



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fourth quarter and year ended
December 31, 2017

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GENERAL INFORMATION

The following is TFI International Inc.'s management discussion and analysis ("MD&A"). Throughout this MD&A, the terms "Company" and "TFI International" shall mean TFI International Inc., and shall include its independent operating subsidiaries. This MD&A provides a comparison of the Company's performance for its three-month period and year ended December 31, 2017 with the corresponding three-month period and year ended December 31, 2016 and it reviews the Company's financial position as of December 31, 2017. It also includes a discussion of the Company's affairs up to February 20, 2018, which is the date of this MD&A. The MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2017.

In this document, all financial data are prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are in Canadian dollars, and the term "dollar", as well as the symbols "\$" and "C\$", designate Canadian dollars unless otherwise indicated. Variances may exist as numbers have been rounded. This MD&A also uses non-IFRS financial measures. Refer to the section of this report entitled "Non-IFRS Financial Measures" for a complete description of these measures.

The Company's audited consolidated financial statements have been approved by its Board of Directors ("Board") upon recommendation of its audit committee on February 20, 2018. Prospective data, comments and analysis are also provided wherever appropriate to assist existing and new investors to see the business from a corporate management point of view. Such disclosure is subject to reasonable constraints for maintaining the confidentiality of certain information that, if published, would probably have an adverse impact on the competitive position of the Company.

Additional information relating to the Company can be found on its website at www.tfiintl.com. The Company's continuous disclosure materials, including its annual and quarterly MD&A, annual and quarterly consolidated financial statements, annual report, annual information form, management proxy circular and the various press releases issued by the Company are also available on its website or directly through the SEDAR system at www.sedar.com.

FORWARD-LOOKING STATEMENTS

The Company may make statements in this report that reflect its current expectations regarding future results of operations, performance and achievements. These are "forward-looking" statements and reflect management's current beliefs. They are based on information currently available to management. Words such as "may", "could", "should", "would", "believe", "expect", "anticipate" and words and expressions of similar import are intended to identify these forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results and those presently anticipated or projected.

The Company wishes to caution readers not to place undue reliance on any forward-looking statements which reference issues only as of the date made. The following important factors could cause the Company's actual financial performance to differ materially from that expressed in any forward-looking statement: the highly competitive market conditions, the Company's ability to recruit, train and retain qualified drivers, fuel price variations and the Company's ability to recover these costs from its customers, foreign currency fluctuations, the impact of environmental standards and regulations, changes in governmental regulations applicable to the Company's operations, adverse weather conditions, accidents, the market for used equipment, changes in interest rates, cost of liability insurance coverage, downturns in general economic conditions affecting the Company and its customers, and credit market liquidity.

The foregoing list should not be construed as exhaustive, and the Company disclaims any obligation subsequently to revise or update any previously made forward-looking statements unless required to do so by applicable securities laws. Unanticipated events are likely to occur. Readers should also refer to the section "Risks and Uncertainties" at the end of this MD&A for additional information on risk factors and other events that are not within the Company's control. The Company's future financial and operating results may fluctuate as a result of these and other risk factors.

SELECTED FINANCIAL DATA AND HIGHLIGHTS

<i>(unaudited)</i> <i>(in thousands of dollars, except per share data)</i>	Fourth quarters ended		Years ended	
	December 31		December 31	
	2017	2016	2017	2016
Revenue before fuel surcharge	1,058,990	1,036,446	4,281,823	3,704,488
Fuel surcharge	123,481	101,288	459,196	320,720
Total revenue	1,182,471	1,137,734	4,741,019	4,025,208
Adjusted EBITDA from continuing operations ¹	131,017	127,943	514,481	442,351
Operating income from continuing operations ¹	66,770	69,717	243,724	249,265
Net income	120,192	45,339	157,988	639,579
Net income from continuing operations	120,192	46,387	157,988	157,059
Adjusted net income from continuing operations ¹	54,645	50,609	192,571	187,391
Net cash from operating activities from continuing operations	116,148	109,815	372,601	337,908
Free cash flow from continuing operations ¹	102,432	98,038	376,487	288,340
Per share data				
EPS – diluted	1.31	0.48	1.70	6.70
EPS from continuing operations – diluted	1.31	0.49	1.70	1.64
Adjusted EPS from continuing operations – diluted ¹	0.60	0.54	2.08	1.96
Free cash flow from continuing operations ¹	1.14	1.07	4.16	3.08
Dividends	0.21	0.19	0.78	0.70
As a percentage of revenue before fuel surcharge				
Adjusted EBITDA margin ¹	12.4%	12.3%	12.0%	11.9%
Depreciation of property and equipment	4.6%	4.1%	4.9%	3.8%
Amortization of intangible assets	1.5%	1.5%	1.4%	1.4%
Operating margin	6.3%	6.7%	5.7%	6.7%
Operating ratio ¹	93.7%	93.3%	94.3%	93.3%

Q4 Highlights

- Total revenue from continuing operations increased by \$44.7 million from Q4 2016, or 4%, to \$1,182.5 million.
- Operating income from continuing operations decreased 4%, or \$2.9 million from the same quarter last year, mainly as a result of a weak performance from its U.S. Truckload (“TL”) operations.
- A decrease in income tax expense of \$76.1 million was recorded as an income tax recovery arising from a reduction in deferred income tax liabilities as a result of the U.S. tax reform.
- Net income was \$120.2 million, compared to \$45.3 million in Q4 2016. The increase is mainly due to the reduction in income tax expense. The diluted earnings per share (diluted “EPS”) were up 173% to \$1.31, compared to 48 cents in the prior year period.
- Adjusted net income¹, a non-IFRS measure, increased \$4.0 million mainly from business acquisitions. Adjusted diluted EPS from continuing operations¹, a non-IFRS measure, increased 11% to 60 cents from 54 cents in Q4 2016.
- The Company’s long-term debt remained relatively stable at \$1,498.4 million compared to last quarter.
- The Company returned \$47.7 million to shareholders during the quarter, of which \$17.1 million was through dividends and \$30.6 million through share repurchases. The weighted average number of common shares was 2% lower in this quarter compared to last year’s same quarter.
- On October 31, 2017, TFI International completed the acquisition of Premier Product Management (“PPM”). Based in California, PPM provides home delivery services of household appliances in the United States.
- On December 11, 2017, the Board approved an 11% dividend increase to 21 cents per share over its previous quarterly dividend of 19 cents per share.

ABOUT TFI INTERNATIONAL

Services

TFI International is a North American leader in the transportation and logistics industry, operating across the United States, Canada and Mexico through its subsidiaries. TFI International creates value for shareholders by identifying strategic acquisitions and managing a growing network of wholly-owned operating subsidiaries. Under the TFI International umbrella, companies benefit from financial and operational

resources to build their businesses and increase their efficiency. TFI International companies service the following reportable segments:

- Package and Courier;
- Less-Than-Truckload;
- Truckload;
- Logistics.

¹ Refer to the section “Non-IFRS financial measures”.

Seasonality of operations

The activities conducted by the Company are subject to general demand for freight transportation. Historically, demand has been relatively stable with the first quarter being generally the weakest in terms of demand. Furthermore, during the harsh winter months, fuel consumption and maintenance costs tend to rise.

Human resources

The Company has 17,044 employees who work in TFI International's different business segments across North America. This compares to 17,685 employees as of December 31, 2016. The year-over-year decrease of 641 is attributable to rationalizations affecting 1,029 employees mainly in the Less-Than-Truckload ("LTL") and TL segments offset by business acquisitions (+388). The Company believes that it has a relatively low turnover rate among its employees in Canada, a normal turnover rate in the U.S., and that its employee relations are very good.

Equipment

The Company has the largest trucking fleet in Canada and a significant presence in the U.S. market. As at December 31, 2017, the Company had 7,058 power units, 24,617 trailers and 9,074 independent contractors. This compares to 8,265 power units, 25,310 trailers and 10,270 independent contractors as at December 31, 2016. The decreases in power units are due to fleet reduction mainly in the U.S. TL businesses.

Terminals

TFI International's head office is in Montréal, Québec and its executive office is located in Etobicoke, Ontario. As at December 31, 2017, the Company had 391 terminals. Of these, 274 are located in Canada, 172 and 102, respectively, in Eastern and Western Canada. The Company also had 105 terminals in the United States and 12 terminals in Mexico. This compares to 398 terminals as at December 31, 2016. In the last

twelve months, 29 terminals were added from business acquisitions and the terminal consolidation decreased the total number of terminals by 36, mainly in the Package and Courier and TL segments. In Q4 2017, the Company closed nine sites.

Customers

The Company has a diverse customer base across a broad cross-section of industries with no single client accounting for more than 5% of consolidated revenue. Because of its customer diversity, as well as the wide geographic scope of the Company's service offering and the range of segments in which it operates, a downturn in the activities of individual customers or customers in a particular industry is not expected to have a material adverse impact on the operations of the Company. The Company forged strategic partnerships with other transport companies in order to extend its service offering to customers across North America.

Revenue by Top Customers' Industry (54% of total revenue)	
Retail	31%
Manufactured Goods	15%
Metals & Mining	7%
Building Materials	7%
Automotive	6%
Energy	6%
Food & Beverage	6%
Services	5%
Forest Products	4%
Chemicals & Explosives	3%
Waste Management	3%
Maritime Containers	3%
Others	4%

(As at December 31, 2017)

CONSOLIDATED RESULTS

This section provides general comments on the consolidated results of operations. A more detailed analysis is provided in the "Segmented results" section.

2017 business acquisitions

In line with the Company's growth strategy, the Company acquired seven businesses during 2017, notably World Courier Ground U.S. ("World Courier Ground"), Cavalier Transportation Services Inc. ("Cavalier"), Les entreprises Dupont 1972 Inc. ("Dupont") and Premier Product Management ("PPM").

On January 13, 2017, the Company completed the acquisition of World Courier Ground, the U.S. ground transportation division of World Courier. Established in 1983, World Courier Ground is an asset light, time critical courier provider. Operating nationally across the U.S., the company offers same-day courier, rush trucking and warehousing services primarily to the medical industry, as well as to the environmental, financial, chemical and industrial sectors. World Courier Ground management continues to operate the business under the new name TForce Critical.

On January 28, 2017, the Company completed the acquisition of Cavalier. Established in 1979, Cavalier's operations consist of LTL services, brokerage and warehousing. Based in Bolton, Ontario, Cavalier serves corridors primarily between Ontario, Quebec, New York and Illinois.

On May 28, 2017, the Company completed the acquisition of Dupont, a specialty truckload business based on the south shore of Montreal. Dupont is Quebec's leading bulk cement transport company, also serving Ontario, the Maritimes, Labrador and the northeastern United States with its expert team and state-of-the-art equipment.

On October 31, 2017, the Group completed the acquisition of PPM. Based in California, PPM provides home delivery services of household appliances in the United States. Based on historical information, PPM is expected to generate US\$27.0 million in annual revenue for the Logistics segment.

These transactions were concluded in order to add density in the Company's current network and further expand value-added services. The seven acquired businesses contributed revenue of \$137.6 million in 2017.

Revenue from continuing operations

TFI International reported a revenue increase from continuing operations mainly as a result of business acquisitions offset by revenue declines in existing operations. For the fourth quarter ended December 31, 2017, total revenue from continuing operations increased by \$44.7 million, or 4%, to \$1,182.5 million from \$1,137.7 million in Q4 2016. The contribution from business acquisitions was \$126.2 million, while revenue declines in existing operations totalled \$81.5 million, or 7%. This reduction was due to a net decrease in revenue before fuel surcharge of \$74.1 million and a negative currency impact of \$15.4 million offset by a fuel surcharge increase of \$8.0 million. The average exchange rate used to convert TFI International's revenue generated in U.S. dollars was 4.7% lower this quarter (C\$1.2709) than it was for the same quarter last year (C\$1.3341). With respect to revenue before fuel surcharge from existing operations, decreases were mainly attributable to the Package and Courier and the U.S. TL operating segments.

For the year ended December 31, 2017, total revenue from continuing operations increased by \$715.8 million, or 18%, to \$4.74 billion from \$4.03 billion in 2016. The contribution from business acquisitions of \$824.1 million and higher fuel surcharge was offset by decreases in revenue from existing operations. On a year to date basis, the currency movements had a negative impact of \$26.9 million, or 0.7%, on revenue from continuing operations.

Operating expenses from continuing operations

For the fourth quarter, the Company's operating expenses from continuing operations increased by \$47.7 million, or 4%, from \$1,068.0 million in Q4 2016 to \$1,115.7 million in Q4 2017. The increase is mainly attributable to business acquisitions for \$123.0 million offset by decreases in existing operations as a result of revenue decrease.

Excluding business acquisitions, operating expenses decreased by \$75.3 million, or 7%, in line with the revenue decline from existing operations. Particularly, materials and services expenses and personnel expenses decreased respectively 6% and 11% as a result of volume decline, rationalization and terminal optimization achieved in the previous quarters. Other operating expenses, which are primarily composed of costs related to offices' and terminals' rent, taxes, heating, telecommunications, maintenance and security and other general administrative expenses increased mainly as a result of the sale-and-leased back transactions completed earlier in 2017, which increased rent expense by \$1.9 million.

