Superior Plus

Q1

For the three months ended March 31, 2018

TSX: SPB

May 8, 2018

Superior Plus Corp. Announces Record 2018 First Quarter Results, Updated 2018 Guidance and Approval of Normal Course Issuer Bid

Superior Plus Corp. ("Superior") (TSX:SPB) announced today the financial and operating results for the first quarter ended March 31, 2018. All financial figures are expressed in Canadian dollars.

"Superior delivered record first quarter Adjusted EBITDA of $152.6 million driven by the contribution from the Canwest Propane and tuck-in acquisitions, organic growth in our base business, colder weather and continued strength in the chlor-alkali market. Due to the strong momentum from the first quarter and the improved outlook for the Energy Distribution and Specialty Chemicals businesses for the remainder of 2018 we are updating our 2018 Financial Outlook for Adjusted Operating Cash Flow ("AOCF") of $1.65 to $1.95 per share to $1.75 to $1.95 per share." said Luc Desjardins, Superior's President and Chief Executive Officer. "The businesses are operating well and we are gaining momentum on our Evolution 2020 initiatives, including the tuck-in acquisitions and execution on the Canwest integration".

Highlights

- Superior achieved record AOCF per share before transaction and other costs during the first quarter of $0.97, 26% higher than the prior year quarter due to an increase in Adjusted EBITDA, offset in part by increased interest expense.
- Superior achieved record first quarter Adjusted EBITDA of $152.6 million, a $33.4 million or 28% increase over the prior year quarter primarily due to higher Energy Distribution EBITDA from operations and Specialty Chemicals EBITDA from operations.
- Superior had net earnings from continuing operations of $47.3 million in the first quarter, $5.9 million lower than the prior year quarter primarily due to an increase in expenses, partially offset by an increase in gross profit.
- Energy Distribution achieved strong EBITDA from operations for the first quarter of $120.5 million, an increase of $34.4 million or 40% compared to the prior year quarter primarily due to the contribution from Canwest Propane and tuck-in acquisitions completed in 2017, higher sales volumes related to colder weather and organic customer growth initiatives, and higher average unit margins in the U.S. propane distribution business.
- Specialty Chemicals EBITDA from operations for the first quarter was $38.1 million, an increase of $5.2 million or 16% 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, partially offset by modestly lower sodium chlorate sales volumes and prices and higher electricity mill rates at Superior's North American sodium chlorate plants.

- On May 8, 2018 the Toronto Stock Exchange (the "TSX") accepted a notice filed by Superior of its intention to commence a normal course issuer bid (the "NCIB") with respect to its common shares ("Common Shares"). Under the NCIB, Superior may purchase up to 7,142,141 Common Shares, such amount representing 5% of the 142,842,820 Common Shares issued and outstanding as at May 1, 2018. The NCIB is subject to additional standard regulatory requirements as set out herein.
- Superior issued $220 million principal amount of 5.125% Senior Unsecured Notes (the "5.125% notes") due August 27, 2025. The 5.125% notes were issued at par. Following the issuance of the 5.125% notes, Superior redeemed the $200 million aggregate principal amount outstanding of Superior's 6.50% Senior Unsecured Notes due December 9, 2021.
- Subsequent to quarter end, Superior closed on two transactions to sell substantially all of its wholesale distillate assets in New York and certain retail distillate assets in Pennsylvania to two different parties for cash proceeds of US $71.6 million.
- On April 30, 2018 Superior completed the sale of the propane assets required by the terms of the consent agreement entered into with the Competition Bureau as part of the Canwest Propane acquisition, following approval by the Competition Bureau of the purchasers and satisfaction of certain customary closing conditions. Superior sold the assets to two separate third-parties in independent transactions for total cash proceeds of $13.8 million.
- On May 1, 2018 Superior closed the acquisition of the propane distribution assets of Blue Flame Gas, an independent propane distributor in Pennsylvania for US$11.0 million.
- On May 8, 2018, Superior's wholly-owned subsidiaries Superior Plus LP, Superior Plus US Financing Inc. and Comercial E Industrial ERCO (Chile) Limitada completed an extension of its $620 million syndicated credit facility with ten lenders. The syndicated credit facility will now mature on May 8, 2023 with no changes to the financial covenants and can be expanded up to $920 million.

Financial Overview

(millions of dollars, except per share amounts)	**Three Months Ended March 31 2018**	**2017**
Revenue	**874.9**	675.7
Gross Profit	**289.2**	225.7
Net earnings (loss)	**47.3**	53.2
Net earnings (loss) per share, basic [1]	**$0.33**	$0.37
Net earnings (loss) per share, diluted [1]	**$0.33**	$0.34
EBITDA from operations [2]	**158.6**	119.0
Adjusted EBITDA [2]	**152.6**	119.2
Net cash flows from operating activities	**60.6**	84.0
Net cash flows from operating activities per share – basic [1]	**$0.42**	$0.59
Net cash flows from operating activities per share – diluted [1]	**$0.42**	$0.59
AOCF before transaction and other costs [2][3]	**138.1**	109.3
AOCF before transaction and other costs per share – basic and diluted [1][2][3]	**$0.97**	$0.77
AOCF [2]	**130.7**	107.8
AOCF per share– basic and diluted [1][2]	**$0.91**	$0.75
Cash dividends paid to shareholders	**25.7**	25.7
Cash dividends paid per share	**$0.18**	$0.18

(1) The weighted average number of shares outstanding for the three ended March 31, 2018 is 142.8 million (March 31, 2017 – 142.8). There were no dilutive instruments with respect to AOCF per share or net cash flows from operating activities per share for the three months ended March 31, 2018 or 2017.

(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 months ended March 31, 2018 are primarily related to the integration of Canwest and costs related to the other tuck-in acquisitions. See "Transaction and Other Costs" for further details. Refer to "Transaction and Other Costs" in the MD&A for further details.

Segmented Information

(millions of dollars)	**Three months ended March 31 2018**	2017
EBITDA from operations[1]		
Energy Distribution	**120.5**	86.1
Specialty Chemicals	**38.1**	32.9
	158.6	119.0

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

Updated 2018 Financial Outlook

Superior's 2018 financial outlook of AOCF per share is being updated from $1.65 to $1.95 to a range of $1.75 to $1.95 before transaction and other costs, which increases the midpoint from $1.80 to $1.85. See "2018 Financial Outlook" for further details. Superior is also updating the 2018 Adjusted EBITDA guidance of $295 million to $335 million to a range of $305 million to $335 million, which increases the midpoint from $315 million to $320 million. See "2018 Financial Outlook" for further details.

Evolution 2020 Update

Evolution 2020 is a strategic initiative with an aspirational goal to increase EBITDA from operations by a range of $50 to $150 million by the end of 2020 as compared to 2016. Superior will provide an update on the progress on the *Evolution 2020* initiatives as part of the investor presentation at the 2018 Annual and Special Meeting of Shareholders on May 8, 2018. An updated investor presentation will be posted to the Investor Relations section of Superior's website at www.superiorplus.com.

MD&A and Financial Statements

Superior's MD&A, the unaudited Consolidated Financial Statements and the Notes to the Consolidated Financial Statements for the three months ended March 31, 2018 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.

Normal Course Issuer Bid

The NCIB will commence on May 11, 2018 and will terminate on the earlier of May 10, 2019, the date on which Superior has purchased the maximum number of Common Shares permitted under the NCIB or the date on which Superior terminates the NCIB in accordance with its terms. Superior believes that in the event the Common Shares trade in a price range that does not fully reflect their value, the acquisition of Common Shares may represent an attractive and desirable use of available funds.

Under the NCIB, Superior may, over a 12-month period commencing on May 11, 2018, purchase in the normal course through the facilities of the TSX, or Canadian alternative trading systems, if eligible, up to 7,142,141 Common Shares, such amount representing 5% of the 142,842,820 Common Shares issued and outstanding as at May 1, 2018. Purchases under the NCIB will be subject to certain pricing limits set by the board of directors of Superior from time to time. Furthermore, subject to certain exemptions for block purchases, the maximum number of Common Shares that Superior may acquire on any one trading day is 61,708 Common Shares, such amount representing 25% of the average daily trading volume of the Common Shares of 246,834 for the six calendar months prior to the start of the NCIB. All Common Shares purchased by Superior under the NCIB will be cancelled.

Superior has engaged a broker to administer the NCIB. Superior will also enter into an automatic purchase plan ("APP") with its broker in relation to the NCIB to facilitate purchases of Common Shares under the NCIB at times when Superior normally would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. Pursuant to the APP, from time to time, when Superior is not in possession of material non-public information about itself or its securities, Superior may, but is not required to, direct its broker to make purchases of Common Shares under the NCIB during an ensuing trading blackout period. Such purchases will be based on trading parameters established by Superior prior to the trading blackout period in accordance with the rules of the TSX, applicable securities laws and the terms of the APP.

2018 First Quarter Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2018 First quarter Results at 10:30 a.m. EST on Wednesday, May 9, 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.

2018 Investor Day

Superior will host an Investor Day on Friday, June 1, 2018 at the One King West Hotel in Toronto, Ontario. For parties interested in attending the event, please email investor-relations@superiorplus.com to request an invitation.

Non-GAAP Financial Measures

Throughout the first quarter earnings release, Superior has used the following terms that are not defined by International Financial Reporting Standards ("Non-GAAP Financial Measures"), 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 aspirational goal, expected Adjusted EBITDA, expected AOCF and AOCF per share, potential future purchases of Common Shares under the NCIB, the terms and amounts of such purchases and the termination date of the NCIB, 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., expected synergies from the acquisition and integration of Canwest, future economic conditions, 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:

Beth Summers Executive Vice President and Chief Financial Officer
Phone: (416) 340-6015

Rob Dorran Vice President, Investor Relations and Treasurer
Phone: (416) 340-6003
Toll Free: 1-866-490-PLUS (7587)

This Management's Discussion and Analysis (MD&A) contains information about the performance and financial position of Superior Plus Corp. (Superior) as at and for the three months ended March 31, 2018, as well as forward-looking information about future periods. The information in this MD&A is current to May 8, 2018, and should be read in conjunction with Superior's first quarter 2018 unaudited condensed interim consolidated financial statements and notes thereto as at and for the three months ended March 31, 2018.

The accompanying unaudited condensed interim consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2018 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. 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. propane 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 International Financial Reporting Standards (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. 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 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 aspirational 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.

FINANCIAL OVERVIEW

Summary of AOCF

(millions of dollars except per share amounts)	Three months ended March 31 **2018**	2017
Revenue	**874.9**	675.7
Gross profit	**289.2**	225.7
EBITDA from operations[1]	**158.6**	119.0
EBITDA from Canwest[2]	**-**	6.2
Corporate operating and administrative costs	**(6.0)**	(5.4)
Realized losses on foreign currency hedging contracts	**-**	(0.6)
Adjusted EBITDA[1]	**152.6**	119.2
Interest expense	**(13.1)**	(8.7)
Cash income tax expense	**(1.4)**	(1.2)
AOCF before transaction and other costs[1]	**138.1**	109.3
Transaction, restructuring and other costs[3]	**(7.4)**	(1.5)
AOCF[1]	**130.7**	107.8
AOCF per share before transaction and other costs, basic and diluted [1][4]	**$0.97**	$0.77
AOCF per share, basic and diluted[1][4]	**$0.91**	$0.75
Dividends paid per share	**$0.18**	$0.18

[1] EBITDA from operations, Adjusted EBITDA and AOCF are Non-GAAP measures. See "Non-GAAP Financial Measures".
[2] 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. In 2018, Canwest's income is included in EBITDA from operations.
[3] Transaction and other costs for the three months ended March 31, 2017 are primarily related to the integration of Canwest and costs related to the other tuck-in acquisitions. See "Transaction and Other Costs" for further details.
[4] The weighted average number of shares outstanding for the three months ended March 31, 2018 is 142.8 million (March 31, 2017 – 142.8 million). There were no dilutive instruments with respect to AOCF per share for the three months ended March 31, 2018 or 2017.

