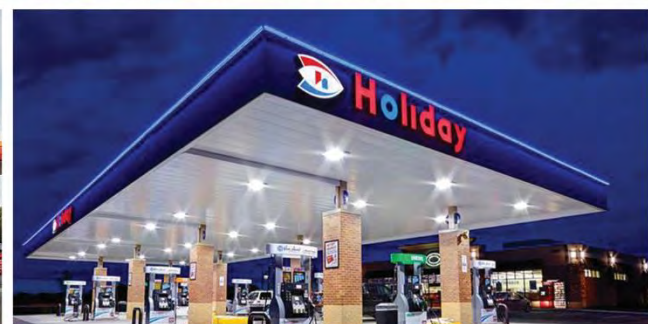




ALIMENTATION COUCHE-TARD INC.

# 2018

## ANNUAL REPORT



# Table of Contents

---

This Year's Successes	2
People and Sites	4
Highlights	5
Message from the Founder and Executive Chairman of the Board	6
Message from the President and Chief Executive Officer	7
Our Team	8
Growing the Business	10
Key Categories	14
Corporate Social Responsibility	20
Our Fourth Transformation	24
A Bright Future Ahead	29
Management Discussion and Analysis	30
Management's Report	69
Management Report on Internal Control over Financial Reporting	70
Independent Auditor's Report	71
Consolidated Financial Statements	73
Notes to Consolidated Financial Statements	78

# This Year's Successes

## Cold Beverages



"In Western Canada, the word **Froster**® evokes fun childhood memories, summertime treats, and celebrations! Adding in layers of soft-serve ice cream morphs the delicious frozen treat into a **Froster Swirl**. Our customers love them."

**Bonnie Birollo**, Western Canada

## The Biggest Company in Canada



"I've often said in jest that we are the biggest \$50 billion\* company that nobody knows about! But this year we actually became the largest Canadian-based company measured by revenue."

**Brian Hannasch**,  
Alimentation Couche-Tard

## Fueling Our Schools



"We are grateful to serve our communities through the Fueling Our Schools program. In the 2017-2018 academic year alone, we have donated \$730,000 to schools in our communities. I am immensely proud that Circle K continues to empower our students, educators and schools."

**Jeff Burrell**, Global Fuels

## Acquisition



"CST is a fantastic fit with Couche-Tard! We have successfully integrated our teams, improved layouts, implemented signature programs at CST sites, made noticeable progress in fuel and merchandise sales and revised our annual synergy target to \$215 million."

**Darrell Davis**, Operations

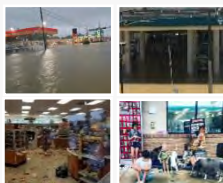
## Acquisition



"Joining Circle K has been an exciting learning adventure. I am very proud of our team's positive attitude. The future is filled with opportunity."

**Rick Johnson**, Northern Tier

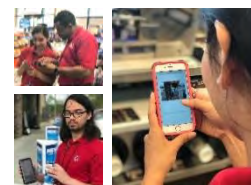
## Hurricanes in Texas



"I'm deeply inspired by the folks in our Texas stores and offices. I thank all of them, especially those who contributed to our fundraising efforts for affected employees and the Red Cross. Through your generosity, we will always be Texas Strong."

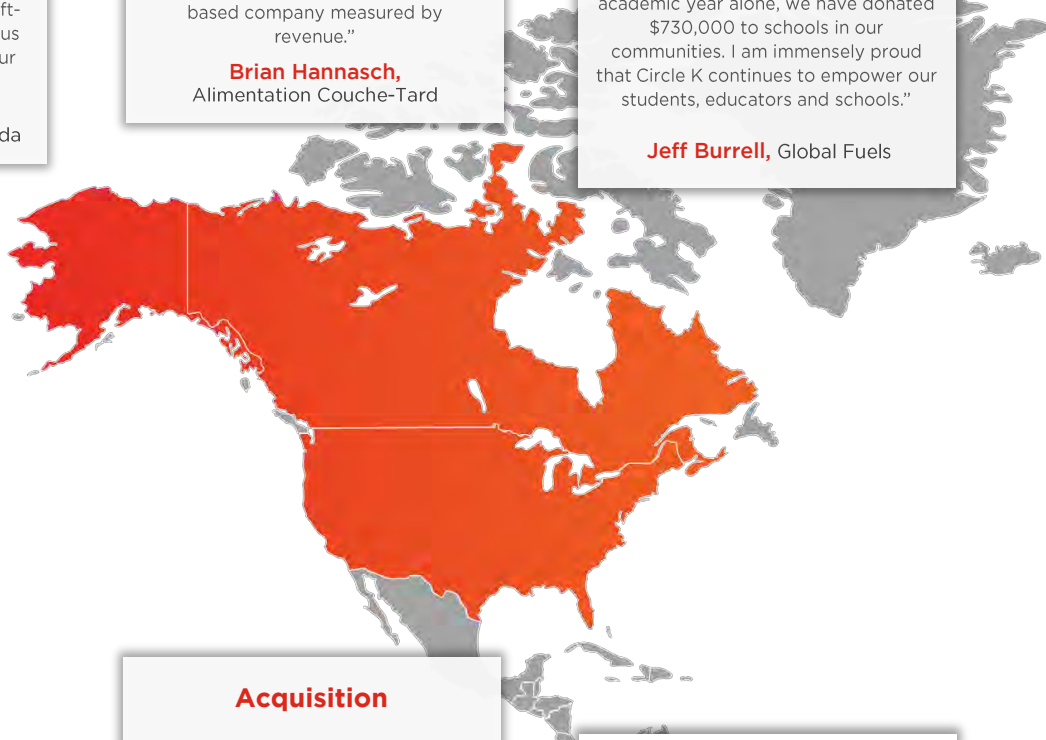
**Paul Rodriguez**, Texas

## Connecting Everyone



"Coastal Carolinas was privileged to pilot the new Global Intranet, a great platform to increase efficiency and deepen engagement for our people across the whole company."

**Will Rice**, Coastal Carolinas



\* All financials denominated in US dollars.

## Artificial Intelligence



"Our strategy focuses on AI and robotics to digitize supply chains and other business lines. We're excited about the transformation that digitization will bring to global companies such as ours."

**Janette Fjeldstad,**  
Global Shared Services Strategy

## Norway Lab



"Norway leads the global e-mobility market: half of all new cars sold are electric or hybrid/electric. It's our lab for developing new solutions and concepts, putting us at the forefront of e-mobility development and securing our relevance in the marketplace in the years to come—a huge opportunity for Circle K."

**Christoffer Sundby,**  
Norway

## Food



"Our customers think of the burger as a great on-the-road meal, but a bit messy. We solved this for them by launching Wrapper—burger inside, wrap outside. Our customers love it! It's been a great success."

**Kai Realo,** Estonia

## Worldwide Franchises



"In the last year, we added 90 new franchise sites in North America, more than 200 across Central America, the Middle East and Southeast Asia, and new development partners in Saudi Arabia and Cambodia. Exciting!"

**Matt McCure,**  
Worldwide Franchise

## Fresh Pastries in Québec



"Launching pastries baked on site was a key initiative this year. Quality products and committed teams, combined with happy and loyal customers, made this a true success! It has also increased sales of hot beverages...and we're just getting started."

**Sophie Provencher,**  
Québec West

## Energy and Carbon Footprint Reduction



"We take our responsibility to the environment and to the communities we serve seriously. Installing more energy-efficient and brighter LED lighting inside and outside our stores is just one of the many ways we provide a safe shopping environment."

**Geoffrey Haxel,**  
Operations

## myVOICE



"myVOICE allows each and every one of us to share our thoughts, contribute our ideas, and take action—to jointly build the type of culture that will inspire us to do our best for our customers."

**Ina Strand,**  
Human Resources

## Global Brands



"Great brands are created from within and our employees are fantastic! Their energy and strong engagement in launching the Circle K brand in Poland resulted in an exceptional customer experience here."

**Michal Ciszek,** Poland

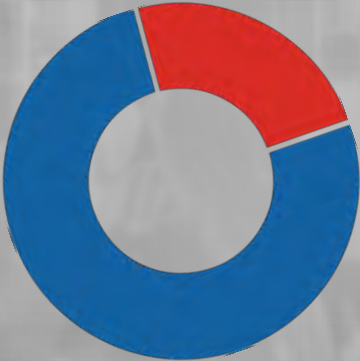
"Our Russian rebranding journey in March-April 2018 has been fantastic—engaging employees and generating a lot of positive customer emotions."

**Yuri Bryantsev,** Russia

The map indicates countries with corporate stores

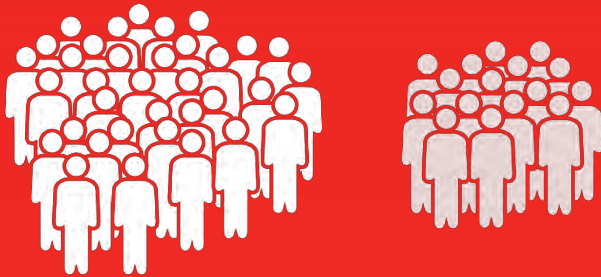
# People 2018

~ 130,000



Europe

North America



# Sites 2018

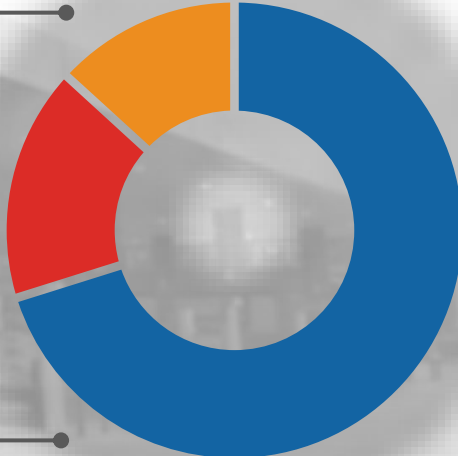
~ 16,000



International

Europe

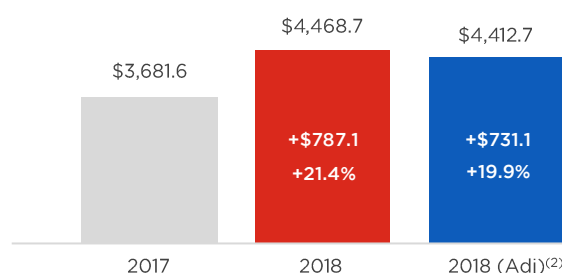
North America



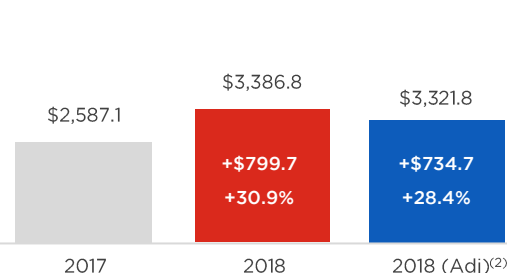
# Highlights

	2018	
Growth of Same-Store Merchandise Revenues <sup>(1)</sup>	US	0.8%
	EUROPE	2.7%
	CANADA	0.4%
Growth of Same-Store Road Transportation Fuel Volume <sup>(1)</sup>	US	(0.4%)
	EUROPE	0.0%
	CANADA	(1.4%)

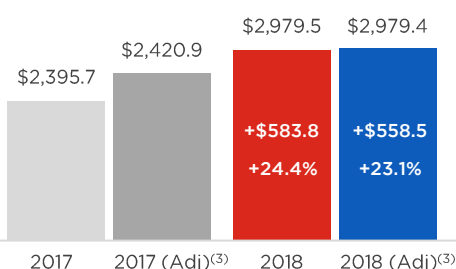
**Merchandise and Service Gross Profit**



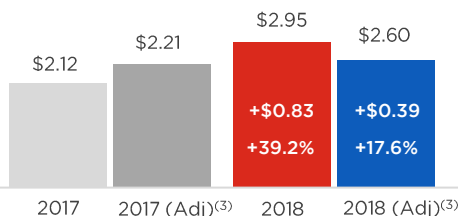
**Road Transportation Fuel Gross Profit**



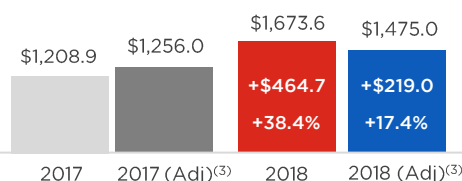
**EBITDA and Adjusted EBITDA<sup>(3)</sup>**



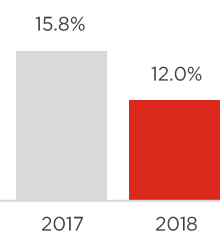
**Diluted net earnings per share and adjusted diluted net earnings per share**



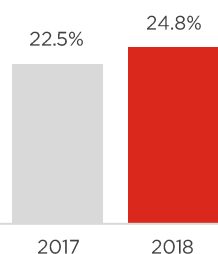
**Net earnings attributable to shareholders of the Corporation and adjusted net earnings attributable to shareholders of the Corporation**



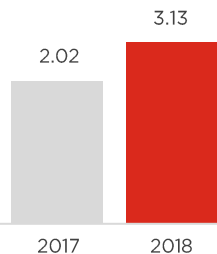
**Return on Capital Employed<sup>(4)(5)</sup>**



**Return on Equity<sup>(4)(6)</sup>**



**Adjusted Leverage Ratio<sup>(4)(7)</sup>**



**Adjusted Free Cash Flow<sup>(8)</sup>**



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) Adjusted for the net positive impact from the translation of our European and Canadian operations into US dollars.
- (3) 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 the Management's Discussions and Analysis of this annual report.
- (4) As of April 29, 2018, this ratio is presented for the 52-week period ended April 29, 2018, on a pro forma basis for the acquisitions of CST and Holiday. CST and Holiday's earnings and balance sheet figures have been adjusted to make their presentation in line with Couche-Tard's policies. As of April 30, 2017, this measure is presented for the 53-week period ended April 30, 2017, on a pro forma basis for the store network acquired from Imperial Oil.
- (5) This measure 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.
- (6) This measure 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.
- (7) This measure 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. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation.
- (8) The Adjusted Free Cash flow is presented for information purposes only and exclude CrossAmerica Partners LP ("CAPL"). It represents the following calculation: adjusted EBITDA (Earnings Before Interest, Income tax, Depreciation, Amortization and Impairment) minus Net CAPEX, Interest paid, Income taxes paid, Dividends paid; plus Proceeds from disposal of assets, CAPL's distribution received and Incentive Distribution Rights received from CAPL. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

# ALAIN BOUCHARD

Founder and Executive Chairman of the Board



When I opened my first store four decades ago, I was optimistic about our future success. But I could not have imagined the structure and scale of today's Couche-Tard! Our roots in a bilingual and multicultural society helped us create a unique business model which balances rigorous, disciplined organizational methods and practices with an open, confident and respectful culture that encourages local operations to flourish.

Over the last four decades, Couche-Tard has undergone three major transformations, emerging stronger each time. First, from a string of convenience stores, without fuel, open 7 a.m. to 11 p.m., we grew into a network with fuel, pioneering 24/7 service. When regulations allowed grocery stores to expand their business hours, Couche-Tard positioned itself, in our second transformation, as a convenience company that sells time, with products for immediate needs and an increasingly recognized brand. In our third transformation, we developed our network in Canada, then into the US and Europe, creating the decentralized business model that drives our success to this day.

With each transformation, we showcased our competitive strengths and truly established our stores as destinations through convenience, proximity and the time we offer customers.

In the last year, the astounding growth rate of new technology has been driving the direction of our fourth transformation, which we are entering as we implement digital systems that will integrate big data and artificial intelligence. It's an exciting time to be a retailer!

Millennials are a key demographic for us, both as customers and employees—a generation that influences us and forces us to evolve like no other before it. We are listening to them; customer insights are the wind under our wings in our quest to be the world's preferred destination for convenience and fuel.

Our food offering is constantly evolving to meet tastes and needs throughout our network. Sometimes, super-local ideas can even become super-global successes through our company-wide knowledge exchange and consumer feedback! This year saw many examples from Europe, including Ireland, and from our CST and Holiday acquisitions in North America.

**We learn constantly from consumer behaviour. We are creative and nimble, presenting consumers with new choices and services, when they are ready to adopt them. Our ability to target the tipping point where our innovations meet consumer behavioural change has been key to our success.**

Accelerating change affects us all. From Boomer social media mavens to teenage YouTube stars, the digital age encompasses everyone and opens up entirely new possibilities for personalization and customization, to woo individuals and to make them feel valued. We will explore all these possibilities, with initiatives that include robotics, artificial intelligence and loyalty programs.

Together, our teams, our expertise, our culture and our scale equip us to turn these new challenges into success stories in the exciting and ever-changing world of retail. We will continue to grow both organically and through acquisitions, while exercising the outstanding creativity and financial discipline that have delivered on the company's promise through the decades and transformations. All this translates into increasing value for our shareholders, and wonderful new growth opportunities for our people – solid grounds for optimism!

I want to express my deepest gratitude to our customers, our people, our suppliers and our investors, all of whom make this extraordinary journey possible, every day.

Alain Bouchard

# BRIAN HANNASCH

President and Chief Executive Officer



This year, for the first time, Couche-Tard achieved the highest revenue of any Canadian-based company! This success is rooted in our unique business model and our extraordinary financial discipline, powered by our family of 130,000 amazing people around the world.

We operate at two clock speeds to drive excellence—now, and in the future. Our organization is laser-focused on our vision of becoming the world’s preferred destination for convenience and fuel: growing our global brand, making it easier for the 9 million customers we meet every day, constantly improving operations, developing unique products and services and learning from each other as we acquire new businesses and engaged productive teams.

Secondly, a small, leadership team is just as laser-focused on the rapidly changing retail landscape. While we take comfort in the fact that 83% of the products sold are consumed within 60 minutes of purchase, we know that changes in customer habits and expectations are accelerating. So we are embracing the opportunities uncovered by mining our data and using digital platforms, artificial intelligence, robotics and changing mobility—all in order to meet the changing needs of our customers and deliver a more tailored offer, which we believe is key to remaining a growth company for our shareholders.

Our business model, anchored in our financial strength, powers our growth, both organically and by acquisition. We reap the benefits of organizational synergies enterprise-wide, while unleashing the power of our people at the local level. This year’s acquisitions of CST and Holiday in the United States and Canada have provided exceptional mutual synergies and learning that enrich the whole organization.

Internally, we seek to remove friction and lower costs. Our dedicated people are working on ways to remove friction from the consumer experience, whether that be in our stores, our car washes or at the fuel pumps. We offer them what they need on the last mile to and from home – plus the gift of time!

**As customers’ tastes change and shopping habits evolve, we will be there for them.**

I am convinced that our unique and powerful culture is what differentiates us – which is why we nurture it fiercely. It is the driver of our journey, as we create one global brand, attract new customers into our stores, understand them and personalize their local experience with us. Our people are the foundation of it all: their energy and engagement generate strong customer relationships, motivated teams and growing success on every front. Together, our future is bright!

Brian Hannasch



# Our Team

We know that deeper engagement results in better service and more loyal customers, as well as higher employee satisfaction. We have introduced several initiatives to support our unique culture and our people.

## myVOICE: Everyone Has A Say

Our annual myVOICE survey supports our commitment to our people. Each team creates its own action plan to increase employee engagement, improve customer satisfaction and share great leadership practices.

In our second year of tracking global employee engagement through myVOICE, we surpassed the first year's excellent results with an impressive 90.6% response rate! We saw an 8% increase in engaged employees, year over year, and a much higher willingness to recommend the company as a great place to work. These results give us confidence that we have a very good grasp on our work reality, and a solid base to prioritize where our teams need to concentrate.



myVOICE is a living process that supports continuous learning and improvement on our journey to become the world's preferred destination for convenience and fuel.

**“Our declaration wall makes a huge statement for the Irish business! Located at the entrance to our office, it promotes and drives our company mission to ‘Make it Easy’. We are delighted to say that it has become quite the talking point for visitors to Circle K House in Dublin!”**

**- Niall Anderton, Ireland**



## Global Intranet

Recognizing the need for lightning-fast communications within the organization, we implemented a global Intranet over the last year. It has created a solid platform to share learning across the entire company, creating organization-wide synergies and efficiencies, while enriching our corporate culture.



**“As project lead of a strong team overseeing the development, pilot and launch of our new global Intranet, Inner Circle, I have seen its immediate impact. Our people are realizing that they can participate directly and creatively, as we forge one strong global company with one common culture. This platform powers our ability to be super-local and super-global—a huge competitive advantage.”**

**– Marie-Noëlle Cano, Inner Circle Project Lead**

### **Our People: Engaged, Entrepreneurial, Energetic**

Last year’s hurricanes in Texas and Florida wreaked havoc and devastation. Every single one of our more than 800 stores in Florida, and 120 of our more than 800 stores in Texas, had to close due to the hurricanes. Our people worked flat out to bring them back up as quickly as possible. Stores throughout the region pitched in, raised and donated money and pulled off miracles.

The teams in Texas and Florida worked tirelessly to reopen stores, get fuel to the pumps, obtain clean water for sanitation and food services, and restock the shelves.

Almost all of our North American stores helped raise money for the Red Cross. Couche-Tard donated \$250,000 to the Red Cross for immediate support, and to kickstart a support fund for affected employees. Our people and our customers also donated generously. Thankfully, there were no injuries to any of our team members.



The optimism and commitment that infuse the organization are transformational for our global brand and the quality of service to our customers. We devote significant efforts to retaining our talented employees and providing platforms such as our global Intranet news to share their learning and best practices across all Business Units.

As we grow and integrate new companies, we always seek to identify and retain the best talent to fill current and future positions, including upgrading our existing teams. This results in a cross-fertilization of the best ideas and practices, and in exciting growth opportunities for our people. A virtuous circle!

# Growing the Business

## Acquisitions and integrations

Twenty years ago, we had 500 stores in Québec. Today, we have more than 16,000 stores in 25 countries and regions. In the last six years, we integrated large networks such as Statoil Fuel & Retail (“SFR”) in continental Europe and Topaz Energy Group Ltd. (“Topaz”) in Ireland; the Imperial Oil (“Esso”) stores that complemented our Canadian network. We expanded our US network with the acquisitions of The Pantry Inc. (“The Pantry”); CrossAmerica Partners LP, a publicly traded master limited partnership (“CAPL”); CST Brands Inc. (“CST”); and Holiday Stationstores LLC (“Holiday”).



Our acquisitions and organic growth reinforce each other with mutual synergies. Post-acquisition, we exercise stringent discipline to deleverage our balance sheet to be ready for the next opportunity. We centralize back-office functions, product development and procurement, while encouraging local knowledge and entrepreneurial energy to fuel the best daily interactions between our people and our customers. This is our biggest competitive differentiator.

## A REBRANDING ACHIEVEMENT





We are keeping the beloved **Couche-Tard®** brand in Québec and **INGO®** for our automated sites in Sweden and Denmark. In the rest of the world, we are rebranding under a strong global banner: **Circle K®**. Since 2016, we have rebranded approximately 5,000 stores: more than 1,650 in Europe and more than 3,350 in North America. We launched the brand in Canada and will continue rebranding sites in the U.S. with the overall goal of adding almost 2,000 this year.

**Statoil**, Europe's most respected brand, with a 65-year history, was one of the first Western companies to enter the former Soviet Union, defining convenience for customers. Nevertheless, rebranding it has already paid off, with a formidable push by our people. Circle K now enjoys some of the world's strongest brand loyalty in Scandinavia and the Baltic countries. The lessons learned from these experiences will support the rebranding in Ireland, which began in April of 2018.

## CST: STRONG SYNERGIES

### CST and CAPL

We welcomed our new colleagues from CST and CAPL early in the summer of 2017. Their well-run operation increased the density of our coverage in the U.S. and Canada, including some high-growth markets in Texas. Density provides a tremendous platform for us to communicate more effectively and increase efficiency and brand awareness as we introduce Circle K. In just a few short months of working with the team at CST, we have already achieved \$153 million in synergies towards our goal of \$215 million.



## A WEALTH OF BEST PRACTICES

### Holiday

Our newest acquisition, Holiday Stationstores (Northern Tier Business Unit) closed our network gaps in several northern Midwest states. Its core real estate assets – including more than 200 locations in the growing Minneapolis-St. Paul Tri-City Area – are a key strength.

Holiday brought us best-in-class execution in food, offering a wide range of high-quality items designed and developed by the local food service team. A store design that places food first in the customer journey supports the local team's effort to deliver high quality food and snacking options for all day parts, tailored to meet the needs of the consumers in their market and supported by two commissaries.

On average, food service sales at each of our new Northern Tier stores are five times those in our legacy North American network. Holiday's track record of solid consistent growth through disciplined investment, its deep operating and

merchandising strength, successful car wash business and fuel terminal were also highly aligned and complementary to our own strategy and culture.

The company's existing practices, knowledge and tools are adding tremendous value to ACT. Because we were so impressed with the customer experience in Holiday stores, its extensive food capabilities and its loyalty programs, we assigned a dedicated senior leader to identify and implement reverse synergies and best practices to the broader organization—a company-wide first.

Rick Johnson, a 30-year veteran who had been leading Holiday's operations group for more than a decade, is leading our new Northern Tier Business Unit and working closely with the senior corporate leader for reverse synergies.

Together, they will work to optimize the customer journey, expand private label and take-home product penetration, and use data and analytics to improve category management, pricing and promotions.



Store #3514, Coon Rapids, MN



“The Holiday integration has gone very well. It has been great to learn from and share with the Circle K Teams. We have spent significant time working to understand their development activities, finance, accounting alignment, procurement, global department structure and benchmarking best practices. Through all this change, our business model continuity never suffered and morale continues to be high, especially in field operations. We are excited about the future opportunities.”

**Rick Johnson**  
Northern Tier



## EXCITING NEW DEVELOPMENTS

### Growth Opportunities

In fiscal 2018, we have concluded master licence agreements with Cambodia, Saudi Arabia and Mongolia via our rapidly growing licensee program. We will approach 1,000 sites in Mexico this year. While we will continue to develop our existing network, most global GDP and population growth is occurring outside our traditional markets. We have identified Asia as a key potential market for our further growth and success.

# Key Categories

As a global retailer, we have diverse resources and the capacity to run with new ideas. Our proprietary product portfolio is the result of continuous innovation and research. Unique food and beverage offerings build customer loyalty, and all our key product categories contribute to our success. Across Europe we have advanced rapidly with robust food offerings.

## Food

At the end of fiscal 2017, more than 4,500 of our North American stores and 2,000 of our European stores were serving freshly delivered or baked-on-site donuts, pastries, muffins, croissants and cookies—all bringing a unique, fresh experience tailored to local market demand. In fiscal 2018, we launched bake on-site pilots in both Québec Business Units. Throughout the day, a wide variety of pastries come out of the oven, enticing consumers with the wonderful aroma of fresh baked goods. These fresh baked items pair very well with the **Simply Great Coffee** program. The



**Our goal:** become a one-stop shop that offers fast, friendly service and quality products for our clients who want food on the go



bakery category grew by more than 80% over the previous year in the pilot sites. We plan to add another 500 on-site bakery stores in Canada and to begin daily delivery in additional stores in our Southeast and Gulf Coast markets.

We want to create platforms and scalable opportunities across the globe that represent the best of what we know about the consumer and the industry, based on analytics. When we sell baked goods, coffee sales go up and vice versa. Our data drive new cross-pollinated promotions that would not have occurred to us before, such as **Polar Pop®** and vitamin water alongside our bakery.

