Q4

Annual and Fourth Quarter ended December 31, 2019

TSX: SPB **February 20, 2020**

Superior Plus Corp. Announces Strong Fourth Quarter and Full Year Results and Introduces 2020 Adjusted EBITDA Guidance

Superior Plus Corp. ("Superior") (TSX:SPB) announced today the financial and operating results for the fourth quarter ended December 31, 2019. Unless otherwise expressed, all financial figures are expressed in Canadian dollars.

Superior achieved Adjusted EBITDA of $524.5 million, which was near the top end of 2019 Adjusted EBITDA Guidance.

"We achieved strong results in the fourth quarter as a result of improved average margins in our Energy Distribution businesses, as well as, great execution on the realization of synergies related to the acquisition of NGL Propane LLC," said Luc Desjardins, President and Chief Executive Officer. "Our average margins in the Canadian and U.S. propane distribution businesses were higher than the prior year quarter primarily due to the continued strength in the wholesale propane fundamentals and our efforts related to sales and marketing and pricing initiatives. We made additional progress on the realization of synergies in the fourth quarter and we still expect to exit 2020 with US $24 million in run-rate synergies."

Business and Financial Highlights

- Superior achieved fourth quarter Adjusted EBITDA of $176.7 million, a $23.7 million or 15% increase compared to the prior year quarter primarily due to higher EBITDA from operations partially offset by higher corporate and administrative costs and modestly higher realized losses on foreign exchange hedging contracts. The adoption of IFRS 16 resulted in a $11.0 million increase in Adjusted EBITDA for the fourth quarter on a consolidated basis.
- EBITDA from Operations during the fourth quarter was $187.8 million, a $25.5 million or a 16% increase from the prior year quarter primarily due to results from Canadian propane distribution ("Canadian Propane"), U.S. propane distribution ("U.S. Propane") and, to a lesser extent, Specialty Chemicals. Please see below for further discussion on the fourth quarter EBITDA from Operations by business.
- EBITDA from Operations during 2019 was $562.1 million, a $159.3 million or 40% increase compared to 2018 primarily due to higher results from U.S. Propane, Canadian Propane and to a lesser extent Specialty Chemicals. U.S. Propane EBITDA from operations increased $106.7 million primarily due to the contribution from NGL Propane LLC ("NGL") and tuck-in acquisitions, and realized synergies. Canadian Propane EBITDA from operations increased $38.3 million primarily due to improved wholesale market fundamentals and Superior's ability to capitalize on those opportunities, the contribution from the United Pacific Energy ("UPE") acquisition

and, to a lesser extent, realized synergies from Canwest and the impact of adopting IFRS 16, partially offset by lower sales volumes in Western Canada and the impact of divestitures in the prior year. Specialty Chemicals EBITDA from operations increased $14.3 million primarily due to the impact of adopting IFRS 16 and higher average sodium chlorate selling prices and sales volumes, partially offset by lower chlor-alkali sales volumes and average sales prices, and higher operating expenses.

- Adjusted EBITDA during 2019 was $524.5 million, a $150.2 million or 40% increase from 2018, and near the top end of the Adjusted EBITDA guidance range of $490.0 million to $530.0 million primarily due to higher EBITDA from operations, partially offset by higher corporate costs and realized losses on foreign currency hedging contracts. Superior's realized losses on foreign currency hedging contracts increased by $3.6 million primarily due to the impact of a weaker Canadian dollar compared to the average hedge rate. Corporate operating and administrative costs increased $5.5 million primarily due to higher incentive plan costs related to share price appreciation. The adoption of IFRS 16 resulted in a $38.8 million increase in Adjusted EBITDA for 2019 on a consolidated basis.
- AOCF before transaction and other costs during the fourth quarter was $145.0 million, a $12.3 million or 9% increase compared to the prior year quarter primarily due to higher Adjusted EBITDA, partially offset by higher interest and cash tax expenses. AOCF before transaction and other costs per share was $0.83, $0.07 or 9% higher than the prior year quarter due to the increase in AOCF before transaction and other costs.
- AOCF before transaction and other costs during 2019 was $406.2 million, an increase of $103.9 million or 34% primarily due to higher Adjusted EBITDA discussed above, partially offset by higher interest expense and cash income taxes. AOCF per share before transaction and other costs during 2019 was $2.32, an increase of $0.41 or 21% from 2018 primarily due to higher AOCF, partially offset by higher weighted average shares outstanding.
- Superior had net earnings of $74.6 million in the fourth quarter, compared to a net loss of $48.3 million in the prior year quarter primarily due to the unrealized loss on derivative financial instruments in the fourth quarter of 2018 compared to a gain in 2019, an increase in gross profit and a decrease in selling, distribution and administrative ("SD&A") costs, partially offset by an increase in income tax expense.
- Superior had net earnings of $142.6 million in 2019 compared to a net loss of $34.0 million in the prior year due primarily to unrealized gains on derivative instruments recorded in the current period compared to unrealized losses on derivative instruments in the prior year and the impact of the NGL, UPE and other tuck-in acquisitions. Revenue increased $115.2 million from the prior year primarily due to the contribution from NGL, and gross profit increased $264.8 million primarily due to higher revenues related to NGL and the impact from wholesale propane fundamentals. SD&A costs increased $148.0 million primarily due to the incremental expenses from the NGL acquisition, an impairment charge in Specialty Chemicals related to the closure of the Saskatoon sodium chlorate facility and higher depreciation costs related to the adoption of IFRS 16. Other income or loss which includes unrealized and realized gains on derivative financial instruments of $17.2 million for the year ended December 31, 2019 compared to a loss of $91.9 million in the prior year due primarily to changes in market prices of commodities, timing of maturities of underlying financial instruments and foreign exchange rates relative to amounts hedged. For additional details, refer to Note 16 of the 2019 audited consolidated financial statements.
- Net cash flows from operating activities in the fourth quarter were $108.3 million, a $66.7 million increase from the prior year fourth quarter primarily due to the positive change in non-cash operating working capital and to a lesser extent the impact of positive net earnings net of non-cash adjustments. Net cash flows from operating activities in 2019 were $423.2 million, a $160.2 million increase from 2018 due primarily to the impact of positive net earnings net of non-cash adjustments and to a lesser extent positive change in non-cash operating working capital, partially offset by higher interest and income taxes paid.

- In the fourth quarter, U.S. Propane achieved approximately US $4.6 million in synergies related to the NGL Propane acquisition, bringing the year-to-date total to US $16.7 million. Superior still expects to achieve US $24 million of run-rate synergies exiting 2020.
- Superior's businesses generate significant cash flows that are used for capital expenditures, acquisitions or to repay debt. During the year, Superior generated $406.2 million in AOCF before transaction and other costs. Transaction and other costs were $29.9 million for 2019. After lease repayments and maintenance capital, Superior had $273.5 million available for dividends, non-recurring capital expenditures, acquisitions and debt reduction. After dividends and non-recurring capital expenditures, Superior had $80.1 million available for debt reduction and acquisitions. Superior acquired $69.2 million in retail propane distribution assets during 2019 using the cash available after capital expenditures, lease repayments and dividends.
- Canadian Propane EBITDA from operations for the fourth quarter was $75.6 million, an increase of $17.8 million or 31% compared to the prior year quarter primarily due to higher adjusted gross profit and the impact of adopting IFRS 16, partially offset by modestly higher operating expenses. Adjusted gross profit increased $19.0 million primarily due to higher average unit margins, partially offset by modestly lower sales volumes. Average margin per litre in the fourth quarter was 18.1 cents per litre, a 19% increase from the prior year quarter, primarily due to benefits from improved wholesale propane market fundamentals and margin management initiatives in a low wholesale propane price environment. Total sales volumes of 753 million litres were 12 million litres or 2% lower than the prior year quarter due to a decrease in wholesale, oilfield and commercial volumes. Average weather across Canada for fourth quarter of 2019, as measured by degree days, was 2% warmer than the prior year and 2% colder than the five-year average.
- U.S. Propane EBITDA from operations for the fourth quarter was $78.2 million, an increase of $7.0 million or 10% compared to the prior year quarter primarily due to higher adjusted gross profit, partially offset by modestly higher operating expenses. Adjusted gross profit increased $8.9 million primarily due to higher average unit margins and higher other services gross profit, partially offset by the impact of a stronger Canadian dollar on the translation of U.S. denominated gross profit and lower sales volumes. Average sales margin for U.S. Propane was 38.9 cents per litre in the fourth quarter, an increase of 14% compared to the prior year quarter primarily due to sales and marketing initiatives, including fixed-price offerings and maintaining price in a declining price environment. Total fourth quarter sales volumes decreased 30 million litres or 8% primarily due to lower residential, commercial and wholesale volumes. U.S. Propane residential sales volumes decreased by 15 million litres or 5% from the prior year quarter as a result of warmer weather, partially offset by contribution from tuck-in acquisitions. Average weather across markets where U.S. propane operates was 3% warmer for the fourth quarter of 2019 compared to the prior year quarter and 7% colder than the five-year average. U.S. Propane commercial sales volumes decreased by 4 million litres or 4% due to competitive pressures on the low-margin distillate business. U.S. Propane wholesale sales volumes decreased by 11 million litres or 55% due to competitive pressures in the wholesale distillates and propane markets. Other services gross profit increased by $1.4 million compared to the prior year quarter due to the incremental service revenue from tuck-in acquisitions. Operating expenses increased modestly due to the impact of tuck-in acquisitions, partially offset by realized synergies.
- Specialty Chemicals EBITDA from operations for the fourth quarter was $34.0 million, an increase of $0.7 million or 2% compared to the prior year quarter primarily due to the impact of IFRS 16 and higher sodium chlorate gross profit, partially offset by lower chlor-alkali gross profit. The adoption of IFRS 16 resulted in a $7.3 million increase in fourth quarter EBITDA from operations compared to the prior year quarter. Sodium chlorate gross profit increased primarily due to higher sales volumes and sales price. Sales volumes increased for sodium chlorate due to higher market share and average selling prices increased primarily due to higher contract

pricing. Chlor-alkali gross profit decreased primarily due to lower sales volumes and sales prices for hydrochloric acid and caustic soda. Hydrochloric acid average selling prices and sales volumes were lower due to softness in oil and gas markets, creating excess supply and competition for volumes. Caustic soda sales prices were lower due to competitive pressures and North American supply dynamics. Operating expenses decreased $5.6 million primarily due to the impact of IFRS 16.

Financial Overview

	Three Months Ended December 31		Twelve Months Ended December 31	
(millions of dollars, except per share amounts)	**2019**	**2018**	**2019**	**2018**
Revenue	**821.0**	889.2	**2,852.9**	2,737.7
Gross Profit	**366.0**	323.5	**1,213.0**	948.2
Net earnings (loss)	**74.6**	(48.3)	**142.6**	(34.0)
Net earnings (loss) per share, basic and diluted [1]	$ **0.43**	$ (0.28)	$ **0.82**	$ (0.22)
EBITDA from operations [2]	**187.8**	162.3	**562.1**	402.8
Adjusted EBITDA [2]	**176.7**	153.0	**524.5**	374.3
Cash flows from operating activities	**108.3**	41.6	**423.2**	263.0
Cash flows from operating activities per share – basic and diluted [1]	$ **0.62**	$ 0.24	$ **2.42**	$ 1.66
AOCF before transaction and other costs [2][3]	**145.0**	132.7	**406.2**	302.3
AOCF before transaction and other costs per share – basic and diluted [1][2][3]	$ **0.83**	$ 0.76	$ **$2.32**	$ 1.91
AOCF [2]	**139.4**	125.2	**$376.3**	262.8
AOCF per share– basic and diluted [1][2]	$ **0.80**	$ 0.72	$ **2.15**	$ 1.66
Cash dividends declared	**31.5**	31.5	**125.9**	114.4
Cash dividends declared per share	$ **0.18**	$ 0.18	$ **0.72**	$ 0.72

(1) The weighted average number of shares outstanding for the three months and full year ended December 31, 2019 is 174.9 million (December 31, 2018 – 158.1 million). There were no dilutive instruments with respect to AOCF and AOCF before transaction and other costs per share for the three months and full year ended December 31, 2019 and 2018.

(2) EBITDA from operations, Adjusted EBITDA, AOCF before transaction and other costs, and AOCF are Non-GAAP measures. See "Non-GAAP Financial Measures".

(3) Transaction and other costs for the three months and full year ended December 31, 2019 and 2018 are related to acquisition activity and the integration of acquisitions. See "Transaction and Other Costs" for further details.

Segmented Information

	Three Months Ended December 31		Twelve Months Ended December 31	
(millions of dollars)	**2019**	2018	**2019**	2018
EBITDA from operations[1]				
Canadian Propane Distribution	**75.6**	57.8	**200.8**	162.5
U.S. Propane Distribution	**78.2**	71.2	**209.4**	102.7
Specialty Chemicals	**34.0**	33.3	**151.9**	137.6
	187.8	162.3	**562.1**	402.8

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

Specialty Chemicals Process

On January 28, 2020, Superior announced the completion of the strategic review process and potential sale of the Specialty Chemicals business. The sales process attracted significant interest from a number of buyers, but did not result in a transaction that was in Superior's best interests to complete at this time.

Business Development and Acquisition Update

- On October 1, 2019, Superior acquired the propane distribution assets of an independent propane distributor in North Carolina for total consideration of US $1.2 million (CDN $1.5 million). The purchase price was paid primarily with cash from Superior's credit facility, as well as deferred payments.
- On October 9, 2019, Superior acquired the propane distribution assets of an independent propane distributor in New Brunswick for total consideration of $5.6 million, excluding taxes. The purchase price was paid with cash from Superior's credit facility.
- On December 13, 2019, Superior acquired the propane distribution assets of an independent propane distributor in Delaware and Maryland for total consideration of US $12.1 million (CDN $15.7 million). The purchase price was paid with cash from Superior's credit facility.
- On January 9, 2020, Superior acquired the propane distribution assets of an independent propane distributor in California for total consideration of US $21.8 million (CDN $28.5 million). The purchase price was paid with cash from Superior's credit facility and deferred payments.
- In the ten months ended January 31, 2020, Superior completed six retail propane distribution acquisitions for total consideration of $97.7 million.

Dividend Reinvestment Program

On January 28, 2020, Superior announced it was reinstating its Dividend Reinvestment Program (the "DRIP"), commencing with the February 2020 dividend, which is expected to be paid on or about March 13, 2020. Proceeds from the DRIP will be used for debt reduction and general corporate purposes, which includes funding retail propane distribution acquisitions. The DRIP will provide Superior's shareholders with the opportunity to reinvest their cash dividend in Superior at a 4% discount to the market price of Superior's common shares. Further information on Superior's DRIP can be found in the Investor Relations section of Superior's website at www.superiorplus.com.

2020 Adjusted EBITDA Guidance

Superior is introducing its 2020 Adjusted EBITDA guidance range of $475 million to $515 million. Based on the midpoint of the 2020 Adjusted EBITDA guidance range, this is a 6% decrease compared to the full year 2019 Adjusted EBITDA of $524.5 million, and a 3% decrease from the midpoint of the 2019 Adjusted EBITDA guidance range, which assumed normal wholesale propane market fundamentals.

Compared to the midpoint of the 2019 Adjusted EBITDA guidance, U.S. Propane EBITDA from operations is expected to increase, and Canadian Propane and Specialty Chemicals EBITDA from operations are expected to decrease. U.S. Propane EBITDA from operations is expected to increase due to the contribution from tuck-in acquisitions completed in 2019, an increase in realized synergies related to NGL and operational improvements. Canadian Propane EBITDA from operations is expected to decrease primarily due to lower sales volumes, partially offset by modestly higher average margins and operating cost reductions. Sales volumes are expected to decrease related to a decline in oilfield and, to a lesser extent, industrial business in Western Canada, partially offset by organic growth in Central Canada. Specialty Chemicals EBITDA from operations is expected to decrease due to chlor-alkali market weakness.

The 6% decrease compared to 2019 actual results is primarily due to lower expected EBITDA from operations for Specialty Chemicals and Canadian Propane, partially offset by an increase in expected EBITDA from operations for U.S. Propane. Key assumptions related to the 2020 Adjusted EBITDA guidance are:

- EBITDA from operations for Specialty Chemicals is anticipated to be lower than 2019 due to an expected significant decrease in chlor-alkali gross profit, modest decrease in sodium chlorate gross profit and a modest increase in operating expenses. Chlor-alkali gross profit is anticipated to be lower than 2019 due to continued weakness in hydrochloric acid pricing driven by reduced oil and gas demand, a decrease in caustic potash sales volumes and pricing related to customer mix, and weakness in caustic soda pricing related to supply and demand fundamentals entering 2020 in North American markets. Sodium chlorate gross profit is anticipated to be modestly lower than 2019 as modest improvements in sales prices are expected to be more than offset by modestly lower sales volumes and the impact of a weaker U.S. dollar compared to 2019.
- EBITDA from operations for Canadian Propane is anticipated to be lower than 2019 primarily due to an expected decrease in sales volumes in Western Canada and a decrease in average unit margins. Sales volumes in Western Canada are expected to decrease related to competitive pressures, continued headwinds in oil and gas activity, the assumption of average weather for 2020 and weaker economic activity. Average margins are expected to be modestly lower as wholesale propane and natural gas liquid fundamentals related to basis differentials are not expected to be as strong as they were in 2019.
- EBITDA from operations for U.S. Propane is anticipated to be higher than 2019 primarily due to the incremental contribution from the tuck-in acquisitions completed in 2019 and incremental synergies related to the NGL acquisition.
- Average weather, as measured by degree days for 2020 is anticipated to be consistent with the five-year average for Canada and the U.S.

Debt Update and 2020 Leverage Guidance

Superior remains focused on managing its total debt to Adjusted EBITDA and its Senior Debt to Credit Facility EBITDA leverage ratios. Superior's total debt as at December 31, 2019 was $1,956.1 million, an increase of $69.8 million from December 31, 2018 primarily due to the addition of lease liabilities related to the adoption of IFRS 16, higher capital spending and the impact of acquisitions financed using debt, partially offset by increased cash flow from operations available for debt reduction. Superior's debt for credit facility and note indenture covenant calculations ("Senior debt") excludes the impact of IFRS 16, and was $1,794.7 million as at December 31, 2019, which was an increase of $9.3 million from September 30, 2019 and a decrease of $91.6 million from December 31, 2018. The decrease in Senior debt compared to December 31, 2018 is primarily due to higher cash flow from operations available for debt reduction and lower net working capital requirements, partially offset by tuck-in acquisitions and higher capital spending. Credit Facility EBITDA, which excludes the impact of IFRS 16 for the trailing twelve months ended December 31, 2019 was $489.9 million. See "Non-GAAP Financial Measures" for the definition of Credit Facility EBITDA and "Non-GAAP Financial Measures" in the MD&A for the reconciliation from Adjusted EBITDA. Superior's Senior Debt to Credit Facility EBITDA ratio as at December 31, 2019 was 3.7x, which was at the lower end of the Senior Debt to Credit Facility EBITDA guidance of 3.6x to 4.0x.

Superior anticipates the total debt to Adjusted EBITDA leverage ratio will be in the range of 3.4x to 3.8x as at December 31, 2020 as cash generated from operations and DRIP proceeds are used to repay debt.

Superior is well within its covenants related the credit facility and the note indentures. Superior also had available liquidity of $249.4 million available under the credit facility as at December 31, 2019.

MD&A and Financial Statements

Superior's MD&A, the audited Consolidated Financial Statements and the Notes to the Consolidated Financial Statements for the year ended December 31, 2019 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.

2019 Annual and Fourth Quarter Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2019 Annual and Fourth Quarter Results at 10:30 a.m. EST on Friday, February 21, 2020. 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.

Non-GAAP Financial Measures

Throughout the fourth quarter and full year earnings release, Superior has used the following terms that are not defined by International Financial Reporting Standards ("Non-GAAP Financial Measures"), but are used by management to evaluate the performance of Superior and its business: AOCF before and after transaction and other costs, earnings before interest, taxes, depreciation and amortization ("EBITDA") from operations, Adjusted Gross Profit, Adjusted EBITDA, Senior Debt, Credit Facility EBITDA and Senior Debt to Credit Facility EBITDA leverage ratio. 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 meanings 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. See "Non-GAAP Financial Measures" in the MD&A for a discussion of Non-GAAP financial measures and certain reconciliations to GAAP financial measures.

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 Credit Facility 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 a 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. AOCF is reconciled to cash flow from operating activities. Please refer to the Financial Overview section of the MD&A for the reconciliation.

Adjusted Gross Profit

Adjusted gross profit represents revenue less cost of sales adjusted for realized gains and losses on commodity derivative instruments related to risk management. Management uses Adjusted Gross Profit to set margin targets and measure results. Unrealized gains and losses on commodity derivative instruments are excluded because of the accounting mis-match that exists as a result of the customer contract not being included in the determination of the fair value for this risk management activity.

Adjusted EBITDA

Adjusted EBITDA represents earnings before interest, 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 costs that are not considered representative of Superior's underlying core operating performance, including gains and losses on foreign currency hedging contracts, corporate costs and transaction and other costs. Management uses EBITDA from operations to set targets for Superior (including annual guidance and variable compensation targets). EBITDA from operations is reconciled to net earnings before income taxes. Please refer to the Results of Operating Segments in the MD&A for the reconciliations.

Operating Expenses

Operating expenses include wages and benefits for employees, drivers, service and administrative labour, fleet maintenance and operating costs, freight and distribution expenses excluded from cost of sales, along with the costs associated with owning and maintaining land, buildings and equipment, such as rent, repairs and maintenance, environmental, utilities, insurance and property tax costs. Operating expenses exclude gains or losses on disposal of assets, depreciation and amortization and non-recurring expenses, such as transaction, restructuring and integration costs.

Operating expenses are defined as SD&A expenses adjusted for amortization and depreciation, gains or losses on disposal of assets and transaction, restructuring and other costs.

Non-GAAP Financial Measures Used for bank covenant purposes

Senior Debt

Senior Debt includes total borrowing before deferred financing fees and vehicle lease obligations, and excludes the remaining lease obligations. Senior Debt is used by Superior to calculate its debt covenants and other credit information.

Credit Facility EBITDA

Credit Facility EBITDA is defined as Adjusted EBITDA calculated on a 12-month trailing basis giving pro forma effect to acquisitions and dispositions adjusted to the first day of the calculation period, and excludes the impact from the adoption of IFRS 16 and EBITDA from undesignated subsidiaries. Credit Facility EBITDA is used by Superior to calculate its debt covenants and other credit information. Please refer to Non-GAAP Financial Measures in the MD&A for the reconciliation.

Credit Facility leverage ratio

Credit Facility leverage ratio is defined as Senior Debt divided by Credit Facility EBITDA. Senior Debt to Credit Facility EBITDA is used by Superior for calculation of bank covenants and other credit information.

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, anticipated impact of IFRS 16 on leverage, expected total debt to Adjusted EBITDA ratio, expected Senior Debt to Credit Facility EBITDA leverage ratio, business strategy and objectives, development plans and programs, organic growth, weather, economic activity in Western Canada, product pricing and sourcing, caustic soda and hydrochloric acid markets, caustic potash customer mix, volumes and pricing, wholesale propane market fundamentals, electricity costs, exchange rates, expected synergies from the acquisition of NGL and other acquisitions, improvements and the timing associated in North American chlor-alkali markets, expected seasonality of demand, and future economic conditions. Forward-looking information in this document includes expected 2020 Adjusted EBITDA, which assumes no material divestitures in 2020.

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, 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, trading data, cost estimates, 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, the assumptions set forth under the "Financial Outlook" sections of our MD&A. The forward looking information is also 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:

Beth Summers Executive Vice President and Chief Financial Officer

Phone: (416) 340-6015

Rob Dorran Vice President, Investor Relations and Treasurer
Phone: (416) 340-6003
Toll Free: 1-866-490-PLUS (7587)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF 2019 ANNUAL AND FOURTH QUARTER RESULTS
FEBRUARY 20, 2020

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 years ended December 31, 2019 and 2018, as well as forward-looking information about future periods. The information in this MD&A is current to February 20, 2020, and should be read in conjunction with Superior's audited consolidated financial statements and notes thereto as at and for the years ended December 31, 2019 and 2018.

The accompanying audited consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's audited consolidated financial statements as at and for the years ended December 31, 2019 and 2018 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

All financial amounts in this MD&A are expressed in millions of Canadian dollars except where otherwise noted. All tables are for the year ended December 31 of the period indicated, unless otherwise stated. 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 three operating segments: Canadian Propane Distribution, U.S. Propane Distribution and Specialty Chemicals. The Canadian Propane Distribution segment includes the Canadian retail propane distribution business and the wholesale natural gas liquid marketing businesses with operations located in Canada and California. The U.S. Propane Distribution segment distributes propane gas and liquid fuels primarily in the Eastern United States, as well as the Midwest and California. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industry and a regional supplier of chlor-alkali products in the U.S. Midwest and Western Canada. Reportable segment information has also been restated to comply with the current presentation.

Non-GAAP Financial Measures

Throughout the MD&A, Superior has used the following terms that are not defined under generally accepted accounting principles (GAAP), but are used by management to evaluate the performance of Superior and its businesses: adjusted operating cash flow (AOCF) before and after transaction and other costs, earnings before interest, taxes, depreciation and amortization (EBITDA) from operations, Adjusted EBITDA, Leverage Ratio, Credit Facility EBITDA, Senior Debt and Adjusted Gross Profit. 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 using Non-GAAP financial measures is to provide additional useful information to investors and analysts; the measures do not have 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, expected AOCF and AOCF per share, leverage ratio, 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., EBITDA and synergies associated with the NGL Propane, LLC (NGL) acquisition, expected seasonality of demand, future economic conditions, 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, 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, trading data, cost estimates, our ability to obtain financing on acceptable terms, the assumptions set forth under the "Financial Outlook" sections of our MD&A. The forward-looking information is also 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 servicing 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, 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, 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.

Financial Overview

Summary of AOCF

(millions of dollars except per share amounts)	Year Ended December 31 2019	2018
Revenue [(1)]	**2,852.9**	2,737.7
Gross profit [(1)]	**1,213.0**	948.2
EBITDA from operations [(2)]	**562.1**	402.8
Corporate operating and administrative costs	**(25.5)**	(20.0)
Realized losses on foreign currency hedging contracts	**(12.1)**	(8.5)
Adjusted EBITDA [(2)]	**524.5**	374.3
Interest expense	**(105.2)**	(70.1)
Cash income tax expense	**(13.1)**	(1.9)
AOCF before transaction and other costs [(2)]	**406.2**	302.3
Transaction and other costs [(3)]	**(29.9)**	(39.5)
AOCF[(2)]	**376.3**	262.8
AOCF per share before transaction and other costs [(2)(3)(4)]	**$2.32**	$1.91
AOCF per share [(2)(3)(4)]	**$2.15**	$1.66
Dividends declared per share [(4)]	**$0.72**	$0.72

(1) Revenue and gross profit has been presented excluding realized gains and losses on commodity derivative instruments and the comparative figures have been restated. These gains and losses are included in other income (loss) in the audited consolidated financial statements. For purposes of determining margin per litre, gross profit has been adjusted to include realized gains and losses on commodity derivative instruments. See "Non-GAAP Financial Measures".

(2) EBITDA from operations, Adjusted EBITDA, AOCF before transaction and other costs, and AOCF are Non-GAAP measures. See "Non-GAAP Financial Measures".

(3) Transaction and other costs for the years ended December 31, 2019 and 2018 are related to acquisition activity, restructuring and the integration of acquisitions. See "Transaction and Other Costs" for further details.

(4) The weighted average number of shares outstanding for the years ended December 31, 2019 and 2018 was 174.9 and 158.1 million shares respectively. There were no dilutive instruments with respect to AOCF and AOCF before transaction and other costs per share for years ended December 31, 2019 and 2018.

Comparable GAAP Financial Information

(millions of dollars except per share amounts)	Year Ended December 31 2019	2018
Net earnings (loss) for the year	**142.6**	(34.0)
Net earnings (loss) per share, basic and diluted	**0.82**	(0.22)
Cash flows from operating activities	**423.2**	263.0
Cash flows from operating activities per share, basic and diluted	**$2.42**	$1.66

Segmented Information

(millions of dollars)	Year Ended December 31 2019	2018
EBITDA from operations[(1)]		
Canadian Propane Distribution	**200.8**	162.5
U.S. Propane Distribution	**209.4**	102.7
Specialty Chemicals	**151.9**	137.6
	562.1	402.8

(1) EBITDA from operations is a Non-GAAP measure. See "Non-GAAP Financial Measures".

AOCF Reconciled to Cash Flows from Operating Activities (1)

	Year Ended December 31	
(millions of dollars)	**2019**	2018
Cash flows from operating activities	**423.2**	263.0
Non-cash interest expense, loss on redemption and other	**9.1**	15.8
Changes in non-cash operating working capital	**(43.7)**	25.0
Income taxes paid	**8.4**	0.1
Interest paid	**106.7**	51.1
Cash income tax expense	**(13.1)**	(1.9)
Finance expense recognized in net earnings	**(114.3)**	(90.3)
AOCF(1)	**376.3**	262.8

(1) AOCF is a Non-GAAP measure. See "Non-GAAP Financial Measures".

2019 ACQUISITIONS

Acquisition of Phelps Sungas, Inc. and BMK Geneva, Inc. (together "Phelps")

On April 1, 2019, Superior closed the acquisition of the propane distribution assets of Phelps, an independent propane distributor in New York for total consideration of US$18.7 million (CDN $25.2 million). The acquisition was funded by drawing on Superior's credit facility and deferring US$2.5 million (CDN $3.3 million) in payments over the next five years.

