Q1

For the three months ended March 31, 2019

TSX: SPB **May 9, 2019**

Superior Plus Corp. Announces Record First Quarter Adjusted EBITDA of $239.9 million and Increases 2019 Adjusted EBITDA Guidance

Superior Plus Corp. ("Superior") (TSX:SPB) announced today the financial and operating results for the first quarter ended March 31, 2019. Unless otherwise stated, all financial figures are expressed in Canadian dollars.

"We were able to achieve record results again for the first quarter. The significant contribution from the NGL acquisition and the tuck-in acquisitions completed in 2018 as well as our ability to execute on the integration and the realized synergies from our acquisitions has helped us in achieving our *Evolution 2020* initiatives ahead of our expectations," said Luc Desjardins, Superior's President and Chief Executive Officer. "In 2019, we will continue our focus on growing our Energy Distribution business organically and through acquisitions as well as leveraging our digitalization strategy and superior operating platform to reduce operating expenses".

Business and Financial Highlights

- Superior achieved record first quarter Adjusted EBITDA of $239.9 million, a $87.3 million or 57% increase over the prior year quarter primarily due to higher U.S. propane distribution ("U.S. Propane") EBITDA from operations as well as higher EBITDA from operations in Canadian propane distribution ("Canadian Propane") and Specialty Chemicals. The adoption of IFRS 16 in the first quarter of 2019 resulted in a $9.2 million increase in EBITDA from operations on a consolidated basis.
- Superior also achieved record adjusted operating cash flow ("AOCF") before transaction and other costs for the first quarter of $211.0 million, a $72.9 million or 53% increase compared to the prior year quarter primarily due to the higher EBITDA from operations noted above, partially offset by higher interest expense and cash income taxes. AOCF before transaction and other costs per share was $1.21, 25% higher than the prior year quarter due to the increase in AOCF and offset in part by the increase in weighted average shares outstanding. The increase in weighted average shares outstanding was a result of the equity financing related to the acquisition of NGL Retail East ("NGL").
- Superior had net earnings of $158.7 million in the first quarter, $113.7 million or 253% higher than the prior year quarter primarily due to an increase in revenue and gross profit as well as a realized gain on derivative financial instruments compared to a realized loss in the prior year quarter. The increase in net earnings was partially offset by higher selling, distribution and administrative costs and finance expense.
- Due to the strong 2019 first quarter results and the impact of the IFRS 16 adoption, Superior is updating its 2019 Adjusted EBITDA range to $490 million to $530 million, which increases the midpoint to $510 million.

- In the first quarter, U.S. Propane achieved approximately US $5.7 million in synergies related to the NGL acquisition. The realized synergies were primarily due to supply chain efficiencies, margin management improvements and operational expense savings. Superior expects to achieve US $20 million in run-rate synergies exiting 2019, which is a year ahead of previous expectations of achieving US $20 million in run-rate synergies by the end of 2020.
- U.S. Propane achieved record EBITDA from operations for the first quarter of $125.4 million, an increase of $84.8 million or 209% compared to the prior year quarter primarily due to the contribution from the NGL and tuck-in acquisitions completed in 2018 and higher average unit margins. U.S. Propane residential sales volumes were 375 million litres, 240 million litres higher than prior year quarter due to the incremental volumes from NGL and tuck-in acquisitions completed in 2018. Total volumes increased 93 million litres as the increase in residential volumes was offset in part by lower wholesale volumes due to the sale of certain refined fuel assets and the wholesale business in the second quarter of 2018. Average U.S. Propane sales margins in the first quarter were 39.6 cents per litre compared to 20.3 cents per litre in the prior year quarter primarily due to the higher proportion of residential sales volumes, sales and marketing and integration initiatives and the positive impact of the weaker Canadian dollar on the translation of U.S. denominated gross profit.
- Canadian Propane achieved strong EBITDA from operations for the first quarter of $84.3 million, an increase of $4.4 million or 6% compared to the prior year quarter primarily due to the contribution from the United Pacific Energy ("UPE") acquisition, realized synergies from Canwest, and the impact of the IFRS 16 adoption, partially offset by lower oilfield volumes and lower average unit margins. Oilfield volumes decreased due to reduced activity in Western Canada, and average unit margins decreased due to the impact of the higher proportion of wholesale propane volumes related to UPE. Retail propane margins, which exclude wholesale volumes, were 5% higher than the prior year quarter due to customer mix.
- Specialty Chemicals EBITDA from operations for the first quarter was $39.6 million, an increase of $1.5 million or 4% compared to the prior year quarter primarily due to the impact of the adoption of IFRS 16 and higher gross profit, partially offset by higher freight costs. Gross profit increased due to higher sodium chlorate and chlor-alkali sales prices, partially offset by lower hydrochloric acid, caustic soda and sodium chlorate sales volumes and higher electricity mill rates at Superior's North American plants.
- On May 8, 2019, Superior's wholly-owned subsidiaries Superior Plus LP, Superior Plus US Financing Inc. and Commercial E Industrial ERCO (Chile) Limitada completed an extension of its $750 million syndicated credit facility with ten lenders. The syndicated credit facility will now mature on May 8, 2024 with no changes to the financial covenants and can be expanded up to $1,050 million.

Financial Overview

	Three Months Ended March 31	
(millions of dollars, except per share amounts)	**2019**	**2018**
Revenue	**1,024.1**	874.9
Gross Profit	**411.8**	289.2
Net earnings	**158.7**	45.0
Net earnings per share, basic and diluted (1)	**$0.91**	$0.32
EBITDA from operations (2)	**249.3**	158.6
Adjusted EBITDA (2)	**239.9**	152.6
Net cash flows from operating activities	**112.2**	60.6
Net cash flows from operating activities per share – basic and diluted (1)	**$0.64**	$0.42
AOCF before transaction and other costs (2)(3)	**211.0**	138.1

AOCF before transaction and other costs per share – basic and diluted (1)(2)(3)	**$1.21**	$0.97
AOCF (2)	**206.0**	130.7
AOCF per share– basic and diluted (1)(2)	**$1.18**	$0.91
Cash dividends declared	**31.5**	25.7
Cash dividends declared per share	**$0.18**	$0.18

(1) The weighted average number of shares outstanding for the three ended March 31, 2019 is 174.9 million (March 31, 2018 – 142.8 million). There were no dilutive instruments with respect to AOCF per share, net earnings per share or net cash flows from operating activities per share for the three months ended March 31, 2019 or 2018.

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

(3) Transaction and other costs for the three months ended March 31, 2019 and 2018 are primarily related to integration activities and costs associated with acquisitions. Refer to "Transaction and Other Costs" in the MD&A for further details.

Segmented Information

	Three months ended March 31	
(millions of dollars)	**2019**	2018
EBITDA from operations(1)		
Canadian Propane Distribution	**84.3**	79.9
U.S. Propane Distribution	**125.4**	40.6
Specialty Chemicals	**39.6**	38.1
	249.3	158.6

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

Evolution 2020 Update

- In the first quarter, Canadian Propane achieved approximately $1.0 million in synergies related to the integration of Canwest, which increases the run-rate to $17.5 million. Superior expects to achieve $21.5 million in run-rate synergies by the third quarter of 2019.
- On April 1, 2019 Superior closed the acquisition of the propane distribution assets of Phelps Sungas. Inc and BMK of Geneva, Inc. ("Phelps"), an independent propane distributor in upstate New York for total consideration of US$19.5 million (CDN $26.0 million), which includes an adjustment for net working capital. The Phelps acquisition is the first tuck-in acquisition of 2019, and Superior continues to evaluate other opportunities to acquire retail propane distribution assets in the Eastern U.S. and California.
- On May 3, 2019, Superior acquired the Sheldon Gas Company ("Sheldon"), an independent propane distributor and terminal operator in Northern California, serving residential, agricultural and commercial customers (the "Sheldon Acquisition"). The purchase price was paid with cash from Superior's credit facility. The Sheldon Acquisition adds 2.6 million gallons (9.8 million litres) of retail propane distribution sales volumes to Superior's U.S. Propane Distribution operations, and provides Superior with a retail propane footprint in California. Superior also acquired the majority ownership in the Sheldon United Terminal as part of the Sheldon Acquisition. Superior had already obtained a minority interest in the Sheldon United Terminal as part of the acquisition of United Pacific Energy.

Debt Management and Leverage Update

Superior is focused on managing its total debt and its total debt to Adjusted EBITDA ratio. Superior's total debt as at March 31, 2019 was $1,972 million, an increase of $86 million from December 31, 2018, primarily due to the impact of the adoption of IFRS 16, which increased debt by $171 million. Superior's debt for credit facility and note indenture covenant calculations ("Senior debt") excludes the impact of IFRS 16, and was $1,801 million as at March 31, 2019, which was a decrease of $85 million from December 31, 2018 primarily due to cash generated from operations. Credit Facility EBITDA, which excludes the impact of IFRS 16 for the trailing twelve months ended March 31, 2019 was $457 million. See "Non-GAAP Financial Measures" for the definition of Credit Facility EBITDA and the MD&A for the reconciliation from Adjusted EBITDA. Superior's Senior Debt to Credit Facility EBITDA ratio as at March 31, 2019 was 3.9x compared to 4.2x as at December 31, 2018.

Superior anticipates its Senior Debt to Credit Facility EBITDA leverage ratio ("Credit Facility leverage ratio") as at December 31, 2019 will be in the range of 3.6x to 4.0x. Superior estimates the total debt to Adjusted EBITDA leverage ratio at December 31, 2019 would be 0.1x higher than the Credit Facility leverage ratio due to the impact of IFRS 16.

Superior is well within its covenants related the credit facility and the note indentures. Superior also had available liquidity of $229 million available under the credit facility as at March 31, 2019.

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, 2019 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.

2019 First Quarter Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2019 First quarter Results at 4:00 p.m. EDT on Thursday, May 9, 2019. To participate in the call, dial: 1-844-389-8661. Internet users can listen to the call live and watch the presentation, or as an archived call on Superior's website at www.superiorplus.com under the Events section.

Annual General Meeting and 2019 First Quarter Results Presentations

Superior has posted presentations on the Superior website in the Investor Relations section that will be used during the Annual General Meeting and the 2019 First Quarter Conference Call. The Annual General Meeting and First Quarter Results presentations contain information related to Superior's financial results as well as updates on Superior's operations and *Evolution 2020* initiatives.

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, Adjusted EBITDA, Senior Debt, Credit Facility EBITDA and Senior Debt to Credit Facility EBITDA leverage ratio. 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 meanings 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 financial measures and their reconciliations to GAAP financial measures.

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, Adjusted EBITDA and Credit Facility 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. AOCF is reconciled to cash flow from operating activities.

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.

Non-GAAP Financial Measures Used for bank covenant purposes

Senior Debt

Senior Debt includes total borrowing before deferred financing fees and vehicle lease obligations, and excludes the remaining lease obligations. Senior Debt is used by Superior to calculate its debt covenants and other credit information.

Credit Facility EBITDA

Credit Facility EBITDA is defined as Adjusted EBITDA calculated on a 12-month trailing basis giving pro forma effect to acquisitions and dispositions adjusted to the first day of the calculation period, and excludes the impact from the adoption of IFRS 16 and EBITDA from undesignated subsidiaries. Credit Facility EBITDA is used by Superior to calculate its debt covenants and other credit information.

Credit Facility leverage ratio

Credit Facility leverage ratio is defined as Senior Debt divided by Credit Facility EBITDA. Senior Debt to Credit Facility EBITDA is used by Superior for calculation of bank covenants and other credit information.

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, anticipated impact of IFRS 16 on leverage, expected total debt to Adjusted EBITDA ratio, expected Compliance Debt to Compliance EBITDA leverage ratio, business strategy and objectives, development plans and programs, business expansion and cost structure and other improvement projects, weather, product pricing and sourcing, electricity costs, exchange rates, expected synergies from the integration of Canwest, EBITDA and synergies associated with the NGL acquisition, expected seasonality of demand, 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. Additional forward-looking information in this document includes achievement of Evolution 2020 initiatives, 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 Evolution 2020 initiatives also assume 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.

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. 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)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF 2019 FIRST QUARTER RESULTS
MAY 9, 2019

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, 2019 and 2018, as well as forward-looking information about future periods. The information in this MD&A is current to May 9, 2019, and should be read in conjunction with Superior's first quarter 2019 unaudited condensed interim consolidated financial statements and notes thereto as at and for the three months ended March 31, 2019 and 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, 2019 and 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. All tables are for the three months ended March 31 of the period indicated, unless otherwise stated. This MD&A includes forward-looking statements and assumptions. See "Forward-Looking Information" for more details.

Overview of Superior

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

Superior, through its ownership of Superior LP and Superior GP, has three operating segments: Canadian Propane Distribution, U.S. Propane Distribution and Specialty Chemicals. The Canadian Propane Distribution segment includes the Canadian retail business and the wholesale businesses with offices located in Canada and California. The U.S. Propane Distribution segment distributes propane gas and liquid fuels along the Eastern U.S. and into the Midwest. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industry and a regional supplier of chlor-alkali products in the U.S. Midwest and Western Canada. Reportable segment information has also been restated to comply with the current presentation.