Food is a continuous growth story and a core capability for us. We deploy our learning effectively across the globe. Some stores now look more like food emporiums than traditional convenience stores. The offer is evolving rapidly, with incredible diversity and differentiation. We are just beginning to implement these exciting concepts in North America.



### Super-local, super-global food:

- Mexican and deli food
- Holiday's sausage, bacon, jalapeno and cheddar on a pretzel bun
- Estonia's incredible dark chocolate doughnut balls
- Traditional New Orleans Mardi Gras King Coffee Cake

## SUCCESSFUL LAUNCH OF A VEGETARIAN FOOD CONCEPT IN SWEDEN

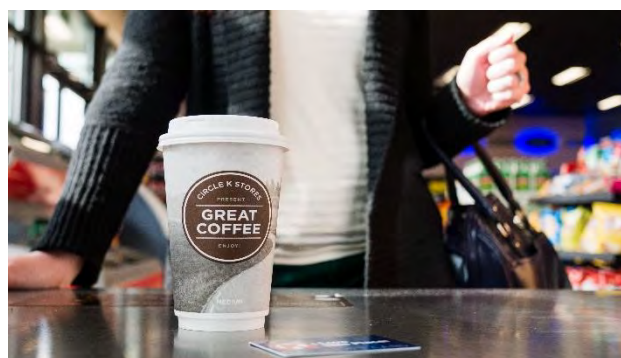
### The Vego-Vägar Success Story

The growing demand for vegetarian products inspired our Swedish Business Unit to develop and launch a new concept to make it easier for customers to find our vegetarian, vegan and lacto-ovo vegetarian dishes on the go. With a new green shelf in the store, dedicated for cold vegetarian dishes, and new hot dishes available at the checkout, there is now a greatly expanded range of food choices. The new offerings increased traffic and sales of non-vegetarian products as well.



## Hot dogs

Wherever we are, people love hot dogs! We are becoming a true destination, offering the high-quality products people want across our global footprint. We have established consistent branding and in-store experience for the **Real HOT DOGS** program, while keeping a local twist to meet the taste preferences of each individual market. This has yielded real super-global/super-local creative synergies. Starting from Europe, where we have revitalized our grill program, we launched it in Western Canada. We added high-quality sausages and a unique variety of buns, combined with a broad selection of condiments, including premium mustards. From our Heartland Business Unit in the US: hot toppings such as Gouda-flavoured crispy onions, macaroni and cheese and caramelized onions. Our customers can now personalize their **Real HOT DOGS**. Macaroni and cheese on a pretzel bun? Definitely worth doing!



## Hot Beverages

Our **Simply Great Coffee™** program, now available in more than 2,700 stores, generates solid growth with quality black coffee, espressos, lattes and cappuccinos, and rich hot chocolate. Our common global platform builds on our expertise, our supply base and our equipment knowledge. Yet a **Simply Great Coffee** program in Québec, South Carolina or Latvia is customized to local tastes: different bean blends and grinds, more powdered cappuccino here, white coffee there, black coffee somewhere else, while others experiment with iced coffee or cold brew: a perfect super-global/super-local combination.



## Cold Dispensed Beverages

**Polar Pop** and **Froster**, the foundation of our cold dispensed programs, have a growing, loyal fan base. Last year we installed new equipment and an expanded portfolio in 750 stores across the network. In the coming year, we will deploy capital investments in 2,000 stores, adding fresh brewed tea, hydration stations, and upgraded fountain/frozen dispensers to solidify our position as a preferred destination for consumers seeking cold beverages.

We drive sales and engage customers by differentiating ourselves from our competitors in compelling new ways.



**Polar Pop** cups and **Froster** beverages sold in fiscal 2018 would fill up more than 185 Olympic-size swimming pools. We expanded the offering to more than 1,200 new stores.

## Car Wash

Car Wash is an important global business in more than 2,600 of our locations. We leverage our global supplier partners for chemicals, signage and positioning to drive scale and capabilities. Listening to our customers has helped us improve their experience and understanding of how to use the facility—when to enter, stop, or start the car.

We are proud of our Seasonal Car Wash, which adjusts to the particular local dirt. Whether it's dust storms, pollen, dirt and grime, snow and salt or applying a UV protectant, we make it easy for our customers by ensuring a consistent customer experience: a clean, shiny, dry car.

Our standardized Circle K Car Wash countdown timer that makes it easy to see when the wash is done, digital screen in the store, ease of use and payment are available on more than 500 sites globally, including selected areas in Heartland, West Coast, Rocky Mountain and South-East locations, as well as in Denmark, Sweden and Norway. In particular, the West Coast, Rocky Mountain, and Heartland Business Units experienced double-digit sales growth.



Three of our four Canadian Business Units showed sales increases on existing strong car wash operations.

Our Esso and Holiday acquisitions have significantly expanded our car wash footprint to more than 1,500 locations in North America. More than 1,100 car wash locations in nine European countries performed strongly in the past year, including unmanned car washes within **INGO's** automated fuel stations. We are now market leaders in eight out of nine divisions in Europe. Topaz locations in Ireland, now becoming Circle K, have shown significant double-digit growth in the last year, following a major transformation and upgrade of our car wash equipment, with the replacement of more than half of our car, setting a new market standard.





## Fuels

As one of the world's largest buyers of fuel, we consistently procure products, fuel and transportation at excellent prices. Our fuels group focuses on building the most efficient supply chain in the industry, while pricing and fuel operations are managed by the local Business Units. The company is also a wholesaler of road transportation fuel and runs a large commercial fuel operation, including terminals and depots.

Over the past five years, our fuel volume grew by 21%, with total sales of more than \$37 billion. We recorded our largest volumes in our Florida, Gulf Coast and West Coast Business Units.

We take care of customers in clean, well-lit and well-maintained stores where they can find differentiated products and a growing supply of premium fuels. Our **miles®** and **milesPLUS®** proprietary additives have enjoyed great success in Europe, where we deliver distinct mileage improvement.

We have also enhanced our forecourt standards with the aim of being best in class in forecourt service and appearance. With the help of a new mystery shop program, we are evaluating execution, customer demands and reactions, investing in and growing our Circle K fuel brand while improving product quality.



# Corporate Social Responsibility

## Sustainable Development

We take seriously our responsibility to the environment and to the communities we serve. ACT is on a journey to adapt to environmental and ethical sourcing standards, and to be safe and environmentally responsible in all our activities.

In Europe, we have adopted the EcoVadis platform to ensure that our suppliers are meeting international Corporate Social Responsibility standards through independently audited evaluation and analysis. The first evaluation of our suppliers started at the end of fiscal 2018.

We actively manage electricity and water consumption by employing energy-efficient and water-efficient technologies and conservation practices. For example, converting to LED lighting reduces electricity consumption by 90%. We reclaim and reuse water at more than 2,400 Car Wash locations, without compromising the quality of the wash.



Replacing touchless equipment with brush equipment reduces water consumption by as much as 50%. We are installing water reclaim and recapture systems, using detergents and conditioning chemicals certified to meet the Nordic Ecolabel or Swan environmental standards and offering 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.



At the end of 2017, Circle K Norway became the first fuel and convenience retailer in Norway to use solar energy.



More energy-efficient brighter LED lighting inside and out is just one way we provide a safe shopping environment for our customers and reduce our carbon footprint.



## Efficiencies Achieved in North America, 2018:

Electricity consumption down by 3.1%,  
enough to power **4,300 homes**.



**3.1%**

Water consumption down by 8.6%,  
or **204 Olympic swimming pools**.



**8.6%**



## Site Security

In fiscal 2018, Circle K Europe introduced our robbery policy compliance audit. This proactive approach includes focus on the full range of elements standard to all sites, including signage, training, portable alarms and professional support.



## Food Safety

All our sites meet public standards for food safety, but we have introduced much more stringent requirements. While 68% of sites met these higher standards in 2016, we ended 2018 with more than 90% of sites audited and approved.

The Circle K Europe Food Safety strategy provides a consistent basis for managing food safety across the continent, including documentation, training materials for both e-learning and a new classroom approach, a hygiene policy, store audit checklists with new approval limits, two unannounced audits per store per year, food safety “station walks,” integration into compensation systems and standard procedures for food incidents, recalls and delivery temperatures.



## Biofuels

Circle K Europe sold 11.7 billion litres of road transportation fuels in 2018. Of this total, 9% were biofuels, contributing to a CO<sub>2</sub> reduction of 1.4 million tons. The European Union has mandated the use of 10% renewable fuels by 2020. We use a combination of low blend biodiesel, high blend biodiesel to certain customers in specific markets, and low blend bioethanol (in gasoline) to meet these requirements.



## 2018 Milestones

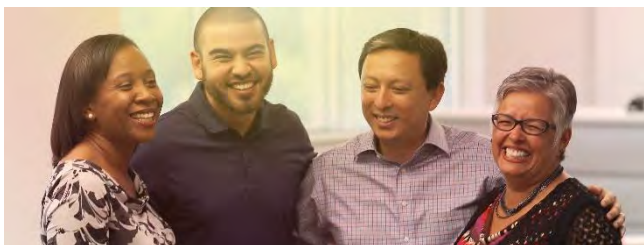
- With up to 15% renewable content, Circle K Sweden’s fuel lowers CO<sub>2</sub> emissions by 12.3%
- **miles** branded fuels launched in Ireland
- Renewable fuels now available in all markets except Russia
- **milesBIO®** HVO100 reduces CO<sub>2</sub> by 90%
- **milesPLUS** substantially increases fuel efficiency



## Sustainable Beverages

Coffee in Sweden and Denmark has long been certified with a focus on both human rights and environmental impact. In fiscal 2018, Circle K started its rollout of pan-European coffee certification through the Rainforest Alliance (RA); our fresh brewed tea is also RA certified.

Our “Water Your Way” touchscreen solution offers choice and customization (multiple flavors, vitamins, energy, still, and sparkling), healthier and more nutritious products, plus environmental sustainability. Our refillable “smart bottle” helps reduce waste.



## Diversity

The Corporation recognizes and embraces the benefits of a diverse Board and Executive team and sees this as a competitive advantage in serving a diverse customer base. We have instituted a detailed diversity policy in order to achieve and maintain diversity (including gender diversity) in Board and Executive Officer positions. This policy sets out the guidelines by which the Corporation endeavours to promote diversity and inclusion throughout the organization.

# A CULTURE OF GENEROSITY

## Community Involvement and Donations

Our people around the world serve nine million customers every single day. That’s almost 3.3 billion interactions a year, in all their richness and diversity! Because of this constant broad exposure, they are deeply rooted in their communities. Local management and employees make most decisions about community involvement and support on the ground, including volunteer contribution of their own time—and they truly make a difference, wherever they are.

The company donates money directly in some cases, but our stores and regional Business Units also sponsor little league baseball, hockey, soccer, skating, basketball, football and lacrosse teams, golf tournaments and fundraising social events to raise money for children’s charities such as breakfast clubs and the Make a Wish® Foundation and firefighters’ toy drives, health organizations from hospitals to the Red Cross, cancer research, Heart and Stroke, mental health, efforts to fight domestic violence and drunk driving, disaster recovery aid, museums, Habitat for Humanity, the Special Olympics, the United Way, the March of Dimes and many more.

Almost 400 Circle K and Mac’s locations in North America participate in our Fueling Our Schools donation program, which raises money year-round—\$730,000 this year—to help schools buy what they need most, from technology to teaching tools. Once a year, on Fuel Up Night, we donate ten times more for one day, while celebrating with our communities.



# Our Fourth Transformation

In our fourth transformation, we are speeding up innovation and infusing digital technologies wherever they create value, with a focus on making life easier for our customers.

## Norway as a lab

Norway, with its small population, high standard of living and dynamic start-up environment, is the ideal place to incubate our future. It leads the world in electric vehicle ownership per capita, and demand is already outstripping the capacity of its charging infrastructure—a golden business opportunity.



## IONITY partnership

We have partnered with IONITY, a joint venture of several automakers, to install and operate a high-powered DC charging network for battery electric vehicles (BEV) covering long-distance travel routes in Europe. The plan is to create a network of approximately 400 high-power charging stations (power levels up to 350 kW) across Europe, significantly reducing charging

time and enabling long-distance mobility for electric vehicles. Our European Circle Ks will be network partners in Norway, Sweden, Denmark, Ireland, Lithuania, Latvia and Estonia, a first-stage total of 70 sites with an average of six high-power charging points per site. We are also testing charging stations at houses, apartments, workplaces and B2B destinations to learn how best to offer these new products and services.

## Number of Circle K quick charging sites in cooperation with partners



### Norway: 56

40 owned and operated by Grønn Kontakt, 16 by Circle K and 4 by Tesla



### Sweden: 37

Owned and operated by Clever



### Denmark: 17

Owned by Clever and E.ON



### Ireland: 18

Owned by ESB





## New Food Concepts

Our food offering is constantly stimulated by global cross-pollination. This is a powerful competitive differentiator for Couche-Tard.

Our European Circle K stores have implemented a new food concept that is constantly developing a greater variety of fresh food, more made-to-order meals, more private label offers, a fast, convenient ready-to-cook concept and a more transparent value chain presenting customers with our health, sustainability and quality standards. Launched in Norway in May 2017, it has been implemented in three stores in Denmark and 14 in Norway, including a new Mexican offer (created in Ireland), a new grill concept that combines hot dogs and burgers, a new sandwich offer and a grab-and-go snack concept scheduled for rollout by 2019.

We plan to open 15 more in Norway, with trials in Sweden, Denmark and Lithuania. The new look

and feel will be launched in all new station builds and in all major modifications of existing stores.

We are also creating engaging visits and destinations, with easy logistics and instructions, activities and seating and bundled offers—all while people are charging their vehicles.

In the U.S., where we have implemented our new Foodvenience concept, average sales per site are up by 25%. These stores now prepare fresh sandwiches, paninis, breakfast burritos, wraps and salads in front of the customer.

The program expanded from 9 Foodvenience sites in fiscal 2017 to 13 in fiscal 2018. Further refinements include streamlining workflow, product enhancement, and communication with our consumers.



### Grab and Go

The South-East Business Unit used site-level analytics to identify and right-size the food offering for each store's footprint and potential, offering food and packaging that is easy to understand, purchase and eat on the go. Early results are extremely encouraging.

### Consumer Insight and Craveability

As our analytics give us greater confidence in our understanding of what our consumers want, we are increasingly able to target our food offerings to 'satisfy a craving'. This increases visit frequency and spend per visit.

## CIRCLE K ØKERN: NORWAY'S BEST HEALTHY FAST-FOOD AWARD

"I am incredibly proud. Our team has set a new standard for food offerings from a gas station!"

- Christoffer Sundby, Norway

The Circle K store at Økern was the first to launch the new menu. On September 22, Norway's biggest national food festival named it Norway's best healthy fast food. The jury highlighted Circle K Økern's ability to make it easy for customers to make healthy, great-tasting food choices. Økern doubled its food sales after the launch.

"This is amazing. We have been working really hard to make this happen."

- Trine Isaksen, assistant manager at Circle K Økern.





## Loyalty programs

Our suite of loyalty programs is in constant evolution. In Europe, Circle K Extra Club members in seven countries can monitor their fuel consumption and their food, coffee and cold beverage purchases on the app and receive customized bonus offers and promotions on special occasions such as their birthday. In May 2018, we began piloting an app that allows Danish customers to pay for both their fuel and their car wash at the pump.

Customers use our app to book a car wash and locate personalized EXTRA Club offers, vouchers and their current loyalty status. We facilitate their visits through plug-and-play tools, platforms and products that support anytime, anywhere access.

We know that 80% of millennials use their smartphones in our stores, and that 74% of them are more than happy to receive a location-based ad while they are there—a key insight for us.

Our North American loyalty programs offer rewards and discounts for fuel and other specific purchases through Easy Rewards, Circle K Mobile App, Easy Pay, Miles Cash and others. Their growing user base topped one million monthly active users in the past year.

We constantly seek to learn from new experiences. Our “launch, learn, fail or scale” model allows us to take advantage of our global networks to explore the most advanced trends and best practices on every continent and to integrate them into our offer. Ideas come from our Norwegian innovation incubator and from elsewhere across our system. For example, Holiday brought us a Radio Frequency Identification (RFID-enabled) subscription service for car washes, an interesting reverse synergy opportunity for our global business.

## DEEPENING ENGAGEMENT WITH DIGITAL TECHNOLOGIES

### Artificial Intelligence

We are excited to be one of 120 industrial and world-class research institutional partners in the AI-powered supply chain supercluster, [SCALE.AI](#)\*. It is developing collaborative transformation projects leading to the development and integration of next-generation, AI-powered supply chain processes in the retail, manufacturing and infrastructure sectors.

By 2020, leading technology researchers at Gartner predict that we will be talking to robots more than to our spouses, and that 100,000 consumers will be shopping with augmented reality. Customers, and increasingly employees, are changing what they expect and how they expect to interact with brands – on their terms, how they want, when they want, where they want. We understand this.

At Couche-Tard, we aim to infuse digital technologies into everything we do—removing friction from the customer experience, driving traffic, automating tasks and making life easier for our people by putting everything on their smartphones, maintaining our heritage of stringent cost discipline and seeking competitive advantage through prediction. It is our ambition to imbue insights about our customers into their experiences to surprise, to delight and to make the transaction more profitable—all while freeing our people to focus on customers.



# A Bright Future

Throughout its history, Couche-Tard has proven to be an immensely nimble, adaptable company with deeply committed, hardworking people. Now we are speeding up the rate of this adaptation, exercising strategic foresight in the face of accelerating change, supported by powerful digital platforms and tools.

We are convinced that our global structure provides significant opportunities to deliver additional competitive value.

We will keep our noses to the grindstone to ensure that we are the workplace and customer destination of choice for millennials, and that our integration processes move smoothly.

We will commit to keeping our eyes open and our balance sheet healthy in preparation for more potential acquisitions, while concentrating on organic growth.



In a transforming industry, our competitive advantages include scale, talent and last mile real estate for consumers on their way home. We are uniquely positioned to redefine convenience and "making it easy" for our customers and our people.

All across Couche-Tard, our teams have a hunger to learn and grow, empowered by a contagious can-do attitude. Our future is, indeed, very bright!



## 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 29, 2018. 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 2018 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 9, 2018, 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 2018 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. 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), as well as in Ireland and we also have an important presence in Poland.

As of April 29, 2018, our network comprised 10,015 convenience stores throughout North America, including 8,705 stores with road transportation fuel dispensing. Our North American network consists of 19 business units, including 15 in the United States covering 48 states and 4 in Canada covering all 10 provinces. Approximately 105,000 people are employed throughout our network and at our service offices in North America. In addition, through CrossAmerica Partners LP, we supply road transportation fuel under various brands to approximately 1,300 locations in the United States.

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia through ten business units. As of April 29, 2018, our network comprised 2,725 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 and aviation fuel. Including employees at branded franchise stores, approximately 25,000 people work in our retail network, terminals and service offices across Europe.

In addition, under licensing agreements, more than 2,000 stores are operated under the Circle K banner in 14 other countries and territories (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, Saudi Arabia, the United Arab Emirates and Vietnam), which brings our worldwide total network to more than 16,000 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 necessarily 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 in 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:

	<b>12-week period ended</b>	13-week period ended	<b>52-week period ended</b>	53-week period ended	52-week period ended
	<b>April 29, 2018</b>	April 30, 2017	<b>April 29, 2018</b>	April 30, 2017	April 24, 2016
<b>Average for period<sup>(1)</sup></b>					
Canadian dollar	<b>0.7840</b>	0.7518	<b>0.7826</b>	0.7598	0.7607
Norwegian krone	<b>0.1280</b>	0.1181	<b>0.1241</b>	0.1194	0.1203
Swedish krone	<b>0.1212</b>	0.1121	<b>0.1205</b>	0.1144	0.1188
Danish krone	<b>0.1654</b>	0.1436	<b>0.1587</b>	0.1468	0.1486
Zloty	<b>0.2940</b>	0.2495	<b>0.2800</b>	0.2512	0.2606
Euro	<b>1.2319</b>	1.0681	<b>1.1810</b>	1.0920	1.1085
Ruble	<b>0.0171</b>	0.0173	<b>0.0172</b>	0.0161	0.0153



Period end	As at April 29, 2018	As at April 30, 2017
Canadian dollar	0.7763	0.7329
Norwegian krone	0.1250	0.1172
Swedish krone	0.1148	0.1135
Danish krone	0.1620	0.1469
Zloty	0.2863	0.2589
Euro	1.2070	1.0930
Ruble	0.0160	0.0176

(1) Calculated by taking the average of the closing exchange rates of each day in the applicable period.

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 2018 Overview

### Financial results

Net earnings amounted to \$1.7 billion for fiscal 2018 compared with \$1.2 billion for fiscal 2017. Diluted net earnings per share stood at \$2.95, compared with \$2.12 for the previous year.

Results for fiscal 2018 were affected by a net tax benefit of \$288.3 million, of which \$18.2 million is attributable to non-controlling interests, following the approval of the new U.S. federal income tax legislation ("U.S. Tax Cuts and Jobs Act"), pre-tax restructuring costs of \$56.9 million, of which \$5.2 million is attributable to non-controlling interests, a \$48.4 million pre-tax net foreign exchange loss, a \$19.0 million pre-tax accelerated depreciation and amortization expense and pre-tax incremental costs of \$3.0 million, both in connection with our global brand initiative, a \$13.4 million tax benefit following an internal reorganization, pre-tax acquisition costs of \$11.8 million, an \$11.5 million pre-tax gain on the disposal of a terminal, an \$8.8 million pre-tax gain on the investment we held in CST, pre-tax incremental expenses caused by hurricanes totaling \$6.6 million, as well as a pre-tax negative goodwill of \$2.8 million.

In addition to exceptionally including 53 weeks, 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.

Excluding these items from both fiscal years, net earnings for fiscal 2018 would have been approximately \$1.5 billion (\$2.60 per share on a diluted basis) compared with \$1.3 billion (\$2.21 per share on a diluted basis) for fiscal 2017, an increase of \$219.0 million, or 17.4%. This increase is attributable to the contribution from acquisitions, to our continued organic growth, to higher fuel margins, as well as to a lower income tax rate, partly offset by higher financing expenses following our recent acquisitions and by one less week in fiscal 2018 compared with fiscal 2017.

### Network growth

#### *Multi-site acquisitions*<sup>1</sup>

##### 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 \$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, before the closing of the acquisition, it employed 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.

On the same day, we sold to Parkland Fuel Corporation a significant portion of CST's Canadian assets for approximately CA \$986.0 million (\$752.5 million). The disposed assets were mainly comprised of CST's independent dealers and commission agents' 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. Also, on September 6, 2017, as per the requirements of the U.S.

<sup>1</sup> A multi-site acquisition is defined as an acquisition of seven stores or more.

Federal Trade Commission, we sold 70 CST U.S. company-operated sites to Empire Petroleum Partners, LLC (“Empire”) for a total consideration of \$143.0 million. No gain or loss was recognized on these sales transactions. The disposed assets and associated liabilities are presented as held for sale in the fair value of assets acquired and liabilities assumed and are recorded at their respective fair value less costs of disposal.

Taking into consideration the sale transactions subsequent to the CST acquisition, on a net basis we have added 1,263 sites to our North American network, for a net value of approximately \$3.7 billion.

### **CrossAmerica Partners LP**

Pursuant to the acquisition of CST, we also acquired the general partner of CrossAmerica Partners LP (“CAPL”), own 100% of CAPL’s Incentive Distribution Rights (“IDRs”) and, as at April 29, 2018, held a 21.4% equity investment in it (20.5% as at June 28, 2017). CAPL supplies road transportation fuel under various brands to approximately 1,300 locations in the United States. The combination of CAPL with our existing wholesale network of more than 700 stores makes us a leading wholesaler of road transportation fuel in the U.S.

Following our evaluation of our relationship with CAPL, we concluded that we control the partnership’s operations and activities even though we do not have a majority ownership of CAPL’s outstanding common units. As a result, we fully consolidate CAPL in our consolidated financial statements.

All transactions between Couche-Tard and CAPL are eliminated from our consolidated financial statements. These transactions consist of a mark-up on motor fuel purchased and sold between us and CAPL, rent charged by CAPL to us, earnings from CAPL’s equity ownership interest in CST Fuel Supply, a subsidiary of ours, our portion of CAPL’s common unit distributions and our revenues from CAPL’s incentive distribution rights. Additionally, we provide management and corporate support services to CAPL and charge CAPL a management fee under the terms of the Amended and Restated Omnibus Agreement, as well as an allocation of certain incentive compensation.

CAPL is a publicly traded Delaware limited partnership and its common units are listed for trading on the New York Stock Exchange under the symbol “CAPL.” As a result, CAPL is required to file reports with the United States Securities and Exchange Commission (“SEC”), where additional information about its results of operations can be found.

### **Financing**

In order to finance exclusively, directly or indirectly, the acquisition of CST as well as the repayments of CST’s outstanding debt, 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, which was available exclusively to finance the acquisition of CST and the repayment of any of CST’s and its subsidiaries’ outstanding debt (“acquisition facility”). As of April 29, 2018, a total amount of \$412.1 million was outstanding under this acquisition facility and the effective interest rate was 3.358%.

On June 28, 2017, we repaid all of CST’s outstanding borrowings under its revolving credit facilities for an amount of \$498.8 million and, on July 28, 2017, we repaid all of CST’s outstanding senior notes for an amount of \$577.1 million from amounts drawn from our acquisition facility.

### **Initial investment in CST**

At the acquisition date, we owned an investment in CST which, through the closing of the acquisition, we disposed of. As a consequence, we recognized an \$8.8 million pre-tax gain to our earnings of fiscal 2018.

### **CST Integration**

We expect that our synergies associated with the CST acquisition will reach \$215.0<sup>1</sup> million over the 3 years following the transaction. These synergies should mainly result from reductions in operating, selling, administrative and general expenses, as well as from improvements in road transportation fuel and merchandise distribution and supply costs. As of April 29, 2018, our annual synergies run rate for the CST acquisition reached approximately \$153.0 million.

CST’s results, balance sheet and cash flows are included in our consolidated financial statements from June 28, 2017.

---

<sup>1</sup> As our previously stated goal is considered a forward looking statement, we are required, pursuant to securities laws, to clarify that our synergies estimate is based on a number of important factors and assumptions. Among other things, our synergies 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 objective is also based on our assessment of current contracts and how we expect to be able to renegotiate these contracts to take advantage of our increased purchasing power. In addition, our synergies 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 our acquired companies’ systems with ours. An important change in these facts and assumptions could significantly impact our synergies estimate as well as the timing of the implementation of our different initiatives.

CAPL's results, balance sheet and cash flows are also fully consolidated in our financial statements, however, CAPL's accounting periods do not coincide with our accounting periods. The consolidated statement of earnings, comprehensive income, changes in equity and cash flows for fiscal 2018 include those of CAPL for the period beginning June 28, 2017 and ending March 31, 2018, adjusted for significant transactions, if any. The consolidated balance sheet as at April 29, 2018 includes CAPL's balance sheet as at March 31, 2018, adjusted for significant transactions, if any.

Approximately 78.3% of CAPL's operating results are attributable to other unit holders, which are presented as earnings attributable to non-controlling interests for fiscal 2018. Therefore, a substantial portion of the operating results of CAPL are not earned by our shareholders.

