TSX: SPB **August 13, 2019**

Superior Plus Corp. Announces 2019 Second Quarter Results, Achievement of Evolution 2020 Goals and Increase in Anticipated Run-Rate Synergies Related to NGL Retail East

Superior Plus Corp. ("Superior") (TSX:SPB) announced today the financial and operating results for the second quarter ended June 30, 2019. All financial figures are expressed in Canadian dollars.

"Superior delivered strong second quarter results driven by the contribution from the NGL Retail East and tuck-in acquisitions completed in 2018, realized synergies from those acquisitions and higher sodium chlorate sales prices and volumes. We made great progress on the NGL Retail East integration and are well ahead of our expectations on the timing of the run-rate synergies," said Luc Desjardins, President and Chief Executive Officer. "We achieved trailing twelve months EBITDA from operations for the period ended June 30, 2019 of $497 million, which is a $221 million increase compared to the full year 2016 EBITDA from operations, so we have delivered on our Evolution 2020 goals."

Business and Financial Highlights

- Superior achieved second quarter Adjusted EBITDA of $59.7 million, a $16.9 million or 39% increase compared to the prior year quarter primarily due to higher EBITDA from operations from U.S. propane distribution ("U.S. Propane"), Specialty Chemicals and Canadian propane distribution ("Canadian Propane"), partially offset by higher corporate costs and realized losses on foreign exchange hedging contracts. Corporate costs for the second quarter were $3.5 million higher than the prior year quarter primarily due to an increase in long-term incentive plan costs related to the share price appreciation. Realized losses on foreign exchange hedging contracts for the second quarter were $3.2 million, a $1.3 million increase compared to the prior year quarter due primarily to the weaker Canadian dollar.
- Superior's EBITDA from operations for the second quarter was $71.4 million, a $21.7 million or 44% increase compared to the prior year quarter, primarily due to contribution from NGL Retail East ("NGL Propane"), the impact from the adoption of IFRS 16 and to a lesser extent higher Canadian Propane and Specialty Chemicals results. The adoption of IFRS 16 resulted in a $9.0 million increase in EBITDA from operations for the second quarter on a consolidated basis.
- Superior also achieved adjusted operating cash flow ("AOCF") before transaction and other costs for the second quarter of $31.0 million, a $1.7 million or 6% increase compared to the prior year quarter primarily due to higher

Adjusted EBITDA, partially offset by higher interest expense. AOCF before transaction and other costs per share was $0.18, $0.03 lower than the prior year quarter due to an increase in weighted average shares outstanding offset in part by the increase in AOCF before transaction and other costs. The increase in weighted average shares outstanding was a result of the equity financing related to the acquisition of NGL Retail East. AOCF before transaction and other costs per share for the first six months was $1.38 per share, $0.21 or 18% higher than the prior year comparable period due to an increase in Adjusted EBITDA, partially offset by an increase in interest expense and weighted average shares outstanding.

- Superior had a net loss of $29.3 million in the second quarter, compared to net earnings of $9.1 million in the prior year quarter primarily due to an increase in selling, distribution and administrative costs and finance expense, partially offset by an increase in revenue, gross profit and unrealized gains on derivative instruments.
- On June 15, 2018, Superior provided updated Evolution 2020 Guidance at Superior's Investor Day. Superior increased the estimate of improved EBITDA from operations compared to 2016 from a range of $50 million to $150 million to a range of $200 million to $250 million by 2020. Superior's trailing twelve months EBITDA from operations for the period ended June 30, 2019, excluding the impact of IFRS 16, was $497 million, which is a $221 million increase compared to the full year 2016 EBITDA from operations. Given that Superior has achieved its Evolution 2020 aspirational goal ahead of 2020, we will not be providing further updates on the Evolution 2020 strategic initiatives. Superior expects to communicate its future strategy following completion of the Specialty Chemicals review process.
- In the second quarter, U.S. Propane achieved approximately US $3.8 million in synergies related to the NGL Propane acquisition, bringing the year-to-date total to US $9.4 million. The realized synergies in the first six months were primarily due to supply chain efficiencies, margin management improvements and operational expense savings. Based on integration work completed so far, Superior now expects to achieve US $24 million in run-rate synergies related to the NGL Propane acquisition, a 20% increase compared to the previous expectations of achieving US $20 million. Superior expects to achieve US $20 million of the estimated US $24 million in run-rate synergies exiting 2019.
- Superior is confirming its previously communicated 2019 Adjusted EBITDA guidance to be in the range of $490 million to $530 million. The low end of the 2019 Adjusted EBITDA range accounts for warmer than normal weather in Superior's operating regions, as well as potential adverse market conditions across Superior's areas of operations, and the high end of the 2019 Adjusted EBITDA range accounts for colder than normal weather in Superior's operating regions and greater than expected contributions from acquisition synergies, wholesale propane market fundamentals, organic growth and improvements in North American chlor-alkali markets.
- U.S. Propane EBITDA from operations for the second quarter was $12.8 million, an increase of $10.9 million compared to the prior year quarter primarily due to the contribution from the NGL Propane and tuck-in acquisitions completed in 2018 and higher average unit margins. U.S. Propane residential sales volumes were 123 million litres, 84 million litres or 215% higher than prior year quarter due to the incremental volumes from the NGL Propane and tuck-in acquisitions completed in 2018. Total volumes increased 44 million litres or 28% 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 second quarter were 35.1 cents per litre compared to 19.3 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. Other services gross profit increased $9.4 million compared to the prior year quarter due to the incremental service revenue from the NGL Propane acquisition.

- Canadian Propane EBITDA from operations for the second quarter was $20.0 million, an increase of $2.9 million or 17% compared to the prior year quarter due to higher gross profit in the supply portfolio management business, realized synergies from Canwest and the impact of adopting IFRS 16, partially offset by lower sales volumes. Gross profit in the supply portfolio business increased due to the contribution from United Pacific Energy ("UPE") and improved market fundamentals for wholesale natural gas liquids compared to the prior year quarter. Total sales volumes of 437 million litres were 57 million litres or 15% higher than the prior year quarter due to the increase in wholesale propane volumes, partially offset by a decrease in oilfield volumes.
- Specialty Chemicals EBITDA from operations for the second quarter was $38.6, an increase of $7.9 million or 26% compared to the prior year quarter due to the impact of adopting IFRS 16, and higher average sodium chlorate selling prices and sales volumes, partially offset by lower chlor-alkali selling prices and sales volumes for most products as well as higher freight costs and the impact of the weaker Canadian dollar on U.S. denominated expenses. The adoption of IFRS 16 in 2019 resulted in a $6.2 million increase in second quarter EBITDA from operations compared to the prior year quarter. Average selling prices for sodium chlorate increased primarily due to higher contract pricing compared to the prior year quarter and the impact from the weaker Canadian dollar on U.S. denominated sales. Chlor-alkali average selling prices and sales volumes were modestly lower due to reduced demand for caustic soda and hydrochloric acid, partially offset by higher caustic potash selling prices and sales volumes. Hydrochloric acid selling prices and sales volumes were lower due to weaker demand from the oil and gas fracking markets in Western Canada and the U.S. related to lower rig activity. Caustic soda selling prices and sales volumes are lower due to the impact from a weaker export market in the Gulf Coast region, which increases competition in the North American domestic markets. Caustic potash sales volumes and selling prices are higher due to customer mix and a strong start to the agricultural season in the Western U.S.
- On June 10, 2019, Superior announced it is considering a sale of its Specialty Chemicals business. Superior has not set a timetable for completion of the review process, and it does not intend to provide any updates unless a specific transaction or alternative is approved by the Board of Directors, the review process is concluded, or it is otherwise determined that disclosure is appropriate.
- On May 31, 2019, ERCO Worldwide ("ERCO") announced to its employees and customers that it would be closing the sodium chlorate production facility in Saskatoon, Saskatchewan ("Saskatoon sodium chlorate facility") before the end of 2019. The Saskatoon sodium chlorate facility is closing due to the negative impact from rising electrical power prices in the Province of Saskatchewan and the anticipated capital investment required to continue operating the facility reliably. The closure of the Saskatoon sodium chlorate facility is not expected to have an impact on the chlor-alkali production facility in Saskatoon. The Saskatoon sodium chlorate facility had an annual production capacity of 40,000 metric tonnes per year at the time of the announcement.
- Superior has approved expansions of the sodium chlorate production capacity at the Buckingham, Quebec and Valdosta, Georgia sodium chlorate facilities. Upon completion of the expansions, the existing capacity of 130,000 metric tonnes (MT) at the Buckingham facility is expected to increase by 5,000 MT, and the existing capacity of 100,000 MT at the Valdosta facility is expected to increase by 11,000 MT. The Buckingham expansion is anticipated to be completed through 2019 and 2020 with commercial production currently expected in the fourth quarter of 2020. The Valdosta expansion is expected to commence in 2020, with a target completion of 2021. The aggregate capital cost to be spent over 2019 and 2020 on the two expansion projects is expected to be $27 million, which will be partially offset by anticipated subsidies from Hydro Quebec. The expansion of the production capacity at the Buckingham and Valdosta facilities will

support regional and export customer demand.

Financial Overview

		Three Months Ended June 30			Six Months Ended June 30	
(millions of dollars, except per share amounts)		**2019**	**2018**		**2019**	**2018**
Revenue		**541.2**	483.1		**1,565.3**	1,358.0
Gross Profit		**218.6**	159.7		**630.4**	448.9
Net earnings (loss)		**(29.3)**	9.1		**127.3**	54.1
Net earnings (loss) per share, basic and diluted (1)	$	**(0.17)**	$ 0.06	$	**0.73**	$ 0.38
EBITDA from operations (2)		**71.4**	49.7		**320.7**	208.3
Adjusted EBITDA (2)		**59.7**	42.8		**299.6**	195.4
Net cash flows from operating activities		**163.5**	177.3		**275.7**	237.9
Net cash flows from operating activities per share – basic and diluted (1)	$	**0.93**	$ 1.24	$	**1.58**	$ 1.67
AOCF before transaction and other costs (2)(3)		**31.0**	29.3		**242.0**	167.4
AOCF before transaction and other costs per share – basic and diluted(1)(2)(3)	$	**$0.18**	$ 0.21	$	**$1.38**	$ $1.17
AOCF (2)		**17.8**	20.3		**223.8**	151.0
AOCF per share – basic and diluted (1)(2)	$	**$0.10**	$ 0.14	$	**$1.28**	$ $1.06
Cash dividends declared		**31.5**	25.7		**63.0**	51.4
Cash dividends declared per share	$	**$0.18**	$ 0.18	$	**$0.36**	$ $0.36

(1) The weighted average number of shares outstanding for the three and six months ended June 30, 2019 is 174.9 million (June 30, 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 and six months ended June 30, 2019 and 2018.

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

(3) Transaction and other costs for the three and six months ended June 30, 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 June 30		Six Months Ended June 30	
(millions of dollars)	**2019**	2018	**2019**	2018
EBITDA from operations(1)				
Canadian Propane Distribution	**20.0**	17.1	**104.3**	97.0
U.S. Propane Distribution	**12.8**	1.9	**138.2**	42.5
Specialty Chemicals	**38.6**	30.7	**78.2**	68.8
	71.4	49.7	**320.7**	208.3

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

Business Development and Acquisition Update

- 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.
- On May 3, 2019, Superior closed the acquisition of Sheldon Oil Company and Sheldon Gas Company ("Sheldon"), an independent propane distributor and terminal operator in Northern California, serving

residential, agricultural and commercial customers (the "Sheldon Acquisition") for total consideration of US$15.8 million (CDN $21.3 million). The Sheldon Acquisition is Superior's first retail propane distribution acquisition 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 remains focused on managing both its total debt and its Senior Debt to Credit Facility EBITDA leverage ratio. Superior's total debt as at June 30, 2019 was $1,906 million, a decrease of $66 million from March 31, 2019 primarily due to cash flow from operations and reductions in net working capital. Superior's debt for credit facility and note indenture covenant calculations ("Senior Debt"), which excludes the impact of IFRS 16, was $1,743 million as at June 30, 2019, a decrease of $58 million from March 31, 2019 and a decrease of $143 million from December 31, 2018, primarily due to cash generated from operations and a reduction in net working capital. Credit Facility EBITDA, which excludes the impact of IFRS 16 for the trailing twelve months ended June 30, 2019 was $466 million. See "Non-GAAP Financial Measures" for the definition of Senior Debt and Credit Facility EBITDA and "Non-GAAP Financial Measures" in the MD&A for the reconciliation of Credit Facility EBITDA from Adjusted EBITDA. Superior's Senior Debt to Credit Facility EBITDA ratio as at June 30, 2019 was 3.7x compared to 3.9x as at March 31, 2019 and 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 up to 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 $296 million available under the credit facility as at June 30, 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 and six months ended June 30, 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 Second Quarter Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2019 Second Quarter Results at 11:00 a.m. EST on Wednesday, August 14, 2019. To participate in the call, dial: 1-844-389-8661. Internet users can listen to the call live, or as an archived call on Superior's website at www.superiorplus.com under the Events section.

Non-GAAP Financial Measures

Throughout the second 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 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 subsidies from Hydro Quebec, expected capital costs, project timing and commercial production related to the planned expansion of the Buckingham, Quebec and Valdosta, Georgia sodium chlorate facilities, 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.

