



ACQUISITION OF CIRCLE K HONG KONG

Alimentation Couche-Tard
November 5, 2020



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KEY TRANSACTION HIGHLIGHTS

- Entered into an agreement to **acquire Circle K Hong Kong (Circle K HK)**, our licensee partner, for approximately US\$360 million.
- Significant milestone that provides a **platform in Asia** from which to launch our regional growth ambitions.
- Asia is expected to see the majority of the world's economic growth and middle-class formation over the coming decades, and Hong Kong is one of the most developed economies in Asia.
- Circle K HK, the **2nd largest chain in the region**, is a natural fit as it already operates its network of c-stores under the Circle K banner and promotes the Simply Great Coffee brand.
- Circle K HK's management, frontline and support **team members will be joining the Couche-Tard family**.

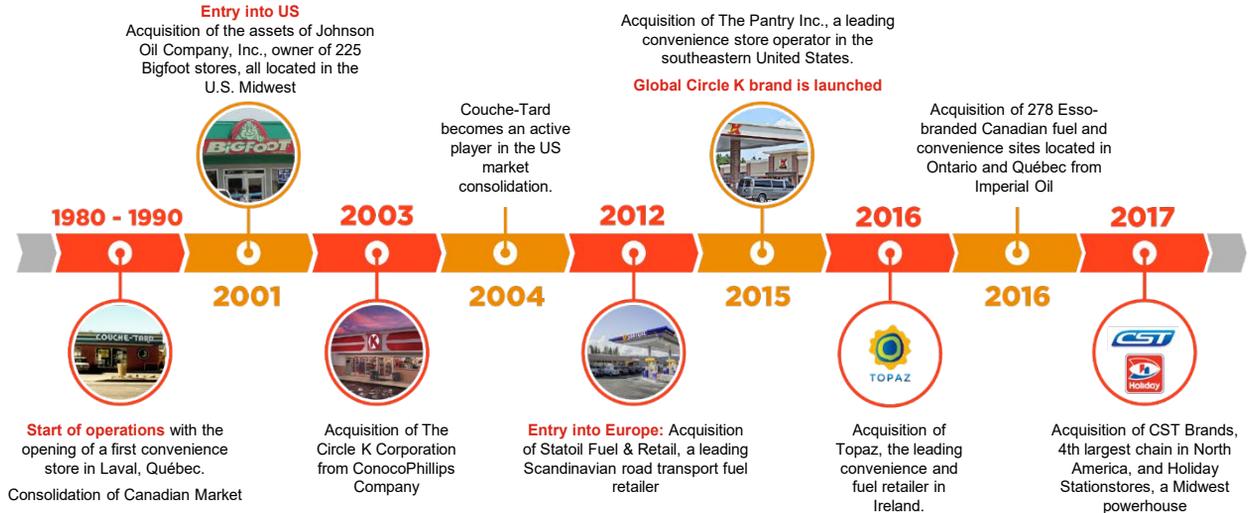


KEY TRANSACTION HIGHLIGHTS (CONT'D)

- Couche-Tard gains **exposure to a high-density small-footprint network** with high visit frequency.
- Given an average store size of 850 sq. ft., **transaction speed and throughput are key** focus areas that could bring shared learnings.
- **Merchandising expertise “down to the square inch”** and proprietary category analytics ensure that the offer is most relevant and that velocity is optimized.
- **Advanced supply chain and logistics**, with daily deliveries, help stores maintain products in-stock, as most do not have storage or back-rooms.
- **New robotics-enabled DC** will improve accuracy and speed of order picking and ship-to-store capabilities.
- Circle K HK has a compelling and **market-leading digital loyalty program** with 1.6 million members.



EXPANSION TIMELINE



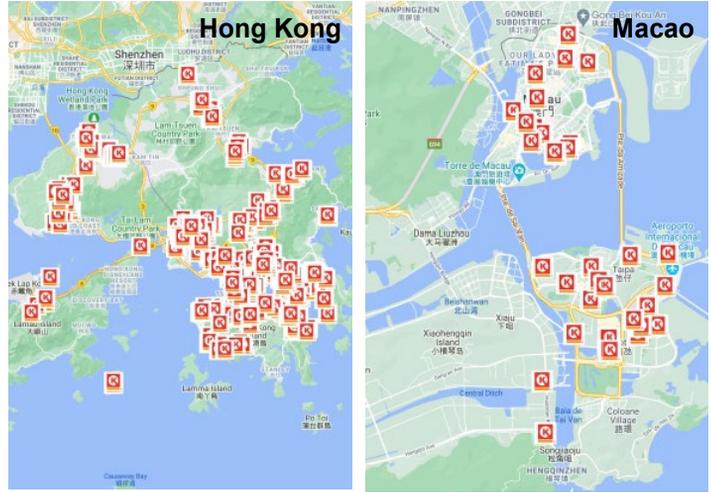
2020 - Entry into Asia: Acquisition of Circle K Hong Kong, 2nd largest chain in the region.



