

**Superior Plus Corp.**

**TSX: SPB**

**JP Morgan**

**Global High Yield &  
Leveraged Finance  
Conference**

February 26, 2019

**Beth Summers**

**Executive Vice-President and  
Chief Financial Officer**



**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, the Evolution 2020 aspirational goal which assumes no material divestitures of existing businesses and is based on non-organic growth through acquisitions (including synergies) estimated to contribute approximately \$10 million to \$70 million in EBITDA; organic growth initiatives throughout all divisions to 2020 anticipated to provide approximately \$30 million to \$50 million in EBITDA, representing a 3-5% compound annual growth rate to 2020; and the anticipated recovery in the chlor-alkali sector within the Specialty Chemicals division anticipated to provide \$10 million to \$30 million in incremental EBITDA to 2020 EBITDA from operations. The updated ("new") Evolution 2020 goal which is consistent with the original evolution 2020 goal assumes U.S. Propane Distribution grows by over \$160 million which includes the addition of normalized EBITDA of NGL Propane and anticipated run-rate synergies from NGL Propane. Additional forward looking information in this document includes tank sensor installation goal of 100,000 sensors by 2020, the pro forma Adjusted EBITDA, sale volumes, total debt to adjusted EBITDA, Superior's consolidated 2019 Adjusted EBITDA guidance, 2019 Leverage guidance, and 2019 Gross profit and volume and sales mix for US Propane Distribution, 2019 estimated capital spending, 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 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.

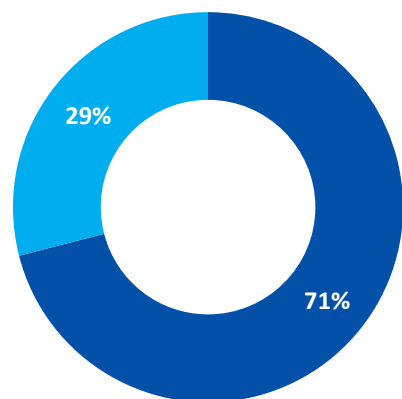
All figures shown in Canadian Dollars ("CAD") unless otherwise stated.

# Superior Plus Overview

**Superior Plus is a premier North American diversified industrial company with two core businesses: Energy Distribution and Specialty Chemicals**

- A leading propane distributor and marketer in Canada, the Eastern US and California (operating in retail and wholesale propane markets); and
- One of North America's largest producers and distributors of specialty chemicals (including sodium chlorate, chlor-alkali and sodium chlorite)

## Proforma EBITDA from Operations<sup>(1)</sup>



■ Energy Distribution    ■ Specialty Chemicals

Market Capitalization<sup>(2)</sup>                      \$2.0 billion

Enterprise value<sup>(2)</sup>                              \$3.9 billion

Pro forma EBITDA from operations<sup>(1)</sup>                      \$478.9 million

Pro forma Adjusted EBITDA<sup>(1)</sup>                      \$450.4 million

(1) See Appendix IV for reconciliation of Pro forma EBITDA from operations and Pro forma Adjusted EBITDA. See "Non-GAAP Financial Measures".

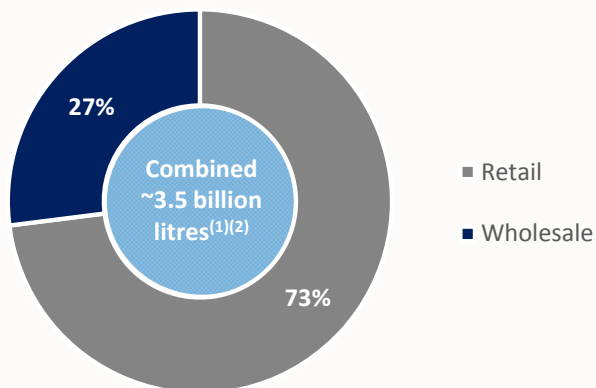
(2) Closing share price as at February 19, 2019. Debt as at December 31, 2018.

# Superior Overview

## Energy Distribution

- Leading distributor and marketer of propane in Canada
  - Sales volume of 2.2 billion litres<sup>(1)</sup>
- Distribution of primarily retail propane volumes in the Eastern U.S. and wholesale propane volumes in California
  - Sales volume of 1.3 billion litres<sup>(2)</sup>
- Approximately 71% of Proforma EBITDA from operations<sup>(3)</sup>
- 3<sup>rd</sup> largest retail propane distributor in North America<sup>(6)</sup>
- 6<sup>th</sup> largest retail propane distributor in the United States<sup>(6)</sup>

### Sales Volume<sup>(4)</sup>



## Specialty Chemicals

Production and sales of:

- Sodium Chlorate products
  - One of the largest producers in North America and globally
  - Captive producer in Chile, South America
  - Export sales represent ~16% of North American production capacity<sup>(5)</sup>
- Chlor-alkali and related products in North America
  - 2 plants located close to customers
- Sodium Chlorite
- Approximately 29% of Proforma EBITDA from operations<sup>(3)</sup>

### Energy Distribution and Specialty Chemicals have:

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

(1) Based on TTM ended Q4 2018 sales volumes for Canadian Propane Distribution including United Pacific Energy ("UPE") acquired in Q4 2018.

(2) Based on FY 2019 management estimate for US Propane Distribution incorporating NGL and other retail tuck-in acquisitions. See "Forward-Looking Statements and Information".

(3) Based on TTM ended Q4 2018, pro forma the acquisition of NGL Propane. See "Non-GAAP financial measures".

(4) Based on TTM ended Q4 2018 Canadian Propane volumes and FY 2019 management estimate US Propane volumes. Retail volumes for the purposes of this presentation include all volumes not deemed to be wholesale.

(5) Based on 2018 sales volumes.

