Superior Plus (2026 Q2 Results)
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Corporate Speakers

- Chris Lichtenheldt; Superior Plus Corp.; Vice President, Investor Relations
- Allan MacDonald; Superior Plus Corp.; President and Chief Executive Officer
- Grier Colter; Superior Plus Corp.; Executive Vice President and Chief Financial Officer
- Dale Winger; Superior Plus Corp.; President, Certarus

Participants

- Ben Isaacson; Scotia Capital; Analyst
- Nelson Ng; RBC Capital Markets; Analyst
- Gary Ho; Desjardins Securities; Analyst
- Robert Catellier; CIBC Capital Markets; Analyst
- Patrick Kenny; National Bank Financial; Analyst

PRESENTATION

Operator^ Good day, and thank you for standing by. Welcome to the Superior Plus 2026 Second Quarter Results Conference Call. (Operator Instructions)

Please be advised that today's conference is being recorded. (Operator Instructions)

I would now like to hand the conference over to your speaker today, Chris Lichtenheld, Vice President, Investor Relations.

Chris Lichtenheld^ Thank you. Good morning everyone and welcome to Superior Plus' conference call and webcast to review our 2026 second quarter results.

On the call today, we have Allan McDonald, 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. The dollar amounts discussed on today's call are expressed in U.S. dollars and less otherwise noted.

I'll now turn the call over to Allan.

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

Well, Q2 was another quarter of meaningful progress for Superior.

We delivered year-over-year growth in adjusted EBITDA, driven by strong performance across the business, including a record second quarter for Certarus. Adjusted EBITDA was $36.8 million, up 10%, and adjusted EBTDA per share grew by approximately 40% to $0.07, driven by higher EBITDA and lower shares outstanding. Grier will take us through the financial details here shortly.

Before I dive into the details of the quarter, I want to spend a moment on what's most important, the strategic priorities that continue to guide our decisions and shape the future of both Certarus and propane.

At Certarus, the strategy is straightforward and has two key pillars.

First, defending our leadership position in the wellsite market by being the safest, most reliable, and lowest cost operator.

Second, accelerating growth by expanding our hub network, entering new geographies, and opening new verticals.

We committed to that strategy when the wellsite market was under real pressure, and we did not waiver.

In propane, the mandate is different. This is a mature, seasonal, weather-dependent business where growth will come from execution rather than the market itself. Our priority is a systematic rebuild of the way we work, how we deliver, how we buy, and how we retain and acquire customers.

What I want to do this morning is walk through both businesses within the context of those commitments. What we said we would do, what we've done, and what we stand, and where we stand, rather, relative to our own expectations.

Now Certarus is the mobile gas solutions leader. Our value proposition is simple. We safely deliver reliable energy solutions that help customers maximize uptime and reduce operating costs.

Certarus isn't just a gas transporter. It's a mobile energy infrastructure company. Whether it's fueling oil field operations, truck fleets, industrial plants, or AI data centers, the business model is the same. Compress natural gas, transport it where pipelines don't exist or aren't available, and provide the equipment needed to use it safely and reliably.

Starting with our first commitment to defend the wellsite, our strategy is paying off. We've maintained our market share and delivered record second quarter and first half volumes. Most importantly, we achieved this while delivering our best safety record in recent history.

In terms of pricing in wellsite, while we've continued to face a year-over-year headwind in the second quarter, we've now had four quarters of stable pricing and our margins and returns in the business remain robust.

Our second commitment is accelerating growth and the results this quarter are the clearest evidence yet that the strategy is working.

Looking at the quarter, a key contributor to Certarus's outstanding results the continued momentum we're seeing in the data center market.

Industrial volumes increased approximately 50% in Q2. That growth is driven by a diverse set of customers including not only new data center business, but also expanding work with other power generation customers and in existing markets such as mining. Notably, this growth is occurring even before our most significant data center project comes online in the second half of next year.

Now Certarus is a North American company, not a regional player, and we continue to expand the largest hub network in the industry. being the first to market for our customers.

We now have 23 hubs across North America, with Utah recently coming online in May and already emerging as one of our highest volume locations. Houston will be opening this quarter, and California will follow later in 2026. Each new hub expands the addressable market for our industry-leading fleet, further building our funnel of opportunity with modest incremental capital.