For the three-month period ended December 31, 2017, depreciation of property and equipment increased by \$5.3 million. Excluding business acquisitions, depreciation of property and equipment decreased by \$1.5 million, or 3%, as a result of the sale-and-leased back transactions and the Company's consistent focus on adjusting capacity to match fluctuations in demand and to optimize capital allocation by using more subcontractors. For the same period, intangible asset amortization increased by \$0.7 million, on a consolidated basis, due to business acquisitions offset by decreases from existing operations.

The Company recorded lower gains on its recurring sale of rolling stock and equipment compared to last year (Q4 2017 showed a loss of \$0.6 million and Q4 2016 showed a gain of \$4.1 million). The recurring gain that the Company normally generates from its sales of rolling stock and equipment was reduced by losses generated during this quarter by the fleet renewal plan for CFI, acquired in Q4 2016, and a softer market for used equipment. The losses pertaining to CFI are not expected to continue as most of its fleet renewal plan is complete.

The operating ratio¹, a non-IFRS measure, was 93.7% in this quarter, compared to 93.3% for Q4 2016. This ratio was negatively impacted by a lower contribution from the U.S. TL operating segment. Excluding business acquisitions, the operating ratio remained at 93.3% as a result of strict expense management despite the revenue decline.

For the year ended December 31, 2017, operating expenses from continuing operations increased by \$721.4 million, or 19%, from \$3.78 billion in 2016 to \$4.50 billion in 2017. The increase is mainly attributable to business acquisitions, for \$837.2 million, offset by decreases due to lower revenue from existing operations.

Operating income from continuing operations

For the fourth quarter, TFI International's operating income from continuing operations decreased by \$2.9 million to \$66.8 million compared to \$69.7 million in 2016 and the operating margin decreased 0.4% as a percentage of revenue before fuel surcharge from 6.7% in Q4 2016 to 6.3% in Q4 2017. Lower gains on sale of rolling stock and equipment represent 0.3% of the decrease. Material and services expenses net of fuel surcharge improved by 0.8% as a percentage of revenue before fuel surcharge from operating efficiencies, which were offset by higher personnel expenses and depreciation in percentage of revenue before fuel surcharge mainly attributable to business acquisitions.

Management's consistent focus on the quality of revenue may have slightly reduced revenue before fuel surcharge, but this strategy in conjunction with cost control benefited the Company. As a percentage of revenue before fuel surcharge, the operating margin from existing operations and excluding the lower gain on sale of rolling stock and equipment increased by 0.2% as a percentage of revenue before fuel surcharge.

¹ Refer to the section "Non-IFRS financial measures".

For the year ended December 31, 2017, TFI International's operating income from continuing operations decreased by \$5.6 million to \$243.7 million compared to \$249.3 million in 2016. The decrease is attributable to an operating loss from business acquisitions of \$13.2 million offset by improvement from existing operations' operating income for \$7.6 million.

The negative contribution from business acquisitions is mainly attributable to CFI, primarily operating in the challenging U.S. TL market. In addition to the sluggish freight environment, CFI incurred one-time transitional and rebranding costs of \$17.6 million caused by its separation from XPO Logistics, the previous owner. Furthermore, an aggressive replacement program for its rolling stock has been put in place and is almost completed, resulting in higher equipment relocation expenses. CFI operating losses were mostly generated in the first three quarters of the year but has recorded improved results in Q4.

Gain on sale of property from continuing operations

The gain on sale of property, which is accounted for in gain or loss on sale of land and buildings and in gain or loss of sale of assets held for sale in the consolidated statements of income, was \$77.7 million in 2017, compared to \$8.9 million in 2016. In Q3 TFI International unlocked shareholder value with a sale and leaseback transaction on selected real estate assets. The all-cash transaction of \$135.7 million, which included two facilities in each of Montreal and Toronto, resulted in a pre-tax gain of \$69.8 million. The group of properties included in the transaction represented less than 20% of the net book value of the Company's total real estate portfolio.

Impairment of intangible assets from continuing operations

For the year ended December 31, 2017, impairment of intangible assets was \$143.0 million. The non-cash impairment charges of 2017 were \$13.2 million for an impairment to the Dynamex trade name recorded in the first quarter, and \$129.8 million for a goodwill impairment in the U.S. TL operating segment recorded in Q2 due to a weak performance resulting from downward pricing pressures experienced by the industry as a result of high competitiveness, limited economic activity growth and upward cost pressures adversely impacting operating cost per mile and operating margins.

At December 31, 2017, the Company performed its goodwill impairment tests for operating segments, the results determined that the recoverable amounts of the Company's operating segments exceeded their respective carrying amounts.

Finance income and costs from continuing operations

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Fourth quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Finance costs (income)				
Interest expense on long-term debt	13,102	11,931	56,758	41,201
Interest income and accretion on promissory note	(725)	(652)	(2,638)	(2,374)
Net foreign exchange (gain) loss	(10)	(1,207)	2,491	2,110
Net change in fair value of foreign exchange derivatives	(126)	(129)	(1,247)	(1,392)
Net change in fair value of interest rate derivatives	193	(2,692)	(365)	6,232
Others	1,063	4,015	6,076	9,105
Net finance costs	13,497	11,266	61,075	54,882

Interest expense on long-term debt

Interest expense on long-term debt for the three-month period and year ended December 31, 2017 increased by \$1.2 million and \$15.6 million, respectively, mainly due to higher borrowings as a result of the Q4 2016 significant business acquisitions.

Net foreign exchange gain or loss and net investment hedge

The Company designates as a hedge a portion of its U.S. dollar denominated debt held against its net investments in U.S. operations. This accounting treatment allows the Company to offset the designated portion of foreign exchange gain (or loss) of its debt against the foreign exchange loss (or gain) of its net investments in U.S. operations and present them in other comprehensive income. Net foreign exchange gains or losses recorded in income or loss are attributable to the U.S. dollar portion of the Company's credit facility not designated as a hedge and to other financial assets and liabilities denominated in foreign currencies. For the three-month period and year ended December 31, 2017, \$1.9 million of foreign exchange losses and \$25.1 million of foreign exchange gains, respectively (\$1.7 million and \$21.8 million net of tax, respectively), were recorded to other comprehensive income as net investment hedge.

Net change in fair value of derivatives and cash flow hedge

The Company designates, as a hedge of the variable interest rate instruments, the interest rate derivatives. Therefore the effective portion of changes in fair value of the derivatives is recognized in other comprehensive income. For the three-month period and year ended December 31, 2017, \$2.3 million and \$5.4 million of gain on change in fair value of interest rate derivatives, respectively (\$1.7 million and \$3.9 million net of tax, respectively), was recorded to other comprehensive income as a change in the fair value of the cash flow hedge.

The Company's derivative financial instruments, which are used to mitigate foreign exchange and interest rate risks, saw their fair values increase by \$2.2 million in Q4 2017, of which \$2.3 million was designated as cash flow hedge, while in the same quarter last year their fair values increased by \$2.8 million.

For the year ended December 31, 2017, their fair values increased by \$7.0 million, of which \$5.4 million was designated as cash flow hedge, compared to a loss of \$4.8 million in the same period in 2016. The derivatives' fair values are subject to market price fluctuations in foreign exchange and interest rates.

Others

The other financial expenses mainly comprise bank charges, the net change in fair value of the Company's deferred share unit liability and the reclassification to income of gain on investment in equity securities.

Income tax expense from continuing operations

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act ("U.S. tax reform"). The U.S. tax reform reduces the U.S. federal corporate income tax rate from 35% to 21%, effective as of January 1, 2018. As a result of the U.S. tax reform, the Company's net deferred income tax liability decreased by \$76.1 million.

The U.S. Tax Reform introduces other important changes to U.S. corporate income tax laws that may significantly affect the Company's in future years including, the creation of a new Base Erosion Anti-abuse Tax (BEAT) that subjects certain payments from U.S. corporations to foreign related parties to additional taxes, and limitations to the deduction for net interest expense incurred by U.S. corporations. Future regulations and interpretations to be issued by U.S. authorities may also impact the Company's estimates and assumptions used in calculating its income tax provisions.

For the three-month period ended December 31, 2017, the effective tax rate was -128.6%. The income tax recovery of \$67.6 million reflects an \$81.7 million favourable variance versus an anticipated income tax expense of \$14.1 million based on the Company's statutory tax rate of 26.8%. The favourable variance is mainly due to variation in tax rate for \$76.1 million as a result of the U.S. tax reform and to positive differences between the statutory rate and the effective rates in other jurisdictions of \$4.3 million.

For the year ended December 31, 2017, the effective tax rate was -34.7%. The income tax recovery of \$40.6 million reflects a \$72.0 million favourable variance versus an anticipated income tax expense of \$31.4 million based on the Company's statutory tax rate of 26.8%. The favourable variance is mainly due to variation in tax rate for \$76.1 million as a result of the U.S. tax reform, to positive differences between the statutory rate and the effective rates in other jurisdictions of \$21.4 million, and to positive variance from non-taxable income, mainly capital gains, of \$10.5 million, offset by the non-tax effected goodwill impairment, which negative variance was \$34.8 million and to tax on multi-jurisdiction distributions, of \$2.7 million. The more significant favourable variance from effective rates in other jurisdictions is attributable, in part, to the impairment of intangible assets portion attributable to the U.S. operations. Having a higher effective tax rate, this charge reduces the income tax expense in a larger proportion compared to the Company's statutory tax rate of 26.8%.

The table below presents the 2017 income tax reconciliation excluding the non-tax effected goodwill impairment recorded in Q2 2017 and the impact of the U.S. tax reform:

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Year ended December 31, 2017	
	%	\$
Income before income tax		117,346
Goodwill impairment		129,770
Income before goodwill impairment and income tax		247,116
Income tax using the Company's statutory tax rate	26.8%	66,227
Increase (decrease) resulting from:		
Rate differential between jurisdictions	-8.7%	(21,443)
Variation in tax rate	0.0%	(109)
Non-deductible expenses	1.1%	2,719
Tax exempt income	-4.3%	(10,513)
Adjustment for prior years	-1.7%	(4,091)
Tax on multi-jurisdiction distributions	1.1%	2,702
	14.3%	35,492

Net income from discontinued operations

As a result of the divestiture of its Waste Management segment, which was completed on February 1, 2016, and the Company's decision to cease its operations in rig moving services in 2015, these two operating segments have been reclassified and presented on a net basis as discontinued operations in the consolidated statements of income and cash flows.

For the three-month period and year ended December 31, 2017, no income from discontinued operations was recorded. Last year, the net income from discontinued operations for the year ended December 31, 2016 was \$482.5 million and included a pre-tax gain on sale of the Waste Management segment in the amount of \$559.2 million or \$490.8 million net of tax.

Net income and adjusted net income from continuing operations

<i>(unaudited)</i> <i>(in thousands of dollars, except per share data)</i>	Fourth quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Net income	120,192	45,339	157,988	639,579
Amortization of intangible assets related to business acquisitions, net of tax	10,122	9,234	38,346	32,744
Net change in fair value of derivatives, net of tax	49	(2,068)	(1,182)	3,546
Net foreign exchange (gain) loss, net of tax	(7)	(884)	1,826	1,546
(Gain) loss on sale of land and buildings and assets held for sale, net of tax	424	(2,060)	(66,710)	(7,504)
Impairment of intangible assets, net of tax	-	-	138,438	-
U.S. tax reform	(76,135)	-	(76,135)	-
Net (income) loss from discontinued operations	-	1,048	-	(482,520)
Adjusted net income from continuing operations¹	54,645	50,609	192,571	187,391
Adjusted EPS from continuing operations¹ – basic	0.61	0.55	2.13	2.00
Adjusted EPS from continuing operations¹ – diluted	0.60	0.54	2.08	1.96

For the three-month period ended December 31, 2017, TFI International's net income was \$120.2 million compared to \$45.3 million in Q4 2016. The increase of \$74.9 million is mainly attributable to the income tax recovery recorded as a result of the U.S. tax reform for \$76.1 million. The Company's adjusted net income from continuing operations¹, a non-IFRS measure, which excludes items listed in the above table, was \$54.6 million for the fourth quarter compared to \$50.6 million in Q4 2016, up 8% or \$4.0 million. The adjusted EPS from continuing operations, fully diluted, increased by 11% to 60 cents.

For the year ended December 31, 2017, TFI International's net income was \$158.0 million compared to \$639.6 million for 2016. The decrease is mainly attributable to last year's net income from discontinued operations of \$482.5 million (pre-tax gain on sale of the Waste Management segment in the amount of \$559.2 million or \$490.8 million net of tax) and to the 2017 intangible impairment charge of \$138.4 million, net of tax, offset by the income tax recovery recorded as a result of the U.S. tax reform for \$76.1 million and by higher gain on sale of property. The Company's adjusted net income from continuing operations, which excludes these items, increased by \$5.2 million to \$192.6 million for the year ended December 31, 2017.

¹ Refer to the section "Non-IFRS financial measures".

SEGMENTED RESULTS

For the purpose of this section, adjusted EBITDA from continuing operations refer to the same definitions as in the section "Non-IFRS financial measures" for the consolidated results. Also, to facilitate the comparison of business level activity and operating costs between periods, the Company compares the revenue before fuel surcharge ("revenue") and reallocates the fuel surcharge revenue to materials and services expenses within operating expenses. Note that "Total revenue" is not affected by this reallocation.