Acquisition of Sheldon Gas Company and Sheldon Oil Company (together "Sheldon")

On May 2, 2019, Superior closed the acquisition of the shares of Sheldon, an independent propane distributor in Northern California for total consideration of US$15.8 million (CDN $21.2 million). The acquisition was funded by drawing on Superior's credit facility and deferring US$1.5 million (CDN $2.0 million) in payments over the next three years. Included in the assets acquired was a 51% interest in an entity that Superior acquired the other 49% interest previously as part of the acquisition of United Pacific Energy.

Other Acquisitions

During the year ended December 31, 2019, the Company closed three other business acquisitions for a total consideration of approximately $22.8 million. This consisted of one acquisition in Canada and two acquisitions in the US. The acquisitions were funded by drawing on Superior's credit facility and deferring US$2.5 million (CDN $3.3 million) in payments over the next five years.

Consolidated Statement of Net Earnings (Loss)

	Year Ended December 31	
(millions of dollars except per share amounts)	**2019**	2018
Revenue	**2,852.9**	2,737.7
Cost of sales (includes products and services)	**(1,639.9)**	(1,789.5)
Gross profit	**1,213.0**	948.2
Expenses		
Selling, distribution and administrative costs ("SD&A")	**(948.3)**	(800.3)
Finance expense	**(114.3)**	(90.3)
Other income (loss)	**17.2**	(91.9)
	(1,045.4)	(982.5)
Earnings (loss) before income taxes	**167.6**	(34.3)
Income tax (expense) recovery	**(25.0)**	0.3
Net earnings (loss) for the year	**142.6**	(34.0)
Net earnings (loss) per share, basic and diluted [1]	**0.82**	(0.22)

[1] The weighted average number of shares outstanding for the years ended December 31, 2019 and 2018 was 174.9 and 158.1 million shares respectively. There were no dilutive instruments with respect to AOCF and AOCF before transaction and other costs per share for the years ended December 31, 2019 and 2018.

Annual Financial Results Compared to the Prior Year

Adjusted EBITDA for the year ended December 31, 2019 was $524.5 million, an increase of $150.2 million or 40% compared to the prior year Adjusted EBITDA of $374.3 million. The increase is primarily due to higher EBITDA from operations partially offset by increased corporate costs and higher realized losses on foreign currency hedging contracts. EBITDA from operations increased $159.3 million or 40% compared to the prior year primarily due to higher U.S. Propane EBITDA from operations and, to a lesser extent, an increase in Canadian Propane and Specialty Chemicals EBITDA from operations. U.S. Propane EBITDA from operations was $209.4 million, an increase of $106.7 million or 104% primarily due to the contribution from the NGL and tuck-in acquisitions, and realization of approximately $22.0 million in synergies, partially offset by the impact of the sale of certain refined fuel assets in the prior year. Canadian Propane EBITDA from operations was $200.8 million, an increase of $38.3 million or 24% primarily due to improved wholesale market fundamentals, the contribution from the UPE acquisition and, to a lesser extent, realized synergies from Canwest and the impact of adopting IFRS 16, see ‘Change in accounting policy’, partially offset by lower sales volumes in Western Canada and the impact of divestitures in the prior year. Specialty Chemicals EBITDA from operations of $151.9 million, increased $14.3 million or 10% primarily due to the impact of adopting IFRS 16, see ‘Change in accounting policy’, and higher average sodium chlorate selling prices and sales volumes partially offset by lower chlor-alkali sales volumes and average sales prices, and higher selling, distribution and administrative costs compared to the prior year. Superior’s realized losses on foreign currency hedging contracts were $12.1 million compared to a realized loss of $8.5 million in the prior year due to the weaker Canadian dollar than the average hedge rate. Corporate operating and administrative costs were $25.5 million compared to $20.0 million in the prior year. The increase is primarily due to higher incentive plan costs related to share price appreciation.

AOCF before transaction and other costs for the year ended December 31, 2019 was $406.2 million, an increase of $103.9 million or 34% from the prior year AOCF before transaction and other costs of $302.3 million. The increase from the prior year is primarily due to higher Adjusted EBITDA discussed above, partially offset by higher interest expense. Interest expense increased $35.1 million or 50% primarily due to higher debt balances as a result of the NGL and tuck-in acquisitions. AOCF per share before transaction and other costs was $2.32 per share, an increase of $0.41 per share or 21% from the prior year primarily due to the higher AOCF before transaction and other costs discussed above, partially offset by an increase in weighted average shares outstanding.

AOCF for the year ended December 31, 2019 was $376.3 million, an increase of $113.5 million or 43% from the prior year AOCF of $262.8 million due to the increased AOCF before transaction and other costs discussed above and, to a lesser extent, lower transaction and other costs. AOCF per share for year ended December 31, 2019 was $2.15 per share, an increase of $0.49 per share or 30% from the prior year. Transaction and other costs for the year ended December 31, 2019 were $29.9 million, $9.6 million lower than the prior year. The decrease is primarily due to acquisition costs in the prior year related to NGL, UPE and tuck-in acquisitions which were higher compared to the costs incurred for NGL integration, a restructuring provision recorded in Specialty Chemicals and costs related to the Specialty Chemical strategic review and tuck in acquisitions in the current year.

Revenue for the year ended December 31, 2019 was $2,852.9 million, an increase of $115.2 million or 4% from the prior year due to higher revenue in the U.S. Propane Distribution, Canadian Propane Distribution and Specialty Chemicals segments. U.S. Propane Distribution revenue for the year ended December 31, 2019 was $1,024.1 million, an increase of $98.8 million or 11% from the prior year primarily due to the contribution from the NGL and tuck-in acquisitions, and, to a lesser extent, the impact of the weaker Canadian dollar on the translation of U.S. denominated revenues, partially offset by the impact from the sale of certain refined fuel assets in 2018 and lower wholesale propane prices compared to the prior year. Canadian Propane Distribution revenue for the year ended December 31, 2019 was $1,147.5 million, an increase of $11.6 million or 1% from the prior year primarily due to the contribution from UPE and was partially offset by lower sales volumes in Western Canada, the impact of lower wholesale propane prices compared to the prior year and, to a lesser extent, the impact of divestitures in 2018 related to the consent agreement registered by the Competition Bureau related to the Canwest acquisition in 2017 (the “Canwest Divestitures”). Specialty Chemicals revenue for the year ended December 31, 2019 was $681.3 million, an increase of $4.8 million or 1% from the prior year primarily due to higher average sodium chlorate selling prices and sales volumes partially offset by lower caustic soda and hydrochloric acid sales volumes and selling prices. Consolidated gross profit was $1,213.0 million, an increase of $264.8 million or 28% from $948.2 million in the prior year primarily due to higher U.S. Propane gross profit and to a lesser extent Canadian Propane gross profit and Specialty Chemicals gross profit. Gross profit increased primarily due to the NGL and tuck-in acquisitions and improved wholesale market fundamentals within the Canadian supply portfolio management business and higher average chlorate selling prices and sales volume.

SD&A was $948.3 million for the year ended December 31, 2019, an increase of $148.0 million or 18% from the prior year primarily due to an increase in U.S. Propane Distribution SD&A and to a lesser extent the Specialty Chemicals segment, partially offset by a decrease in the Corporate and Canadian Propane segments. U.S. Propane Distribution SD&A costs were $413.9 million, an increase of $147.1 million from $266.8 million in the prior year primarily due to the NGL and tuck-in acquisitions and to a lesser extent the impact of the gain on the sale of certain refined fuel assets in the prior year. Specialty Chemicals costs were $183.4 million for the year ended December 31, 2019, an increase of $34.1 million or 23% from $149.3 million primarily due to an impairment charge and restructuring provision on the Saskatoon chlorate facility and, to a lesser extent, higher depreciation associated with the adoption of IFRS 16 partially offset by lower distribution costs. Canadian Propane Distribution costs of $315.8 million a decrease $26.1 million or 8% from $341.9 million in the prior year primarily due to lower depreciation and to a lesser extent incremental Canwest synergies realized in the current year partially offset by the impact of the UPE acquisition.

Finance expense for the year ended December 31, 2019 was $114.3 million, an increase of $24.0 million or 27% from $90.3 million in the prior year. The increase is primarily due to higher debt balances as a result of the NGL, UPE and tuck-in acquisitions completed in the prior year, higher interest rates in the U.S. and Canada and the impact of adopting IFRS 16, see “Change in accounting policy” partially offset by the $9.8 million early call premium related to the redemption of the 6.5% senior unsecured notes in the prior year.

Other income (loss) consists of unrealized gains (losses) on derivative financial instruments net of realized gains (losses) on derivative financial instruments. Unrealized and realized gains on derivative financial instruments were $17.2 million for the year ended December 31, 2019 compared to a loss of $91.9 million in the prior year. This is mainly related to changes in market prices of commodities, timing of maturities of underlying financial instruments and foreign exchange rates relative to amounts hedged. For additional details, refer to Note 16 of the 2019 audited consolidated financial statements.

Total income tax expense of $25.0 million was $25.3 million higher than the prior year's recovery of $0.3 million. Current income tax expense was $13.1 million, an increase of $11.2 million from the prior year. Deferred income tax expense was $11.9 million, an increase from the $2.2 million recovery in the prior year primarily due to higher earnings before tax.

The net earnings for the year ended December 31, 2019 was $142.6 million, compared to a net loss of $34.0 million in the prior year. The increase from the prior year is primarily due to unrealized gains on derivative instruments recorded in the current period compared to unrealized losses on derivative instruments in the prior year and the impact of the NGL, UPE and other tuck-in acquisitions. Basic and diluted earnings per share was $0.82, compared to a loss per share of $0.22 in the prior year.

RESULTS OF SUPERIOR'S OPERATING SEGMENTS

Effective January 1, 2019, Superior changed its operating segments and has changed the comparative figures to conform to the current presentation. Superior's operating segments consists of Canadian Propane which includes its wholesale business, U.S. Propane and Specialty Chemicals.

CANADIAN PROPANE DISTRIBUTION

Canadian Propane Distribution's condensed operating results:

	Year Ended December 31	
(millions of dollars)	**2019**	2018
Revenue	**1,147.5**	1,135.9
Cost of Sales	**(680.4)**	(729.5)
Gross profit	**467.1**	406.4
Realized losses on derivatives related to commodity risk management	**(19.9)**	(2.5)
Adjusted gross profit[1]	**447.2**	403.9
Selling, distribution and administrative costs	**(315.8)**	(341.9)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**71.9**	86.2
Transaction, restructuring, and other costs	**0.8**	10.3
(Gain) loss on disposal of assets and other	**(3.3)**	4.0
EBITDA from operations[2]	**200.8**	162.5
Add back (deduct):		
Gain (loss) on disposal of assets and other	**3.3**	(4.0)
Transaction, restructuring, and other costs	**(0.8)**	(10.3)
Amortization and depreciation included in selling, distribution and administrative costs	**(71.9)**	(86.2)
Unrealized gain (losses) on derivative financial instruments	**3.2**	(14.1)
Finance expense	**(4.4)**	(2.2)
Earnings before income tax	**130.2**	45.7

(1) Revenue, cost of sales, and gross profit has been presented excluding realized gains and losses on commodity derivative instruments and the comparative figures have been restated. These gains and losses are included in other income (loss) in the audited financial statements. For purposes of determining margin per litre, gross profit has been adjusted to include realized gains and losses on commodity derivative instruments. See "Non-GAAP Financial Measures".

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

Revenue for 2019 was $1,147.5 million, an increase of $11.6 million from the prior year primarily due to the impact of the acquisition of UPE in 2018 partially offset by lower wholesale propane prices and, to a lesser extent, lower sales volumes in Western Canada. Wholesale propane supply prices were lower primarily due to the increase in propane inventory levels in the U.S., driven by lower exports out of North America and the impact from lower average West Texas Intermediate crude oil prices compared to the prior year.

Canadian Propane Adjusted Gross Profit

	Year Ended December 31	
(millions of dollars)	**2019**	2018
Propane distribution	**448.6**	384.6
Realized losses on derivatives related to commodity risk management	**(19.9)**	(2.5)
Propane distribution adjusted gross profit	**428.7**	382.1
Other services	**18.5**	21.8
Adjusted gross profit	**447.2**	403.9

Propane distribution adjusted gross profit for the year ended December 31, 2019 was $428.7 million, an increase of $46.6 million, from the prior year primarily due to improved wholesale market fundamentals compared to the prior year and the contribution from UPE, partially offset by lower sales volumes in Western Canada. Total sales volumes were 2,505 million litres, an increase of 290 million litres, primarily due to higher wholesale volumes, partially offset by lower sales volumes in Western Canada. Average weather across Canada for 2019, as measured by degree days was 1% colder than the prior year and 4% colder than the five-year average. Residential sales volumes decreased by 3 million litres or 2% due to the impact of divestitures in 2018 related to the consent agreement registered by the Competition Bureau related to the Canwest acquisition. Commercial sales volumes decreased by 7 million litres or 2% due to the impact of Canwest Competition Bureau divestitures in 2018 and current economic conditions in Western Canada. Oilfield volumes decreased by 47 million litres or 20%, due to less drilling activity in Western Canada. Industrial volumes decreased by 5 million litres or 2% due to a reduction in propane consumption by mining customers. Motor fuels sales volumes decreased by 12 million litres or 7% from the prior year quarter due to competitive pressures, and the impact of current economic conditions in Western Canada. Wholesale propane volumes were 358 million litres or 39% higher compared to the prior year primarily due to the acquisition of UPE and was partially offset by lower wholesale butane sales volumes compared to the prior year.

Average propane sales margins for 2019 were 17.1 cents per litre compared to 17.3 cents per litre in the prior year due to a higher proportion of wholesale volumes partially offset by improved wholesale market fundamentals compared to the prior year.

Other services gross profit primarily includes equipment rental, installation, repair and maintenance and customer minimum use charges. Other services gross profit was $18.5 million, a decrease of $3.3 million or 15% from the prior year primarily due to a reduction in services activity and equipment rentals in Western Canada.

Canadian Propane Distribution Sales Volumes
Volumes by End-Use Application (1)

(millions of litres)	Year Ended December 31 **2019**	2018
Residential	**180**	183
Commercial	**338**	345
Oilfield	**184**	231
Industrial	**231**	236
Motor Fuels	**167**	179
Wholesale	**1,265**	907
Other	**140**	134
Total	**2,505**	2,215

(1) Comparative figures have been reclassified to reflect the current period presentation.

Volumes by Region (1)

(millions of litres)	Year Ended December 31 **2019**	2018
Western Canada	**961**	1,121
Eastern Canada	**535**	560
Atlantic Canada	**127**	120
United States	**882**	414
Total	**2,505**	2,215

(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 California, Maine, Idaho, Kansas, Michigan, Washington, Alaska, North Dakota, Pennsylvania, and New York.

Selling, Distribution and Administrative Costs

Selling, distribution and administrative costs were $315.8 million, a decrease of $26.1 million or 8% over the prior year. The decrease in selling, distribution and administrative costs is primarily due to a lower depreciation and amortization and, to a lesser extent, lower transaction, restructuring and other costs, the impact of lower sales volumes and incremental synergies related to Canwest partially offset by increased SD&A related to the acquisition of UPE.

Earnings

Earnings before income tax was $130.2 million, an increase of $84.5 million over the prior year, as a result of increased gross profit, lower SD&A and was partially offset by an unrealized gain on derivative financial instruments compared to an unrealized loss on derivative financial instruments in the prior year.

Financial Outlook

EBITDA from operations in 2020 for Canadian Propane Distribution is anticipated to be lower than 2019. The anticipated decrease in EBITDA is primarily due to an expected decrease in sales volumes in Western Canada and a decrease in average unit margins. Sales volumes in Western Canada are expected to decrease related to competitive pressures, continued headwinds in oil and gas sector and weaker economic activity. Average margins are expected to be modestly lower as wholesale propane and natural gas liquid fundamentals related to basis differentials are not expected to be as strong as they were in 2019.

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 Canadian Propane Distribution business.

U.S. PROPANE DISTRIBUTION

U.S. Propane Distribution's condensed operating results:

	Year Ended December 31	
(millions of dollars)	**2019**	2018
Revenue	**1,024.1**	925.3
Cost of Sales	**(514.7)**	(615.5)
Gross profit	**509.4**	309.8
Realized gains (losses) on derivatives related to commodity risk management	**(9.1)**	0.9
Adjusted gross profit(1)	**500.3**	310.7
Selling, distribution and administrative costs	**(413.9)**	(266.8)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**105.0**	58.1
Transaction, restructuring, and other costs	**16.7**	7.1
Loss (gain) on disposal of assets and other	**1.3**	(6.4)
EBITDA from operations(2)	**209.4**	102.7
Add back (deduct):		
(Loss) gain on disposal of assets and other	**(1.3)**	6.4
Transaction, restructuring, and other costs	**(16.7)**	(7.1)
Amortization and depreciation included in selling, distribution and administrative costs	**(105.0)**	(58.1)
Unrealized losses on derivative financial instruments	**(2.6)**	(13.7)
Finance expense	**(4.4)**	(2.5)
Earnings before income tax	**79.4**	27.7

(1) Revenue, cost of sales, and gross profit has been presented excluding realized gains and losses on commodity derivative instruments and the comparative figures have been restated. These gains and losses are included in other income in the audited financial statements. For purposes of determining margin per litre gross profit has been adjusted to include realized gains and losses on commodity derivative instruments. See "Non-GAAP Financial Measures".

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

Revenue for 2019 was $1,024.1 million, an increase of $98.8 million from the prior year primarily due to incremental revenue from NGL and the tuck-in acquisitions partially offset by the impact of the sale of certain refined fuel assets in the prior year and lower wholesale propane prices. Wholesale propane prices decreased primarily due to higher inventory levels in the U.S. driven by lower exports out of North America and the impact of lower average West Texas Intermediate crude oil prices compared to the prior year.

U.S. Propane Adjusted Gross Profit

	Year Ended December 31	
(millions of dollars)	**2019**	2018
Propane distribution	**464.2**	282.1
Realized gains (losses) on derivatives related to commodity risk management	**(9.1)**	0.9
Propane distribution adjusted gross profit	**455.1**	283.0
Other services	**45.2**	27.7
Adjusted gross profit	**500.3**	310.7

Propane distribution adjusted gross profit for 2019 was $455.1 million, an increase of $172.1 million or 61% from the prior year primarily due to a full year impact from the NGL acquisition, including sales and marketing initiatives and margin management in a lower wholesale propane price environment and to a lesser extent higher residential sales volumes and the impact of a weaker Canadian dollar compared to the prior year, partially offset by lower commercial and wholesale sales volumes.

Residential sales volumes increased by 319 million litres or 60% from the prior year due primarily to the NGL acquisition and to a lesser extent the impact of the tuck-in acquisitions. Average weather across markets where U.S. propane operated for a full twelve months was consistent with the prior year and the five-year average. Commercial volumes decreased by 30 million litres compared to the prior year primarily due to lower distillate sales as the business shifts its focus to more profitable customers and the impact from the sale of refined fuel assets in the prior year, partially offset by incremental sales volumes related to the NGL and tuck-in acquisitions. Wholesale volumes decreased by 185 million litres or 80% due to the sale of refined fuel assets and the wholesale distillate business in the second quarter of 2018.

Average U.S. propane sales margins were 37.6 cents per litre an increase of 47% from 25.6 cents per litre in the prior year. Average sales margins improved primarily due to the higher proportion of residential sales volumes as a result of the NGL and other tuck-in acquisitions and sale of refined fuel assets and wholesale distillate business, sales and marketing initiatives, including effective margin management in a declining wholesale propane price environment, and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated gross profit.

Other services gross profit primarily includes equipment rental, installation, repair and maintenance, and customer minimum use charges. Other services gross profit was $45.2 million, an increase of 63% over the prior year primarily due to the NGL and tuck-in acquisitions.

U.S. Propane Distribution Sales Volumes *End-Use Application* [(1)]

	Year Ended December 31	
(millions of litres)	**2019**	2018
Residential	**850**	531
Commercial	**312**	342
Wholesale	**47**	232
Total	**1,209**	1,105

(1)Includes heating oil, propane, diesel and gasoline sold in over twenty-two states primarily in the Eastern United States and California. Comparative figures have been reclassified to reflect the current period presentation.

Selling, Distribution and Administrative Costs

SD&A costs were $413.9 million, an increase of $147.1 million or 55% over the prior year. The increase in SD&A costs was primarily due to incremental expense related to the acquisition of NGL completed in 2018 and tuck-in acquisitions and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. Denominated SD&A compared to the prior year and higher transaction, restructuring and other costs related to the integration of NGL and the tuck-in acquisitions. This was partially offset by the realization of approximately $22 million in synergies related to the integration of NGL. Depreciation and amortization expense was $105.0 million, an increase of $46.9 million over the prior year primarily due to the impact of the NGL and other tuck-in acquisitions and to a lesser extent the impact of adopting IFRS 16, see 'Change in accounting policy'.

Earnings

Earnings before tax of $79.4 million, increased by $51.7 million over the prior year primarily due to NGL and tuck-in acquisitions and a smaller unrealized loss on derivative financial instruments compared to the prior year, and was partially offset by higher transaction, restructuring and other costs in the current year related primarily to the integration of NGL.

Financial Outlook

EBITDA from operations in 2020 for U.S. Propane is anticipated to be higher than 2019. The anticipated increase in EBITDA is primarily due to contributions from tuck-in acquisitions completed in 2019 and the impact of achieving incremental synergies of US$5.0 or US$24 million in run-rate synergies exiting 2020. Average weather in the Eastern U.S., as measured by degree days, is anticipated to be consistent with the five-year average.

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 Propane Distribution businesses.

SPECIALTY CHEMICALS

Specialty Chemicals' condensed operating results:

(millions of dollars except per metric tonne (MT) amounts)	**Year Ended December 31 2019**		2018	
		$ per MT		$ per MT
Revenue	**681.3**	**826**	676.5	810
Cost of Sales	**(444.8)**	**(539)**	(444.5)	(532)
Gross Profit [1]	**236.5**	**287**	232.0	278
Selling, distribution and administrative costs	**(183.4)**	**(222)**	(149.3)	(179)
Add back (deduct):				
Depreciation included in cost of sales	**44.9**	**54**	53.6	64
Loss on disposal of assets and impairment	**20.4**	**25**	0.2	–
Restructuring costs	**3.1**	**4**	–	–
Amortization and depreciation included in selling, distribution and administrative costs	**30.4**	**37**	1.1	1
EBITDA from operations[2]	**151.9**	**185**	137.6	164
Add back (deduct):				
(Loss) on disposal of assets and impairment	**(20.4)**		(0.2)	
Amortization included in selling, distribution and administrative costs	**(30.4)**		(1.1)	
Depreciation included in cost of sales	**(44.9)**		(53.6)	
Restructuring costs	**(3.1)**		–	
Unrealized gain on foreign currency translation of lease liabilities	**2.9**		–	
Finance expense	**(8.1)**		(2.3)	
Earnings before tax	**47.9**		80.4	

(1) Gross Profit per MT after adding back depreciation included in cost of sales for the 2019 was $341/MT and for the 2018 was $342/MT.

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

Sales Volumes by Product

(thousands of MTs)	**Year Ended December 31 2019**	2018
Sodium chlorate	**480**	474
Chlor-alkali	**339**	353
Chlorite	**6**	8
Total	**825**	835

Revenue for 2019 was $681.3 million an increase of $4.8 million or 1% from the prior year. The increase was primarily due to higher sodium chlorate sales volumes and selling prices and to a lesser extent the impact of a weaker Canadian dollar on U.S. denominated revenue partially offset by lower average chlor-alkali selling prices and sales volumes and lower chlorite sales volumes.

Sodium chlorate sales volumes increased over the prior year reflects an increased North American market share.

Chlor-alkali sales volumes decreased by 14 thousand MTs or 4% due to lower hydrochloric acid and caustic soda sales volumes partially offset by higher caustic potash sales volumes and to a lesser extent higher chlorine sales volumes. Hydrochloric acid sales volumes decreased 14% primarily due to lower demand from the U.S. oil and gas sector related to less rig activity. Caustic soda sales volumes decreased 12% primarily due to competitive pressures related to North American market fundamentals. Caustic potash sales volume increased 15% from strong demand in the agriculture and de-icing sectors and lower supply due to temporary production issues at a competitor's plant. Chlorite sales volumes were lower than the prior year primarily due to lower demand into the U.S. oil and gas market.

Gross profit was $236.5 million, an increase of $4.5 million or 2% from the prior year due primarily to higher sodium chlorate selling prices and sales volumes, the impact of the weaker Canadian dollar compared to the prior year on U.S. denominated sales partially offset by lower chlor-alkali sales volumes and selling prices.

Selling, distribution and administrative costs were $183.4 million, an increase of $34.1 million over the prior year primarily due to an impairment charge and restructuring provision recorded during the year and higher depreciation compared to the prior year. On May 31, 2019, it was announced to employees and other key stakeholders that the Specialty Chemicals segment will close its sodium chlorate manufacturing facility in Saskatoon, Saskatchewan in 2019. As a result, a $3.1 million restructuring provision related primarily to severance costs and a $17.5 million asset impairment charge on the related plant and equipment was recorded. Depreciation and amortization included in selling, distribution and administrative costs increased primarily due to the impact of IFRS 16, see 'Change in accounting policy'.

Earnings before tax for 2019 was $47.9 million, a decrease of $32.5 million over the prior year due to the impairment and restructuring provision recorded during the year, higher depreciation costs partially offset by higher gross profit and an unrealized gain on the translation of U.S. denominated lease liabilities.

Financial Outlook

EBITDA from operations for Specialty Chemicals in 2020 is anticipated to be lower than 2019 due to an expected significant decrease in chlor-alkali gross profit, modest decrease in sodium chlorate gross profit and a modest increase in operating expenses. Chlor-alkali gross profit is anticipated to be lower than 2019 due to continued weakness in hydrochloric acid pricing driven by reduced oil and gas demand, a decrease in caustic potash sales volumes and pricing related to customer mix and weakness in caustic soda pricing related to supply and demand fundamentals entering 2020 in North American markets. Sodium chlorate gross profit is anticipated to be modestly lower than 2019 as modest improvements in sales prices are expected to be more than offset by modestly lower sales volumes, increases in electricity mill rates and the impact of a weaker U.S. dollar compared to 2019.

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 the acquisition of new customer equipment to facilitate growth, system upgrades and initiatives to facilitate improvements in customer service. The capital expenditures are discretionary and non-recurring.

Maintenance capital expenditures 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 2019 and 2018:

	Year Ended December 31	
(millions of dollars)	**2019**	2018
Efficiency, process improvement and growth-related	**67.5**	28.8
Maintenance capital	**68.4**	73.4
	135.9	102.2
Proceeds on disposition of capital and intangible assets	**(7.1)**	(22.7)
Property, plant and equipment acquired through acquisition	**32.5**	335.0
Total net capital expenditures	**161.3**	414.5
Investment in leased assets	**37.2**	16.0
Total expenditures including finance leases	**198.5**	430.5

Efficiency, process improvement and growth-related expenditures were $67.5 million for 2019 compared to $28.8 million in the prior year. The increase over the prior year is primarily due to integration activity, increased capital expenditures due to the NGL and other acquisitions and to a lesser extent costs incurred to expand a chlorate plant located in Quebec and timing of expenditures.

Maintenance capital expenditures were $68.4 million for 2019 compared to $73.4 million in the prior year, consisting primarily of required maintenance and general capital across Superior's segments. The decrease is primarily due to timing of expenditures.

Property, plant and equipment acquired through acquisition is the allocation of fair value to these assets related to the acquisitions completed during the prior year.

Superior entered into new leases with capital-equivalent value of $37.2 million for 2019, compared to $16.0 million in the prior year. The increase is primarily related to the change in accounting policy which requires leases to be recorded as a right-of-use asset and a lease liability. Leased assets include vehicles for the Energy Distribution segments to support growth and replace aging vehicles, renewing railcar leases in the Specialty Chemicals segment and timing of renewing property leases. Approximately 50% of the additions to leased assets relate to vehicles in the Energy Distribution segments.

Capital expenditures were funded from a combination of operating cash flow, revolving-term bank credit facilities and credit provided through the lease liability.

CORPORATE ADMINISTRATION COSTS

Corporate administration costs are $35.2 for 2019 a decrease of $7.1 million, compared to $42.3 million in the prior year. The decrease from the prior year is primarily due to lower transaction related costs partially offset by higher incentive plan costs due to share price appreciation.

FINANCE EXPENSE

Finance expense was $114.3 million for the year ended 2019 an increase of $24.0 million, compared to $90.3 million in the prior year. The increase is primarily due to higher average debt for the year compared to the prior year primarily due to the financing related to the NGL acquisition and the tuck-in acquisitions completed in 2018 and to a lesser extent the impact of adopting IFRS 16.

TRANSACTION AND OTHER COSTS

Superior's transaction and other costs have been categorized together and excluded from segmented results. The table below summarizes these costs:

	Year Ended December 31	
(millions of dollars)	**2019**	2018
Total transaction, restructuring and integration costs	**$29.9**	$39.5

For 2019, Superior incurred $29.9 million in costs related primarily to the integration of NGL, and to a lesser extent the tuck-in acquisitions. The costs in the prior year related primarily to the acquisition of NGL and tuck-in acquisitions and to a lesser extent the integration of Canwest Propane.

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 Canada, U.S., Luxembourg, and Chilean income tax.

Total income tax expense for the year ended December 31, 2019 was $25.0 million, comprised of $13.1 million in cash income tax expense and $11.9 million in deferred income tax expense. This compares to a total income tax recovery of $0.3 million in the prior year, which consisted of a cash income tax expense of $1.9 million and a $2.2 million deferred income tax recovery.

Cash income taxes for the year ended December 31, 2019 was $13.1 million (2018 -$1.9 million), consisting of income taxes in Canada of $3.8 million (2018 – $2.1 million recovery), income taxes in the U.S. of $3.8 million (2018 – $0.5 million), income taxes in Chile of $3.2 million (2018 - $2.2 million), and income taxes in Luxembourg of $2.3 million (2018 – $1.3 million). Deferred income tax expense for 2019 was $11.9 million (2018 – $2.2 million recovery), resulting in a net deferred income tax asset of $12.7 million as at December 31, 2019.