Beyond the growth we're seeing today, the pipeline of prospective data center opportunities also continues to expand. It is substantially larger than it was a year ago, and we continue to see strong interest from prospective customers seeking scalable energy solutions.

A number of our early data center projects have now extended beyond their original timelines. This is creating longer duration work for Certarus and reinforcing the value of our ability to deliver reliable energy where and when customers need it and the widening gap between energy demand and the infrastructure expansion.

We continue to win new business as well. Since the last quarter, we secured another data center contract, smaller than our largest award, but a further proof point of the demand we're seeing and our ability to convert the growing funnel of opportunities. To support the awarded data center projects, we also finalized agreements to secure the additional immoral storage units required to serve our contracted demand through 2030.

We believe we're at an inflection point for Certarus. We're seeing increased demand for CNG as a preferred energy solution across a broader set of industries. Infrastructure constraints, diesel price volatility, and emissions requirements are driving customers toward delivered energy, and our expanding hub network puts us in a position to serve them.

That brings me to another significant announcement we made today, the launch of our mobile fleet CNG fleet fueling business. Mobile fleet fueling is designed to help logistics companies and other fleet operators accelerate the adoption of CNG-powered trucking. It's a competitive solution offering both economic and environmental benefits.

By bringing fuel directly to their fleets, we help customers avoid off-site refueling, materially lowering their operating costs, reducing emissions, and increasing the time their drivers are on the road. and we are well positioned here given our focus on safety, reliability and operational excellence.

We also announced our first mobile fleet fueling contract and the opening of a new CNG supply hub in Houston, Texas. Under a 2-year agreement, Certarus will provide turnkey fueling services for a leading global logistics company, fueling approximately 100 Class 8 natural gas trucks from our new Houston hub. We expect Houston to commence gas flow in the third quarter of 26, providing a base load volume for the facility from day one.

Now this is an important proof point of the value proposition of mobile fleet fueling and for the broader role Certarus can play as CNG adoption expands. We believe CNG power trucking has significant long-term potential. Advances in technology are improving CNG engine performance and economics and expanding the addressable market, while customers are increasingly focused on operating costs, reliability, and environmental benefits.

For context, there are more than 3 million tractor trailers on the road in North America. Now we're not going to forecast how quickly that converts, but the market provides a long runway of opportunity.

As a market leader across the continent, Certarus is well positioned to serve this sector in a way that's competitive, scalable, and aligned with where we believe the industry is headed.

Moving now to the propane business, the business performed as expected during what is always a seasonally slower period.

I want to be straightforward about where we are, because this transformation is headed in the right direction. but as previously indicated, it's taking longer than we initially said it would.

Our teams remain focused on improving service execution, customer retention, and operational readiness ahead of the upcoming heating season. Against these three priorities I mentioned, how we deliver, how we buy, and how we retain and acquire customers.

Overall, we've made meaningful strides since last winter. Tank levels are healthy, supported by proactive fills throughout the year, and we've improved coordination across field operations, supply teams, and customer service.

We also continue to strengthen forecasting, inventory management, and delivery planning across our footprint. While we are pleased with the work our teams have done and continue to do, we remain focused on both customer retention and acquisition going into the second half of the year. The improvements we've made are real and permanent. We're continuing to drive progress, and success is not a matter of question of if, it's a question of when.

Now before I hand it over to Grier, a word on capital allocation.

When we talk about our recent step up in capital spending, I want to be clear about what this is. This is not maintenance or the obligatory cost of keeping the business running, it's growth investment. New mobile storage units and equipment being deployed for contracted work.

We're investing in scalable capacity to serve demand we've already won, and it's being funded from the cash the business generates.

We're also being selective. Growth for the sake of growth is not our objective. We're not increasing, we're not chasing every opportunity in front of us. We'll continue to allocate capital only where we believe it creates meaningful long-term shareholder value.

So with that, thank you. I'll hand things over to Grier.

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

Superior generated a solid quarter. Propane operations performed as expected during the slow season, and Certarus delivered record second quarter EBITDA on record volumes, driven by strong growth across our industrial and data center business.

As Allan described, Certarus has reached an inflection point in its evolution, and we're very pleased with the financial performance and the outlook.

I'll now recap our financial results for the second quarter.

