MANAGEMENT'S DISCUSSION AND ANALYSIS OF 2017 THIRD QUARTER RESULTS
November 8, 2017

This Management's Discussion and Analysis (MD&A) contains information about the performance and financial position of Superior Plus Corp. (Superior) as at and for the three and nine month's ended September 30, 2017, as well as forward-looking information about future periods. The information in this MD&A is current to November 8, 2017, and should be read in conjunction with Superior's third quarter 2017 unaudited condensed interim consolidated financial statements and notes thereto as at and for the three and nine months ended September 30, 2017.

The accompanying unaudited condensed interim consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2017 and 2016 were prepared in accordance with International Financial Reporting Standards (IFRS).

All dollar amounts in this MD&A are expressed in millions of Canadian dollars except where otherwise noted. This MD&A includes forward-looking statements and assumptions. See "Forward-Looking Information" for more details.

Overview of Superior

Superior is a diversified business corporation. Superior holds 99.9% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. (Superior GP) as general partner and Superior as limited partner. Superior owns 100% of the shares of Superior GP and Superior GP holds 0.1% of Superior LP. The cash flow of Superior is solely dependent on the results of Superior LP and is derived from the allocation of Superior LP's income to Superior by means of partnership allocations.

Superior, through its ownership of Superior LP and Superior GP, has two operating segments: being Energy Distribution and Specialty Chemicals. Superior's Energy Distribution operating segment provides distribution, wholesale procurement and related services in relation to propane, heating oil and other refined fuels under the following: Canadian propane division and U.S. refined fuels division; and the Specialty Chemicals segment, a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chlor-alkali products in the U.S. Midwest and Western Canada.

Non-GAAP Financial Measures

Throughout the MD&A, Superior has used the following terms that are not defined by GAAP but are used by management to evaluate the performance of Superior and its business: adjusted operating cash flow (AOCF) before and after transaction and other costs, earnings before interest, taxes, depreciation and amortization (EBITDA) from operations, adjusted EBITDA and compliance EBITDA. These measures may also be used by investors, financial institutions and credit rating agencies to assess Superior's performance and ability to service debt. Non-GAAP financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Securities regulations require that non-GAAP financial measures are clearly defined, qualified and reconciled to their most comparable GAAP financial measures. Except as otherwise indicated, these non-GAAP financial measures are calculated and disclosed on a consistent basis from period to period. Specific items may only be relevant in certain periods.

The intent of non-GAAP financial measures is to provide additional useful information to investors and analysts; the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate non-GAAP financial measures differently.

See "Non-GAAP Financial Measures" for more information about these measures.

Forward-Looking Information

Certain information included herein is forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information may include statements regarding the objectives, business strategies to achieve those objectives, expected financial results (including those in the area of risk management), economic or market conditions, and the outlook of or involving Superior, Superior LP and its businesses. Such information is typically identified by words such as “anticipate”, “believe”, “continue”, “estimate”, “expect”, “plan”, “forecast”, “future”, “outlook, “guidance”, “may”, “project”, “should”, “strategy”, “target”, “will” or similar expressions suggesting future outcomes.

Forward-looking information in this document includes: future financial position, consolidated and business segment outlooks, expected adjusted EBITDA from operations (EBITDA from operations), expected AOCF and AOCF per share, expected leverage ratios and debt repayment, expectations in terms of the cost of operations, business strategy and objectives, development plans and programs, business expansion and cost structure and other improvement projects, expected product margins and sales volumes, market conditions in Canada and the U.S., continued improvements in operational efficiencies and sales and marketing initiatives in Energy Distribution, expected synergies as a result of the acquisition of Canwest, anticipated acquisition closing and financing, future economic conditions, future exchange rates, exposure to such rates and incremental earnings associated with such rates, expected weather, expectations for the global economic environment, Superior’s trading strategy and the risk involved in these strategies, the impact of certain hedges on future reported earnings and cash flows, commodity prices and costs, the impact of contracts for commodities, demand for propane, heating oil and similar products, demand for chemicals including sodium chlorate and chlor-alkali, effect of operational and technological improvements, future working capital levels, expected governmental regulatory regimes and legislation and their expected impact on regulatory and legislative compliance costs, expectations for the outcome of existing or potential legal and contractual claims, Superior’s ability to obtain financing on acceptable terms, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior LP.

Forward-looking information is provided for the purpose of providing information about management’s expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Superior believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Those assumptions and expectations are based on information currently available to Superior, including information obtained from third-party industry analysts and other third-party sources, and the historical performance of Superior’s businesses. Such assumptions include anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, future commodity prices relating to the oil and gas industry, future oil rig activity levels, trading data, cost estimates, Superior’s ability to obtain financing on acceptable terms, the assumptions set forth under “Financial Outlook” in this MD&A and are subject to the risks and uncertainties set forth below.

By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond Superior’s control, Superior’s or Superior LP’s actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value when making acquisitions, increases in debt service charges, the loss of key personnel, fluctuations in foreign currency and exchange rates, inadequate insurance coverage, liability for cash taxes, counterparty risk, compliance with environmental laws and regulations, reduced customer demand, operational risks involving Superior’s facilities, force majeure, labour relations matters, Superior’s ability to access external sources of debt and equity capital, and the risks identified in (i) this MD&A under “Risk Factors” and (ii) Superior’s most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

When relying on Superior’s forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking information is provided as of the date of this document and, except as required by law, neither Superior nor Superior LP undertakes to update or revise such information to reflect new information, subsequent or otherwise. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

Basis of Presentation

On August 9, 2016, Superior divested its Construction Products Distribution (CPD) business, which distributed drywall, insulation, framing and other construction products mainly in Canada and the United States. Accordingly, prior period financial information in this MD&A has been restated to exclude the results of operations of CPD. This MD&A reflects the results of continuing operations, unless otherwise noted.

FINANCIAL OVERVIEW

Summary of Adjusted Operating Cash Flow

	Three months ended September 30		Nine months ended September 30	
(millions of dollars except per share amounts)	**2017**	2016	**2017**	2016
Revenue	**465.5**	429.0	**1,616.1**	1,440.6
Gross profit	**133.6**	119.1	**497.3**	462.8
EBITDA from operations[1]	**29.8**	29.2	**190.0**	182.5
Income from Canwest Propane	**2.9**	–	**11.9**	–
Corporate costs	**(5.5)**	(6.1)	**(12.9)**	(13.2)
Realized gains (losses) on foreign currency hedging contracts	**1.8**	(5.5)	**(0.5)**	(24.5)
Adjusted EBITDA[1]	**29.0**	17.6	**188.5**	144.8
Interest expense	**(12.4)**	(8.7)	**(32.3)**	(28.5)
Cash income tax expense	**(1.6)**	(0.9)	**(4.4)**	(3.8)
Adjusted operating cash flow before transaction and other costs[1]	**15.0**	8.0	**151.8**	112.5
Transaction and other costs[2]	**(19.5)**	(21.3)	**(28.4)**	(41.3)
Adjusted operating cash flow[1]	**(4.5)**	(13.3)	**123.4**	71.2
Adjusted operating cash flow per share before transaction and other costs, basic[1][3]	**$0.11**	$0.06	**$1.06**	$0.79
Adjusted operating cash flow per share before transaction and other costs, diluted[1][3]	**$0.11**	$0.06	**$1.05**	$0.79
Adjusted operating cash flow per share, basic[1][3]	**$(0.03)**	$(0.09)	**$0.86**	$0.50
Adjusted operating cash flow per share, diluted[1][3]	**$(0.03)**	$(0.09)	**$0.86**	$0.50
Dividends paid per share	**$0.18**	$0.18	**$0.54**	$0.54

(1) EBITDA from operations, adjusted EBITDA and AOCF are non-GAAP measures. See "Non-GAAP Financial Measures" and "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs" and "Reconciliation of Net Earnings before income taxes to Adjusted EBITDA".

(2) Transaction and other costs for the three and nine months ended September 30, 2017 are related primarily to the acquisition and integration of Canwest and other tuck-in acquisitions. Transaction and other costs for the three and nine months ended September 30, 2016 relate to the terminated acquisition of Canexus Corporation and the divestiture of CPD. See "Transaction and Other Costs" for further details.

(3) The weighted average number of shares outstanding for the three and nine months ended September 30, 2017, is 142.8 million (September 30, 2016 – 142.6 and 141.9 million respectively). The diluted weighted average number of shares outstanding for the three and nine months ended September 30, 2017, is 148.6 million (September 30, 2016 – 148.4 and 147.7 million respectively).

Comparable GAAP Financial Information

	Three months ended September 30		Nine months ended September 30	
(millions of dollars except per share amounts)	**2017**	2016	**2017**	2016
Net earnings (loss) from continuing operations	**$(124.8)**	**$52.8**	**$(73.2)**	**$137.0**
Net earnings (loss) per share from continuing operations, basic	**$(0.87)**	**$0.37**	**$(0.51)**	**$0.97**
Net earnings (loss) per share from continuing operations, diluted	**$(0.87)**	**$0.36**	**$(0.51)**	**$0.94**
Net cash flows from operating activities	**$4.9**	**$32.1**	**$153.6**	**$160.9**
Net cash flows from operating activities per share, basic	**$0.03**	**$0.23**	**$1.08**	**$1.13**
Net cash flows from operating activities per share, diluted	**$0.03**	**$0.22**	**$1.03**	**$1.09**

Segmented Information

(millions of dollars)	**Three months ended September 30** **2017**	2016	**Nine months ended September 30** **2017**	2016
EBITDA from operations[(1)]				
Energy Distribution	**0.2**	3.9	**99.1**	107.6
Specialty Chemicals	**29.6**	25.3	**90.9**	74.9
	29.8	29.2	**190.0**	182.5

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

Adjusted Operating Cash Flow Reconciled to Net Cash Flow from Operating Activities[(1)]

(millions of dollars)	**Three months ended September 30** **2017**	2016	**Nine months ended September 30** **2017**	2016
Net cash flow from operating activities	**\$4.9**	\$32.1	**\$153.6**	\$160.9
Add (Deduct):				
Non-cash interest expense	**1.2**	3.5	**3.8**	6.3
Discontinued operations	**–**	8.3	**–**	(9.3)
Increase in non-cash working capital	**0.1**	(9.5)	**(4.3)**	(13.5)
Depreciation and amortization – Canwest Propane	**4.5**	–	**10.8**	–
Cash income tax expense	**(1.6)**	(0.9)	**(4.4)**	(3.8)
Finance expense recognized in net earnings	**(13.6)**	(46.8)	**(36.1)**	(69.4)
Adjusted Operating Cash Flow	**(4.5)**	(13.3)	**123.4**	71.2

[(1)] AOCF is a non-GAAP measure. See "Non-GAAP Financial Measures".