Selected segmented financial information from continuing operations

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Package and Courier	Less- Than- Truckload	Truckload	Logistics	Corporate	Eliminations	Total
Q4 2017							
Revenue before fuel surcharge	317,331	194,777	480,011	78,982	-	(12,111)	1,058,990
% of total revenue ¹	29%	19%	45%	7%			100%
Adjusted EBITDA	44,050	21,881	68,556	8,173	(11,643)	-	131,017
Adjusted EBITDA margin ²	13.9%	11.2%	14.3%	10.3%			12.4%
Operating income (loss)	35,804	14,260	22,692	6,214	(12,200)	-	66,770
Operating margin ²	11.3%	7.3%	4.7%	7.9%			6.3%
Net capital expenditures ^{3, 4}	(14,124)	3,694	24,510	(462)	98		13,716
Q4 2016 (recasted)							
Revenue before fuel surcharge	342,016	181,347	461,360	65,574	-	(13,851)	1,036,446
% of total revenue ¹	32%	18%	44%	6%			100%
Adjusted EBITDA	40,638	20,541	70,011	8,195	(11,442)	-	127,943
Adjusted EBITDA margin ²	11.9%	11.3%	15.2%	12.5%			12.3%
Operating income (loss)	32,254	13,309	29,032	7,112	(11,990)	-	69,717
Operating margin ²	9.4%	7.3%	6.3%	10.8%			6.7%
Net capital expenditures ⁵	2,096	969	7,659	1	1,052		11,777
2017							
Revenue before fuel surcharge	1,267,300	799,189	1,965,315	299,525	-	(49,506)	4,281,823
% of total revenue ¹	28%	19%	46%	7%			100%
Adjusted EBITDA	158,101	83,346	274,868	31,833	(33,667)	-	514,481
Adjusted EBITDA margin ²	12.5%	10.4%	14.0%	10.6%			12.0%
Operating income (loss)	124,406	52,350	77,349	25,534	(35,915)	-	243,724
Operating margin ²	9.8%	6.6%	3.9%	8.5%			5.7%
Total assets	651,345	556,807	2,232,157	221,439	65,880		3,727,628
Net capital expenditures ⁴	(6,931)	(139,769)	142,060	(17)	771		(3,886)
2016 (recasted)							
Revenue before fuel surcharge	1,291,331	732,124	1,501,224	236,609	-	(56,800)	3,704,488
% of total revenue ¹	34%	20%	40%	6%			100%
Adjusted EBITDA	146,798	77,405	226,358	25,627	(33,837)	-	442,351
Adjusted EBITDA margin ²	11.4%	10.6%	15.1%	10.8%			11.9%
Operating income (loss)	113,040	47,899	102,511	21,750	(35,935)	-	249,265
Operating margin ²	8.8%	6.5%	6.8%	9.2%			6.7%
Total assets	700,749	635,233	2,440,148	175,190	75,233		4,026,553
Net capital expenditures ⁵	10,151	6,078	35,620	(3,774)	1,493		49,568

When the Company changes the structure of its internal organization in a manner that causes the composition of its reportable segments to change, the corresponding information for the comparative period is recasted to conform to the new structure. Effective January 1, 2017, the composition of reportable segments was modified to better reflect certain changes in the Company's internal organization. In particular, TF Dedicated, which was previously included in the Package and Courier operating segment, became an independent operation and was reclassified to the TL segment. In addition, a Contrans' LTL division, which was previously included in the TL segment, was reclassified to the LTL segment in order to better reflect the nature of services provided. Comparative figures have been recasted.

¹ Before eliminations, except for the total.

² As a percentage of revenue before fuel surcharge.

³ Additions to property and equipment, net of proceeds from sale of property and equipment and assets held for sale.

⁴ YTD 2017 net capital expenditures include proceeds from the sale of property for consideration of \$19.5 million in the Package and Courier segment (\$19.5 million in Q4) of \$148.9 million in the LTL segment (\$0.5 million in Q4) and of \$8.0 million in the TL segment (\$0.5 million in Q4).

⁵ YTD 2016 net capital expenditures include proceeds from the sale of property for consideration of \$7.1 million in the LTL segment (\$5.0 million in Q4), of \$10.6 million in the TL segment (\$0.5 million in Q4) and of \$3.7 million in the Logistics segment (nil in Q4).

Package and Courier

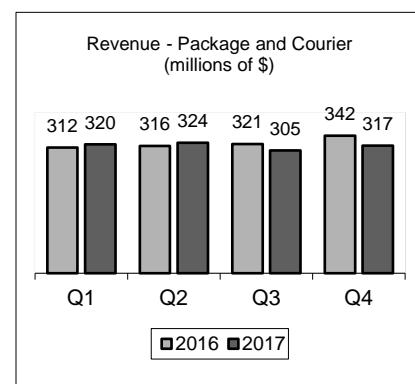
(unaudited) - (in thousands of dollars)	Fourth quarters ended December 31				Years ended December 31			
	2017	%	2016	%	2017	%	2016	%
Total revenue	344,231		365,250		1,361,268		1,366,185	
Fuel surcharge	(26,900)		(23,234)		(93,968)		(74,854)	
Revenue	317,331	100.0%	342,016	100.0%	1,267,300	100.0%	1,291,331	100.0%
Materials and services expenses (net of fuel surcharge)	174,377	55.0%	199,777	58.4%	712,000	56.2%	759,723	58.8%
Personnel expenses	71,966	22.7%	73,648	21.5%	290,879	23.0%	276,483	21.4%
Other operating expenses	27,032	8.5%	27,951	8.2%	106,571	8.4%	108,241	8.4%
Depreciation of property and equipment	4,005	1.3%	4,492	1.3%	16,990	1.3%	18,191	1.4%
Amortization of intangible assets	4,241	1.3%	3,892	1.1%	16,705	1.3%	15,567	1.2%
(Gain) loss on sale of rolling stock and equipment	(94)	0.0%	2	0.0%	(251)	0.0%	86	0.0%
Operating income	35,804	11.3%	32,254	9.4%	124,406	9.8%	113,040	8.8%
Adjusted EBITDA	44,050	13.9%	40,638	11.9%	158,101	12.5%	146,798	11.4%
Gain (loss) on sale of land and buildings	679		-		567		(8)	
Gain on sale of assets held for sale	-		-		9,156		-	
Impairment of intangible assets	-		-		(13,211)		-	

Revenue

On January 13, 2017, the Company purchased World Courier Ground U.S. (now operating under the new name TForce Critical), an asset light, time critical courier. Operating nationally across the U.S., the company offers same-day courier, rush trucking and warehousing services primarily to the medical industry, as well as to the environmental, financial, chemical and industrial sectors.

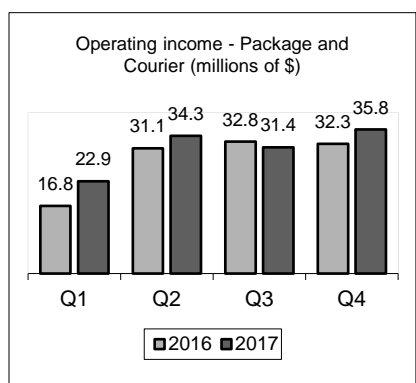
For the quarter ended December 31, 2017, revenue decreased by \$24.7 million, or 7%, from \$342.0 million to \$317.3 million compared to the same period in the prior year. The decrease is due to loss of volume of \$35.1 million and to an unfavourable foreign exchange impact of \$5.4 million offset by business acquisitions for \$15.8 million. Part of the volume decreases relates to some losses of U.S. e-commerce businesses.

For the year ended December 31, 2017, revenue decreased by \$24.0 million from \$1,291.3 million to \$1,267.3 million compared to the same period in the prior year; volume decreases in the same-day business and negative currency impact of \$9.8 million offset the \$69.5 million contributions from business acquisitions.


Operating expenses

For the quarter ended December 31, 2017, the Package and Courier segment's operating expenses decreased by \$28.3 million, or 9%, from \$309.8 million in 2016 to \$281.5 million. Material and services expenses decreased by 3.4% as a percentage of revenue attributable to lower subcontractor and external labor expenses in the same-day operations. To compensate for the volume decline, Management reduced more outside services than its own personnel, as a result, personnel expenses decreased in absolute value but increased 1.2% as a percentage of revenue.

For the year ended December 31, 2017, the Package and Courier segment's operating expenses decreased by \$35.4 million from \$1,178.3 million in 2016 million to \$1,142.9 million. Materials and services expenses were down \$47.7 million or 6% for the year ended December 31, 2017 mainly due to loss of volume in the same-day business. The employee termination cost were similar in 2017 compared to 2016 at \$4.5 million.


Operating income

The Company's operating income in the Package and Courier segment for the quarter ended December 31, 2017 increased by 11% or \$3.5 million compared to the fourth quarter of 2016, from \$32.3 million to \$35.8 million mainly from existing operations. For the three-month period ended December 2017, the Package and Courier operating margin increased 1.9% year-over-year to 11.3% due to cost savings from right sizing the same-day business in the U.S. and the next-day business in Canada, ongoing strategic personnel changes focused on synergies at several operating divisions within the segment, and lower subcontractor costs due to ongoing productivity initiatives.

For the year ended December 31, 2017, operating income increased by 10% or \$11.4 million compared to the same period in 2016, from \$113.0 million to \$124.4 million. The operating margin increased 1.0% year-over-year mainly from existing operations to reach 9.8% as a result of the constant focus on profitable business and cost reduction measures.

Gain or loss on sale of property and impairment of intangible assets

A gain on sale of assets held for sale of \$9.2 million was recorded in this segment mainly due to a sale and leaseback transaction completed in Q3 2017.

In Q1 2017, TFI International also rebranded the divisions Dynamex Canada, Dynamex U.S. and Hazen Final Mile into TForce Final Mile. The establishment of the new North American division should maximize opportunities in the growing same-day business, last mile delivery category and e-commerce sector. This resulted in an impairment charge to the original trademark intangible assets related to these businesses of \$13.2 million. The future amortization period of the residual intangible related to these trademarks has been reduced to 4 years with no significant impact on the yearly amortization expense.

Less-Than-Truckload

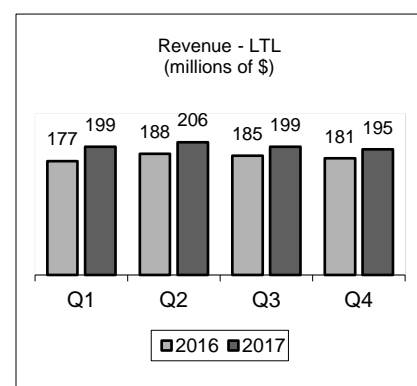
(unaudited) - (in thousands of dollars)	Fourth quarters ended December 31				Years ended December 31			
	2017	%	2016	%	2017	%	2016	%
Total revenue	225,620		207,576		917,245		827,504	
Fuel surcharge	(30,843)		(26,229)		(118,056)		(95,380)	
Revenue	194,777	100.0%	181,347	100.0%	799,189	100.0%	732,124	100.0%
Materials and services expenses (net of fuel surcharge)	100,532	51.6%	95,808	52.8%	415,001	51.9%	383,304	52.4%
Personnel expenses	52,012	26.7%	49,664	27.4%	225,259	28.2%	211,945	28.9%
Other operating expenses	20,774	10.7%	15,413	8.5%	75,933	9.5%	60,028	8.2%
Depreciation of property and equipment	5,145	2.6%	5,136	2.8%	21,307	2.7%	20,804	2.8%
Amortization of intangible assets	2,476	1.3%	2,096	1.2%	9,689	1.2%	8,702	1.2%
Gain on sale of rolling stock and equipment	(422)	-0.2%	(79)	0.0%	(350)	0.0%	(558)	-0.1%
Operating income	14,260	7.3%	13,309	7.3%	52,350	6.6%	47,899	6.5%
Adjusted EBITDA	21,881	11.2%	20,541	11.3%	83,346	10.4%	77,405	10.6%
Gain (loss) on sale of land and buildings	(267)		2,664		(242)		4,442	
Gain (loss) on sale of assets held for sale	(1,088)		-		68,118		-	

Revenue

On January 28, 2017, the Company acquired Cavalier Transportation Services Inc. ("Cavalier"). Cavalier provides domestic and U.S. services in the Great Lakes region in the LTL and Logistics segments.

For the three-month period ended December 31, 2017, the LTL segment's revenue increased by 7%, or \$13.5 million, from \$181.3 million to \$194.8 million, mainly due to business acquisitions. Excluding business acquisitions, revenue decreased by 7% or \$12.2 million to \$169.2 million. The decrease is largely due to the loss of a major U.S. partner, impact mitigated by its replacement and combination of new business and growth in other existing businesses and negative foreign currency movements of \$1.4 million.

