Fiscal Year 2018

Alimentation Couche-Tard Inc.
Consolidated Financial Statements
April 29, 2018

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Management's Report

The consolidated financial statements of Alimentation Couche-Tard Inc. and the financial information contained in this Annual Report are the responsibility of management. This responsibility is applied through a judicious choice of accounting procedures and principles, the application of which requires the informed judgment of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and were approved by the Board of Directors. In addition, the financial information included in the Annual Report is consistent with the consolidated financial statements.

Alimentation Couche-Tard Inc. maintains accounting and administrative control systems which, in the opinion of management, ensure the reasonable accuracy, relevance and reliability of financial information and the well-ordered, efficient management of the Corporation's affairs.

The Board of Directors is responsible for approving the consolidated financial statements included in this Annual Report, primarily through its Audit Committee. This committee, which holds periodic meetings with members of management as well as with the independent auditors, reviewed the consolidated financial statements of Alimentation Couche-Tard Inc. and recommended their approval to the Board of Directors.

The consolidated financial statements for the fiscal years ended April 29, 2018, and April 30, 2017, were audited by PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, and their report indicates the extent of their audit and their opinion on the consolidated financial statements.

July 9, 2018

/s/ Brian Hannasch	*/s/ Claude Tessier*
Brian Hannasch	Claude Tessier
President and	Chief Financial Officer
Chief Executive Officer	

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for Alimentation Couche-Tard Inc., as such term is defined in Canadian securities regulations. With our participation, management carried out an evaluation of the effectiveness of our internal control over financial reporting for the fiscal year ended April 29, 2018. The framework on which such evaluation was based is contained in the report entitled *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation includes the review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, and that the degree of compliance with the policies or procedures may deteriorate. On December 22, 2017, the Corporation acquired Holiday Stationstores, LLC and certain affiliated companies ("Holiday"). Management excluded from its evaluation of the effectiveness of internal control over financial reporting Holiday's internal control over financial reporting. Holiday's results since the acquisition date are included in the Corporation's consolidated financial statements and constituted approximately 8.3% of total consolidated assets as at April 29, 2018, approximately 2.4% of consolidated revenues and 1.7% of consolidated net earnings attributable to shareholders for the fiscal year then ended. See Note 4 to the consolidated financial statements for a discussion about this acquisition. Based on this evaluation, management concluded that Alimentation Couche-Tard Inc.'s internal control over financial reporting was effective as at April 29, 2018.

PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, audited the effectiveness of Alimentation Couche-Tard Inc.'s internal control over financial reporting as at April 29, 2018 and expressed an unqualified opinion thereon, which is included herein.

July 9, 2018

/s/ Brian Hannasch	*/s/ Claude Tessier*
Brian Hannasch President and Chief Executive Officer	Claude Tessier Chief Financial Officer

Independent Auditor's Report

To the Shareholders of
Alimentation Couche-Tard Inc.

July 9, 2018

We have completed the integrated audits of Alimentation Couche-Tard Inc. and its subsidiaries' consolidated financial statements for the fiscal years ended April 29, 2018 and April 30, 2017, and its internal control over financial reporting as at April 29, 2018. Our opinions, based on our audits, are presented below.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries, which comprise the consolidated balance sheets as at April 29, 2018 and April 30, 2017, and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the fiscal years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alimentation Couche-Tard Inc. and its subsidiaries as at April 29, 2018 and April 30, 2017, their financial performance and their cash flows for the fiscal years then ended in accordance with International Financial Reporting Standards.

Report on internal control over financial reporting

We have also audited the effectiveness of Alimentation Couche-Tard Inc. and its subsidiaries' internal control over financial reporting as at April 29, 2018.

Management's responsibility for internal control over financial reporting

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Management's Report on Internal Control over Financial Reporting*.

Auditor's responsibility

Our responsibility is to express an opinion, based on our audit, on whether the Corporation's internal control over financial reporting was effectively maintained in accordance with criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

We conducted our audit in accordance with the standard for audits of internal control over financial reporting set out in the CPA Canada Handbook – Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures, as we considered necessary in the circumstances.

As indicated in the Management's Report on Internal Control over Financial Reporting, the assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Holiday Stationstores, LLC and certain affiliated companies, collectively known as "Holiday", a recent acquisition included in the 2018 consolidated financial statements of Alimentation Couche-Tard Inc., and which constituted approximately 8.3% of total assets as of April 29, 2018, and approximately 2.4% of revenue and 1.7% of net earnings for the fiscal year ended April 29, 2018. Our audit of internal control over financial reporting of Alimentation Couche-Tard Inc. also did not include an evaluation of the internal control over financial reporting of Holiday.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

A Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Alimentation Couche-Tard Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at April 29, 2018, in accordance with the criteria established in *Internal Control – Integrated Framework (2013)*, issued by COSO.

PricewaterhouseCoopers LLP[1]

Montreal, Canada

[1] FCPA auditor, FCA, public accountancy permit No. A116853

Consolidated Statements of Earnings

For the fiscal years ended April 29, 2018 and April 30, 2017
(in millions of US dollars (Note 2), except per share amounts)

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Revenues	**51,394.4**	37,904.5
Cost of sales (Note 8)	**43,282.9**	31,422.7
Gross profit	**8,111.5**	6,481.8
Operating, selling, administrative and general expenses	**5,125.4**	4,100.5
Restructuring costs (Note 23)	**56.9**	8.1
(Gain) loss on disposal of property and equipment and other assets	**(17.7)**	11.8
Curtailment gain (Note 28)	**(0.6)**	(3.9)
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**906.4**	667.6
Total operating expenses (Note 8)	**6,070.4**	4,784.1
Operating income	**2,041.1**	1,697.7
Share of earnings of joint ventures and associated companies accounted for using the equity method (Note 7)	**32.0**	30.4
Financial expenses	**295.8**	132.8
Financial revenues	**(8.9)**	(6.4)
Foreign exchange loss	**48.4**	9.6
Net financial expenses (Note 10)	**335.3**	136.0
Earnings before income taxes	**1,737.8**	1,592.1
Income taxes (Note 11)	**57.3**	383.2
Net earnings including non-controlling interests	**1,680.5**	1,208.9
Net earnings attributable to non-controlling interests (Note 5)	**(6.9)**	-
Net earnings attributable to shareholders of the Corporation	**1,673.6**	1,208.9
Net earnings per share (Note 12)		
Basic	**2.96**	2.13
Diluted	**2.95**	2.12

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

Consolidated Statements of Comprehensive Income

For the fiscal years ended April 29, 2018 and April 30, 2017
(in millions of US dollars (Note 2))

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Net earnings including non-controlling interests	**1,680.5**	1,208.9
Other comprehensive income (loss)		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Change in cumulative translation adjustments(1)	**137.3**	9.6
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) (Note 21)	**84.2**	(112.0)
Cash flow hedges		
Change in fair value of financial instruments(2) (Note 29)	**(11.9)**	(5.4)
Loss (gain) realized on financial instruments transferred to earnings(2) (Note 29)	**5.0**	(4.7)
Available-for-sale investment		
Change in fair value of an available-for-sale investment(2)	**1.1**	21.5
Gain realized on an available-for-sale investment transferred to earnings(2) (Note 4)	**(8.8)**	-
Items that will never be reclassified to earnings		
Net actuarial gain (loss)(3) (Note 28)	**25.1**	(13.9)
Other comprehensive income (loss)	**232.0**	(104.9)
Comprehensive income including non-controlling interests	**1,912.5**	1,104.0
Comprehensive income attributable to non-controlling interests	**(6.9)**	-
Comprehensive income attributable to shareholders of the Corporation	**1,905.6**	1,104.0

(1) For the fiscal years ended April 29, 2018 and April 30, 2017, these amounts include gains of $70.1 (net of income taxes of $11.1) and losses of $36.4 (net of income taxes of $5.8), respectively. These gains and losses arise from the translation of long-term debts denominated in foreign currencies.
(2) For the fiscal years ended April 29, 2018 and April 30, 2017, these amounts are net of income taxes of $3.8 and $0.2, respectively.
(3) For the fiscal years ended April 29, 2018 and April 30, 2017, these amounts are net of income taxes of $7.6 and $6.5, respectively.

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

Consolidated Statements of Changes in Equity

For the fiscal years ended April 29, 2018 and April 30, 2017
(in millions of US dollars (Note 2))

2018 (52 weeks)

	Attributable to the shareholders of the Corporation						
	Capital stock	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive loss (Note 27)**	**Total**	**Non-controlling interests**	**Equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, beginning of year	**708.7**	**15.7**	**6,083.5**	**(798.3)**	**6,009.6**	**-**	**6,009.6**
Acquisition of control of CAPL (Note 4)	**-**	**-**	**-**	**-**	**-**	**370.6**	**370.6**
Comprehensive income:							
Net earnings	**-**	**-**	**1,673.6**	**-**	**1,673.6**	**6.9**	**1,680.5**
Other comprehensive income	**-**	**-**	**-**	**232.0**	**232.0**	**-**	**232.0**
Comprehensive income					**1,905.6**	**6.9**	**1,912.5**
Dividends declared	**-**	**-**	**(162.4)**	**-**	**(162.4)**	**-**	**(162.4)**
Distributions to non-controlling interests (Note 5)	**-**	**-**	**-**	**-**	**-**	**(50.5)**	**(50.5)**
Stock option-based compensation expense (Note 26)	-	**3.6**	-	-	**3.6**	-	**3.6**
Initial fair value of stock options exercised	**1.6**	**(1.6)**	**-**	**-**	**-**	**-**	**-**
Cash received upon exercise of stock options	**0.1**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Repurchase and cancellation of shares (Note 25)	**(6.4)**	**-**	**(186.7)**	**-**	**(193.1)**	**-**	**(193.1)**
Balance, end of year	**704.0**	**17.7**	**7,408.0**	**(566.3)**	**7,563.4**	**327.0**	**7,890.4**

2017 (53 weeks)

	Attributable to the shareholders of the Corporation						
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 27)	Total	Non-controlling interests	Equity
	$	$	$	$	$	$	$
Balance, beginning of year	699.8	14.8	5,019.9	(693.4)	5,041.1	-	5,041.1
Comprehensive income:							
Net earnings	-	-	1,208.9	-	1,208.9	-	1,208.9
Other comprehensive loss	-	-	-	(104.9)	(104.9)	-	(104.9)
Comprehensive income					1,104.0	-	1,104.0
Dividends declared	-	-	(145.3)	-	(145.3)	-	(145.3)
Stock option-based compensation expense (Note 26)	-	6.5	-	-	6.5	-	6.5
Initial fair value of stock options exercised	5.6	(5.6)	-	-	-	-	-
Cash received upon exercise of stock options	3.3	-	-	-	3.3	-	3.3
Balance, end of year	708.7	15.7	6,083.5	(798.3)	6,009.6	-	6,009.6

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

Consolidated Statements of Cash Flows

For the fiscal years ended April 29, 2018 and April 30, 2017
(in millions of US dollars (Note 2))

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Operating activities		
Net earnings including non-controlling interests	**1,680.5**	1,208.9
Adjustments to reconcile net earnings including non-controlling interests to net cash provided by operating activities		
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets, and amortization of financing costs, net of amortization of deferred credits	**878.8**	654.9
Deferred income taxes (Note 11)	**(208.6)**	47.2
Deferred credits	**51.3**	18.6
Share of earnings of joint ventures and associated companies accounted for using the equity method, net of dividends received (Note 7)	**(11.5)**	(14.4)
(Gain) loss on disposal of property and equipment and other assets	**(8.9)**	11.8
Gain realized on an available-for-sale investment transferred to earnings (Note 4)	**(8.8)**	-
Other	**(3.0)**	(17.8)
Changes in non-cash working capital (Note 13)	**(206.7)**	16.3
Net cash provided by operating activities	**2,163.1**	1,925.5
Investing activities		
Business acquisitions (Note 4)	**(5,380.9)**	(1,331.6)
Purchase of property and equipment, intangible assets and other assets	**(1,169.3)**	(994.1)
Proceeds from disposal of CST's assets held for sale (Note 4)	**895.5**	-
Proceeds from disposal of property and equipment and other assets	**132.1**	95.0
Proceeds from disposal of an available-for-sale investment (Note 4)	**91.6**	-
Restricted cash	**(13.5)**	(4.4)
Deposit for business acquisition	**-**	18.6
Proceeds from sale of and capital reduction received from an associated company held-for-sale (Note 4)	**-**	137.1
Investment in an associated company held-for-sale (Note 4)	**-**	(308.1)
Net cash used in investing activities	**(5,444.5)**	(2,387.5)
Financing activities		
Issuance of senior unsecured notes, net of financing costs (Notes 13 and 20)	**3,935.9**	851.8
Repayments of debts assumed on the CST acquisition (Notes 4 and 13)	**(1,075.9)**	-
Net increase (decrease) in term revolving unsecured operating credit D (Notes 13 and 20)	**702.9**	(176.6)
Net increase (decrease) in acquisition facility, net of financing costs (Notes 13 and 20)	**412.1**	(3.0)
Repayment of senior unsecured notes (Note 13)	**(232.5)**	-
Share repurchase	**(193.1)**	-
Cash dividends paid	**(162.4)**	(145.3)
Settlement of derivative financial instruments (Note 13)	**(81.3)**	(5.8)
Net decrease in other debts (Notes 13 and 20)	**(42.9)**	(26.0)
Net increase in CAPL senior secured revolving credit facility (Notes 13 and 20)	**64.5**	-
CAPL distributions paid to non-controlling interests (Note 5)	**(50.5)**	-
Exercise of stock options	**0.2**	3.3
Net cash provided by financing activities	**3,277.0**	498.4
Effect of exchange rate fluctuations on cash and cash equivalents	**33.0**	1.8
Net increase in cash and cash equivalents	**28.6**	38.2
Cash and cash equivalents, beginning of year	**637.6**	599.4
Cash and cash equivalents, end of year	**666.2**	637.6
Supplemental information:		
Interest paid	**233.5**	102.2
Interest and dividends received	**36.7**	21.3
Income taxes paid	**277.5**	360.4
Cash and cash equivalents components:		
Cash and demand deposits	**665.5**	592.7
Liquid investments	**0.7**	44.9
	666.2	637.6

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

Consolidated Balance Sheets

As at April 29, 2018 and April 30, 2017
(in millions of US dollars (Note 2))

	2018	2017 (adjusted, Note 2)
	$	$
Assets		
Current assets		
Cash and cash equivalents	**666.2**	637.6
Restricted cash	**19.6**	6.1
Accounts receivable (Note 14)	**2,006.4**	1,494.2
Inventories (Note 15)	**1,369.0**	865.0
Prepaid expenses	**106.5**	60.3
Assets held for sale (Note 6)	**73.8**	-
Other short-term financial assets (Note 21)	**1.8**	7.6
Income taxes receivable	**233.8**	102.1
	4,477.1	3,172.9
Property and equipment (Note 16)	**11,088.6**	7,511.4
Goodwill (Note 17)	**6,056.7**	2,370.2
Intangible assets (Note 17)	**1,034.3**	670.1
Other assets (Note 18)	**303.1**	313.4
Investment in joint ventures and associated companies (Note 7)	**123.3**	107.9
Deferred income taxes (Note 11)	**57.5**	39.7
	23,140.6	14,185.6
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 19)	**3,812.8**	2,704.3
Provisions (Note 23)	**179.4**	130.5
Liabilities associated with assets held for sale (Note 6)	**5.8**	-
Other short-term financial liabilities (Notes 21 and 22)	**-**	88.6
Income taxes payable	**147.1**	75.3
Current portion of long-term debt (Note 20)	**42.9**	253.2
	4,188.0	3,251.9
Long-term debt (Note 20)	**8,844.0**	3,101.7
Provisions (Note 23)	**610.4**	489.4
Pension benefit liability (Note 28)	**100.0**	94.6
Other long-term financial liabilities (Note 21)	**173.5**	223.1
Income taxes payable	**58.9**	-
Deferred credits and other liabilities (Note 24)	**347.5**	267.2
Deferred income taxes (Note 11)	**927.9**	748.1
	15,250.2	8,176.0
Equity		
Capital stock (Note 25)	**704.0**	708.7
Contributed surplus	**17.7**	15.7
Retained earnings	**7,408.0**	6,083.5
Accumulated other comprehensive loss (Note 27)	**(566.3)**	(798.3)
Equity attributable to shareholders of the Corporation	**7,563.4**	6,009.6
Non-controlling interests (Note 5)	**327.0**	-
	7,890.4	6,009.6
	23,140.6	14,185.6

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

On behalf of the Board,

/s/ Brian Hannasch	*/s/ Alain Bouchard*
Brian Hannasch	**Alain Bouchard**
Director	Director

Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017
(in millions of US dollars (Note 2), except share and stock option data)

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Alimentation Couche-Tard Inc. (the "Corporation") is governed by the *Business Corporations Act* (Quebec). The Corporation's head office is located at 4204 Boulevard Industriel in Laval, Quebec, Canada.

