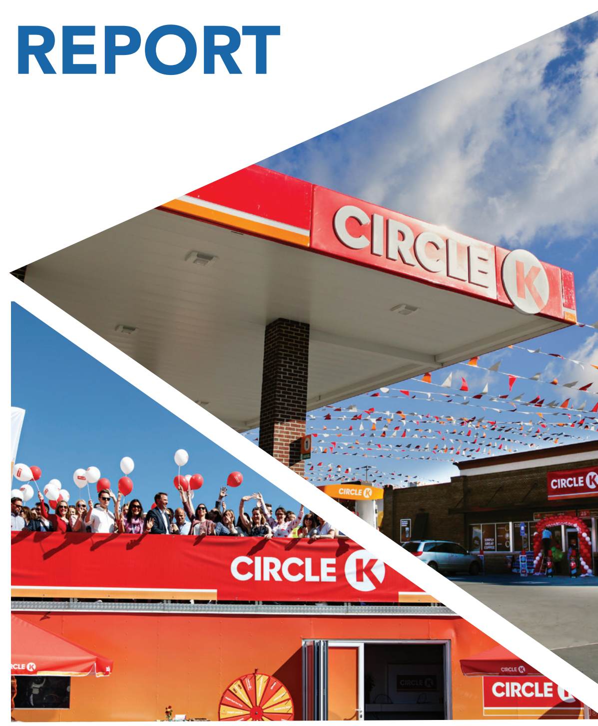
ALIMENTATION COUCHE-TARD INC.

2017
ANNUAL REPORT



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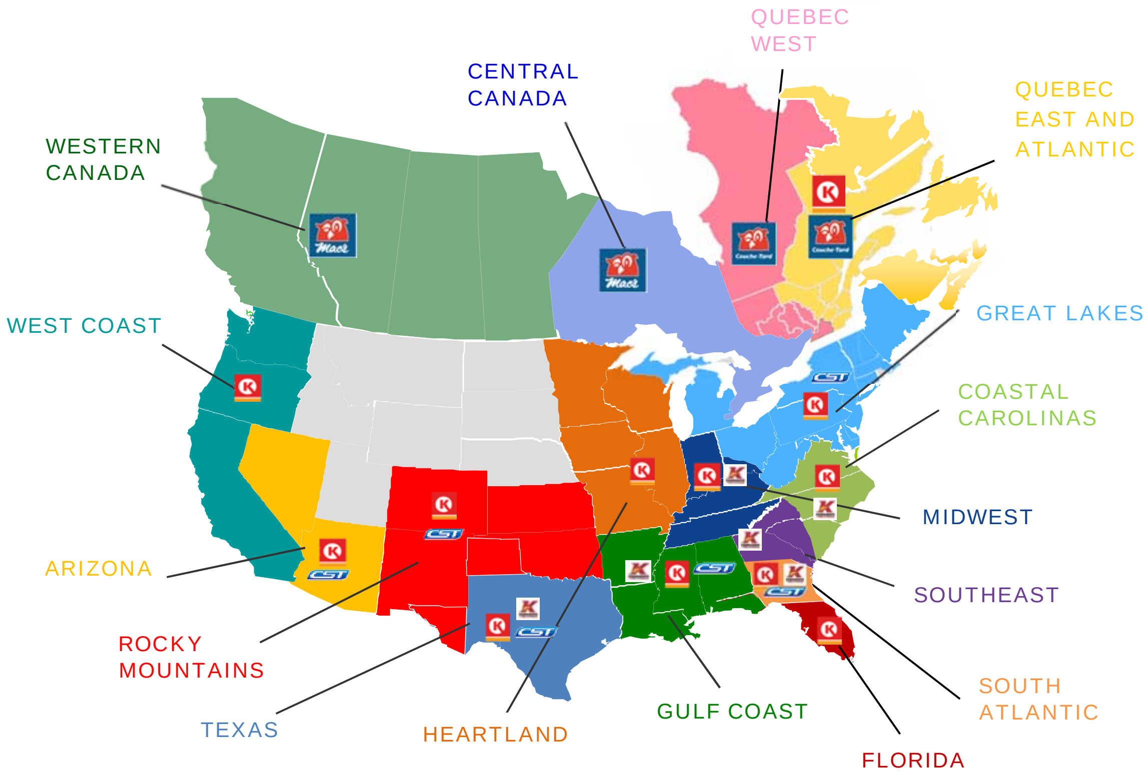
1. PEOPLE AND PLACES

As of June 30, 2017, Couche-Tard's network totals more than 15,000 sites around the world and employs about 120,000 people.

In North America, Couche-Tard's network is composed of 9,424 convenience stores, including 8,077 sites offering road transportation fuel. Also, through CrossAmerica Partners LP, a publicly traded master limited partnership ("CAPL"), Couche-Tard distributes branded and unbranded road transportation fuel to over 1,100 locations in the United States. About 95,000 people are employed throughout its network and service offices.

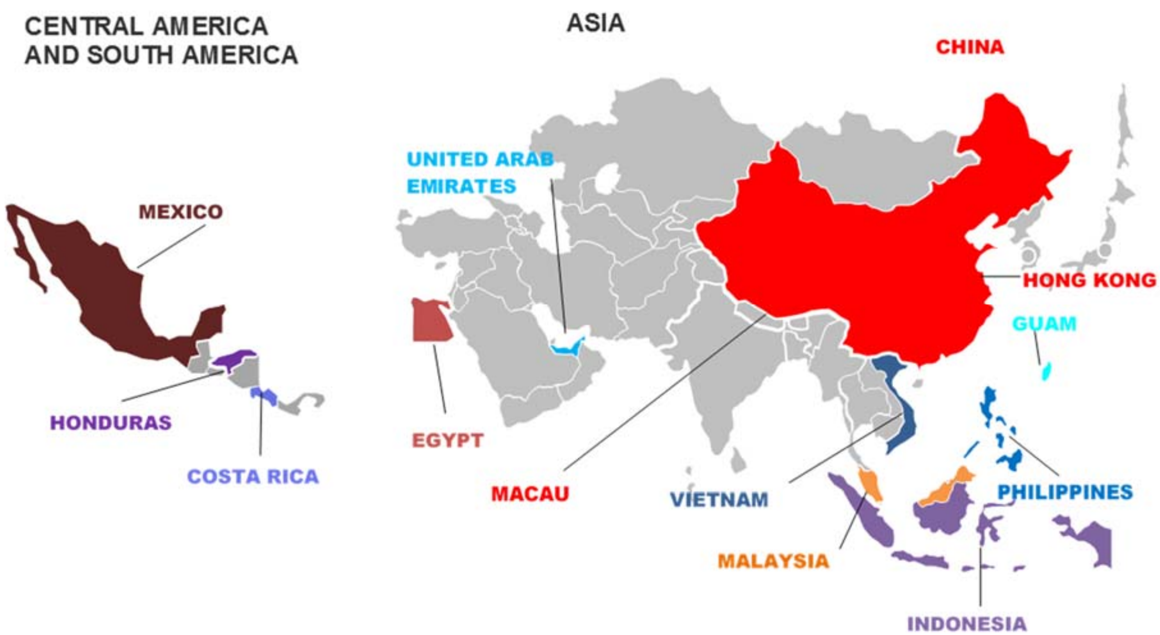
NORTH AMERICA

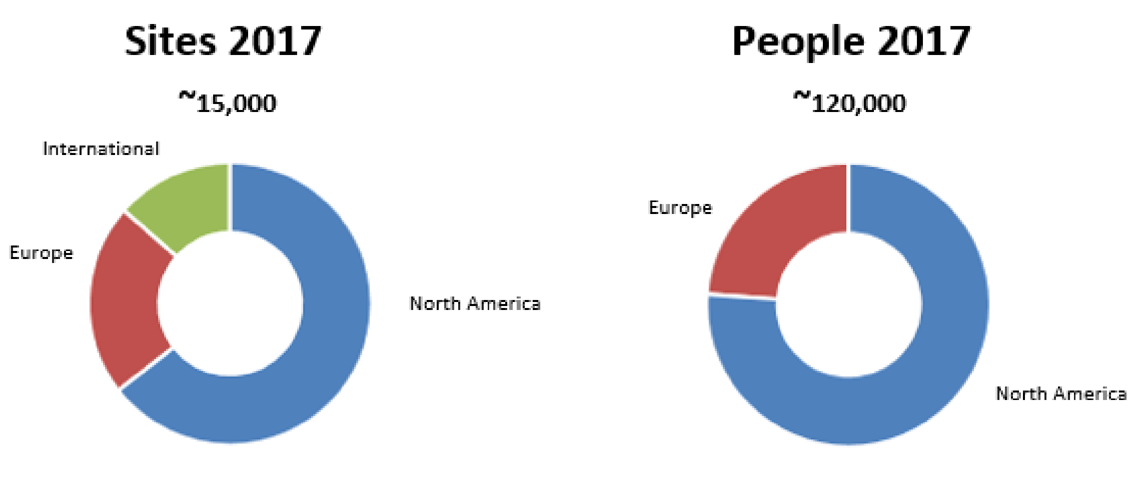


In Europe, Couche-Tard operates a broad retail network across Scandinavia (Norway, Sweden and Denmark), Ireland, Poland, the Baltics (Estonia, Latvia and Lithuania) and Russia. This network is composed of 2,754 sites, the majority of which offer road transportation fuel and convenience products, while the others are unmanned, automated stations which only offer road transportation fuel and operate under the Ingo banner. Including employees at franchise sites carrying our brands, about 25,000 people work in our retail network, terminals and service offices.

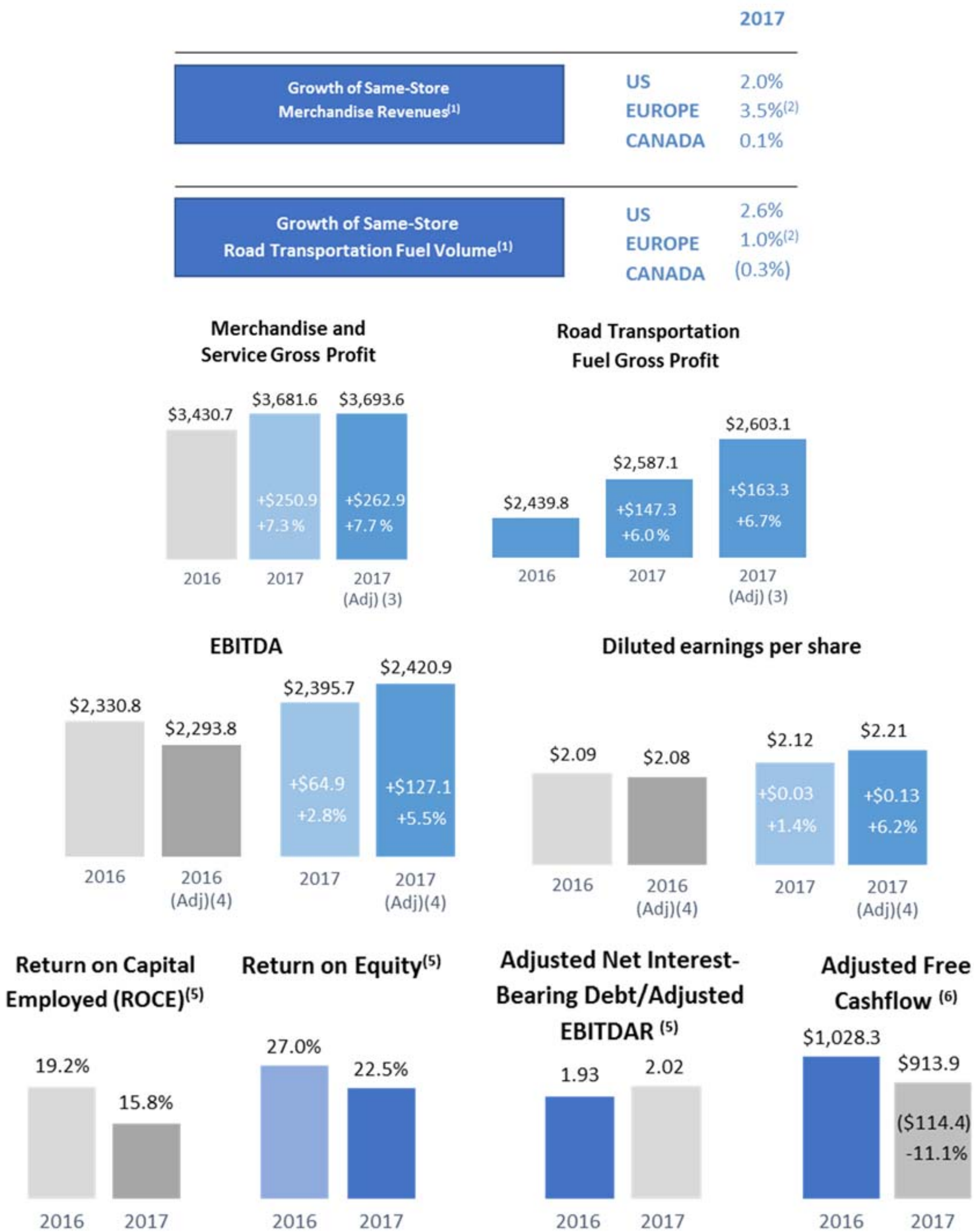
EUROPE

In addition, 1,749 sites are operated by independent operators under the Circle K[R] banner in 13 other countries and regions worldwide (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, Philippines, United Arab Emirates and Vietnam).





2. PERFORMANCE HIGHLIGHTS



All dollar figures are in USD millions, except per-share amounts, which are in USD.

(1) Presented on a comparable basis of 52 weeks.

(2) Includes results for Topaz stores since the acquisition, except for its recently acquired Esso network, for which the historical information is unavailable.

(3) Adjusted for the negative impact from the translation of our European and Canadian operations into US dollars.

(4) For more information on those performance measures not defined by IFRS, please refer to sections "Earnings before interests, taxes, depreciation, amortization and impairment (EBITDA) and adjusted EBITDA" and "Net earnings and adjusted net earnings" in Management's Discussions and Analysis of this annual report.

(5) These ratios are presented on a pro forma basis following the acquisition of Topaz group and IOL.

(6) Adjusted free cash flows are calculated as: adjusted EBITDA – net CAPEX, interest paid, income taxes paid, dividends paid + proceeds of disposal of business.

3. ALAIN BOUCHARD

Founder and Executive Chairman of the Board

The journey continues

Perseverance, development and results: words to live by at Couche-Tard, and a vision that has proven it can generate success. Over the years, the company we have built has grown through acquisitions, but it has prospered because of our outstanding ability to transform each of them and create value for shareholders. If revenues are a factor by which we measure achievement, we can definitely say we are doing something right, as we have doubled our total revenues over the past 6 years, taking them to an impressive US$37.9 billion.

Fiscal 2017 was witness to the announcement of the most important acquisition in our history with the purchase of CST Brands, Inc. (”CST”), the fourth-largest network of convenience stores and service stations in North America. Personally, this acquisition is one that I have dreamt of for 20 years. It was made possible by favourable circumstances, and also by the intelligence and energy of our CEO, Brian Hannasch, and of our dedicated management team. At the close of the transaction on June 28, Couche-Tard became a leader in the convenience store and road transportation fuel retail sector, an achievement dear to my heart as we create value for our investors.

I am certain that the honor bestowed on our President and Chief Executive Officer by the Globe & Mail, which presented him with the CEO of the Year Award, was in great part motivated by the desire to recognize the hard work and dedication he demonstrated to complete this transaction, which consolidates Couche-Tard as a force to be reckoned with in the convenience store industry worldwide. We are very proud of him!

I have always thought that in our industry, “size matters,” whether that be for purchasing, logistics or best practices, or for becoming famous for our product categories. The addition of exceptional people and strategic assets from both CST and CAPL takes us one step further towards all these goals. We are pleased to welcome the CST and CAPL teams into our growing company.

International network

We continue to thrive on our capacity to seek out the most relevant acquisition deals for the benefit of our investors, and we are very well positioned financially to do so over the next years. In doing so, we will adapt our strategies to existing and new markets. In fiscal 2017, we added new country partners: Cambodia, Saudi Arabia, Mongolia and New Zealand. We are the leader in the Vietnam market with 246 stores to date and 300 anticipated by January 2018.

Our business development strategy is a testament to our vision. We aim to develop our network in countries where we already have operations and, at this time, the potential for international growth clearly lies within the Asian market. In my mind, and that of management's, there is no way around Asia in our future!

We are also very excited to expand the presence of the Circle K^R brand in Mexico. With 461 sites established so far, we are well on our way to rebranding more than 700 of Comercializadora Circulo CCK, S.A. de C.V. ("CCK") existing Extra convenience stores located in Mexico to the Circle K^R brand by August 2017. The number of Circle K stores in Mexico is expected to grow notably by 2030.

Looking ahead

The company has evolved greatly in the past 20 years, and we continue to evolve every day. Our goal is to sustain momentum and maybe even double the size of the company in the next ten years!

As we continue to integrate acquisitions, we learn from our new experiences with them, we adapt to their reality, and we apply this knowledge to our existing sites. In the end, our goal is to keep traffic moving in our stores and continue to attract new customers day after day. We must consistently improve our service offering and make sure all of our actions are driven by the three pillars that support our brand, which are to offer fast and friendly service, quick products for people on the go and easy visits for customers, locally and internationally!

Alain Bouchard
Founder and Executive Chairman of the Board

4. BRIAN HANNASCH
President and Chief Executive Officer

Consolidate and continue to strive

The journey to become the world's preferred destination for convenience and fuel continued in fiscal 2017, as we strived to create an even more modern and efficient store experience. The combination of our strong and committed approach to organic growth and our disciplined approach to mergers and acquisitions brings us further on this route.

Despite the broader retail slowdown in North America, we continued to focus on acquisitions, organic growth as well as the identification and evaluation of potential synergies, thus confirming our many strengths, such as our geographic diversification, our excellence in integrating acquisitions and our culture of managing and controlling expenses.

Every acquisition is fuelled with the intention to make sure our new family members incorporate our values. As a growth-oriented company, we know every acquisition is only as good as its successful integration. To achieve this, we must be diligent and present in our stores, and pursue our ongoing quest for financial efficiency.

Finally, as a demonstration of our ability to balance acquisitions with organic growth, same-store metrics continued to expand in fiscal 2017, sustained by the growing popularity of our broader food service offering, our effective merchandising strategies as well as the rollout of our coffee concept, Simply Great Coffee, in a growing number of stores worldwide.

Global reach of our Circle K[R] brand

New Circle K store in Georgia, U.S.

During fiscal 2017, we increased the strategic position of our global brand by converting more than 2,400 stores throughout our network. Our continued efforts to roll out our brand and increase our brand awareness allowed for more and more customers to discover the Circle K experience.

Fiscal 2017 marked the first time we introduced our global Circle K[R] brand to our customers in Scandinavia. Here, the challenge was to successfully transition from the well-established Statoil brand without affecting customer traffic in stores. We are pleased to report that we achieved outstanding results and our integration teams surpassed the desired results with increased customer traffic at the rebranded sites, all the while managing the initial risks identified for the company, a performance that exceeded our expectations.

This year also marked the rebranding of our first official sites in Poland and in the Baltics (Estonia, Latvia and Lithuania). We look forward to rebranding more than 300 stations in these countries, and the rebranding process is moving forward at an impressive pace. Opening events in early fiscal 2018 were marked by a strong engagement by our teams, laying the groundwork for the forthcoming changes across these markets.

Driven by this success, the Circle K[R] banner continued to gain momentum on both continents, with more than 2,500 stores rebranded globally since 2016, with approximately 1,200 in Europe and approximately 1,300 in North America, bringing us closer to becoming the world's preferred destination for convenience and fuel.

New Circle K store in Central Warsaw, Poland

Prospering in our key categories

Our success relies on our capacity to cater to customer needs and offer easy visits to people on the go. We continued to perform in our key categories in fiscal 2017. Indeed, during that period, same-store merchandise revenues increased in several parts of our network, and our overall performance was attributable to our continued efforts to adapt to new markets, to provide strong operations and to deliver fast and friendly service to customers.

Simply Great Coffee

Simply Great Coffee is now available in over 2,700 stores globally and has proven successful in the European markets. We now have the offer implemented in more than 1,500 stores in our North American network.

At the end of fiscal 2017, we had over 4,500 stores in North America serving freshly delivered or baked-on-site donuts, pastries, muffins, croissants and cookies. In 2018, we plan on adding another 500 made-on-site bakery stores to the Canadian market and opening up daily delivery in additional stores within our Southeast and Gulf Coast markets.

In the next year, we will concentrate efforts on continuing to establish a broader offer combined with the development of our new bakery program to get the message out on their exceptional taste at a more-than-competitive price. Our goal: become a one-stop shop that offers fast and friendly service along with quality products for our clients in need of a breakfast on the go.

Cold dispensed beverages

Polar Pop® & Froster® are the foundation of our cold dispensed program, with a loyal fan base that continues to grow. As consumers' preferences and needs are changing, we are evolving the offer to build on our brand's already strong position. Last year, new equipment and an expanded portfolio were implemented in 750 stores across the network, and in fiscal 2018, over 2,000 stores will receive capital investments to further improve our cold dispensed offers in order to solidify our position as a preferred destination for consumers.

Fuel rebranding to our *miles*® program

Our performance in the fuel sector is due to a combination of factors, one of which is our *miles*® program. However, we must not underestimate the importance of execution, cleanliness and pricing in order to explain our results. In fiscal 2017, same-store road transportation fuel volumes contributed to drive our organic growth, namely in the United States.

Our branded and premium fuels, *miles*® and *milesPLUS*®, are more and more present in our different sites. So far, in total, across Europe and the United States, we have close to 1,500 sites with *miles*® and more than 700 sites are planned for 2018 throughout our network. In addition, by the end of 2018, we hope to offer *milesPLUS*® in a little over 1,000 sites in Europe.

Making the most of our acquisitions

We seek to leverage economies of scale wherever we can, while identifying local innovations that the company can benefit from globally. This way, we learn from every acquisition and turn the individual strengths of the businesses we acquire into our own strengths across the map.

A perfect example of this is the Topaz acquisition. The addition of Ireland's leading fuel and convenience retailer to our family of merchants brought an extensive and attractive convenience and fuel network, an outstanding food offering and very professional teams. We are very excited to learn from their great ideas and bring them to our stores across the rest of Europe and in North America.

Fiscal 2017 was also witness to the integration of the 278 Imperial Oil retail sites in Ontario and Québec. This was an important achievement for us. Indeed, with this transaction, along with CST, Couche-Tard's network in Canada now consists of more than 2,200 stores. This affords us the opportunity to raise brand awareness through high-profile retail sites and allows us to further expand our position in high-density metropolitan areas with significant growth potential. But most importantly, it makes a powerful combination of three strong Canadian retail brands: Couche-Tard®, Esso® and Tim Hortons®. Between our brands, we learn from each other's best practices and can leverage our strengths, making our service offering even greater than it would be if we were operating individually.

It was also this year that we announced the agreement to purchase 53 sites held by American General Investments, LLC and North American Financial Group, LLC (together, "Cracker Barrel"). For 49 years, the Sadler family grew the Cracker Barrel chain from a single location to a successful operation that now stands as a leader in Southern Louisiana communities. The acquisition of the Cracker Barrel branded stores has expanded our presence in the Baton Rouge and Lafayette Louisiana markets as well as strengthened our food service offer, as those stores include 11 quick-service restaurants.

In connection with The Pantry integration, we reached our 24-month expense reduction annual run rate objective of US$85 million and quickly surpassed our merchandise and service supply cost reduction objective of US$27 million, as well as our target for fuel synergies associated with the fuel rebranding of approximately 1,000 stores in the Southeastern region of the U.S. This integration was a real success story, of which our teams can be proud. We will continue to build on the successes with the integration of The Pantry with our future acquisitions.

CST and CAPL acquisitions: expanding our footprint in the U.S.

Following the CST/CAPL acquisition of approximately US$4.4 billion, which closed on June 28, 2017, we are actively planning the transition and identifying potential synergies and best practices. The next year will be dedicated to rolling out our brand inside the stores previously owned by CST through branded stock and private-label products. Full rebranding will take place starting end of fiscal 2018 or early fiscal 2019, allowing us to connect gradually with customers in these markets and proving the value of a Circle K store experience.

Pursuant to the acquisition of CST, Couche-Tard became the general partner of CAPL, owns 100% of CAPL's Incentive Distribution Rights and holds a 20.5% equity investment in CAPL. CAPL distributes branded and unbranded road transportation fuel to more than 1,100 locations in the United States.

Adding CAPL is an opportunity to acquire a leading wholesale fuel business and enter into the master limited partnership (MLP) market with them. We believe there are material synergies between CAPL and our existing wholesale dealer supply business.

With this acquisition, the combination of Couche-Tard's close to 9,500 North American locations and CAPL's network of more than 1,100 locations makes us one of the largest wholesale fuel distributors in the United States. This is another step in becoming the world's preferred destination for convenience and fuel.

This merger ensures an enviable position for the company in the Southwestern United States, with an important presence in Texas, Georgia, in the Southeast U.S. region, New York and Eastern Canada. The transaction brings additional options to our growth strategy and will strategically strengthen our positioning in both the U.S. "sun belt" and the East Coast of Canada. We are proud to welcome CST/CAPL teams and customers into the Couche-Tard family.

With the CST transaction having closed, we remain committed to our usual financial discipline so that we can continue to thrive on our capacity to seek out the right acquisitions.

The Holiday stores: building on our geographical growth strategy

It is this capacity to seek out the right business opportunities that allowed us on July 10, 2017, to sign an agreement with Holiday Companies – an important player in the convenience and fuel industry in the Upper-Midwest U.S. – in order to acquire all of the issued and outstanding shares of Holiday Stationstores, Inc. and certain affiliated companies ("Holiday"). With this acquisition, anticipated to close during the fourth quarter of fiscal 2018, our presence will be greatly increased in the northern tier of the U.S.

Holiday operates 522 sites (374 company-operated and 148 franchised) in 10 states, including 6 states new to the company: Idaho, Montana, Wyoming, North Dakota, South Dakota and Alaska. Following the close of the acquisition, Couche-Tard would be in 48 states.

For over 90 years, Holiday stores have been managed by the Erickson family, which has deep consumer loyalty within the region. The stores are well maintained, with top quartile convenience and fuel volumes. Couche-Tard will also acquire a food commissary, which produces and provides fresh and frozen food for all stores, as well as a fuel terminal supplying fuel to one third of the stations. We see tremendous synergies between the two companies and look forward to welcoming the Holiday brand, its highly successful programs and its teams to the Couche-Tard family.

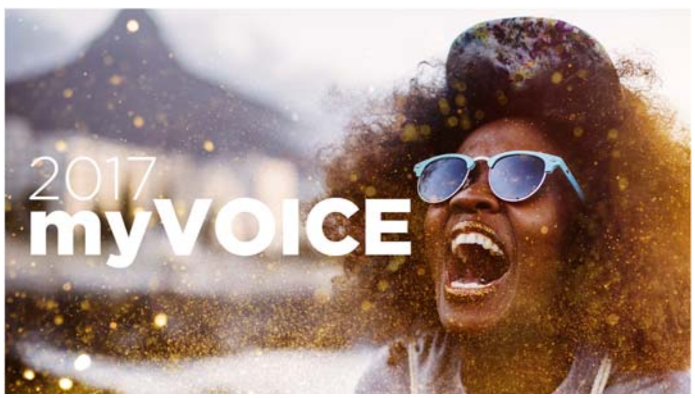
Corporate social responsibility

As one of the largest retail brands in the world, we believe that social and environmental responsibility is an integral part of everyday life in our company. Therefore, at Couche-Tard, corporate social responsibility is not a stand-alone part of our business. It is integrated into our management system, and all of our categories are continuously developed towards greater sustainability and social responsibility, including fuel, car wash, coffee and food. And in our customer promise, "Take it easy," corporate responsibility means to think of all the issues that are relevant to our customers, to care about what they care about and to strive to always be part of the future solution.

Our people

As Alain Bouchard said, we are a people-intensive business. This means that it is of utmost importance at Couche-Tard that we put the right person at the right place. In order to achieve this, we must recognize autonomy, acknowledge empowerment and emphasize leadership. A good leader will find people that will help him or her achieve greater success.

With the retail industry at a slowdown in many regions, we know that our goal of becoming the world's preferred destination for convenience and fuel will hinge on the quality of our employees and our ability to engage them. The myVOICE program was introduced with the objective of getting annual feedback from our staff across all our sites and offices and making them a part of our changing world. Through this strategy aimed at increasing our employee loyalty, we know we will succeed in building a strong brand from town to town and country to country.



With this in mind, we are very excited to report that the second edition of our myVOICE survey, held in 2017, generated an impressive response rate of 90%. This provided us with key learnings from which we drew in order to lower employee turnover. Based on these learnings, we created a global human resource team to lead our human resource strategy across the globe. As such, they will oversee the alignment of tangible actions to create an engaging journey for our employees worldwide.

Our leadership

Diversity is encouraged at Couche-Tard and, in a company where we take pride in the fact that the majority of our people come up from within, we believe having women in leadership roles can also serve as an incentive for their peers. We are proud to have welcomed to our management team two outstanding women executives whose diversified perspectives and visions provide us with a competitive advantage.

Furthermore, we encourage our teams to stand out and become leaders in the industry of today and tomorrow. This year, we are extremely delighted to see four of our colleagues nominated at the Top Women in Convenience Awards 2017, which honor women who have demonstrated exemplary skills in their functions in the merchandise sector. We are very proud of Kathy Cunnington, Vice President, Shared Services North America, and Kimberly James, Senior Director, Global Brand Management, who are nominated in the Senior Leader of the Year category; Megan Baccam, Director, Hot Beverages, U.S., nominated in the Rising Star category; and of Elisa Goria, Global Head of Cold Dispensed Beverages, finalist in the Woman of the Year award.

We are also proud to mention that Jacob Schram, Group President, European Operations has been named the 2017 Insight European Industry Leader of the Year by the Association for Convenience & Fuel Retailing (NACS). Jacob's positive leadership skills and vision bring great outcomes to our business day in and day out, which makes this recognition of his strengths by the industry especially significant.

Jacob Schram, Group President, European Operations

Our environment

Couche-Tard has applied a number of innovative techniques to grow its business while remaining environmentally aware. We have maintained focus on energy efficiency, water resource management, recycling, waste management, environmental compliance and the supply of renewable fuels. Our commitment to the environment is important to us, and we have established strategies in order to ensure that our approach to environmental matters is consistent and cohesive across all our markets. Those strategies guide all environmental initiatives across the company's operations in North America and Europe, and the results are conclusive.

Reducing energy consumption

We closely monitor data through an Energy Performance Report (EPR), which provides, on a monthly basis, our consumption and cost data to better understand our performance. By looking at our performance company-wide, down to the site level, we are able to identify opportunities for improvement, act upon them and then measure the impact of those actions.

More eco-friendly fuels

Couche-Tard is one of the largest retailers of renewable fuels in North America, including ethanol blending and biodiesel. Biofuels are part of our customer offer across all our European markets. We are proud to say that we are the leading retailer in Norway and Sweden when it comes to maximizing the renewable share of conventional gasoline and diesel and the offer to the B2B segment of pure- or high-blended liquid renewable fuel products. Within the area of electric quick-charging, our network in Scandinavia has the widest offering in the retail market.

Alternate energies

Furthermore, for the first time in fiscal 2017, Circle K brought HVO100 – a climate-smart alternative to "fossil diesel" – to private cars in Sweden. HVO100 reduces carbon dioxide emissions by up to 90% compared with standard diesel.

Saving water and the environment

Last year, Couche-Tard entered into a global agreement with the world's largest manufacturer of car washes. The agreement includes co-operation in developing even more efficient car washes in terms of both quality and energy. We work with our suppliers and vendors to continue to make strides in reducing our water consumption along with meeting our customers' need for a quality wash. In North America, we are replacing touchless equipment with brush equipment that can reduce water consumption by as much as 50%. Globally, we are installing equipment that recaptures much of the water for reuse with reclaim and recapture systems. In Scandinavia, for example, many of our car wash locations use detergents and conditioning chemicals certified to meet the Nordic Ecolabel or "Swan" environmental standards. Our approach to chemicals is consistent with our focus on safety, energy, water usage, and waste.

Our community

Healthy choices for people on the go

As customers take a more active interest in health and nutritional claims, the demand for "good-for-you" products and ingredients is increasing. Couche-Tard has answers for this demand.

With an offering of fresh sandwiches, expanded nut and protein lines, quality-driven breakfast items, as well as improved juice and water propositions, we have added to our overall brand image by adapting to customers' changing tastes. For example, in Sweden, we have introduced the *Pulled Oumph*, a savoury vegan wrap for our vegetarian customers on the go!

Driving organic growth in North America are our new *Foodvenience store*s – food prepared on-site plus convenience. The program offers high-quality food at a good value with freshly made sandwiches, pizza, salads, baked goods and breakfast. It is thus far proving to be a successful innovation. The experience of our Southwest Business Unit clearly demonstrates the appreciation of our clients for these types of products. In that region, the *Foodvenience* offering increased from 4 to 9 sites in 2017, while generating a 44% increase in daily sales!

Circle K store in Charlotte, North Carolina

Progress was also made in our Polar Pop^{R} fountain offering, with expansions in Vitamin Water and Zero Calorie flavor profiles, which gives customers a healthier cold dispensed selection. Stores have implemented fresh fruit programs for quick-grab bananas and apples, which have been a tremendous success.

In our Irish sites, as well as in a few other markets, we are also on a mission to change the way people think about food on the go. We choose locally sourced ingredients from partners we know and trust, ensuring our customers the best quality. We work endlessly with our food partners to improve quality and create greater choice.

Re.Stores in Ireland

The Re.Store brand delivers a completely new and innovative approach to forecourt convenience retailing and revolutionizes the standards, quality and overall customer experience of forecourt dining. We are providing a balanced and nutritious range of fresh, healthy and tasty food for people on the go. Eating well has never been this easy; customers just need to visit one of our 150 Re.Stores across Ireland.

With the Cantina concept, we have developed a specific Mexican-style food offering in Ireland. Over the past year, we have seen a tremendous response to it. The Cantina menu is very much appreciated by our customers, and we can't wait to continue spreading the full Mexican street food experience across some of our different markets.

Cantina store in Ireland

Donations and community investment

Couche-Tard encourages employee involvement in their communities. It is our way of giving back to our customers and having a significant impact in their everyday lives. This year, from conservation efforts on behalf of *Flora, Fauna y Cultura de Mexico* to fundraising initiatives for underprivileged children supported by Nadezhda (Hope) in Murmansk – the city where it all began for Couche-Tard in Russia – or for the victims of the floods in Baton Rouge, we are proud to report that our employees stepped up and rallied to help their communities.