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

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Management's Discussion and Analysis of 2019 second quarter Results
August 13, 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 and six months ended June 30, 2019 and 2018, as well as forward-looking information about future periods. The information in this MD&A is current to August 13, 2019, and should be read in conjunction with Superior's second quarter 2019 unaudited condensed interim consolidated financial statements and notes thereto as at and for the three and six months ended June 30, 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 and six months ended June 30, 2019 and 2018 were prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

All financial amounts in this MD&A are expressed in millions of Canadian dollars except where otherwise noted. All tables are for the three and six months ended June 30 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 United States and into the Midwest and California. 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 June 30 **2019**	2018	Six Months Ended June 30 **2019**	2018
Revenue	**541.2**	483.1	**1,565.3**	1,358.0
Gross profit	**218.6**	159.7	**630.4**	448.9
EBITDA from operations [1]	**71.4**	49.7	**320.7**	208.3
Corporate operating and administrative costs	**(8.5)**	(5.0)	**(14.1)**	(11.0)
Realized losses on foreign currency hedging contracts	**(3.2)**	(1.9)	**(7.0)**	(1.9)
Adjusted EBITDA [1]	**59.7**	42.8	**299.6**	195.4
Interest expense	**(26.5)**	(11.4)	**(53.0)**	(24.5)
Cash income tax expense	**(2.2)**	(2.1)	**(4.6)**	(3.5)
AOCF before transaction and other costs [1]	**31.0**	29.3	**242.0**	167.4
Transaction and other costs [2]	**(13.2)**	(9.0)	**(18.2)**	(16.4)
AOCF[1]	**17.8**	20.3	**223.8**	151.0
AOCF per share before transaction and other costs, basic and diluted [1][2][3]	**$0.18**	0.21	**$1.38**	$1.17
AOCF per share, basic and diluted [1][2][3]	**$0.10**	0.14	**$1.28**	$1.06
Dividends declared per share [3]	**$0.18**	0.18	**$0.36**	$0.36

(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 and six months ended June 30, 2019 and 2018 are related to acquisition activity, restructuring and the integration of acquisitions. See "Transaction and Other Costs" for further details.
(3) The weighted average number of shares outstanding for the three and six months ended June 30, 2019 is 174.9 million (June 30, 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 and six months ended June 30, 2019 and 2018.

Comparable GAAP Financial Information

(millions of dollars except per share amounts)	Three Months Ended June 30 **2019**	2018	Six Months Ended June 30 **2019**	2018
Net earnings (loss)	**(29.3)**	9.1	**127.3**	54.1
Net earnings (loss) per share, basic and diluted	**(0.17)**	0.06	**0.73**	0.38
Net cash flows from operating activities	**163.5**	177.3	**275.7**	237.9
Net cash flows from operating activities paid per share, basic and diluted	**0.93**	1.24	**1.58**	1.67

Segmented Information

(millions of dollars)	Three Months Ended June 30 **2019**	2018	Six Months Ended June 30 **2019**	2018
EBITDA from operations[1]				
Canadian Propane Distribution	**20.0**	17.1	**104.3**	97.0
U.S. Propane Distribution	**12.8**	1.9	**138.2**	42.5
Specialty Chemicals	**38.6**	30.7	**78.2**	68.8
	71.4	49.7	**320.7**	208.3

(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		Six Months Ended	
		June 30		June 30
(millions of dollars)	**2019**	2018	**2019**	2018
Net cash flow from operating activities paid	**163.5**	177.3	**275.7**	237.9
Non-cash interest expense, loss on redemption and other	**2.4**	1.2	**4.3**	14.8
Changes in non-cash working capital	**(127.9)**	(146.7)	**(53.9)**	(79.3)
Income taxes paid	**2.7**	-	**4.5**	-
Interest paid	**8.2**	3.2	**55.1**	20.4
Cash income tax expense	**(2.2)**	(2.1)	**(4.6)**	(3.5)
Finance expense recognized in net earnings	**(28.9)**	(12.6)	**(57.3)**	(39.3)
AOCF [(1)]	**17.8**	20.3	**223.8**	151.0

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

Acquisition of Phelps Sungas, Inc. and BMK Geneva, Inc. (together “Phelps”)

On April 1, 2019, Superior closed the acquisition of the propane distribution assets of Phelps, an independent propane distributor in New York 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 (CDN $3.3 million) in payments over the next five years.

Acquisition of Sheldon Gas Company and Sheldon Oil Company (together “Sheldon”)

On May 3, 2019, Superior closed the acquisition of the shares of Sheldon, an independent propane distributor in Northern California for total consideration of US$15.8 million (CDN $21.3 million). The acquisition was funded by drawing on Superior’s credit facility and deferring US$1.5 million (CDN $2.0 million) in payments over the next three years. Included in the assets acquired was a 51% interest in an entity of which Superior already owned a 49% interest. The 49% interest was part of the assets acquired through the acquisition of United Pacific Energy.

Consolidated Statement of Net (Loss) Earnings

	Three Months Ended		Six Months Ended	
		June 30		June 30
(millions of dollars except per share amounts)	**2019**	2018[(2)]	**2019**	2018[(2)]
Revenue	**541.2**	483.1	**1,565.3**	1,358.0
Cost of sales (includes products and services)	**(322.6)**	(323.4)	**(934.9)**	(909.1)
Gross profit	**218.6**	159.7	**630.4**	448.9
Expenses				
Selling, distribution and administrative costs	**(251.0)**	(143.7)	**(487.1)**	(322.3)
Finance expense	**(28.9)**	(12.6)	**(57.3)**	(39.3)
Unrealized gain (loss) on derivative financial instruments	**14.6**	5.1	**59.9**	(18.5)
	(265.3)	(151.2)	**(484.5)**	(380.1)
(Loss) earnings before income taxes	**(46.7)**	8.5	**145.9**	68.8
Income tax (expense) recovery	**17.4**	0.6	**(18.6)**	(14.7)
Net (loss) earnings for the period	**(29.3)**	9.1	**127.3**	54.1
Net earnings (loss) per share, basic and diluted [(1)]	(0.17)	0.06	**0.73**	0.38

(1) The weighted average number of shares outstanding for the three and six months ended June 30, 2019 is 174.9 million (three and six months ended June 30, 2018 – 142.8 million). There were no dilutive instruments for the three and six months ended June 30, 2019 and 2018.

(2) Comparative figures for the first two quarters of 2018 have been restated to account for finalizing the Canwest purchase price allocation during 2018, refer to note 2(b) of the 2019 Q2 unaudited condensed interim consolidated financial statements.

Q2 2019 Summary of Results Compared to the Prior Year Quarter

Adjusted EBITDA for the three months ended June 30, 2019 was $59.7 million, an increase of $16.9 million or 39% compared to the prior year quarter primarily due to higher EBITDA from operations partially offset by a higher realized loss on foreign currency hedging contracts and higher corporate costs. EBITDA from operations increased by $21.7 million or 44% compared to the prior year quarter primarily due to higher U.S. Propane Distribution (U.S. Propane) and Specialty Chemicals EBITDA from operations and to a lesser extent Canadian Propane Distribution (Canadian Propane) EBITDA from operations. U.S. Propane EBITDA from operations was $12.8 million, an increase of $10.9 million or 574% primarily due to the contribution from the NGL and tuck-in acquisitions completed in 2018 and 2019 and the realization of approximately $5.0 million in synergies, partially offset by the impact of the sale of certain refined fuel assets in the prior year. Specialty Chemicals EBITDA from operations was $38.6 million, an increase of $7.9 million or 26% due to the impact of adopting IFRS 16, see 'Change in accounting policy', and higher sodium chlorate average selling prices and sales volumes partially offset by lower chlor-alkali sales volumes and netbacks and higher freight costs compared to the prior year quarter. Canadian Propane EBITDA from operations was $20.0 million, an increase of $2.9 million or 17% primarily due to improved natural gas liquid market fundamentals, realized synergies from Canwest and the impact of adopting IFRS 16, see 'Change in accounting policy', partially offset by the impact of lower sales volumes. Superior realized a loss on foreign currency hedging contracts of $3.2 million compared to a loss of $1.9 in the prior year quarter due to the weaker Canadian dollar than the average hedge rate. Corporate costs were $8.5 million compared to $5.0 million in the prior comparable quarter. The increase is primarily due to higher shared based incentive plan costs related to share price appreciation partially offset by lower transaction related costs.

AOCF before transaction and other costs for the three months ended June 30, 2019 was $31.0 million, an increase of $1.7 million or 6% from the prior year quarter 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. AOCF per share before transaction and other costs was $0.18 per share, a decrease of $0.03 per share or 14% from the prior year quarter. The impact of the higher AOCF before transaction and other costs discussed above, was more than offset by an increase in weighted average shares outstanding.

AOCF for the three months ended June 30, 2019 was $17.8 million, a decrease of $2.5 million from the prior year AOCF of $20.3 million due to the increased transaction and other costs partially offset by increased AOCF before transaction and other costs discussed above. AOCF per share for the three months ended June 30, 2019 was $0.10 per share, a decrease of $0.04 per share or 29% from the prior year quarter of $0.14 per share primarily due to the higher transaction and other costs and the impact of an increase in the weighted average shares outstanding. Transaction and other costs for the three months ended June 30, 2019 were $13.2 million, an increase of $4.2 million from $9.0 million in the prior year quarter. The increase is primarily related to integration costs associated with NGL, restructuring costs associated with a plant closure in Specialty Chemicals and transaction costs related to tuck-in acquisitions compared to costs in the prior year related to the integration and restructuring of Canwest and transaction costs related to tuck-in acquisitions.

Revenue for the three months ended June 30, 2019 of $541.2 million was an increase of $58.1 million or 12% from the prior year quarter due to higher revenue in the U.S. Propane Distribution and Specialty Chemicals segments. U.S. Propane Distribution revenue for the three months ended June 30, 2019 was $174.4 million, an increase of $45.3 million or 35% 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. Specialty Chemicals revenue for the three months ended June 30, 2019 was $179.9 million, an increase of $13.4 million or 8% from the prior year quarter primarily due to higher average sodium chlorate prices and volumes and the impact of the weaker Canadian dollar on the translation of U.S. denominated revenues. Revenue for the three months ended June 30, 2019 includes a realized loss of $3.1 million related to foreign currency hedging contracts compared to a loss of $1.9 million in the prior year quarter due to a weaker Canadian dollar than the average hedge rate. Gross profit was $218.6 million, an increase of $58.9 million or 37% from $159.7 million in the prior year quarter primarily due to higher U.S. Propane gross profit. U.S. Propane Distribution and Specialty Chemicals gross profit increased due to higher revenues discussed above. Canadian Propane gross profit increased due to the contribution from the United Pacific Energy (UPE) acquisition and losses on butane inventory recorded in the prior comparable quarter.

Selling, distribution and administrative (“SD&A”) costs were $251.0 million for the three months ended June 30, 2019, an increase of $107.3 million or 75% from the prior year quarter primarily due to an increase in U.S. Propane Distribution SD&A costs and to a lesser extent, the Specialty Chemicals segment. U.S. Propane Distribution SD&A costs were $101.6 million, an increase of $77.2 million from $24.4 million in the prior year quarter primarily due to the NGL and tuck-in acquisitions and to a lesser extent, the impact of a gain on the sale of certain refined fuel assets recorded in the prior year. Specialty Chemicals costs were $62.6 million for the three months ended June 30, 2019, an increase of $25.9 million or 70% from $36.7 million primarily due to restructuring costs and an impairment charge related to the announced closure of the sodium chlorate facility in Saskatchewan recorded in the current quarter and higher freight costs compared to the prior year. Canadian Propane Distribution SD&A costs were $75.4 million, an increase of $1.7 million or 2% from $73.7 million in the prior year quarter primarily due to the UPE acquisition partially offset by the impact of integration and restructuring costs incurred in the prior year quarter and to a lesser extent incremental synergies realized in the current year quarter.

Finance expense for the three months ended June 30, 2019 was $28.9 million, an increase $16.3 million or 129% from $12.6 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.

Unrealized gains on derivative financial instruments were $14.6 million for the three months ended June 30, 2019 compared to a gain of $5.1 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 and the impact on translation of U.S. denominated borrowings. For additional details, refer to Note 11 of the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2019.

Total income tax recovery of $17.4 million was $16.8 million higher than the prior year’s recovery of $0.6 million. Current income tax expense was $2.2 million, an increase of $0.1 million from the prior year quarter. Deferred income tax recovery was $19.6 million, an increase from the $2.7 million recovery in the prior year quarter primarily due to a net loss before income taxes in the current year compared to net earnings in the prior year quarter.

The net loss for the three months ended June 30, 2019 was $29.3 million, compared to a net earnings of $9.1 million in the prior year quarter. The decrease from the prior year quarter is primarily due to higher depreciation and amortization associated with the business combinations in the prior year and higher finance expense associated with the NGL and tuck-in acquisitions in 2018 and 2019, partially offset by the gain on derivative instruments. Basic and diluted loss per share was $0.17, compared to an earnings per share of $0.06 in the prior year quarter.

Year-to-date Comparison to the Prior Year-to-date

Adjusted EBITDA for the six months ended June 30, 2019 was $299.6 million, an increase of $104.2 million or 53% compared to the prior year Adjusted EBITDA of $195.4 million. The increase is primarily due to higher EBITDA from operations partially offset by a higher realized loss on foreign currency hedging contracts and increased corporate costs. EBITDA from operations increased $112.4 million or 54% compared to the prior year quarter primarily due to higher U.S. Propane EBITDA from operations and to a lesser extent Canadian Propane and Specialty Chemicals EBITDA from operations. U.S. Propane EBITDA from operations was $138.2 million, an increase of $95.7 million or 225% primarily due to the contribution from the NGL and other tuck-in acquisitions, realization of approximately $12.5 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 $104.3 million, an increase of $7.3 million or 8% primarily due to the contribution from the 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 was $78.2 million, an increase of $9.4 million or 14% primarily due to the impact of adopting IFRS 16, see ‘Change in accounting policy’, and higher average sodium chlorate selling prices and sales volumes partially offset by lower chlor-alkali sales and higher freight costs compared to the prior year. Superior realized a loss on foreign currency hedging contracts of $7.0 million compared to a loss of $1.9 million in the prior year due to the weaker Canadian dollar than the average hedge rate. Corporate costs were $14.1 million compared to $11.0 million in the prior comparable period. The increase is primarily due to higher incentive plan costs due to share price appreciation partially offset by lower transaction related costs.

AOCF before transaction and other costs for the six months ended June 30, 2019 was $242.0 million, an increase of $74.6 million or 45% from the prior year AOCF before transaction and other costs of $167.4 million. The increase from the prior year is primarily due to higher Adjusted EBITDA discussed above, partially offset by higher interest expense due to higher debt balances as a result of financing the NGL and other tuck-in acquisitions completed in the prior year. AOCF per share before transaction and other costs was $1.38 per share, an increase of $0.21 per share or 18% from the prior year results of $1.17 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.

AOCF for the six months ended June 30, 2019 was $223.8 million, an increase of $72.8 million from the prior year AOCF of $151.0 million due to the increased AOCF before transaction and other costs discussed above partially offset by increased transaction and other costs. AOCF per share for the six months ended June 30, 2019 was $1.28 per share, an increase of $0.22 per share or 21% from the prior year results of $1.06 per share. Transaction and other costs for the six months ended June 30, 2019 were $18.2 million, an increase of $1.8 million from $16.4 million in the prior year. The increase is primarily related to integration costs associated with NGL, a restructuring provision recorded in Specialty Chemicals and transaction costs related to the other tuck-in acquisitions compared to costs in the prior year related to the integration and restructuring of Canwest and transaction costs related to tuck-in acquisitions.

