Superior Plus

2015
ANNUAL REPORT

FINANCIAL RESULTS

(millions of dollars)	2015	2014
Revenues	3,314.6	3,975.9
Gross profit	914.0	922.1
EBITDA from operations (1)	335.2	325.9
Adjusted operating cash flow before restructuring and other costs (1)	217.2	238.7
Adjusted operating cash flow after restructuring and other costs (1)	207.2	227.4
Net earnings	26.5	56.9
Dividends paid	92.8	77.0
(dollar per basic share except shares outstanding)		
EBITDA from operations (1)	2.60	2.58
Adjusted operating cash flow before restructuring and other costs (1)	1.68	1.89
Adjusted operating cash flow after restructuring and other costs (1)	1.61	1.80
Net earnings	0.20	0.45
Dividends paid per share	0.72	0.62
Weighted average shares outstanding (millions)	129.0	126.2

FINANCIAL POSITION

(millions of dollars)	2015	2014
Total assets	2,142.9	2,114.9
Total liabilities	1,429.2	1,564.5
Net capital expenditures	94.5	85.3
Senior debt (2)	425.6	333.2
Total debt (2)	872.6	1,027.4
Senior debt/Compliance EBITDA (3)	1.6x	1.2x
Total debt/Compliance EBITDA (3) before restructuring and other costs	3.2x	3.5x
Total debt/Compliance EBITDA (3) after restructuring costs	3.4x	3.6x

(1) Earnings before interest, taxes, depreciation and amortization (EBITDA), EBITDA from operations and adjusted operating cash flow (AOCF) are not recognized financial measures under International Financial Reporting Standards (IFRS). See "Non-GAAP Financial Measures" in Superior's Management's Discussion and Analysis (MD&A) for additional details.

(2) Senior debt and total debt are stated before deferred issue costs.

(3) See Superior's MD&A for additional details and Superior's Audited Consolidated Financial Statements for the calculation of Compliance EBITDA.

CONTENTS

IFC Performance Highlights
1 President's Message
4 Management Team
5 Board of Directors
6 Corporate Governance

8 Management's Discussion and Analysis
49 Management's Report
50 Independent Auditor's Report
51 Consolidated Financial Statements
55 Notes to the Consolidated
110 Selected Historical Information
111 Businesses
112 Corporate Information
IBC Shareholder Information

PRESIDENT'S MESSAGE

We remain committed to advancing the long-term sustainability of our businesses as opposed to focusing merely on short-term and/or one-time financial gains which, while useful, do not deliver sustainable improvements."

2015 was a year of progress and accomplishments for Superior while also presenting us with many challenges. Superior recorded adjusted operating cash flow of $1.68 per share in 2015 compared to $1.89 per share in the prior year. This was at the lower end of our 2015 financial outlook and was mainly due to warmer-than-expected average temperatures in the fourth quarter, which led to reduced propane and heating oil sales volumes. We had already factored the expected effects of lower crude oil prices and a weaker Canadian dollar into our guidance. Superior continued with its focus on reducing leverage throughout 2015 and we succeeded in lowering the ratio of total debt to EBITDA to 3.2X at December 31, 2015 from 3.5X at December 31, 2014. This is a significant accomplishment considering the year-over-year reduction in EBITDA.

Despite the difficult operating environment, I'm happy with the significant progress we made in key areas in 2015. Not only were we able to announce the highly-strategic and potentially transformative acquisition of Canexus Corporation (Canexus), but we also advanced a number of important operational and financial initiatives. Unfortunately, the combination of tough overall business conditions throughout the year and unseasonably warm weather in the fourth quarter more than offset the short-term benefits of these initiatives. The ongoing weakness in the price of crude oil reduced oil field sales volumes in our Energy Services business and hydrochloric acid sales volumes in our Specialty Chemicals business. The resulting short-term headwinds reduced our financial performance but did not prevent us from continuing to improve the day-to-day operations across all of our businesses. We remain committed to advancing the long-term sustainability of our businesses as opposed to focusing merely on short-term and/or one-time financial gains which do not deliver sustainable improvements over the longer-term.

> I am very pleased to be able to report that each of the Destination 2015 objectives we set has either been accomplished or will be in 2016."

The significant fall in the price of crude oil that began in late 2014 and continued throughout 2015 created economic instability in Canada and many regions of the global economy. Not only did the reduced crude oil prices dampen economic growth in Canada and the United States, it also greatly weakened the Canadian dollar versus the U.S. dollar. Similarly to the fall in crude prices, the rapid appreciation of the U.S. dollar created significant short-term challenges for many businesses in North America. Superior's businesses were not immune and our reduced results in 2015 are directly related to these economic challenges.

Despite our lower financial results, the fundamentals within our businesses remain strong and we delivered many operational improvements. Areas of continued focus and improvement in 2015 included:

- Completion of our Destination 2015 objectives, providing Superior with an improved operational foundation, particularly in our Energy Services business;
- Launching Evolution 2020, which provides Superior with the road map for ongoing operational and financial success, including acquisitions;
- Ongoing implementation of the integrated ERP system in the Construction Products Distribution business, which will allow us to procure and price our products more efficiently; and
- Successful relocation of our corporate office from Calgary, Alberta to Toronto, Ontario in the second half of 2015.

Destination 2015 to Evolution 2020

In 2012 we launched Destination 2015 as part of transforming each of Superior's businesses into a best-in-class organization. Destination 2015 was launched to provide Superior with a sound base from which our businesses could grow while removing inefficiencies and waste from our processes. Its cornerstone was developing a culture of continuous improvement throughout our organization. I am very pleased to be able to report that each of the Destination 2015 objectives we set has either been accomplished or will be in 2016.

In 2012, I highlighted that Destination 2015 was about more than generating short-term financial improvements. Our focus was not to cut costs for the sake of cutting costs, which would more than likely jeopardize the long-term health of our businesses. Our goal was to sustainably improve our cost structure while preserving or enhancing the solidity of each business. The improvements to our cost structure would take time and the savings would be realized once the operational improvements had been fully implemented. I am happy to report that the cost structure improvements have been achieved, particularly within our Energy Services business. As a consequence, our businesses have also delivered cost reductions while improving their day-to-day operations and their customer focus.

As we focus our efforts on executing Evolution 2020, the need for continuous improvement has never been more important. It is through ongoing day-to-day improvements that we will continue to improve our cost structure, but more importantly, these improvements will provide us with a strong operational platform for the long-term. The foundation we have built through the successful completion of our Destination 2015 initiatives will allow us to continue to develop both internal and external sales growth as well as execute and integrate tuck-in acquisitions.

Acquisition of Canexus Corporation

On October 6, 2015, Superior announced the acquisition of Canexus by way of an all-share transaction valued at $932 million. In December 2015, Canexus' shareholders voted 99.2 percent in favour of the acquisition. We expect that the transaction will close in the first half of 2016, subject to obtaining the necessary regulatory approvals. The acquisition of Canexus will be financially accretive to Superior's shareholders and operationally transformative for Superior. Canexus' portfolio of sodium chlorate and chloralkali assets in Canada and Brazil is an exceptional complement to Superior's portfolio of chemical facilities in North America and Chile. The increased scope and scale of our chemicals operation will allow us to operate more efficiently and better service our customers while providing us with a larger platform from which to capture future growth opportunities.

Our top priority in 2016 is to ensure the successful closing and integration of Canexus. We will be intently focused on ensuring that we realize the anticipated $35 million in annual cost synergies over the next three years as we successfully integrate the businesses. Our recent track record in executing initiatives has been excellent, and I have no doubt that we will manage the closing and integration of Canexus to the high standard that we have set for ourselves and that our shareholders expect.

Summary

Despite the uncertain business environment we are facing in 2016, I am excited about the prospects of Superior for this year and beyond. The success of the Destination 2015 initiatives and the launch of the Evolution 2020 initiatives will ensure that we have a solid foundation from which to grow combined with a culture which expects and rewards continuous improvement. For this year, we will remain tightly focused on our key priorities. As I look forward into 2017 and beyond, however, I see tremendous opportunities for Superior. The impact of the acquisition of Canexus, tailwinds from a weaker Canadian dollar, the benefits generated by the Evolution 2020 initiatives, and the potential for add-on acquisitions will drive Superior onto its next wave of operational and financial successes.

Acknowledgements

Let me take this occasion to thank each of Superior's 4,500 employees for your hard work, dedication and commitment to your respective businesses. The success of Superior would not be possible without you. We will continue to nurture a culture in which every employee matters and makes a difference.

On behalf of the entire organization, I would like to thank our shareholders and other security holders for your continued support and confidence in Superior. I would also like to thank the former employees of Superior's previous corporate office located in Calgary, Alberta. In 2015 the corporate office was relocated to Toronto, Ontario to be closer to our operating divisions. The professionalism and commitment of our Calgary team during the transition contributed greatly to the success of the relocation.

On behalf of the Board of Directors,

Luc Desjardins
President and Chief Executive Officer
February 18, 2016

MANAGEMENT TEAM

Luc Desjardins

President And Chief Executive Officer

Mr. Desjardins joined Superior Plus as President and Chief Executive Officer in 2011. Prior to joining Superior Plus, Mr. Desjardins was a partner of the Sterling Group LLP, a private equity firm. Mr. Desjardins also served as President and Chief Executive Officer at Transcontinental Inc. from 2004 to 2008 and Chief Operating Officer from 2000 to 2004. Mr. Desjardins holds a Masters of Business Administration degree from the University of Quebec and has taken the Harvard Business School Management Development Program.

Beth Summers

VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Ms. Summers joined Superior Plus in November 2015. Prior to joining Superior, Ms. Summers served as Chief Financial Officer of Ontario Power Generation. Prior to that, Ms. Summers was the Chief Financial Officer of Just Energy Group Inc. Ms. Summers has also held many senior executive and management positions focusing on strategy, financing, mergers and acquisitions, tax planning, compliance, risk management, treasury and supply chain operations. Beth is a Chartered Professional Accountant (CPA, CA), and obtained a Bachelor of Business Administration degree from Wilfrid Laurier University.

Darren Hribar

CHIEF LEGAL OFFICER AND GENERAL COUNSEL

Mr. Hribar joined Superior Plus as Chief Legal Officer and General Counsel in 2015. He previously was a partner with Norton Rose Fulbright Canada LLP, an international legal practice. Mr. Hribar holds a Bachelor of Arts, Political Science (Distinction) from University of Lethbridge and an LLB from the University of Alberta. He was admitted to the Alberta bar in 1997.

John Engelen

VICE PRESIDENT, MERGERS AND ACQUISITIONS

Mr. Engelen joined the Superior Plus office in July 2015 after transferring from Superior's Specialty Chemicals division – ERCO Worldwide. Mr. Engelen joined ERCO in July 1993 and has held various progressive positions including Vice President and General Manager Chlor-alkali, Vice President and General Manager Sodium Chlorate, Vice President Business Development and Strategy, and Vice President of Finance. Mr. Engelen's experience includes oversight of chemical operations, customer sales and marketing, customer service and transportation, financing, risk management, treasury as well as mergers and acquisitions. John is a Chartered Professional Accountant (CPA, CA), and obtained his Honors Bachelor of Commerce degree from McMaster University.

Greg L. Mccamus

PRESIDENT, ENERGY SERVICES AND SUPERIOR PROPANE

Mr. McCamus joined Superior Energy Management as President in 2005 before being appointed President, Energy Services and Superior Propane in 2012. He previously was President of Sprint Canada Business Solutions and held various executive positions within the deregulated telecom industry over a 20-year period. He holds B.A. and MBA designations.

Ed Bechberger

PRESIDENT, SPECIALTY CHEMICALS

Mr. Bechberger joined the Speciality Chemicals Division (ERCO Worldwide) in 1980 and has held various progressive positions including Senior Vice President Sales and Operations, Vice President & General Manager, Chloralkali Business, Vice President Business Development, Vice President & General Manager Global Pulp and Paper, and numerous manager and technical roles. He has commissioned over 30 chlorine dioxide chemical plants around the world. Inventor on 14 patents and has presented several papers at Pulp and Paper industry conferences around the world. Mr. Bechberger holds a Bachelor of Technology in Chemical Engineering.

Shawn B. Vammen

SENIOR VICE PRESIDENT, SUPERIOR GAS LIQUIDS

Mr. Vammen joined Superior Gas Liquids in 2008. With over 20 years of experience in the natural gas liquids industry, Mr. Vammen has held positions of increasing responsibility at Mobil Oil Canada, Gibson Energy, and Sempra Energy Trading. He was Vice President, Supply and Marketing at Superior Gas Liquids from 2010 to 2014, prior to moving into his current position. Mr. Vammen holds a B.Comm. degree from the University of Alberta.

Michael Farrell

PRESIDENT, CONSTRUCTION PRODUCTS DISTRIBUTION

Mr. Farrell joined the Construction Products Distribution business in 2014. Mr. Farrell has over twenty-five years of progressively senior leadership roles in a variety of businesses, including construction products, communications and banking. Mr. Farrell was previously President and Chief Executive Officer of Roofing Supply Group LLC (RSG), the fourth largest wholesale distributor of roofing supplies in the United States. Mr. Farrell holds a Bachelor of Science from the University of Illinois and an MBA from DePaul University.

Keith Wrisley

PRESIDENT, U.S. REFINED FUELS

Mr. Wrisley joined Superior in 2009 as Director, U.S. Operations and was subsequently named President, USRF in June of 2012. Mr. Wrisley has held various executive positions within the energy sector over the past 25 years, most recently with Sunoco. Mr. Wrisley is a graduate of the State University of New York and the Leadership Philadelphia program.

BOARD OF DIRECTORS

David P. Smith (2)(3)

Chairman of the Board of Directors of Superior Plus Corp.; Director since 1998; corporate director; former Managing Partner of Enterprise Capital Management Inc.

Richard C. Bradeen (1)(3)

Director since 2015; former Senior Vice President of Bombardier Inc.; former President, Corporate Finance group at Ernst & Young in Toronto.

Catherine (Kay) Best (1)(4)

Director since 2007; corporate director and consultant; former Executive Vice President, Risk Management and Chief Financial Officer of the Calgary Health Region; previous partner with Ernst & Young; Director of Canadian Natural Resources Limited, AltaGas Ltd. and Aston Hill Financial Inc.

Walentin (Val) Mirosh (3)(4)

Director since 2007; Corporate Director and President of Mircan Resources Ltd.; former Vice President and Special Advisor to the President and COO of Nova Chemicals Corp.; former Partner at Macleod Dixon LLP; Director of TC Pipelines, LP and Murphy Oil Corporation.

Luc Desjardins

President and Chief Executive Officer of Superior since November 14, 2011; previous partner, Sterling Group, a private equity firm; CEO, Transcontinental Inc., from 2004 to 2008, and President and COO from 2000 to 2004; Director of CIBC, a Canadian chartered bank.

Mary Jordan (2)(3)

Director since May 2014; Corporate Director; former senior executive in the airline industry; Chair of the Board of the Vancouver International Airport Authority; director of Coast Capital Savings Credit Union and Timberwest Forest Corp.

Robert J. Engbloom, Q.C. (2)

Director since 1996; Partner and former Deputy Chair of Norton Rose Fulbright Canada LLP, formerly Macleod Dixon LLP; Director of Parex Resources Inc.

Eugene V.N. Bissell (1)(4)

Director since May 2014; Corporate Director; former Chief Executive Officer and Director of AmeriGas, Propane LP.

Randall J. Findlay (2)(4)

Director since 2007; Corporate Director; Past President of Provident Energy; Director of Pembina Pipelines Corporation, HNZ Group Inc., Whitemud Resources Inc., and Spyglass Resources Inc.

Douglas Harrison (1)(4)

Director since July 2015; President and Chief Executive Officer of VersaCold Logistics Services. Director of Mohawk College and the Technical Standards and Safety Authority.

Committees

(1) Audit Committee (2) Governance and Nominating Committee (3) Compensation Committee (4) Healthy, Safety and Environment

CORPORATE GOVERNANCE

Good governance involves all employees

Superior has earned a well-deserved reputation for honesty, integrity and maintaining a high standard of business conduct. Established and well-respected governance practices are essential to helping us maintain that reputation. It is the duty of our Board of Directors (the Board) and Senior Management to ensure that these governance practices are followed. One of Superior's core principles is to be socially responsible and lawful in all of our business dealings and operations. As such, we expect and demand that all of our employees understand and comply with all laws and corporate policies that are relevant to their responsibilities, that they abide by our company's principles and values and are good ambassadors for our company and industry in all dealings with our different stakeholders.

Superior has formally adopted corporate governance policies and guidelines that demonstrate the company's commitment to maintaining a high standard of honesty, integrity and governance. All directors, officers and employees of Superior must act in accordance with our Code of Business Conduct and Ethics (the Code). Our Code defines and summarizes what we expect of our businesses and people regardless of location or background. It provides both guidance in key areas and links to more detailed standards, policies, instructions and processes for further direction. While the Code establishes principles for business conduct that are applicable throughout the company, regardless of location, each of our employees is accountable for knowing and following the laws that apply to them where they work. Where differences exist as the result of local customs, norms, laws or regulations, our employees must apply either the Code or local requirements – whichever sets the highest standard of behaviour. As a minimum, we expect all of our employees to hold themselves to the highest standards of ethics, integrity, openness and accountability in the way they conduct business.

Our governance policies are forward-looking and our leadership team is committed to constantly evaluating and modifying these policies to ensure their effectiveness as our company continues to grow.

The Board has general authority over Superior's business and affairs. The Board's fundamental objectives are to enhance Superior's investments and ensure that Superior and its businesses meet their obligations and that management operates the underlying businesses of Superior in a responsible, reliable and safe manner while adhering to effective and sound governance practices. The Board works directly with Senior Management to identify business risks and to oversee the appropriate strategies to maximize shareholder value, while exercising oversight of the company's compliance and governance practices.

The Board is comprised of ten members, nine of whom are independent, including the Chairman. Luc Desjardins is not considered to be independent as he is the President and Chief Executive Officer. Each of the roles of Chairman and President and Chief Executive Officer are set out in a position description, and the responsibilities of the Board are set forth in a written mandate of the Board, each of which the Board reviews annually and changes as appropriate.

To assist the Board with its fiduciary responsibilities, the Board is supported by an Audit Committee, a Compensation Committee, a Governance and Nominating Committee, and a Health, Safety and Environment Committee. Each committee has a mandate that sets out its duties and responsibilities and each committee chair has a position description. Each committee makes regular reports to the Board. The Board reviews Superior's policies upon the recommendation of the Governance and Nominating Committee. Each of Superior's businesses also maintains appropriate programs and standards pertaining to compliance quality, health and safety, while being committed to environmental and social responsibility and support for its local communities. These and other programs are also overseen by the Board and its committees.

For complete information on our corporate governance practices, please read our 2015 Information Circular. All Committee mandates, our Code of Business Conduct and Ethics and our corporate governance policies are available at www.superiorplus.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) is a review of the financial performance and position of Superior Plus Corp. (Superior) as at December 31, 2015 and for the years ended December 31, 2015 and 2014. The information in this MD&A is current to February 18, 2016. This MD&A should be read in conjunction with Superior's audited consolidated financial statements and notes thereto as at and for the years ended December 31, 2015 and 2014.

The accompanying audited consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's audited consolidated financial statements as at and for the years ended December 31, 2015 and 2014 were prepared using generally accepted accounting principles (GAAP) in accordance with *International Financial Reporting Standards* (IFRS). Dollar amounts in this MD&A are expressed in Canadian dollars and millions except where otherwise noted. All tables and graphs are for the 12 months ended December 31 of the year indicated, unless otherwise stated.

Overview of Superior

Superior is a diversified business corporation. Superior holds 99.9% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. (Superior GP) as general partner and Superior as limited partner. Superior owns 100% of the shares of Superior GP and Superior GP holds 0.1% of Superior LP. The cash flow of Superior is solely dependent on the results of Superior LP and is derived from the allocation of Superior LP's income to Superior by means of partnership allocations. Superior, through its ownership of Superior LP and Superior GP, has three operating segments: the Energy Services segment, which includes a Canadian propane distribution business, a U.S. refined fuels distribution business, a fixed-price energy services business and a supply portfolio management business; the Specialty Chemicals segment; and the Construction Products Distribution segment.

Financial Overview

Summary of Adjusted Operating Cash Flow

(millions of dollars except per share amounts)	2015	2014
Revenue	**3,314.6**	3,975.9
Gross profit	**914.0**	922.1
EBITDA from operations [1][2]	**335.2**	325.9
Interest expense	**(47.1)**	(48.0)
Cash income tax expense	**(2.1)**	(1.7)
Corporate costs	**(16.5)**	(20.0)
Realized gains (losses) on foreign currency hedging contracts [2]	**(52.3)**	(17.5)
Adjusted operating cash flow before restructuring and other costs [1]	**217.2**	238.7
Restructuring and other costs [3]	**(10.0)**	(11.3)
Adjusted operating cash flow [1]	**207.2**	227.4
Adjusted operating cash flow per share before restructuring and other costs, basic [1][4]	**$1.68**	$1.89
Adjusted operating cash flow per share before restructuring and other costs, diluted [1][4][5]	**$1.68**	$1.84
Adjusted operating cash flow per share, basic [1][4]	**$1.61**	$1.80
Adjusted operating cash flow per share, diluted [1][4][5]	**$1.61**	$1.75
Dividends paid per share	**$0.72**	$0.62

(1) Earnings before interest, taxes, depreciation and amortization (EBITDA) from operations and adjusted operating cash flow (AOCF) are not GAAP measures. See "Non-GAAP Measures".

(2) EBITDA from operations excludes realized gains (losses) from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

(3) Restructuring and other costs includes $4.6 million in costs related to the corporate office relocation and $5.4 million in costs related to the acquisition of Canexus (Canexus Acquisition) for the year ended December 31, 2015, and includes $11.3 million of restructuring costs for the year ended December 31, 2014. See "Non-GAAP Restructuring and Other Costs" for further details.

(4) The weighted average number of shares outstanding for the year ended December 31, 2015, is 129.0 million (2014 – 126.2 million).

(5) There were no dilutive instruments with respect to AOCF per share for the year ended December 31, 2015. For the year ended December 31, 2014, the dilutive impact of the 7.50%, October 31, 2016 convertible debentures was 6.6 million shares (132.8 million total shares on a dilutive basis) with a resulting impact on AOCF before restructuring and other costs of $5.6 million ($244.3 million total on a dilutive basis) and on AOCF of $5.6 million ($233.0 million total on a dilutive basis).

Comparable GAAP Financial Information [1]

(millions of dollars except per share amounts)	2015	2014
Net earnings	**26.5**	56.9
Net earnings per share basic	**$0.20**	$0.45
Net earnings per share diluted	**$0.20**	$0.41
Net cash flows from operating activities	**339.5**	292.1
Net cash flows from operating activities per share basic	**$2.64**	$2.31
Net cash flows from operating activities per share diluted	**$2.64**	$2.24

(1) See "Non-GAAP Financial Measures".

Segmented Information

(millions of dollars)	2015	2014
EBITDA from operations [1]:		
Energy Services	**169.9**	166.3
Specialty Chemicals	**117.4**	123.6
Construction Products Distribution (CPD)	**47.9**	36.0
	335.2	325.9

(1) EBITDA from operations excludes realized gains (losses) from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation. See "Non-GAAP Financial Measures"

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

(millions of dollars)	2015	2014
Net cash flow from operating activities	**339.5**	292.1
Add (Deduct):		
Non-cash interest expense	**13.6**	6.3
Decrease in non-cash working capital	**(87.5)**	(16.6)
Cash income tax expense	**(2.1)**	(1.7)
Finance expense recognized in net earnings	**(56.3)**	(52.7)
Adjusted Operating Cash Flow [2]	**207.2**	227.4

(1) See "Non-GAAP Financial Measures".

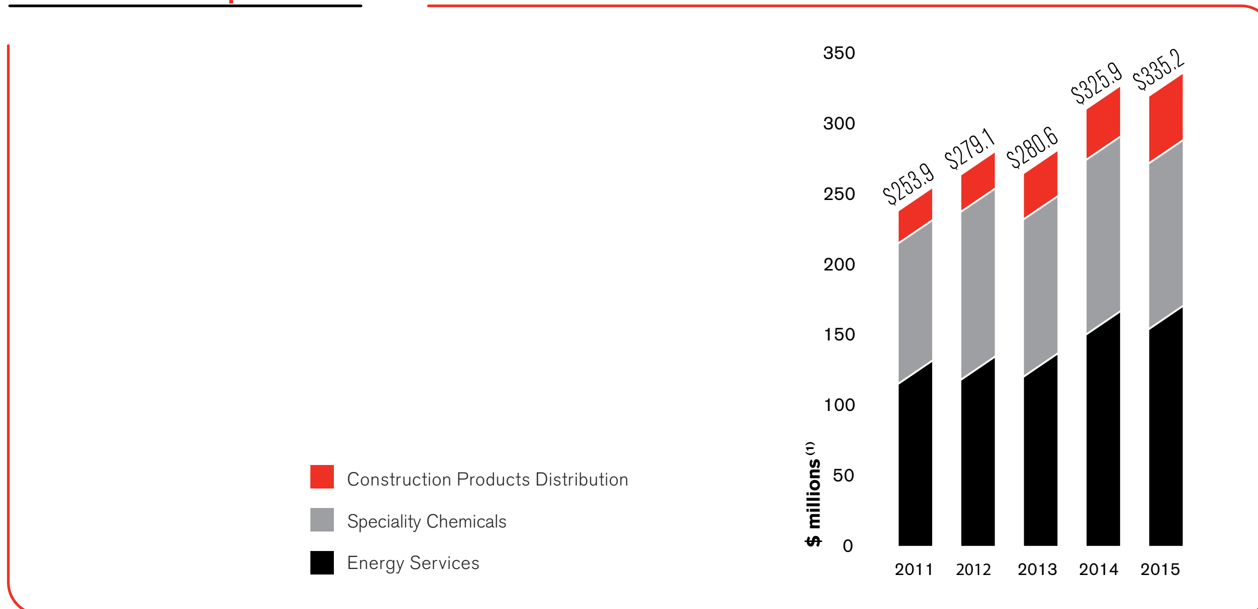
(2) See the audited consolidated financial statements for net cash flow from operating activities and changes in non-cash working capital.

Adjusted operating cash flow (AOCF) before restructuring and other costs for the year ended December 31, 2015 was $217.2 million, a decrease of $21.5 million or 9% from the prior year AOCF of $238.7 million, inclusive of the foreign exchange hedging program. EBITDA from operations at Specialty Chemicals decreased primarily related to lower North American pulp mill customer demand, lower export shipments and lower chlor-alkali sales volumes as a result of the slowdown in the oil and gas industry, partially offset by the impact of the stronger U.S. dollar on U.S. denominated EBITDA. EBITDA from operations at Energy Services increased as a result of improved pricing management and effective cost control as a result of The Superior Way initiatives, despite lower volumes due to warmer weather and reduced oilfield demand. CPD EBITDA from operations increased due to the strengthening U.S. construction markets and the impact of the stronger U.S. dollar on U.S. denominated EBITDA. The impact of the stronger U.S. dollar on U.S. EBITDA from operations was partially offset by higher realized losses from the result of Superior's foreign exchange hedging program. AOCF for the current year excludes $5.4 million in transaction costs related to the proposed Canexus Acquisition and $4.6 million in costs to relocate the corporate office to Toronto.

AOCF per share before restructuring and other costs of $1.68 per share was $0.21 or 11% lower than the prior year AOCF of $1.89 per share due to the decrease in AOCF and the increase in weighted average shares outstanding. The weighted average shares outstanding increased due to the issuance of 13.9 million shares on October 28, 2015. The common share offering had the impact of diluting AOCF per share by approximately 3 cents per share in 2015.

Superior is well-diversified with Energy Services, Specialty Chemicals and Construction Products Distribution contributing respectively 51%, 35%, and 14% of EBITDA from operations in 2015.

EBITDA from Operations



(1) EBITDA from operations excludes realized gains (losses) from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation. This has the impact of increasing EBITDA from operations by $52.3 million and $17.5 million for the years ended December 31, 2015 and 2014, respectively, and the impact of decreasing EBITDA from operations by $3.8 million, $10.3 million and $19.1 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Revenue for the year ended December 31, 2015 of $3,314.6 million was $661.3 million or 17% lower than the prior year due primarily to decreased Energy Services revenue and decreased Specialty Chemicals revenue, partially offset by increased CPD revenue. Energy Services revenue was lower than the prior year due to lower commodity prices and lower demand related to warmer than normal weather. Specialty Chemicals revenue decreased due to lower volumes resulting from lower demand in North America related to several pulp mill closures and lower oilfield demand related to the oil and gas industry, partially offset by the impact of the stronger U.S. dollar on U.S. denominated revenues. CPD revenue increased from higher volumes related to increased residential and commercial construction activity and the impact of the stronger U.S. dollar on U.S. denominated revenue.

Operating expenses were $790.6 million in 2015, an increase of $45.9 million or 6% from the prior year, primarily due to the impact of the stronger U.S. dollar on U.S. denominated expenses, partially offset by operational efficiencies related to The Superior Way initiatives.

Corporate costs were $16.5 million, compared to $20.0 million in the prior year. The $3.5 million decrease was primarily due to lower short-term incentive costs and a decrease in costs in 2015 associated with the CPD sales process conducted in 2014.

Finance expense was $56.3 million, compared to $52.7 million in the prior year, an increase of $3.6 million. The increase was primarily attributable to the recognition of debt issue costs as a result of the early redemptions of $172.5 million outstanding principal amount of 5.75% Debentures in June 2015 and $69.3 million outstanding principal amount of 7.50% Debentures in December 2015.

Unrealized losses on derivative financial instruments of $39.8 million were $12.2 million lower than in the prior year, mainly related to the changes in market prices of commodities and timing of maturities of the underlying financial instruments. For additional details, refer to Note 21 of the 2015 audited financial statements.

Total income tax expense of $0.8 million was $15.0 million lower than in the prior year due to a decrease in net earnings before tax in 2015, changes in statutory tax rates and decreased impact from permanent items.

The net earnings for the year ended December 31, 2015 were $26.5 million, compared to net earnings of $56.9 million in the prior year. The decrease was due to the changes in revenue, operating expenses, finance expense and unrealized losses on derivative financial instruments discussed above.

Acquisition of Canexus Corporation

On October 6, 2015, Superior announced that it entered into an arrangement agreement with Canexus Corporation (Canexus), pursuant to which the Company agreed to acquire all the issued and outstanding common shares of Canexus by way of a court approved plan of arrangement.

The Canexus Acquisition enhances Superior's specialty chemicals business and cost position as well as provides growth opportunities for the Company. Completion of the arrangement will allow the Specialty Chemicals business to better serve its customers and aligns with Superior's core strategy of investing in businesses that generate strong free cash flow and attractive future growth opportunities. This will also enhance Superior's ability to service customers by combining the technical strengths of both companies, and allow for better optimization of plants and improved logistics resulting in more consistent, efficient and reliable delivery of products.

Under the terms of the arrangement, Canexus shareholders will receive 0.153 of a Superior common share for each Canexus common share.

Canexus shareholders voted to approve the Canexus Acquisition at a special meeting of shareholders held on December 11, 2015, where 99.19% of the Canexus shares voted at the meeting were in favour of the Arrangement. Canexus also obtained a final order from the Court of Queen's Bench of Alberta approving the Arrangement. The transaction is subject to receipt of regulatory approval and the satisfaction of certain other commercial conditions. Closing of the transaction is expected to occur by mid-2016. The results reported in this MD&A do not include the results of Canexus.