Also, we are very proud to say Couche-Tard continues to invest in the local communities where we do business through our "Fueling our Schools" program. The program has been extended to nearly 500 locations across Canada and the United States. Individual sites partner with local schools to raise money at a designated pump throughout the year. Approximately one million dollars was donated this past year through this program.

We take great pride in our collaborations with the Red Cross, Lung Association of Nova Scotia, Janeway Children's Hospital Foundation, Cash for Clubs, Jack and Jill Foundation, Norwegian Cancer Society, Salvation Army and Muscular Dystrophy Association. We support the Medical University of South Carolina, Victory Junction Camp, Children's Miracle Network and BRIS-Children's Rights in Society.

Our investors

We understand the need for our investors to receive accurate reporting regarding our company's corporate responsibilities. We will inform all our investors of our intentions and plans through our communication tools once they have been developed, in order to ensure a balance between return on investment and the need to engage all our target groups, from our employees to our customers, including our investors.

Outlook

In fiscal 2018, drawing on our experience with The Pantry integration, we will focus our efforts on carrying out the CST and CAPL integrations as well as on closing the agreement with Holiday.

Our organic growth is also an important part of our development. Therefore, this year we will pursue the development of our key categories and food offering. We believe we must continue to build on our strengths and adapt to the market changes: innovation and technology always push us to be at the forefront. At Couche-Tard and Circle K, we thrive on selling people time. And we will pursue our efforts to develop our brand by creating store experiences with customers in mind as well as products for people on the go.

All of these achievements are driven by our desire to please our customers. The rolling out of our loyalty platform in the next year will allow us to get even closer to our customers. Our objective is to stand out with the quality of our products, but first and foremost, with the quality of the customer experience we provide. This can be achieved by making sure employee engagement is at its highest. We aim to achieve a lower turnover that generates better services for our customers. After all, what we are looking to accomplish is “making it easy, so folks can take it easy”!

Brian Hannasch
President and Chief Executive Officer

Management Discussion and Analysis

The purpose of this Management Discussion and Analysis ("MD&A") is, as required by regulators, to explain management's point of view on the financial condition and results of the operations of Alimentation Couche-Tard Inc. ("Couche-Tard") as well as its performance during the fiscal year ended April 30, 2017. More specifically, it aims to let the reader better understand our development strategy, performance in relation to objectives, future expectations, and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader's understanding of Couche-Tard's consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By "we", "our", "us" and "the Corporation", we refer collectively to Couche-Tard and its subsidiaries.

Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars ("US dollars") and determined on the basis of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). We also use measures in this MD&A that do not comply with IFRS. Where such measures are presented, they are defined and the reader is informed. This MD&A should be read in conjunction with the annual consolidated financial statements and related notes included in our 2017 Annual Report, which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, is available on SEDAR at http://www.sedar.com/ and on our website at http://corpo.couche-tard.com/.

Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe", "could", "should", "intend", "expect", "estimate", "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at July 12, 2017, which are not guarantees of the future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

The foregoing risks and uncertainties include the risks set forth under "Business Risks" in our 2017 Annual Report as well as other risks detailed from time to time in reports filed by Couche-Tard with securities regulators in Canada.

Our Business

We are the leader in the Canadian convenience store industry. In the United States, we are the largest independent convenience store operator in terms of the number of company-operated stores (corporate stores). In Europe, we are a leader in convenience store and road transportation fuel retail in the Scandinavian countries (Norway, Sweden and Denmark), in the Baltic countries (Estonia, Latvia and Lithuania), and in Ireland and also with an important presence in Poland.

As at June 30, 2017, our network comprised 9,424 convenience stores throughout North America, including 8,077 stores with road transportation fuel dispensing. Our North American network consists of 18 business units, including 14 in the United States covering 42 states and 4 in Canada covering all 10 provinces. Approximately 95,000 people are employed throughout our network and at our service offices in North America.

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia through ten business units. As at June 30, 2017, this network comprised 2,754 stores, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations which only offer road transportation fuel. We also offer other products, including stationary energy, marine fuel, aviation fuel and chemicals. Including employees at branded franchise stores, approximately 25,000 people work in our retail network, terminals and service offices across Europe.

Through CrossAmerica Partners LP, we supply road transportation fuel under various brands to more than 1,100 locations in the United States.

In addition, under licensing agreements, more than 1,700 stores are operated under the Circle K banner in 13 other countries and territories (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam), which brings our worldwide total network to more than 15,000 stores.

Our mission is to offer our customers fast and friendly service by developing a warm and customized relationship with them, while finding ways to pleasantly surprise them on a daily basis. To this end, we strive to meet the demands and needs of people on the go. We offer fresh food, hot and cold beverages, car wash services, road transportation fuel and other high quality products and services designed to meet or exceed customers' demands in a clean, welcoming and efficient environment. Our positioning in the industry stems primarily from the success of our business model, which is based on a decentralized management structure, an ongoing comparison of best practices and operational expertise enhanced by our experience in the various regions of our network. Our positioning is also a result of our focus on in-store merchandise and on our continued investment in our people and our stores.

Value Creation

In the United States, the convenience store sector is fragmented and in a consolidation phase. We are participating in this process through our acquisitions, the market shares we gain when competitors close sites, and by improving our offering. In Europe and Canada, the convenience store sector is often dominated by a few major players, including integrated oil companies. Some of these integrated oil companies are in the process of selling, or are expected to sell, their retail assets. We intend to study investment opportunities that might come to us through this process.

No matter the context, to create value for our Corporation and its shareholders, acquisitions have to be concluded at reasonable conditions. Therefore, we do not favor store count growth to the detriment of profitability. In addition to acquisitions, the contribution from organic growth has played an important role in the recent growth of our net earnings. Highlights have included the on-going improvements we have made to our offer, including fresh products, to our supply terms and to our efficiency. All these elements, in addition to our strong balance sheet, have contributed to the growth of our net earnings and to value creation for our shareholders and other stakeholders. We intend to continue in this direction.

Exchange Rate Data

We use the US dollar as our reporting currency, which provides more relevant information given the predominance of our operations in the United States.

The following table sets forth information about exchange rates based upon closing rates expressed as US dollars per comparative currency unit:

	13-week period ended	12-week period ended	**53-week period ended**	52-week periods ended	
	April 30, 2017	April 24, 2016	**April 30, 2017**	April 24, 2016	April 26, 2015
Average for period [1]					
Canadian Dollar	**0.7518**	0.7508	**0.7598**	0.7607	0.8708
Norwegian krone	**0.1181**	0.1186	**0.1194**	0.1203	0.1454
Swedish krone	**0.1121**	0.1203	**0.1144**	0.1188	0.1333
Danish krone	**0.1436**	0.1501	**0.1468**	0.1486	0.1656
Zloty	**0.2495**	0.2582	**0.2512**	0.2606	0.2959
Euro	**1.0681**	1.1190	**1.0920**	1.1085	1.2431
Litas[2]	**-**	-	**-**	-	0.3790
Ruble	**0.0173**	0.0141	**0.0161**	0.0153	0.0213

	As at April 30, 2017	As at April 24, 2016
Period end		
Canadian Dollar	**0.7329**	0.7892
Norwegian krone	**0.1172**	0.1217
Swedish krone	**0.1135**	0.1231
Danish krone	**0.1469**	0.1510
Zloty	**0.2589**	0.2572
Euro	**1.0930**	1.1239
Ruble	**0.0176**	0.0150

(1) Calculated by taking the average of the closing exchange rates of each day in the applicable period.
(2) On January 1st, 2015, Lithuania changed its currency from the Litas to the Euro.

As we use the US dollar as our reporting currency in our consolidated financial statements and in this document, unless indicated otherwise, results from our Canadian, European and corporate operations are translated into US dollars using the average rate for the period. Unless otherwise indicated, variances and explanations regarding changes in the foreign exchange rate and the volatility of the Canadian dollar and European currencies which we discuss in the present document are therefore related to the translation into US dollars of our Canadian, European and corporate operations' results.

Fiscal 2017 Overview

Net earnings amounted to $1,208.9 million for fiscal 2017 compared with $1,191.4 million, up 1.5% over fiscal 2016. Diluted net earnings per share stood at $2.12, compared with $2.09 for the previous year, up 1.4%.

Results for fiscal 2017 included a $27.1 million pre-tax accelerated depreciation and amortization expense in connection with our global brand initiative, pre-tax acquisition costs of $21.0 million, a $9.6 million pre-tax net foreign exchange loss, pre-tax restructuring charges of $8.1 million, as well as a pre-tax curtailment gain on defined benefits pension plan obligation of $3.9 million. Results for fiscal 2016 included a $47.4 million pre-tax net gain on the disposal of our lubricant business, a $27.2 million pre-tax curtailment gain on defined benefits pension plan obligation, a $22.9 million income tax expense stemming from an internal reorganization, a $17.8 million pre-tax accelerated depreciation and amortization expense in connection with our global brand initiative, a $12.4 million pre-tax charge on early termination of certain fuel supply contracts, a $10.4 million pre-tax write off charge in connection with our fuel rebranding project, pre-tax integration costs and expenses in connection with our global brand initiatives of $8.6 million, pre-tax acquisition costs of $6.2 million, as well as a $5.0 million pre-tax net foreign exchange loss.

Excluding these items from both fiscal years, net earnings for fiscal 2017 would have been approximately $1,256.0 million ($2.21 per share on a diluted basis) compared with $1,186.0 million ($2.08 per share on a diluted basis) for fiscal 2016, an increase of $70.0 million, or 5.9%. This increase is attributable to the contribution from acquisitions, to our continued organic growth, to the impact of a lower income tax rate, as well as to the impact of the extra week, partly offset by lower fuel margins in the U.S.

Network growth

Multi-site acquisitions [1]

Dansk Fuel A/S

On May 1, 2016, we completed the acquisition of all shares of Dansk Fuel A/S ("Dansk Fuel") from A/S Dansk Shell, comprising 315 service stations, a commercial fuel business and an aviation fuel business, all located in Denmark. As per the requirements of the European Commission, we were approved to retain 127 Dansk Fuel sites, of which 86 were owned and 41 were leased from third parties, and we were required to divest the remaining of the Dansk Fuel business in addition to 24 of our legacy sites in Denmark. Until the retained sites were transferred to our Danish subsidiary, Couche-Tard and Dansk Fuel continued to operate separately. As we did not have control over Dansk Fuel's operation, its shares were accounted for as an investment in an associated company using the equity method.

Between June 20, 2016 and September 11, 2016, we gradually gained control over the operations of the retained sites as they were transferred from Dansk Fuel to our Danish subsidiary and from then, the assets and results related to these sites are included in our consolidated balance sheet and our consolidated earnings. Of the 127 retained sites, 72 are full-service stations, 49 are unmanned automated fuel stations and 6 are truck stops, all of which were dealer-operated at the date of the transfer. During fiscal 2017, all sites were converted to company-operated sites.

[1] A multi-site acquisition is defined as an acquisition of seven stores or more.

On October 31, 2016, as all requirements of the European Commission had been met, we sold all of our shares in Dansk Fuel to DCC Holding A/S, a subsidiary of DCC plc, for a total cash consideration of $71.5 million. Prior to this sale transaction, a capital reduction of $65.6 million was received from Dansk Fuel.

We financed this transaction using our available cash and existing credit facilities.

Imperial Oil Limited

On March 8, 2016, we signed an agreement with Imperial Oil Limited ("IOL") to acquire certain of its Canadian retail assets located in the provinces of Ontario and Québec. On September 7, 2016, we received the approval from the Canadian Competition Bureau to close the transaction. Through this transaction, we acquired 278 sites from IOL for a total cash consideration of $1,285.7 million. Of these sites, 228 are located in Ontario, mostly in the Greater Toronto Area, and 50 are located in the Greater Montreal area. The agreement also included 13 land banks and 1 dealer site as well as a long-term supply contract for Esso-branded fuel. The integration of the sites began on September 12, 2016, and was completed on October 27, 2016. Of the 278 sites, we lease the land and building for 1 site, we lease the land and own the building for 40 sites and we own both of these assets for the remaining 237 sites. At closing, all sites were operating under a commission agency model under which a third party (the "agent") operates the site. Under the commission agency model:

- The agent owns all merchandise inventory, retains associated sales and gross profits and pays a commission to Couche-Tard, which is recorded as part of merchandise and service revenues;
- Couche-Tard owns all road transportation fuel inventory, retains associated sales and gross profits and pays a commission to the agent. The commission we pay is allocated between fuel cost of sales and Operating, selling, administrative and general expenses;
- The agent operates the car washes, retains associated sales and gross profits and pays a commission to Couche-Tard, which is recorded as part of merchandise and service revenues;
- Couche-Tard receives rent and other fee income from third parties operating on the property (including quick-service restaurants, ATMs, etc.), which is recorded as part of other revenues;
- Couche-Tard is responsible for property taxes, utilities, fuel maintenance, land lease expenses, credit card fees and loyalty programs costs associated with road transportation fuel sales. Those costs are recorded as part of Operating, selling, administrative and general expenses;
- The agent is responsible for all other expenses, including store labour.

During the fourth quarter of fiscal 2017, we adjusted and finalized the estimates of the fair value of assets acquired, liabilities assumed and goodwill for the transaction. There was no significant impact on previously reported results.

We financed this transaction using our available cash and existing credit facilities.

Sevenoil Est OÜ

On November 15, 2016, we completed the acquisition of 23 company-operated sites located in Estonia from Sevenoil Est OÜ and its affiliates. Eleven are full-service fuel stations and 12 are unmanned automated fuel stations. We lease the land and own the building for three sites and own those assets for the remaining sites. We financed this transaction using our available cash and existing credit facilities.

Single-site acquisitions

During fiscal 2017, we acquired 13 company-operated stores through distinct transactions. Available cash was used for these transactions.

Store construction

We completed the construction, relocation or reconstruction of 91 stores during fiscal 2017.

As of April 30, 2017, 35 stores were under construction and should open in the upcoming quarters.

Summary of changes in our store network during the fourth quarter of fiscal 2017 and fiscal 2017

The following table presents certain information regarding changes in our store network over the 13-week period ended April 30, 2017 [(1)]:

	13-week period ended April 30, 2017				
Type of site	**Company-operated** [(2)]	**CODO** [(3)]	**DODO** [(4)]	**Franchised and other affiliated** [(5)]	**Total**
Number of sites, beginning of period	8,031	766	991	1,060	10,848
Acquisitions	2	-	-	-	2
Openings / constructions / additions	43	1	17	44	105
Closures / disposals / withdrawals	(57)	(3)	(14)	(12)	(86)
Store conversion	(8)	(8)	16	-	-
Number of sites, end of period	8,011	756	1,010	1,092	10,869
Number of automated fuel stations included in the period-end figures [(6)]	967	-	17	-	984

The following table presents certain information regarding changes in our store network over the 53-week period ended April 30, 2017 [(1)]:

	53-week period ended April 30, 2017				
Type of site	**Company-operated** [(2)]	**CODO** [(3)]	**DODO** [(4)]	**Franchised and other affiliated** [(5)]	**Total**
Number of sites, beginning of period	7,929	530	1,016	1,072	10,547
Acquisitions	37	404	1	-	442
Openings / constructions / additions	91	5	47	103	246
Closures / disposals / withdrawals	(179)	(22)	(82)	(83)	(366)
Store conversion	133	(161)	28	-	-
Number of sites, end of period	8,011	756	1,010	1,092	10,869

(1) These figures include 50% of the stores operated through RDK, a joint venture.
(2) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by Couche-Tard or one of its commission agents.
(3) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by an independent operator in exchange for rent and to which Couche-Tard sometimes provides road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.
(4) Sites controlled and operated by independent operators to which Couche-Tard supplies road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.
(5) Stores operated by an independent operator through a franchising, licensing or another similar agreement under one of our main or secondary banners.
(6) These sites sell road transportation fuel only.

In addition, close to 1,700 stores are operated by independent operators under the Circle K banner in 13 other countries or regions worldwide (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam). These brought our total network to more than 12,500 sites as of April 30, 2017.

Changes in our network subsequent to the end of fiscal 2017

Acquisition of CST Brands, Inc.

On June 28, 2017, we completed the acquisition of all the issued and outstanding shares of CST Brands, Inc. (“CST”) through an all cash transaction valued at US $48.53 per share, with a total enterprise value of approximately $4.4 billion including net debt assumed. CST is based in San Antonio, Texas and employs more than 14,000 people at over 2,000 locations throughout the Southwestern U.S., with an important presence in Texas, the Southeastern U.S., the State of New York and Eastern Canada. We financed this transaction using our available cash, existing credit facilities and our new acquisition credit facility.

On the same day, we sold to Parkland Fuel Corporation (“Parkland”) a significant portion of CST’s Canadian assets for approximately CA $986.0 million. The disposed assets were mainly comprised of CST’s dealers and agent’s network, its heating-oil business, 159 company-operated sites, as well as its Montreal head office. As a result, we retained 157 of CST’s company-operated sites in Canada.

As per the requirements of the US Federal Trade Commission, we entered into an agreement to sell 70 company-operated sites to Empire Petroleum Partners, LLC (“Empire”). This transaction is subject to customary regulatory approval and closing conditions and is expected to close during the second quarter of fiscal 2018.

Once the transaction with Empire is completed, the CST acquisition will have allowed us to add 1,263 sites to our North American network, for a value of approximately $3.7 billion.

Pursuant to the acquisition of CST, we also became the general partner of CrossAmerica Partners LP (“CAPL”), own 100% of its Incentive Distribution Rights and hold a 20.5% equity investment in it. CAPL supplies road transportation fuel under various brands to more than 1,100 locations in the United States. The combination of CAPL with our existing wholesale network of more than 700 stores will make us a leading wholesaler of road transportation fuel in the US.

Our initial assessment of the expected costs reductions[1] ranges from $150.0 to $200.0 million over the next 3 years. We are actively working on our integration plan and refining this initial assessment to take into account CST's latest results and the announced divestments. Once our plans are finalized, we will communicate our final costs reductions target for the retained business.

New credit facility for the funding of the CST acquisition

On June 27, 2017, we entered into a new credit agreement consisting of an unsecured non-revolving acquisition credit facility of an aggregate maximum amount of $4.3 billion (the ''acquisition facility''), divided into three tranches as follows:

	Principal amount	**Maturity**
Tranche A	$2.0 billion	June 27, 2018
Tranche B	$1.0 billion	June 27, 2019
Tranche C	$1.3 billion	June 27, 2020

The acquisition facility is available exclusively to finance, directly or indirectly, the acquisition of CST, the related acquisition costs and the repayment of any of CST's and its subsidiaries' outstanding debt. Amounts can be drawn up to 90 days after the first draw and can be reimbursed at any time. The acquisition facility is available in US dollars by way of US base rate loans or LIBOR rate loans. Depending on the form of the loan, the amounts borrowed bear interest at variable rates based on the US base rate or the LIBOR rate plus a variable margin.

Under the acquisition facility, we must maintain certain financial ratios and comply with certain restrictive provisions.

As at June 30, 2017, $3.0 billion had been used to finance CST's acquisition, certain acquisition costs and the repayment of a portion of CST's debt. As at the same date, the average applicable interest rate was 2.64%.

At the acquisition date, we repaid all of CST's revolving credit loans and term loans and also launched the process to allow us to repay all of CST's outstanding senior notes, which is expected to be completed by the end of July 2017.

Other transactions

On May 30, 2017, we acquired 53 company-operated sites from American General Investments, LLC and North American Financial Group, LLC, located in Louisiana, United States. These convenience stores operate under the *Cracker Barrel* brand and include 11 quick service restaurants. As per the agreement, we own the land and building for 47 sites and assume the leases for the remaining 6 locations. We financed this transaction using our available cash and existing credit facilities.

On July 7, 2017, we acquired from Empire 53 fuel supply contracts with independent dealers, located in the Atlanta, GA metro area. We financed this transaction using our available cash and existing credit facilities.

On July 10, 2017, we entered into an agreement with Holiday Companies to acquire all issued and outstanding shares of Holiday Stationstores, Inc. and certain affiliated companies ("Holiday"). Holiday is an important convenience store and fuel player in the U.S. Midwest region, with 522 sites, of which 374 are operated by Holiday and 148 are operated by franchisees. Holiday also has a strong car wash business with 221 locations, a food commissary operation and a fuel terminal in Newport, Minnesota. Its stores are located in Minnesota, Wisconsin, Washington, Idaho, Montana, Wyoming, North Dakota, South Dakota, Michigan and Alaska. This transaction is subject Holiday's parent company's shareholders' approval and to customary regulatory approvals and closing conditions. This transaction is expected to close during the fourth quarter of fiscal year 2018 and we expect to finance this transaction using our available cash and existing credit facilities.

[1] As our previously stated goal is considered a forward looking statement, we are required, pursuant to securities laws, to clarify that our synergies and cost reductions estimate is based on a number of important factors and assumptions. Among other things, our synergies and cost savings objective is based on our comparative analysis of organizational structures and current level of spending across our network as well as on our ability to bridge the gap, where relevant. Our synergies and cost reduction objective is also based on our assessment of current contracts in North America and how we expect to be able to renegotiate these contracts to take advantage of our increased purchasing power. In addition, our synergies and cost reduction objective assumes that we will be able to establish and maintain an effective process for sharing best practices across our network. Finally, our objective is also based on our ability to integrate CST's system with ours. An important change in these facts and assumptions could significantly impact our synergies and cost reductions estimate as well as the timing of the implementation of our different initiatives.

Additional week in fiscal 2017

Every five years, our fiscal year contains 53 weeks and the fourth quarter comprises 13 weeks, as it is the case for fiscal 2017. Consequently, results of the fourth quarter and of fiscal 2017 include an extra week. All same-store information is presented on a comparable basis of 12 and 52 weeks, respectively.

Events outside of the normal course of business

Our activities in the Southeastern U.S. were negatively impacted by floods and power outages resulting from hurricane Matthew in October 2016, which affected, at various levels, more than 500 of our stores, mainly through the loss of sales and incremental expenses, including inventory losses and clean-up costs. We estimate that these events had a combined negative impact of approximately $7.0 million before income taxes on our fiscal 2017 results, without even considering the impact on the stores which remained open but also suffered from lower customer traffic during and after the storm.

Restructuring costs

As part of our cost reduction initiatives and the search for synergies aimed at improving our efficiency, we made the decision to proceed with the restructuring of certain activities of our European and Canadian operations. As such, an additional restructuring provision of $8.1 million was recorded during fiscal 2017.

Defined benefits plans curtailment

During fiscal 2017, we announced to our employees our decision to terminate some of our defined benefits disability plans in Norway, which resulted in a pre-tax curtailment gain of $3.9 million, with a corresponding decrease in the defined benefits pension plan obligation on the consolidated balance sheet.

Global Circle K brand

On September 22, 2015, we announced the creation of a new, global convenience brand, Circle K. The new brand will replace our existing Circle K, Statoil, Mac's and Kangaroo Express brands on stores and service stations across Canada (except in Québec), the United States and Europe.

In connection with this project, we incurred additional capital expenditures and other expenses in order to replace and upgrade various existing assets. This project should continue over the course of the next few years. As a result of our plan for the replacement and upgrade of existing assets, we have accelerated the depreciation and amortization of these assets, including but not limited to, store signage and the Statoil trade name. Consequently, an incremental depreciation and amortization expense of $5.3 million and of $27.1 million was recorded to earnings of the fourth quarter and fiscal 2017, respectively. We expect an incremental depreciation and amortization expense over and above normal levels of approximately $14.0 million to $16.0 million for fiscal 2018.

As of April 30, 2017, more than 1,300 stores in North America and more than 1,200 stores in Europe had been rebranded with our new global convenience brand Circle K.

Issuance of Euro-denominated senior unsecured notes

On May 6, 2016, we issued Euro-denominated senior unsecured notes totaling €750.0 million (approximately $858.0 million) with a coupon rate of 1.875% and maturing on May 6, 2026. Interest is payable annually on May 6. The net proceeds of approximately €746.4 million (approximately $852.0 million) from the issuance were mainly used to repay a portion of our term revolving unsecured operating credit facility.

The Pantry Inc. – Synergies and cost reduction initiatives

During fiscal 2017, we reached our 24-month annual cost reduction target of $85.0 million before income taxes. These cost reductions mainly reduced operating, selling, administrative and general expenses and, to a lesser extent, the cost of sales.

For merchandises and services supply cost reductions, we had quickly surpassed our projected run rate of approximately $27.0 million. We have also surpassed our target for fuel synergies associated with the fuel rebranding of approximately 1,000 stores in the Southeastern U.S.

We will continue our efforts towards improving our efficiency and we are confident that additional synergies will be realized.

Interest rate locks

On March 16, 2017, we entered into interest rate locks with a nominal value of $500.0 million, allowing us to hedge the variability of the interest payments from the expected issuance of future debt due to changes in the US Treasury rates. The interest rate locks matured on May 12, 2017 and were divided as follows:

	Notional amount (in million)	**Interest lock term**	**Rate**	**Fair value as at April 30, 2017 (in million)**
Tranche 1	$50.0	5 years	2.1020%	$ 0.6
Tranche 2	$100.0	5 years	2.1060%	$ 1.3
Tranche 3	$100.0	5 years	2.1028%	$ 1.3
Tranche 4	$50.0	10 years	2.5650%	$ 1.2
Tranche 5	$100.0	10 years	2.5675%	$ 2.4
Tranche 6	$100.0	10 years	2.5710%	$ 2.4

The interest rate locks are designated as a cash flow hedge of our interest payments on expected future debt issuance and the fair value as at April 30, 2017 is included in Other short-term financial liabilities on our consolidated balance sheet.

On May 12, 2017, we extended those interest rate locks until July 28, 2017 at the following conditions:

	Notional amount (in million)	**Interest lock term**	**Rate**
Tranche 1	$50.0	5 years	1.9160%
Tranche 2	$100.0	5 years	1.9367%
Tranche 3	$100.0	5 years	1.9287%
Tranche 4	$50.0	10 years	2.3725%
Tranche 5	$100.0	10 years	2.3820%
Tranche 6	$100.0	10 years	2.3795%

All other conditions remained the same.

Dividends

During its July 12, 2017 meeting, the Corporation’s Board of Directors declared a quarterly dividend of CA 9.0¢ per share for the fourth quarter of fiscal 2017 to shareholders on record as at July 21, 2017, and approved its payment for August 4, 2017. This is an eligible dividend within the meaning of the Income Tax Act of Canada.

During fiscal 2017, the Board declared total dividends of CA 34.75¢ per share.

Outstanding shares and stock options

As at July 7, 2017, Couche-Tard had 147,766,540 Class A multiple-voting shares and 420,685,723 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 1,202,577 outstanding stock options for the purchase of Class B subordinate voting shares.

Statement of Earnings Categories

Merchandise and service revenues. In-store merchandise revenues are comprised primarily of the sale of tobacco products, fresh food products, including quick service restaurants, beer/wine, grocery items, candy, snacks and various beverages. Merchandise sales also include the wholesale of merchandise and goods to certain independent operators and franchisees made from our distribution centers, which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made. Service revenues include fees from automatic teller machines, sales of calling cards and gift cards, revenues from car washes, the commission on sale of lottery tickets and issuance of money orders, fees for cashing checks as well as sales of postage stamps and bus tickets.

Service revenues also include franchise fees, license fees from affiliates, royalties from franchisees and commissions from agents.

Road transportation fuel revenues. We include in our revenues the total dollar amount of road transportation fuel sales, including any embedded taxes when they are included in the purchase price, if we take ownership of the road transportation fuel inventory. In the United States and in Europe, in some instances, we purchase road transportation fuel and sell it to certain independent store operators at cost plus a mark-up. We record the full value of these revenues (cost plus mark-up) as road transportation fuel revenues. Where we act as a selling agent for a petroleum distributor, only the commission we earn is recorded as revenue.

Other revenues. Other revenues includes the sale of stationary energy, marine fuel, aviation fuel, lubricants (until September 30, 2015) and chemical products. Other revenues also includes rental income from operating leases for certain land and buildings we own as well as car rental revenues.

Gross profit. Gross profit consists mainly of revenues less the cost of goods sold. Cost of goods sold is mainly comprised of the specific cost of merchandise and road transportation fuel sold, including applicable freight less vendor rebates. For in-store merchandise, the cost of inventory is generally determined using the retail method (retail price less a normal margin), and for road transportation fuel, it is generally determined using the average cost method. The road transportation fuel gross margin for stores generating commissions corresponds to the sales commission.

Operating, selling, administrative and general expenses. The primary components of operating, selling, administrative and general expenses are labor, net occupancy costs, electronic payment modes fees, commissions to dealers and agents and overhead.

Key performance indicators used by management, which can be found under “Summary analysis of consolidated results of fiscal 2017 - Other Operating Data”, are merchandise and service gross margin, growth of same-store merchandise revenues, road transportation fuel gross margin and growth of same-store road transportation fuel volume, return on equity and return on capital employed.

Summary analysis of consolidated results for the fourth quarter of fiscal 2017

The following table highlights certain information regarding our operations for the 13-week period ended April 30, 2017 and 12-week period ended April 24, 2016. It should be noted that during the third quarter of fiscal 2017, we adjusted and finalized the purchase price allocation of Topaz. Results for the comparable period were adjusted to reflect the related impacts on financial results previously reported.

(In millions of US dollars, unless otherwise stated)	**13-week period ended April 30, 2017**	12-week period ended April 24, 2016	Change %
Revenues	**9,622.6**	7,397.1	30.1
Operating income	**360.0**	292.1	23.2
Net earnings	**277.6**	203.9	36.1
Selected Operating Data:			
Merchandise and service gross margin (1):			
Consolidated	**34.7%**	34.7%	-
United States	**33.3%**	33.7%	(0.4)
Europe	**44.0%**	43.1%	0.9
Canada	**34.7%**	32.9%	1.8
Growth of (decrease in) same-store merchandise revenues (2) (4):			
United States (3)	**1.6%**	3.2%	
Europe	**2.7%**	2.2%	
Canada (3)	**(0.9%)**	2.2%	
Road transportation fuel gross margin:			
United States (cents per gallon) (3)	**15.47**	16.78	(7.8)
Europe (cents per litre)	**7.83**	7.74	1.2
Canada (CA cents per litre) (3)	**8.05**	6.09	32.2
Growth of (decrease in) same-store road transportation fuel volume (4):			
United States (3)	**1.7%**	3.6%	
Europe	**0.7%**	1.1%	
Canada (3)	**(0.2%)**	(0.8%)	

(1) Includes revenues derived from franchise fees, royalties, suppliers rebates on some purchases made by franchisees and licensees as well as from wholesale merchandise.
(2) Does not include services and other revenues (as described in footnote 1 above). Growth in Canada and Europe is calculated based on local currencies.
(3) For company-operated stores only.
(4) Presented on a comparable basis of 12 weeks.

Revenues

Our revenues were $9.6 billion for the fourth quarter of fiscal 2017, up by $2.2 billion, an increase of 30.1% compared with the corresponding quarter of fiscal 2016, mainly attributable to a higher average road transportation fuel selling price, to the contribution from acquisitions, to the continued growth in same-store merchandise revenues and road transportation fuel volumes in the U.S. and in Europe, as well as to the impact of the 13th week in the fourth quarter of fiscal 2017. These items, which contributed to the increase in revenues, were partly offset by the negative net impact from the translation of revenues of our Canadian and European operations into US dollars.

More specifically, the growth in merchandise and service revenues for the fourth quarter of fiscal 2017 was $254.7 million. Excluding the negative net impact from the translation of our European and Canadian operations into US dollars, merchandise and service revenues increased by $266.4 million or 11.4%. This increase is attributable to the contribution from multi-site acquisitions, which amounted to approximately $47.0 million, to the impact of the 13th week in the fourth quarter of fiscal 2017, as well as to organic growth. On a 12-week comparable basis, same-store merchandise revenues increased by 1.6% in the United States, despite the general softness in the retail industry and generally unfavorable weather conditions. In Europe, same-store merchandise revenues increased by 2.7% on a 12-week comparable basis, driven by the success of our rebranding activities and the rollout and improvements of our food programs. In Canada, same-store merchandise revenues decreased by 0.9% on a 12-week comparable basis, still impacted by the challenging economic conditions and competitive landscape in the western part of the country.

Road transportation fuel revenues increased by $1.9 billion in the fourth quarter of fiscal 2017. Excluding the negative net impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues increased by $2.0 billion or 41.2%. This increase was attributable to the impact of a higher average road transportation fuel selling price, which had a positive impact of approximately $1.1 billion, to the contribution from multi-site acquisitions, which amounted to approximately $501.0 million, to the impact of the 13th week in the fourth quarter of fiscal 2017 and to our organic growth. On a 12-week comparable basis, same-store road transportation fuel volumes increased by 1.7% in the United States and by 0.7% in Europe due to – among other things – the positive response from customers to our fuel rebranding initiatives and micro-market strategies, as well as to the growing contribution from premium fuel. In the Southeastern U.S., fuel volumes continued to be negatively impacted by disruptions caused by our fuel rebranding activities. In Canada, same-store road transportation fuel volumes decreased by 0.2% on a 12-week comparable basis, mainly as a result of the challenging economy in Western Canada.

The following table shows the average selling price of road transportation fuel in our various markets, starting with the first quarter of the fiscal year ended April 24, 2016:

Quarter	1st	2nd	3rd	4th	**Weighted average**
53-week period ended April 30, 2017					
United States (US dollars per gallon)	2.20	2.10	2.18	2.25	**2.18**
Europe (US cents per litre)	58.65	58.01	61.87	62.46	**60.40**
Canada (CA cents per litre)	92.66	90.36	94.67	97.20	**94.35**
52-week period ended April 24, 2016					
United States (US dollars per gallon)	2.64	2.36	1.99	1.86	**2.20**
Europe (US cents per litre)	72.16	66.12	57.04	51.59	**60.92**
Canada (CA cents per litre)	103.17	97.79	88.41	82.28	**92.86**

Other revenues increased by $32.2 million in the fourth quarter of fiscal 2017.

Gross profit

In the fourth quarter of fiscal 2017, our consolidated merchandise and service gross profit was $900.5 million, an increase of $90.4 million compared with the corresponding quarter of fiscal 2016. Excluding the net negative impact from the translation of our European and Canadian operations into US dollars, consolidated merchandise and service gross profit increased by $95.4 million or 11.8%. This increase is attributable to the contribution from multi-site acquisitions, which amounted to approximately $26.0 million, to the impact of the 13th week in the fourth quarter of fiscal 2017 and to our organic growth. The gross margin decreased by 0.4% in the United States to 33.3% because of a change in our product mix towards lower margin categories as well as from higher promotional activity compared to the previous year. The margin increased by 0.9% in Europe to 44.0%, benefiting from the roll-out of our food programs in our recently acquired stores. In Canada, the gross margin increased by 1.8% to 34.7% because of a different revenue mix in our recently acquired IOL stores network.

