

Q1 2018

ALIMENTATION COUCHE-TARD INC.
MANAGEMENT DISCUSSION & ANALYSIS
12-week period ended July 23, 2017



Management Discussion and Analysis

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

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

Forward-Looking Statements

This MD&A includes certain statements that are “forward-looking statements” within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words “believe”, “could”, “should”, “intend”, “expect”, “estimate”, “assume” and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at September 6, 2017, which are not guarantees of the future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard’s or the industry’s outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

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

Our Business

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

As of July 23, 2017, our network comprised 9,471 convenience stores throughout North America, including 8,129 stores with road transportation fuel dispensing. Our North American network consists of 18 business units, including 14 in the United States covering 42 states and 4 in Canada covering all 10 provinces. Approximately 95,000 people are employed throughout our network and at our service offices in North America. In addition, through CrossAmerica Partners LP, we supply road transportation fuel under various brands to more than 1,200 locations in the United States.

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia through ten business units. As of July 23, 2017, this network comprised 2,754 stores, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations which only offer road transportation fuel. We also

offer other products, including stationary energy, marine fuel, aviation fuel and chemicals. Including employees at branded franchise stores, approximately 25,000 people work in our retail network, terminals and service offices across Europe.

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

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

Value Creation

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

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

Exchange Rate Data

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

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

	12-week periods ended	
	July 23, 2017	July 17, 2016
Average for period⁽¹⁾		
Canadian Dollar	0.7524	0.7754
Norwegian krone	0.1187	0.1205
Swedish krone	0.1156	0.1203
Danish krone	0.1508	0.1510
Zloty	0.2663	0.2550
Euro	1.1216	1.1235
Ruble	0.0172	0.0153

	As at July 23, 2017	As at April 30, 2017
Period end		
Canadian Dollar	0.7939	0.7329
Norwegian krone	0.1248	0.1172
Swedish krone	0.1210	0.1135
Danish krone	0.1565	0.1469
Zloty	0.2748	0.2589
Euro	0.1641	1.0930
Ruble	0.0170	0.0176

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

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

Overview of the First Quarter of Fiscal 2018

Net earnings attributable to our shareholders of the Corporation ("net earnings") amounted to \$364.7 million for the first quarter of fiscal 2018, up 13.0% over the first quarter of the previous fiscal year. Diluted net earnings per share stood at \$0.64, compared with \$0.56 for the previous year, up 14.3%.

The results for the first quarter of fiscal 2018 were affected by pre-tax restructuring and integration costs of \$43.2 million (of which \$5.2 million is attributable to non-controlling interest), a pre-tax net foreign exchange loss of \$20.3 million, a \$13.4 million tax recovery following an internal reorganization, an \$11.5 million pre-tax gain on the disposal of a terminal, an \$8.8 million pre-tax gain on the investment we held in CST, as well as a \$3.7 million pre-tax accelerated depreciation and amortization expense in connection with our global brand initiative.

The results for the comparable quarter of fiscal 2017 included a \$6.9 million pre-tax accelerated depreciation and amortization expense in connection with our global brand initiative as well as a net pre-tax net foreign exchange gain of \$3.2 million. Excluding these items, as well as acquisition costs, the adjusted diluted net earnings per share would have been \$0.67 for the first quarter of fiscal 2018, an increase of 17.5%, driven by the contribution from acquisitions, by our continued organic growth as well as by the impact of a lower income tax rate.

Multi-sites acquisitions

Acquisition of CST Brands, Inc.

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

On the same day, we sold to Parkland Fuel Corporation a significant portion of CST's Canadian assets for approximately CA \$986.0 million (\$753.0 million). The disposed assets were mainly comprised of CST's independent dealers and commission agents' network, its heating-oil business, 159 company-operated sites, as well as its Montreal head office. As a result, we retained 157 of CST's company-operated sites in Canada. No gain or loss was recognized on this sale transaction.

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

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

CrossAmerica Partners LP ("CAPL")

Pursuant to the acquisition of CST, we have also acquired the general partner of CAPL, own 100% of CAPL's Incentive Distribution Rights and hold a 20.5% equity investment in it. CAPL supplies road transportation fuel under various brands to more than 1,200 locations in the United States. The combination of CAPL with our existing wholesale network of more than 700 stores makes us a leading wholesaler of road transportation fuel in the US.

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

CAPL's accounting periods do not coincide with our accounting periods. The consolidated statement of earnings, comprehensive income, changes in equity and cash flows for the 12-week period ended July 23, 2017 include those of CAPL for the period beginning June 28, 2017 and ending June 30, 2017, adjusted for significant transactions. The consolidated balance sheet as at July 23, 2017 includes the balance sheet of CAPL as at June 30, 2017, adjusted for the preliminary estimates of the fair value of assets acquired and liabilities assumed and for significant transactions.

All transactions between Couche-Tard and CAPL are eliminated from our consolidated financial statements. These transactions consisted of a mark-up on motor fuel purchased and sold between us and CAPL, rent charged by CAPL to us and CAPL's equity ownership interest in CST Fuel Supply, a subsidiary of ours. Additionally, we provide management and corporate support services to CAPL and charge CAPL a management fee under the terms of the Amended and Restated Omnibus Agreement, as well as an allocation of certain incentive compensation. Approximately 79.5% of CAPL's operating results are attributable to non-controlling interest for the 12-week period ended July 23, 2017. Therefore, a substantial portion of the operating results of CAPL are not earned by our shareholders. The earnings attributable to CAPL's other units holders are presented as non-controlling interest.

