superior. The foreign currency exchange rate between the Canadian dollar and US dollar is expected to average 0.75 in 2017 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 be consistent in 2017. Interest expense is anticipated to increase due to higher average debt levels related to the Canwest acquisition and the interest costs for the Notes;
- Realized losses on foreign currency hedging contracts are anticipated to be lower than 2016 due to the increase in the average hedge rate; and
- Canadian, Chilean and U.S.-based cash taxes are expected to be in the range of $5 million to $10 million for 2017 based on existing statutory income tax rates and the ability to use available tax basis.

Energy Distribution

- Wholesale propane and U.S. refined fuels-related prices are not anticipated to significantly affect demand for propane and refined fuels and related services; and
- Operating costs are expected to be lower due to continuous improvement initiatives and restructuring activities completed in the fourth quarter of 2016.

Specialty Chemicals

- Average plant utilization will approximate 90%-95% in 2017.

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

Debt Management Update
Superior remains focused on managing both its total debt and its total debt to adjusted EBITDA. Superior's total debt (including convertible debentures) to adjusted EBITDA was 3.3X as at March 31, 2017, compared to 2.1X at December 31, 2016. The debt levels and the total leverage ratio as at March 31, 2017 were higher due to the issuance of the Notes on February 27, 2017 and increased borrowings on credit facilities related to the acquisition of Canwest Propane.

Total debt to adjusted EBITDA is currently above the long-term target of 3.0x. Superior anticipates the total debt to EBITDA ratio will be in the range of 3.2x to 3.6x at December 31, 2017.

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

LIQUIDITY AND CAPITAL RESOURCES

Outstanding Borrowings
Superior's revolving syndicated bank facility (credit facility), term loans and finance lease obligations (collectively borrowing) before deferred financing fees totalled $838.9 million as at March 31, 2017, an increase of $394.2 million from $444.7 million as at December 31, 2016. The increase in borrowing was primarily due the financing related to the acquisition of Canwest Propane.

On May 1, 2017, Superior extended its syndicated credit facility with ten lenders, increasing the size of the facility to $620 million from $570 million, with no changes to the financial covenants. The facility matures on April 28, 2022 and can be expanded up to $800 million.

Convertible Debentures
As at March 31, 2017, convertible debentures (before deferred issuance fees and discount values) issued by Superior totalled $97.0 million, unchanged from December 31, 2016. See Note 13 to the unaudited condensed interim consolidated financial statements for additional details on Superior's convertible debentures.

Issuance of Notes
On February 27, 2017, Superior completed an offering of $250.0 million 5.25% senior unsecured notes (the Notes). The Notes were issued at par value and mature on February 27, 2024. The Notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the 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 February 27 and August 27, and commences August 27, 2017.

Net Working Capital
Consolidated net working capital was $133.6 million as at March 31, 2017, an increase of $21.5 million from net working capital of $112.1 million as at December 31, 2016 due primarily to higher net working capital requirements at Energy Distribution related to increased commodity prices. Superior's net working capital requirements are financed from its credit facility.

Pension Plans
As at March 31, 2017, Superior had an estimated defined benefit going concern surplus of approximately $32.8 million (December 31, 2016 –$33.4 million) and a pension solvency surplus of approximately $0.4 million (December 31, 2016 – deficiency of $4.3 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 audited consolidated financial statements. Superior has sufficient liquidity through its credit facility and anticipated future operating cash flow to fund this deficiency over the prescribed period.

Compliance

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 convertible debentures.

As at March 31, 2017, these ratios are within the requirements of Superior's debt covenants. The consolidated secured debt to compliance EBITDA ratio and consolidated debt to compliance EBITDA ratio are as follows:

	Twelve months ended	
	March 31, 2016	December 31, 2016
Consolidated secured debt to compliance EBITDA	**1.6**	1.3
Consolidated debt to compliance EBITDA	**3.4**	2.3

Also, Superior is subject to certain 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 March 31, 2017, Superior was in compliance with the above noted distribution test.

Under the terms of the agreement related to Superior's $200.0 million 6.50% and $250.0 million 5.25% senior unsecured notes, Superior must maintain a fixed-charge coverage ratio of no less than 2.0 to 1.0. As at March 31, 2017, the fixed-charge coverage ratio for purposes of these agreements was 5.7 to 1.0.

SHAREHOLDERS' CAPITAL

The weighted average number of common shares issued and outstanding during the first quarter was 142.8 million shares, an increase over the prior year quarter due to shares issued under the dividend reinvestment (DRIP) program in 2016.

As at March 31, 2017 and December 31, 2016, the following common shares and securities convertible into common shares were issued and outstanding:

	March 31, 2017		**December 31, 2016**	
(millions)	**Convertible Securities**	**Shares**	Convertible Securities	Shares
Common shares outstanding		**142.8**		142.8
6.00% Debentures[1]	**$97.0**	**5.8**	$97.0	5.8
Shares outstanding and issuable upon conversion of Debentures		**148.6**		148.6

(1) 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.

Dividends paid to shareholders for the first quarter of 2017 were $25.7 million or $0.18 per share compared to $25.3 million (before proceeds from the DRIP of $7.6 million) or $0.18 per share in the first quarter of 2016. Dividends paid to shareholders increased by $0.4 million due to shares issued under the DRIP in 2016.

SUMMARY OF CASH FLOW

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

	Three months ended March 31	
(millions of dollars)	**2017**	2016
Cash flow from operating activities	**84.0**	86.4
Investing activities:		
Purchase of property, plant and equipment	**(10.2)**	(34.0)
Proceeds from sale of discontinued operations	–	2.9
Proceeds on disposal of property, plant & equipment and intangible assets	**1.2**	0.4
Purchase of Canwest option	**(434.8)**	–
Cash flow used in investing activities	**(443.8)**	(30.7)
Financing activities:		
Net proceeds (repayment) of revolving term bank credits and other debt	**141.5**	(27.3)
Repayment of finance lease obligations	**(3.9)**	(4.5)
Proceeds from issuance of 5.25% senior unsecured notes	**250.0**	–
Proceeds from dividend reinvestment plan	–	7.6
Dividends paid to shareholders	**(25.7)**	(25.3)
Cash flow from (used in) from financing activities	**361.9**	(49.5)
Net increase in cash and cash equivalents	**2.1**	6.2
Cash and cash equivalents, beginning of period	**5.0**	–
Effect of translation of foreign currency-denominated cash and cash equivalents	**(0.1)**	(0.8)
Cash and cash equivalents, end of period	**7.0**	5.4

Cash flows from operating activities for the three months ended March 31, 2017 were $84.0 million, a decrease of $2.4 million from the prior year quarter.

Cash flows used in investing activities was $443.8 million, an increase of $413.1 million from the prior year. The increase in cash used in investing activities is mainly due to $434.8 million used for the acquisition of an option to purchase Canwest Propane.

Cash flow from financing activities for the three months ended March 31, 2017 was $361.9 million, compared to cash flows used of $49.5 million in the prior year quarter. The increase in cash flows from financing activities is due to proceeds from credit facilities and proceeds from the issuance of $250.0 million of 5.25% senior unsecured notes.

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 2016 Annual MD&A for further details on financial instrument risk management.

As at March 31, 2017, Superior has substantively hedged its estimated U.S. dollar exposure for 2017 and 69% for 2018. Due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2017 would not have a material impact to Superior. A summary of Superior's U.S. dollar forward contracts for the remainder of 2017 and beyond, on a calendar year basis, is provided in the table below.

(US$ millions except exchange rates)	2017	2018	2019	2020	2021	Total
Net US$ forward sales	112.5	117.8	52.6	37.0	–	319.9
Net average external US$/CDN$ exchange rate	1.30	1.23	1.21	1.32	–	1.26

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's first quarter condensed interim 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 15 to the unaudited condensed interim consolidated financial statements.

RELATED PARTY TRANSACTIONS

Transactions between Superior and its subsidiaries, which are related parties, have been eliminated on consolidation.

For the three months ended March 31, 2017, Superior incurred $0.3 million (March 31, 2016 – $1.2 million) 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.

DISCLOSURE CONTROLS AND PROCEDURES AND 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 Senior 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 are in accordance with IFRS.

During the first quarter of 2017, 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 March 31, 2017. 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, deferred income tax assets and liabilities, the valuation of derivatives and non-financial derivatives and asset impairments and the assessment of potential provision retirement obligations.

New and revised IFRS standards 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.

A final 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 a 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 intends to adopt the new standard on the required effective date, and is currently 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*
IFRS 15 was issued in May 2014, 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* and IAS 11 – *Construction Contracts*, as well as 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. Although Superior has made progress its implementation of IFRS 15 by analyzing revenue streams under the new standard and assessing customer contracts, it is not yet possible to make a reliable estimate of the impact of the new standard on the consolidated financial statements.