During the fourth quarter of fiscal 2018, we adjusted and finalized our assessment of the fair value of the assets acquired, the liabilities assumed and the goodwill for the transaction. The adjustments we made had the following impact on our previously reported net earnings:

	12-week period ended			24-week period ended		
	October 15, 2017			October 15, 2017		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
<b>Revenues</b>	12,140.6	-	12,140.6	21,987.8	-	21,987.8
Cost of sales	10,096.9	-	10,096.9	18,205.3	-	18,205.3
<b>Gross profit</b>	<b>2,043.7</b>	-	<b>2,043.7</b>	<b>3,782.5</b>	-	<b>3,782.5</b>
Operating, selling, administrative and general expenses	1,198.2	-	1,198.2	2,229.5	-	2,229.5
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	205.0	4.3	209.3	375.3	4.3	379.6
<b>Operating income</b>	<b>641.3</b>	<b>(4.3)</b>	<b>637.0</b>	<b>1,152.1</b>	<b>(4.3)</b>	<b>1,147.8</b>
<b>Net financial expenses</b>	<b>89.6</b>	-	<b>89.6</b>	<b>148.8</b>	-	<b>148.8</b>
Earnings before income taxes	560.0	(4.3)	555.7	1,020.2	(4.3)	1,015.9
Income taxes	123.7	(1.5)	122.2	224.4	(1.5)	222.9
<b>Net earnings</b>	<b>436.3</b>	<b>(2.8)</b>	<b>433.5</b>	<b>795.8</b>	<b>(2.8)</b>	<b>793.0</b>
Net earnings attributable to non-controlling interests	(1.0)	-	(1.0)	4.2	-	4.2
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>435.3</b>	<b>(2.8)</b>	<b>432.5</b>	<b>800.0</b>	<b>(2.8)</b>	<b>797.2</b>

	16-week period ended			40-week period ended		
	February 4, 2017			February 4, 2017		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
<b>Revenues</b>	15,791.8	-	15,791.8	37,779.6	-	37,779.6
Cost of sales	13,473.8	-	13,473.8	31,679.1	-	31,679.1
<b>Gross profit</b>	<b>2,318.0</b>	-	<b>2,318.0</b>	<b>6,100.5</b>	-	<b>6,100.5</b>
Operating, selling, administrative and general expenses	1,593.0	-	1,593.0	3,822.5	-	3,822.5
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	282.9	5.7	288.6	658.2	10.0	668.2
<b>Operating income</b>	<b>432.0</b>	<b>(5.7)</b>	<b>426.3</b>	<b>1,584.1</b>	<b>(10.0)</b>	<b>1,574.1</b>
<b>Net financial expenses</b>	<b>110.9</b>	-	<b>110.9</b>	<b>259.7</b>	-	<b>259.7</b>
Earnings before income taxes	330.3	(5.7)	324.6	1,350.5	(10.0)	1,340.5
Income taxes	(140.5)	(25.4)	(165.9)	83.9	(26.9)	57.0
<b>Net earnings</b>	<b>470.8</b>	<b>19.7</b>	<b>490.5</b>	<b>1,266.6</b>	<b>16.9</b>	<b>1,283.5</b>
Net earnings attributable to non-controlling interests	(6.9)	-	(6.9)	(2.7)	-	(2.7)
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>463.9</b>	<b>19.7</b>	<b>483.6</b>	<b>1,263.9</b>	<b>16.9</b>	<b>1,280.8</b>

### Holiday Stationstores, LLC

On December 22, 2017, we acquired all the membership interest of Holiday Stationstores, LLC and certain affiliated companies ("Holiday") for a total cash consideration of approximately \$1.6 billion. Holiday is an important convenience store and fuel player in the U.S. Midwest region. As of the closing of the transaction, Holiday's network was composed of 516 sites, of which 373 were operated by Holiday and 143 were operated by franchisees, and of 27 dealer contracts. Holiday also operates a strong car wash business with 234 locations at the closing date, 2 food commissaries and a fuel terminal in Newport, Minnesota. Its stores are located in Minnesota, Wisconsin, Washington State, Idaho, Montana, Wyoming, North Dakota, South Dakota, Michigan and Alaska. This acquisition was financed using our available cash and existing credit facilities. From December 22, 2017, Holiday's results, balance sheet and cash flows are included in our consolidated financial statements.

We expect that our synergies associated with the Holiday acquisition will range from \$50.0 to \$60.0<sup>1</sup> million over the 3 to 4 years following the close of the transaction. These synergies should mainly result from reductions in operating, selling, administrative and general expenses, from improvements in road transportation fuel and merchandise distribution and supply costs, as well as from retail pricing optimization.

#### Other transactions

On May 30, 2017, we acquired 53 company-operated sites located in Louisiana, United States from American General Investments, LLC and North American Financial Group, LLC. These convenience stores operate under the *Cracker Barrel* brand. We own the land and building for 47 sites and assume the leases for the remaining 6 locations. On the same date, we closed seven of those stores.

On July 7, 2017, we acquired, from Empire, 53 fuel supply contracts with independent operators in the Atlanta, GA metro area. As part of this transaction, we also acquired real estate for two sites.

On November 28, 2017, we acquired certain assets from Jet Pep, Inc., including a fuel terminal, associated trucking equipment and 18 retail sites located in Alabama. In addition, through a distinct transaction, CAPL purchased other assets from Jet Pep, Inc. consisting of 101 commission operated retail sites, including 92 owned sites, 5 leased sites and 4 independent commission accounts.

#### *Single-site acquisitions*

During fiscal 2018, we acquired 11 company-operated stores through distinct transactions. Available cash was used for these transactions.

#### *Store construction*

We completed the construction, relocation or reconstruction of 88 stores during fiscal 2018.

As of April 29, 2018, 29 stores were under construction and should open in the upcoming quarters.

#### *Summary of changes in our store network during the fourth quarter of fiscal 2018 and fiscal 2018*

The following table presents certain information regarding changes in our store network over the 12-week period ended April 29, 2018<sup>(1)</sup>:

Type of site	12-week period ended April 29, 2018				Total
	Company-operated <sup>(2)</sup>	CODO <sup>(3)</sup>	DODO <sup>(4)</sup>	Franchised and other affiliated <sup>(5)</sup>	
Number of sites, beginning of period	9,723	715	1,058	1,254	12,750
Acquisitions	4	-	-	-	4
Openings / constructions / additions	21	1	6	25	53
Closures / disposals / withdrawals	(33)	(4)	(10)	(20)	(67)
Store conversion	3	10	(3)	(10)	-
<b>Number of sites, end of period</b>	<b>9,718</b>	<b>722</b>	<b>1,051</b>	<b>1,249</b>	<b>12,740</b>
CAPL network					1,346
Circle K branded sites under licensing agreements					2,022
<b>Total network</b>					<b>16,108</b>
Number of automated fuel stations included in the period-end figures <sup>(6)</sup>	972	-	6	-	978

<sup>1</sup> As our previously stated goal is considered a forward looking statement, we are required, pursuant to securities laws, to clarify that our synergies estimate is based on a number of important factors and assumptions. Among other things, our synergies 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 objective is also based on our assessment of current contracts and how we expect to be able to renegotiate these contracts to take advantage of our increased purchasing power. In addition, our synergies 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 our acquired companies' systems with ours. An important change in these facts and assumptions could significantly impact our synergies estimate as well as the timing of the implementation of our different initiatives.

The following table presents certain information regarding changes in our store network over the 52-week period ended April 29, 2018<sup>(1)</sup>:

Type of site	52-week period ended April 29, 2018				Total
	Company-operated <sup>(2)</sup>	CODO <sup>(3)</sup>	DODO <sup>(4)</sup>	Franchised and other affiliated <sup>(5)</sup>	
Number of sites, beginning of period	8,011	756	1,010	1,092	10,869
Acquisitions <sup>(7)</sup>	1,711	6	74	143	1,934
Openings / constructions / additions	86	3	36	107	232
Closures / disposals / withdrawals	(124)	(10)	(77)	(84)	(295)
Store conversion	34	(33)	8	(9)	-
<b>Number of sites, end of period</b>	<b>9,718</b>	<b>722</b>	<b>1,051</b>	<b>1,249</b>	<b>12,740</b>
CAPL network					1,346
Circle K branded sites under licensing agreements					2,022
<b>Total network</b>					<b>16,108</b>

- (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.
- (7) Exclude CST stores sold to Parkland Fuel Corporation and to Empire as well as the Cracker Barrel stores closed at the acquisition date.

### Outstanding transactions

On November 27, 2017, we reached an agreement to sell 100% of our shares in Statoil Fuel & Retail Marine AS to St1 Norge AS. The transaction is subject to the customary regulatory approvals and closing conditions and is expected to close during calendar year 2018.

### Issuance of Canadian- and US-dollar-denominated senior unsecured notes

On July 26, 2017, we issued Canadian-dollar-denominated senior unsecured notes totaling CA \$700.0 million (approximately \$558.0 million) as well as US-dollar-denominated senior unsecured notes totaling \$2.5 billion, divided as follows:

	Notional amount	Maturity	Coupon rate	Effective rate as at April 29, 2018
Tranche 6	\$1,000.0 million	July 26, 2022	2.700%	2.819%
Tranche 7	CA \$700.0 million	July 26, 2024	3.056%	3.133%
Tranche 8	\$1,000.0 million	July 26, 2027	3.550%	3.642%
Tranche 9	\$500.0 million	July 26, 2047	4.500%	4.576%

Interest is payable semi-annually on January 26 and July 26 of each year.

The net proceeds from those issuances, which were approximately \$3.0 billion, were mainly used to repay a portion of our acquisition facility and of our term revolving unsecured operating credit facility.

### Interest rate locks

During fiscal 2018, we extended our interest rate locks that were effective as at April 30, 2017, and entered into new interest rate locks at the following conditions:

Notional amount	Interest lock term	Rate	Maturity date
\$250.0 million	5 years	From 1.951% to 1.955%	July 28, 2017
\$250.0 million	10 years	From 2.392% to 2.393%	July 28, 2017

On July 20, 2017, prior to their maturity, we settled all our interest rate locks. As at the same date, the total cumulative loss since we first entered into interest rate locks was \$14.7 million. This loss has been transferred to Accumulated other comprehensive loss and will be amortized over the term of the related US-dollar-denominated senior unsecured notes issued on July 26, 2017. The amortization will be recognized in the consolidated statements of earnings as a financial expense and will adjust the effective interest on the US-dollar-denominated-senior unsecured notes issued on July 26, 2017.

## Cross-currency interest rate swaps

On July 20, 2017, we entered into a cross-currency interest rate swap agreement, allowing us to synthetically convert our newly issued Canadian-dollar denominated senior unsecured notes into US dollars. This agreement became effective on July 26, 2017.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity
CA \$700.0 million	3.056%	US \$577.4 million	From 3.226% to 3.334%	July 26, 2024

This agreement is designated as a foreign exchange hedge of our net investment in our operations in the United States.

## Issuance of US-dollar-denominated senior unsecured notes

On December 14, 2017, we issued US-dollar-denominated senior unsecured notes totaling \$900.0 million, divided as follows:

	Notional amount	Maturity	Coupon rate	Effective rate as at April 29, 2018
Tranche 10	\$600.0 million	December 13, 2019	2.350%	2.557%
Tranche 11	\$300.0 million	December 13, 2019	Three-month LIBOR plus 0.500%	2.791%

The net proceeds from those issuances, which were \$893.8 million, were mainly used to repay a portion of our term revolving unsecured operating credit facility and of our acquisition facility.

## Interest rate swap

On December 7, 2017, we entered into fixed-to-floating interest rate swap agreements, allowing us to synthetically convert our newly issued fixed interest rate US-dollar-denominated senior unsecured notes into floating interest rate US-dollar-denominated senior unsecured notes. These agreements became effective on December 14, 2017, and all mature on December 13, 2019.

	Notional amount	Rate
Tranche 1	\$150.0 million	Three-month LIBOR plus 0.353%
Tranche 2	\$150.0 million	Three-month LIBOR plus 0.355%
Tranche 3	\$150.0 million	Three-month LIBOR plus 0.350%
Tranche 4	\$150.0 million	Three-month LIBOR plus 0.350%

These agreements were designated as fair value hedges of our US-dollar-denominated senior unsecured notes issued on December 14, 2017.

## U.S. Tax Cuts and Jobs Act

During fiscal 2018, following the finalization of our analysis of the impacts of the “U.S. Tax Cuts and Jobs Act”, we recorded net tax benefits of \$288.3 million, of which \$18.2 million relates to non-controlling interests. These net tax benefits are mostly derived from the remeasurement of our deferred income tax balances using the new U.S. statutory federal income tax rate, which decreased from 35.0% to 21.0%, partly offset by the Deemed Repatriation Transition Tax (“Transition tax”).

## Sale of a terminal

During fiscal 2018, we disposed of our 50% share in a fuel terminal in Ireland for a total cash consideration of \$18.1 million and recognized to earnings a gain of \$11.5 million on the disposal.

## Restructuring

During fiscal 2018, as part of our cost reduction initiatives, the search for synergies aimed at improving our efficiency as well as in relation with the CST integration, we made the decision to proceed with the restructuring of certain of our European and U.S. operations. As a result, restructuring costs of \$56.9 million were recorded during the year, of which \$5.2 million relates to non-controlling interests.

## Events outside of the normal course of business

During the year, our store network was impacted by two major hurricanes, Harvey in Texas and Irma in Florida. Our stores were impacted mainly through the loss of sales, fuel supply disruptions and incremental expenses, including property damages, inventory losses and clean-up costs. Overall, 1,300 of our stores were affected at various levels and as a consequence, we lost approximately 3,000 store days in merchandise and service sales and 5,700 store days in road transportation fuel sales. Incremental expenses reached approximately \$6.6 million during fiscal 2018.

## Global Circle K brand

On September 22, 2015, we announced the creation of a new global convenience brand, Circle K. The new brand is replacing our existing Circle K, Statoil, Mac's, Kangaroo Express, Cornerstore, On the Run, and Topaz brands on stores and service stations across Canada (except in Quebec), 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. 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 and, more recently, store signage for the Topaz sites in Ireland. Consequently, an accelerated depreciation and amortization expense and incremental costs from our global brand initiatives of \$19.0 million and of \$3.0 million, respectively, were recorded to earnings during fiscal 2018.

As of April 29, 2018, more than 3,350 stores in North America and close to 1,650 stores in Europe had been rebranded to our new global convenience brand Circle K.

## Share repurchase and conversion

On October 11, 2017, we reached an agreement to repurchase 4,372,923 Class B subordinate voting shares held by Metro Canada Holdings Inc., a wholly owned subsidiary of Metro Inc., for a net amount of \$193.1 million. The Class A shares held by Metro Canada Holdings Inc. were converted into an equivalent number of Class B shares before the repurchase. The transaction closed on October 17, 2017, and all shares repurchased were cancelled at the same date. The dividend deemed to have been paid to Metro Canada Holdings Inc. as a result of this repurchase is an eligible dividend within the meaning of the *Income Tax Act* (Canada) and the *Taxation Act* (Quebec).

Additionally, on October 11, 2017, 11,369,599 Class A shares were converted to Class B shares.

## Outstanding shares and stock options

As at July 6, 2018, Couche-Tard had 132,023,873 Class A multiple-voting shares and 432,198,664 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 1,721,382 outstanding stock options for the purchase of Class B subordinate voting shares.

## Dividends

During its July 9, 2018 meeting, the Corporation's Board of Directors (the "Board") approved an increase in the quarterly dividend of CA 1.0¢ per share, bringing it to CA 10.0¢ per share, an increase of 11.1%.

During the same meeting, the Board declared a quarterly dividend of CA 10.0¢ per share for the fourth quarter of fiscal 2018 to shareholders on record as at July 18, 2018, and approved its payment for August 1, 2018. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

During fiscal 2018, the Board declared total dividends of CA 37.0¢ per share.

## 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 and commissaries, 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 the issuance of lottery tickets and 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 include sales of stationary energy, marine fuel, aviation fuel, and lubricants (until September 30, 2015). Other revenues also include 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 2018 - 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 2018

The following table highlights certain information regarding our operations for the 12-week period ended April 29, 2018 and 13-week period ended April 30, 2017:

<i>(in millions of US dollars, unless otherwise stated)</i>	<b>12-week period ended April 29, 2018</b>	13-week period ended April 30, 2017	Change %
Revenues	<b>13,614.8</b>	9,622.6	41.5
Operating income	<b>467.0</b>	360.0	29.7
Net earnings attributable to shareholders of the Corporation	<b>392.7</b>	277.6	41.5

### Selected Operating Data – excluding CAPL:

Merchandise and service gross margin <sup>(1)</sup> :			
Consolidated	<b>34.9%</b>	34.7%	0.2
United States	<b>33.6%</b>	33.3%	0.3
Europe	<b>44.0%</b>	44.0%	-
Canada	<b>34.4%</b>	34.7%	(0.3)
Growth of (decrease in) same-store merchandise revenues <sup>(2)(4)</sup> :			
United States <sup>(3)</sup>	<b>1.8%</b>	1.6%	
Europe	<b>4.3%</b>	2.7%	
Canada <sup>(3)</sup>	<b>3.6%</b>	(0.9%)	
Road transportation fuel gross margin:			
United States (cents per gallon) <sup>(3)</sup>	<b>17.29</b>	15.47	11.8
Europe (cents per litre)	<b>8.72</b>	7.83	11.4
Canada (CA cents per litre) <sup>(3)</sup>	<b>9.44</b>	8.05	17.3
Growth of (decrease in) same-store road transportation fuel volume <sup>(4)</sup> :			
United States <sup>(3)</sup>	<b>(0.1%)</b>	1.7%	
Europe	<b>0.1%</b>	0.7%	
Canada <sup>(3)</sup>	<b>(2.9%)</b>	(0.2%)	

(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 \$13.6 billion for the fourth quarter of fiscal 2018, up by \$4.0 billion, an increase of 41.5% compared with the corresponding quarter of fiscal 2017, mainly attributable to the contribution from acquisitions, to a higher average road transportation fuel selling price, to organic growth, as well as to the positive net impact from the translation of revenues of our Canadian and European operations into US dollars, partly offset by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017.

More specifically, total merchandise and service revenues for the fourth quarter of fiscal 2018 were \$3.2 billion, an increase of \$648.8 million compared with the corresponding quarter of fiscal 2017. Excluding CAPL's revenues, as well as the positive net impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by approximately \$572.0 million or 22.1%. This increase is attributable to the contribution from acquisitions, which amounted to approximately \$676.0 million, as well as to organic growth, partly offset by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017. Same-store merchandise revenues increased by 1.8% in the United States, a clear improvement over the trend of the last quarters. Same-store merchandise revenues increased by 1.6% in our CST US stores network, thanks to all of our teams still at work to continue the implementation of some of our key programs and the sharing of best practices. In Europe, same-store merchandise revenues increased by 4.3%, 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 3.6%, a strong improvement over the trend of the last few quarters, driven by our tactics to increase traffic, higher taxes on tobacco products, as well as by the improvement in our CST Canada sites, which posted same-store merchandise revenue growth of 2.9%.

Total road transportation fuel revenues for the fourth quarter of fiscal 2018 were \$10.0 billion, an increase of \$3.3 billion compared with the corresponding quarter of fiscal 2017. Excluding CAPL's revenues, as well as the net positive impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues increased by approximately \$2.6 billion or 38.8%. This increase was attributable to the contribution from acquisitions, which amounted to approximately \$2.0 billion, as well as to the impact of a higher average road transportation fuel selling price, which had a positive impact of approximately \$752.0 million, partly offset by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017. Same-store road transportation fuel volumes in the US decreased by 0.1%. In our CST U.S. network, same-store road transportation fuel volumes decreased by only 0.6%, continuing on the positive trend of improving results from

quarter to quarter. In Europe, same-store road transportation fuel volumes increased by 0.1%, while in Canada same-store road transportation fuel volumes decreased by 2.9%, as a result of continued strategy aimed at growing overall profitability.

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 30, 2017:

Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Weighted average
<b>52-week period ended April 29, 2018</b>					
United States (US dollars per gallon) – excluding CAPL	2.21	2.47	2.30	2.51	2.37
Europe (US cents per litre)	61.39	68.23	71.19	78.32	70.52
Canada (CA cents per litre)	99.81	101.46	108.11	110.39	102.85
<b>53-week period ended April 30, 2017</b>					
United States (US dollars per gallon) – excluding CAPL	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

Total other revenues for the fourth quarter were \$367.9 million. Excluding CAPL's revenues, other revenues increased by \$82.0 million. The impact of acquisitions for the fourth quarter was approximately \$5.0 million.

## Gross profit

Our gross profit was \$2.0 billion for the fourth quarter of fiscal 2018, up by \$474.6 million, an increase of 30.9% compared with the corresponding quarter of fiscal 2017, mainly attributable to the contribution from acquisitions, to higher fuel margins, to organic growth, to the net positive impact from the translation of operations of our Canadian and European operations into US dollars, as well as to the contribution from CAPL, partly offset by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017.

In the fourth quarter of fiscal 2018, our merchandise and service gross profit was \$1.1 billion, an increase of \$226.6 million compared with the corresponding quarter of fiscal 2017. Excluding CAPL's gross profit, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, merchandise and service gross profit increased by approximately \$200.0 million or 22.2%. This increase is attributable to the contribution from acquisitions, which amounted to approximately \$224.0 million, and to our organic growth, partly offset by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017. Our gross margin increased by 0.3% in the United States to 33.6%. Excluding our CST and Holiday stores networks, which have a different revenue mix and cost structure, our merchandise and service gross margin in the U.S. was 33.8%, an increase of 0.5%. Our gross margin remained steady in Europe at 44.0%, while in Canada, our gross margin decreased by 0.3% to 34.4%, mainly as a result of the conversion of certain Esso agent sites to company-operated stores.

In the fourth quarter of fiscal 2018, our road transportation fuel gross profit was \$818.8 million, an increase of \$236.9 million compared with the corresponding quarter of fiscal 2017. Excluding CAPL's gross profit, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, our fourth quarter of fiscal 2018 road transportation fuel gross profit increased by approximately \$187.0 million or 32.1%. Our road transportation fuel gross margin was 17.29¢ per gallon in the United States, an increase of 1.82¢ per gallon. In Europe, the road transportation fuel gross margin was US 8.72¢ per litre, an increase of US 0.89¢ per litre, favorably impacted by the sale of *Compulsory Stock Obligation* inventory in Sweden. In Canada, the road transportation fuel gross margin was CA 9.44¢ per litre, an increase of CA 1.39¢ per litre still driven by the inclusion of the CST stores in our network and different pricing strategies.

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 30, 2017, were as follows:

(US cents per gallon)

Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Weighted average
<b>52-week period ended April 29, 2018</b>					
Before deduction of expenses related to electronic payment modes	20.75	24.70	15.66	17.29	19.39
Expenses related to electronic payment modes	3.79	4.21	3.73	3.62	3.82
After deduction of expenses related to electronic payment modes	16.96	20.49	11.92	13.67	15.57
<b>53-week period ended April 30, 2017</b>					
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

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 be relatively stable over longer periods. Margin volatility and expenses related to electronic payment modes are not as significant in Europe and Canada.

In the fourth quarter, other revenues gross profit was \$65.1 million an increase of \$11.1 million compared with the corresponding period of fiscal 2017. Excluding CAPL's gross profit, other revenues gross profit increased by \$2.0 million.

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

For the fourth quarter of fiscal 2018, expenses increased by 29.9%, compared with the fourth quarter of fiscal 2017, but were stable if we exclude certain items as demonstrated by the following table:

	12-week period ended April 29, 2018
<b>Total variance, as reported</b>	<b>29.9%</b>
Adjusted for:	
Increase from incremental expenses related to acquisitions	(24.8%)
Increase from the net impact of foreign exchange translation	(3.2%)
CAPL's expenses for fiscal 2018	(2.3%)
Acquisition costs recognized to earnings of fiscal 2017	0.6%
Acquisition costs recognized to earnings of fiscal 2018	(0.1%)
Increase from higher electronic payment fees, excluding acquisitions	(0.1%)
<b>Remaining variance</b>	<b>0.0%</b>

The expense level was impacted by higher minimum wages in certain regions, normal inflation, higher advertising and marketing activities in connection with our global brand project, higher expenses needed to support our organic growth, the conversion of CODO stores into company-operated stores and by proportionally higher operational expenses in our recently built stores, as these stores generally have a larger footprint and higher sales than the average of our existing network, partly offset by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017. We continue to rigorously focus on controlling the 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 2018, EBITDA increased from \$521.6 million to \$711.1 million. Excluding the specific items shown in the table below from EBITDA of the fourth quarter of fiscal 2018 and of the corresponding period of fiscal 2017, the adjusted EBITDA for the fourth quarter of fiscal 2018 increased by \$173.9 million or 32.9% compared with the corresponding period of the previous fiscal year, mainly through the contribution from acquisitions, higher fuel margins, organic growth and the net positive impact from the translation of the results of our Canadian and European operations into US dollars, partly offset by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017. Acquisitions contributed approximately \$119.0 million to the adjusted EBITDA of the fourth quarter of fiscal 2018, while the variation in exchange rates had a net positive impact of approximately \$22.0 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)	12-week period ended April 29, 2018	13-week period ended April 30, 2017
Net earnings, as reported	396.9	277.6
Add:		
Income taxes	0.3	43.6
Net financial expenses	75.7	46.0
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	238.2	154.4
<b>EBITDA</b>	<b>711.1</b>	<b>521.6</b>
Adjusted for:		
EBITDA attributable to non-controlling interests	(15.5)	-
Restructuring costs attributable to shareholders of the Corporation (including \$1.3 million for our interest in CAPL for the 52-week period ended April 29, 2018)	6.9	2.1
Acquisition costs	0.9	6.4
Curtailment gain on defined benefits pension plan obligation	(0.6)	(1.2)
<b>Adjusted EBITDA</b>	<b>702.8</b>	<b>528.9</b>

## **Depreciation, amortization and impairment of property and equipment, intangible assets and other assets (“depreciation”)**

For the fourth quarter, depreciation, amortization and impairment expenses increased by \$83.8 million. Excluding CAPL, the depreciation expense increased by \$67.5 million, mainly driven 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 expense for the fourth quarter includes a charge of \$4.5 million for the accelerated depreciation and amortization of certain assets in connection with our global rebranding project.

## **Net financial expenses**

Net financial expenses for the fourth quarter of fiscal 2018 were \$75.7 million, an increase of \$29.7 million compared with the fourth quarter of fiscal 2017. Excluding the net foreign exchange loss of \$1.0 million and \$15.1 million recorded in the fourth quarters of fiscal 2018 and fiscal 2017, respectively, as well as CAPL’s financial expenses of \$5.5 million, net financial expenses increased by \$38.3 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, as well as by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017. The net foreign exchange loss of \$1.0 million for the fourth quarter of fiscal 2018 is mainly due to the impact of foreign exchange variations on certain cash balances and working capital items.

## **Income taxes**

During the fourth quarter of fiscal 2018, following the finalization of our analysis of the impacts of the “U.S. Tax Cuts and Jobs Act”, we recorded an additional net tax benefit of \$69.7 million, of which \$4.1 million relates to non-controlling interests. This net tax benefit is mostly derived from the remeasurement of the Deemed Repatriation Transition Tax (“Transition tax”), as well as from the remeasurement of our deferred income tax balances using the new U.S. statutory federal income tax rate, which decreased from 35.0% to 21.0%.

Excluding this adjustment, the income tax expense would have been approximately \$70.0 million for the fourth quarter of fiscal 2018, corresponding to an income tax rate of 17.6%, which compares to an income tax rate of 13.6% for the fourth quarter of fiscal 2017, due to a different mix in our earnings across various countries.

