ALIMENTATION COUCHE-TARD ANNOUNCES ITS RESULTS FOR ITS FIRST QUARTER OF FISCAL YEAR 2017

- Net earnings of $324.4 million ($0.57 per share on a diluted basis) for the first quarter of fiscal 2017 compared with $297.8 million ($0.52 per share on a diluted basis) for the first quarter of fiscal 2016. Excluding certain items for both comparable periods, net earnings for the quarter would have been approximately $328.0 million[1] ($0.58 per share on a diluted basis) compared with $293.0 million ($0.51 per share on a diluted basis) for the first quarter of fiscal 2016, an increase of 11.9%.
- Same-store merchandise revenues up 2.4% in the U.S., 4.9% in Europe[2] and 0.9% in Canada.
- Merchandise and service gross margin at 33.2% in the U.S., up 10bps, at 41.7% in Europe, down 10bps and unchanged at 33.2% in Canada.
- Same-store road transportation fuel volumes grew by 2.5% in the U.S., by 0.9% in Europe[2] and by 0.6% in Canada.
- Road transportation fuel gross margin of US 20.86¢ per gallon in the U.S., of US 8.70¢ per liter in Europe and of CA 6.78¢ per liter in Canada.
- Successful kick off of Circle K brand in Scandinavia - 247 stores in Europe and 477 stores in North America now display the Corporation's new Circle K global brand.
- Acquisition on May 1, 2016, of A/S Dansk Shell's retail business, which should allow the Corporation to add 127 sites to its network in Denmark.
- Definitive merger agreement to acquire CST Brands Inc. for a total enterprise value of approximately $4.4 billion, including assumed debt.
- Return on equity and return on capital employed were 25.9% and 18.7%, respectively, on a pro forma basis.

Laval, Québec, Canada, August 30, 2016 – For its first quarter ended July 17, 2016, Alimentation Couche-Tard Inc. (TSX: ATD.A ATD.B) announces net earnings of $324.4 million, representing $0.57 per share on a diluted basis. The results for the first quarter of fiscal 2017 were affected by a $6.9 million pre-tax accelerated depreciation and amortization expense in connection with the Corporation's global brand initiative as well as by a net pre-tax foreign exchange gain of $3.2 million. The results for the first quarter of fiscal 2016 included a net pre-tax foreign exchange gain of $6.8 million. Excluding these items as well as the acquisition costs from both comparable quarters' results, the adjusted diluted net earnings per share would have been $0.58 for the first quarter of fiscal 2017 compared with $0.51 for the first quarter of fiscal 2016, an increase of 13.7%. This increase is attributable to higher fuel margins, to continued organic growth, as well as to the contribution from acquisitions. These items, which contributed to the growth in net earnings, were partially offset by the impact of a higher consolidated income tax rate as well as by the negative net impact from the translation of revenues and expenses from its Canadian and European operations into US dollars. All financial information is in US dollars unless stated otherwise.

"Our performance in the quarter was both steady and gratifying," says Brian Hannasch, President and CEO, Alimentation Couche-Tard. "Same store merchandise revenues were solid in the U.S. and Canada – and strong in Europe, all fueled by the growing popularity of our expanded food service offering, our effective merchandising strategies as well as growing contributions from our acquisitions."

"This quarter was also really the first time we introduced our global Circle K brand to our customers in Europe. With already close to 250 stores rebranded from the well-established Statoil brand to our new global Circle K brand, we're starting to see very positive feedback from our customers. Customer traffic has remained steady in stores where we have rolled out the new brand in Norway, Sweden and Denmark – indicating that we are maintaining our momentum in our largest and most profitable European markets," said Mr. Hannasch. "Our integration teams are delivering the desired results. The Pantry continues to make significant contributions and the integration of Topaz is on track and moving steadily ahead. This quarter we were also excited to officially welcome the long awaited A/S Dansk Shell's sites in Denmark into our portfolio while we are confident we will soon be able to integrate the Imperial Oil sites in Canada."

[1] Please refer to section « Net earnings and adjusted net earnings » of this press release for additional information on this performance measure not defined by IFRS.
[2] Includes results from Topaz' stores since the acquisition, except for its recently acquired Esso network, for which the historical information is unavailable.

Mr. Hannasch continues, “Finally, just after the close of the quarter, we announced a definitive merger agreement with CST Brands in North America, which is currently pending regulatory and CST Brands shareholder approval. We are excited about what this transaction can do to strategically strengthen our positioning in both the “U.S. sun belt” and the east coast of North America.”

“It is the combination of our strong and committed approach to organic growth and our disciplined approach to mergers and acquisitions that bring us further on our journey to becoming the world’s preferred destination for convenience and fuel,” concluded Mr. Hannasch.

Claude Tessier, Chief Financial Officer says, “First quarter results drove adjusted earnings per share growth of 13.7 % and operating cash flow of $413.2 million. Our return on capital employed also increased to 18.7%.”

Mr. Tessier continues, “As a growth-oriented company, we know every acquisition is only as good as its successful integration, especially when it comes to anticipated synergies. We are on track when it comes to delivering on more than $125 million in cost synergies for The Pantry and will apply the same diligence to delivering on the synergies we have identified with Topaz and now, for the Shell sites in Denmark. We will apply this same approach and financial discipline to the recently announced acquisition of CST Brands, so that we are poised to take advantage of additional opportunities that might present themselves.”

Significant items of the first quarter of fiscal 2017

- A total of 247 stores in Europe and 477 stores in North America are now proudly displaying our new global convenience brand Circle K. In connection with this rebranding, an incremental depreciation and amortization expense of $6.9 million was recorded to earnings in the first quarter of fiscal 2017.

- In connection with The Pantry integration, our current cost reduction run rate reached $71.0 million compared with our 24-months objective of $85.0 million. For merchandises and services supply cost reductions, we have quickly reached our projected run rate of approximately $27.0 million. As for fuel synergies associated with the fuel rebranding of approximately 1,000 stores in the U.S. southeast, we have also reached our target.

- On May 6, 2016, we proceeded with the issuance of Euro denominated senior unsecured notes totalling €750.0 million (approximatively $854.0 million) with a coupon rate of 1.875% and maturing in 2026, further improving our financial flexibility.

Changes in our network for the first quarter of fiscal 2017

- On May 1, 2016, we completed the acquisition of all the shares of Dansk Fuel A/S (“Dansk Fuel”) from A/S Dansk Shell, comprising 315 service stations, a commercial fuel business and an aviation fuel business all located in Denmark. As per the requirements of the European commission, we will retain 127 sites, of which 82 are owned and 45 are leased from third parties and we will divest the remaining of the Dansk Fuel business in addition to 24 of our legacy sites. In order to meet these requirements, we signed an agreement for the sale of the shares of Dansk Fuel to DCC Holding A/S, a subsidiary of DCC plc, which is pending the customary regulatory approvals. This sale transaction is expected to close during the third quarter of fiscal 2017, once the retained sites are transferred to our Danish subsidiary. Until approval and completion of this transaction, Couche-Tard and Dansk Fuel will continue to operate separately. A trustee has been appointed to manage and operate Dansk Fuel during this interim period as required by the European commission. As we do not have control over Dansk Fuel’s operation, its shares are accounted for as an investment in an associated company using the equity method during this quarter.