Canada	*(millions of dollars)*
Tax basis	341.1
Non-capital losses	24.4
Canadian scientific research expenditures	214.0
Investment tax credits	84.2
United States	
Tax basis	1,298.9
Non-capital losses	212.0
Chile	
Tax basis	19.6

FINANCIAL OUTLOOK

Superior achieved its 2019 Adjusted EBITDA guidance of $524.5 million which was at the top of the guidance range of $490 million to $530 million. Superior is introducing its 2020 Adjusted EBITDA guidance range of $475 million to $515 million, based on the midpoint of the 2020 Adjusted EBITDA guidance range, this is a 6% decrease compared to the full year 2019 Adjusted EBITDA of $524.5 million, and a 3% decrease from the midpoint of the 2019 Adjusted EBITDA guidance range, which assumed normal weather and wholesale market fundamentals. The decrease compared to 2019 is primarily due to lower expected EBITDA from operations for Specialty Chemicals and Canadian Propane, partially offset by an increase in expected EBITDA from operations for U.S. Propane.

Achieving Superior's Adjusted EBITDA 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 2020 midpoint guidance are:

- Weather is expected to be consistent with the average temperature for the last five years;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- Superior estimates maintenance and non-recurring capital expenditures net of disposals and including vehicle leases to be in the range of $140 million to $160 million in 2020. Total lease payments are expected to be in the range of $45 million to $55 million;
- Superior is substantively hedged for its estimated U.S. dollar exposure for 2020, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2020 would not have a material impact to Superior.
- The foreign currency exchange rate between the Canadian dollar and U.S. dollar is expected to average $0.77 for 2020 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;
- Canadian, Chilean and U.S. based cash taxes are expected to be in the range of $10 million to $20 million for 2020 based on existing statutory income tax rates and the ability to use available tax basis.

Canadian Propane Distribution

- Wholesale propane and natural gas liquid fundamentals related to basis differentials are not anticipated to be as strong as 2019;
- Canadian restrictions on rail movement and rail blockages arising from protests are only expected to be temporary; and
- Wholesale propane prices are not anticipated to significantly affect demand for propane and related services;
- Operating costs are expected to be consistent with 2019;

U.S. Propane Distribution

- Wholesale propane prices are anticipated to be modestly higher than 2019;
- Wholesale propane prices are not anticipated to significantly affect demand for propane and related services; and
- Continue to realize synergies from the NGL acquisition and tuck-in acquisitions primarily through supply chain efficiencies, margin management improvements and operational expense savings.

Specialty Chemicals

- Chlor-Alkali sales prices and volumes for caustic soda, hydrochloric acid and caustic potash are anticipated to be lower than 2019;
- Electrical mill rates are expected to be consistent to modestly higher than 2019;
- Canadian restrictions on rail movement and rail blockages arising from protests are only expected to be temporary; and
- Average plant utilization will approximate 90%-95% in 2020; and

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

Debt Management Update

Superior remains focused on managing both its debt and its leverage ratio. Superior's Total Debt to Adjusted EBITDA leverage ratio for the trailing twelve months was 3.7x as at December 31, 2019, compared to 4.1x at December 31, 2018. The decrease in the leverage ratio from December 31, 2018 was due to the higher Adjusted EBITDA, and the impact of foreign exchange on Superior's U.S. denominated debt. The leverage ratio is currently above the long-term target of 3.0x. Superior anticipates the Total Debt to Adjusted EBITDA leverage ratio to be in the range of 3.4x to 3.8x as at December 31, 2020 as cash generated from operations and the expected cash savings related to the Dividend Reinvestment Program, which are anticipated to be consistent with historical participation rates, are used to repay debt.

Leverage ratio, Senior Debt and Credit Facility EBITDA are Non-GAAP measures, see "Non-GAAP Financial Measures".

Borrowing

Superior's revolving syndicated bank facility (credit facility), term loans and lease obligations (collectively borrowing) before deferred financing fees was $1,956.1 million as at December 31, 2019, an increase of $69.8 million from $1,886.3 million as at December 31, 2018. The increase is primarily due to the adoption of IFRS 16, see changes in accounting policy and was partially offset by increased EBITDA from operations and to a lesser extent the impact of the stronger Canadian dollar on U.S. denominated debt.

Superior's total and available sources of credit are detailed below:

	As at December 31, 2019			
(millions of dollars)	Total Amount	Borrowing	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities[1]	750.0	469.3	31.3	249.4
Term loans[1]	1,224.7	1,224.7	–	–
Other debt [2]	27.7	27.7	–	–
Lease liabilities	234.4	234.4	–	–
Total	**2,236.8**	**1,956.1**	**31.3**	**249.4**

[1] Revolving term bank credit facilities and term loan balances are presented before deferred financing fees.

[2] Accounts receivable factoring and deferred consideration.

On May 8, 2019, the syndicated credit facility was extended to mature on May 8, 2024 with no material changes to the financial covenants.

Net Working Capital

Consolidated net working capital was $49.9 million as at December 31, 2019 a decrease of $47.4 million from $97.3 million as at December 31, 2018. The decrease is primarily due to higher customer deposits related primarily to the NGL acquisition and the impact of the sale of certain refined fuel assets, and lower wholesale propane pricing.

Compliance

In accordance with the credit facility, Superior must maintain certain covenants and ratios that require Non-GAAP financial measures. Superior is in compliance with the lender covenants as at December 31, 2019 and the covenant details are found in the credit facility documents filed in the System for Electronic Document Analysis and Retrieval ("SEDAR").

Pension Plans

As at December 31, 2019, Superior had an estimated defined benefit going concern surplus of approximately $25.9 million (December 31, 2018 – $7.8 million surplus) and a pension solvency surplus of approximately $11.0 million (December 31, 2018 – $0.7 million deficiency). 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.

Contractual Obligations and Other Commitments

			Payments Due In			
(millions of dollars)	Note [1]	Total	2020	2021-2022	2023-2024	Thereafter
Borrowing	14	1,721.7	10.1	11.6	875.3	824.7
Lease Liabilities	16	234.4	52.4	73.4	45.6	63.0
Operating leases[2]	16	2.5	2.1	0.4	–	–
US$ foreign currency forward sales contracts	16	287.1	125.8	138.3	23.0	–
Natural gas, diesel, WTI, butane, propane, and heating oil [3]	16	120.4	112.3	8.1	–	–
Total contractual obligations		**2,366.1**	**302.7**	**231.8**	**943.9**	**887.7**

(1) Notes to the December 31, 2019 audited consolidated financial statements.

(2) Operating leases comprise Superior's off-balance-sheet obligations and are contracts that do not meet the definition of a lease under IFRS 16 or are exempt.

(3) Does not include the impact of financial derivatives.

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

SHAREHOLDERS' CAPITAL

As at December 31, 2019, the following common shares were issued and outstanding:

	Issued number of common shares (Millions)	Share Capital
Balance as at December 31, 2019 and December 31, 2018	**174.9**	**$2,339.9**

Dividends Declared to Shareholders

Dividends declared 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 AOCF" for 2019, above, and "Summary of Cash Flow" for additional details.

Dividends declared to shareholders for 2019 were $125.9 million or $0.72 per share compared to $114.4 million or $0.72 for 2018. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

Superior has a Dividend Reinvestment and Optional Share Purchase Plan ("DRIP") that was not utilized in 2019. On January 28, 2020 Superior announced that it will reinstate the DRIP commencing with the anticipated February dividend which would be payable on or about March 13, 2020.

SUMMARY OF CASH FLOW

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

	Year Ended December 31	
(millions of dollars)	**2019**	2018
Cash flows from operating activities	**423.2**	263.0
Investing activities:		
Purchase of property, plant and equipment and intangible assets	**(135.9)**	(105.8)
Proceeds on disposal of property, plant and equipment	**7.1**	22.7
Acquisitions, net of cash acquired and assets sold	**(60.1)**	(1,259.6)
Proceeds on sale of assets	**–**	91.9
Cash flows used in investing activities	**(188.9)**	(1,250.8)
Financing activities:		
Net proceeds (repayment) of revolving term bank credits and other debt	**(63.4)**	135.0
Redemption of 6.5% convertible debentures	**–**	(209.8)
Proceeds from 7.0% senior unsecured notes	**–**	458.5
Proceeds from 5.125% senior unsecured notes	**–**	362.5
Repayment of finance lease obligation	**(41.5)**	(17.1)
Proceeds from share issuance, net of costs	**–**	381.4
Debt issuance costs	**(0.6)**	(17.9)
Dividends paid to shareholders	**(125.9)**	(112.5)
Cash flows (used in) from financing activities	**(231.4)**	980.1
Net increase (decrease) in cash and cash equivalents	**2.9**	(7.7)
Cash and cash equivalents , beginning of year	**23.9**	31.8
Effect of translation of foreign currency-denominated cash	**(0.3)**	(0.2)
Cash and cash equivalents, end of year	**26.5**	23.9

Cash flows from operating activities for 2019 was $423.2 million, an increase of $160.2 million, from the prior year. The increase is a result of higher EBITDA from operations compared to the prior year, and positive cashflows from changes in non-cash operating working capital compared to a cash-outflow in the prior year partially offset by higher interest paid due to higher average debt levels due to acquisitions.

Cash flow used in investing activities for the 2019 was $188.9 million, a decrease from the prior year primarily due to the NGL acquisition and to a lesser extent the tuck-in acquisitions completed in the prior year.

Cash flow used in financing activities was $231.4 million, a decrease of $1,211.5 million from the prior year, primarily due to the financing to fund the NGL acquisition in the prior year.

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.

As at December 31, 2019 Superior has hedged approximately 41% of estimated U.S. dollar exposure for 2020 and approximately 28% for 2021. A summary of Superior's U.S. dollar forward contracts for 2019 and beyond is provided in the table below.

(US$ millions except exchange rates)	2020	2021	2022	2023	2024	Total
Net US$ forward sales	125.8	86.8	51.5	23	–	287.1
Net average external US$/CDN$ exchange rate	1.29	1.3	1.30	1.33	–	1.30

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's annual 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 16 to the audited consolidated financial statements for the year ended December 31, 2019.

Sensitivity Analysis

Superior's estimated cash flow sensitivity in 2019 to various changes is provided below:

	Change	%	Impact on AOCF (millions)	Per Share
Energy Distribution				
Change in Canadian propane sales margin	$0.005/litre	3%	$ 12.5	$ 0.07
Change in Canadian propane sales volume	50 million litres	2%	$ 7.6	$ 0.04
Change in U.S. propane sales margin	$0.005/litre	1%	$ 6.0	$ 0.03
Change in U.S. propane sales volume	50 million litres	4%	$ 15.4	$ 0.09
Specialty Chemicals				
Change in sales price	$10.00/MT	1%	$ 8.3	$ 0.05
Change in sales volume	15,000 MT	2%	$ 4.2	$ 0.02
Corporate				
Change in CDN$/US$ exchange rate on US$ denominated debt	$0.01	1%	$ 7.0	$ 0.04
Change in interest rates	0.50%	15%	$ 2.4	$ 0.01

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures (DC&P) are designed by or under the supervision of Superior's President and Chief Executive Officer (CEO) and the Executive Vice President and Chief Financial Officer (CFO) in order to provide reasonable assurance that all material information relating to Superior is communicated to them by others in the organization as it becomes known and is appropriately disclosed as required under the continuous U.S. disclosure requirements of securities legislation and regulation. In essence, these types of controls are related to the quality, reliability and transparency of financial and non-financial information that is filed or submitted under securities legislation and regulation. The CEO and CFO are assisted in this responsibility by a Disclosure Committee, which is composed of senior leadership of Superior. The Disclosure Committee has established procedures so that it becomes aware of any material information affecting Superior in order to evaluate and discuss this information and determine the appropriateness and timing of its public release.

Internal Controls over Financial Reporting (ICFR) are also designed by or under the supervision of Superior's CEO and CFO and effected by Superior's Board of Directors, management and other personnel in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues within a company have been detected.

Accordingly, Superior's disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of the corporation's disclosure control system are met.

Changes in Internal Controls over Financial Reporting

No changes were made in Superior's ICFR that have materially affected, or are reasonably likely to materially affect, Superior's ICFR in the year ended December 31, 2019.

Effectiveness

An evaluation of the effectiveness of Superior's DC&P and ICFR was conducted as at December 31, 2019 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Superior's DC&P and ICFR were effective at December 31, 2019.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Superior's audited consolidated financial statements were prepared in accordance with IFRS. The significant accounting policies are described in the audited consolidated financial statements for the year ended December 31, 2019. 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. Superior's critical accounting estimates relate to the allowance for doubtful accounts, employee future benefits, deferred income tax assets and liabilities, the valuation of financial and non-financial derivatives, asset impairments, the purchase price allocation for business combinations and the assessment of potential provision for asset retirement obligations.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) effective for accounting periods beginning on or after January 1, 2019, or later periods. The standards applicable to Superior are as follows:

Change in accounting policy

On January 13, 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize assets and liabilities for most leases, as well as corresponding amortization and finance expense. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. The Company adopted the new standard beginning January 1, 2019.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company's operating leases are primarily railcars and to a lesser extent, property and equipment. The Company adopted IFRS 16 *Leases* on January 1, 2019 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated and remains as previously reported under IAS 17 and related interpretations. In applying IFRS 16 the Company has elected to record right-of-use assets based on the corresponding lease liability.

Right-of-use assets and lease obligations of $178.6 million were recorded as of January 1, 2019, with no net impact on retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate for similar collateral and term at January 1, 2019. The discount rate applied ranges from 5.4% to 8.3%.

The adoption of IFRS 16 has no impact on Superior's underlying business economics, how the segments are operated, future business plans or the cash on hand. There will be an increase in EBITDA as the operating lease expense will now be recorded as interest and depreciation.

The impact on the Company's financial statements as a result of the adoption of IFRS 16 is as follows:

- The balance sheet has been grossed up, as substantially all leases are brought onto the balance sheet, including lease renewals where management is "reasonably certain" of exercising the renewal option,
- Negative net earnings and EPS impact earlier in the lease term on an individual lease basis,
- No impact on the cumulative net earnings and EPS impact over the term of the lease.

The table below shows the impact on Earnings from implementing IFRS 16.

	Propane Distribution		Specialty		
For the three months ended December 31, 2019	**Canada**	**U.S.**	**Chemicals**	**Corporate**	**Total**
Net earnings reported	64.7	54.3	10.8	(55.2)	74.6
Add back (deduct):					
Depreciation of right of use assets	2.7	2.5	6.9	0.2	12.3
Financial expense related to IFRS 16	0.8	0.1	1.9	-	2.8
Lease payments related to the adoption of IFRS 16	(3.2)	(0.5)	(7.3)	-	(11.0)
Net income before taxes	**65.0**	**56.4**	**12.3**	**(55.0)**	**78.7**
Income tax expense				(1.0)	(1.0)
Net income without IFRS 16	**65.0**	**56.4**	**12.3**	**(56.0)**	**77.7**

	Propane Distribution		Specialty		
For the Year Ended December 31, 2019	**Canada**	**U.S.**	**Chemicals**	**Corporate**	**Total**
Net earnings reported	130.2	79.4	47.9	(114.9)	142.6
Add back (deduct):					
Depreciation of right of use assets	9.1	4.9	22.2	0.3	36.5
Financial expense related to IFRS 16	2.2	1.0	6.9	0.1	10.2
Lease payments related to the adoption of IFRS 16	(9.3)	(3.1)	(26.1)	(0.3)	(38.8)
Net income before taxes	**132.2**	**82.2**	**50.9**	**(114.8)**	**150.5**
Income tax expense				(2.1)	(2.1)
Net income without IFRS 16	**132.2**	**82.2**	**50.9**	**(116.9)**	**148.4**

	Propane Distribution		Specialty		
Lease Liability	**Canada**	**U.S.**	**Chemicals**	**Corporate**	**Total**
Opening IFRS 16 adjustment	34.6	12.5	129.8	1.7	178.6
Reclassification from previously recognized finance lease liabilities	33.9	29.9	-	-	63.8
Lease payments	(16.8)	(11.6)	(26.1)	(0.3)	(54.8)
Finance expense on lease liabilities	3.8	2.5	6.9	0.1	13.3
Lease liabilities assumed as part of a business combination	0.5	3.1	-	-	3.6
Additions	17.2	10.8	9.2	-	37.2
Impact of changes in foreign exchange and other	(0.5)	(0.9)	(5.9)	-	(7.3)
Lease liability, end of the year	**72.7**	**46.3**	**113.9**	**1.5**	**234.4**

Included in the above lease liability, as at December 31, 2019, are vehicle and other fleet lease obligations of $73.0 million (December 31, 2018 – $63.8 million).

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

• Whether an entity considers uncertain tax treatments separately
• The assumptions an entity makes about the examination of tax treatments by taxation authorities
• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
• How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Company.

New and Revised IFRS Standards Not Yet Effective

IFRS 3 - Business Combinations
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, and add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

IAS 1 and IAS 8 - Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors
In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

The amendments to the definition of material is not expected to have a significant impact on the Company's consolidated financial statements.

NON-GAAP FINANCIAL MEASURES

Throughout the MD&A, Superior has used the following terms that are not defined by GAAP, but are used by management to evaluate 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 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, and Adjusted 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:

AOCF and AOCF 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. Interest expense included in AOCF is equal to finance expense as defined by IFRS, adjusted for unwinding of discount on debentures, borrowing and decommissioning liabilities and other non-recurring items. 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. 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 Propane Distribution segments, 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 interest, 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 earnings before income taxes.

EBITDA from operations

EBITDA from operations is defined as Adjusted EBITDA excluding costs that are not considered representative of Superior's underlying core operating performance, including gains and losses on foreign currency hedging contracts, corporate costs and transaction and other costs. Management uses EBITDA from operations to set targets for Superior (including annual guidance and variable compensation targets). EBITDA from operations is reconciled to earnings before income taxes.

Adjusted Gross Profit

Adjusted gross profit represents revenue less cost of sales adjusted for realized gains and losses on commodity derivative instruments related to risk management. Managements uses Adjusted Gross Profit to set margin targets and measure results. Unrealized gains and losses on commodity derivative instruments are excluded because of the accounting mis-match that exists as a result of the customer contract not being included in the determination of the fair value for this risk management activity.

Credit Facility EBITDA, Senior Debt and Leverage Ratio

Credit Facility EBITDA is defined as Adjusted EBITDA calculated on a 12-month trailing basis giving pro forma effect to acquisitions and dispositions adjusted to the first day of the calculation period, and excludes the impact from the adoption of IFRS 16 and EBITDA from undesignated subsidiaries. Credit Facility EBITDA is used by Superior to calculate its debt covenants and other credit information.

Senior Debt includes total borrowing before deferred financing fees and vehicle lease obligations and excludes the remaining lease obligations. Senior Debt is used by Superior to calculate its debt covenants and other credit information.

To calculate the Leverage Ratio divide Senior Debt by Credit Facility EBITDA. Leverage Ratio is used by Superior and investors to assess its ability to service debt. Credit facility EBITDA and Leverage ratio are calculated as follows:

(millions of Canadian dollars)	**Trailing twelve months ended December 31, 2019**
Adjusted EBITDA	524.5
Deduct the IFRS 16 impact on Adjusted EBITDA	(38.8)
Adjustment for pro-forma acquisition EBITDA, net of EBITDA from undesignated subsidiaries	4.2
Credit Facility EBITDA	**489.9**
Senior Debt	1,794.7
Leverage Ratio	3.7x

SELECTED FINANCIAL INFORMATION

(millions of dollars except per share amounts)	**2019**	2018
GAAP measures:		
Total assets	**$3,638.6**	$3,654.0
Revenue[1]	**2,852.9**	2,737.7
Gross profit[1]	**1,213.0**	948.2
Net earnings (loss) for the year	**142.6**	($34.0)
Per share, basic and diluted	**$0.82**	($0.22)
Cash flows from operating activities	**423.2**	263.0
Dividends per share	**$0.72**	$0.72
Current and long-term borrowing[2]	**$1,956.1**	$1,886.3
Non-GAAP financial measures[3]:		
AOCF	**$ 376.3**	$ 262.8
Per share, basic and diluted	**2.15**	1.66
AOCF before transaction and other costs	**406.2**	302.3
Per share before transaction and other costs, basic and diluted	**$2.32**	$ 1.91

(1) Revenue and gross profit has been presented excluding realized gains and losses on commodity derivative instruments and the comparative figures have been restated. These gains and losses are included in other income (loss) in the audited consolidated financial statements. See "Non-GAAP Financial Measures".
(2) Current and long-term borrowing before deferred financing fees and debentures including lease liability.
(3) See "Non-GAAP Financial Measures" and "Reconciliation of Earnings to Adjusted EBITDA from Operations".

FOURTH QUARTER RESULTS

Summary of AOCF — **Three months ended December 31**

(millions of dollars, except per share amounts)		**2019**		2018
Revenue [1]		**821.0**		889.2
Gross profit [1]		**366.0**		323.5
EBITDA from operations[2]		**187.8**		162.3
Corporate operating and administrative costs		**(7.5)**		(5.3)
Realized losses on foreign currency hedging contracts		**(3.6)**		(4.0)
Adjusted EBITDA[1,2]		**176.7**		153.0
Interest expense		**(25.7)**		(23.6)
Cash income tax (expense) recovery		**(6.0)**		3.3
AOCF before transaction costs [2]		**145.0**		132.7
Transaction and other costs[3]		**(5.6)**		(7.5)
AOCF [1,2]		**139.4**		125.2
AOCF per share before transaction and other costs, basic and diluted[1,2,3,4]	$	**0.83**	$	0.76
AOCF per share, basic and diluted[1,2,3,4]	$	**0.80**	$	0.72
Dividends declared per share[4]	$	**0.18**	$	0.18

(1) Revenue and gross profit has been presented excluding realized gains and losses on commodity derivative instruments and the comparative figures have been restated. These gains and losses are included in other income in the audited consolidated financial statements. For purposes of determining margin per litre gross profit has been adjusted to include realized gains and losses on commodity derivative instruments. See "Non-GAAP Financial Measures".
(2) EBITDA from operations, Adjusted EBITDA, AOCF before transaction and other costs, AOCF, and AOCF per share are Non-GAAP measures. See "Non-GAAP Financial Measures".

(3) Transaction and other costs for the three months ended December 31, 2019 are primarily related to the strategic review of Specialty Chemicals and the integration of NGL and other tuck-in acquisitions. For the three months ended December 31, 2018 transaction and other costs are primarily related to the acquisition of NGL and integration of Canwest. See "Transaction and Other Costs" for further details.

(4) The weighted average number of shares outstanding for the three months ended December 31, 2019 and 2018 is 174.9 million. There were no dilutive instruments with respect to AOCF per share for the three months ended December 31, 2019 and 2018.

Comparable GAAP Financial Information

				Three months ended December 31
(millions of dollars, except per share amounts)		**2019**		2018
Net earnings (loss) for the period		**74.6**		(48.3)
Net earnings (loss) per share for the period, basic and diluted	$	**0.43**	$	(0.28)
Cash flows from operating activities		**108.3**		41.6
Cash flows from operating activities per share, basic and diluted	$	**0.62**	$	0.24

Segmented Information

		Three months ended December 31
(millions of dollars)	**2019**	2018
EBITDA from operations(1)		
Canadian Propane Distribution	**75.6**	57.8
U.S Propane Distribution	**78.2**	71.2
Specialty Chemicals	**34.0**	33.3
	187.8	162.3

(1) EBITDA from operations is a Non-GAAP measure. See "Non-GAAP Financial Measures."

Fourth Quarter Results Compared to the Prior Year Quarter

Adjusted EBITDA for the three months ended December 31, 2019 was $176.7 million, an increase of $23.7 million or 15% compared to the prior year quarter Adjusted EBITDA of $153.0 million. The increase is primarily due to higher EBITDA from operations partially offset by increased corporate costs. EBITDA from operations increased $25.5 million or 16% compared to the prior year quarter primarily due to higher Canadian Propane EBITDA from operations and to a lesser extent an increase in U.S. Propane and Specialty Chemicals EBITDA from operations. Canadian Propane EBITDA from operations was $75.6 million, an increase of $17.8 million or 31% primarily due to improved wholesale market fundamentals and the impact of adopting IFRS 16, see 'Change in accounting policy', partially offset by lower sales volumes. U.S. Propane EBITDA from operations was $78.2 million, an increase of $7.0 million or 10% primarily due to higher average margins, the impact of tuck-in acquisitions and the realization of approximately $6.0 million in synergies, partially offset by lower sales volumes. Specialty Chemicals EBITDA from operations was $34.0 million, an increase of $0.7 million or 2% primarily due to the impact of adopting IFRS 16, see 'Change in accounting policy', higher average chlorate selling prices and sales volumes partially offset by lower chlor-alkali sales volumes and average sales prices, higher electricity costs and higher distribution costs compared to the prior year. Superior realized a loss on foreign currency hedging contracts of $3.6 million compared to a loss of $4.0 million in the prior year due to the weaker Canadian dollar than the average hedge rate. Corporate operating and administrative costs were $7.5 million compared to $5.3 million in the prior year quarter. The increase is primarily due to higher incentive plan costs due to share price appreciation.

AOCF

AOCF before transaction and other costs for the three months ended December 31, 2019 was $145.0 million, an increase of $12.3 million or 9% from the prior year's fourth quarter AOCF before transaction and other costs of $132.7 million. The increase from the prior year is primarily due to higher Adjusted EBITDA discussed above partially offset by higher taxes and to a lesser extent higher interest expense. The increase in cash taxes is due to a recovery in the prior year quarter versus and expense in the current quarter and is due to income tax true-ups and higher earnings. AOCF per share before transaction and other costs was $0.83 per share an increase of 9% compared to the prior year quarter of AOCF before transaction and other costs per share of $0.76.

AOCF for the three months ended December 31, 2019 was $139.4 million, an increase of $14.2 million or 11% from the prior year's fourth quarter AOCF of $125.2 million. AOCF per share of $0.80 an increase of 11% compared to the prior year quarter AOCF per share was $0.72. Transaction and other costs for the three months ended December 31, 2019 were $5.6 million, and consisted of transaction costs related primarily to the strategic review of the Specialty Chemical division and the integration of NGL and the other tuck-in acquisitions. See "Transaction and Other Costs" for further details.

RESULTS OF SUPERIOR'S OPERATING SEGMENTS

Effective January 1, 2019, Superior changed its operating segments and has changed the comparative figures to conform to the current presentation. Superior's operating segments consists of Canadian Propane Distribution which includes its wholesale business, U.S. Propane Distribution and Specialty Chemicals.

CANADIAN PROPANE DISTRIBUTION

Canadian Propane Distribution's condensed operating results:

	Three Months Ended December 31	
(millions of dollars)	**2019**	2018
Revenue[1]	**364.5**	379.7
Cost of Sales[1]	**(211.6)**	(258.9)
Gross profit [1]	**152.9**	120.8
Realized gain (loss) on derivatives related to commodity risk management	**(11.3)**	1.8
Adjusted gross profit[1]	**141.6**	122.6
Selling, distribution and administrative costs	**(84.0)**	(102.4)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**19.1**	28.2
Transaction, restructuring, and other costs	**0.3**	0.7
(Gain) loss on disposal of assets and other	**(1.4)**	8.7
EBITDA from operations[1]	**75.6**	57.8
Add back (deduct):		
Gain (loss) on disposal of assets and other	**1.4**	(8.7)
Transaction, restructuring, and other costs	**(0.3)**	(0.7)
Amortization and depreciation included in selling, distribution and administrative costs	**(19.1)**	(28.2)
Unrealized gain (losses) on derivative financial instruments	**8.1**	(10.5)
Finance expense	**(1.0)**	(0.4)
Earnings before income tax	**64.7**	9.3

[1] Revenue, cost of sales, and gross profit has been presented excluding realized gains and losses on commodity derivative instruments and the comparative figures have been restated. These gains and losses are included in other income (loss) in the audited financial statements. For purposes of determining margin per litre gross profit has been adjusted to include realized gains and losses on commodity derivative instruments. See "Non-GAAP Financial Measures".

Revenue for fourth quarter of 2019 was $364.5 million, a decrease of $15.2 million from the prior year quarter primarily due to lower wholesale propane prices and to a lesser extent lower sales volumes. Wholesale propane supply prices were lower reflecting an increase in propane inventory levels in the U.S., driven by lower exports out of North America and the impact from lower average West Texas Intermediate crude oil prices compared to the prior year quarter.

Canadian Propane Adjusted Gross Profit

	Three Months Ended December 31	
(millions of dollars)	**2019**	2018
Propane distribution	**147.3**	114.8
Realized gain (loss) on derivatives related to commodity risk management	**(11.3)**	1.8
Propane distribution adjusted gross profit	**136.0**	116.6
Other services	**5.6**	6.0
Adjusted gross profit	**141.6**	122.6

Propane distribution adjusted gross profit for the fourth quarter of 2019 was $136.0 million, an increase of $19.4 million, from the prior year quarter primarily due to improved wholesale market fundamentals compared to the prior year quarter, partially offset by lower sales volumes. Total sales volumes were 753 million litres, a decrease of 12 million litres or 2%, primarily due to lower wholesale volumes. Average weather across Canada for fourth quarter of 2019, as measured by degree days was 2% warmer than the prior year and 2% colder than the five-year average. Residential sales volumes were consistent with the prior year quarter. Commercial sales volumes decreased by 3 million litres or 3% due to warmer weather in Eastern Canada. Oilfield volumes decreased by 4 million litres or 7%, due to less drilling activity in Western Canada. Industrial volumes decreased by 2 million litres or 3% due to warmer weather and a reduction in propane consumption by mining customers. Motor fuels sales volumes decreased by 3 million litres or 7% from the prior year quarter due to competitive pressure and lower customer demand. Wholesale propane volumes were 10 million litres or 3% lower than the prior year primarily due to lower spot sales opportunities.