Revenue for the six months ended June 30, 2019 was $1,565.3 million an increase of $207.3 million or 15% from the prior year due to higher revenue in the U.S. Propane Distribution, Canadian Propane Distribution and Specialty Chemicals segments. U.S. Propane Distribution revenue for the six months ended June 30, 2019 was $603.2 million, an increase of $162.3 million or 37% from the prior year 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. Canadian Propane Distribution revenue for the six months ended June 30, 2019 was $617.8 million, an increase of $34.1 million or 6% from the prior year primarily due to the contribution from the UPE acquisition partially offset by the impact of lower propane prices compared to the prior year quarter and the lower sales volumes. Specialty Chemicals revenue for the six months ended June 30, 2019 was $351.3 million, an increase of $16.0 million or 5.0% from the prior year primarily due to higher average sodium chlorate selling prices and sales volumes and the weaker Canadian dollar. Revenue for the six months ended June 30, 2019 includes a realized loss of $7.0 million related to foreign currency hedging contracts, compared to a loss of $1.9 million in the prior year due to the weaker Canadian dollar. Gross profit was $630.4 million, an increase of $181.5 million or 40% from $448.9 million in the prior year primarily due to higher U.S. Propane gross profit and to a lesser extent Canadian Propane gross profit and Specialty Chemicals gross profit. Gross profit increased primarily due to the higher revenues discussed above.

SD&A costs were $487.1 million for the six months ended June 30, 2019, an increase of $164.8 million or 51% from the prior year primarily due to an increase in U.S. Propane Distribution SD&A costs and to a lesser extent Specialty Chemicals segment. U.S. Propane Distribution SD&A costs were $208 million, an increase of $132.4 million from $75.6 million in the prior year primarily due to the NGL and tuck-in acquisitions partially offset by the impact of the gain on the sale of certain refined fuel assets recorded in the prior year. Specialty Chemicals costs were $101.7 million for the six months ended June 30, 2019, an increase of $31.0 million or 44% from $70.7 million primarily due to restructuring costs and an impairment charge related to the announced closure of the sodium chlorate facility in Saskatchewan and higher freight costs compared to the prior year. Canadian Propane Distribution costs were $159.1 million consistent with the prior year of $158.2 million as the impact of UPE acquisition was offset by Canwest integration and restructuring costs in the prior year that are no longer being incurred and to a lesser extent incremental synergies realized in the current year.

Finance expense for the six months ended June 30, 2019 was $57.3 million an increase of $18.0 million or 46% from $39.3 million in the prior year. 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.

Unrealized gains on derivative financial instruments were $59.9 million for the six months ended June 30, 2019 compared to a loss of $18.5 million in the prior year. 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 and the impact on translation of U.S. denominated borrowings. For additional details, refer to Note 11 of the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2019.

Total income tax expense of $18.6 million was $3.9 million higher than the prior year's expense of $14.7 million. Current income tax expense was $4.6 million, an increase of $1.1 million from the prior year. Deferred income tax expense was $14.0 million, an increase from the $11.2 million expense in the prior year primarily due to higher earnings before income tax for the above noted reasons compared to the prior year.

The net earnings for the six months ended June 30, 2019 was $127.3 million, compared to a net earnings of $54.1 million in the prior year. The increase from the prior year is primarily due to higher net earnings before tax, as noted above, partially offset by higher income tax expense. Basic and diluted earnings per share was $0.73, compared to earnings per share of $0.38 in the prior year.

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. Superiors' operating segments consist of Canadian Propane Distribution which includes its wholesale propane business in Canada and California, U.S. Propane Distribution and Specialty Chemicals.

CANADIAN PROPANE DISTRIBUTION

Canadian Propane Distribution's condensed operating results for 2019 and 2018:

	Three Months Ended		Six Months Ended	
		June 30		June 30
(millions of dollars)	**2019**	2018	**2019**	2018
Revenue	**190.1**	189.4	**617.8**	583.7
Cost of Sales	**(112.2)**	(114.9)	**(388.1)**	(363.3)
Gross profit	**77.9**	74.5	**229.7**	220.4
Selling, distribution and administrative costs	**(75.4)**	(73.7)	**(159.1)**	(158.2)
Add back (deduct):				
Amortization and depreciation included in selling, distribution and administrative costs	**17.3**	16.0	**34.5**	30.9
Transaction, restructuring, and other costs	**0.2**	3.7	**0.2**	7.9
Gain on disposal of assets and other	**–**	(3.4)	**(1.0)**	(4.0)
EBITDA from operations[1]	**20.0**	17.1	**104.3**	97.0
Add back (deduct):				
Gain on disposal of assets and other	**–**	3.4	**1.0**	4.0
Transaction, restructuring, and other costs	**(0.2)**	(3.7)	**(0.2)**	(7.9)
Amortization and depreciation included in selling, distribution and administrative costs	**(17.3)**	(16.0)	**(34.5)**	(30.9)
Unrealized gain (losses) on derivative financial instruments	**(4.1)**	(0.5)	**2.6**	(8.4)
Finance expense	**(1.1)**	(0.6)	**(2.1)**	(1.3)
Net earnings (loss) before income tax	**(2.7)**	(0.3)	**71.1**	52.5

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

Revenue for the three months ended June 30, 2019 was $190.1 million, an increase of $0.7 million from the prior year quarter primarily due to higher wholesale sales volumes related to the acquisition of United Pacific Energy (UPE) in Q4 of 2018, partially offset by lower wholesale propane prices and to a lesser extent the impact of lower oilfield sales volumes. Wholesale propane supply prices were impacted by 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		Six Months Ended	
		June 30		June 30
(millions of dollars)	**2019**	2018	**2019**	2018
Propane distribution	**73.7**	69.3	**220.2**	209.1
Other services	**4.2**	5.2	**9.5**	11.3
Total gross profit	**77.9**	74.5	**229.7**	220.4

Propane distribution gross profit for the three months ended June 30, 2019 was $77.9 million, an increase of $3.4 million, from the prior year quarter primarily due to the contribution from the UPE acquisition and the impact of lower butane prices in the prior year, partially offset by lower volume in Western Canada primarily related to lower oilfield activity. Basis differentials and market fundamentals improved over the prior year. Total sales volumes were

437 million litres, an increase of 57 million litres, primarily due to higher wholesale volumes related to UPE, partially offset by lower volume in Western Canada primarily related to lower oilfield activity. Average weather across Canada for the three months ended June 30, 2019, as measured by degree days was 1% colder than the prior year and 6% colder than the five-year average. Average weather across Canada, as measured by degree days, for the second quarter was 1% colder than the prior year and 5% colder than the 5-year average. Due to the seasonal nature of heating related volumes, weather in the second quarter did not have a significant impact on sales volumes. Residential sales volumes decreased 3 million litres or 10% compared to the prior year quarter primarily due to the timing of deliveries and lower recreational demand. Commercial volumes were consistent with the prior year. Oilfield volumes decreased by 11 million litres or 23%, due to lower drilling activity in Western Canada. Industrial volumes decreased by 2 million litres or 4%, due to lower customer demand from mining and forestry customers. Motor fuels sales volumes decreased by 3 million litres or 6% from the prior year quarter primarily due to increased competitive pressure. Wholesale propane volumes were 80 million litres or 63% higher compared to the prior year primarily due to the acquisition of UPE, partially offset by reduced butane spot sale opportunities compared to the prior year quarter.

Average propane sales margins for the three months ended June 30, 2019 was 16.9 cents per litre, an 8% decrease from 18.3 cents per litre in the prior year quarter primarily due to a higher proportion of low margin wholesale volumes in the quarter.

Other Services

Other services gross profit primarily includes equipment rental, installation, repair and maintenance and customer minimum use charges. Other services gross profit was $4.2 million, a decrease of $1.0 million or 19% from the prior year quarter primarily due to lower construction equipment rentals from oilfield and commercial customers in Western Canada as a result of lower oilfield drilling activity.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application [(1)]

	Three Months Ended	**June 30**	**Six Months Ended**	**June 30**
(millions of litres)	**2019**	2018	**2019**	2018
Residential	**26**	29	**101**	104
Commercial	**57**	58	**194**	195
Oilfield	**36**	47	**94**	126
Industrial	**53**	55	**121**	125
Motor Fuels	**44**	47	**84**	90
Wholesale	**207**	127	**700**	401
Other	**14**	17	**65**	69
Total	**437**	380	**1,359**	1,110

(1) Comparative figures have been reclassified to reflect the current period presentation.

Volumes by Region [(1)]

	Three Months Ended	**June 30**	**Six Months Ended**	**June 30**
(millions of litres)	**2019**	2018	**2019**	2018
Western Canada	**147**	211	**506**	614
Eastern Canada	**104**	104	**294**	300
Atlantic Canada	**26**	27	**68**	64
United States	**160**	38	**491**	132
Total	**437**	380	**1,359**	1,110

(1) Regions: Western Canada region consists of British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Ontario, Yukon and Northwest Territories; Eastern Canada region consists of Ontario (except for Northwest Ontario) and Quebec; Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island. United States region consists primarily of California, Maine, Idaho, Kansas, Michigan, Washington, Alaska, North Dakota, Pennsylvania, and New York.

Selling, Distribution and Administrative Costs
SD&A costs for the three months ended June 30, 2019 were $75.4 million, an increase of $1.7 million or 2% over the prior year quarter. The increase in SD&A costs was primarily due to the acquisition of UPE and was partially offset by a decrease in restructuring and integration costs related to the Canwest acquisition, a gain on disposal of assets in the prior year quarter and to a lesser extent realized synergies related to Canwest and the impact of lower sales volumes. 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 loss before income tax of $2.7 million, decreased by $2.4 million over the prior year quarter net loss before income tax of $0.3 million, as a result of a larger unrealized loss on derivative financial instruments compared the prior year quarter and the impact of a gain on disposal of assets in the prior year quarter.

Financial Outlook
EBITDA from operations in 2019 for Canadian Propane Distribution is anticipated to be higher than 2018. The anticipated increase in EBITDA is primarily due to the expected incremental synergies from the Canwest integration of $5 million, the impact of adopting IFRS 16 (see 'Change in accounting policy') and contribution from the UPE acquisition, partially offset by lower volume in Western Canada primarily related to lower oilfield activity. 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 and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30		**Six Months Ended June 30**	
(millions of dollars)	**2019**	2018	**2019**	2018
Revenue	**174.4**	129.1	**603.2**	440.9
Cost of Sales	**(91.8)**	(96.0)	**(317.3)**	(324.4)
Gross profit	**82.6**	33.1	**285.9**	116.5
Selling, distribution and administrative costs	**(101.6)**	(24.4)	**(208.0)**	(75.6)
Add back (deduct):				
Amortization and depreciation included in selling, distribution and administrative costs	**25.1**	7.0	**49.7**	14.7
Transaction, restructuring, and other costs	**6.1**	1.4	**9.8**	1.8
Loss (gain) on disposal of assets	**0.6**	(15.2)	**0.8**	(14.9)
EBITDA from operations[1]	**12.8**	1.9	**138.2**	42.5
Add back (deduct):				
(Loss) gain on disposal of assets	**(0.6)**	15.2	**(0.8)**	14.9
Transaction, restructuring, and other costs	**(6.1)**	(1.4)	**(9.8)**	(1.8)
Amortization and depreciation included in selling, distribution and administrative costs	**(25.1)**	(7.0)	**(49.7)**	(14.7)
Unrealized gain (losses) on derivative financial instruments	**(4.5)**	0.8	**1.2**	(3.9)
Finance expense	**(1.1)**	(0.2)	**(2.1)**	(0.6)
Net earnings (loss) before income tax	**(24.6)**	9.3	**77.0**	36.4

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

Revenue for the three months ended June 30, 2019 was $174.4 million, an increase of $45.3 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 partially offset by the impact of the sale of certain refined fuel in assets in the second quarter of 2018 and to a lower extent lower wholesale propane supply prices. Wholesale propane prices decreased due to higher inventory levels in the U.S. driven by lower exports out of North America and the impact of lower average West Texas Intermediate crude oil prices compared to the prior year.

Gross Profit Review

	Three Months Ended		Six Months Ended	
		June 30		June 30
(millions of dollars)	**2019**	2018	**2019**	2018
Propane distribution	**70.5**	30.4	**264.2**	110.9
Other services	**12.1**	2.7	**21.7**	5.6
Total gross profit	**82.6**	33.1	**285.9**	116.5

Propane distribution gross profit for the three months ended June 30, 2019 was $82.6 million, an increase of $49.5 million or 150% from the prior year quarter primarily due to the higher residential sales volumes and higher average unit margins related to the NGL and tuck-in acquisitions and to a lesser extent the impact of a weaker Canadian dollar compared to the prior year, partially offset by lower wholesale and commercial volumes.

Residential sales volumes increased by 84 million litres or 215% from the prior year quarter due primarily to the NGL acquisition and to a lesser extent the impact of the tuck-in acquisitions. Average weather across North East U.S. for the three months ended June 30, 2019 related to the legacy business, as measured by degree days was 5% warmer than the prior year and 2% colder than the five-year average. Average weather for markets where NGL operates was 15% warmer than the prior year and 7% warmer than the five year average. Due to the seasonal nature of heating related volumes, weather in the second quarter does not have a significant impact on sales volumes. Commercial volumes decreased by 7 million litres or 9% compared to the prior year quarter primarily to lower distillate sales related to competitive pressures and the impact from the sale of certain refined fuel assets in the prior year quarter, partially offset by incremental sales volumes related to the NGL and tuck-in acquisitions. Wholesale volumes decreased by 33 million litres or 79% due to the sale of certain refined fuel assets and the wholesale distillate business in the second quarter of 2018.

Average U.S. propane distribution sales margins were 35.1 cents per litre, an increase of 81% from 19.3 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 NGL and other tuck-in acquisitions and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated gross profit and the sale of certain refined fuel assets and the wholesale distillate business.