In the fourth quarter of fiscal 2017, the road transportation fuel gross margin was 15.47¢ per gallon in the United States, a decrease of 1.31¢ per gallon, attributable to the volatility created by increasing crude oil prices. In Europe, the road transportation gross margin was 7.83¢ per litre, an increase of 0.09¢ per litre. In Canada, the road transportation fuel gross margin was CA 8.05¢ per litre, an increase of CA 1.96¢ per litre, attributable to higher margins in our newly acquired IOL stores network.

The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the first quarter of the fiscal year ended April 24, 2016, were as follows:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	**Weighted average**
53-week period ended April 30, 2017					
Before deduction of expenses related to electronic payment modes	20.86	19.87	18.33	15.47	**18.56**
Expenses related to electronic payment modes	4.08	3.99	3.99	4.12	**4.04**
After deduction of expenses related to electronic payment modes	16.78	15.88	14.34	11.35	**14.52**
52-week period ended April 24, 2016					
Before deduction of expenses related to electronic payment modes	18.34	25.66	19.90	16.78	**20.15**
Expenses related to electronic payment modes	4.37	4.19	3.84	3.74	**4.02**
After deduction of expenses related to electronic payment modes	13.97	21.47	16.06	13.04	**16.13**

As demonstrated by the table above, road transportation fuel margins in the United States can be volatile from one quarter to another but tend to normalize in the long run. Margin volatility and expenses related to electronic payment modes are not as significant in Europe and Canada.

Other revenues gross profit increased by $3.4 million in the fourth quarter of fiscal 2017, driven by slightly improved margins.

Operating, selling, administrative and general expenses

For the fourth quarter of 2017, expenses increased by 7.2% compared with the corresponding period of fiscal 2016, but increased by only 2.3% if we exclude certain items as demonstrated by the following table:

	13-week period ended April 30, 2017
Total variance as reported	**7.2%**
Adjust for:	
Increase from incremental expenses related to acquisitions	(3.8%)
Increase from higher electronic payment fees, excluding acquisitions	(1.6%)
Acquisition costs recognized to earnings of fiscal 2017	(0.7%)
Decrease from the net impact of foreign exchange translation	0.6%
Charge on early termination of fuel supply agreements recognized to earnings in fiscal 2016	0.3%
Acquisition costs recognized to earnings of fiscal 2016	0.3%
Decrease from divestment of the lubricant business	-
Integration costs and expenses in connection with our global brand initiatives recognized in fiscal 2016	-
Remaining variance	**2.3%**

The remaining variance in expenses for the fourth quarter of fiscal 2017 is mainly due to the impact of the 13th week, largely offset by our rigorous cost controls. We estimate that on a 12-week comparable basis, expenses for the quarter were on par with the comparable quarter of the previous year. We continue to favour a rigorous control of costs throughout our organization, while ensuring we maintain the quality of service we offer to our customers.

Earnings before interest, taxes, depreciation, amortization and impairment (EBITDA) and adjusted EBITDA

During the fourth quarter of fiscal 2017, EBITDA increased from $461.3 million to $521.6 million, a growth of 13.1% compared with the same quarter last year.

Excluding the specific items shown in the table below from EBITDA of the fourth quarter of fiscal 2017 and of the fourth quarter of fiscal 2016, the adjusted EBITDA for the fourth quarter of fiscal 2017 increased by $61.7 million or 13.2% compared with the corresponding period of the previous fiscal year, mainly through the contribution from acquisitions, the impact of the 13th week in the fourth quarter of fiscal 2017 and organic growth, partly offset by the lower road transportation fuel gross margins in the United States. Multi-site acquisitions contributed approximately $57.0 million to the adjusted EBITDA, while the variation in exchange rates had a negative net impact of approximately $8.0 million.

It should be noted that EBITDA and adjusted EBITDA are not performance measures defined by IFRS, but we, as well as investors and analysts, consider that those performance measures facilitate the evaluation of our ongoing operations and our ability to generate cash flows to fund our cash requirements, including our capital expenditures program. Note that our definition of these measures may differ from the ones used by other public corporations:

(in millions of US dollars)	**13-week period ended April 30, 2017**	12-week period ended April 24, 2016
Net earnings, as reported	**277.6**	203.9
Add:		
Income taxes	**43.6**	62.5
Net financial expenses	**46.0**	32.2
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**154.4**	162.7
EBITDA	**521.6**	461.3
Adjusted for:		
Acquisition costs	**6.4**	2.7
Restructuring costs	**2.1**	-
Curtailment gains on pension plan obligation	**(1.2)**	-
Charge on early termination of fuel supply agreements	**-**	3.2
Net gain from the disposal of the lubricant business	**-**	-
Write-off expense on fuel rebranding	**-**	-
Integration costs and expenses in connection with our global brand initiatives	**-**	-
Adjusted EBITDA	**528.9**	467.2

Depreciation, amortization and impairment of property and equipment, intangible assets and other assets

For the fourth quarter of fiscal 2017, depreciation, amortization and impairment expense decreased by $8.3 million, mainly as a result of the net impact of the translation of our European and Canadian operations into US dollars, partly offset by the impact from investments made through acquisitions, the replacement of equipment, the addition of new stores and the ongoing improvement of our network. The depreciation, amortization and impairment expense for the fourth quarter of fiscal 2017 includes a charge for the accelerated depreciation and amortization of certain assets in connection with our global rebranding project, amounting to $5.3 million.

Net financial expenses

Net financial expenses for the fourth quarter of fiscal 2017 were $46.0 million, an increase of $13.8 million compared with the fourth quarter of fiscal 2016. Excluding the net foreign exchange losses of $15.1 million and of $5.8 million recorded, respectively, in the fourth quarters of fiscal 2017 and of fiscal 2016, net financial expenses increased by $4.5 million. This increase is mainly attributable to our higher average long-term debt in connection with our recent acquisitions, partly offset by the repayments made. The net foreign exchange loss of $15.1 million for the fourth quarter of fiscal 2017 is mainly due to the impact of foreign exchange variations on certain cash balances and working capital items.

Income taxes

The income tax rate for the fourth quarter of fiscal 2017 was 13.6% compared with an income tax rate of 23.5% for the fourth quarter of fiscal 2016. The decrease in the income tax rate stems from proportionally lower earnings in the United States where our statutory income tax rate is the highest as well as from the impact of a different mix in our earnings across the various states.

Net earnings and adjusted net earnings

We closed the fourth quarter of fiscal 2017 with net earnings of $277.6 million, compared with $203.9 million for the fourth quarter of the previous fiscal year, an increase of $73.7 million or 36.1%. Diluted net earnings per share stood at $0.49, compared with $0.36 the previous year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a negative net impact of approximately $4.0 million on net earnings of the fourth quarter of fiscal 2017.

Excluding the items shown in the table below from net earnings of the fourth quarter of fiscal 2017 and fiscal 2016, this quarter's net earnings would have been approximately $298.0 million, compared with $219.0 million for the comparable quarter of the previous year, an increase of $79.0 million or 36.1%. Adjusted diluted net earnings per share would have been approximately $0.52 for the fourth quarter of fiscal 2017, compared with $0.38 for the corresponding period of fiscal 2016, an increase of 36.8%.

The table below reconciles reported net earnings to adjusted net earnings:

(in millions of US dollars)	**13-week period ended April 30, 2017**	12-week period ended April 24, 2016
Net earnings, as reported	**277.6**	203.9
Adjust for:		
Net foreign exchange loss	**15.1**	5.8
Acquisition costs	**6.4**	2.7
Accelerated depreciation and amortization expense	**5.3**	7.7
Restructuring charges	**2.1**	-
Curtailment gains on pension plan obligation	**(1.2)**	-
Charge on early termination of fuel supply agreements	**-**	3.2
Net gain from the disposal of the lubricant business	**-**	-
Tax expense stemming from an internal reorganization	**-**	-
Write-off expense on fuel rebranding	**-**	-
Integration costs and expenses in connection with our global brand initiatives	**-**	-
Tax impact of the items above and rounding	**(7.3)**	(4.3)
Adjusted net earnings	**298.0**	219.0

It should be noted that adjusted net earnings is not a performance measure defined by IFRS, but we, as well as investors and analysts, consider this measure useful for evaluating the underlying performance of our operations on a comparable basis. Note that our definition of this measure may differ from the ones used by other public corporations.

Summary analysis of consolidated results of fiscal 2017

The following table highlights certain information regarding our operations for the 53-week period ended April 30, 2017 and the 52-week periods ended April 24, 2016 and April 26, 2015. It should be noted that during the third quarter of fiscal 2017, we adjusted and finalized the purchase price allocation of Topaz. Results for fiscal 2016 were adjusted to reflect the related impacts on financial results previously reported.

	53-week period	52-week periods	
(in millions of US dollars, unless otherwise stated)	**2017**	2016	2015
Statement of Operations Data:			
Merchandise and service revenues [(1)]:			
United States	**7,669.8**	7,366.5	5,311.0
Europe	**1,205.8**	933.8	990.4
Canada	**1,848.5**	1,771.6	1,974.4
Total merchandise and service revenues	**10,724.1**	10,071.9	8,275.8
Road transportation fuel revenues:			
United States	**16,492.0**	15,864.1	14,599.0
Europe	**6,473.4**	5,422.3	7,111.0
Canada	**3,089.0**	2,019.8	2,571.9
Total road transportation fuel revenues	**26,054.4**	23,306.2	24,281.9
Other revenues [(2)]:			
United States	**14.0**	14.9	16.0
Europe	**1,098.4**	751.1	1,955.7
Canada	**13.6**	0.5	0.5
Total other revenues	**1,126.0**	766.5	1,972.2
Total revenues	**37,904.5**	34,144.6	34,529.9
Merchandise and service gross profit [(1)]:			
United States	**2,545.0**	2,452.3	1,748.4
Europe	**511.4**	397.0	408.2
Canada	**625.2**	581.4	649.2
Total merchandise and service gross profit	**3,681.6**	3,430.7	2,805.8
Road transportation fuel gross profit:			
United States	**1,407.6**	1,479.4	1,093.3
Europe	**917.5**	811.5	870.9
Canada	**262.0**	148.9	164.4
Total road transportation fuel gross profit	**2,587.1**	2,439.8	2,128.6
Other revenues gross profit [(2)]:			
United States	**14.0**	14.9	16.0
Europe	**185.5**	195.6	317.1
Canada	**13.6**	0.5	0.5
Total other revenues gross profit	**213.1**	211.0	333.6
Total gross profit	**6,481.8**	6,081.5	5,268.0
Operating, selling, administrative and general expenses	**4,100.5**	3,836.5	3,378.4
Loss (gain) on disposal of property and equipment and other assets	**11.8**	18.8	(1.5)
Restructuring costs	**8.1**	-	30.3
Curtailment gains on defined benefits pension plans obligation	**(3.9)**	(27.2)	(2.6)
Gain on disposal of lubricant business	**-**	(47.4)	-
Loss on disposal of aviation fuel business	**-**	-	11.0
Negative goodwill	**-**	-	(1.2)
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**667.6**	633.1	533.9
Operating income	**1,697.7**	1,667.7	1,319.7
Net earnings	**1,208.9**	1,191.4	930.0
Other Operating Data:			
Merchandise and service gross margin [(1)]:			
Consolidated	**34.3%**	34.1%	33.9%
United States	**33.2%**	33.3%	32.9%
Europe	**42.4%**	42.5%	41.2%
Canada	**33.8%**	32.8%	32.9%
Growth of same-store merchandise revenues [(3)] [(6)]:			
United States [(4)]	**2.0%**	4.6%	3.9%
Europe [(5)]	**3.5%**	2.8%	2.0%
Canada [(4)]	**0.1%**	2.9%	3.4%
Road transportation fuel gross margin:			
United States (cents per gallon) [(4)]	**18.56**	20.15	21.74
Europe (cents per litre) [(6)]	**8.22**	8.82	10.33
Canada (CA cents per litre) [(4)]	**7.66**	6.41	6.35
Total volume of road transportation fuel sold:			
United States (millions of gallons)	**7,643.1**	7,260.2	5,118.9
Europe (millions of litres)	**11,160.2**	9,200.8	8,428.5
Canada (millions of litres)	**4,550.1**	3,072.3	2,987.6
Growth of (decrease in) same-store road transportation fuel volume [(6)]:			
United States [(4)]	**2.6%**	6.6%	3.4%
Europe [(5)]	**1.0%**	2.6%	2.4%
Canada [(4)]	**(0.3%)**	0.9%	(0.1%)
Per Share Data:			
Basic net earnings per share (dollars per share)	**2.13**	2.10	1.64
Diluted net earnings per share (dollars per share)	**2.12**	2.09	1.63
Adjusted diluted net earnings per share (dollars per share)	**2.21**	2.08	1.79
Cash dividend per share (CA cents per share)	**34.75**	26.75	19.00

	April 30, 2017	April 24, 2016	April 26, 2015
Balance Sheet Data:			
Total assets	**14,171.2**	12,264.8	11,028.4
Interest-bearing debt	**3,348.2**	2,838.1	3,068.3
Shareholders' equity	**6,009.6**	5,041.1	3,889.1
Indebtedness Ratios:			
Net interest-bearing debt/total capitalization (7)	**0.31 : 1**	0.31 : 1	0.39 : 1
Net interest-bearing debt/Adjusted EBITDA (8) (12)	**1.09 : 1**	0.95 : 1	1.18 : 1
Adjusted net interest-bearing debt/Adjusted EBITDAR (9) (12)	**2.02 : 1**	1.93 : 1	2.17 : 1
Returns:			
Return on equity (10) (12)	**22.5%**	27.0%	24.9%
Return on capital employed (11) (12)	**15.8%**	19.2%	16.2%

(1) Includes revenues derived from franchise fees, royalties, suppliers rebates on some purchases made by franchisees and licensees as well as from merchandise wholesale.
(2) Includes revenues from rental of assets, from the sale of aviation and marine fuel, heating oil, kerosene, lubricants (until September 30, 2015) and chemicals.
(3) Does not include services and other revenues (as described in footnote 1 and 2 above). Growth in Canada and in Europe is calculated based on local currencies.
(4) For company-operated stores only.
(5) Results for fiscal 2017 include results from Topaz stores since the acquisition, except for its recently acquired Esso network, for which the historical information is unavailable.
(6) Presented on a comparable basis of 52 weeks.
(7) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments divided by the addition of shareholders' equity and long-term debt, net of cash and cash equivalents and temporary investments. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.
(8) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments divided by EBITDA (Earnings Before Interest, Tax, Depreciation, Amortization and Impairment) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.
(9) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt plus the product of eight times rent expense, net of cash and cash equivalents and temporary investments divided by EBITDAR (Earnings Before Interest, Tax, Depreciation, Amortization, Impairment and Rent expense) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.
(10) This ratio is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: net earnings divided by average equity for the corresponding period. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.
(11) This ratio is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: earnings before income taxes and interests divided by average capital employed for the corresponding period. Capital employed represents total assets less short-term liabilities not bearing interests. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.
(12) This ratio is presented on a pro forma basis. As of April 30, 2017, it includes Couche-Tard's and IOL's results for the 53-week period ended April 30, 2017. As of April 24, 2016, it includes Couche-Tard's and Topaz's results for the 52-week period ended April 24, 2016. As of April 26, 2015, it includes Couche-Tard's results for fiscal year ended April 26, 2015 as well as The Pantry's results for the 52-week period ended April 26, 2015. The Pantry's and Topaz's earnings and balance sheet figures have been adjusted to make their presentation in line with Couche-Tard's policies.

Revenues

Our revenues were $37.9 billion for fiscal 2017, an increase of $3.8 billion, or 11.0%, compared with fiscal 2016, mainly attributable to the contribution from acquisitions, to the continued growth in same-store merchandise revenues and road transportation fuel volumes, to a higher average road transportation fuel selling price, as well as to the impact of the 53rd week in fiscal 2017. These items, which contributed to the increase in revenues, were partly offset by the negative net impact from the translation of revenues of our Canadian and European operations into US dollars, and by the impact from the disposal of our lubricant business during the second quarter of fiscal 2016.

More specifically, the growth in merchandise and service revenues for fiscal 2017 was $652.2 million. Excluding the net negative impact from the translation of our European and Canadian operations into US dollars, merchandise and service revenues increased by $681.7 million or 6.8%. This increase is attributable to the contribution from multi-site acquisitions, which amounted to approximately $328.0 million, to the impact of the 53rd week in fiscal 2017 and to our organic growth. On a 52-week comparable basis, same-store merchandise revenues grew by 2.0% in the United States, despite the general softness in the retail industry. In Europe, same-store merchandise revenues increased by 3.5% on a 52-week comparable basis, driven by the success of our rebranding activities and the rollout and improvements of our food programs. In Canada, same-store merchandise revenues increased by 0.1% on a 52-week comparable basis.

Road transportation fuel revenues increased by $2.7 billion in fiscal 2017. Excluding the negative net impact from the translation of our Canadian and European operations into US dollars, road transportation fuel revenues increased by $2.9 billion or 12.4%. This increase was attributable to the contribution from multi-site acquisitions, which amounted to approximately $2.0 billion, to the impact of the 53rd week in fiscal 2017, to the higher average selling price of road transportation fuel, which resulted in an increase in revenues of approximately $38.0 million, and to our organic growth. On a 52-week comparable basis, same-store road transportation fuel volumes increased by 2.6% in the United States and by 1.0% in Europe due to – among other things – the positive response from customers to our fuel rebranding initiatives and micro-market strategies, as well as to the growing contribution from premium fuel. In the Southeastern U.S., fuel volumes continued to be negatively impacted by disruptions caused by our fuel rebranding activities. In Canada, same-store road transportation fuel volumes decreased by 0.3% on a 52-week comparable basis, mainly as a result of the challenging economy in Western Canada.

The following table shows the average selling price of road transportation fuel in our various markets, starting with the first quarter of the fiscal year ended April 24, 2016:

Quarter	1st	2nd	3rd	4th	Weighted average
53-week period ended April 30, 2017					
United States (US dollars per gallon)	2.20	2.10	2.18	2.25	**2.18**
Europe (US cents per litre)	58.65	58.01	61.87	62.46	**60.40**
Canada (CA cents per litre)	92.66	90.36	94.67	97.20	**94.35**
52-week period ended April 24, 2016					
United States (US dollars per gallon)	2.64	2.36	1.99	1.86	**2.20**
Europe (US cents per litre)	72.16	66.12	57.04	51.59	**60.92**
Canada (CA cents per litre)	103.17	97.79	88.41	82.28	**92.86**

Other revenues increased by $359.5 million in fiscal 2017. The increase is mainly explained by the contribution from multi-site acquisitions, which amounted to approximately $451.0 million, partly offset by the disposal of our lubricant business during the second quarter of fiscal 2016, which had an impact of approximately $72.0 million.

Gross profit

During fiscal 2017, the consolidated merchandise and service gross profit was $3.7 billion, an increase of $250.9 million compared with fiscal 2016. Excluding the net negative impact from the translation of our European and Canadian operations into US dollars, consolidated merchandise and service gross profit increased by $262.9 million or 7.7%. This increase is attributable to the contribution from multi-site acquisitions, which amounted to approximately $136.0 million, to the impact of the 53rd week of fiscal 2017 and to our organic growth. The gross margin was 33.2% in the United States, a decrease of 0.1% because of a change in our product mix towards lower margin categories as well as from higher promotional activity compared to the previous year. The margin was 42.4% in Europe, a decrease of 0.1%, while in Canada it was 33.8%, an increase of 1.0% because of a different revenue mix in our recently acquired IOL stores network.

Road transportation fuel gross margin was 18.56¢ per gallon in the United States, a decrease of 1.59¢ per gallon attributable to the volatility created by increasing crude oil prices. In Europe, the road transportation gross margin was 8.22¢ per litre, a decrease of 0.60¢ per litre, mainly attributable to the impact of lower margins in Ireland compared with our margins in continental Europe. In Canada, the road transportation fuel gross margin was CA 7.66¢ per litre, an increase of CA 1.25¢ per litre.

The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the first quarter of the fiscal year ended April 24, 2016, were as follows:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	Weighted average
53-week period ended April 30, 2017					
Before deduction of expenses related to electronic payment modes	20.86	19.87	18.33	15.47	**18.56**
Expenses related to electronic payment modes	4.08	3.99	3.99	4.12	**4.04**
After deduction of expenses related to electronic payment modes	16.78	15.88	14.34	11.35	**14.52**
52-week period ended April 24, 2016					
Before deduction of expenses related to electronic payment modes	18.34	25.66	19.90	16.78	**20.15**
Expenses related to electronic payment modes	4.37	4.19	3.84	3.74	**4.02**
After deduction of expenses related to electronic payment modes	13.97	21.47	16.06	13.04	**16.13**

As demonstrated by the table above, road transportation fuel margins in the United States can be volatile from one quarter to another but tend to normalize in the long run. Margin volatility and expenses related to electronic payment modes are not as significant in Europe and Canada.

Other revenues gross profit increased by $2.1 million in fiscal 2017, which was derived from the contribution from multi-site acquisitions, which amounted to approximately $35.0 million, partly offset by the disposal of our lubricant business in the second quarter of fiscal 2016, which had an impact of approximately $21.0 million, and by the negative net impact from the translation of our Canadian and European operations into US dollars.

Operating, selling, administrative and general expenses (“expenses”)

For fiscal 2017, expenses increased by 6.9% compared with the corresponding periods of fiscal 2016, but increased by only 2.1%, if we exclude certain items as demonstrated by the following table:

	53-week period ended April 30, 2017
Total variance as reported	**6.9%**
Adjust for:	
Increase from incremental expenses related to acquisitions	(5.7%)
Increase from higher electronic payment fees, excluding acquisitions	(0.5%)
Acquisition costs recognized to earnings of fiscal 2017	(0.5%)
Decrease from the net impact of foreign exchange translation	0.5%
Charge on early termination of fuel supply agreements recognized to earnings in fiscal 2016	0.3%
Acquisition costs recognized to earnings of fiscal 2016	0.2%
Decrease from divestment of the lubricant business	0.7%
Integration costs and expenses in connection with our global brand initiatives recognized in fiscal 2016	0.2%
Remaining variance	**2.1%**

The remaining variance is due to the impact of the 53rd week, to normal inflation, to higher advertising and marketing activities in connection with our global brand project, to higher expenses needed to support our organic growth, to the higher average number of stores and to proportionally higher operational expenses in our recently built stores, as these stores generally have a larger footprint than the average of our existing network. We continue to favour a rigorous control of costs throughout our organization, while ensuring we maintain the quality of service we offer to our customers.

Earnings before interest, taxes, depreciation, amortization and impairment (EBITDA) and adjusted EBITDA

During fiscal 2017, EBITDA increased from $2,330.8 million to $2,395.7 million, a growth of 2.8% compared with fiscal 2016.

Excluding the specific items shown in the table below from EBITDA of fiscal 2017 and of fiscal 2016, the adjusted EBITDA for fiscal 2017 increased by $127.1 million or 5.5% compared with the previous fiscal year mainly due to the contribution from acquisitions, to the impact of the 53rd week in fiscal 2017 and to organic growth, partly offset by the lower road transportation fuel gross margins in the United States. Multi-site acquisitions contributed approximately $140.0 million to the adjusted EBITDA, while the variation in exchange rates had a negative net impact of approximately $15.0 million.

It should be noted that EBITDA and adjusted EBITDA are not performance measures defined by IFRS, but we, as well as investors and analysts, consider that those performance measures facilitate the evaluation of our ongoing operations and our ability to generate cash flows to fund our cash requirements, including our capital expenditures program. Note that our definition of these measures may differ from the ones used by other public corporations:

(in millions of US dollars)	**53-week period ended April 30, 2017**	52-week period ended April 24, 2016
Net earnings, as reported	**1,208.9**	1,191.4
Add:		
Income taxes	**383.2**	398.3
Net financial expenses	**136.0**	108.0
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**667.6**	633.1
EBITDA	**2,395.7**	2,330.8
Adjusted for:		
Acquisition costs	**21.0**	6.2
Restructuring costs	**8.1**	-
Curtailment gains on pension plan obligation	**(3.9)**	(27.2)
Charge on early termination of fuel supply agreements	**-**	12.4
Net gain from the disposal of the lubricant business	**-**	(47.4)
Write-off expense on fuel rebranding	**-**	10.4
Integration costs and expenses in connection with our global brand initiatives	**-**	8.6
Adjusted EBITDA	**2,420.9**	2,293.8

Depreciation, amortization and impairment of property and equipment, intangible assets and other assets

For fiscal 2017, depreciation, amortization and impairment expense increased by $34.5 million, mainly as a result of investments made through acquisitions, the replacement of equipment, the addition of new stores and the ongoing improvement of our network. These items, which contributed to the increase in depreciation, amortization and impairment expense, were partially offset by the net impact of the translation of our European and Canadian operations into US dollars. The depreciation, amortization and impairment expense for fiscal 2017 includes a charge for the accelerated depreciation and amortization of certain assets in connection with our global rebranding project, amounting to $27.1 million.

Net financial expenses

Net financial expenses for fiscal 2017 were $136.0 million, an increase of $28.0 million compared with fiscal 2016. Excluding the net foreign exchange losses of $9.6 million and of $5.0 million recorded in fiscal 2017 and 2016, respectively, net financial expenses increased by $23.4 million. This increase is mainly attributable to our higher average long-term debt in connection with our recent acquisitions, partly offset by the repayments made. The net foreign exchange loss of $9.6 million is mainly due to the impact of foreign exchange variations on certain cash balances and working capital items.

Income taxes

The income tax rate for fiscal 2017 was 24.1% compared with an income tax rate of 25.1% for fiscal 2016. The decrease in the income tax rate stems from proportionally lower earnings in the United States where our statutory income tax rate is the highest as well as from the impact of a different mix in our earnings across the various states.

Net earnings and adjusted net earnings

We closed fiscal 2017 with net earnings of $1,208.9 million, compared with $1,191.4 million for the previous fiscal year, an increase of $17.5 million or 1.5%. Diluted net earnings per share stood at $2.12, compared with $2.09 the previous year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a negative net impact of approximately $16.0 million on net earnings of fiscal 2017.

Excluding the items shown in the table below from net earnings of fiscal 2017 and fiscal 2016, net earnings for fiscal 2017 would have been approximately $1,256.0 million, compared with $1,186.0 million for fiscal 2016, an increase of $70.0 million or 5.9%. Adjusted diluted net earnings per share would have been approximately $2.21 for fiscal 2017, compared with $2.08 for fiscal 2016, an increase of 6.2%.

The table below reconciles reported net earnings to adjusted net earnings:

(in millions of US dollars)	**53-week period ended April 30, 2017**	52-week period ended April 24, 2016
Net earnings, as reported	**1,208.9**	1,191.4
Adjust for:		
Net foreign exchange loss	**9.6**	5.0
Acquisition costs	**21.0**	6.2
Accelerated depreciation and amortization expense	**27.1**	17.8
Restructuring charges	**8.1**	-
Curtailment gains on pension plan obligation	**(3.9)**	(27.2)
Charge on early termination of fuel supply agreements	**-**	12.4
Net gain from the disposal of the lubricant business	**-**	(47.4)
Tax expense stemming from an internal reorganization	**-**	22.9
Write-off expense on fuel rebranding	**-**	10.4
Integration costs and expenses in connection with our global brand initiatives	**-**	8.6
Tax impact of the items above and rounding	**(14.8)**	(14.1)
Adjusted net earnings	**1,256.0**	1,186.0

It should be noted that adjusted net earnings is not a performance measure defined by IFRS, but we, as well as investors and analysts, consider this measure useful for evaluating the underlying performance of our operations on a comparable basis. Note that our definition of this measure may differ from the one used by other public corporations.

Financial Position as at April 30, 2017

As shown by our indebtedness ratios included in the “Summary analysis of consolidated results for fiscal 2017” section and our net cash provided by operating activities, our financial position is solid.

Our total consolidated assets amounted to $14.2 billion as at April 30, 2017, an increase of $1.9 billion over the balance as at April 24, 2016. This increase stems primarily from the acquisition of the IOL and Dansk Fuel assets, partly offset by the negative net impact of the exchange rates variation at the balance sheet date. It should be noted that we have updated our balance sheet as of April 24, 2016 to reflect the final adjustments we made during fiscal 2017 to the purchase price allocation for the Topaz acquisition.

During the 53-week period ended on April 30, 2017, we recorded a return on capital employed of 15.8%.

Significant balance sheet variations are explained as follows:

Property and equipment

Property and equipment increased by $1.1 billion, from $6.4 billion as at April 24, 2016, to $7.5 billion as at April 30, 2017, mainly as a result of the acquisition of the IOL and Dansk Fuel sites and the investments we made to our network, partly offset by the negative net impact of approximately $148.0 million from the exchange rates variation at the balance sheet date and by the depreciation, amortization and impairment expense.

Goodwill

Goodwill increased by $603.8 million, from $1.8 billion as at April 24, 2016, to $2.4 billion as at April 30, 2017, mainly as a result of the acquisition of the IOL and Dansk Fuel sites, partly offset by the $53.0 million negative net impact from the exchange rates variation at the balance sheet date. Since we have not yet completed our fair value assessment of the assets acquired, the liabilities assumed and the goodwill for Dansk Fuel, we expect that the fair values of assets acquired and liabilities assumed as well as the goodwill will be adjusted during fiscal 2018.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by $237.2 million, from $2.5 billion as at April 26, 2016, to $2.7 billion as at April 30, 2017. The increase mainly stems from acquisitions and higher cost for road transportation fuel. The weakening of local currencies compared to the US had a net positive impact of approximately $73.0 million.

Long-term debt and current portion of long-term debt

Long-term debt and current portion of long-term debt increased by $510.1 million, from $2.8 billion as at April 24, 2016, to $3.3 billion as at April 30, 2017, mainly as a result of the acquisition of Dansk Fuel shares and IOL assets, partly offset by the impact of the weaker Canadian dollar and Euro against the US dollar, which was approximately $174.0 million and by repayments made.

Shareholders’ equity

Shareholders’ equity amounted to $6.0 billion as at April 30, 2017, up $968.5 million compared with April 24, 2016, mainly reflecting net earnings for fiscal 2017, partly offset by dividends declared and other comprehensive loss for fiscal 2017. For the 53-week period ended April 30, 2017, we recorded a return on equity of 22.5%.

Liquidity and Capital Resources

Our principal sources of liquidity are our net cash provided by operating activities and borrowings available under our revolving unsecured credit facilities. Our principal uses of cash are to repay our debt, finance our acquisitions and capital expenditures, pay dividends, as well as to provide for working capital. We expect that cash generated from operations and borrowings available under our revolving unsecured credit facilities will be adequate to meet our liquidity needs in the foreseeable future, except for needs in connection with the CST acquisition, which have been funded through a new facility.

Our revolving credit facilities are detailed as follows:

Revolving unsecured operating credit, maturing in December 2021 ("operating credit D")

Credit agreement consisting of a revolving unsecured facility of a maximum amount of $2,525.0 million. As at April 30, 2017, $694.5 million of our operating credit D had been used. As at the same date, the effective interest rate was 2.00% and standby letters of credit in the amount of $54.7 million were outstanding.

On October 26, 2016, we amended the term of our revolving unsecured operating credit D to extend its maturity to December 2021. No other terms were changed significantly.

Term revolving unsecured operating credit, maturing in January 2020 ("operating credit F")

Credit agreement consisting of a revolving unsecured facility of an initial maximum amount of €25.0 million maturing on January 30, 2020. The credit facility is available in Euros, in the form of a revolving unsecured operating credit. The amounts borrowed bear interest at variable rates based on the funding base rate or the EURIBOR rate plus a variable margin. As at April 30, 2017, operating credit F was unused.

Available liquidities

As at April 30, 2017, a total of approximately $1.8 billion was available under our revolving unsecured operating credit facilities and we were in compliance with the restrictive covenants and ratios imposed by the credit agreements at that date. Thus, at the same date, we had access to approximately $2.5 billion through our available cash and revolving unsecured operating credit facilities.

Selected Consolidated Cash Flow Information

(in millions of US dollars)	**53-week period ended April 30, 2017**	52-week period ended April 24, 2016	Variation
Operating activities			
Net cash provided by operating activities	**1,925.5**	1,887.9	37.6
Investing activities			
Business acquisitions	**(1,331.6)**	(437.3)	(894.3)
Purchase of property and equipment, intangible assets and other assets, net of proceeds from the disposal of property and equipment and other assets	**(899.1)**	(806.7)	(92.4)
Investment in an associated company held-for-sale	**(308.1)**	-	(308.1)
Proceeds from sale of an associated company held-for-sale	**71.5**	-	71.5
Capital reduction received from an associated company held-for-sale	**65.6**	-	65.6
Other	**14.2**	(18.3)	32.5
Proceeds from disposal of the lubricant business	**-**	81.0	(81.0)
Net cash used in investing activities	**(2,387.5)**	(1,181.3)	(1,206.2)
Financing activities			
Issuance of Euro-denominated senior unsecured notes, net of financing costs	**851.8**	-	851.8
Net decrease of revolving unsecured operating credit D	**(176.6)**	(967.7)	791.1
Cash dividends paid	**(145.3)**	(104.1)	(41.2)
Net decrease in other debts	**(26.0)**	(24.6)	(1.4)
Settlement of cross-currency interest rate swaps	**(5.8)**	(10.0)	4.2
Issuance of shares upon exercise of stock options	**3.3**	0.8	2.5
Financing costs related to the acquisition facility	**(3.0)**	-	(3.0)
Issuance of Canadian-dollar-denominated senior unsecured notes, net of financing costs	**-**	562.0	(562.0)
Repayment of debt assumed on business acquisition	**-**	(225.2)	225.2
Issuance of NOK-denominated senior unsecured notes, net of financing costs	**-**	78.0	(78.0)
Repurchase of non-controlling interest	**-**	(11.8)	11.8
Net cash from (used in) financing activities	**498.4**	(702.6)	1,201.0
Credit ratings			
S&P Global Ratings – Corporate credit rating	**BBB**	BBB	
Moody's - Senior unsecured notes credit rating	**Baa2**	Baa2	

Operating activities

During fiscal 2017, net cash from our operations reached $1,925.5 million, up $37.6 million compared with fiscal year 2016, mainly due to higher net earnings and changes in working capital.

