

**Superior Plus Corporation (2026 Q1 Results)**  
**May 14, 2026**

**Corporate Speakers:**

- Chris Lichtenheldt; Superior Plus Corporation; Vice President, Investor Relations
- Allan MacDonald; Superior Plus Corporation; Chief Executive Officer, President & Director
- Grier Colter; Superior Plus Corporation; Executive Vice President, Chief Financial Officer
- Dale Winger; Certarus; President

**Participants:**

- Nelson Ng; RBC Capital Markets; Analyst
- Patrick Kenny; National Bank Financial, Inc.; Analyst
- Robert Catellier; CIBC Capital Markets; Analyst
- Gary Ho; Desjardins Securities Inc.; Analyst
- Daryl Young; Stifel; Analyst
- Ben Isaacson; Scotiabank; Analyst

**PRESENTATION**

Operator^ Good day and thank you for standing by. Welcome to the Superior Plus First Quarter 2026 Results Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Chris Lichtenheldt, Vice President, Investor Relations. Please go ahead.

Chris Lichtenheldt^ Thank you. Good morning, everyone.

Welcome to Superior Plus' conference call and webcast to review our 2026 first quarter results.

On the call today we have Allan MacDonald, President and CEO; Grier Colter, Executive Vice President and Chief Financial Officer; and Dale Winger, President of Certarus.

For this morning's call, Allan and Grier will begin with their prepared remarks, and then we'll open the call for questions.

Listeners are reminded that some of the comments made today may be forward-looking in nature and information provided may refer to non-GAAP measures.

Please refer to our continuous disclosure documents available on SEDAR+ and our website.

Also note that dollar amounts discussed on today's call are expressed in U.S. dollars unless otherwise noted.

I'll now turn the call over to Allan.

Allan MacDonald^ Thanks, Chris. Good morning, everyone. Thanks for joining us this morning.

Well the first three months of 2026 saw our business evolve dramatically. A second winter of above-average cold weather challenged our propane business in the midst of a transformation, which is never easy.

But it was the best way to stress test our operating models.

At Certarus, it was an interesting quarter as we saw subdued website pricing despite volume growth and uncertainty arising from the conflicts in the Middle East which so far has not increased activity levels in the oil and gas sector.

At the same time, we saw a dramatic development outside our traditional markets with the announcement of a substantial expansion of our data center business.

Overall, we're pleased with the first quarter performance and encouraged by how the business is positioned as we move forward.

Now looking at our consolidated performance in Q1 results tracked largely in line with our expectations, with CNG down due to lower utility work and lower well site pricing, while propane was up modestly as operational improvements continue to take hold.

Our share repurchases program continued during the quarter and has meaningfully contributed to our per share performance.

Since prioritizing buybacks in the fall of 2024, we've repurchased approximately 14% of our outstanding shares as part of our commitment to enhancing shareholder value.

Turning now to propane. Operationally, while many of the pressures from the fourth quarter carried into the first, our team persevered, advancing our transformation efforts while also going above and beyond for our customers.

Our frontline teams, particularly our drivers, technicians and customer experience representatives, operated under significant pressure through the early part of the winter, and I want to publicly recognize their efforts.

Our team members are at the heart of our brand, and their passion for our customers makes anything possible.

Coming out of winter, we've made significant progress in how we prioritize, plan and execute our deliveries to improve both efficiency and customer satisfaction, and we're feeling confident ahead of our next winter season, supported by better data, clear processes and execution discipline.

Importantly, we remain committed to our strategy as our success depends on the ability to deliver to every customer safely, efficiently, and on time.

As the weather warmed into March, we also made strong progress restoring customer tank levels to more normalized ranges.

Moving through the year with healthier tank levels supports more predictable routing, reduces emergency deliveries and improves labor productivity while still allowing us to maintain a lean cost structure.

Overall, Q1 was an important quarter for the business.

We tested many aspects of our operating model under very intense conditions.

We had some significant successes and some learnings which are informing our plans as we advance the transformation of Superior into North America's most formidable competitor.

Now turning to Certarus. While Q1 profitability saw a decline versus 2025 due to reduced utility work and lower well site pricing, which, by the way, was fully anticipated in our guidance, I'm pleased to say that the team's efforts have had a positive impact on our organization, and we expect to resume quarterly growth beginning in Q2.

Looking forward for Certarus, there are exciting times ahead. We've long said we believe in the future of over-the-road CNG and have purposely pursued a strategy of geographic expansion and business development in new and emerging verticals. We planned on Certarus being there first and being the enabler of CNG adoption for all customers, big and small, in all geographies with a responsive, reliable and scalable value proposition across the continent.

Since our last results release, we've seen the expansion of our total addressable market, driven by the explosion in demand for behind-the-meter power generation for hyperscale data centers. The rapid growth in computing demand and the energy required to support it is outpacing traditional infrastructure expansion. Behind-the-meter solutions are a critical component in building and operating hyperscale data centers and Certarus' delivered energy has emerged as a credible enabling solution.

We're helping customers bring data centers online faster with an energy solution that is both operationally reliable and financially compelling.