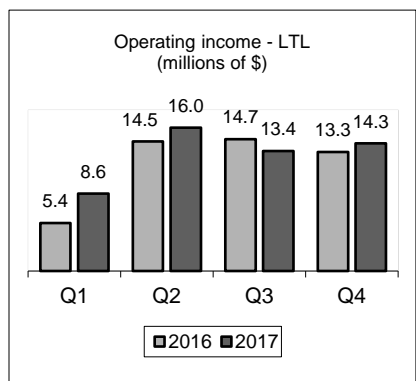
For the year ended December 31, 2017, revenue increased by 9%, or \$67.1 million, from \$732.1 million to \$799.2 million mainly due to business acquisitions for \$99.5 million, partially offset by decreases from existing operations.



Operating expenses

For the fourth quarter of 2017, operating expenses were up 7%, or \$12.5 million, to \$180.5 million compared to \$168.0 million in Q4 2016 mainly from business acquisitions. Excluding business acquisitions, operating expenses were down by 7%, or \$11.2 million due to the decline in revenue. Operating expenses from existing operations as a percentage of revenue were 92.7%, unchanged over the same quarter last year. Mainly as a result of the sale-and-leased back transactions completed earlier in 2017, the rent expense increased \$1.8 million, while restructuring plan implemented in the Company's Eastern Canadian LTL network generated improvements mainly in the materials and services expenses. During the quarter, a charge of \$2.5 was recorded as employee termination expenses.

For the year ended December 31, 2017, operating expenses were up 9%, or \$62.6 million, to \$746.8 million compared to \$684.2 million last year, mainly attributable to business acquisitions offset by reduction in operating expenses from existing operations due to volume decline and restructuring.



Operating income

For the quarter ended December 31, 2017, operating income increased by \$1.0 million or 7% from \$13.3 million to \$14.3 million mainly due to business acquisitions. Despite the increase in rent expenses due to the sale-and-leased back transactions completed earlier in 2017, excluding business acquisitions, the operating margin at 7.3% remained unchanged compared to Q4 2016 largely as a result of the operating improvements resulting from the restructuring plan.

For the year ended December 31, 2017, operating income increased by \$4.5 million to \$52.4 million from \$47.9 million in 2016 mainly due to business acquisitions and 0.5% of margin improvements from existing operations, which contributed to its operating income increase of \$1.3 million.

Gain on sale of property

For the year ended December 31, 2017, gain on sale of assets held for sale of \$68.1 million was recorded in this segment mainly due to sale and leaseback transactions completed in Q2 and Q3 2017.

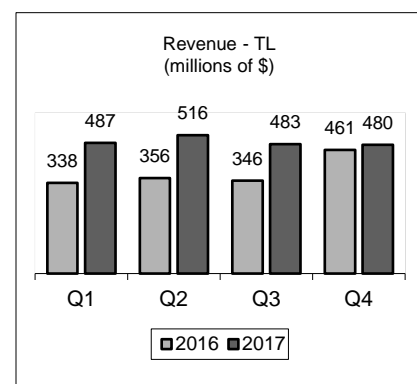
Truckload

<i>(unaudited) - (in thousands of dollars)</i>	Fourth quarters ended December 31				Years ended December 31			
	2017	%	2016	%	2017	%	2016	%
Total revenue	545,310		511,919		2,209,424		1,647,177	
Fuel surcharge	(65,299)		(50,559)		(244,109)		(145,953)	
Revenue	480,011	100.0%	461,360	100.0%	1,965,315	100.0%	1,501,224	100.0%
Materials and services expenses (net of fuel surcharge)	241,119	50.2%	231,667	50.2%	991,877	50.5%	780,865	52.0%
Personnel expenses	151,915	31.6%	146,715	31.8%	633,839	32.3%	442,912	29.5%
Other operating expenses	17,241	3.6%	16,252	3.5%	66,605	3.4%	61,254	4.1%
Depreciation of property and equipment	38,589	8.0%	32,740	7.1%	168,845	8.6%	97,846	6.5%
Amortization of intangible assets	7,275	1.5%	8,239	1.8%	28,674	1.5%	26,001	1.7%
(Gain) loss on sale of rolling stock and equipment	1,180	0.2%	(3,285)	-0.7%	(1,874)	-0.1%	(10,165)	-0.7%
Operating income	22,692	4.7%	29,032	6.3%	77,349	3.9%	102,511	6.8%
Adjusted EBITDA	68,556	14.3%	70,011	15.2%	274,868	14.0%	226,358	15.1%
Gain (loss) on sale of land and buildings	(18)		(282)		(93)		2,875	
Gain on sale of assets held for sale	-		-		172		-	
Impairment of intangible assets	-		-		(129,770)		-	

Revenue

For the three-month period ended December 31, 2017, TL revenue increased by \$18.7 million or 4%, from \$461.4 million in Q4 2016 to \$480.0 million. This increase is attributable to business acquisitions, mainly the acquisition of CFI in the last quarter of 2016. These business acquisitions contributed \$56.3 million to the TL revenue increase. Excluding these business acquisitions, TL revenue decreased by \$37.6 million or 8% compared to the same quarter last year. Part of this revenue decrease is explained by unfavourable currency fluctuations of \$7.2 million and the remaining decrease comes from declines, particularly in the U.S. TL divisions mainly due to customer right sizing and the driver shortage. Pricing slightly improved in Q4 2017 compared to last's year same quarter and is expected to improve in 2018.

As part of its asset-light strategy, the TL segment increased its brokerage revenue by 5%, or \$3.0 million, to \$60.3 million compared to the same quarter last year.

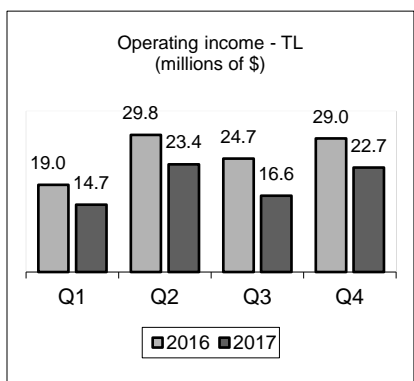


For the year ended December 31, 2017, revenue increased by \$464.1 million from \$1,501.2 million in 2016 to \$1,965.3 million in 2017. This increase is mainly due to business acquisitions which contributed \$516.2 million to the increase. Excluding business acquisitions, revenue decreased by 3%. The unfavourable foreign currency impact was \$12.1 million.

Operating expenses

Operating expenses increased by \$25.0 million or 6% from \$432.3 million in Q4 2016 to \$457.3 million in Q4 2017 mainly from business acquisitions. Excluding business acquisitions, operating expenses decreased by 7% or \$31.8 million which is slightly lower than the 8% decrease in revenue. The TL segment is diligently working to align its cost structure to demand mainly on the personnel side with a year-over-year improvement of 1.4% as a percentage of revenue. This was offset by gains on sale of rolling stock and equipment that were not favourable this quarter resulting in a net negative impact of \$2.4 million. The Company continues to focus on being cost-conscious and its priority remains to improve the efficiency and profitability of its existing fleet and network of independent contractors. The U.S. divisions also downsized their fleet to demand. This rationalization enables the U.S. assets to be more productive.

For the year ended December 31, 2017, operating expenses increased by \$489.3 million or 35% mainly due to business acquisitions. Excluding business acquisitions, operating expenses decreased by \$51.2 million or 4% compared to a 3% decrease in revenue on a year-to-date basis. In addition, in order to return to a normal level of rolling stock repair and maintenance expense, an extensive program of fleet renewal has been put in place. As a result, non-recurring transition costs related to the acquisition of CFI totalled \$17.6 million in 2017.



Operating income

The Company's operating income in the TL segment for the quarter ended December 31, 2017 decreased by \$6.3 million from \$29.0 million in the prior year period to \$22.7 million, mainly due lower revenue and lower gain on sale of rolling stock and equipment from our U.S. TL divisions. However, initiatives aimed at equipment cost reductions have started to yield more positive results at the end of Q4. As a result, the fleet was downsized and renewed which reduced repair and maintenance expense.

Excluding business acquisitions, for the quarter ended December 31, 2017, operating income decreased by \$5.8 million, or 0.8% as a percentage of revenue as a result of difficulties in the U.S. TL divisions. Both the Canadian conventional and specialized TL operations maintained their operating margin compared to last year's same quarter.

For the year ended December 31, 2017, the operating margin was 3.9% compared to 6.8% in the same period in 2016. Excluding business acquisitions, the operating margin increased by 0.2% to 7.0%. The TL segment will continue to focus on cost initiatives to improve its margins in light of the stable Canadian freight market and the difficult U.S. freight market. Driver recruitment and retention, reducing empty mileage, and the tightening of our U.S. freight network are priorities for the upcoming year.

Impairment of intangible assets

For the year ended December 31, 2017, impairment of intangible assets was \$129.8 million. A goodwill impairment charge was recorded in the U.S. TL operating segment in Q2 due to a weak performance resulting from downward pricing pressures experienced by the industry as a result of high competitiveness, limited economic activity growth and upward cost pressures adversely impacting operating cost per mile and operating margins.

Logistics

(unaudited) - (in thousands of dollars)	Fourth quarters ended December 31				Years ended December 31			
	2017	%	2016	%	2017	%	2016	%
Total revenue	80,692		66,840		306,474		241,142	
Fuel surcharge	(1,710)		(1,266)		(6,949)		(4,533)	
Revenue	78,982	100.0%	65,574	100.0%	299,525	100.0%	236,609	100.0%
Materials and services expenses (net of fuel surcharge)	56,557	71.6%	47,133	71.9%	214,690	71.7%	170,655	72.1%
Personnel expenses	9,823	12.4%	7,336	11.2%	38,391	12.8%	29,198	12.3%
Other operating expenses	4,525	5.7%	3,126	4.8%	14,946	5.0%	11,528	4.9%
Depreciation of property and equipment	248	0.3%	280	0.4%	1,051	0.4%	1,262	0.5%
Amortization of intangible assets	1,711	2.2%	803	1.2%	5,248	1.8%	2,615	1.1%
Gain on sale of rolling stock and equipment	(96)	-0.1%	(216)	-0.3%	(335)	-0.1%	(399)	-0.2%
Operating income	6,214	7.9%	7,112	10.8%	25,534	8.5%	21,750	9.2%
Adjusted EBITDA	8,173	10.3%	8,195	12.5%	31,833	10.6%	25,627	10.8%
Gain on sale of land and buildings	-		-		-		1,639	

Revenue

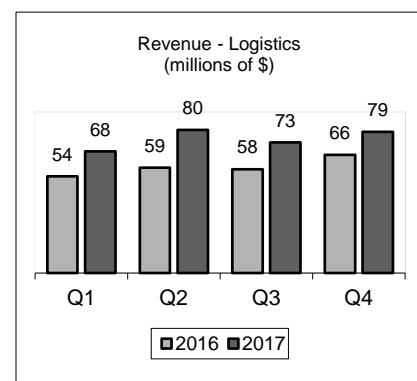
On October 31, 2017, the Company completed the acquisition of PPM. Based in California, PPM provides home delivery services of household appliances in the United States.

For the quarter ended December 31, 2017, revenue from the Logistics segment increased by 20% or \$13.4 million year-over-year, from \$65.6 million to \$79.0 million, mainly due to business acquisitions.

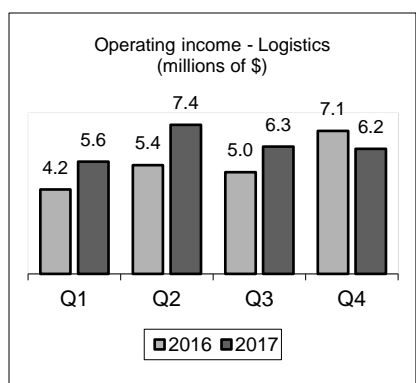
For the year ended December 31, 2017, revenue increased by 27% or \$62.9 million year-over-year, from \$236.6 million to \$299.5 million, mainly due to business acquisitions. Excluding business acquisitions, revenue increased by 7%, or \$15.7 million, attributable to higher volumes by new and current customers and some non-recurring business offset by an unfavourable foreign exchange impact of \$2.3 million.

Operating expenses

For the quarter ended December 31, 2017, operating expenses increased 24% or \$14.3 million compared to the fourth quarter of 2016, from \$58.5 million to \$72.8 million, mainly due to business acquisitions. Materials and services expenses represented 71.6% of revenue, an improvement of 0.3%, as a percentage of revenue, when compared to last year's same quarter. Personnel expenses represented 12.4% of revenue, an increase of 1.2%, as a percentage of revenue, when compared to last year's same quarter mostly due to business acquisitions being more labor intensive.



For the year ended December 31, 2017, operating expenses increased by 28% or \$59.1 million compared to 2016, from \$214.9 million to \$274.0 million. This increase was mostly attributable to higher year-over-year revenues.



For the three-month period and the year ended December 31, 2017, amortization of intangible assets increased by \$0.9 million and \$2.6 million, respectively, due to business acquisitions.

Operating income

The Company's operating income in the Logistics segment for the quarter ended December 31, 2017 decreased 13% or \$0.9 million compared to the fourth quarter of 2016, from \$7.1 million to \$6.2 million attributable to higher personnel and other operating expenses, as well as amortization of intangible assets from business acquisitions.

