Fiscal Year 2016

ALIMENTATION COUCHE-TARD INC.
MANAGEMENT DISCUSSION & ANALYSIS
52-week period ended April 24, 2016

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 ending April 24, 2016. 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 2016 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, 2016, 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 2016 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 number of company-operated stores. In Europe, we are a leader in convenience store and road transportation fuel retail in Ireland and in the Scandinavian and Baltic countries and in Ireland, with a significant presence in Poland.

As of April 24, 2016, our network comprised 7,888 convenience stores throughout North America, including 6,490 stores offering road transportation fuel. Our North American network consists of 15 business units, including 11 in the United States covering 41 states and four in Canada covering all ten provinces. About 80,000 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 of April 24, 2016, this network comprised 2,659 service stations, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations. We also offer other products, including stationary energy, marine fuel and chemicals. Including employees at franchise stations carrying our brands, about 25,000 people work in our retail network, terminals and service offices across Europe.

In addition, almost 1,500 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 bring our total network to close to 12,000 sites.

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 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, organic contributions have 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 have contributed to the growth in our net earnings and to value creation for our shareholders and other stakeholders. We intend to continue in this direction.

Exchange Rate Data

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

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

	12-week periods ended		**52-week periods ended**		
	April 24, 2016	April 26, 2015	**April 24, 2016**	April 26, 2015	April 27, 2014
Average for period [(1)]					
Canadian Dollar	**0.7508**	0.7993	**0.7607**	0.8708	0.9439
Norwegian krone	**0.1186**	0.1277	**0.1203**	0.1454	0.1665
Swedish krone	**0.1203**	0.1174	**0.1188**	0.1333	0.1533
Danish krone	**0.1501**	0.1471	**0.1486**	0.1656	0.1805
Zloty	**0.2582**	0.2673	**0.2606**	0.2959	0.3200
Euro	**1.1190**	1.0980	**1.1085**	1.2431	1.3466
Lats [(2)]	**-**	-	**-**	-	1.9002
Litas [(3)]	**-**	-	**-**	0.3790	0.3897
Ruble	**0.0141**	0.0170	**0.0153**	0.0213	0.0300

	As at April 24, 2016	As at April 26, 2015
Period end		
Canadian Dollar	**0.7892**	0.8217
Norwegian krone	**0.1217**	0.1286
Swedish krone	**0.1231**	0.1159
Danish krone	**0.1510**	0.1457
Zloty	**0.2572**	0.2697
Euro	**1.1239**	1.0875
Ruble	**0.0150**	0.0196

(1) Calculated by taking the average of the closing exchange rates of each day in the applicable period.
(2) On January 1st, 2014, Latvia changed its currency from the Lats to the Euro.
(3) 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 2016 Overview

Net earnings amounted to $1,193.7 million for fiscal 2016 compared with $930.0 million, up 28.4% over fiscal 2015. Diluted net earnings per share stood at $2.10, compared with $1.63 for the previous year, up 28.8%.

Results for fiscal 2016 include a $27.2 million pre-tax curtailment gain on defined benefits pension plans obligation, a $22.9 million income tax expense stemming from an internal reorganisation, 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 as well as a $5.0 million pre-tax net foreign exchange loss. Results for fiscal 2015 included a non-recurring $41.8 million tax expense related to an internal reorganization, restructuring and integration pre-tax costs of $30.3 million in connection with the acquisition of The Pantry and restructuring activities in Europe, a net pre-tax foreign exchange loss of $22.7 million, a $11.0 million pre-tax loss from the disposal of our aviation fuel business, a curtailment gain on defined benefits pension plans obligation of $2.6 million pre-tax as well as a pre-tax negative goodwill of $1.2 million.

Excluding these items as well as acquisition costs from both fiscal years, net earnings for fiscal 2016 would have been approximately $1,188.0 million ($2.09 per share on a diluted basis) compared with $1,018.0 million ($1.79 per share on a diluted basis) for fiscal 2015, an increase of $170.0 million, or 16.7%. This increase is attributable to the solid contribution from acquisitions, including The Pantry store network and to strong organic growth from both convenience store and fuel operations as well as from to higher fuel margins. These items, which contributed to the growth in net earnings, were partially offset by the negative net impact from the translation of revenues and expenses from our Canadian and European operations into US dollars as well as from the impact of the disposal of our aviation fuel and lubricants businesses and by the impact of the higher consolidated income tax rate.

The Pantry Inc. ("The Pantry")

Our results for the 12 and 52-week periods ended April 24, 2016 include those of The Pantry which we acquired on March 16, 2015.

Purchase price allocation and adjustments to results previously reported

During fiscal 2016, we adjusted and finalized the purchase price allocation of The Pantry to reflect our fair value assessment of the assets acquired, the liabilities assumed and the goodwill for the transaction. The adjustments we made to the preliminary purchase price allocation did not have a significant impact on our previously reported net earnings.

Synergies and cost reductions initiatives

We are actively working on realizing identified cost reductions opportunities in connection with The Pantry acquisition in addition to realizing available synergies through growth of in-store sales and fuel volumes in this geographic area, improving our operations, sharing our business awareness and each company's best practices, and optimizing supply conditions.

Cost reductions

We expect to achieve a minimum of $85.0 million[1] in cost reductions before income taxes over the 24-month period following the acquisition. Since the acquisition, we have already taken actions that should allow us to realize annual cost reductions we estimate at approximately $66.0 million[1] before income taxes. We realized cost reductions estimated at approximately $58.0 million before income taxes during fiscal 2016 and since the acquisition. These cost reductions mainly reduced operating, selling, administrative and general expenses and, to a lesser extent, the cost of sales. These amounts do not necessarily represent the full annual impact of all of our initiatives.

Merchandise and service supply costs

In addition to the cost reductions discussed above, we have taken actions which should allow us to reduce our annual merchandise and service supply costs by approximately $27.0 million[1], before income taxes. These reductions should mainly result from economies of scale as well as from the negotiation of improved supply conditions. We estimate that realized savings amounted to approximately $26.0 million before income taxes during fiscal 2016 and since the acquisition.

Fuel branding, supply and distribution

During the second half of fiscal 2016, we finalized the review of our fuel branding, supply and distribution strategy for the Southeastern region of the United States which we had initiated following the acquisition of The Pantry. As a result of our review, we made the decision to change the fuel branding for more than 1,000 stores in this region. Consequently, we terminated some of our existing fuel supply agreements and entered into new contracts. This decision will allow us to realize significant synergies through higher fuel volumes and better pricing conditions. As a result of these changes, during fiscal 2016, our results include the negative impact of payments totalling $12.4 million for the early termination of existing fuel supply contracts. Additionally, our results for fiscal 2016 include a write-off charge of approximately $10.4 million resulting from the replacement of fuel signage and equipment before the end of their useful lives. A significant portion of the costs for the new assets will be assumed by our new fuel suppliers. We believe that anticipated synergies associated with our strategy will quickly repay for these charges.

Replacement of store equipment

Following extensive and thorough analysis, we concluded that some of the store equipment and signage acquired as part of The Pantry acquisition would need to be replaced or upgraded before the end of their current useful lives in order to implement some of our programs and to ensure a consistent offering and branding across the markets that The Pantry stores operate in. We expect that these replacements and upgrades will improve the customer experience and will support our growth objectives. In connection with this plan, the depreciation period for the assets we plan to replace or upgrade has been shortened to reflect our current replacement and upgrade plans, resulting in a higher depreciation expense fiscal 2016 and in a slightly higher expected depreciation expense for the next two fiscal years.

Statoil Fuel & Retail – Synergies and cost reductions initiatives

Since the acquisition of Statoil Fuel & Retail, we have been actively working on identifying and implementing available synergies and cost reductions opportunities.

During fiscal 2016, between May 2015 and December 2015, we recorded incremental synergies and cost savings which we estimated at approximately $12.0 million, before income taxes. These synergies and cost reductions mainly impacted operating, selling, administrative and general expenses as well as the cost of sales. Since the acquisition and until December 2015, we estimate that total realized annual synergies and cost savings amount to more than $199.0 million before income taxes, which corresponds to the higher range of synergies and cost reductions objectives that we had set following the acquisition.

These synergies and cost reductions came from a variety of sources including cost reductions following the delisting of Statoil Fuel & Retail, the renegotiation of certain agreements with our suppliers, the reduction of in-store costs and the restructuring of certain departments.

