TSX: SPB **February 14, 2018**

Superior Plus Corp. Announces Strong 2017 Annual and Fourth Quarter Results

Superior Plus Corp. ("Superior") (TSX:SPB) announced today the financial and operating results for the fourth quarter of 2017. All financial figures are expressed in Canadian dollars.

Strong momentum from acquisitions, colder weather and improved chlor-alkali markets results in 2017 Adjusted Operating Cash Flow per share at the top of the 2017 Financial Outlook

"Superior delivered record fourth quarter Adjusted EBITDA of $109.1 million in 2017 driven by the contribution from the Canwest Propane acquisition, colder weather and continued strength in the chlor-alkali market. We made significant progress in 2017 towards achieving our *Evolution 2020* goal of increasing 2016 EBITDA from operations in the range of $50 million to $150 million by the end of 2020. EBITDA from operations of $306.8 million in 2017 was a $30.3 million increase from 2016 and doesn't include the impact of a full-year contribution from Canwest Propane including synergies and the tuck-in acquisitions completed in our Energy Distribution and Specialty Chemicals businesses" said Luc Desjardins, Superior's President and Chief Executive Officer."

Highlights

- Adjusted Operating Cash Flow ("AOCF") per share before transaction and other costs during the fourth quarter was $0.69, 28% higher than the prior year quarter due to an increase in Adjusted EBITDA, offset in part by increased interest expense. AOCF per share before transaction and other costs during 2017 was $1.75, 31% higher than 2016 and at the top of the financial outlook range. Net cash flows from operating activities were $192.5 million in 2017, a $4.0 million or 2% increase over the prior year.
- Superior had net earnings from continuing operations of $45.3 million in the fourth quarter compared to a net loss of $22.8 million in the prior year quarter primarily due to lower taxes and higher gross profit from Energy Distribution and Specialty Chemicals. Superior had a net loss from continuing operations of $27.9 million in 2017 compared to net earnings of $114.2 in 2016 primarily due to a decrease in unrealized gains on derivative financial instruments and increased deferred income tax expense in 2017 related to settling the dispute with the CRA with respect to the company's corporate conversion transaction.
- Superior achieved record fourth quarter Adjusted EBITDA of $109.1 million, a $23.6 million or 28% increase over the prior year quarter primarily due to higher Energy Distribution EBITDA from operations. Superior's 2017 Adjusted EBITDA increased $67.3 million or 29% due to higher Specialty Chemicals and Energy Distribution EBITDA from operations, income associated with Canwest and lower realized losses on foreign currency hedging contracts.
- Issued an additional $150 million principal amount of 5.25% Senior Unsecured Notes due February 27, 2024. The 5.25% Senior Unsecured Notes were issued at $1.015 per principal amount.

- Redeemed the $97 million aggregate principal amount outstanding of Superior's 6.00% convertible unsecured subordinated debentures due June 30, 2019.
- Subsequent to quarter end, Superior issued $220 million principal amount of 5.125% Senior Unsecured Notes due August 27, 2025. The 5.125% Senior Unsecured Notes were issued at par.
- Energy Distribution EBITDA from operations for the fourth quarter was $81.3 million, an increase of $21.5 million or 36% compared to the prior year quarter primarily due to the contribution from Canwest and higher sales volumes related to colder weather and the impact of organic customer growth initiatives. Energy Distribution EBITDA from operations during 2017 was $180.4 million, an increase of $13.0 million or 8% primarily due to the contribution from Canwest and higher Canadian propane distribution sales volumes, partially offset by lower average unit margins in Canadian propane distribution and lower U.S. refined fuels (USRF) sales volumes.
- Specialty Chemicals EBITDA from operations for the fourth quarter was $35.5 million, an increase of $1.3 million or 4% compared to the prior year quarter primarily due to higher caustic soda and hydrochloric acid sales prices and higher hydrochloric acid and caustic potash sales volumes. Specialty Chemicals EBITDA from operations during 2017 was $126.4 million, an increase of $17.3 million or 16% primarily due to higher chlor-alkali sales volumes and higher caustic soda and hydrochloric acid average sales prices, partially offset by lower caustic potash prices.

Financial Overview

(millions of dollars, except per share amounts)	**Three Months Ended December 31**		**Twelve Months Ended December 31**	
	2017	**2016**	**2017**	**2016**
Revenue [1]	**768.9**	583.1	**2,385.0**	2,023.7
Gross Profit [1]	**238.1**	193.6	**735.4**	656.4
Net earnings (loss)	**45.3**	(22.8)	**(27.9)**	114.2
Net earnings (loss) per share, basic [4]	**$0.32**	$(0.16)	**$(0.20)**	$0.80
Net earnings (loss) per share, diluted [4]	**$0.32**	$(0.19)	**$(0.20)**	$0.78
EBITDA from operations [1][2]	**116.8**	94.0	**306.8**	276.5
Adjusted EBITDA [1][2]	**109.1**	85.5	**297.6**	230.3
Net cash flows from operating activities	**38.9**	27.6	**192.5**	188.5
Net cash flows from operating activities per share – basic [4]	**$0.27**	$0.19	**$1.35**	$1.33
Net cash flows from operating activities per share – diluted [4]	**$0.27**	$0.19	**$1.35**	$1.33
AOCF before transaction and other costs [2][3][4]	**98.7**	77.3	**250.5**	189.8
AOCF before transaction and other costs per share – basic [2][3][4]	**$0.69**	$0.54	**$1.75**	$1.34
AOCF before transaction and other costs per share –diluted [2][3][4]	**$0.69**	$0.54	**$1.75**	$1.34
AOCF [2]	**94.0**	68.4	**217.4**	139.6
AOCF per share– basic and diluted [2][4]	**$0.66**	$0.48	**$1.52**	$0.98
Cash dividends declared	**25.7**	25.5	**102.8**	102.2
Cash dividends declared per share	**$0.18**	$0.18	**$0.72**	$0.72

(1) Revenue, gross profit, EBITDA from operations, Adjusted EBITDA, AOCF and AOCF per share for 2016 have been restated to exclude the results of Construction Products Distribution ("CPD"). Refer to "Basis of Presentation" in the Annual Management Discussion and Analysis ("MD&A") for further details.

(2) EBITDA from operations, Adjusted EBITDA and AOCF are non-GAAP measures. Refer to "Non-GAAP Financial Measures" for further details and the MD&A for reconciliations.

(3) Transaction and other costs for the three and twelve months ended December 31, 2017 are related to the acquisition of Canwest Propane and tuck-in acquisitions. Transaction and other costs for the three and twelve months ended December 31, 2016 are related to the terminated acquisition of Canexus Corporation, the divestiture of CPD and restructuring. Refer to "Transaction and Other Costs" in the MD&A for further details.

(4) The weighted average number of shares outstanding for the three and twelve months ended December 31, 2017 is 142.8 million (December 31, 2016 – 142.8 and 142.1 million respectively). There were no dilutive instruments with respect to AOCF per share or net cash flows from operating activities per share for the three and twelve months ended December 31, 2017 and 2016.

Segmented Information

(millions of dollars)	**Three months ended December 31**		**Twelve months ended December 31**	
	2017	2016	**2017**	2016
EBITDA from operations[1]				
Energy Distribution	**81.3**	59.8	**180.4**	167.4
Specialty Chemicals	**35.5**	34.2	**126.4**	109.1
	116.8	94.0	**306.8**	276.5

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

Strategic Growth and Evolution 2020 Initiatives

- On October 2, 2017, Superior Plus Energy Services Inc., closed the acquisition of the propane distribution assets of R.W. Earhart for an aggregate purchase price of US $38.0 million. The acquisition of R.W. Earhart is anticipated to add approximately 12,600 residential and commercial customers and 47.3 million litres of retail propane sales in Ohio, a new region for Superior's Energy Distribution business.

- On October 31, 2017, Superior Plus U.S. Holding Inc., a subsidiary of Superior Plus LP, closed the acquisition of International Dioxcide. Inc. ("IDI") from the LANXESS Corporation. The IDI acquisition was Superior's fifth tuck-in during 2017, exceeding Superior's *Evolution 2020* goal of 2 – 4 tuck-ins per year.
- In 2017, Superior saw a year of significant acquisition activities, investing over $500 million in acquisitions that expanded our propane distribution business in Canada and the U.S. and expanded our reach in the sodium chlorite value chain.
- On February 2, 2018, Superior Plus Energy Services Inc., closed the acquisition of the propane distribution assets of Hi-Grade Oil, an independent propane and distillate fuel distributor in Ohio.
- In 2018, Superior signed agreements with two third-parties to sell the propane assets required by the consent agreement entered into with the Competition Bureau as part of the Canwest acquisition. Both transactions are subject to approval by the Competition Bureau and other customary closing conditions. Superior anticipates closing the transactions early in the second quarter of 2018.

2018 Financial Outlook

- Superior's 2018 financial outlook of AOCF per share has been confirmed at $1.65 to $1.95 before transaction and other costs. See "2018 Financial Outlook" for further details. Superior is also confirming the 2018 Adjusted EBITDA guidance of $295 million to $335 million. See "2018 Financial Outlook" for further details.

Total Debt and Leverage

- Total debt as at December 31, 2017 was $1,063.4 million, an increase of $521.7 million compared to total debt of $541.7 million as at December 31, 2016. Total debt was higher primarily due to the Canwest acquisition and tuck-in acquisitions completed in 2017, partially offset by cash flows from operating activities.
- Total debt to adjusted EBITDA(1) as at December 31, 2017 was 3.3x, compared to 2.1x at December 31, 2016. Total debt to adjusted EBITDA is currently above the long-term target of 3.0x. Superior anticipates the total debt to EBITDA ratio will be in the range of 3.0x to 3.4x at December 31, 2018.

(1) Pro forma including the trailing twelve months results of Canwest and tuck-in acquisitions.

MD&A and Financial Statements

Superior's MD&A, the audited Consolidated Financial Statements and the Notes to the Consolidated Financial Statements for the year ended December 31, 2017 provide a detailed explanation of Superior's operating results. These documents are available online at Superior's website at www.superiorplus.com under the Investor Relations section and on SEDAR under Superior's profile at www.sedar.com.

2017 Fourth Quarter and Annual Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2017 Annual and Fourth Quarter Results at 10:30 a.m. EST on Thursday, February 15, 2018. To participate in the call, dial: 1-844-389-8661. Internet users can listen to the call live, or as an archived call on Superior's website at www.superiorplus.com under the Events section.

Non-GAAP Financial Measures

Throughout the fourth quarter earnings release, Superior has used the following terms that are not defined by Canadian generally accepted accounting principles ("GAAP"), but are used by management to evaluate the performance of Superior and its business: AOCF before and after transaction and other costs, earnings before interest, taxes, depreciation and amortization ("EBITDA") from operations, and Adjusted 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. See "Non-GAAP Financial Measures" in the MD&A for a discussion of non-GAAP measures and their reconciliations.

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

EBITDA from operations

EBITDA from operations is defined as Adjusted EBITDA excluding costs that are not considered representative of Superior's underlying core operating performance, including gains and losses on foreign currency hedging contracts, corporate costs and transaction and other costs. Management uses EBITDA from operations to set targets for Superior (including annual guidance and variable compensation targets). EBITDA from operations is reconciled to net earnings before income taxes.

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, the Evolution 2020 goal, expected Adjusted EBITDA, 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 from the acquisition of Canwest, expected time Superior will be required to pay provincial cash income taxes, future economic conditions, future exchange rates, exposure to such rates and incremental earnings associated with such rates, expected weather, expectations for the global economic environment, our trading strategy and the risk involved in these strategies, the impact of certain hedges on future reported earnings and cash flows, commodity prices and costs, the impact of contracts for commodities, demand for propane, heating oil and similar products, demand for chemicals including sodium chlorate and chlor-alkali, effect of operational and technological improvements, anticipated costs and benefits of business enterprise system upgrade plans, future working capital levels, expected governmental regulatory regimes and legislation and their expected impact on regulatory and legislative compliance costs, expectations for the outcome of existing or potential legal and contractual claims, our ability to obtain financing on acceptable terms, 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 historic performance of Superior’s businesses. Such assumptions include anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, utilization of tax basis, regulatory developments, currency, exchange and interest rates, future commodity prices relating to the oil and gas industry, future oil rig activity levels, trading data, cost estimates, our ability to obtain financing on acceptable terms, the assumptions set forth under the “Financial Outlook” sections of our MD&A and, in respect of the Evolution 2020 goal, also include the successful completion of acquisitions contributing approximately $10 million to $70 million in annual EBITDA (including synergies), organic growth of approximately 3-5% in annual EBITDA for each business, the anticipated and sustained recovery in the chlor-alkali sector within Specialty Chemicals, no significant divestitures or changes in the strategic direction of the business. The forward looking information is also subject to the risks and uncertainties set forth below.

By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond our control, Superior's or Superior LP's actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value when making acquisitions, increases in debt service charges, the loss of key personnel, fluctuations in foreign currency and exchange rates, inadequate insurance coverage, liability for cash taxes, counterparty risk, compliance with environmental laws and regulations, reduced customer demand, operational risks involving our facilities, force majeure, labour relations matters, our ability to access external sources of debt and equity capital, and the risks identified in (i) our MD&A under the heading "Risk Factors" and (ii) Superior's most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

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

For more information about Superior, visit our website at www.superiorplus.com or contact:

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF 2017 ANNUAL AND FOURTH QUARTER RESULTS

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, 2017 and 2016, as well as forward-looking information about future periods. The information in this MD&A is current to February 14, 2018, 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, 2017 and 2016.

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, 2017 and 2016 were prepared in accordance with *International Financial Reporting Standards* (IFRS).

All financial amounts in this MD&A are expressed in millions of Canadian dollars except where otherwise noted. All tables 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.

Non-GAAP Financial Measures

Throughout the MD&A, Superior has used the following terms that are not defined under Canadian generally accepted accounting principles (GAAP), but are used by management to evaluate the performance of Superior and its businesses: adjusted operating cash flow (AOCF) before and after transaction and other costs, earnings before interest, taxes, depreciation and amortization (EBITDA) from operations, and Adjusted EBITDA, Adjusted revenue, Adjusted cost of sales, Adjusted operating and administrative costs. 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 using Non-GAAP financial measures is to provide additional useful information to investors and analysts; the measures do not have 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 Adjusted EBITDA, 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 the Canwest Propane (Canwest), the smaller tuck-in acquisitions, future economic conditions, future exchange rates, exposure to such rates and incremental earnings associated with such rates, expected weather, expectations for 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 included to provide 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, trading data, cost estimates, Superior's ability to obtain financing on acceptable terms, and the assumptions set forth under "Financial Outlook" in this MD&A all of which 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 servicing 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.

Basis of Presentation

In the prior year, Superior divested its Fixed-Price Energy Services business and its Construction Products Distribution (CPD) business, which distributed drywall, insulation, framing and other construction products mainly in Canada and the United States. Accordingly, the prior period financial information in this MD&A has been restated to exclude the results of operations of CPD. This MD&A reflects the results of continuing operations, unless otherwise noted.

FINANCIAL OVERVIEW

Summary of AOCF

(millions of dollars except per share amounts)	**2017**	2016
Revenue	**2,385.0**	2,023.7
Gross profit	**735.4**	656.4
EBITDA from operations[1]	**306.8**	276.5
Income from Canwest[4]	**11.9**	-
Corporate adjusted operating and administrative costs[1]	**(21.6)**	(20.2)
Realized gains (losses) on foreign currency hedging contracts	**0.5**	(26.0)
Adjusted EBITDA[1]	**297.6**	230.3
Interest expense	**(43.8)**	(35.6)
Cash income tax expense	**(3.3)**	(4.9)
AOCF before transaction and other costs[1]	**250.5**	189.8
Transaction and other costs[2]	**(33.1)**	(50.2)
AOCF[1]	**217.4**	139.6
AOCF per share before transaction and other costs, basic and diluted [1][3]	**$1.75**	$1.34
AOCF per share, basic and diluted[1][3]	**$1.52**	$0.98
Dividends paid per share	**$0.72**	$0.72

(1) EBITDA from operations, Adjusted EBITDA and AOCF are Non-GAAP measures. See "Non-GAAP Financial Measures" and "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs" and "Reconciliation of Net Earnings before income taxes to Adjusted EBITDA". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

(2) Transaction and other costs for the year ended December 31, 2017 are related primarily to the acquisition and integration of Canwest and other tuck-in acquisitions. Transaction and other costs for the year ended December 31, 2016 relate to the terminated acquisition of Canexus Corporation, the divestiture of CPD and restructuring. See "Transaction and Other Costs" for further details.

(3) The weighted average number of shares outstanding for the year ended December 31, 2017, is 142.8 million (year ended December 31, 2016 – 142.1 million). There were no dilutive instruments with respect to AOCF per share for the years ended December 31, 2017 and 2016.

(4) As of March 1, 2017 and up to the acquisition closing date of September 27, 2017, Superior was entitled to the benefit of the income from Canwest.

Comparable GAAP Financial Information

(millions of dollars except per share amounts)	**2017**	2016
Net (loss) earnings from continuing operations	**$(27.9)**	$114.2
Net (loss) earnings per share from continuing operations, basic	**$(0.20)**	$0.80
Net (loss) earnings per share from continuing operations, diluted	**$(0.20)**	$0.78
Net cash flows from operating activities before income tax and interest paid	**$192.5**	$188.5
Net cash flows from operating activities per share, basic and diluted	**$1.35**	$1.33

Segmented Information

(millions of dollars)	**2017**	2016
EBITDA from operations(1)		
Energy Distribution	**180.4**	167.4
Specialty Chemicals	**126.4**	109.1
	306.8	276.5

(1) EBITDA from operations is a Non-GAAP measure. See "Non-GAAP" Financial Measures.

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

(millions of dollars)	**2017**	2016
Net cash flow from operating activities before income tax and interest paid	**192.5**	**188.5**
Add (deduct):		
Non-cash interest expense	**10.0**	**7.4**
Changes in non-cash working capital	**61.2**	**35.1**
Discontinued operations	**–**	**(8.2)**
Canwest depreciation, amortization and other	**10.8**	**–**
Cash income tax expense	**(3.3)**	**(4.9)**
Finance expense recognized in net earnings	**(53.8)**	**(78.3)**
AOCF	**217.4**	**139.6**

(1) AOCF is a Non-GAAP measure. See "Non-GAAP Financial Measures". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

Acquisition of Canwest Propane (Canwest)

On March 1, 2017, Superior entered into certain agreements to purchase the entities that carry on the industrial propane business of Canwest from Gibson Energy ULC (Canwest Option) for cash consideration of $412.0 million plus $20.4 million, of working capital adjustments.

On September 27, 2017, Superior received regulatory approval from the Government of Canada's Competition Bureau (Competition Bureau) and closed the acquisition of Canwest subject to certain conditions. As outlined in a consent agreement registered with the Competition Bureau, Superior agreed to divest five local branches and nine satellite locations from the combined Superior Propane and Canwest organization.

Canwest was founded in 1987 and is a leading propane supply and distribution franchise in western Canada, serving a diverse customer base of oil and gas, commercial, industrial, residential and construction customers under the brands of Canwest and Stittco. Canwest has established long-term relationships with a customer base that includes international, national and large regional companies.

Subsequent to the year end, Superior signed agreements with two third-parties to sell the propane assets required by the consent agreement entered into with the Competition Bureau as part of the Canwest acquisition. Both transactions are subject to approval by the Competition Bureau and other customary closing conditions.

Acquisition of Pomerleau Propane Gaz Inc. (Pomerleau)
On April 20, 2017, Superior GP, a subsidiary of Superior, acquired Pomerleau, a propane distributor serving residential and commercial customers in southeastern Québec for cash consideration of $10.7 million.

Acquisition of Yankee Propane Inc. and Virginia Propane Inc. (together, Yankee)
On August 1, 2017, Superior Plus Energy Services Inc., a subsidiary of Superior LP, acquired all of the assets of Yankee, a propane distributor serving residential and commercial customers in New York, New Jersey and Virginia for total consideration of US $31.5 million (CDN $38.7 million).

