



# Investor Presentation

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February 2022

*Serving you Safely and Your Way*



# Forward-looking statements and information

This written and accompanying oral presentation contains certain forward-looking information within the meaning of applicable Canadian securities laws which is provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such information may not be appropriate for other purposes. Superior's actual results could differ materially from those expressed in, or implied by, this forward-looking information, and accordingly, no assurances can be given that any of the results anticipated by the forward-looking information will transpire or occur. Unless otherwise indicated, all figures are presented in Canadian dollars and statistical and financial data in this presentation is presented as of February 22, 2022.

Forward-looking information is predictive in nature, depends upon or refers to future events or conditions, or includes words such as "expects", "anticipates", "plans", "predicts", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may", "will", "should", "would" and "could". Forward-looking information in this presentation includes, without limitation, statements regarding future growth in EBITDA from Operations, targeted Adjusted EBITDA, EBITDA improvement, free cash flow conversion, total return, capital expenditures, dividend payments and dividend yield; targeted Leverage Ratio; acquisition spending, probability of completing acquisitions and achievement of realized synergies from acquisitions; expected reductions in operational expenses; potential annual returns from organic growth; expectations relating to commercial customer recovery; and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and outlook of Superior and its business segments.

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, however, they are subject to the risks and uncertainties set forth below and no assurance can be given that these assumptions and expectations will prove to be correct. These assumptions and expectations are based on information currently available to Superior, including information obtained from third party industry analysts and other third party sources, as well as on management's current plans and its perception of historical trends, the historic performance of Superior's business segments, current conditions and expected future developments. These assumptions and expectations include, without limitation, the time required to complete the regulatory process for the Kamps acquisition, integration of acquisitions in 2022 consistent with past experience, the expected commercialization and supply and logistics business opportunities related to green hydrogen, anticipated financial performance, current business and economic trends, expected economic growth, the amount of future dividends paid by Superior, Superior's future dividend policy, business prospects, availability and utilization of tax basis, acquisition opportunities and probability of successfully negotiating and completing acquisitions, achievement of realized synergies from acquisitions, financing availability, absence of any material regulatory developments, currency, exchange and interest rates, weather, trading data and cost estimates. In particular, significant assumptions underlying the 2022 financial guidance included in this presentation are set forth under the "Financial Outlook" section of Superior's Annual MD&A and key assumptions and expectations underlying Superior's targeted 2026 EBITDA from Operations in the range of \$700 million to \$750 million include the following: 2-3% annual organic growth; \$5 million to \$15 million in commercial customer recovery from the Covid-19 pandemic; \$50 million to \$55 million in operating expense improvements; completion of \$1.9 billion in acquisitions at multiples consistent with historic multiples for Superior's acquisitions as well as achieved synergies from acquisitions consistent with historical averages at approximately 25% over the relevant period; no material divestitures; 2022 operating results consistent with Superior's consolidated 2022 Adjusted EBITDA guidance.

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 the control of Superior, Superior's actual performance and financial results may vary materially from those estimates and expectations contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include satisfaction of the conditions to, and completion of, the Kamps acquisition, our ability to integrate acquisitions and realize synergies consistent with past experience, incorrect assessments of value and potential synergies when making acquisitions, inability to successfully conclude negotiations and complete acquisitions, competition for acquisition opportunities, increases in debt service charges, the loss of key personnel, fluctuations in foreign currency, exchange rates and commodity prices, variability in cash flows and potential impact on dividends, 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 and assumptions identified in (i) Superior's Annual MD&A under the heading "Risk Factors" and (ii) Superior's most recent Annual Information Form, both of which are filed electronically at [www.sedar.com](http://www.sedar.com). 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 and others should not place undue reliance on forward-looking information.

# Superior Plus Business Overview

Superior is an industry-leading North American retail propane distribution company