  We gain control over the operations of the retained sites as they are transferred from Dansk Fuel to our Danish subsidiary and from that date, the results and assets related to these sites are included in our balance sheet and our consolidated earnings. Of the 127 retained sites, 72 are full-service stations, 49 are unmanned automated fuel stations and 6 are truck stops, all of which are dealer-operated. During the first quarter of fiscal 2017, we have reached agreements with the independent dealers to convert all the retained sites to company-operated sites.

  During the first quarter of fiscal year 2017, we transferred 50 sites from Dansk Fuel to our Danish subsidiary and converted those 50 sites to the company-operated model. We expect that the transfer and conversion of the remaining 77 sites will be completed by the end of the third quarter of fiscal year 2017.

- On May 26, 2016, we reached an agreement to purchase 23 company-operated sites located in Estonia from Sevenoil Est OÜ and its affiliates. Of the 23 sites, 11 are full service fuel stations with convenience stores and 12 are unmanned automated fuel stations. The transaction was approved by the regulatory authorities and is anticipated to close in the second quarter of fiscal year 2017. This transaction is subject to the standard closing conditions.

- On August 21, 2016, we signed a definitive merger agreement to acquire CST Brands Inc. for a total enterprise value of approximately $4.4 billion, including assumed debt.

- On August 29, 2016, subsequent to the end of the quarter, we signed an agreement to purchase 53 company-operated sites from American General Investments, LLC and North American Financial Group, LLC. The sites are located in Louisiana, United States and currently operate under the store brand Cracker Barrel. The transaction is anticipated to close in the third quarter of fiscal year 2017 and is subject to the standard regulatory approvals and closing conditions.

Summary of changes in our store network during the first quarter of fiscal 2017

The following table presents certain information regarding changes in our store network over the 12-week period ended July 17, 2016:

	12-week period ended July 17, 2016				
Type of site	**Company-operated**	**CODO**	**DODO**	**Franchised and other affiliated**	**Total**
Number of sites, beginning of period	7,929	530	1,016	1,072	10,547
Acquisitions	1	50	-	-	51
Openings / constructions / additions	14	-	14	23	51
Closures / disposals / withdrawals	(29)	(3)	(17)	(29)	(78)
Store conversion	50	(57)	7	-	-
Number of sites, end of period	7,965	520	1,020	1,066	10,571
Number of automated fuel stations included in the period end figures	950	-	19	-	969

Exchange Rate Data

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

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

	12-week periods ended	
	July 17, 2016	July 19, 2015
Average for period (1)		
Canadian Dollar	**0.7754**	0.8092
Norwegian krone	**0.1205**	0.1284
Swedish krone	**0.1203**	0.1198
Danish krone	**0.1510**	0.1494
Zloty	**0.2550**	0.2696
Euro	**1.1235**	1.1150
Ruble	**0.0153**	0.0187

Summary analysis of consolidated results for the first quarter of fiscal 2017

The following table highlights certain information regarding our operations for the 12-week periods ended July 17, 2016 and July 19, 2015.

	12-week periods ended		
(in millions of US dollars, unless otherwise stated)	**July 17, 2016**	July 19, 2015	Variation %
Statement of Operations Data:			
Merchandise and service revenues [1]:			
United States	**1,812.9**	1,760.4	3.0%
Europe	**263.6**	206.0	28.0%
Canada	**456.3**	471.0	(3.1%)
Total merchandise and service revenues	**2,532.8**	2,437.4	3.9%
Road transportation fuel revenues:			
United States	**3,807.9**	4,437.7	(14.2%)
Europe	**1,351.4**	1,374.9	(1.7%)
Canada	**501.9**	561.7	(10.6%)
Total road transportation fuel revenues	**5,661.2**	6,374.3	(11.2%)
Other revenues [2]:			
United States	**3.0**	3.7	(18.9%)
Europe	**223.5**	164.1	36.2%
Canada	**0.1**	0.1	-
Total other revenues	**226.6**	167.9	35.0%
Total revenues	**8,420.6**	8,979.6	(6.2%)
Merchandise and service gross profit [1]:			
United States	**602.0**	583.4	3.2%
Europe	**109.9**	86.2	27.5%
Canada	**151.4**	156.3	(3.1%)
Total merchandise and service gross profit	**863.3**	825.9	4.5%
Road transportation fuel gross profit:			
United States	**362.5**	317.4	14.2%
Europe	**210.2**	185.8	13.1%
Canada	**39.2**	37.2	5.4%
Total road transportation fuel gross profit	**611.9**	540.4	13.2%
Other revenues gross profit [2]:			
United States	**3.0**	3.7	(18.9%)
Europe	**41.1**	49.2	(16.5%)
Canada	**0.1**	0.1	-
Total other revenues gross profit	**44.2**	53.0	(16.6%)
Total gross profit	**1,519.4**	1,419.3	7.1%
Operating, selling, administrative and general expenses	**915.8**	879.7	4.1%
Gain on disposal of property and equipment and other assets	**(1.6)**	(1.9)	(15.8%)
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**145.0**	140.0	3.6%
Operating income	**460.2**	401.5	14.6%
Net earnings	**324.4**	297.8	8.9%
Other Operating Data:			
Merchandise and service gross margin [1]:			
Consolidated	**34.1%**	33.9%	0.2%
United States	**33.2%**	33.1%	0.1%
Europe	**41.7%**	41.8%	(0.1%)
Canada	**33.2%**	33.2%	-
Growth of same-store merchandise revenues [3] [4]:			
United States	**2.4%**	5.1%	
Europe[5]	**4.9%**	1.3%	
Canada	**0.9%**	2.3%	
Road transportation fuel gross margin:			
United States (cents per gallon) [4]	**20.86**	18.34	13.7%
Europe (cents per litre) [6]	**8.70**	9.60	(9.4%)
Canada (CA cents per litre) [4]	**6.78**	6.36	6.6%
Volume of road transportation fuel sold [6]:			
United States (millions of gallons)	**1,751.9**	1,681.5	4.2%
Europe (millions of litres)[5]	**2,415.5**	1,934.7	24.9%
Canada (millions of litres)	**752.9**	728.9	3.3%
Growth of same-store road transportation fuel volume [4]:			
United States	**2.5%**	9.4%	
Europe	**0.9%**	2.7%	
Canada	**0.6%**	1.4%	
Per Share Data:			
Basic net earnings per share (dollars per share)	**0.57**	0.52	9.6%
Diluted net earnings per share (dollars per share)	**0.57**	0.52	9.6%