(6) Based on LP Gas 2019 Top Propane Retailer Ranking as of February 21, 2019.

# Energy Distribution



**Superior**  
Propane

 **Superior Plus**  
Propane



 **Superior Plus**



# North American Retail Energy Strategy Summary

- Superior Plus is well positioned in the North American propane industry

## U.S. Market Opportunity is Attractive

- Most competitors have traditional distribution models
- MLP model vulnerable, not focused on organic growth
- Opportunity for geographical expansion and numerous tuck-in acquisitions

## Canadian Platform is Proven

- Sales and marketing driving organic growth
- Differentiated digital strategy for portals/sensors
- Centralized logistics and call centres
- Solid leadership team
- Organizational momentum

## U.S. Propane Business is Ripe for Transformation

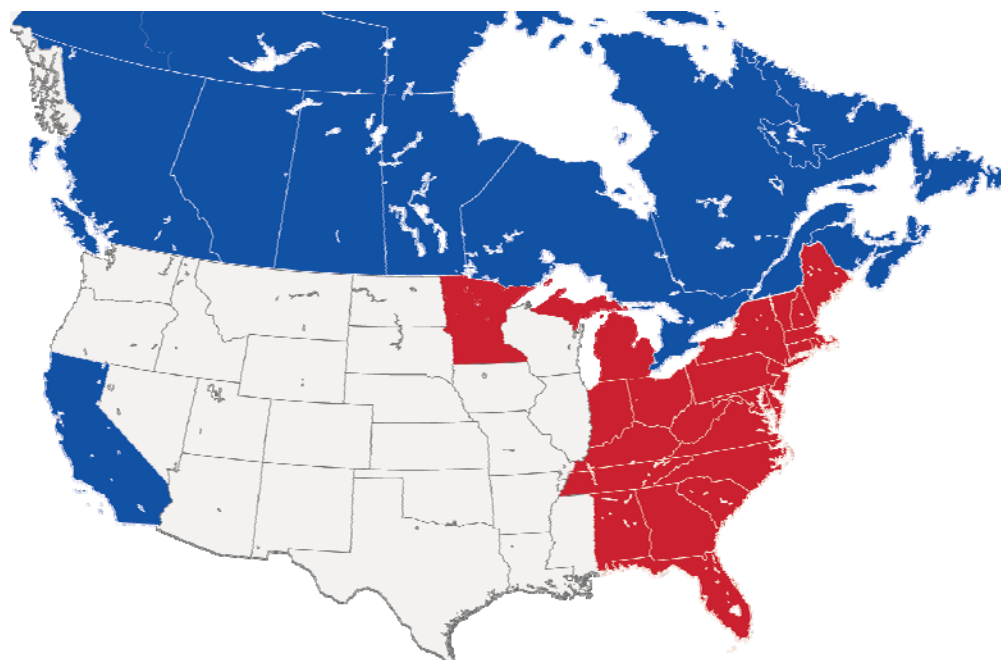
- Experienced new team
- Acquisition strategy is gaining traction
- Transition out of expensive distillates and wholesale
- Propane focus improves ROCE and growth profile
- Transition traditional distributed model to Canadian platform

# Energy Distribution Summary

## Business Summary

- ✓ Leading retail supplier of propane in Canada and established footprint in the Eastern U.S. propane and retail heating oil markets
- ✓ Growth opportunities through new markets and industry consolidation
- ✓ Leading competitive position with full service capabilities
- ✓ Technological improvements and productivity initiatives resulting in reduced costs and enhanced returns

## Geographic Footprint



### Canada & California

2.2 Billion litres<sup>(1)</sup>  
~516,000 Customers  
~2,000 Employees

### Eastern United States

1.3 Billion litres<sup>(2)</sup>  
~500,000 Customers  
~2,100 Employees

**Demand within Energy Distribution is generally impacted more by weather than economic activity**

(1) Based on TTM ended Q4 2018 sales volumes including UPE.

(2) Based on management estimate of 2019 volumes including a full year contribution from NGL as well as tuck-in acquisitions completed in 2018.

# Energy Distribution – Canadian Propane Distribution

## Business & Product Summary

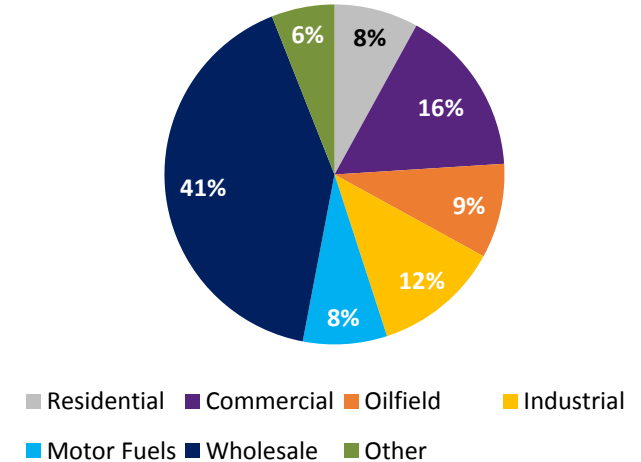
Superior Propane is Canada's leading propane distribution company

- Founded in 1951, Superior Propane is an iconic 65-year old Canadian brand with ~37% market share assuming market size of ~5.6 billion litres<sup>(1)</sup>
- Offers coast to coast propane solution
- Largest purchaser of propane for domestic retail supply
- Leading customer portal and digital sensor solutions
- Customer profile is based on retail volumes of approximately ~1.3 billion litres of and ~0.9 billion litres of wholesale<sup>(3)</sup>
- Supply Portfolio Management business ensures security of supply
- The recent acquisition of the United Pacific Energy ("UPE") wholesale business in California (Q4-18), an independent wholesale propane distributor, adds significant volume to the North American wholesale portfolio