As at April 29, 2018, the Corporation operates and licenses 12,740 convenience stores across North America, Ireland, Scandinavia (Norway, Sweden and Denmark), Poland, the Baltics (Estonia, Latvia and Lithuania) and Russia, of which 9,718 are company-operated, and generates income primarily from the sale of tobacco products, grocery items, beverages, fresh food offerings, including quick service restaurants, car wash services, other retail products and services and road transportation fuel. In addition, through CrossAmerica Partners LP ("CAPL"), the Corporation supplies road transportation fuel under various brands to approximately 1,300 locations in the United States.

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

2. BASIS OF PRESENTATION

Year-end date

The Corporation's year-end is the last Sunday of April of each year. The fiscal years ended April 29, 2018 and April 30, 2017 are referred to as "2018" and "2017". The fiscal year ended April 29, 2018 had 52 weeks (53 weeks in 2017).

Basis of presentation

The Corporation prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Reporting currency

The parent corporation's functional currency is the Canadian dollar. However, the Corporation uses the US dollar as its reporting currency to provide more relevant information considering its predominant operations in the United States.

Approval of the financial statements

On July 9, 2018, the Corporation's consolidated financial statements were approved by the Board of Directors, which also approved their publication.

Comparative figures

During fiscal 2018, the Corporation made adjustments and finalized its estimates of the fair value of assets acquired and liabilities assumed for the acquisition of Dansk Fuel A/S. As a result, changes were made to the following consolidated balance sheet accounts as at April 30, 2017: Inventories decreased by $0.7, Property and equipment increased by $21.3, Intangible assets increased by $0.6, Accounts payable and accrued liabilities increased by $0.3, Current portion of long-term debt increased by $0.8, Long-term debt increased by $5.9, Provisions increased by $6.7 and Deferred credits and other liabilities increased by $0.7. Consequently, Goodwill decreased by $6.8. These changes did not result in any material changes in the consolidated statement of earnings for the fiscal year ended April 30, 2017.

3. ACCOUNTING POLICIES

Change in accounting policies

Statement of Cash Flows

The Corporation applied the amendments to IAS 7, "Statement of Cash Flows", which are intended to clarify IAS 7 to improve information about an entity's financing activities. To comply with the new requirements, a reconciliation of total liabilities arising from financing activities has been added. See Note 13 for the additional information disclosed in regards to the amendments.

Use of estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management reviews its estimates. These estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. Actual results could differ from those estimates. The most significant accounting judgments and estimates that the Corporation has made in the preparation of the consolidated financial statements are discussed along with the relevant accounting policies when applicable and relate primarily to the following topics: vendor rebates, useful lives of tangible and intangible assets, income taxes, leases, employee future benefits, provisions, impairment and business combinations.

The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, which are generally wholly owned. They also include the Corporation's share of earnings of joint ventures and associated companies accounted for using the equity method. All intercompany balances and transactions have been eliminated on consolidation. See Note 5 for more details about the treatment of CAPL.

Subsidiaries are entities over which the Corporation has control, where control is defined as the power to govern financial and operating policies. The Corporation generally has a direct or indirect shareholding of 100% of the voting rights in its subsidiaries. These criteria are reassessed regularly and subsidiaries are fully consolidated from the date control is transferred to the Corporation and deconsolidated from the date control ceases.

The Corporation holds contracts with franchisees and independent operators. They manage their store and are responsible for merchandising and financing their inventory. Their financial statements are not included in the Corporation's consolidated financial statements.

Foreign currency translation

Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent corporation and its Canadian operations is the Canadian dollar. The functional currency of foreign subsidiaries is generally their local currency, mainly the US dollar for operations in the United States and various other European currencies for operations in Europe.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the relevant functional currency as follows: monetary assets and liabilities are translated using the exchange rate in effect at the consolidated balance sheet date, whereas revenues and expenses are translated using the average exchange rate of the period. Non-monetary assets and liabilities are translated using historical rates or using the rate on the date they were valued at fair value. Gains and losses arising from such translations, if any, are reflected in the earnings except for assets and liabilities designated as part of hedging relationships.

Consolidation and foreign operations

The consolidated financial statements are consolidated in Canadian dollars using the following procedure: assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the consolidated balance sheet date. Revenues and expenses are translated using the average exchange rate of the period. Individual transactions with a significant impact on the consolidated statements of earnings, comprehensive income or cash flows are translated using the transaction date exchange rate.

Gains and losses arising from such translation are included in Accumulated other comprehensive income (loss) in Equity. The translation difference derived from each foreign subsidiary, associated company or joint venture is transferred to the consolidated statements of earnings as part of the gain or loss arising from the divestment or liquidation of such a foreign entity when there is a loss of control, or a change in ownership of the associated company or joint venture, respectively.

Reporting currency

The Corporation has adopted the US dollar as its reporting currency. The Canadian-dollar consolidated financial statements are translated into the reporting currency using the procedure described above. Capital stock, Contributed surplus and Retained earnings are translated using historical rates. Gains and losses arising from such translations are included in Accumulated other comprehensive income (loss) in Equity.

Net earnings per share

Basic net earnings per share are calculated by dividing the net earnings available to Class A and Class B shareholders by the respective weighted average number shares outstanding during the year. Diluted net earnings per share are calculated using the average weighted number of shares outstanding plus the weighted average number of shares that would be issued upon the conversion of all potential dilutive stock options into common shares.

Revenue recognition

For its three major product categories, merchandise and services, road transportation fuel and other, the Corporation generally recognizes revenue at the point of sale for convenience operations. For wholesale operations, the Corporation generally recognizes road transportation fuel revenue upon delivery to its customers. Merchandise sales primarily comprise the sale of tobacco products, grocery items, candy and snacks, beverages, beer, wine and fresh food offerings, including quick service restaurants. Merchandise sales also include the wholesale of merchandise and goods to certain independent operators and franchisees made from the Corporation's distribution centers, which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made.

Service revenues include commissions on the sale of lottery tickets and issuance of money orders, fees from automatic teller machines, sales of calling cards and gift cards, fees for cashing checks, sales of postage stamps and bus tickets and car wash revenues. These revenues are recognized at the time of the transaction. Service revenues also include franchise and license fees, which are recognized in revenues over the period of the agreement, as well as commissions from agents, and royalties from franchisees and licensees, which are recognized periodically based on sales reported by agents, and franchise and license operators.

In markets where refined oil products are purchased excluding excise duties, revenues from sales to customers are reported net of excise duties. In markets where refined oil products are purchased including excise duties, revenues and costs of goods sold are reported including these duties.

Other revenues include sales of stationary energy, marine fuel and aviation fuel, which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made. Other revenues also include rental income from operating leases, which is recognized on a straight-line basis over the term of the lease.

Cost of sales and vendor rebates

Cost of sales mainly comprises the cost of finished goods and input materials, as well as transportation costs when they are incurred to bring products to the point of sale.

The Corporation records cash received from vendors related to vendor rebates as a reduction in the price of the vendors' products and reflects them as a reduction of cost of sales and related inventory in its consolidated statements of earnings and consolidated balance sheets when it is probable that they will be received. The Corporation estimates the probability based on the consideration of a variety of factors, including quantities of items sold or purchased, market shares and other conditions specified in the contracts. The accuracy of the Corporation's estimates can be affected by many factors, some of which are beyond its control, including changes in economic conditions and consumer buying trends. Historically, the Corporation has not experienced significant differences in its estimates compared with actual results. Amounts received but not yet earned are presented in Deferred credits.

Operating, selling, administrative and general expenses

The main items comprising Operating, selling, administrative and general expenses are labor, net occupancy costs, electronic payment modes fees, commissions to dealers and agents and overhead.

Cash and cash equivalents

Cash includes cash and demand deposits. Cash equivalents include highly liquid investments that can be readily converted into cash for a fixed amount and which mature less than three months from the date of acquisition.

Restricted cash

Restricted cash comprises escrow deposits for pending acquisitions.

Inventories

Inventories are valued at the lesser of cost and net realizable value. The cost of merchandise is generally valued based on the retail price less a normal margin. The cost of road transportation fuel inventory is generally determined according to the average cost method.

Income taxes

The income tax expense recorded to earnings is the sum of the Deferred income taxes and Current income taxes that are not recognized in Other comprehensive income (loss) or directly in Equity.

The Corporation uses the balance sheet liability method to account for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the carrying amount and the tax base of assets and liabilities, using enacted or substantively enacted tax rates and laws, as appropriate, at the date of the consolidated financial statements for the years in which the temporary differences are expected to reverse. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Property and equipment, depreciation, amortization and impairment

Property and equipment are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives using the straight-line method based on the following periods:

Buildings and building components	3 to 40 years
Equipment	3 to 40 years
Buildings and equipment under finance leases	Lesser of the lease term and useful life

Building components include air conditioning and heating systems, plumbing and electrical fixtures. Equipment includes signage, fuel equipment and in-store equipment.

Leasehold improvements and property and equipment on leased properties are amortized and depreciated over the lesser of their useful lives and the term of the lease.

Property and equipment are tested for impairment should events or circumstances indicate that their book value may not be recoverable, as measured by comparing their net book value to their recoverable amount, which corresponds to the higher of fair value less costs to sell and value in use of the asset or the cash-generating unit ("CGU"). Should the carrying amount of property and equipment exceed their recoverable amount, an impairment loss in the amount of the excess would be recognized.

The Corporation performs an annual evaluation of residual values, estimated useful lives and depreciation methods used for property and equipment and any change resulting from this evaluation is applied prospectively by the Corporation.

Goodwill

Goodwill is the excess of the cost of an acquired business over the fair value of underlying net assets acquired from the business at the time of acquisition. Goodwill is not amortized. Rather, it is tested for impairment annually during the Corporation's first quarter or more frequently should events or changes in circumstances indicate that it might be impaired or if necessary due to the timing of acquisitions. Should the carrying amount of a CGU's goodwill exceed its recoverable amount, an impairment loss would be recognized.

Intangible assets

Intangible assets mainly comprise trademarks, franchise agreements, customer relationships, motor fuel supply agreements, software, favorable leases and licenses. Licenses and trademarks that have indefinite lives, since they do not expire, are recorded at cost, are not amortized and are tested for impairment annually during the first quarter or more frequently should events or changes in circumstances indicate that they might be impaired or if necessary due to the timing of acquisitions. Motor fuel supply agreements, franchise agreements and trademarks with finite lives are recorded at cost and are amortized using the straight-line method over the term of the agreements they relate to. Favorable leases represent lease terms that are favorable compared to those currently available in the marketplace, and they are amortized using the straight-line method over the term of the lease. Customer relationships, software and other intangible assets are amortized using the straight-line method over a period of 3 to 15 years.

Deferred charges

Deferred charges are mainly expenses incurred in connection with the analysis and signing of the Corporation's revolving unsecured operating credits and are amortized using the straight-line method over the period of the corresponding contract. Deferred charges also include expenses incurred in connection with the analysis and signing of operating leases which are deferred and amortized on a straight-line basis over the lease term.

Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Corporation analyzes whether an arrangement is or contains a lease by assessing if:

- fulfilment of the arrangement is dependent on the use of a specified asset or assets; and
- the arrangement conveys a right to use the asset or assets.

The Corporation has assessed that some arrangements with franchisees contain embedded lease agreements and accordingly accounts for a portion of those agreements as lease agreements.

The Corporation distinguishes between lease contracts and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time. Capacity contracts confer the right to and the obligation to pay for availability of certain capacity volumes related primarily to transportation. Such capacity contracts that do not involve specified single assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered to qualify as leases for accounting purposes. Capacity payments are recognized in the consolidated statements of earnings in Operating, selling, administrative and general expenses.

Lease arrangements in which the Corporation is a lessee

The Corporation accounts for finance leases in instances where it has acquired substantially all the benefits and risks incidental to ownership of the leased property. In some cases, the characterization of a lease transaction is not evident, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and benefits incidental to ownership to the Corporation. Judgment is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. The Corporation's activities involve a considerable number of lease agreements, most of which are determined to be operational in nature. The cost of assets under finance leases represents the present value of minimum lease payments or the fair value of the leased property, whichever is lower, and is amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is shorter. Assets under finance leases are presented under Property and equipment in the consolidated balance sheets.

Leases that do not transfer substantially all the benefits and risks incidental to ownership of the property are accounted for as operating leases. When a lease contains a predetermined fixed escalation of the minimum rent, the Corporation recognizes the related rent expense on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental expense and the amounts payable under the lease as deferred rent expense.

The Corporation also receives tenant allowances, which are amortized on a straight-line basis over the term of the lease or the useful life of the asset, whichever is shorter.

Gains and losses resulting from sale and leaseback transactions are recorded in the consolidated earnings at the transaction date except if:

- the sale price is below fair value and the loss is compensated for by future lease payments below market price, in which case the loss shall be deferred and amortized in proportion to the lease payments over the period during which the asset is expected to be used; or

- the sale price is above fair value, in which case the excess shall be deferred and amortized over the period during which the asset is expected to be used.

Lease arrangements in which the Corporation is a lessor

Leases in which the Corporation transfers substantially all the risks and rewards of ownership of an asset to a third party are classified as finance leases. The Corporation recognizes lease payments receivable in the consolidated balance sheets and presents them as accounts receivable. Lease payments received under finance leases are apportioned between financial revenues and reduction of the receivable.

Leases that do not transfer substantially all the benefits and risks incidental to ownership of the property to a third party are accounted for as operating leases. When a lease contains a predetermined fixed escalation of the minimum rent, the Corporation recognizes the related rent revenue on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental revenue and the rent received under the lease as rent receivable.

Financing costs

Financing costs related to term loans and debt securities are included in the initial carrying amount of the corresponding debt and are amortized using the effective interest rate method that is based on the estimated cash flow over the expected life of the liability. Financing costs related to revolving loans are included in other assets and are amortized using the straight-line method over the expected life of the underlying agreement.

Stock-based compensation and other stock-based payments

Stock-based compensation costs are measured at the grant date of the award based on the fair value method.

The fair value of stock options is recognized over the vesting period of each respective vesting portion as compensation expense with a corresponding increase in contributed surplus taking into account the number of awards that are expected to ultimately vest. When stock options are exercised, the corresponding contributed surplus is transferred to capital stock.

The Phantom Stock Units (“PSU”) compensation cost and the related liability are recorded on a straight-line basis over the corresponding vesting period based on the fair market value of Class B shares and the best estimate of the number of PSUs that will ultimately be paid. The recorded liability is adjusted periodically to reflect any variation in the fair market value of the Class B shares and revisions to the estimated forfeitures.

Employee future benefits

The Corporation accrues its obligations under employee pension plans and the related costs, net of plan assets. The Corporation has adopted the following accounting policies with respect to the defined benefit plans:

- The accrued benefit obligations and the cost of pension benefits earned by active employees are actuarially determined using the projected unit credit method pro-rated on service, and the pension expense is recorded in earnings as the services are rendered by active employees. The calculations reflect management’s best estimate of salary escalation and retirement ages of employees;
- Plan assets are valued at fair value;
- Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Actuarial gains and losses are recognized immediately in Other comprehensive income (loss) with no impact on net earnings;
- Past service costs are recorded to earnings at the earlier of the following dates:
  - When the plan amendment or curtailment occurs;
  - When the Corporation recognizes related restructuring costs or termination benefits; and
- Net interest on the defined benefit liability (asset) represents the net defined benefit liability (asset), multiplied by the discount rate and is recorded in financial expenses.

The pension cost recorded in net earnings for the defined contribution plans is equivalent to the contribution, which the Corporation is required to pay in exchange for services provided by the employees.

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The Corporation determines the appropriate discount rate at the end of each fiscal year, which is the rate used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Corporation considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The present value of provisions depends on a number of factors that are assessed on a regular basis using a number of assumptions, including the discount rate, the expected cash flows to settle the obligation and the number of years until the realization of the provision. Any changes in these assumptions or in governmental regulations will impact the carrying amount of provisions. Where the actual cash flows are different from the amounts that were initially recorded, such differences will impact earnings in the period in which the payment is made. Historically, the Corporation has not experienced significant differences in its estimates compared with actual results.

