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Quarterly Report

16 AND 40-WEEK PERIODS ENDED FEBRUARY 3, 2019



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 third quarter of the fiscal year ending April 28, 2019. 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 audited annual consolidated financial statements and notes thereto included in our 2018 Annual Report, which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, is available on SEDAR at <https://www.sedar.com/> and on our website at <https://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 March 19, 2019, which are not guarantees of the future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard’s or the industry’s outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

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

Our Business

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

As of February 3, 2019, our network comprised 9,933 convenience stores throughout North America, including 8,662 stores with road transportation fuel dispensing. Our North American network consists of 19 business units, including 15 in the United States covering 48 states and 4 in Canada covering all 10 provinces. Approximately 105,000 people are employed throughout our network and at our service offices in North America. In addition, through CrossAmerica Partners LP (“CAPL”), we supply road transportation fuel under various brands to approximately 1,300 locations in the United States.

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia through ten business units. As of February 3, 2019, our network comprised 2,709 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 and aviation fuel. Including employees at branded franchise stores, approximately 25,000 people work in our retail network, terminals and service offices across Europe.

In addition, under licensing agreements, more than 2,100 stores are operated under the Circle K banner in 14 other countries and territories (Cambodia, China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Mexico, Mongolia, Saudi Arabia, the United Arab Emirates and Vietnam), which brings our worldwide total network to more than 16,000 stores.

Our mission is to make our customers' lives a little easier every day. 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 customers' expectations for clean, welcoming environment and an easy experience. Our leading position in the industry stems primarily from our business model, which is based on a decentralized management structure, ongoing comparison of best practices and operational expertise enhanced by our experience in the various regions of our network. Our success is also attributable to the quality of our in-store offers and on our continued investment in our people and our stores while maintaining a strong cost discipline.

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 tables set forth information about exchange rates based upon closing rates expressed as US dollars per comparative currency unit:

	16-week periods ended		40-week periods ended	
	February 3, 2019	February 4, 2018	February 3, 2019	February 4, 2018
Average for period⁽¹⁾				
Canadian dollar	0.7542	0.7912	0.7622	0.7822
Norwegian krone	0.1177	0.1235	0.1204	0.1230
Swedish krone	0.1107	0.1211	0.1118	0.1202
Danish krone	0.1528	0.1600	0.1550	0.1568
Zloty	0.2653	0.2833	0.2689	0.2761
Euro	1.1400	1.1913	1.1560	1.1667
Ruble	0.0150	0.0173	0.0153	0.0172

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

	As at February 3, 2019	As at April 29, 2018
Period end		
Canadian dollar	0.7609	0.7763
Norwegian krone	0.1186	0.1250
Swedish krone	0.1104	0.1148
Danish krone	0.1537	0.1620
Zloty	0.2684	0.2863
Euro	1.1471	1.2070
Ruble	0.0153	0.0160

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 Third Quarter of Fiscal 2019

Financial Results

Net earnings attributable to shareholders of the Corporation ("net earnings") amounted to \$612.1 million for the third quarter of fiscal 2019 compared with \$482.4 million for the third quarter of fiscal 2018. Diluted net earnings per share stood at \$1.08, compared with \$0.85 for the corresponding period of the previous year.

The results for the third quarter of fiscal 2019 were affected by a pre-tax gain from the disposal of the marine fuel business of \$3.2 million, pre-tax restructuring costs of \$1.6 million, a pre-tax net foreign exchange gain of \$1.5 million, as well as pre-tax acquisition costs of \$0.6 million.

The results for the comparable quarter of fiscal 2018 were affected by a net tax benefit of \$218.6 million (of which \$14.1 million is attributable to non-controlling interest) following the approval of the "U.S. Tax Cuts and Jobs Act", a pre-tax net foreign exchange loss of \$9.8 million, a \$6.6 million pre-tax accelerated depreciation and amortization expense and pre-tax incremental costs of \$3.0 million, both in connection with the Corporation's global brand initiative, pre-tax restructuring and integration costs of \$6.8 million, pre-tax acquisition costs of \$4.2 million, pre-tax negative goodwill of \$2.8 million, as well as by pre-tax incremental expenses caused by hurricanes totaling \$1.8 million.

Excluding these items, the adjusted diluted net earnings per share would have remained at \$1.08¹ for the third quarter of fiscal 2019, compared with \$0.53¹ for the third quarter of fiscal 2018, an increase of 103.8%, driven by higher road transportation fuel margins in the U.S., organic growth, as well as by the contribution from acquisitions, partly offset by a higher income tax rate as well as the net negative impact from the translation of our Canadian and European operations into US dollars. All financial information is in US dollars unless stated otherwise.

Changes in our Network

Single-site acquisitions

During the third quarter of fiscal 2019, we acquired three company-operated stores through distinct transactions and added two company-operated stores through RDK, a joint-venture, for a total of seven company-operated stores since the beginning of fiscal 2019.

Store construction

During the third quarter of fiscal 2019, we completed the construction, relocation or reconstruction of 11 stores, reaching a total of 32 stores since the beginning of the fiscal year. As of February 3, 2019, 42 stores were under construction and should open in the upcoming quarters.

¹ Please refer to the section "Net earnings attributable to shareholders of the Corporation ("net earnings") and adjusted net earnings attributable to shareholders of the Corporation ("adjusted net earnings")" of this Management Discussion & Analysis for additional information on this performance measure not defined by IFRS.

Summary of changes in our store network during the third quarter and first three quarters of fiscal 2019

The following table presents certain information regarding changes in our store network over the 16-week period ended February 3, 2019⁽¹⁾:

Type of site	16-week period ended February 3, 2019				
	Company-operated ⁽²⁾	CODO ⁽³⁾	DODO ⁽⁴⁾	Franchised and other affiliated ⁽⁵⁾	Total
Number of sites, beginning of period	9,672	695	1,053	1,241	12,661
Acquisitions	5	-	2	-	7
Openings / constructions / additions	11	-	21	23	55
Closures / disposals / withdrawals	(37)	(3)	(20)	(21)	(81)
Store conversion	230	(234)	2	2	-
Number of sites, end of period	9,881	458	1,058	1,245	12,642
CAPL network					1,284
Circle K branded sites under licensing agreements					2,146
Total network					16,072
Number of automated fuel stations included in the period-end figures ⁽⁶⁾	969	-	14	-	983

The following table presents certain information regarding changes in our store network over the 40-week period ended February 3, 2019⁽¹⁾:

Type of site	40-week period ended February 3, 2019				
	Company-operated ⁽²⁾	CODO ⁽³⁾	DODO ⁽⁴⁾	Franchised and other affiliated ⁽⁵⁾	Total
Number of sites, beginning of period	9,718	722	1,051	1,249	12,740
Acquisitions	7	-	2	-	9
Openings / constructions / additions	32	1	44	71	148
Closures / disposals / withdrawals	(130)	(6)	(42)	(77)	(256)
Store conversion	254	(259)	3	2	-
Number of sites, end of period	9,881	458	1,245	1,245	12,642
CAPL network					1,284
Circle K branded sites under licensing agreements					2,146
Total network					16,072

(1) These figures include 50% of the stores operated through RDK, a joint venture.

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

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

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

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

(6) These sites sell road transportation fuel only.

Disposal of Statoil Fuel & Retail Marine AS

On December 1, 2018, we completed the disposal of our marine fuel business to St1 Norge AS through a share purchase agreement pursuant to which St1 Norge AS acquired 100 % of all issued and outstanding shares of Statoil Fuel & Retail Marine AS. Total proceeds from the disposal were \$24.3 million. The transaction resulted in a pre-tax gain on disposal of \$3.2 million.

Asset Exchange Agreement with CAPL

On December 17, 2018, we entered into an Asset Exchange Agreement with CAPL under which 192 Circle K U.S. company-operated stores will be exchanged against the real estate property currently held by CAPL for 56 U.S. company-operated stores currently leased and operated by Couche-Tard pursuant to a master lease that CAPL had previously purchased jointly with or from CST Brands Inc. ("CST"), and 17 company-operated stores currently owned and operated by CAPL in the U.S. Upper Midwest. The aggregate value of this agreement is approximately \$185.0 million. The Circle K stores to be sold to CAPL will remain our property until dealers are secured to operate the sites. The existing fuel supply arrangements for the 56 master lease properties will remain unchanged. It is expected that the exchange of assets will occur in a series of transactions over a period of up to 24 months, starting in the first half of calendar year 2019. As CAPL is fully consolidated in our consolidated financial statements, no gain or loss are expected from these transactions.

CST Integration

As at February 3, 2019, our annual synergies run rate for the CST acquisition reached approximately \$207.0 million. These synergies should result in reductions in operating, selling, administrative and general expenses, as well as improvements in road transportation fuel and merchandise distribution and supply costs. We are confident that we will reach our synergy target of \$215.0 million¹.

Global Circle K Brand

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

As of February 3, 2019, more than 4,900 stores in North America, including approximately 550 stores acquired from CST, and more than 1,900 stores in Europe were proudly displaying our new global brand.

Restructuring

During the quarter, as part of our cost's reduction initiatives and the search for synergies aimed at improving our efficiency, we made the decision to proceed with the restructuring of certain of our operations. As such, an additional restructuring expense of \$1.6 million was recorded to earnings of the third quarter of fiscal 2019.

US-Dollar-Denominated Unsecured Non-Revolver Credit Facility

On November 28, 2018, we entered into a new credit agreement consisting of an unsecured non-revolving credit facility of an aggregate maximum amount of \$213.5 million, maturing June 27, 2020 (the "credit facility").

The credit facility was available exclusively to repay a portion of amounts outstanding in principal, interest and fees under our acquisition facility. Amounts could be drawn up to 5 business days after November 28, 2018 and can be reimbursed at any time. The credit facility was available in US dollars by way of loans bearing interest at the US base rate or the LIBOR rate plus 0.850%.

During the quarter, we used the entire credit facility to repay the remaining outstanding balance of our acquisition facility. As at February 3, 2019, the effective interest rate was 3.359% and we were in compliance with the restrictive provisions and ratios imposed by the credit agreement.

New Share Repurchase Program

On March 19, 2019, we announced, subject to TSX approval, our intention to implement a new share repurchase program which would allow us to repurchase up to 4.0% of our Class B subordinate voting shares.

¹ As our previously stated goal is considered a forward looking statement, we are required, pursuant to securities laws, to clarify that our synergies estimate is based on a number of important factors and assumptions. Among other things, our synergies objective is based on our comparative analysis of organizational structures and current level of spending across our network as well as on our ability to bridge the gap, where relevant. Our synergies objective is also based on our assessment of current contracts 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 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 estimate as well as the timing of the implementation of our different initiatives.

Dividends

On March 19, 2019, the Board of Directors approved an increase in the quarterly dividend of CA 2.5¢ per share bringing it to CA 12.5¢ per share, an increase of 25.0%.

During the same meeting, the Board of directors declared a quarterly dividend of CA 12.5¢ per share for the third quarter of fiscal 2019 to shareholders on record as at March 28, 2019, and approved its payment for April 11, 2019. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

Outstanding Shares and Stock Options

As at March 15, 2019, Couche-Tard had 126,908,950 Class A multiple-voting shares and 437,423,720 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 1,741,596 outstanding stock options for the purchase of Class B subordinate voting shares.

Summary Analysis of Consolidated Results for the Third Quarter and First Three Quarters of Fiscal 2019

The following table highlights certain information regarding our operations for the 16 and 40-week periods ended February 3, 2019, and February 4, 2018. CAPL refers to CrossAmerica Partners LP.