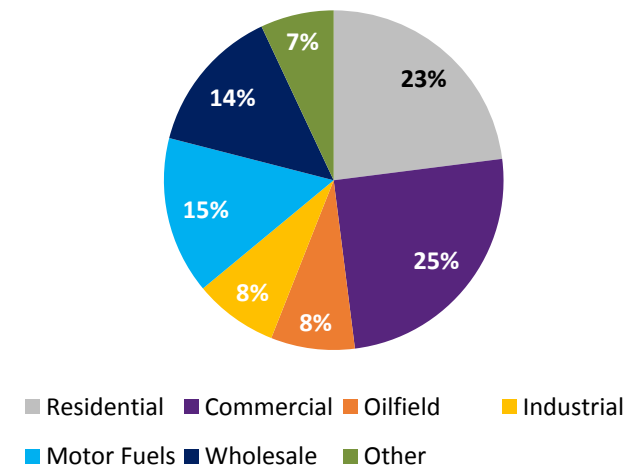
## The Superior Way has lead to efficiencies

- Focus on continuous improvement and logistics initiatives have steadily increased delivery fill rates driven by:
  - Implementation of ADDs energy platform
  - Use of tank sensors and cost saving initiatives
- Tank Sensors have dramatically improved efficiency and customer service resulting in:
  - Higher fill rates
  - Higher average volume per stop
  - Reduced number of required deliveries; and
  - Fewer customer failures, higher service quality
  - 20,000 tank sensors currently installed with targeted goal of 100,000 installations by 2020 to more fully automate routing<sup>(4)</sup>

## Volume by Segment<sup>(2)</sup>



## Gross Profit by Segment<sup>(2)</sup>





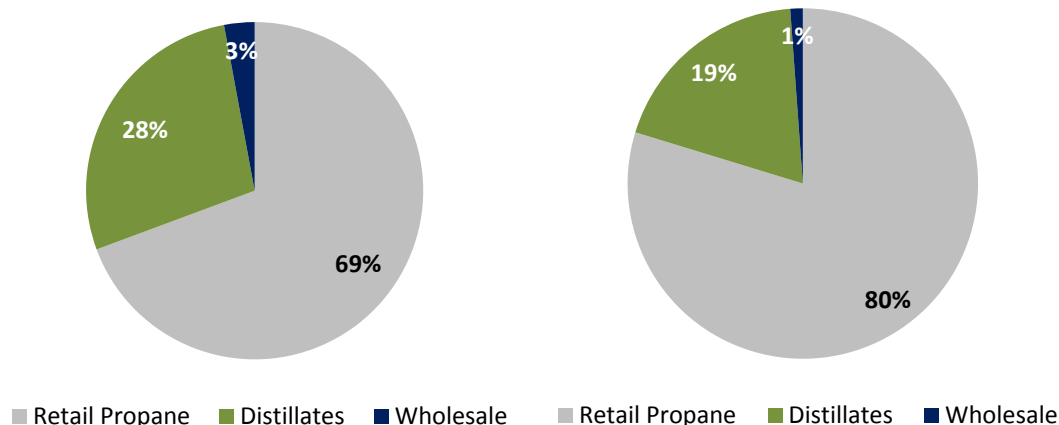
# Energy Distribution – US Propane Distribution

## Business & Product Summary

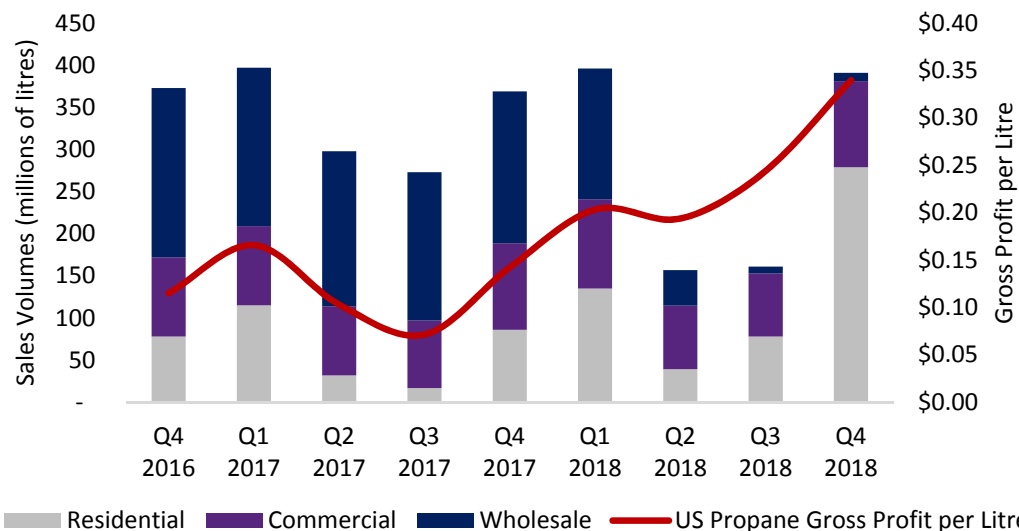
U.S. Propane Distribution is a propane focused retail and wholesale distribution business operating in 23 states<sup>(1)</sup>

- Propane market in current U.S. Northeast footprint represents ~4.7 billion gallon market<sup>(2)</sup>
- Current market share estimated to be ~4.8%<sup>(2)</sup>
- U.S. market is highly fragmented; Northeast U.S. has over 1,250 opportunities and the market is estimated to be over 4 billion gallons<sup>(3)</sup>
- NGL acquisition in 2018 extends target footprint and provides significant opportunity to increase presence through execution of rollup acquisition strategy given improved platform and footprint
- The recent acquisition of UPE diversifies the customer base and enters the California market, the largest propane market in the U.S. with estimated consumption of over 500 million gallons annually<sup>(2)</sup>
- Improved margin profile YTD Q4-2018 is a result of increased proportion of higher margin propane (specifically residential propane) as a result of the NGL and other tuck-in retail acquisitions and lower wholesale distillates volume as this business was divested in April 2018.