Acquisition of the Propane Distribution Assets of R.W. Earhart Company (Earhart)
On October 2, 2017, Superior Plus Energy Services Inc., a subsidiary of Superior, acquired all of the propane distribution assets of R.W. Earhart Company, a propane distributor serving residential and commercial customers in Ohio for total consideration of US $38.0 million (CDN $44.3 million).

Acquisition of International Dioxcide, Inc. (IDI)
On October 31, 2017, Superior Plus US Holdings Inc., a subsidiary of Superior, acquired all of the issued and outstanding shares of IDI, a provider of sodium chlorite based solutions for total consideration of US $11.1 million (CDN $14.4 million).

Acquisition of Hi-Grade Oil (Hi-Grade)
On February 2, 2018, Superior closed the acquisition of the propane distribution assets of Hi-Grade, an independent propane and distillate fuel distributor in Ohio.

The above acquisitions complement Superior's existing operations and are consistent with management's strategy to grow the Energy Distribution business and the Specialty Chemicals business through acquisitions and to leverage Superior's solid operating platform to achieve operational cost efficiencies.

Consolidated Statement of Net (Loss) Earnings

(millions of dollars except per share amounts)	**2017**	2016
Revenue	**2,385.0**	2,023.7
Cost of sales (includes products and services)	**(1,649.6)**	(1,367.3)
Gross profit	**735.4**	656.4
Expenses		
Selling, distribution and administrative costs	**(593.5)**	(567.3)
Finance expense	**(53.8)**	(77.6)
Unrealized gains on derivative financial instruments	**27.7**	139.6
	(619.6)	(505.3)
Net earnings from continuing operations before income taxes	**115.8**	151.1
Income tax (expense)	**(143.7)**	(36.9)
Net (loss) earnings from continuing operations	**(27.9)**	114.2
Net earnings from discontinued operations, net of tax	**–**	180.4
Net (loss) earnings	**(27.9)**	294.6
Net (loss) earnings per share from continuing operations, basic	**$(0.20)**	$0.80
Net (loss) earnings per share from continuing operations, diluted	**$(0.20)**	$0.78

Annual Financial Results Compared to the Prior Year

AOCF before transaction and other costs for the year ended December 31, 2017 was $250.5 million, an increase of $60.7 million or 32% from the prior year AOCF before transaction and other costs of $189.8 million. AOCF per share before transaction and other costs was $1.75 per share, an increase of $0.41 per share or 31% from the prior year results of $1.34 per share. The increase from the prior year is primarily due to higher EBITDA from operations, a realized gain on foreign exchange currency hedging contracts compared to a loss in the prior year, and income from Canwest and was partially offset by higher interest expense and a larger number of weighted average shares outstanding.

AOCF for the year ended December 31, 2017 was $217.4 million, an increase of $77.8 million or 56% from the prior year's AOCF of $139.6 million. AOCF per share was $1.52 per share, an increase of $0.54 per share or 55% from the prior year's AOCF of $0.98 per share. In addition to the increase in AOCF before transaction and other costs, AOCF increased as a result of lower transaction and other costs in the current year than in the prior year. Transaction costs in the prior year related to the divestiture of CPD, the terminated acquisition of Canexus and a restructuring provision in both the Specialty Chemicals and Energy Distribution segments.

Revenue of $2,385.0 million in 2017 was $361.3 million or 18% higher than in the prior year due to increased revenue for both the Energy Distribution and Specialty Chemicals segments. Energy Distribution revenue for the year ended December 31, 2017 was $1,748.1 million, an increase of $302.0 million or 21% from the prior year primarily due to higher commodity price and to a lesser extent the contribution from Canwest, the tuck-in acquisitions and higher sales volumes related to colder weather and sales and marketing initiatives, partially offset by wholesale propane market fundamentals. Specialty Chemicals revenue for the year ended December 31, 2017 was $636.4 million, an increase of $58.8 million or 10% from the prior year primarily due to higher Chlor-alkali and sodium chlorate sales volumes and higher average selling prices for caustic soda, chlorine, and hydrochloric acid partially offset by lower average selling prices for caustic potash. Revenue includes a realized gain of $0.5 million related to foreign currency hedging contracts reflected in the corporate segment. Gross profit was $735.4 million, an increase of $79.0 million or 12% from $656.4 million in the prior year. The increase in gross profit is a result of higher sales volumes and average selling prices in Specialty Chemicals, the acquisition of Canwest and to a lesser extent the colder weather partially offset by lower gross profits due to the impact of weaker market fundamentals on the supply portfolio management business in the Canadian Propane Distribution business.

Selling, distribution and administrative costs were $593.5 million in 2017, an increase of $26.2 million or 5% from the prior year primarily due to higher costs for Energy Distribution and Specialty Chemicals. Energy Distribution costs for the year ended December 31, 2017 were $407.8 million, an increase of $25.6 million from $382.2 million in the prior year. The increase is mainly due to the acquisition of Canwest and to a lesser extent the tuck-in acquisitions and expenses related to higher sales volumes. Energy Distribution costs also include net income of $1.2 million from Canwest for the period from March 1, 2017 until the acquisition closing date of September 27, 2017. Specialty Chemicals costs were $146.4 million for the year ended December 31, 2017, an increase of $3.2 million from the prior year due to higher freight costs on higher sales volumes. Corporate selling, distribution and administrative costs were $39.3 million, compared to $41.9 million in the prior year. The $2.6 million decrease was primarily due to higher transaction and other costs in the prior year related to the terminated acquisition of Canexus.

Finance expense was $53.8 million compared to $77.6 million in the prior year, a decrease of $23.8 million or 31%. The decrease is primarily related to a $33.4 million loss from the settlement of foreign exchange hedging contracts in the prior year partially offset by higher interest expense due to higher debt and higher interest rates in the U.S. and Canada. The increased debt is primarily due to debt incurred to fund the acquisition of Canwest and tuck-in acquisitions.

Unrealized gains on derivative financial instruments were $27.7 million in 2017 compared to a gain of $139.6 million in the prior year. This is mainly related to the strengthening of the Canadian dollar relative to the U.S. dollar during

2017, financial swaps entered into in the prior year and the timing of maturities of the underlying financial instruments. For additional details, refer to Note 20 of the 2017 audited consolidated financial statements.

Total income tax expense of $143.7 million was $106.8 million higher than the prior year's expense of $36.9 million. Current income tax expense was $3.3 million a decrease of $1.7 million from the prior year. The decrease is due to lower state taxes in the current year. Deferred income tax expense was $140.4 million, an increase of $108.5 million from the prior year. The increase is primarily due to the settlement with the Canada Revenue Agency regarding its objection to the tax consequences of the corporate conversion transaction, which occurred on December 31, 2008.

The net loss from continuing operations for the year ended December 31, 2017 was $27.9 million, compared to net earnings of $114.2 million in the prior year. The decrease from the prior year is primarily due to a lower unrealized gain on derivative financial instruments and a higher deferred income tax expense in the current year related to settling the dispute with the CRA with respect to the company's corporate conversion transaction. Basic net loss per share from continuing operations for the year ended December 31, 2017 was $(0.20), compared to earnings of $0.80 per basic share in the prior year.

Net earnings from discontinued operations for the year ended December 31, 2017 was nil, compared to $180.4 million in the prior year. The decrease 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 nil, compared to $1.27 per share in the prior year. For additional details, refer to Note 4 of the 2017 audited consolidated financial statements.

ANNUAL FINANCIAL RESULTS OF SUPERIOR'S OPERATING SEGMENTS

ENERGY DISTRIBUTION

Energy Distribution's condensed operating results for 2017 and 2016:

(millions of dollars)	**2017**	2016
Revenue	**1,748.1**	1,446.1
Adjusted cost of sales	**(1,233.2)**	(957.1)
Gross profit	**514.9**	489.0
Less: Adjusted operating and administrative costs(1)	**(334.5)**	(321.6)
EBITDA from operations(1)(2)	**180.4**	167.4
GAAP Measures		
Selling, distribution and administrative costs	**407.8**	382.2
Net earnings before income tax	**108.6**	143.4

(1) See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations between GAAP and Non-GAAP reconciliations can be found on pages 33-36.

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

Revenue was $1,748.1 million in 2017, an increase of $302.0 million or 21% from the prior year. The increase was primarily due to higher wholesale propane supply prices driven by lower inventory levels in 2017 due to higher exports out of North America and the higher WTI crude oil prices, incremental revenue from Canwest and to a lesser extent higher volumes. Total gross profit for 2017 was $514.9 million, an increase of $25.9 million or 5% from the prior year. The increase in gross profit is primarily due to incremental contribution from Canwest and to a lesser extent higher volumes from the base business of Canadian propane distribution and higher average unit margins in U.S refined fuels. A review of gross profit is provided below.

Gross Profit Review

(millions of dollars)	**2017**	2016
Canadian propane distribution	316.4	299.0
U.S. refined fuels distribution	168.5	159.4
Other services	30.0	30.6
Total gross profit	514.9	489.0

Canadian Propane Distribution

Canadian propane distribution's gross profit for 2017 was $316.4 million, an increase of $17.4 million from 2016. The increase is primarily due to contribution from Canwest, and higher sales volumes partially offset by lower unit margins. Residential sales volumes in 2017 increased by 25 million litres or 20% from the prior year, primarily due to incremental volumes sold associated with Canwest and to a lesser extent colder weather than in the prior year. Average weather across Canada for the year, as measured by degree days, was 5% colder than in the prior year and in line with the five-year average. Commercial volumes increased by 50 million litres or 21% from the prior year primarily due to incremental volumes sold associated with Canwest and to a lesser extent colder weather than in the prior year. Industrial volumes increased by 71 million litres or 19% from the prior year primarily due to incremental volumes sold associated with Canwest and to a lesser extent sales growth in the oilfield and mining business and colder weather. Agricultural volumes increased by 3 million litres or 5% due to greater crop-drying demand driven by wet weather conditions in the fourth quarter. Wholesale propane volumes were higher by 210 million litres or 45% primarily due to sales and marketing initiatives with a focus on increasing third-party sales.

Average propane sales margins for 2017 decreased to 18.7 cents per litre from 22.4 cents per litre in the prior year. The decrease was due to a weaker wholesale propane market fundamentals including basis differentials and regional arbitrage opportunities, on the supply portfolio management business and an increased proportion of lower-margin wholesale volumes.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application

(millions of litres)	**2017**	2016
Residential	**150**	125
Commercial	**290**	240
Agricultural	**66**	63
Industrial	**437**	366
Wholesale	**678**	468
Automotive	**74**	73
Total	**1,695**	1,335

Volumes by Region [(1)]

(millions of litres)	**2017**	2016
Western Canada	**823**	630
Eastern Canada	**529**	460
Atlantic Canada	**113**	107
United States	**230**	138
Total	**1,695**	1,335

(1) 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.

INCOME FROM CANWEST

As of March 1, 2017 and up to the acquisition closing date of September 27, 2017, Superior was entitled to the benefit of the net profits of Canwest. As a result, Superior recorded net income of $1.2 million, $10.7 of amortization and $11.9 million in consolidated Adjusted EBITDA for the current year. These amounts are not included in the EBITDA from operations for the annual financial results of the Energy Distribution segment.

On September 27, 2017, Superior received regulatory approval from the Competition Bureau and closed the acquisition of Canwest subject to certain conditions. The results of Canwest subsequent to September 27, 2017 are included in the results of the Energy Distribution segment.

Below is a summary of Canwest's financial results and volumes in 2017:

(millions of dollars)	Q1[(1)]	Q2	Q3[(2)]	March 1 – Sept 27	Sep 27 – Dec 31	2017
Revenue	25.7	34.6	34.4	94.7	77.1	171.8
Cost of sales	(13.2)	(16.0)	(17.1)	(46.3)	(46.4)	(92.7)
Gross profit	12.5	18.6	17.3	48.4	30.7	79.1
Selling, distribution and administrative costs (excluding depreciation and amortization)	(6.3)	(15.8)	(14.4)	(36.5)	(13.6)	(50.1)
EBITDA from operations	**6.2**	**2.8**	**2.9**	**11.9**	**17.1**	**29.0**
GAAP measures:						
Depreciation and amortization	(1.8)	(4.5)	(4.4)	(10.7)	(1.2)	(11.9)
Net earnings (loss)	**4.4**	**(1.7)**	**(1.5)**	**1.2**	**15.9**	**17.1**
Volumes (millions of litres)	**52.6**	**74.2**	**72.4**	**199.2**	**140.0**	**339.2**

(1) Q1 includes activity from March 1-31, 2017.

(2) Q3 includes activity from July 1 – September 27, 2017.

U.S. Refined Fuels Distribution

U.S. refined fuels gross profit for 2017 was $168.5 million, an increase of $9.1 million or 6% from the prior year. The increase in gross profit was due to higher unit margins partially offset by lower volumes. Residential sales volumes decreased by 3 million litres or 1% from the prior year due primarily to warmer weather and timing of deliveries. This was partially offset by 3.1 million additional litres sold associated with tuck-in acquisitions completed in 2017. Weather as measured by heating degree days for the year was 1% warmer than the prior year and 5% warmer than the five-year average. Commercial volumes were modestly higher due primarily to incremental volumes from the tuck-in acquisitions. Wholesale volumes decreased by 131 million litres or 15% as the business shifted focus to more profitable deliveries.

Average U.S. refined fuels sales margins were 12.6 cents per litre an increase of 16% from 10.9 cents per litre in the prior year. Sales margins improved due to sales and marketing initiatives to reduce the lower margin sales volumes.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application [(1)]

(millions of litres)	**2017**	2016
Residential	**250**	253
Commercial	**359**	357
Wholesale	**728**	859
Total	**1,337**	1,469

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

Other Services
Other services primarily include equipment installation, maintenance and repair. Gross profit was $30.0 million in 2017, a decrease of $0.6 million or 2% from the prior year. The decrease in other services gross profit is due to the stronger U.S. dollar in 2017 compared to 2016.

Adjusted Operating and Administrative Costs
Adjusted operating and administrative costs were $334.5 million in 2017, an increase of $12.9 million or 4% from the prior year. Adjusted operating and administrative costs increased mainly due to the acquisition of Canwest and to a lesser extent an increase in volume related expenses. See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

Selling, Distribution and Administrative Costs
Selling, distribution and administrative costs were $407.8 million, an increase of $25.6 million or 7% from the prior year. Selling, distribution and administrative costs increased primarily due to the acquisition of Canwest, restructuring and integration costs related to Canwest, tuck-in acquisitions and the impact of higher sales volumes.

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. Current year results include the impact of the Canwest acquisition which was completed on September 27, 2017 and the tuck-in acquisitions during 2017. 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.

The U.S refined fuels business distributes propane, heating oil and refined fuels 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, West Virginia and Ohio. 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 revenue with its largest customer comprising approximately 1.4% of its revenue.

Initiatives to improve results in the Energy Distribution business continued during 2017 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 2017 included: a) acquisition strategy focused on retail and wholesale propane; b) increased provision of value-added services; c) utilizing Superior's supply cost advantage; and d) maximizing logistics capabilities.

Financial Outlook

EBITDA from operations for Energy Distribution is anticipated to be higher than in 2017. The anticipated increase in EBITDA is primarily due to the expected contribution from Canwest anticipated synergies of $5 million to $10 million to be realized in 2018 and the full year results from Canwest and the tuck-in acquisitions completed in 2017. Supply market fundamentals in the Canadian propane distribution business are anticipated to be consistent with 2017. Average weather for 2018, as measured by degree days, is anticipated to be consistent with the five-year average.

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 2017 and 2016:

(millions of dollars except per metric tonne (MT) amounts)	**2017**		2016	
		$ per MT		$ per MT
Adjusted revenue[1]	**631.7**	**742**	602.2	741
Adjusted cost of sales[1]	**(364.1)**	**(428)**	(355.0)	(437)
Adjusted gross profit[1]	**267.6**	**314**	247.2	304
Less: Adjusted operating and administrative costs[1]	**(141.2)**	**(165)**	(138.1)	(170)
EBITDA from operations[2]	**126.4**	**149**	109.1	134
GAAP Measures:				
Revenue	**636.4**		577.6	
Cost of sales	**(416.4)**		(410.3)	
Gross profit	**220.0**		167.3	
Selling, distribution and administrative costs	**(146.4)**		(143.2)	
Net earnings	**72.9**		30.7	

(1) See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

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

Sales Volumes by Product

(thousands of MTs)	**2017**	2016
Sodium chlorate	**502**	499
Chlor-alkali	**341**	307
Chlorite	**8**	7
Total	**851**	813

Adjusted revenue was $631.7 million in 2017, an increase of $29.5 million from the prior year. Adjusted gross profit was $267.6 million, an increase of $20.4 million or 8% from the prior year. Adjusted revenue and adjusted gross profit both increased due to higher chlor-alkali sales and sodium chlorate sales volumes and higher caustic soda and hydrochloric acid average sales prices, partially offset by lower caustic potash prices. See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

Revenue was $636.4 million in 2017, an increase of $58.8 million from the prior year. In addition to the $29.5 million increase noted above, the remaining increase was primarily related to a $26.1 million realized loss on foreign currency hedging contracts in the prior year.

Sodium chlorate sales volumes increased by 3,000 tonnes over the prior year. The average sales price decreased by 1% due to customer mix and the impact of the stronger Canadian dollar on U.S. denominated sales.

Chlor-alkali sales volumes increased by 34,000 tonnes or 11% due to increased demand for hydrochloric acid primarily from the U.S. oil and gas sector related to rig activity and increased demand for caustic potash primarily in the agriculture sector.

Adjusted cost of sales was $428/MT, a decrease of $9/MT due primarily to higher chlor-alkali sales volumes on a similar level of fixed manufacturing costs between years. Adjusted gross profit was $267.6 million in 2017, an increase of $20.4 million from the prior year and is primarily due to the increased chlor-alkali and sodium chlorate sales volumes and higher average sales prices for caustic soda and hydrochloric acid. See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

Cost of sales was $416.4 million in 2017, an increase of $6.1 million from the prior year. The increase is primarily related to the increased sales volumes and to a lesser extent increased power costs. Gross profit was $220.0 million in 2017, an increase of $52.7 million from the prior year. The increase is due to higher sales volumes and the realized loss on foreign currency hedging contracts in the prior year.

Average electrical costs in North America for sodium chlorate, which represent 70% to 85% and 30% to 40% of the variable costs of the production of sodium chlorate and chlor-alkali, respectively, increased approximately 6% over the prior year.

Adjusted operating and administrative costs of $141.2 million were $3.1 million or 2% higher than in the prior year due to higher distribution costs. See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

Selling, distribution and administrative costs were $146.4 million or $3.2 million higher than in the prior year. The increase was a result of higher distribution costs partially offset by restructuring costs incurred in the prior year. Distribution costs include the cost of freight and delivery to customers.

Operational Information

Specialty Chemicals is a manufacturer of sodium chlorate, chlorine dioxide, sodium chlorite, chlorine, caustic soda, hydrochloric acid and potassium hydroxide and produces hydrogen as a by-product of electrolysis. It owns and operates nine 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 55% of its revenue with its largest customer comprising approximately 9% of its revenue.

For the year ended December 31, 2017, global sodium chlorate, sodium chlorite and chlorine dioxide technology-related sales represented 62% 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

EBITDA from operations for Specialty Chemicals is anticipated to be consistent to modestly lower than in 2017 as electricity costs and the impact of a weaker U.S. dollar on U.S. denominated revenue are expected to have a negative impact on gross profit, partially offset by an increase in chlor-alkali sales volumes and pricing.

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.

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 2017 and 2016:

(millions of dollars)	**2017**	2016
Efficiency, process improvement and growth-related	**19.8**	18.1
Maintenance capital	**57.2**	67.0
	77.0	85.1
Proceeds on disposition of capital and intangible assets	**(7.6)**	(3.2)
Property, plant and equipment acquired through acquisition	**149.3**	4.2
Total net capital expenditures	**218.7**	86.1
Investment in finance leases	**24.9**	14.1
Total expenditures including finance leases	**243.6**	100.2

Efficiency, process improvement and growth-related expenditures were $19.8 million in 2017, compared to $18.1 million in the prior year. The increase is primarily related to the purchase of tanks, pumps and regulators for customer growth and to a lesser extent the impact of Canwest partially offset by Energy Distribution system upgrades in the prior year.

