

# Investor Update

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July 2021

# Forward Looking Information

This written and accompanying oral presentation contains certain forward-looking information within the meaning of applicable Canadian securities laws which is provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such information may not be appropriate for other purposes. Superior's actual results could differ materially from those expressed in, or implied by, this forward-looking information, and accordingly, no assurances can be given that any of the results anticipated by the forward-looking information will transpire or occur. Unless otherwise indicated, all figures are presented in Canadian dollars and statistical and financial data in this presentation is presented as of June 22, 2021.

Forward-looking information is predictive in nature, depends upon or refers to future events or conditions, or includes words such as "expects", "anticipates", "plans", "predicts", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may", "will", "should", "would" and "could". Forward-looking information in this presentation includes, without limitation, statements regarding future growth in EBITDA from Operations, targeted Adjusted EBITDA, EBITDA improvement, free cash flow conversion, total return, capital expenditures, dividend payments and dividend yield; targeted Total Debt to Adjusted EBITDA Leverage Ratio; acquisition spending, probability of completing acquisitions and achievement of realized synergies from acquisitions; expected reductions in operational expenses; potential annual returns from organic growth; expectations relating to commercial customer recovery; and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and outlook of Superior and its business segments.

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, however, they are subject to the risks and uncertainties set forth below and no assurance can be given that these assumptions and expectations will prove to be correct. These assumptions and expectations are based on information currently available to Superior, including information obtained from third party industry analysts and other third party sources, as well as on management's current plans and its perception of historical trends, the historic performance of Superior's business segments, current conditions and expected future developments. These assumptions and expectations include, without limitation, anticipated financial performance, current business and economic trends, expected economic growth, the amount of future dividends paid by Superior, Superior's future dividend policy, business prospects, availability and utilization of tax basis, acquisition opportunities and probability of successfully negotiating and completing acquisitions, achievement of realized synergies from acquisitions, financing availability, absence of any material regulatory developments, currency, exchange and interest rates, weather, trading data and cost estimates. In particular, significant assumptions underlying the 2021 financial guidance included in this presentation are set forth under the "Financial Outlook" section of Superior's first quarter MD&A and key assumptions and expectations underlying Superior's targeted 2026 EBITDA from Operations in the range of \$700 million to \$750 million and targeted Free Cash Flow of \$2.6 billion to \$2.8 billion include the following: 2-3% annual organic growth; \$5 million to \$15 million in commercial customer recovery from the Covid-19 pandemic; \$50 million to \$55 million in operating expense improvements; completion of \$1.9 billion in acquisitions at multiples consistent with historic multiples for Superior's acquisitions as well as achieved synergies from acquisitions consistent with historical averages at approximately 25% over the relevant period; no material divestitures; 2021 operating results consistent with Superior's consolidated 2021 Adjusted EBITDA guidance.

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 the control of Superior, Superior's actual performance and financial results may vary materially from those estimates and expectations contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value and potential synergies when making acquisitions, inability to successfully conclude negotiations and complete acquisitions, competition for acquisition opportunities, increases in debt service charges, the loss of key personnel, fluctuations in foreign currency, exchange rates and commodity prices, variability in cash flows and potential impact on dividends, 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 and assumptions identified in (i) Superior's first quarter MD&A under the heading "Risk Factors" and (ii) Superior's most recent Annual Information Form, both of which are filed electronically at [www.sedar.com](http://www.sedar.com). 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 and others should not place undue reliance on forward-looking information.

# Superior Plus Business Overview

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

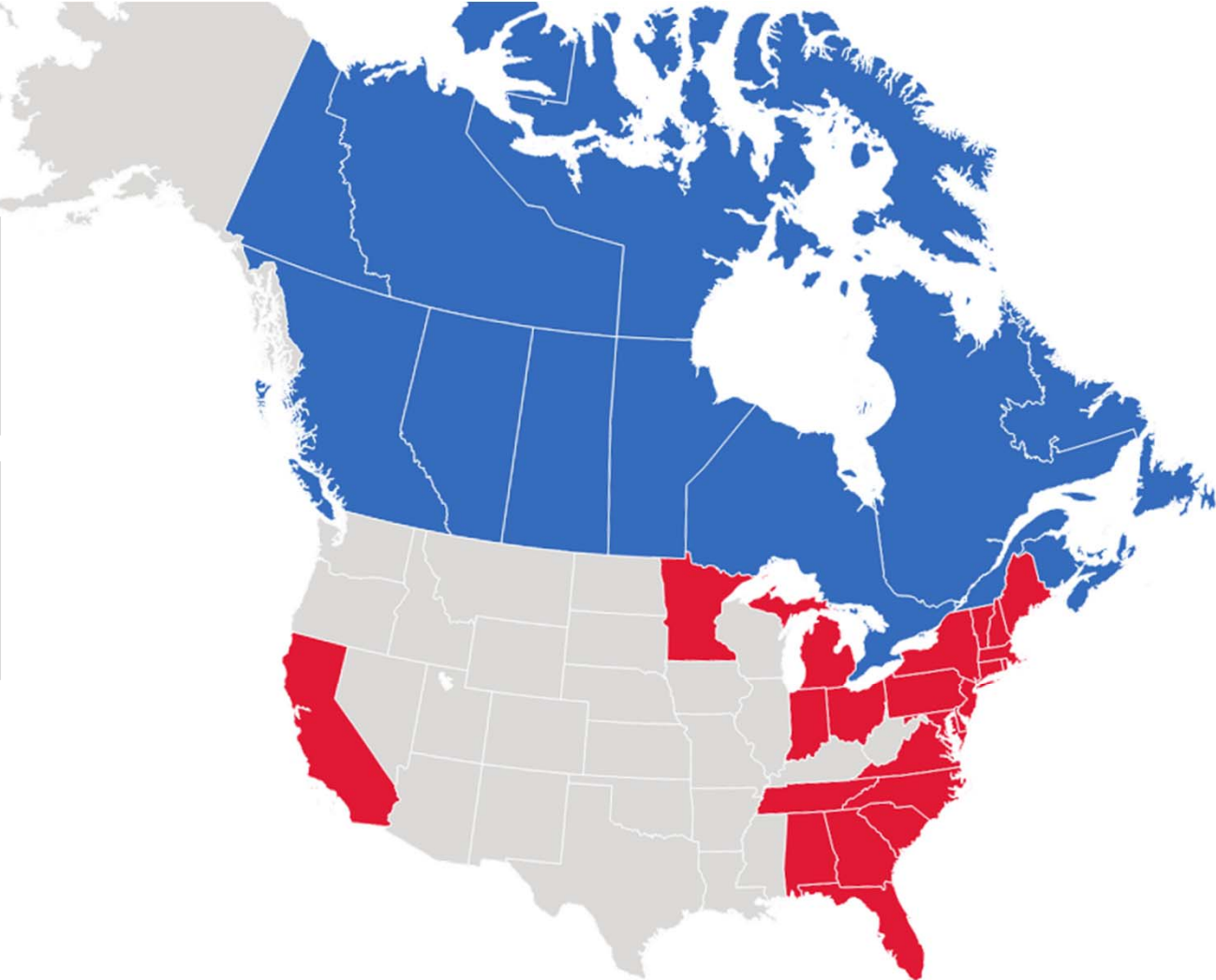
**#1**  
propane distributor in Canada  
with ~38% market share<sup>(1)</sup>