For the year ended December 31, 2017, operating income increased 17% or \$3.7 million compared to 2016, from \$21.8 million to \$25.5 million due to business acquisitions. The Logistics segment's operating margin decreased 0.7% year-over-year mainly as a result of amortization of intangible assets from business acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

Sources and uses of cash

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Fourth quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Sources of cash:				
Net cash from operating activities from continuing operations	116,148	109,815	372,601	337,908
Proceeds from sale of property and equipment	20,833	19,240	88,773	60,992
Proceeds from sale of assets held for sale	19,140	-	174,779	-
Net variance in cash and bank indebtedness	-	-	13,046	-
Net proceeds from long-term debt	-	712,025	-	-
Net cash from discontinued operations	-	3,853	-	769,558
Others	-	-	5,882	-
Total sources	156,121	844,933	655,081	1,168,458
Uses of cash:				
Purchases of property and equipment	66,142	31,017	259,140	110,443
Business combinations, net of net cash acquired	30,021	775,335	118,288	798,303
Net variance in cash and bank indebtedness	7,857	13,042	-	23,899
Net repayment of long-term debt	1,147	-	74,648	6,063
Dividends paid	17,086	15,523	69,016	64,066
Repurchase of own shares	30,580	1,092	81,565	151,200
Net cash used in discontinued operations	-	-	52,424	-
Others	3,288	8,924	-	14,484
Total usage	156,121	844,933	655,081	1,168,458

Cash flow from operating activities from continuing operations

For the year ended December 31, 2017, net cash from operating activities from continuing operations increased by 10% from \$337.9 million in 2016 to \$372.6 million. This \$34.7 million increase is mainly attributable to higher cash flow from operating activities from continuing operations before net change in non-cash operating working capital for \$78.7 million, which improvement came from business acquisitions and existing operations, offset by higher cash used for net change in non-cash operating working capital of \$26.3 million and higher interest paid, for \$21.7 million. The net change in non-cash operating working capital was negative \$11.6 million in 2017, mainly due to lower trade and other payables versus December 31, 2016, compared to a positive contribution from working capital in 2016.

Cash flow used in investing activities from continuing operations

Property and equipment

The following table presents the additions of property and equipment by category for the three-month period and year ended December 31, 2017 and 2016.

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Fourth quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Additions to property and equipment:				
Purchases as stated on cash flow statements	66,142	31,017	259,140	110,443
Non-cash adjustments	(12,453)	-	526	117
	53,689	31,017	259,666	110,560
Additions by category:				
Land and buildings	2,249	1,983	8,126	9,409
Rolling stock	48,716	26,477	238,812	92,152
Equipment	2,724	2,557	12,728	8,999
	53,689	31,017	259,666	110,560

The Company invests in new equipment to maintain its quality of service while keeping maintenance costs low. Its capital expenditures reflect the level of reinvestment required to keep its equipment in good order as well as maintain an adequate allocation of its capital resources. In line with its asset light model, increasing the use of independent contractors to replace owned equipment is beneficial for the Company as it reduces capital needs to serve customers. The Company intends to further pursue this conversion strategy, particularly with the recent business acquisitions operating with more invested capital.

Higher 2017 additions of rolling stock compared to 2016 are partly attributable to the CFI business acquisition and its fleet renewal program.

In the normal course of activities, the Company constantly renews its rolling stock equipment generating regular proceeds and gain or loss on disposition. The following table indicates the proceeds and gains or losses from sale of property and equipment and assets held for sale from continuing operations by category for the three-month period and year ended December 31, 2017 and 2016.

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Fourth quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Proceeds by category:				
Land and buildings	20,520	5,516	176,359	21,344
Rolling stock	19,409	13,704	87,107	39,498
Equipment	44	20	86	150
	39,973	19,240	263,552	60,992
Gains (losses) by category:				
Land and buildings	(694)	2,382	77,678	8,948
Rolling stock	(564)	4,074	2,851	11,587
Equipment	(4)	(15)	(85)	(106)
	(1,262)	6,441	80,444	20,429

For the year ended December 31, 2017, the Company disposed of properties for total consideration of \$176.4 million (\$21.3 million in 2016), which generated a gain of \$77.7 million (\$8.9 million in 2016). Notably, in Q3, TFI International unlocked shareholder value with a sale and leaseback transaction on selected real estate assets. The all-cash transaction of \$135.7 million, which included two facilities in each of Montreal and Toronto, resulted in a pre-tax gain of \$69.8 million.

Business acquisitions

For the year ended December 31, 2017, cash used in business acquisitions totalled \$118.3 million (\$798.3 million in 2016).

In 2017, the Company acquired seven businesses. Refer to the section of this report entitled "2017 business acquisitions" and further information can be found in note 5 of the December 31, 2017 audited consolidated financial statements.

Cash flow from discontinued operations

For the year ended December 31, 2017, the discontinued operations used cash flow of \$52.4 million mainly attributable to the balance of income tax due on the gain on the sale of the Waste group, realized in February 2016, which was paid in January 2017. In 2016, discontinued operations generated cash flows of \$769.6 million. In the first quarter of 2016, TFI International received \$758.9 million for the sale of its Waste Management segment to GFL.

Free cash flow from continuing operations

<i>(unaudited)</i> <i>(in thousands of dollars, except per share data)</i>	Fourth quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Net cash from operating activities from continuing operations	116,148	109,815	372,601	337,908
Additions to property and equipment	(53,689)	(31,017)	(259,666)	(110,560)
Proceeds from sale of property and equipment	20,833	19,240	88,773	60,992
Proceeds from sale of assets held for sale	19,140	-	174,779	-
Free cash flow from continuing operations¹	102,432	98,038	376,487	288,340
Free cash flow from continuing operations per share¹	1.14	1.07	4.16	3.08

The Company's objectives when managing its cash flow from operations are to ensure proper capital investment in order to provide stability and competitiveness to its operations, to ensure sufficient liquidity to pursue its growth strategy, and to undertake selective business acquisitions within a sound capital structure and a solid financial position.

For the year ended December 31, 2017, TFI International generated free cash flow from continuing operations of \$376.5 million, compared to \$288.3 million in 2016, which represents a year-over-year increase of \$88.1 million. This increase is mainly due to higher proceeds from sale of property and equipment and assets held for sale, offset by higher additions to property and equipment.

Based on the December 31, 2017 closing share price of \$32.86, the free cash flow from continuing operations generated by the Company in the last twelve months (\$376.5 million) represented a yield of 12.7%.

Financial position

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	As at December 31, 2017	As at December 31, 2016	As at December 31, 2015
Total assets	3,727,628	4,026,879	3,377,870
Long-term debt	1,498,396	1,584,815	1,615,100
Shareholders' equity	1,415,124	1,458,650	1,019,799
Debt-to-equity ratio ²	1.06	1.09	1.58
Debt-to-capitalization ratio ³	0.51	0.52	0.61

Compared to December 31, 2016, the Company's total assets decreased mainly due to the impairment of intangible assets and to the sale of certain real estate assets. The long-term debt decreased due to the sale of property and shareholders' equity decreased mainly as a result of the impairment of intangible assets. The debt-to-equity ratio and the debt-to-capitalization ratio were similar to those of December 31, 2016. The Company's current financial position reflects an appropriate debt level to further pursue its acquisition strategy. Strict cash flow management and cash flow generated from operations have allowed the Company to pursue debt reduction when the situation has dictated.

As at December 31, 2017, the Company's working capital (current assets less current liabilities) was \$116.7 million compared to \$56.9 million as at December 31, 2016. The increase is mainly attributable to the increase of \$21.6 million of assets held for sale, composed of properties, and to the balance of 2016 income tax paid in Q1 2017 for \$57.7 million.

Contractual obligations

The following table indicates the Company's contractual obligations with their respective maturity dates at December 31, 2017, excluding future interest payments.

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Total	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years
Unsecured revolving facility – June 2021	694,116	-	-	694,116	-
Term loan – June 2019 & 2020	500,000	-	500,000	-	-
Unsecured debentures – December 2020	125,000	-	125,000	-	-
Term loan – August 2019	75,000	-	75,000	-	-
Finance lease liabilities	14,956	9,959	4,793	204	-
Conditional sales contracts and other long-term debt	95,021	42,468	39,811	12,742	-
Operating leases and other commitments (see commitments)	609,121	203,304	165,901	93,335	146,581
Total contractual obligations	2,113,214	255,731	910,505	800,397	146,581

As at December 31, 2017, the Company had \$40.1 million of outstanding letters of credit (\$40.1 million on December 31, 2016).

¹ Refer to the section "Non-IFRS financial measures".

² Long-term debt divided by shareholders' equity.

³ Long-term debt divided by the sum of shareholders' equity and long-term debt.

On May 17, 2017, TFI International reached an agreement to amend and extend its existing credit facility to June 2021. The facility is unsecured and can be extended annually. The total available amount remained unchanged at \$1.2 billion and the amendment provides similar terms and covenants.

On December 21, 2017, the Company extended the maturity of the term loan by eight months for each tranche. The term loan is within the confines of the credit facility for the specific purpose of acquiring CFI. This term loan remains at a total of \$500 million, with \$200 million now due in June 2019 and \$300 million due in June 2020.

The following table indicates the Company's financial covenants to be maintained under its credit facility. These covenants are measured on a consolidated rolling twelve-month basis:

Covenants	Requirements	As at December 31, 2017
Funded debt-to-EBITDA ratio [ratio of total debt plus letters of credit and some other long-term liabilities to earnings before interest, income tax, depreciation and amortization ("EBITDA"), including last twelve months adjusted EBITDA from business acquisitions]	< 3.50	2.96
EBITDAR-to-interest and rent ratio [ratio of EBITDAR (EBITDA before rent and including last twelve months adjusted EBITDAR from business acquisitions) to interest and net rent expenses]	> 1.75	3.17

The Company believes it will be in compliance with these covenants for the next twelve months.

Commitments, contingencies and off-balance sheet arrangements

The following table indicates the Company's commitments with their respective terms at December 31, 2017.

(unaudited) (in thousands of dollars)	Total	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years
Operating leases – rolling stock	87,600	41,685	36,577	9,338	-
Operating leases – real estate & others	446,562	86,660	129,324	83,997	146,581
Other commitments	74,959	74,959	-	-	-
Total off-balance sheet obligations	609,121	203,304	165,901	93,335	146,581

Long-term real estate leases, totalling \$446.6 million, include eleven significant real estate commitments for an aggregate value of \$250.0 million, which expire between 2024 and 2035. A total of 294 properties constitute the remaining real estate operating leases.

Dividends and outstanding share data

Dividends

The Company declared \$18.7 million in dividends, or 21 cents per common share, in the fourth quarter of 2017. For the year ended December 31, 2017, dividends declared were \$70.3 million, or 78 cents per common share.

On December 11, 2017, the Board of Directors approved an 11% dividend increase to 21 cents per share over its previous quarterly dividend of 19 cents per share. This increase is in keeping with TFI International's stated dividend policy and reflects the Company's ability to generate a strong free cash flow.

NCIB on common shares

Pursuant to the renewal of the normal course issuer bid ("NCIB"), which began on October 2, 2017 and will expire on October 1, 2018, the Company is authorized to repurchase for cancellation up to a maximum of 6,000,000 of its common shares under certain conditions. The Board of TFI International believes that, at appropriate times, repurchasing its shares through the NCIB represents a good use of TFI International's financial resources, as such action can protect and enhance shareholder value when opportunities or volatility arise.

For the year ended December 31, 2017, the Company repurchased 2,810,126 common shares (2016 – 6,442,702) at a price ranging from \$26.56 to \$32.00 (2016 - \$22.00 to \$27.30) for a total purchase price of \$81.6 million (2016 – \$151.2 million).

Outstanding shares, stock options and restricted share units

A total of 89,123,588 common shares were outstanding as at December 31, 2017 (December 31, 2016 – 91,575,319). There was no significant change in the Company's outstanding share capital between December 31, 2017 and February 20, 2018.

As at December 31, 2017, the number of outstanding options to acquire common shares issued under the Company's stock option plan was 5,493,286 (December 31, 2016 – 5,495,887) of which 4,169,819 were exercisable (December 31, 2016 – 3,763,656). On February 16, 2017, the Board of Directors approved the grant of 395,113 stock options under the Company's stock option plan. Each stock option entitles the holder to purchase one common share of the Company at an exercise price based on the closing price of the volume weighted average trading price of the Company's shares for the last five trading days immediately preceding the effective date of the grant.

As at December 31, 2017, the number of restricted share units ("RSUs") granted under the Company's equity incentive plan to the benefit of its senior employees was 206,396 (December 31, 2016 – 281,027). On February 16, 2017, the Board of Directors approved the grant of 60,931 RSUs under the

Company's equity incentive plan. The RSUs will vest in December of the second year from the grant date. Upon satisfaction of the required service period, the plan provides for settlement of the award through shares.

Legal proceedings

The Company is involved in litigation arising from the ordinary course of business primarily involving claims for bodily injury and property damage. It is not feasible to predict or determine the outcome of these or similar proceedings. However, the Company believes the ultimate recovery or liability, if any, resulting from such litigation individually or in total would not materially adversely affect the Company's financial condition or performance and, if necessary, have been provided for in the financial statements.

