Superior Plus

2016 Annual Report

OPERATIONAL EXCELLENCE POSITIONED FOR GROWTH

FINANCIAL RESULTS

(millions of dollars)	2016	2015
Revenues	**2,023.7**	2,253.1
Gross profit	**656.4**	658.2
Adjusted EBITDA from operations [1]	**303.6**	331.6
Adjusted operating cash flow before transaction and other costs [1]	**212.6**	213.6
Adjusted operating cash flow [1]	**162.4**	203.6
Net earnings (loss) from continuing operations	**114.2**	(8.9)
Dividends declared	**102.2**	92.8

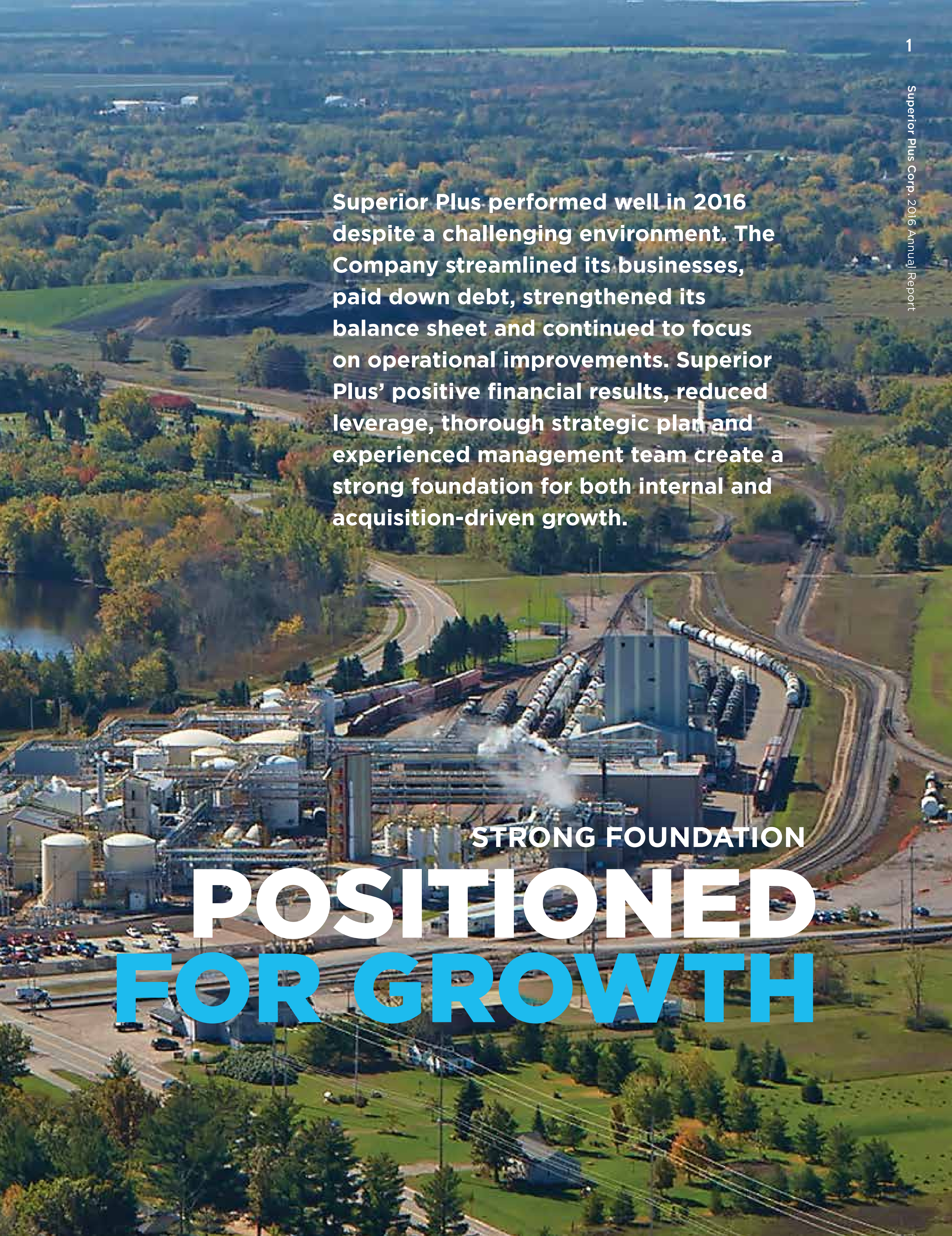
(dollar per basic share except shares outstanding)	2016	2015
Adjusted EBITDA from operations [1]	**2.14**	2.57
Adjusted operating cash flow before transaction and other costs [1]	**1.50**	1.65
Adjusted operating cash flow [1]	**1.14**	1.58
Net earnings (loss) from continuing operations, basic	**0.80**	(0.07)
Dividends paid	**0.72**	0.72
Weighted average shares outstanding (millions)	**142.1**	129.0

FINANCIAL POSITION

(millions of dollars)	2016	2015
Total assets	**1,847.5**	2,142.9
Total liabilities	**918.9**	1,429.2
Net capital expenditures	**98.9**	94.5
Senior secured debt	**244.7**	425.6
Total debt	**541.7**	872.6
Consolidated debt/Compliance EBITDA [1][2]	**2.3X**	2.4X
Total debt/Adjusted EBITDA [1][2]	**2.1X**	3.3X

(1) See Non-GAAP Financial Measures in Superior's Management's Discussion and Analysis (MD&A) for additional details.

(2) Senior debt and total debt are stated before deferred issue costs.



Superior Plus performed well in 2016 despite a challenging environment. The Company streamlined its businesses, paid down debt, strengthened its balance sheet and continued to focus on operational improvements. Superior Plus' positive financial results, reduced leverage, thorough strategic plan and experienced management team create a strong foundation for both internal and acquisition-driven growth.

STRONG FOUNDATION

POSITIONED FOR GROWTH

BEST IN CLASS

OPERATIONS

Superior Plus is realizing the benefits of its multi-year focus on improving day-to-day operations in all its businesses. Efficiency is up, costs are down, our businesses are more competitive and profitability has grown. The goal of all our businesses is to achieve best-in-class operations.

PRESIDENT'S MESSAGE

"WE REMAIN COMMITTED TO ADVANCING THE LONG-TERM SUSTAINABILITY OF OUR BUSINESSES AS OPPOSED TO FOCUSING MERELY ON SHORT-TERM OR ONE-TIME FINANCIAL GAINS WHICH, WHILE USEFUL, DO NOT DELIVER SUSTAINABLE IMPROVEMENTS."

Looking back at 2016, Superior Plus faced significant headwinds from the warmest winter in 20 years across Canada and the U.S. Northeast and continued decline in oilfield activity in Western Canada. Our strong performance amidst these challenges demonstrates the resiliency in our businesses. Since I started in 2011, I have focused on operational efficiency and transforming our businesses into best-in-class operations. We are now realizing the benefits of the hard work we put in through the Destination 2015 initiatives.

We entered 2016 involved in a significant acquisition process through which we were looking to transform our company into a leading specialty chemicals manufacturer. We were unable to conclude the acquisition and we shifted our focus to other opportunities. We sold our Construction Products Distribution business (CPD) in August, realizing proceeds of $428 million, which enabled us to pay down debt and streamline our business. We're now focused on growing our Energy Distribution and Specialty Chemicals businesses and we have a strong balance sheet, which positions us well to grow.

I'm pleased with the improvements we've made to the operations in the past five years. We now have a strong foundation to execute Superior Plus' growth strategy and achieve our *Evolution 2020* goals. Our *Evolution 2020* Strategic Plan is focused on building our future without losing sight of improving our day-to-day operations. The key themes of *Evolution 2020* are:

- Focus on internally generated growth so that our businesses grow at an annual rate at least 2% higher than the markets they operate in;

- Continuous improvement of our operations and their efficiency to manage costs;

- A disciplined and patient approach to acquisition execution and best-in-class integration; and

- Ensuring we have the best people aligned with Superior's strategy.

From a financial perspective, in 2016 Superior achieved AOCF of $1.50 per share, which was consistent with management's expectations and lower than in the prior year due primarily to the sale of CPD on August 9, 2016. The Energy Distribution and Specialty Chemicals businesses performed well considering the challenges we faced in 2016. We were able to use the proceeds from the sale of CPD to redeem the 6.0% convertible debentures maturing in 2018, pay down our credit facility and settle foreign exchange hedge contracts, which will have a positive impact on AOCF in 2017 and future years.

Superior's Energy Distribution business generated Adjusted EBITDA from operations of $167.4 million, which was modestly higher than in the prior year even though volumes declined by 8% due to warmer weather and decreased demand from the Western Canadian oilfield sector. Our Energy Distribution team have done great work to reduce costs and right-size the business in reaction to the reduced demand.

Superior's Specialty Chemicals business generated Adjusted EBITDA from operations of $109.1 million, which was $8.3 million lower than in the prior year due primarily to the benefits of insurance proceeds and a working capital translation adjustment in 2015. Excluding these items, the Specialty Chemicals business improved year-over-year and we anticipate a pick-up in the chlor-alkali segment in 2017 and beyond.

From a leverage perspective, Superior achieved a significant reduction in its debt levels. With total debt of $541.7 million at year-end, our Total Debt to Adjusted EBITDA ratio as at December 31, 2016 was 2.1X compared to 3.3X at December 31, 2015. We are targeting a Total Debt to Adjusted EBITDA ratio of 3.0X for the longer term and we hope to achieve this through a disciplined approach to strategic acquisitions that fit our desired criteria of mature, stable businesses with strong cash flows.

In 2016, we were able to complete one tuck-in acquisition in our Canadian propane distribution business. Going forward we would like to complete two to four tuck-in acquisitions per year in Canada and the U.S. Northeast. We are focused on wholesale propane opportunities as well as retail propane assets and businesses. Our supply portfolio management business has delivered increased Adjusted EBITDA from operations by pursuing third-party business in the liquefied natural gas market and utilizing their leading expertise in supply and logistics to improve procurement.

→ "WITH AN EXPERIENCED MANAGEMENT TEAM, STRONG BALANCE SHEET, SOLID BUSINESSES AND A THOROUGH AND REALISTIC STRATEGIC PLAN, SUPERIOR ANTICIPATES BEING ABLE TO REALIZE THE EVOLUTION 2020 ASPIRATIONS."

With the significant business improvement efforts largely behind us, we can turn our focus to acquisitions. We built up our acquisition resources in 2016 at the Superior Plus office and in the divisions. I am currently dedicating more than 25% of my time to merger and acquisition activity.

I have the right team, talent and resources to support our growth ambitions. Our hiring in October 2016 of Andy Peyton, a top executive from the U.S. propane industry at U.S. refined fuels, is a good example. Mr. Peyton worked at the largest propane distribution company in the U.S. and led their corporate acquisition team. Another critical member of the team is Beth Summers, Senior Vice President and CFO of Superior Plus. Ms. Summers joined our team just over a year ago and within a very short period of time has demonstrated great leadership, continuing to build a strong finance team. In addition, Ms. Summers has enormous experience in senior finance roles and significant experience in the energy sector. I'm excited for what the future holds for Superior Plus as we launch and carry through *Evolution 2020*. With an experienced management team, strong balance sheet, solid businesses and a thorough and realistic strategic plan, Superior anticipates being able to realize the *Evolution 2020* aspirations. Along the way we have an attractive dividend, currently yielding approximately 6%.

Acknowledgements

I would like to thank Robert Engbloom for his contributions to Superior's Board of Directors. A member of our Board since 1996, Mr. Engbloom has decided not to stand for re-election in 2017

Talent management is an important function at Superior and an area I'm quite passionate about. Our 3,500 employees represent some of the best talent in the industries in which Superior competes. I would like to thank each of our employees for their hard work and commitment to their respective businesses. On behalf of the entire organization, I would like to thank our shareholders and other security holders for your continued support and confidence in Superior.

On behalf of the Board of Directors,

Luc Desjardins
President and Chief Executive Officer
February 16, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 year ended December 31, 2016 and 2015, as well as forward-looking information about future periods. The information in this MD&A is current to February 16, 2017, and should be read in conjunction with Superior's audited consolidated financial statements and notes thereto as at and for the years ended December 31, 2016 and 2015.

The accompanying audited consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's audited consolidated financial statements as at and for the years ended December 31, 2016 and 2015 were prepared in accordance with *International Financial Reporting Standards (IFRS)*.

All dollar amounts in this MD&A are expressed in millions of Canadian dollars except where otherwise noted. All tables and graphs are for the 12 months ended December 31 of the year indicated, unless otherwise stated. This MD&A includes forward-looking statements and assumptions. See "Forward-Looking Information" for more details.

Overview of Superior

Superior is a diversified business corporation. Superior holds 99.9% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. (Superior GP) as general partner and Superior as limited partner. Superior owns 100% of the shares of Superior GP and Superior GP holds 0.1% of Superior LP. The cash flow of Superior is solely dependent on the results of Superior LP and is derived from the allocation of Superior LP's income to Superior by means of partnership allocations.

Superior, through its ownership of Superior LP and Superior GP, has two operating segments: the Energy Distribution segment, which includes a Canadian propane distribution business and a U.S. refined fuels distribution business; and the Specialty Chemicals segment, which produces and distributes sodium chlorate, chlor-alkali products and sodium chlorite.

On August 9, 2016, Superior divested its Construction Products Distribution (CPD) business, which distributed drywall, insulation, framing and other construction products mainly in Canada and the United States.

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: adjusted operating cash flow (AOCF) before and after transaction and other costs, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) from operations, adjusted EBITDA and compliance EBITDA. These measures may also be used by investors, financial institutions and credit rating agencies to assess Superior's performance and ability to service debt. Non-GAAP financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Securities regulations require that Non-GAAP financial measures are clearly defined, qualified and reconciled to their most comparable GAAP financial measures. Except as otherwise indicated, these non-GAAP financial measures are calculated and disclosed on a consistent basis from period to period. Specific items may only be relevant in certain periods.

The intent of non-GAAP financial measures is to provide additional useful information to investors and analysts; 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.

See "Non-GAAP Financial Measures" for more information about these measures.

Forward-Looking Information

Certain information included herein is forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information may include statements regarding the objectives, business strategies to achieve those objectives, expected financial results (including those in the area of risk management), economic or market conditions, and the outlook of or involving Superior, Superior LP and its businesses. Such information is typically identified by words such as “anticipate”, “believe”, “continue”, “estimate”, “expect”, “plan”, “forecast”, “future”, “outlook”, “guidance”, “may”, “project”, “should”, “strategy”, “target”, “will” or similar expressions suggesting future outcomes.

Forward-looking information in this document includes: future financial position, consolidated and business segment outlooks, expected 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, expected synergies as a result of the acquisition of Canwest anticipated acquisition closing and financing, future economic conditions, future exchange rates, exposure to such rates and incremental earnings associated with such rates, expected weather, expectations for to the global economic environment, Superior’s 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, 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, Superior’s ability to obtain financing on acceptable terms, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior LP.

Forward-looking information is provided for the purpose of providing information about management’s expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Superior believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Those assumptions and expectations are based on information currently available to Superior, including information obtained from third-party industry analysts and other third-party sources, and the historical 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, future commodity prices relating to the oil and gas industry, future oil rig activity levels as well as receipt of required regulatory approvals to complete the acquisition of Canwest, trading data, cost estimates, Superior’s ability to obtain financing on acceptable terms, the assumptions set forth under “Financial Outlook” in this 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 Superior’s 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 Superior’s facilities, force majeure, labour relations matters, Superior’s ability to access external sources of debt and equity capital, and the risks identified in (i) this MD&A under “Risk Factors” and (ii) Superior’s most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

When relying on Superior’s forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking information is provided as of the date of this document and, except as required by law, neither Superior nor Superior LP undertakes to update or revise such information to reflect new information, subsequent or otherwise. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

Financial Overview

Summary of Adjusted Operating Cash Flow

(millions of dollars except per share amounts)	**2016**	2015
Revenue[1]	**2,023.7**	2,253.1
Gross profit[1]	**656.4**	658.2
Adjusted EBITDA from operations[2][3][4]	**303.6**	331.6
Corporate costs	**(20.2)**	(16.5)
Realized losses on foreign currency hedging contracts	**(29.6)**	(52.3)
Interest expense	**(36.3)**	(47.1)
Cash income tax expense	**(4.9)**	(2.1)
Adjusted operating cash flow before transaction and other costs[2]	**212.6**	213.6
Transaction and other costs[5]	**(50.2)**	(10.0)
Adjusted operating cash flow[2][4]	**162.4**	203.6
Adjusted operating cash flow per share before transaction and other costs, basic and diluted[2][3][4][6]	**$1.50**	$1.65
Adjusted operating cash flow per share, basic and diluted[2][4][6]	**$1.14**	$1.58
Dividends paid per share	**$0.72**	$0.72

(1) As a result of the divestiture of the Fixed-price energy services business during Q1 2016, and CPD as of August 9, 2016, revenue and gross profit have been restated to exclude the results of those businesses.

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

(3) Adjusted 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) Adjusted EBITDA from operations, AOCF and AOCF per share includes the results of CPD up to the August 9, 2016 date of disposition. For the years ended December 31, 2016 and 2015, CPD contributed $0.16 per share and $0.33 per share to AOCF per share, respectively.

(5) Transaction and other costs for the years ended December 31, 2016 and 2015 are related to the terminated acquisition of Canexus, the divestiture of the CPD business, restructuring, relocation and other costs. See "Transaction and Other Costs" for further details.

(6) The weighted average number of shares outstanding for the years ended December 31, 2016 and 2015 is 142.1 million and 129.0 million, respectively. There were no dilutive instruments with respect to AOCF per share for the years ended December 31, 2016 and 2015.

Comparable GAAP Financial Information

(millions of dollars except per share amounts)	**2016**	2015
Net earnings (loss) from continuing operations	**114.2**	(8.9)
Net earnings (loss) per share from continuing operations, basic	**$0.80**	$(0.07)
Net earnings (loss) per share from continuing operations, diluted	**$0.78**	$(0.07)
Net cash flows from operating activities	**188.5**	339.5
Net cash flows from operating activities per share, basic	**$1.33**	$2.64
Net cash flows from operating activities per share, diluted	**$1.33**	$2.64

Segmented Information

(millions of dollars)	**2016**	2015
Adjusted EBITDA from operations[1][2][3]:		
Energy Distribution	**167.4**	166.3
Specialty Chemicals	**109.1**	117.4
Construction Products Distribution (CPD)	**27.1**	47.9
	303.6	331.6

(1) Adjusted EBITDA from operations excludes the results of the Fixed-price energy services business as substantially all assets were divested during Q1 2016.

(2) Adjusted EBITDA from operations includes the results of CPD up to the August 9, 2016 date of disposition.

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

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

(millions of dollars)	**2016**	2015
Net cash flow from operating activities	**188.5**	339.5
Add (deduct):		
Non-cash interest expense	**7.4**	13.6
Changes in non-cash working capital	**35.1**	(87.5)
Discontinued operations	**14.6**	(3.6)
Cash income tax expense	**(4.9)**	(2.1)
Finance expense recognized in net earnings	**(78.3)**	(56.3)
Adjusted operating cash flow	**162.4**	203.6

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

Adjusted Operating Cash Flow (AOCF)

AOCF before transaction and other costs for the year ended December 31, 2016 was $212.6 million, a decrease of $1.0 million from the prior year AOCF of $213.6 million. A decrease in adjusted EBITDA from operations was offset by lower realized losses on foreign currency hedging contracts and lower interest expense. Adjusted EBITDA from operations at Energy Distribution increased as a result of effective cost control. Adjusted EBITDA from operations at Specialty Chemicals decreased primarily due to lower chlor-alkali sales volumes as a result of the slowdown in the oil and gas industry, reduced demand for caustic potash from the agricultural sector and the impact from the translation of working capital. The year ended December 31, 2015 also includes insurance proceeds of $4.9 million related to a business interruption claim from 2013 for the Port Edwards' hydrochloric acid burner. CPD adjusted EBITDA from operations decreased due to the disposition of the business on August 9, 2016, which had the impact of decreasing EBITDA from operations by $20.8 million. Realized losses on foreign currency hedging contracts decreased to $29.6 million in 2016, from $52.3 million in the prior year as a result of settling foreign exchange hedging contracts in August 2016 and re-entering into new foreign exchange hedging contracts at August 2016 market rates. Interest expense decreased to $36.3 million, from $47.1 million in the prior year due to a decrease in debt levels as proceeds from the sale of CPD were primarily used to repay debt.

AOCF per share before transaction and other costs of $1.50 per share was $0.15 or 9% lower than the prior year's AOCF of $1.65 per share mainly due to the increase in weighted average shares outstanding and the divestiture of CPD. 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 on January 15, 2016. Superior suspended the DRIP program after the payment of the August 2016 dividend, which was paid on September 15, 2016. The common share offering and the DRIP had the impact of diluting AOCF per share before transaction and other costs by approximately 15 cents per share in 2016.

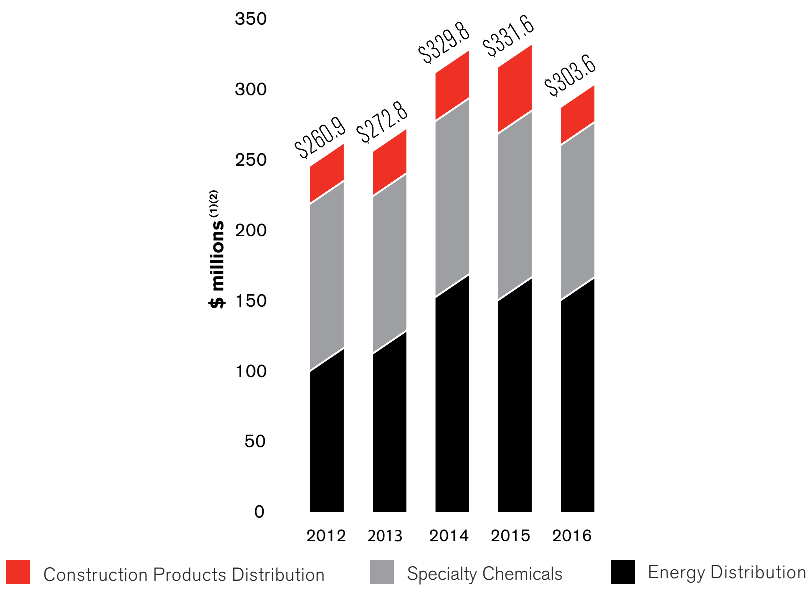
AOCF after transaction and other costs for the year ended December 31, 2016 was $162.4 million, a decrease of $41.2 million or 20% from the prior year's AOCF of $203.6 million. Transaction and other costs for the year ended December 31, 2016 were $50.2 million, compared to $10.0 million in the prior year and relate to transaction costs for the terminated acquisition of Canexus and divestiture of CPD, and restructuring costs at Energy Distribution and Specialty Chemicals. The restructuring costs related to a reduction in Canadian Propane Distribution's western Canada headcount in response to lower oilfield and related demand, and a reduction in Specialty Chemicals headcount across multiple plants and the corporate office in response to lower product demand, primarily for chlor-alkali. See "Transaction and Other Costs" for further details.

AOCF per share after transaction and other costs of $1.14 per share was $0.44 per share or 28% lower than the prior year's AOCF of $1.58 per share mainly due to the $40.2 million increase in transaction and other costs, mainly associated with the terminated acquisition Canexus and the divestiture of CPD, and an increase in the number of weighted average shares outstanding. The weighted average number of 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 on January 15, 2016.

Superior suspended the DRIP program after the payment of the August 2016 dividend, which was paid on September 15, 2016. The common share offering and the DRIP had the impact of diluting AOCF per share after transaction and other costs by approximately 12 cents per share in 2016.

Superior is well-diversified with Energy Distribution and Specialty Chemicals contributing 55% and 36% of adjusted EBITDA from operations during 2016, and Construction Products Distribution contributing the remaining 9% of adjusted EBITDA from operations prior to its sale on August 9, 2016:

Adjusted EBITDA From Operations



(1) Adjusted 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.

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

Consolidated Statement of Net Earnings[(1)]

(millions of dollars except per share amounts)	**2016**	2015
Revenues	**2,023.7**	2,253.1
Cost of sales (includes products and services)	**(1,367.3)**	(1,594.9)
Gross profit	**656.4**	658.2
Expenses		
Selling, distribution and administrative costs	**(567.3)**	(572.6)
Finance expense	**(77.6)**	(55.4)
Unrealized gains (losses) on derivative financial instruments	**139.6**	(39.8)
	(505.3)	(667.8)
Net earnings (loss) from continuing operations before income taxes	**151.1**	(9.6)
Income tax (expense) recovery	**(36.9)**	0.7
Net earnings (loss) from continuing operations	**114.2**	(8.9)
Net earnings from discontinued operations, net of tax	**180.4**	35.4
Net earnings	**294.6**	26.5
Net earnings (loss) per share from continuing operations, basic	**$0.80**	$(0.07)
Net earnings (loss) per share from continuing operations, diluted	**$0.78**	$(0.07)

(1) As a result of the divestiture of the Fixed-price energy services business during Q1 2016, and CPD as of August 9, 2016, the consolidated statement of net earnings has been restated to exclude the results of those businesses.

Revenue for the year ended December 31, 2016 of $2,023.7 million was $229.4 million or 10% lower than in the prior year due primarily to decreased Energy Distribution revenue and decreased Specialty Chemicals revenue, and excludes revenue from discontinued operations. Energy Distribution revenue for the year ended December 31, 2016 was $1,446.1 million, a decrease $184.1 million from the prior year and was lower due to lower oilfield demand and warmer weather. Specialty Chemicals revenue for the year ended December 31, 2016 was $577.6 million, a decrease of $45.3 million from the prior year that was due to lower sodium chlorate volumes and realized selling prices, lower caustic potash volumes and realized selling prices and lower hydrochloric acid volumes, partially offset by higher realized pricing for chlorine.

Gross profit for the year ended December 31, 2016 was $656.4 million, compared to $658.2 million in the prior year, as the decline in gross profit at Energy Distribution related to lower volumes was partially offset by an increase in gross profit at Specialty Chemicals partially due to lower realized losses on foreign currency hedging contracts.