	July 17, 2016	April 24, 2016	Variation $
Balance Sheet Data:			
Total assets	**12,511.5**	12,303.9	207.6
Interest-bearing debt	**2,859.2**	2,857.0	2.2
Shareholders' equity	**5,274.7**	5,043.6	231.1
Indebtedness Ratios:			
Net interest-bearing debt/total capitalization (7)	**0.30 : 1**	0.31 : 1	
Net interest-bearing debt/Adjusted EBITDA (8) (12)	**0.94 : 1**	0.97 : 1	
Adjusted net interest-bearing debt/Adjusted EBITDAR (9) (12)	**1.90 : 1**	1.98 : 1	
Returns:			
Return on equity (10) (12)	**25.9%**	27.0%	
Return on capital employed (11) (12)	**18.7%**	18.5%	

(1) Includes revenues derived from franchise fees, royalties, suppliers rebates on some purchases made by franchisees and licensees as well as wholesale merchandise.
(2) Includes revenues from rental of assets, from sale of aviation and marine fuel, heating oil, kerosene, lubricants and chemicals.
(3) Does not include services and other revenues (as described in footnote 1 and 2 above). Growth in Canada and in Europe is calculated based on local currencies.
(4) For company-operated stores only.
(5) Includes results from Topaz' stores since the acquisition, except for its recently acquired Esso network, for which the historical information is unavailable.
(6) Total road transportation fuel.
(7) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments divided by 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.
(8) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments divided by EBITDA (Earnings Before Interest, Tax, Depreciation, Amortization and Impairment) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.
(9) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt 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.
(10) This ratio 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.
(11) This ratio 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.
(12) This ratio is presented on a pro forma basis. As of July 17, 2016, it includes Couche-Tard's and Topaz's results for the 52-week period ended July 17, 2016. As of April 24, 2016, it includes Couche-Tard's results for fiscal year ended April 24, 2016 as well as Topaz's results for the 52-week period ended April 24, 2016. Topaz's earnings and balance sheet figures have been adjusted to make their presentation in line with Couche-Tard's policies. Given the timing of the acquisition of Topaz, we have not yet completed the fair value assessment of the assets acquired, the liabilities assumed and the goodwill for this transaction.

Revenues

Our revenues were $8.4 billion for the first quarter of fiscal 2017, down by $559.0 million, a decrease of 6.2% compared with the corresponding quarter of fiscal 2016, mainly attributable to a lower road transportation fuel average selling price, to the negative net impact from the translation of revenues of our Canadian and European operations into US dollars and to the disposal of our lubricants business during the second quarter of fiscal 2016. These items, which contributed to the decrease in revenues, were partly offset by the contribution from acquisitions and recently opened stores as well as by the continued growth in same-store merchandise revenues and road transportation fuel volumes in both North America and Europe.

More specifically, the growth in merchandise and service revenues for the first quarter of fiscal 2017 was $95.4 million. Excluding the negative net impact from the translation of our European and Canadian operations into US dollars, merchandise and service revenues increased by $115.8 million or 4.8%. This increase is attributable to the contribution from acquisitions which amounted to approximately $65.0 million as well as to our solid organic growth. Same-store merchandise revenues increased by 2.4% in the United States, by 4.9% in Europe and by 0.9% in Canada. Overall, our performance is attributable to our dynamic merchandising strategies, to the encouraging reaction from customers to the launch of our new global brand, to our competitive offer and to our expanded fresh food assortment, which are attracting more customers into our stores. Our western Canadian merchandise and service revenues are still affected by a challenging economy as well as by this year's major forest fires in this region.

Road transportation fuel revenues decreased by $713.1 million in the first quarter of fiscal 2017. Excluding the negative net impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues decreased by $656.7 million or 10.3%. This decrease was attributable to the impact of a lower average road transportation fuel selling price, which had a negative impact of approximately $1.1 billion on our revenues, partly offset by the contribution from acquisitions, which amounted to approximately $252.0 million and by our organic growth. Same-store road transportation fuel volumes increased by 2.5% in the United States, by 0.6% in Canada and by 0.9% in Europe due to - among other things – the positive customer's response to our Circle K rebranding activities, to our branding and micro-market strategies as well as to the growing contribution from premium fuel. Same as for our merchandises and services revenues, our road transportation volumes in western Canada is impacted by the same reasons as described above.

The following table shows the average selling price of road transportation fuel in our various markets, starting with the second quarter of the fiscal year ended April 26, 2015:

Quarter	2nd	3rd	4th	1st	**Weighted average**
52-week period ended July 17, 2016					
United States (US dollars per gallon)	2.36	1.99	1.86	2.20	**2.10**
Europe (US cents per litre)	66.12	57.04	51.59	58.65	**58.02**
Canada (CA cents per litre)	97.79	88.41	82.28	92.66	**90.39**
52-week period ended July 19, 2015					
United States (US dollars per gallon)	3.36	2.54	2.34	2.64	**2.68**
Europe (US cents per litre)	95.18	73.99	66.51	72.16	**76.80**
Canada (CA cents per litre)	117.00	96.27	93.63	103.17	**102.24**

It should be noted that the lower average road transportation fuel selling price has no direct negative impact on our fuel gross margin. In fact, a lower fuel selling price usually works in our favor as customers tend to travel more in this context – buying more fuel – while also leaving them with more cash for their discretionary spending.

Other revenues increased by $58.7 million in the first quarter of fiscal 2017. This increase is mainly explained by the contribution from acquisitions, which amounted to approximately $111.0 million, partly offset by the disposal of our lubricants business, which had an impact of approximately $39.0 million as well as by the negative net impact from the translation of revenues from our European operations into US dollars.

Gross profit

In the first quarter of fiscal 2017, the consolidated merchandise and service gross profit was $863.3 million, an increase of $37.4 million compared with the corresponding quarter of fiscal 2016. Excluding the net negative impact from the translation of our European and Canadian operations into US dollars, consolidated merchandise and service gross profit increased by $44.4 million or 5.4%. This increase is attributable to the contribution from acquisitions, which amounted to approximately $23.0 million, and to organic growth. The gross margin increased by 0.1% in the United States to 33.2%, and remained stable in Canada at 33.2%. Overall, this performance reflects changes in the product mix and the improvements we brought to our supply terms, as well as our merchandising strategy in line with market competitiveness and the economic conditions within each market. In Europe, the gross margin decreased by 0.1%, to 41.7%. This decline stems primarily from a different product mix and business model in Ireland where certain categories with high margins, such as car wash and royalties, represent a less significant portion of our revenues. Excluding Ireland, our gross margin in Europe increased compared with the corresponding quarter of fiscal 2016, driven by the growth in fresh food sales.

