FIRST QUARTER 2016

TSX: SPB **April 28, 2016**

Superior Plus Corp. Announces 2016 First Quarter Results

Financial Overview

	Three Months Ended March 31	
(millions of dollars, except where noted)	**2016**	**2015**
Revenue	807.5	976.0
Gross Profit	277.2	288.0
Net earnings (loss)	104.9	(9.0)
Net earnings (loss) per share – basic *(dollars)*	$0.74	(0.07)
Net earnings (loss) per share – diluted *(dollars)*	$0.69	(0.07)
EBITDA from operations [(1)(3)]	123.4	129.4
Net cash flows from operating activities	89.7	131.9
Net cash flows from operating activities per share – basic *(dollars)*	$0.64	1.05
Net cash flows from operating activities per share – diluted *(dollars)*	$0.64	1.01
Adjusted operating cash flow before acquisition costs [(2)(4)]	95.1	95.8
Adjusted operating cash flow before acquisition costs per share – basic *(dollars)* [(2)(4)]	0.67	0.76
Adjusted operating cash flow before acquisition costs – diluted *(dollars)* [(2)(4)]	0.67	0.73
Adjusted operating cash flow [(2)]	86.6	95.8
Adjusted operating cash flow per share – basic *(dollars)* [(2)]	0.61	0.76
Adjusted operating cash flow per share – diluted *(dollars)* [(2)]	0.61	0.73
Cash dividends declared	25.3	22.7
Cash dividends per share	0.18	0.18

(1) EBITDA from operations is a non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings Before Income Taxes to EBITDA from Operations" for further details and the calculation and reconciliation.

(2) Adjusted operating cash flow (AOCF) is a non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" for further details and the reconciliation.

(3) EBITDA from operations excludes realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

(4) Acquisition costs for the three months ended March 31, 2016 include $8.5 million in costs related to the proposed acquisition of the Canexus Corporation ("Canexus Acquisition"). Refer to "Non-GAAP Acquisition Costs" in the First Quarter MD&A for further details.

"Superior delivered a strong quarter despite record warm weather across Canada and the Northeast U.S., which had a significant impact on our Energy Distribution business," said Luc Desjardins, President and Chief Executive Officer of Superior. "Although we faced substantial headwinds from the warm weather and the continued decline in oilfield activity, the first quarter results demonstrate the value of our geographic, customer segment and product diversity."

Highlights

- For the quarter ended March 31, 2016, Superior generated AOCF before acquisition costs of $95.1 million, consistent with prior year, and AOCF per share before acquisition costs of $0.67, consistent with management expectations and $0.09 per share or 12% lower than the prior year quarter of $0.76 per share. Strong improvements within the Construction Products Distribution ("CPD") business and strong operational performance in the Energy Distribution business were offset by warmer than normal weather in the quarter, lower Specialty Chemicals results and an increase in weighted average shares outstanding. AOCF per share for the current quarter excludes $8.5 million in regulatory and legal costs related to the proposed acquisition of Canexus Corporation ("Canexus").
- Superior's 2016 financial outlook of AOCF per share has been confirmed at $1.50 to $1.80, consistent with the financial outlook provided at the end of the fourth quarter. See "2016 Financial Outlook" for additional details. Superior's current 2016 financial outlook excludes the impact of the Canexus Acquisition.
- Superior's total debt to EBITDA as at March 31, 2016 was 3.4X. Superior's forecasted December 31, 2016, total debt to EBITDA ratio, excluding the impact of the Canexus Acquisition, is 3.1X to 3.5X, unchanged from the update provided in the fourth quarter of 2015. Superior's forecasted total debt to EBITDA is within its long term target range of 3.0X to 3.5X. See "Debt Management Update" in the first quarter MD&A for additional details.
- In the first quarter, Superior and Canexus continued to provide information to and have discussions with the regulatory authorities in Canada and the United States. Superior and Canexus mutually agreed to extend the Outside Date of the Arrangement Agreement by 90 days to June 29, 2016. The discussions with the regulatory authorities are currently focused on potential remedies.
- During the first quarter, Superior also completed the sale of the Fixed Price Energy Services assets for total cash consideration of $3.6 million, subject to certain closing adjustments.

Segmented Information

	Three months ended March 31	
(millions of dollars)	**2016**	2015
EBITDA from operations[(1)]:		
Energy Distribution	**86.8**	88.5
Specialty Chemicals	**27.3**	36.1
Construction Products Distribution	**9.3**	4.8
	123.4	129.4

(1) EBITDA from operations excludes realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation. See "Non-GAAP Financial Measures".

Energy Distribution

- EBITDA from operations for the first quarter was $86.8 million compared to $88.5 million in the prior year quarter. Results were modestly lower due to a decrease in gross profits, offset in part by a decrease in operating costs. The Canadian propane distribution ("Canadian propane") business generated gross profit of $99.1 million in the first quarter compared to $99.7 million in the prior year quarter as higher average sales margins offset the reduction in sales volumes due to warmer weather and the decrease in oilfield activity. The gross profit from the supply portfolio management business has been included in the Canadian propane gross profit as approximately 80% of the gross profit of the supply portfolio management business is directly related to supply requirements for Canadian propane.
- Average weather across Canada, as measured by degree days, for the first quarter was 13% warmer than the prior year and 10% warmer than the 5-year average. Warmer than average temperatures in the first quarter of 2016 had a significant impact on sales volumes.
- Canadian propane average sales margins were 23.1 cents per litre in the first quarter compared to 19.5 cents per litre in the prior year quarter due to an increase in average retail sales margins and benefits from procurement initiatives. Average retail sales margins in the first quarter of 2016 benefitted from the continued low price environment for the wholesale cost of propane, sales mix and the impact of ongoing pricing management initiatives. In addition, Canadian propane margins were higher than the prior year quarter due to the benefit of procurement initiatives related to supply contracts and the impact of improved basis differentials. Superior anticipates the impact from the low price environment on propane margins will moderate in 2016 as both retail pricing and the wholesale cost of propane normalize.
- Canadian propane sales volumes were 16% lower than the prior year quarter due primarily to a decrease in industrial, wholesale and commercial volumes and a modest reduction in residential volumes. Industrial, wholesale and commercial sales volumes were lower due to warmer weather and reduced oil-field demand related to the continued weakness in crude oil prices. Residential sales volumes were negatively impacted by warmer than average temperatures, offset in part by new customer sales volumes as a result of ongoing sales and marketing initiatives.
- The U.S. refined fuels business generated gross profits of $68.1 million in the first quarter compared to $78.9 million in the prior year quarter. Gross profits decreased $10.8 million or 14% due primarily to lower sales volumes, partially offset by the impact of the stronger U.S. dollar compared to the prior year quarter.
- Average weather for the U.S. refined fuel business, as measured by degree days, for the first quarter was 26% warmer than the prior year and 7% warmer than the 5-year average. Warmer than average temperatures in the first quarter of 2016 had a negative impact on residential sales volumes, which account for over 70% of the U.S. refined fuels gross profit.
- U.S. refined fuels average sales margin of 16.1 cents per litre in the first quarter was consistent with the prior year quarter as lower average retail unit margins were offset by the appreciation of the U.S. dollar compared to the prior year quarter.
- Sales volumes within the U.S. refined fuels business were 15% lower than the prior year quarter due to warmer weather, partially offset by a modest increase in retail propane volumes from the Warner's acquisition completed in the second quarter of 2015. Residential sales volumes were negatively impacted by warmer temperatures relative to the prior year quarter. Commercial volumes were negatively impacted by reduced demand for snow and ice removal equipment volumes related to the weather. Wholesale sales volumes decreased due to lower reseller volume demand.
- Other services gross profit was $7.2 million in the first quarter, consistent with the prior year quarter.

- Cash operating and administrative costs were $87.6 million in the first quarter, a decrease of $9.4 million compared to $97.0 million in the prior year quarter. Operating expenses in the current year quarter were lower due to a decrease in wages related to reduced volumes and decreased fuel expenses, partially offset by the impact of the stronger U.S. dollar compared to the prior year quarter.
- Superior was able to make efficient headcount reductions to minimize the impact of the decrease in sales volumes related to the warmer weather due to the work completed in 2014 and 2015 to sustainably reduce the cost structure of its Energy Distribution business through the execution of *The Superior Way* project.
- The Corporation's fixed-price energy services assets were divested during the first quarter for cash consideration of $3.6 million. This transaction is not expected to have a material impact to the Energy Distribution portfolio.
- EBITDA from operations for 2016 for the Energy Distribution business is anticipated to be consistent with 2015. EBITDA from the Canadian propane and U.S. refined fuels businesses should benefit from ongoing operational and procurement improvements and sales and marketing initiatives. Gross profits in the Canadian propane business are anticipated to be consistent with 2015 as lower volumes related to the warmer weather in the first quarter and decline in oilfield activity are anticipated to be offset by improvements in average margins. Gross profits in the U.S. refined fuels business are anticipated to be modestly higher than 2015 due primarily to the strengthening of the U.S. dollar on the translation of U.S. denominated gross profit, partially offset by lower volumes, driven by the warmer weather experienced in the first quarter. Cash operating costs are anticipated to be lower than 2015 due to continuous improvement initiatives and reduced volumes related to weather, partially offset by the translation of U.S. denominated operating expenses. Average weather, as measured by degree days, for the remainder of 2016 is anticipated to be consistent with the 5-year average.

Specialty Chemicals

- EBITDA from operations for the first quarter was $27.3 million compared to $36.1 million in the prior year quarter. Specialty Chemicals generated gross profit of $63.1 million, a decrease of $15.9 million compared to prior year due primarily to the impact of the translation of U.S. denominated working capital and lower chlor-alkali gross profits. The strengthening of the Canadian dollar in the quarter resulted in a realized loss on working capital of $4.0 million in the first quarter compared to a realized gain of $6.4 million in the prior year quarter.
- Sodium chlorate gross profits were consistent with the prior year as the decrease in sales volumes was offset by the impact of the stronger U.S. dollar on the translation of U.S. denominated sales. Sodium chlorate sales volumes were 6% lower than the prior year quarter due to a decrease in sales volumes associated with purchases under the Tronox agreement and reduced North American demand.
- Chlor-alkali gross profits were lower than the prior year quarter due to a decrease in pricing for hydrochloric acid and caustic soda and a decrease in sales volumes for hydrochloric acid, caustic soda and caustic potash, partially offset by an increase in sales volumes and pricing for chlorine and the positive impact of the stronger U.S. dollar on U.S. denominated sales.
- Cash operating and administrative costs of $35.8 million were $7.1 million lower than the prior year quarter due to the decrease in Tronox-related and plant operating expenses, partially offset by the impact of a stronger U.S. dollar on the translation of U.S. denominated expenses and general inflationary increases.
- Superior expects EBITDA from operations for 2016 to be consistent with 2015 as improvements in the sodium chlorate and chlor-alkali business are expected to be offset by reduced gains on the translation of U.S. denominated working capital and lower insurance proceeds for the business interruption claim related to the Port Edwards HCl burner. Sodium chlorate EBITDA is anticipated to be higher in 2016 due to the termination

of the Tronox agreement and related plant expenses. Sodium chlorate gross profits are anticipated to be modestly lower in 2016 due to a decrease in sales volumes. EBITDA from the chlor-alkali segment is anticipated to be modestly lower in 2016 due to an increase in plant operating expenses, partially offset by an increase in sales volumes and consistent to modestly higher pricing in all products except hydrochloric acid. Hydrochloric acid sales prices and volumes are anticipated to be lower than 2015 due to reduced demand related to the continued decline in oilfield activity expected in 2016.

Construction Products Distribution

- EBITDA from operations for the first quarter was $9.3 million compared to $4.8 million in the prior year quarter. Results in the first quarter benefitted from a weaker Canadian dollar and continued strength in U.S. end-use markets and improved fundamentals in the Canadian market.
- Total gross profit was $8.3 million higher than the prior year quarter due to improved sales volumes, higher average selling prices and the impact of a stronger U.S. dollar on U.S. denominated sales. Average sales margins on a total basis were higher than the prior year due to the effective price management initiatives.
- Gypsum revenues were higher than the prior year quarter due primarily to improved U.S. sales volumes as a result of ongoing improvements in the U.S. residential construction sector, higher average selling prices and the impact of a stronger U.S. dollar on the translation of U.S. denominated revenues. Canadian revenues were higher than the prior year quarter due to improvements in the B.C. and Ontario markets.
- Commercial and industrial insulation (C&I) revenues increased over the prior year quarter due primarily to the impact of a stronger U.S. dollar on the translation of U.S. denominated revenues, partially offset by lower export sales and lower sales in the West related to a decline in oil-related activity. C&I gross margins were modestly higher than the prior year due to the impact of effective price management initiatives.
- Cash operating and administrative costs for the first quarter were $53.4 million compared to $49.6 million in the prior year quarter. Operating expenses were impacted by higher sales volumes, the stronger U.S. dollar on the translation of U.S. denominated expenses and higher wages.
- CPD continues to make significant progress on the systems integration project that will replace two legacy ERP systems with a single, standardized solution. The updated system is expected to provide enhanced procurement, pricing and operational effectiveness, enabling CPD to further improve margins and operating costs once complete. CPD anticipates that the project will be completed by the end of 2016 at a total cost of approximately $32.0 million which is split between capital investment of $22.4 million and one-time operating costs of $9.6 million ($2.6 million 2015 and $7.0 million 2016). Total costs incurred to date are $19.5 million consisting of $15.6 million in capital and $3.9 million in operating expense.
- Superior anticipates that EBITDA from operations in 2016 will be modestly higher than 2015 as continued improvements in the U.S. residential, commercial and industrial markets, benefits resulting from ongoing pricing and procurement initiatives and the system integration project will be modestly offset by the system integration project costs. As previously discussed, in 2016 Superior is expecting to incur $7.0 million in one-time operating costs related to the implementation and roll out of the system integration project compared to $2.6 million in 2015. Superior anticipates that the Canadian residential, commercial and industrial markets will be challenging for the remainder of 2016.

Corporate Related

- Interest expense for the first quarter was $10.6 million compared to $14.3 million in the prior year quarter. Interest expense was $3.7 million lower than the prior year quarter as a result of lower average effective interest rates and reduced average debt levels.

- Corporate costs were $3.3 million in the first quarter which was $4.3 million lower than the prior year quarter due primarily to a decrease in long-term incentive plan costs. Long-term incentive plan costs are lower due to the decrease in the share price. Corporate costs exclude one-time costs for the Canexus Acquisition of $8.5 million.
- Superior's total debt (including convertible debentures) to Compliance EBITDA was 3.4X as at March 31, 2016 consistent with leverage at December 31, 2015. See "Debt Management Update" for additional details.
- Realized losses on foreign currency hedging contracts were $13.2 million compared to $11.0 million in the prior year quarter. The $2.2 million increase compared to the prior year quarter was due to the strengthening of the U.S. dollar. The average USD:CAD rate was 1.3748 for the first quarter compared to 1.2411 in the prior year quarter.

2016 Financial Outlook

Superior's 2016 financial outlook of AOCF per share of $1.50 to $1.80 is consistent with the financial outlook provided at the end of the fourth quarter of 2015. However, oil and gas pricing volatility could have a negative impact on Superior's ability to achieve the midpoint of its 2016 financial outlook. Superior's 2016 financial outlook excludes the impact of the Canexus Acquisition. Upon successfully closing the Canexus acquisition, Superior will update its 2016 financial outlook, including the forecasted debt and total leverage levels.

In addition to the background provided in the individual business financial outlook sections, key assumptions underlying the 2016 financial outlook include:

- The 2016 financial outlook includes CPD IT one-time system integration costs of $7.0 million or $0.05 per share;
- The 2016 financial outlook excludes Canexus transaction and bridge facility costs of $19.0 million. Legal and regulatory costs incurred during the first quarter were higher than expected primarily due to more extensive information requests and discussions with the regulatory agencies;
- Continued improvements in operational efficiencies and sales and marketing initiatives in Energy Distribution;
- Continued improvements in end-use markets in the U.S. for CPD and modest improvements in Canada; and
- Specialty Chemicals results will be consistent with 2015 as operating conditions are anticipated to be similar to 2015.

For additional details on the assumptions underlying the 2016 financial outlook, see Superior's 2016 First Quarter MD&A.

Debt Management Update

Superior remains focused on managing both its total debt and its total debt to EBITDA. Superior is currently forecasting a total debt to EBITDA ratio at December 31, 2016 of 3.1X to 3.5X which would maintain Superior within its targeted leverage range of 3.0X to 3.5X. Superior's anticipated debt repayment for 2016 and total debt to EBITDA leverage ratio as at December 31, 2016, is based on Superior's 2016 financial outlook, which excludes any impact of the Canexus Acquisition. For additional details on the anticipated debt as at December 31, 2016, see the "Debt Management Summary" in Superior's 2016 First Quarter MD&A.

Superior's total debt (including convertible debentures) to Compliance EBITDA was 3.4X as at March 31, 2016, consistent with leverage at December 31, 2015. Superior continues to focus on reducing its total leverage through ongoing debt reduction, including reducing working capital requirements and improving business operations.

MD&A and Financial Statements

Superior's MD&A, the unaudited Consolidated Financial Statements and the Notes to the Consolidated Financial Statements for the three months ended March 31, 2016, are available online at Superior's website at www.superiorplus.com under the Investor Relations section and on www.sedar.com.

2016 First Quarter Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2016 First Quarter Results at 10:30 a.m. EST on Friday, April 29, 2016. To participate in the call, dial: 1-866-223-7781. An archived recording of the call will be available for replay until midnight, May 29, 2016. To access the recording, dial: 1-800-408-3053 and enter pass code 6641081. 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 first quarter earnings release, 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. 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 EBITDA, EBITDA from operations, compliance EBITDA 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.

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

Adjusted Operating Cash Flow

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.

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. Adjustments are also made to reclassify the cash flow related to natural gas and electricity customer contract-related costs in a manner consistent with the income statement's recognition of these costs.

EBITDA

EBITDA represents earnings before taxes, depreciation, amortization, finance expense, and certain other non-cash expenses, and is used by Superior to assess its consolidated results and those of its operating segments. The EBITDA of Superior's operating segments may be referred to as EBITDA from operations.

EBITDA from operations

EBITDA from operations is defined as EBITDA excluding gains/(losses) on foreign currency hedging contracts. For purposes of this MD&A, foreign currency hedging contract gains and losses are excluded from the results of the operating segments. Comparative figures for the prior periods have been reclassified to reflect this change.

Compliance EBITDA

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and certain other non-cash expenses calculated on a 12-month trailing basis, giving pro forma effect to acquisitions and divestitures, and is used by Superior to calculate compliance with its debt covenants and other credit information. See Note 14 to the unaudited condensed consolidated financial statements for a reconciliation of net earnings to compliance EBITDA.