Annual Financial Results of Superior's Operating Segments

Energy Services

Energy Services' condensed operating results for 2015 and 2014:

(millions of dollars)	2015	2014
Revenue	**1,743.3**	2,481.2
Cost of sales [(1)]	**(1,226.6)**	(1,974.1)
Gross profit [(1)]	**516.7**	507.1
Less: Cash operating and administrative costs [(2)]	**(346.8)**	(340.8)
EBITDA from operations [(1)(3)]	**169.9**	166.3
Net earnings [(3)]	**123.4**	75.2

(1) Gross profit and EBITDA from operations excludes realized gains (losses) from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

(2) For the year ended December 31, 2014, Energy Services restructuring cost of $11.0 million has been excluded from EBITDA from operations. See "Non-GAAP Restructuring and Other Costs" for further details.

(3) EBITDA from operations is a Non-GAAP measure. See "Non-GAAP Measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

Revenues were $1,743.3 million in 2015, a decrease of $737.9 million or 30% from the prior year. The decrease was primarily due to lower commodity prices in the year, as well as lower volumes. Propane prices have returned to lower levels from recent highs that were caused by colder weather, stronger demand for crop drying in prior years and overall world energy market fluctuations. Total gross profit for 2015 was $516.7 million, an increase of $9.6 million or 2% from the prior year. The increase in gross profit was due to U.S refined fuels and fixed price energy services business, offset in part by lower gross profits from the Canadian propane distribution, supply portfolio management and other services. A review of gross profit is provided below.

Gross Profit Review

(millions of dollars)	2015	2014
Canadian propane distribution	**255.2**	264.0
U.S. refined fuels distribution [(1)]	**174.8**	153.1
Other services	**31.2**	37.3
Supply portfolio management	**44.2**	48.3
Fixed-price energy services	**11.3**	4.4
Total gross profit	**516.7**	507.1

(1) Gross profit of U.S. refined fuels distribution excludes realized gains (losses) from foreign currency hedging contracts that hedge US denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation.

Canadian Propane Distribution

Canadian propane distribution gross profit for 2015 was $255.2 million, a decrease of $8.8 million or 3% from 2014, due to lower sales volumes. Residential sales volumes in 2015 decreased by 10 million litres or 7% from the prior year primarily due to warmer weather when compared to the prior year. Average weather across Canada for the year, as measured by degree days, was 6% warmer than in the prior year and 2% warmer than the five-year average. Commercial volumes decreased by 34 million litres or 12% from the prior year largely due to warmer weather and the impact of reduced demand from oilfield support industries. Industrial volumes decreased by 89 million litres or 12% from the prior year primarily due to weakening economic conditions in Canada including: lower oilfield customer demand as a result of the decline in the price of oil; lower demand from mining customers given the decline in gold and other mineral prices; and reduced construction activity, especially in Alberta. Agricultural volumes decreased by 9 million litres or 13% due to the fall crop drying season being shorter than the prior year as a result of drier weather conditions. Automotive propane volumes increased by 2 million litres or 3% due to favourable changes in the price spread between propane and gasoline.

Average propane sales margins for 2015 increased to 21.7 cents per litre from 20.1 cents per litre in the prior year. The increase was principally due to improved pricing management and favourable movement in the sales mix as 2015 included an increased proportion of higher-margin sales volumes.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application			Volumes by Region [(1)]		
(millions of litres)	2015	2014	(millions of litres)	2015	2014
Residential	**129**	139	Western Canada	**616**	737
Commercial	**257**	291	Eastern Canada	**449**	472
Agricultural	**60**	69	Atlantic Canada	**111**	107
Industrial	**649**	738			
Automotive	**81**	79			
	1,176	1,316		**1,176**	1,316

(1) Regions: Western Canada region consists of British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Ontario, Yukon and Northwest Territories; Eastern Canada region consists of Ontario (except for Northwest Ontario) and Quebec; and Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island.

U.S. Refined Fuels Distribution

U.S. refined fuels gross profit for 2015 was $174.8 million, an increase of $21.7 million or 14% from the prior year. The increase in gross profit was due to higher unit margins for propane and heating oil and the impact of the weakening Canadian dollar relative to the U.S. dollar, partially offset by lower sales volumes. Residential sales volumes decreased by 31 million litres or 11% from the prior year due primarily to warmer weather experienced in the fourth quarter. Weather as measured by heating degree days for the year was 4% warmer than the prior year. Commercial sales volumes decreased by 18 million litres or 2% largely due to warmer weather and increased competition. Wholesale volumes increased 31 million litres or 6% due to increased reseller volumes.

Average U.S. refined fuels sales margins of 11.2 cents per litre increased 15% from the 9.7 cents per litre in the prior year. Sales margins were positively impacted by declining commodity costs, improved price management and the impact of the stronger U.S. dollar on U.S. denominated earnings.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application (1) (millions of litres)	2015	2014
Residential	**283**	314
Commercial	**734**	752
Wholesale	**546**	515
	1,563	1,581

Volumes by Region (2) (millions of litres)	2015	2014
Northeast United States	**1,563**	1,581
	1,563	1,581

(1) Volume: Volume of heating oil, propane, diesel and gasoline sold (millions of litres).
(2) Regions: Northeast United States region consists of Pennsylvania, Connecticut, New York, and Rhode Island.

Other Services

Other services primarily include equipment installation, maintenance and repair. Gross profit was $31.2 million in 2015, a decrease of $6.1 million or 16% from the prior year. The decrease in other services gross profit is due to exiting non-core service business offerings, lower installations and lower service contract business.

Supply Portfolio Management

Supply portfolio management gross profits were $44.2 million and $48.3 million for 2015 and 2014, respectively, a decrease of $4.1 million or 8% year-over-year. The decrease in gross profit was primarily due to changing market conditions associated with commodity prices.

Fixed-Price Energy Services

Fixed-Price Energy Services Gross Profit

	2015			2014		
(millions of dollars except volume and per unit amounts)	Gross Profit	Volume	Per Unit	Gross Profit	Volume	Per Unit
Natural gas (1)	**6.5**	**18.1 GJ**	**35.9¢/GJ**	3.9	18.0 GJ	21.3 ¢/GJ
Electricity (2)	**4.8**	**610.9KWh**	**0.79¢/KWh**	0.5	676.7 KWh	0.08 ¢/KWh
Total	**11.3**			4.4		

(1) Natural gas volumes are expressed in millions of gigajoules (GJ).
(2) Electricity volumes are expressed in thousands of kilowatt hours (KWh).

Fixed-price energy services gross profit was $11.3 million in 2015, an increase of $6.9 million from the prior year. Sales volumes of natural gas were 18.1 million GJ, consistent with the prior year. Natural gas gross profit was $6.5 million, an increase of $2.6 million or 67% from the prior year due primarily to the high cost of natural gas in 2014 related to the impact of the weather phenomenon known as the polar vortex. The natural gas gross margins were lower in the prior year due to the higher price and demand for natural gas associated with the extremely cold weather in the first quarter of 2014.

Electricity gross profit in 2015 was $4.8 million, an increase of $4.3 million from the prior year due to lower gross margins experienced in the first quarter of 2014 related to the significant increase in customer demand associated with the extremely cold weather which required the purchase of supply at record-high market prices.

Operating Costs

Operating and administrative costs were $346.8 million in 2015, an increase of $6.0 million or 2% from the prior year. Operating costs increased due to the impact of the stronger U.S. dollar on U.S. denominated expenses, partially offset by reduced employee headcount and strategic cost reduction initiatives through The Superior Way initiatives and effective cost control given lower sales volumes than the prior year.

Operational Information

Energy Services' operations benefit from the segment's leading market share in the Canadian propane distribution market and considerable operational and customer diversification throughout Canada and the Northeast United States through Superior's U.S. refined fuels assets. Energy Services' customer base is well diversified geographically and across end-use applications.

The propane distribution and related services business operates under the trade name Superior Propane. Superior Propane began operations in 1951 and is engaged primarily in the distribution and retail sales of propane, refined fuels, propane-consuming equipment and related services in Canada.

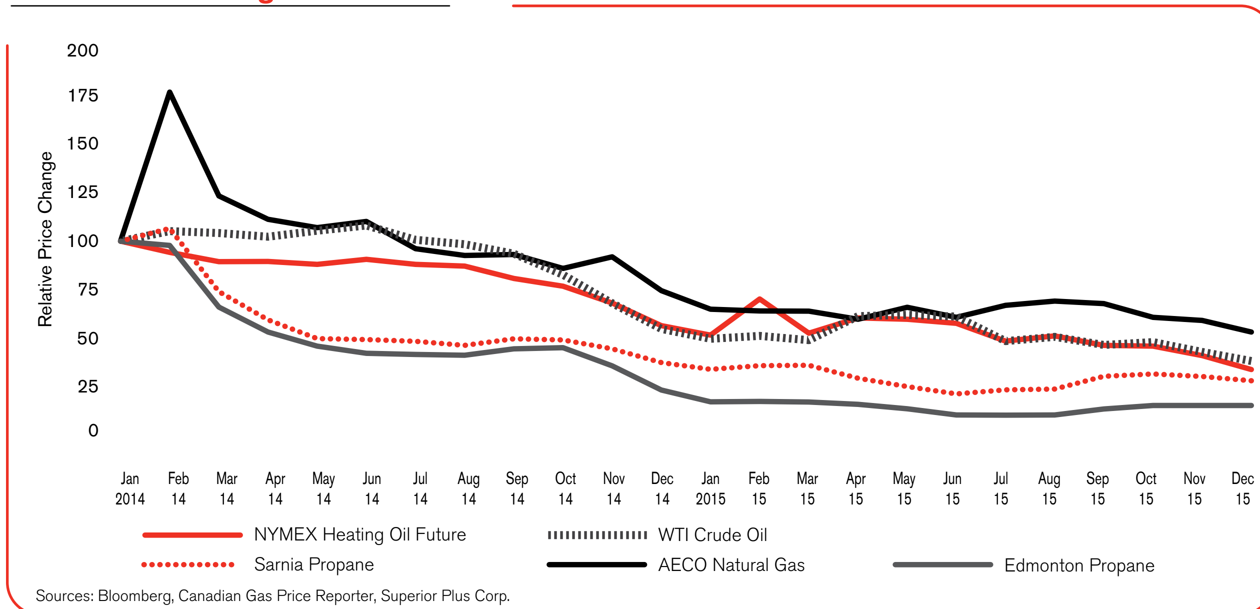
With a series of acquisitions, the majority of which were completed in 2009, the U.S Refined Fuels business expanded its product capabilities into the propane, heating oil and refined fuels distribution business and its geographic reach into the north-eastern United States. United States Refined Fuels (USRF) distributes liquid fuels and propane gas to customers located in the Pennsylvania, Delaware, Maryland, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont, New York and West Virginia. Its products are used by a wide range of customers in a variety of applications, including home heating, water heating and motor vehicle fuel.

The Energy Services business also provides value-added supply portfolio management services under the trade name "Superior Gas Liquids", primarily to Superior Propane and small and medium sized propane retailers in the United States and Canada. SGL provides transportation, storage, risk management, supply and logistics services to its customers.

Energy Services' top ten customers account for approximately 8% of its revenues with its largest customer comprising approximately 2% of its revenues.

As shown in the following chart, wholesale propane and heating oil prices were abnormally high in the early part of 2014 and started to decrease significantly late in 2014 due to rising inventories in North America, and continued throughout 2015.

Historical Heating Fuel Prices



Sources: Bloomberg, Canadian Gas Price Reporter, Superior Plus Corp.

The fixed-price energy services business commenced operations in June of 2002 under the trade name "Superior Energy Management" (SEM). SEM provides customized natural gas and electricity services to residential, commercial and industrial customers. With the sale of its U.S. based residential and commercial electricity customer base in May of 2014, SEM operates in the Ontario, Quebec, Alberta and British Columbia natural gas markets and the Ontario and Alberta electricity markets. In 2015, Superior decided to cease marketing efforts and allow existing customer contracts to expire with the intention to exit the business. Given the size of the operations this will not have a material impact to the Energy Services portfolio.

Initiatives to improve results in the Energy Services business continued during 2015 in conjunction with Superior's Destination 2015 and Evolution 2020 initiatives and Superior's goal for each of its businesses to become best-in-class. Business improvement projects for 2015 included: a) improving customer service; b) improving overall logistics and procurement functions; c) enhancing the management of margins; d) working capital management; and e) improving existing and implementing new technologies to facilitate improvements to the business.

Financial Outlook

EBITDA from operations for 2016 for the Energy Services business is anticipated to be consistent with 2015. EBITDA from the Canadian propane and U.S. refined fuels businesses will benefit from ongoing operational improvements and improved sales and marketing initiatives. Gross profits in the Canadian propane business are anticipated to be consistent with 2015. Gross profits in the U.S. refined fuels business are anticipated to be consistent to modestly higher than 2015 due primarily to the impact of the stronger U.S. dollar on U.S. denominated gross profit. Gross profit from the supply portfolio business is anticipated to be consistent to modestly lower than 2015 due to less favourable market conditions. Gross profit from the fixed-price energy business is expected to be modestly lower than 2015 due to a wind-down of the business. Average weather, as measured by degree days, for 2016 is anticipated to be consistent with the 5-year average.

In addition to the significant assumptions referred to above, refer to "Risk Factors to Superior" for a detailed review of significant business risks affecting the Energy Services' businesses.

Specialty Chemicals

Specialty Chemicals' condensed operating results for 2015 and 2014:

(millions of dollars except per metric tonne (MT) amounts)	2015		2014	
		$ per MT		$ per MT
Chemical revenue	**674.2**	**792**	672.7	739
Chemical cost of sales	**(391.3)**	**(460)**	(394.2)	(433)
Chemical gross profit [(1)]	**282.9**	**332**	278.5	306
Less: Cash operating and administrative costs	**(165.5)**	**(194)**	(154.9)	(170)
EBITDA from operations [(1)(2)]	**117.4**	**138**	123.6	136
Net earnings [(2)]	**8.0**		53.0	
Chemical volumes sold (thousands of MTs)		**851**		910

(1) Gross profit and EBITDA from operations of Specialty Chemicals excludes realized gains (losses) from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation. See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A" for detailed amounts.

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

Chemical revenue was $674.2 million in 2015 representing an increase of $1.5 million from the prior year. The increase in revenue was due to higher sales volumes of chlorine and hydrochloric acid and higher average Canadian dollar sodium chlorate selling prices from the impact of the stronger U.S. dollar on declining U.S. dollar based prices, partially offset by decreased sodium chlorate sales volumes and lower hydrochloric acid average selling prices. Revenue in 2015 includes insurance proceeds of $4.9 million related to a business interruption claim from 2013 for the Port Edwards' hydrochloric acid burner.

Gross profit of $282.9 million in 2015 increased by $4.4 million from the prior year, as the higher Canadian dollar sodium chlorate selling prices from the impact of the stronger U.S. dollar on U.S. dollar denominated contracts was partially offset by lower sales volumes.

Sodium chlorate sales volumes decreased by 72,000 tonnes or 12% over the prior year due to lower demand in North America related to several pulp mill closures, extended mill maintenance outages at certain North American pulp customers, lower export shipments and lower volumes nominated from Tronox.

Average selling prices for sodium chlorate were 8% higher than in the prior year as U.S. dollar pricing declines were more than offset by the impact of the stronger U.S. dollar on U.S. denominated revenues. Chlor-alkali electrochemical unit (ECU) pricing improved modestly as the stronger U.S. dollar more than offset weaker average hydrochloric acid selling prices.

Chlor-alkali overall sales volumes increased by 13,000 tonnes or 4% due to higher hydrochloric acid shipments related to higher oilfield activity in the first quarter of 2015.

Average electrical costs, which represent 70% to 85% of the variable costs of the production of sodium chlorate, were consistent with the prior year as higher average rates in Canada were offset by lower U.S and Chilean rates.

Operating and administrative costs were $165.5 million in 2015, an increase of $10.6 million or 7% from the prior year. Operating expenses were affected by higher maintenance expenditures, higher engineering costs, general inflationary increases and the negative foreign exchange impact on U.S. based expenses.

Strategic Supply Agreement

As previously disclosed, Specialty Chemicals provided notification that it will not be nominating any volume for fiscal 2016 related to its 130,000MT sodium chlorate supply agreement with Tronox. During the second quarter of 2015, Tronox provided formal notification to Superior that it will be commencing with a decommissioning of the facility upon completion of Superior's 2015 supply requirements. The decommissioning of the facility will result in the acceleration of certain fees, requiring Superior to make a payment to Tronox of approximately US$3.3 million in the first quarter of 2016.

Operational Information

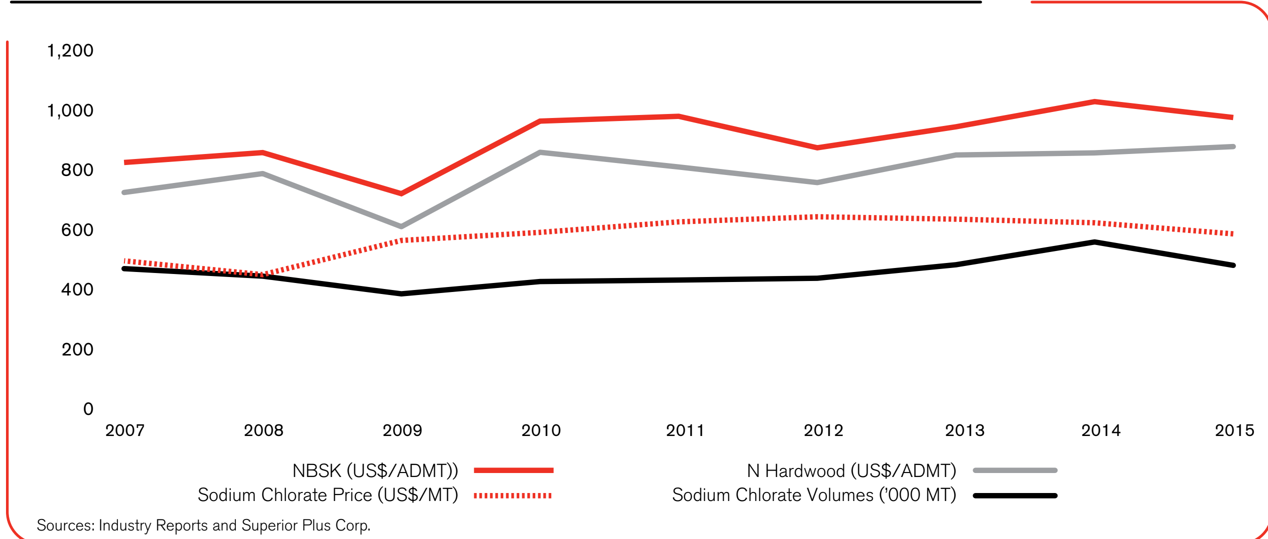
Specialty Chemicals is a manufacturer of sodium chlorate, chlorine dioxide, sodium chlorite, chlorine, caustic soda, hydrochloric acid, potassium hydroxide and produces hydrogen as a by-product to the electrolysis processes. It owns and operates eight production facilities across North America and one in Chile. In addition, Specialty Chemicals provides chlorine dioxide generators and related technology to pulp and paper customers worldwide. Chlorine dioxide generators use sodium chlorate as the primary feedstock in the production of chlorine dioxide, an environmentally preferred bleaching agent used in the production of bleached pulp which, in turn, is used in a wide range of products, including high quality print and writing paper.

ERCO's production facilities use proven and safe manufacturing processes and are located close to major rail terminals and reliable supplies of raw materials. Electrical energy costs generally represent 70% to 85%, and salt approximately 10%, of the variable costs of producing sodium chlorate.

Specialty Chemicals' top ten customers account for approximately 54% of its revenues with its largest customer comprising approximately 8% of its revenues.

For the year ended December 31, 2015, global sodium chlorate and technology related sales represented 66% of Specialty Chemicals revenue. Sodium chlorate is principally sold to bleached pulp manufacturers. It is used to generate chlorine dioxide for bleaching pulp and represents approximately 5% of the variable cost to manufacture bleached pulp. As a result, sodium chlorate sales volumes and prices tend to be stable over time despite the volatility of bleached pulp prices.

Pulp Prices Compared to Sodium Chlorate Prices and Sales Volumes



Sources: Industry Reports and Superior Plus Corp.

Financial Outlook

Superior expects EBITDA from operations for 2016 to be consistent with 2015 as improvements in the sodium chlorate and chlor-alkali business is expected to be offset by reduced gains on the translation of U.S. denominated working capital. Sodium chlorate EBITDA is anticipated to be higher in 2016 due to the reduction in volumes from Tronox and related plant expenses. Sodium chlorate gross profits are anticipated to be lower in 2016 due to an increase in electricity costs and a decrease in sales volumes. EBITDA from the chlor-alkali segment is anticipated to be higher in 2016 due to an increase in sales volumes and consistent to modestly higher pricing in all products except hydrochloric acid. Hydrochloric acid sales prices are anticipated to be consistent with 2015 and volumes are anticipated to be lower due to reduced demand related to the decline in oilfield activity experienced in 2015 and expected to continue into 2016.

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.

Construction Products Distribution

Construction Products Distribution's condensed operating results for 2015 and 2014:

(millions of dollars)	2015	2014
Revenue [1]	**953.0**	841.4
Cost of sales	**(711.2)**	(632.6)
Gross profit [1]	**241.8**	208.8
Less: Cash operating and administrative costs	**(193.9)**	(172.8)
EBITDA from operations [1][2]	**47.9**	36.0
Net earnings [2]	**34.9**	27.2

(1) Revenue, gross profit and EBITDA from operations of CPD excludes realized gains (losses) from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation. See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A" for detailed amounts.

(2) EBITDA from operations is a Non-GAAP measure. See "Non-GAAP measures" and "Reconciliation of Net Earnings to EBITDA from Operations".

Revenues were $953.0 million for 2015, $111.6 million or 13% higher than in the prior year. Gypsum specialty distribution (GSD) revenue increased due to higher sales volumes as a result of ongoing market improvements, as well as the impact of the stronger U.S. dollar on U.S denominated revenues. Commercial and industrial (C&I) revenues increased over the prior year due to successful investments in sales and marketing and the impact of the stronger U.S. dollar on U.S. denominated revenues.

Gross profit was $241.8 million in 2015, an increase of $33.0 million or 16% from the prior year due to increased revenues as noted above and higher gross margins in the U.S. The increase in gross profits in the U.S. was due to improved sales volumes, effective price management and the appreciation of the U.S. dollar. Average sales margins increased compared to the prior year due to ongoing pricing and procurement initiatives and improved U.S. market conditions.

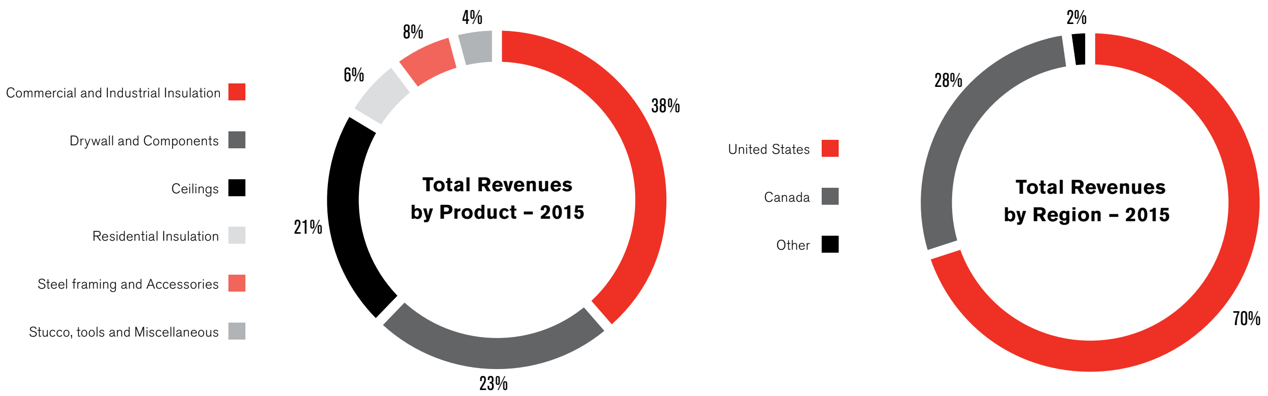
Operating and administrative costs were $193.9 million in 2015, an increase of $21.1 million or 12% from the prior year. The increase was primarily due to higher employee costs associated with increased sales volumes, investment in additional sales capabilities, the impact of the stronger U.S. dollar on U.S. denominated expenses, and costs associated with system integration project costs.

System Integration

CPD continues to make significant progress on the systems integration project that will replace two legacy ERP systems with a single, standardized solution. The updated system is expected to provide enhanced procurement, pricing and operational effectiveness, enabling CPD to further improve margins and operating costs once complete. CPD anticipates that the project will be completed by the end of 2016 at a total cost of approximately $30.3 million which is split between capital investment of $19.7 million ($10.4 million in 2015 and $9.3 million in 2016) and one-time operating costs of $10.6 million ($2.6 million 2015 and $8.0 million 2016). Total costs incurred to December 31, 2015 are $13.0 million consisting of $10.4 million in capital and $2.6 million in operating expense.

Operational Information

Construction Products Distribution enjoys considerable geographical and customer diversification, servicing over 13,000 customers from 112 distribution branches. The ten largest customers represent approximately $75 million of annual distribution sales or 9% of total sales. Geographically, 70% of 2015 sales were derived from customers in the United States, 28% from Canada and 2% from other foreign countries. Construction Products Distribution enjoys a strong position in its operating markets, supported by its complete walls, ceilings, residential insulation, commercial and industrial insulation product lines, and by its procurement capabilities.

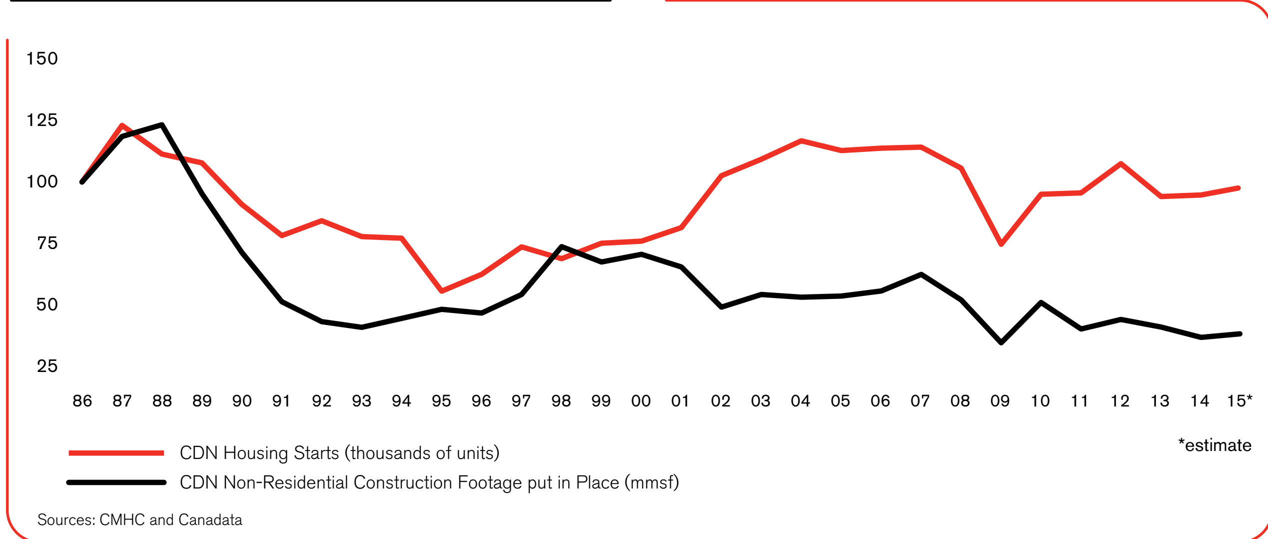


For walls and ceiling products, the demand factors include gross domestic product (GDP), demographic trends, level of activity in the residential and non-residential construction markets, interest rates, employment levels, consumer confidence and availability of financing. These factors impact the level of existing housing sales, new home construction, new non-residential construction and office/commercial space turnover.

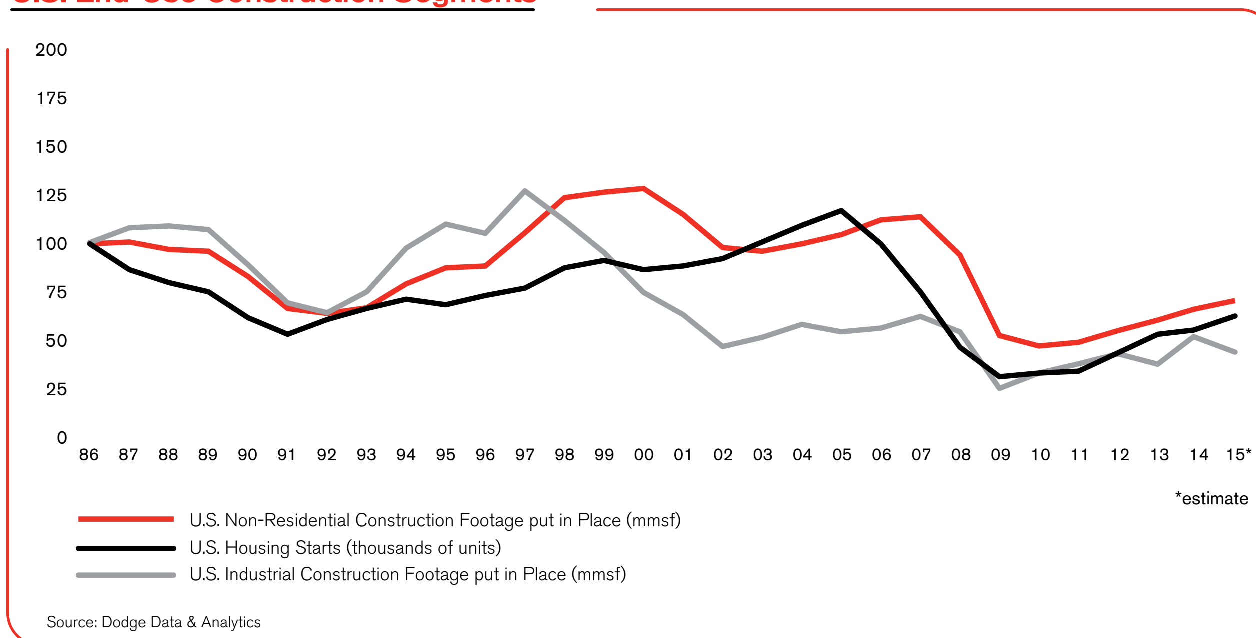
Initiatives to improve results in the Construction Products Distribution business continued during 2015. Ongoing projects include: a) assessment of overall logistics and existing branch network; b) review of supply chain management including procurement and transportation; c) review of product pricing; d) working capital management; and e) sales growth in selected focus products/markets.

Housing starts reflect the level of new residential construction activity. New commercial construction activity has historically lagged new residential activity, as commercial infrastructure is later put in place to service residential development. Renovation activity trends have historically followed re-sale of existing homes and turnover of commercial building space. A full product line, excluding industrial insulation, is sold to commercial, residential and industrial customers. Gypsum board and accessories, insulation and plaster products are the primary products sold to residential construction customers while industrial insulation is primarily sold to the industrial segments.

Canadian End-Use Construction Segments



U.S. End-Use Construction Segments



Financial Outlook

Superior anticipates that EBITDA from operations in 2016 will be modestly lower than 2015 as continued improvements in the U.S. residential market, benefits resulting from ongoing pricing and procurement initiatives and the system integration project will be more than offset by the system integration project costs. As previously discussed, in 2016 Superior will incur $8.0 million in one-time operating costs related to the implementation and roll out of the system integration project. Superior anticipates that the U.S. commercial market will be modestly improved in 2016 compared to 2015 and that the Canadian residential, commercial and industrial markets will continue to be challenging.