Acquisition of Canwest Propane (Canwest)

On March 1, 2017, Superior entered into certain agreements to purchase the entities that carry on the industrial propane business of Canwest from Gibson Energy ULC (Canwest Option) for cash consideration of $412.0 million plus $20.4 million, of working capital adjustments. The acquisition was subject to the satisfaction of certain conditions, including the receipt of customary regulatory approvals.

On September 27, 2017, Superior received regulatory approval from the Competition Bureau and closed the acquisition of Canwest subject to certain conditions. As outlined in a consent agreement registered with the Competition Bureau, Superior agreed to divest 5 local branches and 9 satellite locations from the combined Superior Propane and Canwest organization. The required divestiture is less than 5% of the Canwest retail propane volumes and Adjusted EBITDA based on the trailing twelve months ended June 30, 2017.

As of March 1, 2017 and up to September 27, 2017, Superior was entitled to the benefit of the net profits of Canwest. As a result, Superior recorded net profits of $1.2 million and Adjusted EBITDA of $11.9 million during this period. The results of Canwest from September 27, 2017 to September 30, 2017 have been consolidated.

Canwest was founded in 1987 and is a leading propane supply and distribution franchise in western Canada, serving a diverse customer base of oil and gas, commercial and industrial, residential and construction under the brands of Canwest and Stittco. Canwest has established long-term relationships with a customer base that includes international, national and large regional companies.

Acquisition of Pomerleau Propane Gaz Inc. (Pomerleau)

On April 20, 2017, Superior GP, a subsidiary of Superior, acquired Pomerleau, a small propane distributor serving residential and commercial customers in southeastern Québec for cash consideration of $10.7 million.

Acquisition of Yankee Propane Inc. and Virginia Propane Inc. (together, Yankee)

On August 1, 2017, Superior Plus Energy Services Inc., a subsidiary of Superior LP, acquired all of the assets of Yankee, a propane distributor serving residential and commercial customers in New York, New Jersey and Virginia for total consideration of U.S. $31.5 million (CDN $38.7 million).

Acquisition of the Propane Distribution Assets of R.W. Earhart Company
On October 2, 2017, Superior Plus Energy Services Inc., a subsidiary of Superior, acquired all of the propane distribution assets of R.W. Earhart Company, a propane distributer serving residential and commercial customers in Ohio for total consideration of U.S. $38.0 million.

Acquisition of International Dioxcide, Inc. (IDI)
On October 31, 2017, Superior Plus US Holdings Inc., a subsidiary of Superior, acquired all of the issued and outstanding shares of IDI, a provider of sodium chlorite based solutions for total consideration of U.S. $11.1 million.

The above acquisitions complement Superior's existing operations and are consistent with management's strategy to grow the Energy Distribution business and the Specialty Chemicals business through acquisitions and leverage Superior's solid operating platform to achieve operational cost efficiencies.

Consolidated Statement of Net Earnings

	Three months ended September 30		**Nine months ended September 30**	
(millions of dollars except per share amounts)	**2017**	2016	**2017**	2016
Revenues	**465.5**	429.0	**1,616.1**	1,440.6
Cost of sales (includes products and services)	**(331.9)**	(309.9)	**(1,118.8)**	(977.8)
Gross profit	**133.6**	119.1	**497.3**	462.8
Expenses				
Selling, distribution and administrative costs	**(156.2)**	(128.5)	**(430.6)**	(422.0)
Finance expense	**(13.6)**	(46.8)	**(36.1)**	(69.4)
Unrealized gains on derivative financial instruments	**25.2**	41.8	**27.9**	125.5
	(144.6)	(133.5)	**(438.8)**	(365.9)
Net earnings (loss) from continuing operations before income taxes	**(11.0)**	(14.4)	**58.5**	96.9
Income tax recovery (expense)	**(113.8)**	67.2	**(131.7)**	40.1
Net earnings (loss) from continuing operations	**(124.8)**	52.8	**(73.2)**	137.0
Net earnings from discontinued operations, net of tax	**–**	176.7	**–**	190.1
Net earnings (loss)	**(124.8)**	229.5	**(73.2)**	327.1
Net earnings (loss) per share from continuing operations, basic	**$(0.87)**	$0.37	**$(0.51)**	$0.97
Net earnings (loss) per share from continuing operations, diluted	**$(0.87)**	$0.36	**$(0.51)**	$0.94

Third Quarter Comparison to Prior Year Quarter
Third quarter AOCF before transaction and other costs was $15.0 million, an increase of $7.0 million or 88% from the prior year quarter AOCF before transaction and other costs of $8.0 million. AOCF per share before transaction and other costs was $0.11 per share, an increase of $0.05 per share or 83% from the prior comparable period of $0.06 per share. The increase from the prior comparable period is primarily due to higher results from Specialty Chemicals, income from Canwest, a realized gain on foreign exchange currency hedging contracts versus a loss in the prior comparable period and was partially offset by higher interest expense.

AOCF for the third quarter was $(4.5) million, an increase of $8.8 million from the prior year quarter AOCF of $(13.3) million due to the $7.0 million increase in AOCF before transaction costs noted above and transaction and other costs were $1.8 million lower. The transaction costs in the current year relate to acquisition, integration and restructuring provisions related to Canwest and other acquisitions, and in the prior year were legal expenses related to the disposal of CPD. AOCF per share for the third quarter was $(0.03) per share, a $0.06 per share increase from the prior comparable quarter of $(0.09) per share.

Revenue of $465.5 million was $36.5 million higher than the prior comparable quarter due to increased revenue in both Energy Distribution and Specialty Chemicals. Energy Distribution revenue was $305.1 million for the third quarter, an increase of $22.0 million or 8% from the prior comparable quarter due to higher commodity prices partially offset by the impact of the stronger Canadian dollar on U.S. denominated revenues. Specialty Chemicals revenue was $158.7 million, an increase of $12.8 million or 9% from the prior comparable quarter due to higher chlor-alkali sales volumes and higher average sales prices for chlorine, hydrochloric acid and caustic soda partially offset by lower average selling prices for caustic potash and the impact of the stronger Canadian dollar. Revenues include a realized gain of $1.7 million foreign related to foreign currency hedging contracts allocated to the corporate segment. Gross profit was $133.6 million for the third quarter, an increase of $14.5 million or 12% from $119.1 million in the prior comparable period. The increase in gross profit is a result of higher sales volumes and average selling prices in Specialty Chemicals offset by lower gross profits due to the impact of weaker basis differentials and market fundamentals on the supply portfolio management business within the Canadian Propane Distribution business.

Selling, distribution and administrative costs were $156.2 million for the three months ended September 30, 2017, an increase of $27.7 million or 22% from $128.5 million in the prior comparable period. Energy Distribution costs includes a $1.5 million net loss from recording the results of Canwest for the three months ended September 30, 2017. For the three months ended September 30, 2017 Energy Distribution costs were $104.8 million excluding the Canwest loss, $14.5 million higher than the prior comparable quarter. Specialty Chemical costs were $37.7 million, an increase of $5.3 million from the prior comparable period of $32.4 million. Corporate costs were $12.2 million, an increase of $6.4 million compared to the prior comparable period of $5.8 million. The increase in selling, distribution and administrative costs is due to an accrued restructuring provision related to Canwest, foreign exchange losses on U.S. denominated working capital, and higher long-term incentive plan costs as a result of increases in Superior's share price.

Finance expense was $13.6 million, compared to $46.8 million in the prior year. The decrease of $33.2 million is primarily related to a $33.4 million loss from the settlement of foreign exchange hedging contracts in the prior year partially offset by higher interest expense due to higher debt levels and higher interest rates in the U.S. The increased debt levels are primarily due to debt incurred to fund the acquisition of Canwest.

Unrealized gains on derivative financial instruments were $25.2 million in the third quarter, compared to a gain of $41.8 million in the prior year quarter. The gain in the prior year is a result of reversing the unrealized loss associated with foreign currency forward contracts in place during the prior year. The current year gain is primarily due to rising commodity prices and the impact of the stronger Canadian dollar on foreign currency forward contracts.

The net loss from continuing operations for the quarter ended September 30, 2017 was $124.8 million, compared to a net income of $52.8 million in the prior year. The decreased earnings is mainly due to an income tax recovery in the prior comparable period compared to an income tax expense in the current period and higher selling, distribution and administrative costs.

Net earnings from discontinued operations for the three months ended September 30, 2017 was $nil, compared to $176.7 million in the prior comparable quarter. The decrease in net earnings from discontinued operations is the result of the sale of CPD on August 9, 2016. Basic net earnings per share from discontinued operations was $nil, compared to $1.24 in the prior year quarter. For additional details, refer to Note 4 of the Q3 2017 unaudited condensed interim consolidated financial statements.

Year-to-Date Comparison to Prior Year-to-Date

For the nine months ended September 30, 2017, AOCF before transaction and other costs was $151.8 million, an increase of $39.3 million or 35% from the prior year AOCF before transaction and other costs of $112.5 million. AOCF per share before transaction and other costs was $1.06 per share, an increase of $0.27 per share or a 34% increase from the prior comparable period of $0.79 per share. The increase from the prior year is due to higher EBITDA from operations, income from Canwest and lower realized losses on foreign exchange currency hedging contracts. AOCF for the same period was $123.4 million, an increase from $52.2 million in the prior comparable quarter due to reasons noted above and lower transaction costs related to legal and regulatory costs.