## Volume by Segment<sup>(1)(4)</sup>



## Volumes by Segment and Average Gross Profit per Litre<sup>(5)</sup>



- (1) Management expectation for 2019 proforma NGL Propane acquisition. Excludes other service gross profit.
- (2) Source; ICF PDFM, EIA – 2015 Consumption. Based on volumes proforma NGL excluding UPE in the 22 states the retail business operates in. UPE volumes are reflected in Canadian Propane Distribution in Superior's Q4 2018 earnings report.
- (3) Represents identified potential targets across 18 states in the Eastern U.S.
- (4) Based on FY 2019 management estimate. See "Forward-Looking Statements and Information".
- (5) Based on previously disclosed quarterly results.

# Specialty Chemicals



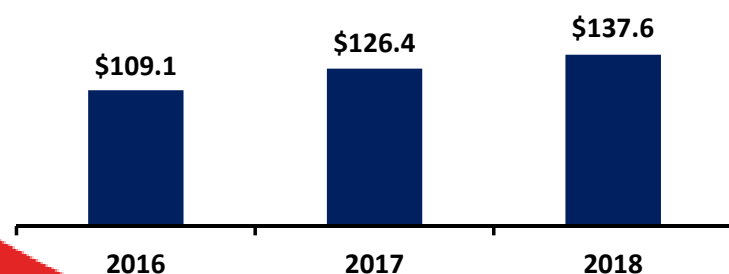


# Specialty Chemicals - Segment Summary

## Business Summary

- ✓ One of North America's largest producers and supplier of sodium chlorate and sodium chlorite
- ✓ Diversified end market and customer exposure, with key verticals including pulp & paper, oil & gas and water treatment
- ✓ Strategic Americas production footprint being proximate to rail lines and major customers affords delivered cost advantages
- ✓ Exposure to attractive growth trends in finished product end markets, particularly in emerging economics

## EBITDA from Operations<sup>(1)</sup> (C\$ millions)

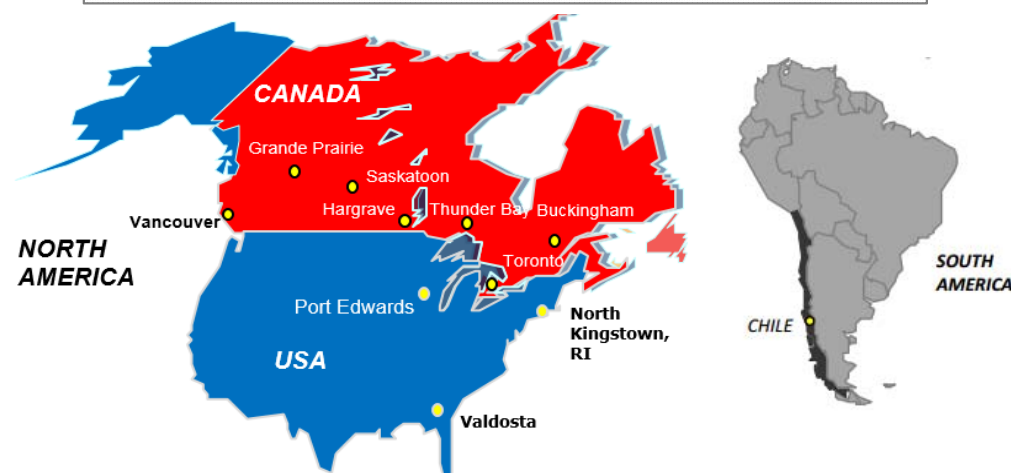


## Geographic Footprint

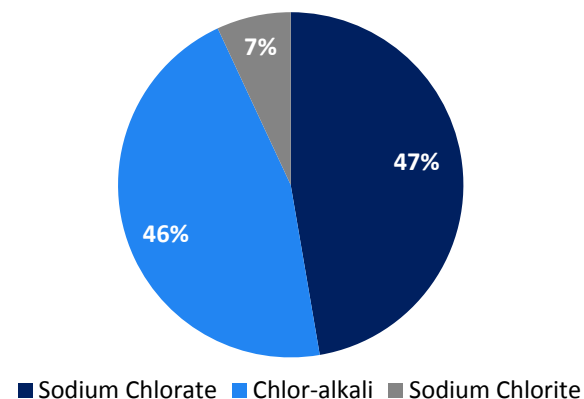
### North America

### South America

Production facilities located at 9 sites across North America and one facility in Chile<sup>(2)</sup>



## EBITDA from Operations by Segment<sup>(1)</sup>



# Specialty Chemicals – Business & Product Overview

## Market Update and Outlooks

1

### Sodium Chlorate

- North American chlorate operating rates continue to run at ~95%;
- Sodium chlorate demand in H1-2019 is expected to be a strong leading indicator for producers and pricing for the 2019 contract season;
- Even with recent Valleyfield, Quebec plant closure, North American supply and demand has remained relatively tight; no noted customer shortages;
- The recent Georgia Pacific mill closure in Port Hudson LA, was unexpected and it will take some time before the impact of this closure is known;
- Currently Management is not aware of any plans for incremental sodium chlorate capacity in North America;