Payout Ratio

Payout ratio represents dividends as a percentage of AOCF less other 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 measure under GAAP. Superior's calculation of payout ratio may differ from similar calculations used by comparable entities.

Reconciliation of Net Earnings Before Income Taxes to EBITDA from Operations[1][2][3]

For the three months ended March 31, 2016	**Energy Distribution**	**Specialty Chemicals**	**Construction Products Distribution**
Net earnings (loss) before income taxes	**99.2**	**1.2**	**5.0**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**15.0**	-	**2.1**
Depreciation included in cost of sales	-	**13.8**	-
Realized losses on foreign currency hedging contracts	-	**11.3**	**1.9**
Losses (gains) on disposal of assets	**(0.2)**	-	-
Finance expense	**0.8**	**0.1**	**0.3**
Unrealized losses (gains) on derivative financial instruments	**(28.0)**	**0.9**	-
EBITDA from operations	**86.8**	**27.3**	**9.3**

For the three months ended March 31, 2015	**Energy Distribution**	**Specialty Chemicals**	**Construction Products Distribution**
Net earnings before income taxes	88.0	11.7	2.0
Add: Depreciation and amortization included in selling, distribution and administrative costs	12.3	-	1.8
Depreciation included in cost of sales	-	13.5	-
Realized losses on foreign currency hedging contracts	4.6	5.6	0.8
Losses on disposal of assets	0.3	0.2	-
Finance expense	0.6	0.2	0.2
Unrealized losses (gains) on derivative financial instruments	(17.3)	4.9	-
EBITDA from operations	88.5	36.1	4.8

(1) See the 2016 First Quarter unaudited condensed consolidated financial statements for net earnings before income taxes, depreciation and amortization included in selling, distribution and administrative costs, depreciation included in cost of sales, depreciation included in cost of sales, customer contract-related costs, finance expense and unrealized (losses) gains on derivative financial instruments.

(2) EBITDA from operations excludes realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

(3) EBITDA from operations excludes the results of the Fixed-price energy services business as substantially all assets were divested during Q1 2016. Comparative figures have been reclassified to reflect the current period presentation.

AOCF Reconciled to Net Cash Flow from Operating Activities[1]

(millions of dollars)	**Three months ended March 31** **2016**	2015
Net cash flow from operating activities	**89.7**	131.9
Add (Deduct):		
Non-cash interest expense	**1.5**	1.7
Increase (decrease) in non-cash working capital	**8.6**	(21.7)
Cash income tax expense	**(1.2)**	(0.7)
Finance expense recognized in net earnings	**(12.0)**	(16.0)
Adjusted Operating Cash Flow	**86.6**	95.2

(1) See the 2016 First Quarter unaudited condensed consolidated financial statements for net cash flow from operating activities, non-cash interest expense, cash income tax expense, finance expense recognized in net earnings and changes in non-cash working capital.

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 EBITDA from operations, expected AOCF and AOCF per share, expected leverage ratios and debt repayment, expectations in terms of the cost of operations, business strategy and objectives, development plans and programs, business expansion and cost structure and other improvement projects, expected product margins and sales volumes, market conditions in Canada and the U.S., continued improvements in operational efficiencies and sales and marketing initiatives in Energy Distribution, continued improvements in end-use markets in the U.S. for CPD, future economic conditions, future exchange rates, exposure to such rates and incremental earnings associated with such rates, expected weather, expectations in respect to the global economic environment, our trading strategy and the risk involved in these strategies, the impact of certain hedges on future reported earnings and cash flows, commodity prices and costs, the impact of contracts for commodities, demand for propane, heating oil and similar products, demand for chemicals including sodium chlorate and chlor-alkali, effect of operational and technological improvements, anticipated costs and benefits of business enterprise system upgrade plans, CPD IT one-time integration costs, Canexus transaction and bridge facility costs, future working capital levels, expected governmental regulatory regimes and legislation and their expected impact on regulatory and legislative compliance costs, expectations for the outcome of existing or potential legal and contractual claims, our ability to obtain financing on acceptable terms, anticipated leverage related to the acquisition of Canexus, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior Plus LP.

Forward-looking information is provided for the purpose of providing information about management’s expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Superior believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Those assumptions and expectations are based on information currently available to Superior, including information obtained from third party industry analysts and other third party sources, and the historic performance of Superior’s businesses. Such assumptions include anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, trading data, cost estimates, our ability to obtain financing on acceptable terms, the assumptions set forth under the “Financial Outlook” sections of our First Quarter MD&A and are subject to the risks and uncertainties set forth below.

By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond our control, Superior's or Superior LP's actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value 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 First Quarter 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:

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF 2016 FIRST QUARTER RESULTS
April 28, 2016

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 three months ended March 31, 2016, as well as forward-looking information about future periods. This MD&A should be read in conjunction with Superior's first quarter 2016 unaudited condensed consolidated financial statements and notes thereto, which have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB); Superior's 2015 Annual MD&A; Superior's 2015 Audited Consolidated Financial Statements and notes thereto, which have been prepared in accordance with IFRS as issued by the IASB; and other recent filings with Canadian regulatory authorities, which are available on SEDAR at sedar.com.

All dollar amounts in this MD&A are expressed in millions of Canadian dollars except where otherwise noted. The information in this MD&A is current to April 28, 2016. 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: the Energy Distribution segment, which includes a Canadian propane distribution business and a U.S. refined fuels distribution business; the Specialty Chemicals segment, which produces and distributes sodium chlorate, chlor-alkali products and sodium chlorite; and the Construction Products Distribution segment, which distributes drywall, insulation, framing and other construction products mainly throughout Canada and the United States.

Non-GAAP Financial Measures

This MD&A contains non-GAAP measures such as adjusted operating cash flow, EBITDA from operations, EBITDA and compliance EBITDA. Since non-GAAP financial measures do not have standardized meaning prescribed by generally accepted accounting principles (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. 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", "could", "estimate", "expect", "plan", "intend", "forecast", "future", "guidance", "may", "predict", "project", "should", "strategy", "target", "will" or similar expressions suggesting future outcomes.

Forward-looking information in this document includes: future financial position, consolidated and business segment outlooks, expected EBITDA from operations, expected adjusted operating cash flow (AOCF) and adjusted operating cash flow per share, expected leverage ratios and debt repayment, debt management summary, expectations in terms of the cost of operations, capital spend and maintenance and the variability of these costs, timing, future supply and demand fundamentals for North American sodium chlorate, business strategy and objectives, development plans and programs, business expansion and cost structure and other improvement projects, expected product margins and sales volumes, market conditions in Canada and the U.S., continued improvements in operational efficiencies and sales and marketing initiatives in Energy Distribution, continued improvements in end-use markets in the U.S. for CPD, expected tax consequences of the Conversion, the challenge by the CRA of the tax consequences of the Conversion (and the expected timing and impact of such process including any payment of taxes and the quantum of such payments), future income taxes, the impact of proposed changes to Canadian tax legislation or U.S. tax legislation, future economic conditions, future exchange rates, exposure to such rates and incremental earnings associated with such rates, dividend strategy, payout ratio, expected weather, expectations in respect to the global economic environment, our trading strategy and the risk involved in these strategies, the impact of certain hedges on future reported earnings and cash flows, commodity prices and costs, the impact of contracts for commodities, demand for propane, heating oil, other refined fuels and similar products, demand for chemicals including sodium chlorate and chlor-alkali, effect of operational and technological improvements, anticipated costs and benefits of business enterprise system upgrade plans, CPD IT one-time system integration costs, Canexus transaction and bridge facility costs, future working capital levels, expected governmental regulatory regimes and legislation and their expected impact on regulatory and legislative compliance costs, expectations for the outcome of existing or potential legal and contractual claims, our ability to obtain financing on acceptable terms, anticipated leverage related to the acquisition of Canexus, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior Plus LP.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Superior believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Those assumptions and expectations are based on information currently available to Superior, including information obtained from third party industry analysts and other third party sources, and the historic performance of Superior's businesses. Such assumptions include anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, trading data, cost estimates, our ability to obtain financing on acceptable terms, the assumptions set forth under the "Financial Outlook" sections of this First Quarter MD&A and are subject to the risks and uncertainties set forth below.

By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond our control, Superior's or Superior LP's actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value 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) this First Quarter 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.

FINANCIAL OVERVIEW

Summary of Adjusted Operating Cash Flow

(millions of dollars, except per share amounts)	**Three months ended March 31** **2016**	2015
Revenue	**807.5**	976.0
Gross profit	**277.2**	288.0
EBITDA from operations(1)(2)(3)	**123.4**	129.4
Corporate costs	**(3.3)**	(7.6)
Realized losses on foreign currency hedging contracts(2)	**(13.2)**	(11.0)
Interest expense	**(10.6)**	(14.3)
Cash income tax expense	**(1.2)**	(0.7)
Adjusted Operating Cash Flow before acquisition costs(1)	**95.1**	95.8
Acquisition costs(4)	**(8.5)**	–
Adjusted operating cash flow(1)	**86.6**	95.8
Adjusted operating cash flow per share before acquisition costs, basic(1)(4)(5)	**$0.67**	$0.76
Adjusted operating cash flow per share before acquisition costs, diluted(1)(4)(5)(6)	**$0.67**	$0.73
Adjusted operating cash flow per share, basic(1)(5)	**$0.61**	$0.76
Adjusted operating cash flow per share, diluted(1)(5)(6)	**$0.61**	$0.73
Dividends paid per share	**$0.18**	$0.18

(1) EBITDA from operations and adjusted operating cash flow (AOCF) are non-GAAP measures. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

(2) EBITDA from operations excludes realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

(3) EBITDA from operations excludes the results of the Fixed-price energy services business as substantially all assets were divested during Q1 2016. Comparative figures have been reclassified to reflect the current period presentation.

(4) Acquisition costs for the three months ended March 31, 2016 include $8.5 million in costs related to the proposed acquisition of Canexus (Canexus Acquisition). See "Non-GAAP Acquisition Costs" for further details.

(5) The weighted average number of shares outstanding for the three months ended March 31, 2016, is 141.1 million (March 31, 2015 – 126.2 million).

(6) There were no dilutive instruments with respect to AOCF per share for the three months ended March 31, 2016. For the three months ended March 31, 2015, the dilutive impact of the 7.50%, October 31, 2016 convertible debentures was 6.6 million shares (132.8 million total shares on a dilutive basis) with a resulting impact on AOCF before acquisition costs of $1.4 million ($97.2 million total on a dilutive basis) and on AOCF of $1.4 million ($97.2 million total on a dilutive basis).

Comparable GAAP Financial Information

(millions of dollars, except per share amounts)	**Three months ended March 31** **2016**	2015
Net earnings (loss) from continuing operations	**104.9**	(9.0)
Net earnings (loss) per share from continuing operations, basic	**$0.74**	$(0.07)
Net earnings (loss) per share from continuing operations, diluted	**$0.69**	$(0.07)
Net cash flows from operating activities	**89.7**	131.9
Net cash flows from operating activities per share, basic	**$0.64**	$1.05
Net cash flows from operating activities per share, diluted	**$0.64**	$1.01

Segmented Information

	Three months ended March 31	
(millions of dollars)	**2016**	2015
EBITDA from operations[(1)(2)]:		
Energy Distribution	**86.8**	88.5
Specialty Chemicals	**27.3**	36.1
Construction Products Distribution (CPD)	**9.3**	4.8
	123.4	129.4

(1) EBITDA from operations excludes realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation. See "Non-GAAP Financial Measures".

(2) EBITDA from operations excludes the results of the Fixed-price energy services business as substantially all assets were divested during Q1 2016. Comparative figures have been reclassified to reflect the current period presentation.

Adjusted Operating Cash Flow Reconciled to Net Cash Flow from Operating Activities[(1)(2)]

	Three months ended March 31	
(millions of dollars)	**2016**	2015
Net cash flow from operating activities	**89.7**	131.9
Add (Deduct):		
Non-cash interest expense	**1.5**	1.7
Increase (decrease) in non-cash working capital	**8.6**	(21.7)
Cash income tax expense	**(1.2)**	(0.7)
Finance expense recognized in net earnings	**(12.0)**	(16.0)
Adjusted Operating Cash Flow	**86.6**	95.2

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

(2) See the unaudited condensed consolidated financial statements for net cash flow from operating activities and changes in non-cash working capital.

For purposes of this MD&A, realized losses on foreign currency hedging contracts are excluded from the results of the operating segments as these contracts are entered into for treasury risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

Divestiture of Fixed-Price Energy Services

The Fixed-price energy services assets were divested during the first quarter for total consideration of $4.3 million. Fixed-price energy services' net earnings have been reclassified as discontinued operations in Superior's first quarter unaudited condensed consolidated financial statements.

First Quarter Comparison to Prior Year Quarter

First quarter AOCF before acquisition costs was $95.1 million, a decrease of $0.7 million or 1% from the prior year quarter AOCF of $95.8 million. EBITDA from operations was $123.4 million, a decrease of $6.0 million due primarily to lower results from Specialty Chemicals and Energy Distribution, partially offset by higher results from CPD. EBITDA from operations at Specialty Chemicals decreased primarily due to foreign currency translation losses related to U.S. denominated working capital, lower chlor-alkali product demand related to the oil and gas industry and lower North American pulp mill customer demand, partially offset by the impact of the stronger U.S. dollar on U.S. denominated EBITDA. Energy Distribution EBITDA from operations decreased largely due to warmer weather compared to the prior year period and CPD EBITDA from operations increased due to improved sales volumes as a result of ongoing improvements in the U.S. and Canadian residential construction sector and the impact of the stronger U.S. dollar on U.S. denominated EBITDA.

AOCF per share before acquisition costs of $0.67 per share was $0.09 or 12% lower than the prior year quarter of $0.76 per share mainly due to the decrease in EBITDA from operations and an increase in weighted average shares outstanding. The weighted average shares outstanding increased due to the issuance of 13.9 million shares on October 28, 2015 and the reinstatement of the Dividend Reinvestment Program and Optional Share Purchase Program (DRIP) beginning with the payment of the December 2015 dividend which was paid January 15, 2016.

Revenue of $807.5 million was $168.5 million lower than in the prior year's quarter due primarily to decreased Energy Distribution and Specialty Chemicals revenue, partially offset by increased CPD revenue. Energy Distribution revenue decreased due to lower commodity prices and lower demand on heating volumes related to warmer weather experienced in the first quarter compared to the prior year period. Specialty Chemicals revenue decreased due to lower hydrochloric acid volumes and selling prices and lower sodium chlorate volumes resulting from lower demand in North America, partially offset by the impact of the stronger U.S. dollar on U.S. denominated revenues. CPD revenues increased primarily due to higher sales volumes of gypsum related to improved U.S. sales volumes from ongoing strength in the U.S. residential construction sector and the impact of the stronger U.S. dollar on U.S. denominated revenues.

Operating expenses of $209.6 million in the first quarter were $4.2 million higher than operating expenses in the prior year quarter primarily due to the impact of the stronger U.S. dollar on U.S. denominated expenses and general inflationary increases, partially offset by a decrease in wages related to reduced Energy Distribution volumes and decreased fuel expenses due to reduced volumes and lower commodity prices.

Finance expense was $12.0 million, compared to $16.0 million in the prior year, a decrease of $4.0 million due to lower average debt levels and average effective interest rates. The decrease in debt levels is primarily due to proceeds from the issuance of 13.9 million shares in October 2015 being used to repay borrowings.

Unrealized gains on derivative financial instruments were $73.4 million in the first quarter, compared to a loss of $51.9 million in the prior year, mainly related to the changes in market prices of commodities and timing of maturities of the underlying financial instruments.

The net earnings from continuing operations for the quarter ended March 31, 2016 were $104.9 million, compared to a net loss of $9.0 million in the prior year. The increase in net earnings was mainly due to unrealized gains on derivative financial instruments resulting from the weakening of the U.S. dollar relative to the Canadian dollar compared to the prior year period.

Proposed Acquisition of Canexus Corporation

On October 6, 2015, Superior announced that it entered into an arrangement agreement with Canexus Corporation (Canexus), pursuant to which the Company agreed to acquire all the issued and outstanding common shares of Canexus by way of a court approved plan of arrangement.

The Canexus Acquisition is expected to enhance Superior's Specialty Chemicals business and cost position and provide growth opportunities for Superior. Completion of the arrangement will allow the Specialty Chemicals business to better serve its customers and aligns with Superior's core strategy of investing in businesses that generate strong free cash flow and attractive future growth opportunities. This will also enhance Superior's ability to service customers by combining the technical strengths of both companies, and allow for better optimization of plants and improved logistics resulting in more consistent, efficient and reliable delivery of products.

Under the terms of the arrangement, Canexus shareholders will receive 0.153 of a Superior common share for each Canexus common share.

Canexus shareholders voted to approve the Canexus Acquisition at a special meeting of shareholders held on December 11, 2015, where 99.19% of the Canexus shares voted at the meeting were in favour of the Arrangement. Canexus also obtained a final order from the Court of Queen's Bench of Alberta approving the Arrangement. The transaction is subject to receipt of regulatory approval and the satisfaction of certain other commercial conditions. Closing of the transaction is expected to occur by mid-2016.

In the first quarter, Superior and Canexus continued to provide information to and have discussions with the regulatory authorities in Canada and the United States. Superior and Canexus mutually agreed to extend the Outside Date of the Arrangement Agreement by 90 days to June 29, 2016. The discussions with the regulatory authorities are currently focused on potential remedies.

OPERATING RESULTS

ENERGY DISTRIBUTION

Energy Distribution's condensed operating results for 2016 and 2015[(1)]:

(millions of dollars)	Three months ended March 31 **2016**	2015
Revenue	**413.8**	587.3
Cost of sales[(2)]	**(239.4)**	(401.8)
Gross profit[(2)]	**174.4**	185.5
Less: Cash operating and administrative costs[(3)]	**(87.6)**	(97.0)
EBITDA from operations[(2)(4)]	**86.8**	88.5
Net earnings[(3)]	**99.2**	88.0

(1) Financial results exclude the results of the Fixed-price energy services business as substantially all assets were divested during Q1 2016. Comparative figures have been reclassified to reflect the current period presentation.

(2) Cost of sales, gross profit and EBITDA from operations excludes realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

(3) See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A."

(4) EBITDA from operations is a non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

Revenues for the first quarter of 2016 were $413.8 million, a decrease of $173.5 million or 30% compared to the prior year quarter. The decrease is primarily due to lower commodity prices and sales volumes compared to the prior year quarter. Total gross profit for the first quarter of 2016 was $174.4 million, a decrease of $11.1 million or 6% over the prior year quarter. The decrease in gross profit is primarily from lower volumes due to warmer weather compared to the prior year period within the Canadian propane and U.S. refined fuels segments. A detailed review of gross profit is provided below.

