



**Superior Plus**



# 2020 Third Quarter Results

November 12, 2020

**Superior Plus Corp.**

TSX: SPB

# Forward-Looking Statements and Information

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

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, the duration and anticipated impact of the COVID-19 pandemic and the expected economic recession, estimates of the impact COVID-19 may have on our operations, the markets for our products and our financial results, expected Total Debt to Adjusted EBITDA ratio, anticipated impact from the weaker Canadian dollar, business strategy and objectives, development plans and programs, organic growth, weather, economic activity in Western Canada, product pricing and sourcing, sodium chlorate volumes and pricing, caustic soda and hydrochloric acid markets, caustic potash customer mix, volumes and pricing, wholesale propane market fundamentals, electricity costs, exchange rates, expected synergies from acquisitions, improvements and the timing associated in North American chlor-alkali markets, expected seasonality of demand, and future economic conditions.

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, the anticipated impact of the COVID-19 pandemic and the expected economic recession, 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.

# Q3 Highlights & Recent Developments



## Corporate Development

**Brookfield**

**Rymes**  
PROPANE & OIL

**CHAMPAGNE'S**  
**ENERGY** inc.



## Synergies and Workforce Optimization

- U.S. Propane realized approximately US \$2.7 million in incremental NGL synergies and cost optimization initiatives in Q3 2020
- Superior still expects to achieve US \$24 million of run-rate synergies related to the NGL Propane acquisition exiting 2020
- Superior has focused on workforce optimization and cost savings in 2020 resulting in reductions in operating expenses across all business segments.



## Strong Financial Position

- 2020 leverage guidance range reduced to long term target range of 3.0x to 3.5x
- Trailing twelve months (TTM) Dividend Payout Ratio of 46%
- No significant maturities until 2024
- In October, Superior acquired Central Coast Propane and Petro Home Services for total consideration of CDN \$16.8 million and CDN \$8.1 million, respectively.