**5<sup>th</sup> largest**  
retail propane distributor  
in the U.S. and growing<sup>(1)</sup>

**3.2 billion**  
litres

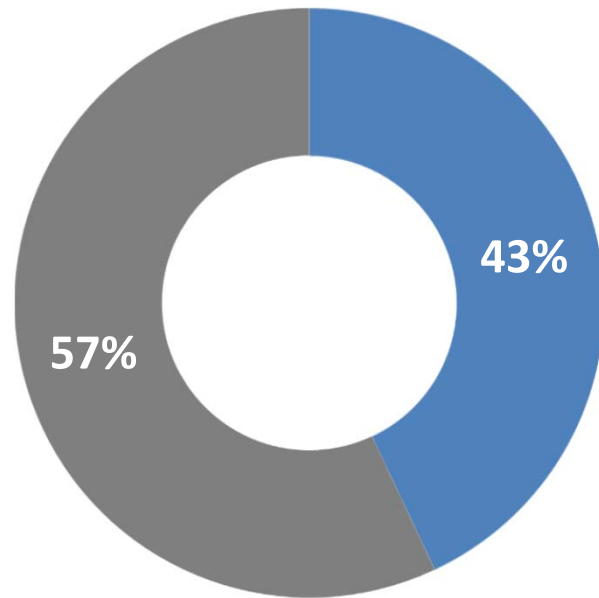
**~800,000**  
customers

**~4,100**  
employees



# Superior Plus Financial Overview

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



U.S. Propane  
Distribution

Canadian Propane  
Distribution

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Market Capitalization<sup>(2)</sup> **\$2.7 billion**

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Enterprise value<sup>(2)</sup> **\$4.8 billion**

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Dividend – Annualized/Yield<sup>(2)</sup> **\$0.72 per share / 4.7%**

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Q1 2021 Leverage<sup>(3)</sup> **2.9x**

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TTM Q1 2021 Adjusted EBITDA<sup>(4)(5)</sup> **\$405.6 million**

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2016 – 2020 EBITDA CAGR<sup>(1)</sup> **24.5%**

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# Executed Transition to a Pure-Play Energy Distributor

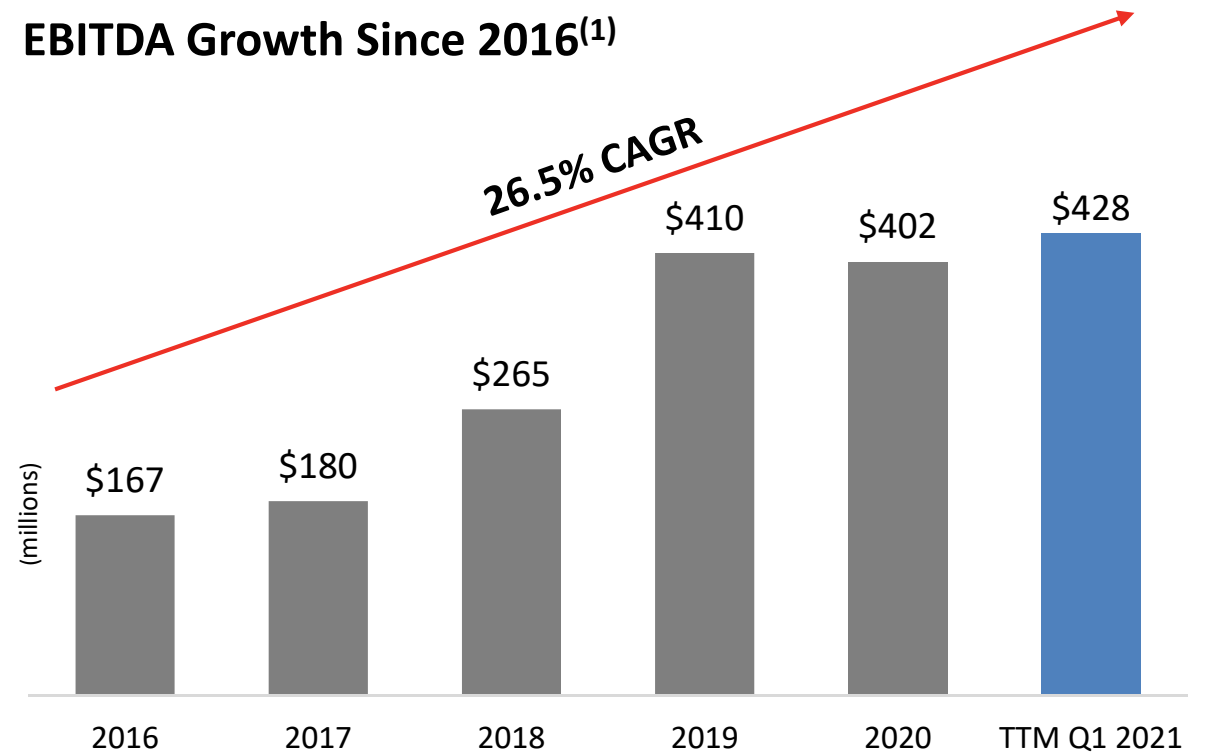
Superior has completed a comprehensive 5-year transformation into a pure-play energy distributor with a major U.S. platform for continued growth

2016	2017	2018	2019	2020	2021
<p><b>Divestiture of Construction Products division</b> Streamlined business around Energy Distribution and Specialty Chemicals segments</p>	<p><b>Canwest acquisition</b> Extended market-leading position in Canada</p>	<p><b>NGL acquisition</b> Acquired a substantial platform for growth in the U.S.</p> <p><b>Wholesale Distillates divestiture</b> Divestiture of low margin, capital intensive business increased profitability</p>	<p><b>Integration of NGL and Canwest</b> Completed integration of Canwest and increased expectations for NGL synergies</p>	<p><b>Integration of NGL complete</b> USD\$24M of realized synergies</p> <p><b>Executing on M&amp;A driven growth in the US</b> ~\$290M spent acquiring 5 businesses in 2020, driving EBITDA growth in U.S.</p>	<p><b>Divestiture of Specialty Chemicals division</b> Completed transition into a pure-play Energy Distribution business and proceeds to be redeployed into highly accretive propane acquisitions</p> <p><b>Continuing M&amp;A execution</b> Completed 4 acquisitions and \$253 million deployed in 2021</p>

# Benefits of Pure-Play Energy Distribution Platform

- Rebalanced business around highest growth segment
- Consistent, stable free cash flow generation with ~83% FCF conversion<sup>(2)</sup>
- Reduced cyclicalty and exposure to oil and gas end markets
- Streamlined management focus on Energy Distribution platform

