Fiscal Year 2018

ALIMENTATION COUCHE-TARD INC.

MANAGEMENT DISCUSSION & ANALYSIS

52-week period ended April 29, 2018

Management Discussion and Analysis

The purpose of this Management Discussion and Analysis ("MD&A") is, as required by regulators, to explain management's point of view on the financial condition and results of the operations of Alimentation Couche-Tard Inc. ("Couche-Tard") as well as its performance during the fiscal year ended April 29, 2018. More specifically, it aims to let the reader better understand our development strategy, performance in relation to objectives, future expectations, and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader's understanding of Couche-Tard's consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By "we", "our", "us" and "the Corporation", we refer collectively to Couche-Tard and its subsidiaries.

Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars ("US dollars") and determined on the basis of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). We also use measures in this MD&A that do not comply with IFRS. Where such measures are presented, they are defined and the reader is informed. This MD&A should be read in conjunction with the annual consolidated financial statements and related notes included in our 2018 Annual Report, which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, is available on SEDAR at http://www.sedar.com/ and on our website at http://corpo.couche-tard.com/.

Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe", "could", "should", "intend", "expect", "estimate", "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at July 9, 2018, which are not guarantees of the future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

The foregoing risks and uncertainties include the risks set forth under "Business Risks" in our 2018 Annual Report as well as other risks detailed from time to time in reports filed by Couche-Tard with securities regulators in Canada.

Our Business

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

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

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia through ten business units. As of April 29, 2018, our network comprised 2,725 stores, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations which only offer road transportation fuel. We also offer other products, including stationary energy, marine fuel and aviation fuel. Including employees at branded franchise stores, approximately 25,000 people work in our retail network, terminals and service offices across Europe.

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

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

Value Creation

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

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

Exchange Rate Data

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

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

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

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

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

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

Fiscal 2018 Overview

Financial results

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

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

In addition to exceptionally including 53 weeks, results for fiscal 2017 included a $27.1 million pre-tax accelerated depreciation and amortization expense in connection with our global brand initiative, pre-tax acquisition costs of $21.0 million, a $9.6 million pre-tax net foreign exchange loss, pre-tax restructuring charges of $8.1 million, as well as a pre-tax curtailment gain on defined benefits pension plan obligation of $3.9 million.

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

Network growth

Multi-site acquisitions [1]

CST Brands Inc.

On June 28, 2017, we completed the acquisition of all the issued and outstanding shares of CST Brands Inc. ("CST") through an all-cash transaction valued at $48.53 per share, with a total enterprise value of approximately $4.4 billion including net debt assumed. CST is based in San Antonio, Texas and, before the closing of the acquisition, it employed more than 14,000 people at over 2,000 locations throughout the Southwestern U.S., with an important presence in Texas, the Southeastern U.S., the State of New York and Eastern Canada.

On the same day, we sold to Parkland Fuel Corporation a significant portion of CST's Canadian assets for approximately CA $986.0 million ($752.5 million). The disposed assets were mainly comprised of CST's independent dealers and commission agents' network, its heating-oil business, 159 company-operated sites, as well as its Montreal head office. As a result, we

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

retained 157 of CST's company-operated sites in Canada. Also, on September 6, 2017, as per the requirements of the U.S. Federal Trade Commission, we sold 70 CST U.S. company-operated sites to Empire Petroleum Partners, LLC ("Empire") for a total consideration of $143.0 million. No gain or loss was recognized on these sales transactions. The disposed assets and associated liabilities are presented as held for sale in the fair value of assets acquired and liabilities assumed and are recorded at their respective fair value less costs of disposal.

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

CrossAmerica Partners LP

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

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

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

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

Financing

In order to finance exclusively, directly or indirectly, the acquisition of CST as well as the repayments of CST's outstanding debt, we entered into a new credit agreement consisting of an unsecured non-revolving acquisition credit facility of an aggregate maximum amount of $4.3 billion, which was available exclusively to finance the acquisition of CST and the repayment of any of CST's and its subsidiaries' outstanding debt ("acquisition facility"). As of April 29, 2018, a total amount of $412.1 million was outstanding under this acquisition facility and the effective interest rate was 3.358%.

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

Initial investment in CST

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

CST Integration

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

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

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

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

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

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

	12-week period ended October 15, 2017		
	Reported	Adjustments	Adjusted
Revenues	12,140.6	-	12,140.6
Cost of sales	10,096.9	-	10,096.9
Gross profit	**2,043.7**	**-**	**2,043.7**
Operating, selling, administrative and general expenses	1,198.2	-	1,198.2
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	205.0	4.3	209.3
Operating income	**641.3**	**(4.3)**	**637.0**
Net financial expenses	**89.6**	**-**	**89.6**
Earnings before income taxes	560.0	(4.3)	555.7
Income taxes	123.7	(1.5)	122.2
Net earnings	**436.3**	**(2.8)**	**433.5**
Net earnings attributable to non-controlling interests	(1.0)	-	(1.0)
Net earnings attributable to shareholders of the Corporation	**435.3**	**(2.8)**	**432.5**