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

CST's debt

On June 28, 2017, we repaid all of CST's outstanding borrowings under its revolving credit facilities and, on July 28, 2017, subsequent to the end of the quarter, we repaid all of CST's outstanding senior notes for an amount of \$583.7 million from amounts drawn from our acquisition facility.

Financing

In order to finance exclusively, directly or indirectly, the acquisition of CST as well as the repayments of CST's outstanding debt, we entered into a new credit agreement consisting of an unsecured non-revolving acquisition credit facility of an aggregate maximum amount of \$4.3 billion, which is available exclusively to finance the acquisition of CST and the repayment of any of CST's and its subsidiaries' outstanding debt. As of July 23, 2017, a total amount of \$3.0 billion has been drawn from this credit facility and the effective interest rate was 2.75%.

Initial investment in CST

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

Costs reductions and integration

Our first quarter of fiscal 2018 earnings include pre-tax restructuring and integration costs amounting to \$43.2 million (including \$6.5 million for CAPL, of which \$5.2 million is attributable to non-controlling interest). Those costs mostly consist of severance to employees of CST.

Our initial assessment of the expected annual costs reductions¹ opportunities associated with this transaction ranges from \$150.0 to \$200.0 million over the next 3 years. We are actively working on our integration plan and refining this initial assessment to take into account CST's latest results and the announced divestments. Once our plans are finalized, we will communicate our final costs reduction target for the retained business. As of July 23, 2017, our current annual costs reduction run rate reached approximately \$47.0 million.

From June 28, 2017, CST's results, balance sheet and cash flows are included in our consolidated financial statements. Results, balance sheet and cash flows for CAPL are also fully consolidated in our financial statements from this date. The earnings attributable to CAPL's other units holders are presented as earnings attributable to non-controlling interest.

Other transactions

On May 30, 2017, we acquired 53 company-operated sites located in Louisiana, United States from American General Investments, LLC and North American Financial Group, LLC. These convenience stores operate under the *Cracker Barrel* brand and include 11 quick service restaurants. We own the land and building for 47 sites and assume the leases for the remaining 6 locations. On the same date, we closed seven of those stores.

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

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

We financed these transactions using our available cash and existing credit facilities.

Store construction

We completed the construction, relocation or reconstruction of 23 stores during the first quarter of fiscal 2018.

As of July 23, 2017, 49 stores were under construction and should open in the upcoming quarters.

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

The following table presents certain information regarding changes in our store network over the 12-week period ended July 23, 2017⁽¹⁾. These figures exclude CAPL's store network.

Type of site	12-week period ended July 23, 2017				Total
	Company-operated ⁽²⁾	CODO ⁽³⁾	DODO ⁽⁴⁾	Franchised and other affiliated ⁽⁵⁾	
Number of sites, beginning of period	8,011	756	1,010	1,092	10,869
Acquisitions ⁽¹⁾⁽⁷⁾	1,309	6	47	-	1,362
Openings / constructions / additions	23	1	15	34	73
Closures / disposals / withdrawals	(32)	(1)	(24)	(22)	(79)
Store conversion	18	(20)	2	-	-
Number of sites, end of period	9,329	742	1,050	1,104	12,225
Number of automated fuel stations included in the period-end figures ⁽⁶⁾	964	-	17	-	981

(1) These figures include 50% of the stores operated through RDK, a joint venture and exclude CAPL's store network.

(2) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by Couche-Tard or one of its commission agents.

(3) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by an independent operator in exchange for rent and to which Couche-Tard sometimes provides road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.

(4) Sites controlled and operated by independent operators to which Couche-Tard supplies road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.

(5) Stores operated by an independent operator through a franchising, licensing or another similar agreement under one of our main or secondary banners.

(6) These sites sell road transportation fuel only.

(7) Exclude CST stores sold to Parkland Fuel Corporation as well as, stores to be divested to Empire and classified as assets held for sale as well as the Cracker Barrel stores closed at the acquisition date.

Through CAPL, we supply road transportation fuel under various brands to more than 1,200 locations in the United States.

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

Outstanding transaction

On July 10, 2017, we entered into an agreement with Holiday Companies to acquire all issued and outstanding shares of Holiday Stationstores, Inc. and certain affiliated companies ("Holiday"). Holiday is an important convenience store and fuel player in the U.S. Midwest region, with 522 sites, of which 374 are operated by Holiday and 148 are operated by franchisees. Holiday also has a strong car wash business with 221 locations, a food commissary operation and a fuel terminal in Newport, Minnesota. Its stores are located in Minnesota, Wisconsin, Washington, Idaho, Montana, Wyoming, North Dakota, South Dakota, Michigan and Alaska. On July 31, 2017, this transaction was approved by Holiday's parent company's shareholders. The transaction is subject to the customary regulatory approvals and closing conditions and is expected to close during the third quarter of fiscal 2018. We expect to finance this transaction using our available cash and existing credit facilities.

On August 7, 2017, we reached an agreement to acquire certain assets from Jet Pep, Inc., including a fuel terminal, associated trucking equipment and 18 retail sites located in Alabama. In addition, through a distinct transaction, CrossAmerica Partners LP has also agreed to purchase other assets of Jet Pep, Inc. consisting of 101 commission operated retail sites, including 92 owned sites, 5 leased sites and 4 independent commission accounts. These transactions are subject to the customary regulatory approvals and closing conditions and are expected to close during the third quarter of fiscal 2018. These transactions are expected to be financed using available cash and existing credit facilities.