EBITDA Growth Since 2016<sup>(1)</sup>

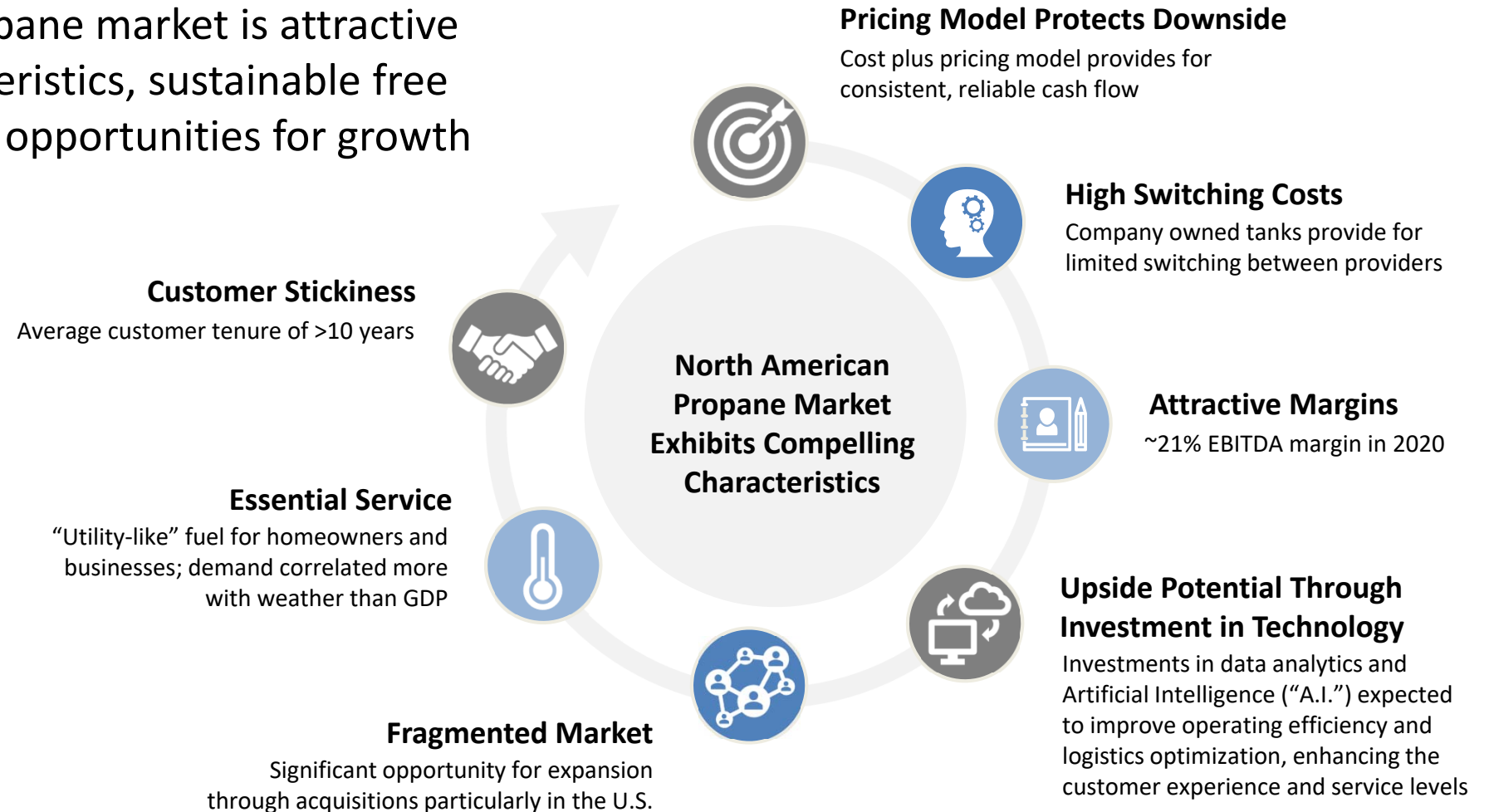


2020 Free Cash Flow Conversion<sup>(2)</sup>

**~83%**  
Energy Distribution

# Propane Industry is Attractive

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



## Strategic plan to accelerate growth and maximize shareholder returns

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Pursue robust pipeline of accretive acquisitions

2

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Apply operating best practices organization-wide to further enhance profitability and innovation

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Employ disciplined capital allocation to drive shareholder return

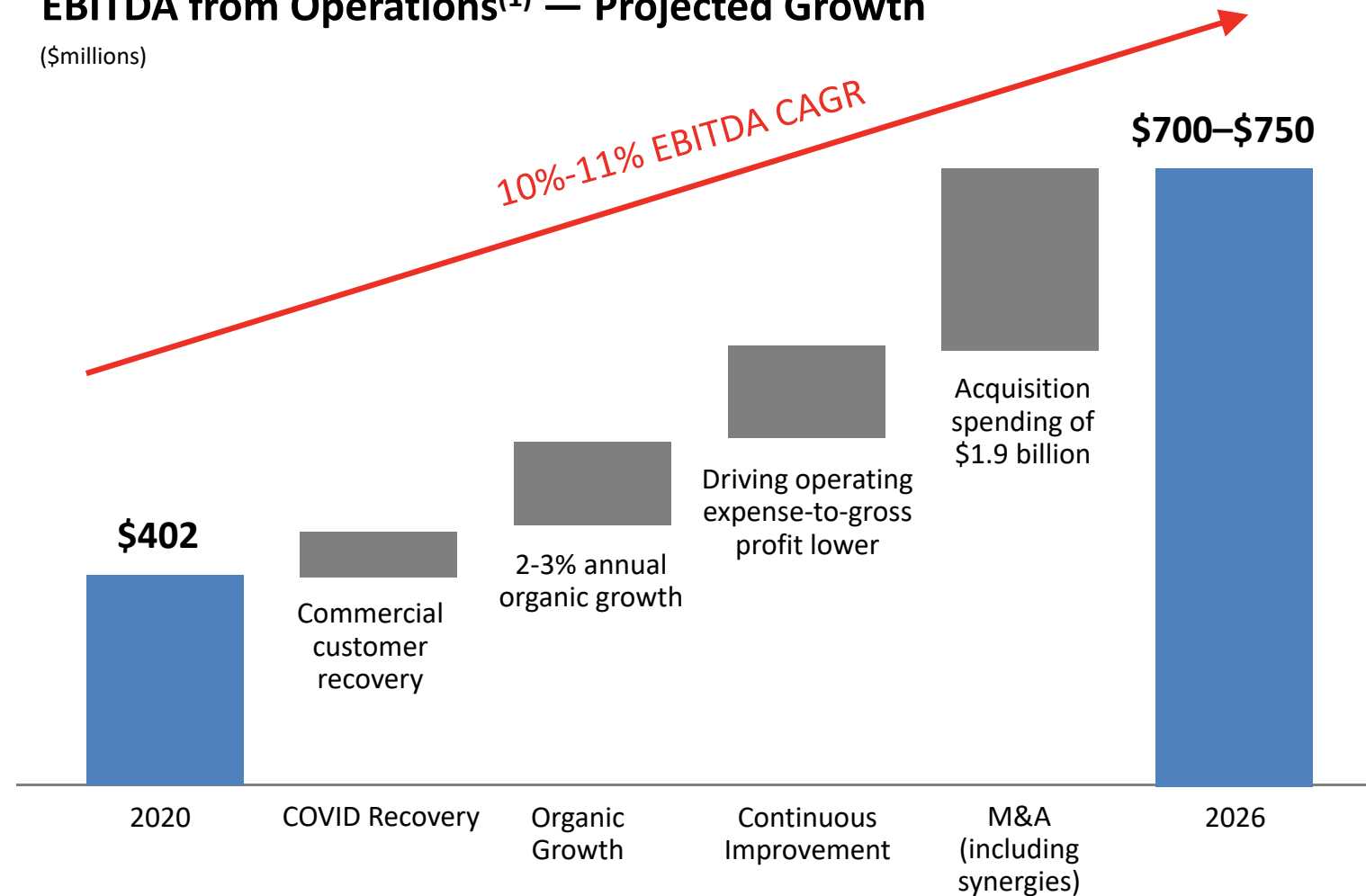


# Targeting \$700–\$750 Million of EBITDA by 2026

Superior is targeting \$700 to \$750 million of EBITDA from Operations<sup>(1)</sup>, representing a 10% to 11% CAGR through 2026

## EBITDA from Operations<sup>(1)</sup> — Projected Growth

(\$millions)



# Keys to Achieving Superior Way Forward

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## **Vision**

To become the leader in creating value through differentiation and best-in-class operations in the North American retail propane industry



## **Values**

Innovation, winning with people, customer focus, performance and safety, environment and social involvement, respect for all stakeholders



## **Culture**

Entrepreneurship, continuous improvement, execution, safety and teamwork, accountability, respect, transparency

# Demonstrated Ability to Acquire & Integrate

Strong track record demonstrates ability to acquire annually at scale

NGL Energy Partners LP



US



CANADA



YEAR	2017	2018	2019	2020	2021
# Acquisitions	4	6	5	5	4
\$ TEV (\$m)	~\$525	~\$1,275	~\$70	~\$288	~\$253

