



# Investor Update

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May 2021



# Forward-Looking Statements and Information

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 Plus Corp. (“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 impact, estimates of the impact COVID-19 may have on our operations, the markets for our products and our financial results, anticipated impact from the stronger Canadian dollar, business strategy and objectives, development plans and programs, organic growth, weather, economic activity in Western Canada, product pricing and sourcing, wholesale propane market fundamentals, exchange rates, 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 First Quarter MD&A (the “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.

# Superior Plus Business Overview

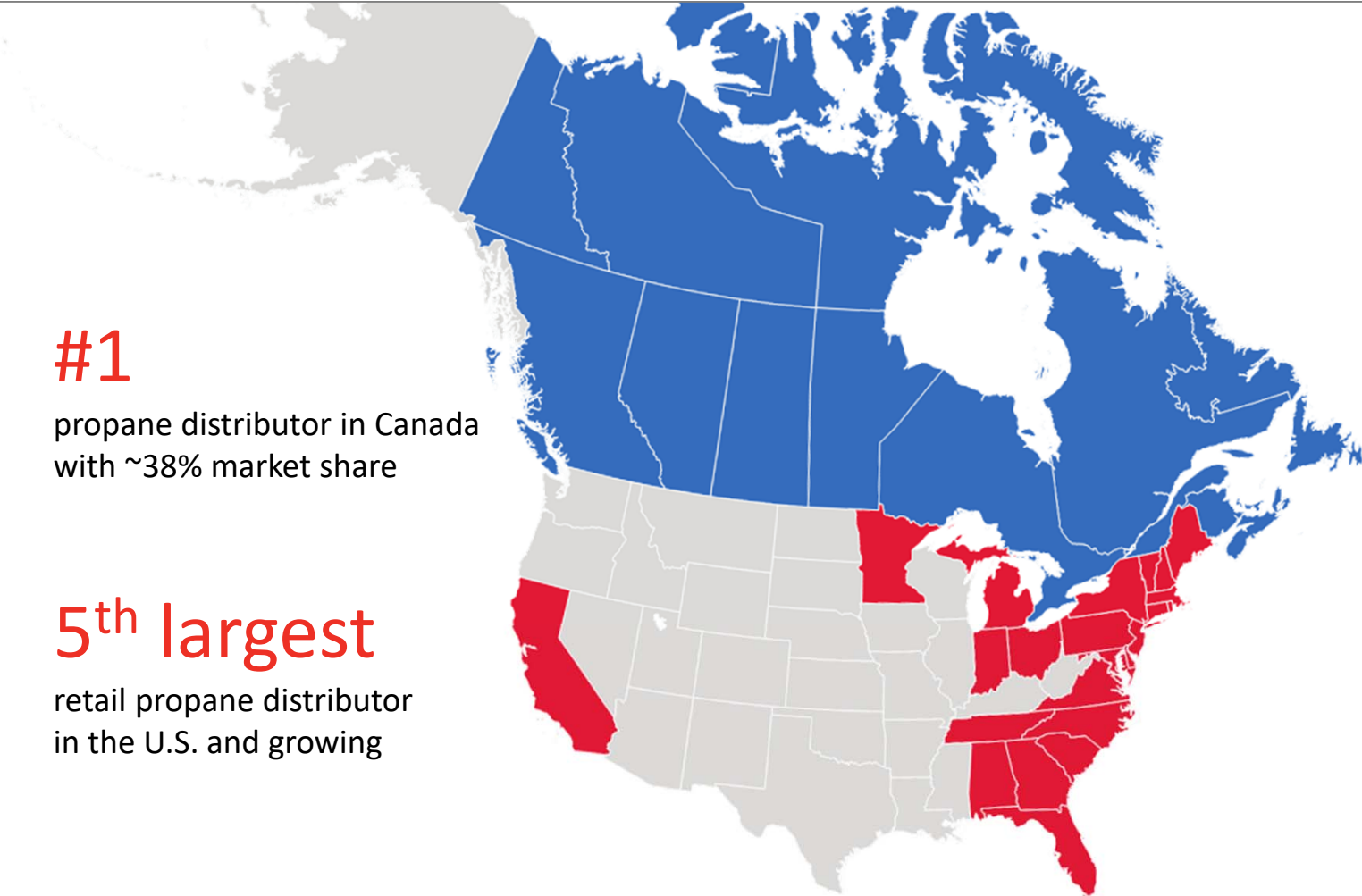
Superior is an industry-leading North American retail propane distribution company