IFRS 16 – *Leases*
On January 13, 2016, the IASB issued IFRS 16 – Leases (IFRS 16), which replaces IAS 17 – *Leases* and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, except those that meet limited exception criteria. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019. It is not yet possible to make a reliable estimate of the impact of the new standard on the 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 the performance of Superior and its business. These measures may also be used by investors, financial institutions and credit rating agencies to assess Superior's performance and ability to service debt. 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 most comparable 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 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 AOCF, EBITDA from operations, adjusted EBITDA and compliance EBITDA 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 and Adjusted Operating Cash Flow per Share
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 infrequent in nature and could distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring. AOCF and AOCF per share are presented before and after transaction and other costs.

AOCF per share before transaction and other costs is calculated by dividing AOCF before transaction and other costs by the weighted average number of shares outstanding. AOCF per share is calculated by dividing AOCF by the weighted average number of shares outstanding.

AOCF is the main performance measure used by management and investors to evaluate Superior's ongoing performance of its businesses and ability to generate cash flow. 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. AOCF is also used as one component in determining short-term incentive compensation for certain management employees.

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 Distribution 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.

Adjusted EBITDA

Adjusted EBITDA represents earnings before taxes, depreciation, amortization, losses/(gains) on disposal of assets, finance expense, restructuring costs, transaction and other costs, and unrealized gains/(losses) on derivative financial instruments. Adjusted EBITDA is used by Superior and investors to assess its consolidated results and ability to service debt. Adjusted EBITDA is reconciled to net earnings before income taxes.

EBITDA from operations

EBITDA from operations is defined as adjusted EBITDA excluding gains/(losses) on foreign currency hedging contracts, corporate costs and transaction and other costs. For purposes of this MD&A, foreign currency hedging contract gains and losses are excluded from the results of the operating segments. EBITDA from operations is used by Superior and investors to assess the results of its operating segments. EBITDA from operations is reconciled to net earnings before income taxes.

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. Compliance EBITDA is reconciled to net earnings.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures[1]

(millions of dollars, except per share amounts)	**Q1 2017**	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Revenues	**675.7**	583.1	429.0	448.1	563.5	546.0	472.2	476.1
Gross profit[1]	**225.7**	193.6	119.0	127.2	216.6	174.3	125.1	125.5
Net earnings (loss)	**53.2**	(22.8)	52.8	(15.7)	99.9	20.2	(48.3)	30.2
Per share, basic	**$0.37**	$(0.16)	$0.37	$(0.11)	$0.71	$0.15	$(0.38)	$0.24
Per share, diluted	**$0.34**	$(0.19)	$0.36	$(0.11)	$0.66	$0.13	$(0.40)	$0.18
Net working capital[2]	**133.6**	112.1	84.6	232.5	236.8	242.5	196.4	247.9

(1) During 2016, certain costs were reclassified between cost of sales and cash operating and administrative costs and prior periods were reclassified to conform to the current year presentation. See "Reclassification of Prior Periods."

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

Non-GAAP Measures[1]

(millions of dollars, except per share amounts)	**Q1 2017**	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
AOCF before transaction and other costs	**109.3**	77.3	8.0	16.5	88.0	57.2	11.1	10.9
Per share, basic	**$0.77**	$0.54	$0.06	$0.12	$0.62	$0.42	$0.09	$0.09
Per share, diluted	**$0.77**	$0.54	$0.06	$0.12	$0.62	$0.42	$0.09	$0.09
AOCF	**107.8**	68.4	(13.3)	5.0	79.5	47.2	11.1	10.9
Per share, basic	**$0.75**	$0.48	$(0.09)	$0.04	$0.56	$0.35	$0.09	$0.09
Per share, diluted	**$0.75**	$0.48	$(0.09)	$0.04	$0.56	$0.35	$0.09	$0.09

(1) AOCF before transaction and other costs, AOCF and the related per share amounts, are non-GAAP financial measures. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

Volumes

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Canadian propane sales volumes (millions of litres)[1]	**478**	417	234	255	429	395	280	280
U.S. refined fuels sales volumes (millions of litres)	**397**	373	321	353	422	390	341	338
Chemical sales volumes (thousands of metric tonnes)	**212**	203	209	196	205	216	217	195

(1) Includes volumes of the supply portfolio management division, which was previously reported as a separate division of Energy Distribution. Comparative figures have been reclassified to reflect the current period presentation.

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO EBITDA FROM OPERATIONS

For the three months ended March 31, 2017	**Energy Distribution**	**Specialty Chemicals**
Net earnings before income taxes	**68.5**	**19.5**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**14.7**	–
Depreciation included in cost of sales	–	**13.2**
Gains on disposal of assets	**(0.4)**	–
Income from Canwest Propane	**(6.2)**	–
Depreciation and amortization - Canwest Propane	**1.8**	–
Finance expense	**1.1**	**0.1**
Unrealized losses on derivative financial instruments	**6.6**	**0.1**
EBITDA from operations	**86.1**	**32.9**

For the three months ended March 31, 2016	**Energy Distribution**	**Specialty Chemicals**
Net earnings before income taxes	99.2	1.2
Add: Depreciation and amortization included in selling, distribution and administrative costs	15.0	–
Depreciation included in cost of sales	–	13.8
Realized losses on foreign currency hedging contracts	–	11.3
Gains on disposal of assets	(0.2)	–
Finance expense	0.8	0.1
Unrealized (gains) losses on derivative financial instruments	(28.0)	0.9
EBITDA from operations	86.8	27.3

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA

For the three months ended March 31, 2017	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings before income taxes	**68.5**	**19.5**	**(16.0)**	**72.0**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**14.7**	–	**0.1**	**14.8**
Depreciation included in cost of sales	–	**13.2**	**–**	**13.2**
Gains on disposal of assets	**(0.4)**	–	**–**	**(0.4)**
Income from Canwest	**(6.2)**	–	**6.2**	–
Depreciation and amortization – Canwest Propane	**1.8**	–	–	**1.8**
Finance expense	**1.1**	**0.1**	**8.7**	**9.9**
Unrealized losses (gains) on derivative financial instruments	**6.6**	**0.1**	**(0.3)**	**6.4**
Transaction and other costs	–	–	**1.5**	**1.5**
Adjusted EBITDA	**86.1**	**32.9**	**0.2**	**119.2**

For the three months ended March 31, 2016	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings before income taxes	99.2	1.2	23.6	124.0
Add: Depreciation and amortization included in selling, distribution and administrative costs	15.0	–	0.1	15.1
Depreciation included in cost of sales	–	13.8	–	13.8
Realized losses on foreign currency hedging contracts	–	11.3	(11.3)	–
Gains on disposal of assets	(0.2)	–	–	(0.2)
Finance expense	0.8	0.1	10.8	11.7
Unrealized (gains) losses on derivative financial instruments	(28.0)	0.9	(46.3)	(73.4)
Transaction and other costs	–	–	8.5	8.5
Adjusted EBITDA	86.8	27.3	(14.6)	99.5

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

	For the three months ended March 31, 2017		For the three months ended March 31, 2016	
(millions of dollars)	**Energy Distribution**	**Specialty Chemicals**	Energy Distribution	Specialty Chemicals[1]
Revenue per financial statements	**517.6**	**158.7**	413.8	149.7
Foreign currency losses related to working capital	–	**(0.4)**	–	(4.0)
Realized losses on foreign currency hedging contracts	–	–	–	11.3
Revenue per the MD&A	**517.6**	**158.3**	413.8	157.0
Cost of sales per financial statements	**(345.8)**	**(104.2)**	(239.4)	(107.5)
Depreciation included in cost of sales	–	13.2	–	13.8
Cost of sales per the MD&A	**(345.8)**	**(91.0)**	(239.4)	(93.7)
Gross profit	**171.8**	**67.3**	174.4	63.3
Cash selling, distribution and administrative costs per financial statements	**(95.6)**	**(34.8)**	(102.4)	(40.0)
Depreciation and amortization	14.7	–	15.0	–
Gains on disposal of assets	(0.4)	–	(0.2)	–
Income from Canwest Propane	(4.4)	–	–	–
Reclassification of foreign currency losses related to working capital	–	0.4	–	4.0
Cash operating and administrative costs per the MD&A	**(85.7)**	**(34.4)**	(87.6)	(36.0)
EBITDA from operations	**86.1**	**32.9**	86.8	27.3

(1) Restated to reflect the current period presentation, which includes a reclassification of certain costs between selling, distribution and administrative costs and cost of sales. See “Reclassification of Prior Periods.”

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 2016 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. Information contained within these websites does not constitute part of this MD&A. General risks to Superior are as follows:

Cash Dividends to Shareholders are Dependent on the Performance of Superior LP

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.

Additional Shares

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.

Tax Reassessments

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. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the Income Tax Act (Canada). On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notices of Reassessment received on April 2, 2013. Superior has been reassessed for subsequent taxation years by the CRA and the provincial tax agencies and has filed a Notice of Objection for each Notice of Assessment received. The outcome of this litigation cannot be predicted with any certainty.