Average propane sales margins for the fourth quarter of 2019 was 18.1 cents per litre, an 19% increase from 15.2 cents per litre in the prior year quarter. The increase in average propane margins is a result of the improved wholesale market fundamentals compared to the prior year and effective margin management in a declining wholesale propane price environment.

Other services gross profit primarily includes equipment rental, installation, repair and maintenance and customer minimum use charges. Other services gross profit was $5.6 million, relatively consistent with the prior year quarter.

Canadian Propane Distribution Sales Volumes
***Volumes by End-Use Application* [(1)]**

	Three Months Ended December 31	
(millions of litres)	**2019**	2018
Residential	**59**	59
Commercial	**102**	105
Oilfield	**55**	59
Industrial	**58**	60
Motor Fuels	**41**	44
Wholesale	**375**	385
Other	**63**	53
Total	**753**	765

(1) Comparative figures have been reclassified to reflect the current period presentation.

Volumes by Region [1]		
	Three Months Ended December 31	
(millions of litres)	**2019**	2018
Western Canada	**306**	308
Eastern Canada	**155**	177
Atlantic Canada	**37**	36
United States	**255**	244
Total	**753**	765

[1] Regions: Western Canada region consists of British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Ontario, Yukon, 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 California, Maine, Idaho, Kansas, Michigan, Washington, Alaska, North Dakota, Pennsylvania, and New York.

Selling, Distribution and Administrative Costs

Selling, distribution and administrative costs were $84.0 million, a decrease of $18.4 million or 18% over the prior year quarter. The decrease in selling, distribution and administrative costs is primarily due to a lower depreciation and amortization expense, a loss on disposal of assets in the prior year quarter compared to a gain in the current period and to a lesser extent incremental synergies related to Canwest.

Net Earnings

Earnings before income tax of $64.7 million, increased by $55.4 million over the prior year, as a result of increased gross profit, lower SD&A and gain on derivative financial instruments compared to a loss in the prior year quarter.

U.S. PROPANE DISTRIBUTION

U.S. Propane Distribution's condensed operating results:

	Three Months Ended December 31	
(millions of dollars)	**2019**	2018
Revenue	**295.3**	344.7
Cost of Sales	**(137.2)**	(202.7)
Gross profit	**158.1**	142.0
Realized gain (loss) on derivatives related to commodity risk management	**(3.4)**	3.8
Adjusted gross profit[1]	**154.7**	145.8
Selling, distribution and administrative costs	**(102.9)**	(111.5)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**23.4**	24.4
Transaction, restructuring, and other costs	**2.5**	4.0
Loss on disposal of assets and other	**0.5**	8.5
EBITDA from operations[1]	**78.2**	71.2
Add back (deduct):		
(Loss) on disposal of assets and other	**(0.5)**	(8.5)
Transaction, restructuring, and other costs	**(2.5)**	(4.0)
Amortization and depreciation included in selling, distribution and administrative costs	**(23.4)**	(24.4)
Unrealized gain (losses) on derivative financial instruments	**3.6**	(12.9)
Finance expense	**(1.1)**	(1.6)
Earnings before income tax	**54.3**	19.8

[1] Revenue, cost of sales, and gross profit has been presented excluding realized gains and losses on commodity derivative instruments and the comparative figures have been restated. These gains and losses are included in other income in the audited financial statements. For purposes of determining margin per litre gross profit has been adjusted to include realized gains and losses on commodity derivative instruments. See "Non-GAAP Financial Measures".

Revenue for fourth quarter of 2019 was $295.3 million, a decrease of $49.4 million from the prior year quarter primarily due to lower wholesale propane supply prices, and to a lesser extent the impact of lower sales volumes and the stronger Canadian dollar on the translation of U.S. denominated revenues partially offset by incremental revenue from tuck-in acquisitions. Wholesale propane prices decreased reflecting higher inventory levels in the U.S. driven by lower exports out of North America and the impact of lower average West Texas Intermediate crude oil prices compared to the prior year quarter.

U.S. Propane Adjusted Gross Profit

	Three Months Ended December 31	
(millions of dollars)	**2019**	2018
Propane distribution	**143.9**	129.2
Realized gain (loss) on derivatives related to commodity risk management	**(3.4)**	3.8
Propane distribution adjusted gross profit	**140.5**	133.0
Other services	**14.2**	12.8
Adjusted gross profit	**154.7**	145.8

Propane distribution adjusted gross profit for fourth quarter of 2019 was $140.5 million, an increase of $7.5 million or 6% from the prior year quarter primarily due to higher average unit margins related to marketing initiatives, including margin management in a lower wholesale propane price environment and the impact of a stronger Canadian dollar compared to the prior year, partially offset by lower sales volumes.

Residential sales volumes decreased by 15 million litres or 5% from the prior year quarter due primarily to warmer weather partially offset by the impact of the tuck-in acquisitions. Average weather across markets where U.S. propane operates were 3% warmer for the fourth quarter of 2019 compared to the prior year quarter and 7% colder than the five-year average. Commercial volumes decreased by 4 million litres or 4% compared to the prior year quarter primarily to lower distillate sales related to competitive pressures, partially offset by incremental sales volumes related to the tuck-in acquisitions. Wholesale volumes decreased by 11 million litres or 55% due to competitive pressures.

Average U.S. propane distribution sales margins were 38.9 cents per litre an increase of 14% from 34.0 cents per litre in the prior year quarter. Sales margins improved primarily due to sales and marketing initiatives, including effective margin management in a declining wholesale propane price environment and the realization of synergies partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated gross profit.

Other services gross profit primarily includes equipment rental, installation, repair and maintenance, and customer minimum use charges. Other service gross profit was $14.2 million, an increase of 11% over the prior year quarter. The increase is primarily due to the impact of tuck-in acquisitions.

U.S. Propane Distribution Sales Volumes
End-Use Application [1]

	Three Months Ended December 31	
(millions of litres)	**2019**	2018
Residential	**264**	279
Commercial	**88**	92
Wholesale	**9**	20
Total	**361**	391

[1] Includes heating oil, propane, diesel and gasoline sold in over twenty-two states primarily in the Eastern United States and California.

Selling, Distribution and Administrative Costs
SD&A costs were $102.9 million, a decrease of $8.6 million or 8% over the prior year quarter. The decrease in SD&A costs was primarily due to a lower loss on disposal of assets in the current period, lower transaction, restructuring and other costs and to a lesser extent incremental synergies realized as a result of the integration of NGL. This was partially offset by the impact of tuck-in acquisitions.

Earnings
Earnings before tax of $54.3 million, increased by $34.5 million over the prior year quarter primarily due to increased adjusted gross profit, lower SD&A costs, and to a lesser extent the impact of tuck-in acquisitions.

SPECIALTY CHEMICALS

Specialty Chemicals' condensed operating results for the three months ended December 31, 2019 and 2018:

				Three months ended December 31
(millions of dollars, except per metric tonne (MT) amounts)		**2019**		2018
		$ per MT		$ per MT
Revenue	**161.2**	**810**	165.4	818
Cost of sales	**(106.2)**	**(534)**	(110.3)	(546)
Gross Profit	**55.0**	**276**	55.1	272
Selling, distribution and administrative costs	**(42.9)**	**(216)**	(38.1)	(189)
Add back (deduct):				
Depreciation included in cost of sales	**11.0**	**55**	15.8	78
Amortization included in selling, distribution and administrative costs	**8.5**	**43**	0.3	1
Loss on disposal of assets and impairment	**3.5**	**18**	0.2	
Transaction, restructuring and other costs	**(1.1)**	**(6)**	–	
EBITDA from operations	**34.0**	**170**	33.3	162
Add back (deduct):				
Transaction, restructuring and other costs	**1.1**		–	
Depreciation included in cost of sales	**(11.0)**		(15.8)	
Amortization included in selling, distribution and administrative costs	**(8.5)**		(0.3)	
(Loss) on disposal of assets and impairment	**(3.5)**		(0.2)	
Unrealized gain on foreign currency translation of lease liabilities	**1.0**		–	
Finance Expense	**(2.3)**		(1.1)	
Earnings before income tax	**10.8**		15.9	

(1) Gross Profit per MT after adding back depreciation included in cost of sales for the 2019 was $331/MT and for the 2018 was $350/MT.
(2) 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

	Three months ended December 31	
(thousands of MTs)	**2019**	2018
Sodium chlorate	**120**	117
Chlor-alkali	**78**	84
Chlorite	**1**	1
Total	**199**	202

Revenue for the fourth quarter of 2019 of $161.2 million decreased by $4.2 million or 3% from the prior year fourth quarter primarily due to lower average selling prices and sales volumes for caustic soda and hydrochloric acid partially offset by higher average selling prices and sales volumes for sodium chlorate and to a lesser extent higher sales volumes for caustic potash.

Sodium chlorate sales volumes increased by 3 thousand MTs or 3% compared to the prior year quarter primarily due to lower demand in the prior year quarter in areas impacted by hurricane damage. The average selling price increased by 3% due to price increases, customer mix partially offset by the impact of the stronger Canadian dollar on US denominated sales in the fourth quarter compared to the prior year quarter.

Chlor-alkali sales volumes decreased by 6 thousand MTs or 7% due to lower hydrochloric acid, caustic soda and chlorine sales volumes partially offset by higher caustic potash sales volumes. Hydrochloric acid sales volumes decreased 16% primarily due to lower demand from the U.S. oil and gas sector related to less rig activity. Caustic soda sales volumes were 18% lower compared to the prior year quarter primarily due to competitive pressures related to weaker exports resulting in increased domestic supply. Caustic potash sales volumes increased 21% primarily due to increased demand in the agriculture and de-icing sectors.

Chlorite sales volumes were consistent with the prior year quarter.

Cost of sales for the quarter of $106.2 million was $4.1 million or 4% lower than in the prior year quarter. The decrease is primarily due to lower depreciation compared to the prior year quarter.

Gross profit for the fourth quarter was $55.0 million, consistent with the prior year quarter as lower revenue was offset by lower depreciation expense.

Selling, distribution and administrative costs of $42.9 million were $4.8 million or 13% higher than in the prior year quarter primarily due to impairment recorded in the quarter, foreign exchange losses versus gains in the prior year quarter, higher depreciation expense offset by lower distribution costs than the prior year quarter both resulting from the adoption of IFRS 16.

Consolidated Capital Expenditure Summary

	Three months ended December 31	
(millions of dollars)	**2019**	2018
Efficiency, process improvement and growth-related	**25.2**	11.8
Maintenance capital	**26.3**	40.5
	51.5	52.3
Proceeds on disposition of capital and intangible assets	**(1.2)**	(8.6)
Property, plant and equipment acquired through acquisition	**16.9**	54.1
Total net capital expenditures	**67.2**	97.8
Investment in leased assets	**17.8**	10.2
Total expenditures including finance leases	**85.0**	108.0

Efficiency, process improvement and growth related expenditures were $25.2 million in the fourth quarter of 2019 compared to $11.8 million in the prior year quarter. The increase over the prior year is primarily due to integration activity and costs incurred to expand chlorate plants located in Quebec and Georgia, and timing of expenditures.

Maintenance capital expenditures were $26.3 million in the fourth quarter compared to $40.5 million in the prior year quarter, a decrease of $14.2 million mainly due to timing of expenditures and tank refurbishment costs in the Energy Distribution segments.

Proceeds on disposition were $1.2 million in the fourth quarter of 2019 compared to $8.6 million in the prior year quarter primarily due to the disposal of NGL property as Superior has begun to divest of excess facilities and properties while executing on synergies.

Superior entered into new leases with capital-equivalent value of $17.8 million in the fourth quarter of 2019 compared to $10.2 million in the prior year's fourth quarter. The increase is primarily related to the change in accounting policy which requires leases to be recorded as a right-of-use asset and a lease liability. Leased assets include vehicles for the Propane Distribution segment to support growth and replace aging vehicles, renewing railcar leases in the Specialty Chemicals segment and timing of renewing property leases. Approximately 50% of the additions to leased assets relate to vehicles in the Energy Distribution segments.

CORPORATE ADMINISTRATION COSTS

Corporate administration costs were $11.6 million in the fourth quarter, compared to $8.1 million in the prior year comparable quarter. The $3.5 million increase was primarily due to the decline in the share price in the prior year quarter and was partially offset by higher corporate transaction costs.

FINANCE EXPENSE

Interest expense on borrowing and finance lease obligations was $27.9 million in the fourth quarter, compared to $26.9 million in the prior year quarter. The increase was mainly due to the higher average debt related to acquisitions, and the impact of adopting IFRS 16.

TRANSACTION AND OTHER COSTS

For the fourth quarter, Superior incurred $5.6 million in transaction and other costs compared to $7.5 million in the prior year quarter. The decrease is primarily related to timing of tuck-in acquisitions and costs related to the strategic review of Specialty Chemicals in the current quarter compared to transaction costs associated with NGL and the tuck-in acquisitions in the prior year quarter.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures

(millions of dollars, except per share amounts)	**Q4 2019**	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenue [3]	**$821.0**	450.1	545.8	1036.0	889.2	486.7	486.1	875.7
Gross profit [3]	**$366.0**	195.0	223.7	428.3	323.5	174.6	162.7	287.4
Net earnings (loss)	**$74.6**	(59.3)	(29.3) [4]	156.6	(48.3)	(39.8) [2]	9.1 [2]	45.0
Per share, basic	**$0.43**	(0.34)	(0.17) [4]	0.90	(0.28)	(0.23) [2]	0.06 [2]	0.32
Per share, diluted	**$0.43**	(0.34)	(0.17) [4]	0.90	(0.28)	(0.23) [2]	0.06 [2]	0.32
Net working capital (deficit) [1]	**$49.9**	14.1	48.8	189.1	97.3	(10.6)	(5.1)	144.0

(1) 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.

(2) Restated Q1 and Q2 2018 net earnings and per share calculations to reflect the increased amortization partially offset by a reduction in deferred taxes as a result of finalizing the Canwest purchase price allocation.

(3) Revenue and gross profit have been presented in Q1 to Q3 2019, and Q1 to Q4 in 2018, excluding realized gains and losses on commodity derivative instruments. These gains and losses are included in other income in the audited financial statements. See "Non-GAAP Financial Measures".

(4) Restated Q1 2019 net earnings and per share calculations decreased by $2.1 million to reflect the increased amortization partially offset by a reduction in depreciation as a result of finalizing the NGL purchase price allocation.

Non-GAAP Financial Measures [(1)]

(millions of dollars, except per share amounts)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Adjusted EBITDA	**$176.7**	48.2	59.7	239.9	153.0	25.9	42.8	152.6
AOCF before transaction and other costs	**$145.0**	19.2	31.0	211.0	132.7	2.2	29.3	138.1
Per share, basic	**$0.83**	0.11	0.18	1.21	0.76	0.01	0.21	0.97
Per share, diluted	**$0.83**	0.11	0.18	1.21	0.76	0.01	0.21	0.97
AOCF	**$139.4**	13.1	17.8	206.0	125.2	(13.4)	20.3	130.7
Per share, basic	**$0.80**	0.07	0.10	1.18	0.72	(0.08)	0.14	0.91
Per share, diluted	**$0.80**	0.07	0.10	1.18	0.72	(0.08)	0.14	0.91

(1) Net AOCF before transaction and other costs, AOCF and the related per share amounts, are Non-GAAP financial measures.

Fluctuations in Superior's individual quarterly results is subject to seasonality. 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 of heating from end-use customers. They then decline through the second and third quarters, rising seasonally again in the fourth quarter with heating demand. In addition, during 2018 Superior acquired NGL, Hi-Grade, Blue Flame, Porco, UPE and Musco, and sold the refined fuel assets. Each transaction may impact quarterly results. For more information on these acquisitions and divestments see Note 3 in the 2019 audited consolidated financial statements.

Volumes [(1)]

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Canadian propane sales volumes (millions of litres)	**753**	393	437	922	765	340	380	730
U.S. propane sales volumes (millions of litres)	**361**	158	201	489	391	161	157	396
Chemical sales volumes (thousands of MT)	**199**	210	210	206	202	212	208	213

Canadian propane sales by end-use application are as follows:

(millions of litres)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Residential	**59**	20	26	75	59	20	29	75
Commercial	**102**	42	57	137	105	45	58	137
Oilfield	**55**	35	36	58	59	46	47	79
Industrial	**58**	52	53	68	60	51	55	70
Motor Fuels	**41**	42	44	40	44	45	47	43
Wholesale	**375**	190	207	493	385	121	127	274
Other	**63**	12	14	51	53	12	17	52
Total	**753**	393	437	922	765	340	380	730

(1) Comparative figures have been reclassified to reflect the current period presentation of end use.

U.S. propane sales by end-use application are as follows:

(millions of litres)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Residential	**264**	88	123	375	279	78	39	135
Commercial	**88**	63	69	92	92	68	76	106
Wholesale	**9**	7	9	22	20	15	42	155
Total	**361**	158	201	489	391	161	157	396

(1) Comparative figures have been reclassified to reflect the current period presentation of end use.

Specialty Chemicals sales volumes by product are as follows:

(thousands of MT)	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**
Sodium chlorate	**120**	122	120	118	117	121	115	121
Chlor-alkali	**78**	86	88	87	84	88	91	90
Chlorite	**1**	2	2	1	1	3	2	2
Total	**199**	210	210	206	202	212	208	213

RECONCILIATION OF EARNINGS (LOSS) BEFORE INCOME TAXES TO ADJUSTED EBITDA

(millions of dollars) **For the Three Months Ended December 31,**	**Canadian Distribution**	**U.S. Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Earnings (loss) before income taxes	**64.7**	**54.3**	**10.8**	**(26.3)**	**103.5**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**19.1**	**23.4**	**8.5**	**0.2**	**51.2**
Depreciation included in cost of sales	**–**	**–**	**11.0**	**–**	**11.0**
(Gain) loss on disposal of assets and other	**(1.4)**	**0.5**	**3.5**	**–**	**2.6**
Finance expense	**1.0**	**1.1**	**2.3**	**23.5**	**27.9**
Unrealized (gains) on derivative financial instruments	**(8.1)**	**(3.6)**	**(1.0)**	**(12.4)**	**(25.1)**
Transaction, restructuring and other costs	**0.3**	**2.5**	**(1.1)**	**3.9**	**5.6**
Adjusted EBITDA	**75.6**	**78.2**	**34.0**	**(11.1)**	**176.7**

(millions of dollars) For the Three Months Ended December 31, 2018	**Canadian Distribution**	**U.S. Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Earnings (loss) before income taxes	9.3	19.8	15.9	(92.6)	(47.6)
Add: Depreciation and amortization included in selling, distribution and administrative costs	28.2	24.4	0.3	–	52.9
Depreciation included in cost of sales	–	–	15.8	–	15.8
Loss on disposal of assets and other	8.7	8.5	0.2	–	17.4
Finance expense	0.4	1.6	1.1	23.8	26.9
Realized gain on foreign currency forward contracts related to NGL financing	–	–	–	(4.5)	(4.5)
Unrealized losses on derivative financial instruments	10.5	12.9	–	61.2	84.6
Transaction, restructuring and other costs	0.7	4.0	–	2.8	7.5
Adjusted EBITDA	57.8	71.2	33.3	(9.3)	153.0

Reconciliation of Earnings (Loss) Before Income Taxes to Adjusted EBITDA

(millions of dollars) **For the year ended December 31, 2019**	**Canadian Propane Distribution**	**U.S. Propane Distribution**	**Specialty Chemicals**	**Corporat**	**Total**
Earnings (loss) before income taxes	**130.2**	**79.4**	**47.9**	**(89.9)**	**167.6**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**71.9**	**105.0**	**30.4**	**0.4**	**207.7**
Depreciation included in cost of sales	**–**	**–**	**44.9**	**–**	**44.9**
(Gain) loss on disposal of assets and other	**(3.3)**	**1.3**	**20.4**	**–**	**18.4**
Finance expense	**4.4**	**4.4**	**8.1**	**97.4**	**114.3**
Unrealized (gains) losses on derivative financial instruments	**(3.2)**	**2.6**	**(2.9)**	**(54.8)**	**(58.3)**
Transaction, restructuring and other costs	**0.8**	**16.7**	**3.1**	**9.3**	**29.9**
Adjusted EBITDA	**200.8**	**209.4**	**151.9**	**(37.6)**	**524.5**

(millions of dollars) For the year ended December 31, 2018	Canadian Propane Distribution	U.S. Propane Distribution	Specialty Chemicals	Corporate	Total
Earnings (loss) before income taxes	45.7	27.7	80.4	(188.1)	(34.3)
Add: Depreciation and amortization included in selling, distribution and administrative costs	86.2	58.1	1.1	0.2	145.6
Depreciation included in cost of sales	–	–	53.6	–	53.6
(Gain) loss on disposal of assets and other	4.0	(6.4)	0.2	–	(2.2)
Finance expense	2.2	2.5	2.3	83.3	90.3
Foreign currency forward contracts related to NGL financing				(4.5)	(4.5)
Unrealized losses on derivative financial instruments	14.1	13.7	–	58.5	86.3
Transaction, restructuring and other costs	10.3	7.1	–	22.1	39.5
Adjusted EBITDA	162.5	102.7	137.6	(28.5)	374.3

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 most recent Annual Information Form ("AIF") under "Risks associated with our business" which is filed on the Canadian Securities Administrators' website, www.sedar.com, and on Superior's website, www.superiorplus.com. The AIF describes some of the most material risks to Superior's business by type of risk: financial; strategic; operational; and legal.

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
In the event 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.

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

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

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

Interest Rates
Superior maintains floating interest rate exposure through a combination of floating interest rate borrowing and uses derivative instruments at times, to mitigate this risk. Demand for a significant portion of Propane Distribution's 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. The opposite is also true. 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 will, however, affect Superior's borrowing costs, which will have an adverse effect.

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 referenced herein will not change their administrative practices to the detriment of Superior or its shareholders.

Acquisitions and Divestitures
Superior may not be able to find or buy appropriate acquisition targets on economically acceptable terms. Superior's acquisition agreements will contain certain representations, warranties and indemnities from the respective vendors subject to certain applicable limitations and thresholds and Superior will conduct due diligence prior to completion of such acquisitions. If, however 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 Superior's business strategy. Distribution systems, technologies, key personnel or businesses of companies Superior acquires may not be effectively assimilated into its business, or its 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/or regulatory approvals may result in delays. There may be penalties associated with not completing a planned acquisition. Superior may not be able to successfully complete certain divestitures on satisfactory terms, if at all. Divestitures may reduce Superior's total revenue and net earnings by more than the sales price. The terms and conditions, representations, warranties and indemnities, if any, associated with divestiture activity may hold future risks.

Transportation network disruptions
All three of Superior's business segments rely on rail as a mode of delivering product across Canada and the US to service customer demand. Due to the integrated nature of North America's freight transportation infrastructure, Superior's operations may be negatively affected by service disruptions with their transportation provider or other transportation links such as ports and other railroads which interchange with our transportation provider. A significant prolonged service disruption of one or more of these entities could have an adverse effect on Superior's ability to service customer demand. Service disruptions can be caused by, but are not limited to, severe weather and natural disasters such as extreme cold or heat, flooding, droughts, fires, hurricanes and earthquakes as well as labour disruptions, political disruptions such as protests and acts of terrorism.

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 function 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 function 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; there is no guarantee, however, 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 Propane Distribution businesses are set out below.

Canadian Propane Distribution and U.S. Propane Distribution

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. propane distribution business' markets generally occurs on a local basis between large, full-service, national 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 60 kilometer 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 of 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 consumption volume.

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 (railways and trucking companies) 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 U.S. propane distribution, demand from end-use heating applications is predictable. Weather and general economic conditions, however, affect distillates and propane market volumes. Weather influences the immediate demand, primarily for heating, while longer-term demand declines due to economic conditions as customer's trend towards conservation and supplement heating with alternative sources such as electricity and to a lesser extent wood pellets and solar energy.

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 customer's 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. Current unit margins may not be sustainable if market conditions change significantly.

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

Employee and Labour Relations
Approximately 18% of Superior's Canadian propane distribution business employees and 1% of the U.S. propane 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 be 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 Nutrien Inc. (formerly 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 foreign currencies and the 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 25% of Specialty Chemicals' employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the negotiation process that could have an adverse impact on Superior.

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements of Superior Plus Corp. (Superior) are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards and include certain estimates that are based on management's best judgments. Actual results may differ from these estimates and judgments. Management has ensured that the consolidated financial statements are presented fairly in all material respects.

Management has developed and maintains a system of internal controls to provide reasonable assurance that Superior's assets are safeguarded, transactions are accurately recorded, and the financial statements report Superior's operating and financial results in a timely manner. Financial information presented elsewhere in this annual report has been prepared on a basis consistent with that in the consolidated financial statements.

The Board of Directors of Superior is responsible for reviewing and approving the consolidated financial statements and, primarily through its Audit Committee, ensures that management fulfills its responsibilities for financial reporting. The Audit Committee meets with management and Superior's external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for approval of the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditor.

The consolidated financial statements have been audited by Ernst & Young LLP, who were appointed at Superior's last annual meeting.

/s/ Luc Desjardins

Luc Desjardins
President and Chief Executive Officer
Officer Superior Plus Corp.

/s/ Beth Summers

Beth Summers
Executive Vice-President and Chief Financial
Superior Plus Corp.

Toronto, Ontario
February 20, 2020

Independent auditor's report

To the Shareholders and the Board of Directors of
Superior Plus Corp.

Opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **Superior Plus Corp.** [the "Company"], which comprise the consolidated balance sheets as at December 31, 2019 and 2018, and the consolidated statements of changes in equity, consolidated statements of net earnings (loss) and total comprehensive earnings, and consolidated statements of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRS"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Tracy Brennan.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 20, 2020

Superior Plus Corp.
Consolidated Balance Sheets

(millions of Canadian dollars)	Note	As at December 31 2019	As at December 31 2018[i]
Assets			
Current Assets			
Cash and cash equivalents		**26.5**	23.9
Trade and other receivables	**4**	**329.2**	383.2
Prepaids and deposits	**5**	**57.1**	49.3
Inventories	**6**	**116.2**	146.8
Other current financial assets	**16**	**5.4**	18.2
Total Current Assets		**534.4**	621.4
Non-Current Assets			
Property, plant and equipment	**3, 7**	**1,575.6**	1,441.8
Intangible assets	**3, 8**	**388.8**	430.2
Goodwill	**3, 9**	**1,080.9**	1,094.2
Notes, finance lease receivables and other investments		**2.8**	8.0
Employee future benefits	**15**	**12.0**	8.7
Deferred tax assets	**17**	**41.2**	48.7
Other non-current financial assets	**16**	**2.3**	1.0
Total Non-Current Assets		**3,103.6**	3,032.6
Total Assets		**3,638.0**	3,654.0
Liabilities and Equity			
Current Liabilities			
Trade and other payables	**11**	**424.0**	447.6
Contract liabilities	**12**	**18.1**	23.9
Lease liabilities	**2**	**52.4**	18.1
Borrowings	**14**	**10.1**	10.7
Dividends payable		**10.5**	10.5
Other current financial liabilities	**16**	**23.7**	45.9
Total Current Liabilities		**538.8**	556.7
Non-Current Liabilities			
Lease liabilities	**2**	**182.0**	45.7
Borrowings	**14**	**1,684.3**	1,779.3
Other liabilities	**13**	**29.7**	16.8
Provisions	**10**	**112.9**	103.7
Employee future benefits	**15**	**21.2**	19.9
Deferred tax liabilities	**17**	**28.5**	25.0
Other non-current financial liabilities	**16**	**1.6**	18.0
Total Non-Current Liabilities		**2,060.2**	2,008.4
Total Liabilities		**2,599.0**	2,565.1
Equity			
Capital		**2,339.9**	2,339.9
Deficit		**(1,406.2)**	(1,422.9)
Accumulated other comprehensive earnings		**105.3**	171.9
Total Equity	**18**	**1,039.0**	1,088.9
Total Liabilities and Equity		**3,638.0**	3,654.0

[i] *Restated (see Note 2 (b))*

See accompanying Notes to the Consolidated Financial Statements.

Superior Plus Corp.
Consolidated Statements of Changes in Equity

(millions of Canadian dollars)	Share capital (Note 18)	Contributed surplus	**Total capital**	**Deficit**	**Accumulated other comprehensive earnings**	**Total**
As at January 1, 2019	**2,338.7**	**1.2**	**2,339.9**	**(1,422.9)**	**171.9**	**1,088.9**
Net earnings for the year	**–**	**–**	**–**	**142.6**	**–**	**142.6**
Unrealized foreign currency loss on translation of foreign operations	**–**	**–**	**–**	**–**	**(74.9)**	**(74.9)**
Transfer of derivative losses from accumulated other comprehensive earnings	**–**	**–**	**–**	**–**	**7.1**	**7.1**
Actuarial defined-benefit gain	**–**	**–**	**–**	**–**	**1.6**	**1.6**
Income tax expense on other comprehensive earnings (loss)	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Total comprehensive earnings (loss)	**–**	**–**	**–**	**142.6**	**(66.6)**	**76.0**
Dividends and dividend equivalent declared to shareholders	**–**	**–**	**–**	**(125.9)**	**–**	**(125.9)**
As at December 31, 2019	**2,338.7**	**1.2**	**2,339.9**	**(1,406.2)**	**105.3**	**1,039.0**
As at January 1, 2018	1,952.3	1.2	1,953.5	(1,266.9)	89.4	776.0
Net loss for the year	–	–	–	(34.0)	–	(34.0)
Unrealized foreign currency gain on translation of foreign operations	–	–	–	–	81.6	81.6
Actuarial defined-benefit gain	–	–	–	–	1.2	1.2
Income tax expense on other comprehensive earnings (loss)	–	–	–	–	(0.3)	(0.3)
Total comprehensive earnings (loss)	–	–	–	(34.0)	82.5	48.5
Change in accounting policy as a result of the adoption of IFRS 15	–	–	–	(7.6)	–	(7.6)
Issuance of common shares, net of costs	386.4	–	386.4	–	–	386.4
Dividends and dividend equivalent declared to shareholders	–	–	–	(114.4)	–	(114.4)
As at December 31, 2018	2,338.7	1.2	2,339.9	(1,422.9)	171.9	1,088.9

See accompanying Notes to the Consolidated Financial Statements.