#1

propane distributor in Canada with ~38% market share

5<sup>th</sup> largest

retail propane distributor in the U.S. and growing



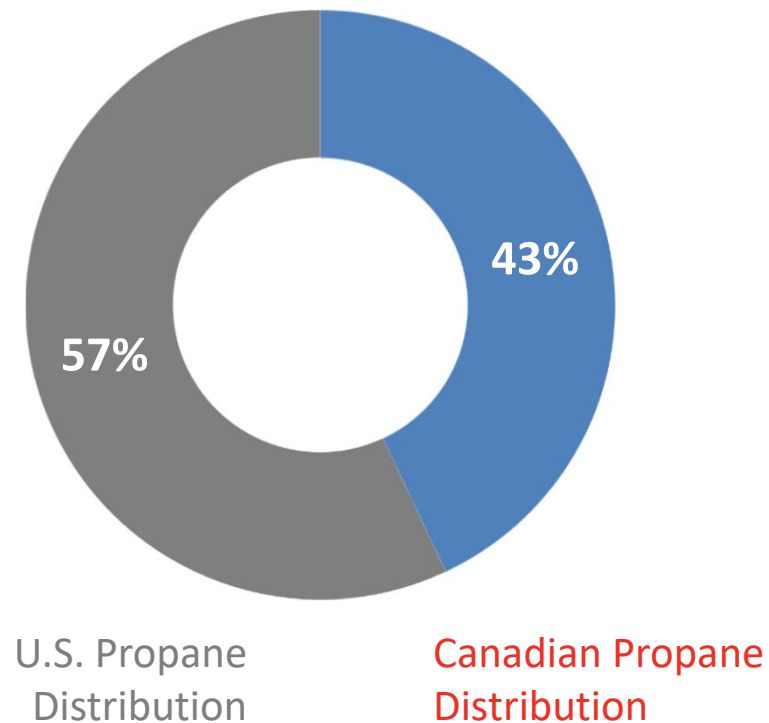
3.2 billion  
litres

~800,000  
customers

~4,100  
employees

# Superior Plus Financial Overview

## EBITDA by Segment



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Market Capitalization	<b>\$2.7 billion</b>
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Enterprise value	<b>\$4.8 billion</b>
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Dividend – Annualized/Yield	<b>\$0.72 per share / 4.7%</b>
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Q1 2021 Leverage	<b>2.9x</b>
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TTM Q1 2021 Adjusted EBITDA	<b>\$405.6 million</b>
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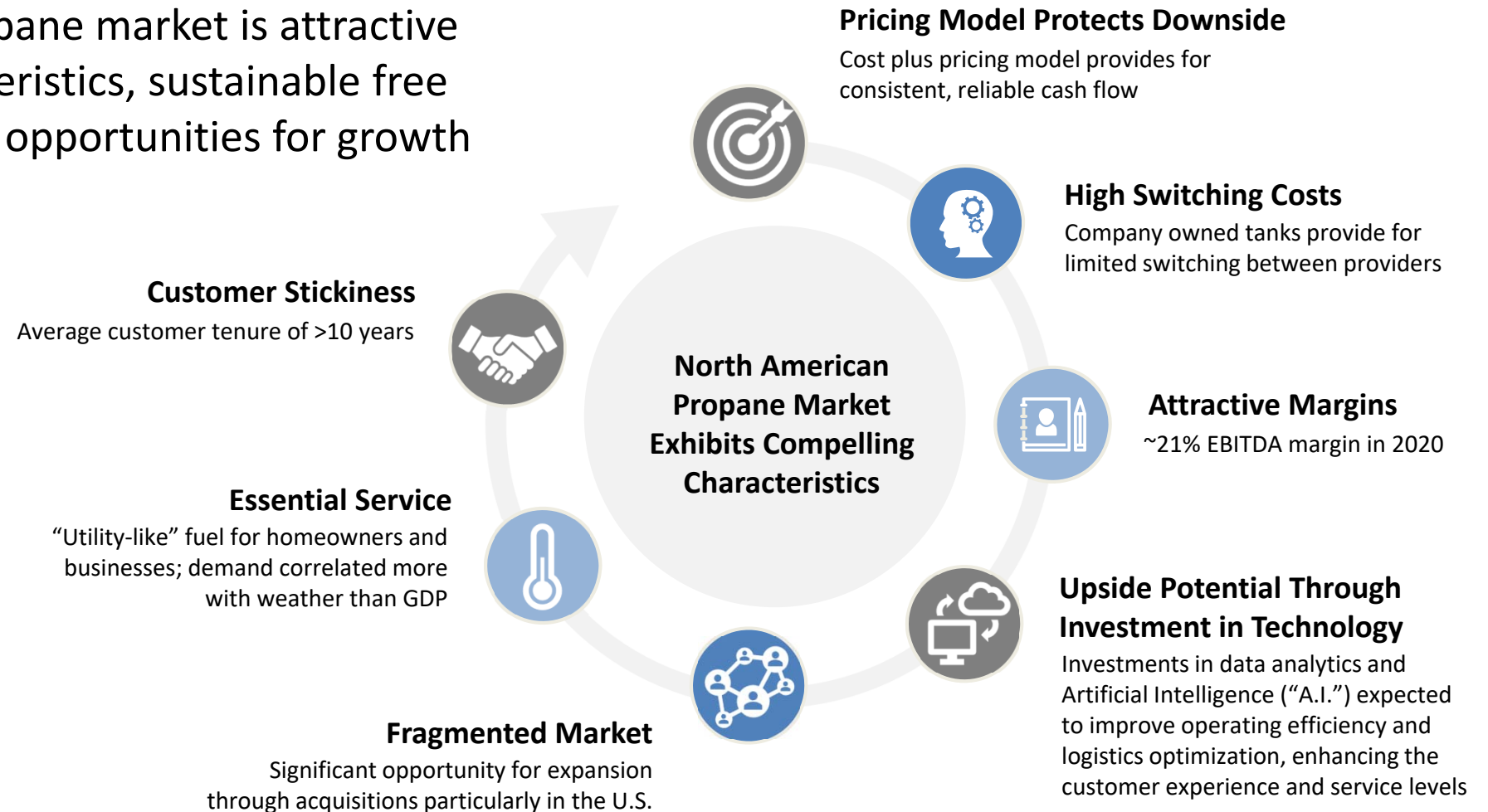
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2016 – 2020 EBITDA CAGR	<b>24.5%</b>
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# Propane Industry is Attractive

