

**Superior Plus Corp.**  
TSX: SPB

# 2019 Second Quarter Results

August 14, 2019



**Superior Plus**

# Forward-Looking Statements and 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 Senior Debt to Credit Facility 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 Propane 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 in this document includes expected 2019 Adjusted EBITDA, which assumes no material divestitures in 2019.

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.

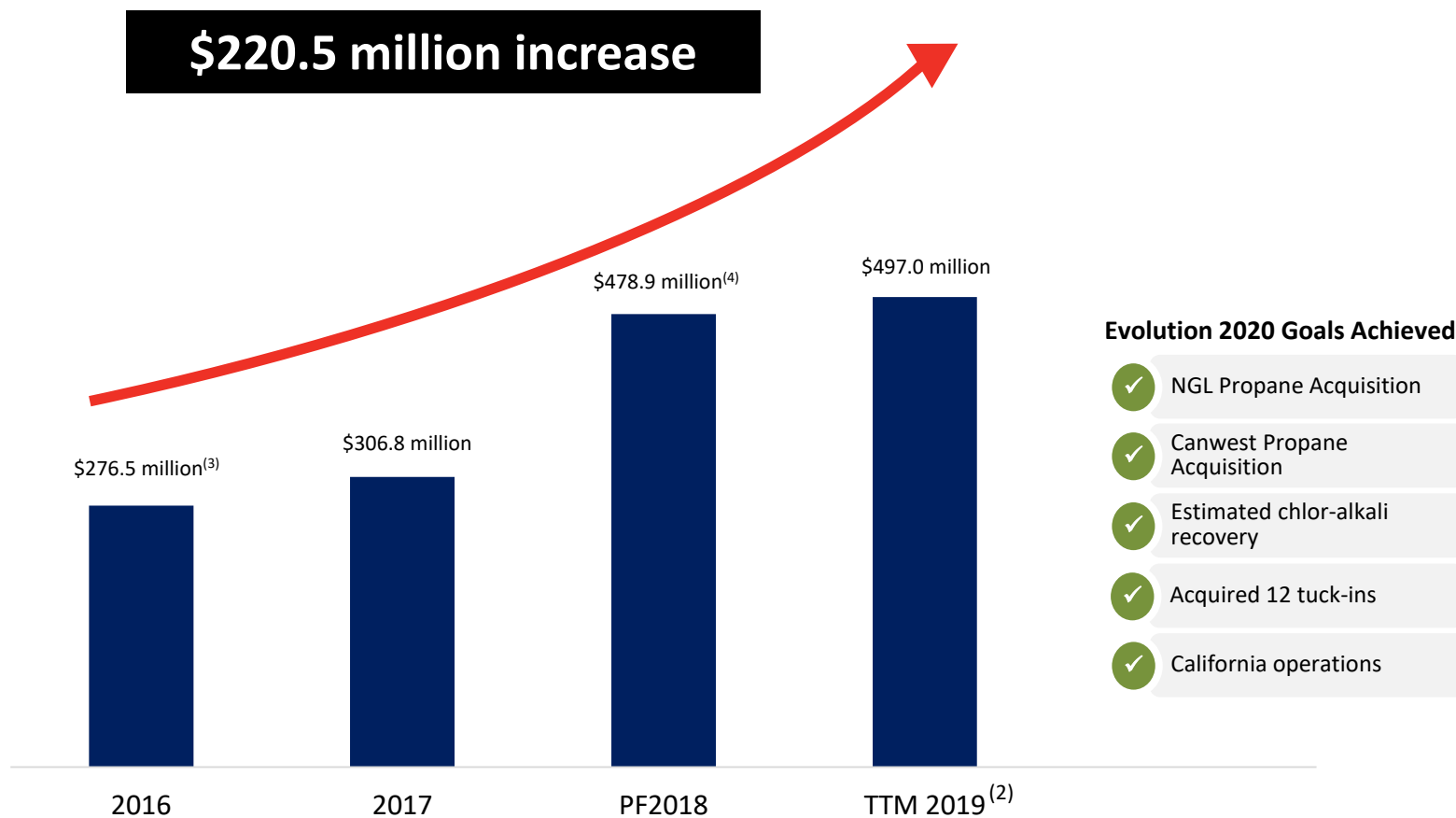
By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond our control, Superior’s 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.