Other services primarily include equipment rental, installation, repair and maintenance, and customer minimum use charges. Other service gross profit was $12.1 million, an increase of $9.4 million from the prior year 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		Six Months Ended	
		June 30		June 30
(millions of litres)	**2019**	2018	**2019**	2018
Residential	**123**	39	**498**	174
Commercial	**69**	76	**161**	182
Wholesale	**9**	42	**31**	197
Total	**201**	157	**690**	553

(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
SD&A costs were $101.6 million, an increase of $77.2 million or 316% over the prior year quarter. The increase in SD&A costs 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 costs compared to the prior year quarter. This was partially offset by the impact of the sale of certain refined fuel in 2018 and the realization of synergies related to NGL. Depreciation and amortization expense was $25.1 million, an increase of $18.1 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 loss before tax of $24.6 million, decreased by $33.9 million over the prior year quarter primarily due to the impact and seasonality of the NGL and other tuck-in acquisitions in the prior year and the gain on sale of assets recorded in the prior year quarter.

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 $24.0 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 United States, 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 2019 and 2018:

(millions of dollars except per metric tonne (MT) amounts)	**Three Months Ended June 30**				**Six Months Ended June 30**			
	2019		2018		**2019**		2018	
		$ per MT		$ per MT		**$ per MT**		$ per MT
Revenue	**179.9**	**857**	166.5	800	**351.3**	**844**	335.3	796
Cost of Sales	**(118.6)**	**(565)**	(112.5)	(541)	**(229.5)**	**(552)**	(221.4)	(526)
Gross Profit [(1)]	**61.3**	**292**	54.0	259	**121.8**	**292**	113.9	270
Selling, distribution and administrative costs	**(62.6)**	**(297)**	(36.7)	(176)	**(101.7)**	**(244)**	(70.7)	(168)
Add back (deduct):								
Depreciation included in cost of sales	**11.7**	**56**	13.2	63	**22.8**	**55**	25.1	60
Impairment and loss on disposal of assets	**16.7**	**79**	–	–	**16.6**	**40**	–	–
Restructuring costs	**4.2**	**20**	–	–	**4.2**	**10**	–	–
Amortization included in selling, distribution and administrative costs	**7.3**	**35**	0.2	1	**14.5**	**35**	0.5	1
EBITDA from operations[(2)]	**38.6**	**185**	30.7	147	**78.2**	**188**	68.8	163
Add back (deduct):								
Impairment and loss on disposal of assets	**(16.7)**		–		**(16.6)**		–	
Amortization included in selling, distribution and administrative costs	**(7.3)**		(0.2)		**(14.5)**		(0.5)	
Depreciation included in cost of sales	**(11.7)**		(13.2)		**(22.8)**		(25.1)	
Restructuring costs	**(4.2)**		–		**(4.2)**		–	
Unrealized gain on derivative financial	**1.1**		–		**2.5**		–	
Finance expense	**(2.1)**		(0.4)		**(3.8)**		(0.7)	
Net earnings (loss) before tax	**(2.3)**		16.9		**18.8**		42.5	

(1) Gross Profit per MT after adding back depreciation included in cost of sales for the three and six months ended June 30, 2019 was $347/MT and $348/MT respectively and for the three and six months ended June 30, 2018 was $323/MT and $330/MT respectively.

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

Sales Volumes by Product

(thousands of MTs)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2019	2018	**2019**	2018
Sodium chlorate	**120**	115	**238**	236
Chlor-alkali	**88**	91	**175**	181
Chlorite	**2**	2	**3**	4
Total	**210**	208	**416**	421

Revenue for the three months ended June 30, 2019 was $179.9 million, an increase of $13.4 million or 8% from the prior year quarter. The increase was primarily due to higher sodium chlorate average selling prices and sales volumes and the impact of a weaker Canadian dollar.

Sodium chlorate sales volumes increased by 5 MTs or 4% over the prior year quarter primarily due to increased North American market share. Chlor-alkali sales volumes decreased by 3 MTs or 3% due to lower hydrochloric acid and caustic soda sales volumes partially offset by higher caustic potash and chlorine sales volumes. Hydrochloric acid sales volumes decreased 19% primarily due to lower demand from the U.S. oil and gas sector related to reduced rig activity. Caustic soda sales volumes decreased due to weaker export demand from the Gulf Coast, which led to increased competition in the North American domestic markets. Caustic potash sales volumes benefited from increased demand in the agriculture industry over the prior year and new business. Chlorite sales volumes were consistent with the prior year quarter.

Gross profit was $61.3 million, an increase of $7.3 million or 14% from the prior year quarter as higher average sodium chlorate sale prices and volumes and the impact of the weaker Canadian dollar compared to the prior year quarter were partially offset by higher chlor-alkali production costs primarily in caustic potash. Caustic potash production costs increased primarily due to an increase in the average cost of potash compared to the prior year quarter.

SD&A costs were $62.6 million, an increase of $25.9 million over the prior year primarily due to an impairment charge, a restructuring provision recorded in the quarter, higher depreciation and increased freight costs compared to the prior year. On May 31, 2019, it was announced to employees and other key stakeholders that the Specialty Chemicals segment will close its sodium chlorate manufacturing facility in Saskatoon, Saskatchewan before the end of 2019. As a result, a $4.2 million restructuring provision related primarily to severance costs and a $14.4 million asset impairment charge on the related plant and equipment were recorded. Depreciation and amortization included in SD&A costs increased primarily due to the impact of IFRS 16, see ‘Change in accounting policy’.

Net loss before tax for the three months ended June 30, 2019 was $2.3 million, a decrease of $19.2 million or 114% over the prior year quarter as a result of the impairment and restructuring provision recorded, partially offset by higher gross profit.

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 and lower sales volumes for hydrochloric acid because of reduced oil and gas fracking activity. 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 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 and six months ended June 30, 2019:

	Three Months Ended		Six Months Ended	
		June 30		June 30
(millions of dollars)	**2019**	2018	**2019**	2018
Efficiency, process improvement and growth-related	**13.4**	5.9	**23.6**	9.3
Maintenance capital	**12.7**	13.2	**19.8**	20.2
	26.1	19.1	**43.4**	29.5
Proceeds on disposition of capital and intangible assets	**(1.4)**	(8.1)	**(3.4)**	(9.4)
Property, plant and equipment acquired through acquisition	**15.6**	3.9	**15.6**	6.2
Total net capital expenditures	**40.3**	14.9	**55.6**	26.3
Investment in leased assets	**8.9**	3.1	**10.3**	3.9
Total expenditures including finance leases	**49.2**	18.0	**65.9**	30.2

Efficiency, process improvement and growth-related expenditures were $13.4 million for the three months ended June 30, 2019, compared to $5.9 million in the prior year quarter. The increase over the prior year quarter is primarily due to the impact of the NGL and tuck-in acquisitions completed in 2018 and 2019.

Maintenance capital expenditures were $12.7 million for the three months ended June 30, 2019, compared to $13.2 million in the prior year quarter, consisting primarily of required maintenance and general capital in the Specialty Chemical segment. The decrease is primarily due to timing of expenditures.

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.

Superior entered into new leases with a value of $8.9 million for the three months ended June 30, 2019, compared to $3.1 million in the prior year quarter, primarily related to vehicles for the Energy Distribution segment to support growth and replace aging vehicles. The increase is due primarily to timing of delivery of vehicles for the Energy Distribution segment and the impact of adopting IFRS 16.

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

CORPORATE ADMINISTRATION COSTS

Corporate administration costs were $11.4 million for the three months ended June 30, 2019, an increase of $2.5 million, compared to $8.9 million in the prior year quarter. The increase is primarily due to higher share based incentive plan costs due to share price appreciation partially offset by lower transaction related costs.

FINANCE EXPENSE

Interest expense on borrowing and finance lease obligations was $28.9 million for the three months ended June 30, 2019, an increase of $16.3 million, compared to $12.6 million in the prior year quarter. 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. Average debt, excluding the impact of IFRS 16, for the second 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 the increased working capital requirements.

TRANSACTION AND OTHER COSTS

Superior's transaction and other costs have been categorized together and excluded from segmented results. The table below summarizes these costs:

	Three Months Ended June 30		Six Months Ended June 30	
(millions of dollars)	**2019**	2018	**2019**	2018
Total transaction, restructuring and integration costs	**13.2**	9.0	**18.2**	16.4

Superior incurred $13.2 million in costs related primarily to the integration of NGL, the restructuring provision recorded in the Specialty Chemicals segment 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 future income taxes, including Canada, U.S., Luxembourg, and Chilean income tax.

Total income tax recovery for the three months ended June 30, 2019 was $17.4 million, comprised of $2.2 million in cash income tax expense and $19.6 million in deferred income tax recovery. This compares to a total income tax recovery of $0.6 million in the prior year quarter, which consisted of $2.1 million in cash income tax expense and a $2.7 million deferred income tax recovery.

Cash income taxes for the three months ended June 30, 2019 was $2.2 million, consisting of cash income taxes in Canada of $NIL million (2018 – $0.2 million), cash income taxes in the U.S. of $0.2 million (2018 – $0.9 million), cash income taxes in Chile of $0.8 million (2018 - $0.8 million), and cash income taxes in Luxembourg of $1.2 million (2018 – $0.2 million). Deferred income tax recovery for the three months ended June 30, 2019 was $19.6 million (2018 – $2.7 million), resulting in a net deferred income tax asset of $11.5 million as at June 30, 2019. The increase in deferred income tax expense was due to higher EBITDA from operations compared to the prior year quarter.

FINANCIAL OUTLOOK

Superior is maintaining its 2019 Adjusted EBITDA guidance of $490 million to $530 million. 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 estimates maintenance and non-recurring capital expenditures, and lease additions to be in the range of $120 million to $140 million in 2019;
- Superior is substantively economically 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 $0.76 for 2019 on all unhedged foreign currency transactions;
- Financial and physical counterparties are expected to continue fulfilling their obligations to Superior;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms, and
- 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;
- Canadian oil and gas activity is not expected to substantially improve; 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; and
- 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 3.7x as at June 30, 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 half of 2019 and the impact of a weaker Canadian dollar on Superior's U.S. denominated debt. 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 lease obligations (collectively borrowing) before deferred financing fees were $1,906.2 million as at June 30, 2019, an increase of $19.9 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 the stronger Canadian dollar on U.S. denominated debt and higher EBITDA from operations.

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

	As at June 30, 2019			
(millions of dollars)	Total Amount	Borrowing	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities[1]	750.0	424.0	30.5	295.5
Term loans[1]	1,228.3	1,228.3		
Other debt [2]	27.9	27.9		
Lease obligations	226.0	226.0		
Total	2,232.2	1,906.2	30.5	295.5

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

[2] Account receivable factoring and deferred consideration.

Net Working Capital

Consolidated net working capital was $48.8 million as at June 30, 2019 a decrease of $48.5 million from $97.3 million as at December 31, 2018. The decrease is primarily due to the seasonality of the Propane Distribution segments.

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 June 30, 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 June 30, 2019, Superior had an estimated defined benefit going concern surplus of approximately $23.8 million (December 31, 2018 – $7.8 million surplus) and a pension solvency surplus of approximately $5.5 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	10	1,680.2	9.6	10.7	8.8	1,651.1
Lease liability		226.0	49.8	72.8	40.7	62.7
Other leases[2]		4.9	4.2	0.7	–	–
US$ foreign currency forward sales contracts (US$)	11	414.5	118.8	231.2	64.5	–
Natural gas, diesel, WTI, propane, heating oil, and electricity purchase commitments [3]	11	130.5	60.0	70.5	–	–
Total contractual obligations		**2,462.0**	**244.4**	**389.8**	**114.0**	**1,713.8**

(1) Notes to the second quarter 2019 unaudited condensed interim consolidated financial statements and notes thereto as at and for the three and six months ended June 30, 2019.

(2) Other leases comprise Superior's off-balance-sheet obligations and are contracts that do not meet the definition of a lease under IFRS 16.

(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 June 30, 2019, the following common shares were issued and outstanding:

	Issued number of common shares (Millions)	Share Capital
Balance June 30, 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 June 30, 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 to fund the acquisition of NGL. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

Superior has a Dividend Reinvestment Plan ("DRIP") that is currently not being utilized. The DRIP 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.

On May 10, 2019, the NCIB expired without any shares having been purchased during its term.

SUMMARY OF CASH FLOW

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

	Three Months Ended	**June 30**	**Six Months Ended**	**June 30**
(millions of dollars)	**2019**	2018	**2019**	2018
Cash flows from operating activities	**163.5**	177.3	**275.7**	237.9
Investing activities:				
Purchase of property, plant and equipment and intangible assets	**(26.1)**	(22.6)	**(43.4)**	(33.0)
Proceeds on disposal of property, plant and equipment	**1.4**	8.1	**3.4**	9.4
Acquisitions, net of cash acquired and assets sold	**(41.1)**	(11.2)	**(41.1)**	(17.1)
Proceeds on sale of assets	**–**	91.2	**–**	91.2
Cash flows (used in) from investing activities	**(65.8)**	65.5	**(81.1)**	50.5
Financing activities:				
Net proceeds (repayment) of revolving term bank credits and other debt	**(51.4)**	(221.7)	**(109.3)**	(254.1)
Redemption of 6.5% convertible debentures	**–**	–	**–**	(209.8)
Proceeds from 5.125% senior unsecured notes	**–**	–	**–**	220.0
Repayment of finance lease obligation	**(8.3)**	(5.8)	**(21.7)**	(10.2)
Debt issuance costs	**(0.5)**	(0.5)	**(0.5)**	(5.0)
Dividends paid to shareholders	**(31.5)**	(25.7)	**(63.0)**	(51.4)
Cash flows from (used in) financing activities	**(91.7)**	(253.7)	**(194.5)**	(310.5)
Net increase (decrease) in cash and cash equivalents	**6.0**	(10.9)	**0.1**	(22.1)
Cash and cash equivalents, beginning of period	**17.4**	20.5	**23.9**	31.8
Effect of translation of foreign currency-denominated cash	**0.5**	-	**(0.1)**	(0.1)
Cash and cash equivalents, end of period	**23.9**	9.6	**23.9**	9.6

Cash flows from operating activities for the three months ended June 30, 2019 was $163.5 million, a decrease of $13.8 million, from the prior year quarter. The decrease is a result of higher interest paid related to higher debt levels partially offset by higher EBITDA from operations.