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

Foreign Currency Hedging Contracts

Superior's foreign currency hedging contracts for the 2015 fiscal year were entered into in prior years when the Canadian dollar was stronger relative to the U.S. dollar. Beginning in 2016, lower value foreign currency hedging contracts expire and Superior's effective U.S. exchange rate is expected to improve. For a summary of Superior's outstanding U.S. dollar forward contracts for 2016 and beyond, refer to "Financial Instruments – Risk Management."

The impact of these contracts is excluded from the divisional results as discussed above in this MD&A. Below is a table that summarizes the impact of the realized losses to the divisional results related to the foreign currency hedging contracts.

(millions of dollars)	2015				2014			
	Energy Services	**Specialty Chemicals**	**Construction Products Distribution**	**Total**	Energy Services	Specialty Chemicals	Construction Products Distribution	Total
EBITDA from operations [(1)]	**169.9**	**117.4**	**47.9**	**335.2**	166.3	123.6	36.0	325.9
Realized losses on foreign currency hedging contracts	**7.7**	**40.0**	**4.6**	**52.3**	2.9	13.4	1.2	17.5
EBITDA	**162.2**	**77.4**	**43.3**	**282.9**	163.4	110.2	34.8	308.4

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

A summary of the realized losses by quarter is as follows:

(millions of dollars)	2015 Quarters				2014 Quarters			
	Fourth	**Third**	**Second**	**First**	Fourth	Third	Second	First
Energy Services	**3.1**	**–**	**–**	**4.6**	1.0	–	–	1.9
Specialty Chemicals	**11.7**	**13.3**	**9.4**	**5.6**	4.6	3.3	3.3	2.2
Construction Products Distribution	**1.5**	**1.5**	**0.8**	**0.8**	0.4	0.3	0.3	0.2
Total	**16.3**	**14.8**	**10.2**	**11.0**	6.0	3.6	3.6	4.3

For additional details on Superior's financial instruments, including the amount and classification of gains and losses, 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 21 to the audited consolidated financial statements.

Consolidated Capital Expenditure Summary

(millions of dollars)	**2015**	2014
Efficiency, process improvement and growth-related	**50.4**	51.0
Maintenance capital	**44.8**	49.1
	95.2	100.1
Proceeds from finance lease arrangement termination	**–**	(8.2)
Proceeds on disposition of capital and intangible assets	**(2.3)**	(6.6)
Acquisitions	**1.6**	–
Total net capital expenditures	**94.5**	85.3
Investment in finance leases	**29.3**	13.8
Total expenditures including finance leases	**123.8**	99.1

Efficiency, process improvement and growth-related expenditures were $50.4 million in 2015, consistent with the prior year. Maintenance capital expenditures were $44.8 million in 2015, compared to $49.1 million in the prior year, consisting primarily of required maintenance and general capital across Superior's segments.

During 2015, Superior entered into new leases with capital-equivalent value of $29.3 million, primarily related to delivery vehicles for the Energy Services and Construction Products Distribution segments to decrease the average age of the fleet. In the prior year, Superior entered into finance leases with capital-equivalent value of $13.8 million related to delivery vehicles for the distribution businesses.

Capital expenditures were funded from a combination of operating cash flow, the issuance of common shares and revolving-term bank credit facilities.

Corporate and Interest Costs

Corporate costs were $16.5 million, compared to $20.0 million in the prior year. The $3.5 million decrease was primarily due to lower short-term incentive plan costs and a decrease in costs in 2015 associated with the CPD sales process.

Interest expense on borrowing and finance lease obligations was $47.1 million, compared to $48.0 million in the prior year. Interest expense was positively impacted by settlements on interest rate swaps, the June 2015 redemption of $172.5 million outstanding principal amount of 5.75% Debentures, the October 2015 redemption of US$30 million of 7.62% Senior Secured Notes, and the December 2015 redemption of $69.3 million outstanding principal amount of 7.50% Debentures, which more than offset the interest on Superior's 7-year, $200 million, 6.50% senior unsecured note offering which closed on December 9, 2014. Interest expense was also positively impacted by lower indebtedness as a result of the $137.4 million proceeds from the October 28, 2015 equity issuance of 13.9 million shares.

Superior Plus Office Relocation

As previously disclosed, Superior relocated its corporate office to Toronto, Ontario from the previous location of Calgary, Alberta. The relocation of the corporate office provides closer proximity for Superior's corporate executive team to Superior's operating businesses. Superior's President and Chief Executive Officer and Chief Legal Officer have relocated to Toronto as part of the corporate office relocation.

Appointment of Chief Financial Officer

As announced on October 27, 2015, Ms. Beth Summers assumed the role of Vice President and Chief Financial Officer beginning November 23, 2015. Mr. Wayne Bingham assisted with an orderly transition prior to his retirement at the end of 2015.

Non-GAAP Restructuring and Other Costs

Superior's restructuring and other costs have been categorized together and excluded from segmented results. Below is a table summarizing these costs:

(millions of dollars)	**2015**	2014
Relocation costs	**4.6**	–
Canexus Acquisition costs	**5.4**	–
Severance costs	**–**	5.4
Branch closure costs and lease termination costs	**–**	2.0
Consulting costs	**–**	3.9
Total restructuring and other costs	**10.0**	11.3

For the year ended December 31, 2015, Superior incurred $4.6 million in costs related to the corporate office relocation and $5.4 million in costs related to the Canexus Acquisition.

Superior incurred restructuring costs in 2014 associated with operational improvements at its Energy Services and Construction Products Distribution. Restructuring costs incurred during 2014 consisted of both costs included in and excluded from the restructuring provision. For the year ended December 31, 2014, Superior recognized restructuring costs of $11.3 million, of which only $11.1 million was recognized under the restructuring provision. Total restructuring costs incurred to complete the restructuring projects were $26.6 million.

Income Taxes

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and future income taxes, including U.S. income tax, U.S. non-resident withholding tax and Chilean income tax.

Total income tax expense for 2015 was $0.8 million, comprised of $2.1 million in cash income tax expense and $1.3 million in deferred income tax recovery. This compares to a total income tax expense of $15.8 million in the prior year, which consisted of $1.7 million in cash income tax expense and a $14.1 million deferred income tax expense.

Cash income taxes for 2015 were $2.1 million, consisting of income taxes in the U.S. of $2.1 million (2014 – $1.7 million of U.S. cash tax expense). Deferred income tax recovery for 2015 was $1.3 million (2014 – expense of $14.1 million), resulting in a corresponding net deferred income tax asset of $275.8 million as at December 31, 2015 (December 31, 2014 – $276.1 million). Deferred income taxes in 2015 were impacted by lower net earnings in 2015, changes in statutory tax rates and decreased impact from permanent items.

As at December 31, 2015, Superior had the following tax pools available to be used in future years:

Canada	(millions of dollars)
Tax basis	313.0
Non-capital losses	47.4
Capital losses	588.1
Canadian scientific research expenditures	621.3
Investment tax credits	148.9
United States	
Tax basis	275.3
Non-capital losses	150.0
Chile	
Tax basis	22.8
Non-capital loss carry-forwards	–

See the audited consolidated financial statements for the year ended December 31, 2015 for a summary of the expiry of the non-capital loss carry-forwards and investment tax credits. Capital loss carry-forwards, Canadian scientific research expenditures and Chilean non-capital losses are eligible to be carried forward indefinitely.

Canada Revenue Agency (CRA) Income Tax Update

On April 2, 2013, Superior received, from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of the Conversion. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the Income Tax Act (Canada). On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notices of Reassessment received on April 2, 2013. Superior has been reassessed for subsequent taxation years by the CRA and the provincial tax agencies and has filed a Notice of Objection for each Notice of Assessment received.

The table below summarizes Superior's estimated tax liabilities and payment requirements associated with the received and anticipated Notices of Reassessment. Upon receipt of the Notices of Reassessment, 50% of the taxes payable pursuant to such Notice of Reassessment must be remitted to the CRA and the provincial tax agencies within 90 days.

Taxation Year	Taxes Payable [1][2]	50% of the Taxes Payable [1][2]	Month/Year - Paid/Payable
2009/2010	13.0	6.5	April 2013
2011	15.0[3]	7.5	February 2015
2012	10.0[3]	5.0	February 2015
2013	11.0[3]	5.5	February 2015
2014	16.0[3]	8.0	December 2015
2015	3.0[3]	1.5	2016
2016	5.0	2.5	2017
Total	**73.0**	**36.5**	

(1) In millions of dollars.

(2) Includes estimated interest and penalties up to payment date of 50%.

(3) Estimated based on Superior's previously filed tax returns, 2015 financial results and the midpoint of Superior's 2016 outlook.

Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard within two years, with a decision rendered six to twelve months after completion of the court hearings. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional two years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest. If Superior is unsuccessful, then any remaining taxes payable plus interest and penalties will have to be remitted to the CRA and Superior would not be able to use the tax attributes from the Conversion.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and currently intends to vigorously defend such position and to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

Interim tax payments made by Superior will be recorded to the balance sheet and will not materially impact either adjusted operating cash flow or net earnings.

Based on the midpoint of Superior's 2016 financial outlook of AOCF per share of $1.65, if the tax pools from the Conversion were not available to Superior, the impact would be an increase to cash income taxes of approximately $5.0 million or $0.04 per share for 2016.

Financial Outlook

Superior achieved adjusted operating cash flow per share for 2015 of $1.68 (before restructuring and other costs), within the 2015 financial outlook range provided in its third quarter MD&A. See the detailed discussion on each segment for a breakdown of the results achieved.

Superior's 2016 financial outlook of AOCF per share of $1.50 to $1.80 is consistent with the financial outlook provided at the end of the third quarter of 2015. However, based on the current mild winter weather and continued weakness in oil prices early results are tracking to the lower end of the range. Superior's 2016 financial outlook is presented without the impact of the Canexus Acquisition due to the fact that the closing date is not yet known. Upon successfully closing the acquisition, Superior will update its 2016 financial outlook, including the forecasted debt and total leverage levels.

In addition to the background provided in the individual business financial outlook sections, key elements of the 2016 financial outlook include:

- The 2016 financial outlook includes CPD IT one-time system integration costs of $8.0 million or $0.06 per share;
- The 2016 financial outlook excludes Canexus transaction and bridge facility costs of $10.0 million;
- Continued improvements in operational efficiencies and sales and marketing initiatives in Energy Services;
- Continued improvements in end-use markets in the U.S. for CPD; and
- Specialty Chemicals results will be consistent with 2015 as operating conditions are anticipated to be similar to 2015.

Achieving Superior's adjusted operating cash flow (before restructuring and other costs) depends on the operating results of its three operating segments.

In addition to the operating results of Superior's three operating segments, significant assumptions to achieve Superior's 2016 midpoint guidance are:

- Economic growth in Canada and the U.S. is expected to increase modestly in 2016;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- Superior's estimated total debt to EBITDA ratio is based on maintenance and growth related capital expenditures of $106.5 million in 2016 and 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 2016, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2016 would not have a material impact to Superior. The foreign currency exchange rate between the Canadian dollar and US dollar is expected to average 0.74 in 2016 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 remain consistent with 2015 levels for 2016; and
- Canadian and U.S. based cash taxes are expected to be minimal for 2016 based on existing statutory income tax rates and the ability to use available tax basis.

Energy Services

- Average weather across Canada and the Northeast U.S, as measured by degree days, is expected to be consistent with the recent five-year average for 2016;
- Total propane and U.S. refined fuels-related sales volumes are expected to increase modestly in 2016 due primarily to improved sales and marketing initiatives;
- Gross profit in the Canadian propane and U.S. refined fuels businesses in 2016 are anticipated to be consistent to modestly higher than 2015.
- Wholesale propane and U.S. refined fuels-related prices are not anticipated to significantly affect demand for propane and refined fuels and related services;
- Gross profit from the supply portfolio business is anticipated to be modestly lower than 2015 due to less favourable market conditions;
- Fixed-price energy services results for 2016 are expected to be modestly lower than 2015 due to a wind-down of the business; and
- Operating costs are expected to be similar to 2015.

Specialty Chemicals

- Sodium chlorate gross profits are anticipated to be lower in 2016 due to increases in electricity costs and a decrease in sales volumes.
- Hydrochloric acid sales prices are anticipated to be consistent with 2015 and volumes are anticipated to be lower due to reduced demand related to the decline in oil field activity experienced in 2015 and expected to continue into 2016; and
- Average plant utilization will approximate 90%-95% in 2016.

Construction Products Distribution

- Superior anticipates that the U.S. residential, commercial and industrial markets will be modestly improved in 2016 compared to 2015, except for the Western U.S. where the impact of the oil price decline is expected to dampen recovery. Canadian residential, commercial and industrial markets will continue to be challenging;
- Operating costs will increase modestly from 2015 due to higher sales volumes and activity, partially offset by further improvements in operational efficiency; and
- EBITDA from operations in 2016 is expected to be lower than 2015 as continued improvements in the U.S. residential, commercial and industrial markets, benefits resulting from ongoing pricing and procurement initiatives and the system integration project and improvements in the industrial market will be more than offset by the one-time system integration project costs.

Debt Management Update

Superior remains focused on managing both its total debt and its total debt to EBITDA. Superior is currently forecasting a total debt to EBITDA ratio at December 31, 2016 of 3.1X to 3.5X which would maintain Superior within its targeted leverage range of 3.0X to 3.5X. Superior's anticipated debt repayment for 2016 and total debt to EBITDA leverage ratio as at December 31, 2016, based on Superior's 2016 financial outlook, and excluding the acquisition of Canexus, is detailed in the chart below.

Debt Management Summary

	Dollar Per Share	Millions of Dollars
2016 financial outlook AOCF per share before non-recurring costs – midpoint [1]	1.65	235.0
Canexus regulatory and bridge facility costs	(0.07)	(10.0)
AOCF after Canexus regulatory and bridge facility costs	1.58	225.0
Maintenance capital expenditures, net	(0.32)	(45.0)
Investment in chlorine railcars due to regulatory changes	(0.10)	(14.0)
Capital lease obligation repayments	(0.15)	(21.0)
Cash flow available for growth capital and dividends	1.01	145.0
Growth capital	(0.20)	(29.0)
Growth capital – CPD and USRF IT system capital costs	(0.13)	(19.0)
Tax payments to CRA (50%) and other	(0.05)	(7.0)
Estimated 2016 free cash flow available for dividends and debt repayment	0.63	90.0
Estimated proceeds from the DRIP [2]	0.22	31.0
Dividends	(0.72)	(102.0)
Estimated reduction/(increase) in debt	0.13	19.0
Estimated total debt to EBITDA as at December 31, 2016	3.1X – 3.5X	3.1X – 3.5X
Dividends	0.72	102.0
Calculated payout ratio after maintenance capital , CRA and other payments and capital lease repayments [3]		51%

(1) See "Financial Outlook" for additional details including assumptions, definitions and risk factors.

(2) Superior's Board of Directors has approved the reinstatement of the Dividend Reinvestment Program and Optional Share Purchase Program ("DRIP") beginning with the payment of the December 2015 dividend which was paid January 15, 2016. The DRIP will provide Superior's shareholders with the opportunity to reinvest their cash dividends in Superior at a 4% discount to the market price of Superior's common shares.

(3) Dividend payout net of estimated proceeds from the DRIP program and excludes growth capital.

Superior's total debt to Compliance EBITDA before restructuring and other costs was 3.2X as at December 31, 2015 (3.4X after restructuring and other costs), lower than the 3.5X as at December 31, 2014 (3.6x after restructuring and other costs). Debt levels and total leverage as at December 31, 2015 were lower than December 31, 2014 levels due to proceeds from the offering and reduced working capital levels in the Energy Services business due to reduced commodity prices. Superior continues to focus on reducing its total leverage through ongoing debt reduction, including reducing working capital requirements and improving business operations.

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

Liquidity and Capital Resources

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

Available Credit Facilities	As at December 31, 2015			
(millions of dollars)	Total Amount	Borrowing	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities [1]	570.0	335.3	27.6	207.1
Term loans [1]	209.1	209.1	–	–
Finance lease obligations	81.2	81.2	–	–
Total	860.3	625.6	27.6	207.1 [1]

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

Superior's revolving syndicated bank facility (credit facility), term loans and finance lease obligations (collectively borrowing) before deferred financing fees totaled $625.6 million as at December 31, 2015, an increase of $92.4 million from $533.2 million as at December 31, 2014. The increase in borrowing was primarily due to the redemption of the $172.5 million 5.75% debentures and the $69.3 million 7.5% debentures, offset in part by cash proceeds from the issuance of 13.9 million shares in October, 2015.

On December 22, 2015, Superior extended the maturity date of its credit facility to December 22, 2019. In addition to the extension of the syndicated credit facility, Superior has agreed with its lenders that the syndicated credit facility will automatically increase to $775 million from the existing $570 million, with the same financial covenant package, concurrent with the completion of the plan of arrangement between Superior and Canexus Corporation, the acquisition of all of the shares of Canexus Corporation by Superior and certain other related conditions precedent. Financial covenant ratios were unchanged with a consolidated secured debt to consolidated EBITDA ratio and a consolidated debt to consolidated EBITDA ratio of 3.0x and 5.0x, respectively. In addition, Superior secured a committed $650 million bridge financing facility with National Bank of Canada and J.P. Morgan Securities LLC, which was reduced to $445 million in December 2015, to complete the Canexus Acquisition. Permanent financing for the transaction is expected to be obtained in due course through new debt issuances. See "Summary of Cash Flow" for details on Superior's sources and uses of cash.

On December 14, 2015, Superior redeemed the entire $69.3 million outstanding principal amount of its 7.50% Debentures in accordance with the indenture governing the 7.50% Debentures. Superior used funds from its existing credit facility to fund the redemption of the 7.50% Debentures.

On December 9, 2014, Superior completed an offering of $200.0 million 6.50% senior unsecured notes (senior notes). The senior notes were issued at par value and mature on December 9, 2021. The senior notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior notes at various redemption prices, which include the principal amount plus accrued and unpaid interest, if any, to the applicable redemption date. Interest is payable semi-annually on June 9 and December 9, commencing June 9, 2015. Under the terms of the agreement, Superior must maintain a fixed-charge coverage ratio of no less than 2.0 to 1.0. As at December 31, 2015, the fixed-charge coverage ratio for purposes of this agreement was 4.5 to 1.0.

As at December 31, 2015, convertible debentures (before deferred issuance fees and discount values) issued by Superior totaled $247.0 million, $247.2 million lower than December 31, 2014 due to the $172.5 million redemption of the 5.75% convertible debentures and the $69.3 million redemption of the 7.5% convertible debentures, plus costs and interest. See Note 19 to the consolidated financial statements for additional details on Superior's convertible debentures.

Consolidated net working capital was $242.5 million as at December 31, 2015, a decrease of $22.3 million from net working capital of $264.8 million as at December 31, 2014. The decrease was due primarily to a decline in net working capital requirements at Energy Services resulting from lower commodity prices, offset in part by higher net working capital requirements at CPD related to an increase in U.S. construction activity. Superior's net working capital requirements are financed from its credit facility.

As at December 31, 2015, when calculated in accordance with the credit facility, the consolidated secured debt to compliance EBITDA ratio was 1.6 to 1.0 (December 31, 2014 – 1.2 to 1.0) and the consolidated debt to compliance EBITDA ratio was 2.4 to 1.0 (December 31, 2014 – 1.9 to 1.0). For both of these covenants, convertible debentures are excluded. These ratios are within the requirements of Superior's debt covenants. In accordance with the credit facility, Superior must maintain a consolidated secured debt to compliance EBITDA ratio of not more than 3.0 to 1.0 and not more than 3.5 to 1.0 as a result of acquisitions.

In addition, Superior must maintain a consolidated debt to compliance EBITDA ratio of not more than 5.0 to 1.0, excluding convertible debentures. Superior's total debt to compliance EBITDA ratio was 3.4 to 1.0 as at December 31, 2015. Also, Superior is subject to several distribution tests and the most restrictive stipulates that distributions (including debenture holders and related payments) cannot exceed compliance EBITDA less cash income taxes, plus $35.0 million on a trailing 12-month rolling basis. On a 12-month rolling basis as at December 31, 2015, Superior's available distribution amount was $144.6 million under the above noted distribution test.

On October 30, 2015, US$30 million of notes, issued October 29, 2003 by way of private placement, were repaid in full.

On October 6, 2015, in conjunction` with Superior's announcement of the Canexus Acquisition, Standard & Poor's confirmed Superior Plus Corp.'s corporate credit rating as BB and Superior Plus LP's senior secured debt rating as BBB- and Superior Plus LP's senior unsecured debt rating as BB. The outlook for the long-term corporate rating was revised to negative. Also on October 6, 2015, DBRS confirmed Superior Plus Corp.'s corporate credit rating as BB high (under review with negative implications), Superior Plus LP's senior secured rating as BB high (under review with negative implications) and Superior Plus LP's senior unsecured debt rating as BB low (under review with negative implications).

As at December 31, 2015, Superior had an estimated defined benefit pension solvency deficiency of approximately $14.2 million (December 31, 2014 – $12.3 million) and a going concern surplus of approximately $28.0 million (December 31, 2014 – surplus of $22.6 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 financial statements. Superior has sufficient liquidity through its existing credit facility and anticipated future operating cash flow to fund this deficiency over the prescribed period.

In the normal course of business, Superior is subject to lawsuits and claims. Superior believes the resolution of these matters will not have a material adverse effect, individually or in the aggregate, on Superior's liquidity, consolidated financial position or results of operations. Superior records costs as they are incurred or when they become determinable.

Contractual Obligations and Other Commitments

			Payments Due In			
(millions of dollars)	Note[1]	Total	2016	2017-2018	2019-2020	Thereafter
Borrowing	17	625.6	33.0	31.6	351.6	209.4
Debentures	19	234.4	–	146.9	87.5	–
Minimum future lease payment under finance leases	18	81.2	25.0	22.7	19.7	9.3
Operating leases [2]	18	246.6	51.8	83.9	51.5	59.4
US$ foreign currency forward sales contracts (US$)	21	477.7	187.4	146.3	96.0	48.0
Natural gas, diesel, WTI, propane, heating oil, and electricity purchase commitments [3]	21	90.4	56.1	34.3	–	–
Total contractual obligations		**1,755.9**	**353.3**	**470.2**	**606.3**	**326.1**

(1) Notes to the 2015 audited consolidated financial statements.

(2) Operating leases comprise Superior's off-balance-sheet obligations.

(3) Does not include the impact of financial derivatives. See Note 21 to the consolidated financial statements.

Shareholders' Capital

The weighted average number of common shares issued and outstanding was 129.0 million shares in 2015 compared to 126.2 million in 2014, an increase of 2.7 million from the prior year due to the issuance of 13.9 million common shares in October 2015.

As at December 31, 2015 and December 31, 2014, the following common shares and securities convertible into common shares were issued and outstanding:

(millions)	**December 31, 2015** Convertible Securities	**December 31, 2015** Shares	December 31, 2014 Convertible Securities	December 31, 2014 Shares
Common shares outstanding		**140.6**		126.2
5.75% Debentures [1]	**–**	**–**	$172.5	9.1
6.00% Debentures [2]	**$150.0**	**9.9**	$150.0	9.9
7.50% Debentures [3]	**–**	**–**	$75.0	6.6
6.00% Debentures [4]	**$97.0**	**5.8**	$97.0	5.8
Shares outstanding and issuable upon conversion of Debentures		**156.3**		157.6

(1) Convertible at $19.00 per share. Redeemed in June, 2015.
(2) Convertible at $15.10 per share.
(3) Convertible at $11.35 per share. Redeemed in December, 2015.
(4) 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 for Superior's changes in working capital requirements, investing activities and financing activities. See "Summary of Adjusted Operating Cash Flow (AOCF)" and "Summary of Cash Flow" for additional details.

On October 30, 2014, Superior announced the monthly dividend will be increased by 20% to $0.06 per share or $0.72 per share on an annualized basis from the previous dividend of $0.05 or $0.60 per share on an annualized basis. Dividends paid to shareholders for 2015 were $92.8 million (before DRIP proceeds of $nil) or $0.72 per share compared to $77.0 million or $0.62 per share in 2014. Dividends paid to shareholders increased by $15.8 million due primarily to the higher dividend and a higher number of shares outstanding associated with the equity offering completed on October 28, 2015. See "Debt Management Update" for further details. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

Dividend Reinvestment Program

On October 29, 2015, Superior's Board of Directors approved the reinstatement of the Dividend Reinvestment Program and Optional Share Purchase Program ("DRIP") commencing with the payment of the December 2015 dividend paid on January 15, 2016. Proceeds from the DRIP will be used for debt reduction and general corporate purposes. The DRIP will provide Superior's shareholders with the opportunity to reinvest their cash dividends in Superior at a 4% discount to the market price of Superior's common shares.

Share Offering

On October 6, 2015, Superior announced that it had entered into an agreement with a syndicate of underwriters co-led by National Bank Financial Inc. and JP Morgan Securities Canada Inc., under which the underwriters agreed to purchase from Superior and sell to the public 12,077,300 common shares of Superior (the "Common Shares") at price of $10.35 per share (the "Offer Price") for gross proceeds of $125 million (the "Offering"). Superior granted the underwriters an option to purchase, in whole or in part, up to an additional 1,811,595 Common Shares at the Offer Price to cover over-allotments. On October 28, 2015 Superior closed the issue of 13.9 million common shares at a price of $10.35 per common share. The net proceeds for the issue including the full exercise of the over-allotment option granted to the underwriters, issue costs and commissions were

approximately $137.4 million. Proceeds from the Offering were used to reduce indebtedness under Superior's credit facility and for general corporate purposes. The indebtedness was incurred in the normal course of business to fund capital expenditures and working capital requirements.

Summary of Cash Flow

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

(millions of dollars)	2015	2014
Cash flow from operating activities	**261.4**	237.8
Investing activities [(1)]:		
Purchase of property, plant and equipment	**(95.2)**	(100.1)
Proceeds from finance lease arrangement termination	**–**	8.2
Proceeds on disposal of property, plant and equipment and intangible assets	**2.3**	6.6
Acquisitions	**(1.6)**	–
Cash flow used in investing activities	**(94.5)**	(85.3)
Financing activities:		
Net proceeds (repayment) of revolving term bank credits and other debt	**89.1**	(223.1)
Redemption of 5.75% convertible debentures	**(172.5)**	–
Redemption of 7.50% convertible debentures	**(69.3)**	–
Proceeds from issuance of 6.50% senior unsecured notes	**–**	200.0
Issuance costs incurred for 6.50% senior unsecured notes	**–**	(4.4)
Repayment of senior secured notes	**(39.5)**	(33.4)
Repayment of finance lease obligation	**(23.9)**	(20.4)
Proceeds from issuance of common shares	**143.8**	–
Issuance costs for common shares	**(6.4)**	–
Dividends paid to shareholders	**(92.8)**	(77.0)
Cash flow used in financing activities	**(171.5)**	(158.3)
Net (decrease) / increase in cash and cash equivalents	**(4.6)**	(5.8)
Cash and cash equivalents, beginning of period	**3.1**	8.3
Effect of translation of foreign-denominated cash and cash equivalents	**1.5**	0.6
Cash and cash equivalents, end of period	**–**	3.1

(1) See "Consolidated Capital Expenditure Summary" for additional details.

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.

Energy Services enters into natural gas financial swaps in order to manage its economic exposure of providing fixed-price natural gas to its customers and maintains its natural gas swap positions. Energy Services monitors its fixed-price natural gas positions on a daily basis to evaluate compliance with established risk management policies. Superior maintains a substantially balanced fixed-price natural gas position in relation to its customer supply commitments.

Energy Services entered into electricity financial swaps to manage the economic exposure of providing fixed-price electricity to its customers. Energy Services monitors its fixed-price electricity positions on a daily basis to evaluate compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price electricity position in relation to its customer supply commitments.

Energy Services entered into various propane forward purchase and sale agreements to manage the economic exposure of its wholesale customer supply contracts. Energy Services monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price propane gas position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating divisions, entered into foreign currency forward contracts to manage the economic exposure of its operations to movements in foreign currency exchange rates. Energy Services contracts a portion of its fixed-price natural gas, propane and heating oil purchases and sales in U.S. dollars and enters into forward U.S. dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. Specialty Chemicals and CPD enter into U.S. dollar forward sales contracts on an ongoing basis to mitigate the impact of foreign exchange fluctuations on sales margins on production from its Canadian plants that is sold in U.S. dollars. Interest expense on Superior's U.S. dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

As at December 31, 2015, Superior had hedged approximately 89% of its estimated U.S. dollar exposure for 2016, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2016 would not have a material impact to Superior. A summary of Superior's U.S. dollar forward contracts for 2016 and beyond is provided in the table below.

(US$ millions except exchange rates)	2016	2017	2018	2019	2020	Total
Net US$ forward sales	187.4	146.3	96.0	48.0	–	477.7
Net average external US$/CDN$ exchange rate	1.10	1.14	1.20	1.20	–	1.14

Superior has interest rate swaps to manage the interest rate mix of its total debt portfolio and related overall cost of borrowing. Superior manages its overall liquidity risk in relation to its general funding requirements by utilizing a mix of short-term and longer-term debt instruments. Superior reviews its mix of short-term and longer-term debt instruments on an ongoing basis to ensure it is able to meet its liquidity requirements.

Superior utilizes a variety of counterparties in relation to its derivative and non-financial derivative instruments in order to mitigate its counterparty risk. All of Superior's business segments have credit risk policies to minimize credit exposure. Superior assesses the creditworthiness of its significant counterparties at the inception and throughout the term of a contract. Superior is also exposed to customer credit risk. Energy Services and Construction Products Distribution deal with a large number of small customers, thereby reducing this risk. Specialty Chemicals, due to the nature of its operations, sells its products to a relatively small number of customers. Specialty Chemicals mitigates its customer credit risk by actively monitoring its customers' overall creditworthiness. Energy Services' fixed-price energy services business has minimal exposure to customer credit risk as local natural gas and electricity distribution utilities have been mandated, for a nominal fee, to provide invoicing, collection and the assumption of bad debt risk for residential and small commercial customers. Fixed-price energy services actively monitors the creditworthiness of its direct-billed industrial customers.

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's year-end 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 21 to the audited consolidated financial statements.

Sensitivity Analysis

Superior's estimated cash flow sensitivity in 2016 to various changes is provided below:

	Change	Change	Impact on AOCF (millions)	Per Share
Energy Services				
Change in propane sales margin	$0.005/litre	2%	$5.9	$0.05
Change in propane sales volume	50 million litres	4%	$8.7	$0.07
Change in U.S. refined fuels sales margin	$0.005/litre	5%	$7.8	$0.06
Change in U.S. refined fuels sales volume	50 million litres	3%	$5.0	$0.04
Specialty Chemicals				
Change in sales price	$10.00/MT	1%	$8.5	$0.07
Change in sales volume	15,000 MT	2%	$6.0	$0.05
Construction Products Distribution				
Change in sales margin	1% change in average gross margin	4%	$9.2	$0.07
Change in sales volume	5% change in sales volume	5%	$6.3	$0.05
Corporate				
Change in CDN$/US$ exchange rate	$0.01	1%	$0.7	$0.01
Corporate change in interest rates	0.5%	14%	$1.4	$0.01

Disclosure Controls and Procedures (DC&P) and Internal Controls Over Financial Reporting (ICFR)

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

Internal Controls over Financial Reporting are also designed by or under the supervision of Superior's CEO and CFO and effected by Superior's board of directors, management and other personnel in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Changes in ICFR

No changes were made in Superior's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, Superior's internal control over financial reporting in the year ended December 31, 2015.

Effectiveness

An evaluation of the effectiveness of the design and operation of Superior's DC&P was conducted as at December 31, 2015 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Superior's DC&P were effective at December 31, 2015.