	24-week period ended October 15, 2017		
	Reported	Adjustments	Adjusted
Revenues	21,987.8	-	21,987.8
Cost of sales	18,205.3	-	18,205.3
Gross profit	**3,782.5**	**-**	**3,782.5**
Operating, selling, administrative and general expenses	2,229.5	-	2,229.5
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	375.3	4.3	379.6
Operating income	**1,152.1**	**(4.3)**	**1,147.8**
Net financial expenses	**148.8**	**-**	**148.8**
Earnings before income taxes	1,020.2	(4.3)	1,015.9
Income taxes	224.4	(1.5)	222.9
Net earnings	**795.8**	**(2.8)**	**793.0**
Net earnings attributable to non-controlling interests	4.2	-	4.2
Net earnings attributable to shareholders of the Corporation	**800.0**	**(2.8)**	**797.2**

	16-week period ended February 4, 2017		
	Reported	Adjustments	Adjusted
Revenues	15,791.8	-	15,791.8
Cost of sales	13,473.8	-	13,473.8
Gross profit	**2,318.0**	**-**	**2,318.0**
Operating, selling, administrative and general expenses	1,593.0	-	1,593.0
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	282.9	5.7	288.6
Operating income	**432.0**	**(5.7)**	**426.3**
Net financial expenses	**110.9**	**-**	**110.9**
Earnings before income taxes	330.3	(5.7)	324.6
Income taxes	(140.5)	(25.4)	(165.9)
Net earnings	**470.8**	**19.7**	**490.5**
Net earnings attributable to non-controlling interests	(6.9)	-	(6.9)
Net earnings attributable to shareholders of the Corporation	**463.9**	**19.7**	**483.6**

	40-week period ended February 4, 2017		
	Reported	Adjustments	Adjusted
Revenues	37,779.6	-	37,779.6
Cost of sales	31,679.1	-	31,679.1
Gross profit	**6,100.5**	**-**	**6,100.5**
Operating, selling, administrative and general expenses	3,822.5	-	3,822.5
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	658.2	10.0	668.2
Operating income	**1,584.1**	**(10.0)**	**1,574.1**
Net financial expenses	**259.7**	**-**	**259.7**
Earnings before income taxes	1,350.5	(10.0)	1,340.5
Income taxes	83.9	(26.9)	57.0
Net earnings	**1,266.6**	**16.9**	**1,283.5**
Net earnings attributable to non-controlling interests	(2.7)	-	(2.7)
Net earnings attributable to shareholders of the Corporation	**1,263.9**	**16.9**	**1,280.8**

Holiday Stationstores, LLC

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

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

Other transactions

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

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

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

Single-site acquisitions

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

Store construction

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

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

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

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

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

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

The following table presents certain information regarding changes in our store network over the 52-week period ended April 29, 2018[1]:

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

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

Outstanding transactions

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

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

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

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

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

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

Interest rate locks

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

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

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

Cross-currency interest rate swaps

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

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

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

Issuance of US-dollar-denominated senior unsecured notes

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

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

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

Interest rate swap

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

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

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

U.S. Tax Cuts and Jobs Act

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

Sale of a terminal

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

Restructuring

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

Events outside of the normal course of business

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

Global Circle K brand

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

In connection with this project, we incurred additional capital expenditures and other expenses in order to replace and upgrade various existing assets. As a result of our plan for the replacement and upgrade of existing assets, we have accelerated the depreciation and amortization of these assets, including but not limited to, store signage and the Statoil trade name and, more recently, store signage for the Topaz sites in Ireland. Consequently, an accelerated depreciation and amortization expense and incremental costs from our global brand initiatives of $19.0 million and of $3.0 million, respectively, were recorded to earnings during fiscal 2018.

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

Share repurchase and conversion

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

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

Outstanding shares and stock options

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

Dividends

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

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

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

Statement of Earnings Categories

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

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

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

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

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

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

Key performance indicators used by management, which can be found under “Summary analysis of consolidated results of fiscal 2018 - Other Operating Data”, are merchandise and service gross margin, growth of same-store merchandise revenues, road transportation fuel gross margin and growth of same-store road transportation fuel volume, return on equity and return on capital employed.

