

**Superior Plus Corp.**

**TSX: SPB**

# **Bloomberg Fixed Income Conference**

**October 2, 2018**



**Superior Plus**

# Forward-Looking Statements and Information

This presentation is for information purposes only and is not intended to, and should not be construed to constitute, an offer to sell or the solicitation of an offer to buy, securities of Superior Plus Corp. ("Superior"). This presentation and its contents should not be construed, under any circumstances, as investment, tax or legal advice. Any person accepting delivery of this presentation acknowledges the need to conduct their own thorough investigation into Superior and its activities before considering any investment in its securities. Certain information included herein and certain oral statements made by management are 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 and operating results (including those in the area of risk management), economic or market conditions, and the outlook of or involving Superior Plus Corp., Superior Plus LP ("Superior LP") and its businesses. Such information is typically identified by words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "plan", "intend", "forecast", "future", "guidance", "may", "predict", "project", "should", "strategy", "target", "will" or similar expressions suggesting future outcomes.

Forward-looking information in this document includes: the amount and timing of the expected synergies from NGL Propane, the Evolution 2020 aspirational goal which assumes no material divestitures of existing businesses and is based on non-organic growth through acquisitions (including synergies) estimated to contribute approximately \$10 million to \$70 million in EBITDA; organic growth initiatives throughout all divisions to 2020 anticipated to provide approximately \$30 million to \$50 million in EBITDA, representing a 3-5% compound annual growth rate to 2020; and the anticipated recovery in the chlor-alkali sector within the Specialty Chemicals division anticipated to provide \$10 million to \$30 million in incremental EBITDA to 2020 EBITDA from operations. The updated ("new") Evolution 2020 goal which is consistent with the original evolution 2020 goal assumes U.S. Propane Distribution grows by over \$160 million which includes the addition of normalized EBITDA of NGL Propane and anticipated run-rate synergies from NGL Propane. Canwest Propane ("Canwest") run-rate synergies (including amount and timing), tank sensor installation goal of 100,000 sensors by 2020, AOCF per share accretion, the pro forma Adjusted EBITDA, payout ratio, sale volumes, total debt to adjusted EBITDA, Superior's consolidated 2018 AOCF per share guidance, 2018 Adjusted EBITDA guidance, 2018 estimated capital spending, run rate maintenance capital spend for U.S. Propane Distribution, future financial position, deleveraging from 3.7x after closing the NGL Propane transaction to 3.0x by 2020 assuming free cash flow generated by NGL Propane is used for debt repayment, consolidated and business segment outlooks, expected EBITDA from operations, expected leverage ratios, expected future taxes, 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, 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, future taxes, the impact of contracts for commodities, demand for propane, heating oil and similar products, demand for chemicals including sodium chlorate, chlor-alkali, and potassium, and sodium chlorite, effect of operational and technological improvements, future working capital levels, expected governmental regulatory regimes and legislation and their expected impact on regulatory and legislative compliance costs, expectations for the outcome of existing or potential legal and contractual claims, Superior's ability to obtain financing on acceptable terms, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior LP.

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

By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond our control, Superior's or Superior LP's actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value and potential synergies when making acquisitions, increases in debt service charges, the loss of key personnel, fluctuations in foreign currency, exchange rates and commodity prices, 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, risks related to integrating the NGL business, assumption of NGL's liabilities, counterparty risk relating to obligations of the vendor of NGL and regulatory risks relating to NGL Propane, and the risks and assumptions identified in (i) our second quarter MD&A under the heading "Risk Factors" and (ii) Superior's most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

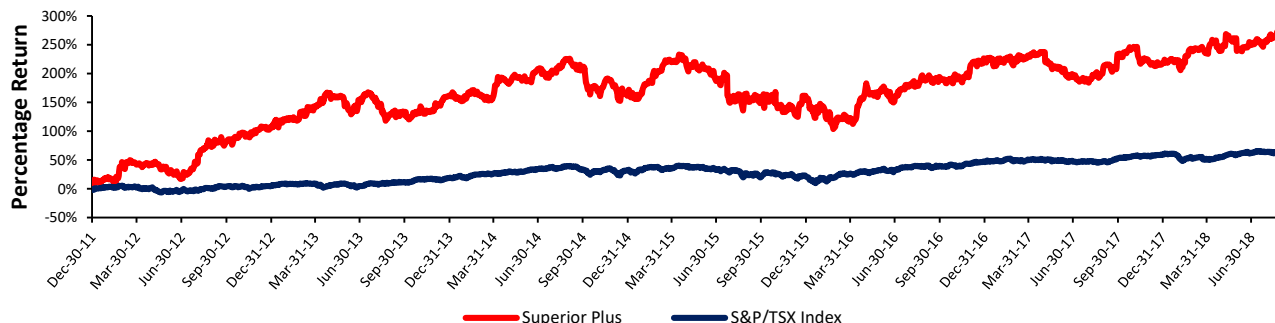
When relying on our forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking information is provided as of the date of this document and, except as required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

See Superior's Q2 2018 MD&A for definitions related to Non-GAAP Financial Measures.