EBITDA from operations was $190.0 million, an increase of $7.5 million primarily due to a $16.0 million increase in Specialty Chemicals, partially offset by an $8.5 million decrease in Energy Distribution. Specialty Chemicals EBITDA from operations increased due to higher chlor-alkali sales volumes and higher average net back sales prices for chlorine and caustic soda from the prior period partially offset by lower average net back sales prices for caustic potash and the impact of the stronger Canadian dollar. EBITDA from operations at Energy Distribution decreased primarily due to the impact of weakened basis differentials and market fundamentals on the supply portfolio management business within the Canadian Propane Distribution business.

Revenue of $1,616.1 million was $175.5 million or 12% higher than the prior year of $1,440.6 million. Energy Distribution revenues increased by $129.8 million due to higher commodity prices over the prior year and revenue from the Specialty Chemical segment increased $46.2 million due to higher chlor-alkali sales volumes and higher average prices for chlorine and caustic soda.

Selling, distribution and administration costs increased from $422.0 million in the prior comparable period to $430.6 million for the current period. The increase of $8.6 million or 2% is primarily related to a restructuring provision related to Canwest, foreign exchange losses on U.S. denominated working capital, and higher long-term incentive plan costs as a result of increases in Superior's share price.

Finance expense was $36.1 million, a decrease of $33.3 million from the prior year of $69.4 million. The decrease of is primarily due to a $33.8 million loss from the settlement of foreign exchange hedging contracts in the prior year partially offset by an higher interest expense due to higher debt levels and higher interest rates in the U.S. The increased debt levels are primarily due to debt incurred to fund the purchase of Canwest.

The net loss from continuing operations for the nine months ended September 30, 2017 was $73.2 million, compared to net earnings of $137.0 million in the prior year. The decrease in net earnings was mainly due to the increased income tax provision and was partially offset by changes in unrealized gains on derivative financial instruments resulting from fluctuations in market prices of commodities and timing of maturities of the underlying financial instruments and higher gross profits.

Net earnings from discontinued operations for the nine months ended September 30, 2017 was $nil, compared to $190.1 million in the prior comparable period. The decrease in net earnings from discontinued operations was mainly due to the sale of CPD on August 9, 2016 and the sale of the Fixed-Price Energy Services business in the first quarter of 2016. Basic net earnings per share from discontinued operations was $nil, compared to $1.34 in the prior year quarter. For additional details, refer to Note 4 of the Q3 2017 unaudited condensed interim consolidated financial statements.

OPERATING RESULTS

ENERGY DISTRIBUTION

Energy Distributions' condensed operating results for 2017 and 2016[1]:

(millions of dollars)	**Three months ended September 30**		**Nine months ended September 30**	
	2017	2016	**2017**	2016
Revenue	**305.1**	283.1	**1,139.8**	1,010.0
Cost of sales[1]	**(228.1)**	(202.3)	**(804.1)**	(661.5)
Gross profit[1]	**77.0**	80.8	**335.7**	348.5
Less: Cash operating and administrative costs[1]	**(76.8)**	(76.9)	**(236.6)**	(240.9)
EBITDA from operations[1][2]	**0.2**	3.9	**99.1**	107.6
Net earnings (loss)	**(18.6)**	(10.1)	**43.5**	94.9

(1) See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A."

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

Revenues for the third quarter of 2017 were $305.1 million, an increase of $22.0 million from the prior comparable period. The increase is primarily due to higher commodity prices partially offset by lower U.S. wholesale volumes compared to the prior year and the impact of the stronger Canadian dollar on U.S. denominated revenues. Total gross profit for the third quarter of 2017 was $77.0 million, a decrease of $3.8 million or 5% over the prior comparable period. The decrease in gross profit is primarily due to the impact of weaker basis differentials and market fundamentals on the supply portfolio management business within the Canadian Propane Distribution business. A detailed review of gross profit is provided below.

Gross Profit Review

(millions of dollars)	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Canadian propane distribution	**51.4**	53.4	**201.3**	211.0
U.S. refined fuels distribution	**19.5**	19.8	**116.0**	116.5
Other services	**6.1**	7.6	**18.4**	21.0
Total gross profit	**77.0**	80.8	**335.7**	348.5

Canadian Propane Distribution

Canadian propane distribution gross profit for the third quarter was $51.4 million, a decrease of $2.0 million or 4% compared to the prior year quarter. The decrease was mainly due to weaker basis differentials and market fundamentals on the supply portfolio management business and sales mix. Wholesale volumes increased 56 million litres or 74%, due to higher third-party sales activity related to sales and marketing initiatives in the supply portfolio business.

Average propane sales margins for the third quarter decreased to 17.5 cents per litre from 22.8 cents per litre in the prior year quarter. The decrease was due to a combination of weaker basis differentials and market fundamentals on the supply portfolio management business and an increased proportion of lower-margin wholesale volumes.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application(1)

(millions of litres)	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Residential	**16**	15	**88**	83
Commercial	**34**	35	**182**	167
Agricultural	**8**	7	**32**	29
Industrial	**84**	81	**261**	282
Wholesale	**132**	76	**438**	300
Automotive	**19**	20	**53**	57
Total	**293**	234	**1,054**	918

Volumes by Region(1)

(millions of litres)	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Western Canada	**137**	112	**465**	448
Eastern Canada	**93**	81	**351**	318
Atlantic Canada	**21**	19	**82**	75
United States	**42**	22	**156**	77
Total	**293**	234	**1,054**	918

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

U.S. Refined Fuels Distribution
U.S. refined fuels distribution gross profit for the third quarter was $19.5 million, a decrease of $0.3 million or 2% compared to the prior year quarter. The impact of lower sales volumes and the stronger Canadian dollar were partially offset by higher sales margins. Sales volumes of 273 million litres decreased by 48 million litres or 15% from the prior year quarter. Average weather across Northeast U.S. for the third quarter, as measured by degree days, was 16% colder than the prior year. Wholesale volumes decreased 48 million litres or 15% as the business shifts focus to more profitable deliveries.

Average U.S. Refined Fuels sales margins were 7.1 cents per litre compared to 6.2 cents per litre in the prior year quarter. Sales and marketing initiatives focused on higher margin business, including retail propane growth.

U.S. Refined Fuels Distribution Sales Volumes
Volumes by End-Use Application

	Three months ended September 30		Nine months ended September 30	
(millions of litres)	**2017**	2016	**2017**	2016
Residential	**17**	17	**164**	175
Commercial	**80**	80	**256**	263
Wholesale	**176**	224	**548**	658
Total	**273**	321	**968**	1,096

Other services
Other services primarily include equipment installation, maintenance and repair. Gross profit was $6.1 million in the three months ended September 30, 2017, a decrease of $1.5 million or 20% from the prior year. The decrease in other services is due to a one-time project in the prior year.

Cash Operating and Administrative Costs
Energy Distribution cash operating and administrative costs were $76.8 million in the third quarter of 2017, consistent with the prior year quarter. Lower wages and vehicle operating costs related to reduced sales volumes in U.S. refined fuels distribution offset by the impact of the stronger Canadian dollar on U.S. denominated expenses.

Financial Outlook
EBITDA from operations in 2017 for Energy Distribution is anticipated to be consistent to modestly lower than 2016. Average weather, as measured by degree days, for the remainder of the year is anticipated to be consistent with the five-year average.

EBITDA from operations in 2018 for Energy Distribution is anticipated to be higher than 2017. The increase in anticipated EBITDA is primarily due to the full year of results from Canwest and anticipated synergies of $5 to $10 million realized in 2018 and the full year results from the tuck-in acquisitions completed in 2017. Supply market fundamentals in the Canadian propane distribution business are anticipated to be consistent with 2017. Average weather, as measured by degree days, for 2018 is anticipated to be consistent with the five-year average.

In addition to the significant assumptions detailed above, refer to “Risk Factors to Superior” for a detailed review of the significant business risks affecting Superior’s Energy Distribution segment.

INCOME FROM CANWEST PROPANE

As of March 1, 2017 and up to the acquisition closing, Superior was entitled to the benefit of the net profits of Canwest. As a result, Superior recorded $2.9 million of adjusted EBITDA in the third quarter of 2017 and $11.9 million on a year to date basis.

SPECIALTY CHEMICALS

Specialty Chemicals' condensed operating results for 2017 and 2016:

(millions of dollars except per metric tonne (MT) amounts)	Three months ended September 30				Nine months ended September 30			
	2017		2016		**2017**		2016	
		$ per MT		$ per MT		**$ per MT**		$ per MT
Revenue	**155.9**	**718**	151.9	727	**471.6**	**738**	452.2	741
Cost of sales	**(91.4)**	**(421)**	(94.0)	(450)	**(276.6)**	**(433)**	(275.5)	(452)
Gross profit(3)	**64.5**	**297**	57.9	277	**195.0**	**305**	176.7	289
Less: Cash operating and administrative costs	**(34.9)**	**(161)**	(32.6)	(156)	**(104.1)**	**(163)**	(101.8)	(167)
EBITDA from operations(1)(2)	**29.6**	**136**	25.3	121	**90.9**	**142**	74.9	122
Net earnings(2)	**16.8**	**-**	5.0	-	**52.4**	**-**	9.1	-

(1) See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A."

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

(3) Certain costs have been reclassified between cost of sales and cash operating and administrative costs and prior periods were reclassified to conform to the current year presentation. See "Reclassification of Prior Periods."

Sales Volumes by Product

(thousands of MTs)	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Sodium chlorate	**128**	127	**375**	374
Chlor-alkali	**87**	80	**258**	231
Chlorite	**2**	2	**6**	5
Total	**217**	209	**639**	610

Chemical revenue for the third quarter of $155.9 million was $4.0 million or 3% higher than in the prior year. Gross profit was $64.5 million, an increase of $6.6 million from $57.9 million from the prior comparable period. Revenue and gross profit both increased due to higher chlor-alkali sales volumes and higher caustic soda and hydrochloric acid average sales prices, partially offset by lower caustic potash prices and the impact of the stronger Canadian dollar.

Sodium chlorate sales volumes increased by 1 thousand MTs or 1%. The average sales price decreased by 2% due to customer mix and the impact of the stronger Canadian dollar on U.S. denominated sales in the third quarter compared to the prior year.

Chlor-alkali sales volumes in the third quarter increased by 7 thousand MTs or 9% due to increased demand for hydrochloric acid primarily from the U.S. oil and gas sector related to rig activity and increased demand for caustic potash primarily in the agriculture sector.