A trial date has been set at the Tax Court of Canada related to the CRA's challenge of the Conversion and is anticipated to occur in the second quarter of 2018. A decision is expected to be rendered six to twelve months after completion of the court hearings. If the 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 and Superior would not be able to use the tax attributes from the Conversion.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and currently 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 and the provincial tax agencies. Superior would also be required to make a payment of 50% of the taxes the CRA and the provincial tax agencies claims are owed in any future tax year if similar notice of reassessment for such years were issued and Superior were to appeal such other years. See "CRA Income Tax Update" for further details on the amounts paid and estimated amounts payable.

Access to Capital
The credit facilities and Senior Unsecured 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.

Interest Rates
Superior maintains substantial floating interest rate exposure through a combination of floating interest rate borrowing and the use of derivative instruments. Demand levels for a significant portion of Energy Distribution' sales and substantially all of Specialty Chemicals' 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.

Foreign Exchange Risk
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 impact profitability. Superior attempts to mitigate this risk with derivative financial instruments.

Changes in Legislation and Expected Tax Profile
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), the Chilean Internal Revenue Service or the Luxembourg Tax Authorities (collectively, the "Tax Agencies") 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.

Acquisitions
Pursuant to the terms of the agreements providing for the purchase of assets or businesses, Superior has been and will continue to be provided with certain representations, warranties and indemnities from the respective vendors subject to certain applicable limitations and thresholds and will conduct due diligence prior to completion of such acquisitions. However, if such representations and warranties are inaccurate or limited in applicability or if any liabilities that are discovered exceed such limits or are not covered by the representations, warranties or indemnities, or the applicable vendors default in their obligations or if certain liabilities are not identified in such agreements, Superior could become liable for any such liabilities which may have an adverse effect on Superior. In addition, there may be liabilities or risks that were not discovered in such due diligence investigations which could have an adverse effect on Superior.

Acquiring complementary businesses is often required to optimally execute our business strategy. Distribution systems, technologies, key personnel or businesses of companies we acquire may not be effectively assimilated into our business, or our alliances may not be successful. There is also no assurance regarding the completion of a planned acquisition as Superior may be unable to obtain shareholder approval for a planned acquisition or Superior may be unable to obtain government and regulatory approvals required for a planned acquisition, or required government and regulatory approvals may result in delays. There may be penalties associated with not completing a planned acquisition. We also may not be able to successfully complete certain divestitures on satisfactory terms, if at all. Divestitures may reduce Superior's total revenues and net earnings by more than the sales price.

Canwest Acquisition

The Acquisition is conditional upon, among other things, the receipt of all required regulatory approvals, including the Competition Act Clearance and British Columbia Utilities Commission approval. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms, covenants, required divestitures or other conditions in the approvals, could have a material adverse effect on Superior LP's ability to complete the Acquisition and on Superior's business, financial condition, operations, assets or future prospects.

The failure to obtain the Competition Act Clearance and British Columbia Utilities Commission approval prior to December 29, 2017 (as may be extended under certain circumstances to September 30, 2018) may result in Superior not being able to complete the Acquisition. In such circumstances, Superior may attempt to sell the rights to purchase Canwest to a third party, but may not be able to do so on favorable terms or at all.

Although the related agreements contain covenants on the part of Canwest regarding the operation of its business prior to closing the Acquisition, including to conduct the operations of Canwest in the ordinary course of business, Superior will not control Canwest until completion of the Acquisition. As a result, Canwest's business and results of operations may be adversely affected by events that are outside of Superior's control during the intervening period.

Superior will compete with other potential employers for employees, and it may not be successful in keeping the services of the executives and other employees that it needs to realize the anticipated benefits of the Acquisition. Superior LP's failure to retain key personnel to remain as part of the management team of Canwest in the period following the Acquisition could have a material adverse effect on the business and operations of Superior.

A variety of factors may adversely affect Superior's ability to achieve the anticipated benefits of the Acquisition. A failure to realize the anticipated benefits of the Acquisition, including but not limited to, the anticipated synergies associated with the Acquisition and included within the assumptions relating to expected accretion, could have a material adverse effect on Superior's business, financial condition, operations, assets or future prospects.

Integrating Canwest's operations with Superior's existing business will be a complex, time consuming and a costly process. Failure to successfully integrate Canwest and its operations in a timely manner may have a material adverse effect on Superior's business, results of operations, cash flows and financial position. The difficulties of integrating Canwest include, but are not limited to, coordinating geographically disparate organizations, systems and facilities, adapting to additional regulatory and other legal requirements, integrating corporate, technological and administrative function and employment and compensation policies and practices, and diverting management's attention from other business concerns.

Information Technology and Cyber Security

Superior utilizes a number of information technology systems for the management of its business and the operation of its facilities. The reliability and security of these systems is critical. If the functionality of these systems is interrupted or fails and cannot be restored quickly, or if the technologies are no longer supported, Superior's ability to operate its facilities and conduct its business could be compromised. Superior has continued to mature its approach to technology planning. Superior continually assesses and monitors its cyber security risk. In an effort to mitigate such risks, Superior has employed a fully managed third party cyber security service that deploys industry leading technology, conducted comprehensive employee training and utilizes monitoring software to protect its systems.

Although the technology systems Superior utilizes are intended to be secure and Superior has employed various methods to mitigate cyber risks, there is still a risk that an unauthorized third party could access the systems. Such a security breach could lead to a number of adverse consequences, including but not limited to, the unavailability, disruption or loss of key functionalities within Superior's control systems and the unauthorized disclosure, corruption or loss of sensitive company, customer or personal information. Superior attempts to prevent such breaches through the implementation of various technology security measures, segregation of control systems from its general business network, engaging skilled consultants and employees to manage Superior's technology applications, conducting periodic audits and adopting policies and procedures as appropriate.

To date, Superior has not been subject to a cyber-security breach that has resulted in a material impact on its business or operations; however, there is no guarantee that the measures it takes to protect its business systems and operational control systems will be effective in protecting against a breach in the future.

RISKS TO SUPERIOR'S SEGMENTS

Risks associated with the Energy Distribution business are set out below. Canwest, being in the same industry as Superior Propane, is subject to similar risks to those described below.

Canadian Propane Distribution and U.S. Refined Fuels

Competition
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. Increases in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand. Propane commodity prices are affected by crude oil and natural gas commodity prices.

Automotive propane demand depends on propane pricing, the market's acceptance of propane conversion options and the availability of infrastructure. Superior Propane has strategic partnerships with companies focused on after-market conversion technologies. This segment has been impacted by the development of more fuel efficient and complicated engines which increase the cost of converting engines to propane and reduce the savings per kilometre driven.

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.

Volume Variability, Weather Conditions and Economic Demand
Weather, general economic conditions and the volatility in the cost of propane affect propane market volumes. Weather influences the demand for propane, primarily for home and facility heating uses and also for agricultural applications, such as crop drying.

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. Conversely, low prices tend to make customers less price sensitive and less focused on their amount of consumption.

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.

For USRF, demand from end-use heating applications is predictable. However, weather and general economic conditions affect distillates and propane market volumes. Weather influences the immediate demand, 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.

Demand, Supply and Pricing

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.

Health, Safety and Environment

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 Distribution in comparison with such competing energy sources. Any such changes could have an adverse effect on the operations of Energy Distribution.

Employee and Labour Relations

Approximately 19% of Superior's Canadian propane distribution business employees and 4% 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.

Specialty Chemicals

Risks associated with the Specialty Chemicals business are as follows:

Competition

Specialty Chemicals competes with sodium chlorate, chlor-alkali 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.

Supply Arrangements
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.

Foreign Currency Exchange
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.

Health, Safety and Environment
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.

Regulatory
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.

Manufacturing and Production
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.

Employee and Labour Relations
Approximately 28% 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

On August 9, 2016, Superior divested its CPD business pursuant to an agreement with Foundation Building Materials, LLC. As a result, Superior may still be subject to certain risks to the extent Superior made representations and warranties to Foundation Building Materials, LLC in the purchase and sale agreement providing for such divestiture.

Superior Plus Corp.
Condensed Consolidated Balance Sheets

(unaudited, millions of Canadian dollars)	Note	March 31 2017	December 31 2016
Assets			
Current Assets			
Cash and cash equivalents		**7.0**	5.0
Trade and other receivables	**6**	**228.6**	243.2
Prepaid expenses		**51.3**	52.1
Inventories	**7**	**80.6**	101.1
Unrealized gains on derivative financial instruments	**14**	**7.9**	15.4
Assets classified as discontinued operations	**4**	**–**	0.3
Option to purchase Canwest Propane	**5**	**434.8**	–
Total Current Assets		**810.2**	417.1
Non-Current Assets			
Property, plant and equipment	**8**	**916.1**	933.7
Intangible assets		**30.7**	32.0
Goodwill		**199.2**	199.2
Notes and finance lease receivables		**3.5**	3.4
Employee future benefits		**6.5**	6.1
Deferred tax	**15**	**244.2**	254.2
Unrealized gains on derivative financial instruments	**14**	**2.5**	1.8
Total Non-Current Assets		**1,402.7**	1,430.4
Total Assets		**2,212.9**	1,847.5
Liabilities and Equity			
Current Liabilities			
Trade and other payables	**10**	**212.8**	261.7
Deferred revenue		**4.1**	8.5
Borrowing	**12**	**17.9**	18.3
Dividends and interest payable		**10.0**	11.5
Unrealized losses on derivative financial instruments	**14**	**13.0**	9.0
Liabilities classified as discontinued operations	**4**	**–**	2.9
Total Current Liabilities		**257.8**	311.9
Non-Current Liabilities			
Borrowing	**12**	**810.0**	420.7
Convertible unsecured subordinated debentures	**13**	**90.5**	89.8
Other liabilities	**11**	**11.8**	11.4
Provisions	**9**	**20.5**	20.5
Employee future benefits		**22.2**	22.1
Deferred tax	**15**	**29.8**	22.4
Unrealized losses on derivative financial instruments	**14**	**16.6**	20.1
Total Non-Current Liabilities		**1,001.4**	607.0
Total Liabilities		**1.259.2**	918.9
Equity			
Capital		**1,953.5**	1,953.5
Deficit		**(1,108.7)**	(1,136.2)
Accumulated other comprehensive income		**108.9**	111.3
Total Equity	**16**	**953.7**	928.6
Total Liabilities and Equity		**2,212.9**	1,847.5

See accompanying Notes to the Condensed Financial Statements.