All figures shown in Canadian Dollars ("CAD") unless otherwise stated.

# Superior Plus Overview

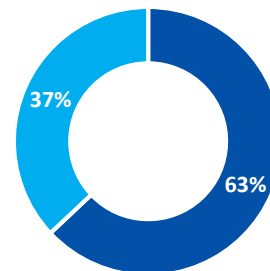
Performance vs. S&P/TSX to September 21, 2018<sup>(1)</sup>



> Superior Plus delivered 176% in cumulative total shareholder return<sup>(1)</sup>

TTM Q2 2018 EBITDA from Operations<sup>(4)</sup>

Shares outstanding <sup>(2)</sup>	174.8 million
TSX share price <sup>(2)</sup>	\$12.70
Market Capitalization <sup>(2)</sup>	\$2.2 billion
Enterprise value <sup>(3)</sup>	\$3.9 billion
Monthly dividend per share	\$0.06
Dividend Yield <sup>(2)</sup>	5.5%
EBITDA from operations <sup>(4)</sup>	\$357.8 million
Debt/Adjusted EBITDA <sup>(5)</sup>	3.7x



■ Energy Distribution ■ Specialty Chemicals

(1) Total shareholder calculation assumes reinvestment of dividends. Source: Bloomberg.

(2) Shares outstanding and share price as at September 27, 2018.

(3) Total debt as of July 10, 2018.

(4) See "Non-GAAP Financial Measures". Trailing Twelve Months ("TTM") Q2 2018 EBITDA from Operations, pro forma Canwest Propane, and excludes acquisition of NGL Propane.

(5) Represents 3.7x Adjusted EBITDA at transaction close defined by Superior. Including annualized run-rate synergies at NGL transaction close. See "Non-GAAP Financial Measures".

# Recent Developments

- > Announced the acquisition of Porco Energy Corp., an independent propane distributor in New York serving residential and commercial customers, on September 18, 2018.
- > Announced the acquisition of United Pacific Energy on September 14, 2018, an independent wholesale propane and butane distributor in California.
- > Second quarter results announced in August; AOCF per share<sup>(1)</sup> of \$0.21 , a 11% increase over Q2-17;
- > Completed the acquisition of the assets of NGL Propane Retail East (“NGL Propane”) on July 10, 2018 for total consideration of US \$896.5 million (CAD \$1.2 billion);
  - The acquisition provides an established platform to execute on further expansion opportunities in the U.S. with a contiguous presence throughout the Eastern U.S.

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

# Our Businesses

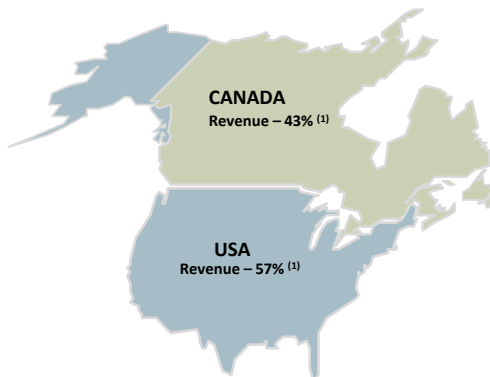
## Energy Distribution

- Leading distributor and marketer of propane in Canada
- Distribution of retail and wholesale propane and distillates in the Eastern U.S.
- Wholesale propane marketing
- Approximately 63% of EBITDA from operations<sup>(2)</sup>

## Specialty Chemicals

Production and sales of:

- Sodium Chlorate products in North America
- Chlor-alkali and related products in North America
- Sodium Chlorate in Chile, South America
- Export sales represent ~16% of North American production<sup>(3)</sup>
- Approximately 37% of EBITDA from operations<sup>(2)</sup>



Energy Distribution and Chemicals have:

- > Solid industry positions
- > Attractive acquisition opportunities
- > Sustainable free cash flow models
- > Opportunities for geographic and market expansion

(1) Based on TTM Q2 2018. Not pro forma acquisition of NGL Propane. USA includes results from Chile, representing ~4% of gross revenue.