Cash flows used in investing activities for the 2019 was $65.8 million, a decrease of $131.3 million from the prior year quarter primarily due to timing of acquisitions and proceeds on the sale of assets in the prior year quarter.

Cash flows used in financing activities was $91.7 million, an increase of $162.0 million from cash flow used in financing of $253.7 million in the prior year quarter as a result of the timing of debt issuances used to repay debt in the prior year.

FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Financial 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 June 30, 2019 Superior has hedged approximately 87% its estimated U.S. dollar exposure for 2019 and approximately 48% 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	118.8	141.2	90.0	52.5	12.0	414.5
Net average external US$/CDN$ exchange rate	1.27	1.30	1.30	1.30	1.33	1.29

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 11 to the unaudited condensed interim consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures (DC&P) are designed by or under the supervision of Superior's President and Chief Executive Officer (CEO) and the Executive Vice President and Chief Financial Officer (CFO) in order to provide reasonable assurance that all material information relating to Superior is communicated to them by others in the organization as it becomes known and is appropriately disclosed as required under the continuous disclosure requirements of securities legislation and regulation. In essence, these types of controls are related to the quality, reliability and transparency of financial and non-financial information that is filed or submitted under securities legislation and regulation. The CEO and CFO are assisted in this responsibility by a Disclosure Committee, which is composed of senior leadership of Superior. The Disclosure Committee has established procedures so that it becomes aware of any material information affecting Superior in order to evaluate and discuss this information and determine the appropriateness and timing of its public release.

Internal Controls over Financial Reporting (ICFR) are also designed by or under the supervision of Superior's CEO and CFO and effected by Superior's Board of Directors, management and other personnel in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues within a company have been detected. Accordingly, Superior's disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of the corporation's disclosure control system are met.

Changes in Internal Controls over Financial Reporting
No changes were made in Superior's ICFR that have materially affected, or are reasonably likely to materially affect, Superior's ICFR in the period ended June 30, 2019.

Effectiveness
An evaluation of the effectiveness of Superior's DC&P and ICFR was conducted as at June 30, 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 June 30, 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 June 30, 2019 and for the three months ended June 30, 2019 is as follows:

U.S. Propane Distribution – NGL

(millions of Canadian dollars)	**Three Months Ended June 30, 2019**	**Six Months Ended June 30, 2019**
Sales	84.4	317.8
Net income (loss) for the period	(1.1)	64.6
Current assets	45.2	45.2
Non-current assets	1,159.4	1,159.4
Current liabilities	49.9	49.9
Non-current liabilities	115.6	115.6

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Superior's audited consolidated financial statements were prepared in accordance with IFRS. The significant accounting policies are described in the audited consolidated financial statements for the 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 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 six months ended June 30, 2019	**Canada**	**U.S.**	**Chemicals**	**Corporate**	**Total**
Net earnings (loss) for the period	**71.1**	**77.0**	**18.8**	**(39.6)**	**127.3**
Add back (deduct):					
Depreciation of right of use assets	3.7	1.6	10.2	0.1	15.6
Finance expense related to the adoption of IFRS 16	1.0	0.6	3.4	-	5.0
Lease payments related to the adoption of IFRS 16	(3.6)	(1.8)	(12.6)	(0.2)	(18.2)
	72.2	**77.4**	**19.8**	**(39.7)**	**129.7**
Income tax expense	(0.2)	(0.1)	(0.2)	-	(0.5)
Pro forma net earnings (loss) without the impact of adopting IFRS 16	**72.0**	**77.3**	**19.6**	**(39.7)**	**129.2**

For the three months ended June 30, 2019	Propane Distribution Canada	U.S.	Specialty Chemicals	Corporate	Total
Net earnings (loss) for the period	**(2.7)**	**(24.6)**	**(2.3)**	**0.3**	**(29.3)**
Add back (deduct):					
Depreciation of right of use assets	1.7	0.8	5.1	0.1	7.7
Finance expense related to the adoption of IFRS 16	0.6	0.4	1.7	-	2.7
Lease payments related to the adoption of IFRS 16	(1.6)	(1.1)	(6.2)	(0.1)	(9.0)
	(2.0)	**(24.5)**	**(1.7)**	**(0.3)**	**(27.9)**
Income tax expense	(0.1)	-	(0.1)	-	(0.2)
Pro forma net earnings (loss) without the impact of adopting IFRS 16	**(2.1)**	**(24.5)**	**(1.8)**	**(0.3)**	**(28.1)**

Lease Liability	Propane Distribution Canada	U.S.	Specialty 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	29.9	-	-	63.8
Lease payments	(7.6)	(6.0)	(12.6)	(0.2)	(26.4)
Finance expense on lease liabilities	1.8	1.1	3.4	0.1	6.4
Additions	4.9	4.5	0.9		10.3
Impact of changes in foreign exchange rates and other	(0.5)	(1.5)	(4.7)	-	(6.7)
Lease liability as at June 30, 2019	**67.1**	**40.5**	**116.8**	**1.6**	**226.0**

Included in the above lease liability, as at June 30, 2019, are vehicle lease obligations of $63.0 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 June 30, 2019**
Adjusted EBITDA	478.5
Deduct the IFRS 16 impact on Adjusted EBITDA	(18.2)
Adjustment for pro-forma acquisition EBITDA, net of EBITDA from undesignated subsidiaries	5.4
Credit Facility EBITDA	**465.7**
Senior Debt	1,743.2
Leverage Ratio	3.7x

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures

(millions of dollars, except per share amounts)	**Q2 2019**	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Revenue	**$541.2**	1,024.1	887.0	481.7	483.1	874.9	768.9	465.5
Gross profit	**$218.6**	411.8	319.5	169.7	159.7	289.2	238.1	133.6
Net earnings (loss)	**($29.3)**	156.6 (3)	(48.3)	(39.8)	9.1 (2)	45.0 (2)	45.3	(124.8)
Per share, basic	**($0.17)**	0.90 (3)	(0.28)	(0.23)	0.06 (2)	0.32 (2)	0.32	(0.87)
Per share, diluted	**($0.17)**	0.90 (3)	(0.28)	(0.23)	0.06 (2)	0.32 (2)	0.32	(0.87)
Net working capital (deficit)(1)	**$48.8**	189.1	97.3	(10.6)	(5.1)	144.0	115.7	85.3

(1) Net working capital as at the quarter-end is comprised of trade and other receivables, prepaid expenses and inventories, less trade and other payables, deferred revenue, and dividends and interest payable.

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

(3) Restated Q1 2019 net earnings and per share calculations to reflect adjustments to amortization and depreciation expense as a result of finalizing the NGL purchase price allocation.

Non-GAAP Financial Measures (1)

(millions of dollars, except per share amounts)	**Q2 2019**	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
AOCF before transaction and other costs	**31.0**	211.0	132.7	2.2	29.3	138.1	98.7	15.0
Per share, basic	**$0.18**	1.21	0.76	0.01	0.21	0.97	0.69	0.11
Per share, diluted	**$0.18**	1.21	0.76	0.01	0.21	0.97	0.69	0.11
AOCF	**17.8**	206.0	125.2	(13.4)	20.3	130.7	94.0	(4.5)
Per share, basic	**$0.10**	1.18	0.72	(0.08)	0.14	0.91	0.66	(0.03)
Per share, diluted	**$0.10**	1.18	0.72	(0.08)	0.14	0.91	0.66	(0.03)

(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 quarter when approximately one-third 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, rising seasonally again in the fourth quarter with heating demand. In addition, during 2018 Superior acquired NGL, Hi-Grade, Blue Flame, Porco, UPE and Musco, and sold the refined fuel assets and in 2019 Phelps and Sheldon. Each transaction may impact quarterly results. For more information on these acquisitions and divestments see Note 5 consolidated 2018 annual audited consolidated financial statements.

Volumes [(1) (2)]

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Canadian propane sales volumes (millions of litres)	**437**	922	765	340	380	730	641	293
U.S. propane sales volumes (millions of litres)	**201**	489	391	161	157	396	369	273
Chemical sales volumes (thousands of MT)	**210**	206	202	212	208	213	212	217

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

(millions of litres)	**Q2 2019**	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Residential	26	75	59	20	29	75	62	16
Commercial	57	137	105	45	58	137	108	34
Oilfield	36	58	59	19	47	79	69	9
Industrial	53	68	60	78	55	70	59	49
Motor Fuels	44	40	44	45	47	43	46	39
Wholesale	207	493	385	121	127	274	240	132
Other	14	51	53	12	17	52	57	14
Total	437	922	765	340	380	730	641	293

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

(2) Comparative figures have been reclassified to reflect the current period presentation of end use.

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

(millions of litres)	**Q2 2019**	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Residential	123	375	279	78	39	135	86	17
Commercial	69	92	102	75	76	106	103	80
Wholesale	9	22	10	8	42	155	180	176
Total	201	489	391	161	157	396	369	273

Specialty Chemicals sales volumes by product are as follows:

(thousands of MT)	**Q2 2019**	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Sodium chlorate	120	118	117	121	115	121	127	128
Chlor-alkali	88	87	84	88	91	90	83	87
Chlorite	2	1	1	3	2	2	2	2
Total	**210**	206	202	212	208	213	212	217

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA

(millions of dollars) **For the Three Months Ended June 30, 2019**	**Canadian Distribution**	**U.S. Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings (loss) before income taxes	**(2.7)**	**(24.6)**	**(2.3)**	**(17.1)**	**(46.7)**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**17.3**	**25.1**	**7.3**	**0.2**	**49.9**
Depreciation included in cost of sales	**–**	**–**	**11.7**	**–**	**11.7**
Loss on disposal of assets and impairment	**–**	**0.6**	**16.7**	**–**	**17.3**
Finance expense	**1.1**	**1.1**	**2.1**	**24.6**	**28.9**
Gain on derivative financial instruments	**4.1**	**4.5**	**(1.1)**	**(22.1)**	**(14.6)**
Transaction, restructuring and other costs	**0.2**	**6.1**	**4.2**	**2.7**	**13.2**
Adjusted EBITDA	**20.0**	**12.8**	**38.6**	**(11.7)**	**59.7**

(millions of dollars) For the Three Months Ended June 30, 2018	**Canadian Distribution**	**U.S. Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings (loss) before income taxes	(0.3)	9.3	16.9	(17.4)	8.5
Add: Depreciation and amortization included in selling, distribution and administrative costs	16.0	7.0	0.2	–	23.2
Depreciation included in cost of sales	–	–	13.2	–	13.2
Gain on disposal of assets	(3.4)	(15.2)	–	–	(18.6)
Finance expense	0.6	0.2	0.4	11.4	12.6
Unrealized (gains) losses on derivative financial instruments	0.5	(0.8)	–	(4.8)	(5.1)
Transaction, restructuring and other costs	3.7	1.4	–	3.9	9.0
Adjusted EBITDA	17.1	1.9	30.7	(6.9)	42.8

Reconciliation of Net Earnings Before Income Taxes to Adjusted EBITDA

(millions of dollars) **For the six months ended June 30, 2019**	**Canadian Propane Distribution**	**U.S. Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings (loss) before income taxes	**71.1**	**77.0**	**18.8**	**(21.0)**	**145.9**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**34.5**	**49.7**	**14.5**	**0.2**	**98.9**
Depreciation included in cost of sales		**–**	**22.8**	**–**	**22.8**
Loss, impairment and (gain) on disposal of assets	**(1.0)**	**0.8**	**16.6**	**–**	**16.4**
Finance expense	**2.1**	**2.1**	**3.8**	**49.3**	**57.3**
Unrealized losses (gains) on derivative financial instruments	**(2.6)**	**(1.2)**	**(2.5)**	**(53.6)**	**(59.9)**
Transaction, restructuring and other costs	**0.2**	**9.8**	**4.2**	**4.0**	**18.2**
Adjusted EBITDA	**104.3**	**138.2**	**78.2**	**(21.1)**	**299.6**

(millions of dollars) For the six months ended June 30, 2018	Canadian Propane Distribution	U.S. Propane Distribution	Specialty Chemicals	Corporate	Total
Net earnings (loss) before income taxes	52.5	36.4	42.5	(62.6)	68.8
Add: Depreciation and amortization included in selling, distribution and administrative costs	30.9	14.7	0.5	0.1	46.2
Depreciation included in cost of sales	–	–	25.1	–	25.1
Gain on disposal of assets	(4.0)	(14.9)	–	–	(18.9)
Finance expense	1.3	0.6	0.7	36.7	39.3
Unrealized losses (gains) on derivative financial instruments	8.4	3.9	–	6.2	18.5
Transaction, restructuring and other costs	7.9	1.8	–	6.7	16.4
Adjusted EBITDA	97.0	42.5	68.8	(12.9)	195.4

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.