	16-week periods ended			40-week periods ended		
	February 3, 2019	February 4, 2018	Variation %	February 3, 2019	February 4, 2018	Variation %
<i>(in millions of US dollars, unless otherwise stated)</i>						
Statement of Operations Data:						
Merchandise and service revenues ⁽¹⁾ :						
United States	3,133.4	2,807.3	11.6	8,311.9	7,028.9	18.3
Europe	405.3	411.9	(1.6)	1,114.5	1,052.6	5.9
Canada	618.3	596.9	3.6	1,686.9	1,600.3	5.4
CAPL	22.0	24.4	(9.8)	75.7	53.9	40.4
Elimination of intercompany transactions with CAPL	(0.7)	-	(100.0)	(2.2)	-	(100.0)
Total merchandise and service revenues	4,178.3	3,840.5	8.8	11,186.8	9,735.7	14.9
Road transportation fuel revenues:						
United States	7,740.2	7,291.5	6.2	21,968.5	16,909.7	29.9
Europe	2,396.6	2,266.3	5.7	6,420.6	5,635.7	13.9
Canada	1,377.3	1,554.6	(11.4)	3,924.6	3,669.7	6.9
CAPL	511.4	514.1	(0.5)	1,775.5	1,030.8	72.2
Elimination of intercompany transactions with CAPL	(93.5)	(89.6)	4.4	(364.7)	(136.0)	168.2
Total road transportation fuel revenues	11,932.0	11,536.9	3.4	33,724.5	27,109.9	24.4
Other revenues ⁽²⁾ :						
United States	6.4	6.9	(7.2)	16.9	14.9	13.4
Europe	380.0	388.3	(2.1)	1,023.7	874.8	17.0
Canada	7.3	8.9	(18.0)	19.7	21.9	(10.0)
CAPL	15.3	16.8	(8.9)	45.7	33.2	37.7
Elimination of intercompany transactions with CAPL	(4.3)	(6.5)	33.8	(13.0)	(10.8)	20.4
Total other revenues	404.7	414.4	(2.3)	1,093.0	934.0	17.0
Total revenues	16,515.0	15,791.8	4.6	46,004.3	37,779.6	21.8
Merchandise and service gross profit ⁽¹⁾ :						
United States	1,055.0	930.6	13.4	2,809.9	2,332.8	20.5
Europe	169.5	173.9	(2.5)	465.6	443.3	5.0
Canada	204.6	203.0	0.8	569.3	551.9	3.2
CAPL	5.4	6.3	(14.3)	18.4	13.6	35.3
Elimination of intercompany transactions with CAPL	(0.6)	-	(100.0)	(1.9)	-	(100.0)
Total merchandise and service gross profit	1,433.9	1,313.8	9.1	3,861.3	3,341.6	15.6
Road transportation fuel gross profit:						
United States	914.5	492.5	85.7	2,021.5	1,432.9	41.1
Europe	272.7	270.1	1.0	755.1	763.2	(1.1)
Canada	116.5	141.2	(17.5)	310.3	324.4	(4.3)
CAPL	28.1	23.6	19.1	81.3	47.5	71.2
Total road transportation fuel gross profit	1,331.8	927.4	43.6	3,168.2	2,568.0	23.4
Other revenues gross profit ⁽²⁾ :						
United States	6.4	7.3	(12.3)	16.9	15.3	10.5
Europe	43.5	50.4	(13.7)	117.8	131.4	(10.4)
Canada	7.3	8.8	(17.0)	19.7	21.8	(9.6)
CAPL	15.3	16.8	(8.9)	45.7	33.2	37.7
Elimination of intercompany transactions with CAPL	(4.3)	(6.5)	(33.8)	(13.0)	(10.8)	20.4
Total other revenues gross profit	68.2	76.8	(11.2)	187.1	190.9	(2.0)
Total gross profit	2,833.9	2,318.0	22.3	7,216.6	6,100.5	18.3
Operating, selling, administrative and general expenses						
Excluding CAPL	1,682.9	1,573.8	6.9	4,262.2	3,785.7	12.6
CAPL	20.5	23.4	(12.4)	58.9	45.2	30.3
Elimination of intercompany transactions with CAPL	(4.8)	(4.2)	14.3	(14.5)	(8.4)	72.6
Total Operating, selling, administrative and general expenses	1,698.6	1,593.0	6.6	4,306.6	3,822.5	12.7
Restructuring costs (including \$6.5 million for CAPL for the 40-week period ended February 4, 2018)	1.6	6.8	(76.5)	7.9	50.0	(84.2)
(Gain) loss on disposal of property and equipment and other assets	(6.5)	3.3	(297.0)	(5.8)	(14.3)	(59.4)
Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets, and other assets						
Excluding CAPL	286.1	263.5	8.6	703.6	625.0	12.6
CAPL	19.1	26.7	(28.5)	125.6	44.8	180.4
Total depreciation, amortization and impairment of property and equipment, goodwill, intangible assets, and other assets	305.2	290.2	5.2	829.2	669.8	23.8
Operating income	825.9	430.2	92.0	2,118.2	1,577.1	34.3
Excluding CAPL	9.2	(3.2)	(387.5)	(39.1)	(2.2)	1,677.3
CAPL	(0.1)	(2.3)	(95.7)	(0.4)	(2.4)	(83.3)
Elimination of intercompany transactions with CAPL	835.0	424.7	96.6	2,078.7	1,572.5	32.2
Net earnings including non-controlling interests	611.8	489.3	25.0	1,531.4	1,282.3	19.4
Net loss (earnings) attributable to non-controlling interests	0.3	(6.9)	(104.3)	9.4	(2.7)	(448.1)
Net earnings attributable to shareholders of the Corporation	612.1	482.4	26.9	1,540.8	1,279.6	20.4
Per Share Data:						
Basic net earnings per share (dollars per share)	1.08	0.86	25.6	2.73	2.26	20.8
Diluted net earnings per share (dollars per share)	1.08	0.85	27.1	2.73	2.25	21.3
Adjusted diluted net earnings per share (dollars per share)	1.08	0.53	103.8	2.80	2.01	39.3

	16-week periods ended			40-week periods ended		
	February 3, 2019	February 4, 2018	Variation %	February 3, 2019	February 4, 2018	Variation %
<i>(in millions of US dollars, unless otherwise stated)</i>						
Other Operating Data – excluding CAPL:						
Merchandise and service gross margin ⁽¹⁾ :						
Consolidated	34.4%	34.3%	0.1	34.6%	34.4%	0.2
United States	33.7%	33.1%	0.6	33.8%	33.2%	0.6
Europe	41.8%	42.2%	(0.4)	41.8%	42.1%	(0.3)
Canada	33.1%	34.0%	(0.9)	33.7%	34.5%	(0.8)
Growth of (decrease in) same-store merchandise revenues ⁽³⁾ :						
United States ⁽⁴⁾⁽¹³⁾	4.5%	0.1%		4.4%	0.5%	
Europe	2.9%	3.6%		4.8%	2.3%	
Canada ⁽⁴⁾	4.9%	0.5%		5.5%	(0.5%)	
Road transportation fuel gross margin:						
United States (cents per gallon) ⁽⁴⁾	29.42	15.66	87.9	25.12	19.74	27.3
Europe (cents per liter)	8.30	7.87	5.5	8.72	8.73	(0.1)
Canada (CA cents per liter) ⁽⁴⁾	8.11	9.33	(13.1)	8.45	8.67	(2.5)
Total volume of road transportation fuel sold:						
United States (millions of gallons)	3,263.9	3,146.4	3.7	8,466.3	7,258.9	16.6
Europe (millions of liters)	3,287.3	3,430.3	(4.2)	8,660.6	8,755.8	(1.1)
Canada (millions of liters)	1,912.0	1,873.4	2.1	4,839.0	4,656.7	3.9
Growth of (decrease in) same-store road transportation fuel volume:						
United States ⁽⁴⁾⁽¹³⁾	0.8%	(0.4%)		0.9%	(0.5%)	
Europe	(1.4%)	0.5%		(0.6%)	0.0%	
Canada ⁽⁴⁾	(0.6%)	(0.3%)		(1.9%)	(0.9%)	

(in millions of US dollars, unless otherwise stated)

	February 3, 2019	April 29, 2018 ⁽¹⁴⁾	Variation \$
Balance Sheet Data:			
Total assets (excluding \$1.2 billion and \$1.3 billion for CAPL as at February 3, 2019 and as at April 29, 2018, respectively)	21,096.0	21,862.7	(766.7)
Interest-bearing debt (excluding \$521.6 million and \$536.8 million for CAPL as at February 3, 2019 and as at April 29, 2018, respectively)	6,849.3	8,369.9	(1,520.6)
Shareholders' equity	8,813.4	7,560.4	1,253.0
Indebtedness Ratios⁽⁹⁾:			
Net interest-bearing debt/total capitalization ⁽⁶⁾	0.41 : 1	0.50 : 1	
Leverage ratio ⁽⁷⁾⁽¹¹⁾	1.72 : 1	2.46 : 1	
Adjusted leverage ratio ⁽⁸⁾⁽¹¹⁾	2.38 : 1	3.13 : 1	
Returns⁽⁶⁾:			
Return on equity ⁽⁹⁾⁽¹¹⁾	23.8%	24.8%	
Return on capital employed ⁽¹⁰⁾⁽¹²⁾	13.9%	12.0%	

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

(2) Includes revenues from the rental of assets and from the sale of stationary energy, marine fuel (until November 30, 2018) and aviation fuel.

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

(4) For company-operated stores only.

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

(6) This 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, 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, as referenced in footnote 5. We believe this ratio is useful to investors and analysts.

(7) 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, 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, as referenced in footnote 5. We believe this ratio is useful to investors and analysts.

(8) This measure is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt plus the product of eight times rent expense, net of cash and cash equivalents and temporary investments divided by EBITDAR (Earnings before Interest, Tax, Depreciation, Amortization, Impairment and Rent expense) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation, as referenced in footnote 5. We believe this measure is useful to investors and analysts.

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

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

(11) As at April 29, 2018, these ratios are presented for the 52-week period ended April 29, 2018 on a pro forma basis for the acquisition of CST and Holiday. CST's and Holiday's historical earnings and balance sheet figures have been adjusted to make their presentation in line with our policies.

(12) As at February 3, 2019 and as at April 29, 2018, this measure is presented for the 52-week period ended February 3, 2019 and for the 52-week period ended April 29, 2018, respectively, on a pro forma basis for the acquisition of CST and Holiday. CST's and Holiday's historical earnings and balance sheet figures have been adjusted to make their presentation in line with our policies.

(13) Does not include Holiday stores for the 16 and 40-week period ended February 4, 2018.

(14) The information as at April 29, 2018, has been adjusted based on our estimates of the fair value of the assets acquired, the liabilities assumed and the goodwill for the Holiday acquisition.

Revenues

Our revenues were \$16.5 billion for the third quarter of fiscal 2019, up by \$723.2 million, an increase of 4.6% compared with the corresponding quarter of fiscal 2018, mainly attributable to the contribution from acquisitions, to a higher average road transportation fuel selling price and to organic growth, partly offset by the net negative impact from the translation of revenues of our Canadian and European operations into US dollars.

For the first three quarters of fiscal 2019, our revenues increased by \$8.2 billion or 21.8% compared with the first three quarters of fiscal 2018 mainly attributable to similar factors as those of the third quarter.

Merchandise and service revenues

Total merchandise and service revenues for the third quarter of fiscal 2019 were \$4.2 billion, an increase of \$337.8 million compared with the corresponding quarter of fiscal 2018. Excluding CAPL's revenues, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by approximately \$394.0 million or 10.3%. This increase is primarily attributable to the contribution from acquisitions, which amounted to approximately \$174.0 million, and to continued organic growth. Same-store merchandise revenues increased by 4.5% in the United States and by 4.9% in Canada, continuing on the solid trend from the last quarters. Same-store merchandise revenues increased by 4.8% in our CST U.S. stores network and by 11.8% in our CST Canada stores network, driven by the success of our rebranding activities and improvements made to our offering. In Europe, same-store merchandise revenues increased by 2.9%.