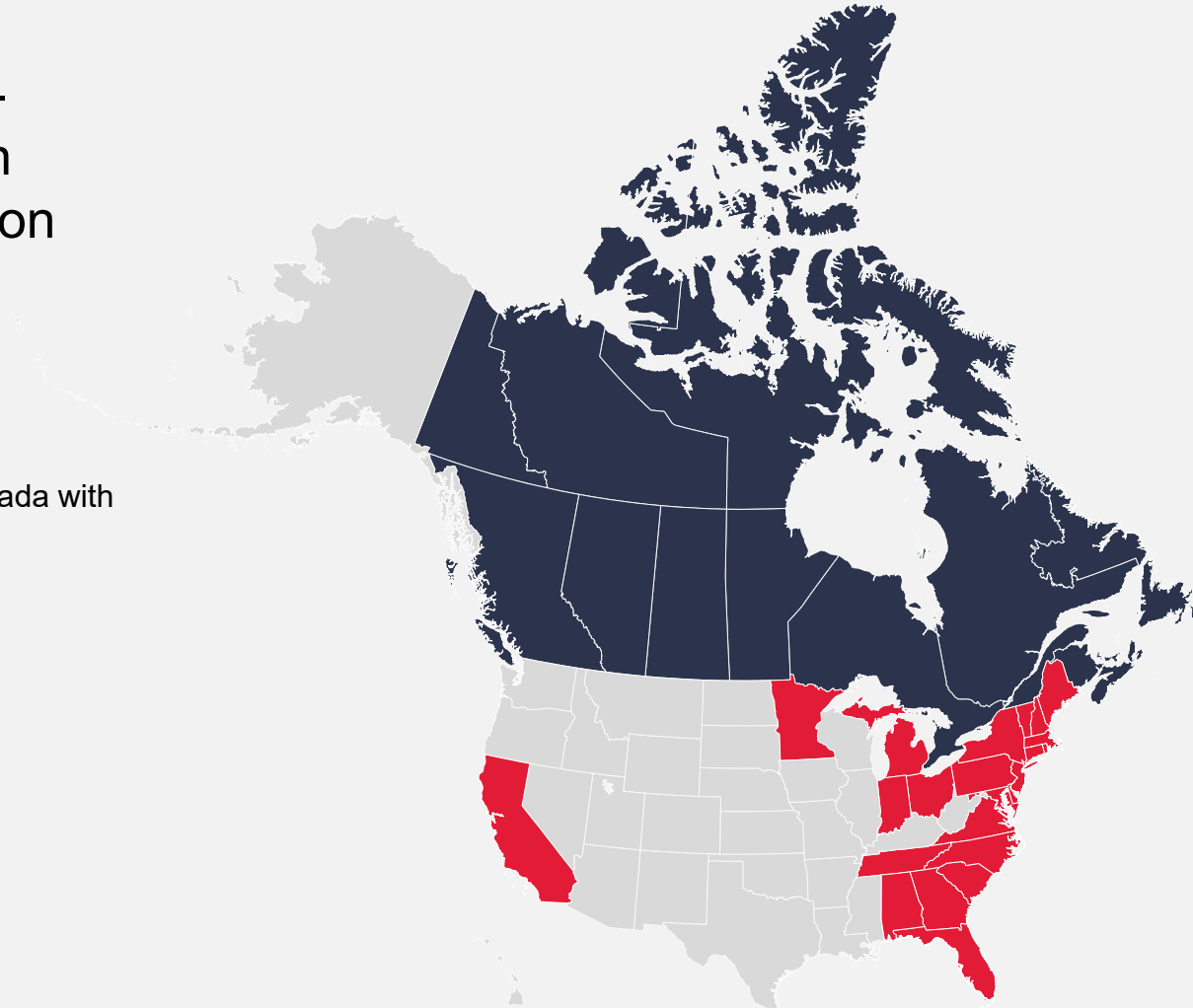
#1

propane distributor in Canada with ~38% market share<sup>1</sup>



5<sup>th</sup> largest

retail propane distributor in the U.S. and growing<sup>1</sup>



3.4 billion  
litres total

2.1 billion  
litres in Canada

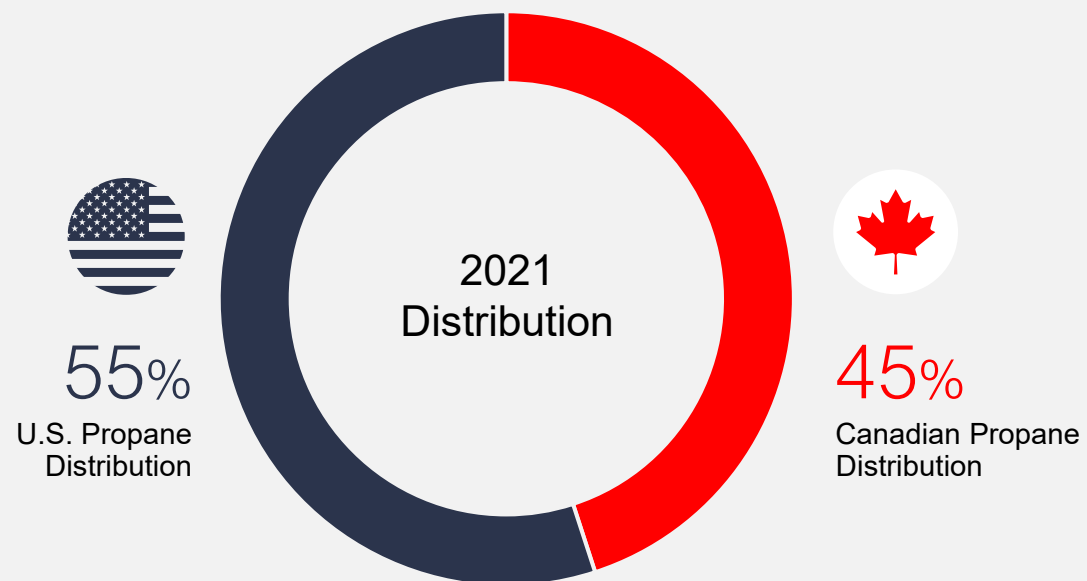
1.3 billion  
litres in U.S.

~800,000  
customers

~4,100  
employees

# Superior Plus Financial Overview

EBITDA by Segment<sup>1</sup>



Market Capitalization <sup>(2)</sup>	\$2.0 billion
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Enterprise value <sup>(2)</sup>	\$3.9 billion
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Leverage Ratio <sup>(3)</sup>	3.9x
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2021 EBITDA from Operations <sup>(1)</sup>	\$409.9 million
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2021 Adjusted EBITDA <sup>(4)</sup>	\$398.4 million
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# Investment highlights



1

## Market Leader

Leading propane distributor in the U.S. and Canada with best-in-class operating platform



2

## Strong Free Cash Flow

Stable and consistent FCF generation providing capital for acquisitions and organic growth



3

## Growth Runway

Substantial white-space to achieve growth through M&A, with access to financing to support acquisitions



4

## Proven Track Record

Proven track record of success in acquisitions and integration with experienced sourcing and execution teams



5

## Dynamic Capital Allocation

Disciplined and unbiased approach to capital allocation to drive significant shareholder returns



6

## Compelling Dividend Yield

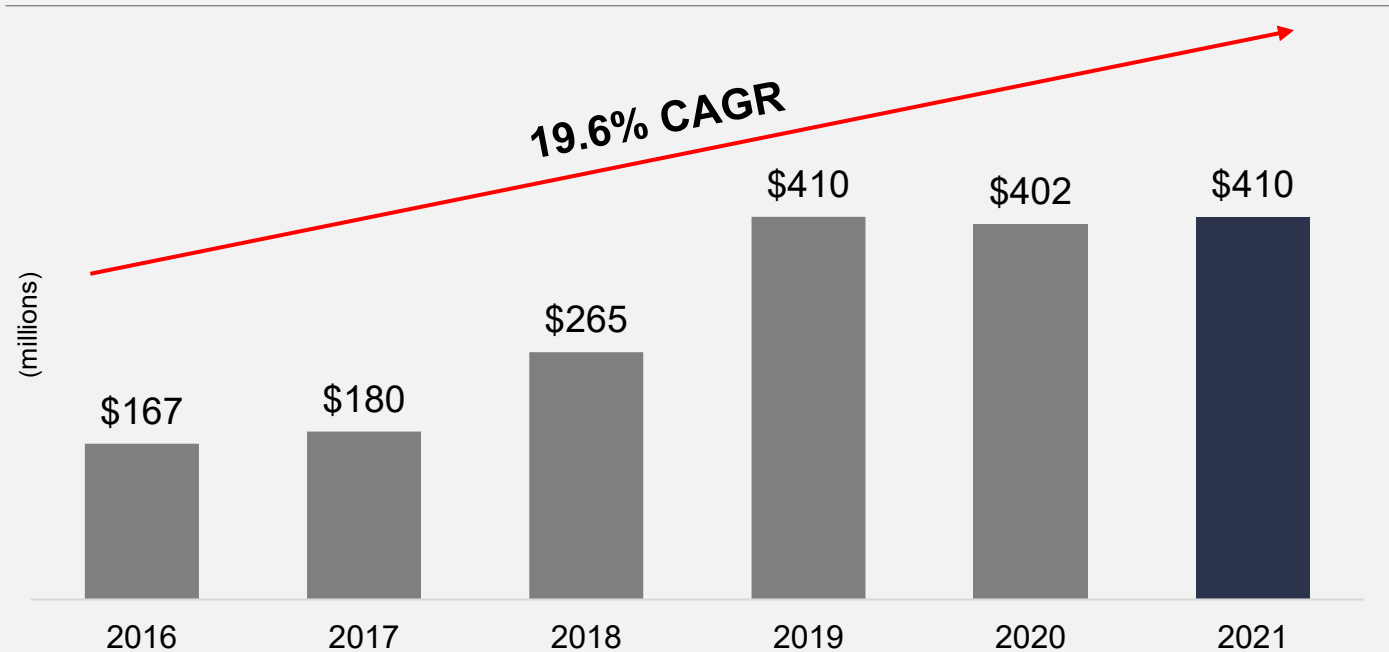
Current yield of ~6%



# Benefits of Pure-Play Energy Distribution Platform

- Superior has completed a comprehensive 5-year transformation into a pure-play energy distributor with a major U.S. platform for continued growth
- Rebalanced business around highest growth segment
- Consistent, stable free cash flow generation with ~79% FCF conversion<sup>(2)</sup>
- Streamlined management focus on Energy Distribution platform