The evaluation of the effectiveness of Superior's ICFR was conducted as at December 31, 2015 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Superior's ICFR were effective as at December 31, 2015.

Critical Accounting Policies and Estimates

Superior's audited condensed consolidated financial statements have been prepared in accordance with IFRS. The significant accounting policies are described in the audited condensed consolidated financial statements for the period ended December 31, 2015. 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 and asset impairments and the assessment of potential provision retirement obligations.

Recent Accounting Pronouncements

Certain mandatory 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, 2015. The affected standards applicable to Superior are as follows:

IAS 19 – *Defined Benefit Plans: Employee Contributions*

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the employee's number of years of service. For contributions that are independent of the number of years of services, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or attribute them to the employee's periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employee's period of service. This standard must be applied for accounting periods beginning on or after July 1, 2014, with earlier adoption permitted. Superior adopted these IAS 19 amendments on January 1, 2015 with no material impact to financial results and financial position.

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 finalized 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. Superior is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IAS 16 and IAS 38 – *Property, Plant and Equipment and Intangible Assets*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant, and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the event that the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible assets are highly correlated. This standard must be applied for accounting periods beginning on or after January 1, 2016, with earlier adoption permitted. Superior currently amortizes property, plant and equipment and intangible assets using the straight-line method and, therefore, does not anticipate that the application of these amendments to IAS 16 and IAS 18 will have a material impact on its consolidated financial statements.

Selected Financial Information

(millions of dollars except per share amounts)	**2015**	2014
Total assets (as at December 31)	**2,142.9**	2,114.9
Revenues	**3,314.6**	3,975.9
Gross profit	**914.0**	922.1
Net earnings	**26.5**	56.9
Per share, basic	**$0.20**	$0.45
Per share, diluted	**$0.20**	$0.41
Cash flow from operating activities	**261.4**	237.8
AOCF	**207.2**	227.4
Per share, basic	**$1.61**	$1.80
Per share, diluted	**$1.61**	$1.75
AOCF before restructuring and other costs	**217.2**	238.7
Per share before restructuring and other costs, basic	**$1.68**	$1.89
Per share before restructuring and other costs, diluted	**$1.68**	$1.84
Dividends per share	**$0.72**	$0.62
Current and long-term borrowing [(1)] (as at December 31)	**625.6**	533.2

(1) Current and long-term borrowing before deferred financing fees and Debentures.

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 EBITDA and AOCF 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

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 items of a non-recurring nature. AOCF is the main performance measure used by management and investors to evaluate Superior's performance. 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.

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 Services 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. Adjustments are also made to reclassify the cash flow related to natural gas and electricity customer contract-related costs in a manner consistent with the income statement's recognition of these costs.

EBITDA

EBITDA represents earnings before taxes, depreciation, amortization, finance expense, and certain other non-cash expenses, and is used by Superior to assess its consolidated results and those of its operating segments. The EBITDA of Superior's operating segments may be referred to as EBITDA from operations.

EBITDA from operations

EBITDA from operations is defined as EBITDA excluding gains/(losses) on foreign currency hedging contracts. For purposes of this MD&A, foreign currency hedging contract gains and losses are excluded from the results of the operating segments. Comparative figures for the prior periods have been reclassified to reflect this change.

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.

Payout Ratio

Payout ratio represents dividends as a percentage of AOCF less other capital expenditures, CRA payments and capital lease repayments and is used by Superior to assess its financial results and leverage. Payout ratio is not a defined performance measure under GAAP. Superior's calculation of payout ratio may differ from similar calculations used by comparable entities.

Fourth Quarter Results

Fourth quarter AOCF before restructuring and other costs was $73.1 million, a decrease of $12.7 million or 15% from the prior year quarter AOCF of $85.8 million, inclusive of the foreign exchange hedging program. EBITDA from operations at Specialty Chemicals decreased primarily related to lower North American pulp mill customer demand, lower demand related to the oil and gas industry, and a decrease in hydrochloric acid average selling prices, partially offset by insurance proceeds related to a business interruption claim of $4.9 and the impact of the stronger U.S. dollar on U.S. denominated EBITDA. Energy Services EBITDA from operations decreased resulting from warmer than average weather, and EBITDA from operations at CPD increased due to improved sales volumes as a result of ongoing improvements in the U.S. residential construction sector and the impact of the stronger U.S. dollar on U.S. denominated EBITDA.

AOCF per share before restructuring and other costs of $0.54 per share was $0.14 or 21% lower than the prior year quarter of $0.68 per share due to the decrease in AOCF and the increase in weighted average shares outstanding. The weighted average shares outstanding increased due to the issuance of 13.9 million shares on October 28, 2015. The common share offering had the impact of diluting earnings per share by approximately 4 cents per share in the fourth quarter of 2015.

Revenue of $813.9 million was $142.9 million lower than in the prior year's quarter due primarily to decreased Energy Services and Specialty Chemicals revenue, partially offset by increased Construction Products Distribution (CPD) revenue. Energy Services revenue decreased due to lower commodity prices and lower demand on warmer than average weather in the fourth quarter. Specialty Chemicals revenue decreased due to lower sodium chlorate volumes resulting from lower demand in North America related to several pulp mill closures and lower hydrochloric acid selling prices, partially offset by insurance proceeds related to a business interruption claim of $4.9 and the impact of the stronger U.S. dollar on U.S. denominated revenues. CPD revenues increased primarily due to higher sales volumes of gypsum due to improved U.S. sales volumes as a result of ongoing improvements in the U.S. residential construction sector and the impact of the stronger U.S. dollar on U.S. denominated revenues.

Operating expenses of $209.4 million in the fourth quarter were $26.6 million higher than operating expenses in the prior year quarter primarily due to the negative foreign exchange impact on U.S. based expenses and general inflationary increases, partially offset by operational efficiencies from The Superior Way initiatives.

Finance expense was $12.3 million, compared to $10.7 million in the prior year, an increase of $1.6 million. The increase was primarily attributable to the recognition of debt issue costs as a result of the early redemption of the $69.3 million outstanding principal amount of 7.50% Debentures in December 2015, and lower realized gains on foreign currency forward contracts.

Unrealized gains on derivative financial instruments were $2.9 million in the fourth quarter, compared to a loss of $12.7 million in the prior year, mainly related to the changes in market prices of commodities and timing of maturities of the underlying financial instruments.

The net earnings for the year ended December 31, 2015 were $31.6 million, compared to net earnings of $43.3 million in the prior year. The decrease was due to the changes in revenue, operating expenses and finance expenses discussed above.

Quarterly Financial and Operating Information

GAAP Measures

(millions of dollars except per share amounts)	2015 Quarters				2014 Quarters [2]			
	Fourth	**Third**	**Second**	**First**	Fourth	Third	Second	First
Revenues	**813.9**	**750.2**	**743.9**	**1,006.6**	956.8	841.4	895.4	1,282.3
Gross profit	**241.1**	**190.4**	**192.8**	**289.7**	247.5	188.4	196.0	290.2
Net (loss) earnings	**31.6**	**(36.2)**	**40.9**	**(9.8)**	43.3	(42.4)	5.9	50.1
Per share, basic	**$0.23**	**$(0.29)**	**$0.32**	**$(0.08)**	$0.34	$(0.34)	$0.05	$0.40
Per share, diluted	**$0.19**	**$(0.32)**	**$0.25**	**$(0.08)**	$(0.03)	$(0.34)	$(0.02)	$0.34
Net working capital [1]	**242.5**	**196.4**	**247.9**	**273.6**	264.8	225.1	248.9	345.8

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

(2) The first and second quarters of 2014 have been adjusted and include the impact of the first and second quarter 2014 adjustments as disclosed in the June 30, 2015 MD&A.

Non-GAAP Measures

	2015 Quarters				2014 Quarters [1]			
	Fourth	**Third**	**Second**	**First**	Fourth	Third	Second	First
AOCF (millions of dollars)	**63.1**	**25.6**	**23.3**	**95.2**	85.6	22.7	23.2	95.9
Per share, basic	**$0.47**	**$0.20**	**$0.18**	**$0.75**	$0.68	$0.18	$0.18	$0.76
Per share, diluted	**$0.47**	**$0.20**	**$0.18**	**$0.73**	$0.66	$0.18	$0.18	$0.73
AOCF (millions of dollars) before restructuring and other costs	**73.1**	**25.6**	**23.3**	**95.2**	85.8	22.7	32.5	97.7
Per share, basic	**$0.54**	**$0.20**	**$0.18**	**$0.75**	$0.68	$0.18	$0.26	$0.76
Per share, diluted	**$0.54**	**$0.20**	**$0.18**	**$0.73**	$0.66	$0.18	$0.26	$0.75

(1) The first and second quarters of 2014 have been adjusted and include the impact of the first and second quarter 2014 adjustments as disclosed in the June 30, 2015 MD&A.

Volumes

	2015 Quarters				2014 Quarters			
	Fourth	**Third**	**Second**	**First**	Fourth	Third	Second	First
Canadian propane sales volumes (millions of litres)	**315**	**209**	**228**	**424**	377	230	255	454
U.S. refined fuels sales volumes (millions of litres)	**390**	**342**	**338**	**494**	407	335	347	492
Natural gas sales volumes (millions of GJ)	**4.1**	**4.6**	**4.7**	**4.7**	4.5	4.2	4.7	4.6
Electricity sales volumes (millions of KWh)	**153.3**	**169.6**	**145.1**	**142.9**	136.9	138.9	156.5	244.4
Chemical sales volumes (thousands of MT)	**216**	**217**	**195**	**223**	231	224	232	223

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”, “could”, “estimate”, “expect”, “plan”, “intend”, “forecast”, “future”, “guidance”, “may”, “predict”, “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 EBITDA from operations, expected adjusted operating cash flow (AOCF) and adjusted operating cash flow per share, expected leverage ratios and debt repayment, debt management summary, expectations in terms of the cost of operations, capital spend and maintenance and the variability of these costs, timing, costs and benefits of restructuring activities, future supply and demand fundamentals for North American sodium chlorate, 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 Services, continued improvements in end-use markets in the U.S. for CPD, expected tax consequences of the Conversion, the challenge by the CRA of the tax consequences of the Conversion (and the expected timing and impact of such process including any payment of taxes and the quantum of such payments), future income taxes, the impact of proposed changes to Canadian tax legislation or U.S. tax legislation, future economic conditions, future exchange rates, exposure to such rates and incremental earnings associated with such rates, dividend strategy, payout ratio, expected weather, expectations in respect to the global economic environment, our 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, anticipated costs and benefits of business enterprise system upgrade plans, CPD IT one-time system integration costs, Canexus transaction and bridge facility costs, 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, our ability to obtain financing on acceptable terms, anticipated leverage related to the acquisition of Canexus, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior Plus LP.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Superior believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Those assumptions and expectations are based on information currently available to Superior, including information obtained from third party industry analysts and other third party sources, and the historic performance of Superior's businesses. Such assumptions include anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, trading data, cost estimates, our ability to obtain financing on acceptable terms, the assumptions set forth under the "Financial Outlook" sections of our Fourth Quarter Financial Discussion 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 our control, Superior's or Superior LP's actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value when making acquisitions, increases in debt service charges, the loss of key personnel, fluctuations in foreign currency and exchange rates, inadequate insurance coverage, liability for cash taxes, counterparty risk, compliance with environmental laws and regulations, reduced customer demand, operational risks involving our facilities, force majeure, labour relations matters, our ability to access external sources of debt and equity capital, and the risks identified in (i) this MD&A under the heading "Risk Factors to Superior" and (ii) Superior's most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

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

Reconciliation of Net Earnings to EBITDA from Operations [1][2]

2015 (millions of dollars)	**Energy Services**	**Specialty Chemicals**	**Construction Products Distribution**
Net earnings	**123.4**	**8.0**	**34.9**
Add: Depreciation included in selling, distribution, and administrative costs and amortization of intangible assets	**55.6**	**–**	**7.5**
Depreciation included in cost of sales	**–**	**63.8**	**–**
Realized losses (gains) on foreign currency hedging contracts	**7.7**	**40.0**	**4.6**
Losses on disposal of assets	**0.9**	**1.2**	**–**
Customer contract-related costs	**(0.8)**	**–**	**–**
Finance expense	**2.9**	**0.9**	**0.9**
Unrealized (gains) losses on derivative financial instruments	**(19.8)**	**3.5**	**–**
EBITDA from operations	**169.9**	**117.4**	**47.9**

2014 (millions of dollars)	Energy Services	Specialty Chemicals	Construction Products Distribution
Net earnings	75.2	53.0	27.2
Add: Depreciation included in selling, distribution, and administrative costs and amortization of intangible assets	45.2	–	6.5
Depreciation included in cost of sales	–	50.0	–
Realized losses (gains) on foreign currency hedging contracts	2.9	13.4	1.2
(Gains) losses on disposal of assets	(3.6)	0.8	0.1
Customer contract-related costs	(1.3)	–	–
Restructuring and other costs	11.0	–	0.3
Finance expense	3.3	1.0	0.7
Unrealized losses on derivative financial instruments	33.6	5.4	–
EBITDA from operations	166.3	123.6	36.0

(1) See the audited consolidated financial statements for net earnings before income taxes, depreciation included in selling, distribution and administrative costs, amortization of intangible assets, depreciation included in cost of sales, customer contract-related costs and unrealized losses on derivative financial instruments.

(2) EBITDA from operations excludes realized gains (losses) from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation. See "Non-GAAP Financial Measures" for additional details.

Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A [1]

(millions of dollars)	2015 Energy Services	2015 Specialty Chemicals	2015 Construction Products Distribution	2014 Energy Services	2014 Specialty Chemicals	2014 Construction Products Distribution
Revenue per financial statements	**1,743.3**	**622.9**	**948.4**	2,481.2	654.5	840.2
Foreign currency gains related to working capital	**–**	**11.3**	**–**	–	4.8	–
Realized losses (gains) on foreign currency hedging contracts	**–**	**40.0**	**4.6**	–	13.4	1.2
Revenue per the MD&A	**1,743.3**	**674.2**	**953.0**	2,481.2	672.7	841.4
Cost of products sold per financial statements	**(1,234.3)**	**(455.1)**	**(711.2)**	(1,977.0)	(444.2)	(632.6)
Depreciation included in cost of sales	**–**	**63.8**	**–**	–	50.0	–
Realized losses (gains) on foreign currency hedging contracts	**7.7**	**–**	**–**	2.9	–	–
Cost of products sold per the MD&A	**(1,226.6)**	**(391.3)**	**(711.2)**	(1,974.1)	(394.2)	(632.6)
Gross profit	**516.7**	**282.9**	**241.8**	507.1	278.5	208.8
Cash selling, distribution and administrative costs per financial statements	**(402.5)**	**(155.4)**	**(201.4)**	(392.1)	(150.9)	(178.1)
Depreciation and amortization	**55.6**	**–**	**7.5**	45.2	–	4.9
(Gains) losses on disposal of assets	**0.9**	**1.2**	**–**	(3.6)	0.8	0.1
Customer contract-related costs	**(0.8)**	**–**	**–**	(1.3)	–	–
Restructuring and other costs	**–**	**–**	**–**	11.0	–	0.3
Foreign currency gains related to working capital	**–**	**(11.3)**	**–**	–	(4.8)	–
Cash operating and administrative costs per the MD&A	**(346.8)**	**(165.5)**	**(193.9)**	(340.8)	(154.9)	(172.8)

(1) Revenue, gross profit and EBITDA from operations excludes realized gains (losses) from foreign currency hedging contracts that hedge U.S. denominated earnings for risk management purposes. Comparative figures have been reclassified to reflect the current period presentation. See "Non-GAAP Financial Measures" for additional details.

Reconciliation of Net Earnings to Compliance EBITDA [1][2]

(millions of dollars)	2015	2014
Net earnings	**26.5**	56.9
Adjusted for:		
Finance expense	**56.3**	52.7
Realized gains on derivative financial instruments included in finance expense	**6.1**	5.6
Depreciation included in selling, distribution and administrative costs	**56.4**	47.2
Depreciation included in cost of sales	**63.8**	50.0
Losses on disposal of assets	**2.4**	1.0
Gain on sale of customer list	**(0.3)**	(3.7)
Amortization of intangible assets	**7.1**	4.9
Income tax expense	**0.8**	15.8
Unrealized losses on derivative financial instruments	**39.8**	52.0
Compliance EBITDA [1][2]	**258.9**	282.4
Restructuring and other costs	**10.0**	11.3
Compliance EBITDA before restructuring and other costs	**268.9**	291.5

(1) See the audited consolidated financial statements for additional details.
(2) See "Non-GAAP Measures" for additional details.

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 2015 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.

Tax Reassessments

On April 2, 2013, Superior received, from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of the Conversion. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the Income Tax Act (Canada). On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notices of Reassessment received on April 2, 2013. Superior has been reassessed for subsequent taxation years by the CRA and the provincial tax agencies and has filed a Notice of Objection for each Notice of Assessment received. The outcome of this litigation cannot be predicted with any certainty.

Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard within two years, with a decision rendered six to twelve months after completion of the court hearings. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional two years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest and, if Superior is unsuccessful, then any remaining taxes payable plus interest and penalties will have to be remitted and Superior would not be able to use the tax attributes from the Conversion.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the conversion and currently intends to vigorously defend such position. Superior also strongly believes that there was no acquisition of control of Ballard and that the general anti-avoidance rule does not apply to the conversion and, accordingly, Superior intends to file its future tax returns on a basis consistent with its view of the outcome of the conversion.

Upon receipt of the Notices of Reassessment, 50% of the reassessed taxes payable must be remitted to the CRA and the provincial tax agencies. Superior would also be required to make a payment of 50% of the taxes the CRA and the provincial tax agencies claims are owed in any future tax year if similar notice of reassessment for such years were issued and Superior were to appeal such other years. See "CRA Income Tax Update" for further details on the amounts paid and estimated amounts payable.

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 approximately half of Energy Services' sales and substantially all of Specialty Chemicals' and Construction Products Distribution's 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 affect 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), or the Chilean Internal Revenue Service (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. Services, 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 our total revenues and net income by more than the sales price.

Acquisition of Canexus

The Acquisition is subject to various regulatory approvals, including approvals under the Competition Act (Canada), the TSX, the Federal Trade Commission's Bureau of Competition, and the fulfillment of certain other closing conditions customary in transactions of this nature. Superior anticipates that the transaction will be completed by mid-2016. The process of review under the Competition Act (Canada) is proceeding as expected, however, there is no certainty as to the outcome of the review. The successful execution and implementation of the Acquisition will require significant effort on the part of management of Superior. Failure to properly execute and implement this transaction or realize the anticipated strategic benefits or operational, competitive and cost synergies could adversely affect the reputation, operations and financial performance of Superior.

Risks to Superior's Segments

Risks associated with the Energy Services business are as follows:

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. Demand for traditional propane end-use applications is increasing marginally with general economic growth. However, increases in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand.

Automotive propane demand is currently stabilizing after several years of decline but the decline trend could resume depending on propane pricing, the market's acceptance of propane conversion options and the availability of infrastructure.

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 and general economic conditions affect distillates market volumes. Weather influences the immediate demand for distillates, 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. Also, 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. 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.

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 Services in comparison with such competing energy sources. Any such changes could have an adverse effect on the operations of Energy Services.

Employee and Labour Relations

Approximately 19% 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.

Fixed-price Energy Services Business

In 2015, Superior decided to cease marketing efforts and allow existing customer contracts to expire with the intention to exit the business. Given the size of the operation, this will not have a material impact to the Energy Services portfolio.

Fixed-Price Offering

Fixed-price energy services purchases natural gas to meet its estimated commitments to its customers based on their historical consumption of gas. Depending on a number of factors, including weather, customer attrition and poor economic conditions affecting commercial customers' production levels, customer natural gas consumption may vary from the volume purchased. This variance must be reconciled and settled at least annually and may require fixed-price energy services to purchase or sell natural gas at market prices, which may have an adverse impact on the results of this business. To mitigate potential balancing risk, fixed-price energy services closely monitors its balancing position and takes measures such as adjusting gas deliveries and transferring gas between pools of customers, minimizing imbalances. The reserve is reviewed monthly to ensure that it is sufficient to absorb any balancing losses.

Supply and Third Party Credit

Fixed-price energy services matches its customers' estimated electricity requirements by entering into electricity swaps. Depending on several factors, including weather, customers' energy consumption may vary from the volumes purchased by fixed-price energy services. Fixed-price energy services is able to invoice existing commercial electricity customers for balancing charges when the amount of energy used is greater or less than the tolerance levels set initially. In certain circumstances, there can be balancing issues for which fixed-price energy services is responsible when customer aggregation forecasts are not realized.

Fixed-price energy services resources its fixed-price term natural gas sales commitments by entering into various physical and financial natural gas and U.S. dollar foreign exchange purchase contracts for similar terms and volumes to create an effective Canadian dollar fixed-price cost of supply. There can be no assurance that any of these counterparties will not default on any of their obligations to Superior. The financial condition of each counterparty is, however, evaluated and credit limits are established to minimize Superior's exposure to this risk. There is also a risk that supply commitments and foreign exchange positions may become mismatched; this is monitored daily, however, in compliance with Superior's risk management policy.

Regulatory

Fixed-price energy services operates in the highly regulated energy industry in Ontario, Quebec, Alberta and British Columbia. Changes to laws could impact this business' operations. As part of the current regulatory framework, local delivery companies are mandated to perform certain services on behalf of fixed-price energy services, including invoicing, collection, assuming specific bad debt risks, and storage and distribution of natural gas. Any elimination or changes to these rules could have a significant adverse effect on the results of this business.

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.

Construction Products Distribution

Risks associated with the Construction Products Distribution business are as follows:

General Economic Conditions

Activity in the Construction Products Distribution segment is subject to changes in general economic activity and, in particular, residential and non-residential construction. New residential construction is subject to such factors as household income, employment levels, customer confidence, population changes and the local supply of residential units. Residential renovation is not as sensitive to these factors and can provide some balance in the demand for residential construction product distribution. Non-residential activity can be subdivided into commercial, industrial and institutional. New construction in these sectors is subject to many of the same general economic factors as residential activity. In the industrial and institutional subsectors, government and regulatory programs can also have a significant impact on the outlook for product distribution, particularly as related to Superior's insulation businesses. As a result, changes to general economic activity or other factors mentioned above that affect the amount of construction or renovation in residential and non-residential markets can have an adverse effect on the segment's business and Superior.

Competition

Construction Products Distribution competes with other specialty construction distributors servicing the builder/contractor market, in addition to big-box home centres and independent lumber yards. The ability to remain competitive depends on the segment's ability to provide reliable service at competitive prices.

The GSD market is driven largely by residential and non-residential construction. Demand for wall and ceiling building materials is affected by changes in general and local economic factors including demographic trends, employment levels, interest rates, consumer confidence and overall economic growth. These factors in turn affect existing housing sales, new home construction, new non-residential construction, and office/commercial space turnover, all of which are significant factors in determining demand for products and services.

Demand, Supply and Pricing

The C&I market is driven largely by C&I construction spending and economic growth. Demand is influenced by commercial construction and renovation, the construction, maintenance and expansion of industrial process facilities (such as oil refineries, petrochemical plants and power generation facilities) and institutional facilities in the government, healthcare and education sectors.

The distribution of walls and ceilings and C&I products involves risks, including the failure or substandard performance of equipment, human error, natural disasters, suspension of operations and new government statutes, regulations, guidelines or policies. Operations are also subject to various hazards incidental to the handling, processing, storage and transportation of certain hazardous materials, including industrial chemicals. These hazards can result in personal injury including fatalities, damage to and destruction of property and equipment and environmental damage. There can be no assurance that as a result of past or future operations, there will not be claims of injury by employees or members of the public due to exposure, or alleged exposure, to these materials. There can be no assurance as to the actual amount of these liabilities or their timing, if any. The business maintains safe working practices through proper procedures, direction and utilization of equipment such as forklifts, boom trucks, fabrication equipment and carts/dollies. The business handles and stores a variety of construction materials and maintains appropriate material handling compliance programs in accordance with local, state/provincial and federal regulations.

Information Technology System Integration

Construction Products Distribution continues to fully integrate its C&I and GSD enterprise resource planning (ERP) systems. The project will consist of adopting best practice common business processes, and integrating all operations onto a single, standardized ERP system. The updated ERP system will provide enhanced procurement, pricing and operational effectiveness, enabling CPD to further improve margins and operating costs once complete. Business process development in preparation of the implementation is underway. The project is expected to be completed by the end of 2016. Upon full commencement of the project, the scoping, requirements definition, business process definition, design, and testing of the integrated ERP system could take approximately one year with the branch conversions taking place the following year. Implementation problems could result in disruption to the business and/or inaccurate information for management and financial reporting. Risk will be mitigated by a project governance structure, extensive testing and a regionally phased implementation.

Employee and Labour Relations

Approximately 5% of Construction Products Distribution's 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 the segment and Superior.

MANAGEMENT'S REPORT

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Superior Plus Corp. (Superior) and all of the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards and include certain estimates that are based on management's best judgments. Actual results may differ from these estimates and judgments. Management has ensured that the consolidated financial statements are presented fairly in all material respects.

Management has developed and maintains a system of internal controls to provide reasonable assurance that Superior's assets are safeguarded, transactions are accurately recorded, and the financial statements report Superior's operating and financial results in a timely manner. Financial information presented elsewhere in this annual report has been prepared on a basis consistent with that in the consolidated financial statements.

The Board of Directors of Superior is responsible for reviewing and approving the consolidated financial statements and primarily through its Audit Committee ensures that management fulfills its responsibilities for financial reporting. The Audit Committee meets with management and Superior's external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the consolidated financial statements and the external auditor's report. The Committee reports its findings to the Board for the Board's consideration in approving the consolidated financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditor.

Deloitte LLP, an independent firm of Chartered Accountants, was appointed at Superior's last annual meeting to audit Superior's consolidated financial statements in accordance with International Financial Reporting Standards. Deloitte LLP has provided an independent opinion.

Luc Desjardins
President and Chief Executive Officer
Superior Plus Corp.

Beth Summers
Vice-President and Chief Financial Officer
Superior Plus Corp.

Toronto, Ontario
February 18, 2016

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Superior Plus Corp.

We have audited the accompanying consolidated financial statements of Superior Plus Corp., which comprise the consolidated balance sheets as at December 31, 2015 and December 31, 2014, and the consolidated statement of changes in equity, consolidated statement of net earnings and total comprehensive income, and consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Superior Plus Corp. as at December 31, 2015 and December 31, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Chartered Accountants
February 18, 2016
Calgary, Alberta

CONSOLIDATED BALANCE SHEETS

(millions of Canadian dollars)	Note	December 31 2015	December 31 2014
ASSETS			
Current Assets			
Cash and cash equivalents		**–**	3.1
Trade and other receivables	5&21	**374.4**	428.7
Prepaid expenses	6	**59.4**	48.2
Inventories	7	**176.6**	184.5
Unrealized gains on derivative financial instruments	21	**3.5**	10.7
Total Current Assets		**613.9**	675.2
Non-Current Assets			
Property, plant and equipment	10	**1,016.7**	932.2
Intangible assets	11	**21.1**	18.7
Goodwill	12	**196.2**	194.2
Notes and finance lease receivables		**3.4**	3.3
Employee future benefits	20	**5.6**	3.4
Deferred tax	22	**285.5**	284.4
Unrealized gains on derivative financial instruments	21	**0.5**	3.5
Total Non-Current Assets		**1,529.0**	1,439.7
Total Assets		**2,142.9**	2,114.9
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	**349.8**	379.0
Deferred revenue	15	**9.7**	9.1
Borrowing	17&18	**33.0**	66.7
Dividends and interest payable		**8.4**	8.5
Unrealized losses on derivative financial instruments	21	**79.4**	62.4
Total Current Liabilities		**480.3**	525.7
Non-Current Liabilities			
Borrowing	17&18	**581.8**	459.5
Convertible unsecured subordinated debentures	19	**234.4**	473.8
Other liabilities	16	**3.8**	1.9
Provisions	13	**23.2**	22.7
Employee future benefits	20	**26.6**	26.2
Deferred tax	22	**9.7**	8.3
Unrealized losses on derivative financial instruments	21	**69.4**	46.4
Total Non-Current Liabilities		**948.9**	1,038.8
Total Liabilities		**1,429.2**	1,564.5
Equity			
Capital		**1,930.7**	1,788.2
Deficit	24	**(1,328.3)**	(1,261.1)
Accumulated other comprehensive gain	23	**111.3**	23.3
Total Equity		**713.7**	550.4
Total Liabilities and Equity		**2,142.9**	2,114.9

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(millions of Canadian dollars)	Note	Share Capital	Contributed Surplus [(1)]	Total Capital	Deficit	Accumulated Other Comprehensive (Loss) Gain	Total
January 1, 2014		1,786.5	1.4	**1,787.9**	**(1,239.8)**	**(7.9)**	**540.2**
Net earnings		–	–	**–**	**56.9**	**–**	**56.9**
Conversion of 7.50% convertible unsecured debentures	**19**	0.3	–	**0.3**	**–**	**–**	**0.3**
Dividends declared to shareholders	**24**	–	–	**–**	**(78.2)**	**–**	**(78.2)**
Unrealized foreign currency gains on translation of foreign operations		–	–	**–**	**–**	**36.0**	**36.0**
Actuarial defined benefit losses		–	–	**–**	**–**	**(5.6)**	**(5.6)**
Reclassification of derivative losses previously deferred		–	–	**–**	**–**	**(0.5)**	**(0.5)**
Income tax recovery on other comprehensive income		–	–	**–**	**–**	**1.3**	**1.3**
December 31, 2014		1,786.8	1.4	**1,788.2**	**(1,261.1)**	**23.3**	**550.4**
Net earnings		–	–	**–**	**26.5**	**–**	**26.5**
Conversion of 7.50% convertible unsecured debentures	**19**	5.2	(0.2)	**5.0**	**–**	**–**	**5.0**
Dividends declared to shareholders	**24**	–	–	**–**	**(93.7)**	**–**	**(93.7)**
Common shares issued		137.5	–	**137.5**	**–**	**–**	**137.5**
Unrealized foreign currency gains on translation of foreign operations		–	–	**–**	**–**	**86.5**	**86.5**
Actuarial defined benefit gains		–	–	**–**	**–**	**2.4**	**2.4**
Reclassification of derivative losses previously deferred		–	–	**–**	**–**	**(0.2)**	**(0.2)**
Income tax expense on other comprehensive income		–	–	**–**	**–**	**(0.7)**	**(0.7)**
December 31, 2015		1,929.5	1.2	**1,930.7**	**(1,328.3)**	**111.3**	**713.7**

(1) Contributed surplus represents Superior's equity reserve for the option value associated with the issuance of convertible unsecured subordinated debentures and warrants.