Environmental costs

The Corporation provides for estimated future site remediation costs to meet government standards for known site contamination, when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation activities at such sites are based on the Corporation's prior experience with remediation sites and consideration of other factors such as the condition of the site's contamination, location of sites and experience of the contractors performing the environmental assessments and remediation work. In order to determine the initial recorded liability, the present value of estimated future cash flows was calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Asset retirement obligations

Asset retirement obligations primarily relate to estimated future costs to remove road transportation fuel storage tanks and are based on the Corporation's prior experience in removing these tanks, estimated tank useful life, remaining lease terms for those tanks installed on leased properties, external estimates and governmental regulatory requirements. A discounted liability is recorded for the present value of an asset retirement obligation, with a corresponding increase to the carrying value of the related long-lived asset at the time a storage tank is installed. To determine the initial recorded liability, the future estimated cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability.

Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased to reflect the passage of time and then adjusted for variations in the current market-based discount rate or the scheduled underlying cash flows required to settle the liability.

Obligations related to general liability and workers' compensation

In the United States and Ireland, the Corporation is self-insured for certain losses related to general liability and workers' compensation. The expected ultimate cost for claims incurred as of the consolidated balance sheet date is discounted and is recognized as a liability. This cost is estimated based on an analysis of the Corporation's historical data and actuarial estimates. In order to determine the initial recorded liability, the present value of estimated future cash flows is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Restructuring

Restructuring provisions are recognized only when a detailed formal plan for the restructuring exists and either the plan has commenced or the plan's main features have been announced to those affected by it. In order to determine the initial recorded liability, the present values of estimated future cash flows are calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A detailed formal plan usually includes:

- identifying the concerned business or part of the business;
- the principal locations affected;
- details regarding the employees affected;
- the restructuring's timing; and
- the expenditures that will have to be undertaken.

Financial instruments recognition and measurement

The Corporation has made the following classifications for its financial assets and financial liabilities:

Financial assets and financial liabilities	**Classification**	**Subsequent measurement (1)**	**Classification of gains and losses**
Cash and cash equivalents	Loans and receivables	Amortized cost	Net earnings
Restricted cash	Loans and receivables	Amortized cost	Net earnings
Accounts receivable	Loans and receivables	Amortized cost	Net earnings
Investments	Available-for-sale financial assets	Fair value	Other comprehensive income (loss) subject to reclassification to net earnings
Derivative financial instruments	Financial assets or liabilities at fair value through profit or loss	Fair value	Net earnings
Derivative financial instruments designated as net investment hedges	Effective hedging instruments	Fair value	Other comprehensive income (loss) subject to reclassification to net earnings
Derivative financial instruments designated as fair value hedges	Effective hedging instruments	Fair value	Net earnings
Bank indebtedness and long-term debt	Other financial liabilities	Amortized cost	Net earnings
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Net earnings

(1) Initial measurement of all financial assets and financial liabilities is at fair value.

Hedging and derivative financial instruments

Embedded total return swap

The Corporation uses an investment contract which includes an embedded total return swap to manage current and forecasted risks related to changes in the fair value of the PSUs and deferred share units ("DSUs") granted by the Corporation. The embedded total return swap is recorded at fair value on the consolidated balance sheets under other assets.

The Corporation has documented and designated the embedded total return swap as a cash flow hedge of the anticipated cash settlement transaction related to the granted PSUs and DSUs. The Corporation has determined that the embedded total return swap is an effective hedge at the time of the establishment of the hedge and for the duration of the embedded total return swap. The changes in the fair value of the total return swap are initially recorded in other comprehensive income (loss) and subsequently reclassified to consolidated net earnings in the same period that the change in the fair value of the PSUs and DSUs affected consolidated net earnings. Should the hedged transaction no longer be expected to occur, any gains, losses, revenues or expenses associated with the hedging item that had previously been recognized in Other comprehensive income (loss) as a result of applying hedge accounting will be recognized in the reporting period's net earnings under Operating, selling, administrative and general expenses.

Fuel swaps

The Corporation uses fuel swaps to manage the price risk associated with the commodity prices of road transportation fuel. The changes in fair value of these swaps are recognized in the consolidated statement of earnings as financial expenses.

Also, from time to time, the Corporation uses fuel swaps to manage the price risk associated with an anticipated cash settlement transaction related to a sale of a large volume of fuel. The Corporation documents and designates the fuel swaps as a cash flow hedge of the anticipated cash settlement transaction related to the sale of fuel. Accordingly, changes in the fair value of the hedging item, the fuel swaps, are recognized in Other comprehensive income (loss). Realized gains in Accumulated other comprehensive income (loss) are then reclassified to Cost of sales in the same period as when the hedged transaction occurs.

Designated long-term debts denominated in foreign currencies

The Corporation designates a portion of its US-dollar- and its Norwegian-krone-denominated long-term debts as a foreign exchange hedge of its net investment in its United States and Norwegian operations, respectively. The Corporation also designates a portion of its Euro-denominated long-term debts as a foreign exchange hedge of its net investment in its Euro currency and Danish-krone operations. Accordingly, the gains and losses arising from the translation of the designated debts that are designated to be an effective hedge, are recognized in Other comprehensive income (loss), counterbalancing gains and losses arising from the translation of the Corporation's net investment its United States, Norwegian, and Euro currency and Danish-krone operations.

Cross-currency interest rate swaps

The Corporation designates cross-currency interest rate swaps as a foreign exchange hedge of its net investment in its foreign operations. Accordingly, the portion of the gains or losses arising from the translation of the cross-currency interest rate swaps that are determined to be an effective hedge, are recognized in Other comprehensive income (loss), counterbalancing gains and losses arising from the translation of the Corporation's net investment in its foreign operations.

Short-term cross-currency interest rate swaps

Occasionally, the Corporation uses short-term cross-currency interest rate swaps to manage the currency fluctuation risk associated with forecasted cash disbursements in a foreign currency. Gains or losses arising from the translation of these short-term cross-currency interest rate swaps are recognized in the consolidated statements of earnings as foreign exchange gain or loss.

Fixed-to-floating interest rate swaps

The Corporation uses fixed-to-floating interest rate swaps to manage the interest rate risk associated with fixed interest rate debt. The Corporation designated these fixed-to-floating interest rate swaps as a fair value hedge of fixed interest rate debt issued (the "hedged item"). Accordingly, the hedged item is remeasured to reflect changes in fair value arising from changes in the hedged risk and such remeasurements are recognized in the consolidated statements of earnings as financial expenses. This is counterbalanced by gains and losses arising from the remeasurement of the swap's fair value, which are recognized in the consolidated statements of earnings as financial expenses as well.

Interest rate locks

The Corporation uses interest rate locks to manage the interest rate risk associated with forecasted debt issuance. The Corporation designates these interest rate locks as a cash flow hedge of the debt ultimately issued. Accordingly, changes in the fair value of the hedging item, the interest rate locks, are recognized in Other comprehensive income (loss). Realized gains and losses in Accumulated other comprehensive income (loss) are reclassified to Interest expense over the same periods as the Interest expense on the debt will be recognized in earnings.

Guarantees

A guarantee is defined as a contract or an indemnification agreement contingently requiring an entity to make payments to a third party based on future events. These payments are contingent on either changes in an underlying element or other variables that are related to an asset, liability, or an equity security of the indemnified party or the failure of another entity to perform under an obligating agreement. It could also be an indirect guarantee of the indebtedness of another party. Guarantees are initially recognized at fair value and subsequently revaluated when the loss becomes probable.

Business combinations

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "Business Combinations", are recognized at their fair values at the acquisition date. Direct acquisition costs are recorded to earnings when incurred.

Goodwill arising from business combinations is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess ("Negative goodwill") is recognized immediately to earnings.

Determination of the fair value of the acquired assets and liabilities requires judgment and the use of assumptions that, if changed, may affect the consolidated statements of earnings and consolidated balance sheets.

For purchase price allocation and impairment testing purposes, goodwill and other intangible assets with indefinite useful lives are allocated to CGUs based on the lowest level at which management reviews the results, a level which is not higher than the operating segment. The allocation is made to those CGUs, which are expected to benefit from the business combination, and in which the goodwill and intangible assets with indefinite useful lives arose.

Earnings from the businesses acquired are included in the consolidated statements of earnings from their respective dates of acquisition.

Recently issued accounting standards not yet implemented

Financial Instruments

In July 2014, the IASB completed IFRS 9, "Financial Instruments", in its three-part project to replace IAS 39, "Financial Instruments: Recognition and Measurement" with a single approach to determine whether a financial asset is measured at amortized cost or fair value. The standard includes requirements for recognition and measurement, impairment and general hedge accounting. On April 30, 2018, the Corporation will apply IFRS 9 retrospectively without restating comparative information, with the exception of the hedging component which is applied prospectively.

The first requirement, recognition and measurement, requires a new classification of financial assets and liabilities under IFRS 9, which largely retains requirements under IAS 39. Therefore, it will have no significant impact on the Corporation's consolidated financial statements. The second requirement, impairment, replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" model. The new impairment model will apply to financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. This requirement will have no significant impact on the Corporation's consolidated 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 continues to evaluate the impact of this requirement on its hedge accounting policies.

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers", to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. IFRS 15 supersedes IAS 18, "Revenue", IAS 11, "Construction Contracts", and other revenue-related interpretations. On April 30, 2018, the Corporation will apply IFRS 15 using the "modified retrospective approach".

During fiscal 2018, the Corporation analyzed the impact on its current revenue streams, comparing its current accounting policy with the new guidance, and identified the differences from applying the new requirements to its contracts. Under the current accounting policy, the Corporation recognizes initial franchise fees when it has performed all material obligations and services, which generally occurs when the franchise store opens. Under the new guidance, the Corporation will defer the initial fees and recognize revenue over the estimated term of the related franchise agreement. As a result, the Corporation expects an adjustment related to initial franchise fees revenue of approximately $4.0 (net of income taxes of approximately $2.0) which will result in an adjustment to opening Retained earnings on adoption.

Classification and Measurement of Share-based Payment Transactions

On April 30, 2018, the Corporation will apply 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 will be applied prospectively and will have no significant impact on the Corporation's consolidated financial statements.

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.

(in millions of US dollars (Note 2), except share and stock option data)

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 choose the “modified retrospective approach”.	The Corporation is in the process of analyzing the full impact of the adoption of IFRS 16 on the Corporation’s consolidated balance sheets and consolidated statement of earnings and comprehensive income. As at April 29, 2018, the Corporation intends to adopt IFRS 16 for its fiscal year ending April 26, 2020 using the “modified retrospective approach” and 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 was selected during the fiscal year ended April 29, 2018 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.

4. BUSINESS ACQUISITIONS

The Corporation has made the following business acquisitions:

2018

Acquisition of CST Brands Inc.

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

Pursuant to the acquisition of CST, the Corporation has also acquired the general partner of CAPL, owns 100% of CAPL’s Incentive Distribution Rights (“IDRs”) and, as at April 29, 2018, held a 21.4% equity investment in it (20.5% as at June 28, 2017). CAPL supplies road transportation fuel under various brands to approximately 1,300 locations in the United States (see Note 5 for more details).

On the same day, the Corporation sold to Parkland Fuel Corporation a significant portion of CST’s Canadian assets for approximately CA $986.0 ($752.5). The disposed assets mainly comprised CST’s independent dealers and commission agents network, its heating-oil business, 159 company-operated sites, as well as its Montreal head office. As a result, the Corporation retained 157 of CST’s company-operated sites in Canada. Also, on September 6, 2017, as per the requirements of the U.S. Federal Trade Commission, the Corporation sold 70 CST U.S. company-operated sites to Empire Petroleum Partners, LLC for a total consideration of $143.0. No gain or loss was recognized on these sales transactions. The disposed assets and associated liabilities are presented as held for sale in the fair value of assets acquired and liabilities assumed and are recorded at their respective fair value less costs of disposal.

For the fiscal year ended April 29, 2018, acquisition costs of $5.8 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

(in millions of US dollars (Note 2), except share and stock option data)

The final estimates of the fair value of assets acquired and liabilities assumed for the CST acquisition are as follows:

	Final estimate
	$
Assets	
Current assets	
Cash and cash equivalents	215.8
Accounts receivable[(a)]	120.8
Inventories	180.3
Prepaid expenses	13.1
Assets held for sale	1,111.3
	1,641.3
Property and equipment	2,445.5
Identifiable intangible assets	345.7
Other assets	30.2
	4,462.7
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	402.9
Provisions	8.6
Liabilities associated with assets held for sale	215.8
Income taxes payable	20.5
Current portion of long-term debt	76.4
	724.2
Long-term debt	1,483.4
Provisions	80.5
Deferred credits and other liabilities	100.6
Deferred income taxes	358.6
	2,747.3
Net identifiable assets	1,715.4
Non-controlling interests	(370.6)
Goodwill	2,340.4
Total cash consideration paid	3,685.2
Cash and cash equivalents acquired	215.8
Net cash flow for the acquisition	3,469.4

(a) The fair value of acquired accounts receivable represents the gross contractual amount for accounts receivable of $121.2, net of the uncollectible amount estimated to $0.4.

None of the goodwill related to this transaction was deductible for tax purposes.

On June 28, 2017, the Corporation repaid all of CST's borrowings under its revolving credit facilities for an amount of $498.8. Additionally, on July 28, 2017, the Corporation repaid all of CST's outstanding senior notes for an amount of $577.1 using its acquisition facility.

Prior to the CST acquisition, the Corporation held an available-for-sale investment in CST, and the resulting gains and losses were recorded to Accumulated other comprehensive income (loss). On June 28, 2017, the Corporation disposed of this investment for total proceeds of $91.6. As a result, a gain of $8.8 was realized and transferred from Accumulated other comprehensive income (loss) to earnings.

The CST acquisition was concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale, and was financed using the Corporation's available cash, its existing credit facilities and its new acquisition facility (Note 20). This acquisition generated goodwill mainly due to the significant footprint in the Southwestern United States. Since the date of acquisition, revenues and net earnings attributable to the shareholders of the Corporation from this acquisition amounted to $7,776.7 and $77.9, respectively.

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") for a total cash consideration of approximately $1.6 billion. The fair value of the contingent consideration, which is based on specific results achieved over a three-year period, was estimated at $25.0 using the Corporation's best estimate at the acquisition date. Holiday is an important convenience store and fuel player in the U.S. Midwest region. As of the closing of the transaction, it had 516 sites, of which 373 were operated by Holiday and 143 were operated by franchisees, as well as 27 dealer contracts. Holiday also operates a strong car wash business with 234 locations as at closing date, 2 food commissaries and a fuel terminal in Newport, Minnesota. Its stores are located in Minnesota, Wisconsin, Washington State, Idaho, Montana, Wyoming, North Dakota, South Dakota, Michigan and Alaska.

The Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed and goodwill. Consequently, part of the fair value adjustments, mainly relating to property and equipment and intangible assets, related to this acquisition is included in goodwill in the preliminary fair value assessment of the assets acquired and the liabilities assumed. Regarding the intangible assets, the Corporation's preliminary work has identified the following items which have not yet been evaluated in this preliminary fair value assessment: trademarks, software, as well as fuel supply agreements. The Corporation has also not finalized the fair value assessment of favorable and unfavorable leases and franchise agreements. The preliminary estimates thereof are subject to material adjustments to the fair value of the assets, liabilities and goodwill until the process is completed. For the fiscal year ended April 29, 2018, acquisition costs of $4.1 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

(in millions of US dollars (Note 2), except share and stock option data)

The preliminary estimates of the fair value of assets acquired and liabilities assumed for the Holiday acquisition based on the estimated fair value on the date of acquisition and available information as at the date of the publication of these annual consolidated financial statements are as follows:

	Preliminary estimate
Tangible assets acquired	
Cash and cash equivalents	13.6
Accounts receivable[(a)]	64.3
Inventories	69.5
Prepaid expenses	4.2
Property and equipment	459.2
Other assets	15.4
Investment in joint ventures and associated companies	2.9
Total tangible assets	629.1
Liabilities assumed	
Accounts payable and accrued liabilities	194.9
Provisions	28.5
Long-term debt	3.2
Deferred credits and other liabilities	1.0
Total liabilities	227.6
Net tangible assets acquired	401.5
Intangible assets	60.8
Goodwill	1,195.9
Total consideration	1,658.2
Consideration receivable	(4.4)
Contingent consideration payable	25.0
Cash and cash equivalents acquired	13.6
Net cash flow for the acquisition	1,624.0

(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.