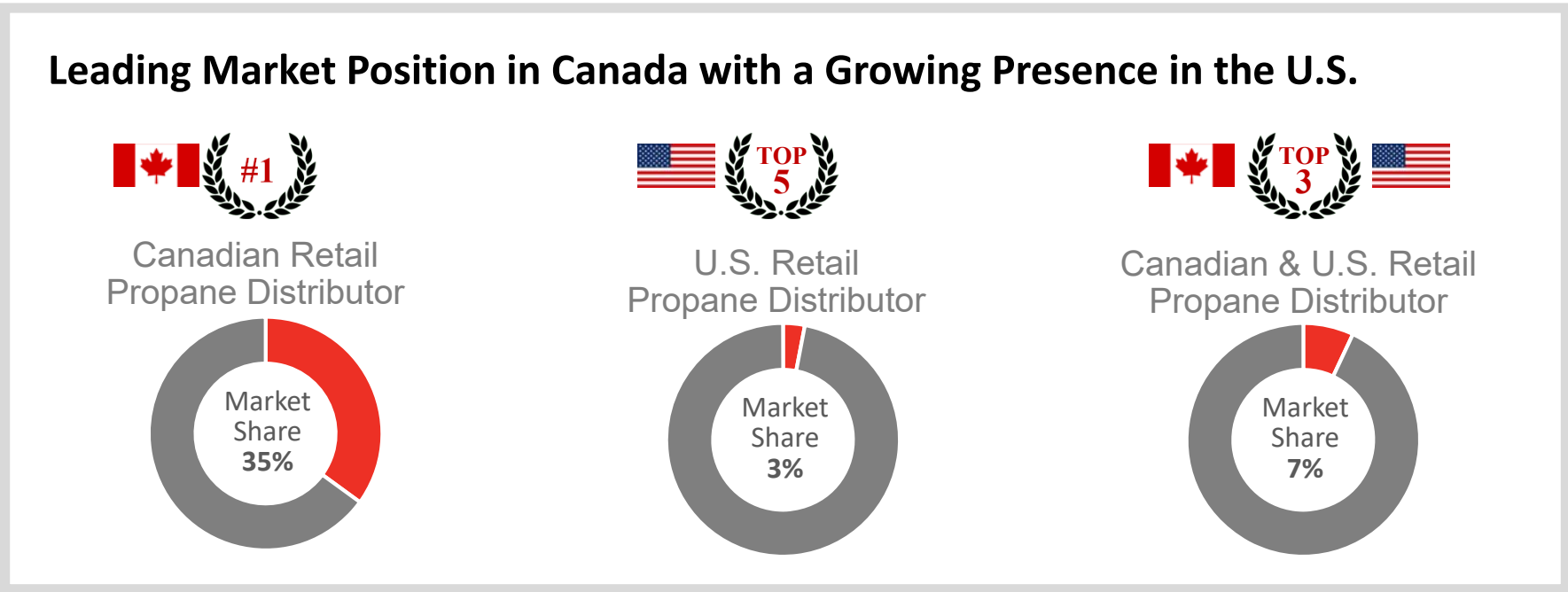
The North American propane market is attractive due to customer characteristics, sustainable free cash flow and significant opportunities for growth



# Leading Market Positions

Superior benefits from best-in-class operations and a leading market position in the Canadian & U.S. retail propane distribution industry

- Superior Plus is able to leverage its expertise and proven Canadian platform to exploit growth opportunities in the U.S. retail propane distribution market
- Significant opportunity to grow U.S. market share as competitors transition away from traditional distribution model



# Investment Highlights

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Strong track record of delivering on guidance

- Delivered in 2020 despite unprecedented conditions

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Transition to pure-play energy distribution business provides stable, predictable cash flows

3

Proven and experienced management team

4

Access to low-cost financing available to fund growth

5

Leading market positions

6

Compelling business diversification

7

Attractive financial profile with best-in-class operating performance

8

History of disciplined acquisition growth strategy, successful integration and prudent capital structure management

9

Integrated and unique technology enabled network with focus on innovation and modernization of the industry