Superior Plus Corp.
Condensed Consolidated Statement of Changes in Equity

(unaudited, millions of Canadian dollars)	Share capital	Contributed surplus[1]	**Total capital[1]**	**Deficit**	**Accumulated other comprehensive income**	**Total**
December 31, 2016	1,952.3	1.2	**1,953.5**	**(1,136.2)**	**111.3**	**928.6**
Net earnings	–	–	–	53.2	–	53.2
Unrealized foreign currency loss on translation of foreign operations	–	–	–	–	(2.9)	(2.9)
Actuarial defined benefit loss	–	–	–	–	0.4	0.4
Income tax recovery on other comprehensive income	–	–	–	–	0.1	0.1
Total comprehensive income (loss)				**53.2**	**(2.4)**	**50.8**
Dividends declared to shareholders	–	–	–	**(25.7)**	–	**(25.7)**
Common shares issued under dividend reinvestment plan	–	–	–	–	–	–
March 31, 2017	1,952.3	1.2	**1,953.5**	**(1,108.7)**	**108.9**	**953.7**
December 31, 2015	1,929.5	1.2	**1,930.7**	**(1,328.3)**	**111.3**	**713.7**
Net earnings	–	–	–	105.1	–	105.1
Unrealized foreign currency loss on translation of foreign operations	–	–	–	–	(35.4)	(35.4)
Actuarial defined benefit loss	–	–	–	–	(2.3)	(2.3)
Income tax recovery on other comprehensive income	–	–	–	–	0.6	0.6
Total comprehensive income (loss)				**105.1**	**(37.1)**	**68.0**
Dividends declared to shareholders	–	–	–	**(25.6)**	–	**(25.6)**
Common shares issued under dividend reinvestment plan	7.6	–	**7.6**	–	–	**7.6**
March 31, 2016	1,937.1	1.2	**1,938.3**	**(1,248.8)**	**74.2**	**763.7**

[1] 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 (Loss) and Total Comprehensive Income

(unaudited, millions of Canadian dollars)	**Note**	**Three months ended March 31[1]** **2017**	2016 (restated)
Revenues	**19**	**675.7**	563.5
Cost of sales (includes products & services)	**19**	**(450.0)**	(346.9)
Gross profit		**225.7**	216.6
Expenses			
Selling, distribution and administrative costs	**19**	**(137.4)**	(154.3)
Finance expense	**19**	**(9.9)**	(11.7)
Unrealized (losses) gains on derivative financial instruments	**14**	**(6.4)**	73.4
		(153.7)	(92.6)
Net earnings from continuing operations before income taxes		**72.0**	124.0
Income tax expense	**15**	**(18.8)**	(24.1)
Net earnings from continuing operations		**53.2**	99.9
Net earnings from discontinued operations, net of tax	**4**	**–**	5.2
Net earnings		**53.2**	105.1
Other comprehensive income (loss):			
Items that may be reclassified subsequently to net earnings			
Unrealized foreign currency losses on translation of foreign operations		**(2.9)**	(30.9)
Other comprehensive losses from discontinued operations		**–**	(4.5)
		(2.9)	(35.4)
Items that will not be reclassified to net earnings			
Actuarial defined benefit (losses) gains		**0.4**	(2.3)
Income tax (expense) recovery on other comprehensive income		**0.1**	0.6
		0.5	(1.7)
Other comprehensive loss for the period		**(2.4)**	(37.1)
Total comprehensive income for the period		**50.8**	68.0
Net earnings per share			
From continuing operations:			
Basic	**17**	**$0.37**	$0.71
Diluted	**17**	**$0.34**	$0.66
From discontinued operations:			
Basic	**17**	**–**	$0.04
Diluted	**17**	**–**	$0.04

[1] See Note 4

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 March 31 2017	2016
Operating Activities			
Net earnings for the period		**53.2**	105.1
Adjustments for:			
Depreciation included in selling, distributions and administrative costs	**8**	**13.3**	16.1
Amortization intangible assets	**19**	**1.5**	3.8
Depreciation included in cost of sales	**8**	**13.2**	13.8
Gain on sale of discontinued operations	**4**	**–**	(3.0)
Gain on disposal of assets		**(0.4)**	(0.2)
Unrealized losses (gains) on derivative financial instruments		**6.4**	(73.4)
Finance expense recognized in net earnings		**9.9**	12.0
Income tax expense recognized in net earnings		**18.8**	24.1
Changes in non-cash operating working capital	**18**	**(24.2)**	(8.6)
Net cash flows from operating activities		**91.7**	89.7
Income tax paid		**(1.7)**	(0.2)
Interest paid		**(6.0)**	(3.1)
Cash flows from operating activities		**84.0**	86.4
Investing Activities			
Purchase of property plant and equipment	**21**	**(10.2)**	(34.0)
Proceeds from sale of discontinued operation	**4**	**–**	2.9
Proceeds from disposal of property, plant and equipment and intangible assets		**1.2**	0.4
Purchase of Canwest Option	**5**	**(434.8)**	–
Cash flows used in investing activities		**(443.8)**	(30.7)
Financing Activities			
Net proceeds (repayment) of revolving term bank credits and other debt		**141.5**	(27.3)
Repayment of finance lease obligations		**(3.9)**	(4.5)
Proceeds from issuance of 5.25% senior unsecured notes		**250.0**	–
Proceeds from dividend reinvestment plan		**–**	7.6
Dividends paid to shareholders		**(25.7)**	(25.3)
Cash flows from (used in) financing activities		**361.9**	(49.5)
Net increase in cash and cash equivalents		**2.1**	6.2
Cash and cash equivalents, beginning of period		**5.0**	–
Effect of translation of foreign currency-denominated cash and cash equivalents		**(0.1)**	(0.8)
Cash and cash equivalents, end of period		**7.0**	5.4

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTES TO THE UNAUDITED 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 401, 200 Wellington Street West, Toronto, Ontario. 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. 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 March 31, 2017 and for the three months ended March 31, 2017 and 2016 were authorized for issuance by the Board of Directors on May 2, 2017.

Reportable Operating Segments

At March 31, 2017, Superior operates two distinct reportable operating segments: Energy Distribution and Specialty Chemicals. Superior's Energy Distribution 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. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industry and a regional supplier of potassium and chlor-alkali products in the U.S. Midwest.

During the year ended December 31, 2016, Superior divested one of its previously reportable operating segments, Construction Products Distribution. Construction Products Distribution was a distributor of commercial and industrial insulation in North America and a distributor of specialty construction products to the walls and ceilings industry in Canada.

2. BASIS OF PRESENTATION

(a) Preparation of Financial Statements

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, 2016. 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. 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 2016 annual consolidated financial statements.

The consolidated financial statements were prepared on the historical cost basis except for the revaluation of certain financial instruments and incorporate the accounts of Superior and its 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. Superior disposed of its Construction Products Distribution business in August, 2016. Superior also sold assets of its Fixed-Price Energy Services business in the first quarter of 2016. For comparability, Superior has restated its March 31, 2016 financial results to present results from continuing operations and discontinued operations, had the businesses been disposed of January 1, 2016.

All transactions and balances between Superior and its subsidiaries are eliminated on consolidation. Superior's subsidiaries are all wholly owned directly or indirectly by Superior Plus Corp.

(b) Restatement and Reclassification of Comparative Figures

During 2016, Superior reviewed the classification of operating expenses in its Specialty Chemicals business and has reclassified certain costs that were classified as cost of sales or selling, distribution, and administrative costs. For the three months ended March 31, 2016, this resulted in an increase to selling, distribution and administrative costs of $0.2 million, and a corresponding decrease in cost of sales. As a result of this reclassification, there was no change to previously reported net earnings, operating, financing, or investing cash flows, or the amounts presented in the consolidated balance sheet.

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 2016 annual consolidated financial statements.

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, 2017 or later periods.

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.