Maintenance capital expenditures were $57.2 million in 2017, compared to $67.0 million in the prior year, consisting primarily of required maintenance and general capital across Superior's segments. The decrease is mainly due to Specialty Chemicals' investment in chlorine railcars in the prior year.

During 2017, Superior entered into new leases with capital-equivalent value of $24.9 million, primarily related to vehicles for the Energy Distribution segment to support growth and replace aging vehicles.

Capital expenditures were funded from a combination of operating cash flow and revolving-term bank credit facilities.

CORPORATE ADJUSTED OPERATING AND ADMINISTRATIVE COSTS

Corporate adjusted operating and administrative costs were $21.6 million in 2017, compared to $20.2 million in the prior year. The $1.4 million increase was primarily due to higher incentive plan costs and professional fees. See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

CORPORATE SELLING, DISTRIBUTION ADMINISTRATIVE COSTS

Corporate costs were $39.3 million in 2017, compared to $41.9 million in the prior year. The $2.6 million decrease was primarily due to lower transaction costs and was partially offset by higher incentive plan costs and professional fees.

INTEREST EXPENSE

Interest expense on borrowing and finance lease obligations was $43.8 million in 2017, compared to $35.6 million in the prior year. The increase was mainly due to higher average debt related to acquisitions and higher average effective interest rates.

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)	**2017**	2016
Transaction costs	**16.5**	21.4
Restructuring and integration costs	**16.6**	7.1
CPD disposal costs	–	21.7
Total transaction and other costs	**33.1**	50.2

For the year ended December 31, 2017, Superior incurred $16.5 million in costs related to the acquisition of Canwest and the other tuck-in acquisitions and $16.6 million in costs related to the integration and restructuring of the new acquisitions.

For the year ended December 31, 2016, Superior incurred $21.7 million in costs related to the divestiture of CPD, $21.4 million related to 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.

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., Luxembourg, and Chilean income tax.

Total income tax expense for 2017 was $143.7 million, comprised of $3.3 million in cash income tax expense and $140.4 million in deferred income tax expense. This compares to a total income expense of $36.9 million in the prior year, which consisted of $5.0 million in cash income tax expense and a $31.9 million deferred income tax expense.

Cash income taxes for 2017 were $3.3 million, consisting of income taxes in Canada of $1.9 million (2016 – nil), income tax recovery in the U.S. of $1.4 million (2016 – $1.5 million of U.S. cash tax expense), income taxes in Chile of $2.1 million (2016 - $3.5 million), and income taxes in Luxembourg of $0.7 million (2016 – nil). Deferred income tax expense for 2017 was $140.4 million (2016 – $32.9 million), resulting in a corresponding net deferred income tax asset of $69.9 million as at December 31, 2017 (December 31, 2016 – $231.8 million). The increase in deferred income tax expense was due to settling the dispute with the CRA with respect to the company's corporate conversion transaction.

As at December 31, 2017, Superior had the following tax pools available to be used in future years:

Canada	*(millions of dollars)*
Tax basis	335.4
Non-capital losses	4.5
Capital losses	4.8
Canadian scientific research expenditures	282.6
Investment tax credits	88.2
United States	
Tax basis	262.2
Non-capital losses	142.6
Chile	
Tax basis	18.5

See the audited consolidated financial statements for the year ended December 31, 2017 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

As announced on August 1, 2017, Superior reached an agreement with the CRA regarding its objection to the tax consequences of Superior' corporate conversion transaction on December 31, 2008. Superior elected to enter into the agreement with the CRA to avoid further legal proceedings and allow management to focus on its *Evolution 2020* strategic initiatives. The agreement with the CRA will not give rise to any cash outlay by Superior for prior tax years. The payment of approximately $33 million to the CRA and related provincial agencies for 50% of the estimated tax liabilities for prior taxation years was to be refunded, of which $31.3 million was received in the fourth quarter. The agreement with the CRA resulted in a non-cash charge of $119 million related to the write-off of a portion of Superior's deferred tax assets. The tax pools impacted by the agreement have been restated at December 31, 2016 as follows:

Carry forward available	**2016**	**2016(restated)**
Canadian non-capital losses [(1)]	$ 62.2	$ 14.3
Canadian scientific research expenditures	$ 625.8	$ 349.9
Canadian capital losses	$ 541.2	$ 6.6
Canadian federal and provincial investment tax credits[(2)]	$ 145.7	$ 92.2

(1) Expiring beyond 2019

(2) $4.6 million expired in 2017, the remainder expires beyond 2020

FINANCIAL OUTLOOK

Superior achieved AOCF before transaction and other costs per share of $1.75 which was at the top end of the 2017 financial outlook range provided in its third quarter 2017 MD&A. See the detailed discussion on each segment for a breakdown of the results achieved.

Superior's current 2018 financial outlook of AOCF per share of $1.65 to $1.95 and 2018 Adjusted EBITDA guidance of $295 million to $335 million is consistent with the guidance provided in its third quarter 2017 MD&A. Achieving Superior's AOCF and Adjusted EBITDA 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 2018 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 as well as capital equivalent of operating leases of $100 million to $105 million in 2018 and on working capital funding requirements which do not contemplate any significant commodity price changes;
- Superior is substantially hedged for its estimated U.S. dollar exposure for 2018, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2018 would not have a material impact on Superior;
- The foreign currency exchange rate between the Canadian dollar and U.S. dollar is expected to average 0.78 for 2018 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 modestly increase over 2017. Interest expense is anticipated to increase due to higher average debt levels related to the Canwest acquisition and tuck-in acquisitions;
- Realized losses on foreign currency hedging contracts are anticipated to be higher than 2017 due to the decrease in the average effective hedging rate; and
- Canadian, Chilean and U.S.-based cash taxes are expected to be in the range of $5 million to $10 million for 2018 based on existing statutory income tax rates and the ability to use available tax basis.

Energy Distribution

- 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 realize some synergies due to the restructuring and integration of Canwest.

Specialty Chemicals

- Average plant utilization will approximate 90%-95% in 2018.

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 ratio. Superior's total debt to Adjusted EBITDA ratio for the trailing twelve months was 3.3x as at December 31, 2017, compared to 2.1x at December 31, 2016. The debt levels and total leverage ratio as at December 31, 2017 were higher than on December 31, 2016, due to increased borrowings on credit facilities related primarily to the acquisition of Canwest. The trailing 12 months Adjusted EBITDA includes pro forma Adjusted EBITDA for Canwest and the tuck-in acquisitions completed in 2017.

The total debt to Adjusted EBITDA ratio is currently above the long-term target of 3.0x. Superior anticipates the total debt to Adjusted EBITDA ratio will be in the range of 3.0x to 3.4x as at December 31, 2018.

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

Borrowing

Superior's revolving syndicated bank facility (credit facility), term loans and finance lease obligations (collectively borrowing) before deferred financing fees was $1,063.4 million as at December 31, 2017, an increase of $618.7 million from $444.7 million as at December 31, 2016. Total debt increased primarily due to the acquisition of Canwest and tuck-in acquisitions and to a lesser extent the acquisitions of property, plant and equipment.

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

	As at December 31, 2017			
(millions of dollars)	Total Amount	Borrowing	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities(1)	620.0	387.1	31.7	201.2
Term loans(1)	600.0	600.0		
Other debt	13.2	13.2		
Finance lease obligations	63.1	63.1		
Total	1,296.3	1,063.4	31.7	201.2

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

On February 1, 2018 Superior LP closed a private placement of CDN $220 million in Senior Unsecured Notes bearing interest at 5.125% and due August 27, 2025. The net proceeds reduced the balance under Superior's revolving credit facility. Superior expects to use the revolving credit facility to redeem $200 million of its outstanding 6.5% senior unsecured debentures due December 9, 2021.

Extension of Credit Facility

On May 1, 2017, Superior extended the maturity date of its credit facility to April 28, 2022. In addition to the extension of the syndicated credit facility, Superior had agreed with its lenders that the syndicated credit facility would be increased to $620.0 million from the existing $570.0 million with ten lenders and can be further expanded up to $800.0 million.

Convertible Debentures

During the year the Company issued $150 million of 5.25% senior unsecured notes. Part of the proceeds were used to fund the redemption of the $97 million of 6% convertible unsecured debentures due June 30, 2019. The redemption occurred on November 15, 2017.

Net Working Capital

Consolidated net working capital was $115.7 million as at December 31, 2017, an increase of $3.6 million from $112.1 million as at December 31, 2016. Superior's net working capital requirements are financed from its credit facility.

Compliance

In accordance with the credit facility, Superior must maintain certain covenants and ratios that require Non-GAAP financial measures. Superior is in compliance with the lender covenants as at December 31, 2017 and the covenant details are found in the credit facility documents filed in the System for Electronic Document Analysis and Retrieval ("SEDAR").

Credit Ratings

As of February 14, 2018 Dominion Bond Rating Service (DBRS) and the Standard & Poor's (S&P) rating for Superior's corporate credit and its 6.5% and 5.25% notes are respectively, BB (high) and BB.

Pension Plans

As at December 31, 2017, Superior had an estimated defined benefit going concern surplus of approximately $26.2 million (December 31, 2016 – $33.4 million surplus) and a pension solvency surplus of approximately $4.5 million (December 31, 2016 – $4.3 million deficiency). 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.

Contractual Obligations and Other Commitments

			Payments Due In			
(millions of dollars)	Note [1]	Total	2018	2019-2020	2021-2022	Thereafter
Borrowing	16	1,063.4	28.7	33.4	598.6	402.7
Present value of minimum future lease payment under finance leases	17	63.1	19.5	23.1	11.9	8.6
Operating leases[2]	17	187.8	34.4	54.8	43.1	55.5
US$ foreign currency forward sales contracts (US$)	20	328.8	166.1	144.7	18.0	–
Natural gas, diesel, WTI, propane, heating oil, and electricity purchase commitments [3]	20	93.9	49.3	44.6	–	–
Total contractual obligations		**1,737.0**	**298.0**	**300.6**	**671.6**	**466.8**

(1) Notes to the 2017 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 2017 was 142.8 million shares. 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, 2017 and 2016, the following common shares and securities convertible into common shares were issued and outstanding:

	December 31, 2017		**December 31, 2016**	
(millions)	**Convertible Securities**	**Shares**	Convertible Securities	Shares
Common shares outstanding		**142.8**		142.8
6.00% debentures[1]	–	–	$97.0	5.8
Shares outstanding and issuable upon conversion of debentures	–	**142.8**	$97.0	148.6

(1) Convertible at $16.75 per share. Redeemed in November 2017.

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 AOCF" for 2017, above, and "Summary of Cash Flow" for additional details.

Dividends paid to shareholders for 2017 were $102.8 million or $0.72 per share compared to $102.2 million or $0.72 per share in 2016. Dividends paid to shareholders increased by $0.6 million. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

SUMMARY OF CASH FLOW

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

(millions of dollars)	**2017**	2016
Cash flows from operating activities	**183.1**	146.8
Investing activities:		
Purchase of property, plant and equipment	**(77.0)**	(98.0)
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	**7.6**	3.3
Acquisitions	**(494.6)**	(8.2)
Cash flows (used in) from in investing activities	**(564.0)**	291.9
Financing activities:		
Net proceeds (repayment) of revolving term bank credits and other debt	**229.4**	(147.1)
Redemption of convertible debentures	**(97.0)**	(150.0)
Proceeds from5.25% senior secured notes	**400.0**	–
Repayment of finance lease obligation	**(16.0)**	(21.4)
Debt issuance costs	**(7.2)**	–
Settlement of foreign currency forward contracts	–	(34.6)
Proceeds from dividend reinvestment program	–	22.8
Dividends paid to shareholders	**(102.8)**	(102.2)
Cash flows from (used in) financing activities	**406.4**	(432.5)
Net increase in cash and cash equivalents	**25.5**	6.2
Cash and cash equivalents , beginning of period	**5.0**	–
Effect of translation of foreign-denominated cash	**1.3**	(1.2)
Cash and cash equivalents, end of period	**31.8**	5.0

Cash flows from operating activities were $183.1 million in 2017, an increase of $36.3 million from the prior year. The increase was the result of higher EBITDA from operations, income from Canwest, a realized gain on foreign currency hedging contracts compared to a loss in the prior year and lower transaction and other costs.

Cash flow used in investing activities was $(564.0) million, a decrease of $855.9 million from cash flow of $291.9 million the prior year. The decrease occurred mainly because of acquisitions in 2017 and the cash flow from the CPD disposition in 2016.

Cash flow from financing activities was $406.4 million, an increase of $838.9 million from cash used of $432.5 million in the prior year and was mainly related to repayments in the prior year from proceeds on the CPD sale compared to proceeds received in the current year to fund acquisitions.

FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Derivative and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates, share-based compensation and commodity prices. Superior assesses the inherent risks of these instruments by grouping derivative and non-financial derivatives related to the exposures these instruments mitigate. Superior's policy is not to use derivative or non-financial derivative instruments for speculative purposes. Superior does not formally designate its derivatives as hedges and, as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as held for trading.

As at December 31, 2017, Superior has substantially hedged its estimated U.S. dollar exposure for 2018 and 57% for 2019. Due to the hedge position, a change in the Canadian to U.S. dollar exchange rate for 2018 would not have a material impact on Superior. A summary of Superior's U.S. dollar forward contracts for the remainder of 2018 and beyond is provided in the table below.

(US$ millions except exchange rates)	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Net US$ forward sales	166.1	107.7	37.0	18.0		328.8
Net average external US$/CDN$ exchange rate	1.25	1.25	1.32	1.31		1.26

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's annual consolidated financial statements, summary of fair values, notional balances, effective rates and terms, and significant assumptions used in the calculation of the fair value of Superior's financial instruments, see Note 20 to the audited consolidated financial statements.

Sensitivity Analysis

Superior's estimated cash flow sensitivity in 2017 to various changes is provided below:

	Change	% Change	Impact on AOCF (millions)	Per Share
Energy Distribution				
Change in propane sales margin	$0.005/litre	3%	$8.5	$0.06
Change in propane sales volume	50 million litres	3%	$8.0	$0.06
Change in U.S. refined fuels sales margin	$0.005/litre	4%	$6.7	$0.05
Change in U.S. refined fuels sales volume	50 million litres	4%	$4.7	$0.03
Specialty Chemicals				
Change in sales price	$10.00/MT	1%	$6.9	$0.05
Change in sales volume	15,000 MT	2%	$3.8	$0.03
Corporate				
Change in CDN$/US$ exchange rate on US$ denominated debt	$0.01	1%	-	-
Change in interest rates	0.5%	19%	$1.4	$0.01

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures (DC&P) are designed by or under the supervision of Superior's President and Chief Executive Officer (CEO) and the Executive 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, 2017.

Effectiveness

An evaluation of the effectiveness of Superior's DC&P and ICFR was conducted as at December 31, 2017 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, 2017 with the following exception:

Section 3.3(1) of National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, states that a company may limit its design of disclosure controls and procedures and internal controls over financial reporting for a business that it acquired not more than 365 days before the end of the financial period to which the certificate relates. Under this section, Superior's CEO and CFO have limited the scope of the design, and subsequent evaluation, of DC&P and ICFR to exclude controls, policies and procedures of Canwest effective September 27, 2017, and Yankee and Earhart. Summary financial information pertaining to these acquisitions that was included in the consolidated financial statements of Superior as at December 31, 2017, is as follows:

Canadian Propane Distribution - Canwest

(millions of Canadian dollars)	**Three months ended December 31, 2017**	**Year ended December 31, 2017**
Sales	77.1	77.1
Net earnings for the period	17.1	17.1
Current assets		70.0
Non-current assets		420.2
Current liabilities		33.7
Non-current liabilities		16.8

U.S. Refined Fuels – Earhart and Yankee

(millions of Canadian dollars)	Three months ended December 31 2017		Year ended December 31, 2017	
	Earhart	**Yankee**	**Earhart**	**Yankee**
Sales	9.1	6.1	9.3	8.4
Net earnings for the period	2.1	0.7	2.2	0.2
Current assets			7.8	3.4
Non-current assets			43.0	38.3
Current liabilities			2.9	1.0
Non-current liabilities			0.0	3.4

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Superior's audited consolidated financial statements were prepared in accordance with IFRS. The significant accounting policies are described in the audited consolidated financial statements for the period ended December 31, 2017. 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. Superior's 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 standards applicable to Superior are as follows:

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. In the first quarter of 2018 Superior will elect to apply the limited exemption in IFRS 9 relating to transition for classification and measurement and impairment, and accordingly will not restate comparative periods in the year of initial application. It is anticipated that the adoption of IFRS 9 will have no impact on the Company's consolidated financial statements on the date of initial application. There will be no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39 *Financial Instruments: Recognition and Measurement* to the new measurement categories under IFRS 9.

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 International Accounting Standard (IAS 18) – *Revenue* and IAS 11 – *Construction Contracts*, as well as the related interpretation when it becomes effective. Under IFRS 15, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity is required to recognize revenue when the performance obligation is satisfied. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. Superior has analyzed its revenue streams under IFRS 15 by assessing customer contracts. The implementation of IFRS 15 will not have a material impact on the consolidated statement of net earnings and comprehensive income. IFRS 15 will require revenue to be disclosed in greater detail while not providing information that is seriously prejudicial to the interests of Superior. The additional disclosure will include revenue by type, such as sale of product, services and rental, by country and by segment.

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)	**2017**	2016
GAAP measures:		
Total assets (as at December 31)	**2,336.7**	1,847.5
Revenue	**2,385.0**	2,023.7
Gross profit	**735.4**	656.4
Net earnings (loss) from continuing operations	**(27.9)**	114.2
Per share, basic	**$(0.20)**	$0.80
Per share, diluted	**$(0.20)**	$0.78
Cash flow from operating activities	**183.1**	146.8
Dividends per share	**$0.72**	$0.72
Current and long-term borrowing[1] (as at December 31)	**1,063.4**	444.7
Non-GAAP financial measures[2]:		
AOCF	**217.4**	139.6
Per share, basic	**$1.52**	$0.98
Per share, diluted	**$1.52**	$0.98
AOCF before transaction and other costs	**250.5**	189.8
Per share before transaction and other costs, basic and diluted	**$1.75**	$1.34

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

(2) See “Non-GAAP Financial Measures” and “Reconciliation of Net Earnings to Adjusted EBITDA from Operations”.

FOURTH QUARTER RESULTS

SUMMARY OF AOCF

(millions of dollars, except per share amounts)	Three months ended December 31 **2017**	2016
Revenue	**768.9**	583.1
Gross profit	**238.1**	193.6
EBITDA from operations(1)	**116.8**	94.0
Corporate adjusted operating and administrative costs(2)	**(8.7)**	(7.0)
Realized gains (losses) on foreign currency hedging contracts	**1.0**	(1.5)
Adjusted EBITDA(1)	**109.1**	85.5
Interest expense	**(11.5)**	(7.1)
Cash income tax (expense) recovery	**1.1**	(1.1)
AOCF before transaction costs	**98.7**	77.3
Transaction and other costs(3)	**(4.7)**	(8.9)
AOCF(1)	**94.0**	68.4
AOCF per share before transaction and other costs, basic and diluted(4)	**$0.69**	$0.54
AOCF per share, basic and diluted(3)	**$0.66**	$0.48
Dividends paid per share	**$0.18**	$0.18

(1) 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". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.
(2) See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.
(3) Transaction and other costs for the three months ended December 31, 2017 are related to the acquisition of Canwest and other tuck-in acquisitions. For the three months ended December 31, 2016 transaction and other costs are related to the terminated acquisition of Canexus, the divestiture of the CPD business, and restructuring. See "Transaction and Other Costs" for further details.
(4) The weighted average number of shares outstanding for the three months ended December 31, 2017 and 2016 is 142.8 million and 142.8 million, respectively. There were no dilutive instruments with respect to AOCF per share for the three months ended December 31, 2017 or 2016.