Summary analysis of consolidated results for the fourth quarter of fiscal 2018

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

(in millions of US dollars, unless otherwise stated)	**12-week period ended April 29, 2018**	13-week period ended April 30, 2017	Change %
Revenues	**13,614.8**	9,622.6	41.5
Operating income	**467.0**	360.0	29.7
Net earnings attributable to shareholders of the Corporation	**392.7**	277.6	41.5
Selected Operating Data – excluding CAPL:			
Merchandise and service gross margin(1):			
Consolidated	**34.9%**	34.7%	0.2
United States	**33.6%**	33.3%	0.3
Europe	**44.0%**	44.0%	-
Canada	**34.4%**	34.7%	(0.3)
Growth of (decrease in) same-store merchandise revenues(2)(4):			
United States(3)	**1.8%**	1.6%	
Europe	**4.3%**	2.7%	
Canada(3)	**3.6%**	(0.9%)	
Road transportation fuel gross margin:			
United States (cents per gallon)(3)	**17.29**	15.47	11.8
Europe (cents per litre)	**8.72**	7.83	11.4
Canada (CA cents per litre)(3)	**9.44**	8.05	17.3
Growth of (decrease in) same-store road transportation fuel volume(4):			
United States(3)	**(0.1%)**	1.7%	
Europe	**0.1%**	0.7%	
Canada(3)	**(2.9%)**	(0.2%)	

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

Revenues

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

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

Total road transportation fuel revenues for the fourth quarter of fiscal 2018 were $10.0 billion, an increase of $3.3 billion compared with the corresponding quarter of fiscal 2017. Excluding CAPL's revenues, as well as the net positive impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues increased by approximately $2.6 billion or 38.8%. This increase was attributable to the contribution from acquisitions, which amounted to approximately $2.0 billion, as well as to the impact of a higher average road transportation fuel selling price, which had a positive impact of approximately $752.0 million, partly offset by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017. Same-store road transportation fuel volumes in the US decreased by 0.1%. In our CST U.S. network, same-store road transportation fuel volumes decreased by only 0.6%, continuing on the positive trend of improving results from quarter to quarter. In Europe, same-store road transportation fuel volumes increased by 0.1%, while in Canada same-store road transportation fuel volumes decreased by 2.9%, as a result of continued strategy aimed at growing overall profitability.

The following table shows the average selling price of road transportation fuel in our various markets, starting with the first quarter of the fiscal year ended April 30, 2017:

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 29, 2018					
United States (US dollars per gallon) – excluding CAPL	2.21	2.47	2.30	2.51	2.37
Europe (US cents per litre)	61.39	68.23	71.19	78.32	70.52
Canada (CA cents per litre)	99.81	101.46	108.11	110.39	102.85
53-week period ended April 30, 2017					
United States (US dollars per gallon) – excluding CAPL	2.20	2.10	2.18	2.25	2.18
Europe (US cents per litre)	58.65	58.01	61.87	62.46	60.40
Canada (CA cents per litre)	92.66	90.36	94.67	97.20	94.35

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

Gross profit

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

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

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

The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the first quarter of the fiscal year ended April 30, 2017, were as follows:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 29, 2018					
Before deduction of expenses related to electronic payment modes	20.75	24.70	15.66	17.29	19.39
Expenses related to electronic payment modes	3.79	4.21	3.73	3.62	3.82
After deduction of expenses related to electronic payment modes	16.96	20.49	11.92	13.67	15.57
53-week period ended April 30, 2017					
Before deduction of expenses related to electronic payment modes	20.86	19.87	18.33	15.47	18.56
Expenses related to electronic payment modes	4.08	3.99	3.99	4.12	4.04
After deduction of expenses related to electronic payment modes	16.78	15.88	14.34	11.35	14.52

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

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

Operating, selling, administrative and general expenses ("expenses")

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

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

The expense level was impacted by higher minimum wages in certain regions, normal inflation, higher advertising and marketing activities in connection with our global brand project, higher expenses needed to support our organic growth, the conversion of CODO stores into company-operated stores and by proportionally higher operational expenses in our recently built stores, as these stores generally have a larger footprint and higher sales than the average of our existing network, partly offset by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017. We continue to rigorously focus on controlling the costs throughout our organization, while ensuring we maintain the quality of service we offer to our customers.

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

During the fourth quarter of fiscal 2018, EBITDA increased from $521.6 million to $711.1 million. Excluding the specific items shown in the table below from EBITDA of the fourth quarter of fiscal 2018 and of the corresponding period of fiscal 2017, the adjusted EBITDA for the fourth quarter of fiscal 2018 increased by $173.9 million or 32.9% compared with the corresponding period of the previous fiscal year, mainly through the contribution from acquisitions, higher fuel margins, organic growth and the net positive impact from the translation of the results of our Canadian and European operations into US dollars, partly offset by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017. Acquisitions contributed approximately $119.0 million to the adjusted EBITDA of the fourth quarter of fiscal 2018, while the variation in exchange rates had a net positive impact of approximately $22.0 million.