For the first three quarters of fiscal 2019, the growth in merchandise and service revenues was \$1.5 billion. Excluding CAPL's revenues as well as the net negative impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by \$1.5 billion or 15.5%. Acquisitions contributed approximately \$1.0 billion to this increase. Same-store merchandise revenues grew by 4.4% in the United States, by 4.8% in Europe, and by 5.5% in Canada.

Road transportation fuel revenues

Total road transportation fuel revenues for the third quarter of fiscal 2019 were \$11.9 billion, an increase of \$395.1 million compared with the corresponding quarter of fiscal 2018. Excluding CAPL's revenues, as well as the net negative impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues increased by approximately \$612.0 million or 5.5%. This increase is attributable to the contribution from acquisitions, which amounted to approximately \$503.0 million and to the impact of a higher average road transportation fuel selling price, which had a positive impact of approximately \$288.0 million, partly offset by lower revenues on our wholesale business. Same-store road transportation fuel volumes in the United States increased by 0.8%, including the nice performance of our CST U.S. network, which posted same-store road transportation fuel volumes growth of 1.3%. In Europe, same-store road transportation fuel volumes decreased by 1.4% due to the competitive landscape and unfavorable weather in the Baltics and Poland, while in Canada, same-store road transportation fuel volumes decreased by 0.6%, an improvement compared to the trend from previous quarters, as we see the new loyalty program in our Esso stores gaining momentum.

For the first three quarters of fiscal 2019, the growth in road transportation fuel revenues was \$6.6 billion. Excluding CAPL's revenues, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, road transportation fuel revenues increased by \$6.4 billion or 24.4%. This increase is attributable to the impact of a higher average road transportation fuel selling price, which had a positive impact of approximately \$3.4 billion, as well as to the contribution from acquisitions, which amounted to approximately \$3.1 billion. Same-store road transportation fuel volumes increased by 0.9% in the United States, while it decreased by 0.6% in Europe and by 1.9% in Canada.

The following table shows the average selling price of road transportation fuel of our company-operated stores in our various markets for the last eight quarters, starting with the fourth quarter of the fiscal year ended April 30, 2017:

Quarter	4 th	1 st	2 nd	3 rd	Weighted average
<u>52-week period ended February 3, 2019</u>					
United States (US dollars per gallon) – excluding CAPL	2.51	2.76	2.72	2.42	2.59
Europe (US cents per liter)	78.32	75.07	80.56	75.28	77.21
Canada (CA cents per liter)	110.39	117.95	115.22	97.59	109.34
<u>53-week period ended February 4, 2018</u>					
United States (US dollars per gallon) – excluding CAPL	2.25	2.21	2.47	2.30	2.32
Europe (US cents per liter)	62.46	61.39	68.23	71.19	66.46
Canada (CA cents per liter)	97.20	99.81	101.46	108.11	102.25

Other revenues

Total other revenues for the third quarter and first three quarters of fiscal 2019 were \$404.7 million and \$1.1 billion, respectively, a decrease of \$9.7 million and an increase of \$159.0 million compared with the corresponding periods of fiscal 2018, respectively. Excluding CAPL's revenues, other revenues decreased by \$10.4 million and increased by \$148.7 million in the third quarter and first three quarters of fiscal 2019, respectively. The increase for the first three quarters of fiscal 2019 is primarily driven by an increase in other fuel demand and other fuel products average selling price.

Gross profit

Our gross profit was \$2.8 billion for the third quarter of fiscal 2019, up by \$515.9 million, an increase of 22.3% compared with the corresponding quarter of fiscal 2018, mainly attributable to higher fuel margins in the U.S., the contribution from acquisitions and to organic growth, partly offset by the net negative impact from the translation of our Canadian and European operations into US dollars.

Merchandise and service gross profit

In the third quarter of fiscal 2019, our merchandise and service gross profit was \$1.4 billion, an increase of \$120.1 million compared with the corresponding quarter of fiscal 2018. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, merchandise and service gross profit increased by approximately \$142.0 million or 10.9%. This increase is attributable to the contribution from acquisitions, which amounted to approximately \$62.0 million, and to our organic growth. Our gross margin increased by 0.6% in the United States to 33.7%, and decreased by 0.4% in Europe to 41.8%, both due to a different product mix. In Canada, our gross margin decreased by 0.9% to 33.1%, mainly as a result of the conversion of our Esso stores from the agent model to the corporate model, as well as from the increase in taxes on cigarettes and other tobacco products.

During the first three quarters of fiscal 2019, the consolidated merchandise and service gross profit was \$3.9 billion, an increase of \$519.7 million compared with the corresponding period of fiscal 2018. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, consolidated merchandise and service gross profit increased by approximately \$543.0 million or 16.3%. The gross margin was 33.8% in the United States, an increase of 0.6%, 41.8% in Europe, a decrease of 0.3%, while in Canada the gross margin was 33.7%, a decrease of 0.8%, for similar factors to those of the third quarter.

Road transportation fuel gross profit

In the third quarter of fiscal 2019, our road transportation fuel gross profit was \$1.3 billion, an increase of \$404.4 million compared with the corresponding quarter of fiscal 2018. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, our third quarter of fiscal 2019 road transportation fuel gross profit increased by approximately \$423.0 million or 46.8%. Our road transportation fuel gross margin was 29.42¢ per gallon in the United States, an increase of 13.76¢ per gallon, mainly driven by a sharp decline of crude oil prices during the quarter. In Europe, the road transportation fuel gross margin was US 8.30¢ per liter, an increase of US 0.43¢ per liter, while in Canada, the road transportation fuel gross margin was CA 8.11¢ per liter, a decrease of CA 1.22¢ per liter due to increased competitive pressure.

During the first three quarters of fiscal 2019, our road transportation fuel gross profit was \$3.2 billion, an increase of \$600.2 million compared with the corresponding period of fiscal 2018. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, road transportation fuel gross profit increased by approximately \$596.0 million or 23.6%. The road transportation fuel gross margin was 25.12¢ per gallon in the United States, US 8.72¢ per liter in Europe, and CA 8.45¢ per liter in Canada.

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 fourth quarter of the fiscal year ended April 30, 2017, were as follows:

(US cents per gallon)

Quarter	4 th	1 st	2 nd	3 rd	Weighted average
52-week period ended February 3, 2019					
Before deduction of expenses related to electronic payment modes	17.29	22.70	21.88	29.42	23.26
Expenses related to electronic payment modes	3.62	4.21	4.10	3.92	3.96
After deduction of expenses related to electronic payment modes	13.67	18.49	17.78	25.50	19.29
53-week period ended February 4, 2018					
Before deduction of expenses related to electronic payment modes	15.47	20.75	24.70	15.66	18.88
Expenses related to electronic payment modes	4.12	3.79	4.21	3.73	3.94
After deduction of expenses related to electronic payment modes	11.35	16.96	20.49	11.92	14.94

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

Other revenues gross profit

In the third quarter and first three quarters of fiscal 2019, other revenues gross profit was \$68.2 million and \$187.1 million, respectively, a decrease of \$8.6 million and \$3.8 million compared with the corresponding periods of fiscal 2018, respectively. Excluding CAPL's gross profit, other revenues gross profit decreased by \$9.3 million and \$14.1 million in the third quarter and first three quarters of fiscal 2019, respectively.

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

For the third quarter and first three quarters of fiscal 2019, expenses increased by 6.6% and 12.7%, respectively, compared with the corresponding periods of fiscal 2018, but increased by only 3.2% and 3.3%, respectively, if we exclude certain items that are not considered indicative of future trends:

	16-week period ended February 3, 2019	40-week period ended February 3, 2019
Total variance, as reported	6.6%	12.7%
Adjusted for:		
Increase from incremental expenses related to acquisitions	(3.8%)	(8.6%)
Decrease from the net impact of foreign exchange translation	1.9%	1.0%
Increase from settlements and reserves adjustments for specific elements ⁽¹⁾	(1.6%)	(0.7%)
Increase from higher electronic payment fees, excluding acquisitions	(0.4%)	(1.0%)
Negative goodwill recognized to earnings of fiscal 2018	(0.2%)	(0.1%)
Incremental costs from our global brand initiatives recognized to earnings of fiscal 2018	0.2%	0.1%
Acquisition costs recognized to earnings of fiscal 2018	0.2%	0.3%
Decrease (increase) in CAPL's expenses	0.2%	(0.4%)
Additional costs incurred following Hurricanes Harvey and Irma recognized to earnings of fiscal 2018	0.1%	0.2%
Compensatory payment to CAPL for divestiture of assets	-	(0.2%)
Remaining variance	3.2%	3.3%

(1) During the third quarter of fiscal 2019, we settled various claims and adjusted our reserves in connection with specific events of the quarter, which had a pre-tax negative impact of \$24.2 million on our earnings.

Growth in expenses was primarily driven by higher minimum wages in certain regions, higher expenses needed to support our organic growth, by the conversion of our Esso stores from the agent model to the corporate model and by proportionally higher operational expenses in our recently built stores, as these stores generally have a larger footprint and higher sales than the average of our existing network. Excluding the conversion of our Esso stores from the agent model to the corporate model, the remaining variance for the third quarter of fiscal 2019 would have been 2.9%. We continue to rigorously focus on controlling 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 third quarter of fiscal 2019, EBITDA increased from \$724.1 million to \$1.1 billion, a growth of 58.5% compared with the same quarter last year. Excluding the specific items shown in the table below from EBITDA of the third quarter of fiscal 2019 and of the corresponding period of fiscal 2018, the adjusted EBITDA for the third quarter of fiscal 2019 increased by \$405.7 million or 56.4% compared with the corresponding period of the previous fiscal year, mainly through the contribution from higher fuel margins in the U.S., acquisitions and organic growth, partly offset by the net negative impact from the translation of the results of our Canadian and European operations into US dollars. Acquisitions contributed approximately \$62.0 million to the adjusted EBITDA of the third quarter of fiscal 2019, while the variation in exchange rates had a net negative impact of approximately \$17.0 million.

During the first three quarters of fiscal 2019, EBITDA increased from \$2.3 billion to \$2.9 billion, a growth of 29.1% compared with the same period last year. Excluding the specific items shown in the table below from EBITDA of the first three quarters of fiscal 2019 and of the corresponding period of fiscal 2018, the adjusted EBITDA for the first three quarters of fiscal 2019 increased by \$601.4 million or 26.4% compared with the corresponding period of the previous fiscal year, for similar factors as those of the third quarter. Acquisitions contributed approximately \$269.0 million to the adjusted EBITDA of the first three quarters of fiscal 2019, while the variation in exchange rates had a net negative impact of approximately \$24.0 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 and payment of dividends. Note that our definition of these measures may differ from the one used by other public corporations.

(in millions of US dollars)	16-week periods ended		40-week periods ended	
	February 3, 2019	February 4, 2018	February 3, 2019	February 4, 2018
Net earnings including non-controlling interests, as reported	611.8	489.3	1,531.4	1,282.3
Add:				
Income taxes	140.4	(166.3)	325.6	56.6
Net financial expenses	90.1	110.9	241.5	259.7
Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets, and other assets	305.2	290.2	829.2	669.8
EBITDA	1,147.5	724.1	2,927.7	2,268.4
Adjusted for:				
EBITDA attributable to non-controlling interests	(21.1)	(17.4)	(61.3)	(34.0)
Gain on the disposal of the marine fuel business	(3.2)	-	(3.2)	-
Restructuring costs attributable to shareholders of the Corporation	1.6	6.8	7.9	44.8
Acquisition costs	0.6	4.2	1.8	10.9
Compensatory payment to CAPL for divestiture of assets, net of non-controlling interests	-	-	5.0	-
Incremental costs from our global brand initiatives	-	3.0	-	3.0
Negative goodwill	-	(2.8)	-	(2.8)
Incremental costs related to hurricanes	-	1.8	-	6.6
Gain on disposal of a terminal	-	-	-	(11.5)
Gain on investment in CST	-	-	-	(8.8)
Adjusted EBITDA	1,125.4	719.7	2,877.9	2,276.6

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

For the third quarter and first three quarters of fiscal 2019, our depreciation expense increased by \$15.0 million and \$159.4 million, respectively, including the \$55.0 million impairment charge on CAPL’s goodwill recorded in the first quarter of fiscal 2019. Excluding CAPL’s results, the depreciation expense increased by \$22.6 million and by \$78.6 million for the third quarter and first three quarters of fiscal 2019, respectively, 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.