Non-GAAP Financial Measures

Throughout the MD&A, Superior has used the following terms that are not defined under Canadian generally accepted accounting principles (GAAP), but are used by management to evaluate the performance of Superior and its businesses: adjusted operating cash flow (AOCF) before and after transaction and other costs, earnings before interest, taxes, depreciation and amortization (EBITDA) from operations, Adjusted EBITDA, Leverage Ratio, Credit Facility EBITDA and Senior Debt. 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, leverage ratio, 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., additional synergies from the integration of Canwest Propane (Canwest), EBITDA and synergies associated with the NGL Propane, LLC (NGL) acquisition, expected seasonality of demand, 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. 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 servicing charges, the loss of key personnel, fluctuations in foreign currency and exchange rates, inadequate insurance coverage, liability for cash taxes, counterparty risk, compliance with environmental laws and regulations, reduced customer demand, operational risks involving Superior's facilities, force majeure, labour relations matters, Superior's ability to access external sources of debt and equity capital, 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, and the risks identified in (i) this MD&A under "Risk Factors" and (ii) Superior's most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

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

FINANCIAL OVERVIEW

Summary of AOCF

(millions of dollars except per share amounts)	Three months ended March 31 2019	2018
Revenue	**1,024.1**	874.9
Gross profit	**411.8**	289.2
EBITDA from operations [(1)]	**249.3**	158.6
Corporate operating and administrative costs	**(5.6)**	(6.0)
Realized gains (losses) on foreign currency hedging contracts	**(3.8)**	–
Adjusted EBITDA [(1)]	**239.9**	152.6
Interest expense	**(26.5)**	(13.1)
Current income tax expense	**(2.4)**	(1.4)
AOCF before transaction and other costs [(1)]	**211.0**	138.1
Transaction and other costs [(2)]	**(5.0)**	(7.4)
AOCF[(1)]	**206.0**	130.7
AOCF per share before transaction and other costs, basic and diluted [(1)(2)(3)]	**$1.21**	$0.97
AOCF per share, basic and diluted [(1)(2)(3)]	**$1.18**	$0.91
Dividends declared per share [(3)]	**$0.18**	$0.18

(1) EBITDA from operations, Adjusted EBITDA, AOCF before transaction and other costs, and AOCF are Non-GAAP measures. See "Non-GAAP Financial Measures".
(2) Transaction and other costs for the three months ended March 31, 2019 and 2018 are related to acquisition activity and the integration of acquisitions. See "Transaction and Other Costs" for further details.
(3) The weighted average number of shares outstanding for the three months ended March 31, 2019 is 174.9 million (March 31, 2018 – 142.8 million). There were no dilutive instruments with respect to AOCF and AOCF before transaction and other costs per share for the three months ended March 31, 2019 and 2018.

Comparable GAAP Financial Information

(millions of dollars except per share amounts)	Three months ended March 31 2019	2018
Net earnings	**158.7**	45.0
Net earnings per share, basic and diluted	**0.91**	0.32
Net cash flows from operating activities	**112.2**	60.6
Net cash flows from operating activities paid per share, basic and diluted	**0.64**	0.42

Segmented Information

(millions of dollars)	Three months ended March 31 2019	2018
EBITDA from operations[(1)]		
Canadian Propane Distribution	**84.3**	79.9
U.S. Propane Distribution	**125.4**	40.6
Specialty Chemicals	**39.6**	38.1
	249.3	158.6

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

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

	Three months ended March 31	
(millions of dollars)	**2019**	2018
Net cash flow from operating activities	**112.2**	60.6
Add (deduct):		
Non-cash interest expense, loss on redemption and other	**1.9**	13.6
Changes in non-cash working capital	**74.0**	67.4
Income taxes paid	**1.8**	-
Interest paid	**46.9**	17.2
Current income tax expense	**(2.4)**	(1.4)
Finance expense recognized in net earnings	**(28.4)**	(26.7)
AOCF [1]	**206.0**	130.7

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

Acquisition of Phelps Sungas, Inc. and BMK Geneva, Inc. (collectively Phelps)

On April 1, 2019, Superior closed the acquisition of the propane distribution assets of Phelps, an independent propane distributor in New York for US$17.5 million (CDN $23.3 million) plus working capital of US$2.0 million (CDN $2.7 million) for total consideration of US$19.5 million (CDN $26.0 million). The acquisition was funded by drawing on Superior's credit facility and deferring US$2.5 million in payments over the next 5 years.

Acquisition of Sheldon Gas Company and Sheldon Oil Company. (collectively Sheldon)

On May 3, 2019, Superior closed the acquisition of the shares of Sheldon, an independent propane distributor in Northern California for US$15.5 million (CDN $20.8 million) plus working capital of US$0.4 million (CDN $0.5 million) for total consideration of US$15.9 million (CDN $21.3 million). The acquisition was funded by drawing on Superior's credit facility and deferring US$1.5 million in payments over the next 5 years.

Consolidated Statement of Net Earnings

	Three months ended March 31	
(millions of dollars except per share amounts)	**2019**	2018[2]
Revenue	**1,024.1**	874.9
Cost of sales (includes products and services)	**(612.3)**	(585.7)
Gross profit	**411.8**	289.2
Expenses		
Selling, distribution and administrative costs	**(234.0)**	(178.6)
Finance expense	**(28.4)**	(26.7)
Unrealized gain (loss) on derivative financial instruments	**45.3**	(23.6)
	(217.1)	(228.9)
Earnings before income taxes	**194.7**	60.3
Income tax expense	**(36.0)**	(15.3)
Net earnings for the period	**158.7**	45.0
Net earnings per share, basic and diluted [1]	**0.91**	0.32

(1) The weighted average number of shares outstanding for the three months ended March 31, 2019 is 174.9 million (March 31, 2018 – 142.8 million).

(2) Comparative figures for the first two quarters of 2018 have been restated to account for finalizing the Canwest Propane (Canwest) purchase price allocation during 2018, refer to note 2(b) of the 2019 Q1 unaudited condensed interim consolidated financial statements.

Q1 2019 Summary of Results Compared to the Prior Year Quarter

Adjusted EBITDA for the three months ended March 31, 2019 was $239.9 million, an increase of $87.3 million or 57% compared to the prior year quarter Adjusted EBITDA of $152.6 million. The increase is primarily due to higher EBITDA from operations partially offset by a realized loss on foreign currency hedging contracts. EBITDA from operations increased $90.7 million or 57% compared to the prior year quarter primarily due to higher U.S. Propane Distribution (U.S. Propane) EBITDA from operations and to a lesser extent Canadian Propane Distribution (Canadian Propane) and Specialty Chemicals EBITDA from operations. U.S. Propane EBITDA from operations was $125.4 million, an increase of $84.8 million or 209% primarily due to the contribution from the NGL and other tuck-in acquisitions, realization of approximately $7.5 million in synergies, partially offset by the impact of the sale of certain refined fuel assets in the prior year. Canadian Propane EBITDA from operations was $84.3 million, an increase of $4.4 million or 6% primarily due to the contribution from the United Pacific Energy ("UPE") acquisition and to a lesser extent realized synergies from Canwest and the impact of adopting IFRS 16, see 'Change in accounting policy', partially offset by the impact of divestitures in the prior year and lower oilfield sales volumes. Specialty Chemicals EBITDA from operations increased due to the impact of adopting IFRS 16, see 'Change in accounting policy', and higher average selling prices partially offset by lower sales volumes, the higher cost of electricity and higher distribution costs compared to the prior year quarter. Interest costs increased $13.4 million or 102% due to higher average debt levels than the prior year quarter primarily related to the financing of NGL and the tuck-in acquisitions completed in 2018. Superior realized a loss on foreign currency hedging contracts of $3.8 million compared to $nil in the prior year quarter due to the weaker Canadian dollar than the average hedge rate.

AOCF before transaction and other costs for the three months ended March 31, 2019 was $211.0 million, an increase of $72.9 million or 53% from the prior year quarter AOCF before transaction and other costs of $138.1 million. The increase from the prior year quarter is primarily due to higher Adjusted EBITDA discussed above, partially offset by higher interest expense due to higher debt balances as a result of the NGL and other tuck-in acquisitions completed in the prior year and to a lesser extent realized losses on foreign currency hedging contracts. AOCF per share before transaction and other costs was $1.21 per share, an increase of $0.24 per share or 25% from the prior year quarter results of $0.97 per share primarily due to the higher AOCF before transaction and other costs discussed above, partially offset by an increase in weighted average shares outstanding. Weighted average shares outstanding increased due to the 32 million shares issued related to the acquisition financing of NGL.

AOCF for the three months ended March 31, 2019 was $206.0 million, an increase of $75.3 million or 58% from the prior year AOCF of $130.7 million due to the increase in AOCF before transaction and other costs discussed above and lower transaction and other costs. AOCF per share for 2019 was $1.18 per share, an increase of $0.27 per share or 30% from the prior year results of $0.91 per share. Transaction and other costs for 2019 were $5.0 million, $2.4 million lower than the prior year and are primarily related to integration costs associated with NGL and transaction costs related to other tuck-in acquisitions compared to costs in the prior year quarter related to the integration and restructuring of Canwest and transaction costs related to tuck-in acquisitions.

Revenue for the three months ended March 31, 2019 was $1,024.1 million, an increase of $149.2 million or 17% from the prior year quarter due to higher revenue in the U.S. Propane Distribution, Canadian Propane Distribution and Specialty Chemicals segments. U.S. Propane Distribution revenue for the three months ended March 31, 2019 was $428.8 million, an increase of $117.0 million or 38% from the prior year quarter primarily due to the contribution from the NGL and tuck-in acquisitions, and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated revenues, partially offset by the impact from the sale of certain refined fuel assets in 2018 and lower propane prices compared to the prior year quarter. Canadian Propane Distribution revenue for the three months ended March 31, 2019 was $427.7 million, an increase of $33.4 million or 8% from the prior year quarter primarily due to the contribution from UPE and was partially offset by the impact of lower propane prices compared to the prior year quarter and to a lesser extent the impact of divestitures in 2018 related to the consent agreement registered by the Competition Bureau related to the Canwest acquisition in 2017 (the “Canwest Divestitures”). Specialty Chemicals revenue for the three months ended March 31, 2019 was $171.4 million, an increase of $2.6 million or 2.0% from the prior year quarter primarily due to higher average selling prices, partially offset by lower sales volumes. Revenue for the three months ended March 31, 2019 includes a realized loss of $3.8 million related to foreign currency hedging contracts within the corporate results, compared to a nominal amount in the prior year quarter due to the weaker Canadian dollar. Gross profit was $411.8 million, an increase of $122.6 million or 42% from $289.2 million in the prior year quarter primarily due to higher U.S. Propane gross profit and to a lesser extent Canadian Propane gross profit and Specialty Chemicals gross profit. U.S. and Canadian Propane Distribution gross profit increased primarily due to the higher revenues discussed above. Specialty Chemicals gross profit was consistent with the prior year quarter as an increase in average electricity costs was offset by higher revenue noted above.

Selling, distribution and administrative costs (“SD&A”) were $234.0 million for the three months ended March 31, 2019, an increase of $55.4 million or 31% from the prior year quarter primarily due to an increase in U.S. Propane Distribution SD&A and to a lesser extent the Specialty Chemicals segment partially offset by lower selling, distribution and administrative costs in the Canadian Propane Distribution segment. U.S. Propane Distribution SD&A costs were $104.3 million, an increase of $53.1 million or 104% from the prior year quarter primarily due to the NGL and tuck-in acquisitions and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated expenses, partially offset by the impact from the sale of certain refined fuel assets in the prior year. Specialty Chemicals costs were $39.1 million for the three months ended March 31, 2019, an increase of $5.1 million or 15% from $34.0 million in the prior year quarter primarily due to higher distribution costs. Canadian Propane Distribution costs were $83.7 million, a decrease of $0.8 million or 1% from $84.5 million in the prior year primarily due to integration and restructuring costs in the prior year quarter that are no longer being incurred and to a lesser extent incremental synergies realized in the current year quarter, partially offset by the impact of the UPE acquisition.

Finance expense for the three months ended March 31, 2019 was $28.4 million an increase of $1.7 million or 6% from $26.7 million in the prior year quarter. The increase is primarily due to higher debt balances as a result of the NGL, UPE and tuck-in acquisitions completed in the prior year and higher interest rates in the U.S. and Canada, partially offset by the $9.8 million early call premium related to the redemption of the 6.5% senior unsecured notes incurred in the prior year quarter.

Unrealized gains on derivative financial instruments were $45.3 million for the three months ended March 31, 2019 compared to a loss of $23.6 million in the prior year quarter. This is mainly related to changes in market prices of commodities, timing of maturities of underlying financial instruments and foreign exchange rates relative to amounts hedged. For additional details, refer to Note 11 of the 2019 Q1 unaudited condensed interim consolidated financial statements.

Total income tax expense of $36.0 million for the three months ended March 31, 2019, was $20.7 million higher than the prior year’s expense of $15.3 million. Current income tax expense was $2.4 million, an increase of $1.0 million from the prior year quarter expense of $1.4 million. Deferred income tax expense was $33.6 million, an increase from the $13.9 million expense in the prior year quarter. The increase in current and deferred income tax is primarily due to higher net earnings compared to the prior year quarter.