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

The Holiday acquisition was concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale, and was financed using the Corporation's available cash and existing credit facilities. Since the date of acquisition, revenues and net earnings attributable to the shareholders of the Corporation from this acquisition amounted to $1,224.8 and $28.0, respectively.

On a pro forma basis, had the Corporation concluded the CST and Holiday acquisitions at the beginning of its fiscal year, total revenues and net earnings attributable to the shareholders of the Corporation would have amounted to $55,436.7 and $1,730.5, respectively.

Other acquisitions

- On May 30, 2017, the Corporation acquired 53 company-operated sites located in Louisiana, United States, from American General Investments, LLC and North American Financial Group, LLC. The convenience stores operate under the *Cracker Barrel* brand. The Corporation owns the land and building for 47 sites and assumes the leases for the remaining 6 locations. On the same date, the Corporation closed seven of those stores.

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

- On November 28, 2017, the Corporation acquired certain assets from Jet Pep, Inc., including a fuel terminal, associated trucking equipment and 18 retail sites located in Alabama. The Corporation owns the land and building for 17 sites and assumes the lease for the remaining location.

  In addition, through a distinct transaction, CAPL purchased other assets of Jet Pep, Inc. consisting of 101 commission operated retail sites, including 92 owned sites, 5 leased sites and 4 independent commission accounts.

- During fiscal 2018, the Corporation also acquired 11 company-operated stores through distinct transactions. The Corporation owns the land and building for eight sites, leases the land and owns the building for two sites, and leases the land and the building for the remaining site.

These transactions were settled for a total consideration of $289.7 using available cash and existing credit facilities. 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 estimates thereof are subject to adjustments to the fair value of the assets, liabilities and goodwill until the process is completed. For the fiscal year ended April 29, 2018, acquisition costs of $1.9 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

(in millions of US dollars (Note 2), except share and stock option data)

The preliminary estimates of the fair value of assets acquired and liabilities assumed for other acquisitions based on the estimated fair value on the date of acquisition and available information as at the date of the publication of these annual consolidated financial statements are as follows:

	$
Tangible assets acquired	
Cash and cash equivalents	2.2
Accounts receivable	0.8
Inventories	25.6
Prepaid expenses	0.2
Income taxes receivable	0.3
Property and equipment	185.7
Other assets	0.3
Assets held for sale	2.0
Total tangible assets	217.1
Liabilities assumed	
Accounts payable and accrued liabilities	6.8
Provisions	4.8
Long-term debt	0.8
Deferred credits and other liabilities	3.9
Deferred income taxes	7.7
Total liabilities	24.0
Net tangible assets acquired	193.1
Intangible assets	30.1
Goodwill	69.3
Negative goodwill	(2.8)
Total cash consideration paid	289.7
Cash and cash equivalents acquired	2.2
Net cash flow for the acquisition	287.5

The Corporation expects that almost 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 earnings from these stores amounted to $530.9 and $6.8, respectively. Considering the size and 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.

2017

Acquisition of certain Canadian assets from Imperial Oil Limited

The Corporation acquired 278 sites from Imperial Oil Limited (“IOL”), of which 228 are located in Ontario, mostly in the Greater Toronto Area, and 50 are located in the Greater Montreal Area. The agreement also included 13 land banks and 1 dealer site as well as a long-term supply contract for Esso-branded fuel. The integration of the sites began on September 12, 2016, and was completed on October 27, 2016. Of the 278 sites, the Corporation leases the land and building for 1 site, leases the land and owns the building for 40 sites, and owns both of these assets for the remaining 237 sites. At closing, all sites were operating under a commission agency model under which a third party operates the site and the Corporation operates the road transportation fuel activities.

This transaction was settled for a total consideration of approximately $1.3 billion and was financed using the Corporation’s available cash and existing credit facilities.

For the fiscal year ended April 30, 2017, acquisition costs of $12.2 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

(in millions of US dollars (Note 2), except share and stock option data)

The final estimates of the fair value of assets acquired and liabilities assumed for this acquisition are as follows:

	Final estimate
	$
Assets	
Current assets	
Inventories	13.8
	13.8
Property and equipment	742.9
Identifiable intangible assets	6.6
Other assets	4.1
	767.4
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	1.2
Provisions	19.5
	20.7
Deferred credits and other liabilities	7.7
Deferred income taxes	18.9
	47.3
Net identifiable assets	720.1
Goodwill	565.6
Total cash consideration paid	1,285.7

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

This acquisition was concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale. This acquisition generated goodwill mainly due to the strategic location of stores acquired.

Other acquisitions

- On May 1, 2016, the Corporation completed the acquisition of all 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, for a total consideration of $308.1. See Note 2 for details about the adjustments brought to the consolidated balance sheet accounts as at April 30, 2017.

  As per the requirements of the European Commission, the Corporation:

  - was approved to retain 127 Dansk Fuel sites, of which 86 were owned and 41 were leased from third parties;
  - was required to divest the remainder of the Dansk Fuel business in addition to 24 of its legacy sites in Denmark; and
  - continued to operate separately from Dansk Fuel until the retained sites were transferred to its Danish subsidiary.

  As the Corporation did not have control over Dansk Fuel's operation, its shares were accounted for as an investment in an associated company using the equity method.

  Between June 20, 2016 and September 11, 2016, the Corporation gradually gained control over the operations of the retained sites as they were transferred from Dansk Fuel to its Danish subsidiary and from then, the assets and results related to these sites are included in its consolidated 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 were dealer-operated at the date of the transfer. During fiscal 2017, all sites were converted to company-operated sites.

  On October 31, 2016, as all requirements of the European Commission had been met, the Corporation sold all of its shares in Dansk Fuel to DCC Holding A/S, a subsidiary of DCC plc, for a total cash consideration of $71.5. Prior to this sale transaction, a capital reduction of $65.6 was received from Dansk Fuel.

  This transaction was financed using the Corporation's available cash and existing credit facilities.

- On November 15, 2016, the Corporation completed the acquisition of 23 company-operated sites located in Estonia from Sevenoil Est OÜ and its affiliates, of which there are 11 full-service fuel stations and 12 unmanned automated fuel stations. The Corporation leases the land and owns the building for three sites and owns those assets for the remaining sites. This transaction was financed using the Corporation's available cash and existing credit facilities.

- During fiscal 2017, the Corporation also acquired 13 company-operated stores through distinct transactions. The Corporation owns the land and building for these sites. These transactions were financed using the Corporation's available cash and existing credit facilities.

(in millions of US dollars (Note 2), except share and stock option data)

These transactions were settled for a total consideration of $223.5. For the fiscal year ended April 30, 2017, acquisition costs of $8.8 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

The final estimates of the fair value of assets acquired and liabilities assumed for the other acquisitions are as follows:

	Initial estimate	Changes	Final estimate
			$
Tangible assets acquired			
Inventories	12.8	(0.7)	12.1
Property and equipment	130.0	21.7	151.7
Other assets	3.9	-	3.9
Total tangible assets	146.7	21.0	167.7
Liabilities assumed			
Accounts payable and accrued liabilities	2.4	0.3	2.7
Provisions	4.3	6.7	11.0
Long-term debt	-	6.8	6.8
Deferred credits and other liabilities	7.2	0.7	7.9
Total liabilities	13.9	14.5	28.4
Net tangible assets acquired	132.8	6.5	139.3
Intangible assets	-	0.6	0.6
Goodwill	90.7	(7.1)	83.6
Total consideration	223.5	-	223.5
Deemed consideration for the transfer of 127 sites from Dansk Fuel	177.6	-	177.6
Total cash consideration paid	45.9	-	45.9

All of the goodwill related to these transactions was 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.

5. CROSSAMERICA PARTNERS LP

As at April 29, 2018, the Corporation owns 100% of the equity interests of the sole member of the General Partner, 100% of the IDRs and 21.4% of the outstanding common units of CAPL. Following the Corporation's evaluation of its relationship with CAPL, the Corporation concluded that it controls the partnership's operations and activities even though it does not have a majority ownership of CAPL's outstanding common units. As a result, the Corporation fully consolidates CAPL in its consolidated financial statements.

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 fiscal year ended April 29, 2018 include those of CAPL for the period beginning June 28, 2017 and ending March 31, 2018, adjusted for significant transactions, if any. The consolidated balance sheet as at April 29, 2018 includes the balance sheet of CAPL as at March 31, 2018, adjusted for the final estimates of the fair value of assets acquired and liabilities assumed and for significant transactions, if any.

All transactions between the Corporation and CAPL are eliminated from the Corporation's consolidated financial statements. These transactions consist of a mark-up on motor fuel purchased and sold between the Corporation and CAPL, rent charged by CAPL to the Corporation, earnings from CAPL's equity ownership interest in CST Fuel Supply, a subsidiary of the Corporation, the Corporation's portion of CAPL's common unit distributions and the Corporation's revenues from CAPL's IDRs. Additionally, the Corporation provides management and corporate support services to CAPL and charges CAPL a management fee under the terms of the Amended and Restated Omnibus Agreement, as well as an allocation of certain incentive compensation. Approximately 78.3% of CAPL's operating results were attributable to non-controlling interests for the fiscal year ended April 29, 2018. Therefore, the Corporation's shareholders do not have rights to a substantial portion of the operating results of CAPL. The earnings attributable to CAPL's other units holders are presented as non-controlling interests.

(in millions of US dollars (Note 2), except share and stock option data)

CAPL is a publicly traded Delaware limited partnership and its common units are listed for trading on the New York Stock Exchange under the symbol "CAPL." As a result, CAPL is required to file reports with the United States Securities and Exchange Commission ("SEC"), where additional information about its results of operations prepared in accordance with US General Accepted Accounting Principles can be found and should be read in conjunction with the table below, which highlights the results of its operations and certain of its operating metrics since the acquisition date and included in these consolidated financial statements prepared in accordance with IFRS:

Statement of Earnings for the period from June 28, 2017 to March 31, 2018, adjusted for significant transactions, if any	$
Revenues	1,671.8
Gross profit	135.8
Total operating expenses (excluding depreciation, amortization and impairment of property and equipment, intangible assets and other assets)	75.1
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	61.1
Net financial expenses	19.4
Loss before income taxes	(19.8)
Income tax recovery	(28.6)
Net earnings	8.8
Statement of Cash Flow for the period from June 28, 2017 to March 31, 2018, adjusted for significant transactions, if any	$
Net cash provided by operating activities	30.4
Net cash used in investing activities, including $75.6 for business acquisitions	(52.8)
Net cash provided by financing activities, including $50.5 of distributions paid to the Corporation	13.5
Balance Sheet as at April 29, 2018	$
Cash and cash equivalents	1.7
Current assets (other than cash and cash equivalents)	68.0
Long-term assets	1,224.9
Current liabilities	64.9
Long-term liabilities	665.2

6. DISPOSAL OF BUSINESS

On November 27, 2017, the Corporation reached an agreement to sell 100% of its shares in Statoil Fuel & Retail Marine AS to St1 Norge AS. The transaction is subject to the customary regulatory approvals and closing conditions and is expected to close during the calendar year 2018.

Therefore, as at April 29, 2018, criteria for its classification as an asset for sale had been met. The Corporation's marine fuel business' contribution to each line of its consolidated balance sheet has been grouped under the lines "Assets held for sale" and "Liabilities associated with assets held for sale" and stated at the lower of its carrying amount and fair value less costs to sell.

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATED COMPANIES

	2018	2017
	$	$
Investment in joint ventures	**121.9**	106.4
Investment in associated companies	**1.4**	1.5
	123.3	107.9

The Corporation's investment in joint ventures and associated companies, none of which are individually significant to the Corporation, are recorded according to the equity method. The following amounts represent the Corporation's share of the joint ventures' and associated companies' net earnings and comprehensive income:

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Joint ventures' net earnings and comprehensive income	**31.9**	32.6
Associated companies' net earnings (loss) and comprehensive income (loss)	**0.1**	(2.2)
	32.0	30.4

8. SUPPLEMENTARY INFORMATION RELATING TO EXPENSES

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Cost of sales	**43,282.9**	31,422.7
Selling expenses	**5,156.1**	4,052.7
Administrative expenses	**805.4**	623.5
Other operating expenses	**108.9**	107.9
Total operating expenses	**6,070.4**	4,784.1

(in millions of US dollars (Note 2), except share and stock option data)

The above expenses include rent expense of $412.8 ($385.5 in 2017), net of sub-leasing income of $25.8 ($23.1 in 2017).

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Employee benefit charges		
Salaries	**1,991.7**	1,544.3
Fringe benefits and other employer contributions	**260.6**	190.5
Employee future benefits (Note 28)	**107.7**	98.4
Termination benefits	**4.9**	6.5
Stock-based compensation and other stock-based payments (Note 26)	**8.5**	10.6
Curtailment gain on defined benefits pension plan obligation (Note 28)	**(0.6)**	(3.9)
	2,372.8	1,846.4

9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Salaries and other current benefits	**12.7**	9.3
Stock-based compensation and other stock-based payments	**7.0**	8.7
Employee future benefits (Note 28)	**2.8**	2.4
	22.5	20.4

Key management personnel comprise members of the Board of Directors and senior management.

10. NET FINANCIAL EXPENSES

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Financial expenses		
Interest expense		
Interest on long-term debt	**214.9**	85.1
Interest on finance lease obligations	**28.2**	23.6
Interest on bank overdrafts and bank loans	**19.1**	1.5
Accretion of provisions (Note 23)	**17.1**	14.5
Net interest on defined benefit plans (Note 28)	**2.4**	1.5
Loss related to fair value hedge derivatives	**1.7**	-
Other finance costs	**12.4**	6.6
	295.8	132.8
Financial revenues		
Interest on bank deposits	**(5.0)**	(3.3)
Other financial revenues	**(3.9)**	(3.1)
	(8.9)	(6.4)
Foreign exchange loss	**48.4**	9.6
Net financial expenses	**335.3**	136.0

11. INCOME TAXES

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Current income tax expense	**265.9**	336.0
Deferred income tax (recovery) expense	**(208.6)**	47.2
	57.3	383.2

The principal items which resulted in differences between the Corporation's effective income tax rates and the combined statutory rates in Canada are detailed as follows:

	2018	2017
	%	%
Combined statutory income tax rate in Canada[a]	**26.77**	26.83
Impact of other jurisdictions' tax rates	**0.31**	(1.55)
Impact of tax rate changes	**(22.73)**	0.02
Other permanent differences	**(1.05)**	(1.23)
Effective income tax rate	**3.30**	24.07

(a) The Corporation's combined statutory income tax rate in Canada includes the appropriate provincial income tax rates.

On December 22, 2017, the United States enacted the "U.S. Tax Cuts and Jobs Act", commonly referred to as the U.S. tax reform, which resulted in the U.S. statutory federal income tax rate to be reduced to 21.0% from the previous rate of 35.0%, effective January 1, 2018.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 29, 2018 and April 30, 2017
(in millions of US dollars (Note 2), except share and stock option data)

The Corporation recorded a net tax benefit of $288.3 for the fiscal year ended April 29, 2018, which is mostly derived from the remeasurement of the Corporation's deferred income tax balances using the new U.S. statutory federal income tax rate, partly offset by the Deemed Repatriation Transition Tax ("Transition tax"). This benefit is estimated based on the Corporation's initial analysis of the "U.S. Tax Cuts and Jobs Act".