EBITDA Growth Since 2016<sup>(1)</sup>

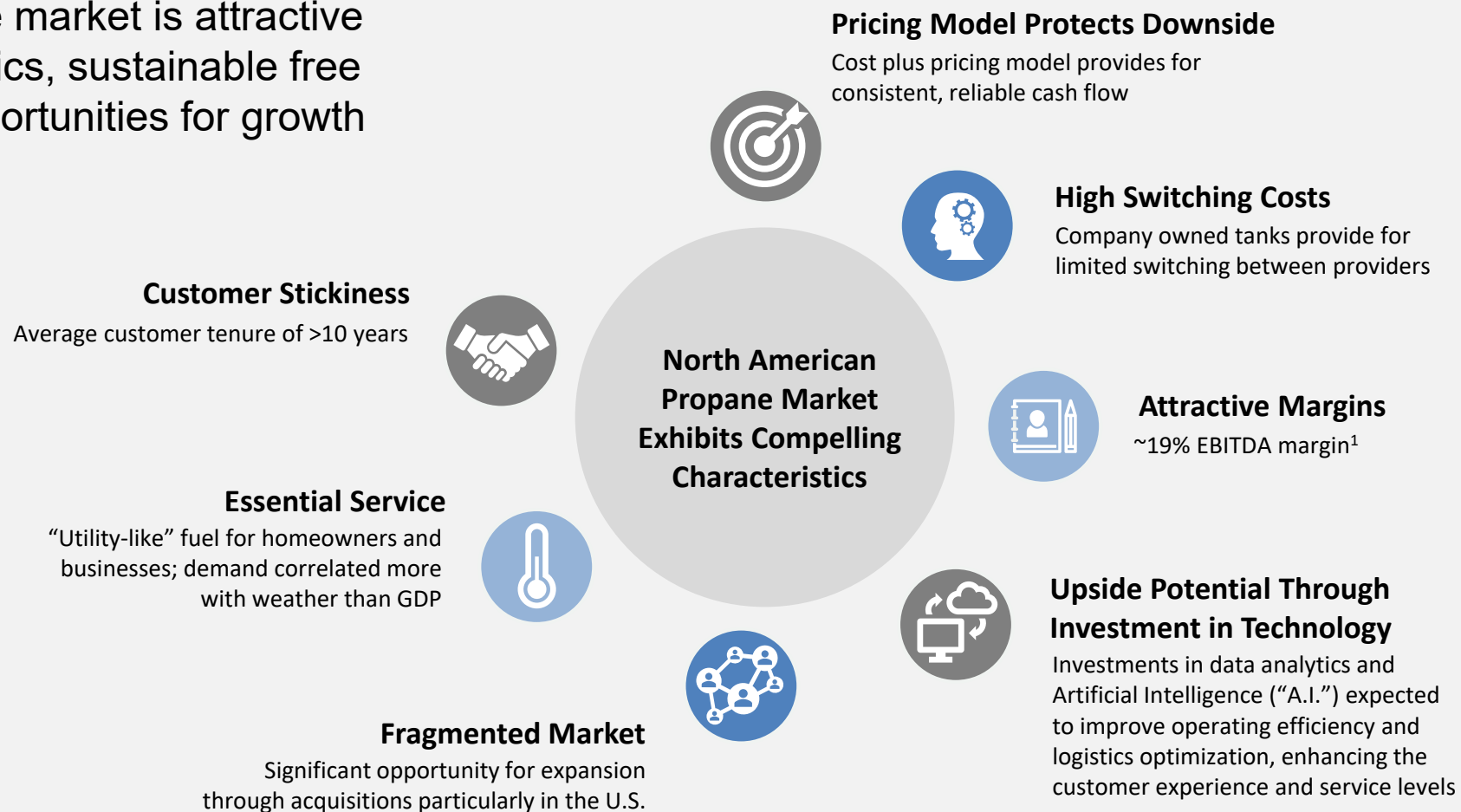


**2021 Free Cash Flow Conversion<sup>2</sup>**

**~79%**

# What Makes the Propane Industry Attractive

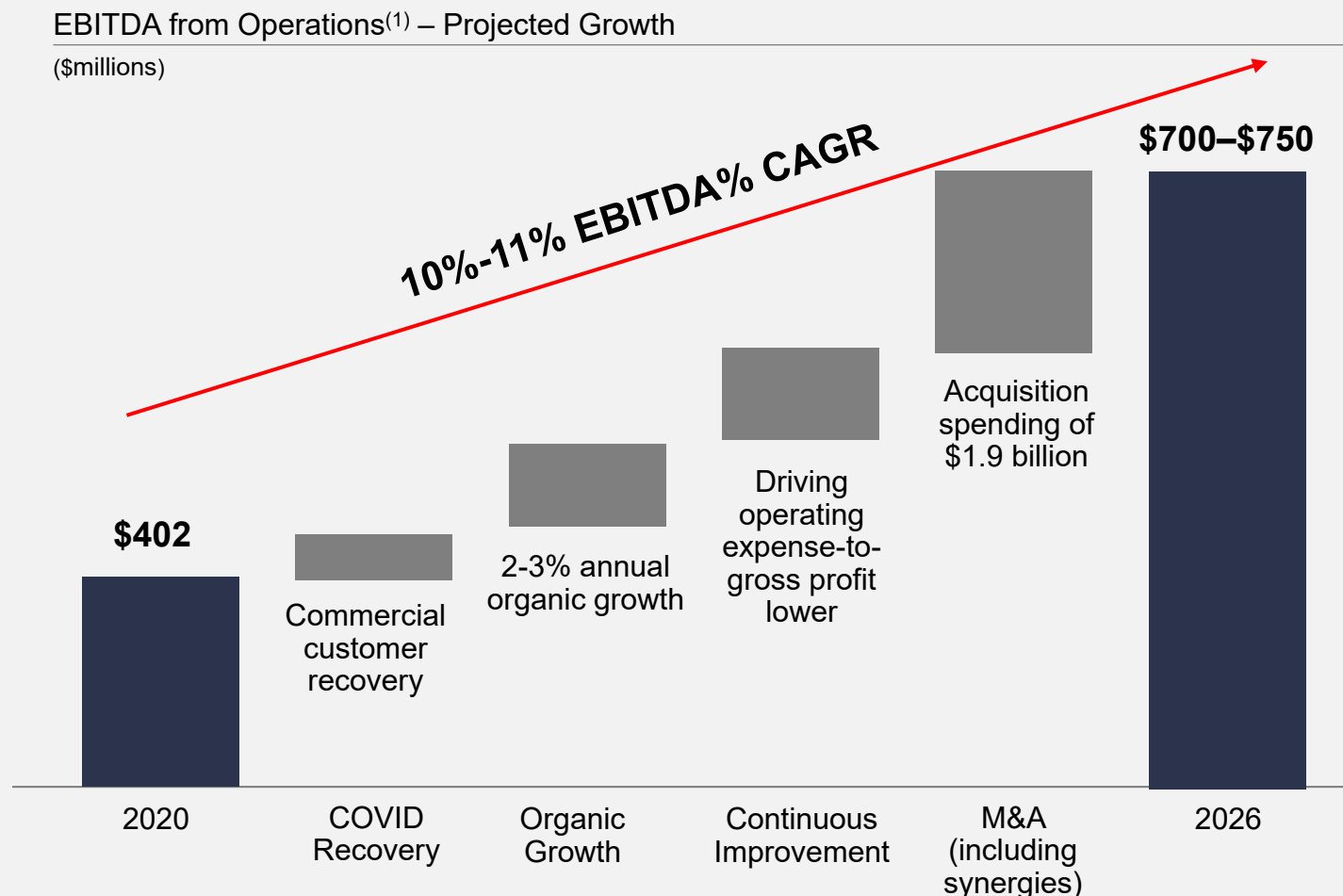
The North American propane market is attractive due to customer characteristics, sustainable free cash flow and significant opportunities for growth