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

(in millions of US dollars)	12-week period ended April 29, 2018	13-week period ended April 30, 2017
Net earnings, as reported	**396.9**	277.6
Add:		
Income taxes	**0.3**	43.6
Net financial expenses	**75.7**	46.0
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**238.2**	154.4
EBITDA	**711.1**	521.6
Adjusted for:		
EBITDA attributable to non-controlling interests	**(15.5)**	-
Restructuring costs attributable to shareholders of the Corporation (including $1.3 million for our interest in CAPL for the 52-week period ended April 29, 2018)	**6.9**	2.1
Acquisition costs	**0.9**	6.4
Curtailment gain on defined benefits pension plan obligation	**(0.6)**	(1.2)
Adjusted EBITDA	**702.8**	528.9

Depreciation, amortization and impairment of property and equipment, intangible assets and other assets ("depreciation")

For the fourth quarter, depreciation, amortization and impairment expenses increased by $83.8 million. Excluding CAPL, the depreciation expense increased by $67.5 million, mainly driven by the impact from investments made through acquisitions, the replacement of equipment, the addition of new stores and the ongoing improvement of our network. The depreciation expense for the fourth quarter includes a charge of $4.5 million for the accelerated depreciation and amortization of certain assets in connection with our global rebranding project.

Net financial expenses

Net financial expenses for the fourth quarter of fiscal 2018 were $75.7 million, an increase of $29.7 million compared with the fourth quarter of fiscal 2017. Excluding the net foreign exchange loss of $1.0 million and $15.1 million recorded in the fourth quarters of fiscal 2018 and fiscal 2017, respectively, as well as CAPL's financial expenses of $5.5 million, net financial expenses increased by $38.3 million. This increase is mainly attributable to our higher average long-term debt in connection with our recent acquisitions, partly offset by the repayments made, as well as by one less week during the fourth quarter of fiscal 2018 compared with the fourth quarter of fiscal 2017. The net foreign exchange loss of $1.0 million for the fourth quarter of fiscal 2018 is mainly due to the impact of foreign exchange variations on certain cash balances and working capital items.

Income taxes

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

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

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

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

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

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

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

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

Summary analysis of consolidated results of fiscal 2018

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

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

(in millions of US dollars, unless otherwise stated)	**52-week period 2018**	53-week period 2017	52-week period 2016
Other Operating Data – excluding CAPL:			
Merchandise and service gross margin(1):			
Consolidated	**34.5%**	34.3%	34.1%
United States	**33.3%**	33.2%	33.3%
Europe	**42.6%**	42.4%	42.5%
Canada	**34.5%**	33.8%	32.8%
Growth of same-store merchandise revenues(3)(12):			
United States(4)	**0.8%**	2.0%	4.6%
Europe	**2.7%**	3.5%	2.8%
Canada(4)	**0.4%**	0.1%	2.9%
Road transportation fuel gross margin:			
United States (cents per gallon)(4)	**19.39**	18.56	20.15
Europe (cents per litre)	**8.72**	8.22	8.82
Canada (CA cents per litre)(4)	**8.84**	7.66	6.41
Total volume of road transportation fuel sold:			
United States (millions of gallons)	**9,794.1**	7,643.1	7,260.2
Europe (millions of litres)	**11,747.6**	11,160.2	9,200.8
Canada (millions of litres)	**6,161.4**	4,550.1	3,072.3
Growth of (decrease in) same-store road transportation fuel volume(12) :			
United States(4)	**(0.4%)**	2.6%	6.6%
Europe	**-**	1.0%	2.6%
Canada(4)	**(1.4%)**	(0.3%)	0.9%

	April 29, 2018	April 30, 2017	April 24, 2016
Balance Sheet Data:			
Total assets (excluding $1.3 billion for CAPL)	**21,846.6**	14,185.6	12,264.8
Interest-bearing debt (excluding $536.8 million for CAPL)	**8,350.1**	3,354.9	2,838.1
Shareholders' equity	**7,563.4**	6,009.6	5,041.1
Indebtedness Ratios(5):			
Net interest-bearing debt/total capitalization(6)	**0.50 : 1**	0.31 : 1	0.31 : 1
Leverage ratio(7)(11)	**2.46 : 1**	1.09 : 1	0.95 : 1
Adjusted leverage ratio(8)(11)	**3.13 : 1**	2.02 : 1	1.93 : 1
Returns(5):			
Return on equity(9)(11)	**24.8%**	22.5%	27.0%
Return on capital employed(10)(11)	**12.0%**	15.8%	19.2%

(1) Includes revenues derived from franchise fees, royalties, suppliers rebates on some purchases made by franchisees and licensees as well as from wholesale of merchandise.
(2) Includes revenues from the rental of assets, from the sale of aviation and marine fuel, heating oil, kerosene, and chemicals.
(3) Does not include services and other revenues (as described in footnotes 1 and 2 above). Growth in Canada and in Europe is calculated based on local currencies.
(4) For company-operated stores only.
(5) These measures are presented as if our investment in CAPL was reported using the equity method as we believe it allows a more relevant presentation of the underlying performance of the Corporation.
(6) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments divided by the addition of shareholders' equity and long-term debt, net of cash and cash equivalents and temporary investments. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation. We believe this ratio is useful to investors and analysts.
(7) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments divided by EBITDA (Earnings before Interest, Tax, Depreciation, Amortization and Impairment) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation. We believe this ratio is useful to investors and analysts.
(8) This measure is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt plus the product of eight times rent expense, net of cash and cash equivalents and temporary investments divided by EBITDAR (Earnings before Interest, Tax, Depreciation, Amortization, Impairment and Rent expense) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation. We believe this measure is useful to investors and analysts.
(9) This measure is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: net earnings divided by average equity for the corresponding period. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. We believe this measure is useful to investors and analysts.
(10) This measure is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: earnings before income taxes and interests divided by average capital employed for the corresponding period. Capital employed represents total assets less short-term liabilities not bearing interests. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. We believe this measure is useful to investors and analysts.
(11) As of April 29, 2018, this ratio is presented for the 52-week period ended April 29, 2018 on a pro forma basis for the acquisitions of CST and Holiday. CST and Holiday's earnings and balance sheet figures have been adjusted to make their presentation in line with Couche-Tard's policies. As of April 30, 2017, this measure is presented for the 53-week period ended April 30, 2017 on a pro forma basis for the stores network acquired from Imperial Oil. As at April 24, 2016, this measure is presented for the 52-week period ended April 24, 2016 on a pro forma basis for Topaz's results.
(12) Presented on a comparable basis of 52 weeks.