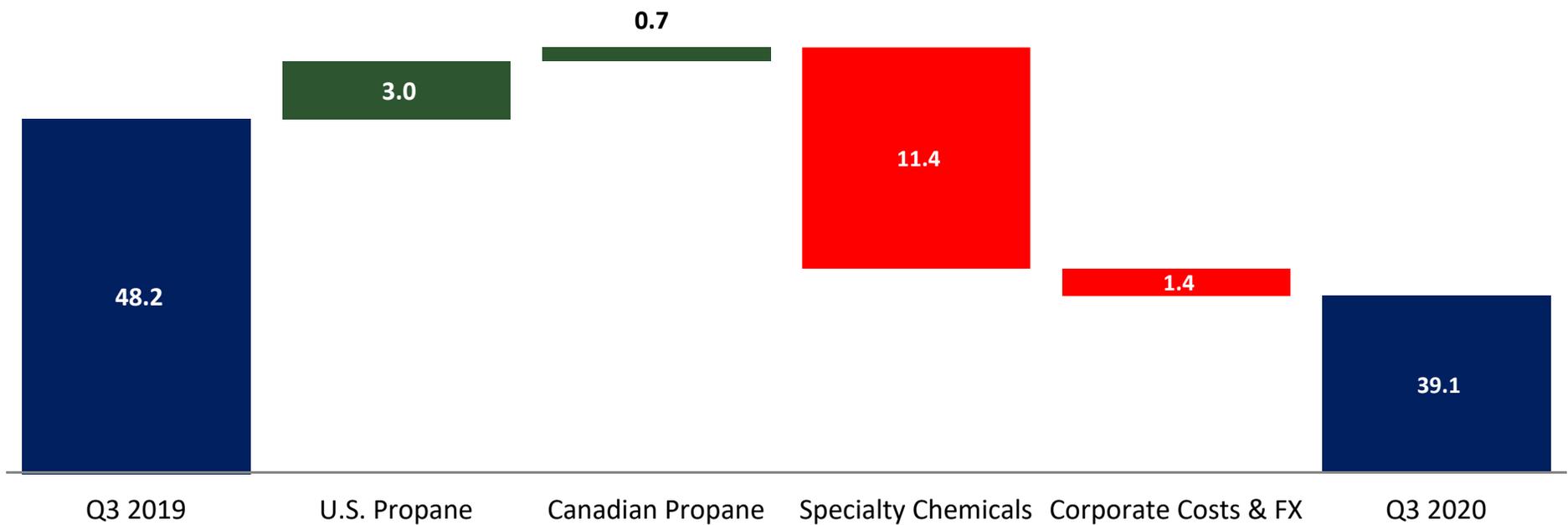
## Q3 2020 and 2019 Results

	Q3 2020	Q3 2019
Adjusted EBITDA <sup>(1)</sup>	\$39 million	\$48 million
AOCF before transaction and other costs <sup>(1)</sup>	\$13 million	\$19 million
AOCF per share <sup>(1)</sup>	\$0.06	\$0.11

(1) Per 2020 Third Quarter MD&A ("MD&A"). See "Non-GAAP Financial Measures".

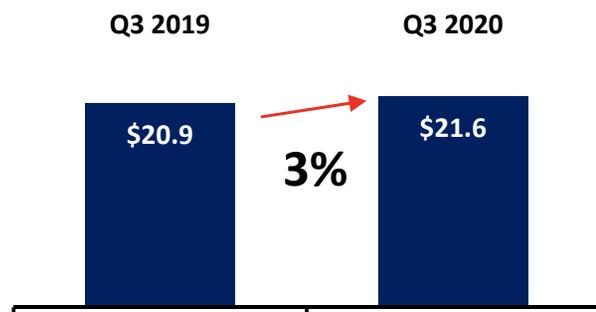
# Q3 2020 vs. Q3 2019 – Adjusted EBITDA Bridge

## Adjusted EBITDA (\$ millions)



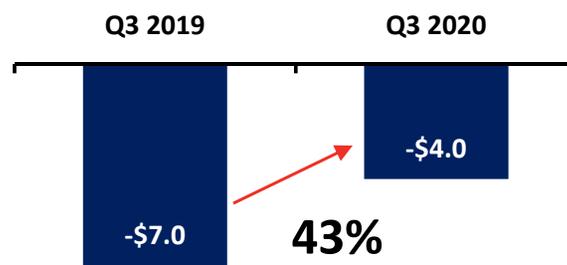
# Q3 2020 Financial & Operational Performance

## Third Quarter 2020 Results (millions)<sup>(1)</sup>



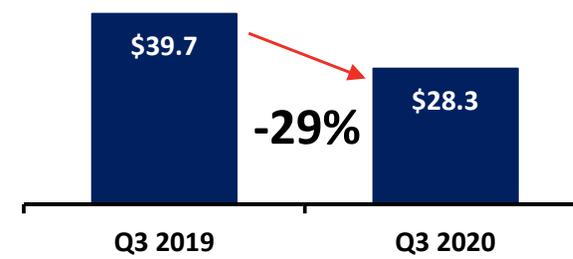
### Canadian Propane

- EBITDA from Operations increased by \$0.7 million compared to the prior year quarter
- Impact of the CEWS recorded in the current period
- Partially offset by weaker propane market differentials, the impact of lower sales volumes related to the impact of COVID-19 and reduced oilfield drilling activity in Western Canada



### U.S. Propane

- EBITDA from Operations increased by \$3.0 million compared to the prior year quarter
- Cost reduction, effective margin management in a lower wholesale price environment, and incremental synergies and impact of acquisitions.
- Partially offset by lower commercial sales volumes due to a decrease in commercial distillate sales and decreased demand related to the impact of COVID-19



### Specialty Chemicals

- EBITDA from Operations decreased by \$11.4 million compared to the prior year quarter
- Decrease due to lower chlor-alkali sales prices and volumes and lower sodium chlorate sales volumes, partially offset by higher sodium chlorate sales prices, lower electricity mill rates and lower employee related operating expenses

(1) EBITDA from Operations based on Q3 2020 quarterly report. See "Non-GAAP Financial Measures".