Comparable GAAP Financial Information

(millions of dollars, except per share amounts)	Three months ended December 31 **2017**	2016
Net earnings (loss) from continuing operations	**45.3**	(22.8)
Net earnings (loss) per share from continuing operations, basic	**$0.32**	$(0.16)
Net earnings (loss) per share from continuing operations, diluted	**$0.32**	$(0.19)
Net cash flows from operating activities	**38.9**	27.6
Net cash flows from operating activities per share, basic and diluted	**$0.27**	$0.19

Segmented Information

(millions of dollars)	Three months ended December 31 **2017**	2016
EBITDA from operations(1)		
Energy Distribution	**81.3**	59.8
Specialty Chemicals	**35.5**	34.2
	116.8	94.0

(1) EBITDA from operations is a Non-GAAP measure. See "Non-GAAP Financial Measures." Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

AOCF
AOCF before transaction and other costs for the three months ended December 31, 2017 was $98.7 million, an increase of $21.4 million from the prior year's fourth quarter AOCF of $77.3 million. AOCF per share before transaction and other costs of $0.69 per share was $0.15 per share or 28% higher than the prior year's fourth quarter AOCF of $0.54 per share. The increase per share is primarily due to higher EBITDA from operations and was partially offset by higher interest costs.

AOCF for the three months ended December 31, 2017 was $94.0 million, an increase of $25.6 million or 37% from the prior year's fourth quarter AOCF of $68.4 million. AOCF per share of $0.66 per share was $0.18 per share or 38% higher than the prior year's fourth quarter AOCF per share of $0.48 per share. Transaction and other costs for the three months ended December 31, 2017 were $4.7 million, and consisted of transaction costs related primarily to the acquisition and integration of Canwest and the other tuck-in acquisitions. See "Transaction and Other Costs" for further details.

ENERGY DISTRIBUTION
Energy Distribution's condensed operating results for the three months ended December 31, 2017 and 2016[1]:

(millions of dollars)	**Three months ended December 31** **2017**	2016
Revenue	**608.3**	436.1
Cost of sales	**(429.1)**	(295.6)
Gross profit	**179.2**	140.5
Less: Adjusted operating and administrative costs[1]	**(97.9)**	(80.7)
Adjusted EBITDA from operations[1][2]	**81.3**	59.8
GAAP measures		
Selling, distribution and administrative costs	**114.8**	98.6
Net earnings	**65.1**	48.5

[1] See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.
[2] 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". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

Revenue for the fourth quarter of 2017 were $608.3 million, an increase of $172.2 million or 39% from the prior year's fourth quarter. The increase is primarily due to higher wholesale propane prices, incremental revenue from Canwest and to a lesser extent higher volumes. Total gross profit for the fourth quarter of 2017 was $179.2 million, an increase of $38.7 million or 28% over the prior year's fourth quarter. The increase in gross profit principally reflects incremental gross profit from Canwest and 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** **2017**	2016
Canadian propane distribution	**115.1**	88.0
U.S. refined fuels distribution	**52.5**	42.9
Other services	**11.6**	9.6
Total gross profit	**179.2**	140.5

Canadian Propane Distribution

Canadian propane distribution gross profit for the fourth quarter of 2017 was $115.1 million, an increase of $27.1 million or 31% over the prior year's fourth quarter. The increase is principally due to contribution from Canwest and higher volumes related to colder weather. Residential sales volumes increased by 20 million litres or 48% from the prior year's fourth quarter primarily reflecting incremental volumes sold associated with Canwest and to a lesser extent 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 in the prior year fourth quarter and 4% colder than the five-year average. Industrial volumes increased by 92 million litres or 110% primarily due to Canwest. Wholesale volumes increased by 72 million litres or 43% on higher third party sales from the supply portfolio management business than in the prior year's fourth quarter, related to sales and marketing initiatives as compared to the prior year.

Average propane sales margins for the fourth quarter decreased to 18.0 cents per litre from 21.1 cents per litre in the prior year's fourth quarter due to weaker basis differentials and overall wholesale propane market fundamentals on the supply portfolio management business and an increased proportion of lower-margin wholesale volumes.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application [(1)]

(millions of litres)	Three months ended December 31 **2017**	2016
Residential	**62**	42
Commercial	**108**	73
Agricultural	**34**	34
Industrial	**176**	84
Wholesale	**240**	168
Automotive	**21**	16
Total	**641**	417

Volumes by Region [(1)]

(millions of litres)	Three months ended December 31 **2017**	2016
Western Canada	**359**	**182**
Eastern Canada	**178**	**142**
Atlantic Canada	**30**	**32**
United States	**74**	**61**
Total	**641**	**417**

(1) 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 of 2017 was $52.5 million, an increase of $9.6 million or 22% over the prior year's fourth quarter, due to the impact of higher margins, colder weather and tuck-in acquisitions completed in the fourth quarter. Sales volumes of 369 million litres decreased by 4 million litres or 1% from the prior year's fourth quarter. Residential sales volumes increased by 8 million litres or 10% from the prior year's fourth quarter primarily due to the benefit from tuck-in acquisitions completed in 2017 and colder weather. Average weather across the Northeast U.S. for the fourth quarter, as measured by degree days, was 8% colder than the prior year and the five-year average. Commercial sales volumes increased by 9 million litres or 10% largely due to colder weather. Wholesale volumes decreased by 21 million litres or 10% as the business shifts its focus to more profitable business or customers.

Average U.S. refined fuels sales margins increased to 14.2 cents per litre in the fourth quarter of 2017 from 11.5 cents per litre in the prior year's fourth quarter mainly due to sales and marketing initiatives focused on higher margin business, including retail propane customer growth.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application [(1)]

	Three months ended December 31	
(millions of litres)	**2017**	2016
Residential	**86**	78
Commercial	**103**	94
Wholesale	**180**	201
Total	**369**	373

(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 $11.6 million in the fourth quarter, an increase of $2.0 million or 21% over the prior year's fourth quarter. The increase relates to the acquisition of Canwest.

Adjusted Operating and Administrative Costs

Energy Distribution's adjusted operating and administrative costs were $97.9 million in the fourth quarter of 2017, an increase of $17.2 million or 21% from the prior year's fourth quarter. Operating costs increased mainly due to the acquisition of Canwest and higher sales volumes. See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs".

Selling, Distribution and Administrative Costs

Energy Distribution's selling, distribution and administrative costs were $114.8 million in the fourth quarter of 2017, an increase of $16.2 million or 16% from the prior year's fourth quarter. Operating costs increased mainly due to the acquisition of Canwest.

SPECIALTY CHEMICALS

Specialty Chemicals' condensed operating results for the three months ended December 31, 2017 and 2016:

(millions of dollars, except per metric tonne (MT) amounts)	**Three months ended December 31**			
	2017		2016	
		$ per MT		$ per MT
Adjusted revenue[1]	**160.1**	**755**	150.0	739
Adjusted cost of sales[1]	**(87.5)**	**(413)**	(79.5)	(392)
Adjusted gross profit[1]	**72.6**	**342**	70.5	347
Less: Adjusted operating and administrative costs[1]	**(37.1)**	**(175)**	(36.3)	(179)
EBITDA from operations[1][2]	**35.5**	**167**	34.2	168
GAAP Measures				
Revenue	**159.6**		147.0	
Cost of sales	**(101.7)**		(93.9)	
Gross profit	**57.9**		53.1	
Selling, distribution and administrative costs	**(37.1)**		(37.9)	
Net earnings (loss)	**20.5**		21.6	

(1) See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations of GAAP and Non-GAAP measures can be found on pages 33-36.

(2) EBITDA from operations is a Non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings to EBITDA from Operations". Reconciliation of GAAP and Non-GAAP measures can be found on pages 33-36.

SALES VOLUMES BY PRODUCT

(thousands of MTs)	**Three months ended December 31**	
	2017	2016
Sodium chlorate	**127**	125
Chlor-alkali	**83**	76
Chlorite	**2**	2
Total	**212**	203

Adjusted revenue for the fourth quarter of 2017 of $160.1 million was $10.1 million or 7% higher than in the prior year's fourth quarter primarily due to higher sales volumes of sodium chlorate, hydrochloric acid and caustic potash and higher average sales prices for caustic soda and hydrochloric acid partially offset by lower average sales prices for caustic potash and sodium chlorate and lower realized foreign currency gains on the translation of US denominated working capital in 2017. See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs".

Revenue for the fourth quarter of 2017 of $159.6 million was $12.6 million or 9% higher than the prior year's fourth quarter primarily due to increased sales volumes of caustic potash, hydrochloric acid and sodium chlorate and increased average sales prices for caustic soda and hydrochloric acid partially offset by a decrease in average sales prices for caustic potash and sodium chlorate.

Sodium chlorate sales volumes increased by 2 MT over the prior year's fourth quarter. The average sales price decreased by 2% due to customer mix and the impact of the stronger Canadian dollar on US denominated sales in the fourth quarter compared to the prior year's fourth quarter.

Chlor-alkali sales volumes increased by 7 MT or 9% due to increased demand for hydrochloric acid primarily from the U.S. oil and gas sector related to rig activity and increased demand for caustic potash primarily in the agriculture sector.

Adjusted cost of sales for the fourth quarter increased 10% to $87.5 million primarily due to higher electricity costs in the sodium chlorate business.

Adjusted gross profit for the fourth quarter was $72.6 million, an increase of $2.1 million or 3% from the prior year's fourth quarter. The lower adjusted gross profit per MT is due primarily to higher electricity costs in the sodium chlorate business. See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs".

Cost of sales for the fourth quarter of $101.7 was $7.8 million or 8% higher than in the prior year's fourth quarter. The increase is primarily due to higher electricity costs and to a lesser extent increased amortization partially offset by restructuring costs recorded in the prior year.

Adjusted selling, distribution and administrative costs of $37.1 million was 0.8 million or 2% higher than the prior year fourth quarter. See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs".

Selling, distribution and administrative costs of $37.1 million were $0.8 million or 2% lower than in the prior year's fourth quarter. Higher distribution costs in the current period were offset by a restructuring provision and a foreign exchange gain on working capital recorded in the prior year's fourth quarter.

CONSOLIDATED CAPITAL EXPENDITURE SUMMARY

	Three months ended December 31	
(millions of dollars)	**2017**	2016
Efficiency, process improvement and growth-related	**10.7**	6.7
Maintenance capital	**20.3**	18.5
	31.0	25.2
Proceeds on disposition of capital and intangible assets	**(4.3)**	(1.1)
Property, plant and equipment acquired through acquisition	**17.6**	-
Total net capital expenditures	**44.3**	24.1
Investment in finance leases	**5.6**	5.3
Total expenditures including finance leases	**49.9**	29.4

Efficiency, process improvement and growth related expenditures were $10.7 million in the fourth quarter of 2017 compared to $6.7 million in the prior year's quarter. The increase is principally associated with Canwest growth-related capital and system integration capital.

Maintenance capital expenditures were $20.3 million in the fourth quarter compared to $18.5 million in the prior year's fourth quarter, an increase of $1.8 million mainly due to timing of expenditures and tank refurbishment costs at Energy Distribution.

Proceeds on disposition were $4.3 million in the fourth quarter of 2017 compared to $1.1 million in the prior year's quarter primarily due to the disposal of a Canwest property as Superior has begun to divest of excess facilities and properties while executing on synergies.

Superior entered into new leases with capital-equivalent value of $5.6 million in the fourth quarter of 2017 compared to $5.3 million in the prior year's fourth quarter. Superior continues to invest in trucks and equipment to support growth and replace aging vehicles in the fleet.

CORPORATE ADJUSTED OPERATING AND ADMINISTRATIVE COSTS
Corporate adjusted operating and administrative costs were $8.7 million in the fourth quarter, compared to $7.0 million in the prior comparable quarter. The $1.7 million increase was primarily due to higher incentive plan costs and professional fees. See "Reconciliation of Adjusted Revenue, Adjusted Cost of Sales and Adjusted Operating and Administrative Costs". Reconciliations between GAAP and Non-GAAP measures can be found on pages 33-36.

CORPORATE SELLING, DISTRIBUTION ADMINISTRATIVE COSTS
Corporate costs were $11.0 million in the fourth quarter, compared to $8.8 million in the prior comparable quarter. The $2.2 million increase was primarily due to higher amortization and depreciation, higher incentive plan costs and professional fees.

INTEREST EXPENSE
Interest expense on borrowing and finance lease obligations was $11.5 million in the fourth quarter, compared to $7.1 million in the prior comparable quarter. The increase was mainly due to the higher average debt related to acquisitions and to a lesser extent the higher average effective interest rates.

TRANSACTION AND OTHER COSTS
For the fourth quarter Superior incurred $4.7 million in transaction and other costs compared to $8.9 million in the prior comparable quarter. The decrease is primarily related to restructuring costs incurred in the prior year related to a reduction in Canadian Propane Distribution's western Canada headcount and a reduction in Specialty Chemicals headcount across multiple plants and the corporate office partially offset by integration costs associated with Canwest and the transaction costs related to the tuck-in acquisitions.

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 be 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 using Non-GAAP financial measures, which also do not have any standardized meaning under IFRS is to provide additional useful information to investors and analysts. 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, EBITDA from operations, Adjusted EBITDA, Adjusted revenue, Adjusted cost of sales, Adjusted gross profit and Adjusted operating and administrative costs 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:

AOCF and AOCF 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. 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 revenue and expenses, which can differ significantly from quarter to quarter.

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

EBITDA from operations
EBITDA from operations is defined as Adjusted EBITDA excluding gains and 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. EBITDA from operations is used by Superior and investors to assess the results of its operating segments. EBITDA from operations is reconciled to net earnings before income taxes.

Adjusted revenue
Adjusted revenue is defined as revenue adjusted for foreign currency gains (losses) related to working capital and realized losses on foreign currency hedging contracts. Adjusted revenue is used as a measure to analyze the performance of sales transactions and to evaluate Superior's ongoing performance of its businesses and ability to generate cash flow. Adjusted revenue is used in the determination of EBITDA from Operations and is reconciled to revenue.

Adjusted cost of sales
Adjusted cost of sales is defined as cost of sales adjusted for depreciation that is included in cost of sales and restructuring costs. Adjusted cost of sales is used as a measure to analyze costs and performance on margins. Adjusted costs of sales is used in the determination of EBITDA from Operations and is reconciled to cost of sales.

Adjusted gross profit
Adjusted gross profit is defined as adjusted revenue less adjusted cost of sales. Adjusted revenue and adjusted cost of sales are reconciled to revenue and cost of sales respectively. Adjusted gross profit is used as a measure to evaluate Superior's ongoing performance of its businesses and ability to generate cash flow. Adjusted gross profit is used in the determination of EBITDA from Operations.

Adjusted operating and administrative costs
Adjusted operating and administrative costs is defined as selling, distribution and administrative costs adjusted for non-cash items such as depreciation, amortization, gains/losses on disposal of assets, restructuring and integration costs and foreign currency gains/losses related to working capital. Adjusted operating and administrative costs are used as a measure to analyze recurring costs excluding non-cash items such as amortization and depreciation. Adjusted

operating and administrative costs is used in the determination of EBITDA from Operations and is reconciled to selling, distribution and administrative costs.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures

(millions of dollars, except per share amounts)	**Q4 2017**	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Revenue	**768.9**	465.5	474.9	675.7	583.1	429.0	448.1	563.5
Gross profit	**238.1**	133.6	138.0	225.7	193.6	119.0	127.2	216.6
Net earnings (loss) from continuing operations	**45.3**	(124.8)	(1.6)	53.2	(22.8)	52.8	(15.7)	99.9
Per share, basic	**$0.32**	$(0.87)	$(0.01)	$0.37	$(0.16)	$0.37	$(0.11)	$0.71
Per share, diluted	**$0.32**	$(0.87)	$(0.01)	$0.34	$(0.19)	$0.36	$(0.11)	$0.66
Net working capital[1]	**115.7**	85.3	107.4	133.6	112.1	84.6	232.5	236.8

(1) 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]

(millions of dollars, except per share amounts)	**Q4 2017**	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
AOCF before transaction and other costs	**98.7**	15.0	27.5	109.3	77.3	8.0	16.5	88.0
Per share, basic	**$0.69**	$0.11	$0.19	$0.77	$0.54	$0.06	$0.12	$0.62
Per share, diluted	**$0.69**	$0.11	$0.19	$0.77	$0.54	$0.06	$0.12	$0.62
AOCF	**94.0**	(4.5)	20.1	107.8	68.4	(13.3)	5.0	79.5
Per share, basic	**$0.66**	$(0.03)	$0.14	$0.75	$0.48	$(0.09)	$0.04	$0.56
Per share, diluted	**$0.66**	$(0.03)	$0.14	$0.75	$0.48	$(0.09)	$0.04	$0.56

(1) 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". Reconciliations between GAAP and Non-GAAP financial measures can be found on pages 33-36.

The seasonality of Superior's individual quarterly results must be assessed when comparing quarterly results. During 2017 Superior acquired Canwest, Pomerleau, Yankee, IDI and Earhart. Each acquisition will affect quarterly results. See Note 4 in the annual audited financial statements for more information on these acquisitions.

Volumes

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Canadian propane sales volumes (millions of litres)	**641**	293	283	478	417	234	255	429
U.S. refined fuels sales volumes (millions of litres)	**369**	273	298	397	373	321	353	422
Chemical sales volumes (thousands of MT)	**212**	217	210	212	203	209	196	205

Canadian propane sales by end-use application are as follows:

(millions of litres)	**Q4 2017**	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Residential	**62**	16	19	53	42	15	20	48
Commercial	**108**	34	45	103	73	35	42	90
Agricultural	**34**	8	7	17	34	7	7	15
Industrial	**176**	84	84	93	84	81	93	108
Wholesale	**240**	132	109	197	168	76	73	151
Automotive	**21**	19	19	15	16	20	20	17
Total	**641**	293	283	478	417	234	255	429

U.S. Refined Fuels sales by end-use application are as follows:

(millions of litres)	**Q4 2017**	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Residential	**86**	17	32	115	78	17	41	117
Commercial	**103**	80	82	94	94	80	87	96
Wholesale	**180**	176	184	188	201	224	225	209
Total	**369**	273	298	397	373	321	353	422

Specialty Chemicals sales volumes by product are as follows:

(thousands of MT)	**Q4 2017**	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Sodium chlorate	**127**	128	119	128	125	127	117	130
Chlor-alkali	**83**	87	88	83	76	80	77	74
Chlorite	**2**	2	3	1	2	2	2	1
Total	**212**	217	210	212	203	209	196	205

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA

(millions of dollars) For the year ended December 31, 2017	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings (loss) before income taxes	**108.6**	**72.9**	**(65.7)**	**115.8**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**59.7**	**–**	**0.9**	**60.6**
Depreciation included in cost of sales	**–**	**52.3**	**–**	**52.3**
Losses (gains) on disposal of assets and other	**(1.8)**	**0.5**	**0.3**	**(1.0)**
Income from Canwest	**(11.9)**	**–**	**11.9**	**–**
Canwest depreciation, amortization and other costs	**10.7**	**–**	**–**	**10.7**
Finance expense	**3.5**	**0.7**	**49.6**	**53.8**
Unrealized (gains) on derivative financial instruments	**(5.0)**	**–**	**(22.7)**	**(27.7)**
Transaction, restructuring and other costs	**16.6**	**–**	**16.5**	**33.1**
Adjusted EBITDA	**180.4**	**126.4**	**(9.2)**	**297.6**

(millions of dollars) For the year ended December 31, 2016	Energy Distribution	Specialty Chemicals	Corporate	Total
Net earnings (loss) before income taxes	143.4	30.7	(23.0)	151.1
Add: Depreciation and amortization included in selling, distribution and administrative costs	58.2	–	0.3	58.5
Depreciation included in cost of sales	–	54.5	–	54.5
Realized losses (gains) on foreign currency hedging contracts	(0.1)	26.1	(26.0)	–
Losses (gains) on disposal of assets	(1.0)	0.7	–	(0.3)
Finance expense	2.9	0.4	74.3	77.6
Unrealized (gains) on derivative financial instruments	(39.4)	(7.0)	(93.2)	(139.6)
Transaction, restructuring and other costs	3.4	3.7	21.4	28.5
Adjusted EBITDA	167.4	109.1	(46.2)	230.3