Net financial expenses

Net financial expenses for the third quarter of fiscal 2019 were \$90.1 million, a decrease of \$20.8 million compared with the third quarter of fiscal 2018. Excluding the items shown in the table below from net financial expenses of the third quarters of fiscal 2019 and 2018, net financial expenses decreased by \$9.3 million, mainly attributable to our lower average long-term debt following the repayments made. The net foreign exchange gain of \$1.5 million for the third quarter of fiscal 2019 is mainly due to the impact of foreign exchange variations on certain cash balances and working capital items.

Net financial expenses for the first three quarters of fiscal 2019 were \$241.5 million, a decrease of \$18.2 million compared with the first three quarters of fiscal 2018. Excluding the items shown in the table below from net financial expenses of the first three quarters of fiscal 2019 and 2018, net financial expenses increased by \$25.7 million, 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 gain of \$4.2 million for the first three quarters of fiscal 2019 is mainly due to the impact of foreign exchange variations on certain cash balances and working capital items.

(in millions of US dollars)	16-week periods ended		40-week periods ended	
	February 3, 2019	February 4, 2018	February 3, 2019	February 4, 2018
Net financial expenses, as reported	90.1	110.9	241.5	259.7
Adjusted for:				
Foreign exchange gain (loss)	1.5	(9.8)	4.2	(47.4)
CAPL’s financial expenses	(7.5)	(7.7)	(21.6)	(13.9)
Net financial expenses excluding items above	84.1	93.4	224.1	198.4

Income taxes

The income tax rate for the third quarter of fiscal 2019 was 18.7% compared with 16.2% for the corresponding period of fiscal 2018, when excluding the net tax benefit of \$218.6 million stemming from the “U.S. Tax Cuts and Jobs Act” of the third quarter of fiscal 2018. The increase of the income tax rate of the third quarter of fiscal 2019 stems from higher pre-tax earnings. For the first three quarters of fiscal 2019, the income tax rate is 17.5% compared with 20.6% for the corresponding period of fiscal 2018, when excluding the same net tax benefit in fiscal 2018 stemming from the “U.S. Tax Cuts and Jobs Act”.

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

Net earnings for the third quarter of fiscal 2019 were \$612.1 million, compared with \$482.4 million for the third quarter of the previous fiscal year, an increase of \$129.7 million or 26.9%. Diluted net earnings per share stood at \$1.08, compared with \$0.85 the previous year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net negative impact of approximately \$10.0 million on net earnings of the third quarter of fiscal 2019.

Excluding the items shown in the table below from net earnings of the third quarter of fiscal 2019 and of fiscal 2018, adjusted net earnings for the third quarter of fiscal 2019 would have been approximately \$609.0 million, compared with \$301.0 million for the third quarter of fiscal 2018, an increase of \$308.0 million or 102.3%. Adjusted diluted net earnings per share would have remained at \$1.08 for the third quarter of fiscal 2019 compared with \$0.53 for the corresponding period of fiscal 2018, an increase of 103.8%.

For the first three quarters of fiscal 2019, net earnings were \$1.5 billion, compared with \$1.3 billion for the comparable period of fiscal 2018, an increase of \$261.2 million or 20.4%. Diluted net earnings per share stood at \$2.73, compared with \$2.25 the previous year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net negative impact of approximately \$16.0 million on net earnings of the first three quarters of fiscal 2019.

Excluding the items shown in the table below from net earnings of the first three quarters of fiscal 2019 and fiscal 2018, net earnings for the first three quarters of fiscal 2019 would have been \$1.6 billion, compared with \$1.1 billion for the comparable period of the previous year, an increase of \$442.0 million or 38.8%. Adjusted diluted net earnings per share would have been \$2.80 for the first three quarters of fiscal 2019, compared with \$2.01 for the corresponding period of fiscal 2018, an increase of 39.3%.

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

(in millions of US dollars)	16-week periods ended		40-week periods ended	
	February 3, 2019	February 4, 2018	February 3, 2019	February 4, 2018
Net earnings attributable to shareholders of the Corporation, as reported	612.1	482.4	1,540.8	1,279.6
Adjusted for:				
Gain on the disposal of the marine fuel business	(3.2)	-	(3.2)	-
Restructuring costs attributable to shareholders of the Corporation	1.6	6.8	7.9	44.8
Net foreign exchange (gain) loss	(1.5)	9.8	(4.2)	47.4
Acquisition costs	0.6	4.2	1.8	10.9
Impairment charge on CAPL’s goodwill	-	-	55.0	-
Tax benefit stemming from the decrease of the statutory income tax rate in Sweden	-	-	(6.2)	-
Compensatory payment to CAPL for divestiture of assets, net of non-controlling interests	-	-	5.0	-
Tax benefit stemming from the “U.S. Tax Cuts and Jobs Act” attributable to shareholders of the Corporation	-	(204.5)	-	(204.5)
Accelerated depreciation and amortization expense	-	6.6	-	14.5
Incremental costs from our global brand initiatives	-	3.0	-	3.0
Negative goodwill	-	(2.8)	-	(2.8)
Incremental costs related to hurricanes	-	1.8	-	6.6
Tax benefit stemming from an internal reorganization	-	-	-	(13.4)
Gain on disposal of a terminal	-	-	-	(11.5)
Gain on investment in CST	-	-	-	(8.8)
Tax impact of the items above and rounding	(0.6)	(6.3)	(16.9)	(27.8)
Adjusted net earnings attributable to shareholders of the Corporation	609.0	301.0	1,580.0	1,138.0

It should be noted that adjusted net earnings is not a performance measure defined by IFRS, but we, as well as investors and analysts, 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 February 3, 2019

As shown by our indebtedness ratios included in the “Summary Analysis of Consolidated Results for the Third Quarter and First Three Quarters of Fiscal 2019” section and our net cash provided by operating activities, our financial position is solid.

Our total consolidated assets amounted to \$22.2 billion as at February 3, 2019, a decrease of \$909.5 million over the balance as at April 29, 2018, primarily from the negative effect of the variation in exchange rates at the balance sheet date. It should be noted that we have updated our balance sheet as at April 29, 2018, to reflect the adjustments we made to the fair value assessment of the assets acquired, the liabilities assumed and the goodwill for the Holiday acquisition.

During the 52-week period that ended on February 3, 2019, we recorded a return on capital employed of 13.9%.

Significant balance sheet variations are explained as follows:

Property and equipment

Property and equipment decreased by \$279.7 million, from \$11.3 billion as at April 29, 2018, to \$11.0 billion as at February 3, 2019, mainly as a result of the depreciation, amortization and impairment expense, as well as the net negative impact of approximately \$160.0 million from the exchange rates variation at the balance sheet date, partly offset by the investments we made to our network.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased by \$524.9 million, from \$3.8 billion as at April 29, 2018, to \$3.3 billion as at February 3, 2019. The decrease mainly stems from lower cost for road transportation fuel, timing of payment, in addition to the impact of the weakening of local currencies compared to the US dollar, which was approximately \$68.0 million.

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

Long-term debt and current portion of long-term debt decreased by \$1.5 billion, from \$8.9 billion as at April 29, 2018, to \$7.4 billion as at February 3, 2019, mainly as a result of net payments of \$1.2 billion made on our revolving unsecured operating credit, net payments of \$200.0 million made on our acquisition and credit facilities as well as the impact of the weakening of the Canadian dollar and Euro against the US dollar, which was approximately \$83.0 million.

Equity

Equity attributable to shareholders of the Corporation amounted to \$8.8 billion as at February 3, 2019, up \$1.3 billion compared with April 29, 2018, mainly reflecting net earnings for the three quarters of fiscal 2019, partly offset by other comprehensive loss, as well as dividends declared for the first three quarters of fiscal 2019. For the 52-week period ended February 3, 2019, we recorded a return on equity of 23.8%.

As at February 3, 2019, non-controlling interests amounted to \$275.3 million, a decrease of \$51.7 million compared with April 29, 2018, mainly reflecting non-controlling interests' share in CAPL's losses and distributions.

Liquidity and Capital Resources

Our sources of liquidity remain unchanged compared with the fiscal year ended April 29, 2018, with the exception of the operating credit F which was canceled during the second quarter of 2019. For further information, please refer to our 2018 Annual Report. With respect to our capital expenditures and acquisitions of the first three quarters of fiscal 2019, they were financed using available cash as well as our existing revolving credit facilities. We expect that cash generated from operations together with borrowings available under our revolving unsecured credit facilities will be adequate to meet our liquidity needs in the foreseeable future.

Our revolving credit facilities are detailed as follow:

Term revolving unsecured operating credit, maturing in December 2023 (“operating credit D”)

Credit agreement consisting of a revolving unsecured facility of a maximum amount of \$2,525.0 million. As at February 3, 2019, \$172.7 million of our operating credit D had been used. As at the same date, the weighted average effective interest rate was 3.627% and standby letters of credit in the amount of \$19.6 million were outstanding.

During the third quarter of fiscal 2019, we amended our operating Credit D to extend its maturity to December 2023 and to increase the maximum amount of the unsecured line of credit from \$50.0 million to \$115.0 million. All other conditions related to this credit agreement remain unchanged.

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

CAPL has a credit agreement consisting of a US-dollar-denominated senior secured revolving credit facility of a maximum amount of \$650.0 million, 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 amount of \$45.0 million. This facility is without recourse to the Corporation.

As at February 3, 2019, \$498.0 million of CAPL's revolving credit facility had been used. At the same date, the effective interest rate was 5.170%, standby letters of credit in the amount of \$5.2 million were outstanding, and CAPL was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

Available liquidities

As at February 3, 2019, excluding CAPL's revolving credit facility, a total of approximately \$2.3 billion was available under our revolving unsecured operating credit facility and we were in compliance with the restrictive covenants and ratios imposed by the credit agreement at that date. Thus, as at the same date, excluding CAPL's cash and revolving credit facility, we had access to approximately \$3.0 billion through our available cash and revolving unsecured operating credit facility.