# Evolution 2020 Goals Achieved

Evolution 2020 goal of achieving \$200-\$250 million increase in annual EBITDA from operations<sup>(1)</sup>

- Superior's Trailing Twelve Months ("TTM") EBITDA from Operations is \$497.0 million<sup>(2)</sup>



(1) As compared to full year ("FY") 2016 and excludes the impact of IFRS 16.

(2) TTM ended June 30, 2019.

(3) Proforma sale of Construction Products Distribution.

(4) Proforma FY NGL Propane LLC ("NGL") acquisition.

# Q2 2019 Highlights

## 2019 Acquisitions



**2019**  
Phelps Sungas, Inc. and BMK of Geneva, Inc.  
New York (US \$19.5 million)



**2019**  
Sheldon Oil Company and Sheldon Gas  
Company  
California (US \$15.8 million)

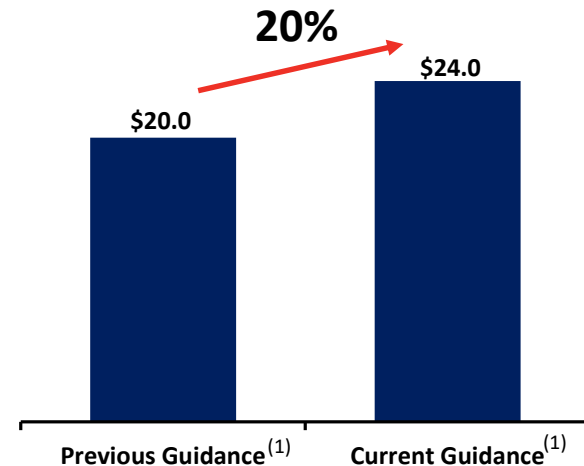
## Strategic Review

- On June 10, 2019, Superior announced it is considering a sale of its Specialty Chemicals business



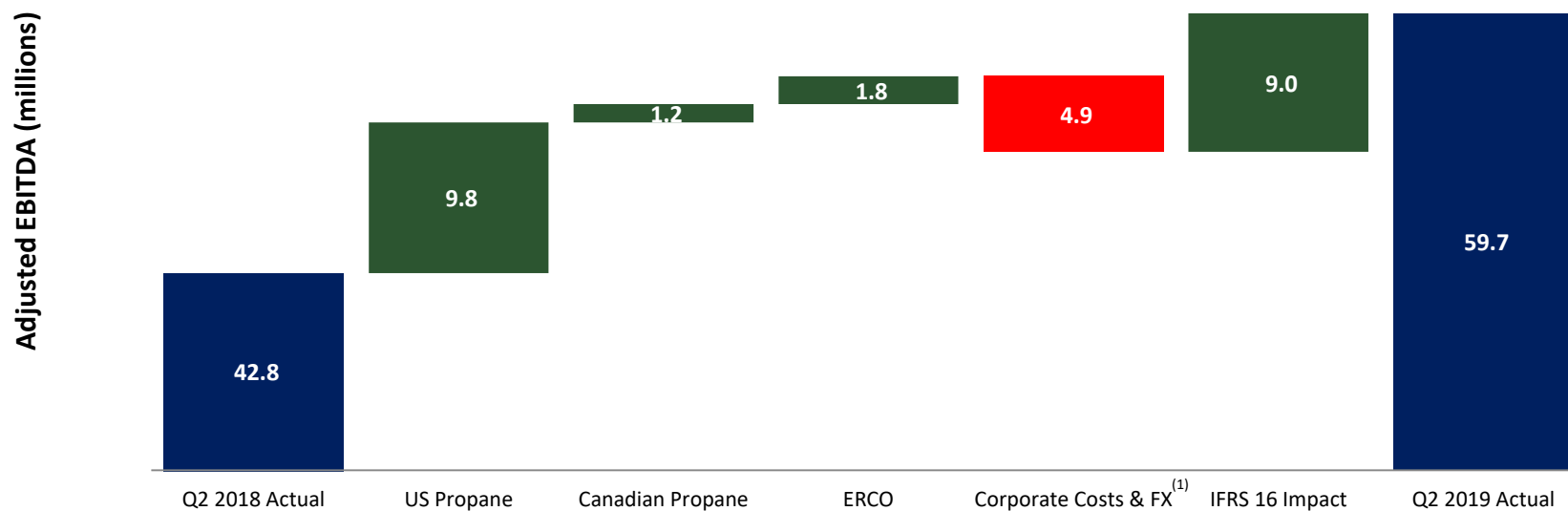
## NGL run-rate synergy expectation increases to US \$24 million