The net earnings for the three months ended March 31, 2019 was $158.7 million, compared to net earnings of $45.0 million in the prior year quarter. The increase from the prior quarter is primarily due to the unrealized gain on derivative instruments recorded in the current quarter compared to an unrealized loss on derivative instruments in the prior year quarter, the impact of the NGL, UPE and other tuck-in acquisitions and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated earnings. Basic and diluted earnings per share was $0.91 compared to $0.32 in the prior year quarter.

Cash flows from operating activities was $112.2 million for the three months ended March 31, 2019, an increase of $51.6 million from the prior year quarter. This is primarily due to increased earnings from acquisitions completed in the prior year, the impact of adopting IFRS 16 and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated earnings.

RESULTS OF SUPERIOR'S OPERATING SEGMENTS

Effective January 1, 2019, Superior changed its operating segments and has changed the comparative figures to conform to the current presentation. Superior's operating segments now consist of Canadian Propane Distribution which includes its wholesale businesses, U.S. Propane Distribution and Specialty Chemicals.

CANADIAN PROPANE DISTRIBUTION

Canadian Propane Distribution's condensed operating results for the three months ended March 31:

(millions of dollars)	**2019**	2018
Revenue	**427.7**	394.3
Cost of Sales	**(275.9)**	(248.4)
Gross profit	**151.8**	145.9
Selling, distribution and administrative costs	**(83.7)**	(84.5)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**17.2**	14.9
Transaction, restructuring, and other costs	**–**	4.2
Gain on disposal of assets and other	**(1.0)**	(0.6)
EBITDA from operations[(1)]	**84.3**	79.9
Add back (deduct):		
Gain on disposal of assets and other	**1.0**	0.6
Transaction, restructuring, and other costs	–	(4.2)
Amortization and depreciation included in selling, distribution and administrative costs	**(17.2)**	(14.9)
Unrealized gain (losses) on derivative financial instruments	**6.7**	(7.9)
Finance expense	**(1.0)**	(0.7)
Net earnings before income tax	**73.8**	52.8

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

Revenue for the three months ended March 31, 2019 was $427.7 million, an increase of $33.4 million from the prior year quarter primarily due to higher sales volumes related to UPE, partially offset by lower wholesale propane prices and to a lesser extent the impact of lower sales volumes associated with lower oilfield activity in Western Canada. Wholesale propane prices were lower due to an increase in propane inventory levels in the U.S., driven by lower exports out of North America and the impact from lower average West Texas Intermediate crude oil prices compared to the prior year quarter.

Gross Profit Review

(millions of dollars)	Three months ended March 31 **2019**	2018
Propane distribution	**146.5**	139.8
Other services	**5.3**	6.1
Total gross profit	**151.8**	145.9

Propane distribution gross profit for the three months ended March 31, 2019 was $146.5 million, an increase of $6.7 million from the prior year quarter primarily due to the contribution from UPE, partially offset by the impact of the Canwest Divestitures and lower oilfield sales volumes. The Canadian basis differentials and market fundamentals were consistent with the prior year.

Total sales volumes were 922 million litres, an increase of 192 million litres, primarily due to higher wholesale volumes, partially offset by lower oilfield sales volumes. Residential and commercial sales volumes were consistent with the prior year quarter as weather related growth was offset by the impact of the Canwest Divestitures. Oilfield volumes decreased by 21 million litres or 27% due to lower drilling activity in Western Canada. Industrial volumes decreased by 2 million litres or 3% due lower customer demand, primarily in the mining sector. Motor fuels sales volumes decreased by 3 million litres or 7% from the prior year quarter due to competitive pressure and reduced forklift usage. Wholesale propane volumes were 219 million litres or 80% higher compared to the prior year primarily due to the acquisition of UPE and to a lesser extent an increase in natural gas liquids spot sale opportunities compared to the prior year quarter. Average weather across Canada for the three months ended March 31, 2019, as measured by degree days was 4% colder than the prior year and 5% colder than the five-year average.

Average propane sales margins for the three months ended March 31, 2019 were 15.9 cents per litre, a 17% decrease from 19.2 cents per litre in the prior year quarter. Average propane margins decreased primarily due to a higher proportion of low margin wholesale volumes in the quarter related to the UPE acquisition.

Other services gross profit primarily includes equipment rental, installation, repair and maintenance and customer minimum use charges. Other services gross profit was $5.3 million, a decrease of $0.8 million from the prior year quarter primarily due to lower equipment rental from oilfield customers due to reduced activity.

Canadian Propane Distribution Sales Volumes
Volumes by End-Use Application [1]

(millions of litres)	Three months ended March 31 **2019**	2018
Residential	**75**	75
Commercial	**137**	137
Oilfield	**58**	79
Industrial	**68**	70
Motor Fuels	**40**	43
Wholesale	**493**	274
Other	**51**	52
Total	**922**	730

[1] Comparative figures have been reclassified to reflect the current period presentation.

Volumes by Region [(1)]

(millions of litres)	**Three months ended March 31** **2019**	2018
Western Canada	**359**	403
Eastern Canada	**232**	233
United States	**331**	94
Total	**922**	730

(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), Quebec, New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island. United States region reflects volumes in the wholesale business included in the Canadian Propane segment and consists primarily of California, Maine, Idaho, Kansas, Michigan, Washington, Alaska, California, North Dakota, Pennsylvania, and New York.

Selling, Distribution and Administrative Costs

Selling, distribution and administrative costs were $83.7 million, a decrease of $0.8 million or 1% over the prior year quarter. The decrease in selling, distribution and administrative costs is primarily due to the decrease in restructuring and integration costs related to the Canwest acquisition, the impact of the Canwest Divestitures in the prior year and to a lesser extent realized synergies related to Canwest partially offset by the impact of the UPE acquisition. The increase in depreciation and amortization is primarily related to the impact of adopting IFRS 16, see 'Change in accounting policy' and the impact of UPE acquisition.

Net Earnings

Net earnings before tax of $73.8 million increased by $21.0 million over the prior year quarter, as a result of an unrealized gain on derivative financial instruments compared to a loss in the prior year and the impact of the UPE acquisition.

Financial Outlook

EBITDA from operations in 2019 for Canadian Propane Distribution is anticipated to be higher than 2018. The anticipated increase in the EBITDA is primarily due to the expected incremental synergies from the Canwest integration of $5 million, the full year impact of the UPE acquisition and the impact of adopting IFRS 16 (see 'Change in accounting policy'), partially offset by decreased sales volumes associated with lower oilfield activity in Western Canada. Supply market fundamentals in the Canadian propane distribution business are anticipated to be consistent with 2018. Average weather in Canada, as measured by degree days, for the remainder of 2019 is anticipated to be consistent with the five-year average.

U.S. PROPANE DISTRIBUTION

U.S. Propane Distribution's condensed operating results for the three months ended March 31, 2019 and 2018:

(millions of dollars)	**2019**	2018
Revenue	**428.8**	311.8
Cost of Sales	**(225.5)**	(228.4)
Gross profit	**203.3**	83.4
Selling, distribution and administrative costs	**(104.3)**	(51.2)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**22.5**	7.7
Transaction, restructuring, and other costs	**3.7**	0.4
Gain on disposal of assets and other	**0.2**	0.3
EBITDA from operations(1)	**125.4**	40.6
Add back (deduct):		
Gain on disposal of assets and other	**(0.2)**	(0.3)
Transaction, restructuring, and other costs	**(3.7)**	(0.4)
Amortization and depreciation included in selling, distribution and administrative costs	**(22.5)**	(7.7)
Unrealized gain (losses) on derivative financial instruments	**5.7**	(4.7)
Finance expense	**(1.0)**	(0.4)
Net earnings before income tax	**103.7**	27.1

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

Revenue for the three months ended March 31, 2019 was $428.8 million, an increase of $117.0 million from the prior year quarter primarily due to incremental revenue from NGL and the tuck-in acquisitions and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated revenues. This increase was partially offset by the impact of the sale of certain refined fuel assets in the second quarter of 2018 and to a lesser extent lower wholesale propane prices. Wholesale propane prices were lower due to an increase in propane inventory levels in the U.S., driven by lower exports out of North America and the impact from lower average West Texas Intermediate crude oil prices compared to the prior year quarter.

Gross Profit Review

	Three months ended March 31	
(millions of dollars)	**2019**	2018
Propane distribution	**193.7**	80.5
Other services	**9.6**	2.9
Total gross profit	**203.3**	83.4

Propane distribution gross profit for the three months ended March 31, 2019 was $193.7 million, an increase of $113.2 million or 141% from the prior year quarter, primarily due to higher residential sales volumes and higher average unit margins related to the NGL and tuck-in acquisitions, synergies achieved and to a lesser extent the impact of a weaker Canadian dollar compared to the prior year, partially offset by lower wholesale and commercial sales volumes.

Residential sales volumes increased by 240 million litres or 178% from the prior year quarter due primarily to the NGL acquisition and to a lesser extent the tuck-in acquisitions completed in 2018. Commercial volumes decreased by 14 million litres or 13% compared to the prior year quarter primarily due to lower distillate sales as the business shifts its focus to more profitable customers and the impact from the sale of certain refined fuel assets in the second quarter of 2018, partially offset by incremental sales volumes related to the NGL and tuck-in acquisitions. Wholesale volumes decreased by 133 million litres or 86% due to the sale of certain refined fuel assets and the wholesale distillate business in the second quarter of 2018. Average weather across the geographies Superior services along the Eastern U.S. for the three months ended March 31, 2019, as measured by degree days, was 2% colder than the prior year and 2% warmer than the five-year average.

Average U.S. propane distribution sales margins were 39.6 cents per litre an increase of 95% from 20.3 cents per litre in the prior year quarter. Sales margins improved primarily due to the higher proportion of residential sales volumes as a result of the sale of certain refined fuel assets and the wholesale distillate business in the prior year, realization of supply chain efficiencies, margin management improvements and operational expense savings, and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated gross profit.

Other services primarily include equipment rental, installation, repair and maintenance, and customer minimum use charges. Other service gross profit was $9.6 million, an increase of $6.7 million from the prior year quarter primarily due to incremental service revenue associated with the NGL acquisition.

U.S. Propane Distribution Sales Volumes

Volumes by End-Use Application [(1)]

	Three months ended March 31	
(millions of litres)	**2019**	2018
Residential	**375**	135
Commercial	**92**	106
Wholesale	**22**	155
Total	**489**	396

[(1)]Includes heating oil, propane, diesel and gasoline sold in over twenty-two states primarily in the Eastern United States and California.

Selling, Distribution and Administrative Costs

Selling, distribution and administrative costs ("SD&A") were $104.3 million, an increase of $53.1 million or 104% over the prior year quarter. The increase in SD&A was primarily due to the acquisition of NGL and the tuck-in acquisitions completed in 2018 and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated SD&A compared to the prior year quarter. This was partially offset by the impact of the sale of certain refined fuel assets in 2018 and the realization of synergies related to NGL. Depreciation and amortization expense was $22.5 million an increase of $14.8 million over the prior year quarter primarily due to the impact of the NGL and other tuck-in acquisitions and to a lesser extent the impact of adopting IFRS 16, see 'Change in accounting policy'.

Net Earnings

Net earnings before tax of $103.7 million, increased by $76.6 million over the prior year quarter primarily due to the impact of the NGL and other tuck-in acquisitions in the prior year.

Financial Outlook

EBITDA from operations in 2019 for U.S. Propane Distribution is anticipated to be higher than 2018. The anticipated increase in the EBITDA is primarily due to the full year of NGL results and expected run-rate synergies of US $20.0 million to be realized from NGL exiting 2019 and the impact of adopting IFRS 16, see 'Change in accounting policy'. Average weather in the Eastern U.S., as measured by degree days, for the remainder of 2019 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 the three months ended March 31:

(millions of dollars except per metric tonne (MT) amounts)	**2019**		2018	
		$ per MT		$ per MT
Revenue	**171.4**	**832**	168.8	792
Cost of Sales	**(110.9)**	**(538)**	(108.9)	(511)
Gross Profit (1)	**60.5**	**294**	59.9	281
Selling, distribution and administrative costs	**(39.1)**	**(190)**	(34.0)	(160)
Add back (deduct):				
Depreciation included in cost of sales	**11.1**	**54**	11.9	56
Gain (Loss) on disposal of assets and other	**(0.1)**	–	–	–
Amortization included in selling, distribution and administrative costs	**7.2**	**35**	0.3	1
EBITDA from operations(2)	**39.6**	**192**	38.1	179
Add back (deduct):				
Gain (Loss) on disposal of assets and other	**0.1**		–	
Amortization included in selling, distribution and administrative costs	**(7.2)**		(0.3)	
Depreciation included in cost of sales	**(11.1)**		(11.9)	
Unrealized loss on derivative financial instruments	**1.4**		–	
Finance expense	**(1.7)**		(0.3)	
Net earnings before income tax	**21.1**		25.6	

(1) Gross Profit per MT after adding back depreciation included in cost of sales for the 2019 was $348/MT and for 2018 was $337/MT.

