Fiscal Year 2017

ALIMENTATION COUCHE-TARD INC.

MANAGEMENT DISCUSSION & ANALYSIS

53-week period ended April 30, 2017

Management Discussion and Analysis

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

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

Forward-Looking Statements

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

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

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

Our Business

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

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

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

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

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

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

Value Creation

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

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

Exchange Rate Data

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

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

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

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

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

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

Fiscal 2017 Overview

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

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

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

Network growth

Multi-site acquisitions [1]

Dansk Fuel A/S

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

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

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

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

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

Imperial Oil Limited

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

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

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

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

Sevenoil Est OÜ

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

Single-site acquisitions

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

Store construction

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

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

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

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

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

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

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

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

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

Changes in our network subsequent to the end of fiscal 2017

Acquisition of CST Brands, Inc.

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

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

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

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

Pursuant to the acquisition of CST, we also became the general partner of CrossAmerica Partners LP (“CAPL”), own 100% of its Incentive Distribution Rights and hold a 20.5% equity investment in it. CAPL supplies road transportation fuel under various

brands to more than 1,100 locations in the United States. The combination of CAPL with our existing wholesale network of more than 700 stores will make us a leading wholesaler of road transportation fuel in the US.

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

New credit facility for the funding of the CST acquisition

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

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

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

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

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

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

Other transactions

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

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

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

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

Additional week in fiscal 2017

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

Events outside of the normal course of business

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

Restructuring costs

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

Defined benefits plans curtailment

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

Global Circle K brand

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

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

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

Issuance of Euro-denominated senior unsecured notes

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

The Pantry Inc. – Synergies and cost reduction initiatives

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

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

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

Interest rate locks

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

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

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

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

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

All other conditions remained the same.

Dividends

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

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

Outstanding shares and stock options

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

Statement of Earnings Categories

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

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

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

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

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

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

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

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

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

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

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

Revenues

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

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

Road transportation fuel revenues increased by $1.9 billion in the fourth quarter of fiscal 2017. Excluding the negative net impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues increased by $2.0 billion or 41.2%. This increase was attributable to the impact of a higher average road transportation fuel selling price, which had a positive impact of approximately $1.1 billion, to the contribution from multi-site acquisitions, which amounted to approximately $501.0 million, to the impact of the 13th week in the fourth quarter of fiscal 2017 and to our organic growth. On a 12-week comparable basis, same-store road transportation fuel volumes increased by 1.7% in the United States and by 0.7% in Europe due to – among other things – the positive response from customers to our fuel rebranding initiatives and

micro-market strategies, as well as to the growing contribution from premium fuel. In the Southeastern U.S., fuel volumes continued to be negatively impacted by disruptions caused by our fuel rebranding activities. In Canada, same-store road transportation fuel volumes decreased by 0.2% on a 12-week comparable basis, mainly as a result of the challenging economy in Western Canada.

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

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

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

Gross profit

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

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

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

(US cents per gallon)

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

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

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

Operating, selling, administrative and general expenses

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

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

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

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

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

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

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

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

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

For the fourth quarter of fiscal 2017, depreciation, amortization and impairment expense decreased by $8.3 million, mainly as a result of the net impact of the translation of our European and Canadian operations into US dollars, partly offset by the impact from investments made through acquisitions, the replacement of equipment, the addition of new stores and the ongoing

improvement of our network. The depreciation, amortization and impairment expense for the fourth quarter of fiscal 2017 includes a charge for the accelerated depreciation and amortization of certain assets in connection with our global rebranding project, amounting to $5.3 million.

Net financial expenses

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

Income taxes

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

Net earnings and adjusted net earnings

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

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

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

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

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

Summary analysis of consolidated results of fiscal 2017

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

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

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

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

Revenues

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

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

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

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

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

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

Gross profit

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

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

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

(US cents per gallon)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

amortization and impairment expense for fiscal 2017 includes a charge for the accelerated depreciation and amortization of certain assets in connection with our global rebranding project, amounting to $27.1 million.

Net financial expenses

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

Income taxes

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

Net earnings and adjusted net earnings

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

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

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

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

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

Financial Position as at April 30, 2017

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

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

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

Significant balance sheet variations are explained as follows:

Property and equipment

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

Goodwill

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

Accounts payable and accrued liabilities

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

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

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

Shareholders’ equity

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

Liquidity and Capital Resources

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

Our revolving credit facilities are detailed as follows:

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

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

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

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

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

Available liquidities

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

Selected Consolidated Cash Flow Information

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

Operating activities

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

Investing activities

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

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

Financing activities

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

Contractual Obligations and Commercial Commitments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Off-Balance Sheet Arrangements

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

Selected Quarterly Financial Information

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

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

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

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

Revenues

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

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

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

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

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

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

Gross profit

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

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

(US cents per gallon)

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

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

Operating, selling, administrative and general expenses

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

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

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

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

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

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

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

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

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

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

Net financial expenses

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

Income taxes

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

Net earnings and adjusted net earnings

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

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

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

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

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

Internal Controls Over Financial Reporting

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

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

Critical Accounting Policies and Estimates

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Recently issued accounting standards not yet implemented

Revenue from Contracts with Customers

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

Classification and Measurement of Financial Assets and Financial Liabilities

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

Leases

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

material changes to the presentation of expenses associated with the lease arrangements, and, to a lower extent, the timing of recognition.

Income Taxes

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

Statement of Cash Flows

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

Classification and Measurement of Share-based Payment Transactions

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

Business Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Outlook

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

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

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

July 12, 2017