Q2 adjusted EBITDA of $36.8 million increased approximately 10% compared to Q2 2025, as the growth in CNG and Canadian propane more than offset the decline in U.S. propane.

In Q2, adjusted EBTDA per share was $0.07, an increase of 40% year-over-year, driven by higher EBITDA and lower shares outstanding. adjusted net loss per share of $0.25 was consistent with the prior year quarter.

Free cash flow of negative $35 million in the second quarter was $2.6 million lower than the prior year as higher adjusted EBITDA was more than offset by the step up in capital that we are deploying against contracted data center work, along with the timing of taxes paid.

Turning now to the businesses.

In Q2, adjusted EBITDA for U.S. propane was negative $5.1 million, down from a flat quarter in 2025. This decrease was primarily due to lower retail sales volumes as we exited Q1 with higher in-tank levels.

Adjusted EBITDA for Canadian propane was $15.7 million, up 25% from last year, primarily due to favorable carbon credit pricing, strong market differentials, and our improved procurement strategy.

Our propane transformation, Superior Delivers, contributed $5 million in Q2 and $17 million year to date, with a Q2 impact driven mostly by margin optimization within our customer growth pillar and more sophisticated supply management within our wholesale advantage pillar.

Overall, our propane business performed as expected during this seasonally slow period, and we remain focused on executing our plans this upcoming heating season.

Moving now to CNG, Q2 adjusted EBITDA of $33.6 million was up approximately 23% compared to Q2 2025. The largest contributor to this growth was strong pricing and volumes in our industrial and data center business and favorable commodity prices were also a contributor.

Partly offsetting these benefits was a year-over-year decline in wellsite pricing, although it has remained stable throughout the past 12 months. and a modest increase in unit operating costs as we relied more on third-party trucking services to manage the volume growth.

For the quarter, corporate operating costs were $7.4 million which increased 14% compared to last year, and this was due to higher incentive plan costs and the timing of expenses. Consolidated CapEx for the quarter was $37 million, an increase of $6.9 million, or 23%, mostly due to increased spending in our CNG and U.S. propane businesses, offset by a decrease in leased assets. The biggest driver of this increase relates to growth capital to take advantage of attractive return opportunities that we're seeing in CNG.

Consolidated CapEx remains on track and in line with our 2026 expectations.

Our leverage at the end of Q2 was 3.6x, down three-tenths of a turn compared to Q1, as we moved into our seasonally less intensive period from a working capital standpoint. Compared to Q2 2025, our leverage decreased by two-tenths of a turn which was driven mainly by lower debt levels.

Since November 2024, we have repurchased approximately 34 million shares, or 14% of our outstanding flow, for roughly $233 million at an average price below $7 per share. As a result, outstanding shares at June 30, 2026 were $214.6 million which is down 4.5% from the prior year.

We did not repurchase shares during the second quarter as our capital allocation priorities have shifted to high return growth projects at Certarus.

Moving to 2026 guidance, we are reaffirming our 2026 EBITDA growth expectation of 2% as the business overall is performing in line with our expectations.

We expect Certarus to grow for the remaining six months of 2026 and for the benefits of Superior Delivers to support propane results meaningfully in Q4 2026.

With respect to CapEx, we are maintaining our plan to spend $230 million in total CapEx during the year and expect to ramp up the spend on CNG equipment in Q3 and Q4 to service the large data center contract expected to commence in 2027.

We expect leverage of 4.0x by year end as we increase our investment and growth opportunities in our CNG business. We also expect leverage to increase slightly into Q3 as the business builds working capital balances heading into the heating season.

We still expect year-over-year EBITDA growth of approximately 5% in 2027 as new data center work at the CNG side of the business begins to contribute.

We will update our 2027 CapEx budget in February of next year, but at this point we expect capital expenditures to remain elevated at similar levels in 2027 to facilitate the growth in CNG.

And with that, I'll turn it back for Q&A.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from Ben Isaacson with Scotia Capital.

Ben Isaacson^ Thank you very much and good morning. Allan, I was hoping you could talk a little bit more about this new fleet fuel program. And in particular, can you talk about the size of the market and how will margins compare relative to the legacy wellsite business versus the data center business, and why does this need to be a new business segment and how meaningful could it be in four or five years?

Allan MacDonald^ Hi, Ben. And good morning. Let me -- that's a big question. And Dale's sitting right here next to me, so he's going to keep me honest.