In the first quarter of fiscal 2017, the road transportation fuel gross margin was 20.86 ¢ per gallon in the United States, CA 6.78 ¢ per litre in Canada and 8.70 ¢ per litre in Europe. The decrease of 0.90 ¢ per litre in Europe is mostly attributable to the impact of lower margins in Ireland compared with our margins in continental Europe as well as to the net impact of the translation of our European results into US dollars. Excluding Ireland and the changes in foreign exchange rates, road transportation fuel gross margin increased in Europe. The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the second quarter of the fiscal year ended April 26, 2015, were as follows:

(US cents per gallon)

Quarter	2nd	3rd	4th	1st	**Weighted average**
52-week period ended July 17, 2016					
Before deduction of expenses related to electronic payment modes	25.66	19.90	16.78	20.86	**20.74**
Expenses related to electronic payment modes	4.19	3.84	3.74	4.08	**3.96**
After deduction of expenses related to electronic payment modes	21.47	16.06	13.04	16.78	**16.78**
52-week period ended July 19, 2015					
Before deduction of expenses related to electronic payment modes	24.17	24.93	15.46	18.34	**20.46**
Expenses related to electronic payment modes	5.03	4.33	4.12	4.37	**4.43**
After deduction of expenses related to electronic payment modes	19.14	20.60	11.34	13.97	**16.04**

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

Other revenues gross profit decreased by $8.8 million in the first quarter of fiscal 2017. This decrease is mainly explained by the disposal of our lubricants business, which had an impact of approximately $11.0 million partly offset by the contribution from acquisitions, which amounted to approximately $6.0 million.

Operating, selling, administrative and general expenses

For the first quarter of fiscal 2017, operating, selling, administrative and general expenses increased by 4.1%, compared with the corresponding period of fiscal 2016, but increased by only 2.1% if we exclude certain items as demonstrated by the following table:

	12-week period ended July 17, 2016
Total variance as reported	**4.1%**
Subtract:	
Increase from incremental expenses related to acquisitions	4.3%
Decrease from the net impact of foreign exchange translation	(1.0%)
Decrease from divestment of the lubricants business	(1.0%)
Decrease from lower electronic payment fees, excluding acquisitions	(0.3%)
Acquisition costs recognized to earnings of the first quarter of fiscal 2017	0.1%
Acquisition costs recognized to earnings of the first quarter of fiscal 2016	(0.1%)
Remaining variance	**2.1%**

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

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

During the first quarter of fiscal 2017, EBITDA increased by 12.2% compared with the same quarter last year, from $548.0 million to $614.7 million.

Excluding the specific items shown in the table below from EBITDA of the first quarter of fiscal 2017 and of the first quarter of fiscal 2016, the adjusted EBITDA for the first quarter of fiscal 2017 increased by $67.2 million or 12.3% compared with the corresponding period of the previous fiscal year. Acquisitions contributed approximately $20.0 million to adjusted EBITDA, while the variation in exchange rates had a negative net impact of approximately $7.0 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, use these measures to evaluate our financial and operating performance. Note that our definition of these measures may differ from the one used by other public corporations:

	12-week periods ended	
(in millions of US dollars)	**July 17, 2016**	July 19, 2015
Net earnings, as reported	**324.4**	297.8
Add:		
Income taxes	**120.9**	93.1
Net financial expenses	**24.4**	17.1
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**145.0**	140.0
EBITDA	**614.7**	548.0
Remove:		
Acquisition costs	**(1.0)**	(0.5)
Adjusted EBITDA	**615.7**	548.5

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

For the first quarter of fiscal 2017, depreciation, amortization and impairment expenses increased by $5.0 million, mainly as a result of investments made through acquisitions, the replacement of equipment, the addition of new stores and the ongoing improvement of our network. The depreciation, amortization and impairment expense was also increased by the accelerated depreciation and amortization of certain assets in connection with our global rebranding project, which had an impact of $6.9 million for the first quarter of fiscal 2017. These items, which contributed to the increase in depreciation, amortization and impairment expenses, were partially offset by the net impact of the translation of our European and Canadian operations into US dollars.

Net financial expenses

The first quarter of fiscal 2017 shows net financial expenses of $24.4 million, an increase of $7.3 million compared with the first quarter of fiscal 2016. Excluding the net foreign exchange gains of $3.2 million and of $6.8 million recorded respectively in the first quarters of fiscal 2017 and fiscal 2016, net financial expenses increased by $3.7 million. This increase is mainly attributable to the higher average effective rate of our long-term debt. The net foreign exchange gain of $3.2 million for the first quarter of fiscal 2017 is mainly due to the impact of foreign exchange variations on certain cash balances.

Income taxes

The income tax rate for the first quarter of fiscal 2017 was 27.2% compared with an income tax rate of 23.8% for the first quarter of fiscal 2016. Our income tax rate was impacted by the growth of our earnings in the United States, where our income tax rate is the highest.

Net earnings and adjusted net earnings

We closed the first quarter of fiscal 2017 with net earnings of $324.4 million, compared with $297.8 million for the first quarter of the previous fiscal year, an increase of $26.6 million or 8.9%. Diluted net earnings per share stood at $0.57, compared with $0.52 the previous year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a negative net impact of approximately $4.0 million on net earnings of the first quarter of fiscal 2017.

Excluding the items shown in the table below from net earnings of the first quarter of fiscal 2017 and fiscal 2016, net earnings for the first quarter of fiscal 2017 would have been approximately $328.0 million, compared with $293.0 million for the comparable quarter of the previous year, an increase of $35.0 million or 11.9%. Adjusted diluted net earnings per share would have been approximately $0.58 for the first quarter of fiscal 2017, compared with $0.51 for the corresponding period of fiscal 2016, an increase of 13.7%.

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

	12-week periods ended	
(in millions of US dollars)	**July 17, 2016**	July 19, 2015
Net earnings, as reported	**324.4**	297.8
Remove:		
Impact of accelerated depreciation and amortization	**(6.9)**	-
Net foreign exchange gain	**3.2**	6.8
Acquisition costs	**(1.0)**	(0.5)
Tax impact of the items above and rounding	**1.1**	(1.5)
Adjusted net earnings	**328.0**	293.0

It should be noted that adjusted net earnings is not a performance measure defined by IFRS, but we, as well as investors and analysts, use this measure to evaluate our financial and operating performance. Note that our definition of this measure may differ from the one used by other public corporations.

Dividends

During its August 30, 2016 meeting, the Corporation's Board of Directors declared a quarterly dividend of CA 7.75¢ per share for the first quarter of fiscal 2017 to shareholders on record as at September 9, 2016 and approved its payment for September 23, 2016. This is an eligible dividend within the meaning of the Income Tax Act of Canada.