## Recent Developments

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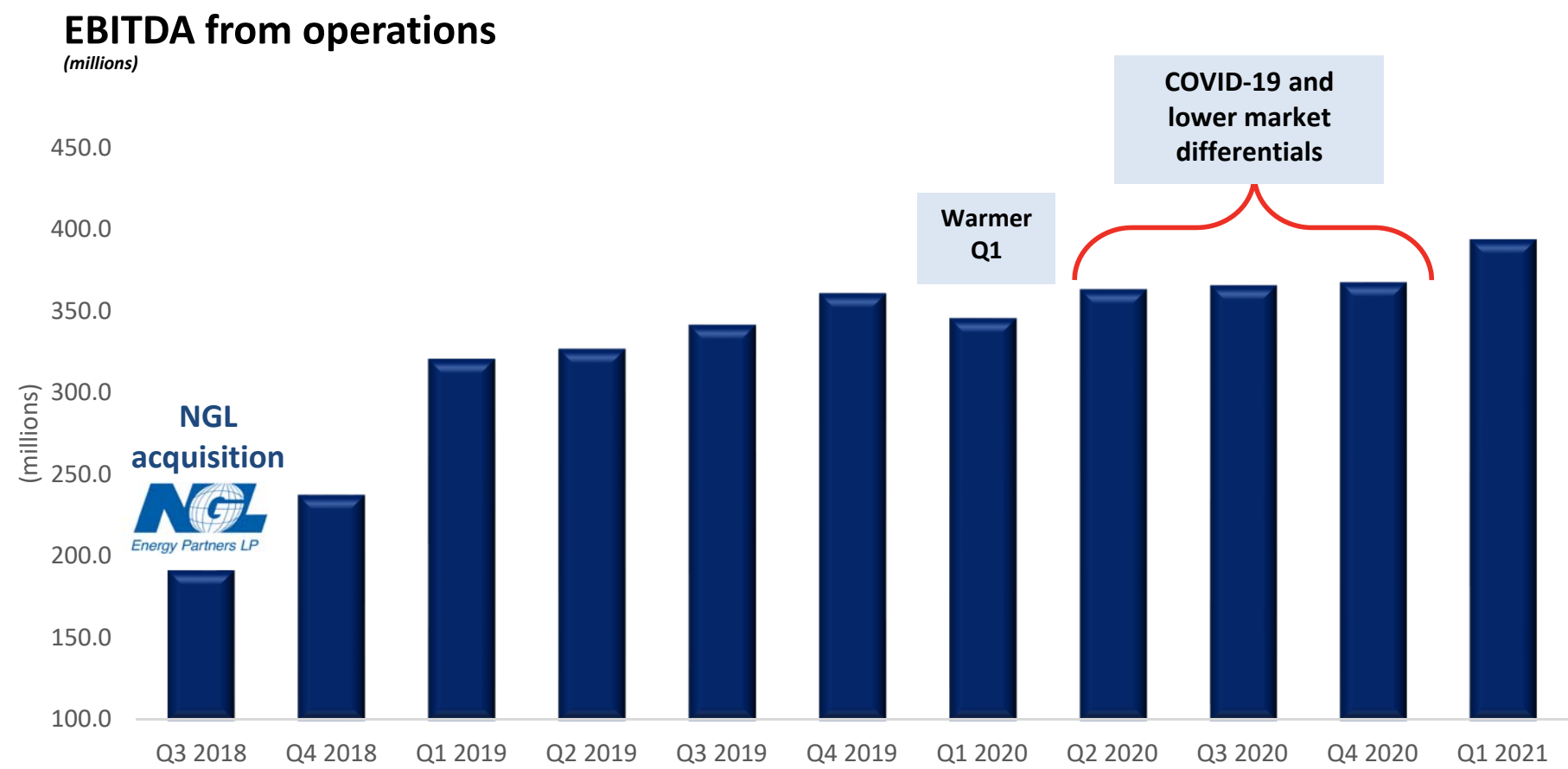
- In the first quarter, Superior acquired Miller, Highlands and Holden for ~\$45 million, adding ~40 million litres and ~19,000 customers
- On April 9, 2021, Superior closed the sale of the Specialty Chemicals business, completing the transition to a pure-play Energy Distribution company
- On April 19, 2021, Superior released its Inaugural Sustainability Report
- On April 22, 2021, Superior announced the acquisition of Freeman Gas & Electric for US \$170 million, adding 67,000 customers and 25 million gallons in the Southeast U.S.





# Growth Profile and Business Resiliency

*Demonstrated growth through acquisitions, organic growth and continuous improvement*



# Demonstrated Ability to Acquire & Integrate

Strong track record demonstrates ability to acquire annually at scale



CANADA						
	CANWEST PROPANE	POMERLEAU GAZ PROPANE	pepco	Rainville	Highlands Propane	MP MILLER PROPANE
YEAR	2017		2018	2019	2020	2021
# Acquisitions	4		6	5	5	4
\$ TEV (\$m)	~\$525		~\$1,275	~\$70	~\$288	~\$260