[1] As our synergies and cost reductions objective 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 reductions objective is based on our comparative analysis of organizational structures and current levels of spending across our network as well as on our ability to bridge the gap, where relevant. Our synergies and cost reductions 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 reductions 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 The Pantry's systems with ours. An important change in these facts and assumptions could significantly impact our synergies and cost reduction estimate as well as the timing of the implementation of our different initiatives.

Although we have now reached the higher range of our initial synergies and cost reductions objective associated with the acquisition of Statoil Fuel & Retail, we believe that several additional opportunities still exist. In line with our business model, we intend to continue our work towards optimizing the efficiency of our European network.

Network growth

Multi-sites acquisitions

On June 2, 2015, we acquired from Cinco J, Inc., Tiger Tote Food Stores, Inc. and their affiliates, 21 company-operated stores in the U.S. states of Texas, Mississippi and Louisiana. We own the land and buildings for 18 sites and lease the land and own the buildings for the remaining three sites. As part of this agreement we also acquired 141 dealer fuel supply agreements, five development properties as well as customer relations for 93 dealer sites.

On September 24, 2015, we acquired from Kocolene Marketing LLC, 13 company-operated stores in the U.S. states of Indiana and Kentucky. We own the land and buildings for 12 sites and lease the land and building for the remaining site.

On December 1, 2015, we acquired from Texas Star Investments and its affiliates, 18 company-operated stores, two quick service restaurants and a dealer fuel supply network located in the U.S. state of Texas. We own the land and buildings for 17 sites and lease these same assets for the remaining sites.

On February 1, 2016, we acquired all outstanding shares of Topaz Energy Group Limited, Resource Property Investment Fund plc, and Esso Ireland Limited, collectively known as “Topaz” for a total cash consideration of €258.0 million or $280.9 million plus a contingent consideration of a maximum undiscounted amount of €15.0 million ($16.3 million) payable upon signature of two contracts. Topaz is the leading convenience and fuel retailer in Ireland with a network comprising 444 service stations. Of these service stations, 158 are operated by Topaz and 286 are operated by dealers. As a result of this transaction, we became owner of the land and buildings for 77 sites, lessor of the land and owner of the buildings for 24 sites and lessor of these same assets for the remaining sites. The agreement also encompasses a significant commercial fuel operation, with two owned terminals and over 30 depots. In line with our business model, we expect realizing synergies through growth of in-store sales and fuel volumes, improving our operations, sharing our business awareness and each company’s best practices as well as optimizing supply conditions. We also expect to realize some cost reductions through the integration of Topaz into our network.

Available cash was used for these acquisitions with the exception of Topaz which was financed using our revolving credit facilities.

Single-site acquisitions

During fiscal 2016, we acquired 19 company-operated stores through distinct transactions. Available cash was used for these acquisitions.

Store construction

We completed the construction, relocation or reconstruction of 93 stores during fiscal 2016.

As of April 24, 2016, 30 stores were under construction and should open in the upcoming quarters.

Transactions subsequent to quarter-end

On May 1, 2016, subsequent to the end of fiscal 2016, we completed the acquisition of all the shares of Dansk Fuel A/S, which represents A/S Dansk Shell’s retail business, comprising 315 service stations, their commercial fuel business and their aviation fuel business. We will retain 131 sites, of which 90 are owned and 41 are leased from third parties. Of these 131 sites, 74 are full-service stations, 49 are unmanned automated fuel stations and 8 are truck stops. Following the completion of this transaction, our network in Denmark now includes a total of 483 stores of which 286 are company-operated, 153 are company-owned and dealer-operated and 44 are dealer-owned and dealer-operated. Included therein are 211 automated sites. We financed this transaction with our available cash and existing credit facilities.

As per the requirements of the European commission, we will divest a mix of both our current sites and Shell-branded stations, including the Shell/7-Eleven network and Shell’s dealer-owned network. In addition, we will divest A/S Dansk Shell's commercial and aviation fuels businesses. We signed an agreement for the sale of the divested assets with DCC Holding A/S, a subsidiary of DCC plc. Pending the customary regulatory approvals, this transaction is expected to close during the second half of fiscal 2017. Until approval and completion of this transaction, Couche-Tard and the divested businesses will continue to operate separately. A trustee has been appointed to manage and operate Dansk Fuel A/S during this interim period. We will not have control over the relevant activities, consequently, the shares of Dansk Fuel will be accounted for as an investment in an associated company during this period.

On May 26, 2016, we signed an agreement to purchase from Sevenoil Est OÜ and its affiliates 23 company-operated sites located in Estonia of which 11 are full service fuel stations with convenience stores and 12 are unmanned automated fuel stations. Under the agreement, we would own the land and building for all sites. The transaction is anticipated to close in the second quarter of fiscal year 2017 and is subject to the standard regulatory approvals and closing conditions.

Outstanding transaction

On March 8, 2016, we signed an agreement with Imperial Oil ("Imperial") to acquire certain of its Canadian retail assets located in the provinces of Ontario and Québec. The transaction comprises 279 of Imperial's Esso-branded fuel and convenience sites in Canada. Of these sites, 229 are located in Ontario - the majority of which in the Greater Toronto Area - and 50 sites are located in the Province of Québec, all of which are in the Greater Montréal Area or on the south shore of Montréal. The agreement also includes 13 land banks and two dealer sites, as well as a long-term supply agreement for Esso branded fuel. Imperial owns 238 sites and 41 are leased from third parties. The total transaction is priced at approximately CA$1.68 billion. Pending the customary regulatory approvals and closing conditions, the transaction is expected to close during the first half of fiscal 2017. We expect to finance this transaction using our available cash and existing credit facilities.

International network

On July 24, 2015, we exercised our option to repurchase the non-controlling interest in Circle K Asia s.à.r.l. ("Circle K Asia") for a cash consideration of $11.8 million. The difference between the consideration paid and the value of the non-controlling interest as at July 24, 2015 was recorded to contributed surplus. As a result of this transaction, our redemption liability recorded to our consolidated balance sheet was nullified and its reversal was recorded to retained earnings. We now hold 100% of the shares. We do not expect this transaction to have a significant impact on our consolidated financial statements.

On July 30, 2015, we signed an agreement with Comercializadora Circulo CCK, S.A. DE C.V. to rebrand over 700 of their existing *Extra* convenience stores located throughout Mexico to the Circle K brand by October 2017. Under this agreement, the number of Circle K stores in Mexico should increase to a minimum of 2,400 by 2030. As of April 24, 2016, a total of 29 stores were rebranded.

During fiscal 2016, we have been advised by Circle K Sunkus ("Sunkus"), a wholly-owned subsidiary of UNY Group Holding's Co., Ltd., that it will be rebranding its 3,273 Circle K stores in Japan over the next few years. The timing of this rebranding announced by Sunkus coincides with the recent merger of UNY Group Holding's Co., Ltd. with Family Mart Co., Ltd. This will not impact our financial results since we have not been collecting any fees from this licensee.

Sunkus is an independent operator in Japan and holds the exclusive rights to the "Circle K" trademark in this country which it acquired in 1993 from ConocoPhilips, Circle K's previous owner. We subsequently acquired the Circle K network from ConocoPhilips in 2003.

Although this rebranding has not been completed as of April 24, 2016, those stores have been excluded from our international network store count.

Summary of changes in our store network during the fourth quarter and fiscal 2016

The following table presents certain information regarding changes in our store network over the 12-week period ended April 24, 2016 (1):

	12-week period ended April 24, 2016				
Type of site	**Company-operated (2)**	**CODO (3)**	**DODO (4)**	**Franchised and other affiliated (5)**	**Total**
Number of sites, beginning of period	7,790	529	765	1,113	10,197
Acquisitions	161	8	278	-	447
Openings / constructions / additions	33	1	11	9	54
Closures / disposals / withdrawals	(57)	(5)	(39)	(50)	(151)
Store conversion	2	(3)	1	-	-
Number of sites, end of period	7,929	530	1,016	1,072	10,547
Number of automated fuel stations included in the period end figures (6)	901	-	18	-	919

The following table presents certain information regarding changes in our store network over the 52-week period ended April 24, 2016 (1):

	52-week period ended April 24, 2016				
Type of site	Company-operated (2)	CODO (3)	DODO (4)	Franchised and other affiliated (5)	Total
Number of sites, beginning of period	7,787	559	600	1,132	10,078
Acquisitions	229	8	417	-	654
Openings / constructions / additions	87	10	57	59	213
Closures / disposals / withdrawals	(178)	(22)	(79)	(119)	(398)
Store conversion	4	(25)	21	-	-
Number of sites, end of period	7,929	530	1,016	1,072	10,547

(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 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.
(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, almost 1,500 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 bring our total network to around 12,000 sites.