But let me start with why it's a new vertical. This is really a combination of an emerging business in that we think, as do many, that the business case for conversion from diesel-powered to CNG-powered tractor trailers is really compelling and it's not a matter of it, but rather a matter of when. There also exists a current fleet of CNG-powered trucks.

And when you're fueling CNG-powered engines, you kind of have three options. You can build your own depot over top of a pipeline and have your own permanent fueling station at your location which some companies have done.

The second option is you can refuel at a CNG fueling station that's offsite.

And then the third option is really what we're bringing to market, and that's a mobile refueling facility that we install on your site.

So rather than spending the money and all the permitting to build a permanent tap, we're bringing MSUs in along with our own CNG refueling capability to decompress and then compress into the tractors, which provides a capital light alternative.

In terms of the profitability, let me talk a little bit about the economics. We're going from a world where we had, the wellsite business is quite transactional and short in duration. The data center world is -- you can call it mid-temporary. It's not temporary abridging power necessarily in every application, but it's much longer duration. And the fleet refueling is a permanent solution. So it's quite a bit different there.

And one of the reasons that it is a permanent solution is, from an economic standpoint, we initially believe we can be competitive with pretty attractive margins at providing refueling right on site. So we can compete with the retail offering, but we also offer the incremental benefit of the fleet productivity of not having to go offsite to refuel.

Sitting in traffic, driving to a fueling station, driving back is really attractive for the customers that we've been talking to.

So to put it in context, the transition of diesel to CNG tractor trailers, depending on which case study you believe, and history will prove us all wrong, I'm sure, is in the mid-single digits to as high as 10% of new tractor trailers that are going into the market being CNG powered.

For us, we've signed this initial contract and we do have a funnel of more opportunities, but this first contract is only for 100 tractor-trailers. We can profitably serve fleets much smaller than that. And we're talking an addressable market of 3 million tractor trailers on the road every day.

So we see this as being a really, really attractive evolution in the adoption of CNG. It fits our footprint really well because of our North American presence and the breadth and size of our fleet. And adds an element of permanence that the sort of the genesis of the CNG adoption didn't have.

So I hope -- I don't know if that answers your question, but on all rounds, we're really bullish on this and I think we've talked about this on previous calls.

We foresaw CNG refueling being a future state vertical for us and the reason we're thinking of it as a vertical is it requires different equipment and a different sales process, different -- very specific kind of customer base.

Now we'll let you pause there.

Ben Isaacson^ And does the margin fit somewhere in between the legacy wellsite and the data center business? I think on the last call you said that data center-based CNG margins would be a little bit higher than wellsite.

Allan MacDonald^ It does. It does. It's more attractive than wellsite business for sure.

And we're pricing this a little bit differently. It's a little bit less about -- we always have our cost of capital returns profile, but we're also pricing this to be competitive in the market which we're really pleased about because we're offering a quite economically attractive solution for both the customers and the company.

Ben Isaacson^ Great. Thanks. And then just my –

Allan MacDonald^ Yes, go ahead.

Ben Isaacson^ Sorry, my only other question was on carbon credits.

It seemed like that was a nice tailwind in the quarter. Is that something that's temporary, or how should we think about modeling that going forward?.

Grier Colter^ Yes. Hi, Ben. It's Grier. It's not hugely significant. If you look at the year-over-year, it might have had a tailwind year over year, maybe $2 million.

It's probably an offline conversation. It's a little bit complicated. Like there are federal credits, there's provincial credits, and the programs are totally different. The life cycle of the program's different. Then there's markets for these carbon credits. There's a lot in there.

But I would say that I wouldn't expect the carbon credit benefit in total to increase. I think over time, it'll kind of be flattish to maybe slightly declining. And then there's an opportunity for us to hold credits and sell them in one quarter versus the other. So there is a touch of volatility in it.

But if I was you forecasting whole year, I would just say the benefit this year was really tailwind because the carbon credit pricing was a little bit higher. It wasn't the number of credits that was kind of the driver, as I say, it was about $2 million.

But going forward, there might be a slight decline in it as one of the two programs kind of becomes a little bit more stringent, I guess, the way I would say it.

But as I said, we could take this offline and get into a ton of detail.

Ben Isaacson^ That's perfect. That's great. Thanks so much, guys.