# Targeting \$700-\$750 Million of EBITDA by 2026

Superior is targeting \$700 to \$750 million of EBITDA from Operations <sup>(1)</sup>, representing a 10% to 11% CAGR through 2026 by:

- Executing on acquisition growth strategy;
- Continuous improvements and efficiency;
- Organic growth; and
- Anticipated recovery of commercial volumes





# Demonstrated Ability to Acquire, Integrate & Capture Synergies

Strong track record demonstrates ability to acquire annually at scale

NGL Energy Partners LP



Continuing acquisitions through COVID-19

US



CANADA



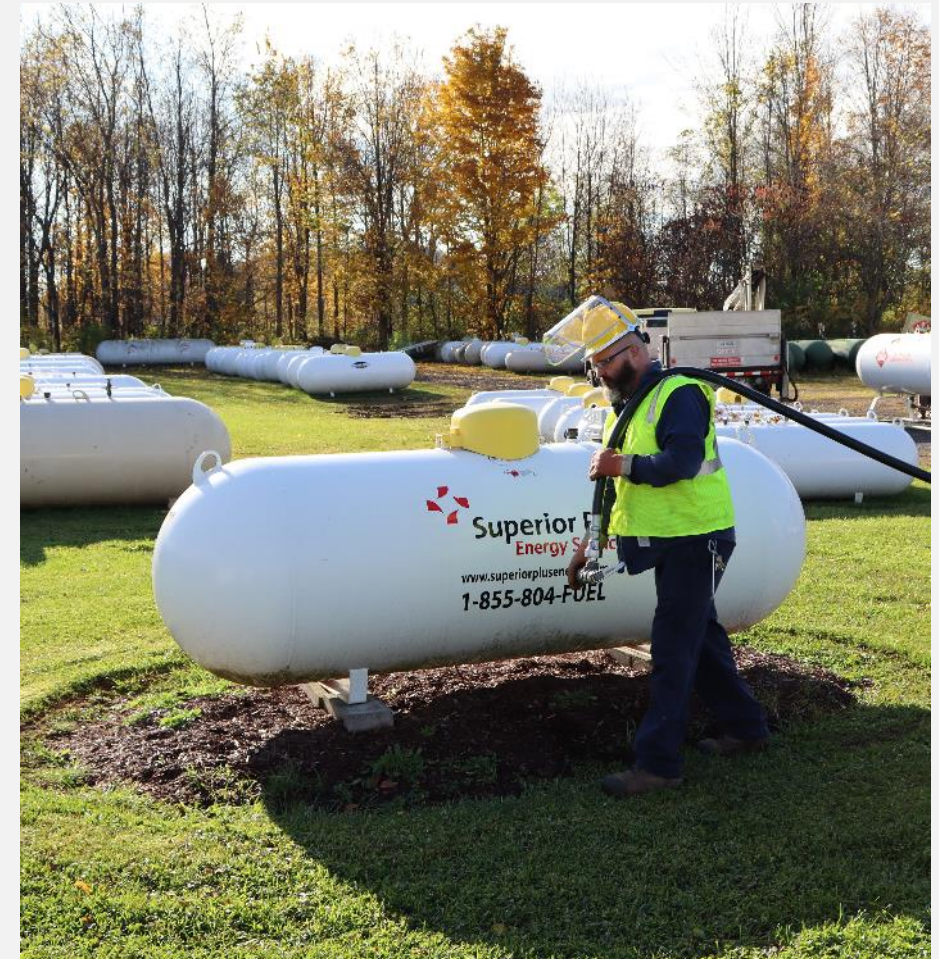
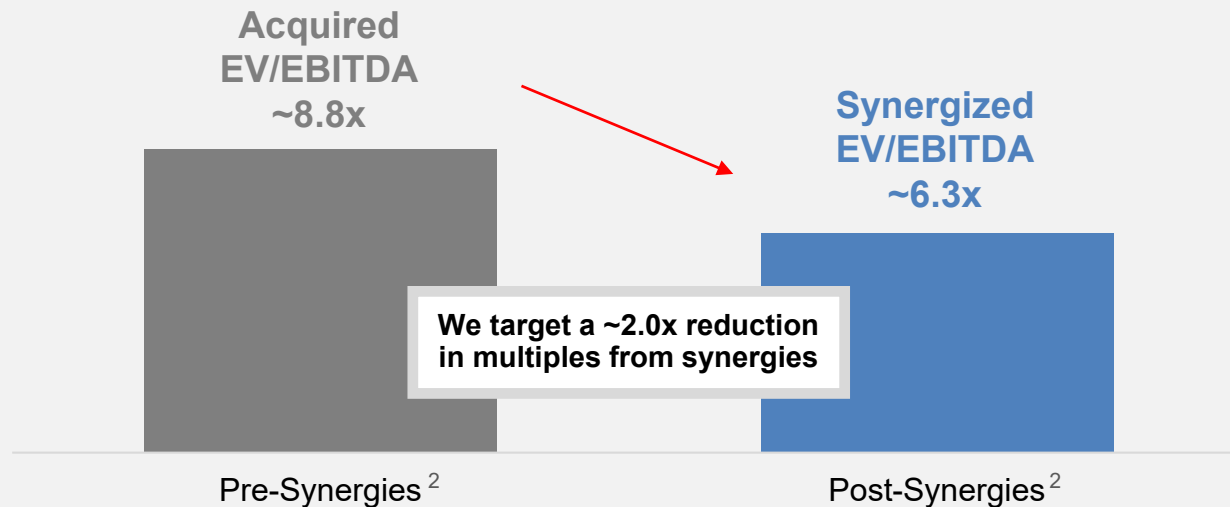
YEAR	2017	2018	2019	2020	2021	2022
# Acquisitions	4	6	5	5	7	1
\$ TEV (\$m)	~\$525	~\$1,275	~\$70	~\$288	~\$300	~\$300