Investing activities

During fiscal 2017, investing activities were primarily for the acquisition of IOL assets for an amount of $1,285.7 million, for net investments in property and equipment, intangible assets and other assets, which amounted to $899.1 million, as well as for the Dansk Fuel transaction, for a net amount of $171.0 million.

Net investments in property and equipment, intangible assets and other assets were primarily for the replacement of equipment in some of our stores serving: the enhancement of our products and services offering, our rebranding project, the addition of new stores, information technology and the ongoing improvement of our network.

Financing activities

During fiscal 2017, we issued Euro denominated senior unsecured notes for a net amount of $851.8 million. The total net amount reimbursed on our operating credit D was $176.6 million. We also paid $145.3 million in dividends.

Contractual Obligations and Commercial Commitments

Set out below is a summary of our material contractual obligations as at April 30, 2017 (1):

	2018	2019	2020	2021	2022	Thereafter	Total
	(in millions of US dollars)						
Long-term debt (2)	221.7	3.6	331.4	221.4	696.0	1,596.3	**3,070.4**
Finance lease obligations	53.5	69.0	47.4	39.0	36.4	174.6	**419.9**
Operating lease obligations	408.0	377.2	339.0	290.6	238.7	746.6	**2,400.1**
Total	683.2	449.8	717.8	551.0	971.1	2,517.5	**5,890.4**

(1) The summary does not include the payments required under defined benefit pension plans.
(2) Does not include future interest payments.

Long-term debt. As at April 30, 2017, our long-term debt totaled $3,348.2 million, detailed as follows:

i. Canadian-dollar-denominated senior unsecured notes totaling $1,461.9 million, divided into five tranches:
   a. Tranche 1 with a notional amount of CA$300.0 million, maturing on November 1st, 2017, bearing interest at 2.861%.
   b. Tranche 2 with a notional amount of CA$450.0 million, maturing on November 1st, 2019, bearing interest at 3.319%.
   c. Tranche 3 with a notional amount of CA$250.0 million, maturing on November 1st, 2022, bearing interest at 3.899%.
   d. Tranche 4 with a notional amount of CA$300.0 million, maturing on August 21st, 2020, bearing interest at 4.214%.
   e. Tranche 5 with a notional amount of CA$700.0 million, maturing on June 2nd, 2025, bearing interest at 3.600%.

ii. Euro-denominated senior unsecured notes totaling $815.1 million, with a notional amount of €750.0 million, maturing on May 6, 2026, bearing interest at 1.875%.

iii. NOK-denominated senior unsecured notes totaling $78.7 million, with a notional amount of NOK675.0 million, maturing on February 18, 2026, bearing interest at 3.85%.

iv. Borrowings of $694.5 million under our revolving unsecured operating credits denominated in US and Canadian dollars, maturing in December 2021. The effective interest rate was 2.00% as at April 30, 2017.

v. Other long-term debts of $298.0 million, including obligations related to building and equipment under finance leases.

Finance leases and operating leases obligations. We lease an important portion of our assets using conventional operating leases and finance leases mainly for the rental of stores, land, equipment and office buildings. Generally, our real estate leases in North America are for primary terms of 5 to 20 years, usually with options to renew. In Europe, the lease terms range from short-term contracts to contracts with maturities up to more than 100 years and most lease contracts include options to renew at market prices. When leases are determined to be operating leases, obligations and related assets are not included in our consolidated balance sheets. Under certain leases, we are subject to additional rent based on revenues as well as future escalations in the minimum lease amount. When leases are determined to be finance leases, obligations and related assets are included in our consolidated balance sheets.

Contingencies. Various claims and legal proceedings have been initiated against us in the normal course of our operations and through acquisitions. Although the outcome of such matters is not predictable with assurance, we have no reason to believe that the outcome of any such current matter could reasonably be expected to have a materially adverse impact on our financial position, results of operations or the ability to carry on any of our business activities.

We are covered by insurance policies that have significant deductibles. At this time, we believe that we are adequately covered through the combination of insurance policies and self-insurance. Future losses which exceed insurance policy limits or, under adverse interpretations, could be excluded from coverage would have to be paid out of general corporate funds. In association with our workers' compensation policies, we issue letters of credit as collateral for certain policies.

Guarantees. We assigned a number of lease agreements for premises to third parties. Under some of these agreements, we retain ultimate responsibility to the landlord for payment of amounts under the lease agreements, should the sub lessees fail to pay. As at April 30, 2017, the total future lease payments under such agreements are approximately $1.6 million and the fair value of the guarantee is not significant. Historically, we have not made any significant payments in connection with these indemnification provisions. We have also issued guarantees to third parties, and on behalf of third parties, for maximum undiscounted future payments totaling $15.3 million. These guarantees primarily relate to financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden. Guarantees on behalf of retailers in Sweden comprise items such as guarantees towards retailer's car washes and store inventory, in addition to guarantees towards suppliers of electricity and heating. The carrying amount and fair value of the guarantee commitments recognized in the balance sheet at April 30, 2017 were not significant.

We also issue surety bonds for a variety of business purposes, including surety bonds for taxes, lottery sales, wholesale distribution and alcoholic beverage sales. In most cases, a municipality or state governmental agency requires the surety bonds as a condition of operating a store in that area.

Other commitments. We have entered into various property purchase agreements, as well as product purchase agreements which require us to purchase minimum amounts or quantities of merchandise and road transportation fuel annually. We have generally exceeded such minimum requirements in the past and expect to continue doing so for the foreseeable future. Failure to satisfy the minimum purchase requirements could result in termination of the contracts, changes in the pricing of the products, payments to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received.

Off-Balance Sheet Arrangements

In the normal course of business, we finance some of our off-balance sheet activities through operating leases for properties on which we conduct our retail business. Our future commitments are included under “Operating Lease Obligations” in the table above.

Selected Quarterly Financial Information

Our 52-week reporting cycle is divided into quarters of 12 weeks each except for the third quarter, which comprises 16 weeks. When a fiscal year, such as fiscal 2017, contains 53 weeks, the fourth quarter comprises 13 weeks. The following is a summary of selected consolidated financial information derived from our interim consolidated financial statements for each of the eight most recently completed quarters.

(in millions of US dollars except for per share data)	**53-week period ended April 30, 2017**				52-week period ended April 24, 2016			
Quarter	**4th**	3rd	2nd	1st	4th	3rd	2nd	1st
Weeks	**13 weeks**	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks
Revenues	**9,622.6**	11,415.8	8,445.5	8,420.6	7,397.1	9,331.1	8,436.8	8,979.6
Operating income before depreciation, amortization and impairment of property and equipment, intangibles assets and other assets	**514.4**	628.7	617.0	605.2	454.8	618.7	685.8	541.5
Depreciation, amortization and impairment of property and equipment, intangibles assets and other assets	**154.4**	210.1	156.7	146.4	162.7	192.8	137.6	140.0
Operating income	**360.0**	418.6	460.3	458.8	292.1	425.9	548.2	401.5
Share of earnings of joint ventures and associated companies accounted for using the equity method	**7.2**	8.4	5.3	9.5	6.5	8.8	8.2	6.5
Net financial expenses	**46.0**	43.3	21.9	24.8	32.2	33.5	25.2	17.1
Net earnings	**277.6**	287.0	321.5	322.8	203.9	274.0	415.7	297.8
Net earnings per share								
Basic	**$0.49**	$0.51	$0.57	$0.56	$0.36	$0.48	$0.73	$0.52
Diluted	**$0.49**	$0.50	$0.57	$0.56	$0.36	$0.48	$0.73	$0.52

The volatility of road transportation fuel gross margins, mostly in the United States, seasonality and changes in the exchange rates have an impact on the variability of our quarterly net earnings.

Analysis of consolidated results for the fiscal year ended April 24, 2016

Revenues

Our revenues were $34.1 billion for fiscal 2016, down $385.3 million, a decrease of 1.1% compared with fiscal 2015, mainly attributable to a lower road transportation fuel average selling price, to the negative net impact from the translation of revenues of our Canadian and European operations into US dollars and to the disposal of our aviation fuel and lubricant businesses. These items, which contributed to the decrease in revenues, were partly offset by the strong contribution from acquisitions and by the growth in same-store merchandise revenues and road transportation fuel volumes in both North America and Europe.

More specifically, the growth in merchandise and service revenues for fiscal 2016 was $1.8 billion. Excluding the negative net impact from the translation of our European and Canadian operations into US dollars, merchandise and service revenues increased by $2.2 billion or 26.3%. This increase is attributable to the contribution from multi-site acquisitions which amounted to approximately $1.9 billion, to the contribution of newly opened stores and to strong organic growth. Same-store merchandise revenues grew by 4.6% in the United States, including The Pantry stores, by 2.8% in Europe and by 2.9% in Canada. Overall, our performance is attributable to our dynamic merchandising strategies, to our competitive offer and to our expanded fresh food assortment, which is attracting more customers into our stores.

Road transportation fuel revenues decreased by $975.7 million in fiscal 2016. Excluding the negative net impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues increased by $398.8 million or 1.6%. This increase was attributable to the contribution from multi-site acquisitions which amounted to approximately $4.2 billion, to the contribution of our recently opened stores and to organic growth. Same-store road transportation fuel volumes increased by 6.6% in the United States, including The Pantry stores and by 2.6% in Europe due to - among other things – our micro-market strategies as well as to the growing contribution from premium fuels and "***miles***™" and "***milesPLUS***™", our proprietary fuel brands in Europe. In Canada, our same-store road transportation fuel volumes increased by 0.9%. These growth factors were partly offset by the impact of the lower average selling price of road transportation fuel, which resulted in a decrease in revenues of approximately $4.9 billion. It should be noted that the lower average road transportation fuel selling price has no direct negative impact on our fuel gross margin. In fact, a lower fuel selling price usually works in our favor as customers tend to travel more in this context – buying more fuel – while also leaving them with more cash for discretionary spending.

The following table shows the average selling price of road transportation fuel in our various markets, starting with the first quarter of the fiscal year ended April 26, 2015:

Quarter	1st	2nd	3rd	4th	**Weighted average**
52-week period ended April 24, 2016					
United States (US dollars per gallon)	2.64	2.36	1.99	1.86	**2.20**
Europe (US cents per litre)	72.16	66.12	57.04	51.59	**60.92**
Canada (CA cents per litre)	103.17	97.79	88.41	82.28	**92.86**
52-week period ended April 26, 2015					
United States (US dollars per gallon)	3.59	3.36	2.54	2.34	**2.89**
Europe (US cents per litre)	101.53	95.18	73.99	66.51	**83.53**
Canada (CA cents per litre)	121.64	117.00	96.27	93.63	**106.59**

Other revenues decreased by $1.2 billion in fiscal 2016. This decrease is mainly explained by the disposal of our aviation fuel and lubricant businesses, which had an impact of approximately $954.0 million as well as by the negative net impact from the translation of revenues from our European operations into US dollars, partly offset by the contribution from multi-site acquisitions, which amounted to approximately $132.0 million.

Gross profit

In fiscal 2016, the consolidated merchandise and service gross profit was $3.4 billion, an increase of $624.9 million compared with fiscal 2015. Excluding the net negative impact from the translation of our European and Canadian operations into US dollars, consolidated merchandise and service gross profit increased by $762.9 million or 27.2%. This increase is attributable to the contribution from multi-site acquisitions, which amounted to approximately $629.0 million, and to organic growth. The gross margin increased by 0.4% in the United States and by 1.3% in Europe. Overall, this performance reflects changes in the product mix and the improvements we brought to our supply terms, as well as our merchandising strategy in line with market competitiveness and the economic conditions within each market. In Europe, the growth in margin is attributable to the change in our product mix toward categories with higher margins, including car washes. In Canada, the gross margin was 32.8%, a slight decrease of 0.1%.

In fiscal 2016, the road transportation fuel gross margin was 20.15 ¢ per gallon in the United States, CA6.41¢ per litre in Canada and 8.82¢ per litre in Europe. The decrease in Europe is entirely attributable to the impact of the translation of our European results into US dollars. In local currencies, the margin in Europe was similar to the margin of fiscal 2015. The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the first quarter of the fiscal year ended April 26, 2015, were as follows:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	**Weighted average**
52-week period ended April 24, 2016					
Before deduction of expenses related to electronic payment modes	18.34	25.66	19.90	16.78	**20.15**
Expenses related to electronic payment modes	4.37	4.19	3.84	3.74	**4.02**
After deduction of expenses related to electronic payment modes	13.97	21.47	16.06	13.04	**16.13**
52-week period ended April 26, 2015					
Before deduction of expenses related to electronic payment modes	23.08	24.17	24.93	15.46	**21.75**
Expenses related to electronic payment modes	5.27	5.03	4.33	4.12	**4.63**
After deduction of expenses related to electronic payment modes	17.81	19.14	20.60	11.34	**17.12**

As demonstrated by the table above, road transportation fuel margins in the United States can be volatile from one quarter to another but tend to normalize in the longer term. Margin volatility and expenses related to electronic payment modes are not as significant in Europe and Canada.

Operating, selling, administrative and general expenses

For fiscal 2016, operating, selling, administrative and general expenses increased by 13.6%, compared with fiscal 2015 but increased by only 1.6% if we exclude certain items as demonstrated by the following table:

	52-week period ended April 24, 2016
Total variance as reported	**13.6%**
Adjust:	
Increase from incremental expenses related to acquisitions	(20.8%)
Decrease from the net impact of foreign exchange translation	6.1%
Decrease from divestment of the aviation fuel and lubricant businesses	2.2%
Decrease from revision of estimates for provisions and other non-recurring expenses in 2015	0.7%
Decrease from lower electronic payment fees, excluding acquisitions	0.6%
Increase from charges on the termination of fuel supply agreements	(0.4%)
Increase from non-recurring integration costs and expenses in connection with our global brand initiatives	(0.3%)
Acquisition costs recognized to earnings of fiscal 2016	(0.2%)
Acquisition costs recognized to earnings of fiscal 2015	0.1%
Remaining variance	**1.6%**

The remaining variance in expenses is mainly due to normal inflation, to the higher expenses needed to support our strong organic growth, to the higher average number of stores and to proportionally higher operational expenses in our recently built stores, as these stores generally have a larger footprint than the average of our existing network. We continue to favor a rigorous control of costs throughout our organization, while ensuring we maintain the quality of service we offer to our customers.

Earnings before interest, taxes, depreciation, amortization and impairment (EBITDA) and adjusted EBITDA

During fiscal 2016, EBITDA increased by 24.3% compared with last year, from $1.9 billion to $2.3 billion.

Excluding the specific items shown in the table below from EBITDA for fiscal 2016 and fiscal 2015, adjusted EBITDA for fiscal 2016 increased by $378.1 million or 19.7% compared with the corresponding period of the previous fiscal year, to $2.3 billion. Net of acquisition costs recorded to earnings, multi-site acquisitions contributed approximately $257.0 million to adjusted EBITDA, while the variation in exchange rates had a negative net impact of approximately $138.0 million.

It should be noted that EBITDA and adjusted EBITDA are not performance measures defined by IFRS, but we, as well as investors and analysts, consider that those performance measures facilitate the evaluation of our ongoing operations and our ability to generate cash flows to fund our cash requirements, including our capital expenditures program. Note that our definition of these measures may differ from the one used by other public corporations:

(in millions of US dollars)	52-week periods ended April 24, 2016	April 26, 2015
Net earnings, as reported	**1,191.4**	930.0
Add:		
Income taxes	**398.3**	306.2
Net financial expenses	**108.0**	105.4
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**633.1**	533.9
EBITDA	**2,330.8**	1,875.5
Adjust:		
Net gain from the disposal of the lubricant business	**(47.4)**	-
Curtailment gains on pension plan obligation	**(27.2)**	(2.6)
Charge on early termination of fuel supply agreements	**12.4**	-
Write-off expense on fuel rebranding	**10.4**	-
Non-recurring integration costs and expenses in connection with our global brand initiatives	**8.6**	-
Acquisition costs	**6.2**	2.7
Restructuring and integration costs	**-**	30.3
Loss on disposal of the aviation fuel business	**-**	11.0
Negative goodwill	**-**	(1.2)
Adjusted EBITDA	**2,293.8**	1,915.7

Depreciation, amortization and impairment of property and equipment, intangible assets and other assets

For fiscal 2016, depreciation, amortization and impairment expenses increased by $99.2 million, mainly as a result of investments made through acquisitions, the replacement of equipment, the addition of new stores and the ongoing improvement of our network. The depreciation, amortization and impairment expense was also increased by the accelerated depreciation and amortization of certain assets in connection with our global rebranding project, which had an impact of $17.8 million for fiscal 2016 and by the acceleration of the depreciation and amortization of certain The Pantry stores' assets which will need to be replaced or upgraded before the end of their current useful lives. Those items, which contributed to the increase in depreciation, amortization and impairment expenses, were partially offset by the net impact of the translation of our European and Canadian operations into US dollars.

Net financial expenses

Fiscal 2016 shows net financial expenses of $108.0 million, an increase of $2.6 million compared with fiscal 2015. Excluding the net foreign exchange losses of $5.0 million and $22.7 million recorded respectively in fiscal 2016 and 2015, net financial expenses increased by $20.3 million. This increase is mainly attributable to the rise in our long term debt in connection with the financing of The Pantry and Topaz acquisitions and the assumption of their finance lease obligations, partly offset by the reduction in our average debt balance following repayments made on our revolving and acquisition facilities during fiscal years 2015 and 2016. The net foreign exchange loss of $5.0 million for fiscal 2016 is mainly due to the impact of foreign exchange variations on certain cash balances.

Income taxes

The income tax rate for fiscal 2016 was 25.1%, compared to 24.8% in 2015. The income tax rate was affected by the fact that the net gain from the disposal of the lubricant business is not taxable and was partly offset by a tax expense of $22.9 million in connection with an internal reorganization. Excluding those items, we estimate that the income tax rate for fiscal 2016 would have been approximately 24.5%.

Net earnings and adjusted net earnings

We closed fiscal 2016 with net earnings of $1,191.4 million, compared with $930.0 million for the previous fiscal year, an increase of $261.4 million or 28.1%. Diluted net earnings per share stood at $2.09 compared with $1.63 the previous year, an increase of 28.2%. The translation of revenues and expenses from our Canadian and European operations into US dollars had a negative net impact of approximately $72.0 million on net earnings of fiscal 2016.

Excluding the items shown in the table below from net earnings for fiscal 2016 and fiscal 2015, net earnings for fiscal 2016 would have been approximately $1,186.0 million, up $168.0 million or 16.5%, while adjusted diluted earnings per share would have been approximately $2.08 compared with $1.79 the previous year, an increase of 16.2%.

The table below reconciles adjusted net earnings to reported net earnings:

(in millions of US dollars)	52-week periods ended April 24, 2016	April 26, 2015
Net earnings, as reported	**1,191.4**	930.0
Adjust:		
Net gain from the disposal of the lubricant business	**(47.4)**	-
Curtailment gains on pension plans obligation	**(27.2)**	(2.6)
Tax expense stemming from an internal reorganization	**22.9**	41.8
Accelerated depreciation and amortization expense	**17.8**	-
Charge on early termination of fuel supply agreements	**12.4**	-
Write-off expense on fuel rebranding	**10.4**	-
Integration expenses in connection with our global brand initiatives	**8.6**	-
Acquisition costs	**6.2**	2.7
Net foreign exchange loss	**5.0**	22.7
Restructuring costs	**-**	30.3
Loss on disposal of the aviation fuel business	**-**	11.0
Negative goodwill	**-**	(1.2)
Tax impact of the items above and rounding	**(14.1)**	(16.7)
Adjusted net earnings	**1,186.0**	1,018.0

It should be noted that adjusted net earnings is not a performance measure defined by IFRS, but we, as well as investors and analysts, consider this measure useful for evaluating the underlying performance of our operations on a comparable basis. Note that our definition of this measure may differ from the one used by other public corporations.

Internal Controls Over Financial Reporting

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We also maintain a system of disclosure controls and procedures designed to ensure, in all material respects, the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at April 30, 2017, our management, following its assessment, certifies the design and operating effectiveness of disclosure controls and procedures.

We undertake ongoing evaluations of the effectiveness of our internal controls over financial reporting and implement control enhancements, when appropriate. As at April 30, 2017, our management and our external auditors reported that these internal controls were effective.

Critical Accounting Policies and Estimates

Estimates. This MD&A is based on our consolidated financial statements, which have been prepared in accordance with IFRS. These standards require us to make certain estimates and assumptions that affect our financial position and results of operations as reflected in our consolidated financial statements. On an ongoing basis, we review our estimates. These estimates are based on our best knowledge of current events and actions that we may undertake in the future. Actual results could differ from those estimates. The most significant accounting judgments and estimates that we have made in the preparation of the consolidated financial statements are discussed along with the relevant accounting policies when applicable and relate primarily to the following topics: vendor rebates, useful lives of tangible and intangible assets, income taxes, leases, employee future benefits, provisions, impairment and business combinations.

Inventory. Our inventory is comprised mainly of products purchased for resale including tobacco products, fresh goods, beer and wine, grocery items, candies and snacks, other beverages and road transportation fuel. Inventories are valued at the lesser of cost and net realizable value. Cost of merchandise is generally valued based on the retail price less a normal margin and the cost of road transportation fuel inventory is generally determined according to the average cost method. Inherent in the determination of margins are certain management judgments and estimates, which could affect ending inventory valuations and results of operations.

Impairment of long-lived assets. Property and equipment are tested for impairment, should events or circumstances indicate that their book value may not be recoverable, as measured by comparing their net book value to their recoverable amount, which corresponds to the higher of fair value less costs to sell and value in use. Should the carrying amount of long-lived assets exceed their recoverable amount, an impairment loss in the amount of the excess would be recognized. Our evaluation of the existence of impairment indicators is based on market conditions and our operational performance. The variability of these factors depends on a number of conditions, including uncertainty about future events. These factors could cause us to conclude that impairment indicators exist and require that impairment tests be performed, which could result in determining that the value of certain long-lived assets is impaired, resulting in a write-down of such long-lived assets.

Goodwill and other intangible assets. Goodwill and other intangible assets with indefinite-life are evaluated for impairment annually, or more often if events or changes in circumstances indicate that the value of certain goodwill or intangibles may be impaired. For the purpose of this impairment test, management uses estimates and assumptions to establish the fair value of our reporting units and intangible assets. If these assumptions and estimates prove to be incorrect, the carrying value of our goodwill or other intangible assets may be overstated. Our annual impairment test is performed in the first quarter of each fiscal year.

Asset retirement obligations. Asset retirement obligations primarily relate to estimated future costs to remove underground road transportation fuel storage tanks. They are based on our prior experience in removing these tanks, estimated tank remaining useful life, lease terms for those tanks installed on leased properties, external estimates and governmental regulatory requirements. A discounted liability is recorded for the present value of an asset retirement obligation, with a corresponding increase to the carrying value of the related long-lived asset at the time an underground storage tank is installed. To determine the initial liability, the future estimated cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability.

Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased to reflect the passage of time and then adjusted for variations in the current market-based discount rate or the scheduled underlying cash flows required to settle the liability.

Environmental matters. We provide for estimated future site remediation costs to meet government standards for known site contamination, when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation activities at such sites are based on our prior experience with remediation sites, and consideration of other factors such as the condition of the site's contamination, location of sites and experience of the contractors performing the environmental assessments and remediation work.

In each of the US states in which we operate, with the exception of Florida, Iowa, Maryland, Texas, Washington and West Virginia, there is a state fund to cover the cost of certain environmental remediation activities after the applicable trust fund deductible is met, which varies by state. These state funds provide insurance for motor fuel facilities operations to cover some of the costs of cleaning up certain environmental contamination caused by the use of road transportation fuel equipment. Road transportation fuel storage tank registration fees and/or a motor fuel tax in each of the states finance the trust funds. We pay annual registration fees and remits sales taxes to applicable states. Insurance coverage and deductibles differ from state to state.

Income taxes. The income tax expense recorded to earnings is the sum of the deferred income taxes and current income taxes that are not recognized in Other comprehensive income or directly in Equity.

We use the balance sheet liability method to account for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the carrying amounts and tax bases of assets and liabilities, using enacted or substantively enacted tax rates and laws, as appropriate, at the date of the consolidated financial statements for the years in which the temporary differences are expected to reverse. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse 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 it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and we intend to settle our current tax assets and liabilities on a net basis.

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. We recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Employee future benefits. We accrue our obligations under employee pension plans and the related costs, net of plan assets. We have adopted the following accounting policies with respect to the defined benefit plans:

- The accrued benefit obligations and the cost of pension benefits earned by active employees are actuarially determined using the projected unit credit method, pro-rated on service, and pension expense is recorded in earnings as the services are rendered by active employees. The calculations reflect our best estimate of salary escalation and retirement ages of employees;
- Plan assets are valued at fair value;
- Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Actuarial gains and losses are recognized immediately in Other comprehensive income with no impact on net earnings;
- Past service costs are recorded to earnings at the earlier of the following dates:
  - When the plan amendment or curtailment occurs;
  - When we recognize related restructuring costs or termination benefits;
- Net interest on the defined benefit liability (asset) represents the net defined benefit liability (asset), multiplied by the discount rate and is recorded in financial expenses.

The pension cost recorded in net earnings for the defined contribution plans is equivalent to the contribution which we are required to pay in exchange for services provided by the employees.

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. We determine the appropriate discount rate at the end of each fiscal year. This is the rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, we consider the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Insurance and workers' compensation. In the U.S. and Ireland, we are self-insured for certain losses related to general liability and workers' compensation. The expected ultimate cost for claims incurred as of the consolidated balance sheet date is discounted and is recognized as a liability. This cost is estimated based on analysis of our historical data and actuarial estimates. In order to determine the initial recorded liability, the present value of estimated future cash flows is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Recently issued accounting standards not yet implemented

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, “Revenue from Contracts with Customers”, to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. IFRS 15 supersedes IAS 18, "Revenue”, IAS 11, “Construction Contracts”, and other revenue-related interpretations. In September 2015, the IASB deferred the mandatory effective date of IFRS 15 to fiscal years beginning on or after January 1, 2018. Earlier application is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

Classification and Measurement of Financial Assets and Financial Liabilities

In July 2014, the IASB completed IFRS 9, “Financial Instruments” in its three-part project to replace IAS 39, “Financial Instruments: Recognition and Measurement” with a single approach to determine whether a financial asset is measured at amortized cost or fair value. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The standard is effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

Leases

In January 2016, the IASB issued IFRS 16, “Leases”, which will replace IAS 17, “Leases”. The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided we have adopted IFRS 15 “Revenue from Contracts with Customers”. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts, and record it on the balance sheet, except with respect to lease contracts that meet limited exception criteria. We are currently evaluating the impact of the standard on our consolidated financial statements. Our preliminary conclusion is that, given that we have significant contractual obligations in the form of operating leases under IAS 17, we expect there will be a material increase to both assets and liabilities upon adoption of IFRS 16, and material changes to the presentation of expenses associated with the lease arrangements, and, to a lower extent, the timing of recognition.

Income Taxes

In January 2016, the IASB issued amendments to IAS 12, "Income Taxes" regarding the recognition of deferred tax assets for unrealized losses, effective for annual periods beginning on or after January 1, 2017. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments will have no significant impact on our consolidated financial statements.

Statement of Cash Flows

In January 2016, the IASB published amendments to IAS 7, “Statement of Cash Flows”. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity’s financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. These amendments will have no significant impact on the information disclosed in our consolidated financial statements.

Classification and Measurement of Share-based Payment Transactions

In June 2016, the IASB issued “Classification and Measurement of Share-based Payment Transactions”, amending IFRS 2, “Share-based Payment”, and clarifying how to account for certain types of share-based payment transactions, such as the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments. These amendments are effective for annual periods beginning on or after January 1, 2018. The amendments are to be applied prospectively, with a retrospective application permitted. We are currently evaluating the impact of these amendments on our consolidated financial statements.

Business Risks

We are constantly looking to control and improve our operations. In this perspective, identification and management of risks are key components of such activities. We have identified and assessed key risk factors that could negatively impact our objectives and their ensuing performance.

We manage risks on an ongoing basis and implement a series of measures designed to mitigate key risks described in the present section as well as their financial impact.

Road transportation fuel. Our results are sensitive to the changes in road transportation fuel prices and gross margin. Factors beyond our control such as market-driven changes in supply terms, road transportation fuel price fluctuations due to, amongst other things, general political and economic conditions, as well as the market’s limited ability to absorb road transportation fuel prices fluctuations, are factors that could influence road transportation fuel selling price and related gross margin. During fiscal 2017 road transportation fuel revenues accounted for approximately 69.0% of our total revenues, yet the road transportation fuel gross margin represented about only 40.0% of our overall gross profits. In fiscal 2017, a change of one cent per gallon (approximately 0.26 cents per litre) of the fuel selling price would have resulted in a change of approximately $118.0 million in road transportation fuel gross profit, with a corresponding impact of approximately $0.14 on earning per share on a diluted basis.

Electronic payment modes. We are exposed to significant fluctuations in expenses related to electronic payment modes resulting from large changes in road transportation fuel retail prices, because the majority of this expense is based on a percentage of the retail prices of road transportation fuel. For fiscal 2017, a variation of 10% in our expenses associated with electronic payment modes would have had an impact of approximately $0.04 on earning per share on a diluted basis.

Tobacco products. Tobacco products represent our largest product category of merchandise and service revenues. For fiscal 2017, revenues of tobacco products were approximately 38.0% and 18.0% of total merchandise and service revenues and gross profits, respectively. Significant increases in wholesale cigarette costs, a tax increase on tobacco products, as well as current and future legislation and national and local campaigns to discourage smoking in the United States, Canada and Europe, may have an adverse impact on the demand for tobacco products, and may therefore adversely affect our revenues and profits in light of the competitive landscape and consumer sensitivity to the price of such products.

In addition, we sell brands of cigarettes that are manufactured to be sold by Couche-Tard on an exclusive basis and we could be sued for health problems caused by the use of tobacco products. In fact, various health-related legal actions, proceedings and claims arising out of the sale, distribution, manufacture, development, advertising and marketing of cigarettes have been brought against vendors of tobacco products. Any unfavorable verdict against us in a health-related suit could adversely affect our business, financial condition and results of operations. In conformity with accounting standards, we have not established any reserves for the payment of expenses or adverse results related to any potential health-related litigation.

Competition. The industries and geographic areas in which we operate are highly competitive and marked by a constant change in terms of the number and type of retailers offering the products and services found in our stores. We compete with other convenience store chains, independent convenience stores, gas station operators, large and small food retailers, quick service restaurants, local pharmacies and pharmacy chains and dollar stores. There can be no assurance that we will be able to compete successfully against our competitors. Our business may also be adversely affected if we do not sustain our ability to meet customer requirements relative to price, quality, customer service and service offerings.

Environmental laws and regulations. Our operations, particularly those relating to the storage, transportation and sale of fuel products, are subject to numerous environmental laws and regulations in the countries in which we operate. These include laws and regulations governing the quality of fuel products, ground pollution and emissions and discharges into air and water, the implementation of targets regarding the use of certain bio-fuel or renewable energy products, the handling and disposal of hazardous wastes, the use of vapor reduction systems to capture fuel vapor, and the remediation of contaminated sites.

Our operations expose us to certain risks, particularly at our terminals and other storage facilities, where large quantities of fuel are stored, and at our fuel stations. These risks include equipment failure, work accidents, fires, explosions, vapour emissions, spills and leaks at storage facilities and/or in the course of transportation to or from our or a third party's terminals, fuel stations or other sites. In addition, we are also exposed to the risk of accidents involving the tanker trucks used in our fuel product distribution system. These types of hazards and accidents may cause personal injuries or the loss of life, business interruptions and/or property, equipment and environmental contamination and damage. Further, we may be subject to litigation, compensation claims, governmental fines or penalties or other liabilities or losses in relation to such incidents and accidents and may incur significant costs as a result. Under various national, provincial, state and local laws and regulations, we may, as the owner or operator, be liable for the costs of removal or remediation of contamination at our current or former sites, whether or not we knew of, or caused, the presence of such contamination. Such incidents and accidents may also affect our reputation or our brands, leading to a decline in the sales of our products and services and may adversely impact our business, financial condition and results of operations.

Acquisitions. Acquisitions have been and should continue to be a significant part of our growth strategy. Our ability to identify strategic acquisitions in the future may be limited by the number of attractive acquisition targets with motivated sellers, internal demands on our resources and, to the extent necessary, our ability to obtain financing on satisfactory terms for larger acquisitions, if at all.

Achieving anticipated benefits and synergies of an acquisition will depend in part on whether the operations, systems, management and cultures of our corporation and the acquired business can be integrated in an efficient and effective manner and whether the presumed bases or sources of synergies produce the benefits anticipated. We may not be able to achieve anticipated synergies and cost savings for an acquisition for many reasons, including contractual constraints, an inability to take advantage of expected synergistic savings and increased operating efficiencies, loss of key employees, or changes in tax laws and regulations. The process of integrating an acquired business may lead to greater than expected operating costs, significant one-time write-offs or restructuring charges, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, or suppliers). Failure to successfully integrate an acquired business may have an adverse effect on our business, financial condition and results of operations.

Although we perform a due diligence investigation of the businesses or assets that we acquire, there may be liabilities or expenses of the acquired business or assets that we do not uncover during our due diligence investigation and for which we, as a successor owner, may be responsible. The discovery of any material liabilities relating to an acquisition could have a material adverse effect on our business, financial condition and results of operations.

Dependence on third party suppliers. Our fuel business is dependent upon the supply of refined oil products from a relatively limited number of suppliers and upon a distribution network serviced principally by third party tanker trucks. In the case of our key suppliers, an event causing disruptions to any of these suppliers' supply chains or refineries could have a significant effect on our ability to receive refined oil products for resale, or result in us paying a higher cost to obtain such products.

Accounts receivable. We are exposed to risk related to the creditworthiness and performance of our customers, suppliers and contract counterparties. As of April 30, 2017, we had outstanding accounts receivable totaling $1,494.2 million. This amount primarily consists of vendor rebates due from our suppliers, credit card receivables, receivables arising from the sale of fuel and other products to independent franchised or licensed fuel station operators as well as to amounts receivable from other industrial and commercial clients. Contracts with longer payment cycles or difficulties in enforcing contracts or collecting accounts receivables could lead to material fluctuations in our cash flows and could adversely impact our business, financial condition and results of operations.