## **Net earnings attributable to shareholders of the Corporation and adjusted net earnings attributable to shareholders of the Corporation (“net earnings”)**

Net earnings for the fourth quarter of fiscal 2018 were \$392.7 million, compared with \$277.6 million for the fourth quarter of the previous fiscal year, an increase of \$115.1 million or 41.5%. Diluted net earnings per share stood at \$0.70, compared with \$0.49 the previous year.

Excluding the items shown in the table below from net earnings of the fourth quarter of fiscal 2018 and of fiscal 2017, net earnings for the fourth quarter of fiscal 2018 would have been approximately \$336.0 million, compared with \$298.0 million for the fourth quarter of fiscal 2017, an increase of \$38.0 million or 12.8%. Adjusted diluted net earnings per share would have been approximately \$0.59 for the fourth quarter of fiscal 2018 compared with \$0.52 for the corresponding period of fiscal 2017, an increase of 13.5%. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net positive impact of approximately \$10.0 million on net earnings of the fourth quarter of fiscal 2018.

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

(in millions of US dollars)	<b>12-week period ended April 29, 2018</b>	13-week period ended April 30, 2017
<b>Net earnings attributable to shareholders of the Corporation, as reported</b>	<b>392.7</b>	277.6
Adjusted for:		
Tax benefit stemming from the "U.S. Tax Cuts and Jobs Act" – attributable to shareholders of the Corporation	<b>(65.6)</b>	-
Restructuring costs – attributable to shareholders of the Corporation	<b>6.9</b>	2.1
Accelerated depreciation and amortization expense	<b>4.5</b>	5.3
Net foreign exchange loss	<b>1.0</b>	15.1
Acquisition costs	<b>0.9</b>	6.4
Curtailment gain on defined benefits pension plan obligation	<b>(0.6)</b>	(1.2)
Tax impact of the items above and rounding	<b>(3.8)</b>	(7.3)
<b>Adjusted net earnings attributable to shareholders of the Corporation</b>	<b>336.0</b>	298.0

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.

## Summary analysis of consolidated results of fiscal 2018

The following table highlights certain information regarding our operations for the 52-week period ended April 29, 2018, the 53-week period ended April 30, 2017 and the 52-week period ended April 24, 2016.

	52-week period 2018	53-week period 2017	52-week period 2016
<i>(in millions of US dollars, unless otherwise stated)</i>			
<b>Statement of Operations Data:</b>			
Merchandise and service revenues <sup>(1)</sup> :			
United States	9,432.0	7,669.8	7,366.5
Europe	1,413.9	1,205.8	933.8
Canada	2,053.5	1,848.5	1,771.6
CAPL	76.6	-	-
Total merchandise and service revenues	12,976.0	10,724.1	10,071.9
Road transportation fuel revenues:			
United States	23,327.3	16,492.0	15,864.1
Europe	7,684.1	6,473.4	5,422.3
Canada	4,819.9	3,089.0	2,019.8
CAPL	1,547.6	-	-
Elimination of intercompany transactions with CAPL	(262.4)	-	-
Total road transportation fuel revenues	37,116.5	26,054.4	23,306.2
Other revenues <sup>(2)</sup> :			
United States	25.1	14.0	14.9
Europe	1,217.7	1,098.4	751.1
Canada	27.6	13.6	0.5
CAPL	47.6	-	-
Elimination of intercompany transactions with CAPL	(16.1)	-	-
Total other revenues	1,301.9	1,126.0	766.5
<b>Total revenues</b>	<b>51,394.4</b>	<b>37,904.5</b>	<b>34,144.6</b>
Merchandise and service gross profit <sup>(1)</sup> :			
United States	3,140.1	2,545.0	2,452.3
Europe	602.3	511.4	397.0
Canada	707.7	625.2	581.4
CAPL	18.6	-	-
Total merchandise and service gross profit	4,468.7	3,681.6	3,430.7
Road transportation fuel gross profit:			
United States	1,868.1	1,407.6	1,479.4
Europe	1,024.2	917.5	811.5
Canada	424.9	262.0	148.9
CAPL	69.6	-	-
Elimination of intercompany transactions with CAPL	-	-	-
Total road transportation fuel gross profit	3,386.8	2,587.1	2,439.8
Other revenues gross profit <sup>(2)</sup> :			
United States	23.2	14.0	14.9
Europe	173.7	185.5	195.6
Canada	27.6	13.6	0.5
CAPL	47.6	-	-
Elimination of intercompany transactions with CAPL	(16.1)	-	-
Total other revenues gross profit	256.0	213.1	211.0
<b>Total gross profit</b>	<b>8,111.5</b>	<b>6,481.8</b>	<b>6,081.5</b>
Operating, selling, administrative and general expenses			
Excluding CAPL	5,070.1	4,100.5	3,836.5
CAPL	67.8	-	-
Elimination of intercompany transactions with CAPL	(12.5)	-	-
Total Operating, selling, administrative and general expenses	5,125.4	4,100.5	3,836.5
Restructuring costs (including \$5.2 million for CAPL for the 52-week period ended April 29, 2018)	56.9	8.1	-
(Gain) loss on disposal of property and equipment and other assets	(17.7)	11.8	18.8
Curtailment gain on defined benefits pension plan obligation	(0.6)	(3.9)	(27.2)
Gain on disposal of lubricant business	-	-	(47.4)
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets			
Excluding CAPL	845.3	667.6	633.1
CAPL	61.1	-	-
Total depreciation, amortization and impairment of property and equipment, intangible assets and other assets	906.4	667.6	633.1
<b>Operating income</b>	<b>2,045.1</b>	<b>1,697.7</b>	<b>1,667.7</b>
Excluding CAPL	2,045.1	1,697.7	1,667.7
CAPL	(0.4)	-	-
Elimination of intercompany transactions with CAPL	(3.6)	-	-
Total operating income	2,041.1	1,697.7	1,667.7
Net earnings including non-controlling interests	1,680.5	1,208.9	1,191.4
Net (earnings) attributable to non-controlling interests	(6.9)	-	-
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>1,673.6</b>	<b>1,208.9</b>	<b>1,191.4</b>
<b>Per Share Data:</b>			
Basic net earnings per share (dollars per share)	2.96	2.13	2.10
Diluted net earnings per share (dollars per share)	2.95	2.12	2.09
Adjusted diluted net earnings per share (dollars per share)	2.60	2.21	2.08
Cash dividend per share (CA cents per share)	37.00	34.75	26.75

(in millions of US dollars, unless otherwise stated)

**Other Operating Data – excluding CAPL:**

Merchandise and service gross margin<sup>(1)</sup>:

	52-week period 2018	53-week period 2017	52-week period 2016
Consolidated	34.5%	34.3%	34.1%
United States	33.3%	33.2%	33.3%
Europe	42.6%	42.4%	42.5%
Canada	34.5%	33.8%	32.8%

Growth of same-store merchandise revenues<sup>(9)(12)</sup>:

United States <sup>(4)</sup>	0.8%	2.0%	4.6%
Europe	2.7%	3.5%	2.8%
Canada <sup>(4)</sup>	0.4%	0.1%	2.9%

Road transportation fuel gross margin:

United States (cents per gallon) <sup>(4)</sup>	19.39	18.56	20.15
Europe (cents per litre)	8.72	8.22	8.82
Canada (CA cents per litre) <sup>(4)</sup>	8.84	7.66	6.41

Total volume of road transportation fuel sold:

United States (millions of gallons)	9,794.1	7,643.1	7,260.2
Europe (millions of litres)	11,747.6	11,160.2	9,200.8
Canada (millions of litres)	6,161.4	4,550.1	3,072.3

Growth of (decrease in) same-store road transportation fuel volume<sup>(12)</sup> :

United States <sup>(4)</sup>	(0.4%)	2.6%	6.6%
Europe	-	1.0%	2.6%
Canada <sup>(4)</sup>	(1.4%)	(0.3%)	0.9%

**Balance Sheet Data:**

	April 29, 2018	April 30, 2017	April 24, 2016
Total assets (excluding \$1.3 billion for CAPL)	21,846.6	14,185.6	12,264.8
Interest-bearing debt (excluding \$536.8 million for CAPL)	8,350.1	3,354.9	2,838.1
Shareholders' equity	7,563.4	6,009.6	5,041.1

**Indebtedness Ratios<sup>(6)</sup>:**

Net interest-bearing debt/total capitalization <sup>(6)</sup>	0.50 : 1	0.31 : 1	0.31 : 1
Leverage ratio <sup>(7)(11)</sup>	2.46 : 1	1.09 : 1	0.95 : 1
Adjusted leverage ratio <sup>(8)(11)</sup>	3.13 : 1	2.02 : 1	1.93 : 1

**Returns<sup>(6)</sup>:**

Return on equity <sup>(9)(11)</sup>	24.8%	22.5%	27.0%
Return on capital employed <sup>(10)(11)</sup>	12.0%	15.8%	19.2%

(1) Includes revenues derived from franchise fees, royalties, suppliers rebates on some purchases made by franchisees and licensees as well as from wholesale of merchandise.

(2) Includes revenues from the rental of assets, from the sale of aviation and marine fuel, heating oil, kerosene, and chemicals.

(3) Does not include services and other revenues (as described in footnotes 1 and 2 above). Growth in Canada and in Europe is calculated based on local currencies.

(4) For company-operated stores only.

(5) These measures are presented as if our investment in CAPL was reported using the equity method as we believe it allows a more relevant presentation of the underlying performance of the Corporation.

(6) 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. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation. We believe this ratio is useful to investors and analysts.

(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 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. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation. We believe this ratio is useful to investors and analysts.

(8) This measure 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. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation. We believe this measure is useful to investors and analysts.

(9) This measure 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. We believe this measure is useful to investors and analysts.

(10) This measure 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. We believe this measure is useful to investors and analysts.

(11) As of April 29, 2018, this ratio is presented for the 52-week period ended April 29, 2018 on a pro forma basis for the acquisitions of CST and Holiday. CST and Holiday's earnings and balance sheet figures have been adjusted to make their presentation in line with Couche-Tard's policies. As of April 30, 2017, this measure is presented for the 53-week period ended April 30, 2017 on a pro forma basis for the stores network acquired from Imperial Oil. As at April 24, 2016, this measure is presented for the 52-week period ended April 24, 2016 on a pro forma basis for Topaz's results.

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

## Revenues

For fiscal 2018, our revenues increased by \$13.5 billion or 35.6% compared with fiscal 2017, mainly attributable to the contribution from acquisitions, to a higher average road transportation fuel selling price, to organic growth, as well as to the positive net impact from the translation of revenues of our Canadian and European operations into US dollars, partly offset by one less week during fiscal 2018 compared with fiscal 2017.

More specifically, the growth in merchandise and service revenues was \$2.3 billion. Excluding CAPL's revenues as well as the net positive impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by approximately \$2.0 billion or 18.9%. This increase is attributable to the contribution from acquisitions, which amounted to approximately \$2.1 billion, as well as to organic growth, partly offset by one less week during fiscal 2018 compared with fiscal 2017. Same-store merchandise revenues grew by 0.8% in the United States, negatively impacted by the general softness in the retail industry as well as by the significant climatic events of the middle of the year. Same-store merchandise revenues grew by 2.7% in Europe, a great success considering the replacement of the well-known brand Statoil with our global Circle K brand. Same-store merchandise revenues grew by 0.4% in Canada.

The growth in road transportation fuel revenues was \$11.1 billion. Excluding CAPL's revenues, as well as the net positive impact from the translation of our European and Canadian operations into US dollars, road transportation fuel revenues increased by \$9.2 billion or 35.3%. This increase is attributable to the contribution from acquisitions, which amounted to approximately \$6.6 billion, as well as to the impact of a higher average road transportation fuel selling price, which had a positive impact of approximately \$2.6 billion, partly offset by one less week during fiscal 2018 compared with fiscal 2017. Same-store road transportation fuel volumes decreased by 0.4% in the United States, by 1.4% in Canada and were stable in Europe.

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 30, 2017:

Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Weighted average
<b>52-week period ended April 29, 2018</b>					
United States (US dollars per gallon) – excluding CAPL	2.21	2.47	2.30	2.51	2.37
Europe (US cents per litre)	61.39	68.23	71.19	78.32	70.52
Canada (CA cents per litre)	99.81	101.46	108.11	110.39	102.85
<b>53-week period ended April 30, 2017</b>					
United States (US dollars per gallon) – excluding CAPL	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

Total other revenues for fiscal 2018 were \$1.3 billion. Excluding CAPL's revenues, other revenues increased by \$144.4 million. The impact of acquisitions for fiscal 2018 was approximately \$24.0 million.

## Gross profit

Our gross profit was \$8.1 billion for fiscal 2018, up by \$1.6 billion, an increase of 25.1% compared with fiscal 2017, mainly attributable to the contribution from acquisitions, to higher fuel margins, to organic growth, to the net positive impact from the translation of operations of our Canadian and European operations into US dollars, as well as to the contribution from CAPL, partly offset by one less week during fiscal 2018 compared with fiscal 2017.

During fiscal 2018, our consolidated merchandise and service gross profit was \$4.5 billion, an increase of \$787.1 million compared with fiscal 2017. Excluding CAPL's gross profit, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, consolidated merchandise and service gross profit increased by approximately \$713.0 million or 19.4%. This increase is mostly attributable to the contribution from acquisitions, which amounted to approximately \$683.0 million, and to our organic growth, partly offset by one less week during fiscal 2018 compared with fiscal 2017. The gross margin was 33.3% in the United States, an increase of 0.1%, it was 42.6% in Europe, an increase of 0.2%, while in Canada it was 34.5%, an increase of 0.7%, mainly as a result of the conversion of certain Esso agent sites to company-operated stores.

The consolidated road transportation fuel gross profit was \$3.4 billion for fiscal 2018, an increase of \$799.7 million compared with fiscal 2017. Excluding CAPL's gross profit, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, consolidated road transportation fuel gross profit increased by approximately \$665.0 million or 25.7%. The road transportation fuel gross margin was 19.39¢ per gallon in the United States, an increase of 0.83¢ per gallon or 4.5% over fiscal 2017. Road transportation fuel margin was CA 8.84¢ per litre in Canada, an increase of CA 1.18¢ per litre, still driven by the inclusion of the CST stores in our network and different pricing strategies, and it was US 8.72¢ per litre in Europe, an increase of US 0.50¢ 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 30, 2017, were as follows:

(US cents per gallon)

Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Weighted average
52-week period ended April 29, 2018					
Before deduction of expenses related to electronic payment modes	20.75	24.70	15.66	17.29	19.39
Expenses related to electronic payment modes	3.79	4.21	3.73	3.62	3.82
After deduction of expenses related to electronic payment modes	16.96	20.49	11.92	13.67	15.57
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

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 over longer periods. Margin volatility and expenses related to electronic payment modes are not as significant in Europe and Canada.

In fiscal 2018, other revenues gross profit was \$256.0 million, an increase of \$42.9 million compared with fiscal 2017. Excluding CAPL's gross profit, other revenues gross profit increased by \$11.4 million.

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

For fiscal 2018, expenses increased by 25.0% compared with fiscal 2017, but increased by only 2.0%, if we exclude certain items as demonstrated by the following table:

	52-week period ended April 29, 2018
<b>Total variance, as reported</b>	<b>25.0%</b>
Adjusted for:	
Increase from incremental expenses related to acquisitions	(18.7%)
Increase from the net impact of foreign exchange translation	(1.9%)
CAPL's expenses for fiscal 2018	(1.7%)
Acquisition costs recognized to earnings of fiscal 2017	0.5%
Acquisition costs recognized to earnings of fiscal 2018	(0.3%)
Increase from higher electronic payment fees, excluding acquisitions	(0.7%)
Additional costs incurred following Hurricanes Harvey and Irma	(0.2%)
Incremental costs from our global brand initiatives	(0.1%)
Negative goodwill recognized to earnings of fiscal 2018	0.1%
<b>Remaining variance</b>	<b>2.0%</b>

The remaining increase is derived from higher minimum wages in certain regions, normal inflation, higher advertising and marketing activities in connection with our global brand project, higher expenses needed to support our organic growth, the conversion of CODO stores into company-operated stores and by proportionally higher operational expenses in our recently built stores, as these stores generally have a larger footprint and higher sales than the average of our existing network, partly offset by one less week during fiscal 2018 compared with fiscal 2017. 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 2018, EBITDA increased from \$2.4 billion to \$3.0 billion. Excluding the specific items shown in the table below from EBITDA, the adjusted EBITDA for fiscal 2018 increased by \$558.5 million or 23.1% compared with fiscal 2017 mainly through the contribution from acquisitions, which were approximately \$478.0 million, higher fuel margins, organic growth and the net positive impact from the translation of the results of our Canadian and European operations into US dollars, of approximately \$53.0 million, partly offset by one less week during fiscal 2018 compared with fiscal 2017.

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 period ended April 29, 2018	53-week period ended April 30, 2017
Net earnings, as reported	1,680.5	1,208.9
Add:		
Income taxes	57.3	383.2
Net financial expenses	335.3	136.0
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	906.4	667.6
<b>EBITDA</b>	<b>2,979.5</b>	<b>2,395.7</b>
Adjusted for:		
EBITDA attributable to non-controlling interests	(49.5)	-
Restructuring costs attributable to shareholders of the Corporation (including \$1.3 million for our interest in CAPL for the 52-week period ended April 29, 2018)	51.7	8.1
Acquisition costs	11.8	21.0
Gain on disposal of a terminal	(11.5)	-
Gain on investment in CST	(8.8)	-
Incremental costs related to hurricanes	6.6	-
Incremental costs from our global brand initiatives	3.0	-
Negative goodwill	(2.8)	-
Curtailment gain on defined benefits pension plan obligation	(0.6)	(3.9)
<b>Adjusted EBITDA</b>	<b>2,979.4</b>	<b>2,420.9</b>

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

For fiscal 2018, depreciation, amortization and impairment expenses increased by \$238.8 million. Excluding CAPL, the depreciation expense increased by \$177.7 million mainly driven 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 expense for fiscal 2018 includes a charge of \$19.0 million for the accelerated depreciation and amortization of certain assets in connection with our global rebranding project.

## Net financial expenses

Net financial expenses for fiscal 2018 were \$335.3 million, an increase of \$199.3 million compared with fiscal 2017. Excluding the net foreign exchange loss of \$48.4 million and the net foreign exchange loss of \$9.6 million recorded in fiscal 2018 and fiscal 2017, respectively, as well as CAPL's financial expenses of \$19.4 million, net financial expenses increased by \$141.1 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, as well as by one less week during fiscal 2018 compared with fiscal 2017. The net foreign exchange loss of \$48.4 million for fiscal 2018 is mainly due to the impact of foreign exchange variations on certain cash balances and working capital items.

## Income taxes

During fiscal 2018, following the approval of the "U.S. Tax Cuts and Jobs Act", we recorded a net tax benefit of \$288.3 million, of which \$18.2 million relates to non-controlling interests. This net tax benefit is mostly derived from the remeasurement of our deferred income tax balances using the new U.S. statutory federal income tax rate, which decreased from 35.0% to 21.0%, partly offset by the Deemed Repatriation Transition Tax ("Transition tax").

Excluding this adjustment, as well as an adjustment for a tax benefit stemming from an internal reorganization, the income tax expense for fiscal 2018 would have been approximately \$346.0 million, corresponding to an income tax rate of 20.6%, which compares to an income tax rate of 24.1% for fiscal 2017. This reduction in our income tax rate stems mainly from the decrease in our U.S. statutory federal income tax rate starting January 1, 2018.

## Net earnings attributable to shareholders of the Corporation and adjusted net earnings attributable to shareholders of the Corporation ("net earnings")

Net earnings for fiscal 2018 were \$1.7 billion, compared with \$1.2 billion for fiscal 2017, an increase of \$464.7 million or 38.4%. Diluted net earnings per share stood at \$2.95, compared with \$2.12 the previous year.

Excluding the items shown in the table below from net earnings of fiscal 2018 and fiscal 2017, net earnings for fiscal 2018 would have been approximately \$1.5 billion, compared with \$1.3 billion for fiscal 2017, an increase of \$219.0 million or 17.4%. Adjusted diluted net earnings per share would have been approximately \$2.60 for fiscal 2018, compared with \$2.21 for fiscal 2017, an increase of 17.6%. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net positive impact of approximately \$26.0 million on net earnings of fiscal 2018.

(in millions of US dollars)	<b>52-week period ended April 29, 2018</b>	53-week period ended April 30, 2017
Net earnings attributable to shareholders of the Corporation, as reported	<b>1,673.6</b>	1,208.9
Adjusted for:		
Tax benefit stemming from the "U.S. Tax Cuts and Jobs Act" – attributable to shareholders of the Corporation	<b>(270.1)</b>	-
Restructuring costs – attributable to shareholders of the Corporation	<b>51.7</b>	8.1
Accelerated depreciation and amortization expense	<b>19.0</b>	27.1
Net foreign exchange loss	<b>48.4</b>	9.6
Acquisition costs	<b>11.8</b>	21.0
Curtailment gain on defined benefits pension plan obligation	<b>(0.6)</b>	(3.9)
Tax benefit stemming from an internal reorganization	<b>(13.4)</b>	-
Gain on disposal of a terminal	<b>(11.5)</b>	-
Gain on investment in CST	<b>(8.8)</b>	-
Incremental costs related to hurricanes	<b>6.6</b>	-
Incremental costs from our global brand initiatives	<b>3.0</b>	-
Negative goodwill	<b>(2.8)</b>	-
Tax impact of the items above and rounding	<b>(31.9)</b>	(14.8)
Adjusted net earnings attributable to shareholders of the Corporation	<b>1,475.0</b>	1,256.0

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 29, 2018

As shown by our indebtedness ratios included in the “Summary analysis of consolidated results for fiscal 2018” section and our net cash provided by operating activities, our financial position is solid.

Our total consolidated assets amounted to \$23.1 billion as at April 29, 2018, an increase of \$8.9 billion over the balance as at April 30, 2017, primarily stemming from the acquisition of CST, which includes CAPL, and Holiday, as well as from the positive effect from the variation in exchange rates. It should be noted that we have updated our balance sheet as at April 30, 2017 to reflect the final adjustments we made during fiscal 2018 to the fair value assessment of the assets acquired, the liabilities assumed and the goodwill for the Dansk Fuel A/S acquisition.

During the 52-week period ended on April 29, 2018, we recorded a return on capital employed of 12.0%.

Significant balance sheet variations are explained as follows:

### Accounts receivable

Accounts receivables increased by \$512.2 million, from \$1.5 billion as at April 30, 2017, to \$2.0 billion as at April 29, 2018. The increase stems mainly from the acquisitions of CST and Holiday, a higher cost for road transportation fuel, and the positive net impact of approximately \$92.0 million from the variation in exchange rates at the balance sheet date.

### Inventories

Inventories increased by \$504.0 million, from \$865.0 million as at April 30, 2017, to \$1.4 billion as at April 29, 2018. The increase stems mainly from the acquisitions of CST and Holiday, a higher cost for road transportation fuel and the positive net impact of approximately \$23.0 million from the variation in exchange rates at the balance sheet date.

### Property and equipment

Property and equipment increased by \$3.6 billion, from \$7.5 billion as at April 30, 2017, to \$11.1 billion as at April 29, 2018, mainly as a result of the acquisitions of CST and Holiday, the investments we made to our network, as well as the positive net impact of approximately \$232.0 million from the exchange rates variation at the balance sheet date, partly offset by the depreciation, amortization and impairment expense.

### Goodwill

Goodwill increased by \$3.7 billion, from \$2.4 billion as at April 30, 2017, to \$6.1 billion as at April 29, 2018, mainly as a result of the acquisitions of CST and Holiday, as well as the positive net impact of approximately \$76.0 million from the exchange rates variation at the balance sheet date.

### Intangible assets

Intangible assets increased by \$364.2 million, from \$670.1 million as at April 30, 2017, to \$1.0 billion as at April 29, 2018, mainly as a result of the acquisitions of CST and Holiday, and of the positive net impact of approximately \$31.0 million from the variation in exchange rates at the balance sheet date.

### Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by \$1.1 billion, from \$2.7 billion as at April 30, 2017, to \$3.8 billion as at April 29, 2018. The increase mainly stems from acquisitions of CST and Holiday and a higher cost for road transportation fuel. The strengthening of local currencies compared to the US dollar increased accounts payable and accrued liabilities by approximately \$137.0 million.

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

Long-term debt and current portion of long-term debt increased by \$5.5 billion, from \$3.4 billion as at April 30, 2017, to \$8.9 billion as at April 29, 2018, mainly as a result of the financing of the acquisitions of CST and Holiday, the inclusion of CAPL's debt in our consolidated balance sheet, in addition to the impact of the strengthening Canadian dollar and Euro against the US dollar, which was approximately \$143.0 million, partly offset by repayments made.

## Equity

Equity attributable to shareholders of the corporation amounted to \$7.6 billion as at April 29, 2018, up \$1.6 billion compared with April 30, 2017, mainly reflecting an increase in net earnings and other comprehensive income for fiscal 2018, partly offset by dividends declared. For the 52-week period ended April 29, 2018, we recorded a return on equity of 24.8%.

At April 29, 2018, non-controlling interests equity was \$327.0 million (nil at April 30, 2017), mainly reflecting the acquisition of control of CAPL and its net earnings, partly offset by distributions.

## 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.

### *Revolving unsecured operating credit, maturing in December 2022 (“operating credit D”)*

Credit agreement consisting of a revolving unsecured facility of a maximum amount of \$2,525.0 million. As at April 29, 2018, \$1.4 billion of our operating credit D had been used. As at the same date, the weighted average effective interest rate was 3.236% and standby letters of credit in the amount of \$16.1 million were outstanding.

On November 24, 2017, we amended the operating credit D to extend its maturity to December 2022. Moreover, on the same date, we amended the standby fees that are applied to the unused portion of the credit facility, which now vary based on our credit rating. Also, letters of credit fees and the variable margin used to determine the interest rate applicable to borrowed amounts are now determined according to our credit rating as well.

### *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 fixed margin of 1.5%. As at April 29, 2018, operating credit F was unused.

### *CAPL US-dollar-denominated senior secured revolving credit facility, without recourse to the Corporation maturing in April 2020*

As at April 29, 2018, CAPL had a credit agreement consisting of a US-dollar-denominated senior secured revolving credit facility of a maximum amount of \$650.0 million, maturing on April 25, 2020, under which swing-line loans may be drawn up to \$25.0 million and standby letters of credit may be issued up to an aggregate of \$45.0 million. This facility is without recourse to the Corporation.

As at April 29, 2018, \$509.5 million of CAPL’s revolving credit facility had been used. At the same date, the effective interest rate was 4.740% and CAPL was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

### *Available liquidities*

As at April 29, 2018, excluding CAPL’s revolving credit facility, a total of approximately \$1.1 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, excluding CAPL’s cash and revolving credit facility, we had access to approximately \$1.8 billion through our available cash and revolving unsecured operating credit facilities.