Profile

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

As of July 17, 2016, Couche-Tard's network comprised 7,863 convenience stores throughout North America, including 6,474 stores with road transportation fuel dispensing. Its North American network consists of 15 business units, including 11 in the United States covering 41 states and 4 in Canada covering all 10 provinces. Approximately 80,000 people are employed throughout its network and at its service offices in North America.

In Europe, Couche-Tard operates a broad retail network across Scandinavia, Ireland, Poland, the Baltics States and Russia through ten business units. As of July 17, 2016, Couche-Tard's network is comprised of 2,708 stores, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel sites which only offer road transportation fuel. Couche-Tard also offers other products, including stationary energy, marine fuel, aviation fuel, lubricants and chemicals. Including employees at its branded franchise stores, approximately 25,000 people work in its retail network, terminals and service offices across Europe.

In addition, under licensing agreements, more than 1,500 stores are operated under the Circle K banner in 13 other countries and territories worldwide (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam), which brings the total network to over 12,000 stores.

For more information on Alimentation Couche-Tard Inc., please visit: http://corpo.couche-tard.com.

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Webcast on August 30, 2016 at 2:30 P.M. (EDT)

Couche-Tard invites analysts known to the Corporation to send their two questions in advance to its management, before 11:00 A.M. (EDT) on August 30, 2016.

Financial analysts and investors who wish to listen to the webcast on Couche-Tard's results which will take place online on August 30, 2016 at 2:30 P.M. (EDT) can do so by accessing the Corporation's website at http://corpo.couche-tard.com/ and by clicking on the corporate presentations link of the investor relations section or by dialing 1-866-865-3087, the local number (514) 807-9895 or the international number 1-647-427-7450, followed by the access code 65706432#. For those who will not be able to listen to the live presentation, the recording of the webcast will be available on the Corporation's website for a period of 90 days.

CONSOLIDATED STATEMENTS OF EARNINGS
(in millions of US dollars, except per share amounts, unaudited)

For the 12-week periods ended	July 17, 2016	July 19, 2015
	$	$
Revenues	**8,420.6**	8,979.6
Cost of sales	**6,901.2**	7,560.3
Gross profit	**1,519.4**	1,419.3
Operating, selling, administrative and general expenses	**915.8**	879.7
Gain on disposal of property and equipment and other assets	**(1.6)**	(1.9)
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**145.0**	140.0
	1,059.2	1,017.8
Operating income	**460.2**	401.5
Share of earnings of joint ventures and associated companies accounted for using the equity method	**9.5**	6.5
Financial expenses	**28.7**	25.6
Financial revenues	**(1.1)**	(1.7)
Foreign exchange gain from currency conversion	**(3.2)**	(6.8)
Net financial expenses	**24.4**	17.1
Earnings before income taxes	**445.3**	390.9
Income taxes	**120.9**	93.1
Net earnings	**324.4**	297.8
Net earnings attributable to:		
Shareholders of the Corporation	**324.4**	297.6
Non-controlling interest	**-**	0.2
Net earnings	**324.4**	297.8
Net earnings per share (Note 5)		
Basic	**0.57**	0.52
Diluted	**0.57**	0.52
Weighted average number of shares – basic (in thousands)	**567,677**	567,381
Weighted average number of shares – diluted (in thousands)	**569,201**	569,095
Number of shares outstanding at end of period (in thousands)	**567,694**	567,405

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 12-week periods ended	July 17, 2016	July 19, 2015
	$	$
Net earnings	**324.4**	297.8
Other comprehensive income		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Changes in cumulative translation adjustments (1)	**(21.9)**	71.0
Change in fair value of cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in its foreign operations (2)	**(45.0)**	(80.4)
Net interest on cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in its foreign operations (3)	**(0.1)**	(0.6)
Cash flow hedges		
Change in fair value of financial instruments (4)	**0.4**	6.1
Gain realized on financial instruments transferred to earnings (5)	**(1.8)**	(5.1)
Available-for-sale investment		
Change in fair value of an available-for-sale investment (6)	**10.5**	-
Items that will never be reclassified to earnings		
Net actuarial (loss) gain (7)	**(1.6)**	27.6
Other comprehensive (loss) income	**(59.5)**	18.6
Comprehensive income	**264.9**	316.4
Comprehensive income attributable to:		
Shareholders of the Corporation	**264.9**	316.2
Non-controlling interest	**-**	0.2
Comprehensive income	**264.9**	316.4

(1) For the 12-week periods ended July 17, 2016 and July 19, 2015, these amounts include a gain of $0.1 (net of income taxes) and a loss of $79.0 (net of income taxes of $12.5), respectively. This gain and this loss arise from the translation of US dollar and Norwegian krone denominated long-term debts designated as foreign exchange hedges of the Corporation's net investments in its operations in the US and Norway, respectively and the translation of US dollar denominated long-term debt, in combination with cross currency interest rate swaps, designated a foreign exchange hedge of the Corporation's net investments in its operations in Denmark, the Baltics and Ireland.

(2) For the 12-week periods ended July 17, 2016 and July 19, 2015, these amounts are net of income taxes of $0.5 and $0.3, respectively.

(3) For the 12-week periods ended July 17, 2016 and July 19, 2015, these amounts are net of income taxes of $0.9 and $0.2, respectively.

(4) For the 12-week periods ended July 17, 2016 and July 19, 2015, these amounts are net of income taxes of $0.1 and $2.6, respectively.

(5) For the 12-week periods ended July 17, 2016 and July 19, 2015, these amounts are net of income taxes of $0.3 and $1.8, respectively.

(6) For the 12-week period ended July 17, 2016 this amount is net of income taxes of $2.6.

(7) For the 12-week periods ended July 17, 2016 and July 19, 2015, these amounts are net of income taxes of $2.0 and $9.5, respectively.

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 12-week period ended							**July 17, 2016**
	Attributable to the shareholders of the Corporation						
	Capital stock	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive loss (Note 6)**	**Total**	**Non-controlling interest**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, beginning of period	**699.8**	**14.8**	**5,022.2**	**(693.2)**	**5,043.6**	**-**	**5,043.6**
Comprehensive income:							
Net earnings			**324.4**		**324.4**		**324.4**
Other comprehensive loss				**(59.5)**	**(59.5)**		**(59.5)**
Comprehensive income					**264.9**	**-**	**264.9**
Dividends declared			**(34.5)**		**(34.5)**		**(34.5)**
Stock option-based compensation expense		**0.7**			**0.7**		**0.7**
Balance, end of period	**699.8**	**15.5**	**5,312.1**	**(752.7)**	**5,274.7**	**-**	**5,274.7**