Legislative and regulatory requirements. As discussed above under “Environmental Laws and Regulations”, our operations are subject to numerous environmental laws and regulations. In addition, convenience store operations are subject to extensive regulations, including regulations relating to the sale of alcohol and tobacco products, various food safety and product quality requirements, minimum wage laws, and tax laws and regulations. We currently incur substantial operating and capital costs for compliance with existing health, safety, environmental and other laws and regulations applicable to our operations. If we fail to comply with any laws and regulations or permit limitations or conditions, or fail to obtain any necessary permits or registrations, or to extend current permits or registrations upon expiry of their terms, or to comply with any restrictive terms contained in our current permits or registrations, we may be subject to, among other things, civil and criminal penalties and, in certain circumstances, the temporary or permanent curtailment or shutdown of a part of our operations. In addition, the laws and regulations applicable to our operations are subject to change and it is expected that, given the nature of our business, we will continue to be subject to increasingly stringent health, safety, environmental laws and regulations and other laws and regulations that may increase the cost of operating our business above currently expected levels and require substantial future capital and other expenditures. As a result, there can be no assurance that the effect of any future laws and regulations or any changes to existing laws and regulation, or their current interpretation, on our business, financial condition and results of operations would not be material.

Our business may also be affected by laws and regulations addressing global climate change and the role in it played by fossil fuel combustion and the resulting carbon emissions. Some jurisdictions in which we operate have enacted measures to limit carbon emissions, and such measures increase the costs of petroleum-based fuels above what they otherwise would be and may adversely affect the demand for road transportation fuel. Similarly, adoption of other environmental protection measures affecting the petroleum supply chain, such as more stringent requirements applicable to the exploration, drilling, and transportation of crude oil and to the refining and transportation of petroleum products, may also increase the costs of petroleum-based fuels with similar effects on demand for road transportation fuel. The impact of such developments, individually or in combination, could adversely affect our sales of road transportation fuel and associated gross profit.

Exchange rate. The functional currency of our parent Company is the Canadian dollar. As such, our investments in our U.S. and European operations are exposed to net changes in currency exchange rates. Should changes in currency exchange rates occur, the amount of our net investment in our U.S. and European operations could increase or decrease. From time to time, we use cross-currency interest rate swap agreements to hedge a portion of this risk.

We are also exposed to foreign currency risk with respect to a portion of our long-term debt denominated in US dollars and certain intercompany loans. As at April 30, 2017, all else being equal, a hypothetical variation of 5.0% of the US dollar, the Norwegian Krone and the Euro against the Canadian dollar would have had a net impact of approximately $108.0 million on other comprehensive income. We do not currently use derivative instruments to mitigate this risk.

We use the US dollar as our reporting currency. As such, changes in currency exchange rates could materially increase or decrease our foreign currency-denominated net assets on consolidation which would increase or decrease, as applicable, shareholders’ equity. In addition, changes in currency exchange rates will affect the translation of the revenue and expenses of our Canadian and European operations and will result in lower or higher net earnings than would have occurred had the exchange rate not changed.

In addition to currency translation risks, we incur a currency transaction risk whenever one of our subsidiaries enters into a revenue contract with a different currency than its functional currency. Given the volatility of exchange rates, we may not be able to manage our currency transaction and/or translation risks effectively, and volatility in currency exchange rates could have an adverse effect on our business, financial condition and results of operations.

Credit risk. We are exposed to credit risk arising from our embedded total return swaps and cross-currency interest rate swaps when these swaps result in a receivable from financial institutions. We do not currently use derivative instruments to mitigate this risk.

Interest rates. We are exposed to interest rate fluctuations associated with changes in the short-term interest rate. Borrowings under our credit facilities bear interest at variable rates, and other debt we incur could likewise bear interest at variable rates. As at April 30, 2017, we carried a variable rate debt of approximately $694.5 million. Based on the amount of our variable rate debt as at April 30, 2017, a one percentage point increase in interest rates would decrease our earnings per share by $0.01 on a diluted basis. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. We do not currently use derivative instruments to mitigate this risk. We are also exposed to a risk of change in cash flows due to changes in interest rates on future debt issuance. To mitigate this risk, we entered into interest rate locks in order to hedge the interest rates on forecasted debt issuance.

Liquidity. Liquidity risk is the risk that we will encounter difficulties in meeting our obligations associated with financial liabilities and lease commitments. We are exposed to this risk mainly through our long-term debt, our embedded total return swap, our cross-currency swap agreements, our interest rate locks, accounts payable and accrued expenses and our lease agreements. Our liquidities are provided mainly by cash flows from operating activities and borrowings available under our revolving credit facilities.

Litigation. In the ordinary course of business, we are a defendant in a number of legal proceedings, suits, and claims common to companies engaged in our business and an adverse outcome in such proceedings could adversely affect our business, financial condition and results of operations. Effectively, convenience store businesses and other foodservices operators can be adversely affected by litigation and complaints from customers or government agencies resulting from food quality, illness, or other health or environmental concerns or operating issues stemming from one or more locations. Lack of fresh food handling experience among our workforce increases the risk of food borne illness resulting in litigation and reputational damage. Adverse publicity about these allegations may negatively affect us, regardless of whether the allegations are true, by discouraging customers from purchasing fuel, merchandise or food at one or more of our convenience stores. We could also incur significant liabilities if a lawsuit or claim results in a decision against us. Even if we are successful in defending such litigation, our litigation costs could be significant, and the litigation may divert time and money away from our operations and adversely affect our performance or our ability to continue operating branded quick service restaurants under franchise agreements.

Insurance. We carry comprehensive liability, fire and extended coverage insurance on most of our facilities, with policy specifications and insured limits customarily carried in our industry for similar properties. There can be no assurance that we will be able to continue to obtain such insurance on favourable terms or at all. Some types of losses, such as losses resulting from wars, acts of terrorism, or natural disasters, generally are not insured because they are either uninsurable or not economically practical.

Seasonality and natural disasters. Weather conditions can have an impact on our revenues as historical purchase patterns indicate that our customers increase their transactions and also purchase higher margin items when weather conditions are favourable. We have operations in the Southeast and West Coast regions of the United States and, although these regions are generally known for their mild weather, they are susceptible to severe storms, hurricanes, earthquakes and other natural disasters.

Economic conditions. Our revenues may be negatively influenced by changes in global, national, regional and/or local economic variables and consumer confidence. Changes in economic conditions could adversely affect consumer spending patterns, travel and tourism in certain of our market areas.

For several years, the global capital and credit markets and the global economy have experienced significant uncertainty, characterized by the bankruptcy, failure, collapse or sale of various financial institutions, the European sovereign debt crisis and a considerable level of intervention from governments around the world. These conditions may, in particular, adversely affect the demand for our products. As the contraction of the global capital and credit markets spreads throughout the broader economy, major markets around the world have experienced very weak or negative economic growth. Although there may be signs of economic recovery, the markets remain fragile and could again enter periods of negative economic growth. There can be no assurance that our business will not be affected by adverse global economic conditions.

Acts of war or terrorism. Acts of war and terrorism could impact general economic conditions and the supply and price of crude oil. Such events could adversely impact our business, financial condition and results of operations.

Long-term changes in customer behaviour. In the road transportation fuel and convenience business sector, customer traffic is generally driven by consumer preferences and spending trends, growth of road traffic and trends in travel and tourism. A decline in the number of potential customers using our fuel stations and convenience stores due to changes in consumer preferences, changes in discretionary consumer spending or modes of transportation could adversely impact our business, financial condition and results of operations. Additionally, negative publicity or perception surrounding fuel suppliers could adversely affect their reputations and brand image which may negatively affect our fuel sales and gross profits. Similarly advanced technology and increased use of “green” automobiles (i.e. those automobiles that do not use petroleum-based fuel or that run on hybrid fuel sources) could drive down demand for fuel.

Global operations. We have significant operations in multiple jurisdictions throughout the world. Some of the risks inherent in the scope of our international operations include: the difficulty of enforcing agreements and collecting receivables through certain foreign legal systems, more expansive legal rights of foreign labor unions and employees, foreign currency exchange rate fluctuations, the potential for changes in local economic conditions, potential tax inefficiencies in repatriating funds from foreign subsidiaries and exchange controls and restrictive governmental actions, such as restrictions on transfer or repatriation of funds and trade protection matters, including prohibitions or restrictions on acquisitions or joint ventures. Any of these factors could materially and adversely affect our business, financial condition and results of operations.

Technological changes and scientific developments. Developments regarding climate change and the effects of greenhouse gas emissions on climate change and the environment may decrease the demand for our major product, petroleum-based fuel. Attitudes toward our product and its relationship to the environment and the "green movement" may significantly affect our sales and ability to market our product. New technologies developed to steer the public toward non-fuel dependant means of transportation may create an environment with negative attitude toward fuel, thus affecting the public's attitude toward our major product and potentially having a material effect on our business, financial condition and results of operations. Further, new technologies developed to improve fuel efficiency or governmental mandates to improve fuel efficiency may result in decreased demand for petroleum-based fuel, which could have a material effect on our business, financial condition and results of operations.

Sensitive information – data protection. In the normal course of our business as a fuel and merchandise retailer, we obtain large amounts of personal data, including credit and debit card information from our customers. While we have invested significant amounts in the protection of our information technology and maintain what we believe are adequate security controls over individually identifiable customer, employee and vendor data provided to us, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur and have a material effect on our reputation, operating results and financial condition. Such a breakdown or breach could also materially increase the costs we incur to protect against such risks. Also, a material failure on our part to comply with regulations relating to our obligation to protect such sensitive data or to the privacy rights of our customers, employees and others could subject us to fines or other regulatory sanctions and potentially to lawsuits.

Information technology systems. We depend on information technology systems ("IT systems") to manage numerous aspects of our business transactions and to provide information to management. Our IT systems are an essential component of our business and growth strategies, and a serious disruption to our IT systems could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches, computer viruses and laws and regulations necessitating mandatory upgrades and timelines with which we may not be able to comply. Any serious disruption could cause our business and competitive position to suffer and adversely affect our operating results.

Outlook

For fiscal year 2018, our focus will be the integration of our recent acquisitions. We are looking forward to work on the integration of CST's stores and CAPL into our network and to identify and realize associated synergies. We will also continue our work with IOL, Topaz and Dansk Fuel sites integration. We will continue our implementation of some of our Circle K concepts into these sites and our identification of potential synergies for each acquisition.

We will also keep up the roll-out momentum of our new global convenience brand, Circle K, throughout North America, Europe and our licensed stores worldwide. We are setting out to make it easy for existing and new customers in more countries than ever before, building preference for Circle K as a destination for convenience and fuel, with a fresh look and feel and even better products for people on the go, always combined with fast and friendly service.

At the same time, we will keep a relentless focus on sales, supply terms and operating expenses, while keeping an eye on growth opportunities that may be available in our various markets.

July 12, 2017

Management's Report

The consolidated financial statements of Alimentation Couche-Tard Inc. and the financial information contained in this Annual Report are the responsibility of management. This responsibility is applied through a judicious choice of accounting procedures and principles, the application of which requires the informed judgment of management. The consolidated financial statements have been prepared according to Canadian generally accepted accounting principles as set out in Part I of the CPA Canada Handbook – Accounting, which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and were approved by the Board of Directors. In addition, the financial information included in the Annual Report is consistent with the consolidated financial statements.

Alimentation Couche-Tard Inc. maintains accounting and administrative control systems which, in the opinion of management, ensure the reasonable accuracy, relevance and reliability of financial information and the well-ordered, efficient management of the Corporation's affairs.

The Board of Directors is responsible for approving the consolidated financial statements included in this Annual Report, primarily through its Audit Committee. This committee, which holds periodic meetings with members of management as well as with the independent auditors, reviewed the consolidated financial statements of Alimentation Couche-Tard Inc. and recommended their approval to the Board of Directors.

The consolidated financial statements for the fiscal years ended April 30, 2017, and April 24, 2016, were audited by PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, and their report indicates the extent of their audit and their opinion on the consolidated financial statements.

July 12, 2017

/s/ Brian Hannasch
Brian Hannasch
President and
Chief Executive Officer

/s/ Claude Tessier
Claude Tessier
Chief Financial Officer

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for Alimentation Couche-Tard Inc., as such term is defined in Canadian securities regulations. With our participation, management carried out an evaluation of the effectiveness of our internal control over financial reporting for the fiscal year ended April 30, 2017. The framework on which such evaluation was based is contained in the report entitled *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation includes review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, and that the degree of compliance with the policies or procedures may deteriorate. Based on this evaluation, management concluded that Alimentation Couche-Tard Inc.'s internal control over financial reporting was effective as at April 30, 2017.

PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, audited the effectiveness of Alimentation Couche-Tard Inc.'s internal control over financial reporting as at April 30, 2017 and expressed an unqualified opinion thereon, which is included herein.

July 12, 2017

/s/ Brian Hannasch	*/s/ Claude Tessier*
Brian Hannasch	Claude Tessier
President and	Chief Financial Officer
Chief Executive Officer	

Independent Auditor's Report

To the Shareholders of
Alimentation Couche-Tard Inc.

July 12, 2017

We have completed integrated audits of Alimentation Couche-Tard Inc. and its subsidiaries' consolidated financial statements for the fiscal years ended April 30, 2017 and April 24, 2016, and its internal control over financial reporting as at April 30, 2017. Our opinions, based on our audits, are presented below.

Report on the consolidated financial statements

We have audited the consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries, which comprise the consolidated balance sheets as at April 30, 2017 and April 24, 2016, and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the fiscal years then ended, and the related notes, which comprise 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. 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 Alimentation Couche-Tard Inc. and its subsidiaries as at April 30, 2017 and April 24, 2016, their financial performance and their cash flows for the fiscal years then ended in accordance with International Financial Reporting Standards.

Report on internal control over financial reporting

We have also audited the effectiveness of Alimentation Couche-Tard Inc. and its subsidiaries' internal control over financial reporting as at April 30, 2017.

Management's responsibility for internal control over financial reporting

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Management's Report on Internal Control over Financial Reporting*.

Auditor's responsibility

Our responsibility is to express an opinion, based on our audit, on whether the Corporation's internal control over financial reporting was effectively maintained in accordance with criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

We conducted our audit in accordance with the standard for audits of internal control over financial reporting set out in the CPA Canada Handbook – Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Opinion

In our opinion, Alimentation Couche-Tard Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at April 30, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)*, issued by COSO.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP[1]

Montreal, Canada

[1] FCPA auditor, FCA, public accountancy permit No. A116853

Consolidated Statements of Earnings

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2), except per share amounts)

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Revenues	**37,904.5**	34,144.6
Cost of sales (Note 8)	**31,422.7**	28,063.1
Gross profit	**6,481.8**	6,081.5
Operating, selling, administrative and general expenses	**4,100.5**	3,836.5
Loss on disposal of property and equipment and other assets	**11.8**	18.8
Restructuring costs (Note 24)	**8.1**	-
Curtailment gains on defined benefits pension plan obligation (Note 28)	**(3.9)**	(27.2)
Gain on disposal of lubricant business (Note 5)	**-**	(47.4)
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**667.6**	633.1
Total operating expenses (Note 8)	**4,784.1**	4,413.8
Operating income	**1,697.7**	1,667.7
Share of earnings of joint ventures and associated companies accounted for using the equity method (Note 6)	**30.4**	30.0
Financial expenses	**132.8**	109.9
Financial revenues	**(6.4)**	(6.9)
Foreign exchange loss	**9.6**	5.0
Net financial expenses (Note 10)	**136.0**	108.0
Earnings before income taxes	**1,592.1**	1,589.7
Income taxes (Note 11)	**383.2**	398.3
Net earnings	**1,208.9**	1,191.4
Net earnings attributable to:		
Shareholders of the Corporation	**1,208.9**	1,191.2
Non-controlling interest (Note 7)	**-**	0.2
Net earnings	**1,208.9**	1,191.4
Net earnings per share (Note 12)		
Basic	**2.13**	2.10
Diluted	**2.12**	2.09

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2))

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Net earnings	**1,208.9**	1,191.4
Other comprehensive (loss) income		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Change in cumulative translation adjustments(1)	**9.6**	120.5
Change in fair value and net interest on cross-currency interest rate swaps designated as a hedge of the Corporation’s net investment in certain of its foreign operations(2)	**(112.0)**	(78.4)
Cash flow hedges		
Change in fair value of financial instruments(2) (Note 29)	**(5.4)**	5.7
Gain realized on financial instruments transferred to earnings(2) (Note 29)	**(4.7)**	(7.7)
Available-for-sale investment		
Change in fair value of an available-for-sale investment(2)	**21.5**	(13.8)
Items that will never be reclassified to earnings		
Net actuarial (loss) gain(2) (Note 28)	**(13.9)**	18.9
Other comprehensive (loss) income	**(104.9)**	45.2
Comprehensive income	**1,104.0**	1,236.6

Comprehensive income attributable to:		
Shareholders of the Corporation	**1,104.0**	1,236.4
Non-controlling interest	**-**	0.2
Comprehensive income	**1,104.0**	1,236.6

(1) For the fiscal years ended April 30, 2017 and April 24, 2016, these amounts include losses of $36.4 (net of income taxes of $5.8) and $89.0 (net of income taxes of $14.2), respectively. These losses arise from the translation of long-term debts denominated in foreign currencies, and, for a portion of the year, in combination with cross-currency interest rate swaps, designated as foreign exchange hedges of the Corporation’s net investments in foreign currency operations.

(2) For the fiscal years ended April 30, 2017 and April 24, 2016, these amounts are net of income taxes of $6.3 and $6.1, respectively.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2))

2017 (53 weeks)

	Attributable to the shareholders of the Corporation						
	Capital stock	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive income (loss) (Note 27)**	**Total**	**Non-controlling interest**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, beginning of year	**699.8**	**14.8**	**5,019.9**	**(693.4)**	**5,041.1**	**-**	**5,041.1**
Comprehensive income:							
Net earnings	**-**	**-**	**1,208.9**	**-**	**1,208.9**	**-**	**1,208.9**
Other comprehensive loss	**-**	**-**	**-**	**(104.9)**	**(104.9)**	**-**	**(104.9)**
Comprehensive income					**1,104.0**	**-**	**1,104.0**
Dividends declared	**-**	**-**	**(145.3)**	**-**	**(145.3)**	**-**	**(145.3)**
Stock option-based compensation expense (Note 26)	**-**	**6.5**	**-**	**-**	**6.5**	**-**	**6.5**
Initial fair value of stock options exercised	**5.6**	**(5.6)**	**-**	**-**	**-**	**-**	**-**
Cash received upon exercise of stock options	**3.3**	**-**	**-**	**-**	**3.3**	**-**	**3.3**
Balance, end of year	**708.7**	**15.7**	**6,083.5**	**(798.3)**	**6,009.6**	**-**	**6,009.6**

2016 (52 weeks) (adjusted, Note 2)

	Attributable to the shareholders of the Corporation						
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (Note 27)	Total	Non-controlling interest	Total equity
	$	$	$	$	$	$	$
Balance, beginning of year	697.2	10.7	3,919.8	(738.6)	3,889.1	13.9	3,903.0
Comprehensive income:							
Net earnings	-	-	1,191.2	-	1,191.2	0.2	1,191.4
Other comprehensive income	-	-	-	45.2	45.2	-	45.2
Comprehensive income					1,236.4	0.2	1,236.6
Dividends declared	-	-	(104.1)	-	(104.1)	(0.7)	(104.8)
Nullification of redemption liability (Note 7)	-	-	13.0	-	13.0		13.0
Repurchase of non-controlling interest (Note 7)	-	-	-	-	-	(11.8)	(11.8)
Non-controlling interest transferred to contributed surplus (Note 7)	-	1.6	-	-	1.6	(1.6)	-
Stock option-based compensation expense (Note 26)	-	4.3	-	-	4.3	-	4.3
Initial fair value of stock options exercised	1.8	(1.8)	-	-	-	-	-
Cash received upon exercise of stock options	0.8	-	-	-	0.8	-	0.8
Balance, end of year	699.8	14.8	5,019.9	(693.4)	5,041.1	-	5,041.1

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2))

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Operating activities		
Net earnings	**1,208.9**	1,191.4
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets, net of amortization of deferred credits	**654.9**	605.7
Curtailment gains on defined benefits pension plan obligation (Note 28)	**(3.9)**	(27.2)
Deferred income taxes (Note 11)	**47.2**	38.1
Deferred credits	**18.6**	22.9
Share of earnings of joint ventures and associated companies accounted for using the equity method, net of dividends received (Note 6)	**(14.4)**	(11.3)
Loss on disposal of property and equipment and other assets	**11.8**	18.8
Gain on disposal of lubricant business (Note 5)	**-**	(47.4)
Other	**(13.9)**	6.8
Changes in non-cash working capital (Note 13)	**16.3**	90.1
Net cash provided by operating activities	**1,925.5**	1,887.9
Investing activities		
Business acquisitions (Note 4)	**(1,331.6)**	(437.3)
Purchase of property and equipment, intangible assets and other assets	**(994.1)**	(905.7)
Investment in an associated company held-for-sale (Note 4)	**(308.1)**	-
Proceeds from disposal of property and equipment and other assets	**95.0**	99.0
Proceeds from sale of an associated company held-for-sale (Note 4)	**71.5**	-
Capital reduction received from an associated company held-for-sale (Note 4)	**65.6**	-
Deposit for business acquisition	**18.6**	(18.7)
Restricted cash	**(4.4)**	0.4
Proceeds from disposal of lubricant business (Note 5)	**-**	81.0
Net cash used in investing activities	**(2,387.5)**	(1,181.3)
Financing activities		
Issuance of Euro-denominated senior unsecured notes, net of financing costs (Note 20)	**851.8**	-
Net decrease in term revolving unsecured operating credit D (Note 20)	**(176.6)**	(967.7)
Cash dividends paid	**(145.3)**	(104.1)
Net decrease in other debts (Note 20)	**(26.0)**	(24.6)
Settlement of cross-currency interest rate swaps	**(5.8)**	(10.0)
Issuance of shares upon exercise of stock options	**3.3**	0.8
Financing costs related to the acquisition facility (Note 33)	**(3.0)**	-
Issuance of Canadian-dollar-denominated senior unsecured notes, net of financing costs (Note 20)	**-**	562.0
Repayment of debt assumed on business acquisition	**-**	(225.2)
Issuance of NOK-denominated senior unsecured notes, net of financing costs (Note 20)	**-**	78.0
Repurchase of non-controlling interest (Note 7)	**-**	(11.8)
Net cash provided by (used in) financing activities	**498.4**	(702.6)
Effect of exchange rate fluctuations on cash and cash equivalents	**1.8**	19.6
Net increase in cash and cash equivalents	**38.2**	23.6
Cash and cash equivalents, beginning of year	**599.4**	575.8
Cash and cash equivalents, end of year	**637.6**	599.4
Supplemental information:		
Interest paid	**102.2**	84.7
Interest and dividends received	**21.3**	25.0
Income taxes paid	**360.4**	351.0
Cash and cash equivalents components:		
Cash and demand deposits	**592.7**	597.3
Liquid investments	**44.9**	2.1
	637.6	599.4

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Balance Sheets

As at April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2))

	2017	2016 (adjusted, Note 2)
	$	$
Assets		
Current assets		
Cash and cash equivalents	**637.6**	599.4
Restricted cash	**6.1**	1.7
Accounts receivable (Note 14)	**1,494.2**	1,370.4
Inventories (Note 15)	**865.7**	816.7
Prepaid expenses	**60.3**	60.7
Other short-term financial assets (Note 21)	**7.6**	-
Income taxes receivable	**102.1**	32.9
	3,173.6	2,881.8
Property and equipment (Note 16)	**7,490.1**	6,371.5
Goodwill (Note 17)	**2,377.0**	1,773.2
Intangible assets (Note 17)	**669.5**	755.9
Other assets (Note 18)	**313.4**	344.9
Investment in joint ventures and associated companies (Note 6)	**107.9**	91.2
Deferred income taxes (Note 11)	**39.7**	46.3
	14,171.2	12,264.8
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 19)	**2,704.0**	2,466.8
Provisions (Note 24)	**130.5**	107.0
Other short-term financial liabilities (Notes 21 and 22)	**88.6**	2.2
Income taxes payable	**75.3**	54.6
Current portion of long-term debt (Note 20)	**252.4**	29.2
	3,250.8	2,659.8
Long-term debt (Note 20)	**3,095.8**	2,808.9
Provisions (Note 24)	**482.7**	473.0
Pension benefit liability (Note 28)	**94.6**	100.3
Other long-term financial liabilities (Note 21)	**223.1**	221.8
Deferred credits and other liabilities (Note 23)	**266.5**	267.6
Deferred income taxes (Note 11)	**748.1**	692.3
	8,161.6	7,223.7
Equity		
Capital stock (Note 25)	**708.7**	699.8
Contributed surplus	**15.7**	14.8
Retained earnings	**6,083.5**	5,019.9
Accumulated other comprehensive loss (Note 27)	**(798.3)**	(693.4)
	6,009.6	5,041.1
	14,171.2	12,264.8

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

/s/ Brian Hannasch	*/s/ Alain Bouchard*
Brian Hannasch	**Alain Bouchard**
Director	Director

Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2), except share and stock option data)

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Alimentation Couche-Tard Inc. (the "Corporation") is governed by the Business Corporations Act (Quebec). The Corporation's head office is located at 4204 Boulevard Industriel in Laval, Quebec, Canada.

As at April 30, 2017, the Corporation operates and licenses 10,869 convenience stores across North America, Ireland, Scandinavia (Norway, Sweden and Denmark), Poland, the Baltics (Estonia, Latvia and Lithuania) and Russia, of which 8,011 are company-operated, and generates income primarily from the sale of tobacco products, grocery items, beverages, fresh food offerings, including quick service restaurants, car wash services, other retail products and services, road transportation fuel, stationary energy, marine fuel and chemicals.

In addition, more than 1,700 stores are operated by independent operators under the Circle K banner in 13 other countries and territories (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam), which brings the total network to more than 12,500 stores worldwide.

2. BASIS OF PRESENTATION

Year-end date

The Corporation's year-end is the last Sunday of April of each year. The fiscal years ended April 30, 2017 and April 24, 2016 are referred to as 2017 and 2016. The fiscal year ended April 30, 2017 had 53 weeks (52 weeks in 2016).

Basis of presentation

The Corporation prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in Part I of the CPA Canada Handbook – Accounting, which incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Reporting currency

The parent corporation's functional currency is the Canadian dollar. However, the Corporation uses the US dollar as its reporting currency to provide more relevant information considering its predominant operations in the United States.

Approval of the financial statements

On July 12, 2017, the Corporation's consolidated financial statements were approved by the Board of Directors, which also approved their publication.

Comparative figures

The Corporation has made adjustments and finalized the estimates of the fair value of assets acquired and liabilities assumed for the acquisition of Topaz Energy Group Limited, Resource Property Investment Fund PLC and Esso Ireland Limited, collectively referred to as "Topaz". As a result, changes were made to Operating, selling, administrative and general expenses, Depreciation, amortization and impairment of property and equipment, intangible assets and other assets, Financial expenses and Income taxes in the consolidated statement of earnings for the fiscal year ended April 24, 2016, which cumulatively increased by $2.3. Consequently, Net earnings decreased by the same amount. The consolidated balance sheet as at April 24, 2016 was also adjusted to reflect these changes. See Note 4 for more details on the adjustments made to the estimates of the fair value of assets acquired and liabilities assumed for this acquisition.

3. ACCOUNTING POLICIES

Use of estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management reviews its estimates. These estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. Actual results could differ from those estimates. The most significant accounting judgments and estimates that the Corporation has made in the preparation of the consolidated financial statements are discussed along with the relevant accounting policies when applicable and relate primarily to the following topics: vendor rebates, useful lives of tangible and intangible assets, income taxes, leases, employee future benefits, provisions, impairment and business combinations.

The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, which are generally wholly owned. They also include the Corporation's share of earnings of joint ventures and associated companies accounted for using the equity method. All intercompany balances and transactions have been eliminated on consolidation.

Subsidiaries are entities over which the Corporation has control, where control is defined as the power to govern financial and operating policies. The Corporation generally has a direct or indirect shareholding of 100% of the voting rights in its subsidiaries. These criteria are reassessed regularly and subsidiaries are fully consolidated from the date control is transferred to the Corporation and deconsolidated from the date control ceases.

The Corporation holds contracts with franchisees and independent operators. These franchisees and independent operators manage their store and are responsible for merchandising and financing their inventory. Their financial statements are not included in the Corporation's consolidated financial statements.

Foreign currency translation

Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent corporation and its Canadian operations is the Canadian dollar. The functional currency of foreign subsidiaries is generally their local currency, mainly the US dollar for operations in the United States and various other European currencies for operations in Europe.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the relevant functional currency as follows: monetary assets and liabilities are translated using the exchange rate in effect at the consolidated balance sheet date, whereas revenues and expenses are translated using the average exchange rate on a 4-week period basis (5-week period basis for the fourth quarter of fiscal year 2017). Non-monetary assets and liabilities are translated using historical rates or using the rate on the date they were valued at fair value. Gains and losses arising from such translations, if any, are reflected in the earnings except for assets and liabilities designated as part of hedging relationships.

Consolidation and foreign operations

The consolidated financial statements are consolidated in Canadian dollars using the following procedure: assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the consolidated balance sheet date. Revenues and expenses are translated using the average exchange rate on a 4-week period basis (5-week period basis for the fourth quarter of fiscal year 2017). Individual transactions with a significant impact on the consolidated statements of earnings, comprehensive income or cash flows are translated using the transaction date exchange rate.

Gains and losses arising from such translation are included in Accumulated other comprehensive income (loss) in Equity. The translation difference derived from each foreign subsidiary, associated company or joint venture is transferred to the consolidated statements of earnings as part of the gain or loss arising from the divestment or liquidation of such a foreign entity when there is a loss of control, joint control or significant influence, respectively.

Reporting currency

The Corporation has adopted the US dollar as its reporting currency. The Canadian-dollar consolidated financial statements are translated into the reporting currency using the procedure described above. Capital stock, Contributed surplus and Retained earnings are translated using historical rates. Non-monetary assets at fair value are translated using the rate on the date on which their fair value was determined. Gains and losses arising from such translations are included in Accumulated other comprehensive income (loss) in Equity.

Net earnings per share

Basic net earnings per share are calculated by dividing the net earnings available to Class A and Class B shareholders by the weighted average number of Class A and Class B shares outstanding during the year. Diluted net earnings per share are calculated using the average weighted number of shares outstanding plus the weighted average number of shares that would be issued upon the conversion of all potential dilutive stock options into common shares.

Revenue recognition

For its three major product categories, merchandise and services, road transportation fuel and other, the Corporation generally recognizes revenue at the point of sale for convenience operations. Merchandise sales primarily comprise the sale of tobacco products, grocery items, candy and snacks, beverages, beer, wine and fresh food offerings, including quick service restaurants. Merchandise sales also include the wholesale of merchandise and goods to certain independent operators and franchisees made from the Corporation’s distribution centers, which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made.

Service revenues include commissions on the sale of lottery tickets and issuance of money orders, fees from automatic teller machines, sales of calling cards and gift cards, fees for cashing checks, sales of postage stamps and bus tickets and car wash revenues. These revenues are recognized at the time of the transaction. Service revenues also include franchise and license fees, which are recognized in revenues over the period of the agreement, as well as commissions from agents, and royalties from franchisees and licensees, which are recognized periodically based on sales reported by agents, and franchise and license operators.

In markets where refined oil products are purchased excluding excise duties, revenues from sales to customers are reported net of excise duties. In markets where refined oil products are purchased including excise duties, revenues and costs of goods sold are reported including these duties.

Other revenues include sale of stationary energy, marine fuel, aviation fuel, lubricants (until September 30, 2015) and chemicals, which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made. Other revenues also include rental income from operating leases, which is recognized on a straight-line basis over the term of the lease.

Cost of sales and vendor rebates

Cost of sales mainly comprises the cost of finished goods and input materials, as well as transportation costs when they are incurred to bring products to the point of sale. For the Corporation's own production of lubricants (until September 30, 2015), the cost of goods sold also includes direct labor costs, production overheads and production facility operating costs.

The Corporation records cash received from vendors related to vendor rebates as a reduction in the price of the vendors' products and reflects them as a reduction of cost of sales and related inventory in its consolidated statements of earnings and consolidated balance sheets when it is probable that they will be received. The Corporation estimates the probability based on the consideration of a variety of factors, including quantities of items sold or purchased, market shares and other conditions specified in the contracts. The accuracy of the Corporation's estimates can be affected by many factors, some of which are beyond its control, including changes in economic conditions and consumer buying trends. Historically, the Corporation has not experienced significant differences in its estimates compared with actual results. Amounts received but not yet earned are presented in Deferred credits.

Operating, selling, administrative and general expenses

The main items comprising Operating, selling, administrative and general expenses are labor, net occupancy costs, electronic payment modes fees, commissions to dealers and agents and overhead.

Cash and cash equivalents

Cash includes cash and demand deposits. Cash equivalents include highly liquid investments that can be readily converted into cash for a fixed amount and which mature less than three months from the date of acquisition.

Restricted cash

Restricted cash comprises escrow deposits for pending acquisitions.

Inventories

Inventories are valued at the lesser of cost and net realizable value. The cost of merchandise is generally valued based on the retail price less a normal margin. The cost of road transportation fuel inventory is generally determined according to the average cost method.

Income taxes

The income tax expense recorded to earnings is the sum of the Deferred income taxes and Current income taxes that are not recognized in Other comprehensive income (loss) or directly in Equity.

The Corporation uses the balance sheet liability method to account for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the carrying amount and the tax base of assets and liabilities, using enacted or substantively enacted tax rates and laws, as appropriate, at the date of the consolidated financial statements for the years in which the temporary differences are expected to reverse. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse 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 it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Property and equipment, depreciation, amortization and impairment

Property and equipment are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives using the straight-line method based on the following periods:

Buildings and building components	3 to 40 years
Equipment	3 to 40 years
Buildings under finance leases	Lesser of the lease term and 40 years
Equipment under finance leases	Lease term

Building components include air conditioning and heating systems, plumbing and electrical fixtures. Equipment includes signage, fuel equipment and in-store equipment.

Leasehold improvements and property and equipment on leased properties are amortized and depreciated over the lesser of their useful lives and the term of the lease.

Property and equipment are tested for impairment should events or circumstances indicate that their book value may not be recoverable, as measured by comparing their net book value to their recoverable amount, which corresponds to the higher of fair value less costs to sell and value in use of the asset or the cash-generating unit ("CGU"). Should the carrying amount of property and equipment exceed their recoverable amount, an impairment loss in the amount of the excess would be recognized.

The Corporation performs an annual evaluation of residual values, estimated useful lives and depreciation methods used for property and equipment and any change resulting from this evaluation is applied prospectively by the Corporation.