(2) Based on TTM Q2 2018. Not pro forma acquisition of NGL Propane. See “Non-GAAP financial measures”.

(3) Based on 2017 volumes.

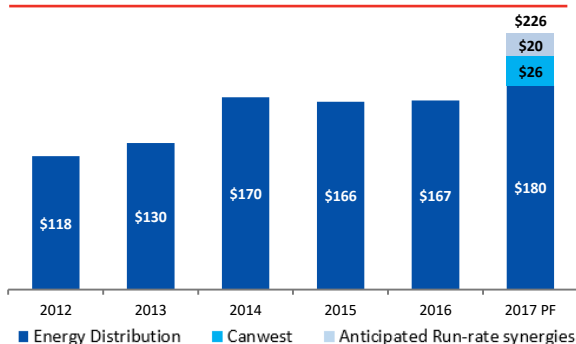
# Energy Distribution - Segment Summary

## Business Summary

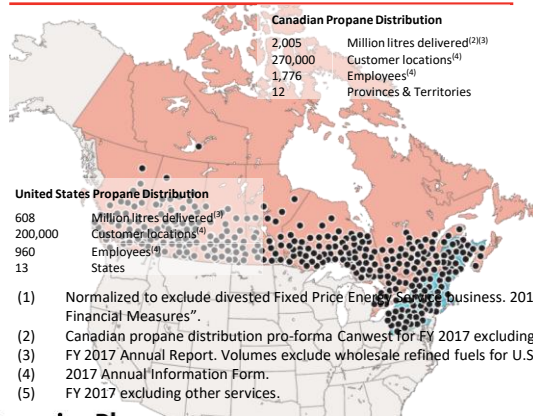
- ✓ Leading retail supplier of propane in Canada and established footprint in U.S. Northeast propane and refined fuels markets
- ✓ Growth opportunities through new markets and industry consolidation
- ✓ Leading competitive position with full service capabilities
- ✓ Technological improvements and productivity initiatives resulting in reduced costs and enhanced returns

## Financial Overview (C\$ mm)

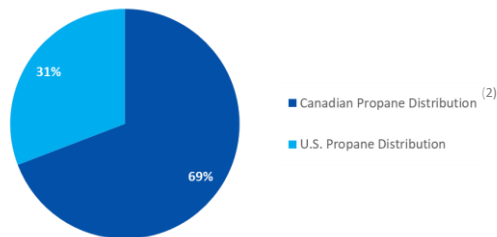
### EBITDA from Operations<sup>(1)</sup>



## Geographic Footprint



## Gross Profit Contribution<sup>(5)</sup>



- (1) Normalized to exclude divested Fixed Price Energy Service business. 2017 PF represents pro-forma Canwest for FY 2017 including anticipated synergies. See "Non-GAAP Financial Measures".
- (2) Canadian propane distribution pro-forma Canwest for FY 2017 excluding anticipated synergies.
- (3) FY 2017 Annual Report. Volumes exclude wholesale refined fuels for U.S. propane distribution. Not pro forma acquisition of NGL Propane.
- (4) 2017 Annual Information Form.
- (5) FY 2017 excluding other services.



# Specialty Chemicals - Segment Summary

## Business Summary

- ✓ One of North America's largest producers and supplier of sodium chlorate, chlor-alkali and sodium chlorite
- ✓ Diversified end market and customer exposure, with key verticals including pulp & paper, oil & gas and water treatment
- ✓ Strategic Americas production footprint being proximate to rail lines and major customers affords delivered cost advantages
- ✓ Exposure to attractive growth trends in finished product end markets, particularly in emerging economies

## Geographic Footprint

### North America

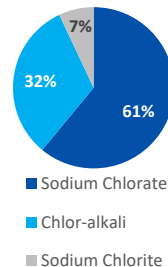
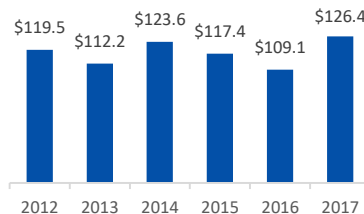
### South America

Production facilities located at 9 sites across North America and one facility in Chile<sup>(3)</sup>