For the 12-week period ended							July 19, 2015
	Attributable to the shareholders of the Corporation						
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (Note 6)	Total	Non-controlling interest	Total equity
	$	$	$	$	$	$	$
Balance, beginning of period	697.2	10.7	3,919.8	(738.6)	3,889.1	13.9	3,903.0
Comprehensive income:							
Net earnings			297.6		297.6	0.2	297.8
Other comprehensive loss				18.6	18.6		18.6
Comprehensive income					316.2	0.2	316.4
Dividends declared			(23.7)		(23.7)		(23.7)
Stock option-based compensation expense		0.6			0.6		0.6
Initial fair value of stock options exercised	0.1	(0.1)			-		-
Balance, end of period	697.3	11.2	4,193.7	(720.0)	4,182.2	14.1	4,196.3

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 12-week periods ended	July 17, 2016	July 19, 2015
	$	$
Operating activities		
Net earnings	**324.4**	297.8
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets, net of amortization of deferred credits	**145.4**	122.4
Deferred income taxes	**11.1**	(9.0)
Deferred credits	**9.3**	4.0
Share of earnings of joint ventures and associated companies accounted for using the equity method, net of dividends received	**(6.1)**	(3.7)
Gain on disposal of property and equipment and other assets	**(1.6)**	(1.9)
Other	**1.3**	(0.4)
Changes in non-cash working capital	**(70.6)**	(9.1)
Net cash provided by operating activities	**413.2**	400.1
Investing activities		
Investment in an associated company (Note 3)	**(294.0)**	-
Purchase of property and equipment, intangible assets and other assets	**(131.1)**	(88.1)
Proceeds from disposal of property and equipment and other assets	**22.6**	22.3
Deposit for business acquisition	**(3.9)**	-
Business acquisitions (Note 3)	**(1.4)**	(87.0)
Restricted cash	**0.5**	(0.6)
Net cash used in investing activities	**(407.3)**	(153.4)
Financing activities		
Issuance of euro denominated senior unsecured notes, net of financing costs (Note 4)	**853.8**	-
Net decrease in term revolving unsecured operating credit D (Note 4)	**(821.4)**	(587.1)
Settlement of cross-currency interest rate swaps	**(9.8)**	-
Net decrease in other debt	**(8.0)**	(4.1)
Issuance of Canadian dollar denominated senior unsecured notes, net of financing costs (Note 4)	**-**	562.0
Net cash provided by (used in) financing activities	**14.6**	(29.2)
Effect of exchange rate fluctuations on cash and cash equivalents	**1.0**	31.1
Net increase in cash and cash equivalents	**21.5**	248.6
Cash and cash equivalents, beginning of period	**599.4**	575.8
Cash and cash equivalents, end of period (including cash related to assets held for sale)	**620.9**	824.4
Supplemental information:		
Interest paid	**31.4**	19.4
Interest and dividends received	**6.2**	4.2
Income taxes paid	**124.8**	102.0
Cash and cash equivalents components:		
Cash and demand deposits	**552,2**	714.4
Liquid investments	**68.7**	110.0
	620.9	824.4

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 July 17, 2016	As at April 24, 2016
	$	$
Assets		
Current assets		
Cash and cash equivalents	**620.9**	599.4
Restricted cash	**1.2**	1.7
Accounts receivable	**1,372.7**	1,416.2
Inventories	**875.3**	816.7
Prepaid expenses	**60.6**	67.9
Income taxes receivable	**16.3**	32.9
	2,947.0	2,934.8
Property and equipment	**6,354.5**	6,409.0
Goodwill	**1,830.3**	1,843.9
Intangible assets	**611.3**	631.9
Other assets	**349.8**	342.0
Investment in joint ventures and associated companies	**375.4**	91.2
Deferred income taxes	**43.2**	51.1
	12,511.5	12,303.9
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**2,498.9**	2,516.7
Provisions	**108.9**	106.1
Income taxes payable	**21.3**	54.1
Current portion of long-term debt (Note 4)	**29.9**	28.6
	2,659.0	2,705.5
Long-term debt (Note 4)	**2,829.3**	2,828.4
Provisions	**463.7**	475.0
Pension benefit liability	**99.9**	100.3
Other financial liabilities	**257.4**	221.8
Deferred credits and other liabilities	**265.3**	264.9
Deferred income taxes	**662.2**	664.4
	7,236.8	7,260.3
Equity		
Capital stock (Note 7)	**699.8**	699.8
Contributed surplus	**15.5**	14.8
Retained earnings	**5,312.1**	5,022.2
Accumulated other comprehensive loss (Note 6)	**(752.7)**	(693.2)
	5,274.7	5,043.6
	12,511.5	12,303.9

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, unaudited)

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 Canadian generally accepted accounting principles as set out in Part I of the Chartered Professional Accountants of Canada (CPA Canada) Handbook – Accounting, which incorporates 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".

The interim financial statements were prepared in accordance with the same accounting policies and methods as the audited annual consolidated financial statements for the year ended April 24, 2016. 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 2016 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 August 30, 2016, the Corporation's interim financial statements were approved by the Board of Directors who also approved their publication.

Comparative figures

The Corporation has made adjustments to the preliminary purchase price allocation for the acquisition of Topaz. As a result, changes were made to: Property and equipment, Goodwill and Deferred income taxes assets in the Consolidated Balance Sheet as at April 24, 2016.

2. ACCOUNTING CHANGES

Recently issued but not yet implemented

In June 2016, the IASB issued "Classification and Measurement of Share-based Payment Transactions", which amends IFRS 2 "Share-based Payment", which clarifies 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. These amendments are effective for annual periods beginning on or after January 1, 2018. The amendments are to be applied prospectively, with retrospective application permitted. The Corporation is currently evaluating the impact of these amendments on its consolidated financial statements.

3. BUSINESS ACQUISITIONS

- On May 1, 2016, the Corporation completed the acquisition of all the shares of Dansk Fuel A/S ("Dansk Fuel") from A/S Dansk Shell, comprising 315 service stations, a commercial fuel business and an aviation fuel business, all located in Denmark. As per the requirements of the European commission, the Corporation will retain 127 sites, of which 82 are owned and 45 are leased from third parties and will divest the remaining of the Dansk Fuel business in addition to 24 of its legacy sites. In order to meet these requirements, the Corporation signed an agreement for the sale of the shares of Dansk Fuel to DCC Holding A/S, a subsidiary of DCC plc, which is pending the customary regulatory approvals. This sale transaction is expected to close during the third quarter of fiscal 2017, once the retained sites are transferred to the Corporation's Danish subsidiary. Until approval and completion of this transaction, Couche-Tard and Dansk Fuel will continue to operate separately. A trustee has been appointed to manage and operate Dansk Fuel during this interim period as required by the European commission. As the Corporation does not have control over Dansk Fuel's operation, its shares are accounted for as an investment in an associated company using the equity method during this quarter.

  The Corporation gains control over the operations of the retained sites as they are transferred from Dansk Fuel to its Danish subsidiary and from that date, the results and assets related to these sites are included in its balance sheet and its consolidated earnings. Of the 127 retained sites, 72 are full-service stations, 49 are unmanned automated fuel stations and 6 are truck stops, all of which are dealer-operated. During the first quarter of fiscal 2017, the Corporation has reached agreements with the independent dealers to convert all the retained sites to company-operated sites.

