

**Superior Plus Corp.**

TSX: SPB

# **2018 Fourth Quarter & Full Year Results**

February 15, 2019



**Superior Plus**

# Forward-Looking Statements and Information

This presentation is for information purposes only and is not intended to, and should not be construed to constitute, an offer to sell or the solicitation of an offer to buy, securities of Superior Plus Corp. ("Superior"). This presentation and its contents should not be construed, under any circumstances, as investment, tax or legal advice. Any person accepting delivery of this presentation acknowledges the need to conduct their own thorough investigation into Superior and its activities before considering any investment in its securities. Certain information included herein and certain oral statements made by management are 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 and operating results (including those in the area of risk management), economic or market conditions, and the outlook of or involving Superior Plus Corp., Superior Plus LP ("Superior LP") and its businesses. Such information is typically identified by words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "plan", "intend", "forecast", "future", "guidance", "may", "predict", "project", "should", "strategy", "target", "will" or similar expressions suggesting future outcomes.

Forward-looking information in this document includes: the amount and timing of the expected synergies from NGL Propane. Additional forward looking information in this document includes the 2019 total debt to adjusted EBITDA, Superior's consolidated 2019 Adjusted EBITDA guidance, 2019 Leverage guidance, future financial position, consolidated and business segment outlooks, expected EBITDA from operations, expected leverage ratios, expected future taxes, 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, 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, future taxes, the impact of contracts for commodities, demand for propane, heating oil and similar products, demand for chemicals including sodium chlorate, chlor-alkali, and potassium, and sodium chlorite, 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 historic performance of Superior's businesses. Such assumptions include anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, trading data, cost estimates, the assumptions set forth under the "Financial Outlook" sections of our annual Management Discussion & Analysis ("MD&A") and are subject to the risks and uncertainties set forth below.

By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond our control, Superior's or Superior LP's actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value and potential synergies when making acquisitions, increases in debt service charges, the loss of key personnel, fluctuations in foreign currency, exchange rates and commodity prices, 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, risks related to integrating the NGL business, assumption of NGL's liabilities, counterparty risk relating to obligations of the vendor of NGL and regulatory risks relating to NGL Propane, and the risks and assumptions identified in (i) our annual 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.