Global Circle K brand

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

In connection with this project, we incurred additional capital expenditures and other expenses in order to replace and upgrade various existing assets. As a result of our plan for the replacement and upgrade of existing assets, we have accelerated the depreciation and amortization of these assets, including but not limited to, store signage and the Statoil trade name. Consequently, an incremental depreciation and amortization expense of \$3.7 million was recorded to earnings of the first quarter of fiscal 2018. We expect an incremental depreciation and amortization expense over and above normal levels of approximately \$14.0 million to \$16.0 million for fiscal 2018.

As of July 23, 2017, close to 1,800 stores in North America and close to 1,300 stores in Europe had been rebranded with our new global convenience brand Circle K.

Interest rate locks

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

Notional amount	Interest lock term	Rate	Maturity date
\$			
250.0 million	5 years	From 1.9505% to 1.9545%	July 28, 2017
250.0 million	10 years	From 2.3922% to 2.3929%	July 28, 2017

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

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

On July 26, 2017, subsequent to the end of the first quarter, we issued Canadian-dollar-denominated senior unsecured notes totaling CA \$700.0 million (approximately \$558.0 million) as well as US-dollar-denominated senior unsecured notes totaling \$2.5 billion, divided as follow.

	Notional amount	Maturity	Coupon rate
Tranche 1	\$1,000.0 million	July 26, 2022	2.700%
Tranche 2	CA\$700.0 million	July 26, 2024	3.056%
Tranche 3	\$1,000.0 million	July 26, 2027	3.550%
Tranche 4	\$500.0 million	July 26, 2047	4.500%

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

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

Cross-currency interest rate swaps

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

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity
CA \$700.0 million	3.0560%	US \$577.4 million	From 3.2255% to 3.3335%	July 26, 2024

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

Fuel supply conditions

As a result of the review of our fuel supply strategy, starting August 1, 2017, we now supply our Scandinavian stores network through multiple suppliers, primarily through 12 to 18 months contracts. We believe we will benefit from these changes through improved supply conditions and increased flexibility.

Sale of a terminal

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

Event outside of the normal course of business

Subsequent to the end of the quarter, our store network was impacted by hurricane Harvey in Texas. 123 of our stores were affected at various levels and had to close for a certain period of time. As of September 5, 2017, 24 stores were still closed. We are working assiduously to support our employees and reopen our stores. We will continue our diligent work towards reopening our stores and will work with our insurance companies in order to minimize the financial impact of the storm as much as possible.

Dividends

During its September 6, 2017 meeting, the Corporation's Board of Directors declared a quarterly dividend of CA 9.0¢ per share for the first quarter of fiscal 2018 to shareholders on record as at September 15, 2017 and approved its payment for September 29, 2017. This is an eligible dividend within the meaning of the Income Tax Act of Canada.

Outstanding shares and stock options

As at August 31, 2017, Couche-Tard had 147,766,540 Class A multiple-voting shares and 420,685,723 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 1,873,435 outstanding stock options for the purchase of Class B subordinate voting shares.

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

The following table highlights certain information regarding our operations for the 12-week periods ended July 23, 2017 and July 17, 2016. CAPL refers to CrossAmerica Partners LP.

It should be noted that during the third quarter of fiscal 2017, we adjusted and finalized the purchase price allocation from the acquisition of Topaz. Results for the first quarter of fiscal 2017 were adjusted to reflect the related impacts on financial results previously reported.

<i>(in millions of US dollars, unless otherwise stated)</i>	12-week period ended July 23, 2017	12-week period ended July 17, 2016	Variation
Statement of Operations Data:			
Merchandise and service revenues ⁽¹⁾ :			
United States	1,981.1	1,812.9	9.3
Europe	320.6	263.6	21.6
Canada	477.1	456.3	4.6
CAPL	1.0	-	100.0
Total merchandise and service revenues	2,779.8	2,532.8	9.8
Road transportation fuel revenues:			
United States	4,242.0	3,807.9	11.4
Europe	1,597.7	1,351.4	18.2
Canada	967.4	501.9	92.7
CAPL	15.6	-	100.0
Elimination of intercompany transactions with CAPL	(2.7)	-	(100.0)
Total road transportation fuel revenues	6,820.0	5,661.2	20.5
Other revenues ⁽²⁾ :			
United States	3.1	3.0	3.3
Europe	237.5	223.5	6.3
Canada	6.6	0.1	6,500.0
CAPL	0.5	-	100.0
Elimination of intercompany transactions with CAPL	(0.3)	-	(100.0)
Total other revenues	247.4	226.6	9.2
Total revenues	9,847.2	8,420.6	16.9
Merchandise and service gross profit ⁽¹⁾ :			
United States	659.4	602.0	9.5
Europe	134.9	109.9	22.7
Canada	167.0	151.4	10.3
CAPL	0.3	-	100.0
Total merchandise and service gross profit	961.6	863.3	11.4
Road transportation fuel gross profit:			
United States	402.5	362.5	11.0
Europe	239.1	210.2	13.7
Canada	82.6	39.2	110.7
CAPL	0.7	-	100.0
Elimination of intercompany transactions with CAPL	-	-	-
Total road transportation fuel gross profit	724.9	611.9	18.5
Other revenues gross profit ⁽²⁾ :			
United States	3.1	3.0	3.3
Europe	42.2	41.1	2.7
Canada	6.8	0.1	6,700.0
CAPL	0.5	-	100.0
Elimination of intercompany transactions with CAPL	(0.3)	-	(100.0)
Total other revenues gross profit	52.3	44.2	18.3
Total gross profit	1,738.8	1,519.4	14.4
Operating, selling, administrative and general expenses			
Excluding CAPL	1,031.5	915.8	12.6
CAPL	0.8	-	100.0
Elimination of intercompany transactions with CAPL	(1.0)	-	(100.0)
Total Operating, selling, administrative and general expenses	1,031.3	915.8	12.6
Gain on disposal of property and equipment and other assets	(16.8)	(1.6)	952.3
Integration and restructuring costs (including \$6.5 million for CAPL)	43.2	-	100.0
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets			
Excluding CAPL	169.8	146.4	100.0
CAPL	0.5	-	100.0
Total depreciation, amortization and impairment of property and equipment, intangible assets and other assets	170.3	146.4	16.3
Operating income	516.4	458.8	12.6
Excluding CAPL	516.4	458.8	12.6
CAPL	(6.3)	-	(100.0)
Elimination of intercompany transactions with CAPL	0.7	-	100.0
Total operating income	510.8	458.8	11.3
Net earnings including non-controlling interest	359.5	322.8	11.4
Net loss attributable to non-controlling interest	5.2	0.0	100.0
Net earnings attributable to shareholders of the Corporation	364.7	322.8	13.0
Per Share Data:			
Basic net earnings per share (dollars per share)	0.64	0.56	14.3
Diluted net earnings per share (dollars per share)	0.64	0.56	14.3
Adjusted diluted net earnings per share (dollars per share)	0.67	0.57	17.5