Superior Plus Corp.

Consolidated Statements of Net Earnings (Loss) and Total Comprehensive Earnings

(millions of Canadian dollars except per share amounts)	Note	Years Ended December 31 2019	2018[(i)]
Revenue	**19, 21**	**2,852.9**	2,737.7
Cost of sales (includes products and services)	**19**	**(1,639.9)**	(1,789.5)
Gross profit		**1,213.0**	948.2
Expenses			
Selling, distribution and administrative costs	**19**	**(948.3)**	(800.3)
Finance expense	**19**	**(114.3)**	(90.3)
Other income (loss)	**16, 19**	**17.2**	(91.9)
		(1,045.4)	(982.5)
Earnings (loss) before income taxes	**19**	**167.6**	(34.3)
Income tax recovery (expense)	**17**	**(25.0)**	0.3
Net earnings (loss) for the year	**19**	**142.6**	(34.0)
Other comprehensive earnings (loss)			
Items that may be reclassified subsequently to net earnings (loss)			
Unrealized foreign currency (loss) gain on translation of foreign operations		**(74.9)**	81.6
Transfer of derivative losses from accumulated other comprehensive earnings		**7.1**	–
Items that will not be reclassified to net earnings (loss)			
Actuarial defined-benefit gain		**1.6**	1.2
Income tax expense on other comprehensive earnings (loss)		**(0.4)**	(0.3)
Other comprehensive earnings (loss) for the year		**(66.6)**	82.5
Total comprehensive earnings for the year		**76.0**	48.5
Net earnings (loss) per share, basic and diluted	**20**	**$0.82**	$(0.22)

[(i)] Restated the prior year to be comparable with the current year's presentation (see Note 2 (b)).

See accompanying Notes to the Consolidated Financial Statements.

Superior Plus Corp.
Consolidated Statements of Cash Flows

(millions of Canadian dollars)	Note	2019	Years Ended December 31 2018(i)
OPERATING ACTIVITIES			
Net earnings (loss) for the year		**142.6**	(34.0)
Adjustments for:			
Depreciation included in selling, distribution and administrative costs	**7**	**108.5**	98.3
Depreciation of right-of-use assets	**7**	**35.7**	–
Depreciation included in cost of sales	**7**	**44.9**	53.6
Amortization of intangible assets	**8**	**63.5**	47.2
Losses (gains) on disposal of assets, impairments, and other non-cash items		**18.4**	(2.2)
Unrealized losses (gains) on derivative financial instruments	**16**	**(58.3)**	86.3
Finance expense recognized in net earnings (loss)		**114.3**	90.3
Income tax expense (recovery) recognized in net earnings (loss)	**17**	**25.0**	(0.3)
Changes in non-cash operating working capital and other	**23**	**43.7**	(25.0)
Net cash flows from operating activities before income taxes and interest paid		**538.3**	314.2
Income taxes paid		**(8.4)**	(0.1)
Interest paid		**(106.7)**	(51.1)
Cash flows from operating activities		**423.2**	263.0
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired and assets sold	**3**	**(60.1)**	(1,259.6)
Purchase of property, plant and equipment and intangible assets	**26**	**(135.9)**	(105.8)
Proceeds on disposal of property, plant and equipment		**7.1**	22.7
Proceeds on sale of assets	**3**	**–**	91.9
Cash flows used in investing activities		**(188.9)**	(1,250.8)
FINANCING ACTIVITIES			
Proceeds of revolving term bank credits and other debt		**2,417.0**	2,527.3
Repayment of revolving term bank credits and other debt		**(2,480.4)**	(2,392.3)
Proceeds from share issuance, net of costs		**–**	381.4
Proceeds from 7% senior unsecured notes	**14**	**–**	458.5
Proceeds from 5.125% senior unsecured notes	**14**	**–**	362.5
Redemption of 6.5% senior unsecured notes	**14**	**–**	(209.8)
Principal repayment of lease obligations		**(41.5)**	(17.1)
Debt issue costs		**(0.6)**	(17.9)
Dividends paid to shareholders		**(125.9)**	(112.5)
Cash flows (used in) from financing activities		**(231.4)**	980.1
Net increase (decrease) in cash and cash equivalents during the year		**2.9**	(7.7)
Cash and cash equivalents, beginning of the year		**23.9**	31.8
Effect of translation of foreign currency-denominated cash and cash equivalents		**(0.3)**	(0.2)
Cash and cash equivalents, end of the year		**26.5**	23.9

(i) *Restated the prior year to be comparable with the current year's presentation (see Note 2 (b)).*

See accompanying Notes to the Consolidated Financial Statements.

(Tabular amounts in millions of Canadian dollars, except per share amounts. Tables labelled “2019” and “2018” are as at and for the year ended December 31).

1. ORGANIZATION

Superior Plus Corp. (“Superior” or the “Company”) is a diversified business corporation, incorporated under the *Canada Business Corporations Act*. The registered office is located at Suite 401, 200 Wellington Street West, Toronto, Ontario. Superior’s investment in Superior Plus LP is financed by share capital. Superior is a publicly traded company with its common shares trading on the Toronto Stock Exchange under the exchange symbol SPB.

These consolidated financial statements were authorized for issue by the Board of Directors on February 20, 2020.

Reportable Operating Segments

Effective January 1, 2019, management has changed Superior’s reportable operating segments (Note 26) and now reports three operating segments: Canadian Propane Distribution, United States (“U.S.”) Propane Distribution and Specialty Chemicals. The Canadian Propane Distribution segment includes the Canadian retail business and the wholesale business with offices located in Canada and California. The U.S. Propane Distribution segment distributes propane gas and liquid fuels along the Eastern U.S., and into the Midwest and California. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industry and a regional supplier of chlor-alkali products in the U.S. Midwest and Western Canada. Reportable segment information has also been restated to comply with the current presentation.

References to Energy Distribution in the notes below refer to both Canadian Propane Distribution and U.S. Propane Distribution because of the inherent similarities of the businesses.

2. BASIS OF PRESENTATION

(a) Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements were prepared on a going concern basis.

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 consolidated statements of net earnings (loss) and total comprehensive earnings from date of acquisition, or in the case of disposals, up to the effective date of disposal.

All transactions and balances between Superior and Superior’s subsidiaries are eliminated upon consolidation. Superior’s subsidiaries are all wholly owned directly or indirectly by the Company.

(b) Reclassification of Comparative Figures and Restatement

The purchase price allocations of NGL Propane, LLC ("NGL") and United Pacific Energy ("UPE") were finalized in 2019. Superior has restated the comparative figures to record the impact of the final purchase price allocations as if the accounting for these business combinations had been completed at the respective acquisition dates, see Note 3.

In accordance with IFRS 9, *Financial Instruments* ("IFRS 9"), management has recorded realized gains (losses) on derivatives in other income (loss). In prior periods, realized gains and losses on derivative financial instruments were recognized as a component of revenue, cost of sales or finance expense/income, the classification of which depended on the underlying nature of the economic exposure being managed, while the unrealized gains (losses) on derivatives were recorded in its own line separately. In the current period, realized gains and losses on derivative financial instruments are recorded as a component of other income (loss) together with the unrealized gains (losses) on derivatives. Management has restated the comparative figures to conform with this presentation.

(c) Changes in Accounting Policies and Disclosures

IFRS 16, *Leases*

The Company adopted IFRS 16, *Leases* ("IFRS 16") with a date of initial application of January 1, 2019. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date, which is defined as the date at which the right-of-use asset is available for use by the Company.

The lease liability is initially measured at the present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate is the rate of interest the lessee would have to pay to borrow over a similar term with similar security.

The right-of-use asset is initially measured at cost comprising the following:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date;
- any initial direct costs incurred;

- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located; and
- less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option as defined below.

Lease terms range from:	
Office space and buildings	1 to 70 years
Manufacturing equipment	2 to 51 years
Railcars	1 to 11 years

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company's leases relate to railcars, office space and buildings and manufacturing equipment. Lease contracts are typically made for periods of 5 to 20 years, but may have extension options. Extension and termination options are included in a number of building and equipment leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Superior's obligations under some leases are secured by the lessors' title to the leased assets.

The Company has recorded the right-of-use assets as part of property, plant and equipment.

Impact of Transition to IFRS 16
The Company adopted IFRS 16 using the modified retrospective approach and, accordingly, the information presented for 2018 has not been restated and remains as previously reported under International Accounting Standard ("IAS") 17, *Leases* and related interpretations.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- The Company has elected to record right-of-use assets based on the corresponding lease liability. Right-of-use assets and lease obligations of $178.6 million were recorded as of January 1, 2019, with no net impact on deficit. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate for similar collateral and term as at January 1, 2019. The incremental borrowing rate applied was 5.4% to 8.3%.

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Accounting for leases for which the lease term ends within 12 months of the date of initial application as short-term leases.
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and leases of low-value assets as short-term leases.
- The use of hindsight in determining the lease term where the contract includes extension or termination options.
- The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The following table reconciles the Company's operating lease obligations as at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 as at January 1, 2019.

Operating lease commitments as at December 31, 2018	203.3
Discounted using the incremental borrowing rate	(33.1)
Recognition exemption for short-term leases	(2.8)
Arrangements not captured under IFRS 16	(3.5)
Extension options reasonably certain to be exercised	14.7
Initial adoption as at January 1, 2019	**178.6**

The impact of IFRS 16 and related lease liability by operating segment is as follows:

	Propane Distribution		**Specialty**		
	Canada	**U.S.**	**Chemicals**	**Corporate**	**Total**
IFRS 16 initial adoption	34.6	12.5	129.8	1.7	178.6
Reclassification from previously recognized finance lease liabilities [(i)]	33.9	29.9	–	–	63.8
Lease liabilities assumed as part of a business combination	0.5	3.1	–	–	3.6
Additions	17.2	10.8	9.2	–	37.2
Finance expense on lease liabilities	3.8	2.5	6.9	0.1	13.3
Lease payments	(16.8)	(11.6)	(26.1)	(0.3)	(54.8)
Impact of changes in foreign exchange rates and other	(0.5)	(0.9)	(5.9)	–	(7.3)
Lease liabilities as at December 31, 2019	**72.7**	**46.3**	**113.9**	**1.5**	**234.4**

[(i)] *The finance lease liabilities included in borrowings as at December 31, 2018 have been reclassified to the current period's presentation.*

	Total
Current portion of lease liability	52.4
Non-current portion of lease liability	182.0
Lease liabilities as at December 31, 2019	**234.4**

Included in the above lease liabilities, as at December 31, 2019, are vehicle and other fleet lease obligations of $73.0 million (December 31, 2018 – $63.8 million).

The present value of lease payments are as follows:

	Minimum Rental		Present Value of Rental Payments	
	2019	2018	**2019**	2018
Not later than one year	**60.5**	19.4	**52.8**	18.1
Later than one year and not later than five years	**150.4**	44.6	**120.2**	38.2
Later than five years	**91.5**	8.8	**61.4**	7.5
Less: future finance charges	**(68.0)**	(9.0)	**–**	–
Present value of minimum rental payments	**234.4**	63.8	**234.4**	63.8

Future minimum lease payments under non-cancellable, low-value, short-term leases and leases with variable lease payments as at December 31, 2019 are summarized below. The December 31, 2018 amounts represent lease commitments before the adoption of IFRS 16.

	2019	2018
Not later than one year	**2.1**	40.3
Later than one year and not later than five years	**0.4**	103.0
Later than five years	**–**	60.0
	2.5	203.3

International Financial Reporting Interpretations Committee (“IFRIC”) Interpretation 23, *Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The Company’s and the subsidiaries’ tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Company.

(d) Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid short-term investments which, on the date of acquisition, have a term to maturity of three months or less. For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. As at December 31, 2019, cash equivalents amounted to $4.5 million with a maturity of less than 30 days (December 31, 2018 – nil).

Inventories

Energy Distribution

Inventories are valued at the lower of cost and net realizable value. Costs of inventories are determined either on a weighted average cost or first-in, first-out basis. Materials, supplies, and other inventories are stated at the lower of cost and net realizable value, as appropriate. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

Specialty Chemicals

Inventories are valued at the lower of cost and net realizable value. The cost of chemical inventories is determined on a first-in, first-out basis. Stores and supply inventories are costed on a weighted average basis. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale. In the case of manufactured inventories, cost includes an appropriate share of production overhead based on normal operating capacity.

Financial Instruments and Derivative Financial Instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated balance sheets when the Company becomes a party to the financial instrument or derivative contract.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories; i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); ii) those to be measured subsequently at fair value through other comprehensive earnings (loss); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL.

For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss, or other comprehensive earnings (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

For classification of the Company's consolidated financial assets and financial liabilities, refer to Note 16.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through the consolidated statements of net earnings (loss) and total comprehensive earnings. For financial liabilities measured subsequently at FVTPL, changes in fair value due to own credit risk are recorded in other comprehensive earnings (loss).

Impairment

The Company recognizes expected credit losses for trade and other receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward-looking macro-economic factors in the measurement of the expected credit losses associated with its financial assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Derivative Financial Instruments

Superior enters into a variety of derivative and non-financial derivative instruments to manage its exposure to certain financial risks. Such instruments arise from contracts comprising natural gas financial swaps, electricity financial swaps, fixed-price electricity purchase, propane forward purchase and sale, foreign currency forwards, interest rate swaps, and equity hedges. For commodity contracts, if physical delivery is effected based on Superior's expected procurement, sale or usage requirements, the requirements of the so-called "own use exemption" under IFRS 9 are met, which do not represent derivative financial instruments in terms of IFRS 9, but represent pending purchase and sale transactions, which are assessed for possible impending losses in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. If the requirements for the own use exemption are not met (for example, by transactions for short-term optimization), the contracts are recorded as derivatives in accordance with IFRS 9. Further details of derivative and non-financial derivative instruments are disclosed in Note 16.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are measured subsequently at FVTPL. The resulting gain or loss is recognized in net earnings (loss). Realized gains and losses on derivatives are recorded as part of other income (loss) which also includes unrealized gains and losses on derivatives. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in net earnings (loss).

Superior does not formally designate and document economic hedges, in accordance with the requirements of applying hedge accounting under IFRS and, therefore, does not apply hedge accounting.

Classification as Debt or Equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract that has a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Superior are recorded at the proceeds received, net of direct issuance costs.

Derecognition of Financial Liabilities

Superior derecognizes financial liabilities solely when Superior's obligations are discharged, cancelled or expire.

Financial Guarantees at FVTPL

Financial guarantees are classified as FVTPL when the financial liability is designated as FVTPL upon initial recognition. Financial guarantees at FVTPL are stated at fair value with any resulting gain or loss recognized in net earnings (loss). Fair value is determined in the manner described in Note 16.

Property, Plant and Equipment

Cost

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Major renewals and improvements that provide future economic benefits and can be reliably measured are capitalized, while repair and maintenance expenses are charged to operations as incurred. Property, plant and equipment in the course of construction are carried at cost less any recognized impairment losses. Cost includes directly attributable expenses, professional fees and, for qualifying assets, borrowing costs capitalized in accordance with Superior's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use. Disposals are derecognized at carrying costs less accumulated depreciation and impairment losses, with any resulting gain or loss reflected in net earnings (loss).

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial time to ready for their intended use or sale, are included in the cost of those assets, until such time as the assets are available for their intended use. All other borrowing costs are recognized in net earnings (loss) in the period in which they are incurred.

Depreciation

Depreciation is calculated using the straight-line method, based on the estimated useful life. Land is not depreciated. Depreciation of property in the course of construction commences when the assets are available for their intended use. In the majority of cases, residual value is estimated to be insignificant. Depreciation by class of assets is as follows:

Buildings	15 to 40 years
Leasehold improvements	Over the lease term up to 10 years
Energy Distribution tanks and cylinders	30 years
Energy Distribution truck tank bodies, chassis and other	5 to 15 years
Manufacturing equipment	5 to 40 years
Furniture and fixtures	10 years
Computer equipment	3 years

Useful life, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible Assets

Intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. For intangible assets with a determinate life, amortization is charged on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill when they satisfy the recognition criteria. The initial cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately. Software costs are capitalized for new systems if there are significant enhancements to existing systems. In addition to the cost of software, the capitalized costs include cost of installation and consulting services related to the system implementation or enhancement.

Intangible assets recorded as part of a business combination generally consist of customer contracts, non-compete agreements, royalty agreements, trade names and other intangible assets. The assets are recorded at fair value, which is generally based on the future expected earnings. Software and technology patents are valued based on the cost to acquire these assets.

Useful life, residual values and amortization methods are reviewed at least annually, with the effect of any changes in estimate being accounted for on a prospective basis.

Superior's amortization rates related to its intangible assets are summarized as follows:

Non-compete agreements	Term of the agreements (1 to 15 years)
Royalty agreements	1 to 10 years
Software	1 to 5 years
Technology patents	Approximately 10 years
Customer contracts	5 to 10 years

Trade names have an indefinite useful life since they do not expire. These are recorded at cost, are not amortized and are tested for impairment annually or more frequently should events or changes in circumstances indicate that they might be impaired.

As a result of propane distribution activity in Québec, Nova Scotia and California, Superior is required to purchase sufficient Compliance Instruments to offset its carbon footprint. Costs incurred to acquire these Compliance Instruments are recorded as intangible assets and measured at cost. As the Compliance Instruments do not diminish over time, they are deemed intangible assets with an indefinite life and are not amortized. The assets are subject to impairment testing subsequent to initial recognition. The Compliance Instruments are classified as non-current and reclassified as current at the end of the compliance period. The assets are settled against the corresponding cap and trade liabilities at the end of the compliance period to which they relate.

Impairment of Property, Plant and Equipment and Intangible Assets

At each consolidated balance sheet date and when circumstances indicate that the carrying value may be impaired, Superior reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss to confirm whether the assets have indeed suffered an impairment loss. If so, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, Superior estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. A CGU is the smallest level of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups.

Recoverable amount is the higher of fair value less costs of disposal ("FVLCOD") and value-in-use.

An impairment loss is recognized if the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount. Impairment losses are recognized immediately as a separate line item in the consolidated statements of net earnings (loss) and total comprehensive earnings.

A previous impairment, if any, is subsequently assessed for any indication that the impairment has been reduced or no longer exists. An impairment loss is reversed if there has been an increase in the recoverable amount of an asset or CGU over its carrying value. Impairment losses are reversed only to the extent that the asset's or CGU's carrying amount would not exceed the carrying amount that would have been reported if no impairment loss had been recognized.

Business Combinations

All business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the acquisition date of the assets given up, the liabilities incurred or assumed and equity instruments issued by Superior in exchange for control of the acquiree. Transaction costs, other than those associated with the issuance of debt or equity securities that Superior incurs in connection with a business combination are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, *Business Combinations* are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12, *Income Taxes* and IAS 19, *Employee Benefits*, respectively;
- Liabilities or equity instruments related to the replacement by Superior of an acquiree's share-based payment awards are measured in accordance with IFRS 2, *Share-based Payment*; and
- Assets or disposals that are classified as held for sale in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the amount that would be recognized in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Intangible assets arising on acquisition are recognized at fair value at the date of acquisition. The fair value is based on detailed cash flow models and other metrics depending on the type of intangible asset being recognized.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over Superior's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the net amounts assigned to the assets acquired and liabilities assumed exceed the cost of the purchase, then Superior is required to reassess the value of both the cost and net assets acquired and any excess remaining after this reassessment is recognized immediately in net earnings (loss). Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Superior will report provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances at the acquisition date that, if known, would have affected the amounts recognized at that date.

The measurement period is the period from the date of acquisition to the date Superior obtains complete information about facts and circumstances as of the acquisition date, to a maximum of one year.

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date control commences (the acquisition date). Goodwill is not amortized but is reviewed for impairment at least annually, on December 31. For purposes of impairment testing, goodwill is allocated to each of Superior's CGUs expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually or more frequently upon indication of impairment. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a group of assets, the attributable amount of goodwill is included in the determination of the net gain or loss on disposal.

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer, which may occur at a point in time or over a period of time.

The Company generates its revenue through its principal activities, which are separated by reportable segments.

The nature of the goods and services and the timing of satisfaction of performance obligations is as follows:

Energy Distribution

Propane sales contracts include supply of propane along with the loaning of storage tanks, equipment and related servicing and maintenance activities provided by the Company. Revenue from sale of propane is recognized when control of the goods has transferred, being when the goods are delivered to the customer (which occurs when the goods have been shipped to the specific location), the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Payment terms are generally 30 days from the delivery date. Customers may be required to provide a deposit depending on credit quality. These deposits are recorded as part of contract liabilities and recognized into income over the period that it relates to.

Revenue from loaning of storage tanks and maintenance activities is recognized as the performance obligations are satisfied over time, which is generally in accordance with the terms of the contract. The customer does not control the storage tank during the term of the contract. The customer does not have the right to direct the use of the storage tank, and there is no practical or contractual restriction on the Company's ability to transfer the storage tank to another customer. The Company is able to redirect the storage tank to another customer at little or no additional cost and therefore it has an alternative use to the Company. In many cases, propane sales and the loaning of storage tanks is included under one sales contract. Propane sales prices are consistent based on the customer geography and type and therefore, the residual amount is related to loaning of storage tanks. Customers typically pay for tank rentals annually, semi-annually or on a month-by-month basis. Rental payments received for periods greater than a month are recorded as part of contract liabilities and recognized into income over the period that the payments relate to.

Included in the U.S. Propane Distribution segment is revenue related to the distribution of heating oil and refined fuels in the northeastern U.S. Its products are generally used in home heating, water heating and motor vehicle fuel. Revenue from sale of refined fuels is also recognized when control of the goods has transferred, being when the goods are delivered to the customer (which occurs when the goods have been shipped to the specific location), the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Payment terms are generally 30 days from the delivery date. Customers may be required to provide a deposit depending on credit quality. These deposits are recorded as part of contract liabilities. Customers typically pay for tank rentals annually, semi-annually or on a month-by-month basis. Rental payments received for periods greater than a month are recorded as part of contract liabilities.

Specialty Chemicals

Specialty Chemicals is involved in the distribution of sodium chlorate and environmentally preferred chlorine dioxide technology to the pulp and paper industries as well as a supplier of potassium and chlor-alkali products. Revenue from sale of specialty chemicals is also recognized when control of the goods has transferred, and customer has full discretion over the goods. Payment terms are generally 30 days from the delivery date. Customers may be required to provide a deposit depending on credit quality. These deposits are recorded as part of contract liabilities.

Sales where the Company arranges and charges for freight is considered a separate performance obligation. Consequently, the portion of revenue related to freight is recognized when the goods are delivered to their destination.

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, for which it is probable that payment will be required to settle the obligation, and where the amount can be reliably estimated.

The amount is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefit required to settle a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the receivable can be measured reliably.

Decommissioning Costs

Liabilities for decommissioning costs are recognized when Superior has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Generally, the costs relate to Specialty Chemicals facilities and Energy Distribution assets. Decommissioning costs are recorded at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in net earnings (loss) as a finance expense. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. A corresponding item of property, plant and equipment of an amount equal to the provision is also created. This is subsequently amortized as part of the asset. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Environmental Expenditures and Liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognized when a cleanup is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognized is the best estimate of the expenditure required. When the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

Restructuring

A restructuring provision is recognized when Superior has developed a detailed formal restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

Employee Future Benefits

Superior has a number of defined-benefit and defined-contribution plans providing pension and other post-employment benefits to most of its employees. Superior accrues its obligations under the plans and the related costs, net of plan assets.

Contributions to defined-contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined-benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each consolidated balance sheet date. The net obligation for each defined-benefit plan is discounted to determine the present value using the yield at the reporting date on high-quality Canadian corporate bonds. Plan assets are measured at fair value and the difference between the fair value of the plan assets and the present value of the defined-benefit obligation is recognized on the consolidated balance sheets as an asset or liability. Costs charged to the consolidated statements of net earnings (loss) and total comprehensive earnings include current service cost, any past service costs, any gains or losses from curtailments and interest on the net defined-benefit asset or liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive earnings (loss) in the period in which they occur.

The defined-benefit obligation recognized in the consolidated balance sheet represents the present value adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Income Taxes

Income tax expense represents the sum of current income taxes and deferred income taxes.

Current Income Taxes

The income tax currently payable is based on taxable net earnings for the year. Taxable net earnings differ from net earnings as reported in the consolidated statements of net earnings (loss) and total comprehensive earnings because they exclude items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. Superior's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred Income Taxes

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable net earnings. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable net earnings will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences, except for the following:

- When the deferred tax liability arises from the initial recognition of goodwill;
- When an asset or liability in a transaction is not a business combination and, at the time of the transaction, affects neither the accounting net earnings or taxable net earnings; or
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by Superior and it is unlikely that the temporary differences will be reversed in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that they are expected to be reversed in the foreseeable future and it is probable that there will be sufficient taxable net earnings against which to utilize the benefits of the temporary differences. A deferred tax asset may also be recognized for the benefit expected from unused tax losses available for carry-forward, to the extent that it is probable that future taxable earnings will be available against which the tax losses can be applied.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and laws that have been enacted or substantively enacted by the consolidated balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Superior expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when they are related to income taxes levied by the same taxation authority and Superior intends to settle its current tax assets and liabilities on a net basis. Also, Superior recognizes any benefit associated with investment tax credits as deferred tax assets to the extent they are expected to be utilized in accordance with IAS 12, *Income Taxes*.

Uncertain Tax Positions

Superior is subject to taxation in numerous jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain. It is possible, however, that at some future date, liabilities in excess of Superior's provisions could result from audits by or litigation with tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Current Tax and Deferred Tax for the Period

Current tax and deferred tax are recognized as an expense in net earnings (loss), except where they relate to amounts recognized outside of net earnings (loss) (whether in other comprehensive earnings (loss) or directly in equity), in which case the current tax and deferred tax are also recognized outside of net earnings (loss), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Foreign Currencies

The financial statements of each subsidiary of Superior are translated into the currency of the subsidiary's primary economic environment (its functional currency). For the purpose of the consolidated financial statements, the results and balance sheets of each subsidiary are expressed in Canadian dollars, Superior's presentation currency. Transactions are recognized at the rates of exchange prevailing at the transaction date.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the period-end. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value is measured. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting Superior's consolidated financial statements, the assets and liabilities of Superior's foreign operations, namely of Energy Distribution and Specialty Chemicals in the U.S., and of

Specialty Chemicals in Chile, are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Goodwill and fair value measurements of identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive earnings (loss) for the period.

Share-based Payments

Superior has established share-based compensation plans whereby notional restricted shares and/or notional performance shares may be granted to employees. The fair value of these notional shares is estimated using the period-end quoted market price and recorded as an expense with an offsetting amount to accrued liabilities, remeasured at each consolidated balance sheet date. All share-based payments are settled in cash.

Net Earnings (Loss) per Common Share

Basic net earnings (loss) per share are calculated by dividing the net earnings (loss) by the weighted average number of shares outstanding during the period, which is calculated using the number of shares outstanding at the end of each month in that year. Diluted net earnings (loss) per share are calculated by factoring in the dilutive impact of the dilutive instruments, including the conversion of debentures to shares using the if-converted method to assess the impact of dilution. Superior uses the treasury stock method to determine the impact of dilutive options, which assumes that the proceeds from in-the-money share options are used to repurchase shares at the average market price during the period.

(e) 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, revenue, expenses 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 consolidated financial statements, are as follows:

Estimates and Assumptions

Fair Value of Derivative and Non-Financial Derivative Instruments

Where the fair values of financial derivatives and non-financial derivatives cannot be derived from active markets, they are determined using valuation techniques including a discounted cash flow model. This requires assumptions concerning the amount and timing of estimated future cash flows and discount rates. Differences between actual values and assumed values will affect net earnings (loss) in the period when the difference is determined.

Allowance for Doubtful Accounts

Superior recognizes an allowance for doubtful accounts based on historical customer collection history, general economic indicators and other customer-specific information, all of which require Superior to make certain assumptions. Where the actual collectability of accounts receivable differs from these estimates, such differences will have an impact on net earnings (loss) in the period such a determination is made.

Property, Plant and Equipment and Intangible Assets

Capitalized assets, including property, plant and equipment and intangible assets, are amortized over their respective estimated useful lives. All estimates of useful lives are set out in the *Significant Accounting Policies* above.

Provisions

Provisions have been estimated for decommissioning costs, restructuring and environmental expenditures. The actual costs and timing of future cash flows depend on future events. Any differences between estimates and the actual future liability will be accounted for in the period when such determination is made. Determining decommissioning liabilities requires estimates regarding the useful life of certain operating facilities, the timing and cost of future remediation activities, discount rates and the interpretation and changes to various environmental laws and regulations. Differences between estimates and results will affect Superior's accrual for decommissioning liabilities, with an effect on net earnings (loss).

Employee Future Benefits

Superior has a number of defined-benefit pension plans and other benefit plans. The cost of defined-benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. These require assumptions including the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the valuation's complexity, its underlying assumptions and long-term nature, a defined-benefit obligation is highly sensitive to changes in the underlying assumptions.

Income Tax Assets and Liabilities

Superior recognizes expected tax assets and liabilities based on estimates of current and future taxable net earnings, which may require significant judgment regarding the ultimate tax determination of certain items. If taxable net earnings differ from the estimates, there may be an impact on current and future income tax provisions in the period when the difference is determined.

Asset Impairments

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value.