Selling, distribution and administrative costs, excluding discontinued operations, were $567.3 million in 2016, a decrease of $5.3 million or 1% from the prior year. Energy Distribution costs for the year ended December 31, 2016 were $382.2 million, a decrease of $11.0 million from the prior year. The decrease is mainly due to lower volume-related expenses, the downscaling of operations in western Canada in response to the decline in oilfield demand, partially offset by an increase in restructuring costs associated with workforce reductions. Specialty Chemicals costs were $143.2 million for the year ended December 31, 2016, a decrease of $4.9 million from the prior year. The decrease was mainly due to lower Tronox-related expenses, partially offset by general inflationary increases and restructuring costs associated with workforce reductions. Corporate selling, distribution and administrative costs were $41.9 million, compared to $31.3 million in the prior year. The $10.6 million increase was primarily due to higher incentive costs and costs associated with the terminated acquisition of Canexus.

Finance expense was $77.6 million compared to $55.4 million in the prior year, an increase of $22.2 million. The increase was mainly due to the settlement of certain foreign currency hedges. During the third quarter of 2016, Superior settled its foreign exchange hedging contracts for 2016 and 2017 and re-entered new foreign exchange hedging contracts at August 2016 market rates, resulting in a settlement cost of $34.6 million. This was partially offset by a decrease in interest expense due to lower average debt levels and average effective interest rates. The decrease in debt levels is primarily due to the use of proceeds from the divestiture of CPD to repay debt. The decrease in average effective interest rates is due to the redemption of $69.3 million of 7.5% Debentures in December 2015 and $150.0 million of 6.0% Debentures in September 2016.

Unrealized gains on derivative financial instruments were $139.6 million compared to a loss of $39.8 million in the prior year. This is mainly related to the strengthening of the Canadian dollar relative to the U.S. dollar during 2016 and the timing of maturities of the underlying financial instruments. For additional details, refer to Note 20 of the 2016 audited consolidated financial statements.

Total income tax expense of $36.9 million was $37.6 million higher than the prior year's recovery of $0.7 million primarily due to an increase in net earnings before income taxes.

The net earnings from continuing operations for the year ended December 31, 2016 totalled $114.2 million, compared to a loss of $8.9 million in the prior year, due to the changes in revenue, operating expenses, finance expense and unrealized gains on derivative financial instruments discussed above. Basic net earnings (loss) per share from continuing operations for the year ended December 31, 2016 was $0.80, compared to $(0.07) in the prior year.

Net earnings from discontinued operations for the year ended December 31, 2016 was $180.4 million, compared to $35.4 million in the prior year. The increase in net earnings from discontinued operations was mainly due to the gain of $177.6 million from the sale of CPD on August 9, 2016 and the sale of the Fixed-price energy services business in the first quarter of 2016. Basic net earnings per share from discontinued operations was $1.27, compared to $0.27 in the prior year. For additional details, refer to Note 4 of the 2016 audited consolidated financial statements.

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 are reported as discontinued operations in Superior's audited consolidated financial statements.

Divestiture of Construction Products Distribution

On July 5, 2016, Superior announced it had entered into a definitive agreement to sell its CPD business for total cash consideration of US$325.0 million to Foundation Building Materials, LLC. The divestiture closed on August 9, 2016.

The proceeds from the sale of CPD were used initially to repay indebtedness under Superior's credit facility and to redeem the $150.0 million outstanding principal amount of 6.0% Debentures due June 30, 2018.

Consistent with previously issued guidance, AOCF includes the results of CPD up to the August 9, 2016 date of disposition. However, in Superior's audited consolidated financial statements, CPD's revenues, cost of sales, operating expenses, finance costs and net earnings are reported as discontinued operations.

Acquisition of Caledon Propane

On June 14, 2016, Superior acquired the assets of Caledon Propane Inc. (Caledon), a family-owned propane business with operations in Ontario and Manitoba. The total purchase price was $8.2 million excluding taxes.

Terminated Acquisition of Canexus Corporation

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

On June 30, 2016, Superior terminated the arrangement agreement by providing Canexus with a termination notice specifying that Canexus had breached the arrangement agreement, failed to remedy such breaches and that, as a result, Superior was seeking payment from Canexus of a termination fee of $25 million.

On July 12, 2016, Superior announced it had commenced legal action to recover the $25 million termination fee from Canexus. Superior also filed a statement of defence to Canexus' claim for a reverse termination fee of $25 million from Superior. Superior believes that Canexus' claim for the reverse termination fee is without merit and intends to vigorously defend Canexus' claim and pursue payment of the $25 million termination fee owed by Canexus.

Canwest Propane (Canwest) Aqcuisition

As announced on February 13, 2017, Superior has entered into an option purchase agreement to purchase an option (the Option) to acquire all of the shares and units (the Canwest Securities) of the entities that carry on the industrial propane business of Canwest from Gibson Energy Inc. for $412 million. The Option provides Superior with the right (which is transferrable to a third party) to acquire the Canwest Securities for the payment of a nominal amount and upon satisfaction of certain conditions, including the receipt of customary regulatory approvals. Superior will, upon acquiring the Option, be entitled to the benefit of the net profits of Canwest from the date of acquisition of the Option.

Closing of the acquisition is subject to certain conditions and receipt of customary regulatory approvals. The acquisition of the Option is expected to occur no later than April 3, 2017 and Superior anticipates the acquisition will close in the second half of 2017.

The acquisition of Canwest will significantly enhance Superior's current Energy Distribution business, while positioning the business for oilfield activity recovery and improved demand in Western Canada. On a pro forma basis, the acquisition of Canwest would result in an approximate 20% increase in the Energy Distribution adjusted EBITDA from operations excluding synergies. Superior anticipates the transaction will generate run-rate synergies of at least $20 million, providing for double digit run-rate accretion.

Superior has the ability to finance 100% of the purchase price with the available room on its credit facility and additional commitments received from lenders. Depending on market conditions, Superior may consider additional long-term debt financing alternatives to reduce the draw on its credit facilities.

ANNUAL FINANCIAL RESULTS OF SUPERIOR'S OPERATING SEGMENTS

Energy Distribution

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

(millions of dollars)	**2016**	2015
Revenue	**1,446.1**	1,630.2
Cost of sales(2)	**(957.1)**	(1,124.8)
Gross profit(2)	**489.0**	505.4
Less: Cash operating and administrative costs(2)	**(321.6)**	(339.1)
Adjusted EBITDA from operations(2)(3)	**167.4**	166.3
Net earnings	**143.4**	121.3

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

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

Revenues were $1,446.1 million in 2016, a decrease of $184.1 million or 11% from the prior year. The decrease was primarily due to lower volumes and lower distillate commodity prices in the year. Propane supply prices are higher than in the prior year due to greater demand and the impact of North American production curtailment. Total gross profit for 2016 was $489.0 million, a decrease of $16.4 million or 3% from the prior year. The decrease in gross profit was primarily due to lower volumes in Canadian propane distribution and lower unit margins in U.S refined fuels. A review of gross profit is provided below.

Gross Profit Review

(millions of dollars)	**2016**	2015
Canadian propane distribution(1)	**299.0**	299.4
U.S. refined fuels distribution	**159.4**	174.8
Other services	**30.6**	31.2
Total gross profit	**489.0**	505.4

(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.

Canadian Propane Distribution

Canadian propane distribution's gross profit for 2016 was $299.0 million, a decrease of $0.4 million from 2015, due to lower sales volumes partially offset by higher unit margins. Residential sales volumes in 2016 decreased by 4 million litres or 3% from the prior year primarily due to warmer weather than in the prior year. Average weather across Canada for the year, as measured by degree days, was 4% warmer than in the prior year and 6% warmer than the five-year average. Commercial volumes decreased by 17 million litres or 7% from the prior year largely due to warmer weather and the impact of reduced demand from oilfield support industries in Western Canada. Industrial volumes decreased by 116 million litres or 24% from the prior year primarily due to reduced oilfield customer demand related to the low price of oil and reduced construction activity, predominantly in Western Canada. Agricultural volumes increased by 3 million litres or 5% due to greater crop-drying demand driven by weather conditions. Automotive propane volumes decreased by 8 million litres or 10% due to unfavourable changes in the price differential between propane and gasoline. Wholesale propane volumes increased by 10 million litres or 2% on higher third-party sales.

Average propane sales margins for 2016 increased to 22.4 cents per litre from 20.4 cents per litre in the prior year. The increase was primarily due to sales mix as 2016 included an increased proportion of higher-margin sales volumes. In addition, Canadian propane margins were higher than in the prior year due to the benefit of procurement initiatives related to supply contracts.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application(1)

(millions of litres)	2016	2015
Residential	**125**	129
Commercial	**240**	257
Agricultural	**63**	60
Industrial	**366**	482
Wholesale	**468**	458
Automotive	**73**	81
Total	**1,335**	1,467

Volumes by Region(1)(2)

(millions of litres)	2016	2015
Western Canada	**630**	751
Eastern Canada	**460**	480
Atlantic Canada	**107**	104
United States	**138**	132
Total	**1,335**	1,467

(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; Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island. United States region consists primarily of Maine, Idaho, Kansas, Michigan, Washington, Alaska and California.

U.S. Refined Fuels Distribution

U.S. refined fuels gross profit for 2016 was $159.4 million, a decrease of $15.4 million or 9% from the prior year. The decrease in gross profit was due to lower volumes and unit margins. Residential sales volumes decreased by 30 million litres or 11% from the prior year primarily driven by warmer weather. Weather as measured by heating degree days for the year was 7% warmer than the prior year and 3% warmer than the five-year average. Commercial sales volumes decreased by 20 million litres or 5% largely due to warmer weather and increased competition. Wholesale volumes decreased 44 million litres or 5% due to weaker pipeline economics impacting competitiveness in this segment.

Average U.S. refined fuels sales margins were 10.9 cents per litre and decreased 3% from 11.2 cents per litre in the prior year. Sales margins were reduced by competition in the commercial and wholesale businesses and supply cost.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application(1)

(millions of litres)	2016	2015
Residential	**253**	283
Commercial	**357**	377
Wholesale	**859**	903
Total	**1,469**	1,563

(1) Includes heating oil, propane, diesel and gasoline sold in the Northeast United Sates region, consisting of Pennsylvania, Connecticut, New York and Rhode Island.

Other Services

Other services primarily include equipment installation, maintenance and repair. Gross profit was $30.6 million in 2016, a decrease of $0.6 million or 2% from the prior year. The decrease in other services gross profit is due to weaker economic conditions in western Canada.

Cash Operating and Administrative Costs

Operating and administrative costs were $321.6 million in 2016, a decrease of $17.5 million or 5% from the prior year. Operating costs decreased mainly due to fleet and headcount reductions in Canadian propane distribution, which was due to reduced oilfield customer demand and lower sales volumes.

Appointment of President of U.S. Refined Fuels

Andrew Peyton became the President of U.S. Refined Fuels effective October 3, 2016. Mr. Peyton has held senior positions in the fuel distribution industry over the past 10 years and brings significant propane industry knowledge, business development and operational experience to his role at Superior.

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 sold in the first quarter of 2016 for total consideration of $4.3 million. The transaction did not have a material impact on the Energy Distribution portfolio. Fixed-price energy services is reported as a discontinued operation in Superior's annual audited consolidated financial statements.

Operational Information

Energy Distribution's operations benefit from the segment's leading market share in the Canadian propane distribution market and considerable operational and customer diversification throughout Canada and the Northeast United States through Superior's U.S. refined fuels assets. Energy Distribution's customer base is well diversified geographically and across end-use applications.

The propane distribution and related services business operates under the trade name Superior Propane. Superior Propane began operations in 1951 and is engaged primarily in the distribution and retail sales of propane, refined fuels, propane-consuming equipment and related services in Canada.

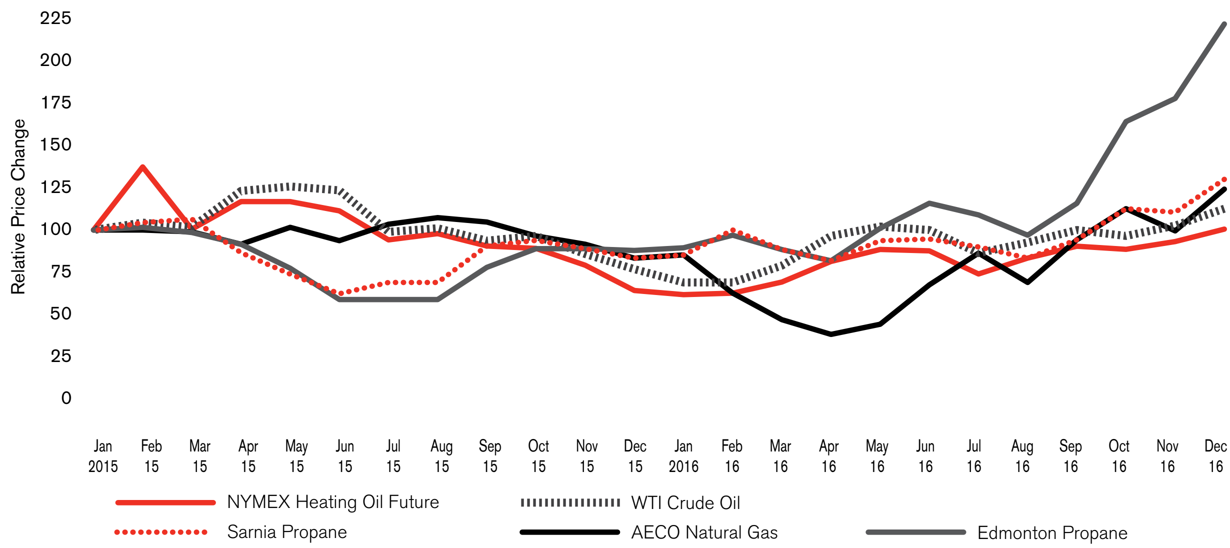
With a series of acquisitions, the majority of which were completed in 2009, the U.S refined fuels business expanded its product capabilities into the propane, heating oil and refined fuels distribution business and its geographic reach into the north-eastern United States. U.S. refined fuels distributes liquid fuels and propane gas to customers located in Pennsylvania, Delaware, Maryland, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont, New York and West Virginia. Its products are used by a wide range of customers in a variety of applications, including home heating, water heating and motor vehicle fuel.

The Energy Distribution business also provides value-added supply portfolio management services under the trade name "Superior Gas Liquids", primarily to Superior Propane and small and medium sized propane retailers in the United States and Canada. Superior Gas Liquids provides transportation, storage, risk management, supply and logistics services to its customers.

Energy Distribution's top ten customers account for approximately 9% of its revenues with its largest customer comprising approximately 4% of its revenues.

As shown in the following chart, wholesale propane and heating oil prices were low throughout 2015 and early 2016 due to rising inventories in North America, and started to increase in the second half of 2016.

Historical Heating Fuel Prices



Sources: Bloomberg, Canadian Gas Price Reporter, Superior Plus Corp.

Initiatives to improve results in the Energy Distribution business continued during 2016 in conjunction with Superior's Evolution 2020 initiatives and Superior's goal for each of its businesses to become best-in-class. Business improvement projects for 2016 included: a) improving customer service; b) improving overall logistics and procurement functions; c) enhancing the management of margins; d) working capital management; and e) improving existing and implementing new technologies to facilitate improvements to the business.

Financial Outlook

Energy Distribution's adjusted EBITDA from operations for 2017 is anticipated to be consistent to modestly higher than in 2016. Gross profits in Canadian propane distribution are anticipated to be consistent to modestly higher than in 2016 due to increased sales volumes related to sales and marketing initiatives and average weather, partially offset by a decrease in oilfield volumes. U.S. refined fuels gross profits are anticipated to be higher than in 2016 due to increased sales volumes related to sales and marketing initiatives and average weather. Average weather for 2017, as measured by degree days, is anticipated to be consistent with the five-year average. Operating conditions for 2017 are anticipated to be similar to 2016.

In addition to the significant assumptions referred to above, refer to "Forward-Looking Information" and "Risk Factors to Superior" for a detailed review of significant business risks affecting the Energy Distribution' businesses.

Specialty Chemicals

Specialty Chemicals' condensed operating results for 2016 and 2015:

(millions of dollars except per metric tonne (MT) amounts)	2016		2015	
		$ per MT		$ per MT
Revenue(1)	**602.2**	**741**	674.2	792
Cost of sales(1)(2)	**(355.0)**	**(437)**	(398.6)	(468)
Gross profit(1)	**247.2**	**304**	275.6	324
Less: Cash operating and administrative costs(1)(2)	**(138.1)**	**(170)**	(158.2)	(186)
Adjusted EBITDA from operations(1)(3)	**109.1**	**134**	117.4	138
Net earnings	**30.7**		8.0	

(1) See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs included in this MD&A" for detailed amounts.

(2) During 2016, certain costs were reclassified between cost of sales and cash operating and administrative costs and prior periods were reclassified to conform to the current year presentation. See "Reclassification of Prior Periods."

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

Sales Volumes by Product

(thousands of MTs)	2016	2015
Sodium chlorate	**499**	532
Chlor-alkali	**307**	313
Chlorite	**7**	6
Total	**813**	851

Chemical revenue was $602.2 million in 2016, a decrease of $72.0 million from the prior year. The decrease in revenue was due to lower sodium chlorate volumes related to volumes from Tronox and lower realized selling prices, lower caustic potash volumes and realized selling prices, and lower hydrochloric acid volumes, partially offset by higher chlorine pricing. Revenue in 2016 also includes a realized foreign exchange loss on the translation of working capital of $1.5 million, compared to a realized gain of $11.3 million in 2015. The year ended December 31, 2015 also includes insurance proceeds of $4.9 million related to a business interruption claim from 2013 for the Port Edwards' hydrochloric acid burner.

Gross profit of $247.2 million in 2016 decreased by $28.4 million from the prior year, due to lower chlorate volumes and lower volumes and realized selling prices for hydrochloric acid and lower caustic potash volumes.

Sodium chlorate sales volumes decreased by 33,000 tonnes or 6% over the prior year primarily due to lower volumes nominated from Tronox. Average realized selling prices for sodium chlorate were 2% lower than in the prior year.

Chlor-alkali sales volumes decreased by 6,000 tonnes or 2% due to lower hydrochloric acid shipments related to lower oilfield activity and lower caustic potash demand due to lower agricultural and de-icing demand than in the prior year.

Average electrical costs in North America, which represent 70% to 85% of the variable costs of the production of sodium chlorate, were marginally higher than the prior year. Mill rates were higher at all North American plant locations with the exception of Alberta.

Operating and administrative costs were $138.1 million in 2016, a decrease of $20.1 million or 13% from the prior year. Operating expenses were lower due to the termination of the sodium chlorate portion of the strategic supply agreement with Tronox in the fourth quarter of 2015, partially offset by general inflationary increases.

On August 6, 2016, the North Vancouver, British Columbia sodium chlorate facility, which represents 22% of Superior's North American sodium chlorate manufacturing capacity, suffered damage due to an equipment failure. Superior was able to remediate this issue and the chlorate production line was running on September 8, 2016. The impact of the shutdown was not material due to the presence of significant inventory levels and the speediness of the repairs.

Reclassification of Prior Periods

During 2016, Superior reviewed the classification of operating expenses in its Specialty Chemicals business for the purposes of reporting in the audited consolidated financial statements and has reclassified certain costs that were classified as cost of sales or selling, distribution, and administrative costs. For the year ended December 31, 2015, this resulted in a net reduction to selling, distribution and administrative costs of $7.3 million, and a corresponding increase in cost of sales and the prior year figures have been restated to reflect this reclassification. As a result of this reclassification, there was no change to previously reported net earnings, operating, financing or investing cash flows, or the amounts presented in the consolidated balance sheet.

Operational Information

Specialty Chemicals is a manufacturer of sodium chlorate, chlorine dioxide, sodium chlorite, chlorine, caustic soda, hydrochloric acid, potassium hydroxide and produces hydrogen as a by-product of electrolysis. It owns and operates eight production facilities across North America and one in Chile. In addition, Specialty Chemicals provides chlorine dioxide generators and related technology to pulp and paper customers worldwide. Chlorine dioxide generators use sodium chlorate as the primary feedstock in the production of chlorine dioxide, an environmentally preferred bleaching agent used in the production of bleached pulp which, in turn, is used in a wide range of products, including high-quality print and writing paper.

ERCO's production facilities use proven and safe manufacturing processes and are located close to major rail terminals and reliable supplies of raw materials. Electrical energy costs generally represent 70% to 85%, and salt approximately 10%, of the variable costs of producing sodium chlorate.

Specialty Chemicals' top ten customers account for approximately 58% of its revenues with its largest customer comprising approximately 9% of its revenues.

For the year ended December 31, 2016, global sodium chlorate, sodium chlorite and chlorine dioxide technology-related sales represented 67% of Specialty Chemicals revenue. Sodium chlorate is principally sold to bleached pulp manufacturers. It is used to generate chlorine dioxide for bleaching pulp and represents approximately 5% or less of the variable cost to manufacture bleached pulp. As a result, sodium chlorate sales volumes and prices tend to be stable over time despite the volatility of bleached pulp prices.

Financial Outlook

Specialty Chemicals adjusted EBITDA from operations for 2017 is anticipated to be consistent to modestly lower than in 2016. Sodium chlorate's adjusted EBITDA is anticipated to be modestly lower than in 2016 as modest improvements in sodium chlorate pricing are expected to be offset by expected increases in electricity mill rates. Chlor-alkali's adjusted EBITDA is anticipated to be consistent to modestly higher than in 2016 due to an increase in netback prices for caustic soda and improvements in caustic potash volumes. Operating conditions for 2017 are anticipated to be consistent with 2016.

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

Construction Products Distribution

CPD's condensed operating results for 2016 and 2015:

(millions of dollars)	**2016**	2015
Revenue[1]	**613.3**	953.0
Cost of sales	**(456.5)**	(711.2)
Gross profit[1]	**156.8**	241.8
Less: Cash operating and administrative costs[1]	**(129.7)**	(193.9)
Adjusted EBITDA from operations[1][2]	**27.1**	47.9
Net earnings (loss)	**(21.4)**	34.9

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

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

Due to the divestiture of the CPD business, revenues of $613.3 million for 2016 were $339.7 million or 36% lower than in the prior year. Gross profit was $156.8 million in 2016, a decrease of $85.0 million or 35% from the prior year. Cash operating and administrative costs were $129.7 million in 2016, a decrease of $64.2 million or 33% from the prior year.

Because the CPD business was sold during 2016, Superior has included the results of the CPD business only up to August 9, 2016, the date of disposition. The results of the CPD segment are recorded as a discontinued operation in Superior's audited consolidated financial statements.

Foreign Currency Hedging Contracts

During the third quarter of 2016, Superior settled its foreign exchange hedging contracts for 2016 and 2017 and re-entered new foreign exchange hedging contracts for 2016 and 2017 at August 2016 market rates, resulting in a settlement cost of $34.6 million. 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 foreign currency hedging contracts is excluded from the divisional results as discussed above. Below is a table that summarizes the impact of the realized losses to the divisional results related to the foreign currency hedging contracts.

	2016				
(millions of dollars)	**Energy Distribution**	**Specialty Chemicals**	**Construction Products Distribution**	**Corporate Costs**	**Total**
Adjusted EBITDA from operations[1]	**167.4**	**109.1**	**27.1**	**(20.2)**	**283.4**
Realized gains (losses) on foreign currency hedging contracts	**0.1**	**(26.1)**	**(3.6)**	**–**	**(29.6)**
Adjusted EBITDA[1]	**167.5**	**83.0**	**23.5**	**(20.2)**	**253.8**

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

	2015				
(millions of dollars)	Energy Distribution	Specialty Chemicals	Construction Products Distribution	Corporate Costs	Total
Adjusted EBITDA from operations[1]	166.3	117.4	47.9	(16.5)	315.1
Realized losses on foreign currency hedging contracts	(7.7)	(40.0)	(4.6)	–	(52.3)
Adjusted EBITDA[1]	158.6	77.4	43.3	(16.5)	262.8

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

A summary of the realized losses (gains) by quarter is as follows:

(millions of dollars)	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Energy Distribution	–	(0.1)	–	–	3.1	–	–	4.6
Specialty Chemicals	1.5	5.6	7.7	11.3	11.7	13.3	9.4	5.6
Construction Products Distribution	–	0.5	1.2	1.9	1.5	1.5	0.8	0.8
Total	1.5	6.0	8.9	13.2	16.3	14.8	10.2	11.0

For additional details on Superior's financial instruments, including the amount and classification of gains and losses, 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 20 to the audited consolidated financial statements.

Consolidated Capital Expenditure Summary

Superior classifies its capital expenditures into three main categories: efficiency, process improvement and growth-related; maintenance capital; and investment in finance leases.

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

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

Superior's capital expenditures for 2016 and 2015:

(millions of dollars)	2016	2015
Efficiency, process improvement and growth-related	28.1	50.4
Maintenance capital	69.9	44.8
	98.0	95.2
Proceeds on disposition of capital and intangible assets	(3.3)	(2.3)
Acquisitions	4.2	1.6
Total net capital expenditures	98.9	94.5
Investment in finance leases	17.2	29.3
Total expenditures including finance leases	116.1	123.8

Efficiency, process improvement and growth-related expenditures were $28.1 million in 2016, compared to $50.4 million in the prior year, and are mainly related to the purchase of tanks, pumps and regulators for customer growth, a new U.S. refined fuels wholesale inventory information system and fuel tank monitoring systems, and CPD system integration costs incurred prior to the divestiture.

Maintenance capital expenditures were $69.9 million in 2016, compared to $44.8 million in the prior year, consisting primarily of required maintenance and general capital across Superior's segments. The increase is mainly due to Specialty Chemicals' investment in chlorine railcars and replacement of chlorine liquefaction equipment at the Port Edwards plant and tank refurbishment costs at Energy Distribution.

During 2016, Superior entered into new leases with capital-equivalent value of $17.2 million, primarily related to delivery vehicles for Energy Distribution and, prior to the divestiture, CPD. In the prior year, Superior entered into finance leases with capital-equivalent value of $29.3 million related to delivery vehicles for the distribution businesses.

Capital expenditures were funded from a combination of operating cash flow, the issuance of common shares and revolving-term bank credit facilities.

Corporate and Interest Costs

Corporate costs were $20.2 million, compared to $16.5 million in the prior year. The $3.7 million increase was primarily due to higher incentive plan costs and professional fees.

Interest expense on borrowing and finance lease obligations was $36.3 million, compared to $47.1 million in the prior year. Interest expense was positively impacted by settlements on interest rate swaps, the June 2015 redemption of $172.5 million outstanding principal amount of 5.75% Debentures, the October 2015 redemption of US$30 million of 7.62% Senior Secured Notes, the December 2015 redemption of $69.3 million outstanding principal amount of 7.50% Debentures and the redemption of $150.0 million of 6.0% Debentures in September 2016. Interest expense was also reduced by lower indebtedness as a result of the divestiture of CPD on August 9, 2016.