Gross Profit Review

(millions of dollars)	Three months ended March 31 **2016**	2015
Canadian propane distribution[(1)]	**99.1**	99.7
U.S. refined fuels distribution[(2)]	**68.1**	78.9
Other services	**7.2**	6.9
Total gross profit	**174.4**	185.5

(1) Includes the gross profit of the supply portfolio management division, which was previously reported as a separate division of Energy Distribution. Comparative figures have been reclassified to reflect the current period presentation.

(2) Gross profit of U.S. refined fuels distribution excludes realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

Canadian Propane Distribution

The gross profit of Canadian Propane Distribution includes the results of the supply portfolio management division, which was previously reported as a separate division of Energy Distribution. Comparative figures have been reclassified to reflect the current period presentation.

Canadian propane distribution gross profit for the first quarter was $99.1 million, a decrease of $0.6 million or 1% compared to the prior year quarter. The decrease was mainly the result of lower volumes due to warmer weather compared to the prior year. Residential sales volumes decreased by 10 million litres or 17% from the prior year quarter due primarily to warmer weather during the first quarter of 2016 as compared to the prior year quarter. Average weather across Canada for the first quarter, as measured by degree days, was 13% warmer than the prior year and 10% warmer than the five-year average. Industrial volumes decreased by 36 million litres or 25%, largely due to reduced oilfield customer demand related to the low price of oil and warmer weather. Commercial volumes decreased by 19 million litres or 17% due to warmer temperatures across the country as compared to the prior year and decreased demand from oilfield support industries. Wholesale volumes decreased 15 million litres or 9%, also related to warmer temperatures across the country as compared to the prior year.

Average propane sales margins for the first quarter increased to 23.1 cents per litre from 19.5 cents per litre in the prior year quarter. Average retail sales margins in the first quarter of 2016 benefitted from the continued low price environment for the wholesale cost of propane and ongoing pricing management initiatives. In addition, Canadian propane margins were higher than the prior year quarter due to the benefit of procurement initiatives related to supply contracts and the impact of improved basis differentials.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application(1)

	Three months ended March 31	
(millions of litres)	**2016**	2015
Residential	**48**	58
Commercial	**90**	109
Agricultural	**15**	18
Industrial	**108**	144
Wholesale	**151**	166
Automotive	**17**	17
	429	512

Volumes by Region(1)(2)

	Three months ended March 31	
(millions of litres)	**2016**	2015
Western Canada	**213**	251
Eastern Canada	**145**	182
Atlantic Canada	**35**	37
Northeast United States	**36**	42
	429	512

(1) Includes external sales volumes of the supply portfolio management division, which was previously reported as a separate division of Energy Distribution. Comparative figures have been reclassified to reflect the current period presentation.

(2) 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; and Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island.

U.S. Refined Fuels Distribution

U.S. refined fuels distribution gross profit for the first quarter was $68.1 million, a decrease of $10.8 million or 14% compared to the prior year quarter, mainly due to lower volumes. Sales volumes of 422 million litres decreased by 72 million litres or 15% from the prior year quarter. Residential sales volumes decreased by 38 million litres or 25% from the prior year quarter due primarily to warmer weather during the first quarter of 2016 as compared to the prior year quarter. Average weather across Northeast U.S. for the first quarter, as measured by degree days, was 26% warmer than the prior year and 7% warmer than the five-year average. Commercial sales volumes decreased by 21 million litres or 18% largely due to warmer weather and increased competition. Wholesale volumes decreased 13 million litres or 6% due to decreased reseller volumes.

Average U.S. refined fuels sales margins of 16.1 cents per litre were consistent with the prior year quarter as lower average retail unit margins were offset by the appreciation of the U.S. dollar compared to the prior year quarter.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application(1)

	Three months ended March 31	
(millions of litres)	**2016**	2015
Residential	**117**	155
Commercial	**96**	117
Wholesale	**209**	222
	422	494

Volumes by Region(2)

	Three months ended March 31	
(millions of litres)	**2016**	2015
Northeast United States	**422**	494
	422	494

(1) Volume: Volume of heating oil, propane, diesel and gasoline sold (millions of litres).

(2) Regions: Northeast United States region consists of Pennsylvania, Connecticut, New York, and Rhode Island.

Other Services

Other services gross profit was $7.2 million in the first quarter, consistent with the prior year quarter.

Cash Operating and Administrative Costs

Energy Distribution cash operating and administrative costs were $87.6 million in the first quarter of 2016, a decrease of $9.4 million or 10% from the prior year quarter. The decrease in expenses was primarily due to lower wages on reduced volumes, lower fuel costs on reduced volumes and lower commodity prices and improved expense management.

Divestiture of Fixed-Price Energy Services

In 2015, Superior decided to cease marketing efforts and allow existing customer contracts to expire with the intention to exit the business. The Fixed-price energy services assets were divested during Q1 2016, and substantially all of the business assets of Superior's fixed-price energy services division were sold for total consideration of $4.3 million, which includes $0.7 million of contingent consideration. This transaction is not expected to have a material impact to the Energy Distribution portfolio. Fixed-price energy services will be reported as a discontinued operation in Superior's Q1 2016 unaudited condensed consolidated financial statements.

Financial Outlook

EBITDA from operations for 2016 for the Energy Distribution business is anticipated to be consistent with 2015. EBITDA from the Canadian propane and U.S. refined fuels businesses should benefit from ongoing operational and procurement improvements and sales and marketing initiatives. Gross profits in the Canadian propane business are anticipated to be consistent with 2015 as lower volumes related to the warmer weather in the first quarter and decline in oilfield activity are anticipated to be offset by improvements in average margins. Gross profits in the U.S. refined fuels business are anticipated to be modestly higher than 2015 due primarily to the strengthening of the U.S. dollar on the translation of U.S. denominated gross profit, partially offset by lower volumes, driven by the warmer weather experienced in the first quarter. Cash operating costs are anticipated to be lower than 2015 due to continuous improvement initiatives and reduced volumes related to weather, partially offset by the translation of U.S. denominated operating expenses. Average weather, as measured by degree days, for the remainder of 2016 is anticipated to be consistent with the 5-year average period.

In addition to the significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of the significant business risks affecting Superior's Energy Distribution segment.

SPECIALTY CHEMICALS

Specialty Chemicals' condensed operating results for 2016 and 2015:

		Three months ended March 31		
(millions of dollars, except per metric tonne (MT) amounts)		**2016**		2015
		$ per MT		$ per MT
Revenue[1][2]	**157.0**	**766**	183.5	823
Cost of sales[2]	**(93.9)**	**(458)**	(104.5)	(469)
Gross profit[1]	**63.1**	**308**	79.0	354
Less: Cash operating and administrative costs[2]	**(35.8)**	**(175)**	(42.9)	(192)
EBITDA from operations[1][3]	**27.3**	**133**	36.1	162
Net earnings[3]	**1.2**		11.7	
Volumes sold (thousands of MTs)		**205**		223

(1) Revenue, gross profit and EBITDA from operations of Specialty Chemicals excludes realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

(2) See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A."

(3) EBITDA from operations is a non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

Chemical revenue for the first quarter of $157.0 million was $26.5 million or 14% lower than in the prior year quarter due primarily to a decrease in sodium chlorate sales volumes and a decrease in chlor-alkali volumes and hydrochloric acid average selling prices, partially offset by the impact of the stronger U.S. dollar on U.S. denominated revenues. Sodium chlorate sales volumes were 6% lower than the prior year quarter due to reduced demand from North American pulp customers and lower Tronox purchases. Chlor-alkali sales volumes decreased due to lower de-icing demand related to the weather and lower hydrochloric acid demand related to the decline in oilfield activity.

First quarter gross profit was $63.1 million, a decrease of $15.9 million or 20% compared to the prior year quarter. This was due to foreign currency translation losses incurred in Q1 2016 related to U.S. dollar denominated working capital, lower sodium chlorate and chlor-alkali volumes and lower hydrochloric acid average selling prices.

Cash operating and administrative costs of $35.8 million were $7.1 million or 17% lower than in the prior year quarter due to lower plant and Tronox-related operating expenses, partially offset by the impact of the stronger U.S. dollar on U.S. based expenses and general inflationary increases.

Financial Outlook

Superior expects EBITDA from operations for 2016 to be consistent with 2015 as improvements in the sodium chlorate and chlor-alkali business are expected to be offset by reduced gains on the translation of U.S. denominated working capital and lower insurance proceeds for the business interruption claim related to the Port Edwards HCl burner. Sodium chlorate EBITDA is anticipated to be higher in 2016 due to the termination of the Tronox agreement and related plant expenses. Sodium chlorate gross profits are anticipated to be modestly lower in 2016 due to a decrease in sales volumes. EBITDA from the chlor-alkali segment is anticipated to be modestly lower in 2016 due to an increase in plant operating expenses, partially offset by an increase in sales volumes and consistent to modestly higher pricing in all products except hydrochloric acid. Hydrochloric acid sales prices and volumes are anticipated to be lower than 2015 due to reduced demand related to the continued decline in oilfield activity expected in 2016.

In addition to the significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of the significant business risks affecting Superior's Specialty Chemicals' segment.

CONSTRUCTION PRODUCTS DISTRIBUTION

Construction Products Distribution's condensed operating results for 2016 and 2015:

	Three Months ended March 31	
(millions of dollars)	**2016**	2015
Revenue[1]	**245.9**	218.0
Cost of sales	**(183.2)**	(163.6)
Gross profit[1]	**62.7**	54.4
Less: Cash operating and administrative costs[2]	**(53.4)**	(49.6)
EBITDA from operations[1][3]	**9.3**	4.8
Net earnings[3]	**5.0**	2.0

(1) Revenue, gross profit and EBITDA from operations of CPD excludes realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

(2) See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A."

(3) EBITDA from operations is a non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

Revenues of $245.9 million for the first quarter of 2016 were $27.9 million or 13% higher than in the prior year quarter due to increased gypsum and commercial and industrial insulation (C&I) revenues. Gypsum revenues were higher than the prior year quarter primarily due to improved U.S. and Canadian sales volumes as a result of ongoing improvements in the residential construction sector, an increase in average selling prices and the impact of the stronger U.S. dollar on U.S. denominated revenues. C&I revenues increased over the prior year quarter due to the impact of the stronger U.S. dollar on U.S. denominated revenues.

Gross profit was $62.7 million in the first quarter, an increase of $8.3 million or 15% from the prior year quarter primarily due to improved sales volumes, effective price management and the impact of the stronger U.S. dollar on U.S. denominated earnings. Average sales margins were higher than the prior year quarter due to ongoing pricing and procurement initiatives and improved market conditions.

Cash operating and administrative costs were $53.4 million in the first quarter, an increase of $3.8 million or 8% from the prior year quarter. The increase was primarily due to higher sales volumes, system integration project costs and the appreciation of the U.S. dollar.

System Integration

CPD continues to make significant progress on the systems integration project that will replace two legacy ERP systems with a single, standardized solution. The updated system is expected to provide enhanced procurement, pricing and operational effectiveness, enabling CPD to further improve margins and operating costs once complete. CPD anticipates that the project will be completed by the end of 2016 at a total cost of approximately $32.0 million which is split between capital investment of $22.4 million ($10.4 million in 2015 and $12.0 million in 2016) and one-time operating costs of $9.6 million ($2.6 million 2015 and $7.0 million 2016). Total costs incurred to date are $19.5 million consisting of $15.6 million in capital and $3.9 million in operating expense.

Financial Outlook

Superior anticipates that EBITDA from operations in 2016 will be modestly higher than 2015 as continued improvements in the U.S. residential, commercial and industrial markets, benefits resulting from ongoing pricing and procurement initiatives and the system integration project will be modestly offset by the system integration project costs. As previously discussed, in 2016 Superior is expecting to incur $7.0 million in one-time operating costs related to the implementation and roll out of the system integration project compared to $2.6 million in 2015. Superior anticipates that the Canadian residential, commercial and industrial markets will be challenging for the remainder of 2016.

In addition to the Construction Products Distribution segment's significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of the significant business risks affecting Superior's Construction Products Distribution segment.

FOREIGN CURRENCY HEDGING CONTRACTS

Superior's foreign currency hedging contracts for the 2016 fiscal year were entered into in prior years when the Canadian dollar was stronger relative to the U.S. dollar. In 2016, lower value foreign currency hedging contracts expire and Superior's effective U.S. exchange rate is expected to improve. For a summary of Superior's outstanding U.S. dollar forward contracts for 2016 and beyond, refer to "Financial Instruments – Risk Management."

The impact of these contracts is excluded from the divisional results as discussed above in this MD&A. Below is a table that summarizes the impact of the realized losses to the divisional results related to the foreign currency hedging contracts.

(millions of dollars)				**Three months ended March 31 2016**				Three months ended March 31 2015
	Energy Distribution	**Specialty Chemicals**	**CPD**	**Total**	Energy Distribution	Specialty Chemicals	CPD	Total
EBITDA from operations[1]	**86.8**	**27.3**	**9.3**	**123.4**	88.5	36.1	4.8	129.4
Realized losses on foreign currency hedging contracts	-	**11.3**	**1.9**	**13.2**	4.6	5.6	0.8	11.0
EBITDA	**86.8**	**16.0**	**7.4**	**110.2**	83.9	30.5	4.0	118.4

[1] EBITDA from operations is a non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's first quarter condensed 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 12 to the unaudited condensed consolidated financial statements.

CONSOLIDATED CAPITAL EXPENDITURE SUMMARY

	Three months ended March 31	
(millions of dollars)	**2016**	2015
Efficiency, process improvement and growth-related	**10.0**	4.9
Maintenance capital	**23.8**	8.9
	33.8	13.8
Proceeds on disposition of property, plant & equipment	**(0.4)**	(0.5)
Total net capital expenditures	**33.4**	13.3
Investment in finance leases	**5.6**	0.6
Total expenditures including finance leases	**39.0**	13.9

Efficiency, process improvement and growth related expenditures were $10.0 million in the first quarter compared to $4.9 million in the prior year quarter and are primarily related to the purchase of tanks for customer acquisitions, USRF wholesale system implementation costs and CPD system integration costs.

Maintenance capital expenditures were $23.8 million in the first quarter compared to $8.9 million in the prior year quarter, an increase of $14.9 million due primarily to Specialty Chemicals' investment in chlorine railcars and Energy Distribution incurring higher tank refurbishment costs.

Superior entered into new leases with capital-equivalent value of $5.6 million in the first quarter compared to $0.6 million in the prior year quarter, primarily related to timing of delivery of vehicles for the Energy Distribution and Construction Products Distribution segments to support growth and replace aging vehicles in the fleet.

CORPORATE AND INTEREST COSTS

Corporate costs for the first quarter were $3.3 million, compared to $7.6 million in the prior year quarter. The $4.3 million decrease was primarily due to reduced long-term incentive plan costs as a result of declines in Superior's share price.

Interest expense on borrowing and finance lease obligations for the first quarter was $10.6 million, compared to $14.3 million in the prior year quarter. Interest expense was positively impacted by lower average debt levels, the redemption of the $172.5 million outstanding principal amount of 5.75% debentures in June 2015 and the $69.4 million outstanding principal amount of 7.50% debentures in December 2015.

Non-GAAP Acquisition Costs

Superior's acquisition costs have been categorized together and excluded from segmented results. Below is a table summarizing these costs for comparative purposes:

	Three months ended March 31	
(millions of dollars)	**2016**	2015
Canexus Acquisition costs	**8.5**	–
Total acquisition costs	**8.5**	–

For the three months ended March 31, 2016, Superior incurred $8.5 million in costs related to legal and regulatory proceedings for the proposed Canexus Acquisition.

Income Taxes

Total income tax expense for the first quarter was $24.1 million and consists of $1.2 million in cash income tax expense and $22.9 million in deferred income tax expense, compared to a total income tax expense of $23.7 million in the prior year quarter, which consisted of $0.7 million in cash income tax expense and a $23.0 million in deferred income tax expense.

Cash income tax expense for the first quarter was $1.2 million and consisted of income tax expense in the U.S. of $0.7 million (2015 - $0.7 million of U.S. cash tax expense) and $0.5 million in Chile (2015 – no Chile cash tax expense). Deferred income tax expense for the first quarter was $22.9 million (2015 - $23.0 million deferred income tax expense), resulting in a corresponding net deferred income tax asset of $253.7 million, including $0.8 million of deferred income tax assets related to discontinued operations, as at March 31, 2016.

Canada Revenue Agency (CRA) Income Tax Update

On April 2, 2013, Superior received, from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of the Conversion. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the Income Tax Act (Canada). On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notices of Reassessment received on April 2, 2013. Superior has been reassessed for subsequent taxation years by the CRA and the provincial tax agencies and has filed a Notice of Objection for each Notice of Assessment received.

The table below summarizes Superior's estimated tax liabilities and payment requirements associated with the received and anticipated Notices of Reassessment. Upon receipt of the Notices of Reassessment, 50% of the taxes payable pursuant to such Notice of Reassessment must be remitted to the CRA and the provincial tax agencies within 90 days.

Taxation Year	**Taxes Payable(1)(2)**	**50% of the Taxes Payable(1)(2)**	**Month/Year - Paid/Payable**
2009/2010	$13.0	$6.5	April 2013
2011	$15.0(3)	$7.5	February 2015
2012	$10.0(3)	$5.0	February 2015
2013	$11.0(3)	$5.5	February 2015
2014	$16.0(3)	$8.0	December 2015
2015	$3.0(3)	$1.5	2016
2016	$5.0(3)	$2.5	2017
Total	**$73.0**	**$36.5**	

(1) In millions of dollars.
(2) Includes estimated interest and penalties up to payment date of 50%.
(3) Estimated based on Superior's previously filed tax returns, 2015 financial results and the midpoint of Superior's 2016 outlook.

Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard within two years, with a decision rendered six to twelve months after completion of the court hearings. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional two years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest. If Superior is unsuccessful, then any remaining taxes payable plus interest and penalties will have to be remitted to the CRA and Superior would not be able to use the tax attributes from the Conversion.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and currently intends to vigorously defend such position and to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

Interim tax payments made by Superior will be recorded to the balance sheet and will not materially impact either adjusted operating cash flow or net earnings.

Based on the midpoint of Superior's 2016 financial outlook of AOCF per share of $1.65, if the tax pools from the Conversion were not available to Superior, the impact would be an increase to cash income taxes of approximately $5.0 million or $0.04 per share for 2016.