The components of deferred income tax assets and liabilities are as follows:

					2018
	Balance as at April 30, 2017	Recognized to earnings	Recognized directly to other comprehensive income (loss) or equity	Recognized through business acquisitions (Note 4)	Balance as at April 29, 2018
	$	$	$	$	$
Deferred income tax assets					
Property and equipment	21.1	(19.9)	-	-	1.2
Expenses deductible during the following years	16.5	(18.5)	-	-	(2.0)
Intangible assets	-	25.0	-	-	25.0
Goodwill	(4.0)	4.0	-	-	-
Deferred charges	3.7	14.9	0.3	-	18.9
Tax attributes	-	1.4	2.0	-	3.4
Asset retirement obligations	1.8	(0.6)	-	-	1.2
Deferred credits	(7.3)	2.7	-	-	(4.6)
Revenues taxable during the following years	-	0.2	(0.2)	-	-
Unrealized exchange loss (gain)	1.8	14.6	(2.0)	-	14.4
Other	6.1	(22.9)	16.8	-	-
	39.7	0.9	16.9	-	57.5
Deferred tax assets to be recovered within 12 months					0.3
Deferred tax assets to be recovered in more than 12 months					57.2
Deferred income tax liabilities					
Property and equipment	742.1	(166.4)	8.4	258.3	842.4
Goodwill	94.2	79.8	-	0.4	174.4
Expenses deductible during the following years	(130.2)	109.7	(0.1)	6.4	(14.2)
Intangible assets	81.7	(39.0)	2.5	9.2	54.4
Asset retirement obligations	(63.5)	15.8	(0.3)	(10.2)	(58.2)
Tax attributes	(34.0)	(13.6)	5.7	(9.1)	(51.0)
Deferred charges	(2.7)	(125.4)	0.1	71.7	(56.3)
Deferred credits	(17.7)	(12.4)	0.1	(16.8)	(46.8)
Revenues taxable during the following years	69.0	(69.0)	-	-	-
Investment	-	(20.9)	(1.4)	60.3	38.0
Unrealized exchange loss	15.8	18.4	3.0	-	37.2
Other	(6.6)	15.3	3.2	(3.9)	8.0
	748.1	(207.7)	21.2	366.3	927.9
Deferred tax liabilities to be recovered within 12 months					(52.6)
Deferred tax liabilities to be recovered in more than 12 months					980.5

						2017
	Balance as at April 24, 2016	Recognized to earnings	Recognized directly to other comprehensive income (loss) or equity	Transfer from income taxes payable	Recognized through business acquisitions (Note 4)	Balance as at April 30, 2017
	$	$	$	$	$	$
Deferred income tax assets						
Property and equipment	17.2	3.9	-	-	-	21.1
Expenses deductible during the following years	18.2	(1.2)	(0.5)	-	-	16.5
Goodwill	(6.7)	2.7	-	-	-	(4.0)
Deferred charges	9.9	(5.0)	(1.2)	-	-	3.7
Tax attributes	13.7	(13.7)	-	-	-	-
Asset retirement obligations	4.2	(2.4)	-	-	-	1.8
Deferred credits	(2.8)	(5.0)	0.5	-	-	(7.3)
Revenues taxable during the following years	-	1.2	(1.2)	-	-	-
Unrealized exchange (gain) loss	(11.3)	15.5	(2.4)	-	-	1.8
Other	3.9	3.6	(1.4)	-	-	6.1
	46.3	(0.4)	(6.2)	-	-	39.7
Deferred tax assets to be recovered within 12 months						2.0
Deferred tax assets to be recovered in more than 12 months						37.7
Deferred income tax liabilities						
Property and equipment	672.9	58.7	(13.2)	-	23.7	742.1
Goodwill	76.8	17.2	0.2	-	-	94.2
Expenses deductible during the following years	(121.3)	(7.6)	(0.4)	-	(0.9)	(130.2)
Intangible assets	96.6	(16.6)	1.7	-	-	81.7
Asset retirement obligations	(57.1)	(8.6)	2.2	-	-	(63.5)
Tax attributes	(26.9)	(20.3)	(2.6)	15.8	-	(34.0)
Deferred charges	(9.6)	9.8	0.4	-	(3.3)	(2.7)
Deferred credits	(13.4)	(3.8)	0.1	-	(0.6)	(17.7)
Revenues taxable during the following years	77.9	(8.9)	-	-	-	69.0
Unrealized exchange loss (gain)	-	16.2	(0.4)	-	-	15.8
Other	(3.6)	10.7	(13.7)	-	-	(6.6)
	692.3	46.8	(25.7)	15.8	18.9	748.1
Deferred tax liabilities to be recovered within 12 months						(80.0)
Deferred tax liabilities to be recovered in more than 12 months						828.1

Deferred income tax liabilities that would be payable upon repatriation of the retained earnings of certain foreign subsidiaries have not been recognized because such amounts are not expected to materialize in the foreseeable future. Temporary differences related to these investments amounted to $2,177.7 ($1,122.2 in 2017).

12. NET EARNINGS PER SHARE

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

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Net earnings available to Class A and B shareholders	**1,673.6**	1,208.9
Weighted average number of shares (in thousands)	**566,090**	567,864
Dilutive effect of stock options (in thousands)	**788**	1,429
Weighted average number of diluted shares (in thousands)	**566,878**	569,293
Basic net earnings per share available to Class A and B shareholders	**2.96**	2.13
Diluted net earnings per share available to Class A and B shareholders	**2.95**	2.12

In calculating diluted net earnings per share for 2018, 315,938 stock options are excluded due to their antidilutive effect (357,969 excluded stock options in 2017).

During fiscal 2018, the Board declared total dividends of CA 37.00¢ per share (CA 34.75¢ per share in 2017).

(in millions of US dollars (Note 2), except share and stock option data)

13. SUPPLEMENTARY INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash working capital

	2018 (52 weeks)	2017 (53 weeks)
	$	$
Accounts receivable	(299.7)	(178.2)
Inventories	(204.5)	(40.6)
Prepaid expenses	(14.4)	3.4
Accounts payable and accrued liabilities	343.9	255.9
Income taxes payable	(32.0)	(24.2)
	(206.7)	16.3

Changes in net debt arising from financing activities

	2018 (52 weeks)			
	Cash and cash equivalents	Obligations under finance leases and other debts	Long-term debt, excluding obligations under finance leases and other debts	Net debt
	$	$	$	$
Balance, beginning of year	637.6	304.7	3,050.2	2,717.3
Cash flows				
Change in cash and cash equivalents	(4.4)	-	-	4.4
Net (decrease) increase in long-term debt	-	(42.9)	4,882.9	4,840.0
Repayment of debts assumed on the CST Acquisition (Note 4)	-	-	(1,075.9)	(1,075.9)
Non-cash movements				
New obligations under finance leases, net of disposals	-	29.2	-	29.2
Business acquisitions	-	43.4	1,520.4	1,563.8
Change in fair value of associated swaps	-	-	(6.8)	(6.8)
Amortization of financing costs	-	-	6.9	6.9
Reclassified to assets held for sale	-	(0.7)	-	(0.7)
Effect of exchange rate fluctuations	33.0	18.7	156.8	142.5
Balance, end of year	666.2	352.4	8,534.5	8,220.7

Changes in net other financial liabilities arising from financing activities

	2018 (52 weeks) Total net other financial liabilities
	$
Balance, beginning of year	304.1
Cash flows	
Settlement of derivative financial instruments	(81.3)
Non-cash movements	
Change in fair value	(51.1)
Balance, end of year	171.7

14. ACCOUNTS RECEIVABLE

	2018	2017
	$	$
Trade accounts receivable and vendor rebates receivable[(a)]	989.7	677.6
Credit and debit cards receivable[(a)]	784.4	651.5
Provision for doubtful accounts	(31.0)	(25.7)
Credit and debit cards receivable and trade accounts receivable and vendor rebates receivable – net	1,743.1	1,303.4
Other accounts receivable	264.0	192.5
Provision for doubtful accounts	(0.7)	(1.7)
	2,006.4	1,494.2

(a) These amounts are presented net of an amount of $313.4 from Accounts payable and accrued expenses due to netting arrangements ($209.2 as at April 30, 2017).

(in millions of US dollars (Note 2), except share and stock option data)

The following table details the aging of credit and debit cards receivable and trade accounts receivable and vendor rebates receivable that are not impaired:

	2018	2017
	$	$
Not past due	**1,554.6**	1,209.6
Past due 1-30 days	**128.8**	64.7
Past due 31-60 days	**16.0**	10.5
Past due 61-90 days	**21.2**	9.4
Past due 91 days and over	**22.5**	9.2
	1,743.1	1,303.4

Movement in the provisions for doubtful accounts is as follows:

	2018	2017
	$	$
Balance, beginning of year	**27.4**	28.5
Provision for doubtful accounts, net of unused beginning balance	**9.7**	7.2
Receivables written off during the year	**(7.7)**	(7.7)
Effect of exchange rate variations	**2.3**	(0.6)
Balance, end of year	**31.7**	27.4

15. INVENTORIES

	2018	2017 (adjusted, Note 2)
	$	$
Merchandise	**762.0**	549.0
Road transportation fuel	**594.3**	315.0
Other products	**12.7**	1.0
	1,369.0	865.0

The cost of sales amounts presented in the consolidated statements of earnings are almost entirely composed of inventory recognized as an expense.

16. PROPERTY AND EQUIPMENT

	Land	Buildings and building components	Equipment	Leasehold improvements	Total
	$	$	$	$	$
Year ended April 29, 2018					
Net book amount, beginning	**2,619.5**	**2,060.8**	**2,574.3**	**256.8**	**7,511.4**
Additions	**33.9**	**141.0**	**1,024.6**	**9.0**	**1,208.5**
Business acquisitions (Note 4)	**1,118.9**	**1,108.8**	**815.7**	**47.0**	**3,090.4**
Disposals	**(41.1)**	**(53.5)**	**(59.9)**	**(1.4)**	**(155.9)**
Depreciation and amortization expense	**(9.8)**	**(276.4)**	**(446.6)**	**(57.6)**	**(790.4)**
Transfers	**5.7**	**157.7**	**(199.8)**	**36.4**	**-**
Reclassified to assets held for sale	**-**	**(2.9)**	**(17.5)**	**-**	**(20.4)**
Effect of exchange rate variations	**94.0**	**73.8**	**72.6**	**4.6**	**245.0**
Net book amount, end[(a)]	**3,821.1**	**3,209.3**	**3,763.4**	**294.8**	**11,088.6**
As at April 29, 2018					
Cost	**3,848.5**	**4,292.0**	**5,988.8**	**726.4**	**14,855.7**
Accumulated depreciation, amortization and impairment	**(27.4)**	**(1,082.7)**	**(2,225.4)**	**(431.6)**	**(3,767.1)**
Net book amount [(a)]	**3,821.1**	**3,209.3**	**3,763.4**	**294.8**	**11,088.6**
Portion related to finance leases	**132.9**	**115.3**	**60.1**	**-**	**308.3**
Year ended April 30, 2017 (adjusted, Note 2)					
Net book amount, beginning	1,997.8	1,937.8	2,204.4	231.5	6,371.5
Additions	105.5	180.7	764.3	62.0	1,112.5
Business acquisitions (Note 4)	608.8	150.1	135.8	-	894.7
Disposals	(43.3)	(29.1)	(60.6)	(2.6)	(135.6)
Depreciation and amortization expense	(10.0)	(169.8)	(348.8)	(53.3)	(581.9)
Impairment expense	(0.2)	(0.3)	(0.5)	-	(1.0)
Transfers	11.5	36.3	(71.2)	23.4	-
Effect of exchange rate variations	(50.6)	(44.9)	(49.1)	(4.2)	(148.8)
Net book amount, end[(a)]	2,619.5	2,060.8	2,574.3	256.8	7,511.4
As at April 30, 2017 (adjusted, Note 2)					
Cost	2,634.9	2,896.0	4,463.0	639.7	10,633.6
Accumulated depreciation, amortization and impairment	(15.4)	(835.2)	(1,888.7)	(382.9)	(3,122.2)
Net book amount [(a)]	2,619.5	2,060.8	2,574.3	256.8	7,511.4
Portion related to finance leases	140.5	113.7	54.9	-	309.1

(a) The net book amount as at April 29, 2018 includes $677.5 related to construction in progress ($516.2 as at April 30, 2017).

(in millions of US dollars (Note 2), except share and stock option data)

17. GOODWILL AND INTANGIBLE ASSETS

Goodwill

	2018	2017 (adjusted, Note 2)
	$	$
Net book amount, beginning of year	**2,370.2**	1,773.2
Business acquisitions (Note 4)	**3,605.6**	649.2
Reclassified to assets held for sale	**(4.4)**	-
Effect of exchange rate variations	**85.3**	(52.2)
Net book amount, end of year	**6,056.7**	2,370.2

Intangible assets

	Trademarks	**Franchise agreements**	**Software[a]**	**Customer relationships**	**Fuel supply agreements**	**Favorable leases**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Year ended April 29, 2018								
Net book amount, beginning	**284.4**	**38.8**	**160.4**	**55.7**	**9.4**	**93.8**	**27.6**	**670.1**
Additions	**-**	**0.1**	**31.4**	**-**	**-**	**-**	**0.4**	**31.9**
Business acquisitions (Note 4)	**9.3**	**56.3**	**11.0**	**1.2**	**305.2**	**43.7**	**9.9**	**436.6**
Disposals	**(1.5)**	**-**	**(0.5)**	**(0.1)**	**(2.8)**	**(1.6)**	**-**	**(6.5)**
Rent, depreciation and amortization expense	**(40.1)**	**(10.1)**	**(33.1)**	**(6.4)**	**(23.7)**	**(15.8)**	**(1.7)**	**(130.9)**
Effect of exchange rate variations	**8.6**	**2.1**	**8.5**	**8.4**	**-**	**5.5**	**-**	**33.1**
Net book amount, end	**260.7**	**87.2**	**177.7**	**58.8**	**288.1**	**125.6**	**36.2**	**1,034.3**
As at April 29, 2018								
Cost	**289.2**	**169.7**	**315.6**	**169.0**	**354.4**	**158.8**	**42.0**	**1,498.7**
Accumulated depreciation and amortization	**(28.5)**	**(82.5)**	**(137.9)**	**(110.2)**	**(66.3)**	**(33.2)**	**(5.8)**	**(464.4)**
Net book amount	**260.7**	**87.2**	**177.7**	**58.8**	**288.1**	**125.6**	**36.2**	**1,034.3**
Year ended April 30, 2017 (adjusted, Note 2)								
Net book amount, beginning	327.0	55.1	169.1	62.8	11.1	102.0	28.8	755.9
Additions	4.4	0.1	25.3	-	-	-	0.8	30.6
Business acquisitions (Note 4)	-	-	0.1	-	-	7.1	-	7.2
Disposals	(3.9)	-	(0.6)	-	(0.5)	(3.8)	(0.1)	(8.9)
Rent, depreciation and amortization expense	(37.9)	(14.5)	(27.8)	(5.4)	(1.2)	(9.7)	(1.9)	(98.4)
Effect of exchange rate variations	(5.2)	(1.9)	(5.7)	(1.7)	-	(1.8)	-	(16.3)
Net book amount, end	284.4	38.8	160.4	55.7	9.4	93.8	27.6	670.1
As at April 30, 2017 (adjusted, Note 2)								
Cost	389.8	107.9	263.1	152.4	54.8	108.6	31.5	1,108.1
Accumulated depreciation and amortization	(105.4)	(69.1)	(102.7)	(96.7)	(45.4)	(14.8)	(3.9)	(438.0)
Net book amount	284.4	38.8	160.4	55.7	9.4	93.8	27.6	670.1

(a) The net book amount as at April 29, 2018 includes $13.7 related to software in progress ($24.6 as at April 30, 2017).

Goodwill and intangible assets with indefinite useful lives are allocated to CGUs based on the geographical location of the acquired stores. Allocation as at April 29, 2018 and April 30, 2017 is as follows:

	2018		2017	
CGU	**Intangible assets with indefinite useful lives**	**Goodwill**	Intangible assets with indefinite useful lives	Goodwill (adjusted, Note 2)
	$	**$**	$	$
Canada	**-**	**829.1**	-	692.0
United States	**185.2**	**4,531.6**	179.8	1,139.0
CAPL	**-**	**128.5**	-	-
Scandinavia	**64.7**	**482.4**	61.3	461.2
Central and Eastern Europe	**28.4**	**12.6**	25.8	12.4
Ireland	**-**	**72.5**	-	65.6
	278.3	**6,056.7**	266.9	2,370.2

The intangible assets with indefinite useful lives for the United States CGU are the Circle K trademark and licenses. The intangible asset with indefinite useful life for the Scandinavia and Central and Eastern Europe ("CEE") CGUs is the droplet logo. The Scandinavia CGU includes the activities of Norway, Sweden and Denmark, while the CEE CGU includes the activities of Estonia, Latvia, Lithuania, Poland and Russia.

(in millions of US dollars (Note 2), except share and stock option data)

For the annual impairment test, the recoverable amount of the CGUs is determined on the basis of their fair value less costs to sell. The Corporation uses an approach based on EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) multiples of comparable corporations to determine these values and, for CAPL, an approach based of its market capitalization.