Transaction and Other Costs

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

(millions of dollars)	**2016**	2015
Transaction costs	**43.1**	5.4
Restructuring costs	**7.1**	–
Relocation costs	**–**	4.6
Total transaction and other costs	**50.2**	10.0

For the year ended December 31, 2016, Superior incurred $43.1 million in costs related to the divestiture of CPD and the terminated acquisition of Canexus and $7.1 million of restructuring costs. The restructuring costs related to a reduction in Canadian Propane Distribution's western Canada headcount in response to lower oilfield and related demand, and a reduction in Specialty Chemicals headcount across multiple plants and the corporate office in response to lower product demand, primarily for chlor-alkali.

For the year ended December 31, 2015, Superior incurred $5.4 million in costs related to the terminated acquisition of Canexus and $4.6 million in costs related to the corporate office relocation.

Income Taxes

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and future income taxes, including U.S. income tax and Chilean income tax.

Total income tax expense for 2016 was $36.9 million, comprised of $5.0 million in cash income tax expense and $31.9 million in deferred income tax expense. This compares to a total income tax recovery of $0.7 million in the prior year, which consisted of $2.1 million in cash income tax expense and a $2.8 million deferred income tax recovery.

Cash income taxes for 2016 were $5.0 million, consisting of income taxes in the U.S. of $1.5 million (2015 – $2.1 million of U.S. cash tax expense) and income taxes in Chile of $3.5 million (2015 - $nil). Deferred income tax expense for 2016 was $32.9 million (2015 – recovery of $2.8 million), resulting in a corresponding net deferred income tax asset of $231.8 million as at December 31, 2016 (December 31, 2015 – $275.8 million). Deferred income taxes in 2016 were impacted by higher net earnings in 2016.

As at December 31, 2016, Superior had the following tax pools available to be used in future years:

Canada	(millions of dollars)
Tax basis	282.8
Non-capital losses	62.2
Capital losses	540.1
Canadian scientific research expenditures	625.8
Investment tax credits	145.7
United States	
Tax basis	226.8
Non-capital losses	129.9
Chile	
Tax basis	20.8
Non-capital loss carry-forwards	–

See the audited consolidated financial statements for the year ended December 31, 2016 for a summary of the expiry of the non-capital loss carry-forwards and investment tax credits. Capital loss carry-forwards and Canadian scientific research expenditures are eligible to be carried forward indefinitely.

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 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	$7.5	February 2015
2012	$10.0	$5.0	February 2015
2013	$11.0	$5.5	February 2015
2014	$16.0	$8.0	December 2015
2015	$1.0	$0.5	November 2016
2016	$3.0	$1.5	2017
2017	$24.0	$12.0	2018
Total	**$93.0**	**$46.5**	

(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 2017 outlook.

A trial date has been set at the Tax Court of Canada in the spring of 2018. A decision is expected to be rendered six to twelve months after completion of the court hearings. If the 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 AOCF or net earnings.

If the tax pools from the Conversion were not available to Superior, the impact would be an increase to cash income taxes of approximately $4.0 million or $0.03 per share for 2016.

FINANCIAL OUTLOOK

Superior achieved AOCF per share before transaction and other costs for 2016 of $1.50, which was within the 2016 financial outlook range provided in its third quarter 2016 MD&A. See the detailed discussion on each segment for a breakdown of the results achieved.

Superior's 2017 financial outlook of AOCF per share of $1.45 to $1.75 is consistent with the outlook provided in its third quarter 2016 MD&A. As previously noted in the individual business financial outlook sections, the Energy Distribution and Specialty Chemicals results are anticipated to be consistent to modestly higher than in 2016. The positive impact from the decrease in the realized losses on foreign exchange hedging contracts in the 2017 financial outlook is partially offset by the loss of the CPD business contribution compared to 2016.

Achieving Superior's AOCF depends on the operating results of its segments.

In addition to the operating results of Superior's segments, significant assumptions underlying the achievement of Superior's 2017 midpoint guidance are:

» Economic growth in Canada and the U.S. is expected to increase modestly;
» Superior is expected to continue to attract capital and obtain financing on acceptable terms;
» Superior's estimated total debt to adjusted EBITDA ratio is based on maintenance and growth related expenditures of $100 million to $105 million in 2017 and on 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 2017, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2017 would not have a material impact to Superior. The foreign currency exchange rate between the Canadian dollar and US dollar is expected to average 0.75 in 2017 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 consistent in 2017; and
» Canadian and U.S.-based cash taxes are expected to be minimal for 2017 based on existing statutory income tax rates and the ability to use available tax basis.

Energy Distribution

- Gross profit in the Canadian propane business will benefit from procurement initiatives and supply contracts;
- 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 due to continuous improvement initiatives.

Specialty Chemicals

- Average plant utilization will approximate 90%-95% in 2017.

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

Debt Management Update

Superior remains focused on managing both its total debt and its total debt to adjusted EBITDA. Superior's total debt (including convertible debentures) to Adjusted EBITDA was 2.1X as at December 31, 2016, compared to 3.3X at December 31, 2015. The debt levels and the total leverage ratio as at December 31, 2016 are lower as the proceeds from the sale of CPD were used to reduce indebtedness.

Superior's long-term target total debt to adjusted EBITDA is 3.0X. Superior is forecasting a total debt to adjusted EBITDA range of 1.8X to 2.2X as at December 31, 2017, which is below the long-term target. Superior's 2017 total debt (including convertible debentures) to adjusted EBITDA guidance does not incorporate the Canwest acquisition. Once Superior purchases the Option, Superior will provide updated total debt to adjusted EBITDA guidance.

Superior's total debt to adjusted EBITDA (excluding realized losses on foreign exchange hedging contracts) on a pro forma basis including the Canwest acquisition would be 3.3X. Proforma total debt to adjusted EBITDA, including realized losses on foreign exchange hedging contracts would be 3.7X.

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

LIQUIDITY AND CAPITAL RESOURCES

Borrowings

Superior's revolving syndicated bank facility (credit facility), term loans and finance lease obligations (collectively borrowing) before deferred financing fees was $444.7 million as at December 31, 2016, a decrease of $180.9 million from $625.6 million as at December 31, 2015. The decrease in borrowing was primarily due to proceeds received from the divestiture of CPD, cash generated from operating activities and the proceeds from the DRIP.

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

	As at December 31, 2016			
(millions of dollars)	Total Amount	Borrowing	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities[1]	570.0	181.9	21.7	366.4
Term loans[1]	206.1	206.1	–	–
Finance lease obligations	56.7	56.7	–	–
Total	832.8	444.7	21.7	366.4

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

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 had agreed with its lenders that the syndicated credit facility would automatically increase to $775.0 million from the existing $570.0 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. Since the plan of arrangement with Canexus was terminated, the credit facility remains at $570.0 million. See "Summary of Cash Flow" for details on Superior's sources and uses of cash.

Convertible Debentures

As at December 31, 2016, convertible debentures (before deferred issuance fees and discount values) issued by Superior were $97.0 million, a decrease of $150.0 million from December 31, 2015. The decrease was the result of the redemption of Superior's $150.0 million of 6.0% Debentures in September 2016.

Net Working Capital

Consolidated net working capital was $112.1 million as at December 31, 2016, a decrease of $152.7 million from $264.8 million as at December 31, 2015. The decrease was due primarily to the divestiture of CPD on August 9, 2016. 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 3.0:1.0 and not more than 3.5:1.0 as a result of acquisitions. In addition, Superior must maintain a consolidated debt to compliance EBITDA ratio of not more than 5.0:1.0, excluding convertible debentures.

As at December 31, 2016, these ratios were within the requirements of Superior's debt covenants. The consolidated secured debt to compliance EBITDA ratio and consolidated debt to compliance EBITDA ratio were as follows:

	December 31 2016	December 31 2015
Consolidated secured debt to compliance EBITDA	**1.3**	1.6
Consolidated debt to compliance EBITDA	**2.3**	2.4

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 December 31, 2016, Superior had $56.3 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 2.0:1.0. As at December 31, 2016, the fixed-charge coverage ratio for purposes of this agreement was 4.2:1.0.

Credit Ratings

On February 13, 2017, following the announcement of Superior's agreement to ultimately acquire all the equity interest of Canwest Propane's retail propane business from Gibson Energy Inc., Standard & Poor's confirmed Superior Plus Corp.'s corporate credit rating as BB, 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 remains stable. Also on February 13, 2017, Dominion Bond Rating Service placed Superior Plus Corp.'s corporate credit rating as BB high (Under Review with Developing Implications), Superior Plus LP's senior secured rating as BB high (Under Review with Developing Implications) and Superior Plus LP's senior unsecured debt rating as BB low (Under Review with Developing Implications).

Pension Plans

As at December 31, 2016, Superior had an estimated defined benefit going concern surplus of approximately $33.4 million (December 31, 2015 – $28.0 million) and a pension solvency deficiency of approximately $4.3 million (December 31, 2015 – $14.2 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 audited consolidated financial statements. Superior has sufficient liquidity through its credit facility and anticipated future operating cash flow to fund this deficiency over the prescribed period.

Contractual Obligations and Other Commitments

			Payments Due In			
(millions of dollars)	Note[1]	Total	2017	2018-2019	2020-2021	Thereafter
Borrowing	16	444.7	18.3	204.9	215.0	6.5
Debentures	18	89.8	–	89.8	–	–
Minimum future lease payment under finance leases	17	56.7	13.4	21.9	15.0	6.4
Operating leases[2]	17	151.3	34.6	46.8	35.7	34.2
US$ foreign currency forward sales contracts (US$)	21	349.2	148.5	163.7	37.0	–
Natural gas, diesel, WTI, propane, heating oil, and electricity purchase commitments[3]	21	42.1	38.4	3.7	–	–
Total contractual obligations						

(1) Notes to the 2016 audited consolidated financial statements.

(2) Operating leases comprise Superior's off-balance-sheet obligations.

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

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

SHAREHOLDERS' CAPITAL

The weighted average number of common shares issued and outstanding during 2016 was 142.1 million shares, an increase over the prior year due to the October 2015 issuance of 13.9 million common shares and the reinstatement of the DRIP program, which commenced with the payment of the December 2015 dividend on January 15, 2016. Superior suspended its DRIP program after the payment of the August 2016 dividend on September 15, 2016. Superior's DRIP program will remain in place should Superior elect to reactivate the DRIP, subject to regulatory approval, at a future date.

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

	December 31, 2016		December 31, 2015	
(millions)	**Convertible Securities**	**Shares**	Convertible Securities	Shares
Common shares outstanding		**142.8**		140.6
6.00% Debentures[1]	**–**	**–**	$150.0	9.9
6.00% Debentures[2]	**$97.0**	**5.8**	$97.0	5.8
Shares outstanding and issuable upon conversion of Debentures	**$97.0**	**148.6**	$247.0	156.3

(1) Convertible at $15.10 per share. Redeemed in September, 2016.

(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 (AOCF)" and "Summary of Cash Flow" for additional details.

Dividends paid to shareholders for 2016 were $102.2 million (before DRIP proceeds of $22.8) or $0.72 per share compared to $92.8 million or $0.72 per share in 2015. Dividends paid to shareholders increased by $9.4 million due to the higher number of shares outstanding associated with the equity offering completed on October 28, 2015 and the DRIP. 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 DRIP, which commenced with the payment of the December 2015 dividend on January 15, 2016.

Due to the termination of the Canexus transaction and the divestiture of CPD, Superior suspended its DRIP program after the payment of the August 2016 dividend on September 15, 2016. Superior's DRIP program will remain in place should Superior elect to reactivate the DRIP, subject to regulatory approval, at a future date.

SUMMARY OF CASH FLOW

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

(millions of dollars)	**2016**	2015
Cash flow from operating activities	**146.8**	261.4
Investing activities:		
Purchase of property, plant and equipment	**(98.0)**	(95.2)
Proceeds from sale of discontinued operation – SEM	**4.3**	–
Proceeds from sale of discontinued operation – CPD	**390.5**	–
Proceeds on disposal of property, plant and equipment and intangible assets	**3.3**	2.3
Acquisitions	**(8.2)**	(1.6)
Cash flow from (used) in investing activities	**291.9**	(94.5)
Financing activities:		
Net proceeds (repayment) of revolving term bank credits and other debt	**(147.1)**	89.1
Redemption of 5.75% convertible debentures	**–**	(172.5)
Redemption of 7.50% convertible debentures	**–**	(69.3)
Redemption of 6.0% convertible debentures	**(150.0)**	–
Repayment of senior secured notes	**–**	(39.5)
Repayment of finance lease obligation	**(21.4)**	(23.9)
Settlement of foreign currency forward contracts	**(34.6)**	–
Proceeds from issuance of common shares	**–**	143.8
Issuance costs for common shares	**–**	(6.4)
Proceeds from dividend reinvestment program	**22.8**	–
Dividends paid to shareholders	**(102.2)**	(92.8)
Cash flow used in financing activities	**(432.5)**	(171.5)
Net increase/(decrease) in cash and cash equivalents	**6.2**	(4.6)
Cash and cash equivalents, beginning of period	**–**	3.1
Effect of translation of foreign-denominated cash and cash equivalents	**(1.2)**	1.5
Cash and cash equivalents, end of period	**5.0**	–

Cash flows from operating activities were $146.8 million, a decrease of $114.6 million from the prior year. The decrease was mainly the result of a decrease in non-cash operating working capital mainly related to the disposition of CPD on August 9, 2016.

Cash flow from investing activities was $291.9 million, an increase of $386.4 million from the prior year. Proceeds from the disposition of CPD of $390.5 million were offset by purchases of property, plant and equipment of $98.0 million.

Cash flow used in financing activities was $432.5 million, an increase of $261.0 million from the prior year and is mainly related to the repayment of $150.0 million of 6.0% convertible debentures and net repayment of credit facilities of $147.1 million. Cash proceeds from the sales of CPD were used to repay the convertible debentures and credit facilities.

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 derivativesl and non-financial derivatives as held for trading.

Energy Distribution entered into various propane forward purchase and sale agreements to manage the economic exposure of its wholesale customer supply contracts. Energy Distribution monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies and maintains a substantially balanced fixed-price propane gas position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating divisions, entered into foreign currency forward contracts to manage the economic exposure of its operations to movements in foreign currency exchange rates. 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.

As at December 31, 2016, Superior had hedged approximately 88% of its estimated U.S. dollar exposure for 2017, and due to the hedge position, a change in the Canadian to US dollar exchange rate for 2016 would not have a material impact to Superior.

During the third quarter of 2016, Superior settled its foreign exchange hedging contracts for 2016 and 2017 and re-entered new foreign exchange hedging contracts for 2016 and 2017 at August 2016 market rates, resulting in a settlement cost of $34.6 million. As at December 31, 2016, the net average external US$/CDN$ exchange rate increased to $1.26. A summary of Superior's U.S. dollar forward contracts for 2017 and beyond is provided in the table below.

(US$ millions except exchange rates)	2017	2018	2019	2020	2021	Total
Net US$ forward sales	148.5	107.7	56.0	37.0	–	349.2
Net average external US$/CDN$ exchange rate	1.30	1.22	1.22	1.32	–	1.26

Superior enters into interest rate swaps to manage the interest rate mix of its total 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.

Superior utilizes a variety of counterparties in relation to its financial and non-financial derivative instruments in order to mitigate its counterparty risk. All of Superior's business segments have credit risk policies to minimize credit exposure. Superior assesses the creditworthiness of its significant counterparties at the inception and throughout the term of a contract. Superior is also exposed to customer credit risk. Energy Distribution deals with a large number of small customers, thereby reducing this risk. 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 its customers' overall creditworthiness.

For additional details on Superior's financial instruments, including the amount and classification of gains and losses, 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 20 to the audited consolidated financial statements.

Sensitivity Analysis

Superior's estimated cash flow sensitivity in 2016 to various changes is provided below:

	Change	% Change	Impact on AOCF (millions)	Per Share
Energy Distribution				
Change in propane sales margin	$0.005/litre	2%	$5.2	$0.04
Change in propane sales volume	50 million litres	4%	$9.7	$0.07
Change in U.S. refined fuels sales margin	$0.005/litre	5%	$7.3	$0.05
Change in U.S. refined fuels sales volume	50 million litres	3%	$4.9	$0.03
Specialty Chemicals				
Change in sales price	$10.00/MT	1%	$7.0	$0.05
Change in sales volume	15,000 MT	2%	$4.6	$0.03
Corporate				
Change in CDN$/US$ exchange rate on US$ denominated debt	$0.01	1%	–	–
Change in interest rates	0.5%	14%	$1.4	$0.01

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

Changes in Internal Controls over Financial Reporting

No changes were made in Superior's ICFR that have materially affected, or are reasonably likely to materially affect, Superior's ICFR in the quarter ended December 31, 2016.

Effectiveness

An evaluation of the effectiveness of the Superior's DC&P and ICFR was conducted as at December 31, 2016 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Superior's DC&P and ICFR were effective at December 31, 2016.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Superior's audited consolidated financial statements have been prepared in accordance with IFRS. The significant accounting policies are described in the audited consolidated financial statements for the period ended December 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 financial and non-financial derivatives, asset impairments and the assessment of potential provision retirement obligations.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) effective for accounting periods beginning on or after January 1, 2016, or later periods. 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 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 final 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. Although Superior has made progress its implementation of IFRS 15 by analyzing revenue streams under the new standard and assessing customer contracts, it is not yet possible to make a reliable estimate of the impact of the new standard on the consolidated financial statements.

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. Although Superior has made progress in its assessment of IFRS 16, it is not yet possible to make a reliable estimate of the impact of the new standard on the consolidated financial statements.

SELECTED FINANCIAL INFORMATION

(millions of dollars except per share amounts)	**2016**	2015
GAAP Measures:		
Total assets (as at December 31)	**1,847.5**	2,142.9
Revenues(1)	**2,023.7**	2,253.1
Gross profit(1)	**656.4**	658.2
Net earnings (loss) from continuing operations	**114.2**	(8.9)
Per share, basic	**$0.80**	$(0.07)
Per share, diluted	**$0.78**	$(0.07)
Cash flow from operating activities	**146.8**	261.4
Dividends per share	**$0.72**	$0.72
Current and long-term borrowing(2) (as at December 31)	**444.7**	625.6
Non-GAAP Financial Measures(3):		
AOCF	**162.4**	203.6
Per share, basic	**$1.14**	$1.58
Per share, diluted	**$1.14**	$1.58
AOCF before transaction and other costs	**212.6**	213.6
Per share before transaction and other costs, basic	**$1.50**	$1.65
Per share before transaction and other costs, diluted	**$1.50**	$1.65

(1) As a result of the divestiture of the Fixed-price energy services business during Q1 2016, and CPD as of August 9, 2016, revenue and gross profit have been restated to exclude the results of those businesses.

(2) Current and long-term borrowing before deferred financing fees and debentures.

(3) See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to Adjusted EBITDA from Operations".

FOURTH QUARTER RESULTS

Summary of Adjusted Operating Cash Flow

	Three months ended December 31	
(millions of dollars, except per share amounts)	**2016**	2015
Revenue[(1)]	**583.1**	546.0
Gross profit[(1)]	**193.6**	174.3
Adjusted EBITDA from operations[(2)(3)(4)]	**94.0**	100.3
Corporate costs	**(7.0)**	(2.5)
Realized losses on foreign currency hedging contracts	**(1.5)**	(16.3)
Interest expense	**(7.1)**	(10.1)
Cash income tax expense	**(1.1)**	(0.1)
Adjusted Operating Cash Flow before transaction costs[(2)]	**77.3**	71.3
Transaction and other costs[(5)]	**(8.9)**	(10.0)
Adjusted operating cash flow[(2)]	**68.4**	61.3
Adjusted operating cash flow per share before transaction and other costs, basic and diluted[(2)(4)(5)(6)]	**$0.54**	$0.52
Adjusted operating cash flow per share, basic and diluted[(2)(4)(6)]	**$0.48**	$0.45
Dividends paid per share	**$0.18**	$0.18

(1) As a result of the divestiture of the Fixed-price energy services business during Q1 2016, and CPD as of August 9, 2016, revenue and gross profit have been restated to exclude the results of those businesses.

(2) Adjusted EBITDA from operations and AOCF are non-GAAP measures. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings before Income Taxes to Adjusted EBITDA from Operations".

(3) Adjusted 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) Adjusted EBITDA from operations, AOCF and AOCF per share includes the results of CPD up to the August 9, 2016 date of disposition. For the three months ended December 31, 2016 and 2015, CPD contributed $nil per share and $0.10 per share to AOCF per share, respectively.

(5) Transaction and other costs for the three months ended December 31, 2016 and 2015 are related to the terminated acquisition of Canexus, the divestiture of the CPD business, restructuring, relocation and other costs. See "Transaction and Other Costs" for further details.

(6) The weighted average number of shares outstanding for the three months ended December 31, 2016 and 2015 is 142.8 million and 136.3 million, respectively. There were no dilutive instruments with respect to AOCF per share for the three months ended December 31, 2016 and 2015.

Comparable GAAP Financial Information

	Three months ended December 31	
(millions of dollars)	**2016**	2015
Net earnings (loss) from continuing operations	**(22.8)**	20.2
Net earnings (loss) per share from continuing operations, basic	**$(0.16)**	$0.15
Net earnings (loss) per share from continuing operations, diluted	**$(0.19)**	$0.13
Net cash flows from operating activities	**27.6**	47.6
Net cash flows from operating activities per share, basic	**$0.19**	$0.34
Net cash flows from operating activities per share, diluted	**$0.19**	$0.34

Segmented Information

	Three months ended December 31	
(millions of dollars)	**2016**	2015
Adjusted EBITDA from operations[(1)(2)]:		
Energy Distribution	**59.8**	51.9
Specialty Chemicals	**34.2**	32.5
Construction Products Distribution	**–**	15.9
	94.0	100.3

(1) Adjusted 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.

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

Adjusted Operating Cash Flow (AOCF)

AOCF before transaction and other costs for the three months ended December 31, 2016 was $77.3 million, an increase of $6.0 million from the prior year's fourth quarter AOCF of $71.3 million. A decrease in adjusted EBITDA from operations was offset by lower realized losses on foreign currency hedging contracts and lower interest expense. EBITDA from operations at Energy Distribution increased as a result of higher volumes and effective cost control as a result of restructuring in Western Canada in response to the decline in oilfield demand. Adjusted EBITDA from operations at Specialty Chemicals increased primarily related to lower Tronox-related expenses. Adjusted EBITDA from operations attributable to CPD was $nil due to the disposition of the business on August 9, 2016. Realized losses on foreign currency hedging contracts decreased to $1.5 million in the three months ended December 31, 2016, from $16.3 million in the prior year's fourth quarter as a result of settling foreign exchange hedging contracts in August 2016 and re-entering into new foreign exchange hedging contracts at August 2016 market rates. Interest expense decreased to $7.1 million, from $10.1 million in the prior year's fourth quarter due to a decrease in debt levels related to the divestiture of CPD.

AOCF per share before transaction and other costs of $0.54 per share was $0.02 or 4% higher than the prior year's fourth quarter AOCF of $0.52 per share.

AOCF after transaction and other costs for the three months ended December 31, 2016 was $68.4 million, an increase of $7.1 million or 12% from the prior year's fourth quarter AOCF of $61.3 million. Transaction and other costs for the three months ended December 31, 2016 were $8.9 million, and consisted of: transaction costs related to the terminated acquisition of Canexus and divestiture of CPD, and restructuring of the employee base at Energy Distribution and Specialty Chemicals. See "Transaction and Other Costs" for further details.

AOCF per share after transaction and other costs of $0.48 per share was $0.03 or 7% higher than the prior year AOCF per share of $0.45 per share. Included in transaction and other costs for the three months ended December 31, 2016 is $7.1 million in restructuring costs related to a reduction in Canadian Propane's western Canada headcount in response to lower oilfield and related demand, and a reduction in Specialty Chemicals headcount across multiple plants and the corporate office in response to lower product demand, primarily for chlor-alkali.

ENERGY DISTRIBUTION

Energy Distribution's condensed operating results for the three months ended December 31, 2016 and 2015[1]:

(millions of dollars)	Three months ended December 31 2016	2015
Revenue	**436.1**	389.0
Cost of sales	**(295.6)**	(252.5)
Gross profit	**140.5**	136.5
Less: Cash operating and administrative costs[2]	**(80.7)**	(84.6)
Adjusted EBITDA from operations[2][3]	**59.8**	51.9
Net earnings	**48.5**	32.1

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

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

Revenues for the fourth quarter of 2016 were $436.1 million, an increase of $47.1 million or 12% from the prior year's fourth quarter. The increase is primarily due to higher commodity prices compared to the prior year quarter. Total gross profit for the fourth quarter of 2016 was $140.5 million, an increase of $4.0 million or 3% over the prior year's fourth quarter. The increase in gross profit is primarily from higher volumes from Canadian propane distribution than in the prior year's period. A detailed review of gross profit is provided below.

Gross Profit Review

(millions of dollars)	Three months ended December 31 2016	2015
Canadian propane distribution[1]	**88.0**	84.6
U.S. refined fuels distribution	**42.9**	42.5
Other services	**9.6**	9.4
Total gross profit	**140.5**	136.5

(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.

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 fourth quarter was $88.0 million, an increase of $3.4 million or 4% over the prior year's fourth quarter. The increase was mainly the result of higher volumes due to colder weather than the prior year. Residential sales volumes increased by 4 million litres or 11% from the prior year's fourth quarter due primarily to colder weather than in the prior year's fourth quarter. Average weather across Canada for the fourth quarter, as measured by degree days, was 7% colder than the prior year's fourth quarter and 2% warmer than the five-year average. Industrial volumes decreased by 27 million litres or 24%, largely due to weaker demand in Western Canada related to the low price of oil. Commercial volumes increased by 4 million litres or 6% due to colder temperatures across the country than in the prior year, partially offset by decreased demand from oilfield support industries. Agricultural volumes increased by 6 million litres or 21% due to the greater crop drying demand in the fourth quarter as the prior year was impacted by drier weather conditions. Wholesale volumes increased by 37 million litres or 28% on higher third party sales from the supply portfolio management business as compared to the prior year.