	12-week period ended July 23, 2017	12-week period ended July 17, 2016	Variation %
Other Operating Data – excluding CAPL:			
Merchandise and service gross margin ⁽¹⁾ :			
Consolidated	34.6%	34.1%	0.5
United States	33.3%	33.2%	0.1
Europe	42.1%	41.7%	0.4
Canada	35.0%	33.2%	1.8
Growth of (decrease in) same-store merchandise revenues ⁽³⁾ :			
United States ⁽⁴⁾	1.4%	2.4%	
Europe	1.4%	4.9%	
Canada ⁽⁴⁾	(0.2%)	0.9%	
Road transportation fuel gross margin:			
United States (cents per gallon) ⁽⁴⁾	20.75	20.86	(0.5)
Europe (cents per litre)	8.97	8.70	3.2
Canada (CA cents per litre) ⁽⁴⁾	8.22	6.78	21.2
Total volume of road transportation fuel sold:			
United States (millions of gallons)	1,934.3	1,751.9	10.4
Europe (millions of litres)	2,664.2	2,415.5	10.3
Canada (millions of litres)	1,329.1	752.9	76.5
Growth of (decrease in) same-store road transportation fuel volume:			
United States ⁽⁴⁾	0.4%	2.5%	
Europe	(0.3%)	0.9%	
Canada ⁽⁴⁾	(0.2%)	0.6%	

(in millions of US dollars, unless otherwise stated)

	July 23, 2017	April 30, 2017	Variation \$
Balance Sheet Data:			
Total assets (including \$1.1 billion for CAPL)	20,114.1	14,185.6	5,928.5
Interest-bearing debt (including \$472.8 million for CAPL)	7,936.1	3,354.9	4,581.2
Shareholders' equity	6,512.6	6,009.6	503.0
Indebtedness Ratios ⁽⁵⁾:			
Net interest-bearing debt/total capitalization ⁽⁶⁾	0.50 : 1	0.31 : 1	
Net interest-bearing debt/Adjusted EBITDA ^{(7) (11)}	2.31 : 1	1.09 : 1	
Adjusted net interest-bearing debt/Adjusted EBITDAR ^{(8) (11)}	3.07 : 1	2.02 : 1	
Returns ⁽⁵⁾:			
Return on equity ^{(9) (11)}	21.1%	22.5%	
Return on capital employed ^{(10) (11)}	11.8%	15.8%	

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

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

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

(4) For company-operated stores only.

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

(6) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments divided by the addition of shareholders' equity and long-term debt, net of cash and cash equivalents and temporary investments. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation.

(7) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments divided by EBITDA (Earnings before Interest, Tax, Depreciation, Amortization and Impairment) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation.

(8) This measure is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt plus the product of eight times rent expense, net of cash and cash equivalents and temporary investments divided by EBITDAR (Earnings before Interest, Tax, Depreciation, Amortization, Impairment and Rent expense) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation.

(9) This measure is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: net earnings divided by average equity for the corresponding period. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

(10) This measure is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: earnings before income taxes and interests divided by average capital employed for the corresponding period. Capital employed represents total assets less short-term liabilities not bearing interests. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

(11) As of July 23, 2017, this ratio is presented for the 53-week period ended July 23, 2017 on a pro forma basis for the acquisition of CST and for the store network acquired from Imperial Oil. As of April 30, 2017, this measure is presented for the 53-week period ended April 30, 2017 on a pro forma basis for the store network acquired from Imperial Oil. Given the timing of the acquisition of CST, we have not yet completed the fair value assessment of the assets acquired, the liabilities assumed and the goodwill for this transaction. CST's earnings and balance sheet figures have been adjusted to make their presentation in line with Couche-Tard's policies.

Revenues

Our revenues were \$9.8 billion for the first quarter of fiscal 2018, up by \$1.4 billion, an increase of 16.9% compared with the corresponding quarter of fiscal 2017, mainly attributable to the contribution from acquisitions, to a higher average road transportation fuel selling price, as well as to organic growth. These items, which contributed to the increase in revenues, were partly offset by the negative net impact from the translation of revenues of our Canadian and European operations into US dollars.