Comparable GAAP Financial Information

(millions of dollars except per share amounts)	Three months ended March 31 **2018**	2017
Net earnings from continuing operations	**47.3**	53.2
Net earnings per share from continuing operations, basic	**$0.33**	$0.37
Net earnings per share from continuing operations, diluted	**$0.33**	$0.34
Net cash flows from operating activities before income tax and interest paid	**77.8**	91.7
Net cash flows from operating activities before income tax and interest paid per share, basic and diluted	**$0.54**	$0.64

Segmented Information

(millions of dollars)	**2018**	2017
EBITDA from operations[1]		
Energy Distribution	**120.5**	86.1
Specialty Chemicals	**38.1**	32.9
	158.6	119.0

[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)	**2018**	2017
Net cash flow from operating activities before income tax and interest paid	**77.8**	91.7
Add (deduct):		
Non-cash interest expense	**13.6**	1.2
Changes in non-cash working capital	**67.4**	24.2
Canwest depreciation, amortization and other	**-**	1.8
Cash income tax expense	**(1.4)**	(1.2)
Finance expense recognized in net earnings	**(26.7)**	(9.9)
AOCF [(1)]	**130.7**	107.8

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

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 for total consideration of US$6.4 million (CDN $8.3 million). The assets of Hi-Grade’s distillate fuel business were simultaneously sold to a third party for cash proceeds of US$1.7 million (CDN $2.4 million).

Sale of Retail Refined Fuels business
On April 3, 2018, Superior sold certain retail distillate assets in Pennsylvania to a third-party for total cash consideration of approximately US$16.1 million (CDN $20.7 million).

Sale of Wholesale Refined Fuels business
On April 25, 2018, Superior sold certain wholesale refined fuels business assets located across five states in the northeast U.S., and three pipeline connected terminals located in New York to Sunoco LP for total cash consideration of US$39.5 million (CDN $51.0 million), plus net working capital of approximately US$16.0 million (CDN $20.6 million).

Sale of Canwest Consent Agreement Assets
On April 30, 2018, Superior completed the Canwest asset sales pursuant to the Consent Agreement with the Government of Canada’s Competition Bureau for total cash consideration of $11.2 million plus working capital of approximately $2.0 million.

Acquisition of Blue Flame Gas Service (Blue Flame)
On May 1, 2018, Superior closed the acquisition of the propane distribution assets of Blue Flame, an independent propane distributor in Pennsylvania for total cash consideration of US$11.0 million (CDN $14.1 million).

Consolidated Statement of Net Earnings

(millions of dollars except per share amounts)	**2018**	2017
Revenue	**874.9**	675.7
Cost of sales (includes products and services)	**(585.7)**	(450.0)
Gross profit	**289.2**	225.7
Expenses		
Selling, distribution and administrative costs	**(175.4)**	(137.4)
Finance expense	**(26.7)**	(9.9)
Unrealized losses on derivative financial instruments	**(23.6)**	(6.4)
	(225.7)	(153.7)
Net earnings from continuing operations before income taxes	**63.5**	72.0
Income tax expense	**(16.2)**	(18.8)
Net earnings	**47.3**	53.2
Net earnings per share, basic	**$0.33**	$0.37
Net earnings per share, diluted	**$0.33**	$0.34

Q1 2018 Summary Results Compared to the Prior Year Quarter Q1 2017

Cash flows from operating activities before income tax and interest paid is $77.8 million for the three months ended March 31, 2018, a decrease of $13.9 million from the prior year. This is primarily due to higher working capital and is partially offset by higher non-cash finance and income tax expenses.

AOCF before transaction and other costs for the three months ended March 31, 2018 was $138.1 million, an increase of $28.8 million or 26% from the March 31, 2017 AOCF before transaction and other costs of $109.3 million. AOCF per share before transaction and other costs was $0.97 per share, an increase of $0.20 per share or 26% from the prior year quarter results of $0.77 per share. The increase from the prior year quarter is primarily due to higher Energy Distribution EBITDA from operations related to the contribution from Canwest and the other tuck-in acquisitions made in 2017, and higher Specialty Chemicals EBITDA from operations, partially offset by higher interest costs related to increased debt levels. Specialty Chemicals EBITDA from operations increased due to higher sales volumes and prices for caustic soda and hydrochloric acid.

AOCF for the three months ended March 31, 2018 was $130.7 million, an increase of $22.9 million or 21% from the prior year's Q1 AOCF of $107.8 million. AOCF per share was $0.91 per share, an increase of $0.16 per share or 21% from the prior year's quarter AOCF of $0.75 per share. The increase from the prior year was due to the higher AOCF discussed above partially offset by higher transaction and integration costs related primarily to Canwest.

Revenue for the three months ended March 31, 2018 of $874.9 million was $199.2 million or 29% higher than in the prior year quarter due to increased revenue for both the Energy Distribution and Specialty Chemicals segments. Energy Distribution revenue for the three months ended March 31, 2018 was $706.1 million, an increase of $188.5 million or 36% from the prior year quarter primarily due to higher commodity prices and the contribution from acquisitions made in the prior year and to a lesser extent higher sales volumes related to colder weather and sales and marketing initiatives. Specialty Chemicals revenue for the three months ended March 31, 2018 was $168.8 million, an increase of $10.1 million or 6% from the prior year quarter primarily due to higher chlor-alkali sales volumes and higher average selling prices for caustic soda, chlorine, and hydrochloric acid partially offset by lower sales of sodium chlorate. Gross profit was $289.2 million, an increase of $63.5 million or 28% from $225.7 million in the prior year quarter. The increase in gross profit is a result of higher chlor-alkali sales volumes and average selling prices in Specialty Chemicals, the acquisitions completed in 2017 and to a lesser extent the colder weather partially offset by the negative impact of weaker wholesale natural gas liquid ("NGL") market fundamentals in the Canadian Propane Distribution business.

Selling, distribution and administrative costs were $175.4 million for the three months ended March 31, 2018, an increase of $38.0 million or 28% from the prior year quarter primarily due to higher costs for Energy Distribution. Energy Distribution costs for the three months ended March 31, 2018 were $132.5 million, an increase of $36.9 million from $95.6 million in the prior year quarter. The increase is mainly due to the acquisitions made in the prior year and to a lesser extent expenses related to higher sales volumes. In the prior year quarter Energy Distribution costs also included net income of $4.4 million from Canwest which was accounted for as an equity investment until the September 27, 2017 closing and thereafter the expenses were consolidated. Specialty Chemicals costs were $34.0 million for the three months ended March 31, 2018, a decrease of $0.8 million from the prior year quarter due primarily to lower freight costs related to customer and product mix. Corporate selling, distribution and administrative costs were $8.9 million, compared to $7.0 million in the prior year quarter. The $1.9 million increase was primarily due to higher professional fees related to transaction related costs and higher incentive plan costs due to share price appreciation.

Finance expense was $26.7 million compared to $9.9 million in the prior year quarter, an increase of $16.8 million. The increase is primarily related to the $9.8 million early call premium related to the redemption of the 6.5% senior unsecured notes on March 8, 2018 and to a lesser extent higher debt levels compared to the prior comparable quarter. Debt increased primarily due to acquisitions completed in 2017.

Unrealized losses on derivative financial instruments were $23.6 million for the three months ended March 31, 2018 compared to a loss of $6.4 million in the prior year quarter. This is mainly related to the weakening of the Canadian dollar relative to the U.S. dollar during the first quarter of 2018, lower market propane prices than hedged and the timing of maturities of the underlying financial instruments. For additional details, refer to Note 12 of the 2018 Q1 unaudited condensed interim consolidated financial statements.

Total income tax expense of $16.2 million was $2.6 million lower than the prior year quarter expense of $18.8 million. Current income tax expense was $1.4 million an increase of $0.2 million from the prior year quarter. The increase is due to higher Chilean and US state taxes in the current year. Deferred income tax expense was $14.8 million, a decrease of $2.8 million from the prior year quarter expense. The decrease is primarily due to the decrease in net earnings from the comparative quarter.

The net earnings from continuing operations for the three months ended March 31, 2018 was $47.3 million, compared to net earnings of $53.2 million in the prior year quarter. The decrease from the prior year is primarily due to the increased unrealized loss on derivative financial instruments, increased finance expense and is partially offset by higher earnings from the inclusion of Canwest for the quarter. Basic net earnings per share from continuing operations for the three months ended March 31, 2018 was $0.33, compared to earnings of $0.37 per basic share in the prior year quarter.

RESULTS OF SUPERIOR'S OPERATING SEGMENTS

ENERGY DISTRIBUTION

Energy Distribution's condensed operating results for 2018 and 2017:

	Three months ended March 31	
(millions of dollars)	**2018**	2017
Revenue	**706.1**	517.6
Cost of sales	**(476.8)**	(345.8)
Gross profit	**229.3**	171.8
Selling, distribution and administrative costs	**(132.5)**	(95.6)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**19.4**	14.7
Transaction, restructuring, and other costs	**4.6**	-
Gain on disposal of assets and other	**(0.3)**	(0.4)
Income from Canwest	-	(4.4)
EBITDA from operations (1)	**120.5**	86.1
Add back (deduct):		
Income from Canwest	-	4.4
Gain on disposal of assets	**0.3**	0.4
Transaction, restructuring, and other costs	**(4.6)**	-
Amortization, Depreciation including in Cost of Sales	**(19.4)**	(14.7)
Unrealized losses on derivative financial instruments	**(12.6)**	(6.6)
Finance expense	**(1.1)**	(1.1)
Net earnings	**83.1**	68.5

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

Revenue was $706.1 million for the three months ended March 31, 2018, an increase of $188.5 million or 36% from the prior year quarter. The increase was primarily due to higher wholesale propane supply prices, incremental revenue from Canwest and the tuck-in acquisitions and to a lesser extent higher volumes related to colder weather and sales and marketing initiatives. Wholesale propane supply prices increased due to lower industry inventory levels, driven by higher exports out of North America and the higher West Texas Intermediate crude oil prices. Total gross profit for the three months ended March 31, 2018 was $229.3 million, an increase of $57.5 million or 33% from the prior year quarter. The increase in gross profit is primarily due to the incremental contribution from Canwest and tuck-in acquisitions and higher volumes from the base business of Canadian propane distribution. A review of gross profit is provided below.

Gross Profit Review

	Three months ended March 31	
(millions of dollars)	**2018**	2017
Canadian propane distribution	139.8	100.1
U.S. propane distribution	80.5	65.8
Other services	9.0	5.9
Total gross profit	229.3	171.8

Canadian Propane Distribution

Canadian propane distribution's gross profit for three months ended March 31, 2018 was $139.8 million, an increase of $39.7 million from prior year quarter. The increase is primarily due to the contribution from Canwest, and higher sales volumes partially offset by lower unit margins. Residential sales volumes in 2018 increased by 22 million litres or 42% from the prior year quarter, primarily due to incremental volumes related to Canwest and to a lesser extent colder weather. Average weather across Canada for the three months ended March 31, 2018, as measured by degree days, was 6% colder than in the prior year quarter and in line with the five-year average. Commercial volumes increased by 34 million litres or 33% from the prior year quarter primarily due to incremental volumes related to Canwest and to a lesser extent colder weather than in the prior year quarter. Industrial volumes increased by 4 million litres or 9% from the prior year quarter primarily due to colder weather. Oilfield volumes increased by 88 million litres due to incremental volumes related to Canwest and to a lesser extent increased demand in this sector. Motor Fuels volume increased 8 million litres or 23% primarily due to incremental volumes related to Canwest. Other volumes which includes construction and agriculture sales volumes, increased by 20 million litres or 63% from the prior year quarter primarily due to incremental volumes related to Canwest and to a lesser extent the impact of colder weather on construction demand. Wholesale propane volumes were 76 million litres or 38% higher primarily due to sales and marketing initiatives focused on increasing third-party wholesale NGL sales, incremental volumes related to Canwest and increased demand related to colder weather.