FINANCIAL OUTLOOK

Superior's 2016 financial outlook of AOCF per share of $1.50 to $1.80 is consistent with the financial outlook provided at the end of the fourth quarter of 2015. However, oil and gas pricing volatility could have a negative impact on Superior's ability to achieve the midpoint of its 2016 financial outlook.. Superior's 2016 financial outlook excludes the impact of the Canexus Acquisition. Upon successfully closing the Canexus Acquisition, Superior will update its 2016 financial outlook, including the forecasted debt and total leverage levels.

In addition to the background provided in the individual business financial outlook sections, key elements of the 2016 financial outlook include:

- The 2016 financial outlook includes CPD IT one-time integration costs of $7.0 million or $0.05 per share;
- The 2016 financial outlook excludes Canexus transaction and bridge facility costs of $19.0 million. Legal and regulatory costs incurred during the first quarter were higher than expected primarily due to more extensive information requests and discussions with the regulatory agencies;
- Continued improvements in operational efficiencies and sales and marketing initiatives in Energy Distribution;
- Continued improvements in end-use markets in the U.S. for CPD and modest improvements in Canada; and
- Specialty Chemicals results will be consistent with 2015 as operating conditions are anticipated to be similar to 2015.

Achieving Superior's adjusted operating cash flow depends on the operating results of its three operating segments.

In addition to the operating results of Superior's three operating segments, significant assumptions to achieve Superior's 2016 midpoint guidance are:

- Economic growth in Canada and the U.S. is expected to increase modestly in 2016;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- Superior's estimated total debt to EBITDA ratio is based on maintenance and growth related expenditures of $100.4 million in 2016 and working capital funding requirements which do not contemplate any significant commodity price changes;
- Superior is substantively hedged for its estimated U.S. dollar exposure for 2016, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2016 would not have a material impact to Superior. The foreign currency exchange rate between the Canadian dollar and US dollar is expected to average 0.74 in 2016 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;
- Superior's average interest rate on floating-rate debt is expected to be modestly lower in 2016 compared to 2015; and
- Canadian and U.S. based cash taxes are expected to be minimal for 2016 based on existing statutory income tax rates and the ability to use available tax basis.

Energy Distribution

- Average weather across Canada and the Northeast U.S, as measured by degree days, is expected to be consistent with the recent five-year average for the remainder of 2016;
- Gross profit in the Canadian propane business are anticipated to be consistent with 2015 as lower volumes related to the warmer weather in the first quarter and decline in oilfield activity are anticipated to be offset by improvements in average margins;
- Gross profit in the Canadian propane business will benefit from procurement initiatives, supply contracts and the impact of improved basis differentials;
- Gross profits in the U.S. refined fuels business are anticipated to be modestly higher than 2015 due primarily to the strengthening of the U.S. dollar on the translation of U.S. denominated gross profit, partially offset by lower volumes, driven by the warmer weather experienced in the first quarter;
- Wholesale propane and U.S. refined fuels-related prices are not anticipated to significantly affect demand for propane and refined fuels and related services; and
- Operating costs are expected to be lower than 2015 due to continuous improvement initiatives and reduced volumes related to weather, partially offset by the translation of U.S. denominated operating expenses.

Specialty Chemicals

- Sodium chlorate contributions are anticipated to be higher in 2016 due to the termination of the Tronox agreement and related plant expenses.
- Sodium chlorate gross profits are anticipated to be modestly lower in 2016 due to a decrease in sales volumes.
- EBITDA from the chlor-alkali segment is anticipated to be modestly lower in 2016 due to an increase in plant operating expenses, partially offset by an increase in sales volumes and consistent to modestly higher pricing in all products except hydrochloric acid. Hydrochloric acid sales prices and volumes are anticipated to be lower than 2015 due to reduced demand related to the continued decline in oilfield activity expected in 2016;
- Improvements in the sodium chlorate and chlor-alkali business will be offset by reduced gains on the translation of U.S. denominated working capital and lower proceeds related to a business interruption claim compared to 2015; and
- Average plant utilization will approximate 90%-95% in 2016.

Construction Products Distribution

- Superior anticipates that EBITDA from operations in 2016 will be modestly higher than 2015 as continued improvements in the U.S. residential, commercial and industrial markets, benefits resulting from ongoing pricing and procurement initiatives and the system integration project will be modestly offset by the system integration project costs.
- The Canadian residential, commercial and industrial markets will continue to be challenging for the remainder of 2016;
- Gross profit for 2016 will increase due to higher volumes, revenue and gross margins; and
- Operating costs will increase modestly from 2015 due to higher sales volumes and a stronger U.S. dollar, partially offset by further improvements in operational efficiency.

Debt Management Update
Superior remains focused on managing both its total debt and its total debt to EBITDA. Superior is currently forecasting a total debt to EBITDA ratio at December 31, 2016 of 3.1X to 3.5X which would maintain Superior within its targeted leverage range of 3.0X to 3.5X. Superior's anticipated debt repayment for 2016 and total debt to EBITDA leverage ratio as at December 31, 2016, is based on Superior's 2016 financial outlook, which excludes any impact of the Canexus Acquisition, and is detailed in the chart below.

Debt Management Summary

	Dollars Per Share	Millions of Dollars
2016 financial outlook AOCF per share before non-recurring costs – midpoint [1]	1.65	235.0
Canexus regulatory and bridge facility costs	(0.14)	(19.0)
AOCF after Canexus regulatory and bridge facility costs	1.51	216.0
Maintenance capital expenditures, net	(0.30)	(43.0)
Investment in chlorine railcars due to regulatory changes	(0.10)	(14.0)
Capital lease obligation repayments	(0.15)	(21.0)
Cash flow available for growth capital and dividends	0.96	138.0
Growth capital	(0.17)	(24.0)
Growth capital – CPD and USRF IT system capital costs	(0.14)	(20.0)
Tax payments to CRA (50%) and other	(0.06)	(8.0)
Estimated 2016 free cash flow available for dividends and debt repayment	0.59	86.0
Estimated proceeds from the DRIP[2]	0.22	31.0
Dividends	(0.72)	(102.0)
Estimated reduction/(increase) in debt	0.09	15.0
Estimated total debt to EBITDA as at December 31, 2016	3.1X–3.5X	3.1X–3.5X
Dividends	0.72	102.0
Calculated payout ratio after maintenance capital, tax payments to CRA and other and capital lease repayments[3]		55%

(1) See "Financial Outlook" for additional details including assumptions, definitions and risk factors.
(2) Superior's Board of Directors approved the reinstatement of the Dividend Reinvestment Program and Optional Share Purchase Program (DRIP) beginning with the payment of the December 2015 dividend which was paid January 15, 2016. The DRIP provides Superior's shareholders with the opportunity to reinvest their cash dividends in Superior at a 4% discount to the market price of Superior's common shares.
(3) Dividend payout net of estimated proceeds from the DRIP program and excludes growth capital.

Superior's total debt (including convertible debentures) to compliance EBITDA was 3.4X as at March 31, 2016. Superior continues to focus on reducing its total leverage through ongoing debt reduction, including reducing working capital requirements and improving business operations.

In addition to Superior's significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of Superior's significant business risks.

LIQUIDITY AND CAPITAL RESOURCES

Outstanding Borrowings
Superior's revolving syndicated bank facility (credit facility), term loans and finance lease obligations (collectively borrowing) before deferred financing fees totalled $587.6 million as at March 31, 2016, a decrease of $38.0 million from $625.6 million as at December 31, 2015. The decrease in borrowing was primarily due to cash generated from operating activities and the proceeds from the dividend reinvestment program.

Extension of Credit Facility
On December 22, 2015, Superior extended the maturity date of its credit facility to December 22, 2019. In addition to the extension of the syndicated credit facility, Superior has agreed with its lenders that the syndicated credit facility will automatically increase to $775 million from the existing $570 million, with the same financial covenant package, concurrent with the completion of the plan of arrangement between Superior and Canexus Corporation, the proposed acquisition of all of

the shares of Canexus Corporation by Superior and certain other related conditions precedent. Financial covenant ratios were unchanged with a consolidated secured debt to consolidated EBITDA ratio and a consolidated debt to consolidated EBITDA ratio of 3.0x and 5.0x, respectively. In addition, Superior reduced the $650 million bridge financing facility to $445 million in December 2015. Permanent financing for the transaction is expected to be obtained in due course through new debt issuances. See “Summary of Cash Flow” for details on Superior’s sources and uses of cash.

Convertible Debentures

As at March 31, 2016, convertible debentures (before deferred issuance fees and discount values) issued by Superior totalled $247.0 million, unchanged from December 31, 2015. See Note 11 to the unaudited condensed consolidated financial statements for additional details on Superior’s convertible debentures.

Net Working Capital

Consolidated net working capital was $236.8 million as at March 31, 2016, a decrease of $5.7 million from net working capital of $242.5 million as at December 31, 2015. The decrease was due primarily to a decline in net working capital requirements at Energy Distribution resulting from lower commodity prices, offset in part by higher net working capital requirements at CPD related to an increase in U.S. construction activity. Superior’s net working capital requirements are financed from its credit facility.

Compliance

In accordance with the credit facility, Superior must maintain a consolidated secured debt to compliance EBITDA ratio of not more than 3.0 to 1.0 and not more than 3.5 to 1.0 as a result of acquisitions. In addition, Superior must maintain a consolidated debt to compliance EBITDA ratio of not more than 5.0 to 1.0, excluding convertible debentures.

As at March 31, 2016, these ratios are within the requirements of Superior’s debt covenants. The consolidated secured debt to compliance EBITDA ratio, consolidated debt to compliance EBITDA ratio and total debt to compliance EBITDA ratio, before and after acquisition costs are as follows:

	Twelve months ended	
	March 31, 2016	December 31, 2015
Compliance ratios after acquisition costs:		
Consolidated secured debt to compliance EBITDA	**1.6 to 1.0**	1.6 to 1.0
Consolidated debt to compliance EBITDA	**2.4 to 1.0**	2.4 to 1.0
Total debt to compliance EBITDA	**3.4 to 1.0**	3.4 to 1.0
Compliance ratios before acquisition costs:		
Consolidated secured debt to compliance EBITDA	**1.5 to 1.0**	1.6 to 1.0
Consolidated debt to compliance EBITDA	**2.2 to 1.0**	2.3 to 1.0
Total debt to compliance EBITDA	**3.1 to 1.0**	3.2 to 1.0

Also, Superior is subject to several distribution tests and the most restrictive stipulates that distributions (including debenture holders and related payments) cannot exceed compliance EBITDA less cash income taxes, plus $35.0 million on a trailing 12-month rolling basis. On a 12-month rolling basis as at March 31, 2016, Superior had $174.7 million of additional room under the above noted distribution test.

Under the terms of the agreement related to Superior’s $200.0 million 6.50% senior unsecured notes, Superior must maintain a fixed-charge coverage ratio of no less than 2.0 to 1.0. As at March 31, 2016, the fixed-charge coverage ratio for purposes of this agreement was 4.2 to 1.0.

Credit Ratings

On October 6, 2015, in conjunction with Superior’s announcement of the Canexus Acquisition, Standard & Poor’s confirmed Superior Plus Corp.’s corporate credit rating as BB and Superior Plus LP’s senior secured debt rating as BBB- and Superior Plus LP’s senior unsecured debt rating as BB. The outlook for the long-term corporate rating was revised to negative. Also on October 6, 2015, DBRS confirmed Superior Plus Corp.’s corporate credit rating as BB high (under review with negative implications), Superior Plus LP’s senior secured rating as BB high (under review with negative implications) and Superior Plus LP’s senior unsecured debt rating as BB low (under review with negative implications).

Pension Plans

As at March 31, 2016, Superior had an estimated defined benefit pension solvency deficiency of approximately $16.7 million (December 31, 2015 – $14.2 million) and a going concern surplus of approximately $28.8 million (December 31, 2015 – surplus of $28.0 million). 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 financial statements. Superior has sufficient liquidity through its existing credit facility and anticipated future operating cash flow to fund this deficiency over the prescribed period.

SHAREHOLDERS' CAPITAL

The weighted average number of common shares issued and outstanding during the first quarter was 141.1 million shares, an increase over the prior year quarter due to the October 2015 issuance of 13.9 million common shares and the reinstatement of the DRIP program.

As at March 31, 2016 and December 31, 2015, the following common shares and securities convertible into common shares were issued and outstanding:

	March 31, 2016		**December 31, 2015**	
(millions)	**Convertible Securities**	**Shares**	Convertible Securities	Shares
Common shares outstanding		**141.1**		140.6
6.00% Debentures[1]	**$150.0**	**9.9**	$150.0	9.9
6.00% Debentures[2]	**$97.0**	**5.8**	$97.0	5.8
Shares outstanding and issuable upon conversion of Debentures		**156.8**		156.3

(1) Convertible at $15.10 per share.

(2) Convertible at $16.75 per share.

Dividends Paid to Shareholders

Dividends paid 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 Adjusted Operating Cash Flow" and "Summary of Cash Flow" for additional details.

Dividends paid to shareholders for the first quarter of 2016 were $25.3 million (before DRIP proceeds of $7.6 million) or $0.18 per share compared to $22.7 million or $0.18 per share in the first quarter of 2015. Dividends paid to shareholders increased by $2.6 million due primarily to the higher number of shares outstanding associated with the equity offering completed on October 28, 2015. See "Debt Management Update" for further details. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

Dividend Reinvestment Program

On October 29, 2015, Superior's Board of Directors approved the reinstatement of the Dividend Reinvestment Program and Optional Share Purchase Program (DRIP), which commenced with the payment of the December 2015 dividend on January 15, 2016. Proceeds from the DRIP are being used for debt reduction and general corporate purposes. The DRIP provides Superior's shareholders with the opportunity to reinvest their cash dividends in Superior at a 4% discount to the market price of Superior's common shares.

Share Offering

On October 6, 2015, Superior announced that it had entered into an agreement with a syndicate of underwriters co-led by National Bank Financial Inc. and JP Morgan Securities Canada Inc., under which the underwriters agreed to purchase from Superior and sell to the public 12,077,300 common shares of Superior (the "Common Shares") at price of $10.35 per share (the "Offer Price") for gross proceeds of $125 million (the "Offering"). Superior granted the underwriters an option to purchase, in whole or in part, up to an additional 1,811,595 Common Shares at the Offer Price to cover over-allotments. On October 28, 2015 Superior closed the issue of 13.9 million common shares at a price of $10.35 per common share. The net proceeds for the issue including the full exercise of the over-allotment option granted to the underwriters, issue costs and commissions are approximately $137.4 million. Proceeds from the Offering were used to reduce indebtedness under Superior's credit facility and for general corporate purposes. The indebtedness was incurred in the normal course of business to fund capital expenditures and working capital requirements.

SUMMARY OF CASH FLOW

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

	Three months ended March 31	
(millions of dollars)	**2016**	2015
Cash flow from operating activities	**86.4**	112.2
Investing activities[1]:		
Purchase of property, plant and equipment	**(34.0)**	(13.8)
Proceeds received from sale of discontinued operations	**2.9**	–
Proceeds on disposal of property, plant & equipment	**0.4**	0.5
Cash flow used in investing activities	**(30.7)**	(13.3)
Financing activities:		
Net repayment of revolving term bank credits and other debt	**(27.3)**	(55.1)
Repayment of finance lease obligations	**(4.5)**	(5.0)
Proceeds from the dividend reinvestment plan	**7.6**	–
Dividends paid to shareholders	**(25.3)**	(22.7)
Cash flow used in from financing activities	**(49.5)**	(82.8)
Net increase in cash	**6.2**	16.1
Cash, beginning of period	**–**	3.1
Effect of translation of foreign currency-denominated cash	**(0.8)**	0.8
Cash, end of period	**5.4**	20.0

(1) See "Consolidated Capital Expenditure Summary" for additional details.

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. Refer to Superior's 2015 Annual MD&A for further details on financial instrument risk management.

As at March 31, 2016, Superior has substantively hedged its estimated U.S. dollar exposure for 2016 and 64% for 2017. Due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2016 would not have a material impact to Superior. A summary of Superior's U.S. dollar forward contracts for the remainder of 2016 and beyond is provided in the table below.

(US$ millions except exchange rates)	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Net US$ forward sales	153.2	142.8	96.0	48.0	–	440.0
Net average external US$/CDN$ exchange rate	1.11	1.14	1.20	1.20	–	1.15

Superior's foreign currency hedge contracts for the 2016 fiscal year were entered into in prior years when the Canadian dollar was stronger relative to the U.S. dollar. In 2016, lower value foreign currency contracts expire and Superior's effective U.S. exchange rate is expected to improve.

During Q1 2016, Superior issued U.S. $137.0 million of short term LIBOR and concurrently entered into cross currency swaps to fix the foreign currency exchange rate risk at $181.0 million.

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's first quarter condensed 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 12 to the unaudited condensed consolidated financial statements.

RELATED PARTY TRANSACTIONS

Transactions between Superior and its subsidiaries, which are related parties, have been eliminated on consolidation.

For the three months ended March 31, 2016, Superior incurred $1.2 million (March 31, 2015 – $0.2 million) in legal fees, with Norton Rose Canada LLP, a related party with Superior because a member of Superior's Board of Directors is a Partner at the law firm.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Superior's Management is responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings". The objective of this instrument is to improve the quality, reliability and transparency of information that is filed or submitted under securities legislation.

Superior's President and Chief Executive Officer (CEO) and the Vice President and Chief Financial Officer (CFO), with the assistance of Superior employees, have designed DC&P and ICFR to provide reasonable assurance that material information relating to Superior's business is communicated to them, reported on a timely basis, financial reporting is reliable, and the financial statements are in accordance with IFRS.

During the first quarter of 2016, there were no changes made to Superior's ICFR that materially affected, or are reasonably likely to materially affect, Superior's ICFR.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Superior's unaudited condensed consolidated financial statements have been prepared in accordance with IFRS. The significant accounting policies are described in the unaudited condensed consolidated financial statements for the period ended March 31, 2016. 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. Our critical accounting estimates relate to the allowance for doubtful accounts, employee future benefits, deferred income tax assets and liabilities, the valuation of derivatives and non-financial derivatives and asset impairments and the assessment of potential provision retirement obligations.

Recent Accounting Pronouncements

Certain mandatory 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, 2016. The affected standards applicable to Superior are as follows:

IAS 16 and IAS 38 –*Property, Plant and Equipment and Intangible Assets*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant, and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the event that the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible assets are highly correlated. This standard must be applied for accounting periods beginning on or after January 1, 2016, and Superior has accordingly adopted the amendments effective January 1, 2016. Superior amortizes property, plant and equipment and intangible assets using the straight-line method and, therefore, the application of these amendments to IAS 16 and IAS 18 did not have any impact on its consolidated financial statements.