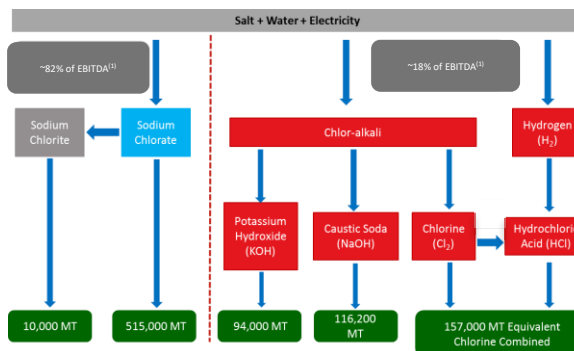


## Financial Overview (C\$ mm)

### EBITDA from Operations<sup>(1)(2)</sup>



## Product Diversification



(1) Based on 2017 EBITDA from Operations. See "Non-GAAP Financial Measures".

(2) Pie chart refers to 2017 FY. See "Non-GAAP Financial Measures".

(3) 2017 Annual Information Form.



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# NGL Propane Acquisition



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# Transaction Overview

## Transaction Overview

- Superior Plus Corp. (“Superior”) acquired all of the outstanding equity interest in NGL Propane, LLC (“NGL Propane”) from NGL Energy Partners LP (“NGL”) (NYSE:NGL), its retail propane distribution business (the “Transaction”)
- Total cash consideration of US\$900 million (CAD\$1.17 billion)
- Represents a purchase multiple of approximately 8.2x the normalized EBITDA<sup>(1)</sup> of US\$110 million (CAD\$143 million) including run-rate synergies<sup>(2)</sup>

## Overview of NGL Propane

- NGL Propane sells propane and distillates to over 316,000 residential, commercial and industrial customers
- Services 22 states in the Northeast U.S., Southeast U.S. and Upper Midwest U.S. with over 150 locations
- Leading retail focused brands including; Osterman Propane, Downeast Energy, Eastern Propane, Atlantic Propane, Athem Propane, Gas Inc. and Brantley Gas

## Synergies and Accretion

- Transaction is anticipated to generate annual run-rate synergies of US\$20-25 million (CAD\$26-32 million)
- Immediately accretive to adjusted operating cash flow (“AOCF”)<sup>(1)</sup> per share and is expected to be double-digit accretive including run-rate synergies<sup>(2)</sup>

## Financing Structure

- The Transaction was fully financed through
  - Concurrent with the Transaction announcement, Superior announced a CAD\$400 million bought deal equity offering of subscription receipts
  - 7% US\$350 million (CAD\$455 million) senior unsecured note issuance due 2026
  - Add-on of CAD\$150 million to the 5.125% senior unsecured notes due 2025
  - Remaining CAD\$165 million funded through Superior’s existing credit facility

(1) See “Non-GAAP financial measures”.

(2) Assumes US\$20 million (CAD \$26 million) in synergies.

# Strategic Rationale and Credit Highlights

## Strategic Rationale

### Aligned With Core Strategy

- Investments within established businesses that generate strong free cash flow with solid positions in desirable geographies with opportunities for future expansion
- High-quality, stable, and predictable cash flow and earnings profile derived from a business with loyal customers and stable residential margins

### Highly Complementary & Strategic

- Strong strategic fit between operations, culture, employees and management
- Opportunity to leverage value-added technology across retail propane business line

### Improved Size & Scale

- Superior's enterprise value increases to \$3.9 billion from \$2.7 billion<sup>(1)</sup>
- Improves liquidity and access to capital markets

### Strong Growth Opportunities in the U.S.

- Strengthens Superior's presence in the North Eastern U.S. and provides a continuous platform throughout the Eastern U.S., increasing expansion opportunities
- Increased synergy opportunities on future acquisitions

### Leverages Superior's Existing Expertise

- Strong strategic fit provides an opportunity to accelerate growth in the U.S.
- Greatly enhances capabilities to expand the digital service offering and operating platform

### Strong Cash Flow Accretion

- Immediately accretive to AOCF before the realization of any synergies<sup>(2)</sup>
- Expected to generate substantial synergies of US\$20 - \$25 million of run-rate synergies improving AOCF accretion into the double digits

### Rapid Deleveraging Profile

- Total leverage of 3.7x (includes annualized run-rate synergies) Adjusted EBITDA<sup>(3)(4)</sup> at transaction close

(1) Based on share price and total debt as at June 1, 2018 plus estimated transaction value of ~1.2B CAD for NGL Propane transaction.