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF NET EARNINGS AND TOTAL COMPREHENSIVE INCOME

Years ended December 31 (millions of Canadian dollars except per share amounts)	Note	2015	2014
Revenues	**25**	**3,314.6**	3,975.9
Cost of sales	**25**	**(2,400.6)**	(3,053.8)
Gross profit		**914.0**	922.1
Expenses			
Selling, distribution and administrative costs	**25**	**(790.6)**	(744.7)
Finance expense	**25**	**(56.3)**	(52.7)
Unrealized losses on derivative financial instruments	**21**	**(39.8)**	(52.0)
		(886.7)	(849.4)
Net earnings before income taxes		**27.3**	72.7
Income tax expense	**22**	**(0.8)**	(15.8)
Net earnings		**26.5**	56.9
Net earnings		**26.5**	56.9
Other comprehensive income:			
Unrealized foreign currency gains on translation of foreign operations	**23**	**86.5**	36.0
Actuarial defined benefit (losses) gains	**23**	**2.4**	(5.6)
Reclassification of derivatives losses previously deferred	**23**	**(0.2)**	(0.5)
Income tax (expense) recovery on other comprehensive income	**22**	**(0.7)**	1.3
Total Comprehensive Income		**114.5**	88.1
Net earnings per share			
Basic	**26**	**$0.20**	$0.45
Diluted	**26**	**$0.20**	$0.41

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended December 31 (millions of Canadian dollars)	Note	2015	2014
OPERATING ACTIVITIES			
Net earnings		**26.5**	56.9
Adjustments for:			
Depreciation included in selling, distribution and administrative costs	**10**	**56.4**	47.2
Amortization of intangible assets	**11**	**7.1**	4.9
Depreciation included in cost of sales	**10**	**63.8**	50.0
Gain on sale of customer list		**(0.3)**	(3.7)
Losses on disposal of assets		**2.4**	1.0
Unrealized losses on derivative financial instruments	**21**	**39.8**	52.0
Customer contract-related costs		**(0.8)**	(1.3)
Finance expense recognized in net earnings		**56.3**	52.7
Income tax expense recognized in net earnings		**0.8**	15.8
Decrease in non-cash operating working capital	**28**	**87.5**	16.6
Net cash flows from operating activities		**339.5**	292.1
Income taxes paid		**(24.2)**	(2.4)
Interest paid		**(53.9)**	(51.9)
Cash flows from operating activities		**261.4**	237.8
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**10**	**(95.2)**	(100.1)
Proceeds from termination of sales lease	**8**	**–**	8.2
Proceeds from disposal of property, plant and equipment and intangible assets	**10&11**	**2.3**	6.6
Acquisitions	**4**	**(1.6)**	–
Cash flows used in investing activities		**(94.5)**	(85.3)
FINANCING ACTIVITIES			
Net proceeds (repayment) of revolving term bank credits and other debt		**89.1**	(223.1)
Redemption of 5.75% convertible debentures	**19**	**(172.5)**	–
Redemption of 7.50% convertible debentures	**19**	**(69.3)**	–
Proceeds from issuance of 6.50% senior unsecured notes	**17**	**–**	200.0
Issuance costs incurred for 6.50% senior unsecured notes		**–**	(4.4)
Repayment of senior secured notes		**(39.5)**	(33.4)
Repayment of finance lease obligations		**(23.9)**	(20.4)
Proceeds from issuance of common shares		**143.8**	–
Issuance costs for common shares		**(6.4)**	–
Dividends paid to shareholders	**23**	**(92.8)**	(77.0)
Cash flows used in financing activities		**(171.5)**	(158.3)
Net decrease in cash and cash equivalents		**(4.6)**	(5.8)
Cash and cash equivalents, beginning of the year		**3.1**	8.3
Effect of translation of foreign currency-denominated cash and cash equivalents		**1.5**	0.6
Cash and cash equivalents, end of the year		**–**	3.1

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in Canadian millions of dollars, except per share amounts and as otherwise noted. Tables labelled "2015" and "2014" are as at and for the year ended December 31)

1. Organization

Superior Plus Corp. (Superior) is a diversified business corporation, incorporated under the Canada Business Corporations Act. The registered office is at Suite 401, 200 Wellington Street West, Toronto, Ontario. Superior holds 100% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. as general partner and Superior as limited partner. Superior holds 100% of the shares of Superior General Partner Inc. Superior does not conduct active business operations but rather distributes to shareholders the income it receives from Superior Plus LP in the form of partnership allocations, net of expenses and interest payable on the convertible unsecured subordinated debentures (the debentures). Superior's investments in Superior Plus LP are financed by share capital and debentures. Superior is a publicly traded company with its common shares trading on the Toronto Stock Exchange (TSX) under the exchange symbol SPB.

The consolidated financial statements of Superior for the year ended December 31, 2015 and 2014 were authorized for issuance by the Board of Directors on February 18, 2016.

Reportable Operating Segments

Superior operates three distinct reportable operating segments: Energy Services, Specialty Chemicals and Construction Products Distribution. Superior's Energy Services 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. Energy Services also provides fixed-price natural gas and electricity supply services under Superior Energy Management. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chloralkali products in the U.S. Midwest. Construction Products Distribution is one of the largest distributors of commercial and industrial insulation in North America and of specialty construction products to the walls and ceilings industry in Canada (See Note 32).

2. Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) using the accounting policies Superior adopted in its annual consolidated financial statements as at and for the year ended December 31, 2015. The financial statements were prepared on a going concern basis.

The consolidated financial statements are presented in Canadian dollars, Superior's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest hundred-thousand.

The consolidated financial statements were prepared on the historical cost basis except for the revaluation of certain financial instruments and incorporate the accounts of Superior and its subsidiaries. Subsidiaries are all entities over which Superior has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The results of subsidiaries are included in Superior's statement of net earnings from date of acquisition, or in the case of disposals, up to the effective date of disposal. All transactions and balances between Superior and its subsidiaries are eliminated on consolidation. Superior's subsidiaries are all wholly owned directly or indirectly by Superior Plus Corp.

Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid short-term investments which, on acquisition, have a term to maturity of three months or less.

b) Inventories

Energy Services

Inventories are valued at the lower of cost and net realizable value. Costs of inventories are determined either on a weighted average cost or first-in, first-out basis. Materials, supplies, and other inventories are stated at the lower of cost and net realizable value, as appropriate. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

Specialty Chemicals

Inventories are valued at the lower of cost and net realizable value. The cost of chemical inventories is determined on a first-in, first-out basis. Stores and supply inventories are costed on an average basis. Transactions are entered into from time to time with other companies to exchange chemical inventories in order to minimize working capital requirements and to facilitate distribution logistics. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale. In the case of manufactured inventories, cost includes an appropriate share of production overhead based on normal operating capacity.

Construction Products Distribution

Inventories of building products are valued at the lower of cost and net realizable value. Cost is calculated on a weighted-average cost basis and any trade discounts and rebates are deducted from the cost. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

c) Financial Instruments and Derivative Financial Instruments

Derivative Financial Instruments

Superior enters into a variety of derivatives to manage its exposure to certain financial risks. Further details of derivative financial instruments are disclosed in Note 21.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-valued to their fair value at each balance sheet date. The resulting gain or loss is recognized in net earnings. Realized gains and losses on derivatives are recognized as a component of revenue, cost of sales or finance expense/revenue, the classification of which depends on the underlying nature of the economic exposure being managed. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in net earnings.

Superior does not formally designate and document economic hedges, in accordance with the requirements of applying hedge accounting under IFRS and, therefore, does not apply hedge accounting.

Financial Assets

A financial asset is classified at fair value through net earnings (FVTNE) if it is classified as held for trading or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognized in net earnings as incurred. Financial assets at FVTNE are measured at fair value, and changes therein are recognized in net earnings.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognized immediately in net earnings.

Impairment of Financial Assets

Financial assets measured at amortized cost are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the financial asset's initial recognition, the estimated future cash flows of the investment have been negatively impacted enough so as to render recovery of the amortized value doubtful.

For certain categories of financial assets, such as trade receivables, assets that are assessed as not impaired individually are subsequently assessed for collective impairment. Objective evidence of the impairment of a portfolio of receivables could include Superior's past experience of collecting payments, an increase in the number of delayed payments past the average credit period, in addition to changes in economic conditions that correlate with defaults on receivables. For financial assets carried at amortized cost, the amount of impairment recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, in which case the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of net earnings and comprehensive income. Changes in the carrying amount of the allowance account are recognized in net earnings.

Classification as Debt or Equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract which has a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Superior are recorded at the proceeds received, net of direct issuance costs.

Compound Financial Instruments

The components of compound instruments issued by Superior are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issuance, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity. The equity component is determined by deducting the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax, and is not subsequently re-measured.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTNE or other financial liabilities.

Financial Liabilities at FVTNE

Financial liabilities are classified as FVTNE upon initial recognition or when held for trading. Financial liabilities at FVTNE are stated at fair value with any resulting gain or loss recognized in net earnings. The net gain or loss recognized in net earnings incorporates any related interest expense. Upon initial recognition, attributable transaction costs are recognized in net earnings or loss as incurred. Fair value is determined in the manner described in Note 21.

Other Financial Liabilities

Other financial liabilities, including borrowing, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest basis. Financial liabilities are recognized at amortized cost, using the effective interest rate method, at each reporting period, net of transaction costs directly attributable to the issuance of the liability. Transaction costs related to the issuance of any liability are netted against the carrying value of the associated liability and amortized as part of financing costs over the life of that debt using the effective interest rate method.

Derecognition of Financial Liabilities

Superior derecognizes financial liabilities solely when Superior's obligations are discharged, cancelled or expire.

Financial Guarantees at FVTNE

Financial guarantees are classified as FVTNE when the financial liability is designated as FVTNE upon initial recognition. Financial guarantees at FVTNE are stated at fair value with any resulting gain or loss recognized in net earnings. Fair value is determined in the manner described in Note 21.

d) Property, Plant and Equipment

Cost

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Major renewals and improvements which provide future economic benefits and can be reliably measured are capitalized, while repair and maintenance expenses are charged to operations as incurred. Property, plant and equipment in the course of construction are carried at cost less any recognized impairment losses. Cost includes directly attributable expenses, professional fees and, for qualifying assets, borrowing costs capitalized in accordance with Superior's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use. Disposals are derecognized at carrying costs less accumulated depreciation and impairment losses, with any resulting gain or loss reflected in net earnings.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial time to ready for their intended use or sale, are included in the cost of those assets, until such time as the assets are available for their intended use. All other borrowing costs are recognized in net earnings in the period in which they are incurred.

Depreciation

Depreciation is calculated using the straight-line method, based on the estimated useful life. Land is not depreciated. Depreciation of property in the course of construction commences when the assets are available for their intended use. In the majority of cases, residual value is estimated to be insignificant. Depreciation by class of assets is as follows:

Buildings	15 to 40 years
Leasehold improvements	over the lease term up to10 years
Energy Services tanks and cylinders	30 years
Energy Services truck tank bodies, chassis and other	5 to 15 years
Construction Products Distribution equipment	5 to 15 years
Manufacturing equipment	5 to 40 years
Furniture and fixtures	10 years
Computer equipment	3 years

Depreciation rates, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

e) Intangible Assets

Intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. For intangible assets with a determinate life, amortization is charged on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill when they satisfy the recognition criteria. The initial cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortization rates, residual values and amortization methods are reviewed at least annually, with the effect of any changes in estimate being accounted for on a prospective basis.

Energy Services

Costs incurred by Energy Services to acquire natural gas and electricity customer contracts are capitalized as deferred costs at the time the cost is incurred. The costs are recognized in net earnings as an operating and administrative expense over the term of the underlying contracts. The contracts range from one to five years with the average remaining life being approximately two years.

Superior's other intangible assets and related amortization rates are summarized as follows:

Non-competition agreements	Term of the agreements (1-5 years)
Royalty agreements	1-10 years
Software	1-3 years
Technology patents	Approximately 10 years

f) Impairment of Property, Plant and Equipment, Intangible Assets and Investment Properties

At each balance sheet date and when circumstances indicate that the carrying value may be impaired, Superior reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss to confirm whether the assets have indeed suffered an impairment loss. If so, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, Superior estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. A CGU is the smallest level of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized if the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount. Impairment losses are recognized immediately as a separate line item in the consolidated statements of net earnings. When an impairment loss, other than an impairment loss on goodwill, is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, which cannot exceed the original carrying amount less normal depreciation.

A previous impairment, if any, is subsequently assessed for any indication that the impairment is reduced or no longer exists. An impairment loss is reversed if there has been an increase in the recoverable amount of an asset or CGU over its carrying value. Impairment losses are reversed only to the extent that the asset's or CGU's carrying amount would not exceed the carrying amount that would have been reported if no impairment loss had been recognized.

g) Business Combinations

All business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values, at the acquisition date of the assets given up, the liabilities incurred or assumed and equity instruments issued by Superior in exchange for control of the acquiree. Transaction costs, other than those associated with the issuance of debt or equity securities, that Superior incurs in connection with a business combination, are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 – Business Combinations are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized at fair values less costs to sell, except that:

» Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with International Accounting Standard (IAS) 12 – *Income taxes* and IAS 19 – *Employee Benefits*, respectively;

- Liabilities or equity instruments related to the replacement by Superior of an acquiree's share-based payment awards are measured in accordance with IFRS 2 – Share-based Payment; and
- Assets or disposals that are classified as held for sale in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the amount that would be recognized in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*.

Intangible assets arising on acquisition are recognized at fair value at the date of acquisition. The fair value is based on detailed cash flow models and other metrics depending on the type of intangible asset being recognized.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over Superior's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the net amounts assigned to the assets acquired and liabilities assumed exceed the cost of the purchase then Superior is required to reassess the value of both the cost and net assets acquired and any excess remaining after this reassessment is recognized immediately in net earnings. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Superior will report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances at the acquisition date that, if known, would have affected the amounts recognized at that date.

The measurement period is the period from the date of acquisition to the date Superior obtains complete information about facts and circumstances as of the acquisition date, to a maximum of one year.

h) Goodwill

Goodwill arising in a business combination is recognized as an asset at the date control commences (the acquisition date). Goodwill is not amortized but is reviewed for impairment at least annually, on December 31. For purposes of impairment testing, goodwill is allocated to each of Superior's CGUs expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually or more frequently upon indication of impairment. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the net earnings on disposal.

i) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- Superior has transferred to the buyer the significant risks and rewards of ownership of the goods;
- Superior retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to Superior; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Energy Services

Revenues from sales are recognized at the time of delivery, or when related services are performed and the above conditions related to revenue from sale of goods are satisfied.

Natural gas revenues are recognized as gas is delivered to local distribution companies and when the above conditions related to revenue from sale of goods are satisfied. Costs associated with balancing the amount of gas used by Energy Services customers with the volumes delivered by Energy Services to the local distribution companies are recognized as period costs. Electricity revenues are recognized as the electricity is consumed by the end-use customer or sold to third parties.

Rental revenues arising from operating leases are accounted for based on the terms contained in the lease agreements as earned.

Specialty Chemicals

Revenues from chemical sales are recognized at the time of delivery and when the above conditions related to revenue from sale of goods are satisfied.

Construction Contracts

When the outcome of a construction contract for the construction of chlorine dioxide generators can be estimated reliably, revenues and costs are recognized by reference to the percentage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Engineer's reviews are used to determine the stage of completion of contracts in progress.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent it is probable that contract costs are recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense.

Construction Products Distribution

Revenue is recognized when products are delivered to the customer and when the above conditions related to revenue from sale of goods are satisfied. Revenue is stated net of discounts and rebates granted.

j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of Superior at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to Superior is included in the balance sheet as a finance lease obligation as part of borrowing.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in net earnings, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Superior's general policy on borrowing costs (see (d) above). Contingent rentals are recognized as expenses in the period in which they are incurred.

Operating lease payments are recognized as an expense based on terms contained in the lease agreements. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense and amortized over the term of the lease.

k) Rebates – Construction Products Distribution

Purchase rebates are recognized as a reduction of cost of goods sold when the related performance is completed and the inventory is sold. Vendor rebates that are contingent upon completing a specified level of purchases are recognized as a reduction of cost of goods sold based on a systematic and rational allocation of the cash consideration to each of the underlying transactions that results in progress toward earning that rebate or refund, assuming that the rebate can be reasonably estimated and it is probable that the specified target will be obtained. Otherwise, the rebate is recognized as the milestone is achieved and the inventory is sold.

l) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, for which it is probable that payment will be required to settle the obligation, and where the amount can be reliably estimated.

The amount is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefit required to settle a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the receivable can be measured reliably.

Decommissioning Costs

Liabilities for decommissioning costs are recognized when Superior has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Generally, the costs relate to Specialty Chemicals facilities and Energy Services assets. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in net earnings as a finance expense. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. A corresponding item of property, plant and equipment of an amount equal to the provision is also created. This is subsequently amortized as part of the asset. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Environmental Expenditures and Liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. When the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

Restructuring

A restructuring provision is recognized when Superior has developed a detailed formal restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

m) Employee Future Benefits

Superior has a number of defined benefit and defined contribution plans providing pension and other post-employment benefits to most of its employees. Superior accrues its obligations under the plans and the related costs, net of plan assets.

Contributions to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. The net obligation for each defined benefit plan is discounted to determine the present value using the yield at the reporting date on high-quality Canadian corporate bonds. Plan assets are measured at fair value and the difference between the fair value of the plan assets and the present value of the defined benefit obligation is recognized on the Consolidated Balance Sheets as an asset or liability. Costs charged to our Consolidated Statements of Net Earnings include current service cost, any past service costs, any gains or losses from curtailments and interest on the net defined benefit asset or liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they occur.

The defined benefit obligation recognized in the balance sheet represents the present value adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

n) Income Taxes

Income tax expense represents the sum of current income taxes payable and deferred income taxes.

Current Income Taxes

The income tax currently payable is based on taxable net earnings for the year. Taxable net earnings differs from net earnings as reported in the consolidated statement of net earnings and total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. Superior's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Income Taxes

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable net earnings. Deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable net earnings will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences, except for the following:

- When the deferred tax liability arises from the initial recognition of goodwill; or
- When an asset or liability in a transaction is not a business combination and, at the time of the transaction, affects neither the accounting net earnings or taxable net earnings; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by Superior and it is unlikely that the temporary differences will be reversed in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that they are expected to be reversed in the foreseeable future and it is probable that there will be sufficient taxable net earnings against which to utilize the benefits of the temporary differences. A deferred tax asset may also be recognized for the benefit expected from unused tax losses available for carry-forward, to the extent that it is probable that future taxable earnings will be available against which the tax losses can be applied.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Superior expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when they are related to income taxes levied by the same taxation authority and Superior intends to settle its current tax assets and liabilities on a net basis. Also, Superior recognizes any benefit associated with investment tax credits as deferred tax assets to the extent they are expected to be utilized in accordance with IAS 12 – Income Taxes.

Uncertain Tax Positions

Superior is subject to taxation in numerous jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain. It is possible, however, that at some future date, liabilities in excess of Superior's provisions could result from audits by or litigation with tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Current and Deferred Tax for the Period

Current and deferred tax are recognized as an expense in net earnings, except where they relate to amounts recognized outside of net earnings (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside net earnings, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

o) Foreign Currencies

The financial statements of each subsidiary of Superior are translated into the currency of the subsidiary's primary economic environment (its functional currency). For the purpose of the consolidated financial statements, the results and balance sheets of each subsidiary are expressed in Canadian dollars, Superior's presentation currency. Transactions are recognized at the rates of exchange prevailing at the transaction date.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the period-end. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value is measured. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting Superior's consolidated financial statements, the assets and liabilities of Superior's foreign operations, namely of Energy Services, Specialty Chemicals and Construction Products Distribution in the United States, and of Specialty Chemicals in Chile, are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Goodwill and fair value measurements of identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income for the period.

p) Share-Based Payments

Superior has established share-based compensation plans whereby notional restricted shares and/or notional performance shares may be granted to employees. The fair value of these notional shares is estimated using the period-end quoted market price and recorded as an expense with an offsetting amount to accrued liabilities, re-measured at each balance sheet date. All share-based payments are settled in cash.

q) Net Earnings per Common Share

Basic net earnings per share are calculated by dividing the net earnings by the weighted average number of shares outstanding during the period, which is calculated using the number of shares outstanding at the end of each month in that year. Diluted net earnings per share are calculated by factoring in the dilutive impact of the dilutive instruments, including the conversion of debentures to shares using the if-converted method to assess the impact of dilution. Superior uses the treasury stock method to determine the impact of dilutive options, which assumes that the proceeds from in-the-money share options are used to repurchase shares at the average market price during the period.

r) Significant Accounting Judgments, Estimates and Assumptions

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

Fair Value of Derivative and Non-Financial Derivative Instruments

Where the fair values of derivatives and non-financial derivatives cannot be derived from active markets, they are determined using valuation techniques including a discounted cash flow model. This requires assumptions concerning the amount and timing of estimated future cash flows and discount rates. Differences between actual values and assumed values will affect net earnings in the period when the determination of the difference is made.

Allowance for Doubtful Accounts

Superior recognizes an allowance for doubtful accounts based on historical customer collection history, general economic indicators and other customer-specific information, all of which require Superior to make certain assumptions. Where the actual collectability of accounts receivable differs from these estimates, such differences will have an impact on net earnings in the period such a determination is made.

Property, Plant and Equipment and Intangible Assets

Capitalized assets, including property, plant and equipment and intangible assets, are amortized over their respective estimated useful lives. All estimates of useful lives are set out in 2(d) and 2(e) above.

Provisions

Provisions have been estimated for decommissioning costs, restructuring and environmental expenditures. The actual costs and timing of future cash flows depend on future events. Any differences between estimates and the actual future liability will be accounted for in the period when such determination is made. Determining decommissioning liabilities requires estimates regarding the useful life of certain operating facilities, the timing and cost of future remediation activities, discount rates and the interpretation and changes to various environmental laws and regulations. Differences between estimates and results will affect Superior's accrual for decommissioning liabilities, with an effect on net earnings.

Employee Future Benefits

Superior has a number of defined benefit pension plans and other benefit plans. The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. These require assumptions including the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the valuation's complexity, its underlying assumptions and long-term nature, a defined benefit obligation is highly sensitive to changes in the underlying assumptions.

Income Tax Assets and Liabilities

Superior recognizes expected tax assets and liabilities based on estimates of current and future taxable net earnings, which may require significant judgment regarding the ultimate tax determination of certain items. If taxable net earnings differ from the estimates, there may be an impact on current and future income tax provisions in the period when the difference is determined.

Asset Impairments

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amounts are based on a calculation of expected future cash flows, which includes management assumptions and estimates of future performance.

Critical Judgments in Applying Accounting Policies

In applying Superior's accounting policies, described above, management makes judgments that could significantly affect the amounts recognized in the consolidated financial statements. The most critical of these judgments are:

Impairment of Property, Plant and Equipment

An impairment evaluation involves consideration of whether there are indicators of impairment. Indicators include: significant underperformance relative to historical or projected operating results, significant changes in the manner in which an asset is used or in Superior's overall business strategy, or significant negative industry or economic trends. In some cases, these events are clear. In many cases, however, there is no such clearly identifiable event. Instead, a series of individually insignificant events, some of them only later known, leads to an indication that an asset may be impaired. Management continually monitors Superior's segments, the markets, and the business environment, and makes judgments and assessments about conditions and events in order to conclude whether there may be an impairment.

Income Taxes

Preparation of the consolidated financial statements involves making an estimate of, or provision for, income taxes in each of the jurisdictions in which Superior operates. The process also involves estimating taxes currently payable and taxes expected to be payable or recoverable in future periods, referred to as deferred income taxes. Deferred income taxes result from the effects of temporary differences due to items that are treated differently for tax and accounting purposes. The tax effects of these differences are reflected in the balance sheet as deferred income tax assets and liabilities. An assessment must also be made to determine the likelihood that Superior's future taxable income will be sufficient to permit the recovery of deferred income tax assets. To the extent that such recovery is not probable, recognized deferred income tax assets must be reduced. Judgment is required in determining the provision for income taxes and recognition of deferred income tax assets and liabilities. Management must also exercise judgment in its assessment of continually changing tax interpretations, regulations and legislation, to ensure deferred income tax assets and liabilities are complete and fairly presented. The effects of differing assessments and applications could be material.

Financial Instruments

The fair value of financial instruments is determined and classified within three categories, which are outlined below and discussed in more detail in Note 21.

Level I

Fair values in Level I are determined using quoted prices in active markets for identical instruments.

Level II

Fair values in Level II are determined using quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and value drivers are observable in active markets.

Level III

Fair values in Level III are determined using valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The fair value measurement of a financial instrument is included in only one of the three levels, the determination of which is based on the lowest-level input that is significant to the derivation of the fair value. Classification of financial instruments requires management to use judgment in respect of both the determination of fair value and the lowest-level input of significance.

Recent Accounting Pronouncements

Certain mandatory 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, 2015. The affected standards applicable to Superior are as follows:

IAS 19 – *Defined Benefit Plans: Employee Contributions*

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the employee's number of years of service. For contributions that are independent of the number of years of services, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or attribute them to the employee's periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employee's period of service. This standard must be applied for accounting periods beginning on or after July 1, 2014, with earlier adoption permitted. Superior adopted these IAS 19 amendments on January 1, 2015 with no material impact to financial results and financial position.

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 finalized 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. Superior is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IAS 16 and IAS 38 – *Property, Plant and Equipment and Intangible Assets*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant, and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the event that the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible assets are highly correlated. This standard must be applied for accounting periods beginning on or after January 1, 2016, with earlier adoption permitted. Superior currently amortizes property, plant and equipment and intangible assets using the straight-line method and, therefore, does not anticipate that the application of these amendments to IAS 16 and IAS 18 will have a material impact on its consolidated financial statements.

3. Seasonality of Operations

Energy Services

Sales typically peak in the first quarter when approximately one-third of annual propane and other refined fuels sales volumes and gross profits are generated due to the demand from heating end-use customers. They then decline through the second and third quarter, rising seasonally again in the fourth quarter with heating demand. Similarly, net working capital is typically at seasonal highs during the first and fourth quarter, and normally declines to seasonal lows in the second and third quarter. Net working capital is also significantly influenced by wholesale propane prices and other refined fuels.

Construction Products Distribution

Sales typically peak during the second and third quarter with the seasonal increase in building and renovation activities. They then decline through the fourth quarter and into the subsequent first quarter. Similarly, net working capital is typically at seasonal highs during the second and third quarter, and normally declines to seasonal lows in the fourth and first quarter.

4. Acquisitions

On April 1, 2015, Superior acquired the assets of Warner's Gas Service Inc. (Warner's) which is a small private propane and fuel distribution business in Vestal, New York for an aggregate purchase price of $5.5 million including adjustments to net working capital and deferred consideration. The operations will provide U.S. refined fuels with access to additional propane customers.

Warner's Acquisition	Fair Value Recognized on Acquisition
Property, plant and equipment	1.9
Intangible assets	3.5
Trade and other payables	(0.7)
	4.7
Net identifiable assets and liabilities	4.7
Goodwill arising on acquisition	0.8
Total consideration	**5.5**
Purchase consideration components:	
Cash (paid on April 1, 2015)	1.6
Deferred consideration	3.9
Total purchase consideration	**5.5**

Revenue and net earnings for the three months ended December 31, 2015 were $2.1 million and $0.4 million. Revenue and net earnings for the twelve months ended December 31, 2015 would have been $7.8 million and $0.8 million, respectively, if the acquisition had occurred on January 1, 2015. Subsequent to the acquisition date of April 1, 2015, the acquisition contributed revenue and net earnings, respectively, of $4.7 million and $0.2 million to Energy Services for the period ended December 31, 2015.

5. Trade and Other Receivables

A summary of trade and other receivables is as follows:

	Note	2015	2014
Trade receivables, net of allowances	**21**	**341.5**	392.5
Accounts receivable – other		**32.9**	36.2
Trade and other receivables		**374.4**	428.7

6. Prepaid expenses

	2015	2014
Balance at the beginning of the year	**48.2**	35.3
Added to prepaid assets	**101.8**	125.1
Expensed to net earnings	**(91.1)**	(113.7)
Foreign exchange impact	**0.5**	1.5
Balance at the end of the year	**59.4**	48.2

7. Inventories

	2015	2014
Propane, heating oil and other refined fuels	**37.7**	58.0
Propane retailing materials, supplies, appliances and other	**7.5**	6.8
Chemical finished goods and raw materials	**29.4**	27.9
Chemical stores, supplies and other	**13.2**	11.4
Wall, ceiling and insulation construction products	**88.8**	80.4
	176.6	184.5

The cost of inventories recognized as an expense in the year ended December 31, 2015 was $2,061.5 million (year ended December 31, 2014 – $2,680.1 million). Inventories of $1.9 million as at December 31, 2015 (December 31, 2014 – nil) are expected to be recovered after more than 12 months. Inventory was written down during the year ended December 31, 2015 by $1.9 million (year ended December 31, 2014 – $14.6 million). Inventory write-down reversals of $7.4 million were recorded during the year ended December 31, 2015 (December 31, 2014 – nil).

8. Finance Lease Receivable

In November 2010, Superior entered into a finance lease arrangement with a customer from the Specialty Chemicals segment related to capital assets used to produce electricity at a Specialty Chemicals sodium chlorate facility in Chile. The lease's interest rate was fixed at a constant effective interest rate of 10% per year and the lease contract term was 10 years with an early termination option for the customer after five years. In May 2014, the customer exercised the early termination option and Superior received proceeds of $8.2 million.

9. Construction Contracts

Revenue relating to construction contracts is recognized based on the stage of completion, based in turn on engineering estimates of the proportion of work completed to date.

Contracts in progress at the balance sheet date:	2015	2014
Construction costs incurred plus recognized profits less recognized losses to date	**–**	15.1
Less: Progress billings to date	**–**	(16.7)
	–	(1.6)

Recognized and included in the financial statements as amounts due:

	Note	2015	2014
Accounts payable to customers under construction contracts	**14**	**–**	1.6
		–	1.6

10. Property, Plant and Equipment

	Land	Buildings	Specialty Chemicals Plant & Equipment	Energy Services Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Cost							
Balance at December 31, 2013	29.5	154.8	816.2	629.4	48.1	11.2	1,689.2
Additions	0.3	8.0	48.2	47.2	10.0	0.5	114.2
Additions related to ARO and provisions	–	2.2	–	–	–	–	2.2
Disposals	(0.2)	–	(3.0)	(9.8)	(5.8)	–	(18.8)
Net foreign currency exchange differences	1.0	6.3	29.9	17.6	1.9	0.2	56.9
Reclassification	–	–	–	(0.2)	–	–	(0.2)
Balance at December 31, 2014	30.6	171.3	891.3	684.2	54.2	11.9	1,843.5
Additions	**–**	**14.3**	**20.3**	**62.1**	**23.9**	**2.5**	**123.1**
Additions related to ARO and provisions	**–**	**0.6**	**–**	**1.2**	**–**	**–**	**1.8**
Disposals	**(0.1)**	**(0.9)**	**(3.9)**	**(23.3)**	**(6.1)**	**(0.3)**	**(34.6)**
Net foreign currency exchange differences	**2.0**	**16.2**	**52.8**	**41.9**	**6.8**	**0.4**	**120.1**
Transfers between divisions	**–**	**0.2**	**–**	**(0.2)**	**–**	**–**	**–**
Reclassification	**0.3**	**–**	**–**	**–**	**–**	**0.2**	**0.5**
Other	**–**	**5.5**	**–**	**–**	**–**	**(0.2)**	**5.3**
Balance at December 31, 2015	**32.8**	**207.2**	**960.5**	**765.9**	**78.8**	**14.5**	**2,059.7**
Accumulated Depreciation							
Balance at December 31, 2013	–	50.0	389.1	334.7	29.4	8.1	811.3
Depreciation expense	–	6.4	45.1	38.9	6.3	0.4	97.1
Eliminated on disposal of assets	–	–	(2.2)	(8.1)	(5.6)	–	(15.9)
Net foreign currency exchange differences	–	1.8	11.5	4.4	0.8	0.2	18.7
Other	–	–	–	–	–	0.1	0.1
Balance at December 31, 2014	–	58.2	443.5	369.9	30.9	8.8	911.3
Depreciation expense	**–**	**7.0**	**57.8**	**47.7**	**7.0**	**0.7**	**120.2**
Eliminated on disposal of assets	**–**	**(1.0)**	**(2.7)**	**(18.9)**	**(6.0)**	**(0.3)**	**(28.9)**
Net foreign currency exchange differences	**–**	**4.7**	**13.5**	**12.7**	**3.0**	**0.3**	**34.2**
Transfers between divisions	**–**	**0.2**	**–**	**(0.1)**	**–**	**–**	**0.1**
Reclassification	**–**	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Other	**–**	**6.1**	**–**	**(0.1)**	**–**	**–**	**6.0**
Balance at December 31, 2015	**–**	**75.2**	**512.1**	**411.2**	**34.9**	**9.6**	**1,043.0**
Carrying Amount							
As at December 31, 2014	30.6	113.1	447.8	314.3	23.3	3.1	932.2
As at December 31, 2015	**32.8**	**132.0**	**448.4**	**354.7**	**43.9**	**4.9**	**1,016.7**

Depreciation per cost category:

	2015	2014
Cost of sales	**63.8**	50.0
Selling, distribution and administrative costs	**56.4**	47.2
Total	**120.2**	97.2

Superior's property, plant and equipment was tested for impairment as at December 31, 2015 and 2014 and the Company did not identify any indicators of impairment. Therefore, the carrying value was not adjusted – see Note 12 for further details. The carrying value of Superior's property, plant, and equipment includes $87.6 million of leased assets as at December 31, 2015 (December 31, 2014 – $86.6 million).