Disposal of the lubricants business

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

Global Circle K brand

On September 22, 2015, we announced the creation of a new, global convenience brand, "Circle K™". The new Circle K brand will replace our existing Circle K®, Statoil®, Mac's®, and Kangaroo Express® branding on stores and service stations across Canada (except in Québec), the United States and Europe. The new Circle K brand will also appear on licensed stores worldwide and will be a fundamental part of our future growth.

CIRCLE K

In connection with this rebranding project, we have started to incur additional capital expenditures and other expenses in order to replace and upgrade various existing assets. This project should span over the course of the next few years. As a result of our plan for the replacement and upgrade of these assets, we have accelerated the depreciation and amortization of certain existing assets, including but not limited to, store signage and the Statoil trade name. Consequently, an incremental depreciation and amortization expense of $17.8 million was recorded to earnings of fiscal 2016. We expect incremental depreciation and amortization expense over and above normal levels of approximately $23.0 million to $26.0 million for fiscal 2017 and of approximately $14.0 million to $16.0 million for fiscal 2018.

Defined benefits plans curtailment

During fiscal 2016, we announced to our employees in Norway our decision to convert certain of our existing defined benefits pension plans into defined contributions plans. In connection with the termination of the defined benefits plans, a pre-tax curtailment gain of $27.2 million was recorded to earnings with a corresponding offset to the defined benefits pension plans obligation.

During May 2016, subsequent to the end of fiscal 2016, we also announced to our employees in Canada and in the United States our decision to convert, going forward, most of our existing defined benefits pension plans to defined contributions plans. We do not expect that this decision will have a significant impact on our consolidated financial statements.

Those changes are in line with our global strategy, which is to offer, when allowed by local regulations, defined contributions pension plans to our employees and to our management.

Issuance of Canadian dollar denominated senior unsecured notes

On June 2, 2015, we issued Canadian dollar denominated senior unsecured notes totaling CA$700.0 million ($564.2 million) with a coupon rate of 3.6% and maturing on June 2, 2025. Interest is payable semi-annually on June 2 and December 2 of each year. The net proceeds from the issuance were mainly used to repay a portion of our term revolving unsecured operating credit facility.

Cross-currency interest rate swaps

Between June 12, 2015 and June 19, 2015, in connection with the issuance of Canadian dollar denominated notes detailed above, we entered into cross-currency interest rate swap agreements for a total notional amount of CA $700.0 million, allowing us to synthetically convert a portion of our Canadian dollar denominated debt into US dollars.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity
CA$175.0	3.6%	US$142.2	3.8099%	June 2, 2025
CA$175.0	3.6%	US$142.7	3.8650%	June 2, 2025
CA$100.0	3.6%	US$81.2	3.8540%	June 2, 2025
CA$100.0	3.6%	US$81.2	3.8700%	June 2, 2025
CA$100.0	3.6%	US$81.2	3.8570%	June 2, 2025
CA$50.0	3.6%	US$41.3	3.8230%	June 2, 2025

Issuance of Norwegian krone denominated senior unsecured notes

On February 18, 2016, we issued Norwegian krone (“NOK”) denominated senior unsecured notes totaling NOK 675.0 million ($78.4 million) with a coupon rate of 3.85% and maturing on February 18, 2026. Interest is payable semi-annually on April 20 and October 20 of each year. The net proceeds from the issuance were mainly used to repay a portion of our term revolving unsecured operating credit facility.

Issuance of Euro denominated senior unsecured notes

On May 6, 2016, subsequent to the end of fiscal 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 from the issuance were mainly used to repay a portion of our term revolving unsecured operating credit facility.

Credit rating

On July 24, 2015, S&P Global Ratings, a credit rating agency, changed our credit outlook from stable to positive.

Dividends

During its July 12, 2016 meeting, the Corporation’s Board of Directors (the “Board”) approved an increase in the quarterly dividend of CA 1.00¢ per share to CA 7.75¢ per share, an increase of almost 15.0%.

During the same meeting, the Board declared a quarterly dividend of CA 7.75¢ per share for the fourth quarter of fiscal 2016 to shareholders on record as at July 21, 2016 and approved its payment for August 4, 2016. This is an eligible dividend within the meaning of the Income Tax Act of Canada.

During fiscal 2016, the Board declared total dividends of CA 26.75¢ per share.

Outstanding shares and stock options

As at July 8, 2016, Couche-Tard had 147,766,540 Class A multiple voting shares and 419,927,261 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 2,359,534 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 in Europe also include the wholesale of merchandise and goods to certain independent operators and franchisees made from our distribution center. 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 cheques as well as sales of postage stamps and bus tickets. Service revenues also include franchise fees, license fees from affiliates and royalties from franchisees.

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 income. Other income includes the sale of stationary energy, marine fuel, aviation fuel (until December 31, 2014), lubricants (until September 30, 2015) and chemical products. Other income also includes rent revenue 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 merchandise and road transportation fuel sold. Cost of sales 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 overhead.

Key performance indicators used by management, which can be found under “Summary analysis of consolidated results of fiscal 2016 - 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 2016

The following table highlights certain information regarding our operations for the 12-week periods ended April 24, 2016 and April 26, 2015. This data includes results from The Pantry, starting from March 16, 2015, the acquisition date and from Topaz from February 1, 2016, the acquisition date.

(In millions of US dollars, unless otherwise stated)	**12-week period ended April 24, 2016**	12-week period ended April 26, 2015	Change %
Revenues	**7,397.1**	7,285.5	1.5
Operating income	**294.2**	182.7	61.0
Net earnings	**206.2**	126.0	63.7
Selected Operating Data:			
Merchandise and service gross margin (1):			
Consolidated	**34.7%**	34.1%	
United States	**33.7%**	33.4%	
Europe	**43.1%**	42.1%	
Canada	**32.9%**	32.5%	
Growth of same-store merchandise revenues (2) (3):			
United States	**3.2%**	5.2%	
Europe	**2.2%**	3.0%	
Canada	**2.2%**	3.8%	
Road transportation fuel gross margin:			
United States (cents per gallon) (3)	**16.78**	15.46	8.5
Europe (cents per litre) (4)	**7.74**	8.55	(9.5)
Canada (CA cents per litre) (3)	**6.09**	6.18	(1.5)
Growth of same-store road transportation fuel volume (3):			
United States	**3.6%**	6.4%	
Europe	**1.1%**	3.7%	
Canada	**(0.8%)**	1.5%	

(1) Includes other revenues derived from franchise fees, royalties and rebates on some purchases made by franchisees and licensees as well as merchandise wholesale.
(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. Includes results for The Pantry stores since the acquisition date.
(3) For company-operated stores only. Includes results for The Pantry stores since the acquisition date.
(4) Total road transportation fuel.

Revenues

Our revenues were $7.4 billion for the fourth quarter of fiscal 2016, up by $111.6 million, an increase of 1.5% compared with the corresponding quarter of fiscal 2015, mainly attributable to the contribution from acquisitions as well as to the continued growth in same-store merchandise revenues and road transportation fuel volumes in both North America and Europe. These items, which contributed to the increase in revenues, were partly offset by a lower road transportation fuel average selling price, by the negative net impact from the translation of revenues of our Canadian and European operations into US dollars and by the disposal of our lubricants business during the second quarter of fiscal 2016.

More specifically, the growth in merchandise and service revenues for the fourth quarter of fiscal 2016 was $320.2 million. Excluding the negative net impact from the translation of our European and Canadian operations into US dollars, merchandise and service revenues increased by $342.3 million or 17.0%. This increase is attributable to the contribution from acquisitions which amounted to approximately $289.0 million as well as to organic growth. Same-store merchandise revenues increased by 3.2% in the United States, including The Pantry stores and by 2.2% in both Europe and 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 $248.8 million in the fourth quarter of 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 decreased by $200.0 million or 3.9%. This decrease was attributable to the impact of a lower average road transportation fuel selling price, which had a negative impact of approximately $1.0 billion, partly offset by the contribution from acquisitions which amounted to approximately $637.0 million, by the contribution of our recently opened stores and by our organic growth. Same store road transportation fuel volumes increased by 3.6% in the United States, including The Pantry stores and by 1.1% 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 decreased by 0.8% due, in part, to the weakening economy in the western part of the country and to competitive pressures.