Total merchandise and service revenues for the first quarter of fiscal 2018 were \$2.8 billion, an increase of \$247.0 million compared with the corresponding quarter of fiscal 2017. Excluding CAPL's revenues as well as the negative net impact from the translation of our European and Canadian operations into US dollars, merchandise and service revenues increased by approximately \$263.0 million or 10.4%. This increase is attributable to the contribution from acquisitions, which amounted to approximately \$208.0 million as well as to organic growth. Same-store merchandise revenues increased by 1.4% in the United States, despite the general softness in the retail industry and unfavorable weather conditions in certain parts of the country. In Europe, same-store merchandise revenues increased by 1.4%, driven by the success of our rebranding activities and the rollout and improvements of our food programs. In Canada, same-store merchandise revenues decreased by 0.2%, still impacted by the challenging economic conditions and competitive landscape in the western part of the country as well as by sub-optimal weather conditions in the Eastern part of the country in May and June.

Total road transportation fuel revenues for the first quarter of fiscal 2018 were \$6.8 billion, an increase of \$1.2 billion compared with the corresponding quarter of fiscal 2017. Excluding CAPL's revenues as well as the negative net impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues increased by approximately \$1,159.0 million or 20.5%. This increase was attributable to the contribution from acquisitions, which amounted to approximately \$862.0 million as well as to the impact of a higher average road transportation fuel selling price, which had a positive impact of approximately \$209.0 million. Same-store road transportation fuel volumes increased by 0.4% in the United States due to – among other things – the positive response from customers to our fuel rebranding initiatives and micro-market strategies. In Europe, same-store road transportation fuel volumes decreased by 0.3%, mainly as a result of the weaker market conditions toward the end of the quarter. In Canada, same-store road transportation fuel volumes decreased by 0.2%, mainly as a result of the challenging economy in Western Canada.

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

Quarter	2 nd	3 rd	4 th	1 st	Weighted average
53-week period ended July 23, 2017					
United States (US dollars per gallon) – excluding CAPL	2.10	2.18	2.25	2.21	2.19
Europe (US cents per litre)	58.01	61.87	62.46	61.39	60.98
Canada (CA cents per litre)	90.36	94.67	97.20	99.81	96.02
52-week period ended July 17, 2016					
United States (US dollars per gallon) – excluding CAPL	2.36	1.99	1.86	2.20	2.10
Europe (US cents per litre)	66.12	57.04	51.59	58.65	58.02
Canada (CA cents per litre)	97.79	88.41	82.28	92.66	90.39

Total other revenues for the first quarter of fiscal 2018 were \$247.4 million, an increase of \$20.8 million compared with the corresponding quarter of fiscal 2017. Excluding CAPL's revenues, other revenues increased by \$20.6 million in the first quarter of fiscal 2018, including the contribution from acquisitions, which amounted to approximately \$7.0 million.

Gross profit

Our gross profit was \$1.7 billion for the first quarter of fiscal 2018, up by \$219.4 million, an increase of 14.4% compared with the corresponding quarter of fiscal 2017, mainly attributable to the contribution from acquisitions as well as to organic growth, partly offset by the negative net impact from the translation of operations of our Canadian and European operations into US dollars.

In the first quarter of fiscal 2018, our merchandise and service gross profit was \$961.6 million, an increase of \$98.3 million compared with the corresponding quarter of fiscal 2017. Excluding CAPL's gross profit as well as the net negative impact from the translation of our European and Canadian operations into US dollars, our first quarter of fiscal 2018 merchandise and service gross profit increased by \$104.0 million or 12.0%. This increase is attributable to the contribution from acquisitions, which amounted to approximately \$78.0 million and to our organic growth. Our gross margin increased by 0.1% in the United States to 33.3% because of the changes in our product mix towards higher margin categories. Our margin increased by 0.4% in Europe to 42.1%, benefiting from the roll-out of our food programs in our recently acquired stores. In Canada, our gross margin increased by 1.8% to 35.0% because of a different revenue mix in our recently acquired Imperial Oil stores network.

In the first quarter of fiscal 2018, our road transportation fuel gross profit was \$724.9 million, an increase of \$113.0 million compared with the corresponding quarter of fiscal 2017. Excluding CAPL's gross profit as well as the net negative impact from the translation of our European and Canadian operations into US dollars, our first quarter of fiscal 2018 road transportation fuel gross profit increased by \$123.6 million or 20.6%. In the first quarter of fiscal 2018, the road transportation fuel gross margin was 20.75¢ per gallon in the United States, a decrease of 0.11¢ per gallon attributable to lower margins in the CST network. Excluding CST stores, gross margin in the US would have been 21.20¢ per gallon. In Europe, the road transportation gross margin was 8.97¢ per litre, an increase of 0.27¢ per litre, while in Canada, the road transportation fuel gross margin was CA 8.22¢ per litre, an increase of CA 1.44¢ per litre, mainly attributable to higher margins in our newly acquired Imperial Oil stores network.

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

(US cents per gallon)

Quarter	2 nd	3 rd	4 th	1 st	Weighted average
53-week period ended July 23, 2017					
Before deduction of expenses related to electronic payment modes	19.87	18.33	15.47	20.75	18.59
Expenses related to electronic payment modes	3.99	3.99	4.12	3.79	3.97
After deduction of expenses related to electronic payment modes	15.88	14.34	11.35	16.96	14.62
52-week period ended July 17, 2016					
Before deduction of expenses related to electronic payment modes	25.66	19.90	16.78	20.86	20.74
Expenses related to electronic payment modes	4.19	3.84	3.74	4.08	3.96
After deduction of expenses related to electronic payment modes	21.47	16.06	13.04	16.78	16.78

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

In the first quarter of fiscal 2018, our other revenues gross profit was \$52.3 million, an increase of \$8.1 million compared with the corresponding quarter of fiscal 2017. Excluding CAPL's gross profit, other revenues gross profit increased by \$7.9 million in the first quarter of fiscal 2018, mainly explained by the contribution from acquisitions, which amounted to approximately \$7.0 million.