Slower acquisition pace given focus on integrating NGL

# Deployed \$800 Million in Capital Across 20 Transactions, Targeting Post-Synergy Average Multiple Improvement of ~2.0x

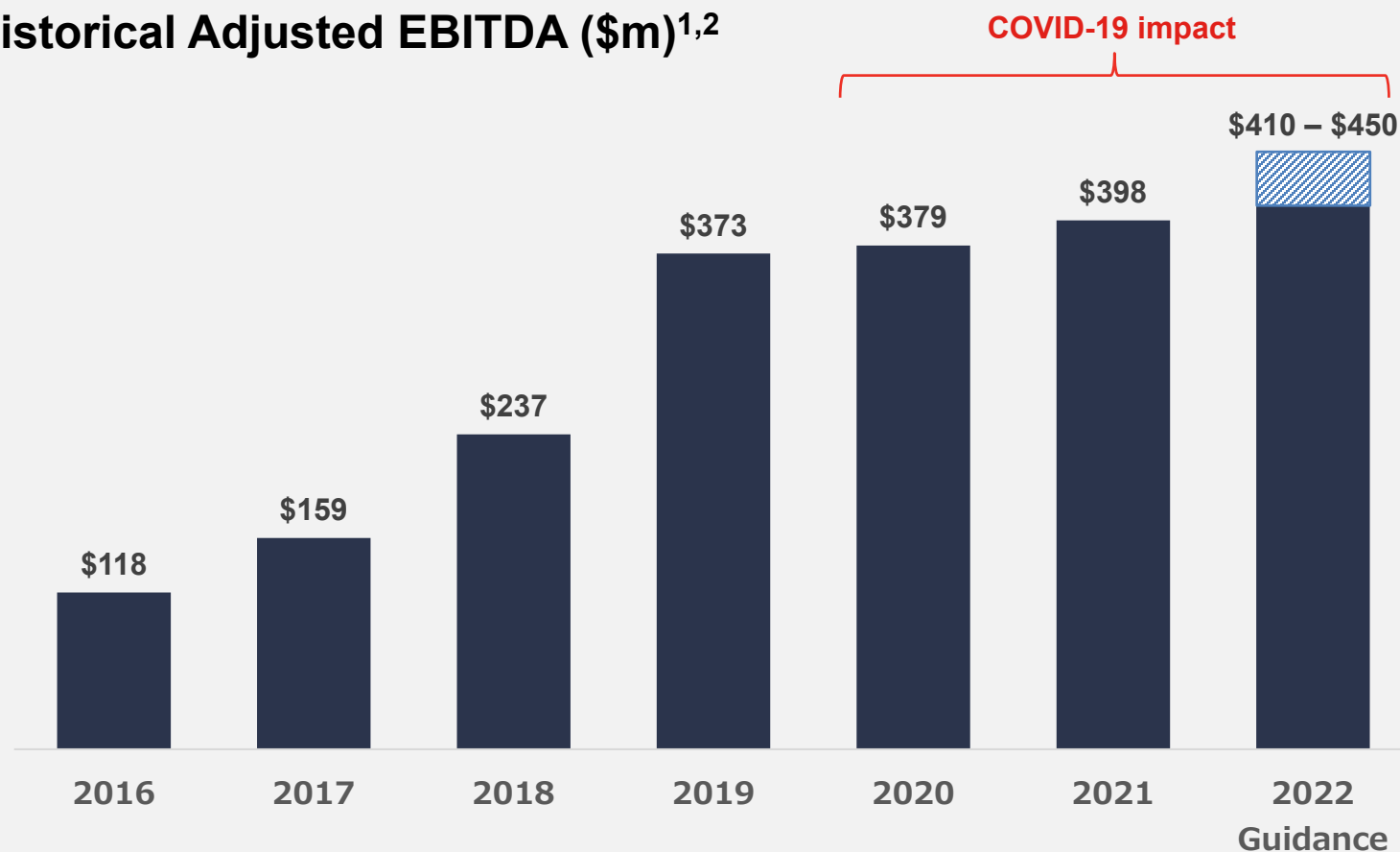
## Summary of USPD Acquisitions (excl. NGL)<sup>1</sup>

Acquisitions Completed	20
Capital Deployed	~\$800 million
Acquired EBITDA <sup>2</sup>	~\$92 million
Synergized EBITDA <sup>2</sup>	~\$128 million



# Historical Results and 2022 Guidance

## Historical Adjusted EBITDA (\$m)<sup>1,2</sup>



### 2022 Guidance

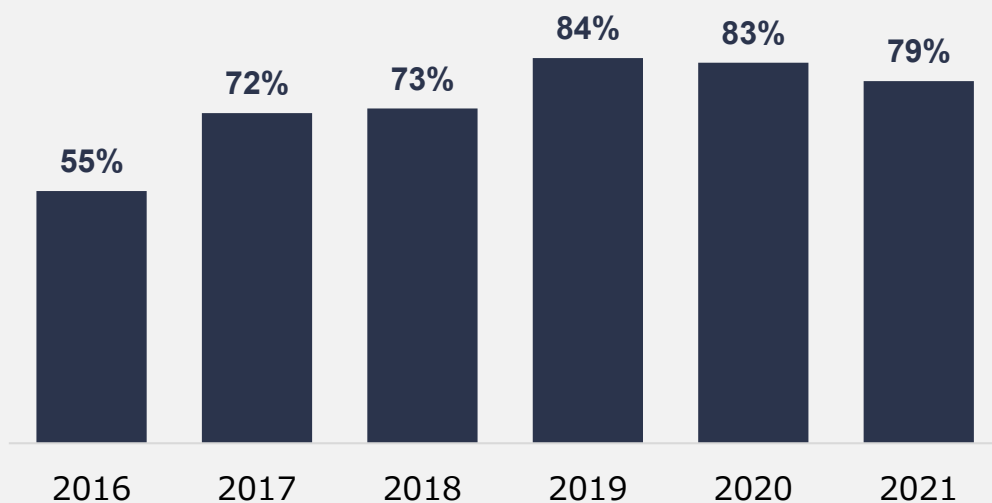
Adjusted EBITDA<sup>1</sup>

**\$410m – \$450m**

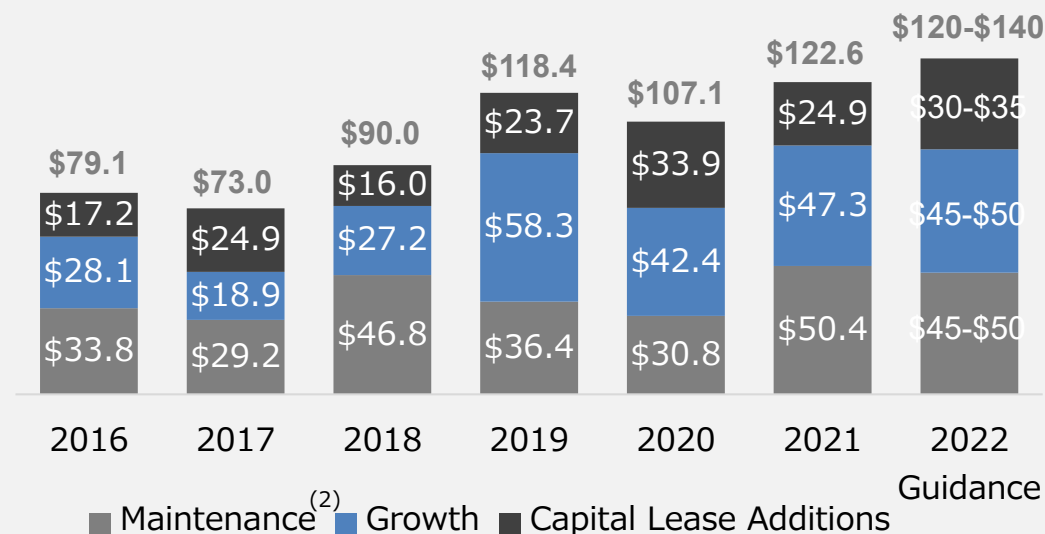
# Capital Expenditures and Free Cash Flow Conversion Profile