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**

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 their discretionary spending.

Other revenues increased by $40.2 million in the fourth quarter of fiscal 2016. This increase is mainly explained by the contribution from acquisitions, which amounted to approximately $132.0 million, partly offset by the disposal of our lubricants business, which had an impact of approximately $46.0 million as well as by negative net impact from the translation of revenues from our European operations into US dollars.

Gross profit

In the fourth quarter of fiscal 2016, the consolidated merchandise and service gross profit was $810.1 million, an increase of $121.5 million compared with the corresponding quarter of 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 $128.5 million or 18.7%. This increase is attributable to the contribution from acquisitions, which amounted to approximately $98.0 million, and to organic growth. The gross margin increased by 0.3% in the United States to 33.7%, by 1.0% in Europe to 43.1% and by 0.4% in Canada to 32.9%. 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 and fresh food.

In the fourth quarter of fiscal 2016, the road transportation fuel gross margin was 16.78 ¢ per gallon in the United States, CA 6.09 ¢ per litre in Canada and 7.74 ¢ per litre in Europe. The decrease in Europe is attributable to the net impact of the translation of our European results into US dollars and to the impact of lower margins in Ireland compared with our margins in continental Europe. 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 the fourth quarter of fiscal 2016, operating, selling, administrative and general expenses increased by 12.5% compared with the corresponding period of fiscal 2015 but increased by only 0.8% if we exclude certain items as demonstrated by the following table:

	12-week period ended April 24, 2016
Total variance as reported	**12.5%**
Subtract:	
Increase from incremental expenses related to acquisitions	15.9%
Decrease from revision of estimates for provisions and other non-recurring expenses in 2015	(1.9%)
Decrease from the net impact of foreign exchange translation	(1.3%)
Decrease from divestment of the aviation fuel and lubricants businesses	(1.1%)
Decrease from lower electronic payment fees, excluding acquisitions	(0.5%)
Increase from charges on the termination of fuel supply agreements	0.4%
Acquisition costs recognized to earnings of fiscal 2016	0.3%
Acquisition costs recognized to earnings of fiscal 2015	(0.1%)
Remaining variance	**0.8%**

The remaining variance for the fourth quarter of fiscal 2016 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 the fourth quarter of fiscal 2016, EBITDA increased by 45.0% compared with the same quarter last year, from $319.2 million to $462.7 million.

Excluding the specific items shown in the table below from EBITDA of the fourth quarter of fiscal 2016 and of the fourth quarter of fiscal 2015, the adjusted EBITDA for the fourth quarter of fiscal 2016 increased by $124.0 million or 36.3% compared with the corresponding period of the previous fiscal year. Net of acquisition costs recorded to earnings, acquisitions contributed approximately $29.0 million to adjusted EBITDA, while the variation in exchange rates had a negative net impact of approximately $5.0 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, use these measures to evaluate our financial and operating performance. Note that our definition of these measures may differ from the one used by other public corporations:

	12-week periods ended	
(in millions of US dollars)	**April 24, 2016**	April 26, 2015
Net earnings, as reported	**206.2**	126.0
Add:		
Income taxes	**62.8**	45.5
Net financial expenses	**31.7**	15.6
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**162.0**	132.1
EBITDA	**462.7**	319.2
Remove:		
Charge on early termination of fuel supply agreements	**(3.2)**	-
Restructuring and integration costs	**-**	(22.2)
Loss on disposal of the aviation fuel business	**-**	(0.6)
Negative goodwill	**-**	0.1
Adjusted EBITDA	**465.9**	341.9

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

For the fourth quarter of fiscal 2016, depreciation, amortization and impairment expenses increased by $29.9 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 $7.7 million for the fourth quarter of fiscal 2016 and by the acceleration of the depreciation and amortization of certain of 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

The fourth quarter of fiscal 2016 shows net financial expenses of $31.7 million, an increase of $16.1 million compared with the fourth quarter of fiscal 2015. Excluding the net foreign exchange loss of $5.8 million and the net foreign exchange gain of $3.5 million recorded respectively in the fourth quarters of fiscal 2016 and fiscal 2015, net financial expenses increased by $6.8 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. The net foreign exchange loss of $5.8 million for the fourth quarter of fiscal 2016 is mainly due to the impact of foreign exchange variations on certain cash balances.

Income taxes

The income tax rate for the fourth quarter of fiscal 2016 was 23.3% compared with an income tax rate of 26.5% for the fourth quarter of fiscal 2015.

Net earnings and adjusted net earnings

We closed the fourth quarter of fiscal 2016 with net earnings of $206.2 million, compared with $126.0 million for the fourth quarter of the previous fiscal year, an increase of $80.2 million or 63.7%. Diluted net earnings per share stood at $0.36, compared with $0.22 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 $1.0 million on net earnings of the fourth quarter of fiscal 2016.

Excluding the items shown in the table below from net earnings of the fourth quarter of fiscal 2016 and fiscal 2015, this quarter's net earnings would have been approximately $221.0 million, compared with $138.0 million for the comparable quarter of the previous year, an increase of $83.0 million or 60.1%. Adjusted diluted net earnings per share would have been approximately $0.39 for the fourth quarter of fiscal 2016, compared with $0.24 for the corresponding period of fiscal 2015, an increase of 62.5%.

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

	12-week periods ended	
(in millions of US dollars)	**April 24, 2016**	April 26, 2015
Net earnings, as reported	**206.2**	126.0
Remove:		
Impact of accelerated depreciation and amortization	**(7.7)**	-
Net foreign exchange (loss) gain	**(5.8)**	3.5
Charge on early termination of fuel supply agreements	**(3.2)**	-
Acquisition costs	**(2.7)**	(1.2)
Restructuring costs	**-**	(22.2)
Loss on disposal of the aviation fuel business	**-**	(0.6)
Negative goodwill	**-**	0.1
Tax impact of the items above and rounding	**4.6**	8.4
Adjusted net earnings	**221.0**	138.0

It should be noted that adjusted net earnings is not a performance measure defined by IFRS, but we, as well as investors and analysts, use this measure to evaluate our financial and operating performance. Note that our definition of this measure may differ from the one used by other public corporations.

Summary analysis of consolidated results of fiscal 2016

The following table highlights certain information regarding our operations for the 52-week periods ended April 24, 2016, April 26, 2015 and April 27, 2014. This data includes results from The Pantry, starting from March 16, 2015, the acquisition date and from Topaz, starting February 1, 2016, the acquisition date.