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

For the first quarter of fiscal 2018, expenses increased by 12.6% compared with the corresponding periods of fiscal 2017, but increased by only 1.7% if we exclude certain items as demonstrated by the following table:

	12-week period ended July 23, 2017
Total variance as reported	12.6%
Adjust for:	
Increase from incremental expenses related to acquisitions	(9.1%)
Increase from the five additional days for European operations	(1.7%)
Decrease from the net impact of foreign exchange translation	0.8%
Increase from higher electronic payment fees, excluding acquisitions	(0.6%)
Acquisition costs recognized to earnings of fiscal 2018	(0.4%)
Acquisition costs recognized to earnings of fiscal 2017	0.1%
CAPL's expenses for fiscal 2018	-
Remaining variance	1.7%

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

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

During the first quarter of fiscal 2018, EBITDA increased from \$614.7 million to \$689.7 million, a growth of 12.2% compared with the same quarter last year.

Excluding the specific items shown in the table below from EBITDA of the first quarter of fiscal 2018 and of the first quarter of fiscal 2017, the adjusted EBITDA for the first quarter of fiscal 2018 increased by \$99.6 million or 16.2% compared with the corresponding period of the previous fiscal year, mainly through the contribution from acquisitions and organic growth.

Acquisitions contributed approximately \$76.0 million to the adjusted EBITDA of the first quarter of fiscal 2018, while the variation in exchange rates had a negative net impact of approximately \$3.0 million.

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

(in millions of US dollars)	12-week period ended July 23, 2017	12-week period ended July 17, 2016
Net earnings including non-controlling interest	359.5	322.8
Add:		
Income taxes	100.7	120.7
Net financial expenses	59.2	24.8
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	170.3	146.4
EBITDA including non-controlling interest	689.7	614.7
Adjusted for:		
Restructuring and integration costs attributable to shareholders of the Corporation (including \$1.2 million for our interest in CAPL)	38.0	-
Gain on disposal of a terminal	(11.5)	-
Gain on investment in CST	(8.8)	-
Negative EBITDA attributable to non-controlling interest	4.6	-
Acquisition costs	3.3	1.0
Adjusted EBITDA	715.3	615.7

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

The depreciation expense for the first quarter of fiscal 2018 was \$170.3 million, an increase of \$23.9 million compared with the first quarter of fiscal 2017. Excluding CAPL, the depreciation expense increased by \$23.4 million, mainly driven by the impact from investments made through acquisitions, the replacement of equipment, the addition of new stores and the ongoing improvement of our network. The depreciation expense for the first quarter of fiscal 2018 includes a charge of \$3.7 million for the accelerated depreciation and amortization of certain assets in connection with our global rebranding project.

Net financial expenses

Net financial expenses for the first quarter of fiscal 2018 were \$59.2 million, an increase of \$34.4 million compared with the first quarter of fiscal 2017. Excluding the net foreign exchange loss of \$20.3 million and a net foreign exchange gain of \$3.2 million recorded in the first quarters of fiscal 2018 and of fiscal 2017, respectively, as well as CAPL’s financial expenses, net financial expenses increased by \$10.9 million. This increase is mainly attributable to our higher average long-term debt in connection with our recent acquisitions, partly offset by the repayments made. The net foreign exchange loss of \$20.3 million for the first quarter of fiscal 2018 is mainly due to the impact of foreign exchange variations on certain cash balances and working capital items.

Income taxes

The income tax rate for the first quarter of fiscal 2018 was 21.9% compared with an income tax rate of 27.2% for the first quarter of fiscal 2017. The income tax rate for the quarter was positively impacted by a tax recovery of \$13.4 million stemming from an internal reorganization. Excluding this tax recovery, our income tax rate would have been 24.8% for the first quarter of fiscal 2018. The decrease in the adjusted income tax rate stems from a different geographical mix in our earnings.

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

We closed the first quarter of fiscal 2018 with net earnings of \$364.7 million, compared with \$322.8 million for the first quarter of the previous fiscal year, an increase of \$41.9 million or 13.0%. Diluted net earnings per share stood at \$0.64, compared with \$0.56 the previous year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a negative net impact of approximately \$2.0 million on net earnings of the first quarter of fiscal 2018.

Excluding the items shown in the table below from net earnings of the first quarter of fiscal 2018 and fiscal 2017, this quarter’s net earnings would have been approximately \$381.0 million, compared with \$327.0 million for the comparable quarter of the previous year, an increase of \$54.0 million or 16.5%. Adjusted diluted net earnings per share would have been approximately \$0.67 for the first quarter of fiscal 2018, compared with \$0.57 for the corresponding period of fiscal 2017, an increase of 17.5%.