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

Sales Volumes by Product

	Three months ended March 31,	
(thousands of MTs)	**2019**	2018
Sodium chlorate	**118**	121
Chlor-alkali	**87**	90
Chlorite	**1**	2
Total	**206**	213

Revenue for the three months ended March 31, 2019 was $171.4 million an increase of $2.6 million or 2.0% from the prior year quarter. The increase was primarily due to higher sodium chlorate and chlor-alkali average selling prices and to a lesser extent the impact of a weaker Canadian dollar than the prior year quarter, partially offset by lower sales volumes.

Sodium chlorate sales volumes decreased by 3 MTs or 2% over the prior year quarter primarily due to lower North American and Chile sales volumes due to timing of plant shut downs and transitioning new customers, partially offset by higher export sales volumes. Sodium chlorate average sales prices for the first quarter were 7% higher than the prior year quarter due to higher contracted prices and the impact of the weaker Canadian dollar on U.S. denominated revenue.

Chlor-alkali sales volumes decreased by 3 MTs or 3% due to lower hydrochloric acid sales volumes and to a lesser extent lower caustic soda sales volumes. Hydrochloric acid sales volumes decreased 13% primarily due to lower demand from the U.S. oil and gas sector related to reduced rig activity. Caustic soda volumes decreased 5% compared to the prior year quarter due to competitive pressure. Caustic potash and chlorine volumes were consistent with the prior year. Chlorite sales volumes were lower than the prior year primarily due to lower demand into the U.S. oil and gas market.

Gross profit was $60.5 million, an increase of $0.6 million or 1% from the prior year quarter as higher average sale prices, the impact of adopting IFRS 16 and the impact of the weaker Canadian dollar compared to the prior year quarter were offset in part by lower sales volumes and higher production costs. Sodium chlorate production costs increased primarily due to a 12% increase in the average cost of electricity compared to the prior year quarter. Chloralkali production costs increased due to higher raw material and power costs.

Selling, distribution and administrative costs were $39.1 million, an increase of $5.1 million over the prior year primarily due to higher distribution costs and depreciation exceeding the benefit of lease payments upon adopting IFRS 16, were partially offset by the impact of lower sales volumes. Depreciation and amortization included in selling, distribution and administrative costs increased primarily due to the impact of IFRS 16, see 'Change in accounting policy'.

Net earnings before income tax for the three months ended March 31, 2019 was $21.1 million, a decrease of $4.5 million or 18% over the prior year quarter as a result of higher production and transportation costs as well as higher depreciation expense.

Financial Outlook

EBITDA from operations for Specialty Chemicals in 2019 is anticipated to be higher than 2018 as a result of the impact of adopting IFRS 16, see "Change in accounting policy" for further details, partially offset by lower chlor-alkali EBITDA from operations. Sodium chlorate gross profit will be consistent with 2018 as modest improvements in contracted sales prices and sales volumes and the impact of adopting IFRS 16 will be offset by increases in electricity mill rates. Chlor-alkali gross profit is anticipated to be consistent to modestly lower than 2018 as the impact of adopting IFRS 16 will be offset by lower sales volumes for caustic soda because of reduced exports from North America creating additional domestic supply. 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 expenditures such as the acquisition of new customer equipment to facilitate growth, system upgrades and initiatives to facilitate improvements in customer service. The capital expenditures are discretionary and non-recurring.

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 the three months ended March 31:

(millions of dollars)	**2019**	2018
Efficiency, process improvement and growth-related	**10.2**	3.4
Maintenance capital	**7.1**	7.0
	17.3	10.4
Proceeds on disposition of capital and intangible assets	**(2.0)**	(1.3)
Property, plant and equipment acquired through acquisition	**–**	2.3
Total net capital expenditures	**15.3**	11.4
Investment in vehicle and equipment leases	**1.4**	0.8
Total expenditures including finance leases	**16.7**	12.2

Efficiency, process improvement and growth-related expenditures were $10.2 million for the 2019, compared to $2.4 million in the prior year quarter. The increase over the prior year quarter is primarily due to the impact of the NGL and other tuck-in acquisitions.

Maintenance capital expenditures were $7.1 million for the 2019, compared to $7.0 million in the prior year quarter, consisting primarily of required maintenance and general capital across Superior's segments.

Property, plant and equipment acquired through acquisition is the allocation of fair value to these assets related to the acquisitions completed during the prior year quarter. There were no business acquisitions during the first quarter of 2019.

Superior entered into new leases with capital-equivalent value of $1.4 million for the 2019, compared to $0.8 million in the prior year, primarily related to vehicles for the Energy Distribution segment to support growth and replace aging vehicles.

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

CORPORATE ADMINISTRATION COSTS

Corporate administration costs are $6.9 million for the three months ended March 31, 2019 a decrease of $2.0 million, compared to $8.9 million in the prior year quarter. The decrease is primarily due to lower corporate transaction costs.

FINANCE EXPENSE

Interest expense on borrowing and finance lease obligations was $28.4 million for 2019 an increase of $1.7 million, compared to $26.7 million in the prior year. The increase was primarily due to higher average debt balances compared to the prior year quarter and to a lesser extent the impact of IFRS 16, partially offset by a one-time $9.8 million early call premium incurred in the prior year quarter related to the redemption of the 6.5% senior unsecured notes. Average debt, excluding the impact of IFRS 16, for the first quarter was higher than the prior year quarter primarily due to the financing related to the NGL acquisition and the tuck-in acquisitions completed in 2018 and increased working capital requirements. Working capital requirements were higher due to the higher proportion of residential customers associated with the NGL business and higher EBITDA from operations compared to the prior year quarter.

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 for the three months ended March 31:

(millions of dollars)	**2019**	2018
Total transaction, restructuring and integration costs	**$5.0**	$7.4

Superior incurred $5.0 million in costs related primarily to the integration of NGL and to a lesser extent the tuck-in acquisitions. The costs in the prior year related primarily to the integration and restructuring of Canwest and to a lesser extent the acquisition of tuck-in acquisitions.

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 Canada, U.S., Luxembourg, and Chilean income tax.

Total income tax expense for the three months ended March 31, 2019 was $36.0 million, comprised of $2.4 million in current income tax expense and $33.6 million in deferred income tax expense. This compares to a total income tax expense of $15.3 million in the prior year, which consisted of $1.4 million in current income tax expense and a $13.9 million deferred income tax expense. The increase is primarily due to the unrealized gain on derivative instruments in the quarter compared to an unrealized loss on derivative instruments in the prior year quarter and higher EBITDA from operations compared to the prior year quarter.

Current income taxes for the three months ended March 31, 2019 of $2.4 million, consisting of income taxes in Canada of $0.1 million (2018 – $nil), income taxes in the U.S. of $0.9 million (2018 – $0.4 million recovery), income taxes in Chile of $0.8 million (2018 - $0.8 million), and income taxes in Luxembourg of $0.6 million (2018 – $0.2 million). Deferred income tax expense for the three months ended March 31, 2019 was $33.6 million (2018 – $13.9 million), resulting in a net deferred income tax liability of $11.3 million as at March 31, 2019.

FINANCIAL OUTLOOK

Superior's current 2019 financial outlook is being updated from Adjusted EBITDA guidance of $445 million to $495 million to Adjusted EBITDA of $490 million to $530 million. The increase in the guidance is primarily due to the impact of adopting IFRS 16 see "Change in accounting policies" for further details. Achieving Superior's 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 2019 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 estimates maintenance and non-recurring capital expenditures, and the capital equivalent of operating leases to be in the range of $120 million to $140 million in 2019;
- Superior is substantively hedged for its estimated U.S. dollar exposure for 2019, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2019 would not have a material impact to Superior.
- The foreign currency exchange rate between the Canadian dollar and U.S. dollar is expected to average $0.77 for 2019 on all unhedged foreign currency transactions;
- Financial and physical counterparties are expected to continue fulfilling their obligations to Superior;
- Regulatory authorities are not expected to impose any new regulations impacting Superior;

Canadian Propane Distribution

- Wholesale propane prices are not anticipated to significantly affect demand for propane and related services; and
- Operating costs are expected to be lower due to continuous improvement initiatives, restructuring activities and realizing synergies related to Canwest.

U.S Propane Distribution

- Wholesale propane prices are not anticipated to significantly affect demand for propane and related services;
- Continue to realize synergies primarily through supply chain efficiencies, margin management improvements and operational expense savings.

Specialty Chemicals

- Average plant utilization will approximate 90%-95% in 2019.

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 debt and its leverage ratio. Superior's leverage ratio for the trailing twelve months was 3.9x as at March 31, 2019, compared to 4.1x at December 31, 2018. The decrease in the leverage ratio from December 31, 2018 was due to the higher Credit Facility EBITDA in the first quarter of 2019 and the impact of foreign exchange on Superior's U.S. denominated debt. The impact to the leverage ratio related to the stronger Canadian dollar as at December 31, 2018 was approximately 0.1x. The leverage ratio is currently above the long-term target of 3.0x. Superior anticipates the leverage ratio to be in the range of 3.6x to 4.0x as at December 31, 2019 as cash generated from operations is used to repay debt.

Leverage ratio, Senior Debt and Credit Facility EBITDA are Non-GAAP measures, see "Non-GAAP Financial Measures".

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 $1,972.2 million as at March 31, 2019, an increase of $85.9 million from $1,886.3 million as at December 31, 2018. The increase is primarily due to the adoption of IFRS 16, see changes in accounting policy and was partially offset by the impact of a stronger Canadian dollar on U.S. denominated debt.

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

	As at March 31, 2019			
(millions of dollars)	Total Amount	Borrowing	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities[1]	750.0	480.1	41.2	228.7
Term loans[1]	1,237.2	1,237.2		
Other debt [2]	25.4	25.4		
Lease liabilities	229.5	229.5		
Total	2,242.1	1,972.2	41.2	228.7

[1] Revolving term bank credit facilities and term loan balances are presented before deferred financing fees.
[2] Account receivable factoring and deferred consideration.

On May 8, 2019, 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 $750 million syndicated credit facility with ten lenders. The syndicated credit facility will now mature on May 8, 2024 with no changes to the financial covenants and can be expanded up to $1,050 million.

Net Working Capital

Consolidated net working capital was $189.1 million as at March 31, 2019 an increase of $91.8 million from $97.3 million as at December 31, 2018. The increase is primarily due to timing of customer receipts building in the heating season compared to the timing of supplier payments.

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, 2019 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, 2019, Superior had an estimated defined benefit going concern surplus of approximately $19.5 million (December 31, 2018 – $7.8 million surplus) and a pension solvency surplus of approximately $4.7 million (December 31, 2018 – $0.7 million deficiency). Funding requirements required by applicable pension legislation are based upon going concern and solvency actuarial assumptions. These assumptions differ from the going concern actuarial assumptions used in Superior's audited consolidated financial statements.

Contractual Obligations and Other Commitments

			Payments Due In			
(millions of dollars)	Note [1]	Total	2019	2020-2021	2022-2023	Thereafter
Borrowing before deferred financing fees	10	1,742.7	8.2	11.4	485.4	1,237.7
Lease liability		229.5	46.7	74.0	45.1	63.7
Operating leases [2]		4.9	4.2	0.7	–	–
US$ foreign currency forward sales contracts (US$)	11	417.7	126.1	239.1	52.5	–
Natural gas, diesel, WTI, propane, heating oil, and electricity purchase commitments [2]	11	81.8	54.8	27.0	–	–
Total contractual obligations		**2,476.6**	**240.0**	**352.2**	**583.0**	**1,301.4**

(1) Notes to the first quarter 2019 unaudited condensed interim consolidated financial statements and notes thereto as at and for the three months ended March 31, 2019 and 2018.
(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, 2019, the following common shares were issued and outstanding:

	Issued number of common shares (Millions)	Share Capital
Balance March 31, 2019 and December 31, 2018	**174.9**	**$2,339.9**

Dividends Declared to Shareholders

Dividends declared 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 2019, above, and "Summary of Cash Flow" for additional details.

Dividends declared to shareholders for the three months ended 2019 were $31.5 million or $0.18 per share compared to $25.7 million or $0.18 per share for the prior year quarter. Dividends declared to shareholders increased by $5.8 million as a result of the increase in the number of outstanding shares. The number of shares outstanding increased due to shares issued related to the acquisition of NGL. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

Superior has a Dividend Reinvestment Program (DRIP) that is currently not being utilized. The DRIP program remains in place should Superior elect to reactivate the DRIP, subject to regulatory approval, at a future date.

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. 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.