Revenues

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

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

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

The following table shows the average selling price of road transportation fuel in our various markets, starting with the first quarter of the fiscal year ended April 30, 2017:

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 29, 2018					
United States (US dollars per gallon) – excluding CAPL	2.21	2.47	2.30	2.51	2.37
Europe (US cents per litre)	61.39	68.23	71.19	78.32	70.52
Canada (CA cents per litre)	99.81	101.46	108.11	110.39	102.85
53-week period ended April 30, 2017					
United States (US dollars per gallon) – excluding CAPL	2.20	2.10	2.18	2.25	2.18
Europe (US cents per litre)	58.65	58.01	61.87	62.46	60.40
Canada (CA cents per litre)	92.66	90.36	94.67	97.20	94.35

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

Gross profit

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

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

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

The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the first quarter of the fiscal year ended April 30, 2017, were as follows:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 29, 2018					
Before deduction of expenses related to electronic payment modes	20.75	24.70	15.66	17.29	19.39
Expenses related to electronic payment modes	3.79	4.21	3.73	3.62	3.82
After deduction of expenses related to electronic payment modes	16.96	20.49	11.92	13.67	15.57
53-week period ended April 30, 2017					
Before deduction of expenses related to electronic payment modes	20.86	19.87	18.33	15.47	18.56
Expenses related to electronic payment modes	4.08	3.99	3.99	4.12	4.04
After deduction of expenses related to electronic payment modes	16.78	15.88	14.34	11.35	14.52

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

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

Operating, selling, administrative and general expenses ("expenses")

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

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

The remaining increase is derived from higher minimum wages in certain regions, normal inflation, higher advertising and marketing activities in connection with our global brand project, higher expenses needed to support our organic growth, the conversion of CODO stores into company-operated stores and by proportionally higher operational expenses in our recently built stores, as these stores generally have a larger footprint and higher sales than the average of our existing network, partly offset by one less week during fiscal 2018 compared with fiscal 2017. We continue to favour a rigorous control of costs throughout our organization, while ensuring we maintain the quality of service we offer to our customers.

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

During fiscal 2018, EBITDA increased from $2.4 billion to $3.0 billion. Excluding the specific items shown in the table below from EBITDA, the adjusted EBITDA for fiscal 2018 increased by $558.5 million or 23.1% compared with fiscal 2017 mainly through the contribution from acquisitions, which were approximately $478.0 million, higher fuel margins, organic growth and the net positive impact from the translation of the results of our Canadian and European operations into US dollars, of approximately $53.0 million, partly offset by one less week during fiscal 2018 compared with fiscal 2017.

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

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

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

For fiscal 2018, depreciation, amortization and impairment expenses increased by $238.8 million. Excluding CAPL, the depreciation expense increased by $177.7 million mainly driven by the impact from investments made through acquisitions, the replacement of equipment, the addition of new stores and the ongoing improvement of our network. The depreciation expense for fiscal 2018 includes a charge of $19.0 million for the accelerated depreciation and amortization of certain assets in connection with our global rebranding project.

Net financial expenses

Net financial expenses for fiscal 2018 were $335.3 million, an increase of $199.3 million compared with fiscal 2017. Excluding the net foreign exchange loss of $48.4 million and the net foreign exchange loss of $9.6 million recorded in fiscal 2018 and fiscal 2017, respectively, as well as CAPL's financial expenses of $19.4 million, net financial expenses increased by $141.1 million. This increase is mainly attributable to our higher average long-term debt in connection with our recent acquisitions, partly offset by the repayments made, as well as by one less week during fiscal 2018 compared with fiscal 2017. The net foreign exchange loss of $48.4 million for fiscal 2018 is mainly due to the impact of foreign exchange variations on certain cash balances and working capital items.