Average propane sales margins for the fourth quarter decreased to 21.1 cents per litre from 21.4 cents per litre in the prior year's fourth quarter due to weaker basis differentials, partially offset by higher retail sales margins. Average retail sales margins in the fourth quarter of 2016 increased as sales volumes for higher margin heating demand improved and sales volumes for lower margin industrial volumes declined due to reduced oilfield demand.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application[(1)]	Three months ended December 31	
(millions of litres)	**2016**	2015
Residential	**42**	38
Commercial	**73**	69
Agricultural	**34**	28
Industrial	**84**	111
Wholesale	**168**	131
Automotive	**16**	18
Total	**417**	395

Volumes by Region[(1)(2)]	Three months ended December 31	
(millions of litres)	**2016**	2015
Western Canada	**182**	203
Eastern Canada	**142**	125
Atlantic Canada	**32**	28
United States	**61**	39
Total	**417**	395

(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; Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island; and United States region consists primarily of Maine, Idaho, Kansas, Michigan, Washington, Alaska and California.

U.S. Refined Fuels Distribution

U.S. refined fuels distribution gross profit for the fourth quarter was $42.9 million, an increase of $0.4 million or 1% over the prior year's fourth quarter, as the impact of higher margins was partially offset by lower volumes. Sales volumes of 373 million litres decreased by 17 million litres or 4% from the prior year's fourth quarter. Residential sales volumes increased by 10 million litres or 15% from the prior year's fourth quarter due primarily to colder weather during the fourth quarter of 2016 than in the prior year's fourth quarter. Average weather across the Northeast U.S. for the fourth quarter, as measured by degree days, was 20% colder than the prior year and 4% warmer than the five-year average. Commercial sales volumes increased by 4 million litres or 4% largely due to colder weather despite increased competition. Wholesale volumes decreased 31 million litres or 13% due to competition.

Average U.S. refined fuels sales margins increased to 11.5 cents per litre in the fourth quarter of 2016 from 10.9 cents per litre in the prior year's fourth quarter mainly due to sales mix on higher retail residential and commercial volumes and lower wholesale volume.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application[1]	Three months ended December 31	
(millions of litres)	**2016**	2015
Residential	**78**	68
Commercial	**94**	90
Wholesale	**201**	232
Total	**373**	390

(1) Includes heating oil, propane, diesel and gasoline sold in the Northeast United Sates region, consisting of Pennsylvania, Connecticut, New York and Rhode Island.

Other Services

Other services gross profit was $9.6 million in the fourth quarter, consistent with the prior year's fourth quarter.

Cash Operating and Administrative Costs

Energy Distribution's cash operating and administrative costs were $80.7 million in the fourth quarter of 2016, a decrease of $3.9 million or 5% from the prior year's fourth quarter. Operating costs were lower primarily due to a decrease in salaries and wages from reduced headcount in the Canadian propane and the U.S. refined fuels businesses. Canadian propane reduced headcount in response to lower oilfield activity and customer demand in western Canada. U.S. Refined Fuels hired fewer seasonal employees and reduced headcount in the service business.

SPECIALTY CHEMICALS

Specialty Chemicals' condensed operating results for the three months ended December 31, 2016 and 2015:

	Three months ended December 31			
(millions of dollars, except per metric tonne (MT) amounts)	**2016**		2015	
		$ per MT		$ per MT
Revenue[1]	**150.0**	**739**	170.4	789
Cost of sales[1][2]	**(79.5)**	**(392)**	(97.0)	(449)
Gross profit[1]	**70.5**	**347**	73.4	340
Less: Cash operating and administrative costs[1][2]	**(36.3)**	**(179)**	(40.9)	(190)
EBITDA from operations[1][3]	**34.2**	**168**	32.5	150
Net earnings (loss)	**21.6**		(0.9)	

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

(2) During 2016, certain costs were reclassified between cost of sales and cash operating and administrative costs and prior periods were reclassified to conform to the current year presentation. See "Reclassification of Prior Periods."

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

Sales Volumes by Product

(thousands of MTs)	Three months ended December 31 2016	2015
Sodium chlorate	**125**	137
Chlor-alkali	**76**	78
Chlorite	**2**	1
Total	**203**	216

Chemical revenue for the fourth quarter of 2016 of $150.0 million was $20.4 million or 12% lower than in the prior year's fourth quarter due primarily to a decrease in sodium chlorate sales volumes and average realized selling prices, and a decrease in hydrochloric acid and caustic potash volumes. Sodium chlorate sales volumes were 9% lower than in the prior year's fourth quarter due to decreased sales volumes associated with purchases under the Tronox agreement. Excluding the Tronox volumes, total sodium chlorate sales volumes were consistent with the prior year quarter, and 5.9% higher for the year when compared to 2015. Chlor-alkali volumes were 3% lower than in the prior year's fourth quarter due to lower caustic potash demand due to a slow start to deicing season and lower agricultural demand, hydrochloric acid demand was also lower than prior year quarter on lower oilfield activity. Caustic soda pricing was higher due to strong exports out of North America. Caustic soda market fundamentals remain solid with Asian domestic and export demand driving export prices from Asia higher and benefitting prices on the North American west coast.

Fourth quarter 2016 gross profit was $70.5 million, a decrease of $2.9 million or 4% from the prior year's fourth quarter. Gross profit was lower as the fourth quarter of 2015 included insurance settlement proceeds of $4.9 million.

Cash selling, distribution and administrative costs of $36.3 million were $4.6 million or 11% lower than in the prior year's fourth quarter due to lower Tronox-related operating expenses, partially offset by general inflationary increases.

Reclassification of Prior Periods

During 2016, Superior reviewed the classification of operating expenses in its Specialty Chemicals business for the purposes of reporting in the audited consolidated financial statements and has reclassified certain costs that were classified as cost of sales or selling, distribution, and administrative costs. For the three months ended December 31, 2015, this resulted in a net reduction to selling, distribution and administrative costs of $0.9 million, and a corresponding increase in cost of sales and the prior year figures have been restated to reflect this reclassification. As a result of this reclassification, there was no change to previously reported net earnings, operating, financing or investing cash flows, or the amounts presented in the consolidated balance sheet.

CONSTRUCTION PRODUCTS DISTRIBUTION

CPD's condensed operating results for the three months ended December 31, 2016 and 2015:

(millions of dollars)	Three months ended December 31 2016	2015
Revenue(1)	**–**	243.6
Cost of sales	**–**	(179.0)
Gross profit(1)	**–**	64.6
Less: Cash operating and administrative costs(1)	**–**	(48.7)
EBITDA from operations(1)(2)	**–**	15.9
Net earnings	**–**	11.9

(1) See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs included in this MD&A" for detailed amounts.

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

Due to the divestiture of the CPD business on August 9, 2016, net earnings are $nil for the fourth quarter 2016. As the CPD business was sold to Foundation Building Materials, Superior has included the results of the CPD business up to August 9, 2016, the date of the disposition. The results of the CPD segment are recorded as a discontinued operation in Superior's audited consolidated financial statements.

CONSOLIDATED CAPITAL EXPENDITURE SUMMARY

	Three months ended December 31	
(millions of dollars)	**2016**	2015
Efficiency, process improvement and growth-related	**6.7**	18.9
Maintenance capital	**18.5**	14.2
	25.2	33.1
Proceeds on disposition of capital and intangible assets	**(1.1)**	(0.9)
Total net capital expenditures	**24.1**	32.2
Investment in finance leases	**5.3**	14.6
Total expenditures including finance leases	**29.4**	46.8

Efficiency, process improvement and growth related expenditures were $6.7 million in the fourth quarter compared to $18.9 million in the prior year quarter the decrease is largely due to capital spend on the CPD enterprise resource planning system upgrade in the prior year's fourth quarter.

Maintenance capital expenditures were $18.5 million in the fourth quarter compared to $14.2 million in the prior year's fourth quarter, an increase of $4.3 million mainly due to timing of expenditures and tank refurbishment costs at Energy Distribution.

Superior entered into new leases with capital-equivalent value of $5.3 million in the fourth quarter compared to $14.6 million in the prior year's fourth quarter. The decrease was due to the disposition of CPD and the timing of delivery of vehicles for the Energy Distribution segment. Superior continues to invest in trucks and equipment to support growth and replace aging vehicles in the fleet.

NON-GAAP FINANCIAL MEASURES

Throughout the MD&A, Superior has used the following terms that are not defined by GAAP, but are used by management to evaluate the performance of Superior and its business. These measures may also be used by investors, financial institutions and credit rating agencies to assess Superior's performance and ability to service debt. Non-GAAP financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Securities regulations require that Non-GAAP financial measures are clearly defined, qualified and reconciled to their most comparable GAAP financial measures. Except as otherwise indicated, these non-GAAP financial measures are calculated and disclosed on a consistent basis from period to period. Specific items may only be relevant in certain periods.

The intent of non-GAAP financial measures is to provide additional useful information to investors and analysts and the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate non-GAAP financial measures differently.

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

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

Adjusted Operating Cash Flow and Adjusted Operating Cash Flow per Share

AOCF is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, other expenses, non-cash interest expense, current income taxes and finance costs. Superior may deduct or include additional items in its calculation of AOCF; these items would generally, but not necessarily, be infrequent in nature and could distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring. AOCF and AOCF per share are presented before and after transaction and other costs.

AOCF per share before transaction and other costs is calculated by dividing AOCF before transaction and other costs by the weighted average number of shares outstanding. AOCF per share is calculated by dividing AOCF by the weighted average number of shares outstanding.

AOCF is the main performance measure used by management and investors to evaluate Superior's ongoing performance of its businesses and ability to generate cash flow. AOCF represents cash flow generated by Superior that is available for, but not necessarily limited to, changes in working capital requirements, investing activities and financing activities of Superior. AOCF is also used as one component in determining short-term incentive compensation for certain management employees.

The seasonality of Superior's individual quarterly results must be assessed in the context of annualized AOCF. Adjustments recorded by Superior as part of its calculation of AOCF include, but are not limited to, the impact of the seasonality of Superior's businesses, principally the Energy Distribution segment, by adjusting for non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Superior's revenues and expenses, which can differ significantly from quarter to quarter.

Adjusted EBITDA

Adjusted EBITDA represents earnings before taxes, depreciation, amortization, losses/(gains) on disposal of assets, finance expense, restructuring costs, transaction and other costs, and unrealized gains/(losses) on derivative financial instruments. Adjusted EBITDA is used by Superior and investors to assess its consolidated results and ability to service debt. Adjusted EBITDA is reconciled to net earnings before income taxes.

Adjusted EBITDA from operations

Adjusted EBITDA from operations is defined as adjusted EBITDA excluding gains/(losses) on foreign currency hedging contracts, corporate costs and transaction and other costs. For purposes of this MD&A, foreign currency hedging contract gains and losses are excluded from the results of the operating segments. Adjusted EBITDA from operations is used by Superior and investors to assess the results of its operating segments. Adjusted EBITDA from operations is reconciled to net earnings before income taxes.

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. Compliance EBITDA is reconciled to net earnings.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures(1)

(millions of dollars, except per share amounts)

	Q4 2016	**Q3 2016**	**Q2 2016**	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Revenues	**583.1**	**429.0**	**448.1**	**563.5**	546.0	472.2	476.1	758.8
Gross profit(2)	**193.6**	**119.0**	**127.2**	**216.6**	174.3	125.1	125.5	233.3
Net earnings (loss) from continuing operations	**(22.8)**	**52.8**	**(15.7)**	**99.9**	20.2	(48.3)	30.2	(11.0)
Per share, basic	**$(0.16)**	**$0.37**	**$(0.11)**	**$0.71**	$0.15	$(0.38)	$0.24	$(0.09)
Per share, diluted	**$(0.19)**	**$0.36**	**$(0.11)**	**$0.66**	$0.13	$(0.40)	$0.18	$(0.09)
Net working capital(3)	**112.1**	**84.6**	**232.5**	**236.8**	242.5	196.4	247.9	273.6

(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, and also excludes the results of operations of the CPD segment which was divested during Q3 2016. Comparative figures have been reclassified to reflect the current period presentation.

(2) During 2016, certain costs were reclassified between cost of sales and cash operating and administrative costs and prior periods were reclassified to conform to the current year presentation. See "Reclassification of Prior Periods."

(3) 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.

Non-GAAP Financial Measures(1)(2)

(millions of dollars, except per share amounts)

	Q4 2016	**Q3 2016**	**Q2 2016**	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
AOCF before transaction and other costs	**77.3**	**13.0**	**27.2**	**95.1**	71.3	23.1	23.4	95.8
Per share, basic	**$0.54**	**$0.09**	**$0.19**	**$0.67**	$0.52	$0.18	$0.18	$0.76
Per share, diluted	**$0.54**	**$0.09**	**$0.19**	**$0.67**	$0.52	$0.18	$0.18	$0.73
AOCF	**68.4**	**(8.3)**	**15.7**	**86.6**	61.3	23.1	23.4	95.8
Per share, basic	**$0.48**	**$(0.06)**	**$0.11**	**$0.61**	$0.45	$0.18	$0.18	$0.76
Per share, diluted	**$0.48**	**$(0.06)**	**$0.11**	**$0.61**	$0.45	$0.18	$0.18	$0.73

(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) AOCF before transaction and other costs, AOCF and the related per share amounts, are non-GAAP financial measures. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

Volumes	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Canadian propane sales volumes (millions of litres)(1)	**417**	**234**	**255**	**429**	395	280	280	512
U.S. refined fuels sales volumes (millions of litres)	**373**	**321**	**353**	**422**	390	341	338	494
Chemical sales volumes (thousands of metric tonnes)	**203**	**209**	**196**	**205**	216	217	195	223

(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.

Historical volumes of Canadian propane sales by end-use application, reclassified to reflect the current period presentation are as follows:

(millions of litres)	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Residential	**42**	**15**	**20**	**48**	38	15	18	58
Commercial	**73**	**35**	**42**	**90**	69	36	43	109
Agricultural	**34**	**7**	**7**	**15**	28	7	7	18
Industrial	**84**	**81**	**93**	**108**	111	113	114	144
Wholesale	**168**	**76**	**73**	**151**	131	86	75	166
Automotive	**16**	**20**	**20**	**17**	18	23	23	17
Total	**417**	**234**	**255**	**429**	395	280	280	512

Historical volumes of Specialty Chemicals sales volumes by product are as follows:

(thousands of metric tonnes)	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Sodium Chlorate	**125**	**127**	**117**	**130**	137	136	120	139
Chlor-alkali	**76**	**80**	**77**	**74**	78	79	73	83
Chlorite	**2**	**2**	**2**	**1**	1	2	2	1
Total	**203**	**209**	**196**	**205**	216	217	195	223

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA FROM OPERATIONS[1]

For the three months ended December 31, 2016 (millions of dollars)	Energy Distribution	Specialty Chemicals	Construction Products Distribution
Net earnings before income taxes	48.5	21.6	–
Add (deduct):			
Depreciation and amortization included in selling, distribution and administrative costs	15.0	–	–
Depreciation included in cost of sales	–	13.6	–
Realized losses on foreign currency hedging contracts	–	1.5	–
Losses (gains) on disposal of assets	(0.5)	0.2	–
Finance expense	0.7	0.1	–
Restructuring costs	3.4	3.7	–
Unrealized (gains) on derivative financial instruments	(7.3)	(6.5)	–
Adjusted EBITDA from operations	**59.8**	**34.2**	**–**

For the three months ended December 31, 2015 (millions of dollars)	Energy Distribution	Specialty Chemicals	Construction Products Distribution
Net earnings (loss) before income taxes	32.1	(0.9)	11.9
Add (deduct)			
Depreciation and amortization included in selling, distribution and administrative costs	14.2	–	2.2
Depreciation included in cost of sales	–	19.1	–
Realized losses on foreign currency hedging contracts	3.1	11.7	1.5
Losses on disposal of assets	–	1.0	–
Finance expense	0.9	0.3	0.3
Unrealized losses on derivative financial instruments	1.6	1.3	–
Adjusted EBITDA from operations	**51.9**	**32.5**	**15.9**

(1) Adjusted 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 NET EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA FROM OPERATIONS(1)

For the year ended December 31, 2016 (millions of dollars)	Energy Distribution	Specialty Chemicals	Construction Products Distribution
Net earnings (loss) before income taxes	143.4	30.7	(21.4)
Add (deduct):			
Depreciation included in selling, distribution, and administrative costs and amortization of intangible assets	58.2	–	4.8
Depreciation included in cost of sales	–	54.5	–
Realized losses (gains) on foreign currency hedging contracts	(0.1)	26.1	3.6
Losses (gains) on disposal of assets	(1.0)	0.7	39.4
Finance expense	2.9	0.4	0.7
Restructuring costs	3.4	3.7	–
Unrealized (gains) on derivative financial instruments	(39.4)	(7.0)	–
Adjusted EBITDA from operations	**167.4**	**109.1**	**27.1**

For the year ended December 31, 2015 (millions of dollars)	Energy Distribution	Specialty Chemicals	Construction Products Distribution
Net earnings before income taxes	121.3	8.0	34.9
Add (deduct):			
Depreciation included in selling, distribution, and administrative costs and amortization of intangible assets	52.9	–	7.5
Depreciation included in cost of sales	–	63.8	–
Realized losses on foreign currency hedging contracts	7.7	40.0	4.6
Losses on disposal of assets	1.3	1.2	–
Finance expense	2.9	0.9	0.9
Unrealized (gains) losses on derivative financial instruments	(19.8)	3.5	–
Adjusted EBITDA from operations	**166.3**	**117.4**	**47.9**

(1) Adjusted 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]

	For the three months ended December 31, 2016			For the three months ended December 31, 2015		
(millions of dollars)	Energy Distribution	Specialty Chemicals[2]	Construction Products Distribution	Energy Distribution	Specialty Chemicals[2]	Construction Products Distribution
Revenue per financial statements	436.1	147.0	–	389.0	157.0	242.1
Foreign currency gains related to working capital	–	1.5	–	–	1.7	–
Realized losses on foreign currency hedging contracts	–	1.5	–	–	11.7	1.5
Revenue per the MD&A	436.1	150.0	–	389.0	170.4	243.6
Cost of sales per financial statements	(295.6)	(93.9)	–	(255.6)	(116.1)	(179.0)
Depreciation included in cost of sales	–	13.6	–	–	19.1	–
Restructuring costs	–	0.8	–	–	–	–
Realized losses on foreign currency hedging contracts	–	–	–	3.1	–	–
Cost of sales per the MD&A	(295.6)	(79.5)	–	(252.5)	(97.0)	(179.0)
Gross profit	140.5	70.5	–	136.5	73.4	64.6
Cash selling, distribution and administrative costs per financial statements	(98.6)	(37.9)	–	(98.7)	(40.2)	(50.9)
Depreciation and amortization	15.0	–	–	14.2	–	2.2
Losses (gains) on disposal of assets	(0.5)	0.2	–	(0.1)	1.0	–
Restructuring costs	3.4	2.9	–	–		
Reclassification of foreign currency gains related to working capital	–	(1.5)	–	–	(1.7)	–
Cash operating and administrative costs per the MD&A	(80.7)	(36.3)	–	(84.6)	(40.9)	(48.7)
Adjusted EBITDA from operations	59.8	34.2	–	**51.9**	**32.5**	**15.9**

(1) Adjusted 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.

(2) Restated to reflect the current period presentation, which includes a reclassification of certain costs between selling, distribution and administrative costs and cost of sales. See "Reclassification of Prior Periods."

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

	For the year ended December 31, 2016			For the year ended December 31, 2015		
(millions of dollars)	**Energy Distribution**	**Specialty Chemicals[(2)]**	**Construction Products Distribution**	Energy Distribution	Specialty Chemicals[(2)]	Construction Products Distribution
Revenue per financial statements	**1,446.1**	**577.6**	**609.7**	1,630.2	622.9	948.4
Foreign currency gains (losses) related to working capital	**–**	**(1.5)**	**–**	–	11.3	–
Realized losses on foreign currency hedging contracts	**–**	**26.1**	**3.6**	–	40.0	4.6
Revenue per the MD&A	**1,446.1**	**602.2**	**613.3**	1,630.2	674.2	953.0
Cost of products sold per financial statements	**(957.0)**	**(410.3)**	**(456.5)**	(1,132.5)	(462.4)	(711.2)
Depreciation included in cost of sales	**–**	**54.5**	**–**	–	63.8	–
Restructuring costs	**–**	**0.8**	**–**	–	–	–
Realized losses (gains) on foreign currency hedging contracts	**(0.1)**	**–**	**–**	7.7	–	–
Cost of products sold per the MD&A	**(957.1)**	**(355.0)**	**(456.5)**	(1,124.8)	(398.6)	(711.2)
Gross profit	**489.0**	**247.2**	**156.8**	505.4	275.6	241.8
Cash selling, distribution and administrative costs per financial statements	**(382.2)**	**(143.2)**	**(173.9)**	(393.2)	(148.1)	(201.4)
Depreciation and amortization	**58.2**	**–**	**4.8**	52.9	–	7.5
(Gains) losses on disposal of assets	**(1.0)**	**0.7**	**39.4**	1.2	1.2	–
Restructuring costs	**3.4**	**2.9**	**–**	–	–	–
Foreign currency losses (gains) related to working capital	**–**	**1.5**	**–**	–	(11.3)	–
Cash operating and administrative costs per the MD&A	**(321.6)**	**(138.1)**	**(129.7)**	(339.1)	(158.2)	(193.9)
Adjusted EBITDA from operations	**167.4**	**109.1**	**27.1**	**166.3**	**117.4**	**47.9**

(1) Adjusted 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.

(2) Restated to reflect the current period presentation, which includes a reclassification of certain costs between selling, distribution and administrative costs and cost of sales. See "Reclassification of Prior Periods."

CALCULATION OF CONSOLIDATED SECURED DEBT, CONSOLIDATED DEBT AND TOTAL DEBT[1]

As at December 31	**2016**	2015
Total shareholders' equity	**928.6**	713.7
Exclude accumulated other comprehensive gain	**(111.3)**	(111.3)
Shareholders' equity excluding accumulated other comprehensive gain	**817.3**	602.4
Current borrowing[1]	**18.3**	33.0
Borrowing[1]	**426.4**	592.6
Less: Senior unsecured debt	**(200.0)**	(200.0)
Consolidated secured debt	**244.7**	425.6
Add: Senior unsecured debt	**200.0**	200.0
Consolidated debt	**444.7**	625.6
Convertible unsecured subordinated debentures[1]	**97.0**	247.0
Total debt	**541.7**	872.6
Total capital	**1,359.0**	1,475.0

(1) Borrowing and convertible unsecured subordinated debentures are before deferred issuance costs and option value.

RECONCILIATION OF NET EARNINGS TO COMPLIANCE EBITDA

(millions of dollars)	**2016**	2015
Net earnings	**294.6**	26.5
Adjusted for:		
Finance expense	**78.3**	56.3
Realized (losses) gains on derivative financial instruments	**(33.4)**	6.1
Depreciation included in selling, distribution and administrative costs	**58.4**	56.4
Depreciation included in cost of sales	**54.5**	63.8
Gain on sale of discontinued operations	**(177.6)**	–
Losses (gains) on disposal of assets	**(0.3)**	2.4
Gain on sale of customer list	**–**	(0.3)
Amortization of intangible assets	**7.7**	7.1
Income tax expense	**47.6**	0.8
Unrealized (gains) losses on derivative financial instruments	**(139.6)**	39.8
Compliance EBITDA[1][2]	**190.2**	258.9

(1) See the audited consolidated financial statements for additional details.

(2) See "Non-GAAP Financial Measures" for additional details.

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 2016 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. Information contained within these websites does not constitute part of this MD&A. 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.

A trial date has been set at the Tax Court of Canada in the spring of 2018. A decision is expected to be rendered six to twelve months after completion of the court hearings. If the 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. 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 Senior Unsecured 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 a significant portion of Energy Distribution' 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 impact profitability. Superior attempts to mitigate this risk with derivative financial instruments.

Changes in Legislation and Expected Tax Profile

There can be no assurance that income tax laws in the numerous jurisdictions in which Superior operates will not be changed, interpreted or administered in a manner which adversely affects Superior and its shareholders. In addition, there can be no assurance that the CRA (or a provincial tax agency), the U.S. Internal Revenue Service (or a state or local tax agency), the Chilean Internal Revenue Service or the Luxembourg Tax Authorities (collectively, the "Tax Agencies") will agree with how Superior calculates its income for tax purposes or that these various tax agencies 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. Distribution systems, 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 Superior's total revenues and net earnings by more than the sales price.

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. Increases in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand. Propane commodity prices are affected by crude oil and natural gas commodity prices.

Automotive propane demand depends on propane pricing, the market's acceptance of propane conversion options and the availability of infrastructure. Superior Propane has strategic partnerships with companies focused on after-market conversion technologies. This segment has been impacted by the development of more fuel efficient and complicated engines which increase the cost of converting engines to propane and reduce the savings per kilometre driven.

Competition in the U.S. 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, general economic conditions and the volatility in the cost of propane affect propane market volumes. Weather influences the demand for propane, primarily for home and facility heating uses and also for agricultural applications, such as crop drying.

Harsh weather can create conditions that exacerbate demand for propane, impede the transportation and delivery of propane, or restrict the ability 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. Conversely, low prices tend to make customers less price sensitive and less focused on their amount of consumption.

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.

For USRF, demand from end-use heating applications is predictable. However, weather and general economic conditions affect distillates and propane market volumes. Weather influences the immediate demand, 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.

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 4% 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.

Fixed-price Energy Services Business

In 2015, Superior decided to cease marketing efforts and allow existing customer contracts to expire with the intention to exit the Fixed- price energy services business. Given the size of the operation, this will not have a material impact to the Energy Services portfolio.

Supply and Third Party Credit

Fixed-price energy services matches its customers' estimated electricity requirements by entering into electricity swaps. Depending on several factors, including weather, customers' energy consumption may vary from the volumes purchased by fixed-price energy services. Fixed-price energy services is able to invoice existing commercial electricity customers for balancing charges when the amount of energy used is greater or less than the tolerance levels set initially. In certain circumstances, there can be balancing issues for which fixed-price energy services is responsible when customer aggregation forecasts are not realized.

Fixed-price energy services resources its fixed-price term natural gas sales commitments by entering into various physical and financial natural gas and U.S. dollar foreign exchange purchase contracts for similar terms and volumes to create an effective Canadian dollar fixed-price cost of supply. There can be no assurance that any of these counterparties will not default on any of their obligations to Superior. The financial condition of each counterparty is, however, evaluated and credit limits are established to minimize Superior's exposure to this risk. There is also a risk that supply commitments and foreign exchange positions may become mismatched; this is monitored daily, however, in compliance with Superior's risk management policy.