Cash operating and administrative costs of $34.9 million were $2.3 million or 7% higher than in the prior year quarter due higher distribution costs.

Net earnings for the third quarter have benefited from increased chlor-alkali volumes, a 17% increase in Caustic soda net back prices and a 19% increase in hydrochloric acid net back prices compared to the prior comparable period. This has been offset by an 11% decrease in caustic potash net back prices.

Reclassification of Prior Periods

During 2016, Superior reviewed the classification of operating expenses in its Specialty Chemicals business segment and has reclassified certain costs that were classified as cost of sales or selling, distribution, and administrative costs. For the three and nine months ended September 30, 2016, this resulted in a decrease to selling, distribution and administrative costs of $4.4 million and $9.2 million respectively, and a corresponding increase in cost of sales. As a result of this reclassification, there was no change to previously reported net earnings, operating, financing or investing cash flows, or the amounts presented in the consolidated balance sheet.

Financial Outlook

EBITDA from operations in 2017 for Specialty Chemicals is anticipated to be higher than 2016 driven by the recovery in chlor-alkali markets in 2017 and a sold out position in chlorate.

EBITDA from operations for Specialty Chemicals in 2018 is anticipated to be consistent to modestly lower than 2017. Sodium chlorate EBITDA is anticipated to be lower than 2017 as modest improvements in sodium chlorate pricing are expected to be offset by increases in electricity mill rates and the impact of a weaker U.S. dollar compared to 2017. Chlor-alkali EBITDA is anticipated to be higher than 2017 due to an increase in sales volumes and pricing.

In addition to the significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of the significant business risks affecting Superior's Specialty Chemicals' segment.

CONSOLIDATED CAPITAL EXPENDITURE SUMMARY

Superior classifies its capital expenditures into three main categories: efficiency, process improvement and growth-related; maintenance capital; and investment in finance leases.

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

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

Superior's capital expenditures for 2017 and 2016:

	Three months ended September 30		Nine months ended September 30	
(millions of dollars)	**2017**	2016	**2017**	2016
Efficiency, process improvement and growth-related	**4.1**	3.5	**9.1**	11.4
Maintenance capital	**17.5**	13.5	**36.9**	48.6
	21.6	17.0	**46.0**	60.0
Proceeds on disposition of capital and intangible assets	**(1.1)**	(1.7)	**(3.3)**	(2.1)
Property, plant and equipment acquired through acquisition	**126.6**	–	**131.7**	4.2
Total net capital expenditures	**147.1**	15.3	**174.4**	62.1
Investment in finance leases	**3.7**	4.5	**19.3**	8.8
Total expenditures including finance leases	**150.8**	19.8	**193.7**	70.9

Efficiency, process improvement and growth related expenditures were $4.1 million in the third quarter compared to $3.5 million in the prior year quarter and are primarily related to the purchase of tanks for customer growth. The decrease of $2.3 million for the nine months ended September 30, 2017 compared to the prior comparable period relates to spending on the U.S. Refined Fuels wholesale information system implementation in 2016.

Maintenance capital expenditures were $17.5 million in the third quarter, an increase from $13.5 million in the prior year quarter. Maintenance capital expenditures for the nine months ended September 30, 2017 were $36.9

million a decrease of $11.7 million from the prior year primarily due to an investment in chlorine railcars in the prior year.

Acquisition capital relates to the acquired assets of Pomerleau, Canwest and Yankee.

Superior entered into new leases with capital-equivalent value of $3.7 million in the third quarter compared to $4.5 million in the prior year quarter due to timing of delivery of vehicles for the Energy Distribution segment to support growth and replace aging vehicles in the fleet.

CORPORATE AND INTEREST COSTS

Corporate costs for the third quarter were $5.5 million, compared to $6.1 million in the prior year quarter. The $0.6 million decrease was primarily due to timing of professional fees partially offset by higher long-term incentive plan costs as a result of increases in Superior's share price compared to the prior year quarter.

Interest expense on borrowing and finance lease obligations for the third quarter was $12.4 million, compared to $8.7 million in the prior year quarter. The increase was mainly due to higher average debt levels due to acquisitions and higher average effective interest rates.

Transaction and Other Costs

Superior's transaction costs have been categorized together and excluded from segmented results. Below is a table summarizing these costs for comparative purposes:

	Three months ended September 30		**Nine months ended September 30**	
(millions of dollars)	**2017**	2016	**2017**	2016
Transaction costs	**7.1**	(0.3)	**15.5**	19.7
CPD disposal costs	**-**	21.6	**-**	21.6
Integration and restructuring costs	**12.4**	-	**12.9**	-
	19.5	21.3	**28.4**	41.3

For the three months ended September 30, 2017, Superior incurred $7.1 million in costs related to legal and regulatory proceedings associated with the Canwest acquisition and other acquisition related activities. In addition, Superior recorded $12.4 million primarily related to the restructuring and integration planning of Canwest.

Income Taxes

Total income tax expense for the third quarter was $113.8 million and consists of $1.6 million in cash income tax expense and $112.2 million deferred income tax expense, compared to a total income tax recovery of $67.2 million in the prior comparable period, which consisted of $0.9 million in cash income tax expense and a $68.1 million deferred income tax recovery.

Cash income tax expense for the third quarter was $1.6 million and consisted of income tax expense in the U.S. of $0.8 million (2016 – $0.4 million), income tax expense in Canada of $0.3 million (2016 - $nil) and income tax expense of $0.5 million in Chile (2016 – $0.5 million). Deferred income tax expense for the third quarter was $112.2 million (2016 - $54.7 million recovery), resulting in a corresponding net deferred income tax asset of $77.0 million as at September 30, 2017.

Canada Revenue Agency (CRA) Income Tax Update

As announced on August 1, 2017, Superior entered into an agreement with the CRA regarding its objection to the tax consequences of Superior' corporate conversion transaction which occurred on December 31, 2008. Superior elected to enter into the agreement with the CRA to avoid further legal proceedings and allow management to focus on its Evolution 2020 strategic initiatives and enhance shareholder value. The agreement with the CRA will not give rise to any cash outlay by Superior for prior tax years. The payment of approximately $33 million to the CRA and related provincial agencies for 50% of the estimated tax liabilities for prior taxation years will be refunded, of which $26 million was received subsequent to the quarter end. The agreement with the CRA resulted in a non-cash charge of $119 million in Superior's third quarter consolidated statement of income related to the write-off of a portion of Superior's deferred tax assets. The tax pools impacted by the agreement have been restated at December 31, 2016 as follows:

Carry forward available	2016	2016(restated)
Canadian non-capital losses [1]	$ 62.2	$ 14.3
Canadian scientific research expenditures	$ 625.8	$ 349.9
Canadian capital losses	$ 541.2	$ 6.6
Canadian federal and provincial investment tax credits[2]	$ 145.7	$ 92.2

[1] Expiring beyond 2019
[2] $4.6 million expired in 2017, the remainder expires beyond 2020

FINANCIAL OUTLOOK

Superior has confirmed its 2017 financial outlook of AOCF per share of $1.50 to $1.75. Key assumptions related to the updated financial outlook are:

- EBITDA from operations for Energy Distribution is anticipated to be consistent to modestly lower than 2016. Supply market fundamentals in the Canadian propane distribution business are anticipated to have a negative impact on average margins and gross profit during the second half of 2017. Average weather, as measured by degree days, for the remainder of the year is anticipated to be consistent with the five-year average.
- EBITDA from operations for Specialty Chemicals is anticipated to be higher than 2016 driven by the recovery in chlor-alkali markets in 2017 and a sold out position in chlorate.
- The contribution from the Canwest Transaction is anticipated to increase EBITDA. As the close of the Canwest Transaction occurred on September 27, 2017, the contribution from Canwest does not include any of the estimated synergies.
- Interest expense is anticipated to increase due to higher average debt levels related to the Canwest Transaction and the interest costs for the 5.25% unsecured debentures issued in the first quarter and the add-on issuance of $150 million in the third quarter.
- The foreign currency exchange rate between the Canadian dollar and U.S. dollar is expected to average 0.80 for the remainder of 2017 on all unhedged foreign currency transactions;
- Realized losses on foreign currency hedging contracts are anticipated to be lower than 2016 due to the increase in the average hedge rate.
- Canadian, Chilean and U.S.-based cash taxes are expected to be in the range of $5 million to $10 million for 2017 based on existing statutory income tax rates and the ability to use available tax basis.

Superior is introducing its 2018 financial outlook of AOCF per share of $1.65 to $1.95, an 11% increase compared to the 2017 financing outlook using the midpoint of the respective financial outlooks. Superior is also introducing 2018 Adjusted EBITDA guidance of $295 million to $335 million.

Achieving Superior’s AOCF depends on the operating results of its segments. In addition to the operating results of Superior’s segments, significant assumptions underlying the achievement of Superior’s 2018 midpoint guidance are:

- Economic growth in Canada and the U.S. is expected to increase modestly;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- Superior’s estimated total debt to adjusted EBITDA ratio is based on maintenance and growth-related expenditures as well as capital equivalent of operating leases of $100 million to $105 million in 2017 and 2018 and on working capital funding requirements which do not contemplate any significant commodity price changes;
- Superior is substantively hedged for its estimated U.S. dollar exposure for 2018, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2018 would not have a material impact to Superior.

- The foreign currency exchange rate between the Canadian dollar and U.S. dollar is expected to average 0.80 for 2018 on all unhedged foreign currency transactions;
- Financial and physical counterparties are expected to continue fulfilling their obligations to Superior;
- Regulatory authorities are not expected to impose any new regulations impacting Superior;
- Superior's average interest rate on floating-rate debt is expected to modestly increase compared to 2017. Interest expense is anticipated to increase due to higher average debt levels related to the Canwest acquisition and the interest costs for the Notes;
- Realized losses on foreign currency hedging contracts are anticipated to be higher than 2017 due to the decrease in the average hedge rate; and
- Canadian, Chilean and U.S.-based cash taxes are expected to be in the range of $5 million to $10 million for 2018 based on existing statutory income tax rates and the ability to use available tax basis.