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 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 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 June 30 2019**	As at December 31 2018
Assets			Restated (see Note 2b)
Current Assets			
Cash		**23.9**	23.9
Trade and other receivables	**5**	**230.9**	383.2
Prepaid expenses		**38.9**	49.3
Inventories	**6**	**96.2**	146.8
Financial assets	**11**	**8.5**	18.2
Total Current Assets		**398.4**	621.4
Non-Current Assets			
Property, plant and equipment		**1,552.0**	1,441.8
Intangible assets		**411.6**	429.1
Goodwill		**1,071.2**	1,090.9
Notes, finance lease receivables and other investments		**3.0**	8.0
Employee future benefits		**9.6**	8.7
Deferred tax asset	**12**	**40.6**	48.7
Financial assets	**11**	**2.2**	1.0
Total Non-Current Assets		**3,090.2**	3,028.2
Total Assets		**3,488.6**	3,649.6
Liabilities and Equity			
Current Liabilities			
Trade and other payables	**8**	**288.9**	447.6
Contract liabilities		**17.8**	23.9
Lease liabilities		**49.8**	18.1
Borrowing	**10**	**9.6**	10.7
Dividends payable		**10.5**	10.5
Financial liabilities	**11**	**22.5**	45.9
Total Current Liabilities		**399.1**	556.7
Non-Current Liabilities			
Lease liabilities		**176.2**	45.7
Borrowing	**10**	**1,640.6**	1,779.3
Other liabilities	**9**	**18.9**	12.7
Provisions	**7**	**111.2**	103.7
Employee future benefits		**21.9**	19.9
Deferred tax liabilities	**12**	**29.1**	24.7
Financial liabilities	**11**	**1.8**	18.0
Total Non-Current Liabilities		**1,999.7**	2,004.0
Total Liabilities		**2,398.8**	2,560.7
Equity			
Capital		**2,339.9**	2,339.9
Deficit		**(1,358.6)**	(1,422.9)
Accumulated other comprehensive income		**108.5**	171.9
Total Equity	**13**	**1,089.8**	1,088.9
Total Liabilities and Equity		**3,488.6**	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	**–**	**–**	**–**	**127.3**	**–**	**127.3**
Unrealized foreign currency loss on translation of foreign operations		**–**	**–**	**–**	**(62.6)**	**(62.6)**
Actuarial defined-benefit loss	**–**	**–**	**–**	**–**	**(1.2)**	**(1.2)**
Income tax recovery on other comprehensive income	**–**	**–**	**–**	**–**	**0.4**	**0.4**
Total comprehensive income	**–**	**–**	**–**	**127.3**	**(63.4)**	**63.9**
Dividends declared to shareholders	**–**	**–**	**–**	**(63.0)**	**–**	**(63.0)**
As at June 30, 2019	**2,338.7**	**1.2**	**2,339.9**	**(1,358.6)**	**108.5**	**1,089.8**
As at December 31, 2017	1,952.3	1.2	1,953.5	(1,266.9)	89.4	776.0
Net earnings (restated see note 2(b))	–	–	–	54.1	–	54.1
Unrealized foreign currency gain on translation of foreign operations	–	–	–	–	23.0	23.0
Actuarial defined-benefit gain	–	–	–	–	2.2	2.2
Income tax expense on other comprehensive income	–	–	–	–	(0.6)	(0.6)
Total comprehensive income (restated see note 2(b))	–	–	–	54.1	24.6	78.7
Change in accounting policy	–	–	–	(7.6)	–	(7.6)
Dividends declared to shareholders	–	–	–	(51.4)	–	(51.4)
As at June 30, 2018 (restated see note 2(b))	1,952.3	1.2	1,953.5	(1,271.8)	114.0	795.7

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Superior Plus Corp.

Condensed Consolidated Statements of Net (Loss) Earnings and Total Comprehensive (Loss) Earnings

(unaudited, millions of Canadian dollars except per share amounts)	Note	**Three Months Ended June 30** 2019	2018	**Six months ended June 30** 2019	2018
			(Restated, see Note 2b)		(Restated, see Note 2b)
Revenues	**14, 17**	**541.2**	483.1	**1,565.3**	1,358.0
Cost of sales (includes products and services)	**14**	**(322.6)**	(323.4)	**(934.9)**	(909.1)
Gross profit		**218.6**	159.7	**630.4**	448.9
Expenses					
Selling, distribution and administrative costs	**14**	**(251.0)**	(143.7)	**(487.1)**	(322.3)
Finance expense	**14**	**(28.9)**	(12.6)	**(57.3)**	(39.3)
Unrealized gain (loss) on derivative instruments	**11, 14**	**14.6**	5.1	**59.9**	(18.5)
		(265.3)	(151.2)	**(484.5)**	(380.1)
Earnings (loss) before income taxes		**(46.7)**	8.5	**145.9**	68.8
Income tax (expense) recovery	**12**	**17.4**	0.6	**(18.6)**	(14.7)
Net (loss) earnings for the period		**(29.3)**	9.1	**127.3**	54.1
Other comprehensive (loss) earnings					
Items that may be reclassified subsequently to net earnings					
Unrealized foreign currency (loss) gain on translation of foreign operations		**(29.8)**	9.4	**(62.6)**	23.0
Items that will not be reclassified to net (loss) earnings					
Actuarial defined benefit (loss) gain		**(9.1)**	1.1	**(1.2)**	2.2
Income tax (expense) recovery on other comprehensive income		**2.5**	(0.3)	**0.4**	(0.6)
Other comprehensive (loss) earnings for the period		**(36.4)**	10.2	**(63.4)**	24.6
Other comprehensive (loss) earnings for the period		**(65.7)**	19.3	**63.9**	78.7
Net (loss) earnings per share	**15**	**$(0.17)**	$0.06	**$0.73**	$0.38

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 June 30** 2019	2018 (Restated, see Note 2b)	**Six months ended June 30** 2019	2018 (Restated, see Note 2b)
OPERATING ACTIVITIES					
Net (loss) earnings for the period		**(29.3)**	9.1	**127.3**	54.1
Adjustments for:					
Depreciation included in selling, distribution and administrative costs	**14**	**27.2**	16.4	**52.0**	32.5
Depreciation of right of use assets	**14**	**7.7**	–	**15.6**	–
Depreciation included in cost of sales	**14**	**11.7**	13.2	**22.8**	25.1
Amortization of intangible assets	**14**	**15.0**	6.8	**31.3**	13.7
Losses (gain) on disposal of assets, impairments, and other non-cash items		**17.3**	(18.6)	**16.4**	(18.9)
Unrealized gains on derivative financial instruments	**11**	**(14.6)**	(5.1)	**(59.9)**	18.5
Finance expense recognized in net earnings		**28.9**	12.6	**57.3**	39.3
Income tax (recovery) expense recognized in net earnings	**12**	**(17.4)**	(0.6)	**18.6**	14.7
Changes in non-cash operating working capital	**16**	**127.9**	146.7	**53.9**	79.3
Net cash flows from operating activities before income tax and interest paid		**174.4**	180.5	**335.3**	258.3
Income taxes (paid) received		**(2.7)**	–	**(4.5)**	**–**
Interest paid		**(8.2)**	(3.2)	**(55.1)**	(20.4)
Cash flows from operating activities		**163.5**	177.3	**275.7**	237.9
INVESTING ACTIVITIES					
Acquisitions, net of cash acquired and assets sold	**4**	**(41.1)**	(11.2)	**(41.1)**	(17.1)
Purchase of property, plant and equipment and intangible assets	**18**	**(26.1)**	(22.6)	**(43.4)**	(33.0)
Proceeds on disposal of property, plant and equipment		**1.4**	8.1	**3.4**	9.4
Proceeds on sale of assets		**–**	91.2	**–**	91.2
Cash flows (used in) from investing activities		**(65.8)**	65.5	**(81.1)**	50.5
FINANCING ACTIVITIES					
Proceeds of revolving term bank credits and other debt		**310.8**	362.1	**882.0**	1,068.6
Repayment of revolving term bank credits and other debt		**(362.2)**	(583.8)	**(991.3)**	(1,322.7)
Proceeds from 5.125% senior unsecured notes		**–**	–	**–**	220.0
Redemption of 6.5% convertible debentures		**–**	–	**–**	(209.8)
Repayment of finance lease obligations		**(8.3)**	(5.8)	**(21.7)**	(10.2)
Debt issue costs		**(0.5)**	(0.5)	**(0.5)**	(5.0)
Dividends paid to shareholders		**(31.5)**	(25.7)	**(63.0)**	(51.4)
Cash flows used in financing activities		**(91.7)**	(253.7)	**(194.5)**	(310.5)
Net increase (decrease) in cash and cash equivalents		**6.0**	(10.9)	**0.1**	(22.1)
Cash and cash equivalents, beginning of the period		**17.4**	20.5	**23.9**	31.8
Effect of translation of foreign currency-denominated cash		**0.5**	–	**(0.1)**	(0.1)
Cash and cash equivalents, end of the period		**23.9**	9.6	**23.9**	9.6

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, tabular amounts in millions of Canadian dollars, except per share amounts)

1. ORGANIZATION
Superior Plus Corp. ("Superior" or "the Company") is a diversified business corporation, incorporated under the Canada Business Corporations Act. 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 June 30, 2019 and for the three and six months ended June 30, 2019 and 2018 were authorized for issuance by the Board of Directors on August 13, 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 Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") using the accounting policies Superior adopted in its annual consolidated financial statements as at and for the year ended December 31, 2018 except for the change in accounting policy described 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 (loss) and total comprehensive earnings (loss) 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 price allocation as if the accounting for the business combination had been completed at the acquisition date. Accordingly, for the three months ending June 30, 2018, amortization expense was increased by $2.5 million, depreciation expense increased by $0.7 million and deferred tax expense decreased by $0.9 million for an aggregated decrease in net income of $2.3 million. For the six months ending June 30, 2018, amortization expense was increased by $5.0 million, depreciation expense increased by $1.4 million and deferred tax expense decreased by $1.8 million for an aggregated decrease in net income of $4.6 million. In addition, the purchase price allocation of NGL was finalized during the second quarter of 2019. Superior has restated the comparative balance sheet figures to record the impact of the final purchase price allocation as if the accounting for the business combination had been completed at the acquisition date, see Note 4.

(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 sit 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 remeasured 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 5 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 of 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 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, and leases of low-value assets as short-term leases.
- 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 consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at January 1, 2019.

Operating lease commitments 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	29.9			63.8
Lease payments	(7.6)	(6.0)	(12.6)	(0.2)	(26.4)
Finance expense on lease liabilities	1.8	1.1	3.4	0.1	6.4
Additions	4.9	4.5	0.9	-	10.3
Impact of changes in foreign exchange rates and other	(0.5)	(1.5)	(4.7)	-	(6.7)
Lease liability as at June 30, 2019	**67.1**	**40.5**	**116.8**	**1.6**	**226.0**

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

Current portion of lease liability	49.8
Non-current portion of lease liability	176.2
Lease liability as at June 30. 2019	**226.0**

Included in the above lease liability, as at June 30, 2019, are vehicle lease obligations of $63.0 million (December 31, 2018 - $63.8 million).

(d) Significant Accounting Judgments, Estimates and Assumptions

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

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 twelve months ended June 30, 2019, Superior's Energy Distribution segment reported gross profit of $893.3 million (2018 – $593.1 million) and net earnings of $132.6 million (2018 – $135.4 million).

4. ACQUISITIONS

	Phelps Sungas	Sheldon	NGL Propane, LLC
Year of Acquisition	**2019**	**2019**	**2018**
Cash	-	0.8	4.7
Accounts receivable	1.9	0.6	29.3
Prepaid expenses	-	-	3.4
Inventory	0.5	0.3	14.5
Property, plant and equipment	7.5	8.1	303.5
Other assets	-	-	1.6
Intangibles	16.8	4.8	180.9
Accounts payable and accrued liabilities	-	(1.1)	(44.8)
Contract liabilities	(0.5)	-	(3.3)
Long-term debt and lease liabilities	(1.5)	-	(8.9)
Provisions	-	-	(6.8)
Net identifiable assets and liabilities	**24.7**	**13.5**	**474.1**
Consideration transferred			
Fair value of deferred consideration	2.3	2.0	-
Cash paid on acquisition	22.7	19.2	1,165.6
Total consideration transferred	25.0	21.2	1,165.6
Acquisition date fair value of previously held equity interest	-	4.5	-
	25.0	**25.7**	**1,165.6**
Goodwill arising on acquisition	0.3	12.2	691.5

The acquisition costs directly attributable to the following acquisitions were expensed and are included in selling, distribution and administrative costs. The goodwill recognized represents the expected synergies from operations and the intangible assets that do not qualify for separate recognition. Goodwill arising on acquisition is deductible for tax purposes unless otherwise noted and forms part of the Energy Distribution segment, unless otherwise noted. The acquisitions were initially funded by drawing on Superior's credit facility, unless otherwise noted.

Phelps Sungas Inc. & BMK Geneva, Inc. (Phelps)

On April 1, 2019, Superior closed the acquisition of the propane distribution assets of Phelps, an independent propane distributor in New York for total consideration of $26.0 million (US$19.5 million). The acquisition was funded by drawing on Superior's credit facility and deferring $3.3 million (US$2.5 million) in payments over the next five years.

The purchase price is considered preliminary, and as a result, will be adjusted during the 12-month period following the acquisition once all the required information pertaining to working capital and customer attrition is obtained and assessed. Superior has allocated the purchase price to the identified assets and liabilities based on their current book value and fair value estimates based on available information. The amounts presented are based on their estimated fair value, management expects that any further changes will relate to finalizing the fair value of property, plant and equipment, intangible assets and goodwill.

Revenue and net earnings for the six months ended June 30, 2019, would have been $12.5 million and $2.5 million, respectively, if the acquisition had occurred on January 1, 2019. Subsequent to the acquisition date of April 1, 2019, the acquisition contributed revenue and net earnings of $3.6 million and $0.1 million, respectively, to the US Propane Distribution segment for the period ended June 30, 2019.

Sheldon Gas Company & Sheldon Oil Company (Sheldon)
On May 3, 2019, Superior closed the acquisition of the shares of Sheldon, an independent propane distributor in Northern California for total consideration of $21.3 million (US$15.8 million). The acquisition was funded by drawing on Superior's credit facility and deferring $2.0 million (US$1.5 million) in payments over the next three years. Included in the assets acquired was a 51% interest in an entity that Superior acquired the other 49% previously as part of the acquisition of United Pacific Energy.

The purchase price is considered preliminary, and as a result, will be adjusted during the 12-month period following the acquisition once all the required information pertaining to working capital and customer attrition is obtained and assessed. Superior has allocated the purchase price to the identified assets and liabilities based on their current book value and fair value estimates based on available information. The amounts presented are based on their estimated fair value, management expects that any further changes will relate to finalizing the fair value of property, plant and equipment, intangible assets and goodwill.

Revenue and net earnings for the six months ended June 30, 2019, would have been $5.4 million and $1.4 million, respectively, if the acquisition had occurred on January 1, 2019. Subsequent to the acquisition date of May 3, 2019, the acquisition contributed revenue and net earnings of $1.0 million and $0.1 million, respectively, to the US Propane Distribution segment for the period ended June 30, 2019.

NGL Propane, LLC (NGL)
On July 10, 2018, Superior completed the acquisition of NGL Propane, LLC, NGL Energy Partners LP's retail propane distribution business (NGL) for cash proceeds of $1,165.6 million (US$889.8 million), net of customary closing adjustments and excluding transaction costs. The purchase price was financed through a combination of debt and equity. The acquisition costs directly attributable to the acquisition of NGL were approximately $10.0 million. These costs were expensed and included in selling, distribution and administrative costs.