SUMMARY OF CASH FLOW

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

	Three months ended March 31	
(millions of dollars)	**2019**	2018
Cash flows from operating activities	**112.2**	60.6
Investing activities:		
Acquisitions, net of cash acquired	**–**	(5.9)
Purchase of property, plant and equipment and intangible assets	**(17.3)**	(10.4)
Proceeds on disposal of property, plant and equipment	**2.0**	1.3
Cash flows used in investing activities	**(15.3)**	(15.0)
Financing activities:		
Net proceeds (repayment) of revolving term bank credits and other debt	**(57.9)**	(32.4)
Redemption of 6.5% convertible debentures	**–**	(209.8)
Proceeds from 5.125% senior unsecured notes	**–**	220.0
Repayment of lease liability	**(13.4)**	(4.4)
Debt issuance costs	**–**	(4.5)
Dividends paid to shareholders	**(31.5)**	(25.7)
Cash flows used in financing activities	**(102.8)**	(56.8)
Net decrease in cash and cash equivalents	**(5.9)**	(11.2)
Cash and cash equivalents, beginning of period	**23.9**	31.8
Effect of translation of foreign currency-denominated cash	**(0.6)**	(0.1)
Cash and cash equivalents, end of period	**17.4**	20.5

Cash flows from operating activities was $112.2 million for the three months ended March 31, 2019, an increase of $51.6 million from the prior year quarter. This is primarily due to increased earnings from acquisitions completed in the prior year, the impact of adopting IFRS 16 and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated revenues.

Cash flow used in investing activities for the 2019 was $15.3 million, consistent with the prior year quarter.

Cash flow used in financing activities was $102.8 million, an increase of $46.0 million from cash flow used in financing activities of $56.8 million in the prior year quarter and was primarily due to funding working capital through Superior's credit facility and to a lesser extent the adoption of IFRS 16 which treats operating lease payments as a repayment of a lease liability.

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, 2019 Superior has hedged approximately 77% its estimated U.S. dollar exposure for 2019 and approximately 54% for 2020. Due to the hedge position, a change in the Canadian to U.S. dollar exchange rate for 2019 would not have a material impact on Superior. A summary of Superior's U.S. dollar forward contracts for 2019 and beyond is provided in the table below.

(US$ millions except exchange rates)	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Net US$ forward sales	126.1	161.1	78.0	52.5	–	417.7
Net average external US$/CDN$ exchange rate	1.25	1.30	1.30	1.30	–	1.28

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 for the three months ended March 31, 2019.

Effectiveness

An evaluation of the effectiveness of Superior's DC&P and ICFR was conducted as at March 31, 2019 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, 2019 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 NGL effective July 10, 2018. Summary financial information pertaining to this acquisitions that was included in the consolidated financial statements of Superior as at March 31, 2019 and for the three months ended March 31, 2019 is as follows:

U.S. Propane Distribution – NGL

(millions of Canadian dollars)	**As at and for the three months ended March 31, 2019**
Sales	233.4
Net income for the period	65.7
Current assets	86.1
Non-current assets	1,188.6
Current liabilities	51.3
Non-current liabilities	110.4

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Superior's consolidated financial statements were prepared in accordance with IFRS. The significant accounting policies are described in the audited consolidated financial statements for the year ended December 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 allowance for doubtful accounts, employee future benefits, deferred income tax assets and liabilities, the valuation of financial and non-financial derivatives, asset impairments, the purchase price allocation for business combinations 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, 2019, or later periods. The standards applicable to Superior are as follows:

Change in accounting policy

On January 13, 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases, as well as corresponding amortization and finance expense. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. The Company adopted the new standard beginning January 1, 2019.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company's operating leases are primarily railcars and to a lesser extent, property and equipment. The Company has adopted IFRS 16 *Leases* on January 1, 2019 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated and remains as previously reported under IAS 17 and related interpretations. In applying IFRS 16 the Company has elected to record right-of-use assets based on the corresponding lease liability.

Right-of-use assets and lease obligations of $178.6 million were recorded as of January 1, 2019, with no net impact on retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate for similar collateral and term at January 1, 2019. The discount rate applied ranges from 5.4% to 8.3%.

The adoption of IFRS 16 has no impact on Superior's underlying business economics, how the segments are operated, future business plans or the cash on hand. There will be an increase in EBITDA as the operating lease expense will now be recorded as interest and depreciation.

The impact on the Company's financial statements as a result of the adoption of IFRS 16 is as follows:

- The balance sheet has been grossed up, as substantially all leases are brought onto the balance sheet, including lease renewals where management is "reasonably certain" of exercising the renewal option,
- Negative net earnings and EPS impact earlier in the lease term on an individual lease basis,
- No impact on the cumulative net earnings and EPS impact over the term of the lease.

	Propane Distribution		**Specialty**		
For the three months ended March 31, 2019	**Canada**	**U.S.**	**Chemicals**	**Corporate**	**Total**
Net earnings (loss) for the period	**73.8**	**103.7**	**21.1**	**(39.9)**	**158.7**
Add back (deduct):					
Depreciation of right of use assets	2.0	0.8	5.1	-	7.9
Finance expense related to the adoption of IFRS 16	0.4	0.2	1.7	-	2.3
Lease payments related to the adoption of IFRS 16	(2.0)	(0.7)	(6.4)	(0.1)	(9.2)
	74.2	**104.0**	**21.6**	**(40.0)**	**159.8**
Income tax expense	(0.1)	(0.1)	(0.1)	-	(0.3)
Pro forma net earnings (loss) without the impact of adopting IFRS 16	**74.1**	**103.9**	**21.5**	**(40.0)**	**159.5**

	Propane Distribution		**Specialty**		
Lease Liability	**Canada**	**U.S.**	**Chemicals**	**Corporate**	**Total**
Opening IFRS 16 adjustment	34.6	12.5	129.8	1.7	178.6
Reclassification from previously recognized finance lease liabilities	33.9	22.9	-	-	63.8
Lease payments	(4.0)	(3.0)	(6.3)	(0.1)	(13.4)
Finance expense on lease liabilities	0.8	0.6	1.7	0.1	3.2
Additions	1.2	0.2			1.4
Impact of changes in foreign exchange rates and other	0.3	(1.9)	(2.5)	-	(4.1)
Lease liability as at March 31, 2019	**66.8**	**38.4**	**122.6**	**1.7**	**229.5**

Included in the above lease liability, as at March 31, 2019, are vehicle lease obligation of $58.7 million (December 31, 2018 - $63.8 million).

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 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:

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. Interest expense included in AOCF is equal to finance expense as defined by IFRS, adjusted for unwinding of discount on debentures, borrowing and decommissioning liabilities and other non-recurring items. 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 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.

Credit Facility EBITDA, Senior Debt and Leverage Ratio

Credit Facility EBITDA is defined as Adjusted EBITDA calculated on a 12-month trailing basis giving pro forma effect to acquisitions and dispositions adjusted to the first day of the calculation period, and excludes the impact from the adoption of IFRS 16 and EBITDA from undesignated subsidiaries. Credit Facility EBITDA is used by Superior to calculate its debt covenants and other credit information.

Senior Debt includes total borrowing before deferred financing fees and vehicle lease obligations and excludes the remaining lease obligations. Senior Debt is used by Superior to calculate its debt covenants and other credit information.

To calculate the Leverage Ratio divide Senior Debt by Credit Facility EBITDA. Leverage Ratio is used by Superior and investors to assess its ability to service debt. Credit facility EBITDA and Leverage ratio are calculated as follows:

(millions of Canadian dollars)	**Trailing twelve months ended March 31, 2019**
Adjusted EBITDA	461.6
Deduct the IFRS 16 impact on Adjusted EBITDA	(9.2)
Adjustment for pro-forma acquisition EBITDA, net of EBITDA from undesignated subsidiaries	4.8
Credit Facility EBITDA	**457.2**
Senior Debt	1,801.4
Leverage Ratio	3.9x

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures

(millions of dollars, except per share amounts)	**Q1 2019**	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenue	**1,024.1**	887.0	481.7	483.1	874.9	768.9	465.5	474.9
Gross profit	**411.8**	319.5	169.7	159.7	289.2	238.1	133.6	138.0
Net earnings (loss)	**158.7**	(48.3)	(39.8)	9.1 (2)	45.0 (2)	45.3	(124.8)	(1.6)
Per share, basic	**0.91**	(0.28)	(0.23)	0.06 (2)	0.32 (2)	0.32	(0.87)	(0.01)
Per share, diluted	**0.91**	(0.28)	(0.23)	0.06 (2)	0.32 (2)	0.32	(0.87)	(0.01)
Net working capital(1)	**189.1**	97.3	(10.6)	(5.1)	144.0	115.7	85.3	107.4

(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, contract liabilities, and dividends and interest payable.
(2) Restated Q1 and Q2 2018 net earnings and per share calculations to reflect the increased amortization partially offset by a reduction in deferred taxes as a result of finalizing the Canwest purchase price allocation.

Non-GAAP Financial Measures (1)

(millions of dollars, except per share amounts)	**Q1 2019**	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
AOCF before transaction and other costs	**211.0**	132.7	2.2	29.3	138.1	98.7	15.0	27.5
Per share, basic	**$1.21**	0.76	0.01	0.21	0.97	0.69	0.11	0.19
Per share, diluted	**$1.21**	0.76	0.01	0.21	0.97	0.69	0.11	0.19
AOCF	**206.0**	125.2	(13.4)	20.3	130.7	94.0	(4.5)	20.1
Per share, basic	**$1.18**	0.72	(0.08)	0.14	0.91	0.66	(0.03)	0.14
Per share, diluted	**$1.18**	0.72	(0.08)	0.14	0.91	0.66	(0.03)	0.14

(1) Net 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 and fourth quarters when the majority of annual propane and other refined fuels sales volumes and gross profits are generated due to the demand of heating from end-use customers. They then decline through the second and third quarters. In addition, during 2018 Superior acquired NGL, Hi-Grade, Blue Flame, Porco, UPE and Musco, and sold certain refined fuel assets. Each transaction may impact quarterly results. For more information on these acquisitions and divestments see Note 5 in the 2018 annual audited consolidated financial statements.

Volumes (1)

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Canadian propane sales volumes (millions of litres)	**922**	765	340	380	730	641	293	283
U.S. propane sales volumes (millions of litres)	**489**	391	161	157	396	369	273	298
Chemical sales volumes (thousands of MT)	**206**	202	212	208	213	212	217	210

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

(millions of litres)	**Q1 2019**	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Residential	**75**	59	20	29	75	62	16	20
Commercial	**137**	105	45	58	137	108	34	44
Oilfield	**58**	59	19	47	79	69	9	9
Industrial	**68**	60	78	55	70	59	49	48
Motor Fuels	**40**	44	45	47	43	46	39	40
Wholesale	**493**	385	121	127	274	240	132	109
Other	**51**	53	12	17	52	57	14	13
Total	**922**	765	340	380	730	641	293	283

(1) Canwest volumes have been included commencing in Q4 2017.

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

(millions of litres)	**Q1 2019**	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Residential	**375**	279	78	39	135	86	17	32
Commercial	**92**	102	75	76	106	103	80	82
Wholesale	**22**	10	8	42	155	180	176	184
Total	**489**	391	161	157	396	369	273	298

Specialty Chemicals sales volumes by product are as follows:

(thousands of MT)	**Q1 2019**	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Sodium chlorate	**118**	117	121	115	121	127	128	119
Chlor-alkali	**87**	84	88	91	90	83	87	88
Chlorite	**1**	1	3	2	2	2	2	3
Total	**206**	202	212	208	213	212	217	210

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA

(millions of dollars) **For the Three Months Ended March 31, 2019**	**Canadian Propane Distribution**	**U.S. Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings (loss) before income taxes	**73.8**	**103.7**	**21.1**	**(3.9)**	**194.7**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**17.2**	**22.5**	**7.2**	**–**	**46.9**
Depreciation included in cost of sales	**–**	**–**	**11.1**	**–**	**11.1**
Gain (loss) on disposal of assets	**(1.0)**	**0.2**	**(0.1)**	**–**	**(0.9)**
Finance expense	**1.0**	**1.0**	**1.7**	**24.7**	**28.4**
Gain on derivative financial instruments	**(6.7)**	**(5.7)**	**(1.4)**	**(31.5)**	**(45.3)**
Transaction, restructuring and other costs	**–**	**3.7**	**–**	**1.3**	**5.0**
Adjusted EBITDA	**84.3**	**125.4**	**39.6**	**(9.4)**	**239.9**

(millions of dollars) For the Three Months Ended March 31, 2018	**Canadian Propane Distribution**	**U.S. Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings (loss) before income taxes	52.8	27.1	25.6	(45.2)	60.3
Add: Depreciation and amortization included in selling, distribution and administrative costs	14.9	7.7	0.3	0.1	23.0
Depreciation included in cost of sales	–	–	11.9	–	11.9
Gain (loss) on disposal of assets	(0.6)	0.3	–	–	(0.3)
Finance expense	0.7	0.4	0.3	25.3	26.7
Unrealized (gains) losses on derivative financial instruments	7.9	4.7	–	11.0	23.6
Transaction, restructuring and other costs	4.2	0.4	–	2.8	7.4
Adjusted EBITDA	79.9	40.6	38.1	(6.0)	152.6

RISK FACTORS TO SUPERIOR

The risks factors and uncertainties detailed below are a summary of Superior's assessment of its material risk factors as detailed in Superior's 2018 Annual Information Form ("AIF") under "Risks associated with our business" which is filed on the Canadian Securities Administrators' website, www.sedar.com, and on Superior's website, www.superiorplus.com. The AIF describes some of the most material risks to Superior's business by type of risk: financial; strategic; operational; and legal.