Energy Distribution

- Wholesale propane and U.S. refined fuels-related prices are not anticipated to significantly affect demand for propane and refined fuels and related services; and
- Operating costs are expected to be lower due to continuous improvement initiatives and restructuring activities related to integrating Canwest and realizing synergies.

Specialty Chemicals

- Average plant utilization will approximate 90%-95% in 2017.

In addition to Superior's significant assumptions detailed above, refer to "Forward-Looking Information", and for a detailed review of Superior's significant business risks, refer to "Risk Factors to Superior."

Debt Management Update

Superior remains focused on managing both its total debt and its total debt to adjusted EBITDA. Superior's total debt (including convertible debentures) to adjusted EBITDA for the trailing twelve months was 3.4x as at September 30, 2017, compared to 2.1X at December 31, 2016. The debt levels and the total leverage ratio as at September 30, 2017 were higher than December 31, 2016, due to increased borrowings on credit facilities related to the acquisition of Canwest. The trailing twelve months adjusted EBITDA includes pro forma trailing twelve month adjusted EBITDA for Canwest.

Total debt to adjusted EBITDA is currently above the long-term target of 3.0x. Superior anticipates the total debt to EBITDA ratio will be in the range of 3.2x to 3.6x at December 31, 2017 as management completed two additional tuck-in acquisitions subsequent to September 30, 2017, and to fund additional working capital requirements in the fourth quarter.

In addition to Superior's significant assumptions detailed above, refer to "Forward-Looking Information" and for a detailed review of Superior's significant business risks, refer to "Risk Factors to Superior."

LIQUIDITY AND CAPITAL RESOURCES

Outstanding Borrowings

Superior's revolving syndicated bank facility (credit facility), term loans and finance lease obligations (collectively borrowing) before deferred financing fees totaled $922.5 million as at September 30, 2017, an increase of $477.8 million from $444.7 million as at December 31, 2016. The increase in borrowing was primarily due the financing related to the acquisition of Canwest and other acquisitions.

On May 1, 2017, Superior extended its syndicated credit facility with ten lenders, increasing the size of the facility to $620.0 million from $570.0 million, with no changes to the financial covenants. The facility matures on April 28, 2022 and can be expanded up to $800.0 million.

Convertible Debentures
As at September 30, 2017, convertible debentures (before deferred issuance fees and discount values) issued by Superior totaled $97.0 million, unchanged from December 31, 2016. See Note 13 to the unaudited condensed interim consolidated financial statements for additional details on Superior's convertible debentures.

Subsequent to the quarter, Superior issued $150 million 5.25% senior unsecured notes (the Issuance). Superior will use the proceeds of the Issuance to fund the redemption of the convertible debentures. Superior provided a redemption notice to the holders of the convertible debentures on October 12, 2017. In accordance with the notice, the redemption will occur on November 15, 2017. The holders of the convertible debentures have the right until the last business day prior to redemption to convert their debentures into common shares of Superior at a conversion price of $16.75.

Net Working Capital
Consolidated net working capital was $85.3 million as at September 30, 2017, a decrease of $26.8 million from net working capital of $112.1 million as at December 31, 2016 primarily due to lower trade and other receivables. Superior's net working capital requirements are financed from its credit facility.

Compliance
Superior is subject to certain covenants on its credit facilities and it unsecured notes, which include a debt and secured debt to compliance EBITDA ratio (as defined in the credit agreements), a distribution test and a a fixed-charge ratio. Superior monitors these ratios and reports them to its lenders on a quarterly basis. As at September 30, 2017, Superior is in compliance with its debt covenants.

Pension Plans
As at September 30, 2017, Superior had an estimated defined benefit going concern surplus of approximately $20.4 million (December 31, 2016 –$33.4 million) and a pension solvency surplus of approximately $0.9 million (December 31, 2016 – deficiency of $4.3 million). Funding requirements required by applicable pension legislation are based upon going concern and solvency actuarial assumptions. These assumptions differ from the going concern actuarial assumptions used in Superior's audited consolidated financial statements. Superior has sufficient liquidity through its credit facility and anticipated future operating cash flow to fund this deficiency over the prescribed period.

SHAREHOLDERS' CAPITAL

The weighted average number of common shares issued and outstanding for the third quarter was 142.8 million shares, an increase over the prior year quarter due to shares issued under the dividend reinvestment (DRIP) program in 2016.

As at September 30, 2017 and December 31, 2016, the following common shares and securities convertible into common shares were issued and outstanding:

	September 30, 2017		**December 31, 2016**	
(millions)	**Convertible Securities**	**Shares**	Convertible Securities	Shares
Common shares outstanding		**142.8**		142.8
6.00% Debentures[(1)]	**$97.0**	**5.8**	$97.0	5.8
Shares outstanding and issuable upon conversion of Debentures	**-**	**148.6**	-	148.6

(1) Convertible at $16.75 per share.

Dividends Paid to Shareholders
Dividends paid to Superior's shareholders depend on its cash flow from operating activities with consideration to Superior's changes in working capital requirements, investing activities and financing activities. See "Summary of Cash Flow" for additional details.

Dividends paid to shareholders for the third quarter of 2017 were $25.7 million or $0.18 per share compared to $25.5 million (before proceeds from the DRIP of $7.4 million) or $0.18 per share in the third quarter of 2016. Dividends paid to shareholders increased by $0.2 million due to shares issued under the DRIP in 2016.

SUMMARY OF CASH FLOW

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

(millions of dollars)	**Three months ended September 30** **2017**	2016	**Nine months ended September 30** **2017**	2016
Cash flow (used in) from operating activities	**(4.9)**	28.4	**123.9**	134.0
Investing activities:				
Purchase of property, plant and equipment	**(21.6)**	(19.1)	**(46.0)**	(72.8)
Proceeds from sale of discontinued operations	**-**	390.5	**-**	394.1
Proceeds from disposal of property, plant and equipment and intangible assets	**1.1**	1.7	**3.3**	2.2
Acquisitions, net of cash acquired	**6.9**	(0.1)	**(438.1)**	(8.2)
Cash flow (used in) from investing activities	**(13.6)**	373.0	**(480.8)**	315.3
Financing activities:				
Net proceeds of revolving term bank credits and other debt	**65.7**	(186.1)	**247.1**	(179.7)
Proceeds from issuance of senior unsecured notes (redemption of convertible debentures)	**–**	(150.0)	**250.0**	(150.0)
Repayment of finance lease obligations	**(1.8)**	(9.1)	**(12.4)**	(17.9)
Debt issuance costs	**–**	(34.6)	**(6.7)**	(34.6)
Proceeds from the dividend reinvestment plan	**–**	7.4	**-**	22.8
Dividends paid to shareholders	**(25.7)**	(25.5)	**(77.1)**	(76.7)
Cash flow (used in) from financing activities	**38.2**	(397.9)	**400.9**	(436.1)
Net increase in cash and cash equivalents	**19.7**	3.5	**44.0**	13.2
Cash and cash equivalents, beginning of period	**29.9**	8.9	**5.0**	–
Effect of translation of foreign currency-denominated cash and cash equivalents	**0.7**	(0.2)	**1.3**	(1.0)
Cash and cash equivalents, end of period	**50.3**	12.2	**50.3**	12.2

Cash flows from operating activities for the three and nine months ended September 30, 2017 were $(4.9) and $123.9 million respectively, a decrease increase of $33.3 and $10.1 million from the prior comparable periods.

Cash flows used in investing activities for the three months ended September 30, 2017 were $13.6 million a decrease of $386.6 million from the prior comparable quarter. Cash flows used in investing activities for the nine months ended September 30, 3017 was $480.8 million, a decrease of $796.1 million from the prior comparable period. The decrease in cash used in investing activities is mainly due to $434.8 million used for the acquisition of the Canwest option and the proceeds received on the sale of CPD in the third quarter of 2016.

Cash flows from financing activities for the three months ended September 30, 2017 were $38.2 million a decrease of $436.1 million from the prior comparable quarter. Cash flows from financing activities for the nine months ended September 30, 3017 was $400.9 million, an increase of $837 million from the prior comparable period. The increase in cash flows from financing activities is due to proceeds from credit facilities, proceeds from the issuance of $250.0 million of 5.25% senior unsecured notes and the redemption of the 6.0% convertible debenture in the third quarter of the prior year.

Financial Instruments – Risk Management

Derivative and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates, share-based compensation and commodity prices. Superior assesses the inherent risks of these instruments by grouping derivative and non-financial derivatives related to the exposures these instruments mitigate. Superior's policy is not to use derivative or non-financial derivative instruments for speculative purposes. Superior does not formally designate its derivatives as hedges and, as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as held for trading. Refer to Superior's 2016 Annual MD&A for further details on financial instrument risk management.
As at September 30, 2017, Superior has substantively hedged its estimated U.S. dollar exposure for 2017 and 76% for 2018. Due to the hedge position, a change in the Canadian to U.S. dollar exchange rate for 2017 would not have a material impact to Superior. A summary of Superior's U.S. dollar forward contracts for the remainder of 2017 and beyond is provided in the table below.

(US$ millions except exchange rates)	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
Net U.S.$ forward sales	49.0	144.1	71.2	37.0	18.0	319.2
Net average external U.S.$/CDN$ exchange rate	1.30	1.24	1.24	1.32	1.31	1.26

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's third quarter condensed interim consolidated financial statements, summary of fair values, notional balances, effective rates and terms, and significant assumptions used in the calculation of the fair value of Superior's financial instruments, see Note 15 to the unaudited condensed interim consolidated financial statements.

Related Party Transactions

Transactions between Superior and its subsidiaries, which are related parties, have been eliminated on consolidation.

For the three and nine months ended September 30, 2017, Superior incurred $nil million (September 30, 2016 – $0.3 million) and $0.5 million (September 30, 2016 – $1.6 million), respectively, in legal fees, with Norton Rose Fulbright LLP, a related party with Superior because a former member of Superior's Board of Directors was a partner at the law firm.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Superior's Management is responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings". The objective of this instrument is to improve the quality, reliability and transparency of information that is filed or submitted under securities legislation.

Superior's President and Chief Executive Officer (CEO) and the Senior Vice President and Chief Financial Officer (CFO), with the assistance of Superior employees, have designed DC&P and ICFR to provide reasonable assurance that material information relating to Superior's business is communicated to them, reported on a timely basis, financial reporting is reliable, and the financial statements are in accordance with IFRS.