Selected Consolidated Cash Flow Information

(in millions of US dollars)	16-week periods ended			40-week periods ended		
	February 3, 2019	February 4, 2018	Variation	February 3, 2019	February 4, 2018	Variation
Operating activities						
Net cash provided by operating activities	876.2	333.6	542.6	2,258.4	1,326.4	932.0
Investing activities						
Purchase of property and equipment, intangible assets and other assets	(305.4)	(329.3)	23.9	(713.8)	(741.7)	27.9
Proceeds from disposal of property and equipment and other assets	33.0	25.1	7.9	113.9	93.4	20.5
Proceeds from disposal of marine fuel business	24.3	-	24.3	24.3	-	24.3
Business acquisitions	(7.4)	(1,791.1)	1,783.7	(12.1)	(5,370.0)	5,357.9
Restricted cash	5.9	(2.8)	8.7	16.4	(17.0)	33.4
Deposit for business acquisition	-	2.8	(2.8)	-	-	-
Proceeds from disposal of CST's assets held for sale	-	-	-	-	895.5	(895.5)
Proceeds from disposal of an available-for-sale investment	-	-	-	-	91.6	(91.6)
Net cash used in investing activities	(249.6)	(2,095.3)	1,845.7	(571.3)	(5,048.2)	4,476.9
Financing activities						
Net (decrease) increase in acquisition facility, net of financing costs	(413.5)	(758.1)	344.6	(413.5)	410.6	(824.1)
Net (decrease) increase in term revolving unsecured operating credit D	(261.9)	1,677.3	(1,939.2)	(1,224.7)	982.8	(2,207.5)
Net increase in unsecured non-revolving credit facility	213.5	-	213.5	213.5	-	213.5
Cash dividends paid	(41.9)	(39.7)	(2.2)	(128.4)	(122.2)	(6.2)
Net (decrease) increase in CAPL senior secured revolving credit facility	(18.5)	74.5	(93.0)	(13.9)	59.5	(73.4)
Net (decrease) increase in other debts	(15.5)	(22.6)	7.1	(39.2)	18.6	(57.8)
CAPL distributions paid to non-controlling interests	(14.2)	(16.8)	2.6	(42.3)	(33.6)	(8.7)
Exercise of stock options	0.1	0.1	-	0.2	0.1	0.1
Settlements of derivative financial instruments	-	(62.2)	62.2	3.0	(82.9)	85.9
Issuance of senior unsecured notes, net of financing costs	-	893.8	(893.8)	-	3,935.4	(3,935.4)
Repayment of Canadian-dollar-denominated senior unsecured notes	-	(232.5)	232.5	-	(232.5)	232.5
Share repurchase	-	(194.3)	194.3	-	(194.3)	194.3
Repayments of debts assumed on the CST acquisition	-	-	-	-	(1,075.9)	1,075.9
Net cash (used in) provided by financing activities	(551.9)	1,319.5	(1,871.0)	(1,645.3)	3,665.6	(5,310.9)
Credit ratings						
S&P Global Ratings – Corporate credit rating				BBB	BBB	
Moody's - Senior unsecured notes credit rating				Baa2	Baa2	

Operating activities

During the third quarter of fiscal 2019, net cash from our operations reached \$876.2 million, up \$542.6 million compared with the third quarter of fiscal 2018, mainly due to higher net earnings and improvement in working capital. During the first three quarters of fiscal 2019, net cash from our operations reached \$2,258.4 million, up \$932.0 million compared with the corresponding period of fiscal year 2018, mainly due to reasons similar to those of the third quarter.

Investing activities

During the third quarter of fiscal 2019, net investments in property and equipment, intangible assets and other assets amounted to \$272.4 million. During the first three quarters of fiscal 2019, net investments in property and equipment, intangible assets and other assets amounted to \$599.9 million.

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

Financing activities

During the third quarter and first three quarters of fiscal 2019, we repaid net amounts of \$261.9 million and \$1.2 billion, respectively, on our revolving unsecured operating credit and we repaid net amounts of \$200.0 million on our acquisition and credit facilities.

During the third quarter and first three quarters of fiscal 2019, we also distributed \$41.9 million and \$128.4 million, respectively, in dividends. In addition, during the same periods, CAPL distribution's to non-controlling interests amounted to \$14.2 million and \$42.3 million, respectively.

Contractual Obligations and Commercial Commitments

Other than the changes in our long-term debt described in the section Overview of the Third Quarter of Fiscal 2019, there were no major changes with respect to our contractual obligations and commercial commitments during the 40-week period ended February 3, 2019. For more information, please refer to our 2018 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 February 3, 2019, our management, following its assessment, certifies the design and operating effectiveness of the Corporation's disclosure controls and procedures.

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

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)	40-week period ended February 3, 2019			52-week period ended April 29, 2018				Extract from 53-week period ended April 30, 2017
	3 rd 16 weeks	2 nd 12 weeks	1 st 12 weeks	4 th 12 weeks	3 rd 16 weeks	2 nd 12 weeks	1 st 12 weeks	4 th 13 weeks
Revenues	16,515.0	14,702.8	14,786.5	13,614.8	15,791.8	12,140.6	9,847.2	9,622.6
Operating income before depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets	1,140.2	864.8	902.9	705.2	714.9	846.3	681.1	514.4
Depreciation, amortization and impairment of property and equipment, goodwill, intangibles assets and other assets	305.2	222.5	301.5	240.8	290.2	209.3	170.3	154.4
Operating income	835.0	642.3	601.4	464.4	424.7	637.0	510.8	360.0
Share of earnings of joint ventures and associated companies accounted for using the equity method	7.3	5.4	7.1	5.9	9.2	8.3	8.6	7.2
Net financial expenses	90.1	73.7	77.7	75.6	110.9	89.6	59.2	46.0
Net earnings including non-controlling interests	611.8	477.0	442.6	395.2	489.3	433.5	359.5	277.6
Net loss (earnings) attributable to non-controlling interests	0.3	(3.9)	13.0	(4.2)	(6.9)	(1.0)	5.2	-
Net earnings attributable to shareholders of the Corporation	612.1	473.1	455.6	391.0	482.4	432.5	364.7	277.6
Net earnings per share								
Basic	\$1.08	\$0.84	\$0.81	\$0.69	\$0.86	\$0.76	\$0.64	\$0.49
Diluted	\$1.08	\$0.84	\$0.81	\$0.69	\$0.85	\$0.76	\$0.64	\$0.49

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

We will keep up the rollout 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 a little easier every day for existing and new customers. Our vision remains for Circle K to become the world's preferred destination for convenience and fuel, with a fresh look and feel and even better products for people on the go, with fast and friendly service.

March 19, 2019

The following unaudited interim condensed consolidated financial statements have not been subject to a review engagement by the Corporation's external auditors.

CONSOLIDATED STATEMENTS OF EARNINGS

(in millions of US dollars, except per share amounts, unaudited)

For the periods ended	16 weeks		40 weeks	
	February 3, 2019	February 4, 2018 (adjusted, Note 1)	February 3, 2019	February 4, 2018 (adjusted, Note 1)
	\$	\$	\$	\$
Revenues	16,515.0	15,791.8	46,004.3	37,779.6
Cost of sales	13,681.1	13,473.8	38,787.7	31,679.1
Gross profit	2,833.9	2,318.0	7,216.6	6,100.5
Operating, selling, administrative and general expenses	1,698.6	1,593.0	4,306.6	3,822.5
Restructuring costs	1.6	6.8	7.9	50.0
(Gain) loss on disposal of property and equipment and other assets (Note 5)	(6.5)	3.3	(5.8)	(14.3)
Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets (Note 6)	305.2	290.2	829.2	669.8
Total operating expenses	1,998.9	1,893.3	5,137.9	4,528.0
Operating income	835.0	424.7	2,078.7	1,572.5
Share of earnings of joint ventures and associated companies accounted for using the equity method	7.3	9.2	19.8	26.1
Financial expenses	95.2	103.0	255.2	218.9
Financial revenues	(3.6)	(1.9)	(9.5)	(6.6)
Foreign exchange (gain) loss	(1.5)	9.8	(4.2)	47.4
Net financial expenses	90.1	110.9	241.5	259.7
Earnings before income taxes	752.2	323.0	1,857.0	1,338.9
Income taxes	140.4	(166.3)	325.6	56.6
Net earnings including non-controlling interests	611.8	489.3	1,531.4	1,282.3
Net loss (earnings) attributable to non-controlling interests	0.3	(6.9)	9.4	(2.7)
Net earnings attributable to shareholders of the Corporation	612.1	482.4	1,540.8	1,279.6
Net earnings per share (Note 8)				
Basic	1.08	0.86	2.73	2.26
Diluted	1.08	0.85	2.73	2.25
Weighted average number of shares – basic (in thousands)	564,319	564,122	564,272	566,651
Weighted average number of shares – diluted (in thousands)	565,069	564,965	565,013	567,549
Number of shares outstanding at the end of period (in thousands)	564,333	564,193	564,333	564,193

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of US dollars, unaudited)

For the periods ended	16 weeks		40 weeks	
	February 3, 2019	February 4, 2018 (adjusted, Note 1)	February 3, 2019	February 4, 2018 (adjusted, Note 1)
	\$	\$	\$	\$
Net earnings including non-controlling interests	611.8	489.3	1,531.4	1,282.3
Other comprehensive (loss) income				
Items that may be reclassified subsequently to earnings				
Translation adjustments				
Change in cumulative translation adjustments ⁽¹⁾	(18.7)	115.8	(112.5)	300.0
Cumulative translation adjustments reclassified to earnings (Note 5)	(0.8)	-	(0.8)	-
Change in fair value and net interest on cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in certain of its foreign operations ⁽²⁾	(22.1)	27.3	(43.4)	131.8
Cash flow hedges				
Change in fair value of financial instruments ⁽²⁾	2.0	1.0	2.4	(6.0)
Loss realized on financial instruments transferred to earnings ⁽²⁾	0.7	0.1	1.8	-
Available-for-sale investment				
Change in fair value of an available-for-sale investment ⁽²⁾	-	-	-	1.1
Gain realized on available-for-sale investment transferred to earnings ⁽²⁾	-	-	-	(8.8)
Items that will never be reclassified to earnings				
Net actuarial loss ⁽³⁾	-	20.6	(7.0)	20.6
Other comprehensive (loss) income	(38.9)	164.8	(159.5)	438.7
Comprehensive income including non-controlling interests	572.9	654.1	1,371.9	1,721.0
Comprehensive loss (income) attributable to non-controlling interests	0.3	(6.9)	9.4	(2.7)
Comprehensive income attributable to shareholders of the Corporation	573.2	647.2	1,381.3	1,718.3

(1) For the 16 and 40-week periods ended February 3, 2019, these amounts include a loss of \$37.6 (net of income taxes of \$5.7) and a loss of \$59.3 (net of income taxes of \$9.0), respectively. For the 16 and 40-week periods ended February 4, 2018, these amounts include a gain of \$71.6 (net of income taxes of \$11.0) and of \$319.9 (net of income taxes of \$43.4), respectively. These losses and gains arise from the translation of long-term debts denominated in foreign currencies.

(2) For the 16 and 40-week periods ended February 3, 2019, these amounts are net of income taxes of \$4.6 and \$0.3, respectively. For the 16 and 40-week periods ended February 4, 2018, these amounts are net of income taxes of \$1.4 and \$1.3, respectively.

(3) For the 16 and 40-week periods ended February 3, 2019, these amounts are net of income taxes of nil and \$2.3, respectively. For the 16 and 40-week periods ended February 4, 2018, these amounts are net of income taxes of \$5.8.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of US dollars, unaudited)

For the 40-week period ended	February 3, 2019 (adjusted, Note 1)						
	Attributable to the shareholders of the Corporation					Non-controlling interests	Equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 9)	Total		
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of period	704.0	17.7	7,405.0	(566.3)	7,560.4	327.0	7,887.4
Adoption of IFRS 15 (Note 2)			(4.1)		(4.1)	-	(4.1)
Adjusted balance, beginning of period	704.0	17.7	7,400.9	(566.3)	7,556.3	327.0	7,883.3
Comprehensive income:							
Net earnings (loss)			1,540.8		1,540.8	(9.4)	1,531.4
Other comprehensive loss				(159.5)	(159.5)	-	(159.5)
Comprehensive income					1,381.3	(9.4)	1,371.9
Dividends declared			(128.4)		(128.4)		(128.4)
Distributions to non-controlling interests						(42.3)	(42.3)
Stock option-based compensation expense		4.0			4.0		4.0
Exercise of stock options	2.6	(2.4)			0.2		0.2
Balance, end of period	706.6	19.3	8,813.3	(725.8)	8,813.4	275.3	9,088.7

For the 40-week period ended	February 4, 2018 (adjusted, Note 1)						
	Attributable to the shareholders of the Corporation					Non-controlling interests	Equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 9)	Total		
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of period	708.7	15.7	6,083.5	(798.3)	6,009.6	-	6,009.6
Acquisition of control of CAPL						370.6	370.6
Comprehensive income:							
Net earnings			1,279.6		1,279.6	2.7	1,282.3
Other comprehensive income				438.7	438.7	-	438.7
Comprehensive income					1,718.3	2.7	1,721.0
Dividends declared			(122.2)		(122.2)		(122.2)
Distributions to non-controlling interests						(33.6)	(33.6)
Stock option-based compensation expense		1.8			1.8		1.8
Exercise of stock options	0.3	(0.2)			0.1		0.1
Repurchase and cancellation of shares	(6.4)		(187.9)		(194.3)		(194.3)
Balance, end of period	702.6	17.3	7,053.0	(359.6)	7,413.3	339.7	7,753.0