2

### Chlor-Alkali

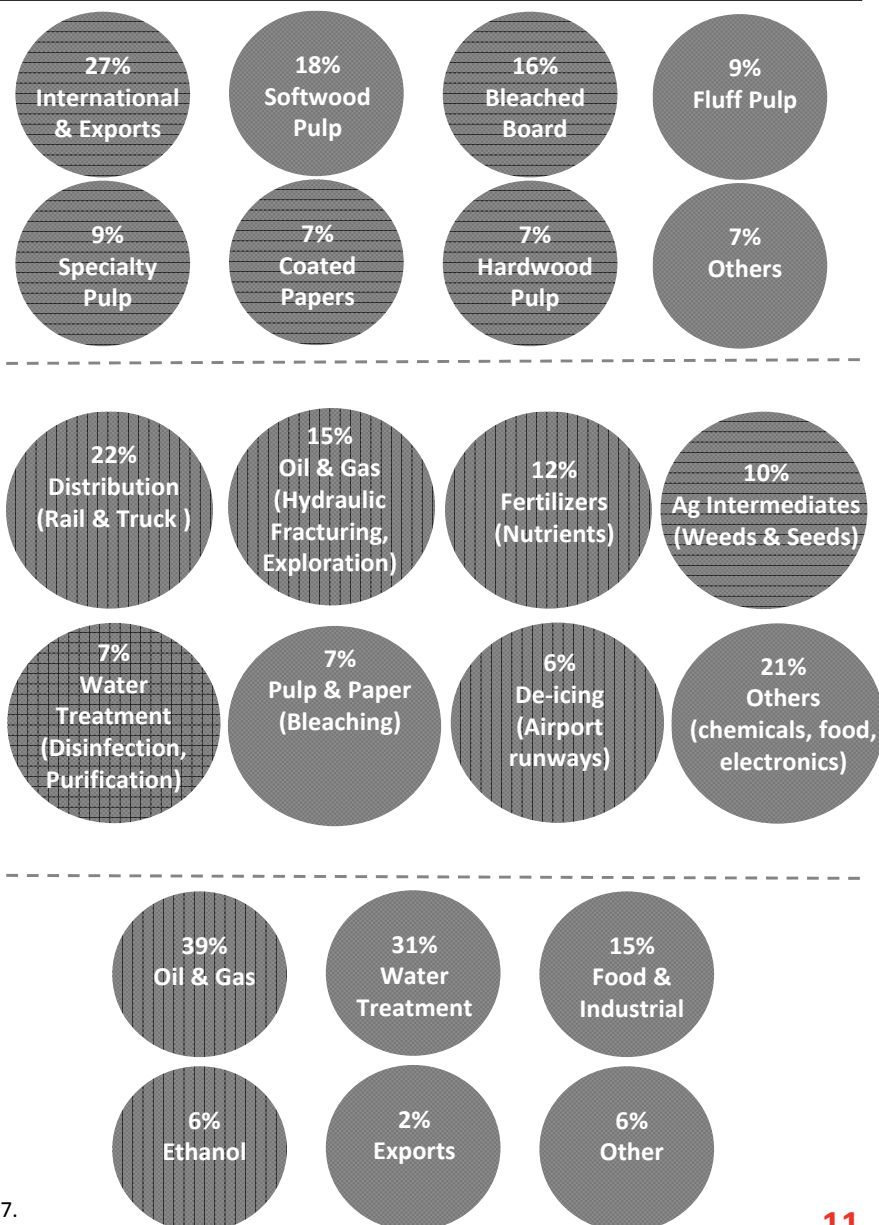
- The Chlor-alkali industry outlook in North America remains positive, however, short term downturns in HCl (Oil & Gas) and Caustic Soda (Export) demand is applying downward pressure on pricing;
- IHS Markit currently predicts higher export rates during the second half of 2019, which are anticipated to tighten supply and demand and strengthen chlor-alkali economics;
- Furthermore, the Alunorte Brazil aluminum production is currently ~50%. Industry experts predict full operation to resume during the first half of 2019, which along with overall industrial demand strength is expected to improve pricing for H2-2019;
- Spot caustic soda prices declined in Q4-2018 and are now back to levels consistent with Q4-2017. However, Specialty Chemicals contracted business has been more stable compared with the spot market, particularly in western regions.
- Demand in the Western Canada oil patch declined modestly in Q4-2018, due to the decline in WCS (Western Canada Select) oil prices; However, HCl pricing remains higher than 2017 levels.

3

### Sodium Chlorite

- Biocidal treatment for water in oil and gas and municipal are the primary drivers of demand;
- North America demand is very tight with the two major producers operating at very high utilization rates;
- The municipal business is steady, but lower margin compared to oil and gas;

## Sales by Customer Segment<sup>(1)</sup>





# 2019 Areas of Focus

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<b>Superior Plus</b>	<ul style="list-style-type: none"><li>• Execution on key themes of Evolution 2020<ul style="list-style-type: none"><li>• Organic growth</li><li>• Sustainable capital structure and cash flow profile</li><li>• Continuous improvement</li><li>• Continued focus on acquisitions</li><li>• Talent management</li><li>• Continuous improvement in HS&amp;E</li></ul></li></ul>
<b>Energy Distribution</b>	<ul style="list-style-type: none"><li>• Achieving run-rate synergy targets for NGL</li><li>• Integration of NGL and other tuck-in acquisitions</li><li>• Strategic tuck-in acquisitions</li><li>• Continuous focus on cost improvement</li><li>• Investment in sales and marketing in support of growth</li></ul>
<b>Specialty Chemicals</b>	<ul style="list-style-type: none"><li>• Focus on plant optimization and logistics</li><li>• Developing advanced sales and marketing approach</li><li>• Maintaining excellent customer partner relationships</li><li>• Continue to develop export market</li><li>• Strategic acquisitions</li></ul>

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# **Financial Information & Key Credit Highlights**