## Selected Consolidated Cash Flow Information

(in millions of US dollars)	52-week period ended April 29, 2018	53-week period ended April 30, 2017	Variation
<b>Operating activities</b>			
Net cash provided by operating activities	<b>2,163.1</b>	1,925.5	237.6
<b>Investing activities</b>			
Business acquisitions	<b>(5,380.9)</b>	(1,331.6)	(4,049.3)
Purchase of property and equipment, intangible assets and other assets	<b>(1,169.3)</b>	(994.1)	(175.2)
Proceeds from disposal of CST's assets held for sale	<b>895.5</b>	-	895.5
Proceeds from disposal of property and equipment and other assets	<b>132.1</b>	95.0	37.1
Proceeds from disposal of an available-for-sale investment	<b>91.6</b>	-	91.6
Restricted cash	<b>(13.5)</b>	(4.4)	(9.1)
Deposit for business acquisition	-	18.6	(18.6)
Proceeds from sale of and capital reduction received from an associated company held-for-sale	-	137.1	(137.1)
Investment in an associated company held-for-sale	-	(308.1)	308.1
Net cash used in investing activities	<b>(5,444.5)</b>	(2,387.5)	(3,057.0)
<b>Financing activities</b>			
Issuance of senior unsecured notes, net of financing costs	<b>3,935.9</b>	851.8	3,084.1
Repayment of debts assumed on the CST acquisition	<b>(1,075.9)</b>	-	(1,075.9)
Net increase (decrease) in term revolving unsecured operating credit D	<b>702.9</b>	(176.6)	879.5
Net increase (decrease) in acquisition facility, net of financing costs	<b>412.1</b>	(3.0)	415.1
Repayment of senior unsecured notes	<b>(232.5)</b>	-	(232.5)
Share repurchase	<b>(193.1)</b>	-	(193.1)
Cash dividends paid	<b>(162.4)</b>	(145.3)	(17.1)
Settlement of derivative financial instruments	<b>(81.3)</b>	(5.8)	(75.5)
Net decrease in other debts	<b>(42.9)</b>	(26.0)	(16.9)
Net increase in CAPL senior secured revolving credit facility	<b>64.5</b>	-	64.5
CAPL distributions paid to non-controlling interests	<b>(50.5)</b>	-	(50.5)
Exercise of stock options	<b>0.2</b>	3.3	(3.1)
Net cash provided by financing activities	<b>3,277.0</b>	498.4	2,778.6
<b>Credit ratings</b>			
S&P Global Ratings – Corporate credit rating	<b>BBB</b>	BBB	
Moody's - Senior unsecured notes credit rating	<b>Baa2</b>	Baa2	

### Operating activities

During fiscal 2018, net cash from our operations reached \$2.2 billion, up \$237.6 million compared with fiscal 2017, mainly due to higher net earnings.

### Investing activities

During fiscal 2018, investing activities were primarily for the acquisition of CST for an amount of \$3.5 billion, the acquisition of Holiday for an amount of \$1.6 billion, and other acquisitions for an amount of \$287.5 million (of which \$75.6 million relates to CAPL). Net investments in property and equipment, intangible assets and other assets amounted to \$1.2 billion. Proceeds from disposals of CST assets held for sale consisted of the disposal of CST sites to Empire for an amount of \$143.0 million and of the sale of a portion of CST's Canadian assets to Parkland Fuel Corporation for an amount of \$752.5 million. In addition, the proceeds from our original investment in CST were for an amount of \$91.6 million.

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

### Financing activities

During fiscal 2018, we issued Canadian- and US-dollar-denominated senior unsecured notes for a net amount of \$3.9 billion. We also repaid the debt assumed through the acquisition of CST for an amount of \$1.1 billion and repaid an amount of \$232.5 million on our Canadian-dollar-denominated senior unsecured notes. We also drew a net amount of \$702.9 million on our revolving unsecured operating credit and a net amount of \$412.1 million on our acquisition facility. We also repurchased 4,372,923 Class B subordinate voting shares held by Metro Canada Holdings Inc. for a net amount of \$193.1 million and paid total dividends of \$162.4 million.

## Contractual Obligations and Commercial Commitments

Set out below is a summary of our material contractual obligations as at April 29, 2018<sup>(1)</sup>:

	2019	2020	2021	2022	2023	Thereafter	Total
	(in millions of US dollars)						
Long-term debt <sup>(2)(3)</sup>	-	1,760.3	646.4	1,397.4	1,194.1	3,576.4	8,574.6
Finance lease obligations and other debts	67.4	82.5	55.6	48.6	40.2	217.4	511.7
Operating lease obligations	464.2	417.2	355.0	297.1	209.4	826.2	2,569.1
<b>Total</b>	<b>531.6</b>	<b>2,260.0</b>	<b>1,057.0</b>	<b>1,743.1</b>	<b>1,443.7</b>	<b>4,620.0</b>	<b>11,655.4</b>

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

(2) Does not include future interest payments.

(3) Includes CAPL's non-recourse debt of \$509.5 million maturing April 2020.

	2019	2020	2021	2022	2023	Thereafter	Total
<b>Fuel Purchase Obligations</b>							
United States (in millions of gallons)	2,869.6	2,685.1	2,583.6	1,945.5	1,750.5	4,107.4	15,941.7
Europe (in millions of litres)	3,638.7	-	-	-	-	-	3,638.7
Canada (in millions of litres)	3,229.7	3,462.7	3,797.7	3,249.1	3,229.7	32,668.1	49,637.0
CAPL (in millions of gallons)	365.1	137.2	10.2	6.8	4.5	-	523.8

*Long-term debt.* As at April 29, 2018, our long-term debt totaled \$8.9 billion, detailed as follows:

- i. Borrowings of \$412.1 million under our unsecured non-revolving acquisition credit facility, maturing on June 27<sup>th</sup>, 2020. As at April 29, 2018, the effective interest rate was 3.358%.
- ii. Canadian-dollar-denominated senior unsecured notes totaling \$1.9 billion (CA \$2.4 billion), and US-dollar-denominated senior unsecured notes totaling \$3.4 billion, divided as follows:
  - a. Tranche 2 with a notional amount of CA\$450.0 million, maturing on November 1<sup>st</sup>, 2019, bearing interest at 3.319%.
  - b. Tranche 3 with a notional amount of CA\$250.0 million, maturing on November 1<sup>st</sup>, 2022, bearing interest at 3.899%.
  - c. Tranche 4 with a notional amount of CA\$300.0 million, maturing on August 21<sup>st</sup>, 2020, bearing interest at 4.214%.
  - d. Tranche 5 with a notional amount of CA\$700.0 million, maturing on June 2<sup>nd</sup>, 2025, bearing interest at 3.600%.
  - e. Tranche 7 with a notional amount of CA\$700.0 million, maturing on July 26<sup>th</sup>, 2024, bearing interest at 3.056%.
  - f. Tranche 6 with a notional amount of \$1.0 billion, maturing on July 26<sup>th</sup>, 2022, bearing interest at 2.700%.
  - g. Tranche 8 with a notional amount of \$1.0 billion, maturing on July 26<sup>th</sup>, 2027, bearing interest at 3.550%.
  - h. Tranche 9 with a notional amount of \$500.0 million, maturing on July 26<sup>th</sup>, 2047, bearing interest at 4.500%.
  - i. Tranche 10 with a notional amount of \$600.0 million, maturing on December 13<sup>th</sup>, 2019, bearing interest at 2.350%.
  - j. Tranche 11 with a notional amount of \$300.0 million, maturing on December 13<sup>th</sup>, 2019, bearing interest at three-month LIBOR plus 0.500%.
- iii. Borrowings of \$1.4 billion under our revolving unsecured operating credits denominated in US and Canadian dollars, maturing in December 2022. The effective interest rate was 3.236% as at April 29, 2018.
- iv. Euro-denominated senior unsecured notes totaling \$900.7 million, with a notional amount of €750.0 million, maturing on May 6, 2026, bearing interest at 1.875% and an effective rate of 1.944%.
- v. Borrowings of \$509.5 million under CAPL's credit agreement consisting of a US-dollar-denominated senior secured revolving credit facility, maturing on April 25, 2020. The effective interest rate was 4.740% as at April 29, 2018.
- vi. NOK-denominated senior unsecured notes totaling \$83.9 million, with a notional amount of NOK 675.0 million, maturing on February 18, 2026, bearing interest at 3.850% and an effective rate of 3.927%.
- vii. Other long-term debts of \$352.4 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 at market prices. 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 29, 2018, the total future lease payments under such agreements are approximately \$5.3 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 \$15.1 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 29, 2018 were not significant.

We also issue surety bonds for a variety of business purposes for our own operations, 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)	52-week period ended April 29, 2018				53-week period ended April 30, 2017			
	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>
Quarter								
Weeks	12 weeks	16 weeks	12 weeks	12 weeks	13 weeks	16 weeks	12 weeks	12 weeks
<b>Revenues</b>	<b>13,614.8</b>	<b>15,791.8</b>	<b>12,140.6</b>	<b>9,847.2</b>	<b>9,622.6</b>	<b>11,415.8</b>	<b>8,445.5</b>	<b>8,420.6</b>
Operating income before depreciation, amortization and impairment of property and equipment, intangibles assets and other assets	705.2	714.9	846.3	681.1	514.4	628.7	617.0	605.2
Depreciation, amortization and impairment of property and equipment, intangibles assets and other assets	238.2	288.6	209.3	170.3	154.4	210.1	156.7	146.4
Operating income	467.0	426.3	637.0	510.8	360.0	418.6	460.3	458.8
Share of earnings of joint ventures and associated companies accounted for using the equity method	5.9	9.2	8.3	8.6	7.2	8.4	5.3	9.5
Net financial expenses	75.6	110.9	89.6	59.2	46.0	43.3	21.9	24.8
<b>Net earnings including non-controlling interests</b>	<b>396.9</b>	<b>490.5</b>	<b>433.5</b>	<b>359.6</b>	<b>277.6</b>	<b>287.0</b>	<b>321.5</b>	<b>322.8</b>
Net (earnings) loss attributable to non-controlling interest	(4.2)	(6.9)	(1.0)	5.2	-	-	-	-
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>392.7</b>	<b>483.6</b>	<b>432.5</b>	<b>364.8</b>	<b>277.6</b>	<b>287.0</b>	<b>321.5</b>	<b>322.8</b>
<b>Net earnings per share</b>								
Basic	\$0.70	\$0.86	\$0.76	\$0.64	\$0.49	\$0.51	\$0.57	\$0.56
Diluted	\$0.70	\$0.86	\$0.76	\$0.63	\$0.49	\$0.50	\$0.57	\$0.56

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 30, 2017

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

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 53<sup>rd</sup> 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	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	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
<b>Total variance as reported</b>	<b>6.9%</b>
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%
<b>Remaining variance</b>	<b>2.1%</b>

The remaining variance is due to the impact of the 53<sup>rd</sup> 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 53<sup>rd</sup> 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
<b>EBITDA</b>	<b>2,395.7</b>	<b>2,330.8</b>
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
<b>Adjusted EBITDA</b>	<b>2,420.9</b>	<b>2,293.8</b>

## 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.

## 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 29, 2018, except for the exclusion of Holiday's internal controls described below, our management, following its assessment, certifies the design and operating effectiveness of the Corporation's 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 29, 2018, our management and our external auditors reported that these internal controls were effective.

We exclude Holiday's internal control over financial reporting from our evaluation of the overall effectiveness of our internal control over financial reporting. This is due to the size and timing of this transaction, which occurred on December 22, 2017. The limitation is primarily based on the time required to assess Holiday's controls over financial reporting and to confirm they are consistent with ours, as permitted by the Canadian Securities Administrator's National Instrument 52-109 for 365 days following an acquisition. We expect to finalize our assessment during fiscal 2019.

Holiday's results since the acquisition date are included in our consolidated financial statements and constituted approximately 8.3% of total consolidated assets as of April 29, 2018, approximately 2.4% of consolidated revenues and 1.7% of consolidated net earnings attributable to shareholders for the 52-week period ending on that date.

## 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 the amounts reported in the consolidated financial statements and accompanying notes. 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.

*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

### *Financial Instruments*

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. On April 30, 2018, we will apply IFRS 9 retrospectively without restating comparative information, with the exception of the hedging component which is applied prospectively.

The first requirement, recognition and measurement, requires a new classification of financial assets and liabilities under IFRS 9, which largely retains requirements under IAS 39. Therefore, it will have no significant impact on our consolidated financial statements. The second requirement, impairment, replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" model. The new impairment model will apply to financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. This requirement will have no significant impact on our consolidated financial statements. The third requirement, general hedge accounting, entails that we must ensure that hedge accounting relationships are aligned with our risk management objectives and strategy and apply a more qualitative and forward-looking approach to assessing hedge effectiveness. We continue to evaluate the impact of this requirement on our hedge accounting policies.

### *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. On April 30, 2018, we will apply IFRS 15 using the "modified retrospective approach".

During fiscal 2018, we analyzed the impact on current revenue streams, comparing the current accounting policy with the new guidance, and identified the differences from applying the new requirements to our contracts. Under the current accounting policy, we recognize initial franchise fees when we have performed all material obligations and services, which generally occurs when the franchise store opens. Under the new guidance, we will defer the initial fees and recognize revenue over the estimated term of the related franchise agreement. As a result, we expect an adjustment related to initial franchise fees revenue of approximately \$4.0 million (net of income taxes of approximately \$2.0 million) which will result in an adjustment to opening Retained earnings on adoption.

### *Leases*

In January 2016, the IASB issued IFRS 16, "Leases", which will replace IAS 17, "Leases". The new standard will be effective for our fiscal year beginning on April 29, 2019, with early adoption permitted. 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.

Given that we have significant contractual obligations accounted for as operating leases under IAS 17, our preliminary conclusion is that 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.

The following table outlines the key areas that will be impacted by the adoption of IFRS 16:

Impacted areas of the business	Analysis	Impact
Financial reporting	The analysis includes which contracts will be in scope as well as the options available under the new standard such as whether to early adopt, the two recognition and measurement exemptions and whether to apply the new standard on a full retrospective application in accordance with IAS 8 or choose the “modified retrospective approach”.	We are in the process of analyzing the full impact of the adoption of IFRS 16 on our consolidated balance sheets and consolidated statement of earnings and comprehensive income. As at April 29, 2018, we intend to adopt IFRS 16 for our fiscal year ending April 26, 2020 using the “modified retrospective approach” and to use the exemptions for short-term leases and leases for which the underlying asset is of low-value.
Information systems	We are analyzing the need to make changes within our information systems environment to optimize the management of more than 9,000 leases that will fall within the scope of the new standard.	We have evaluated different IT solutions for the eventual recognition and measurement of leases in scope. An IT solution was selected during the fiscal year ended April 29, 2018 and is currently being implemented.
Internal controls	We will be performing an analysis of the changes to the control environment as a result of the adoption of IFRS 16.	We are currently evaluating the impact of IFRS 16 on the control environment.
Stakeholders	We will be performing an analysis of the impact on the disclosure to our stakeholders as a result of the adoption of IFRS 16.	We have begun discussing the impact of IFRS 16 to internal and external stakeholders.

### *Classification and Measurement of Share-based Payment Transactions*

On April 30, 2018, we will apply amendments to IFRS 2, “Share-based Payment”, 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. The amendments will be applied prospectively and will have no significant impact on the 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.

*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, 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 dependent 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.

*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, among other things, general political and economic conditions, as well as the market’s limited ability to absorb road transportation fuel price fluctuations, are factors that could influence road transportation fuel selling price and related gross margin. During fiscal 2018, road transportation fuel revenues accounted for approximately 72.0% of our total revenues, yet the road transportation fuel gross margin represented about only 42.0% of our overall gross profits.

*Tobacco products.* Tobacco products represent our largest product category of merchandise and service revenues. For fiscal 2018, tobacco products represented approximately 38.0% and 19.0% 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.

*Legislative and regulatory requirements.* Our operations are subject to numerous environmental laws and regulations that are discussed under “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. Regulations related to employee compensation, benefits and other programs, including minimum wage increases, could adversely affect our business, financial conditions and results of operations.

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 regulations, or their current interpretation, on our business, financial condition and results of operations would not be material.

*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. Environmental requirements, and the enforcement and interpretation of these requirements, change frequently and have generally become more stringent over time. 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. We may also be subject to litigation costs, fines and other sanctions as a result of our failure to comply with these requirements.

Our business may also be affected by laws and regulations addressing global climate change and the role played in it 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.

Tax incentives and other subsidies in different legislations in which we operate have also made renewable fuels as well as alternative powered and energy-efficient vehicles more competitive than they otherwise would have been, which may adversely impact our business, financial condition and results of operations.

*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 2018, a variation of 10% in our expenses associated with electronic payment modes would have had an impact of approximately \$0.07 on earnings per share on a diluted base.

*Information technology systems.* We depend on information technology systems (“IT systems”) to manage numerous aspects of our business transactions and to provide complete and reliable information to management. Our IT systems are an essential component of our business and growth strategies, and obsolescence of or 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 outage or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches, cyberattacks, computer viruses and laws and regulations necessitating mandatory upgrades and timelines with which we may not be able to comply. Any serious disruption could adversely affect our operations, our competitive position and/or reputation, and could lead to claims that could have an adverse effect on profitability.

*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 as well as other sensitive information regarding our employees, business partners and vendors. 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. 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.

In addition, the European Union General Data Protection Regulation (GDPR) effective as of May 2018, imposes penalties up to a maximum of 4% of global annual revenues for breach of the regulation. Non-compliance to data protection laws could expose us to regulatory investigations, which could result in fines and penalties.

*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.

*Tax laws and liabilities.* We are subject to extensive tax obligations imposed by multiple jurisdictions, including direct and indirect taxes, payroll taxes, franchise taxes, foreign withholding taxes and property taxes. New or changes to existing tax laws and regulations could result in increased tax expenses or liabilities in the future and could materially and adversely impact our financial conditions, results of operations and cash flows. Additionally, many tax obligations are subject to periodic audits by tax authorities which could result in interests and penalties.

*Acquisitions.* Acquisitions have been and should continue to be a significant part of our growth strategy. Our ability to identify and complete strategic acquisitions in the future may be limited by different factors, including the number of attractive acquisition targets with motivated sellers, internal demands on our resources and, to the extent necessary, our ability to obtain regulatory approval and 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.

*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.

*Brand image and reputation.* Trademarks and other proprietary rights are important to the Corporation's competitive position and we benefit from a well-recognized brand. If the Corporation is unsuccessful in protecting its intellectual property rights, or if another party prevails in litigation claiming any rights thereto, the value of the brand could be diminished, causing customer confusion and materially adversely impacting our business and financial results. Failure to maintain product safety and quality could materially adversely affect our brand image and reputation and lead to potential product liability claims (including class-action), government agency investigations and damages.

*Recruitment and retention of highly qualified employees.* We are dependent on our ability to attract and retain a strong management team and key employees. If, for any reason, we are not able to attract and retain sufficient and appropriately skilled people, our business, our financial results and our ability to achieve our strategic objectives may be compromised.

*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.

*Hazards and risks associated with fuel products.* 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. 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.

*Indebtedness.* We currently have \$6.2 billion of bonds with an average effective interest rate of 3.176% with the latest maturity date being July 26, 2047. This level of indebtedness could have important consequences, such as allocating a portion of cash flows from operations to the payment of interests on the indebtedness and other financial obligations, and thus making it unavailable for other purposes and potentially affecting the corporation's ability to obtain additional financing. The credit arrangements contain restrictive covenants that may limit our ability to incur, assume or permit to exist additional indebtedness, guarantees or liens. They also require the corporation to comply with certain coverage ratio tests which may prevent the corporation from pursuing certain business opportunities or taking certain actions.

*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 29, 2018, 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 \$58.0 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 29, 2018, we carried a variable rate debt of approximately \$2.6 billion. Based on the amount of our variable rate debt as at April 29, 2018, a one percentage point increase in interest rates would decrease our earnings per share by \$0.03 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.

*Accounts receivable.* We are exposed to risk related to the creditworthiness and performance of our customers, suppliers and contract counterparties. As of April 29, 2018, we had outstanding accounts receivable totaling \$2.0 billion. 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 amounts receivable from other industrial and commercial clients. Contracts with longer payment cycles or difficulties in enforcing contracts or collecting accounts receivable could lead to material fluctuations in our cash flows and could adversely impact our business, financial condition and results of operations.

*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.

*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.

*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.

*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.

## Outlook

For fiscal 2019, our focus will remain the integration of our recent acquisitions into our network and the identification and realization of associated synergies. We will continue the implementation of some of our Circle K concepts into these sites and work towards increasing traffic to sites while sustaining margins and controlling our costs.

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.

July 9, 2018

## 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 in accordance with 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 29, 2018, and April 30, 2017, 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 9, 2018

*/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 29, 2018. 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 the 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. On December 22, 2017, the Corporation acquired Holiday Stationstores, LLC and certain affiliated companies (“Holiday”). Management excluded from its evaluation of the effectiveness of internal control over financial reporting Holiday’s internal control over financial reporting. Holiday’s results since the acquisition date are included in the Corporation’s consolidated financial statements and constituted approximately 8.3% of total consolidated assets as at April 29, 2018, approximately 2.4% of consolidated revenues and 1.7% of consolidated net earnings attributable to shareholders for the fiscal year then ended. See Note 4 to the consolidated financial statements for a discussion about this acquisition. Based on this evaluation, management concluded that Alimentation Couche-Tard Inc.’s internal control over financial reporting was effective as at April 29, 2018.

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 29, 2018 and expressed an unqualified opinion thereon, which is included herein.

July 9, 2018

/s/ Brian Hannasch

Brian Hannasch  
President and  
Chief Executive Officer

/s/ Claude Tessier

Claude Tessier  
Chief Financial Officer

# Independent Auditor's Report

To the Shareholders of  
Alimentation Couche-Tard Inc.

July 9, 2018

We have completed the integrated audits of Alimentation Couche-Tard Inc. and its subsidiaries' consolidated financial statements for the fiscal years ended April 29, 2018 and April 30, 2017, and its internal control over financial reporting as at April 29, 2018. Our opinions, based on our audits, are presented below.

## Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries, which comprise the consolidated balance sheets as at April 29, 2018 and April 30, 2017, 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 Corporation'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 29, 2018 and April 30, 2017, 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 29, 2018.

## 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.

As indicated in the Management's Report on Internal Control over Financial Reporting, the assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Holiday Stationstores, LLC and certain affiliated companies, collectively known as "Holiday", a recent acquisition included in the 2018 consolidated financial statements of Alimentation Couche-Tard Inc., and which constituted approximately 8.3% of total assets as of April 29, 2018, and approximately 2.4% of revenue and 1.7% of net earnings for the fiscal year ended April 29, 2018. Our audit of internal control over financial reporting of Alimentation Couche-Tard Inc. also did not include an evaluation of the internal control over financial reporting of Holiday.

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

A Corporation'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 Corporation's assets that could have a material effect on the financial statements.

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.

### 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 29, 2018, in accordance with the criteria established in *Internal Control – Integrated Framework (2013)*, issued by COSO.

*PricewaterhouseCoopers LLP*<sup>1</sup>

Montreal, Canada

<sup>1</sup> FCPA auditor, FCA, public accountancy permit No. A116853

## Consolidated Statements of Earnings

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except per share amounts)

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
<b>Revenues</b>	<b>51,394.4</b>	37,904.5
Cost of sales (Note 8)	<b>43,282.9</b>	31,422.7
<b>Gross profit</b>	<b>8,111.5</b>	6,481.8
Operating, selling, administrative and general expenses	<b>5,125.4</b>	4,100.5
Restructuring costs (Note 23)	<b>56.9</b>	8.1
(Gain) loss on disposal of property and equipment and other assets	<b>(17.7)</b>	11.8
Curtailment gain (Note 28)	<b>(0.6)</b>	(3.9)
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	<b>906.4</b>	667.6
<b>Total operating expenses (Note 8)</b>	<b>6,070.4</b>	4,784.1
<b>Operating income</b>	<b>2,041.1</b>	1,697.7
Share of earnings of joint ventures and associated companies accounted for using the equity method (Note 7)	<b>32.0</b>	30.4
Financial expenses	<b>295.8</b>	132.8
Financial revenues	<b>(8.9)</b>	(6.4)
Foreign exchange loss	<b>48.4</b>	9.6
<b>Net financial expenses (Note 10)</b>	<b>335.3</b>	136.0
Earnings before income taxes	<b>1,737.8</b>	1,592.1
Income taxes (Note 11)	<b>57.3</b>	383.2
<b>Net earnings including non-controlling interests</b>	<b>1,680.5</b>	1,208.9
Net earnings attributable to non-controlling interests (Note 5)	<b>(6.9)</b>	-
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>1,673.6</b>	1,208.9
Net earnings per share (Note 12)		
Basic	<b>2.96</b>	2.13
Diluted	<b>2.95</b>	2.12

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

## Consolidated Statements of Comprehensive Income

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2))

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
<b>Net earnings including non-controlling interests</b>	<b>1,680.5</b>	1,208.9
<b>Other comprehensive income (loss)</b>		
<b>Items that may be reclassified subsequently to earnings</b>		
<b>Translation adjustments</b>		
Change in cumulative translation adjustments <sup>(1)</sup>	137.3	9.6
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 <sup>(2)</sup> (Note 21)	84.2	(112.0)
<b>Cash flow hedges</b>		
Change in fair value of financial instruments <sup>(2)</sup> (Note 29)	(11.9)	(5.4)
Loss (gain) realized on financial instruments transferred to earnings <sup>(2)</sup> (Note 29)	5.0	(4.7)
<b>Available-for-sale investment</b>		
Change in fair value of an available-for-sale investment <sup>(2)</sup>	1.1	21.5
Gain realized on an available-for-sale investment transferred to earnings <sup>(2)</sup> (Note 4)	(8.8)	-
<b>Items that will never be reclassified to earnings</b>		
Net actuarial gain (loss) <sup>(3)</sup> (Note 28)	25.1	(13.9)
Other comprehensive income (loss)	232.0	(104.9)
<b>Comprehensive income including non-controlling interests</b>	<b>1,912.5</b>	1,104.0
Comprehensive income attributable to non-controlling interests	(6.9)	-
<b>Comprehensive income attributable to shareholders of the Corporation</b>	<b>1,905.6</b>	1,104.0

(1) For the fiscal years ended April 29, 2018 and April 30, 2017, these amounts include gains of \$70.1 (net of income taxes of \$11.1) and losses of \$36.4 (net of income taxes of \$5.8), respectively. These gains and losses arise from the translation of long-term debts denominated in foreign currencies.

(2) For the fiscal years ended April 29, 2018 and April 30, 2017, these amounts are net of income taxes of \$3.8 and \$0.2, respectively.