General risks to Superior are as follows:

Cash Dividends to Shareholders are Dependent on the Performance of Superior LP

Superior depends entirely on the operations and assets of Superior LP. Superior's ability to make dividend payments to its shareholders depends on Superior LP's ability to make distributions on its outstanding limited partnership units, as well as on the operations and business of Superior LP.

There is no assurance regarding the amount of cash to be distributed by Superior LP or generated by Superior LP and, therefore, there is no assurance regarding funds available for dividends to shareholders. The amount distributed in respect of the limited partnership units will depend on a variety of factors including, without limitation, the performance of Superior LP's operating businesses, the effect of acquisitions or dispositions on Superior LP, and other factors that may be beyond the control of Superior LP or Superior. In the event significant sustaining capital expenditures are required by Superior LP or the profitability of Superior LP declines, there would be a decrease in the amount of cash available for dividends to shareholders and such decrease could be material.

Superior's dividend policy and the distribution policy of Superior LP are subject to change at the discretion of the Board of Directors of Superior or the Board of Directors of Superior General Partner Inc., the general partner of Superior LP, as applicable. Superior's dividend policy and the distribution policy of Superior LP are also limited by contractual agreements including agreements with lenders to Superior and its affiliates and by restrictions under corporate law.

Additional Shares
In the event 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 uses derivative instruments at times, to mitigate this risk. 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 and NGL Acquisitions
A variety of factors may adversely affect Superior's ability to achieve the anticipated benefits of these acquisitions. A failure to realize the anticipated benefits from the acquisitions, including but not limited to, the anticipated synergies associated with the acquisitions 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's failure to retain key personnel as part of the management team of Canwest and NGL in the period following the acquisition could have a material adverse effect on the business and operations of Superior.

Integrating NGL's operations with Superior's existing business will be a complex, time consuming and costly process. Failure to successfully integrate NGL 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 NGL 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.

CANADIAN PROPANE DISTRIBUTION 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 distribution business' markets generally occurs on a local basis between large, full-service, national 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 60 kilometer 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 distribution, 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 electricity and to a lesser extent wood pellets and solar energy.

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 distribution business, through a centralized safety and environment management system, ensures that safety practices and regulatory compliance are an important part of its business. The storage and delivery of refined fuels pose the risk of spills which could adversely affect the soil and water of storage facilities and customer properties.

Superior's fuel distribution businesses are based and operate in Canada and the United States and, as a result, such operations could be affected by changes to laws, rules or policies which could either be more favourable to competing energy sources or increase compliance costs or otherwise negatively affect the operations of Energy Distribution in comparison with such competing energy sources. Any such changes could have an adverse effect on the operations of Energy Distribution.

Employee and Labour Relations
Approximately 19% of Superior's Canadian propane distribution business employees and 3% of U.S. 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 foreign 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 26% 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 2019**	As at December 31 2018
Assets			Restated (see Note 2c)
Current Assets			
Cash		**17.4**	23.9
Trade and other receivables	**4**	**394.3**	383.2
Prepaid expenses		**33.7**	49.3
Inventories	**5**	**115.5**	146.8
Financial assets	**11**	**5.8**	18.2
Total Current Assets		**566.7**	621.4
Non-current Assets			
Property, plant and equipment	**6**	**1,662.0**	1,527.8
Intangible assets		**398.1**	412.1
Goodwill		**1,007.1**	1,021.9
Notes, finance lease receivables and other investments		**7.8**	8.0
Employee future benefits		**17.2**	8.7
Deferred tax assets	**12**	**36.7**	48.7
Financial assets	**11**	**0.6**	1.0
Total Non-current Assets		**3,129.5**	3,028.2
Total Assets		**3,696.2**	3,649.6
Liabilities and Equity			
Current Liabilities			
Trade and other payables	**8**	**326.7**	447.6
Contract liabilities		**17.2**	23.9
Lease liability	**2(c)**	**46.7**	18.1
Borrowing	**10**	**7.6**	10.7
Dividends and interest payable		**10.5**	10.5
Financial liabilities	**11**	**16.5**	45.9
Total Current Liabilities		**425.2**	556.7
Non-current Liabilities			
Lease liability	**2(c)**	**182.8**	45.7
Borrowing	**10**	**1,704.0**	1,779.3
Other liabilities	**9**	**13.1**	12.7
Provisions	**7**	**107.2**	103.7
Employee future benefits		**20.5**	19.9
Deferred tax liabilities	**12**	**48.0**	24.7
Financial liabilities	**11**	**6.3**	18.0
Total Non-current Liabilities		**2,081.9**	2,004.0
Total Liabilities		**2,507.1**	2,560.7
Equity			
Capital		**2,339.9**	2,339.9
Deficit		**(1,295.7)**	(1,422.9)
Accumulated other comprehensive income		**144.9**	171.9
Total Equity	**13**	**1,189.1**	1,088.9
Total Liabilities and Equity		**3,696.2**	3,649.6

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, 2018	**2,338.7**	**1.2**	**2,339.9**	**(1,422.9)**	**171.9**	**1,088.9**
Net earnings	**–**	**–**	**–**	**158.7**	**–**	**158.7**
Unrealized foreign currency loss on translation of foreign operations		**–**	**–**	**–**	**(32.8)**	**(32.8)**
Actuarial defined-benefit gain	**–**	**–**	**–**	**–**	**7.9**	**7.9**
Income tax expense on other comprehensive income	**–**	**–**	**–**	**–**	**(2.1)**	**(2.1)**
Total comprehensive income	**–**	**–**	**–**	**158.7**	**(27.0)**	**131.7**
Dividends and dividend equivalent declared to shareholders	**–**	**–**	**–**	**(31.5)**	**–**	**(31.5)**
As at March 31, 2019	**2,338.7**	**1.2**	**2,339.9**	**(1,295.7)**	**144.9**	**1,189.1**
As at December 31, 2017	1,952.3	1.2	1,953.5	(1,266.9)	89.4	776.0
Net earnings	–	–	–	45.0	–	45.0
Unrealized foreign currency gain on translation of foreign operations	–	–	–	–	13.6	13.6
Actuarial defined-benefit gain	–	–	–	–	1.1	1.1
Income tax expense on other comprehensive income	–	–	–	–	(0.3)	(0.3)
Total comprehensive income	–	–	–	45.0	14.4	59.4
Change in accounting policy	–	–	–	(7.6)	–	(7.6)
Dividends declared to shareholders	–	–	–	(25.7)	–	(25.7)
As at March 31, 2018	1,952.3	1.2	1,953.5	(1,255.2)	103.8	802.1

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

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

		Three months ended March 31	
(unaudited, millions of Canadian dollars, except per share amounts)	**Note**	**2019**	2018
			(Restated, see Note 2b)
Revenue	**14, 16**	**1,024.1**	874.9
Cost of sales (includes products and services)	**14**	**(612.3)**	(585.7)
Gross profit		**411.8**	289.2
Expenses			
Selling, distribution and administrative costs	**14**	**(234.0)**	(178.6)
Finance expense	**14**	**(28.4)**	(26.7)
Unrealized gain (loss) on derivative instruments	**11, 14**	**45.3**	(23.6)
		(217.1)	(228.9)
Earnings before income taxes		**194.7**	60.3
Income tax expense	**12**	**(36.0)**	(15.3)
Net earnings for the period		**158.7**	45.0
Other comprehensive earnings			
Items that may be reclassified subsequently to net earnings			
Unrealized foreign currency loss on translation of foreign operations		**(32.8)**	13.6
Items that will not be reclassified to net earnings (loss)			
Actuarial defined benefit gain		**7.9**	1.1
Income tax expense on other comprehensive earnings		**(2.1)**	(0.3)
Other comprehensive earnings for the period		**(27.0)**	14.4
Comprehensive earnings for the period		**131.7**	59.4
Net earnings per share	**15**	**$0.91**	$0.32

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Superior Plus Corp.
Condensed Consolidated Statements of Cash Flows

(unaudited, millions of Canadian dollars)	Note	Three months ended March 31 2019	2018
OPERATING ACTIVITIES			Restated (see Note 2b)
Net earnings for the period		**158.7**	45.0
Adjustments for:			
Depreciation included in selling, distribution and administrative costs	**6**	**26.7**	16.1
Depreciation of right of use assets	**6**	**7.9**	–
Depreciation included in cost of sales	**6**	**11.1**	11.9
Amortization of intangible assets		**12.3**	6.9
Gains on disposal of assets and other non-cash items		**(0.9)**	(0.3)
Unrealized (gains) losses on derivative instruments	**11**	**(45.3)**	23.6
Finance expense recognized in net earnings		**28.4**	26.7
Income tax expense recognized in net earnings	**12**	**36.0**	15.3
Changes in non-cash operating working capital	**17**	**(74.0)**	(67.4)
Net cash flows from operating activities before income tax and interest paid		**160.9**	77.8
Income taxes paid		**(1.8)**	–
Interest paid		**(46.9)**	(17.2)
Cash flows from operating activities		**112.2**	60.6
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired and assets sold		**–**	(5.9)
Purchase of property, plant and equipment and intangible assets	**18**	**(17.3)**	(10.4)
Proceeds on disposal of property, plant and equipment		**2.0**	1.3
Cash flows used in investing activities		**(15.3)**	(15.0)
FINANCING ACTIVITIES			
Proceeds of revolving term bank credits and other debt		**571.2**	706.5
Repayment of revolving term bank credits and other debt		**(629.1)**	(738.9)
Proceeds from 5.125% senior unsecured notes		**–**	220.0
Redemption of 6.5% convertible debentures		**–**	(209.8)
Repayment of finance lease obligations		**(13.4)**	(4.4)
Debt issue costs		**–**	(4.5)
Dividends paid to shareholders		**(31.5)**	(25.7)
Cash flows used in financing activities		**(102.8)**	(56.8)
Net decrease in cash		**(5.9)**	(11.2)
Cash, beginning of the period		**23.9**	31.8
Effect of translation of foreign currency-denominated cash		**(0.6)**	(0.1)
Cash, end of the period		**17.4**	20.5

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. ORGANIZATION

Superior Plus Corp. ("Superior" or "the Company") is a diversified business corporation, incorporated under the *Canada Business Corporations Act*. The registered office is located at Suite 401, 200 Wellington Street West, Toronto, Ontario. Superior is a publicly traded company with its common shares trading on the Toronto Stock Exchange under the exchange symbol SPB.

The unaudited condensed consolidated financial statements of Superior as at March 31, 2019 and for the three months ended March 31, 2019 and 2018 were authorized for issuance by the Board of Directors on May 8, 2019.

Reportable Operating Segments

Management has changed Superior's reportable operating segments (see Note 18) and now reports three distinct operating segments: Canadian Propane Distribution, U.S. Propane Distribution and Specialty Chemicals. The Canadian Propane Distribution segment includes the Canadian retail business and wholesale businesses with offices located in Canada and California. The U.S. Propane Distribution segment distributes propane gas and liquid fuels along the Eastern U.S. and into the Midwest. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industry and a regional supplier of chlor-alkali products in the U.S. Midwest and Western Canada. Reportable segment information has also been restated to comply with the current presentation.

References to Propane Distribution in the notes below is done to encompass both Canadian Propane Distribution and U.S. Propane Distribution because of the inherent similarities of the businesses.

2. BASIS OF PRESENTATION

(a) Preparation of Condensed Consolidated Financial Statements

The accompanying condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies Superior adopted in its annual condensed consolidated financial statements as at and for the year ended December 31, 2018, except for the change in accounting policies disclosed below. The financial statements were prepared on a going concern basis.

The condensed 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 earnings from date of acquisition, or in the case of disposals, up to the effective date of disposal.

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

(b) Reclassification of Comparative Figures and Restatement

Upon finalizing the purchase price allocation of Canwest Propane, Superior has restated the comparative figures to record the impact of the final purchase allocation as if the accounting for the business combination had been completed at the acquisition date. Accordingly, amortization expense was increased by $2.5 million, depreciation expense increased by $0.7 million and deferred income tax expense decreased by $0.9 million for an aggregated decrease in net income of $2.3 million.

(c) Changes in Accounting Policies

The Company adopted IFRS 16 *Leases* with a date of initial application of January 1, 2019. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date, which is defined as the date at which the right-of-use asset is available for use by the Company.

The lease liability is initially measured at the present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate is the rate of interest the lessee would have to pay to borrow over a similar term with similar security.

The right-of-use asset is initially measured at cost comprising the following:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located; and
- less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option as defined below.

Lease terms range from:

Office space and buildings	1 to 70 years
Manufacturing equipment	2 to 51 years
Rail cars	1 to 11 years

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Company's leases relate to rail cars, office space and buildings and equipment. Lease contracts are typically made for periods of five to 20 years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Superior's obligations under some leases are secured by the lessors' title to the leased assets.