Superior generates robust FCF conversion of ~80%, with annual maintenance capex needs of ~\$40m-\$50m

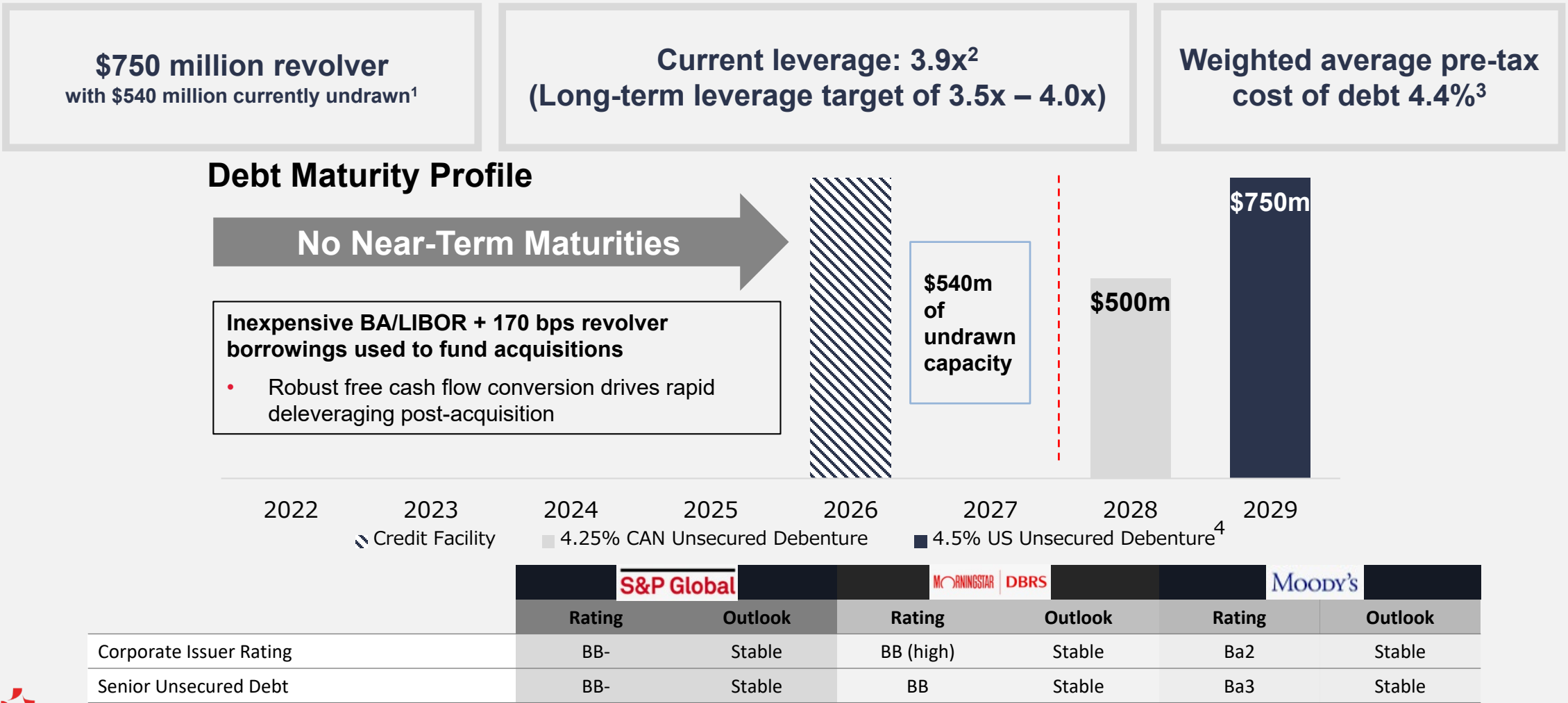
Historical Free Cash Flow Conversion Profile<sup>1</sup>



Capital Expenditures<sup>1</sup> (\$m)



# Strong Balance Sheet Provides Efficient Financing for Growth





# Committed to Social Responsibility

## Creating long term shareholder value in a socially responsible and sustainable manner



### Reducing impacts on the environment

- Climate change is one of the largest challenges facing the world and we are committed to being part of the solution
- Propane is efficient and versatile fuel that produces significantly less GHG emissions than gasoline, diesel and heating oil
- In 2022, Superior announced a partnership to distribute green hydrogen in Quebec, allowing Superior to offer green and low carbon energy alternatives to our customers



### Helping employees thrive

- Providing flexibility for employees' work schedules during COVID-19 pandemic through programs such as Superior Propane's voluntary Reduced Work Arrangement
- Building a diverse and inclusive workforce strengthens our decision-making and value we bring to communities where we live, work and operate
- 26% of total workforce positions are held by women and 27% of executive officer positions are held by women



### Creating a strong safety culture

- Working diligently to build a Zero Harm safety culture, focused on leading best practices to ensure safe & healthy working conditions for all employees
- In 2020, achieved targets and year over year reduction for both Total Recordable Injury Rate (TRIR) and Days Away, Restricted Duty/Transferred Incident Rate (DART)
- Employee safety perception survey results were positive with 98% of respondents feeling safe doing their jobs



### Giving back to communities

- Corporate Social Responsibility Policy outlines commitment to act responsibly and provides a framework for how we approach community investment across our four focus areas:
  - Community development
  - Inclusion and diversity
  - Health & Wellness
  - Youth
- With our employees, have raised over \$2.6 million during last 10 years for various charities & organizations



# Questions?

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# Appendix

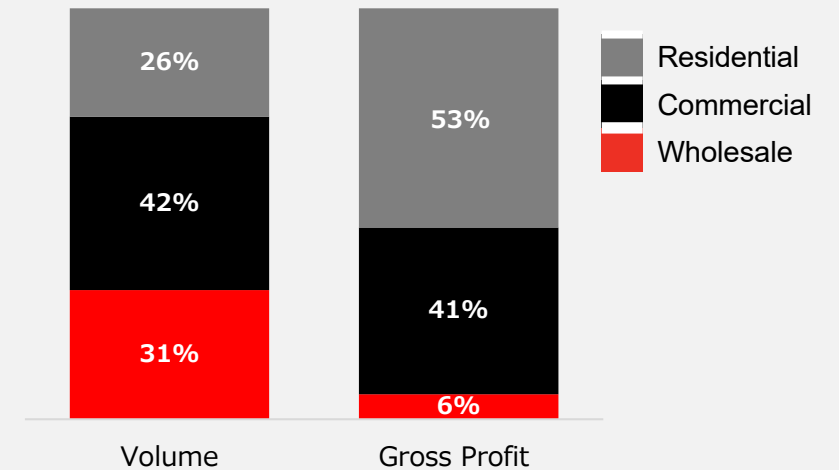
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# Total Volumes and Gross Profit