Since last September, we've signed six data center contracts totaling more than \$350 million in revenue including a new contract we announced yesterday which will be supported by the opening of our new hub in Salt Lake City, Utah.

This momentum is changing the game for Certarus and proving the value of our continental coverage as well as our track record of delivering energy safely and reliably.

Now 10 years ago, the boom and well site conversion to CNG created an opportunity for Certarus to grow from a small company to build scale and a vision to be the leader in delivered energy. This second wave of energy adoption behind-the-meter power generation is something very different. The scale of this opportunity is like nothing we've seen before.

It's not taking place in a single market, it's across North America.

With each new customer we serve, we're building new hubs and the infrastructure to make CNG solutions available to other verticals from coast to coast.

While the oil and gas boom brought truck CNG to life, the data center era will bring it to communities and businesses everywhere.

In terms of outlook, well it's early days, but a lot has happened in a short time and we expect the world to evolve at a very fast pace.

I fully expect our data center and industrial verticals to account for approximately 60% of our CNG business within the next 24 months, and this is just the beginning.

Our sales funnel continues to expand at an accelerated rate and this in other industrial verticals.

Looking to revised outlook and capital allocation. The business is well positioned to meet its growth objectives this year, and we are increasingly encouraged about what lies ahead for Superior Plus in the years to come. Due to the progress we've made within propane, along with the expanding market for CNG, we're increasing our adjusted EBITDA guidance for 2027 from 2% to 5% growth over 2026.

Now I want to be direct about something.

We know our track record on guidance has been tested over the past few quarters.

So you can appreciate the decision to revise guidance is not something we've taken lightly. The totality of the increase is the direct result of the contracted revenue we've secured within the data center vertical since our last update. This is a very dynamic market at the moment, and Certarus' ability to move incredibly fast, providing viable competitive solutions is a testament to our strategy to truly be the market leader in delivered energy.

It's also important to note that we have seen this as just the beginning.

We've not included future opportunities or adjusted our growth forecast since our last review for 2027.

These opportunities also mean we're investing in growth.

We'll be increasing our planned capital investment for 2026, investing in new MSUs, tractors and compression equipment as we expand our capacity to fulfill the requirements of this increased volume. Grier will cover these details more in the financial review shortly. And finally, on capital allocation, we've been disciplined buyers of our shares and remain confident in the long-term value they represent.

As mentioned, since late 2024, we've repurchased approximately 14% of our outstanding common shares.

However as always, our priority is to allocate capital to the most accretive opportunities for our shareholders.

While we continue to see exceptional value in our shares, the opportunity to invest in CNG at this time is extremely attractive and has compelled us to transition from share repurchases to new investments in CNG.

We also want to be transparent about what this increased investment means for leverage. Grier will walk through the specifics, but at the high level, we expect leverage to move modestly higher in the near term before declining as contracted EBITDA flows through in 2027.

We're comfortable with this trajectory given the cash generative and predictable nature of our propane business.

So to wrap up, we delivered a solid first quarter despite a challenging backdrop. Propane continues to progress. as we modernize the business and Certarus is positioned for meaningful growth.

We're allocating capital to the highest value opportunities to support long-term shareholder value.

And with that, I'll turn things over to Grier to walk through the financials.

Grier Colter^ Thank you, Allan. And good morning.

It was a strong quarter for the business and a good start to the year.

Our propane operations performed well and Certarus is positioned exceptionally well to resume growth going forward.

I'll start by recapping our financial results for the first quarter. Q1 adjusted EBITDA of \$245.9 million declined approximately 6% compared to Q1 2025 as the decrease in CNG more than offset the increase in propane. Adjusted EBITDA per share was \$0.91, an increase of 2% quarter-over-quarter as our lower share count more than offset the change in adjusted EBITDA. Adjusted net earnings per share of \$0.68 increased 2% from last year for the same reason.

We generated free cash flow of \$188 million in the first quarter, about \$32 million lower than the prior year quarter. Recall that Q1 2025 included a \$20 million legal recovery and higher adjusted EBITDA. Turning now to the businesses.

In Q1, adjusted EBITDA for U.S. Propane was \$158.7 million, down approximately 3% from last year. This decrease was primarily due to lower sales volumes as we continued to adjust to reduce delivery capacity as part of Superior Delivers, partly offset by lower operating costs.

While we experienced cold weather in the quarter, it's important to note that Q1 2025 was similar in this respect and represented a strong comparative quarter.

Adjusted EBITDA for Canadian Propane was \$55.9 million, up 14% from last year. This was primarily due to higher average margins resulting from strong market differentials, improvements in procurement and the impact of a stronger Canadian dollar, partially offset by lower sales volumes.

Our propane transformation, Superior Delivers contributed \$12 million in Q1, having positive impact on our margins and costs, as I just outlined.

Overall, our propane business had a strong quarter and continues to track with our expectations for the year.

Moving now to CNG. Q1 adjusted EBITDA of \$38.4 million was down approximately 30% compared to Q1 2025 which is aligned with our expectations and the range we highlighted on our last conference call. Again this decline was mainly due to lower ancillary revenue from utility winter standby services and lower well site pricing compared with a year ago.