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA

(millions of dollars) **For the three months ended December 31, 2017**	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings (loss) before income taxes	**65.1**	**20.5**	**(28.3)**	**57.3**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**14.8**	**–**	**0.4**	**15.2**
Depreciation included in cost of sales	**–**	**14.2**	**–**	**14.2**
Losses (gains) on disposal of assets	**(0.9)**	**0.5**	**–**	**(0.4)**
Finance expense	**0.9**	**0.3**	**16.5**	**17.7**
Unrealized losses (gains) on derivative financial instruments	**(1.6)**	**–**	**1.8**	**0.2**
Transaction, restructuring and other costs	**3.0**	**–**	**1.9**	**4.9**
Adjusted EBITDA	**81.3**	**35.5**	**(7.7)**	**109.1**

(millions of dollars) For the three months ended December 31, 2016	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings (loss) before income taxes	48.5	21.6	(15.9)	54.2
Add: Depreciation and amortization included in selling, distribution and administrative costs	15.0	–	–	15.0
Depreciation included in cost of sales	–	13.6	–	13.6
Realized losses (gains) on foreign currency hedging contracts	–	1.5	(1.5)	–
Losses (gains) on disposal of assets	(0.5)	0.2	–	(0.3)
Finance expense	0.7	0.1	7.4	8.2
Unrealized (gains) on derivative financial instruments	(7.3)	(6.5)	(0.3)	(14.1)
Transaction, restructuring and other costs	3.4	3.7	1.8	8.9
Adjusted EBITDA	59.8	34.2	(8.5)	85.5

RECONCILIATION OF ADJUSTED REVENUE, ADJUSTED COST OF SALES AND ADJUSTED OPERATING AND ADMINISTRATIVE COSTS

		For the year ended December 31, 2017			For the year ended December 31, 2016	
(millions of dollars)	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	Energy Distribution	Specialty Chemicals	Corporate
Revenue	**1,748.1**	**636.4**	**0.5**	1,446.1	577.6	–
Foreign currency gains (losses) related to working capital	–	**(4.7)**	–	–	(1.5)	–
Realized losses on foreign currency hedging contracts	–	–	–	–	26.1	(26.1)
Adjusted revenue	**1,748.1**	**631.7**	**0.5**	1,446.1	602.2	(26.1)
Cost of sales	**(1,233.2)**	**(416.4)**	–	(957.0)	(410.3)	–
Depreciation included in cost of sales	–	**52.3**	–	–	54.5	–
Transaction, restructuring and other costs	–	–	–	–	0.8	–
Realized losses (gains) on foreign currency hedging contracts	–	–	–	(0.1)	–	0.1
Adjusted cost of sales	**(1,233.2)**	**(364.1)**	–	(957.1)	(355.0)	0.1
Gross profit	**514.9**	**267.6**	**0.5**	489.0	247.2	(26.0)
Selling, distribution and administrative costs	**(407.8)**	**(146.4)**	**(39.3)**	(382.2)	(143.2)	(41.9)
Depreciation and amortization	**59.7**		**0.9**	58.2	–	0.3
(Gains) losses on disposal of assets and other	**(1.8)**	**0.5**	**0.3**	(1.0)	0.7	–
Income from Canwest	**(1.2)**	–	–	–	–	–
Transaction, restructuring and other costs	**16.6**	–	**16.5**	3.4	2.9	21.4
Realized losses (gains) on foreign currency hedging contracts	–	–	–	–	–	–
Foreign currency losses (gains) related to working capital	–	**4.7**	–	–	1.5	–
Adjusted operating and administrative costs	**(334.5)**	**(141.2)**	**(21.6)**	(321.6)	(138.1)	(20.2)
EBITDA from operations	**180.4**	**126.4**	**(21.1)**	167.4	109.1	(46.2)

RECONCILIATION OF ADJUSTED REVENUE, ADJUSTED COST OF SALES AND ADJUSTED OPERATING AND ADMINISTRATIVE COSTS

	For the three months ended December 31, 2017			For the three months ended December 31, 2016		
(millions of dollars)	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	Energy Distribution	Specialty Chemicals	Corporate
Revenue	**608.3**	**159.6**	**1.0**	436.1	147.0	–
Foreign currency gains related to working capital	–	**0.5**	–	–	1.5	–
Realized losses on foreign currency hedging contracts	–	–	–	–	1.5	(1.5)
Adjusted revenue	**608.3**	**160.1**	**1.0**	436.1	150.0	(1.5)
Cost of sales	**(429.1)**	**(101.7)**	–	(295.6)	(93.9)	–
Depreciation included in cost of sales	–	**14.2**	–	–	13.6	–
Transaction, restructuring and other costs	–	–	–	–	0.8	–
Adjusted cost of sales	**(429.1)**	**(87.5)**	–	(295.6)	(79.5)	–
Adjusted gross profit	**179.2**	**72.6**	**1.0**	140.5	70.5	(1.5)
Selling, distribution and administrative costs	**(114.8)**	**(37.1)**	**(11.0)**	(98.6)	(37.9)	(8.8)
Depreciation and amortization	**14.8**	–	**0.4**	15.0	–	–
Losses (gains) on disposal of assets and other	**(0.9)**	**0.5**	**0.2**	(0.5)	0.2	–
Transaction, restructuring and other costs	**3.0**	–	**1.7**	3.4	2.9	1.8
Reclassification of foreign currency (gains) related to working capital	–	**(0.5)**	–	–	(1.5)	–
Adjusted operating and administrative costs	**(97.9)**	**(37.1)**	**(8.7)**	(80.7)	(36.3)	(7.0)
EBITDA from operations	**81.3**	**35.5**	**(7.7)**	59.8	34.2	(8.5)

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

As at December 31	**2017**	2016
Total shareholders' equity	776.0	928.6
Exclude accumulated other comprehensive gain	(89.4)	(111.3)
Shareholders' equity excluding accumulated other comprehensive gain	686.6	817.3
Current borrowing[1]	28.7	18.3
Borrowing[1]	1,034.7	426.4
Less: Senior unsecured debt	(600.0)	(200.0)
Consolidated secured debt	463.4	244.7
Add: Senior unsecured debt	600.0	200.0
Consolidated debt	1,063.4	444.7
Convertible unsecured subordinated debentures[1]	0.0	97.0
Total debt	1,063.4	541.7
Total capital	1,750.0	1,359.0

[1] Borrowing and convertible unsecured subordinated debentures are before deferred issuance costs and option value.

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 2017 Annual Information Form ("AIF") under "Risks associated with our business" which is filed on the Canadian Securities Administrators' website, www.sedar.com, and on Superior's website, www.superiorplus.com. The AIF describes some of the most material risks to Superior's business by type of risk: financial; strategic; operational; and legal.

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.

Access to Capital
The credit facilities and U.S. notes of Superior LP contain covenants that require Superior LP to meet certain financial tests and that restrict, among other things, the ability of Superior LP to incur additional debt, dispose of assets or pay dividends/distributions in certain circumstances. These restrictions may preclude Superior LP from returning capital or making distributions on the limited partnership units.

The payout by Superior LP of substantially all of its available cash flow means that capital expenditures to fund growth opportunities can only be made in the event that other sources of financing are available. Lack of access to such additional financing could limit the future growth of the business of Superior LP and, over time, have a material adverse effect on the amount of cash available for dividends to shareholders.

To the extent that external sources of capital, including public and private markets, become limited or unavailable, Superior's and Superior LP's ability to make the necessary capital investments to maintain or expand the current business and to make necessary principal payments and debenture redemptions under its term credit facilities may be impaired.

Interest Rates
Superior maintains substantial floating interest rate exposure through a combination of floating interest rate borrowing and the use of derivative instruments. Demand for a significant portion of Energy Distribution's sales and substantially all of Specialty Chemicals' 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. The opposite is also true. 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 will, however, affect Superior's borrowing costs, which will have an adverse effect.

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 referenced herein will not change their administrative practices to the detriment of Superior or its shareholders.

Acquisitions and Divestitures
Superior may not be able to find or buy appropriate acquisition targets on economically acceptable terms. Superior's acquisition agreements will contain certain representations, warranties and indemnities from the respective vendors subject to certain applicable limitations and thresholds and Superior will conduct due diligence prior to completion of such acquisitions. If, however 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 Superior's business strategy. Distribution systems, technologies, key personnel or businesses of companies Superior acquires may not be effectively assimilated into its business, or its 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/or regulatory approvals may result in delays. There may be penalties associated with not completing a planned acquisition. Superior may not be able to successfully complete certain divestitures on satisfactory terms, if at all. Divestitures may reduce Superior's total revenue and net earnings by more than the sales price. The terms and conditions, representations, warranties and indemnities, if any, associated with divestiture activity may hold future risks.

Canwest Acquisition
On September 27, 2017, Superior achieved regulatory approval receiving a no-action letter from the Government of Canada's Competition Bureau. In a consent agreement registered September 27, 2017, Superior agreed to divest of five local branches and nine satellite locations from the combined Superior Propane and Canwest footprint. The estimated impact from the required divestitures is less than 5**%** of the Canwest retail propane volumes and Adjusted EBITDA based on the trailing 12 months ended June 30, 2017.

A variety of factors may adversely affect Superior's ability to achieve the anticipated benefits of the acquisition. A failure to realize the anticipated benefits of the acquisition, including but not limited to, the anticipated synergies associated with the acquisition and included in the assumptions relating to expected accretion, could have a material adverse effect on Superior's business, financial condition, operations, assets or future prospects.

Superior will compete with other potential employers for employees, and it may not be successful in keeping the services of the executives and other employees that it needs to realize the anticipated benefits of the acquisition. Superior LP's failure to retain key personnel as part of the management team of Canwest in the period following the acquisition could have a material adverse effect on the business and operations of Superior.

Integrating Canwest's operations with Superior's existing business will be a complex, time consuming and costly process. Failure to successfully integrate Canwest and its operations in a timely manner may have a material adverse effect on Superior's business, results of operations, cash flows and financial position. The difficulties of integrating Canwest include, but are not limited to, coordinating geographically disparate organizations, systems and facilities, adapting to additional regulatory and other legal requirements, integrating corporate, technological and administrative function and employment and compensation policies and practices, and diverting management's attention from other business concerns.

Information Technology and Cyber Security
Superior utilizes a number of information technology systems for the management of its business and the operation of its facilities. The reliability and security of these systems is critical. If the function of these systems is interrupted or fails and cannot be restored quickly, or if the technologies are no longer supported, Superior's ability to operate its facilities and conduct its business could be compromised. Superior has continued to mature its approach to technology planning. Superior continually assesses and monitors its cyber security risk. In an effort to mitigate such risks, Superior has employed a fully managed third party cyber security service that deploys industry leading technology, conducted comprehensive employee training and utilizes monitoring software to protect its systems.

Although the technology systems Superior utilizes are intended to be secure and Superior has employed various methods to mitigate cyber risks, there is still a risk that an unauthorized third party could access the systems. Such a security breach could lead to a number of adverse consequences, including but not limited to, the unavailability, disruption or loss of key function within Superior's control systems and the unauthorized disclosure, corruption or loss of sensitive company, customer or personal information. Superior attempts to prevent such breaches through the implementation of various technology security measures, segregation of control systems from its general business network, engaging skilled consultants and employees to manage Superior's technology applications, conducting periodic audits and adopting policies and procedures as appropriate.

To date, Superior has not been subject to a cyber-security breach that has resulted in a material impact on its business or operations; there is no guarantee, however, that the measures it takes to protect its business systems and operational control systems will be effective in protecting against a breach in the future.

RISKS TO SUPERIOR'S SEGMENTS

Risks associated with the Energy Distribution business are set out below. Canwest, being in the same industry as Superior Propane, is subject to similar risks.

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-miles 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 of 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 consumption volume.

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 (railways and trucking companies) 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 U.S. Refined Fuels, demand from end-use heating applications is predictable. Weather and general economic conditions, however, affect distillates and propane market volumes. Weather influences the immediate demand, primarily for heating, while longer-term demand declines due to economic conditions as customer's 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 customer's 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 15% of Superior's Canadian propane distribution business employees and 3% of U.S. refined fuels distribution business employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the renegotiation process that could have an adverse impact on Superior.

SPECIALTY CHEMICALS

Risks associated with the Specialty Chemicals business are as follows:

Competition
Specialty Chemicals competes with sodium chlorate, chlor-alkali and potassium producers on a worldwide basis. Key competitive factors include price, product quality, logistics capability, reliability of supply, technical capability and service. The end-use markets for products are correlated to the general economic environment and the competitiveness of customers, all of which are outside of the segment's control, along with market pricing for pulp.

Supply Arrangements
Specialty Chemicals has long-term electricity contracts or electricity contracts that renew automatically with power producers in each of the jurisdictions where its plants are located. There is no assurance that Specialty Chemicals will be 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 Nutrien Inc. (formerly 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 25% 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.

Management's Responsibility for Financial Statements

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 approval of 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.

/s/ Luc Desjardins

Luc Desjardins
President and Chief Executive Officer
Superior Plus Corp.

/s/ Beth Summers

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

Toronto, Ontario
February 14, 2018

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Independent 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, 2017 and December 31, 2016, and the consolidated statements of changes in equity, consolidated statements of net (loss) earnings and total comprehensive (loss) 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, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

February 14, 2018
Toronto, Ontario

SUPERIOR PLUS CORP.
Consolidated Balance Sheets

(millions of Canadian dollars)	Note	December 31, 2017	December 31, 2016
Assets			
Current Assets			
Cash		**31.8**	5.0
Trade and other receivables	**6**	**318.5**	243.2
Prepaid expenses	**7**	**29.4**	52.1
Inventories	**8**	**137.0**	101.1
Unrealized gains on derivative financial instruments	**20**	**30.0**	15.4
Assets held for sale	**4,5**	**14.8**	0.3
Total Current Assets		**561.5**	417.1
Non-Current Assets			
Property, plant and equipment	**9**	**1,077.1**	933.7
Intangible assets	**10**	**85.3**	32.0
Goodwill	**11**	**504.5**	199.2
Notes and finance lease receivables		**2.7**	3.4
Employee future benefits	**19**	**8.1**	6.1
Deferred tax	**21**	**87.4**	254.2
Unrealized gains on derivative financial instruments	**20**	**10.1**	1.8
Total Non-Current Assets		**1,775.2**	1,430.4
Total Assets		**2,336.7**	1,847.5
Liabilities and Equity			
Current Liabilities			
Trade and other payables	**13**	**350.7**	261.7
Deferred revenue	**14**	**9.9**	8.5
Borrowing	**16**	**28.7**	18.3
Dividends and interest payable		**8.6**	11.5
Unrealized losses on derivative financial instruments	**20**	**21.8**	9.0
Liabilities classified as discontinued operations	**4**	–	2.9
Total Current Liabilities		**419.7**	311.9
Non-Current Liabilities			
Borrowing	**16**	**1,024.1**	420.7
Convertible unsecured subordinated debentures	**18**	–	89.8
Other liabilities	**15**	**4.0**	11.4
Provisions	**12**	**69.9**	20.5
Employee future benefits	**19**	**21.0**	22.1
Deferred tax	**21**	**17.5**	22.4
Unrealized losses on derivative financial instruments	**20**	**4.5**	20.1
Total Non-Current Liabilities		**1,141.0**	607.0
Total Liabilities		**1,560.7**	918.9
Equity			
Capital		**1,953.5**	1,953.5
Deficit	**23**	**(1,266.9)**	(1,136.2)
Accumulated other comprehensive income	**22**	**89.4**	111.3
Total Equity	**22**	**776.0**	928.6
Total Liabilities and Equity		**2,336.7**	1,847.5

See accompanying Notes to the Consolidated Financial Statements.

Superior Plus Corp.
Consolidated Statements of Changes in Equity

(millions of Canadian dollars)	Share capital	Contributed surplus	**Total capital**	**Deficit**	**Accumulated other comprehensive income**	**Total**
January 1, 2016	1,929.5	1.2	1,930.7	(1,328.3)	111.3	713.7
Net earnings	–	–	–	294.6	–	294.6
Unrealized foreign currency loss on translation of foreign operations	–	–	–	–	(2.9)	(2.9)
Actuarial defined-benefit gains	–	–	–	–	4.0	4.0
Income tax recovery on other comprehensive income	–	–	–	–	(1.1)	(1.1)
Total comprehensive income	–	–	–	294.6	–	294.6
Dividends declared to shareholders	–	–	–	(102.5)	–	(102.5)
Common shares issued under dividend reinvestment plan	22.8	–	22.8	–	–	22.8
December 31, 2016	1,952.3	1.2	1,953.5	(1,136.2)	111.3	928.6
Net loss	**–**	**–**	**–**	**(27.9)**	**–**	**(27.9)**
Unrealized foreign currency loss on translation of foreign operations	**–**	**–**	**–**	**–**	**(24.7)**	**(24.7)**
Actuarial defined-benefit gains	**–**	**–**	**–**	**–**	**3.8**	**3.8**
Income tax recovery on other comprehensive income	**–**	**–**	**–**	**–**	**(1.0)**	**(1.0)**
Total comprehensive loss	**–**	**–**	**–**	**(27.9)**	**(21.9)**	**(49.8)**
Dividends declared to shareholders	**–**	**–**	**–**	**(102.8)**	**–**	**(102.8)**
December 31, 2017	**1,952.3**	**1.2**	**1,953.5**	**(1,266.9)**	**89.4**	**776.0**

See accompanying Notes to the Consolidated Financial Statements.

SUPERIOR PLUS CORP.
Consolidated Statements of Net (Loss) Earnings and Total Comprehensive (Loss) Income
Years ended December 31

(millions of Canadian dollars except per share amounts)	**Note**	**2017**	2016
Revenues	**24**	**2,385.0**	2,023.7
Cost of sales (includes products and services)	**24**	**(1,649.6)**	(1,367.3)
Gross profit		**735.4**	656.4
Expenses			
Selling, distribution and administrative costs	**24**	**(593.5)**	(567.3)
Finance expense	**24**	**(53.8)**	(77.6)
Unrealized gains on derivative financial instruments	**20**	**27.7**	139.6
		(619.6)	(505.3)
Net earnings from continuing operations before income taxes		**115.8**	151.1
Income tax expense	**21**	**(143.7)**	(36.9)
Net (loss) earnings from continuing operations		**(27.9)**	114.2
Net earnings from discontinued operations, net of tax expense		**–**	180.4
Net (loss) earnings		**(27.9)**	294.6
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to net earnings			
Unrealized foreign currency losses on translation of foreign operations		**(24.7)**	(26.3)
Other comprehensive income from discontinued operations		**–**	23.4
	22	**(24.7)**	(2.9)
Items that will not be reclassified to net earnings			
Actuarial defined-benefit gains	**22**	**3.8**	4.0
Income tax expense on other comprehensive income	**21**	**(1.0)**	(1.1)
Other comprehensive loss		**(21.9)**	–
Total comprehensive (loss) income		**(49.8)**	294.6
Net (loss) earnings per share			
From continuing operations:			
Basic	**25**	**$(0.20)**	$0.80
Diluted	**25**	**$(0.20)**	$0.78
From discontinued operations:			
Basic	**25**	**–**	$1.27
Diluted	**25**	**–**	$1.23

See accompanying Notes to the Consolidated Financial Statements.

SUPERIOR PLUS CORP.
Consolidated Statements of Cash Flows

Years ended December 31 (millions of Canadian dollars)	**Note**	**2017**	2016
OPERATING ACTIVITIES			
Net (loss) earnings		**(27.9)**	294.6
Adjustments for:			
Depreciation included in selling, distribution and administrative costs	**9**	**51.0**	58.4
Amortization of intangible assets	**10**	**9.6**	7.7
Depreciation included in cost of sales	**9**	**52.3**	54.5
Gain on sale of discontinued operations	**4**	–	(177.6)
Gains on disposal of assets and other non-cash items		**(1.1)**	(0.3)
Unrealized gains on derivative financial instruments	**20**	**(27.7)**	(139.6)
Finance expense recognized in net earnings		**53.8**	78.3
Income tax expense recognized in net earnings		**143.7**	47.6
Changes in non-cash operating working capital	**27**	**(61.2)**	(35.1)
Net cash flows from operating activities before income tax and interest paid		**192.5**	188.5
Income taxes received (paid)		**30.5**	(7.5)
Interest paid		**(39.9)**	(34.2)
Cash flows from operating activities		**183.1**	146.8
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**30**	**(77.0)**	(98.0)
Proceeds from sale of discontinued operation Superior Energy Management	**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		**7.6**	3.3
Acquisitions	**5**	**(494.6)**	(8.2)
Cash flows (used in) from investing activities		**(564.0)**	291.9
FINANCING ACTIVITIES			
Net proceeds (repayment) of revolving term bank credits and other debt		**229.4**	(147.1)
Redemption of 6.0% convertible debentures	**18**	**(97.0)**	(150.0)
Proceeds from 5.25% senior secured notes	**16**	**400.0**	–
Repayment of finance lease obligations		**(16.0)**	(21.4)
Debt issuance costs		**(7.2)**	–
Settlement of foreign currency forward contracts		**–**	(34.6)
Proceeds from dividend reinvestment program		**–**	22.8
Dividends paid to shareholders	**22**	**(102.8)**	(102.2)
Cash flows from (used in) financing activities		**406.4**	(432.5)
Net increase in cash		**25.5**	6.2
Cash, beginning of the year		**5.0**	–
Effect of translation of foreign currency-denominated cash		**1.3**	(1.2)
Cash, end of the year		**31.8**	5.0

See accompanying Notes to the Consolidated Financial Statements.