 Superior Plus

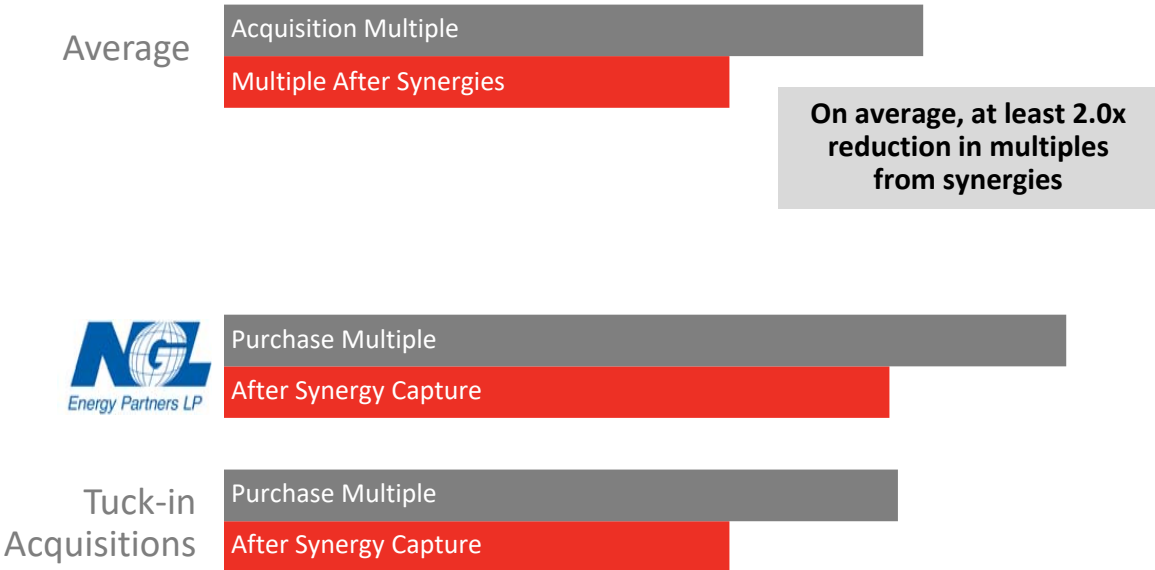
Slower acquisition pace given focus on integrating NGL

# Historical Transaction Economics and Synergy Realization

Run rate synergies typically achieved within 18-24 months driving swift and attractive investment returns