Operating cost per MMBtu of \$7.58 in Q1 increased 2%, primarily due to increased use of third-party trucking services, partially offset by reduced repair and maintenance costs.

Our consolidated CapEx for the quarter was \$26.6 million, roughly in line with last year and tracking within our expectations for 2026.

For the quarter, corporate operating costs were \$7.1 million, down roughly 3% compared to last year due to lower incentive plan costs.

Our leverage at the end of Q1 was 3.9x, down 1/10 of a turn compared to Q4, reflecting the lower net debt balances, partially offset by lower adjusted EBITDA. Compared to Q1 2025, our leverage increased by 0.2 of a turn which is driven by lower LTM adjusted EBITDA.

During the quarter, we repurchased 4.2 million shares, as Allan said, or approximately 2% of our shares outstanding. From the time of our shift to share repurchases in November 2024 to today we have now repurchased approximately 34 million shares or approximately 14% of the shares outstanding.

This has been a meaningful driver behind our improved per share metrics.

While we continue to see our shares as having compelling long-term value, we are pivoting our capital allocation focus away from share repurchases and toward high-return growth opportunities in our CNG business and improvement in balance sheet flexibility.

Our approach to capital allocation remains dynamic, and we believe this change will generate the highest long-term value for our shareholders.

Moving to 2026 guidance. We are reaffirming our 2026 EBITDA growth expectation of 2% as the businesses are performing in line with our expectations.

We expect Certarus to resume to growth for the remaining nine months of 2026 and the benefits of Superior delivers to our propane division will become more meaningful in Q4 of 2026.

With respect to CapEx, as Allan mentioned, we are increasing our planned capital expenditures for 2026 as the opportunities for attractive returns in our CNG business have improved significantly.

We now plan to spend \$230 million in total CapEx during 2026, up from our previous estimate of \$160 million.

We expect leverage of around 4x by year-end as we increase our investment in growth opportunities in our CNG business.

It's worth noting we expect our leverage to increase into Q3 as the business builds working capital balances heading into heating season before coming back down into the year-end. Regarding our multiyear outlook, we are incorporating the new data center work Certarus has recently been awarded. The growth rate in adjusted EBITDA implied by our previous multiyear outlook was approximately 2% from 2026 to 2027.

We now expect year-over-year growth of approximately 5% into 2027 as this new work begins to generate earnings. We will update our 2027 CapEx budget in February of next year. But at this point, we expect CapEx to remain elevated at similar levels in 2027 to facilitate growth in CNG.

With that, I will turn it back for Q&A.

## QUESTIONS AND ANSWERS

Operator^ Our first question comes from the line of Nelson Ng with RBC Capital Markets.

Nelson Ng^ Congrats on the additional data center contracts. Just on the data center side of things, so am I thinking about it in the right way in terms of you're investing additional \$70 million and you're getting an incremental 3% of EBITDA which is like very roughly \$14 million. I know there's a bit of rounding in there, but is that the right way of thinking about it?

Grier Colter^ Nelson, it's Grier. Yes, like the -- so the CapEx, yes, it is pretty clear. Then it looks -- you listen to what I said, it's probably a kind of similar elevation of CapEx in 2027. It's a bit of a timing -- like obviously the capital is spent first and then the generation of earnings is kind of later.

So you're right, the increase in 2027, but these -- the majority of these jobs that we're procuring equipment for are not kind of up and running for the full year of 2027.

So when you look at -- if you're trying to do kind of returns analysis and look at the earnings generation or EBITDA generation in 2027 and compare it to the CapEx, it's not going to give you a very good calculation because we really don't get into generating cash flow or earnings until the tail end of 2027.

Nelson Ng^ I see. I believe the targeted return is at least 15% for the data center business?

Grier Colter^ Yes. I mean you could assume that for sure. I mean we -- as Allan said, we believe in the value in repurchasing shares. So I think you could assume that for us to make the decision to shift away that, yes, those returns would be at or better than that.

Nelson Ng^ Okay. Then in terms of the one data center contract that was announced last month that we'll be using about 200 trailers starting mid next year. From your perspective, like what -- to what degree are you adding new trailers to meet that -- to meet those needs versus reallocating trailers from lower-margin sectors?

Allan MacDonald^ Nelson, it's Allan. Dale is on the line, but he's going to want to comment on this. I think we're looking at the fleet in the context of not just that one

opportunity we had, but the continued sort of opportunities that we've already closed and when they're coming online and then what we have in the funnel.

But Dale, you probably have some comments on that as well?

Dale Winger^ Nelson, we haven't taken a final determination.

We would expect there would be substantial addition to the fleet.

We're currently working through a competitive process on equipment procurement.

But demand for the existing fleet is good, healthy and firm now.

So as we kind of evaluate as the pipeline unfolds, we do expect to make significant trailer purchases, but we haven't determined that exact amount yet.

Nelson Ng^ Okay. Then just one last question on Certarus.