Average propane sales margins for three months ended March 31, 2018 decreased to 19.2 cents per litre from 20.9 cents per litre in the prior year. The decrease was due primarily to the negative impact of weaker wholesale propane market fundamentals, including basis differentials and regional arbitrage opportunities, on the supply portfolio management business and to a lesser extent an increased proportion of lower-margin wholesale volumes.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application [(1)]

	Three months ended March 31	
(millions of litres)	**2018**	2017
Residential	**75**	53
Commercial	**137**	103
Oilfield	**102**	14
Industrial	**47**	43
Motor Fuels	**43**	35
Wholesale	**274**	198
Other	**52**	32
Total	**730**	478

(1) Q1 2017 excludes Canwest volumes as the transaction closed on September 27, 2017. See page 22 for details on 2017 results from Canwest.

Volumes by Region [(1)]

	Three months ended March 31	
(millions of litres)	**2018**	2017
Western Canada	**403**	200
Eastern Canada	**196**	163
Atlantic Canada	**37**	37
United States	**94**	78
Total	**730**	478

(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.

U.S. Propane Distribution

U.S. propane gross profit for three months ended March 31, 2018 was $80.5 million, an increase of $14.7 million or 22% from the prior year quarter. The increase in gross profit was due to higher unit margins related to the tuck-in acquisitions and the customer mix. Residential sales volumes increased by 20 million litres or 17% from the prior year primarily due to colder weather and the contribution from the tuck-in acquisitions completed in 2017 and 2018. Weather as measured by heating degree days for the three months ended March 31, 2018 was 9% colder than the prior year quarter and 6% warmer than the five-year average. Commercial volumes increased by 12 million litres or 13% from prior year due to colder weather and sales volumes from the tuck-in acquisitions. Wholesale volumes decreased by 33 million litres or 18% as the business shifted focus to more profitable deliveries.

Average U.S. propane sales margins were 20.3 cents per litre an increase of 22% from 16.6 cents per litre in the prior year. Sales margins improved due to a focus on higher margin business, including retail propane growth.

U.S. Propane Distribution Sales Volumes
Volumes by End-Use Application [(1)]

	Three months ended	
(millions of litres)	**2018**	2017
Residential	**135**	115
Commercial	**106**	94
Wholesale	**155**	188
Total	**396**	397

(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 $9.0 million in the three months ended March 31, 2018, an increase of $3.1 million or 53% from the prior year quarter. The increase in other services gross profit is primarily due to the contribution from Canwest.

Selling, Distribution and Administrative Costs
Selling, distribution and administrative costs were $132.5 million, an increase of $36.9 million or 39% from the prior year quarter. Selling, distribution and administrative costs increased primarily due to costs related to Canwest operations, integration costs related to Canwest, and costs related to the tuck-in acquisitions and to a lesser extent the impact of higher sales volumes.

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 to be realized in 2018 and the full year results from 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 three months ended March 31, 2018 and 2017:

(millions of dollars except per metric tonne (MT) amounts)	**2018**		2017	
		$ per MT		$ per MT
Revenue	**168.8**	**792**	158.7	749
Cost of sales	**(108.9)**	**(511)**	(104.2)	(492)
Gross profit [(1)]	**59.9**	**281**	54.5	257
Selling, distribution and administrative costs	**(34.0)**	**(160)**	(34.8)	(164)
Add back (deduct):				
Depreciation included in cost of sales	**11.9**	**56**	13.2	62
Amortization included in selling, distribution and administrative costs	**0.3**	**2**	-	
EBITDA from operations [(2)]	**38.1**	**179**	32.9	155
Add back (deduct):				
Amortization included in selling, distribution and administrative costs	**(0.3)**		-	
Depreciation included in cost of sales	**(11.9)**		(13.2)	
Unrealized loss on derivative financial instruments	**-**		(0.1)	
Finance expense	**(0.3)**		(0.1)	
Net earnings	**25.6**		19.5	

(1) Gross profit per MT after adding back depreciation included in cost of sales is $337/MT (2017 - $319/MT).

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

Sales Volumes by Product

	Three months ended March 31	
(thousands of MTs)	**2018**	2017
Sodium chlorate	**121**	128
Chlor-alkali	**90**	83
Chlorite	**2**	1
Total	**213**	212

Revenue was $168.8 million in the three months ended March 31, 2018, an increase of $10.1 million or 6% from the prior year. The increase was primarily due to higher chlor-alkali sales volumes and hydrochloric acid and caustic soda average sales prices partially offset by lower sodium chlorate sales volumes and prices. Gross profit was $59.9 million, an increase of $5.4 million or 10% from the prior year quarter primarily due to higher chlor-alkali sales volumes, higher average sales prices for hydrochloric acid and caustic soda and was partially offset by lower sodium chlorate sales volumes and prices.

Sodium chlorate sales volumes decreased by 7,000 tonnes or 5% over the prior year quarter and the average sales price decreased by 4% due to customer mix and a stronger Canadian dollar.

Chlor-alkali sales volumes increased by 7,000 tonnes or 8% 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 de-icing sector. Sales prices for both hydrochloric acid and caustic soda increased significantly due to increased demand and customer mix.

Cost of sales, including depreciation, was $511/MT, an increase of approximately 4% due primarily to higher raw material costs as a result of product mix and the timing of maintenance expenditures. Average electrical mill rates in North America which represent 70% to 85% and 30 to 40% of the variable production costs of sodium chlorate and chlor-alkali, respectively, were consistent with the prior year quarter.

Selling, distribution and administrative costs of $34.0 million was $0.8 million or 2% lower than in the prior year quarter primarily due to lower transportation costs related to customer and product mix.

Financial Outlook
EBITDA from operations for Specialty Chemicals is anticipated to be higher than in 2017 as continued strong demand for hydrochloric acid and caustic soda is expected to drive increased chlor-alkali sales volumes and pricing and will be partially offset by a decrease in sodium chlorate sales volumes resulting from lower contracted volumes and prices in North America in 2018 and an increase in electricity mill rates.

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 include non-recurring expenditures such as acquisition of new customer equipment to facilitate growth, system upgrades and initiatives to facilitate improvements in customer service.

Maintenance capital expenditures 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 three months ended March 31, 2018 and 2017:

	Three months ended March 31	
(millions of dollars)	**2018**	2017
Efficiency, process improvement and growth-related	**3.4**	2.1
Maintenance capital	**7.0**	8.1
	10.4	10.2
Proceeds on disposition of capital and intangible assets	**(1.3)**	(1.2)
Property, plant and equipment acquired through acquisition	**2.3**	-
Total net capital expenditures	**11.4**	9.0
Investment in finance leases	**0.8**	8.1
Total expenditures including finance leases	**12.2**	17.1

Efficiency, process improvement and growth-related expenditures were $3.4 million in the three months ended March 31, 2018, compared to $2.1 million in the prior year quarter. The increase is primarily due to business improvements related to the Canwest integration.

Maintenance capital expenditures were $7.0 million in the three months ended March 31, 2018, compared to $8.1 million in the prior year quarter, consisting primarily of required maintenance capital across Superior's segments. The decrease is mainly due to timing of maintenance activities compared to the prior year quarter.

Property, plant and equipment acquired through acquisition relates to the propane distribution assets of Hi-Grade, an independent propane and fuel distributor in Ohio.

During the first quarter of 2018, Superior entered into new leases with a capital-equivalent value of $0.8 million, which was $7.3 million lower than the prior year quarter as more completed fleet vehicles were received by the Energy Distribution segment in the prior year quarter.

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

CORPORATE ADMINISTRATIVE COSTS

Corporate administrative costs were $8.9 million in the three months ended March 31, 2018, compared to $7.0 million in the prior year quarter. The $1.9 million increase was primarily due to higher incentive plan costs and transaction, restructuring and other costs.

FINANCE EXPENSE

Finance expense on borrowing and finance lease obligations was $26.7 million in the three months ended March 31, 2018, compared to $9.9 million in the prior year quarter. The increase was mainly due to the $9.8 million premium paid on the early redemption of the 6.5% senior unsecured notes, higher average debt related to acquisitions and higher unsecured debt amounts. Included in AOCF is an interest expense of $13.1 million in the three months ended March 31, 2018, compared to $8.7 million in the prior year. The increase was mainly due to higher average debt related to acquisitions. AOCF excludes the premium paid on the early redemption of the 6.5% senior unsecured notes and the unwinding of discounts on debentures, borrowing and decommissioning liabilities.

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:

	Three months ended March 31	
(millions of dollars)	**2018**	2017
Transaction, restructuring and integration costs	**7.4**	1.5

For the three months ended March 31, 2018, Superior incurred $7.4 million in costs related primarily to the integration of Canwest, the acquisition of Hi-Grade and other acquisition related activity and the divestitures disclosed in Note 21 as subsequent events in the first quarter 2018 unaudited condensed interim financial statements. For the three months ended March 31, 2017, Superior incurred $1.5 million in costs related primarily to the acquisition of Canwest Propane.

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 three months ended March 31, 2018 was $16.2 million, comprised of $1.4 million in cash income tax expense and $14.8 million in deferred income tax expense. This compares to a total income expense of $18.8 million in the prior year, which consisted of $1.2 million in cash income tax expense and a $17.6 million deferred income tax expense.

Cash income taxes for three months ended March 31, 2018 were $1.4 million, consisting of income taxes in the U.S. of $0.4 million (2017 – $0.7 million), income taxes in Chile of $0.8 million (2017 - $0.5 million), and Luxembourg of $0.2 million (2017 – nil). Deferred income tax expense for three months ended March 31, 2018 was $14.8 million (2017 – $17.6 million), resulting in a corresponding net deferred income tax asset of $57.2 million as at March 31, 2018 (March 31, 2017 – $214.4 million).

FINANCIAL OUTLOOK

Superior's current 2018 financial outlook is being updated from AOCF per share of $1.65 to $1.95 and 2018 Adjusted EBITDA guidance of $295 million to $335 million to AOCF per share of $1.75 to $1.95 and Adjusted EBITDA of $305 million to $335 million respectively. 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 economically hedged for its estimated U.S. dollar exposure for 2018, and due to the economic 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 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. propane-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 3.1x as at March 31, 2018, compared to 3.3x at December 31, 2017. The debt levels and total leverage ratio as at March 31, 2018 were lower than on December 31, 2017, due primarily to an increase in Adjusted EBITDA related to increased EBITDA from operations for both operating segments. The trailing 12 months Adjusted EBITDA includes pro forma Adjusted EBITDA for acquisitions completed during the trailing 12 months.

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 $1,050.8 million as at March 31, 2018, a decrease of $12.6 million from $1,063.4 million as at December 31, 2017. Total debt decreased primarily due to lower finance lease obligations and other debt.

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

	As at March 31, 2018			
(millions of dollars)	Total Amount	Borrowing	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities[1]	620.0	364.3	30.8	224.9
Term loans[1]	620.0	620.0		
Other debt	9.6	9.6		
Finance lease obligations	56.9	56.9		
Total	1,306.5	1,050.8	30.8	224.9

(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. On March 8, 2018, Superior used the revolving credit facility to redeem $200 million of its outstanding 6.5% senior unsecured debentures due December 9, 2021.

On May 8, 2018, Superior extended and restated its syndicated credit facility with ten lenders, maintaining the size of the facility at $620 million, with no changes to the financial covenants. The facility matures on May 8, 2023 and can be expanded up to $920 million.