New and revised IFRS standards not yet effective

IFRS 16 **–** *Leases*

On January 13, 2016, the IASB issued IFRS 16 – Leases (IFRS 16), which replaces IAS 17 – Leases and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, except those that meet limited exception criteria. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019. Superior is currently assessing the potential impact of this standard on its consolidated financial statements.

IFRS 9 **–** *Financial Instruments: Classification and Measurement*

IFRS 9 was issued in November 2009 and is intended to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

A finalized version of IFRS 9 was issued in July 2014 to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments. This standard must be applied for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. Superior intends to adopt the new standard on the required effective date, and is currently assessing the effect of IFRS 9 on its financial results and financial position. Changes, if any, are not expected to be material.

IFRS 15- *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the related interpretation when it becomes effective. Under IFRS 15, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity is required to recognize revenue when the performance obligation is satisfied. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. Superior is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

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. 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 EBITDA, EBITDA from operations, compliance EBITDA 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.

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

Adjusted Operating Cash Flow

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.

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. Adjustments are also made to reclassify the cash flow related to natural gas and electricity customer contract-related costs in a manner consistent with the income statement's recognition of these costs.

EBITDA
EBITDA represents earnings before taxes, depreciation, amortization, finance expense, and certain other non-cash expenses, and is used by Superior to assess its consolidated results and those of its operating segments. The EBITDA of Superior's operating segments may be referred to as EBITDA from operations.

EBITDA from operations
EBITDA from operations is defined as EBITDA excluding gains/(losses) on foreign currency hedging contracts. For purposes of this MD&A, foreign currency hedging contract gains and losses are excluded from the results of the operating segments. Comparative figures for the prior periods have been reclassified to reflect this change.

Compliance EBITDA
Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and certain other non-cash expenses calculated on a 12-month trailing basis, giving pro forma effect to acquisitions and divestitures, and is used by Superior to calculate compliance with its debt covenants and other credit information. See Note 14 to the unaudited condensed consolidated financial statements for a reconciliation of net earnings to compliance EBITDA.

Payout Ratio
Payout ratio represents dividends as a percentage of AOCF less other 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 measure under GAAP. Superior's calculation of payout ratio may differ from similar calculations used by comparable entities.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures(1)

(millions of dollars, except per share amounts)	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014(3)
Revenues	**807.5**	788.1	722.4	715.0	976.0	928.6	813.7	858.6
Gross profit	**277.2**	238.3	187.2	189.2	288.0	245.4	184.9	192.9
Net earnings (loss)	**104.9**	30.3	(38.0)	41.0	(9.0)	42.8	(43.5)	1.4
Per share, basic	**$0.74**	$0.22	$(0.30)	$0.32	$(0.07)	$0.34	$(0.35)	$0.01
Per share, diluted	**$0.69**	$0.18	$(0.33)	$0.28	$(0.07)	$(0.03)	$(0.35)	$0.01
Net working capital(2)	**236.8**	242.5	196.4	247.9	273.6	264.8	225.1	248.9

(1) Revenue, gross profit, net earnings (loss) and per share amounts exclude the results of the Fixed-price energy services business as substantially all assets were divested during Q1 2016. Comparative figures have been reclassified to reflect the current period presentation.
(2) 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.
(3) The second quarter of 2014 has been adjusted to include the impact of the second quarter 2014 adjustments as disclosed in the June 30, 2015 MD&A.

Non-GAAP Measures(1)

(millions of dollars, except per share amounts)	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014(2)
AOCF before acquisition costs	**95.1**	71.3	23.1	23.4	95.8	84.9	21.4	31.6
Per share, basic	**$0.67**	$0.52	$0.18	$0.18	$0.76	$0.67	$0.17	$0.25
Per share, diluted	**$0.67**	$0.52	$0.18	$0.18	$0.73	$0.65	$0.17	$0.25
AOCF	**86.6**	61.3	23.1	23.4	95.8	84.7	21.4	22.3
Per share, basic	**$0.61**	$0.45	$0.18	$0.18	$0.76	$0.67	$0.17	$0.18
Per share, diluted	**$0.61**	$0.45	$0.18	$0.18	$0.73	$0.65	$0.17	$0.18

(1) Financial results exclude the results of the Fixed-price energy services business as substantially all assets were divested during Q1 2016. Comparative figures have been reclassified to reflect the current period presentation.
(2) The second quarter of 2014 has been adjusted to include the impact of the second quarter 2014 adjustments as disclosed in the June 30, 2015 MD&A.

Volumes

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Canadian propane sales volumes (millions of litres)(1)	**429**	395	280	280	512	446	279	285
U.S. refined fuels sales volumes (millions of litres)	**422**	390	342	338	494	407	335	347
Chemical sales volumes (thousands of metric tonnes)	**205**	216	217	195	223	231	224	232

(1) Includes volumes of the supply portfolio management division, which was previously reported as a separate division of Energy Distribution. Comparative figures have been reclassified to reflect the current period presentation.

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO EBITDA FROM OPERATIONS(1)(2)(3)

For the three months ended March 31, 2016	**Energy Distribution**	**Specialty Chemicals**	**Construction Products Distribution**
Net earnings (loss) before income taxes	**99.2**	**1.2**	**5.0**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**15.0**	**-**	**2.1**
Depreciation included in cost of sales	**-**	**13.8**	**-**
Realized losses on foreign currency hedging contracts	**-**	**11.3**	**1.9**
Losses (gains) on disposal of assets	**(0.2)**	**-**	**-**
Finance expense	**0.8**	**0.1**	**0.3**
Unrealized losses (gains) on derivative financial instruments	**(28.0)**	**0.9**	**-**
EBITDA from operations	**86.8**	**27.3**	**9.3**

For the three months ended March 31, 2015	**Energy Distribution**	**Specialty Chemicals**	**Construction Products Distribution**
Net earnings before income taxes	88.0	11.7	2.0
Add: Depreciation and amortization included in selling, distribution and administrative costs	12.3	-	1.8
Depreciation included in cost of sales	-	13.5	-
Realized losses on foreign currency hedging contracts	4.6	5.6	0.8
Losses on disposal of assets	0.3	0.2	-
Finance expense	0.6	0.2	0.2
Unrealized losses (gains) on derivative financial instruments	(17.3)	4.9	-
EBITDA from operations	88.5	36.1	4.8

(1) See the unaudited condensed consolidated financial statements for net earnings before income taxes, depreciation and amortization included in selling, distribution and administrative costs, depreciation included in cost of sales, depreciation included in cost of sales, customer contract-related costs, finance expense and unrealized (losses) gains on derivative financial instruments.

(2) EBITDA from operations excludes realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation. See “Non-GAAP Financial Measures” for additional details.

(3) EBITDA from operations excludes the results of the Fixed-price energy services business as substantially all assets were divested during Q1 2016. Comparative figures have been reclassified to reflect the current period presentation.

RECONCILIATION OF DIVISIONAL SEGMENTED REVENUE, COST OF SALES AND CASH OPERATING AND ADMINISTRATIVE COSTS INCLUDED IN THIS MD&A[(1)(2)]

	For the three months ended March 31, 2016			For the three months ended March 31, 2015		
(millions of dollars)	**Energy Distribution**	**Specialty Chemicals**	**Construction Products Distribution**	Energy Distribution	Specialty Chemicals	Construction Products Distribution
Revenue per financial statements	**413.8**	**149.7**	**244.0**	587.3	171.5	217.2
Foreign currency gains (losses) related to working capital	-	**(4.0)**	-	-	6.4	-
Realized losses on foreign currency hedging contracts	-	**11.3**	**1.9**	-	5.6	0.8
Revenue per the MD&A	**413.8**	**157.0**	**245.9**	587.3	183.5	218.0
Cost of sales per financial statements	**(239.4)**	**(107.7)**	**(183.2)**	(406.4)	(118.0)	(163.6)
Depreciation included in cost of sales	-	**13.8**	-	-	13.5	-
Realized losses on foreign currency hedging contracts	-	-	-	4.6	-	-
Cost of sales per the MD&A	**(239.4)**	**(93.9)**	**(183.2)**	(401.8)	(104.5)	(163.6)
Gross profit	**174.4**	**63.1**	**62.7**	185.5	79.0	54.4
Cash selling, distribution and administrative costs per financial statements	**(102.4)**	**(39.8)**	**(55.5)**	(109.6)	(36.7)	(51.4)
Depreciation and amortization	**15.0**	-	**2.1**	12.3	-	1.8
Losses (gains) on disposal of assets	**(0.2)**	-	-	0.3	0.2	-
Reclassification of foreign currency gains (losses) related to working capital	-	**4.0**	-	-	(6.4)	-
Cash operating and administrative costs per the MD&A	**(87.6)**	**(35.8)**	**(53.4)**	(97.0)	(42.9)	(49.6)

(1) Divisional results exclude realized losses from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation. See “Non-GAAP Financial Measures” for additional details.

(2) EBITDA from operations excludes the results of the Fixed-price energy services business as substantially all assets were divested during Q1 2016. Comparative figures have been reclassified to reflect the current period presentation.

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 2015 Annual Information Form under "Risk Factors" which is filed on the Canadian Securities Administrators' website, www.sedar.com, and on Superior's website, www.superiorplus.com.

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

If 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.

Tax Reassessments

On April 2, 2013, Superior received, from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of the Conversion. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the Income Tax Act (Canada). On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notices of Reassessment received on April 2, 2013. Superior has been reassessed for subsequent taxation years by the CRA and the provincial tax agencies and has filed a Notice of Objection for each Notice of Assessment received. The outcome of this litigation cannot be predicted with any certainty.

Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard within two years, with a decision rendered six to twelve months after completion of the court hearings. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional two years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest and, if Superior is unsuccessful, then any remaining taxes payable plus interest and penalties will have to be remitted and Superior would not be able to use the tax attributes from the Conversion.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the conversion and currently intends to vigorously defend such position. Superior also strongly believes that there was no acquisition of control of Ballard and that the general anti-avoidance rule does not apply to the conversion and, accordingly, Superior intends to file its future tax returns on a basis consistent with its view of the outcome of the conversion.

Upon receipt of the Notices of Reassessment, 50% of the reassessed taxes payable must be remitted to the CRA and the provincial tax agencies. Superior would also be required to make a payment of 50% of the taxes the CRA and the provincial tax agencies claims are owed in any future tax year if similar notice of reassessment for such years were issued and Superior were to appeal such other years. See "CRA Income Tax Update" for further details on the amounts paid and estimated amounts payable.

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 substantial floating interest rate exposure through a combination of floating interest rate borrowing and the use of derivative instruments. Demand levels for approximately half of Energy Distribution's sales and substantially all of Specialty Chemicals' and Construction Products Distribution's 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, and vice-versa. 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, however, will affect Superior's borrowing costs, which may have an adverse effect on Superior.

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 affect profitability. Superior attempts to mitigate this risk with derivative financial instruments.

A portion of Superior's borrowings are denominated in U.S. dollars. Accordingly, fluctuations in the Canadian/U.S. dollar exchange rate can affect 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), or the Chilean Internal Revenue Service (collectively, the "Tax Agencies") will agree with how Superior calculates its income for tax purposes or that these various tax agencies reference herein will not change their administrative practices to the detriment of Superior or its shareholders.

Acquisitions
Pursuant to the terms of the agreements providing for the purchase of assets or businesses, Superior has been and will continue to be provided with certain representations, warranties and indemnities from the respective vendors subject to certain applicable limitations and thresholds and will conduct due diligence prior to completion of such acquisitions. However, if 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 our business strategy. Services, technologies, key personnel or businesses of companies we acquire may not be effectively assimilated into our business, or our 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 regulatory approvals may result in delays. There may be penalties associated with not completing a planned acquisition. We also may not be able to successfully complete certain divestitures on satisfactory terms, if at all. Divestitures may reduce our total revenues and net income by more than the sales price.

Proposed Acquisition of Canexus
The Canexus Acquisition is subject to various regulatory approvals, including approvals under the Competition Act (Canada), the TSX, the Federal Trade Commission's Bureau of Competition, and the fulfillment of certain other closing conditions customary in transactions of this nature. Superior anticipates that the transaction will be completed by mid-2016. The process of review is proceeding as expected, however, there is no certainty as to the outcome of the review. The successful execution

and implementation of the Canexus Acquisition will require significant effort on the part of management of Superior. Failure to properly execute and implement this transaction or realize the anticipated strategic benefits or operational, competitive and cost synergies could adversely affect the reputation, operations and financial performance of Superior.

RISKS TO SUPERIOR'S SEGMENTS

Risks associated with the Energy Distribution business are as follows:

Canadian Propane Distribution and U.S. Refined Fuels

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. Demand for traditional propane end-use applications is increasing marginally with general economic growth. However, increases in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand.

Automotive propane demand is currently stabilizing after several years of decline but the decline trend could resume depending on propane pricing, the market's acceptance of propane conversion options and the availability of infrastructure.

Competition in the U.S. refined fuels business' markets generally occurs on a local basis between large, full-service, multi-state 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 35-mile marketing radius from a central depot, in order to minimize delivery costs and provide prompt service.

Volume Variability, Weather Conditions and Economic Demand

Weather and general economic conditions affect distillates market volumes. Weather influences the immediate demand for distillates, primarily for heating, while longer-term demand declines due to economic conditions as customers trend towards conservation and supplement heating with alternative sources such as wood pellets. Also, harsh weather can create conditions that exacerbate demand for propane, impede the transportation and delivery of propane, or restrict the ability for 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. 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 (rail and truck) 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.

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 customers' 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.

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. refined fuels 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 Energy Distribution in comparison with such competing energy sources. Any such changes could have an adverse effect on the operations of Energy Distribution.

Employee and Labour Relations
Approximately 19% of Superior's Canadian propane distribution business employees and 3% of U.S. refined fuels 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 remain 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 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 the U.S. dollar and 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 28% 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.

Construction Products Distribution

Risks associated with the Construction Products Distribution business are as follows:

General Economic Conditions
Activity in the Construction Products Distribution segment is subject to changes in general economic activity and, in particular, residential and non-residential construction. New residential construction is subject to such factors as household income, employment levels, customer confidence, population changes and the local supply of residential units. Residential renovation is not as sensitive to these factors and can provide some balance in the demand for residential construction product distribution. Non-residential activity can be subdivided into commercial, industrial and institutional. New construction in these sectors is subject to many of the same general economic factors as residential activity. In the industrial and institutional subsectors, government and regulatory programs can also have a significant impact on the outlook for product distribution, particularly as related to Superior's insulation businesses. As a result, changes to general economic activity or other factors mentioned above that affect the amount of construction or renovation in residential and non-residential markets can have an adverse effect on the segment's business and Superior.

Competition
Construction Products Distribution competes with other specialty construction distributors servicing the builder/contractor market, in addition to big-box home centres and independent lumber yards. The ability to remain competitive depends on the segment's ability to provide reliable service at competitive prices.

The GSD market is driven largely by residential and non-residential construction. Demand for wall and ceiling building materials is affected by changes in general and local economic factors including demographic trends, employment levels, interest rates, consumer confidence and overall economic growth. These factors in turn affect existing housing sales, new home construction, new non-residential construction, and office/commercial space turnover, all of which are significant factors in determining demand for products and services.

Demand, Supply and Pricing
The C&I market is driven largely by C&I construction spending and economic growth. Demand is influenced by commercial construction and renovation, the construction, maintenance and expansion of industrial process facilities (such as oil refineries, petrochemical plants and power generation facilities) and institutional facilities in the government, healthcare and education sectors.

The distribution of walls and ceilings and C&I products involves risks, including the failure or substandard performance of equipment, human error, natural disasters, suspension of operations and new government statutes, regulations, guidelines or policies. Operations are also subject to various hazards incidental to the handling, processing, storage and transportation of certain hazardous materials, including industrial chemicals. These hazards can result in personal injury including fatalities, damage to and destruction of property and equipment and environmental damage. There can be no assurance that as a result of past or future operations, there will not be claims of injury by employees or members of the public due to exposure, or alleged exposure, to these materials. There can be no assurance as to the actual amount of these liabilities or their timing, if any. The business maintains safe working practices through proper procedures, direction and utilization of equipment such as forklifts, boom trucks, fabrication equipment and carts/dollies. The business handles and stores a variety of construction materials and maintains appropriate material handling compliance programs in accordance with local, state/provincial and federal regulations.

Information Technology System Integration

Construction Products Distribution continues to fully integrate its C&I and GSD enterprise resource planning (ERP) systems. The project will consist of adopting best practice common business processes, and integrating all operations onto a single, standardized ERP system. The updated ERP system will provide enhanced procurement, pricing and operational effectiveness, enabling CPD to further improve margins and operating costs once complete. Business process development in preparation of the implementation is underway. The project is expected to be completed by the end of 2016. Upon full commencement of the project, the scoping, requirements definition, business process definition, design, and testing of the integrated ERP system could take approximately one year with the branch conversions taking place the following year. Implementation problems could result in disruption to the business and/or inaccurate information for management and financial reporting. Risk will be mitigated by a project governance structure, extensive testing and a regionally phased implementation.

Employee and Labour Relations

Approximately 5% of Construction Products Distribution's 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 the segment and Superior.

SUPERIOR PLUS CORP.
Condensed Consolidated Balance Sheets

(unaudited, millions of Canadian dollars)	Note	March 31 2016	December 31 2015
Assets			
Current assets			
Cash		**5.4**	–
Trade and other receivables	**5**	**334.1**	374.4
Prepaid expenses		**56.0**	59.4
Inventories	**6**	**162.7**	176.6
Unrealized gains on derivative financial instruments	**12**	**24.5**	3.5
Assets held by discontinued operations	**4**	**4.5**	–
Total current assets		**587.2**	613.9
Non-current assets			
Property, plant and equipment	**7**	**990.6**	1,016.7
Intangible assets		**17.2**	21.1
Goodwill		**195.7**	196.2
Notes and finance lease receivables		**3.6**	3.4
Employee future benefits		**4.1**	5.6
Deferred income taxes	**13**	**269.9**	285.5
Unrealized gains on derivative financial instruments	**12**	**3.9**	0.5
Total non-current assets		**1,485.0**	1,529.0
Total assets		**2,072.2**	2,142.9
Liabilities and equity			
Current liabilities			
Trade and other payables	**9**	**298.0**	349.8
Deferred revenue		**6.3**	9.7
Borrowing	**10**	**26.5**	33.0
Dividends and interest payable		**12.2**	8.4
Unrealized losses on derivative financial instruments	**12**	**68.5**	79.4
Liabilities held by discontinued operations	**4**	**3.2**	–
Total current liabilities		**414.7**	480.3
Non-current liabilities			
Borrowing	**10**	**550.2**	581.8
Convertible unsecured subordinated debentures	**11**	**235.3**	234.4
Other liabilities		**3.9**	3.8
Provisions	**8**	**22.0**	23.2
Employee future benefits		**26.7**	26.6
Deferred income taxes	**13**	**17.0**	9.7
Unrealized losses on derivative financial instruments	**12**	**38.7**	69.4
Total non-current liabilities		**893.8**	948.9
Total liabilities		**1,308.5**	1,429.2
Equity			
Capital		**1,938.3**	1,930.7
Deficit		**(1,248.8)**	(1,328.3)
Accumulated other comprehensive income		**74.2**	111.3
Total equity	**14**	**763.7**	713.7
Total liabilities and equity		**2,072.2**	2,142.9

See accompanying Notes to the Condensed Financial Statements.