Regulatory

Fixed-price energy services operates in the highly regulated energy industry in Ontario, Quebec, Alberta and British Columbia. Changes to laws could impact this business' operations. As part of the current regulatory framework, local delivery companies are mandated to perform certain services on behalf of fixed-price energy services, including invoicing, collection, assuming specific bad debt risks, and storage and distribution of natural gas. Any elimination or changes to these rules could have a significant adverse effect on the results of this business.

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

On August 9, 2016, Superior divested of its CPD business pursuant to an agreement with Foundation Building Materials, LLC. As a result, Superior may still be subject to certain risks to the extent Superior made representations and warranties to Foundation Building Materials, LLC in the purchase and sale agreement providing for such divestiture.

MANAGEMENT'S REPORT

Management's Responsibility for Financial Reporting

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

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

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

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

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

Luc Desjardins
President and Chief Executive Officer
Superior Plus Corp.

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

Toronto, Ontario
February 16, 2017

AUDITOR'S REPORT

To the Shareholders of Superior Plus Corp.

We have audited the accompanying consolidated financial statements of Superior Plus Corp., which comprise the consolidated balance sheets as at December 31, 2016 and December 31, 2015, and the consolidated statement of changes in equity, consolidated statements of net earnings and total comprehensive income, and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Superior Plus Corp. as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
February 16, 2017
Toronto, Canada

CONSOLIDATED BALANCE SHEETS

(millions of Canadian dollars)	Note	December 31 **2016**	December 31 2015
ASSETS			
Current Assets			
Cash		**5.0**	–
Trade and other receivables	6	**243.2**	374.4
Prepaid expenses	7	**52.1**	59.4
Inventories	8	**101.1**	176.6
Unrealized gains on derivative financial instruments	20	**15.4**	3.5
Assets classified as discontinued operations	4	**0.3**	–
Total Current Assets		**417.1**	613.9
Non-Current Assets			
Property, plant and equipment	9	**933.7**	1,016.7
Intangible assets	10	**32.0**	21.1
Goodwill	11	**199.2**	196.2
Notes and finance lease receivables		**3.4**	3.4
Employee future benefits	19	**6.1**	5.6
Deferred tax	21	**254.2**	285.5
Unrealized gains on derivative financial instruments	20	**1.8**	0.5
Total Non-Current Assets		**1,430.4**	1,529.0
Total Assets		**1,847.5**	2,142.9
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	**261.7**	349.8
Deferred revenue	14	**8.5**	9.7
Borrowing	16&17	**18.3**	33.0
Dividends and interest payable		**11.5**	8.4
Unrealized losses on derivative financial instruments	20	**9.0**	79.4
Liabilities classified as discontinued operations	4	**2.9**	–
Total Current Liabilities		**311.9**	480.3
Non-Current Liabilities			
Borrowing	16&17	**420.7**	581.8
Convertible unsecured subordinated debentures	18	**89.8**	234.4
Other liabilities	15	**11.4**	3.8
Provisions	12	**20.5**	23.2
Employee future benefits	19	**22.1**	26.6
Deferred tax	21	**22.4**	9.7
Unrealized losses on derivative financial instruments	20	**20.1**	69.4
Total Non-Current Liabilities		**607.0**	948.9
Total Liabilities		**918.9**	1,429.2
Equity			
Capital		**1,953.5**	1,930.7
Deficit	23	**(1,136.2)**	(1,328.3)
Accumulated other comprehensive gain	22	**111.3**	111.3
Total Equity	22	**928.6**	713.7
Total Liabilities and Equity		**1,847.5**	2,142.9

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(millions of Canadian dollars)	Note	Share Capital	Contributed Surplus[(1)]	Total Capital	Deficit	Accumulated Other Comprehensive (Loss) Gain	Total
January 1, 2015		1,786.8	1.4	**1,788.2**	**(1,261.1)**	**23.3**	**550.4**
Net earnings		–	–	**–**	**26.5**	**–**	**26.5**
Unrealized foreign currency gains on translation of foreign operations		–	–	**–**	**–**	**86.5**	**86.5**
Actuarial defined benefit gains		–	–	**–**	**–**	**2.4**	**2.4**
Reclassification of derivative losses previously deferred		–	–	**–**	**–**	**(0.2)**	**(0.2)**
Income tax expense on other comprehensive income		–	–	**–**	**–**	**(0.7)**	**(0.7)**
Total comprehensive income					**26.5**	**88.0**	**114.5**
Conversion of 7.50% convertible unsecured debentures		5.2	(0.2)	**5.0**	**–**	**–**	**5.0**
Dividends declared to shareholders	22	–	–	**–**	**(93.7)**	**–**	**(93.7)**
Common shares issued		137.5	–	**137.5**	**–**	**–**	**137.5**
December 31, 2015		1,929.5	1.2	**1,930.7**	**(1,328.3)**	**111.3**	**713.7**
Net earnings		–	–	**–**	**294.6**	**–**	**294.6**
Unrealized foreign currency losses on translation of foreign operations		–	–	**–**	**–**	**(2.9)**	**(2.9)**
Actuarial defined benefit gains	22	–	–	**–**	**–**	**4.0**	**4.0**
Income tax expense on other comprehensive income		–	–	**–**	**–**	**(1.1)**	**(1.1)**
Total comprehensive income					**294.6**	**–**	**294.6**
Dividends declared to shareholders	22	–	–	**–**	**(102.5)**	**–**	**(102.5)**
Common shares issued under dividend reinvestment plan	22	22.8	–	**22.8**	**–**	**–**	**22.8**
December 31, 2016		1,952.3	1.2	**1,953.5**	**(1,136.2)**	**111.3**	**928.6**

(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 Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF NET EARNINGS AND TOTAL COMPREHENSIVE INCOME

Years ended December 31 (millions of Canadian dollars except per share amounts)	Note	2016	2015[1] (restated)
Revenues	24	**2,023.7**	2,253.1
Cost of sales (includes products & services)	24	**(1,367.3)**	(1,594.9)
Gross profit		**656.4**	658.2
Expenses			
Selling, distribution and administrative costs	24	**(567.3)**	(572.6)
Finance expense	24	**(77.6)**	(55.4)
Unrealized gains (losses) on derivative financial instruments	20	**139.6**	(39.8)
		(505.3)	(667.8)
Net earnings (loss) from continuing operations before income taxes		**151.1**	(9.6)
Income tax (expense) recovery	21	**(36.9)**	0.7
Net earnings (loss) from continuing operations		**114.2**	(8.9)
Net earnings from discontinued operations, net of tax expense (2016 - $10.7 million, 2015 - $1.5 million)		**180.4**	35.4
Net earnings		**294.6**	26.5
Other comprehensive income:			
Items that may be reclassified subsequently to net earnings			
Unrealized foreign currency (losses) gains on translation of foreign operations		**(26.3)**	99.0
Other comprehensive income (losses) from discontinued operations		**23.4**	(12.5)
	22	**(2.9)**	86.5
Items that will not be reclassified to net earnings			
Actuarial defined benefit gains	22	**4.0**	2.4
Reclassification of derivatives losses previously deferred	22	**–**	(0.2)
Income tax expense on other comprehensive income	21	**(1.1)**	(0.7)
		2.9	1.5
Other comprehensive income		**–**	88.0
Total comprehensive income		**294.6**	114.5
Net earnings (loss) per share			
From continuing operations:			
Basic	25	**$0.80**	$(0.07)
Diluted	25	**$0.78**	$(0.07)
From discontinued operations:			
Basic	25	**$1.27**	$0.27
Diluted	25	**$1.23**	$0.27

[1] See Note 2 and Note 4

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended December 31 (millions of Canadian dollars)	Note	**2016**	2015
OPERATING ACTIVITIES			
Net earnings		**294.6**	26.5
Adjustments for:			
Depreciation included in selling, distribution and administrative costs	9	**58.4**	56.4
Amortization of intangible assets	10	**7.7**	7.1
Depreciation included in cost of sales	9	**54.5**	63.8
Gain on sale of customer list		**–**	(0.3)
Gain on sale of discontinued operations	4	**(177.6)**	–
(Gains) losses on disposal of assets		**(0.3)**	2.4
Unrealized (gains) losses on derivative financial instruments	20	**(139.6)**	39.8
Customer contract-related costs		**–**	(0.8)
Finance expense recognized in net earnings		**78.3**	56.3
Income tax expense recognized in net earnings		**47.6**	0.8
Changes in non-cash operating working capital	27	**(35.1)**	87.5
Net cash flows from operating activities		**188.5**	339.5
Income taxes paid		**(7.5)**	(24.2)
Interest paid		**(34.2)**	(53.9)
Cash flows from operating activities		**146.8**	261.4
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	30	**(98.0)**	(95.2)
Proceeds from sale of discontinued operation SEM	4	**4.3**	–
Proceeds from sale of discontinued operation CPD (net of disposal costs)	4	**390.5**	–
Proceeds from disposal of property, plant and equipment and intangible assets		**3.3**	2.3
Acquisitions	5	**(8.2)**	(1.6)
Cash flows from (used in) investing activities		**291.9**	(94.5)
FINANCING ACTIVITIES			
Net (repayment) proceeds of revolving term bank credits and other debt		**(147.1)**	89.1
Redemption of 5.75% convertible debentures	18	**–**	(172.5)
Redemption of 7.50% convertible debentures	18	**–**	(69.3)
Redemption of 6.0% convertible debentures	18	**(150.0)**	–
Repayment of senior secured notes		**–**	(39.5)
Repayment of finance lease obligations		**(21.4)**	(23.9)
Settlement of foreign currency forward contracts		**(34.6)**	–
Proceeds from issuance of common shares		**–**	143.8
Issuance costs for common shares		**–**	(6.4)
Proceeds from dividend reinvestment program		**22.8**	–
Dividends paid to shareholders	22	**(102.2)**	(92.8)
Cash flows used in financing activities		**(432.5)**	(171.5)
Net increase (decrease) in cash		**6.2**	(4.6)
Cash, beginning of the year		**–**	3.1
Effect of translation of foreign currency-denominated cash		**(1.2)**	1.5
Cash, end of the year		**5.0**	–

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in Canadian millions of dollars, except per share amounts and as otherwise noted. Tables labelled "2016" and "2015" are as at and for the year ended December 31)

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 shares of Superior General Partner Inc. Superior does not conduct active business operations but rather distributes to shareholders 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 consolidated financial statements of Superior for the year ended December 31, 2016 and 2015 were authorized for issuance by the Board of Directors on February 16, 2017.

Reportable Operating Segments

At December 31, 2016, Superior operates two distinct reportable operating segments: Energy Distribution and Specialty Chemicals. 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 industry and a regional supplier of potassium and chlor-alkali products in the U.S. Midwest. During the year ended December 31, 2016, Superior divested one of its previously reportable operating segments, Construction Products Distribution. Construction Products Distribution was 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 (Note 30).

2. BASIS OF PRESENTATION

(a) Preparation of Financial Statements

The accompanying consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) using the accounting policies Superior adopted in its annual consolidated financial statements as at and for the year ended December 31, 2016. The financial statements were prepared on a going concern basis.

The consolidated financial statements are presented in Canadian dollars, Superior's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest hundred-thousand.

The consolidated financial statements were prepared on the historical cost basis except for the revaluation of certain financial instruments and incorporate the accounts of Superior and its subsidiaries. Subsidiaries are all entities over which Superior has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The results of subsidiaries are included in Superior's statement of net earnings from date of acquisition, or in the case of disposals, up to the effective date of disposal. During the year ended December 31, 2016, Superior disposed of its subsidiaries comprising Construction Products Distribution business. Superior sold assets of its Fixed-Price Energy Services business and has minimal activity in the associated subsidiaries. See Note 4. For comparability, Superior has restated its 2015 financial results to present results from continuing operations and discontinued operations, had the businesses been disposed of January 1, 2015.

All transactions and balances between Superior and its subsidiaries are eliminated on consolidation. Superior's subsidiaries are all wholly owned directly or indirectly by Superior Plus Corp.

(b) Restatement and Reclassification of Comparative Figures

During 2016, Superior reviewed the classification of operating expenses in its Specialty Chemicals business for the purposes of reporting in the consolidated financial statements and has reclassified certain costs that were classified as cost of sales or selling, distribution, and administrative costs. For the year ended December 31, 2015, this resulted in a net reduction to selling, distribution and administrative costs of $7.3 million, and a corresponding increase in cost of sales. The prior year figures have been restated to reflect this reclassification. As a result of this reclassification, there was no change to previously reported net earnings, operating, financing, or investing cash flows, or the amounts presented in the consolidated balance sheet.

Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid short-term investments which, on the date of acquisition, have a term to maturity of three months or less.

(b) Inventories

Energy Distribution

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

Specialty Chemicals

Inventories are valued at the lower of cost and net realizable value. The cost of chemical inventories is determined on a first-in, first-out basis. Stores and supply inventories are costed on a weighted average basis. Transactions are entered into from time to time with other companies to exchange chemical inventories in order to minimize working capital requirements and to facilitate distribution logistics. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale. In the case of manufactured inventories, cost includes an appropriate share of production overhead based on normal o perating capacity.

(c) Financial Instruments and Derivative Financial Instruments

Derivative Financial Instruments

Superior enters into a variety of derivatives to manage its exposure to certain financial risks. Further details of derivative financial instruments are disclosed in Note 20.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-valued to their fair value at each balance sheet date. The resulting gain or loss is recognized in net earnings. Realized gains and losses on derivatives are recognized as a component of revenue, cost of sales or finance expense/revenue, the classification of which depends on the underlying nature of the economic exposure being managed. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in net earnings.

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

Financial Assets

A financial asset is classified at fair value through profit and loss (FVTPL) if it is classified as held for trading or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognized in net earnings as incurred. Financial assets at FVTPL are measured at fair value, and changes therein are recognized in net earnings.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognized immediately in net earnings.

Impairment of Financial Assets

Financial assets measured at amortized cost are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the financial asset's initial recognition, the estimated future cash flows of the investment have been negatively impacted enough so as to render recovery of the amortized value doubtful.

For certain categories of financial assets, such as trade receivables, assets that are assessed as not impaired individually are subsequently assessed for collective impairment. Objective evidence of the impairment of a portfolio of receivables could include Superior's past experience of collecting payments, an increase in the number of delayed payments past the average credit period, in addition to changes in economic conditions that correlate with defaults on receivables. For financial assets carried at amortized cost, the amount of impairment recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, in which case the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of net earnings and comprehensive income. Changes in the carrying amount of the allowance account are recognized in net earnings.

Classification as Debt or Equity

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

Equity Instruments

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

Compound Financial Instruments

The components of compound instruments issued by Superior are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issuance, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity. The equity component is determined by deducting the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax, and is not subsequently re-measured.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial Liabilities at FVTPL

Financial liabilities are classified as FVTPL upon initial recognition or when held for trading. Financial liabilities at FVTPL are stated at fair value with any resulting gain or loss recognized in net earnings. The net gain or loss recognized in net earnings incorporates any related interest expense. Upon initial recognition, attributable transaction costs are recognized in net earnings or loss as incurred. Fair value is determined in the manner described in Note 20.

Other Financial Liabilities

Other financial liabilities, including borrowing, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest basis. Financial liabilities are recognized at amortized cost, using the effective interest rate method, at each reporting period, net of transaction costs directly attributable to the issuance of the liability. Transaction costs related to the issuance of any liability are netted against the carrying value of the associated liability and amortized as part of financing costs over the life of that debt using the effective interest rate method.

Derecognition of Financial Liabilities

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

Financial Guarantees at FVTPL

Financial guarantees are classified as FVTPL when the financial liability is designated as FVTPL upon initial recognition. Financial guarantees at FVTPL are stated at fair value with any resulting gain or loss recognized in net earnings. Fair value is determined in the manner described in Note 20.

(d) Property, Plant and Equipment

Cost

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

Borrowing Costs

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

Depreciation

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

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

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

(e) Intangible Assets

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

Intangible assets acquired in a business combination are identified and recognized separately from goodwill when they satisfy the recognition criteria. The initial cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

Energy Distribution

As a result of Energy Distribution's operating activities in Québec, Superior is required to purchase sufficient Compliance Instruments to offset its carbon footprint. Costs incurred by Energy Distribution to acquire Québec Cap and Trade Compliance Instruments are recorded as intangible assets and measured at cost. As the Compliance Instruments do not diminish over time, they are deemed intangible assets with an indefinite life and are not amortized. The assets are subject to impairment testing subsequent to initial recognition. The Compliance Instruments are classified as non-current and reclassified as current at the end of the compliance period. The assets are settled against the corresponding Cap and Trade liabilities at the end of the compliance period.

Superior's other intangible assets and related amortization rates are summarized as follows:

Non-competition agreements	Term of the agreements (1-5 years)
Royalty agreements	1-10 years
Software	1-3 years
Technology patents	Approximately 10 years

(f) Impairment of Property, Plant and Equipment, Intangible Assets and Investment Properties

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

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized if the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount. Impairment losses are recognized immediately as a separate line item in the consolidated statements of net earnings. When an impairment loss, other than an impairment loss on goodwill, is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, which cannot exceed the original carrying amount less normal depreciation.

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

(g) Business Combinations

All business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values, at the acquisition date of the assets given up, the liabilities incurred or assumed and equity instruments issued by Superior in exchange for control of the acquiree. Transaction costs, other than those associated with the issuance of debt or equity securities, that Superior incurs in connection with a business combination, are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 – Business Combinations are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, which are recognized at fair values less costs to sell, except that:

» Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with International Accounting Standard (IAS) 12 – Income taxes and IAS 19 – Employee Benefits, respectively;

» Liabilities or equity instruments related to the replacement by Superior of an acquiree's share-based payment awards are measured in accordance with IFRS 2 – Share-based Payment; and

» Assets or disposals that are classified as held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Superior will report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances at the acquisition date that, if known, would have affected the amounts recognized at that date.

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

(h) 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 net earnings and total comprehensive income on a comparative basis.

(i) Goodwill

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

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the net earnings on disposal.

(j) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- Superior has transferred to the buyer the significant risks and rewards of ownership of the goods;
- Superior retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to Superior; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Energy Distribution

Revenues from sales are recognized at the time of delivery, or when related services are performed and the above conditions related to revenue from sale of goods are satisfied.

Natural gas revenues are recognized as gas is delivered to local distribution companies and when the above conditions related to revenue from sale of goods are satisfied. Costs associated with balancing the amount of gas used by Energy Distribution customers with the volumes delivered by Energy Distribution to the local distribution companies are recognized as period costs. Electricity revenues are recognized as the electricity is consumed by the end-use customer or sold to third parties.

Rental revenues arising from operating leases are accounted for based on the terms contained in the lease agreements as earned.

Specialty Chemicals

Revenues from chemical sales are recognized at the time of delivery and when the above conditions related to revenue from sale of goods are satisfied.

Construction Contracts

When the outcome of a construction contract for the construction of chlorine dioxide generators can be estimated reliably, revenues and costs are recognized by reference to the percentage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Engineer's reviews are used to determine the stage of completion of contracts in progress.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent it is probable that contract costs are recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense.

Construction Products Distribution

Revenue is recognized when products are delivered to the customer and when the above conditions related to revenue from sale of goods are satisfied. Revenue is stated net of discounts and rebates granted. Revenue earned by Construction Products Distribution during the years ended 2016 and 2015 have been presented in results from discontinued operations.

(k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of Superior at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to Superior is included in the balance sheet as a finance lease obligation as part of borrowing.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in net earnings, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Superior's general policy on borrowing costs (see (d) above). Contingent rentals are recognized as expenses in the period in which they are incurred.

Operating lease payments are recognized as an expense based on terms contained in the lease agreements. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense and amortized over the term of the lease.

(l) Rebates – Construction Products Distribution

Purchase rebates are recognized as a reduction of cost of goods sold when the related performance is completed and the inventory is sold. Vendor rebates that are contingent upon completing a specified level of purchases are recognized as a reduction of cost of goods sold based on a systematic and rational allocation of the cash consideration to each of the underlying transactions that results in progress toward earning that rebate or refund, assuming that the rebate can be reasonably estimated and it is probable that the specified target will be obtained. Otherwise, the rebate is recognized as the milestone is achieved and the inventory is sold. Purchase rebates recognized by Construction Products Distribution during the years ended 2016 and 2015 have been presented in results from discontinued operations.

(m) Provisions

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

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

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

Decommissioning Costs

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

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

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. When the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

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

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

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

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

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

(o) Income Taxes
Income tax expense represents the sum of current income taxes payable and deferred income taxes.

Current Income Taxes
The income tax currently payable is based on taxable net earnings for the year. Taxable net earnings differs from net earnings as reported in the consolidated statement of net earnings and total comprehensive income because it excludes

items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. Superior's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Income Taxes

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

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

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

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

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

Uncertain Tax Positions

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

Current and Deferred Tax for the Period

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

(p) Foreign Currencies

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

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

For the purposes of presenting Superior's consolidated financial statements, the assets and liabilities of Superior's foreign operations, namely of Energy Distribution and Specialty Chemicals in the United States, and of Specialty Chemicals in Chile, are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

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

(q) Share-Based Payments

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

(r) Net Earnings per Common Share

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

(s) 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 as follows:

Fair Value of Derivative and Non-Financial Derivative Instruments

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

Allowance for Doubtful Accounts

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

Property, Plant and Equipment and Intangible Assets
Capitalized assets, including property, plant and equipment and intangible assets, are amortized over their respective estimated useful lives. All estimates of useful lives are set out in 2(d) and 2(e) above.

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

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

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

Asset Impairments
Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amounts are based on a calculation of expected future cash flows, which includes management assumptions and estimates of future performance.

Critical Judgments in Applying Accounting Policies

In applying Superior's accounting policies, described above, management makes judgments that could significantly affect the amounts recognized in the consolidated financial statements. The most critical of these judgments are:

Impairment of Property, Plant and Equipment

An impairment evaluation involves consideration of whether there are indicators of impairment. Indicators include: significant under-performance relative to historical or projected operating results, significant changes in the manner in which an asset is used or in Superior's overall business strategy, or significant negative industry or economic trends. In some cases, these events are clear. In many cases, however, there is no such clearly identifiable event. Instead, a series of individually insignificant events, some of them only later known, leads to an indication that an asset may be impaired. Management continually monitors Superior's segments, the markets, and the business environment, and makes judgments and assessments about conditions and events in order to conclude whether there may be an impairment.

Income Taxes

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

Financial Instruments

The fair value of financial instruments is determined and classified within three categories, which are outlined below and discussed in more detail in Note 20.

Level I

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

Level II

Fair values in Level II are determined using quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and value drivers are observable in active markets.

Level III

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

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

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 38 did not have any impact on its consolidated financial statements.

New and revised IFRS standards not yet effective

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. Although Superior has made progress in its implementation of IFRS 15 by analyzing revenue streams under the new standard and assessing customer contracts, it is not yet possible to make a reliable estimate of the impact of the new standard on the consolidated financial statements.

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. Although Superior has made progress in its assessment of IFRS 16, it is not yet possible to make a reliable estimate of the impact of the new standard on the consolidated financial statements.

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 quarter, rising seasonally again in the fourth quarter with heating demand. Similarly, net working capital is typically at seasonal highs during the first and fourth quarter, and normally declines to seasonal lows in the second and third quarter. Net working capital is also significantly influenced by wholesale propane prices and other refined fuels.

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. During Q4 2016, Superior received the final payment of $0.7 million contingent consideration.

A gain of $3.8 million was recorded within discontinued operations during the year ended December 31, 2016 based on the excess of the proceeds over the carrying value of the intangible assets. Results of the Fixed-Price Energy Services business were previously presented in the Energy Distribution operating segment.

On August 9, 2016, Superior completed the sale of its Construction Products Distribution business (CPD) to Foundation Building Materials, LLC for total cash consideration of US $325 million, less an initial working capital adjustment of US $10.8 million ($14.2 million). The disposal is consistent with Superior's long-term strategy to focus its activities on the Energy Distribution and Specialty Chemicals businesses. The transaction took place in the form of a share sale, and effectively included all assets Superior held in its CPD operating segment. With CPD classified as a discontinued operation, the CPD segment is no longer presented in the Reportable Segment Information note. The consideration substantially exceeded the carrying amount of the related net assets of the CPD business, and thus no impairment was identified.

Subsequent to December 31, 2016 and in accordance with the Sale Purchase Agreement, an additional working capital adjustment of US $9.5 million ($12.7 million) was applied to the sale price. Accordingly, an adjustment has been made to the gain on sale and an accrual has been set up at December 31, 2016 for $12.7 million.

The gain on sale of CPD of $173.8 million is calculated as follows:

	December 31 2016
Gross proceeds[(1)] (net of working capital adjustments of $26.9 million)	399.4
Costs to sell	(21.6)
Net proceeds on disposal	**377.8**
Carrying value of CPD net assets	
Accounts receivable	164.3
Prepaids and other assets	9.7
Inventory	90.0
Property, plant and equipment and intangible assets	57.6
Trade and other payables	(112.5)
Current borrowings	(7.3)
Long-term borrowings	(16.3)
	(185.5)
Recognition of foreign currency translation losses previously recorded in other comprehensive income	(18.5)
Gain on sale of CPD	**173.8**

(1) Gross proceeds of US $325 million ($426.3 million) net of US$20.3 million ($26.9 million) of working capital adjustments. As at December 31, 2016, US$314.2 million ($412.1 million) was received in cash. Subsequent to the review of the working capital adjustment outlined in the Share Purchase Agreement, an additional adjustment of US$9.5 million ($12.7 million) was made to the purchase price.

The gain of $173.8 million was recorded within results from discontinued operations during the year ended December 31, 2016 based on the excess of the proceeds less costs to sell over the carrying value of the CPD net assets, as well as cumulative foreign currency translation adjustments attributable to CPD previously recorded in other comprehensive income.