Income taxes

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

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

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

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

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

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

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

Financial Position as at April 29, 2018

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

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

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

Significant balance sheet variations are explained as follows:

Accounts receivable

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

Inventories

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

Property and equipment

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

Goodwill

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

Intangible assets

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

Accounts payable and accrued liabilities

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

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

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

Equity

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

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

Liquidity and Capital Resources

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

Revolving unsecured operating credit, maturing in December 2022 ("operating credit D")

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

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

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

Credit agreement consisting of a revolving unsecured facility of an initial maximum amount of €25.0 million maturing on January 30, 2020. The credit facility is available in Euros, in the form of a revolving unsecured operating credit. The amounts borrowed bear interest at variable rates based on the funding base rate or the EURIBOR rate plus a fixed margin of 1.5%. As at April 29, 2018, operating credit F was unused.

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

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

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

Available liquidities

As at April 29, 2018, excluding CAPL's revolving credit facility, a total of approximately $1.1 billion was available under our revolving unsecured operating credit facilities and we were in compliance with the restrictive covenants and ratios imposed by the credit agreements at that date. Thus, at the same date, excluding CAPL's cash and revolving credit facility, we had access to approximately $1.8 billion through our available cash and revolving unsecured operating credit facilities.

Selected Consolidated Cash Flow Information

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

Operating activities

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

Investing activities

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

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

Financing activities

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

Contractual Obligations and Commercial Commitments

Set out below is a summary of our material contractual obligations as at April 29, 2018[(1)]:

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

(1) The summary does not include the payments required under defined benefit pension plans.
(2) Does not include future interest payments.
(3) Includes CAPL's non-recourse debt of $509.5 million maturing April 2020.

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

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

i. Borrowings of $412.1 million under our unsecured non-revolving acquisition credit facility, maturing on June 27th, 2020. As at April 29, 2018, the effective interest rate was 3.358%.

ii. Canadian-dollar-denominated senior unsecured notes totaling $1.9 billion (CA $2.4 billion), and US-dollar-denominated senior unsecured notes totaling $3.4 billion, divided as follows:

   a. Tranche 2 with a notional amount of CA$450.0 million, maturing on November 1st, 2019, bearing interest at 3.319%.
   b. Tranche 3 with a notional amount of CA$250.0 million, maturing on November 1st, 2022, bearing interest at 3.899%.
   c. Tranche 4 with a notional amount of CA$300.0 million, maturing on August 21st, 2020, bearing interest at 4.214%.
   d. Tranche 5 with a notional amount of CA$700.0 million, maturing on June 2nd, 2025, bearing interest at 3.600%.
   e. Tranche 7 with a notional amount of CA$700.0 million, maturing on July 26th, 2024, bearing interest at 3.056%.
   f. Tranche 6 with a notional amount of $1.0 billion, maturing on July 26th, 2022, bearing interest at 2.700%.
   g. Tranche 8 with a notional amount of $1.0 billion, maturing on July 26th, 2027, bearing interest at 3.550%.
   h. Tranche 9 with a notional amount of $500.0 million, maturing on July 26th, 2047, bearing interest at 4.500%.
   i. Tranche 10 with a notional amount of $600.0 million, maturing on December 13th, 2019, bearing interest at 2.350%.
   j. Tranche 11 with a notional amount of $300.0 million, maturing on December 13th, 2019, bearing interest at three-month LIBOR plus 0.500%.

iii. Borrowings of $1.4 billion under our revolving unsecured operating credits denominated in US and Canadian dollars, maturing in December 2022. The effective interest rate was 3.236% as at April 29, 2018.

iv. Euro-denominated senior unsecured notes totaling $900.7 million, with a notional amount of €750.0 million, maturing on May 6, 2026, bearing interest at 1.875% and an effective rate of 1.944%.

v. Borrowings of $509.5 million under CAPL's credit agreement consisting of a US-dollar-denominated senior secured revolving credit facility, maturing on April 25, 2020. The effective interest rate was 4.740% as at April 29, 2018.

vi. NOK-denominated senior unsecured notes totaling $83.9 million, with a notional amount of NOK 675.0 million, maturing on February 18, 2026, bearing interest at 3.850% and an effective rate of 3.927%.

vii. Other long-term debts of $352.4 million, including obligations related to building and equipment under finance leases.

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

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

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

Guarantees. We assigned a number of lease agreements for premises to third parties. Under some of these agreements, we retain ultimate responsibility to the landlord for payment of amounts under the lease agreements, should the sub lessees fail to pay. As at April 29, 2018, the total future lease payments under such agreements are approximately $5.3 million and the fair value of the guarantee is not significant. Historically, we have not made any significant payments in connection with these indemnification provisions. We have also issued guarantees to third parties, and on behalf of third parties, for maximum undiscounted future payments totaling $15.1 million. These guarantees primarily relate to financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden. Guarantees on behalf of retailers in Sweden comprise items such as guarantees towards retailer's car washes and store inventory, in addition to guarantees towards suppliers of electricity and heating. The carrying amount and fair value of the guarantee commitments recognized in the balance sheet at April 29, 2018 were not significant.