(2) Pro forma basis assuming full year contribution.

(3) Including annualized run-rate synergies.

(4) Represents 3.7x Adjusted EBITDA defined by Superior. See "Non-GAAP Financial Measures".



# Aligned with Superior's Core Strategy

## Business Overview

- NGL Propane sells propane and distillates to residential, commercial and industrial customers in 22 states
  - Over 316,000 customers with approximately 182 million gallons sold in FY2018
- Over 150 locations (including 61 satellite distribution locations)
- 85% of EBITDA derived from high heating degree day<sup>(1)</sup> areas in North Eastern U.S.
- 331 bulk storage tanks (13 million gallons of propane storage and 5.5 million gallons of distillate storage)
- Fleet of over 1,000 vehicles (99% owned) including bulk delivery trucks, other service trucks, semi-tractors and propane transport trailer
- Over 1,000 employees

## Loyal and Stable Customer Base

- Focus on high margin residential customers
  - Residential customers represent approximately 67% of customer base
  - Approximately 72% of retail volumes delivered through automatic refills which maximize delivery efficiencies and enhances customer loyalty
- Provision of company-owned tanks facilitates stronger customer loyalty
- High level of customer service provided by long tenured employees
- Focus on markets where there is a competitive advantage

Company Owned Tanks: ~85%



Note: NGL Propane fiscal year values reflect March 31<sup>st</sup> year end.

(1) Heating degree day is defined as the number of Fahrenheit degrees the daily average temperature is below 65°F (18.3°C).



Superior Plus

# 2018 Areas of Focus

<b>Superior Plus</b>	<ul style="list-style-type: none"><li>&gt; Execution on key themes of Evolution 2020<ul style="list-style-type: none"><li>• Internal growth</li><li>• Continuous improvement programs</li><li>• Talent management</li><li>• Sustainable capital structure and cash flow profile</li><li>• Continued focus on acquisitions</li></ul></li></ul>
<b>Energy Distribution</b>	<ul style="list-style-type: none"><li>&gt; Integration of NGL Propane</li><li>&gt; Integration of Canwest Propane</li><li>&gt; Strategic tuck-in acquisitions<ul style="list-style-type: none"><li>• Completed 5 tuck-in acquisitions</li></ul></li><li>&gt; Continuous focus on cost improvement</li><li>&gt; Investment in sales and marketing in support of growth</li></ul>
<b>Specialty Chemicals</b>	<ul style="list-style-type: none"><li>&gt; Focus on plant optimization and logistics</li><li>&gt; Developing advanced sales and marketing approach</li><li>&gt; Maintaining excellent customer partner relationships</li><li>&gt; Continue to develop export market</li><li>&gt; Strategic acquisitions</li></ul>

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# Financial Overview



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# 2018 Second Quarter Results

<i>(millions of dollars except per share amounts)</i>	<b>Q2 2018</b>	<b>Q2 2017</b>	<b>TTM Q2 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>
Energy Distribution	19	12.8	223.9	180.4	167.4
Specialty Chemicals	30.7	28.4	133.9	126.4	109.1
<b>EBITDA from operations</b>	<b>49.7</b>	<b>41.2</b>	<b>357.8</b>	<b>306.8</b>	<b>276.5</b>
Income from Canwest Propane	-	2.8	-	11.9	-
Corporate costs	(5.0)	(2.0)	(24.6)	(21.6)	(20.2)
Realized losses on foreign currency hedging contracts	(1.9)	(1.7)	0.3	0.5	(26.0)
<b>Adjusted EBITDA</b>	<b>42.8</b>	<b>40.3</b>	<b>333.5</b>	<b>297.6</b>	<b>230.3</b>
Interest expense	(11.4)	(11.2)	(44.0)	(43.8)	(35.6)
Cash taxes	(2.1)	(1.6)	(3.8)	(3.3)	(4.9)
<b>Adjusted operating cash flow before transaction and other costs</b>	<b>29.3</b>	<b>27.5</b>	<b>285.7</b>	<b>250.5</b>	<b>189.8</b>
Adjusted operating cash flow per share before transaction and other costs	\$0.21	\$0.19	\$2.00	\$1.75	\$1.34
Average number of shares outstanding (millions)	142.8	142.8	142.8	142.8	142.1

- > Second quarter Adjusted EBITDA was \$42.8 million, a \$2.5 million or 6% increase over the prior year quarter primarily due to higher Specialty Chemicals EBITDA from operations and Energy Distribution EBITDA from operations, partially offset by higher corporate costs
- > AOCF per share before transaction and other costs during the second quarter was \$0.21, 11% higher than the prior year quarter due to an increase in Adjusted EBITDA, offset in part by increased cash tax expenses.