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

During the first quarter of fiscal year 2017, the Corporation has transferred 50 sites from Dansk Fuel to its Danish subsidiary and converted those 50 sites to the company-operated model. The Corporation expects that the transfer and conversion of the remaining 77 sites will be completed by the end of third quarter of fiscal year 2017.

- During the 12-week period ended July 17, 2016, the Corporation also acquired one store through a distinct transaction. The Corporation owns the land and building for this site.

For the 12-week period ended July 17, 2016, acquisition costs of $1.0 in connection with these acquisitions and other unrealized or ongoing acquisitions are included in Operating, selling, administrative and general expenses.

These acquisitions were settled for a total cash consideration of $19.8. Since the Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed and goodwill for all transactions, the preliminary purchase price allocations of these acquisitions are subject to adjustments to the fair value of the assets, liabilities and goodwill until the process is completed.

The purchase price allocations based on the estimated fair value on the date of acquisition and available information as at the date of publication of these consolidated financial statements are as follows:

	$
Tangible assets acquired	
Inventories	**2.6**
Property and equipment	**16.0**
Other assets	**1.7**
Total tangible assets	**20.3**
Liabilities assumed	
Provisions	**1.6**
Total liabilities	**1.6**
Net tangible assets acquired	**18.7**
Goodwill	**1.1**
Total consideration	**19.8**
Deemed consideration for transfer of 50 sites from Dansk Fuel A/S	**(18.4)**
Total cash consideration paid	**1.4**

The Corporation expects that all of the goodwill related to these transactions will be deductible for tax purposes.

These acquisitions were concluded in order to expand the Corporation’s market share, to penetrate new markets and to increase its economies of scale. These acquisitions generated goodwill mainly due to the strategic location of stores acquired. Since the date of acquisition, revenues and net loss from these stores amounted to $2.3 and $0.2, respectively. Considering the nature of these acquisitions, the available financial information does not allow for the accurate disclosure of pro-forma revenues and net earnings had the Corporation concluded these acquisitions at the beginning of its fiscal year.

Acquisition of Topaz

On February 1, 2016, the Corporation acquired all outstanding shares of Topaz Energy Group Limited, Resource Property Investment Fund plc and Esso Ireland Limited, collectively known as “Topaz” for a total cash consideration of €258.0 or $280.9 plus a contingent consideration of a maximum undiscounted amount of €15.0 ($16.3) payable upon signature of two contracts. The fair value of the contingent consideration was estimated at €15.0 ($16.3) using the Corporation’s knowledge of the negotiations’ progress at the acquisition date and represents the Corporation's best estimate. Topaz is the leading convenience and fuel retailer in Ireland with a network comprising 444 service stations. Of these service stations, 158 are operated by Topaz and 286 by dealers. As a result of this transaction, the Corporation became owner of the land and buildings for 77 sites, lessor of the land and owner of the buildings for 24 sites and lessor of these same assets for the remaining sites. The agreement also encompasses a significant commercial fuel operation, with over 30 depots and two owned terminals.

Given the size and timing of the transaction, the Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed and the goodwill for this transaction. Consequently, the fair value adjustments related to this acquisition are included in goodwill in the preliminary purchase price allocation. The Corporation’s preliminary work has identified the following intangible assets which have not yet been valued in this preliminary allocation: customer relations, software, favorable leases and a trademark. This preliminary purchase price allocation is subject to adjustments to the fair value of the assets, liabilities and goodwill until the process is completed by the end of the 2017 fiscal year. The table below shows Topaz’s initial purchase price allocation as reported in the Corporation’s 2016 annual consolidated financial statements and the changes made to adjust this allocation based on available information as at the date of authorisation of these consolidated financial statements.

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

	Initial allocation	Changes	Adjusted allocation
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	28.4		28.4
Accounts receivable	213.5		213.5
Inventories	38.1		38.1
Prepaid expenses	12.9		12.9
	292.9		292.9
Property and equipment	509.0	4.1	513.1
Identifiable intangible assets	5.1		5.1
Other assets	5.1		5.1
Deferred income taxes	2.2	2.8	5.0
	814.3	6.9	821.2
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	237.7		237.7
Provisions	2.4		2.4
Current portion of long-term debt	231.3		231.3
	471.4		471.4
Long term debt	153.0		153.0
Provisions	19.5		19.5
Pension benefit liability	9.6		9.6
	653.5		653.5
Net identifiable assets	160.8	6.9	167.7
Acquisition goodwill	136.4	(6.9)	129.5
Consideration	297.2		297.2
Contingent consideration	16.3		16.3
Cash and cash equivalents acquired	28.4		28.4
Net cash flow for the acquisition	252.5	-	252.5

The Corporation expects that none of the goodwill related to this transaction will be deductible for tax purposes.

This acquisition was concluded in order to penetrate new markets and to increase its economies of scale.

4. LONG-TERM DEBT

	As at July 17, 2016	As at April 24, 2016
	$	$
Canadian dollar denominated senior unsecured notes	**1,549.6**	1,573.2
US dollar denominated term revolving unsecured operating credit D, maturing in December 2019	**64.0**	841.2
Canadian dollar denominated term revolving unsecured operating credit D, maturing in December 2019	**-**	43.0
NOK denominated senior unsecured notes maturing in February 2026	**80.1**	81.8
Euro denominated senior unsecured notes maturing in May 2026	**829.4**	-
NOK floating-rate bonds, 5.04%, maturing in February 2017	**1.8**	1.8
NOK fixed-rate bonds, 5.75%, maturing in February 2019	**1.6**	1.6
Other debt, including finance leases, maturing at various dates	**332.7**	314.4
	2,859.2	2,857.0
Current portion of long-term debt	**29.9**	28.6
	2,829.3	2,828.4

On May 6, 2016, the Corporation proceeded with the issuance of euro denominated senior unsecured notes totaling €750.0 with a coupon rate of 1.875% and maturing on May 6, 2026. Interest is payable annually on May 6 of each year. The net proceeds from the issuance were mainly used to repay a portion of the Corporation’s term revolving unsecured operating credit facility.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

5. NET EARNINGS PER SHARE

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

	12-week period ended July 17, 2016			12-week period ended July 19, 2015		
	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	**324.4**	**567,677**	**0.57**	297.6	567,381	0.52
Dilutive effect of stock options		**1,524**	**-**		1,714	-
Diluted net earnings available for Class A and B shareholders	**324.4**	**569,201**	**0.57**	297.6	569,095	0.52

When they have an anti-dilutive effect, stock options must be excluded from the calculation of the diluted net earnings per share. For the 12-week periods ended July 17, 2016, 203,713 stock options were excluded and no stock options were excluded for the 12-week period ended July 19, 2015.