Slower acquisition pace given focus on integrating NGL



# Exceeding Synergy Targets on Major Acquisitions

Superior has outperformed its initial synergy targets for both Canwest and NGL

## Canwest Synergies Achieved<sup>(1)</sup>

### Targeted

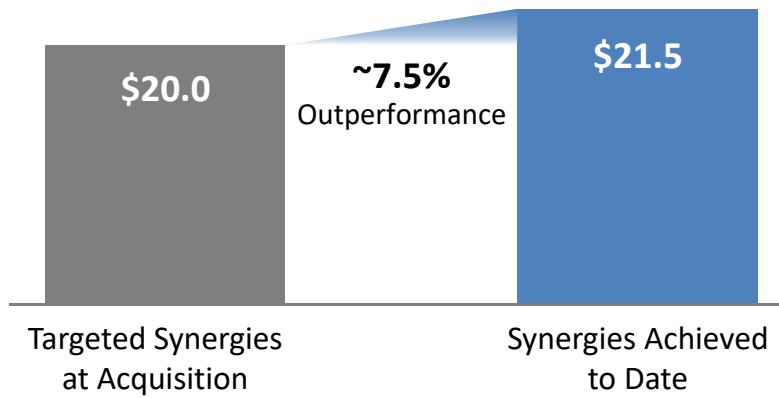
Run rate synergies achieved  
~24-36 months post close<sup>(2)</sup>

### Achieved

27 months post close<sup>(2)</sup>

### Synergy Outperformance:

Multiple after synergies<sup>(4)</sup>:  
**~7.0x**



## NGL Synergies Achieved<sup>(1)</sup>

### Targeted

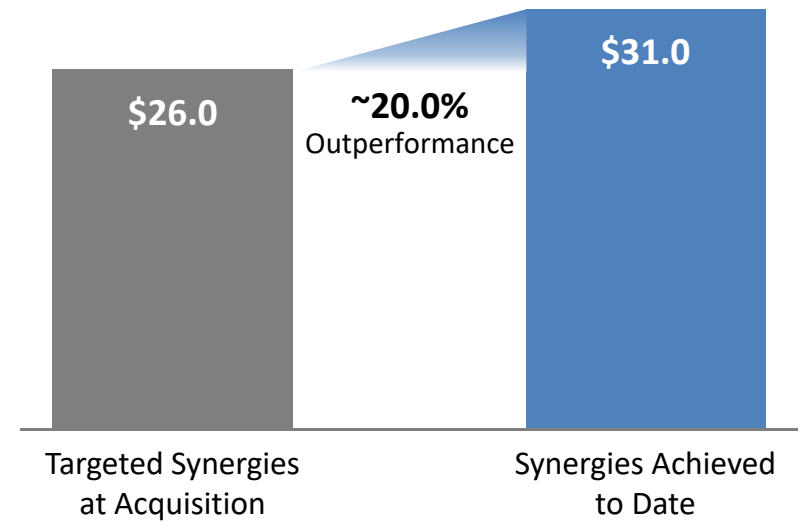
Run rate synergies achieved  
~24-36 months post close<sup>(3)</sup>

### Achieved

~14 months post close<sup>(3)</sup>

### Synergy Outperformance:

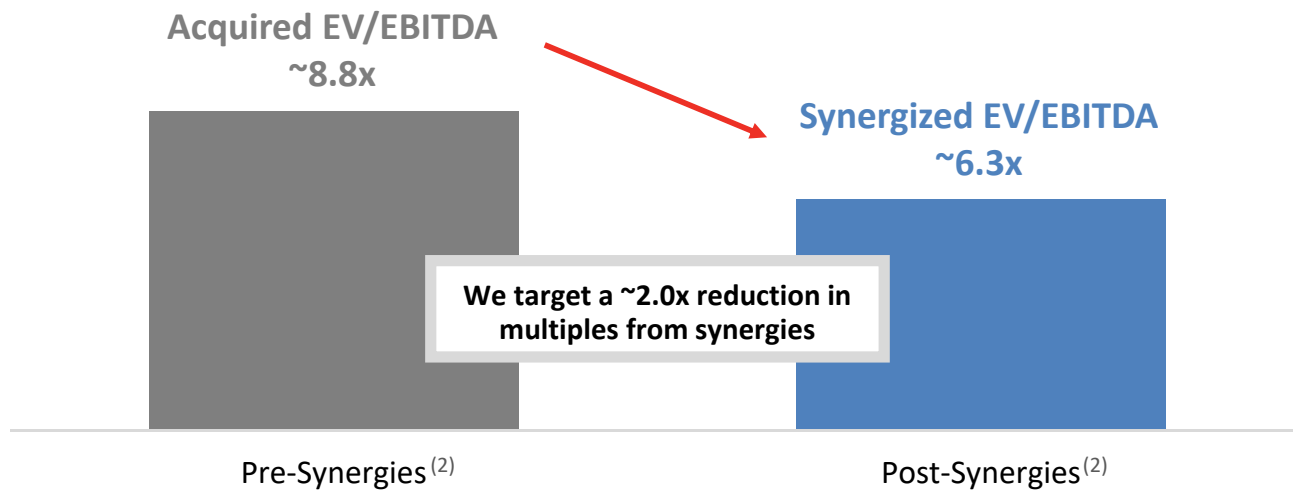
Multiple after synergies<sup>(4)</sup>:  
**~7.8x**



# Deployed \$725 Million in Capital Across 17 Transactions, Targeting Post-Synergy Average Multiple Improvement of ~2.0x

## Summary of USPD Acquisitions (excl. NGL)<sup>(1)</sup>

Acquisitions Completed	17
Capital Deployed	~\$725 million
Acquired EBITDA <sup>(2)</sup>	~\$82 million
Synergized EBITDA <sup>(2)</sup>	~\$115 million



# Synergies Largely Achieved Through Controllable Cost Outs

## Marketing Sales Approach



- Implement strategic pricing using in-depth market knowledge while minimizing customer churn

## Distribution Management



- Increase delivered volume targets
- Reduces delivered cost per gallon
- Consolidate locations to reduce fleet and maintenance costs

## Workforce Planning



- Improve CSR and technology staffing levels
- Headcount reductions related to centralizing and decreasing redundant positions
- Consolidate back-office functions

## Centralized Cost Structure



- Minimize SG&A overlap
- Specific blend reductions (i.e. logistics, technology, office and other)

## Supply Chain Efficiencies



- Consolidate demand and transition procurement to internal supply management
- Procurement savings from leveraging scale, expertise and sophisticated purchase agreements

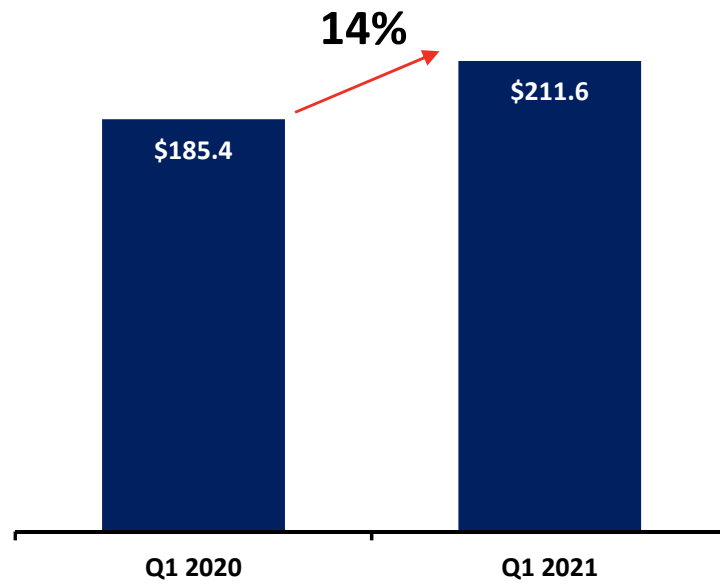
Run-rate synergies typically achieved within 18-24 months driving swift and attractive investment returns