Net Working Capital

Consolidated net working capital was $144.0 million as at March 31, 2018, an increase of $28.3 million from $115.7 million as at December 31, 2017. 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 March 31, 2018 and the covenant details are found in the credit facility documents filed in the System for Electronic Document Analysis and Retrieval ("SEDAR").

Pension Plans

As at March 31, 2018, Superior had an estimated defined benefit going concern surplus of approximately $23.5 million (December 31, 2017 – $26.2 million surplus) and a pension solvency surplus of approximately $1.9 million (December 31, 2017 – $4.5 million surplus). 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 unaudited condensed interim consolidated financial statements.

Contractual Obligations and Other Commitments

			Payments Due In			
(millions of dollars)	Note [1]	Total	2018	2019-2020	2021-2022	Thereafter
Borrowing excluding minimum future lease payments under finance leases	11	993.9	3.0	11.6	359.3	620.0
Present value of minimum future lease payment under finance leases	11	56.9	14.3	23.4	16.3	2.9
Operating leases[2]		184.2	28.3	57.2	42.8	55.9
US$ foreign currency forward sales contracts (US$)	12	365.0	114.0	221.0	30.0	–
Natural gas, diesel, WTI, propane, heating oil, and electricity purchase commitments [3]	12	82.0	62.3	19.4	0.3	–
Total contractual obligations		**1,682.0**	**221.9**	**332.6**	**448.7**	**678.8**

(1) Notes to the 2018 unaudited condensed interim 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

As at March 31, 2018 the following common shares were issued and outstanding:

	March 31, 2018	**December 31, 2017**
(millions)	**Shares**	Shares
Common shares outstanding	**142.8**	142.8

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 2018, above, and "Summary of Cash Flow" for additional details.

Dividends paid to shareholders for three months ended March 31, 2018 were $25.7 million or $0.18 per share compared to $25.7 million or $0.18 per share for the first quarter of 2017. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

Normal Course Issuer Bid

On May 8, 2018 the Toronto Stock Exchange (the "TSX") accepted a notice filed by Superior of its intention to commence a normal course issuer bid (the "NCIB") with respect to its common shares ("Common Shares"). Under the NCIB, Superior may purchase up to 7,142,141 Common Shares, such amount representing 5% of the 142,842,820 Common Shares issued and outstanding as at May 1, 2018. The NCIB is subject to additional standard regulatory requirements as set out herein.

SUMMARY OF CASH FLOW

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

	Three months ended March 31	
(millions of dollars)	**2018**	2017
Cash flows from operating activities	**60.6**	84.0
Investing activities:		
Purchase of property, plant and equipment	**(10.4)**	(10.2)
Proceeds on disposal of property, plant and equipment and intangible assets	**1.3**	1.2
Acquisitions, net of cash acquired and assets immediately sold on acquisition	**(5.9)**	(434.8)
Cash flows used in investing activities	**(15.0)**	(443.8)
Financing activities:		
Net proceeds (repayment) of revolving term bank credits and other debt	**(32.4)**	141.5
Redemption of 6.5% senior unsecured notes	**(209.8)**	-
Repayment of finance lease obligations	**(4.4)**	(3.9)
Debt issue costs	**(4.5)**	-
Proceeds from 5.25% senior secured notes	**-**	250.0
Proceeds from 5.125% senior secured notes	**220.0**	-
Dividends paid to shareholders	**(25.7)**	(25.7)
Cash flows from (used in) financing activities	**(56.8)**	361.9
Net (decrease) increase in cash and cash equivalents	**(11.2)**	2.1
Cash and cash equivalents, beginning of period	**31.8**	5.0
Effect of translation of foreign-denominated cash	**(0.1)**	(0.1)
Cash and cash equivalents, end of period	**20.5**	7.0

Cash flows from operating activities were $60.6 million for the three months ended March 31, 2018, a decrease of $23.4 million from the prior year. This is primarily due to higher working capital causing a larger decrease in changes in non-cash operating working capital, higher interest paid and is offset by higher net earnings after adjusting for non-cash items.

Cash flow used in investing activities was $15.0 million, a decrease of $428.8 million from cash flows used of $443.8 million used in the prior year quarter. The decreased is a result of the Canwest option purchased in the prior comparative quarter.

Cash flow used in financing activities was $56.8 million, a decrease of $418.7 million from cash flows from financing activities of $361.9 million in the prior year and was mainly related to proceeds received 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 March 31, 2018, Superior has substantially economically hedged its estimated U.S. dollar exposure for 2018 and 83% for 2019. Due to the economic 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	114.0	157.0	64.0	30.0	-	365.0
Net average external US$/CDN$ exchange rate	1.24	1.25	1.30	1.29	-	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 12 to the unaudited condensed interim consolidated financial statements.

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 March 31, 2018.

Effectiveness

An evaluation of the effectiveness of Superior's DC&P and ICFR was conducted as at March 31, 2018, 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 March 31, 2018, 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 and for the three months ended March 31, 2018, is as follows:

(millions of Canadian dollars)	**Canadian Propane Distribution**	**U.S. Propane Distribution**	
	Canwest	Yankee/Virginia	Earhart
Sales	35.0	9.1	13.5
Net earnings for the period	17.6	1.3	2.9
Current assets	63.5	3.6	5.2
Non-current assets	396.1	37.3	43.1
Current liabilities	2.9	0.9	1.2
Non-current liabilities	4.2	3.5	-

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Superior's unaudited condensed interim consolidated financial statements were prepared in accordance with IFRS. The significant accounting policies are described in the unaudited condensed interim consolidated financial statements for the period ended March 31, 2018. 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 purchase price allocations on business combinations, provision for income taxes and the related deferred 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:

Change in accounting policies

IFRS 9 – Financial Instruments

The Company adopted IFRS 9 Financial Instruments with a date of initial application of January 1, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The Company has elected to apply the limited exemption in IFRS 9 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. The adoption of IFRS 9 had no impact on the Company's consolidated financial statements on the date of initial application. There was 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 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standards establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption and applied 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 recognize that amount as revenue for all reporting periods presented before the date of the initial application being January 1, 2018. The details and quantitative impact of the changes upon adoption of this standard are:

(i) *Revenue from sale of propane*
Certain propane contracts also include use of storage tanks for a range of charges and promotional discounts. The selling price allocated to the use of storage tanks is based on the residual value after allocating the observable stand-alone selling price to the sale of propane. The adoption of this policy resulted in an increase to contract liabilities of $10.4 million and an offsetting adjustment to deficit as of January 1, 2018 and had no impact to the net earnings for the year ended December 31, 2017.

As a result of this adjustment, Superior's deferred tax liability was decreased by $2.8 million with an offsetting adjustment to deficit as of January 1, 2018.

(ii) *Transportation revenue*
The Specialty Chemicals segment currently recognizes revenue when the product is shipped. Sales where the Company arranges and charges for freight is considered a separate performance obligation. Consequently, the portion of revenue related to freight is recognized when the goods are delivered to their destination instead of when the product is shipped. The costs associated with this revenue will also be accrued and recognized at this time. The adoption of this policy resulted in a reduction of $0.1 million to trade and other receivable and trade and other payables as at January 1, 2018.

New and revised IFRS standards not yet effective
IFRS 16 – Leases
On January 13, 2016, the IASB issued IFRS 16 – *Leases* (IFRS 16), which replaces IAS 17 – *Leases* and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, except those that meet limited exception criteria. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019. 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.

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 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. 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.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures

(millions of dollars, except per share amounts)	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenue	**874.9**	768.9	465.5	474.9	675.7	583.1	429.0	448.1
Gross profit	**289.2**	238.1	133.6	138.0	225.7	193.6	119.0	127.2
Net earnings (loss) from continuing operations	**47.3**	45.3	(124.8)	(1.6)	53.2	(22.8)	52.8	(15.7)
Per share, basic	**$0.33**	$0.32	$(0.87)	$(0.01)	$0.37	$(0.16)	$0.37	$(0.11)
Per share, diluted	**$0.33**	$0.32	$(0.87)	$(0.01)	$0.34	$(0.19)	$0.36	$(0.11)
Net working capital(1)	**144.0**	115.7	85.3	107.4	133.6	112.1	84.6	232.5

(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)	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
AOCF before transaction and other costs	**138.1**	98.7	15.0	27.5	109.3	77.3	8.0	16.5
Per share, basic	**$0.97**	$0.69	$0.11	$0.19	$0.77	$0.54	$0.06	$0.12
Per share, diluted	**$0.97**	$0.69	$0.11	$0.19	$0.77	$0.54	$0.06	$0.12
AOCF	**130.7**	94.0	(4.5)	20.1	107.8	68.4	(13.3)	5.0
Per share, basic	**$0.91**	$0.66	$(0.03)	$0.14	$0.75	$0.48	$(0.09)	$0.04
Per share, diluted	**$0.91**	$0.66	$(0.03)	$0.14	$0.75	$0.48	$(0.09)	$0.04

(1) AOCF before transaction and other costs, AOCF and the related per share amounts, are Non-GAAP financial measures.

Fluctuations in Superior's individual quarterly results is subject to seasonality. 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. In addition, during 2017 Superior acquired Canwest, Pomerleau, Yankee, IDI and Earhart and in 2018 acquired Hi-Grade and Blue Flame. Each acquisition will affect quarterly results. See Note 5 in the 2017 annual audited consolidated financial statements and 2018 first quarter unaudited interim condensed quarterly financial statements for more information on these acquisitions.

Volumes (1) (2)

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Canadian propane sales volumes (millions of litres)	**730**	641	293	283	478	417	234	255
U.S. propane sales volumes (millions of litres)	**396**	369	273	298	397	373	321	353
Chemical sales volumes (thousands of MT)	**213**	212	217	210	212	203	209	196

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

(millions of litres)	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Residential	**75**	62	16	19	53	42	15	20
Commercial	**137**	108	34	45	103	73	35	42
Oilfield	**102**	84	9	9	14	12	8	19
Industrial	**47**	44	49	48	43	39	46	48
Motor Fuels	**43**	46	39	40	35	37	40	40
Wholesale	**274**	240	132	109	197	168	76	73
Other	**52**	57	14	13	33	46	14	13
Total	**730**	641	293	283	478	417	234	255

(1) Canwest volumes have been included commencing in Q4 2017.
(2) Comparative figures have been reclassified to reflect the current period presentation of end use.

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

(millions of litres)	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Residential	**135**	86	17	32	115	78	17	41
Commercial	**106**	103	80	82	94	94	80	87
Wholesale	**155**	180	176	184	188	201	224	225
Total	**396**	369	273	298	397	373	321	353

Specialty Chemicals sales volumes by product are as follows:

(thousands of MT)	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Sodium chlorate	**121**	127	128	119	128	125	127	117
Chlor-alkali	**90**	83	87	88	83	76	80	77
Chlorite	**2**	2	2	3	1	2	2	2
Total	**213**	212	217	210	212	203	209	196

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 depreciation and amortization and $11.9 million in consolidated Adjusted EBITDA in 2017. 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.