Allan MacDonald^ Thanks, Matt.

Operator^ Our next question comes from Nelson Ng with RBC Capital Markets.

Nelson Ng^ Great. Thanks. So just a quick follow-up on Ben's question regarding the fleet fueling vertical.

So can you just talk about CapEx, you mentioned that you are setting up the refueling station at the customer's, I guess, truck depot. What's the -- is there any kind of material additional capital expenditures required or is this really like parking one or two MSUs outside and adding a decompressor?

Allan MacDonald^ So let me -- Dale's going to jump in on this, Nelson, but it would be worthwhile, Dale, to give a little bit of an overview of the compression required on site just for context.

Dale Winger^ Yes. Hi, Nelson. The -- it's a highly configurable kind of application based off our existing infrastructure. So everything at the compression site and delivery will be the same. So we'll use our same MSUs. Typical fleet size will have two MSUs sitting at the customer's location.

And then the -- as all of our jobs have a pressure reduction system of some sort today to move the gas from the MSU into the customer's application. Same thing, similar capital costs where we'll bring a piece of equipment with us that will move the gas from the MSU so the customers can do a fast fill and have an experience similar to fill the way that they fill diesel trucks in their yard today.

Nelson Ng^ Got it. That makes sense.

Allan MacDonald^ From a capital standpoint, Nelson, you're talking, Dale, ballpark 20% of the cost of capital of a permanent solution?

Dale Winger^ Well for the fleet owner, they would have no capital cost.

Allan MacDonald^ Yes. That's fair.

But our cost versus a permanent TAF [ph] would be a fraction of what the fleet owner would have to invest. And of course, we incur the capital cost because it's mobile.

Dale Winger^ We see it as a great way to expand the market overall. I mean, there are a lot of class 8 diesel tractors that have the fuel delivered to their yard today. A lot of those yards aren't on a pipeline or, as Allan mentioned, don't necessarily want to use their own capital to invest in fueling infrastructure.

And so we're excited. There's -- as was mentioned, there's been a technology change in the industry that enables the natural gas heavy duty vehicles to close some of the horsepower and torque and efficiency gaps to diesel.

And we've had that experience with our own fleet. So about 10% of our own Certarus fleet today is CNG powered and more than a handful of those are this new generation, this new class of natural gas vehicles, and we've certainly experienced firsthand the improved performance and the usefulness of that equipment.

And so in our experience, others, as they experience that, will want to find ways to have exposure to the natural gas operating economics, and we can be a piece of the equation so that they don't have to change their existing fueling model.

Grier Colter^ And Nelson, it's Grier. Maybe I'll just say one last thing is that to get back to kind of the original question. This announcement on this customer that we've signed with this fleet solution did not change the amount that was required for overall capital. We can fit this within the existing envelope.

So hopefully that helps. It's a little bit less impactful from a CapEx standpoint than some of these other jobs.

Nelson Ng^ Yes. That's great. And then just another question regarding Certarus.

So I think, Allan, you mentioned that you guys were awarded another data center contract this quarter. Can you just talk about the size and duration, maybe in terms of like number of MSUs required and duration?

Dale Winger^ The one awarded in the quarter will start out with a less than one year term and we've had others that started out as a less than one year term that ended up extending beyond this.

So compared to other awards thus far, it's similar. a few MSUs. And we see the pipeline continuing to grow. A lot of the projects that we're working on are things that came to us for the first time in 2026 that are looking to flow gas, either later in 2026 but actually more common sometime in 2027.

But the additional validation of being awarded another customer that is experiencing the pain point, I think it's important to keep in mind a year ago, we had not been awarded any data center jobs. And our first award was in the third quarter of 2025.

One of our focuses there, because we have the largest platform in North America, because we have the most experience, because we have the most mobile equipment, our focus was doing an excellent job on that first opportunity with a world-class hyperscaler, and we've done that. Congratulations to the team that has collaborated very closely with the customer to ensure that their safety expectations are met.

We've been 100% reliable with the flows of gas to that location which is extremely important. in that particular application which has allowed us to build an outstanding reference case that we've now been able to add on to expand the aperture of other opportunities.

Importantly, I think one of the trends that's really important in the data center opportunity application standpoint. Behind the meter power projects, there were less than 5 gigawatts of those in 2024.