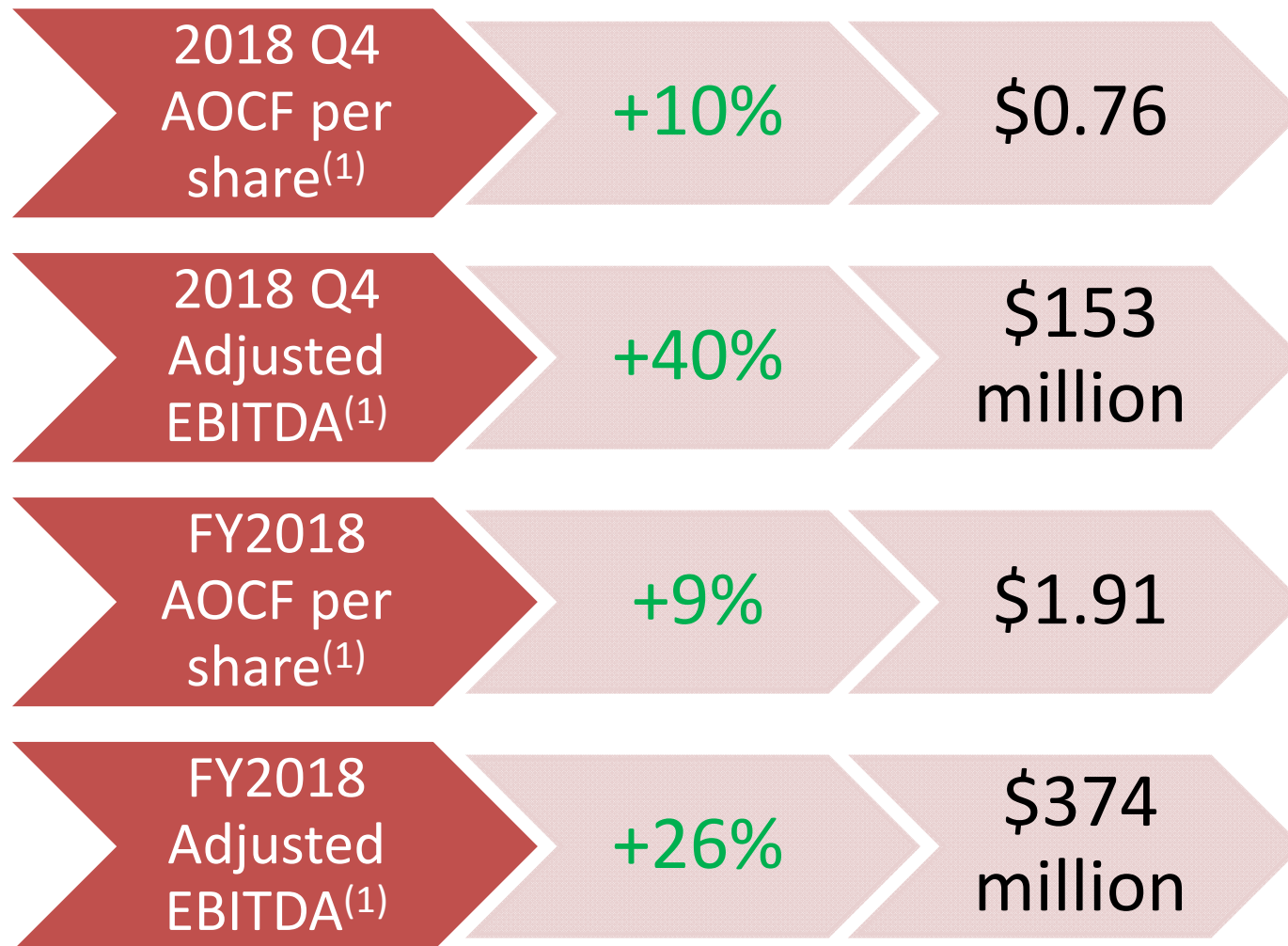
When relying on our forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking information is provided as of the date of this document and, except as required 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.

See Superior's annual MD&A for definitions related to Non-GAAP Financial Measures.

All figures shown in Canadian Dollars ("CAD") unless otherwise stated.