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA

(millions of dollars) **For the three months ended March 31, 2018**	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings (loss) before income taxes	**83.1**	**25.6**	**(45.2)**	**63.5**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**19.4**	**0.3**	**0.1**	**19.8**
Depreciation included in cost of sales	**–**	**11.9**	**–**	**11.9**
Gains on disposal of assets	**(0.3)**	**–**		**(0.3)**
Finance expense	**1.1**	**0.3**	**25.3**	**26.7**
Unrealized losses on derivative financial instruments	**12.6**	**–**	**11.0**	**23.6**
Transaction, restructuring and other costs	**4.6**	**–**	**2.8**	**7.4**
Adjusted EBITDA	**120.5**	**38.1**	**(6.0)**	**152.6**

For the three months ended March 31, 2017	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings (loss) before income taxes	**68.5**	**19.5**	**(16.0)**	**72.0**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**14.7**	–	**0.1**	**14.8**
Depreciation included in cost of sales	–	**13.2**	**–**	**13.2**
Gains on disposal of assets	**(0.4)**	–	**–**	**(0.4)**
EBITDA from Canwest	**(6.2)**	–	**6.2**	–
Depreciation and amortization – Canwest Propane	**1.8**	**–**	**–**	**1.8**
Finance expense	**1.1**	**0.1**	**8.7**	**9.9**
Unrealized losses (gains) on derivative financial instruments	**6.6**	**0.1**	**(0.3)**	**6.4**
Transaction and other costs	–	–	**1.5**	**1.5**
Adjusted EBITDA	**86.1**	**32.9**	**0.2**	**119.2**

RISK FACTORS TO SUPERIOR

The risks factors and uncertainties detailed below are a summary of Superior's assessment of its material risk factors. Additional risk factor are 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.

Significant 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 completed the acquisition of Canwest. 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 AND U.S. PROPANE DISTRIBUTION

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. propane 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. propane, 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. propane 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 18% of Superior's Canadian propane distribution business employees and 3% of U.S. propane 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 these currencies and the 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 27% 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.

Superior Plus Corp.
Condensed Consolidated Balance Sheets

(unaudited, millions of Canadian dollars)	Note	As at March 31 2018	As at December 31 2017
Assets			
Current Assets			
Cash and cash equivalents		**20.5**	31.8
Trade and other receivables	**5**	**325.4**	318.5
Prepaid expenses		**25.9**	29.4
Inventories	**6**	**86.9**	137.0
Other current financial assets	**12**	**9.4**	30.0
Assets held for sale	**21**	**84.4**	14.8
Total Current Assets		**552.5**	561.5
Non-Current Assets			
Property, plant and equipment	**7**	**1,041.1**	1,077.1
Intangible assets		**86.6**	85.3
Goodwill		**503.4**	504.5
Notes and finance lease receivables		**1.5**	2.7
Employee future benefits		**8.6**	8.1
Deferred tax assets	**13**	**82.5**	87.4
Other non-current financial assets	**12**	**3.8**	10.1
Total Non-Current Assets		**1,727.5**	1,775.2
Total Assets		**2,280.0**	2,336.7
Liabilities and Equity			
Current Liabilities			
Trade and other payables	**9**	**271.2**	350.7
Contract liabilities		**14.4**	9.9
Borrowing	**11**	**17.6**	28.7
Dividends and interest payable		**8.6**	8.6
Other current financial liabilities	**12**	**12.2**	21.8
Liabilities held for sale	**21**	**6.0**	–
Total Current Liabilities		**330.0**	419.7
Non-Current Liabilities			
Borrowing	**11**	**1,021.4**	1,024.1
Other liabilities	**10**	**5.4**	4.0
Provisions	**8**	**67.9**	69.9
Employee future benefits		**20.4**	21.0
Deferred tax liabilities	**13**	**25.3**	17.5
Other non-current financial liabilities	**12**	**5.2**	4.5
Total Non-Current Liabilities		**1,145.6**	1,141.0
Total Liabilities		**1,475.6**	1,560.7
Equity			
Capital		**1,953.5**	1,953.5
Deficit		**(1,252.9)**	(1,266.9)
Accumulated other comprehensive income		**103.8**	89.4
Total Equity	**14**	**804.4**	776.0
Total Liabilities and Equity		**2,280.0**	2,336.7

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Superior Plus Corp.
Condensed Consolidated Statements of Changes in Equity

(unaudited, millions of Canadian dollars)	Share capital	Contributed surplus	**Total capital**	**Deficit**	**Accumulated other comprehensive income**	**Total**
As at December 31, 2017	1,952.3	1.2	**1,953.5**	**(1,266.9)**	**89.4**	**776.0**
Net earnings	–	–	–	**47.3**	**–**	**47.3**
Change in accounting policies (Note 2)	–	–	–	**(7.6)**	**–**	**(7.6)**
Unrealized foreign currency gain on translation of foreign operations	–	–	–	–	**13.6**	**13.6**
Actuarial defined benefit gains	–	–	–	–	**1.1**	**1.1**
Income tax expense on other comprehensive income	–	–	–	–	**(0.3)**	**(0.3)**
Total comprehensive income				**39.7**	**14.4**	**54.1**
Dividends declared to shareholders				**(25.7)**	–	**(25.7)**
As at March 31, 2018	1,952.3	1.2	**1,953.5**	**(1,252.9)**	**103.8**	**804.4**
As at December 31, 2016	1,952.3	1.2	1,953.5	(1,136.2)	111.3	928.6
Net earnings	–	–	–	53.2	–	53.2
Unrealized foreign currency loss on translation of foreign operations	.–	–	–	–	(2.9)	(2.9)
Actuarial defined benefit gains	–	–	–	–	0.4	0.4
Income tax recovery on other comprehensive income	–	–	–	–	0.1	0.1
Total comprehensive income (loss)	–	–	–	53.2	(2.4)	50.8
Dividends declared to shareholders	–	–	–	(25.7)	–	(25.7)
As at March 31, 2017	1,952.3	1.2	1,953.5	(1,108.7)	108.9	953.7

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Superior Plus Corp.
Condensed Consolidated Statements of Net Earnings and Total Comprehensive Income

(unaudited, millions of Canadian dollars, except per share amounts)	Notes	Three months ended March 31 2018	2017
Revenue	**17,18**	**874.9**	675.7
Cost of sales (includes products and services)	**18**	**(585.7)**	(450.0)
Gross profit		**289.2**	225.7
Expenses			
Selling, distribution and administrative costs	**18**	**(175.4)**	(137.4)
Finance expense	**18**	**(26.7)**	(9.9)
Unrealized losses on derivative financial instruments	**12,18**	**(23.6)**	(6.4)
		(225.7)	(153.7)
Earnings before income taxes		**63.5**	72.0
Income tax expense	**13**	**(16.2)**	(18.8)
Net earnings for the period		**47.3**	53.2
Other comprehensive income (loss):			
Items that may be reclassified subsequently to net earnings			
Unrealized foreign currency gain (loss) on translation of foreign operations		**13.6**	(2.9)
		13.6	(2.9)
Items that will not be reclassified to net earnings			
Actuarial defined benefit gains		**1.1**	0.4
Income tax (expense) recovery on other comprehensive income		**(0.3)**	0.1
		0.8	0.5
Other comprehensive income (loss) for the period		**14.4**	(2.4)
Total comprehensive income for the period		**61.7**	50.8
Net earnings per share:			
Basic	**15**	**$0.33**	$0.37
Diluted	**15**	**$0.33**	$0.34

Notes to the Unaudited Condensed Consolidated Financial Statements

Superior Plus Corp.
Condensed Consolidated Statements of Cash Flows

(unaudited, millions of Canadian dollars)	Notes	2018	Three months ended March 31 2017
Operating Activities			
Net earnings for the period		**47.3**	53.2
Adjustments for:			
Depreciation included in selling, distribution and administrative costs	**7**	**15.4**	13.3
Amortization of intangible assets	**18**	**4.4**	1.5
Depreciation included in cost of sales	**7**	**11.9**	13.2
Gain on disposal of assets and other non-cash items		**(0.3)**	(0.4)
Unrealized losses on derivative financial instruments	**12**	**23.6**	6.4
Finance expense recognized in net earnings	**18**	**26.7**	9.9
Income tax expense recognized in net earnings	**13**	**16.2**	18.8
Changes in non-cash operating working capital	**16**	**(67.4)**	(24.2)
Net cash flows from operating activities before income taxes and interest paid		**77.8**	91.7
Income tax received		**–**	(1.7)
Interest paid		**(17.2)**	(6.0)
Cash flows from operating activities		**60.6**	84.0
Investing Activities			
Purchase of property, plant and equipment	**19**	**(10.4)**	(10.2)
Proceeds from disposal of property, plant and equipment and intangible assets		**1.3**	1.2
Acquisitions, net of cash acquired and assets sold	**4**	**(5.9)**	(434.8)
Cash flows used in investing activities		**(15.0)**	(443.8)
Financing Activities			
Net (repayment) proceeds of revolving term bank credits and other debt		**(32.4)**	141.5
Redemption of 6.5% senior unsecured notes		**(209.8)**	–
Repayment of finance lease obligations		**(4.4)**	(3.9)
Debt issue costs		**(4.5)**	–
Proceeds from issuance of 5.25% senior unsecured notes		**–**	250.0
Proceeds from 5.125% senior secured notes		**220.0**	–
Dividends paid to shareholders		**(25.7)**	(25.7)
Cash flows (used in) from financing activities		**(56.8)**	361.9
Net (decrease) increase in cash and cash equivalents during the period		**(11.2)**	2.1
Cash and cash equivalents, beginning of period		**31.8**	5.0
Effect of translation of foreign currency-denominated cash and cash equivalents		**(0.1)**	(0.1)
Cash and cash equivalents, end of period		**20.5**	7.0

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. ORGANIZATION

Superior Plus Corp. (Superior) is a diversified business corporation, incorporated under the Canada Business Corporations Act. The registered office is located 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. Superior's investment in Superior Plus LP is financed by share capital. Superior is a publicly traded company with its common shares trading on the Toronto Stock Exchange under the exchange symbol SPB.

The accompanying unaudited condensed consolidated financial statements (consolidated financial statements) of Superior as at March 31, 2018 and for the three months ended March 31, 2018 and 2017 were authorized for issuance by the Board of Directors on May 8, 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 following: Canadian propane division and U.S. propane 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.

2. BASIS OF PRESENTATION

Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements were prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) using the accounting policies Superior adopted in its annual condensed consolidated financial statements as at and for the year ended December 31, 2017, except as for the adoption of new standards effective as of January 1, 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The accounting policies are based on the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee interpretations that were applicable at that time. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements, except as disclosed below, and have been applied consistently throughout the consolidated entities.

The consolidated financial statements are presented in Canadian dollars. All financial information presented in Canadian dollars has been rounded to the nearest hundred thousand. These consolidated financial statements should be read in conjunction with Superior's 2017 annual consolidated financial statements.

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 condensed consolidated statements of net earnings and total comprehensive income from date of acquisition, or in the case of disposals, up to the effective date of disposal.

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

Changes in Accounting Policies

(i) IFRS 9 Financial Instruments

The Company adopted IFRS 9 *Financial Instruments* with a date of initial application of January 1, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.
The Company has elected to apply the limited exemption in IFRS 9 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. The adoption of IFRS 9 had no impact on the Company's consolidated financial statements on the date of initial application. There was 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.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standards establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption and applied 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 recognize that amount as revenue for all reporting periods presented before the date of the initial application being January 1, 2018.

The impact on the consolidated balance sheet and cumulative catch-up adjustment to the opening balance of retained earnings as at January 1, 2018 is as follows:

	Adjustments	**$**
Assets		
Trade and other receivables	**(ii)**	(0.1)
Total Assets		**(0.1)**
Liabilities and Equity		
Trade and other payables	**(ii)**	(0.1)
Deferred tax liability	**(i)**	(2.8)
Contract liabilities	**(i)**	10.4
Total Liabilities		7.5
Equity		
Deficit	**(i)**	(7.6)
Total Equity		**(7.6)**
		–

There is no material impact on the condensed consolidated statement of cash flows or on basic and diluted earnings per share. The details and quantitative impact of the changes in the above accounting policies are disclosed below:

(i) Revenue from sale of propane

Certain propane contracts also include use of storage tanks for a range of charges and promotional discounts. The selling price allocated to the use of storage tanks is based on the residual value after allocating the observable stand-alone selling price to the sale of propane. The adoption of this policy resulted in an increase to contract liabilities of $10.4 million and an offsetting adjustment to deficit as of January 1, 2018 and had no impact to the net earnings for the year ended December 31, 2017.