In 2025, the amount of projects exceeded 50 gigawatts. And as we sit here kind of midway through 2026, that number is approaching 100 gigawatts. watts, some estimates even higher than that.

And so that is the situation where folks are doing behind-the-meter power projects that is populating our pipeline, and so we've been excited to add that on as a vertical, and as Allan mentioned, it contributed significantly to the industrial volume growth in the first half of the year.

Nelson Ng^ That's great news. And then just switching gears to the propane side, so maybe it's for Allan, but in terms of your Superior Delivers initiatives, are there any low-cost large initiatives you're kind of implementing or finishing up this summer that should see a big uh contribution when delivery is increasing Q4?

Allan MacDonald^ No. Not necessarily. I mean, I would say it's more business as usual in the context of the transformation, not business as usual in a traditional sense.

Really, our big priorities going into the winter. Our -- first of all being prepared for the winter season. And we've done a lot of work in our customer experience group and with our routing optimization to make sure we've got the right trucks, the right routing, the right number of drivers where we need them for the demand that we're likely to see in the winter, and that we're answering the phones capably.

So it's been a lot of work on that. Things as straightforward as standard operating procedures and training for our call center staff that we didn't have a year ago and things like that.

And then secondarily, making sure that our acquisition and retention programs are robust and online and that we're ready for the fall season which is where you typically see a lot of activity in terms of acquisition and retention opportunities.

And then third is the work we've been doing on our wholesale business to -- that's been busy over the summers. We're securing contracts and fuel supply, preparing for the winter season, and that's been going really well.

So when I say business as usual, it's a lot of things we've talked about. It's the second stage of it where we're continuing to ramp up at this stage, our preparedness for Q4 and Q1.

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

Gary Ho^ Hi, yes, good morning. Maybe just start off with the MSUs. I think you disclosed in your financials 28.2 million post quarter and MSU commitment. I know, I think from Hexagon, there was 100 million announcement from them as well.

Can you maybe talk about the cadence here in terms of spend and how we should do the modeling side for the balance of the CRM into early next year, and are there optionality to perhaps increase that order down the road?.

Grier Colter^ Hi Gary, it's Grier. Yes. What I would say is that I will probably not get super specific on this because there's some potential, like the main order that we have here will come in kind of over the year end, right? And so a couple of MSUs here or there, I mean our interest actually is to get them a little bit earlier.

We're pretty busy during the winter and there's probably an opportunity to use some of this shipment where we would generally rent MSUs through the winter.

But what I would say is the increase in CapEx that we had told you about back in the spring, increasing from 160 to about 230, that increase was, call it roughly half of the required MSU delivery that we needed.

So if you kind of said, okay, that's half of it, and then there's an equivalent number that would come in in the first half of 2027, that's probably close.

But as I say, there may be a little bit of a shift. That order, just to be clear, is completely done, okay? And there's a number of manufacturers and we did our work to make sure that we have best quality product for best prices and that work is complete.

And then there is, I don't know that we're going to get into specifics, but we do have some optionality on future MSUs, but that announcement that you're referring to, yes, has a connection to what we've done.

Gary Ho^ Okay. Great. And then, Grier, while I have you, just wanted to pick your brain on the Brookfield, perhaps we're a little bit closer to the redeemable date. I think mid next year.

What are your thoughts on maybe perhaps pre-funding that looking out?

Grier Colter^ Yes. So I think that the message would be very similar, I think, to what we said in previous quarters, the default plan depending on a few factors, you know the details of the instrument, but should it be a situation where we can redeem the preferred par.

Our default plan is that we would replace it with high yield debt which obviously would be quite a lot cheaper, more efficient for us. So that's kind of the default plan.

I don't know that we'll panic to do that too early. Like we are, there are other pieces of the capital structure that are pretty efficient. The revolving credit facility as you know, like it's drawing in Canadian, it's floating, it's secured, it's pretty attractive funding. And some of those pieces will probably be refinanced at the same time and have more representative currency of the business that we've got. And so there's kind of a package of work to do here.

We've got definitely some time to do it but, yes the specific timing like whether it's going to be q3 or it's going to be q4 it's going to be q1 of next year, I'm not going to get into the specifics on that. We'll continue to look at it. But we know exactly what we're going to do. The direct answer though is that that will likely be replaced with high yield debt.