# Recent Financial Results

Year over year growth despite global pandemic

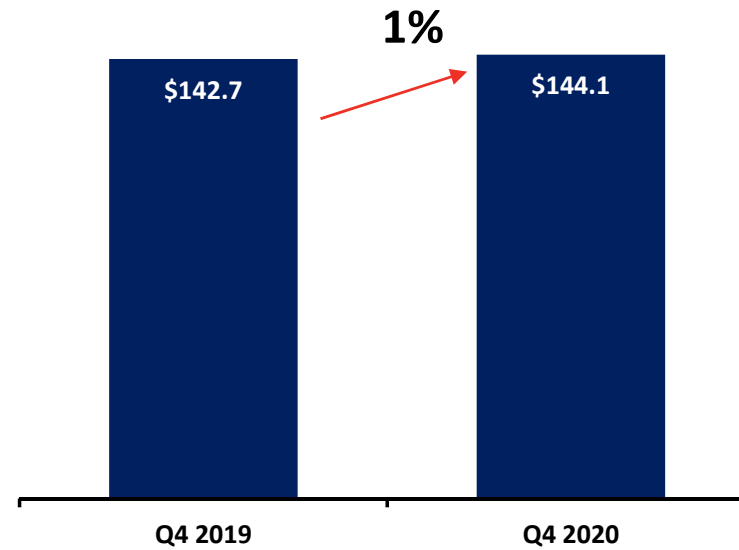
First Quarter 2021 Results<sup>(1)</sup>

(millions)



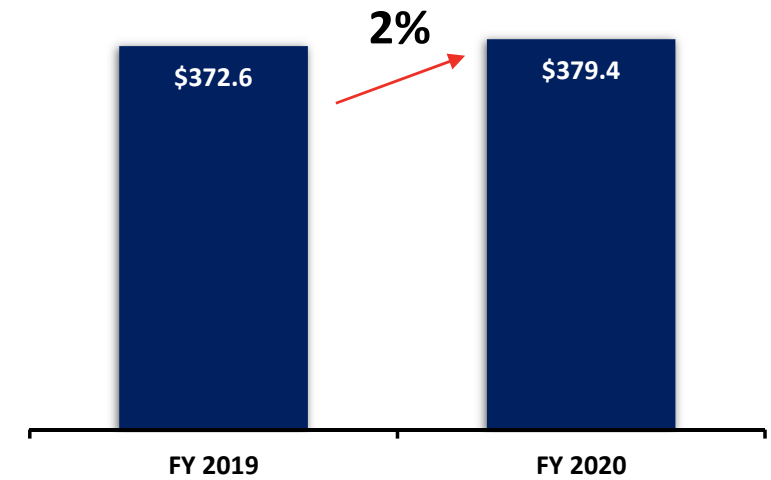
Fourth Quarter 2020 Results<sup>(1)</sup>

(millions)



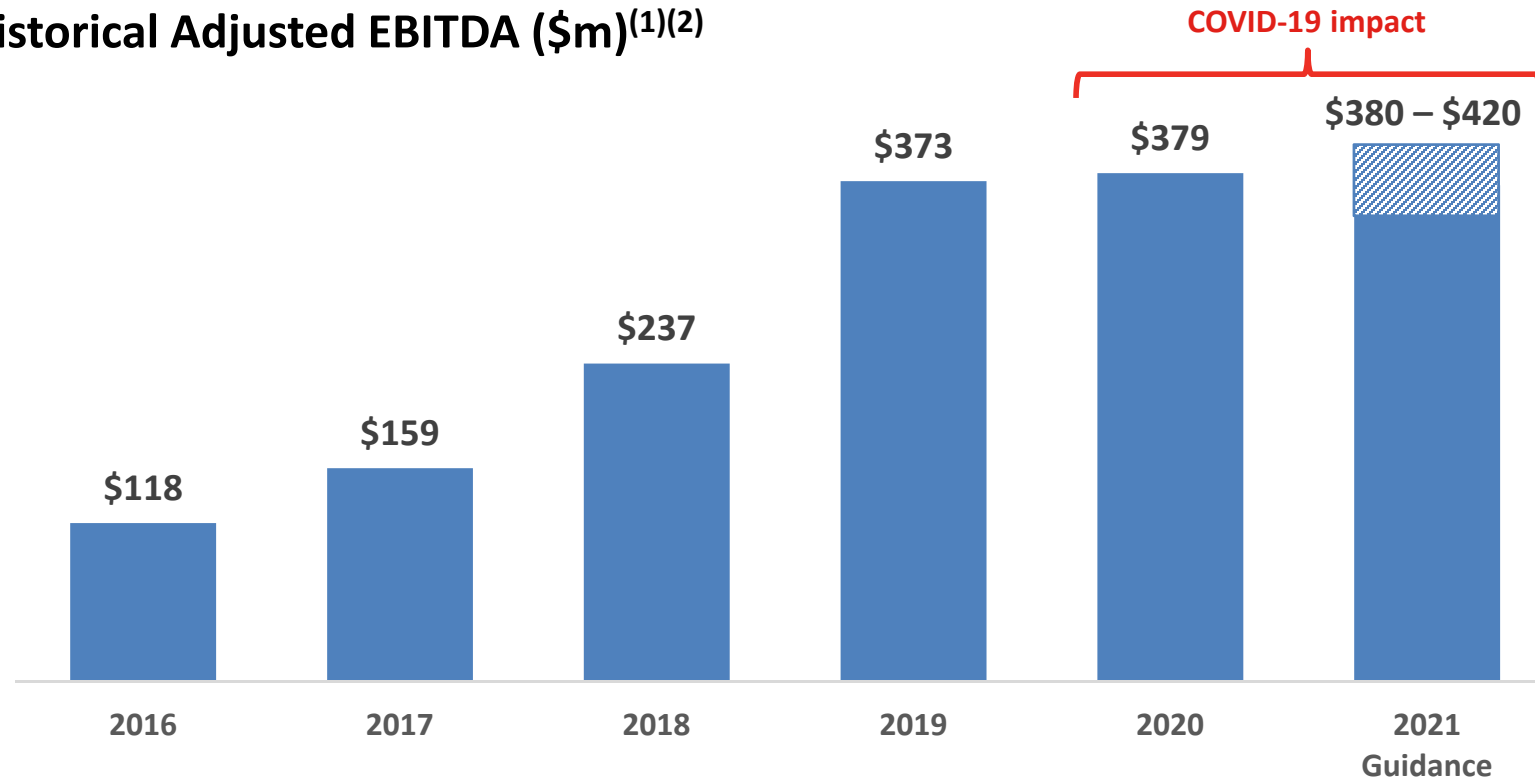
Full Year 2020 Results<sup>(1)</sup>

(millions)



# Historical Results and 2021 Guidance

Historical Adjusted EBITDA (\$m)<sup>(1)(2)</sup>



**2021 Guidance**

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Adjusted EBITDA<sup>(1)</sup>