- Residential and commercial (“retail”) customers represent 94% of total gross profit
  - Residential volumes are typically more correlated to weather, so there is less of an impact from economic slowdowns
  - Commercial volumes may be modestly impacted by economic activity, and the majority of the volumes are to heat buildings and facilities
- Wholesale propane volumes account for 31% of total volumes and only 6% of total gross profit

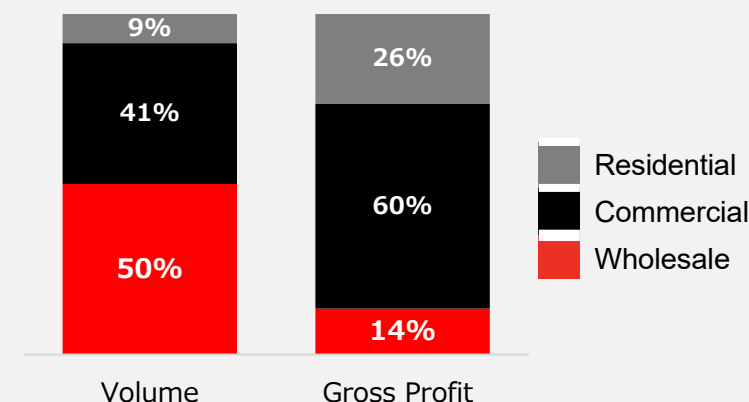
**Sales Volume and Gross Profit by Segment<sup>1</sup>**



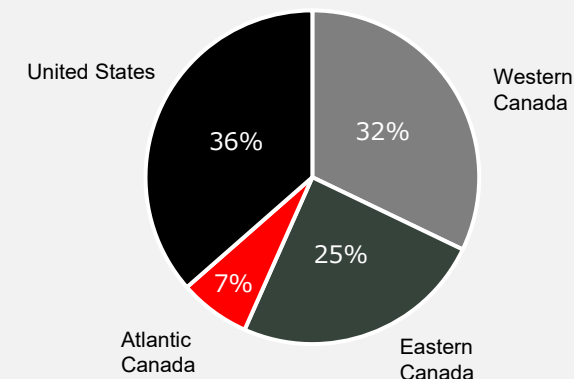
# Canadian Propane Distribution

- Canadian propane distribution includes Superior Propane, Superior Gas Liquids and United Pacific Energy (“UPE”)
  - Superior Propane is the leading propane distributor in Canada with a diversified customer base and coast-to-coast-to-coast presence
  - Superior Gas Liquids provides supply expertise for Superior’s North American platform and is a leading wholesale propane marketer
  - UPE is a leading wholesale propane marketer in California
  - Superior announced or completed 2 acquisitions in Canada in 2021 for total consideration of ~\$20 million
- Since 2011, the Canadian propane distribution business reduced its operating ratio, improved customer retention and increased organic growth, which has contributed significantly to EBITDA growth
- Superior has been employing a digital strategy to differentiate its product offering and improve delivery efficiency
  - Tank sensors and an integrated customer portal platform provide employees and customers up-to-date information on tank volumes, usage and delivery dates
  - Superior expects to have sensors on tanks representing ~70% of delivered volumes in the upcoming heating season

## Volume and Gross Profit by Segment<sup>1</sup>



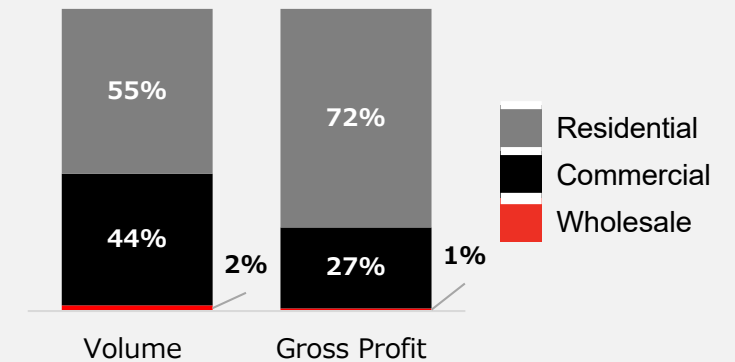
## Volume by Geography<sup>1</sup>



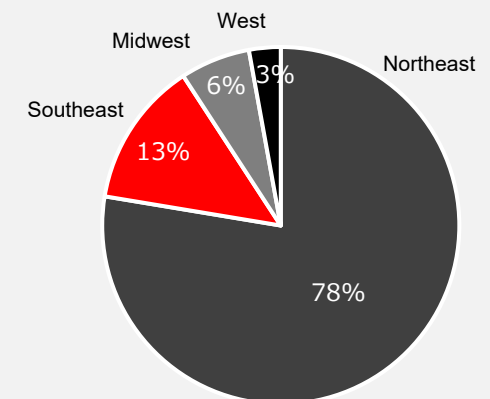
# U.S. Propane Distribution

- U.S. propane distribution includes Superior's retail energy distribution business in the Eastern U.S., upper Midwest and California
- U.S. propane distribution customer mix is less diversified than Canada and gross profit is driven primarily by residential customers
- A focus on growth in retail propane distribution and the sale of the wholesale refined fuels business has led to significant improvements in gross profit per litre
- Acquisition strategy targets the east coast of the U.S. and California, with over 1,100 opportunities and addressable markets of over 4.5 billion gallons
  - Superior announced or completed 6 acquisitions in the U.S. in 2021 for total consideration of ~\$600 million
- Digital strategy enables Superior to differentiate its product offering and improve delivery efficiency through the deployment of tank sensors
  - Superior installed 75,000 tank sensors in the U.S. in 2020

## Volume and Gross Profit by Segment<sup>1</sup>



## Volume by Geography<sup>1</sup>





# End Notes

## Slide 3

1. Canadian Source Data: Conference Board of Canada Report Dec 2018 – Fueled Up. US Data ICF 2018 Retail Sales Report published December 2019

## Slide 4

1. Based on 2021 EBITDA from Operations excluding Specialty Chemicals segment. EBITDA from Operations is a Non-GAAP Financial Measure. Details for Non-GAAP financial information is provided on page 53 of Superior's annual management discussion and analysis ("MD&A") for the year ended December 31, 2021. Superior's MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Superior's investor website at <http://www.superiorplus.com/investor-relations/financial-reports/>.
2. Closing share price as at February 22, 2022. Debt and cash as at December 31, 2021
3. 2021 Leverage is based on Net Debt to Adjusted EBITDA for the Trailing Twelve Months ended December 31, 2021 pro forma the sale of Specialty Chemicals. Leverage Ratio is a Non-GAAP Financial Measure. Details for Non-GAAP financial information is provided on page 53 of Superior's annual management discussion and analysis ("MD&A") for the year ended December 31, 2021. Superior's MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Superior's investor website at <http://www.superiorplus.com/investor-relations/financial-reports/>.
4. 2021, excluding Specialty Chemicals segment. Adjusted EBITDA includes corporate costs and realized gains or losses on foreign exchange hedging contracts. Adjusted EBITDA is a Non-GAAP Financial Measure. Details for Non-GAAP financial information is provided on page 53 of Superior's annual management discussion and analysis ("MD&A") for the year ended December 31, 2021. Superior's MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Superior's investor website at <http://www.superiorplus.com/investor-relations/financial-reports/>.