During the third quarter of 2017, there were no changes made to Superior's ICFR that materially affected, or are reasonably likely to materially affect, Superior's ICFR, except for the following limitation:

Section 3.3(1) of National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings, states that the Company may limit its design of disclosure controls and procedures and internal controls over financial reporting for a business that it acquired not more than 365 days before the end of the financial period to which the certificate relates. Under this section, the Company's CEO and CFO have limited the scope of the design, and subsequent evaluation, of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of Canwest and Yankee, acquired effective September 27, 2017 and

August 1, 2017, respectively. Summary financial information pertaining to these acquisitions that was included in the consolidated financial statements of Superior as at September 30, 2017, is as follows:

	Three months ended		Nine months ended	
	Canwest	**Yankee**	**Canwest**	**Yankee**
Sales	1.7	1.6	1.7	1.6
Net earnings (loss) for the period	–	(0.4)	–	(0.4)
Current assets	75.5	1.8	75.5	1.8
Non-current assets	403.7	30.3	403.7	30.3
Current liabilities	16.1	2.7	16.1	2.7
Non-current liabilities	30.7	30.9	30.7	30.9

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Superior's unaudited condensed consolidated financial statements have been prepared in accordance with IFRS. The significant accounting policies are described in the unaudited condensed consolidated financial statements for the period ended September 30, 2017. Certain of these accounting policies, as well as estimates made by management in applying such policies, are recognized as critical because they require management to make subjective or complex judgments about matters that are inherently uncertain. Our critical accounting estimates relate to the allowance for doubtful accounts, employee future benefits, deferred income tax assets and liabilities, the valuation of derivatives and non-financial derivatives, asset impairments and the assessment of potential provision retirement obligations.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) effective for accounting periods beginning on or after January 1, 2016, or later periods. The affected standards applicable to Superior are as follows:

New and revised IFRS standards not yet effective

IFRS 9 – *Financial Instruments: Classification and Measurement*

IFRS 9 was issued in November 2009 and is intended to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

A final version of IFRS 9 was issued in July 2014 to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments. This standard must be applied for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. Superior intends to adopt the new standard on the required effective date, and is currently assessing the effect of IFRS 9 on its financial results and financial position. Changes, if any, are not expected to be material.

IFRS 15- *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, as well as the related interpretation when it becomes effective. Under IFRS 15, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity is required to recognize revenue when the performance obligation is satisfied. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. Although Superior has made progress its implementation of IFRS

15 by analyzing revenue streams under the new standard and assessing customer contracts, it is not yet possible to make a reliable estimate of the impact of the new standard on the consolidated financial statements.

IFRS 16 – *Leases*

On January 13, 2016, the IASB issued IFRS 16 – Leases (IFRS 16), which replaces IAS 17 – *Leases* and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, except those that meet limited exception criteria. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019. It is not yet possible to make a reliable estimate of the impact of the new standard on the consolidated financial statements.

NON-GAAP FINANCIAL MEASURES

Throughout the MD&A, Superior has used the following terms that are not defined by GAAP, but are used by management to evaluate the performance of Superior and its business. Since non-GAAP financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies, securities regulations require that non-GAAP financial measures are clearly defined, qualified and reconciled to their nearest GAAP financial measures. Except as otherwise indicated, these non-GAAP financial measures are calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods.

The intent of non-GAAP financial measures is to provide additional useful information to investors and analysts and the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate non-GAAP financial measures differently.

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

Adjusted Operating Cash Flow and Adjusted Operating Cash Flow per Share

AOCF is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, other expenses, non-cash interest expense, current income taxes and finance costs. Superior may deduct or include additional items in its calculation of AOCF; these items would generally, but not necessarily, be infrequent in nature and could distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring. AOCF and AOCF per share are presented before and after transaction and other costs.

AOCF per share before transaction and other costs is calculated by dividing AOCF before transaction and other costs by the weighted average number of shares outstanding. AOCF per share is calculated by dividing AOCF by the weighted average number of shares outstanding.

AOCF is the main performance measure used by management and investors to evaluate Superior's ongoing performance of its businesses and ability to generate cash flow. AOCF represents cash flow generated by Superior that is available for, but not necessarily limited to, changes in working capital requirements, investing activities and financing activities of Superior. AOCF is also used as one component in determining short-term incentive compensation for certain management employees.

The seasonality of Superior's individual quarterly results must be assessed in the context of annualized AOCF. Adjustments recorded by Superior as part of its calculation of AOCF include, but are not limited to, the impact of the seasonality of Superior's businesses, principally the Energy Distribution segment, by adjusting for non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Superior's revenues and expenses, which can differ significantly from quarter to quarter.

Adjusted EBITDA
Adjusted EBITDA represents earnings before taxes, depreciation, amortization, losses/(gains) on disposal of assets, finance expense, restructuring costs, transaction and other costs, and unrealized gains/(losses) on derivative financial instruments. Adjusted EBITDA is used by Superior and investors to assess its consolidated results and ability to service debt. Adjusted EBITDA is reconciled to net earnings before income taxes.

EBITDA from operations
EBITDA from operations is defined as adjusted EBITDA excluding gains/(losses) on foreign currency hedging contracts, corporate costs and transaction and other costs. For purposes of this MD&A, foreign currency hedging contract gains and losses are excluded from the results of the operating segments. EBITDA from operations is used by Superior and investors to assess the results of its operating segments. EBITDA from operations is reconciled to net earnings before income taxes.

Compliance EBITDA
Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and certain other non-cash expenses calculated on a 12-month trailing basis, giving pro forma effect to acquisitions and divestitures, and is used by Superior to calculate compliance with its debt covenants and other credit information. Compliance EBITDA is reconciled to net earnings.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures[1]

(millions of dollars, except per share amounts)	**Q3 2017**	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Revenues	**465.5**	474.9	675.7	583.1	429.0	448.1	563.5	546.0
Gross profit[1]	**133.6**	138.0	225.7	193.6	119.1	127.2	216.6	174.3
Net earnings (loss)	**(124.8)**	(1.6)	53.2	(22.8)	52.8	(15.7)	99.9	20.2
Per share, basic	**$(0.87)**	$(0.01)	$0.37	$(0.16)	$0.37	$(0.11)	$0.71	$0.15
Per share, diluted	**$(0.87)**	$(0.01)	$0.34	$(0.19)	$0.36	$(0.11)	$0.66	$0.13
Net working capital[2]	**85.3**	107.4	133.6	112.1	84.6	232.5	236.8	242.5

(1) During 2016, certain costs were reclassified between cost of sales and cash operating and administrative costs and prior periods were reclassified to conform to the current year presentation. See "Reclassification of Prior Periods."
(2) Net working capital as at the quarter-end is comprised of trade and other receivables, prepaid expenses and inventories, less trade and other payables, deferred revenue, and dividends and interest payable.

Non-GAAP Measures[1]

(millions of dollars, except per share amounts)	**Q3 2017**	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
AOCF before transaction and other costs	**15.0**	27.5	109.3	77.3	8.0	16.5	88.0	57.2
Per share, basic	**$0.11**	$0.19	$0.77	$0.54	$0.06	$0.12	$0.62	$0.42
Per share, diluted	**$0.11**	$0.19	$0.77	$0.54	$0.06	$0.12	$0.62	$0.42
AOCF	**(4.5)**	20.1	107.8	68.4	(13.3)	5.0	79.5	47.2
Per share, basic	**$(0.03)**	$0.14	$0.75	$0.48	$(0.09)	$0.04	$0.56	$0.35
Per share, diluted	**$(0.03)**	$0.14	$0.75	$0.48	$(0.09)	$0.04	$0.56	$0.35

(1) AOCF before transaction and other costs, AOCF and the related per share amounts, are non-GAAP financial measures. See "Non-GAAP Financial Measures" and "Reconciliation of Net Earnings Before Income Taxes to Adjusted EBITDA".

Volumes

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Canadian propane sales volumes (millions of litres)	**293**	283	478	417	234	255	429	395
U.S. refined fuels sales volumes (millions of litres)	**273**	298	397	373	321	353	422	390
Chemical sales volumes (thousands of metric tonnes)	**217**	210	212	203	209	196	205	216

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA

For the three months ended September 30, 2017	**Energy Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Net earnings before income taxes	**(18.6)**	**16.8**	**(9.2)**	**(11.0)**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**15.1**	**–**	**0.4**	**15.5**
Depreciation included in cost of sales	**–**	**12.4**	**–**	**12.4**
Gains on disposal of assets	**(0.3)**	**–**	**–**	**(0.3)**
Income from Canwest	**(3.0)**	**–**	**3.0**	**–**
Depreciation and amortization – Canwest Propane	**4.5**	**–**	**–**	**4.5**
Finance expense	**0.8**	**0.1**	**12.7**	**13.6**
Unrealized losses (gains) on derivative financial instruments	**(11.5)**	**0.3**	**(14.0)**	**(25.2)**
Transaction and other costs	**13.2**	**-**	**6.3**	**19.5**
Adjusted EBITDA	**0.2**	**29.6**	**(0.8)**	**29.0**

For the three months ended September 30, 2016	Energy Distribution	Specialty Chemicals	Corporate	Total
Net earnings before income taxes	(10.1)	5.0	(9.3)	(14.4)
Add: Depreciation and amortization included in selling, distribution and administrative costs	14.4	–	0.1	14.5
Depreciation included in cost of sales	–	13.7	–	13.7
Realized losses on foreign currency hedging contracts	(0.1)	5.6	(5.5)	–
Gain on disposal of assets	(1.0)	0.2	–	(0.8)
Finance expense	0.7	0.1	46.0	46.8
Unrealized (gains) losses on derivative financial instruments	–	0.7	(42.5)	(41.8)
Transaction and other costs	–	–	(0.4)	(0.4)
Adjusted EBITDA	3.9	25.3	(11.6)	17.6