The assets and liabilities classified as discontinued operations presented on the consolidated balance sheets is as follows:

As at December 31	**2016**	2015
Assets		
Trade and other receivables	**0.3**	–
Assets held by discontinued operations	**0.3**	–
Liabilities		
Trade and other payables	**2.9**	–
Liabilities held by discontinued operations	**2.9**	–

Net earnings from discontinued operations reported in the consolidated statement of net earnings and total comprehensive income for the comparative 2015 period has been restated to separately present results from those operations classified as discontinued operations in the current year. Net earnings from discontinued operations reported in the consolidated statements of net earnings are as follows:

	2016	2015
Revenues		
Revenue from products	**639.7**	1,066.1
Realized losses on derivative financial instruments	**(3.6)**	(4.6)
	636.1	1,061.5
Cost of sales (includes products and services)		
Cost of products and services	**(476.8)**	(790.3)
Realized losses on derivative financial instruments	**(6.1)**	(22.7)
	(482.9)	(813.0)
Selling, distribution and administrative costs		
General and administrative costs	**(35.4)**	(51.5)
Employee costs	**(84.0)**	(129.3)
Depreciation of property, plant, and equipment	**(4.8)**	(7.5)
Facilities maintenance expense	**(1.9)**	(2.7)
Vehicle operating expense	**(10.2)**	(17.3)
Amortization of intangible assets	**(2.7)**	(2.7)
Gain on disposal of assets	**–**	0.3
	(139.0)	(210.7)
Finance expenses		
Finance lease obligation interest	**(0.7)**	(0.9)
	(0.7)	(0.9)
Net earnings from discontinued operations before income taxes	**13.5**	36.9
Gain on disposal of discontinued operations including a cumulative exchange loss of $18.5 million reclassified from other comprehensive income(1)	**177.6**	–
Income tax expense	**(10.7)**	(1.5)
Net earnings from discontinued operations	**180.4**	35.4

(1) $177.6 million consists of a $173.8 million gain from the sale of CPD on August 9, 2016 as well as a $3.8 million gain from the sale of the Fixed-Price Energy Services business in Q1 2016.

Cash flows from discontinued operations reported in the consolidated statement of cash flows for the comparative 2015 period has been restated to separately present cash flows from those operations classified as discontinued operations in current year. Cash flows from discontinued operations reported in the consolidated statement of cash flows are as follows:

Year ended	**2016**	2015
Cash flows from operating activities	**25.0**	46.2
Cash flows from investing activities	**381.9**	(16.2)
Cash flows used in financing activities	**(2.6)**	(3.4)
Net increase in cash from discontinued operations	**404.3**	26.6
Change in cash from continuing operations	**(398.1)**	(31.2)
Effect of translation of foreign denominated cash	**(1.2)**	1.5
Cash, beginning of year	**–**	3.1
Cash, end of year	**5.0**	–

5. ACQUISITIONS

On June 14, 2016, Superior acquired the assets of Caledon Propane Inc. (Caledon), a family-owned propane business with operations in Ontario and Manitoba. The total purchase price was $8.2 million excluding taxes.

Caledon Acquisition	Fair Value Recognized on Acquisition
Property, plant and equipment	4.2
Inventory	0.7
Net identifiable assets and liabilities	4.9
Goodwill arising on acquisition	3.3
Total Consideration	**8.2**
Purchase considerations components	
Cash	8.2
Total Purchase Consideration	**8.2**

Revenue and net earnings for the year ended December 31, 2016 would have been $10.9 million and $1.4 million, respectively, if the acquisition had occurred on January 1, 2016. Subsequent to the acquisition date on June 14, 2016, the acquisition contributed revenue and net earnings of $5.4 million and $0.6 million, respectively, to the Energy Distribution segment for the period ended December 31, 2016.

On April 1, 2015, Superior acquired the assets of Warner's Gas Service Inc. (Warner's) which is a small private propane and fuel distribution business in Vestal, New York for an aggregate purchase price of $5.5 million including adjustments to net working capital and deferred consideration. The operations will provide U.S. refined fuels with access to additional propane customers.

Warner's Acquisition	Fair Value Recognized on Acquisition
Property, plant and equipment	1.9
Intangible assets	3.5
Trade and other payables	(0.7)
	4.7
Net identifiable assets and liabilities	4.7
Goodwill arising on acquisition	0.8
Total consideration	5.5
Purchase consideration components:	
Cash (paid on April 1, 2015)	1.6
Deferred consideration	3.9
Total purchase consideration	**5.5**

6. TRADE AND OTHER RECEIVABLES

A summary of trade and other receivables is as follows:

	2016	2015
Trade receivables, net of allowances	**235.3**	341.5
Accounts receivable – other	**7.9**	32.9
Trade and other receivables	**243.2**	374.4

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

	2016	2015
Current	**183.0**	244.6
Past due less than 90 days	**51.5**	89.4
Past due over 90 days	**5.1**	14.8
Trade receivables	**239.6**	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 $4.3 million as at December 31, 2016 (December 31, 2015 – $7.3 million). The movement in the provision for doubtful accounts was as follows:

	2016	2015
Allowance for doubtful accounts, beginning of the year	**(7.3)**	(8.5)
Derecognized on sale of CPD	**1.9**	–
Additions	**(4.2)**	(7.8)
Amounts written off during the year as uncollectible	**1.4**	6.4
Amounts recovered	**3.9**	2.6
Allowance for doubtful accounts, end of the year	**(4.3)**	(7.3)

7. PREPAID EXPENSES

	2016	2015
Prepaid insurance	**13.2**	15.1
Tax installments	**33.1**	32.5
Deposits	**1.0**	3.7
Leases & licenses	**2.6**	2.3
Storage & rent	**0.9**	2.0
Foreign exchange impact & other	**1.3**	3.8
Balance at the end of the year	**52.1**	59.4

8. INVENTORIES

	2016	2015
Propane, heating oil and other refined fuels	**54.0**	37.7
Propane retailing materials, supplies, appliances and other	**7.7**	7.5
Chemical finished goods and raw materials	**25.6**	29.4
Chemical stores, supplies and other	**13.8**	13.2
Wall, ceiling and insulation construction products	–	88.8
	101.1	176.6

Continuing Operations

	2016	2015
Cost of inventories recognized as an expense	**1,157.3**	1,363.3
Inventory write-downs	**2.2**	1.3
Write-down reversals	**1.0**	7.1

Discontinued Operations

	2016	2015
Cost of inventories recognized as an expense	**448.3**	698.2
Inventory write-downs	**0.1**	0.6
Write-down reversals	**–**	0.3

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Specialty Chemicals Plant & Equipment	Energy Distribution Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Cost							
Balance at December 31, 2014	30.6	171.3	891.3	684.2	54.2	11.9	1,843.5
Additions	–	14.3	20.3	62.1	23.9	2.5	123.1
Additions related to ARO and provisions	–	0.6	–	1.2	–	–	1.8
Disposals	(0.1)	(0.9)	(3.9)	(23.3)	(6.1)	(0.3)	(34.6)
Net foreign currency exchange differences	2.0	16.2	52.8	41.9	6.8	0.4	120.1
Transfers between divisions	–	0.2	–	(0.2)	–	–	–
Reclassification	0.3	–	–	–	–	0.2	0.5
Other	–	5.5	–	–	–	(0.2)	5.3
Balance at December 31, 2015	32.8	207.2	960.5	765.9	78.8	14.5	2,059.7
Additions	**–**	**5.9**	**30.1**	**53.3**	**12.8**	**0.4**	**102.5**
Acquisitions through business combinations	**–**	**–**	**–**	**4.2**	**–**	**–**	**4.2**
Adjustments related to ARO and provisions	**–**	**(0.5)**	**–**	**(1.3)**	**–**	**–**	**(1.8)**
Disposals	**(0.8)**	**(3.4)**	**(2.1)**	**(16.7)**	**(88.0)**	**(9.1)**	**(120.1)**
Net foreign currency exchange differences	**(0.4)**	**(2.9)**	**(12.9)**	**(8.2)**	**(2.6)**	**0.1**	**(26.9)**
Transfers between divisions	**–**	**–**	**–**	**0.2**	**–**	**(0.2)**	**–**
Reclassification	**–**	**–**	**–**	**–**	**(0.4)**	**0.4**	**–**
Other	**–**	**–**	**(11.5)**	**–**	**(0.6)**	**(0.1)**	**(12.2)**
Balance at December 31, 2016	**31.6**	**206.3**	**964.1**	**797.4**	**–**	**6.0**	**2,005.4**
Accumulated Depreciation							
Balance at December 31, 2014	–	58.2	443.5	369.9	30.9	8.8	911.3
Depreciation expense	–	7.0	57.8	47.7	7.0	0.7	120.2
Eliminated on disposal of assets	–	(1.0)	(2.7)	(18.9)	(6.0)	(0.3)	(28.9)
Net foreign currency exchange differences	–	4.7	13.5	12.7	3.0	0.3	34.2
Transfers between divisions	–	0.2	–	(0.1)	–	–	0.1
Reclassification	–	–	–	–	–	0.1	0.1
Other	–	6.1	–	(0.1)	–	–	6.0
Balance at December 31, 2015	–	75.2	512.1	411.2	34.9	9.6	1,043.0
Depreciation expense	**–**	**7.9**	**48.2**	**51.4**	**4.7**	**0.7**	**112.9**
Eliminated on disposal of assets	**–**	**(2.3)**	**(1.5)**	**(13.5)**	**(39.6)**	**(6.9)**	**(63.8)**
Net foreign currency exchange differences	**–**	**(0.8)**	**(9.0)**	**(2.6)**	**–**	**(0.1)**	**(12.5)**
Transfers between divisions	**–**	**–**	**–**	**0.1**	**–**	**(0.1)**	**–**
Other	**–**	**–**	**(7.9)**	**–**	**–**	**–**	**(7.9)**
Balance at December 31, 2016	**–**	**80.0**	**541.9**	**446.6**	**–**	**3.2**	**1,071.7**
Carrying Amount							
As at December 31, 2015	32.8	132.0	448.4	354.7	43.9	4.9	1,016.7
As at December 31, 2016	**31.6**	**126.3**	**422.2**	**350.8**	**–**	**2.8**	**933.7**

Depreciation per cost category:

	2016	2015
Cost of sales	**54.5**	63.8
Selling, distribution and administrative costs – continuing operations	**53.6**	48.9
Selling, distribution and administrative costs – discontinued operations	**4.8**	7.5
Total	**112.9**	120.2

Superior's property, plant and equipment were assessed for indicators of impairment as at December 31, 2016 and 2015 and the Company did not identify any indicators of impairment. Therefore, the carrying value was not adjusted. See Note 11 for further details on testing of property, plant, and equipment impairment in CGUs. The carrying value of Superior's property, plant, and equipment includes $64.9 million of leased assets as at December 31, 2016 (December 31, 2015 – $87.6 million).

10. INTANGIBLE ASSETS

	Customer Contract-Related Costs	Québec Cap and Trade Emissions Units Purchased	Energy Distribution Trademarks, Customer Base & Non-Compete Agreements	Construction Products Distribution Intangible Assets	Specialty Chemicals Royalty Assets and Patents	Investment Property	Total
Cost							
Balance at December 31, 2014	12.2	–	33.5	1.8	65.4	0.4	113.3
Acquisitions through business combinations	–	–	3.4	–	–	–	3.4
Additions acquired separately	0.9	–	3.6	–	–	–	4.5
Disposals	(1.4)	–	(0.5)	–	–	–	(1.9)
Reclassifications	–	–	–	0.1	–	(0.4)	(0.3)
Net foreign currency exchange differences	–	–	1.3	–	–	–	1.3
Other	–	–	0.8	–	–	–	0.8
Balance at December 31, 2015	11.7	–	42.1	1.9	65.4	–	121.1
Additions acquired separately	–	9.1	10.2	–	–	–	19.3
Disposals	(11.7)	–	(3.6)	(1.9)	(65.4)	–	(82.6
Net foreign currency exchange differences	–	–	(0.3)	–	–	–	(0.3)
Balance at December 31, 2016	**–**	**9.1**	**48.4**	**–**	**–**	**–**	**57.5**
Accumulated Amortization							
Balance at December 31, 2014	9.1	–	18.7	1.4	65.4	–	94.6
Amortization expense	2.4	–	4.7	–	–	–	7.1
Disposals	(1.3)	–	(0.5)	–	–	–	(1.8)
Reclassifications	–	–	(0.1)	–	–	–	(0.1)
Net foreign currency exchange differences	–	–	0.2	–	–	–	0.2
Balance at December 31, 2015	10.2	–	23.0	1.4	65.4	–	100.0
Amortization expense	1.5	–	6.2	–	–	–	7.7
Disposals	(11.7)	–	(3.7)	(1.4)	(65.4)	–	(82.2)
Balance at December 31, 2016	**–**	**–**	**25.5**	**–**	**–**	**–**	**25.5**
Carrying value[1]							
As at December 31, 2015	1.5	–	19.1	0.5	–	–	21.1
As at December 31, 2016	**–**	**9.1**	**22.9**	**–**	**–**	**–**	**32.0**

(1) Superior has pledged 100% of the intangible assets balance as at December 31, 2016, excluding leased assets, as security on its borrowing.

Superior's intangibles were tested for impairment as at December 31, 2016 and 2015 and the Company did not identify any impairment. Therefore, the carrying value was not adjusted for the current year.

11. GOODWILL

	2016	2015
Balance at the beginning of the year	**196.2**	194.2
Additional amounts recognized from business combinations during the year	**3.3**	0.8
Effect of foreign currency differences	**(0.3)**	1.2
Balance at the end of the year	**199.2**	196.2

Goodwill is a result of a number of previous business combinations and is generally attributable to anticipated synergies expected from those acquisitions. Goodwill by definition has an indefinite life and, therefore, is not amortized.

Impairment of property, plant and equipment, goodwill and intangible assets

Goodwill is subject to impairment tests at least annually. For purposes of impairment testing, Superior assesses goodwill at the CGU level and has allocated all remaining goodwill to Energy Distribution.

Before recognition of impairment losses, the carrying amount of goodwill was allocated to the CGUs as follows:

	2016	2015
Energy Distribution	**199.2**	196.2

Superior conducts assessments for indicators of impairment on a quarterly basis and performs a detailed impairment assessment at least annually. At December 31, 2016 and 2015, an impairment test was performed for all CGUs with allocated goodwill and no impairment was identified. The recoverable amount of the CGU was based on its value in use and was determined by estimating the future cash flows that would be generated from the continuing use of the CGU, incorporating the following assumptions:

Basis on which recoverable amount was determined

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

Key rates used in calculation of recoverable amount

Growth rate to perpetuity

The first five years of cash flow projections used in the model are based on management's internal budgets and projections after five years are extrapolated using growth rates in line with historical long-term growth rates. The long-term growth rate used in determining the recoverable amount for each CGU is 2.0% (2015 – 2.0%).

Discount rates

Cash flows in the model are discounted using a discount rate specific to each CGU which is adjusted based on risk assessments for each CGU. Discount rates reflect the current market assessments of the time value of money and are derived from the CGU's weighted average cost of capital. The weighted average cost of capital is then adjusted to reflect the impact of tax in order to calculate an equivalent pre-tax discount rate. The after-tax discount rates used in determining the recoverable amount for the CGU's range from 9.0% to 9.3% (2015 – 9.0% to 9.8%).

Inflation rates

Inflation rates used in the cash flow model are based on a blend of a number of publicly available inflation forecasts. The inflation rate used in determining the recoverable amount for each CGU is 2.0% (2015 – 2.0%).

Key assumptions

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

As at December 31, 2016 and 2015, using the assumptions outlined above, Superior did not identify any indicators of impairment for the Energy Distribution CGU. Therefore, the carrying values of Energy Distribution's property, plant and equipment, goodwill and intangibles were not adjusted. No impairment charge was recognized as an expense against Superior's net earnings for the years ended December 31, 2016 and 2015.

12. PROVISIONS

	Restructuring	Decommissioning	Environmental	Total
Balance at December 31, 2014	7.4	18.7	1.2	27.3
Additions	–	–	0.3	0.3
Utilization	(6.1)	–	(0.2)	(6.3)
Amounts reversed during the year	(0.8)	–	(0.4)	(1.2)
Unwinding of discount	–	0.7	–	0.7
Impact of change in discount rate	–	0.2	–	0.2
Net foreign currency exchange difference	–	2.6	0.1	2.7
Balance at December 31, 2015	0.5	22.2	1.0	23.7
Additions	7.0	–	0.3	7.3
Utilization	(2.3)	(0.1)	(0.7)	(3.1)
Amounts reversed during the year	–	(0.4)	(0.5)	(0.9)
Unwinding of discount	–	(0.4)	–	(0.4)
Impact of change in discount rate	–	(0.4)	–	(0.4)
Divestitures	(0.4)	(0.2)	–	(0.6)
Net foreign currency exchange difference	–	(0.3)	–	(0.3)
Balance at December 31, 2016	**4.8**	**20.4**	**0.1**	**25.3**

	Note	2016	2015
Current	**13**	**4.8**	0.5
Non-current		**20.5**	23.2
		25.3	23.7

Restructuring

Restructuring costs are recorded in selling, distribution, and administrative costs as well as cost of sales. Provisions for restructuring are recorded in provisions, except for the current portion, which is recorded in trade and other payables. As at December 31, 2016, the current portion of the restructuring provision was $4.8 million (December 31, 2015 – $0.5 million). As at December 31, 2016, the long-term portion of the restructuring provision was nil (December 31, 2015 – nil). The provision is primarily for severance costs.

Decommissioning

Specialty Chemicals

Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. The provision is on a discounted basis and is based on existing technologies at current prices or long-term price assumptions, depending on the activity's expected timing. As at December 31, 2016, the discount rate used in Superior's calculation was 2.31% (December 31, 2015 – 2.16%). Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $22.7 million (December 31, 2015 – $23.1 million) which will be paid over the next 15 to 23 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 incurring 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 asset retirement obligations to be approximately $10.2 million at December 31, 2016 (December 31, 2015 – $12.3 million) which will be paid over the next 15 years. The risk-free rate of 2.31% at December 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 $0.1 million at December 31, 2016 (December 31, 2015 – $0.9 million) which will be paid over the next year. The provision for environmental expenditures has been estimated using existing technology at current prices. No discount rate has been applied as the liability is to be settled within 12 months. The extent and cost of future remediation programs are inherently difficult to estimate. They depend on the scale of any possible contamination, the timing and extent of corrective actions, and Superior's share of the liability.

Other Claims

Superior is subject to various claims and potential claims in the normal course of business, but the company does not expect the ultimate settlement of any of these to have a material effect on its financial results. The outcome of all the proceedings and claims against Superior is subject to future resolution that includes the uncertainties of litigation. It is not possible for Superior to predict the result or magnitude of the claims due to the various factors and uncertainties involved in the legal process. Based on information currently known to Superior, it is not probable that the ultimate resolution of any proceedings and claims, individually or in total, will have a material effect on the Consolidated Statement of Net Earnings and Total Comprehensive Income or Consolidated Balance Sheets. If it becomes probable that Superior is liable, Superior will record a provision in the period the change in probability occurs, and the resulting impact could be material to the Consolidated Statement of Net Earnings and Total Comprehensive Income or Consolidated Balance Sheets.

13. TRADE AND OTHER PAYABLES

A summary of trade and other payables is as follows:

	Note	**2016**	2015
Trade payables		**182.6**	240.9
Restructuring provision	**12**	**4.8**	0.5
Other payables		**59.2**	98.3
Share-based payments	**26**	**15.1**	10.1
Trade and other payables		**261.7**	349.8

The average credit period on purchases by Superior is 29 days. No interest is charged on the trade payables up to 15 days from the date of the invoice. Thereafter, interest is charged at a rate of up to 18% per annum on the balance. Superior's financial risk management policies ensure that payables are normally paid within the pre-agreed credit terms.

14. DEFERRED REVENUE

	2016	2015
Balance at the beginning of the year	**9.7**	9.1
Deferred during the year	**17.1**	19.7
Released to net earnings	**(17.7)**	(20.1)
Foreign exchange impact	**(0.6)**	1.0
Balance at the end of the year	**8.5**	9.7

The deferred revenue relates to Energy Distribution's unearned service revenue.

15. OTHER LIABILITIES

	2016	2015
Supply agreement	**5.2**	3.8
Québec cap and trade payable	**6.2**	–
	11.4	3.8

The supply agreement above relates to the Specialty Chemicals purchase and supply agreements with Tronox LLC (Tronox) whereby Superior agreed to purchase up to 130,000 metric tonnes (MT) of sodium chlorate per year from Tronox's Hamilton, Mississippi facility as nominated annually by Specialty Chemicals. Specialty Chemicals also agreed to supply Tronox with certain products to service Tronox requirements in North America. Tronox commenced decommissioning of the facility upon completion of Superior's 2015 sodium chlorate requirements. However, Specialty Chemicals' supply portion of the agreement will continue to 2019.

Superior transports exports propane to and from Québec. As a result of importing propane, Superior must purchase compliance instruments to comply with the Québec Cap and Trade regulations. Intangible assets are recorded when purchased, and cap and trade liabilities are accrued monthly with the import of propane. The liability at December 31, 2016 was $6.2 million (December 31, 2015 – nil). Superior is required to settle the compliance instruments with the Québec provincial government at the end of the compliance period.

16. BORROWING

	Year of Maturity	Effective Interest Rate	**2016**	2015
Revolving Term Bank Credit Facilities(1)				
Bankers' Acceptances (BA)	2019	Floating BA rate plus applicable credit spread	**20.0**	251.6
Canadian Prime Rate Loan	2019	Prime rate plus credit spread	**10.7**	17.7
LIBOR Loans (US$104.0 million; 2015 – US$92.0 million)	2019	Floating LIBOR rate plus applicable credit spread	**139.7**	51.2
US Base Rate Loan (US$8.6 million; 2015 – US$19.8 million)	2019	U.S. prime rate plus credit spread	**11.5**	14.8
			181.9	335.3
Other Debt				
Accounts receivable factoring program(2)	–	Floating BA Plus	**1.7**	2.6
Deferred consideration	2016-2018	Non-interest-bearing	**4.4**	6.5
			6.1	9.1
Senior Unsecured Notes				
Senior unsecured notes(3)	2021	6.50%	**200.0**	200.0
Finance Lease Obligations				
Finance lease obligations (Note 17)			**56.7**	81.2
Total borrowing before deferred financing fees			**444.7**	625.6
Deferred financing fees			**(5.7)**	(10.8)
Borrowing			**439.0**	614.8
Current maturities			**(18.3)**	(33.0)
Borrowing			**420.7**	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. The credit facility is for $570.0 million. As at December 31, 2016, Superior had $21.7 million of outstanding letters of credit (December 31, 2015 – $27.6 million) and approximately $148.7 million of outstanding financial guarantees (December 31, 2015 – $151.0 million). The fair value of Superior's revolving term bank credit facilities, other debt, letters of credit, and financial guarantees approximates their carrying value as a result of the market-based interest rates, 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 December 31, 2016, the accounts receivable factoring program totalled CDN $1.7 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 finance fees are as follows:

Current maturities	18.3
Due in 2018	15.4
Due in 2019	189.5
Due in 2020	9.7
Due in 2021	205.3
Due in 2022 and after	6.5
Total	**444.7**

17. LEASING ARRANGEMENTS

Operating Lease Commitments

Superior has entered into leases on certain vehicles, rail cars, premises and other equipment. Leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon Superior by entering into these leases.

Future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
Not later than one year	**34.6**	51.8
Later than one year and not later than five years	**82.5**	135.4
Later than five years	**34.2**	59.4
	151.3	246.6

Obligations under Finance Lease

Finance leases relate to fuel distribution vehicles, equipment and office space with lease terms of five to 15 years. Superior has options to purchase the assets for a nominal amount at the conclusion of the lease agreements. Superior's obligations under finance leases are secured by the lessors' title to the leased assets.

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
The present values of minimum lease payments are as follows:	**2016**	2015	**2016**	2015
Not later than one year	**13.4**	27.2	**13.4**	25.0
Later than one year and not later than five years	**41.9**	54.3	**36.9**	46.9
Later than five years	**6.9**	9.9	**6.4**	9.3
Less: future finance charges	**(5.5)**	(10.2)	**–**	–
Present value of minimum lease payments	**56.7**	81.2	**56.7**	81.2

Included in the consolidated balance sheets as at December 31:

	2016	2015
Current portion of finance lease	**13.4**	25.0
Non-current portion of finance lease	**43.3**	56.2
	56.7	81.2

18. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

Superior's debentures are as follows:

	June	June	
Maturity	**2018**	**2019**	**Total**
Interest rate	6.00%	6.00%	**Carrying**
Conversion price per share	$15.10[(1)]	$16.75	**Value**
Face value, December 31, 2015	150.0	97.0	247.0
Conversions	–	–	–
Redemptions[(1)]	(150.0)	–	(150.0)
Face value, December 31, 2016	**–**	**97.0**	**97.0**
Issuance costs, December 31, 2015	(2.3)	(2.5)	(4.8)
Costs incurred	–	–	–
Impact of redemption	–	–	–
Amortization of issuance costs	2.3	0.6	2.9
Issuance costs, December 31, 2016	**–**	**(1.9)**	**(1.9)**
Discount value, December 31, 2015	(0.8)	3.6	2.8
Impact of redemption	–	–	–
Accretion of discount value	0.8	1.7	2.5
Discount value, December 31, 2016	**–**	**5.3**	**5.3**
Option value, December 31, 2016	**–**	**(10.6)**	**(10.6)**
Debentures outstanding as at December 31, 2016	**–**	**89.8**	**89.8**
Debentures outstanding as at December 31, 2015	146.9	87.5	234.4
Quoted market value as at December 31, 2016	**–**	**99.5**	**99.5**
Quoted market value as at December 31, 2015	151.1	98.3	249.4

(1) On September 15, 2016 Superior redeemed $150.0 million of outstanding 6.0% convertible unsecured subordinated debentures.

Superior's convertible debentures due in 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.

As Superior has the option to pay the debenture holders cash in lieu of issuing common shares upon conversion, the convertible debentures are a financial liability with an embedded conversion option derivative. The embedded conversion option derivatives and liability components of the convertible debentures due in June 2019 were separated. The liability components, net of transaction costs, are accounted for at amortized cost with interest expense recognized on an effective yield basis. The embedded conversion option derivatives are accounted for at fair value through net earnings. See Note 20 for further details.