As a result of this adjustment, Superior's deferred tax liability was decreased by $2.8 million.

(ii) Transportation revenue

The Specialty Chemicals segment currently recognizes revenue when the product is shipped. Sales where the Company arranges and charges for freight is considered a separate performance obligation. Consequently, the portion of revenue related to freight is recognized when the goods are delivered to their destination instead of when the product is shipped. The costs associated with this revenue will also be accrued and recognized at this time. The adoption of this policy resulted in a reduction of $0.1 million to trade and other receivable, and trade and other payables as at January 1, 2018.

The Company's accounting policies after the adoption of IFRS 9 and IFRS 15 are as follows:

(i) Financial instruments and derivative financial instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated balance sheets when the Company becomes a party to the financial instrument or derivative contract.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories;
i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss, or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

For classification of the Company's financial assets and financial liabilities, refer to Note 12.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through the condensed consolidated statements of net earnings and total comprehensive income (irrevocable election at the time of recognition with no recycling of gains or losses to net earnings). For financial liabilities measured subsequently at FVTPL, changes in fair value due to own credit risk are recorded in other comprehensive income.

Impairment

The Company recognizes expected credit losses for trade and other receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward-looking macro-economic factors in the measurement of the expected credit losses associated with its financial assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Derivative Financial Instruments

Superior enters into a variety of derivative and non-financial derivative instruments to manage its exposure to certain financial risks. Such instruments arise from contracts comprising natural gas financial swaps, electricity financial swaps, fixed-price electricity purchase, propane forward purchase and sale, foreign currency forwards, and interest rate swaps. For commodity contracts, if physical delivery is effected based on Superior's expected procurement, sale or usage requirements, the requirements of the so-called "own use exemption" under IFRS 9 are met, which do not represent derivative financial instruments in terms of IFRS 9, but represent pending purchase and sale transactions, which are assessed for possible impending losses in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. If the requirements for the own use exemption are not met (for example, by transactions for short-term optimization), the contracts are recorded as derivatives in accordance with IFRS 9. Further details of derivative and non-financial derivative instruments are disclosed in Note 12.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are measured subsequently at FVTPL. 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.

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 that 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.

Derecognition of Financial Liabilities

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

Financial Guarantees at FVTPL

Financial guarantees are classified as FVTPL when the financial liability is designated as FVTPL upon initial recognition. Financial guarantees at FVTPL are stated at fair value with any resulting gain or loss recognized in net earnings. Fair value is determined in the manner described in Note 12.

(ii) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer, which may occur at a point in time or over a period of time.

The Company generates its revenue through its principal activities, which are separated by reportable segments. The nature of the goods and services and the timing of satisfaction of performance obligations is as follows:

Energy Distribution

(i) Propane distribution business

Propane sales contracts include supply of propane along with the loaning of storage tanks, equipment and related servicing and maintenance activities provided by the Company. Revenue from sale of propane is recognized when control of the goods has transferred, being when the goods are delivered to the customer (which occurs when the goods have been shipped to the specific location), the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Revenue from loaning of storage tanks and maintenance activities is recognized as the performance obligations are satisfied over time, which is generally in accordance with the terms of the contract. The customer does not control the storage tank during the term of the contract. The customer does not have the right to direct the use of the storage tank, and there is no practical or contractual restriction on the Company's ability to transfer the storage tank to another customer. The Company is able to redirect the storage tank to another customer at little or no additional cost and therefore it has an alternative use to the Company. In many cases, propane sales and the loaning of storage tanks is included under one sales contract. Propane sales prices are consistent based on the customer geography and type and therefore, the residual amount is related to loaning of storage tanks.

(ii) U.S. refined fuels distribution business

This business is involved in the distribution of liquid fuels and propane gas, heating oil and refined fuels in the northeastern United States. Its products are generally used in home heating, water heating and motor vehicle fuel. Revenue from sale of refined fuels is also recognized when control of the goods has transferred, being when the goods are delivered to the customer (which occurs when the goods have been shipped to the specific location), the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Specialty Chemicals

Specialty Chemicals is involved in the distribution of sodium chlorate and environmentally preferred chlorine dioxide technology to the pulp and paper industries as well as a supplier of potassium and chlor-alkali products. Revenue from sale of specialty chemicals is also recognized when control of the goods has transferred, and customer has full discretion over the goods.

Sales where the Company arranges and charges for freight is considered a separate performance obligation. Consequently, the portion of revenue related to freight is recognized when the goods are delivered to their destination.

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 consolidated financial statements are consistent with those disclosed in Superior's 2017 annual consolidated financial statements.

Revenue from sale of specialty chemicals

Chemical sales are sometimes sold with discounts and volume rebates. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts and volume rebates. Accumulated experience is used to estimate and provide for the discounts, using the expected value or most likely method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of significant financing component exists.

Revenue from sale of propane, including storage tanks

Certain propane supply contracts entered into by the Company include sale of propane along with the loaning of storage tanks and equipment by the Company. Because these contracts include multiple performance obligations, the transaction price must be allocated to the performance obligations.

Management estimates the stand-alone selling price using the residual approach. The price of propane charged is consistent by geography and customer type, whereas fees and discounts associated with loaning storage tank can vary. Management allocates revenue to the sale of propane based on the consistent price by customer geography and region and the residual amount is applied to loaning the storage tank.

New and revised IFRS standards issued but not yet effective

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. It is not yet possible to make a reliable estimate of the impact of the new standard on the consolidated financial statements.

3. Seasonality of Operations

Energy Distribution

Sales typically peak in the first quarter when approximately one-third of annual propane and other refined fuels sales volumes and gross profits are generated due to the demand from heating end-use customers. They then decline through the second and third 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. Acquisitions

	Hi-Grade Oil	Canwest Propane
Current assets	1.0	58.5[1]
Property, plant and equipment	2.3	116.5
Other assets	–	3.9
Intangibles	3.7	7.1
Assets held for sale	2.4	11.1
Accounts payable and accrued liabilities	(0.5)	(16.1)
Contract liabilities	(0.6)	(2.5)
Provisions	–	(7.7)
Deferred tax liability	–	(24.1)
Net identifiable assets and liabilities	**8.3**	**146.7**
Goodwill arising on acquisition	–	285.7
Total consideration	**8.3**	**432.4**

(1) Canwest Propane acquisition includes cash of $39.2 million in current assets.

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 for total consideration of $8.3 million (US$6.4 million). Immediately following this purchase the distillate assets were sold to another party for approximately $2.4 million (US$1.7 million).

Revenue and net earnings for three months ended March 31, 2018 would have been $1.2 million and $0.5 million, respectively, if the acquisition had occurred on January 1, 2018. Subsequent to the acquisition date of February 2, 2018, the acquisition contributed revenue and net earnings of $0.7 million and $0.3 million, respectively, to the Energy Distribution segment for the three months ended March 31, 2018.

Canwest Propane (Canwest)

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 March 31, 2018, this included $12.6 million of assets from Canwest and $1.6 million of assets from Superior included in assets held for sale. Subsequent to March 31, 2018, these assets were sold for $11.2M plus working capital of approximately $2.0 million.

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.

5. Trade and Other Receivables

A summary of trade and other receivables is as follows:

	March 31 2018	December 31 2017
Trade receivables, net of allowances	**297.2**	292.9
Accounts receivable – other	**28.2**	25.6
Trade and other receivables	**325.4**	318.5

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

	March 31 2018	December 31 2017
Current	**191.8**	212.4
Past due less than 90 days	**102.6**	80.4
Past due over 90 days	**11.4**	7.0
Total trade receivables	**305.8**	299.8

The current portion of Superior's trade receivables is neither impaired nor past due and there are no indications as of the reporting date that the debtors will not make payment. Superior's trade receivables are stated after deducting a provision of $8.6 million as at March 31, 2018 (December 31, 2017 – $6.9 million). The movement in the provision for doubtful accounts is as follows:

	March 31 2018	December 31 2017
Allowance for doubtful accounts, at the beginning of the period	**(6.9)**	(4.3)
Opening adjustment due to acquisitions	**–**	(3.1)
Impairment losses recognized on receivables	**(2.0)**	(4.0)
Amounts written off during the year as uncollectible	**–**	2.3
Amounts recovered	**0.3**	2.2
Allowance for doubtful accounts, at the end of the period	**(8.6)**	(6.9)

6. INVENTORIES

	March 31 2018	December 31 2017
Propane, heating oil and other refined fuels	**38.3**	85.6
Propane retailing materials, supplies, appliances and other	**7.1**	8.0
Chemical finished goods and raw materials	**25.9**	28.3
Chemical stores, supplies and other	**15.6**	15.1
	86.9	137.0

	Three months ended March 31, 2018	2017
Cost of inventories recognized as an expense	**522.7**	400.1
Inventory write-downs	**1.6**	0.2
Write-down reversals	**–**	0.1

7. PROPERTY, PLANT AND EQUIPMENT

Cost	**Land**	**Buildings**	**Energy Distribution Retailing Equipment**	**Specialty Chemicals Plant and Equipment**	**Leasehold Improvements**	**Total**
Balance as at December 31, 2017	48.3	257.7	934.5	961.3	8.6	2,210.4
Balance as at March 31, 2018	**47.2**	**251.1**	**893.4**	**975.9**	**8.3**	**2,175.9**
Accumulated Depreciation						
Balance as at December 31, 2017	–	85.4	471.7	571.9	4.3	1,133.3
Balance as at March 31, 2018	**–**	**83.3**	**459.6**	**587.2**	**4.7**	**1,134.8**
Carrying Amount						
Balance as at December 31, 2017	48.3	172.3	462.8	389.4	4.3	1,077.1
Balance as at March 31, 2018	**47.2**	**167.8**	**433.8**	**388.7**	**3.6**	**1,041.1**

Depreciation per cost category:

	Three months ended March 31, 2018	2017
Cost of sales	**11.9**	13.2
Selling, distribution and administrative costs	**15.4**	13.3
Total	**27.3**	26.5

The carrying amount of Superior's property, plant and equipment includes $62.6 million of leased assets as at March 31, 2018 (December 31, 2017 – $63.9 million).

8. PROVISIONS

	Restructuring	Decommissioning	Other	Total
Balance as at December 31, 2017	13.4	64.0	7.8	85.2
Utilization	(2.1)	–	–	(2.1)
Amounts reversed during the year	(0.2)	(0.3)	(1.0)	(1.5)
Unwinding of discount	–	0.4	–	0.4
Impact of change in discount rate	–	0.6	–	0.6
Classified as liabilities held for sale	–	(2.6)	–	(2.6)
Net foreign currency exchange difference	–	0.6	(0.1)	0.5
Balance as at March 31, 2018	**11.1**	**62.7**	**6.7**	**80.5**

	March 31 2018	December 31 2017
Current (included in trade and other payables)	**12.6**	15.3
Non-current	**67.9**	69.9
	80.5	85.2

Restructuring

Provisions for restructuring are recorded in provisions, except for the current portion, which is recorded in trade and other payables. As at March 31, 2018, the current portion of restructuring costs was $11.1 million (December 31, 2017 – $13.4 million). The restructuring provisions relate primarily to the Canwest acquisition and is included in the Energy Distribution operating segment. The provision is primarily for severance, lease costs and consulting fees.

Decommissioning

The provisions are on a discounted basis and are based on existing technologies at current prices or long-term price assumptions, depending on the expected timing of the activity.

Specialty Chemicals

Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. As at March 31, 2018, the discount rate used in Superior's calculation was 2.23% (December 31, 2017 – 2.26%). Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $116.2 million (December 31, 2017 – $115.0 million), which will be paid over the next one 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 these costs is uncertain.