A finalized 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 a 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 intends to adopt the new standard on the required effective date, and is currently 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*
IFRS 15 was issued in May 2014, 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* and IAS 11 – *Construction Contracts*, as well as 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. Although Superior has made progress in its implementation of IFRS 15 by analyzing revenue streams under the new standard and assessing customer contracts, it is not yet possible to make a reliable estimate of the impact of the new standard on the consolidated financial statements.

IFRS 16 – *Leases*
On January 13, 2016, the IASB issued IFRS 16 – Leases (IFRS 16), which replaces IAS 17 – Leases and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, except those that meet limited exception criteria. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019. It is not yet possible to make a reliable estimate of the impact of the new standard on the consolidated financial statements.

3. SEASONALITY OF OPERATIONS

Energy Distribution
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 lows in the second and third quarters. Net working capital is also significantly influenced by wholesale propane prices and other refined fuels.

4. DISCONTINUED OPERATIONS

In 2015, Fixed-Price Energy Services ceased marketing efforts and allowed existing customer contracts to expire with the intention to exit the business. The Fixed-Price Energy Services assets were divested during Q1 2016, and substantially all of the intangible assets, consisting mainly of customer contracts, were sold for total consideration of $4.3 million, which includes contingent consideration. Certain assets divested were disposed of with an effective date of January 1, 2016 and the earnings related to these assets were collected by Superior and remitted to the purchaser.

A gain of $3.0 million was recorded within discontinued operations during the three months ended March 31, 2016 based on the excess of the proceeds net of contingent consideration over the carrying value of the intangible assets. Results of the Fixed-Price Energy Services business were previously presented in the Energy Distribution operating segment.

On August 9, 2016, Superior completed the sale of its Construction Products Distribution business (CPD) to Foundation Building Materials, LLC for total cash consideration of US $325.0 million, less a working capital adjustment of US $20.3 million. The disposal is consistent with Superior's long-term strategy to focus its activities on the Energy Distribution and Specialty Chemicals businesses. The transaction took place in the form of a share sale, and effectively included all assets Superior held in its CPD operating segment. With CPD classified as a discontinued operation, the CPD segment is no longer presented in the Reportable Segment Information note. Results for the comparative three-month period ended March 31, 2016 have been restated to present results from CPD as results from discontinued operations.

The assets and liabilities of assets classified as discontinued operations presented on the condensed consolidated balance sheets is as follows:

(unaudited, millions of Canadian dollars)	**March 31 2017**	December 31 2016
Assets		
Trade and other receivables	–	0.3
Assets held by discontinued operations	–	0.3

(unaudited, millions of Canadian dollars)	**March 31 2017**	December 31 2016
Liabilities		
Trade and other payables	–	2.9
Liabilities held by discontinued operations	–	2.9

Net earnings reported in the consolidated financial statements has been restated to separately present results from those operations classified as discontinued operations. Net earnings from discontinued operations reported in the consolidated financial statements are as follows:

		Three months ended March 31
	2017	2016
Revenues		
Revenue from products	–	265.6
Realized losses on derivative financial instruments	–	(1.8)
	–	263.8
Cost of sales (includes products and services)		
Cost of products and services	–	(196.2)
Realized losses on derivative financial instruments	–	(6.0)
	–	(202.2)
Selling, distribution and administrative costs		
General and administrative costs	–	(13.4)
Employee costs	–	(35.9)
Depreciation of property, plant, and equipment	–	(2.1)
Facilities maintenance expense	–	(0.8)
Vehicle operating expense	–	(4.2)
Amortization of intangible assets	–	(2.7)
	–	(59.1)
Finance expenses		
Finance lease obligation interest	–	(0.3)
	–	(0.3)
Net earnings from discontinued operations before gain and income taxes	–	2.2
Gain on disposal of Fixed-Price Energy Services business	–	3.0
Net earnings from discontinued operations	–	5.2

Cash flows from discontinued operations reported in the consolidated statement of cash flows are as follows:

	Three months ended March 31	
	2017	**2016**
Cash flows from operating activities	–	1.2
Cash flows used in investing activities	–	(2.9)
Cash flows used in financing activities	–	(1.1)
Net increase in cash and cash equivalents from discontinued operations	–	(2.8)
Change in cash from continuing operations	–	9.0
Effect of translation of foreign denominated cash and cash equivalents	–	(0.8)
Cash, beginning of period	–	–
Cash, end of period	–	5.4

5. OPTION TO PURCHASE SHARES OF CANWEST PROPANE

On March 1, 2017, Superior has entered into certain agreements to purchase the entities that carry on the industrial propane business of Canwest from Gibson Energy ULC for $412 million. The acquisition of Canwest is subject to the satisfaction of certain conditions, including the receipt of customary regulatory approvals. The acquisition of the Option occurred on March 1, 2017 for cash consideration of $412.0 million, plus $22.8 million of working capital adjustments. Superior anticipates the acquisition will close in the second half of 2017.

As of March 1, 2017, Superior is entitled to the benefit of the net profits of Canwest. As a result, Superior recorded net earnings of $4.4 million (Note 19).

6. TRADE AND OTHER RECEIVABLES

A summary of trade and other receivables is as follows:

	March 31 2017	December 31 2016
Trade receivables, net of allowances	**211.3**	235.3
Accounts receivable – other	**17.3**	7.9
Trade and other receivables	**228.6**	243.2

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

	March 31 2017	December 31 2016
Current	**160.5**	183.0
Past due less than 90 days	**49.1**	51.5
Past due over 90 days	**6.0**	5.1
Total receivables	**215.6**	239.6

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 $4.3 million as at March 31, 2017 (December 31, 2016 – $4.3 million). The movement in the provision for doubtful accounts is as follows:

	March 31 2017	December 31 2016
Allowance for doubtful accounts, at the beginning of the period	**(4.3)**	**(7.3)**
Derecognized on sale of CPD receivables	**–**	**1.9**
Additions	**(1.1)**	**(4.2)**
Amounts written off during the year as uncollectible	**0.4**	**1.4**
Amounts recovered	**0.7**	**3.9**
Allowance for doubtful accounts at the end of the period	**(4.3)**	**(4.3)**

7. INVENTORIES

	March 31 2017	December 31 2016
Propane, heating oil and other refined fuels	**36.3**	**54.0**
Propane retailing materials, supplies, appliances and other	**7.5**	**7.7**
Chemical finished goods and raw materials	**23.1**	**25.6**
Chemical stores, supplies and other	**13.7**	**13.8**
	80.6	**101.1**

Continuing Operations	**Three months ended March 31**	
	2017	2016
Cost of inventories recognized as an expense	**400.1**	292.8
Inventory write-downs	**0.2**	0.6
Write-down reversals	**0.1**	0.1

Discontinued Operations	**Three months ended March 31**	
	2017	2016
Cost of inventories recognized as an expense	**–**	179.9
Inventory write-downs	**–**	0.1
Write-down reversals	**–**	–

8. PROPERTY, PLANT AND EQUIPMENT

Cost	**Land**	**Buildings**	**Specialty Chemicals Plant & Equipment**	**Energy Distribution Retailing Equipment**	**Leasehold Improvements**	**Total**
Balance at December 31, 2016	31.6	206.3	964.1	797.4	6.0	2,005.4
Balance at March 31, 2017	**31.3**	**205.4**	**964.5**	**802.3**	**6.3**	**2,009.8**
Accumulated Depreciation						
Balance at December 31, 2016	–	80.0	541.9	446.6	3.2	1,071.7
Balance at March 31, 2017	–	**81.7**	**551.4**	**457.3**	**3.3**	**1,093.7**
Carrying Amount						
Balance at December 31, 2016	31.6	126.3	422.2	350.8	2.8	933.7
Balance at March 31, 2017	**31.3**	**123.7**	**413.1**	**345.0**	**3.0**	**916.1**

Depreciation per cost category:

	Three months ended March 31 2017	2016
Cost of sales	**13.2**	13.8
Selling, distribution and administrative costs – continuing operations	**13.3**	14.0
Selling, distribution and administrative costs – discontinued operations	**–**	2.1
Total	**26.5**	29.9

The carrying amount of Superior's property, plant, and equipment includes $67.2 million of leased assets as at March 31, 2017 (December 31, 2016 – $64.9 million).

9. PROVISIONS

	Restructuring	Decommissioning	Environmental	Total
Balance at December 31, 2016	4.8	20.4	0.1	25.3
Utilizations	**(1.6)**	–	–	**(1.6)**
Additions	–	–	–	–
Amounts reversed during the year	–	–	–	–
Unwinding of discount	–	**0.1**	–	**0.1**
Impact of change in discount rate	–	–	–	–
Net foreign currency exchange difference	–	–	–	–
Divestitures	–	–	–	–
Balance at March 31, 2017	**3.2**	**20.5**	**0.1**	**23.8**

	March 31 2017	December 31 2016
Current	**3.3**	4.8
Non-current	**20.5**	20.5
	23.8	25.3

Restructuring

Provisions for restructuring are recorded in provisions, except for the current portion, which is recorded in trade and other payables. As at March 31, 2017, the current portion of restructuring costs was $3.2 million (December 31, 2016 – $4.8 million). As at March 31, 2017, the long term portion of restructuring costs was $nil million (December 31, 2016 – $nil million). The provision was 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 activities expected timing.