	52-weeks		
(in millions of US dollars, unless otherwise stated)	**2016**	2015	2014
Statement of Operations Data:			
Merchandise and service revenues [1]:			
United States	**7,366.5**	5,311.0	4,821.7
Europe	**933.8**	990.4	1,048.4
Canada	**1,771.6**	1,974.4	2,082.7
Total merchandise and service revenues	**10,071.9**	8,275.8	7,952.8
Road transportation fuel revenues:			
United States	**15,864.1**	14,599.0	15,493.3
Europe	**5,422.3**	7,111.0	8,824.9
Canada	**2,019.8**	2,571.9	2,890.6
Total road transportation fuel revenues	**23,306.2**	24,281.9	27,208.8
Other revenues [2]:			
United States	**14.9**	16.0	14.7
Europe	**751.1**	1,955.7	2,784.7
Canada	**0.5**	0.5	1.1
Total other revenues	**766.5**	1,972.2	2,800.5
Total revenues	**34,144.6**	34,529.9	37,962.1
Merchandise and service gross profit [1]:			
United States	**2,452.3**	1,748.4	1,575.8
Europe	**397.0**	408.2	434.2
Canada	**581.4**	649.2	689.3
Total merchandise and service gross profit	**3,430.7**	2,805.8	2,699.3
Road transportation fuel gross profit:			
United States	**1,479.4**	1,093.3	796.1
Europe	**811.5**	870.9	928.8
Canada	**148.9**	164.4	163.5
Total road transportation fuel gross profit	**2,439.8**	2,128.6	1,888.4
Other revenues gross profit [2]:			
United States	**14.9**	16.0	14.7
Europe	**195.6**	317.1	384.6
Canada	**0.5**	0.5	1.1
Total other revenues gross profit	**211.0**	333.6	400.4
Total gross profit	**6,081.5**	5,268.0	4,988.1
Operating, selling, administrative and general expenses	**3,835.1**	3,378.4	3,419.9
Gain on disposal of lubricant business	**(47.4)**	-	-
Curtailment gain on defined benefits pension plans obligation	**(27.2)**	(2.6)	(0.9)
Restructuring and integration costs	**-**	30.3	-
Loss on disposal of aviation fuel business	**-**	11.0	-
Negative goodwill	**-**	(1.2)	(48.4)
Loss (gain) on disposal of property and equipment and other assets	**18.8**	(1.5)	-
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**632.4**	533.9	583.2
Operating income	**1,669.8**	1,319.7	1,034.3
Net earnings	**1,193.7**	930.0	812.2
Other Operating Data:			
Merchandise and service gross margin [1]:			
Consolidated	**34.1%**	33.9%	33.9%
United States	**33.3%**	32.9%	32.7%
Europe	**42.5%**	41.2%	41.4%
Canada	**32.8%**	32.9%	33.1%
Growth of same-store merchandise revenues [3] [4]:			
United States	**4.6%**	3.9%	3.8%
Europe	**2.8%**	2.0%	1.6%
Canada	**2.9%**	3.4%	1.9%
Road transportation fuel gross margin:			
United States (cents per gallon) [4]	**20.15**	21.74	18.11
Europe (cents per litre) [5]	**8.82**	10.33	10.94
Canada (CA cents per litre) [4]	**6.41**	6.35	5.98
Volume of road transportation fuel sold [5]:			
United States (millions of gallons)	**7,260.2**	5,118.9	4,611.5
Europe (millions of litres)	**9,200.8**	8,428.5	8,488.4
Canada (millions of litres)	**3,072.3**	2,987.6	2,920.9
Growth of (decrease in) same-store road transportation fuel volume [4]:			
United States	**6.6%**	3.4%	1.7%
Europe	**2.6%**	2.4%	2.5%
Canada	**0.9%**	(0.1%)	1.3%
Per Share Data:			
Basic net earnings per share (dollars per share)	**2.10**	1.64	1.44
Diluted net earnings per share (dollars per share)	**2.10**	1.63	1.43
Cash dividend per share (CA cents per share)	**26.75**	19.00	13.60

	April 24, 2016	April 26, 2015	April 27, 2014
Balance Sheet Data:			
Total assets	**12,246.0**	10,989.9	10,545.0
Interest-bearing debt	**2,857.0**	3,068.3	2,606.4
Shareholders' equity	**5,043.6**	3,889.1	3,962.4
Indebtedness Ratios:			
Net interest-bearing debt/total capitalization (6)	**0.31 : 1**	0.39 : 1	0.35 : 1
Net interest-bearing debt/Adjusted EBITDA (7) (11)	**0.97 : 1**	1.18 : 1	1.32 : 1
Adjusted net interest-bearing debt/Adjusted EBITDAR (8) (11)	**1.98 : 1**	2.17 : 1	2.44 : 1
Returns:			
Return on equity (9) (11)	**27.0%**	24.9%	22.6%
Return on capital employed (10) (11)	**18.5%**	16.2%	13.3%

(1) Includes revenues derived from franchise fees, royalties, suppliers rebates on some purchases made by franchisees and licensees as well as wholesale merchandise.
(2) Includes revenues from rental of assets, from sale of aviation and marine fuel, heating oil, kerosene, lubricants and chemicals.
(3) Does not include services and other revenues (as described in footnote 1 and 2 above). Growth in Canada is calculated based on Canadian dollars. Growth in Europe is calculated based on Norwegian krone. Includes results from The Pantry stores for fiscal year ended April 24, 2016.
(4) For company-operated stores only. Includes results from The Pantry stores for fiscal year ended April 24, 2016.
(5) Total road transportation fuel.
(6) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments divided by the addition of shareholders' equity and long-term debt, net of cash and cash equivalents and temporary investments. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.
(7) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments divided by EBITDA (Earnings Before Interest, Tax, Depreciation, Amortization and Impairment) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.
(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 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.
(9) 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.
(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: 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.
(11) This ratio is presented on a pro forma basis. 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. Given the timing of the acquisition of Topaz, we have not yet completed the fair value assessment of the assets acquired, the liabilities assumed and the goodwill for this transaction.

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 lubricants 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 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 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 lubricants 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 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 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 13.5%, compared with fiscal 2015 but increased by only 1.5% if we exclude certain items as demonstrated by the following table:

	52-week period ended April 24, 2016
Total variance as reported	**13.5%**
Subtract:	
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 lubricants 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	**1.5%**

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 24.4% 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 $376.0 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, 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, use these measures to evaluate our financial and operating performance. Note that our definition of these measures may differ from the one used by other public corporations:

	52-week periods ended	
(in millions of US dollars)	**April 24, 2016**	April 26, 2015
Net earnings, as reported	**1,193.7**	930.0
Add:		
Income taxes	**398.6**	306.2
Net financial expenses	**107.5**	105.4
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**632.4**	533.9
EBITDA	**2,332.2**	1,875.5
Remove:		
Charge on early termination of fuel supply agreements	**(12.4)**	-
Net gain from the disposal of the lubricants business	**47.4**	-
Curtailment gain on pension plan obligation	**27.2**	2.6
Write-off expense on fuel rebranding	**(10.4)**	-
Non-recurring integration costs and expenses in connection with our global brand initiatives	**(8.6)**	-
Restructuring and integration costs	**-**	(30.3)
Loss on disposal of the aviation fuel business	**-**	(11.0)
Negative goodwill	**-**	1.2
Adjusted EBITDA	**2,289.0**	1,913.0

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

For fiscal 2016, depreciation, amortization and impairment expenses increased by $98.5 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. 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 of 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 $107.5 million, an increase of $2.1 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 $19.8 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 leases 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 fiscal 2016 was 25.0%, compared to 24.8% in 2015. The income tax rate was affected by the fact that the net gain from the disposal of the lubricants 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 $1,193.7 million, compared with $930.0 million for the previous fiscal year, an increase of $263.7 million or 28.4%. Diluted net earnings per share stood at $2.10 compared with $1.63 the previous year, an increase of 28.8%. 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 $1,188.0 million, up $170.0 million or 16.7%, while adjusted diluted earnings per share would have been approximately $2.09 compared with $1.79 the previous year, an increase of 16.8%.

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

	52-week periods ended	
(in millions of US dollars)	**April 24, 2016**	April 26, 2015
Net earnings, as reported	**1,193.7**	930.0
Remove:		
Impact of accelerated depreciation and amortization	**(17.8)**	-
Net foreign exchange loss	**(5.0)**	(22.7)
Charge on early termination of fuel supply agreements	**(12.4)**	-
Acquisition costs	**(6.2)**	(2.7)
Net gain from the disposal of the lubricants business	**47.4**	-
Curtailment gain on pension plans obligation	**27.2**	2.6
Tax expense stemming from an internal reorganisation	**(22.9)**	(41.8)
Write-off expense on fuel rebranding	**(10.4)**	-
Non-recurring integration costs and expenses in connection with our global brand initiatives	**(8.6)**	-
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	**14.4**	16.7
Adjusted net earnings	**1,188.0**	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, use this measure to evaluate our financial and operating performance. Note that our definition of this measure may differ from the one used by other public corporations.

Financial Position as at April 24, 2016

As shown by our indebtedness ratios included in the “Summary analysis of consolidated results for fiscal 2016” section and our net cash provided by operating activities, our financial position is excellent.

Our total consolidated assets amounted to $12.3 billion as at April 24, 2016, an increase of $1.3 billion over the balance as at April 26, 2015. This increase stems primarily from the overall rise in assets resulting from the acquisitions we made during fiscal 2016 as well as significant investments in property and equipment, partly offset the effect of the disposal of the lubricants business. It should be noted that we have updated our balance sheet as of April 26, 2015 to reflect the adjustments made to the preliminary purchase price allocation for The Pantry acquisition.

During the 52-week period ended on April 24, 2016, we recorded a return on capital employed of 18.5%.