Goodwill

Goodwill is the excess of the cost of an acquired business over the fair value of underlying net assets acquired from the business at the time of acquisition. Goodwill is not amortized. Rather, it is tested for impairment annually during the Corporation's first quarter or more frequently should events or changes in circumstances indicate that it might be impaired or if necessary due to the timing of acquisitions. Should the carrying amount of a CGU's goodwill exceed its recoverable amount, an impairment loss would be recognized.

Intangible assets

Intangible assets mainly comprise trademarks, franchise agreements, customer relationships, motor fuel supply agreements, software, favorable leases and licenses. Licenses and trademarks that have indefinite lives, since they do not expire, are recorded at cost, are not amortized and are tested for impairment annually during the first quarter or more frequently should events or changes in circumstances indicate that they might be impaired or if necessary due to the timing of acquisitions. Motor fuel supply agreements, franchise agreements and trademarks with finite lives are recorded at cost and are amortized using the straight-line method over the term of the agreements they relate to. Favorable leases represent lease terms that are favorable compared to those currently available in the marketplace, and they are amortized using the straight-line method over the term of the lease. Customer relationships, software and other intangible assets are amortized using the straight-line method over a period of 3 to 15 years.

Deferred charges

Deferred charges are mainly expenses incurred in connection with the analysis and signing of the Corporation's revolving unsecured operating credits and are amortized using the straight-line method over the period of the corresponding contract. Deferred charges also include expenses incurred in connection with the analysis and signing of operating leases which are deferred and amortized on a straight-line basis over the lease term.

Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Corporation analyzes whether an arrangement is or contains a lease by assessing if:

- fulfilment of the arrangement is dependent on the use of a specified asset or assets; and
- the arrangement conveys a right to use the asset or assets.

The Corporation has assessed that some arrangements with franchisees contain embedded lease agreements and accordingly accounts for a portion of those agreements as lease agreements.

The Corporation distinguishes between lease contracts and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time. Capacity contracts confer the right to and the obligation to pay for availability of certain capacity volumes related primarily to transportation. Such capacity contracts that do not involve specified single assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered to qualify as leases for accounting purposes. Capacity payments are recognized in the consolidated statements of earnings in Operating, selling, administrative and general expenses.

Lease arrangements in which the Corporation is a lessee

The Corporation accounts for finance leases in instances where it has acquired substantially all the benefits and risks incidental to ownership of the leased property. In some cases, the characterization of a lease transaction is not evident, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and benefits incidental to ownership to the Corporation. Judgment is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. The Corporation's activities involve a considerable number of lease agreements, most of which are determined to be operational in nature. The cost of assets under finance leases represents the present value of minimum lease payments or the fair value of the leased property, whichever is lower, and is amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is shorter. Assets under finance leases are presented under Property and equipment in the consolidated balance sheets.

Leases that do not transfer substantially all the benefits and risks incidental to ownership of the property are accounted for as operating leases. When a lease contains a predetermined fixed escalation of the minimum rent, the Corporation recognizes the related rent expense on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental expense and the amounts payable under the lease as deferred rent expense.

The Corporation also receives tenant allowances, which are amortized on a straight-line basis over the term of the lease or the useful life of the asset, whichever is shorter.

Gains and losses resulting from sale and leaseback transactions are recorded in the consolidated earnings at the transaction date except if:

- the sale price is below fair value and the loss is compensated for by future lease payments below market price, in which case the loss shall be deferred and amortized in proportion to the lease payments over the period during which the asset is expected to be used; or
- the sale price is above fair value, in which case the excess shall be deferred and amortized over the period during which the asset is expected to be used.

Lease arrangements in which the Corporation is a lessor

Leases in which the Corporation transfers substantially all the risks and rewards of ownership of an asset to a third party are classified as finance leases. The Corporation recognizes lease payments receivable in the consolidated balance sheets and presents them as accounts receivable. Lease payments received under finance leases are apportioned between financial revenues and reduction of the receivable.

Leases that do not transfer substantially all the benefits and risks incidental to ownership of the property to a third party are accounted for as operating leases. When a lease contains a predetermined fixed escalation of the minimum rent, the Corporation recognizes the related rent revenue on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental revenue and the rent received under the lease as rent receivable.

Financing costs

Financing costs related to term loans and debt securities are included in the initial carrying amount of the corresponding debt and are amortized using the effective interest rate method that is based on the estimated cash flow over the expected life of the liability. Financing costs related to revolving loans are included in other assets and are amortized using the straight-line method over the expected life of the underlying agreement.

Stock-based compensation and other stock-based payments

Stock-based compensation costs are measured at the grant date of the award based on the fair value method.

The fair value of stock options is recognized over the vesting period of each respective vesting portion as compensation expense with a corresponding increase in contributed surplus. When stock options are exercised, the corresponding contributed surplus is transferred to capital stock.

The Phantom Stock Units ("PSU") compensation cost and the related liability are recorded on a straight-line basis over the corresponding vesting period based on the fair market value of Class B shares and the best estimate of the number of PSUs that will ultimately be paid. The recorded liability is adjusted periodically to reflect any variation in the fair market value of the Class B shares and revisions to the estimated number of PSUs that will ultimately be paid.

Employee future benefits

The Corporation accrues its obligations under employee pension plans and the related costs, net of plan assets. The Corporation has adopted the following accounting policies with respect to the defined benefit plans:

- The accrued benefit obligations and the cost of pension benefits earned by active employees are actuarially determined using the projected unit credit method pro-rated on service, and the pension expense is recorded in earnings as the services are rendered by active employees. The calculations reflect management's best estimate of salary escalation and retirement ages of employees;
- Plan assets are valued at fair value;
- Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Actuarial gains and losses are recognized immediately in Other comprehensive income with no impact on net earnings;
- Past service costs are recorded to earnings at the earlier of the following dates:
    - When the plan amendment or curtailment occurs;
    - When the Corporation recognizes related restructuring costs or termination benefits; and
- Net interest on the defined benefit liability (asset) represents the net defined benefit liability (asset), multiplied by the discount rate and is recorded in financial expenses.

The pension cost recorded in net earnings for the defined contribution plans is equivalent to the contribution, which the Corporation is required to pay in exchange for services provided by the employees.

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The Corporation determines the appropriate discount rate at the end of each fiscal year. This is the rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Corporation considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision 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. Where 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.

The present value of provisions depends on a number of factors that are assessed on a regular basis using a number of assumptions, including the discount rate, the expected cash flows to settle the obligation and the number of years until the realization of the provision. Any changes in these assumptions or in governmental regulations will impact the carrying amount of provisions. Where the actual cash flows are different from the amounts that were initially recorded, such differences will impact earnings in the period in which the payment is made. Historically, the Corporation has not experienced significant differences in its estimates compared with actual results.

Environmental costs

The Corporation provides for estimated future site remediation costs to meet government standards for known site contamination, when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation activities at such sites are based on the Corporation's prior experience with remediation sites and consideration of other factors such as the condition of the site's contamination, location of sites and experience of the contractors performing the environmental assessments and remediation work. In order to determine the initial recorded liability, the present value of estimated future cash flows was calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Asset retirement obligations

Asset retirement obligations primarily relate to estimated future costs to remove road transportation fuel storage tanks and are based on the Corporation's prior experience in removing these tanks, estimated tank useful life, remaining lease terms for those tanks installed on leased properties, external estimates and governmental regulatory requirements. A discounted liability is recorded for the present value of an asset retirement obligation, with a corresponding increase to the carrying value of the related long-lived asset at the time a storage tank is installed. To determine the initial recorded liability, the future estimated cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability.

Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased to reflect the passage of time and then adjusted for variations in the current market-based discount rate or the scheduled underlying cash flows required to settle the liability.

Obligations related to general liability and workers' compensation

In the United States and Ireland, the Corporation is self-insured for certain losses related to general liability and workers' compensation. The expected ultimate cost for claims incurred as of the consolidated balance sheet date is discounted and is recognized as a liability. This cost is estimated based on an analysis of the Corporation's historical data and actuarial estimates. In order to determine the initial recorded liability, the present value of estimated future cash flows is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Restructuring

Restructuring provisions are recognized only when a detailed formal plan for the restructuring exists and either the plan has commenced or the plan's main features have been announced to those affected by it. In order to determine the initial recorded liability, the present values of estimated future cash flows are calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A detailed formal plan usually includes:

- identifying the concerned business or part of the business;
- the principal locations affected;
- details regarding the employees affected;
- the restructuring's timing; and
- the expenditures that will have to be undertaken.

Financial instruments recognition and measurement

The Corporation has made the following classifications for its financial assets and financial liabilities:

Financial assets and financial liabilities	Classification	Subsequent measurement (1)	Classification of gains and losses
Cash and cash equivalents	Loans and receivables	Amortized cost	Net earnings
Restricted cash	Loans and receivables	Amortized cost	Net earnings
Accounts receivable	Loans and receivables	Amortized cost	Net earnings
Investments	Available-for-sale financial assets	Fair value	Other comprehensive income subject to reclassification to net earnings
Derivative financial instruments	Financial assets or liabilities at fair value through profit or loss	Fair value	Net earnings
Derivative financial instruments designated as hedges	Effective hedging instruments	Fair value	Other comprehensive income subject to reclassification to net earnings
Bank indebtedness and long-term debt	Other financial liabilities	Amortized cost	Net earnings
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Net earnings

(1) Initial measurement of all financial assets and financial liabilities is at fair value.

Hedging and derivative financial instruments

Embedded total return swap

The Corporation uses an investment contract which includes an embedded total return swap to manage current and forecasted risks related to changes in the fair value of the PSUs and DSUs granted by the Corporation. The embedded total return swap is recorded at fair value on the consolidated balance sheets under other assets.

The Corporation has documented and designated the embedded total return swap as a cash flow hedge of the anticipated cash settlement transaction related to the granted PSUs and DSUs. The Corporation has determined that the embedded total return swap is an effective hedge at the time of the establishment of the hedge and for the duration of the embedded total return swap. The changes in the fair value of the total return swap are initially recorded in other comprehensive income and subsequently reclassified to consolidated net earnings in the same period that the change in the fair value of the PSUs and DSUs affects consolidated net earnings. Should the hedged transaction no longer be expected to occur, any gains, losses, revenues or expenses associated with the hedging item that had previously been recognized in Other comprehensive income as a result of applying hedge accounting will be recognized in the reporting period's net earnings under Operating, selling, administrative and general expenses.

Designated long-term debts denominated in foreign currencies

The Corporation designates a portion of its US-dollar- and its Norwegian-krone-denominated long-term debts as a foreign exchange hedge of its net investment in its United States and Norwegian operations, respectively. The Corporation also designates a portion of its Euro-denominated long-term debts as a foreign exchange hedge of its net investment in its Euro currency and Danish-krone operations. The remaining portion, if any, in combination with cross-currency interest rates swaps, is designated as a foreign exchange hedge of its net investment in its operations in Denmark, the Baltics and Ireland. Accordingly, the gains and losses arising from the translation of the designated debts and changes in the fair value of the associated cross-currency interest rate swaps, that are designated to be an effective hedge, are recognized in Other comprehensive income, counterbalancing gains and losses arising from the translation of the Corporation's net investment its United States, Norwegian, and Euro currency and Danish-krone operations.

Cross-currency interest rate swaps

The Corporation uses cross-currency interest rate swaps to manage the currency fluctuation risk associated with forecasted cash disbursements related to its Canadian-dollar-denominated senior unsecured notes, considering its predominant cash flows in US dollars. The Corporation designated these cross-currency interest rate swaps as a foreign exchange hedge of its net investment in its foreign operations. Accordingly, the portion of the gains or losses arising from the translation of the cross-currency interest rate swaps that are determined to be an effective hedge, are recognized in Other comprehensive income, counterbalancing gains and losses arising from the translation of the Corporation's net investment in its foreign operations.

Short-term cross-currency interest rate swaps

Occasionally, the Corporation uses short-term cross-currency interest rate swaps to manage the currency fluctuation risk associated with forecasted cash disbursements in a foreign currency. Gains or losses arising from the translation of these short-term cross-currency interest rate swaps are recognized in the consolidated statements of earnings as foreign exchange gain or loss.

Interest rate locks

The Corporation uses interest rate locks to manage the interest rate risk associated with forecasted debt issuance. The Corporation designated these interest rate locks as a cash flow hedge of the future debt issuance. Accordingly, changes in the fair value of the hedging item, the interest rate locks, are recognized in Other comprehensive income (loss). Realized gains and losses in Accumulated other comprehensive income (loss) will be reclassified to Interest expense over the same periods as the Interest expense on the debt will be recognized in earnings.

Guarantees

A guarantee is defined as a contract or an indemnification agreement contingently requiring an entity to make payments to a third party based on future events. These payments are contingent on either changes in an underlying or other variables that are related to an asset, liability, or an equity security of the indemnified party or the failure of another entity to perform under an obligating agreement. It could also be an indirect guarantee of the indebtedness of another party. Guarantees are initially recognized at fair value and subsequently revaluated when the loss becomes probable.

Business combinations

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. 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. Direct acquisition costs are recorded to earnings when incurred.

Goodwill arising from business combinations is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess ("Negative goodwill") is recognized immediately to earnings.

Determination of the fair value of the acquired assets and liabilities requires judgment and the use of assumptions that, if changed, may affect the consolidated statements of earnings and consolidated balance sheets.

For purchase price allocation and impairment testing purposes, goodwill and other intangible assets with indefinite useful lives are allocated to CGUs based on the lowest level at which management reviews the results, a level which is not higher than the operating segment. The allocation is made to those CGUs, which are expected to benefit from the business combination, and in which the goodwill and intangible assets with indefinite useful lives arose.

Earnings from the businesses acquired are included in the consolidated statements of earnings from their respective dates of acquisition.

Recently issued accounting standards not yet implemented

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, “Revenue from Contracts with Customers”, to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. IFRS 15 supersedes IAS 18, "Revenue”, IAS 11, “Construction Contracts”, and other revenue-related interpretations. In September 2015, the IASB deferred the mandatory effective date of IFRS 15 to fiscal years beginning on or after January 1, 2018. Earlier application is permitted. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

Classification and Measurement of Financial Assets and Financial Liabilities

In July 2014, the IASB completed IFRS 9, “Financial Instruments”, in its three-part project to replace IAS 39, “Financial Instruments: Recognition and Measurement” with a single approach to determine whether a financial asset is measured at amortized cost or fair value. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The standard is effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

Leases

In January 2016, the IASB issued IFRS 16, “Leases”, which will replace IAS 17, “Leases”. The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided the Corporation has adopted IFRS 15, “Revenue from Contracts with Customers”. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts, and record it on the balance sheet, except with respect to lease contracts that meet limited exception criteria. The Corporation is currently evaluating the impact of the standard on its consolidated financial statements. The Corporation’s preliminary conclusion is that, given that it has significant contractual obligations in the form of operating leases (Note 30) under IAS 17, there will be a material increase to both assets and liabilities upon adoption of IFRS 16, and material changes to the presentation of expenses associated with the lease arrangements, and, to a lower extent, the timing of recognition.

Income Taxes

In January 2016, the IASB issued amendments to IAS 12, "Income Taxes", regarding the recognition of deferred tax assets for unrealized losses, effective for annual periods beginning on or after January 1, 2017. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments will have no significant impact on the Corporation’s consolidated financial statements.

Statement of Cash Flows

In January 2016, the IASB published amendments to IAS 7, “Statement of Cash Flows”. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity’s financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. These amendments will have no significant impact on the information disclosed in its consolidated financial statements.

Classification and Measurement of Share-based Payment Transactions

In June 2016, the IASB issued “Classification and Measurement of Share-based Payment Transactions”, amending IFRS 2, “Share-based Payment”, and clarifying how to account for certain types of share-based payment transactions, such as the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments. These amendments are effective for annual periods beginning on or after January 1, 2018. The amendments are to be applied prospectively, with a retrospective application permitted. The Corporation is currently evaluating the impact of these amendments on its consolidated financial statements.

(in millions of US dollars (Note 2), except share and stock option data)

4. BUSINESS ACQUISITIONS

The Corporation has made the following business acquisitions:

2017

Acquisition of certain Canadian assets from Imperial Oil Limited

The Corporation acquired 278 sites from Imperial Oil Limited ("IOL"), of which 228 are located in Ontario, mostly in the Greater Toronto Area, and 50 are located in the Greater Montreal Area. The agreement also included 13 land banks and 1 dealer site as well as a long-term supply contract for Esso-branded fuel. The integration of the sites began on September 12, 2016, and was completed on October 27, 2016. Of the 278 sites, the Corporation leases the land and building for 1 site, leases the land and owns the building for 40 sites, and owns both of these assets for the remaining 237 sites. At closing, all sites were operating under a commission agency model under which a third party operates the site and the Corporation operates the road transportation fuel activities.

This transaction was financed using the Corporation's available cash and existing credit facilities.

Acquisition costs of $12.2 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

The table below shows the final estimates of the fair value of assets acquired and liabilities assumed:

	Final estimate
	$
Assets	
Current assets	
Inventories	13.8
	13.8
Property and equipment	742.9
Identifiable intangible assets	6.6
Other assets	4.1
	767.4
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	1.2
Provisions	19.5
	20.7
Deferred credits and other liabilities	7.7
Deferred income taxes	18.9
	47.3
Net identifiable assets	720.1
Goodwill	565.6
Total cash consideration paid	1,285.7

The Corporation expects that all of the goodwill related to this transaction will be deductible for tax purposes.

This acquisition was concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale. This acquisition generated goodwill mainly due to the strategic location of stores acquired. Since the date of acquisition, revenues and net earnings from these stores amounted to $1,043.5 and $54.5, respectively. Considering the nature of this acquisition, the available financial information does not allow for the accurate disclosure of pro forma revenues and net earnings had the Corporation concluded this acquisition at the beginning of its fiscal year.

Other acquisitions

- On May 1, 2016, the Corporation completed the acquisition of all shares of Dansk Fuel A/S ("Dansk Fuel") from A/S Dansk Shell, comprising 315 service stations, a commercial fuel business and an aviation fuel business, all located in Denmark, for a total consideration of $308.1.

  As per the requirements of the European Commission, the Corporation:

  - was approved to retain 127 Dansk Fuel sites, of which 86 were owned and 41 were leased from third parties;
  - was required to divest the remaining of the Dansk Fuel business in addition to 24 of its legacy sites in Denmark; and
  - continued to operate separately from Dansk Fuel until the retained sites were transferred to its Danish subsidiary.

  As the Corporation did not have control over Dansk Fuel's operation, its shares were accounted for as an investment in an associated company using the equity method.

  Between June 20, 2016 and September 11, 2016, the Corporation gradually gained control over the operations of the retained sites as they were transferred from Dansk Fuel to its Danish subsidiary and from then, the assets and results related to these sites are included in its consolidated balance sheet and its consolidated earnings. Of the 127 retained sites, 72 are full-service stations, 49 are unmanned automated fuel stations and 6 are truck stops, all of which were dealer-operated at the date of the transfer. During fiscal 2017, all sites were converted to company-operated sites.

(in millions of US dollars (Note 2), except share and stock option data)

On October 31, 2016, as all requirements of the European Commission had been met, the Corporation sold all of its shares in Dansk Fuel to DCC Holding A/S, a subsidiary of DCC plc, for a total cash consideration of $71.5. Prior to this sale transaction, a capital reduction of $65.6 was received from Dansk Fuel.

This transaction was financed using the Corporation's available cash and existing credit facilities.

- On November 15, 2016, the Corporation completed the acquisition of 23 company-operated sites located in Estonia from Sevenoil Est OÜ and its affiliates, of which there are 11 full-service fuel stations and 12 unmanned automated fuel stations. The Corporation leases the land and owns the building for three sites and owns those assets for the remaining sites. This transaction was financed using the Corporation's available cash and existing credit facilities.
- During fiscal 2017, the Corporation also acquired 13 company-operated stores through distinct transactions. The Corporation owns the land and building for these sites. These transactions were financed using the Corporation's available cash and existing credit facilities.

These transactions were settled for a total consideration of $223.5. Since the Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed and goodwill for all transactions, the preliminary estimates thereof are subject to adjustments to the fair value of the assets, liabilities and goodwill until the process is completed. For the fiscal year ended April 30, 2017, acquisition costs of $8.8 in connection with these acquisitions and other unrealized or ongoing acquisitions are included in Operating, selling, administrative and general expenses.

The preliminary estimates of the fair value of assets acquired and liabilities assumed for the other acquisitions based on the estimated fair value on the date of acquisition and available information as at the date of the publication of these consolidated financial statements are as follows:

	$
Tangible assets acquired	
Inventories	12.8
Property and equipment	130.0
Other assets	3.9
Total tangible assets	146.7
Liabilities assumed	
Accounts payable and accrued liabilities	2.4
Provisions	4.3
Deferred credits and other liabilities	7.2
Total liabilities	13.9
Net tangible assets acquired	132.8
Goodwill	90.7
Total consideration	223.5
Deemed consideration for the transfer of 127 sites from Dansk Fuel	177.6
Total cash consideration paid	45.9

The Corporation expects that all of the goodwill related to these transactions will be deductible for tax purposes.

These acquisitions were concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale. Since the date of acquisition, revenues and net earnings from these stores amounted to $247.5 and $5.3, respectively. Considering the nature of these acquisitions, the available financial information does not allow for the accurate disclosure of pro forma revenues and net earnings had the Corporation concluded these acquisitions at the beginning of its fiscal year.

2016

Acquisition of Topaz

On February 1, 2016, the Corporation acquired all outstanding shares of Topaz for a total cash consideration of €257.5, or $280.4 (net of the consideration receivable), plus a contingent consideration of a maximum undiscounted amount of €15.0 ($16.3) payable upon the signature of two contracts. The fair value of the contingent consideration was estimated based on the Corporation's knowledge of the negotiations' progress at the acquisition date and represents the Corporation's best estimate. Topaz is the leading convenience and fuel retailer in Ireland with a network comprising 444 service stations. Of these service stations, 158 are operated by Topaz and 286 by dealers. As a result of this transaction, the Corporation became the owner of the land and building for 77 sites, lessee of the land and owner of the building for 24 sites and lessee of these same assets for the remaining sites. The agreement also encompasses a significant commercial fuel operation, with over 30 depots and 2 owned terminals.

Acquisition costs of $1.0 in connection with this acquisition were included in Operating, selling, administrative and general expenses.

(in millions of US dollars (Note 2), except share and stock option data)

The table below shows the initial estimates of the fair value of assets acquired and liabilities assumed as reported in the Corporation's 2016 annual consolidated financial statements and the changes made to adjust it to the final estimates:

	Initial estimate	Changes	Final estimate
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	28.4	-	28.4
Accounts receivable[(a)]	213.5	(24.4)	189.1
Inventories	38.1	-	38.1
Prepaid expenses	12.9	(2.2)	10.7
	292.9	(26.6)	266.3
Property and equipment	509.0	(33.9)	475.1
Identifiable intangible assets	5.1	122.5	127.6
Other assets	5.1	3.3	8.4
Deferred income taxes	2.2	(2.2)	-
	814.3	63.1	877.4
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	237.7	(21.7)	216.0
Provisions	2.4	0.9	3.3
Income taxes payable	-	0.6	0.6
Current portion of long-term debt	231.3	(0.2)	231.1
	471.4	(20.4)	451.0
Long-term debt	153.0	(19.1)	133.9
Provisions	19.5	(1.9)	17.6
Pension benefit liability	9.6	-	9.6
Deferred credits and other liabilities	-	2.6	2.6
Deferred income taxes	-	27.0	27.0
	653.5	(11.8)	641.7
Net identifiable assets	160.8	74.9	235.7
Goodwill	136.4	(75.4)	61.0
Consideration	297.2	(0.5)	296.7
Consideration receivable	-	(0.5)	(0.5)
Contingent consideration	16.3	-	16.3
Cash and cash equivalents acquired	28.4	-	28.4
Net cash flow for the acquisition	252.5	-	252.5

(a) The fair value of acquired accounts receivable is $189.1, which represents the gross contractual amount for accounts receivable of $194.4, of which $5.3 is expected to be uncollectible.

None of the goodwill related to this transaction was deductible for tax purposes.

This acquisition was concluded in order to penetrate new markets and increase economies of scale. This acquisition generated goodwill mainly due to the significant footprint of Topaz' network in Ireland.

Other acquisitions

- On December 1, 2015, the Corporation acquired from Texas Star Investments and its affiliates 18 company-operated stores, 2 quick service restaurants and a dealer fuel supply network located in the US State of Texas. The Corporation owns the land and buildings for 17 sites and leases these same assets for the remaining sites.
- On September 24, 2015, the Corporation acquired from Kocolene Marketing LLC 13 company-operated stores in the US States of Indiana and Kentucky. The Corporation owns the land and buildings for 12 sites and leases the land and building for the remaining site.
- On June 2, 2015, the Corporation acquired from Cinco J, Inc., Tiger Tote Food Stores, Inc., and their affiliates 21 company-operated stores in the US states of Texas, Mississippi and Louisiana. The Corporation owns the land and buildings for 18 sites and leases the land and owns the buildings for the remaining 3 sites. As part of this agreement, the Corporation also acquired agreements for the supply of fuel to 141 stores operated by independent operators, 5 development properties and customer relations for 93 dealer sites.
- During fiscal year 2016, the Corporation also acquired 19 other stores through distinct transactions. The Corporation owns the land and buildings for 15 sites and leases these same assets for the remaining 4.

Acquisition costs of $5.2 in connection with these acquisitions and other unrealized or ongoing acquisitions were included in Operating, selling, administrative and general expenses.

(in millions of US dollars (Note 2), except share and stock option data)

These acquisitions were settled for a total cash consideration of $184.8. The estimates of the fair value of assets acquired and liabilities assumed on the date of acquisition and available information as at the date of publication of these consolidated financial statements are as follows:

	$
Tangible assets acquired	
Inventories	7.0
Property and equipment	86.9
Other assets	2.9
Total tangible assets	96.8
Liabilities assumed	
Provisions	1.2
Deferred credits and other liabilities	4.9
Total liabilities	6.1
Net tangible assets acquired	90.7
Intangible assets	11.3
Goodwill	82.8
Total cash consideration paid	184.8

Approximately $10.5 of the goodwill related to these transactions was deductible for tax purposes.

These acquisitions were concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale. These acquisitions generated goodwill mainly due to the strategic location of stores acquired.

5. DISPOSAL OF BUSINESS

On October 1, 2015, the Corporation closed the disposal of its lubricants business to Fuchs Petrolub SE. The disposal was done through a share purchase agreement pursuant to which Fuchs Petrolub SE acquired 100% of all issued and outstanding shares of Statoil Fuel & Retail Lubricants Sweden AB. Total proceeds from the disposal of the lubricants business were $81.0. The Corporation recognized a gain on disposal of $47.4 in relation to this sale transaction.

6. INVESTMENT IN JOINT VENTURES AND ASSOCIATED COMPANIES

	2017	2016
	$	$
Investment in joint ventures	**106.4**	89.6
Investment in associated companies	**1.5**	1.6
	107.9	91.2

The Corporation's investment in joint ventures and associated companies, none of which are individually significant to the Corporation, are recorded according to the equity method. The following amounts represent the Corporation's share of the joint ventures' and associated companies' net earnings and comprehensive income:

	2017 (53 weeks)	2016 (52 weeks)
	$	$
Joint ventures		
Net earnings and comprehensive income	**32.6**	29.8
Associated companies		
Net (loss) earnings and comprehensive (loss) income	**(2.2)**	0.2
	30.4	30.0

7. REPURCHASE OF NON-CONTROLLING INTEREST IN CIRCLE K ASIA S.À.R.L.

On July 24, 2015, the Corporation exercised its option to repurchase the non-controlling interest in Circle K Asia s.à.r.l. ("Circle K Asia") for a cash consideration of $11.8. The difference between the consideration paid and the value of the non-controlling interest as at July 24, 2015, was recorded to Contributed surplus. As a result of this transaction, the Corporation's redemption liability was nullified and its reversal was recorded to retained earnings. The Corporation now owns 100% of Circle K Asia's operations.

8. SUPPLEMENTARY INFORMATION RELATING TO EXPENSES

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Cost of sales	**31,422.7**	28,063.1
Selling expenses	**4,052.7**	3,722.9
Administrative expenses	**623.5**	578.7
Operating expenses	**107.9**	112.2
Total operating expenses	**4,784.1**	4,413.8

(in millions of US dollars (Note 2), except share and stock option data)

The above expenses include rent expense of $385.5 ($379.4 in 2016), net of sub-leasing income of $23.1 ($24.1 in 2016).

	2017 (53 weeks)	2016 (52 weeks)
	$	$
Employee benefit charges		
Salaries	**1,544.3**	1,420.4
Fringe benefits and other employer contributions	**190.5**	181.2
Employee future benefits (Note 28)	**98.4**	96.8
Termination benefits	**6.5**	5.4
Stock-based compensation and other stock-based payments (Note 26)	**10.6**	10.9
Curtailment gains on defined benefits pension plan obligation (Note 28)	**(3.9)**	(27.2)
	1,846.4	1,687.5

9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2017 (53 weeks)	2016 (52 weeks)
	$	$
Salaries and other current benefits	**9.3**	9.6
Stock-based compensation and other stock-based payments	**8.7**	8.2
Employee future benefits (Note 28)	**2.4**	2.3
	20.4	20.1

Key management personnel comprise members of the Board of Directors and senior management.

10. NET FINANCIAL EXPENSES

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Financial expenses		
Interest expense		
Interest on long-term debt	**85.1**	65.1
Interest on finance lease obligations	**23.6**	18.6
Net interest on defined benefit plans (Note 28)	**1.5**	2.8
Interest on bank overdrafts and bank loans	**1.5**	0.2
Accretion of provisions (Note 24)	**14.5**	16.0
Other finance costs	**6.6**	7.2
	132.8	109.9
Financial revenues		
Interest on bank deposits	**(3.3)**	(2.6)
Other financial revenues	**(3.1)**	(4.3)
	(6.4)	(6.9)
Foreign exchange loss	**9.6**	5.0
Net financial expenses	**136.0**	108.0

11. INCOME TAXES

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Current income taxes	**336.0**	360.2
Deferred income taxes	**47.2**	38.1
	383.2	398.3

The principal items which resulted in differences between the Corporation's effective income tax rates and the combined statutory rates in Canada are detailed as follows:

	2017	2016 (adjusted, Note 2)
	%	%
Combined statutory income tax rate in Canada[a]	**26.83**	26.90
Impact of other jurisdictions' tax rates	**(1.55)**	(1.23)
Impact of tax rate changes	**0.02**	(0.04)
Other permanent differences	**(1.23)**	(0.57)
Effective income tax rate	**24.07**	25.06

(a) The Corporation's combined statutory income tax rate in Canada includes the appropriate provincial income tax rates.

(in millions of US dollars (Note 2), except share and stock option data)

The components of deferred income tax assets and liabilities are as follows:

						2017
	Balance as at April 24, 2016 (adjusted, Note 2)	**Recognized to earnings**	**Recognized directly to other comprehensive income (loss) or equity**	**Transfer from income taxes payable**	**Recognized through business acquisitions**	**Balance as at April 30, 2017**
	$	**$**	**$**	**$**	**$**	**$**
Deferred income tax assets						
Property and equipment	**17.2**	**3.9**	**-**	**-**	**-**	**21.1**
Expenses deductible during the following years	**18.2**	**(1.2)**	**(0.5)**	**-**	**-**	**16.5**
Goodwill	**(6.7)**	**2.7**	**-**	**-**	**-**	**(4.0)**
Deferred charges	**9.9**	**(5.0)**	**(1.2)**	**-**	**-**	**3.7**
Tax attributes	**13.7**	**(13.7)**	**-**	**-**	**-**	**-**
Asset retirement obligations	**4.2**	**(2.4)**	**-**	**-**	**-**	**1.8**
Deferred credits	**(2.8)**	**(5.0)**	**0.5**	**-**	**-**	**(7.3)**
Revenues taxable during the following years	**-**	**1.2**	**(1.2)**	**-**	**-**	**-**
Unrealized exchange (gain) loss	**(11.3)**	**15.5**	**(2.4)**	**-**	**-**	**1.8**
Other	**3.9**	**3.6**	**(1.4)**	**-**	**-**	**6.1**
	46.3	**(0.4)**	**(6.2)**	**-**	**-**	**39.7**
Deferred income tax liabilities						
Property and equipment	**672.9**	**58.7**	**(13.2)**	**-**	**23.7**	**742.1**
Goodwill	**76.8**	**17.2**	**0.2**	**-**	**-**	**94.2**
Expenses deductible during the following years	**(121.3)**	**(7.6)**	**(0.4)**	**-**	**(0.9)**	**(130.2)**
Intangible assets	**96.6**	**(16.6)**	**1.7**	**-**	**-**	**81.7**
Asset retirement obligations	**(57.1)**	**(8.6)**	**2.2**	**-**	**-**	**(63.5)**
Tax attributes	**(26.9)**	**(20.3)**	**(2.6)**	**15.8**	**-**	**(34.0)**
Deferred charges	**(9.6)**	**9.8**	**0.4**	**-**	**(3.3)**	**(2.7)**
Deferred credits	**(13.4)**	**(3.8)**	**0.1**	**-**	**(0.6)**	**(17.7)**
Revenues taxable during the following years	**77.9**	**(8.9)**	**-**	**-**	**-**	**69.0**
Unrealized exchange (gain) loss	**-**	**16.2**	**(0.4)**	**-**	**-**	**15.8**
Other	**(3.6)**	**10.7**	**(13.7)**	**-**	**-**	**(6.6)**
	692.3	**46.8**	**(25.7)**	**15.8**	**18.9**	**748.1**

						2016
	Balance as at April 26, 2015	Recognized to earnings	Recognized directly to other comprehensive income (loss) or equity	Transfer from income taxes payable	Recognized through business acquisitions (adjusted, Note 2)	Balance as at April 24, 2016 (adjusted, Note 2)
	$	$	$	$	$	$
Deferred income tax assets						
Property and equipment	(18.6)	35.7	0.1	-	-	17.2
Expenses deductible during the following years	25.4	(6.7)	(0.5)	-	-	18.2
Goodwill	(33.9)	27.2	-	-	-	(6.7)
Deferred charges	8.0	2.5	(0.6)	-	-	9.9
Tax attributes	54.3	(47.6)	4.6	-	2.4	13.7
Asset retirement obligations	16.4	(11.9)	(0.3)	-	-	4.2
Deferred credits	(3.9)	0.4	0.7	-	-	(2.8)
Unrealized exchange gain	(4.7)	(2.9)	(3.7)	-	-	(11.3)
Other	20.9	(19.3)	2.0	-	0.3	3.9
	63.9	(22.6)	2.3	-	2.7	46.3
Deferred income tax liabilities						
Property and equipment	641.4	5.1	12.3	-	14.1	672.9
Goodwill	3.9	72.0	0.9	-	-	76.8
Expenses deductible during the following years	(132.5)	12.3	(1.1)	-	-	(121.3)
Intangible assets	121.2	(40.8)	-	-	16.2	96.6
Asset retirement obligations	(44.1)	(12.0)	(1.0)	-	-	(57.1)
Tax attributes	(54.0)	(3.6)	1.4	29.3	-	(26.9)
Deferred charges	(8.4)	(2.4)	1.2	-	-	(9.6)
Deferred credits	(1.3)	(11.9)	(0.2)	-	-	(13.4)
Revenues taxable during the following years	61.7	10.1	6.1	-	-	77.9
Unrealized exchange loss (gain)	1.5	0.5	(2.0)	-	-	-
Other	4.7	(13.8)	6.4	-	(0.9)	(3.6)
	594.1	15.5	24.0	29.3	29.4	692.3

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2017	2016 (adjusted, Note 2)
	$	$
Deferred tax assets:		
Deferred tax assets to be recovered in more than 12 months	**37.7**	43.0
Deferred tax assets to be recovered within 12 months	**2.0**	3.3
	39.7	46.3
Deferred tax liabilities:		
Deferred tax liabilities to be settled in more than 12 months	**828.1**	754.8
Deferred tax liabilities to be settled within 12 months	**(80.0)**	(62.5)
	748.1	692.3

Deferred income tax liabilities that would be payable on the retained earnings of certain subsidiaries have not been recognized because such amounts are not expected to materialize in the foreseeable future. Temporary differences related to these investments amounted to $1,122.2 ($962.9 in 2016).