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of US dollars, unaudited)

For the periods ended	16 weeks		40 weeks	
	February 3, 2019	February 4, 2018 (adjusted, Note 1)	February 3, 2019	February 4, 2018 (adjusted, Note 1)
	\$	\$	\$	\$
Operating activities				
Net earnings including non-controlling interests	611.8	489.3	1,531.4	1,282.3
Adjustments to reconcile net earnings including non-controlling interests to net cash provided by operating activities				
Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets, and amortization of financing costs, net of amortization of deferred credits (Note 6)	294.8	288.7	809.6	657.3
Deferred credits	12.8	10.5	30.9	37.4
(Gain) loss on disposal of property and equipment and other assets (Note 5)	(6.5)	3.3	(5.8)	(5.5)
Deferred income taxes	3.9	(253.5)	46.0	(231.8)
Share of earnings of joint ventures and associated companies accounted for using the equity method, net of dividends received	(1.4)	(5.2)	(1.5)	(11.5)
Gain realized on an available-for-sale investment transferred to earnings	-	-	-	(8.8)
Other	9.3	22.0	17.5	14.3
Changes in non-cash working capital	(48.5)	(221.5)	(169.7)	(407.3)
Net cash provided by operating activities	876.2	333.6	2,258.4	1,326.4
Investing activities				
Purchase of property and equipment, intangible assets and other assets	(305.4)	(329.3)	(713.8)	(741.7)
Proceeds from disposal of property and equipment and other assets (Note 5)	33.0	25.1	113.9	93.4
Proceeds from disposal of marine fuel business (Note 5)	24.3	-	24.3	-
Business acquisitions (Note 3)	(7.4)	(1,791.1)	(12.1)	(5,370.0)
Restricted cash	5.9	(2.8)	16.4	(17.0)
Deposit for business acquisition	-	2.8	-	-
Proceeds from disposal of CST's assets held for sale	-	-	-	895.5
Proceeds from disposal of an available-for-sale investment	-	-	-	91.6
Net cash used in investing activities	(249.6)	(2,095.3)	(571.3)	(5,048.2)
Financing activities				
Net (decrease) increase in acquisition facility, net of financing costs (Note 7)	(413.5)	(758.1)	(413.5)	410.6
Net (decrease) increase in term revolving unsecured operating credit D (Note 7)	(261.9)	1,677.3	(1,224.7)	982.8
Net increase in unsecured non-revolving credit facility (Note 7)	213.5	-	213.5	-
Cash dividends paid	(41.9)	(39.7)	(128.4)	(122.2)
Net (decrease) increase in CAPL senior secured revolving credit facility (Note 7)	(18.5)	74.5	(13.9)	59.5
Net (decrease) increase in other debts (Note 7)	(15.5)	(22.6)	(39.2)	18.6
CAPL distributions paid to non-controlling interests (Note 4)	(14.2)	(16.8)	(42.3)	(33.6)
Exercise of stock options	0.1	0.1	0.2	0.1
Settlements of derivative financial instruments	-	(62.2)	3.0	(82.9)
Issuance of senior unsecured notes, net of financing costs	-	893.8	-	3,935.4
Repayment of Canadian-dollar-denominated senior unsecured notes	-	(232.5)	-	(232.5)
Share repurchase	-	(194.3)	-	(194.3)
Repayments of debts assumed on the CST acquisition	-	-	-	(1,075.9)
Net cash (used in) provided by financing activities	(551.9)	1,319.5	(1,645.3)	3,665.6
Effect of exchange rate fluctuations on cash and cash equivalents	(5.2)	(8.0)	(17.8)	(36.8)
Net increase (decrease) in cash and cash equivalents	69.5	(450.2)	24.0	(93.0)
Cash and cash equivalents, beginning of period	620.7	994.8	666.2	637.6
Cash and cash equivalents, end of period	690.2	544.6	690.2	544.6
Supplemental information:				
Interest paid	107.7	98.5	266.8	197.7
Interest and dividends received	21.5	8.0	45.2	24.8
Income taxes paid	68.0	114.7	174.8	217.5
Cash and cash equivalents components:				
Cash and demand deposits			690.2	544.6
Liquid investments			-	-
			690.2	544.6

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(in millions of US dollars, unaudited)

	As at February 3, 2019	As at April 29, 2018 (adjusted, Note 1)
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	690.2	666.2
Restricted cash	3.2	19.6
Accounts receivable	1,799.0	2,006.4
Inventories	1,436.6	1,369.0
Prepaid expenses	89.6	106.5
Assets held for sale (Note 5)	-	73.8
Other short-term financial assets (Note 12)	-	1.8
Income taxes receivable	28.7	233.8
	4,047.3	4,477.1
Property and equipment	10,999.7	11,279.4
Goodwill (Note 6)	5,728.6	5,845.8
Intangible assets	967.2	1,054.4
Other assets	303.2	303.1
Investment in joint ventures and associated companies	140.3	139.4
Deferred income taxes	60.9	57.5
	22,247.2	23,156.7
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,284.3	3,809.2
Short-term provisions	158.2	179.4
Other short-term financial liabilities (Note 12)	109.1	-
Liabilities associated with assets held for sale (Note 5)	-	5.8
Income taxes payable	105.5	147.1
Current portion of long-term debt (Note 7)	1,277.3	44.5
	4,934.4	4,186.0
Long-term debt (Note 7)	6,093.6	8,862.2
Long-term provisions	613.2	610.7
Pension benefit liability	98.9	100.0
Other long-term financial liabilities (Note 12)	104.3	173.5
Income taxes payable	-	58.9
Deferred credits and other liabilities	354.8	351.3
Deferred income taxes	959.3	926.7
	13,158.5	15,269.3
Equity		
Capital stock (Note 10)	706.6	704.0
Contributed surplus	19.3	17.7
Retained earnings	8,813.3	7,405.0
Accumulated other comprehensive loss (Note 9)	(725.8)	(566.3)
Equity attributable to shareholders of the Corporation	8,813.4	7,560.4
Non-controlling interests (Note 4)	275.3	327.0
	9,088.7	7,887.4
	22,247.2	23,156.7

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars unless otherwise noted, except per share amounts)

1. CONSOLIDATED FINANCIAL STATEMENTS PRESENTATION

The unaudited interim condensed consolidated financial statements (the “interim financial statements”) have been prepared by the Corporation in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”.

These interim financial statements have been prepared in accordance with the same accounting policies and methods as the audited annual consolidated financial statements for the year ended April 29, 2018, except for the new accounting policies disclosed in Note 2. The interim financial statements do not include all the information required for complete financial statements and should be read in conjunction with the audited annual consolidated financial statements and notes thereto in the Corporation’s 2018 Annual Report. The results of operations for the interim periods presented do not necessarily reflect results expected for the full fiscal year. The Corporation’s business follows a seasonal pattern. The busiest period is the first half-year of each fiscal year, which includes summer’s sales.

On March 19, 2019, the Corporation’s interim financial statements were approved by the Board of Directors.

Comparative figures

As previously disclosed, the Corporation has made adjustments and finalized its estimates of the fair value of assets acquired and liabilities assumed for the acquisition of Holiday Stationstores, LLC during the 24-week period ended October 14, 2018 (Note 3). As a result, changes were made to the following consolidated balance sheet accounts as at April 29, 2018: Property and equipment increased by \$190.8 (net of a \$2.1 depreciation expense), Intangible assets increased by \$13.7 (net of a \$2.1 depreciation expense), Investment in joint ventures and associated companies increased by \$16.1, Accounts payable and accrued liabilities decreased by \$3.6, Current portion of long-term debt increased by \$1.6, Long-term debt increased by \$18.2, Long-term provisions increased by \$0.3, Deferred credits and other liabilities increased by \$3.8 and Deferred income taxes decreased by \$1.2. Consequently, Goodwill decreased by \$204.5. As described in the Corporation’s quarterly report for the 12-week period ended July 22, 2018, these changes resulted in a \$4.2 increase in Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets and a \$1.2 decrease in income taxes in the consolidated statement of earnings for the fiscal year ended April 29, 2018 which are reflected in Retained earnings on the consolidated balance sheets.

As previously disclosed, the Corporation has made adjustments and finalized its estimates of the fair value of assets acquired and liabilities assumed for the acquisition of Jet Pep, Inc. during the 24-week period ended October 14, 2018. As a result, changes were made to the following consolidated balance sheet accounts as at April 29, 2018: Intangible assets increased by \$6.4 and Goodwill decreased by \$6.4.

As described in the Corporation’s 2018 Annual Report, adjustments were made for the 16 and 40-week periods ended February 4, 2018 in relation with the finalization of the estimates of the fair value of assets acquired and liabilities assumed for the acquisitions of CST Brands Inc. (“CST”) and CrossAmerica Partners LP (“CAPL”).

2. ACCOUNTING POLICIES

New accounting policies adopted during the current year

Financial Instruments

As of April 30, 2018, the Corporation adopted IFRS 9, “Financial Instruments”, which includes three requirements for recognition and measurement, impairment and general hedge accounting. These requirements were applied as follows:

The first requirement, recognition and measurement, which was applied retrospectively without restatement of comparative amounts, requires a new classification of financial assets and liabilities under IFRS 9. The Corporation’s financial instruments are accounted for as follows under IFRS 9 as compared to the Corporation’s previous policy in accordance with IAS 39:

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars unless otherwise noted, except per share amounts)

Financial instrument	Classification – IAS 39	Classification – IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Investments	Financial assets available for sale	Fair value through earnings or loss (unless fair value through Other comprehensive income (OCI) is elected)
Derivative financial instruments	Financial assets/liabilities at fair value through earnings or loss	Fair value through earnings or loss
Derivative financial instruments designated as hedge	Effective hedging instruments	Fair value through earnings or loss subject to hedge accounting requirements
Bank indebtedness and long term debt	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Since IFRS 9 largely retains requirements under IAS 39, the adoption of this requirement had no significant impact on the Corporation's Interim financial statements.

The second requirement, impairment, which was applied retrospectively, replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" model. The new impairment model applies to financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. This requirement had no significant impact on the Corporation's Interim financial statements.

The third requirement, general hedge accounting, entails that the Corporation must ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and apply a more qualitative and forward-looking approach to assessing hedge effectiveness. The Corporation has elected not to adopt this requirement and instead, as permitted by IFRS 9, to continue to apply the general hedge accounting requirements of IAS 39 for the 16 and 40-week periods ended February 3, 2019.

Revenue from Contracts with Customers

As of April 30, 2018, the Corporation adopted IFRS 15, "Revenue from Contracts with Customers" retrospectively without restatement of comparative amounts. The Corporation analyzed the impact of the new standard by comparing its current accounting policies with the new guidance, and identified the differences from applying the new requirements to its different revenue streams. Under the previous accounting policies, the Corporation recognized initial franchise fees when all of the initial services required by the franchise agreement were performed, when there were no material unfulfilled conditions affecting completion of the sale and when there was no remaining obligation or intent to refund amounts received, which generally occurred when the franchise store opened. Under the new accounting policy, the Corporation recognizes a portion of the initial fees when the franchise store opens and defers remaining revenue over the estimated term of the related franchise agreement. As a result, the Corporation adjusted initial franchise fees revenue of \$4.1 (net of income taxes of \$1.3) to Retained earnings, with an offset to Deferred credits and other liabilities, Accounts payable and accrued liabilities and Income taxes payable.

Classification and Measurement of Share-based Payment Transactions

As of April 30, 2018, the Corporation applied amendments to IFRS 2, "Share-based Payment", clarifying how to account for certain types of share-based payment transactions, such as the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments. The amendments were applied prospectively and had no significant impact on the Corporation's Interim financial statements.