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

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

Off-Balance Sheet Arrangements

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

Selected Quarterly Financial Information

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

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

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

Analysis of consolidated results for the fiscal year ended April 30, 2017

Revenues

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

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

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

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

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

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

Gross profit

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

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

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

(US cents per gallon)

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

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

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

Operating, selling, administrative and general expenses ("expenses")

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

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

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

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

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

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

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

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

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

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

Net financial expenses

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

Income taxes

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

Net earnings and adjusted net earnings

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

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

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

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

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

Internal Controls over Financial Reporting

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We also maintain a system of disclosure controls and procedures designed to ensure, in all material respects, the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at April 29, 2018, except for the exclusion of Holiday's internal controls described below, our management, following its assessment, certifies the design and operating effectiveness of the Corporation's disclosure controls and procedures.

We undertake ongoing evaluations of the effectiveness of our internal controls over financial reporting and implement control enhancements, when appropriate. As at April 29, 2018, our management and our external auditors reported that these internal controls were effective.

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

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

Critical Accounting Policies and Estimates

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Recently issued accounting standards not yet implemented

Financial Instruments

In July 2014, the IASB completed IFRS 9, “Financial Instruments” in its three-part project to replace IAS 39, “Financial Instruments: Recognition and Measurement” with a single approach to determine whether a financial asset is measured at amortized cost or fair value. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. On April 30, 2018, we will apply IFRS 9 retrospectively without restating comparative information, with the exception of the hedging component which is applied prospectively.

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

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, “Revenue from Contracts with Customers”, to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. IFRS 15 supersedes IAS 18, "Revenue”, IAS 11, “Construction Contracts”, and other revenue-related interpretations. On April 30, 2018, we will apply IFRS 15 using the “modified retrospective approach”.

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

Leases

In January 2016, the IASB issued IFRS 16, “Leases”, which will replace IAS 17, “Leases”. The new standard will be effective for our fiscal year beginning on April 29, 2019, with early adoption permitted. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts, and record it on the balance sheet, except with respect to lease contracts that meet limited exception criteria.

Given that we have significant contractual obligations accounted for as operating leases under IAS 17, our preliminary conclusion is that there will be a material increase to both assets and liabilities upon adoption of IFRS 16, and material changes to the presentation of expenses associated with the lease arrangements, and, to a lower extent, the timing of recognition.

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

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

Classification and Measurement of Share-based Payment Transactions

On April 30, 2018, we will apply amendments to IFRS 2, "Share-based Payment", clarifying how to account for certain types of share-based payment transactions, such as the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments. The amendments will be applied prospectively and will have no significant impact on the consolidated financial statements.

Business Risks

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

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

Changes in customer behaviour. In the road transportation fuel and convenience business sector, customer traffic is generally driven by consumer preferences and spending trends, growth of road traffic and trends in travel and tourism. A decline in the number of potential customers using our fuel stations and convenience stores due to changes in consumer preferences, changes in discretionary consumer spending or modes of transportation could adversely impact our business, financial condition and results of operations. Additionally, developments regarding climate change and the effects of greenhouse gas emissions on climate change and the environment may decrease the demand for our major product, petroleum-based fuel. Attitudes toward our product and its relationship to the environment and the "green movement" may significantly affect our sales and ability to market our product. New technologies developed to steer the public toward non-fuel dependent means of transportation may create an environment with negative attitude toward fuel, thus affecting the public's attitude toward our major product and potentially having a material effect on our business, financial condition and results of operations. Further, new technologies developed to improve fuel efficiency or governmental mandates to improve fuel efficiency may result in decreased demand for petroleum-based fuel, which could have a material effect on our business, financial condition and results of operations.

Road transportation fuel. Our results are sensitive to the changes in road transportation fuel prices and gross margin. Factors beyond our control such as market-driven changes in supply terms, road transportation fuel price fluctuations due to, among other things, general political and economic conditions, as well as the market's limited ability to absorb road transportation fuel prices fluctuations, are factors that could influence road transportation fuel selling price and related gross margin. During fiscal 2018, road transportation fuel revenues accounted for approximately 72.0% of our total revenues, yet the road transportation fuel gross margin represented about only 42.0% of our overall gross profits.

Tobacco products. Tobacco products represent our largest product category of merchandise and service revenues. For fiscal 2018, tobacco products represented approximately 38.0% and 19.0% of total merchandise and service revenues and gross profits, respectively. Significant increases in wholesale cigarette costs, a tax increase on tobacco products, as well as current and future legislation and national and local campaigns to discourage smoking in the United States, Canada and Europe, may have an adverse impact on the demand for tobacco products, and may therefore adversely affect our revenues and profits in light of the competitive landscape and consumer sensitivity to the price of such products.

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

Legislative and regulatory requirements. Our operations are subject to numerous environmental laws and regulations that are discussed under “Environmental Laws and regulations”. In addition, convenience store operations are subject to extensive regulations, including regulations relating to the sale of alcohol and tobacco products, various food safety and product quality requirements, minimum wage laws, and tax laws and regulations. Regulations related to employee compensation, benefits and other programs, including minimum wage increases, could adversely affect our business, financial conditions and results of operations.