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

(in millions of US dollars)	12-week period ended July 23, 2017	12-week period ended July 17, 2016
Net earnings attributable to shareholders, as reported	364.7	322.8
Adjust for:		
Restructuring and integration costs – attributable to shareholders of the Corporation	38.0	-
Net foreign exchange loss (gain)	20.3	(3.2)
Tax recovery stemming from an internal reorganization	(13.4)	-
Gain on disposal of a terminal	(11.5)	-
Gain on investment in CST	(8.8)	-
Accelerated depreciation and amortization expense	3.7	6.9
Acquisition costs	3.3	1.0
Tax impact of the items above and rounding	(15.3)	(0.5)
Adjusted net earnings	381.0	327.0

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

Financial Position as at July 23, 2017

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

Our total consolidated assets amounted to \$20.1 billion as at July 23, 2017, an increase of \$5.9 billion over the balance as at April 30, 2017, primarily stemming from the acquisition of CST. It should be noted that we have updated our balance sheet as at April 30, 2017 to reflect the final adjustments we made during fiscal 2018 to the purchase price allocation for the Dansk Fuel A/S acquisition.

During the 53-week period ended on July 23, 2017, we recorded a return on capital employed of 11.8%.

Significant balance sheet variations are explained as follows:

Property and equipment

Property and equipment increased by \$2.5 billion, from \$7.5 billion as at April 30, 2017, to \$10.0 billion as at July 23, 2017, mainly as a result of the acquisition of CST, the investments we made to our network and the positive net impact of approximately \$258.0 million from the exchange rates variation at the balance sheet date, partly offset by the depreciation, amortization and impairment expense.

Goodwill

Goodwill increased by \$2.4 billion, from \$2.4 billion as at April 30, 2017, to \$4.8 billion as at July 23, 2017, mainly as a result of the acquisition of CST and by the positive net impact of approximately \$93.0 million from the exchange rates variation at the balance sheet date. Since we have not yet completed our fair value assessment of the assets acquired, the liabilities assumed and the goodwill for CST, we expect that the fair values of assets acquired and liabilities assumed as well as the goodwill will be adjusted during fiscal 2018.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by \$318.0 million, from \$2.7 billion as at April 30, 2017, to \$3.0 billion as at July 23, 2017. The increase mainly stems from the acquisition of CST and the net impact of approximately \$115.0 million from the exchange rates variation at the balance sheet date.

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

Long-term debt and current portion of long-term debt increased by \$4.6 billion, from \$3.4 billion as at April 30, 2017, to \$7.9 billion as at July 23, 2017, mainly as a result of the financing of the CST acquisition as well as the inclusion of CST's and CAPL's debts in our consolidated balance sheet. The remainder is explained by the impact of the strength of the Canadian dollar and Euro against the US dollar as of the balance sheet date, which had a negative impact of approximately \$162.0 million.

Shareholders' equity

Shareholders' equity amounted to \$6.5 billion as at April 30, 2017, up \$503.0 million compared with April 30, 2017, mainly reflecting net earnings and other comprehensive income for the first quarter of fiscal 2018, partly offset by dividends declared. For the 53-week period ended July 23, 2017, we recorded a return on equity of 21.1%.

Liquidity and Capital Resources

Except for our new acquisition facility, our sources of liquidities remained unchanged since April 30, 2017. For further information regarding our sources of liquidities, please refer to our 2017 Annual Report. With respect to our capital expenditures and acquisitions of the first quarter of fiscal 2018, they were financed using available cash as well as our existing credit facilities, except for CST, which was financed using our new acquisition facility. We expect that cash generated from operations and borrowings available under our revolving unsecured credit facilities will be adequate to meet our liquidity needs in the foreseeable future.

Our credit facilities are detailed as follow:

Acquisition facility

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

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

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

As at July 23, 2017, \$3.0 billion of our acquisition facility had been used. As at the same date, the weighted average effective interest rate was 2.75%.

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

Credit agreement consisting of a revolving unsecured facility of a maximum amount of \$2,525.0 million. As at July 23, 2017, \$1.1 billion of our operating credit D had been used. As at the same date, the effective interest rate was 2.0% and standby letters of credit in the amount of \$15.1 million were outstanding.

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

Credit agreement consisting of a revolving unsecured facility of an initial maximum amount of €25.0 million maturing on January 30, 2020. The credit facility is available in Euros, in the form of a revolving unsecured operating credit. The amounts borrowed bear interest at variable rates based on the funding base rate or the EURIBOR rate plus a variable margin. As at July 23, 2017, operating credit F was unused.

CAPL US-dollar-denominated senior secured revolving credit facility, without recourse to ACT

As at July 23, 2017, through the consolidation of CAPL, we had a credit agreement consisting of a US-dollar-denominated senior secured revolving credit facility of a maximum amount of \$550.0 million, maturing on March 4, 2019, under which swing-line

loans may be drawn up to \$25.0 million and standby letters of credit may be issued up to an aggregate of \$45.0 million. This facility was without recourse to the Corporation.

As at July 23, 2017, the effective interest rate was 4.11% and CAPL was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

Available liquidities

As at July 23, 2017, a total of approximately \$1.5 billion was available under our revolving unsecured operating credit facilities and we were in compliance with the restrictive covenants and ratios imposed by the credit agreements at that date. Thus, at the same date, we had access to approximately \$2.5 billion through our available cash and revolving unsecured operating credit facilities.