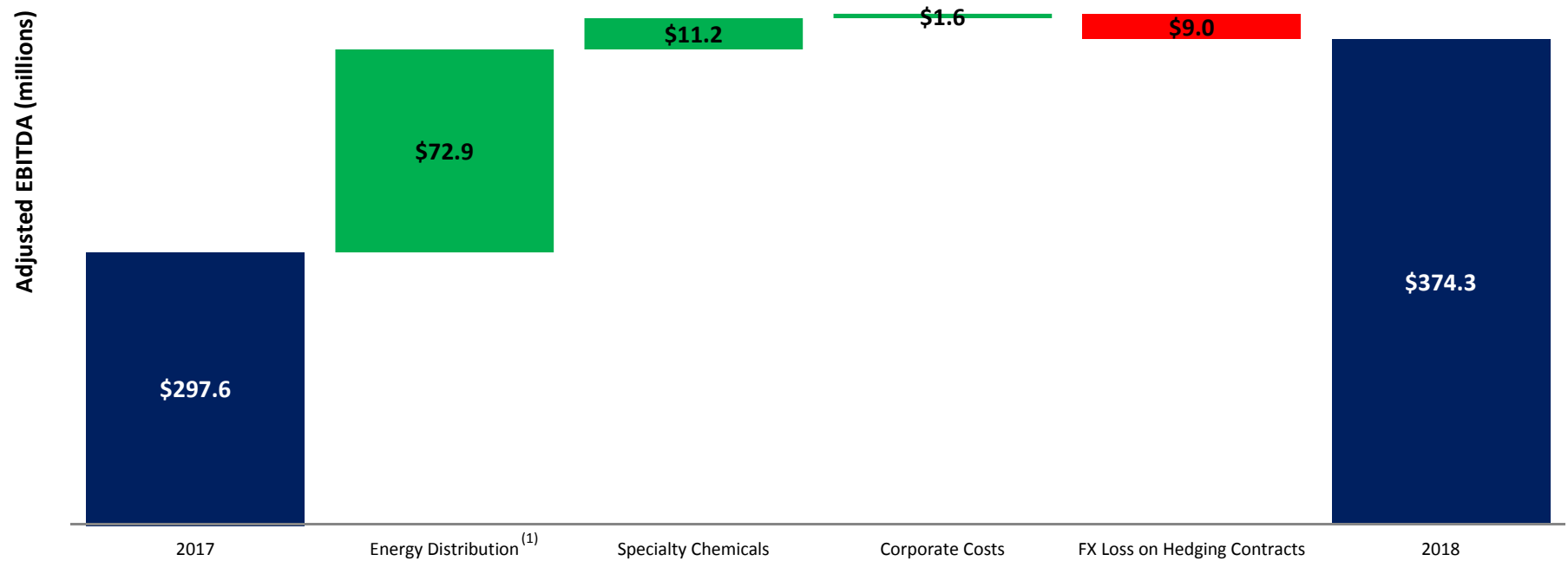
# Record Q4 2018 & FY 2018 Results

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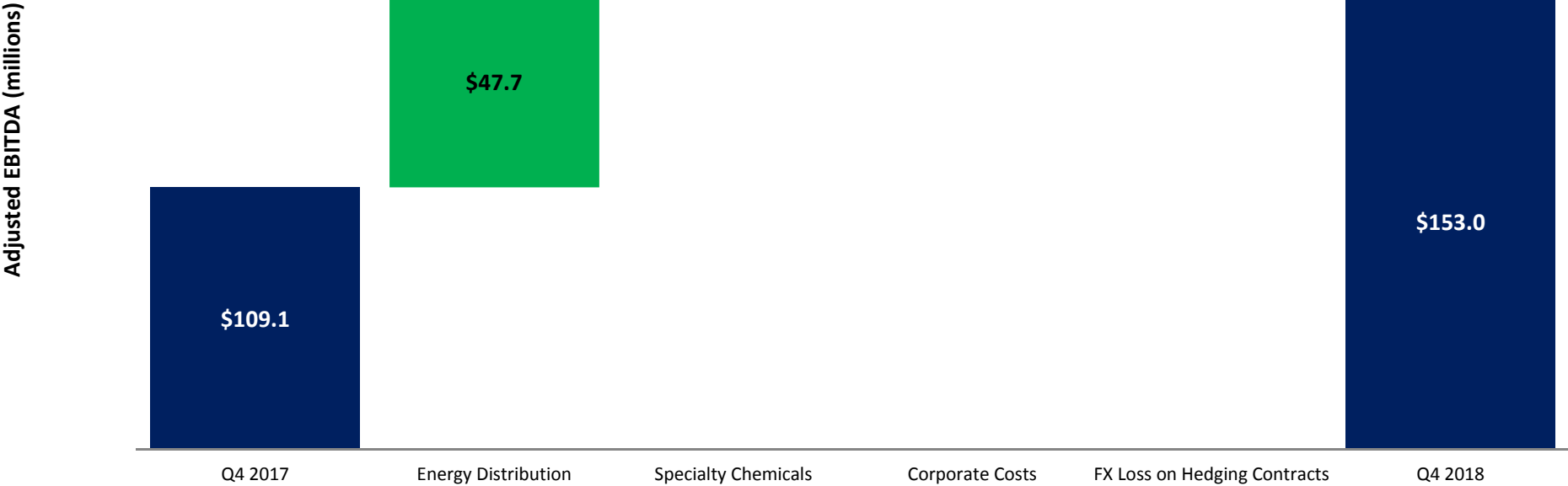
(1) Per 2018 Fourth Quarter MD&A. See “Non-GAAP Financial Measures”. Note: comparisons are made to the same period in 2017.