Specialty Chemicals

Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. As at March 31, 2017, the discount rate used in Superior's calculation was 2.31% (December 31, 2016 – 2.31%). Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $22.7 million (December 31, 2016 – $22.7 million) which will be paid over the next 15 to 23 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 Distribution

Superior records a provision for the future costs of decommissioning certain assets associated with the Energy Distribution segment. Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $10.1 million at March 31, 2017 (December 31, 2016 – $10.2 million) which will be paid over the next 16 years. The discount rate of 2.31% at March 31, 2017 (December 31, 2016 – 2.31%) 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 $0.1 million at March 31, 2017 (December 31, 2016 – $0.1 million) which will be paid over the next year. The extent and cost of future remediation programs are inherently difficult to estimate and depend on the scale of any possible contamination, the timing and extent of corrective actions, and Superior's share of the liability.

10. TRADE AND OTHER PAYABLES

A summary of trade and other payables is as follows:

	Note	March 31 2017	December 31 2016
Trade payables		**144.4**	182.6
Restructuring provisions	9	**3.3**	4.8
Other payables		**51.1**	59.2
Share-based payments		**14.0**	15.1
Trade and other payables		**212.8**	261.7

11. OTHER LIABILITIES

	March 31 2017	December 31 2016
Supply agreement	**4.6**	5.2
Québec cap and trade payable	**7.0**	6.2
Ontario cap and trade payable	**0.2**	–
	11.8	11.4

The supply agreement above relates to the Specialty Chemicals purchase and supply agreements with Tronox LLC (Tronox) whereby Superior agreed to purchase up to 130,000 metric tonnes (MT) of sodium chlorate per year from Tronox's Hamilton, Mississippi facility as nominated annually by Specialty Chemicals. Specialty Chemicals also agreed to supply Tronox with certain products to service Tronox requirements in North America. Tronox commenced decommissioning of the facility upon completion of Superior's 2015 sodium chlorate requirements. However, Specialty Chemicals' supply portion of the agreement will continue to 2019.

Superior transports propane to and from Québec and therefore must purchase compliance instruments to comply with the Québec Cap and Trade regulations (Quebec) and Ontario Cap and Trade regulations (Ontario). Intangible assets are recorded when purchased, and cap and trade liabilities are recorded upon the import of propane. The liability at March 31, 2017 is $7.0 million for Quebec (December 31, 2016 - $6.2 million) and $0.2 million (December 31, 2016 - $nil) for Ontario. Superior is required to settle the compliance instruments with the Québec and Ontario provincial governments at the end of each compliance period.

12. BORROWING

	Year of Maturity	Effective Interest Rate	**March 31 2017**	December 31 2016
Revolving Term Bank Credit Facilities (1)				
Bankers' Acceptances (BA)	2019	Floating BA rate plus applicable credit spread	**26.0**	20.0
Canadian Prime Rate Loan	2019	Prime rate plus applicable credit spread	**4.0**	10.7
LIBOR Loans (US$215.0 million; 2016 – U.S.$104.0 million)	2019	Floating LIBOR rate plus applicable credit spread	**286.4**	139.7
US Base Rate Loans (US$5.1 million; 2016 – U.S. $8.6 million)	2019	US Prime rate plus credit spread	**6.7**	11.5
			323.1	181.9
Other Debt				
Accounts Receivable factoring program(2)		Floating BA Plus	**1.4**	1.7
Deferred Consideration	2017 – 2018	Non-interest-bearing	**3.7**	4.4
			5.1	6.1
Senior Unsecured Notes				
Senior unsecured notes	2021	6.50%	**200.0**	200.0
Senior unsecured notes (3)	2024	5.25%	**250.0**	–
Finance Lease Obligations				
Finance lease obligation			**60.7**	56.7
Total borrowing before deferred financing fees			**838.9**	444.7
Deferred financing fees			**(11.0)**	(5.7)
Borrowing			**827.9**	439.0
Current maturities			**(17.9)**	(18.3)
Borrowing			**810.0**	420.7

(1) As at March 31, 2017, Superior had $20.7 million of outstanding letters of credit (December 31, 2016 – $21.7 million) and $149.2 million of outstanding financial guarantees on behalf of its businesses (December 31, 2016 – $148.7 million). The fair value of Superior's revolving term bank credit facilities, other debt, letters of credit, financial guarantees, and senior unsecured notes 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. On May 1, 2017, Superior extended its syndicated credit facility with ten lenders, increasing the size of the facility to $620 million from $570 million, with no changes to the financial covenants. The facility matures on April 28, 2022 and can be expanded up to $800 million.

(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 March 31, 2017, the accounts receivable factoring program totaled CDN $1.4 million (December 31, 2016 – CDN $1.7 million).

(3) On February 27, 2017, Superior completed an offering of $250.0 million 5.25% senior unsecured notes (the Notes). The Notes were issued at par value and mature on February 27, 2024. The Notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the 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 February 27 and August 27, and commences August 27, 2017.

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

Current maturities	**17.9**
Due in 2018	**15.4**
Due in 2019	**330.1**
Due in 2020	**9.7**
Due in 2021	**205.0**
Due in 2022	**10.8**
Subsequent to 2022	**250.0**
Total	**838.9**

13. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

Superior's debentures are as follows:

Maturity	**June 2019**
Interest Rate	**6.00%**
Conversion price per share	**$16.75**
Debentures outstanding as at March 31, 2017	**90.5**
Debentures outstanding as at December 31, 2016	89.8
Quoted market value as at March 31, 2017	**100.2**
Quoted market value as at December 31, 2016	99.5

Superior's convertible debentures due in 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 March 31, 2017 was $97.0 million (December 31, 2016 - $97.0 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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

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

As at				**March 31, 2017**
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Foreign currency forward contracts, net sale	**1.1**	**–**	**–**	**1.1**
Natural gas financial swaps – AECO	**–**	**3.6**	**–**	**3.6**
Electricity swaps – Energy Distribution	**–**	**0.3**	**–**	**0.3**
Propane and diesel wholesale purchase and sale contracts - Energy Distribution	**–**	**5.4**	**–**	**5.4**
Total assets	**1.1**	**9.3**	**–**	**10.4**
Liabilities				
Natural gas financial swaps – AECO	**–**	**3.9**	**–**	**3.9**
Electricity swaps – Energy Distribution	**–**	**0.3**	**–**	**0.3**
Propane and butane wholesale purchase and sale contracts – Energy Distribution	**–**	**3.6**	**–**	**3.6**
Foreign currency forward contracts, net sale	**20.4**	**–**	**–**	**20.4**
Cross-currency interest rate exchange agreements	**0.5**	**–**	**–**	**0.5**
Debenture-embedded derivative	**–**	**–**	**0.8**	**0.8**
Fixed-price electricity purchase agreements – Specialty Chemicals	**–**	**–**	**0.1**	**0.1**
Total liabilities	**20.9**	**7.8**	**0.9**	**29.6**
Total net (liability) asset	**(19.8)**	**1.5**	**(0.9)**	**(19.2)**
Current portion of assets	**0.3**	**7.6**	**–**	**7.9**
Current portion of liabilities	**6.9**	**6.0**	**0.1**	**13.0**

As at				December 31, 2016
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts, net sale	0.8	–	–	0.8
Debenture – embedded derivative	–	–	3.9	3.9
Natural gas financial swaps - AECO	–	2.5	–	2.5
Electricity swaps – Energy Distribution	–	0.7	–	0.7
Propane, diesel, butane and heating oil wholesale purchase and sale contracts, net sale – Energy Distribution	–	9.3	–	9.3
Total assets	0.8	12.5	3.9	17.2
Liabilities				
Natural gas financial swaps - AECO	–	2.8	–	2.8
Electricity swaps – Energy Distribution	–	0.7	–	0.7
Foreign currency forward contracts, net sale	24.5	–	–	24.5
Cross-currency interest rate exchange agreements	0.2	–	–	0.2
Propane and butane wholesale purchase and sale contracts, net sale – Energy Distribution	–	0.9	–	0.9
Total liabilities	24.7	4.4	–	29.1
Total net (liability) asset	(23.9)	8.1	3.9	(11.9)
Current portion of assets	0.5	11.0	3.9	15.4
Current portion of liabilities	6.2	2.8	–	9.0

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	Term	Effective Rate	Valuation Technique(s) and Key Input(s)
Level 1 fair value hierarchy:				
Foreign currency forward contracts, net sale	US$319.9	2017 – 2020	1.26	Quoted bid prices in the active market.
Cross currency interest rate exchange agreements	US$187	2017	1.34	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Natural gas financial swaps –AECO	–	2017 – 2020	–	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. Impact of sleeve transactions entered into in 2016 result in a notional amount and effective rate of $nil.
Equity derivative contracts	$8.6	2018	$12.85	Discounted cash flow – Future cash flows are estimated based on equity derivative contracts.
Heating oil, diesel and propane wholesale purchase and sale contracts, net sale – Energy Distribution	26.9 USG[1]	2017 – 2019	$0.57 - $1.56	Quoted bid prices for similar products in the active market.
Electricity swaps – Energy Distribution	–	2017 – 2018	–	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. Impact of sleeve transactions entered into in 2016 result in a notional amount and effective rate of $nil.
Level 3 fair value hierarchy:				
Debenture-embedded derivative	$97.0	2019	–	Black-Scholes model – see “Valuation techniques and significant unobservable inputs” for further details.
Fixed-price electricity purchase agreements – Specialty Chemicals	15 MW[2]	2017	$26.00	Discounted cash flow – see “Valuation techniques and significant unobservable inputs” for further details.