18. OTHER ASSETS

	2018	2017
	$	$
Environmental costs receivable (Note 23)	**77.9**	77.5
Pension benefit assets (Note 28)	**46.1**	16.3
Deferred compensation assets	**40.9**	34.1
Deferred incentive payments	**34.5**	27.5
Investment contract including an embedded total return swap (Note 29)	**29.9**	25.1
Deposits	**18.3**	16.3
Other	**55.5**	116.6
	303.1	313.4

19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017 (adjusted, Note 2)
	$	$
Accounts payable and accrued expenses[(a)]	**2,461.6**	1,666.0
Sales and excise taxes	**748.4**	638.1
Salaries and related benefits	**259.8**	186.2
Other	**343.0**	214.0
	3,812.8	2,704.3

(a) This amount is presented net of an amount of $229.8 from Credit and debit cards receivable and $83.6 from Trade accounts receivable and vendor rebates receivable due to netting arrangements ($185.2 and $24.0, respectively as at April 30, 2017).

20. LONG-TERM DEBT

	2018	2017 (adjusted, Note 2)
	$	$
US-dollar-denominated senior unsecured notes[(b)]	**3,373.6**	-
Canadian-dollar-denominated senior unsecured notes[(b)]	**1,857.3**	1,461.9
US-dollar-denominated term revolving unsecured operating credit D, maturing in December 2022[(c)]	**1,397.4**	694.5
Euro-denominated senior unsecured notes, maturing in May 2026[(d)]	**900.7**	815.1
CAPL US-dollar-denominated senior secured revolving credit facility, without recourse to the Corporation, maturing in April 2020[(e)]	**509.5**	-
Acquisition facility[(a)]	**412.1**	-
NOK-denominated senior unsecured notes, maturing in February 2026[(f)]	**83.9**	78.7
Obligations related to buildings and equipment under finance leases, with an average rate of 8.728%, payable on various dates until 2070, and other debts	**352.4**	304.7
	8,886.9	3,354.9
Current portion of long-term debt	**42.9**	253.2
	8,844.0	3,101.7

(a) Acquisition facility

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

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

The acquisition facility was available exclusively to finance, directly or indirectly, the acquisition of CST, the related acquisition costs and the repayment of any of CST’s and its subsidiaries’ outstanding debt. Amounts could be drawn up to 90 days after the first draw and can be reimbursed at any time. The acquisition facility was available in US dollars by way of loans bearing interest at the US base rate or the LIBOR rate plus a variable margin.

As at April 29, 2018, tranches A and B had been fully repaid. As at the same date, the effective interest rate was 3.358% and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(in millions of US dollars (Note 2), except share and stock option data)

(b) Canadian- and US-dollar-denominated senior unsecured notes

As at April 29, 2018, the Corporation had Canadian-dollar-denominated senior unsecured notes totaling CA $2.4 billion, and US-dollar-denominated senior unsecured notes totaling $3.4 billion, divided as follows:

	Notional amount	Maturity	Coupon rate	Effective rate as at April 29, 2018	Interest payment dates
Tranche 2 – November 1, 2012 issuance	CA $450.0	November 1, 2019	3.319%	3.404%	May 1st and November 1st
Tranche 3 – November 1, 2012 issuance	CA $250.0	November 1, 2022	3.899%	3.963%	May 1st and November 1st
Tranche 4 – August 21, 2013 issuance	CA $300.0	August 21, 2020	4.214%	4.317%	August 21st and February 21st
Tranche 5 – June 2, 2015 issuance	CA $700.0	June 2, 2025	3.600%	3.649%	June 2nd and December 2nd
Tranche 6 – July 26, 2017 issuance	$1,000.0	July 26, 2022	2.700%	2.819%	July 26th and January 26th
Tranche 7 – July 26, 2017 issuance	CA $700.0	July 26, 2024	3.056%	3.133%	July 26th and January 26th
Tranche 8 – July 26, 2017 issuance	$1,000.0	July 26, 2027	3.550%	3.642%	July 26th and January 26th
Tranche 9 – July 26, 2017 issuance	$500.0	July 26, 2047	4.500%	4.576%	July 26th and January 26th
Tranche 10 – December 14, 2017 issuance	$600.0	December 13, 2019	2.350%	2.557%	June 13th and December 13th
Tranche 11 – December 14, 2017 issuance	$300.0	December 13, 2019	Three-month LIBOR plus 0.500%	2.791%	June 13th, September 13th, December 13th and March 13th

Canadian-dollar-denominated notes issued on November 1, 2012, June 2, 2015 and July 26, 2017 are associated with cross-currency interest rate swaps, and fixed interest rate US-dollar-denominated notes issued on December 14, 2017 are subject to fixed-to-floating interest rate swaps (Note 21). Also, a portion of the US-dollar-denominated notes issued on July 26, 2017 were subject to interest rate locks in anticipation of their issuance (Note 22).

The net proceeds from the July 26, 2017 issuances, which were approximately $3.0 billion, were mainly used to repay a portion of the Corporation's acquisition facility and of its term revolving unsecured operating credit facility.

The net proceeds from the December 14, 2017 issuances, which were $893.8, were mainly used to repay a portion of the Corporation's term revolving unsecured operating credit facility and acquisition facility.

(c) Term revolving unsecured operating credit D

As at April 29, 2018, the Corporation had a credit agreement consisting of a revolving unsecured facility of a maximum amount of $2,525.0. The credit facility was available in the following forms:

- A term revolving unsecured operating credit, available i) in Canadian dollars, ii) in US dollars, iii) in Euros, iv) in the form of Canadian-dollar bankers' acceptances, with stamping fees and v) in the form of standby letters of credit not exceeding $150.0 or the equivalent in Canadian dollars, with applicable fees. Depending on the form and the currency of the loan, the amounts borrowed bear interest at variable rates based on the Canadian prime rate, the bankers' acceptance rate, the US base rate, LIBOR or EURIBOR plus a variable margin; and
- An unsecured line of credit in the maximum amount of $50.0, available in Canadian or US dollars, bearing interest at variable rates based, depending on the form and currency of the loan, on the Canadian prime rate, the US prime rate or the US base rate plus a variable margin.

Standby fees, which vary based on the Corporation's credit rating, were applied to the unused portion of the credit facility. Letters of credit fees and the variable margin used to determine the interest rate applicable to borrowed amounts were determined according to the Corporation's credit rating as well. Under this credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

On November 24, 2017, this operating credit's maturity was extended to December 2022.

As at April 29, 2018, the weighted average effective interest rate was 3.236% (2.000% as at April 30, 2017). As at April 29, 2018, the Corporation had $27.0 borrowed on the available line of credit, and as at April 30, 2017, the available line of credit was unused. The Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(d) Euro-denominated senior unsecured notes

As at April 29, 2018, the Corporation had 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 and the effective rate is 1.944%.

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

As at April 29, 2018, CAPL had a credit agreement consisting of a US-dollar-denominated senior secured revolving credit facility of a maximum amount of $650.0, maturing on April 25, 2020, under which swing-line loans may be drawn up to $25.0 and standby letters of credit may be issued up to an aggregate of $45.0. This facility is without recourse to the Corporation.

As at April 29, 2018, the effective interest rate was 4.740% and CAPL was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(in millions of US dollars (Note 2), except share and stock option data)

(f) Norwegian-krone-denominated senior unsecured notes

As at April 29, 2018, the Corporation had Norwegian-krone-denominated senior unsecured notes totaling NOK 675.0 with a coupon rate of 3.850% and maturing on February 18, 2026. Interest is payable semi-annually on April 20 and October 20 of each year and the effective rate is 3.927%.

Term revolving unsecured operating credit F

As at April 29, 2018, the Corporation had a credit agreement consisting of an unsecured revolving facility of an initial maximum amount of €25.0 maturing on January 30, 2020. The credit facility was available in Euros in the form of an unsecured revolving operating credit. The amounts borrowed bear interest at variable rates based on the funding base rate or the EURIBOR rate plus a fixed margin of 1.5%.

Standby fees of 0.7% apply to the unused portion of the credit facility. Under this credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at April 29, 2018 and April 30, 2017, operating credit F was unused.

Bank overdraft facilities

The Corporation had access to bank overdraft facilities totaling approximately $165.4 as at April 29, 2018 ($282.0 as at April 30, 2017). As at April 29, 2018 and April 30, 2017, they were unused.

Letters of credit

As at April 29, 2018, the Corporation had outstanding letters of credit related to its own operations of $97.9 ($80.9 as at April 30, 2017), of which $16.1 ($9.2 as at April 30, 2017) reduced funds available under the Corporation's term revolving unsecured operating credit D.

21. INTEREST RATE SWAPS

The Corporation has entered into cross-currency interest rate swap agreements, allowing it to synthetically convert a portion of its Canadian-dollar-denominated senior unsecured notes into US dollars.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity	**Fair value as at April 29, 2018**	Fair value as at April 30, 2017
					$	$
CA $2,100.0	From 3.056% to 3.899%	US $1,829.3	From 2.733% to 3.870%	From November 1, 2019 to June 2, 2025	**166.7**	223.1
CA $300.0	2.861%	US $300.7	2.034%	November 1, 2017	**-**	79.4
					166.7	302.5
Current portion of financial liabilities					**-**	79.4
Other long-term financial liabilities					**166.7**	223.1

These agreements are designated as foreign exchange hedges of the Corporation's net investment in its operations in the United States.

In addition to the agreements presented in the table above, the Corporation has entered into short-term cross-currency interest rate swap agreements. As at April 29, 2018, these agreements had a fair value of $1.8 ($7.6 as at April 30, 2017) and are presented in Other short-term financial assets. These agreements have varying rates and maturities extending until May 11, 2018.

Furthermore, the Corporation has entered into fixed-to-floating interest rate swap agreements, synthetically converting its newly issued fixed interest rate US-dollar-denominated senior unsecured notes to floating interest rates. These agreements became effective on December 14, 2017, and all mature on December 13, 2019.

Notional amount	Receive – Rate	Pay – Rate	Fair value as at April 29, 2018 (Note 29)
$			$
600.0	Three-month LIBOR plus rates varying from 0.350% to 0.355%	2.350%	6.8

These agreements are designated as fair value hedges of the Corporation's US-dollar-denominated senior unsecured notes issued on December 14, 2017.

22. INTEREST RATE LOCKS

During fiscal year 2018, the Corporation extended its interest rate locks that were effective as at the fiscal year ended April 30, 2017, and entered into new interest rate locks at the following conditions:

Notional amount	Interest lock term	Rate	Maturity date
$			
250.0	5 years	From 1.951% to 1.955%	July 28, 2017
250.0	10 years	From 2.392% to 2.393%	July 28, 2017

(in millions of US dollars (Note 2), except share and stock option data)

The instruments allowed the Corporation to hedge the variability of its interest payments on the anticipated issuance of US-dollar-denominated senior unsecured notes due to changes in the US Treasury rates. Therefore, these instruments were designated as a cash flow hedge of the Corporation's interest rate risk and, as a result, during fiscal year 2018, a loss of $6.1 was recognized to Accumulated other comprehensive loss to reflect the fluctuation in the interest rate locks fair value.

On July 20, 2017, prior to their maturity, the Corporation settled all its interest rate locks. As at the same date, the total cumulative loss since the Corporation first entered into interest rate locks was $14.7. This loss was recognized to Accumulated other comprehensive loss and is amortized over the term of the related US-dollar-denominated senior unsecured notes issued on July 26, 2017 as an adjustment to the related interest expense. The fair value as at April 30, 2017 of $9.2 was included in Other short-term financial liabilities.

23. PROVISIONS

The reconciliation of the Corporation's main provisions is as follows:

	Asset retirement obligations(a)	Provision for environmental costs(b)	Restructuring provision(c)	Provision for workers' compensation(d)	Provision for general liability(d)	Other	Total
	$	$	$	$	$	$	$
2018							
Balance, beginning of year	**368.1**	**159.2**	**12.5**	**35.3**	**35.4**	**9.4**	**619.9**
Business acquisitions (Note 4)	**75.5**	**29.9**	**-**	**4.9**	**3.3**	**33.8**	**147.4**
Liabilities incurred	**3.1**	**9.1**	**56.9**	**26.0**	**19.5**	**4.6**	**119.2**
Liabilities settled	**(7.3)**	**(10.1)**	**(49.7)**	**(21.7)**	**(18.0)**	**(4.4)**	**(111.2)**
Accretion expense	**15.8**	**0.8**	**-**	**0.5**	**0.1**	**-**	**17.2**
Reversal of provisions	**(6.0)**	**(7.7)**	**-**	**-**	**(0.1)**	**(0.6)**	**(14.4)**
Change in estimates	**3.3**	**(4.3)**	**-**	**(1.2)**	**(4.2)**	**-**	**(6.4)**
Reclassified to assets held for sale	**(0.6)**	**-**	**-**	**-**	**-**	**-**	**(0.6)**
Effect of exchange rate variations	**13.7**	**3.2**	**0.7**	**0.3**	**-**	**0.8**	**18.7**
Balance, end of year	**465.6**	**180.1**	**20.4**	**44.1**	**36.0**	**43.6**	**789.8**
Current portion	**80.9**	**45.5**	**17.6**	**20.1**	**12.1**	**3.2**	**179.4**
Long-term portion	**384.7**	**134.6**	**2.8**	**24.0**	**23.9**	**40.4**	**610.4**
2017 (adjusted, Note 2)							
Balance, beginning of year	314.9	159.0	11.9	39.8	31.3	23.1	580.0
Business acquisitions (Note 4)	14.8	15.7	-	-	-	-	30.5
Liabilities incurred	1.6	14.4	8.1	14.6	22.7	0.3	61.7
Liabilities settled	(13.3)	(18.6)	(6.7)	(20.7)	(18.6)	(8.9)	(86.8)
Accretion expense	13.3	0.5	-	0.6	0.1	-	14.5
Reversal of provisions	(4.2)	(6.6)	(0.4)	-	-	(4.5)	(15.7)
Change in estimates	50.1	(2.4)	-	1.0	(0.1)	-	48.6
Effect of exchange rate variations	(9.1)	(2.8)	(0.4)	-	-	(0.6)	(12.9)
Balance, end of year	368.1	159.2	12.5	35.3	35.4	9.4	619.9
Current portion	59.7	32.6	8.8	18.1	10.8	0.5	130.5
Long-term portion	308.4	126.6	3.7	17.2	24.6	8.9	489.4

(a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately $829.0 and is expected to be incurred over the next 40 years. Should changes occur in estimated future removal costs, tank useful lives, lease terms or governmental regulatory requirements, revisions to the liability could be made.
(b) Environmental costs should be disbursed over the next 20 years.
(c) Restructuring costs should be settled over the next two years.
(d) Workers' compensation and general liability indemnities should be disbursed over the next five years.

Environmental costs

The Corporation is subject to Canadian, United States and European legislation governing the storage, handling and sale of road transportation fuel and other petroleum-based products. The Corporation considers that it is compliant with all important aspects of current environmental legislation.

The Corporation has an ongoing training program for its employees on environmental issues and performs preventative site testing and site restoration in cooperation with regulatory authorities. The Corporation also examines its motor fuel equipment annually.

In most of the U.S. states in which the Corporation operates (with the exception of Alaska, Florida, Maryland, New York, Oregon, Texas, Washington, West Virginia and Wisconsin), the Corporation participates in a state fund to cover the cost of certain environmental remediation activities after the applicable trust fund deductible is met, which varies by state. These state funds provide insurance for motor fuel facilities operations to cover some of the costs of cleaning up certain environmental contamination caused by the use of road transportation fuel equipment. Road transportation fuel storage tank registration fees and/or a motor fuel tax in each of the states finance the trust funds. The Corporation pays annual registration fees and remits sales taxes to applicable states. Insurance coverage differs from state to state.

In order to provide for the above-mentioned environmental costs, the Corporation has recorded a $180.1 provision for environmental costs as at April 29, 2018 ($159.2 as at April 30, 2017). Furthermore, the Corporation has recorded an amount of $87.0 for environmental costs receivable from trust funds as at April 29, 2018 ($82.8 as at April 30, 2017), of which $9.1 ($5.3 as at April 30, 2017) is included in Accounts receivable and the remainder in Other assets.