**Superior Plus**

# FY 2018 & FY 2017 Results

(in millions of CAD except per share amounts)	FY 2018	FY 2017
EBITDA from Operations <sup>(1)</sup>	\$402.8	\$306.8
Adjusted EBITDA <sup>(1)</sup>	\$374.3	\$297.6
AOCF before transaction and other costs <sup>(1)(2)</sup>	\$302.3	\$250.5
AOCF before transaction and other costs per share <sup>(1)(2)</sup>	\$1.91	\$1.75

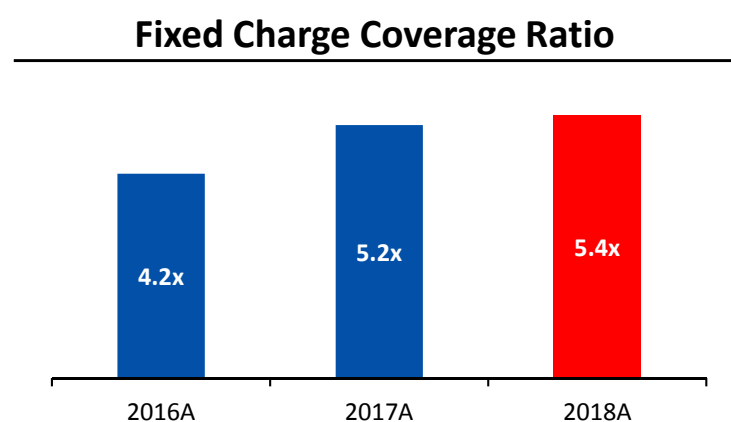
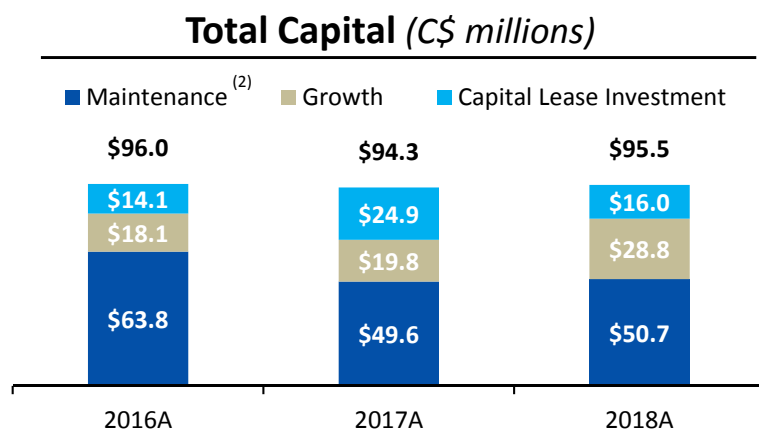
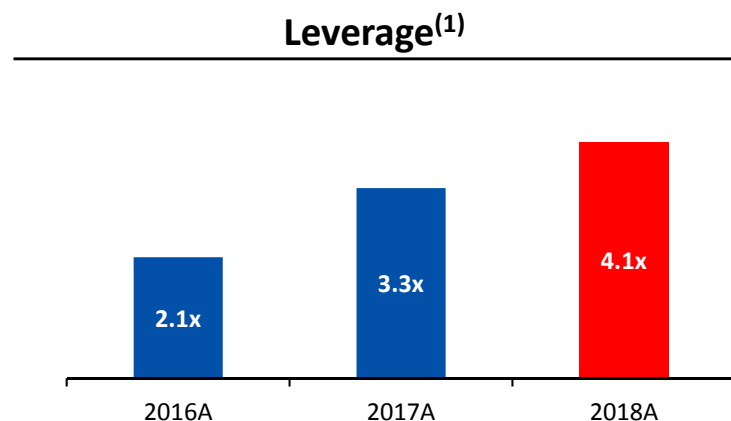
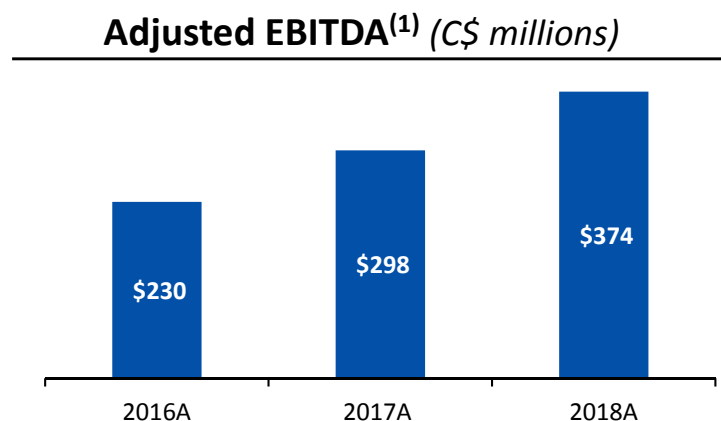
- 2018 Highlights (compared to 2017)
  - EBITDA from Operations was \$402.8 million, an improvement of 31%;
  - Adjusted EBITDA of \$374.3 million compared to \$297.6 million, an increase of 26%;
  - AOCF before transaction and other costs was \$302.3 million compared to \$250.5 million;
  - AOCF per share before transaction and other costs was \$1.91 compared to \$1.75 in the same period last year.

(1) Refer to "Non-GAAP Financial Measures" .

(2) For details refer to Appendix III.