(1) Superior's TTM Q2 2018 includes pro forma Canwest. Not pro forma NGL Propane.

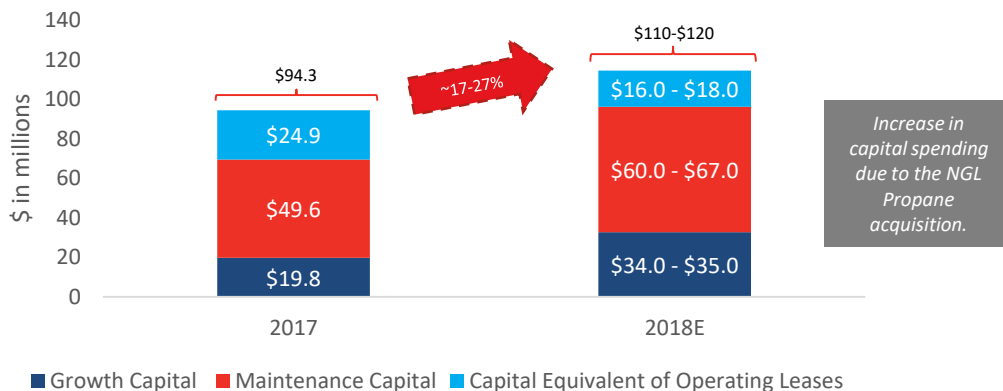
(2) Superior's 2018 Q2 and 2017 Q2 results as per 2018 second quarter earnings release.

(3) Superior's FY 2017 and FY 2016 as per 2017 annual report.

# 2018 Financial Outlook and Capital Spend

	2018
Adjusted Operating cash flow per share <sup>(1)(2)</sup>	\$1.75 - \$1.95
Adjusted EBITDA <sup>(1)(2)</sup>	\$345.0M - \$375.0M
Total Debt to Adjusted EBITDA <sup>(1)(2)</sup>	3.8X – 4.2X

## 2017 Actuals and 2018 Estimated Capital Spending <sup>(2)(3)(4)(5)</sup>

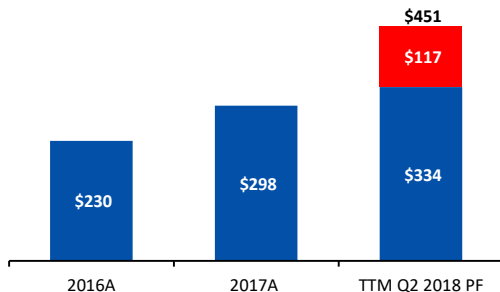


- (1) Per 2018 Second Quarter MD&A. See "Non-GAAP Financial Measures".
- (2) See "Forward-Looking Statements and Information".
- (3) Growth Capital includes efficiency and process improvement capital.
- (4) 2017 capital spend excludes acquisition capital of \$149.3 million from acquisitions completed in 2017.
- (5) Maintenance capital is net of disposals.

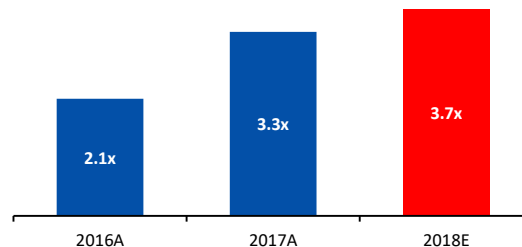


# Credit Statistics

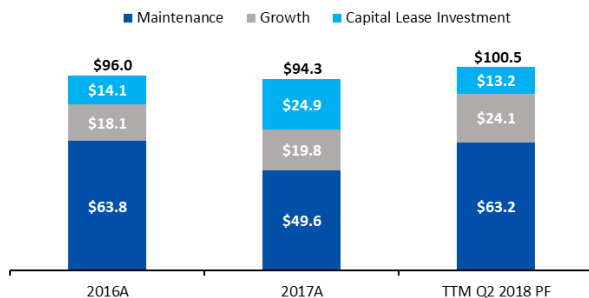
Adjusted EBITDA<sup>(1)(2)</sup> (C\$ millions)