So like a few years -- if we look back, I guess three years ago when Certarus was acquired, growth was really strong, like a lot of capital was invested into the business to buy trailers and then things slowed down, margins were compressed, and I think CapEx slowed.

Then now you're seeing like due to data centers, you're seeing this new opportunity and you're looking to ramp up growth again.

So I guess big picture, what's different this time?

Like will it last?

Obviously the contracts seem longer than the typical contracts at the well site.

But can you just talk about how this time is different in terms of the growth prospects for Certarus?

Allan MacDonald^ Yes. We're all going to have comments on this one because it's a great question.

You can imagine this is what we've been doing the work on over the last several months and why historically, we haven't sent very strong signals of aggressive growth in this segment because we're waiting for it to unfold, and it's unfolding obviously very quickly. The difference with the data center piece, I think is we're at the very early stages of a much bigger era of adoption.

It's doing a few things.

It's not just the displacement of diesel.

It's really augmenting in a more permanent way we think the energy infrastructure.

So you got that piece. The second piece is the geographic diversity of the data center space.

The adoption behind-the-meter power generation really opens up other markets for us because if you think about going in this -- would we have been in Salt Lake City, Utah otherwise, maybe, maybe not.

But now we have the ability to start to aggressively ramp up other industrial opportunities in those new geographies.

The pressure that's being put on the energy space in general is really going to affect a lot of businesses, not just the data center piece.

So when we talked about things like over-the-road trucking conversion to CNG-powered tractor trailers, well the rollout of our network on the back of this opportunity in the data center behind the meter space really is a catalyst that makes that initiative a lot easier and then the next one after that.

So I think as I said in my opening comments, I think oil and gas gave us a foothold to be able to create a viable business and a proven business model.

This new era with data centers is really the catalyst that's going to see delivered energy be much more readily available across the continent.

Now Grier or Dale, you may have a comment on that as well.

Grier Colter^ Maybe just a couple of quick ones for me.

I mean if you look at comparing it to oil and gas, Nelson, I mean I think you've got -- I know we'll see how this all plays out, but the life cycle of this and the volatility of this will be two pretty key factors, right?

And I think we can all make our own assumptions on that. You hit on it.

I think the fact that there are longer contracts generally is what we're seeing is a big factor here.

And when you look at how we do our returns analysis, and obviously the challenge with this is you're matching a very long-life asset with generally shorter term, but this is way more secure in terms of the contracting.

I would argue that the volatility is different.

I would argue that the life cycle is also probably different.

We could argue with the puts and takes on that.

But when you look at the discounting and how we look at like just basic DCS and that kind of analysis, obviously when you get out, if you can get contracting that goes out two or three years or four years, the assumptions in the years when these units come off become a lot less sensitive to your overall return analysis as you can appreciate.

And so that's a big part of this, right?

And it gives you a lot more certainty.

Then, of course that really helped us in our conviction to determine that the return was sufficient to shift capital.

Dale Winger^ Thanks, Allan.

I agree with all of that. The other thing that I might just highlight in terms of our Certarus' advantaged position to win in this space and be a preferred provider is really a testament to our team members. The experience and the talent that we have to engineer and rapidly deploy a new solution that involves kind of showing up with the hub network, with the mobile compression, with the fleet, with the experience, with the engineering capabilities. That level of safety and reliability is really important to this customer segment.

We come as the industry leader, we come to this space in a good position to be that solutions provider to help hyperscalers get their projects online more quickly.

Operator^ Our next question comes from the line of Patrick Kenny with National Bank.

Patrick Kenny^ Allan, just back on your guidance of the CNG business becoming 60% industrial data centers within the next 24 months. Just wanted to confirm if that assumes any further attrition within the Wellsite segment?

Or are you assuming pretty stable, call it, flattish contributions from oil and gas customers, but just incorporating the growth from industrial and data center deals?

Allan MacDonald^ Thanks for asking that. That's on my mind a lot, and it's something we talk about -- to be very candid, we've had this strategy of maintaining our share in the oil and gas sector, and that was quite purposeful.

I mean it's a great business.

It's -- by its very nature, it's cyclical.

When you're in the downward tranche of the cycle, you think wow, what a great opportunity to reallocate your fleet somewhere else.

But we see the oil and gas segment as having longevity.

That's the last thing we want to do is start to wind down or to look for alternatives at the downward end of the cycle because we think it's going to return to better days.

So we want to maintain our foothold in that space.

So this is really about new customer or new expansion as opposed to reallocation. The second thing I would say is the numbers I gave are reflective of where the oil and gas sector is now. Nothing would make me happier than to be wrong because we've seen a material rebound in completion activity which caused us to have different economics and different demand coming into that sector.

So -- but I think to get to the heart of your question, no, we're maintaining our presence in the oil and gas sector and intend to do so going forward.

Patrick Kenny^ Got it.

Then I guess on the propane side, I mean California appears to be short refined products here just given the conflict in the Middle East and lack of supplies coming in. Just wondering if you're seeing any incremental margin opportunities on the propane side, either wholesale or otherwise which might represent some tailwinds through the back half of the year?