- Superior expects to exit 2019 with an estimated US \$20 million in run-rate synergies related to the NGL Propane acquisition
- U.S. Propane achieved ~US \$3.8 million in synergies related to the NGL Propane acquisition in Q2 2019



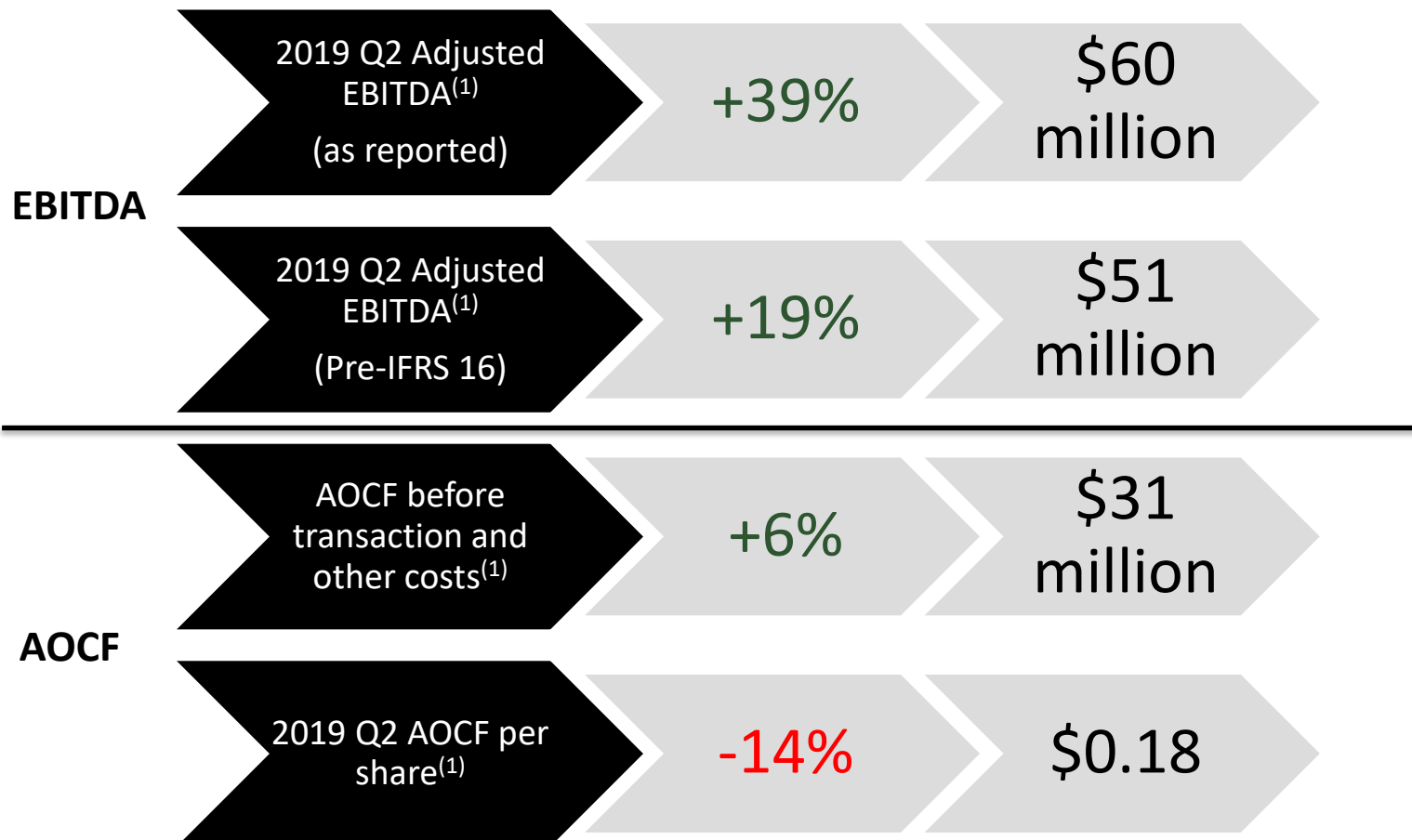
(1) Millions of USD. See "Forward-Looking Statements and Information".

# Q2 2019 vs. Q2 2018 - Adjusted EBITDA Bridge



(1) Corporate Costs & FX includes realized gains or losses on FX hedging contracts.

# Q2 2019 Results



(1) Per 2019 Second Quarter MD&A ("MD&A"). See "Non-GAAP Financial Measures".