OUTLOOK

The North American economy has improved. Unemployment is low, consumer spending remains solid, and recent tax law changes in the United States may further stimulate the economy. These factors should continue to produce a recovery in freight rates, although we expect they may also further increase driver compensation costs.

In addition to generally improving economic conditions, key internal drivers of revenue and operating income growth consist of further efficiency improvement, asset rationalization, tight cost controls, and the execution of a disciplined acquisition strategy in the fragmented North American transportation and logistics market.

In the Package and Courier and LTL segments, TFI International's priorities remain the consolidation of its operations, administration and IT platforms for additional savings and efficiency gains. In Package and Courier, TFI International will remain proactive in implementing measures to further optimize asset utilization, which includes completing the optimization of businesses in U.S. same-day operations. The recent rebranding to TForce Final Mile should maximize opportunities in this growing market and is aligned with TFI International's focus on asset-light activities related to e-commerce.

In LTL, the Company plans to remain disciplined in adapting supply to demand, as overcapacity continues to affect the industry. To this end, the Company will continue to focus on major cities and high-density regions to enhance value. TFI International will also leverage its capabilities in asset-light intermodal activities that generate higher returns.

In the TL division, Canadian performance was strong in 2017, which we expect to continue in 2018. In the U.S. TL market, the gradual implementation of rate increases in contract renewals should lead to improvement in 2018. The Company will also continue to focus on the quality of its U.S. freight revenue and on cost reductions. TFI International will remain disciplined in regards to supply management in the U.S., while sustaining its efforts to optimize the utilization of existing assets. The Company will continue to deploy leading-edge analytical tools across its North American network in order to allow its people to make appropriate business decisions and maximize returns.

The Company believes it can further grow its presence in the Logistics sector, as these non-asset-based activities represent a strategic complement to conventional transportation services. Logistics requires less capital, thereby generating even better free cash flow.

As the Company continues to gradually adopt an asset-light business model, capital will be increasingly deployed in initiatives that provide a better return on capital and solid cash flow. In so doing, TFI International aims to increasingly distinguish itself by providing innovative, value-added solutions to its growing North American customer base. In the short term, TFI International will use its cash flow to prioritize share repurchase and debt reimbursement.

TFI International is well positioned to benefit from a rising freight rate environment, and management is confident that the steps it is taking will continue to grow shareholder value. The Company aims to deliver on this commitment by adhering to its operating principles and by executing its strategy with the same discipline and rigour that have made TFI International a North American leader in the transportation and logistics industry.

SUMMARY OF EIGHT MOST RECENT QUARTERLY RESULTS

<i>(unaudited) - (in millions of dollars, except per share data)</i>								
	Q4'17	Q3'17	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16
Total revenue	1,182.5	1,154.4	1,232.2	1,171.9	1,036.4	975.5	977.8	934.2
Adjusted EBITDA from continuing operations ¹	131.0	128.2	145.7	109.5	127.9	113.8	116.2	84.5
Operating income	66.8	60.5	74.3	42.1	69.7	69.3	71.4	38.9
Net income (loss)	120.2	98.8	(75.0)	14.1	45.3	51.5	39.1	503.6
EPS – basic	1.34	1.10	(0.82)	0.15	0.50	0.56	0.42	5.16
EPS – diluted	1.31	1.07	(0.82)	0.15	0.48	0.55	0.41	5.09
Net income (loss) from continuing operations	120.2	98.8	(75.0)	14.1	46.4	51.1	44.3	15.3
EPS from continuing operations – basic	1.34	1.10	(0.82)	0.15	0.51	0.55	0.47	0.16
EPS from continuing operations – diluted	1.31	1.07	(0.82)	0.15	0.49	0.54	0.47	0.15
Adjusted net income from continuing operations ¹	54.6	48.8	56.2	32.9	50.6	53.5	53.3	30.0
Adjusted EPS from continuing operations - diluted ¹	0.60	0.53	0.60	0.35	0.54	0.57	0.56	0.30

The differences between the quarters are mainly the result of seasonality (softer in Q1) and business acquisitions. In Q4 2017, higher net income, as well as higher basic and diluted EPS, is mainly due to an income tax gain for \$76.1 million as a result of the U.S. tax reform. In Q3 2017, higher net income, as well as higher basic and diluted EPS, is mainly due to gain on sale of property for \$70.1 million, \$59.7 million after-tax. In Q2 2017, the Company recorded a net loss and negative basic and diluted EPS principally due to a goodwill impairment in its U.S. TL operating segment of \$129.8 million (no tax impact on this impairment). In Q1 2016, higher net income, as well as higher basic and diluted EPS, is mainly due to the \$490.8 million after-tax gain on the sale of the Waste Management segment.

NON-IFRS FINANCIAL MEASURES

Financial data have been prepared in conformity with IFRS. This MD&A includes references to certain non-IFRS financial measures as described below. These non-IFRS measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation, in addition to, not as a substitute for or superior to, measures of financial performance prepared in accordance with IFRS. The terms and definitions of IFRS and non-IFRS measures used in this MD&A and a reconciliation of each non-IFRS measure to the most directly comparable IFRS measure are provided below or in the MD&A.

Adjusted net income from continuing operations: Net income or loss excluding amortization of intangible assets related to business acquisitions, net change in the fair value of derivatives, net foreign exchange gain or loss, gain or loss on sale of land and buildings and assets held for sale, impairment of intangible assets, impact from the U.S. tax reform and income or loss from discontinued operations, net of tax. In presenting an adjusted net income from continuing operations and adjusted EPS from continuing operations, the Company's intent is to help provide an understanding of what would have been the net income and earnings per share in a context of significant business combinations and excluding specific impacts and to reflect earnings from a strictly operating perspective. The amortization of intangible assets related to business acquisitions comprises amortization expense of customer relationships, trademarks and non-compete agreements accounted for in business combinations and the income tax effects related to this amortization. Management also believes, in excluding amortization of intangible assets related to business acquisitions, it provides more information on the amortization of intangible asset expense portion, net of tax, that will not have to be replaced to preserve the Company's ability to generate similar future cash flows. The Company excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. Excluding these items does not imply they are necessarily non-recurring. See reconciliation on page 8.

Adjusted earnings per share (adjusted "EPS") from continuing operations - basic: Adjusted net income from continuing operations divided by the weighted average number of common shares.

Adjusted EPS from continuing operations - diluted: Adjusted net income from continuing operations divided by the weighted average number of diluted common shares.

¹ Refer to the section "Non-IFRS financial measures".

Adjusted EBITDA from continuing operations: Net income or loss from continuing operations before finance income and costs, income tax expense (recovery), depreciation, amortization, gain or loss on sale of land and buildings and assets held for sale and impairment of intangible assets. Management believes adjusted EBITDA from continuing operations to be a useful supplemental measure. Adjusted EBITDA from continuing operations is provided to assist in determining the ability of the Company to generate cash from its operations.

Adjusted EBITDA from continuing operations reconciliation:

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Fourth quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Net income from continuing operations	120,192	46,387	157,988	157,059
Net finance costs	13,497	11,266	61,075	54,882
Income tax expense (recovery)	(67,613)	14,446	(40,642)	46,272
Depreciation of property and equipment	48,298	42,993	209,557	139,439
Amortization of intangible assets	15,949	15,233	61,200	53,647
Gain on sale of land and buildings	(394)	(2,382)	(232)	(8,948)
(Gain) loss on sale of assets held for sale	1,088	-	(77,446)	-
Impairment of intangible assets	-	-	142,981	-
Adjusted EBITDA from continuing operations	131,017	127,943	514,481	442,351

Adjusted EBITDA margin is calculated as a percentage of revenue before fuel surcharge.

Free cash flow from continuing operations: Net cash from operating activities from continuing operations less additions to property and equipment plus proceeds from sale of property and equipment and assets held for sale. Management believes that this measure provides a benchmark to evaluate the performance of the Company in regard to its ability to meet capital requirements. See reconciliation on page 16.

Free cash flow from continuing operations per share: Free cash flow from continuing operations divided by the weighted average number of common shares.

Operating expenses: Operating expenses, as defined in the audited consolidated financial statements.

Operating income (loss): Net income or loss from continuing operations before finance income and costs, income tax expense (recovery), gain or loss on sale of land and buildings and assets held for sale, and impairment of intangible assets, as stated in the audited consolidated financial statements.

Operating margin is calculated as a percentage of revenue before fuel surcharge.

Operating ratio: Operating expenses, net of fuel surcharge revenue, divided by revenue before fuel surcharge. Although the operating ratio is not a recognized financial measure defined by IFRS, it is a widely recognized measure in the transportation industry, which we believe provides a comparable benchmark for evaluating the Company's performance. Also, to facilitate the comparison of business level activity and operating costs between periods, the Company compares the revenue before fuel surcharge ("revenue") and reallocates the fuel surcharge revenue to materials and services expenses within operating expenses.

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Fourth quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Operating expenses	1,115,701	1,068,017	4,497,295	3,775,943
Fuel surcharge revenue	(123,481)	(101,288)	(459,196)	(320,720)
Operating expenses, net of fuel surcharge revenue	992,220	966,729	4,038,099	3,455,223
Revenue before fuel surcharge	1,058,990	1,036,446	4,281,823	3,704,488
Operating ratio	93.7%	93.3%	94.3%	93.3%

RISKS AND UNCERTAINTIES

The Company's future results may be affected by a number of factors over some of which the Company has little or no control. The following discussion of risk factors contains forward-looking statements. The following issues, uncertainties and risks, among others, should be considered in evaluating the Company's business and growth outlook:

Competition. The Company operates in a highly-competitive and fragmented industry, and numerous competitive factors could impair the

Company's ability to maintain or improve the Company's profitability and could have a materially adverse effect on the Company's results of operations. In addition, the Company faces growing competition from other transporters in the United States and Mexico. These factors include the following:

- the Company competes with many other transportation companies of varying sizes, including United States and Mexican transportation companies;

Management's Discussion and Analysis

- the Company's competitors may periodically reduce their freight rates to gain business, which may limit the Company's ability to maintain or increase freight rates or maintain growth in the Company's business;
- some of the Company's customers are other transportation companies or also operate their own private trucking fleets, and they may decide to transport more of their own freight;
- some of the Company's customers may reduce the number of carriers they use by selecting so-called "core carriers" as approved service providers or by engaging dedicated providers, and in some instances the Company may not be selected;
- many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress freight rates or result in the loss of some of the Company's business to competitors;
- the market for qualified drivers can be competitive, particularly in the Company's growing United States operations, and the Company's inability to attract and retain drivers could reduce the Company's equipment utilization or cause the Company to increase compensation, both of which would adversely affect the Company's profitability;
- economies of scale that may be passed on to smaller carriers by procurement aggregation providers may improve their ability to compete with the Company;
- some of the Company's smaller competitors may not yet be fully compliant with pending regulations, such as regulations requiring the use of electronic logging devices, which may allow such competitors to take advantage of additional driver productivity;
- advances in technology may require the Company to increase investments in order to remain competitive, and the Company's customers may not be willing to accept higher freight rates to cover the cost of these investments; and
- higher fuel prices and, in turn, higher fuel surcharges to the Company's customers may cause some of the Company's customers to consider freight transportation alternatives, including rail transportation.

Regulation. The Company operates in a highly-regulated industry, and changes in existing regulations or violations of existing or future regulations could have a materially adverse effect on the Company's operations and profitability. In Canada, carriers must obtain licenses issued by provincial transport boards in order to carry goods inter-provincially or to transport goods within any province. Licensing from United States and Mexican regulatory authorities is also required for the transportation of goods between Canada, the United States and Mexico. Any change in or violation of existing or future regulations could have an adverse impact on the scope of the Company's activities.

The Company is increasing the Company's operations in the United States, where the transportation industry is subject to regulation from various federal, state and local agencies. Drivers must comply with safety and fitness regulations, including those relating to drug and alcohol testing, driver safety performance and hours of service, and

matters such as equipment weight and dimensions, exhaust emissions and fuel efficiency are also subject to government regulation.

The right to continue to hold applicable licenses and permits is generally subject to maintaining satisfactory compliance with regulatory and safety guidelines, policies and laws. Although the Company is committed to compliance with laws and safety, there is no assurance that it will be in full compliance with them at all times. Consequently, at some future time, the Company could be required to incur significant costs to maintain or improve its compliance record. Future laws and regulations may be more stringent, require changes in the Company's operating practices, influence the demand for transportation services or require the Company to incur additional significant costs.

International Operations. A growing portion of the Company's revenue is derived from operations in the United States and transportation to and from Mexico. The Company's international operations are subject to a variety of risks, including fluctuations in foreign currencies, changes in the economic strength or greater volatility in the economies of foreign countries in which the Company does business, difficulties in enforcing contractual rights and intellectual property rights, compliance burdens associated with export and import laws, and social, political and economic instability. The Company's international operations could be adversely affected by restrictions on travel. Additional risks associated with the Company's international operations include restrictive trade policies, imposition of duties, taxes or government royalties by foreign governments, adverse changes in the regulatory environments, including in tax laws and regulations, of the foreign countries in which the Company does business, compliance with anti-bribery laws, restrictions on the withdrawal of foreign investments, the ability to identify and retain qualified local managers and the challenge of managing a culturally and geographically diverse operation.