Allan MacDonald^ Nothing so far.

Obviously our wholesale team is -- and these things move in a different pace than the new cycle, as I know you already know.

It's going to take a little bit of time for that to come to the fore. California is a net exporter traditionally of propane during the summer months and an importer during the winter.

So we're keeping a really close eye on it.

We've got a great presence in our wholesale business in California.

So we're continuing to be engaged.

As it stands right now we're not forecasting any tailwinds going into the back half of the year as a result of it, though.

Patrick Kenny^ Okay. Great. And last one for me, if I could. Just maybe a bit more color on the hub being set up in Utah and kind of the overall opportunity set there, what you're hearing from customers in the area just in terms of their access to gas supplies or power from the grid. How are you seeing this geographic market developing over the next few years?

Allan MacDonald^ Yes. That's a great one.

I want to -- I'm going to Dale's best person to answer that question, but I do want to qualify something I said in my prepared remarks and that each center -- I said with data center opportunities, we're opening new hubs.

While that is generally true, it's not linear.

I mean we -- it's not a one-to-one just because we have a data center contract doesn't mean necessarily we're going to open a hub.

Some will be served from existing hubs. and some will be insufficient to warrant that type of an expansion.

But with that clarification, Dale, maybe you can talk a little bit about what you're seeing in Utah.

Dale Winger^ Patrick, this is consistent with the strategy of growing the industrial business. CNG is a very competitive solution for not behind-the-meter power projects and other types of data center applications, but other industrial users.

Our ability to serve and proximity to serve is really essential to the value proposition.

So the having a large award such as the new 60-megawatt data center in the Salt Lake City area really provides a nice baseload volume to establish that local supply point near that market.

And there are other opportunities that we expect to be able to add to that business once -- as we get that local supply point established this month.

It's a growing market and just the continued demand for energy outpacing the ability of infrastructure projects to come online presents a great opportunity for us to be in that market and be able to offer the capabilities and kind of fast, flexible energy solutions those customers are looking for.

So we're -- we've got a good outlook for that one and are excited about it, and it is part of the strategy of expanding the business to industrial customers, and we'll do it in other markets soon.

Operator^ Our next question comes from the line of Robert Catellier with CIBC.

Robert Catellier^ Just to follow up on the data centers.

I was wondering if you could tell us about the margin structure for the data center contracts.

So what risks have you agreed to?

And what risks have you been able to transfer to the customer?

Allan MacDonald^ Well that's a great question. And Robert, it's Allan.

We're -- I'm going to be diplomatic here for obvious reasons because that touches on some fairly sensitive stuff that we aren't sharing publicly.

But what I would tell you is that our strategy for all of our customers are we're -- it's incumbent upon us to make the investment to deliver their energy safely and efficiently.

So we've long had a history of building an attractive value set, a value proposition that does that.

We provide the compression, the decompression, the trucking and have pretty firm commitments when it comes to delivery uptime safety and things like that.

What we tend not to do is stray outside of our core competency, like things like taking risk on energy prices or anything like that.

So we've had a history of sticking to what we do well.

We don't lease the MSUs or operate other peoples.

We have our own.

But we also don't stray into other areas that are in our core business for opportunistic purposes because it's -- frankly, it's not our core competency.

I can give you all the assurances in the world that our data center opportunities are very consistent with our historical approach to how we've managed our contracts.

Now Dale, I don't know if you'd want to add any further color to that.

Dale Winger^ That's all well said, Allan.

Our envelope is to compress the gas and deliver the gas and so that we'll be responsible for our scope of work.

Obviously we won't go into specific details on specific contracts, but Allan summarized it well.

Robert Catellier^ Okay. That's helpful.

Then just when you look at the opportunity that's in front of you and the cadence of contracts, how does it go from going to work going forward between contract CapEx and then contribution?

So for example, should you be fortunate enough to secure contracts throughout the rest of '26, could we reasonably expect additional contribution to EBITDA in 2027?

And I'll have one follow-up after that.

Allan MacDonald^ I think so.

I mean I'd love to give you a crisp answer, Rob.

But as I said in my prepared remarks, this is all happening really quick.

We've got a -- there's a bit of a variety of customer types.

We have new construction builds like the large hyperscale data center we talked about that are going to be some upfront capital with a longer contract and visibility into sort of three years of production.

Then we've got data centers that are up and running that require energy augmentation because their capacity to produce energy, they've grown beyond and they need to augment that with some truck energy.

Then we've got some smaller projects.

So there's a combination of smaller projects and larger projects, first of all.

With all of those, they're coming on at different times.

So we're expecting to continue to see some smaller opportunities come in, in the next 6, 12, 24 months.

Then I'd be surprised if there weren't larger opportunities in that timeframe, although we have a lot more visibility to those in the longer term.

So we're going to continue to do what we do, and that's allocate the fleet in the best way that we can for opportunities that make sense financially.

With the longer-term projects, like the one we announced a month ago, we're going to have more visibility.

When we have it, we'll be able to share it with all of you.