Extension and termination options are included in a number of building and equipment leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

Impact of transition to IFRS 16

The Company adopted IFRS 16 using the modified retrospective approach and, accordingly, the information presented for 2018 has not been restated and remains as previously reported under IAS 17 and related interpretations.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- The Company has elected to record right-of-use assets based on the corresponding lease liability. Right-of-use assets and lease obligations of $178.6 million were recorded as at January 1, 2019, with no net impact on retained earnings. The Company has recorded the right-of-use assets as part of property, plant and equipment. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate for similar collateral and term as at January 1, 2019. The incremental borrowing rate applied was 5.4% to 8.3%.
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Accounting for leases for which the lease term ends within 12 months of the date of initial application and low leases of low-value assets as short-term leases.
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application

- The use of hindsight in determining the lease term where the contract includes extension or termination options.

The following table reconciles the Company's operating lease obligations at December 31, 2018, as previously disclosed in the Company's condensed consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at January 1, 2019.

Operating lease commitments as at December 31, 2018	203.3
Discounted using the incremental borrowing rate	(33.1)
Recognition exemption for short-term leases	(2.8)
Arrangements not captured under IFRS 16	(3.5)
Extension options reasonably certain to be exercised	14.7
Initial adoption January 1, 2019	178.6

The impact of IFRS 16 and related lease liability by operating segment is as follows:

	Propane Distribution		**Specialty**		
	Canada	**U.S.**	**Chemicals**	**Corporate**	**Total**
IFRS 16 initial adoption	34.6	12.5	129.8	1.7	178.6
Reclassification from previously recognized finance lease liabilities (1)	33.9	22.9	-	-	63.8
Lease payments	(4.0)	(3.0)	(6.3)	(0.1)	(13.4)
Finance expense on lease liabilities	0.8	0.6	1.7	0.1	3.2
Additions	1.2	0.2			1.4
Impact of changes in foreign exchange rates and other	0.3	(1.9)	(2.5)	-	(4.1)
Lease liability as at March 31, 2019	**66.8**	**38.4**	**122.6**	**1.7**	**229.5**

(1) The finance lease liabilities included in borrowing at December 31, 2018 have been reclassified to conform to the current period's presentation.

Current portion of lease liability	46.7
Non-current portion of lease liability	182.8
Lease liability as at March 31, 2019	229.5

Included in the above lease liability, as at March 31, 2019, are vehicle lease obligations of $58.7 million (December 31, 2018 - $63.8 million).

(d) Significant Accounting Judgments, Estimates and Assumptions

The preparation of Superior's condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings and related disclosure. The estimates and associated assumptions are based on historical experience and various other factors deemed reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are as follows:

Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The initial assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that it is within the control of the lessee.

3. SEASONALITY OF OPERATIONS

Propane Distribution
Sales typically peak in the first quarter when approximately half 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.

For the 12 months ended March 31, 2019, Superior's Propane Distribution segments reported gross profit of $840.4 million (2018 − $572.4 million) and net earnings of $171.0 million (2018 − $120.0 million).

4. TRADE AND OTHER RECEIVABLES

A summary of trade and other receivables is as follows:

	March 31 2019	December 31 2018
Trade receivables, net of allowances	**369.1**	343.7
Accounts receivable – other	**25.2**	39.5
Trade and other receivables	**394.3**	383.2

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

	March 31 2019	December 31 2018
Current	**249.3**	246.7
Past due less than 90 days	**113.6**	94.4
Past due over 90 days	**18.4**	13.8
Trade receivables	**381.3**	354.9

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 $12.2 million as at March 31, 2019 (December 31, 2018 – $11.2 million). The movement in the provision for doubtful accounts is as follows:

	March 31 2019	December 31 2018
Allowance for doubtful accounts, beginning of the period	**(11.2)**	(6.9)
Impact of acquisitions and disposals	**0.2**	(2.3)
Impairment losses recognized on receivables	**(1.7)**	(6.4)
Amounts written off during the period as uncollectible	**0.2**	3.5
Amounts recovered	**0.3**	0.9
Allowance for doubtful accounts, end of the period	**(12.2)**	(11.2)

5. INVENTORIES

	March 31 2019	December 31 2018
Propane, heating oil and other refined fuels	**55.4**	87.3
Propane retailing materials, supplies, appliances and other	**9.8**	10.2
Chemical finished goods and raw materials	**32.3**	31.6
Chemical stores, supplies and other	**18.0**	17.7
	115.5	146.8

	Three Months Ended March 31	
	2019	2018
Cost of inventories recognized as an expense	**605.6**	522.7
Inventory write-downs to cost of sales	**0.2**	1.6
Write-down reversals to cost of sales	**(4.5)**	–

6. PROPERTY, PLANT AND EQUIPMENT

Cost	**Land**	**Buildings**	**Specialty Chemicals Plant and Equipment**	**Energy Distribution Retailing Equipment**	**Leasehold Improvements**	**Total**
As at December 31, 2018	74.2	299.1	1,039.7	1,298.9	8.6	2,720.5
Balance as at March 31, 2019	**73.5**	**359.3**	**1,144.0**	**1,301.3**	**8.5**	**2,886.6**
Accumulated Depreciation						
Balance as at December 31, 2018	–	95.3	630.3	462.3	4.8	1,192.7
Balance as at March 31, 2019	**–**	**100.2**	**639.0**	**480.4**	**5.0**	**1,224.6**
Carrying Amount						
As at December 31, 2018	74.2	203.8	409.4	836.6	3.8	1,527.8
Balance as at March 31, 2019	**73.5**	**259.1**	**505.0**	**820.9**	**3.5**	**1,662.0**

Depreciation per cost category:

	Three Months Ended March 31	
	2019	2018
Selling, distribution and administrative costs	**34.6**	16.1
Cost of sales	**11.1**	11.9
Total	**45.7**	28.0

The carrying amount of Superior's property, plant and equipment includes $65.4 million of vehicles at net book value as at March 31, 2019 (December 31, 2018 – $65.6 million), financed under vehicle financing arrangements.

7. PROVISIONS

	Restructuring	Decommissioning	Other	Total
Balance as at December 31, 2018	6.2	99.4	5.9	111.5
Utilization	**(0.1)**	**1.2**	**—**	**1.1**
Amounts reversed during the period	**(1.7)**	**(0.9)**	**(0.7)**	**(3.3)**
Impact of change in discount rate	**—**	**5.8**	**—**	**5.8**
Net foreign currency exchange difference	**—**	**(0.4)**	**—**	**(0.4)**
Balance as at March 31, 2019	**4.4**	**105.1**	**5.2**	**114.7**

	March 31 2019	December 31 2018
Current	**7.5**	7.8
Non-current	**107.2**	103.7
	114.7	111.5

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 condensed consolidated statements of net earnings and total comprehensive income or condensed 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 condensed consolidated statements of net earnings and total comprehensive income or condensed consolidated balance sheets.

8. TRADE AND OTHER PAYABLES

A summary of trade and other payables is as follows:

	March 31 2019	December 31 2018
Trade payables	**171.8**	289.4
Provisions, current (see Note 7)	**7.5**	7.8
Other payables, including customer deposits	**138.2**	140.5
Current income taxes payable	**2.6**	2.0
Share-based payments	**6.6**	7.9
Trade and other payables	**326.7**	447.6

9. OTHER LIABILITIES

	March 31 2019	December 31 2018
Québec cap and trade payable	**4.4**	3.6
California cap and trade payable	**1.9**	1.3
Share based payments	**6.8**	7.8
Other liabilities	**13.1**	12.7

Superior operates in California and Quebec and is required to participate in the respective government cap and trade program, which requires Superior to settle any liability with compliance instruments at the end of each compliance period. Intangible assets are recorded when purchased and Cap and Trade liabilities are recorded upon the import of propane. The liability as at March 31, 2019 is $4.4 million for Quebec (December 31, 2018 – $3.6 million), and $1.9 million for California (December 31, 2018 – 1.3 million).

10. BORROWING

	Year of Maturity	Effective Interest Rate	**March 31 2019**	**December 31 2018**
Revolving Term Bank Credit Facilities [1]				Restated (see Note 2(c))
Bankers' Acceptances (BA)	2023	Floating BA rate plus 1.70%	**40.0**	10.0
Canadian Prime Rate Loan (Prime and Swingline)	2023	Prime rate plus 0.70%	**2.2**	15.5
LIBOR Loans (US $323.0 million; 2018 – US $450.1 million)	2023	Floating LIBOR rate plus 1.70%	**431.2**	508.7
US Base Rate Loans (US $5.0 million; 2018 – US $11.0 million)	2023	U.S. Prime rate plus 0.70%	**6.7**	15.1
			480.1	549.3
Other Debt				
Accounts receivable factoring program[2]		Floating BA Plus 1.625%	**2.1**	1.9
Deferred consideration and other	2019 – 2023	Non-interest bearing	**23.3**	24.0
			25.4	25.9
Senior Unsecured Notes				
Senior unsecured notes[3]	2024	5.250%	**400.0**	400.0
Senior unsecured notes[4]	2025	5.125%	**370.0**	370.0
Senior unsecured notes[5]	2026	7.000%	**467.2**	477.3
			1,237.2	1,247.3
Total borrowing before deferred financing fees			**1,742.7**	1,822.5
Deferred financing fees and discounts			**(31.1)**	(32.5)
Total borrowing before current maturities			**1,711.6**	1,790.0
Current maturities			**(7.6)**	(10.7)
Total borrowing			**1,704.0**	1,779.3

(1) As at March 31, 2019, Superior had $41.2 million of outstanding letters of credit (December 31, 2018 – $41.9 million) and $205.6 million of outstanding financial guarantees on behalf of its businesses (December 31, 2018 – $202.8 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. This facility was increased from $620 million to $750 million and can be expanded up to $1,050 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 million. As at March 31, 2019, the accounts receivable factoring program totalled $2.1 million (December 31, 2018 – $1.9 million).

(3) These 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. The fair value of the senior unsecured notes is $395.5 million (December 31, 2018 - $377.0 million), based on prevailing market prices.

(4) These 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. The fair value of the senior unsecured notes is $354.5 million (December 31, 2018 - $339.5 million), based on prevailing market prices.

(5) These 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. The fair value of the senior unsecured notes is $473.6 million (December 31, 2018 - $469.5 million), based on prevailing market prices.

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

Current maturities	**8.2**
Due in 2020	**6.2**
Due in 2021	**5.2**
Due in 2022	**4.4**
Due in 2023	**481.0**
Due in 2024	**400.4**
Subsequent to 2024	**837.3**
Total	**1,742.7**

11. 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, 2019
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts, net sale	1.6	–	–	1.6
Natural gas financial swaps – Alberta Energy Company (AECO)	–	1.0	–	1.0
Propane, diesel, butane and heating oil wholesale purchase and sale contracts, net sale – Propane Distribution	–	3.8	–	3.8
Total assets	1.6	4.8	–	6.4
Liabilities				
Natural gas financial swaps – AECO	–	1.0	–	1.0
Foreign currency forward contracts, net sale	16.9	–	–	16.9
Cross-currency interest rate exchange agreements	0.4	–	–	0.4
Equity derivative contract	–	1.5	–	1.5
Propane, diesel, butane and heating oil wholesale purchase and sale contracts, net sale – Propane Distribution	–	2.7	–	2.7
WTI wholesale purchase and sale contracts, net sale – Propane Distribution	–	0.3	–	0.3
Total liabilities	17.3	5.5	–	22.8
Total net liability	(15.7)	(0.7)	–	(16.4)
Current portion of assets	0.9	4.9	–	5.8
Current portion of liabilities	12.3	4.2	–	16.5

				As at December 31, 2018
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts, net sale	1.7	–	–	1.7
Natural gas financial swaps – AECO	–	1.5	–	1.5
Cross-currency interest rate exchange agreements	7.1	–	–	7.1
Propane, diesel, butane and heating oil wholesale purchase and sale contracts – Propane Distribution	–	8.9	–	8.9
Total assets	8.8	10.4	–	19.2
Liabilities				
Natural gas financial swaps – AECO	–	1.5	–	1.5
Foreign currency forward contracts	35.8	–	–	35.8
Equity derivative contract	–	4.3		4.3
Propane and butane wholesale purchase and sale contracts – Propane Distribution	–	22.0	–	22.0
WTI wholesale purchase and sale contracts – Propane Distribution	–	0.3	–	0.3
Total liabilities	35.8	28.1	–	63.9
Total net liability	(27.0)	(17.7)	–	(44.7)
Current portion of assets	8.5	9.7	–	18.2
Current portion of liabilities	20.8	25.1	–	45.9

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 Rates**	**Valuation Technique and Key Input**
Level 1 fair value hierarchy:				
Foreign currency forward contracts, net sale	US$417.7	2019 – 2022	$1.28	Quoted bid prices in the active market.
Cross-currency interest rate exchange agreements	US$ 200.0	2019	1.34	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Equity derivative contracts	CAD$ 21.8	2019 – 2022	$12.06	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 – Propane Distribution	$50.08 USG[1]	2019 – 2022	$0.65 – $2.20	Quoted bid prices for similar products in the active market.