Significant balance sheet variations are explained as follows:

Accounts receivable

Accounts receivable increased by $150.9 million, from $1.3 billion as at April 26, 2015 to $1.4 billion as at April 24, 2016. The increase mainly stems from acquisitions as well as from the positive net impact of exchange rates variation at the balance sheet date, which was approximately $50.0 million, partly offset by the impact of lower road transportation fuel selling prices as well as from the disposal of the lubricants business.

Property and equipment

Property and equipment increased by $804.7 million, from $5.6 billion as at April 26, 2015 to $6.4 billion as at April 24, 2016, mainly as a result of the significant investments in our stores during fiscal 2016 as well as the acquisition of Topaz, partly offset by the depreciation, amortization and impairment expense and the impact of the sale of the lubricants business. Property and equipment was also affected by the positive net impact of the exchange rates variation at the balance sheet date, which was approximately $19.0 million.

Goodwill

Goodwill increased by $221.8 million, from $1.6 billion as at April 26, 2015 to $1.9 billion as at April 24, 2016, mainly as a result of acquisitions in the U.S. as well as from the acquisition of Topaz. As the acquisition of Topaz was closed shortly before the end of fiscal 2016 and given the size of the transaction, we have not completed our fair value assessment of the assets acquired, the liabilities assumed and the goodwill for this transaction. Consequently, the balance sheet for Topaz includes the net book values from Topaz's accounting records at that date as adjusted to be in line with the Corporation's accounting policies. The difference between the purchase price and the net book value related to this acquisition was included in goodwill in the preliminary purchase price allocation and the fair values of assets acquired and liabilities assumed will be adjusted during fiscal 2017. The goodwill was also affected by the positive net impact of the exchange rates variation at the balance sheet date, which was approximately $4.0 million.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by $244.0 million, from $2.3 billion as at April 26, 2015 to $2.5 billion as at April 24, 2016. The increase mainly stems from acquisitions, partly offset by the impact of a lower road transportation fuel cost as well as from the disposal of the lubricants business. The net positive impact of exchange rates variation at the balance sheet date was approximately $3.0 million.

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

Long-term debt decreased by $211.3 million, from $3.1 billion as at April 26, 2015 to $2.9 billion as at April 24, 2016. Long-term debt decreased from the net debt repayments of approximately $968.0 million we made during fiscal 2016. This decrease was partly offset by the issuance of Canadian dollar denominated senior unsecured notes for an amount of $562.0 million as and by the issuance of NOK denominated senior unsecured notes for an amount of $78.4 million as well as by new capital leases from the acquisition of Topaz. Our long-term debt also decreased from the impact of the weakening of the Canadian dollar, NOK and Euro against the US dollar, which was approximately $29.0 million.

Shareholders' equity

Shareholders' equity amounted to $5.0 billion as at April 24, 2016, up $1.2 billion compared with April 26, 2015, mainly reflecting net earnings for fiscal 2016, partly offset by dividends declared and other comprehensive income for fiscal 2016. For the 52-week period ended April 24, 2016, we recorded a return on equity of 27.0%.

Liquidity and Capital Resources

Our principal sources of liquidity are our net cash provided by operating activities and borrowings available under our term 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.

Our revolving credit facilities are detailed as follow:

Revolving unsecured operating credit D, maturing in December 2019 ("operating credit D")

Credit agreement consisting of a revolving unsecured facility of a maximum amount of $2,525.0 million. On November 20, 2015, we amended our operating credit D to extend its maturity until December 2019. On January 25, 2016, we amended our operating credit D to add the euro as an available currency. No other terms were changed significantly. As at April 24, 2016, $884.2 million of our operating credit D had been used. As at the same date, the effective interest rate was 1.33% and standby letters of credit in the amount of $27.7 million were outstanding.

Term revolving unsecured operating credit E, maturing in December 2016 ("operating credit E")

Credit agreement consisting of an initial maximum amount of $50.0 million with an initial term of 50 months. The credit facility is available in the form of a revolving unsecured operating credit, available in US dollars. The amounts borrowed, if any, bear interest at variable rates based on the US base rate or the LIBOR rate plus a variable margin. As at April 24, 2016, operating credit E was unused.

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

As at April 24, 2016, as a result of the Topaz acquisition, we have has a credit agreement consisting of a revolving unsecured facility of an initial maximum amount of €25.0 million ($28.1 million) maturing on January 30, 2020. The credit facility is available in the form of a revolving unsecured operating credit, available in Euros. 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 24, 2016, operating credit F was unused.

Available liquidities

As at April 24, 2016, a total of approximately $1.7 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 $2.3 billion through our available cash and revolving unsecured operating credit facilities.

Selected Consolidated Cash Flow Information

	52-week periods ended		
(in millions of US dollars)	**April 24, 2016**	April 26, 2015	Variation
Operating activities			
Net cash provided by operating activities	**1,887.9**	1,714.5	173.4
Investing activities			
Purchase of property and equipment, intangible assets and other assets, net of proceeds from the disposal of property and equipment and other assets	**(806.7)**	(562.9)	(243.8)
Business acquisitions	**(437.3)**	(929.4)	492.1
Proceeds from disposal of the lubricants business	**81.0**	-	81.0
Proceeds from disposal of the aviation fuel business	**-**	94.6	(94.6)
Other	**(18.3)**	(1.1)	(17.2)
Net cash used in investing activities	**(1,181.3)**	(1,398.8)	217.5
Financing activities			
Net increase (decrease) of revolving unsecured operating credit	**(967.7)**	1,043.7	(2,011.4)
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)**	(529.1)	303.9
Cash dividends paid	**(104.1)**	(86.9)	(17.2)
Issuance of NOK denominated senior unsecured notes, net of financing costs	**78.0**	-	78.0
Net decrease in other debt	**(24.6)**	(18.0)	(6.6)
Repurchase of non-controlling interest	**(11.8)**	-	(11.8)
Settlement of cross-currency interest rate swaps	**(10.0)**	-	(10.0)
Issuance of shares upon exercise of stock options	**0.8**	3.8	(3.0)
Repayments under the unsecured non-revolving acquisition credit facility	**-**	(555.0)	555.0
Net cash from (used in) financing activities	**(702.6)**	(141.5)	(561.1)
Credit ratings			
S&P Global Ratings – Corporate credit rating	**BBB**	BBB-	
Moody's - Senior unsecured notes credit rating	**Baa2**	Baa2	

Operating activities

During fiscal 2016, net cash from our operations reached $1,887.9 million, up $173.4 million compared with fiscal year 2015, mainly due to higher net earnings.

Investing activities

During fiscal 2016, investing activities were primarily for net investments in property and equipment, intangible assets and other assets which amounted to $806.7 million and for business acquisitions for an amount of $437.3 million. These items were partly offset by the net proceeds from the disposal of the lubricants business, which amounted to $81.0 million.

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

Financing activities

During fiscal 2016, we repaid a total net amount of $967.7 million on our operating credit D. During the same period, we issued Canadian dollar denominated senior unsecured notes for an amount of $562.0 million and NOK denominated senior unsecured notes for an amount of $78.0 million. We also repaid debt assumed in the acquisition of Topaz for an amount of $225.2 million, paid dividends for an amount of $104.1 million and repurchased the non-controlling interest in Circle K Asia for a cash consideration of $11.8 million.

Contractual Obligations and Commercial Commitments

Set out below is a summary of our material contractual obligations as at April 24, 2016 (1):

	2017	2018	2019	2020	2021	Thereafter	Total
			(in millions of US dollars)				
Long-term debt (2)	2.1	237.1	886.2	355.3	236.8	831.9	**2,549.4**
Finance lease obligations	52.2	67.3	41.3	37.6	34.4	233.7	**466.5**
Operating lease obligations	391.2	369.8	343.4	308.7	262.1	1,147.8	**2,823.0**
Total	445.5	674.2	1,270.9	701.6	533.3	2,213.4	**5,838.9**

(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 24, 2016, our long-term totalled $2,857.0 million, the details of which are as follow:

i. Canadian dollar denominated senior unsecured notes totalling $1,573.2 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. NOK denominated senior unsecured notes totalling $81.8 million, with a notional amount of NOK675.0 million, maturing on February 18, 2026, bearing interest at 3.85%.

iii. Borrowings of $884.2 million under our revolving unsecured operating credits denominated in US and Canadian dollars, maturing in December 2019. The effective interest rate was 1.33% as at April 24, 2016.

iv. Other long-term debts of $317.8 million, including obligations related to building and equipment under finance leases.