Superior has finalized the purchase price allocation and restated the previously reported fair values as follows:

	Previously Reported	Adjustment	**June 30, 2019**
Current assets	52.9	-	**52.9**
Property, plant and equipment	386.2	(82.7)	**303.5**
Other assets	0.5	-	**0.5**
Intangibles	164.5	16.4	**180.9**
Goodwill	624.9	66.6	**691.5**
Accounts payable and accrued liabilities	(44.5)	(0.3)	**(44.8)**
Contract liabilities	(3.3)	-	**(3.3)**
Provisions	(6.8)	-	**(6.8)**
Long-term debt	(8.9)	-	**(8.9)**

Property, plant and equipment was decreased by approximately $82.7 million to $303.5 million, as a result of finalizing the fair value for all the tanks and equipment acquired. Intangible assets increased by $16.4 million to $180.9 million and the increase was attributed to customer relationships and will be amortized over the estimated life of these relationships estimated to be 8 years. Accounts payable and accrued liabilities was adjusted to account for all liabilities that existed at the acquisition date.

As a result of the above adjustments, goodwill was increased by $66.6 million. The final goodwill balance of $691.5 million comprises the value of expected synergies from the acquisition.

Upon finalizing the purchase price allocation, Superior has restated the comparative period to record the impact of the finalized purchase allocation as if the accounting for the business combination had been completed at the acquisition date. As a result, the following changes were made as at December 31, 2018 using foreign exchange rates prevailing at December 31, 2018:

	Reported	**Adjustment**	**Restatement**
Plant, property and equipment	1,527.8	(86.0)	1,441.8
Intangible assets	412.1	17.0	429.1
Goodwill	1,021.9	69.0	1,090.9

In addition, the three months ended March 31, 2019 has been adjusted to increase amortization by $4.0 million and decrease depreciation by $1.9 million resulting in a reduction to the net income of $2.1 million.

5. Trade and Other Receivables

A summary of trade and other receivables is as follows:

	June 30 2019	December 31 2018
Trade receivables, net of allowances	**216.8**	343.7
Accounts receivable – other	**14.1**	39.5
Trade and other receivables	**230.9**	383.2

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

	June 30 2019	December 31 2018
Current	**137.3**	246.7
Past due less than 90 days	**62.8**	94.4
Past due over 90 days	**28.5**	13.8
Trade receivables	**228.6**	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 $11.8 million as at June 30, 2019 December 31, 2018 – $11.2 million). The movement in the provision for doubtful accounts is as follows:

	June 30 2019	December 31 2018
Allowance for doubtful accounts, beginning of the period	**(11.2)**	(6.9)
Impact of acquisitions and disposals	**-**	(2.3)
Impairment losses recognized on receivables	**(3.1)**	(6.4)
Amounts written off during the year as uncollectible	**1.6**	3.5
Amounts recovered and the impact of changes in foreign exchange	**0.9**	0.9
Allowance for doubtful accounts, end of the period	**(11.8)**	(11.2)

6. INVENTORIES

	June 30 2019	December 31 2018
Propane, heating oil and other refined fuels	**36.5**	87.3
Propane retailing materials, supplies, appliances and other	**13.6**	10.2
Chemical finished goods and raw materials	**29.5**	31.6
Chemical stores, supplies and other	**16.6**	17.7
	96.2	146.8

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	**2019**	2018
Cost of inventories recognized as an expense	**242.6**	265.7	**774.4**	788.9
Inventory write-downs (reversals) to cost of sales	**0.9**	1.0	**(3.4)**	2.6

7. PROVISIONS

	Restructuring	Decommissioning	Other	Total
Balance at December 31, 2018	6.2	99.4	5.9	111.5
Additions	4.2	—	—	4.2
Utilization	(1.6)	(1.0)	—	(2.6)
Amounts reversed during the period		(0.5)	(1.1)	(1.6)
Unwinding of discount	—	0.4	—	0.4
Impact of change in discount rate	—	12.3	—	12.3
Net foreign currency exchange difference	—	(1.8)	—	(1.8)
Balance as at June 30, 2019	**8.8**	**108.8**	**4.8**	**122.4**

	June 30 2019	December 31 2018
Current	**11.2**	7.8
Non-current	**111.2**	103.7
	122.4	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 consolidated statements of net earnings and total comprehensive income or consolidated balance sheets. If it becomes probable that Superior is liable, Superior will record a provision in the period the change in probability occurs, and the resulting impact could be material to the consolidated statements of net earnings and total comprehensive income or consolidated balance sheets.

On May 31, 2019, ERCO announced to employees and other key stakeholders that it will close its sodium chlorate manufacturing facility in Saskatoon, Saskatchewan before the end of 2019. As a result of the announcement, a $4.2 million restructuring provision related primarily to severance costs was recorded. In addition, management reviewed the recoverability of the related assets and recorded a $14.4 million asset impairment charge. There was another group of assets that were written off as impaired unrelated to this plant during the quarter for approximately $2.2 million. The restructuring and impairment expense is recorded in selling, distribution and administrative costs.

8. Trade and Other Payables

A summary of trade and other payables is as follows:

	June 30 2019	December 31 2018[1]
Trade payables	**175.3**	286.1
Provisions (Note 7)	**11.2**	7.8
Other payables	**92.1**	140.5
Current taxes payable	**5.4**	5.3
Share-based payments	**4.9**	7.9
Trade and other payables	**288.9**	447.6

(1) Restated the prior period to be comparable with the current period.

9. Other Liabilities

	June 30 2019	December 31 2018
Québec cap and trade payable	**5.5**	3.6
Nova Scotia cap and trade payable	**0.2**	–
California cap and trade payable	**2.2**	1.3
Share based payments	**11.0**	7.8
Other liabilities	**18.9**	12.7

Superior operates in California, Nova Scotia, and Quebec and is required to participate in the respective government cap and trade programs, which requires Superior to settle any liability with compliance instruments at the end of each compliance period. Intangible assets are recorded when compliance instruments are purchased, and Cap and Trade liabilities are recorded upon the import of propane.

10. BORROWING

	Year of Maturity	Effective Interest Rate	**June 30 2019**	December 31 2018
Revolving Term Bank Credit Facilities [1]				
Bankers' Acceptances (BA)	2024	Floating BA rate plus 1.70%	**28.0**	10.0
Canadian Prime Rate Loan (Prime and Swingline)	2024	Prime rate plus 0.70%	**29.4**	15.5
LIBOR Loans (US $270.0 million; 2018 – US $450.1 million)	2024	Floating LIBOR rate plus 1.70%	**353.5**	508.7
US Base Rate Loans (US $10.0 million; 2018 – US $11.0 million)	2024	U.S. Prime rate plus 0.70%	**13.1**	15.1
			424.0	549.3
Other Debt				
Accounts receivable factoring program[2]		Floating BA Plus 1.625%	**2.9**	1.9
Deferred consideration and other	2019 - 23	Non-interest-bearing	**25.0**	24.0
			27.9	25.9
Senior Unsecured Notes				
Senior unsecured notes[3]	2024	5.25%	**400.0**	400.0
Senior unsecured notes[4]	2025	5.125%	**370.0**	370.0
Senior unsecured notes[5]	2026	7.000%	**458.3**	477.3
			1,228.3	1,247.3
Total borrowing before deferred financing fees			**1,680.2**	1,822.5
Deferred financing fees and discounts			**(30.0)**	(32.5)
Total borrowing before current maturities			**1,650.2**	1,790.0
Current maturities			**(9.6)**	(10.7)
Total borrowing			**1,640.6**	1,779.3

(1) As at June 30, 2019, Superior had $30.5 million of outstanding letters of credit (December 31, 2018 – $41.9 million) and $235.9 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. On May 8, 2019, Superior extended and restated its syndicated credit facility with ten lenders, with no material changes to the financial covenants and extended its maturity to May 8, 2024. The lender commitments remains the same at $750 million and can be expanded further 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 June 30, 2019, the accounts receivable factoring program totaled $2.9 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 $402.0 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 $364.7 million (December 31, 2018 - $339.5 million), based on prevailing market prices.

(5) These US$350 million 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 $472.0 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	**9.6**
Due in 2020	**3.1**
Due in 2021	**7.6**
Due in 2022	**5.2**
Due in 2023	**3.6**
Due in 2024	**823.1**
Subsequent to 2024	**828.0**
Total	**1,680.2**

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.

For items that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing their classification at the end of each reporting period. During the three and six months ended June 30, 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

				As at June 30, 2019
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Foreign currency forward contracts, net sale	**3.4**	**–**	**–**	**3.4**
Natural gas financial swaps – Alberta Energy Company (AECO)	**–**	**0.6**	**–**	**0.6**
Equity derivative contract	**–**	**1.1**	**–**	**1.1**
Propane, diesel, butane and heating oil wholesale purchase and sale contracts, net sale – Propane Distribution	**–**	**5.6**	**–**	**5.6**
Total assets	**3.4**	**7.3**	**–**	**10.7**
Liabilities				
Natural gas financial swaps – AECO	**–**	**0.6**	**–**	**0.6**
Foreign currency forward contracts, net sale	**8.3**	**–**	**–**	**8.3**
Cross-currency interest rate exchange agreements	**0.8**	**–**	**–**	**0.8**
Propane, diesel, butane and heating oil wholesale purchase and sale contracts, net sale – Propane Distribution	**–**	**13.9**	**–**	**13.9**
WTI wholesale purchase and sale contracts, net sale – Propane Distribution	**–**	**0.7**	**–**	**0.7**
Total liabilities	**9.1**	**15.2**	**–**	**24.3**
Total net assets (liabilities)	**(5.7)**	**(7.9)**	**–**	**(13.6)**
Current portion of assets	**1.6**	**6.9**	**–**	**8.5**
Current portion of liabilities	**7.4**	**15.1**	**–**	**22.5**

				As at December 31, 2018
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts	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 liabilities	(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(s) and Key Input(s)
Level 1 fair value hierarchy:				
Foreign currency forward contracts, net sale	US$ 420.4	2019 - 2023	$1.29	Quoted bid prices in the active market.
Cross currency interest rate exchange agreements	US$ 131.0	2019	1.32	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Equity derivative contracts	CAD$ 21.8	2019 - 2022	$12.06	Discounted cash flow – Future cash flows are estimated based on equity derivative contracts.
Heating oil, diesel and propane wholesale purchase and sale contracts, net sale – Energy Distribution	50.12 USG (1)	2019 - 2022	$0.55 - $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 period ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30 2019		Three Months Ended June 30 2018	
Description	**Realized Gain (Loss)**	**Unrealized Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)
Foreign currency forward contracts, net sale	**(2.9)**	**10.3**	(0.1)	0.9
Cross-currency interest rate swaps	**–**	**(0.8)**	–	3.6
Equity derivative contracts	**(0.6)**	**2.6**	–	0.3
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	**7.1**	**(8.5)**	(1.4)	0.3
Total (losses) gains on financial and non-financial derivatives	**3.6**	**3.6**	(1.5)	5.1
Foreign currency translation of borrowings	**–**	**11.0**	–	–
Total (losses) gains	**3.6**	**14.6**	(1.5)	5.1

	Six months ended June 30 2019		Six months ended June 30 2018	
Description	**Realized Gain (Loss)**	**Unrealized Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)
Foreign currency forward contracts, net sale	**(7.0)**	**29.2**	(0.1)	(10.5)
Cross-currency interest rate swaps	**–**	**(8.4)**	–	3.4
Equity derivative contracts	**(0.6)**	**5.4**	0.1	0.9
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	**(4.6)**	**4.4**	0.3	(12.3)
Total (losses) gains on financial and non-financial derivatives	**(12.2)**	**30.6**	0.3	(18.5)
Foreign currency translation of borrowings	**–**	**29.3**	–	–
Total (losses) gains	**(12.2)**	**59.9**	0.3	(18.5)

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 consolidated financial statement line item and/or the economic exposure being managed.

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

Financial Instruments – Risk Management

Market Risk
Financial derivatives 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 financial 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 financial 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 financial 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 June 30, 2019, Superior estimates that a 10% increase in its share price would have resulted in a $2.4 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	9.6	3.1	7.6	5.2	3.6	1,651.1	1,680.2
US $ foreign currency forward sales contracts	118.8	141.2	90.0	52.5	12.0	–	414.5
Natural gas, butane, propane, heating oil and diesel purchases	60.0	69.7	0.8	–	–	–	130.5

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 June 30, 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 Canadian, United States, Chilean and Luxembourg income taxes.

Total income tax expense (recovery), comprised of current taxes and deferred taxes for the three and six months ended June 30, 2019 was a ($17.4) million and $18.6 million respectively, compared to restated comparative period amounts of ($0.6) million and $14.7 million respectively. For the three and six months ended June 30, 2019, deferred income tax expense from operations in Canada, the United States and Chile was ($19.6) million and $14.0 million which resulted in a corresponding total net deferred income tax asset of $11.5 million at June 30, 2019 ($24.0 million as at December 31, 2018).