We currently incur substantial operating and capital costs for compliance with existing health, safety, environmental and other laws and regulations applicable to our operations. If we fail to comply with any laws and regulations or permit limitations or conditions, or fail to obtain any necessary permits or registrations, or to extend current permits or registrations upon expiry of their terms, or to comply with any restrictive terms contained in our current permits or registrations, we may be subject to, among other things, civil and criminal penalties and, in certain circumstances, the temporary or permanent curtailment or shutdown of a part of our operations. In addition, the laws and regulations applicable to our operations are subject to change and it is expected that, given the nature of our business, we will continue to be subject to increasingly stringent health, safety, environmental laws and regulations and other laws and regulations that may increase the cost of operating our business above currently expected levels and require substantial future capital and other expenditures. As a result, there can be no assurance that the effect of any future laws and regulations or any changes to existing laws and regulations, or their current interpretation, on our business, financial condition and results of operations would not be material.

Environmental laws and regulations. Our operations, particularly those relating to the storage, transportation and sale of fuel products, are subject to numerous environmental laws and regulations in the countries in which we operate. These include laws and regulations governing the quality of fuel products, ground pollution and emissions and discharges into air and water, the implementation of targets regarding the use of certain bio-fuel or renewable energy products, the handling and disposal of hazardous wastes, the use of vapor reduction systems to capture fuel vapor, and the remediation of contaminated sites. Environmental requirements, and the enforcement and interpretation of these requirements, change frequently and have generally become more stringent over time. Under various national, provincial, state and local laws and regulations, we may, as the owner or operator, be liable for the costs of removal or remediation of contamination at our current or former sites, whether or not we knew of, or caused, the presence of such contamination. We may also be subject to litigation costs, fines and other sanctions as a result of our failure to comply with these requirements.

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

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

Electronic payment modes. We are exposed to significant fluctuations in expenses related to electronic payment modes resulting from large changes in road transportation fuel retail prices, because the majority of this expense is based on a percentage of the retail prices of road transportation fuel. For fiscal 2018, a variation of 10% in our expenses associated with electronic payment modes would have had an impact of approximately $0.07 on earnings per share on a diluted base.

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

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

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

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

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

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

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

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

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

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

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

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

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

Hazards and risks associated with fuel products. Our operations expose us to certain risks, particularly at our terminals and other storage facilities, where large quantities of fuel are stored, and at our fuel stations. These risks include equipment failure, work accidents, fires, explosions, vapour emissions, spills and leaks at storage facilities and/or in the course of transportation to or from our or a third party's terminals, fuel stations or other sites. In addition, we are also exposed to the risk of accidents involving the tanker trucks used in our fuel product distribution system. These types of hazards and accidents may cause personal injuries or the loss of life, business interruptions and/or property, equipment and environmental contamination and damage. Further, we may be subject to litigation, compensation claims, governmental fines or penalties or other liabilities or losses in relation to such incidents and accidents and may incur significant costs as a result. Such incidents and accidents may also affect our reputation or our brands, leading to a decline in the sales of our products and services, and may adversely impact our business, financial condition and results of operations.

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

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

We are also exposed to foreign currency risk with respect to a portion of our long-term debt denominated in US dollars and certain intercompany loans. As at April 29, 2018, all else being equal, a hypothetical variation of 5.0% of the US dollar, the Norwegian Krone and the Euro against the Canadian dollar would have had a net impact of approximately $58.0 million on other comprehensive income. We do not currently use derivative instruments to mitigate this risk.

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

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

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

Interest rates. We are exposed to interest rate fluctuations associated with changes in the short-term interest rate. Borrowings under our credit facilities bear interest at variable rates, and other debt we incur could likewise bear interest at variable rates. As at April 29, 2018, we carried a variable rate debt of approximately $2.6 billion. Based on the amount of our variable rate debt as at April 29, 2018, a one percentage point increase in interest rates would decrease our earnings per share by $0.03 on a diluted basis. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. We do not currently use derivative instruments to mitigate this risk. We are also exposed to a risk of change in cash flows due to changes in interest rates on future debt issuance. To mitigate this risk, we entered into interest rate locks in order to hedge the interest rates on forecasted debt issuance.

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

Accounts receivable. We are exposed to risk related to the creditworthiness and performance of our customers, suppliers and contract counterparties. As of April 29, 2018, we had outstanding accounts receivable totaling $2.0 billion. This amount primarily consists of vendor rebates due from our suppliers, credit card receivables, receivables arising from the sale of fuel and other products to independent franchised or licensed fuel station operators as well as amounts receivable from other industrial and commercial clients. Contracts with longer payment cycles or difficulties in enforcing contracts or collecting accounts receivable could lead to material fluctuations in our cash flows and could adversely impact our business, financial condition and results of operations.

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

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

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

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

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

Outlook

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

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

July 9, 2018