(2) Comparisons are made to the same period in 2018.

# Q2 2019 Financial & Operational Performance



## Canadian Propane

- \$20.0 million in EBITDA from Operations (\$18.4 million pre-IFRS 16)
- Increase in wholesale volumes due to UPE acquisition
- Oilfield volumes were 11 million litres lower compared to prior year quarter due to lower activity in Western Canada
- Lower average margins due to increased wholesale propane volumes in California



## U.S. Propane

- \$12.8 million in EBITDA from Operations (\$11.7 million pre-IFRS 16)
- Increase in residential volumes due to NGL acquisition and tuck-ins
- Increase in average unit margins due to higher residential volumes and less wholesale distillate volumes
- US ~\$3.8 million in synergies realized on NGL acquisition in the second quarter, tracking ahead of expectations



## Specialty Chemicals

- \$38.6 million in EBITDA from Operations (\$32.4 million pre-IFRS 16)
- Higher average sales prices and sales volumes in sodium chlorate
- Modestly lower sales price and sales volumes in chlor-alkali
- Higher operating expenses due to higher freight costs and impact of the weaker Canadian dollar on U.S. denominated expenses

# 2019 Adjusted EBITDA Guidance and Leverage

- 2019 Adjusted EBITDA guidance range confirmed at \$490.0M-\$530.0M

Guidance	2019
Adjusted EBITDA Guidance <sup>(1)(2)</sup>	\$490-\$530 million
Senior Debt to Credit Facility EBITDA <sup>(1)(2)</sup>	3.6X – 4.0X








- Total Debt to Adjusted EBITDA leverage ratio is estimated to be up to 0.1x higher than the Senior Debt to Credit Facility leverage ratio due to the impact of IFRS 16

(1) Per MD&A. See “Non-GAAP Financial Measures”.

(2) See “Forward-Looking Statements and Information”.



# Potential Impacts to Adjusted EBITDA Guidance<sup>(1)(2)</sup>

Potential Macro Scenario	Directional Impact on Adjusted EBITDA <sup>(1)(2)</sup>
Warmer than normal weather in Q4 2019	
Colder than normal weather in Q4 2019	
Weaker caustic soda pricing for balance of year	
Weaker HCl volumes and pricing for balance of year	
Recovery in caustic soda pricing in Q3 2019	
Increased oil and gas activity in Western Canada for balance of year	
Tuck-in acquisitions	

(1) Per MD&A. See "Non-GAAP Financial Measures".

(2) See "Forward-Looking Statements and Information".

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# Q&A



# Non-GAAP Financial Measures

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

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

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

## **Adjusted Operating Cash Flow before transaction and other costs per share ("AOCF")**

AOCF is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, other expenses, non-cash interest expense, current income taxes and finance costs. Superior may deduct or include additional items in its calculation of AOCF; these items would generally, but not necessarily, be items of a non-recurring nature. AOCF is the main performance measure used by management and investors to evaluate Superior's performance. AOCF represents cash flow generated by Superior that is available for, but not necessarily limited to, changes in working capital requirements, investing activities and financing activities of Superior. Please see the "Adjusted Operating Cash Flow Reconciled to Net Cash Flow from Operating Activities" section of Superior's Q2 2019 MD&A.

## **Adjusted EBITDA**

For the purposes of this presentation Adjusted EBITDA represents earnings before taxes, depreciation, amortization, finance expense, and certain other non-cash expenses and transaction and other costs deemed to be non-recurring, and is used by Superior to assess its consolidated results and ability to service debt. The EBITDA of Superior's operating segments may be referred to as EBITDA from operations. Please see the "Reconciliation of Net Earnings before Income Taxes to Adjusted EBITDA" section of Superior's Q2 2019 MD&A.

## **EBITDA from operations**

EBITDA from operations is defined as adjusted EBITDA excluding gains/(losses) on foreign currency hedging contracts, corporate costs and transaction and other costs. For purposes of this presentation, foreign currency hedging contract gains and losses are excluded from the results of the operating segments. EBITDA from Operations is used by Superior and investors to assess the results of its operating segments. Please see the "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs" section of Superior's Q2 2019 MD&A.

## **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.

### **Senior Debt to Credit Facility EBITDA**

Senior Debt to Credit Facility EBITDA 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.

For additional information with respect to financial measures which have not been identified by GAAP, including reconciliations to the closest comparable GAAP measure, see Superior's Q2 2019 MD&A, available on SEDAR at [www.sedar.com](http://www.sedar.com)