CIRCLE K HONG KONG OVERVIEW

Business Overview

- **Convenience-only network**
 - Already operating under Circle K banner
 - 340 company-operated stores in Hong Kong
 - Highest sales per store in the industry
 - 33 franchised stores in Macau
- **Impressive store operations**
 - 2019 same-store sales growth +5.9%
 - H1 2020 same-store sales growth +5.7%
 - Advanced c-store offering and merchandising
 - Highly productive use of small footprint stores
 - Convenient locations in dense areas
- **Developed food offer**
 - Simply Great Coffee and freshly baked products
 - Strong on-the-go food offer under “hot & in” brand
 - Private label products (e.g. packaged duck leg)
- **Digital loyalty:** 1.6 million members in “OK Stamp It” program
- **Logistics:** New advanced DC opening in December 2020, built to support up to 600 sites



▶ Access to Couche-Tard's capital could unlock significant organic growth potential.

PRODUCTIVE SMALL FOOTPRINT STORES



Shopping arcade store



Mixed-use residential



Plaza



Two-story urban store



CONVENIENT PRODUCT OFFERING



Simply Great Coffee



Impulse and back bar



Refrigerated beverages



Fresh bakery



Ice cream



hot & in food-to-go

ESTABLISHING A NEW PLATFORM FOR GROWTH

- **Fulfills major strategic objective and critical first step of entering high-growth Asia Pacific market**
- **Convenience retail market in Hong Kong is very attractive and understored**
- **Circle K Hong Kong possesses a strong management team with deep expertise and a solid track record of retail execution**
 - Tenured management team that we have know and followed for more than 15 years
- **Circle K Hong Kong is one of the top convenience operators in Asia**
 - Twice won NACS “Asian Operator of the Year” award
- **Presence in Asia and reputable team will lend credibility in future M&A efforts in the region**
- **Circle K Hong Kong will bring relevant capabilities to scale up future growth opportunities**
 - Successful foodservice offer
 - Unique private label products
 - Strong loyalty platform that can be leveraged outside Hong Kong
 - Advanced technology and innovation capabilities – introduced Couche-Tard to gamification
- **Enables Couche-Tard to gain insight and knowledge of the high-density urban retail format**
- **Long-term potential for logistics and sourcing best practices**
 - Hong Kong is a central global trading hub
 - Circle K Hong Kong sources products from across Asia
- **Repatriation of licensing rights to Circle K brand in China, south of the Yangtze River**



TIMELINE AND NEXT STEPS



| Estimated Timing | Event |
|-------------------------|---------------------------------------|
| First half of December | CRA Shareholder approval |
| Second half of December | Cash purchase and transaction closing |

APPENDIX



Hong Kong Overview

▪ **Small but affluent market**

- Population: 7.4 million¹ – one of the most densely populated places in the world; +830k¹ people since 2000
- GDP per capita: US\$48,800² in 2019; doubled over the last 15 years (4.6% CAGR)
- Consumer spend per capita: US\$26,800² in 2019

▪ **Highly developed free-market economy**

- Characterized by low taxation, high transit port, well-established international financial market
- Open legal framework that permits 100% foreign direct investment
- Hong Kong dollar pegged to US dollar greatly reduces currency translation risk
- Key industries: Financial services, trading and logistics, tourism, producer and professional services

▪ **Regional growth opportunity**

- Kowloon: Smallest but most populous area; underserved c-store market
- Hong Kong Island: Second most populous area
- New Territories: Newly developed area; significant white space to expand as a result of population growth

▪ **Coronavirus:** Well-managed pandemic response, with 5,309 confirmed cases and 105 deaths as at October 27³

 **Hong Kong is one of the most developed markets in Asia and possesses a solid convenience infrastructure.**

¹ United Nations – Department of Economic and Social Affairs, Population Division, *World Population Prospects: The 2019 Revision*.

² World Bank.

³ Worldometer.