Energy Distribution

Superior records a provision for the future costs of decommissioning certain assets associated with the Energy Distribution segment. Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $8.4 million as at March 31, 2018 (December 31, 2017 – $8.5 million) which will be paid over the next 15 years. The discount rate of 2.23% at March 31, 2018 (December 31, 2017 – 2.50%) was used to calculate the present value of the estimated cash flows. Approximately $3.8 million of the undiscounted expenditures were included in the divestitures disclosed in Note 21.

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 the 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 as at March 31, 2018 (December 31, 2017 – $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 $6.7 million as at March 31, 2018 (December 31, 2017 – $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 statements of net earnings and total comprehensive income or consolidated balance sheets. If it becomes probable that Superior is liable, Superior will record a provision in the period the change in probability occurs, and the resulting impact could be material to the consolidated statements of net earnings and total comprehensive income or consolidated balance sheets.

9. Trade and Other Payables

A summary of trade and other payables is as follows:

	March 31 2018	December 31 2017
Trade payables	**179.4**	228.5
Provisions	**12.6**	15.3
Other accrued liabilities	**53.0**	82.5
Current portion of the Quebec cap and trade payable	**8.9**	8.9
Share-based payments	**17.3**	15.5
Trade and other payables	**271.2**	350.7

10. Other Liabilities

	March 31 2018	December 31 2017
Supply agreement	**1.9**	2.5
Quebec cap and trade payable	**0.9**	–
Ontario cap and trade payable	**2.6**	1.5
	5.4	4.0

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 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's 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 as at March 31, 2018 is $0.9 million for Québec (December 31, 2017 – nil as $8.9 million was reclassified to trade and other payables) and $2.6 million (December 31, 2017 – $1.5 million) for Ontario.

Superior is required to settle the compliance instruments with the Québec and Ontario provincial governments at the end of each compliance period.

11. BORROWING

	Year of Maturity	Effective Interest Rate	March 31 2018	December 31 2017
Revolving Term Bank Credit Facilities (1)				
Bankers' Acceptances (BA)	2022	Floating BA rate plus 1.70%	**25.0**	31.0
Canadian Prime Rate Loan (Prime and Swingline)	2022	Prime rate plus 0.70%	**5.1**	–
LIBOR Loans (U.S. $244.0 million; 2017 – U.S. $267.0 million)	2022	Floating LIBOR rate plus 1.70%	**314.8**	335.6
U.S. Base Rate Loans (U.S. $15.0 million; 2017 – U.S. $16.3 million)	2022	US Prime rate plus 0.70%	**19.4**	20.5
			364.3	387.1
Other Debt				
Accounts receivable factoring program(2)		Floating BA plus 1.63%	**2.0**	2.1
Deferred consideration	2018 – 2022	Non-interest bearing	**7.6**	11.1
			9.6	13.2
Senior Unsecured Notes				
Senior unsecured notes (3)	2021	6.50%	**–**	200.0
Senior unsecured notes (4)	2024	5.25%	**400.0**	400.0
Senior unsecured notes (3)	2025	5.125%	**220.0**	–
			620.0	600.0
Finance Lease Obligations				
Finance lease obligation			**56.9**	63.1
Total borrowing before deferred financing fees			**1,050.8**	1,063.4
Deferred financing fees			**(11.8)**	(10.6)
Borrowing			**1,039.0**	1,052.8
Current maturities			**(17.6)**	(28.7)
Borrowing			**1,021.4**	1,024.1

(1) As at March 31, 2018, Superior had $30.8 million of outstanding letters of credit (December 31, 2017 – $31.7 million) and $172.0 million of outstanding financial guarantees on behalf of its businesses (December 31, 2017 – $157.0 million). The fair value of Superior's revolving term bank credit facilities, other debt, letters of credit, and financial guarantees approximates their carrying value as a result of the market-based interest rates, the short-term nature of the underlying debt instruments and other related factors. On May 8, 2018, Superior extended and restated its syndicated credit facility with ten lenders, maintaining the size of the facility at $620 million, with no changes to the financial covenants. The facility matures on May 8, 2023 and can be expanded up to $920 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 March 31, 2018, the accounts receivable factoring program totaled $2.0 million (December 31, 2017 – $2.1 million).

(3) On February 1, 2018, Superior LP closed a private placement of $220 million in senior unsecured notes bearing interest at 5.125% and due August 27, 2025. The net proceeds reduced the outstanding balance of its $200.0 million in 6.50% senior unsecured notes (the senior notes) in accordance with the indenture governing the 6.50% notes on March 8, 2018. As a result of redeeming the $200 million 6.5% senior unsecured note, the company incurred a $9.8 million early call premium. The early call premium is included in financing expenses for the three months ended March 31, 2018.

(4) On February 27, 2017, Superior completed an offering of $250.0 million in 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 commenced August 27, 2017. On October 16, 2017, Superior issued an additional $150.0 million in notes due on February 27, 2024. Superior used 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 financing fees are as follows:

	$
Current maturities	**17.3**
Due in 2019	**18.4**
Due in 2020	**16.6**
Due in 2021	**10.7**
Due in 2022	**364.9**
Due in 2023	**2.9**
Subsequent to 2023	**620.0**
Total	**1,050.8**

12. FINANCIAL INSTRUMENTS

IFRS requires disclosure around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Superior's market assumptions. These two types of input create the following fair value hierarchy:

- *Level 1* – Quoted prices in active markets for identical instruments.
- *Level 2* – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- *Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are determined by reference to quoted bid or ask 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				**March 31, 2018**
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Foreign currency forward contracts	**4.3**	–	–	**4.3**
Natural gas financial swaps – AECO	–	**3.2**	–	**3.2**
Propane wholesale purchase and sale contracts – Energy Distribution	–	**5.0**	–	**5.0**
Heating oil purchase and sale – Energy Distribution	–	**0.7**	–	**0.7**
Total assets	**4.3**	**8.9**	–	**13.2**
Liabilities				
Natural gas financial swaps – AECO	–	**3.2**	–	**3.2**
Foreign currency forward contracts	**12.1**	–	–	**12.1**
Equity derivative contract	**–**	**0.3**	**–**	**0.3**
Propane wholesale purchase and sale contracts – Energy Distribution	–	**1.7**	–	**1.7**
WTI wholesale purchase and sale contracts – Energy Distribution	–	**0.1**	–	**0.1**
Total liabilities	**12.1**	**5.3**	–	**17.4**
Total net (liabilities) assets	**(7.8)**	**3.6**	–	**(4.2)**
Current portion of assets	**1.8**	**7.6**	–	**9.4**
Current portion of liabilities	**8.0**	**4.2**	**–**	**12.2**

As at				December 31, 2017
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts	11.6	–	–	11.6
Natural gas financial swaps – AECO	–	3.6	–	3.6
Propane, diesel, butane and heating oil wholesale purchase and sale contracts – 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	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 – Energy Distribution	–	10.8	–	10.8
WTI wholesale purchase and sale contracts – 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

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$365.0	2018 – 2021	$1.26	Quoted bid prices in the active market.
Cross currency interest rate exchange agreements	US$237.4	2018	$1.34	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Natural gas financial swaps –AECO	–	2018 – 2020	–	Discounted cash flows – 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	$13.8	2018	$12.58	Discounted cash flows – Future cash flows are estimated based on equity derivative contracts.
Heating oil, diesel and propane wholesale purchase and sale contracts, net sale – Energy Distribution	22.92 USG[(1)]	2018 – 2020	$0.73 – $1.91	Quoted bid prices for similar products in the active market.

(1) Millions of United States gallons (USG) purchased.

	For the three months ended March 31, 2018		For the three months ended March 31, 2017	
Description	**Realized Gain (Loss)**	**Unrealized Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)
Natural gas financial swaps – AECO	**–**	**–**	–	(0.1)
Foreign currency forward contracts, net sale	**–**	**(11.4)**	(0.7)	4.7
Cross-currency interest rate swaps	**–**	**(0.2)**	–	0.9
Equity derivative contracts	**0.1**	**0.6**	0.2	–
Energy Distribution propane wholesale purchase and sale contracts	**(0.7)**	**(12.1)**	5.4	(6.3)
Energy Distribution WTI wholesale purchase and sale contracts	**(0.3)**	**–**	–	–
Energy Distribution butane wholesale purchase and sale contracts	**0.1**	**0.4**	(0.5)	0.5
Energy Distribution heating oil purchase and sale contracts	**2.6**	**(0.9)**	3.5	(0.7)
Energy Distribution diesel wholesale purchase and sale contracts	**–**	**–**	–	(0.2)
Specialty Chemicals fixed-price electricity purchase agreements	**–**	**–**	(0.1)	(0.1)
Total gains (losses) on financial and non-financial derivatives	**1.8**	**(23.6)**	7.8	(1.3)
Foreign currency translation on borrowings	**–**	**–**	–	(0.4)
Unrealized change in fair value of debenture-embedded derivative	**–**	**–**	–	(4.7)
Total gains (losses)	**1.8**	**(23.6)**	7.8	(6.4)

Realized gains or losses on financial and non-financial derivatives and foreign currency translation gains or losses on the revaluation of Canadian domiciled U.S. denominated working capital have been classified on the condensed statements of net earnings and total comprehensive income based on the underlying nature of the consolidated financial statement line item and/or the economic exposure being managed.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported on the consolidated balance sheets when Superior currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, Superior enters into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting, but do, however, still allow for the related amount to be set-off in certain circumstances, such as bankruptcy or the termination of contracts.

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 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 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 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 creditworthiness of its significant counterparties at the inception and throughout the term of a contract. Superior is also exposed to customer credit risk. Energy Distribution deals with a large number of small customers, thereby reducing this risk. Energy Distribution actively monitors the creditworthiness of its commercial customers. 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 creditworthiness of its 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 as 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 March 31, 2018, 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 are as follows:

	Current	2019	2020	2021	2022	2023 and thereafter	Total
Borrowing	**17.3**	18.4	16.6	10.7	364.9	622.9	**1,050.8**
Operating leases	**28.3**	30.7	26.5	23.4	19.4	55.9	**184.2**
US$ foreign currency forward sales contracts	**114.0**	157.0	64.0	30.0	–	–	**365.0**
Natural gas, butane, propane, heating oil and diesel purchases	**62.3**	18.6	0.8	0.3	–	–	**82.0**

Superior's contractual obligations are considered normal-course operating commitments and do not include the impact of mark-to-market fair values on financial and non-financial derivatives. Superior expects to fund these obligations through a combination of cash flows from operations, proceeds on revolving term bank credit facilities and proceeds on the issuance of share capital. Superior's financial instruments' sensitivities as at March 31, 2018 are consistent with those disclosed in Superior's 2017 annual consolidated financial statements.

13. INCOME TAXES

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and deferred income taxes, including United States income taxes, United States non-resident withholding taxes, Chilean and Luxembourg income taxes.

Total income tax expense, composed of current taxes and deferred taxes for the three months ended March 31, 2018 was $16.2 million, compared to $18.8 million in the comparative period. For the three months ended March 31, 2018, deferred income tax expense from operations in Canada, the United States and Chile was $14.8 million (for the three months ended March 31, 2017 – $17.6 million), which resulted in a corresponding total net deferred income tax asset of $57.2 million as at March 31, 2018 (December 31, 2017 – $69.9 million).

14. Total Equity

Superior is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The holders of common shares are entitled to dividends if, as and when, declared by the Board of Directors; to one vote per share at shareholders' meetings; and upon liquidation, dissolution or winding up of Superior to receive pro rata the remaining property and assets of Superior, subject to the rights of any shares having priority over the common shares, of which none is outstanding.