# Credit Statistics

- Leverage<sup>(1)</sup> is anticipated to 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
- Strong EBITDA profile and ample free cash flow available for debt service

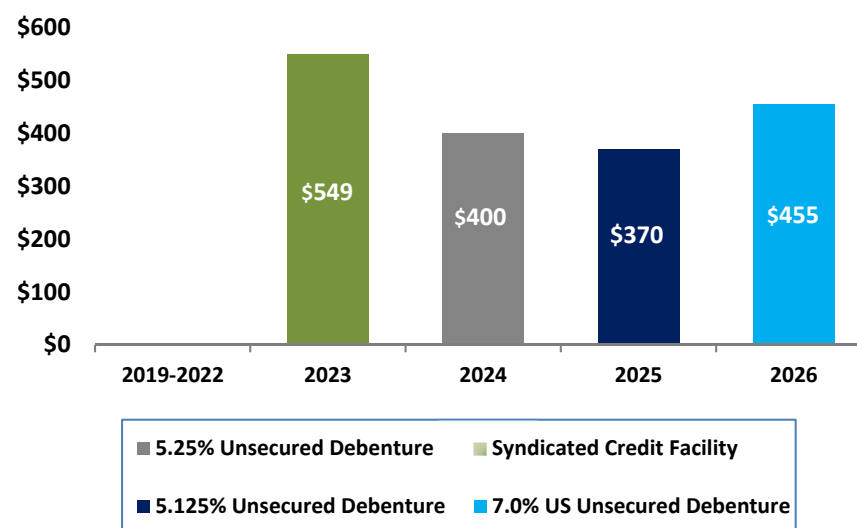




# Debt Maturity Profile

- Superior has a staggered balanced maturity profile with no material maturities until 2023
- NGL transaction financed with a C\$150 million upsize of existing 5.125% unsecured debentures, \$400 million equity offering, 7.0% \$350 million US<sup>(1)</sup> unsecured debenture and incremental credit facility borrowing
- Prudent capital management
- Leverage<sup>(2)</sup> target of 3.0x
- Payout Ratio of 40 – 60%<sup>(2)</sup>
- Credit facility extended to 2023 and increased to \$750 million
  - \$549 million was drawn on the credit facility as at December 31, 2018

**Debt Maturity Schedule (C\$ millions)**



## Credit Rating Summary

	S&P		DBRS		Moody's	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Corporate Issuer Rating	BB	Negative	BB (high)	Stable	Ba2	Stable
Senior Unsecured	BB	Negative	BB	Stable	Ba3	Stable

(1) 7% US high yield debenture is converted to \$CAD at the USD/CAD exchange rate of 1.30.

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

# Highlights

## INDUSTRY LEADERSHIP

- Experienced management team
- Best-in-class operations
- Continuing focus to create value through differentiation and digitalization

## STRONG FINANCIAL PROFILE

- Committed to BB credit rating
- Strong free cash flow generation
- Access to capital and liquidity to fund future growth
- Attractive dividend yield

## SAFETY & ENVIRONMENT COMMITMENT

- Continue to be an industry leader in safety compliance and regulation
- Ensure all employees operate safely

## COMPELLING GROWTH PROSPECTS

- Numerous unique organic growth opportunities currently under evaluation
- Disciplined and focused capital allocation strategy

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# Questions



# Non-GAAP Financial Measures

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 prescribed by GAAP. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with GAAP. Other issuers may calculate non-GAAP financial measures differently.

Investors should be cautioned that Adjusted EBITDA, EBITDA from operations, Proforma Adjusted EBITDA, Proforma 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 (AOCF) before transaction and other costs**

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, transaction and other costs 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. Please see Appendix III for information regarding the reconciliation of AOCF to nearest GAAP financial measure.

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 the ongoing performance of Superior's businesses and its 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. 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 revenue and expenses, which can differ significantly from quarter to quarter.

## **Adjusted EBITDA**

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 Adjusted 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 annual 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 annual MD&A.

## **Proforma Adjusted EBITDA / Proforma EBITDA from operations**

For the purposes of this presentation, Proforma Adjusted EBITDA / Proforma EBITDA from operations represents EBITDA from Operations or Adjusted EBITDA as defined above adjusted for the proforma impact of the NGL acquisition which is based on the Normalized EBITDA of NGL (See below for definition). The proforma adjustment relates to adding in 65% of the \$90M USD of Normalized EBITDA or approximately \$117M CAD which represents the expected contribution from NGL for the first half of 2018. See Appendices II & IV for applicable reconciliations to nearest GAAP financial measures.

## **Leverage**

Leverage is calculated using proforma Adjusted EBITDA which is defined in the Q4-18 MD&A as Adjusted EBITDA calculated on a trailing twelve month (TTM) basis, including pre-acquisition Adjusted EBITDA related to all acquisitions completed during the TTM period. Leverage ratio is calculated by taking borrowing before deferred financing costs and dividing it by such proforma Adjusted EBITDA. Leverage ratio is used by Superior and investors to assess its ability to service debt.

## **Payout Ratio**

Payout ratio represents dividends paid as a percentage of AOCF before transaction and other costs less maintenance capital expenditures, CRA payments and capital lease repayments and is used by Superior to assess its financial results and leverage. Payout ratio is not a defined performance under GAAP. Superior's calculation of payout ratio may differ from similar calculations provided by comparable entities.

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 annual MD&A, available on SEDAR at [www.sedar.com](http://www.sedar.com) and Appendices II to IV.

NGL Non-GAAP Financial Measures measures are identified and defined as follows:

### **Fiscal 2018 Adjusted EBITDA**

Adjusted EBITDA of NGL Propane is defined as fiscal 2018 net income attributable to NGL Propane per US GAAP adjusted for depreciation and amortization, loss or gain on disposal of assets, equity-based compensation expense, interest expense and net income attributable to redeemable non-controlling interest.

### **Normalized EBITDA**

Normalized EBITDA represents Fiscal 2018 Adjusted EBITDA of NGL Propane adjusted for the pro forma impact of acquisitions completed in the twelve months ending March 31, 2018. See Appendix II for the reconciliation of net earnings to Normalized EBITDA.