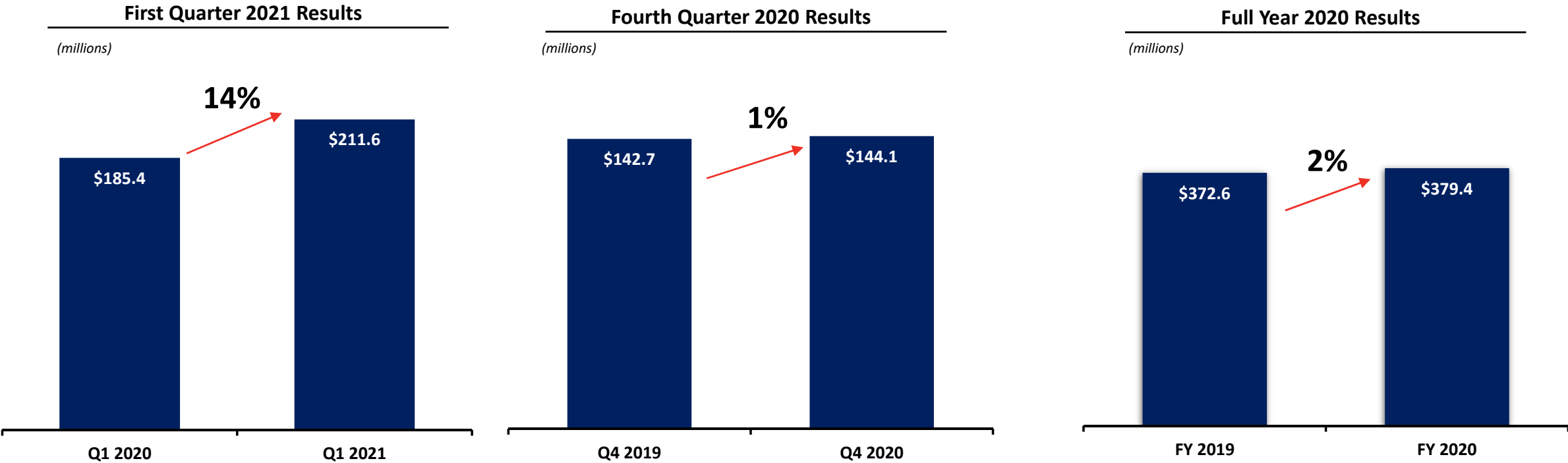


## Purchase acquisition multiple versus multiple following synergy realization



# Recent Financial Results

Year over year growth despite global pandemic





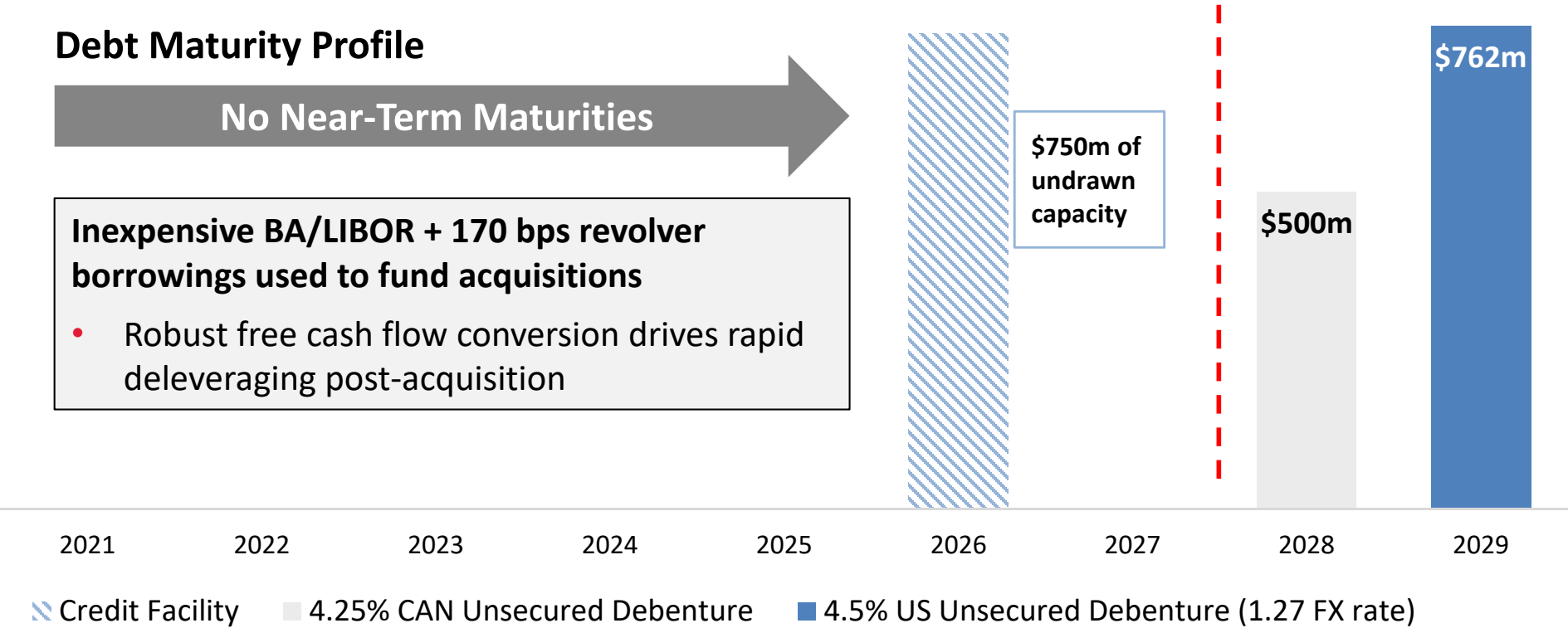
# Strong Balance Sheet Provides Efficient Financing for Growth

## Debt Maturity Profile

No Near-Term Maturities

Inexpensive BA/LIBOR + 170 bps revolver borrowings used to fund acquisitions

- Robust free cash flow conversion drives rapid deleveraging post-acquisition



## 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

## 2021 Focus

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- Sustaining prudent cost reductions related to reduced demand from COVID-19
- Focus on acquisitions with attractive synergy opportunities and markets
- Organic growth and return of commercial customer demand expected in H2 2021
- Continued investment in innovation and digital strategy to increase operating efficiency and improve customer experience

### 2021 Guidance

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Adjusted EBITDA

**\$370MM – \$410MM**

Capital Expenditures

**\$120MM – \$140MM**

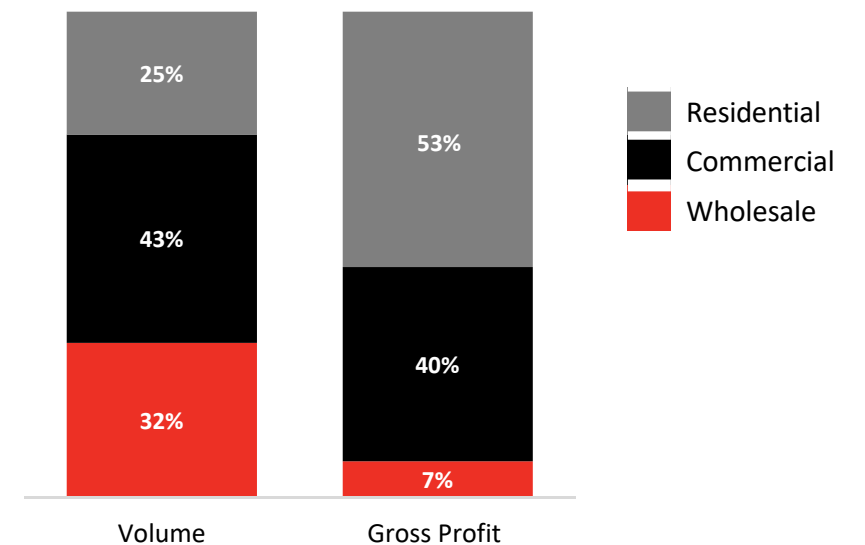
# Appendix



# Energy Distribution Volumes and Gross Profit

- Residential and commercial customers represent 93% of total gross profit
  - Residential volumes are typically more correlated to weather, so there is less of an impact from economic slowdowns
  - Commercial volumes could be modestly impacted by economic activity, and the majority of the volumes are to heat buildings and facilities
- Wholesale energy volumes account for 32% of total volumes and only 7% of total gross profit