Operator^ Our next question comes from Robert Cattelier with CIBC Capital Markets.

Robert Catellier^ Hi. Good morning, everyone. Thank you for that description of the mobile fleet fueling business and the economics there. That leaves me with just one pointed question left on that one.

I'm curious if it's going to be EBITDA and cash flow accretive immediately, or if there's going to be some sort of drag as it ramps to the expected run rate capacity?

Dale Winger^ Don't expect any notable drag. Like we were talking about, I mean, the only kind of net new capital that we don't already have is the pressure reduction, the fueling dispenser equipment that sits on the customer location which has a very similar capital profile to the pressure reduction system that's on all of our other jobs.

And so, and then the great thing about this business is, we can, we already have 22 hubs in North America with Houston that we announced yesterday, that's our 23rd. And so we have lots of other volumes serving other verticals off those supply points and off that compression equipment and off those MSUs.

And so no, you shouldn't expect kind of a build of capital ahead of demand on that.

As we work the pipeline and we secure other contracts, we'll add capital and we'll, of course, make sure that the return profile of those agreements make sense as we add the dispensing equipment into our fleet.

Robert Catellier^ Okay. That makes sense. And then Dale, since we have you on the line here, I just wanted to follow up on the data centers a little bit.

Really, can you just provide more detail on how the size of the opportunity set has evolved since the last quarterly call in terms of expected timing of project commencement and the ultimate size of the funnel?

Dale Winger^ Well as I mentioned, the size of the funnel is growing. A lot of the projects that we're working on now are things that we've learned about in this calendar year. And I think that just reflects this acceleration that we've seen of data centers recognizing that their path to grid power might be several years away, three, four, five, six years depending on what market we're talking about. And so then that has created more projects around behind the meter power which then of course requires a fuel supply to get the behind the meter power online.

And so a lot of -- we have seen the pipeline has continued to grow and a lot of the opportunities that we're working on are things that have come to us recently. We have also seen that the number one reason that a project in the funnel has not converted to revenue has had to do with something other related to the timing of the project.

And so sometimes as they're reaching out and trying to secure a fuel supply, they may bump into other supply chain hiccups on like mechanical or electrical equipment. Sometimes their path to permitting for one or more aspects of the projects takes on a different timetable than what they'd previously communicated to us.

And so we want to be cautious about, while we continue to engage in a lot of conversations and learn about large needs for natural gas, again, mostly starting in 2027 and beyond, that there's other -- we're also getting smarter about qualifying those prospects and kind of understanding if the financing piece is in place or the permitting piece is in place so that we have a real project.

But if what the customer needs is natural gas and everything else is on course, we have an excellent solution for them. We have a reliable economic solution that can help them get to what are really attractive compute revenues.

And a lot of times, being able to pull those compute revenues into a nearer time period is really valuable for the economics of the data center operators project. And so that's what we're seeing and that trend continues, we continue to see new things come into the funnel as a result of that.

Operator^ Our next question comes from Patrick Kenny with National Bank Capital Markets.

Patrick Kenny^ Yes, good morning everyone. Just first on Certarus and looking at the wellsite side of the business, just given we're starting to see some production growth again on both sides of the border. Just wondering if you're starting to see any sustained recovery or upside, either on the volume or pricing-wise, relative to what was baked into your guidance coming into the year?

And then if we do see, say, a lower natural gas price environment through the back half of the year helping to improve margins as well, if there is a path towards full year performance from the CNG segment being perhaps more flattish or maybe even up a little bit relative to 2025 as opposed to original expectations of being down slightly year over year.

Allan MacDonald^ Hi Pat, it's Allan. I want to offer a comment and then I'll let Dale speak to the specifics.

One of the things that, when you think about the pricing stack, if you will, or the margin stack in the business, There are two elements.

One is the segment. The verticals have much different characteristics in terms of duration, flexibility, and competitiveness.

So if you're in oil wellsite operations, your downtime is valuable, but it's a fraction of what you would see in a fleet refueling or in a data center. So the economics, your ability to be flexible in terms of your suppliers, it's very, very different. And with that comes a different margin profile and different pricing. And you're also pricing it against different solutions.