(1) Millions of United States gallons (USG) purchased.
(2) Megawatts (MW) on a 24/7 continual basis per year purchased.

Valuation techniques and significant unobservable inputs

Financial Instrument	Valuation Technique	Significant Unobservable Inputs	Sensitivity of Input to Fair Value
Debenture – embedded derivative	Black-Scholes model	Volatility – 27.1% (2016 – 27.90%)	The estimated fair value would increase (decrease) if: – Volatility decreased (increased)
Fixed-price electricity purchase agreements	Discounted cash flow	Forward electricity prices – $25.75 WACC – 9%	The estimated fair value would increase (decrease) if: – Forward prices increased (decreased) – WACC decreased (increased)

	For the three months ended March 31, 2017		For the three months ended March 31, 2016	
Description	**Realized Gain (Loss)**	**Unrealized Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)
Natural gas financial swaps – AECO	**–**	**(0.1)**	(4.3)	17.8
Electricity swaps – Energy Distribution	**–**	**–**	(1.8)	3.2
Foreign currency forward contracts, net sale	**(0.7)**	**4.7**	(12.0)	46.1
Foreign currency forward contracts, balance sheet-related	**–**	**–**	–	–
Cross currency interest rate swaps	**–**	**0.9**	–	(2.3)
Interest rate swaps	**–**	**–**	–	–
Equity derivative contracts	**0.2**	**–**	(0.2)	(0.5)
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	**8.4**	**(6.7)**	(6.1)	7.1
Fixed-price electricity purchase agreements – Specialty Chemicals	**(0.1)**	**(0.1)**	(1.6)	(0.9)
Total gains (losses) on financial and non-financial derivatives	**7.8**	**(1.3)**	(26.0)	70.5
Foreign currency translation on borrowings	**–**	**(0.4)**	–	2.8
Unrealized change in fair value of debenture-embedded derivative	**–**	**(4.7)**	–	0.1
Total gains (losses)	**7.8**	**(6.4)**	(26.0)	73.4
Total gains (losses) attributed to continuing operations	**7.8**	**(6.4)**	(19.9)	73.4
Total gains (losses) attributed to discontinued operations	**–**	**–**	(6.1)	–
Total gains (losses)	**7.8**	**(6.4)**	(26.0)	73.4

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 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.

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 financial 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.

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.

Energy Distribution enters into various propane forward purchase and sale agreements to manage the economic exposure of its wholesale customer supply contracts. Energy Distribution maintains a substantially balanced fixed-price propane position in relation to its wholesale customer supply commitments.

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

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 Distribution 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. Energy Distribution 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.

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:

	Current	2018	2019	2020	2021	2022 and thereafter	Total
Borrowing	**17.9**	**15.4**	**330.1**	**9.7**	**205.0**	**260.8**	**838.9**
Convertible unsecured subordinated debentures	**–**	**–**	**–**	**92.2**	**–**	**–**	**92.2**
US$ foreign currency forward sales contracts	**149.3**	**95.6**	**50.0**	**25.0**	**–**	**–**	**319.9**
Natural gas, butane, propane, heating oil and diesel purchases	**12.4**	**7.7**	**4.3**	**–**	**–**	**–**	**24.4**
Fixed-price electricity purchase commitments	**2.8**	**–**	**–**	**–**	**–**	**–**	**2.8**

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 March 31, 2017 are consistent with those disclosed in Superior's 2016 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, United States non-resident withholding tax and Chilean income tax.

Total income tax expense comprised of current taxes and deferred taxes for the three months ended March 31, 2017 was $18.8 million, compared to $24.1 million in the comparative period. For the three months ended March 31, 2017, deferred income tax expense from operations in Canada, the United States and Chile was $17.6 million, which resulted in a corresponding total net deferred income tax asset of $214.4 million at March 31, 2017.

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. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the Income Tax Act (Canada). On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notices of Reassessment received on April 2, 2013. Superior has been reassessed for subsequent taxation years by the CRA and the provincial tax agencies and has filed a Notice of Objection for each Notice of Assessment received.

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 and the provincial tax agencies within 90 days.

Taxation Year	Taxes Payable(1)(2)(3)	50% of the Taxes Payable(1)(2)	Month/Year Paid/Payable
2009/2010	$13.0	$6.5	April 2013
2011	$15.0	$7.5	February 2015
2012	$10.0	$5.0	February 2015
2013	$11.0	$5.5	February 2015
2014	$16.0	$8.0	December 2015
2015	$1.0	$0.5	November 2016
2016	$3.0	$1.5	2017
2017	$24.0	$12.0	2018
Total	**$93.0**	$46.5	

(1) In millions of dollars.
(2) Includes estimated interest and penalties up to payment date of 50%.
(3) Estimated based on Superior's previously filed tax returns, 2016 results and Superior's 2017 outlook.

A trial date has been set at the Tax Court of Canada in the spring of 2018. A decision is expected to be rendered six to twelve months after completion of the court hearings. If the 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 and Superior would not be able to use the tax attributes from the Conversion.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and currently 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.

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, 2016	**142.8**	**928.6**
Net earnings	**–**	**53.2**
Other comprehensive loss	**–**	**(2.4)**
Issuance of common shares	**–**	**–**
Dividends declared to shareholders [1]	**–**	**(25.7)**
Total Equity, March 31, 2017	**142.8**	**953.7**

[1] Dividends to shareholders are declared at the discretion of Superior's Board of Directors. During the three months ended March 31, 2017, Superior paid cash dividends of $25.7 million or $0.18 per share (March 31, 2016 – $17.7 million or $0.18 per share) and made distributions through its dividend reinvestment program of $nil (March 31, 2016 – $7.6 million).

	March 31 2017	December 31 2016
Accumulated other comprehensive income before reclassification		
Currency translation adjustment		
Balance at the beginning of the period	**123.6**	126.5
Other comprehensive income from discontinued operations	**–**	23.4
Unrealized foreign currency losses on translation of foreign operations	**(2.9)**	(26.3)
Balance at the end of the period	**120.7**	123.6
Actuarial defined benefits		
Balance at the beginning of the period	**(5.2)**	(8.1)
Actuarial defined benefit gains	**0.4**	4.0
Income tax recovery (expense) on actuarial gains	**0.1**	(1.1)
Balance at the end of the period	**(4.7)**	(5.2)
Total accumulated other comprehensive income before reclassification	**116.0**	118.4
Amounts reclassified from accumulated other comprehensive income		
Accumulated derivative losses		
Balance at the beginning of the period	**(7.1)**	(7.1)
Balance at the end of the period	**(7.1)**	(7.1)
Total amounts reclassified from accumulated other comprehensive income	**(7.1)**	(7.1)
Accumulated other comprehensive income at the end of the period	**108.9**	111.3

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 (loss) income), current and long-term borrowing, convertible unsecured subordinated debentures. 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, conduct additional borrowing or issue convertible unsecured subordinated debentures, or conduct new borrowing or issue 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.

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 convertible debentures.

As at March 31, 2017, these ratios are within the requirements of Superior's debt covenants. The consolidated secured debt to compliance EBITDA ratio and consolidated debt to compliance EBITDA ratio are as follows:

	Twelve months ended	
	March 31, 2016	December 31, 2016
Consolidated secured debt to compliance EBITDA	**1.6**	1.3
Consolidated debt to compliance EBITDA	**3.4**	2.3

Also, Superior is subject to certain 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 March 31, 2017, Superior was in compliance with the above noted distribution test.

Under the terms of the agreement related to Superior's $200.0 million 6.50% and $250.0 million 5.25% senior unsecured notes, Superior must maintain a fixed-charge coverage ratio of no less than 2.0 to 1.0. As at March 31, 2017, the fixed-charge coverage ratio for purposes of these agreements was 5.7 to 1.0.

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.