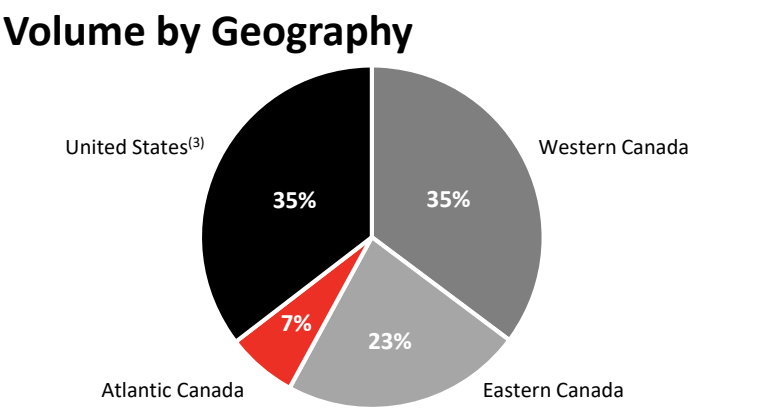
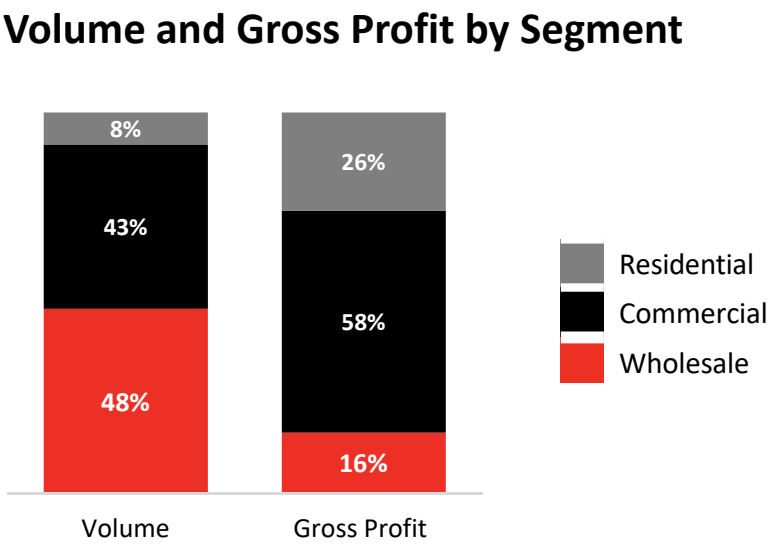
**Energy Distribution Volume and Gross Profit by Segment**





# Canadian Propane Distribution

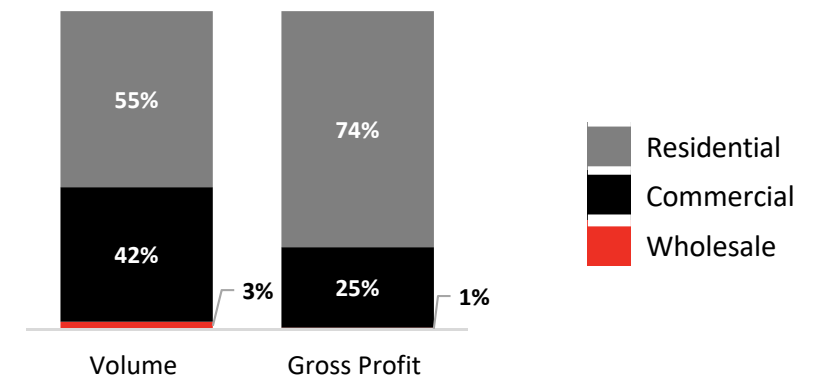
- Canadian propane distribution includes Superior Propane, Superior Gas Liquids and United Pacific Energy (“UPE”)
  - Superior Propane is the leading propane distributor in Canada with a diversified customer base and coast-to-coast presence
  - Superior Gas Liquids provides supply expertise for Superior’s North American platform and is a leading wholesale propane marketer
  - UPE is one of the largest wholesale energy marketers in California
- Since 2011, Superior has reduced its operating ratio, improved customer retention and increased organic growth, which has contributed significantly to annual EBITDA growth
- Superior has been employing a digital strategy to differentiate its product offering and improve delivery efficiency
  - Tank sensors and an integrated customer portal platform provide employees and customers up-to-date information on tank volumes, usage and delivery dates
  - Superior had sensors on tanks covering over 50% of delivered volumes in Canada this past heating season, and expects to have sensors on tanks representing ~70% of delivered volumes in the current heating season



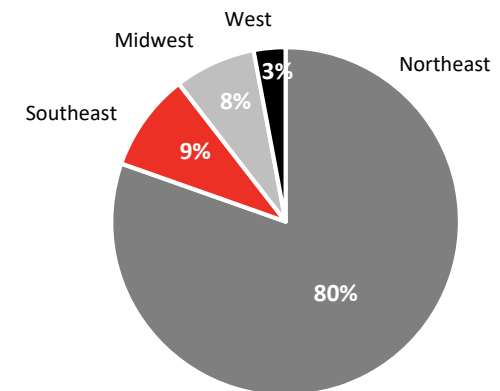
# U.S. Propane Distribution

- U.S. propane distribution includes Superior's retail energy distribution business in the Eastern U.S., upper Midwest and California
- U.S. propane distribution customer mix is less diversified than Canada and gross profit is driven primarily by residential customers
- A focus on growth in retail energy distribution and the sale of the wholesale refined fuels business has led to significant improvements in gross profit per gallon
- Acquisition strategy targets the east coast of the U.S. and California, with over 1,100 opportunities and addressable markets of over 4.5 billion gallons
  - Superior completed 5 acquisitions in 2020 for total consideration of ~US\$221 million
  - Superior has announced or completed 4 acquisitions so far in 2021 for total consideration of ~\$260 million
- Digital strategy enables Superior to differentiate its product offering and improve delivery efficiency through the deployment of tank sensors
  - Superior installed 75,000 tank sensors in the U.S. in 2020