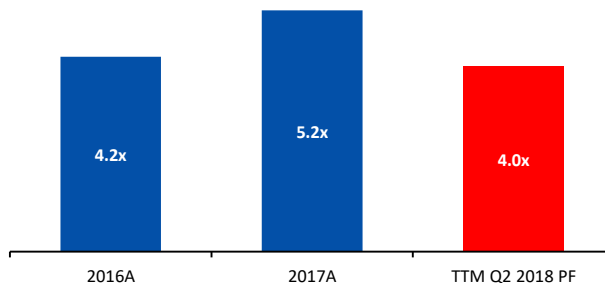
Debt / Adjusted EBITDA<sup>(1)(3)</sup>



Total Capital Spend<sup>(1)(4)</sup> (C\$ millions)



Fixed Charge Coverage Ratio<sup>(5)</sup>



(1) 2016A as per 2016 Annual Report. 2017A as per 2017 Annual Report. Not pro forma NGL Propane. See "Non-GAAP Financial Measures".

(2) TTM Q2 2018 pro forma NGL Propane anticipated Adjusted EBITDA of \$90 million USD (\$117 million CAD assuming USDCAD FX rate of 1.30).

(3) 2018E pro forma NGL Propane at transaction close, including annualized run-rate synergies. Represents Total Debt/Adjusted EBITDA defined by Superior. See "Non-GAAP Financial Measures".

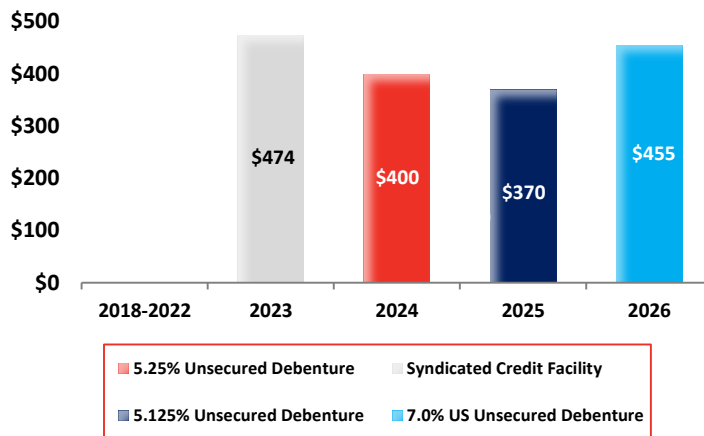
(4) Maintenance capital net of disposals and excludes property, plant and equipment acquired through acquisitions. TTM Q2 2018 pro forma NGL anticipated capital expenditures of ~\$20 million.

(5) TTM Q2 2018 pro forma NGL Propane. Excluding annualized run-rate synergies.

# Debt Maturity Profile

- > Superior has a staggered balanced maturity profile with no material maturities until 2023
- > NGL transaction financed with a C\$150 million upsize of existing 5.125% unsecured debentures, \$400 million equity offering, 7.0% \$350 million US<sup>(1)</sup> unsecured debenture and incremental credit facility borrowing
- > Prudent capital management
- > Long-term Debt to Adjusted EBITDA target of 3.0x
- > Payout Ratio of 40 – 60%<sup>(2)</sup>
- > Credit facility extended to 2023 and increased to \$750 million
  - > \$474 million was drawn on the credit facility as at September 25, 2018

Debt Maturity Schedule (C\$ millions)



## Credit Rating Summary

	S&P		DBRS		Moody's	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Corporate Issuer Rating	BB	Negative	BB (high)	Stable	Ba2	Stable
Senior Unsecured	BB	Negative	BB	Stable	Ba3	Stable

(1) 7% US high yield debenture is converted to \$CAD at the USD/CAD exchange rate of 1.30.

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



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# Summary



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# Evolution 2020 Business Overview

## Energy Distribution

- > An ideal industry to grow through acquisitions and immediately leverage our solid platform, including:
  - Increased provision of value-added services
  - Utilizing our supply cost advantage
  - Maximizing logistics capabilities
- > Acquisition strategy focused on retail and wholesale propane
  - NGL acquisition in the US significantly increases footprint and improves platform for future acquisitions

## Specialty Chemicals

- > Focus on sodium chlorate optimization and sales strategy:
  - Improved go-to-market strategy
  - Increase export volumes
- > Increase direct customer sales initiatives in chlor-alkali
- > Improve operations and marketing for chlor-alkali recovery
- > Source strategic acquisition opportunities