I'm not sure if that answers your question or not, but I'm happy to clarify anything.

Robert Catellier^ Yes. No. It's going to depend on the type of work you win.

But that does lead me to the next question here. There's at least a possibility that you have additional growth here of size.

So I'm curious, should that materialize, what flexibility do you have if that accelerates faster than anticipated?

And I'm thinking about the balance sheet here, of course. And under what circumstances would you -- could your leverage targets be revisited to accommodate a faster pace of growth?

Or in that case, would you lean more on redeploying parts of the existing fleet?

Allan MacDonald^ Well I think at that point -- I mean it's a good problem to have.

I mean at that point, you obviously put everything on the table.

We haven't had any discussions about revisiting our leverage at this point. With the fullness of time we anticipate having enough visibility that we're able to be creative in how we capitalize on these opportunities.

In an ideal world, you would continue to grow the business because you'd rather have net new infrastructure than reallocation.

But you also have to work within the constraints of being responsible on the balance sheet that we have today.

So more to come on that.

But anything sort of material, I think we're going to have some pretty good runway in terms of timing and how we fund it.

Grier Colter^ Yes. Maybe it's a good question, Rob, for sure.

I mean it really -- this depends on the quantum here, right?

I mean this is really you think even in the last six months has changed quite drastically in terms of the opportunity to grow this business.

It's quite remarkable.

One of the reasons to shift the capital allocation, I mean the business generally, propane and CNG, like we generate a lot of EBITDA and a bunch of cash flow and like the shifting of the cash flow away from share repurchase is a big part of this, right, to be able to finance the growth.

But it's really a question of just how big is this going to be.

It's relatively early, I think at this point to tell.

But certainly, we can finance a lot of this growth through the cash flow in our existing business, and we'll just see how big this is.

Allan MacDonald^ Yes.

I think it's going to come down to how fast do you want to grow.

We can certainly fund pretty substantial growth.

Then the question will be, do you want to be able to grow even faster than that?

Lots of solutions to be able to think about in that respect.

Operator^ Our next question comes from the line of Gary Ho with Desjardins Capital Markets.

Gary Ho^ Congrats on the data center announcements. Allan, just wanted to clarify first, these multiyear contracts, they're still not permanent in nature.

So they are multiyear, but they're used to get data centers up and running for early commissioning before they get connected to the grid.

Then second, like what's the opportunity set here?

How is the RFP pipeline conversations going?

And do you see this perhaps as a bubble in terms of data center build-out near term?

Or do you see this kind of continuing over the longer-term horizon?

Allan MacDonald^ Gary, another great question.

It's interesting because -- on the face of it, it's not hard to cobble it together. A couple of facts that tell you this is a bubble.

When we're looking at it, so let me talk first specifically about our investments, and then I can talk to you about the general market.

In our investment, we factor all that in.

Of course we're doing the responsible thing and making sure that the capital investment in the business we're signing up for is in the best interest of the company and our shareholders, and we're not putting ourselves in a position where we're going to be in a place where we think we're going to have excess capacity.

So I can say that right out of the gate.

In terms of the longer-term attractiveness of this space and the bubble comment, I think that there's going to be -- it's very, very early days which is a good thing because it's not like we're halfway through the evolution of the data center build-out, and we're now seeing opportunities.

So we're really at the -- in my mind, the first inning of this, and Certarus is becoming a material partner.

We originally were a little bit shy to put this at top of our mind for our thinking because we anticipated that the greenfield data center sites would be co-located with gas and power resources more than sufficient to satisfy their demands.

What's kind of evolving is that the real estate requirements for these data centers is so significant. that they don't necessarily have the luxury of being able to co-locate with the energy supply that is required. You're looking at some of these data centers occupying anywhere from 500 to 1,500 acres of land. The second thing is that the value proposition in data center management is so substantial.

If you think of the cost of the CNG in a completion operation versus the cost of the CNG in a data center operation, it's chalk and cheese.

It's such a small part of their total overall kind of revenue stream or costs. compared to the opportunity that there's very compelling financials to move these data centers forward and be creative in terms of how you generate the energy.

So we think that gives us the combination of being very early days, just the sheer size of this gives us a really optimistic view.

Then the last piece is this is the catalyst that helps us very financially efficiently grow out our network and start to augment our capacity and expand into other verticals like refueling and so on.

So I'm really -- if I thought this was going to be short term in a bubble, we probably wouldn't have made this investment, to be perfectly honest.

Gary Ho^ Okay. Great. Then my next question, perhaps for Grier. Just on that MSU deployment, sorry, if I missed it in your comments.

So \$70 million increase in CapEx this year, did you say there's an additional similar \$70 million so far for these contracts that you've won for 2027?

Then perhaps for Dale, do you see an issue in getting these MSUs purchased and delivered to you?

And has pricing for MSUs changed since maybe a couple of years ago, I think it has been probably less competitive. Just wondering how the pricing environment is.

Grier Colter^ Sure. So Gary, it's Grier. I'll go really quickly. I think you've understood it right. The contracts that we've seen so far, that's what's driving the increase in CapEx guidance for this year.