Finance leases and operating leases obligations. We lease an important portion of our real estate using conventional operating leases and finance leases mainly for the rental of stores, land, equipment and office buildings. Generally our real estate leases in Canada are for primary terms of five to ten years and in the United States, they are for ten to 20 years, in both cases, 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 of the store leases, we are subject to additional rent based on store 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. When possible, we will favor purchasing our assets rather than leasing them.

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, are 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 24, 2016, 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. In Europe, we have issued guarantees to third parties and on behalf of third parties for maximum undiscounted future payments totalling $14.3 million. These guarantees primarily relate to financial guarantee commitments for 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 24, 2016 were not significant.

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

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

Off-Balance Sheet Arrangements

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

Selected Quarterly Financial Information

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

(in millions of US dollars except for per share data)	**52-week period ended April 24, 2016**				52-week period ended April 26, 2015			
Quarter	**4th**	3rd	2nd	1st	4th	3rd	2nd	1st
Weeks	**12 weeks**	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks
Revenues	**7,397.1**	9,331.1	8,436.8	8,979.6	7,285.5	9,107.8	8,946.3	9,190.3
Operating income before depreciation, amortization and impairment of property and equipment, intangibles assets and other assets	**456.2**	618.7	685.8	541.5	314.8	536.8	510.0	492.0
Depreciation, amortization and impairment of property and equipment, intangibles assets and other assets	**162.0**	192.8	137.6	140.0	132.1	152.4	122.7	126.7
Operating income	**294.2**	425.9	548.2	401.5	182.7	384.4	387.3	365.3
Share of earnings of joint ventures and associated companies accounted for using the equity method	**6.5**	8.8	8.2	6.5	4.4	7.7	5.1	4.7
Net financial expenses	**31.7**	33.5	25.2	17.1	15.6	41.2	18.6	30.0
Net earnings	**206.2**	274.0	415.7	297.8	126.0	248.1	286.4	269.5
Net earnings per share								
Basic	**$0.36**	$0.48	$0.73	$0.52	$0.22	$0.44	$0.51	$0.48
Diluted	**$0.36**	$0.48	$0.73	$0.52	$0.22	$0.44	$0.50	$0.47

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. With that said, the majority of our operating income is derived from merchandise and service sales.

Analysis of consolidated results for the fiscal year ended April 26, 2015

Revenues

Our revenues were $34.5 billion in fiscal 2015, down $3.4 billion, a decrease of 9.0%, mainly attributable to lower road transportation fuel average retail prices, to the negative net impact from the translation of revenues of our Canadian and European operations into US dollars and to the sale of our aviation fuel business. Those items contributing to the reduction in total revenues were partly offset by the continued growth in same-store merchandise revenues and road transportation fuel volume in both North America and Europe as well as by the contribution from acquisitions.

More specifically, the growth of merchandise and service revenues for fiscal 2015 was $323.0 million. Excluding the negative net impact from the translation of our European and Canadian operations into US dollars, which was approximately $253.0 million, consolidated merchandise and service sales increased by $576.0 million or 7.2%. This increase is attributable to the contribution from acquisitions which amounted to approximately $304.0 million as well as to organic growth. Same-store merchandise revenues increased by 3.9% in the United States, by 3.4% in Canada and by 2.0% in Europe. Those increases in same-store merchandise sales are attributable to our dynamic merchandising strategies, our competitive offer as well as to our expanded fresh food offer which is attracting more customers into our stores.

Road transportation fuel revenues decreased by $2.9 billion in fiscal 2015. Excluding the negative net impact from the translation of revenues from our Canadian and European operations into US dollars which amounted to approximately $971.0 million, road transportation fuel revenues decreased by $2.0 billion or 7.2%. This decrease was mainly attributable to the lower average selling price of road transportation fuel which generated a decrease in revenues of approximately $3.4 billion, partially offset by acquisitions which contributed to an increase in revenues of approximately $854.0 million as well as by organic growth. Same-store road transportation fuel volume increased by 3.4% in the United States, by 2.4% in Europe, while it decreased by 0.1% in Canada due to amongst other things, the perfecting of our pricing strategies as well as the contribution of "*milesTM*" in Europe.

The following table shows the average selling price of road transportation fuel in our markets, starting with the first quarter of the fiscal year ended April 27, 2014. Average prices for Europe are also impacted by the translation into US dollars.

Quarter	1st	2nd	3rd	4th	**Weighted average**
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**
52-week period ended April 27, 2014					
United States (US dollars per gallon)	3.51	3.45	3.24	3.47	**3.41**
Europe (US cents per litre)	100.72	103.25	107.49	104.11	**104.38**
Canada (CA cents per litre)	114.53	117.05	113.11	118.74	**115.63**

Other revenues decreased by $828.3 million in fiscal 2015, mostly attributable to the disposal of the aviation fuel business, the negative net impact from the translation of revenues of our European operations into US dollars and to the decrease in marine fuel and heating oil revenues due to lower selling prices and volumes.

Gross profit

In fiscal 2015, the consolidated merchandise and service gross margin was $2.8 billion, an increase of $106.5 million compared with fiscal 2014. Excluding the negative net impact from the translation of our European and Canadian operations into US dollars, which was approximately $94.0 million, consolidated merchandise and service gross margin increased by $201.0 million or 7.4%. This increase is attributable to the contribution from acquisitions which amounted to approximately $103.0 million and to organic growth. In the United States, the gross margin was up 0.2% to 32.9% while it decreased by 0.2% in both Canada and Europe to reach 32.9% and 41.2% respectively. Overall, this performance reflects changes in the product-mix, the improvements we brought to our supply terms as well as our merchandising strategy in line with market competitiveness and economic conditions within each market.

The road transportation fuel gross margin for our company-operated stores in the United States increased by 3.63 ¢ per gallon, from 18.11 ¢ per gallon during fiscal 2014 to 21.74 ¢ per gallon in fiscal 2015. In Canada, the gross margin increased to CA6.35 ¢ per litre for fiscal 2015 compared with CA5.98 ¢ per litre for fiscal 2014. In Europe, the total road transportation fuel gross margin was 10.33 ¢ per litre for fiscal 2015, a decrease of 0.61 ¢ per litre compared with 10.94 ¢ per litre for fiscal 2014. This decrease is entirely attributable to the impact of the translation of our European results into US dollars. In local currencies, the margin in Europe was higher than that of fiscal 2014. The road transportation fuel gross margin of our company-operated stores in the United States as well as the impact of expenses related to electronic payment modes for the last eight quarters, starting with the first quarter of fiscal year ended April 27, 2014, were as follows:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	**Weighted average**
52-week period ended April 26, 2015					
Before deduction of expenses related to electronic payment modes	23.08	24.17	24.93	15.46	**21.74**
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	**17.11**
52-week period ended April 27, 2014					
Before deduction of expenses related to electronic payment modes	19.42	21.56	17.02	14.85	**18.11**
Expenses related to electronic payment modes	4.99	5.04	4.79	4.98	**4.94**
After deduction of expenses related to electronic payment modes	14.43	16.52	12.23	9.87	**13.17**

As demonstrated by the table above, road transportation fuel margins in the United States are volatile from one quarter to another. Expenses related to electronic payment modes and associated volatility are not as significant in Europe and in Canada.

Operating, selling, administrative and general expenses

For fiscal 2015, operating, selling, administrative and general expenses decreased by 1.3% compared with fiscal 2014, but increased by 0.8% if we exclude certain items, as demonstrated by the following table:

Total variance as reported	**(1.3%)**
Subtract:	
Decrease from the net impact of foreign exchange translation	(5.2%)
Increase from incremental expenses related to acquisitions	3.3%
Decrease from divesture of the aviation fuel business	(0.7%)
Increase from revision of estimates for provisions and other non-recurring expenses	0.6%
Decrease from lower electronic payment fees, excluding acquisitions	(0.2%)
Acquisition costs recognized to earnings of fiscal 2015	0.1%
Remaining variance	**0.8%**

We continue to favor tight control of costs throughout the organization while being sure to maintain the quality of service we offer to our customers.

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

During fiscal 2015, EBITDA increased by 14.3% compared with the previous fiscal year, reaching $1,875.5 million.