## Slide 6

1. Energy Distribution EBITDA from Operations. EBITDA from Operations is a Non-GAAP Financial Measure. Details for Non-GAAP financial information is provided on page 53 of Superior's annual management discussion and analysis ("MD&A") for the year ended December 31, 2021. Superior's MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Superior's investor website at <http://www.superiorplus.com/investor-relations/financial-reports/>.
2. Free Cash Flow Conversion is calculated as Adjusted EBITDA less maintenance capex and lease repayments over Adjusted EBITDA. Free Cash Flow Conversion excludes the Specialty Chemicals business

## Slide 7

1. Calculated as average of 2020 and 2021

## Slide 8

1. Adjusted EBITDA is a Non-GAAP Financial Measure. Details for Non-GAAP financial information is provided on page 53 of Superior's annual management discussion and analysis ("MD&A") for the year ended December 31, 2021. Superior's MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Superior's investor website at <http://www.superiorplus.com/investor-relations/financial-reports/>.

## Slide 10

1. Represents all U.S. acquisitions since 2017 excluding NGL, UPE and IDI as NGL was a platform acquisition and is not representative of the tuck-ins included in our guidance, UPE was a wholesale transaction and IDI was an acquisition related to Specialty Chemicals
2. "Pre-Synergized" EBITDA represents an estimate of seller Adjusted EBITDA prior to acquisition. "Synergized EBITDA" represents the forecasted Year 5 EBITDA for each acquisition. EBITDA from Operations is a Non-GAAP Financial Measure. Details for Non-GAAP financial information is provided on page 53 of Superior's annual management discussion and analysis ("MD&A") for the year ended December 31, 2021. Superior's MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Superior's investor website at <http://www.superiorplus.com/investor-relations/financial-reports/>.
3. For the purpose of this analysis USD amounts were converted at 1.27 USD/CAD

## Slide 11

1. Adjusted EBITDA is a Non-GAAP Financial Measure. Details for Non-GAAP financial information is provided on page 53 of Superior's annual management discussion and analysis ("MD&A") for the year ended December 31, 2021. Superior's MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Superior's investor website at <http://www.superiorplus.com/investor-relations/financial-reports/>.
2. Excludes Specialty Chemicals EBITDA from operations

## Slide 12

1. Free Cash Flow Conversion is calculated as Adjusted EBITDA less maintenance capex and lease repayments over Adjusted EBITDA. Free Cash Flow Conversion and Capital Expenditures exclude the Specialty Chemicals business. Adjusted EBITDA is a Non-GAAP Financial Measure. Details for Non-GAAP financial information is provided on page 53 of Superior's annual management discussion and analysis ("MD&A") for the year ended December 31, 2021. Superior's MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Superior's investor website at <http://www.superiorplus.com/investor-relations/financial-reports/>.
2. Maintenance capital expenditures excluding disposals

## Slide 13

1. As at Q4 2021
2. Q4 2021 Leverage is based on Net Debt to Adjusted EBITDA for the Trailing Twelve Months ended December 31, 2021 excluding Specialty Chemicals segment. Leverage Ratio is a Non-GAAP Financial Measure. Details for Non-GAAP financial information is provided on page 53 of Superior's annual management discussion and analysis ("MD&A") for the year ended December 31, 2021. Superior's MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Superior's investor website at <http://www.superiorplus.com/investor-relations/financial-reports/>.
3. Excludes credit facility which currently bears interest at ~2%
4. USD\$600M US Notes converted at 1.25 USD/CAD rate

## Slide 20

1. FY2021

## Slide 21

1. FY2021

## Slide 22

1. FY2021



# Non-GAAP Financial Measures

Throughout the presentation, Superior has used the following terms that are not defined by International Financial Reporting Standards (“GAAP”), but are used by management to evaluate the performance of Superior and its businesses. Since 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 nearest GAAP financial measures. Except as otherwise indicated, these non-GAAP financial measures are calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods. The intent of non-GAAP financial measures is to provide additional useful information to investors and analysts. These measures may also be used by investors, financial institutions and credit rating agencies to assess Superior’s performance and ability to service debt. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with GAAP. Other issuers may calculate non-GAAP financial measures differently.

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

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

## **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. Please refer to the Results of Operating Segments in the Annual 2021 MD&A for the reconciliations.

## **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. Adjusted EBITDA is a significant performance measure used by management and investors to evaluate Superior’s ongoing performance of its businesses. Adjusted EBITDA is also used as one component in determining short-term incentive compensation for certain management employees. The EBITDA of Superior’s operating segments may be referred to as EBITDA from operations. Please see the “Reconciliation of Earnings (Loss) before Income Taxes to Adjusted EBITDA” section of Superior’s Annual 2021 MD&A.

## **Leverage Ratio and Pro Forma Adjusted EBITDA**

Superior’s Leverage ratio is calculated using Total Net Debt and Pro Forma Adjusted EBITDA. Pro Forma Adjusted EBITDA for the Leverage Ratio 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. Pro Forma Adjusted EBITDA is used by Superior to calculate its Leverage Ratio and is presented in the table below.

Total Net Debt is determined by taking the sum of borrowings before deferred financing fees and lease liabilities and reducing this by the cash and cash equivalents balance.

Management believes that Net Debt to Pro Forma Adjusted EBITDA is an important measure to monitor leverage and evaluate the balance sheet.

# Non-GAAP Financial Measures (continued)

## **Capital Expenditures**

Efficiency, process improvement and growth-related expenditures will include expenditures such as acquisition of new customer equipment to facilitate growth, system upgrades and initiatives to facilitate improvements in customer service.

Maintenance capital expenditures will include required regulatory spending on tank refurbishments, replacement of chlorine railcars, replacement of plant equipment and any other required expenditures related to maintaining operations.

## **Organic Growth**

Organic growth calculated as increase in EBITDA from Operations year over year excluding the impact of acquisitions.

## **Free Cash Flow**

Calculated as Adjusted EBITDA less maintenance capital expenditures and capital lease repayments. Free Cash Flow is used by Superior to calculate cash flows available to pay interest and cash taxes, pay dividends, make acquisitions, for capital expenditures and repay debt. Like Adjusted EBITDA, Free Cash Flow is reconciled to net earnings before income taxes.

For additional information with respect to non-GAAP financial measures, including reconciliations to the closest comparable GAAP measure, see Superior's Annual 2021 MD&A, available on SEDAR at [www.sedar.com](http://www.sedar.com)