19. EMPLOYEE FUTURE BENEFITS

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on December 31, 2016. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

	Defined Benefit Plans		Other Benefit Plans	
	2016	2015	**2016**	2015
Discount rate	**3.75%**	3.75%	**3.75%**	3.75%
Expected rate of compensation increase	**3.00%**	3.00%	**3.00%**	3.00%
Mortality rate	**10.00%**	10.00%	**10.00%**	10.00%

Energy Distribution and Specialty Chemicals have defined benefit and defined contribution pension plans covering most employees. The benefits provided under defined benefit pension plans are based on the individual employee's years of service and the highest average earnings for a specified number of consecutive years. Information about Superior's defined benefit and other post-retirement benefit plans as at December 31, 2016 and December 31, 2015 in aggregate is as follows:

Recognized net (asset) liability arising from defined benefit obligation

	Energy Distribution Pension Benefit Plans	Specialty Chemicals Pension Benefit Plans	Other Benefit Plans
Balance as at December 31, 2016			
Present value of defined benefit obligations	41.9	126.9	22.1
Fair value of plan assets	(45.0)	(129.9)	–
Net (asset) liability arising from defined benefit obligation	(3.1)	(3.0)	22.1
Balance as at December 31, 2015			
Present value of defined benefit obligations	43.5	123.0	24.9
Fair value of plan assets	(47.8)	(122.6)	–
Net (asset) liability arising from defined benefit obligation	(4.3)	0.4	24.9

Movements in defined benefit obligations and plan assets:

	Energy Distribution Pension Benefit Plans		Specialty Chemicals Pension Benefit Plans		Other Benefit Plans	
	2016	2015	**2016**	2015	**2016**	2015
Movement in the present value of the defined benefit obligation during the year:						
Benefit obligation at January 1	**43.5**	45.9	**123.0**	120.1	**24.9**	25.0
Current service cost	**–**	–	**2.2**	2.3	**0.4**	0.3
Interest cost	**1.6**	1.6	**4.6**	4.4	**0.9**	0.9
Contributions by the plan participants	**–**	–	**0.1**	0.1	**–**	–
Actuarial losses (gains)	**0.7**	–	**2.1**	0.2	**(3.0)**	(0.2)
Benefits paid	**(3.9)**	(4.0)	**(5.1)**	(4.1)	**(1.1)**	(1.1)
Benefit obligation as at December 31	**41.9**	43.5	**126.9**	123.0	**22.1**	24.9
Movement in the fair value of the plan assets during the year:						
Fair value of plan assets at January 1	**47.8**	49.3	**122.6**	114.3	**–**	–
Expected return on plan assets	**1.7**	1.7	**4.6**	4.3	**–**	–
Excess return on plan assets	**(0.6)**	0.6	**4.2**	1.8	**–**	–
Contributions by the employer	**–**	0.4	**3.7**	6.6	**1.2**	1.1
Contributions by plan participants	**–**	–	**0.1**	0.1	**–**	–
Benefits paid	**(3.8)**	(4.0)	**(5.1)**	(4.1)	**(1.2)**	(1.1)
Administration expenses	**(0.1)**	(0.2)	**(0.2)**	(0.4)	**–**	–
Fair value of plan assets as at December 31	**45.0**	47.8	**129.9**	122.6	**–**	–
Funded status - plan surplus (deficit)	**3.1**	4.3	**3.0**	(0.4)	**(22.1)**	(24.9)
Assets related to defined benefit obligation	**3.1**	4.3	**3.0**	–	**–**	1.3
Liabilities related to defined benefit obligation	**–**	–	**–**	(0.4)	**(22.1)**	(26.2)
Net asset (obligation) arising from defined benefit obligation	**3.1**	4.3	**3.0**	(0.4)	**(22.1)**	(24.9)
Non-current net benefit asset (obligation)	**3.1**	4.3	**3.0**	(0.4)	**(22.1)**	(24.9)

The accrued net pension asset related to the Energy Distribution pension benefit plan on December 31, 2016 was $3.1 million (December 31, 2015 – asset of $4.3 million), and the expense for 2016 was $0.1 million (year ended December 31, 2015 – $0.1 million). The accrued net pension asset related to the Specialty Chemicals pension benefit plan on December 31, 2016 was $3.0 million (December 31, 2015 – obligation of $0.4 million), and the expense for 2016 was $2.5 million (year ended December 31, 2015 – $2.8 million).

The accrued net benefit obligation related to the total other benefit plans of Energy Distribution and Specialty Chemicals on December 31, 2016 was $22.1 million (December 31, 2015 – obligation of $24.9 million), and the expense for 2016 was $1.2 million (year ended December 31, 2015 – $1.2 million). Amounts recognized in net earnings in respect of these defined benefit plans are as follows for the years ended December 31:

	2016	2015
Service Cost:		
Current service cost	**2.6**	2.6
Administrative expense	**0.5**	0.6
Net interest expense	**0.7**	0.9
Components of defined benefit costs recognized in net earnings	**3.8**	4.1

The service cost, administrative expense and net interest expense related to Energy Distribution and Specialty Chemicals on December 31, 2016 was $3.8 million (December 31, 2015 – $4.1 million) and is included in selling, distribution and administrative costs.

The re-measurement of the net defined benefit liability is included in other comprehensive income. The amounts recognized in accumulated other comprehensive income in respect of these benefit plans are as follows:

	2016	2015
Actuarial defined benefit losses (before income taxes)	**3.9**	(2.4)
Cumulative actuarial losses (before income taxes)	**(6.9)**	(10.8)

Re-measurement on the net benefit obligation:	**2016**	2015
Cumulative actuarial losses, beginning of the year	**(10.8)**	(13.2)
Actuarial asset experience gain	**3.6**	2.4
Actuarial loss arising from changes in demographic assumptions	**(1.7)**	–
Actuarial loss arising from changes in financial assumptions	**(1.3)**	–
Actuarial gain arising from changes in experience adjustments	**3.3**	–
Cumulative actuarial losses, end of the year	**(6.9)**	(10.8)

Significant actuarial assumptions for the determination of the accrued defined benefit obligation are discount rate, compensation increase, mortality scale and trend rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring as at December 31, 2016, while holding all other assumptions constant.

Discount Rate

A 1% change in the discount rate would result in a change to the accrued defined benefit obligation related to Energy Distribution of $4.3 million at December 31, 2016 (December 31, 2015 – $4.7 million) and a change to the current service expense of $0.1 million at December 31, 2016 (December 31, 2015 – $0.1 million). A 1% change in the discount rate would result in a change to the accrued defined benefit obligation related to Specialty Chemicals of $20.2 million at December 31, 2016 (December 31, 2015 – $20.1 million) and a change to the current service expense of $1.0 million at December 31, 2016 (December 31, 2015 – $1.0 million).

Compensation Increase

A 1% change in the salary would result in a change to the accrued defined benefit obligation related to Energy Distribution of $nil at December 31, 2016 (December 31, 2015 – $nil) and a change to the current service expense of $nil at December 31, 2016 (December 31, 2015 – $nil). A 1% change in salary would result in a change to the accrued defined benefit obligation related to Specialty Chemicals of $1.8 million at December 31, 2016 (December 31, 2015 – $1.8 million) and a change to the current service expense of $0.2 million at December 31, 2016 (December 31, 2015 – $0.2 million).

Mortality Scale

A 10% change in the mortality scale would result in a change to the accrued defined benefit obligation related to Energy Distribution of $2.1 million at December 31, 2016 (December 31, 2015 – $2.3 million) and a change to the current service expense of $0.1 million at December 31, 2016 (December 31, 2015 – $0.2 million). A 10% change in the mortality scale would result in a change to the accrued defined benefit obligation related to Specialty Chemicals of $3.4 million at December 31, 2016 (December 31, 2015 – $3.0 million) and a change to the current service expense of $0.2 million at December 31, 2016 (December 31, 2015 – $0.2 million).

Trend Rate

A 1% change in the trend rate would result in a change to the accrued defined benefit obligation related to Energy Distribution of $0.4 million at December 31, 2016 (December 31, 2015 – $0.9 million) and a change to the current service expense of $nil at December 31, 2016 (December 31, 2015 – $nil). A 1% change in the trend rate would result in a change to the accrued defined benefit obligation liability related to Specialty Chemicals of $1.2 million at December 31, 2016 (December 31, 2015 – $1.0 million) and a change to the current service expense of $0.1 million at December 31, 2016 (December 31, 2015 – $0.1 million).

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

The present value of the defined benefit obligation has been calculated using the projected unit credit as at December 31, 2016, which is the same as that applied in calculating the accrued defined benefit obligation recognized in the consolidated balance sheets.

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

The average duration of the net benefit obligation related to Energy Distribution is 8.4 years at December 31, 2016 (December 31, 2015 – 8.0 years) and related to Specialty Chemicals is 13.0 years at December 31, 2016 (December 31, 2015 – 13.6 years).

At December 31, 2016 Superior expects to make a contribution to the Energy Distribution Pension Benefit Plans of $1.5 million and to the Specialty Chemicals Pension Benefit Plans of $2.9 million during 2017.

The fair values of plan assets as at December 31, 2016, by major asset category, are as follows:

	Energy Distribution Pension Benefit Plans		Specialty Chemicals Pension Benefit Plans	
	Level 2	**Percentage**	**Level 2**	**Percentage**
Canadian and U.S. Equities	**3.6**	**8.1%**	**34.5**	**26.6%**
Foreign Equities	**–**	**–**	**34.5**	**26.6%**
Foreign Income	**0.1**	**0.2%**	**–**	**–**
Fixed Income	**41.2**	**91.7%**	**60.8**	**46.8%**
Total	**44.9**	**100%**	**129.8**	**100%**

The fair values of plan assets as at December 31, 2015, by major asset category, are as follows:

	Energy Distribution Pension Benefit Plans		Specialty Chemicals Pension Benefit Plans	
	Level 2	Percentage	Level 2	Percentage
Canadian Equities	1.5	3.1%	32.5	26.6%
U.S. Equities	1.0	2.1%	–	–
Foreign Equities	–	–	32.3	26.3%
Foreign Income	0.9	2.0%	–	–
Fixed Income	44.4	92.8%	57.8	47.1%
Total	47.8	100%	122.6	100%

The actual return on Energy Distribution and Specialty Chemicals plan assets in 2016 was 2.5% (year ended December 31, 2015 – 4.8%) and 7.1%, respectively (year ended December 31, 2015 – 5.4%).

As at December 31, 2016, the asset-matching strategic choices that are formulated in the actuarial and Superior's Statement of Investment Policy (SIPP) of the total defined benefit plan assets are:

	Energy Distribution Pension Benefit Plans Range(1)(2)	Specialty Chemicals Pension Benefit Plans Range(1)(2)	Other Range(1)(2)
Canadian Equities	**-**	**25.0%-35.0%**	**7.5%-17.5%**
Global Equities	**-**	**25.0%-35.0%**	**7.5%-17.5%**
Fixed Income	**100%**	**35.0%-45.0%**	**65.0%-85.0%**

(1) Based on Superior's SIPP.

(2) Energy Distribution and Specialty Chemicals' SIPPs do not provide ranges for U.S. and Foreign Equities; instead they provide in aggregate ranges classified as global equities.

As at December 31, 2015, the asset-matching strategic choices that are formulated in the actuarial and Superior's SIPP of the total defined benefit plan assets are:

	Energy Distribution Pension Benefit Plans Range(1)(2)(3)	Specialty Chemicals Pension Benefit Plans Range(1)(2)	Other Range(1)(2)
Canadian Equities	-	25.0%-35.0%	7.5%-17.5%
Global Equities	-	25.0%-35.0%	7.5%-17.5%
Fixed Income	100%	35.0%-45.0%	65.0%-85.0%

(1) Based on Superior's SIPP.

(2) Energy Distribution and Specialty Chemicals' SIPPs do not provide ranges for U.S. and Foreign Equities; instead they provide in aggregate ranges classified as global equities.

(3) Energy Distribution moved to 100% fixed income in 2015 to derisk the plans given the maturity and low number of active participants.

20. 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 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.

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

As at				December 31, 2016
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Foreign currency forward contracts, net sale	**0.8**	**–**	**–**	**0.8**
Debenture – embedded derivative	**–**	**–**	**3.9**	**3.9**
Natural gas financial swaps - AECO	**–**	**2.5**	**–**	**2.5**
Electricity swaps – Energy Distribution	**–**	**0.7**	**–**	**0.7**
Propane, diesel, butane and heating oil wholesale purchase and sale contracts, net sale – Energy Distribution	**–**	**9.3**	**–**	**9.3**
Total assets	**0.8**	**12.5**	**3.9**	**17.2**
Liabilities				
Natural gas financial swaps - AECO	**–**	**2.8**	**–**	**2.8**
Electricity swaps – Energy Distribution	**–**	**0.7**	**–**	**0.7**
Foreign currency forward contracts, net sale	**24.5**	**–**	**–**	**24.5**
Cross-currency interest rate exchange agreements	**0.2**	**–**	**–**	**0.2**
Propane and butane wholesale purchase and sale contracts, net sale – Energy Distribution	**–**	**0.9**	**–**	**0.9**
Total liabilities	**24.7**	**4.4**	**–**	**29.1**
Total net liability	**(23.9)**	**8.1**	**3.9**	**(11.9)**
Current portion of assets	**0.5**	**11.0**	**3.9**	**15.4**
Current portion of liabilities	**6.2**	**2.8**	**–**	**9.0**

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, including valuation techniques and inputs used:

Description	Notional(1)	Term	Effective Rate	Valuation Technique(s) and Key Input(s)
Level 1 fair value hierarchy:				
Foreign currency forward contracts, net sale	US$349.2(2)	2017-2020	1.26	Quoted bid prices in the active market.
Cross currency interest rate exchange agreements	US$60.0(2)	2017	1.34	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Natural gas financial swaps–AECO	–	2017-2020	–	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.
Equity derivative contracts	$11.8(2)	2017-2018	$12.70/share	Discounted cash flow – Future cash flows are estimated based on equity derivative contracts.
Butane, WTI, diesel, heating oil and propane wholesale purchase and sale contracts, net sale – Energy Distribution	55.5 USG(3)	2017-2019	$0.69 - $1.59/USG	Quoted bid prices for similar products in the active market.
Electricity swaps – Energy Distribution	–	2017-2018	–	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.
Level 3 fair value hierarchy:				
Debenture-embedded derivative	$97.0(2)	2019	–	Black-Scholes model – see "Valuation techniques and significant unobservable inputs" for further details.

(1) Notional values as at December 31, 2016.

(2) Millions of dollars.

(3) Millions of United States gallons (USG) 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 – 27.9% (2015 – 26.27%-27.06%) Risk-free rate – 1.30% (2015 – 0.89%-1.04%)	The estimated fair value would increase (decrease) if: – Volatility decreased (increased) – Risk-free rate decreased (increased)

The change in the fair value of Superior's Level 3 financial instruments for the years ended December 31, 2016 and 2015 are as follows:

Description	Debenture - Embedded Derivative	Fixed Price Electricity Purchase Agreements	Total
Balance at December 31, 2014	(14.2)	(3.4)	(17.6)
Unrealized gains (losses)(1)	11.8	(3.5)	8.3
Balance at December 31, 2015	(2.4)	(6.9)	(9.3)
Unrealized gains(1)	6.3	6.9	13.2
Balance at December 31, 2016	**3.9**	**–**	**3.9**

(1) Recorded in "Unrealized gains (losses) on derivative financial instruments" through net income in the Statement of Net Earnings and Total Comprehensive Income.

Superior's realized and unrealized financial instrument gains (losses) for the years ended December 31, 2016 and 2015 are as follows:

	2016		2015	
Description	**Realized Gain (Loss)**	**Unrealized Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)
Natural gas financial swaps – AECO	**(4.3)**	**21.3**	(16.1)	4.0
Electricity swaps – Energy Distribution	**(1.8)**	**–**	(6.7)	0.7
Foreign currency forward contracts, net sale	**(62.9)**	**86.1**	(51.8)	(59.8)
Foreign currency forward contracts, balance sheet-related	**–**	**–**	0.3	–
Cross currency interest rate swaps	**–**	**(0.2)**	–	–
Interest rate swaps	**1.2**	**(1.2)**	5.5	(4.6)
Equity derivative contracts	**(0.2)**	**3.1**	0.7	(3.5)
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	**(9.3)**	**18.1**	(28.4)	15.1
Fixed-price electricity purchase agreements – Specialty Chemicals	**(1.1)**	**6.9**	(4.9)	(3.5)
Total (losses) gains on financial and non-financial derivatives	**(78.4)**	**134.1**	(101.4)	(51.6)
Foreign currency translation of borrowings	**–**	**(0.8)**	(4.3)	–
Change in fair value of debenture-embedded derivative	**–**	**6.3**	–	11.8
Total (losses) gains	**(78.4)**	**139.6**	(105.7)	(39.8)
Total (losses) gains attributed to continuing operations	**(74.8)**	**139.6**	(101.2)	(39.8)
Total losses attributed to discontinued operations	**(3.6)**	**–**	(4.5)	–
Total (losses) gains	**(78.4)**	**139.6**	(105.7)	(39.8)

Realized gains or losses on financial and non-financial derivatives and foreign currency translation gains or losses on the revaluation of Canadian domiciled US-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
December 31, 2016	**Gross Assets**	**Gross Liabilities Offset**	**Net Amounts Presented**
Natural gas financial swaps – AECO[1]	2.5	–	2.5
Electricity swaps – Energy Distribution[1]	0.7	–	0.7
Total	**3.2**	**–**	**3.2**

(1) Subject to an enforceable master netting agreement in the form of an ISDA agreement.

Derivative Liabilities			Amounts Offset
December 31, 2016	**Gross Liabilities**	**Gross Assets Offset**	**Net Amounts Presented**
Natural gas financial swaps – AECO[1]	2.8	–	2.8
Electricity swaps – Energy Distribution[1]	0.7	–	0.7
Total	**3.5**	**–**	**3.5**

(1) Subject to an enforceable master netting agreement in the form of an ISDA agreement.

Derivative Liabilities			Amounts Offset
December 31, 2015	**Gross Liabilities**	**Gross Assets 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.

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

	Classification	Measurement
Financial Assets		
Cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative assets	FVTPL	Fair Value
Notes and finance lease receivable	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other liabilities	Amortized cost
Dividends and interest payable	Other liabilities	Amortized cost
Borrowing	Other liabilities	Amortized cost
Convertible unsecured subordinated debentures[1]	Other liabilities	Amortized cost
Derivative liabilities	FVTPL	Fair Value

(1) Except for derivatives embedded in the related financial instruments that are classified as FVTPL and measured at fair value.

Non-Derivative Financial Instruments

The fair value of Superior's trade and other receivables, notes and finance lease receivables, trade and other payables, and dividends and interest payable approximates their carrying value due to the short-term nature of these amounts. The carrying value and the fair value of Superior's borrowing and debentures is provided in Notes 16 and 18.

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 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.

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 monitors its fixed-price electricity positions on a daily basis to monitor compliance with established risk management policies. 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 monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Energy Distribution maintains a substantially balanced fixed-price propane position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating divisions, enters into foreign currency forward contracts to manage the economic exposure of its operations to movements in foreign currency exchange rates. Energy Distribution contracts a portion of its fixed-price natural gas, and propane purchases and sales in U.S. dollars and enters into forward U.S. dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. 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 has minimal exposure to customer credit risk as local natural gas and electricity distribution utilities have been mandated, for a nominal fee, to provide Energy Distribution with invoicing, collection and the assumption of bad debt risk for residential 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 affect liquidity.

Equity Price Risk

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

As at December 31, 2016, Superior estimates that a 10% increase in its share price would have resulted in a $1.2 million increase in earnings due to the revaluation of equity derivative contracts.

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

	2017	2018	2019	2020	2021	2022 and thereafter	Total
Borrowing	18.3	15.4	189.5	9.7	205.3	6.5	444.7
Convertible unsecured subordinated debentures	–	–	89.8	–	–	–	89.8
US$ foreign currency forward sales contracts	148.5	107.7	56.0	37.0	–	–	349.2
Natural gas, propane and heating oil purchases	38.4	3.7	–	–	–	–	42.1

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 its revolving term bank credit facilities and proceeds on the issuance of share capital.

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

	2016
Decrease to net earnings of a $0.01 increase in the CDN$ to the US$	**(4.0)**
Decrease to net earnings of a 0.5% increase in interest rates	**(0.3)**
Increase to net earnings of a $0.04/litre increase in the price of heating oil	**1.3**
Increase to net earnings of a $0.04/litre increase in the price of propane	**5.4**

The calculation of Superior's sensitivity to changes in foreign currency exchange rates, interest rates and various commodity prices represent the change in fair value of the financial instrument without consideration of the value of the underlying variable, for example, the underlying customer contracts. The recognition of the sensitivities identified above would have affected Superior's unrealized gain or loss on financial instruments and would not have had a material impact on Superior's cash flow from operations.

21. 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 tax, United States non-resident withholding tax and Chilean income tax.

Total income taxes are different from the amount computed by applying the corporate Canadian enacted statutory rate for 2016 of 26.9% (2015 – 26.6%). The increase in statutory rates reflects previously enacted provincial tax rate increases. The reasons for these differences are as follows:

	2016	2015
Net earnings (loss) from continuing operations	**114.2**	(8.9)
Income tax expense (recovery) from continuing operations	**36.9**	(0.7)
Net earnings (loss) from continuing operations before taxes	**151.1**	(9.6)
Computed income tax expense (recovery)	**40.6**	(2.5)
Changes in effective foreign tax rates	**(0.9)**	(1.6)
Changes in future income tax rates	**0.2**	(2.5)
Non-deductible costs and other	**(8.1)**	(3.5)
Prior-period adjustment	**4.8**	(1.1)
De-recognition of a previously recognized liability	**(15.2)**	–
Impact from sale/use of consolidation losses from discontinued operations	**15.3**	10.0
Other	**0.2**	0.5
Income tax expense (recovery) from continuing operations	**36.9**	(0.7)
Income tax expense (recovery) from continuing operations	**36.9**	(0.7)
Income tax expense from discontinued operations	**10.7**	1.5
Total income tax expense	**47.6**	0.8

Income tax expense for the years ended December 31, 2016 and 2015 is comprised of the following:

	2016	2015
Current income tax expense		
Current income tax charge	**4.8**	2.6
Adjustments in respect of previous year	**0.2**	(0.5)
Total current income tax expense	**5.0**	2.1
Deferred income tax expense		
Relating to origination and reversal of temporary difference	**7.3**	1.5
Relating to changes in tax rates or the imposition of new taxes	**5.9**	(2.5)
Adjustments in respect of previous year	**4.6**	(0.6)
Impact from sale of discontinued operations and other	**14.1**	(1.2)
Total deferred income tax expense (recovery)	**31.9**	(2.8)
Total income tax expense from continuing operations	**36.9**	(0.7)

Income tax recognized in other comprehensive income	**2016**	2015
Deferred tax		
Income tax on amortization of actuarial gains and losses	**(1.1)**	(0.7)
Total income tax expense recognized in other comprehensive income	**(1.1)**	(0.7)

Deferred tax for the years ended December 31, 2016 and 2015 is comprised of the following:

2016	Opening Balance	(Credited) Charged to Net Earnings (continuing)	(Credited) Charged to Other Comprehensive Loss	(Credited) Charged to Net Earnings (discontinued)	Exchange Differences	Closing Balance
Provisions	**8.2**	**(0.8)**	**–**	**–**	**(0.2)**	**7.2**
Finance leases	**29.8**	**(0.7)**	**–**	**(7.4)**	**(0.7)**	**21.0**
Borrowing	**(17.7)**	**16.2**	**–**	**(0.4)**	**(0.1)**	**(2.0)**
Financing fees	**2.6**	**(1.5)**	**–**	**–**	**–**	**1.1**
Investment tax credits	**106.0**	**(1.1)**	**–**	**–**	**–**	**104.9**
Non-capital losses	**66.0**	**1.0**	**–**	**(2.3)**	**(1.7)**	**63.0**
Property, plant and equipment	**(151.5)**	**(9.2)**	**–**	**6.0**	**2.9**	**(151.8)**
Reserves and employee benefits	**23.5**	**2.3**	**(1.1)**	**(7.8)**	**(0.1)**	**16.8**
Scientific research and development	**166.8**	**1.3**	**–**	**–**	**–**	**168.1**
Unrealized foreign exchange gains	**41.8**	**(37.9)**	**–**	**0.1**	**–**	**4.0**
Other	**0.3**	**(1.5)**	**–**	**1.1**	**(0.4)**	**(0.5)**
Total	**275.8**	**(31.9)**	**(1.1)**	**(10.7)**	**(0.3)**	**231.8**

2015 (restated)	Opening Balance	(Credited) Charged to Net Earnings (continuing)	(Credited) Charged to Other Comprehensive Loss	(Credited) Charged to Net Earnings (discontinued)	Exchange Differences	Closing Balance
Provisions	6.9	0.3	–	–	1.0	8.2
Finance leases	25.4	(0.7)	–	1.7	3.4	29.8
Borrowing	(11.1)	(7.1)	–	–	0.5	(17.7)
Financing fees	2.3	0.3	–	–	–	2.6
Investment tax credits	108.9	(2.9)	–	–	–	106.0
Non-capital losses	61.7	(5.9)	–	0.3	9.9	66.0
Property, plant and equipment	(133.7)	0.8	–	(1.4)	(17.2)	(151.5)
Reserves and employee benefits	24.2	(0.6)	(0.7)	(1.1)	1.7	23.5
Scientific research and development	161.7	5.1	–	–	–	166.8
Unrealized foreign exchange gains	31.1	11.3	–	(1.1)	0.5	41.8
Other	(1.3)	2.0		0.1	(0.5)	0.3
Total	276.1	2.6	(0.7)	(1.5)	(0.7)	275.8

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

The net deferred income tax asset relates to the following tax jurisdictions as at December 31, 2016 and 2015:

	2016	2015
Canada	**252.4**	272.8
United States	**(12.2)**	12.5
Chile	**(8.4)**	(9.5)
Total net deferred income tax asset	**231.8**	275.8

Superior has available to carry forward the following as at December 31, 2016 and 2015:

	2016	2015
Canadian non-capital losses	**62.2**	47.4
Canadian scientific research expenditures	**625.8**	621.3
Canadian capital losses	**541.2**	588.1
United States non-capital losses – federal	**132.2**	150.0
United States non-capital losses – state	**132.2**	174.2
Canadian federal and provincial investment tax credits	**145.7**	148.9

As at December 31, 2016, Superior had non-capital loss carry-forwards available to reduce future years' taxable income, which expire as follows:

	United States	Canada
2017	–	–
2018	–	–
2019	–	–
2020	–	–
2021 and thereafter	132.2	62.2
Total	**132.2**	**62.2**

The Canadian scientific research expenditures and the Canadian capital losses may be carried forward indefinitely. Management believes there will be sufficient taxable profits in the future to offset these losses.

In Chile, the local tax laws provide that any profits distributed outside of Chile be subject to a 35% tax. Superior controls whether the profits will be distributed and is satisfied that there will be no liability in the foreseeable future as there is no plan to repatriate funds from Chile.