11. Intangible Assets

	Customer Contract-Related Costs	Energy Services Trademarks, Customer Base & Non-Compete Agreements	Construction Products Distribution Intangible Assets	Specialty Chemicals Royalty Assets and Patents	Investment Property	Total
Cost						
Balance at December 31, 2013	16.6	30.2	1.7	65.4	0.3	114.2
Additions acquired separately	1.3	2.8	–	–	0.1	4.2
Disposals	(5.7)	–	–	–	–	(5.7)
Reclassifications	–	0.2	–	–	–	0.2
Net foreign currency exchange differences	–	0.3	0.1	–	–	0.4
Balance at December 31, 2014	12.2	33.5	1.8	65.4	0.4	113.3
Acquisitions through business combinations	**–**	**3.4**	**–**	**–**	**–**	**3.4**
Additions acquired separately	**0.9**	**3.6**	**–**	**–**	**–**	**4.5**
Disposals	**(1.4)**	**(0.5)**	**–**	**–**	**–**	**(1.9)**
Reclassifications	**–**	**–**	**0.1**	**–**	**(0.4)**	**(0.3)**
Net foreign currency exchange differences	**–**	**1.3**	**–**	**–**	**–**	**1.3**
Other	**–**	**0.8**	**–**	**–**	**–**	**0.8**
Balance at December 31, 2015	**11.7**	**42.1**	**1.9**	**65.4**	**–**	**121.1**
Accumulated Amortization and Impairment						
Balance at December 31, 2013	12.3	16.1	1.4	65.4	–	95.2
Amortization expense	2.5	2.4	–	–	–	4.9
Disposal	(5.7)	–	–	–	–	(5.7)
Net foreign currency exchange differences	–	0.1	–	–	–	0.1
Other	–	0.1	–	–	–	0.1
Balance at December 31, 2014	9.1	18.7	1.4	65.4	–	94.6
Amortization expense	**2.4**	**4.7**	**–**	**–**	**–**	**7.1**
Disposals	**(1.3)**	**(0.5)**	**–**	**–**	**–**	**(1.8)**
Reclassifications	**–**	**(0.1)**	**–**	**–**	**–**	**(0.1)**
Net foreign currency exchange differences	**–**	**0.2**	**–**	**–**	**–**	**0.2**
Balance at December 31, 2015	**10.2**	**23.0**	**1.4**	**65.4**	**–**	**100.0**
Carrying value [1]						
As at December 31, 2014	3.1	14.8	0.4	–	0.4	18.7
As at December 31, 2015	**1.5**	**19.1**	**0.5**	**–**	**–**	**21.1**

(1) Superior has pledged 100% of the intangible assets balance as at December 31, 2015, excluding leased assets, as security on its borrowing.

Superior's intangibles were tested for impairment as at December 31, 2015 and 2014 and the Company did not identify any indicators of impairment as at December 31, 2015. Therefore, the carrying value was not adjusted for the current period.

Depreciation per cost category:

	2015	2014
Selling, distribution and administrative costs	**7.1**	4.9
Total	**7.1**	4.9

12. Goodwill

	2015	2014
Balance at the beginning of the year	**194.2**	193.7
Effect of foreign currency differences	**1.2**	0.5
Additional amounts recognized from business combinations during the year	**0.8**	–
Balance at the end of the year	**196.2**	194.2

Goodwill is a result of a number of previous business combinations and is generally attributable to anticipated synergies expected from those acquisitions. Goodwill by definition has no useful life and, therefore, is not amortized.

Impairment of property, plant and equipment, goodwill and intangible assets

Goodwill is subject to impairment tests at least annually. For purposes of impairment testing, Superior assesses goodwill at the CGU level and allocated to the following: Energy Services, Specialty Chemicals and Construction Products Distribution.

Before recognition of impairment losses, the carrying amount of goodwill was allocated to the CGUs as follows:

	2015	2014
Energy Services	**196.2**	194.2
Specialty Chemicals	**–**	–
Construction Products Distribution	**–**	–
	196.2	194.2

Superior conducts assessments for indicators of impairment on a quarterly basis and performs a detailed impairment assessment at least annually. At December 31, 2015, an impairment test was performed for all CGUs with allocated goodwill and no impairment was identified. The recoverable amount of the CGU was based on its value in use and was determined by estimating the future cash flows that would be generated from the continuing use of the CGU, incorporating the following assumptions:

Basis on which recoverable amount was determined

The recoverable amount for each CGU is determined using a detailed cash flow model which is based on evidence from an internal budget approved by the Board of Directors. Management's internal budgets are based on past experience and are adjusted to reflect market trends and economic conditions.

Key rates used in calculation of recoverable amount

Growth rate to perpetuity

The first five years of cash flow projections used in the model are based on management's internal budgets and projections after five years are extrapolated using growth rates in line with historical long-term growth rates. The long-term growth rate used in determining the recoverable amount for each CGU is 2.0%.

Discount rates

Cash flows in the model are discounted using a discount rate specific to each CGU which is adjusted based on risk assessments for each CGU. Discount rates reflect the current market assessments of the time value of money and are derived from the CGU's weighted average cost of capital. The weighted average cost of capital is then adjusted to reflect the impact of tax in order to calculate an equivalent pre-tax discount rate. The after-tax discount rates used in determining the recoverable amount for the CGU's range from 9.0% to 9.8%.

Inflation rates

Inflation rates used in the cash flow model are based on a blend of a number of publicly available inflation forecasts. The inflation rate used in determining the recoverable amount for each CGU is 2.0%.

Key assumptions

In determining the recoverable amount of each CGU, business, market and industry factors were considered.

Energy Services

As at December 31, 2015, using the assumptions outlined above, Superior did not identify any indicators of impairment for the Energy Services CGU. Therefore, the carrying values of Energy Services' property, plant and equipment, goodwill and intangibles were not adjusted. No impairment charge was recognized as an expense against Superior's net earnings for the year ended December 31, 2014.

Specialty Chemicals

As at December 31, 2015 and 2014, using the assumptions outlined above, Superior did not identify any indicators of impairment for the Specialty Chemicals CGU. Therefore, the carrying value of Specialty Chemicals' property, plant and equipment was not adjusted. Specialty Chemicals' intangibles are fully amortized.

Construction Products Distribution

As at December 31, 2015 and 2014, using the assumptions outlined above, Superior did not identify any indicators of impairment for the Construction Products Distribution CGU. Therefore, the carrying values of Construction Products Distribution's property, plant and equipment and intangibles were not adjusted.

13. Provisions

	Restructuring	Decommissioning	Environmental	Total
Balance at December 31, 2013	12.2	14.3	1.3	27.8
Utilization	(9.9)	–	(0.5)	(10.4)
Additions	5.0	0.3	0.3	5.6
Unwinding of discount	–	0.3	–	0.3
Impact of change in discount rate	–	3.0	–	3.0
Net foreign currency exchange difference	0.1	0.8	0.1	1.0
Balance at December 31, 2014	7.4	18.7	1.2	27.3
Utilization	**(6.1)**	**–**	**(0.2)**	**(6.3)**
Additions	**–**	**–**	**0.3**	**0.3**
Amounts reversed during the year	**(0.8)**	**–**	**(0.4)**	**(1.2)**
Unwinding of discount	**–**	**0.7**	**–**	**0.7**
Impact of change in discount rate	**–**	**0.2**	**–**	**0.2**
Net foreign currency exchange difference	**–**	**2.6**	**0.1**	**2.7**
Balance at December 31, 2015	**0.5**	**22.2**	**1.0**	**23.7**

	Note	**2015**	2014
Current	**14**	**0.5**	4.6
Non-current		**23.2**	22.7
		23.7	27.3

Restructuring

Restructuring costs are recorded in selling, distribution, and administrative costs. For the year ended December 31, 2015, restructuring costs were nil (December 31, 2014 – $11.3 million). Provisions for restructuring are recorded in provisions, except for the current portion, which is recorded in trade and other payables. As at December 31, 2015, the current portion of restructuring costs was $0.5 million (December 31, 2014 – $4.6 million). As at December 31, 2015, the long-term portion of restructuring costs was nil (December 31, 2014 – $2.9 million). The provision is primarily for severance, lease costs and consulting fees.

Decommissioning

Specialty Chemicals

Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. The provision is on a discounted basis and is based on existing technologies at current prices or long-term price assumptions, depending on the activity's expected timing. As at December 31, 2015, the discount rate used in Superior's calculation was 2.16% (December 31, 2014 – 2.33%). Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $23.1 million (December 31, 2014 – $21.4 million) which will be paid over the next 16 to 24 years. While Superior's provision for decommissioning costs is based on the best estimate of future costs and the economic lives of the chemical facilities, the amount and timing of incurring these costs is uncertain.

Energy Services

Superior makes full provision for the future costs of decommissioning certain assets associated with the Energy Services segment. Superior estimates the total undiscounted expenditures required to settle its asset retirement obligations to be approximately $12.3 million at December 31, 2015 (December 31, 2014 – $9.6 million) which will be paid over the next 16 years. The risk-free rate of 2.16% at December 31, 2015 (December 31, 2014 – 2.33%) was used to calculate the present value of the estimated cash flows.

Environmental

Provisions for environmental remediation are made when a clean-up is probable and the amount of the obligation can be reliably estimated. Generally, this coincides with commitment to a formal plan or, if earlier, on divestment or closure of inactive sites. Superior estimates the total undiscounted expenditures required to settle its environmental expenditures to be approximately $0.9 million at December 31, 2015 (December 31, 2014 – $1.2 million) which will be paid over the next year. The provision for environmental expenditures has been estimated using existing technology at current prices. No discount rate has been applied as the liability is to be settled within 12 months (December 31, 2014 – 2.33%). The extent and cost of future remediation programs are inherently difficult to estimate. They depend on the scale of any possible contamination, the timing and extent of corrective actions, and Superior's share of the liability.

14. Trade and Other Payables

A summary of trade and other payables is as follows:

	Note	**2015**	2014
Trade payables		**240.9**	279.5
Net benefit obligation	**20**	**–**	4.6
Restructuring provision	**13**	**0.5**	4.6
Other payables		**98.3**	76.7
Amounts due to customers under construction contracts	**9**	**–**	1.6
Share-based payments	**27**	**10.1**	12.0
Trade and other payables		**349.8**	379.0

The average credit period on purchases by Superior is 29 days. No interest is charged on the trade payables up to 15 days from the date of the invoice. Thereafter, interest is charged at an average of 19% per annum on the balance. Superior's financial risk management policies ensure that payables are normally paid within the pre-agreed credit terms.

15. Deferred Revenue

	2015	2014
Balance at the beginning of the year	**9.1**	24.8
Deferred during the year	**19.7**	17.9
Released to net earnings	**(20.1)**	(34.3)
Foreign exchange impact	**1.0**	0.7
Balance at the end of the year	**9.7**	9.1

The deferred revenue relates to Energy Services' unearned service revenue and Specialty Chemicals' unearned product-related revenues.

16. Other Liabilities

	2015	2014
Supply agreement	**3.8**	1.9
	3.8	1.9

The supply agreement above relates to the Specialty Chemicals purchase and supply agreements with Tronox LLC (Tronox) whereby Superior has agreed to purchase up to 130,000 metric tonnes (MT) of sodium chlorate per year from Tronox's Hamilton, Mississippi facility as nominated annually by Specialty Chemicals. Specialty Chemicals has also agreed to supply Tronox with certain products to service Tronox requirements in North America. Tronox has provided formal notification to Superior that it will commence decommissioning of the facility upon completion of Superior's 2015 sodium chlorate requirements. However, Specialty Chemicals' supply agreement will continue to 2019. Refer to Note 18 for further details.

17. Borrowing

	Year of Maturity	Effective Interest Rate	2015	2014
Revolving Term Bank Credit Facilities [1]				
Bankers' Acceptances (BA)	2019	Floating BA rate plus applicable credit spread	**251.6**	71.8
Canadian Prime Rate Loan	2019	Prime rate plus credit spread	**17.7**	16.4
LIBOR Loans (US$37.0 million; 2014 – US$92.0 million)	2019	Floating LIBOR rate plus applicable credit spread	**51.2**	106.7
US Base Rate Loan (US$10.6 million; 2014 – US$19.8 million)	2019	U.S. prime rate plus credit spread	**14.8**	23.0
			335.3	217.9
Other Debt				
Accounts receivable factoring program [2]	–	Floating BA Plus	**2.6**	5.6
Deferred consideration	2016-2018	Non-interest-bearing	**6.5**	2.8
			9.1	8.4
Senior Secured Notes [3]				
Senior secured notes subject to fixed interest rates (US$nil; 2014 – US$30.0 million)	2015	7.62%	**-**	34.8
Senior Unsecured Notes				
Senior unsecured notes [4]	2021	6.50%	**200.0**	200.0
Finance Lease Obligations				
Finance lease obligations (Note 18)			**81.2**	72.1
Total borrowing before deferred financing fees			**625.6**	533.2
Deferred financing fees			**(10.8)**	(7.0)
Borrowing			**614.8**	526.2
Current maturities			**(33.0)**	(66.7)
Borrowing			**581.8**	459.5

(1) On December 22, 2015, Superior and its wholly-owned subsidiaries, Superior Plus US Financing Inc. and Commercial E Industrial (Chile) Limitada, extended the maturity date of its credit facility to December 22, 2019. In addition, the credit facility has been increased to $775.0 million. As at December 31, 2015, Superior had $27.6 million of outstanding letters of credit (December 31, 2014 – $30.6 million) and approximately $151.0 million of outstanding financial guarantees (December 31, 2014 – $128.6 million). The fair value of Superior's revolving term bank credit facilities, other debt, letters of credit, and financial guarantees approximates their carrying value as a result of the market-based interest rates, the short-term nature of the underlying debt instruments and other related factors.

(2) Superior has entered into a Master Receivables Purchase Agreement with a financial institution by which it may purchase from time to time, on an uncommitted revolving basis, a 100% interest in receivables from Superior. The maximum aggregate amount of purchased receivables purchased by the financial institution under this agreement and outstanding at any time is limited to $15.0 million. As at December 31, 2015, the accounts receivable factoring program totalled CDN $2.6 million (December 31, 2014 – CDN $5.6 million).

(3) Senior secured notes were repaid in October, 2015.

(4) On December 9, 2014, Superior completed an offering of $200.0 million 6.50% senior unsecured notes (the senior notes). The senior notes were issued at par value and mature on December 9, 2021. The senior notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior notes at various redemption prices, which include the principal amount plus accrued and unpaid interest, if any, to the application redemption date. Interest is payable semi-annually on June 9 and December 9, and commenced June 9, 2015.

Repayment requirements of borrowing before deferred finance fees are as follows:

Current maturities	33.0
Due in 2017	18.9
Due in 2018	12.7
Due in 2019	341.7
Due in 2020	9.9
Due in 2021	209.4
Subsequent to 2021	–
Total	625.6

18. Leasing Arrangements

Operating Lease Commitments

Superior has entered into leases on certain vehicles, rail cars, premises and other equipment. Leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon Superior by entering into these leases.

Future minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
Not later than one year	**51.8**	45.8
Later than one year and not later than five years	**135.4**	125.9
Later than five years	**59.4**	52.9
	246.6	224.6

Obligations under Finance Lease

Finance leases relate to fuel distribution and construction products vehicles, equipment and office space with lease terms of five to 15 years. Superior has options to purchase the assets for a nominal amount at the conclusion of the lease agreements. Superior's obligations under finance leases are secured by the lessors' title to the leased assets.

In October 2013, Specialty Chemicals entered into a supply agreement with Tronox to purchase up to 130,000 MT of sodium chlorate per year from Tronox's Hamilton, Mississippi facility, as nominated annually by Specialty Chemicals. The initial term of the agreement extends to December 31, 2016 and may be automatically extended in one year increments thereafter. Under the agreement, Tronox will continue to own and operate the facility, and Specialty Chemicals will purchase sodium chlorate to meet customer demands under certain customer contracts being assumed and to supply other existing and new customers. Specialty Chemicals paid an initial fee of $4.3 million and will incur a quarterly fee of $0.8 million during the initial term, plus a cost for sodium chlorate delivered. As part of the Agreement, Specialty Chemicals acquired finished inventory and assumed existing railcar leases and customer contracts, as assigned. Additionally, the parties entered into a strategic long-term agreement for the supply of chloralkali product by Specialty Chemicals to service Tronox's requirements in North America. Under the agreement, if the annual nominated volume by Specialty Chemicals is less than the specified volume of product set out in the agreement, Tronox may terminate the agreement early, at its sole option and its sole cost to permanently shut down the plant for the manufacture of sodium chlorate. Superior recognized approximately $19.2 million of finance lease obligations upon execution of the agreement.

Specialty Chemicals has provided notification that it will not be nominating any volume for fiscal 2016 related to this agreement.

The present values of minimum lease payments are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2015	2014	**2015**	2014
Not later than one year	**27.2**	27.1	**25.0**	25.3
Later than one year and not later than five years	**54.3**	47.9	**46.9**	42.0
Later than five years	**9.9**	5.1	**9.3**	4.8
Less: future finance charges	**(10.2)**	(8.0)	**–**	–
Present value of minimum lease payments	**81.2**	72.1	**81.2**	72.1

Included in the consolidated balance sheets as at December 31:

	2015	2014
Current portion of finance lease	**25.0**	25.3
Non-current portion of finance lease	**56.2**	46.8
	81.2	72.1

19. Convertible Unsecured Subordinated Debentures

Superior's debentures are as follows:

Maturity	June 2017	June 2018	October 2016	June 2019	Total Carrying Value
Interest rate	5.75%	6.00%	7.50%	6.00%	
Conversion price per share	$19.00	$15.10	$11.35	$16.75	
Face value, December 31, 2014	172.5	150.0	74.7	97.0	494.2
Conversions	–	–	(5.4)	–	(5.4)
Redemptions [(1)]	(172.5)	–	(69.3)	–	(241.8)
Face value, December 31, 2015	**–**	**150.0**	**–**	**97.0**	**247.0**
Issuance costs, December 31, 2014	(2.8)	(3.1)	(1.4)	(3.1)	(10.4)
Costs incurred	–	–	0.1	–	0.1
Impact of redemption	2.5	–	0.8	–	3.3
Amortization of issuance costs	0.3	0.8	0.5	0.6	2.2
Issuance costs, December 31, 2015	**–**	**(2.3)**	**–**	**(2.5)**	**(4.8)**
Discount value, December 31, 2014	(0.1)	(1.0)	(0.2)	1.9	0.6
Impact of redemption	0.1	–	0.1	–	0.2
Accretion of discount value	–	0.2	0.1	1.7	2.0
Discount value, December 31, 2015	**–**	**(0.8)**	**–**	**3.6**	**2.8**
Option value, December 31, 2015	**–**	**–**	**–**	**(10.6)**	**(10.6)**
Debentures outstanding as at December 31, 2015	**–**	**146.9**	**–**	**87.5**	**234.4**
Debentures outstanding as at December 31, 2014	169.6	145.9	73.1	85.2	473.8
Quoted market value as at December 31, 2015	**–**	**151.1**	**–**	**98.3**	**249.4**
Quoted market value as at December 31, 2014	176.0	155.3	80.9	100.4	512.6

(1) Superior redeemed $241.8 million of outstanding debentures during 2015, consisting of the $172.5 million 5.75% convertible unsecured subordinated debentures on June 30, 2015 and the $69.3 million 7.5% convertible unsecured subordinated debentures on December 14, 2015.

Superior's convertible debentures due in June 2018 and June 2019 carry multiple settlement options at conversion. The debentures may be converted into shares at the option of the holder, at the conversion price, at any time prior to the earlier of redemption by Superior or maturity. Superior may elect to pay interest and principal upon maturity or redemption by issuing shares to a trustee in the case of interest payments, and to the debenture holders in the case of payment of principal. The number of any shares issued to the debenture holders will be determined based on the market price per share at the time of issuance. Superior may elect to pay the debenture holders cash in lieu of delivering common shares upon conversion.

As Superior has the option to pay the debenture holders cash in lieu of issuing common shares upon conversion, the convertible debentures are a financial liability with an embedded conversion option derivative. The embedded conversion option derivatives and liability components of the convertible debentures due in June 2018 and June 2019 were separated. The liability components, net of transaction costs, are accounted for at amortized cost with interest expense recognized on an effective yield basis. The embedded conversion option derivatives are accounted for at fair value through net earnings. See Note 21 for further details.

20. Employee Future Benefits

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on December 31, 2015. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	Defined Benefit Plans		Other Benefit Plans	
	2015	2014	**2015**	2014
Discount rate	**3.75%**	4.50%	**3.75%**	4.50%
Expected rate of compensation increase	**3.00%**	3.00%	**3.00%**	3.00%
Mortality rate	**10.00%**	10.00%	**10.00%**	10.00%

Energy Services and Specialty Chemicals have defined benefit and defined contribution pension plans covering most employees. The benefits provided under defined benefit pension plans are based on the individual employee's years of service and the highest average earnings for a specified number of consecutive years. Information about Superior's defined benefit and other post-retirement benefit plans as at December 31, 2015 and December 31, 2014 in aggregate is as follows:

Recognized net (asset) liability arising from defined benefit obligation

	Energy Services Pension Benefit Plans	Specialty Chemicals Pension Benefit Plans	Other Benefit Plans
Balance as at December 31, 2015			
Present value of defined benefit obligations	**43.5**	**123.0**	**24.9**
Fair value of plan assets	**(47.8)**	**(122.6)**	**–**
Net (asset) liability arising from defined benefit obligation	**(4.3)**	**0.4**	**24.9**
Balance as at December 31, 2014			
Present value of defined benefit obligations	45.9	120.1	25.0
Fair value of plan assets	(49.3)	(114.3)	–
Net (asset) liability arising from defined benefit obligation	(3.4)	5.8	25.0

Movements in defined benefit obligations and plan assets:

	Energy Services Pension Benefit Plans		Specialty Chemicals Pension Benefit Plans		Other Benefit Plans	
	2015	2014	**2015**	2014	**2015**	2014
Movement in the present value of the defined benefit obligation during the year:						
Benefit obligation at January 1	**45.9**	44.5	**120.1**	105.5	**25.0**	22.8
Current service cost	**–**	–	**2.3**	2.2	**0.3**	0.3
Interest cost	**1.6**	1.9	**4.4**	4.7	**0.9**	1.0
Contributions by the plan participants	**–**	–	**0.1**	0.1	**–**	–
Actuarial losses (gains)	**–**	3.3	**0.2**	12.0	**(0.2)**	1.9
Past service cost	**–**	–	**–**	–	**–**	–
Benefits paid	**(4.0)**	(3.8)	**(4.1)**	(4.4)	**(1.1)**	(1.0)
Benefit obligation as at December 31	**43.5**	45.9	**123.0**	120.1	**24.9**	25.0
Movement in the fair value of the plan assets during the year:						
Fair value of plan assets at January 1	**49.3**	46.3	**114.3**	99.4	**–**	–
Expected return on plan assets	**1.7**	2.0	**4.3**	4.5	**–**	–
Excess return on plan assets	**0.6**	2.0	**1.8**	9.7	**–**	–
Contributions by the employer	**0.4**	3.0	**6.6**	5.3	**1.1**	1.1
Contributions by plan participants	**–**	–	**0.1**	0.2	**–**	–
Benefits paid	**(4.0)**	(3.8)	**(4.1)**	(4.4)	**(1.1)**	(1.1)
Partial plan wind-up surplus withdrawal	**–**	–	**–**	–	**–**	–
Administration expenses	**(0.2)**	(0.2)	**(0.4)**	(0.4)	**–**	–
Payment from defined benefit surplus to defined contribution plan	**–**	–	**–**	–	**–**	–
Fair value of plan assets as at December 31	**47.8**	49.3	**122.6**	114.3	**–**	–
Funded status - plan surplus (deficit)	**4.3**	3.4	**(0.4)**	(5.8)	**(24.9)**	(25.0)
Assets related to defined benefit obligation	**4.3**	3.4	**–**	–	**1.3**	–
Liabilities related to defined benefit obligation	**–**	–	**(0.4)**	(5.8)	**(26.2)**	(25.0)
Net asset (obligation) arising from defined benefit obligation	**4.3**	3.4	**(0.4)**	(5.8)	**(24.9)**	(25.0)
Current portion of net asset (obligation) recorded in trade and other payables	**–**	–	**–**	(4.1)	**–**	(0.5)
Non-current net benefit asset (obligation)	**4.3**	3.4	**(0.4)**	(1.7)	**(24.9)**	(24.5)

The accrued net pension asset related to the Energy Services pension benefit plan on December 31, 2015 was $4.3 million (December 31, 2014 – asset of $3.4 million), and the expense for 2015 was $0.5 million (year ended December 31, 2014 – $0.1 million). The accrued net benefit obligation related to the Specialty Chemicals pension benefit plan on December 31, 2015 was $0.4 million (December 31, 2014 – obligation of $5.8 million), and the expense for 2015 was $3.6 million (year ended December 31, 2014 – $2.8 million).

The accrued net benefit obligation related to the total other benefit plans of Energy Services and Specialty Chemicals on December 31, 2015 was $24.9 million (December 31, 2014 – obligation of $25.0 million), and the expense for 2015 was $1.2 million (year ended December 31, 2014 – $1.3 million). Amounts recognized in net earnings in respect of these defined benefit plans are as follows for the years ended December 31:

	2015	2014
Service Cost:		
Current service cost	**2.6**	2.5
Past service cost	**–**	–
Administrative expense	**0.6**	0.6
Net interest expense	**0.9**	1.1
Components of defined benefit costs recognized in net earnings	**4.1**	4.2

The service cost, administrative expense and net interest expense related to Energy Services and Specialty Chemicals on December 31, 2015 was $4.1 million (December 31, 2014 – $4.2 million) and is included in selling, distribution and administrative costs.

The re-measurement of the net defined benefit liability is included in other comprehensive loss. The amounts recognized in accumulated other comprehensive loss in respect of these benefit plans are as follows:

	2015	2014
Actuarial defined benefit losses (before income taxes)	**(2.4)**	(5.5)
Cumulative actuarial losses (before income taxes)	**(10.8)**	(13.2)

Re-measurement on the net benefit obligation:	2015	2014
Cumulative actuarial losses, beginning of the year	**(13.2)**	(7.7)
Actuarial asset experience gain	**2.4**	11.7
Actuarial loss arising from changes in demographic assumptions	**–**	(1.3)
Actuarial (loss) gain arising from changes in financial assumptions	**–**	(16.0)
Actuarial gain (loss) arising from changes in experience adjustments	**–**	0.1
Cumulative actuarial losses, end of the year	**(10.8)**	(13.2)

Significant actuarial assumptions for the determination of the accrued defined benefit obligation are discount rate, compensation increase, mortality scale and trend rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring as at December 31, 2015, while holding all other assumptions constant.

Discount Rate

A 1% change in the discount rate would result in a change to the accrued defined benefit obligation related to Energy Services of $4.7 million at December 31, 2015 (December 31, 2014 – $5.2 million) and a change to the current service expense of $0.1 million at December 31, 2015 (December 31, 2014 – $0.1 million). A 1% change in the discount rate would result in a change to the accrued defined benefit obligation related to Specialty Chemicals of $20.1 million at December 31, 2015 (December 31, 2014 – $20.2 million) and a change to the current service expense of $1.0 million at December 31, 2015 (December 31, 2014 – $1.2 million).

Compensation Increase

A 1% change in the salary would result in a change to the accrued defined benefit obligation related to Energy Services of $nil at December 31, 2015 (December 31, 2014 – $nil) and a change to the current service expense of $nil at December 31, 2015 (December 31, 2014 – $nil). A 1% change in salary would result in a change to the accrued defined benefit obligation related to Specialty Chemicals of $1.8 million at December 31, 2015 (December 31, 2014 – $1.9 million) and a change to the current service expense of $0.2 million at December 31, 2015 (December 31, 2014 – $0.2 million).

Mortality Scale

A 10% change in the mortality scale would result in a change to the accrued defined benefit obligation related to Energy Services of $2.3 million at December 31, 2015 (December 31, 2014 – $2.3 million) and a change to the current service expense of $0.2 million at December 31, 2015 (December 31, 2014 – $0.1 million). A 10% change in the mortality scale would result in a change to the accrued defined benefit obligation related to Specialty Chemicals of $3.0 million at December 31, 2015 (December 31, 2014 – $2.9 million) and a change to the current service expense of $0.2 million at December 31, 2015 (December 31, 2014 – $0.3 million).

Trend Rate

A 1% change in the trend rate would result in a change to the accrued defined benefit obligation related to Energy Services of $0.9 million at December 31, 2015 (December 31, 2014 – $0.9 million) and a change to the current service expense of $nil at December 31, 2015 (December 31, 2014 – $nil). A 1% change in the trend rate would result in a change to the accrued defined benefit obligation liability related to Specialty Chemicals of $1.0 million at December 31, 2015 (December 31, 2014 – $1.0 million) and a change to the current service expense of $0.1 million at December 31, 2015 (December 31, 2014 – $0.1 million).

The sensitivity presented above may not be representative of the actual change in the accrued defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation, as some of the assumptions may be correlated.

The present value of the defined benefit obligation has been calculated using the projected unit credit as at December 31, 2015, which is the same as that applied in calculating the accrued defined benefit obligation recognized in the consolidated balance sheets.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the net benefit obligation related to Energy Services is 8.0 years at December 31, 2015 (December 31, 2014 – 8.4 years) and related to Specialty Chemicals is 13.6 years at December 31, 2015 (December 31, 2014 – 14.0 years).

At December 31, 2015 Superior expects to make a contribution to the Energy Services Pension Benefit Plans of $0.9 million and to the Specialty Chemicals Pension Benefit Plans of $5.8 million during 2016.

The fair values of plan assets as at December 31, 2015, by major asset category, are as follows:

	Energy Services Pension Benefit Plans [1]		Specialty Chemicals Pension Benefit Plans [2]	
	Level 2	Percentage	Level 2	Percentage
Canadian Equities	**1.5**	**3.1%**	**32.5**	**26.6%**
U.S. Equities	**1.0**	**2.1%**	**–**	**–**
Foreign Equities	**–**	**–**	**32.3**	**26.3%**
Foreign Income	**0.9**	**2.0%**	**–**	**–**
Fixed Income	**44.4**	**92.8%**	**57.8**	**47.1%**
Total	**47.8**	**100%**	**122.6**	**100%**

(1) The assets of the Energy Services Pension Benefit plans are held by Standard Life and are invested in the Beutel Goodman balanced fund as well as the Standard Life Liability Government Bond funds.

(2) The assets of the Specialty Chemicals Pension Benefit Plans are held by Sun Life Financial, and managed by TD Asset Management, Beutel Goodman and MFS.