So first of all, you have the characteristics of the verticals. So as we continue to grow wellsite, that's good, but we're also diversifying into other verticals and geographies that have a different profile. Then underneath that you have the volatility of the pricing within those segments and the commodity itself.

But the real point I wanted to make is we're building the business in such a way that we're -- first of all, insulating ourselves from the second element which has had a much more impact in terms of the volatility in recent years than it will in go forward years. But Dale probably has a comment on the second part.

Dale Winger^ Yes, one thing that Allan spoke about in the opening remarks was we embarked, recognizing the well-side economics were not what they had been in previous years, we embarked on a strategy to defend our leading market share.

And the pillars to do that, one, advancing our safety leadership and our teams, our field leaders, our team members, it's the safest trailing 12 months in the company's recent history. So record safety performance, and that of course matters to us and it matters to our customers as well.

Reliability improvements. And so at the end of the day, if we are the most reliable, wellsite customers don't have a reason to change. There's all kinds of things going on in their operations, and they don't want to introduce reliability variability if they're getting a good value and they're getting uptime from us.

And so that has been a big focus. then also being the lowest cost operator. And so we've been we've been driving that forward as well and so we have had record wellsite volumes in the first half of the year so and record safety performance so good indications of driving the strategy.

In terms of the outlook for that market, one of the kind of early signals that we haven't had -- we have been through a period of 159 consecutive weeks of year on -- year-over-year rig count declines from kind of early 2023 into early 2026. And we have now enjoyed the first nine weeks actually, we're into week nine of year-over-year rig count increases. And so we're just starting to kind of climb off where we've kind of been declining to over the course of the last three years.

And so that's a good indication. I think a lot of the larger public operators have not made capital -- increased capital announcements or increased activity in any significant way yet but in improving -- if the rig count continues to improve, if the commodity prices kind of stable out at a number in the 70s or in the 80s, that's higher than where expectations were six to nine months ago. And so that'll be a good sort of early indicator of additional completion activity. And it stands to reason as new completion equipment comes to the market, it will increasingly be highly natural gas capable equipment.

And so a lot of the equipment that's being retired is higher diesel consumption relative to natural gas. And that's actually one of the reasons why volumes continue to grow, force or terrace, in the wellsite despite not having any kind of major upturn in activity trajectory.

One is maintaining the market share, but the other is just the increased gas consumption on a per crew basis.

Patrick Kenny^ Okay. That's great color. I appreciate that. And then maybe it's just on the Canadian propane side of the business, particularly out west here. Curious as we start to see some of these major construction projects get off the ground. How are you positioned or how are you planning to position the business just to capitalize on what could be a multi-year step up in customer demand and activity levels?

Allan MacDonald^ Well, the Western Canadian business, Pat, has been -- as I was listening to Dale, I was thinking, the cyclicality of the oil and gas sector has really had a big impact on us both positively and presented its challenges because we were so heavily weighted in it. And over the last kind of five years, I'd say the propane business felt a similar impact.

So as we're -- we've rebuilt our Western Canadian business from a business development and sort of revenue generation standpoint. Prior to my tenure, the business was really established through an acquisition which took some work to realign and integrate.

I would say that coming into this cycle, we're much better prepared from a readiness standpoint, but probably more comforting for me is we're making good decisions about the type of business that we want to pursue, the capital investment that's associated with it, the duration of the contracts.

And we want to really guard against undue exposure to cyclicality just because you're being opportunistic.

So similar to what we're doing with Certarus, we want to grow our share of the market in Canada and Western Canada specifically. I think there's a lot of opportunity there. And we're preparing to do that, but we're going to do it in a really measured and smart way.

Operator^ I would now like to turn the call back over to Allan McDonald for any closing remarks.

Allan MacDonald^ Well, thanks, everyone. We really appreciate your time and attention today.

Always an interesting quarter when you have these smaller quarters, and gave us a great opportunity to talk about some of the good work that's happening at Certarus. We're incredibly pleased with the progress we're making there.

And I think more than anything, it's just a proof point that even through the more difficult period that we've had over the last couple of years, staying true to your strategy and believing in the sustainability of the market you're in is really, really important to do. And we try to exemplify that in both parts of the business.

So appreciate your time and attention today. And we'll speak to you all in the coming weeks and months.

Thanks very much.

Operator^ Thank you. This concludes the conference. Thank you for your participation.

You may now disconnect.