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# Appendix



# Appendix I – 2016 Annual Adjusted EBITDA

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## 2016 Annual Adjusted EBITDA Reconciliation (C\$ millions)

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Year Ended December 31, 2016

Adjusted EBITDA from Operations <sup>(1)</sup>	\$303.6
Corporate Cost <sup>(1)</sup>	\$(20.2)
Realized losses on foreign currency contracts <sup>(1)</sup>	\$(29.6)
Less: Adjusted EBITDA from Operations related to CPD <sup>(1)</sup>	\$(27.1)
Add back: Realized losses on foreign currency contracts attributed to CPD <sup>(1)</sup>	\$3.6

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<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>\$230.3</b>
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(1) 2016 Annual Report.

(2) 2017 Annual Report.

## Appendix II – NGL Propane EBITDA Reconciliation

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### NGL Propane EBITDA Reconciliation (US\$ 000s)

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Year Ended March 31, 2018

<b>Net earnings</b>	<b>\$43,994</b>
Add back:	
Depreciation	\$36,945
Non-controlling interest	\$1,340
(Gain) loss on disposal of assets	\$1,365
Stock-based comp.	\$1,358
Finance expense	\$413
<b>Adjusted EBITDA</b>	<b>\$85,415</b>
Normalized adjustments	
Pro forma EBITDA on acquisitions in FY2018	\$4,495
<b>Normalized EBITDA</b>	<b>\$89,910</b>
<b>Normalized EBITDA in CAD\$ at exchange rate of 1.30</b>	<b>\$116,883</b>

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## Appendix III – Adjusted Operating Cash Flow Before Transaction and Other Costs Reconciliation

### 2018 Adjusted Operating Cash Flow before Transaction and Other Costs Reconciliation (C\$ millions)

Year Ended December 31, 2018

	2018	2017
Adjusted Operating Cash Flow <sup>(1)</sup>	\$262.8	\$217.4
Addback:		
Transaction and other costs <sup>(2)</sup>	\$39.5	\$33.1
<b>Adjusted Operating Cash Flow before transaction and other costs</b>	<b>\$302.3</b>	<b>\$250.5</b>
Weighted average shares outstanding <sup>(1)</sup>	158.1	142.8
<b>Adjusted Operating Cash Flow before transaction and other costs per share, basic and diluted</b>	<b>\$1.91</b>	<b>\$1.75</b>

(1) This is a non-GAAP measure. Please see the “AOCF Reconciled to Net Cash Flow from Operating Activities” section in Superior’s annual MD&A.

(2) Transactions and other costs for the years ended December 31, 2018 and 2017 are related to acquisition activity and the integration of acquisitions. See the “Transactions and Other Costs” section in Superior’s annual MD&A for further detail.



## Appendix IV – Proforma EBITDA from Operations and Proforma Adjusted EBITDA Reconciliation

<b>Proforma EBITDA from Operations Reconciliation</b>	<b>12 months</b>
<b>(millions)</b>	<b>31-Dec-18 Notes</b>
Energy Distribution EBITDA from Operations	265.2 (1)
Proforma NGL Adjustment	76.1 (2)
<b>Proforma Energy Distribution EBITDA from Operations</b>	<b>341.3</b>
Specialty Chemicals EBITDA from Operations	137.6 (1)
<b>Proforma EBITDA from Operations</b>	<b>478.9</b>

<b>Proforma Adjusted EBITDA Reconciliation</b>	<b>12 months</b>
<b>(millions)</b>	<b>31-Dec-18</b>
Adjusted EBITDA	374.3 (1)
Proforma NGL Adjustment	76.1 (2)
<b>Proforma Adjusted EBITDA</b>	<b>450.4</b>

(1) See Superior's annual MD&A for the reconciliations of Net Earnings to EBITDA from Operations and Net Earnings Before Income Taxes to Adjusted EBITDA.

(2) Calculated as USD\$90 million full year Normalized EBITDA converted at 1.30 FX rate pro-rated as 65% of Normalized EBITDA earned in first half of 2018.

# Appendix V – Recent Developments

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- Superior introduced its 2019 Adjusted EBITDA guidance range of \$445 million to \$495 million, a 26% increase compared to 2018 Adjusted EBITDA of \$374 million.
- Acquired substantially all of the propane distribution assets of Musco Fuel & Propane LLP on November 1, 2018, an independent propane distributor in Connecticut serving residential and commercial customers.
- Announced the closing of United Pacific Energy (“UPE”) on October 2, 2018, an independent wholesale propane and butane distributor in California.
  - UPE serves over 115 wholesale customers, which include retail propane distribution companies, primarily in the California market
  - UPE operates four rail terminals with close proximity to customers.
- Completed the acquisition of Porco Energy Corp., an independent propane distributor in New York serving residential and commercial customers, on September 21, 2018.
- Completed the acquisition of the assets of NGL Propane Retail East (“NGL Propane”) on July 10, 2018 for total consideration of US \$896.5 million (CAD \$1.2 billion);
  - The acquisition provides an established platform to execute on further expansion opportunities in the U.S. with a contiguous presence throughout the Eastern U.S.

## Appendix VI – 2019 Adjusted EBITDA Guidance and Leverage

- 2019 Adjusted EBITDA is anticipated to improve 26% compared to 2018

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

- EBITDA from operations for Energy Distribution is anticipated to be higher than 2018 primarily due to full year results from NGL as well as the incremental contribution from realized synergies and the six tuck-in acquisitions completed in 2018
- EBITDA from operations for Specialty Chemicals is anticipated to be consistent with 2018 as an increase in chlor-alkali and sodium chlorite gross profit is expected to be offset by a decrease in sodium chlorate gross profit and a modest increase in operating expenses
- Superior anticipates leverage<sup>(2)</sup> 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

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

(2) See “Forward-Looking Statements and Information”.