**Volume and Gross Profit by Segment**



**Volume by Geography**



# Non-GAAP Financial Measures

Throughout the presentation, Superior has used the following terms that are not defined by IFRS, but are used by management to evaluate the performance of Superior and its businesses (“non-GAAP financial measures”). Since non-GAAP financial measures do not have standardized meaning prescribed by IFRS 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 IFRS 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 and EBITDA from operations should not be construed as alternatives to net earnings, cash flow from operating activities or other measures of financial results determined in accordance with GAAP as an indicator of Superior’s performance.

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

## 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.

Adjusted EBITDA is a significant performance measure used by management and investors to evaluate Superior’s ongoing performance of its businesses. Adjusted EBITDA 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 Adjusted EBITDA.

## 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.

Pre-IFRS 16 EBITDA from Operations represents the definition above excluding the impact of IFRS 16. ERCO EBITDA from Operations for 2020 was \$116.5 million including IFRS 16, deduct \$26.5 million relating to IFRS 16, resulting in \$90.0 million pre-IFRS 16.

## Leverage Ratio

Leverage ratio is calculated by dividing Adjusted EBITDA into the sum of borrowings before financing fees and lease liabilities. Adjusted EBITDA, pro forma for the year ended December 31, 2020, represents our historical Adjusted EBITDA for the year ended December 31, 2020, adjusted to give effect to the Sale of Specialty Chemicals. This measure is distinct from “Pro Forma Adjusted EBITDA” used in calculating Net Debt to Adjusted EBITDA leverage ratio and does not give effect to other acquisitions during the year on a 12-month trailing basis.

## Adjusted Operating Cash Flow before transaction and other costs (“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 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.

## Net Debt to Adjusted EBITDA Leverage Ratio

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.

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

# End Notes

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**Slide 2**

U.S. and Canadian market share data is based on management estimates and third-party data. Canadian Source Data: Conference Board of Canada Report Dec 2018 – Fueled Up. US Data ICF 2018 Retail Sales Report published December 2019

**Slide 3**

EBITDA by segment based on TTM Q1 2021 EBITDA from operations. See “Non-GAAP Measures”

Market capitalization, Enterprise Value and Dividend Yield based on SPB closing share price on the TSX as at April 30, 2021. Debt and cash balances are as at March 31, 2021

Q1 2021 Leverage is based on Net Debt to Adjusted EBITDA for the TTM period ended March 31, 2021 pro forma the sale of Specialty Chemicals. See “Non-GAAP Measures”

TTM Q1 2021 Adjusted EBITDA, excluding Specialty Chemicals segment. See “Non-GAAP Financial Measures”

EBITDA CAGR is based on Adjusted EBITDA, which includes corporate costs and realized gains or losses on foreign exchange hedging contracts. See “Non-GAAP Measures”

**Slide 4**

EBITDA margin is based on FY 2020 results.

Average customer tenure is based on management estimates.

**Slide 5**

Based on management estimates using source data. Canadian Source Data: Conference Board of Canada Report Dec 2018 – Fueled Up. US Data ICF 2018 Retail Sales Report published December 2019

**Slide 7**

Energy Distribution EBITDA from Operations. See “Non-GAAP Measures”

**Slide 8**

EBITDA from operations is based on Energy Distribution TTM EBITDA from operations as reported in Superior’s quarterly and Annual MD&A from Q3 2018 to Q1 2021.

**Slide 11**

Q1 2021 Adjusted EBITDA, excluding Specialty Chemicals EBITDA from operations. See “Non-GAAP Financial Measures”.

Q4 2020 and FY 2020 Adjusted EBITDA, excluding Specialty Chemicals EBITDA from operations. See “Non-GAAP Financial Measures”.

**Slide 12**

US \$600 million unsecured note translated at USDCAD rate of 1.27.

Assumes redemption of \$400 million 5.25% unsecured notes previously announced.

**Slide 13**

See “Non-GAAP Financial Measures” and “Forward-Looking Statements and Information”.

Maintenance and non-recurring capital expenditures net of disposals and including vehicle leases. Total capital includes capital leases.

**Slide 15**

Volumes based on FY 2020 volumes in litres.

FY 2020 Adjusted Gross Profit in CAD dollars and excludes other services gross profit.

**Slide 16**

Volumes based on FY 2020 volumes in litres.

FY 2020 Adjusted Gross Profit in CAD dollars and excludes other services gross profit.

The Canadian Propane Distribution segment includes the Canadian retail business and wholesale business, which includes operations in Canada and California.

**Slide 17**

Volumes based on FY 2020 volumes in litres.

FY 2020 Adjusted Gross Profit in CAD dollars and excludes other services gross profit.

Targets are based on identified potential targets across 18 states in the Eastern U.S.