It's a similar delta for next year to satisfy the equipment requirement for those contracts.

So yes, you got it right.

Dale Winger^ Gary, the only thing I might add, this -- I'd say the equipment manufacturers, whether we're talking about trailers or the other ancillary equipment to expand our business, compression, et cetera, are really excited about this new source of demand.

I think you had it right. There's a lot of demand for the equipment a couple of years ago.

Then for over a year, the industry has been kind of working through sort of a leveling off period as there wasn't as much growth in the well site market in 2025.

So what we're doing is we are running a competitive process with equipment manufacturers.

The thing that we have on our side is the real pull on equipment will happen in 2027.

So that allows us to collaborate in an orderly process to kind of scale up, whether it's componentry, procurement, labor schedules, et cetera, to ensure that we are optimizing from a unit cost standpoint.

But yes, having a new end market and a new demand for the types of equipment that we use to support our operations is something the equipment manufacturers are excited to participate in, and we feel good both about being able to meet cost and schedule targets to deliver these projects and incremental growth.

Operator^ Our next question comes from the line of Daryl Young with Stifel.

Daryl Young^ Just wanted to flip gears to the propane side. It sounds like the delivery route optimization has stabilized and things are functioning much better. Is there anything you can do across the summer months because we're obviously going through the seasonally slow period to just continue to test and solidify that the system can operate come next spring at scale -- or sorry, next winter at scale?

Allan MacDonald^ Yes. Daryl, it's Allan. Yes. Yes, absolutely, there is. I mean we're coming from a pretty significant deficit of real-time insightful data that was a big hill to climb for us over the last couple of years. Today we're in a much better position to have visibility into the fleet into the driver contingency we have into the types of customers.

So all of that gives you a lot of clarity that we didn't have before. So that's a real big plus for us. While there's some noise in the summer months, the drops are a little bit smaller, obviously and you don't have the consumption that you have in the winter.

We look at it -- we're able to adapt our model sort of for a summer view.

Of course we fluctuate our driver staffing, too.

So said really plainly, it's about almost replicating winter conditions with how you're loading trucks and how you're devising routes so that you're able to year-over-year look at the level of efficiency that's being contributed by the model versus your older way of doing it and almost forcing that efficiency despite the demand.

Daryl Young^ Then in terms of the customer churn dynamics, I know you've been doing a lot of work on that front.

But what kind of proactive measures are you putting in place to prevent the tail risk come next winter because I know we've always talked about customer churn being a sort of 1-year delay type problem.

So how are you feeling about customers that maybe had a challenging winter this year and might be a tail risk come next winter?

Allan MacDonald^ Well I'm feeling really good about it.

We -- I would have said to you guys two years ago, we didn't have a churn function really.

It was just something that was done organically through the organization which we've changed pretty dramatically.

When you have a winter like we did, even if everything goes swimmingly, you're under pressure. There were regions across North America where propane was being distributed on an allocation basis.

So we weren't able to get all the fuel that we would have otherwise normally liked to get.

There were lots of areas that trucks had to be off the road for two or three days at a time which creates all kinds of havoc because with a lot of customers, especially in the call they're nearing empty and then you have to take your trucks off the road for two or three days, that creates problems.

So in a winter like this, there's always issues.

Of course ours were complicated a little bit by all the changes we're making.

But what we did proactively and with our new Chief Commercial Officer, Deena Piquion, had done a great job of actually developing a whole strategy around customer engagement and retention.

I would say the two biggest things that we did that we're really happy with is proactive outreach.

So customers that may have had service interruption for a variety of reasons, we proactively reached out to explain the situation and express our concern and reassurance that, that wasn't going to happen again.

The implementation of some retention incentives around customers that had a particularly challenging winter, along with our no runout guarantee has really minimized the impact of a tough winter relative to what the risk could have been. And for that reason, I'm pretty optimistic going into the rest of the year.

Operator^ Our next question comes from the line of Ben Isaacson with Scotiabank.

Ben Isaacson^ Most of my questions have been asked.

I just have two or three quick ones.

Can you talk about the payback time to earn the minimum return on acquiring MSUs in advance of these data center contracts?

Is the full return earned with the contract?

Or is there a risk that you need new contracts to complete the return of the deployment of capital to make the acquisition?

Grier Colter^ Ben, it's Grier.

As you can probably appreciate, we're going to be a little bit cautious about getting really specific about economics on these contracts.

What I would say is that, of course the length of the life of these assets is quite long.

The contracts that we're seeing in the data center world, as I said earlier, it's a lot longer than some of the traditional ways that we've used these.

But I think that the economics won't be completely guaranteed by the initial contract, but I think it gives us a huge amount of confidence on receiving adequate economics.

And as I said, like when you get through to the other side of several of these -- most of these contracts and you're two years in or three years in, the value of those cash flows to determine your DCF they become way less valuable, right?

And so whether you can redeploy them and it might take a year to redeploy them or two years to redeploy them or the economics are 10% better or 30% worse because it's so far out, it has less impact on it.