# FY2018 vs FY2017 - Adjusted EBITDA Bridge



(1) The increase in EBITDA from Operations for Energy Distribution is adjusted for investment income from Canwest which amounted to \$11.9M in 2017.

# Q4 2018 vs Q4 2017 - Adjusted EBITDA Bridge



# 2019 Adjusted EBITDA Guidance and Leverage

- Based on the mid-point of guidance, 2019 Adjusted EBITDA is anticipated to improve 26% compared to 2018

Guidance	2019	2018	2018 Results
Adjusted EBITDA Guidance <sup>(1)(2)</sup>	\$445-\$495 million	\$345-\$375 million	✓
Total Debt to Adjusted EBITDA <sup>(1)(2)</sup>	3.6X – 4.0X	3.8X – 4.2X	✓

- Energy Distribution EBITDA from operations for 2019 is anticipated to be higher than 2018 due to the impact from the full year results of NGL, the expected synergies from NGL, anticipated incremental synergies from the Canwest integration and the full year results from tuck-in acquisitions completed in 2018
- Specialty Chemicals EBITDA from operations for 2019 is anticipated to be consistent to modestly lower than 2018 as the chlor-alkali gross profit is expected to be consistent to modestly lower and sodium chlorate gross profit is expected to be consistent.
- Superior anticipates total debt to Adjusted EBITDA will be in the range of 3.6x to 4.0x as at December 31, 2019 as cash generated from operations is used to repay debt.
- With respect to IFRS 16, Based on the mid-point of 2019 Adjusted EBITDA guidance, IFRS 16 is estimated to positively impact Adjusted EBITDA by approximately 5% in 2019. IFRS 16 is expected to increase total debt as at December 31, 2019 by approximately \$150 million primarily due to the inclusion of railcar leases previously treated as operating leases and excluded from debt.

(1) Per 2018 Fourth Quarter MD&A. See "Non-GAAP Financial Measures".

(2) See "Forward-Looking Statements and Information".

# Non-GAAP Financial Measures

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

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

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

#### **Adjusted Operating Cash Flow before transaction and other costs per share ("AOCF")**

AOCF is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, other expenses, non-cash interest expense, current income taxes and finance costs. Superior may deduct or include additional items in its calculation of AOCF; these items would generally, but not necessarily, be items of a non-recurring nature. AOCF is the main performance measure used by management and investors to evaluate Superior's performance. AOCF represents cash flow generated by Superior that is available for, but not necessarily limited to, changes in working capital requirements, investing activities and financing activities of Superior. Please see the "Adjusted Operating Cash Flow Reconciled to Net Cash Flow from Operating Activities" section of Superior's Q4 2018 MD&A.

#### **Adjusted EBITDA**

For the purposes of this presentation Adjusted EBITDA represents earnings before taxes, depreciation, amortization, finance expense, and certain other non-cash expenses and transaction and other costs deemed to be non-recurring, and is used by Superior to assess its consolidated results and ability to service debt. The EBITDA of Superior's operating segments may be referred to as EBITDA from operations. Please see the "Reconciliation of Net Earnings before Income Taxes to Adjusted EBITDA" section of Superior's Q4 2018 MD&A.

#### **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 presentation, 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. Please see the "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs" section of Superior's Q4 2018 MD&A.

#### **Leverage**

Leverage defined as total debt divided by Adjusted EBITDA.

For additional information with respect to financial measures which have not been identified by GAAP, including reconciliations to the closest comparable GAAP measure, see Superior's Q4 2018 MD&A, available on SEDAR at [www.sedar.com](http://www.sedar.com)