(3) For the fiscal years ended April 29, 2018 and April 30, 2017, these amounts are net of income taxes of \$7.6 and \$6.5, 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 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2))

	Attributable to the shareholders of the Corporation					2018 (52 weeks)	
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 27)	Total	Non-controlling interests	Equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	708.7	15.7	6,083.5	(798.3)	6,009.6	-	6,009.6
Acquisition of control of CAPL (Note 4)	-	-	-	-	-	370.6	370.6
Comprehensive income:							
Net earnings	-	-	1,673.6	-	1,673.6	6.9	1,680.5
Other comprehensive income	-	-	-	232.0	232.0	-	232.0
Comprehensive income					1,905.6	6.9	1,912.5
Dividends declared	-	-	(162.4)	-	(162.4)	-	(162.4)
Distributions to non-controlling interests (Note 5)	-	-	-	-	-	(50.5)	(50.5)
Stock option-based compensation expense (Note 26)	-	3.6	-	-	3.6	-	3.6
Initial fair value of stock options exercised	1.6	(1.6)	-	-	-	-	-
Cash received upon exercise of stock options	0.1	-	-	-	0.1	-	0.1
Repurchase and cancellation of shares (Note 25)	(6.4)	-	(186.7)	-	(193.1)	-	(193.1)
<b>Balance, end of year</b>	<b>704.0</b>	<b>17.7</b>	<b>7,408.0</b>	<b>(566.3)</b>	<b>7,563.4</b>	<b>327.0</b>	<b>7,890.4</b>

	Attributable to the shareholders of the Corporation					2017 (53 weeks)	
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 27)	Total	Non-controlling interests	Equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	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
<b>Balance, end of year</b>	<b>708.7</b>	<b>15.7</b>	<b>6,083.5</b>	<b>(798.3)</b>	<b>6,009.6</b>	<b>-</b>	<b>6,009.6</b>

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

## Consolidated Statements of Cash Flows

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2))

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
<b>Operating activities</b>		
Net earnings including non-controlling interests	1,680.5	1,208.9
Adjustments to reconcile net earnings including non-controlling interests to net cash provided by operating activities		
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets, and amortization of financing costs, net of amortization of deferred credits	878.8	654.9
Deferred income taxes (Note 11)	(208.6)	47.2
Deferred credits	51.3	18.6
Share of earnings of joint ventures and associated companies accounted for using the equity method, net of dividends received (Note 7)	(11.5)	(14.4)
(Gain) loss on disposal of property and equipment and other assets	(8.9)	11.8
Gain realized on an available-for-sale investment transferred to earnings (Note 4)	(8.8)	-
Other	(3.0)	(17.8)
Changes in non-cash working capital (Note 13)	(206.7)	16.3
<b>Net cash provided by operating activities</b>	<b>2,163.1</b>	<b>1,925.5</b>
<b>Investing activities</b>		
Business acquisitions (Note 4)	(5,380.9)	(1,331.6)
Purchase of property and equipment, intangible assets and other assets	(1,169.3)	(994.1)
Proceeds from disposal of CST's assets held for sale (Note 4)	895.5	-
Proceeds from disposal of property and equipment and other assets	132.1	95.0
Proceeds from disposal of an available-for-sale investment (Note 4)	91.6	-
Restricted cash	(13.5)	(4.4)
Deposit for business acquisition	-	18.6
Proceeds from sale of and capital reduction received from an associated company held-for-sale (Note 4)	-	137.1
Investment in an associated company held-for-sale (Note 4)	-	(308.1)
<b>Net cash used in investing activities</b>	<b>(5,444.5)</b>	<b>(2,387.5)</b>
<b>Financing activities</b>		
Issuance of senior unsecured notes, net of financing costs (Notes 13 and 20)	3,935.9	851.8
Repayments of debts assumed on the CST acquisition (Notes 4 and 13)	(1,075.9)	-
Net increase (decrease) in term revolving unsecured operating credit D (Notes 13 and 20)	702.9	(176.6)
Net increase (decrease) in acquisition facility, net of financing costs (Notes 13 and 20)	412.1	(3.0)
Repayment of senior unsecured notes (Note 13)	(232.5)	-
Share repurchase	(193.1)	-
Cash dividends paid	(162.4)	(145.3)
Settlement of derivative financial instruments (Note 13)	(81.3)	(5.8)
Net decrease in other debts (Notes 13 and 20)	(42.9)	(26.0)
Net increase in CAPL senior secured revolving credit facility (Notes 13 and 20)	64.5	-
CAPL distributions paid to non-controlling interests (Note 5)	(50.5)	-
Exercise of stock options	0.2	3.3
<b>Net cash provided by financing activities</b>	<b>3,277.0</b>	<b>498.4</b>
Effect of exchange rate fluctuations on cash and cash equivalents	33.0	1.8
<b>Net increase in cash and cash equivalents</b>	<b>28.6</b>	<b>38.2</b>
Cash and cash equivalents, beginning of year	637.6	599.4
Cash and cash equivalents, end of year	<b>666.2</b>	<b>637.6</b>
<b>Supplemental information:</b>		
Interest paid	233.5	102.2
Interest and dividends received	36.7	21.3
Income taxes paid	277.5	360.4
<b>Cash and cash equivalents components:</b>		
Cash and demand deposits	665.5	592.7
Liquid investments	0.7	44.9
	<b>666.2</b>	<b>637.6</b>

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

## Consolidated Balance Sheets

As at April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2))

	2018	2017
	\$	(adjusted, Note 2) \$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	666.2	637.6
Restricted cash	19.6	6.1
Accounts receivable (Note 14)	2,006.4	1,494.2
Inventories (Note 15)	1,369.0	865.0
Prepaid expenses	106.5	60.3
Assets held for sale (Note 6)	73.8	-
Other short-term financial assets (Note 21)	1.8	7.6
Income taxes receivable	233.8	102.1
	<b>4,477.1</b>	<b>3,172.9</b>
Property and equipment (Note 16)	11,088.6	7,511.4
Goodwill (Note 17)	6,056.7	2,370.2
Intangible assets (Note 17)	1,034.3	670.1
Other assets (Note 18)	303.1	313.4
Investment in joint ventures and associated companies (Note 7)	123.3	107.9
Deferred income taxes (Note 11)	57.5	39.7
	<b>23,140.6</b>	<b>14,185.6</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 19)	3,812.8	2,704.3
Provisions (Note 23)	179.4	130.5
Liabilities associated with assets held for sale (Note 6)	5.8	-
Other short-term financial liabilities (Notes 21 and 22)	-	88.6
Income taxes payable	147.1	75.3
Current portion of long-term debt (Note 20)	42.9	253.2
	<b>4,188.0</b>	<b>3,251.9</b>
Long-term debt (Note 20)	8,844.0	3,101.7
Provisions (Note 23)	610.4	489.4
Pension benefit liability (Note 28)	100.0	94.6
Other long-term financial liabilities (Note 21)	173.5	223.1
Income taxes payable	58.9	-
Deferred credits and other liabilities (Note 24)	347.5	267.2
Deferred income taxes (Note 11)	927.9	748.1
	<b>15,250.2</b>	<b>8,176.0</b>
<b>Equity</b>		
Capital stock (Note 25)	704.0	708.7
Contributed surplus	17.7	15.7
Retained earnings	7,408.0	6,083.5
Accumulated other comprehensive loss (Note 27)	(566.3)	(798.3)
Equity attributable to shareholders of the Corporation	7,563.4	6,009.6
Non-controlling interests (Note 5)	327.0	-
	<b>7,890.4</b>	<b>6,009.6</b>
	<b>23,140.6</b>	<b>14,185.6</b>

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

On behalf of the Board,

*/s/ Brian Hannasch*

**Brian Hannasch**  
Director

*/s/ Alain Bouchard*

**Alain Bouchard**  
Director

# Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(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 29, 2018, the Corporation operates and licenses 12,740 convenience stores across North America, Ireland, Scandinavia (Norway, Sweden and Denmark), Poland, the Baltics (Estonia, Latvia and Lithuania) and Russia, of which 9,718 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 and road transportation fuel. In addition, through CrossAmerica Partners LP (“CAPL”), the Corporation supplies road transportation fuel under various brands to approximately 1,300 locations in the United States.

Furthermore, under licensing agreements, more than 2,000 stores are operated under the Circle K banner in 14 other countries and territories (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, Saudi Arabia, the United Arab Emirates and Vietnam), which brings the worldwide total network to more than 16,000 stores.

## 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 29, 2018 and April 30, 2017 are referred to as “2018” and “2017”. The fiscal year ended April 29, 2018 had 52 weeks (53 weeks in 2017).

### Basis of presentation

The Corporation prepares its consolidated financial statements in accordance with 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 9, 2018, the Corporation’s consolidated financial statements were approved by the Board of Directors, which also approved their publication.

### Comparative figures

During fiscal 2018, the Corporation made adjustments and finalized its estimates of the fair value of assets acquired and liabilities assumed for the acquisition of Dansk Fuel A/S. As a result, changes were made to the following consolidated balance sheet accounts as at April 30, 2017: Inventories decreased by \$0.7, Property and equipment increased by \$21.3, Intangible assets increased by \$0.6, Accounts payable and accrued liabilities increased by \$0.3, Current portion of long-term debt increased by \$0.8, Long-term debt increased by \$5.9, Provisions increased by \$6.7 and Deferred credits and other liabilities increased by \$0.7. Consequently, Goodwill decreased by \$6.8. These changes did not result in any material changes in the consolidated statement of earnings for the fiscal year ended April 30, 2017.

## 3. ACCOUNTING POLICIES

### Change in accounting policies

#### *Statement of Cash Flows*

The Corporation applied the amendments to IAS 7, “Statement of Cash Flows”, which are intended to clarify IAS 7 to improve information about an entity’s financing activities. To comply with the new requirements, a reconciliation of total liabilities arising from financing activities has been added. See Note 13 for the additional information disclosed in regards to the amendments.

### 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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

is different from the amounts that were initially recorded, such differences 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. See Note 5 for more details about the treatment of CAPL.

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. They 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 of the period. 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 of the period. 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, or a change in ownership of the associated company or joint venture, 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. 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 respective weighted average number 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. For wholesale operations, the Corporation generally recognizes road transportation fuel revenue upon delivery to its customers. 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.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

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 sales of stationary energy, marine fuel and aviation fuel, 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.

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 and equipment under finance leases	Lesser of the lease term and useful life

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.

# Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

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:

- fulfillment 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

# Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

- 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 taking into account the number of awards that are expected to ultimately vest. 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 forfeitures.

## **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 (loss) 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, which is the rate 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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

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:

<b>Financial assets and financial liabilities</b>	<b>Classification</b>	<b>Subsequent measurement <sup>(1)</sup></b>	<b>Classification of gains and losses</b>
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 (loss) 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 net investment hedges	Effective hedging instruments	Fair value	Other comprehensive income (loss) subject to reclassification to net earnings
Derivative financial instruments designated as fair value hedges	Effective hedging instruments	Fair value	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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

### 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 deferred share units ("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 (loss) and subsequently reclassified to consolidated net earnings in the same period that the change in the fair value of the PSUs and DSUs affected 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 (loss) as a result of applying hedge accounting will be recognized in the reporting period's net earnings under Operating, selling, administrative and general expenses.

#### *Fuel swaps*

The Corporation uses fuel swaps to manage the price risk associated with the commodity prices of road transportation fuel. The changes in fair value of these swaps are recognized in the consolidated statement of earnings as financial expenses.

Also, from time to time, the Corporation uses fuel swaps to manage the price risk associated with an anticipated cash settlement transaction related to a sale of a large volume of fuel. The Corporation documents and designates the fuel swaps as a cash flow hedge of the anticipated cash settlement transaction related to the sale of fuel. Accordingly, changes in the fair value of the hedging item, the fuel swaps, are recognized in Other comprehensive income (loss). Realized gains in Accumulated other comprehensive income (loss) are then reclassified to Cost of sales in the same period as when the hedged transaction occurs.

#### *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. Accordingly, the gains and losses arising from the translation of the designated debts that are designated to be an effective hedge, are recognized in Other comprehensive income (loss), 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 designates 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 (loss), 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.

#### *Fixed-to-floating interest rate swaps*

The Corporation uses fixed-to-floating interest rate swaps to manage the interest rate risk associated with fixed interest rate debt. The Corporation designated these fixed-to-floating interest rate swaps as a fair value hedge of fixed interest rate debt issued (the "hedged item"). Accordingly, the hedged item is remeasured to reflect changes in fair value arising from changes in the hedged risk and such remeasurements are recognized in the consolidated statements of earnings as financial expenses. This is counterbalanced by gains and losses arising from the remeasurement of the swap's fair value, which are recognized in the consolidated statements of earnings as financial expenses as well.

#### *Interest rate locks*

The Corporation uses interest rate locks to manage the interest rate risk associated with forecasted debt issuance. The Corporation designates these interest rate locks as a cash flow hedge of the debt ultimately issued. 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) are 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 element 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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

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

#### *Financial Instruments*

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 and general hedge accounting. On April 30, 2018, the Corporation will apply IFRS 9 retrospectively without restating comparative information, with the exception of the hedging component which is applied prospectively.

The first requirement, recognition and measurement, requires a new classification of financial assets and liabilities under IFRS 9, which largely retains requirements under IAS 39. Therefore, it will have no significant impact on the Corporation's consolidated financial statements. The second requirement, impairment, replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" model. The new impairment model will apply to financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. This requirement will have no significant impact on the Corporation's consolidated financial statements. The third requirement, general hedge accounting, entails that the Corporation must ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and apply a more qualitative and forward-looking approach to assessing hedge effectiveness. The Corporation continues to evaluate the impact of this requirement on its hedge accounting policies.

#### *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. On April 30, 2018, the Corporation will apply IFRS 15 using the "modified retrospective approach".

During fiscal 2018, the Corporation analyzed the impact on its current revenue streams, comparing its current accounting policy with the new guidance, and identified the differences from applying the new requirements to its contracts. Under the current accounting policy, the Corporation recognizes initial franchise fees when it has performed all material obligations and services, which generally occurs when the franchise store opens. Under the new guidance, the Corporation will defer the initial fees and recognize revenue over the estimated term of the related franchise agreement. As a result, the Corporation expects an adjustment related to initial franchise fees revenue of approximately \$4.0 (net of income taxes of approximately \$2.0) which will result in an adjustment to opening Retained earnings on adoption.

#### *Classification and Measurement of Share-based Payment Transactions*

On April 30, 2018, the Corporation will apply amendments to IFRS 2, "Share-based Payment", 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. The amendments will be applied prospectively and will have no significant impact on the Corporation's 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 the Corporation's fiscal year beginning on April 29, 2019, with early adoption permitted. The new standard requires lessees to recognize a lease liability reflecting

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

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.

Given that it has significant contractual obligations accounted for as operating leases under IAS 17, the Corporation’s preliminary conclusion is that 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.

The following table outlines the key areas that will be impacted by the adoption of IFRS 16:

Impacted areas of the business	Analysis	Impact
Financial reporting	The analysis includes which contracts will be in scope as well as the options available under the new standard such as whether to early adopt, the two recognition and measurement exemptions and whether to apply the new standard on a full retrospective application in accordance with IAS 8 or choose the “modified retrospective approach”.	The Corporation is in the process of analyzing the full impact of the adoption of IFRS 16 on the Corporation’s consolidated balance sheets and consolidated statement of earnings and comprehensive income. As at April 29, 2018, the Corporation intends to adopt IFRS 16 for its fiscal year ending April 26, 2020 using the “modified retrospective approach” and to use the exemptions for short-term leases and leases for which the underlying asset is of low-value.
Information systems	The Corporation is analyzing the need to make changes within its information systems environment to optimize the management of more than 9,000 leases that will fall within the scope of the new standard.	The Corporation has evaluated different IT solutions for the eventual recognition and measurement of leases in scope. An IT solution was selected during the fiscal year ended April 29, 2018 and is currently being implemented.
Internal controls	The Corporation will be performing an analysis of the changes to the control environment as a result of the adoption of IFRS 16.	The Corporation is currently evaluating the impact of IFRS 16 on its control environment.
Stakeholders	The Corporation will be performing an analysis of the impact on the disclosure to its stakeholders as a result of the adoption of IFRS 16.	The Corporation has begun discussing the impact of IFRS 16 to internal and external stakeholders.

#### 4. BUSINESS ACQUISITIONS

The Corporation has made the following business acquisitions:

##### 2018

##### 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, before the closing of the acquisition, it employed 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.

Pursuant to the acquisition of CST, the Corporation has also acquired the general partner of CAPL, owns 100% of CAPL’s Incentive Distribution Rights (“IDRs”) and, as at April 29, 2018, held a 21.4% equity investment in it (20.5% as at June 28, 2017). CAPL supplies road transportation fuel under various brands to approximately 1,300 locations in the United States (see Note 5 for more details).

On the same day, the Corporation sold to Parkland Fuel Corporation a significant portion of CST’s Canadian assets for approximately CA \$986.0 (\$752.5). The disposed assets mainly comprised CST’s independent dealers and commission agents 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. Also, on September 6, 2017, as per the requirements of the U.S. Federal Trade Commission, the Corporation sold 70 CST U.S. company-operated sites to Empire Petroleum Partners, LLC for a total consideration of \$143.0. No gain or loss was recognized on these sales transactions. The disposed assets and associated liabilities are presented as held for sale in the fair value of assets acquired and liabilities assumed and are recorded at their respective fair value less costs of disposal.

For the fiscal year ended April 29, 2018, acquisition costs of \$5.8 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

The final estimates of the fair value of assets acquired and liabilities assumed for the CST acquisition are as follows:

	Final estimate
	\$
<b>Assets</b>	
Current assets	
Cash and cash equivalents	215.8
Accounts receivable <sup>(a)</sup>	120.8
Inventories	180.3
Prepaid expenses	13.1
Assets held for sale	1,111.3
	1,641.3
Property and equipment	2,445.5
Identifiable intangible assets	345.7
Other assets	30.2
	4,462.7
<b>Liabilities</b>	
Current liabilities	
Accounts payable and accrued liabilities	402.9
Provisions	8.6
Liabilities associated with assets held for sale	215.8
Income taxes payable	20.5
Current portion of long-term debt	76.4
	724.2
Long-term debt	1,483.4
Provisions	80.5
Deferred credits and other liabilities	100.6
Deferred income taxes	358.6
	2,747.3
<b>Net identifiable assets</b>	<b>1,715.4</b>
Non-controlling interests	(370.6)
Goodwill	2,340.4
<b>Total cash consideration paid</b>	<b>3,685.2</b>
<b>Cash and cash equivalents acquired</b>	<b>215.8</b>
<b>Net cash flow for the acquisition</b>	<b>3,469.4</b>

(a) The fair value of acquired accounts receivable represents the gross contractual amount for accounts receivable of \$121.2, net of the uncollectible amount estimated to \$0.4.

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

On June 28, 2017, the Corporation repaid all of CST's borrowings under its revolving credit facilities for an amount of \$498.8. Additionally, on July 28, 2017, the Corporation repaid all of CST's outstanding senior notes for an amount of \$577.1 using its acquisition facility.

Prior to the CST acquisition, the Corporation held an available-for-sale investment in CST, and the resulting gains and losses were recorded to Accumulated other comprehensive income (loss). On June 28, 2017, the Corporation disposed of this investment for total proceeds of \$91.6. As a result, a gain of \$8.8 was realized and transferred from Accumulated other comprehensive income (loss) to earnings.

The CST acquisition was concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale, and was financed using the Corporation's available cash, its existing credit facilities and its new acquisition facility (Note 20). This acquisition generated goodwill mainly due to the significant footprint in the Southwestern United States. Since the date of acquisition, revenues and net earnings attributable to the shareholders of the Corporation from this acquisition amounted to \$7,776.7 and \$77.9, respectively.

### Acquisition of Holiday Stationstores, LLC

On December 22, 2017, the Corporation acquired all the membership interest of Holiday Stationstores, LLC and certain affiliated companies ("Holiday") for a total cash consideration of approximately \$1.6 billion. The fair value of the contingent consideration, which is based on specific results achieved over a three-year period, was estimated at \$25.0 using the Corporation's best estimate at the acquisition date. Holiday is an important convenience store and fuel player in the U.S. Midwest region. As of the closing of the transaction, it had 516 sites, of which 373 were operated by Holiday and 143 were operated by franchisees, as well as 27 dealer contracts. Holiday also operates a strong car wash business with 234 locations as at closing date, 2 food commissaries and a fuel terminal in Newport, Minnesota. Its stores are located in Minnesota, Wisconsin, Washington State, Idaho, Montana, Wyoming, North Dakota, South Dakota, Michigan and Alaska.

The Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed and goodwill. Consequently, part of the fair value adjustments, mainly relating to property and equipment and intangible assets, related to this acquisition is included in goodwill in the preliminary fair value assessment of the assets acquired and the liabilities assumed. Regarding the intangible assets, the Corporation's preliminary work has identified the following items which have not yet been evaluated in this preliminary fair value assessment: trademarks, software, as well as fuel supply agreements. The Corporation has also not finalized the fair value assessment of favorable and unfavorable leases and franchise agreements. The preliminary estimates thereof are subject to material adjustments to the fair value of the assets, liabilities and goodwill until the process is completed. For the fiscal year ended April 29, 2018, acquisition costs of \$4.1 in connection with this acquisition are included in Operating, selling, administrative and general expenses.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

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

	Preliminary estimate
Tangible assets acquired	
Cash and cash equivalents	13.6
Accounts receivable <sup>(a)</sup>	64.3
Inventories	69.5
Prepaid expenses	4.2
Property and equipment	459.2
Other assets	15.4
Investment in joint ventures and associated companies	2.9
<b>Total tangible assets</b>	<b>629.1</b>
Liabilities assumed	
Accounts payable and accrued liabilities	194.9
Provisions	28.5
Long-term debt	3.2
Deferred credits and other liabilities	1.0
<b>Total liabilities</b>	<b>227.6</b>
<b>Net tangible assets acquired</b>	<b>401.5</b>
Intangible assets	60.8
Goodwill	1,195.9
<b>Total consideration</b>	<b>1,658.2</b>
Consideration receivable	(4.4)
Contingent consideration payable	25.0
Cash and cash equivalents acquired	13.6
<b>Net cash flow for the acquisition</b>	<b>1,624.0</b>

(a) The fair value of acquired accounts receivable represents the gross contractual amount for accounts receivable of \$65.3, net of the uncollectible amount estimated to \$1.0.

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

The Holiday acquisition was concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale, and was financed using the Corporation's available cash and existing credit facilities. Since the date of acquisition, revenues and net earnings attributable to the shareholders of the Corporation from this acquisition amounted to \$1,224.8 and \$28.0, respectively.

On a pro forma basis, had the Corporation concluded the CST and Holiday acquisitions at the beginning of its fiscal year, total revenues and net earnings attributable to the shareholders of the Corporation would have amounted to \$55,436.7 and \$1,730.5, respectively.

### Other acquisitions

- On May 30, 2017, the Corporation acquired 53 company-operated sites located in Louisiana, United States, from American General Investments, LLC and North American Financial Group, LLC. The convenience stores operate under the *Cracker Barrel* brand. The Corporation owns the land and building for 47 sites and assumes the leases for the remaining 6 locations. On the same date, the Corporation closed seven of those stores.
- On July 7, 2017, the Corporation acquired from Empire Petroleum Partners, LLC, 53 fuel supply contracts with independent operators in the Atlanta, GA, metro area. As part of this transaction, the Corporation also acquired real estate for two sites.
- On November 28, 2017, the Corporation acquired certain assets from Jet Pep, Inc., including a fuel terminal, associated trucking equipment and 18 retail sites located in Alabama. The Corporation owns the land and building for 17 sites and assumes the lease for the remaining location.

In addition, through a distinct transaction, CAPL purchased other assets of Jet Pep, Inc. consisting of 101 commission operated retail sites, including 92 owned sites, 5 leased sites and 4 independent commission accounts.

- During fiscal 2018, the Corporation also acquired 11 company-operated stores through distinct transactions. The Corporation owns the land and building for eight sites, leases the land and owns the building for two sites, and leases the land and the building for the remaining site.

These transactions were settled for a total consideration of \$289.7 using available cash and existing credit facilities. 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 29, 2018, acquisition costs of \$1.9 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

The preliminary estimates of the fair value of assets acquired and liabilities assumed for 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 annual consolidated financial statements are as follows:

	\$
Tangible assets acquired	
Cash and cash equivalents	2.2
Accounts receivable	0.8
Inventories	25.6
Prepaid expenses	0.2
Income taxes receivable	0.3
Property and equipment	185.7
Other assets	0.3
Assets held for sale	2.0
<b>Total tangible assets</b>	<b>217.1</b>
Liabilities assumed	
Accounts payable and accrued liabilities	6.8
Provisions	4.8
Long-term debt	0.8
Deferred credits and other liabilities	3.9
Deferred income taxes	7.7
<b>Total liabilities</b>	<b>24.0</b>
<b>Net tangible assets acquired</b>	<b>193.1</b>
Intangible assets	30.1
Goodwill	69.3
Negative goodwill	(2.8)
<b>Total cash consideration paid</b>	<b>289.7</b>
Cash and cash equivalents acquired	2.2
<b>Net cash flow for the acquisition</b>	<b>287.5</b>

The Corporation expects that almost 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. These acquisitions 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 \$530.9 and \$6.8, respectively. Considering the size and 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.

### 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 settled for a total consideration of approximately \$1.3 billion and was financed using the Corporation's available cash and existing credit facilities.

For the fiscal year ended April 30, 2017, acquisition costs of \$12.2 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

The final estimates of the fair value of assets acquired and liabilities assumed for this acquisition are as follows:

	Final estimate
	\$
<b>Assets</b>	
Current assets	
Inventories	13.8
Property and equipment	742.9
Identifiable intangible assets	6.6
Other assets	4.1
	767.4
<b>Liabilities</b>	
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

All of the goodwill related to this transaction was 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.

### 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. See Note 2 for details about the adjustments brought to the consolidated balance sheet accounts as at April 30, 2017.

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 remainder 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.

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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

These transactions were settled for a total consideration of \$223.5. For the fiscal year ended April 30, 2017, acquisition costs of \$8.8 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

The final estimates of the fair value of assets acquired and liabilities assumed for the other acquisitions are as follows:

	Initial estimate	Changes	Final estimate
			\$
Tangible assets acquired			
Inventories	12.8	(0.7 )	12.1
Property and equipment	130.0	21.7	151.7
Other assets	3.9	-	3.9
<b>Total tangible assets</b>	<b>146.7</b>	<b>21.0</b>	<b>167.7</b>
Liabilities assumed			
Accounts payable and accrued liabilities	2.4	0.3	2.7
Provisions	4.3	6.7	11.0
Long-term debt	-	6.8	6.8
Deferred credits and other liabilities	7.2	0.7	7.9
<b>Total liabilities</b>	<b>13.9</b>	<b>14.5</b>	<b>28.4</b>
<b>Net tangible assets acquired</b>	<b>132.8</b>	<b>6.5</b>	<b>139.3</b>
Intangible assets	-	0.6	0.6
Goodwill	90.7	(7.1 )	83.6
<b>Total consideration</b>	<b>223.5</b>	<b>-</b>	<b>223.5</b>
Deemed consideration for the transfer of 127 sites from Dansk Fuel	177.6	-	177.6
<b>Total cash consideration paid</b>	<b>45.9</b>	<b>-</b>	<b>45.9</b>

All 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. CROSSAMERICA PARTNERS LP

As at April 29, 2018, the Corporation owns 100% of the equity interests of the sole member of the General Partner, 100% of the IDRs and 21.4% of the outstanding common units of CAPL. Following the Corporation's evaluation of its relationship with CAPL, the Corporation concluded that it controls the partnership's operations and activities even though it does not have a majority ownership of CAPL's outstanding common units. As a result, the Corporation fully consolidates CAPL in its consolidated financial statements.

CAPL's accounting periods do not coincide with the Corporation's accounting periods. The consolidated statement of earnings, comprehensive income, changes in equity and cash flows for the fiscal year ended April 29, 2018 include those of CAPL for the period beginning June 28, 2017 and ending March 31, 2018, adjusted for significant transactions, if any. The consolidated balance sheet as at April 29, 2018 includes the balance sheet of CAPL as at March 31, 2018, adjusted for the final estimates of the fair value of assets acquired and liabilities assumed and for significant transactions, if any.