Operating Environment. The Company is subject to changes in its general operating environment. The Company is exposed to the following factors, among others, affecting its operating environment:

- the Company's future insurance and claims expense, including the cost of the Company's liability insurance premiums and the number and severity of claims, may exceed historical levels, which would require the Company to incur additional costs and could reduce the Company's earnings;
- declines in the demand for used revenue equipment could result in decreased equipment sales, lower resale values and lower gains (or recording losses) on sales of assets;
- increased prices for new revenue equipment, design changes of new engines, reduced equipment efficiency resulting from new engines designed to reduce emissions, or decreased availability of new revenue equipment; and
- adverse weather conditions can adversely affect the Company's revenue, as inclement weather may impede operations and may cause higher accident frequency, increased claims, more equipment repairs and decreased fuel efficiency due to increased engine idling.

Management's Discussion and Analysis

General Economic, Credit, Business and Regulatory Conditions.

The Company's business is subject to general economic, credit, business and regulatory factors that are largely beyond the Company's control, and which could have a materially adverse effect on the Company's operating results.

The Company's industry is highly cyclical, and the Company's business is dependent on a number of factors that may have a materially adverse effect on the Company's results of operations, many of which are beyond the Company's control. The Company believes that some of the most significant of these factors include (i) excess tractor and trailer capacity in the transportation industry in comparison with shipping demand; (ii) declines in the resale value of used equipment; (iii) strikes, work stoppages or work slowdowns at the Company's facilities or at customer, port, border crossing or other shipping-related facilities; and (iv) increases in interest rates, fuel taxes, tolls and license and registration fees.

The Company is also affected by (i) recessionary economic cycles, which tend to be characterized by weak demand and downward pressure on rates; (ii) changes in customers' inventory levels and in the availability of funding for their working capital; (iii) changes in the way the Company's customers choose to source or utilize the Company's services; and (iv) downturns in customers' business cycles, such as retail and manufacturing, where the Company has significant customer concentration. Economic conditions may adversely affect customers and their demand for and ability to pay for the Company's services. Customers encountering adverse economic conditions represent a greater potential for loss and the Company may be required to increase the Company's allowance for doubtful accounts.

Economic conditions that decrease shipping demand and increase the supply of available tractors and trailers can exert downward pressure on rates and equipment utilization, thereby decreasing asset productivity. The risks associated with these factors are heightened when the economy is weakened. Some of the principal risks during such times include:

- the Company may experience a reduction in overall freight levels, which may impair the Company's asset utilization;
- freight patterns may change as supply chains are redesigned, resulting in an imbalance between the Company's capacity and customers' freight demand;
- customers may solicit bids for freight from multiple trucking companies or select competitors that offer lower rates in an attempt to lower their costs, and the Company may be forced to lower the Company's rates or lose freight; and
- lack of access to current sources of credit or lack of lender access to capital, leading to an inability to secure credit financing on satisfactory terms, or at all.

The Company is subject to cost increases that are outside the Company's control that could materially reduce the Company's profitability if the Company is unable to increase its rates sufficiently. Such cost increases include, but are not limited to, increases in fuel and

energy prices, driver and office employee wages, purchased transportation costs, taxes, interest rates, tolls, license and registration fees, insurance premiums and claims, revenue equipment and related maintenance, and tires and other components. The Company could be affected by strikes or other work stoppages at the Company's service centers or at customer, port, border or other shipping locations. Further, the Company may not be able to appropriately adjust the Company's costs and staffing levels to changing market demands. In periods of rapid change, it is more difficult to match the Company's staffing level to the Company's business needs.

Changing impacts of regulatory measures could impair the Company's operating efficiency and productivity, decrease the Company's operating revenues and profitability and result in higher operating costs. From time to time, various taxes are also increased, including taxes on fuels. The Company cannot predict whether, or in what form, any such increase applicable to the Company will be enacted, but such an increase could adversely affect the Company's results of operations and profitability.

In addition, the Company cannot predict future economic conditions, fuel price fluctuations or changes in consumer confidence.

Interest Rate Fluctuations. Changes in interest rates may result in fluctuations in the Company's future cash flows related to variable-rate financial liabilities. For these items, cash flows could be impacted by changes in benchmark rates such as Bankers' Acceptance or London Interbank Offered Rate (Libor). In addition, the Company is exposed to gains and losses arising from changes in interest rates through its derivative financial instruments carried at fair value.

Currency Fluctuations. Significant fluctuations in relative currency values against the Canadian dollar could have a significant impact on the Company's future profitability. The Company's financial results are reported in Canadian dollars and a growing portion of the Company's revenue and operating costs are realized in currencies other than Canadian dollars, primarily United States dollars. The exchange rates between these currencies and the Canadian dollar have fluctuated in recent years and may continue to do so in the future. It is not possible to mitigate all exposure to fluctuations in foreign currency exchange rates. The results of operations are therefore affected by movements of these currencies against the Canadian dollar.

Price and Availability of Fuel. Fuel is one of the Company's largest operating expenses. Diesel fuel prices fluctuate greatly due to factors beyond the Company's control, such as political events, terrorist activities, armed conflicts, commodity futures trading, currency fluctuations and natural and man-made disasters, any of which may lead to an increase in the cost of fuel. Fuel prices are also affected by the rising demand for fuel in developing countries, and could be materially adversely affected by the use of crude oil and oil reserves for purposes other than fuel production and by diminished drilling activity. Such events may lead not only to increases in fuel prices, but also to fuel shortages and disruptions in the fuel supply chain. Because the Company's operations are dependent upon diesel fuel, significant diesel fuel cost increases, shortages or supply disruptions could materially and

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adversely affect the Company's business, financial condition and results of operations.

While the Company has fuel surcharge programs in place with a majority of the Company's customers, which historically have helped the Company offset the majority of the negative impact of rising fuel prices, the Company also incurs fuel costs that cannot be recovered even with respect to customers with which the Company maintains fuel surcharge programs, such as those associated with non-revenue generating miles or time when the Company's engines are idling. Moreover, the terms of each customer's fuel surcharge program vary from one division to another, and the recoverability for fuel price increases varies as well. In addition, because the Company's fuel surcharge recovery lags behind changes in fuel prices, the Company's fuel surcharge recovery may not capture the increased costs the Company pays for fuel, especially when prices are rising. This could lead to fluctuations in the Company's levels of reimbursement, which have occurred in the past. There can be no assurance that such fuel surcharges can be maintained indefinitely or will be sufficiently effective.

Insurance. The Company's operations are subject to risks inherent in the transportation sector, including personal injury, property damage, worker's compensation and employment and other issues. The Company's future insurance and claims expenses may exceed historical levels, which could reduce the Company's earnings. The Company subscribes for insurance in amounts it considers appropriate in the circumstances and having regard to industry norms. Like many players in the industry, the Company self-insures a significant portion of the claims exposure related to cargo loss, bodily injury, worker's compensation and property damages. Due to the Company's significant self-insured amounts, the Company has exposure to fluctuations in the number or severity of claims and the risk of being required to accrue or pay additional amounts if the Company's estimates are revised or claims ultimately prove to be more severe than originally assessed. Further, the Company's self-insured retention levels could change and result in more volatility than in recent years.

Although the Company believes its aggregate insurance limits should be sufficient to cover reasonably expected claims, it is possible that the amount of one or more claims could exceed the Company's aggregate coverage limits or that the Company chose not to obtain insurance in respect of such claims. If any claim were to exceed the Company's coverage, the Company would bear the excess, in addition to the Company's other self-insured amounts. The Company's results of operations and financial condition could be materially and adversely affected if (i) cost per claim, premiums or the number of claims significantly exceeds the Company's coverage limits or retention amounts; (ii) the Company experiences a claim in excess of the Company's coverage limits; (iii) the Company's insurance carriers fail to pay on the Company's insurance claims; or (iv) the Company experiences a claim for which coverage is not provided, either because the Company chose not to obtain insurance as a result of high premiums or because the claim is not covered by insurance the Company has in place.

Employee and Company's Labour Relations. At the date hereof, the collective agreements between the Company and the vast majority of the Company's unionized employees have been renewed. The Company's unionized employees are all Canadian employees, and the Company does not currently have union contracts in place with respect to any of the Company's United States operations. Although the Company believes that the Company's relations with the Company's employees are satisfactory, no assurance can be given that the Company will be able to successfully extend or renegotiate the Company's current collective agreements as they expire from time to time. If the Company fails to extend or renegotiate the Company's collective agreements, if disputes with the Company's unions arise, or if the Company's unionized workers engage in a strike or other work stoppage or interruption, the Company could experience a significant disruption of, or inefficiencies in, the Company's operations or incur higher labour costs, which could have a materially adverse effect on the Company's business, results of operations, financial condition and liquidity.

Drivers. Increases in driver compensation or difficulties attracting and retaining qualified drivers could have a materially adverse effect on the Company's profitability and the ability to maintain or grow the Company's fleet.

Like many in the transportation sector, the Company experiences substantial difficulty in attracting and retaining sufficient numbers of qualified drivers. The truckload industry periodically experiences a shortage of qualified drivers. The Company believes the shortage of qualified drivers and intense competition for drivers from other transportation companies will create difficulties in maintaining or increasing the number of drivers and may restrain the Company's ability to engage a sufficient number of drivers, and the Company's inability to do so may negatively impact the Company's operations. Further, the compensation the Company offers the Company's drivers and independent contractor expenses are subject to market conditions, and the Company may find it necessary to increase driver compensation in future periods.

In addition, the Company and many other trucking companies suffer from a high turnover rate of drivers. This high turnover rate requires the Company to continually recruit a substantial number of drivers in order to operate existing revenue equipment. If the Company is unable to continue to attract and retain a sufficient number of drivers, the Company could be forced to, among other things, adjust the Company's compensation packages, increase the number of the Company's tractors without drivers or operate with fewer trucks and face difficulty meeting shipper demands, any of which could adversely affect the Company's growth and profitability.

Acquisitions and Integration Risks. Historically, acquisitions have been a part of the Company's growth strategy. The Company may not be able to successfully integrate acquisitions into the Company's business, or may incur significant unexpected costs in doing so. Further, the process of integrating acquired businesses may be disruptive to the Company's existing business and may cause an interruption or

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reduction of the Company's business as a result of the following factors, among others:

- loss of key employees, customers or contracts;
- possible inconsistencies in or conflicts between standards, controls, procedures and policies among the combined companies and the need to implement company-wide financial, accounting, information technology and other systems;
- failure to maintain or improve the safety or quality of services that have historically been provided;
- inability to retain, integrate, hire or recruit qualified employees;
- unanticipated environmental or other liabilities;
- failure to coordinate geographically dispersed organizations; and
- the diversion of management's attention from the Company's day-to-day business as a result of the need to manage any disruptions and difficulties and the need to add management resources to do so.

Anticipated cost savings, synergies, revenue enhancements or other benefits from any acquisitions that the Company undertakes may not materialize in the expected timeframe or at all. The Company's estimated cost savings, synergies, revenue enhancements or other benefits from acquisitions are subject to a number of assumptions about the timing, execution and costs associated with realizing such synergies. Such assumptions are inherently uncertain and are subject to a wide variety of significant business, economic and competition risks. There can be no assurance that such assumptions will turn out to be correct and, as a result, the amount of cost savings, synergies, revenue enhancements or other benefits the Company actually realizes and/or the timing of such realization may differ significantly (and may be significantly lower) from the ones the Company estimated, and the Company may incur significant costs in reaching the estimated cost savings, synergies, revenue enhancements or other benefits.

Many of the Company's recent acquisitions have involved the purchase of stock of existing companies. These acquisitions, as well as acquisitions of substantially all of the assets of a company, may expose the Company to liability for actions taken by an acquired business and its management before the Company's acquisition. The due diligence the Company conducts in connection with an acquisition and any contractual guarantees or indemnities that the Company receives from the sellers of acquired companies may not be sufficient to protect the Company from, or compensate the Company for, actual liabilities. Generally, the representations made by the sellers, other than certain representations related to fundamental matters, such as ownership of capital stock, expire within several years of the closing. A material liability associated with an acquisition, especially where there is no right to indemnification, could adversely affect the Company's results of operations, financial condition and liquidity.

The Company intends to continue to review acquisition and investment opportunities to attempt to acquire companies and assets that meet the Company's investment criteria. Depending on the number of acquisitions and investments and funding requirements, the Company may need to raise substantial additional capital. Instability or disruptions

in the capital markets, including credit markets, or the deterioration of the Company's financial condition due to internal or external factors, could restrict or prohibit access to the capital markets and could also increase the Company's cost of capital. To the extent the Company raises additional capital through the sale of equity, equity-linked or convertible debt securities, the issuance of such securities could result in dilution to the Company's existing shareholders. If the Company raises additional funds through the issuance of debt securities, the terms of such debt could impose additional restrictions and costs on the Company's operations. Additional capital, if required, may not be available on acceptable terms or at all. If the Company is unable to obtain additional capital at a reasonable cost, the Company may be required to forego potential acquisitions, which could impair the execution of the Company's growth strategy.