So that gave us a massive degree of confidence that we'll receive adequate or better than adequate economics.

But as I say I think like getting really specific about do you receive the full return and how much risk is on the tail end, I don't think we're going to be at liberty to share all that stuff.

It's just is too sensitive.

Allan MacDonald^ And I would -- the only thing I'd add to that is our track record over the last couple of years of being cautious with capital and if you look at our sort of winding back our investment in additional MSUs or capital equipment in the oil and gas sector, specifically as we saw some margin compression. That is a proof point that we're cautious in terms of any expansionary investment, and we used the same caution in this deal.

Ben Isaacson^ My second question is, I know the sample size of data center contracts that you have available is small.

But is it possible to describe whether the margin profile is different?

Meaning is it bigger?

And is there less volatility to the margin when compared to well site contracts?

Or is the inherent volatility really the same?

Allan MacDonald^ So Dale will have an opinion on that, but the short answer is yes. Yes to your first part, that it's materially better and it's not as volatile.

But Dale, go ahead.

Dale Winger^ Well as you noted, Ben, it's early days, and we have a unique capability just in terms of the experience and the scale and the speed at which we can deploy.

So we're highly motivated to -- and these are really valuable projects, as you know.

I mean as Allan referenced earlier, the value of the enterprise revenue to get these megawatts online sooner is really important to the people involved in these projects.

So if you can be part of that solution, that's valuable.

And so it's our teams talent and experience and ability to kind of safely and reliably operate these that sort of puts us in a differentiated position to serve this market.

So when you have differentiation and the ability to bring a solution that others can't, certainly, that's accretive from a margin standpoint.

Ben Isaacson^ Great.

Then just my final question. You talked about how the return is not fully there on the MSUs being acquired for the contracts that have been signed.

Your confidence, I think Allan, you said that you're quite confident that we're in the first inning. How do you know we're in the first inning?

I mean why -- how do we know that this whole trend and theme isn't over in three or four years and the returns aren't fully captured by the incremental MSUs that you're buying?

Allan MacDonald^ Well there's two questions there.

I think one is the economics of the deals we've been signing. And at the risk of being a little vague, so forgive me, I have no concerns about our ability to make those accretive.

In terms of how do we know it's not over, I think if we look at the sort of lead indicators, data center demand is continuing to grow from -- not just from a supplier standpoint, but also from a user standpoint.

So the data centers we're working with already are ramping up their capacities faster than they had originally anticipated they would.

Then when we look at the sort of construction and management side, we're seeing more and more activity around companies coming in that are planning data center projects. And quite frankly, I think part of the frenzy is the ability to get data center projects to find the land and the energy to actually bring them forward along with what potentially could be other obstacles like delays in power generation equipment timelines.

So we're seeing more bottlenecks than we are a tapering of demand at this point.

It's really important to note, these are long-term projects. These aren't projects like a well site completion that might be six weeks in duration. These are decades-long projects.

The money that's being invested is not in the hundreds of millions.

It's in the tens of billions.

So you can rest assured that everyone involved in making these decisions has a pretty long-term view.

Ben Isaacson^ Great.

Then actually, just one more question. You pulled free cash flow -- your free cash flow target for next year, but you provided more certainty on EBITDA.

So is the gap between providing more clarity on EBITDA and less on free cash flow, is that because you're unclear about the share count?

Or how much CapEx is going to be going towards MSUs and so what's actually going to be free cash or the conversion rate?

Or is there something else?

Grier Colter^ Yes. No. There's nothing more to it.

I think it's more just obviously this is just time back then, obviously to our Investor Day where we communicated a number of targets. And really, it's just to get a little bit simpler.

Obviously free cash flow has got a whole bunch of different things in it.

The two biggest things here really, we think are CapEx and EBITDA.

So we're just kind of trying to be more simple with it. That's all.

Operator^ And I'm currently showing no further questions at this time.

I'd now like to hand the call back over to Allan MacDonald, President and CEO, for closing remarks.

Allan MacDonald^ Thanks, Operator, and thanks everybody, for joining the call today. We threw a lot in this quarter in terms of the performance of the business and some changes to our outlook, but also it's always a great opportunity when you're trying to quantify an emerging growth potential or potential growth opportunity for the business and getting that right balance of being as transparent as we can with all of you with what we know today. But what I will tell you is, in my tenure here, I've not seen opportunities at Certarus that rival anything close to where we are now. The dynamic nature of the space that we're in has just been fantastic. And Dale's point about the Certarus' value proposition, these are very, very different projects than what we would traditionally be up against.

If you think about assembling a fleet of 200 MSUs in a new geography for what I say mission-critical, I mean absolutely mission-critical operations like a hyperscale data center. I'd like to believe that there's not a lot of companies that have our reputation and can mobilize at the speed that Dale and the Certarus team did. So we're really, really excited about what the future looks like for us. And hopefully, we'll have more news for you to come in the next few quarters.

With that, thank you all very much for joining us. And we'll talk to you again soon.

Operator^ This concludes today's conference. Thank you for your participation. You may now disconnect.