Selected Consolidated Cash Flow Information

(in millions of US dollars)	12-week periods ended		
	July 23, 2017	July 17, 2016	Variation
Operating activities			
Net cash provided by operating activities	521.5	413.2	108.3
Investing activities			
Business acquisitions	(3,574.6)	(1.4)	(3,573.2)
Proceeds from the disposal of certain of CST's Canadian assets	752.5	-	752.5
Purchase of property and equipment, intangible assets and other assets, net of proceeds from the disposal of property and equipment and other assets	(154.4)	(108.5)	(45.9)
Proceeds from disposal of an available-for-sale investment	91.6	-	91.6
Investment in an associated company held-for-sale	-	(294.0)	294.0
Other	4.1	(3.4)	7.5
Net cash used in investing activities	(2,880.8)	(407.3)	(2,473.5)
Financing activities			
Net increase in acquisition facility, net of financing costs	2,949.5	-	2,949.5
Repayment of debt assumed on business acquisition	(498.8)	-	(498.8)
Net decrease in revolving unsecured operating credit D	364.7	(821.4)	1,186.1
Net decrease in other debts	(10.5)	(8.0)	(2.5)
Settlement of interest rate locks	(15.6)	-	(15.6)
Settlement of cross-currency interest rate swaps	(5.6)	(9.8)	4.2
Issuance of Euro-denominated senior unsecured notes, net of financing costs	-	853.8	(853.8)
Net cash from financing activities	2,783.7	14.6	2,769.1
Credit ratings			
S&P Global Ratings – Corporate credit rating	BBB	BBB	
Moody's – Senior unsecured notes credit rating	Baa2	Baa2	

Operating activities

During the first quarter of fiscal 2018, net cash from our operations reached \$521.5 million, up \$108.3 million compared with the first quarter of fiscal 2017, mainly due to higher net earnings, partly offset by changes in working capital.

Investing activities

During the first quarter of fiscal 2018, investing activities were primarily for the acquisition of CST for an amount of \$3.6 billion and for net investments in property and equipment, intangible assets and other assets which amounted to \$154.4 million.

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

Investing activities were also positively affected by the proceeds from the sale of a portion of CST's Canadian assets to Parkland Fuel Corporation for an amount of \$752.5 million and the proceeds from our original investment in CST for an amount of \$91.6 million.

Financing activities

During the first quarter of fiscal 2018, we drew a net amount of \$2.9 billion on our acquisition facility for the acquisition of CST and drew a net amount of \$364.7 million on our revolving unsecured operating credit. We also repaid an amount of \$498.8 million on the debt assumed through CST acquisition.

Contractual Obligations and Commercial Commitments

Other than the changes in our long term debt described above, there were no major changes with respect to our contractual obligations and commercial commitments during the 12-week period ended July 23, 2017. For more information, please refer to our 2017 Annual Report.

Internal Controls over Financial Reporting

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We also maintain a system of disclosure controls and procedures designed to ensure, in all material respects, the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at July 23, 2017, except for the exclusion of CST's internal controls describe below, our management, following its assessment, certifies the design and operating effectiveness of the Corporation's disclosure controls and procedures.

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

We exclude CST's internal control over financial reporting from our evaluation of the overall effectiveness of our internal control over financial reporting. This is due to the size and timing of the transaction, which occurred on June 28, 2017. The limitation is primarily based on the time required to assess CST's controls over financial reporting and to confirm they are consistent with ours, as permitted by the Canadian Securities Administrator's National Instrument 52-109 for 365 days following an acquisition. We expect to finalize our assessment by the end of fiscal 2018.

CST's results since the acquisition date are included in our consolidated financial statements and constituted approximately 26.0% of total consolidated assets as of July 23, 2017, approximately 6.0% of consolidated revenues and 3.0% of consolidated net earnings for the 12-week period ending on that date.

Selected Quarterly Financial Information

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

(in millions of US dollars except for per share data)	12-week period ended July 23, 2017	53-week period ended April 30, 2017				Extract from 52-week period ended April 24, 2016		
	1 st	4 th	3 rd	2 nd	1 st	4 th	3 rd	2 nd
Quarter	12 weeks	13 weeks	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks
Revenues	9,847.2	9,622.6	11,415.8	8,445.5	8,420.6	7,397.1	9,331.1	8,436.8
Operating income before depreciation, amortization and impairment of property and equipment, intangible assets and other assets	681.1	514.4	628.7	617.0	605.2	454.8	618.7	685.8
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	170.3	154.4	210.1	156.7	146.4	162.7	192.8	137.6
Operating income	510.8	360.0	418.6	460.3	458.8	292.1	425.9	548.2
Share of earnings of joint ventures and associated companies accounted for using the equity method	8.6	7.2	8.4	5.3	9.5	6.5	8.8	8.2
Net financial expenses	59.2	46.0	43.3	21.9	24.8	32.2	33.5	25.2
Net earnings including non-controlling interest	359.5	277.6	287.0	321.5	322.8	203.9	274.0	415.7
Net earnings attributable to non-controlling interest	(5.2)	-	-	-	-	-	-	-
Net earnings attributable to shareholders of the Corporation	364.7	277.6	287.0	321.5	322.8	203.9	274.0	415.7
Net earnings per share attributable to shareholder								
Basic	\$0.64	\$0.49	\$0.51	\$0.57	\$0.56	\$0.36	\$0.48	\$0.73
Diluted	\$0.64	\$0.49	\$0.50	\$0.57	\$0.56	\$0.36	\$0.48	\$0.73

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

Outlook

For the remainder of fiscal 2018, our focus will be the integration of our recent acquisitions into our network and the identification and realization of associated synergies. We will continue our implementation of some of our Circle K concepts into these sites and our identification of potential synergies for each acquisition. We will also work diligently towards the closing and integration of the Holiday acquisition.

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

In conclusion, we see the remaining of fiscal 2018 as a year to continue the integration of our recent acquisitions and the deployment of our brand Circle K whilst keeping an eye on opportunities in our various markets.

September 6, 2017