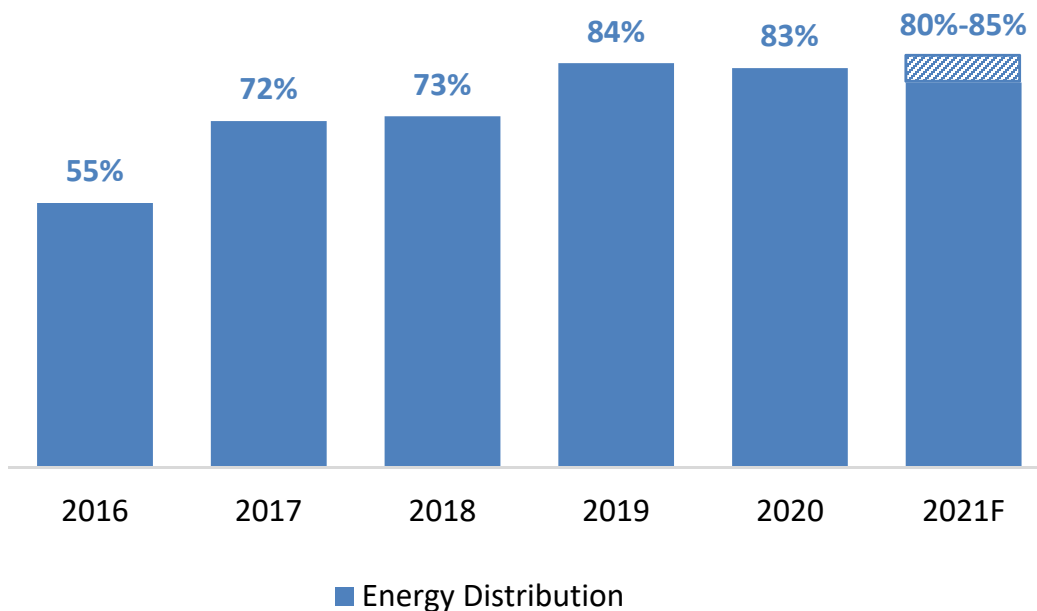
**\$380m – \$420m**



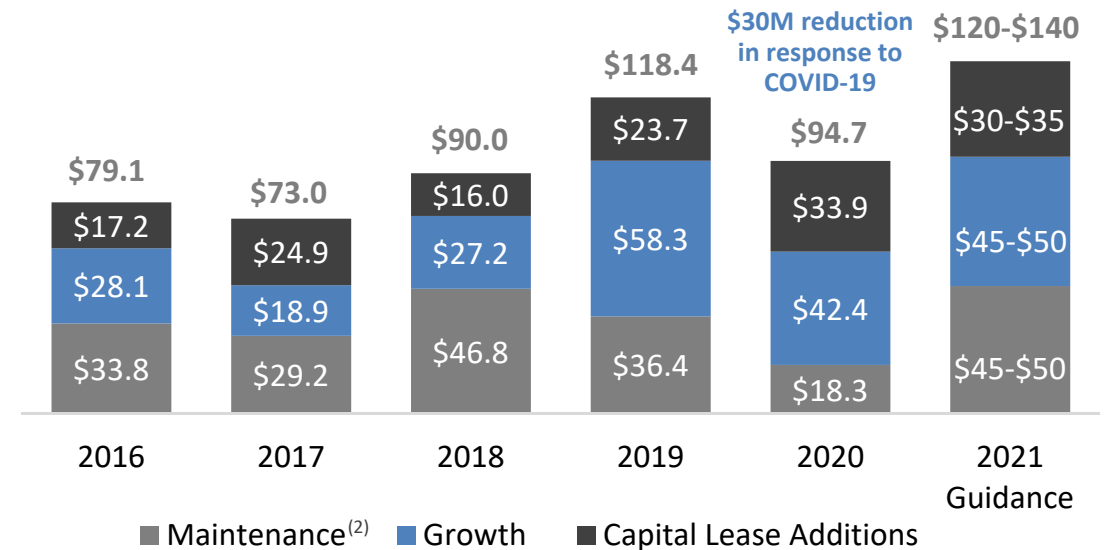
# Capital Expenditures and Free Cash Flow Conversion Profile

Superior generates robust FCF conversion of 83%, with annual maintenance capex needs of ~\$40m-\$50m

Historical Free Cash Flow Conversion Profile<sup>(1)</sup>



Capital Expenditures<sup>(1)</sup> (\$m)



# Strong Balance Sheet Provides Efficient Financing for Growth

Undrawn \$750m revolver<sup>(1)</sup>

Current leverage: 2.9x<sup>(2)</sup>  
(Long-term leverage target of 3.0x – 3.5x)

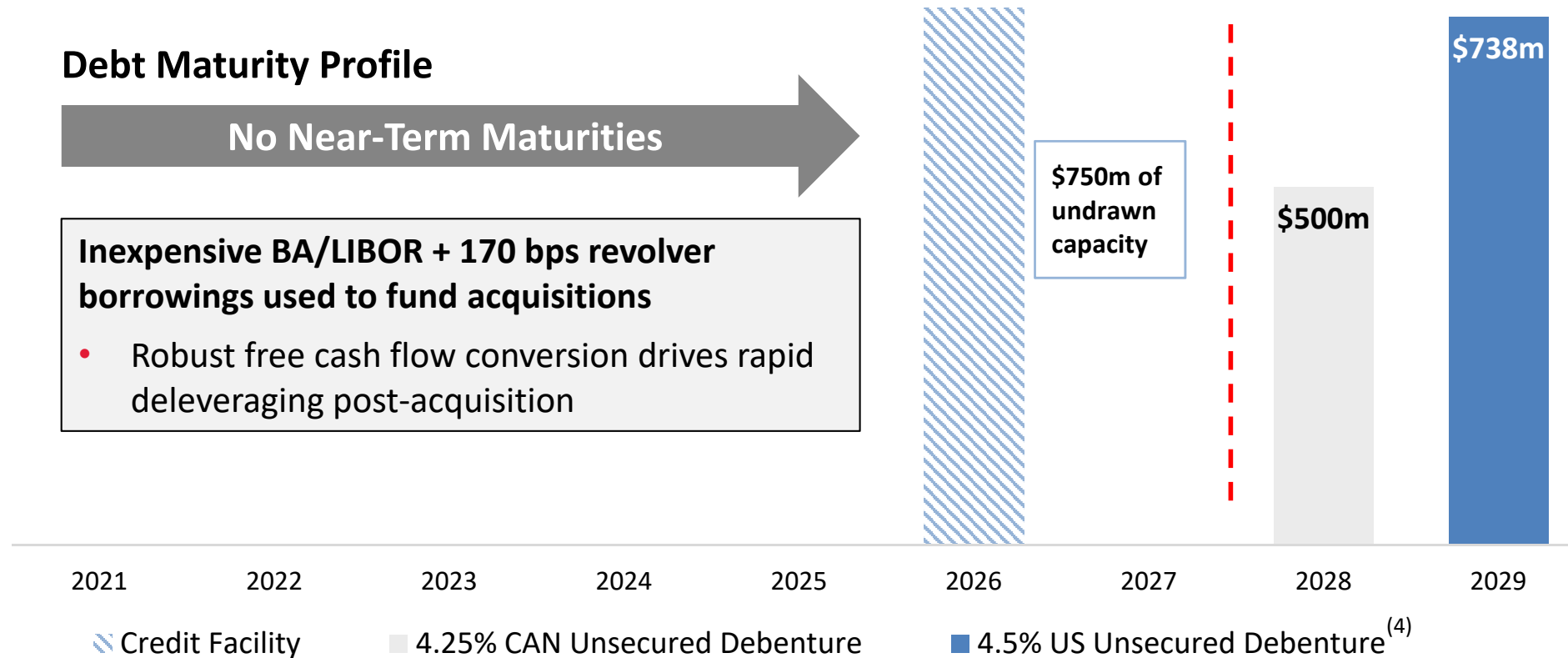
Weighted average pre-tax cost of debt 4.4%<sup>(3)</sup>