In addition, the Company faces competition from peer group and non-peer group firms for acquisition opportunities. This external competition may hinder the Company's ability to identify and/or consummate future acquisitions successfully. There is also a risk of impairment of acquired goodwill and intangible assets. This risk of impairment to goodwill and intangible assets exists because the assumptions used in the initial valuation of these assets, such as interest rate or forecasted cash flows, may change when testing for impairment is required.

There is no assurance that the Company will be successful in identifying, negotiating, consummating or integrating any future acquisitions. If the Company does not make any future acquisitions, the Company's growth rate could be materially and adversely affected. Any future acquisitions the Company does undertake could involve the dilutive issuance of equity securities or incurring additional indebtedness.

Environmental Matters. The Company uses storage tanks at certain of its Canadian and United States transportation terminals. Canadian and United States laws and regulations generally impose potential liability on the present or former owners or occupants or custodians of properties on which contamination has occurred. Although the Company is not aware of any contamination which, if remediation or clean-up were required, would have a material adverse effect on it, certain facilities have been in operation for many years and over such time, the Company or the prior owners, operators or custodians of the properties may have generated and disposed of wastes which are or may be considered hazardous. Liability may be imposed without regard to whether the Company knew of, or was responsible for, the presence or disposal of those substances. In addition, the presence of those substances, or the failure to properly dispose of or remove those substances, may adversely affect the Company's ability to sell or rent that property. There can be no assurance that the Company will not be required at some future date to incur significant costs to comply with environmental laws, or that the Company's operations, business or assets will not be materially affected by current or future environmental laws.

The Company's transportation operations and its properties are subject to extensive and frequently-changing federal, provincial, state, municipal and local environmental laws, regulations and requirements in Canada, the United States and Mexico relating to, among other things, air

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emissions, the management of contaminants, including hazardous substances and other materials (including the generation, handling, storage, transportation and disposal thereof), discharges and the remediation of environmental impacts (such as the contamination of soil and water, including ground water). A risk of environmental liabilities is inherent in transportation operations, historic activities associated with such operations and the ownership, management or control of real estate.

Environmental laws may authorize, among other things, federal, provincial, state and local environmental regulatory agencies to issue orders, bring administrative or judicial actions for violations of environmental laws and regulations or to revoke or deny the renewal of a permit. Potential penalties for such violations may include, among other things, civil and criminal monetary penalties, imprisonment, permit suspension or revocation and injunctive relief. These agencies may also, among other things, revoke or deny renewal of the Company's operating permits, franchises or licenses for violations or alleged violations of environmental laws or regulations and impose environmental assessment, removal of contamination, follow up or control procedures.

In addition, certain environmental regulations, particularly in the United States, limit exhaust emissions. The Company believes these requirements will result in increases in new tractor and trailer prices and additional parts and maintenance costs incurred to retrofit the Company's tractors and trailers with technology to achieve compliance with such exhaust emissions standards, which could adversely affect the Company's operating results and profitability, particularly if such costs are not offset by potential fuel savings. Furthermore, any future regulations that impose restrictions, caps, taxes or other controls on emissions of greenhouse gases could adversely affect the Company's operations and financial results. Until the timing, scope and extent of any future regulation becomes known, the Company cannot predict its effect on the Company's cost structure or the Company's operating results; however, any future regulation could impair the Company's operating efficiency and productivity and result in higher operating costs.

Environmental Contamination. The Company may have liability for environmental contamination associated with its current or formerly-owned or leased facilities as well as third-party facilities. If the Company incurs liability under applicable federal, state, provincial or local laws and regulations and if it cannot identify other parties which it can compel to contribute to its expenses and who are financially able to do so, it could have a material adverse effect on the Company's financial condition and results of operations.

The Company could be subject to orders and other legal actions and procedures brought by governmental or private parties in connection with environmental contamination, emissions or discharges. Although the Company has instituted programs to monitor and control environmental risks and promote compliance with applicable environmental laws and regulations, if the Company is involved in a spill or other accident involving hazardous substances, if there are releases of hazardous substances the Company transports, if soil or groundwater

contamination is found at the Company's facilities or results from the Company's operations, or if the Company is found to be in violation of applicable laws or regulations, the Company could be subject to cleanup costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on the Company's business and operating results.

Key Personnel. The future success of the Company will be based in large part on the quality of the Company's management and key personnel. The loss of key personnel could have a negative effect on the Company. There can be no assurance that the Company will be able to retain its current personnel or, in the event of their departure, to develop or attract new personnel of equal quality.

Dependence on Third Parties. Certain portions of the Company's business are dependent upon the services of third-party capacity providers, including other transportation companies. For that portion of the Company's business, the Company does not own or control the transportation assets that deliver the customers' freight, and the Company does not employ the people directly involved in delivering the freight. This reliance could also cause delays in reporting certain events, including recognizing revenue and claims. These third-party providers seek other freight opportunities and may require increased compensation in times of improved freight demand or tight trucking capacity. The Company's inability to secure the services of these third parties could significantly limit the Company's ability to serve its customers on competitive terms. Additionally, if the Company is unable to secure sufficient equipment or other transportation services to meet the Company's commitments to the Company's customers or provide the Company's services on competitive terms, the Company's operating results could be materially and adversely affected. The Company's ability to secure sufficient equipment or other transportation services is affected by many risks beyond the Company's control, including equipment shortages in the transportation industry, particularly among contracted carriers, interruptions in service due to labour disputes, changes in regulations impacting transportation and changes in transportation rates.

Loan Default. The Company's current credit facilities and financing agreements contain certain restrictions and other covenants relating to, among other things, funded debt, distributions, liens, investments, acquisitions and dispositions outside the ordinary course of business and affiliate transactions. If the Company fails to comply with any of its financing arrangement covenants, restrictions and requirements, the Company could be in default under the relevant agreement, which could cause cross-defaults to other financing arrangements. In the event of any such default, if the Company failed to obtain replacement financing or amendments to or waivers under the applicable financing arrangement, the Company may be unable to pay dividends to its shareholders, its lenders could cease making further advances, declare the Company's debt to be immediately due and payable, fail to renew letters of credit, impose significant restrictions and requirements on the Company's operations, institute foreclosure procedures against their collateral, or impose significant fees and transaction costs. If debt

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acceleration occurs, economic conditions may make it difficult or expensive to refinance the accelerated debt or the Company may have to issue equity securities, which would dilute stock ownership. Even if new financing is made available to the Company, credit may not be available to the Company on acceptable terms. A default under the Company's financing arrangements could result in a materially adverse effect on its liquidity, financial condition and results of operations. As at the date hereof, the Company was in compliance with all of the Company's debt covenants and obligations.

Credit Facilities. The Company's credit facilities and financing agreements mature on various dates. The Company has significant ongoing capital requirements that could affect the Company's profitability if the Company is unable to generate sufficient cash from operations and/or obtain financing on favourable terms. There can be no assurance that such credit facilities or financing agreements will be renewed or refinanced, or if renewed or refinanced, that the renewal or refinancing will occur on equally favourable terms to the Company. The Company's ability to pay dividends to shareholders and ability to purchase new revenue equipment may be adversely affected if the Company is not able to renew its credit facilities or arrange refinancing, or if such renewal or refinancing, as the case may be, occurs on terms materially less favourable to the Company than at present. If the Company is unable to generate sufficient cash flow from operations and obtain financing on terms favourable to the Company in the future, the Company may have to limit the Company's fleet size, enter into less favourable financing arrangements or operate the Company's revenue equipment for longer periods, any of which may have a materially adverse effect on the Company's operations.

Customer and Credit Risks. The Company provides services to clients primarily in Canada, the United States and Mexico. The concentration of credit risk to which the Company is exposed is limited due to the significant number of customers that make up its client base and their distribution across different geographic areas. Furthermore, no client accounted for more than 5% of the Company's total accounts receivable for the period ended as of the date hereof. Generally, the Company does not have long-term contracts with the Company's major customers. Accordingly, in response to economic conditions, supply and demand factors in the industry, the Company's performance, the Company's customers' internal initiatives or other factors, the Company's customers may reduce or eliminate their use of the Company's services, or may threaten to do so to gain pricing and other concessions from the Company.

Economic conditions and capital markets may adversely affect the Company's customers and their ability to remain solvent. The customers' financial difficulties can negatively impact the Company's results of operations and financial condition, especially if those customers were to delay or default in payment to the Company. For certain customers, the Company has entered into multi-year contracts, and the rates the Company charges may not remain advantageous.

Availability of Capital. If the economic and/or the credit markets weaken, or the Company is unable to enter into acceptable financing

arrangements to acquire revenue equipment, make investments and fund working capital on terms favourable to it, the Company's business, financial results and results of operations could be materially and adversely affected. The Company may need to incur additional indebtedness, reduce dividends or sell additional shares in order to accommodate these items. A decline in the credit or equity markets and any increase in volatility could make it more difficult for the Company to obtain financing and may lead to an adverse impact on the Company's profitability and operations.

Information Systems. The Company depends heavily on the proper functioning, availability and security of the Company's information and communication systems, including financial reporting and operating systems, in operating the Company's business. The Company's operating system is critical to understanding customer demands, accepting and planning loads, dispatching equipment and drivers and billing and collecting for the Company's services. The Company's financial reporting system is critical to producing accurate and timely financial statements and analyzing business information to help the Company manage its business effectively.

The Company's operations and those of the Company's technology and communications service providers are vulnerable to interruption by natural and man-made disasters and other events beyond the Company's control. If any of the Company's critical information systems fail, are breached or become otherwise unavailable, the Company's ability to manage the Company's fleet efficiently, to respond to customers' requests effectively, to maintain billing and other records reliably, to maintain the confidentiality of the Company's data and to bill for services and prepare financial statements accurately or in a timely manner would be challenged. Any significant system failure, upgrade complication, security breach or other system disruption could interrupt or delay the Company's operations, damage the Company's reputation, cause the Company to lose customers, cause the Company to incur costs to repair the Company's systems or in respect of litigation or impact the Company's ability to manage the Company's operations and report the Company's financial performance, any of which could have a materially adverse effect on the Company's business.

Litigation. The Company's business is subject to the risk of litigation by employees, customers, vendors, government agencies, shareholders and other parties. The outcome of litigation is difficult to assess or quantify, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend litigation may also be significant. Not all claims are covered by the Company's insurance, and there can be no assurance that the Company's coverage limits will be adequate to cover all amounts in dispute. In the United States, where the Company has growing operations, many trucking companies have been subject to class-action lawsuits alleging violations of various federal and state wage and the Company's laws regarding, among other things, employee classification, employee meal breaks, rest periods, overtime eligibility, and failure to pay for all hours worked. A number of these lawsuits have resulted in the payment of substantial settlements or damages by the

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defendants. To the extent the Company experiences claims that are uninsured, exceed the Company's coverage limits, involve significant aggregate use of the Company's self-insured retention amounts or cause increases in future premiums, the resulting expenses could have a materially adverse effect on the Company's business, results of operations, financial condition and cash flows.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. Such estimates include the valuation of goodwill and intangible assets, the measurement of identified assets and liabilities acquired in business combinations, the provision for income taxes, and the self-insurance provisions. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the financial statements of future periods.

CHANGES IN ACCOUNTING POLICIES

Adopted during the period

The following new standards, and amendments to standards and interpretations, are effective for the first time for interim periods beginning on or after January 1, 2017 and have been applied in preparing the audited consolidated financial statements:

Disclosure Initiative: Amendments to IAS 7

Recognition of Deferred Tax Assets for Unrealized Losses:
Amendments to IAS 12

Annual Improvements to IFRS Standards (2014-2016 cycle)

These new standards did not have a significant impact on the Company's audited consolidated financial statements.

To be adopted in future periods

The following new standards and amendments to standards are not yet effective for the year ended December 31, 2017, and have not been applied in preparing the audited consolidated financial statements:

IFRS 15, Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment
Transactions: Amendments to IFRS 2

IFRIC 22, Foreign Currency Transactions and Advance
Consideration

IFRS 16, Leases

Annual Improvements to IFRS Standards (2015-2017 cycle)

IFRIC 23, Uncertainty over Income Tax Treatments

Further information can be found in note 3 of the December 31, 2017 audited consolidated financial statements.

CONTROLS AND PROCEDURES

In compliance with the provisions of Canadian Securities Administrators' Regulation 52-109, the Company has filed certificates signed by the President and Chief Executive Officer ("CEO") and by the Chief Financial Officer ("CFO") that, among other things, report on:

- their responsibility for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company; and
- the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

Disclosure controls and procedures ("DC&P")

The President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), have designed DC&P, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company is made known to the CEO and CFO by others, particularly during the period in which the interim and annual filings are being prepared; and
- information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As at December 31, 2017, an evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of the Company's DC&P. Based on this evaluation, the CEO and the CFO concluded that the Company's DC&P were appropriately designed and were operating effectively as at December 31, 2017.

Internal controls over financial reporting ("ICFR")

The CEO and CFO have also designed ICFR, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

As at December 31, 2017, an evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of the Company's ICFR. Based on this evaluation, the CEO and the CFO concluded that the ICFR were appropriately designed and were operating effectively as at December 31, 2017, using the criteria set forth by the Committee of Sponsoring Organizations of the

Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 framework).

Changes in internal controls over financial reporting

No changes were made to the Company's ICFR during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.