6. ACCUMULATED OTHER COMPREHENSIVE LOSS

As at July 17, 2016

	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**	**Net interest on net investment hedge**	**Available-for-sale investment**	**Cash flow hedge**	**Cumulative net actuarial loss**	**Accumulated other comprehensive loss**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, before income taxes	**(456.0)**	**(282.9)**	**1.5**	**(2.4)**	**2.9**	**(19.0)**	**(755.9)**
Less: Income taxes		**(0.2)**	**(0.2)**	**0.9**	**0.8**	**(4.5)**	**(3.2)**
Balance, net of income taxes	**(456.0)**	**(282.7)**	**1.7**	**(3.3)**	**2.1**	**(14.5)**	**(752.7)**

As at July 19, 2015

	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	Net interest on net investment hedge	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive loss
	$	$	$	$	$	$
Balance, before income taxes	(483.8)	(242.3)	5.3	8.8	(6.4)	(718.4)
Less: Income taxes	-	-	1.5	2.3	(2.2)	1.6
Balance, net of income taxes	(483.8)	(242.3)	3.8	6.5	(4.2)	(720.0)

7. CAPITAL STOCK

Issued and outstanding shares

As at July 17, 2016, the Corporation has 147,766,540 (147,766,540 as at April 24, 2016) issued and outstanding Class A multiple voting shares each comprising ten votes per share and 419,927,261 (419,823,571 as at April 24, 2016) issued and outstanding Class B subordinate voting shares each comprising one vote per share.

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

8. REPURCHASE OF NON-CONTROLLING INTEREST IN CIRCLE K ASIA S.À.R.L.

On July 24, 2015, the Corporation exercised its option to repurchase the non-controlling interest in Circle K Asia s.à.r.l. ("Circle K Asia") for a cash consideration of $11.8. The difference between the consideration paid and the value of the non-controlling interest as at July 24, 2015 was recorded to contributed surplus. As a result of this transaction, the Corporation's redemption liability was nullified and its reversal was recorded to retained earnings. The Corporation now owns 100% of Circle K Asia's operations.

9. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, in Europe and in Canada. It essentially 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, Couche-Tard, Mac's, Kangaroo Express, Statoil, Ingo, Topaz and Re.Store. Revenues from external customers mainly fall into three categories: merchandise and services, road transportation fuel and other.

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

	12-week period ended July 17, 2016				12-week period ended July 19, 2015			
	United States	**Europe**	**Canada**	**Total**	United States	Europe	Canada	Total
	$	**$**	**$**	**$**	$	$	$	$
External customer revenues [(a)]								
Merchandise and services	**1,812.9**	**263.6**	**456.3**	**2,532.8**	1,760.4	206.0	471.0	2,437.4
Road transportation fuel	**3,807.9**	**1,351.4**	**501.9**	**5,661.2**	4,437.7	1,374.9	561.7	6,374.3
Other	**3.0**	**223.5**	**0.1**	**226.6**	3.7	164.1	0.1	167.9
	5,623.8	**1,838.5**	**958.3**	**8,420.6**	6,201.8	1,745.0	1,032.8	8,979.6
Gross Profit								
Merchandise and services	**602.0**	**109.9**	**151.4**	**863.3**	583.4	86.2	156.3	825.9
Road transportation fuel	**362.5**	**210.2**	**39.2**	**611.9**	317.4	185.8	37.2	540.4
Other	**3.0**	**41.1**	**0.1**	**44.2**	3.7	49.2	0.1	53.0
	967.5	**361.2**	**190.7**	**1,519.4**	904.5	321.2	193.6	1,419.3
Total long-term assets [(b)]	**5,146.1**	**3,736.9**	**589.3**	**9,472.3**	4,909.8	2,699.3	522.8	8,131.9

(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.

10. 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 amount 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 value of the term revolving unsecured operating credit D approximates its fair value given that its credit spread is 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: Unajusted quoted prices in active markets for identical assets or liabilities;

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

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

The estimated fair value of each class of financial instruments, the methods and assumptions that were used to determine it 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 including an embedded total return swap, which is mainly based on the fair market value of the Corporation's Class B shares, is $45.9 as at July 17, 2016 ($45.3 as at April 24, 2016) (Level 2); and
- The fair value of the cross-currency interest rate swaps, which is determined based on market rates obtained from the Corporation's financial institutions for similar financial instruments, is $257,4 as at July 17, 2016 ($224.0 as at April 24, 2016) (Level 2). They are presented as Other financial liabilities on the consolidated balance sheets.

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

- The fair value of the Canadian dollar denominated senior unsecured notes, which is based on observable market data, is $1,637.9 as at July 17, 2016 ($1,636.5 as at April 24, 2016);
- The fair value of the euro denominated senior unsecured notes, which is based on observable market data, is $873.3 as at July 17, 2016; and
- The fair value of the Norwegian kroner denominated senior unsecured notes, which is based on observable market data, is $82.9 as at July 17, 2016 ($82.6 as at April 24, 2016).

11. SUBSEQUENT EVENTS

Dividends

During its August 30, 2016 meeting, the Corporation's Board of Directors declared a quarterly dividend of CA7.75¢ per share for the first quarter of fiscal 2017 to shareholders on record as at September 9, 2016 and approved its payment for September 23, 2016. This is an eligible dividend within the meaning of the Income Tax Act of Canada.

Acquisitions

On August 21, 2016, the Corporation announced a definitive merger agreement with CST Brands, Inc. ("CST") under which it would acquire CST in an all-cash transaction for US $48.53 per share, with a total enterprise value of approximately $4.4 billion including net debt assumed. CST is based in San Antonio, Texas and employs over 14,000 people at over 2,000 locations throughout the Southwestern United States with an important presence in Texas, in Georgia, in the U.S. Southeast Region, in the State of New York and Eastern Canada. This transaction is expected to be financed using available cash, existing credit facilities and a new term loan. The CST transaction is expected to close in early calendar year 2017 and is subject to the approval of CST's stockholders and regulatory approvals in the United States and Canada.

Alimentation Couche-Tard has also entered into an agreement with Parkland Fuel Corporation pursuant to which it would sell certain Canadian assets of CST after the merger for approximately $750.0 million. This transaction is subject to customary regulatory approval and closing conditions.

On August 29, 2016, the Corporation reached an agreement to purchase 53 sites from American General Investments, LLC and North American Financial Group, LLC. located in Louisiana, United States. These convenience stores operate under the *Cracker Barrel* brand and include 12 quick service restaurants. Under the agreement, the Corporation would own the land and building for 47 sites and would assume or enter into leases for the remaining 6 locations. The transaction is anticipated to close in the third quarter of fiscal year 2017 and is subject to the standard regulatory approvals and closing conditions. The Corporation expects to finance this transaction using its available cash and existing credit facilities.