## 2020 Adjusted EBITDA Guidance and Leverage

Guidance	2020	2020 - Previous
Adjusted EBITDA Guidance <sup>(1)(2)</sup>	\$475MM - \$515MM	\$475MM - \$515MM
Total Debt to Adjusted EBITDA Leverage Ratio <sup>(1)(2)</sup>	3.0X – 3.5X	3.0X – 3.5X

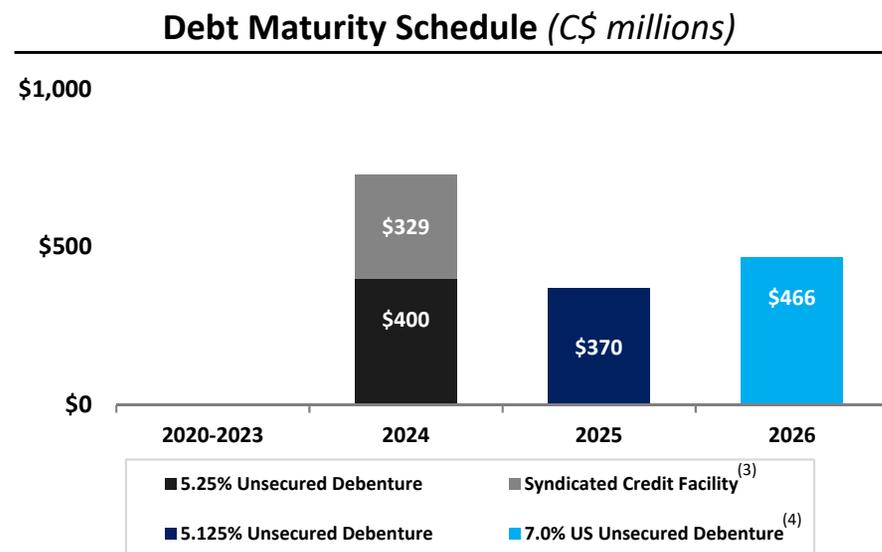
### Potential Impacts to Adjusted EBITDA Guidance<sup>(1)(2)</sup>

Potential Scenario	Directional Impact on Adjusted EBITDA <sup>(1)(2)</sup>
Warmer than normal weather in remainder of 2020	
Colder than normal weather in remainder of 2020	
Weaker caustic soda pricing in 2020	
Weaker HCl volumes and pricing in 2020	
Wholesale propane market fundamentals consistent with 2019	
Reduced oil and gas activity in Western Canada in 2020	
Increased oil and gas activity in Western Canada in 2020	
COVID-19 shutdown lasts for an extended period	
Faster than expected economic recovery	
Tuck-in acquisitions	

# Debt Maturity Profile and Credit Ratings

**Superior has a long-dated maturity profile with no material maturities until 2024**

- Payout Ratio of 40 – 60%<sup>(1)</sup>
  - TTM payout ratio was 46% as at September 30, 2020
- \$750 million credit facility matures in 2024 and can be expanded up to \$1,050 million
  - \$329 million was drawn on the credit facility as at September 30, 2020<sup>(2)</sup>



## Credit Rating Summary

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

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

(2) The \$329 million drawn on the credit facility excludes \$39.8 million in letters of credit.

(3) Syndicated credit facility drawn as at September 30, 2020.

(4) 7% \$350 million US high yield debenture is converted to \$CAD at the USD/CAD exchange rate of 1.3319.



**Superior Plus**



# Q&A

**Superior Plus Corp.**

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# Non-GAAP Financial Measures

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

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

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

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

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

## **Adjusted EBITDA**

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

## **EBITDA from operations**

EBITDA from operations is defined as adjusted EBITDA excluding gains/(losses) on foreign currency hedging contracts, corporate costs and transaction and other costs. For purposes of this presentation, foreign currency hedging contract gains and losses are excluded from the results of the operating segments. EBITDA from Operations is used by Superior and investors to assess the results of its operating segments. Please see the "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs" section of Superior's Annual MD&A.

## **Total Debt to Adjusted EBITDA Leverage Ratio and Pro Forma Adjusted EBITDA**

Adjusted EBITDA for the Total Debt to Adjusted EBITDA leverage ratio 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 ("Pro Forma Adjusted EBITDA"). Pro Forma Adjusted EBITDA is used by Superior to calculate its Total Debt to Adjusted EBITDA leverage ratio.

To calculate the Total Debt to Adjusted EBITDA leverage ratio divide the sum of borrowings before deferred financing fees and lease liabilities by Pro Forma Adjusted EBITDA. Total Debt to Adjusted EBITDA leverage ratio is used by Superior and investors to assess its ability to service debt.

## **Payout Ratio**

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

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