Recently issued accounting policies but not yet implemented

Leases

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

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

Impacted areas of the business	Analysis	Impact
Financial reporting	The analysis includes which contracts will be in scope as well as the options available under the new standard, such as whether to early adopt the two recognition and measurement exemptions and whether to apply the new standard on a full retrospective application in accordance with IAS 8 or retrospectively without restatement of comparative amounts.	The Corporation is in the process of analyzing the full impact of the adoption of IFRS 16 on its consolidated balance sheets and consolidated statement of earnings and comprehensive income. As at February 3, 2019, the Corporation intends to adopt IFRS 16 for its fiscal year beginning April 29, 2019 retrospectively without restatement of comparative amounts and with the right-of-use asset measured for the major portion of its leases at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to each lease. The Corporation also intends to use the exemptions for short-term leases and leases for which the underlying asset is of low-value.
Information systems	The Corporation is analyzing the need to make changes within its information systems environment to optimize the management of more than 9,000 leases that will fall within the scope of the new standard.	The Corporation has evaluated different IT solutions for the eventual recognition and measurement of leases in scope. An IT solution has been selected and is currently being implemented.
Internal controls	The Corporation will be performing an analysis of the changes to the control environment as a result of the adoption of IFRS 16.	The Corporation is currently evaluating the impact of IFRS 16 on its control environment.
Stakeholders	The Corporation will be performing an analysis of the impact on the disclosure to its stakeholders as a result of the adoption of IFRS 16.	The Corporation has begun discussing the impact of IFRS 16 to internal and external stakeholders.

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3. BUSINESS ACQUISITIONS

Acquisition of Holiday Stationstores, LLC

On December 22, 2017, the Corporation acquired all the membership interest of Holiday Stationstores, LLC and certain affiliated companies (“Holiday”). During the 24-week period ended October 14, 2018, the Corporation finalized its estimate of the fair value of assets acquired, liabilities assumed and goodwill. The table below shows preliminary estimate of the fair value of assets acquired and liabilities assumed for the Holiday acquisition as reported in the Corporation’s 2018 annual consolidated financial statements and the changes made to adjust it to the final estimate:

	Preliminary estimate as at April 29, 2018	Changes	Final estimate
	\$		
Assets			
Current assets			
Cash and cash equivalents	13.6	-	13.6
Accounts receivable ^(a)	64.3	-	64.3
Inventories	69.5	-	69.5
Prepaid expenses	4.2	-	4.2
	151.6	-	151.6
Property and equipment	459.2	192.9	652.1
Identifiable intangible assets	60.8	15.8	76.6
Other assets	15.4	-	15.4
Investment in joint ventures and associated companies	2.9	16.1	19.0
	689.9	224.8	914.7
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	194.9	(3.6)	191.3
Short-term provisions	5.0	-	5.0
Current portion of long-term debt	0.5	1.6	2.1
	200.4	(2.0)	198.4
Long-term debt	2.7	18.2	20.9
Long-term provisions	23.5	0.3	23.8
Deferred credits and other liabilities	1.0	3.8	4.8
	227.6	20.3	247.9
Net identifiable assets	462.3	204.5	666.8
Goodwill	1,195.9	(204.5)	991.4
Total consideration	1,658.2	-	1,658.2

(a) The fair value of acquired accounts receivable represents the gross contractual amount for accounts receivable of \$65.3, net of the uncollectible amount estimated to \$1.0.

All of the goodwill related to this transaction was deductible for tax purposes.

This acquisition generated goodwill mainly due to the significant footprint of Holiday in the Midwest United States and the high profitability of its store network.

Other acquisitions

During the 40-week period ended February 3, 2019, the Corporation acquired five company-operated stores and two commission operated retail sites through distinct transactions. The Corporation owns the land and building for two sites and leases the land and the building for the remaining three sites. These transactions were settled for a total consideration of \$12.1 using available cash and existing credit facilities and generated goodwill for an amount of \$2.2.

Acquisition costs of \$1.8 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses for the 40-week period ended February 3, 2019.

4. CROSSAMERICA PARTNERS LP

As at February 3, 2019, the Corporation owns 100% of the equity interests of the sole member of the General Partner, 100% of the incentive distribution rights (“IDRs”) and 21.73% of the outstanding common units of CAPL.

CAPL’s accounting periods do not coincide with the Corporation’s accounting periods. The consolidated statement of earnings, comprehensive income, changes in equity and cash flows for the 40-week period ended February 3, 2019 include those of CAPL for the period beginning April 1, 2018 and ending December 31, 2018, adjusted for significant transactions, if any. The consolidated balance sheet as at February 3, 2019 includes the balance sheet of CAPL as at December 31, 2018, adjusted for significant transactions, if any.

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The table below highlights the results of CAPL's operations and certain of its financial metrics since April 1, 2018 which are included in these interim financial statements:

	April 1, 2018 to December 31, 2018	June 28, 2017 to December 31, 2017
Statements of Earnings for the periods from⁽¹⁾		
Revenues	1,896.7	1,117.9
Gross profit	145.8	94.3
Total operating expenses (excluding depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets)	67.6	52.5
Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets (Note 6)	125.6	44.8
Net financial expenses	21.6	13.9
Loss before income taxes	(69.0)	(16.9)
Income tax recovery	(2.0)	(21.1)
Net (loss) earnings	(67.0)	4.2
Statements of Cash Flows for the periods from⁽¹⁾		
Net cash provided by operating activities	75.1	13.7
Net cash used in investing activities	(7.2)	(52.4)
Net cash (used in) provided by financing activities, excluding \$11.8 and \$8.8 of distributions paid to the Corporation, respectively	(66.4)	14.5
Balance Sheets as at⁽¹⁾		
Cash and cash equivalents	3.2	1.7
Current assets (other than cash and cash equivalents)	44.1	68.0
Long-term assets	1,103.9	1,224.9
Current liabilities	62.5	64.9
Long-term liabilities	641.2	665.2

(1) Adjusted for significant transactions, if any.

Assets exchange agreement

On December 17, 2018, the Corporation entered into an asset exchange agreement with CAPL under which 192 of the Circle K U.S. company-operated stores will be exchanged against the real estate property currently held by CAPL for 56 U.S. company-operated stores currently leased and operated by the Corporation pursuant to a master lease that CAPL had previously purchased jointly with or from CST, and 17 company-operated stores currently owned and operated by CAPL in the U.S. Upper Midwest. The aggregate value of this agreement is approximately \$185.0. It is expected that the exchange of assets will occur in a series of transactions over a period of up to 24 months, starting in the first half of calendar year 2019. As CAPL is fully consolidated in the Corporation's consolidated financial statements, no gain or loss are expected from these transactions.

5. DISPOSAL OF BUSINESS AND OTHER ASSETS

Statoil Fuel & Retail Marine AS

On December 1, 2018, the Corporation completed the disposal of its marine fuel business to St1 Norge AS through a share purchase agreement pursuant to which St1 Norge AS acquired 100% of all issued and outstanding shares of Statoil Fuel & Retail Marine AS. Total proceeds from the disposal were \$24.3. The Corporation recognized a gain on disposal of \$3.2 in relation to this transaction. The disposal also resulted in a \$0.8 cumulated gain on translation adjustments being reclassified to earnings. These gains are included in (Gain) loss on disposal of property and equipment and other assets in the consolidated statement of earnings.

Disposal of retail sites

On July 3, 2018, the Corporation sold to Irving Oil Ltd. 13 retail sites in the Canadian Atlantic provinces for a cash consideration of approximately \$30.0. This transaction resulted in a gain of \$4.5. These stores, which will continue to be operated by the Corporation, were previously acquired through the CST acquisition.

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6. GOODWILL

	As at February 3, 2019	As at April 29, 2018 (adjusted, Note 1)
	\$	\$
Net book amount, beginning of year	5,845.8	2,370.2
CAPL's goodwill impairment	(55.0)	-
Disposal of sites (Note 5)	(18.6)	-
Business acquisitions (Note 3)	2.2	3,394.7
Reclassified to assets held for sale	-	(4.4)
Effect of exchange rate variations	(45.8)	85.3
Net book amount, end of period	5,728.6	5,845.8

During the 12-week period ended July 22, 2018, the Corporation performed its annual goodwill impairment test. As a result of the decrease in the market capitalization of the CAPL cash generating unit ("CGU"), which is fully included in the United States geographic area, and the decrease in the fair value of the IDRs, an impairment loss on Goodwill was recorded to Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets, and other assets in the consolidated statement of earnings for the 16 and 40-week periods ended February 3, 2019 totaling nil and \$55.0, respectively.

At the time the goodwill impairment test was performed, the recoverable amount of the entire CAPL CGU was \$157.3 and the impairment loss recorded reduced the carrying amount of the goodwill for the CAPL CGU to \$73.2. The recoverable amount of the CAPL CGU was determined on the basis of its fair value less costs of disposal, which includes the Corporation's shares in CAPL's market capitalization (Level 1) and the discounted cash flows of its IDRs (Level 3), consistent with the methods used during fiscal 2018.

The fair value less costs of disposal of the Corporation's shares in CAPL's market capitalization was determined using the following observable inputs:

CAPL's common unit closing value as at July 23, 2018	\$17.41
Number of CAPL's outstanding common units as at July 22, 2018	34,433,574
% of CAPL's common units owned by the Corporation as at July 22, 2018	21.74%

With all other variables held constant, every \$1.00 decrease in CAPL's common unit value would have increased the impairment loss recorded by \$7.5.

The fair value less costs of disposal of the IDRs was determined using discounted cash flows based on CAPL's strategic plan which was established by its management based on past experience. The following key assumptions were used in establishing the recoverable amount of the IDRs and there were no changes in the valuation technique used:

Annual Distributable cash flows/Total distributions ratio ^(a)	1.1X to 1.2X
Debt/Equity financing ratio on business acquisitions ^(b)	57/43
Discount rate ^(c)	12.50%
Projection period of the cash flows	4 years

(a) Distributable cash flows/Total distributions ratio

Based on past experience and management's expectations for the future. With all other variables held constant, a 0.01X increase for each year would have increased by \$1.8 the impairment loss recorded.

(b) Debt/Equity financing ratio on business acquisitions

Based on past experience and management's expectations for the future. With all other variables held constant, a 5.00% decrease in Debt financing (5.00% increase in Equity financing) would have increased by \$2.0 the impairment loss recorded.

(c) Discount rate

The discount rate used reflects specific risks relating to the CAPL CGU and its geographic area. With all other variables held constant, a 1.00% increase in the discount rate would have increased by \$2.4 the impairment loss recorded.

Annual growth rate of CAPL's Earnings before interest, taxes, depreciation and amortization ("EBITDA"), which is a non-IFRS measure

In addition to the above key assumptions, in establishing the discounted cash flows of the IDRs, the Corporation considered an annual growth rate of CAPL's EBITDA which was determined by taking into consideration organic growth, growth generated by business acquisitions as well as synergies.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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7. LONG-TERM DEBT

	As at February 3, 2019	As at April 29, 2018 (adjusted, Note 1)
	\$	\$
US-dollar-denominated senior unsecured notes, maturing from December 2019 to July 2047	3,378.1	3,373.6
Canadian-dollar-denominated senior unsecured notes, maturing from November 2019 to June 2025	1,821.4	1,857.3
Euro-denominated senior unsecured notes, maturing in May 2026	856.3	900.7
CAPL US-dollar-denominated senior secured revolving credit facility, without recourse to the Corporation, maturing in April 2020 ^(a)	496.6	509.5
Credit facility, maturing in June 2020 ^(b)	213.5	-
US-dollar-denominated term revolving unsecured operating credit D, maturing in December 2023 ^(c)	172.7	1,397.4
NOK-denominated senior unsecured notes, maturing in February 2026	79.7	83.9
Acquisition facility ^(d)	-	412.1
Obligations related to buildings and equipment under finance leases, payable on various dates, and other debts	352.6	372.2
	<u>7,370.9</u>	<u>8,906.7</u>
Current portion of long-term debt	<u>1,277.3</u>	<u>44.5</u>
	<u>6,093.6</u>	<u>8,862.2</u>

(a) CAPL US-dollar-denominated senior secured revolving credit facility, without recourse to the Corporation

As at February 3, 2019, the effective interest rate was 5.170% and CAPL was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(b) US-dollar-denominated unsecured non-revolving credit facility

On November 28, 2018, the Corporation entered into a new credit agreement consisting of an unsecured non-revolving credit facility of an aggregate maximum amount of \$213.5, maturing June 27, 2020 (the "credit facility").