RECONCILIATION OF NET EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA

For the nine months ended September 30, 2017	Energy Distribution	Specialty Chemicals	Corporate	Total
Net earnings before income taxes	**43.5**	**52.4**	**(37.4)**	**58.5**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**44.9**	**–**	**0.5**	**45.4**
Depreciation included in cost of sales	**–**	**38.1**	**–**	**38.1**
Gains on disposal of assets	**(0.9)**	**–**	**–**	**(0.9)**
Income from Canwest	**(12.0)**	**–**	**12.0**	**–**
Depreciation and amortization – Canwest Propane	**10.8**	**–**	**–**	**10.8**
Finance expense	**2.6**	**0.4**	**33.1**	**36.1**
Unrealized losses (gains) on derivative financial instruments	**(3.4)**	**–**	**(24.5)**	**(27.9)**
Transaction and other costs	**13.6**	**–**	**14.8**	**28.4**
Adjusted EBITDA	**99.1**	**90.9**	**(1.5)**	**188.5**

For the nine months ended September 30, 2016	Energy Distribution	Specialty Chemicals	Corporate	Total
Net earnings before income taxes	94.9	9.1	(7.1)	96.9
Add: Depreciation and amortization included in selling, distribution and administrative costs	43.2	–	0.3	43.5
Depreciation included in cost of sales	–	40.9	–	40.9
Realized losses on foreign currency hedging contracts	(0.1)	24.6	(24.5)	–
Loss on disposal of assets	(0.5)	0.5	–	–
Finance expense	2.2	0.3	66.9	69.4
Unrealized (gains) losses on derivative financial instruments	(32.1)	(0.5)	(92.9)	(125.5)
Transaction and other costs	–	–	19.6	19.6
Adjusted EBITDA	107.6	74.9	(37.7)	144.8

RECONCILIATION OF DIVISIONAL SEGMENTED REVENUE, COST OF SALES AND CASH OPERATING AND ADMINISTRATIVE COSTS INCLUDED IN THIS MD&A

	For the three months ended September 30, 2017		For the three months ended September 30, 2016	
(millions of dollars)	**Energy Distribution**	**Specialty Chemicals**	**Energy Distribution**	**Specialty Chemicals**
Revenue per financial statements	**305.1**	**158.7**	283.1	145.9
Foreign currency losses related to working capital	–	**(2.8)**	–	0.4
Realized losses on foreign currency hedging contracts	–	–	–	5.6
Revenue per the MD&A	**305.1**	**155.9**	283.1	151.9
Cost of sales per financial statements	**(228.1)**	**(103.8)**	(202.2)	(107.7)
Depreciation included in cost of sales	–	**12.4**	–	13.7
Realized losses (gains) on foreign currency hedging contracts	–	–	(0.1)	–
Cost of sales per the MD&A	**(228.1)**	**(91.4)**	(202.3)	(94.0)
Gross profit	**77.0**	**64.5**	80.8	57.9
Cash selling, distribution and administrative costs per financial statements	**(106.3)**	**(37.7)**	(90.3)	(32.4)
Depreciation and amortization	**15.1**	–	14.4	–
Gain/(loss) on disposal of assets	**(0.3)**	–	(1.0)	0.2
Income from Canwest Propane	**1.5**	–	–	–
Restructuring	**13.2**	–	–	–
Reclassification of foreign currency gains(losses) related to working capital	–	**2.8**	–	(0.4)
Cash operating and administrative costs per the MD&A	**(76.8)**	**(34.9)**	(76.9)	(32.6)
EBITDA from operations	**0.2**	**29.6**	3.9	25.3

RECONCILIATION OF DIVISIONAL SEGMENTED REVENUE, COST OF SALES AND CASH OPERATING AND ADMINISTRATIVE COSTS INCLUDED IN THIS MD&A

	For the nine months ended September 30, 2017		For the nine months ended September 30, 2016	
(millions of dollars)	**Energy Distribution**	**Specialty Chemicals**	Energy Distribution	Specialty Chemicals
Revenue per financial statements	**1,139.8**	**476.8**	1,010.0	430.6
Foreign currency losses related to working capital	**–**	**(5.2)**	–	(3.0)
Realized losses on foreign currency hedging contracts	**–**	**–**	–	24.6
Revenue per the MD&A	**1,139.8**	**471.6**	1,010.0	452.2
Cost of sales per financial statements	**(804.1)**	**(314.7)**	(661.4)	(316.4)
Depreciation included in cost of sales	**–**	**38.1**	–	40.9
Realized losses (gains) on foreign currency hedging contracts	**–**	**–**	(0.1)	–
Cost of sales per the MD&A	**(804.1)**	**(276.6)**	(661.5)	(275.5)
Gross profit	**335.7**	**195.0**	348.5	176.7
Cash selling, distribution and administrative costs per financial statements	**(293.0)**	**(109.3)**	(283.6)	(105.3)
Depreciation and amortization	**44.9**	**–**	43.2	–
(Gain)/loss on disposal of assets	**(0.9)**	**–**	(0.5)	0.5
Income from Canwest Propane	**(1.2)**	**–**	–	–
Transaction and restructuring costs	**13.6**	**–**	–	–
Reclassification of foreign currency losses related to working capital	**–**	**5.2**	–	3.0
Cash operating and administrative costs per the MD&A	**(236.6)**	**(104.1)**	(240.9)	(101.8)
EBITDA from operations	**99.1**	**90.9**	107.6	74.9

RISK FACTORS TO SUPERIOR

The risks factors and uncertainties detailed below are a summary of Superior's assessment of its material risk factors as detailed in Superior's 2016 Annual Information Form under "Risk Factors" which is filed on the Canadian Securities Administrators' website, www.sedar.com, and on Superior's website, www.superiorplus.com.

General risks to Superior are as follows:

Cash Dividends to Shareholders are Dependent on the Performance of Superior LP

Superior depends entirely on the operations and assets of Superior LP. Superior's ability to make dividend payments to its shareholders depends on Superior LP's ability to make distributions on its outstanding limited partnership units, as well as on the operations and business of Superior LP.

There is no assurance regarding the amount of cash to be distributed by Superior LP or generated by Superior LP and, therefore, there is no assurance regarding funds available for dividends to shareholders. The amount distributed in respect of the limited partnership units will depend on a variety of factors including, without limitation, the performance of Superior LP's operating businesses, the effect of acquisitions or dispositions on Superior LP, and other factors that may be beyond the control of Superior LP or Superior. In the event significant sustaining capital expenditures are required by Superior LP or the profitability of Superior LP declines, there would be a decrease in the amount of cash available for dividends to shareholders and such decrease could be material.

Superior's dividend policy and the distribution policy of Superior LP are subject to change at the discretion of the Board of Directors of Superior or the Board of Directors of Superior General Partner Inc., the general partner of Superior LP, as applicable. Superior's dividend policy and the distribution policy of Superior LP are also limited by contractual agreements including agreements with lenders to Superior and its affiliates and by restrictions under corporate law.

Additional Shares
If the Board of Directors of Superior decides to issue additional common shares, preferred shares or securities convertible into common shares, existing shareholders may suffer significant dilution.

Access to Capital
The credit facilities and U.S. notes of Superior LP contain covenants that require Superior LP to meet certain financial tests and that restrict, among other things, the ability of Superior LP to incur additional debt, dispose of assets or pay dividends/distributions in certain circumstances. These restrictions may preclude Superior LP from returning capital or making distributions on the limited partnership units.

The payout by Superior LP of substantially all of its available cash flow means that capital expenditures to fund growth opportunities can only be made in the event that other sources of financing are available. Lack of access to such additional financing could limit the future growth of the business of Superior LP and, over time, have a material adverse effect on the amount of cash available for dividends to shareholders.

To the extent that external sources of capital, including public and private markets, become limited or unavailable, Superior's and Superior LP's ability to make the necessary capital investments to maintain or expand the current business and to make necessary principal payments and debenture redemptions under its term credit facilities may be impaired.

Interest Rates
Superior maintains substantial floating interest rate exposure through a combination of floating interest rate borrowing and the use of derivative instruments. Demand levels for a significant portion of Energy Distribution' sales and substantially all of Specialty Chemicals' sales are affected by general economic trends. Generally speaking, when the economy is strong, interest rates increase, as does demand from Superior's customers, thereby increasing Superior's sales and its ability to pay higher interest costs, and vice-versa. In this way, there is a common relationship among economic activity levels, interest rates and Superior's ability to pay higher or lower rates. Increased interest rates, however, will affect Superior's borrowing costs, which may have an adverse effect on Superior.

Foreign Exchange Risk
A portion of Superior's net cash flow is denominated in U.S. dollars. Accordingly, fluctuations in the Canadian/U.S. dollar exchange rate can impact profitability. Superior attempts to mitigate this risk with derivative financial instruments.

Changes in Legislation and Expected Tax Profile
There can be no assurance that income tax laws in the numerous jurisdictions in which Superior operates will not be changed, interpreted or administered in a manner which adversely affects Superior and its shareholders. In addition, there can be no assurance that the CRA (or a provincial tax agency), the U.S. Internal Revenue Service (or a state or local tax agency), the Chilean Internal Revenue Service or the Luxembourg Tax Authorities (collectively, the "Tax Agencies") will agree with how Superior calculates its income for tax purposes or that these various tax agencies reference herein will not change their administrative practices to the detriment of Superior or its shareholders.

Acquisitions
Pursuant to the terms of the agreements providing for the purchase of assets or businesses, Superior has been and will continue to be provided with certain representations, warranties and indemnities from the respective vendors subject to certain applicable limitations and thresholds and will conduct due diligence prior to completion of such

acquisitions. However, if such representations and warranties are inaccurate or limited in applicability or if any liabilities that are discovered exceed such limits or are not covered by the representations, warranties or indemnities, or the applicable vendors default in their obligations or if certain liabilities are not identified in such agreements, Superior could become liable for any such liabilities which may have an adverse effect on Superior. In addition, there may be liabilities or risks that were not discovered in such due diligence investigations which could have an adverse effect on Superior.

Acquiring complementary businesses is often required to optimally execute our business strategy. Distribution systems, technologies, key personnel or businesses of companies we acquire may not be effectively assimilated into our business, or our alliances may not be successful. There is also no assurance regarding the completion of a planned acquisition as Superior may be unable to obtain shareholder approval for a planned acquisition or Superior may be unable to obtain government and regulatory approvals required for a planned acquisition, or required government and regulatory approvals may result in delays. There may be penalties associated with not completing a planned acquisition. We also may not be able to successfully complete certain divestitures on satisfactory terms, if at all. Divestitures may reduce Superior’s total revenues and net earnings by more than the sales price.