17. NET EARNINGS PER SHARE

	Three months ended March 31	
	2017	2016
Net earnings per share computation, basic, from continuing operations		
Net earnings for the period	**$53.2**	$99.9
Weighted average shares outstanding (millions)	**142.8**	141.1
Net earnings per share, basic, from continuing operations	**$0.37**	$0.71

	Three months ended March 31	
	2017	2016
Net earnings per share computation, diluted, from continuing operations		
Net earnings for the period	**$50.7**	$103.6
Weighted average shares outstanding (millions)	**148.6**	156.8
Net earnings per share, diluted, from continuing operations	**$0.34**	$0.66

	Three months ended March 31	
	2017	2016
Net loss per share computation, basic from discontinued operations		
Net loss for the period	**–**	$5.2
Weighted average shares outstanding (millions)	**–**	141.1
Net loss per share, basic from discontinued operations	**–**	$0.04

	Three months ended March 31	
	2017	2016
Net loss per share computation, diluted from discontinued operations		
Net loss for the period	**–**	$5.2
Weighted average shares outstanding (millions)	**–**	141.1
Net loss per share, diluted from discontinued operations	**–**	$0.04

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

	Three months ended March 31	
	2017	2016
Changes in non-cash operating working capital:		
Trade receivables and other	**15.6**	39.8
Inventories	**20.5**	13.9
Trade and other payables	**(56.2)**	(52.5)
Other	**(4.1)**	(9.8)
	(24.2)	(8.6)

Changes in non-cash operating working capital attributed to continuing operations	**(24.2)**	(2.5)
Changes in non-cash operating working capital attributed to discontinued operations	–	(6.1)
	(24.2)	(8.6)

19. SUPPLEMENTAL DISCLOSURE OF CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS

	Three months ended March 31 2017	2016[1] (restated)
Revenues		
Revenue from products	**654.5**	559.5
Revenue from the rendering of services	**12.7**	13.6
Rental revenue	**4.2**	4.3
Realized gains on derivative financial instruments	**4.3**	(13.9)
	675.7	563.5
Cost of Sales (includes products and services)		
Cost of products and services	**(440.2)**	(327.9)
Depreciation included in cost of sales	**(13.2)**	(13.8)
Realized gains (losses) on derivative financial instruments	**3.4**	(5.2)
	(450.0)	(346.9)
Selling, Distribution and Administrative Costs		
Selling, general and administrative costs	**(51.8)**	(61.5)
Employee costs	**(62.0)**	(61.0)
Employee future benefit expense	**(0.7)**	(0.8)
Vehicle operating expense	**(11.4)**	(10.9)
Facilities maintenance expense	**(1.3)**	(1.5)
Depreciation included in selling, distribution and administrative costs	**(13.3)**	(14.0)
Amortization of intangible assets	**(1.5)**	(1.1)
Net earnings from Canwest Propane	**4.4**	–
Gain on disposal of assets	**0.4**	0.2
Realized gains on LTIP	**0.2**	0.2
Realized losses on the translation of U.S. denominated net working capital	**(0.4)**	(3.9)
	(137.4)	(154.3)
Finance Expense		
Interest on borrowing	**(6.2)**	(5.9)
Interest on convertible unsecured subordinated debentures	**(1.4)**	(3.7)
Interest on obligations under finance leases	**(1.0)**	(0.7)
Unwinding of discount on debentures, borrowing and decommissioning liabilities	**(1.3)**	(1.4)
	(9.9)	(11.7)
Unrealized (losses) gains on derivative financial instruments	**(6.4)**	73.4
Net earnings (loss) from continuing operations before income taxes	**72.0**	124.0
Income tax expense	**(18.8)**	(24.1)
Net earnings from continuing operations	**53.2**	99.9

(1) Specialty Chemicals includes a $0.2 million reclassification to Selling, distribution, and administrative costs from Cost of sales. See Note 2.

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 months ended March 31, 2017, Superior incurred $0.3 million (March 31, 2016 – $1.2 million) 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 operates two distinct businesses, being Energy Distribution and Specialty Chemicals. Superior's Energy Distribution 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. Due to the nature of the product sold and methods of distribution, these divisions are aggregated under the Energy Distribution operating segment.

Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chlor-alkali products in the U.S. Midwest.

Superior's Chief Operating Decision Maker ("CODM"), the President, reviews the operating results, assesses performance, and makes capital allocation decisions with respect to the Energy Distribution and Specialty Chemicals businesses and the corporate office. Therefore, Superior has presented these as operating segments for financial reporting purposes in accordance with IFRS 8 – *Operating Segments*.

For the three months ended March 31, 2017	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total From Continuing Operations**
Revenue	**517.6**	**158.7**	**(0.6)**	**675.7**
Cost of sales (includes products & services)	**(345.8)**	**(104.2)**	**–**	**(450.0)**
Gross Profit	**171.8**	**54.5**	**(0.6)**	**225.7**
Expenses				
Depreciation included in selling, distribution and administrative costs	**(13.2)**	**–**	**(0.1)**	**(13.3)**
Amortization of intangible assets	**(1.5)**	**–**	**–**	**(1.5)**
Selling, distribution and administrative costs	**(80.9)**	**(34.8)**	**(6.9)**	**(122.6)**
Finance expense	**(1.1)**	**(0.1)**	**(8.7)**	**(9.9)**
Unrealized (loss) gain on derivative financial instruments	**(6.6)**	**(0.1)**	**0.3**	**(6.4)**
	(103.3)	**(35.0)**	**(15.4)**	**(153.7)**
Net earnings (loss) before income taxes	**68.5**	**19.5**	**(16.0)**	**72.0**
Income tax expense	**–**	**–**	**(18.8)**	**(18.8)**
Net earnings (loss)	**68.5**	**19.5**	**(34.8)**	**53.2**

For the three months ended March 31, 2016 (restated)	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total From Continuing Operations**
Revenue	413.8	149.7	–	563.5
Cost of sales (includes products & services)	(239.4)	(107.5)	–	(346.9)
Gross Profit	174.4	42.2	–	216.6
Expenses				
Depreciation included in selling, distribution and administrative costs	(13.9)	–	(0.1)	(14.0)
Amortization of intangible assets	(1.1)	–	–	(1.1)
Selling, distribution and administrative costs	(87.4)	(40.0)	(11.8)	(139.2)
Finance expense	(0.8)	(0.1)	(10.8)	(11.7)
Unrealized loss (gain) on derivative financial instruments	28.0	(0.9)	46.3	73.4
	(75.2)	(41.0)	23.6	(92.6)
Net earnings before income taxes	99.2	1.2	23.6	124.0
Income tax expense	–	–	(24.1)	(24.1)
Net earnings (loss)	99.2	1.2	(0.5)	99.9

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

	Energy Distribution	Specialty Chemicals	Corporate	Total from Continuing Operations	Total from Discontinued Operations
As at March 31, 2017					
Net working capital[(1)]	**80.7**	**49.0**	**3.9**	**133.6**	**–**
Total assets	**651.4**	**644.4**	**917.1**	**2,212.9**	**–**
Total liabilities	**233.5**	**164.1**	**861.6**	**1,259.2**	**–**
As at December 31, 2016					
Net working capital[(1)]	63.7	53.8	(2.8)	114.7	(2.6)
Total assets	696.5	662.5	488.2	1,847.2	0.3
Total liabilities	276.7	170.3	469.0	916.0	2.9
For the three months ended March 31, 2017					
Purchase of property, plant and equipment	**6.5**	**3.7**	**–**	**10.2**	**–**
For the three months ended March 31, 2016					
Purchase of property, plant and equipment	8.7	19.3	–	28.0	5.8

[(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, deferred revenue, and distributions payable.

22. GEOGRAPHICAL INFORMATION

	Canada	United States	Other	Total Consolidated
Revenues from continuing operations for the three months ended March 31, 2017	**281.7**	**367.4**	**26.6**	**675.7**
Revenues from discontinued operations for the three months ended March 31, 2017	**–**	**–**	**–**	**–**
Property, plant and equipment held by continuing operations as at March 31, 2017	**451.9**	**419.2**	**45.0**	**916.1**
Intangible assets held by continuing operations as at March 31, 2017	**19.1**	**11.6**	**–**	**30.7**
Goodwill as at March 31, 2017	**191.5**	**7.7**	**–**	**199.2**
Total assets held by continuing operations as at March 31, 2017	**1,599.2**	**560.8**	**52.9**	**2,212.9**
Total assets held by discontinued operations as at March 31, 2017	**–**	**–**	**–**	**–**
Revenues from continuing operations for the three months ended March 31, 2016	206.6	332.6	24.3	563.5
Revenues from discontinued operations for the three months ended March 31, 2016	89.8	174.0	–	263.8
Property, plant and equipment as at December 31, 2016	458.7	428.9	46.1	933.7
Intangible assets as at December 31, 2016	19.6	12.4	–	32.0
Goodwill as at December 31, 2016	191.5	7.7	–	199.2
Total assets held by continuing operations as at December 31, 2016	1,202.9	590.1	54.2	1,847.2
Total assets held by discontinued operations as at December 31, 2016	0.3	–	–	0.3

23. SUBSEQUENT EVENTS

On April 20, 2017, Superior General Partner Inc., a subsidiary of Superior, acquired Pomerleau Propane Gaz Inc., a small propane distributor serving residential and commercial customers in southeastern Quebec for cash consideration of $10.8 million.

On May 1, 2017, Superior extended its syndicated credit facility with ten lenders, increasing the size of the facility to $620 million from $570 million, with no changes to the financial covenants. The facility matures on April 28, 2022 and can be expanded up to $800 million.