12. NET EARNINGS PER SHARE

The following table presents the information for the computation of basic and diluted net earnings per share:

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Net earnings available to Class A and B shareholders	**1,208.9**	1,191.2
Weighted average number of shares (in thousands)	**567,864**	567,425
Dilutive effect of stock options (in thousands)	**1,429**	1,770
Weighted average number of diluted shares (in thousands)	**569,293**	569,195
Basic net earnings per share available to Class A and B shareholders	**2.13**	2.10
Diluted net earnings per share available to Class A and B shareholders	**2.12**	2.09

In calculating diluted net earnings per share for 2017, 357,969 stock options are excluded due to their antidilutive effect (203,713 excluded stock options in 2016).

During fiscal 2017, the Board declared total dividends of CA 34.75¢ per share (CA 26.75¢ per share in 2016).

13. SUPPLEMENTARY INFORMATION RELATING TO CHANGES IN NON-CASH WORKING CAPITAL

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Accounts receivable	**(178.2)**	53.5
Inventories	**(40.6)**	24.7
Prepaid expenses	**3.4**	1.0
Accounts payable and accrued liabilities	**255.9**	(4.8)
Income taxes payable	**(24.2)**	15.7
	16.3	90.1

14. ACCOUNTS RECEIVABLE

	2017	2016 (adjusted, Note 2)
	$	$
Trade accounts receivable and vendor rebates receivable[(a)]	**677.6**	640.4
Credit and debit cards receivable[(a)]	**651.5**	586.3
Provision for doubtful accounts	**(25.7)**	(28.5)
Credit and debit cards receivable and trade accounts receivable and vendor rebates receivable – net	**1,303.4**	1,198.2
Other accounts receivable	**192.5**	172.2
Provision for doubtful accounts	**(1.7)**	-
	1,494.2	1,370.4

(a) These amounts are presented net of an amount of $209.2 from Accounts payable and accrued expenses due to netting arrangements ($163.2 as at April 24, 2016).

(in millions of US dollars (Note 2), except share and stock option data)

The following table details the aging of credit and debit cards receivable and trade accounts receivable and vendor rebates receivable that are not impaired:

	2017	2016 (adjusted, Note 2)
	$	$
Not past due	**1,209.6**	1,034.8
Past due 1-30 days	**64.7**	121.9
Past due 31-60 days	**10.5**	11.6
Past due 61-90 days	**9.4**	11.8
Past due 91 days and over	**9.2**	18.1
	1,303.4	1,198.2

Movement in the provisions for doubtful accounts is as follows:

	2017	2016
	$	$
Balance, beginning of year	**28.5**	27.1
Business acquisitions	**-**	5.3
Provision for doubtful accounts, net of unused beginning balance	**7.2**	3.9
Receivables written off during the year	**(7.7)**	(8.2)
Effect of exchange rate variations	**(0.6)**	0.4
Balance, end of year	**27.4**	28.5

15. INVENTORIES

	2017	2016
	$	$
Merchandise	**549.7**	543.9
Road transportation fuel	**315.0**	271.7
Other products	**1.0**	1.1
	865.7	816.7

16. PROPERTY AND EQUIPMENT

	Land	**Buildings and building components**	**Equipment**	**Leasehold improvements**	**Total**
	$	**$**	**$**	**$**	**$**
Year ended April 30, 2017					
Net book amount, beginning	**1,997.8**	**1,937.8**	**2,204.4**	**231.5**	**6,371.5**
Additions	**105.5**	**180.7**	**764.3**	**62.0**	**1,112.5**
Business acquisitions (Note 4)	**591.0**	**139.8**	**142.1**	**-**	**872.9**
Disposals	**(43.3)**	**(29.1)**	**(60.6)**	**(2.6)**	**(135.6)**
Depreciation and amortization expense	**(10.0)**	**(169.8)**	**(348.8)**	**(53.3)**	**(581.9)**
Impairment expense	**(0.2)**	**(0.3)**	**(0.5)**	**-**	**(1.0)**
Transfers	**11.5**	**36.3**	**(71.2)**	**23.4**	**-**
Effect of exchange rate variations	**(50.2)**	**(44.8)**	**(49.1)**	**(4.2)**	**(148.3)**
Net book amount, end[(a)]	**2,602.1**	**2,050.6**	**2,580.6**	**256.8**	**7,490.1**
As at April 30, 2017					
Cost	**2,617.5**	**2,885.8**	**4,469.3**	**639.7**	**10,612.3**
Accumulated depreciation, amortization and impairment	**(15.4)**	**(835.2)**	**(1,888.7)**	**(382.9)**	**(3,122.2)**
Net book amount [(a)]	**2,602.1**	**2,050.6**	**2,580.6**	**256.8**	**7,490.1**
Portion related to finance leases	**140.5**	**107.5**	**54.3**	**-**	**302.3**
Year ended April 24, 2016 (adjusted, Note 2)					
Net book amount, beginning	1,585.8	1,805.0	1,978.0	231.3	5,600.1
Additions	116.8	190.4	562.8	39.1	909.1
Business acquisitions (Note 4)	335.8	97.4	110.1	18.7	562.0
Disposals	(49.6)	(28.0)	(73.0)	(1.5)	(152.1)
Depreciation and amortization expense	(1.5)	(162.1)	(342.5)	(54.1)	(560.2)
Impairment expense	(0.7)	(3.4)	(1.6)	-	(5.7)
Transfers	0.7	27.3	(27.4)	(0.6)	-
Effect of exchange rate variations	10.5	11.2	(2.0)	(1.4)	18.3
Net book amount, end[(a)]	1,997.8	1,937.8	2,204.4	231.5	6,371.5
As at April 24, 2016 (adjusted, Note 2)					
Cost	2,002.7	2,641.7	3,909.1	585.3	9,138.8
Accumulated depreciation, amortization and impairment	(4.9)	(703.9)	(1,704.7)	(353.8)	(2,767.3)
Net book amount [(a)]	1,997.8	1,937.8	2,204.4	231.5	6,371.5
Portion related to finance leases	151.2	117.6	43.2	-	312.0

(a) The net book amount as at April 30, 2017 includes $516.2 related to construction in progress ($408.5 as at April 24, 2016).

(in millions of US dollars (Note 2), except share and stock option data)

17. GOODWILL AND INTANGIBLE ASSETS

Goodwill

	2017	2016 (adjusted, Note 2)
	$	$
Net book amount, beginning of year	**1,773.2**	1,629.2
Business acquisitions (Note 4)	**656.3**	143.8
Disposal of lubricants business	**-**	(0.3)
Effect of exchange rate variations	**(52.5)**	0.5
Net book amount, end of year	**2,377.0**	1,773.2

Intangible assets

	Trademarks	Franchise agreements	Software(a)	Customer relationships	Licenses	Fuel supply agreements	Favorable leases	Other	Total
	$	$	$	$	$	$	$	$	$
Year ended April 30, 2017									
Net book amount, beginning	**327.0**	**55.1**	**169.1**	**62.8**	**24.7**	**11.1**	**102.0**	**4.1**	**755.9**
Additions	**4.4**	**0.1**	**25.3**	**-**	**0.5**	**-**	**-**	**0.3**	**30.6**
Business acquisitions (Note 4)	**-**	**-**	**0.1**	**-**	**-**	**-**	**6.5**	**-**	**6.6**
Disposals	**(3.9)**	**-**	**(0.6)**	**-**	**-**	**(0.5)**	**(3.8)**	**(0.1)**	**(8.9)**
Rent, depreciation and amortization expense	**(37.9)**	**(14.5)**	**(27.8)**	**(5.4)**	**-**	**(1.2)**	**(9.7)**	**(1.9)**	**(98.4)**
Effect of exchange rate variations	**(5.2)**	**(1.9)**	**(5.7)**	**(1.7)**	**-**	**-**	**(1.8)**	**-**	**(16.3)**
Net book amount, end	**284.4**	**38.8**	**160.4**	**55.7**	**25.2**	**9.4**	**93.2**	**2.4**	**669.5**
As at April 30, 2017									
Cost	**389.8**	**107.9**	**263.1**	**152.4**	**25.2**	**54.8**	**108.0**	**6.3**	**1,107.5**
Accumulated depreciation and amortization	**(105.4)**	**(69.1)**	**(102.7)**	**(96.7)**	**-**	**(45.4)**	**(14.8)**	**(3.9)**	**(438.0)**
Net book amount	**284.4**	**38.8**	**160.4**	**55.7**	**25.2**	**9.4**	**93.2**	**2.4**	**669.5**
Year ended April 24, 2016 (adjusted, Note 2)									
Net book amount, beginning	349.3	72.2	174.0	5.8	24.5	6.5	60.8	2.8	695.9
Additions	-	-	25.7	-	-	-	-	-	25.7
Business acquisitions (Note 4)	14.2	-	1.7	62.0	0.2	8.7	49.6	2.5	138.9
Disposals	(8.5)	(0.3)	(2.7)	-	-	(0.3)	(3.0)	-	(14.8)
Rent, depreciation and amortization expense	(29.2)	(15.0)	(21.3)	(6.9)	-	(3.8)	(7.1)	(1.2)	(84.5)
Effect of exchange rate variations	1.2	(1.8)	(8.3)	1.9	-	-	1.7	-	(5.3)
Net book amount, end	327.0	55.1	169.1	62.8	24.7	11.1	102.0	4.1	755.9
As at April 24, 2016 (adjusted, Note 2)									
Cost	397.2	112.5	249.0	158.4	24.7	58.7	111.2	7.6	1 119.3
Accumulated depreciation and amortization	(70.2)	(57.4)	(79.9)	(95.6)	-	(47.6)	(9.2)	(3.5)	(363.4)
Net book amount	327.0	55.1	169.1	62.8	24.7	11.1	102.0	4.1	755.9

(a) The net book amount as at April 30, 2017 includes $24.6 related to software in progress ($28.5 as at April 24, 2016).

Goodwill and intangible assets with indefinite useful lives are allocated to CGUs based on the geographical location of the acquired stores. Allocation as at April 30, 2017 and April 24, 2016 is as follows:

	2017		2016	
CGU	**Intangible assets with indefinite useful lives**	**Goodwill**	Intangible assets with indefinite useful lives	Goodwill (adjusted , Note 2)
	$	**$**	$	$
Canada	**-**	**692.0**	-	155.6
United States	**179.8**	**1,139.0**	179.2	1,138.6
Scandinavia	**61.3**	**468.0**	64.4	414.3
Central and Eastern Europe	**25.8**	**12.4**	25.8	1.6
Ireland	**-**	**65.6**	-	63.1
	266.9	**2,377.0**	269.4	1,773.2

The intangible assets with indefinite useful lives for the United States CGU are the Circle K trademark and licenses. The intangible asset with indefinite useful life for the Scandinavia and Central and Eastern Europe ("CEE") CGUs is the droplet logo. The Scandinavia CGU includes the activities of Norway, Sweden and Denmark, while the CEE CGU includes the activities of Poland, Latvia, Lithuania, Estonia and Russia.

For the annual impairment test, the recoverable amount of the CGUs has been determined on the basis of their fair value less costs to sell. The Corporation uses an approach based on EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) multiples of comparable corporations to determine these values.

(in millions of US dollars (Note 2), except share and stock option data)

18. OTHER ASSETS

	2017	2016 (adjusted, Note 2)
	$	$
Environmental costs receivable (Note 24)	**77.5**	76.8
Deferred compensation assets	**34.1**	26.2
Deposits	**16.3**	39.7
Pension benefit asset (Note 28)	**16.3**	41.2
Investment contract including an embedded total return swap (Note 29)	**25.1**	31.3
Deferred charges, net	**5.1**	4.2
Other	**139.0**	125.5
	313.4	344.9

19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016 (adjusted, Note 2)
	$	$
Accounts payable and accrued expenses[a]	**1,665.7**	1,425.0
Sales and excise taxes	**638.1**	661.1
Salaries and related benefits	**186.2**	188.2
Deferred credits	**27.1**	25.0
Other	**186.9**	167.5
	2,704.0	2,466.8

(a) This amount is presented net of an amount of $185.2 from Credit and debit cards receivable and $24.0 from Trade accounts receivable and vendor rebates receivable due to netting arrangements ($121.3 and $41.9, respectively as at April 24, 2016).

20. LONG-TERM DEBT

	2017	2016 (adjusted, Note 2)
	$	$
Canadian-dollar-denominated senior unsecured notes[a]	**1,461.9**	1,573.2
Euro-denominated senior unsecured notes, maturing in May 2026[b]	**815.1**	-
US-dollar-denominated term revolving unsecured operating credit D, maturing in December 2021[c]	**694.5**	841.2
NOK-denominated senior unsecured notes, maturing in February 2026[d]	**78.7**	81.8
Canadian-dollar-denominated term revolving unsecured operating credit D, maturing in December 2021[c]	**-**	43.0
Other debts	**8.5**	4.6
Obligations related to buildings and equipment under finance leases, with an average rate of 8.15%, payable on various dates until 2064	**289.5**	294.3
	3,348.2	2,838.1
Current portion of long-term debt	**252.4**	29.2
	3,095.8	2,808.9

(a) Canadian-dollar-denominated senior unsecured notes

As at April 30, 2017, the Corporation had Canadian-dollar-denominated senior unsecured notes totaling CA $2.0 billion, broken down as follows:

	Principal amount	Maturity	Coupon rate	Effective rate as at April 30, 2017	Semi-annual interest payment date
Tranche 1 – November 1, 2012 issuance	CA $300.0	November 1, 2017	2.861%	2.968%	May 1 and November 1
Tranche 2 – November 1, 2012 issuance	CA $450.0	November 1, 2019	3.319%	3.404%	May 1 and November 1
Tranche 3 – November 1, 2012 issuance	CA $250.0	November 1, 2022	3.899%	3.963%	May 1 and November 1
Tranche 4 – August 21, 2013 issuance	CA $300.0	August 21, 2020	4.214%	4.317%	August 21 and February 21
Tranche 5 – June 2, 2015 issuance	CA $700.0	June 2, 2025	3.600%	3.649%	June 2 and December 2

Notes issued on November 1, 2012 and June 2, 2015 are subject to cross-currency interest rate swaps (Note 21).

(b) Euro-denominated senior unsecured notes

On May 6, 2016, the Corporation issued Euro-denominated senior unsecured notes totaling €750.0 ($858.0) with a coupon rate of 1.875% and maturing on May 6, 2026. Interest is payable annually on May 6. As at April 30, 2017, the effective rate was 1.94%. The net proceeds from the issuance were mainly used to repay a portion of the Corporation's term revolving unsecured operating credit facility.

(c) Term revolving unsecured operating credit D

As at April 30, 2017, the Corporation had a credit agreement consisting of a revolving unsecured facility of a maximum amount of $2,525.0. The credit facility was available in the following forms:

- A term revolving unsecured operating credit, available i) in Canadian dollars, ii) in US dollars, iii) in the form of Canadian-dollar bankers' acceptances, with stamping fees and iv) in the form of standby letters of credit not exceeding $150.0 or the equivalent in Canadian dollars, with applicable fees. Depending on the form and the currency of the loan, the amounts borrowed bear interest at variable rates based on the Canadian prime rate, the bankers' acceptance rate, the US base rate or LIBOR plus a variable margin; and

(in millions of US dollars (Note 2), except share and stock option data)

- An unsecured line of credit in the maximum amount of $50.0, available in Canadian or US dollars, bearing interest at variable rates based, depending on the form and currency of the loan, on the Canadian prime rate, the US prime rate or the US base rate plus a variable margin.

Standby fees, which vary based on a leverage ratio and on the utilization rate of the credit facility, applied to the unused portion of the credit facility. Stamping fees, standby letters of credit fees and the variable margin used to determine the interest rate applicable to borrowed amounts were determined according to a leverage ratio of the Corporation. Under this credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

On October 26, 2016, this operating credit's maturity was extended to December 2021. No other terms were changed significantly.

As at April 30, 2017, the effective interest rate was 2.00% (1.33% as at April 24, 2016). As at April 30, 2017 and April 24, 2016, the available line of credit was unused and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(d) Norwegian-krone-denominated senior unsecured notes

As at April 30, 2017, the Corporation had Norwegian-krone-denominated senior unsecured notes totaling NOK 675.0 with a coupon rate of 3.85% and maturing on February 18, 2026. Interest is payable semi-annually on April 20 and October 20 of each year. As at April 30, 2017, the effective rate was 3.93% (3.89% as at April 24, 2016).

Term revolving unsecured operating credit E

On December 9, 2016, the Corporation's term revolving unsecured operating credit E expired. It consisted of a revolving unsecured facility of an initial maximum amount of $50.0 with an initial term of 50 months. The credit facility was available in the form of a revolving unsecured operating credit, available in US dollars.

During fiscal year 2017, the Corporation did not renew the operating credit E, and as at April 24, 2016, this credit was unused.

Term revolving unsecured operating credit F

As at April 30, 2017, the Corporation had a credit agreement consisting of a revolving unsecured facility of an initial maximum amount of €25.0 maturing on January 30, 2020. The credit facility was available in Euros, in the form of a revolving unsecured operating credit. The amounts borrowed bear interest at variable rates based on the funding base rate or the EURIBOR rate plus a variable margin.

Standby fees, which vary based on a leverage ratio and on the utilization rate of the credit facility, apply to the unused portion of the credit facility. The variable margin used to determine the interest rate applicable to amounts borrowed is determined according to a leverage ratio of the Corporation. Under this credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at April 30, 2017 and April 24, 2016, operating credit F was unused.

Bank overdraft facilities

The Corporation had access to bank overdraft facilities totaling approximately $282.0 as at April 30, 2017 ($254.4 as at April 24, 2016). As at April 30, 2017 and April 24, 2016, they were not used.

Letters of credit

As at April 30, 2017, the Corporation had outstanding letters of credit of $80.9 ($82.8 as at April 24, 2016) of which $9.2 ($27.7 as at April 24, 2016) reduced funds available under the Corporation's term revolving unsecured operating credit D.

Obligations related to finance leases

Installments on obligations related to finance leases for the next fiscal years are as follows:

	Obligations related to buildings and equipment under finance leases
	$
2018	53.5
2019	69.0
2020	47.4
2021	39.0
2022	36.4
2023 and thereafter	174.6
	419.9
Interest expense included in minimum lease payments	130.4
	289.5

(in millions of US dollars (Note 2), except share and stock option data)

21. CROSS-CURRENCY INTEREST RATE SWAPS

The Corporation has entered into cross-currency interest rate swap agreements, allowing it to synthetically convert a portion of its Canadian-dollar and US-dollar-denominated debts into US dollars and Euros, respectively.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity	Fair value as at April 30, 2017 (Note 29)	Fair value as at April 24, 2016 (Note 29)
					$	$
CA $1,700.0	From 2.861% to 3.899%	US $1,572.7	From 2.034% to 3.870%	From November 1, 2017 to June 2, 2025	**302.5**	221.8
US $584.0	1.288%	€522.8	0.350%	April 29, 2016	**-**	2.2
					302.5	224.0
Current portion of financial liabilities					**79.4**	2.2
Other long-term financial liabilities					**223.1**	221.8

The Canadian-dollar to US-dollar cross-currency interest rate swap agreements are designated as a foreign exchange hedge of the Corporation's net investment in its operations in the United States.

In addition to the agreements presented in the table above, the Corporation has entered into short-term cross-currency interest rate swap agreements. As at April 30, 2017, these agreements have a fair value of $7.6 and are presented in Other short-term financial assets. These agreements have varying rates and maturities.

22. INTEREST RATE LOCKS

On March 16, 2017, the Corporation entered into interest rate locks with a nominal value of $500.0, allowing it to hedge the variability of the interest payments from the expected issuance of future debt due to changes in the US Treasury rates. The interest rate locks matured on May 12, 2017, and were divided as follows:

	Notional amount	Interest lock term	Rate	Fair value as at April 30, 2017 (Note 29)
	$			$
Tranche 1	50.0	5 years	2.1020%	0.6
Tranche 2	100.0	5 years	2.1060%	1.3
Tranche 3	100.0	5 years	2.1028%	1.3
Tranche 4	50.0	10 years	2.5650%	1.2
Tranche 5	100.0	10 years	2.5675%	2.4
Tranche 6	100.0	10 years	2.5710%	2.4
				9.2

The interest rate locks are designated as a cash flow hedge of the Corporation's interest payments on expected future debt issuance and the fair value as at April 30, 2017 is included in Other short-term financial liabilities.

23. DEFERRED CREDITS AND OTHER LIABILITIES

	2017	2016 (adjusted, Note 2)
	$	$
Deferred rent expense	**69.9**	66.0
Deferred compensation liabilities	**37.9**	28.5
Deferred branding credits	**16.4**	25.0
Deferred credits	**14.4**	12.1
Unfavorable leases	**67.8**	81.6
Other liabilities	**60.1**	54.4
	266.5	267.6

(in millions of US dollars (Note 2), except share and stock option data)

24. PROVISIONS

The reconciliation of the Corporation's main provisions is as follows:

	Asset retirement obligations[(a)]	Provision for environmental costs[(b)]	Restructuring provision[(c)]	Provision for workers' compensation[(d)]	Provision for general liability[(d)]	Other provisions	Total
	$	$	$	$	$	$	$
2017							
Balance, beginning of year	**314.9**	**159.0**	**11.9**	**39.8**	**31.3**	**23.1**	**580.0**
Business acquisitions (Note 4)	**8.1**	**15.7**	**-**	**-**	**-**	**-**	**23.8**
Liabilities incurred	**1.6**	**14.4**	**8.1**	**14.6**	**22.7**	**0.3**	**61.7**
Liabilities settled	**(13.3)**	**(18.6)**	**(6.7)**	**(20.7)**	**(18.6)**	**(8.9)**	**(86.8)**
Accretion expense	**13.3**	**0.5**	**-**	**0.6**	**0.1**	**-**	**14.5**
Reversal of provisions	**(4.2)**	**(6.6)**	**(0.4)**	**-**	**-**	**(4.5)**	**(15.7)**
Change in estimates	**50.1**	**(2.4)**	**-**	**1.0**	**(0.1)**	**-**	**48.6**
Effect of exchange rate variations	**(9.1)**	**(2.8)**	**(0.4)**	**-**	**-**	**(0.6)**	**(12.9)**
Balance, end of year	**361.4**	**159.2**	**12.5**	**35.3**	**35.4**	**9.4**	**613.2**
Current portion	**59.7**	**32.6**	**8.8**	**18.1**	**10.8**	**0.5**	**130.5**
Long-term portion	**301.7**	**126.6**	**3.7**	**17.2**	**24.6**	**8.9**	**482.7**
2016 (adjusted, Note 2)							
Balance, beginning of year	266.0	170.5	23.9	43.3	30.0	18.7	552.4
Business acquisitions (Note 4)	17.8	1.6	-	0.8	1.0	0.9	22.1
Liabilities incurred	2.4	29.5	-	22.7	23.3	17.9	95.8
Liabilities settled	(6.5)	(29.2)	(17.2)	(22.5)	(18.8)	(14.1)	(108.3)
Accretion expense	14.7	0.9	-	0.3	0.1	-	16.0
Reversal of provisions	(2.4)	(3.5)	(0.5)	-	(2.6)	(2.9)	(11.9)
Change in estimates	20.8	(10.2)	6.0	(4.8)	(1.7)	-	10.1
Effect of exchange rate variations	2.1	(0.6)	(0.3)	-	-	2.6	3.8
Balance, end of year	314.9	159.0	11.9	39.8	31.3	23.1	580.0
Current portion	43.7	28.2	6.6	17.6	10.4	0.5	107.0
Long-term portion	271.2	130.8	5.3	22.2	20.9	22.6	473.0

(a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately $669.0 and is expected to be incurred over the next 40 years. Should changes occur in estimated future removal costs, tank useful lives, lease terms or governmental regulatory requirements, revisions to the liability could be made.
(b) Environmental costs should be disbursed over the next 20 years.
(c) Restructuring costs should be settled over the next two years.
(d) Workers' compensation and general liability indemnities should be disbursed over the next five years.

Environmental costs

The Corporation is subject to Canadian, United States and European legislation governing the storage, handling and sale of road transportation fuel and other petroleum-based products. The Corporation considers that it is compliant with all important aspects of current environmental legislation.

The Corporation has an ongoing training program for its employees on environmental issues and performs preventative site testing and site restoration in cooperation with regulatory authorities. The Corporation also examines its motor fuel equipment annually.

In each of the US states in which the Corporation operates, with the exception of Florida, Iowa, Maryland, Texas, Washington and West Virginia, there is a state fund available to cover the cost of certain environmental remediation activities after the applicable trust fund deductible is met, which varies by state. These state funds provide insurance for motor fuel facilities operations to cover some of the costs of cleaning up certain environmental contamination caused by the use of road transportation fuel equipment. Road transportation fuel storage tank registration fees and/or a motor fuel tax in each of the states finance the trust funds. The Corporation pays annual registration fees and remits sales taxes to applicable states. Insurance coverage differs from state to state.

In order to provide for the above-mentioned environmental costs, the Corporation has recorded a $159.2 provision for environmental costs as at April 30, 2017 ($159.0 as at April 24, 2016). Furthermore, the Corporation has recorded an amount of $82.8 for environmental costs receivable from trust funds as at April 30, 2017 ($81.6 as at April 24, 2016), of which $5.3 ($4.8 as at April 24, 2016) is included in Accounts receivable and the remainder is included in Other assets.

25. CAPITAL STOCK

Authorized

Unlimited number of shares without par value

- First and second preferred shares issuable in series, non-voting, ranking prior to other classes of shares with respect to dividends and payment of capital upon dissolution. The Board of Directors is authorized to determine the designation, rights, privileges, conditions and restrictions relating to each series of shares prior to their issuance.

(in millions of US dollars (Note 2), except share and stock option data)

- Class A multiple voting and participating shares, ten votes per share except for certain situations which provide for only one vote per share, convertible into Class B subordinate voting shares on a share-for-share basis at the holder's option. Under the articles of amendment, no new Class A multiple voting shares may be issued.
- Class B subordinate voting and participating shares, convertible automatically into Class A multiple voting shares on a share-for-share basis upon the occurrence of certain events.

The order of priority for the payment of dividends is as follows:

- First preferred shares;
- Second preferred shares; and
- Class B subordinate voting shares and Class A multiple voting shares, ranking pari passu.

Issued and fully paid

The changes in the number of outstanding shares are as follows:

	2017	2016
Class A multiple voting shares		
Balance, beginning of year	**147,766,540**	148,101,840
Conversion into Class B shares	**-**	(335,300)
Balance, end of year	**147,766,540**	147,766,540
Class B subordinate voting shares		
Balance, beginning of year	**419,823,571**	419,262,255
Issued as part of a previous acquisition	**138**	54
Stock options exercised	**859,829**	225,962
Issued on conversion of Class A shares	**-**	335,300
Balance, end of year	**420,683,538**	419,823,571

26. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

Stock option plan

The Corporation has a stock option plan (the "Plan") under which it has authorized the grant of up to 50,676,000 stock options for the purchase of its Class B subordinate voting shares.

Stock options have up to a 10-year term, vest 20.0% on the date of the grant and cumulatively thereafter on each anniversary date of the grant and are exercisable at the designated market price on the date of the grant. The grant price of each stock option shall not be set below the weighted average closing price for a board lot of the Class B shares on the Toronto Stock Exchange for the five days preceding the grant. Each stock option is exercisable into one Class B share of the Corporation at the price specified in the terms of the stock option. To enable option holders to proceed with a cashless exercise of their options, the Plan allows them to elect to receive a number of subordinate shares equivalent to the difference between the total number of subordinate shares underlying the options exercised and the number of subordinate shares required to settle the exercise of the options.

The table below presents the status of the Corporation's stock option plan as at April 30, 2017 and April 24, 2016 and the changes therein during the years then ended:

		2017		2016
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		CA $		CA $
Outstanding, beginning of year	**2,474,205**	**19.00**	2,517,911	14.80
Granted	**154,256**	**58.87**	208,138	57.78
Exercised	**(913,391)**	**8.32**	(240,273)	7.95
Cancelled	**-**	**-**	(11,571)	32.44
Outstanding, end of year	**1,715,070**	**28.27**	2,474,205	19.00
Exercisable stock options, end of year	**1,204,825**	**20.81**	1,893,316	12.47

For options exercised in fiscal 2017, the weighted average share price at the date of exercise was CA $60.00 (CA $57.99 in 2016).

(in millions of US dollars (Note 2), except share and stock option data)

The following table presents information on the stock options outstanding and exercisable as at April 30, 2017:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of stock options outstanding as at April 30, 2017	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 30, 2017	Weighted average exercise price
CA $			CA $		CA $
4 – 5	148,510	1.39	4.62	148,510	4.62
5 – 6	452,800	2.43	6.01	452,800	6.01
6 – 9	1,260	0.02	7.80	1,260	7.80
9 – 16	93,000	5.25	15.87	93,000	15.87
16 – 35	661,531	7.40	34.39	396,919	34.39
36 – 59	357,969	8.78	58.25	112,336	58.08
	1,715,070			1,204,825	

The fair value of stock options granted is estimated at the grant date using the Black-Scholes option pricing model on the basis of the following weighted average assumptions for the stock options granted during the year:

	2017	2016
Expected dividends (per share)	**CA $0.31**	CA $0.24
Expected volatility	**28.00%**	29.30%
Risk-free interest rate	**1.01%**	1.26%
Expected life	**8 years**	8 years

The weighted average fair value of stock options granted was CA $18.57 in 2017 (CA $18.80 in 2016).

For 2017, compensation cost charged to the consolidated statements of earnings amounts to $3.4 ($3.1 in 2016).

Deferred share unit plan

The Corporation has a deferred share unit ("DSU") plan for the benefit of its external directors which allows them, at their option, to receive all or a portion of their annual compensation and directors' fee in the form of DSUs. A DSU is a notional unit, equivalent in value to the Corporation's Class B share. Upon leaving the Board of Directors, participants are entitled to receive the payment of their cumulated DSUs either a) in the form of cash based on the price of the Corporation's Class B shares as traded on the open market on the date of payment, or b) in Class B shares bought by the Corporation on the open market on behalf of the participant.

The DSU expense and the related liability are recorded at the grant date. The liability is adjusted periodically to reflect any variation in the market value of the Class B shares. As at April 30, 2017, the Corporation has a total of 244,363 DSUs outstanding (261,566 as at April 24, 2016) and an obligation related to this notional unit allocation plan of $11.2 ($11.3 as at April 24, 2016) is recorded in Deferred credits and other liabilities. The obligation is subject to an embedded total return swap (Note 29). For 2017, the compensation cost amounts to $0.9 ($2.0 in 2016).

Phantom stock units

The Corporation has a phantom stock unit ("PSU") plan allowing the Board of Directors, through its Human Resources and Corporate Governance Committee, to grant PSUs to the officers and selected key employees of the Corporation (the "participants"). A PSU is a notional unit whose value is based on the weighted average reported closing price for a board lot of the Corporation's Class B subordinated voting share (the "Class B share") on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The PSU provides the participant with the opportunity to earn a cash award. Each PSU initially granted vests no later than one day prior to the third anniversary of the grant date subject, namely, to the achievement of performance objectives of the Corporation, based on external and internal benchmarks, over a three-year performance period. PSUs are antidilutive since they are payable solely in cash.

The table below presents the status of the Corporation's PSU plan as at April 30, 2017 and April 24, 2016 and the changes therein during the years then ended in number of units:

	2017	2016
Outstanding, beginning of year	**765,601**	1,212,632
Granted	**227,342**	225,489
Paid	**(244,691)**	(575,632)
Cancelled	**(20,921)**	(96,888)
Outstanding, end of year	**727,331**	765,601

As at April 30, 2017, an obligation related to this notional unit allocation plan of $10.7 is recorded in Accounts payable and accrued liabilities ($10.2 as at April 24, 2016) and $7.1 is recorded in Deferred credits and other liabilities ($10.2 as at April 24, 2016). The obligation is subject to an embedded total return swap (Note 29). For 2017, the compensation cost amounts to $6.3 ($5.8 for 2016).

(in millions of US dollars (Note 2), except share and stock option data)

27. ACCUMULATED OTHER COMPREHENSIVE LOSS

As at April 30, 2017

	Attributable to shareholders of the Corporation					
	Items that may be reclassified to earnings				Will never be reclassified to earnings	
	Cumulative translation adjustments	**Net investment hedge**	**Available-for-sale investment**	**Cash flow hedge**	**Cumulative net actuarial loss**	**Accumulated other comprehensive loss**
	$	**$**	**$**	**$**	**$**	**$**
Balance, before income taxes	**(424.7)**	**(348.6)**	**9.3**	**(6.9)**	**(35.8)**	**(806.7)**
Less: Income taxes	**-**	**(0.7)**	**1.6**	**(0.3)**	**(9.0)**	**(8.4)**
Balance, net of income taxes	**(424.7)**	**(347.9)**	**7.7**	**(6.6)**	**(26.8)**	**(798.3)**

As at April 24, 2016

	Attributable to shareholders of the Corporation					
	Items that may be reclassified to earnings				Will never be reclassified to earnings	
	Cumulative translation adjustments	Net investment hedge	Available-for-sale investment	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive loss
	$	$	$	$	$	$
Balance, before income taxes	(434.3)	(234.9)	(15.5)	4.6	(15.4)	(695.5)
Less: Income taxes	-	1.0	(1.7)	1.1	(2.5)	(2.1)
Balance, net of income taxes	(434.3)	(235.9)	(13.8)	3.5	(12.9)	(693.4)

28. EMPLOYEE FUTURE BENEFITS

The Corporation has a number of funded and unfunded defined benefit and defined contribution plans that provide retirement benefits to certain employees.