The fair values of plan assets as at December 31, 2014, by major asset category, are as follows:

	Energy Services Pension Benefit Plans [1]		Specialty Chemicals Pension Benefit Plans [2]	
	Level 2	Percentage	Level 2	Percentage
Canadian Equities	7.5	15.3%	33.7	29.5%
U.S. Equities	4.0	8.1%	18.9	16.5%
Foreign Equities	–	–	14.4	12.6%
Foreign Income	4.2	8.5%	–	–
Fixed Income	33.6	68.1%	47.4	41.4%
Total	49.3	100%	114.4	100%

(1) The assets of the Energy Services Pension Benefit plans are held by Standard Life and are invested in the Beutel Goodman balanced fund as well as the Standard Life Liability Government Bond funds.

(2) The assets of the Specialty Chemicals Pension Benefit Plans are held by Sun Life Financial, and managed by TD Asset Management, Beutel Goodman and MFS.

The actual return on Energy Services and Specialty Chemicals plan assets in 2015 was 4.8% (year ended December 31, 2014 – 8.3%) and 5.4%, respectively (year ended December 31, 2014 – 13.9%).

As at December 31, 2015, the asset-matching strategic choices that are formulated in the actuarial and Superior's Statement of Investment Policy (SIPP) of the total defined benefit plan assets are:

	Energy Services Pension Benefit Plans Range [1][2][3]	Specialty Chemicals Pension Benefit Plans Range [1][2]	Other Range [1][2]
Canadian Equities	**-**	**25.0%-35.0%**	**7.5%-17.5%**
Global Equities	**-**	**25.0%-35.0%**	**7.5%-17.5%**
Fixed Income	**100%**	**35.0%-45.0%**	**65.0%-85.0%**

(1) Based on Superior's SIPP.

(2) Energy Services and Specialty Chemicals' SIPPs do not provide ranges for U.S. and Foreign Equities; instead they provide in aggregate ranges classified as global equities.

(3) Energy Services moved to 100% fixed income in 2015 to derisk the plans given the maturity and low number of active participants.

As at December 31, 2014, the asset-matching strategic choices that are formulated in the actuarial and Superior's SIPP of the total defined benefit plan assets are:

	Energy Services Pension Benefit Plans Range [1][2]	Specialty Chemicals Pension Benefit Plans Range [1][2]	Other Range [1][2]
Canadian Equities	10.0%-39.1%	25.0%-35.0%	7.5%-17.5%
Global Equities	10.0%-28.4%	25.0%-35.0%	7.5%-17.5%
Fixed Income	47.5%-72.5%	35.0%-54.0%	65.0%-85.0%
Cash	0.0%-15.0%	-	-

(1) Based on Superior's SIPP.

(2) Energy Services and Specialty Chemicals' SIPPs do not provide ranges for U.S. and Foreign Equities; instead they provide in aggregate ranges classified as global equities.

21. Financial Instruments

IFRS requires disclosure around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Superior's market assumptions. These two types of input create the following fair-value hierarchy:

- Level 1 – Quoted prices in active markets for identical instruments.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and value drivers are observable in active markets.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The fair value of a financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are determined by reference to quoted bid or asking prices, as appropriate, in the most advantageous active market for that instrument to which Superior has immediate access (Level 1). Where bid and ask prices are unavailable, Superior uses the closing price of the instrument's most recent transaction. In the absence of an active market, Superior estimates fair values based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal or external valuation models, such as discounted cash flow analysis using, to the extent possible, observable market-based inputs (Level 2). Superior uses internally developed methodologies and unobservable inputs to determine the fair value of some financial instruments when required (Level 3).

Fair values determined using valuation models require assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, Superior looks primarily to available readily observable external market inputs including forecast commodity price curves, interest rate yield curves, currency rates, and price and rate volatilities as applicable.

With respect to the valuation of Specialty Chemicals' fixed-price electricity agreement, valuation requires Superior to make assumptions about the long-term price of electricity in electricity markets for which there is no active market information available. The impact of the assumption for the long-term forward price curve of electricity has a material impact on the fair value of this agreement. A $1/MWh change in the forecast price of electricity would result in a change in the fair value of this agreement of $0.7 million, with a corresponding impact to net earnings before income taxes.

All financial and non-financial derivatives are designated as held-for-trading upon their initial recognition.

As at	Level 1	Level 2	Level 3	December 31, 2015 Total
Assets				
Foreign currency forward contracts, net sale	**2.2**	**–**	**–**	**2.2**
Interest rate swaps – CDN$	**–**	**1.2**	**–**	**1.2**
Propane wholesale purchase and sale contracts, net sale – Energy Services	**–**	**0.6**	**–**	**0.6**
Total assets	**2.2**	**1.8**	**–**	**4.0**
Liabilities				
Natural gas financial swaps - AECO	**–**	**18.4**	**–**	**18.4**
Electricity swaps – Energy Services	**–**	**3.2**	**–**	**3.2**
Foreign currency forward contracts, net sale	**111.8**	**–**	**–**	**111.8**
Equity derivative contracts	**–**	**3.1**	**–**	**3.1**
Debenture-embedded derivative	**–**	**–**	**2.4**	**2.4**
Propane wholesale purchase and sale contracts, net sale – Energy Services	**–**	**3.0**	**–**	**3.0**
Fixed-price electricity purchase agreements – Specialty Chemicals	**–**	**–**	**6.9**	**6.9**
Total liabilities	**111.8**	**27.7**	**9.3**	**148.8**
Total net liability	**(109.6)**	**(25.9)**	**(9.3)**	**(144.8)**
Current portion of assets	**2.1**	**1.4**	**–**	**3.5**
Current portion of liabilities	**55.1**	**20.4**	**3.9**	**79.4**

As at	Level 1	Level 2	Level 3	December 31, 2014 Total
Assets				
Natural gas financial swaps – AECO	–	0.2	–	0.2
Electricity swaps – Energy Services	–	0.1	–	0.1
Interest rate swaps – CDN$	–	5.9	–	5.9
Equity derivative contracts	–	0.4	–	0.4
Propane wholesale purchase and sale contracts, net sale – Energy Services	–	7.6	–	7.6
Total assets	–	14.2	–	14.2
Liabilities				
Natural gas financial swaps - AECO	–	22.6	–	22.6
Electricity swaps – Energy Services	–	4.0	–	4.0
Foreign currency forward contracts, net sale	49.6	–	–	49.6
Interest rate swaps – CDN$	–	0.1	–	0.1
Debenture-embedded derivative	–	–	14.2	14.2
Propane wholesale purchase and sale contracts, net sale – Energy Services	–	14.1	–	14.1
Diesel wholesale purchase and sale contracts, net sale – Energy Services	–	0.6	–	0.6
WTI wholesale purchase and sale contract, net sale – Energy Services	–	0.1	–	0.1
Fixed-price electricity purchase agreements – Specialty Chemicals	–	–	3.4	3.4
Fixed-price natural gas purchase agreements – Specialty Chemicals	–	0.1	–	0.1
Total liabilities	49.6	41.6	17.6	108.8
Total net liability	(49.6)	(27.4)	(17.6)	(94.6)
Current portion of assets	–	10.7	–	10.7
Current portion of liabilities	28.0	32.9	1.5	62.4

The following table outlines quantitative information about how the fair values of these financial and non-financial assets and liabilities are determined, including valuation techniques and inputs used:

Description	Notional [1]	Term	Effective Rate	Valuation Technique(s) and Key Input(s)
Level 1 fair value hierarchy:				
Foreign currency forward contracts, net sale	US$477.7 [3]	2016-2019	1.14	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Natural gas financial swaps—AECO	17.1 GJ [2]	2016-2020	CDN $3.68/GJ	Discounted cash flow – Future cash flows are estimated based on forward market prices (from observable yield curves at the end of the reporting period) applied to contract volumes, discounted at a rate that reflects the credit risk of various counterparties.
Interest rate swaps – CDN$	$77.5 [3]	2016-2017	Six-month BA rate plus 2.67%	Discounted cash flow – Future cash flows are estimated based on forward interest rates and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Equity derivative contracts	$15.2 [3]	2016-2018	$12.45/share	Discounted cash flow – Future cash flows are estimated based on equity derivative contracts.
Butane wholesale purchase and sale contracts, net sale – Energy Services	2.3 USG [4]	2016	$0.60/USG	Quoted bid prices for similar products in the active market.
Propane wholesale purchase and sale contracts, net sale – Energy Services	17.6 USG [4]	2016-2018	$0.64/USG	Quoted bid prices for similar products in the active market.
Electricity swaps – Energy Services	0.3MWh [5]	2016-2018	$35.71/MWh	Discounted cash flow – Future cash flows are estimated based on forward market prices (from observable yield curves at the end of the reporting period) applied to contract volumes, discounted at a rate that reflects the credit risk of various counterparties.
Heating oil purchase and sale contracts – Energy Services	4.1 USG [4]	2016-2017	US $2.43 /USG	Quoted bid prices for similar products in the active market.
Level 3 fair value hierarchy:				
Debenture-embedded derivative	$247.0 [3]	2018-2019	–	Black-Scholes model – see "Valuation techniques and significant unobservable inputs" for further details.
Fixed-price electricity purchase agreements – Specialty Chemicals	32-45 MW [6]	2016-2017	$45/MWh	Discounted cash flow – see "Valuation techniques and significant unobservable inputs" for further details.

(1) Notional values as at December 31, 2015.
(2) Millions of gigajoules (GJ) purchased.
(3) Millions of dollars.
(4) Millions of United States gallons (USG) purchased.
(5) Millions of mega-watt hours (MWh).
(6) Megawatts (MW) on a 24/7 continual basis per year purchased.

Valuation techniques and significant unobservable inputs

Financial Instrument	Valuation Technique	Significant Unobservable Inputs	Sensitivity of Input to Fair Value
Debenture-embedded derivative	Black-Scholes model	Volatility – 26.27%-27.06% (2014 – 23.47%-24.22%) Risk-free rate – 0.89%-1.04% (2014 – 1.34%-1.46%)	The estimated fair value would increase (decrease) if: - Volatility decreased (increased) - Risk-free rate decreased (increased)
Fixed-price electricity purchase agreements	Discounted cash flow	Forward electricity prices (1) – $34.75-$40.00 (2014 - $35.40-$44.50) WACC – 9% (2014 – 9%)	The estimated fair value would increase (decrease) if: - Forward prices increased (decreased) - WACC decreased (increased)

(1) Net of greenhouse gas charge of $4/MWh.

The change in the fair value of Superior's Level 3 financial instruments for the years ended December 31, 2015 and 2014 are as follows:

Description	Debenture - Embedded Derivative	Fixed Price Electricity Purchase Agreements	Total
Balance at December 31, 2013	(26.9)	1.9	(25.0)
Unrealized gains (losses) (1)	12.7	(5.3)	7.4
Balance at December 31, 2014	(14.2)	(3.4)	(17.6)
Unrealized gains (losses) (1)	**11.8**	**(3.5)**	**8.3**
Balance at December 31, 2015	**(2.4)**	**(6.9)**	**(9.3)**

(1) Recorded in "Unrealized losses on derivative financial instruments" through net income in the Statement of Net Earnings and Total Comprehensive Income.

Superior's realized and unrealized financial instrument gains (losses) for the years ended December 31, 2015 and 2014 are as follows:

	2015		2014	
Description	**Realized Gain (Loss)**	**Unrealized Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)
Natural gas financial swaps – AECO	**(16.1)**	**4.0**	(3.2)	(9.7)
Electricity swaps – Energy Services	**(6.7)**	**0.7**	3.7	2.2
Foreign currency forward contracts, net sale	**(51.8)**	**(59.8)**	(16.7)	(19.9)
Foreign currency forward contracts, balance sheet-related	**0.3**	**–**	3.0	(1.6)
Interest rate swaps	**5.5**	**(4.6)**	2.5	(0.4)
Equity derivative contracts	**0.7**	**(3.5)**	0.1	(0.9)
Propane wholesale purchase and sale contracts – Energy Services	**(18.0)**	**14.2**	8.7	(18.7)
Butane wholesale purchase and sale contracts – Energy Services	**–**	**–**	0.2	–
Diesel wholesale purchase and sale contracts – Energy Services	**–**	**0.6**	–	(0.7)
Heating oil purchase and sale contracts – Energy Services	**(10.6)**	**0.2**	3.6	(6.6)
WTI wholesale purchase and sale contracts – Energy Services	**0.2**	**0.1**	–	(0.1)
Fixed-price electricity purchase agreements – Specialty Chemicals	**(4.9)**	**(3.5)**	0.6	(5.3)
Fixed-price natural gas purchase agreements – Specialty Chemicals	**–**	**–**	–	(0.1)
Total gains (losses) on financial and non-financial derivatives	**(101.4)**	**(51.6)**	2.5	(61.8)
Gain on debenture redemption	**–**	**–**	–	–
Foreign currency translation of senior secured notes	**(4.3)**	**–**	(1.5)	(2.9)
Unrealized change in fair value of debenture-embedded derivative	**–**	**11.8**	–	12.7
Total gains (losses)	**(105.7)**	**(39.8)**	1.0	(52.0)

Realized gains or losses on financial and non-financial derivatives and foreign currency translation gains or losses on the revaluation of Canadian domiciled US-denominated working capital have been classified on the statement of net earnings based on the underlying nature of the financial statement line item and/or the economic exposure being managed.

Offsetting of financial instruments

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

Derivative Liabilities			Amounts Offset		Amounts not offset	
December 31, 2015	Gross Liabilities	Gross Assets Offset	Net Amounts Presented	Financial Instruments	Cash Collateral Pledged	Net
Natural gas financial swaps – AECO [(1)]	**18.4**	**–**	**18.4**	**–**	**–**	**18.4**
Electricity swaps – Energy Services [(1)]	**3.3**	**(0.1)**	**3.2**	**–**	**–**	**3.2**
Propane wholesale purchase and sale contracts – Energy Services [(3)]	**4.1**	**(1.1)**	**3.0**	**–**	**–**	**3.0**
Heating oil purchase and sale contracts – Energy Services [(2)]	**6.3**	**(6.3)**	**–**	**–**	**–**	**–**
Fixed-price electricity purchase agreements – Specialty Chemicals [(4)]	**27.8**	**(20.9)**	**6.9**	**–**	**–**	**6.9**
Total	**59.9**	**(28.4)**	**31.5**	**–**	**–**	**31.5**

(1) Subject to an enforceable master netting agreement in the form of an ISDA agreement.
(2) Regularly settled net in the normal course of business and considered standardized brokerage accounts.
(3) Regularly settled gross in the normal course of business.
(4) Standard terms of the Power Purchase Agreement (PPA) allowing net settlement of payments in the normal course of business.

Derivative Assets			Amounts Offset		Amounts not offset	
December 31, 2014	Gross Assets	Gross Liabilities Offset	Net Amounts Presented	Financial Instruments	Cash Collateral Pledged	Net
Natural gas financial swaps – AECO [(1)]	0.2	–	0.2	–	–	0.2
Electricity swaps – Energy Services [(1)]	0.2	(0.1)	0.1	–	–	0.1
Propane wholesale purchase and sale contracts – Energy Services [(2)(3)]	0.1	–	0.1	–	–	0.1
Total	0.5	(0.1)	0.4	–	–	0.4

(1) Subject to an enforceable master netting agreement in the form of an ISDA agreement.
(2) Regularly settled net in the normal course of business and considered standardized brokerage accounts.
(3) Regularly settled gross in the normal course of business.

Derivative Liabilities			Amounts Offset		Amounts not offset	
December 31, 2014	Gross Liabilities	Gross Assets Offset	Net Amounts Presented	Financial Instruments	Cash Collateral Pledged	Net
Natural gas financial swaps – AECO [(1)]	22.9	(0.3)	22.6	–	–	22.6
Electricity swaps – Energy Services [(1)]	4.8	(0.8)	4.0	–	–	4.0
Propane wholesale purchase and sale contracts – Energy Services [(3)]	24.4	(10.3)	14.1	–	–	14.1
Heating oil purchase and sale contracts – Energy Services [(2)]	7.5	(7.5)	–	–	–	–
Fixed-price electricity purchase agreements – Specialty Chemicals [(4)]	41.8	(38.4)	3.4	–	–	3.4
Fixed-price natural gas agreements – Specialty Chemicals [(4)]	0.1	–	0.1	–	–	0.1
Total	101.5	(57.3)	44.2	–	–	44.2

(1) Subject to an enforceable master netting agreement in the form of an ISDA agreement.
(2) Regularly settled net in the normal course of business and considered standardized brokerage accounts.
(3) Regularly settled gross in the normal course of business.
(4) Standard terms of the PPA allowing net settlement of payments in the normal course of business.

The following summarizes Superior's classification and measurement of financial assets and liabilities:

	Classification	Measurement
Financial Assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative assets	FVTNE	Fair Value
Notes and finance lease receivable	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other liabilities	Amortized cost
Dividends and interest payable	Other liabilities	Amortized cost
Borrowing	Other liabilities	Amortized cost
Convertible unsecured subordinated debentures [1]	Other liabilities	Amortized cost
Derivative liabilities	FVTNE	Fair Value

(1) Except for derivatives embedded in the related financial instruments that are classified as FVTNE and measured at fair value.

Non-Derivative Financial Instruments

The fair value of Superior's cash and cash equivalents, trade and other receivables, notes and finance lease receivables, trade and other payables, and dividends and interest payable approximates their carrying value due to the short-term nature of these amounts. The carrying value and the fair value of Superior's borrowing and debentures is provided in Notes 17 and 19.

Financial Instruments – Risk Management

Market Risk

Derivative and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Superior assesses the inherent risks of these instruments by grouping 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.

Energy Services enters into natural gas financial swaps to manage its economic exposure of providing fixed-price natural gas to its customers and maintains its historical natural gas swap positions with six counterparties. Energy Services monitors its fixed-price natural gas positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price natural gas position in relation to its customer supply commitments.

Energy Services enters into electricity financial swaps to manage the economic exposure of providing fixed-price electricity to its customers. Energy Services monitors its fixed-price electricity positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price electricity position in relation to its customer supply commitments.

Specialty Chemicals has entered into a fixed-price electricity purchase agreement to manage the economic exposure of certain chemical facilities to changes in the market price of electricity, in a market where the price of electricity is not fixed. The fair value with respect to this agreement is with a single counterparty.

Energy Services enters into various propane forward purchase and sale agreements to manage the economic exposure of its wholesale customer supply contracts. Energy Services monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price propane position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating divisions, enters into foreign currency forward contracts to manage the economic exposure of its operations to movements in foreign currency exchange rates. Energy Services contracts a portion of its fixed-price natural gas, and propane purchases and sales in U.S. dollars and enters into forward U.S. dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. Specialty Chemicals enters into U.S. dollar forward sales contracts on an ongoing basis to mitigate the impact of foreign exchange fluctuations on sales margins on production from its Canadian plants that is sold in U.S. dollars. Interest expense on Superior's U.S. dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

Superior has interest rate swaps with four counterparties to manage the interest rate mix of its debt portfolio and related overall cost of borrowing. Superior manages its overall liquidity risk in relation to its general funding requirements by utilizing a mix of short-term and longer-term debt instruments. Superior reviews its mix of short-term and longer-term debt instruments on an ongoing basis to ensure it is able to meet its liquidity requirements.

Credit Risk

Superior utilizes a variety of counterparties in relation to its derivative and non-financial derivative instruments in order to mitigate its counterparty risk. Superior assesses the credit-worthiness of its significant counterparties at the inception and throughout the term of a contract. Superior is also exposed to customer credit risk. Energy Services deals with a large number of small customers, thereby reducing this risk. Specialty Chemicals, due to the nature of its operations, sells its products to a relatively small number of customers. Specialty Chemicals mitigates its customer credit risk by actively monitoring the overall credit-worthiness of its customers. Energy Services has minimal exposure to customer credit risk as local natural gas and electricity distribution utilities have been mandated, for a nominal fee, to provide Energy Services with invoicing, collection and the assumption of bad debt risk for residential customers. Energy Services actively monitors the credit-worthiness of its commercial customers. Overall, Superior's credit quality is enhanced by its portfolio of customers, which is diversified across geographical (primarily Canada and the United States) and end-use (primarily commercial, residential and industrial) markets.

Allowances for doubtful accounts and past due receivables are reviewed by Superior at each balance sheet date. Superior updates its estimate of the allowance for doubtful accounts based on the evaluation of the recoverability of trade receivables with each customer, taking into account historical collection trends of past due accounts and current economic conditions. Trade receivables are written-off once it is determined they are uncollectible.

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

	2015	2014
Current	**244.6**	282.4
Past due less than 90 days	**89.4**	101.4
Past due over 90 days	**14.8**	17.2
Trade receivables	**348.8**	401.0

The current portion of Superior's trade receivables is neither impaired nor past due and there are no indications as of the reporting date that the debtors will not make payment.

Superior's trade receivables are stated after deducting a provision of $7.3 million as at December 31, 2015 (December 31, 2014 — $8.5 million). The movement in the provision for doubtful accounts was as follows:

	2015	2014
Allowance for doubtful accounts, beginning of the year	**(8.5)**	(7.3)
Additions	**(7.8)**	(10.7)
Amounts written off during the year as uncollectible	**6.4**	8.2
Amounts recovered	**2.6**	1.3
Allowance for doubtful accounts, end of the year	**(7.3)**	(8.5)

Liquidity Risk

Liquidity risk is the risk that Superior cannot meet a demand for cash or fund an obligation as it comes due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

To ensure it is able to react to contingencies and investment opportunities quickly, Superior maintains sources of liquidity at the corporate and subsidiary levels. The main sources of liquidity are cash and other financial assets, the undrawn committed revolving-term bank credit facility, equity markets and debenture markets.

Superior is subject to the risks associated with debt financing, including the ability to refinance indebtedness at maturity. Superior believes these risks are mitigated through the use of long-term debt secured by high-quality assets, maintaining debt levels that in management's opinion are appropriate, and by diversifying maturities over an extended period. Superior also seeks to include in its agreements terms that protect it from liquidity issues of counterparties that might otherwise affect liquidity.

Equity Price Risk

Equity price risk is the risk of volatility in earnings as a result of volatility in Superior's share price. Superior has equity price risk exposure to shares that it issues under various forms of share-based compensation programs which affect earnings when outstanding units are revalued at each reporting period. Superior uses equity derivatives to manage volatility derived from its share-based compensation program.

As at December 31, 2015, Superior estimates that a 10% increase in its share price would have resulted in a $1.3 million increase in earnings due to the revaluation of equity derivative contracts.

Superior's contractual obligations associated with its financial liabilities are as follows:

	2016	2017	2018	2019	2020	2021 and thereafter	Total
Borrowing	**33.0**	**18.9**	**12.7**	**341.7**	**9.9**	**209.4**	**625.6**
Convertible unsecured subordinated debentures	**–**	**–**	**146.9**	**87.5**	**–**	**–**	**234.4**
US$ foreign currency forward sales contracts	**187.4**	**146.3**	**96.0**	**48.0**	**–**	**–**	**477.7**
CDN$ natural gas purchases	**9.7**	**0.1**	**–**	**–**	**–**	**–**	**9.8**
US$ natural gas purchases	**2.0**	**–**	**–**	**–**	**–**	**–**	**2.0**
US$ propane purchases	**9.2**	**3.9**	**–**	**–**	**–**	**–**	**13.1**
US$ heating oil purchases	**17.5**	**12.6**	**–**	**–**	**–**	**–**	**30.1**
Fixed-price electricity purchase commitments	**17.7**	**17.7**	**–**	**–**	**–**	**–**	**35.4**

Superior's contractual obligations are considered normal-course operating commitments and do not include the impact of mark-to-market fair values on financial and non-financial derivatives. Superior expects to fund these obligations through a combination of cash flow from operations, proceeds on its revolving term bank credit facilities and proceeds on the issuance of share capital.

Superior's financial instruments' sensitivities to changes in foreign currency exchange rates, interest rates and various commodity prices and the resulting impact to net earnings are detailed below:

	2015
Increase (decrease) to net earnings of a $0.01 increase in the CDN$ to the US$	**(6.0)**
Increase (decrease) to net earnings of a 0.5% increase in interest rates	**(0.3)**
Increase (decrease) to net earnings of a $0.40/GJ increase in the price of natural gas	**6.6**
Increase (decrease) to net earnings of a $0.04/litre increase in the price of propane	**3.4**
Increase (decrease) to net earnings of a $1.00/KWh increase in the price of electricity	**0.7**

The calculation of Superior's sensitivity to changes in foreign currency exchange rates, interest rates and various commodity prices represent the change in fair value of the financial instrument without consideration of the value of the underlying variable, for example, the underlying customer contracts. The recognition of the sensitivities identified above would have affected Superior's unrealized gain or loss on financial instruments and would not have had a material impact on Superior's cash flow from operations.

22. Income Taxes

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and deferred income taxes, including United States income tax, United States non-resident withholding tax and Chilean income tax.

Total income taxes are different from the amount computed by applying the corporate Canadian enacted statutory rate for 2015 of 26.6% (2014 – 26.3%). The increase in statutory rates reflects previously enacted provincial tax rate increases. The reasons for these differences are as follows:

	2015	2014
Net earnings	**26.5**	56.9
Income tax expense	**0.8**	15.8
Net earnings of Superior before taxes	**27.3**	72.7
Computed income tax expense	**7.3**	19.1
Changes in effective foreign tax rates	**0.1**	0.6
Changes in future income tax rates	**(2.8)**	2.7
Non-deductible costs and other	**(3.0)**	(5.9)
Prior-period adjustment	**(1.9)**	(2.0)
Recognition of previously unrecognized asset	**(0.9)**	–
Other	**2.0**	1.3
Income tax expense	**0.8**	15.8

Income tax expense for the years ended December 31, 2015 and 2014 is comprised of the following:

	2015	2014
Current income tax expense		
Current income tax charge	**2.6**	1.7
Adjustments in respect of previous year	**(0.5)**	–
Total current income tax expense	**2.1**	1.7
Deferred income tax expense		
Relating to origination and reversal of temporary difference	**4.1**	14.1
Relating to changes in tax rates or the imposition of new taxes	**(2.8)**	2.7
Adjustments in respect of previous year	**(1.4)**	(2.0)
Other	**(1.2)**	(0.7)
Total deferred income tax (recovery) expense	**(1.3)**	14.1
Total income tax expense	**0.8**	15.8

Income tax recognized in other comprehensive income	**2015**	2014
Deferred tax		
Income tax on amortization of actuarial gains and losses	**(0.7)**	1.3
Total income tax (recovery) expense recognized in other comprehensive income	**(0.7)**	1.3

Deferred tax for the years ended December 31, 2015 and 2014 is comprised of the following:

2015	Opening Balance	(Credited) Charged to Net Earnings	(Credited) Charged to Other Comprehensive Loss	Exchange Differences	Other	Closing Balance
Provisions	**6.9**	**0.3**	**–**	**1.0**	**–**	**8.2**
Finance leases	**25.4**	**1.0**	**–**	**3.4**	**–**	**29.8**
Borrowing	**(11.1)**	**(7.1)**	**–**	**0.5**	**–**	**(17.7)**
Financing fees	**2.3**	**0.3**	**–**	**–**	**–**	**2.6**
Investment tax credits	**108.9**	**(2.9)**	**–**	**–**	**–**	**106.0**
Non-capital losses	**61.7**	**(5.6)**	**–**	**9.9**	**–**	**66.0**
Property, plant and equipment	**(133.7)**	**(0.6)**	**–**	**(17.2)**	**–**	**(151.5)**
Reserves and employee benefits	**24.2**	**(1.7)**	**(0.7)**	**1.7**	**–**	**23.5**
Scientific research and development	**161.7**	**5.1**	**–**	**–**	**–**	**166.8**
Unrealized foreign exchange gains	**31.1**	**10.2**	**–**	**0.5**	**–**	**41.8**
Other	**(1.3)**	**2.3**		**(0.5)**	**(0.2)**	**0.3**
Total	**276.1**	**1.3**	**(0.7)**	**(0.7)**	**(0.2)**	**275.8**

2014	Opening Balance	(Credited) Charged to Net Earnings	(Credited) Charged to Other Comprehensive Loss	Exchange Differences	Other	Closing Balance
Provisions	5.3	1.2	–	0.4	–	6.9
Finance leases	25.0	(1.1)	–	1.5	–	25.4
Borrowing	(2.0)	(9.1)	–	–	–	(11.1)
Financing fees	2.6	(0.3)	–	–	–	2.3
Investment tax credits	111.9	(3.0)	–	–	–	108.9
Non-capital losses	74.1	(16.9)	–	4.5	–	61.7
Property, plant and equipment	(114.9)	(11.6)	–	(7.2)	–	(133.7)
Reserves and employee benefits	21.1	0.9	1.3	0.9	–	24.2
Scientific research and development	158.1	3.6	–	–	–	161.7
Unrealized foreign exchange gains	8.8	22.0	–	0.3	–	31.1
Other	(1.7)	0.3		0.1		(1.3)
Total	288.3	(14.0)	1.3	0.5	–	276.1

Deferred taxes reported in the two preceding tables are presented on a functional basis while deferred taxes reported on the balance sheet are on a legal-entity basis.

The net deferred income tax asset relates to the following tax jurisdictions as at December 31, 2015 and 2014:

	2015	2014
Canada	**272.8**	276.5
United States	**12.5**	7.8
Chile	**(9.5)**	(8.2)
Total net deferred income tax asset	**275.8**	276.1

Superior has available to carry forward the following as at December 31, 2015 and 2014:

	2015	2014
Canadian non-capital losses	**47.4**	60.5
Canadian scientific research expenditures	**621.3**	615.5
Canadian capital losses	**588.1**	582.5
United States non-capital losses – federal	**150.0**	126.7
United States non-capital losses – state	**174.2**	150.1
Chilean non-capital losses	**–**	5.0
Canadian federal and provincial investment tax credits	**148.9**	154.4

As at December 31, 2015, Superior had non-capital loss carry-forwards available to reduce future years' taxable income, which expire as follows:

	United States	Canada
2016	–	–
2017	–	–
2018	–	–
2019	–	–
2020 and thereafter	150.0	47.4
Total	**150.0**	**47.4**

The Canadian scientific research expenditures and the Canadian capital losses may be carried forward indefinitely. Management believes there will be sufficient taxable profits in the future to offset these losses.

In Chile, the local tax laws provide that any profits distributed outside of Chile be subject to a 35% tax. Superior controls whether the profits will be distributed and is satisfied that there will be no liability in the foreseeable future as there is no plan to repatriate funds from Chile.

As at December 31, 2015, Superior had Canadian federal and provincial investment tax credits available to reduce future years' taxable income, which expire as follows:

2016	4.5
2017	4.6
2018	–
2019	–
2020	–
Thereafter	139.8
Total	**148.9**

As at December 31 Superior has the following balances in respect of which no deferred tax asset was recognized:

	2015	2014
Canadian non-capital losses	**24.6**	24.6
United States non-capital losses - state	**24.1**	23.4
Canadian capital losses	**581.4**	582.5
Total unrecognized deferred income tax assets	**630.1**	630.5

Deferred tax assets have not been recognized for the above temporary differences as it is not probable that the respective entities to which they relate will generate sufficient future taxable income against which to utilize the temporary differences.

On April 2, 2013, Superior received, from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of Superior's corporate conversion transaction (Conversion) which occurred on December 31, 2008. The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the Income Tax Act (Canada). On May 8, 2013 and August 7, 2013, respectively, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notices of Reassessment received on April 2, 2013. Superior has been reassessed for subsequent taxation years by the CRA and the provincial tax agencies and has filed a Notice of Objection for each Notice of Assessment received.

The table below summarizes Superior's estimated tax liabilities and payment requirements associated with the received and anticipated Notices of Reassessment. Upon receipt of the Notices of Reassessment, 50% of the taxes payable pursuant to such Notice of Reassessment must be remitted to the CRA and the provincial tax agencies within 90 days.