Recoverable amounts are based on a calculation of expected future cash flows, which includes management assumptions and estimates of future performance.

Judgments

Impairment of Property, Plant and Equipment

An impairment evaluation involves consideration of whether there are indicators of impairment. Indicators include but are not limited to: significant underperformance relative to historical or projected operating results, significant changes in the manner in which an asset is used or in Superior's overall business strategy, or significant negative industry or economic trends. In some cases, these events are clear. In many cases, however, there is no clearly identifiable event. Instead, a series of individually insignificant events, some of them only later known, leads to an indication that an asset may be impaired. Management continually monitors Superior's segments, the markets, and the business environment, and makes judgments and assessments about conditions and events in order to conclude whether there may be an impairment.

Income Taxes

Preparation of the consolidated financial statements involves making an estimate of, or provision for, income taxes in each of the jurisdictions in which Superior operates. The process also involves estimating taxes currently payable and taxes expected to be payable or recoverable in future periods, referred to as deferred income taxes. Deferred income taxes result from the effects of temporary differences due to items that are treated differently for tax and accounting purposes. The tax effects of these differences are reflected in the consolidated balance sheet as deferred income tax assets and liabilities. An assessment must also be made to determine the likelihood that Superior's future taxable income will be sufficient to permit the recovery of deferred income tax assets. To the extent that such recovery is not probable, recognized deferred income tax assets must be reduced. Judgment is required in determining the income tax expense (recovery) and recognition of deferred income tax assets and liabilities. Management must also exercise judgment in its assessment of continually changing tax interpretations, regulations and legislation, to ensure deferred income tax assets and liabilities are complete and fairly presented. The effects of differing assessments and applications could be material.

Purchase Price Allocation

All business combinations are accounted for using the acquisition method. This requires management to recognize all identifiable assets, liabilities and contingent liabilities at the acquisition date fair values with a few exceptions. The allocation of the purchase price to property, plant and equipment and intangible assets requires management to exercise judgment when determining the acquisition fair value of each asset and its respective useful life. Consideration paid in a business combination that exceeds the net fair value of assets and liabilities acquired is allocated to goodwill. Goodwill is reviewed for impairment at least annually. As disclosed in Note 3, a number of acquisitions were completed during 2019. Changes in the purchase price allocation could occur during the 12-month period following acquisition. Changes to the fair value of the assets and liabilities acquired could affect the purchase price allocation and the Energy Distribution's net income.

Financial Instruments

The fair value of financial instruments is determined and classified in three categories, which are outlined below and discussed in more detail in Note 16.

Level I

Fair values in Level I are determined using quoted prices in active markets for identical instruments.

Level II

Fair values in Level II are determined using 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 value drivers are observable in active markets.

Level III

Fair values in Level III are determined using valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The fair value measurement of a financial instrument is included in only one of the three levels, the determination of which is based on the lowest-level input that is significant to the derivation of the fair value. Classification of financial instruments requires management to use judgment in respect of both the determination of fair value and the lowest-level input of significance.

Revenue from Sale of Specialty Chemicals

Chemical sales are sometimes sold with discounts and volume rebates. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts and volume rebates. Accumulated experience is used to estimate and provide for the discounts, using the expected value or most likely method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of significant financing component exists.

Revenue from Sale of Propane, Including Storage Tanks

Certain propane supply contracts entered into by the Company include sale of propane along with the loaning of storage tanks and equipment by the Company. Because these contracts include multiple performance obligations, the transaction price must be allocated to the performance obligations.

Management estimates the standalone selling price using the residual approach. The price of propane charged is consistent by geography and customer type, whereas fees and discounts associated with loaning storage tank can vary. Management allocates revenue to the sale of propane based on the consistent price by customer geography and region and the residual amount is applied to loaning the storage tank. Revenue from the sale of propane is recognized when delivered and revenue from storage tanks and equipment is recognized over the contract period.

Determining the Lease Term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The initial assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and that it is within the control of the lessee.

(f) Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 3, *Business Combinations*

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3, *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

The amendments to the definition of material is not expected to have a significant impact on the Company's consolidated financial statements.

3. ACQUISITIONS

2019 Purchase Price Allocations	Phelps	Sheldon	Other
Cash	–	**0.8**	–
Accounts receivable	**1.9**	**0.6**	**1.0**
Inventory	**0.5**	**0.3**	**0.1**
Property, plant and equipment	**14.4**	**8.3**	**9.8**
Intangible assets	**3.2**	**6.7**	**6.4**
Accounts payable and accrued liabilities	–	**(0.1)**	**(0.6)**
Contract liabilities	**(0.6)**	–	–
Long-term debt and lease liabilities	**(1.5)**	**(0.5)**	**(2.1)**
Net identifiable assets and liabilities	**17.9**	**16.1**	**14.6**
Consideration transferred			
Fair value of deferred consideration	**3.1**	**1.9**	**3.0**
Cash paid on acquisition	**21.9**	**19.2**	**19.8**
Total consideration transferred	**25.0**	**21.1**	**22.8**
Acquisition date fair value of previously held equity interest	–	**4.5**	–
	25.0	**25.6**	**22.8**
Goodwill arising on acquisition	**7.1**	**9.5**	**8.2**

The acquisition costs directly attributable to the following acquisitions were expensed and are included in selling, distribution and administrative costs. The goodwill recognized represents the expected synergies from operations and the intangible assets that do not qualify for separate recognition. Goodwill arising on acquisition is deductible for tax purposes unless otherwise noted and forms part of the Energy Distribution segment, unless otherwise noted. The acquisitions were initially funded by drawing on Superior's credit facility, unless otherwise noted.

Phelps Sungas Inc. and BMK Geneva, Inc. ("Phelps")

On April 1, 2019, Superior closed the acquisition of the propane distribution assets of Phelps, an independent propane distributor in New York for total consideration of $25.2 million (US$18.7 million). The acquisition was funded by drawing on Superior's credit facility and deferring $3.3 million (US$2.5 million) in payments over the next five years.

The purchase price allocation is considered preliminary, and as a result, may be adjusted during the 12-month period following the acquisition once all the required information pertaining to working capital and customer attrition is obtained and assessed. Superior has allocated the purchase price to the identified assets and liabilities based on their current book value and fair value estimates based on available information. The amounts presented are based on their estimated fair value, management expects that any further changes will relate to finalizing the fair value of property, plant and equipment, intangible assets and goodwill.

Revenue and net earnings for the year ended December 31, 2019, would have been $19.1 million and $2.6 million, respectively, if the acquisition had occurred on January 1, 2019. Subsequent to the acquisition date of April 1, 2019, the acquisition contributed revenue and net earnings of $10.1 million and $0.3 million, respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2019.

Superior has updated the preliminary purchase price allocation and restated the previously reported estimated fair values as follows:

	Previously Reported	Adjustments	**December 31, 2019**
Current assets	2.4	–	**2.4**
Property, plant and equipment	7.5	6.9	**14.4**
Intangible assets	16.8	(13.6)	**3.2**
Goodwill	0.3	6.8	**7.1**
Contract liabilities	(0.5)	(0.1)	**(0.6)**
Non-current liabilities	(1.5)	–	**(1.5)**

Property, plant and equipment was increased by approximately $6.9 million to $14.4 million, as a result of finalizing the fair value for the tanks and vehicles acquired. The fair value of intangible assets decreased from its provisional amount by $13.6 million to $3.2 million as a result of finalizing assumptions related to customer relationships. Intangible assets are primarily made up of customer relationships and will be amortized over the estimated life of these relationships estimated to be eight years.

As a result of the above adjustments, goodwill was increased by $6.8 million. The final goodwill balance of $7.1 million comprises the value of expected synergies from the acquisition.

Sheldon Gas Company and Sheldon Oil Company ("Sheldon")

On May 2, 2019, Superior closed the acquisition of the shares of Sheldon, an independent propane distributor in Northern California for total consideration of $21.2 million (US$15.8 million). The acquisition was funded by drawing on Superior's credit facility and deferring $2.0 million (US$1.5 million) in payments over the next three years. Included in the assets acquired was a 51% interest in an entity that Superior acquired the other 49% previously as part of the acquisition of United Pacific Energy.

Revenue and net earnings for the year ended December 31, 2019, would have been $9.3 million and $2.0 million, respectively, if the acquisition had occurred on January 1, 2019. Subsequent to the acquisition date of May 2, 2019, the acquisition contributed revenue and net earnings of $4.9 million and $0.8 million, respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2019.

Superior has finalized the purchase price allocation and restated the previously reported fair values as follows:

	Previously Reported	Adjustments	**December 31, 2019**
Current assets	1.7	–	**1.7**
Property, plant and equipment	8.1	0.2	**8.3**
Intangible assets	4.8	1.9	**6.7**
Goodwill	12.2	(2.7)	**9.5**
Accounts payable, accrued and other liabilities	(1.2)	0.6	**(0.6)**

Property, plant and equipment was increased by approximately $0.2 million to $8.3 million, as a result of finalizing the fair value for all the tanks acquired. The fair value of intangible assets increased by $1.9 million to $6.7 million as a result of finalizing assumptions related to customer relationships. Intangible assets are primarily made up of customer relationships and will be amortized over the estimated life of these relationships estimated to be eight years. Accounts payable, accrued and other liabilities decreased by approximately $0.6 million as a result of finalizing the fair value of the Company's liabilities as at the acquisition date. As a result of the above adjustments, goodwill was decreased by $2.7 million. The final goodwill balance of $9.5 million comprises the value of expected synergies from the acquisition.

Other Acquisitions
During the year ended December 31, 2019, the Company closed three other business acquisitions for a total consideration of approximately $22.8 million. This consisted of one acquisition in Canada and two acquisitions in the U.S. Goodwill of $8.2 million forms part of the U.S. Propane Distribution segment.

The purchase price allocations with these acquisitions are considered preliminary, and as a result, may be adjusted during the 12-month period following the acquisition once all the required information pertaining to working capital and customer attrition is obtained and assessed. Superior has allocated the purchase price to the identified assets and liabilities based on their current book value and fair value estimates based on available information. The amounts presented are based on their estimated fair value, management expects that any further changes will relate to finalizing the fair value of property, plant and equipment, intangible assets and goodwill.

Revenue and net earnings for the year ended December 31, 2019, would have been $10.4 million and $2.6 million, respectively, if the acquisition had occurred on January 1, 2019. Subsequent to the acquisition dates, the acquisitions contributed revenue and net earnings of $0.6 million and $0.1 million, respectively, to the Canadian Propane Distribution segment and contributed revenue and net earnings of $0.7 million and $0.2 million, respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2019.

2018 Acquisitions

2018 Purchase Price Allocations	**NGL Propane, LLC**[(i)]	**United Pacific Energy**[(i)]	**Musco Fuel & Propane LLP**	**Porco Energy Corp.**	**Blue Flame Gas Service**	**Hi-Grade Oil**
Cash	4.7	0.7	–	–	–	–
Accounts receivable	29.3	14.5	0.7	0.8	0.8	1.0
Prepaid expenses	4.4	4.7	–	–	–	–
Inventory and other current assets	14.5	1.5	0.1	0.4	0.1	–
Property, plant and equipment	303.5	18.5	1.7	5.1	3.9	2.3
Other assets	0.6	4.2	–	–	–	–
Intangible assets	180.9	11.8	12.6	12.8	10.6	3.7
Assets sold	–	–	–	–	–	2.4
Accounts payable and accrued liabilities	(44.8)	(8.1)	(1.1)	(0.6)	(1.7)	(1.1)
Contract liabilities	(3.3)	–	–	–	–	–
Provisions and other liabilities	(6.8)	(4.3)	–	–	–	–
Long-term debt	(8.9)	–	–	–	–	–
Deferred tax liabilities	–	(7.4)	–	–	–	–
Net identifiable assets and liabilities	**474.1**	**36.1**	**14.0**	**18.5**	**13.7**	**8.3**
Consideration transferred						
Fair value of deferred consideration	–	–	1.2	5.4	2.1	–
Cash paid on acquisition	1,165.6	51.4	17.8	13.1	11.6	8.3
Total consideration transferred	**1,165.6**	**51.4**	**19.0**	**18.5**	**13.7**	**8.3**
Goodwill arising on acquisition	691.5	15.3	5.0	–	–	–

(i) *Restated as a result of finalizing the purchase price allocations.*

NGL Propane, LLC ("NGL")
On July 10, 2018, Superior completed the acquisition of NGL, NGL Energy Partners LP's retail propane distribution business for cash consideration of $1,165.6 million (US$889.8 million), net of customary closing adjustments and excluding transaction costs. The purchase price was financed through a combination of debt and equity. The acquisition costs directly attributable to the acquisition of NGL were approximately $10.0 million. These costs were expensed and included in selling, distribution and administrative costs.

Superior has finalized the purchase price allocation and restated the previously reported fair values as follows:

	Previously Reported	Adjustments	**December 31, 2019**
Current assets	52.9	–	**52.9**
Property, plant and equipment	386.2	(82.7)	**303.5**
Other assets	0.6	–	**0.6**
Intangible assets	164.5	16.4	**180.9**
Goodwill	624.9	66.6	**691.5**
Accounts payable and accrued liabilities and contract liabilities	(47.8)	(0.3)	**(48.1)**
Non-current liabilities	(15.7)	–	**(15.7)**

Property, plant and equipment were decreased by approximately $82.7 million to $303.5 million, as a result of finalizing the fair value for all the tanks and equipment acquired. Intangible assets increased by $16.4 million to $180.9 million and the increase was attributed to customer relationships and will be amortized over the estimated life of these relationships estimated to be eight years. Accounts payable and accrued liabilities were adjusted to account for all liabilities that existed at the acquisition date.

As a result of the above adjustments, goodwill was increased by $66.6 million. The final goodwill balance of $691.5 million comprises the value of expected synergies from the acquisition.

United Pacific Energy ("UPE")
On October 2, 2018, Superior closed the acquisition of UPE for $42.6 million (US$33 million) plus working capital consideration of $8.8 million (US$6.8 million). Goodwill related to the UPE acquisition is not deductible for tax purposes and forms part of the Canadian Propane Distribution segment.

Superior has finalized the purchase price allocation and restated the previously reported fair values as follows:

	Previously Reported	Adjustments	**December 31, 2019**
Current assets	21.4	–	**21.4**
Property, plant and equipment	18.5	–	**18.5**
Other assets	4.2	–	**4.2**
Intangible assets	10.7	1.1	**11.8**
Goodwill	12.2	3.1	**15.3**
Accounts payable and accrued liabilities	(8.1)	–	**(8.1)**
Other liabilities	(0.4)	(3.9)	**(4.3)**
Deferred tax liabilities	(7.1)	(0.3)	**(7.4)**

Intangible assets increased by approximately $1.1 million and the increase was mainly attributed to customer relationships and will be amortized over the estimated life of these relationships estimated to be eight years. Deferred tax liabilities also increased by $0.3 million due to the increase in intangible assets.

Other liabilities increased by approximately $3.9 million as a result of finalizing the fair value of the Company's other liabilities as at the acquisition date.

As a result of these adjustments, goodwill was increased by $3.1 million. The final goodwill balance of $15.3 million comprises the value of expected synergies from the acquisition.

Upon finalizing the purchase price allocations for NGL and UPE, Superior has restated the comparative period to record the impact of the finalized purchase price allocation as if the accounting for the business combination had been completed at the acquisition date. As a result, the following changes were made as at December 31, 2018 using foreign exchange rates prevailing at December 31, 2018:

		Adjustments		
	Reported	**NGL**	**UPE**	**Restatement**
Property, plant and equipment	1,527.8	(86.0)	–	1,441.8
Intangible assets	412.1	17.0	1.1	430.2
Goodwill	1,021.9	69.0	3.3	1,094.2
Other liabilities	(12.7)	–	(4.1)	(16.8)
Deferred tax liabilities	(24.7)	–	(0.3)	(25.0)

Musco Fuel & Propane LLP ("Musco")
On November 1, 2018, Superior closed the acquisition of substantially all of the propane distribution assets of Musco for total cash consideration of $17.8 million (US$13.5 million) and deferred payments of $1.3 million (US$1.0 million).

Revenue and net earnings for year ended December 31, 2018, would have been $9.4 million and $1.6 million, respectively, if the acquisition had occurred on January 1, 2018. Subsequent to the acquisition date of November 1, 2018, the acquisition contributed revenue and net earnings of $2.3 million and $0.5 million, respectively, to the Energy Distribution segment for the period ended December 31, 2018.

Porco Energy Corp. ("Porco")
On September 21, 2018, Superior closed the acquisition of the propane distribution assets of Porco, an independent propane and distillate fuel distributor in New York for total cash consideration of $13.1 million (US$10.5 million) and deferred payments of $6.9 million (US$5.5 million).

Revenue and net earnings for the year ended December 31, 2018, would have been $19.3 million and $1.7 million, respectively, if the acquisition had occurred on January 1, 2018. Subsequent to the acquisition date of September 21, 2018, the acquisition contributed revenue and net earnings of $3.5 million and $0.9 million, respectively, to the Energy Distribution segment for the period ended December 31, 2018.

Blue Flame Gas Service ("Blue Flame")
On May 1, 2018, Superior closed the acquisition of the propane distribution assets of Blue Flame, an independent propane distributor in Pennsylvania for total cash consideration of $11.6 million (US$9.0 million) and deferred payments of $2.6 million (US$2.0 million).

Revenue and net earnings for the year ended December 31, 2018, would have been $8.1 million and $0.2

million, respectively, if the acquisition had occurred on January 1, 2018. Subsequent to the acquisition date of May 1, 2018, the acquisition contributed revenue and net loss of $3.8 million and $0.7 million, respectively, to the Energy Distribution segment for the period ended December 31, 2018.

Hi-Grade Oil ("Hi-Grade")

On February 2, 2018, Superior closed the acquisition of the propane distribution assets of Hi-Grade, an independent propane and distillate fuel distributor in Ohio for total cash consideration of $8.3 million (US$6.4 million). Immediately following this purchase, the distillate assets were sold to another party for approximately $2.4 million (US$1.7 million).

Revenue and net earnings for the year ended December 31, 2018, would have been $3.6 million and $1.1 million, respectively, if the acquisition had occurred on January 1, 2018. Subsequent to the acquisition date of February 2, 2018, the acquisition contributed revenue and net earnings of $2.9 million and $0.8 million, respectively, to the Energy Distribution segment for the period ended December 31, 2018.

2018 Divestitures

On April 19, 2018, Superior sold its inventory and fixed assets associated with the Petrofuels business in St. Catharines, Ontario to McDougall Energy Inc. for total consideration of $4.1 million, resulting in a gain of $2.7 million. The gain is recorded as part of selling, distribution and administrative costs.

On April 3, 2018, Superior sold certain retail distillate assets in Pennsylvania to a third party for total cash consideration of $20.7 million (US$16.7 million). This resulted in a gain of $9.9 million (US$8.0 million). The gain is recorded as part of selling, distribution and administration costs.

On April 25, 2018, Superior sold certain wholesale refined fuels business assets located across five states in the northeast U.S., and three pipeline connected terminals located in New York to Sunoco LP for cash consideration of approximately $50.8 million (US$39.5 million), plus net working capital of approximately $20.4 million (US$16.0 million). This resulted in a gain of $5.3 million (US$4.1 million). The gain is recorded as part of selling, distribution and administration costs.

4. TRADE AND OTHER RECEIVABLES

A summary of trade and other receivables is as follows:

	2019	2018
Trade receivables, net of allowances	**320.7**	343.7
Accounts receivable – other	**8.5**	39.5
Trade and other receivables	**329.2**	383.2

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

	2019	2018
Current	**235.2**	246.7
Past due less than 90 days	**84.5**	94.4
Past due over 90 days	**10.3**	13.8
Trade receivables	**330.0**	354.9

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 an allowance of $9.3 million as at December 31, 2019 (December 31, 2018 – $11.2 million). The movement in the allowance for doubtful accounts is as follows:

	2019	2018
Allowance for doubtful accounts, beginning of the year	**(11.2)**	(6.9)
Impact of acquisitions and disposals	**–**	(2.3)
Impairment losses recognized on receivables	**(2.5)**	(6.4)
Amounts written off during the year as uncollectible	**3.5**	3.5
Amounts recovered	**0.9**	0.9
Allowance for doubtful accounts, end of the year	**(9.3)**	(11.2)

5. PREPAIDS AND DEPOSITS

	2019	2018
Prepaid insurance	**12.9**	14.9
Tax installments	**7.0**	5.0
Deposits	**21.1**	18.5
Leases and licenses	**3.5**	3.1
Storage and rent	**1.4**	1.7
Miscellaneous prepaids and other	**11.2**	6.1
	57.1	49.3

6. INVENTORIES

	2019	2018
Propane, heating oil and other refined fuels	**55.5**	87.3
Propane retailing materials, supplies, appliances and other	**13.2**	10.2
Chemical finished goods and raw materials	**30.2**	31.6
Chemical stores, supplies and other	**17.3**	17.7
	116.2	146.8

	2019	2018
Cost of inventories recognized as an expense	**1,446.8**	1,552.0
Inventory write-downs to (reversals from) cost of sales	**(6.0)**	7.2

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Specialty Chemicals Plant and Equipment	Energy Distribution Retailing Equipment	Leasehold Improvements	Total
Balance as at December 31, 2017	48.3	257.7	961.3	978.2	8.6	2,254.1
Additions	8.2	2.9	27.0	81.6	0.7	120.4
Acquisitions through business combinations (Note 3)	20.3	29.8	–	284.9	–	335.0
Adjustments related to ARO and provisions	–	6.7	21.9	–	–	28.6
Disposals and other	(3.0)	(8.8)	(6.2)	(168.0)	(2.2)	(188.2)
Net foreign currency exchange differences	2.0	10.8	35.7	36.2	(0.1)	84.6
Reclassification	(1.6)	–	–	–	1.6	–
Balance as at December 31, 2018[(i)]	74.2	299.1	1,039.7	1,212.9	8.6	2,634.5
Initial adoption of IFRS 16 (Note 2)	**–**	**55.8**	**112.3**	**10.5**	**–**	**178.6**
Additions - right-of-use assets	**–**	**8.6**	**3.9**	**24.7**	**–**	**37.2**
Additions - property, plant and equipment	**0.2**	**7.5**	**39.5**	**81.1**	**0.2**	**128.5**
Acquisitions through business combinations (Note 3)	**0.1**	**2.1**	**–**	**30.0**	**0.3**	**32.5**
Adjustments related to ARO and provisions	**–**	**11.5**	**0.6**	**–**	**–**	**12.1**
Disposals and other	**(1.6)**	**(1.3)**	**(2.9)**	**(17.6)**	**–**	**(23.4)**
Impairment	**–**	**(4.7)**	**(41.0)**	**–**	**–**	**(45.7)**
Net foreign currency exchange differences and other	**0.9**	**(16.8)**	**(26.6)**	**(18.3)**	**3.6**	**(57.2)**
Balance as at December 31, 2019	**73.8**	**361.8**	**1,125.5**	**1,323.3**	**12.7**	**2,897.1**
Accumulated Depreciation						
Balance as at December 31, 2017	–	85.4	571.9	471.7	4.3	1,133.3
Depreciation expense	–	12.4	44.9	93.7	0.9	151.9
Eliminated on disposal of assets	–	(6.1)	(6.1)	(115.3)	(0.6)	(128.1)
Net foreign currency exchange differences and other	–	3.6	19.6	12.2	0.2	35.6
Balance as at December 31, 2018	–	95.3	630.3	462.3	4.8	1,192.7
Depreciation expense - property, plant and equipment	**–**	**12.8**	**43.6**	**95.3**	**0.9**	**152.6**
Depreciation of right-of-use assets	**–**	**11.4**	**19.7**	**5.4**	**–**	**36.5**
Eliminated on disposal of assets	**–**	**(0.9)**	**(1.6)**	**(15.3)**	**–**	**(17.8)**
Impairment	**–**	**(1.9)**	**(25.0)**	**–**	**–**	**(26.9)**
Net foreign currency exchange differences and other	**–**	**(1.2)**	**(15.0)**	**(0.2)**	**0.8**	**(15.6)**
Balance as at December 31, 2019	**–**	**115.5**	**652.0**	**547.5**	**6.5**	**1,321.5**
Carrying Amount						
As at December 31, 2018[(i)]	74.2	203.8	409.4	750.6	3.8	1,441.8
As at December 31, 2019	**73.8**	**246.3**	**473.5**	**775.8**	**6.2**	**1,575.6**

[(i)] *Restated (see Note 3)*

As at December 31, 2019, the carrying amounts of the right-of-use assets included in the above are as follows:

	Land	**Buildings**	**Specialty Chemicals Plant and Equipment**	**Energy Distribution Retailing Equipment**	**Leasehold Improvements**	**Total**
Carrying Amount	**–**	**57.6**	**93.7**	**92.6**	**–**	**243.9**

Upon the adoption of IFRS 16, previously capitalized leased assets of $65.6 million has been reclassified from property, plant and equipment to right-of-use assets included in the above table.

Depreciation per cost category:

	2019	2018
Selling, distribution and administrative costs		
Property, plant and equipment	**108.5**	98.3
Right-of-use asset	**35.7**	–
Cost of sales		
Property, plant and equipment	**44.1**	53.6
Right-of-use asset	**0.8**	–
Total	**189.1**	151.9

Superior evaluated the property, plant and equipment as at December 31, 2019 and 2018 for indicators of impairment and no impairment was identified. Therefore, the carrying value was not adjusted. See Note 9 for further details on testing of property, plant and equipment impairment in CGUs.

8. INTANGIBLE ASSETS

Cost	Customer Relationships	Cap and Trade Emissions Units Purchased	Energy Distribution Trademarks, Non-Compete and Royalty Agreements, Patents and Software	Specialty Chemicals Royalty Assets and Patents	Other Intangible Assets	Total
Balance as at December 31, 2017	156.2	10.2	100.1	7.1	–	273.6
Acquisitions through business combinations (Note 3)	201.1	1.3	30.0	–	–	232.4
Additions from internal development	–	–	1.0	–	–	1.0
Additions acquired separately	2.1	5.5	3.1	–	–	10.7
Disposals	(1.7)	(11.7)	(6.0)	–	–	(19.4)
Net foreign currency exchange differences and other	0.6	–	12.3	0.6	–	13.5
Balance as at December 31, 2018[(i)]	358.3	5.3	140.5	7.7	–	511.8
Acquisitions through business combinations (Note 3)	**15.9**	**–**	**0.4**	**–**	**–**	**16.3**
Additions acquired separately	**–**	**10.4**	**7.4**	**–**	**–**	**17.8**
Reclassifications	**10.0**	**–**	**(10.0)**	**–**	**–**	**–**
Net foreign currency exchange differences and other	**(0.5)**	**–**	**(14.5)**	**(0.4)**	**–**	**(15.4)**
Balance as at December 31, 2019	**383.7**	**15.7**	**123.8**	**7.3**	**–**	**530.5**
Accumulated Amortization						
Balance as at December 31, 2017	0.6	–	34.2	–	–	34.8
Amortization expense	2.0	–	44.1	1.1	–	47.2
Disposals	–	–	(2.0)	–	–	(2.0)
Net foreign currency exchange differences and other	–	–	1.6	–	–	1.6
Balance as at December 31, 2018	2.6	–	77.9	1.1	–	81.6
Amortization expense	**52.1**	**–**	**10.3**	**1.1**	**–**	**63.5**
Net foreign currency exchange differences and other	**2.1**	**–**	**(5.4)**	**(0.1)**	**–**	**(3.4)**
Balance as at December 31, 2019	**56.8**	**–**	**82.8**	**2.1**	**–**	**141.7**
Carrying value						
As at December 31, 2018[(i)]	355.7	5.3	62.6	6.6	–	430.2
As at December 31, 2019	**326.9**	**15.7**	**41.0**	**5.2**	**–**	**388.8**

[(i)] Restated the prior year to be comparable with the current year's presentation and as a result of finalizing the NGL and UPE purchase price allocations, see Note 3.

Superior evaluated intangible assets as at December 31, 2019 and 2018 for indicators of impairment and the Company did not identify any impairment. Therefore, the carrying value was not adjusted for the current year.

During the year, the Company invested $7.4 million (2018 – $3.1 million) in new software systems and enhancements to existing systems. These additions include the cost of the software, the installation and consulting services relating to the enhancements and implementation of these systems.

9. GOODWILL

	2019	2018(i)
Balance, beginning of the year	**1,094.2**	352.3
Additional amounts recognized from business combinations during the year	**24.8**	711.8
Effect of foreign currency differences	**(38.1)**	30.1
Balance, end of the year	**1,080.9**	1,094.2

(i) *Restated (see Note 3)*

Goodwill is a result of a number of previous business combinations and is generally attributable to anticipated synergies expected and other intangible assets that are not required to be separately identified. Goodwill by definition has an indefinite life and, therefore, is not amortized.

Impairment of Property, Plant and Equipment, Goodwill and Intangible Assets
Goodwill is subject to impairment tests at least annually. For purposes of impairment testing, Superior assesses goodwill at the CGU level.

The carrying amount of goodwill as at December 31 was allocated to the segments as follows:

	2019	2018(i)
Canadian Propane Distribution	**325.8**	325.8
U.S. Propane Distribution	**754.1**	767.4
Specialty Chemicals	**1.0**	1.0
	1,080.9	1,094.2

(i) *Restated (see Note 3)*

Superior conducts assessments for indicators of impairment on a quarterly basis and performs a detailed impairment assessment at least annually. As at December 31, 2019 and 2018, an impairment test was performed for all CGUs with allocated goodwill and no impairment was identified.