# Investment Highlights

## > Industry Leadership

- Experienced management team
- Best-in-class operations
- Continuing focus to create value through differentiation and digitalization

## > Safety and Environment Commitment

- Continue to be an industry leader in safety compliance and regulation
- Ensure all employees operate safely

## > Strong Financial Profile

- Strong free cash flow generation
- Access to capital and liquidity to fund NGL transaction and future growth
- Attractive dividend yield

## > Compelling Growth Prospects

- Numerous unique organic growth opportunities currently under evaluation
- Disciplined and focused capital allocation strategy

# Non-GAAP Financial Measures

Throughout the presentation, 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 businesses. Since non-GAAP financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies, securities regulations require that non-GAAP financial measures are clearly defined, qualified and reconciled to their nearest GAAP financial measures. Except as otherwise indicated, these Non-GAAP financial measures are calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods. The intent of non-GAAP financial measures is to provide additional useful information to investors and analysts and the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate non-GAAP financial measures differently.

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

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

## **Adjusted Operating Cash Flow**

AOCF is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, other expenses, non-cash interest expense, current income taxes and finance costs. Superior may deduct or include additional items in its calculation of AOCF; these items would generally, but not necessarily, be items of a non-recurring nature. AOCF is the main performance measure used by management and investors to evaluate Superior's performance. AOCF represents cash flow generated by Superior that is available for, but not necessarily limited to, changes in working capital requirements, investing activities and financing activities of Superior. Please see the "Adjusted Operating Cash Flow Reconciled to Net Cash Flow from Operating Activities" section of Superior's Q2 2018 MD&A.

## **Adjusted EBITDA**

For the purposes of this presentation Adjusted EBITDA represents earnings before taxes, depreciation, amortization, finance expense, and certain other non-cash expenses and transaction and other costs deemed to be non-recurring, and is used by Superior to assess its consolidated results and ability to service debt. The EBITDA of Superior's operating segments may be referred to as EBITDA from operations. Please see the "Reconciliation of Net Earnings before Income Taxes to Adjusted EBITDA" section of Superior's Q2 2018 MD&A.

## **EBITDA from operations**

EBITDA from operations is defined as adjusted EBITDA excluding gains/(losses) on foreign currency hedging contracts, corporate costs and transaction and other costs. For purposes of this presentation, foreign currency hedging contract gains and losses are excluded from the results of the operating segments. EBITDA from Operations is used by Superior and investors to assess the results of its operating segments. Please see the "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs" section of Superior's Q2 2018 MD&A.

## **Payout Ratio**

Payout ratio represents dividends paid as a percentage of AOCF before transaction and other costs less maintenance capital expenditures, CRA payments and capital lease repayments and is used by Superior to assess its financial results and leverage. Payout ratio is not a defined performance under GAAP. Superior's calculation of payout ratio may differ from similar calculations provided by comparable entities.

For additional information with respect to financial measures which have not been identified by GAAP, including reconciliations to the closest comparable GAAP measure, see Superior's Q2 2018 MD&A, available on SEDAR at [www.sedar.com](http://www.sedar.com)

NGL Non-GAAP Financial Measures measures are identified and defined as follows:

## **Fiscal 2018 Adjusted EBITDA**

Adjusted EBITDA of NGL Propane is defined as fiscal 2018 net income attributable to the Company per US GAAP adjusted for depreciation and amortization, loss or gain on disposal of assets, equity-based compensation expense, interest expense and net income attributable to redeemable non-controlling interest.

## **Normalized EBITDA**

Normalized EBITDA represents Fiscal 2018 Adjusted EBITDA of NGL Propane adjusted for the pro forma impact of acquisitions completed in the twelve months ending 2018.

Please see the following Appendix for a reconciliation of Fiscal 2018 Adjusted EBITDA and Normalized EBITDA to net earnings.

# Appendix: NGL Propane EBITDA Reconciliation

## NGL Propane EBITDA Reconciliation (US\$ 000s)

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### NGL Propane

Year Ended March 31, 2018

Net earnings	\$43,994
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#### Add back:

Depreciation	\$36,945
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Non-controlling interest	\$1,340
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(Gain) loss on disposal of assets	\$1,365
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Stock-based comp.	\$1,358
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Finance expense	\$413
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<b>Adjusted EBITDA</b>	<b>\$85,415</b>
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#### Normalization adjustments

Pro forma EBITDA on acquisitions in FY2018	\$4,495
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<b>Normalized EBITDA</b>	<b>\$89,910</b>
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