As at December 31, 2016, Superior had Canadian federal and provincial investment tax credits available to reduce future years' taxable income, which expire as follows:

2017	4.6
2018	–
2019	–
2020	–
2021	–
Thereafter	141.1
Total	**145.7**

As at December 31 Superior has the following balances in respect of which no deferred tax asset was recognized:

	2016	2015
Canadian non-capital losses	**24.6**	24.6
United States non-capital losses - state	**–**	24.1
Canadian capital losses	**541.2**	581.4
Total unrecognized deferred income tax assets	**565.8**	630.1

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

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	$7.5	February 2015
2012	$10.0	$5.0	February 2015
2013	$11.0	$5.5	February 2015
2014	$16.0	$8.0	December 2015
2015	$1.0	$0.5	November 2016
2016	$3.0	$1.5	2017
2017	$24.0	$12.0	2018
Total	**$93.0**	**$46.5**	

(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, 2016 financial results and Superior's 2017 outlook.

A trial date has been set at the Tax Court of Canada in the Spring of 2018. A decision is expected to be rendered six to twelve months after completion of the court hearings. If the 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.

22. 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, 2014	126.2	550.4
Net earnings	–	26.5
Other comprehensive income	–	88.0
Conversion of 7.50% convertible unsecured debentures	0.5	5.0
Issuance of common shares	13.9	137.5
Dividends declared to shareholders(1)	–	(93.7)
Total equity, December 31, 2015	140.6	713.7
Net earnings	**–**	**294.6**
Other comprehensive income	**–**	**–**
Issuance of common shares through DRIP	**2.2**	**22.8**
Dividends declared to shareholders(1)	**–**	**(102.5)**
Total equity, December 31, 2016	**142.8**	**928.6**

(1) Dividends to shareholders are declared at the discretion of Superior's Board of Directors. During the year ended December 31, 2016, Superior paid cash dividends of $102.2 million or $0.72 per share (year ended December 31, 2015 – $92.8 million or $0.72 per share) and made distributions through its dividend reinvestment program of $22.8 million (December 31, 2015 – nil).

Accumulated other comprehensive income as at December 31, 2016 and 2015 consisted of the following components:

	2016	2015
Accumulated other comprehensive income before reclassification		
Currency translation adjustment		
Balance at the beginning of the year	**126.5**	40.0
Unrealized foreign currency (losses) gains on translation of foreign operations	**(2.9)**	86.5
Balance at the end of the year	**123.6**	126.5
Actuarial defined benefits		
Balance at the beginning of the year	**(8.1)**	(9.8)
Actuarial defined benefit gains	**4.0**	2.4
Income tax expense on other comprehensive income	**(1.1)**	(0.7)
Balance at the end of the year	**(5.2)**	(8.1)
Total accumulated other comprehensive income before reclassification	**118.4**	118.4
Amounts reclassified from accumulated other comprehensive income		
Accumulated derivative losses		
Balance at the beginning of the year	**(7.1)**	(6.9)
Reclassification of derivative losses previously deferred(1)	**–**	(0.2)
Balance at the end of the year	**(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 year	**111.3**	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.

Other Capital Disclosure

Additional Capital Disclosure

Superior's objectives when managing capital are: (i) to maintain a flexible capital structure to preserve its ability to meet its financial obligations, including potential obligations from acquisitions; and (ii) to safeguard its assets while maximizing the growth of its businesses and returns to its shareholders.

In the management of capital, Superior includes shareholders' equity (excluding accumulated other comprehensive (loss) income), current and long-term borrowing, convertible unsecured subordinated debentures. Superior manages its capital structure and makes adjustments in light of changes in economic conditions and the nature of the underlying assets. In order to maintain or adjust the capital structure, Superior may adjust the amount of dividends to shareholders, issue additional share capital, conduct additional borrowing or issue convertible unsecured subordinated debentures, or conduct new borrowing or issue convertible unsecured subordinated debentures with different characteristics.

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

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

Non-GAAP 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 December 31	**2016**	2015
Total shareholders' equity	**928.6**	713.7
Exclude accumulated other comprehensive income	**(111.3)**	(111.3)
Shareholders' equity excluding accumulated other comprehensive loss	**817.3**	602.4
Current borrowing(1)	**18.3**	33.0
Borrowing(1)	**426.4**	592.6
Less: Senior unsecured debt	**(200.0)**	(200.0)
Consolidated secured debt	**244.7**	425.6
Add: Senior unsecured debt	**200.0**	200.0
Consolidated debt	**444.7**	625.6
Convertible unsecured subordinated debentures(1)	**97.0**	247.0
Total debt	**541.7**	872.6
Total capital	**1,359.0**	1,475.0

(1) Borrowing and convertible unsecured subordinated debentures are before deferred issuance costs and option value.

	2016	2015
Net earnings	**294.6**	26.5
Adjusted for:		
Finance expense	**78.3**	56.3
Realized gains on derivative financial instruments included in finance expense	**(33.4)**	6.1
Depreciation included in selling, distribution and administrative costs	**58.4**	56.4
Depreciation included in cost of sales	**54.5**	63.8
Gain on sale of discontinued operations	**(177.6)**	–
Losses (gains) on disposal of assets	**(0.3)**	2.4
Gain on sale of customer list	**–**	(0.3)
Amortization of intangible assets	**7.7**	7.1
Income tax expense	**47.6**	0.8
Unrealized (gains) losses on derivative financial instruments	**(139.6)**	39.8
Compliance EBITDA(1)	**190.2**	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.

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

	2016	2015
Consolidated secured debt to compliance EBITDA	**1.3:1**	1.6:1
Consolidated debt to compliance EBITDA	**2.3:1**	2.4:1

23. DEFICIT AND DIVIDENDS

	2016	2015
Balance at the beginning of the year	**(1,328.3)**	(1,261.1)
Net earnings	**294.6**	26.5
Dividends declared	**(102.5)**	(93.7)
Balance at the end of the year	**(1,136.2)**	(1,328.3)

On December 8, 2016, Superior declared dividends of $8.6 million or $0.06 per share payable on January 13, 2017 to shareholders of record on December 31, 2016. On January 6, 2017, Superior declared dividends of $0.06 per share payable on February 15, 2017 to shareholders of record on January 31, 2017. On February 9, 2016, Superior declared dividends of $0.06 per share payable on March 15, 2017 to shareholders of record on February 28, 2017. This dividend is an eligible dividend for Canadian income tax purposes.

24. SUPPLEMENTAL DISCLOSURE OF CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS

Revenue is recognized at the fair value of consideration received or receivable when the significant risks and rewards of ownership have been transferred.

	2016	2015[1] (restated)
Revenues		
Revenue from products	**1,972.9**	2,227.0
Revenue from the rendering of services	**56.9**	58.1
Rental revenue	**22.6**	24.0
Construction contract revenue	**–**	1.8
Realized losses on derivative financial instruments	**(28.7)**	(57.8)
	2,023.7	2,253.1
Cost of sales (includes products and services)		
Cost of products and services	**(1,305.5)**	(1,508.1)
Restructuring costs	**(0.8)**	–
Depreciation included in cost of sales	**(54.5)**	(63.7)
Realized losses on derivative financial instruments	**(6.5)**	(23.1)
	(1,367.3)	(1,594.9)
Selling, distribution and administrative costs		
Other selling, distribution and administrative costs	**(217.0)**	(237.1)
Restructuring costs	**(6.3)**	–
Employee future benefit expense	**(3.0)**	(3.2)
Employee costs	**(235.7)**	(239.1)
Vehicle operating costs	**(40.2)**	(45.1)
Facilities maintenance expense	**(5.0)**	(4.4)
Depreciation included in selling, distribution and administrative costs	**(53.6)**	(48.9)
Amortization of intangible assets	**(5.0)**	(4.4)
Gains (losses) on disposal of assets	**0.3**	(2.4)
Realized (losses) gains on LTIP	**(0.3)**	0.7
Realized (losses) gains on the translation of U.S.-denominated net working capital	**(1.5)**	11.3
	(567.3)	(572.6)
Finance expense		
Interest on borrowing	**(21.8)**	(23.9)
Interest on convertible unsecured subordinated debentures	**(12.2)**	(24.9)
Interest on obligations under finance leases	**(2.8)**	(3.4)
Gain on debenture redemptions	**–**	0.1
Unwinding of discount on debentures, borrowing and decommissioning liabilities	**(7.4)**	(9.4)
Realized (losses) gains on derivative financial instruments	**(33.4)**	6.1
	(77.6)	(55.4)
Unrealized gains (losses) on derivative financial instruments	**139.6**	(39.8)
Net earnings (loss) from continuing operations before income taxes	**151.1**	(9.6)
Income tax (expense) recovery	**(36.9)**	0.7
Net earnings (loss) from continuing operations	**114.2**	(8.9)

(1) Specialty Chemicals includes a $7.3 million reclassification of Selling, distribution, and administrative costs to Cost of sales. See Note 2.

25. NET EARNINGS PER SHARE

	2016	2015
Net earnings (loss) per share computation, basic, from continuing operations		
Net earnings (loss) for the year	**114.2**	(8.9)
Weighted average shares outstanding (millions)	**142.1**	129.0
Net earnings (loss) per share, basic	**$0.80**	$(0.07)

	2016	2015
Net earnings (loss) per share computation, diluted, from continuing operations		
Net earnings (loss) for the year	**115.8**	(8.9)
Weighted average shares outstanding (millions)	**147.9**	129.0
Net earnings (loss) per share, diluted	**$0.78**	$(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 in each year.

(millions)	Maturity	Note	2016	2015
Convertible Debentures				
7.50%	October 2016	**18**	**–**	6.1
6.00%	June 2018	**18**	**–**	9.9
6.00%	June 2019	**18**	**–**	5.8
Total anti-dilutive instruments			**–**	21.8

	2016	2015
Net earnings per share computation, basic, from discontinued operations		
Net earnings for the year	**180.4**	35.4
Weighted average shares outstanding (millions)	**142.1**	129.0
Net earnings per share, basic	**$1.27**	$0.27

	2016	2015
Net earnings per share computation, diluted, from discontinued operations		
Net earnings for the year	**182.0**	35.4
Weighted average shares outstanding (millions)	**147.9**	129.0
Net earnings per share, diluted	**$1.23**	$0.27

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 in each year.

(millions)	Maturity	Note	2016	2015
Convertible Debentures				
7.50%	October 2016	**18**	**–**	6.1
6.00%	June 2018	**18**	**–**	9.9
6.00%	June 2019	**18**	**–**	5.8
Total anti-dilutive instruments			**–**	21.8

26. SHARE-BASED COMPENSATION

Restricted and Performance Shares

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

For the year ended December 31, 2016 total compensation expense related to RSs, PSs and DSs was $8.0 million (year ended December 31, 2015 – $12.7 million). Exercises during the year ended December 31, 2016 under the long-term incentive plan were completed at a weighted average price of $8.98 per share (2015 – $11.43 per share) for RSs, $9.39 per share (2015 – $11.61 per share) for PSs and $8.82 per share (2015 – $9.43 per share) for DSs. For the year ended December 31, 2016 the total carrying amount of the liability related to RSs, PSs and DSs was $15.1 million (2015 – $10.1 million).

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

	2016				2015			
	RSs	**PSs**	**DSs**	**Total**	RSs	PSs	DSs	Total
Opening number of shares	**429,602**	**639,592**	**266,011**	**1,335,205**	421,707	720,178	387,262	1,529,147
Granted	**287,335**	**301,506**	**77,192**	**666,033**	259,064	371,366	85,317	715,747
Performance factor adjustment	**–**	**–**	**–**	**–**	–	268,851	–	268,851
Dividends reinvested	**37,847**	**62,800**	**18,611**	**119,258**	31,151	47,868	17,343	96,362
Forfeited	**(57,070)**	**(110,519)**	**–**	**(167,589)**	(64,197)	(119,803)	–	(184,000)
Exercised	**(190,301)**	**(8,311)**	**(12,318)**	**(210,930)**	(218,123)	(648,868)	(223,911)	(1,090,902)
Ending number of shares	**507,413**	**885,068**	**349,496**	**1,741,977**	429,602	639,592	266,011	1,335,205

Superior entered into equity derivative contracts in order to manage the volatility and costs associated with its share-based compensation plans. As at December 31, 2016, Superior had outstanding notional values of $11.9 million of equity derivative contracts at an average share price of $12.70. See Note 20 for further details.

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

	2016	2015
Changes in non-cash working capital		
Trade receivables and other	**(17.3)**	43.0
Inventories	**(12.4)**	7.9
Trade and other payables	**18.2**	(27.9)
Other, including foreign exchange	**(23.6)**	64.5
	(35.1)	87.5
Changes in non-cash operating working capital attributed to continuing operations	**(38.5)**	88.2
Changes in non-cash operating working capital attributed to discontinued operations	**3.4**	(0.7)
	(35.1)	87.5

28. RELATED-PARTY TRANSACTIONS AND AGREEMENTS

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

For the year ended December 31, 2016, Superior incurred $2.1 million (2015 – $2.5 million) in legal fees respectively, 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.

Remuneration of directors and other key management personnel

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

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

Year ended December 31	2016	2015
Short-term employee benefits(1)	**6.9**	7.0
Other long-term employee benefits	**0.2**	0.2
Termination benefits	**–**	0.9
Share-based payments	**4.2**	10.5
	11.3	18.6

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

29. GROUP ENTITIES

Significant Subsidiaries	Country of Organization	Ownership Interest (Direct and Indirect)
Superior Plus LP	Canada	100%
Superior Gas Liquids Partnership	Canada	100%
Superior International Inc.	Canada	100%
Superior General Partner Inc.	Canada	100%
Superior Plus Canada Financing Inc.	Canada	100%
Superior Plus US Holdings Inc.	United States	100%
Superior Plus US Financing Inc.	United States	100%
ERCO Worldwide Inc.	United States	100%
ERCO Worldwide (USA) Inc.	United States	100%
Burnwell Gas of Canada	Canada	100%
Commercial E Industrial ERCO (Chile) Limitada	Chile	100%
Superior Luxembourg Sàrl	Luxembourg	100%

30. REPORTABLE SEGMENT INFORMATION

Superior operates two distinct businesses, being Energy Distribution and Specialty Chemicals. 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. Due to the nature of the product sold and methods of distribution, these divisions are aggregated under the Energy Distribution operating segment.

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.

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.

Superior's Chief Operating Decision Maker ("CODM"), the President, reviews the operating results, assesses performance, and makes capital allocation decisions with respect to the Energy Distribution and Speciality Chemicals businesses and the corporate office. Therefore, Superior has presented these as operating segments for financial reporting purposes in accordance with IFRS 8 – Operating Segments.

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. Energy Distribution's top ten customers account for approximately 9% of its revenues with its largest customer comprising approximately 4% of its revenues. Specialty Chemicals' top ten customers account for approximately 58% of its revenues with its largest customer comprising approximately 9% of its revenues.

2016	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total From Continuing Operations**
Revenue	**1,446.1**	**577.6**	**–**	**2,023.7**
Cost of sales (includes product and services)	**(957.0)**	**(410.3)**	**–**	**(1,367.3)**
Gross Profit	**489.1**	**167.3**	**–**	**656.4**
Expenses				
Depreciation included in selling, distribution and administrative costs	**(53.3)**	**–**	**(0.2)**	**(53.5)**
Amortization of intangible assets	**(4.9)**	**–**	**(0.1)**	**(5.0)**
Selling, distribution and administrative costs	**(324.0)**	**(143.2)**	**(41.6)**	**(508.8)**
Finance expense	**(2.9)**	**(0.4)**	**(74.3)**	**(77.6)**
Unrealized gains on derivative financial instruments	**39.4**	**7.0**	**93.2**	**139.6**
	(345.7)	**(136.6)**	**(23.0)**	**(505.3)**
Net earnings (loss) before income taxes	**143.4**	**30.7**	**(23.0)**	**151.1**
Income tax expense	**–**	**–**	**(36.9)**	**(36.9)**
Net Earnings (Loss)	**143.4**	**30.7**	**(59.9)**	**114.2**

2015 (restated)	Energy Distribution	Specialty Chemicals	Corporate	Total From Continuing Operations
Revenue	1,630.2	622.9	–	2,253.1
Cost of sales (includes product and services)(1)	(1,132.5)	(462.4)	–	(1,594.9)
Gross Profit	497.7	160.5	–	658.2
Expenses				
Depreciation included in selling, distribution and administrative costs	(48.9)	–	–	(48.9)
Amortization of intangible assets	(4.0)	–	(0.4)	(4.4)
Selling, distribution and administrative costs(1)	(340.3)	(148.1)	(30.9)	(519.3)
Finance expense	(2.9)	(0.9)	(51.6)	(55.4)
Unrealized gains (losses) on derivative financial instruments	19.8	(3.5)	(56.1)	(39.8)
	(376.3)	(152.5)	(139.0)	(667.8)
Net earnings (loss) before income taxes	121.4	8.0	(139.0)	(9.6)
Income tax recovery	–	–	0.7	0.7
Net Earnings (Loss)	121.4	8.0	(138.3)	(8.9)

(1) Specialty Chemicals includes a $7.3 million reclassification of Selling, distribution, and administrative costs to Cost of sales. See Note 2.

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

	Energy Distribution	Specialty Chemicals	Construction Products Distribution	Corporate	Total	Discontinued Operations
As at December 31, 2016						
Net working capital (1)	**63.7**	**53.8**	**–**	**(2.8)**	**114.7**	**(2.6)**
Total assets	**696.5**	**662.5**	**–**	**488.2**	**1,847.2**	**0.3**
Total liabilities	**276.7**	**170.3**	**–**	**469.0**	**916.0**	**2.9**
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 year ended December 31, 2016						
Purchase of property, plant and equipment	**48.6**	**36.1**	**12.9**	**0.4**	**98.0**	**N/A**
For the year ended December 31, 2015						
Purchase of property, plant and equipment	43.0	34.1	16.6	1.5	95.2	N/A

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

	Canada	United States	Other	Total Consolidated
Revenue for the year ended December 31, 2016 from continuing operations	**704.4**	**1,217.1**	**102.2**	**2,023.7**
Revenue for the year ended December 31, 2016 from discontinued operations	**201.3**	**434.8**	**–**	**636.1**
Property, plant and equipment as at December 31, 2016	**458.7**	**428.9**	**46.1**	**933.7**
Intangible assets as at December 31, 2016	**19.6**	**12.4**	**–**	**32.0**
Goodwill as at December 31, 2016	**191.5**	**7.7**	**–**	**199.2**
Total assets held by continuing operations as at December 31, 2016	**1,202.9**	**590.1**	**54.2**	**1,847.2**
Total assets held by discontinued operations as at December 31, 2016	**0.3**	**–**	**–**	**0.3**
Revenue from continuing operations for the year ended December 31, 2015	722.1	1,429.9	101.1	2,253.1
Revenue from discontinued operations for the year ended December 31, 2015	405.9	655.6	–	1,061.5
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

31. SUBSEQUENT EVENTS

As announced on February 13, 2017, Superior has entered into an option purchase agreement to purchase an option (the “Option”) to acquire all of the shares and units (the “Canwest Securities”) of the entities that carry on the industrial propane business of Canwest Propane (“Canwest”) from Gibson Energy Inc. for $412 million. The Option gives Superior the right (which is transferrable to a third party) to acquire the Canwest Securities for the payment of a nominal amount and upon satisfaction of certain conditions, including the receipt of customary regulatory approvals. Superior will, upon acquiring the Option, be entitled to the benefit of the net profits of Canwest from the date of acquisition of the Option.

Closing of the acquisition is subject to certain conditions and receipt of customary regulatory approvals. The acquisition of the Option is expected to occur no later than April 3, 2017 and Superior anticipates the acquisition will close in the second half of 2017.

SELECTED HISTORICAL INFORMATION

ENERGY DISTRIBUTION

(millions of dollars except where noted)	2016	Years Ended December 31 2015	2014	2013	2012
Canadian propane distribution sales volumes (millions of litres sold)(1)	**1,335**	1,467	1,512	1,513	1,626
U.S. refined fuels sales volumes (millions of litres sold)	**1,469**	1,563	1,571	1,633	1,599
Total canadian propane distribution sales margin (cents per litre)	**22.4**	21.7	20.1	18.8	18.2
Total U.S. refined fuels sales margin (cents per litre)	**10.9**	11.2	10.0	8.0	7.7
Gross profit (2)	**489.0**	505.4	502.7	446.1	414.1
Adjusted EBITDA from operations(2)(3)	**167.4**	166.3	170.2	128.2	115.6

SPECIALTY CHEMICALS

(millions of dollars except where noted)	2016	Years Ended December 31 2015	2014	2013	2012
Total chemical sales volume (MT)	**813**	851	910	826	771
Average chemical selling price (dollars per MT)	**741**	792	739	704	695
Gross profit(4)	**247.2**	275.6	270.5	233.9	232.9
Adjusted EBITDA from operations(3)	**109.1**	117.4	123.6	112.2	119.5

CONSTRUCTION PRODUCTS DISTRIBUTION

(millions of dollars)	2016	Years Ended December 31 2015	2014	2013	2012
Gross profit	**156.8**	241.8	208.8	195.2	182.4
Adjusted EBITDA from operations(3)(5)	**27.1**	47.9	36.0	32.4	25.8

SUPERIOR PLUS CORP. CONSOLIDATED

(millions of dollars except where noted)	2016	Years Ended December 31 2015	2014	2013	2012
Revenues(6)	**2,023.7**	2,253.1	2,996.6	2,790.5	2,673.3
Gross profit(6)	**656.4**	658.2	710.1	655.2	626.3
Adjusted EBITDA from operations(2)(3)(5)	**303.6**	331.6	329.8	272.8	260.9
AOCF before transaction and other costs(2)(3)(5)	**212.6**	213.6	242.6	199.8	182.2
AOCF after transaction and other costs(2)(3)(5)	**162.4**	203.6	231.3	184.5	172.2
AOCF per share before transaction and other costs(2)(3)(5)	**$1.50**	$1.65	$1.92	$1.62	$1.63
AOCF per share after transaction and other(2)(3)(5)	**$1.14**	$1.58	$1.83	$1.50	$1.54
Average number of shares outstanding (millions)	**142.1**	129.0	126.2	123.1	111.9
Total assets	**1,847.5**	2,142.9	2,114.9	2,141.1	2,032.1
Senior debt(7)	**244.7**	425.6	333.2	578.7	489.6
Total debt(7)	**541.7**	872.6	1,027.4	1,073.2	1,181.1

(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) 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.

(3) Adjusted EBITDA from operations and AOCF are non-GAAP financial measures. See "Non-GAAP Financial Measures".

(4) Restated to reflect the current period presentation, which includes a reclassification of certain costs between selling, distribution and administrative costs and cost of sales. See "Reclassification of Prior Periods."

(5) EBITDA from operations, AOCF and AOCF per share includes the results of CPD up to the August 9, 2016 date of disposition.

(6) As a result of the divestiture of the Fixed-price energy services business during Q1 2016, and CPD as of August 9, 2016, revenue and gross profit have been restated to exclude the results of those businesses.

(7) Senior debt and total debt are stated before deferred issuance costs.

ENERGY DISTRIBUTION

Canadian Propane Distribution

Superior Propane
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Mississauga, Ontario L5N 2V8
Toll-free: 1-877-341-7500
Fax: 1-877-730-5575

Superior Gas Liquids
840 – 7 Avenue SW
Suite 1400
Calgary, Alberta T2P 3G2
Toll-free: 1-888-849-3525
Fax: 403-283-6589

U.S. Refined Fuels

Superior Energy Services
1870 South Winton Road
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SPECIALTY CHEMICALS

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CORPORATE INFORMATION

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Richard Bradeen
Montreal West, Quebec

Luc Desjardins
President and Chief Executive Officer
Toronto, Ontario

Robert J. Engbloom, Q.C.
Calgary, Alberta

Randall J. Findlay
Calgary, Alberta

Douglas Harrison
Burlington, Ontario

Mary Jordan
Vancouver, British Columbia

Walentin (Val) Mirosh
Calgary, Alberta

David P. Smith
Chairman
Toronto, Ontario

CORPORATE OFFICERS AND SENIOR MANAGEMENT

Ed Bechberger
President, Specialty Chemicals

Luc Desjardins
President and Chief Executive Officer

Rob Dorran
Vice President, Investor Relations and Treasurer

John Engelen
Vice President, Mergers and Acquisitions

Julien Houle
Vice President, Human Resources

Darren Hribar
Senoir Vice President and Chief Legal Officer

Harry Kanwar
Vice President, Risk and Compliance

Greg L. McCamus
President, Energy Distribution and Superior Propane

Inder Minhas
Vice President, Finance

Andy Peyton
President, U.S Refined Fuels

Erin Seaman
Vice President, Tax

Beth Summers
Senior Vice President and Chief Financial Officer

Shawn Vammen
Senior Vice President, Superior Gas Liquids

Keith Wrisley (retired)
President, U.S. Refined Fuels

SHAREHOLDER INFORMATION

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ANNUAL MEETING OF SHAREHOLDERS

The Corporation's Annual Meeting of shareholders will be held at the Metro Toronto Convention Centre, Room 205AB, 255 Front Street West, Toronto, Ontario, Canada on Tuesday, May 2, 2017 at 2:00 p.m. (EDT).

TORONTO STOCK EXCHANGE (TSX) LISTINGS

SPB:	Superior Plus Corp. shares
SPB.DB.H:	6.00% Convertible Debentures, convertible at $16.75 per share Maturity date: June 30, 2019

Superior Plus Share Price and Volumes – TSX

Quarterly high, low, close and volumes for 2016 and 2015. The table below sets forth the high and low prices, as well as the volumes, for the shares as traded on the TSX, on a quarterly basis.

	2016			2015		
Period	**High**	**Low**	**Volume**	**High**	**Low**	**Volume**
First quarter	$ 10.99	$ 8.42	27,391,080	$ 14.52	$ 11.29	17,830,674
Second quarter	$ 11.75	$ 8.78	24,870,310	$ 14.94	$ 12.45	13,618,701
Third quarter	$ 12.20	$ 10.56	26,194,690	$ 13.22	$ 10.15	19,230,354
Fourth quarter	$ 12.95	$ 11.14	19,942,850	$ 11.53	$ 9.46	35,719,969
Year	$ 12.95	$ 8.42	98,398,930	$ 14.94	$ 9.46	86,399,698

Superior Plus

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