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Changes in Equity

(unaudited, millions of Canadian dollars)	Share capital	Contributed surplus(1)	**Total capital(1)**	**Deficit**	**Accumulated other comprehensive income**	**Total**
December 31, 2015	1,929.5	1.2	**1,930.7**	**(1,328.3)**	**111.3**	**713.7**
Net earnings	–	–	–	105.1	–	105.1
Unrealized foreign currency loss on translation of foreign operations	–	–	–	–	(35.4)	(35.4)
Actuarial defined benefit loss	–	–	–	–	(2.3)	(2.3)
Income tax recovery on other comprehensive income	–	–	–	–	0.6	0.6
Total comprehensive income				**105.1**	**(37.1)**	**68.0**
Dividends declared to shareholders	–	–	–	**(25.6)**	–	**(25.6)**
Common shares issued under dividend reinvestment plan	7.6	–	**7.6**	–	–	**7.6**
March 31, 2016	1,937.1	1.2	**1,938.3**	**(1,248.8)**	**74.2**	**763.7**
December 31, 2014	1,786.8	1.4	**1,788.2**	**(1,261.1)**	**23.3**	**550.4**
Net loss	–	–	–	(9.8)	–	(9.8)
Unrealized foreign currency gain on translation of foreign operations	–	–	–	–	42.0	42.0
Actuarial defined benefit loss	–	–	–	–	(3.3)	(3.3)
Income tax recovery on other comprehensive income	–	–	–	–	0.9	0.9
Total comprehensive income				**(9.8)**	**39.6**	**29.8**
Dividends declared to shareholders	–	–	–	**(22.7)**	–	**(22.7)**
March 31, 2015	1,786.8	1.4	**1,788.2**	**(1,293.6)**	**62.9**	**557.5**

(1) Contributed surplus represents Superior's equity reserve for the option value associated with the issuance of convertible unsecured subordinated debentures and warrants.

See accompanying Notes to the Condensed Consolidated Financial Statements.

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Net Earnings (Loss) and Comprehensive Income

(unaudited, millions of Canadian dollars)	Note	Three months ended March 31 2016	2015
Revenues	**17**	**807.5**	976.0
Cost of sales (includes products & services)	**17**	**(530.3)**	(688.0)
Gross profit		**277.2**	288.0
Expenses			
Selling, distribution and administrative costs	**17**	**(209.6)**	(205.4)
Finance expense	**17**	**(12.0)**	(16.0)
Unrealized gains (losses) on derivative financial instruments	**12**	**73.4**	(51.9)
		(148.2)	(273.3)
Net earnings before income taxes from continuing operations before income taxes		**129.0**	14.7
Income tax expense	**13**	**(24.1)**	(23.7)
Net earnings (loss) from continuing operations		**104.9**	(9.0)
Net earnings (loss) from discontinued operations	**4**	**0.2**	(0.8)
Net earnings (loss)		**105.1**	(9.8)
Other comprehensive income:			
Items that may be reclassified subsequently to net earnings			
Unrealized foreign currency (loss) gain on translation of foreign operations		**(35.1)**	42.3
Other comprehensive loss from discontinued operations		**(0.3)**	(0.3)
		(35.4)	42.0
Items that will not be reclassified to net earnings			
Actuarial defined benefit loss		**(2.3)**	(3.3)
Income tax recovery on other comprehensive income		**0.6**	0.9
		(1.7)	(2.4)
Other comprehensive (loss) income for the period		**(37.1)**	39.6
Comprehensive income for the period		**68.0**	29.8
Net earnings (loss) per share			
From continuing operations:			
Basic	**15**	**$0.74**	$(0.07)
Diluted	**15**	**$0.69**	$(0.07)
From discontinued operations			
Basic	**15**	**–**	$(0.01)
Diluted	**15**	**–**	$(0.01)

See accompanying Notes to the Condensed Consolidated Financial Statements.

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Cash Flows [(1)]

(unaudited, millions of Canadian dollars)	Notes	Three months ended March 31 2016	2015
OPERATING ACTIVITIES			
Net earnings (loss) for the period		**105.1**	(9.8)
Adjustments for:			
Depreciation included in selling, distributions and administrative costs	**7**	**16.1**	13.1
Amortization intangible assets		**3.8**	1.7
Depreciation included in cost of sales	**7**	**13.8**	13.5
Gain on sale of discontinued operations	**4**	**(3.0)**	–
(Gain) loss on disposal of assets		**(0.2)**	0.5
Unrealized (gains) losses on derivative financial instruments		**(73.4)**	51.9
Customer contract-related costs		**–**	(0.4)
Finance expense recognized in net earnings		**12.0**	16.0
Income tax expense recognized in net earnings		**24.1**	23.7
Change in non-cash operating working capital	**16**	**(8.6)**	21.7
Net cash flows from operating activities		**89.7**	131.9
Income tax paid		**(0.2)**	(16.9)
Interest paid		**(3.1)**	(2.8)
Cash flows from operating activities		**86.4**	112.2
INVESTING ACTIVITIES			
Purchase of property plant and equipment	**7**	**(34.0)**	(13.8)
Proceeds received from sale of discontinued operations	**4**	**2.9**	–
Proceeds from disposal of property, plant and equipment and intangible assets	**7**	**0.4**	0.5
Cash flows used in investing activities		**(30.7)**	(13.3)
FINANCING ACTIVITIES			
Net repayment of revolving term bank credits and other debt		**(27.3)**	(55.1)
Repayment of finance lease obligations		**(4.5)**	(5.0)
Proceeds from the dividend reinvestment plan		**7.6**	–
Dividends paid to shareholders		**(25.3)**	(22.7)
Cash flows used in financing activities		**(49.5)**	(82.8)
Net increase in cash		**6.2**	16.1
Cash, beginning of period		–	3.1
Effect of translation of foreign currency-denominated cash		**(0.8)**	0.8
Cash, end of period		**5.4**	20.0

(1) This condensed consolidated statement of cash flows includes both continuing and discontinued operations

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, tabular amounts in millions of Canadian dollars, except per share amounts)

1. ORGANIZATION

Superior Plus Corp. (Superior) is a diversified business corporation, incorporated under the Canada Business Corporations Act. The registered office is at suite 401, 200 Wellington Street West, Toronto, Ontario. Superior holds 100% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. as general partner and Superior as limited partner. Superior holds 100% of the interest of Superior General Partner Inc. Superior does not conduct active business operations but rather distributes to shareholders a portion of the income it receives from Superior Plus LP in the form of partnership allocations, net of expenses and interest payable on the convertible unsecured subordinated debentures (the debentures). Superior's investments in Superior Plus LP are financed by share capital and debentures. Superior is a publicly traded company with its common shares trading on the Toronto Stock Exchange (TSX) under the exchange symbol SPB.

The accompanying unaudited condensed consolidated financial statements (consolidated financial statements) of Superior as at March 31, 2016 and the three months ended March 31, 2016 and 2015 were authorized for issuance by the Board of Directors on April 28, 2016.

Reportable Operating Segments

Superior operates three distinct reportable operating segments: Energy Distribution, Specialty Chemicals and Construction Products Distribution. Superior's Energy Distribution operating segment provides distribution, wholesale procurement and related services in relation to propane, heating oil and other refined fuels under the following: Canadian propane division and U.S. refined fuels division. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chloralkali products in the U.S. Midwest. Construction Products Distribution is a distributor of commercial and industrial insulation in North America and a distributor of specialty construction products to the walls and ceilings industry in Canada (See Note 19).

2. BASIS OF PRESENTATION

The accompanying consolidated financial statements were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB) using the accounting policies Superior adopted in its annual consolidated financial statements as at and for the year ended December 31, 2015 other than the standards adopted as at January 1, 2016. The accounting policies are based on the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that were applicable at that time. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently throughout the consolidated entities.

The consolidated financial statements are presented in Canadian dollars. All financial information presented in Canadian dollars has been rounded to the nearest hundred-thousand. These consolidated financial statements should be read in conjunction with Superior's 2015 annual consolidated financial statements.

The consolidated financial statements were prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in Superior's 2015 annual consolidated financial statements and incorporate the accounts of Superior and its wholly-owned 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 statement of net 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 Superior Plus Corp.

Significant Accounting Policies

(a) 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, net earnings 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 financial statements are consistent with those disclosed in Superior's 2015 annual consolidated financial statements.

(b) Discontinued Operations

Discontinued operations are either separate major lines of business or geographical operations that have been sold or classified as held for sale. When held for use, discontinued operations were a cash-generating unit ("CGU") or a group of CGUs, where a CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. These comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Corporation. The applicable results from discontinued operations are presented separately in the consolidated statements of earnings (loss) on a comparative basis.

(c) Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning January 1, 2016 or later periods.

IAS 16 and IAS 38 –*Property, Plant and Equipment and Intangible Assets*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant, and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the event that the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible assets are highly correlated. This standard must be applied for accounting periods beginning on or after January 1, 2016, and Superior has accordingly adopted the amendments effective January 1, 2016. Superior amortizes property, plant and equipment and intangible assets using the straight-line method and, therefore, the application of these amendments to IAS 16 and IAS 18 did not have any impact on its consolidated financial statements.

New and revised IFRS standards issued but not yet effective

IFRS 16 – *Leases*

On January 13, 2016, the IASB issued IFRS 16 – Leases ("IFRS 16"), which replaces IAS 17 – Leases and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, except those that meet limited exception criteria. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019. Superior is currently assessing the potential impact of this standard on its consolidated financial statements.

IFRS 9 – *Financial Instruments: Classification and Measurement*

IFRS 9 was issued in November 2009 and is intended to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

A finalized version of IFRS 9 was issued in July 2014 to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments. This standard must be applied for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. Superior intends to adopt the new standard on the required effective date, and is currently assessing the effect of IFRS 9 on its financial results and financial position. Changes, if any, are not expected to be material.

IFRS 15- *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the related interpretation when it becomes effective. Under IFRS 15, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity is required to recognize revenue when the performance obligation is satisfied. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. Superior is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

3. Seasonality of Operations

Energy Distribution

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 from heating end-use customers. They then decline through the second and third quarters, rising seasonally again in the fourth quarter with heating demand. Similarly, net working capital is typically at seasonal highs during the first and fourth quarters, and normally declines to seasonal low in the second and third quarters. Net working capital is also significantly influenced by wholesale propane prices and other refined fuels.

Construction Products Distribution

Sales typically peak during the second and third quarters with the seasonal increase in building and renovation activities. They then decline through the fourth quarter and into the subsequent first quarter. Similarly, net working capital is typically at seasonally high levels during the second and third quarters, and normally decline to seasonal lows in the fourth and first quarters.

4. Discontinued Operations

In 2015, Fixed-Price Energy Services ceased marketing efforts and allowed existing customer contracts to expire with the intention to exit the business. The Fixed-Price Energy Services assets were divested during Q1 2016, and substantially all of the intangible assets, consisting mainly of customer contracts, were sold for total consideration of $4.3 million, which includes contingent consideration. Certain assets divested were disposed of with an effective date of January 1, 2016 and the earnings related to these assets were collected by Superior and remitted to the purchaser.

A gain of $3.0 million was recorded within discontinued operations during the three months ended March 31, 2016 based on the excess of the proceeds net of contingent consideration over the carrying value of the intangible assets.

The assets and liabilities of assets held by discontinued operations presented on the condensed consolidated balance sheets is as follows:

(unaudited, millions of Canadian dollars)	**March 31 2016**	December 31 2015
Assets		
Trade and other receivables	**3.1**	–
Prepaid expenses	**0.6**	–
Deferred income taxes	**0.8**	–
Assets held by discontinued operations	**4.5**	–
Liabilities		
Trade and other payables	**3.2**	–
Liabilities held by discontinued operations	**3.2**	–

Net loss from discontinued operations reported in the condensed consolidated financial statements of net earnings (loss) and comprehensive income is as follows:

For the three months ended March 31	**2016**	2015
Revenues		
Revenue from products	**19.8**	30.6
	19.8	30.6
Cost of sales (includes products and services)		
Cost of products and services	**(13.0)**	(24.1)
Realized losses on derivative financial instruments	**(6.0)**	(4.8)
	(19.0)	(28.9)
Selling, distribution and administrative costs		
Selling, general and administrative costs	**(0.3)**	(0.6)
Restructuring costs	**–**	–
Employee costs	**(0.5)**	(1.2)
Facilities maintenance expense	**(0.1)**	(0.1)
Amortization of intangible assets	**(2.7)**	(0.6)
Gain on disposal of assets	**3.0**	–
	(0.6)	(2.5)
Net earnings (loss) before income taxes	**0.2**	(0.8)
Income tax (expense) recovery	–	–
Net loss from discontinued operations	**0.2**	(0.8)

Cash flows from discontinued operations reported in the condensed consolidated statement of cash flows are as follows:

For the three months ended March 31	**2016**	**2015**
Cash flows from operating activities	**0.1**	0.5
Cash flows from investing activities	**2.9**	–
Cash flows from (used in) financing activities	–	–
Net increase in cash and cash equivalents from discontinued operations	**3.0**	0.5
Change in cash from continuing operations	**3.2**	15.6
Effect of translation of foreign denominated cash and cash equivalents	**(0.8)**	0.8
Cash, beginning of period	–	3.1
Cash, end of period	**5.4**	20.0

5. TRADE AND OTHER RECEIVABLES

A summary of trade and other receivables is as follows:

	March 31 2016[(1)]	December 31 2015
Trade receivables, net of allowances	**320.1**	341.5
Accounts receivable - other	**14.0**	32.9
Trade and other receivables	**334.1**	374.4

[(1)] As at March 31, 2016, Fixed-Price Energy Services has been classified as a disposed operation and discontinued operations. Refer to Note 4.

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

	March 31 2016	December 31 2015
Current	**243.9**	244.6
Past due less than 90 days	**70.7**	89.4
Past due over 90 days	**11.9**	14.8
Total receivables	**326.5**	348.8

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 a provision of $6.4 million as at March 31, 2016 (December 31, 2015 - $7.3 million). The movement in the provision for doubtful accounts is as follows:

	March 31 2016	December 31 2015
Allowance for doubtful accounts, at the beginning of the period	**(7.3)**	(8.5)
Additions	**(1.6)**	(7.8)
Amounts written off during the period as uncollectible	**1.7**	6.4
Amounts recovered	**0.8**	2.6
Allowance for doubtful accounts at the end of the period	**(6.4)**	(7.3)

6. INVENTORIES

	March 31 2016	December 31 2015
Propane, heating oil and other refined fuels	**27.4**	37.7
Propane retailing materials, supplies, appliances and other	**7.4**	7.5
Chemical finished goods and raw materials	**26.6**	29.4
Chemical stores, supplies and other	**13.3**	13.2
Wall, ceiling and insulation construction products	**88.0**	88.8
	162.7	176.6

	Three months ended March 31 2016	2015
Cost of inventories recognized as an expense	**472.7**	614.0
Inventory write-downs	**0.7**	1.0
Write-down reversals	**0.1**	4.7

7. PROPERTY, PLANT AND EQUIPMENT [1]

	Land	Buildings	Specialty Chemicals Plant & Equipment	Energy Distribution Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Cost							
Balance at December 31, 2015	32.8	207.2	960.5	765.9	78.8	14.5	2,059.7
Balance at March 31, 2016	**32.7**	**201.3**	**951.7**	**756.9**	**80.7**	**13.8**	**2,037.1**
Accumulated Depreciation							
Balance at December 31, 2015	–	75.2	512.1	411.2	34.9	9.6	1,043.0
Balance at March 31, 2016	**–**	**75.3**	**511.2**	**417.0**	**34.0**	**9.0**	**1,046.5**
Carrying Amount							
Balance at December 31, 2015	32.8	132.0	448.4	354.7	43.9	4.9	1,016.7
Balance at March 31, 2016	**32.7**	**126.0**	**440.5**	**339.9**	**46.7**	**4.8**	**990.6**

[1] As at March 31, 2016, Fixed-Price Energy Services has been classified as a disposal group and as a discontinued operation. Refer to Note 4.

Depreciation per cost category [2]:

	Three months ended March 31 2016	2015
Cost of sales	**13.8**	13.5
Selling, distribution and administrative costs	**16.1**	13.1
Total	**29.9**	26.6

[2] Depreciation per cost category includes both continuing and discontinued operations

The carrying amount of Superior's property, plant, and equipment includes $83.9 million of leased assets as at March 31, 2016 (December 31, 2015 – $87.6 million).

8. PROVISIONS

	Restructuring	Decommissioning	Environmental	Total
Balance at December 31, 2015	0.5	22.2	1.0	**23.7**
Utilizations	(0.3)	(0.1)	(0.2)	**(0.6)**
Additions	–	–	0.2	**0.2**
Amounts reversed during the year	–	(0.4)	(0.3)	**(0.7)**
Impact of change in discount rate	–	0.5	–	**0.5**
Net foreign currency exchange difference	–	(0.9)	–	**(0.9)**
Balance at March 31, 2016	0.2	21.3	0.7	**22.2**

	Note	March 31 2016	December 31 2015
Current	9	**0.2**	0.5
Non-current		**22.0**	23.2
		22.2	23.7

Restructuring

Restructuring costs under the provision are recorded in selling, distribution, and administrative costs. For the three months ended March 31, 2016 restructuring costs were nil (March 31, 2015 – nil). Provisions for restructuring are recorded in provisions, except for the current portion, which is recorded in trade and other payables. As at March 31, 2016, the current portion of restructuring costs was $0.2 million (December 31, 2015 – $0.5 million). As at March 31, 2016, the long term portion of restructuring costs was nil (December 31, 2015 – nil). The provision is primarily for severance, lease costs and consulting fees.

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 activity's expected timing.

Specialty Chemicals

Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. As at March 31, 2016, the discount rate used in Superior's calculation was 2.00% (December 31, 2015 – 2.16%). Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $22.4 million (December 31, 2015 – $23.1 million) which will be paid over the next 16 to 24 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.