All transactions between the Corporation and CAPL are eliminated from the Corporation's consolidated financial statements. These transactions consist of a mark-up on motor fuel purchased and sold between the Corporation and CAPL, rent charged by CAPL to the Corporation, earnings from CAPL's equity ownership interest in CST Fuel Supply, a subsidiary of the Corporation, the Corporation's portion of CAPL's common unit distributions and the Corporation's revenues from CAPL's IDRs. Additionally, the Corporation provides management and corporate support services to CAPL and charges CAPL a management fee under the terms of the Amended and Restated Omnibus Agreement, as well as an allocation of certain incentive compensation. Approximately 78.3% of CAPL's operating results were attributable to non-controlling interests for the fiscal year ended April 29, 2018. Therefore, the Corporation's shareholders do not have rights to a substantial portion of the operating results of CAPL. The earnings attributable to CAPL's other units holders are presented as non-controlling interests.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

CAPL is a publicly traded Delaware limited partnership and its common units are listed for trading on the New York Stock Exchange under the symbol "CAPL." As a result, CAPL is required to file reports with the United States Securities and Exchange Commission ("SEC"), where additional information about its results of operations prepared in accordance with US General Accepted Accounting Principles can be found and should be read in conjunction with the table below, which highlights the results of its operations and certain of its operating metrics since the acquisition date and included in these consolidated financial statements prepared in accordance with IFRS:

<b>Statement of Earnings for the period from June 28, 2017 to March 31, 2018, adjusted for significant transactions, if any</b>		\$
Revenues		1,671.8
Gross profit		135.8
Total operating expenses (excluding depreciation, amortization and impairment of property and equipment, intangible assets and other assets)		75.1
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets		61.1
Net financial expenses		19.4
Loss before income taxes		(19.8 )
Income tax recovery		(28.6 )
Net earnings		8.8
<b>Statement of Cash Flow for the period from June 28, 2017 to March 31, 2018, adjusted for significant transactions, if any</b>		\$
Net cash provided by operating activities		30.4
Net cash used in investing activities, including \$75.6 for business acquisitions		(52.8)
Net cash provided by financing activities, including \$50.5 of distributions paid to the Corporation		13.5
<b>Balance Sheet as at April 29, 2018</b>		\$
Cash and cash equivalents		1.7
Current assets (other than cash and cash equivalents)		68.0
Long-term assets		1,224.9
Current liabilities		64.9
Long-term liabilities		665.2

### 6. DISPOSAL OF BUSINESS

On November 27, 2017, the Corporation reached an agreement to sell 100% of its shares in Statoil Fuel & Retail Marine AS to St1 Norge AS. The transaction is subject to the customary regulatory approvals and closing conditions and is expected to close during the calendar year 2018.

Therefore, as at April 29, 2018, criteria for its classification as an asset for sale had been met. The Corporation's marine fuel business' contribution to each line of its consolidated balance sheet has been grouped under the lines "Assets held for sale" and "Liabilities associated with assets held for sale" and stated at the lower of its carrying amount and fair value less costs to sell.

### 7. INVESTMENT IN JOINT VENTURES AND ASSOCIATED COMPANIES

	2018	2017
	\$	\$
Investment in joint ventures	121.9	106.4
Investment in associated companies	1.4	1.5
	<u>123.3</u>	<u>107.9</u>

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:

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
Joint ventures' net earnings and comprehensive income	31.9	32.6
Associated companies' net earnings (loss) and comprehensive income (loss)	0.1	(2.2)
	<u>32.0</u>	<u>30.4</u>

### 8. SUPPLEMENTARY INFORMATION RELATING TO EXPENSES

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
Cost of sales	43,282.9	31,422.7
Selling expenses	5,156.1	4,052.7
Administrative expenses	805.4	623.5
Other operating expenses	108.9	107.9
Total operating expenses	<u>6,070.4</u>	<u>4,784.1</u>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

The above expenses include rent expense of \$412.8 (\$385.5 in 2017), net of sub-leasing income of \$25.8 (\$23.1 in 2017).

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
Employee benefit charges		
Salaries	1,991.7	1,544.3
Fringe benefits and other employer contributions	260.6	190.5
Employee future benefits (Note 28)	107.7	98.4
Termination benefits	4.9	6.5
Stock-based compensation and other stock-based payments (Note 26)	8.5	10.6
Curtailment gain on defined benefits pension plan obligation (Note 28)	(0.6)	(3.9)
	<u>2,372.8</u>	<u>1,846.4</u>

### 9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
Salaries and other current benefits	12.7	9.3
Stock-based compensation and other stock-based payments	7.0	8.7
Employee future benefits (Note 28)	2.8	2.4
	<u>22.5</u>	<u>20.4</u>

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

### 10. NET FINANCIAL EXPENSES

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
Financial expenses		
Interest expense		
Interest on long-term debt	214.9	85.1
Interest on finance lease obligations	28.2	23.6
Interest on bank overdrafts and bank loans	19.1	1.5
Accretion of provisions (Note 23)	17.1	14.5
Net interest on defined benefit plans (Note 28)	2.4	1.5
Loss related to fair value hedge derivatives	1.7	-
Other finance costs	12.4	6.6
	<u>295.8</u>	<u>132.8</u>
Financial revenues		
Interest on bank deposits	(5.0)	(3.3)
Other financial revenues	(3.9)	(3.1)
	<u>(8.9)</u>	<u>(6.4)</u>
Foreign exchange loss	48.4	9.6
Net financial expenses	<u>335.3</u>	<u>136.0</u>

### 11. INCOME TAXES

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
Current income tax expense	265.9	336.0
Deferred income tax (recovery) expense	(208.6)	47.2
	<u>57.3</u>	<u>383.2</u>

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:

	2018	2017
	%	%
Combined statutory income tax rate in Canada <sup>(a)</sup>	26.77	26.83
Impact of other jurisdictions' tax rates	0.31	(1.55)
Impact of tax rate changes	(22.73)	0.02
Other permanent differences	(1.05)	(1.23)
Effective income tax rate	<u>3.30</u>	<u>24.07</u>

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

On December 22, 2017, the United States enacted the "U.S. Tax Cuts and Jobs Act", commonly referred to as the U.S. tax reform, which resulted in the U.S. statutory federal income tax rate to be reduced to 21.0% from the previous rate of 35.0%, effective January 1, 2018.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

The Corporation recorded a net tax benefit of \$288.3 for the fiscal year ended April 29, 2018, which is mostly derived from the remeasurement of the Corporation's deferred income tax balances using the new U.S. statutory federal income tax rate, partly offset by the Deemed Repatriation Transition Tax ("Transition tax"). This benefit is estimated based on the Corporation's initial analysis of the "U.S. Tax Cuts and Jobs Act".

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

					2018
	Balance as at April 30, 2017	Recognized to earnings	Recognized directly to other comprehensive income (loss) or equity	Recognized through business acquisitions (Note 4)	Balance as at April 29, 2018
	\$	\$	\$	\$	\$
Deferred income tax assets					
Property and equipment	21.1	(19.9)	-	-	1.2
Expenses deductible during the following years	16.5	(18.5)	-	-	(2.0)
Intangible assets	-	25.0	-	-	25.0
Goodwill	(4.0)	4.0	-	-	-
Deferred charges	3.7	14.9	0.3	-	18.9
Tax attributes	-	1.4	2.0	-	3.4
Asset retirement obligations	1.8	(0.6)	-	-	1.2
Deferred credits	(7.3)	2.7	-	-	(4.6)
Revenues taxable during the following years	-	0.2	(0.2)	-	-
Unrealized exchange loss (gain)	1.8	14.6	(2.0)	-	14.4
Other	6.1	(22.9)	16.8	-	-
	<b>39.7</b>	<b>0.9</b>	<b>16.9</b>	<b>-</b>	<b>57.5</b>
Deferred tax assets to be recovered within 12 months					<b>0.3</b>
Deferred tax assets to be recovered in more than 12 months					<b>57.2</b>
Deferred income tax liabilities					
Property and equipment	742.1	(166.4)	8.4	258.3	842.4
Goodwill	94.2	79.8	-	0.4	174.4
Expenses deductible during the following years	(130.2)	109.7	(0.1)	6.4	(14.2)
Intangible assets	81.7	(39.0)	2.5	9.2	54.4
Asset retirement obligations	(63.5)	15.8	(0.3)	(10.2)	(58.2)
Tax attributes	(34.0)	(13.6)	5.7	(9.1)	(51.0)
Deferred charges	(2.7)	(125.4)	0.1	71.7	(56.3)
Deferred credits	(17.7)	(12.4)	0.1	(16.8)	(46.8)
Revenues taxable during the following years	69.0	(69.0)	-	-	-
Investment	-	(20.9)	(1.4)	60.3	38.0
Unrealized exchange loss	15.8	18.4	3.0	-	37.2
Other	(6.6)	15.3	3.2	(3.9)	8.0
	<b>748.1</b>	<b>(207.7)</b>	<b>21.2</b>	<b>366.3</b>	<b>927.9</b>
Deferred tax liabilities to be recovered within 12 months					<b>(52.6)</b>
Deferred tax liabilities to be recovered in more than 12 months					<b>980.5</b>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

2017

	Balance as at April 24, 2016	Recognized to earnings	Recognized directly to other comprehensive income (loss) or equity	Transfer from income taxes payable	Recognized through business acquisitions (Note 4)	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
	<u>46.3</u>	<u>(0.4)</u>	<u>(6.2)</u>	<u>-</u>	<u>-</u>	<u>39.7</u>
Deferred tax assets to be recovered within 12 months						<u>2.0</u>
Deferred tax assets to be recovered in more than 12 months						<u>37.7</u>
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 loss (gain)	-	16.2	(0.4)	-	-	15.8
Other	(3.6)	10.7	(13.7)	-	-	(6.6)
	<u>692.3</u>	<u>46.8</u>	<u>(25.7)</u>	<u>15.8</u>	<u>18.9</u>	<u>748.1</u>
Deferred tax liabilities to be recovered within 12 months						<u>(80.0)</u>
Deferred tax liabilities to be recovered in more than 12 months						<u>828.1</u>

Deferred income tax liabilities that would be payable upon repatriation of the retained earnings of certain foreign 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 \$2,177.7 (\$1,122.2 in 2017).

### 12. NET EARNINGS PER SHARE

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

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
Net earnings available to Class A and B shareholders	<u>1,673.6</u>	<u>1,208.9</u>
Weighted average number of shares (in thousands)	<u>566,090</u>	567,864
Dilutive effect of stock options (in thousands)	<u>788</u>	1,429
Weighted average number of diluted shares (in thousands)	<u>566,878</u>	<u>569,293</u>
Basic net earnings per share available to Class A and B shareholders	<u>2.96</u>	2.13
Diluted net earnings per share available to Class A and B shareholders	<u>2.95</u>	2.12

In calculating diluted net earnings per share for 2018, 315,938 stock options are excluded due to their antidilutive effect (357,969 excluded stock options in 2017).

During fiscal 2018, the Board declared total dividends of CA 37.00¢ per share (CA 34.75¢ per share in 2017).



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

### 13. SUPPLEMENTARY INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

#### Changes in non-cash working capital

	2018 (52 weeks)	2017 (53 weeks)
	\$	\$
Accounts receivable	(299.7)	(178.2)
Inventories	(204.5)	(40.6)
Prepaid expenses	(14.4)	3.4
Accounts payable and accrued liabilities	343.9	255.9
Income taxes payable	(32.0)	(24.2)
	<u>(206.7)</u>	<u>16.3</u>

#### Changes in net debt arising from financing activities

	2018 (52 weeks)			
	Cash and cash equivalents	Obligations under finance leases and other debts	Long-term debt, excluding obligations under finance leases and other debts	Net debt
	\$	\$	\$	\$
Balance, beginning of year	637.6	304.7	3,050.2	2,717.3
<b>Cash flows</b>				
Change in cash and cash equivalents	(4.4)	-	-	4.4
Net (decrease) increase in long-term debt	-	(42.9)	4,882.9	4,840.0
Repayment of debts assumed on the CST Acquisition (Note 4)	-	-	(1,075.9)	(1,075.9)
<b>Non-cash movements</b>				
New obligations under finance leases, net of disposals	-	29.2	-	29.2
Business acquisitions	-	43.4	1,520.4	1,563.8
Change in fair value of associated swaps	-	-	(6.8)	(6.8)
Amortization of financing costs	-	-	6.9	6.9
Reclassified to assets held for sale	-	(0.7)	-	(0.7)
Effect of exchange rate fluctuations	33.0	18.7	156.8	142.5
Balance, end of year	<u>666.2</u>	<u>352.4</u>	<u>8,534.5</u>	<u>8,220.7</u>

#### Changes in net other financial liabilities arising from financing activities

	2018 (52 weeks)
	Total net other financial liabilities
	\$
Balance, beginning of year	304.1
<b>Cash flows</b>	
Settlement of derivative financial instruments	(81.3)
<b>Non-cash movements</b>	
Change in fair value	(51.1)
Balance, end of year	<u>171.7</u>

### 14. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Trade accounts receivable and vendor rebates receivable <sup>(a)</sup>	989.7	677.6
Credit and debit cards receivable <sup>(a)</sup>	784.4	651.5
Provision for doubtful accounts	(31.0)	(25.7)
Credit and debit cards receivable and trade accounts receivable and vendor rebates receivable – net	<u>1,743.1</u>	<u>1,303.4</u>
Other accounts receivable	264.0	192.5
Provision for doubtful accounts	(0.7)	(1.7)
	<u>2,006.4</u>	<u>1,494.2</u>

(a) These amounts are presented net of an amount of \$313.4 from Accounts payable and accrued expenses due to netting arrangements (\$209.2 as at April 30, 2017).

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(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:

	2018	2017
	\$	\$
Not past due	1,554.6	1,209.6
Past due 1-30 days	128.8	64.7
Past due 31-60 days	16.0	10.5
Past due 61-90 days	21.2	9.4
Past due 91 days and over	22.5	9.2
	<u>1,743.1</u>	<u>1,303.4</u>

Movement in the provisions for doubtful accounts is as follows:

	2018	2017
	\$	\$
Balance, beginning of year	27.4	28.5
Provision for doubtful accounts, net of unused beginning balance	9.7	7.2
Receivables written off during the year	(7.7)	(7.7)
Effect of exchange rate variations	2.3	(0.6)
Balance, end of year	<u>31.7</u>	<u>27.4</u>

### 15. INVENTORIES

	2018	2017
		(adjusted, Note 2)
	\$	\$
Merchandise	762.0	549.0
Road transportation fuel	594.3	315.0
Other products	12.7	1.0
	<u>1,369.0</u>	<u>865.0</u>

The cost of sales amounts presented in the consolidated statements of earnings are almost entirely composed of inventory recognized as an expense.

### 16. PROPERTY AND EQUIPMENT

	Land	Buildings and building components	Equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
<b>Year ended April 29, 2018</b>					
Net book amount, beginning	2,619.5	2,060.8	2,574.3	256.8	7,511.4
Additions	33.9	141.0	1,024.6	9.0	1,208.5
Business acquisitions (Note 4)	1,118.9	1,108.8	815.7	47.0	3,090.4
Disposals	(41.1)	(53.5)	(59.9)	(1.4)	(155.9)
Depreciation and amortization expense	(9.8)	(276.4)	(446.6)	(57.6)	(790.4)
Transfers	5.7	157.7	(199.8)	36.4	-
Reclassified to assets held for sale	-	(2.9)	(17.5)	-	(20.4)
Effect of exchange rate variations	94.0	73.8	72.6	4.6	245.0
<b>Net book amount, end<sup>(a)</sup></b>	<u>3,821.1</u>	<u>3,209.3</u>	<u>3,763.4</u>	<u>294.8</u>	<u>11,088.6</u>
<b>As at April 29, 2018</b>					
Cost	3,848.5	4,292.0	5,988.8	726.4	14,855.7
Accumulated depreciation, amortization and impairment	(27.4)	(1,082.7)	(2,225.4)	(431.6)	(3,767.1)
<b>Net book amount<sup>(a)</sup></b>	<u>3,821.1</u>	<u>3,209.3</u>	<u>3,763.4</u>	<u>294.8</u>	<u>11,088.6</u>
Portion related to finance leases	132.9	115.3	60.1	-	308.3
<b>Year ended April 30, 2017 (adjusted, Note 2)</b>					
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)	608.8	150.1	135.8	-	894.7
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	(50.6)	(44.9)	(49.1)	(4.2)	(148.8)
<b>Net book amount, end<sup>(a)</sup></b>	<u>2,619.5</u>	<u>2,060.8</u>	<u>2,574.3</u>	<u>256.8</u>	<u>7,511.4</u>
<b>As at April 30, 2017 (adjusted, Note 2)</b>					
Cost	2,634.9	2,896.0	4,463.0	639.7	10,633.6
Accumulated depreciation, amortization and impairment	(15.4)	(835.2)	(1,888.7)	(382.9)	(3,122.2)
<b>Net book amount<sup>(a)</sup></b>	<u>2,619.5</u>	<u>2,060.8</u>	<u>2,574.3</u>	<u>256.8</u>	<u>7,511.4</u>
Portion related to finance leases	140.5	113.7	54.9	-	309.1

(a) The net book amount as at April 29, 2018 includes \$677.5 related to construction in progress (\$516.2 as at April 30, 2017).

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

### 17. GOODWILL AND INTANGIBLE ASSETS

#### Goodwill

	2018	2017
	\$	\$
	(adjusted, Note 2)	
Net book amount, beginning of year	2,370.2	1,773.2
Business acquisitions (Note 4)	3,605.6	649.2
Reclassified to assets held for sale	(4.4)	-
Effect of exchange rate variations	85.3	(52.2)
<b>Net book amount, end of year</b>	<b>6,056.7</b>	<b>2,370.2</b>

#### Intangible assets

	Trademarks	Franchise agreements	Software <sup>(a)</sup>	Customer relationships	Fuel supply agreements	Favorable leases	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Year ended April 29, 2018</b>								
Net book amount, beginning	284.4	38.8	160.4	55.7	9.4	93.8	27.6	670.1
Additions	-	0.1	31.4	-	-	-	0.4	31.9
Business acquisitions (Note 4)	9.3	56.3	11.0	1.2	305.2	43.7	9.9	436.6
Disposals	(1.5)	-	(0.5)	(0.1)	(2.8)	(1.6)	-	(6.5)
Rent, depreciation and amortization expense	(40.1)	(10.1)	(33.1)	(6.4)	(23.7)	(15.8)	(1.7)	(130.9)
Effect of exchange rate variations	8.6	2.1	8.5	8.4	-	5.5	-	33.1
<b>Net book amount, end</b>	<b>260.7</b>	<b>87.2</b>	<b>177.7</b>	<b>58.8</b>	<b>288.1</b>	<b>125.6</b>	<b>36.2</b>	<b>1,034.3</b>
<b>As at April 29, 2018</b>								
Cost	289.2	169.7	315.6	169.0	354.4	158.8	42.0	1,498.7
Accumulated depreciation and amortization	(28.5)	(82.5)	(137.9)	(110.2)	(66.3)	(33.2)	(5.8)	(464.4)
<b>Net book amount</b>	<b>260.7</b>	<b>87.2</b>	<b>177.7</b>	<b>58.8</b>	<b>288.1</b>	<b>125.6</b>	<b>36.2</b>	<b>1,034.3</b>
<b>Year ended April 30, 2017 (adjusted, Note 2)</b>								
Net book amount, beginning	327.0	55.1	169.1	62.8	11.1	102.0	28.8	755.9
Additions	4.4	0.1	25.3	-	-	-	0.8	30.6
Business acquisitions (Note 4)	-	-	0.1	-	-	7.1	-	7.2
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)
<b>Net book amount, end</b>	<b>284.4</b>	<b>38.8</b>	<b>160.4</b>	<b>55.7</b>	<b>9.4</b>	<b>93.8</b>	<b>27.6</b>	<b>670.1</b>
<b>As at April 30, 2017 (adjusted, Note 2)</b>								
Cost	389.8	107.9	263.1	152.4	54.8	108.6	31.5	1,108.1
Accumulated depreciation and amortization	(105.4)	(69.1)	(102.7)	(96.7)	(45.4)	(14.8)	(3.9)	(438.0)
<b>Net book amount</b>	<b>284.4</b>	<b>38.8</b>	<b>160.4</b>	<b>55.7</b>	<b>9.4</b>	<b>93.8</b>	<b>27.6</b>	<b>670.1</b>

(a) The net book amount as at April 29, 2018 includes \$13.7 related to software in progress (\$24.6 as at April 30, 2017).

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 29, 2018 and April 30, 2017 is as follows:

CGU	2018		2017	
	Intangible assets with indefinite useful lives	Goodwill	Intangible assets with indefinite useful lives	Goodwill (adjusted, Note 2)
	\$	\$	\$	\$
Canada	-	829.1	-	692.0
United States	185.2	4,531.6	179.8	1,139.0
CAPL	-	128.5	-	-
Scandinavia	64.7	482.4	61.3	461.2
Central and Eastern Europe	28.4	12.6	25.8	12.4
Ireland	-	72.5	-	65.6
	<b>278.3</b>	<b>6,056.7</b>	<b>266.9</b>	<b>2,370.2</b>

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 Estonia, Latvia, Lithuania, Poland and Russia.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

For the annual impairment test, the recoverable amount of the CGUs is 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 and, for CAPL, an approach based of its market capitalization.

### 18. OTHER ASSETS

	2018	2017
	\$	\$
Environmental costs receivable (Note 23)	77.9	77.5
Pension benefit assets (Note 28)	46.1	16.3
Deferred compensation assets	40.9	34.1
Deferred incentive payments	34.5	27.5
Investment contract including an embedded total return swap (Note 29)	29.9	25.1
Deposits	18.3	16.3
Other	55.5	116.6
	<b>303.1</b>	<b>313.4</b>

### 19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
		(adjusted, Note 2)
	\$	\$
Accounts payable and accrued expenses <sup>(a)</sup>	2,461.6	1,666.0
Sales and excise taxes	748.4	638.1
Salaries and related benefits	259.8	186.2
Other	343.0	214.0
	<b>3,812.8</b>	<b>2,704.3</b>

(a) This amount is presented net of an amount of \$229.8 from Credit and debit cards receivable and \$83.6 from Trade accounts receivable and vendor rebates receivable due to netting arrangements (\$185.2 and \$24.0, respectively as at April 30, 2017).

### 20. LONG-TERM DEBT

	2018	2017
		(adjusted, Note 2)
	\$	\$
US-dollar-denominated senior unsecured notes <sup>(b)</sup>	3,373.6	-
Canadian-dollar-denominated senior unsecured notes <sup>(b)</sup>	1,857.3	1,461.9
US-dollar-denominated term revolving unsecured operating credit D, maturing in December 2022 <sup>(c)</sup>	1,397.4	694.5
Euro-denominated senior unsecured notes, maturing in May 2026 <sup>(d)</sup>	900.7	815.1
CAPL US-dollar-denominated senior secured revolving credit facility, without recourse to the Corporation, maturing in April 2020 <sup>(e)</sup>	509.5	-
Acquisition facility <sup>(a)</sup>	412.1	-
NOK-denominated senior unsecured notes, maturing in February 2026 <sup>(f)</sup>	83.9	78.7
Obligations related to buildings and equipment under finance leases, with an average rate of 8.728%, payable on various dates until 2070, and other debts	352.4	304.7
	<b>8,886.9</b>	<b>3,354.9</b>
Current portion of long-term debt	<b>42.9</b>	<b>253.2</b>
	<b>8,844.0</b>	<b>3,101.7</b>

#### (a) Acquisition facility

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 was 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 could be drawn up to 90 days after the first draw and can be reimbursed at any time. The acquisition facility was available in US dollars by way of loans bearing interest at the US base rate or the LIBOR rate plus a variable margin.

As at April 29, 2018, tranches A and B had been fully repaid. As at the same date, the effective interest rate was 3.358% and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

### (b) Canadian- and US-dollar-denominated senior unsecured notes

As at April 29, 2018, the Corporation had Canadian-dollar-denominated senior unsecured notes totaling CA \$2.4 billion, and US-dollar-denominated senior unsecured notes totaling \$3.4 billion, divided as follows:

	Notional amount	Maturity	Coupon rate	Effective rate as at April 29, 2018	Interest payment dates
Tranche 2 – November 1, 2012 issuance	CA \$450.0	November 1, 2019	3.319%	3.404%	May 1 <sup>st</sup> and November 1 <sup>st</sup>
Tranche 3 – November 1, 2012 issuance	CA \$250.0	November 1, 2022	3.899%	3.963%	May 1 <sup>st</sup> and November 1 <sup>st</sup>
Tranche 4 – August 21, 2013 issuance	CA \$300.0	August 21, 2020	4.214%	4.317%	August 21 <sup>st</sup> and February 21 <sup>st</sup>
Tranche 5 – June 2, 2015 issuance	CA \$700.0	June 2, 2025	3.600%	3.649%	June 2 <sup>nd</sup> and December 2 <sup>nd</sup>
Tranche 6 – July 26, 2017 issuance	\$1,000.0	July 26, 2022	2.700%	2.819%	July 26 <sup>th</sup> and January 26 <sup>th</sup>
Tranche 7 – July 26, 2017 issuance	CA \$700.0	July 26, 2024	3.056%	3.133%	July 26 <sup>th</sup> and January 26 <sup>th</sup>
Tranche 8 – July 26, 2017 issuance	\$1,000.0	July 26, 2027	3.550%	3.642%	July 26 <sup>th</sup> and January 26 <sup>th</sup>
Tranche 9 – July 26, 2017 issuance	\$500.0	July 26, 2047	4.500%	4.576%	July 26 <sup>th</sup> and January 26 <sup>th</sup>
Tranche 10 – December 14, 2017 issuance	\$600.0	December 13, 2019	2.350%	2.557%	June 13 <sup>th</sup> and December 13 <sup>th</sup>
Tranche 11 – December 14, 2017 issuance	\$300.0	December 13, 2019	Three-month LIBOR plus 0.500%	2.791%	June 13 <sup>th</sup> , September 13 <sup>th</sup> , December 13 <sup>th</sup> and March 13 <sup>th</sup>

Canadian-dollar-denominated notes issued on November 1, 2012, June 2, 2015 and July 26, 2017 are associated with cross-currency interest rate swaps, and fixed interest rate US-dollar-denominated notes issued on December 14, 2017 are subject to fixed-to-floating interest rate swaps (Note 21). Also, a portion of the US-dollar-denominated notes issued on July 26, 2017 were subject to interest rate locks in anticipation of their issuance (Note 22).

The net proceeds from the July 26, 2017 issuances, which were approximately \$3.0 billion, were mainly used to repay a portion of the Corporation's acquisition facility and of its term revolving unsecured operating credit facility.

The net proceeds from the December 14, 2017 issuances, which were \$893.8, were mainly used to repay a portion of the Corporation's term revolving unsecured operating credit facility and acquisition facility.

### (c) Term revolving unsecured operating credit D

As at April 29, 2018, 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 Euros, iv) in the form of Canadian-dollar bankers' acceptances, with stamping fees and v) 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, LIBOR or EURIBOR plus a variable margin; and
- 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 the Corporation's credit rating, were applied to the unused portion of the credit facility. Letters of credit fees and the variable margin used to determine the interest rate applicable to borrowed amounts were determined according to the Corporation's credit rating as well. Under this credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

On November 24, 2017, this operating credit's maturity was extended to December 2022.

As at April 29, 2018, the weighted average effective interest rate was 3.236% (2.000% as at April 30, 2017). As at April 29, 2018, the Corporation had \$27.0 borrowed on the available line of credit, and as at April 30, 2017, the available line of credit was unused. The Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

### (d) Euro-denominated senior unsecured notes

As at April 29, 2018, the Corporation had Euro-denominated senior unsecured notes totaling €750.0 with a coupon rate of 1.875% and maturing on May 6, 2026. Interest is payable annually on May 6 and the effective rate is 1.944%.