## 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





# Our Sustainability Journey

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## Superior recently issued its inaugural Sustainability Report

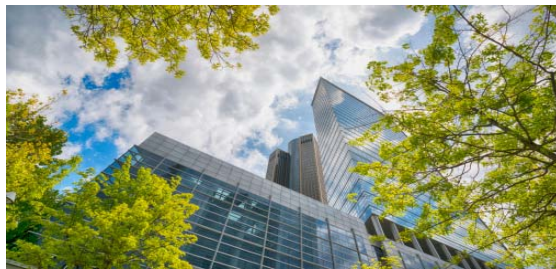
- Committed to keeping our employees safe, supporting the communities where we operate and minimizing our impact on the environment

## Superior is committed to building genuine relationships with customers, communities, Indigenous peoples and shareholders

- Continued to operate with normal delivery schedule as an essential service during the pandemic. We shifted to a virtual contact centre to continue customer support and communicated new COVID-19 protocols to keep employees and customers safe
- Net Promoter Scores (NPS) help us understand how our customers perceive us and whether they are likely to recommend us. Superior Propane and U.S. Propane improved their NPS scores in 2020 to 64 and 60, respectively
- Superior Propane works with more than one-third of the Indigenous communities across Canada and supports Indigenous programs for education, training & employment
  - In 2020, introduced new national bursary program with Indspire, providing 12 bursaries to assist Indigenous students attend post-secondary education
  - Created online training module for employees to help build awareness of Indigenous history, culture and traditions

# Committed to Social Responsibility

## Creating long term shareholder value in a socially responsible and sustainable manner



### Reducing impacts on the environment

- Climate change is one of the largest challenges facing the world and we are committed to being part of the solution
- Propane is efficient and versatile fuel that produces significantly less GHG emissions than gasoline, diesel and heating oil
- In 2020, our Scope 1 GHG emissions increased by 1%, primarily due the U.S. fleet increasing by 10% as the result of five acquisitions. As we continue on environmental journey, we will examine how we can reduce GHG emissions

### Helping employees thrive

- Providing flexibility for employees' work schedules during COVID-19 pandemic through programs such as Superior Propane's voluntary Reduced Work Arrangement
- Building a diverse and inclusive workforce strengthens our decision-making and value we bring to communities where we live, work and operate
- 26% of total workforce positions are held by women and 27% of executive officer positions are held by women

### Creating a strong safety culture

- Working diligently to build a Zero Harm safety culture, focused on leading best practices to ensure safe & healthy working conditions for all employees
- In 2020, achieved targets and year over year reduction for both Total Recordable Injury Rate (TRIR) and Days Away, Restricted Duty/Transferred Incident Rate (DART)
- Employee safety perception survey results were positive with 98% of respondents feeling safe doing their jobs

### Giving back to communities

- Corporate Social Responsibility Policy outlines commitment to act responsibly and provides a framework for how we approach community investment across our four focus areas:
  - Community development
  - Inclusion and diversity
  - Health & Wellness
  - Youth
- With our employees, have raised over \$2.6 million during last 10 years for various charities & organizations

# Investment Highlights

1

## Market Leader

Leading propane distributor in the U.S. and Canada with best-in-class operating platform



2

## Strong Free Cash Flow

Stable and consistent FCF generation providing capital for acquisitions and organic growth



3

## Growth Runway

Substantial white-space to achieve growth through M&A, with access to financing to support acquisitions



4

## Proven Track Record

Proven track record of success in acquisitions and integration with experienced sourcing and execution teams



5

## Dynamic Capital Allocation

Disciplined and unbiased approach to capital allocation to drive significant shareholder returns



6

## Compelling Dividend Yield

Current yield of ~5%



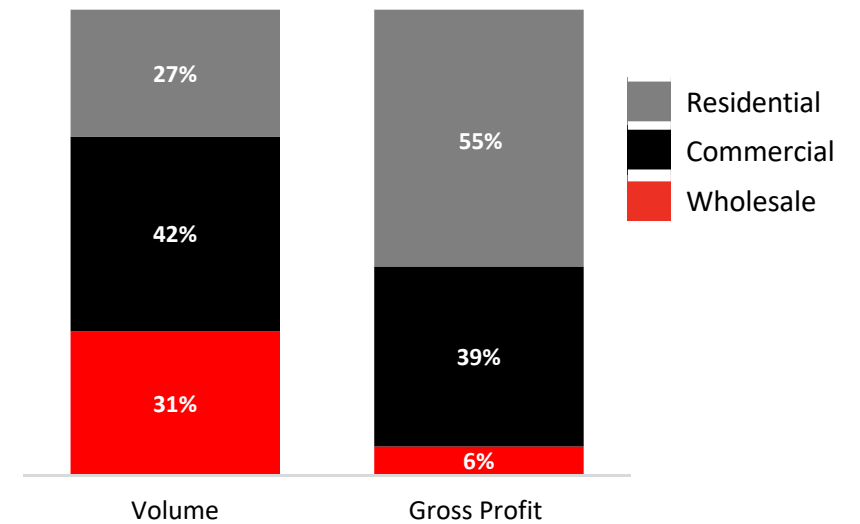
# Appendix



# Total Volumes and Gross Profit

- Residential and commercial customers represent 94% 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 31% of total volumes and only 6% of total gross profit

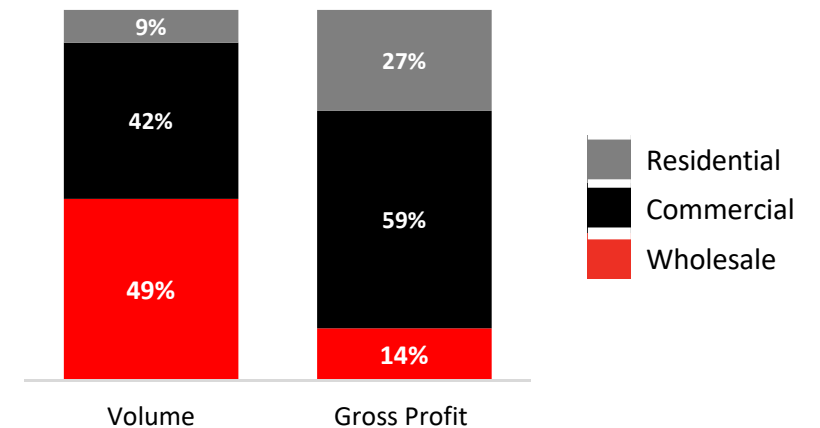
**Energy Distribution Volume and Gross Profit by Segment<sup>(1)</sup>**



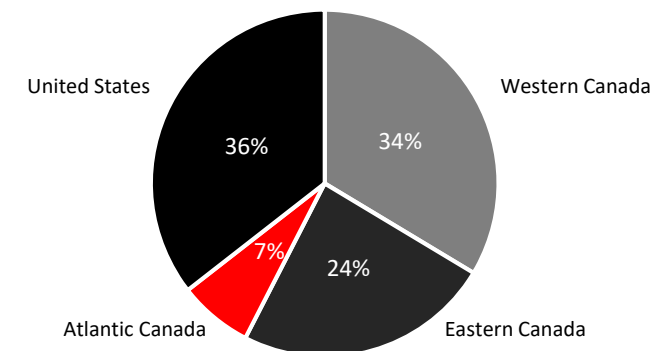
# Canadian Propane Distribution

- 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 expects to have sensors on tanks representing ~70% of delivered volumes in the upcoming heating season