Energy Distribution

Superior makes full 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 $10.6 million at March 31, 2016 (December 31, 2015 – $12.3 million) which will be paid over the next 16 years. The discount rate of 2.00% at March 31, 2016 (December 31, 2015 – 2.16%) was used to calculate the present value of the estimated cash flows.

Environmental

Provisions for environmental remediation are made when a clean-up is probable and the amount of the obligation can be reliably estimated. Generally, this coincides with 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 $0.7 million at March 31, 2016 (December 31, 2015 – $0.9 million) which will be paid over the next year. 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.

9. TRADE AND OTHER PAYABLES

A summary of trade and other payables is as follows:

	Note	March 31 2016[(1)]	December 31 2015
Trade payables		**199.0**	240.9
Restructuring provisions	**8**	**0.2**	0.5
Other payables		**92.7**	98.3
Share-based payments		**6.1**	10.1
Trade and other payables		**298.0**	349.8

(1) As at March 31, 2016, Fixed-Price Energy Services has been classified as a disposal group and discontinued operations. Refer to Note 4.

10. BORROWING

	Year of Maturity	Effective Interest Rate	**March 31 2016**	December 31 2015
Revolving Term Bank Credit Facilities [(1)]				
Bankers' Acceptances (BA)	2019	Floating BA rate plus applicable credit spread	**67.0**	251.6
Canadian Prime Rate Loan	2019	Prime rate plus applicable credit spread	**2.0**	17.7
LIBOR Loans (US$175 million; 2015-U.S.$37.0 million)	2019	Floating LIBOR rate plus applicable credit spread	**227.0**	51.2
US Base Rate Loans (US$4.8 million; 2015-U.S. $10.6 million)	2019	US Prime rate plus credit spread	**6.3**	14.8
			302.3	335.3
Other Debt				
Accounts Receivable factoring program[(2)]		Floating BA Plus	**1.9**	2.6
Defined Consideration	2016-2018	Non-interest-bearing	**5.1**	6.5
			7.0	9.1
Senior Unsecured Notes				
Senior unsecured notes [(3)]	2021	6.50%	**200.0**	200.0
Finance Lease Obligations				
Finance lease obligation			**78.3**	81.2
Total borrowing before deferred financing fees			**587.6**	625.6
Deferred financing fees			**(10.9)**	(10.8)
Borrowing			**576.7**	614.8
Current maturities			**(26.5)**	(33.0)
Borrowing			**550.2**	581.8

(1) On December 22, 2015, Superior and its wholly-owned subsidiaries, Superior Plus US Financing Inc. and Commercial E Industrial (Chile) Limitada, extended the maturity date of its credit facility to December 22, 2019. In addition, the credit facility was increased to $775.0 million. As at March 31, 2016, Superior had $27.9 million of outstanding letters of credit (December 31, 2015 – $27.6 million) and approximately $141.8 million of outstanding financial guarantees on behalf of its businesses (December 31, 2015 – $151.0 million). The fair value of Superior's revolving term bank credit facilities, other debt, letters of credit, financial guarantees, and senior unsecured notes approximates their carrying value as a result of the market-based interest rates, the short-term nature of the underlying debt instruments and other related factors.

(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, a 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 $15.0 million. As at March 31, 2016, the accounts receivable factoring program totaled CDN $1.9 million (December 31, 2015 – CDN $2.6 million).

(3) On December 9, 2014, Superior completed an offering of $200.0 million 6.50% senior unsecured notes (the senior notes). The senior notes were issued at par value and mature on December 9, 2021. The senior notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior notes at various redemption prices, which include the principal amount plus accrued and unpaid interest, if any, to the application redemption date. Interest is payable semi-annually on June 9 and December 9, and commenced June 9, 2015.

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

Current maturities	**26.5**
Due in 2017	**18.6**
Due in 2018	**12.7**
Due in 2019	**312.1**
Due in 2020	**9.4**
Due in 2021	**208.3**
Subsequent to 2021	**–**
Total	**587.6**

11. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

Superior's debentures are as follows:

Maturity Interest Rate Conversion price per share	**June 2018** **6.00%** **$15.10**	**June 2019** **6.00%** **$16.75**	**Total** **Value**
Debentures carrying value as at March 31, 2016	**147.2**	**88.1**	**235.3**
Debentures carrying value as at December 31, 2015	146.9	87.5	234.4
Quoted market value as at March 31, 2016	**149.3**	**96.3**	**245.6**
Quoted market value as at December 31, 2015	151.1	98.3	249.4

Superior's convertible debentures due in June 2018 and June 2019 carry multiple settlement options at conversion. The debentures may be converted into shares at the option of the holder, at the conversion price, at any time prior to the earlier of redemption by Superior or maturity. Superior may elect to pay interest and principal upon maturity or redemption by issuing shares to a trustee in the case of interest payments, and to the debenture holders in the case of payment of principal. The number of any shares issued to the debenture holders will be determined based on the market price per share at the time of issuance. Superior may elect to pay the debenture holders cash in lieu of delivering common shares upon conversion.

The principal amount of all convertible debentures as at March 31, 2016 was $247.0 million (December 31, 2015 - $247.0 million).

12. 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 asking 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.

With respect to the valuation of Specialty Chemicals' fixed-price electricity agreement, the valuation of this agreement requires Superior to make assumptions about the long-term price of electricity in electricity markets for which active market information is not available. The impact of the assumption for the long-term forward price curve of electricity has a material impact on the fair value of this agreement. A $1/MWh change in the forecast price of electricity would result in a change in the fair value of this agreement of $0.4 million, with a corresponding impact to net earnings (loss) before income taxes.

All financial and non-financial derivatives are designated as held-for-trading upon their initial recognition.

As at				March 31, 2016
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Foreign currency forward contracts, net sale	**0.3**	**–**	**–**	**0.3**
Interest rate swaps – CDN$	**–**	**1.3**	**–**	**1.3**
Natural gas financial swaps – AECO	**–**	**21.9**	**–**	**21.9**
Electricity swaps – Energy Distribution	**–**	**4.5**	**–**	**4.5**
Propane wholesale purchase and sale contracts, net sale – Energy Distribution	**–**	**0.4**	**–**	**0.4**
Total assets	**0.3**	**28.1**	**–**	**28.4**
Liabilities				
Natural gas financial swaps – AECO	**–**	**22.4**	**–**	**22.4**
Electricity swaps – Energy Distribution	**–**	**4.6**	**–**	**4.6**
Foreign currency forward contracts, net sale	**63.9**	**–**	**–**	**63.9**
Cross currency interest rate exchange agreements	**2.4**	**–**	**–**	**2.4**
Equity derivative contracts	**–**	**3.6**	**–**	**3.6**
Debenture-embedded derivative	**–**	**–**	**2.3**	**2.3**
Propane wholesale purchase and sale contracts, net sale – Energy Distribution	**–**	**0.2**	**–**	**0.2**
Fixed-price electricity purchase agreements – Specialty Chemicals	**–**	**–**	**7.8**	**7.8**
Total liabilities	**66.3**	**30.8**	**10.1**	**107.2**
Total net liability	**(66.0)**	**(2.7)**	**(10.1)**	**(78.8)**
Current portion of assets	**0.3**	**24.2**	**–**	**24.5**
Current portion of liabilities	**36.6**	**27.1**	**4.8**	**68.5**

As at				December 31, 2015
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts, net sale	2.2	–	–	2.2
Interest rate swaps – CDN$	–	1.2	–	1.2
Propane wholesale purchase and sale contracts, net sale – Energy Distribution	–	0.6	–	0.6
Total assets	2.2	1.8	–	4.0
Liabilities				
Natural gas financial swaps - AECO	–	18.4	–	18.4
Electricity swaps – Energy Distribution	–	3.2	–	3.2
Foreign currency forward contracts, net sale	111.8	–	–	111.8
Equity derivative contracts	–	3.1	–	3.1
Debenture-embedded derivative	–	–	2.4	2.4
Propane wholesale purchase and sale contracts, net sale – Energy Distribution	–	3.0	–	3.0
Fixed-price electricity purchase agreements – Specialty Chemicals	–	–	6.9	6.9
Total liabilities	111.8	27.7	9.3	148.8
Total net liability	(109.6)	(25.9)	(9.3)	(144.8)
Current portion of assets	2.1	1.4	–	3.5
Current portion of liabilities	55.1	20.4	3.9	79.4

The following table outlines quantitative information about how the fair values of these financial and non-financial assets and liabilities are determined at March 31, 2016, including valuation techniques and inputs used:

Description	Notional	Term	Effective Rate	Valuation Technique(s) and Key Input(s)
Level 1 fair value hierarchy:				
Foreign currency forward contracts, net sale	US$440.0	2016-2019	1.15	Quoted bid prices in the active market.
Cross currency interest rate exchange agreements	US$137.0	2016	1.32	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Natural gas financial swaps – AECO	–	2016-2020	–	Discounted cash flow – Future cash flows are estimated based on forward market prices (from observable yield curves at the end of the reporting period) applied to contract volumes, discounted at a rate that reflects the credit risk of various counterparties. Impact of sleeve transactions entered into in 2016 result in a notional amount and effective rate of $nil.
Interest rate swaps – CDN$	$37.5	2016-2017	Six-month BA rate plus 2.67%	Discounted cash flow – Future cash flows are estimated based on forward interest rates and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Equity derivative contracts	$13.7	2016-2018	$12.47	Discounted cash flow – Future cash flows are estimated based on equity derivative contracts.
Propane wholesale purchase and sale contracts, net sale – Energy Distribution	11.4 USG(1)	2016-2017	$0.48	Quoted bid prices for similar products in the active market.
Electricity swaps – Energy Distribution	–	2016-2018	–	Discounted cash flow – Future cash flows are estimated based on forward market prices (from observable yield curves at the end of the reporting period) applied to contract volumes, discounted at a rate that reflects the credit risk of various counterparties. Impact of sleeve transactions entered into in 2016 result in a notional amount and effective rate of $nil.
Heating oil purchase and sale contracts – Energy Distribution	1.4 USG(1)	2016-2017	US $1.45 /USG	Quoted bid prices for similar products in the active market.
Level 3 fair value hierarchy:				
Debenture-embedded derivative	$247.0	2018-2019	–	Black-Scholes model – see “Valuation techniques and significant unobservable inputs” for further details.
Fixed-price electricity purchase agreements – Specialty Chemicals	22-45 MW(2)	2016-2017	$45	Discounted cash flow – see “Valuation techniques and significant unobservable inputs” for further details.

(1) Millions of United States gallons (USG) purchased.
(2) Megawatts (MW) on a 24/7 continual basis per year purchased.

Valuation techniques and significant unobservable inputs

Financial Instrument	Valuation Technique	Significant Unobservable Inputs	Sensitivity of Input to Fair Value
Debenture-embedded derivative	Black-Scholes model	Volatility – 28.96%-29.04% (2015 – 26.27%-27.06%) Risk-free rate – 0.93%-1.00% (2015 – 0.89%-1.04%)	The estimated fair value would increase (decrease) if: -Volatility decreased (increased) - Risk-free rate decreased (increased)
Fixed-price electricity purchase agreements	Discounted cash flow	Forward electricity prices (1) – $18.83-$30.75 (2015 - $34.75-$40.00) WACC – 9% (2015 – 9%)	The estimated fair value would increase (decrease) if: -Forward prices increased decreased) -WACC decreased (increased)

(1) Net of greenhouse gas charge of $4/MWh.

Description	**For the three months ended March 31, 2016** Realized Gain (Loss)	Unrealized Gain (Loss)	For the three months ended March 31, 2015 Realized Gain (Loss)	Unrealized Gain (Loss)
Natural gas financial swaps – AECO	**(4.3)**	**17.8**	(4.4)	(0.4)
Energy Distribution electricity swaps	**(1.8)**	**3.2**	(0.4)	(1.8)
Foreign currency forward contracts, net sale	**(12.0)**	**46.1**	(10.9)	(44.3)
Cross currency interest rate exchange agreements	**–**	**(2.3)**	–	–
Interest rate swaps	**–**	**–**	–	1.8
Equity derivative contracts	**(0.2)**	**(0.5)**	(0.1)	3.2
Energy Distribution propane wholesale purchase and sale contracts	**(2.5)**	**4.0**	(9.6)	15.3
Energy Distribution WTI wholesale purchase and sale contracts	**–**	**–**	0.1	0.1
Energy Distribution heating oil purchase and sale contracts	**(3.6)**	**3.1**	(10.7)	3.9
Energy Distribution diesel wholesale purchase and sale contracts	**–**	**–**	–	0.2
Specialty Chemicals fixed-price electricity purchase agreements	**(1.6)**	**(0.9)**	(1.2)	(4.9)
Total (losses) on financial and non-financial derivatives	**(26.0)**	**70.5**	(37.2)	(26.9)
Foreign currency translation of borrowings	**–**	**2.8**	0.1	(3.2)
Unrealized change in fair value of debenture-embedded derivative	**–**	**0.1**	–	(21.8)
Total (losses) gains	**(26.0)**	**73.4**	(37.1)	(51.9)

Total (losses) gains attributed to continuing operations	**(19.9)**	**73.4**	**(32.7)**	**(51.9)**
Total (losses) gains attributed to discontinued operations	**(6.1)**	**–**	**(4.4)**	**–**
Total (losses) gains	**(26.0)**	**73.4**	**(37.1)**	**(51.9)**

Realized 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 statement of net earnings based on the underlying nature of the financial statement line item and/or the economic exposure being managed.

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 that do, however, still allow for the related amount to be set-off in certain circumstances, such as bankruptcy or the termination of contracts.

Derivative Assets			**Amounts Offset**
March 31, 2016	Gross Assets	Gross Liabilities Offset	Net Amounts Presented
Natural gas financial swaps – AECO[1]	**21.9**	**–**	**21.9**
Electricity swaps – Energy Distribution [1]	**4.5**	**–**	**4.5**
Propane wholesale purchase and sale contracts – Energy Distribution [2]	**0.1**	**–**	**0.1**
Total	**26.5**	**–**	**26.5**

(1) Subject to an enforceable master netting agreement in the form of an ISDA agreement.
(2) Regularly settled gross in the normal course of business.

Derivative Liabilities		**Amounts Offset**	
March 31, 2016	Gross Liabilities	Gross Assets Offset	Net Amounts Presented
Natural gas financial swaps – AECO[1]	**22.4**	**–**	**22.4**
Electricity swaps – Energy Distribution [1]	**4.6**	**–**	**4.6**
Propane wholesale purchase and sale contracts – Energy Distribution [3]	**0.2**	**(0.1)**	**0.1**
Heating oil purchase and sale contracts – Energy Distribution [2]	**2.3**	**(2.3)**	**–**
Fixed-price electricity purchase agreements – Specialty Chemicals[4]	**23.7**	**(15.9)**	**7.8**
Total	**53.2**	**(18.3)**	**34.9**

Derivative Liabilities		**Amounts Offset**	
December 31, 2015	Gross Assets	Gross Liabilities Offset	Net Amounts Presented
Natural gas financial swaps – AECO[1]	18.4	–	18.4
Electricity swaps – Energy Distribution [1]	3.3	(0.1)	3.2
Propane wholesale purchase and sale contracts – Energy Distribution [3]	4.1	(1.1)	3.0
Heating oil purchase and sale contracts – Energy Distribution [2]	6.3	(6.3)	–
Fixed-price electricity purchase agreements – Specialty Chemicals[4]	27.8	(20.9)	6.9
Total	59.9	(28.4)	31.5

(1) Subject to an enforceable master netting agreement in the form of an ISDA agreement.
(2) Regularly settled net in the normal course of business and considered standardized brokerage accounts.
(3) Regularly settled gross in the normal course of business.
(4) Standard terms of the Power Purchase Agreement (PPA) allowing net settlement of payments in the normal course of business.

Financial Instruments – Risk Management

Market Risk

Derivative 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 derivatives 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.

Energy Distribution enters into natural gas financial swaps to manage its economic exposure of providing fixed-price natural gas to its customers and maintains its historical natural gas swap positions with six counterparties. Energy Distribution monitors its fixed-price natural gas positions on a daily basis to monitor compliance with established risk management policies. Energy Distribution maintains a substantially balanced fixed-price natural gas position in relation to its customer supply commitments.

Energy Distribution enters into electricity financial swaps to manage the economic exposure of providing fixed-price electricity to its customers. Energy Distribution maintains a substantially balanced fixed-price electricity position in relation to its customer supply commitments.

Specialty Chemicals has entered into a fixed-price electricity purchase agreement to manage the economic exposure of certain chemical facilities to changes in the market price of electricity, in a market where the price of electricity is not fixed. The fair value with respect to this agreement is with a single counterparty.

Energy Distribution enters into various propane forward purchase and sale agreements to manage the economic exposure of its wholesale customer supply contracts. 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. Specialty Chemicals 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 has interest rate swaps with four counterparties to manage the interest rate mix of its debt portfolio and related overall cost of borrowing. Superior manages its overall liquidity risk in relation to its general funding requirements by utilizing a mix of short-term and longer-term debt instruments. Superior reviews its mix of short-term and longer-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 derivative and non-financial derivative instruments in order to mitigate its counterparty risk. Superior assesses the credit-worthiness 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. 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 credit-worthiness of its customers. Energy Distribution actively monitors the credit-worthiness of its commercial customers. Overall, Superior's credit quality is enhanced by its portfolio of customers, which is diversified across geographical (primarily Canada and the United States) and end-use (primarily commercial, residential and industrial) markets.

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

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

	2016	2017	2018	2019	2020	2021 and thereafter	Total
Borrowing	**26.5**	**18.6**	**12.7**	**312.1**	**9.4**	**208.3**	**587.6**
Convertible unsecured subordinated debentures	**–**	**–**	**147.2**	**88.1**	**–**	**–**	**235.3**
US$ foreign currency forward sales contracts	**153.2**	**142.8**	**96.0**	**48.0**	**–**	**–**	**440.0**
CDN$ natural gas purchases	**4.8**	**0.1**	**–**	**–**	**–**	**–**	**4.9**
US$ gas purchases	**0.8**	**0.1**	**–**	**–**	**–**	**–**	**0.9**
US$ propane purchases	**1.6**	**4.1**	**–**	**–**	**–**	**–**	**5.7**
US$ heating oil purchases	**9.1**	**–**	**–**	**–**	**–**	**–**	**9.1**
Fixed-price electricity purchase commitments	**13.3**	**17.7**	**–**	**–**	**–**	**–**	**31.0**

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 flow from operations, proceeds on revolving term bank credit facilities and proceeds on the issuance of share capital. Superior's financial instruments' sensitivities as at March 31, 2016 are consistent with those disclosed in Superior's 2015 annual consolidated financial statements.