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	–	127.3
Other comprehensive loss	–	(63.4)
Dividends declared to shareholders	–	(63.0)
Total equity, June 30, 2019	**174.9**	**1,089.8**

Accumulated Other Comprehensive Income

	June 30 2019	December 31 2018
Accumulated other comprehensive income		
Currency translation adjustment		
Balance, beginning of the period	**180.6**	98.9
Unrealized foreign currency gains (losses) on translation of foreign operations	**(62.6)**	81.7
Balance, end of the period	**118.0**	180.6
Actuarial defined benefits		
Balance, beginning of the period	**(1.6)**	(2.4)
Actuarial defined benefit gains	**(1.2)**	1.1
Income tax expense on other comprehensive income	**0.4**	(0.3)
Balance, end of the period	**(2.4)**	(1.6)
Accumulated derivative losses	**(7.1)**	(7.1)
Accumulated other comprehensive income, end of the period	**108.5**	171.9

14. SUPPLEMENTAL DISCLOSURE OF CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE EARNINGS (LOSS)

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	**2019**	2018
Revenues		(Restated, see Note 2b)		(Restated, see Note 2b)
Revenue from products	**517.0**	463.7	**1,512.7**	1,311.6
Revenue from the rendering of services	**18.0**	12.5	**47.9**	30.7
Rental revenue	**10.8**	9.9	**21.2**	19.5
Realized loss on derivative financial instruments	**(4.6)**	(3.0)	**(16.5)**	(3.8)
	541.2	483.1	**1,565.3**	1,358.0
Cost of sales (includes products and services)				
Cost of products and services	**(310.4)**	(310.2)	**(907.0)**	(886.6)
Depreciation of property, plant and equipment	**(11.7)**	(13.2)	**(22.8)**	(25.1)
Realized gain (loss) on derivative financial instruments	**(0.5)**	–	**(5.1)**	2.6
	(322.6)	(323.4)	**(934.9)**	(909.1)
Selling, distribution and administrative costs				
Other selling, distribution and administrative costs	**(61.1)**	(55.9)	**(123.6)**	(116.8)
Restructuring, transaction and other costs	**(13.2)**	(9.0)	**(18.2)**	(16.4)
Employee future benefit expense	**(0.6)**	(0.7)	**(1.1)**	(2.9)
Employee costs	**(88.6)**	(60.6)	**(184.1)**	(130.0)
Vehicle operating costs	**(16.2)**	(11.9)	**(36.3)**	(27.3)
Facilities maintenance expense	**(2.8)**	(1.2)	**(5.8)**	(2.7)
Depreciation of right-of-use assets	**(7.7)**	–	**(15.6)**	–
Depreciation of property, plant and equipment	**(27.2)**	(16.4)	**(52.0)**	(32.5)
Amortization of intangible assets	**(15.0)**	(6.8)	**(31.3)**	(13.7)
Low value, short term and variable lease payments	**(0.4)**	–	**(0.9)**	–
Gain (loss) on disposal of assets	**(0.9)**	18.6	**–**	18.9
Impairment of Specialty Chemicals property, plant and equipment	**(16.4)**	–	**(16.4)**	–
Realized (loss) gain on the translation of U.S.-denominated net working capital	**(0.9)**	0.2	**(1.8)**	1.1
	(251.0)	(143.7)	**(487.1)**	(322.3)
Finance expense				
Interest on borrowing	**(23.2)**	(10.7)	**(46.5)**	(23.0)
Interest on lease liability	**(3.3)**	(0.6)	**(6.5)**	(1.4)
Premium paid on redemption of 6.5% debenture	**–**	–	**–**	(9.8)
Unwinding of discount on debentures, borrowing and decommissioning liabilities	**(2.4)**	(1.3)	**(4.3)**	(5.1)
	(28.9)	(12.6)	**(57.3)**	(39.3)
Unrealized gain (loss) on derivative financial instruments	**14.6**	5.1	**59.9**	(18.5)
Net earnings (loss) before income taxes	**(46.7)**	8.5	**145.9**	68.8
Current income tax expense	**(2.2)**	(2.1)	**(4.6)**	(3.5)
Deferred income tax (expense) recovery	**19.6**	2.7	**(14.0)**	(11.2)
Net earnings (loss)	**(29.3)**	9.1	**127.3**	54.1

15. NET EARNINGS (LOSS) PER SHARE

	Three months ended June 30		Six months ended June 30	
	2019	**2018**	**2019**	**2018**
Net earnings (loss)	**$(29.3)**	$9.1	**$127.3**	$54.1
Weighted average shares outstanding (millions)	**174.9**	142.8	**174.9**	142.8
Net earnings (loss) per share, basic and diluted	**$(0.17)**	$0.06	**$0.73**	$0.38

The 2018 comparative net earnings (loss) per share does not include the June 8, 2018 completed offering of 32 million subscription receipts that were exchanged into 32 million common shares on July 13, 2018. This is detailed in note 14 of Superior's Q2 2018 unaudited condensed consolidated financial statements. The net earnings for the three and six month ending 2018 were restated, see Note 2b.

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

	Three months ended June 30		Six months ended June 30	
	2019	2018	**2019**	2018
Changes in non-cash working capital				
Trade receivables and other	**210.1**	103.4	**165.7**	91.5
Inventories	**13.6**	(10.0)	**50.9**	19.6
Trade and other payables	**(105.4)**	52.4	**(157.9)**	(37.5)
Other, including foreign exchange	**9.6**	0.9	**(4.8)**	5.7
	127.9	146.7	**53.9**	79.3

17. DISAGGREGATION OF REVENUE

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

For the three months ended June 30, 2019				**Propane Distribution**
	Canada	**USA**	**Other**	**Total**
Revenue from sale of products	126.4	209.2	-	335.6
Revenue from services	7.7	9.9	-	17.6
Tank and equipment rental	8.0	3.0	-	11.0
Derivative financial instruments gain (loss)	0.4	(0.1)	-	0.3
Total revenue	142.5	222.0	-	364.5

				Specialty Chemicals
	Canada	**USA**	**Other**	**Total**
Revenue from sale of chemicals	37.8	112.7	28.9	179.4
Revenue from services	0.1	0.3	-	0.4
Total revenue	37.9	113.0	28.9	179.8

For the six months ended June 30, 2019				**Propane Distribution**
	Canada	**USA**	**Other**	**Total**
Revenue from sale of products	416.3	747.4	-	1,163.7
Revenue from services	21.4	24.2	-	45.6
Tank and equipment rental	16.5	4.7	-	21.2
Derivative financial instruments loss	(6.1)	(3.4)	-	(9.5)
Total revenue	448.1	772.9	-	1,221.0

				Specialty Chemicals
	Canada	**USA**	**Other**	**Total**
Revenue from sale of chemicals	80.6	214.8	53.5	348.9
Revenue from services	0.4	2.0	-	2.4
Total revenue	81.0	216.8	53.5	351.3

For the three months ended June 30, 2018				Propane Distribution
	Canada	USA	Other	Total
Revenue from sale of products	160.0	137.5	-	297.5
Revenue from services	8.2	3.3	-	11.5
Tank and equipment rental	8.9	1.7	-	10.6
Derivative financial instruments loss	(1.1)	-	-	(1.1)
Total revenue	176.0	142.5	-	318.5

				Specialty Chemicals
	Canada	USA	Other	Total
Revenue from sale of chemicals	37.4	103.9	23.6	164.9
Revenue from services	1.4	0.2	-	1.6
Total revenue	38.8	104.1	23.6	166.5

For the six months ended June 30, 2018				Propane Distribution
	Canada	USA	Other	Total
Revenue from sale of products	499.5	478.0	-	977.5
Revenue from services	21.2	8.3	-	29.5
Tank and equipment rental	17.8	1.7	-	19.5
Derivative financial instruments loss	(1.4)	(0.5)	-	(1.9)
Total revenue	537.1	487.5	-	1,024.6

				Specialty Chemicals
	Canada	USA	Other	Total
Revenue from sale of chemicals	78.2	209.9	45.9	334.0
Revenue from services	0.9	0.4	-	1.3
Total revenue	79.1	210.3	45.9	335.3

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 June 30, 2019	Canadian Propane Distribution	U.S. Propane Distribution	Specialty Chemicals	Corporate	Total
Revenue	**190.1**	**174.4**	**179.9**	**(3.2)**	**541.2**
Cost of sales (includes products and services)	**(112.2)**	**(91.8)**	**(118.6)**	**–**	**(322.6)**
Gross Profit	**77.9**	**82.6**	**61.3**	**(3.2)**	**218.6**
Expenses					
Depreciation included in selling, distribution and administrative costs	**(10.2)**	**(15.0)**	**(2.0)**	**–**	**(27.2)**
Depreciation of right-of-use assets	**(1.7)**	**(0.8)**	**(5.1)**	**(0.1)**	**(7.7)**
Amortization of intangible assets included in selling, distribution and administrative costs	**(5.4)**	**(9.3)**	**(0.2)**	**(0.1)**	**(15.0)**
Selling, distribution and administrative costs	**(58.1)**	**(76.5)**	**(55.3)**	**(11.2)**	**(201.1)**
Finance expense	**(1.1)**	**(1.1)**	**(2.1)**	**(24.6)**	**(28.9)**
Unrealized gain (loss) on derivative financial instruments	**(4.1)**	**(4.5)**	**1.1**	**22.1**	**14.6**
	(80.6)	**(107.2)**	**(63.6)**	**(13.9)**	**(265.3)**
Net loss before taxes	**(2.7)**	**(24.6)**	**(2.3)**	**(17.1)**	**(46.7)**
Income tax recovery		**–**	**–**	**17.4**	**17.4**
Net loss	**(2.7)**	**(24.6)**	**(2.3)**	**0.3**	**(29.3)**

For the six months ended June 30, 2019	Canadian Propane Distribution	U.S. Propane Distribution	Specialty Chemicals	Corporate	Total
Revenue	**617.8**	**603.2**	**351.3**	**(7.0)**	**1,565.3**
Cost of sales (includes products and services)	**(388.1)**	**(317.3)**	**(229.5)**	**–**	**(934.9)**
Gross Profit	**229.7**	**285.9**	**121.8**	**(7.0)**	**630.4**
Expenses					
Depreciation included in selling, distribution and administrative costs	**(19.3)**	**(28.9)**	**(3.8)**	**–**	**(52.0)**
Depreciation of right-of-use assets	**(3.7)**	**(1.6)**	**(10.2)**	**(0.1)**	**(15.6)**
Amortization of intangible assets included in selling, distribution and administrative costs	**(11.5)**	**(19.2)**	**(0.5)**	**(0.1)**	**(31.3)**
Selling, distribution and administrative costs	**(124.6)**	**(158.3)**	**(87.2)**	**(18.1)**	**(388.2)**
Finance expense	**(2.1)**	**(2.1)**	**(3.8)**	**(49.3)**	**(57.3)**
Unrealized gain on derivative financial instruments	**2.6**	**1.2**	**2.5**	**53.6**	**59.9**
	(158.6)	**(208.9)**	**(103.0)**	**(14.0)**	**(484.5)**
Net earnings (loss) before taxes	**71.1**	**77.0**	**18.8**	**(21.0)**	**145.9**
Income tax expense		**–**	**–**	**(18.6)**	**(18.6)**
Net earnings (loss)	**71.1**	**77.0**	**18.8**	**(39.6)**	**127.3**

For the three months ended June 30, 2018 (Restated, see Note 2(b))	Canadian Propane Distribution	U.S. Propane Distribution	Specialty Chemicals	Corporate	Total
Revenue	189.4	129.1	166.5	(1.9)	483.1
Cost of sales (includes products and services)	(114.9)	(96.0)	(112.5)	–	(323.4)
Gross Profit	74.5	33.1	54.0	(1.9)	159.7
Expenses					
Depreciation included in selling, distribution and administrative costs	(11.5)	(4.9)	–	–	(16.4)
Amortization of intangible assets included in selling, distribution and administrative costs	(4.5)	(2.1)	(0.2)	–	(6.8)
Selling, distribution and administrative costs	(57.7)	(17.4)	(36.5)	(8.9)	(120.5)
Finance expense	(0.6)	(0.2)	(0.4)	(11.4)	(12.6)
Unrealized gain(loss) on derivative financial instruments	(0.5)	0.8	–	4.8	5.1
	(74.8)	(23.8)	(37.1)	(15.5)	(151.2)
Net earnings (loss) before taxes	(0.3)	9.3	16.9	(17.4)	8.5
Income tax recovery	–	–	–	0.6	0.6
Net earnings (loss)	(0.3)	9.3	16.9	(16.8)	9.1

For the Six Months Ended June 30, 2018 (Restated, see Note 2(b))	Canadian Propane Distribution	U.S. Propane Distribution	Specialty Chemicals	Corporate	Total
Revenue	583.7	440.9	335.3	(1.9)	1,358.0
Cost of sales (includes products and services)	(363.3)	(324.4)	(221.4)	-	(909.1)
Gross Profit	220.4	116.5	113.9	(1.9)	448.9
Expenses					
Depreciation included in selling, distribution and administrative costs	(21.9)	(10.5)	-	(0.1)	(32.5)
Amortization of intangible assets included in selling, distribution and administrative costs	(9.0)	(4.2)	(0.5)	-	(13.7)
Selling, distribution and administrative costs	(127.3)	(60.9)	(70.2)	(17.7)	(276.1)
Finance expense	(1.3)	(0.6)	(0.7)	(36.7)	(39.3)
Unrealized (loss) gain on derivative financial instruments	(8.4)	(3.9)	-	(6.2)	(18.5)
	(167.9)	(80.1)	(71.4)	(60.7)	(380.1)
Net earnings (loss) before taxes	52.5	36.4	42.5	(62.6)	68.8
Income tax recovery	–	–	–	(14.7)	(14.7)
Net earnings (loss)	52.5	36.4	42.5	(77.3)	54.1

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 June 30, 2019					
Net working capital[1]	**25.2**	**5.8**	**60.1**	**(42.3)**	**48.8**
Total assets	**1,065.4**	**1,559.8**	**795.6**	**67.8**	**3,488.6**
Total liabilities	**203.8**	**289.7**	**338.5**	**1,566.8**	**2,398.8**
As at December 31, 2018					
Net working capital[1]	76.9	16.3	49.4	(45.3)	97.3
Total assets[2]	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 three months ended, June 30, 2019					
Purchase of property, plant and equipment	**11.5**	**8.4**	**6.2**	–	**26.1**
For the three months ended June 30, 2018					
Purchase of property, plant and equipment	12.6	1.8	8.2	–	22.6
For the six months ended, June 30, 2019					
Purchase of property, plant and equipment	**16.1**	**16.9**	**10.4**	–	**43.4**
For the six months ended June 30, 2018					
Purchase of property, plant and equipment	18.3	2.8	11.9	–	33.0

(1) Net working capital is comprised of trade and other receivables, prepaid expenses and inventories, less trade and other accounts payable, contract liabilities and dividends and interest payable.

(2) Restated, see Note 2(b).

19. GEOGRAPHICAL INFORMATION

	Canada	United States	Other	Total Consolidated
Revenue for the three months ended June 30, 2019	**177.1**	**335.2**	**28.9**	**541.2**
Revenue for the six months ended June 30, 2019	**522.0**	**989.8**	**53.5**	**1,565.3**
Property, plant and equipment as at June 30, 2019	**624.1**	**725.3**	**39.6**	**1,389.0**
Intangible assets as at June 30, 2019	**160.1**	**251.5**	**–**	**411.6**
Right of use assets as at June 30, 2019	**107.7**	**54.2**	**1.1**	**163.0**
Goodwill as at June 30, 2019	**140.0**	**931.2**	**–**	**1,071.2**
Total assets as at June 30, 2019	**1,469.1**	**1,970.3**	**49.2**	**3,488.6**
Revenue for the three months ended June 30, 2018	213.0	246.5	23.6	483.1
Revenue for the six months ended June 30, 2018	614.3	697.8	45.9	1,358.0
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