### (e) CAPL US-dollar-denominated senior secured revolving credit facility, without recourse to the Corporation

As at April 29, 2018, CAPL had a credit agreement consisting of a US-dollar-denominated senior secured revolving credit facility of a maximum amount of \$650.0, maturing on April 25, 2020, under which swing-line loans may be drawn up to \$25.0 and standby letters of credit may be issued up to an aggregate of \$45.0. This facility is without recourse to the Corporation.

As at April 29, 2018, the effective interest rate was 4.740% and CAPL was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

### (f) Norwegian-krone-denominated senior unsecured notes

As at April 29, 2018, the Corporation had Norwegian-krone-denominated senior unsecured notes totaling NOK 675.0 with a coupon rate of 3.850% and maturing on February 18, 2026. Interest is payable semi-annually on April 20 and October 20 of each year and the effective rate is 3.927%.

### Term revolving unsecured operating credit F

As at April 29, 2018, the Corporation had a credit agreement consisting of an unsecured revolving 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 an unsecured revolving operating credit. The amounts borrowed bear interest at variable rates based on the funding base rate or the EURIBOR rate plus a fixed margin of 1.5%.

Standby fees of 0.7% apply to the unused portion of the credit facility. Under this credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at April 29, 2018 and April 30, 2017, operating credit F was unused.

### Bank overdraft facilities

The Corporation had access to bank overdraft facilities totaling approximately \$165.4 as at April 29, 2018 (\$282.0 as at April 30, 2017). As at April 29, 2018 and April 30, 2017, they were unused.

### Letters of credit

As at April 29, 2018, the Corporation had outstanding letters of credit related to its own operations of \$97.9 (\$80.9 as at April 30, 2017), of which \$16.1 (\$9.2 as at April 30, 2017) reduced funds available under the Corporation's term revolving unsecured operating credit D.

## 21. 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-denominated senior unsecured notes into US dollars.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity	Fair value as at April 29, 2018	Fair value as at April 30, 2017
					\$	\$
CA \$2,100.0	From 3.056% to 3.899%	US \$1,829.3	From 2.733% to 3.870%	From November 1, 2019 to June 2, 2025	166.7	223.1
CA \$300.0	2.861%	US \$300.7	2.034%	November 1, 2017	-	79.4
					<b>166.7</b>	<b>302.5</b>
<b>Current portion of financial liabilities</b>					-	79.4
<b>Other long-term financial liabilities</b>					<b>166.7</b>	<b>223.1</b>

These agreements are designated as foreign exchange hedges 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 29, 2018, these agreements had a fair value of \$1.8 (\$7.6 as at April 30, 2017) and are presented in Other short-term financial assets. These agreements have varying rates and maturities extending until May 11, 2018.

Furthermore, the Corporation has entered into fixed-to-floating interest rate swap agreements, synthetically converting its newly issued fixed interest rate US-dollar-denominated senior unsecured notes to floating interest rates. These agreements became effective on December 14, 2017, and all mature on December 13, 2019.

Notional amount	Receive – Rate	Pay – Rate	Fair value as at April 29, 2018 (Note 29)
\$			\$
600.0	Three-month LIBOR plus rates varying from 0.350% to 0.355%	2.350%	6.8

These agreements are designated as fair value hedges of the Corporation's US-dollar-denominated senior unsecured notes issued on December 14, 2017.

## 22. INTEREST RATE LOCKS

During fiscal year 2018, the Corporation extended its interest rate locks that were effective as at the fiscal year ended April 30, 2017, and entered into new interest rate locks at the following conditions:

Notional amount	Interest lock term	Rate	Maturity date
\$			
250.0	5 years	From 1.951% to 1.955%	July 28, 2017
250.0	10 years	From 2.392% to 2.393%	July 28, 2017

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

The instruments allowed the Corporation to hedge the variability of its interest payments on the anticipated issuance of US-dollar-denominated senior unsecured notes due to changes in the US Treasury rates. Therefore, these instruments were designated as a cash flow hedge of the Corporation's interest rate risk and, as a result, during fiscal year 2018, a loss of \$6.1 was recognized to Accumulated other comprehensive loss to reflect the fluctuation in the interest rate locks fair value.

On July 20, 2017, prior to their maturity, the Corporation settled all its interest rate locks. As at the same date, the total cumulative loss since the Corporation first entered into interest rate locks was \$14.7. This loss was recognized to Accumulated other comprehensive loss and is amortized over the term of the related US-dollar-denominated senior unsecured notes issued on July 26, 2017 as an adjustment to the related interest expense. The fair value as at April 30, 2017 of \$9.2 was included in Other short-term financial liabilities.

### 23. PROVISIONS

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

	Asset retirement obligations <sup>(a)</sup>	Provision for environmental costs <sup>(b)</sup>	Restructuring provision <sup>(c)</sup>	Provision for workers' compensation <sup>(d)</sup>	Provision for general liability <sup>(d)</sup>	Other	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2018</b>							
Balance, beginning of year	368.1	159.2	12.5	35.3	35.4	9.4	619.9
Business acquisitions (Note 4)	75.5	29.9	-	4.9	3.3	33.8	147.4
Liabilities incurred	3.1	9.1	56.9	26.0	19.5	4.6	119.2
Liabilities settled	(7.3)	(10.1)	(49.7)	(21.7)	(18.0)	(4.4)	(111.2)
Accretion expense	15.8	0.8	-	0.5	0.1	-	17.2
Reversal of provisions	(6.0)	(7.7)	-	-	(0.1)	(0.6)	(14.4)
Change in estimates	3.3	(4.3)	-	(1.2)	(4.2)	-	(6.4)
Reclassified to assets held for sale	(0.6)	-	-	-	-	-	(0.6)
Effect of exchange rate variations	13.7	3.2	0.7	0.3	-	0.8	18.7
Balance, end of year	465.6	180.1	20.4	44.1	36.0	43.6	789.8
Current portion	80.9	45.5	17.6	20.1	12.1	3.2	179.4
Long-term portion	384.7	134.6	2.8	24.0	23.9	40.4	610.4
<b>2017 (adjusted, Note 2)</b>							
Balance, beginning of year	314.9	159.0	11.9	39.8	31.3	23.1	580.0
Business acquisitions (Note 4)	14.8	15.7	-	-	-	-	30.5
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	368.1	159.2	12.5	35.3	35.4	9.4	619.9
Current portion	59.7	32.6	8.8	18.1	10.8	0.5	130.5
Long-term portion	308.4	126.6	3.7	17.2	24.6	8.9	489.4

- (a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately \$829.0 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 most of the U.S. states in which the Corporation operates (with the exception of Alaska, Florida, Maryland, New York, Oregon, Texas, Washington, West Virginia and Wisconsin), the Corporation participates in 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. 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 \$180.1 provision for environmental costs as at April 29, 2018 (\$159.2 as at April 30, 2017). Furthermore, the Corporation has recorded an amount of \$87.0 for environmental costs receivable from trust funds as at April 29, 2018 (\$82.8 as at April 30, 2017), of which \$9.1 (\$5.3 as at April 30, 2017) is included in Accounts receivable and the remainder in Other assets.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

### 24. DEFERRED CREDITS AND OTHER LIABILITIES

	2018	2017
	(adjusted, Note 2)	
	\$	\$
Unfavorable leases	127.1	68.5
Deferred compensation liabilities	63.7	56.3
Deferred rent expense	60.3	69.9
Deposits	36.9	22.9
Deferred credits	19.2	14.4
Deferred branding credits	16.1	16.4
Other liabilities	24.2	18.8
	<b>347.5</b>	<b>267.2</b>

### 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.
- 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:

	2018	2017
<b>Class A multiple voting shares</b>		
Balance, beginning of year	147,766,540	147,766,540
Conversion into Class B shares <sup>(a)</sup>	(15,742,667)	-
Balance, end of year	<b>132,023,873</b>	147,766,540
<b>Class B subordinate voting shares</b>		
Balance, beginning of year	420,683,538	419,823,571
Issued on conversion of Class A shares	15,742,667	-
Repurchased and cancelled shares <sup>(a)</sup>	(4,372,923)	-
Stock options exercised	140,743	859,829
Issued as part of a previous acquisition	-	138
Balance, end of year	<b>432,194,025</b>	420,683,538

#### (a) Share repurchase and conversion

On October 11, 2017, the Corporation reached an agreement to repurchase 4,372,923 Class B subordinate voting shares held by Metro Canada Holdings Inc., a wholly owned subsidiary of Metro Inc., for a net amount of \$193.1. The Class A shares held by Metro Canada Holdings Inc. were converted into an equivalent number of Class B shares before the repurchase. The transaction closed on October 17, 2017, and all shares repurchased were cancelled. The dividend deemed to have been paid to Metro Canada Holdings Inc. as a result of this repurchase is an eligible dividend within the meaning of the *Income Tax Act* (Canada) and the *Taxation Act* (Quebec).

### 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



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

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 Plan as at April 29, 2018 and April 30, 2017 and the changes therein during the years then ended:

	2018		2017	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
		CA \$		CA \$
Outstanding, beginning of year	1,715,070	28.27	2,474,205	19.00
Granted	161,682	61.43	154,256	58.87
Exercised	(150,270)	5.43	(913,391)	8.32
Outstanding, end of year	<u>1,726,482</u>	<u>33.36</u>	<u>1,715,070</u>	<u>28.27</u>
Exercisable, end of year	<u>1,290,792</u>	<u>27.08</u>	<u>1,204,825</u>	<u>20.81</u>

For options exercised in fiscal 2018, the weighted average share price at the date of exercise was CA \$62.86 (CA \$60.00 in 2017).

The following table presents information on the stock options outstanding and exercisable as at April 29, 2018:

Range of exercise prices	Options outstanding			Options exercisable		
	Number of stock options outstanding as at April 29, 2018	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 29, 2018	Weighted average exercise price	
CA \$			CA \$		CA \$	
4 – 16	545,300	2.02	7.48	545,300	7.48	
16 – 35	661,531	6.41	34.39	529,225	34.39	
35 – 65	519,651	8.23	59.24	216,267	58.64	
	<u>1,726,482</u>			<u>1,290,792</u>		

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:

	2018	2017
Expected dividends (per share)	CA \$0.36	CA \$0.31
Expected volatility	25.00%	28.00%
Risk-free interest rate	1.77%	1.01%
Expected life	8 years	8 years

The weighted average fair value of stock options granted was CA \$17.55 in 2018 (CA \$18.57 in 2017).

For 2018, the compensation cost charged to the consolidated statements of earnings amounts to \$2.2 (\$3.4 in 2017).

### Deferred share unit plan

The Corporation has a 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 in a) 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) 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 29, 2018, the Corporation had a total of 260,374 DSUs outstanding (244,363 as at April 30, 2017) and an obligation related to this notional unit allocation plan of \$11.5 (\$11.2 as at April 30, 2017) was recorded in Deferred credits and other liabilities. The exposure to the Corporation's share price risk is managed with an embedded total return swap (Note 29). For 2018, the net compensation recovery amounted to \$0.5 (\$0.9 of net compensation cost in 2017).

### 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

The table below presents the status of the Corporation's PSU plan as at April 29, 2018 and April 30, 2017 and the changes therein during the years then ended in number of units:

	2018	2017
Outstanding, beginning of year	727,331	765,601
Granted	311,541	227,342
Paid	(297,712)	(244,691)
Forfeited	(15,508)	(20,921)
Outstanding, end of year	<u>725,652</u>	<u>727,331</u>

As at April 29, 2018, an obligation related to this notional unit allocation plan of \$4.1 was recorded in Accounts payable and accrued liabilities (\$10.7 as at April 30, 2017) and \$7.3 was recorded in Deferred credits and other liabilities (\$7.1 as at April 30, 2017). The price risk of this obligation is also managed with the embedded total return swap (Note 29). For 2018, the compensation cost amounted to \$6.8 (\$6.3 for 2017).

### 27. ACCUMULATED OTHER COMPREHENSIVE LOSS

As at April 29, 2018

	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	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive loss
	\$	\$	\$	\$	\$
Balance, before income taxes	(287.4)	(266.4)	(14.0)	(3.1)	(570.9)
Less: Income taxes	-	(2.7)	(0.5)	(1.4)	(4.6)
Balance, net of income taxes	<u>(287.4)</u>	<u>(263.7)</u>	<u>(13.5)</u>	<u>(1.7)</u>	<u>(566.3)</u>

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
	\$	\$	\$	\$	\$
Balance, before income taxes	(424.7)	(348.6)	9.3	(6.9)	(35.8)
Less: Income taxes	-	(0.7)	1.6	(0.3)	(9.0)
Balance, net of income taxes	<u>(424.7)</u>	<u>(347.9)</u>	<u>7.7</u>	<u>(6.6)</u>	<u>(798.3)</u>

### 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, 2017, and the next required valuation will be as at December 31, 2018.

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, some of Norway's defined benefits disability plans were terminated, 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. Also, most of Canada's and United States' existing defined benefits pension plans were converted to defined contributions plans going forward. 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

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

	2018	2017
	\$	\$
Present value of defined benefit obligation for funded pension plans	(124.9)	(129.6)
Fair value of plans' assets	172.2	144.9
Net funded status of funded plans – net surplus	47.3	15.3
Present value of defined benefit obligation for unfunded pension plans	(101.2)	(93.6)
Net accrued pension benefit liability	(53.9)	(78.3)

The pension benefit asset of \$46.1 (\$16.3 as at April 30, 2017) is included in Other assets and the Pension benefit liability of \$100.0 (\$94.6 as at April 30, 2017) 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
<b>2018</b>	\$	\$	\$	\$	\$	\$
Present value of defined benefit obligation	(59.6)	(14.1)	(40.4)	(102.7)	(9.3)	(226.1)
Fair value of plans' assets	22.0	-	2.0	148.2	-	172.2
Funded status of plan – (deficit) surplus	(37.6)	(14.1)	(38.4)	45.5	(9.3)	(53.9)
<b>2017</b>						
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)

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

	2018				2017			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Cash and cash equivalents	0.1	-	0.1	0.1	0.1	-	0.1	0.1
Equity securities	92.8	-	92.8	53.9	76.1	-	76.1	52.5
Debt instruments								
Government	68.2	-	68.2	39.6	57.4	-	57.4	39.6
Corporate	4.8	-	4.8	2.8	4.9	-	4.9	3.4
Real estate	-	0.9	0.9	0.5	-	1.6	1.6	1.1
Other assets	5.4	-	5.4	3.1	4.7	0.1	4.8	3.3
Total	171.3	0.9	172.2	100.0	143.2	1.7	144.9	100.0

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

	2018	2017
	\$	\$
Current service cost, net of employee contributions	3.6	4.2
Administrative expenses	0.1	0.1
Pension expense for the year	3.7	4.3
Net interest expense	2.4	1.5
Curtailment gain	(0.6)	(3.9)
Amount recognized in earnings for the year	5.5	1.9

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

	2018	2017
	\$	\$
(Gains) losses from change in financial assumptions	(1.9)	17.7
Experience gains	(4.5)	(0.8)
Return on assets (excluding amounts included in interest income)	(26.3)	3.5
Amount recognized in Other comprehensive income (loss)	(32.7)	20.4

The Corporation expects to make a contribution of \$5.7 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:

	2018					2017				
	Canada	United States	Norway	Sweden	Ireland	Canada	United States	Norway	Sweden	Ireland
Discount rate	3.65	4.25	2.50	2.75	1.50	3.30	4.30	2.50	2.75	1.60
Rate of compensation increase	3.71	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	1.60	2.00	2.00	0.10	1.75	1.40
Rate of social security base amount increase (G-amount)	-	-	2.25	2.75	-	-	-	2.25	2.75	-

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

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 20 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 9.3%	Increase by 10.8%
Rate of compensation increase	0.50%	Increase by 3.2%	Decrease by 2.3%
Rate of benefit increase	0.50%	Increase by 7.8%	Decrease by 7.7%
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 analysis, 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 benefit 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 benefit 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 the fiscal year 2018 is \$104.1 (\$94.2 for 2017).

### 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 \$44.4 as at April 29, 2018 (\$37.9 as at April 30, 2017) 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, and fixed-to-floating interest rate swaps to hedge the interest rates associated with fixed interest rate debt.

# Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

## 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 29, 2018, 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 \$57.7 on Other comprehensive income (loss). 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. To mitigate a portion of this risk, the Corporation has entered into fixed-to-floating interest rate swaps in order to hedge a portion of the interest rate fair value risk associated with fixed interest rate debt.

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 29, 2018, 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 financial expenses of a defined interest rate shift. Based on variable rate and synthetically variable rate long-term debt balances as at April 29, 2018, the annual impact on net financial expenses of a 1.0% shift in interest rates would have been \$31.9 (\$6.9 based on balances as at April 30, 2017).

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 enters from time to time 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 derivative financial instruments 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.

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 29, 2018, 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 29, 2018, 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 Circle K/MasterCard and Holiday 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 29, 2018, relates to receivables of \$162.6, of which \$73.8 was interest-bearing. These receivables are not recognized in the Corporation's consolidated balance sheet. For fiscal year 2018, 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 derivative financial instruments when their fair value is favorable to the Corporation. In accordance with its risk management policy, to reduce this risk, the Corporation has entered into these derivatives with major financial institutions with a very low credit risk.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

### 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 29, 2018, 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 <sup>(1)</sup>						
Accounts payable and accrued liabilities <sup>(2)</sup>	3,011.8	3,011.8	3,011.8	-	-	-
US-dollar-denominated senior unsecured notes	3,373.6	4,564.3	106.9	1,004.9	1,241.5	2,211.0
Canadian-dollar-denominated senior unsecured notes	1,857.3	2,203.3	65.1	414.5	563.1	1,160.6
US-dollar-denominated term revolving unsecured operating credit D	1,397.4	1,557.9	44.3	44.3	1,469.3	-
Euro-denominated senior unsecured notes	900.7	1,058.1	17.0	17.0	50.9	973.2
CAPL senior secured revolving credit facility	509.5	535.3	22.7	512.6	-	-
Acquisition facility	412.1	442.1	13.2	13.2	415.7	-
NOK-denominated senior unsecured notes	83.9	109.6	3.2	3.2	9.7	93.5
Obligations related to buildings and equipment under finance leases and other debts	352.4	511.7	67.4	82.5	144.4	217.4
Cross-currency interest rate swaps payable <sup>(1)</sup>	164.9	351.3	61.4	61.2	146.6	82.1
Cross-currency interest rate swaps receivable <sup>(1)</sup>		(315.9)	(55.6)	(55.3)	(131.2)	(73.8)
Fixed-to-floating interest rate swaps payable <sup>(1)</sup>	6.8	1.0	0.5	0.5	-	-
	12,070.4	14,030.5	3,357.9	2,098.6	3,910.0	4,664.0

(1) Based on spot rates, as at April 29, 2018, for balances in Canadian dollars, in Norwegian krone, in Euros and for 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. From time to time, the Corporation enters into commodity financial derivatives to mitigate a portion of this risk for its sales and purchases of road transportation fuel. As at April 29, 2018, the nominal value of such financial derivatives was not material.

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 index representing 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 29, 2018, the impact on net earnings or shareholders' equity of a 5.0% shift in 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 values of the acquisition facility, the term revolving unsecured operating credit D and the senior secured revolving credit facility approximate their fair values given that their credit spreads are 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option 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, was \$36.3 as at April 29, 2018 (\$44.4 as at April 30, 2017) (Level 2);
- The fair value of the cross-currency interest rate swaps, which is determined based on market rates, was \$164.9 as at April 29, 2018 (\$294.9 as at April 30, 2017) (Level 2). They are presented as Other short-term financial assets for an amount of \$1.8 and Other financial liabilities for an amount of \$166.7 on the consolidated balance sheets;
- The fair value of the fixed-to-floating interest rate swaps, which is determined based on market rates, was \$6.8 as at April 29, 2018 (Level 2). They are presented as Other financial liabilities on the consolidated balance sheet; 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, was \$9.2 as at April 30, 2017 (Level 2). They are presented as Other short-term financial liabilities on the consolidated balance sheet.

### 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 (Level 2), and the carrying value of the financial instruments which are not measured at fair value on the consolidated balance sheets:

	2018		2017	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
US-dollar-denominated senior unsecured notes	3,373.6	3,279.4	-	-
Canadian-dollar-denominated senior unsecured notes	1,857.3	1,873.5	1,461.9	1,542.6
Euro-denominated senior unsecured notes	900.7	925.9	815.1	840.4
NOK-denominated senior unsecured notes	83.9	90.5	78.7	81.1

### 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.

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. This measure is presented as if the Corporation's investment in CAPL was reported using the equity method as the Corporation believes it allows a more relevant presentation of its underlying performance. Also, for the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation. As at the consolidated balance sheet dates, the net interest-bearing debt to total capitalization ratio was as follows:

	2018	2017
	\$	\$
Current portion of long-term debt	40.0	253.2
Long-term debt	8,310.1	3,101.7
Less: Cash and cash equivalents, including restricted cash	684.1	643.7
Net interest-bearing debt	7,666.0	2,711.2
Shareholders' equity	7,563.4	6,009.6
Net interest-bearing debt	7,666.0	2,711.2
Total capitalization	15,229.4	8,720.8
Net interest-bearing debt to total capitalization ratio	50.3%	31.1%

Under its term revolving unsecured operating credits and acquisition facility, the Corporation must meet the following ratios on a consolidated basis, but excluding CAPL:

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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

The Corporation monitors these ratios regularly and was in compliance with these covenants as at April 29, 2018 and April 30, 2017.

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

### 30. CONTRACTUAL OBLIGATIONS

#### Minimum lease payments

As at April 29, 2018, the Corporation has entered into operating lease agreements which call for aggregate minimum lease payments of \$2,569.1 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	464.2
One to five years	1,278.7
More than five years	826.2

As at April 29, 2018, the total amount of future minimum sublease payments expected to be received under sublease agreements related to these operating leases is \$81.9.

#### 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.

### 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.

#### 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 29, 2018, the total future lease payments under such agreements are approximately \$5.3 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 \$15.1. 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 29, 2018 were not significant.

### 32. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, in Europe and in Canada. It 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, Corner Store, Couche-Tard, Holiday, Ingo, Mac's, Re.Store and Topaz. Revenues from external customers mainly fall into three categories: merchandise and services, road transportation fuel and other.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017  
(in millions of US dollars (Note 2), except share and stock option data)

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

	2018 (52 weeks)				2017 (53 weeks) (Adjusted, Note 2)			
	United States	Europe	Canada	Total	United States	Europe	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>External customer revenues<sup>(a)</sup></b>								
Merchandise and services	9,508.6	1,413.9	2,053.5	12,976.0	7,669.8	1,205.8	1,848.5	10,724.1
Road transportation fuel	24,612.5	7,684.1	4,819.9	37,116.5	16,492.0	6,473.4	3,089.0	26,054.4
Other	56.6	1,217.7	27.6	1,301.9	14.0	1,098.4	13.6	1,126.0
	<b>34,177.7</b>	<b>10,315.7</b>	<b>6,901.0</b>	<b>51,394.4</b>	<b>24,175.8</b>	<b>8,777.6</b>	<b>4,951.1</b>	<b>37,904.5</b>
<b>Gross profit</b>								
Merchandise and services	3,158.7	602.3	707.7	4,468.7	2,545.0	511.4	625.2	3,681.6
Road transportation fuel	1,937.7	1,024.2	424.9	3,386.8	1,407.6	917.5	262.0	2,587.1
Other	54.7	173.7	27.6	256.0	14.0	185.5	13.6	213.1
	<b>5,151.1</b>	<b>1,800.2</b>	<b>1,160.2</b>	<b>8,111.5</b>	<b>3,966.6</b>	<b>1,614.4</b>	<b>900.8</b>	<b>6,481.8</b>
<b>Total long-term assets<sup>(b)</sup></b>	<b>12,568.9</b>	<b>3,726.7</b>	<b>2,234.5</b>	<b>18,530.1</b>	<b>5,475.3</b>	<b>3,640.3</b>	<b>1,816.0</b>	<b>10,931.6</b>

(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 EVENT

#### Dividends

During its July 9, 2018 meeting, the Corporation's Board of Directors declared a quarterly dividend of CA 10.0¢ per share for the fourth quarter of fiscal 2018 to shareholders on record as at July 18, 2018, and approved its payment for August 1, 2018. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

## Board of Directors

As at April 29, 2018

### Alain Bouchard

Founder and Executive Chairman of the Board

### Nathalie Bourque<sup>(1)</sup>

### Eric Boyko<sup>(2)</sup>

### Jacques D'Amours

Co-founder

### Jean A. Élie<sup>(2)</sup>

Chair of the Audit Committee

### Richard Fortin

Co-founder

### Brian Hannasch

President and Chief Executive Officer

### Mélanie Kau<sup>(1)</sup>

Lead Director and Chair of the Human Resources and Corporate Governance Committee

### Monique F. Leroux<sup>(2)</sup>

### Réal Plourde

Co-founder

### Daniel Rabinowicz<sup>(1)</sup>

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

(2) Member of the Audit Committee

## Senior Management

As at April 29, 2018

### Alain Bouchard

Founder and Executive Chairman of the Board

### Brian Hannasch

President and Chief Executive Officer

### Claude Tessier

Chief Financial Officer

### Kathleen K. Cunnington

Senior Vice President, Global Shared Services

### Darrell Davis

Senior Vice President, Operations

### Deborah Hall Lefevre

Chief Information Officer

### Geoffrey C. Haxel

Senior Vice President, Operations

### Hans-Olav Høidahl

Executive Vice President, Scandinavia

### Kevin Lewis

Chief Marketing Officer

### Jørn Madsen

Executive Vice President, Ireland, Central and Eastern Europe

### Timothy Alexander Miller

Senior Vice President, Operations and Global Fuels

### Jacob Schram

Group President, European Operations

### Ina Strand

Chief Human Resources Officer

### Dennis Tewell

Senior Vice President, Operations

### Stéphane Trudel

Senior Vice President, Operations

## General Information

### Head Office

4204, Industriel Boulevard  
Laval, Québec, H7L 0E3 Canada

### Stock Exchange

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

### Transfer Agent

AST Trust Company (Canada), 2001, Robert-Bourassa Boulevard  
Suite 1600, Montréal, Québec, H3A 2A6 Canada

### Auditors

PricewaterhouseCoopers LLP  
1250, René-Lévesque Boulevard West,  
Suite 2500, Montréal, Québec, H3B 4Y1 Canada

### Investor Relations

Mathieu Descheneaux, Vice President, Finance  
[investor.relations@couche-tard.com](mailto:investor.relations@couche-tard.com)  
1-450-662-6632, ext. 4407

### Secretary

François Ramsay, Vice President, General Counsel and Secretary  
[francois.ramsay@couche-tard.com](mailto:francois.ramsay@couche-tard.com)  
1-450-662-6632, ext. 4549

### Media Relations

Marie-Noëlle Cano, Senior Director, Global Communications  
[communication@couche-tard.com](mailto:communication@couche-tard.com)  
1-450-662-6632, ext. 6611

### Annual Shareholders Meeting

September 20, 2018 in Laval, Québec, Canada

Additional information on Alimentation Couche-Tard Inc. and press releases are available on the company's website at:

[www.corpo.couche-tard.com](http://www.corpo.couche-tard.com)



[www.corpo.couche-tard.com](http://www.corpo.couche-tard.com)