(in millions of US dollars (Note 2), except share and stock option data)

24. DEFERRED CREDITS AND OTHER LIABILITIES

	2018	2017 (adjusted, Note 2)
	$	$
Unfavorable leases	**127.1**	68.5
Deferred compensation liabilities	**63.7**	56.3
Deferred rent expense	**60.3**	69.9
Deposits	**36.9**	22.9
Deferred credits	**19.2**	14.4
Deferred branding credits	**16.1**	16.4
Other liabilities	**24.2**	18.8
	347.5	267.2

25. CAPITAL STOCK

Authorized

Unlimited number of shares without par value

- First and second preferred shares issuable in series, non-voting, ranking prior to other classes of shares with respect to dividends and payment of capital upon dissolution. The Board of Directors is authorized to determine the designation, rights, privileges, conditions and restrictions relating to each series of shares prior to their issuance.
- Class A multiple voting and participating shares, ten votes per share except for certain situations which provide for only one vote per share, convertible into Class B subordinate voting shares on a share-for-share basis at the holder's option. Under the articles of amendment, no new Class A multiple voting shares may be issued.
- Class B subordinate voting and participating shares, convertible automatically into Class A multiple voting shares on a share-for-share basis upon the occurrence of certain events.

The order of priority for the payment of dividends is as follows:

- First preferred shares;
- Second preferred shares; and
- Class B subordinate voting shares and Class A multiple voting shares, ranking pari passu.

Issued and fully paid

The changes in the number of outstanding shares are as follows:

	2018	2017
Class A multiple voting shares		
Balance, beginning of year	**147,766,540**	147,766,540
Conversion into Class B shares[(a)]	**(15,742,667)**	-
Balance, end of year	**132,023,873**	147,766,540
Class B subordinate voting shares		
Balance, beginning of year	**420,683,538**	419,823,571
Issued on conversion of Class A shares	**15,742,667**	-
Repurchased and cancelled shares[(a)]	**(4,372,923)**	-
Stock options exercised	**140,743**	859,829
Issued as part of a previous acquisition	**-**	138
Balance, end of year	**432,194,025**	420,683,538

(a) Share repurchase and conversion

On October 11, 2017, the Corporation reached an agreement to repurchase 4,372,923 Class B subordinate voting shares held by Metro Canada Holdings Inc., a wholly owned subsidiary of Metro Inc., for a net amount of $193.1. The Class A shares held by Metro Canada Holdings Inc. were converted into an equivalent number of Class B shares before the repurchase. The transaction closed on October 17, 2017, and all shares repurchased were cancelled. The dividend deemed to have been paid to Metro Canada Holdings Inc. as a result of this repurchase is an eligible dividend within the meaning of the *Income Tax Act* (Canada) and the *Taxation Act* (Quebec).

26. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

Stock option plan

The Corporation has a stock option plan (the "Plan") under which it has authorized the grant of up to 50,676,000 stock options for the purchase of its Class B subordinate voting shares.

Stock options have up to a 10-year term, vest 20.0% on the date of the grant and cumulatively thereafter on each anniversary date of the grant and are exercisable at the designated market price on the date of the grant. The grant price of each stock option shall not be set below the weighted average closing price for a board lot of the Class B shares on the Toronto Stock Exchange for the five days preceding the grant. Each stock option is exercisable into one Class B share of the Corporation at the price specified in the terms of the stock option. To enable option holders to proceed with a cashless exercise of their options, the Plan allows them to elect to receive a number of subordinate shares equivalent to the difference between the total number of subordinate shares underlying the options exercised and the number of subordinate shares required to settle the exercise of the options.

(in millions of US dollars (Note 2), except share and stock option data)

The table below presents the status of the Corporation's Plan as at April 29, 2018 and April 30, 2017 and the changes therein during the years then ended:

	2018		2017	
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		CA $		CA $
Outstanding, beginning of year	**1,715,070**	**28.27**	2,474,205	19.00
Granted	**161,682**	**61.43**	154,256	58.87
Exercised	**(150,270)**	**5.43**	(913,391)	8.32
Outstanding, end of year	**1,726,482**	**33.36**	1,715,070	28.27
Exercisable, end of year	**1,290,792**	**27.08**	1,204,825	20.81

For options exercised in fiscal 2018, the weighted average share price at the date of exercise was CA $62.86 (CA $60.00 in 2017).

The following table presents information on the stock options outstanding and exercisable as at April 29, 2018:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of stock options outstanding as at April 29, 2018	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 29, 2018	Weighted average exercise price
CA $			CA $		CA $
4 – 16	545,300	2.02	7.48	545,300	7.48
16 – 35	661,531	6.41	34.39	529,225	34.39
35 – 65	519,651	8.23	59.24	216,267	58.64
	1,726,482			1,290,792	

The fair value of stock options granted is estimated at the grant date using the Black-Scholes option pricing model on the basis of the following weighted average assumptions for the stock options granted during the year:

	2018	2017
Expected dividends (per share)	**CA $0.36**	CA $0.31
Expected volatility	**25.00%**	28.00%
Risk-free interest rate	**1.77%**	1.01%
Expected life	**8 years**	8 years

The weighted average fair value of stock options granted was CA $17.55 in 2018 (CA $18.57 in 2017).

For 2018, the compensation cost charged to the consolidated statements of earnings amounts to $2.2 ($3.4 in 2017).

Deferred share unit plan

The Corporation has a DSU plan for the benefit of its external directors which allows them, at their option, to receive all or a portion of their annual compensation and directors' fee in the form of DSUs. A DSU is a notional unit, equivalent in value to the Corporation's Class B share. Upon leaving the Board of Directors, participants are entitled to receive the payment of their cumulated DSUs either in a) the form of cash based on the price of the Corporation's Class B shares as traded on the open market on the date of payment, or b) Class B shares bought by the Corporation on the open market on behalf of the participant.

The DSU expense and the related liability are recorded at the grant date. The liability is adjusted periodically to reflect any variation in the market value of the Class B shares. As at April 29, 2018, the Corporation had a total of 260,374 DSUs outstanding (244,363 as at April 30, 2017) and an obligation related to this notional unit allocation plan of $11.5 ($11.2 as at April 30, 2017) was recorded in Deferred credits and other liabilities. The exposure to the Corporation's share price risk is managed with an embedded total return swap (Note 29). For 2018, the net compensation recovery amounted to $0.5 ($0.9 of net compensation cost in 2017).

Phantom stock units

The Corporation has a phantom stock unit ("PSU") plan allowing the Board of Directors, through its Human Resources and Corporate Governance Committee, to grant PSUs to the officers and selected key employees of the Corporation (the "participants"). A PSU is a notional unit whose value is based on the weighted average reported closing price for a board lot of the Corporation's Class B subordinated voting share (the "Class B share") on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The PSU provides the participant with the opportunity to earn a cash award. Each PSU initially granted vests no later than one day prior to the third anniversary of the grant date subject, namely, to the achievement of performance objectives of the Corporation, based on external and internal benchmarks, over a three-year performance period. PSUs are antidilutive since they are payable solely in cash.

(in millions of US dollars (Note 2), except share and stock option data)

The table below presents the status of the Corporation's PSU plan as at April 29, 2018 and April 30, 2017 and the changes therein during the years then ended in number of units:

	2018	2017
Outstanding, beginning of year	**727,331**	765,601
Granted	**311,541**	227,342
Paid	**(297,712)**	(244,691)
Forfeited	**(15,508)**	(20,921)
Outstanding, end of year	**725,652**	727,331

As at April 29, 2018, an obligation related to this notional unit allocation plan of $4.1 was recorded in Accounts payable and accrued liabilities ($10.7 as at April 30, 2017) and $7.3 was recorded in Deferred credits and other liabilities ($7.1 as at April 30, 2017). The price risk of this obligation is also managed with the embedded total return swap (Note 29). For 2018, the compensation cost amounted to $6.8 ($6.3 for 2017).

27. ACCUMULATED OTHER COMPREHENSIVE LOSS

As at April 29, 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	**(287.4)**	**(266.4)**	**(14.0)**	**(3.1)**	**(570.9)**
Less: Income taxes	**-**	**(2.7)**	**(0.5)**	**(1.4)**	**(4.6)**
Balance, net of income taxes	**(287.4)**	**(263.7)**	**(13.5)**	**(1.7)**	**(566.3)**

As at April 30, 2017

	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	Available-for-sale investment	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive loss
	$	$	$	$	$	$
Balance, before income taxes	(424.7)	(348.6)	9.3	(6.9)	(35.8)	(806.7)
Less: Income taxes	-	(0.7)	1.6	(0.3)	(9.0)	(8.4)
Balance, net of income taxes	(424.7)	(347.9)	7.7	(6.6)	(26.8)	(798.3)

28. EMPLOYEE FUTURE BENEFITS

The Corporation has a number of funded and unfunded defined benefit and defined contribution plans that provide retirement benefits to certain employees.

Defined benefit plans

The Corporation measures its accrued defined benefit obligation and the fair value of plan assets for accounting purposes on the last Sunday of April of each year.

The Corporation has defined benefit plans in Canada, the United States, Norway, Sweden and Ireland. Those plans provide benefits based on average earnings at retirement, or based on the years with the highest salaries and the number of years of service. The most recent actuarial valuation of the pension plans for funding purposes was as at December 31, 2017, and the next required valuation will be as at December 31, 2018.

Some plans include benefit adjustments in line with the consumer price index, whereas most of them do not provide such adjustments. The majority of the benefit payments are from trustee-administered funds. However, there is also a number of unfunded plans where the Corporation meets the benefit payment obligation as it falls due. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the Corporation and the trustees and their composition. Responsibility for governance of the plans, investment decisions and contribution schedules lies jointly with the plan committees and the Corporation.

During fiscal year 2017, some of Norway's defined benefits disability plans were terminated, which resulted in a pre-tax curtailment gain of $3.9, with a corresponding decrease in the defined benefits pension plan obligation on the consolidated balance sheet. Also, most of Canada's and United States' existing defined benefits pension plans were converted to defined contributions plans going forward. This decision had no significant impact on the Corporation's consolidated financial statements since employees kept their accumulated rights as of the date of the conversion.

(in millions of US dollars (Note 2), except share and stock option data)

Reconciliation of the funded status of the benefit plans to the amount recorded in the consolidated financial statements:

	2018	2017
	$	$
Present value of defined benefit obligation for funded pension plans	**(124.9)**	(129.6)
Fair value of plans' assets	**172.2**	144.9
Net funded status of funded plans – net surplus	**47.3**	15.3
Present value of defined benefit obligation for unfunded pension plans	**(101.2)**	(93.6)
Net accrued pension benefit liability	**(53.9)**	(78.3)

The pension benefit asset of $46.1 ($16.3 as at April 30, 2017) is included in Other assets and the Pension benefit liability of $100.0 ($94.6 as at April 30, 2017) is presented separately in the consolidated balance sheets.

The defined benefit obligation and plan assets are composed by country as follows:

	Canada	**United States**	**Norway**	**Sweden**	**Ireland**	**Total**
2018	**$**	**$**	**$**	**$**	**$**	**$**
Present value of defined benefit obligation	**(59.6)**	**(14.1)**	**(40.4)**	**(102.7)**	**(9.3)**	**(226.1)**
Fair value of plans' assets	**22.0**	**-**	**2.0**	**148.2**	**-**	**172.2**
Funded status of plan – (deficit) surplus	**(37.6)**	**(14.1)**	**(38.4)**	**45.5**	**(9.3)**	**(53.9)**
2017						
Present value of defined benefit obligation	(58.3)	(13.1)	(38.2)	(104.9)	(8.7)	(223.2)
Fair value of plans' assets	21.7	-	2.9	120.3	-	144.9
Funded status of plan – (deficit) surplus	(36.6)	(13.1)	(35.3)	15.4	(8.7)	(78.3)

As at the measurement date, the plans' assets consisted of:

	2018				2017			
	Quoted	**Unquoted**	**Total**		Quoted	Unquoted	Total	
	$	**$**	**$**	**%**	$	$	$	%
Cash and cash equivalents	**0.1**	**-**	**0.1**	**0.1**	0.1	-	0.1	0.1
Equity securities	**92.8**	**-**	**92.8**	**53.9**	76.1	-	76.1	52.5
Debt instruments								
Government	**68.2**	**-**	**68.2**	**39.6**	57.4	-	57.4	39.6
Corporate	**4.8**	**-**	**4.8**	**2.8**	4.9	-	4.9	3.4
Real estate	**-**	**0.9**	**0.9**	**0.5**	-	1.6	1.6	1.1
Other assets	**5.4**	**-**	**5.4**	**3.1**	4.7	0.1	4.8	3.3
Total	**171.3**	**0.9**	**172.2**	**100.0**	143.2	1.7	144.9	100.0

The Corporation's pension benefit expense for the fiscal year is determined as follows:

	2018	2017
	$	$
Current service cost, net of employee contributions	**3.6**	4.2
Administrative expenses	**0.1**	0.1
Pension expense for the year	**3.7**	4.3
Net interest expense	**2.4**	1.5
Curtailment gain	**(0.6)**	(3.9)
Amount recognized in earnings for the year	**5.5**	1.9

The amount recognized in Other comprehensive income (loss) for the fiscal year is determined as follows:

	2018	2017
	$	$
(Gains) losses from change in financial assumptions	**(1.9)**	17.7
Experience gains	**(4.5)**	(0.8)
Return on assets (excluding amounts included in interest income)	**(26.3)**	3.5
Amount recognized in Other comprehensive income (loss)	**(32.7)**	20.4

The Corporation expects to make a contribution of $5.7 to the defined benefit plans during the next fiscal year.

The significant weighted average actuarial assumptions, which management considers the most likely to determine the accrued benefit obligations and the pension expense, are the following:

	2018					2017				
	Canada	**United States**	**Norway**	**Sweden**	**Ireland**	Canada	United States	Norway	Sweden	Ireland
	%	**%**	**%**	**%**	**%**	%	%	%	%	%
Discount rate	**3.65**	**4.25**	**2.50**	**2.75**	**1.50**	3.30	4.30	2.50	2.75	1.60
Rate of compensation increase	**3.71**	**4.00**	**2.50**	**2.75**	**-**	3.70	4.00	2.50	2.75	-
Rate of benefit increase	**2.00**	**2.00**	**0.10**	**1.75**	**1.60**	2.00	2.00	0.10	1.75	1.40
Rate of social security base amount increase (*G-amount*)	**-**	**-**	**2.25**	**2.75**	**-**	-	-	2.25	2.75	-

(in millions of US dollars (Note 2), except share and stock option data)

The Corporation uses mortality tables provided by regulatory authorities and actuarial associations in each country. The social security base amount (*G-amount*) is the expected increase of pensions paid from the state. In some European countries, the Corporation is responsible for the difference between what the pensioners receive from the state and the entitled pension based on their salary at the time of retirement.

The weighted average duration of the defined benefit obligation of the Corporation is 20 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal actuarial assumptions is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 9.3%	Increase by 10.8%
Rate of compensation increase	0.50%	Increase by 3.2%	Decrease by 2.3%
Rate of benefit increase	0.50%	Increase by 7.8%	Decrease by 7.7%
Increase of life expectancy	1 year	Increase by 3.3%	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, because changes in some of the assumptions may be correlated. When calculating the above sensitivity analysis, the same method has been applied as when calculating the pension liability recognized in the consolidated balance sheets.

Through its defined benefit pension plans, the Corporation is exposed to the following risks:

Asset returns: The value of the defined benefit pension plan obligations is calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. All of the capitalized plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term. Furthermore, the Corporation actively monitors the performance of the assets to ensure the expected return. To mitigate the risks of assets underperforming, investment policies require a diversified portfolio that spreads risk across different types of instruments.

Changes in bond yields: A decrease in corporate bond yields will increase defined benefit pension plan obligations. However, this same decrease will increase existing bond values held by the various plans.

Change in demographic assumptions: A change in demographic assumptions (rate of salary increase or pension increase, change in mortality tables) will increase or decrease the obligation.

For funded plans, the individual plans have investment policy objectives to bring investment average duration in line with the average expected life of the obligation and scheduled benefit payments. The Corporation and the trustees actively monitor the duration and the expected yield of the investments to ensure they match the expected cash outflows arising from the pension benefit payments. Also, as presented above, to mitigate the risks, the investments are well diversified. The Corporation does not use derivatives to offset its risk and has not changed the processes from the previous fiscal year.

In Europe, it is the Corporation's responsibility to make or not to make contributions to the defined benefit plans. The Corporation contributes to these plans except when they are overcapitalized. For funded plans that are running a deficit, the Corporation makes payments based on the actuaries' recommendations and existing regulations. The Corporation is committed to making special payments in the coming years to eliminate the deficit. These contributions have no significant impact on the Corporation's cash flows. The Corporation does not have a funded plan in the United States.