Defined benefit plans

The Corporation measures its accrued defined benefit obligation and the fair value of plan assets for accounting purposes on the last Sunday of April of each year.

The Corporation has defined benefit plans in Canada, the United States, Norway, Sweden and Ireland. Those plans provide benefits based on average earnings at retirement, or based on the years with the highest salaries and the number of years of service. The most recent actuarial valuation of the pension plans for funding purposes was as at December 31, 2016, and the next required valuation will be as at December 31, 2017.

Some plans include benefit adjustments in line with the consumer price index, whereas most of them do not provide such adjustments. The majority of the benefit payments are from trustee-administered funds. However, there is also a number of unfunded plans where the Corporation meets the benefit payment obligation as it falls due. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the Corporation and the trustees and their composition. Responsibility for governance of the plans, investment decisions and contribution schedules lies jointly with the plan committees and the Corporation.

During fiscal year 2017, the Corporation announced the following decisions to its employees:

- In Norway, the termination of some of its defined benefits disability plans, which resulted in a pre-tax curtailment gain of $3.9, with a corresponding decrease in the defined benefits pension plan obligation on the consolidated balance sheet.
- In Canada and in the United States, the conversion, going forward, of most of its existing defined benefits pension plans to defined contributions plans. This decision had no significant impact on the Corporation's consolidated financial statements since employees kept their accumulated rights as of the date of the conversion.

During fiscal year 2016, the Corporation announced to its employees its decision to convert certain of its existing defined benefits pension plans into defined contribution plans in Norway and Sweden. In connection with the termination of the defined benefits plans, a pre-tax curtailment gain of $27.2 was recorded to earnings with a corresponding offset to the defined benefits pension plan obligation.

(in millions of US dollars (Note 2), except share and stock option data)

Information about the Corporation's defined benefit plans, in aggregate, is as follows:

	2017	2016
	$	$
Present value of accrued defined benefit obligation		
Balance, beginning of year	**223.6**	412.6
Business acquisition	**-**	9.5
Current service cost	**4.2**	9.8
Interest cost	**6.8**	8.1
Benefits paid	**(9.0)**	(18.1)
Settlement payments from plan assets	**(0.7)**	(118.5)
Loss (gain) from change in financial assumptions	**17.7**	(33.5)
Experience gains	**(0.8)**	(3.2)
Curtailment gains	**(3.9)**	(27.2)
Disposal of business	**-**	(5.0)
Effect of exchange rate fluctuations	**(14.7)**	(10.9)
Balance, end of year	**223.2**	223.6
Plans' assets		
Fair value, beginning of year	**164.5**	303.8
Settlement payments from plan assets	**(0.7)**	(118.5)
Premiums transferred	**(4.4)**	(6.3)
Interest income	**5.3**	5.3
Return on assets (excluding amounts included in interest income)	**(3.5)**	(8.6)
Employer contributions	**1.9**	3.0
Benefits paid	**(5.8)**	(9.5)
Administrative expenses	**(0.1)**	(0.1)
Disposal of business	**-**	(2.6)
Effect of exchange rate fluctuations	**(12.3)**	(2.0)
Fair value, end of year	**144.9**	164.5

Reconciliation of the funded status of the benefit plans to the amount recorded in the consolidated financial statements:

	2017	2016
	$	$
Present value of defined benefit obligation for funded pension plans	**(129.6)**	(132.5)
Fair value of plans' assets	**144.9**	164.5
Net funded status of funded plans – net surplus	**15.3**	32.0
Present value of defined benefit obligation for unfunded pension plans	**(93.6)**	(91.1)
Net accrued pension benefit liability	**(78.3)**	(59.1)

The pension benefit asset of $16.3 ($41.2 as at April 24, 2016) is included in Other assets and the Pension benefit liability of $94.6 ($100.3 as at April 24, 2016) is presented separately in the consolidated balance sheets.

The defined benefit obligation and plan assets are composed by country as follows:

	Canada	**United States**	**Norway**	**Sweden**	**Ireland**	**Total**
2017	**$**	**$**	**$**	**$**	**$**	**$**
Present value of defined benefit obligation	**(58.3)**	**(13.1)**	**(38.2)**	**(104.9)**	**(8.7)**	**(223.2)**
Fair value of plans' assets	**21.7**	**-**	**2.9**	**120.3**	**-**	**144.9**
Funded status of plan – (deficit) surplus	**(36.6)**	**(13.1)**	**(35.3)**	**15.4**	**(8.7)**	**(78.3)**
2016						
Present value of defined benefit obligation	(58.5)	(13.1)	(45.6)	(96.9)	(9.5)	(223.6)
Fair value of plans' assets	22.3	-	7.2	135.0	-	164.5
Funded status of plan – (deficit) surplus	(36.2)	(13.1)	(38.4)	38.1	(9.5)	(59.1)

As at the measurement date, the plans' assets consisted of:

	2017				2016			
	Quoted	**Unquoted**	**Total**		Quoted	Unquoted	Total	
	$	**$**	**$**	**%**	$	$	$	%
Cash and cash equivalents	**0.1**	**-**	**0.1**	**0.1**	0.3	-	0.3	0.2
Equity securities	**76.1**	**-**	**76.1**	**52.5**	77.6	0.2	77.8	47.3
Debt instruments								
Government	**57.4**	**-**	**57.4**	**39.6**	68.7	-	68.7	41.8
Corporate	**4.9**	**-**	**4.9**	**3.4**	8.5	-	8.5	5.2
Real estate	**-**	**1.6**	**1.6**	**1.1**	-	1.1	1.1	0.7
Other assets	**4.7**	**0.1**	**4.8**	**3.3**	7.8	0.3	8.1	4.8
Total	**143.2**	**1.7**	**144.9**	**100.0**	162.9	1.6	164.5	100.0

(in millions of US dollars (Note 2), except share and stock option data)

The Corporation's pension benefit expense for the fiscal year is determined as follows:

	2017	2016
	$	$
Current service cost, net of employee contributions	**4.2**	9.8
Administrative expenses	**0.1**	0.1
Pension expense for the year	**4.3**	9.9
Net interest expense	**1.5**	2.8
Curtailment gains	**(3.9)**	(27.2)
Amount recognized in earnings for the year	**1.9**	(14.5)

The pension expense for the year is included in Operating, selling, administrative and general expenses in the consolidated statements of earnings. The curtailment gains are presented separately in the consolidated statements of earnings while the net interest expense is included in Financial expenses.

The amount recognized in Other comprehensive income for the fiscal year is determined as follows:

	2017	2016
	$	$
Loss (gain) from change in financial assumptions	**17.7**	(33.5)
Experience gains	**(0.8)**	(3.2)
Return on assets (excluding amounts included in interest income)	**3.5**	8.6
Amount recognized in Other comprehensive income	**20.4**	(28.1)

The Corporation expects to make a contribution of $5.5 to the defined benefit plans during the next fiscal year.

The significant weighted average actuarial assumptions, which management considers the most likely to determine the accrued benefit obligations and the pension expense, are the following:

					2017					2016
	Canada	**United States**	**Norway**	**Sweden**	**Ireland**	Canada	United States	Norway	Sweden	Ireland
	%	**%**	**%**	**%**	**%**	%	%	%	%	%
Discount rate	**3.30**	**4.30**	**2.50**	**2.75**	**1.60**	3.90	3.90	2.25	3.50	1.40
Rate of compensation increase	**3.70**	**4.00**	**2.50**	**2.75**	**-**	3.70	4.00	2.50	2.75	-
Rate of benefit increase	**2.00**	**2.00**	**0.10**	**1.75**	**1.40**	2.00	2.00	0.10	1.75	1.10
Rate of social security base amount increase (*G-amount*)	**-**	**-**	**2.25**	**2.75**	**-**	-	-	2.25	2.75	-

The Corporation uses mortality tables provided by regulatory authorities and actuarial associations in each country. The social security base amount (*G-amount*) is the expected increase of pensions paid from the state. In some European countries, the Corporation is responsible for the difference between what the pensioners receive from the state and the entitled pension based on their salary at the time of retirement.

The weighted average duration of the defined benefit obligation of the Corporation is 19 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal actuarial assumptions is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 9.2%	Increase by 10.5%
Rate of compensation increase	0.50%	Increase by 2.7%	Decrease by 2.0%
Rate of benefit increase	0.50%	Increase by 6.5%	Decrease by 6.7%
Increase of life expectancy	1 year	Increase by 3.3%	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, because changes in some of the assumptions may be correlated. When calculating the above sensitivity analyses, the same method has been applied as when calculating the pension liability recognized in the consolidated balance sheets.

Through its defined benefit pension plans, the Corporation is exposed to the following risks:

Asset returns: The value of the defined benefits pension plan obligations is calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. All of the capitalized plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term. Furthermore, the Corporation actively monitors the performance of the assets to ensure the expected return. To mitigate the risks of assets underperforming, investment policies require a diversified portfolio that spreads risk across different types of instruments.

Changes in bond yields: A decrease in corporate bond yields will increase defined benefits pension plan obligations. However, this same decrease will increase existing bond values held by the various plans.

Change in demographic assumptions: A change in demographic assumptions (rate of salary increase or pension increase, change in mortality tables) will increase or decrease the obligation.

For funded plans, the individual plans have investment policy objectives to bring investment average duration in line with the average expected life of the obligation and scheduled benefit payments. The Corporation and the trustees actively monitor the duration and the expected yield of the investments to ensure they match the expected cash outflows arising from the pension benefit payments. Also, as presented above, to mitigate the risks, the investments are well diversified. The Corporation does not use derivatives to offset its risk and has not changed the processes from the previous fiscal year.

In Europe, it is the Corporation's responsibility to make or not to make contributions to the defined benefit plans. The Corporation contributes to these plans except when they are overcapitalized. For funded plans that are running a deficit, the Corporation makes payments based on the actuaries' recommendations and existing regulations. The Corporation is committed to making special payments in the coming years to eliminate the deficit. These contributions have no significant impact on the Corporation's cash flows. The Corporation does not have a funded plan in the United States.

Defined contribution plans

The Corporation's total pension expense under its defined contribution plans and mandatory governmental plans for 2017 is $94.2 ($85.4 in 2016).

Deferred compensation plan – United States operations

The Corporation sponsors a deferred compensation plan that allows certain employees in its United States operations to defer up to 25.0% of their base salary and 100.0% of their cash bonuses for any given year. Interest accrued on the deferral and amounts due to the participants are generally payable on retirement, except in certain limited circumstances. Obligations under this plan amount to $37.9 as at April 30, 2017 ($28.5 as at April 24, 2016) and are included in Deferred credits and other liabilities.

29. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

Financial risk management objectives and policies

The Corporation's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk, liquidity risk and price risk. The Corporation uses forward contracts to hedge certain risk exposures, primarily foreign currency and price risk as well as a cross-currency interest rate swap to hedge its foreign currency risk related to its net investments in its operations in the United States, Norway, Denmark, the Baltics and Ireland. The Corporation also uses interest rate locks to hedge the interest rates on forecasted debt issuance.

Foreign currency risk

A large portion of the Corporation's consolidated revenues and expenses are received or denominated in the functional currency of the business units operating in the markets in which it does business. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The Corporation is exposed to foreign currency risk with respect to its long-term debt denominated in US dollars, its Norwegian-krone and Euro-denominated senior unsecured notes and the cross-currency interest rate swaps, a portion of which are designated as net investment hedges of its operations in the United States, Norway, Denmark, the Baltics and Ireland. As at April 30, 2017, with all other variables held constant, a hypothetical variation of 5.0% of the US dollar, the Norwegian krone and the Euro against the Canadian dollar would have had a net impact of $108.4 on Other comprehensive income. As the Corporation uses the US dollar as its reporting currency, part of these impacts are compensated by the translation of the Canadian-dollar consolidated financial statements into US dollars.

Interest rate risk

The Corporation's fixed rate long-term debt is exposed to a risk of change in fair value due to changes in interest rates. As at April 30, 2017, the Corporation did not hold any derivative instruments to mitigate this risk.

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on its variable rate long-term debt. As at April 30, 2017, the Corporation did not hold any derivative instruments to mitigate this risk. The Corporation analyzes its cash flow exposure on an ongoing basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on net earnings of a defined interest rate shift. Based on variable rate long-term debt balances as at April 30, 2017, the annual impact on net earnings of a 1.0% shift in interest rates would have been $5.1 ($6.5 based on balances as at April 24, 2016).

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on future debt issuance. To mitigate this risk, the Corporation has entered into interest rate locks in order to hedge the interest rates on forecasted debt issuance.

Credit risk

The Corporation is exposed to credit risk with respect to Cash and cash equivalents, Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable, the investment contract including an embedded total return swap and the cross-currency interest rate swaps when their fair value is favorable to the Corporation.

Key elements of the Corporation's credit risk management approach include credit risk policies, credit mandates, an internal credit rating process, credit risk mitigation tools and continuous monitoring and management of credit exposures. Prior to entering into transactions with new counterparties, the Corporation's credit policy requires counterparties to be formally identified, approved, and assigned internal credit ratings as well as exposure limits. Once established, counterparties are reassessed according to policy and monitored on a regular basis. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial statements, when available, and other relevant business information. In addition, the Corporation evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The internal credit ratings reflect the Corporation's assessment of the counterparties' credit risk. The Corporation has maximum credit exposures for individual counterparties. The Corporation monitors outstanding balances and individual exposures against limits on a regular basis.

(in millions of US dollars (Note 2), except share and stock option data)

Credit risk related to Trade accounts receivable and vendor rebates receivable related to convenience store operations is limited considering the nature of the Corporation's activities and its counterparties. As at April 30, 2017, no single creditor accounted for over 10.0% of total Trade accounts receivable and vendor rebates receivable and the related maximum credit risk exposure corresponds to their carrying amount.

The Corporation mitigates the credit risk related to Cash and cash equivalents and Credit and debit cards receivable by dealing with major financial institutions that have very low or minimal credit risk. As at April 30, 2017, the maximum credit risk exposure related to Cash and cash equivalents and Credit and debit cards receivable corresponds to their carrying amount in addition to the credit risk exposure related to the Statoil/MasterCard credit cards as described below.

In some European markets, customers can settle their purchases with a combined Circle K/MasterCard credit card. The Corporation has entered into agreements whereby the risks and rewards related to the credit cards, such as fee income, administration expenses and bad debt, are shared between the Corporation and external banks. Outstanding balances are charged to the customer monthly. The Corporation's exposure as at April 30, 2017, relates to receivables of $165.9, of which $76.8 was interest-bearing. These receivables are not recognized in the Corporation's consolidated balance sheets. For 2017, the expensed losses were not significant. In light of accurate credit assessments and continuous monitoring of outstanding balances, the Corporation believes that the credits do not represent any significant risk. The income and risks related to these arrangements with the banks are reported, settled and accounted for on a monthly basis.

The Corporation is exposed to credit risk arising from the financial instrument containing an embedded total return swap and from the cross-currency interest rate swaps when these swaps are favorable to the Corporation. In accordance with its risk management policy, to reduce this risk, the Corporation has entered into these swaps with major financial institutions with a very low credit risk.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its obligations associated with financial liabilities and lease commitments. The Corporation is exposed to this risk mainly through its Long-term debt, Accounts payable and accrued expenses and lease agreements. The Corporation's liquidity is provided mainly by cash flows from operating activities and borrowings available under its revolving credit facilities.

On an ongoing basis, the Corporation monitors rolling forecasts of its liquidity reserve on the basis of expected cash flows taking into account operating needs, the tax situation and capital requirements and ensures that it has sufficient flexibility under its available liquidity resources to meet its obligations.

The contractual maturities of financial liabilities and their related interest as at April 30, 2017, are as follows:

	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	More than five years
	$	$	$	$	$	$
Non-derivative financial liabilities(1)						
Accounts payable and accrued liabilities(2)	2,038.8	2,038.8	2,038.8	-	-	-
Canadian-dollar-denominated senior unsecured notes	1,461.9	1,737.1	272.0	45.8	651.3	768.0
Euro-denominated senior unsecured notes	815.1	921.3	11.3	11.3	33.9	864.8
US-dollar-denominated term revolving unsecured operating credit D	694.5	758.8	13.9	13.9	731.0	-
NOK-denominated senior unsecured notes	78.7	98.6	2.2	2.2	6.6	87.6
Other debts	298.0	433.7	55.7	74.4	127.6	176.0
Cross-currency interest rate swaps payable	-	240.1	43.9	36.6	87.8	71.8
Cross-currency interest rate swaps receivable	-	282.9	50.0	43.0	104.4	85.5
	5,387.0	6,511.3	2,487.8	227.2	1,742.6	2,053.7

(1) Based on spot rates, as at April 30, 2017, for balances in Canadian dollars, in Norwegian krone, in Euros and balances bearing interest at variable rates.
(2) Excludes deferred credits as well as statutory accounts payable and accrued liabilities such as sales taxes, excise taxes and property taxes.

Price risk

The Corporation's sales of refined oil products, which include road transportation fuel and stationary energy, constitute a material share of its gross profit. As a result, its business, financial position, results of operation and cash flows are affected by changes in the commodity prices of such products. The Corporation seeks to pass on any changes in purchase prices to its customers by adjusting sale prices to reflect changes in refined oil product prices. The time lag between a change in refined oil product prices and a change of prices of fuel sold by the Corporation can impact the gross profit on sales of these products. As at April 30, 2017, the Corporation did not hold any derivative instruments to mitigate this risk.

The Corporation's obligations related to its PSU plan and DSU plan create a form of price risk as the recorded amounts of the related liabilities fluctuate in part with the fair value of the Corporation's Class B shares. To mitigate this risk, the Corporation has entered into a financial arrangement with an investment grade financial institution which includes an embedded total return swap with an underlying representing

(in millions of US dollars (Note 2), except share and stock option data)

Class B shares recorded at fair market value on the consolidated balance sheets under Other assets. The financial arrangement is adjusted as needed to reflect new awards, adjustments and/or settlements of PSUs and DSUs. As at April 30, 2017, the impact on net earnings or shareholders' equity of a 5.0% shift of the value of the Corporation's share price would not have been significant.

Fair value

The fair value of Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable and Accounts payable and accrued liabilities is comparable to their carrying amount given their short maturity. The fair value of Obligations related to buildings and equipment under finance leases is comparable to its carrying amount given that implicit interest rates are generally consistent with equivalent market interest rates for similar obligations. The carrying value of the term revolving unsecured operating credit D approximates its fair value given that its credit spread is similar to the credit spread the Corporation would obtain under similar conditions at the reporting date.

Fair value hierarchy

Fair value measurements are categorized in accordance with the following levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 but which are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability which are not based on observable market data.

The estimated fair value of each class of financial instrument, the methods and assumptions that were used to determine them and their fair value hierarchy are as follows:

Financial instruments at fair value on the consolidated balance sheets:

- The fair value of the investment contract including an embedded total return swap, which is mainly based on the fair market value of the Corporation's Class B shares, is $44.4 as at April 30, 2017 ($45.3 as at April 24, 2016) (Level 2); and
- The fair value of the cross-currency interest rate swaps, which is determined based on market rates obtained from the Corporation's financial institutions for similar financial instruments, is $294.9 as at April 30, 2017 ($224.0 as at April 24, 2016) (Level 2). They are presented as Other short-term financial assets and Other financial liabilities on the consolidated balance sheets; and
- The fair value of the interest rate locks, which is determined based on market rates obtained from the Corporation's financial institutions for similar financial instruments, is $9.2 as at April 30, 2017 (Level 2). They are presented as Other short-term financial liabilities on the consolidated balance sheets.

Financial instruments not at fair value on the consolidated balance sheets:

- The table below presents the fair value, which is based on observable market data, and the carrying value of the financial instruments which are not measured at fair value on the consolidated balance sheets:

		2017		2016
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Canadian-dollar-denominated senior unsecured notes	**1,461.9**	**1,542.6**	1,573.2	1,636.5
Euro-denominated senior unsecured notes	**815.1**	**840.4**	-	-
NOK-denominated senior unsecured notes	**78.7**	**81.1**	81.8	82.6

Capital risk management

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital. The Corporation's capital comprises total Shareholders' equity and net interest-bearing debt. Net interest-bearing debt refers to Long-term debt and its current portion, net of Cash and cash equivalents and temporary investments, if any.

In order to maintain or adjust its capital structure, the Corporation may issue new shares, redeem its shares, sell assets to reduce debt or adjust the amount of dividends paid to shareholders (Notes 20 and 25).

In its capital structure, the Corporation considers its stock option, PSU and DSU plans (Note 26). From time to time, the Corporation uses share repurchase programs to achieve its capital management objectives.

(in millions of US dollars (Note 2), except share and stock option data)

The Corporation monitors capital on the basis of the net interest-bearing debt to total capitalization ratio and also monitors its credit ratings as determined by third parties. As at the consolidated balance sheets date, the net interest-bearing debt to total capitalization ratio was as follows:

	2017	2016 (adjusted, Note 2)
	$	$
Current portion of long-term debt	**252.4**	29.2
Long-term debt	**3,095.8**	2,808.9
Less: Cash and cash equivalents	**637.6**	599.4
Net interest-bearing debt	**2,710.6**	2,238.7
Shareholders' equity	**6,009.6**	5,041.1
Net interest-bearing debt	**2,710.6**	2,238.7
Total capitalization	**8,720.2**	7,279.8
Net interest-bearing debt to total capitalization ratio	**31.1%**	30.8%

Under its term revolving unsecured operating credits, the Corporation must meet the following ratios on a consolidated basis:

- A leverage ratio, which is the ratio of total Long-term debt less Cash and cash equivalents to EBITDA for the four most recent quarters. EBITDA is a non-IFRS measure; and
- An interest coverage ratio, which is the ratio of EBITDA for the four most recent quarters to the total interest paid in the same periods. EBITDA is a non-IFRS measure.

The Corporation monitors these ratios regularly and was in compliance with these covenants as at April 30, 2017 and April 24, 2016.

The Corporation is not subject to any other significant externally imposed capital requirements.

30. CONTRACTUAL OBLIGATIONS

Minimum lease payments

As at April 30, 2017, the Corporation has entered into operating lease agreements which call for aggregate minimum lease payments of $2,400.1 for the rental of commercial space, equipment and warehouses. Several of these leases contain renewal options, and certain sites are subleased to third parties. The minimum lease payments for the next fiscal years are as follows:

	$
Less than one year	408.0
One to five years	1,245.5
More than five years	746.6

As at April 30, 2017, the total amount of future minimum sublease payments expected to be received under sublease agreements related to these operating leases is $43.7.

Purchase commitments

The Corporation has entered into various property purchase agreements, as well as product purchase agreements which require the Corporation to purchase minimum amounts or quantities of merchandise and road transportation fuel annually. The Corporation has generally exceeded such minimum requirements in the past and expects to continue doing so for the foreseeable future. Failure to satisfy the minimum purchase requirements could result in termination of the contracts, change in pricing of the products, payments to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received.

Furthermore, in connection with the acquisition of certain assets from Imperial Oil Limited, the Corporation has entered into a long-term fuel supply contract. Under this contract, the Corporation is required to purchase a minimum quantity of Esso-branded fuel every year, until 2036. Failure to satisfy the minimum purchase requirements could result in a payment to Imperial Oil Limited of a predetermined amount. The Corporation expects to fulfill those requirements.

31. CONTINGENCIES AND GUARANTEES

Contingencies

Various claims and legal proceedings have been initiated against the Corporation in the normal course of its operations and through acquisitions. Although the outcome of such matters is not predictable with assurance, the Corporation has no reason to believe that the outcome of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

(in millions of US dollars (Note 2), except share and stock option data)

Guarantees

The Corporation assigned a number of lease agreements for premises to third parties. Under some of these agreements, the Corporation retains ultimate responsibility to the landlord for payment of amounts under the lease agreements should the sub lessees fail to pay. As at April 30, 2017, the total future lease payments under such agreements are approximately $1.6 and the fair value of the guarantee is not significant. Historically, the Corporation has not made any significant payments in connection with these indemnification provisions.

The Corporation has also issued guarantees to third parties and on behalf of third parties for maximum undiscounted future payments totaling $15.3. These guarantees primarily relate to financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden. Guarantees on behalf of retailers in Sweden comprise items such as guarantees towards retailers' car washes and store inventory, in addition to guarantees towards suppliers of electricity and heating. The carrying amount and fair value of the guarantee commitments recognized in the consolidated balance sheet as at April 30, 2017 were not significant.

32. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, in Europe and in Canada. It essentially operates in one reportable segment, the sale of goods for immediate consumption, road transportation fuel and other products mainly through company-operated stores and franchised stores. The Corporation operates its convenience store chain under several banners, including Circle K, Couche-Tard, Mac's, Kangaroo Express, Statoil, Ingo, Topaz and Re.Store. Revenues from external customers mainly fall into three categories: merchandise and services, road transportation fuel and other.

Information on the principal revenue classes as well as geographic information is as follows:

				2017 (53 weeks)				2016 (52 weeks) (adjusted, Note 2)
	United States	**Europe**	**Canada**	**Total**	United States	Europe	Canada	Total
	$	**$**	**$**	**$**	$	$	$	$
External customer revenues[(a)]								
Merchandise and services	**7,669.8**	**1,205.8**	**1,848.5**	**10,724.1**	7,366.5	933.8	1,771.6	10,071.9
Road transportation fuel	**16,492.0**	**6,473.4**	**3,089.0**	**26,054.4**	15,864.1	5,422.3	2,019.8	23,306.2
Other	**14.0**	**1,098.4**	**13.6**	**1,126.0**	14.9	751.1	0.5	766.5
	24,175.8	**8,777.6**	**4,951.1**	**37,904.5**	23,245.5	7,107.2	3,791.9	34,144.6
Gross profit								
Merchandise and services	**2,545.0**	**511.4**	**625.2**	**3,681.6**	2,452.3	397.0	581.4	3,430.7
Road transportation fuel	**1,407.6**	**917.5**	**262.0**	**2,587.1**	1,479.4	811.5	148.9	2,439.8
Other	**14.0**	**185.5**	**13.6**	**213.1**	14.9	195.6	0.5	211.0
	3,966.6	**1,614.4**	**900.8**	**6,481.8**	3,946.6	1,404.1	730.8	6,081.5
Total long-term assets[(b)]	**5,475.3**	**3,625.2**	**1,816.0**	**10,916.5**	5,171.8	3,514.8	577.6	9,264.2

(a) Geographic areas are determined according to where the Corporation generates operating income (where the sale takes place) and according to the location of the long-term assets.
(b) Excluding financial instruments, deferred tax assets and post-employment benefit assets.

33. SUBSEQUENT EVENTS

Acquisition of CST Brands Inc.

On June 28, 2017, the Corporation completed the acquisition of all the issued and outstanding shares of CST Brands Inc. ("CST") through an all-cash transaction valued at $48.53 per share, with a total enterprise value of approximately $4.4 billion including net debt assumed. CST is based in San Antonio, Texas, and employs more than 14,000 people at over 2,000 locations throughout the Southwestern U.S., with an important presence in Texas, the Southeastern U.S., the State of New York and Eastern Canada. The transaction was financed using the Corporation's available cash, its existing credit facilities and its new acquisition credit facility, which is described below.

On the same day, the Corporation sold to Parkland Fuel Corporation ("Parkland") a significant portion of CST's Canadian assets for approximately CA $986.0. The disposed assets were mainly comprised of CST's dealers and agent's network, its heating-oil business, 159 company-operated sites, as well as its Montreal head office. As a result, the Corporation retained 157 of CST's company-operated sites in Canada.

As per the requirements of the US Federal Trade Commission, the Corporation entered into an agreement to sell 70 company-operated sites to Empire Petroleum Partners, LLC ("Empire"). This transaction is subject to customary regulatory approval and closing conditions and is expected to close during the second quarter of fiscal 2018.

Once the transaction with Empire is completed, the CST acquisition will have allowed the Corporation to add 1,263 sites to its North American network, for a value of approximately $3.7 billion.

(in millions of US dollars (Note 2), except share and stock option data)

Pursuant to the acquisition of CST, the Corporation also became the general partner of CrossAmerica Partners LP ("CAPL"), owns 100% of its Incentive Distribution Rights and holds a 20.5% equity investment in it. CAPL supplies road transportation fuel under various brands to more than 1,100 locations in the United States.

Due to the limited period of time between the acquisition of CST and the publication of the Corporation's annual consolidated financial statements, certain items required for the disclosure of business acquisitions have not been provided, particularly the preliminary estimate of the fair value of assets acquired, liabilities assumed and goodwill. The Corporation is currently assessing the fair value of assets acquired and liabilities assumed and will publish the preliminary results in its first quarter unaudited interim condensed consolidated financial statements.

New credit facility for the funding of the CST acquisition

On June 27, 2017, the Corporation entered into a new credit agreement consisting of an unsecured non-revolving acquisition credit facility of an aggregate maximum amount of $4.3 billion (the "acquisition facility"), divided into three tranches as follows:

	Principal amount	Maturity
Tranche A	$2.0 billion	June 27, 2018
Tranche B	$1.0 billion	June 27, 2019
Tranche C	$1.3 billion	June 27, 2020

The acquisition facility is available exclusively to finance, directly or indirectly, the acquisition of CST, the related acquisition costs and the repayment of any of CST's and its subsidiaries' outstanding debt. Amounts can be drawn up to 90 days after the first draw and can be reimbursed at any time. The acquisition facility is available in US dollars by way of US base rate loans or LIBOR rate loans. Depending on the form of the loan, the amounts borrowed bear interest at variable rates based on the US base rate or the LIBOR rate plus a variable margin.

Under the acquisition facility, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at June 30, 2017, $3.0 billion had been used to finance CST's acquisition, certain acquisition costs and the repayment of a portion of CST's debt. As at the same date, the average applicable interest rate was 2.64%.

At the acquisition date, the Corporation repaid all of CST's revolving credit loans and term loans and also launched the process to allow it to repay all of CST's outstanding senior notes, which is expected to be completed by the end of July 2017.

Other transactions

On May 30, 2017, the Corporation acquired 53 company-operated sites from American General Investments, LLC and North American Financial Group, LLC, located in Louisiana, United States. These convenience stores operate under the *Cracker Barrel* brand and include 11 quick service restaurants. As per the agreement, the Corporation owns the land and building for 47 sites and assumes the leases for the remaining 6 locations. This transaction was financed using the Corporation's available cash and existing credit facilities.

On July 7, 2017, the Corporation acquired from Empire 53 fuel supply contracts with independent dealers, located in the Atlanta, GA metro area. As part of this transaction, the Corporation also acquired real estate for two sites, which is leased to dealers. This transaction was financed using the Corporation's available cash and existing credit facilities.

On July 10, 2017, the Corporation entered into an agreement with Holiday Companies to acquire all the issued and outstanding shares of Holiday Stationstores, Inc. and certain affiliated companies ("Holiday"). Holiday is an important convenience store and fuel player in the U.S. Midwest region with 522 sites, of which 374 are operated by Holiday and 148 are operated by franchisees. Holiday also has a strong car wash business with 221 locations, a food commissary operation and a fuel terminal in Newport, Minnesota. Its stores are located in Minnesota, Wisconsin, Washington, Idaho, Montana, Wyoming, North Dakota, South Dakota, Michigan and Alaska. This transaction is subject to Holiday's parent company's shareholders' approval and to customary regulatory approval and closing conditions. This transaction is expected to close during the fourth quarter of fiscal 2018 and is expected to be financed using the Corporation's available cash and existing credit facilities.

Interest rate lock renewal

On May 12, 2017, the Corporation extended its interest rate locks until July 28, 2017, at the following conditions:

	Notional amount	Interest lock term	Rate
Tranche 1	$50.0	5 years	1.9160%
Tranche 2	$100.0	5 years	1.9367%
Tranche 3	$100.0	5 years	1.9287%
Tranche 4	$50.0	10 years	2.3725%
Tranche 5	$100.0	10 years	2.3820%
Tranche 6	$100.0	10 years	2.3795%

All other conditions remained the same.

Dividends

During its July 12, 2017 meeting, the Corporation's Board of Directors declared a quarterly dividend of CA 9.0¢ per share for the fourth quarter of fiscal 2017 to shareholders on record as at July 21, 2017, and approved its payment for August 4, 2017. This is an eligible dividend within the meaning of the Income Tax Act of Canada.

Board of Directors

Alain Bouchard
Founder and Executive Chairman of the Board

Nathalie Bourque[1]

Jacques D'Amours

Jean Élie[2]
Chair of the Audit Committee

Richard Fortin

Brian Hannasch
President and Chief Executive Officer

Mélanie Kau[1]
Chair of the Human Resources and
Corporate Governance Committee

Monique F. Leroux[2]

Réal Plourde

Daniel Rabinowicz[1]

Jean Turmel[2]
Lead Director

(1) Member of the Human Resources and Corporate Governance Committee
(2) Member of the Audit Committee

Senior Management

Alain Bouchard
Founder and Executive Chairman of the Board

Brian Hannasch
President and Chief Executive Officer

Claude Tessier
Chief Financial Officer

Jean Bernier
Group President, Global Fuels and North-East Operations

Darrel Davis
Senior Vice President, Operations

Geoffrey C. Haxel
Senior Vice President, Operations

Hans-Olav Høidahl
Executive Vice President, Scandinavia

Deborah Hall Lefebvre
Chief Information Officer

Jørn Madsen
Executive Vice President, Central and Eastern Europe

Timothy Alexander Miller
Senior Vice President, Global Fuels

Jacob Schram
Group President, European Operations

Ina Strand
Chief Human Resources Officer

Denis Tewell
Senior Vice President, Operations

General Information

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Stock Exchange
Toronto Stock Exchange
Symbols : ATD.A and ATD.B
Constituent of the TSX 60 index.

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Annual Shareholders Meeting
September 19, 2017 in Laval, Québec, Canada

Additionnal information on Alimentation Couche-Tard inc. and press releases are available on the company's website at : **www.couche-tard.com.**

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