(Tabular amounts in millions of Canadian dollars, except per share amounts and as otherwise noted. Tables labelled "2017" and "2016" are as at and for the year ended December 31)

1. ORGANIZATION

Superior Plus Corp. (Superior or the Company) 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 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. Superior does not conduct active business operations but rather distributes to shareholders a portion of the income it receives from Superior Plus LP in the form of partnership allocations, net of expenses and interest payable on the convertible unsecured subordinated debentures (the debentures). Superior's investments in Superior Plus LP are financed by share capital and debentures. Superior is a publicly traded company with its common shares trading on the Toronto Stock Exchange (TSX) under the exchange symbol SPB.

The consolidated financial statements of Superior for the year ended December 31, 2017 and 2016 were authorized for issuance by the Board of Directors on February 14, 2018.

Reportable Operating Segments

Superior currently 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 Canadian propane division and the 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 and Western Canada.

During the prior year, Superior divested one of its previously reportable operating segments, Construction Products Distribution, 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.

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, 2017. 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 the 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.

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

Significant Accounting Policies

(a) 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 operating 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 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, or 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.

Derecognition of Financial Liabilities
Superior derecognizes financial liabilities solely when Superior's obligations are discharged, cancelled or expired.

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 to10 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

Useful life, 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. Software costs are capitalized for new systems if there are significant enhancements to existing systems. In addition to the cost of software, the capitalized costs include cost of installation and consulting services related to the system implementation or enhancement.

Useful life, 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	1-5 years
Technology patents	Approximately 10 years
Customer contracts	5-10 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.

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.

A previous impairment, if any, is subsequently assessed for any indication that the impairment has been 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 value 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 value at the acquisition date, 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 sale, 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 Company. 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 gain or loss 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.

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.

(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) 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.

(m) 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 Consolidated Statements of Net (Loss) 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.

(n) 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 differ from net earnings as reported in the consolidated statement of net earnings and total comprehensive income because they exclude 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;
- 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; or
- 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 of 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.

(o) 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.

(p) 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.

(q) Net (Loss) 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.

(r) 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 financial 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 difference is determined.

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 underperformance 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 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.

Purchase Price Allocation

All business combinations are accounted for using the acquisition method. This requires management to recognize all identifiable assets, liabilities and contingent liabilities at the acquisition date fair values with a few exceptions. The allocation of the purchase price to property, plant and equipment and intangible assets requires management to exercise judgment when determining the acquisition fair value of each asset and its respective useful life. Consideration paid in a business combination that exceeds the net fair value of assets and liabilities acquired is allocated to goodwill. Goodwill is reviewed for impairment at least annually. As disclosed in Note 5, a number of acquisitions were completed during 2017. The purchase price allocations related to Canwest and IDI Holdings are considered preliminary as at December 31, 2017. Changes in the purchase price allocation could occur during the 12-month period following acquisition. Changes to the fair value of the assets and liabilities acquired could affect the purchase price allocation and the Energy Distribution's net income.

Financial Instruments
The fair value of financial instruments is determined and classified in 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 new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations (IFRIC) that are mandatory for accounting periods beginning on January 1, 2018 or later periods.

New and revised IFRS standards issued but 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 International Accounting Standard (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. In 2018 Superior will elect to apply the limited exemption in IFRS 9 relating to transition for classification and measurement and impairment and, accordingly, will not restate comparative periods in the year of initial application. The adoption of IFRS 9 will have no impact on the Company's consolidated financial statements on the date of initial application. There will be no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39 – Financial Instruments: Recognition and Measurement to the new measurement categories under IFRS 9.

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. The Company will adopt IFRS 15 effective January 1, 2018 and apply this policy retrospectively using the practical expedient in IFRS 15, under which the Company does not disclose the amount of consideration allocated to the remaining performance obligations or an explanation of when the Company expects to recognise that amount as revenue for all reporting periods presented before the date of the initial application being January 1, 2018. The implementation of IFRS 15 will not have a material impact on the consolidated statement of net earnings and comprehensive income. IFRS 15 will require revenue to be disclosed in greater detail while not providing information that is seriously prejudicial to the interests of Superior. The additional disclosure will include revenue by type, such as but not limited to sale of product, services and rental, by country and by segment.

IFRS 16 – *Leases*
On January 13, 2016, the IASB issued IFRS 16 – Leases, 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. Management is currently evaluating the impact of IFRS 16 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 quarters, rising seasonally again in the fourth quarter with heating demand. Similarly, net working capital is typically at seasonal highs during the first and fourth quarters, and normally declines to seasonal lows in the second and third quarters. Net working capital is also significantly influenced by wholesale propane prices and other refined fuels.

4. DISCONTINUED OPERATIONS

The Fixed-Price Energy Services assets were divested during the first quarter of 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 the fourth quarter of 2016, Superior received the final contingent payment of $0.7 million contingent consideration.

A gain of $3.8 million was recorded in discontinued operations during the year ended December 31, 2016. 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 (CPD) business to Foundation Building Materials, LLC for total cash consideration of US $325 million, less a working capital adjustment of US $20.3 million (CDN$26.9 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 Note 30, Reportable Segment Information. The consideration substantially exceeded the carrying amount of the related net assets of the CPD business, and thus no impairment was identified.

The gain of $173.8 million was recorded in 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 were $0.3 million in trade and other receivables and $2.9 million in trade and other payables in the prior year.

Net earnings from discontinued operations reported in the consolidated statements of net earnings are as follows:

	2016
Revenues	
Revenue from products	**639.7**
Realized losses on derivative financial instruments	**(3.6)**
	636.1
Cost of sales (includes products and services)	
Cost of products and services	**(476.8)**
Realized losses on derivative financial instruments	**(6.1)**
	(482.9)
Selling, distribution and administrative costs	
General and administrative costs	**(35.4)**
Employee costs	**(84.0)**
Depreciation of property, plant, and equipment	**(4.8)**
Facilities maintenance expense	**(1.9)**
Vehicle operating expense	**(10.2)**
Amortization of intangible assets	**(2.7)**
	(139.0)
Finance expenses	
Finance lease obligation interest	**(0.7)**
	(0.7)

Net earnings from discontinued operations before income taxes	**13.5**
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)**
Net earnings from discontinued operations	**180.4**

(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 first quarter of 2016.

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

	2016
Cash flows from operating activities	**25.0**
Cash flows from investing activities	**381.9**
Cash flows used in financing activities	**(2.6)**
Net increase in cash from discontinued operations	**404.3**
Change in cash from continuing operations	**(398.1)**
Effect of translation of foreign denominated cash	**(1.2)**
Cash, beginning of the year	–
Cash, end of the year	**5.0**

5. ACQUISITIONS

2017	**Pomerleau Gaz Propane Inc. (Pomerleau)**	**Canwest Propane (Canwest)**	**Yankee Propane Inc. and Virginia Propane, Inc. (collectively Yankee)**	**R.W. Earhart Company (Earhart)**	**International Dioxcide Inc. (IDI Holdings)**
Current assets	2.2 (includes cash of 0.5)	58.5 (includes cash of 39.2)	-	1.8	11.6 (includes cash of 1.2)
Property, plant and equipment	5.1	116.5	9.8	16.7	1.2
Other assets	-	3.9	-	-	-
Intangibles	5.8	7.1	18.9	18.8	7.3
Assets held for sale	-	11.1	-	-	-
Accounts payable and accrued liabilities	(0.8)	(16.1)	-	(1.3)	(6.3)
Other liabilities	-	(2.5)	-	-	(0.3)
Long-term debt	(1.3)	-	-	-	-
Provisions	-	(7.7)	-	-	-
Deferred tax liability	(1.1)	(24.1)	-	-	(0.1)
Net identifiable assets and liabilities	**9.9**	**146.7**	**28.7**	**36.0**	**13.4**
Goodwill arising on acquisition	0.8	285.7	10.0	8.3	1.0
Total consideration	**10.7**	**432.4**	**38.7**	**44.3**	**14.4**

Pomerleau Gaz Propane Inc. (Pomerleau)
On April 20, 2017, Superior acquired 100% of the shares of Pomerleau, a propane distributor serving residential and commercial customers in southeastern Québec, for cash consideration of $10.7 million excluding taxes. Revenue and net earnings for the year ended December 31, 2017 would have been $9.2 million and $0.6 million, respectively, if the acquisition had occurred on January 1, 2017. Subsequent to the acquisition date on April 20, 2017, the acquisition contributed revenue and net earnings of $4.5 million and $0.7 million, respectively, to the Energy Distribution segment for the year ended December 31, 2017. Goodwill arising on acquisition is not deductible for tax purposes.

Canwest Propane
On March 1, 2017, Superior entered into certain agreements to purchase 100% of the entities that carry on the industrial propane business of Canwest from Gibson Energy ULC (the Canwest Option) for cash consideration of $412.0 million plus $20.4 million of working capital. The acquisition was subject to the satisfaction of certain conditions, including the receipt of customary regulatory approvals. On September 27, 2017, Superior received regulatory approval from the Competition Bureau and closed the acquisition of Canwest subject to certain conditions. As outlined in the consent agreement registered with the Competition Bureau, Superior agreed to divest five local branches and nine satellite locations from the combined Superior Propane and Canwest Propane organization. The assets associated with the consent agreement have been separated and treated as assets held for sale on the balance sheet. As at December 31, 2017, this included $12.6 million of assets from Canwest and $2.2 million of assets from Superior.

The purchase price allocation is considered preliminary, and as a result, will be adjusted during the 12-month period following the acquisition once all the required information is obtained and assessed. Superior has allocated the purchase price to the identified assets and liabilities acquired based on their current book value as an estimated fair value at the time of acquisition.

During the three months ended December 31, 2017, the purchase price allocation was adjusted to reduce assets held for sale by $2.0 million to reflect the expected fair value on disposal of these assets, working capital was adjusted by $3.9 million, a provision related to an onerous contract (Note 12) for $7.7 million was recorded and the deferred tax liability at acquisition was decreased by $4.0 million. As a result, goodwill was increased by $9.6 million. Goodwill arising on acquisition is not deductible for tax purposes.

As of March 1, 2017 and up to the acquisition closing date of September 27, 2017, Superior was entitled to the benefit of the net profits of Canwest. As a result, Superior recorded net income of $1.2 million for the current year. These results were recorded as part of selling, distribution and administrative costs. The results since the acquisition closed to December 31, 2017 have been consolidated. Revenue and net earnings for the year ended December 31, 2017 would have been $211.7 million and $27.9 million, respectively, if the acquisition had occurred on January 1, 2017. Subsequent to the acquisition date, the acquisition contributed revenue and net earnings of $77.1 million and $17.1 million, respectively, to the Energy Distribution segment for the year ended December 31, 2017.

Yankee Inc. and Virginia Propane Inc. (Yankee)
On August 1, 2017, Superior acquired the assets of Yankee, propane distributors serving residential and commercial customers in New York, New Jersey and Virginia for total consideration of $38.7 million excluding taxes. Included in the total consideration are US $4.0 million in deferred payments to be paid over five years. Superior allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition. The goodwill acquired relates primarily to the access U.S. refined fuels will have in new markets such as New Jersey and Virginia. The purchase price allocation resulted in goodwill of $10.0 million, which is not tax deductible.

Revenue and net earnings for the year ended December 31, 2017 would have been $19.5 million and $2.8 million, respectively, if the acquisition had occurred on January 1, 2017. Subsequent to the acquisition date on August 1, 2017, the acquisition contributed revenue and net earnings of $8.2 million and $0.2 million, respectively, to the Energy Distribution segment for the year ended December 31, 2017.

R.W. Earhart Company (Earhart)
On October 12, 2017, Superior acquired the assets of Earhart for an aggregate purchase of US $38.0, less working capital and other adjustments for a final purchase price of US $35.4 (CDN $44.3 million). Goodwill arising on acquisition is not deductible for tax purposes.

Revenue and net earnings for the year ended December 31, 2017 would have been $25.3 million and $3.4 million, respectively, if the acquisition had occurred on January 1, 2017. Subsequent to the acquisition date on October 2, 2017, the acquisition contributed revenue and net earnings of $9.1 million and $2.1 million, respectively, to the Energy Distribution segment for the year ended December 31, 2017.

International Dioxcide Inc. (IDI Holdings)
On October 12, 2017, Superior acquired 100% of the shares of IDI from LANXESS Corporation for cash consideration of $14.4 million excluding taxes. IDI is a well-established company in the chlorine dioxide industry, operating for over 65 years with manufacturing operations in Rhode Island. Goodwill arising on acquisition is not deductible for tax purposes.

Revenue and net earnings for the year ended December 31, 2017 would have been $19.0 million and $2.9 million, respectively, if the acquisition had occurred on January 1, 2017. Subsequent to the acquisition date on October 12, 2017, the acquisition contributed revenue and net earnings of $7.6 million and $0.7 million, respectively, to the Specialty Chemicals segment for the year ended December 31, 2017.

6. TRADE AND OTHER RECEIVABLES

A summary of trade and other receivables is as follows:

	2017	2016
Trade receivables, net of allowances	**292.9**	235.3
Accounts receivable – other	**25.6**	7.9
Trade and other receivables	**318.5**	243.2

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

	2017	2016
Current	**212.4**	183.0
Past due less than 90 days	**80.4**	51.5
Past due over 90 days	**7.0**	5.1
Trade receivables	**299.8**	239.6

The current portion of Superior’s trade receivables is neither impaired nor past due and there are no indications as of the reporting date that the debtors will not make payment.

Superior’s trade receivables are stated after deducting a provision of $6.9 million as at December 31, 2017 (December 31, 2016 − $4.3 million). The movement in the provision for doubtful accounts was as follows:

	2017	2016
Allowance for doubtful accounts, beginning of the year	**(4.3)**	(7.3)
Opening adjustment due to acquisitions	**(3.1)**	–
Derecognized on sale of CPD	–	1.9
Additions	**(4.0)**	(4.2)
Amounts written off during the year as uncollectible	**2.3**	1.4
Amounts recovered	**2.2**	3.9
Allowance for doubtful accounts, end of the year	**(6.9)**	(4.3)

7. PREPAID EXPENSES

	2017	2016
Prepaid insurance	**14.5**	13.2
Tax installments	**5.9**	33.1
Deposits	**1.4**	1.0
Leases and licenses	**2.4**	2.6
Storage and rent	**1.0**	0.9
Miscellaneous prepaids and other	**4.2**	1.3
Balance, end of the year	**29.4**	52.1

8. INVENTORIES

	2017	2016
Propane, heating oil and other refined fuels	**85.6**	54.0
Propane retailing materials, supplies, appliances and other	**8.0**	7.7
Chemical finished goods and raw materials	**28.3**	25.6
Chemical stores, supplies and other	**15.1**	13.8
	137.0	101.1

Continuing Operations

	2017	2016
Cost of inventories recognized as an expense	**1,435.6**	1,157.3
Inventory write-downs	**2.6**	2.2
Write-down reversals	**1.1**	1.0

Discontinued Operations

	2017	2016
Cost of inventories recognized as an expense	–	448.3
Inventory write-downs	–	0.1

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Specialty Chemicals Plant and Equipment	Energy Distribution Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Cost							
Balance at December 31, 2015	32.8	207.2	960.5	765.9	78.8	14.5	2,059.7
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
Additions	**0.2**	**3.9**	**25.9**	**59.3**	**–**	**1.2**	**90.5**
Acquisitions through business combinations	**18.8**	**11.2**	**1.2**	**116.6**	**–**	**1.5**	**149.3**
Adjustments related to ARO and provisions	**–**	**44.6**	**–**	**0.1**	**–**	**–**	**44.7**
Disposals	**(1.0)**	**(1.8)**	**(1.8)**	**(20.5)**	**–**	**(0.1)**	**(25.2)**
Net foreign currency exchange differences	**(0.7)**	**(6.1)**	**(28.1)**	**(18.1)**	**–**	**–**	**(53.0)**
Reclassification	**(0.2)**	**0.3**	**–**	**(0.1)**	**–**	**–**	**–**
Other	**(0.4)**	**(0.7)**	**–**	**(0.2)**	**–**	**–**	**(1.3)**
Balance at December 31, 2017	**48.3**	**257.7**	**961.3**	**934.5**	**–**	**8.6**	**2,210.4**

	Land	Buildings	Specialty Chemicals Plant and Equipment	Energy Distribution Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Accumulated Depreciation							
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
Depreciation expense	**–**	**8.8**	**45.4**	**48.0**	**–**	**1.1**	**103.3**
Eliminated on disposal of assets	**–**	**(0.3)**	**(1.3)**	**(14.1)**	**–**	**(0.1)**	**(15.8)**
Net foreign currency exchange differences	**–**	**(2.2)**	**(14.1)**	**(7.6)**	**–**	**–**	**(23.9)**
Reclassification	**–**	**(0.1)**	**–**	**–**	**–**	**0.1**	**–**
Transfers between divisions	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other	**–**	**(0.8)**	**–**	**(1.2)**	**–**	**–**	**(2.0)**
Balance at December 31, 2017	**–**	**85.4**	**571.9**	**471.7**	**–**	**4.3**	**1,133.3**
Carrying Amount							
As at December 31, 2016	31.6	126.3	422.2	350.8	–	2.8	933.7
As at December 31, 2017	**48.3**	**172.3**	**389.4**	**462.8**	**–**	**4.3**	**1,077.1**

Depreciation per cost category:

	2017	2016
Cost of sales	**52.3**	54.5
Selling, distribution and administrative costs – continuing operations	**51.0**	53.6
Selling, distribution and administrative costs – discontinued operations	–	4.8
Total	**103.3**	112.9

Superior's property, plant and equipment were tested for impairment as at December 31, 2017 and 2016 and no impairment was identified. 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 $63.9 million of leased assets as at December 31, 2017 (December 31, 2016 – $64.9 million).

10. Intangible Assets

	Customer Contract-Related Costs	**Québec and Ontario Cap and Trade Emissions Units Purchased**	**Energy Distribution Trademarks, Non-Compete Agreements and Other Intangible Assets**	**Construction Products Distribution Intangible Assets**	**Specialty Chemicals Royalty Assets and Patents**	**Other Intangible Assets**	**Total**
Cost							
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
Acquisitions through business combinations	**5.3**	**–**	**45.2**	**–**	**7.3**	–	**57.8**
Additions from internal development	**–**	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Additions acquired separately	**–**	**1.1**	**4.7**	**–**	**–**	–	**5.8**
Net foreign currency exchange differences	**–**	**–**	**(0.9)**	**–**	**(0.2)**	–	**(1.1)**
Balance at December 31, 2017	**5.3**	**10.2**	**97.4**	**–**	**7.1**	**0.1**	**120.1**
Accumulated Amortization							
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
Amortization expense	**0.6**	**–**	**9.0**	**–**	**–**	–	**9.6**
Net foreign currency exchange differences	–	–	(0.3)	–	–	–	(0.3)
Balance at December 31, 2017	**0.6**	**–**	**34.2**	**–**	–	–	**34.8**
Carrying value[(1)]							
As at December 31, 2016	–	9.1	22.9	–	–	–	32.0
As at December 31, 2017	**4.7**	**10.2**	**63.2**	**–**	**7.1**	**0.1**	**85.3**

(1) Superior has pledged 100% of the intangible assets balance at December 31, 2017, excluding leased assets, as security on its borrowing.