The credit facility was available exclusively to repay a portion of amounts outstanding in principal, interest and fees under the acquisition facility. Amounts could be drawn up to five business days after November 28, 2018 and can be reimbursed at any time. The credit facility was available in US dollars by way of loans bearing interest at the US base rate or the LIBOR rate plus 0.850%.

As at February 3, 2019, the effective interest rate was 3.359% and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(c) Term revolving unsecured operating credit D

As at February 3, 2019, the weighted average effective interest rate was 3.627% and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement. During the 16-week period ended February 3, 2019, the Corporation amended its operating Credit D to extend its maturity to December 2023 and to increase the maximum amount of the unsecured line of credit from \$50.0 to \$115.0. All other conditions related to this credit agreement remain unchanged.

(d) Acquisition facility

Tranche C of the acquisition facility was fully repaid by the Corporation during the 16-week period ended February 3, 2019.

Term revolving unsecured operating credit F

During the second quarter of fiscal 2019, the Corporation canceled its unused term revolving unsecured operating credit F.

8. NET EARNINGS PER SHARE

The following table presents the information for the computation of basic and diluted net earnings per share:

	16-week period ended February 3, 2019			16-week period ended February 4, 2018 (adjusted, Note 1)		
	Net earnings	Weighted average number of shares (in thousands)	Net earnings per share	Net earnings	Weighted average number of shares (in thousands)	Net earnings per share
	\$		\$	\$		\$
Basic net earnings attributable to Class A and B shareholders	612.1	564,319	1.08	482.4	564,122	0.86
Dilutive effect of stock options	-	750	-	-	843	-
Diluted net earnings available for Class A and B shareholders	<u>612.1</u>	<u>565,069</u>	<u>1.08</u>	<u>482.4</u>	<u>564,965</u>	<u>0.85</u>

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(in millions of US dollars unless otherwise noted, except per share amounts)

	40-week period ended February 3, 2019			40-week period ended February 4, 2018 (adjusted, Note 1)		
	Net earnings	Weighted average number of shares (in thousands)	Net earnings per share	Net earnings	Weighted average number of shares (in thousands)	Net earnings per share
	\$		\$	\$		\$
Basic net earnings attributable to Class A and B shareholders	1,540.8	564,272	2.73	1,279.6	566,651	2.26
Dilutive effect of stock options	-	741	-	-	898	-
Diluted net earnings available for Class A and B shareholders	1,540.8	565,013	2.73	1,279.6	567,549	2.25

When they have an antidilutive effect, stock options must be excluded from the calculation of the diluted net earnings per share. For the 16 and 40-week periods ended February 3, 2019, 161,768 and 315,274 stock options were excluded, respectively, and 161,682 and 315,938 stock options were excluded for the 16 and 40-week periods ended February 4, 2018, respectively.

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

As at February 3, 2019

	Attributable to shareholders of the Corporation				
	Items that may be reclassified to earnings			Will never be reclassified to earnings	
	Cumulative translation adjustments	Net investment hedge	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive loss
	\$	\$	\$	\$	\$
Balance, before income taxes	(400.7)	(311.1)	(8.8)	(12.4)	(733.0)
Less: Income taxes	-	(4.0)	0.5	(3.7)	(7.2)
Balance, net of income taxes	(400.7)	(307.1)	(9.3)	(8.7)	(725.8)

As at February 4, 2018

	Attributable to shareholders of the Corporation				
	Items that may be reclassified to earnings			Will never be reclassified to earnings	
	Cumulative translation adjustments	Net investment hedge	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive loss
	\$	\$	\$	\$	\$
Balance, before income taxes	(124.7)	(215.0)	(11.8)	(9.4)	(360.9)
Less: Income taxes	-	1.1	0.8	(3.2)	(1.3)
Balance, net of income taxes	(124.7)	(216.1)	(12.6)	(6.2)	(359.6)

10. CAPITAL STOCK

Issued and outstanding shares

As at February 3, 2019, the Corporation had 126,908,950 issued and outstanding Class A multiple-voting shares (132,023,873 as at April 29, 2018), with each share comprising 10 votes, and 437,423,720 issued and outstanding Class B subordinate voting shares (432,194,025 as at April 29, 2018), with each share comprising 1 vote.

Stock options

For the 16-week period ended February 3, 2019, a total of 41,602 stock options were exercised (120,800 for the 16-week period ended February 4, 2018). For the 40-week period ended February 3, 2019, a total of 137,532 stock options were exercised (123,060 for the 40-week period ended February 4, 2018). For the 16 and 40-week periods ended February 3, 2019, a total of 10,947 stock options were forfeited (nil for the 16 and 40-week periods ended February 4, 2018).

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For the 16 and 40-week periods ended February 3, 2019, a total of nil and 163,593 stock options were granted, respectively (1,057 and 161,682 for the 16 and 40-week periods ended February 4, 2018, respectively). The description of the Corporation's stock-based compensation plan is included in Note 26 of the audited annual consolidated financial statements presented in the Corporation's 2018 Annual Report.

The fair value of stock options granted for the 40-week period ended February 3, 2019 was CA \$17.67 per option, which was estimated at the grant date using the Black-Scholes option pricing model on the basis of the following assumptions for the stock options granted during the period:

- Expected quarterly dividend of CA \$0.10 per share;
- Expected volatility of 24.00%;
- Risk-free interest rate of 2.12%;
- Expected life of 8 years.

11. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, in Europe and in Canada. It operates in one reportable segment, the sale of goods for immediate consumption, road transportation fuel and other products mainly through company-operated and franchised stores. The Corporation operates its convenience store chain under several banners, including Circle K, Corner Store, Couche-Tard, Holiday, Ingo, Mac's, Re.Store and Topaz. Revenues from external customers mainly fall into three categories: merchandise and services, road transportation fuel and other.

Information on the principal revenue categories as well as geographic information is as follows:

	16-week period ended February 3, 2019				16-week period ended February 4, 2018 (adjusted, Note 1)			
	United States	Europe	Canada	Total	United States	Europe	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
External customer revenues^(a)								
Merchandise and services	3,154.7	405.3	618.3	4,178.3	2,831.7	411.9	596.9	3,840.5
Road transportation fuel	8,158.1	2,396.6	1,377.3	11,932.0	7,716.0	2,266.3	1,554.6	11,536.9
Other	17.4	380.0	7.3	404.7	17.2	388.3	8.9	414.4
	11,330.2	3,181.9	2,002.9	16,515.0	10,564.9	3,066.5	2,160.4	15,791.8
Gross Profit								
Merchandise and services	1,059.8	169.5	204.6	1,433.9	936.9	173.9	203.0	1,313.8
Road transportation fuel	942.6	272.7	116.5	1,331.8	516.1	270.1	141.2	927.4
Other	17.4	43.5	7.3	68.2	17.6	50.4	8.8	76.8
	2,019.8	485.7	328.4	2,833.9	1,470.6	494.4	353.0	2,318.0
Total long-term assets^(b)	12,434.8	3,477.4	2,152.1	18,064.3	12,312.1	3,938.6	2,353.9	18,604.6

	40-week period ended February 3, 2019				40-week period ended February 4, 2018 (adjusted, Note 1)			
	United States	Europe	Canada	Total	United States	Europe	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
External customer revenues^(a)								
Merchandise and services	8,385.4	1,114.5	1,686.9	11,186.8	7,082.8	1,052.6	1,600.3	9,735.7
Road transportation fuel	23,379.3	6,420.6	3,924.6	33,724.5	17,804.5	5,635.7	3,669.7	27,109.9
Other	49.6	1,023.7	19.7	1,093.0	37.3	874.8	21.9	934.0
	31,814.3	8,558.8	5,631.2	46,004.3	24,924.6	7,563.1	5,291.9	37,779.6
Gross Profit								
Merchandise and services	2,826.4	465.6	569.3	3,861.3	2,346.4	443.3	551.9	3,341.6
Road transportation fuel	2,102.8	755.1	310.3	3,168.2	1,480.4	763.2	324.4	2,568.0
Other	49.6	117.8	19.7	187.1	37.7	131.4	21.8	190.9
	4,978.8	1,338.5	899.3	7,216.6	3,864.5	1,337.9	898.1	6,100.5

(a) Geographic areas are determined according to where the Corporation generates operating income (where the sale takes place) and according to the location of the long-term assets.

(b) Excluding financial instruments, deferred tax assets and post-employment benefit assets.

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(in millions of US dollars unless otherwise noted, except per share amounts)

12. FAIR VALUE

The fair value of Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable and Accounts payable and accrued liabilities is comparable to their carrying amounts given their short maturity. The fair value of Obligations related to buildings and equipment under finance leases is comparable to its carrying amount, given that implicit interest rates are generally consistent with equivalent market interest rates for similar obligations. The carrying values of the acquisition facility, the US-dollar-denominated unsecured non-revolving credit facility, the term revolving unsecured operating credit D and the CAPL senior secured revolving credit facility approximate their fair values given that their credit spreads are similar to the credit spread the Corporation would obtain under similar conditions at the reporting date.

Fair value hierarchy

Fair value measurements are categorized in accordance with the following levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 but which are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability which are not based on observable market data.

The estimated fair value of each class of financial instrument, the methods and assumptions that were used to determine them and their fair value hierarchy are as follows:

Financial instruments at fair value on the consolidated balance sheets:

- The fair value of the investment contract, which is mainly based on the fair market value of the Corporation's Class B shares, was \$45.7 as at February 3, 2019 (\$36.3 as at April 29, 2018) (Level 2);
- The fair value of the cross-currency interest rate swaps, which is determined based on market rates, was \$208.7 as at February 3, 2019 (\$164.9 as at April 29, 2018) (Level 2). As at February 3, 2019, they are presented as Other short-term financial liabilities for an amount of \$104.4 and Other long-term financial liabilities for an amount of \$104.3, and as at April 29, 2018, they are presented as Other short term financial assets for an amount of \$1.8 and Other long-term financial liabilities for an amount of \$166.7 on the consolidated balance sheets; and
- The fair value of the fixed-to-floating interest rate swaps, which is determined based on market rates, was \$4.7 as at February 3, 2019 (\$6.8 as at April 29, 2018) (Level 2). They are presented as Other short-term financial liabilities on the consolidated balance sheets.

Financial instruments not at fair value on the consolidated balance sheets:

- The table below presents the fair value, which is based on observable market data (Level 2), and the carrying value of the financial instruments which are not measured at fair value on the consolidated balance sheets:

	As at February 3, 2019		As at April 29, 2018	
	Carrying value	Fair value	Carrying value	Fair value
US-dollar-denominated senior unsecured notes	\$ 3,378.1	\$ 3,275.6	\$ 3,373.6	\$ 3,279.4
Canadian-dollar-denominated senior unsecured notes	1,821.4	1,829.4	1,857.3	1,873.5
Euro-denominated senior unsecured notes	856.3	863.9	900.7	925.9
NOK-denominated senior unsecured notes	79.7	88.2	83.9	90.5

13. SUBSEQUENT EVENT

Dividends

During its March 19, 2019 meeting, the Board of Directors declared a quarterly dividend of CA 12.5¢ per share for the third quarter of fiscal 2019 to shareholders on record as at March 28, 2019, and approved its payment for April 11, 2019. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).