13. 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 United States income taxes, United States non-resident withholding taxes and Chilean income taxes.

Total income tax expense, comprised of current income taxes and deferred income taxes for the three months ended March 31, 2016 was $24.1million compared to $23.7 million in the comparative period. For the three months ended March 31, 2016, deferred income tax from operations in Canada, the United States and Chile was $22.9 million, which resulted in a corresponding total net deferred income tax asset of $253.7 million at March 31, 2016, including $0.8 million of deferred income tax assets related to discontinued operations.

As previously disclosed, on April 2, 2013, Superior received, from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of Superior's corporate conversion transaction (Conversion) which occurred on December 31, 2008. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the Income Tax Act (Canada). On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notices of Reassessment received on April 2, 2013. Superior has been reassessed for subsequent taxation years by the CRA and the provincial tax agencies and has filed a Notice of Objection for each Notice of Assessment received.

The table below summarizes Superior's estimated tax liabilities and payment requirements associated with the received and anticipated Notices of Reassessment. Upon receipt of the Notices of Reassessment, 50% of the taxes payable pursuant to such Notice of Reassessment must be remitted to the CRA and the provincial tax agencies within 90 days.

Taxation Year	Taxes Payable(1)(2)(3)	50% of the Taxes Payable(1)(2)	Month/Year Paid/Payable
2009/2010	$13.0	$6.5	April 2013
2011	$15.0(3)	$7.5	February 2015
2012	$10.0(3)	$5.0	February 2015
2013	$11.0(3)	$5.5	February 2015
2014	$16.0(3)	$8.0	December 2015
2015	$3.0(3)	$1.5	2016
2016	$5.0(3)	$2.5	2017
Total	**$73.0**	**$36.5**	

(1) In millions of dollars.
(2) Includes estimated interest and penalties up to payment date of 50%.
(3) Years 2011 – 2016 are estimated based on Superior's previously filed tax returns, 2015 results and Superior's 2016 outlook.

Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard within two years, with a decision rendered six to twelve months after completion of the court hearings. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional two years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest. If Superior is unsuccessful, then any remaining taxes payable plus interest and penalties will have to be remitted to the CRA and Superior would not be able to use the tax attributes from the Conversion.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and currently intends to vigorously defend such position and to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

14. 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.

Preferred shares are issuable in series with each class of preferred share having such rights as the Board of Directors may determine. Holders of preferred shares are entitled, in priority over holders of common shares, to be paid ratably with holders of each other series of preferred shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series upon liquidation, dissolution or winding up of Superior. Superior has no preferred shares outstanding.

	Issued Number of Common Shares (millions)	**Total Equity**
Total Equity, December 31, 2015	**140.6**	**713.7**
Net earnings	**–**	**105.1**
Other comprehensive loss	**–**	**(37.1)**
Common shares issued through DRIP	**0.8**	**7.6**
Dividends declared to shareholders [1]	**–**	**(25.6)**
Total Equity, March 31, 2016	**141.4**	**763.7**

[1] Dividends to shareholders are declared at the discretion of Superior's Board of Directors. During the three months ended March 31, 2016, Superior paid cash dividends of $17.7 million or $0.18 per share (March 31, 2015 – $22.7 million or $0.18 per share) and made distributions through reinvestment of $7.6 million (March 31, 2015 – nil).

	March 31 2016	December 31 2015
Accumulated other comprehensive income before reclassification		
Currency translation adjustment		
Balance at the beginning of the period	**126.5**	40.0
Unrealized foreign currency gains on translation of foreign operations	**(35.4)**	86.5
Balance at the end of the period	**91.1**	126.5
Actuarial defined benefits		
Balance at the beginning of the period	**(8.1)**	(9.8)
Actuarial defined benefit gains (losses)	**(2.3)**	2.4
Income tax recovery (expense) on actuarial gain	**0.6**	(0.7)
Balance at the end of the period	**(9.8)**	(8.1)
Total accumulated other comprehensive income before reclassification	**81.3**	118.4
Amounts reclassified from accumulated other comprehensive income		
Accumulated derivative losses		
Balance at the beginning of the period	**(7.1)**	(6.9)
Reclassification of derivative losses previously deferred[1]	**–**	(0.2)
Balance at the end of the period	**(7.1)**	(7.1)
Total amounts reclassified from accumulated other comprehensive income	**(7.1)**	(7.1)
Accumulated other comprehensive income at the end of the period	**74.2**	111.3

[1] The reclassification of derivative losses previously deferred is included in unrealized losses on derivative financial instruments on the statement of net earnings and total comprehensive income.

Other Capital Disclosures

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 gain (loss)), current and long-term borrowing, convertible unsecured subordinated debentures, securitized accounts receivable and cash and cash equivalents. 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, issue new debt or convertible unsecured subordinated debentures with different characteristics.

Superior monitors its capital based on the ratio of senior and total 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 test, which are measured on a quarterly basis. As at March 31, 2016 and December 31, 2015 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 fiscal 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.

Financial Measures Utilized for Bank Covenant Purposes

Compliance EBITDA

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and other non-cash expenses calculated on a 12-month trailing basis giving pro forma effect to acquisitions and divestitures and is used by Superior to calculate its debt covenants and other credit information. Compliance EBITDA is not a defined performance measure under IFRS. Superior's calculation of compliance EBITDA may differ from similar calculations used by comparable entities.

The capital structure of Superior and the calculation of its key capital ratios are as follows:

As at	**March 31 2016**	December 31 2015
Total shareholders' equity	**763.7**	713.7
Exclude accumulated other comprehensive gain	**(74.2)**	(111.3)
Shareholders' equity excluding accumulated other comprehensive gain	**689.5**	602.4
Current borrowing[(1)]	**26.5**	33.0
Borrowing[(1)]	**561.1**	592.6
Less: Senior unsecured debt	**(200.0)**	(200.0)
Consolidated secured debt	**387.6**	425.6
Add: Senior unsecured debt	**200.0**	200.0
Consolidated debt	**587.6**	625.6
Convertible unsecured subordinated debentures[(1)]	**247.0**	247.0
Total debt	**834.6**	872.6
Total capital	**1,524.1**	1,475.0

(1) Borrowing and convertible unsecured subordinated debentures are before deferred financing fees and option value.

Twelve months ended	**March 31 2016**	December 31 2015
Net earnings	**141.4**	26.5
Adjusted for:		
Finance expense	**52.3**	56.3
Realized gains on derivative financial instruments included in finance expense	**6.1**	6.1
Depreciation included in selling, distribution and administrative costs	**59.4**	56.4
Depreciation included in cost of sales	**64.1**	63.8
Gain on sale of Fixed-Price Energy Services	**(3.0)**	–
Gain on sale of customer list	**(0.3)**	(0.3)
Loss on disposal of other assets	**1.7**	2.4
Amortization of intangible assets	**9.2**	7.1
Income tax expense	**1.2**	0.8
Unrealized (gains) losses on derivative financial instruments	**(85.5)**	39.8
Compliance EBITDA	**246.6**	258.9

(1) EBITDA, as defined by Superior's revolving-term credit facility, is calculated on a trailing 12-month basis taking into consideration the pro-forma impact of acquisitions and dispositions in accordance with the requirements of Superior's credit facility. Superior's calculation of EBITDA and debt to EBITDA ratios may differ from those of similar entities.

	March 31 2016	December 31 2015
Consolidated secured debt to compliance EBITDA	**1.6:1**	1.6:1
Consolidated debt to compliance EBITDA	**2.4:1**	2.4:1
Total debt to compliance EBITDA	**3.4:1**	3.4:1

15. NET EARNINGS PER SHARE

	Three months ended March 31 2016	2015
Net earnings (loss) per share computation, basic, from continuing operations		
Net earnings (loss) for the period	**$104.9**	$(9.0)
Weighted average shares outstanding (millions)	**141.1**	126.2
Net earnings (loss) per share, basic, from continuing operations	**$0.74**	$(0.07)

	Three months ended March 31 2016	2015
Net earnings (loss) per share computation, diluted, from continuing operations		
Net earnings (loss) for the period	**$108.6**	$(9.0)
Weighted average shares outstanding (millions)	**156.8**	126.2
Net earnings (loss) per share, diluted, from continuing operations	**$0.69**	$(0.07)

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share from continuing operations in each period.

(millions)	Maturity	Note	Three months ended March 31 2016	2015
Convertible Debentures				
5.75% (redeemed June 2015)	June 2017	**11**	**–**	9.1
6.00%	June 2018	**11**	**–**	9.9
7.50% (redeemed October 2015)	October 2016	**11**	**–**	6.6
6.00%	June 2019	**11**	**–**	5.8
Total anti-dilutive instruments			**–**	31.4

	Three months ended March 31 2016	2015
Net earnings (loss) per share computation, basic and diluted, from discontinued operations		
Net earnings (loss) for the period	**$0.2**	$(0.8)
Weighted average shares outstanding (millions)	**141.1**	126.2
Net earnings (loss) per share, basic and diluted, from discontinued operations	**–**	$(0.01)

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share from discontinued operations in each period.

(millions)	Maturity	Note	Three months ended March 31 2016	2015
Convertible Debentures				
5.75% (redeemed June 2015)	June 2017	**11**	**–**	9.1
6.00%	June 2018	**11**	**9.9**	9.9
7.50% (redeemed October 2015)	October 2016	**11**	**–**	6.6
6.00%	June 2019	**11**	**5.8**	5.8
Total anti-dilutive instruments			**15.7**	31.4

16. Supplemental Disclosure of Non-Cash Operating Working Capital Changes

	Three months ended March 31 2016	2015
Changes in non-cash working capital:		
Trade receivables and other	**39.8**	13.9
Inventories	**13.9**	18.0
Trade and other payables	**(52.5)**	(52.3)
Other	**(9.8)**	42.1
	(8.6)	21.7
Changes in non-cash working capital attributed to continuing operations	**(8.7)**	21.7
Changes in non-cash working capital attributed to discontinued operations	**0.1**	–
	(8.6)	21.7

17. SUPPLEMENTAL DISCLOSURE OF CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS

	Three months ended March 31	
	2016	2015
Revenues		
Revenue from products	**805.3**	972.6
Revenue from the rendering of services	**13.6**	14.0
Rental revenue	**4.3**	4.8
Construction contract revenue	**–**	0.5
Realized losses on derivative financial instruments	**(15.7)**	(15.9)
	807.5	976.0
Cost of sales (includes products and services)		
Cost of products and services	**(511.3)**	(658.1)
Depreciation included in cost of sales	**(13.8)**	(13.5)
Realized losses on derivative financial instruments	**(5.2)**	(16.4)
	(530.3)	(688.0)
Selling, distribution and administrative costs		
Selling, general and administrative costs	**(56.0)**	(50.8)
Restructuring costs	**–**	–
Employee costs	**(110.0)**	(117.4)
Employee future benefit expense	**(0.9)**	(1.0)
Vehicle operating expense	**(15.1)**	(20.6)
Facilities maintenance expense	**(6.9)**	(7.3)
Depreciation included in selling, distribution and administrative costs	**(16.1)**	(13.1)
Amortization of intangible assets	**(1.1)**	(1.1)
Gain (loss) on disposal of assets	**0.2**	(0.5)
Realized gains on long-term incentive plan	**0.2**	–
Realized (loss) gain on the translation of U.S. denominated net working capital	**(3.9)**	6.4
	(209.6)	(205.4)
Finance expense		
Interest on borrowing	**(5.9)**	(5.9)
Interest on convertible unsecured subordinated debentures	**(3.7)**	(7.5)
Interest on obligations under finance leases	**(1.0)**	(0.9)
Unwinding of discount on debentures, borrowing and decommissioning liabilities	**(1.4)**	(1.7)
	(12.0)	(16.0)

18. RELATED PARTY TRANSACTIONS

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

For the three months ended March 31, 2016, Superior incurred $1.2 million (March 31, 2015 – $0.2 million) in legal fees, with Norton Rose Canada LLP, a related party with Superior because a member of Superior’s Board of Directors is a Partner at the law firm.

19. REPORTABLE SEGMENT INFORMATION

Superior has adopted IFRS 8 – Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance.

Superior operates three distinct reportable operating segments: Energy Distribution, Specialty Chemicals and Construction Products Distribution. Superior's Energy Distribution operating segment provides distribution, wholesale procurement and related services in relation to propane, heating oil and other refined fuels under the following: Canadian propane division and U.S. refined fuels division. Specialty Chemicals' is a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chloralkali products in the U.S. Midwest. Construction Products Distribution is one of the largest distributors of commercial and industrial insulation in North America and a distributor of specialty construction products to the walls and ceilings industry in Canada.

Superior's corporate office arranges intersegment foreign exchange contracts from time to time. Realized gains and losses pertaining to intersegment foreign exchange gains and losses are eliminated under the corporate cost column. All of Superior's operating segments conduct business with customers of various sizes and do not rely extensively on any single customer for their revenue stream.

For the three months ended March 31, 2016	Energy Distribution	Specialty Chemicals	Construction Products Distribution	Corporate	Total From Continuing Operations	Total From Discontinued Operations
Revenue	**413.8**	**149.7**	**244.0**	**–**	**807.5**	**19.8**
Cost of sales (includes products & services)	**(239.4)**	**(107.7)**	**(183.2)**	**–**	**(530.3)**	**(19.0)**
Gross Profit	**174.4**	**42.0**	**60.8**	**–**	**277.2**	**0.8**
Expenses						
Depreciation included in selling, distribution and administrative costs	**(13.9)**	**–**	**(2.1)**	**(0.1)**	**(16.1)**	**–**
Amortization of intangible assets	**(1.1)**	**–**	**–**	**–**	**(1.1)**	**(2.7)**
Selling, distribution and administrative costs	**(87.4)**	**(39.8)**	**(53.4)**	**(11.8)**	**(192.4)**	**2.1**
Finance expense	**(0.8)**	**(0.1)**	**(0.3)**	**(10.8)**	**(12.0)**	**–**
Unrealized gain (loss) on derivative financial instruments	**28.0**	**(0.9)**	**–**	**46.3**	**73.4**	**–**
	(75.2)	**(40.8)**	**(55.8)**	**23.6**	**(148.2)**	**(0.6)**
Net earnings (loss) before income taxes	**99.2**	**1.2**	**5.0**	**23.6**	**129.0**	**0.2**
Income tax (expense) recovery	**–**	**–**	**–**	**(24.1)**	**(24.1)**	**–**
Net Earnings	**99.2**	**1.2**	**5.0**	**(0.5)**	**104.9**	**0.2**

For the three months ended March 31, 2015	Energy Distribution	Specialty Chemicals	Construction Products Distribution	Corporate	Total From Continuing Operations	Total From Discontinued Operations
Revenue	587.3	171.5	217.2	–	976.0	30.6
Cost of sales (includes products & services)	(406.4)	(118.0)	(163.6)	–	(688.0)	(28.9)
Gross Profit	180.9	53.5	53.6	–	288.0	1.7
Expenses						
Depreciation included in selling, distribution and administrative costs	(11.3)	–	(1.8)	–	(13.1)	–
Amortization of intangible assets	(1.0)	–	–	(0.1)	(1.1)	(0.6)
Selling, distribution and administrative costs	(97.3)	(36.7)	(49.6)	(7.6)	(191.2)	(1.9)
Finance expense	(0.6)	(0.2)	(0.2)	(15.0)	(16.0)	–
Unrealized gain (loss) on derivative financial instruments	17.3	(4.9)	–	(64.3)	(51.9)	–
	(92.9)	(41.8)	(51.6)	(87.0)	(273.3)	(2.5)
Net earnings (loss) before income taxes	88.0	11.7	2.0	(87.0)	14.7	(0.8)
Income tax expense	–	–	–	(23.7)	(23.7)	–
Net Earnings (Loss)	88.0	11.7	2.0	(110.7)	(9.0)	(0.8)

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

	Energy Distribution	Specialty Chemicals	Construction Products Distribution	Corporate	Total Continuing Operations	Total from Discontinued Operations
As at March 31, 2016						
Net working capital from continuing operations(1)	**30.8**	**48.6**	**149.2**	**7.7**	**236.3**	**0.5**
Total assets	**602.5**	**672.0**	**287.7**	**505.5**	**2,067.7**	**4.5**
Total liabilities	**237.4**	**182.4**	**105.0**	**780.5**	**1,305.3**	**3.2**
As at December 31, 2015						
Net working capital (1)	24.4	62.8	149.8	5.5	242.5	–
Total assets	619.6	659.9	294.5	568.9	2,142.9	–
Total liabilities	271.1	148.4	114.1	895.6	1,429.2	–
For the three months ended March 31, 2016(2)						
Purchase of property, plant and equipment	**8.7**	**19.3**	**5.8**	**–**	**33.8**	**N/A**
For the three months ended March 31, 2015						
Purchase of property, plant and equipment	7.1	5.8	0.9	–	13.8	N/A

(1) Net working capital reflects amounts as at the period end and is comprised of trade and other receivables, prepaid expenses and inventories less trade and other payables, deferred revenue, and dividends, and interest payable.

(2) The three months ended March 31, 2016 have been revised to include the reclassification of disclosed discontinued operations into continuing operations.

20. GEOGRAPHICAL INFORMATION

	Canada	United States	Other	Total Consolidated
Revenues from continuing operations for the three months ended March 31, 2016	**276.6**	**506.6**	**24.3**	**807.5**
Revenues from discontinued operations for the three months ended March 31, 2016	**19.8**	**–**	**–**	**19.8**
Property, plant and equipment held by continuing operations as at March 31, 2016	**471.5**	**472.0**	**47.1**	**990.6**
Intangible assets held by continuing operations as at March 31, 2016	**10.5**	**6.7**	**–**	**17.2**
Intangible assets held by discontinued operations as at March 31, 2016	**–**	**–**	**–**	**–**
Goodwill as at March 31, 2016	**188.2**	**7.5**	**–**	**195.7**
Total assets held by continuing operations as at March 31, 2016	**1,259.2**	**753.7**	**54.8**	**2,067.7**
Total assets held by discontinued operations as at March 31, 2016	**4.5**	**–**	**–**	**4.5**
Revenues from continuing operations for the three months ended March 31, 2015	331.5	615.0	29.5	976.0
Revenues from discontinued operations for the three months ended March 31, 2015	30.6	–	–	30.6
Property, plant and equipment as at December 31, 2015	476.3	489.2	51.2	1,016.7
Intangible assets as at December 31, 2015	13.4	7.7	–	21.1
Goodwill as at December 31, 2015	188.3	7.9	–	196.2
Total assets as at December 31, 2015	1,350.3	734.0	58.6	2,142.9