The recoverable amount of each CGU for Energy Distribution, which includes property, plant and equipment and intangible assets, was based on its value in use and was determined by estimating the future cash flows that would be generated from the continuing use of the CGU, incorporating the following assumptions:

Basis on which recoverable amount was determined

The recoverable amount for each CGU is determined using a detailed cash flow model which is based on evidence from an internal budget approved by the Board of Directors. Management's internal budgets are based on past experience and are adjusted to reflect market trends and economic conditions.
Key rates used in calculation of recoverable amount

Growth rate to perpetuity
The first five years of cash flow projections used in the model are based on management's internal budgets and projections after five years are extrapolated using growth rates in line with historical long-term growth rates. The long-term growth rate used in determining the recoverable amount for each CGU is 2.0% (2018 – 2.0%). Cash flow projections exclude any costs related to expansions through acquisitions and other related initiatives.

Discount rates
Cash flows in the model are discounted using a discount rate specific to each CGU which is adjusted based on risk assessments for each CGU. Discount rates reflect the current market assessments of the time value of money and are derived from the CGU's weighted average cost of capital and are adjusted for tax. The after-tax discount rates used in determining the recoverable amount for the CGUs range from 9.4% to 10.0% (2018 – 10% to 11.6%).

Inflation rates
Inflation rates used in the cash flow model are based on a blend of a number of publicly available inflation forecasts. The inflation rate used in determining the recoverable amount for each CGU in 2019 is 2.0% (2018 – 2.0%).

Key assumptions
In determining the recoverable amount of each CGU, business, market and industry factors were considered.

The recoverable amount for Specialty Chemicals was based on its FVLCOD. This was a change in approach from prior years. Management was able to estimate the FVLCOD due to the strategic review that was underway during 2019. The FVLCOD was based on the best information available to reflect the amount that could be obtained from the disposal of the CGU in an arm's-length transaction with a third party, net of estimated costs of disposal. The fair value of calculations is categorized as Level 3 fair value based on the unobservable inputs.

10. PROVISIONS

	Restructuring	Decommissioning	Other	Total
Balance as at December 31, 2017	13.4	64.0	7.8	85.2
Additions	—	25.9	—	25.9
Utilization	(7.1)	(0.1)	—	(7.2)
Amounts reversed during the year	(0.1)	(2.1)	(1.9)	(4.1)
Unwinding of discount	—	2.2	—	2.2
Impact of change in discount rate	—	2.7	—	2.7
Acquisitions	—	7.2	—	7.2
Net foreign currency exchange	—	(0.4)	—	(0.4)
Balance as at December 31, 2018	6.2	99.4	5.9	111.5
Additions	**4.2**	**3.3**	**—**	**7.5**
Utilization	**(4.5)**	**(1.1)**	**—**	**(5.6)**
Amounts reversed during the year	**(1.1)**	**(0.2)**	**(1.6)**	**(2.9)**
Unwinding of discount	**0.1**	**1.5**	**—**	**1.6**
Impact of change in discount rate	**—**	**8.8**	**—**	**8.8**
Net foreign currency exchange	**—**	**(0.4)**	**—**	**(0.4)**
Balance as at December 31, 2019	**4.9**	**111.3**	**4.3**	**120.5**

	2019	2018
Current (Note 11)	**7.6**	7.8
Non-current	**112.9**	103.7
	120.5	111.5

Restructuring

Provisions for restructuring are recorded in provisions, except for the current portion, which is recorded in trade and other payables. As at December 31, 2019, the current portion of restructuring costs was $4.9 million (December 31, 2018 – $6.2 million).

On May 31, 2019, Specialty Chemicals segment announced to employees and other key stakeholders that it will close its sodium chlorate manufacturing facility in Saskatoon, Saskatchewan, before the end of 2019. As a result of the announcement, a $4.2 million restructuring provision related primarily to severance costs was recorded, of which, $1.1 million has been reversed during the year. In addition, management reviewed the recoverability of the related assets and recorded a $17.5 million asset impairment charge. There was another group of assets that were written off as impaired unrelated to this plant during the year for approximately $2.4 million. The restructuring and impairment expense are recorded in selling, distribution and administrative costs.

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 expected timing of the activity.

Specialty Chemicals

Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. As at December 31, 2019, the discount rate used in Superior's calculation was 1.8% (December 31, 2018 – 2.2%). Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $154.3 million (December 31, 2018 – $149.8 million), which will be paid over the next 40 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.

U.S. Propane 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 $4.7 million as at December 31, 2019 (December 31, 2018 – $4.6 million) which will be paid over the next 15 years. The discount rate of 1.8% as at December 31, 2019 (December 31, 2018 – 2.2%) was used to calculate the present value of the estimated cash flows.

Other

Environmental

Provisions for environmental remediation are made when a cleanup is probable and the amount of the obligation can be reliably estimated. Generally, this coincides with the 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 $2.9 million as at December 31, 2019, (December 31, 2018 – $3.0 million) which will be paid over the next year. The provision for environmental expenditures has been estimated using existing technology at current prices. No discount rate has been applied as the liability is to be settled within 12 months. The extent and cost of future remediation programs are inherently difficult to estimate. They depend on the scale of any possible contamination, the timing and extent of corrective actions, and Superior's share of the liability.

Supply contract
As part of a prior acquisition, Superior was required to enter into a five-year supply agreement with the seller. The supply agreement was for terms that were unfavourable to Superior based on current supply arrangements under contract. As a result, Superior has recorded a provision with a balance of $4.3 million as at December 31, 2019, (December 31, 2018 – $5.9 million) related to this contract. The supply agreement ends March 31, 2022.

Other claims
Superior is subject to various claims and potential claims in the normal course of business, but the Company does not expect the ultimate settlement of any of these to have a material effect on its financial results. The outcomes of all the proceedings and claims against Superior are subject to future resolution that includes the uncertainties of litigation. It is not possible for Superior to predict the result or magnitude of the claims due to the various factors and uncertainties involved in the legal process. Based on information currently known to Superior, it is not probable that the ultimate resolution of any proceedings and claims, individually or in total, will have a material effect on the consolidated statements of net earnings (loss) and total comprehensive earnings or consolidated balance sheets. If it becomes probable that Superior is liable, Superior will record a provision in the period the change in probability occurs, and the resulting impact could be material to the consolidated statements of net earnings (loss) and total comprehensive earnings or consolidated balance sheets.

11. TRADE AND OTHER PAYABLES

A summary of trade and other payables is as follows:

	2019	2018[(i)]
Trade payables	**307.1**	286.1
Provisions (Note 10)	**7.6**	7.8
Other payables	**92.5**	140.5
Current taxes payable	**11.1**	5.3
Share-based payments, current portion	**5.7**	7.9
	424.0	447.6

(i) *Restated the prior period to be comparable with the current year's presentation.*

The average credit period on purchases by Superior is 38 days (2018 – 37 days). No interest is charged on the trade payables up to 10 days (2018 – 10 days) from the date of the invoice. Thereafter, interest is charged at a rate of up to 18.0% (2018 – 18.0%) per annum on the balance. Superior's financial risk management policies ensure that payables are normally paid within the pre-agreed credit terms.

12. CONTRACT LIABILITIES

	2019	2018
Customer prepayments	**18.1**	23.1
Other	**–**	0.8
	18.1	23.9

	2019	2018
Balance, beginning of the year	**23.9**	9.9
Change in accounting policies	**–**	10.4
Acquisitions	**0.5**	3.3
Additions during the year	**34.7**	35.3
Recognized in net earnings	**(39.7)**	(37.7)
Foreign exchange impact	**(1.3)**	2.7
Balance, end of the year	**18.1**	23.9

The Company does not generally receive deposits for periods longer than 12 months in advance of performing the related service.

13. OTHER LIABILITIES

	2019	2018[(i)]
Québec cap and trade payable	**7.8**	3.6
California cap and trade payable	**7.2**	5.4
Nova Scotia cap and trade payable	**0.4**	–
Share-based payments and others	**14.3**	7.8
	29.7	16.8

(i) *Restated as a result of finalizing the UPE purchase price allocation (see Note 3).*

Superior operates in California, Nova Scotia, and Quebec, and is required to participate in the respective government cap and trade programs, which requires Superior to settle any liability with compliance instruments at the end of each compliance period. Intangible assets are recorded when compliance instruments are purchased, and cap and trade liabilities are recorded upon the import of propane. These are included in the consolidated statements of cash flows net of the liability that has been accrued related to cap and trade.

14. BORROWINGS

	Maturity	Rate	**2019**	2018[(i)]
Revolving Term Bank Credit Facilities [(1)]				
Bankers' Acceptances ("BA")	2024	Floating BA rate plus 1.70%	**5.0**	10.0
Canadian Prime Rate Loan (Prime and Swing line)	2024	Prime rate plus 0.70%	**14.9**	15.5
LIBOR Loans (US$332.0 million; 2018 – US$450.1 million)	2024	Floating LIBOR rate plus 1.70%	**431.3**	508.7
US Base Rate Loans (Prime and Swing line) (US$14 million; 2018 – US$11.0 million)	2024	U.S. Prime rate plus 0.70%	**18.1**	15.1
			469.3	549.3
Other Debt				
Accounts receivable factoring program[(2)]		Floating BA plus 1.625%	**3.9**	1.9
Deferred consideration and other	2019 - 2023	Non-interest bearing	**23.8**	24.0
			27.7	25.9
Senior Unsecured Notes				
Senior unsecured notes[(3)]	2024	5.25%	**400.0**	400.0
Senior unsecured notes[(4)]	2025	5.125%	**370.0**	370.0
Senior unsecured notes[(5)]	2026	7.000%	**454.7**	477.3
			1,224.7	1,247.3
Total borrowings before deferred financing fees			**1,721.7**	1,822.5
Deferred financing fees and discounts			**(27.3)**	(32.5)
Total borrowings before current maturities			**1,694.4**	1,790.0
Current maturities			**(10.1)**	(10.7)
Total non-current borrowings			**1,684.3**	1,779.3

(i) Restated the prior period to be comparable with the current year's presentation; lease liabilities are now presented separately on the adoption of IFRS 16.

(1) As at December 31, 2019, Superior had $31.3 million of outstanding letters of credit (December 31, 2018 – $41.9 million) and $241.0 million of outstanding financial guarantees on behalf of its businesses (December 31, 2018 – $202.8 million). The fair value of Superior's revolving term bank credit facilities, other debt, letters of credit, and financial guarantees approximates their carrying value as a result of the market-based interest rates and the short-term nature of the underlying debt instruments. On May 8, 2019, Superior extended and restated its syndicated credit facility with 10 lenders, with no material changes to the financial covenants and extended its maturity to May 8, 2024. The credit facilities are secured by substantially all of the assets of Superior. The lender commitments remain the same at $750 million and can be expanded further to $1,050 million on condition that no event of default has occurred and lender consent is provided.

(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, 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 million. As at December 31, 2019, the accounts receivable factoring program is $3.9 million (December 31, 2018 – $1.9 million).

(3) These senior unsecured notes were issued at par value and mature on February 27, 2024. The senior unsecured notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior unsecured notes at various redemption prices, which include the principal plus accrued and unpaid interest, if any, to the application redemption date. Interest is payable semi-annually on February 27 and August 27, and commenced August 27, 2017. The fair value of the senior unsecured notes is $410.0 million (December 31, 2018 – $377.0 million), based on prevailing market prices.

(4) These senior unsecured notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior unsecured notes at various redemption prices, which include the principal plus accrued and unpaid interest, if any, to the application redemption date. The fair value of the senior unsecured notes is $374.9 million (December 31, 2018 – $339.5 million), based on prevailing market prices.

(5) These US$350 million senior unsecured notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior unsecured notes at various redemption prices, which include the principal plus accrued and unpaid interest, if any, to the application redemption date. The fair value of the senior unsecured notes is $489.0 million (December 31, 2018 – $469.5 million), based on prevailing market prices.

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

Current maturities	10.1
Due in 2021	5.8
Due in 2022	5.8
Due in 2023	4.3
Due in 2024	871.0
Due in 2025	370.0
Subsequent to 2025	454.7
Total	1,721.7

15. EMPLOYEE FUTURE BENEFITS

The most recent actuarial valuations of plan assets and the present value of the defined-benefit obligation were carried out on December 31, 2019. The present value of the defined-benefit obligation, and the related current and past service costs, were measured using the projected unit credit method, which is the same as that applied in calculating the accrued defined-benefit obligation recognized in the consolidated balance sheets.

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	Defined-benefit Plans		**Other Benefit Plans**	
	2019	2018	**2019**	2018
Average discount rate	**3.0%**	3.8%	**2.8%**	3.6%
Expected rate of compensation increase	**3.0%**	3.0%	**3.0%**	3.0%
Mortality rate[(i)]	**95%–112%**	97%–112%	**97%–109%**	97%–109%

(i) 2014 Canadian Private Sector Pensioners' Mortality Table combined with mortality improvement scale MI-2017.

Canadian Propane Distribution and Specialty Chemicals have defined-benefit and defined-contribution pension plans (the “Plans”) covering most employees. The benefits provided under the plans are based on the individual employee’s years of service and the highest average earnings for a specified number of consecutive years. The objective of the Plans when managing their net assets available for benefits, which represent the capital of the Plans, is to provide members with the retirement benefits prescribed in the Plans. Aside from a minor move of the Plan assets into real estate during the last quarter of 2019, the rest of the management objectives, policies and procedures are unchanged since 2018. The Plan assets are managed by the Human Resources and Compensation Committee of the Board of Directors on behalf of beneficiaries. The Human Resources and Compensation Committee of the Board of Directors retains independent managers and advisors.

Information about Superior's defined-benefit and other post-retirement benefit plans as at December 31, 2019 and 2018 in aggregate is as follows:

Recognized net (asset) liability arising from defined-benefit obligation

	Canadian Propane Distribution Pension Benefit Plans	Specialty Chemicals Pension Benefit Plans	Other Benefit Plans
Balance as at December 31, 2019			
Present value of defined-benefit obligations	**35.3**	**142.5**	**21.2**
Fair value of plan assets	**(41.1)**	**(148.7)**	**(0.0)**
Net (asset) liability arising from defined-benefit	**(5.8)**	**(6.2)**	**21.2**
Balance as at December 31, 2018			
Present value of defined-benefit obligations	35.3	128.6	19.9
Fair value of plan assets	(40.2)	(132.4)	–
Net (asset) liability arising from defined-benefit	(4.9)	(3.8)	19.9

Movements in defined-benefit obligations and plan assets

	Canadian Propane Distribution Pension Benefit Plans		Specialty Chemicals Pension Benefit Plans		Other Benefit Plans	
	2019	2018	**2019**	2018	**2019**	2018
Movement in the present value of the defined-benefit obligation during the year:						
Benefit obligation as at January 1	**35.3**	38.8	**128.6**	134.4	**19.9**	21.0
Current service cost	**–**	–	**1.7**	1.9	**0.3**	0.3
Interest cost	**1.3**	1.2	**4.9**	4.4	**0.7**	0.7
Contributions by the plan participants	**–**	–	**0.1**	–	**–**	–
Past service cost	**–**	–	**0.2**	–	**–**	–
Actuarial gains (losses)	**2.0**	(1.2)	**13.0**	(6.9)	**1.6**	(1.2)
Benefits paid	**(3.3)**	(3.5)	**(6.0)**	(5.2)	**(1.3)**	(0.9)
Benefit obligation as at December 31	**35.3**	35.3	**142.5**	128.6	**21.2**	19.9
Movement in the fair value of the plan assets during the year:						
Fair value of plan assets as at January 1	**40.2**	43.1	**132.4**	138.2	**–**	–
Expected return on plan assets	**1.4**	1.3	**5.0**	4.6	**–**	–
Excess return (shortfall) on plan assets	**2.3**	(1.2)	**15.9**	(6.7)	**–**	–
Contributions by the employer	**0.5**	0.6	**1.6**	1.9	**1.3**	1.0
Contributions by plan participants	**–**	–	**0.1**	–	**–**	–
Benefits paid	**(3.3)**	(3.5)	**(6.0)**	(5.2)	**(1.3)**	(1.0)
Administration expenses	**–**	(0.1)	**(0.3)**	(0.4)	**–**	–
Fair value of plan assets as at December 31	**41.1**	40.2	**148.7**	132.4	**–**	**–**
Funded status – plan surplus (deficit)						
Net asset (obligation) arising from defined-benefit obligation	**5.8**	4.9	**6.2**	3.8	**(21.2)**	(19.9)
Non-current net benefit asset (obligation)	**5.8**	4.9	**6.2**	3.8	**(21.2)**	(19.9)

The accrued net pension asset related to the Canadian Propane Distribution pension benefit plan on December 31, 2019 was $5.8 million (December 31, 2018 – $4.9 million), and the expense for 2019 was nil (2018 – nil). The accrued net pension asset related to the Specialty Chemicals pension benefit plan on December 31, 2019 was $6.2 million (2018 – $3.8 million), and the expense for 2019 was $2.0 million (2018 – $2.2 million).

The accrued net benefit obligation related to the total other benefit plans of Canadian Propane Distribution and Specialty Chemicals on December 31, 2019 was $21.2 million (2018 – $19.9 million), and the expense for 2019 was $1.0 million (2018 – $1.0 million). Amounts recognized in net earnings (loss) in respect of these defined-benefit plans are as follows for the years ended December 31:

	2019	2018
Service cost		
Current service cost	**2.0**	2.2
Administrative expense	**0.3**	0.5
Past service cost	**0.2**	–
Net interest expense	**0.5**	0.4
Components of defined-benefit costs recognized in net earnings (loss)	**3.0**	3.1

The service cost, administrative expense and net interest expense related to Canadian Propane Distribution and Specialty Chemicals on December 31, 2019 was $3.0 million (December 31, 2018 – $3.1 million) and is included in selling, distribution and administrative costs.

The remeasurement of the net defined-benefit liability is included in other comprehensive earnings (loss). The amounts recognized in accumulated other comprehensive earnings in respect of these benefit plans are as follows:

	2019	2018
Actuarial defined-benefit losses (before income taxes)	**1.6**	1.1
Cumulative actuarial losses (before income taxes)	**(0.3)**	(1.9)

Remeasurement on the net benefit obligation:	**2019**	2018
Cumulative actuarial gains (before income taxes), beginning of the year	**(1.9)**	(3.1)
Actuarial asset experience gain	**18.2**	(8.0)
Actuarial loss arising from changes in financial assumptions	**(16.6)**	10.0
Actuarial gain arising from changes in experience adjustments	**–**	(0.8)
Cumulative actuarial losses (before income taxes), end of the year	**(0.3)**	(1.9)

Significant actuarial assumptions for the determination of the accrued defined-benefit obligation are discount rate, compensation increase, mortality scale and trend rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring as at December 31, 2019, while holding all other assumptions constant.

Discount Rate

A 1% change in the discount rate would result in a change to the accrued defined-benefit obligation related to Canadian Propane Distribution of $3.5 million as at December 31, 2019 (December 31, 2018 – $3.4 million) and a change to the current service expense of $0.1 million as at December 31, 2019 (December 31, 2018 – $0.1 million). A 1% change in the discount rate would result in a change to the accrued defined-benefit obligation related to Specialty Chemicals of $23.0 million as at December 31, 2019 (December 31, 2018 – $19.7 million) and a change to the current service expense of $0.9 million at December 31, 2019 (December 31, 2018 – $1.0 million).

Compensation Increase
A 1% change in the salary would result in a change to the accrued defined-benefit obligation related to Canadian Propane Distribution of nil as at December 31, 2019 (December 31, 2018 – nil) and a change to the current service expense of nil as at December 31, 2019 (December 31, 2018 – nil). A 1% change in salary would result in a change to the accrued defined-benefit obligation related to Specialty Chemicals of $2.5 million as at December 31, 2019 (December 31, 2018 – $1.6 million) and a change to the current service expense of $0.2 million as at December 31, 2019 (December 31, 2018 – $0.2 million).

Mortality Scale
A 10% change in the mortality scale would result in a change to the accrued defined-benefit obligation related to Canadian Propane Distribution of $1.9 million as at December 31, 2019 (2018 – $1.8 million) and a change to the current service expense of $0.1 million as at December 31, 2019 (2018 – $0.1 million). A 10% change in the mortality scale would result in a change to the accrued defined-benefit obligation related to Specialty Chemicals of $4.3 million as at December 31, 2019 (December 31, 2018 – $3.4 million) and a change to the current service expense of $0.2 million as at December 31, 2019 (December 31, 2018 – $0.2 million).

Trend Rate
A 1% change in the trend rate would result in a change to the accrued defined-benefit obligation related to Canadian Propane Distribution of $0.4 million as at December 31, 2019 (December 31, 2018 – $0.4 million) and a change to the current service expense of nil as at December 31, 2019 (December 31, 2018 – nil). A 1% change in the trend rate would result in a change to the accrued defined-benefit obligation liability related to Specialty Chemicals of $1.1 million as at December 31, 2019 (December 31, 2018 – $0.9 million) and a change to the current service expense of $0.1 million as at December 31, 2019 (December 31, 2018 – $0.1 million).

The sensitivity presented above may not be representative of the actual change in the accrued defined-benefit obligation as it is unlikely that the change in assumptions would occur in isolation, as some of the assumptions may be correlated.

There were no changes in the methods or assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the net benefit obligation related to Canadian Propane Distribution is 7.9 years as at December 31, 2019 (December 31, 2018 – 7.6 years) and related to Specialty Chemicals is 13.9 years as at December 31, 2019 (December 31, 2018 – 13.2 years).

As at December 31, 2019, Superior expects to make a contribution to the Canadian Propane Distribution Pension Benefit Plans of $1.4 million and to the Specialty Chemicals Pension Benefit Plans of $2.3 million during 2020.

The fair values of plan assets as at December 31, 2019, by major asset category, are as follows:

	Canadian Propane Distribution Pension Benefit Plans		**Specialty Chemicals Pension Benefit Plans**	
	Level 2	**Percentage**	**Level 2**	**Percentage**
Canadian equities	**4.0**	**9.7%**	**38.7**	**26.0%**
Foreign equities	**–**	**–**	**38.4**	**25.8%**
Fixed income	**37.1**	**90.3%**	**66.2**	**44.5%**
Real estate	**–**	**–**	**5.5**	**3.7%**
Total	**41.1**	**100%**	**148.8**	**100%**

The fair values of plan assets as at December 31, 2018, by major asset category, are as follows:

	Canadian Propane Distribution Pension Benefit Plans		Specialty Chemicals Pension Benefit Plans	
	Level 2	Percentage	Level 2	Percentage
Canadian equities	3.9	9.7%	36.0	27.2%
Foreign equities	–	–	36.2	27.4%
Fixed income	36.3	90.3%	60.2	45.4%
Total	40.2	100.0%	132.4	100.0%

The actual returns on Canadian Propane Distribution and Specialty Chemicals plan assets during the year ended December 31, 2019 were 9.4% (2018 – 0.1%) and 15.9% (2018 – -1.8%), respectively.

As part of the risk management process, Superior has established a diversification policy, set rate of return objectives, and developed specific investment guidelines.

As at December 31, 2019, the asset-matching strategic choices that are formulated in the actuarial and Superior's Statement of Investment Policies and Procedures ("SIPP") of the total defined-benefit plan assets are:

	Canadian Propane Distribution Pension Benefit Plans	**Specialty Chemicals Pension Benefit Plans**
	Range(i)(ii)	**Range(i)(ii)**
Canadian equities	**2.0%-7.0%**	**5.0%-11.0%**
Global equities	**2.0%-7.0%**	**25.0%-38.0%**
Fixed income	**89.0%-92.0%**	**40.0%-58.0%**
Real estate	**–**	**10.0%-23.0%**

(i) *Based on Superior's SIPP.*
(ii) *Canadian Propane Distribution and Specialty Chemicals' SIPPs do not provide ranges for U.S. and foreign equities; instead, they provide in aggregate ranges classified as global equities.*

As at December 31, 2018, the asset-matching strategic choices that are formulated in the actuarial and SIPP of the total defined-benefit plan assets are:

	Canadian Propane Distribution Pension Benefit Plans	Specialty Chemicals Pension Benefit Plans
	Range(i)(ii)	Range(i)(ii)
Canadian equities	–	25.0%-35.0%
Global equities	–	25.0%-35.0%
Fixed income	100%	35.0%-45.0%

(i) Based on Superior's SIPP.

(ii) Canadian Propane Distribution and Specialty Chemicals' SIPPs do not provide ranges for U.S. and foreign equities; instead, they provide in aggregate ranges classified as global equities.

16. 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 ask 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 FVTPL upon their initial recognition.

For items that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing their classification at the end of each reporting period. During the year ended December 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

				As at December 31, 2019
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Foreign currency forward contracts, net sale	**3.5**	**–**	**–**	**3.5**
Equity derivative contract	**–**	**0.9**	**–**	**0.9**
Propane, diesel, butane and heating oil wholesale purchase and sale contracts, net sale – Energy Distribution	**–**	**3.3**	**–**	**3.3**
Total assets	**3.5**	**4.2**	**–**	**7.7**
Liabilities				
Foreign currency forward contracts, net sale	**3.2**	**–**	**–**	**3.2**
Cross-currency interest rate exchange agreements	**5.8**	**–**	**–**	**5.8**
Propane, diesel, butane and heating oil wholesale purchase and sale contracts, net sale – Energy Distribution	**–**	**16.3**	**–**	**16.3**
Total liabilities	**9.0**	**16.3**	**–**	**25.3**
Total net liabilities	**(5.5)**	**(12.1)**	**–**	**(17.6)**
Current portion of assets	**2.1**	**3.3**	**–**	**5.4**
Current portion of liabilities	**7.8**	**15.9**	**–**	**23.7**

				As at December 31, 2018
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts	1.7	–	–	1.7
Natural gas financial swaps – AECO	–	1.5	–	1.5
Cross-currency interest rate exchange agreements	7.1	–	–	7.1
Propane, diesel, butane and heating oil wholesale purchase and sale contracts – Energy Distribution	–	8.9	–	8.9
Total assets	8.8	10.4	–	19.2
Liabilities				
Natural gas financial swaps – AECO	–	1.5	–	1.5
Foreign currency forward contracts	35.8	–	–	35.8
Equity derivative contract	–	4.3		4.3
Propane and butane wholesale purchase and sale contracts – Energy Distribution	–	22.0	–	22.0
WTI wholesale purchase and sale contracts – Energy Distribution	–	0.3	–	0.3
Total liabilities	35.8	28.1	–	63.9
Total net liabilities	(27.0)	(17.7)	–	(44.7)
Current portion of assets	8.5	9.7	–	18.2
Current portion of liabilities	20.8	25.1	–	45.9

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 Rates**	**Valuation Technique(s) and Key Input(s)**
Level 1 fair value hierarchy:				
Foreign currency forward contracts, net sale	US$287.1	2020–2023	$1.30	Quoted bid prices in the active market.
Cross-currency interest rate exchange agreements	US$170.0	2020	$1.30	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Equity derivative contracts	C$21.8	2020–2022	$12.06	Discounted cash flows – Future cash flows are estimated based on the share price.
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	135.47 USG [1]	2020–2022	$0.42 - $2.03	Quoted bid prices for similar products in an active market.

[1] Millions of United States gallons ("USG") purchased.

Superior's realized and unrealized financial instrument gains (losses) for the years ended December 31, 2019 and 2018 are as follows:

	2019			2018		
Description	**Realized Loss**	**Unrealized Gain (Loss)**	**Total**	Realized Loss	Unrealized Gain (Loss)	Total
Foreign currency forward contracts – net sale	**(11.2)**	**34.3**	**23.1**	(9.2)	(37.7)	(46.9)
Transfer of derivative losses from accumulated other comprehensive earnings	**–**	**(7.1)**	**(7.1)**	–	–	–
Foreign currency forward contracts related to the NGL financing	**–**	**–**	**–**	4.5	–	4.5
Cross-currency interest rate swaps	**–**	**(12.8)**	**(12.8)**	–	9.8	9.8
Equity derivative contracts	**–**	**5.1**	**5.1**	–	(3.4)	(3.4)
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	**(29.9)**	**0.4**	**(29.5)**	(0.9)	(27.8)	(28.7)
Total gains (losses) on financial and non-financial derivatives	**(41.1)**	**19.9**	**(21.2)**	(5.6)	(59.1)	(64.7)
Foreign currency translation of borrowings	**–**	**38.4**	**38.4**	–	(27.2)	(27.2)
Total gains (losses)	**(41.1)**	**58.3**	**17.2**	(5.6)	(86.3)	(91.9)

Realized and unrealized 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 consolidated statements of net earnings (loss) and total comprehensive earnings as a component of other income (loss).

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

	Classification	Measurement
Financial Assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative assets	FVTPL	Fair Value
Notes and finance lease receivable	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other liabilities	Amortized cost
Dividends payable	Other liabilities	Amortized cost
Borrowings	Other liabilities	Amortized cost
Derivative liabilities	FVTPL	Fair Value

The fair value of cash and cash equivalents, trade and other receivables, notes and finance lease receivable, trade and other payables, dividends payable and revolving term bank credit facilities correspond to the respective carrying amounts due to their short-term nature and/or the interest rate on the asset is commensurate with market interest rates for the type of asset with similar duration and credit risk. The fair value of senior unsecured notes disclosed in Note 14 are determined by quoted market prices (Level 1 fair value hierarchy).

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported on the consolidated balance sheets when Superior currently has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, Superior enters into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting, but do, however, still allow for the related amount to be set off in certain circumstances, such as bankruptcy or the termination of contracts. As at December 31, 2019 and 2018, Superior has not recorded any amount against other current and non-current financial liabilities.

Financial Instruments – Risk Management

Market Risk

Financial derivatives 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 according to the exposures these instruments mitigate. Superior's policy is not to use financial 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 financial derivatives and non-financial derivatives as held for trading.

At the time Superior Energy Management was divested, the Company entered into financial swaps to offset any financial swaps that could not be transferred to the buyer. As a result, the Canadian Propane Distribution segment has nominal exposure to any losses or gains related to the remaining natural gas financial swaps, which expire in 2020.