Superior's intangibles were tested for impairment as at December 31, 2017 and 2016 and the Company did not identify any impairment. Therefore, the carrying value was not adjusted for the current year.

During the year, the Company invested $4.7 million (2016 – $10.2 million) in new software systems and enhancements to existing systems. These additions include the cost of the software, the installation and consulting services relating to the enhancements and implementation of these systems.

11. GOODWILL

	2017	2016
Balance, beginning of the year	**199.2**	196.2
Additional amounts recognized from business combinations during the year	**305.8**	3.3
Effect of foreign currency differences	**(0.5)**	(0.3)
Balance, end of the year	**504.5**	199.2

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 cash-generating unit (CGU) level.

Before recognition of impairment losses, the carrying amount of goodwill as at December 31 was allocated to the segments as follows:

	2017	2016
Energy Distribution	**503.5**	199.2
Specialty Chemicals	**1.0**	–
	504.5	199.2

Superior conducts assessments for indicators of impairment on a quarterly basis and performs a detailed impairment assessment at least annually. At December 31, 2017 and 2016, an impairment test was performed for all CGUs with allocated goodwill and no impairment was identified. The recoverable amount of each 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% (2016 – 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 CGUs range from 9.6% to 11.2% (2016 – 9.0% to 9.3%).

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 in 2017 is 2.0% (2016 – 2.0%).

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

As at December 31, 2017 and 2016, using the assumptions outlined above, Superior determined there was no impairment for the Energy Distribution CGU or the Specialty Chemicals 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, 2017 and 2016.

12. PROVISIONS

	Restructuring	Decommissioning	Other	Total
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
Additions	**12.5**	**41.0**	**7.8**	**61.3**
Utilization	**(3.9)**	**–**	**(0.1)**	**(4.0)**
Amounts reversed during the year	**(0.1)**	**(0.7)**	**–**	**(0.8)**
Unwinding of discount	**–**	**0.6**	**–**	**0.6**
Impact of change in discount rate	**–**	**3.6**	**–**	**3.6**
Divestitures	**–**	**0.3**	**–**	**0.3**
Net foreign currency exchange difference	**0.1**	**(1.2)**	**–**	**(1.1)**
Balance at December 31, 2017	**13.4**	**64.0**	**7.8**	**85.2**

As at December 31,	**2017**	2016
Current	**15.3**	4.8
Non-current	**69.9**	20.5
	85.2	25.3

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, 2017, the current portion of the restructuring provision was $13.4 million (December 31, 2016 – $4.8 million). As at December 31, 2017, the long-term portion of the restructuring provision was nil (December 31, 2016 – 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 activities' expected timing. As at December 31, 2017, the discount rate used in Superior's calculation was 2.26% (December 31, 2016 – 2.31%). Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities at December 31, 2017 to be approximately $115

million (December 31, 2016 – $22.7 million) which will be paid over the next 1 to 40 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 $8.5 million at December 31, 2017 (December 31, 2016 – $10.2 million) which will be paid over the next 15 years. The risk-free rate of 2.5% at December 31, 2017 (December 31, 2016 – 2.31%) was used to calculate the present value of the estimated cash flows.

Other

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, 2017 (December 31, 2016 – $0.1 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.

Supply contract
As part of the bidding process to acquire Canwest, Superior was required to enter into a five year supply agreement with the seller. The supply agreement was for terms that were unfavourable to Superior based on current supply arrangements under contract. As a result Superior has recorded a provision of $7.7 million related to this contract.

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 outcomes of all the proceedings and claims against Superior are 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 (loss) earnings and total comprehensive (loss) 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 (loss) earnings and total comprehensive (loss) income or consolidated balance sheets.

13. TRADE AND OTHER PAYABLES

A summary of trade and other payables is as follows:

As at December 31,	**2017**	2016
Trade payables	**228.5**	182.6
Provisions	**15.3**	4.8
Other payables	**82.5**	59.2
Quebec cap and trade program	**8.9**	–
Share-based payments	**15.5**	15.1
Trade and other payables	**350.7**	261.7

The average credit period on purchases by Superior is 21 days (2016 – 29 days). No interest is charged on the trade payables up to 10 days (2016 – 15 days) from the date of the invoice. Thereafter, interest is charged at a rate of up to 17% (2016 – 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

	2017	2016
Balance, beginning of the year	**8.5**	9.7
Deferred during the year	**37.3**	17.1
Released to net earnings	**(36.2)**	(17.7)
Foreign exchange impact	**0.3**	(0.6)
Balance, end of the year	**9.9**	8.5

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

15. OTHER LIABILITIES

December 31,	**2017**	2016
Supply agreement	**2.5**	5.2
Québec cap and trade payable	**–**	6.2
Ontario cap and trade payable	**1.5**	–
	4.0	11.4

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 propane to and from Québec and Ontario and therefore must purchase compliance instruments to comply with the Québec cap and trade regulations (Québec) and Ontario cap and trade regulations (Ontario). Intangible assets are recorded when purchased, and cap and trade liabilities are recorded upon the import of propane. The liability at December 31, 2017 is $8.9 million for Québec (December 31, 2016 – $6.2 million), which was reclassified to trade and other payables and $1.5 million (December 31, 2016 – nil) for Ontario. Superior is required to settle the compliance instruments with the Québec and Ontario provincial governments at the end of each compliance period. The compliance period from 2015 to 2017 for the Québec cap and trade is due in November 2018. The total Québec cap and trade liability of $8.9 million has been classified to current other payables.

16. BORROWING

	Year of Maturity	Effective Interest Rate	**December 31, 2017**	**December 31, 2016**
Revolving Term Bank Credit Facilities [1]				
Bankers' Acceptances (BA)	2022	Floating BA rate plus applicable credit spread	**31.0**	20.0
Canadian Prime Rate Loan	2022	Prime rate plus applicable credit spread	**–**	10.7
LIBOR Loans (US $267.0 million; 2016 – US $104.0 million)	2022	Floating LIBOR rate plus applicable credit spread	**335.6**	139.7
US Base Rate Loans (US $16.3 million; 2016 – US $8.6 million)	2022	U.S. Prime rate plus credit spread	**20.5**	11.5
			387.1	181.9
Other Debt				
Accounts receivable factoring program[2]		Floating BA Plus	**2.1**	1.7
Deferred consideration and other	2018 - 2019	Non-interest-bearing	**11.1**	4.4
			13.2	6.1
Senior Unsecured Notes				
Senior unsecured notes[3]	2021	6.50%	**200.0**	200.0
Senior unsecured notes[4]	2024	5.25%	**400.0**	–
			600.0	200.0
Finance Lease Obligations				
Finance lease obligation			**63.1**	56.7
Total borrowing before deferred financing fees			**1,063.4**	444.7
Deferred financing fees			**(10.6)**	(5.7)
Borrowing			**1,052.8**	439.0
Current maturities			**(28.7)**	(18.3)
Borrowing			**1,024.1**	420.7

(1) As at December 31, 2017, Superior had $31.7 million of outstanding letters of credit (December 31, 2016 – $21.7 million) and $157.0 million of outstanding financial guarantees on behalf of its businesses (December 31, 2016 – $148.7 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. On May 1, 2017, Superior extended its syndicated credit facility with ten lenders, increasing the size of the facility to $620 million from $570 million, with no changes to the financial covenants. The facility matures on April 28, 2022 and can be expanded up to $800 million.

(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, 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, 2017, the accounts receivable factoring program totaled $2.1 million (December 31, 2016 – $1.7 million).

(3) On December 9, 2014, Superior completed an offering of $200.0 million in 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 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.

(4) On February 27, 2017, Superior completed an offering of $250.0 million is 5.25% senior unsecured notes (the notes). The notes were issued at par value and mature on February 27, 2024. The notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the notes at various redemption prices, which include the principal plus accrued and unpaid interest, if any, to the application redemption date. Interest is payable semi-annually on February 27 and August 27, and commences August 27, 2017. On October 16, 2017, Superior issued an additional $150.0 million in notes due on February 27, 2024. Superior intended to use the net proceeds to fund the redemption of Superior's issued and outstanding 6.0% convertible unsecured subordinated debentures.

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

Current maturities	**28.7**
Due in 2019	**20.6**
Due in 2020	**12.8**
Due in 2021	**8.1**
Due in 2022	**590.5**
Due in 2023	**2.7**
Subsequent to 2023	**400.0**
Total	**1,063.4**

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:

	2017	2016
Not later than one year	**34.4**	34.6
Later than one year and not later than five years	**97.9**	82.5
Later than five years	**55.5**	34.2
	187.8	151.3

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.

The present values of minimum lease payments are as follows:

	Minimum Lease Payments		**Present Value of Minimum Lease Payments**	
	2017	2016	**2017**	2016
Not later than one year	**20.6**	13.4	**19.5**	13.4
Later than one year and not later than five years	**40.9**	41.9	**35.0**	36.9
Later than five years	**9.4**	6.9	**8.6**	6.4
Less: future finance charges	**(7.8)**	(5.5)	**–**	–
Present value of minimum lease payments	**63.1**	56.7	**63.1**	56.7

Included in the consolidated balance sheets as at December 31:

	2017	2016
Current portion of finance lease	**19.5**	13.4
Non-current portion of finance lease	**43.6**	43.3
	63.1	56.7

18. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

Superior's debentures are as follows:

Maturity	**June 2019**
Interest Rate	**6.00%**
Conversion price per share	**$16.75**
Debentures outstanding as at December 31, 2017	Nil
Debentures outstanding as at December 31, 2016	89.8
Quoted market value as at December 31, 2017	Nil
Quoted market value as at December 31, 2016	99.5

On November 15, 2017, the issued and outstanding 6.00% convertible unsecured subordinated debentures due June 30, 2019 (of which principal of $97 million is outstanding at the time prior to redemption) were redeemed. Upon redemption, Superior recognized a gain of $3.9 million, recorded as part of non-cash interest expense.

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, 2017. The present value of the defined benefit obligation, and the related current and past service costs, 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**	
	2017	2016	**2017**	2016
Discount rate	**3.50%**	3.75%	**3.50%**	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, 2017 and December 31, 2016 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 at December 31, 2017			
Present value of defined-benefit obligations	**38.8**	**134.4**	**21.0**
Fair value of plan assets	**(43.1)**	**(138.2)**	**–**
Net (asset) liability arising from defined-benefit obligation	**(4.3)**	**(3.8)**	**21.0**
Balance 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

Movements in defined benefit obligations and plan assets:

	Energy Distribution Pension Benefit Plans		Specialty Chemicals Pension Benefit Plans		Other Benefit Plans	
	2017	2016	**2017**	2016	**2017**	2016
Movement in the present value of the defined benefit obligation during the year:						
Benefit obligation at January 1	**41.9**	43.5	**126.9**	123.0	**22.1**	24.9
Current service cost	**–**	–	**2.1**	2.2	**0.3**	0.4
Interest cost	**1.4**	1.6	**4.7**	4.6	**0.8**	0.9
Contributions by the plan participants	**–**	–	**0.1**	0.1	**–**	–
Actuarial gains (losses)	**(0.8)**	0.7	**6.8**	2.1	**(1.0)**	(3.0)
Benefits paid	**(3.7)**	(3.9)	**(6.2)**	(5.1)	**(1.2)**	(1.1)
Benefit obligation at December 31	**38.8**	41.9	**134.4**	126.9	**21.0**	22.1
Movement in the fair value of the plan assets during the year:						
Fair value of plan assets at January 1	**45.0**	47.8	**129.9**	122.6	**–**	–
Expected return on plan assets	**1.5**	1.7	**4.8**	4.6	**–**	–
Excess return (shortfall) on plan assets	**0.5**	(0.6)	**8.4**	4.2	**–**	–
Contributions by the employer	**–**	–	**1.5**	3.7	**1.1**	1.2
Contributions by plan participants	**–**	–	**0.1**	0.1	**–**	–
Benefits paid	**(3.7)**	(3.8)	**(6.2)**	(5.1)	**(1.1)**	(1.2)
Administration expenses	**(0.2)**	(0.1)	**(0.3)**	(0.2)	**–**	–
Fair value of plan assets at December 31	**43.1**	45.0	**138.2**	129.9	**–**	–
Funded status – plan surplus (deficit)	**4.3**	3.1	**3.8**	3.0	**(21.0)**	(22.1)
Assets related to defined-benefit obligation	**4.3**	3.1	**3.8**	3.0	**–**	–
Liabilities related to defined-benefit obligation	**–**	–	**–**	–	**(21.0)**	(22.1)
Net asset (obligation) arising from defined-benefit obligation	**4.3**	3.1	**3.8**	3.0	**(21.0)**	(22.1)
Non-current net benefit asset (obligation)	**4.3**	3.1	**3.8**	3.0	**(21.0)**	(22.1)

The accrued net pension asset related to the Energy Distribution pension benefit plan on December 31, 2017 was $4.3 million (December 31, 2016 –$3.1 million), and the expense for 2017 was $0.1 million (2016 – $0.1 million). The accrued net pension asset related to the Specialty Chemicals pension benefit plan on December 31, 2017 was $3.8 million (2016 –$3.0 million), and the expense for 2017 was $2.2 million (2016 – $2.5 million).

The accrued net benefit obligation related to the total other benefit plans of Energy Distribution and Specialty Chemicals on December 31, 2017 was $21.0 million (2016 –$22.1 million), and the expense for 2017 was $1.2 million (year ended December 31, 2016 – $1.2 million). Amounts recognized in net earnings in respect of these defined-benefit plans are as follows for the years ended December 31:

	2017	2016
Service Cost:		
Current service cost	**2.4**	2.6
Administrative expense	**0.5**	0.5
Net interest expense	**0.6**	0.7
Components of defined-benefit costs recognized in net earnings	**3.5**	3.8

The service cost, administrative expense and net interest expense related to Energy Distribution and Specialty Chemicals on December 31, 2017 was $3.5 million (December 31, 2016 – $3.8 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:

	2017	2016
Actuarial defined-benefit losses (before income taxes)	**3.9**	3.9
Cumulative actuarial losses (before income taxes)	**(3.1)**	(6.9)

Re-measurement on the net benefit obligation:	**2017**	2016
Cumulative actuarial losses, beginning of the year	**(7.0)**	(10.8)
Actuarial asset experience gain	**8.9**	3.6
Actuarial loss arising from changes in demographic assumptions	**(1.1)**	(1.7)
Actuarial loss arising from changes in financial assumptions	**(7.7)**	(1.3)
Actuarial gain arising from changes in experience adjustments	**3.8**	3.3
Cumulative actuarial losses, end of the year	**(3.1)**	(6.9)

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, 2017, 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 $4.4 million at December 31, 2017 (December 31, 2016 – $4.3 million) and a change to the current service expense of $0.1 million at December 31, 2017 (December 31, 2016 – $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 $22.1 million at December 31, 2017 (December 31, 2016 – $20.2 million) and a change to the current service expense of $1.0 million at December 31, 2017 (December 31, 2016 – $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, 2017 (December 31, 2016 – nil) and a change to the current service expense of nil at December 31, 2017 (December 31, 2016 – nil). A 1% change in salary would result in a change to the accrued defined-benefit obligation related to Specialty Chemicals of $1.6 million at December 31, 2017 (2016 – $1.8 million) and a change to the current service expense of $0.2 million at December 31, 2017 (2016 – $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 $1.8 million at December 31, 2017 (2016 – $2.1 million) and a change to the current service expense of $0.1 million at December 31, 2017 (2016 – $0.1 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, 2017 (2016 – $3.4 million) and a change to the current service expense of $0.2 million at December 31, 2017 (2016 – $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, 2017 (2016 – $0.4 million) and a change to the current service expense of nil at December 31, 2017 (2016 – 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, 2017 (2016 – $1.2 million) and a change to the current service expense of $0.1 million at December 31, 2017 (2016 – $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 was calculated using the projected unit credit as at December 31, 2017, 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 or assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the net benefit obligation related to Energy Distribution is 8.8 years at December 31, 2017 (2016 – 8.4 years) and related to Specialty Chemicals is 14.1 years at December 31, 2017 (2016 – 13.0 years).

At December 31, 2017, Superior expects to make a contribution to the Energy Distribution Pension Benefit Plans of $1.4 million and to the Specialty Chemicals Pension Benefit Plans of $2.0 million during 2018.

The fair values of plan assets as at December 31, 2017, 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	**4.0**	**9.2%**	**37.4**	**27.1%**
Foreign Equities	**–**	**–**	**36.9**	**26.7%**
Foreign Income	**0.2**	**0.4%**	**–**	**–**
Fixed Income	**38.9**	**90.4%**	**63.9**	**46.2%**
Total	**43.1**	**100%**	**138.2**	**100%**

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 actual returns on Energy Distribution and Specialty Chemicals plan assets in 2017 were 4.7% (2016 – 2.5%) and 10.0% (2016 – 7.1%), respectively.

As at December 31, 2017, 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, 2016, 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, 2017
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Foreign currency forward contracts, net sale	**11.6**	**–**	**–**	**11.6**
Natural gas financial swaps – AECO	**–**	**3.6**	**–**	**3.6**
Propane, diesel, butane and heating oil wholesale purchase and sale contracts, net sale – Energy Distribution	**–**	**24.9**	**–**	**24.9**
Total assets	**11.6**	**28.5**	**–**	**40.1**
Liabilities				
Natural gas financial swaps – AECO	**–**	**3.6**	**–**	**3.6**
Foreign currency forward contracts, net sale	**8.1**	**–**	**–**	**8.1**
Cross-currency interest rate exchange agreements	**2.7**	**–**	**–**	**2.7**
Equity derivative contract	**–**	**0.9**	**–**	**0.9**
Propane and butane wholesale purchase and sale contracts, net sale – Energy Distribution	**–**	**10.8**	**–**	**10.8**
WTI wholesale purchase and sale contracts, net sale – Energy Distribution	**–**	**0.2**	**–**	**0.2**
Total liabilities	**10.8**	**15.5**	**–**	**26.3**
Total net assets	**0.8**	**13.0**	**–**	**13.8**
Current portion of assets	**4.9**	**25.1**	**–**	**30.0**
Current portion of liabilities	**8.2**	**13.6**	**–**	**21.8**

				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 (assets)	**(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**

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**	**Term**	**Effective Rate**	**Valuation Technique(s) and Key Input(s)**
Level 1 fair value hierarchy:				
Foreign currency forward contracts, net sale	US $328.8	2018 – 2020	1.26	Quoted bid prices in the active market.
Cross currency interest rate exchange agreements	US $236.6	2018	1.34	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Natural gas financial swaps –AECO	–	2018 – 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	$16.9	2018	$12.52	Discounted cash flow – Future cash flows are estimated based on equity derivative contracts.
Heating oil, diesel and propane wholesale purchase and sale contracts, net sale – Energy Distribution	70.06 USG(1)	2018 – 2019	$0.67 - $1.83	Quoted bid prices for similar products in the active market.
Electricity swaps – Energy Distribution	–	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.

(1) 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 – 28.34% (2016 – 27.90%)	The estimated fair value would increase (decrease) if: – Volatility decreased (increased)

The changes in the fair value of Superior's Level 3 financial instruments for the years ended December 31, 2017 and 2016 are as follows:

Description	**Debenture - Embedded Derivative**	**Fixed Price Electricity Purchase Agreements**	**Total**
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
Unrealized losses[1]	**(3.9)**	–	**(3.9)**
Balance at December 31, 2017	–	–	–

[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, 2017 and 2016 are as follows:

		2017		2016
Description	**Realized Gain (Loss)**	**Unrealized Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)
Natural gas financial swaps – AECO	**–**	**0.4**	(4.3)	21.3
Electricity swaps – Energy Distribution	**–**	**–**	(1.8)	–
Foreign currency forward contracts, net sale	**0.8**	**27.5**	(62.9)	86.1
Cross-currency interest rate swaps	**–**	**(5.5)**	–	(0.2)
Interest rate swaps	–	**–**	1.2	(1.2)
Equity derivative contracts	**0.2**	**(0.9)**	(0.2)	3.1
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	**8.7**	**4.6**	(9.3)	18.1
Fixed-price electricity purchase agreements – Specialty Chemicals	**(0.4)**	**–**	(1.1)	6.9
Total gains (losses) on financial and non-financial derivatives	**9.3**	**26.1**	(78.4)	134.1
Foreign currency translation of borrowings	**–**	**5.5**	–	(0.8)
Change in fair value of debenture-embedded derivative	**–**	**(3.9)**	–	6.3
Total gains (losses)	**9.3**	**27.7**	(78.4)	139.6
Total gains (losses) attributed to continuing operations	**9.3**	**27.7**	(74.8)	139.6
Total loss attributed to discontinued operations	**–**	**–**	(3.6)	–
Total gains (losses)	**9.3**	**27.7**	(78.4)	139.6

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.