Taxation Year	Taxes Payable [(1)(2)]	50% of the Taxes Payable [(1)(2)]	Month/Year – Paid/Payable
2009/2010	13.0	6.5	April 2013
2011	15.0 [(3)]	7.5	February 2015
2012	10.0 [(3)]	5.0	February 2015
2013	11.0 [(3)]	5.5	February 2015
2014	16.0 [(3)]	8.0	December 2015
2015	3.0 [(3)]	1.5	2016
2016	5.0 [(3)]	2.5	2017
Total	**73.0**	**36.5**	

(1) In millions of dollars.

(2) Includes estimated interest and penalties up to payment date of 50%.

(3) Estimated based on Superior's previously filed tax returns, 2015 financial results and Superior's 2016 outlook.

Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard within two years, with a decision rendered six to twelve months after completion of the court hearings. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional two years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest. If Superior is unsuccessful, then any remaining taxes payable plus interest and penalties will have to be remitted to the CRA and Superior would not be able to use the tax attributes from the Conversion.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and currently intends to vigorously defend such position and to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

23. Total Equity

Superior is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The holders of common shares are entitled to dividends if, as and when declared by the Board of Directors; to one vote per share at shareholders' meetings; and upon liquidation, dissolution or winding up of Superior to receive pro rata the remaining property and assets of Superior, subject to the rights of any shares having priority over the common shares, of which none is outstanding.

Preferred shares are issuable in series with each class of preferred share having such rights as the Board of Directors may determine. Holders of preferred shares are entitled, in priority over holders of common shares, to be paid ratably with holders of each other series of preferred shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series upon liquidation, dissolution or winding up of Superior. Superior has no preferred shares outstanding.

	Issued Number of Common Shares (Millions)	Total Equity
Total equity, December 31, 2013	126.2	540.2
Net earnings	–	56.9
Other comprehensive income	–	31.2
Conversion of 7.50% convertible unsecured debentures	–	0.3
Dividends declared to shareholders [(1)]	–	(78.2)
Total equity, December 31, 2014	126.2	550.4
Net earnings	**–**	**26.5**
Other comprehensive income	**–**	**88.0**
Conversion of 7.50% convertible unsecured debentures	**0.5**	**5.0**
Issuance of common shares	**13.9**	**137.5**
Dividends declared to shareholders [(1)]	**–**	**(93.7)**
Total equity, December 31, 2015	**140.6**	**713.7**

(1) Dividends to shareholders are declared at the discretion of Superior's Board of Directors. During the year ended December 31, 2015, Superior paid dividends of $92.8 million or $0.72 per share (year ended December 31, 2014 – $77.0 million or $0.62 per share).

Accumulated other comprehensive loss as at December 31, 2015 and 2014 consisted of the following components:

	2015	2014
Accumulated other comprehensive loss before reclassification		
Currency translation adjustment		
Balance at the beginning of the year	**40.0**	4.0
Unrealized foreign currency gains on translation of foreign operations	**86.5**	36.0
Balance at the end of the year	**126.5**	40.0
Actuarial defined benefits		
Balance at the beginning of the year	**(9.8)**	(5.5)
Actuarial defined benefit gains (losses)	**2.4**	(5.6)
Income tax (expense) recovery on other comprehensive gain	**(0.7)**	1.3
Balance at the end of the year	**(8.1)**	(9.8)
Total accumulated other comprehensive gain before reclassification	**118.4**	30.2
Amounts reclassified from accumulated other comprehensive loss		
Accumulated derivative losses		
Balance at the beginning of the year	**(6.9)**	(6.4)
Reclassification of derivative losses previously deferred [1]	**(0.2)**	(0.5)
Balance at the end of the year	**(7.1)**	(6.9)
Total amounts reclassified from accumulated other comprehensive loss	**(7.1)**	(6.9)
Accumulated other comprehensive loss at the end of the year	**111.3**	23.3

(1) The reclassification of derivative losses previously deferred is included in unrealized losses on derivative financial instruments on the statement of net earnings.

Other Capital Disclosure

Additional Capital Disclosure

Superior's objectives when managing capital are: (i) to maintain a flexible capital structure to preserve its ability to meet its financial obligations, including potential obligations from acquisitions; and (ii) to safeguard its assets while maximizing the growth of its businesses and returns to its shareholders.

In the management of capital, Superior includes shareholders' equity (excluding accumulated other comprehensive (loss) income), current and long-term borrowing, convertible unsecured subordinated debentures and cash and cash equivalents. Superior manages its capital structure and makes adjustments in light of changes in economic conditions and the nature of the underlying assets. In order to maintain or adjust the capital structure, Superior may adjust the amount of dividends to shareholders, issue additional share capital, conduct additional borrowing or issue convertible unsecured subordinated debentures, or conduct new borrowing or issue convertible unsecured subordinated debentures with different characteristics.

Superior monitors its capital based on the ratio of senior debt outstanding to net earnings before interest, taxes, depreciation, amortization and other non-cash expenses (EBITDA), as defined by its revolving term credit facility, and the ratio of total debt outstanding to EBITDA. Superior's reference to EBITDA as defined by its revolving term credit facility may be referred to as compliance EBITDA in its other public reports.

Superior is subject to various financial covenants in its credit facility agreements, including senior debt, total debt to EBITDA ratio and restricted payments tests, which are measured on a quarterly basis. As at December 31, 2015 and December 31, 2014 Superior was in compliance with all of its financial covenants.

Superior's financial objectives and strategy related to managing its capital as described above remained unchanged from the prior year. Superior believes that its debt to EBITDA ratios are within reasonable limits, in light of Superior's size, the nature of its businesses and its capital management objectives.

Non-IFRS Financial Measures utilized for bank covenant purposes

Compliance EBITDA

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and 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 its debt covenants and other credit information. Compliance EBITDA is not a defined performance measure under IFRS. Superior's calculation of compliance EBITDA may differ from similar calculations used by comparable entities. The capital structure of Superior and the calculation of its key capital ratios are as follows:

As at December 31	2015	2014
Total shareholders' equity	**713.7**	550.4
Exclude accumulated other comprehensive (gain) loss	**(111.3)**	(23.3)
Shareholders' equity excluding accumulated other comprehensive loss	**602.4**	527.1
Current borrowing [(1)]	**33.0**	66.7
Borrowing [(1)]	**592.6**	466.5
Less: Senior unsecured debt	**(200.0)**	(200.0)
Consolidated secured debt	**425.6**	333.2
Add: Senior unsecured debt	**200.0**	200.0
Consolidated debt	**625.6**	533.2
Convertible unsecured subordinated debentures [(1)]	**247.0**	494.2
Total debt	**872.6**	1,027.4
Total capital	**1,475.0**	1,554.5

(1) Borrowing and convertible unsecured subordinated debentures are before deferred issuance costs and option value.

	2015	2014
Net earnings	**26.5**	56.9
Adjusted for:		
Finance expense	**56.3**	52.7
Realized gains on derivative financial instruments included in finance expense	**6.1**	5.6
Depreciation included in selling, distribution and administrative costs	**56.4**	47.2
Depreciation included in cost of sales	**63.8**	50.0
Losses (gains) on disposal of assets	**2.4**	1.0
Gain on sale of customer list	**(0.3)**	(3.7)
Amortization of intangible assets	**7.1**	4.9
Income tax expense	**0.8**	15.8
Unrealized losses on derivative financial instruments	**39.8**	52.0
Compliance EBITDA [1]	**258.9**	282.4

(1) EBITDA, as defined by Superior's revolving-term credit facility, is calculated on a trailing 12-month basis taking into consideration the pro-forma impact of acquisitions and dispositions in accordance with the requirements of Superior's credit facility. Superior's calculation of EBITDA and debt to EBITDA ratios may differ from those of similar entities.

The capital structure of Superior and the calculation of its key capital ratios are as follows:

	2015	2014
Consolidated secured debt to compliance EBITDA	**1.6:1**	1.2:1
Consolidated debt to compliance EBITDA	**2.4:1**	1.9:1
Total debt to compliance EBITDA	**3.4:1**	3.6:1

24. Deficit and Dividends

	2015	2014
Balance at the beginning of the year	**(1,261.1)**	(1,239.8)
Net earnings	**26.5**	56.9
Dividends declared	**(93.7)**	(78.2)
Balance at the end of the year	**(1,328.3)**	(1,261.1)

On December 10, 2015, Superior declared dividends of $8.4 million or $0.06 per share payable on January 15, 2016 to shareholders of record on December 31, 2015. On January 7, 2016, Superior declared dividends of $0.06 per share payable on February 12, 2016 to shareholders of record on January 31, 2016. On February 4, 2016, Superior declared dividends of $0.06 per share payable on March 15, 2016 to shareholders of record on February 29, 2016. This dividend is an eligible dividend for Canadian income tax purposes.

25. Supplemental Disclosure of Consolidated Statement of Total Comprehensive Income

Revenue is recognized at the fair value of consideration received or receivable when the significant risks and rewards of ownership have been transferred.

	2015	2014
Revenues		
Revenue from products	**3,293.1**	3,889.2
Revenue from the rendering of services	**58.1**	62.8
Rental revenue	**24.0**	26.7
Construction contract revenue	**1.8**	2.3
Realized (losses) gains on derivative financial instruments	**(62.4)**	(5.1)
	3,314.6	3,975.9
Cost of sales (includes products and services)		
Cost of products and services	**(2,291.1)**	(3,005.6)
Depreciation included in cost of sales	**(63.7)**	(50.0)
Realized (losses) gains on derivative financial instruments	**(45.8)**	1.8
	(2,400.6)	(3,053.8)
Selling, distribution and administrative costs		
Other selling, distribution and administrative costs	**(219.5)**	(195.0)
Restructuring costs	**–**	(11.3)
Employee future benefit expense	**(4.1)**	(4.2)
Employee costs	**(419.7)**	(395.4)
Vehicle operating costs	**(62.4)**	(65.5)
Facilities maintenance expense	**(31.3)**	(28.7)
Depreciation included in selling, distribution and administrative costs	**(56.4)**	(47.2)
Amortization of intangible assets	**(7.1)**	(4.9)
(Losses) Gains on disposal of assets	**(2.1)**	2.7
Realized gains on LTIP	**0.7**	–
Realized gains on the translation of U.S.-denominated net working capital	**11.3**	4.8
	(790.6)	(744.7)
Finance expense		
Interest on borrowing	**(23.9)**	(17.2)
Interest on convertible unsecured subordinated debentures	**(24.9)**	(30.3)
Interest on obligations under finance leases	**(4.3)**	(4.5)
Gain on debenture redemptions	**0.1**	–
Unwinding of discount on debentures, borrowing and decommissioning liabilities	**(9.4)**	(6.3)
Realized gains on derivative financial instruments	**6.1**	5.6
	(56.3)	(52.7)

26. Net Earnings per Share

	2015	2014
Net earnings per share computation, basic		
Net earnings for the period	**26.5**	56.9
Weighted average shares outstanding (millions)	**129.0**	126.2
Net earnings per share, basic	**$0.20**	$0.45

	2015	2014
Net earnings per share computation, diluted		
Net earnings for the period	**26.5**	54.2
Weighted average shares outstanding (millions)	**129.0**	132.8
Net earnings per share, diluted	**$0.20**	$0.41

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share in each period.

(millions)	Maturity	Note	2015	2014
Convertible Debentures				
5.75%	June 2017	19	**–**	9.1
6.00%	June 2018	19	**9.9**	9.9
7.50%	October 2016	19	**–**	–
6.00%	June 2019	19	**5.8**	5.8
Total anti-dilutive instruments			**15.7**	24.8

27. Share-Based Compensation

Restricted and Performance Shares

Under Superior's long-term incentive program, restricted shares (RSs), performance shares (PSs) and/or director shares (DSs) can be granted to directors, senior officers and employees of Superior. All three types of shares entitle the holder to receive cash compensation in relation to the value of a specified number of underlying notional shares. RSs vest evenly over three years from the grant date, except for RSs issued to directors which vest three years from the grant date. Payments are made on the anniversaries of the RS to the holders entitled to receive them on the basis of a cash payment equal to the value of the underlying notional shares. PSs vest three years from the grant date and their notional value depends on Superior's performance as compared to established benchmarks. DSs vest immediately on the grant date and payments are made to directors once they resign or retire based on the number of notional shares outstanding and the value of the shares on that date. Employee compensation expense for these plans is charged against net earnings or loss over the vesting period of the RSs, PSs, and DSs. The amount payable by Superior in respect of RSs, PSs and DSs changes as a result of dividends and share price movements. The fair value of all the RSs, PSs and DSs is equal to Superior's common share market price and the divisional notional share price if related to a divisional plan. In the event of an employee termination, any unvested shares are forfeited on that date.

For the year ended December 31, 2015 total compensation expense related to RSs, PSs and DSs was $12.7 million (year ended December 31, 2014 – $11.1 million). Exercises during the year ended December 31, 2015 under the long-term incentive plan were completed at a weighted average price of $11.43 per share (2014 – $12.86 per share) for RSs, $11.61 per share (2014 – $14.70 per share) for PSs and $9.43 per share (2014 – $14.23 per share) for DSs. For the year ended December 31, 2015 the total carrying amount of the liability related to RSs, PSs and DSs was $10.1 million (2014 – $12.0 million).

The movement in the number of shares under the long-term incentive program was as follows:

	2015				2014			
	RSs	**PSs**	**DSs**	**Total**	RSs	PSs	DSs	Total
Opening number of shares	**421,707**	**720,178**	**387,262**	**1,529,147**	451,994	956,885	334,738	1,743,617
Granted	**489,917**	**704,327**	**85,317**	**1,279,561**	331,628	331,628	62,467	725,723
Performance factor adjustment	**–**	**268,851**	**–**	**268,851**	–	421,292	–	421,292
Dividends reinvested	**45,352**	**68,478**	**17,343**	**131,173**	34,340	48,673	16,963	99,976
Forfeited	**(61,016)**	**(84,907)**	**–**	**(145,923)**	(65,374)	(214,234)	(259)	(279,867)
Exercised	**(218,123)**	**(648,868)**	**(223,911)**	**(1,090,902)**	(330,881)	(824,066)	(26,647)	(1,181,594)
Ending number of shares	**677,837**	**1,028,059**	**266,011**	**1,971,907**	421,707	720,178	387,262	1,529,147

Superior entered into equity derivative contracts in order to manage the volatility and costs associated with its share-based compensation plans. As at December 31, 2015, Superior had outstanding notional values of $15.3 million of equity derivative contracts at an average share price of $12.45. See Note 21 for further details.

The Corporation established the Construction Products Division Long-Term Incentive Plan (CPD LTIP) in 2015. The CPD LTIP provides participants with the potential to receive a cash payment in the event of the sale of the CPD Business or a change of control of the Corporation, provided that at the time of such transaction there has been an increase in the value of the CPD business from the base value of the business as established at the time the Plan was created. The maximum amount payable as a contingent liability by Superior under the plan is 10% of the increased value of the CPD Business from the base value.

28. Supplemental Disclosure of Non-Cash Operating Working Capital Changes

	2015	2014
Changes in non-cash working capital		
Trade receivables and other	**43.0**	45.1
Inventories	**7.9**	21.8
Trade and other payables	**(27.9)**	(31.0)
Other, including foreign exchange	**64.5**	(19.3)
	87.5	16.6

29. Commitments

Purchase commitments under long-term natural gas and propane contracts for the next five years and thereafter are as follows:

	CDN$ [(1)] Natural Gas	US$ [(1)] Natural Gas	CDN$ Propane	US$ Propane	US$ Heating oil
2016	9.7	2.0	–	9.2	17.5
2017	0.1	–	–	3.9	12.6
2018	–	–	–	–	–
2019	–	–	–	–	–
2020	–	–	–	–	–
2021 and thereafter	–	–	–	–	–

(1) Does not include the impact of financial derivatives (See Note 21).

Superior is similarly committed to long-term natural gas and propane sales contracts to supply customers.

30. Related-Party Transactions and Agreements

Transactions between Superior and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

For the year ended December 31, 2015, Superior incurred $2.5 million (2014 – $0.9 million) in legal fees respectively, with Norton Rose Canada LLP, a related party with Superior because a member of Superior's Board of Directors is a partner at the law firm.

Remuneration of directors and other key management personnel

The key management personnel of Superior are comprised of executives of Superior and presidents of Superior's business segments.

The remuneration paid to directors and other members of key management personnel over the past two years is as follows:

Year ended December 31	**2015**	2014
Short-term employee benefits [1]	**7.0**	6.2
Other long-term employee benefits	**0.2**	0.1
Termination benefits	**0.9**	–
Share-based payments	**10.5**	11.3
	18.6	17.6

(1) Short-term employee benefits paid to directors and other members of key management personnel include salaries and bonuses.

31. Group Entities

Significant Subsidiaries	Country of Organization	Ownership Interest (Direct and Indirect)
Superior Plus LP	Canada	100%
Superior Gas Liquids Partnership	Canada	100%
619220 Saskatchewan Ltd.	Canada	100%
Superior International Inc.	Canada	100%
Superior General Partner Inc.	Canada	100%
Superior Plus Canada Financing Inc.	Canada	100%
Superior Energy Management Operations Inc.	Canada	100%
Superior Energy Management Holdings LP	Canada	100%
Superior Energy Management Electricity Inc.	Canada	100%
Superior Energy Management Electricity LP	Canada	100%
Superior Energy Management Gas Holdings LP	Canada	100%
6751261 Canada Inc.	Canada	100%
Superior Energy Management Gas Inc.	Canada	100%
Superior Energy Management Gas LP	Canada	100%
Superior Plus US Holdings Inc.	United States	100%
Superior Plus US Financing Inc.	United States	100%
ERCO Worldwide Inc.	United States	100%
ERCO Worldwide (USA) Inc.	United States	100%
Superior Plus Construction Products Corp.	United States	100%
The Winroc Corporation (Midwest)	United States	100%
Superior Plus US Energy Services Inc.	United States	100%
Superior Plus US Capital Corp.	United States	100%
Burnwell Gas of Canada	Canada	100%
Commercial E Industrial ERCO (Chile) Limitada	Chile	100%

32. Reportable Segment Information

Superior has adopted IFRS 8 – *Operating Segments*, which requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance.

Superior operates three distinct reportable operating segments: Energy Services, Specialty Chemicals and Construction Products Distribution. Superior's Energy Services' 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. Energy Services also provides fixed-price natural gas and electricity supply services under Superior Energy Management. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chloralkali products in the U.S. Midwest. Construction Products Distribution is one of the largest distributors of commercial and industrial insulation in North America and the largest distributor of specialty construction products to the walls and ceilings industry in Canada.

Superior's corporate office arranges intersegment foreign exchange contracts from time to time. Realized gains and losses pertaining to intersegment foreign exchange gains and losses are eliminated under the corporate cost column. All of Superior's operating segments conduct business with customers of various sizes and do not rely extensively on any single customer for their revenue stream.

2015	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenue	**1,743.3**	**622.9**	**948.4**	**–**	**3,314.6**
Cost of sales (includes product and services)	**(1,234.3)**	**(455.1)**	**(711.2)**	**–**	**(2,400.6)**
Gross Profit	**509.0**	**167.8**	**237.2**	**–**	**914.0**
Expenses					
Depreciation included in selling, distribution and administrative costs	**(48.9)**	**–**	**(7.5)**	**–**	**(56.4)**
Amortization of intangible assets	**(6.7)**	**–**	**–**	**(0.4)**	**(7.1)**
Selling, distribution and administrative costs	**(346.9)**	**(155.4)**	**(193.9)**	**(30.9)**	**(727.1)**
Finance expense	**(2.9)**	**(0.9)**	**(0.9)**	**(51.6)**	**(56.3)**
Unrealized losses on derivative financial instruments	**19.8**	**(3.5)**	**–**	**(56.1)**	**(39.8)**
	(385.6)	**(159.8)**	**(202.3)**	**(139.0)**	**(886.7)**
Net earnings (loss) before income taxes	**123.4**	**8.0**	**34.9**	**(139.0)**	**27.3**
Income tax expense	**–**	**–**	**–**	**(0.8)**	**(0.8)**
Net Earnings (Loss)	**123.4**	**8.0**	**34.9**	**(139.8)**	**26.5**

2014	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenue	2,481.2	654.5	840.2	–	3,975.9
Cost of sales (includes product and services)	(1,977.0)	(444.2)	(632.6)	–	(3,053.8)
Gross Profit	504.2	210.3	207.6	–	922.1
Expenses					
Depreciation included in selling, distribution and administrative costs	(40.7)	–	(6.5)	–	(47.2)
Amortization of intangible assets	(4.5)	–	–	(0.4)	(4.9)
Selling, distribution and administrative costs	(346.9)	(150.9)	(173.2)	(21.6)	(692.6)
Finance expense	(3.3)	(1.0)	(0.7)	(47.7)	(52.7)
Unrealized gains (losses) on derivative financial instruments	(33.6)	(5.4)	–	(13.0)	(52.0)
	(429.0)	(157.3)	(180.4)	(82.7)	(849.4)
Net earnings (loss) before income taxes	75.2	53.0	27.2	(82.7)	72.7
Income tax expense	–	–	–	(15.8)	(15.8)
Net Earnings (Loss)	75.2	53.0	27.2	(98.5)	56.9

Net Working Capital, Total Assets, Total Liabilities, Acquisitions and Purchase of Property, Plant and Equipment

	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
As at December 31, 2015					
Net working capital [1]	**24.4**	**62.8**	**149.8**	**5.5**	**242.5**
Total assets	**619.6**	**659.9**	**294.5**	**568.9**	**2,142.9**
Total liabilities	**271.1**	**148.4**	**114.1**	**895.6**	**1,429.2**
As at December 31, 2014					
Net working capital [1]	88.9	56.4	128.9	(9.4)	264.8
Total assets	685.8	637.1	246.2	545.8	2,114.9
Total liabilities	298.3	162.5	104.0	999.7	1,564.5
For the year ended December 31, 2015					
Purchase of property, plant and equipment	**43.0**	**34.1**	**16.6**	**1.5**	**95.2**
For the year ended December 31, 2014					
Purchase of property, plant and equipment	39.9	55.8	4.4	–	100.1

(1) Net working capital reflects amounts at year-end and is comprised of trade and other receivables, prepaid expenses and inventories, less trade and other accounts payable, deferred revenue and dividends and interest payable.

33. Geographical Information

	Canada	United States	Other	Total Consolidated
Revenue for the year ended December 31, 2015	**1,128.0**	**2,085.5**	**101.1**	**3,314.6**
Property, plant and equipment as at December 31, 2015	**476.3**	**489.2**	**51.2**	**1,016.7**
Intangible assets as at December 31, 2015	**13.4**	**7.7**	**–**	**21.1**
Goodwill as at December 31, 2015	**188.3**	**7.9**	**–**	**196.2**
Total assets as at December 31, 2015	**1,350.3**	**734.0**	**58.6**	**2,142.9**
Revenue for the year ended December 31, 2014	1,528.3	2,352.1	95.5	3,975.9
Property, plant and equipment as at December 31, 2014	477.2	409.1	45.9	932.2
Intangible assets as at December 31, 2014	15.0	3.7	–	18.7
Goodwill as at December 31, 2014	188.2	6.0	–	194.2
Total assets as at December 31, 2014	1,382.1	676.6	56.2	2,114.9

SELECTED HISTORICAL INFORMATION

ENERGY SERVICES

(millions of dollars except where noted)	2015	2014	2013	2012	2011
	Years Ended December 31				
Canadian Propane Distribution sales volumes (millions of litres sold)	**1,176**	1,316	1,331	1,292	1,305
U.S. Refined Fuels sales volumes (millions of litres sold)	**1,563**	1,581	1,633	1,599	1,741
Fixed-price natural gas volumes (millions of GJs sold)	**18**	18	19	19	21
Total Canadian Propane Distribution sales margin (cents per litre)	**21.7**	20.1	18.8	18.2	17.1
Total U.S. Refined Fuels sales margin (cents per litre)	**11.2**	9.7	8.0	7.7	7.9
Natural gas sales margin (cents per GJ)	**35.9**	21.3	59.0	115.0	146.9
Gross profit	**516.7**	507.1	463.7	444.8	452.6
EBITDA from operations	**169.9**	166.3	136.0	133.8	131.0

SPECIALTY CHEMICALS

(millions of dollars except where noted)	2015	2014	2013	2012	2011
	Years Ended December 31				
Total chemical sales volume (MT)	**851**	910	826	771	772
Average chemical selling price (dollars per MT)	**792**	739	704	695	666
Gross profit	**282.9**	278.5	250.3	252.1	223.5
EBITDA from operations	**117.4**	123.6	112.2	119.5	100.0

CONSTRUCTION PRODUCTS DISTRIBUTION

(millions of dollars except where noted)	2015	2014	2013	2012	2011
	Years Ended December 31				
Gross profit	**241.8**	208.8	195.2	182.4	173.4
EBITDA from operations	**47.9**	36.0	32.4	25.8	22.9

SUPERIOR PLUS CORP. CONSOLIDATED

(millions of dollars except where noted)	2015	2014	2013	2012	2011
	Years Ended December 31				
Revenues	**3,314.6**	3,975.9	3,752.8	3,624.3	3,925.6
Gross profit	**914.0**	922.1	868.8	846.3	827.5
EBITDA from operations	**335.2**	325.9	280.6	279.1	253.9
Adjusted operating cash flow before restructuring and other costs	**217.2**	238.7	207.6	200.4	180.4
Adjusted operating cash flow after restructuring and other costs	**207.2**	227.4	192.3	190.4	180.4
Adjusted operating cash flow per share before restructuring and other costs	**$ 1.68**	$ 1.89	$ 1.69	$ 1.79	$ 1.65
Adjusted operating cash flow per share after restructuring and other costs	**$ 1.61**	$ 1.80	$ 1.56	$ 1.70	$ 1.65
Average number of shares outstanding (millions)	**129.0**	126.2	123.1	111.9	109.2
Total assets	**2,142.9**	2,114.9	2,141.1	2,032.1	2,193.4
Senior debt (1)	**425.6**	333.2	578.7	489.6	612.1
Total debt (1)	**872.6**	1,027.4	1,073.2	1,181.1	1,353.5

(1) Senior debt and total debt are stated before deferred issue costs.

BUSINESSES

ENERGY SERVICES

Canadian Propane Distribution

Superior Propane

6750 Century Avenue
Suite 400
Mississauga, Ontario L5N 2V8
Toll-free: 1-877-341-7500
Fax: 1-877-730-5575

U.S. Refined Fuels

Superior Energy Services

1870 South Winton Road
Suite 200
Rochester, New York 14618
Toll-free: 1-877-927-6488
Fax: 585-328-7114

Supply Portfolio Management

Superior Gas Liquids

840 – 7 Avenue SW
Suite 1400
Calgary, Alberta T2P 3G2
Toll-free: 1-888-849-3525
Fax: 403-283-6589

Fixed-Price Energy Services

Superior Energy Management

6750 Century Avenue
Suite 400
Mississauga, Ontario L5N 2V8
Toll-free: 1-877-784-4262
Fax: 1-905-542-5935

CONSTRUCTION PRODUCTS DISTRIBUTION

Corporate Office

105 Decker Court
Suite 700
Irving, Texas 76180
Tel: 469-442-4416
Fax: 469-442-4445

Administrative Office

1650 Manheim Pike
Suite 202
Lancaster, Pennsylvania 17601-3088
Tel: 717-569-3900
Fax: 717-519-4046

SPECIALTY CHEMICALS

ERCO Worldwide

302 The East Mall
Suite 200
Toronto, Ontario M9B 6C7
Tel: 416-239-7111
Fax: 416-239-0235

CORPORATE INFORMATION

BOARD OF DIRECTORS

Catherine (Kay) M. Best
Calgary, Alberta

Eugene V.N. Bissell
Gladwyne, Pennsylvania

Richard Bradeen
Montreal West, Quebec

Luc Desjardins
President and Chief Executive Officer
Toronto, Ontario

Robert J. Engbloom, Q.C.
Calgary, Alberta

Randall J. Findlay
Calgary, Alberta

Douglas Harrison
Burlington, Ontario

Mary Jordan
Vancouver, British Columbia

Walentin (Val) Mirosh
Calgary, Alberta

David P. Smith
Chairman
Toronto, Ontario

CORPORATE OFFICERS AND SENIOR MANAGEMENT

Ed Bechberger
President, Specialty Chemicals

Luc Desjardins
President and Chief Executive Officer

Rob Dorran
Vice President, Investor Relations and Treasurer

John Engelen
Vice President, Mergers and Acquisitions

Michael Farrell
President, Construction Products Distribution

Julien Houle
Vice President, Human Resources

Darren Hribar
Chief Legal Officer and General Counsel

Greg L. McCamus
President, Energy Services and Superior Propane

Inder Minhas
Vice President, Finance

Erin Seaman
Vice President, Tax

Beth Summers
Vice President and Chief Financial Officer

Shawn Vammen
Senior Vice President, Superior Gas Liquids

Keith Wrisley
President, U.S. Refined Fuels

SHAREHOLDER INFORMATION

Produced by Merlin Edge Inc. www.merlinedge.com Printed in Canada

SUPERIOR PLUS CORP.

401, 200 Wellington Street West
Toronto, Ontario M5V 3C7
Telephone: 416-345-8050
Facsimile: 416-340-6030
Toll Free: 1-866-490-PLUS (7587)
E-mail: info@superiorplus.com
Website: www.superiorplus.com

TRUSTEE AND TRANSFER AGENT

Computershare Trust Company of Canada
Suite 600, 530 – 8 Avenue SW
Calgary, Alberta T2P 3S8
or:
Suite 800, 100 University Avenue
Toronto, Ontario M5J 2Y1
Toll Free: 1-800-564-6253
Website: www.computershare.com/ca

AUDITORS

Deloitte LLP
Chartered Professional Accountants,
Chartered Accountants
Suite 700, 850 – 2nd Street SW
Calgary, Alberta T2P 0R8

ANNUAL MEETING OF SHAREHOLDERS

The Corporation's Annual Meeting of shareholders will be held at the Metro Toronto Convention Centre, Room 205AB, 255 Front Street West, Toronto, Ontario, Canada on Thursday, April 28, 2016 at 2:00 p.m. (EDT).

TORONTO STOCK EXCHANGE (TSX) LISTINGS

SPB: Superior Plus Corp. shares
SPB.db.f: 6.00% Convertible Debentures, convertible at $15.10 per share
Maturity date: June 30, 2018
SPB.db.h: 6.00% Convertible Debentures, convertible at $16.75 per share
Maturity date: June 30, 2019

Superior Plus Share Price and Volumes – TSX

Quarterly high, low, close and volumes for 2015 and 2014. The table below sets forth the high and low prices, as well as the volumes, for the shares as traded on the TSX, on a quarterly basis.

	2015			2014		
	High	**Low**	**Volume**	**High**	**Low**	**Volume**
First quarter	$ 14.52	$ 11.29	17,830,674	$ 12.81	$ 11.71	17,188,423
Second quarter	$ 14.94	$ 12.45	13,618,701	$ 14.19	$ 12.07	23,214,517
Third quarter	$ 13.22	$ 10.15	19,230,354	$ 15.06	$ 13.45	18,604,452
Fourth quarter	$ 11.53	$ 9.46	35,719,969	$ 14.26	$ 11.31	22,846,858
Year	$ 14.94	$ 9.46	86,399,698	$ 15.06	$ 11.31	81,854,250

Superior Plus

Superior Plus Corp.
401, 200 Wellington Street West
Toronto, Ontario M5V 3C7

Tel: 416-345-8050
Fax: 416-340-6030
Toll-Free: 1-866-490-PLUS (7587)

For more information about Superior Plus Corp.
send your enquiries to info@superiorplus.com

www.superiorplus.com