Energy Distribution enters into various propane forward purchase and sale agreements to manage the economic exposure of its wholesale customer supply contracts. Energy Distribution monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. 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. Energy Distribution contracts a portion of its fixed-price natural gas, and propane purchases and sales in U.S. dollars and enters into forward U.S.-dollar purchase contracts to create an effective Canadian-dollar fixed-price purchase cost. Superior enters into U.S.-dollar forward sales contracts on an ongoing basis to mitigate the impact of foreign exchange fluctuations on sales margins on production from its Canadian plants that is sold in U.S. dollars. Interest expense on Superior's U.S.-dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

Superior manages its overall liquidity risk in relation to its general funding requirements by utilizing a mix of short-term and long-term debt instruments. Superior reviews its mix of short-term and long-term debt instruments on an ongoing basis to ensure it is able to meet its liquidity requirements.

Credit Risk

Superior utilizes a variety of counterparties in relation to its financial derivative and non-financial derivative instruments in order to mitigate its counterparty risk. Superior assesses the creditworthiness 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. Energy Distribution actively monitors the creditworthiness of its commercial customers. 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 creditworthiness of its customers. Overall, Superior's credit quality is enhanced by its portfolio of customers, which is diversified across geographical (primarily Canada and the U.S.) and end-use (primarily commercial, residential and industrial) markets.

Allowances for doubtful accounts and past due receivables are reviewed by Superior as at each consolidated balance sheet date. Superior updates its estimate of the allowance for doubtful accounts based on the evaluation of the recoverability of trade and other receivables with each customer, taking into account historical collection trends of past due accounts and current economic conditions. Trade and other 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 affect liquidity.

Equity Price Risk
Equity price risk is the risk of volatility in earnings as a result of volatility in Superior's share price. Superior has equity price risk exposure to shares that it issues under various forms of share-based compensation programs, which affect earnings when outstanding units are revalued at the end of each reporting period. Superior uses equity derivatives to manage volatility derived from its share-based compensation program.

As at December 31, 2019, Superior estimates that a 10% increase in its share price would have resulted in a $2.3 million increase in earnings due to the revaluation of equity derivative contracts.

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

	2020	2021	2022	2023	2024	2025	2026 and thereafter	Total
Borrowings	10.1	5.8	5.8	4.3	871.0	370.0	454.7	1,721.
Lease liabilities	52.8	38.7	35.5	26.9	19.1	–	61.4	234.4
Non-cancellable, low-value, short-term leases and leases with variable lease payments	2.1	0.2	0.2	–	–	–	–	2.5
US$-foreign currency forward sales contracts	125.8	86.8	51.5	23.0	–	–	–	287.1
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts - Energy Distribution	112.3	6.8	1.3	–	–	–	–	120.4

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 flows from operations, proceeds on revolving term bank credit facilities and proceeds on the issuance of share capital. Superior's financial instruments' sensitivities are consistent as at December 31, 2019 and 2018.

Superior's financial instruments' sensitivities to changes in foreign currency exchange rates, interest rates and various commodity prices and the resulting impact to net earnings are detailed below:

	2019
Impact to net earnings of a $0.01 change in the CDN$ dollar compared to the US$ dollar	+/- **0.3**
Impact to net earnings of a 0.5% change in interest rates	+/- **2.3**
Impact to net earnings of a $0.04/litre change in the price of heating oil	+/- **0.7**
Impact to net earnings of a $0.04/litre change in the price of propane	+/- **6.9**

The calculation of Superior's sensitivity to changes in foreign currency exchange rates, interest rates and various commodity prices represent the change in fair value of the financial instrument without consideration of the value of the underlying variable, such as the underlying customer contracts.

The recognition of the sensitivities identified above would have affected Superior's unrealized gain or loss on financial instruments and would not have had a material impact on Superior's cash flow from operations.

17. 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 Canadian, U.S. income taxes, Chilean and Luxembourg income taxes.

The income taxes differ from the amount computed by applying the corporate Canadian federal-provincial enacted statutory rate for 2019 of 26.78% (2018 – 26.98%). The statutory rates reflect previously enacted provincial tax rate increases. The reasons for these differences are as follows:

	2019	2018
Net earnings (loss) for the year	**142.6**	(34.0)
Income tax expense (recovery)	**25.0**	(0.3)
Earnings (loss) before income taxes	**167.6**	(34.3)
Computed income tax expense	**44.9**	(9.9)
Changes in effective foreign tax rates	**(0.2)**	(0.1)
Changes in future income tax rates	**(0.7)**	0.1
Non-deductible costs and other	**(30.6)**	7.1
Adjustments in respect of prior years	**4.5**	1.9
Change in amount of unrecognized asset	**9.6**	(1.7)
Other	**(2.5)**	2.3
Income tax expense (recovery)	**25.0**	(0.3)

Income tax expense (recovery) for the years ended December 31, 2019 and 2018 is comprised of the following:

	2019	2018
Current income tax expense		
Current income tax charge	**9.9**	4.8
Adjustments in respect of prior years	**3.2**	(2.9)
Total current income tax expense	**13.1**	1.9
Deferred income tax expense (recovery)		
Relating to origination and reversal of temporary differences	**1.3**	(3.2)
Relating to changes in tax rates or the imposition of new taxes	**(0.7)**	0.1
Adjustments in respect of prior years	**1.3**	4.8
Change in amount of unrecognized asset	**9.6**	(1.7)
Other	**0.4**	(2.2)
Total deferred income tax expense (recovery)	**11.9**	(2.2)
Income tax expense (recovery)	**25.0**	(0.3)

Deferred tax for the years ended December 31, 2019 and 2018 is comprised of the following:

December 31, 2019	**Opening Balance[i]**	**(Credited) Charged to Net Earnings (Loss) (Continuing)**	**(Credited) Charged to Other Comprehensive Earnings (Loss)**	**Acquisitions**	**Exchange Differences**	**Closing Balance**
Provisions	**26.2**	**4.1**	**–**	**–**	**(0.7)**	**29.6**
Lease liabilities	**17.2**	**45.5**	**–**	**–**	**(1.3)**	**61.4**
Borrowing	**(7.3)**	**–**	**–**	**–**	**–**	**(7.3)**
Financing fees	**11.5**	**(4.7)**	**–**	**–**	**–**	**6.8**
Investment tax credits, net of tax	**64.2**	**(2.6)**	**–**	**–**	**–**	**61.6**
Non-capital losses	**141.3**	**(75.0)**	**–**	**–**	**(3.4)**	**62.9**
Property, plant and equipment	**(319.0)**	**31.9**	**–**	**–**	**7.1**	**(280.0)**
Reserves and employee benefits	**16.1**	**3.4**	**(0.4)**	**–**	**(0.4)**	**18.7**
Scientific research and development	**61.3**	**(6.5)**	**–**	**–**	**–**	**54.8**
Unrealized foreign exchange (losses)	**12.2**	**(7.6)**	**–**	**–**	**–**	**4.6**
Other	**–**	**(0.4)**	**–**	**–**	**–**	**(0.4)**
Total	**23.7**	**(11.9)**	**(0.4)**	**–**	**1.3**	**12.7**

[i] *Restated (see Note 2 (b))*

December 31, 2018	Opening Balance	(Credited) Charged to Net Earnings (Loss) (Continuing)	(Credited) Charged to Other Comprehensive Earnings (Loss)	Acquisitions	Exchange Differences	Closing Balance[i]
Provisions	18.0	7.0	–	–	1.2	26.2
Lease liabilities	17.7	(1.0)	–	–	0.5	17.2
Borrowing	0.6	(8.0)	–	–	0.1	(7.3)
Financing fees	2.1	4.4	5.0	–	–	11.5
Investment tax credits, net of tax	64.4	(0.2)	–	–	–	64.2
Non-capital losses	38.6	85.2	–	–	17.5	141.3
Property, plant and equipment	(208.0)	(81.7)	–	(7.1)	(22.2)	(319.0)
Reserves and employee benefits	17.4	(4.3)	2.4	–	0.6	16.1
Scientific research and development	76.1	(14.8)	–	–	–	61.3
Unrealized foreign exchange (losses)	(3.5)	15.3	–	–	0.4	12.2
Other	(0.4)	0.2	–	–	0.2	–
Total	23.0	2.1	7.4	(7.1)	(1.7)	23.7

[i] *Restated (see Note 2 (b))*

Deferred taxes reported in the two preceding tables are presented on a functional basis while deferred taxes reported on the consolidated balance sheets are on a legal-entity basis.

The net deferred income tax asset relates to the following tax jurisdictions as at December 31, 2019 and 2018:

	2019	2018(i)
Canada	**39.5**	47.9
U.S.	**(20.1)**	(16.9)
Chile	**(6.7)**	(7.3)
Total net deferred income tax asset	**12.7**	23.7

(i) *Restated (see Note 2 (b))*

Superior has available to carry forward the following as at December 31, 2019 and 2018:

	2019	2018
Canadian non-capital losses	**24.4**	8.0
Canadian scientific research expenditures	**214.0**	227.5
Canadian capital losses	**–**	2.5
U.S. non-capital losses	**212.0**	515.3
Canadian federal and provincial investment tax credits	**84.2**	88.2

The Canadian scientific research expenditures and the Canadian capital losses may be carried forward indefinitely.

Non-capital loss carry forwards available for future years

As at December 31, 2019, Superior had non-capital loss carry-forwards available to reduce future years' taxable income for Canada of $24.4 million and U.S. of $212.0 million, all due to expire beyond 2022.

Management believes there will be sufficient taxable profits in the future to offset these losses.

Canadian federal and provincial investment tax credits available for future years

As at December 31, 2019, Superior had Canadian federal and provincial investment tax credits available to reduce future years' taxable income, which expire as follows:

	Canada
2020	**–**
2021	**15.2**
2022	**8.7**
2023	**14.8**
Thereafter	**45.5**
Total	**84.2**

As at December 31, 2019 and 2018, Superior had the following balances in respect of which no deferred tax asset was recognized:

	2019	2018
U.S. interest deduction - 163(j)	**35.8**	8.2
Canadian capital losses	**–**	2.5
Total unrecognized deferred tax assets	**35.8**	10.7

Deferred tax assets have not been recognized for the above temporary differences as it is not probable that the respective entities to which they relate will generate sufficient future taxable income against which to utilize the temporary differences.

In Chile, the local tax laws provide that any profits distributed outside of Chile be subject to a 35% tax.

18. 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.

	Issued Number of Common Shares (Millions)	**Share Capital**	**Total Equity**
As at January 1, 2018	142.8	1,953.5	776.0
Issuance of common shares	32.1	386.4	386.4
Net loss for the year	–	–	(34.0)
Other comprehensive earnings	–	–	82.5
Dividends and dividend equivalent declared to shareholders	–	–	(114.4)
Change in accounting policy as a result of the adoption of IFRS 15	–	–	(7.6)
As at December 31, 2018	174.9	2,339.9	1,088.9
Net earnings for the year	**–**	**–**	**142.6**
Other comprehensive loss	**–**	**–**	**(66.6)**
Dividends and dividend equivalent declared to shareholders	**–**	**–**	**(125.9)**
As at December 31, 2019	**174.9**	**2,339.9**	**1,039.0**

Issuance of common shares

On June 8, 2018, Superior completed a public offering of 32 million subscription receipts at a price of $12.50 per subscription receipt, raising gross proceeds of $400 million. On July 13, 2018, after completion of the NGL acquisition, the Company exchanged the issued and outstanding subscription receipts into 32 million Common Shares of the Company along with a cash payment of $0.06 per subscription receipt less withholding tax which is equal to the aggregate amount of dividends per share paid since the issuance of the subscription receipts.

On September 27, 2018, Superior entered into an at-the-market equity distribution agreement to enable the sale of common shares from treasury having aggregate gross proceeds of up to $100 million at prevailing trading prices. Superior intended to use the net proceeds to fund tuck-in acquisitions and repay indebtedness under Superior's credit facilities. During the fourth quarter of 2018, Superior issued 29,300 common shares at an average price of $12.76 per share for net proceeds of $0.4 million through this program. Superior incurred a 2% commission issuing shares through this program. This agreement expired on December 9, 2018 and was not subsequently renewed. Total gross proceeds during the year was $400 million less share issue costs of $19.0 million and net of a future tax recovery of $5.0 million.

Accumulated Other Comprehensive Earnings

	2019	2018
Accumulated other comprehensive earnings		
Currency translation adjustment		
Balance, beginning of the year	**180.5**	98.9
Unrealized foreign currency gains (losses) on translation of foreign operations	**(74.9)**	81.6
Balance, end of the year	**105.6**	180.5
Actuarial defined benefits		
Balance, beginning of the year	**(1.5)**	(2.4)
Actuarial defined-benefit gains	**1.6**	1.2
Income tax expense on other comprehensive earnings (loss)	**(0.4)**	(0.3)
Balance, end of the year	**(0.3)**	(1.5)
Accumulated derivative losses		
Balance, beginning of the year	**(7.1)**	(7.1)
Transfer of derivative losses from accumulated other comprehensive earnings	**7.1**	–
Balance, end of the year	**–**	(7.1)
Accumulated other comprehensive earnings, end of the year	**105.3**	171.9

Other Capital Disclosure

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

Superior is subject to various financial covenants in its credit facility agreements, including senior debt, total debt to EBITDA ratio and restricted payments tests, which are measured on a quarterly basis. As at December 31, 2019, Superior was in compliance with all of its financial covenants.

Superior's financial objectives and strategy related to managing its capital as described above remained unchanged from the prior 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.

19. SUPPLEMENTAL DISCLOSURE OF CONSOLIDATED STATEMENTS OF NET EARNINGS (LOSS) AND TOTAL COMPREHENSIVE EARNINGS

	Years Ended December 31 2019	2018[i]
Revenue		
Revenue from products	**2,704.2**	2,614.1
Revenue from the rendering of services	**101.4**	81.8
Tank and equipment rental	**47.3**	41.8
	2,852.9	2,737.7
Cost of sales (includes products and services)		
Cost of products and services	**(1,595.0)**	(1,735.9)
Depreciation included in cost of sales	**(44.9)**	(53.6)
	(1,639.9)	(1,789.5)
Selling, distribution and administrative costs		
Other selling, distribution and administrative costs	**(246.9)**	(253.5)
Restructuring, transaction and other costs	**(29.9)**	(39.5)
Employee future benefit expense	**(2.1)**	(2.5)
Employee costs	**(364.2)**	(296.4)
Vehicle operating costs	**(68.1)**	(60.8)
Facilities maintenance expense	**(6.3)**	(6.2)
Depreciation of right-of-use assets	**(35.7)**	–
Depreciation included in selling, distribution and administrative costs	**(108.5)**	(98.3)
Amortization of intangible assets	**(63.5)**	(47.2)
Low value, short-term and variable lease payments	**(2.5)**	–
Gain on disposal of assets	**1.5**	2.2
Impairment of Specialty Chemicals equipment	**(19.9)**	–
Realized loss on long-term incentive program (LTIP)	**–**	(0.1)
Realized gain (loss) on the translation of U.S.-denominated net working capital	**(2.2)**	2.0
	(948.3)	(800.3)
Finance expense		
Interest on borrowings	**(91.9)**	(67.4)
Interest on lease liability	**(13.3)**	(2.7)
Premium paid on redemption of 6.5% debenture	**–**	(9.8)
Unwinding of discount on decommissioning liabilities and non-cash financing expenses	**(9.1)**	(10.4)
	(114.3)	(90.3)
Other income (loss)		
Realized loss on financial and non-financial derivatives and foreign currency translation	**(41.1)**	(5.6)
Unrealized gain (loss) on financial and non-financial derivatives and foreign currency	**58.3**	(86.3)
	17.2	(91.9)
Earnings (loss) before income taxes	**167.6**	(34.3)
Income tax recovery (expense)		
Current income tax expense	**(13.1)**	(1.9)
Deferred income tax recovery (expense)	**(11.9)**	2.2
	(25.0)	0.3
Net earnings (loss) for the year	**142.6**	(34.0)

(i) *Restated the prior period to be comparable with the current year's presentation.*

20. NET EARNINGS (LOSS) PER SHARE, BASIC AND DILUTED

	2019	2018
Net earnings (loss) for the year	**$142.6**	$(34.0)
Weighted average shares outstanding (millions)	**174.9**	158.1
Net earnings (loss) per share, basic and diluted	**$0.82**	$(0.22)

21. DISAGGREGATION OF REVENUE

Revenue is disaggregated by primary geographical market, type of customer and major product and services lines.

For the Year Ended December 31, 2019				**Propane Distribution**
	Canada	**U.S.**	**Other**	**Total**
Revenue from sale of products	**777.8**	**1,249.9**	**–**	**2,027.7**
Revenue from services	**46.3**	**50.3**	**–**	**96.6**
Tank and equipment rental	**31.9**	**15.4**	**–**	**47.3**
Total revenue	**856.0**	**1,315.6**	**–**	**2,171.6**

				Specialty Chemicals
	Canada	**U.S.**	**Other**	**Total**
Revenue from sale of chemicals	**158.6**	**411.6**	**106.3**	**676.5**
Revenue from services	**2.5**	**2.2**	**0.1**	**4.8**
Total revenue	**161.1**	**413.8**	**106.4**	**681.3**

For the Year Ended December 31, 2018				Propane Distribution
	Canada	U.S.	Other	Total
Revenue from sale of products	893.1	1,047.1	–	1,940.2
Revenue from services	46.9	32.3	–	79.2
Tank and equipment rental	35.3	6.5	–	41.8
Total revenue	975.3	1,085.9	–	2,061.2

				Specialty Chemicals
	Canada	U.S.	Other	Total
Revenue from sale of chemicals	156.1	419.4	98.4	673.9
Revenue from services	0.7	1.8	0.1	2.6
Total revenue	156.8	421.2	98.5	676.5

22. SHARE-BASED COMPENSATION

Restricted and Performance Shares

Under Superior's long-term incentive program, restricted shares ("RSs"), performance shares ("PSs") and/or director shares ("DSs") can be granted to directors, senior officers and employees of Superior. All three types of shares entitle the holder to receive cash compensation in relation to the value of a specified number of underlying notional shares. RSs vest evenly over three years from the grant date, except for RSs issued to directors which vest three years from the grant date. Payments are made on the anniversaries of the RSs to the holders entitled to receive them on the basis of a cash payment equal to the value of the underlying notional shares. PSs vest three years from the grant date and their notional value depends on Superior's performance as compared to established benchmarks. DSs vest immediately on the grant date and payments are made to directors once they resign or retire based on the number of notional shares outstanding and the value of the shares on that date. Employee compensation expense for these plans is charged against net earnings or loss over the vesting period of the RSs, PSs, and DSs. The amount payable by Superior in respect of RSs, PSs and DSs changes as a result of dividends and share price movements. The fair value of all the RSs, PSs and DSs is equal to Superior's common share market price and the divisional notional share price if related to a divisional plan. In the event of an employee termination, any unvested shares are forfeited on that date.

For the year ended December 31, 2019, total compensation expense related to RSs, PSs and DSs was $11.8 million (2018 – $5.6 million). Exercises during the year ended December 31, 2019 under the long-term incentive plan were completed at a weighted average price of $11.69 per share (2018 – $11.97 per share) for RSs, and $10.26 per share (2018 – $13.06 per share) for PSs. For the year ended December 31, 2019, the total carrying amount of the liability related to RSs, PSs and DSs was $19.1 million (2018 – $16.0 million).

The movement in the number of shares under the long-term incentive program was as follows:

				2019				2018
	RSs	**PSs**	**DSs**	**Total**	RSs	PSs	DSs	Total
Opening number of shares	**623,352**	**917,625**	**487,254**	**2,028,231**	577,826	980,935	444,646	2,003,407
Granted	**362,783**	**362,783**	**14,253**	**739,819**	311,878	311,878	68,983	692,739
Performance factor adjustment and other	**–**	**184,707**	**–**	**184,707**	–	31,262	–	31,262
Dividends reinvested	**43,724**	**66,499**	**27,521**	**137,744**	41,108	67,768	27,024	135,900
Forfeited	**(860)**	**(12,361)**	**(58,718)**	**(71,939)**	(39,992)	(296,123)	(53,399)	(389,514)
Exercised	**(304,785)**	**(452,344)**	**–**	**(757,129)**	(267,468)	(178,095)	–	(445,563)
Ending number of shares	**724,214**	**1,066,909**	**470,310**	**2,261,433**	623,352	917,625	487,254	2,028,231

Superior entered into equity derivative contracts in order to manage the volatility and costs associated with its share-based compensation plans. As at December 31, 2019, Superior had outstanding notional values of $21.8 million (2018 – $20.4 million) of equity derivative contracts at an average share price of $12.06 (2018 – $12.65). See Note 16 for further details.

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

	2019	2018
Changes in non-cash operating working capital and other		
Trade and other receivables, prepaids and deposits	**26.0**	(24.7)
Inventories	**49.3**	(9.5)
Trade and other payables and other liabilities	**(31.6)**	9.2
	43.7	(25.0)

	2019	2018
Changes in liabilities arising from financing activities		
Balance as at January 1	**1,853.8**	1,052.8
Net proceeds (repayment) of revolving term bank credits and other debt	**(63.4)**	738.9
Non-cash finance expense	**5.8**	6.7
Deferred acquisition payments	**(0.2)**	12.9
Lease additions including adoption of IFRS 16, net of repayments	**178.0**	16.0
Debt issue costs	**(0.6)**	(17.9)
Other, including foreign exchange	**(44.6)**	44.4
Balance as at December 31	**1,928.8**	1,853.8

24. RELATED-PARTY TRANSACTIONS AND AGREEMENTS

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

Remuneration of directors and other key management personnel

The key management personnel of Superior are comprised of executives of Superior and presidents of Superior's business segments.

The remuneration paid to directors and other members of key management personnel over the past two years is as follows:

	2019	2018
Short-term employee benefits[(i)]	**7.9**	7.2
Other long-term employee benefits	**0.1**	0.2
Share-based payments	**4.6**	4.2
	12.6	11.6

[(i)] *Short-term employee benefits paid to directors and other members of key management personnel include salaries and bonuses.*

25. GROUP ENTITIES

Significant Subsidiaries	Country of Organization	Ownership Interest (Direct and Indirect)
SP Reinsurance Company Limited	Bermuda	100%
Superior Plus LP	Canada	100%
Superior Gas Liquids Partnership	Canada	100%
Superior International Inc.	Canada	100%
Superior General Partner Inc.	Canada	100%
Superior Plus Canada Financing Inc.	Canada	100%
Stittco Utilities NWT Ltd.	Canada	100%
Stittco Utilities Man Ltd.	Canada	100%
Cal-Gas Inc.	Canada	100%
Commercial E Industrial ERCO (Chile) Limitada	Chile	100%
Superior Luxembourg Sàrl	Luxembourg	100%
Superior Plus US Holdings Inc.	U.S.	100%
Superior Plus US Financing Inc.	U.S.	100%
ERCO Worldwide Inc.	U.S.	100%
ERCO Worldwide (USA) Inc.	U.S.	100%
International Dioxcide Inc.	U.S.	100%
Superior Plus Energy Services Inc.	U.S.	100%
Superior Plus US Capital Corp.	U.S.	100%
NGL Propane, LLC	U.S.	100%
Osterman Propane, LLC	U.S.	100%
Sheldon Gas Company	U.S.	100%
Sheldon Oil Company	U.S.	100%
Sheldon United Terminals, LLC	U.S.	100%
United Liquid Gas Company, Inc.	U.S.	100%

26. REPORTABLE SEGMENT INFORMATION

Superior operates three operating segments: Canadian Propane Distribution, U.S. Propane Distribution and Specialty Chemicals. The Canadian Propane Distribution segment includes the Canadian retail business and wholesale business with offices located in Canada and California. The U.S. Propane Distribution segment distributes propane gas and liquid fuels along the Eastern U.S., and into the Midwest and California.

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

Superior's Chief Operating Decision Maker, the President, reviews the operating results, assesses performance, and makes capital allocation decisions with respect to the Canadian Propane Distribution, U.S. Propane 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*.

2019	**Canadian Propane Distribution**	**U.S. Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Revenue	**1,147.5**	**1,024.1**	**681.3**	**–**	**2,852.9**
Cost of sales (includes products and services)	**(680.4)**	**(514.7)**	**(444.8)**	**–**	**(1,639.9)**
Gross profit	**467.1**	**509.4**	**236.5**	**–**	**1,213.0**
Expenses					
Depreciation included in selling, distribution and administrative costs	**(40.0)**	**(60.5)**	**(7.9)**	**(0.1)**	**(108.5)**
Depreciation of right-of-use assets	**(9.1)**	**(4.9)**	**(21.4)**	**(0.3)**	**(35.7)**
Amortization of intangible assets included in selling, distribution and administrative costs	**(22.8)**	**(39.6)**	**(1.1)**	**–**	**(63.5)**
Selling, distribution and administrative costs	**(243.9)**	**(308.9)**	**(153.0)**	**(34.8)**	**(740.6)**
Finance expense	**(4.4)**	**(4.4)**	**(8.1)**	**(97.4)**	**(114.3)**
Other income (loss)	**(16.7)**	**(11.7)**	**2.9**	**42.7**	**17.2**
	(336.9)	**(430.0)**	**(188.6)**	**(89.9)**	**(1,045.4)**
Earnings (loss) before income taxes	**130.2**	**79.4**	**47.9**	**(89.9)**	**167.6**
Income tax expense	**–**	**–**	**–**	**(25.0)**	**(25.0)**
Net earnings (loss) for the year	**130.2**	**79.4**	**47.9**	**(114.9)**	**142.6**

2018[(i)]	Canadian Propane Distribution	U.S. Propane Distribution	Specialty Chemicals	Corporate	Total
Revenue	1,135.9	925.3	676.5	–	2,737.7
Cost of sales (includes products and services)	(729.5)	(615.5)	(444.5)	–	(1,789.5)
Gross profit	406.4	309.8	232.0	–	948.2
Expenses					
Depreciation included in selling, distribution and administrative costs	(59.0)	(39.1)	–	(0.2)	(98.3)
Amortization of intangible assets included in selling, distribution and administrative costs	(27.1)	(19.0)	(1.1)	–	(47.2)
Selling, distribution and administrative costs	(255.8)	(208.7)	(148.2)	(42.1)	(654.8)
Finance expense	(2.2)	(2.5)	(2.3)	(83.3)	(90.3)
Other income (loss)	(16.6)	(12.8)	–	(62.5)	(91.9)
	(360.7)	(282.1)	(151.6)	(188.1)	(982.5)
Earnings (loss) before income taxes	45.7	27.7	80.4	(188.1)	(34.3)
Income tax recovery	–	–	–	0.3	0.3
Net earnings (loss) for the year	45.7	27.7	80.4	(187.8)	(34.0)

(i) *Restated the prior year to be comparable with the current year's presentation (see Note 2 (b)).*

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

	Canadian Propane Distribution	U.S. Propane Distribution	Specialty Chemicals	Corporate	Total
As at December 31, 2019					
Net working capital(i)	**42.0**	**(0.4)**	**56.9**	**(48.6)**	**49.9**
Total assets	**1,167.7**	**1,600.2**	**797.8**	**72.3**	**3,638.0**
Total liabilities	**295.1**	**268.8**	**338.8**	**1,696.3**	**2,599.0**
As at December 31, 2018					
Net working capital(i)	76.9	16.3	49.4	(45.3)	97.3
Total assets(ii)	1,227.2	1,690.4	710.5	25.9	3,654.0
Total liabilities(ii)	254.7	356.5	223.1	1,730.8	2,565.1
For the year ended December 31, 2019					
Purchase of property, plant and equipment and intangible assets	**50.3**	**44.4**	**41.2**	**–**	**135.9**
For the year ended December 31, 2018					
Purchase of property, plant and equipment and intangible assets	52.1	25.5	28.2	–	105.8

(i) *Net working capital is composed of trade and other receivables, prepaids and deposits and inventories, less trade and other payables, contract liabilities and dividends and interest payable.*

(ii) *Restated as a result of finalizing the NGL and UPE purchase price allocations, see Note 3.*

27. GEOGRAPHICAL INFORMATION

	Canada	U.S.	Other	Total Consolidated
Revenue for the year ended December 31, 2019	**1,017.1**	**1,729.4**	**106.4**	**2,852.9**
Property, plant and equipment as at December 31, 2019	**596.9**	**696.0**	**38.8**	**1,331.7**
Right-of-use assets as at December 31, 2019	**146.0**	**97.1**	**0.8**	**243.9**
Intangible assets as at December 31, 2019	**152.3**	**236.5**	**–**	**388.8**
Goodwill as at December 31, 2019	**325.8**	**755.1**	**–**	**1,080.9**
Total assets as at December 31, 2019	**1,562.3**	**2,021.5**	**54.2**	**3,638.0**
Revenue for the year ended December 31, 2018(i)	1,132.1	1,507.0	98.6	2,737.7
Property, plant and equipment as at December 31, 2018(ii)	636.9	755.2	49.7	1,441.8
Intangible assets as at December 31, 2018(ii)	156.6	273.6	–	430.2
Goodwill as at December 31, 2018(ii)	325.8	768.4	–	1,094.2
Total assets as at December 31, 2018(ii)	1,494.5	2,108.7	50.8	3,654.0

(i) *Restated the prior year to be comparable with the current year's presentation.*

(ii) *Restated as a result of finalizing the NGL and UPE purchase price allocations, see Note 3.*

28. SUBSEQUENT EVENTS

On January 9, 2020, Superior acquired a Southern California retail propane distribution company, operating under the tradename, Western Propane Service (“Western”) for total consideration of US$21.8 million (C$28.5 million). The acquisition was funded by drawing on Superior’s credit facility and deferring US$4.0 million (C$5.2 million) in payments over the next five years. Founded in 1988, Western is an established independent retail propane distributor serving approximately 6,000 retail and commercial customers in Southern California.

On January 28, 2020, Superior announced that it will restart the Dividend Reinvestment and Optional Share Purchase Plan (“DRIP”) commencing with the anticipated February dividend, which would be payable on or about March 13, 2020.