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

Superior's realized and unrealized financial instrument gains (losses) for the three months ended March 31, 2019 and 2018 are as follows:

	Three months ended March 31 2019		Three months ended March 31 2018	
Description	**Realized Loss**	**Unrealized Gain (loss)**	Realized Gain	Unrealized Gain (loss)
Foreign currency forward contracts, net sale	**(4.1)**	**18.7**	–	(11.4)
Cross-currency interest rate swaps	**–**	**(7.4)**	–	(0.2)
Equity derivative contracts	**–**	**2.7**	0.1	0.6
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Propane Distribution	**(11.7)**	**12.3**	1.7	(12.6)
Total (losses) gains on financial and non-financial derivatives	**(15.8)**	**26.3**	1.8	(23.6)
Foreign currency translation of borrowing	**–**	**19.0**	–	–
Total (losses) gains	**(15.8)**	**45.3**	1.8	(23.6)

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 statements of net earnings and total comprehensive income based on the underlying nature of the condensed 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 condensed 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. As at March 31, 2019, Superior has recorded $17.1 million (December 31, 2018 – nil) against the fair value of propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts, representing margin requirements on the fair value of derivative positions.

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 Canadian Propane Distribution segment has nominal exposure to any losses or gains related to the remaining natural gas and electricity financial swaps.

Propane Distribution enters into various propane forward purchase and sale agreements to manage the economic exposure of its wholesale customer supply contracts. Propane Distribution monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Propane 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. Propane 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. Propane Distribution deals with a large number of small customers, thereby reducing this risk. Propane 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, 2019, 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:

	2019	2020	2021	2022	2023	2024 and thereafter	Total
Borrowing	8.2	6.2	5.2	4.4	481.0	1,237.7	1,742.7
US$ foreign currency forward sales contracts	126.1	161.1	78.0	52.5	–	–	417.7
Natural gas, butane, propane, heating oil and diesel purchases	54.8	26.9	0.1	–	–	–	81.8

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, 2019, are consistent with those disclosed in Superior's 2018 annual consolidated financial statements.

12. 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 the Canadian, United States, Chilean and Luxembourg income taxes.

Total income tax expense for the three months ended March 31, 2019 was $36.0 million, compared to a total income tax expense of $15.3 million in the comparative period. Deferred income tax expense for the three months ended March 31, 2019 was $33.6 million (March 31, 2018 – $13.9 million), resulting in a net deferred income tax liability of $11.3 million (March 31, 2018 – deferred income tax asset of $57.2 million) as at March 31, 2019.

13. 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.

	Issued Number of Common Shares (Millions)	**Total Equity**
Balance, December 31, 2018	**174.9**	**1,088.9**
Net earnings	**–**	**158.7**
Other comprehensive income	**–**	**49.9**
Dividends declared to shareholders	**–**	**(31.5)**
Total equity, March 31, 2019	**174.9**	**1,266.0**

Accumulated Other Comprehensive Income

	March 31 2019	December 31 2018
Accumulated other comprehensive income		
Currency translation adjustment		
Balance, beginning of the period	**180.6**	98.9
Unrealized foreign currency losses on translation of foreign operations	**(32.8)**	81.7
Balance, end of the period	**147.8**	180.6
Actuarial defined benefits		
Balance, beginning of the period	**(1.6)**	(2.4)
Actuarial defined benefit gains	**7.9**	1.1
Income tax expense on other comprehensive income	**(2.1)**	(0.3)
Balance, end of the period	**4.2**	(1.6)
Accumulated derivative losses	**(7.1)**	(7.1)
Accumulated other comprehensive income, end of the period	**144.9**	171.9

14. Supplemental Disclosure of Condensed Consolidated Statement of Total Comprehensive Income

	Three months ended March 31 2019	2018
Revenues		(Restated, see Note 2b)
Revenue from products	**995.7**	848.5
Revenue from the rendering of services	**29.9**	18.3
Rental revenue	**10.4**	8.9
Realized loss on derivative financial instruments	**(11.9)**	(0.8)
	1,024.1	874.9
Cost of sales (includes products and services)		
Cost of products and services	**(596.6)**	(576.4)
Depreciation included in cost of sales	**(11.1)**	(11.9)
Realized gain (loss) on derivative financial instruments	**(4.6)**	2.6
	(612.3)	(585.7)
Selling, distribution and administrative costs		
Other selling, distribution and administrative costs	**(62.5)**	(60.1)
Restructuring, transaction and other costs	**(5.0)**	(7.4)
Employee future benefit expense	**(0.5)**	(3.0)
Employee costs	**(95.5)**	(69.4)
Vehicle operating costs	**(20.1)**	(15.4)
Facilities maintenance expense	**(3.0)**	(1.5)
Depreciation of right-of-use assets	**(7.9)**	–
Depreciation included in selling, distribution and administrative costs	**(26.7)**	(16.1)
Amortization of intangible assets	**(12.3)**	(6.9)
Low value, short term and variable lease payments	**(0.5)**	–
Gain on disposal of assets	**0.9**	0.3
Realized gain (loss) on the translation of U.S.-denominated net working capital	**(0.9)**	0.9
	(234.0)	(178.6)
Finance expense		
Interest on borrowing	**(23.3)**	(12.3)
Interest on lease liability	**(3.2)**	(0.8)
Premium paid on redemption of 6.5% debenture	**–**	(9.8)
Unwinding of discount on debentures, borrowing and decommissioning liabilities	**(1.9)**	(3.8)
	(28.4)	(26.7)
Unrealized gain (loss) on financial instruments	**45.3**	(23.6)
Net earnings before income taxes	**194.7**	60.3
Current income tax expense	**(2.4)**	(1.4)
Future income tax expense	**(33.6)**	(13.9)
	(36.0)	(15.3)
Net earnings for the period	**158.7**	45.0

15. NET EARNINGS PER SHARE

	Three months ended March 31 2019	2018
Net earnings	**$158.7**	$45.0
Weighted average shares outstanding (millions)	**174.9**	142.8
Net earnings per share, basic and diluted	**$0.91**	$0.32

16. DISAGGREGATION OF REVENUE

Revenue is disaggregated by primary geographical market, type of customer and major product and services lines.

For the three months ended March 31, 2019				**Propane Distribution**
	Canada	**USA**	**Other**	**Total**
Revenue from sale of products	288.2	538.0	-	826.2
Revenue from services	13.7	14.3	-	28.0
Tank and equipment rental	8.5	1.9	-	10.4
Derivative financial instruments loss	(7.9)	(0.2)	-	(8.1)
Total revenue	302.5	554.0	-	856.5

				Specialty Chemicals
	Canada	**USA**	**Other**	**Total**
Revenue from sale of chemicals	42.8	102.1	24.6	169.5
Revenue from services	0.3	1.6	-	1.9
Total revenue	43.1	103.7	24.6	171.4

For the three months ended March 31, 2018				Propane 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 loss	(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

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

	Three months ended March 31	
	2019	2018
Changes in non-cash working capital		
Trade and other receivables	**(44.4)**	(11.9)
Inventories	**37.3**	29.6
Trade and other payables	**(52.5)**	(89.9)
Other, including foreign exchange	**(14.4)**	4.8
	(74.0)	(67.4)

18. REPORTABLE SEGMENT INFORMATION

Superior operates three distinct operating segments: Canadian Propane Distribution, U.S. Propane Distribution and Specialty Chemicals. The Canadian Propane Distribution segment includes the Canadian retail business and wholesale businesses with offices located in Canada and California. The U.S. Propane Distribution segment distributes propane gas and liquid fuels along the Eastern U.S. and into the Midwest. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industry and a regional supplier of chlor-alkali products in the U.S. Midwest and Western Canada. 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 Canadian Propane Distribution, U.S. Propane 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, 2019	Canadian Propane Distribution	U.S. Propane Distribution	Specialty Chemicals	Corporate	Total
Revenue	**427.7**	**428.8**	**171.4**	**(3.8)**	**1,024.1**
Cost of sales (includes products and services)	**(275.9)**	**(225.5)**	**(110.9)**	**–**	**(612.3)**
Gross profit	**151.8**	**203.3**	**60.5**	**(3.8)**	**411.8**
Expenses					
Depreciation included in selling, distribution and administrative costs	**(9.1)**	**(15.8)**	**(1.8)**	**–**	**(26.7)**
Depreciation of right-of-use assets	**(2.0)**	**(0.8)**	**(5.1)**	**–**	**(7.9)**
Amortization of intangible assets included in selling, distribution and administrative costs	**(6.1)**	**(5.9)**	**(0.3)**	**–**	**(12.3)**
Selling, distribution and administrative costs	**(66.5)**	**(81.8)**	**(31.9)**	**(6.9)**	**(187.1)**
Finance expense	**(1.0)**	**(1.0)**	**(1.7)**	**(24.7)**	**(28.4)**
Unrealized gain on derivative financial instruments	**6.7**	**5.7**	**1.4**	**31.5**	**45.3**
	(78.0)	**(99.6)**	**(39.4)**	**(0.1)**	**(217.1)**
Net earnings (loss) before income taxes	**73.8**	**103.7**	**21.1**	**(3.9)**	**194.7**
Income tax expense		**–**	**–**	**(36.0)**	**(36.0)**
Net earnings (loss) for the period	**73.8**	**103.7**	**21.1**	**(39.9)**	**158.7**

For the three months ended March 31, 2018 (Restated, see Note 2(b))	Canadian Propane Distribution	U.S. Propane Distribution	Specialty Chemicals	Corporate	Total
Revenue	394.3	311.8	168.8	-	874.9
Cost of sales (includes products and services)	(248.4)	(228.4)	(108.9)	-	(585.7)
Gross profit	145.9	83.4	59.9	-	289.2
Expenses					
Depreciation included in selling, distribution and administrative costs	(10.4)	(5.6)	-	(0.1)	(16.1)
Amortization of intangible assets included in selling, distribution and administrative costs	(4.5)	(2.1)	(0.3)	-	(6.9)
Selling, distribution and administrative costs	(69.6)	(43.5)	(33.7)	(8.8)	(155.6)
Finance expense	(0.7)	(0.4)	(0.3)	(25.3)	(26.7)
Unrealized loss on derivative financial instruments	(7.9)	(4.7)	-	(11.0)	(23.6)
	(93.1)	(56.3)	(34.3)	(45.2)	(228.9)
Net earnings (loss) before income taxes	52.8	27.1	25.6	(45.2)	60.3
Income tax expense		-	-	(15.3)	(15.3)
Net earnings (loss) for the period	52.8	27.1	25.6	(60.5)	45.0

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

	Canadian Propane Distribution	**U.S. Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
As at March 31, 2019					
Net working capital[(1)]	**82.1**	**66.4**	**64.0**	**(23.4)**	**189.1**
Total assets	**1,166.5**	**1,643.8**	**833.6**	**52.3**	**3,696.2**
Total liabilities	**244.4**	**289.4**	**337.9**	**1,635.4**	**2,507.1**
As at December 31, 2018					
Net working capital[(1)]	76.9	16.3	49.4	(45.3)	97.3
Total assets	1,222.8	1,690.4	710.5	25.9	3,649.6
Total liabilities	250.3	356.5	223.1	1,730.8	2,560.7
For the year ended March 31, 2019					
Purchase of property, plant and equipment	**4.6**	**8.5**	**4.2**	**–**	**17.3**
For the year ended December 31, 2018					
Purchase of property, plant and equipment	48.5	29.1	28.2	–	105.8

(1) Net working capital reflects amounts 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.

19. GEOGRAPHICAL INFORMATION

	Canada	**United States**	**Other**	**Total Consolidated**
Revenue for the three months ended March 31, 2019	**341.8**	**657.7**	**24.6**	**1,024.1**
Property, plant and equipment as at March 31, 2019	**751.6**	**868.4**	**42.0**	**1,662.0**
Intangible assets as at March 31, 2019	**154.0**	**244.1**	**–**	**398.1**
Goodwill as at March 31, 2019	**325.7**	**681.4**	**–**	**1,007.1**
Total assets as at March 31, 2019	**1,741.1**	**1,903.9**	**51.2**	**3,696.2**
Revenue for the three months ended March 31, 2018	401.4	451.2	22.3	874.9
Property, plant and equipment as at December 31, 2018	636.9	841.2	49.7	1,527.8
Intangible assets as at December 31, 2018	156.6	255.5	–	412.1
Goodwill as at December 31, 2018	325.8	696.1	–	1,021.9
Total assets as at December 31, 2018	1,494.5	2,104.3	50.8	3,649.6

20. Subsequent Events

On April 1, 2019, Superior acquired substantially all of the propane distribution assets of Phelps Sungas, Inc. and BMK Geneva, Inc., an independent propane distributor in upstate New York serving residential and commercial customers for total consideration of US$17.5 million.

On May 8, 2019, Superior extended the maturity of its syndicated credit facility to May 8, 2024, with no changes to the financial covenants.

On May 3, 2019, Superior closed the acquisition of the shares of Sheldon Gas Company and Sheldon Oil Company (collectively "Sheldon"), an independent propane distributor in California for US$15.5 million (CDN $20.8 million) plus working capital of US$0.4 million (CDN $0.5 million) for total consideration of US$15.9 million (CDN $21.3 million). The acquisition was funded by drawing on Superior's credit facility and deferring US$1.5 million in payments over the next 5 years.