Defined contribution plans

The Corporation's total pension expense under its defined contribution plans and mandatory governmental plans for the fiscal year 2018 is $104.1 ($94.2 for 2017).

Deferred compensation plan – United States operations

The Corporation sponsors a deferred compensation plan that allows certain employees in its United States operations to defer up to 25.0% of their base salary and 100.0% of their cash bonuses for any given year. Interest accrued on the deferral and amounts due to the participants are generally payable on retirement, except in certain limited circumstances. Obligations under this plan amount to $44.4 as at April 29, 2018 ($37.9 as at April 30, 2017) and are included in Deferred credits and other liabilities.

29. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

Financial risk management objectives and policies

The Corporation's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk, liquidity risk and price risk. The Corporation uses forward contracts to hedge certain risk exposures, primarily foreign currency and price risk as well as a cross-currency interest rate swap to hedge its foreign currency risk related to its net investments in its operations in the United States, Norway, Denmark, the Baltics and Ireland. The Corporation also uses interest rate locks to hedge the interest rates on forecasted debt issuance, and fixed-to-floating interest rate swaps to hedge the interest rates associated with fixed interest rate debt.

Foreign currency risk

A large portion of the Corporation's consolidated revenues and expenses are received or denominated in the functional currency of the business units operating in the markets in which it does business. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The Corporation is exposed to foreign currency risk with respect to its long-term debt denominated in US dollars, its Norwegian-krone and Euro-denominated senior unsecured notes and the cross-currency interest rate swaps, a portion of which are designated as net investment hedges of its operations in the United States, Norway, Denmark, the Baltics and Ireland. As at April 29, 2018, with all other variables held constant, a hypothetical variation of 5.0% of the US dollar, the Norwegian krone and the Euro against the Canadian dollar would have had a net impact of $57.7 on Other comprehensive income (loss). As the Corporation uses the US dollar as its reporting currency, part of these impacts are compensated by the translation of the Canadian-dollar consolidated financial statements into US dollars.

Interest rate risk

The Corporation's fixed rate long-term debt is exposed to a risk of change in fair value due to changes in interest rates. To mitigate a portion of this risk, the Corporation has entered into fixed-to-floating interest rate swaps in order to hedge a portion of the interest rate fair value risk associated with fixed interest rate debt.

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on its variable rate long-term debt. As at April 29, 2018, the Corporation did not hold any derivative instruments to mitigate this risk. The Corporation analyzes its cash flow exposure on an ongoing basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on net financial expenses of a defined interest rate shift. Based on variable rate and synthetically variable rate long-term debt balances as at April 29, 2018, the annual impact on net financial expenses of a 1.0% shift in interest rates would have been $31.9 ($6.9 based on balances as at April 30, 2017).

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on future debt issuance. To mitigate this risk, the Corporation enters from time to time into interest rate locks in order to hedge the interest rates on forecasted debt issuance.

Credit risk

The Corporation is exposed to credit risk with respect to Cash and cash equivalents, Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable, the investment contract including an embedded total return swap and derivative financial instruments when their fair value is favorable to the Corporation.

Key elements of the Corporation's credit risk management approach include credit risk policies, credit mandates, an internal credit rating process, credit risk mitigation tools and continuous monitoring and management of credit exposures. Prior to entering into transactions with new counterparties, the Corporation's credit policy requires counterparties to be formally identified, approved, and assigned internal credit ratings as well as exposure limits. Once established, counterparties are reassessed according to policy and monitored on a regular basis. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial statements, when available, and other relevant business information. In addition, the Corporation evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The internal credit ratings reflect the Corporation's assessment of the counterparties' credit risk. The Corporation has maximum credit exposures for individual counterparties. The Corporation monitors outstanding balances and individual exposures against limits on a regular basis.

Credit risk related to Trade accounts receivable and vendor rebates receivable related to convenience store operations is limited considering the nature of the Corporation's activities and its counterparties. As at April 29, 2018, no single creditor accounted for over 10.0% of total Trade accounts receivable and vendor rebates receivable and the related maximum credit risk exposure corresponds to their carrying amount.

The Corporation mitigates the credit risk related to Cash and cash equivalents and Credit and debit cards receivable by dealing with major financial institutions that have very low or minimal credit risk. As at April 29, 2018, the maximum credit risk exposure related to Cash and cash equivalents and Credit and debit cards receivable corresponds to their carrying amount in addition to the credit risk exposure related to the Circle K/MasterCard and Holiday credit cards as described below.

In some European markets, customers can settle their purchases with a combined Circle K/MasterCard credit card. The Corporation has entered into agreements whereby the risks and rewards related to the credit cards, such as fee income, administration expenses and bad debt, are shared between the Corporation and external banks. Outstanding balances are charged to the customer monthly. The Corporation's exposure as at April 29, 2018, relates to receivables of $162.6, of which $73.8 was interest-bearing. These receivables are not recognized in the Corporation's consolidated balance sheet. For fiscal year 2018, the expensed losses were not significant. In light of accurate credit assessments and continuous monitoring of outstanding balances, the Corporation believes that the credits do not represent any significant risk. The income and risks related to these arrangements with the banks are reported, settled and accounted for on a monthly basis.

The Corporation is exposed to credit risk arising from the financial instrument containing an embedded total return swap and from derivative financial instruments when their fair value is favorable to the Corporation. In accordance with its risk management policy, to reduce this risk, the Corporation has entered into these derivatives with major financial institutions with a very low credit risk.

(in millions of US dollars (Note 2), except share and stock option data)

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its obligations associated with financial liabilities and lease commitments. The Corporation is exposed to this risk mainly through its Long-term debt, Accounts payable and accrued expenses and lease agreements. The Corporation's liquidity is provided mainly by cash flows from operating activities and borrowings available under its revolving credit facilities.

On an ongoing basis, the Corporation monitors rolling forecasts of its liquidity reserve on the basis of expected cash flows taking into account operating needs, the tax situation and capital requirements and ensures that it has sufficient flexibility under its available liquidity resources to meet its obligations.

The contractual maturities of financial liabilities and their related interest as at April 29, 2018, are as follows:

	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	More than five years
	$	$	$	$	$	$
Non-derivative financial liabilities(1)						
Accounts payable and accrued liabilities(2)	3,011.8	3,011.8	3,011.8	-	-	-
US-dollar-denominated senior unsecured notes	3,373.6	4,564.3	106.9	1,004.9	1,241.5	2,211.0
Canadian-dollar-denominated senior unsecured notes	1,857.3	2,203.3	65.1	414.5	563.1	1,160.6
US-dollar-denominated term revolving unsecured operating credit D	1,397.4	1,557.9	44.3	44.3	1,469.3	-
Euro-denominated senior unsecured notes	900.7	1,058.1	17.0	17.0	50.9	973.2
CAPL senior secured revolving credit facility	509.5	535.3	22.7	512.6	-	-
Acquisition facility	412.1	442.1	13.2	13.2	415.7	-
NOK-denominated senior unsecured notes	83.9	109.6	3.2	3.2	9.7	93.5
Obligations related to buildings and equipment under finance leases and other debts	352.4	511.7	67.4	82.5	144.4	217.4
Cross-currency interest rate swaps payable(1)	164.9	351.3	61.4	61.2	146.6	82.1
Cross-currency interest rate swaps receivable(1)		(315.9)	(55.6)	(55.3)	(131.2)	(73.8)
Fixed-to-floating interest rate swaps payable(1)	6.8	1.0	0.5	0.5	-	-
	12,070.4	14,030.5	3,357.9	2,098.6	3,910.0	4,664.0

(1) Based on spot rates, as at April 29, 2018, for balances in Canadian dollars, in Norwegian krone, in Euros and for balances bearing interest at variable rates.
(2) Excludes deferred credits as well as statutory accounts payable and accrued liabilities such as sales taxes, excise taxes and property taxes.

Price risk

The Corporation's sales of refined oil products, which include road transportation fuel and stationary energy, constitute a material share of its gross profit. As a result, its business, financial position, results of operation and cash flows are affected by changes in the commodity prices of such products. The Corporation seeks to pass on any changes in purchase prices to its customers by adjusting sale prices to reflect changes in refined oil product prices. The time lag between a change in refined oil product prices and a change of prices of fuel sold by the Corporation can impact the gross profit on sales of these products. From time to time, the Corporation enters into commodity financial derivatives to mitigate a portion of this risk for its sales and purchases of road transportation fuel. As at April 29, 2018, the nominal value of such financial derivatives was not material.

The Corporation's obligations related to its PSU plan and DSU plan create a form of price risk as the recorded amounts of the related liabilities fluctuate in part with the fair value of the Corporation's Class B shares. To mitigate this risk, the Corporation has entered into a financial arrangement with an investment grade financial institution which includes an embedded total return swap with an underlying index representing Class B shares recorded at fair market value on the consolidated balance sheets under Other assets. The financial arrangement is adjusted as needed to reflect new awards, adjustments and/or settlements of PSUs and DSUs. As at April 29, 2018, the impact on net earnings or shareholders' equity of a 5.0% shift in the value of the Corporation's share price would not have been significant.

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 values of the acquisition facility, the term revolving unsecured operating credit D and the 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.

(in millions of US dollars (Note 2), except share and stock option 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 including an embedded total return swap, which is mainly based on the fair market value of the Corporation's Class B shares, was $36.3 as at April 29, 2018 ($44.4 as at April 30, 2017) (Level 2);
- The fair value of the cross-currency interest rate swaps, which is determined based on market rates, was $164.9 as at April 29, 2018 ($294.9 as at April 30, 2017) (Level 2). They are presented as Other short-term financial assets for an amount of $1.8 and Other financial liabilities for an amount of $166.7 on the consolidated balance sheets;
- The fair value of the fixed-to-floating interest rate swaps, which is determined based on market rates, was $6.8 as at April 29, 2018 (Level 2). They are presented as Other financial liabilities on the consolidated balance sheet; and
- The fair value of the interest rate locks, which is determined based on market rates obtained from the Corporation's financial institutions for similar financial instruments, was $9.2 as at April 30, 2017 (Level 2). They are presented as Other short-term financial liabilities on the consolidated balance sheet.

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:

		2018		2017
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
US-dollar-denominated senior unsecured notes	**3,373.6**	**3,279.4**	-	-
Canadian-dollar-denominated senior unsecured notes	**1,857.3**	**1,873.5**	1,461.9	1,542.6
Euro-denominated senior unsecured notes	**900.7**	**925.9**	815.1	840.4
NOK-denominated senior unsecured notes	**83.9**	**90.5**	78.7	81.1

Capital risk management

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital. The Corporation's capital comprises total Shareholders' equity and net interest-bearing debt. Net interest-bearing debt refers to Long-term debt and its current portion, net of Cash and cash equivalents and Temporary investments, if any.

In order to maintain or adjust its capital structure, the Corporation may issue new shares, redeem its shares, sell assets to reduce debt or adjust the amount of dividends paid to shareholders (Notes 20 and 25).

In its capital structure, the Corporation considers its stock option, PSU and DSU plans (Note 26). From time to time, the Corporation uses share repurchase programs to achieve its capital management objectives.

The Corporation monitors capital on the basis of the net interest-bearing debt to total capitalization ratio and also monitors its credit ratings as determined by third parties. This measure is presented as if the Corporation's investment in CAPL was reported using the equity method as the Corporation believes it allows a more relevant presentation of its underlying performance. Also, for the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation. As at the consolidated balance sheet dates, the net interest-bearing debt to total capitalization ratio was as follows:

	2018	2017
	$	$
Current portion of long-term debt	**40.0**	253.2
Long-term debt	**8,310.1**	3,101.7
Less: Cash and cash equivalents, including restricted cash	**684.1**	643.7
Net interest-bearing debt	**7,666.0**	2,711.2
Shareholders' equity	**7,563.4**	6,009.6
Net interest-bearing debt	**7,666.0**	2,711.2
Total capitalization	**15,229.4**	8,720.8
Net interest-bearing debt to total capitalization ratio	**50.3%**	31.1%

Under its term revolving unsecured operating credits and acquisition facility, the Corporation must meet the following ratios on a consolidated basis, but excluding CAPL:

- A leverage ratio, which is the ratio of total Long-term debt less Cash and cash equivalents to EBITDA, which is a non-IFRS measure, for the four most recent quarters; and
- An interest coverage ratio, which is the ratio of EBITDA for the four most recent quarters to the total interest paid in the same periods.

The Corporation monitors these ratios regularly and was in compliance with these covenants as at April 29, 2018 and April 30, 2017.

(in millions of US dollars (Note 2), except share and stock option data)

The Corporation is not subject to any significant externally imposed capital requirements.

30. CONTRACTUAL OBLIGATIONS

Minimum lease payments

As at April 29, 2018, the Corporation has entered into operating lease agreements which call for aggregate minimum lease payments of $2,569.1 for the rental of commercial space, equipment and warehouses. Several of these leases contain renewal options, and certain sites are subleased to third parties. The minimum lease payments for the next fiscal years are as follows:

	$
Less than one year	464.2
One to five years	1,278.7
More than five years	826.2

As at April 29, 2018, the total amount of future minimum sublease payments expected to be received under sublease agreements related to these operating leases is $81.9.

Purchase commitments

The Corporation has entered into various property purchase agreements, as well as product purchase agreements, which require the Corporation to purchase minimum amounts or quantities of merchandise and road transportation fuel annually. The Corporation has generally exceeded such minimum requirements in the past and expects to continue doing so for the foreseeable future. Failure to satisfy the minimum purchase requirements could result in termination of the contracts, change in pricing of the products, payments to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received.

31. CONTINGENCIES AND GUARANTEES

Contingencies

Various claims and legal proceedings have been initiated against the Corporation in the normal course of its operations and through acquisitions. Although the outcome of such matters is not predictable with assurance, the Corporation has no reason to believe that the outcome of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

Guarantees

The Corporation assigned a number of lease agreements for premises to third parties. Under some of these agreements, the Corporation retains ultimate responsibility to the landlord for payment of amounts under the lease agreements should the sub lessees fail to pay. As at April 29, 2018, the total future lease payments under such agreements are approximately $5.3 and the fair value of the guarantee is not significant. Historically, the Corporation has not made any significant payments in connection with these indemnification provisions.

The Corporation has also issued guarantees to third parties and on behalf of third parties for maximum undiscounted future payments totaling $15.1. These guarantees primarily relate to financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden. Guarantees on behalf of retailers in Sweden comprise items such as guarantees towards retailers' car washes and store inventory, in addition to guarantees towards suppliers of electricity and heating. The carrying amount and fair value of the guarantee commitments recognized in the consolidated balance sheet as at April 29, 2018 were not significant.

32. 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 stores 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.

(in millions of US dollars (Note 2), except share and stock option data)

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

				2018 (52 weeks)				2017 (53 weeks) (Adjusted, Note 2)
	United States	**Europe**	**Canada**	**Total**	United States	Europe	Canada	Total
	$	**$**	**$**	**$**	$	$	$	$
External customer revenues[a]								
Merchandise and services	**9,508.6**	**1,413.9**	**2,053.5**	**12,976.0**	7,669.8	1,205.8	1,848.5	10,724.1
Road transportation fuel	**24,612.5**	**7,684.1**	**4,819.9**	**37,116.5**	16,492.0	6,473.4	3,089.0	26,054.4
Other	**56.6**	**1,217.7**	**27.6**	**1,301.9**	14.0	1,098.4	13.6	1,126.0
	34,177.7	**10,315.7**	**6,901.0**	**51,394.4**	24,175.8	8,777.6	4,951.1	37,904.5
Gross profit								
Merchandise and services	**3,158.7**	**602.3**	**707.7**	**4,468.7**	2,545.0	511.4	625.2	3,681.6
Road transportation fuel	**1,937.7**	**1,024.2**	**424.9**	**3,386.8**	1,407.6	917.5	262.0	2,587.1
Other	**54.7**	**173.7**	**27.6**	**256.0**	14.0	185.5	13.6	213.1
	5,151.1	**1,800.2**	**1,160.2**	**8,111.5**	3,966.6	1,614.4	900.8	6,481.8
Total long-term assets[b]	**12,568.9**	**3,726.7**	**2,234.5**	**18,530.1**	5,475.3	3,640.3	1,816.0	10,931.6

(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.

33. SUBSEQUENT EVENT

Dividends

During its July 9, 2018 meeting, the Corporation’s Board of Directors declared a quarterly dividend of CA 10.0¢ per share for the fourth quarter of fiscal 2018 to shareholders on record as at July 18, 2018, and approved its payment for August 1, 2018. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).