**Volume and Gross Profit by Segment<sup>(1)</sup>**



**Volume by Geography<sup>(1)</sup>**

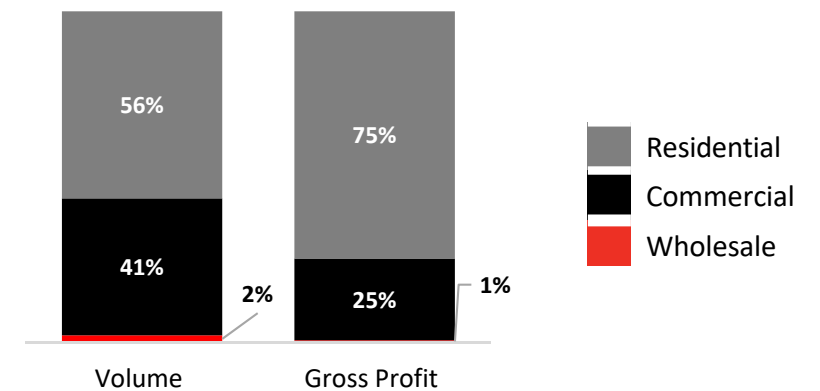




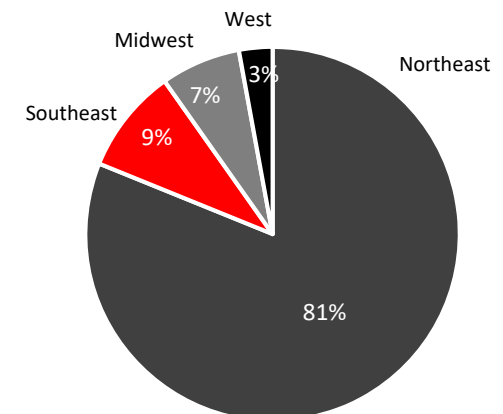
# U.S. Propane Distribution

- 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 litre
- 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 ~\$253 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<sup>(1)</sup>**



**Volume by Geography<sup>(1)</sup>**



# End Notes

## Slide 3

(1) Canadian Source Data: Conference Board of Canada Report Dec 2018 – Fueled Up. US Data ICF 2018 Retail Sales Report published December 2019

## Slide 4

(1) Based on TTM Q1 2021 EBITDA from operations excluding Specialty Chemicals segment. See “Non-GAAP Financial Measures”. CAGR is the compound annual growth rate, and represents the annualized average rate of EBITDA from operations growth between two given years, assuming growth takes place at an exponentially compounded rate

(2) Closing share price as at June 22, 2021. Debt and cash as at March 31, 2021

(3) Q1 2021 Leverage is based on Net Debt to Adjusted EBITDA for the Trailing Twelve Months ended March 31, 2021 pro forma the sale of Specialty Chemicals. See “Non-GAAP Financial Measures”

(4) TTM Q1 2021, excluding Specialty Chemicals segment. See “Non-GAAP Financial Measures”

(5) Adjusted EBITDA includes corporate costs and realized gains or losses on foreign exchange hedging contracts. See “Non-GAAP Financial Measures”

## Slide 6

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

(2) Free Cash Flow Conversion is calculated as Adjusted EBITDA less maintenance capex and lease repayments over Adjusted EBITDA. Free Cash Flow Conversion excludes the Specialty Chemicals business

## Slide 9

(1) See “Non-GAAP Financial Measures” and “Forward Looking Information”

## Slide 12

(1) Rounded to nearest million. Canwest Synergies were \$20 million targeted and ~\$21.5 million executed. NGL US Synergy expectations of US\$20 million and US\$24 million achieved translated at 1.30 USD / CAD for the purposes of this analysis

(2) Run rate achieved as of Q3 2019

(3) Run rate achieved as of Q3 2019

(4) Multiple for Canwest & NGL based on forecasted base year EBITDA of ~\$40 million and ~US\$90 million plus achieved synergies for each respective acquisition. Multiple is also inclusive of purchase price adjustments

## Slide 13

(1) Represents all U.S. acquisitions since 2017 excluding NGL, UPE and IDI as NGL was a platform acquisition and is not representative of the tuck-ins included in our guidance, UPE was a wholesale transaction and IDI was an acquisition related to Specialty Chemicals

(2) “Pre-Synergized” EBITDA represents an estimate of seller Adjusted EBITDA prior to acquisition. “Synergized EBITDA” represents the forecasted Year 5 EBITDA for each acquisition

For the purpose of this analysis USD amounts were converted at 1.27 USD/CAD

## Slide 15

(1) EBITDA from Operations. See “Non-GAAP Financial Measures”.

## Slide 16

(1) See “Non-GAAP Financial Measures” and “Forward Looking Information”

(2) Excludes Specialty Chemicals EBITDA from operations

## Slide 17

(1) Free Cash Flow Conversion is calculated as Adjusted EBITDA less maintenance capex and lease repayments over Adjusted EBITDA. Free Cash Flow Conversion and Capital Expenditures exclude the Specialty Chemicals business

(2) Maintenance capital expenditures excluding disposals

## Slide 18

(1) Pro forma sale of Specialty Chemicals and Canadian high yield refinancing

(2) Q1 2021 Leverage is based on Net Debt to Adjusted EBITDA for the Trailing Twelve Months ended March 31, 2021 pro forma the sale of Specialty Chemicals. See “Non-GAAP Financial Measures”

(3) Excludes credit facility which currently bears interest at ~2%

## Slide 23

(1) TTM Q1 2021

## Slide 24

(1) TTM Q1 2021

## Slide 25

(1) TTM Q1 2021

# Non-GAAP Financial Measures

Throughout the presentation, Superior has used the following terms that are not defined by International Financial Reporting Standards (“GAAP”), but are used by management to evaluate the performance of Superior and its businesses. Since 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 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. These measures may also be used by investors, financial institutions and credit rating agencies to assess Superior’s performance and ability to service debt. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with GAAP. Other issuers may calculate non-GAAP financial measures differently.

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

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

## **Adjusted Operating Cash Flow (AOCF)**

AOCF is equal to cash flow from operating activities as defined by GAAP, 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. Please see the “Adjusted Operating Cash Flow Reconciled to Net Cash Flow from Operating Activities” section of Superior’s Q1 2021 MD&A.

## **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 Q1 2021 MD&A for the reconciliations.

## **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 EBITDA of Superior’s operating segments may be referred to as EBITDA from operations. Please see the “Reconciliation of Earnings (Loss) before Income Taxes to Adjusted EBITDA” section of Superior’s Q1 2021 MD&A.

# Non-GAAP Financial Measures (continued)

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

Adjusted EBITDA for the Total Net 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 Net Debt to Adjusted EBITDA Leverage Ratio.

To calculate the Total Net Debt to Adjusted EBITDA Leverage Ratio divide the sum of borrowings before deferred financing fees and lease liabilities by Pro Forma Adjusted EBITDA. The Total Net 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 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.

## **Capital Expenditures**

Efficiency, process improvement and growth-related expenditures will include expenditures such as acquisition of new customer equipment to facilitate growth, system upgrades and initiatives to facilitate improvements in customer service.

Maintenance capital expenditures will include required regulatory spending on tank refurbishments, replacement of chlorine railcars, replacement of plant equipment and any other required expenditures related to maintaining operations.

## **Organic Growth**

Organic growth calculated as increase in EBITDA from Operations year over year excluding the impact of acquisitions.

## **Free Cash Flow**

Calculated as Adjusted EBITDA less maintenance capital expenditures and capital lease repayments. Free Cash Flow is used by Superior to calculate cash flows available to pay interest and cash taxes, pay dividends, make acquisitions, for capital expenditures and repay debt. Like Adjusted EBITDA, Free Cash Flow is reconciled to net earnings before income taxes.

For additional information with respect to non-GAAP financial measures, including reconciliations to the closest comparable GAAP measure, see Superior's Q1 2021 MD&A, available on SEDAR at [www.sedar.com](http://www.sedar.com)