Preferred shares are issuable in series with each class of preferred share having such rights as the Board of Directors may determine. Holders of preferred shares are entitled, in priority over holders of common shares, to be paid ratably with holders of such 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, 2017	**142.8**	**776.0**
Net earnings	**–**	**47.3**
Change in accounting policies (Note 2)	**–**	**(7.6)**
Other comprehensive income	**–**	**14.4**
Dividends declared to shareholders [(1)]	**–**	**(25.7)**
Total Equity, March 31, 2018	**142.8**	**804.4**

(1) Dividends to shareholders are declared at the discretion of Superior's Board of Directors. During the three months ended March 31, 2018 Superior paid cash dividends of $25.7 million or $0.18 per share (three months ended March 31, 2017 – $25.7 million or $0.18 per share).

	March 31 2018	December 31 2017
Accumulated other comprehensive income before reclassification		
Currency translation adjustment		
Balance at the beginning of the period	**98.9**	123.6
Unrealized foreign currency gain (loss) on translation of foreign operations	**13.6**	(24.7)
Balance at the end of the period	**112.5**	98.9
Actuarial defined benefits		
Balance at the beginning of the period	**(2.4)**	(5.2)
Actuarial defined benefit gains	**1.1**	3.8
Income tax expense on actuarial gains	**(0.3)**	(1.0)
Balance at the end of the period	**(1.6)**	(2.4)
Total accumulated other comprehensive income before reclassification	**110.9**	96.5
Amounts reclassified from accumulated other comprehensive income		
Accumulated derivative losses	**(7.1)**	(7.1)
Accumulated other comprehensive income at the end of the period	**103.8**	89.4

Other Capital Disclosures

Additional Capital Disclosure

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

In the management of capital, Superior includes shareholders' equity (excluding accumulated other comprehensive 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 March 31, 2018, 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.

15. NET EARNINGS PER SHARE

	Three months ended March 31,	
	2018	2017
Net earnings per share computation, basic		
Net earnings for the period	**$47.3**	$53.2
Weighted average shares outstanding (millions)	**142.8**	142.8
Net earnings per share, basic	**$0.33**	$0.37

	2018	2017
Net earnings per share computation, diluted		
Net earnings for the period	**$47.3**	$50.7
Weighted average shares outstanding (millions)	**142.8**	148.6
Net earnings per share, diluted	**$0.33**	$0.34

16. SUPPLEMENTAL DISCLOSURE OF CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended March 31,	
	2018	2017
Changes in non-cash operating working capital:		
Trade and other receivables	**(11.9)**	15.6
Inventories	**29.6**	20.5
Trade and other payables	**(89.9)**	(56.2)
Other	**4.8**	(4.1)
	(67.4)	(24.2)

17. DISAGGREGATION OF REVENUE

Revenue is disaggregated by primary geographical market, type of customer and major product and services lines. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments.

Three months ended March 31, 2018				**Energy Distribution**
	Canada	**USA**	**Other**	**Total**
Revenue from sale of products	**339.5**	**340.5**	–	**680.0**
Revenue from services	**13.0**	**5.0**	–	**18.0**
Tank and equipment rental	**8.9**	**-**	–	**8.9**
Derivative financial instruments	**(0.3)**	**(0.5)**	–	**(0.8)**
Total revenue	**361.1**	**345.0**	–	**706.1**

				Specialty Chemicals
	Canada	**USA**	**Other**	**Total**
Revenue from sale of chemicals	**40.2**	**106.0**	**22.3**	**168.5**
Revenue from services	**0.1**	**0.2**	**–**	**0.3**
Total revenue	**40.3**	**106.2**	**22.3**	**168.8**

Three months ended March 31, 2017				Energy Distribution
	Canada	USA	Other	Total
Revenue from sale of products	228.3	268.5	–	496.8
Revenue from services	6.5	5.8	–	12.3
Tank and equipment rental	4.2	–	–	4.2
Derivative financial instruments	4.3	–	–	4.3
Total revenue	243.3	274.3	–	517.6

				Specialty Chemicals
	Canada	USA	Other	Total
Revenue from sale of chemicals	38.9	92.9	26.5	158.3
Revenue from services	0.1	0.2	0.1	0.4
Total revenue	39.0	93.1	26.6	158.7

18. Supplemental Disclosure of Consolidated Statements of Net Earnings and Total Comprehensive Income

	Three months ended March 31, 2018	2017
Revenue		
Revenue from products	**848.5**	654.5
Revenue from the rendering of services	**18.3**	12.7
Rental revenue	**8.9**	4.2
Realized (losses) gains on derivative financial instruments	**(0.8)**	4.3
	874.9	675.7
Cost of sales (includes products and services)		
Cost of products and services	**(576.4)**	(440.2)
Depreciation included in cost of sales	**(11.9)**	(13.2)
Realized gains on derivative financial instruments	**2.6**	3.4
	(585.7)	(450.0)
Selling, distribution and administrative costs		
Employee costs	**(69.4)**	(62.0)
Other selling, distribution and administrative costs	**(60.1)**	(50.3)
Depreciation included in selling, distribution and administrative costs	**(15.4)**	(13.3)
Vehicle operating costs	**(15.4)**	(11.4)
Restructuring, transaction and other costs	**(7.4)**	(1.5)
Amortization of intangible assets	**(4.4)**	(1.5)
Employee future benefit expense	**(3.0)**	(0.7)
Facilities maintenance expense	**(1.5)**	(1.3)
Gain on disposal of assets	**0.3**	0.4
Realized gains (losses) on the translation of U.S.-denominated net working capital	**0.9**	(0.4)
Net earnings from Canwest Propane	**–**	4.4
Realized gains on long-term incentive program	**–**	0.2
	(175.4)	(137.4)
Finance expense		
Interest on convertible unsecured subordinated debentures	**–**	(1.4)
Interest on obligations under finance leases	**(0.8)**	(1.0)
Interest on borrowing	**(12.3)**	(6.2)
Unwinding of discount on debentures, borrowing and decommissioning liabilities	**(3.8)**	(1.3)
Premium paid on redemption of 6.5% debenture (see Note 11)	**(9.8)**	–
	(26.7)	(9.9)
Unrealized losses on derivative financial instruments	**(23.6)**	(6.4)
Earnings before income taxes	**63.5**	72.0
Income tax expense	**(16.2)**	(18.8)
Net earnings	**47.3**	53.2

19. 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 chlor-alkali products in the U.S. Midwest and Western Canada.

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 Specialty 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*.

For the three months ended March 31, 2018	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Revenue	**706.1**	**168.8**	**–**	**874.9**
Cost of sales (includes products and services)	**(476.8)**	**(108.9)**	**–**	**(585.7)**
Gross Profit	**229.3**	**59.9**	**–**	**289.2**
Expenses				
Depreciation included in selling, distribution and administrative costs	**(15.3)**	**–**	**(0.1)**	**(15.4)**
Amortization of intangible assets	**(4.1)**	**(0.3)**	**–**	**(4.4)**
Selling, distribution and administrative costs	**(113.1)**	**(33.7)**	**(8.8)**	**(155.6)**
Finance expense	**(1.1)**	**(0.3)**	**(25.3)**	**(26.7)**
Unrealized losses on derivative financial instruments	**(12.6)**	**–**	**(11.0)**	**(23.6)**
	(146.2)	**(34.3)**	**(45.2)**	**(225.7)**
Earnings (loss) before income taxes	**83.1**	**25.6**	**(45.2)**	**63.5**
Income tax expense	**–**	**–**	**(16.2)**	**(16.2)**
Net earnings (loss)	**83.1**	**25.6**	**(61.4)**	**47.3**

For the three months ended March 31, 2017	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Revenue	517.6	158.7	(0.6)	675.7
Cost of sales (includes products and services)	(345.8)	(104.2)	–	(450.0)
Gross Profit	171.8	54.5	(0.6)	225.7
Expenses				
Depreciation included in selling, distribution and administrative costs	(13.2)	–	(0.1)	(13.3)
Amortization of intangible assets	(1.5)	–	–	(1.5)
Selling, distribution and administrative costs	(80.9)	(34.8)	(6.9)	(122.6)
Finance expense	(1.1)	(0.1)	(8.7)	(9.9)
Unrealized gains (losses) on derivative financial instruments	(6.6)	(0.1)	0.3	(6.4)
	(103.3)	(35.0)	(15.4)	(153.7)
Earnings (loss) before income taxes	68.5	19.5	(16.0)	72.0
Income tax expense	–	–	(18.8)	(18.8)
Net earnings (loss)	68.5	19.5	(34.8)	53.2

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

	Energy Distribution	Specialty Chemicals	Corporate	Total
As at March 31, 2018				
Net working capital[(1)]	**106.4**	**62.2**	**(24.6)**	**144.0**
Total assets	**1,485.3**	**686.4**	**108.3**	**2,280.0**
Total liabilities	**302.7**	**185.0**	**987.9**	**1,475.6**
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
For the three months ended March 31, 2018				
Purchase of property, plant and equipment	**6.6**	**3.7**	**0.1**	**10.4**
For the three months ended March 31, 2017				
Purchase of property, plant and equipment	6.5	3.7	–	10.2

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

20. Geographical Information

	Canada	United States	Other	Total Consolidated
Revenue for the three months ended March 31, 2018	**401.4**	**451.2**	**22.3**	**874.9**
Property, plant and equipment as at March 31, 2018	**602.0**	**393.1**	**46.0**	**1,041.1**
Intangible assets as at March 31, 2018	**36.0**	**50.6**	**–**	**86.6**
Goodwill as at March 31, 2018	**478.0**	**25.4**	**–**	**503.4**
Total assets as at March 31, 2018	**1,517.6**	**709.1**	**53.3**	**2,280.0**
Revenue for the three months ended March 31, 2017	281.7	367.4	26.6	675.7
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 as at December 31, 2017	1,562.4	720.7	53.6	2,336.7

21. Subsequent Events

On April 3, 2018, Superior sold certain retail distillate assets in Pennsylvania to a third party for total cash consideration of $20.7 million (US$16.1 million). As at March 31, 2018, the assets related to this transaction totaling $11.2 million (US$8.7 million) were recorded as held for sale and liabilities totaling $2.1 million (US$1.6 million) were recorded as held for sale.

On April 25, 2018, Superior sold certain wholesale refined fuels business assets located across five states in the northeast U.S., and three pipeline connected terminals located in New York to Sunoco LP for cash consideration of approximately $51.0 million (US$39.5 million), plus net working capital of approximately $20.6 (US$16.0 million). As at March 31, 2018, the assets related to this transaction totaling $59.0 million (US$45.7 million) and liabilities totaling $3.9 (US$3.0 million) were recorded as held for sale.

On April 30, 2018, Superior completed the Canwest asset sales pursuant to the Consent Agreement with the Government of Canada's Competition Bureau in the amount of $11.2M plus working capital of approximately $2.0 million. As at March 31, 2018, the assets related to this transaction totaling $14.2 million were recorded as held for sale.

On May 1, 2018, Superior closed the acquisition of the propane distribution assets of Blue Flame Gas Service, an independent propane distributor in Pennsylvania for $14.1 million (US$11.0 million).

On May 8, 2018, Superior extended and restated its syndicated credit facility with ten lenders, maintaining the size of the facility at $620 million, with no changes to the financial covenants. The facility matures on May 8, 2023 and can be expanded up to $920 million.

On May 8, 2018 the Toronto Stock Exchange (the “TSX”) accepted a notice filed by Superior of its intention to commence a normal course issuer bid (the “NCIB”) with respect to its common shares (“Common Shares”). Under the NCIB, Superior may purchase up to 7.1 million Common Shares, such amount representing 5% of the 142.8 million Common Shares issued and outstanding as at May 1, 2018. The NCIB is subject to additional standard regulatory requirements as set out herein.