Canwest Acquisition
On September 27, 2017, Superior achieved regulatory approval receiving a no-action letter from the Competition Bureau. In a consent agreement registered September 27, 2017, Superior agreed to divest 5 local branches and 9 satellite locations from the combined Superior Propane and Canwest Propane footprint. The estimated impact from the required divestitures is less than 5% of the Canwest retail propane volumes and Adjusted EBITDA based on the trailing twelve months ended June 30, 2017.

A variety of factors may adversely affect Superior's ability to achieve the anticipated benefits of the acquisition. A failure to realize the anticipated benefits of the acquisition, including but not limited to, the anticipated synergies associated with the acquisition and included within the assumptions relating to expected accretion, could have a material adverse effect on Superior's business, financial condition, operations, assets or future prospects.

Superior will compete with other potential employers for employees, and it may not be successful in keeping the services of the executives and other employees that it needs to realize the anticipated benefits of the acquisition. Superior LP’s failure to retain key personnel to remain as part of the management team of Canwest in the period following the Acquisition could have a material adverse effect on the business and operations of Superior.

Integrating Canwest’s operations with Superior’s existing business will be a complex, time consuming and a costly process. Failure to successfully integrate Canwest and its operations in a timely manner may have a material adverse effect on Superior’s business, results of operations, cash flows and financial position. The difficulties of integrating Canwest include, but are not limited to, coordinating geographically disparate organizations, systems and facilities, adapting to additional regulatory and other legal requirements, integrating corporate, technological and administrative function and employment and compensation policies and practices, and diverting management’s attention from other business concerns.

Information Technology and Cyber Security

Superior utilizes a number of information technology systems for the management of its business and the operation of its facilities. The reliability and security of these systems is critical. If the functionality of these systems is interrupted or fails and cannot be restored quickly, or if the technologies are no longer supported, Superior's ability to operate its facilities and conduct its business could be compromised. Superior has continued to mature its approach to technology planning. Superior continually assesses and monitors its cyber security risk. In an effort to mitigate such risks, Superior has employed a fully managed third party cyber security service that deploys industry leading technology, conducted comprehensive employee training and utilizes monitoring software to protect its systems.

Although the technology systems Superior utilizes are intended to be secure and Superior has employed various methods to mitigate cyber risks, there is still a risk that an unauthorized third party could access the systems. Such a security breach could lead to a number of adverse consequences, including but not limited to, the unavailability, disruption or loss of key functionalities within Superior's control systems and the unauthorized disclosure, corruption or loss of sensitive company, customer or personal information. Superior attempts to prevent such breaches through the implementation of various technology security measures, segregation of control systems from its general business network, engaging skilled consultants and employees to manage Superior's technology applications, conducting periodic audits and adopting policies and procedures as appropriate.

To date, Superior has not been subject to a cyber-security breach that has resulted in a material impact on its business or operations; however, there is no guarantee that the measures it takes to protect its business systems and operational control systems will be effective in protecting against a breach in the future.

RISKS TO SUPERIOR'S SEGMENTS

Risks associated with the Energy Distribution business are set out below. Canwest, being in the same industry as Superior Propane, is subject to similar risks to those described below.

Canadian Propane Distribution and U.S. Refined Fuels

Competition

Propane is sold in competition with other energy sources such as fuel oil, electricity and natural gas, some of which are less costly on an energy-equivalent basis. While propane is usually more cost-effective than electricity, electricity is a major competitor in most areas. Fuel oil is also used as a residential, commercial and industrial source of heat and, in general, is less costly on an equivalent-energy basis, although operating efficiencies, environmental and air quality factors help make propane competitive with fuel oil. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas with natural gas service. Other alternative energy sources such as compressed natural gas, methanol and ethanol are available or could be further developed and could have an impact on the future of the propane industry in general and Canadian propane distribution in particular. The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane demand and Canadian Propane Distribution's sales. Increases in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand. Propane commodity prices are affected by crude oil and natural gas commodity prices.

Automotive propane demand depends on propane pricing, the market's acceptance of propane conversion options and the availability of infrastructure. Superior Propane has strategic partnerships with companies focused on after-market conversion technologies. This segment has been impacted by the development of more fuel efficient and complicated engines which increase the cost of converting engines to propane and reduce the savings per kilometre driven.

Competition in the U.S. refined fuels business' markets generally occurs on a local basis between large, full-service, multi-state marketers and smaller, independent local marketers. Marketers primarily compete based on price and service and tend to operate in close proximity to customers, typically within a 35-mile marketing radius from a central depot, in order to minimize delivery costs and provide prompt service.

Volume Variability, Weather Conditions and Economic Demand
Weather, general economic conditions and the volatility in the cost of propane affect propane market volumes. Weather influences the demand for propane, primarily for home and facility heating uses and also for agricultural applications, such as crop drying.

Harsh weather can create conditions that exacerbate demand for propane, impede the transportation and delivery of propane, or restrict the ability for Superior to obtain propane from its suppliers. Such conditions may also increase Superior's operating costs and may reduce customers' demand for propane, any of which may have an adverse effect on Superior. Conversely, low prices tend to make customers less price sensitive and less focused on their amount of consumption.

Spikes in demand caused by weather or other factors can stress the supply chain and hamper Superior's ability to obtain additional quantities of propane. Transportation providers (rail and truck) have limited ability to provide resources in times of extreme peak demand. Changes in propane supply costs are normally passed through to customers, but timing lags (between when Superior purchases the propane and when the customer purchases the propane) may result in positive or negative gross margin fluctuations.

For USRF, demand from end-use heating applications is predictable. However, weather and general economic conditions affect distillates and propane market volumes. Weather influences the immediate demand, primarily for heating, while longer-term demand declines due to economic conditions as customers' trend towards conservation and supplement heating with alternative sources such as wood pellets.

Demand, Supply and Pricing
Superior offers its customers various fixed-price propane and heating oil programs. In order to mitigate the price risk from offering these services, Superior uses its physical inventory position, supplemented by forward commodity transactions with various third parties having terms and volumes substantially the same as its customers' contracts. In periods of high propane price volatility the fixed-price programs create exposure to over or under-supply positions as the demand from customers may significantly exceed or fall short of supply procured. In addition, if propane prices decline significantly subsequent to customers signing up for a fixed-price program, there is a risk that customers will default on their commitments.

Health, Safety and Environment
Superior's operations are subject to the risks associated with handling, storing and transporting propane in bulk. To mitigate risks, Superior has established a comprehensive environmental, health and safety protection program. It consists of an environmental policy, codes of practice, periodic self-audits, employee training, quarterly and annual reporting and emergency prevention and response.

The U.S. refined fuels business, through a centralized safety and environment management system, ensures that safety practices and regulatory compliance are an important part of its business. The storage and delivery of refined fuels pose the risk of spills which could adversely affect the soil and water of storage facilities and customer properties.

Superior's fuel distribution businesses are based and operate in Canada and the United States and, as a result, such operations could be affected by changes to laws, rules or policies which could either be more favourable to competing energy sources or increase compliance costs or otherwise negatively affect the operations of Energy Distribution in comparison with such competing energy sources. Any such changes could have an adverse effect on the operations of Energy Distribution.

Employee and Labour Relations
Approximately 15% of Superior's Canadian propane distribution business employees and 4% of U.S. refined fuels distribution business employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the renegotiation process that could have an adverse impact on Superior.

Specialty Chemicals

Risks associated with the Specialty Chemicals business are as follows:

Competition
Specialty Chemicals competes with sodium chlorate, chlor-alkali and potassium producers on a worldwide basis. Key competitive factors include price, product quality, logistics capability, reliability of supply, technical capability and service. The end-use markets for products are correlated to the general economic environment and the competitiveness of customers, all of which are outside of the segment's control, along with market pricing for pulp.

Supply Arrangements
Specialty Chemicals has long-term electricity contracts or electricity contracts that renew automatically with power producers in each of the jurisdictions where its plants are located. There is no assurance that Specialty Chemicals will remain able to secure adequate supplies of electricity at reasonable prices or on acceptable terms.

Potassium chloride (KCl) is a major raw material used in the production of potassium hydroxide at the Port Edwards, Wisconsin facility. Substantially all of Specialty Chemicals' KCl is received from Potash Corporation of Saskatchewan. Specialty Chemicals has limited ability to source KCl from additional suppliers.

Foreign Currency Exchange
Specialty Chemicals is exposed to fluctuations in the U.S. dollar and the euro versus the Canadian dollar. Specialty Chemicals manages its exposure to fluctuations between the U.S. dollar and Canadian dollar by entering into hedge contracts with external third parties and internally with other Superior businesses.

Health, Safety and Environment
Specialty Chemicals' operations involve the handling, production, transportation, treatment and disposal of materials that are classified as hazardous and are regulated by environmental, health and safety laws, regulations and requirements. There is potential for the release of highly toxic and lethal substances, including chlorine from a facility or transportation equipment. Equipment failure could result in damage to facilities, death or injury and liabilities to third parties. If at any time the appropriate regulatory authorities deem any of the segment's facilities unsafe, they may order that such facilities be shut down.

Regulatory
Specialty Chemicals' operations and activities in various jurisdictions require regulatory approval for the handling, production, transportation and disposal of chemical products and waste substances. The failure to obtain or comply fully with such applicable regulatory approval may materially adversely affect Specialty Chemicals.

Manufacturing and Production
Specialty Chemicals' production facilities maintain complex process and electrical equipment. The facilities have existed for many years and undergone upgrades and improvements. Routine maintenance is regularly completed to ensure equipment is operated within appropriate engineering and technical requirements. Notwithstanding Specialty Chemicals' operating standards and history of limited downtime, breakdown of electrical transformer or rectifier equipment would temporarily reduce production at the affected facility. Although the segment has insurance to mitigate substantial loss due to equipment outage, Specialty Chemicals' reputation and its ability to meet customer requirements could be harmed by a major electrical equipment failure.

Employee and Labour Relations
Approximately 28% of Specialty Chemicals' employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the negotiation process that could have an adverse impact on Superior.