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 financial and non-financial derivatives according 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.

At the time Superior Energy Management (SEM) was divested the Company entered into financial swaps to offset any financial swaps that could not be transferred to the buyer. As a result the Energy Distribution segment has nominal exposure to any losses or gains related to the remaining natural gas and electricity financial swaps.

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. Superior Plus 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, 2017, Superior estimates that a 10% increase in its share price would have resulted in a $1.4 million increase in earnings due to the revaluation of equity derivative contracts.

Superior's contractual obligations associated with its financial liabilities as at December 31, 2017 are as follows:

	2018	2019	2020	2021	2022	2023 and thereafter	Total
Borrowing	**28.7**	**20.6**	**12.8**	**8.1**	**590.5**	**402.7**	**1,063.4**
US $ foreign currency forward sales contracts	**166.1**	**107.7**	**37.0**	**18.0**	**–**	**–**	**328.8**
Natural gas, butane, propane, heating oil and diesel purchases	**49.3**	**41.9**	**2.7**	**–**	**–**	**–**	**93.9**

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:

	2017
Decrease to net earnings of a $0.01 increase in the CDN $ to the US $	**(3.7)**
Decrease to net earnings of a 0.5% increase in interest rates	**(0.5)**
Increase to net earnings of a $0.04/litre increase in the price of heating oil	**(0.6)**
Increase to net earnings of a $0.04/litre increase in the price of propane	**9.5**

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, such as 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, Luxembourg income tax, and Chilean income tax.

Total income taxes are different from the amount computed by applying the corporate Canadian federal-provincial enacted statutory rate for 2017 of 26.86% (2016 – 26.9%). The statutory rates reflect previously enacted provincial tax rate increases. The reasons for these differences are as follows:

	2017	2016
Net (loss) earnings from continuing operations	**(27.9)**	114.2
Income tax expense from continuing operations	**143.7**	36.9
Net earnings from continuing operations before taxes	**115.8**	151.1
Computed income tax expense	**31.1**	40.6
Changes in effective foreign tax rates	**1.0**	(0.9)
Changes in future income tax rates[1]	**(4.6)**	0.2
Non-deductible costs and other	**(1.9)**	(8.1)
Prior-period adjustment	**1.0**	4.8
De-recognition of a previously recognized liability	**(0.2)**	(15.2)
Impact from sale/use of consolidation losses from discontinued operations	**-**	15.3
Settlement of corporate conversion transaction	**119.4**	**-**
Other	**(2.1)**	0.2
Income tax expense from continuing operations	**143.7**	36.9
Income tax expense from continuing operations	**143.7**	36.9
Income tax expense from discontinued operations	**-**	10.7
Total income tax expense	**143.7**	47.6

(1) $4.5 million relates to the revaluation of opening deferred tax assets and liabilities based on the recently enacted Tax Cuts and Jobs Act in the United States.

Income tax expense for the years ended December 31, 2017 and 2016 is comprised of the following:

	2017	2016
Current income tax expense		
Current income tax charge	**5.3**	4.8
Adjustments in respect of previous year	**(2.0)**	0.1
Total current income tax expense	**3.3**	4.9
Deferred income tax expense		
Relating to origination and reversal of temporary difference	**22.5**	7.3
Relating to changes in tax rates or the imposition of new taxes[1]	**(4.6)**	5.9
Adjustments in respect of previous year	**3.1**	4.7
Impact from sale of discontinued operations and other	**-**	14.1
Impact of corporate conversion transaction	**119.4**	-
Total deferred income tax expense	**140.4**	32.0
Total income tax expense from continuing operations	**143.7**	36.9

Income tax recognized in other comprehensive income	**2017**	2016
Deferred tax		
Income tax on amortization of actuarial gains and losses	**(1.0)**	(1.1)
Total income tax expense recognized in other comprehensive income	**(1.0)**	(1.1)

[1]$4.5 million relates to the revaluation of opening deferred tax assets and liabilities based on the recently enacted Tax Cuts and Jobs Act in the United States.

Deferred tax for the years ended December 31, 2017 and 2016 is comprised of the following:

2017	**Opening Balance**	**(Credited) Charged to Net Earnings (Continuing)**	**(Credited) Charged to Other Comprehensive Loss**	**Acquisitions**	**Exchange Differences**	**Closing Balance**
Provisions	**7.2**	**10.5**	**–**	**0.4**	**(0.1)**	**18.0**
Finance leases	**21.0**	**(1.7)**	**–**	**–**	**(1.6)**	**17.7**
Borrowing	**(2.0)**	**2.7**	**–**	**–**	**(0.1)**	**0.6**
Financing fees	**1.1**	**1.0**	**–**	**–**	**–**	**2.1**
Investment tax credits	**104.9**	**(40.5)**	**–**	**–**	**–**	**64.4**
Non-capital losses	**63.0**	**(19.0)**	**–**	**–**	**(5.4)**	**38.6**
Property, plant and equipment	**(151.8)**	**3.6**	**–**	**(22.6)**	**9.7**	**(161.1)**
Reserves and employee benefits	**16.8**	**2.2**	**(1.0)**	**0.1**	**(0.7)**	**17.4**
Scientific research and development	**168.1**	**(92.0)**	**–**	**–**	**–**	**76.1**
Unrealized foreign exchange gains (losses)	**4.0**	**(7.4)**	**–**	**–**	**(0.1)**	**(3.5)**
Other	**(0.5)**	**0.2**	**–**	**–**	**(0.1)**	**(0.4)**
Total	**231.8**	**(140.4)**	**(1.0)**	**(22.1)**	**1.6**	**69.9**

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

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, 2017 and 2016:

	2017	2016
Canada	**86.4**	252.4
United States	**(9.1)**	(12.2)
Chile	**(7.4)**	(8.4)
Total net deferred income tax asset	**69.9**	231.8

Superior has available to carry forward the following as at December 31, 2017 and 2016:

	2017	2016
Canadian non-capital losses	**4.5**	62.2
Canadian scientific research expenditures	**282.6**	625.8
Canadian capital losses	**4.8**	541.2
United States non-capital losses	**142.6**	132.2
Canadian federal and provincial investment tax credits	**88.2**	145.7

As at December 31, 2017, Superior had non-capital loss carry-forwards available to reduce future years' taxable income for Canada of $4.5 million and United States of $142.6 million, all due to expire beyond 2021.

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.

As at December 31, 2017, Superior had Canadian federal and provincial investment tax credits available to reduce future years' taxable income, which expire as follows:

2020	0.6
2021	18.6
2022	8.7
Thereafter	60.3
Total	**88.2**

As at December 31, 2017 and 2016, Superior had the following balances in respect of which no deferred tax asset was recognized:

	2017	2016
Canadian non-capital losses	**–**	24.6
Canadian capital losses	**4.8**	541.2
Total unrecognized deferred income tax assets	**4.8**	565.8

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.

As announced on August 1, 2017, Superior entered into an agreement with the CRA regarding its objection to the tax consequences of Superior's corporate conversion transaction, which occurred on December 31, 2008. Superior elected to enter into the agreement with the CRA to avoid further legal proceedings and allow management to focus on its Evolution 2020 strategic initiatives and enhance shareholder value. The agreement with the CRA will not give rise to any cash outlay by Superior for prior tax years. The payment of approximately $33 million to the CRA and related provincial agencies for 50% of the estimated tax liabilities for prior taxation years will be refunded, of which $31.3 million was received in the fourth quarter. The agreement with the CRA resulted in a non-cash charge of $119 million related to the write-off of a portion of Superior's deferred tax assets. The tax pools affected by the agreement were revised at December 31, 2016 as follows:

Carry forward available	**2016**	**2016(restated)**
Canadian non-capital losses(1)	62.2	14.3
Canadian scientific research expenditures	625.8	349.9
Canadian capital losses	541.2	6.6
Canadian federal and provincial investment tax credits(2)	145.7	92.2

(1) Expiring beyond 2019

(2) $4.6 million expired in 2017, the remainder expires beyond 2020

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, 2015	140.6	713.7
Net earnings	–	294.6
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
Net earnings	**–**	**(27.9)**
Other comprehensive income	**–**	**(21.9)**
Dividends declared to shareholders[1]	**–**	**(102.8)**
Total equity, December 31, 2017	**142.8**	**776.0**

[1] Dividends to shareholders are declared at the discretion of Superior's Board of Directors. During the year ended December 31, 2017, Superior paid cash dividends of $102.8 million or $0.72 per share (2016 – $102.5 million or $0.72 per share) and made distributions through its dividend reinvestment program (DRIP) of nil (2016 – $22.8).

Accumulated other comprehensive income as at December 31, 2017 and 2016 consisted of the following components:

	2017	2016
Accumulated other comprehensive income		
Currency translation adjustment		
Balance, beginning of the year	**123.6**	126.5
Unrealized foreign currency losses on translation of foreign operations	**(24.7)**	(2.9)
Balance, end of the year	**98.9**	123.6
Actuarial defined benefits		
Balance, beginning of the year	**(5.2)**	(8.1)
Actuarial defined benefit gains	**3.8**	4.0
Income tax expense on other comprehensive income	**(1.0)**	(1.1)
Balance, end of the year	**(2.4)**	(5.2)
Accumulated derivative losses	**(7.1)**	(7.1)
Accumulated other comprehensive income, end of the year	**89.4**	111.3

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, and 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, 2017 and December 31, 2016 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.

23. DEFICIT

	2017	2016
Balance, beginning of the year	**(1,136.2)**	(1,328.3)
Net earnings	**(27.9)**	294.6
Dividends declared	**(102.8)**	(102.5)
Balance, end of the year	**(1,266.9)**	(1,136.2)

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.

	2017	2016
Revenues		
Revenue from products	**2,293.8**	1,972.9
Revenue from the rendering of services	**57.8**	56.9
Rental revenue	**25.7**	22.6
Realized gains (losses) on derivative financial instruments	**7.7**	(28.7)
	2,385.0	2,023.7
Cost of sales (includes products and services)		
Cost of products and services	**(1,598.9)**	(1,305.5)
Restructuring costs	**–**	(0.8)
Depreciation included in cost of sales	**(52.3)**	(54.5)
Realized gains (losses) on derivative financial instruments	**1.6**	(6.5)
	(1,649.6)	(1,367.3)
Selling, distribution and administrative costs		
Other selling, distribution and administrative costs	**(218.4)**	(195.6)
Restructuring, transaction and other costs	**(33.1)**	(27.7)
Employee future benefit expense	**(2.8)**	(3.0)
Employee costs	**(226.8)**	(235.7)
Vehicle operating costs	**(43.8)**	(40.2)
Facilities maintenance expense	**(4.7)**	(5.0)
Depreciation included in selling, distribution and administrative costs	**(51.0)**	(53.6)
Amortization of intangible assets	**(9.6)**	(5.0)
Net earnings from Canwest Propane	**1.2**	–
Gain on disposal of assets	**1.1**	0.3
Realized losses on long-term incentive program (LTIP)	**(0.9)**	(0.3)
Realized losses on the translation of U.S.-denominated net working capital	**(4.7)**	(1.5)
	(593.5)	(567.3)
Finance expense		
Interest on borrowing	**(35.5)**	(21.8)
Interest on convertible unsecured subordinated debentures	**(5.1)**	(12.2)
Interest on obligations under finance leases	**(3.2)**	(2.8)
Unwinding of discount on debentures, borrowing and decommissioning liabilities	**(10.0)**	(7.4)
Realized losses on derivative financial instruments	**–**	(33.4)
	(53.8)	(77.6)
Unrealized gains on derivative financial instruments	**27.7**	139.6
Net earnings from continuing operations before income taxes	**115.8**	151.1
Income tax expense	**(143.7)**	(36.9)
Net (loss) earnings from continuing operations	**(27.9)**	114.2

25. NET (LOSS) EARNINGS PER SHARE

	2017	2016
Net earnings (loss) per share computation, basic, from continuing operations		
Net (loss) earnings for the year	**(27.9)**	114.2
Weighted average shares outstanding (millions)	**142.8**	142.1
Net (loss) earnings per share, basic	**$(0.20)**	$0.80

	2017	2016
Net earnings (loss) per share computation, diluted, from continuing operations		
Net (loss) earnings for the year	**(27.9)**	115.8
Weighted average shares outstanding (millions)	**142.8**	147.9
Net (loss) earnings per share, diluted	**$(0.20)**	$0.78

	2017	2016
Net earnings per share computation, basic, from discontinued operations		
Net earnings for the year	**–**	180.4
Weighted average shares outstanding (millions)	**–**	142.1
Net earnings per share, basic	**–**	$1.27

	2017	2016
Net earnings per share computation, diluted, from discontinued operations		
Net earnings for the year	**–**	182.0
Weighted average shares outstanding (millions)	**–**	147.9
Net earnings per share, diluted	**–**	$1.23

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 RSs 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, 2017, total compensation expense related to RSs, PSs and DSs was $5.2 million (2016 – $8.0 million). Exercises during the year ended December 31, 2017 under the long-term incentive plan were completed at a weighted average price of $12.86 per share (2016 – $8.98 per share) for RSs, and $12.61 per share (2016 – $9.39 per share) for PSs. For the year ended December 31, 2017, the total carrying amount of the liability related to RSs, PSs and DSs was $15.5 million (2016 – $15.1 million).

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

	2017				2016			
	RSs	**PSs**	**DSs**	**Total**	RSs	PSs	DSs	Total
Opening number of shares	**507,413**	**885,068**	**349,496**	**1,741,977**	429,602	639,592	266,011	1,335,205
Granted	**314,071**	**314,071**	**73,320**	**701,462**	287,335	301,506	77,192	666,033
Performance factor adjustment	**–**	**–**	**–**	**–**	–	–	–	–
Dividends reinvested	**35,034**	**66,415**	**21,830**	**123,279**	37,847	62,800	18,611	119,258
Forfeited	**(44,725)**	**–**	**–**	**(44,725)**	(57,070)	(110,519)	–	(167,589)
Exercised	**(233,967)**	**(284,619)**	**–**	**(518,586)**	(190,301)	(8,311)	(12,318)	(210,930)
Ending number of shares	**577,826**	**980,935**	**444,646**	**2,003,407**	507,413	885,068	349,496	1,741,977

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, 2017, Superior had outstanding notional values of $16.9 million of equity derivative contracts at an average share price of $12.52. See Note 20 for further details.

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

	2017	2016
Changes in non-cash working capital		
Trade receivables and other	**(80.1)**	(17.3)
Inventories	**(43.5)**	(12.4)
Trade and other payables	**72.2**	18.2
Purchased working capital	**9.1**	–
Other, including foreign exchange	**(18.9)**	(23.6)
	(61.2)	(35.1)

	2017	2016
Changes in non-cash operating working capital attributed to continuing operations	**(61.2)**	(38.5)
Changes in non-cash operating working capital attributed to discontinued operations	–	3.4
	(61.2)	(35.1)

	Borrowing (Note 16)	**Convertible Debentures (Note 18)**	**Total**
Changes in liabilities arising from financing activities			
January 1, 2017 balance	439.0	89.8	528.8
Net proceeds (repayment) of revolving term bank credits and other debt	613.4	(97.0)	516.4
Non-cash finance expense	2.2	7.2	9.4
Deferred acquisition payments	5.0	–	5.0
Finance lease additions	24.9	–	24.9
Debt issue costs	(7.2)	–	(7.2)
Other, including foreign exchange	(24.5)	–	(24.5)
December 31, 2017 balance	**1,052.8**	–	**1,052.8**

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.

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:

	2017	2016
Short-term employee benefits[(1)]	**6.8**	6.9
Other long-term employee benefits	**0.2**	0.2
Share-based payments	**4.2**	4.2
	11.2	11.3

(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%
International Dioxcide Inc.	United States	100%
Burnwell Gas of Canada	Canada	100%
Commercial E Industrial ERCO (Chile) Limitada	Chile	100%
Superior Luxembourg Sàrl	Luxembourg	100%
Superior Plus Energy Services Inc.	United States	100%
Stittco Utilities NWT Ltd.	Canada	100%
Stittco Utilities Man Ltd.	Canada	100%
Cal-Gas Inc.	Canada	100%
SP Reinsurance Company Limited	Bermuda	100%
Superior Plus US Capital Corp.	United States	100%
6751261 Canada Inc.	Canada	100%
619220 Saskatchewan Ltd.	Canada	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, 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.

2017	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total From Continuing Operations**
Revenue	**1,748.1**	**636.4**	**0.5**	**2,385.0**
Cost of sales (includes products and services)	**(1,233.2)**	**(416.4)**	**–**	**(1,649.6)**
Gross Profit	**514.9**	**220.0**	**0.5**	**735.4**
Expenses				
Depreciation included in selling, distribution and administrative costs	**(50.1)**	**–**	**(0.9)**	**(51.0)**
Amortization of intangible assets included in selling, distribution and administrative costs	**(9.6)**	**–**	**–**	**(9.6)**
Selling, distribution and administrative costs	**(348.1)**	**(146.4)**	**(38.4)**	**(532.9)**
Finance expense	**(3.5)**	**(0.7)**	**(49.6)**	**(53.8)**
Unrealized gains on derivative financial instruments	**5.0**	**–**	**22.7**	**27.7**
	(406.3)	**(147.1)**	**(66.2)**	**(619.6)**
Net earnings (loss) before income taxes	**108.6**	**72.9**	**(65.7)**	**115.8**
Income tax expense	**–**	**–**	**(143.7)**	**(143.7)**
Net Earnings (Loss)	**108.6**	**72.9**	**(209.4)**	**(27.9)**

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[(1)]	(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

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

	Energy Distribution	Specialty Chemicals	Corporate	Total	Total from Discontinued Operations
As at December 31, 2017					
Net working capital(1)	**88.4**	**54.3**	**(27.0)**	**115.7**	**–**
Total assets	**1,529.5**	**682.5**	**124.7**	**2,336.7**	**–**
Total liabilities	**387.4**	**201.0**	**972.3**	**1,560.7**	**–**
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
For the year ended December 31, 2017					
Purchase of property, plant and equipment	**47.3**	**28.9**	**0.8**	**77.0**	**N/A**
For the year ended December 31, 2016					
Purchase of property, plant and equipment	48.6	36.1	0.4	85.1	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, 2017 from continuing operations	**948.3**	**1,335.6**	**101.1**	**2,385.0**
Property, plant and equipment as at December 31, 2017	**608.7**	**423.1**	**45.3**	**1,077.1**
Intangible assets as at December 31, 2017	**39.8**	**45.5**	**–**	**85.3**
Goodwill as at December 31, 2017	**479.1**	**25.4**	**–**	**504.5**
Total assets held by continuing operations as at December 31, 2017	**1,562.4**	**720.7**	**53.6**	**2,336.7**
Revenue from continuing operations for the year ended December 31, 2016	704.4	1,217.1	102.2	2,023.7
Revenue from discontinued operations for the year ended December 31, 2016	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

31. SUBSEQUENT EVENTS

On February 1, 2018, Superior LP closed a private placement of CDN $220 million in senior unsecured notes bearing interest at 5.125% and due August 27, 2025. The net proceeds reduced the outstanding balance under Superior's revolving credit facility. Superior expects to use the revolving credit facility to redeem $200 million of its outstanding 6.5% senior unsecured debentures due December 9, 2021.

On February 2, 2018, Superior closed the acquisition of the propane distribution assets of Hi-Grade Oil, an independent propane and distillate fuel distributor in Ohio.

Subsequent to the year end, Superior signed agreements with two third parties to sell the propane assets required by the consent agreement entered into with the Government of Canada's Competition Bureau (Competition Bureau) as part of the Canwest acquisition. Both transactions are subject to approval by the Competition Bureau and other customary closing conditions.