Excluding restructuring and integration costs, the loss on disposal of the aviation fuel business, the curtailment gain on pension plan obligations and the negative goodwill from both comparable periods, fiscal 2015 adjusted EBITDA increased by $322.1 million or 20.2% compared with the corresponding period of the previous fiscal year, reaching $1,913.0 million. Net of acquisition, restructuring and integration costs recorded to earnings, acquisitions contributed approximately $43.0 million to adjusted EBITDA, while the variation in exchange rates had a negative net impact of approximately $68.0 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, use these measures to evaluate the Corporation's financial and operating performance. Note that our definition of these measures may differ from the one used by other public corporations:

	52-weeks periods ended	
(in millions of US dollars)	**April 26, 2015**	April 27, 2014
Net earnings, as reported	**930.0**	812.2
Add:		
Income taxes	**306.2**	134.2
Net financial expenses	**105.4**	110.6
Depreciation, amortization and impairment of property and equipment and other assets	**533.9**	583.2
EBITDA	**1,875.5**	1,640.2
Remove:		
Restructuring and integration costs	**(30.3)**	-
Loss on disposal of the aviation fuel business	**(11.0)**	-
Curtailment gain on pension plan obligation	**2.6**	0.9
Negative goodwill	**1.2**	48.4
Adjusted EBITDA	**1,913.0**	1,590.9

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

For fiscal 2015, depreciation, amortization and impairment expense decreased by $49.3 million. Excluding the impairment charge of $6.8 million on a non-operational lubricant production plant recorded in fiscal 2014, depreciation, amortization and impairment expense decreased by $42.5 million. This decrease is mainly attributable to the net impact from the translation of our European and Canadian operations into US dollars, partially offset by the impact of investments made through acquisitions, replacement of equipment, addition of new stores and ongoing improvement of our network.

Net financial expenses

For fiscal 2015, we recorded net financial expenses of $105.4 million compared with $110.6 million for fiscal 2014. Excluding the net foreign exchange loss of $22.7 million and the net foreign loss of $10.1 million recorded respectively in fiscal 2015 and in fiscal 2014, fiscal 2015 posted net financial expenses of $82.7 million, down $17.8 million compared with fiscal 2014. This decrease is mainly attributable to the reduction of our long-term debt following repayments made on our revolving and acquisition facilities in the first half of fiscal 2015. The net foreign exchange loss of $22.7 million is mainly due to the impact of the exchange rate fluctuations on certain inter-company balances and loans.

Income taxes

For fiscal 2015, the income tax rate is 24.8% compared with a rate of 14.2% for the previous fiscal year. Fiscal 2015 was affected by an internal reorganization which increased the income tax expense by $41.8 million. Had this reorganization not been implemented, the income tax rate would have been approximately 21.4%. The income tax rate for fiscal 2014 was impacted by the effect on deferred taxes of a foreign loss only deductible and recognized for tax purposes as well as by a decrease in our statutory income tax rates in Norway and in Denmark. Excluding those non-recurring items, the income tax rate for fiscal 2014 would have been 15.5%.The remaining increase is attributable to the higher proportion of our results coming from the United States, where the tax rates are higher and to the reimbursement of a portion of our debt before the acquisition of The Pantry.

Net earnings

We closed fiscal 2015 with net earnings of $930.0 million, compared with $812.2 million for the previous fiscal year, an increase of $117.8 million. Diluted net earnings per share stood at $1.63 compared with $1.43 the previous year. The translation of earnings from our Canadian and European operations into the US dollars had a negative net impact of approximately $28.0 million on net earnings of fiscal 2015.

Excluding from net earnings of fiscal 2015 the loss on disposal of our aviation fuel business, restructuring and integration costs, the non-recurring tax expense of $41.8 million, the curtailment gain, the negative goodwill, the net foreign exchange loss as well as acquisition costs and excluding from net earnings of fiscal 2014 the negative goodwill, the net foreign exchange loss, the non-recurring income tax recovery, the impairment charge on a non-operational lubricant plant in Poland, the curtailment gain as well as acquisition costs, fiscal 2015 net earnings would have stood at approximately $1,019.0 million, up $253.0 million or 33.0% compared to fiscal 2014, while fiscal 2015 diluted earnings per share would have stood at approximately $1.79, an increase of 32.6%.

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 the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents, also taking into account materiality. 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 24, 2016, 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 24, 2016, our management and our external auditors reported that these internal controls were effective.

We have excluded Topaz's internal control over financial reporting from our evaluation of the overall effectiveness of our internal control over financial reporting. This is due to the timing of the transaction, which occurred on February 1st, 2016. The limitation was primarily based on the time required to assess Topaz's controls over financial reporting and to confirm they are consistent with ours, as permitted by the Canadian Securities Administrator's National Instrument 52-109 for 365 days following an acquisition. We expect to finalize our assessment by February 1st, 2017.

Topaz's balance sheet and results are included in our consolidated financial statements since the acquisition date. They constituted approximately 8.5% of total consolidated assets as of April 24, 2016 while they represented approximately 1.2% of consolidated revenues and approximately 0.3% of consolidated net earnings for fiscal year 2016.

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. The cost of lubricant inventory and aviation fuel is determined using the first in first out 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 fair value, 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 and are based on our prior experience in removing these tanks, estimated tank 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. The amount added to property and equipment is amortized and an accretion expense is recognized in connection with the discounted liability over the remaining life of the tank or lease term for leased properties.

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 contamination, location of sites and the experience of the contractors that perform the environmental assessments and remediation work.

In each of the U.S. states in which we operate, with the exception of Iowa, Florida, Texas, West Virginia and Maryland, 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 differs 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 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.

Changes in Accounting Standards

Revised Standards

Presentation of financial statements

On February 1, 2016, we adopted amendments to IAS 1, "Presentation of Financial Statements", that clarify materiality, aggregation and disaggregation of items presented in the balance sheet, statement of earnings and statement of comprehensive income as well as order of notes to financial statements. The adoption of these amendments did not have a material impact on our consolidated financial statements.

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. Given that we have significant contractual obligations in the form of operating leases under IAS 17, there will be a material increase to both assets and liabilities upon adoption of IFRS 16, and material changes to the timing of recognition and presentation of expenses associated with the lease arrangements. We are currently evaluating the impact of the standard on our consolidated financial statements.

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. We are currently evaluating the impact of these amendments 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. We are currently evaluating the impact of the standard 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 and 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 2016 road transportation fuel revenues accounted for approximately 68.0% of our total revenue, yet the road transportation fuel gross margin represented only about 40.0% of our overall gross profits. In fiscal 2016, a change of one cent per gallon (approximately 0.26 cents per litre) would have resulted in a change of approximately $105.0 million in road transportation fuel gross profit, with a corresponding impact of approximately $0.12 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, particularly in our U.S. markets, because the majority of this expense is based on a percentage of the retail prices of road transportation fuel. For fiscal 2016, 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 2016, revenues of tobacco products were approximately 38.0% of total merchandise and service revenues. 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, including 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 raw materials for use in the production of our lubricants, 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 24, 2016, we had outstanding accounts receivable totaling $1,334.4 million. This amount primarily consists of credit card receivables, vendor rebates due from our suppliers and receivables arising from the sale of fuel and other products to independent, franchised or licensed gas station operators as well as to 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.

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 24, 2016, all else being equal, a hypothetical variation of 5.0% of the US dollar against the Canadian dollar would have had a net impact of approximately $104.0 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 of April 24, 2016, we carried variable rate debt of approximately $884.2 million. Based on the amount of our variable rate debt as at April 24, 2016, 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.

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 cross-currency swap agreements, 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, these regions 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 operation.

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 out 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 2017, our priority will be to work on the integration of Topaz, of Dansk Fuel and of the Canadian Esso stations into our network. We also look forward to continuing our work on the integration of The Pantry stores into our network and to realizing synergies associated with that integration in addition to pursuing our work around value creation in Europe. We will also continue working to improve and expand our network, including the construction of new stores and the relocation and reconstruction of existing stores. We also intend to maintain our ongoing focus on sales, supply terms and operating expenses while keeping an eye on growth opportunities that may be available in our various markets.

We will also work toward the deployment 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 to prefer Circle K™ as their 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.

Much as in previous years, we will pay special attention to the reduction of our debt level. Thus we will continue improving our financial flexibility and the quality of our credit rating, allowing us to be adequately positioned to realize potential acquisition opportunities.

July 12, 2016